

FY2019 (Fiscal year ended March 31, 2020)

Summary of Consolidated Financial Results

- Consolidated sales were up by 9.7% year on year to ¥90.1 billion. Operating income declined by 14.1% to ¥3.7 billion. Profit attributable to owners of parent decreased by 33.7% to ¥1.2 billion.
- Sales in Japan decreased, while installation of smart meters to every household is carried out by power companies, the demand for shipments of smart meters has passed its peak.
- Overseas sales increased mainly due to an increase in shipments for the communications hubs and smart meters in the United Kingdom, in addition to the revenue contribution of the smart meter projects in Iraq (Kurdistan Regional Government) and Cambodia.
- Profits declined mainly because of an increase in cost of sales ratio, attributable to a decrease in smart meter demand and lower pricing in Japan, and a loss on valuation of inventories of materials, largely due to changes for the smart meter specifications in the U.K.
- Consolidated forecast for FY2020 is ¥80 billion (11.2% decrease year on year) in net sales, 1.5 billion yen (59.4% decrease year on year) in operating income, and 0.1 billion yen (91.6% decrease year on year) in profit attributable to owners of parent.
- The Company announced Mid-term Management Plan covering a five-year period from FY2020 to FY2024 rolling targets. In this plan, the Company sets minimum targets of an 8 billion in operating income and 9% of ROE in FY2024.
- The Company plans to pay year-end dividend of 10 yen per share (annual dividends will be 20 yen per share, and consolidated payout ratio will be 81.1%). The Dividend plan for the FY2020 is 20 yen per share per annum.

1. Consolidated Financial Results

(Millions of yen)

	FY2018	FY2019	YoY Change	
			Amount	%
Net sales	82,089	90,069	7,980	+9.7%
Measurement and control equipment	80,239	88,333	8,094	+10.1%
Others	2,152	1,905	(246)	(11.5)%
Adjustment	(302)	(169)	132	—
Gross profit	20,264	19,677	(587)	(2.9)%
Ratio to sales	24.7%	21.8%	—	(2.8)pt
SG & A expenses	15,965	15,986	20	0.1%
Ratio to sales	19.4%	17.7%	—	(1.7)pt
Operating income	4,299	3,691	(607)	(14.1)%
Ratio to sales	5.2%	4.1%	—	(1.1)pt
Measurement and control equipment	3,999	3,474	(524)	(13.1)%
Others	294	210	(83)	(28.5)%
Adjustment	5	6	0	+9.2%
Ordinary income	4,293	3,544	(748)	(17.4)%
Profit attributable to owners of parent	1,806	1,197	(609)	(33.7)%
Net income per share (yen)	36.95	24.47	(12.48)	(33.8)%
ROE	3.8%	2.5%	—	(1.3)pt

2. Consolidated Sales by Region (Excluding intercompany sales)

(Millions of yen)

	FY2018	FY2019	YoY Change		FY2020 1H Forecast	FY2020 Full-year Forecast	Full-year Forecast YoY Change	
			Amount	%			Amount	%
Japan	57,735	53,475	(4,260)	(7.4)%	23,000	50,000	(3,475)	(6.5)%
Overseas	24,353	36,593	12,240	+50.3%	12,000	30,000	(6,593)	(18.0)%
Oceania	9,522	9,422	(99)	(1.0)%	3,800	8,500	(922)	(9.8)%
Europe	4,449	9,558	5,109	+114.8%	4,200	10,500	941	+9.8%
Asia	7,086	8,841	1,754	+24.8%	2,000	6,500	(2,341)	(26.5)%
Middle East and others	3,295	8,770	5,475	+166.1%	2,000	4,500	(4,270)	(48.7)%
Total	82,089	90,069	7,980	+9.7%	35,000	80,000	(10,069)	(11.2)%
Estimated impact from the COVID-19 epidemic (Included in in the table above of Fiscal 2020 Forecasts)			Japan		(1,500)	(2,000)		
			Overseas		(5,000)	(10,000)		

Average exchange rate	¥110.43 /USD	¥109.05 /USD
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¥109.05/USD (Exchange rate assumption)

3. Operating Income by Region

(Millions of yen)

	FY2018	FY2019	YoY Change		FY2020 1H Forecast	FY2020 Full-year Forecast	Full-year Forecast YoY Change	
			Amount	%			Amount	%
Japan	5,454	3,237	(2,216)	(40.6)%	100	1,500	(1,737)	(53.7)%
Overseas	(1,148)	440	1,588	—	(600)	0	(440)	(100.0)%
Adjustments	(7)	13	21	—	—	—	(21)	—
Total	4,299	3,691	(607)	(14.1)%	(500)	1,500	(2,191)	(59.4)%
Estimated impact from the COVID-19 epidemic (Included in in the table above of Fiscal 2020 Forecasts)			Japan		(500)	(700)		
			Overseas		(1,000)	(2,000)		

