



Investor Meeting

Third Quarter of FY2016

KOBELCO



February 2, 2017
KOBELCO, LTD.



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ECOWAY

1. Financial Results for Third Quarter of Fiscal 2016



ECO WAY

Financial Results for Third Quarter of FY2016

(Billions of yen)

	FY2015			FY2016			Change ②-①
	1H	3Q	1~3Q ①	1H	3Q	1~3Q ②	
Net Sales	928.6	424.9	1,353.5	815.1	402.0	1,217.1	△136.3
Operating Income	47.0	9.5	56.6	30.9	△35.2	△ 4.2	△60.8
Ordinary Income	33.0	0.0	33.0	12.3	△38.3	△ 26.0	△59.0
(excluding inventory valuation)	(40.5)	(6.0)	(46.5)	(23.8)	(△39.3)	(△ 15.5)	(△62.0)
Extraordinary Income	△9.4	△30.3	△39.7	0.0	0.0	0.0	+39.7
Net Income Attributable to Owners of the Parent	13.4	△27.2	△13.8	4.1	△40.5	△ 36.4	△22.6



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Net Sales by Segment

(Billions of yen)

Net Sales	FY2015			FY2016			Change ②-①
	1H	3Q	1~3Q ①	1H	3Q	1~3Q ②	
Iron & Steel	338.5	162.7	501.2	290.3	151.3	441.6	△59.5
Welding	46.6	22.2	68.9	42.2	19.4	61.7	△7.1
Aluminum & Copper	178.3	84.2	262.5	162.9	76.9	239.9	△22.6
Machinery	81.2	32.2	113.5	72.0	31.6	103.7	△9.8
Engineering	57.4	26.6	84.0	49.5	30.1	79.6	△4.3
Construction Machinery	181.2	76.7	257.9	156.1	72.6	228.7	△29.1
Electric Power	38.8	16.6	55.4	35.5	15.9	51.4	△4.0
Other Businesses	35.7	16.1	51.8	31.2	16.5	47.7	△4.0
Adjustment	△29.4	△12.6	△42.1	△25.0	△12.6	△ 37.6	+4.4
Total	928.6	424.9	1,353.5	815.1	402.0	1,217.1	△136.3



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Ordinary Income by Segment

(Billions of yen)

Ordinary Income	FY2015			FY2016			Change ②-①
	1H	3Q	1~3Q ①	1H	3Q	1~3Q ②	
Iron & Steel	△1.2	△1.9	△3.1	△9.8	△15.0	△24.9	△21.7
Welding	4.3	1.8	6.1	3.8	1.6	5.5	△0.6
Aluminum & Copper	9.4	2.4	11.9	6.5	3.4	9.9	△1.9
Machinery	2.8	2.5	5.3	3.7	2.2	5.9	+0.6
Engineering	2.6	△0.3	2.2	0.0	0.1	0.1	△2.1
Construction Machinery	1.9	△8.5	△6.5	△0.5	△32.1	△32.7	△26.2
Electric Power	8.1	3.9	12.0	8.3	2.1	10.5	△1.5
Other Businesses	3.3	1.2	4.5	2.0	0.8	2.9	△1.6
Adjustment	1.6	△1.1	0.4	△1.8	△1.6	△3.4	△3.9
Total	33.0	△0.0	33.0	12.3	△38.3	△26.0	△59.0



2. Forecast for Fiscal 2016



EcoWay

Net Sales by Segment

(Billions of yen)

Net Sales	FY2015	FY2016			FY2016			Change	
	Full year	Previous Forecast			Current Forecast				
	①	1H	2H	Full year	1H	2H	Full year	③ - ①	③ - ②
				②			③		
Iron & Steel	665.8	290.3	319.7	610.0	290.3	324.7	615.0	△50.8	+5.0
Welding	92.2	42.2	38.8	81.0	42.2	38.8	81.0	△11.2	±0.0
Aluminum & Copper	345.4	162.9	157.1	320.0	162.9	157.1	320.0	△25.4	±0.0
Machinery	159.0	72.0	85.0	157.0	72.0	81.0	153.0	△6.0	△4.0
Engineering	131.7	49.5	75.5	125.0	49.5	73.5	123.0	△8.7	△2.0
Construction Machinery	336.2	156.1	148.9	305.0	156.1	143.9	300.0	△36.2	△5.0
Electric Power	76.7	35.5	34.5	70.0	35.5	36.5	72.0	△4.7	+2.0
Other Businesses	74.5	31.2	44.8	76.0	31.2	43.8	75.0	+0.5	△1.0
Adjustment	△58.9	△25.0	△29.0	△54.0	△ 25.0	△ 24.0	△ 49.0	+9.9	+5.0
Total	1,822.8	815.1	874.9	1,690.0	815.1	874.9	1,690.0	△132.8	±0.0



