

November 7, 2019

Notice of Non-operating Expenses and Revision to Business Forecasts

Ferrotec Holdings Corporation announces that the Company has revised its consolidated business forecasts for the second quarter and for the full year of the fiscal year ending March 2020 that were announced on May 15, 2019. Details are as follows.

1. Revision to consolidated business forecasts for the cumulative second quarter of the fiscal year ending March 2020 (April 1, 2019 to September 30, 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)	45,000	4,300	4,000	2,300	62.14
Revised forecasts (B)	41,800	3,500	2,400	1,500	40.47
Change (B-A)	-3,200	-800	-1,600	-800	
Change rate (%)	-7.1	-18.6	-40.0	-34.8	
(Reference) Previous results (FY3/19 2Q)	45,230	5,069	4,866	2,825	76.37

1. Reasons for revision to the business forecast for the second quarter of the fiscal year ending March 2020 and recording of non-operating expenses

Net sales are expected to decrease by 3,200 million yen due to low capacity utilization rates at device manufacturers in the electronics industry to which we belong.

Operating income is expected to decrease by 800 million yen. In addition to the lower net sales mentioned above, the decline is due to the recording of 462 million yen in provision of allowance for doubtful accounts, as it is expected to be difficult to collect receivables from Chinese clients of our Chinese subsidiary.

Ordinary income is expected to decrease by 1,600 million yen. In addition to the lower operating income, the decline is because our Chinese subsidiary recorded foreign exchange losses of 984 million yen as non-operating expenses, due to the appreciation of the yen against the yuan.

Net income attributable to owners of parent is expected to decrease by 800 million yen for the above reasons.

Revision to consolidated full-year business forecasts for the fiscal year ending March 2020

(April 1, 2019 to March 31, 2020)

	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	8,800	8,100	4,700	126.98
Revised forecasts (B)	85,000	6,500	4,500	2,500	67.45
Change (B-A)	-7,000	-2,300	-3,600	-2,200	
Change rate (%)	-7.6	-26.1	-44.4	-46.8	
(Reference) Previous results (FY3/19)	89,478	8,782	8,060	2,845	76.90

4. Reason for revision to the full-year business forecasts for the fiscal year ending March 2020

We forecast net sales of 85,000 million yen as device manufacturers in the electronics industry, to which we belong, are expected to be still in the adjustment phase, and the capacity utilization rates will not be recovered soon.

We forecast operating income, ordinary income, and net income attributable to owners of parent of 6,500 million yen, 4,500 million yen, and 2,500 million yen, respectively, due to the impact of revised business forecasts for the second quarter, in addition to the above reasons.

*The above forecasts are based on information available as of the date of announcement of this document. Actual results may differ from the forecasts due to various factors.