

# **Financial Results for Fiscal 2020 and Forecast for Fiscal 2021**

May 11, 2021  
KOBELCO STEEL, LTD.

**KOBELCO**

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# 1. Financial Results for Fiscal 2020

The impact of the spread of the novel coronavirus (COVID-19) has significantly worsened the economic environment.  
 Net Sales ・ Decreased due to a decrease in sales volume mainly for automobiles, aircraft, and construction.  
 Ordinary Income (Loss) ・ Improved mainly due to the profit improvement centered on Steel & Aluminum, Advanced Materials, and Construction Machinery, and the start of operations at the Moka Power Plant.

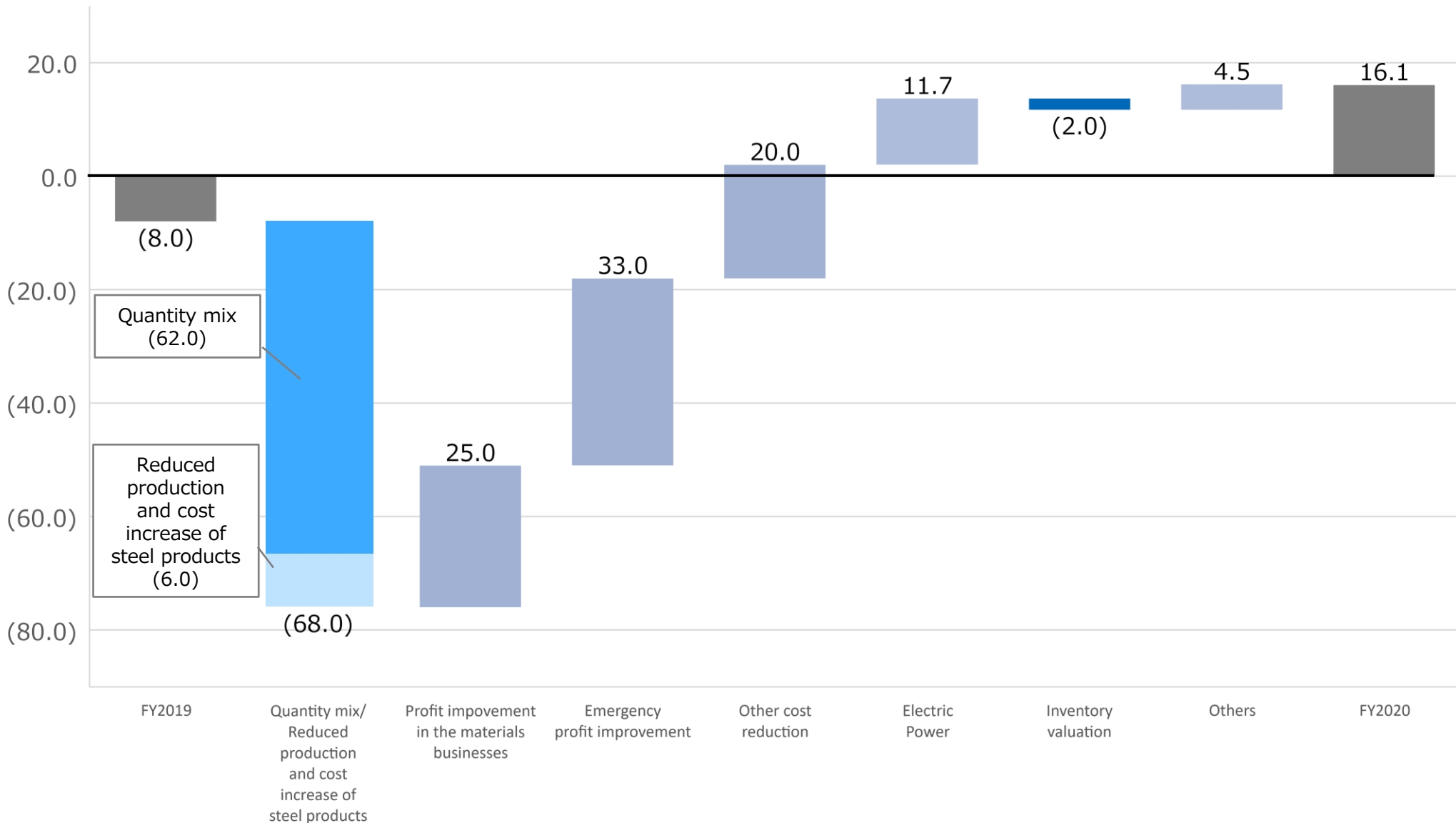
(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	944.4	925.3	1,869.8	776.4	929.1	1,705.5	(164.2)
Operating Income (Loss)	7.4	2.4	9.8	(27.1)	57.5	30.3	20.5
Ordinary Income (Loss)	1.4	(9.5)	(8.0)	(35.2)	51.4	16.1	24.2
Excluding Inventory Valuation	2.9	(9.0)	(6.0)	(24.7)	44.9	20.1	26.2
Extraordinary Income (Loss) ※	(4.1)	(53.3)	(57.4)	13.6	(11.0)	2.5	60.0
Net Income (Loss) Attributable to Owners of the Parent	(6.2)	(61.7)	(68.0)	(15.2)	38.4	23.2	91.2

	FY2019	FY2020
1 U.S. dollar to yen	109	106
1 Chinese yuan to yen	15.6	15.7
1 Euro to yen	121	124

※Breakdown of Extraordinary Income (Loss)		FY2019	FY2020
Extraordinary Income	Gain on sale of fixed assets	-	9.9
	Gain on step acquisitions	-	3.2
	Gain on sale of investment securities	7.5	2.9
Extraordinary Loss	Loss on impairment	(49.9)	(13.5)
	Loss on valuation of investment securities	(15.0)	-
Extraordinary Income (Loss)		(57.4)	2.5

(Billions of yen)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

### 【Net Sales】 (Billions of yen)

	FY2019 Actual ①	FY2020 Actual ②	Change ②-①
Steel & Aluminum	780.2	696.3	(83.9)
Advanced Materials	297.1	238.1	(58.9)
Welding	83.7	70.0	(13.7)
Machinery	165.9	175.3	9.3
Engineering	141.5	136.1	(5.3)
Construction Machinery	360.8	333.1	(27.6)
Electric Power	75.6	80.4	4.7
Other Businesses	33.6	27.8	(5.8)
Adjustment	(68.9)	(51.7)	17.2
<b>Total</b>	<b>1,869.8</b>	<b>1,705.5</b>	<b>(164.2)</b>

### 【Ordinary Income (Loss)】 (Billions of yen)

	FY2019 Actual ③	FY2020 Actual ④	Change ④-③
Steel & Aluminum	(16.5)	(22.6)	(6.1)
Advanced Materials	(25.2)	(12.1)	13.1
Welding	2.9	1.7	(1.1)
Machinery	9.6	11.4	1.8
Engineering	5.7	4.4	(1.3)
Construction Machinery	7.5	12.7	5.2
Electric Power	8.9	20.6	11.7
Other Businesses	3.3	4.2	0.8
Adjustment	(4.4)	(4.3)	0.1
<b>Total</b>	<b>(8.0)</b>	<b>16.1</b>	<b>24.2</b>

- Kobe Steel determines dividends taking its financial condition, business performance, future capital needs and other factors into overall consideration with the aim of paying dividends on a continuous and steady basis in principle. The target dividend payout ratio is 15 to 25% of consolidated net income attributable to owners of the parent.
- Under this policy, Kobe Steel passed a resolution to pay a year-end dividend of 10 yen per share, with a change from 5 yen per share, reflecting the increase in net income attributable to owners of the parent compared to the forecast announced on April 5. (See P.34 for details on consolidated earnings.)

	FY2019			FY2020		
	Interim	Year-end		Interim	Year-end	
Dividends per share in yen	–	–	–	–	10	10
Dividend per net assets						15.6%

(Billions of yen)

		FY2019 Actual			FY2020 Actual			Change ②-①
		1H	2H	①	1H	2H	②	
Steel products	Net Sales	330.0	320.0	650.0	245.2	318.6	563.8	(86.2)
	Ordinary Income (Loss)	(0.3)	(8.4)	(8.8)	(40.4)	17.1	(23.3)	(14.5)
	Excluding Inventory Valuation	(0.3)	(8.4)	(8.8)	(31.9)	11.1	(20.8)	(12.0)
Aluminum rolled Products	Net Sales	65.9	64.1	130.1	65.9	66.4	132.4	2.3
	Ordinary Income (Loss)	(4.2)	(3.4)	(7.7)	(1.4)	2.0	0.6	8.3
	Excluding Inventory Valuation	(3.7)	(1.9)	(5.7)	0.0	3.0	3.1	8.8
Total	Net Sales	396.0	384.1	780.2	311.2	385.1	696.3	(83.9)
	Ordinary Income (Loss)	(4.5)	(11.9)	(16.5)	(41.8)	19.2	(22.6)	(6.1)
	Excluding Inventory Valuation	(4.0)	(10.4)	(14.5)	(31.8)	14.2	(17.6)	(3.1)



**FY2019: Ordinary Loss of 8.8 billion yen →**

**FY2020: Ordinary Loss of 23.3 billion yen (Down 14.5 billion yen from FY2019)**

■ **Crude steel production: 5.81 million tons (down 0.69 million tons year on year)**

■ **Sales volume: 4.73 million tons (down 0.57 million tons year on year)**

- Overall demand declined mainly in the automotive sector due to the impact of COVID-19

■ **Sale price: 82,300 yen/ton (down 4,600 yen/ton year on year)**

- A fall in prices of main materials / A fall in export prices

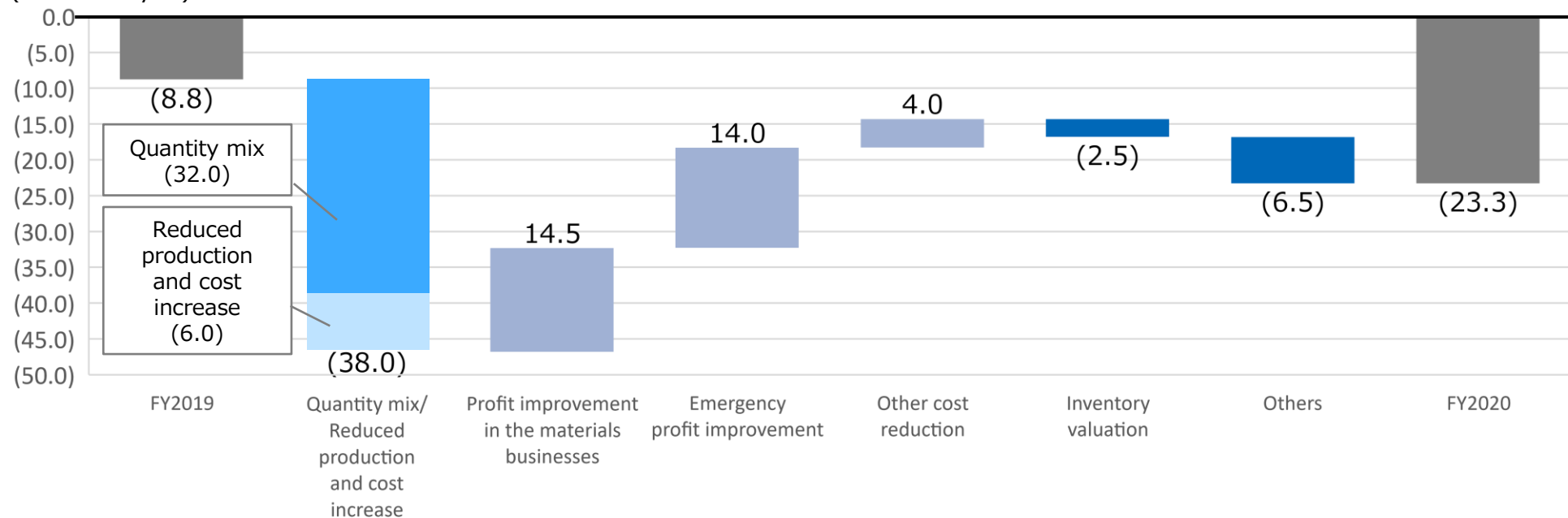
■ **Factors affecting profit and loss**

- Decreased sales volume
- Improvement of variable costs through improved yield and increased use of inexpensive raw materials
- Cost reduction through emergency measures such as labor cost reduction and maintenance cost reduction

