



# TERASAKI REPORT

1 April 2019 - 31 March 2020



## Financial Highlights

### Net sales

**36,700** million JPY

Up 3.9% from the same term last year

### Operating profit

**2,411** million JPY

Up 79.6% from the same term last year

### Recurring profit

**2,832** million JPY

Up 47.2% from the same term last year

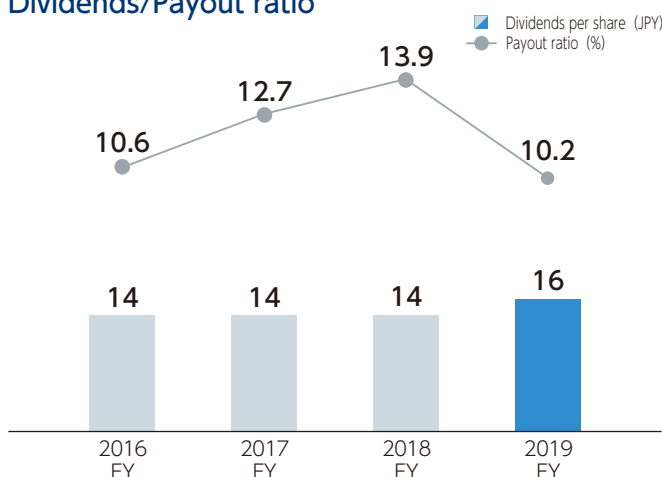
### Profit attributable to owners of the company

**2,035** million JPY

Up 55.6% from the same term last year

## Basic Policy on the Distribution of Profits

### Dividends/Payout ratio



Each year, Terasaki Electric Co., Ltd determines how it will distribute the profits to shareholders, after taking into consideration the Company's business performance, financial situation, and business environment. Our aims are to provide stable and continuous dividends, further consolidate our financial base, and retain adequate internal reserves that will allow us to pursue further future developments of our business.

# President's Message

Capital investment in Japan has increased in various industries as companies move to streamline and save labor costs, as well as to cope with the trend towards digitalization in non-manufacturing sectors. This has improved the economic environment of the Terasaki Group in Japan. On the other hand, capital investment overseas has on the whole remained weak. The shipbuilding industry, being one of our major markets, has faced tough times. Orders for new equipment and systems increased, to cope with regulations intended to protect the marine environment (strengthened in January 2020), but the demand for orders for new ships has been weak, due to the ongoing international trade friction and other factors. In addition, the extensive spread of the novel Coronavirus (Covid-19) around the world is having a severe impact on the world's economy. At Terasaki Group, the operation of our consolidated subsidiaries was suspended temporarily due to lockdowns imposed, causing some delays in the closing of financial accounts and auditing, which impacted the Terasaki Group. We sincerely apologize for any inconvenience caused to our shareholders due to the delay.

Terasaki Group's earnings ending March 2020 showed an increase in sales of marine system products in China, and for the equipment and systems used especially to fulfill the new marine environmental conservation regulations. Meanwhile, there was a decline in the sales for Terasaki Shore Connection, and the equipment and systems for LNG ships in Marine Systems, and also for products in Circuit Breakers. However, the overall outcome was with an overall sales increase as compared with the same term last year, and an increase in the profits that are attributed to our incessant efforts to reduce costs and expenses. The Covid-19 pandemic had caused only slight effects on our consolidated performance ending March 2020.

This year, in 2020, we are executing a full scale launch of a new series of circuit breaker products. The new series will focus more sharply on environmental conservation as compared to our standard product line, meets specific customer needs by featuring substantial enhancement of measurement accuracy and communication functions. They will also consume even less



President  
**Taizo Terasaki**

energy. In addition, we are planning to continue to devote concerted efforts in getting orders for the marine environmental conservation regulations in Marine Systems and Engineering & Lifecycle Services. In Industrial Systems, we are embarking to enhance our sales activities in railway-related markets and the recyclable energy sectors, both in Japan and abroad. In Medical Devices, we are also planning to focus our efforts on the development of new products that meet the needs of the medical services industry.

In consideration for Health and Safety, our Terasaki Group shall make every effort in taking precautions to prevent any spread of Covid-19 and averting any risks that this infectious disease may pose to our business activities, putting top priority on the health of our group's employees, customers and suppliers.

We will strengthen global cooperation under our "TEAM TERASAKI" spirit and in responding swiftly and effectively to our customers' needs, with the quest for full customers' satisfaction. We are committed to making perpetual efforts to promote the businesses of our five divisions.

