Summary of Financial Statement for Fiscal Year 2016

May 10th, 2017

TABUCHI ELECTRIC CO., LTD (Security code:6624)

FY2016
Result Overview

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Main point of FY2016 Result

- （Power Supply）Continuous Shrink of Japanese PV market brought our inverter sales slump, and the delay of North America market entry also caused the segment's profit decrease. The other hand, AC-adapter for new game console shipment had been started from the 3rd quarter as planning.

- （Transformer Business）Two new subsidiaries sales added、and Reactor for inverter of air-conditioner was stable maintain segment sales with increased by 2.5%. But ordinary profit has been decreased due to the increase of depreciation of Goodwill

- no dividend at the end of fiscal year (Yearly dividend amount was 8JPY/share

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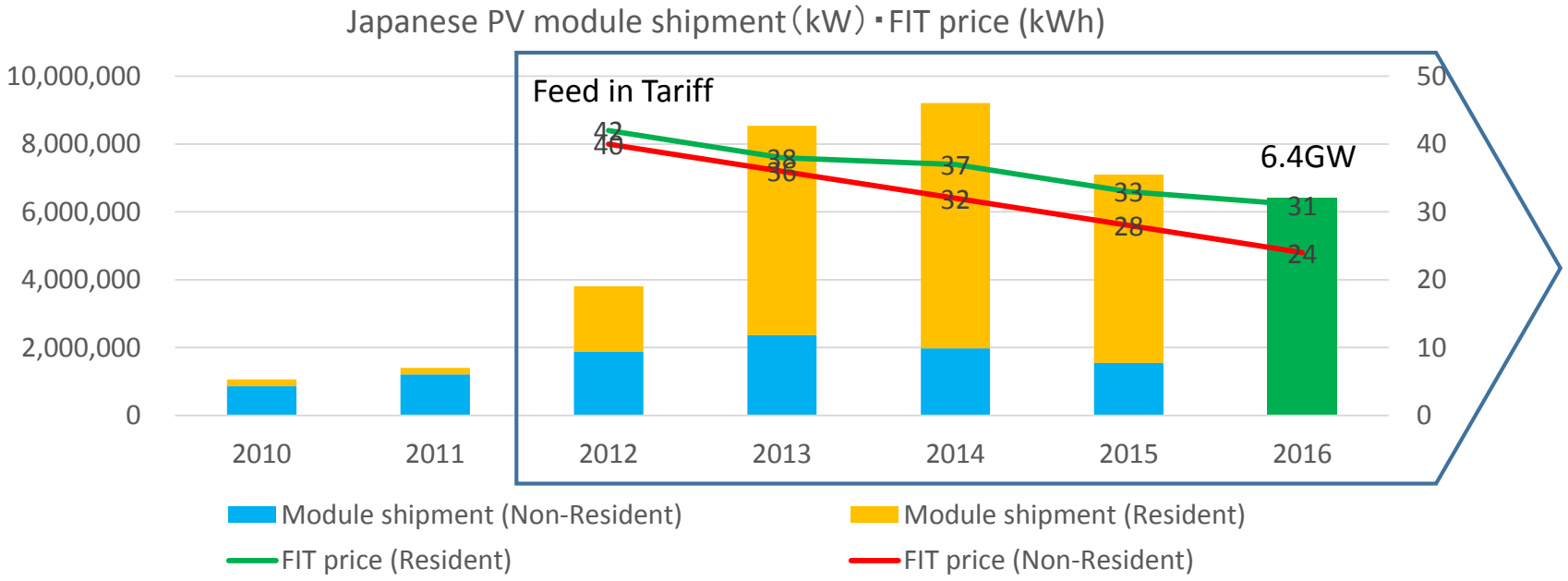
FY2016 Japanese PV Market

- Installed appx, total 6.4GW in Japan FY2016（▲10% YtoY)
- Small scale PV market (10～50kW）fell down rapidly
- Amendment of FIT rule actualized the cancellation of authorization of FIT price which are being asleep

⇩

- Possibility of Cancellation appx.27GW from Unavailable applied



*FIT（Feed in Tariff） Revised from April 2017

Data from JPEA(Japan Photovoltaic Energy Association)

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Consolidated Operating Result

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Steep decline in sales and profit due to the shrink of PV market in Japan and the delay of new market entry of North America.

