

Financial Results for the Cumulative Third Quarter of Fiscal 2024 and Forecast for the Full Fiscal Year

February 7, 2025
Kobe Steel, Ltd.

KOBELCO

- Summary of Financial Results and Forecast
- Fiscal 2024 Assumption of Business Environment
- Financial Results for the Cumulative Third Quarter of Fiscal 2024
- Forecast for Fiscal 2024
- Return to Shareholders
- Segment Information
- Reference Information

Forecast for Fiscal 2024 : Compared to the previous forecast

- **In the materials businesses, the demand environment has deteriorated** due to a decline in automobile production, decrease in demand for building materials, and slow demand recovery in the semiconductor sector.
In the machinery businesses, the demand environment for the machinery segment remains strong, while the construction machinery segment continues to experience a decline in demand in Europe.
- The Company **enhanced its own cost reduction efforts while striving to pass on the increased labor and logistics costs to selling prices.**
- **Despite a decrease in sales volume in the materials businesses and the construction machinery segment, the Company has secured a profit level that exceeds the previous forecast by improving order profitability in the machinery and engineering segments as well as by incorporating the effects of price and cost improvements.**

Key Points of This Announcement

- The financial results for the cumulative third quarter of fiscal 2024 are **roughly flat year on year.**
- The forecast for the full fiscal year 2024 has been **revised upward** for both ordinary profit and profit attributable to owners of parent. ROIC is expected to **improve** to around 6.5%.
- Free cash flow is expected to **significantly narrow its negative margin** from the previous forecast, and a reduction in interest-bearing debt is anticipated.
- With a profit attributable to owners of parent for fiscal 2024 expected to reach a record high of 130.0 billion yen, the Board of Directors has decided today to **increase** the year-end dividend to 55 yen per share. This will result in a record-high annual dividend of 100 yen per share and a dividend payout ratio of 30.3%.

Summary of Financial Results and Forecast



Financial Results for the Cumulative Third Quarter of Fiscal 2024

		Year on year
Net Sales	1,884.0 billion yen	10.3 billion yen
Ordinary Profit (Loss)	132.8 billion yen	(1.0) billion yen
Excluding Inventory Valuation	130.3 billion yen	(3.0) billion yen
Profit (Loss) Attributable to Owners of Parent	102.8 billion yen	(6.9) billion yen

Fiscal 2024 Full-Year Earnings Forecast

		Compared to the previous forecast
Net Sales	2,580.0 billion yen	(20.0) billion yen
Ordinary Profit (Loss)	140.0 billion yen	10.0 billion yen
Excluding Inventory Valuation	139.5 billion yen	11.0 billion yen
Profit (Loss) Attributable to Owners of Parent	130.0 billion yen	10.0 billion yen
Free Cash Flow	(10.0) billion yen	60.0 billion yen

Financial Indicators Fiscal 2024 Full-Year Earnings Forecast

- ROIC : approx. 6.5% (approx. 6% in previous forecast)
- L ROE : approx. 12% (approx. 11% in previous forecast)
- Net assets ratio : approx. 40% (approx. 40% in previous forecast)
- Gross D/E ratio : approx. 0.8 times (approx. 0.85 times in previous forecast)

Return to Shareholders

- Year-end dividend of 55 yen; Annual dividend of 100 yen per share (10-yen dividend increase year on year, as well as from the previously forecast)

Fiscal 2024 : Assumption of Business Environment for Materials Businesses

Highlighted in blue are the business units affected by demand fluctuations.

Automobile production

(Steel products, aluminum rolled products, aluminum extrusions, aluminum suspensions, copper rolled products, steel powder, and welding)

Domestic production is expected to **remain at the previously forecast level**.

Overseas production is also expected to **decrease from the previous forecast** due to Japanese automakers' declining sales in China, North America and Southeast Asia.

IT and semiconductors

(Aluminum rolled products, aluminum castings and forgings, and copper rolled products)

Demand for HDD materials is expected to **remain at the previously forecast level** along with continued demand recovery trend in the data center industry.

Demand for semiconductor materials is expected to **decrease from the previous forecast** due to slow demand recovery.

Shipbuilding

(Steel products, steel castings and forgings, and welding)

Despite ongoing steady demand, new shipbuilding orders are expected to **remain at the previously forecast level** due to labor shortages and difficulties in procuring equipment.

Aircraft

(Titanium, and aluminum castings and forgings)

Demand is expected to **remain steady at the previously forecast level**.

Beverage cans

(Aluminum rolled products)

Demand is expected to **remain at the previously forecast level** (similar to fiscal 2023).

Construction and civil engineering

(Steel products and welding)

Demand is expected to **decrease from the previous forecast** due to project postponements and suspensions caused by rising material prices and labor shortages.

Fiscal 2024 : Assumption of Business Environment for Machinery Businesses



(Machinery)

Energy and chemistry

Demand for machinery in the energy (such as LNG) and chemical/petrochemical industries is expected to **remain steady**.
Environmental demand is expected to **maintain an upward trend** both in Japan and overseas **over a long term**.

General industry

Domestic demand is expected to **remain steady at the previously forecast level**.
Overseas demand **continues to be sluggish** due to the slowdown in the Chinese market and the stagnation of the Southeast Asian economy.

(Construction machinery—Hydraulic excavators)

Japan

Demand is expected to **remain at the previously forecast level** due to ongoing lower demand for replacement, affected by rising prices of construction machinery.

China

Demand is expected to **increase from the previous forecast**, due to the rise of the government-led farmland development projects.

North America

Demand is expected to **remain at the previously forecast level** due to persistently high interest rates, despite robust demand for infrastructure.

Europe

Demand is expected to **decrease from the previous forecast** due to the prolonged sluggish demand caused by persistently high interest rates.

Southeast Asia

Demand is expected to **increase from the previous forecast**, with signs of economic recovery in some countries.

Financial Results for the Cumulative Third Quarter of Fiscal 2024



(Billions of yen)	FY2023 Actual		FY2024 Forecast (Current)		Change Cumulative 3Q ②-①
	Cumulative 3Q ①	Full Year	Cumulative 3Q ②	Full Year	
Net Sales	1,873.7	2,543.1	1,884.0	2,580.0	10.3
Operating Profit (Loss)	138.2	186.6	124.5	150.0	(13.7)
Ordinary Profit (Loss)	133.9	160.9	132.8	140.0	(1.0)
Excluding Inventory Valuation	133.4	156.4	130.3	139.5	(3.0)
Extraordinary Income (Losses)	27.8	1.3	8.4	15.0	(19.4)
Profit (Loss) Attributable to Owners of Parent	109.7	109.5	102.8	130.0	(6.9)

Net Sales

Net sales were roughly flat year on year primarily due to decreased sales in the electric power segment, affected by a decline in thermal coal prices, despite positive factors such as the progress in cost pass-through in the materials businesses and increased unit/service sales in the energy and chemical sectors in the machinery segment.

Ordinary Profit (Loss)

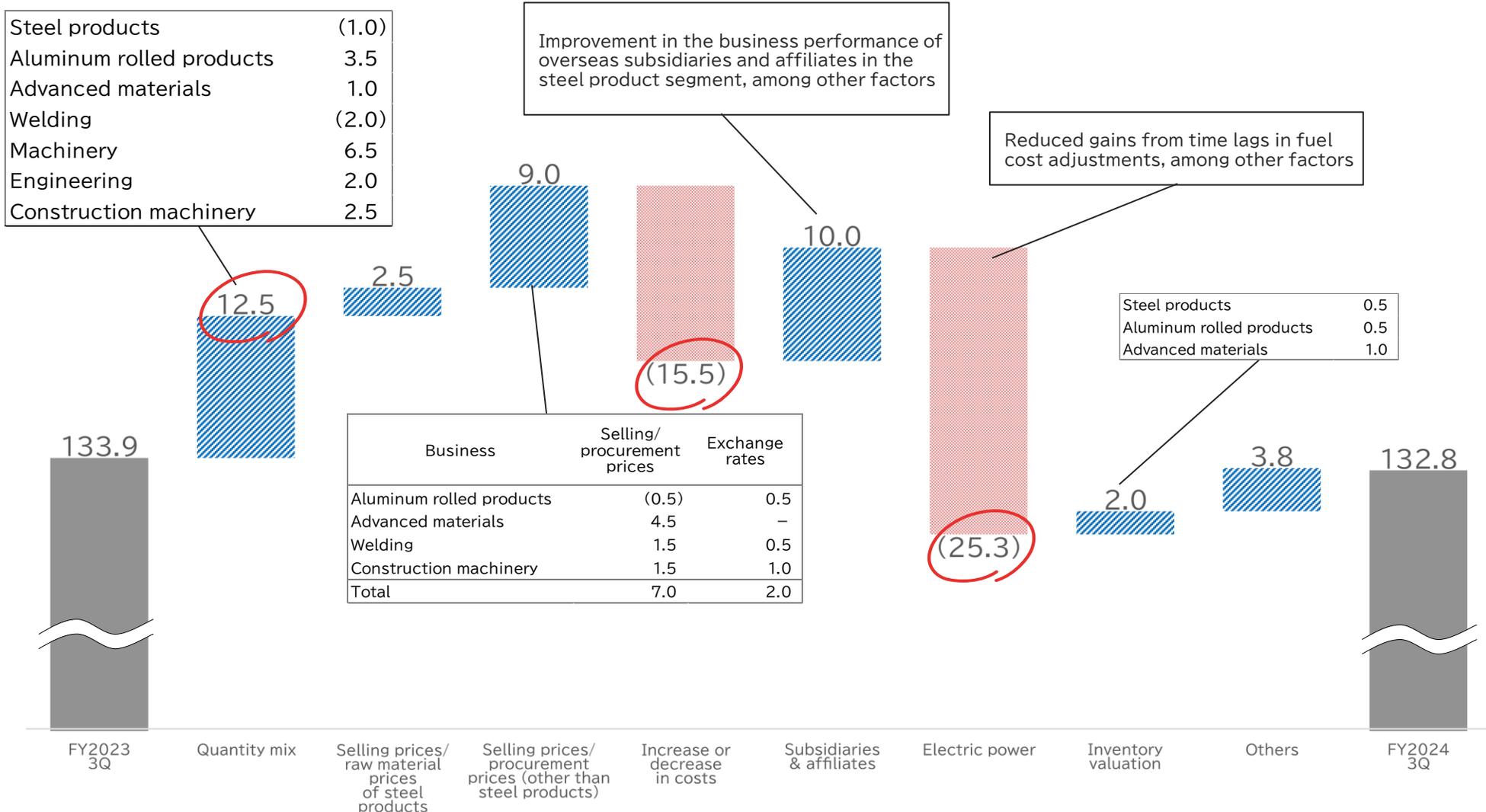
Despite progress in cost pass-through and a sales increase in the machinery segment, ordinary profit was roughly flat year on year due to cost increases centered on fixed costs and reduced gains from time lags in fuel cost adjustments in the electric power segment.

