

Summary of Business Results for the Third Quarter Ended May 31, 2018

[Japan GAAP] (Consolidated)

July 12, 2018

Company **Watts Co., Ltd.** Listed on the TSE
 Stock Code 2735 URL: <http://www.watts-jp.com/>
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 Expected date of filing of quarterly report: July 12, 2018 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: None
 Quarterly results briefing: None

(Rounded down to million yen)

1. Consolidated business results for the nine months ended May 2018 (September 1, 2017 through May 31, 2018)

(1) Consolidated results of operations

(% change from the previous corresponding period)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 2018	36,802	3.3	888	-12.3	923	-13.0	635	-12.9
Nine months ended May 2017	35,626	3.2	1,012	13.8	1,062	22.4	729	40.3

(Note) Comprehensive income

Nine months ended May 2018: 603 million yen (-15.3 %)

Nine months ended May 2017: 712 million yen (85.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended May 2018	46.88	-
Nine months ended May 2017	53.82	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of May 2018	20,289	10,272	51.4
As of Aug. 2017	20,084	9,873	49.7

(Reference) Shareholders' equity

As of May 2018: 10,432 million yen

As of August 2017: 9,974 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Aug. 2017	-	0.00	-	15.00	15.00
Year ending Aug. 2018	-	0.00	-		
Year ending Aug. 2018 (forecast)				15.00	15.00

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending August 2018 (September 1, 2017 through August 31, 2018)

(% change from the previous corresponding period)

	Sales		Operating profit		Recurring profit		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Aug. 2018	49,600	4.4	1,450	19.9	1,520	19.5	925	10.2	68.28

(Note) Revisions to business forecast for the current quarter: None

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

Newly included: 1 (Real Co., Ltd.)

Excluded: 2 (Ningbo Ximeike Household Products Co., Ltd., Watts Harrisons Sdn. Bhd.)

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements:
None

(3) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of May 2018 13,958,800 shares

As of August 2017 13,958,800 shares

② Treasury stock at the end of period

As of May 2018 410,874 shares

As of August 2017 410,874 shares

③ Average number of stock during period (quarterly cumulative period)

Nine months ended May 2018 13,547,926 shares

Nine months ended May 2017 13,547,926 shares

(Note) The number of treasury stock at the end of period includes the Company's shares held by the share issuance trust for directors (FY8/18 3Q: 60,000 shares, FY8/17: 60,000 shares). In addition, the Company's shares owned by the share issuance trust for directors are included in treasury stock deducted for calculation of the average number of shares during period (FY8/18 3Q: 60,000 shares, FY8/17 3Q: 26,250 shares).

***Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms**

*** Explanation regarding appropriate use of business forecasts and other special instructions**

(Caution concerning forward-looking statements)

The forward-looking statements regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Therefore, the company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.