

NEWS RELEASE

December 17, 2018
Kobe Steel, Ltd.

Kobe Steel's wire rod processing venture in China to increase production capacity

TOKYO, December 17, 2018 — Kobe Steel, Ltd. and the other shareholders of Kobe Special Steel Wire Products (Pinghu) Co., Ltd. have agreed to increase the production capacity of their Chinese joint venture that processes special steel wire rods into steel wires.

The other joint venture partners are Shinsho Corporation, Osaka Seiko Limited, Meihoku Kogyo Co., Ltd., Metal One Corporation and Kyodo Shaft Co., Ltd.

Kobe Special Steel Wire Products (or KSP) was established in 2007 to supply steel cold heading (CH) steel wires to parts manufacturers. The wires are used to make automotive bolts, nuts and bearing products. Full-scale operation began in 2009. Kobe Steel provides 100 percent of the special steel wire rods used by KSP so that the same high-quality material available in Japan can be used to manufacture high-quality parts in China.

KSP has so far increased its production capacity four times. This fifth capacity expansion will help meet the growing needs of KSP's customers who anticipate a further increase in demand. Approximately 900 million yen will be invest to install three additional wire drawing machines, for a total of 11, and two more heating furnaces, bringing the total to eight. The new equipment is anticipated to start up in March and June 2020, respectively. Production capacity will increase to 5,500 metric tons per month.

Kobe Steel has positioned Japan, the ASEAN countries, North America and China as four major areas to process special steel wire rods for supply to parts manufacturers who have set up operations in these countries and regions. To date, Kobe Steel has established two plants in Thailand for wire rod processing, one in the United States, one in Mexico, and four in China. Looking to the future, Kobe Steel will continue to develop its supply network for high-quality special steel wire rods centered on these four areas.

Outline of Production Capacity Increase

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| Investment amount: | Approximately 900 million yen |
| Details of investment: | Installation of 3 wire drawing machines and 2 heating furnaces |
| Start-up: | Wire drawing machines - March 2020 Heating furnaces – June 2020 |
| Production capacity after capacity increase: | 5,500 metric tons per month |

Increases in production equipment

| | Current | After capacity increase |
|------------------------|----------------|--------------------------------|
| Wire drawing machines: | 8 units | 11 units |
| Heating furnaces: | 6 units | 8 units |

Background Information



Description of photo: Outside view of KSP

Profile of Kobe Special Steel Wire Products (Pinghu) Co, Ltd.

Representatives: Hideki Watanabe, Chairman (concurrently General Manager, Wire Rod & Bar Sales Department, Iron & Steel Business, Kobe Steel)
Takashi Saito, President (dispatched from Kobe Steel)

Business: Manufacture and sale of CH steel wire and bearing steel wire

Location: Pinghu, Zhejiang Province, China

Capital: 1,775 million yen

Capital structure: Kobe Steel, Ltd. 47%, Shinsho Corporation 25%, Osaka Seiko Limited 10%, Meihoku Kogyo Co., Ltd. 10%, Metal One Corporation 5%, Kyodo Shaft Co., Ltd. 3%

Employees: 167 (at end of September 2018)

Established: November 2007

Start-up: July 2009