Profit (Loss) Attributable to Owners of Parent

Profit attributable to owners of parent decreased year on year due to a fall in gains from the transfer of non-current assets at a subsidiary recorded in fiscal 2023.

Financial Results for the Cumulative Third Quarter of Fiscal 2024: Analysis of Ordinary Profit (Loss) (Year on year)

(1.0) billion yen



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

Financial Results for the Cumulative Third Quarter of Fiscal 2024: Ordinary Profit (Loss) by Segment



	FY2023 3Q	FY2024 3Q	Change	
Steel Products	32.5	28.9	(3.5)	Down due to cost increases centered on fixed costs such as labor and maintenance costs, despite improvements in steel metal spreads and the performance of overseas subsidiaries and affiliates.
Excluding Inventory Valuation	36.0	31.9	(4.0)	
Aluminum Rolled Products	(5.9)	(2.5)	3.3	Up primarily due to increased sales volume in disk materials.
Excluding Inventory Valuation	(7.9)	(5.0)	2.8	
Advanced Materials	0.6	7.6	6.9	Up due to such factors as increased sales volume in automotive materials and the progress in cost pass-through.
Excluding Inventory Valuation	(1.3)	4.6	5.9	
Welding	3.3	3.1	(0.1)	Roughly flat year on year due to such factors as the progress in cost pass-through, despite a decrease in sales volume, particularly in the automotive and construction sectors.
Machinery	18.1	21.8	3.6	Up due to such factors as increased sales of services, particularly in compressors.
Engineering	11.6	13.9	2.2	Up due to such factors as changes in the project composition.
Construction Machinery	9.5	21.6	12.0	Up due to the progress in cost pass-through and the recording of compensation income related to the engine certification problem, offsetting negative factors such as cost increases centered on fixed costs.
Electric Power	63.5	38.1	(25.3)	Down due to such factors as reduced gains from time lags in fuel cost adjustments.

Forecast for Fiscal 2024



(Billions of yen)	FY2024 Forecast (Previous)			FY2024 Forecast (Current)			Change ②-①
	1H	2H	Full Year ①	1H	2H	Full Year ②	
Net Sales	1,248.5	1,351.4	2,600.0	1,248.5	1,331.4	2,580.0	(20.0)
Operating Profit (Loss)	77.7	62.2	140.0	77.7	72.2	150.0	10.0
Ordinary Profit (Loss)	70.9	59.0	130.0	70.9	69.0	140.0	10.0
Excluding Inventory Valuation	66.9	61.5	128.5	66.9	72.5	139.5	11.0
Extraordinary Income (Losses)	5.3	14.6	20.0	5.3	9.6	15.0	(5.0)
Profit (Loss) Attributable to Owners of Parent	56.5	63.4	120.0	56.5	73.4	130.0	10.0

Net Sales

Net sales are expected to remain at the previously forecast level despite a projected decrease in sales volume in the advanced materials and construction machinery segments, as well as a projected delay in the timing of recording sales in the machinery segment.

Ordinary Profit (Loss)

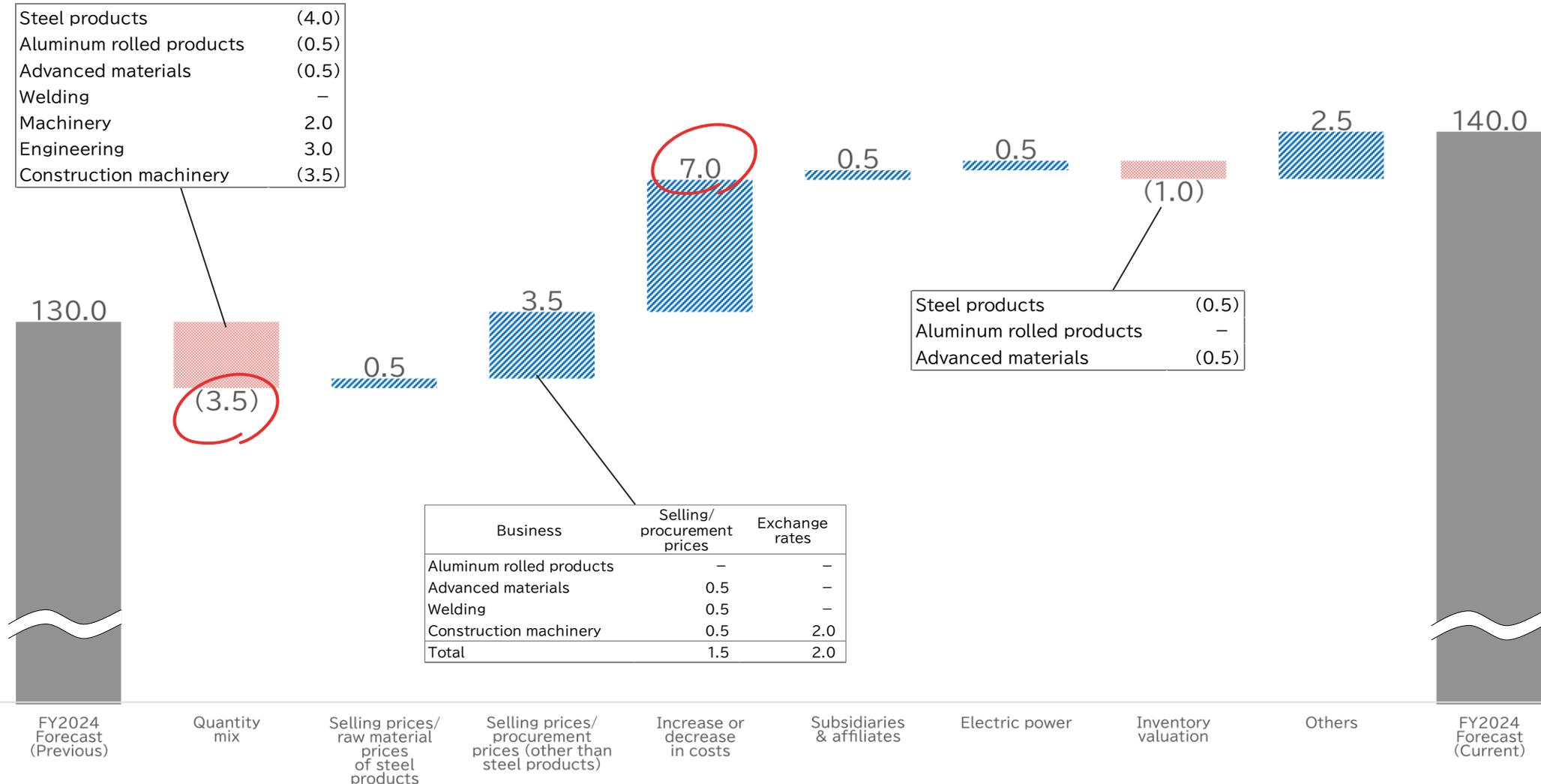
Ordinary profit is expected to increase due to improvements in order profitability in machinery and engineering segments, progress in cost pass-through, and cost improvements centered on fixed costs, despite anticipating a decrease in sales volume in the materials businesses and construction machinery segment.

Profit (Loss) Attributable to Owners of Parent

Profit attributable to owners of parent is expected to increase despite extraordinary loss resulting from delays in the timing of some asset sales, among other factors.

Forecast for Fiscal 2024 : Analysis of Ordinary Profit (Loss) (Compared to the previous forecast)

10.0 billion yen



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

Forecast for Fiscal 2024 : Ordinary Profit (Loss) by Segment

	FY2024 (Previous)	FY2024 (Current)	Change	
Steel Products	22.0	22.5	0.5	Up from the previous forecast due to such factors as cost improvements centered on fixed costs despite an anticipated deterioration in the sales mix, primarily resulting from a decrease in automotive demand.
Excluding Inventory Valuation	25.0	26.0	1.0	
Aluminum Rolled Products	(2.0)	(2.5)	(0.5)	Down from the previous forecast due to such factors as a decrease in automotive sales volumes.
Excluding Inventory Valuation	(4.0)	(4.5)	(0.5)	
Advanced Materials	5.0	8.0	3.0	Up from the previous forecast due to such factors as progress in cost pass-through and cost improvements, despite negative factors such as decreased sales volumes particularly in the semiconductor and automotive sectors.
Excluding Inventory Valuation	2.5	6.0	3.5	
Welding	4.0	4.5	0.5	Up from the previous forecast due to progress in cost pass-through in welding systems, among other factors.
Machinery	33.0	33.0	-	Remain at the previously forecast level due to a temporary increase in costs, despite improvements in order profitability.
Engineering	11.0	14.0	3.0	Up from the previous forecast due to improvements in the profitability of individual projects, among other factors.
Construction Machinery	12.0	16.0	4.0	Up from the previous forecast due to such factors as improvements in export profitability resulting from the depreciation of the yen despite an anticipated decrease in sales volume, particularly in Europe.
Electric Power	49.5	50.0	0.5	Remain at the previously forecast level.

Forecast for Fiscal 2024 :

Breakdown of Extraordinary Income (Losses)

- The following items are expected to be recorded as extraordinary income (losses): gain on sale of non-current assets, gain on bargain purchase, and dismantlement related expenses.
- Compared to the previous forecast, extraordinary income is expected to decrease by 5.0 billion yen due to delays in the timing of some asset sales, among other factors.