*Referential figures based on managerial accounting

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

(Millions of yen)

	FY2018	FY2019	YoY Change	
			Amount	%
Meters	45,805	52,402	6,597	+14.4%
Japan	31,149	27,136	(4,013)	(12.9)%
Smart meters	28,942	23,948	(4,994)	(17.3)%
Others	2,207	3,188	981	+44.4%
Overseas smart meters	14,655	25,266	10,611	+72.4%
Monitor Control	12,156	14,282	2,126	+17.5%
Switchgears	7,097	7,847	750	+10.6%
VCTs	4,772	4,767	(5)	(0.1)%
Others (including adjustments)	10,371	9,010	(1,361)	(13.1)%
Total	80,203	88,310	8,107	+10.1%

*Referential figures based on managerial accounting

5. R&D expenditures, Depreciation, Capital expenditures

(Millions of yen)

	FY2018	FY2019	YoY Change		FY2020 Forecast	YoY Change	
			Amount	%		Amount	%
R&D expenditures	3,059	3,242	183	+6.0%	3,200	(42)	(1.3)%
Depreciation	2,634	2,905	270	+10.3%	2,700	(205)	(7.1)%
Capital expenditures	2,208	2,341	132	+6.0%	2,800	458	+19.6%

6. FY2020 Consolidated Forecast

(Millions of yen)

	1H		YoY Change		Full-year		YoY Change	
	FY2019	FY2020 Forecast	Amount	%	FY2019	FY2020 Forecast	Amount	%
Net sales	43,580	35,000	(8,580)	(19.7)%	90,069	80,000	(10,069)	(11.2)%
Operating income	2,033	(500)	(2,533)	–	3,691	1,500	(2,191)	(59.4)%
Ordinary income	1,946	(700)	(2,646)	–	3,544	1,600	(1,944)	(54.9)%
Profit attributable to owners of parent	845	(1,200)	(2,045)	–	1,197	100	(1,097)	(91.6)%

* Estimated impact on Forecasts for Fiscal 2020 from the COVID-19 epidemic (Included in in the table above of Fiscal 2020 Forecasts)

	1H	Full-year
Net sales	(6,500)	(12,000)
Operating income	(1,500)	(2,700)
Ordinary income	(1,200)	(2,200)
Profit attributable to owners of parent	(1,000)	(1,800)

- Demand in the Japanese smart meter market remains at low levels and expects severe price competition.
- While the Company will expand solutions such as energy management systems, automatic measurement, and smart locks for rental housings, the business environment is expected to remain severe.
- In addition, the COVID-19 impact is estimated further lower sales and profits.
- In the global business, the Group originally expected a strong growth from shipments to contracting customers, as demand in Oceania and the United Kingdom was expected to expand.
- However, the Company estimates the delays in the installation process of smart meters at cities that were under lockdown during the COVID-19 epidemic, pushing back some sales to next fiscal year. All in all, the Company forecasts a decrease in both sales and profits for the global business.

7. FY2020-2024 Mid-term Management Plan

	FY2020 Forecast	FY2021 Outlook	FY2022 Outlook	(Millions of yen) FY2024 Mid-term Target
Net sales	80,000	100,000	105,000	
Operating Income	1,500	5,000	6,000	8,000 (minimum)
Profit attributable to owners of parent	100	3,000	3,500	
ROE	0.2%	6.0%	7.0%	9.0% (minimum)

- Forecast for Fiscal 2020 includes impact on business performance from the COVID-19 epidemic. Outlooks for Fiscal 2021 and 2022, Mid-term Target for Fiscal 2024 do not include impact of the epidemic.

8. Shareholder Return

- The Company sets basic policy to carry out the continual distribution of a steady dividend to shareholders, while providing additional performance-based dividends.
- The basic policy states that the amount distributed will be based on higher of either a dividend payout ratio of 30% or 2% of DOE (dividend on equity).
- The year-end dividend outlook for the current year is 10 yen per share, and annual dividends of 20 yen.
- For the next fiscal year, the Company plans to pay an interim dividend of 10 yen per share and 10 yen of year-end dividend, resulting in annual dividends of 20 yen, the same as the current year.

	Dividend per share			Total amount of dividends	Consolidated payout ratio
	Interim	Year-end	Annual		
FY2018	10 yen	10 yen	20 yen	978 million yen	54.1%
FY2019	10 yen	10 yen	20 yen	978 million yen	81.7%
FY2020 Forecast	10 yen	10 yen	20 yen		980.4%

- 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.