

February 2, 2016
Company name: Kobe Steel, Ltd.
Representative: Hiroya Kawasaki
President, CEO and
Representative Director
Stock exchange code number: 5406

Announcement on Revision to Earnings Forecast and Dividend Forecast for Fiscal 2015, ending March 31, 2016

TOKYO, February 2, 2016 – Kobe Steel, Ltd. revised its consolidated forecast for fiscal 2015 from the previous forecast announced on October 30, 2015 and nonconsolidated forecast for fiscal 2015 from the previous forecast announced on September 28, 2015, due to recent trends in its business performance. In addition, at the Board of Directors meeting held today, Kobe Steel passed a resolution to adopt a policy to forgo the year-end dividend for fiscal 2015.

Revision to Earnings Forecast

Revision to fiscal 2015 consolidated forecast (April 1, 2015 – March 31, 2016)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of the parents	Net income (loss) per share
Previous forecast (A) (announced October 30, 2015)	1,870,000	90,000	55,000	20,000*	5.50 yen
Current forecast (B)	1,840,000	65,000	25,000	(20,000)	(5.50 yen)
Change (B-A)	(30,000)	(25,000)	(30,000)	(40,000)	
% change	(1.6%)	(27.8%)	(54.5%)	---	
FY2014 results	1,886,894	119,460	101,688	86,549	23.81 yen

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

*Net income attributable to owners of the parent was disclosed as "net income" in the same period of the previous year.

Revision to fiscal 2015 nonconsolidated forecast (April 1, 2015 – March 31, 2016)

	Net sales	Ordinary income	Net income	Net income (loss) per share
Previous forecast (A) (announced September 28, 2015)	1,010,000	35,000	25,000	6.87 yen
Current forecast (B)	990,000	20,000	0	0
Change (B-A)	(20,000)	(15,000)	(25,000)	
% change	(2.0%)	(42.9%)	(100.0%)	
FY2014 results	1,028,146	46,600	52,321	14.37 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 consolidated forecast announced on October 30, 2015 and the previous nonconsolidated forecast announced on September 28, 2015, Kobe Steel revised its consolidated and nonconsolidated sales forecast downward for fiscal 2015. In the nonconsolidated forecast, Kobe Steel anticipates that the sales price of steel products will decrease on the backdrop of a decline in primary raw material prices. Moreover, in the consolidated forecast, Kobe Steel anticipates that unit sales of hydraulic excavators will be lower than previously estimated.

Looking at income and losses, costs increased due to a worsening of the sales mix and higher maintenance costs to maintain stable production in the steel products business. In addition, Kobe Steel posted a large allowance for doubtful accounts in its construction machinery business. Accordingly, Kobe Steel has revised its consolidated operating income and ordinary income and nonconsolidated ordinary income downward for fiscal 2015. Moreover, Kobe Steel has revised its consolidated net income (or loss) attributable to owners of the parent downward for fiscal 2015, as Kobe Steel posted a consolidated extraordinary loss in the construction machinery-related business in China. As a result, Kobe Steel has revised its nonconsolidated net income downward for fiscal 2015. Kobe Steel anticipates that the losses related to investments in and loans to subsidiaries and associated companies will be posted as a nonconsolidated extraordinary loss.

Revision to Dividend Forecast

Date of record	Dividend per share		
	End of second quarter	End of fiscal year (March 31, 2016)	Full fiscal year
Previous Forecast (announced October 30, 2015)	—	—	—
Current Forecast	—	0.00 yen	2.00 yen
FY2015 Results	2.00 yen		
FY2014 Results	2.00 yen	2.00 yen	4.00 yen

Reason for the Revision

Kobe Steel's basic policy is to provide continuous and stable dividends to its stockholders. Dividends are decided taking into account the Company's financial condition, business performance, future capital needs and other factors from a comprehensive standpoint. Based on these factors, Kobe Steel has decided to forgo a year-end dividend.

As Kobe Steel has already paid an interim dividend, dividends for the full year are 2 yen per share for fiscal 2015.

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.

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