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Ordinary Income (Loss) by Segment

(Billions of yen)

Ordinary Income	FY2015 Full year	FY2016 Previous Forecast			FY2016 Current Forecast			Change	
	①	1H	2H	Full year ②	1H	2H	Full year ③	③-①	③-②
Iron & Steel	△14.9	△9.8	△20.2	△30.0	△9.8	△20.2	△30.0	△15.1	±0.0
Welding	8.1	3.8	2.7	6.5	3.8	2.7	6.5	△1.6	±0.0
Aluminum & Copper	15.1	6.5	3.5	10.0	6.5	4.5	11.0	△4.1	+1.0
Machinery	6.7	3.7	0.8	4.5	3.7	1.3	5.0	△1.7	+0.5
Engineering	4.6	0.0	2.5	2.5	0.0	1.0	1.0	△3.6	△1.5
Construction Machinery	△11.9	△0.5	△0.5	△1.0	△0.5	△33.5	△34.0	△22.1	△33.0
Electric Power	17.4	8.3	6.7	15.0	8.3	5.2	13.5	△3.9	△1.5
Other Businesses	7.3	2.0	5.0	7.0	2.0	5.0	7.0	△0.3	±0.0
Adjustment	△3.6	△1.8	△2.7	△4.5	△1.8	△8.2	△10.0	△6.4	△5.5
Total	28.9	12.3	△2.3	10.0	12.3	△42.3	△30.0	△58.9	△40.0



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【Iron & Steel】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	290.3	319.7	610.0	290.3	324.7	615.0	+ 5.0
Ordinary Income	△9.8	△20.2	△30.0	△ 9.8	△ 20.2	△ 30.0	±0.0
(Inventory Valuation)	(△7.5)	(0.0)	(△7.5)	(△ 7.5)	(11.5)	(4.0)	(+11.5)

FY2016

- No major change in ordinary income from the previous forecast
- Price hike in metallurgical coal to cause temporary decrease in margins.
- On the other hand, inventory valuation is improved by the price increase in raw materials and the weak yen.
- Refurbishment of a blast furnace at Kakogawa Works was completed and consolidation of upstream operations is underway as planned.



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Production & Sales

	FY2015				FY2016		
	1H	3Q	2H	Full year	1H	3Q	Full year
Domestic crude steel production (Millions of tons)	52.1	26.3	52.1	104.2	52.6	26.5	end of Nov.

<Domestic steel inventory trend>

Ordinary steel products (Millions of tons)	5.8	5.7	5.5	--	5.6	5.4	end of Nov.
Rolled sheets (Millions of tons)	4.2	4.1	4.1	--	4.0	3.8	end of Nov.

<Domestic steel inventory trend>

Finished auto production (Millions of cars)	4.5	2.4	4.7	9.2	4.4	1.6	Oct.-Nov.
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<KOBELCO STEEL, LTD.>

