

**News Release**  
**February 4, 2019**

**Revision of Dividend Forecast for Fiscal Year 2018**

KITZ Corporation (hereinafter “KITZ”) hereby announces the revision of the company’s dividend forecast for fiscal year 2018.

**1. Revision of dividend forecast**

	Dividend per share		
	Interim	Year-end	Total
Previous Forecast (May 8 <sup>th</sup> , 2018)	8.00 yen	11.00 yen	19.00 yen
Revised Forecast	8.00 yen	12.00 yen	20.00 yen
Actual Dividend	8.00 yen		
(Ref.) Previous Results (FY2017)	7.00 yen	10.00 yen	17.00 yen

**2. Reason of the revision**

Returning profits to shareholders by cash dividend is one of the highest priorities of KITZ. The Company’s stance is to place importance on the consistency and stability of the dividend while taking into account a number of factors. These factors include current results of operations and the need for funds for capital investment, development, M&A and other activities needed for growth. Another factor is the need to increase retained earnings to provide funds for repaying loans and redeeming bonds.

At present, based on the above-stated considerations KITZ believes that a dividend payout ratio of about 25% of net income attributable to owners of the parent is appropriate.

As stated in “Announcement of Goodwill impairment loss and Revisions of FY2018 financial forecasts”, the valve manufacturing business is in good condition. Thus, the company forecast record-high operating income and ordinary income in FY2018. On the other hand, the forecasted net income attributable to owners of the parent was revised downward because of the goodwill impairment loss.

Considering the above, the company decided to calculate dividend forecast based on the net income attributable to owners of the parent by excluding the effect of the goodwill impairment loss. Thus, the company would be change year-end dividend forecast from 11.00 yen to 12.00 yen. As a result, total dividend of FY2018 would be 20.00 yen including interim dividend. For your reference, the forecasted dividend per share 20.00 yen is record-high since going public.

Based on the above, the forecasted dividend ratio in FY2018 would be 36.3%. For your reference, it would be 24.7% in case of excluding the goodwill impairment loss.

(Note) The above figures are forecasts based on the information available to management as of the date here of. Actual results may differ from these forecasts due to various factors.