We humbly and sincerely request our shareholders and partners for the continued support as we pursue these challenges.

July 2020



## Marine Systems

Pursuing business challenges as a leading international manufacturer of electrical power distribution systems for marine applications



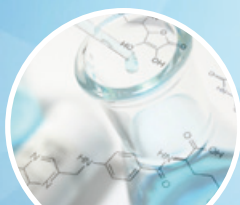
## Industrial Systems

Demonstrating originality in industrial markets with our electrical power distribution systems



## Circuit Breakers

Reigning as the most trusted circuit breakers manufacturer in the world



## Medical Devices

Contributing to human health and security as a manufacturer of medical devices



## Engineering & Lifecycle Services

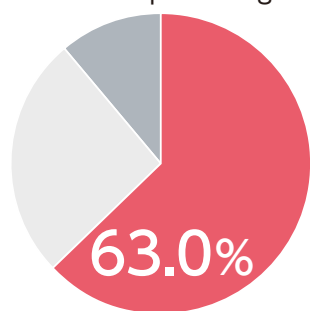
Offering solutions to worldwide customers through the engineering and lifecycle business

**TERASAKI in constant pursuit of innovative electrical power distribution and control systems**

# Segment Performance by Region and Product

## Japan

Net sales percentage



Net sales ▶ **23,140 million JPY** (Up 0.6% from the same term last year) ▼

Segment profit ▶ **2,089 million JPY** (Up 60.8% from the same term last year) ▼

### ▶ Marine Systems

Sales volume increased for products related to meeting the regulations to promote marine environmental conservation and products supplied for container ships, although the sales volume for Terasaki Shore Connection and products for LNG ships had declined.

### ▶ Industrial Systems

Sales volume had decreased for projects involving domestic and overseas plants.

### ▶ Medical Devices

Sales volume remained firm for both medical tools and equipment and clinical testing devices.

### ▶ Engineering & Lifecycle Services

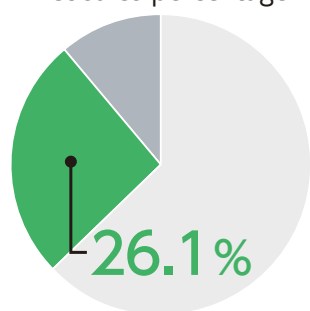
Sales volume remained firm for projects related to meeting the regulations to promote marine environmental conservation and in business for engineering services in industrial systems.

### ▶ Circuit Breakers

Japan: Sales result was weak.  
Overseas: Sales volume increased for products in the marine markets and those destined for the Oceania markets.

## Asia

Net sales percentage



Net sales ▶ **9,570 million JPY** (Up 16.7% from the same term last year) ▼

Segment profit ▶ **925 million JPY** (Up 30.7% from the same term last year) ▼

### ▶ Marine Systems

Sales volume increased for products for bulk carriers and container ships.

### ▶ Engineering & Lifecycle Services

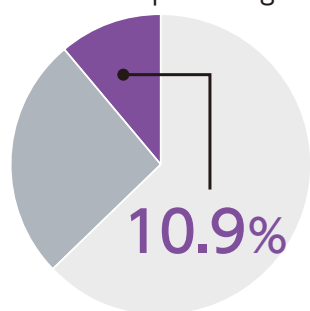
Sales volume remained firm for Terasaki Shore Connection and for projects related to meeting the regulations to promote marine environmental conservation such as SOx emissions.

### ▶ Circuit Breakers

Sales volume of OEM-based products increased, but declined for products distributed to the Malaysian market, due to the effects of the change in the government and other factors.

## Europe

Net sales percentage



Net sales ▶ **3,989 million JPY** (Down 2.9% from the same term last year) ▼

Segment profit ▶ **238 million JPY** (Up 8.1% from the same term last year) ▼

### ▶ Circuit Breakers

Sales volume levelled off in the UK but those in Middle Eastern countries were stronger. Sales volume in Europe had declined slightly. Consequently, the overall sales volume of circuit breakers had declined due to the effects of fluctuations in the foreign exchange rate.

### ▶ Engineering & Lifecycle Services

The business for retrofitting remained firm.

