February 7, 2019

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
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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 the fiscal year ending March 31, 2019 ("FY2018") announced on October 29, 2018 ("the Previous Forecast").

●Revised forecast

1. Consolidated

Revisions of forecast for 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
Previous Forecast (A)	Million Yen 31,300	Million Yen 1,900	Million Yen 2,000	Million Yen 1,600	Yen 63.98
Revised forecast (B)	28,250	550	550	500	19.99
Change (B－A)	- 3,050	- 1,350	- 1,450	- 1,100	
Rate of change (%)	- 9.7	- 71.1	- 72.5	- 68.8	
(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

Revisions of forecast for FY2018 (From April 1, 2018 to March 31, 2019)

	Net sales	Ordinary income	Net income	Net income per share
Previous Forecast (A)	Million Yen 26,000	Million Yen 200	Million Yen 150	Yen 6.00
Revised forecast (B)	23,400	- 1,050	- 750	- 29.99
Change (B－A)	- 2,600	- 1,250	- 900	
Rate of change (%)	- 10.0	—	—	
(Ref.) Results of FY 2017 (April 1, 2017 to March 31, 2018)	28,475	1,741	2,082	83.25

＜Reasons for the revise＞

The situation surrounding the Company is getting worse day by day because most of the customers passed up their capital investment due to the decline of demands for smartphones, price drop of memory chips and worsened trade war between USA and China.

Now the bottom of this decline beyond our expectations is unforeseeable, the Company expects the demands of the customers will not recover during and after the fourth quarter like the third quarter and expects the net sales will decrease significantly.

Though the Company and its related companies implement further cost cuts and cut selling, general and administrative expenses to cope with this serious market situation, the Company still expects each income will also decrease significantly from the first forecast based on the following reasons:
(i) In addition to the net sales decrease, product mix is getting worse, i.e. sales volume of the equipment for manufacturing high end devices is expected to decrease significantly; and
(ii) The platform (standard part of the equipment not affected by customization for each customer) and other materials the Company ordered before receiving a definitive order will become existing inventories (inventories stored longer than the term stipulated in in-house rules) when customers change their investment plan and such inventories generate valuation loss in accounting.

Accordingly, the Company revises the forecast for FY2018 as the above.
Forecast for the cash dividend remains unchanged from the forecast announced on May 10, 2018 (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 considerably for various reasons.