

# Financial Results for the Fiscal Year Ended March, 2018

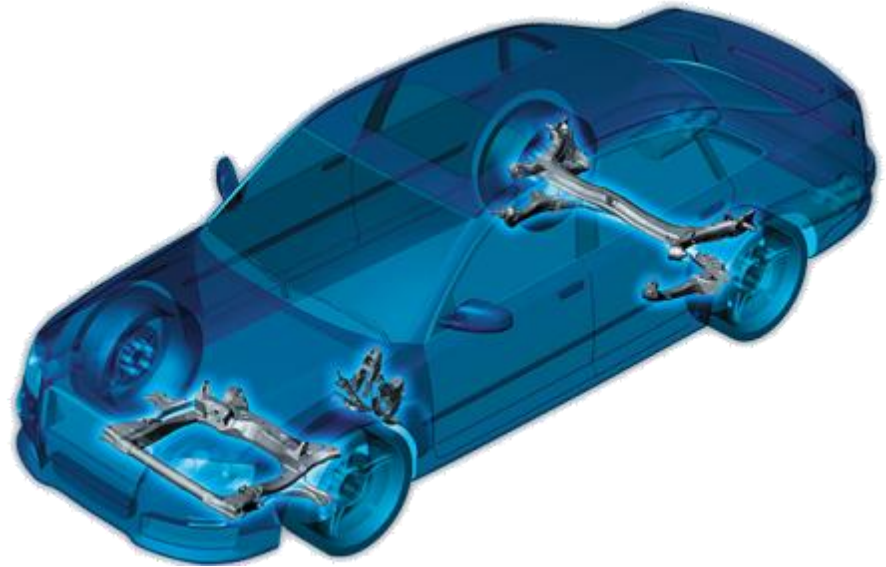
5/10/2018

F-TECH Inc.

TSE 1<sup>st</sup> Section : 7212

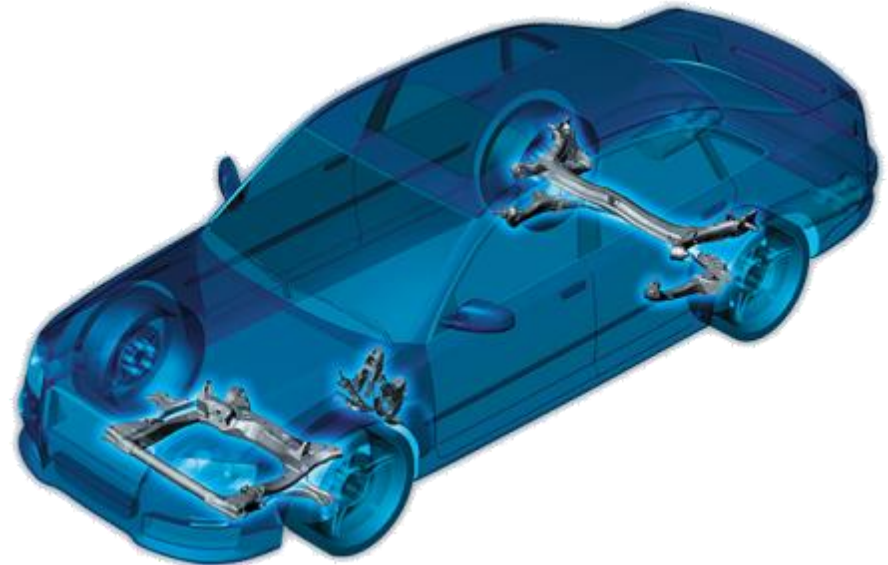
<http://www.ftech.co.jp>

1. Financial Results Overview
2. Earnings Forecast
3. Business Strategy
4. Topics



Yuichi Fukuda  
President & CEO

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President & CEO

# Consolidated Financial Results Overview (Year on Year)



(Unit : M Yen)

	FY Ended Mar 2017 Actual		FY Ended Mar 2018 Actual		Difference	
Sales	197,941	100.0%	226,060	100.0%	28,118	14.2%
Operating Income	8,035	4.1%	6,856	3.0%	▲1,179	▲14.7%
Income before tax	7,214	3.6%	5,924	2.6%	▲1,289	▲17.9%
Profit Attributable to owners of parent	4,035	2.0%	4,708	2.1%	673	16.7%
Earnings per share (Yen)	261.01	-	262.98	—	1.97	0.8%

