

Notice regarding Revisions to Business Forecasts.

Based on recent business trend, STAR MICRONICS CO., LTD. has revised its business forecasts announced on April 12, 2017 as follows.

1. Revision of Consolidated Business Forecasts for the First Half of Fiscal 2018 (March 1, 2017 to August 31, 2017)

	Net Sales (Millions of yen)	Operating Income (Millions of yen)	Ordinary Income (Millions of yen)	Net Income Attributable to Owners of Parent (Millions of yen)	Net Income Per Share (Yen)
Previous Forecasts: A	24,200	1,680	1,780	1,300	34.86
Revised Forecasts: B	27,850	2,230	2,540	1,840	49.37
Change: B-A	3,650	550	760	540	
Change: B vs. A (%)	15.1	32.7	42.7	41.5	
(Reference) FY2017 Second-quarter	22,979	1,806	1,483	1,060	26.26

2. Revision of Consolidated Business Forecasts for Full-year Fiscal 2018 (March 1, 2017 to February 28, 2018)

	Net Sales (Millions of yen)	Operating Income (Millions of yen)	Ordinary Income (Millions of yen)	Net Income Attributable to Owners of Parent (Millions of yen)	Net Income Per Share (Yen)
Previous Forecasts: A	51,200	4,600	4,800	3,700	99.22
Revised Forecasts: B	56,500	5,100	5,500	4,100	110.36
Change: B-A	5,300	500	700	400	
Change: B vs. A (%)	10.4	10.9	14.6	10.8	
(Reference) FY2017	48,937	3,606	3,583	3,181	81.77

3. Reasons

Looking at consolidated results in the first half, the six-month period from March 1, 2017 to August 31, 2017, of fiscal 2018, the fiscal year ending February 28, 2018, net sales increased on the back of robust trends in orders for automotive-related machine tools in such countries and regions as China and Europe. In addition to the increase in net sales, profits were also favorably impacted by movements in foreign currency exchange rates and the weak yen. Accounting for each of these factors, results came in above initial forecasts.

Turning to consolidated results for the full fiscal year, growth in products for sale in the U.S. market in the Special Products segment and components for hard disk drives (HDDs) in the Precision Products segment is not expected to reach the initially projected levels. On a positive note, this shortfall is anticipated to be more than offset by strong order trends in the Machine Tools segment. On this basis, net sales and profits are both projected to surpass the levels forecast at the beginning of the period.

These projections assume a foreign exchange rate of ¥110 to US\$1, and ¥120 to 1 euro for the third and fourth quarters of fiscal 2018.

*Figures less than one million yen are rounded down. The above forecasts are based on information available to management at the time of release. Investors are warned that a number of uncertainties may cause actual results to differ materially from forecasts.

*The business forecast for net income per share takes into account the impact of the repurchase of shares based on the resolution of the Board of Directors at a meeting held on August 21, 2017.

(Supplemental Information)

Consolidated Forecasts (By Segment)

(Millions of yen)

		First Half of Fiscal 2018				Full-year Fiscal 2018			
		Previous Forecasts	Revised Forecasts	Change		Previous Forecasts	Revised Forecasts	Change	
				Amount	(%)			Amount	(%)
Special Products	Net Sales	5,790	5,730	(60)	(1.0)	12,240	11,720	(520)	(4.2)
	Operating Income	700	720	20	2.9	1,720	1,540	(180)	(10.5)
	Income Ratio (%)	12.1	12.6			14.1	13.1		
Machine Tools	Net Sales	16,340	20,020	3,680	22.5	34,400	40,530	6,130	17.8
	Operating Income	2,080	2,880	800	38.5	4,800	6,020	1,220	25.4
	Income Ratio (%)	12.7	14.4			14.0	14.9		
Precision Products	Net Sales	2,070	2,100	30	1.4	4,500	4,250	(250)	(5.6)
	Operating Income	160	130	(30)	(18.8)	470	290	(180)	(38.3)
	Income Ratio (%)	7.7	6.2			10.4	6.8		
Cloud Services	Net Sales	-	-	-	-	60	-	(60)	-
	Operating Income	(130)	(140)	(10)	-	(100)	(220)	(120)	-
	Income Ratio (%)	-	-			-	-		
Eliminations or Corporate		(1,130)	(1,360)	(230)		(2,290)	(2,530)	(240)	
Consolidated	Net Sales	24,200	27,850	3,650	15.1	51,200	56,500	5,300	10.4
	Operating Income	1,680	2,230	550	32.7	4,600	5,100	500	10.9
	Income Ratio (%)	6.9	8.0			9.0	9.0		

*Cloud Services is included in Special Products in consolidated earnings report and other disclosure information.