

May 10, 2019

Notice of Extraordinary Losses and Revision to Business Forecasts

Ferrotec Holdings Corporation announces that the Company has recorded extraordinary losses for the fiscal year ended March 2019. In addition, the Company has revised its business forecasts for the fiscal year ended March 2019, which were announced on November 14, 2018.

1. Details for recording of extraordinary losses

As part of its business structural reforms, the Group has announced its policy of withdrawing from the Photovoltaic Business in the fiscal year ending March 2020.

With this, the Company recognized an impairment loss on the assets of its Photovoltaic Business in the third quarter of the fiscal year ended March 2019, and recognized an additional impairment loss in the fourth quarter. As a result, the Company plans to record extraordinary losses (impairment losses) of about 2,100 million yen in the fiscal year.

Moreover, as announced in the "Notice of Withdrawal from CVD-SiC Business at Korean Subsidiaries" dated April 16, 2019, the Company also record an extraordinary loss (impairment loss) of about 300 million yen for CVD furnaces due to the withdrawal from the production of CVD-SiC products in South Korea.

2. Details for the revision to full-year business forecasts

Revision to consolidated full-year business forecasts for the fiscal year ended March 2019
(April 1, 2018 to March 31, 2019)

	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)	92,000	9,800	8,500	5,300	143.23
Revised forecasts (B)	89,400	8,700	8,000	2,800	75.67
Change (B-A)	-2,600	-1,100	-500	-2,500	
Change rate (%)	-2.8	-11.2	-5.9	-47.2	
(Reference) Previous results (FY3/18)	90,597	8,437	7,157	2,678	77.08

3. Reason for revision to the full-year business forecasts

As for the full-year business forecast, the Company has downwardly revised its net sales, operating income, ordinary income and net income attributable to owners of parent. Down in net sales is due to following factors: withdrawal from sales of the Group's original products in the Photovoltaic Business, and decrease in orders for contract manufacturing service for manufacturing facilities affected by the lower investment willingness by organic EL and device manufacturers. Down in operating income and ordinary income is due to a valuation loss on inventories in the Photovoltaic Business. Down in net income attributable to owners of parent is due to recording of extraordinary losses such as impairment losses of photovoltaic production facilities and impairments of CVD-SiC equipment in South Korea, as described above.

The year-end dividend will remain unchanged at 12 yen per share.

(Note) The above business forecasts in this material are based on information available at the time this report was prepared. Therefore, actual results may differ from the above forecasts due to various factors. For actual results, please refer to the summary of financial results which is planned to be announced on May 15, 2019.