Unit : Million yen

	FY2015	FY2016	Difference
Sales	39,103	26,178	▲12,924
Operating Profit	4,916	▲3,332	▲8,249
Current Profit	4,704	▲3,414	▲8,119
Net Profit	3,181	▲5,553	▲8,734

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Operating Result by Segment

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Unit : Million yen

	FY2015		FU2016		Difference	
	Sales	Operating Profit	Sales	Operating Profit	Sales	Operating Profit
Power supply	29,945	5,029	16,786	▲3,419	▲13,158	▲8,449
Transformer	9,158	680	9,391	321	+232	▲359
Adjustment	-	▲793	-	▲234	-	+559
Total	39,103	4,916	26,178	▲3,332	▲12,924	▲8,249

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Summary for Sales by Segment

Power Supply Business	*Transformer Business*
▲43.9%(vs FY2015)	+2.5%(vs FY2015)
➢ Drastic sales drop due to the shrink of domestic PV market and the delay of North America market entry ➢ Start shipment of new products for new video game console	➢ Sales increase in the new business field according to the influence of last year's M&A ➢ Sales of Reactor for air-conditioner is stable.

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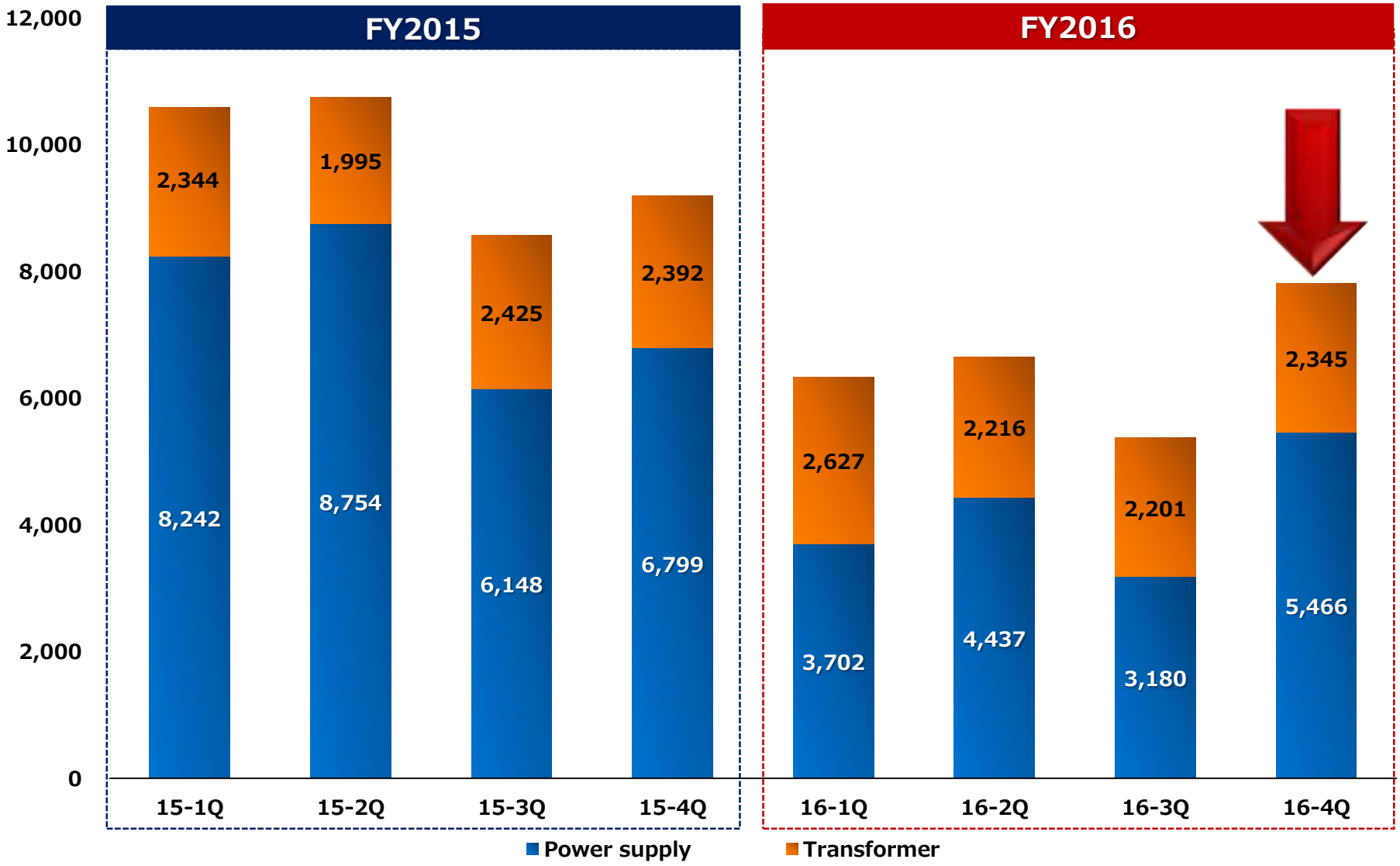
Quarterly Sales Trend by Segment

