



January 21, 2019

Company Name: ShinMaywa Industries, Ltd.

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer
(Code number: 7224; Tokyo Stock Exchange, 1st Section)

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Implementation of Shareholder Return Aimed at Increasing Shareholder Value

ShinMaywa Industries, Ltd. (the “Company”) is implementing the Medium-term Management Plan that we published as of May 15, 2018, for the three years to the end of the fiscal year ending March 31, 2021, “Change for Growing, 2020” (“CFG2020”). Under CFG2020, we set up a basic payout ratio on a consolidated basis of 40-50% and carrying out flexible acquisition of treasury shares with a focus on improvement of capital efficiency as basic shareholder return policies. We also set a target of achieving a return on equity (“ROE”) of 8% in the fiscal year ending March, 31, 2021, the final year of CFG2020. Based on these elements of CFG2020, we have examined the delivery of varying shareholder return over the medium and long term in order to increase shareholder value from the perspective of financial strategy.

Specifically, at the Board of Directors meeting held on January 8, 2019, the Company adopted resolutions concerning revision of the year-end dividend forecast for the fiscal year ending March 31, 2019 (Note) and policies on shareholder return for the fiscal year ending March 31, 2020, including implementation of a commemorative dividend for the 70th anniversary of the establishment of the Company and the 100th anniversary of the founding of the business. These are described in “Notice Regarding Revision of Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2019, and Policy on Shareholder Return for the Fiscal Year Ending March 31, 2020, Including Implementation of a Commemorative Dividend for the 70th Anniversary of the Establishment of the Company and the 100th Anniversary of the Founding of the Business” dated January 8, 2019. Also, at the meeting of the Board of Directors held today, the Company resolved to implement a tender offer for treasury shares (the “Tender Offer”) in which it plans to purchase a total number of 26,666,600 shares with a total acquisition price of approximately 40 billion yen, as described in “Notice Regarding Acquisition of Treasury Shares and Tender Offer for Treasury Shares” dated January 21, 2019.

(Note) Based on the implementation of the Tender Offer, the Company further revised the amount of the year-end dividend for the fiscal year ending March 31, 2019, as described in “Notice Regarding Revision of Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2019” dated January 21, 2019. Specifically, assuming the case where all the shares scheduled to be purchased in the Tender Offer are purchased and settlement procedures for the Tender Offer are commenced by March 31, 2019, the Company will revise the dividend to 27 yen per share (a dividend increase in real terms).

To deepen the understanding of the Company's shareholders and investors generally with respect to the series of specific shareholder return measures for increasing shareholder value based on CFG2020, the Company hereby announces an outline of its shareholder return measures, as summarized in the attachment.

In CFG2020, the Company is aiming to achieve an ROE of 8% at an early date and subsequent further improvements in ROE, as well as increasing shareholder value through the implementation of shareholder return, and it will continue to examine a variety of measures.