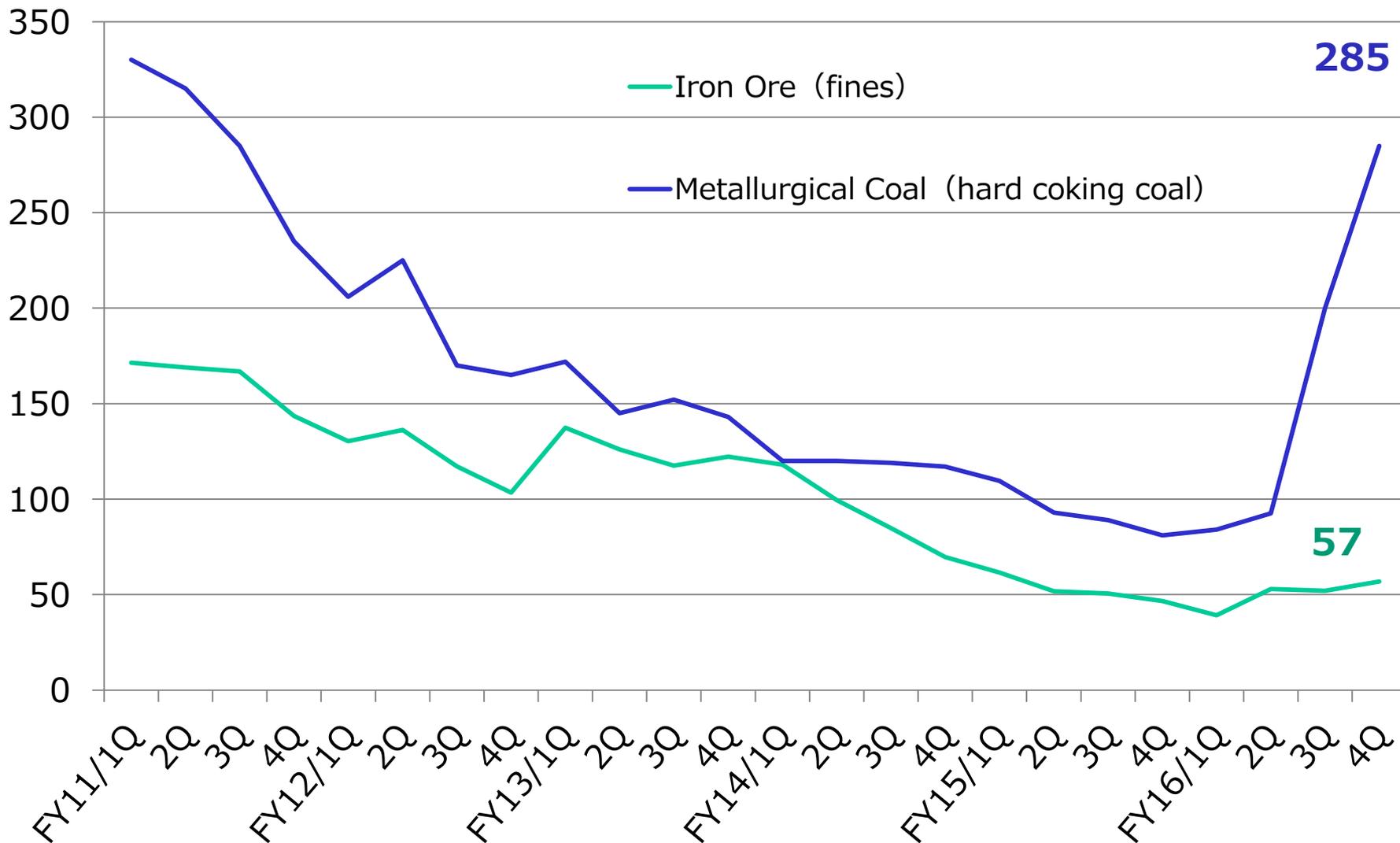
Crude steel production (Millions of tons)	3.7	1.9	3.8	7.5	3.8	1.4	about 7.2
Sales volume (Millions of tons)	3.0	1.5	3.0	6.0	2.9	1.5	about 5.9
(Domestic)	(2.0)	(1.0)	(2.1)	(4.1)	(2.0)	(1.1)	
(Exports)	(1.0)	(0.4)	(0.9)	(1.9)	(0.9)	(0.4)	
Average steel selling price (Thousands of yen/ton)	78.7	75.4	71.8	75.2	68.0	69.0	
Export ratio (value basis)	34.2%	29.2%	30.0%	32.2%	29.5%	27.7%	



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Iron Ore & Coking Coal Price Trends

(\$/ton)

