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Representative:

April 28, 2016  
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## Announcement on Earnings Forecast

TOKYO, April 28, 2016 – Kobe Steel, Ltd. announces its consolidated earnings forecast for fiscal year 2016.

### First-half fiscal year 2016 consolidated forecast (April 1, 2016 – September 30, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
First half of FY2015 results (A)	928,629	47,065	33,082	13,428	3.70 yen
Current forecast (B)	860,000	25,000	10,000	5,000	1.37 yen
Change (B-A)	(68,629)	(22,065)	(23,082)	(8,428)	
% change	(7.4%)	(46.9%)	(69.8%)	(62.8%)	

Figures are in millions of yen unless otherwise indicated. Sums under 1 million yen have been omitted.

### Fiscal year 2016 consolidated forecast (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of parent	Net income per share
FY2015 results (A)	1,822,805	68,445	28,927	(21,556)	(5.93 yen)
Current forecast (B)	1,750,000	65,000	35,000	20,000	5.49 yen
Change (B-A)	(72,805)	(3,445)	6,072	41,556	
% change	(4.0%)	(5.0%)	21.0%	---	

Figures are in millions of yen unless otherwise indicated. Sums under 1 million yen have been omitted.

## Summary of Earnings Forecast

Although the slowdown in the economies of China, and emerging countries is a concern, domestic corporate capital investments and public investments are expected to continue being firm. Underlying these conditions, Japan's economy in fiscal 2016 is anticipated to continue to gradually recover. Overseas, economic recovery is anticipated to continue centered on domestic demand in the United States and Europe. However, the prolonged deceleration of economic growth in China and other emerging countries is a concern.

The Kobe Steel Group forecasts that automotive demand is recovering and demand in shipbuilding and other sectors will generally be firm. However, it will take time to resolve the oversupply of steel in the Asian region. In addition, the slowdown of China's economy, sluggish energy-related demand in emerging countries and resource-rich countries against the backdrop of low crude oil prices, and economic stagnation are a concern.

Under this outlook, taking uncertain factors into consideration including the sales volume of steel products, aluminum rolled products and copper rolled products; sales prices; and primary raw material prices for steel; Kobe Steel makes certain assumptions for its business performance. In fiscal 2016, Kobe Steel forecasts net sales of about 1,750.0 billion yen, operating income of about 65.0 billion yen, ordinary income\* of about 35.0 billion yen, and net income attributable to owners of the parent of about 20.0 billion yen.

For more information, please refer to "1. Analysis of Operating Results and Financial Condition in Kobe Steel's Consolidated Financial Results for Fiscal 2015", dated April 28, 2016.

### Note:

This earnings forecast is based on currently available information as of today. Actual business results may differ considerably due to various changeable conditions in the future.