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

Announcement on Revision to Earnings Forecast and Interim Dividend Forecast for Fiscal 2018, ending March 31, 2019

Kobe Steel, Ltd. announces that it has revised its consolidated earnings forecast for fiscal 2018 from the previous forecast announced on April 27, 2018. Kobe Steel also announces that at its Board of Directors meeting held today, it passed a resolution for a per-share dividend forecast for fiscal 2018, ending March 2019.

Revision to Consolidated Earnings Forecast

Revision to First-Half Fiscal 2018 Consolidated Forecast (April 1, 2018 – September 30, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	960,000	15,000	5,000	25,000	69.01 yen
Current forecast (B)	1,000,000	20,000	10,000	30,000	82.81 yen
Change (B-A)	40,000	5,000	5,000	5,000	
% change	4.2%	33.3%	100.0%	20.0%	
FY2017 results for same period*	907,058	51,407	45,780	39,390	108.73 yen

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

* Kobe Steel has settled the provisional accounting for business combinations in the third quarter of fiscal 2017. The results for the first half of fiscal 2017 state numerical values reflected after critical review of the initial allocation of the acquisition cost due to the settlement of the provisional accounting for business combinations.

Revision to Fiscal 2018 Consolidated Forecast (April 1, 2018 – March 31, 2019)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	1,990,000	55,000	35,000	45,000	124.22 yen
Current forecast (B)	2,030,000	55,000	35,000	45,000	124.22 yen
Change (B-A)	40,000	0	0	0	
% change	2.0%	0.0%	0.0%	0.0%	
FY2017 results	1,881,158	88,913	71,149	63,188	174.43 yen

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

Reason for the Revision

In comparison to the previous earnings forecast made on April 27, 2018, in the construction machinery business, unit sales of hydraulic excavators in China are on an upward trend. As a result, Kobe Steel revises upward its forecast for net sales, operating income, ordinary income and net income attributable to owners of the parent for the first half of fiscal 2018.

On the other hand, lower quantities of steel are anticipated owing to temporary production trouble, and auxiliary raw material costs are also anticipated to be higher. As a result, operating income, ordinary income and net income attributable to owners of the parent for the full fiscal 2018 are unchanged from the previous forecast.

Revision to Dividend Forecast

Period	Dividend per share				
	1Q	2Q	3Q	4Q	Full year
Previous Forecast (announced April 27, 2018)	—	—	—	—	—
Current Forecast	—	10.00 yen	—	—	—
FY2018 Results	—	—	—	—	—
FY2017 Results	—	0.00 yen	—	30.00 yen	30.00 yen

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 condition, business performance, future capital needs and other factors. On this basis, Kobe Steel had decided on a policy to pay an interim dividend of 10 yen per share for the first half of fiscal 2018. The year-end dividend for the end of fiscal 2018 has not yet been determined.

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.