Steel products

※Related data on P.37-39

(Billions of yen)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

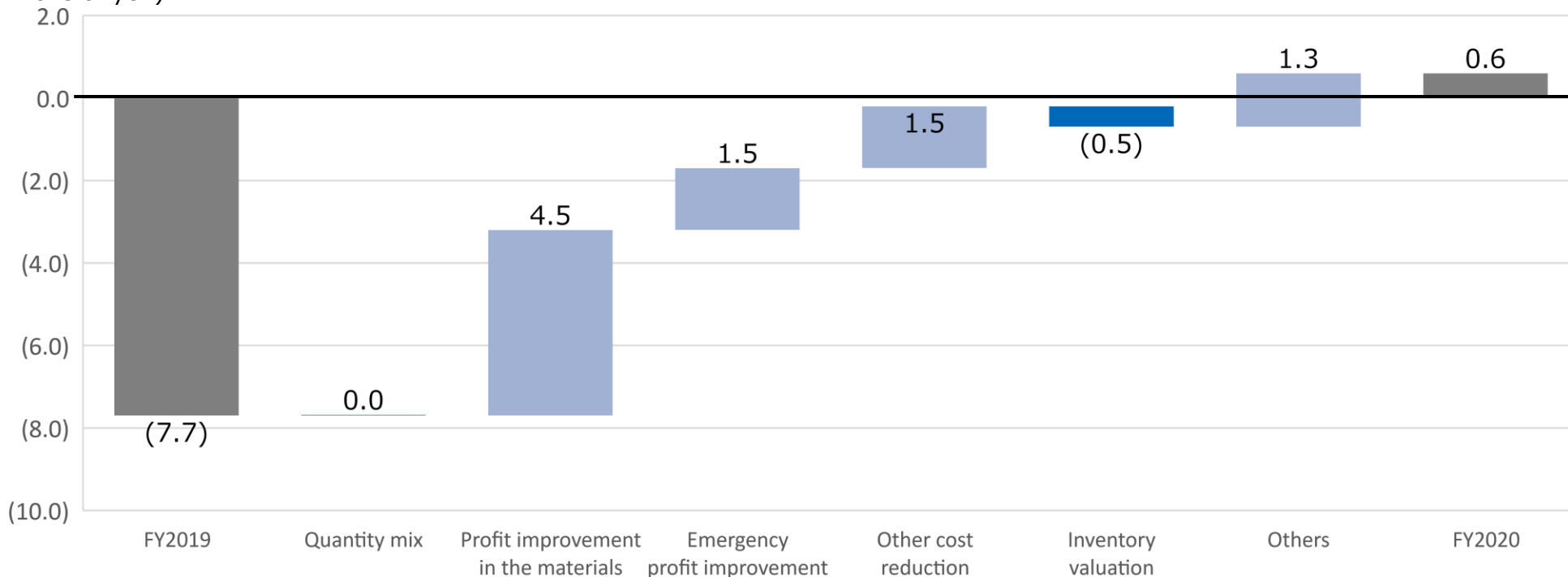
Aluminum  
rolled  
products

FY2019: Ordinary Loss of 7.7 billion yen →  
FY2020: Ordinary Income of 0.6 billion yen (Up 8.3 billion yen from FY2019)

- **Sales volume: 305 thousand tons (up 6 thousand tons year on year)**
  - For beverage can stock: Remained stable
  - For IT and semiconductors: Increased owing mainly to the increased supply for data centers
  - For automobiles: Decreased
- **Factors affecting profit and loss**
  - Sales expansion of beverage can stock (profit improvement in the materials businesses)
  - Cost reduction including emergency measures

※Related data on P.38-39

(Billions of yen)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	149.6	147.4	297.1	105.3	132.7	238.1	(58.9)
Ordinary Income (Loss)	(9.6)	(15.6)	(25.2)	(10.9)	(1.2)	(12.1)	13.1
Excluding Inventory Valuation	(8.6)	(16.6)	(25.2)	(10.4)	(2.7)	(13.1)	12.1

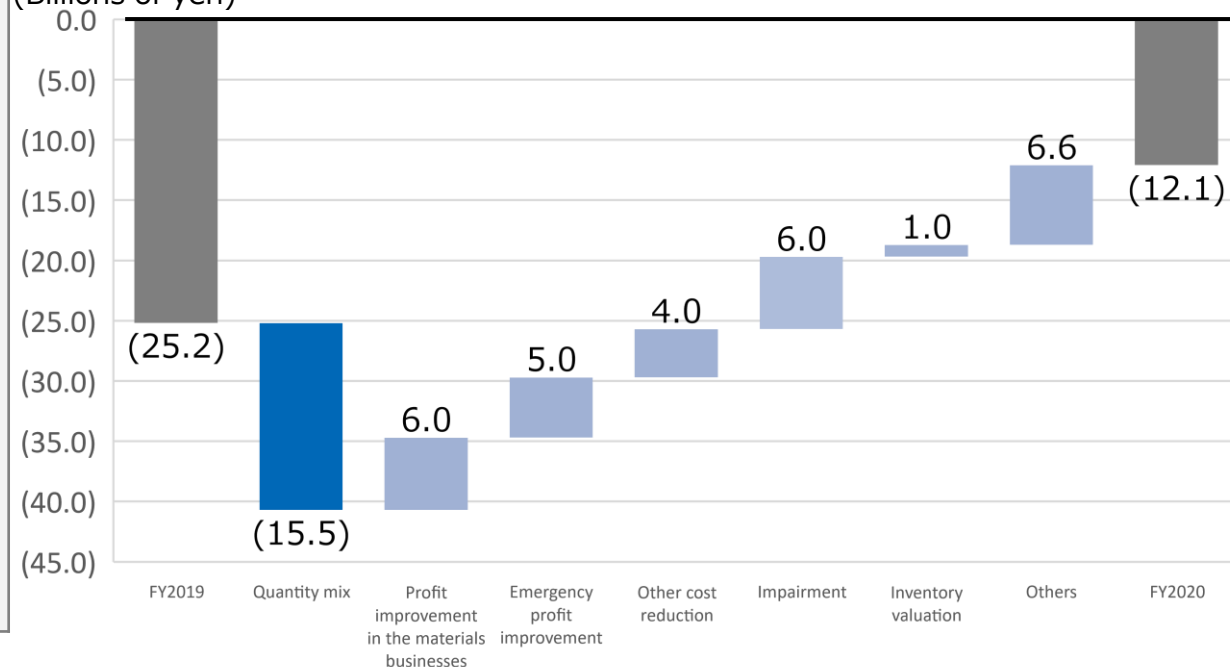
■ **Sales volume**

- Decreased in the automotive, aircraft and shipbuilding sectors

■ **Factors affecting profit and loss**

- Decrease in sales volume due to the COVID-19 impact
- Sales expansion of aluminum suspensions (profit improvement in the materials businesses)
- Cost reduction through emergency measures
- Reduced depreciation by recording impairment loss in FY2019

(Billions of yen)



※[Related data on P.38](#)

※Inventory valuation includes effect from the average method and the lower of cost or market method.

(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	43.1	40.6	83.7	34.7	35.2	70.0	(13.7)
Ordinary Income (Loss)	1.8	1.0	2.9	0.6	1.1	1.7	(1.1)

**■ Sales volume**

Domestic: Decline in demand for automobiles and construction machinery

Overseas: Decline in demand for automobiles in Southeast Asia and other regions  
and sluggish demand for shipbuilding

**■ Factors affecting profit and loss**

- Decrease in sales volume
- Cost reduction through fixed cost reduction

※Related data on P.38

(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	80.4	85.5	165.9	86.4	88.9	175.3	9.3
Ordinary Income (Loss)	2.3	7.3	9.6	4.1	7.3	11.4	1.8
Orders	80.5	71.1	151.6	50.6	61.9	112.6	(38.9)
Backlog of Orders			155.1			118.0	(37.1)

## ■ Orders

- Decreased both in the industrial machinery and compressor sectors against the backdrop of reductions and deferment of capital investments due to the impact of COVID-19

## ■ Factors affecting profit and loss

- Cost reduction through fixed cost reduction

(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	61.4	80.0	141.5	56.0	80.1	136.1	(5.3)
Ordinary Income (Loss)	2.1	3.5	5.7	(0.6)	5.1	4.4	(1.3)
Orders ※	69.6	64.8	134.5	75.8	37.6	113.4	(21.1)
Backlog of Orders ※			291.1			282.1	(8.9)

※Regarding long-term operation and maintenance work in Kobelco Eco Solutions' water treatment and waste treatment business, orders were previously counted at the time of sales. A new counting method has been adopted since FY2020 and orders are counted at the time of acceptance of a contract. Orders and backlog of orders for FY2019 have also been recounted based on the new method.

## ■ Orders

- Major projects in water treatment and waste treatment were ordered in FY2019

## ■ Factors affecting profit and loss

- Overseas project were deferred due to the impact of COVID 19

(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	197.8	163.0	360.8	161.8	171.3	333.1	(27.6)
Ordinary Income (Loss)	8.7	(1.2)	7.5	4.7	8.0	12.7	5.2

### ■ Unit sales

- Hydraulic excavators

Domestic: Unit sales increased year on year compared to FY2019 that saw a decline in sales due to Typhoon Hagibis.

