

February 1, 2018
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Announcement on Revision to Earnings Forecast for Fiscal 2017, ending March 31, 2018

Kobe Steel, Ltd. has revised its consolidated and nonconsolidated forecast for fiscal 2017, ending March 31, 2018, from the previous forecast announced on October 30, 2017 as outlined below.

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

Revision to fiscal 2017 consolidated forecast (April 1, 2017 – March 31, 2018)

	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 30, 2017)	1,880,000	75,000	50,000	---	---
Current forecast (B)	1,890,000	75,000	60,000	45,000	124.22 yen
Change (B-A)	10,000	0	10,000	45,000	
% change	0.5%	0.0%	20.0%	---	
FY2016 results (C)	1,695,864	9,749	(19,103)	(23,045)	(63.54 yen)
Change (B-C)	194,135	65,250	79,103	68,045	
% change	11.4%	669.3%	---	---	

Revision to fiscal 2017 nonconsolidated forecast (April 1, 2017 – March 31, 2018)

	Net sales	Ordinary income (loss)	Net income (loss)	Net income (loss) per share*
Previous forecast (A) (announced October 30, 2017)	1,060,000	40,000	---	---
Current forecast (B)	1,060,000	40,000	45,000	123.99 yen
Change (B-A)	0	0	45,000	
% change	0.0%	0.0%	---	
FY2016 results (C)	923,700	(16,557)	(6,319)	(17.39 yen)
Change (B-C)	136,299	56,557	51,319	
% change	14.8%	---	---	

* Kobe Steel carried out a share consolidation at a ratio of 10 shares to 1 share effective on October 1, 2016. Therefore, net income per share takes into account this share consolidation.

Reason for the Revision

At the time of the previous forecast (on October 30, 2017), in connection with the improper conduct concerning some of the products in the Kobe Steel Group, it was difficult to anticipate the impact of factors causing deterioration in business performance such as the possible cost of compensation to customers and other parties. As such, net income attributable to owners of the parent (consolidated) and net income (nonconsolidated) were undetermined.

Subsequently, progress has been made in the safety verification of customers' products that have used the concerned nonconforming products. Under certain assumptions at this time, the impact on business performance is included in the forecast of ordinary income for the full fiscal year. In addition, in the Construction Machinery segment the sales volume of hydraulic excavators in China is on an increasing trend and the business performance of this segment has been improving. Consequently, for the full fiscal year, Kobe Steel revises upward its forecast for ordinary income from the previously announced forecast.

As a result, net income attributable to owners of the parent (consolidated) and net income (nonconsolidated) are both forecast to be 45.0 billion yen for the full fiscal year.

Furthermore, with the enormous amount of cooperation from its customers, Kobe Steel is now earnestly proceeding to verify the safety of customers' products that used the nonconforming products. For details of the progress of the verification, please see the following link.
<http://www.kobelco.co.jp/english/progress/index.html>

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.