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Company name: Kobe Steel, Ltd.
Representative: Mitsugu Yamaguchi
President, CEO and
Representative Director
Code number: 5406
Contact: Corporate Communications Dept.
+81 (0)3 5739-6010

Announcement on Earnings Forecast

Kobe Steel, Ltd. announces its consolidated earnings forecast for fiscal year 2019 (April 1, 2019–March 31, 2020).

Details

First-half fiscal year 2019 consolidated forecast (April 1, 2019–September 30, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
First-half FY2018 results (A)	958,239	23,131	9,345	33,399	92.19 yen
Current forecast (B)	1,010,000	5,000	0	0	0.00
Change (B-A)	51,760	(18,131)	(9,345)	(33,399)	
% change	5.4%	(78.4%)	(100.0%)	(100.0%)	

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

Fiscal year 2019 consolidated forecast (April 1, 2019–March 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
FY2018 results (A)	1,971,869	48,282	34,629	35,940	99.20 yen
Current forecast (B)	2,070,000	45,000	30,000	25,000	69.00 yen
Change (B-A)	98,130	(3,282)	(4,629)	(10,940)	
% change	5.0%	(6.8%)	(13.4%)	(30.4%)	

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

Overview of Earnings Forecast

The business environment surrounding the Kobe Steel Group in Japan is anticipated to continue on a moderate recovery supported by increased personal spending from improvements in the employment and income situations and a firm increase in corporate capital investments. Overseas, economic growth is anticipated to be sluggish mainly in China and Europe from the effects of protectionist trade policies. It is necessary to keep a careful watch due to continued major concern on the effects of protectionist trade policies and other factors on economic trends.

Under these circumstances, the Kobe Steel Group forecasts that consolidated net sales will increase, compared with the previous fiscal year, to approximately 2,070 billion yen, owing to recovery in the sales volume of steel and other products, compared with the previous fiscal year, which was affected by production equipment trouble and natural disasters. On the other hand, in addition to higher costs from the increase in raw material prices and energy costs and higher fixed costs from depreciation and other expenses, Kobe Steel has incorporated uncertainties in the world economy as certain risks in its forecast. As a result, Kobe Steel anticipates operating income of approximately 45.0 billion yen, ordinary income of approximately 30.0 billion yen, and net income attributable to owners of the parent of approximately 25.0 billion yen, all lower compared with the previous fiscal year.

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.