China: Increased due to increased infrastructure investment

Others: Significantly decreased due to the impact of COVID-19

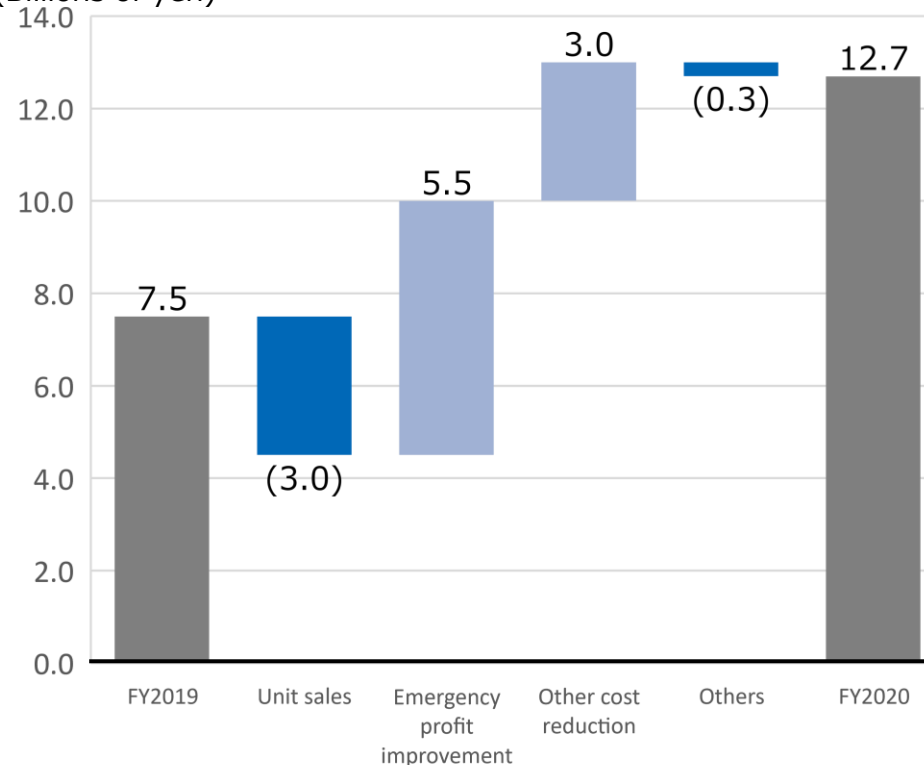
- Crawler cranes

Decreased both in Japan and overseas due to the impact of COVID-19

### ■ Factors affecting profit and loss

- Decreased profitability in China due to decreased unit sales and intensified competition
- Cost reduction through emergency measures

(Billions of yen)



(Billions of yen)

	FY2019 Actual			FY2020 Actual			Change ②-①
	1H	2H	①	1H	2H	②	
Net Sales	35.4	40.2	75.6	37.0	43.3	80.4	4.7
Ordinary Income (Loss)	1.6	7.3	8.9	8.1	12.4	20.6	11.7

## ■ Factors affecting profit and loss

- Start of full operation of the Moka Power Plant  
(No.1 Unit: October 2019/No.2 Unit: March 2020)
- Increase in demand for electricity supply in winter
- Decrease in depreciation of the Kobe Power Plant's No. 1 unit and No. 2 unit



## 2. Forecast for Fiscal 2021

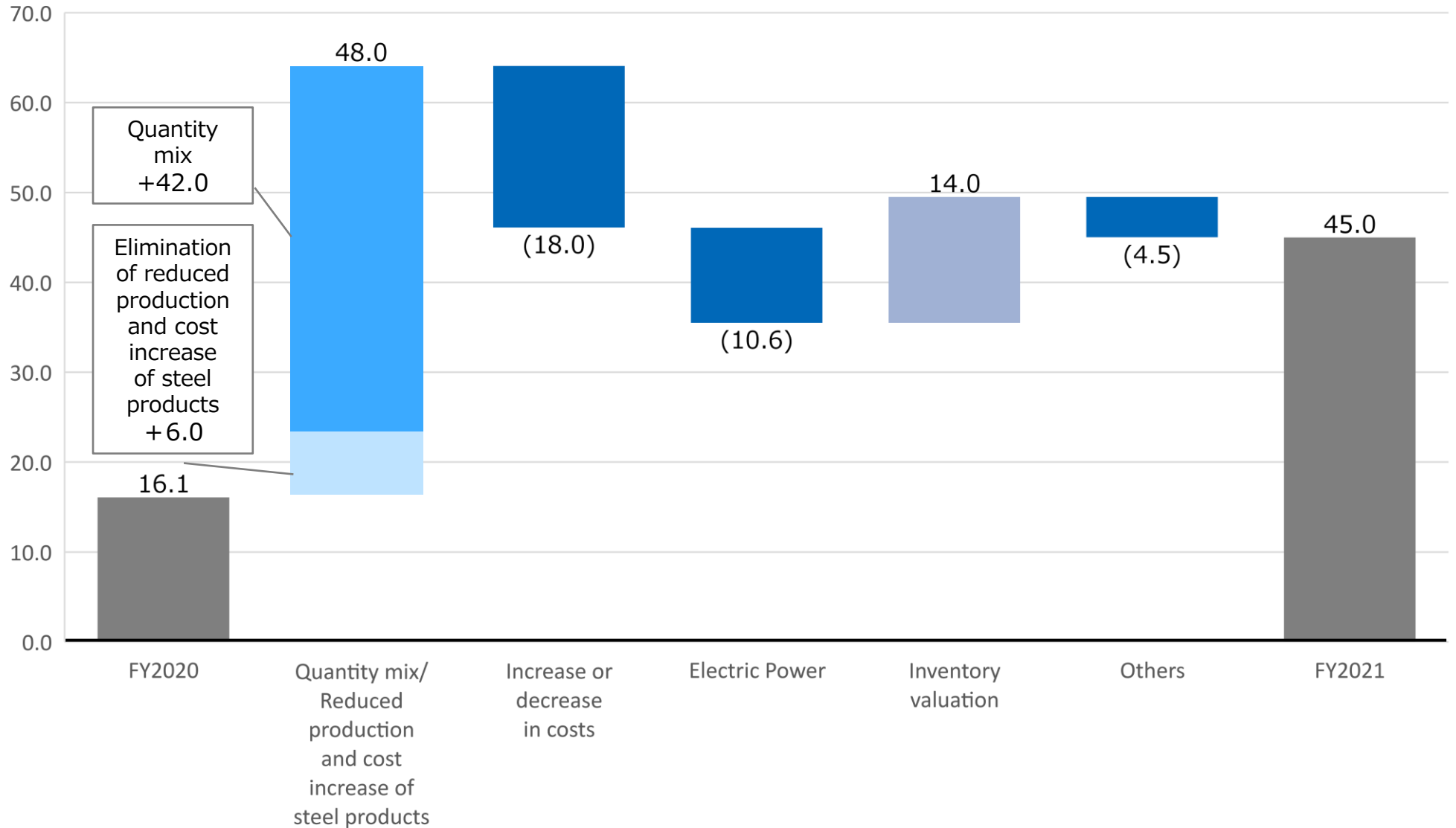
- Anticipates an increase in sales volume due to recovery in demand mainly for automobiles and expansion of sales
- Partially eases emergency profit improvement measures for some areas such as labor management
- Anticipates the impact of inventory valuation associated with rising raw material prices and possible changes in the business performance of the electric power business due to temporary factors
- Carefully monitors factors that could have the impact on business performance, such as rising iron ore prices, semiconductor shortages, and changes in demand due to the resurgence of COVID-19

(Billions of yen)

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	1,705.5	910.0	960.0	1,870.0	164.5
Operating Income (Loss)	30.3	20.0	35.0	55.0	24.7
Ordinary Income (Loss)	16.1	15.0	30.0	45.0	28.9
Excluding Inventory Valuation	20.1	2.0	33.0	35.0	14.9
Extraordinary Income (Loss)	2.5	—	—	—	(2.5)
Net Income (Loss) Attributable to Owners of the Parent	23.2	10.0	15.0	25.0	1.8

	FY2020	FY2021
1 U.S. dollar to yen	106	109
1 Chinese yuan to yen	15.7	16.0
1 Euro to yen	124	130

(Billions of yen)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

Business units that are affected by demand fluctuation are shown in ( ).

<p>Automobiles</p>	<p>(Steel products, aluminum flat rolled products, aluminum suspensions, aluminum extrusions &amp; fabrication, copper flat rolled products, steel powder, and welding)                  In the 1st half of fiscal 2021, the index is expected to remain at the same level as FY2020 4Q level, with a moderate increase expected in the 2nd half. However, there are concerns that the shortage of semiconductors will affect automobile production.</p> <p>《Estimation of Japanese Automobile Manufacturers' Production Volume (including overseas) (Compared to FY 2020 4Q)》 (Compared to fiscal 2020)</p> <table border="1" data-bbox="410 435 1392 549"> <thead> <tr> <th></th> <th>1Q</th> <th>2Q</th> <th>3Q</th> <th>4Q</th> </tr> </thead> <tbody> <tr> <td>FY2021</td> <td>—</td> <td>—</td> <td>+5%</td> <td>+5%</td> </tr> </tbody> </table> <table border="1" data-bbox="1765 435 1972 549"> <thead> <tr> <th>Full year</th> </tr> </thead> <tbody> <tr> <td>+15%</td> </tr> </tbody> </table>		1Q	2Q	3Q	4Q	FY2021	—	—	+5%	+5%	Full year	+15%
	1Q	2Q	3Q	4Q									
FY2021	—	—	+5%	+5%									
Full year													
+15%													
<p>Aircraft</p>	<p>(Aluminum casting &amp; forging, and titanium)                  Due to a decline in passenger demand, the market is anticipated to remain sluggish over the next few years.</p>												
<p>Shipbuilding</p>	<p>(Steel products, steel casting &amp; forging, and welding)                  Difficult conditions will continue due to stagnation in new business projects and postponement in construction plans.</p>												
<p>Beverage can stock</p>	<p>(Aluminum flat rolled products)                  Strong demand is expected to continue in fiscal 2021.</p>												
<p>IT/ Semiconductors</p>	<p>(Aluminum flat rolled products, and copper flat rolled products)                  Sales of IT and semiconductor products are generally strong, including disk materials for data centers and leadframe materials for PCs and mobile phones. Demand is expected to increase compared to fiscal 2020.</p>												
<p>Civil engineering &amp; construction</p>	<p>(Steel products and welding)                  Demand in the construction sector will remain sluggish. Demand for steel frames is expected to remain at the same level as fiscal 2020.</p>												

**【Net Sales】**

(Billions of yen)

	FY2020 Actual	FY2021 Forecast			Change
	①	1H	2H	②	②-①
Steel & Aluminum	696.3	395.0	410.0	805.0	108.7
Advanced Materials	238.1	135.0	145.0	280.0	41.9
Welding	70.0	33.0	36.0	69.0	(1.0)
Machinery	175.3	79.0	86.0	165.0	(10.3)
Engineering	136.1	60.0	81.0	141.0	4.9
Construction Machinery	333.1	190.0	170.0	360.0	26.9
Electric Power	80.4	31.0	48.0	79.0	(1.4)
Other Businesses	27.8	11.0	16.0	27.0	(0.8)
Adjustment	(51.7)	(24.0)	(32.0)	(56.0)	(4.3)
<b>Total</b>	<b>1,705.5</b>	<b>910.0</b>	<b>960.0</b>	<b>1,870.0</b>	<b>164.5</b>