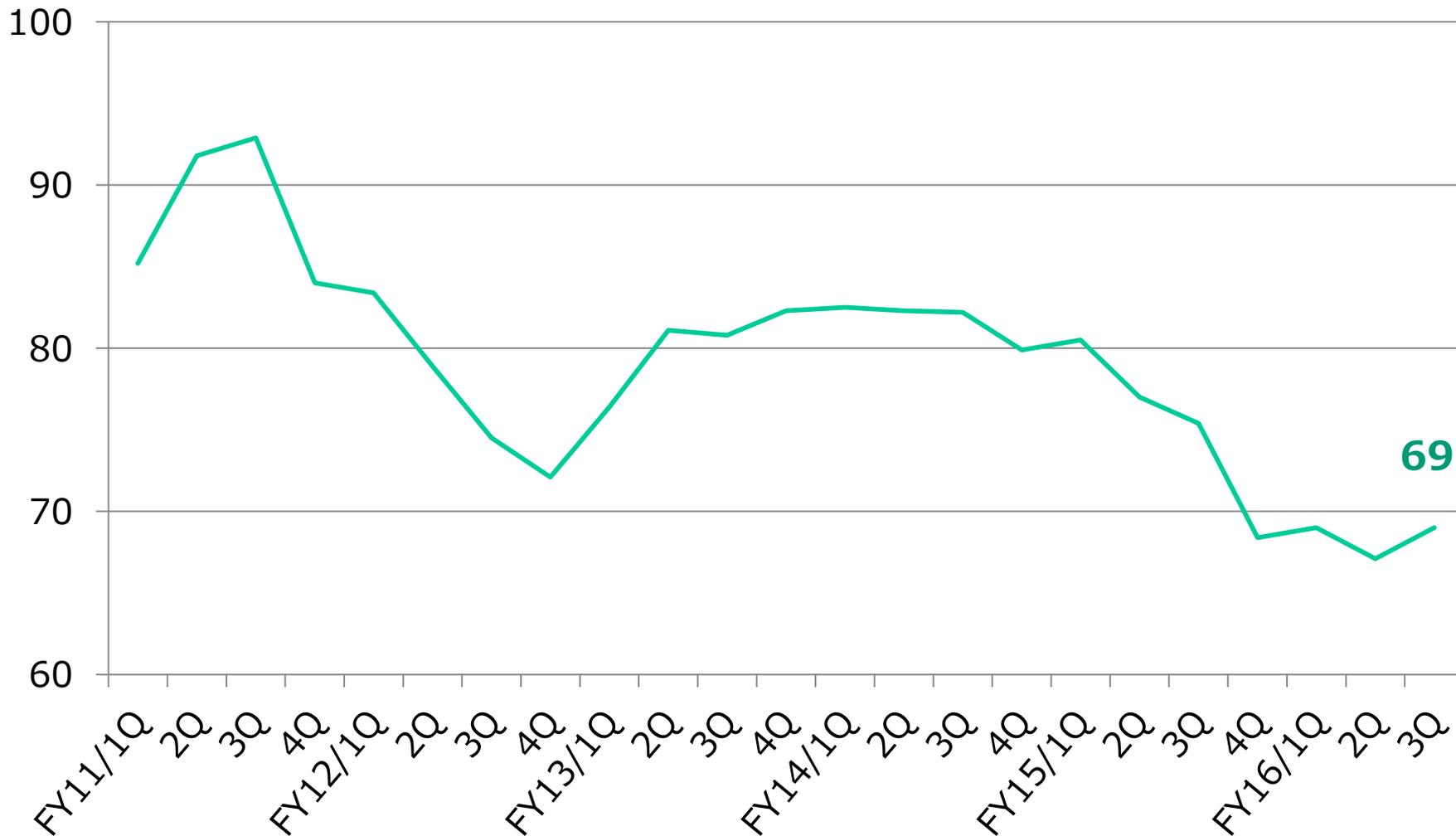




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Steel Product Price Trends at Kobe Steel

(Thousands of yen /ton)





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【Welding】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	42.2	38.8	81.0	42.2	38.8	81.0	±0.0
Ordinary Income	3.8	2.7	6.5	3.8	2.7	6.5	±0.0

<Sales volume of KSL Group>

(Thousands of tons)

	FY2015				FY2016	
	1H	3Q	2H	Full year	1H	3Q
Domestic	66	31	63	129	62	31
Overseas	87	44	87	174	89	40
Total	153	75	150	303	151	71

FY2016

- Demand for welding materials is low due to sluggish demand in the energy-related sectors. On the other hand, demand for welding systems in the construction sector remains firm.



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【Aluminum & Copper】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	162.9	157.1	320.0	162.9	157.1	320.0	±0.0
Ordinary Income	6.5	3.5	10.0	6.5	4.5	11.0	+1.0
(Inventory Valuation)	(△4.0)	(△1.0)	(△5.0)	(△4.0)	(△0.5)	(△4.5)	(+0.5)

<Sales volume of KSL>

(Thousands of tons)

	FY2015				FY2016		
	1H	3Q	2H	Full Year	1H	3Q	Full Year
Aluminum (Domestic)	140	66	137	277	155	69	294
Rolled Products (Exports)	33	20	36	69	31	17	68
Copper Strips	25	12	24	49	26	14	54
Copper Tubes	42	21	43	85	45	21	89

FY2016

- The sales volume of aluminum rolled products is strong, as demand remains firm for can stock for beverage cans and from the automotive sector.
- The sales of aluminum disks for hard disk substrates and copper strips used in automotive terminals increased compared with the previous forecast.
- Ordinary income is expected to increase, compared with the previous forecast.



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【Machinery】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	72.0	85.0	157.0	72.0	81.0	153.0	△4.0
Ordinary Income	3.7	0.8	4.5	3.7	1.3	5.0	+0.5
Orders	55.8	about 74	about 130	55.8	about 74	about 130	about ±0

FY2016

- We forecast that the difficult business environment will continue due to sluggish demand in energy-related sectors against the backdrop of lower crude oil prices. We expect ordinary income to improve through changes in projects.



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【Engineering】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	49.5	75.5	125.0	49.5	73.5	123.0	△2.0
Ordinary Income	0.0	2.5	2.5	0.0	1.0	1.0	△1.5
Orders	80.6	about 54	about 135	80.6	about 89	about 170	about +35

FY2016

- Orders increased in the waste treatment-related business.
- Ordinary income is forecast to decline due to profit deterioration in some projects.