Unit : Million yen



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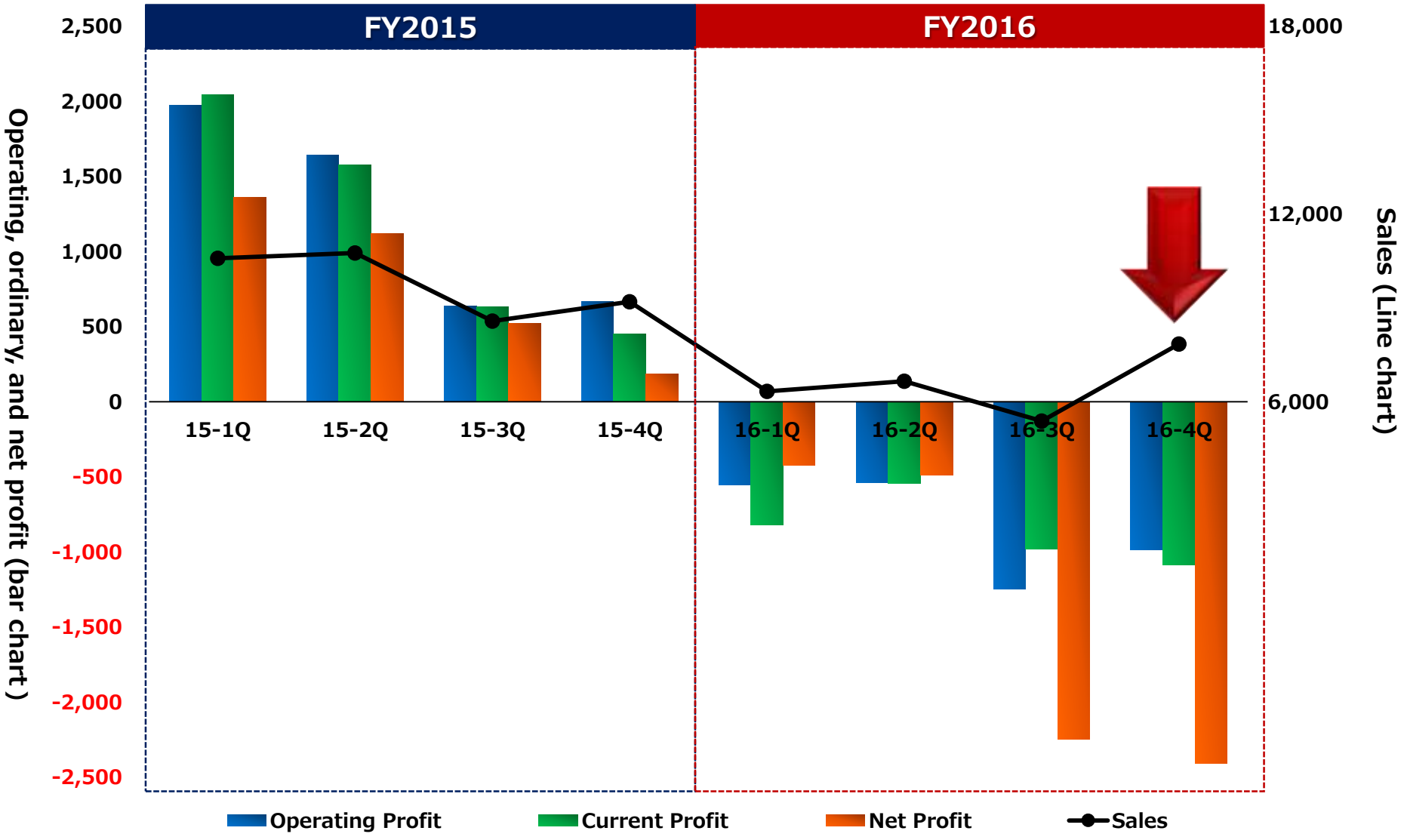
Consolidated Operating Result Quarterly Trend

