

Announcement on reorganization of materials businesses

Kobe Steel, Ltd. announces that, at its Board of Directors meeting held today, the Board adopted a resolution to reorganize the Iron & Steel Business and the Aluminum & Copper Business of its materials businesses into two new business divisions, the Steel & Aluminum Business and the Advanced Materials Business on April 1, 2020.

1. Background and purpose of the reorganization

The Kobe Steel Group has been addressing the two key themes of the Rolling of the Medium-Term Management Plan for fiscal years 2019-2020 announced on May 15, 2019 consisting of “strengthening profitability with a focus on materials” and “making efficient use of management resources and strengthening the business foundation” in an aim to establish a business enterprise in the three core business areas of materials, machinery, and electric power.

For the purpose of strengthening profitability with a focus on materials among other goals, the Kobe Steel Group, as the only manufacturer in the world offering steel, aluminum, welding materials and joining technology for dissimilar metals sought an organizational structure that maximizes the synergy of sales and production.

This reorganization focused on materials (Steel & Aluminum Business) and parts (Advanced Materials Business) aims to strengthen strategies for each demand field and improve *monozukuri* capabilities by linking common elemental technologies and quality management across the two business divisions. Through these changes, the Kobe Steel Group strives to make further contributions to customers.

(Please see the charts on the following pages.)

2. Details of the reorganization

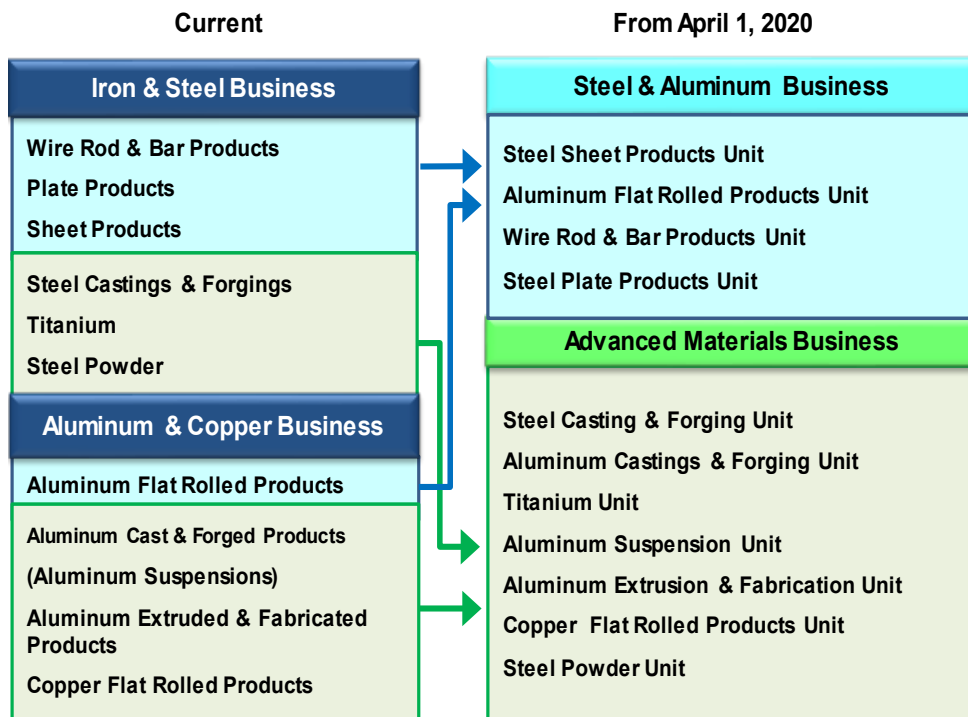


Fig. 1 Reorganization with a focus on materials and parts

Main points

- Strengthening the competitiveness of each product business and response capabilities to meet market changes**
 - ⇒ Introduce business unit system for each product
 - Steel & Aluminum Business: 4 units
 - Advanced Products Business: 7 units
- Further strengthening and promoting automotive weight reduction strategies**
 - ⇒ Combine each of the sales and technical marketing organizations in steel sheet and aluminum sheet for automobiles into an organization that handles the products of both materials.
 - Sales departments: 3 departments, 6 sections and groups ⇒ 2 departments and 4 sections
 - Technical marketing departments: 4 groups ⇒ 3 groups
- Promoting business efficiency by sharing human resources with common functions**
 - ⇒ Combine the raw materials procurement departments and IT management departments of both business divisions and place them in the Steel & Aluminum Business.
 - ⇒ Combine the intellectual property departments of both business divisions into the Intellectual Property Department in the Head Office.
 - ⇒ Combine the organizations for application technology and materials processing technology into the Technical Development Group with enhanced functions to improve solution proposal capabilities and strengthen *monozukuri* capabilities.
- Others**
 - ⇒ Reorganize the planning and administration departments of both business divisions to achieve optimal function and organization in the operation of the respective business divisions.
 - ⇒ Reorganize Kobe Works into the Kobe Wire Rod & Bar Plant under Kakogawa Works.