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【Construction Machinery】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	156.1	148.9	305.0	156.1	143.9	300.0	△5.0
Ordinary Income	△0.5	△0.5	△1.0	△0.5	△33.5	△34.0	△33.0
(Allowance for Doubtful Accounts in China)	(3.3)	(0.0)	(3.3)	(3.3)	(31.0)	(34.3)	+ 31.0

FY2016

- Additional posting of allowance for retained receivables in the hydraulic excavator business in China caused a worsening in ordinary loss.
- Although there are signs of recovery in demand for excavators in China, we will dissolve our joint ventures and take the lead in rebuilding our China business.

For more details, please see the presentation materials “Initiatives to Rebuild the Construction Machinery Business in China”.



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【Electric Power】

(Billions of yen)

	FY2016 Previous Forecast			FY2016 Current Forecast			Change ② - ①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	35.5	34.5	70.0	35.5	36.5	72.0	+2.0
Ordinary Income	8.3	6.7	15.0	8.3	5.2	13.5	△1.5

FY2016

- Although we maintained stable operation of the power plant, we revised the ordinary income forecast downward due a fuel cost adjustment.

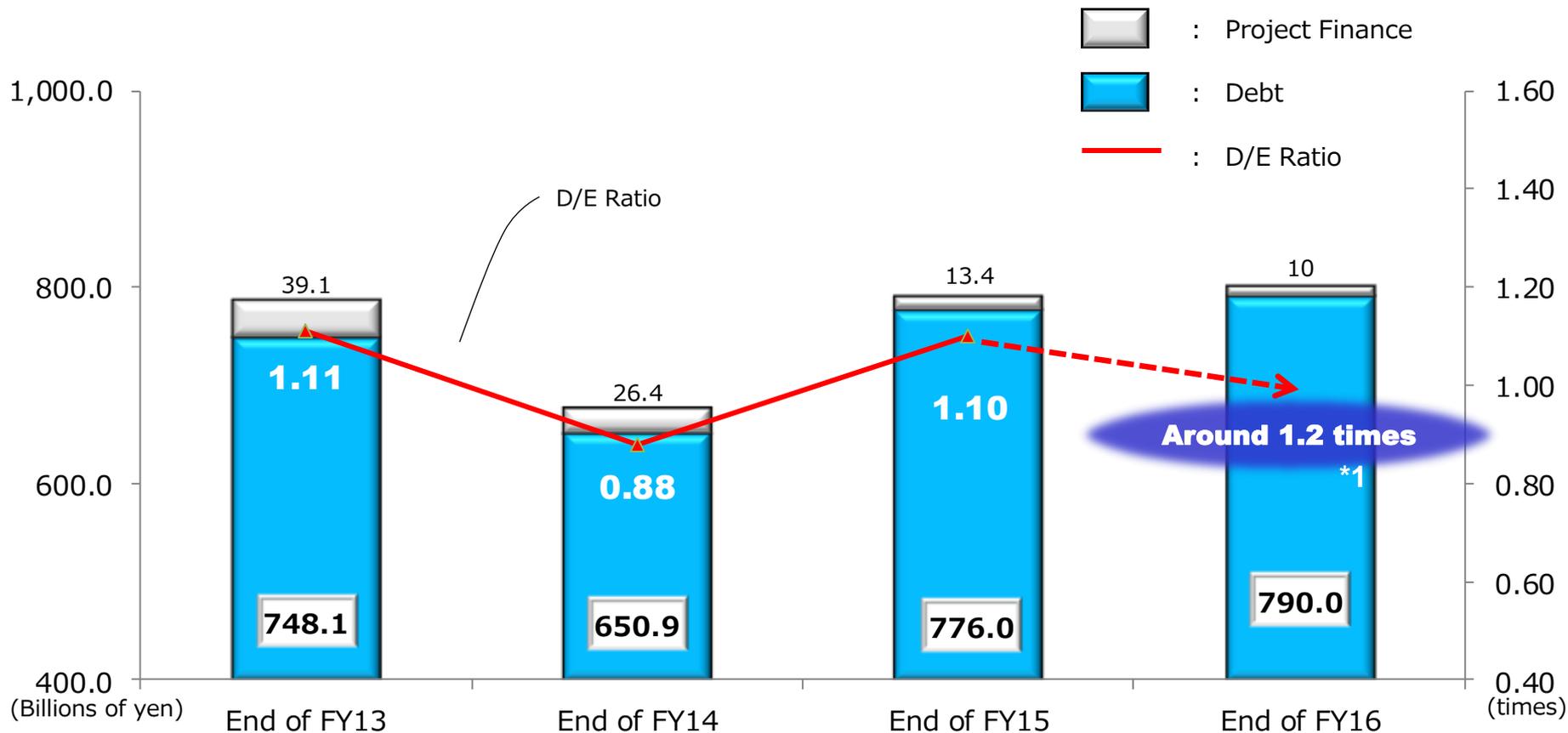


3. Financial Condition



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Debt and D/E Ratio



***1 : D/E Ratio excluding early procurement of borrowings**

	FY 2015	FY 2016
Early procurement of borrowings (billions of yen)	90	95
D/E Ratio excluding early procurement of borrowings	0.97 times	Around 1 times