**[Ordinary Income (Loss)]**

(Billions of yen)

	FY2020 Actual	FY2021 Forecast			Change ②-①
	①	1H	2H	②	
Steel & Aluminum	(22.6)	11.0	14.0	25.0	47.6
Advanced Materials	(12.1)	(1.0)	2.0	1.0	13.1
Welding	1.7	0.0	1.0	1.0	(0.7)
Machinery	11.4	0.0	3.5	3.5	(7.9)
Engineering	4.4	1.5	3.0	4.5	0.1
Construction Machinery	12.7	3.0	4.0	7.0	(5.7)
Electric Power	20.6	4.0	6.0	10.0	(10.6)
Other Businesses	4.2	0.0	3.0	3.0	(1.2)
Adjustment	(4.3)	(3.5)	(6.5)	(10.0)	(5.7)
<b>Total</b>	<b>16.1</b>	<b>15.0</b>	<b>30.0</b>	<b>45.0</b>	<b>28.9</b>

(Billions of yen)

		FY2020 Actual ①	FY2021 Forecast			Change ②-①
			1H	2H	②	
Steel products	Net Sales	563.8	320.0	340.0	660.0	96.2
	Ordinary Income (Loss)	(23.3)	10.5	12.0	22.5	45.8
	Excluding Inventory Valuation	(20.8)	(2.0)	16.0	14.0	34.8
Aluminum rolled products	Net Sales	132.4	75.0	70.0	145.0	12.6
	Ordinary Income (Loss)	0.6	0.5	2.0	2.5	1.9
	Excluding Inventory Valuation	3.1	0.0	1.5	1.5	(1.6)
Total	Net Sales	696.3	395.0	410.0	805.0	108.7
	Ordinary Income (Loss)	(22.6)	11.0	14.0	25.0	47.6
	Excluding Inventory Valuation	(17.6)	(2.0)	17.5	15.5	33.1

Steel products

FY2020 Actual: Ordinary Loss of 23.3 billion yen →  
FY2021 Forecast: Ordinary Income of 22.5 billion yen (Up 45.8 Billion yen from FY2020)

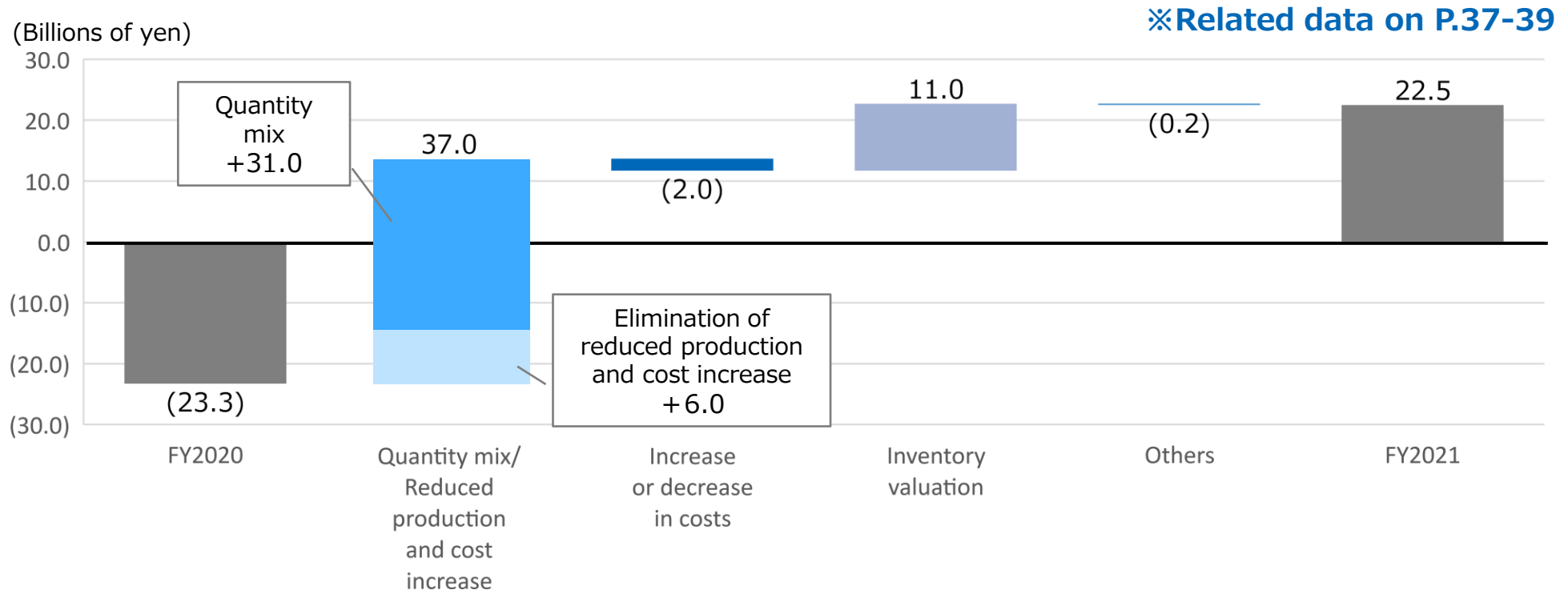
■ **Crude steel production: 6.60 million tons (up 0.79 million tons from FY2020)**

■ **Sales volume: 5.40 million tons (up 0.67 million tons from FY 2020)**

- Demand recovered mainly for automobiles

■ **Factors affecting profit and loss**

- Increase in profits due to an increase in sales volume and improved inventory valuation
- Efforts to pass on higher raw material prices to sales prices
- Continued cost reductions, mainly in fixed costs, despite partial easing of profit improvement measures in some areas such as labor management



※Inventory valuation includes effect from the average method and the lower of cost or market method.



Aluminum  
rolled  
products

FY2020 Actual: Ordinary Income of 0.6 billion yen →

FY2021 Forecast: Ordinary Income of 2.5 billion yen (Up 1.9 billion yen from FY 2020)

■ **Sales volume: 350 thousand tons (up 45 thousand tons from FY2020)**

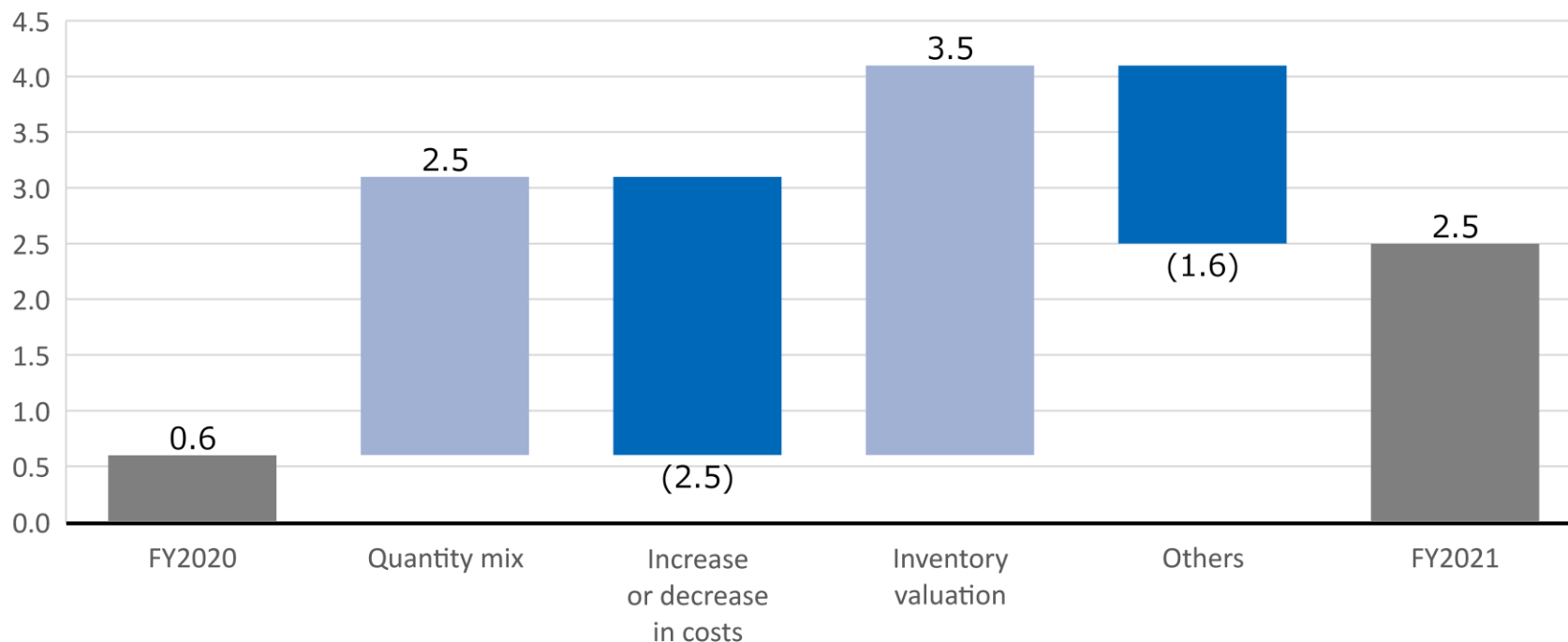
- Strong sales continue for beverage can materials and IT/semiconductor products.  
Plans to expand sales of automotive panel materials.