Foreign Exchange Impact

Converted bond 1,650 million yen

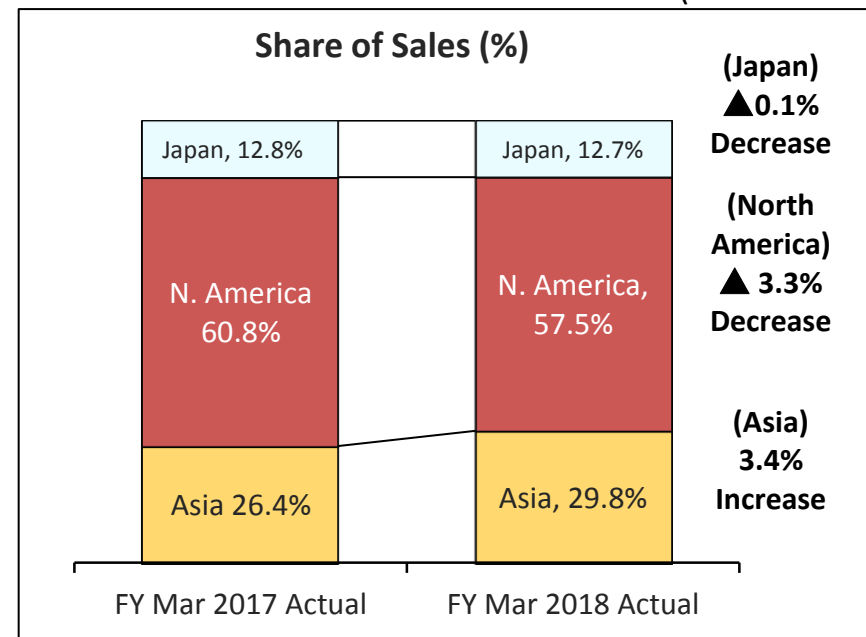
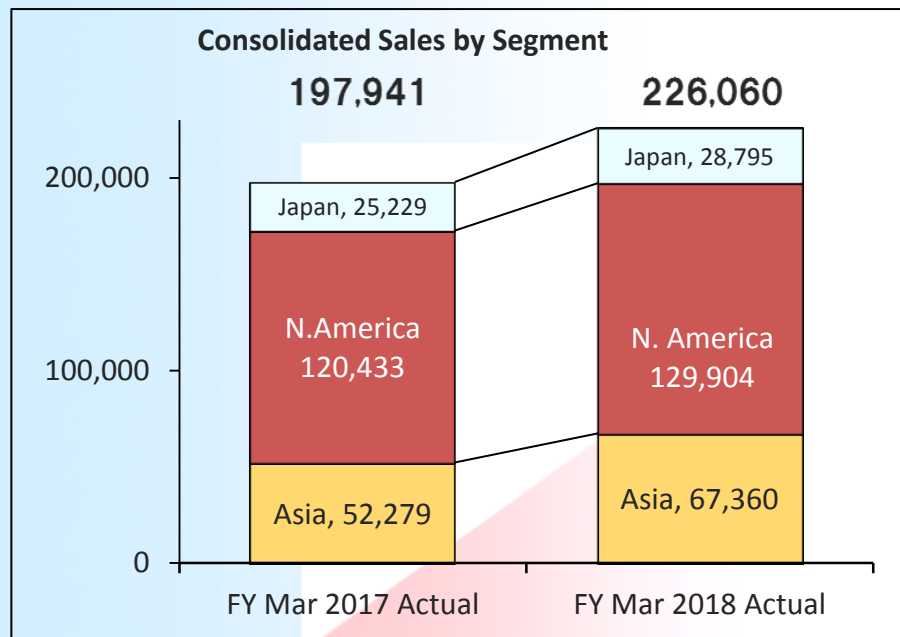
Bond balances were fully converted at Sep. 12 2017

	FY Ended Mar 2017	FY Ended Mar 2018	Difference
1US\$	108.71 yen	110.71yen	2.00yen
1CAN\$	82.60 yen	86.41yen	3.81yen
1Yuan(RMB)	16.41 yen	16.63yen	0.22yen

Continuously increased in sales and income.  
 (Sales increased but profit decreased mainly because production of high-margin products ended in Canada and productivity in the US declined.)

# Consolidated Sales (Year on Year)

(Unit :M Yen)



## Changes in Consolidated Sales

	FY Mar 2017	FY Mar 2018	Difference	Difference (%)	FX Impact	Net Difference	Difference (%)
Japan	25,229	28,795	3,566	14.1%	—	3,566	14.1%
N. America	120,433	129,904	9,471	7.9%	4,349	5,121	4.3%
Asia	52,279	67,360	15,081	28.8%	1,693	13,387	25.6%
<b>Consolidated</b>	<b>197,941</b>	<b>226,060</b>	<b>28,118</b>	<b>14.2%</b>	<b>6,043</b>	<b>22,075</b>	<b>11.2%</b>

Overseas segments contributed to 87.3% of consolidated sales.

Sales increased in all segments, Asian growth is mainly from China and Thailand .



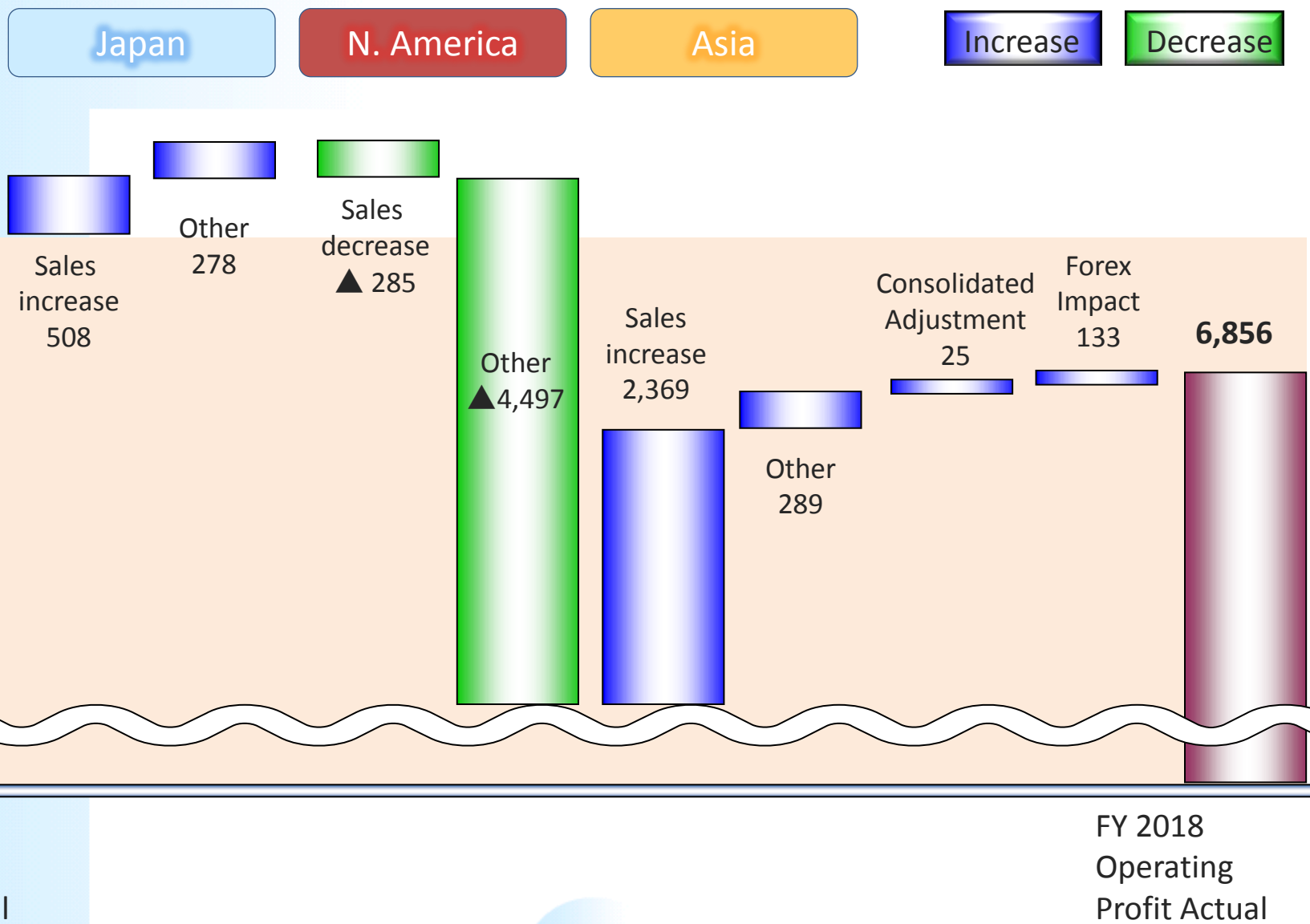
# Operating Income by Segment (Year on Year)

