February 17, 2021
Kobe Steel, Ltd.

Kobelco Construction Machinery to suspend U.S. excavator plant

Kobe Steel, Ltd. announces that its wholly owned subsidiary, Kobelco Construction Machinery Co., Ltd. (KCM) has decided to temporarily suspend the production of hydraulic excavators at the U.S. plant of its U.S. subsidiary Kobelco Construction Machinery U.S.A. Inc. (KCMU) in Spartanburg County, South Carolina, USA, from May 1, 2021.

1. Reason for the suspension

KCM received a notice from Hino Motors, Ltd. in mid-January that there has been a delay in the certification of the new model year engines[*1)] to be supplied to KCMU's hydraulic excavators for the North American market due to a problem in the process of achieving EPA emission certifications, with no clear outlook on future supply schedule.

After receiving the notice, KCM examined the impact on the production and alternative measures and reached the decision to suspend the production at the KCMU's Spartanburg plant as it was considered difficult to continue the production of the hydraulic excavators equipped with the relevant engines[*2)].

*1) The engines need to meet EPA emission certifications for 2021
*2) Engine models: J05E, J08E, P11C, and E13C

2. Details of the suspension

The following eight models to be produced at and shipped from the KCMU's Spartanburg plant will be subject to the suspension of production. For hydraulic excavators equipped with certified engines, sales will be suspended once the present stock has run out.

■ **Models affected in the U.S.**
Hydraulic excavators: SK170LC, SK210LC, SK260LC, SK300LC, SK350LC, SK390LC, SK500LC, and SK850LC

The engines that are undergoing the certification process are also used in some models manufactured in Japan and supplied to the North American market, which include hydraulic excavators (produced at KCM's Itsukaichi factory) and crawler cranes (produced at KCM's Okubo factory). The production of the following models will be temporarily suspended once the present stock of the certified engines has run out.

■ **Models affected in Japan**
Hydraulic excavators: SK210HLC, SK230SRLC, SK270SRLC, SK380SRLC, and SK500LC
Crawler cranes: CK850G, CK1100G, CK1200G, CK1600G, and CK2750G

3. Period

Production at the KCMU's Spartanburg plant will be suspended from May 1, 2021 until the supply of engines is resumed (date undetermined).

4. Future outlook

We are currently examining the impact of the suspension of production and sales on our business results. We will promptly make an announcement when any matters to be disclosed arise in the future.

During the suspension of production, KCM will continue its business in North America for the sale of models other than those subject to this suspension, which include various mini-excavators, 7 ton/13 ton class hydraulic excavators, and the crawler crane CK3300G, and after-sales service for machines already delivered. We are considering installing an alternate engine for the models affected by this supply disruption. We strive to resolve this issue as soon as possible.

Profile of Kobelco Construction Machinery Co., Ltd.

Established	October 1999
Location:	5-15, Kitashinagawa 5-chome, Shinagawa-ku, TOKYO, Japan
Capital:	16 billion yen
Representative:	Yoshinori Onoe, President and CEO
Ownership structure:	Kobe Steel, Ltd. 100%
Sales:	Approximately 360.8 billion yen (consolidated, in fiscal 2019, ended March 2020)
Employees:	7,925 (consolidated, as of March 31, 2020)
Description of business:	Manufacture, sales, and service of construction and transport machinery

Profile of Kobelco Construction Machinery U.S.A. Inc.

Location:	Headquarters: Katy, Texas, USA U.S. Plant: Spartanburg County, South Carolina, USA
Representative:	Naoto Suzuki
Ownership structure:	Kobelco Construction Machinery Co., Ltd. 100%
Start of business:	March 2016
Description of business:	Production of hydraulic excavators and sales and service of construction machinery in North, Central, and South America
Employees:	251 (as of the end of January, 2021)

Outline of the KMCU's Spartanburg Plant

Land Area:	About 310,000 m^2 (76 acres)

Building Area:	Plant: About 14,500 m^2 (156,000 square feet) Office: About 1,600 m^2 (17,000 square feet)
Employees:	141 (as of the end of January 2021)

KCMU's sales of hydraulic excavators in the North American market

Unit Sales in FY2020:	About 1,000 units (of which about 600 are produced at the Spartanburg Plant)