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Cash Flows

(Billions of yen)

	FY2015	FY2016 (Previous)			FY2016 Current Forecast			Change ② - ①
	Full year	1H	2H	Full year ①	1H	2H	Full year ②	
Cash flows from operating activities	85.8	74.1	30.9	105.0	74.1	35.9	110.0	+ 5.0
Cash flows from investing activities	△103.8	△61.0	△94.0	△155.0	△ 61.0	△ 89.0	△ 150.0	+ 5.0
Free cash flow (excluding project financing)	△18.0	13.1	△63.1	△50.0	13.1	△ 53.1	△ 40.0	+ 10.0
Repayment source for project financing	11.3	3.4	6.6	10.0	3.4	6.6	10.0	±0.0
Free cash flow	△6.7	16.5	△56.5	△40.0	16.5	△ 46.5	△ 30.0	+ 10.0
Cash and deposits (excluding project financing)	168.5	213.6	60.0		213.6	^{*1} 155.0		+ 95.0

*1 : Early procurement of borrowings for FY 2017 (95 billion yen) are included



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4 . Progress of Medium-Term Management Plan



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Growth strategies for the three core business areas

Materials

- I Initiatives for weight savings in transportation**
- II Strengthening profitability in the steel business**

Consolidating upstream operations at Kakogawa Works in FY2017

- Equipment orders, field work and other work are progressing as planned.
- Kobe Steel is working on receiving the necessary re-approval from customers.

Machinery

- I Initiatives in the fields of energy and infrastructure**
- II Strengthening profitability in the construction machinery business**

Rebuilding the China business

- We will dissolve joint-venture agreements and take the lead in rebuilding the China business.

Electric Power

- Initiatives aimed at stable profitability in the electric power supply business**

- Extended contracts for Kobe Nos. 1 & 2 units.
- New projects (Moka and Kobe Nos. 3 & 4 units) are progressing as planned.



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Initiatives in a Growth field

Field	Project	Country	Description	Schedule
Automotive	Joint venture to make and sell steel wire rods (Kobelco Millcon Steel Co., LTD)	Thailand	First overseas location for wire rod production. Will help growing auto demand in Southeast Asia.	Sept. 2015 Production of ordinary steel wire rod began May 2017 Production of special steel wire rod began
	Joint venture to make and sell CH steel wire (Kobelco CH Wire Mexicana, S.A. de C.V.)	Mexico	Quickly supply products of outstanding quality to local auto parts makers	Oct. 2016 Production began
	Joint venture to make and sell automotive high strength steel sheet (Kobelco Angang Auto Steel Co., Ltd.)	China	Strengthening of environmental responsiveness in China Established global supply network for high strength steel in Japan, U.S., Europe and China	Feb. 2016 Production began
	Production and sale of aluminum sheet for automotive panels (Kobe Automotive Rolled Products (China) Co., Ltd.)	China	First production base in China for a Japanese aluminum maker to make panel material	April 2016 Production began
	Production and sale of automotive aluminum extrusions (Kobelco Aluminum Products & Extrusions Inc.)	USA	Strengthens response to stricter fuel consumption regulations in U.S. Establishes supply network for aluminum extrusions and fabricated products in Japan and U.S.	Aug. 2016 Construction began 2H 2017 Production begins
Aircraft	Began mass production of large titanium forged parts for Airbus planes	—	First in Japan to succeed in research on and mass production of large forgings for landing gears	July 2016 Production began
Ships	Development and approval of steel forged parts for ships	—	Supply of strong, light parts for ships. Contributes to improving fuel consumption of ships	Oct. 2016 Gained approval



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Initiatives in a Growth field

Field	Project	Country	Description	Schedule
Compressors	Sales begin for new oil-free standard air compressors	—	World's highest class of energy efficiency; low-noise operation	Oct. 2016 Sales began
	Order for screw compressors for LNG carrier	—	World's first use of screw compressors in marine dual phase engines	Oct. 2016 Order received Aug. 2017 Planned delivery
Construction Machinery	New excavator plant (Kobelco Construction Machinery U.S.A. Inc.)	USA	Strengthen response to meet market needs; reduce manufacturing lead time	March 2016 Production began
	Sales begin of ultra-large crawler cranes in Japan (Lifting capacity of 1,250t)	—	One of Japan's largest crawler cranes	May 2016 Sales began
Engineering	Joint venture for radioactive waste treatment (KOBELCO STUDEVIK Co., Ltd.)	Japan	Radioactive waste treatment technologies and processes from decommissioning of nuclear power plants in Japan	April 2016 Entered into agreement
	New order for MIDREX direct reduced ironmaking plant	Algeria	2.5mtpy capacity: Largest class in the world Contributing to development of industry in Algeria	June 2016 Order received Nov. 2018 Production begins
	Operation of energy-recovery waste treatment plant	Japan	Utilizes fluidized bed gasification and combustion furnace. Next-generation incineration furnace contributes to compact facility, maximizes power generation and reduces environmental burden	June 2016 Order received 2016-2019 Construction of facility 2019-2039 Facility operation
	Received order to construction and operate a wide-area waste treatment plant	Japan	To handle a wide variety of waste, a stoker-type incineration furnace will be used for safe, stable incineration. Low excess air combustion and high-efficiency power generation contribute to lowering the environmental burden.	Dec. 2016 Order received 2016-2022 Construction of facility 2022-2042 Facility in operation