(Unit : M Yen)

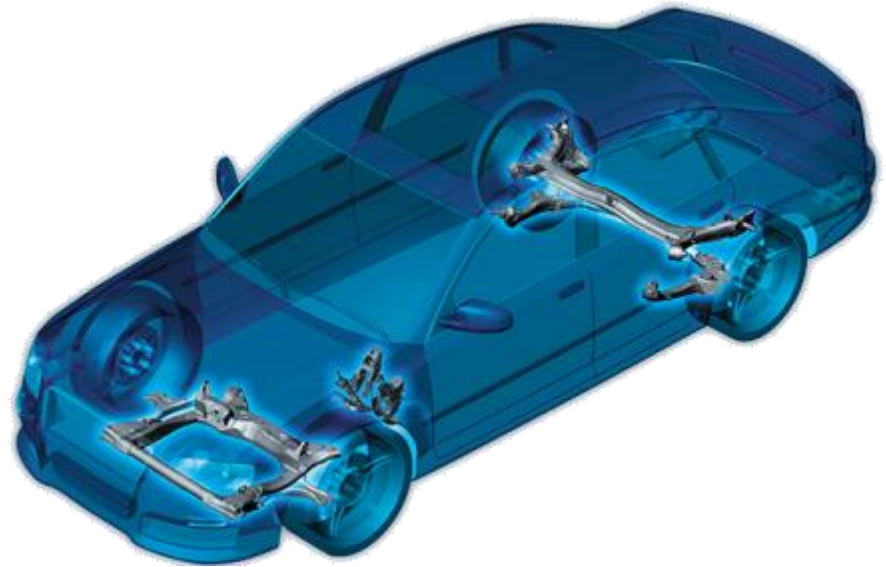
	Operating Income				Share		
	FY Mar 2017 Actual	FY Mar 2018 Actual	Difference	Difference (%)	FY Mar 2017 Actual	FY Mar 2018 Actual	Difference (%)
Japan	958	1,744	786	82.0%	11.9%	25.4%	13.5%
N. America	2,928	▲1,878	▲4,806	▲164.2%	36.4%	▲27.4%	▲63.8%
Asia	3,868	6,684	2,815	72.8%	48.1%	97.5%	49.3%
Total	7,754	6,549	▲1,204	▲15.5%	96.5%	95.5%	▲1.0%
Adjustment	281	306	25	8.9%	3.5%	4.5%	1.0%
Consolidation	8,035	6,856	▲1,179	▲14.7%	100.0 %	100.0%	-

# Changing Factors in Operating Income

(Unit : M Yen)



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Yuichi Fukuda  
President & CEO



# Consolidated Results Forecast Overview (FY Mar 2019)



(Million yen)

	FY Mar 2018 Actual		FY Mar 2018 Forecast		Difference	
Sales	226,060	100.0%	226,000	100.0%	▲60	▲0.0%
Operating profit	6,856	3.0%	7,500	3.3%	643	9.4%
Profit before tax	5,924	2.6%	6,600	2.9%	675	11.4%
Profit attributable to owners of parent	4,708	2.1%	4,000	1.8%	▲709	▲15.1%
Earnings per share (Yen)	262.98	—	214.15	—	▲48.83	▲18.6%