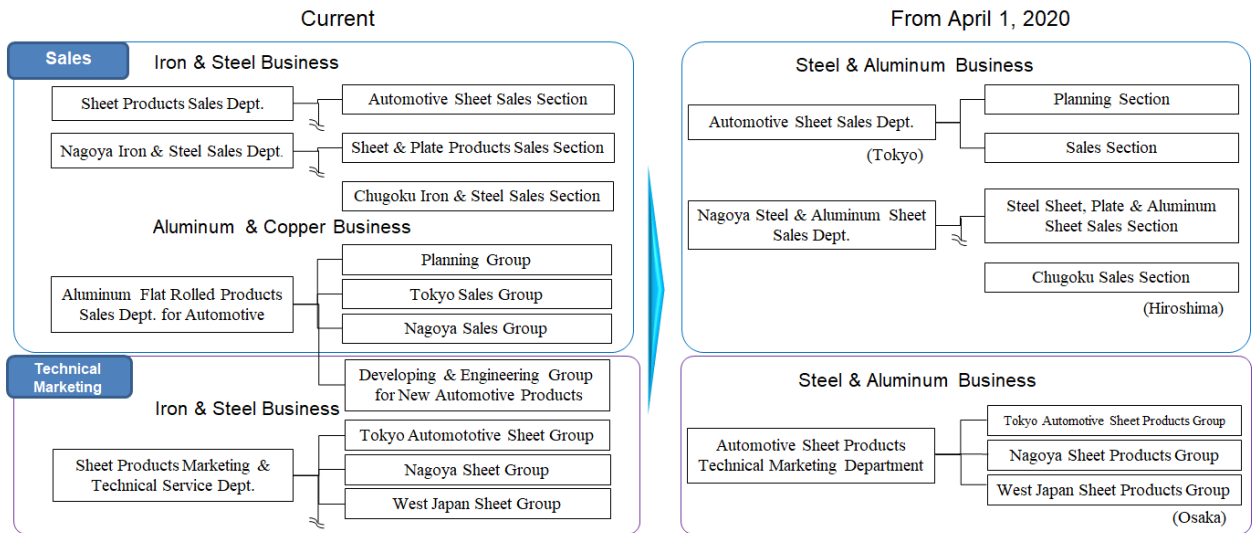


Fig. 2 Organization of sales and technical marketing of automotive steel and aluminum sheets

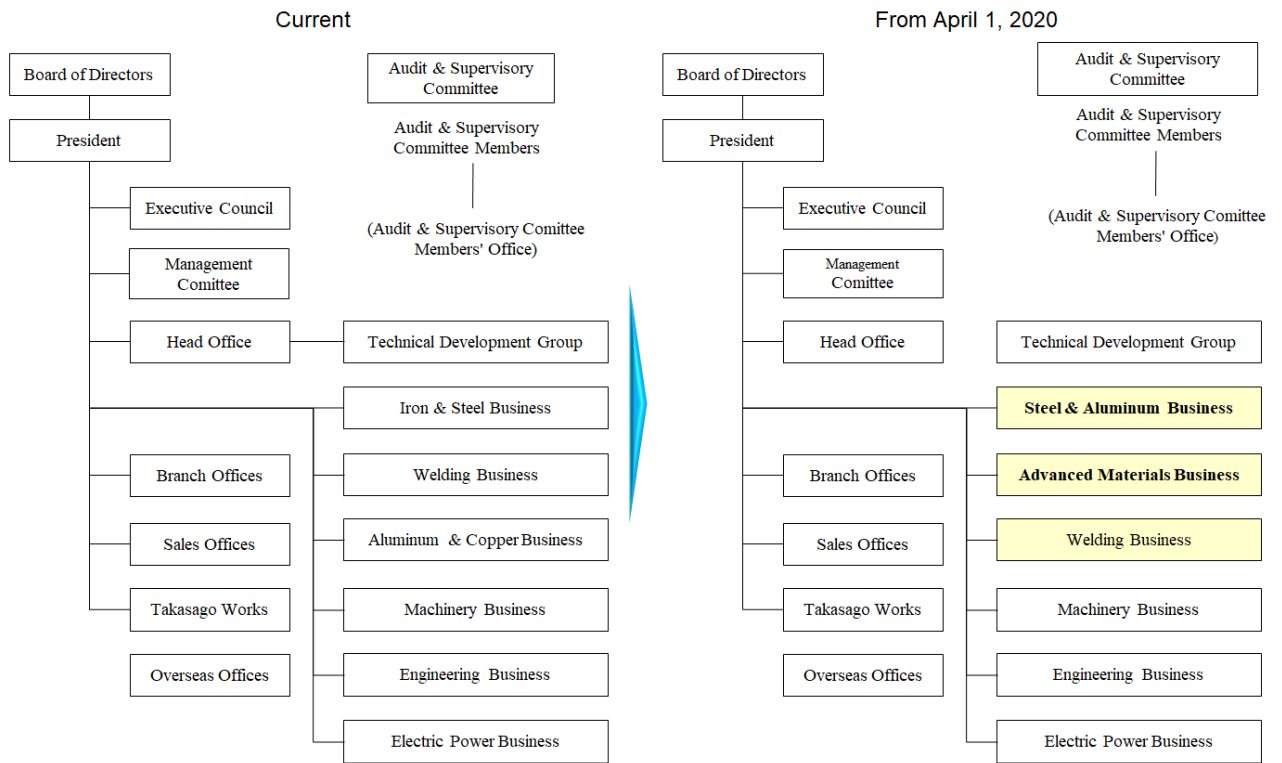


Fig. 3 Organization chart of Kobe Steel, Ltd.

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