

Company name: Kyoei Steel, Ltd.
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 Stock code: 5440
 Listing: First Section, Tokyo Stock Exchange
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Notice of Forecast Revisions

Kyoei Steel, Ltd. hereby announces the following revisions to the forecasts announced on April 28, 2016 based on recent results.

Revisions to Forecasts

Revision to the consolidated first-half forecast for the fiscal year ending March 31, 2017 (April 1, 2016 – September 30, 2016)

| | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent | Net income per share |
|--|---------------|------------------|-----------------|---|----------------------|
| | (Million yen) | (Million yen) | (Million yen) | (Million yen) | (Yen) |
| Previous forecast (A) | 69,000 | 2,300 | 2,000 | 1,300 | 29.93 |
| Revised forecast (B) | 72,000 | 5,200 | 5,000 | 3,000 | 69.29 |
| Change (B - A) | 3,000 | 2,900 | 3,000 | 1,700 | |
| Percentage change (%) | 4.3 | 126.1 | 150.0 | 130.8 | |
| (Reference) Previous first half (ended September 30, 2015) | 83,388 | 7,069 | 7,278 | 4,499 | 103.52 |

Revision to the consolidated forecast for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017)

| | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent | Net income per share |
|---|---------------|------------------|-----------------|---|----------------------|
| | (Million yen) | (Million yen) | (Million yen) | (Million yen) | (Yen) |
| Previous forecast (A) | 142,000 | 7,500 | 7,000 | 4,500 | 103.60 |
| Revised forecast (B) | 145,000 | 10,400 | 10,000 | 6,200 | 143.21 |
| Change (B - A) | 3,000 | 2,900 | 3,000 | 1,700 | |
| Percentage change (%) | 2.1 | 38.7 | 42.9 | 37.8 | |
| (Reference) Previous fiscal year (ended March 31, 2016) | 160,952 | 13,792 | 14,161 | 8,467 | 194.94 |

Reasons for revisions

Although sales and earnings in the first quarter were lower than the same period of the previous fiscal year, the performance in the overseas steel business was solid, with consolidated subsidiaries in Vietnam (Vina Kyoei Steel Ltd. and Kyoei Steel Vietnam Company Limited) reporting results exceeding forecasts on back of strong demand for steel in that country.

In the second quarter (July-September), steel demand in Japan is likely to remain sluggish. However, the price of steel scrap, the primary raw material, is less than the initial forecast. For these reasons, earnings in the domestic steel business is expected to be higher than the forecast. In the overseas steel business, earnings, underpinned by strong demand for steel in Vietnam, are likely to be strong.

We are revising the first-half and full-year forecasts for the fiscal year that we announced on April 28, 2016 with results of operations for the fiscal year ended March 31, 2016.

In the second quarter, we expect an increase in expenses in association with regular maintenance work during the summer of 2016. However, group companies will continue to focus on earning profits by ensuring that production and sales activities match the level of demand.

There is no revision to the forecast for the fiscal year's second half because of the difficulty at this time of predicting market conditions starting in October of this year.

Note: The above forecasts are based on information available at the time this notice was released and actual results may differ from these forecasts for a number of reasons.