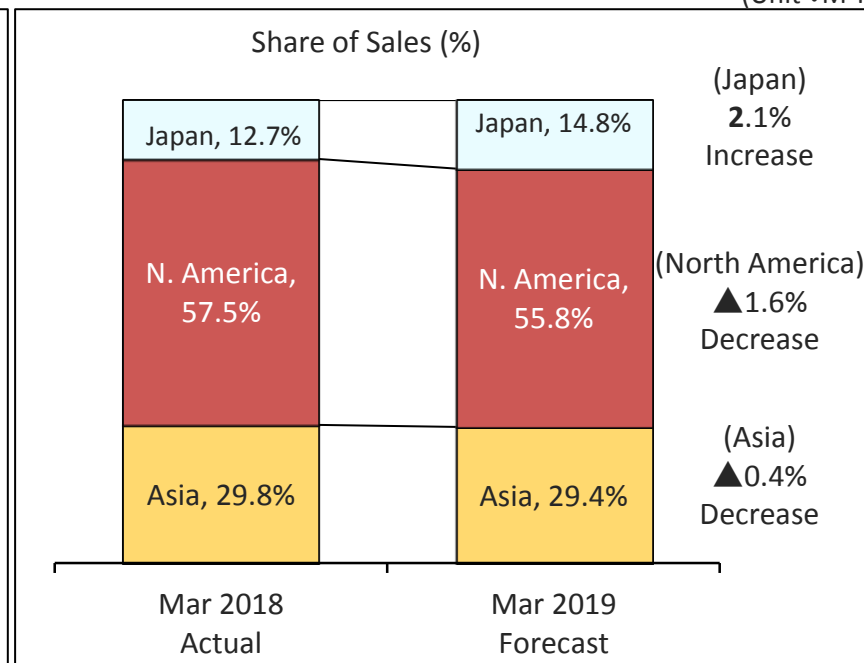
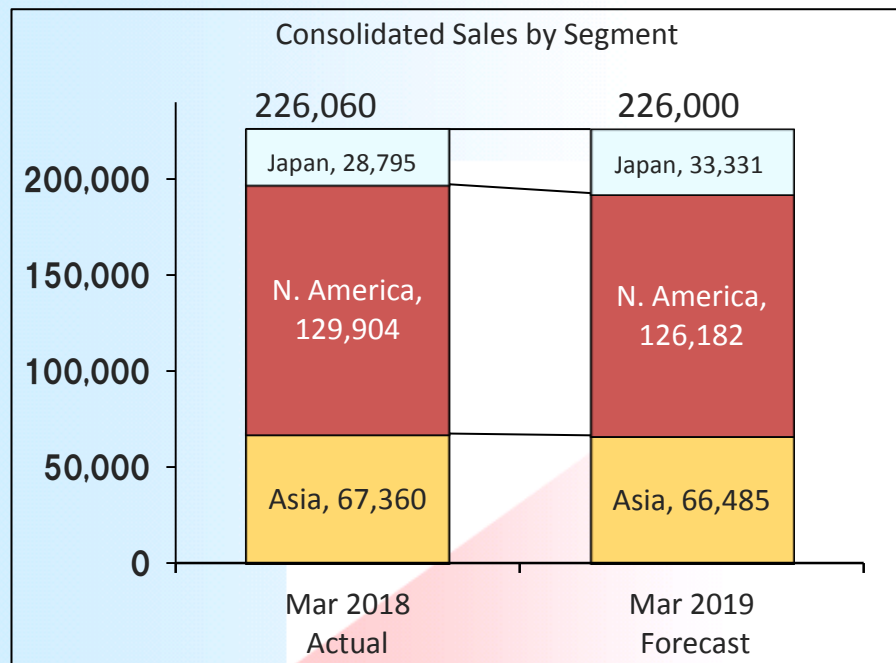
Foreign Exchange Impact

	FY Mar 2018	FY Mar 2018	Difference
1US\$	110.71yen	105.00yen	▲5.71yen
1CAN\$	86.41yen	81.00yen	▲5.41yen
1Yuan(RMB)	16.63yen	16.60yen	▲0.03yen

Forex impact will be minimized by increasing sales with new business opportunities

# Consolidated Sales Forecast (FY Mar 2019)

(Unit : M Yen)



## Changes in Consolidated Sales

	FY Mar 2018	FY Mar 2019	Difference	Difference (%)	FX Impact	Real Difference	Difference (%)
Japan	28,795	33,331	4,536	15.8%	—	4,536	15.8%
N. America	129,904	126,182	▲3,722	▲2.9%	▲7,691	3,969	3.1%
Asia	67,360	66,485	▲874	▲1.3%	▲695	▲180	▲0.3%
Consolidated	226,060	226,000	▲60	▲0.0%	▲8,386	8,325	3.7%

Net sales increase without forex impact, increased in Japan and NA.  
Overseas segment takes up 85.2% of consolidated sales.

# Operating Profit by Segment (FY Mar 2019 Forecast)

(Unit : M Yen)

	Operating Income				Share		
	FY Mar 2018 Actual	FY Mar 2019 Forecast	Difference	Difference (%)	FY Mar 2018 Actual	FY Mar 2019 Forecast	Difference (%)
Japan	1,744	332	▲1,411	▲80.9%	25.4%	4.4%	▲21.0%
N. America	▲1,878	1,723	3,602	-	▲27.4%	23.0%	-
Asia	6,684	5,955	▲728	▲10.9%	97.5%	79.4%	▲18.1%
Total	6,549	8,012	1,462	22.3%	95.5%	106.8%	11.3%
Adjustment	306	▲512	▲818	▲266.9%	4.5%	▲6.8%	▲11.3%
Consolidated	6,856	7,500	643	9.4%	100.0%	100.0%	-

# Changing Factors in Operating Income

(Unit : M Yen)

Japan

N. America

Asia

Increase

Decrease

(Canada)  
Customer going on strike  
Customer's production plan delay  
New model startup cost increase  
(USA)  
Increase in outsourcing cost, material cost,  
Cost for logistic improvement  
(Mexico)  
New model startup cost increase

