

FY2019 First Half Summary of Consolidated Financial Results

(Six Months ended September 2019)

- Consolidated net sales increased by 22.2% year-on-year to ¥43.6 billion.
- Operating income raised by 32.4% to ¥2.0 billion due to the increase in revenue and a decline in the SG&A expenses ratio in overseas business.
Profit attributable to owners of parent increased by 31.0% to ¥0.8 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 in the United Kingdom and the revenue contribution of the project in the Middle East.
- Interim cash dividend is ¥10 per share and the expected year-end cash dividend is ¥10 per share as originally planned.

1. Consolidated Financial Results

(Millions of yen)

	FY2018 1H	FY2019 1H	YoY Change	
			Amount	%
Net sales	35,669	43,580	7,911	+22.2%
Measurement and control equipment	34,431	42,745	8,314	+24.1%
Others	1,308	932	(375)	(28.7)%
Adjustment	(70)	(98)	(28)	—
Gross profit	9,441	9,947	506	+5.4%
Ratio to sales	26.5%	22.8%		(3.7)pt
SG & A expenses	7,905	7,914	9	+0.1%
Ratio to sales	22.2%	18.2%		(4.0)pt
Operating income	1,536	2,033	496	+32.4%
Ratio to sales	4.3%	4.7%		+0.4pt
Measurement and control equipment	1,344	1,895	551	+41.0%
Others	188	135	(53)	(28.4)%
Adjustment	2	2	(0)	(28.6)%
Ordinary income	1,667	1,946	278	+16.7%
Profit attributable to owners of parent	645	845	200	+31.0%
Net income per share (yen)	13.20	17.28	4.08	+30.9%

2. Consolidated Sales by Region (Excluding intercompany sales)

(Millions of yen)

	FY2018 1H	FY2019 1H	YoY Change		Full-year Forecast
			Amount	%	
Japan	27,214	24,915	(2,299)	(8.4)%	55,000
Overseas	8,454	18,665	10,210	+120.8%	37,000
Oceania	3,361	5,021	1,659	+49.4%	10,500
Europe	1,820	4,454	2,634	+144.7%	10,000
Asia	2,901	4,706	1,805	+62.2%	8,500
Middle East, Others	371	4,482	4,110	+1,107.3%	8,000
Consolidated	35,669	43,580	7,911	+22.2%	92,000
Forex	¥108.68/USD	¥110.05/USD			¥110.43/USD

(Average assumption)

3. Operating Income by Region

(Millions of yen)

	FY2018 1H	FY2019 1H	YoY Change		Full-year Forecast
			Amount	%	
Japan	2,376	1,474	(902)	(38.0)%	2,900
Overseas	(834)	561	1,395	—	1,400
Adjustments	(5)	(3)	2	—	—
Consolidated	1,536	2,033	496	+32.4%	4,300

*Referential figures based on managerial accounting

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

(Millions of yen)

	FY2018 1H	FY2019 1H	YoY Change		Full-year Forecast
			Amount	%	
Meters	19,816	25,446	5,630	+28.4%	53,800
Japan	15,438	12,671	(2,767)	(17.9)%	26,740
Smart Meters	14,335	11,720	(2,615)	(18.2)%	24,540
Others	1,103	951	(152)	(13.8)%	2,200
Overseas smart meters	4,377	12,774	8,855	+202.3%	27,060
Monitor Control	5,157	7,092	1,935	+37.5%	14,410
Switchgears	2,424	2,957	533	+22.0%	7,280
VCTs	2,279	2,291	12	+0.5%	4,370
Others (adjustments)	4,739	4,946	207	+4.4%	9,880
Total	34,417	42,733	8,316	+24.2%	89,740

*Referential figures based on managerial accounting

5. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2018 1H	FY2019 1H	YoY Change		Full-year Forecast
			Amount	%	
R&D expenditures	1,526	1,534	7	+0.5%	3,200
Depreciation	1,266	1,356	90	+7.2%	3,400
Capital expenditures	856	1,125	269	+31.5%	4,000

6. FY2019 Consolidated Forecast

OSAKI ELECTRIC expects the business environment in Japan remains severe for the second half of the fiscal year ending March 31, 2020. Due to the aforementioned factor, the full-year forecast is unchanged from the announcement on May 14, 2019.

(Millions of yen)

	Full-year			
	FY2018 Results	FY2019 Forecasts	YoY	1H Progress
Net sales	82,089	92,000	9,910	47.4%
Operating income	4,299	4,300	0	47.3%
Ordinary income	4,293	3,900	(393)	49.9%
Profit attributable to owners of parent	1,806	1,600	(206)	52.8%

- 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.