

SHIMA SEIKI MFG., LTD.

Representative: Mitsuhiro Shima, President

Code number: 6222

Stock listings: Tokyo Stock Exchange (1st section)

Notice regarding revision of earnings forecast and dividend forecast

SHIMA SEIKI MFG., LTD. (the "Company") announces that it has revised its earnings forecast and dividends forecast for the fiscal year ending March 31, 2019 announced on May 8, 2018 based on recent performance trends.

Notes

1. Revision to consolidated earnings forecast for the year ending March 31, 2019

(1) Revised consolidated earnings forecast for the 2nd quarter of the year ending March 31, 2019

(April 1, 2018—September 30, 2018)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	34,000	6,300	6,600	4,800	Yen 131.46
Revised forecast (B)	28,200	4,300	4,600	3,300	90.38
Increase or decrease (B-A)	-5,800	-2,000	-2,000	-1,500	—
Percentage change (%)	-17.1	-31.7	-30.3	-31.3	—
<Reference> Previous results (2 nd quarter of FY2017)	35,569	8,060	8,884	6,529	188.19

(2) Revised consolidated earnings forecast for the year ending March 31, 2019

(April 1, 2018—March 31, 2019)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	76,000	16,000	16,000	11,500	Yen 314.96
Revised forecast (B)	58,000	8,000	8,200	6,000	164.33
Increase or decrease (B-A)	-18,000	-8,000	-7,800	-5,500	—
Percentage change (%)	-23.7	-50.0	-48.8	-47.8	—
<Reference> Previous results (FY2017)	71,858	14,905	15,525	11,279	316.82

2. Revision to non-consolidated earnings forecast for the year ending March 31, 2019

(1) Revised non-consolidated earnings forecast for the 2nd quarter of the year ending March 31, 2019
(April 1, 2018 – September 30, 2018)

(Millions of yen)

	Net sales	Ordinary income	Net income	Net income per share
Previous forecast (A)	28,000	4,700	3,500	Yen 95.86
Revised forecast (B)	20,800	2,900	2,300	62.99
Increase or decrease (B-A)	-7,200	-1,800	-1,200	—
Percentage change (%)	-25.7	-38.3	-34.3	—
<Reference> Previous results (2 nd quarter of FY2017)	31,252	6,965	5,083	146.53

(2) Revised non-consolidated earnings forecast for the year ending March 31, 2019
(April 1, 2018 – March 31, 2019)

(Millions of yen)

	Net sales	Ordinary income	Net income	Net income per share
Previous forecast (A)	64,000	11,500	8,000	Yen 219.11
Revised forecast (B)	46,200	5,200	3,800	104.08
Increase or decrease (B-A)	-17,800	-6,300	-4,200	—
Percentage change (%)	-27.8	-54.8	-52.5	—
<Reference> Previous results (FY2017)	61,038	10,435	7,495	210.53

3. Reasons behind the revisions

During the cumulative second quarter of the fiscal year ending March 31, 2019, while the introduction of WHOLEGARMENT[®] flat knitting machines expanded steadily, capital investment in computerized flat knitting machines was subdued in Bangladesh, which is an OEM apparel production center for developed countries and reflects the unstable domestic political situation. Furthermore, sales of computerized flat knitting machines for the production of shoes, which had been growing in the Asian market in recent years, dropped more than expected as the competitive environment became increasingly harsh. As a result, with sales falling below our initial forecast and selling and administrative expenses increasing, profits are expected to fall below our initial forecast at all levels. We also hereby revise our forecast for our full-year financial results given that a rapid recovery in the above-mentioned markets cannot be anticipated in the second half and that the outlook is becoming more and more uncertain due to the trade friction between the United States and China as well as the currency depreciation in Turkey in the Middle East. The assumed exchange rate for the second half of the fiscal year is 110 JPY/USD and 130 JPY/EUR.

4. Revision to dividends forecast

	Dividend per share		
	2 nd quarter	Year-end	Total
Previous forecast (May 8, 2018)	35.00 Yen	45.00 Yen	80.00 Yen
Revised forecast	30.00	Not decided	—
Current results	—		
Previous results (FY2017)	25.00	35.00	60.00

5. Reasons behind the revisions

As for the dividend as of the end of the fiscal second quarter, taking into consideration the above-mentioned revision of our financial forecast, we regrettably revise our forecast from 35.00 yen to 30.00 yen per share. Regarding the year-end dividend, we would like to determine the amount upon comprehensive consideration of our performance and financial situation going forward, therefore would like to keep it unfixed at this time.

* The above forecast of financial performance is based on information currently available to the Company, as well as certain assumptions deemed reasonable, and is not intended as a commitment by the Company to achieve such results. The actual results may differ significantly due to various factors.