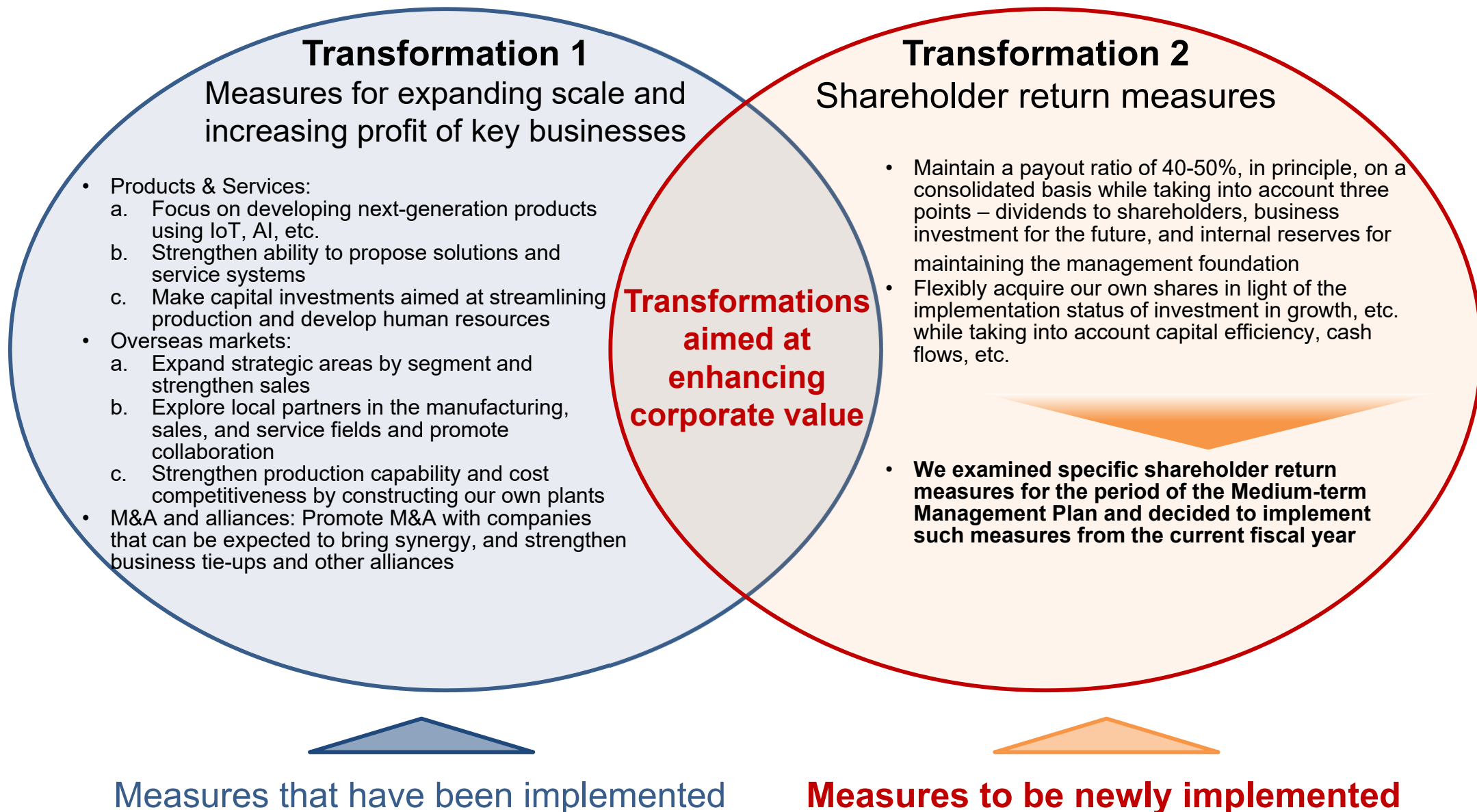
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Specific Shareholder Return Measures Aimed at Increasing Shareholder Value

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1 Implement a tender offer for treasury shares of 40 billion yen

- **Thoroughly revise the capital structure** through the use of debt financing to maintain the appropriate amount of equity capital

2 Maintain a consolidated payout ratio of 40-50%

- Maintain a payout ratio (for regular dividends) of 40-50% on a consolidated basis from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021, even after completion of the tender offer (**increase in dividends per share**)

Increase shareholder value through shareholder return

- Deliver varying shareholder return over the medium and long term in order to increase shareholder value from the perspective of financial strategy
- Aim to achieve **ROE of 8% at an early date** and **subsequent further improvements in ROE**

