

For immediate release
November 6, 2019

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Sanden Holdings Corporation

Notice of Forecast Revisions and Expected Extraordinary Income and Loss

Sanden Holdings Corporation has made the following revisions to the forecasts announced on May 15, 2019 for consolidated sales and earnings in the fiscal year ending March 31, 2020 based on recent results of operations and the outlook for sales and earnings.

1. Forecast Revisions

(1) Consolidated Forecast for the Fiscal Year Ending March 2020 (April 1, 2019 - March 31, 2020)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	275,000	3,000	2,500	500	18.07
Revised forecast (B)	215,000	500	(4,000)	9,000	324.92
Amount of change (B-A)	(60,000)	(2,500)	(6,500)	8,500	
Percent of change (%)	(21.8)	(83.3)	-	-	
(Reference) Results of previous fiscal year ended March 2019	273,934	889	564	(23,060)	(833.58)

(2) Reasons for Revision

As was announced on October 1, 2019 in a release titled "Notice of the Completion of Sale of Shares of Sanden Retail Systems Corporation," all shares of Sanden Retail Systems, which was a consolidated subsidiary of Sanden Holdings, were sold to SDRS Holdings Corporation, a company established by an investment from a business entity operated by Integral Corporation. Due to this sale, Sanden Holdings expects decreases in the sales and earnings of the Commercial Store Systems Business and expects to post gain on sales of shares of subsidiaries and associates as extraordinary income.

The sales and operating income forecast revisions reflect two factors. The first is the declines in sales and operating income of the Commercial Store Systems Business*. The second is the effect on the Automotive Systems Business of the expected downturn in automobile sales, chiefly in China and India, caused by the U.S.-China trade war, environmental regulations and other reasons.

The revised ordinary income forecast reflects these factors as well as the outlook for a negative impact from the yen's appreciation and a decrease in the sales of entities accounted for using equity method.

The revised forecast for net income reflects these factors as well as the expected extraordinary income.

To reflect recent changes in exchange rates, the assumptions for exchange rates starting in the third quarter of the current fiscal year have been revised from 110 yen to 108 yen to the U.S. dollar and from 125 yen to 120 yen to the euro.

* (Reference) The Commercial Store Systems Business had sales of 69,423 million yen and operating income of 773 million yen in the fiscal year that ended in March 2019.

2. Expected extraordinary income and loss

Sanden Holdings expects extraordinary income and an extraordinary loss as follows in the fiscal year ending in March 2020.

(1) Extraordinary income of about 24 billion yen (gain on sales of shares of subsidiaries and associates)

Sanden Holdings expects to record a gain on the sale of Sanden Retail Systems stock as stated above. More information about this sale is in the release dated August 7, 2019 titled "Notice of Sale of Shares of Sanden Retail Systems Corporation."

(2) Extraordinary loss of about 9 billion yen (structural reform expenses)

Sanden Holdings recorded an extraordinary loss of about 300 million yen in the second quarter of the current fiscal year for an early retirement program with additional benefits at an overseas subsidiary. In addition, an extraordinary loss is expected for an early retirement program with additional benefits and other expenses for structural reforms that were announced on October 2, 2019 in a release titled "Notice of Sanden Group Voluntary Retirement Program."

Precautions concerning this forecast

These forecasts are based on information that is currently available. Actual results of operations may differ from these forecasts for a number of reasons. A list of important factors that may affect actual results of operations is shown below. This is not a complete list and there may be other significant factors.

1. Changes in the economies of individual countries 2. Exchange rate movements 3. Changes in prices of raw materials and parts 4. Natural disasters 5. Development of new products 6. Potential risk factors involving international business activities and the start of overseas operations (revisions to national laws and regulations, political and economic changes, wars and other sources of social disruption, labor disputes, marine transport strikes, and other events) 7. Price wars 8. Dependence on the performance of customers 9. Limits on the ability to protect intellectual property 10. Product liability litigation 11. Revisions to laws and regulations of local governments