November 11, 2016

Notice Concerning Posting of Non-operating Expense (Foreign Exchange Loss), Differences between Forecasts and Actual Results for the First Half, and Revision to the Full-year Business Forecasts

Ferrotec Corp. posted non-operating expenses (foreign exchange loss) in the consolidated first half of the fiscal year ending March 2017 (April 1, 2016 – September 30, 2016). The company announces that there are differences between consolidated business forecasts for the consolidated first half of the fiscal year ending March 2017 which were announced on May 13, 2016 and actual results as follows.
In addition, in consideration of the current business performance, the company revised its consolidated full-year business forecasts for the fiscal year ending March 2017 which were announced on May 13, 2016 as follows.

1. Posting of foreign exchange loss

For the consolidated first half of the fiscal year ending March 2017, the Company posted a foreign exchange loss of 1,122 million yen as a non-operating expense due to the exchange fluctuation. This loss is primarily the result of the revaluation of foreign currency-denominated receivables and payables using foreign exchange rates as of the end of the second quarter. This loss may change depending on upcoming movements in foreign exchange rates.

2. Differences between forecasts and actual results for the first half of the fiscal year ending March 2017 (April 1, 2016 – September 30, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	37,000	2,370	1,740	1,250	40.57
Actual results (B)	37,650	3,376	2,107	1,033	33.56
Increase/decrease (B-A)	650	1,006	367	-217	
Percentage change (%)	1.8	42.4	21.1	-17.40	
(Ref.)Previous results (FY3/16 1H)	33,615	1,942	1,888	1,202	39.02

3. Reasons for the differences between consolidated first half business forecasts and actual results

Sales were in line with the forecast mainly because of consistent orders for materials used in semiconductor manufacturing equipment from the beginning of this year. Operating income was higher than the forecast because a change in the product mix increased the benefits of mass production. Ordinary income was affected by a foreign exchange loss caused by the yen appreciation. Net income attributable to owners of parent was affected by taxes deducted from dividends received from foreign subsidiaries and the extraordinary loss due to the disposal of some manufacturing equipment.

4. Revision to consolidated full-year business forecasts for the fiscal year ending March 2017
(April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	75,000	5,000	4,200	3,000	97.37
Actual results (B)	75,000	5,800	4,700	2,900	94.12
Increase/decrease (B-A)	-	800	500	-100	
Percentage change (%)	-	16.0	11.9	-3.3	
(Ref.)Previous results (FY3/16 2Q)	69,463	4,024	3,822	2,162	70.18

5. Reasons for revision to consolidated full-year business forecasts

With regard to the full-year business forecasts, sales remains unchanged from the previous forecast as the photovoltaic-related market showed a signs of slowdown due to the reactionary fall from the lush demand, although the capital investment in manufacturing equipments for semiconductor and FPD, and capacity utilization rate are expected to be strong. Earnings are presented in consideration of the changes in the forecasts and actual results for the first half, as the yen-appreciation trend continues. The assumed foreign exchanges rates remain unchanged from 105JPY/1USD.

(Note) The above forecasts are based on information available at the time of the announcement.
Actual results may differ from the forecasts due to various factors.