

April 28, 2017  
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## Announcement on Earnings Forecast

TOKYO, April 28, 2017 – Kobe Steel, Ltd. announces its consolidated and nonconsolidated earnings forecast for fiscal year 2017 (April 1, 2017 – March 31, 2018).

### First-half fiscal year 2017 consolidated forecast (April 1, 2017 – September 30, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
First half of FY2016 results (A)	815,130	30,995	12,320	4,109	11.31 yen
Current forecast (B)	930,000	35,000	20,000	15,000	41.40 yen
Change (B-A)	114,869	4,004	7,679	10,890	
% change	14.1%	12.9%	62.3%	265.1%	

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

### Fiscal year 2017 consolidated forecast (April 1, 2017 – March 31, 2018)

	Net sales	Operating income	Ordinary income (loss)	Net income (loss) attributable to owners of parent	Net income (loss) per share
FY2016 results (A)	1,695,864	9,749	(19,103)	(23,045)	(63.54 yen)
Current forecast (B)	1,870,000	75,000	50,000	30,000	82.81 yen
Change (B-A)	174,135	65,250	69,103	53,045	
% change	10.3%	669.3%	—	—	

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

### First-half fiscal year 2017 nonconsolidated forecast (April 1, 2017 – September 30, 2017)

	Net sales	Ordinary income	Net income	Net income per share
First half of FY2016 results (A)	445,638	4,561	6,914	19.00 yen
Current forecast (B)	530,000	30,000	30,000	82.66 yen
Change (B-A)	84,361	25,438	23,085	
% change	18.9%	557.7%	333.9%	

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

### Fiscal year 2017 nonconsolidated forecast (April 1, 2017 – March 31, 2018)

	Net sales	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
FY2016 results (A)	923,700	(16,557)	(6,319)	(17.39 yen)
Current forecast (B)	1,040,000	40,000	40,000	110.21 yen
Change (B-A)	116,299	56,557	46,319	
% change	12.6%	—	—	

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

## Summary of Earnings Forecast

Japan's economy in fiscal 2017 is anticipated to continue to gradually recover owing to improvement in the employment situation and signs of recovery in corporate capital investment and personal spending. Overseas, growth rates in China and India are forecast to slow, but in the United States and Europe, economic recovery trends are expected to continue.

On the other hand, growing protectionist trends, exchange rate fluctuations and other factors are concerns that impact the economy, and uncertainty continues to persist.

The Kobe Steel Group forecasts that demand in the automotive, construction and other sectors will remain firm. However, demand in the shipbuilding sector is on a downward trend and demand for the energy-related sector is anticipated to remain sluggish.

Under this outlook, taking uncertain factors into consideration including the sales volume of steel products, aluminum rolled products and copper rolled products; sales prices; and primary raw material prices; Kobe Steel makes certain assumptions for its business performance. In fiscal 2017, Kobe Steel forecasts net sales of about 1,870.0 billion yen. Operating income is expected to be about 75.0 billion yen, as it will not be impacted by a one-time expense for the refurbishment of a blast furnace in the Iron & Steel segment and an allowance for retained receivables in the Construction Machinery segment's China business posted in fiscal 2016. Ordinary income is anticipated to be about 50.0 billion yen. Net income attributable to owners of the parent is expected to be about 30.0 billion yen.

Regarding non-consolidated results, Kobe Steel forecasts net sales of about 1,040.0 billion yen. Ordinary income is expected to be about 40.0 billion yen, as it will not be impacted by a one-time expense for the refurbishment of a blast furnace in the Iron & Steel Business posted in fiscal 2016. Net income attributable to owners of the parent is anticipated to be about 40.0 billion yen.

For more information, please refer to "1. Overview of Operating Results and Financial Condition in Kobe Steel's Consolidated Financial Results for Fiscal 2016", dated April 28, 2017.

### 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.