## By Product Group

### System Products

Net sales **20,722 million JPY**  
(Up 8.9% from the same term last year) ▼

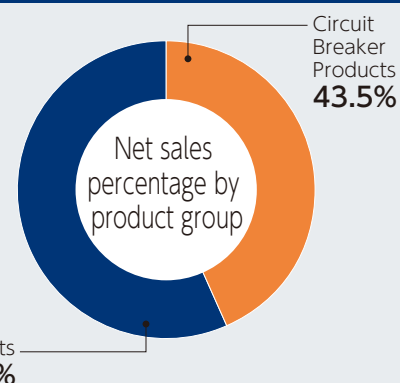
Orders received **19,830 million JPY**  
(Down 0.8% from the same term last year) ▼

Order backlog **16,247 million JPY**  
(Down 892 million JPY from the end of the last consolidated fiscal year) ▼

### Circuit Breaker Products

Net sales **15,978 million JPY**  
(Down 1.8% from the same term last year) ▼

(Note) We do not disclose orders received or order backlog for Circuit breaker products because they are manufactured in accordance with our planned production schedule.

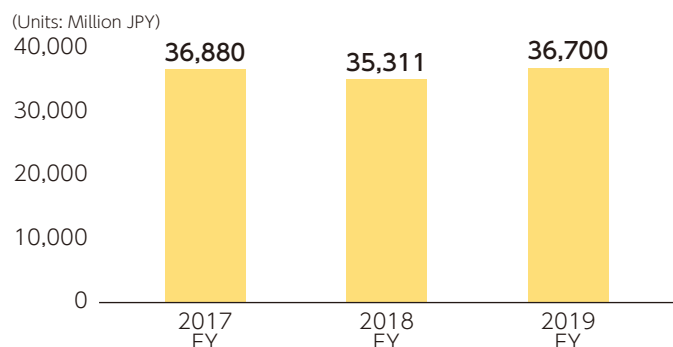


System Products  
**56.5%**

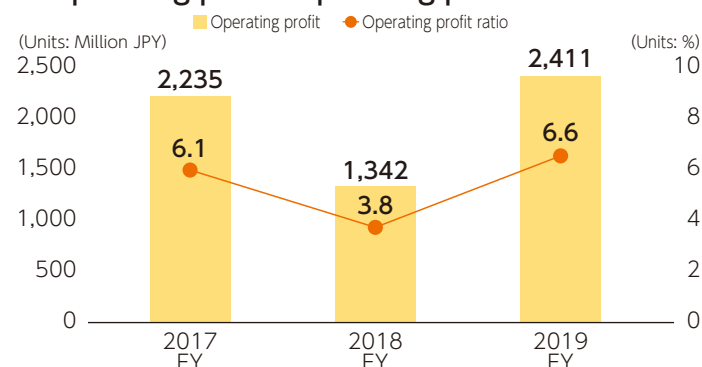
Circuit Breaker Products  
**43.5%**

# Consolidated Financial Highlights

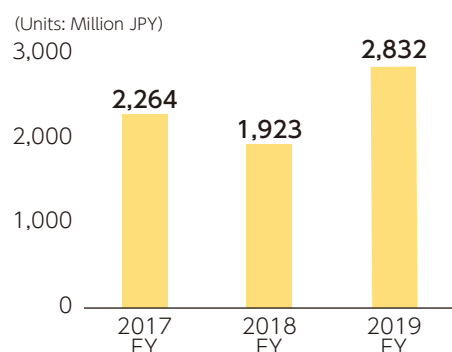
## Net sales



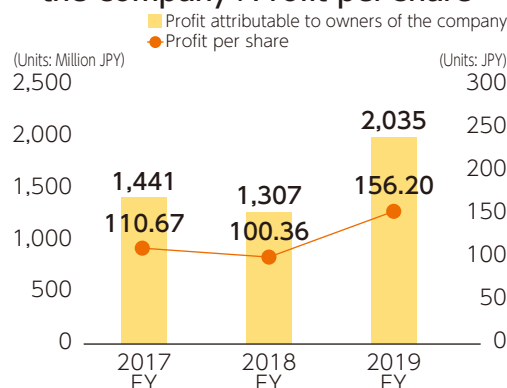
## Operating profit/Operating profit ratio



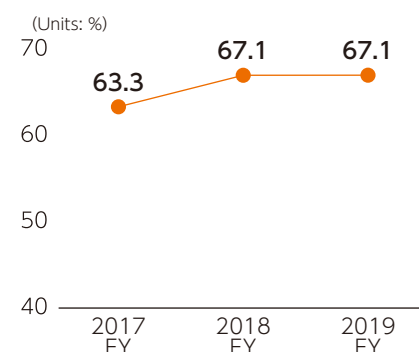
## Recurring profit



## Profit attributable to owners of the company /Profit per share



## Equity ratio



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Units: Million JPY)

