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Announcement on the Difference between the Forecast and Actual Results for Fiscal 2018, ended March 31, 2019

Kobe Steel, Ltd. announces that a difference has arisen between the consolidated forecast for fiscal 2018 (April 1, 2018–March 31, 2019) announced on February 5, 2019, the non-consolidated forecast for fiscal 2018 (April 1, 2018–March 31, 2019) announced on April 27, 2018, and the actual results for the same period announced today.

Details

Difference between the consolidated forecast and the actual results for the fiscal 2018 (April 1, 2018–March 31, 2019)

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

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (announced February 5, 2019)	1,990,000	45,000	25,000	35,000	96.60 yen
Actual results (B)	1,971,869	48,282	34,629	35,940	99.20 yen
Change (B-A)	(18,130)	3,282	9,629	940	
% change	(0.9%)	7.3%	38.5%	2.7%	
FY2017 results	1,881,158	88,913	71,149	63,188	174.43 yen

Reasons for the Difference

Although sales were in line with the forecast announced previously (February 5, 2019), the costs expected to be incurred in each business did not become apparent. In addition, the classification of compensation expenses, etc. to customers related to the misconduct* in the Kobe Steel Group announced in October 2017 was changed to extraordinary loss. As a result, operating income and ordinary income improved.

On the other hand, the Company achieved a small improvement in net income attributable to owners of the parent company, compared with the previous forecast, as impairment loss was recorded as extraordinary loss for the company's manufacturing assets for titanium forgings and goodwill related to the Swedish subsidiary in the industrial machinery business due to the current decline in profitability.

* This refers to the act of falsifying or fabricating inspection data for products falling short of public standards or customer specifications, and shipping or delivering those products to customers as if they conformed to the public standards or customer specifications (hereinafter, "the misconduct").

**Difference between the non-consolidated forecast and the actual results for fiscal 2018
(April 1, 2018–March 31, 2019)**

	Net sales	Ordinary income	Net income	Net income per share
Previous forecast (A) (announced April 27, 2018)	1,080,000	10,000	30,000	82.66 yen
Actual results (B)	1,073,791	11,940	14,345	39.52 yen
Change (B-A)	(6,208)	1,940	(15,654)	
% change	(0.6%)	19.4%	(52.2%)	
FY2017 results	1,041,923	44,449	43,468	119.77 yen

Reason for the Difference

Although sales were in line with the forecast announced previously (April 27, 2018), net income decreased due to extraordinary loss from impairment loss on the current decline in profitability associated with manufacturing assets for titanium forgings and to the posting of evaluation loss on the shares and investments of subsidiaries whose real prices had fallen.