Breakdown of Extraordinary Income (Losses)

(Billions of yen)

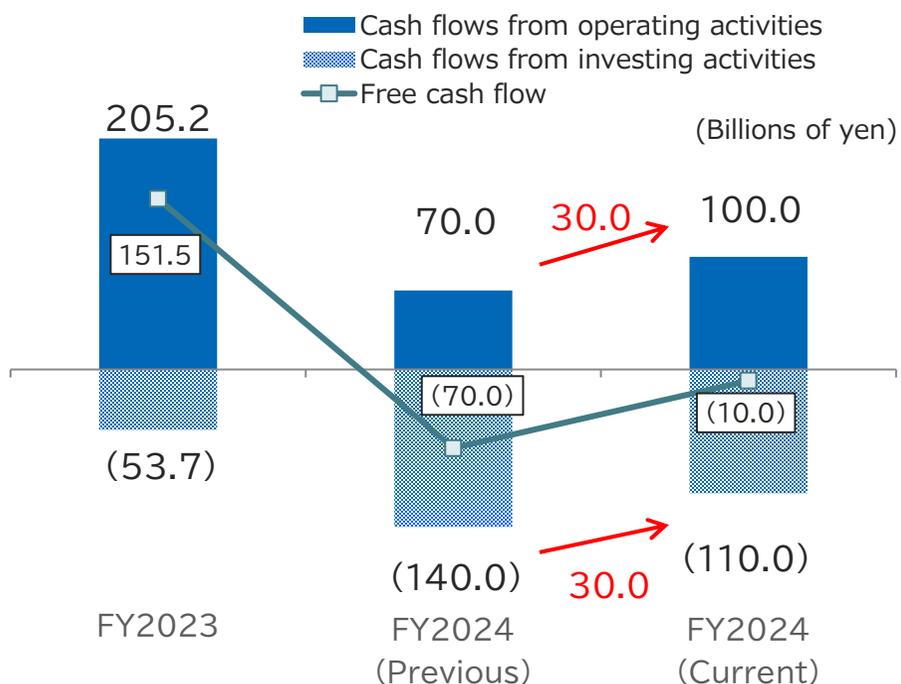
		Cumulative 3Q	FY2024 (Current)	Description of items
	Gain on sale of non-current assets	5.4	10.0	<ul style="list-style-type: none"> • 1H: Recorded a gain on the transfer of land use rights at a Chinese subsidiary in the construction machinery segment. • 2H: Expects to record gains on the transfer of land overseas.
	Gain on bargain purchase, etc.	* 2.9	15.0	<ul style="list-style-type: none"> • Includes gains on bargain purchase resulting from the consolidation of Kansai Coke & Chemicals, Co., Ltd. as of October 31, among other factors. • Provisionally calculated based on the information currently available and expected to be finalized at the fiscal year-end.
	Dismantlement-related expenses	—	(10.0)	<ul style="list-style-type: none"> • Demolition of the aging facilities is scheduled to begin in fiscal 2025 to secure land for future carbon neutrality measures. (No. 1 Blast Furnace (decommissioned) at Kakogawa Works and other facilities)
	Extraordinary income (losses)	8.4	15.0	<ul style="list-style-type: none"> • The previous forecast projected 20.0 billion yen (down 5.0 billion yen from the previously forecast).

* Since the fair value assessment has not been completed at this time, the book value is considered as the fair value to calculate the amount of gain on bargain purchase.

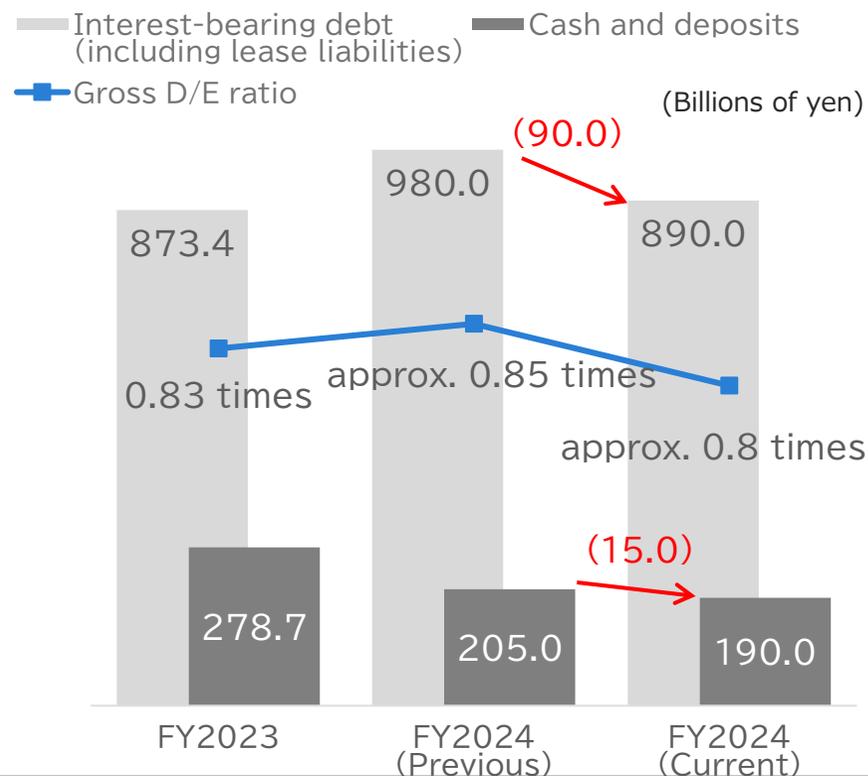
Forecast for Fiscal 2024: Cash Flow Status

- Cash flows from operating activities are expected to increase due to the improvement in ordinary profit and the earlier-than-expected receipt of payments for some projects, among other factors. Cash flows from investing activities are expected to decrease due to the revision of investment plans, resulting in an improvement of 60.0 billion yen in free cash flow compared to the previous forecast.
- Efforts will continue to optimize working capital and improve cash flows.
- Interest-bearing debt is expected to decrease by 90.0 billion yen compared to the previous forecast, due to the improvement in free cash flow and the reduction of cash and deposits. The gross D/E ratio is expected to be around 0.8 times.

Cash Flow



Gross D/E ratio



The year-end dividend is planned to be 55 yen per share, up 10 yen from fiscal 2023 and the previous forecast, resulting in an annual dividend of 100 yen per share.

Return policy

Kobe Steel determines dividends taking its financial condition, business performance, future capital needs and other factors into overall consideration with the aim of paying dividends on a continuous and steady basis in principle.

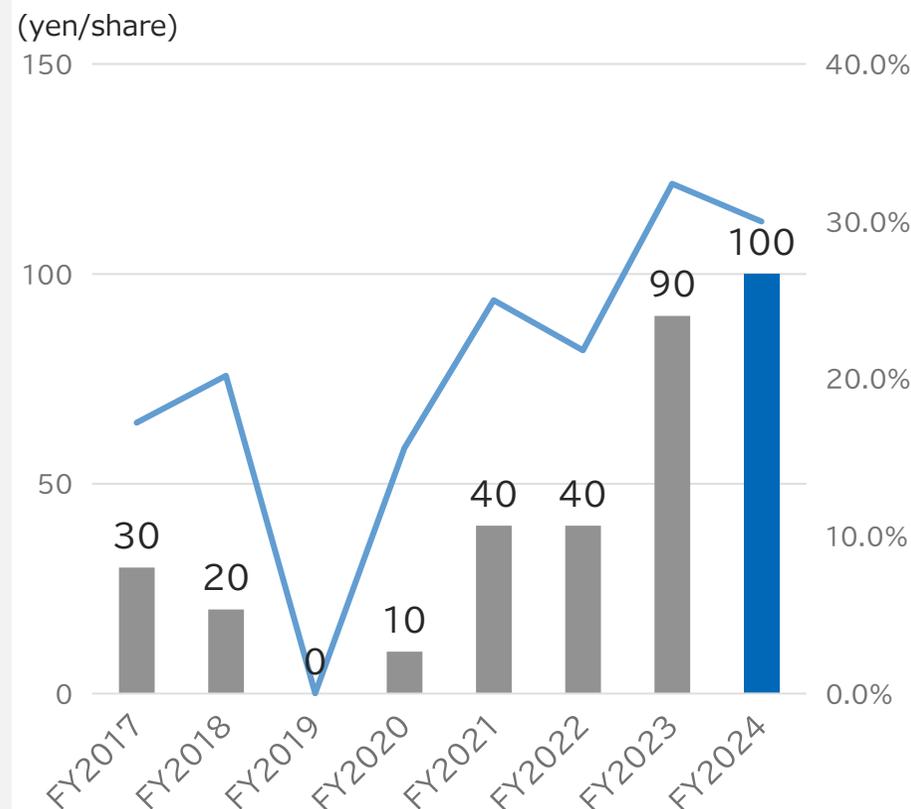
Medium-Term Management Plan (Fiscal 2024–2026)

Dividend payout ratio: approx. 30%

Dividend (yen/share) and Dividend Payout Ratio (%)

FY2023		FY2024	
Interim 45 yen	Year-end 45 yen	Interim 45 yen	Year-end 55 yen
90 yen		100 yen	
32.4%		30.3%	

Dividend and Dividend Payout Ratio



Segment Information

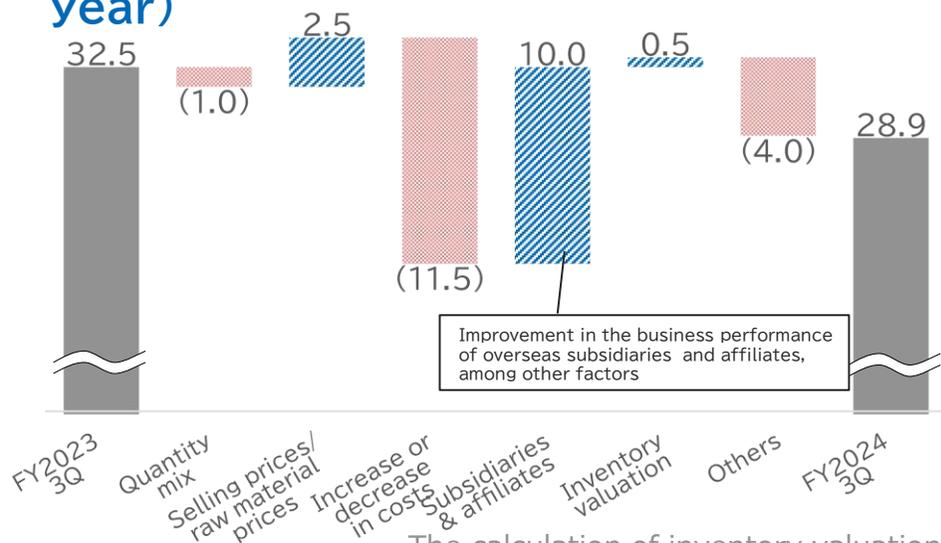
Financial Results for the Cumulative Third Quarter of Fiscal 2024 and Forecast for Fiscal 2024



