

August 2, 2019

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 2019, ending March 31, 2020

Kobe Steel, Ltd. announces that it has revised its consolidated earnings forecast for fiscal 2019 from the previous forecast announced on May 15, 2019. 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 2019, ending March 2020.

Revision to Consolidated Earnings Forecast

Revision to First-Half Fiscal 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
Previous forecast (A)	1,010,000	5,000	0	0	0.00
Current forecast (B)	980,000	0	(10,000)	0	0.00
Change (B-A)	(30,000)	(5,000)	(10,000)	0	
% change	(3.0%)	(100.0%)	-	-	
FY2018 results for same period	958,239	23,131	9,345	33,399	92.19

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

Revision to Fiscal 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
Previous forecast (A)	2,070,000	45,000	30,000	25,000	69.00
Current forecast (B)	2,000,000	25,000	10,000	10,000	27.60
Change (B-A)	(70,000)	(20,000)	(20,000)	(15,000)	
% change	(3.4%)	(44.4%)	(66.7%)	(60.0%)	
FY2018 results	1,971,869	48,282	34,629	35,940	99.20

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

Reason for the Revision

Compared with the previous earnings forecast made on May 15, 2019, the impact of protectionist trade policies has become apparent.

Amid these circumstances, the Kobe Steel Group anticipates deterioration of the product mix in the Iron & Steel segment, while sales volume in the Aluminum & Copper segment is expected to decrease in the semiconductor and IT sectors and in the overseas automotive sector. The Kobe Steel Group anticipates that it will be affected by worsened productivity caused by equipment trouble and other issues at affiliate companies. In addition, in the Construction Machinery segment, unit sales of hydraulic excavators are anticipated to decrease mainly in China.

For these reasons, the Kobe Steel Group revises downward its forecast for net sales, operating income and ordinary income for the consolidated first half of fiscal 2019 and for net sales, operating income, ordinary income and net income attributable to owners of the parent for the full fiscal 2019.

Revision to Dividend Forecast

	Dividend per share				
	1Q	2Q	3Q	4Q	Full year
Previous forecast (announced May 15, 2019)	—	—	—	—	—
Current Forecast	—	0 .00 yen	—	—	—
FY2019 Results	—	—	—		
FY2018 Results	—	10.00 yen	—	10.00 yen	20.00 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, in light of the earnings forecast for fiscal 2019, Kobe Steel has regrettably passed a resolution to adopt a policy to forgo the interim dividend for the first half of fiscal 2019. The year-end dividend for fiscal 2019 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.