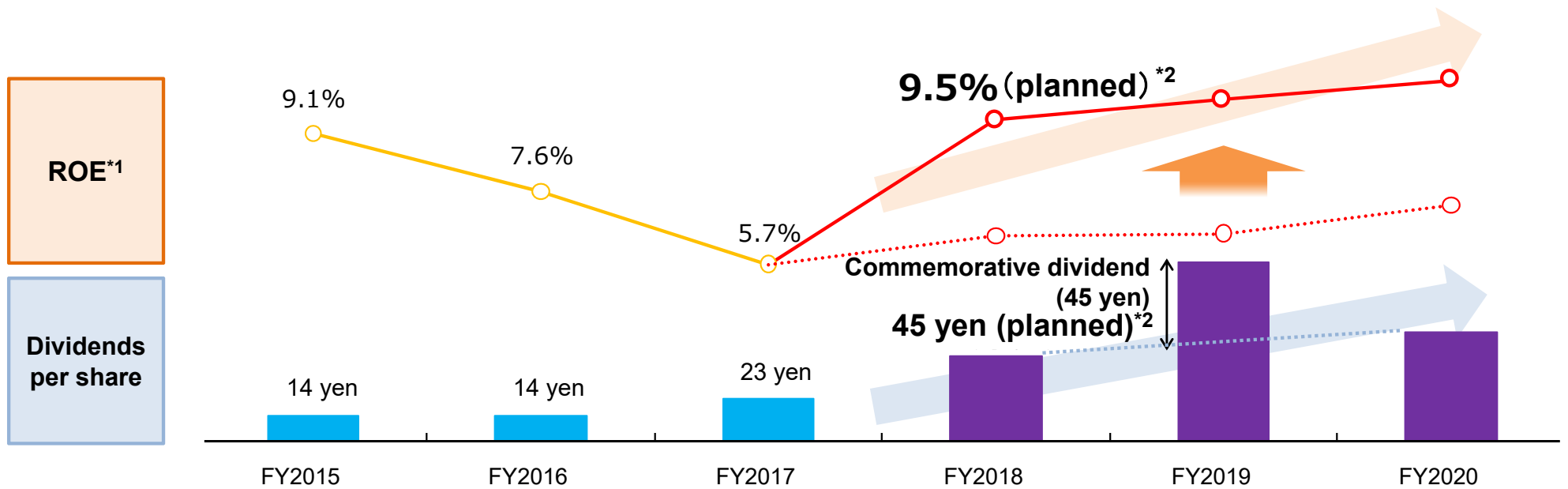
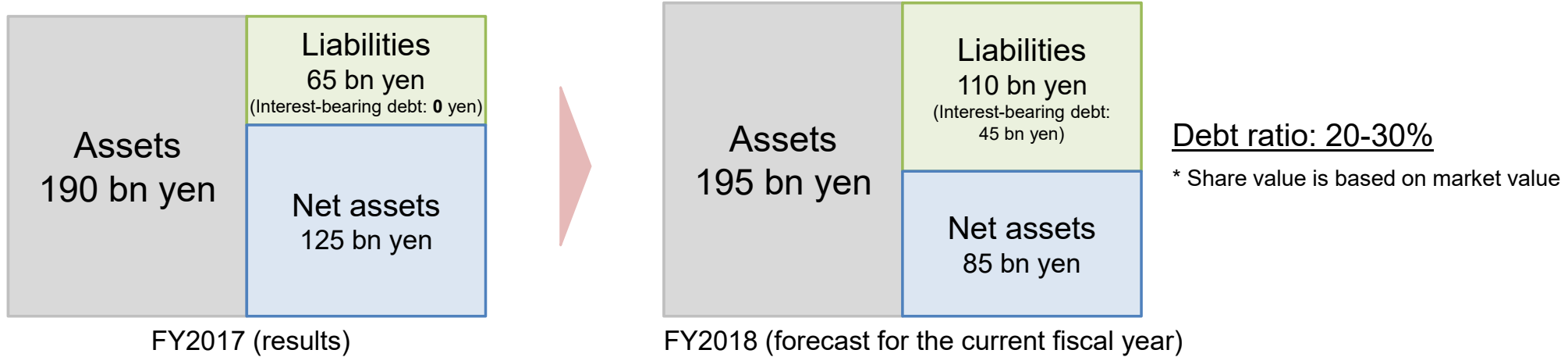
3 Expect a total return ratio of 70-80% for the fiscal year ending March 31, 2020

- Even after completion of the tender offer, **the total return ratio for the fiscal year ending March 31, 2020 is planned to be 70-80%**, including implementation of **a commemorative dividend of 45 yen per share** for the 70th anniversary of the establishment of the Company and the 100th anniversary of founding of the business, which was decided upon on January 8, 2019

4 Introduce a Stock Compensation Plan

- Decided on January 8, 2019 to commence preparation from the fiscal year ending March 31, 2020 for the introduction of a new **Stock Compensation Plan** as a measure for heightening awareness among executives and employees of the contribution of management to increasing shareholder value

Financial Position of the Company after Implementation of these Measures



*1 ROE is based on the end of the period

*2 On the assumption that all the shares planned to be purchased in the tender offer for treasury shares announced today are purchased and settlement procedures for the tender offer are commenced by March 31, 2019

Payout ratio (for regular dividends) of 40-50%