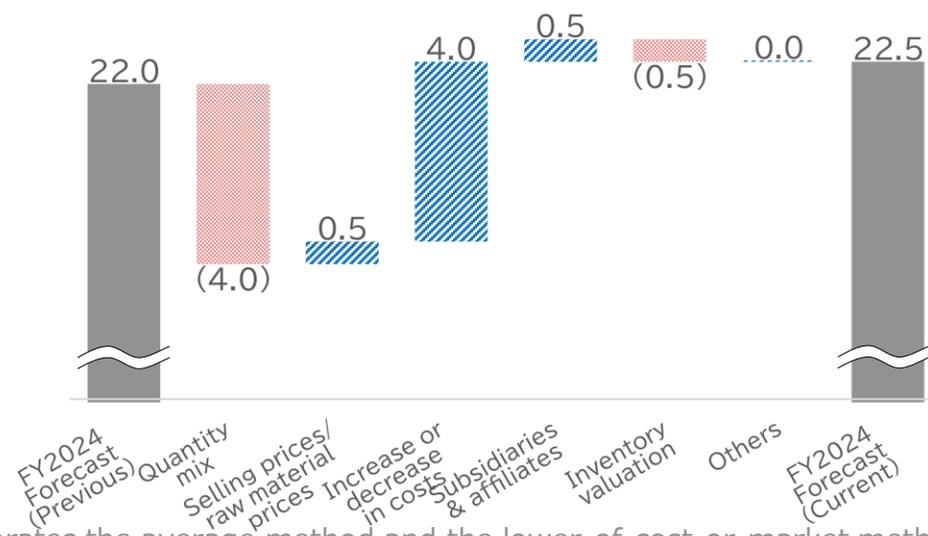
(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024	Change
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②	Cumulative 3Q	Full Year ②-①
Steel & Aluminum	812.8	1,082.7	560.4	562.5	1,123.0	560.4	285.2	281.2	566.5	1,127.0	845.7	4.0
Advanced Materials	218.4	298.1	152.9	176.0	329.0	152.9	80.8	89.2	170.0	323.0	233.7	(6.0)
Welding	70.1	93.5	46.8	47.1	94.0	46.8	23.0	24.0	47.1	94.0	69.9	–
Machinery	157.0	234.5	120.0	155.9	276.0	120.0	60.7	89.1	149.9	270.0	180.8	(6.0)
Engineering	117.8	170.6	65.3	117.6	183.0	65.3	45.9	68.7	114.6	180.0	111.2	(3.0)
Construction Machinery	304.4	404.0	197.5	196.4	394.0	197.5	96.4	91.0	187.4	385.0	293.9	(9.0)
Electric Power	233.9	315.9	133.6	129.3	263.0	133.6	57.2	72.1	129.3	263.0	190.8	–
Other Businesses	7.2	10.8	3.7	6.2	10.0	3.7	2.8	1.4	4.2	8.0	6.5	(2.0)
Adjustment	(48.2)	(67.1)	(31.9)	(40.0)	(72.0)	(31.9)	(16.8)	(21.1)	(38.0)	(70.0)	(48.8)	2.0
Net Sales	1,873.7	2,543.1	1,248.5	1,351.4	2,600.0	1,248.5	635.4	695.9	1,331.4	2,580.0	1,884.0	(20.0)
Operating Profit (Loss)	138.2	186.6	77.7	62.2	140.0	77.7	46.8	25.4	72.2	150.0	124.5	10.0
Steel & Aluminum	26.6	16.1	14.4	5.5	20.0	14.4	11.9	(6.4)	5.5	20.0	26.4	–
Advanced Materials	0.6	3.2	2.3	2.6	5.0	2.3	5.3	0.3	5.6	8.0	7.6	3.0
Welding	3.3	4.9	2.1	1.8	4.0	2.1	1.0	1.3	2.3	4.5	3.1	0.5
Machinery	18.1	29.6	12.3	20.6	33.0	12.3	9.5	11.1	20.6	33.0	21.8	–
Engineering	11.6	12.4	4.6	6.3	11.0	4.6	9.2	0.0	9.3	14.0	13.9	3.0
Construction Machinery	9.5	9.1	6.1	5.8	12.0	6.1	15.4	(5.6)	9.8	16.0	21.6	4.0
Electric Power	63.5	85.7	29.2	20.2	49.5	29.2	8.8	11.8	20.7	50.0	38.1	0.5
Other Businesses	2.9	4.8	2.0	2.4	4.5	2.0	1.2	0.7	1.9	4.0	3.2	(0.5)
Adjustment	(2.6)	(5.1)	(2.3)	(6.6)	(9.0)	(2.3)	(0.8)	(6.2)	(7.1)	(9.5)	(3.2)	(0.5)
Ordinary Profit (Loss)	133.9	160.9	70.9	59.0	130.0	70.9	61.9	7.1	69.0	140.0	132.8	10.0
Excluding Inventory Valuation	133.4	156.4	66.9	61.5	128.5	66.9	63.4	9.1	72.5	139.5	130.3	11.0
Extraordinary Income (Losses)	27.8	1.3	5.3	14.6	20.0	5.3	3.0	6.5	9.6	15.0	8.4	(5.0)
Profit (Loss) Attributable to Owners of Parent	109.7	109.5	56.5	63.4	120.0	56.5	46.2	27.1	73.4	130.0	102.8	10.0

	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024	Change
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②	Cumulative 3Q	Full Year ②-①
(Billions of yen)												
Net Sales	669.1	891.6	461.6	452.3	914.0	461.6	233.8	227.5	461.3	923.0	695.4	9.0
Ordinary Profit (Loss)	32.5	39.2	18.8	3.1	22.0	18.8	10.1	(6.4)	3.6	22.5	28.9	0.5
Excluding Inventory Valuation	36.0	40.2	16.3	8.6	25.0	16.3	15.6	(5.9)	9.6	26.0	31.9	1.0
Crude steel production (Millions of tons)	4.47	5.97	3.01	2.99	6.00	3.01	1.52	1.47	2.99	6.00	4.53	-
Sales volume of steel products (Millions of tons)	3.59	4.69	2.34	2.36	4.70	2.34	1.22	1.14	2.36	4.70	3.56	-
Domestic	2.79	3.66	1.79			1.79	0.94				2.73	
Exports	0.80	1.04	0.55			0.55	0.28				0.83	
Export ratio (value basis)	22%	22%	24%			24%	22%				23%	
Average steel selling price (Thousands of yen/ton)	142	143	148			148	144				147	

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)



Forecast for Fiscal 2024 (Compared to the previous forecast)

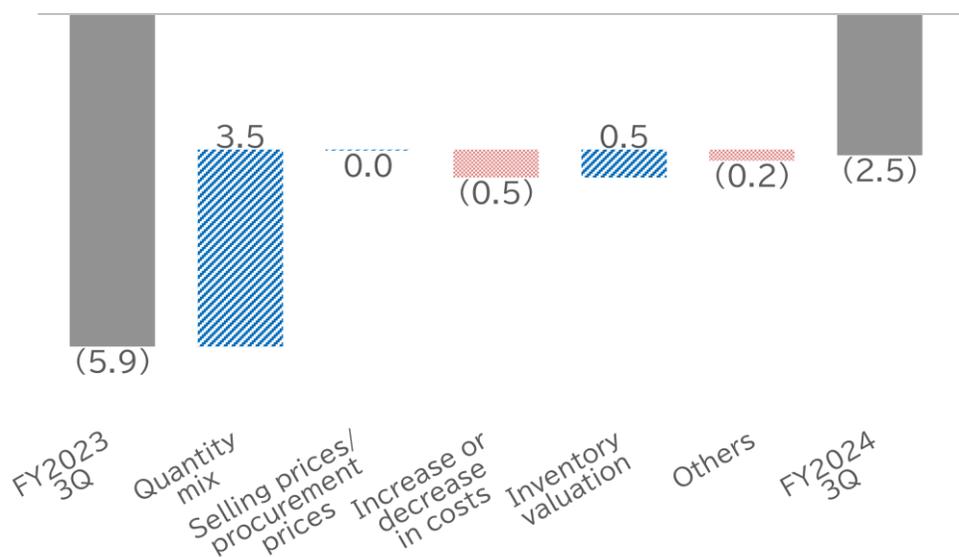


The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

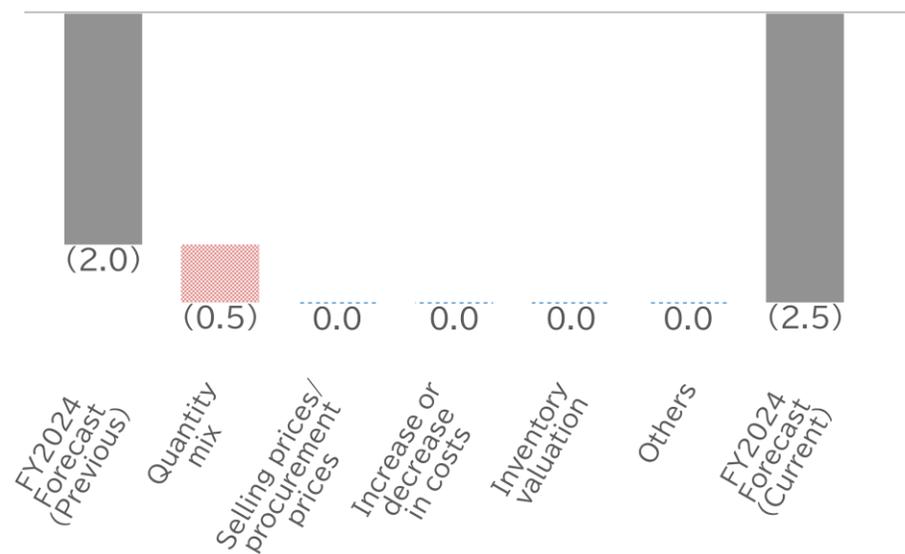
Aluminum Rolled Products

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024 Cumulative 3Q	Change Full Year
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②		②-①
Net Sales	143.6	191.1	98.8	110.1	209.0	98.8	51.4	53.6	105.1	204.0	150.3	(5.0)
Ordinary Profit (Loss)	(5.9)	(23.1)	(4.3)	2.3	(2.0)	(4.3)	1.7	0.0	1.8	(2.5)	(2.5)	(0.5)
Excluding Inventory Valuation	(7.9)	(25.1)	(4.3)	0.3	(4.0)	(4.3)	(0.7)	0.5	(0.1)	(4.5)	(5.0)	(0.5)
Sales volume of aluminum rolled products(Thousands of tons)	238	314	154	176	330	154	76	84	161	315	231	(15)
Domestic	172	223	110			110	54				163	
Exports	67	91	44			44	23				67	

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)