■ **Factors affecting profit and loss**

- Increase in profits due to an increase in sales volume and improved inventory valuation
- Increase in depreciation due to the start of operation of automobile panel materials manufacturing facilities

※Related data on P.38

(Billions of yen)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	238.1	135.0	145.0	280.0	41.9
Ordinary Income (Loss)	(12.1)	(1.0)	2.0	1.0	13.1
Excluding Inventory Valuation	(13.1)	(1.0)	1.5	0.5	13.6

(Billions of yen)

(Billions of yen)

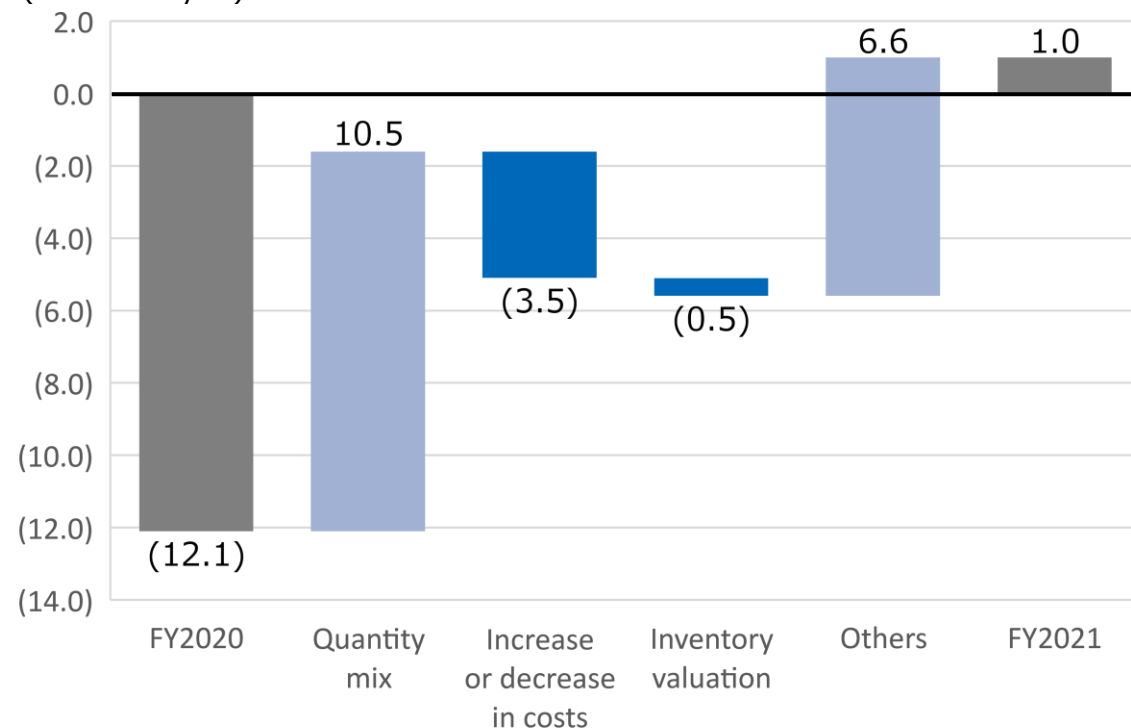
### ■ Sales volume

- Demand for shipbuilding and aircraft is anticipated to continue to be sluggish
- An overall increase is anticipated due to recovery in demand for automobiles and semiconductors

### ■ Factors affecting profit and loss

- Increase in profits due to increased sales volume, etc.

※Related data on P.38



※Inventory valuation includes effect from the average method and the lower of cost or market method.

(Billions of yen)

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	70.0	33.0	36.0	69.0	(1.0)
Ordinary Income (Loss)	1.7	0.0	1.0	1.0	(0.7)

**■ Sales volume**

- Demand for shipbuilding is anticipated to continue to be sluggish
- Overall sales are anticipated to increase due to recovery in demand for automobiles

**■ Factor affecting profit and loss**

- Decrease in profits due to decreased sales of welding systems, etc.

※Related data on P.38

(Billions of yen)

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	175.3	79.0	86.0	165.0	(10.3)
Ordinary Income (Loss)	11.4	0.0	3.5	3.5	(7.9)
Orders	112.6			Approx. 160.0	Approx. 47.0

**■ Orders**

- Increase in orders is anticipated due to recovery in demand in the automotive, electrical and semiconductor sectors

**■ Factor affecting profit and loss**

- Decrease in profits due to a decrease in orders for industrial machinery and compressors in FY2020

(Billions of yen)

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	136.1	60.0	81.0	141.0	4.9
Ordinary Income (Loss)	4.4	1.5	3.0	4.5	0.1
Orders	113.4			Approx. 180.0	Approx. 67.0

**■ Orders**

- Increase in orders is anticipated due to orders for new overseas projects, including those for the direct reduced iron business

**■ Factor affecting profit and loss**

- Sales are expected to increase while remaining at the same level as FY2020 due to differences in project composition

(Billions of yen)

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	333.1	190.0	170.0	360.0	26.9
Ordinary Income (Loss)	12.7	3.0	4.0	7.0	(5.7)

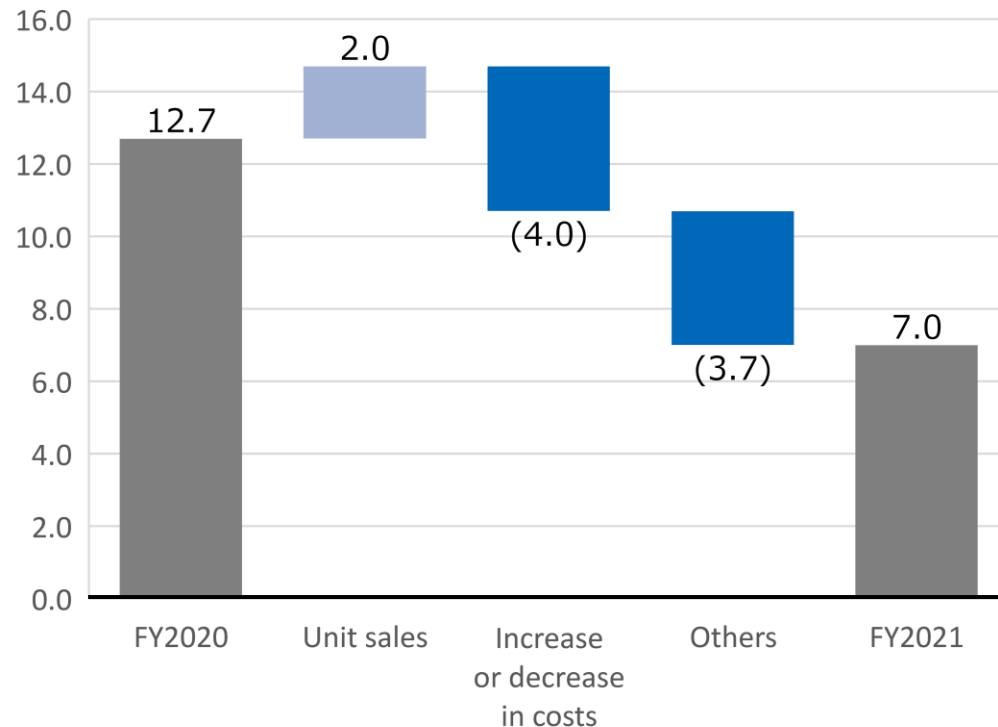
### ■ Unit sales

- Recovery in overseas demand is expected.

### ■ Factors affecting profit and loss

- Increase in development and other expenses
- Decrease in profits due to decreased profitability of businesses in China amid intensifying competition

(Billions of yen)



(Billions of yen)

	FY2020 Actual ①	FY2021 Forecast			Change ②-①
		1H	2H	②	
Net Sales	80.4	31.0	48.0	79.0	(1.4)
Ordinary Income (Loss)	20.6	4.0	6.0	10.0	(10.6)

**■ Factors affecting profit and loss**

- Decrease in the number of operating days at Moka Power Plant due to the implementation of statutory inspections
- Decrease in profits from fiscal 2020, which saw an increase in profits due to a temporary increase in demand for electricity supply in winter

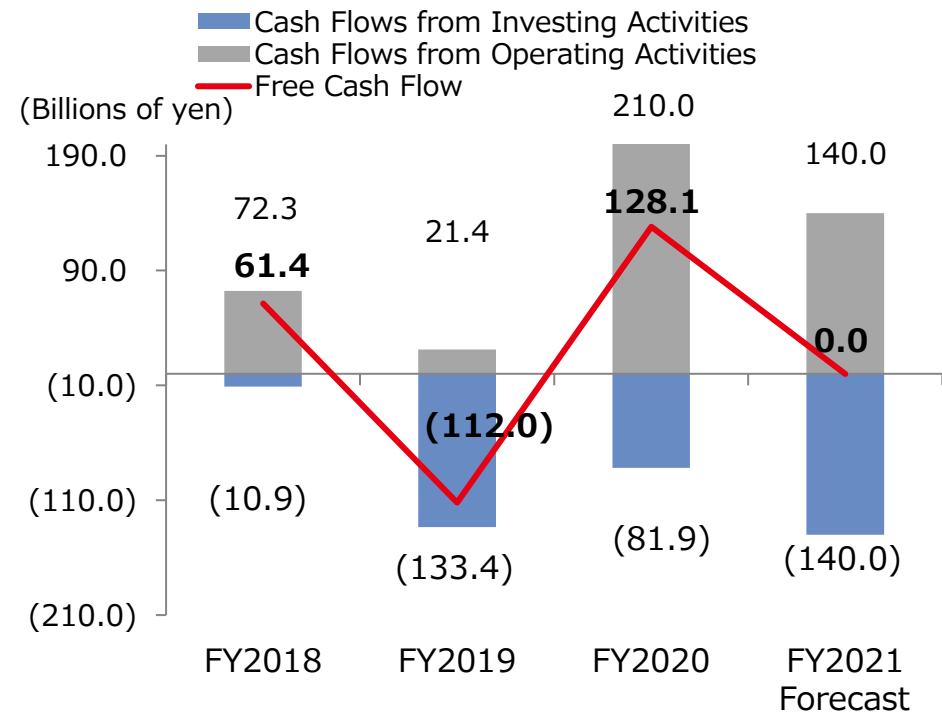
## ■ FY2020 Actual

- Successfully implemented cash flow improvement measures of about 135.0 billion yen through improvements in working capital such as reduction of inventories, asset sales and deferral of capital investment.
- Achieved a D/E ratio of 1 or less, which was the top priority. (excluding early procurement of borrowings 186.2 billion yen)

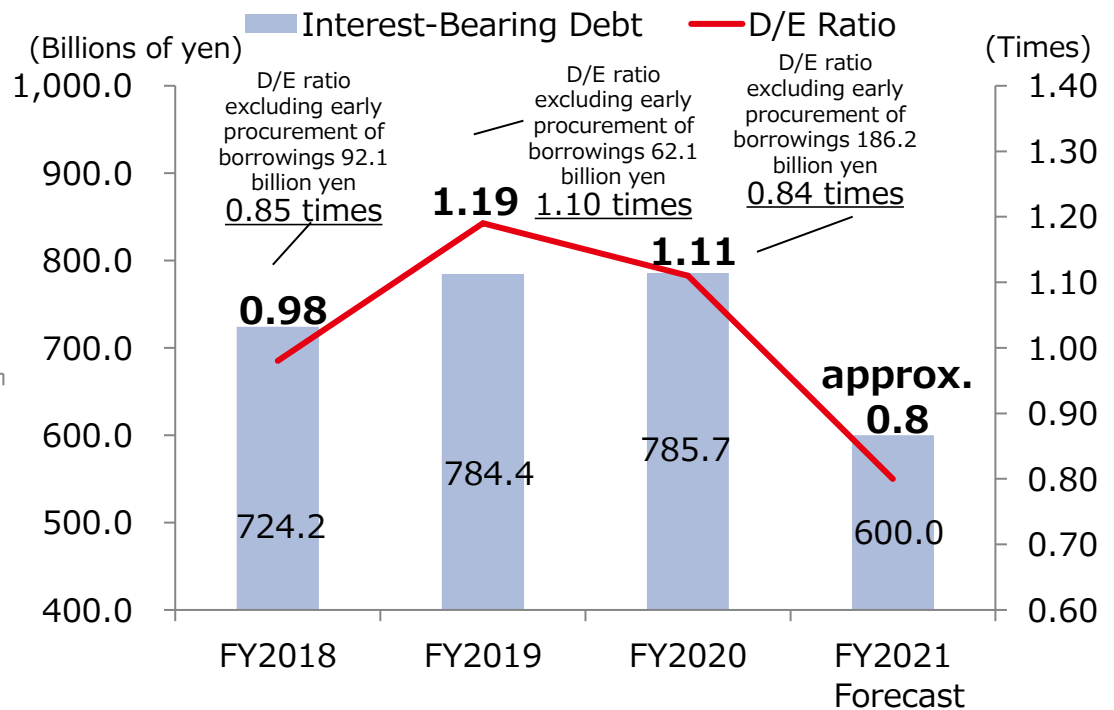
## ■ FY2021 Forecast

- Continues to carefully select new capital investments and investments and loans.
- Strengthens monitoring of cash flow plans with the newly established Business Portfolio Management Committee.
- Strives to rebuild the financial base with the aim of achieving a D/E ratio of approx. 0.8.

