

February 2, 2017  
 Company name: Kobe Steel, Ltd.  
 Representative: Hiroya Kawasaki  
 Chairman, President, CEO,  
 and Representative Director  
 Code number: 5406  
 Contact: Tel. +81 (0)3 5739-6010

## Announcement on Revision to Earnings Forecast and Dividend Forecast for Fiscal 2016, ending March 31, 2017

TOKYO, February 2, 2017 – Kobe Steel, Ltd. revised its consolidated forecast for fiscal 2016 from the previous forecast announced on October 31, 2016, due to recent trends in its business performance. In addition, based on current business conditions and other factors, Kobe Steel passed a resolution at the Board of Directors meeting held today to adopt a policy to forgo the year-end dividend for fiscal 2016.

### Revision to Earnings Forecast

#### Revision to fiscal 2016 consolidated forecast (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income (loss)	Net income (loss) attributable to owners of the parent	Net income (loss) per share*
Previous forecast (A) (announced October 31, 2016)	1,690,000	45,000	10,000	0	0.00
Current forecast (B)	1,690,000	5,000	(30,000)	(40,000)	(110.29 yen)
Change (B-A)	0	(40,000)	(40,000)	(40,000)	
% change	---	(88.9%)	---	---	
FY2015 results	1,822,805	68,445	28,927	(21,556)	(59.34 yen)

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

\*Kobe Steel carried out a share consolidation at a ratio of 10 shares to 1 share effective on October 1, 2016.

Therefore, net loss per share takes into account this share consolidation.

### Reason for the Revision

The Construction Machinery segment has been promoting stricter sales terms in its China business, due to the large amount of retained receivables. The Kobe Steel Group changed the calculation method of the allowance for retained receivables in the third quarter taking into consideration the actual situation that collection would be difficult and prolonged.

The Kobe Steel Group in the past used a method that calculated the uncollectible amount, taking into account the financial condition of customers. However, it has changed it to a method that calculates the uncollectible amount through the sell-off of collateral assets and other items.

As a result of the additional posting of the allowance for this change, Kobe Steel revises downward its forecast announced on October 31, 2016, for operating income (loss), ordinary income (loss), and net income (loss) attributable to owners of the parent for the entire fiscal 2016.

## Revision to Dividend Forecast

Date of record	Dividend per share		
	End of second quarter (September 30, 2016)	End of fiscal year (March 31, 2017)	Full fiscal year
Previous Forecast (announced October 31,	—	—	—
Current Forecast	—	0.00 yen	0.00 yen
FY2016 Results	0.00 yen		
FY2015 Results	2.00 yen	0.00 yen	2.00 yen

\*Kobe Steel carried out a share consolidation at a ratio of 10 shares to 1 share effective on October 1, 2016.

### 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 comprehensive consideration of the Company's financial condition, business performance, future capital needs and other factors. As a result of this comprehensive consideration forecasting net loss attributable to owners of the parent for the full fiscal year and other factors, Kobe Steel passed a resolution at the Board of Directors meeting to adopt a policy to forego a year-end dividend for fiscal 2016.

Taking seriously the significant downward revision of its operating forecast and the forgoing of the annual dividend, Kobe Steel will reduce the basic remuneration of directors (excluding outside directors and Audit & supervisory committee members) by between 5% to 10% for the time being. In addition, the Chairman, President and CEO of Kobe Steel and some directors plan to voluntarily return their remuneration (10% for three months), due to large losses posted by Group companies.

#### 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.