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Initiatives in a Growth field

Field	Project	Country	Description	Schedule
Electric Power	Nos. 1 & 2 units in Kobe (Kobelco Power Kobe, Inc.)	Japan	Pulverized coal-fired, supercritical pressure power generation equipment, started from 2002. Due to full operation, extended contracts were formed. Capacity: 1.4 mil. kW (700,000 kW × 2)	Apr. 2002 No. 1 unit starts up Apr. 2004 No. 2 unit starts up [Starts of extended contracts] No.1 unit: from Apr. 2017 No.2 unit: from Apr. 2019
	Nos. 1 & 2 units in Moka (Kobelco Power Moka, Inc.)	Japan	Japan's first full-scale inland power station. Will have one of Japan's highest levels of generation efficiency. Method is gas turbine combined cycle, using city gas fuel. Capacity: 1.248 mil. kW (624,000 kW X 2)	June 2016 Construction began 2H 2019 No. 1 Unit starts up 1H 2020 No. 2 Unit starts up
	Nos. 3 & 4 units in Kobe (provisional title)	Japan	To feature cutting-edge coal-fired, ultra-supercritical generating equipment Capacity: 1.3 mil. kW (650,000 kW × 2)	FY2021 No. 3 unit to start up FY2022 No. 4 unit to start up



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4. Reference



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Capital Investment

(Billions of yen)

	FY2013	FY2014	FY2015 ①	FY2016 ②	Change ② - ①
Capital Investment (Accrual Basis)	101.4	103.5	109.9	175.0	+ 65.1
Ratio of Depreciation	122%	115%	116%	175%	+59%
Capital Investment (Payment Basis)	95.4	95.3	99.1	165.0	+ 65.9
Ratio of Depreciation	115%	106%	105%	165%	+60%
Depreciation	82.9	89.8	94.8	100.0	+ 5.2

Financial Indices

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016 1H
ROS (※1)	4.7%	5.4%	1.6%	1.5%
Net Income per share (※2)	226.28 yen	238.19 yen	△59.34 yen	11.31 yen
D/E ratio (※3)	1.11	0.88	(※4) 1.10	1.19
ROA (※5)	3.8%	4.4%	1.3%	(※7) 1.1%
ROE (※6)	11.9%	12.0%	△2.9%	(※7) 1.2%

※1 : ROS = Ordinary Income / Net Sales

※2 : 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.

※3 : D/E ratio: Debt (excluding IPP project finance)/stockholders' equity (FY 2015 shareholders' equity)

※4 : Includes early procurement of borrowings for FY2016 (90 billion yen)

D/E ratio 0.97 times (excluding early procurement of borrowings)

※5 : ROA = Ordinary Income / Total Assets

※6 : ROE = Net Income / Equity

※7 : Annualized rate



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Analysis of Consolidated Ordinary Income

[FY2015 1Q~3Q ⇒ FY2016 1Q~3Q]

(Billions of yen)

	FY2015			FY2016		
	1H	3Q	1~3Q	1H	3Q	1~3Q
Ordinary Income	33.0	0.0	33.0	12.3	△38.3	△ 26.0

△ **59.0**

Positive Factors			Negative Factors		
Raw material prices	+	6.0	Production and shipments	△	39.0
Overall cost reduction	+	2.0	Inventory valuation in Aluminum & Copper	△	2.0
Inventory valuation in Iron & Steel	+	5.0	Subsidiaries & affiliates	△	34.0
Exchange rate changes in steel business	+	3.5	Other	△	0.5
Total	+	16.5	Total	△	75.5



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Analysis of Ordinary Income in Iron & Steel Segment

【 FY2015 1Q~3Q ⇒ FY2016 1Q~3Q 】

(Billions of yen)

	FY2015			FY2016		
	1H	3Q	1~3Q	1H	3Q	1~3Q
Ordinary Income	△1.2	△1.9	△3.1	△9.8	△15.0	△24.9
				△ 21.7		