### 《Free Cash Flow》



### 《Interest Bearing Debt & D/E Ratio》



※Project finance is not included in free cash flow and D/E ratio.



# 3 . Reference Information

■ **Changes from Timely Disclosure as of April 5**

**【Ordinary Income (Loss)】**

- Profits improved centered on materials businesses due to cost reductions and recovery in demand

**【Net Income (Loss) Attributable to Owners of the Parent】**

- Net income increased due to an increase in deferred tax assets

(Billions of yen)

	FY2020			Change	
	Announced in February ①	Announced in April ②	Actual ③	③-②	③-①
Net Sales	1,690.0	1,700.0	1,705.5	5.5	15.5
Operating Income (Loss)	10.0	23.0	30.3	7.3	20.3
Ordinary Income (Loss)	(10.0)	6.0	16.1	10.1	26.1
Net Income (Loss) Attributable to Owners of the Parent	0.0	7.0	23.2	16.2	23.2

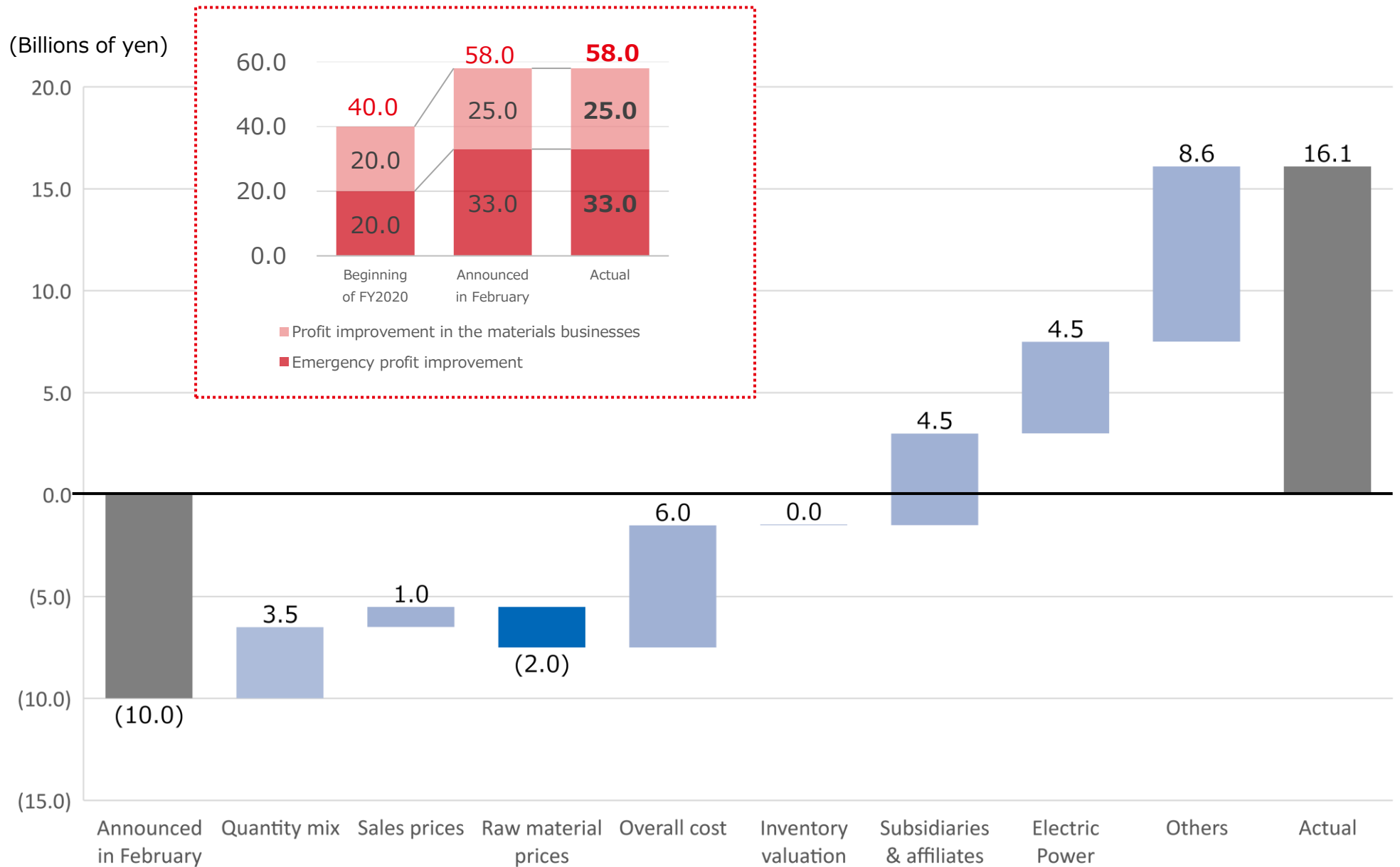
- Profit improvement in materials businesses due to cost reductions and recovery in demand
- Response to a temporary demand rise due to a shortage of power supply
- Risks avoided, including a shortage of semiconductors

## 【Net Sales】 (Billions of yen)

	FY2020		
	Announced in February ①	Actual ②	Change ②-①
Steel & Aluminum	690.0	696.3	6.3
Advanced Materials	230.0	238.1	8.1
Welding	68.0	70.0	2.0
Machinery	179.0	175.3	(3.7)
Engineering	136.0	136.1	0.1
Construction Machinery	330.0	333.1	3.1
Electric Power	74.0	80.4	6.4
Other Businesses	26.0	27.8	1.8
Adjustment	(43.0)	(51.7)	(8.7)
<b>Total</b>	<b>1,690.0</b>	<b>1,705.5</b>	<b>15.5</b>

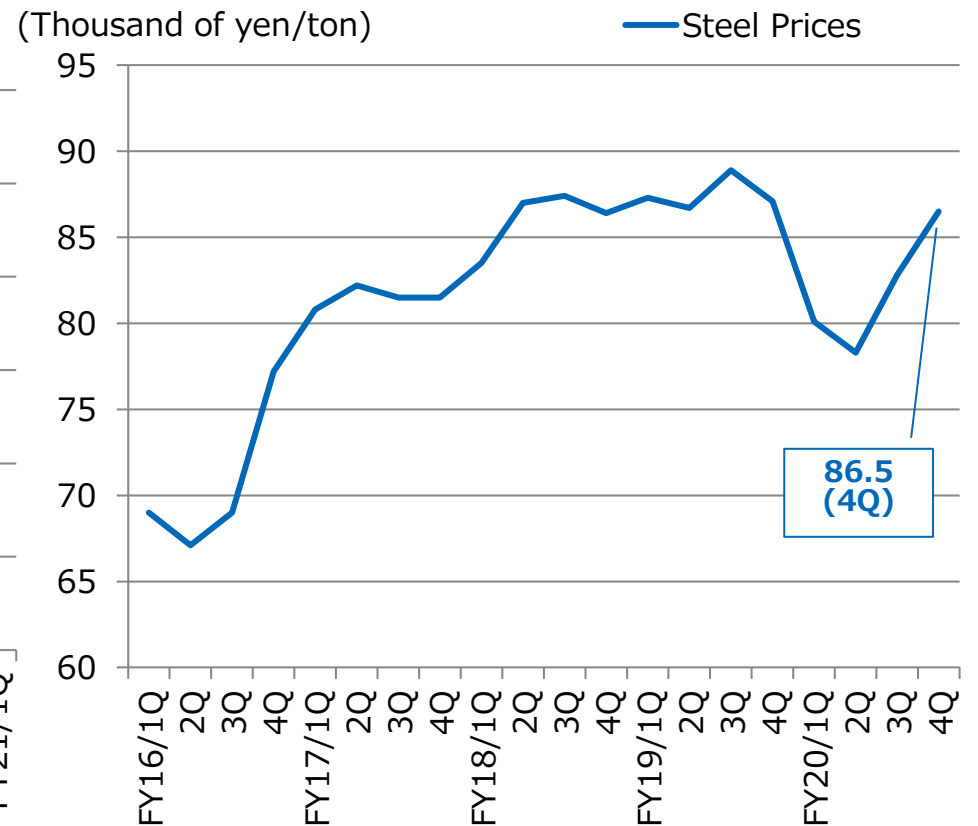
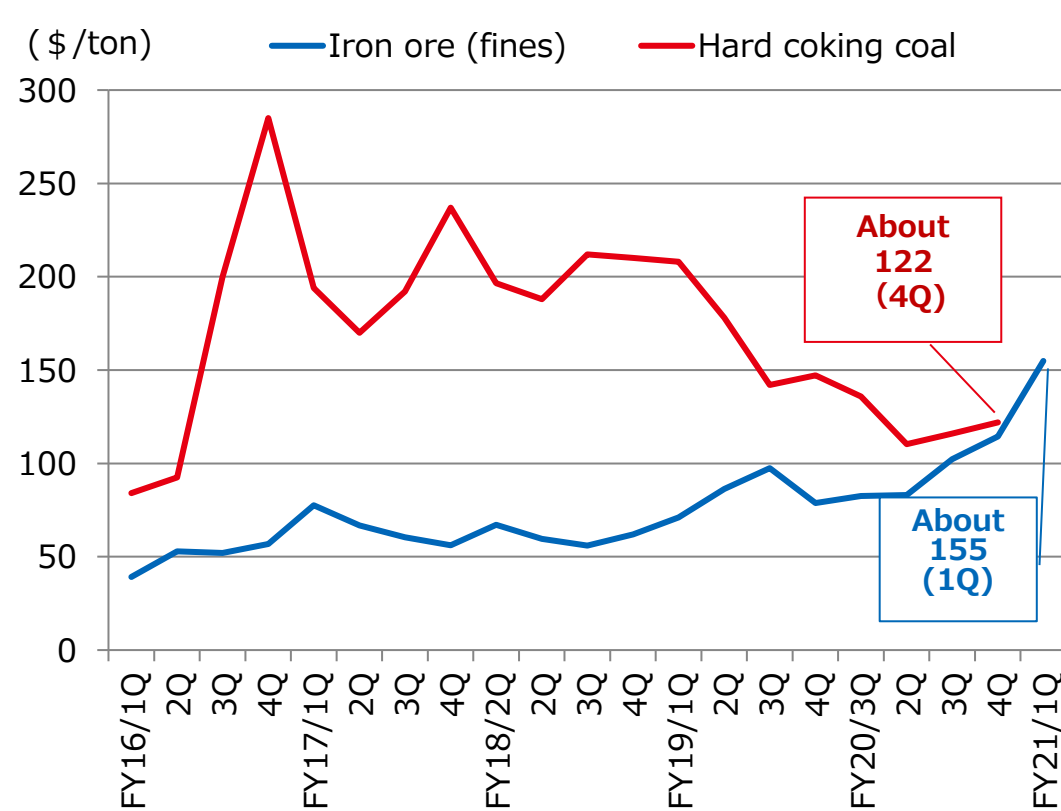
## 【Ordinary Income (Loss)】 (Billions of yen)

	FY2020		
	Announced in February ③	Actual ④	Change ④-③
Steel & Aluminum	(32.0)	(22.6)	9.4
Advanced Materials	(13.5)	(12.1)	1.4
Welding	1.0	1.7	0.7
Machinery	10.0	11.4	1.4
Engineering	2.0	4.4	2.4
Construction Machinery	8.0	12.7	4.7
Electric Power	16.0	20.6	4.6
Other Businesses	2.0	4.2	2.2
Adjustment	(3.5)	(4.3)	(0.8)
<b>Total</b>	<b>(10.0)</b>	<b>16.1</b>	<b>26.1</b>



※Inventory valuation includes effect from the average method and the lower of cost or market method.