Unit：Million yen



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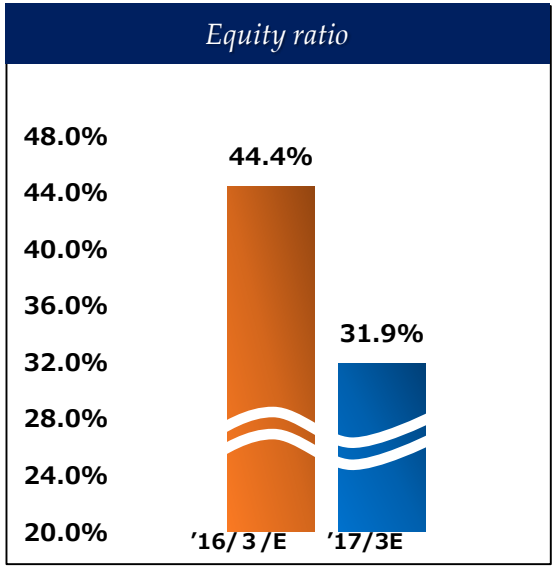
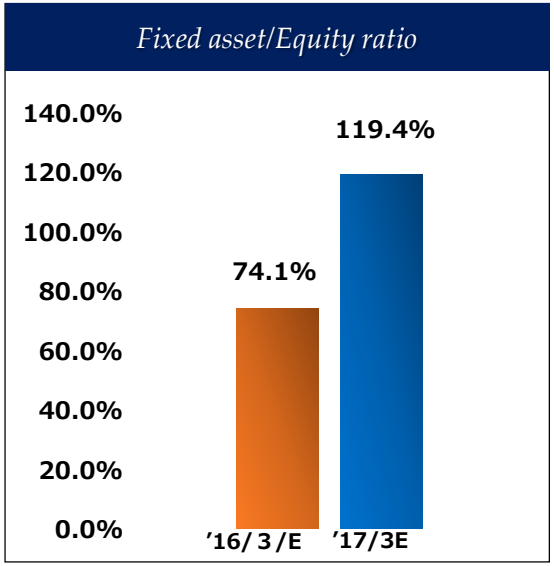
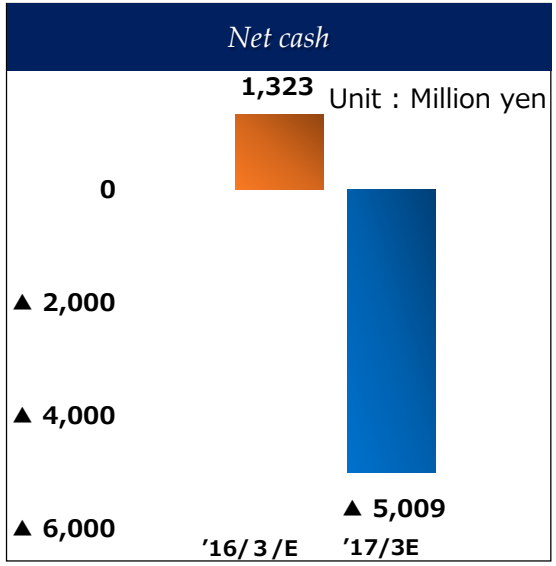
Consolidated Financial Position