Recovered

Other  
4,324

Sales  
increase  
183

Other  
decrease  
▲866

Consolidated  
Adjustment  
▲818

Forex  
Impact  
▲160

7,500

6,856

Sales  
decrease  
▲707

Other  
▲704

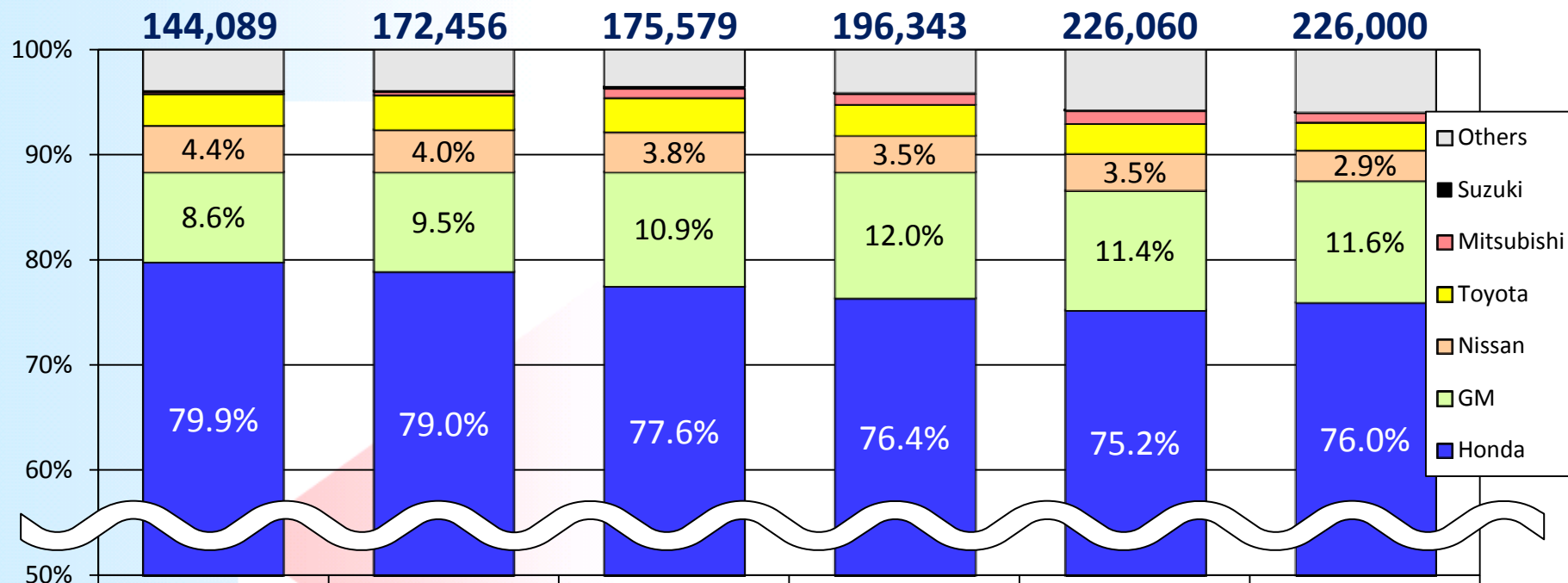
Sales  
decrease  
▲608

FY 2018  
Operating  
Profit Actual

FY 2019  
Operating  
Profit Forecast

# Changes in Sales by Customer

(Unit :M Yen)