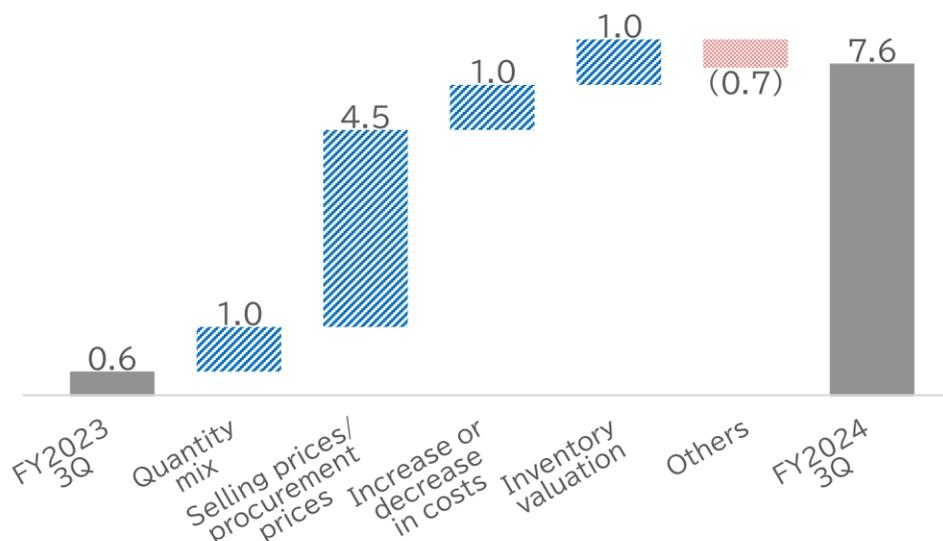
Forecast for Fiscal 2024 (Compared to the previous forecast)



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024 Cumulative 3Q	Change Full Year ②-①
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②		
(Billions of yen)												
Net Sales	218.4	298.1	152.9	176.0	329.0	152.9	80.8	89.2	170.0	323.0	233.7	(6.0)
Ordinary Profit (Loss)	0.6	3.2	2.3	2.6	5.0	2.3	5.3	0.3	5.6	8.0	7.6	3.0
Excluding Inventory Valuation	(1.3)	(0.3)	0.8	1.6	2.5	0.8	3.8	1.3	5.1	6.0	4.6	3.5
Sales volume of aluminum extrusions (Thousands of tons)	28	37	19	20	39	19	10	9	19	38	29	(1)
Domestic	21	29	15			15	8				22	
Exports	7	9	4			4	2				6	
Sales volume of copper rolled products (Thousands of tons)	38	52	26	29	55	26	14	14	28	54	40	(1)

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)



Forecast for Fiscal 2024 (Compared to the previous forecast)



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024	Change
	Cumulative 3Q	Full Year	1H	2H	Full Year	1H	3Q	4Q	2H	Full Year	Cumulative 3Q	Full Year
					①					②		②-①
Net Sales	70.1	93.5	46.8	47.1	94.0	46.8	23.0	24.0	47.1	94.0	69.9	-
Ordinary Profit (Loss)	3.3	4.9	2.1	1.8	4.0	2.1	1.0	1.3	2.3	4.5	3.1	0.5
Sales volume of welding materials (Thousands of tons)	179	242	112	113	225	112	56	57	113	225	168	-
Domestic	78	105	48			48	22				70	
Exports	101	136	64			64	34				98	

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)

Sales Volume	Domestic : Decreased due to declining demand for construction and automobiles. Exports : Decreased due to the economic downturn in Southeast Asia.
Selling Prices	Increased due to progress in cost pass-through, among other factors.
Cost	Increased in materials, equipment, etc.

Forecast for Fiscal 2024 (Compared to the previous forecast)

Sales Volume	Expected to remain at the previously forecast level both in Japan and overseas.
Selling Prices	Expected to increase due to progress in cost pass-through in welding systems, among other factors.
Cost	Expected to remain at the previously forecast level.

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024	Change
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②	Cumulative 3Q	Full Year ②-①
Net Sales	157.0	234.5	120.0	155.9	276.0	120.0	60.7	89.1	149.9	270.0	180.8	(6.0)
Ordinary Profit (Loss)	18.1	29.6	12.3	20.6	33.0	12.3	9.5	11.1	20.6	33.0	21.8	-
Orders	179.8	273.7	119.3	140.6	260.0	119.3	58.0	87.6	145.6	265.0	177.3	5.0
Backlog of Orders	232.9	251.8	252.2			252.2	245.6					

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)

Orders Roughly flat year on year.

Ordinary Profit (Loss) Increased primarily due to an increase in service sales centered on compressors and the progress in existing orders.

Forecast for Fiscal 2024 (Compared to the previous forecast)

Orders Expected to increase primarily due to strong orders in the energy and chemical sectors, as well as an increase in service contracts.

Ordinary Profit (Loss) Expected to remain at the previously forecast level due to temporary cost increases, despite improvements in order profitability.

(Billions of yen)	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024	Change
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②	Cumulative 3Q	Full Year ②-①
Net Sales	117.8	170.6	65.3	117.6	183.0	65.3	45.9	68.7	114.6	180.0	111.2	(3.0)
Ordinary Profit (Loss)	11.6	12.4	4.6	6.3	11.0	4.6	9.2	0.0	9.3	14.0	13.9	3.0
Orders	143.5	214.3	59.5	120.4	180.0	59.5	22.9	72.5	95.4	155.0	82.4	(25.0)
Backlog of Orders	425.0	433.6	443.1			443.1	411.1					

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)

Orders

Decreased compared to the same period of fiscal 2023 that recorded orders for large-scale projects in the DRI-related business and waste treatment-related business.

Ordinary Profit (Loss)

Increased due to changes in project composition.

Forecast for Fiscal 2024 (Compared to the previous forecast)

Orders

Expected to decrease due to delays in large overseas projects in the DRI-related business.

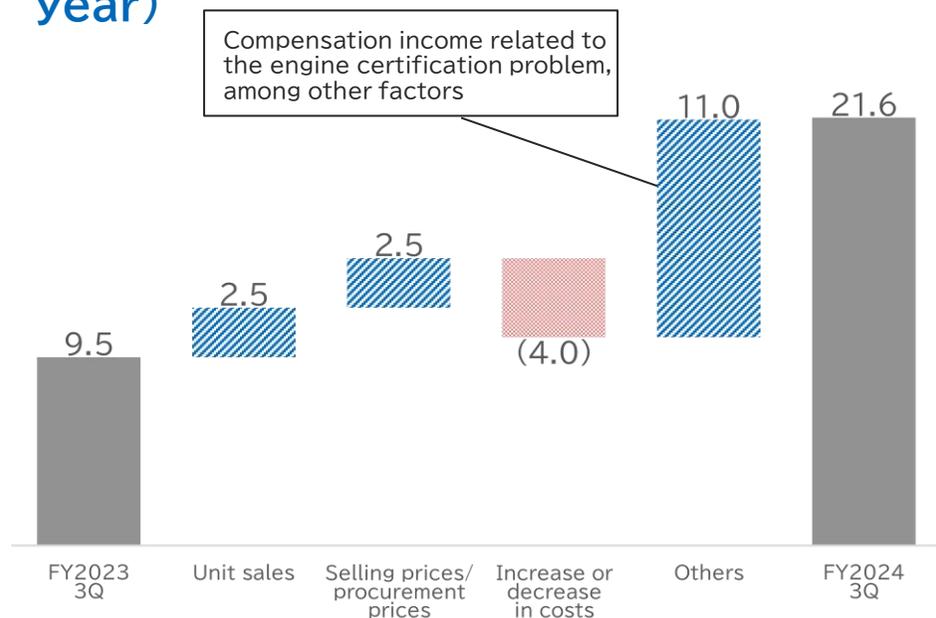
Ordinary Profit (Loss)

Expected to increase due to improvements in profitability of individual projects.

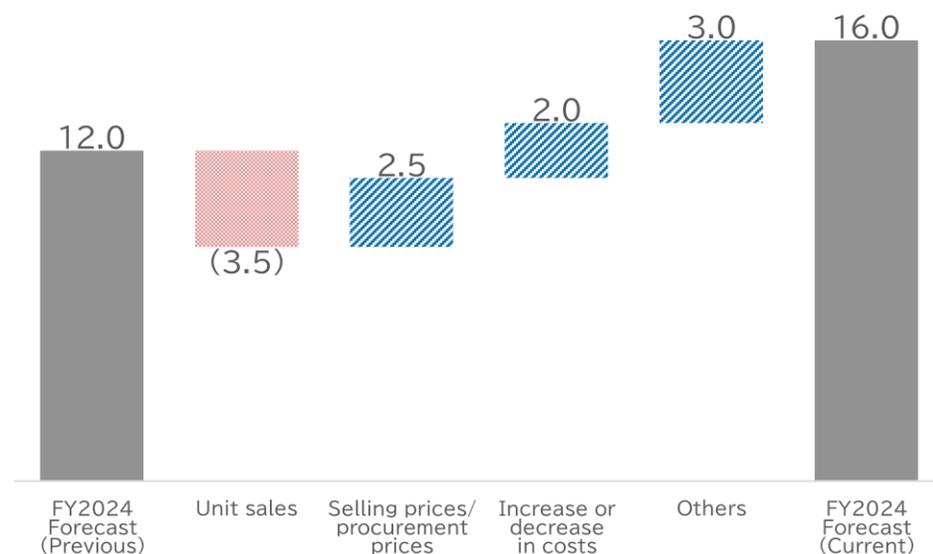
	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024 Cumulative 3Q	Change Full Year ②-①
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②		
(Billions of yen)												
Net Sales	304.4	404.0	197.5	196.4	394.0	197.5	96.4	91.0	187.4	385.0	293.9	(9.0)
Ordinary Profit (Loss)	9.5	9.1	6.1	5.8	12.0	6.1	15.4	(5.6)	9.8	16.0	21.6	4.0
Unit sales of hydraulic excavators (Thousands of units)	18.0	24.1	10.3	12.7	23.0	10.3	5.4	6.2	11.7	22.0	15.8	(1.0)
Domestic	5.9	8.1	2.7			2.7	2.1				4.8	
Exports	12.1	15.9	7.7			7.7	3.3				11.0	
Unit sales of crawler cranes (Units)	221	315	157	213	370	157	100	113	213	370	257	-

*1 Consolidated basis (including mini-excavators)

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)



Forecast for Fiscal 2024 (Compared to the previous forecast)



	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024	Change
	Cumulative 3Q	Full Year	1H	2H	Full Year ①	1H	3Q	4Q	2H	Full Year ②	Cumulative 3Q	Full Year ②-①
(Billions of yen)												
Net Sales	233.9	315.9	133.6	129.3	263.0	133.6	57.2	72.1	129.3	263.0	190.8	-
Ordinary Profit (Loss)	63.5	85.7	29.2	20.2	49.5	29.2	8.8	11.8	20.7	50.0	38.1	0.5
Time lags in fuel cost adjustments	17.0	22.0	4.0	0.0	4.0	4.0	0.0	0.0	0.0	4.0	4.0	-
Effect of temporary gains/losses from changes in electricity selling prices	14.0	20.0	2.0	0.0	2.0	2.0	0.0	0.0	0.0	2.0	2.0	-

Financial Results for the Cumulative Third Quarter of Fiscal 2024 (Year on year)

Sales Volume	Decreased year on year.
Unit Selling Price	Decreased due to fluctuations in coal prices.
Ordinary Profit (Loss)	Decreased due to reduced gains from time lags in fuel cost adjustments, among other factors.