Unit：Million yen

Asset	'16/3/E	'17/3/E	Liabilities &Equity	'16/3/E	'17/3/E
Cash & EQV.	5,737	4,365	Acc. Payables	7,425	4,434
Acc. Receivables	6,882	5,292	Short-term debt	2,938	7,065
Inventories	9,659	9,043	Others (current)	4,010	3,143
Others (current)	2,408	1,025	Long-term debt	1,475	2,309
Fixed asset	12,133	12,160	Others (NC)	4,610	4,749
Deferred asset	1	0	Equity	16,363	10,185
Total	36,823	31,888	Total	36,823	31,888







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FY2017
Forecast

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<Forecast> Consolidated Income

Unit: Million Yen

	FY2016	FY2017 FH	FY2017 LH	FY2017 Total
Sales	26,178	15,000	17,000	32,000
Operating Profit	▲3,332	▲500	600	100
Operating Profit ratio	–	–	3.5%	0.3%
Current Profit	▲3,414	▲500	600	100
Net Profit	▲5,553	▲500	500	0
Dividend per share	*Yearly* 8JPY	*At-half* 0JPY	*Year end* –	*Yearly* –

*Foreign exchange rate : JPY110/USD
year-end dividend payment is yet to be decided at present

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Implementation of Management Restructuring Strategy which stated on February 10th, 2017

Management Restructuring Strategy

- **Initiatives for fixed cost reduction**
  Reduce break-even point sales
- **Re-formation of the Business Operating Structure** in order to execute and speed up decision-making as a business, clarify business earnings and accountabilities
  ①Energy solution Business Division
  ②Power Supply and devise Business Division
- **Sales Growth through Expansion of Product Lineups**
  Timely new model release with Universal design

The aim is to boost revenue both in Japan and overseas, and secure cash flows toward medium-to long-term growth.

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Initiatives for fixed cost reduction

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Promote actual plan (220 Billion yen)

- Optimize the production structure (60BJY)

  Establish appropriate production scale and review the structure

  ⇒**Japan: 10% productivity up, Oversea: Review production line and scrap surplus facility, HK branch close, Depreciation reduction with goodwill impairment**

- Optimize personnel costs (60BJY)

  cost cutting measures including reduction of Directors' remuneration, overhaul of personnel structure, etc.

  ⇒**Reduction of compensation and bonus、Review of fixed term employment contract**

- Additional cost reduction (100BJY)

  Review Logistics cost and general expense

  ⇒**Warehouse cost reduction with inventory assets cut**
  Reduce large amount of loss which occurred in 2016 for the new market entry.

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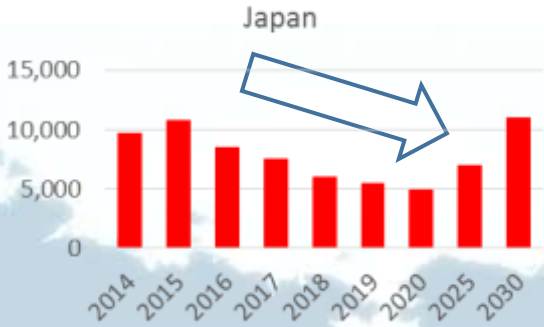
Energy Solution division focus to global expansion

Global demand is 96GW in 2020 (+50% vs 2016)



FIT amendment impact Japanes PV market shrinking,try share up with advantage products. Concentrate US market entry with new model release and strength sales Scheme.

