

July 31st, 2018

To whom it may concern,

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Announcement of Goodwill impairment loss, Differences between first half of financial result and its forecast and Revisions of FY2018 financial forecasts

Nabtesco Corporation (hereinafter, "the Company") hereby announces that goodwill impairment loss during the FY2018 first half period (consolidated). Additionally the company announces that there are differences between FY2018 first half forecast and the result (consolidated). Furthermore it has revised the full-year financial forecast (consolidated) announced on July 31, 2018 based on recent developments in its business performance as follows:

1. The details of goodwill impairment loss

After reviewing the latest business plan of OVALO GmbH which is subsidiary located in Germany with current changing business circumstances, the company decided to make goodwill impairment loss because the company recognized underperformance which the company expected at the original plan. Based on IFRS, after impairment tested by the company as well as checking the future return, the company has recorded impairment loss of 5,249 Million yen on first half of FY2018 financial terms.

2. Revision to First Six-month Period of FY2018 (January 1, 2018 to June 30, 2018)

(1) Revision to First Six-month Period of FY2018

(Million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to parent company shareholders	Net income per share (Yen)
Previously announced forecast (A) (Announced on Feb.9th, 2018)	150,000	14,500	15,700	10,500	85.12
Result (B)	142,555	6,387	13,038	7,886	63.62
Change (B-A)	(7,445)	(8,113)	(2,662)	(2,614)	-
Rate of change (%)	(5.0)	(56.0)	(17.0)	(24.9)	-

(2) Reason for the revision

As mentioned above, the Company recorded the impairment loss of goodwill as operating loss on first half of FY2018 financial terms as well as slowed down of component solution segment's business and low turnover of subsidiary of transport solution segment.

3. The revision to Financial Forecast

(1) Revision to the full-year forecast for consolidated FY 2018 (January 1, 2018 to December 31, 2018)
(Million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to parent company shareholders	Net income per share (Yen)
Previously announced forecast (A) (Announced on Feb.9th, 2018)	308,000	32,600	35,900	25,700	208.34
Revised forecast (B)	307,000	25,000	33,600	23,600	190.41
Change (B-A)	(1,000)	(7,600)	(2,300)	(2,100)	-
Rate of change (%)	(0.3)	(23.3)	(6.4)	(8.2)	-

(2) Reason for the revision

The company recorded impairment loss of goodwill on first half of FY2018. After reviewing each business circumstances, the company prospects lower net sales and operating income than previous announced forecast.

There is no change to dividend at FY2018.

4. Reference information

Fully year forecast for consolidated FY2018 by each segment (January 1, 2018 through December 31, 2018)

[Net sales] (Million yen)

	Component	Transport	Accessibility	Others	Headquarter and elimination	Total
Previously announced forecast (A) (Announced on February 9th, 2018)	129,500	83,600	75,500	19,400	-	308,000
Revised forecast (B)	128,800	84,400	75,800	18,000	-	307,000
Change (B-A)	(700)	800	300	(1,400)	-	(1,000)
Rate of change (%)	(0.5)	1.0	0.4	(7.2)	-	(0.3)

[Operating income] (Million yen)

	Component	Transport	Accessibility	Others	Headquarter and elimination	Total
Previously announced forecast (A) (Announced on February 9th, 2018)	23,800	9,300	6,000	2,300	(8,800)	32,600
Revised forecast (B)	22,800	2,800	5,200	2,500	(8,300)	25,000
Change (B-A)	(1,000)	(6,500)	(800)	200	500	(7,600)
Rate of change (%)	(4.2)	(69.9)	(13.3)	8.7	-	(23.3)

(Note) The above figures are forecasts based on the information available to management as of the date hereof.

Actual results may differ from these forecasts due to various factors.