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Kobe Steel, Ltd.

## **Kobe Steel to reform structure of steel business**

Kobe Steel's steel business faces an extremely harsh business environment, and it is necessary to implement radical changes to strengthen the company's competitiveness. To increase the competitiveness of its steelworks, Kobe Steel has currently decided on large-scale investments including a new hot-metal treatment plant, a new heat treatment furnace for steel plate, and high-efficiency in-house power generation equipment. Construction of these investments has already commenced.

To build an optimum production system that will meet the demand trends over the medium- to long-term future and to further streamline operations, upstream production at Kobe Works will be transferred to Kakogawa Works around fiscal 2017.

In consolidating upstream production, Kobe Steel plans to newly construct a continuous bloom caster and secondary refining equipment at Kakogawa Works. Kobe Steel will also increase the production capacity of the No. 2 Bloom Mill. After this series of capital investments is completed and stable operation and quality has been achieved, Kobe Steel plans to shut down the blast furnace and other upstream production equipment at Kobe Works. This move will eliminate surplus production capacity in upstream operations and increase cost competitiveness.

The new, state-of-the-art continuous bloom caster at Kakogawa Works will make use of Kobe Steel's production technology and know-how for special steel gained at Kobe Works. Utilizing the new bloom caster and secondary refining equipment, which is essential for the production of high-grade steel, Kobe Steel will be able to further strengthen its competitiveness in quality and ability to meet deliveries. The company will also be able to expand sales of special steel wire rod and bar, automotive high strength steel sheet, heavy steel plate for the energy sector, and other original high-end "Only One" products.

With compact and highly efficient steelworks, Kobe Steel aims to become a steelmaker that supplies competitive technologies and products that make use of the company's originality to the greatest degree possible. To this end, Kobe Steel plans to carry out structural reforms in its steel business.

To make practical use of the land on which the blast furnace to be shut down currently stands at Kobe Works, Kobe Steel will consider the possibility of expanding its power supply business. By initiating structural reforms in the steel business and expanding the power supply business, Kobe Steel aims to improve its profit structure and build a stable profit base.

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