Forecast for Fiscal 2024 (Compared to the previous forecast)

Sales Volume	Expected to remain at the previously forecast level.
Unit Selling Price	Expected to remain at the previously forecast level.
Ordinary Profit (Loss)	Expected to remain at the previously forecast level.

Reference Information

Exchange Rate Assumption

	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024
	Cumulative 3Q	Full Year	1H	2H	Full Year	1H	3Q	4Q	2H	Full Year	Cumulative 3Q
1 U.S. dollar to yen	143.8	145.3	152.4	145.0	148.7	152.4	154.2	150.0	152.1	152.3	153.0
1 Chinese yuan to yen	20.0	20.2	21.2	20.0	20.6	21.2	21.3	21.0	21.2	21.2	21.2
1 euro to yen	156.2	157.7	165.8	155.0	160.4	165.8	163.6	160.0	161.8	163.8	165.1

[Analysis of exchange rate sensitivity]

Impact of the 1 yen depreciation against the U.S. dollar on future business performance

Steel products : No significant impact

(Impact of dollar balance: (0.1) billion yen

Inventory valuation, cost pass-through to selling prices, etc.: 0.1 billion yen)

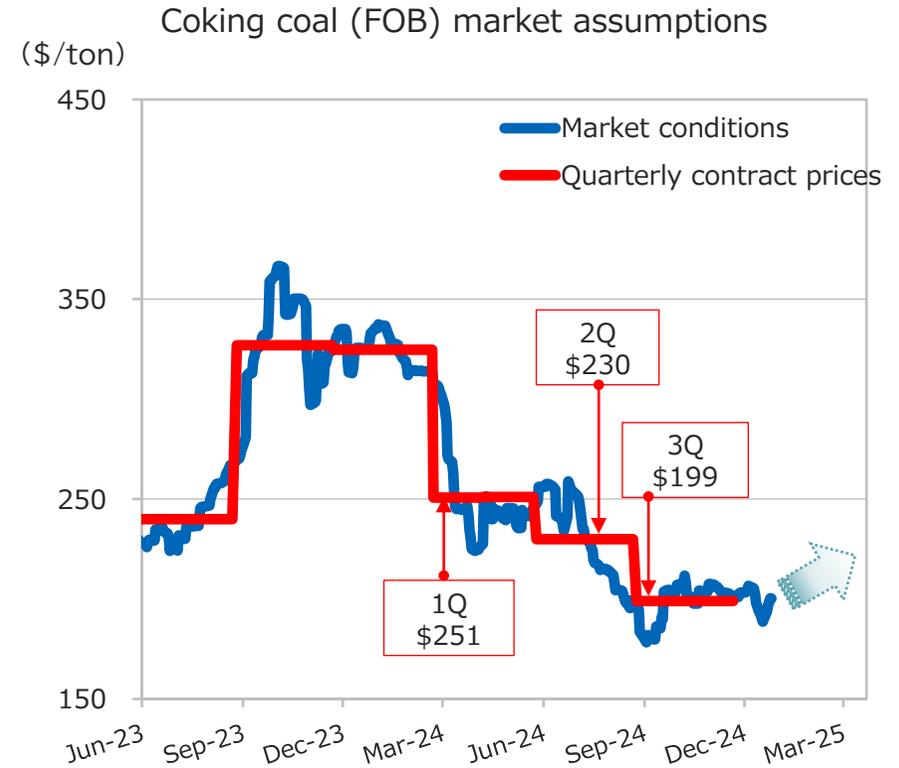
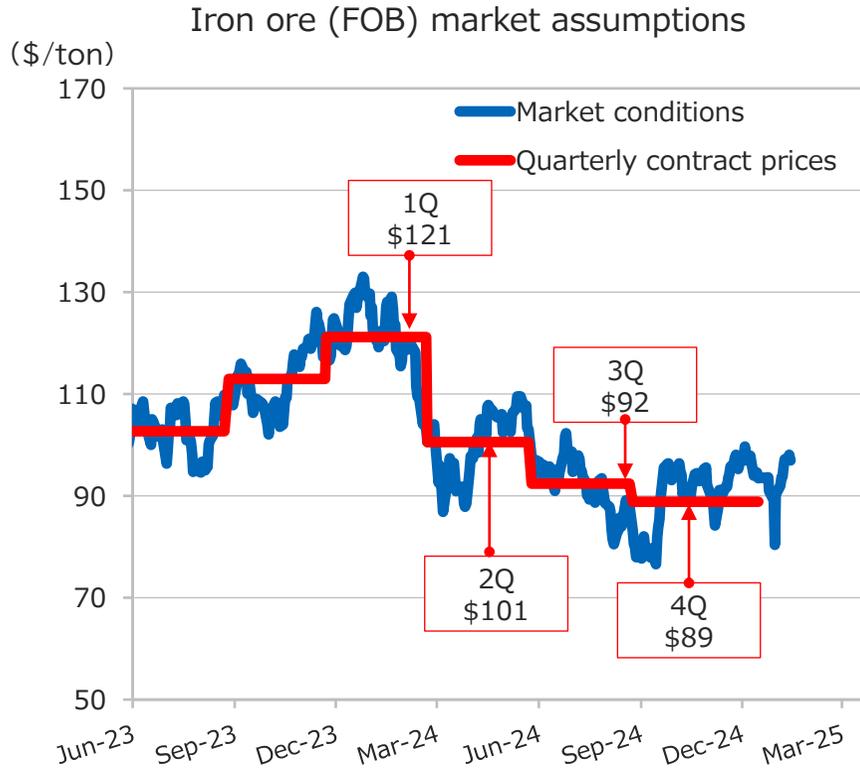
Construction machinery : No significant impact

Impact of the 1 yen depreciation against the euro on future business performance

Construction machinery : No significant impact

Raw Material Market Assumption

Iron ore	The price for 4Q has been settled at \$89.
Coking coal	The price for 3Q has been settled at \$199. The price for 4Q is expected to increase to some extent from the 3Q price.
Thermal coal	The price peaked at around \$150 in October and then started to decline, hovering around \$120-140 in December. The price for 4Q is estimated based on December market conditions.



Inventory Valuation



(Billions of yen)

Steel Products	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024
	Cumulative 3Q	Full Year	1H	2H	Full Year	1H	3Q	4Q	2H	Full Year	Cumulative 3Q
Iron ore	2.0	3.5	(1.5)	(2.0)	(3.5)	(1.5)	(1.5)	(1.0)	(2.5)	(4.0)	(3.0)
Coal	0.5	0.5	(2.5)	0.5	(2.0)	(2.5)	(1.0)	0.5	(0.5)	(3.0)	(3.5)
Carry over	2.5	4.0	(4.0)	(1.5)	(5.5)	(4.0)	(2.5)	(0.5)	(3.0)	(7.0)	(6.5)
Average method	(4.0)	(1.0)	3.5	(6.5)	(3.0)	3.5	(5.0)	0.0	(5.0)	(1.5)	(1.5)
Lower-of-cost-or market method	0.5	0.0	(1.0)	1.0	0.0	(1.0)	(0.5)	(0.5)	(1.0)	(2.0)	(1.5)
Inventory valuation	(3.5)	(1.0)	2.5	(5.5)	(3.0)	2.5	(5.5)	(0.5)	(6.0)	(3.5)	(3.0)

Aluminum Rolled Products	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024
	Cumulative 3Q	Full Year	1H	2H	Full Year	1H	3Q	4Q	2H	Full Year	Cumulative 3Q
Average method	1.5	1.5	(0.5)	2.0	1.5	(0.5)	2.5	(0.5)	2.0	1.5	2.0
Lower-of-cost-or market method	0.5	0.5	0.5	0.0	0.5	0.5	0.0	0.0	0.0	0.5	0.5
Inventory valuation	2.0	2.0	0.0	2.0	2.0	0.0	2.5	(0.5)	2.0	2.0	2.5

Advanced Materials	FY2023 Actual		FY2024 Forecast (Previous)			FY2024 Forecast (Current)					FY2024
	Cumulative 3Q	Full Year	1H	2H	Full Year	1H	3Q	4Q	2H	Full Year	Cumulative 3Q
Average method	2.0	3.5	2.5	0.5	3.0	2.5	1.5	(1.0)	0.5	3.0	4.0
Lower-of-cost-or market method	0.0	0.0	(1.0)	0.5	(0.5)	(1.0)	0.0	0.0	0.0	(1.0)	(1.0)
Inventory valuation	2.0	3.5	1.5	1.0	2.5	1.5	1.5	(1.0)	0.5	2.0	3.0

Forecast for Fiscal 2024 : Analysis of Ordinary Profit (Loss) (Compared to FY2023 Actual)