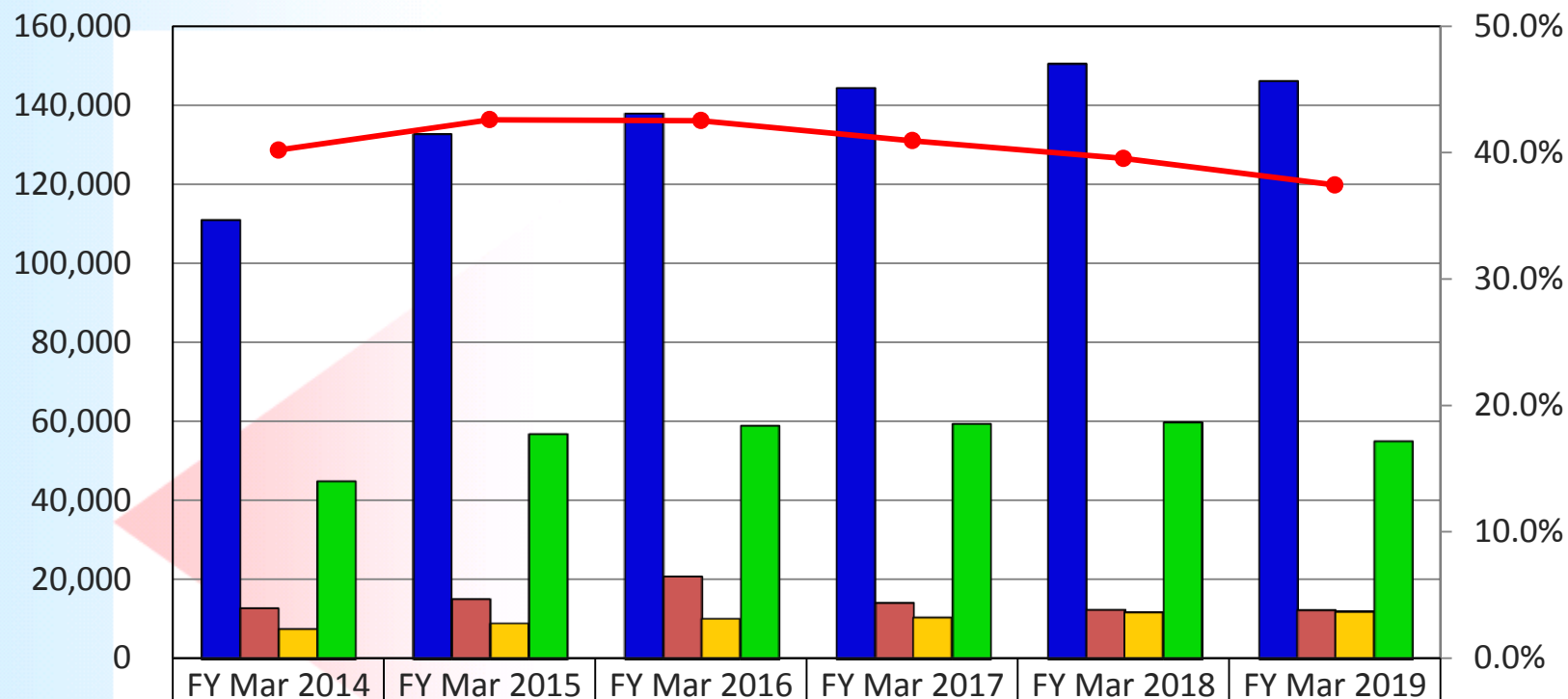


	FY Mar 2014	FY Mar 2015	FY Mar 2016	FY Mar 2017	FY Mar 2018	FY Mar 2019 Forecast
Honda	137,708	138,635	152,435	151,282	170,089	171,715
GM	14,880	16,622	21,345	23,683	25,782	26,285
Nissan	7,536	7,024	7,435	6,985	7,957	6,606
Toyota	5,209	5,875	6,204	5,658	6,428	5,766
Mitsubishi	370	526	1,803	2,036	2,648	2,121
Suzuki	127	135	321	197	269	235
Others	6,626	6,762	6,800	8,101	12,888	13,272
	172,456	175,579	196,343	197,941	226,060	226,000



(Unit :M Yen)

■ Total Asset 
 ■ Capital Investment 
 ■ Depreciation 
 ■ Interest-Bearing Debt 
 ● Dependence on Interest-Bearing Debt



	FY Mar 2014	FY Mar 2015	FY Mar 2016	FY Mar 2017	FY Mar 2018	FY Mar 2019
Total Asset	111,062	132,697	137,980	144,420	150,525	146,144
Capital Investment	12,715	14,987	20,578	14,094	12,435	12,233
Depreciation	7,508	8,920	10,081	10,335	11,666	11,867
Interest-Bearing Debt	44,679	56,570	58,686	59,129	59,510	54,714
Dependence on Interest-Bearing Debt	40.2%	42.6%	42.5%	40.9%	39.5%	37.4%

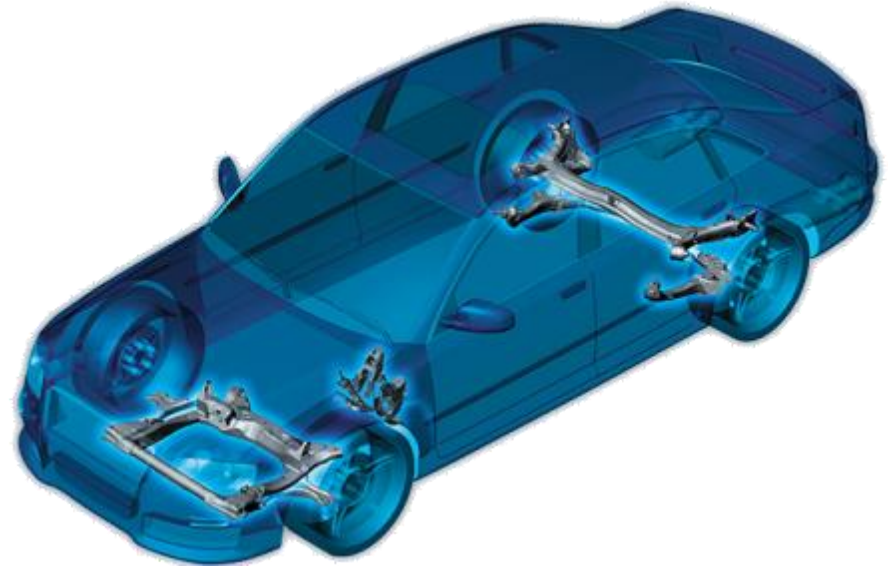
## FY Mar 2019 Forecast

	End of Q1	End of Q2	End of Q3	End of Q4	Total	Payout Ratio
FY Mar 2019 Dividend Forecast	-	10 yen	-	10 yen	20 yen	<b>9.3%</b>
(FYI) FY Mar 2018 Actual	-	10 yen	-	10 yen	20 yen	7.6%
Difference (Year on Year)	-	-	-	-	-	1.3%

## Dividend Policy

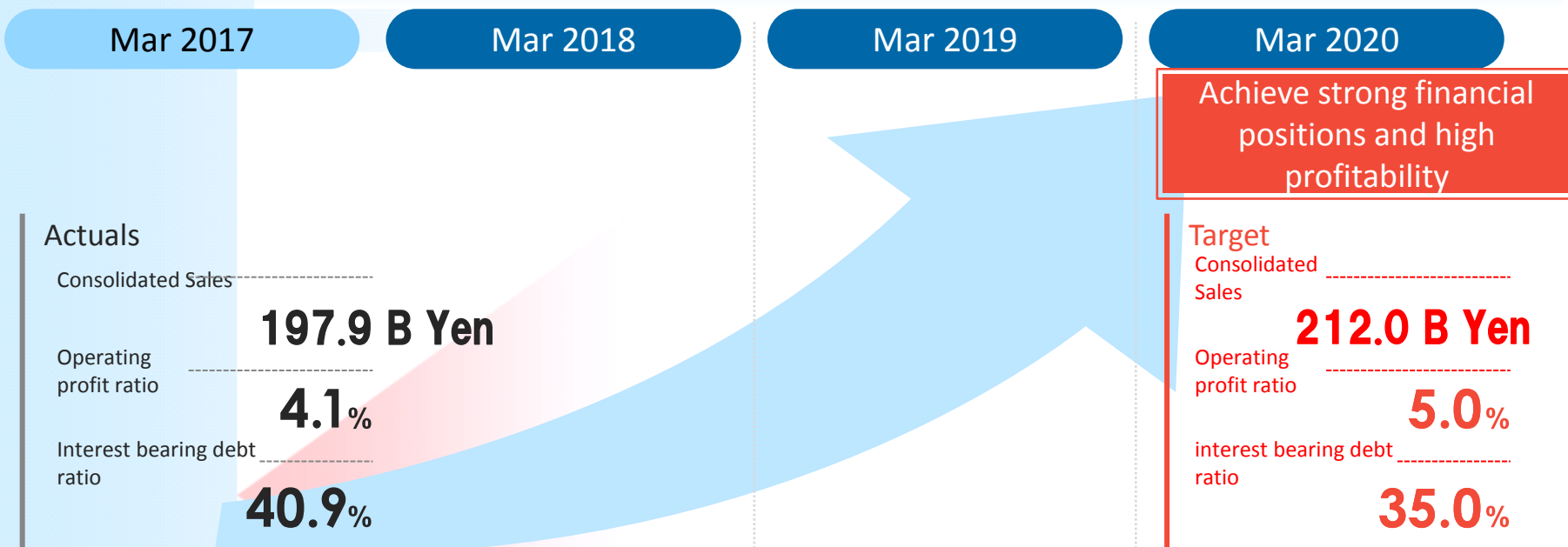
F.tech's basic policy regarding the profit distribution is based on the business performance. Along with reinforcing our financial characteristic, we will review profit forecast and future business opportunities from a long-term perspective, and distribute profit back to shareholders. Our payout ratio target is 10% or greater of the "Net profit attributable to parent company shareholders", and it is paid out twice a year – middle of the year and end of the year.

