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For immediate release

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Notice on Revision of Consolidated Forecasts

NIKKISO CO., LTD. (The Company) hereby announces the revisions of its consolidated forecasts for the fiscal year ending December 2017, which was announced on February 14, 2017, considering its recent business trend and the impact from the acquisition of Cryogenic Industries Group in the US (hereinafter referred to as CI Group) on consolidated financial performance for the fiscal year under review.

1. Revision of Consolidated Forecasts for the Fiscal Year Ending December 2017 (from January 1, 2017 to December 31, 2017)

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of the parent	Net profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	140,000	6,000	5,500	4,500	63.25
Revised forecast (B)	140,000	4,000	3,700	2,500	35.12
Change (B-A)	-	-2,000	-1,800	-2,000	
Change (%)	-	-33.3%	-32.7%	-44.4%	
(For reference) Consolidated results for the previous year (Fiscal year ended December 2016)	132,890	3,844	3,964	2,031	36.93

2. Reasons for Revision

The forecasted decline in operating income is mainly due to advisory fees in connection with the acquisition of shares in CI Group and the booking of goodwill amortization as well as a decrease in income caused by the declining performance of the CRRT business. Other factors include the booking of costs for quality-related issues that have yet to be solved, though the costs decreased about 50% from a year earlier, and the booking of the start-up costs at a new Miyazaki plant and the Aerospace Product Factory in the Higashimurayama Plant.

The impact from CI Group on consolidated performance will be limited since its performance for about four months after the share acquisition are to be included. Regarding the CRRT business, the Company aims to recover its performance at an early stage through a drastic revision of its business structure and a speedup of new equipment development. In respect of measures for quality-related issues, although the Company has made company-wide focused efforts toward the issues as a main theme for the fiscal year under review, there remain some items that have not been completely solved, leading to the incurrence of additional costs. From the next fiscal year, the Company intends to proceed with a drastic transformation of the business structure while nurturing seeds of new business growth on expectation of a rise in LNG demand and an increase in shipments of aerospace components as well as through putting newly developed products on the market and reviewing unprofitable businesses.

Assumed exchange rates changed from 107 yen per US dollar to 112 yen per US dollar and from 117 yen per euro to 132 yen per euro.

Please note that the dividend forecast remains unchanged.

(Reference)

Full-year forecast of CI Group (from August 22, 2017 to December 31, 2017)

	Net Sales	Operating Income
Present forecast (Japanese standards)	Million yen 5,400	Million yen (*) - 290

- After deducting the goodwill amortization of 680 million yen (Provisional value based on reasonable information available at the moment)

The Company plans to voluntarily adopt IFRS from the year-end results for the fiscal year ending December 2017. The main impact from adopting IFRS is an elimination of goodwill amortization (an annual 2,600 million yen), and the following is a consolidated full-year forecast after the impact.

	Sales Revenue	Operating Income	Net Profit
New revised forecast (IFRS)	Million yen 140,000	Million yen 6,800	Million yen 5,300

End