	FY2019			FY2020		
	1H	2H	Full Year	1H	2H	Full Year
Domestic crude steel production (Millions of tons)	50.66	47.76	98.43	37.09	45.70	82.79
Domestic inventory level (Millions of tons)	5.94	5.79	5.79	5.16	5.07	End of March advance figure
Inventory level of three types of steel sheets (Millions of tons)	4.44	4.39	4.39	3.67	3.52	End of March advance figure
Domestic auto production (Millions of cars)	4.82	4.67	9.49	3.35	4.59	79.4



		FY2019 Actual			FY2020 Actual			FY2021 Forecast		
		1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Crude steel production ※	(Millions of tons)	3.39	3.11	6.50	2.48	3.33	5.81	approx.3.30	approx.3.30	approx.6.60
Sales volume of steel products	(Millions of tons)	2.73	2.57	5.30	2.04	2.69	4.73	approx.2.70	approx.2.70	approx.5.40
(Domestic)		2.00	1.93	3.93	1.43	2.01	3.44			
(Exports)		0.73	0.64	1.37	0.61	0.68	1.29			
Average steel selling price	(Thousands of yen/ton)	86.7	87.1	86.9	79.1	84.7	82.3			
Export ratio (value basis)		25.4%	23.4%	24.4%	25.0%	23.1%	23.9%			
Aluminum rolled products	(Thousands of tons)	152	147	299	152	153	305	approx.180	approx.170	approx.350
(Domestic)		122	115	237	121	114	236			
(Exports)		30	32	62	30	38	69			
Aluminum extrusions	(Thousands of tons)	17	17	34	12	18	31	approx.19	approx.19	approx.38
(Domestic)		16	16	33	12	17	29			
(Exports)		1	1	1	0	1	1			
Copper rolled products	(Thousands of tons)	26	27	53	19	30	48	approx.29	approx.29	approx.58
Copper tubes	(Thousands of tons)	44	38	82	32	35	67	approx.36	approx.36	approx.72
Welding materials	(Thousands of tons)	148	140	288	120	121	242	approx.120	approx.130	approx.250
(Domestic)		65	60	125	49	51	100			
(Overseas)		83	80	163	71	70	142			

※Including production volume of electric furnaces at Takasago Works

## Steel products

(Billions of yen)

		FY2019 Actual			FY2020 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Iron ore	2.5	(0.5)	2.0	0.5	2.0	1.0	3.0	3.5
	Coal	(1.5)	(1.0)	(2.5)	(1.5)	0.5	0.0	0.5	(1.0)
	<b>Carry Over</b>	<b>1.0</b>	<b>(1.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>2.5</b>	<b>1.0</b>	<b>3.5</b>	<b>2.5</b>
	Average method	0.5	2.0	2.5	0.5	(4.5)	(1.5)	(6.0)	(5.5)
	Lower-of-cost-or-market method	(0.5)	(2.0)	(2.5)	(9.0)	10.0	2.0	12.0	3.0
	<b>Inventory Valuation</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(8.5)</b>	<b>5.5</b>	<b>0.5</b>	<b>6.0</b>	<b>(2.5)</b>

## Aluminum rolled products

(Billions of yen)

		FY2019 Actual			FY2020 Actual				
		1H	2H	Full Year	1H	3Q	4Q	2H	Full Year
	Average method	(0.5)	(1.5)	(2.0)	(1.5)	(0.5)	(0.5)	(1.0)	(2.5)
	Lower-of-cost-or-market method	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<b>Inventory Valuation</b>	<b>(0.5)</b>	<b>(1.5)</b>	<b>(2.0)</b>	<b>(1.5)</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>(2.5)</b>

**【Ordinary Income (Loss)】**

(Billions of yen)

	FY2020 Actual			Change ②-①
	1H ①	2H ②		
Steel & Aluminum	(41.8)	19.2	(22.6)	61.1
Advanced Materials	(10.9)	(1.2)	(12.1)	9.7
Welding	0.6	1.1	1.7	0.4
Machinery	4.1	7.3	11.4	3.1
Engineering	(0.6)	5.1	4.4	5.7
Construction Machinery	4.7	8.0	12.7	3.2
Electric Power	8.1	12.4	20.6	4.2
Other Businesses	0.7	3.5	4.2	2.8
Adjustment	(0.1)	(4.1)	(4.3)	(3.9)
<b>Total</b>	<b>(35.2)</b>	<b>51.4</b>	<b>16.1</b>	<b>86.7</b>



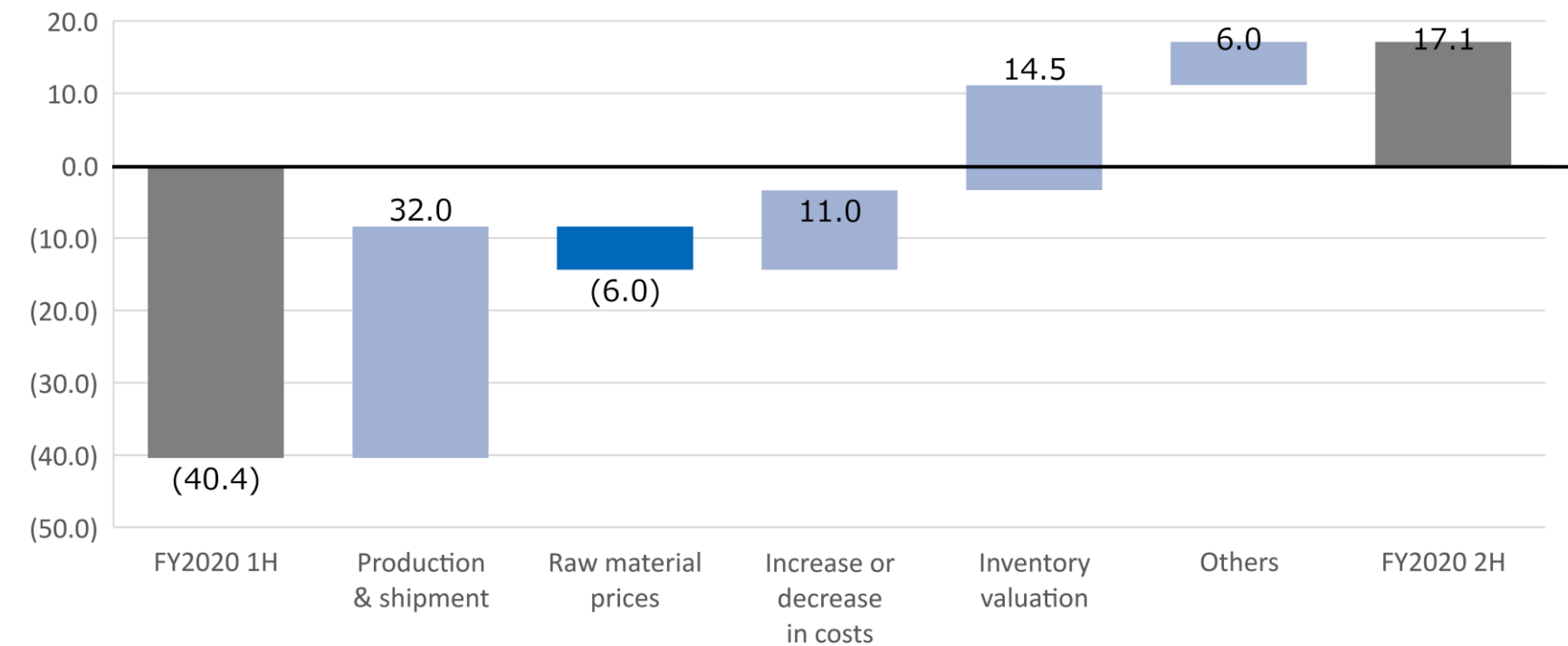
## [Ordinary Income (Loss)]

(Billions of yen)

	FY2020 Actual		
	1H	2H	Full Year
Steel products	(40.4)	17.1	(23.3)