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President & CEO

## Corporate Policy **Back to Basics, Challenge for New**



### Back to Basics

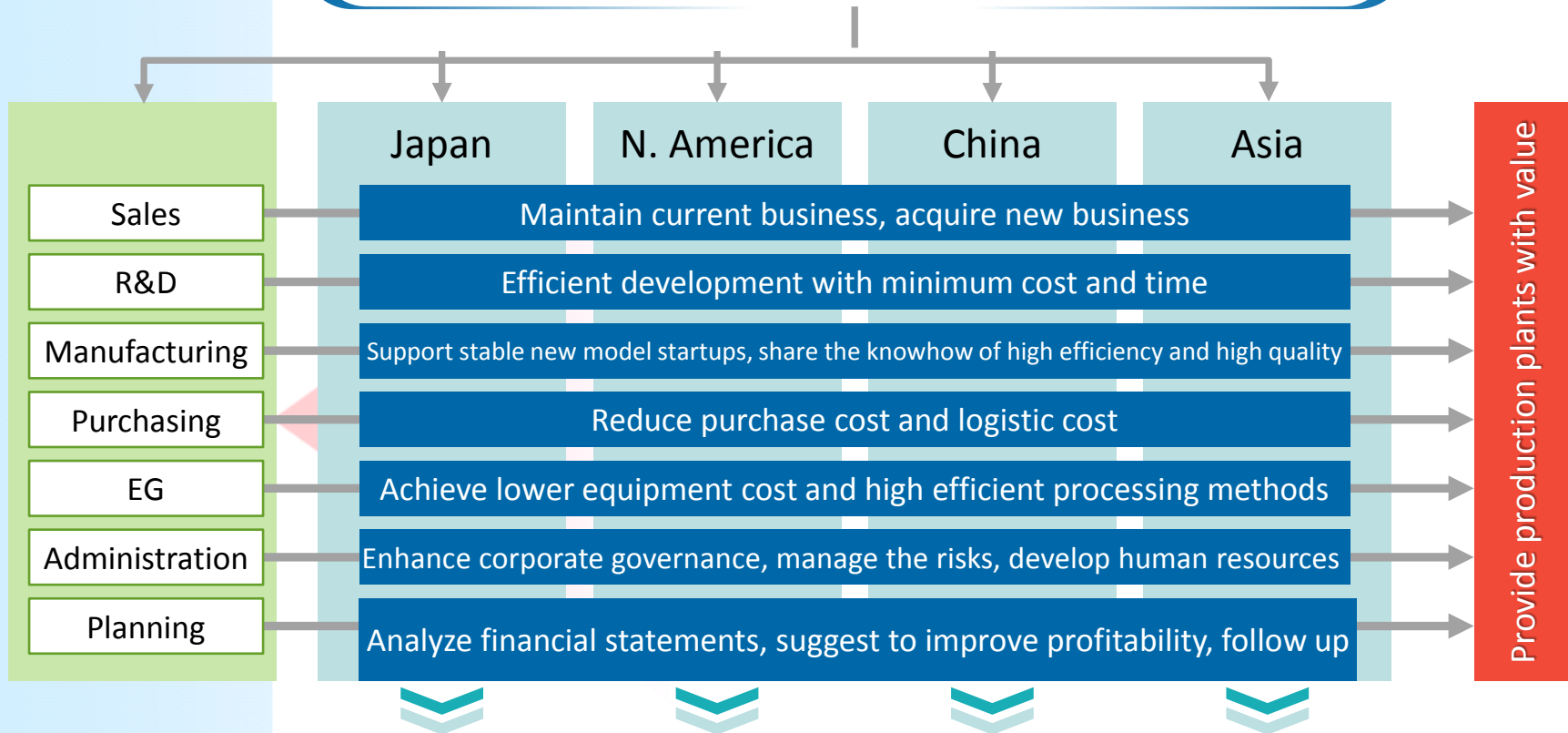
- Provide our customers with excellent value
- Production plants to maximize the profit
- Support function to minimize the cost and provide production plants with value
- Establish strong financial positions

### Challenge for New

- Acquire and expand new customers
- Propose new breakthrough products
- Establish new technologies and new processing methods
- Plan and execute new business opportunities