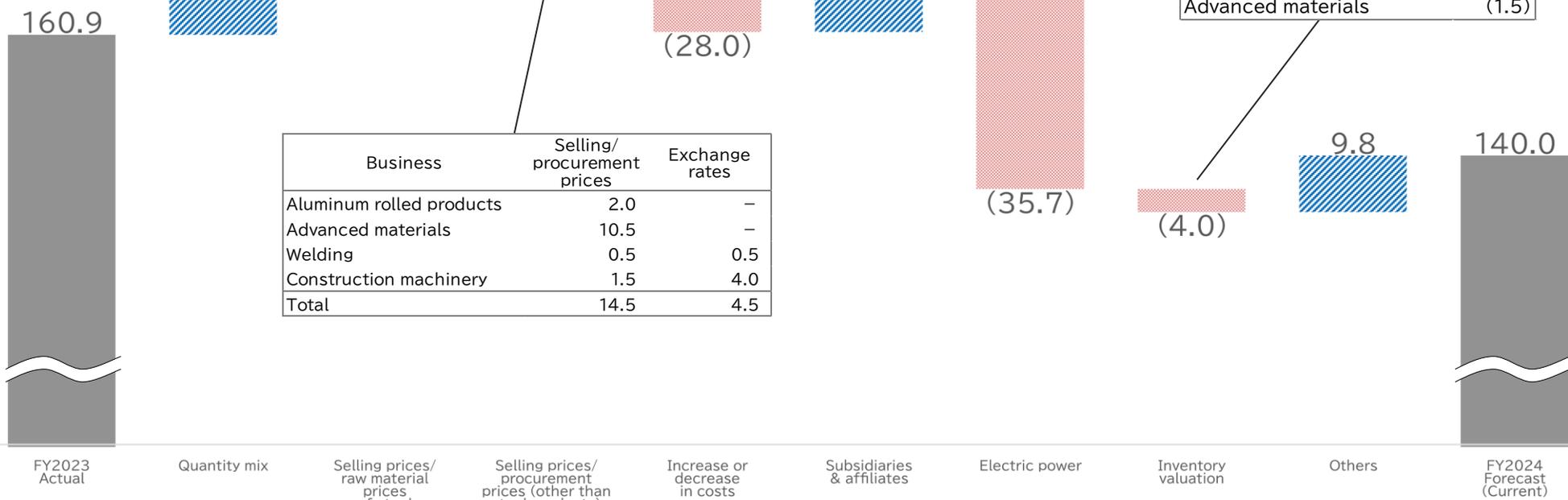
(20.9) billion yen

Steel products	(2.5)
Aluminum rolled products	4.5
Advanced materials	1.0
Welding	(1.0)
Machinery	7.5
Engineering	0.5
Construction machinery	(3.5)

Effect of time lags in fuel cost adjustments (18.0)
Temporary gains from changes in electricity selling prices (18.0), among other factors

Steel products	(2.5)
Aluminum rolled products	-
Advanced materials	(1.5)

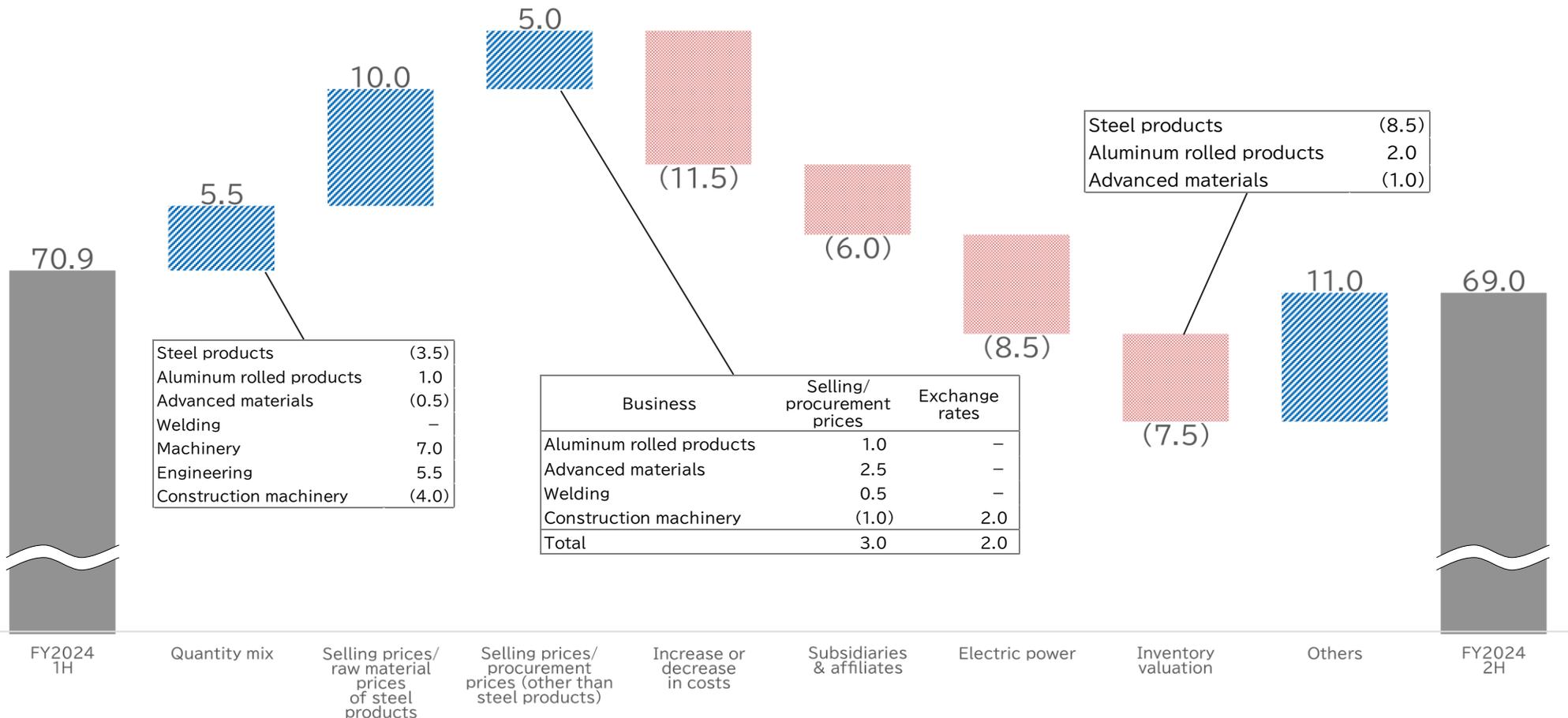
Business	Selling/ procurement prices	Exchange rates
Aluminum rolled products	2.0	-
Advanced materials	10.5	-
Welding	0.5	0.5
Construction machinery	1.5	4.0
Total	14.5	4.5



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

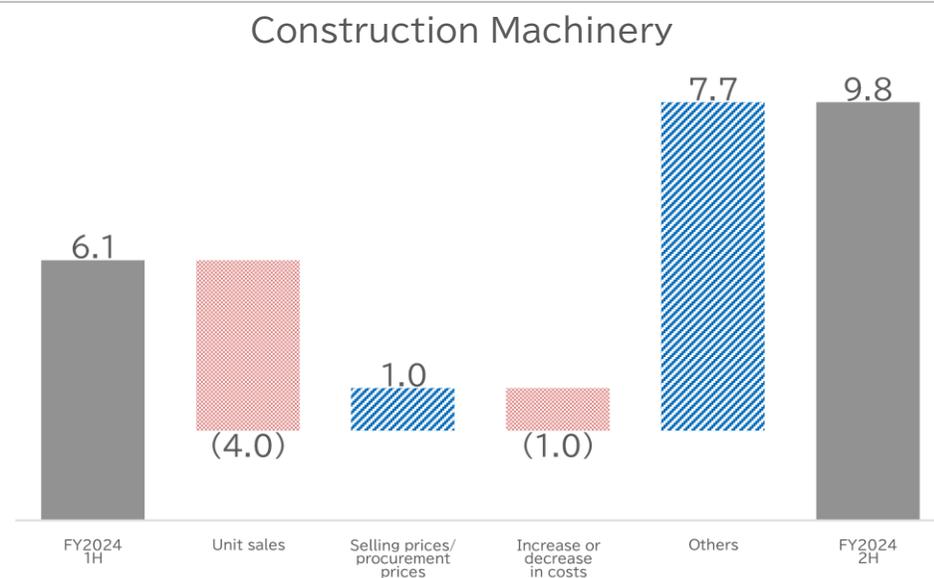
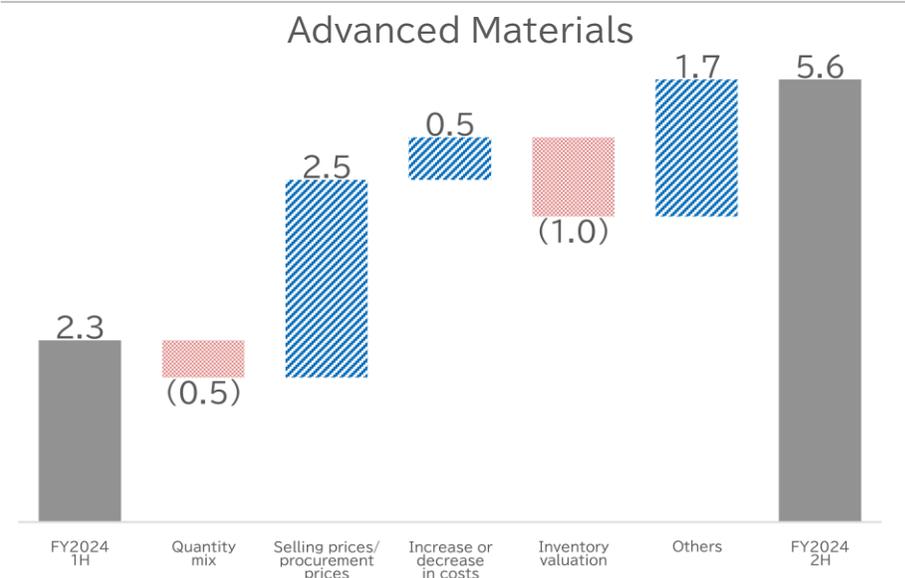
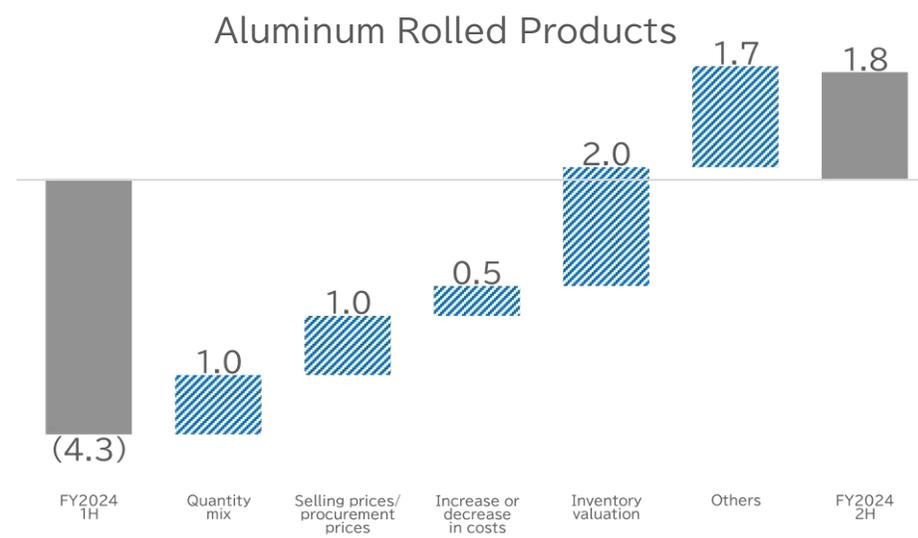
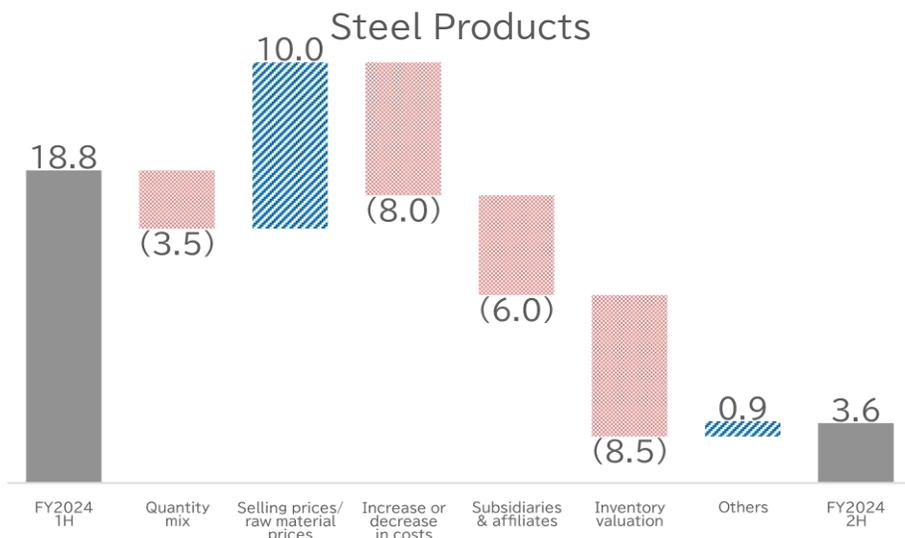
Forecast for Fiscal 2024 : Differences between the First Half and the Second Half