	2018FY (As of 31 March 2019)	2019FY (As of 31 March 2020)
<b>[Assets]</b>		
Current assets	32,570	33,342
Non-current assets	12,179	13,425
Property, plant and equipment	8,937	9,389
Intangible assets	165	129
Investments and other assets	3,076	3,907
<b>Total Assets</b>	<b>44,749</b>	<b>46,767</b>

(Units: Million JPY)

	2018FY (As of 31 March 2019)	2019FY (As of 31 March 2020)
<b>[Liabilities]</b>		
Current liabilities	12,546	11,763
Non-current liabilities	2,131	3,565
<b>Total Liabilities</b>	<b>14,678</b>	<b>15,328</b>
<b>[Equity]</b>		
Shareholders' equity	29,427	31,279
Capital stock	1,236	1,236
Capital surplus	2,244	2,244
Retained earnings	25,947	27,799
Treasury stock, at cost	△1	△1
Accumulated other comprehensive income	607	124
Non-controlling interests	37	34
<b>Total Equity</b>	<b>30,071</b>	<b>31,439</b>
<b>Total Liabilities and Equity</b>	<b>44,749</b>	<b>46,767</b>

## Consolidated Statements of Income

(Units: Million JPY)

	2018FY (From 1 April 2018 to 31 March 2019)	2019FY (From 1 April 2019 to 31 March 2020)
Net sales	35,311	36,700
Cost of sales	25,733	26,459
Gross profit	9,578	10,241
Selling, general and administrative expenses	8,235	7,829
Operating profit	1,342	2,411
Non-operating income	625	553
Non-operating expenses	44	131
Recurring profit	1,923	2,832
Extraordinary income	208	80
Extraordinary loss	0	117
Profit before income taxes	2,131	2,795
Income taxes - Current	512	689
Income taxes - Deferred	313	71
Profit for the period	1,305	2,034
Loss attributable to non-controlling interests	△1	△1
<b>Profit attributable to owners of the company</b>	<b>1,307</b>	<b>2,035</b>

## Consolidated Statements of Cash Flows

(Units: Million JPY)

	2018FY (From 1 April 2018 to 31 March 2019)	2019FY (From 1 April 2019 to 31 March 2020)
Cash flows from operating activities	1,112	2,047
Cash flows from investing activities	△437	△929
Cash flows from financing activities	△1,018	△839
Effect of exchange rate changes on cash and cash equivalents	△56	△474
Net increase (decrease) in cash and cash equivalents	△400	△195
Cash and cash equivalents at beginning of year	11,768	11,368
<b>Cash and cash equivalents at end of year</b>	<b>11,368</b>	<b>11,172</b>

(Note) Monetary amounts are rounded off to one million JPY.

# TemBreak PRO – A new type of moulded case circuit breakers



We will be launching our TemBreak PRO series of moulded case circuit breakers in 2020, as our next-generation circuit breaker series, which will be succeeding the TemBreak2 series.

In the range of 100AF\* to 630AF, we have developed a new smart circuit breaker type (being an electronic circuit breaker that has measurement, display and communication functions with capability to handle all kinds of information related to the electrical circuit) that works with energy-saving electrical systems. These are additional new features to our standard product lines of thermal-electromagnetic and electronic circuit breakers.

It is important to control the amount of electricity used by energy-saving electrical systems, and the first requirement for achieving this is to have highly-accurate measurement of their electricity consumption. TemBreak PRO Smart breaker features far greater accuracy of measurement than conventional circuit breakers, making it possible to monitor with fine accuracy for the state of the electrical circuit, including the amperage, voltage, electric power, electric energy, and so on.

Furthermore, TemBreak PRO enables the digital data of the electrical circuit to be centrally controlled through a communication network.

Additionally, in order to save space within the energy-saving system and in reducing the unit's environmental impact, TemBreak PRO of the 100AF/125AF range is 82% smaller physically as compared to its predecessor version and the size is as small as 63% as that of the 630AF version. TemBreak PRO products of the 100AF/125AF range are the smallest size Smart breaker in the industry.

These products will not only protect electrical circuits in general but also fit into the smart grid schemes and energy control programs that have been rapidly ramped up around the world in recent years.

