

24 April 2020

(Progress of disclosure items) Notice of Extraordinary loss and Revisions to Forecasts
for the Fiscal Year Ended 31 March, 2020

Hitachi Zosen Corporation (hereinafter, the “Company”) reports the extraordinary loss and revises its forecasts for the fiscal year ended in March 31, 2020

1. Extraordinary Loss (Devaluation Loss on Investment Securities)

Regarding the details of the extraordinary loss described in the Company's timely disclosure “Notice Regarding Recording of Extraordinary Loss” dated 30 March, the following underlined parts are revised as a result of reviewing the fair value of the shares of Japan Marine United Corporation (hereinafter, “JMU”) held by our Company based on the financial information obtained from JMU.

1. Extraordinary Loss (Loss on Devaluation of Investment Securities)

Our Company posted an extraordinary loss JPY6,500 million due to the devaluation of its investment securities for stocks of Japan Marine United Corporation (hereinafter, “JMU”) in our third quarter of the consolidated fiscal year ending in March 2020 due to JMU's financial deterioration and devaluation of the value of its stocks. However, JMU's earnings continued to deteriorate after the end of the third quarter of the fiscal year ending March 31, 2020, and the market value of JMU's stock was expected to fall significantly further at the end of the fiscal year ending March 31, 2020, an additional impairment loss of JPY3,300 million will be posted. As a result, a total of JPY9,800 million in devaluation loss on investment securities is recorded as an extraordinary loss for the fiscal year ending March 31, 2020.

2. FY2019 Consolidated Financial Forecasts

Despite the extraordinary loss mentioned above, sales increased in the Machinery and Infrastructure divisions, fixed costs were reduced in each division, and large-scale construction costs in the Environment and Plant division were reduced. The consolidated financial results for the full year ending 31 March 2020, which are currently being aggregated, will be revised as follows. There is no change to the year-end dividend forecast.

Revised Forecasts for Consolidated Financial Results for Fiscal Year ended March 2020

	Sales	Operating Income	Recurring Income	Profit attributable to shareholders of Hitachi Zosen	Net income per share
	Million JPY	Million JPY	Million JPY	Million JPY	JPY
Previous Forecast (A)	395,000	12,000	8,000	1,000	5.93
Revised Forecast (B)	400,000	13,500	9,000	2,000	11.87

Change (B – A)	5,000	1,500	1,000	1,000	
Change (%)	1.3	12.5	12.5	100.0	
(Information) Results of FY ended March 2019	378,140	7,358	6,720	5,445	32.31

Note: The above forecasts are based on the information currently available to the Company and certain assumptions that are judged to be reasonable, and actual results may differ due to various factors.