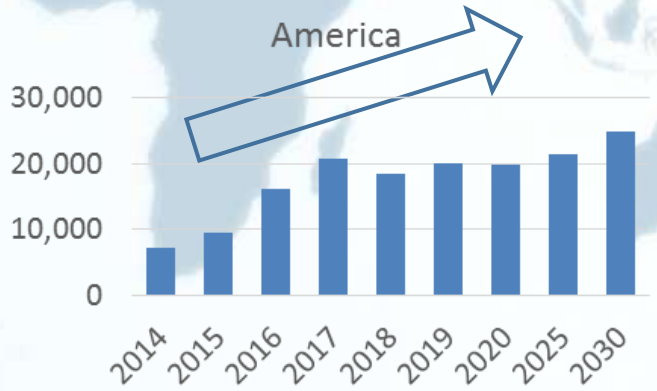
Global expanding PV system

PV+Storage hybrid system For Resident

Demonstration experiment underway with local grid company at Hawaii, Ontario (Canada)

Tabuchi America (San Jose, Tronto)

America region



PV market is expanding with ITC extension and RPS. The other hand unstable PV become necessary more substitution power source (Thermal power generation, etc.), and the high demand charge. So Power storage system is more popular to solve those demand control purpose. Adjoining rate with PV system is less than 3% at present, will increase especially in California or Hawaii area.

Data from Fuji Keizai
Unit: Mega Watt

ITC : Investment Tax Credit(Federal Tax deduction for Solar investment)
RPS: Renewable Portfolio Standard(more than 33% RE by 2020)

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Inverter products strategy by segment

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Power

Small

Large

	Agenda	Products	Advantage
Resident	Demand control Variable electric bill（TOU*） TOU: Time of USE	**PV+Storage system (EIBS) Promotion** Control PV and Battery in one inverter	Battery cost reduction and more flexible variations
Non-Resident	10kW～50kW Market shrink touched the bottom. Require Cost reduction for fair price	**Single /Triple phase 9.9kW inverter (VE)** Share increase	Full-MPPT input led affordable price
	Middle range Small distributed inverter is Main stream for roof-top Cost competitiveness with minimum function	**Triple phase 25/33kW inverter** Full MPPT input Easy to install	Affordable price with maximum out-put generation
	（High range/ Mega-solar） Global standard and huge demand with low price	Market trend is less than 10 ¢ /watt	New model release from October 2017 Price match to global competitiveness

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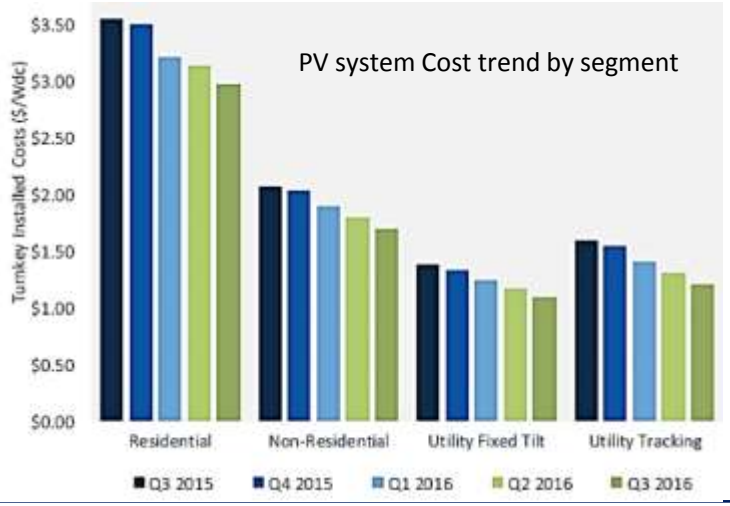
Products trend are “Cost priority” and “high value”

Non-resident inverter: Cost priority
Resident PV+Storage system: high class line-up

Cost Priority	High value
Non-resident inverter: Affordable price with Minimum function **Release high voltage input new models (～50kW)**	**Implement new Intelligent inverter spec (demand control by remote)** **Wattage variation for Storage system** **Space saving and easy to install and durability**



PV+Storage double battery units (total 20kWh)

Wall-mounted Hybrid inverter

New 4kWh storage line-up

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Power supply and devise division

Power Supply

High demand for new game console: Cost reduction and increase production capacity

Devise for transportation and automobile market

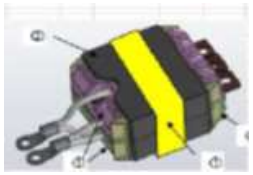
Strengthen R&D investment for automobile market