Positive Factors			Negative Factors		
Raw material prices	+	6.0	Production and shipments	△	39.0
Overall cost reduction	+	3.5	Other	△	0.7
Inventory valuation	+	5.0			
Exchange rate changes	+	3.5			
Total	+	18.0	Total	△	39.7



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Analysis of Consolidated Ordinary Income

【 FY2016 Previous Forecast ⇒ Current Forecast 】

(Billions of yen)

	FY2016 Forecast (Oct. 30)			FY2016 Current Forecast		
	1H	2H	Full year	1H	2H	Full year
Ordinary Income	12.3	△2.3	10.0	12.3	△42.3	△ 30.0

△ **40.0**

Positive Factors		Negative Factors	
Production and shipments	+ 4.5	Raw material prices	△ 12.5
Inventory valuation in Iron & Steel	+ 11.5	Overall costs	△ 2.0
Inventory valuation in Aluminum & Copper	+ 0.5	Subsidiaries & affiliates	△ 33.5
		Exchange rate changes in steel business	△ 3.5
		Other	△ 5.0
Total	+ 16.5	Total	△ 56.5



ECO WAY

Analysis of Ordinary Income in Iron & Steel Segment

【 FY2016 Previous Forecast ⇒ Current Forecast 】

(Billions of yen)

	FY2016 Forecast (Oct. 30)			FY2016 Current Forecast		
	1H	2H	Full year	1H	2H	Full year
Ordinary Income	△9.8	△20.2	△30.0	△9.8	△20.2	△30.0

± 0.0

Positive Factors		Negative Factors	
Production and shipments	+ 4.0	Raw material prices	△ 12.5
Inventory valuation	+ 11.5	Overall costs	△ 1.5
Other	+ 2.0	Exchange rate changes	△ 3.5
Total	+ 17.5	Total	△ 17.5



ECO WAY

Analysis of Consolidated Ordinary Income

【 FY2016 1H ⇒ 2H Current Forecast 】

(Billions of yen)

	FY2015			FY2016 Current Forecast		
	1H	2H	Full year	1H	2H	Full year
Ordinary Income	33.0	△4.1	28.9	12.3	△42.3	△30.0

 △ **54.6**

Positive Factors		Negative Factors	
Production and shipments	+ 9.5	Raw material prices	△ 33.0
Inventory valuation in Iron & Steel	+ 19.0	Overall costs	△ 7.5
Inventory valuation in Aluminum & Copper	+ 3.5	Subsidiaries & affiliates	△ 30.0
		Exchange rate changes in steel business	△ 3.5
		Other	△ 12.6
Total	+ 32.0	Total	△ 86.6



ECO WAY

Analysis of Ordinary Income in Iron & Steel Segment

【 FY2016 1H ⇒ 2H Current Forecast 】

(Billions of yen)

	FY2015			FY2016 Current Forecast		
	1H	2H	Full year	1H	2H	Full year
Ordinary Income	△1.2	△13.7	△14.9	△9.8	△20.2	△30.0

△ 10.4

Positive Factors		Negative Factors	
Production and shipments	+ 10.0	Raw material prices	△ 33.0
Inventory valuation	+ 19.0	Overall costs	△ 6.0
Other	+ 3.1	Exchange rate changes	△ 3.5
Total	+ 32.1	Total	△ 42.5



ECO WAY

Analysis of Consolidated Ordinary Income

【 FY2015 ⇒ FY2016 Current Forecast 】

(Billions of yen)

	FY2015			FY2016 Current Forecast		
	1H	2H	Full year	1H	2H	Full year
Ordinary Income	33.0	△4.1	28.9	12.3	△42.3	△ 30.0

△ 58.9

Positive Factors		Negative Factors	
Inventory valuation in Iron & Steel	+ 18.5	Production and shipments	△ 24.5
Exchange rate changes in steel business	+ 1.5	Raw material prices	△ 13.0
		Overall costs	△ 5.5
		Inventory valuation in Aluminum & Copper	△ 1.0
		Subsidiaries & affiliates	△ 30.5
		Other	△ 4.4
Total	+ 20.0	Total	△ 78.9



ECO WAY

Analysis of Ordinary Income in Iron & Steel Segment

【 FY2015 ⇒ FY2016 Current Forecast 】

(Billions of yen)

	FY2015			FY2016 Current Forecast		
	1H	2H	Full year	1H	2H	Full year
Ordinary Income	△1.2	△13.7	△14.9	△9.8	△20.2	△30.0

△ 15.1

Positive Factors		Negative Factors	
Inventory valuation	+ 18.5	Production and shipments	△ 24.5
Exchange rate changes	+ 1.5	Raw material prices	△ 13.0
Other	+ 4.4	Overall costs	△ 2.0
Total	+ 24.4	Total	△ 39.5

