

Revisions of Forecast for the Fiscal Year Ending March 31, 2019

Company name: TOWA CORPORATION
 Stock exchange listings: First Section of Tokyo Stock Exchange
 Code number: 6315
 URL: <http://www.towajapan.co.jp>
 Representative: Hirokazu Okada, President and CEO
 Contact person: Nobutaka Shibahara, Division Manager of Corporate Planning Div.
 Telephone number: (+81)75-692-0251

In light of recent changes in business performance, the board of directors of TOWA CORPORATION (“the Company”) resolved today to revise the forecast of the results for interim and year-end of the fiscal year ending March 31, 2019 (“FY2018”) announced on May 10, 2018 (“the Previous Forecast”).

● Revised forecast

1. Consolidated

(1) Revisions of forecast for the interim FY2018 (From April 1 to September 30, 2018)

	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)	16,700	2,000	2,000	1,450	57.98
Revised forecast (B)	15,290	870	950	880	35.19
Change (B – A)	- 1,410	- 1,130	- 1,050	- 570	
Rate of change (%)	- 8.4	- 56.5	- 52.5	- 39.3	
(Ref.) Results of the interim FY 2017 (April 1 to Sep. 30, 2017)	15,605	2,491	2,471	1,657	66.27

(2) Revisions of forecast for the year-end of FY2018 (From April 1, 2018 to March 31, 2019)

	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)	33,500	4,000	4,000	2,900	115.96
Revised forecast (B)	31,300	1,900	2,000	1,600	63.98
Change (B – A)	- 2,200	- 2,100	- 2,000	- 1,300	
Rate of change (%)	- 6.6	- 52.5	- 50.0	- 44.8	
(Ref.) Results of FY 2017 (April 1, 2017 to March 31, 2018)	31,010	3,682	3,540	3,026	121.02

2. Non-Consolidated

(1) Revisions of forecast for the interim FY2018 (From April 1 to September 30, 2018)

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Previous Forecast (A)	15,200	1,000	700	27.99
Revised forecast (B)	13,270	50	35	1.40
Change (B – A)	- 1,930	- 950	- 665	
Rate of change (%)	- 12.7	- 95.0	- 95.0	
(Ref.) Results of the interim FY 2017 (April 1 to Sep. 30, 2017)	14,331	1,373	1,101	44.06

(2) Revisions of forecast for the year-end of FY2018 (From April 1, 2018 to March 31, 2019)

	Net sales	Ordinary income	Net income	Net income per share
	Million Yen	Million Yen	Million Yen	Yen
Previous Forecast (A)	30,500	2,000	1,400	55.98
Revised forecast (B)	26,000	200	150	6.00
Change (B – A)	- 4,500	- 1,800	- 1,250	
Rate of change (%)	- 14.8	- 90.0	- 89.3	
(Ref.) Results of FY 2017 (April 1, 2017 to March 31, 2018)	28,475	1,741	2,082	83.25

< Reasons for the revise >

In 1Q and 2Q of FY2018, semiconductor manufacturers reduced their capital investment because prices of NAND type flash memories declined and demands for semiconductors for cryptocurrency transaction dropped radically. Under such circumstances, the Company expects it will not be able to achieve the forecast for the net sales of the interim FY2018 mentioned in the Previous Forecast. In addition, the Company also expects each income of the interim FY2018 will not reach the amount mentioned in the Previous Forecast mainly because (i) the percentage of profitable products in sales has decreased due to (a) adjustment by memory chip manufacturers of their manufacturing volume and (b) decline of demands for smartphones; and (ii) the profitability has decreased as the result of coping with some customers' request for special specification.

In 3Q and 4Q of FY2018, though just-started laser processing equipment business will contribute to the increase of net sales, net sales of 3Q and 4Q will not reach the amount mentioned in the Previous Forecast because lately the momentum of semiconductor manufacturing equipment market slows down and the market situations becomes more difficult to foresee under such circumstances as trade war between USA and China which makes customers' decision on capital investment more careful. In addition to the decrease in net sales, the Company also expects it will not be able to achieve the forecast for each income of 3Q and 4Q mentioned in the Previous Forecast because fiercer price competition with competitors is expected under the current situation where customers refrain from making capital investment.

Accordingly, the Company revises the forecast of the results for interim and year-end of FY2018 mentioned in the Previous Forecast as the above.

Forecast for the cash dividend remains unchanged from the Previous Forecast (16 yen per share).

[Note] The above forecasts reflect the Company's judgments and assumptions based on available information as of the announcement date and actual results could differ from the forecasts for various reasons.