New R&D office in Vietnam Tabuchi

Automation production process

Europe sales channel

Marshner Tabuchi



Planner Transformer

High frequency Transformer For automobile

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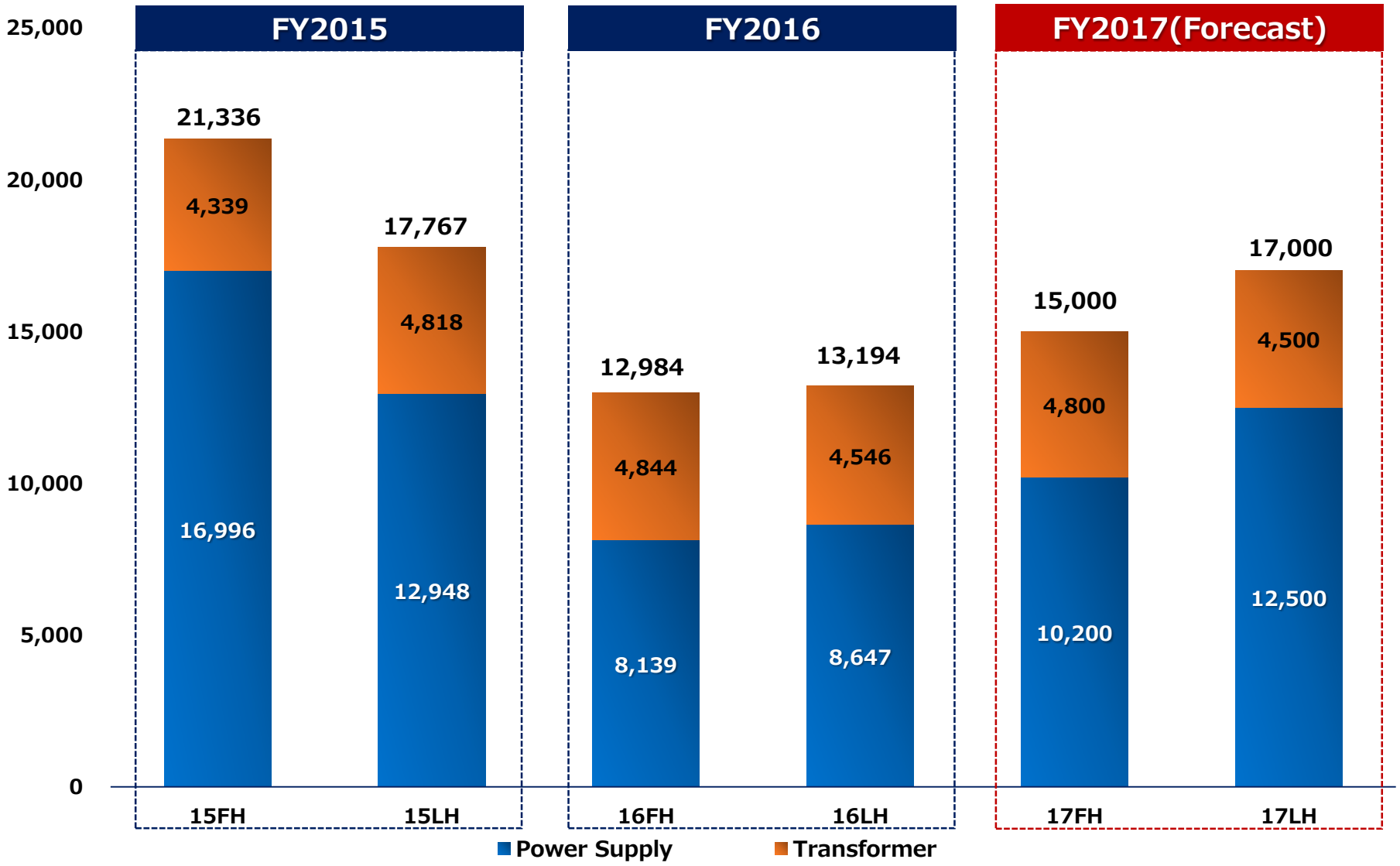
<Forecast> Sales Trend by Segment

Unit: Million Yen



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