

News Release
October 30, 2019

**Announcement of Revisions of Financial Forecast and
Dividend Forecast for Fiscal Year March 2020**

KITZ Corporation (hereinafter “KITZ”) hereby announces revisions of Financial Forecast and Dividend Forecast for Fiscal Year March 2020 as follows.

1. The revision to Financial Forecast

Revision to the full-year forecast for Fiscal Year March 2020 (April 1, 2019 to March 31, 2020)

(million yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income per share (Yen)
Previously announced forecast (A) (Announced on 13 th May, 2019)	133,000	10,000	9,700	6,400	68.49
Revised forecast (B)	124,000	6,500	6,300	4,300	46.20
Change (B-A)	(9,000)	(3,500)	(3,400)	(2,100)	
Rate of change	(6.8%)	(35.0%)	(35.1%)	(32.8%)	
(Reference) Result of Fiscal Year March 2019	136,637	11,713	11,883	5,625	58.50

2. Reason for the revision

KITZ has revised downward its full-year forecast for the following reasons.

In valve manufacturing business, the recovery in demand of valves for semiconductor manufacturing equipment, which had been expected to recover in the second half, will be delayed into the next fiscal year and onward. In the domestic market, the accumulation of market (distributors) inventories, mainly valves for building facilities, continues. In overseas markets, due to the prolonged trade friction between the United States and China, demand of valves remain sluggish in some areas.

In brass bar manufacturing business, selling price and sales volumes are expected to continue declining due to down trend of copper market.

Profits declined due to lower sales, especially, sales of domestic commercial valves which generate stable profit fell sharply compared with the previous fiscal year. The decline in sales volume also affected the progress of our cost reduction activities.

3. Revision of dividend forecast

	Annual Dividend		
	Interim	Year-end	Total
Previous Forecast (May 13 th , 2019)		14.00 yen	24.00 yen
Revised Forecast		10.00 yen	20.00 yen
Actual Dividend (Reference)	10.00 yen		
Results of Fiscal Year March 2019	8.00 yen	12.00 yen	20.00 yen

4. Reason for 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 35% of net income attributable to owners of the parent is appropriate.

In case we calculate based on the above policy, the dividend per share would be 17.00 yen (year-end : 7.00 yen). But considering the importance of consistency and stability of the dividend, KITZ has decided to revise dividend forecast to 20.00 yen (year-end : 10.00 yen) . In that case, the forecasted dividend ratio would be 43.3%.

(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.