

FY2019 First Quarter Summary of Consolidated Financial Results

(Three Months ended June 2019)

- Consolidated net sales increased by 24.7% year-on-year to ¥20.3 billion. Operating income raised by 92.6% to ¥1.2 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 72.7% to ¥0.5 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 increased shipments of smart meters in Australia, rising communications hubs sales in the United Kingdom and the revenue contribution of the project in the Middle East.

1. Consolidated Financial Results

(Millions of yen)

	FY2018 1Q	FY2019 1Q	YoY Change	
			Amount	%
Net sales	16,274	20,287	4,012	+24.7%
Measurement and control equipment	15,837	20,045	4,207	+26.6%
Others	473	287	(185)	(39.3)%
Adjustment	(36)	(45)	(8)	—
Gross profit	4,450	5,072	621	+14.0%
Ratio to sales	27.3%	25.0%		(2.3)pt
SG & A expenses	3,848	3,913	64	+1.7%
Ratio to sales	23.6%	19.3%		(4.3)pt
Operating income	601	1,159	557	+92.6%
Ratio to sales	3.7%	5.7%		+2.0pt
Measurement and control equipment	533	1,116	583	+109.5%
Others	67	41	(26)	(38.9)%
Adjustment	1	1	(0)	(28.6)%
Ordinary income	713	1,069	356	+50.0%
Profit attributable to owners of parent	306	528	222	+72.7%
Net income per share (yen)	6.27	10.80	4.53	+72.2%

2. Consolidated Sales by Region (Excluded intercompany sales)

(Millions of yen)

	FY2018 1Q	FY2019 1Q	YoY Change		Full-year Forecast
			Amount	%	
Japan	12,761	11,526	(1,234)	(9.7)%	55,000
Overseas	3,513	8,760	5,247	+149.3%	37,000
Oceania	1,257	2,549	1,292	+102.7%	10,500
Europe	961	2,229	1,268	+132.0%	14,500
Asia	1,183	2,019	835	+70.6%	6,500
Middle East, Others	110	1,961	1,850	+1,670.4%	5,500
Consolidated	16,274	20,287	4,012	+24.7%	92,000
Forex	¥108.30/USD	¥110.20/USD			¥110.43/USD

(Average assumption)

3. Operating Income by Region

(Millions of yen)

	FY2018 1Q	FY2019 1Q	YoY Change		Full-year Forecast
			Amount	%	
Japan	1,160	644	(516)	(44.5)%	2,900
Overseas	(520)	519	1,040	—	1,400
Adjustments	(38)	(4)	33	—	—
Consolidated	601	1,159	557	+92.6%	4,300

*Referential figures based on managerial accounting

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

(Millions of yen)

	FY2018 1Q	FY2019 1Q	YoY Change		Full-year Forecast
			Amount	%	
Meters	9,336	11,625	2,289	+24.5%	53,800
Japan	7,545	6,224	(1,321)	(17.5)%	26,740
Smart Meters	7,008	5,557	(1,450)	(20.7)%	24,540
Others	537	666	+129	+24.0%	2,200
Overseas smart meters	1,791	5,401	3,610	+201.6%	27,060
Monitor Control	2,220	3,701	1,481	+66.7%	14,410
Switchgears	995	1,131	135	+13.7%	7,280
VCTs	1,123	1,209	85	+7.6%	4,370
Others (adjustments)	2,154	2,371	217	+10.1%	9,880
Total	15,829	20,038	4,209	+26.6%	89,740

*Referential figures based on managerial accounting

5. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2018 1Q	FY2019 1Q	YoY Change		Full-year Forecast
			Amount	%	
R&D expenditures	715	748	33	+4.7%	3,200
Depreciation	633	668	34	+5.5%	3,400
Capital expenditures	356	421	65	+18.4%	4,000

6. FY2019 Consolidated Forecast

OSAKI ELECTRIC has revised the first half forecast for the profit attributable to owners of parent due to changes in expected corporate income tax from its initial forecast.

The full-year forecast is unchanged from the announcement on May 14, 2019.

(Millions of yen)

	First Half					Full-year			
	FY2018 Results	FY2019 Initial Forecast (A)	FY2019 Revised Forecast (B)	Difference(B-A)		FY2018 Results	FY2019 Forecast	YoY	1Q Progress
				Amount	%				
Net sales	35,669	42,000	42,000	—	—	82,089	92,000	9,910	22.1%
Operating income	1,536	1,500	1,500	—	—	4,299	4,300	0	27.0%
Ordinary income	1,667	1,300	1,300	—	—	4,293	3,900	(393)	27.4%
Profit attributable to owners of parent	645	350	600	250	+71.4%	1,806	1,600	(206)	33.0%

- 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.