

August 8, 2023

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Announcement on Revisions to Earnings Forecast for Fiscal 2023, Ending March 31, 2024

Kobe Steel, Ltd. announces that it has revised its consolidated earnings forecasts for fiscal 2023 (April 1, 2023–March 31, 2024), as provided below.

Revision to the consolidated forecast for the first half of fiscal 2023 (April 1–September 30, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	1,320,000	55,000	45,000	40,000	101.28 yen
Current forecast (B)	1,270,000	80,000	70,000	65,000	164.59 yen
Change (B-A)	(50,000)	25,000	25,000	25,000	
% change	(3.8%)	45.5%	55.6%	62.5%	
FY2022 results for the same period	1,169,657	19,771	41,826	28,008	70.96 yen

Figures are in millions of yen unless otherwise indicated. Sums under 1 million yen are omitted.

Revision to the consolidated forecast for fiscal 2023 (April 1, 2023–March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previous forecast (A)	2,680,000	150,000	130,000	100,000	253.21 yen
Current forecast (B)	2,590,000	165,000	145,000	120,000	303.86 yen
Change (B-A)	(90,000)	15,000	15,000	20,000	
% change	(3.4%)	10.0%	11.5%	20.0%	
FY2022 results	2,472,508	86,365	106,837	72,566	183.80 yen

Figures are in millions of yen unless otherwise indicated. Sums under 1 million yen are omitted.

Reason for the Revision

Compared with the situation at the time of the previous forecast (as of May 11, 2023), Kobe Steel expects to see improvements in procurement costs due to a decline in energy prices, although the demand situation is challenging, such as a delay in demand recovery in the IT and semiconductor sectors, a prolonged inventory adjustment of disk materials for data centers, and a decline in overseas production by Japanese automakers due to the rise of China's EV sector and other factors.

Under these circumstances, despite negative factors such as a decline in sales volume in the materials businesses, the Company has revised upward its forecast of operating profit and ordinary profit for the first half of fiscal 2023, mainly due to the improvement in steel metal spreads along with a decline in coking coal prices in the first half of the fiscal year, improvement in procurement costs and progress in selling price improvement for aluminum rolled products, advanced materials and construction machinery, and the improvement of the effect of time lags in fuel cost adjustments in the electric power business mainly in the first half of the fiscal year due to a decline in thermal coal prices.

The Company has also revised upward its forecast of profit attributable to owners of parent for the first half of the fiscal year and the full fiscal year due to an increase in extraordinary income resulting from an increase in capital gains on non-current assets at subsidiaries in addition to the upward revision in ordinary profit.

For the details of the earnings forecast, please refer to the Financial Results for the First Quarter of Fiscal 2023 and Forecast for the Full Fiscal Year, announced today.

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.