

April 27, 2018

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## Announcement on Earnings Forecast

TOKYO, April 27, 2018 – Kobe Steel, Ltd. announces its consolidated and nonconsolidated earnings forecast for fiscal year 2018 (April 1, 2018-March 31, 2019).

### First-half fiscal year 2018 consolidated forecast (April 1, 2018 – September 30, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
First half of FY2017 results (A)	907,058	51,425	45,798	39,349	108.62 yen
Current forecast (B)	960,000	15,000	5,000	25,000	69.01 yen
Change (B-A)	52,941	(36,425)	(40,798)	(14,349)	
% change	5.8%	(70.8%)	(89.1%)	(36.5%)	

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

### Fiscal year 2018 consolidated forecast (April 1, 2018 – March 31, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
FY2017 results (A)	1,881,158	88,913	71,149	63,188	174.43 yen
Current forecast (B)	1,990,000	55,000	35,000	45,000	124.22 yen
Change (B-A)	108,841	(33,913)	(36,149)	(18,188)	
% change	5.8%	(38.1%)	(50.8%)	(28.8%)	

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

### First-half fiscal year 2018 nonconsolidated forecast (April 1, 2018 – September 30, 2018)

	Net sales	Ordinary income	Net income	Net income per share
First half of FY2017 results (A)	513,156	43,178	45,607	125.66 yen
Current forecast (B)	530,000	0	25,000	68.88 yen
Change (B-A)	16,843	(43,178)	(20,607)	
% change	3.3%	(100.0%)	(45.2%)	

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

### Fiscal year 2018 nonconsolidated forecast (April 1, 2018 – March 31, 2019)

	Net sales	Ordinary income	Net income	Net income per share
FY2017 results (A)	1,041,923	44,449	43,468	119.77 yen
Current forecast (B)	1,080,000	10,000	30,000	82.66 yen
Change (B-A)	38,076	(34,449)	(13,468)	
% change	3.7%	(77.5%)	(31.0%)	

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

## Summary of Earnings Forecast

The business environment surrounding the Kobe Steel Group in Japan is anticipated to continue on a gradual recovery trend owing to improvement in the employment situation and signs of recovery in corporate capital investment and personal spending. Overseas, growth rates in China are anticipated to slow, but in the United States, Southeast Asia and other areas, economic recovery is anticipated to continue on track.

On the other hand, protectionist trade policies, sharp exchange rate fluctuations and other factors that impact economic trends continue to be matters of concern and need monitoring. Under these circumstances, after making certain assumptions with regard to the cost burden in relation to the misconduct concerning some of the products in the Kobe Steel Group, in addition to the sales volume of steel products and aluminum and copper rolled products and other products and their sales prices and raw material prices and other factors, Kobe Steel forecasts net sales of approximately 1,990.0 billion yen, operating income of approximately 55.0 billion yen, and ordinary income of approximately 35.0 billion yen for fiscal 2018. Net income attributable to owners of the parent is anticipated to be 45.0 billion yen owing to the posting of extraordinary income from the partial transfer of subsidiary shares.

Regarding nonconsolidated results, Kobe Steel forecasts net sales of about 1,080.0 billion yen. Ordinary income is expected to be about 10.0 billion yen, as it will be impacted by steel inventory valuation in the Iron & Steel Business and Aluminum & Copper Business, and a one-time expense for the financing of new projects in the Electric Power Business. Net income is anticipated to be about 30.0 billion yen owing to the posting of extraordinary income from the partial transfer of subsidiary shares.

For more information, please refer to “1. Overview of Operating Results and Financial Condition in Kobe Steel’s Consolidated Financial Results for Fiscal 2017”, dated April 27, 2018.

### 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.