Our aim, with the TemBreak PRO series, is to contribute to a sustainable society by helping to achieve SDGs (Sustainable Development Goals) through our power distribution and control technologies.

\*AF (Ampere Frame): The larger the number, the larger is the physical size of the circuit breaker.



## Corporate Profile

Company Name	Terasaki Electric Co., Ltd.	
Head Office	6-13-47 Kamihigashi, Hirano-ku, Osaka 547-0002 Japan	
Foundation	1 October 1923	
Established	1 April 1980	
Capital	1,236 million JPY	
Employees	1,930 (Consolidated)	550 (Non-consolidated)
Consolidated Subsidiaries	Domestic: 5, Overseas: 8	

## Director & Executive Officer (As of 29 June 2020)

President	Taizo Terasaki	
Director Senior Managing Executive Officer	Makoto Suto	Accounting & Finance, Business Planning, R&D, Disclosure
Director Senior Managing Executive Officer	Shunji Okada	System Division
Director Managing Executive Officer	Kazunobu Kumazawa	General Affairs Department, Information System Department
Director Executive Officer	Masao Nishida	Marine Department System Division Engineering, Life Cycle
Director Executive Officer	Yoshihiro Umemoto	Circuit Breaker Division
Director Executive Officer	Hirofumi Kobayashi	Sales and Marketing Circuit Breaker Division
Director Audit & Supervisory Committee Member	Junji Nagase	
Director Audit & Supervisory Committee Member (External)	Kunio Chiyoda	
Director Audit & Supervisory Committee Member (External)	Shunji Takano	
Executive Officer	Syujiro Hamano	General Affairs Department
Executive Officer	Kazuhiro Yoshikawa	Medical Device Department System Division
Executive Officer	Masaji Nishino	Circuit Breaker Division

## Shares

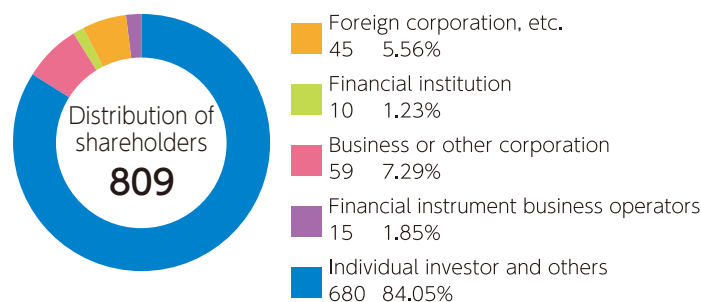
Total number of shares authorized to be issued	52,000,000
Total number of issued shares	13,030,000
Number of shareholders	809

## Major Shareholders

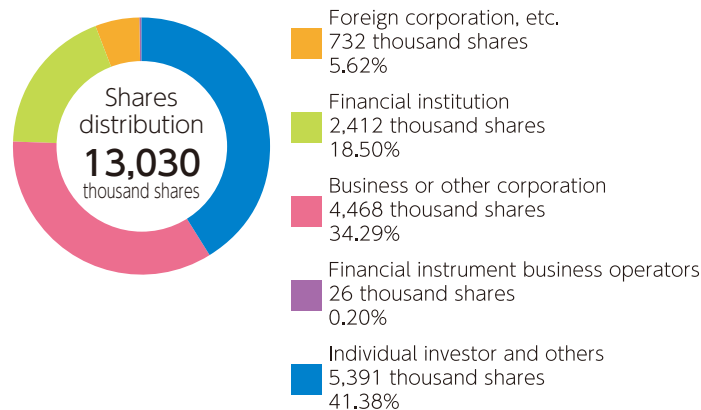
Shareholder	Shares owned (1,000 shares)	Share (%)
Terasaki Co., Ltd.	2,200	16.89
The Master Trust Bank of Japan, Ltd.	1,154	8.86
Taizo Terasaki	1,124	8.62
Terasaki Trust Co., Ltd	866	6.64
Kaori Aramaki	738	5.66
Yuzo Terasaki	677	5.19
Terasaki Employee Stock Ownership	666	5.11
Hozansha Co., Ltd.	653	5.01
Terasaki Kyoeikai	517	3.97
Arc Ltd.	400	3.07

(Note) Share percentages are calculated without treasury stock (1,021 shares).

## Distribution by Shareholders



\* Treasury stock is included in individual investor and others.



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## TERASAKI ELECTRIC CO., LTD.

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