

## **Announcement on change in consolidated subsidiary (share transfer)**

Kobe Steel, Ltd. announces that at its Board of Directors meeting held on September 27, 2019, the Board adopted a resolution to transfer a portion of the issued shares it holds in its consolidated subsidiary Kobelco & Materials Copper Tube Co., Ltd. (KMCT) to CTJ Holdings<sup>2</sup> LLC.<sup>1</sup> Owing to the share transfer, KMCT and KMCT's subsidiaries Kobelco & Materials Copper Tube (Thailand) Co., Ltd., Kobelco & Materials Copper Tube (M) Sdn. Bhd., and Hatano Pipe Center Co., Ltd. will be excluded from Kobe Steel's scope of consolidated subsidiaries.

- (1. CTJ Holdings<sup>2</sup> LLC is a special purpose company in which all equity is indirectly held by Japan Industrial Partners, Inc.

### **Details**

#### **1. Reason for the share transfer**

KMCT was established in 2004 by combining the copper tube businesses of Kobe Steel and Mitsubishi Materials Corporation in Japan and Southeast Asia. KMCT engages in the manufacture and sale of air-conditioning copper tubes; construction and cold/hot water supply copper tubes; and other products.

The Kobe Steel Group is currently carrying out the Fiscal 2016–2020 Group Medium–Term Management Plan and the Rolling of the Medium–Term Management Plan (FY2019–FY2020) with a basic policy of established a business enterprise consisting of the three core business areas of materials, machinery and electric power. One of the key themes of the Rolling of the Medium-Term Management Plan is to strengthen profitability with a focus on materials. For its copper tube business, Kobe Steel made a thorough consideration of the future growth and optimum measures for future development of that business, leveraging the foundation cultivated to date.

As a result, for KMCT to further expand its operations, grow its business and improve its corporate value in the future, Kobe Steel determined that the most effective way would be for CTJ Holdings<sup>2</sup> LLC to provide overall support of the management and finance aspects of KMCT.

In this share transfer, Kobe Steel plans to transfer 45% of the issued shares that it holds in KMCT and Mitsubishi Material plans to transfer 45% of the issued shares that it holds in KMCT. Kobe Steel plans to continue holding 10% of KMCT's shares.

## 2. Outline of change in subsidiary

(1) Company name	Kobelco & Materials Copper Tube Co., Ltd.		
(2) Location	2-chome 7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo		
(3) Representative & title	Hideo Sumida, President and CEO		
(4) Description of business	Manufacture and sale of air-conditioning copper tubes; construction and cold/hot water supply copper tubes; and other products		
(5) Capital	6 billion yen		
(6) Date of establishment	April 1, 2004		
(7) Major shareholders & ratio of shareholding	Kobe Steel, Ltd.: 55.00% Mitsubishi Materials Corporation: 45.00%		
(8) Relationship between the listed company and the company concerned	Capital relationship	Kobe Steel holds 55% of the shares of the company concerned.	
	Personnel relationship	Two directors and one auditor of the company concerned are concurrently an executive officer and employees of Kobe Steel.	
	Business relationship	Kobe Steel issued debt guarantees for borrowings from financial institutions by the company concerned  Kobe Steel has provided research support and intellectual property support, etc. to the company concerned.	
(9) Operating results and financial status of the company concerned for the past 3 years (parent only)			
Accounting period	Year ended March 2017	Year ended March 2018	Year ended March 2019
Net assets	11,802 million yen	11,909 million yen	12,334 million yen
Total assets	25,058 million yen	27,097 million yen	28,248 million yen
Net assets per share	196,713 yen	198,492 yen	205,581 yen
Net sales	44,432 million yen	49,051 million yen	51,626 million yen
Operating income	1,394 million yen	1,445 million yen	632 million yen
Ordinary income	1,251 million yen	1,292 million yen	530 million yen
Net income	875 million yen	890 million yen	573 million yen
Net income per share	14,594 yen	14,837 yen	9,557 yen
Dividend per share	7,300 yen	9,076 yen	4,779 yen

## 3. Party receiving the transferred shares

(1) Company name	CTJ Holdings2 LLC
(2) Location	2-chome 1-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Representative & title	Representative Partner TJ Holdings, Ltd. Executive Officer Koji Muranaka
(4) Description of business	Acquisition and holding of marketable securities and related business
(5) Relationship between the listed company and the company concerned	Kobe Steel and the company concerned have no capital relationship, personnel relationship or business relationship that needs to be stated.

#### 4. Number of shares to be transferred, transfer price, and status of shares held before and after transfer

(1) No. of shares held before transfer	33,000 shares (No. of voting rights: 33,000 units) (Ownership ratio of voting rights: 55.0%)
(2) No. of shares to be transferred	27,000 shares (No. of voting rights: 27,000 units)
(3) Transfer price	Approximately 4.5 billion yen
(4) No. of shares held after transfer	6,000 shares (No. of voting rights: 6,000 units) (Ownership ratio of voting rights: 10.0%)

#### 5. Transfer schedule

(1) Date of Board of Directors resolution	September 27, 2019
(2) Contract date	September 27, 2019
(3) Execution date of share transfer	March 2, 2020 (planned)*

\*As this transfer will be implemented after receiving approval related to the Antimonopoly Act from the Japan Fair Trade Commission, the abovementioned transaction period may change in the event of a change or delay. .

#### 6. Future outlook

The share transfer is anticipated to have an insignificant impact on Kobe Steel's business results for the fiscal year ending March 2020.

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