

July 28, 2017

Company name: Kobe Steel, Ltd.
 Representative: Hiroya Kawasaki
 Chairman, President, CEO
 and Representative Director

Code number: 5406
 Tel: +81 (0)3 5739-6010

Announcement on Revision to Earnings Forecast and Interim Dividend Forecast for Fiscal 2017, ending March 31, 2018

Kobe Steel, Ltd. has revised its consolidated forecast for fiscal 2017 from the previous forecast announced on April 28, 2017 due to recent trends in its business performance. Additionally, at the Board of Directors meeting held today, Kobe Steel reached a decision on a policy to pay an interim dividend for fiscal 2017.

Revision to Earnings Forecast

Revision to First-Half Fiscal 2017 Consolidated Forecast (April 1, 2017 – September 30, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	930,000	35,000	20,000	15,000	41.40 yen
Current forecast (B)	930,000	40,000	30,000	25,000	69.01 yen
Change (B-A)	0	5,000	10,000	10,000	
% change	0.0%	14.3%	50.0%	66.7%	
FY2016 results for same period	815,130	30,995	12,320	4,109	11.31 yen*

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

Revision to Fiscal 2017 Consolidated Forecast (April 1, 2017 – March 31, 2018)

	Net sales	Operating income	Ordinary income (loss)	Net income (loss) attributable to owners of the parent	Net income (loss) per share
Previous forecast (A)	1,870,000	75,000	50,000	30,000	82.81 yen
Current forecast (B)	1,880,000	80,000	55,000	35,000	96.61 yen
Change (B-A)	10,000	5,000	5,000	5,000	
% change	0.5%	6.7%	10.0%	16.7%	
FY2016 results	1,695,864	9,749	(19,103)	(23,045)	(63.54 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 (loss) per share takes into account this share consolidation.

Reason for the Revision

In comparison to the previous earnings forecast made on April 28, 2017, in the construction machinery business, unit sales of hydraulic excavators in China are on an upward trend. In the electric power business, fuel prices have remained lower than expected due to a lag in reflecting fuel cost fluctuations in the unit price of electricity. With regard to these and other uncertain factors in each of the businesses, Kobe Steel has made certain assumptions and as a result revises upward its consolidated cumulative second quarter forecast for operating income and ordinary income. For the full fiscal year, it revises upward its forecast for sales, operating income and ordinary income.

In addition, as Kobe Steel posted extraordinary income on gain on sale of investment securities in the first quarter of fiscal 2017 and other factors, it has revised upward its forecast for net income attributable to owners of the parent for the consolidated cumulative second quarter and for the full fiscal year.

Revision to Dividend Forecast

Period	Dividend per share				
	1Q	2Q	3Q	4Q	Full year
Previous Forecast (announced April 28, 2017)	—	—	—	—	—
Current Forecast	—	10.00 yen	—	—	—
FY2017 Results	—	—	—		
FY2016 Results	—	0.00 yen	—	0.00 yen	0.00 yen

* Kobe Steel carried out a share consolidation at a ratio of 10 shares to 1 share effective on October 1, 2016.

Reason for the Revision

Kobe Steel aims to pay dividends on a continuous and stable basis. Dividends are decided after taking into full account the Company's financial position, business performance, future capital needs and other factors. On this basis, Kobe Steel has decided on a policy to pay an interim dividend of 10 yen per share for the first half of fiscal 2017. In addition, the estimated amount of the year-end dividend is undetermined.

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.