



October 28, 2016

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## Notice of Revisions of Financial and Dividend Forecasts

Based primarily on recent business trends, ESPEC CORP. hereby revises the consolidated financial forecasts and year-end dividend forecast previously announced on May 13, 2016 for the first half of fiscal 2016 and the full year of fiscal 2016, the year ending March 31, 2017, as shown below.

### Description

#### 1. Revision of financial forecasts

Revision of consolidated financial forecast figures for the first half of fiscal 2016  
 (from April 1, 2016 to September 30, 2016)

|   | Net Sales             | Operating Income     | Ordinary Income      | Profit attributable to owners of parent | Net Income Per Share |
|---|-----------------------|----------------------|----------------------|---|----------------------|
| Previous Forecast (A)<br>(May 13, 2016)   | Million Yen<br>18,000 | Million Yen<br>1,400 | Million Yen<br>1,450 | Million Yen<br>1,000                    | Yen<br>43.84         |
| Revised Forecast (B)  | 17,250                | 1,009                | 833                  | 512                                     | 22.47                |
| Difference (B-A)  | (749)                 | (390)                | (616)                | (487)                                   |                      |
| Difference as Percentage (%)  | (4.2)                 | (27.9)               | (42.5)               | (48.8)                                  |                      |
| (Reference)<br>Results for the first half of<br>Previous Period<br>(Fiscal Year Ended March 2016) | 16,136                | 1,133                | 1,274                | 802                                     | 34.70                |

Revision of consolidated financial forecast figures for fiscal 2016  
 (from April 1, 2016 to March 31, 2017)

|  | Net Sales             | Operating Income     | Ordinary Income      | Profit attributable to owners of parent | Net Income Per Share |
|--|-----------------------|----------------------|----------------------|---|----------------------|
| Previous Forecast (A)<br>(May 13, 2016)                                      | Million Yen<br>39,000 | Million Yen<br>3,600 | Million Yen<br>3,700 | Million Yen<br>2,600                    | Yen<br>113.98        |
| Revised Forecast (B)   | 38,000                | 3,000                | 2,850                | 2,000                                   | 87.72                |
| Difference (B-A)   | (1,000)               | (600)                | (850)                | (600)                                   |                      |
| Difference as Percentage (%)   | (2.6)                 | (16.7)               | (23.0)               | (23.1)                                  |                      |
| (Reference)<br>Results for Previous Period<br>(Fiscal Year Ended March 2016) | 39,035                | 3,521                | 3,570                | 2,410                                   | 104.75               |

#### Reasons for the revisions

With regard to the consolidated financial results for the first half of fiscal 2016, ending March 31, 2017, although the amount of orders-received exceeded their target, the Company expects net sales to be lower than previously forecast due to factors that include delayed order timing for some projects and an increase in large orders with long delivery periods that were not recorded in net sales for the first half of the fiscal year under review. On the earnings front, earnings are expected to fall significantly short of the previously announced financial forecasts, mainly due to the impact of product mix changes and foreign exchange rate fluctuations. Accordingly, the Company regrets that it has had to revise its consolidated performance forecast.

Also, the full-year consolidated financial forecast for fiscal 2016 will be revised downward in light of such factors as the results for the first half of the fiscal year and customers' capital investment trends.

#### 2. Revision of dividend forecasts

##### Revision of year-end dividend forecasts for fiscal 2016

|  | Cash Dividends Per Share       |                   |                 |
|--|--------------------------------|-------------------|-----------------|
|  | End of 2 <sup>nd</sup> Quarter | Year-end Dividend | Annual Dividend |
| Forecast Previously Announced<br>(May 13, 2016)                              | Yen<br>12.00                   | yen<br>24.00      | yen<br>36.00    |
| Forecast Announced Today   | 12.00                          | 20.00             | 32.00           |
| Results for The Current<br>Fiscal Year                                       |                                |                   |                 |
| (Reference)<br>Results for Previous Period<br>(Fiscal Year Ended March 2016) | 9.00                           | 23.00             | 32.00           |

#### Reasons for the revisions

The company decides dividends in consideration of continuity and consolidated dividend payout ratio, and we regard the return of profits to shareholders as one of our priority management challenges.

As mentioned above, the Company now expects its full-year consolidated financial results for fiscal 2016 to fall the previously forecast figures. Accordingly, the Company regrets that it plans to decrease the year-end dividend by 4 yen per share to 20 yen.

As a result, the annual dividend forecast is now 32 yen per share.

Note: It should be noted that the above financial forecasts were compiled based on the management's reasonable assessment of the information available at the time of the compilation, and may change due to factors that may arise in the future.