

## FY2019 Third Quarter Summary of Consolidated Financial Results

(Nine Months ended December 2019)

- Consolidated net sales increased by 20.6% year-on-year to ¥66.2 billion.
- Operating income raised by 23.6% to ¥3.3 billion due to the increase in overseas revenue and a decline in the SG&A expenses ratio. Profit attributable to owners of parent increased by 53.2% to ¥1.5 billion.
- Sales in Japan decreased due to a peak-out of smart meters demand and price decline.
- Overseas sales grew significantly in all regions, including a steady increase in revenue in Australia, an increase in shipments of communications hubs and smart meters in the United Kingdom and the revenue contribution of the smart meter projects in Iraq (Kurdistan Regional Government) and Cambodia.

### 1. Consolidated Financial Results

(Millions of yen)				
	FY18 Q3	FY19 Q3	YoY Change	
			Amount	%
<b>Net Sales</b>	54,877	66,200	11,323	+20.6%
Measurement and control equipment	53,456	64,796	11,340	+21.2%
Others	1,527	1,538	11	+0.7%
Adjustment	(106)	(135)	(28)	–
<b>Gross Profit</b>	14,467	15,183	715	+4.9%
Ratio to sales	26.4%	22.9%		(3.4)pt
<b>SG&amp;A Expenses</b>	11,786	11,869	83	+0.7%
Ratio to sales	21.5%	17.9%		(3.5)pt
<b>Operating income</b>	2,681	3,313	632	+23.6%
Ratio to sales	4.9%	5.0%		+0.1pt
Measurement and control equipment	2,445	3,132	687	+28.1%
Others	231	177	(53)	(23.1)%
Adjustment	4	3	(1)	(28.6)%
<b>Ordinary income</b>	2,817	3,225	407	+14.5%
<b>Profit attributable to owners of parents</b>	966	1,479	513	+53.2%
Net income per share (yen)	19.76	30.24	10.48	+53.0%

## 2. Consolidated Sales by Region (Excluding intercompany sales)

(Millions of yen)

	FY18 Q3	FY19 Q3	YoY Change		Revised Full-year Forecasts (Feb.4)
			Amount	%	
<b>Japan</b>	41,345	38,449	(2,895)	(7.0)%	51,600
<b>Overseas</b>	13,531	27,751	14,219	+105.1%	36,400
Oceania	5,291	7,363	2,071	+39.1%	9,500
Europe	2,931	6,833	3,902	+133.1%	9,500
Asia	4,609	6,835	2,225	+48.3%	8,900
Middle East, others	699	6,718	6,019	+861.1%	8,500
<b>Total</b>	54,877	66,200	11,323	+20.6%	88,000
Foreign Exchange rates	¥109.61/USD	¥109.15/USD			¥109.05/USD

## 3. Operating Income by Region

(Millions of yen)

	FY18 Q3	FY19 Q3	YoY Change		Revised Full-year Forecasts (Feb.4)
			Amount	%	
Japan	4,068	2,499	(1,569)	(38.6)%	2,800
Overseas	(1,374)	813	2,188	–	400
Adjustments	(13)	1	14	–	–
<b>Total</b>	2,681	3,313	632	+23.6%	3,200

\*Referential figures based on managerial accounting

## 4. Measurement and Control Equipment Segment Sales (Excluding intercompany sales)

(Millions of yen)

	FY18 Q3	FY19 Q3	YoY Change		Revised Full-year Forecasts (Feb.4)
			Amount	%	
<b>Meters</b>	30,158	38,945	8,787	+29.1%	50,840
Japan	23,130	19,369	(3,761)	(16.3)%	24,840
Smart meters	21,410	17,988	(3,422)	(16.0)%	23,040
Others	1,719	1,380	(339)	(19.7)%	1,800
Overseas smart meters	7,027	19,576	12,549	+178.6%	26,000
Monitor Control	8,368	9,976	1,608	+19.2%	14,270
Switchgears	4,132	4,960	828	+20.0%	6,980
VCTs	3,551	3,462	(89)	(2.5)%	4,370
Others (including adjustments)	7,226	7,433	207	+2.9%	9,840
<b>Total</b>	53,436	64,778	11,342	+21.2%	86,300

\*Referential figures based on managerial accounting

## 5. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY18 Q3	FY19 Q3	YoY Change		Revised Full-year Forecasts (Feb.4)
			Amount	%	
R&D expenditures	2,262	2,368	105	+4.7%	3,500
Depreciation	1,937	2,126	188	+9.7%	3,200
Capital expenditures	1,316	1,564	247	+18.8%	3,000

## 6. FY219 Consolidated Forecasts

OSAKI ELECTRIC has revised its full-year forecasts for the fiscal year ending March31, 2020 for the following factors:

- In Japan, sales are expected to fall short of the forecasts announced on May 14<sup>th</sup> 2019 due to a peak-out in smart meter demand, while profits are expected to reach close to its initial targets by cost reductions.
- Outside of Japan, while sales are expected to reach close to its initial targets, profits are expected to fall short of forecasts announced in May, due to loss from revaluation of inventories including obsolete components from design changes in the UK project, and an increase in air freight costs from the factory to distributors to meet the delivery deadlines for the UK customers among others. Loss from revaluation of inventories are expected to be booked at the end of the fiscal year.

(Millions of yen)

	Full-Year				
	FY2019 Initial Forecasts	FY2019 Revised Forecasts (February 4)	Differences	FY2018 Results	YoY
Net sales	92,000	88,000	(4.3)%	82,089	7.2%
Operating income	4,300	3,200	(25.6)%	4,299	(25.6)%
Ordinary income	3,900	3,200	(17.9)%	4,293	(25.5)%
Profits attributable to owners of parent	1,600	1,000	(37.5)%	1,806	(44.6)%

- Forward-looking statements made in this material is based on management's estimates, assumptions and projections at the time of publication and do not represent a commitment that they will be achieved. A number of factors could cause actual results to differ materially from expectations.
- All amounts are in millions of yen rounded down unless otherwise stated.