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Representative:

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Announcement on the Difference between the Forecast and Actual Results for the First Half of Fiscal 2016 and Revision to Earnings Forecast for Fiscal 2016, ending March 31, 2017

Kobe Steel, Ltd. announces a difference between its consolidated forecast for the first half of fiscal 2016 (April 1-September 30, 2016) made on July 29, 2016 and the actual results for the same period announced today.

In addition, Kobe Steel has revised its consolidated forecast for fiscal 2016 (April 1, 2016-March 31, 2017) from the previous forecast announced on July 29, 2016, due to recent trends in its business performance.

Difference between the consolidated forecast and the actual results for the first half of fiscal 2016 (April 1, 2016 – September 30, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share*
Previous forecast (A)	850,000	20,000	5,000	0	0.00 yen
Actual results (B)	815,130	30,995	12,320	4,109	11.31 yen
Change (B-A)	(34,869)	10,995	7,320	4,109	
% change	(4.1%)	55.0%	146.4%	---	
FY2015 results for same period	928,629	47,065	33,082	13,428	37.00 yen

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

Revision to Fiscal 2016 Consolidated Forecast (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of the parent	Net income (loss) per share*
Previous forecast (A)	1,730,000	50,000	20,000	10,000	27.51 yen
Current forecast (B)	1,690,000	45,000	10,000	0	0.00 yen
Change (B-A)	(40,000)	(5,000)	(10,000)	(10,000)	
% change	(2.3%)	(10.0%)	(50.0%)	(100.0%)	
FY2015 results	1,822,805	68,445	28,927	(21,556)	(59.34 yen)

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

* Kobe Steel carried out a share consolidation at a ratio of 10 shares to 1 share effective on October 1, 2016. Therefore, net income per share takes into account this share consolidation.

Reason for the Difference and the Revision

In comparison to the previous forecast, operating income, ordinary income, and net income attributable to owners of the parent in the first half of fiscal 2016 increased, as maintenance costs and other costs in the Iron & Steel, Aluminum & Copper, and Construction Machinery segments are carried over into the second half of fiscal 2016.

Looking at the earnings forecast for the entire fiscal year, net sales, operating income, ordinary income and net income attributable to owners of the parent were revised downward, taking into account the impact of sharply rising coking coal prices in the Iron & Steel segment and lower sales volume in the Aluminum & Copper segment.

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.