

## NEWS RELEASE

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## KOBE STEEL, LTD.

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### Kobe Steel's wire rod processing venture in China starts up new pickling equipment

TOKYO, July 11, 2017 — Kobe Steel, Ltd. announces that its Chinese affiliate company, Kobe Special Steel Wire Products (Pinghu) Co., Ltd. (or KSP), has started up its new pickling equipment. Based in Pinghu, Zhejiang Province, KSP processes special steel wire rod into CHQ steel wire.

The new equipment increases production capacity to about 4,900 metric tons per month, from 3,500 metric tons per month. Kobe Steel originally announced the 1.3 billion-yen capital investment plan on November 10, 2015.

KSP was established in 2007 to process steel wire rod into cold heading quality (CHQ) steel wire for supply mainly to Japanese-affiliated automotive parts manufacturers in China. The wire is used to make automotive bolts, nuts and other products. Full operation began in 2009. Kobe Steel provides 100 percent of the special steel wire rod as the base material to KSP.

Automobile production in China is anticipated to steadily rise to approximately 32 million units in 2025, forecasts Kobe Steel. Local procurement needs will similarly increase among Japanese-affiliated auto parts manufacturers. With the largest market share for CHQ wire, KSP enables Japanese-affiliated parts manufacturers in China to make high-quality parts from the same quality of material available in Japan.

Including KSP, Kobe Steel has a total of four locations that process wire rod into steel wire products used in automotive parts. The other three companies are Kobe Wire Products (Foshan) Co., Ltd., Kobelco Spring Wire (Foshan) Co., Ltd., and Jiangyin Sugita Fasten Spring Wire Co., Ltd. China is the world's largest car market, and demand for special steel is anticipated to remain strong. Through these companies, Kobe Steel aims to continue meeting the local procurement needs of automobile and car parts manufacturers in China.

#### Capacity Expansion Plan

Investment amount: About 1.3 billion yen  
Details of investment: Installation of pickling equipment

#### Pickling Equipment

Previous number of units: 1  
Current number of units: 2



### **Production capacity**

Previous capacity: About 3,500 metric tons per month

Current capacity: About 4,900 metric tons per month

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

Chairman: Hideki Watanabe (concurrently General Manager, Wire Rod & Bar Products Sales Department, Iron & Steel Business, Kobe Steel)

President: Hirofumi Tai (dispatched from Kobe Steel)

Business: Manufacture and sale of CHQ steel wire

Location: Pinghu, Zhejiang Province, China

Capital: 1,775 million yen

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

Employees: 140 (at the end of March 2017)

Established: November 2007

Start-up: July 2009

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