

Notice of Revision to Fiscal Year Forecast

Based on recent performance trends we have made the following revisions to the full-year operating results forecast for the fiscal year ending December 31, 2019 (January 1, 2019 through December 31, 2019) which was announced on August 8, 2019.

1. Revision to consolidated operating results forecast for the fiscal year ending December 31, 2019 (January 1, 2019 through December 31, 2019) (Millions of yen) (Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
Original Forecast (A) (Announced August 8, 2019)	600,000	67,000	62,500	38,000	109.76
Revised Forecast (B)	578,000	57,000	52,000	28,500	82.92
Amount Adjusted (B-A)	(22,000)	(10,000)	(10,500)	(9,500)	
Percent Adjusted(%)	(3.7)	(14.9)	(16.8)	(25.0)	

For the second half of fiscal 2019, we assume average exchange rates of ¥110 to the U.S. dollar and ¥120 to the euro, as well as a domestic naphtha price of ¥41,000 per kiloliter.

2. Reason for revision

The global economic slowdown has resulted in sluggish demand in our main business segments of Vinyl Acetate and Isoprene, mainly for automotive, display, electric and electronic device applications. Since no major changes in immediate demand appear to be imminent during the fourth quarter of fiscal 2019, the sales and the incomes are expected to be behind the previously announced forecast.

For net income attributable to owners of the parent, in third quarter, we have recognized an extraordinary loss of about JPY14 billion including the settlement amount and the insurance income totaling about JPY10 billion as part of extraordinary income in connection with a fire incident that occurred in May 2018 at a group subsidiary in the United States.

3. Future outlook

We are not positioned to reasonably estimate the extent of losses that may be additionally incurred and, therefore, have not included such amounts in the consolidated financial statement. We will make an announcement promptly if the revision to the results forecast is considered to require by estimates of losses.

(Note) Results forecasts are calculated based on currently available information and a certain level of assumptions which are deemed to be reasonable. Actual results may vary from the forecasted numbers due to any number of factors.