(1.9) billion yen



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

Forecast for Fiscal 2024 : Differences between the First Half and the Second Half (Primary Segments)



The calculation of inventory valuation incorporates the average method and the lower-of-cost-or-market method.

	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast (Previous)	FY2024 Forecast (Current)
Capital investment (accrual basis)	108.1 billion yen	97.3 billion yen	105.2 billion yen	110.0 billion yen	105.0 billion yen
Capital investment (payment basis)	156.4 billion yen	98.9 billion yen	94.8 billion yen	120.0 billion yen	115.0 billion yen
Depreciation	105.1 billion yen	112.5 billion yen	119.0 billion yen	120.0 billion yen	120.0 billion yen
Net assets ratio	32.0%	34.0%	38.6%	approx. 40%	approx. 40%
Interest-bearing debt (including lease liabilities)	973.8 billion yen	917.2 billion yen	873.4 billion yen	980.0 billion yen	890.0 billion yen
Gross D/E ratio* ¹	1.19 times	1.00 times	0.83 times	approx. 0.85 times	approx. 0.8 times
Cash flows from operating activities	168.8 billion yen	119.6 billion yen	205.2 billion yen	70.0 billion yen	100.0 billion yen
Cash flows from investing activities	(161.5) billion yen	(97.2) billion yen	(53.7) billion yen	(140.0) billion yen	(110.0) billion yen
Free cash flow	7.2 billion yen	22.4 billion yen	151.5 billion yen	(70.0) billion yen	(10.0) billion yen
Cash and deposits	260.5 billion yen	203.3 billion yen	278.7 billion yen	205.0 billion yen	190.0 billion yen
Profit (loss) per share	160.23 yen	183.80 yen	277.38 yen	304.03 yen	329.52 yen
ROE* ²	7.9%	8.4%	11.1%	approx. 11%	approx. 12%
ROIC* ³	4.7%	4.9%	6.7%	approx. 6%	approx. 6.5%

*1 Gross D/E ratio : Interest-bearing debt (including lease liabilities) divided by stockholders' equity

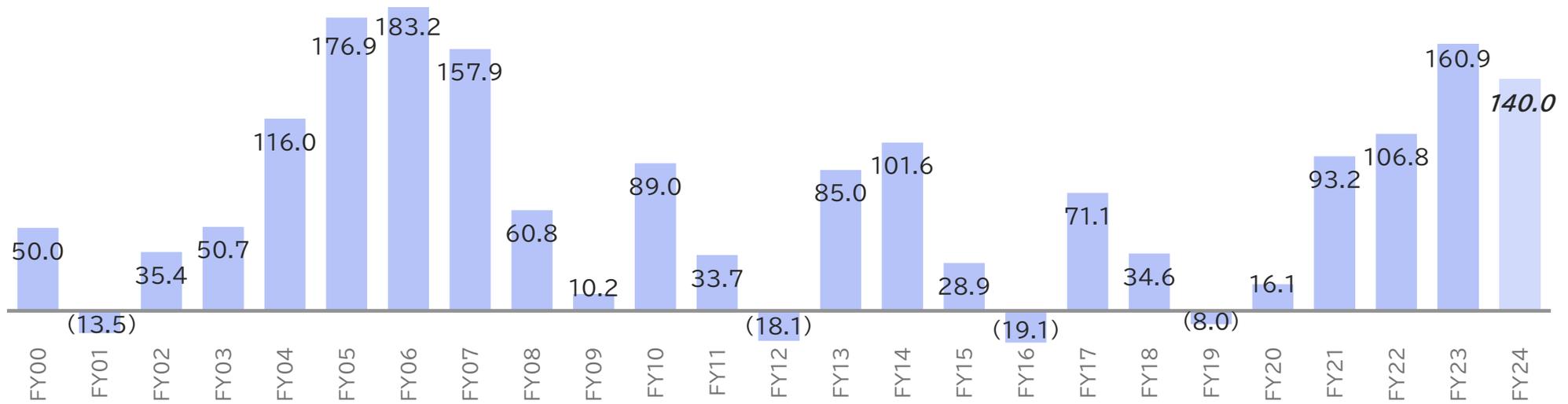
*2 ROE : Profit (loss) attributable to owners of parent divided by stockholders' equity

*3 ROIC : After-tax operating income divided by invested capital

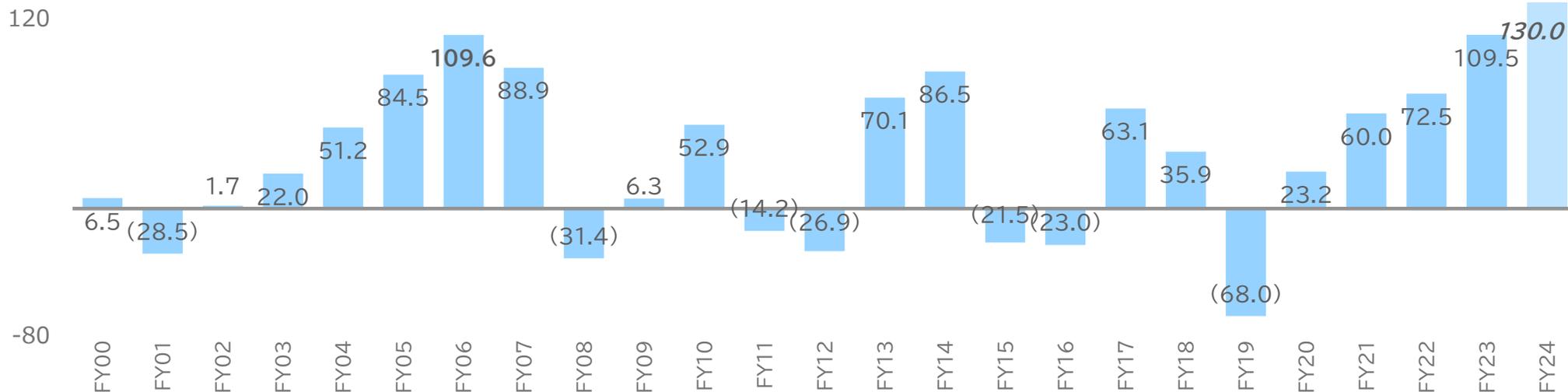
Changes in Consolidated Financial Results

(Billions of yen)

Ordinary Profit (Loss)



Profit (Loss) Attributable to Owners of Parent



Dialogue with the Capital Market

Our Company is actively engaged in dialogue with capital markets to achieve sustainable growth and increase corporate value over the medium to long term. The details of our dialogue are disclosed on our corporate website.

Dialogue with the Capital Market FY2023, announced in June 2024

https://www.kobelco.co.jp/english/about_kobelco/kobesteel/governance/files/capital_markets_23_e.pdf



External Evaluations (Listed below are only major ones)

◆ **FTSE4Good Index Series**
(since Jun. 2021)



FTSE4Good

◆ **FTSE Blossom Japan Sector Relative Index**
(since Mar. 2022)



FTSE Blossom Japan Sector Relative Index

◆ **FTSE Blossom Japan Index**
(since Jun. 2021)



FTSE Blossom Japan

◆ **CDP**
(since Dec. 2020)



Awarded “A-” in the climate change category for the fourth consecutive year

◆ **MSCI JAPAN ESG SELECT LEADERS INDEX***
(since Jun. 2022)

2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

◆ **MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)***
(since Dec. 2022)

2024 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* THE INCLUSION OF KOBE STEEL, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KOBE STEEL, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI.

MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

KOBELCO's View of the Future

Our view of a society and future to be attained as we carry out KOBELCO's mission

We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.

KOBELCO's Mission

Our mission and the social significance of the KOBELCO Group that we must fulfill

Our mission is to provide solutions to the needs of society, by making the best use of the talents of our employees and our technologies.

Core Values of KOBELCO

The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group

- 1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live.**
- 2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.**
- 3. Through continuous and innovative changes, we create new values for the society of which we are a member.**

Six Pledges of KOBELCO

Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter

- 1. Uphold the Highest Sense of Ethics and Professionalism**
- 2. Contribute to the Society by Providing Superior Products and Services** [Quality Charter](#)
- 3. Establish a Comfortable but Challenging Work Environment**
- 4. Live in Harmony with the Local Community**
- 5. Contribute to a Sustainable Environment**
- 6. Respect Each Stakeholder**

- Certain statements in this presentation contain forward-looking statements concerning forecasts, assertions, prospects, intentions and strategies. The decisions and assumptions leading to these statements are based on information currently available to Kobe Steel. Due to possible changes in decisions and assumptions, future business operation, and internal and external conditions, actual results may differ materially from the projected forward-looking statements. Kobe Steel is not obligated to revise the forward-looking contents of this presentation.

- Uncertain and variable factors include, but are not limited to:
 - Changes in economic outlook, demand and market conditions
 - Political situations and trade and other regulations
 - Changes in currency exchange rates
 - Availability and market conditions of raw materials
 - Products and services of competitors, pricing policies, alliances, and business developments including M&As
 - Strategy changes of alliance partners