57.5

(Billions of yen)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

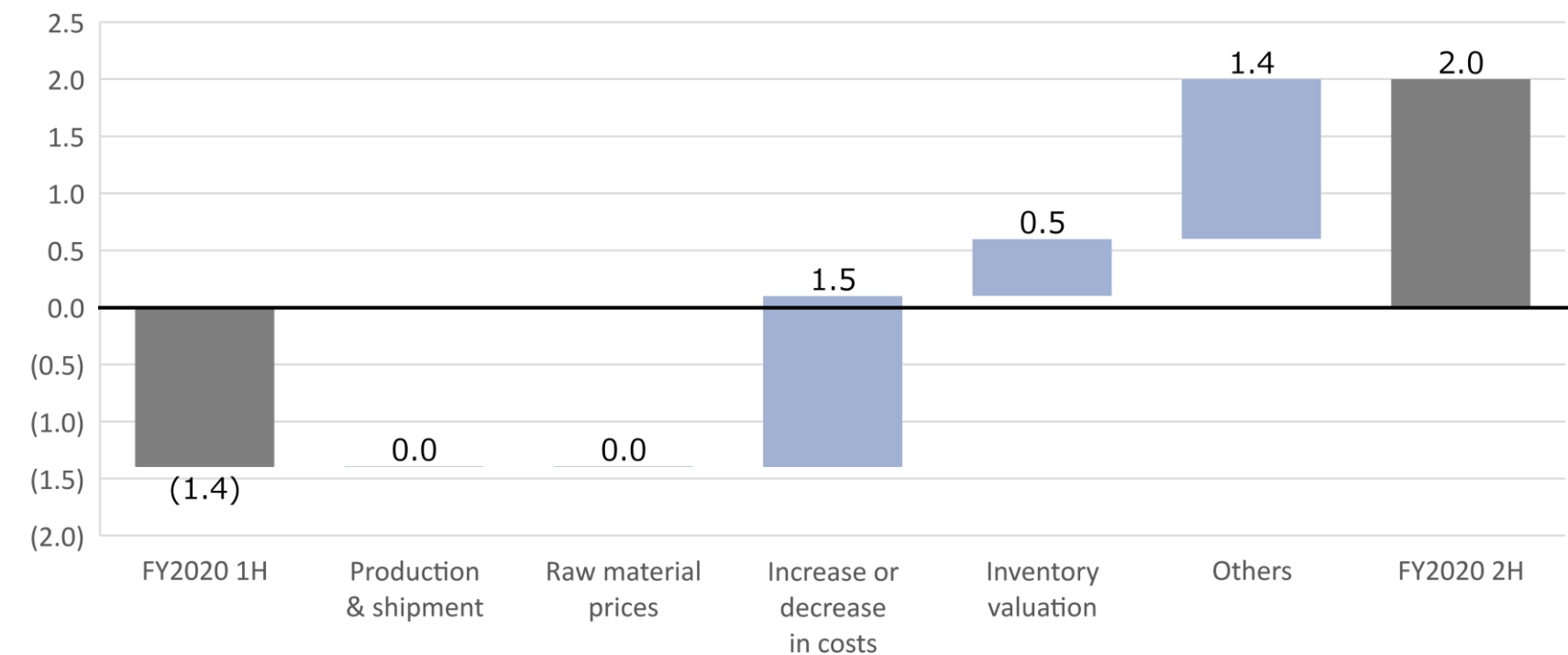
## [Ordinary Income (Loss)]

(Billions of yen)

	FY2020 Actual		
	1H	2H	Full Year
Aluminum rolled products	(1.4)	2.0	0.6

3.4

(Billions of yen)

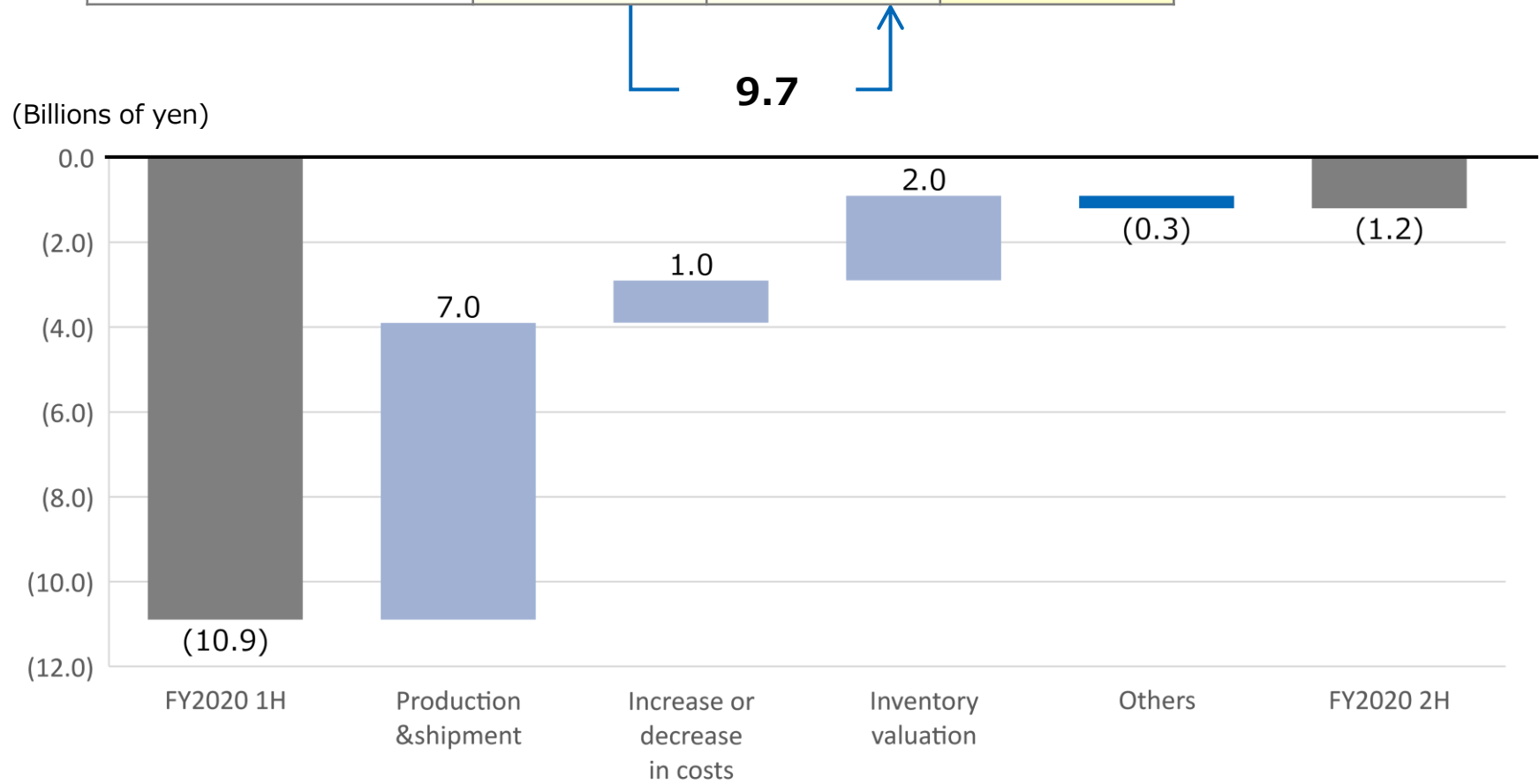


※Inventory valuation includes effect from the average method and the lower of cost or market method.

## 【Ordinary Income (Loss)】

(Billions of yen)

	FY2020 Actual		
	1H	2H	Full Year
	(10.9)	(1.2)	(12.1)



※Inventory valuation includes effect from the average method and the lower of cost or market method.

(Billions of yen)

	FY2019 Actual	FY2020 Actual	FY2021 Forecast	Change	
	①	②	③	②-①	③-②
Cash Flows from Operating Activities	21.4	210.0	140.0	188.6	(70.0)
Cash Flows from Investing Activities	(133.4)	(81.9)	(140.0)	51.5	(58.1)
Free Cash Flow (excluding project financing)	(112.0)	128.1	0.0	240.2	(128.1)
Free Cash Flow (including project financing)	(191.9)	52.9	(65.0)	244.8	(117.9)
Cash and Deposits (excluding project financing)	134.9	301.8	115.0	166.9	(186.8)

(Billions of yen)

	FY2019 Actual	FY2020 Actual	FY2021 Forecast	Change	
	①	②	③	②-①	③-②
Capital Investment (accrual basis)	239.8	185.0	150.0	(54.7)	(35.0)
Capital Investment (payment basis)	245.3	173.2	180.0	(72.1)	6.8
Depreciation	105.3	100.8	105.0	(4.4)	4.2

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
Net Income (Loss) per Share	99.20 yen	(187.55 yen)	64.05 yen	68.92 yen
Outside Debt	760.3 billion yen	906.6 billion yen	987.8 billion yen	860.0 billion yen
Outside Debt Excluding Debt from IPP project financing	724.2 billion yen	784.4 billion yen	785.7 billion yen	600.0 billion yen
D/E Ratio ※1	※2 0.98 times	※3 1.19 times	※4 1.11 times	Approx. 0.8 times
ROS ※5	1.8%	(0.4%)	0.9%	2.4%
ROA ※6	1.5%	(0.3%)	0.6%	1.7%
ROE ※7	4.8%	(9.7%)	3.4%	3.5%
ROIC ※8	2.8%	0.9%	1.1%	2.6%

※1: D/E ratio: Debt (excluding IPP project finance) / Stockholders' Equity

※2: Includes early procurement of borrowings for FY2019 (92.1 billion yen)  
D/E Ratio 0.85 times (excluding early procurement of borrowings)

※3: Includes early procurement of borrowings for FY 2020 (62.1 billion yen)  
D/E Ratio 1.10 times (excluding early procurement of borrowings)

※4: Includes early procurement of borrowings for FY 2021 (186.2 billion yen)  
D/E Ratio 0.84 times (excluding early procurement of borrowings)

※5: ROS: Ordinary Income / Net Sales

※6: ROA: Ordinary Income / Total Assets

※7: ROE: Net Income Attributable to Owners of the Parent / Stockholders' Equity

※8: ROIC: After-tax operating Income / Invested Capital

<b>KOBELCO's View of the Future</b>	Our view of a society and future to be attained as we carry out KOBELCO's mission
	<p><b>We envision a world in which people, now and in the future, can fulfill their hopes and dreams while enjoying safe, secure, and prosperous lives.</b></p>

<b>KOBELCO's Mission</b>	Our mission and the social significance of the KOBELCO Group that we must fulfill
	<p><b>Our mission is to provide solutions to the needs of society, by making the best use of the talents of our employees and our technologies.</b></p>

<b>Core Values of KOBELCO</b>	The commitments of the KOBELCO Group to society and the values shared by the entire KOBELCO Group
	<ol style="list-style-type: none"> <li>1. We provide technologies, products and services that win the trust and confidence of our customers we serve and the society in which we live.</li> <li>2. We value, and support the growth of, each employee on an individual basis, while creating a cooperative and harmonious environment.</li> <li>3. Through continuous and innovative changes, we create new values for the society of which we are a member.</li> </ol>

<b>Six Pledges of KOBELCO</b>	Code of Conduct for all Group employees to follow to fulfill the Core Values of KOBELCO and the Quality Charter
	<ol style="list-style-type: none"> <li>1. Uphold the Highest Sense of Ethics and Professionalism</li> <li>2. Contribute to the Society by Providing Superior Products and Services <span style="background-color: #0056b3; color: white; padding: 2px;">Quality Charter</span></li> <li>3. Establish a Comfortable but Challenging Work Environment</li> <li>4. Live in Harmony with the Local Community</li> <li>5. Contribute to a Sustainable Environment</li> <li>6. Respect Each Stakeholder</li> </ol>

# Cautionary Statement

- **Certain statements in this presentation contain forward-looking statements concerning forecasts, assertions, prospects, intentions and strategies. The decisions and assumptions leading to these statements were based on information currently available to Kobe Steel. Due to possible changes in decisions and assumptions, future business operation, and internal and external conditions, actual results may differ materially from the projected forward-looking statements. Kobe Steel is not obligated to revise the forward-looking contents of this presentation.**
- **Uncertain and variable factors include, but are not limited to:**
  - Changes in economic outlook, demand and market conditions
  - Political situation and trade and other regulations
  - Changes in currency exchange rates
  - Availability and market conditions of raw materials
  - Products and services of competing companies, pricing policy, alliances, and business development including M&As
  - Strategy changes of alliance partners