NEWS RELEASE

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Revisions to Second Quarter and Full-year Consolidated Performance Forecast

AOI TYO Holdings Inc. (TOKYO:3975) hereby revises its forecast of consolidated financial results for second quarter and full-year 2019, which was announced on February 19, 2019, as follows:

1. Revised forecast

(1) Revised forecast of consolidated financial results for January 1 – June 30, 2019

Millions of yen, excepting net income per share

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (¥)
Earlier forecast (A)	32,000	1,100	1,000	500	21.13
Revised forecast (B)	30,600	810	630	250	10.63
(B) – (A)	-1,400	-290	-370	-250	
Percentage of changes	-4.4%	-26.4%	-37.0%	-50.0%	
Reference (2018/2Q results)	30,864	1,746	1,680	1,170	49.22

(2) Revised forecast of consolidated financial results for January 1 – December 31, 2019

Millions of yen, excepting net income per share

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (¥)
Earlier forecast (A)	65,000	2,600	2,500	1,300	54.93
Revised forecast (B)	63,600	2,300	2,150	1,050	44.63
(B) – (A)	-1,400	-300	-350	-250	
Percentage of changes	-2.2%	-11.5%	-14.0%	-19.2%	
Reference (FY2018 results)	64,792	3,433	3,325	1,952	82.48

2. Reasons for the revision of consolidated performance forecast

The Japanese economy showed signs of a standstill during the second quarter of the current consolidated fiscal year. While internal demand experienced a moderate increase with recovery in public investment and personal consumption, sluggish growth in external demand, mainly to Asia, has dampened business sentiment. Combined with intensifying US-China trade frictions, the future outlook of the Japanese economy is increasingly uncertain.

Operating in this environment, the AOI TYO Group recorded cumulative consolidated second quarter net sales lower than our earnings forecast. This result was mainly due to sales at certain subsidiaries underperforming plan, while the group saw an increase in orders/sales to major advertising agencies, even under continued strict order acceptance for the benefit of work-style reform.

In addition to the preceding, operating profit, ordinary profit, and net profit all underperformed forecasts, mainly due to extraordinary losses of ¥279 million related to the business reorganization of poorly performing subsidiaries.

We have revised our fiscal year earnings forecast to reflect only the underperformance of the six-month period ending June 2019, given order backlog as of the end of the consolidated second quarter was ¥15,119 million (5.4% increase year on year) and our recent order situation remains strong.

*The forecasts above are based on information available at the time. Actual performance may vary from forecasts due to various factors that may occur in the future.