Enhance communication from Japan

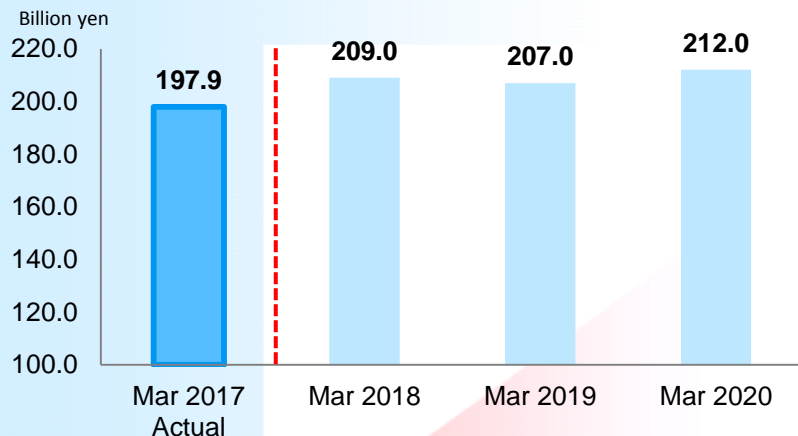
## Back to Basics, Challenge for New



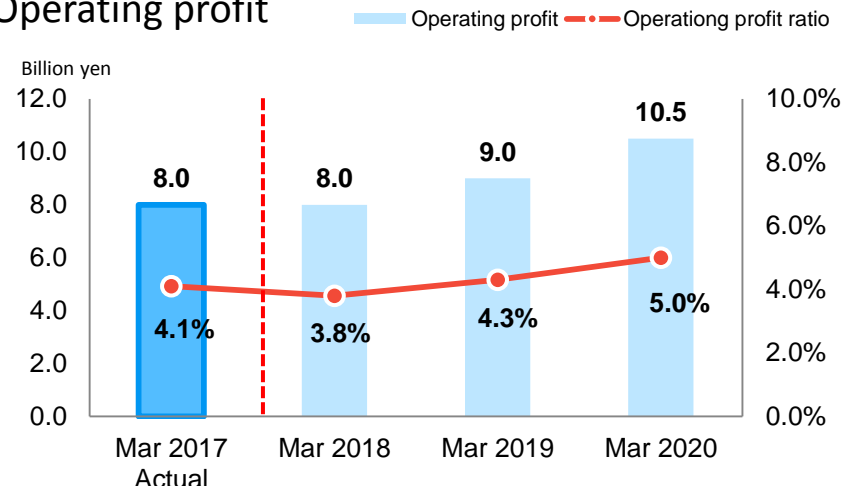
Manufacturing plants to achieve midterm targets as profit center



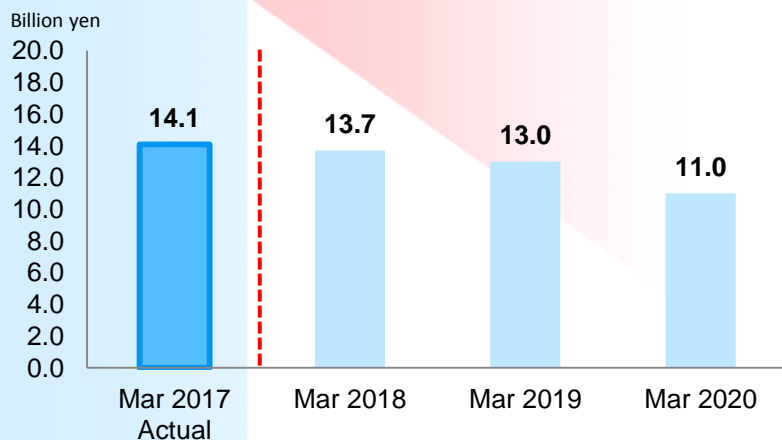
## Sales



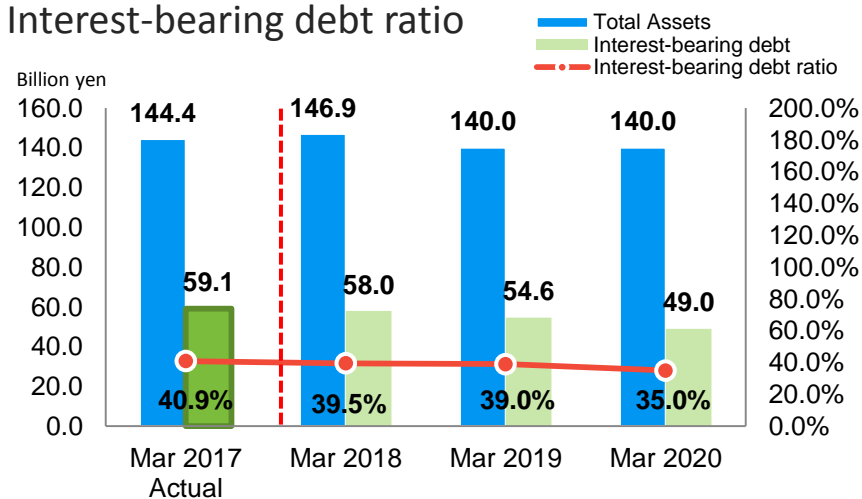
## Operating profit



## Investment plan



## Interest-bearing debt ratio



## Midterm Plan – 1<sup>st</sup> year plan vs actual

(Billion yen)

	Midterm plan	Mar 2018 actual	Difference
Sales	209.0	226.0	+17
Operating profit	8.0	6.8	▲1.2
Investment plan	13.7	12.4	▲1.3
Interest-bearing debts	58.0	59.5	+1.5
Interest-bearing debt ratio	39.5%	39.5%	0%

Sales, investment plan, interest bearing debt ratio targets were achieved.  
 Operating profit and Interest bearing debts were not achieved.

# Midterm Three-Year Plan - 1<sup>st</sup> year plan vs actual -

## Midterm Plan – 1<sup>st</sup> year plan vs actual

(Billion yen)

	Midterm plan	Mar 2018 actual	Difference
Operating profit	8.0	6.8	▲1.2

It mainly stems from operating profit loss of 1.8 Billion yen in NA.

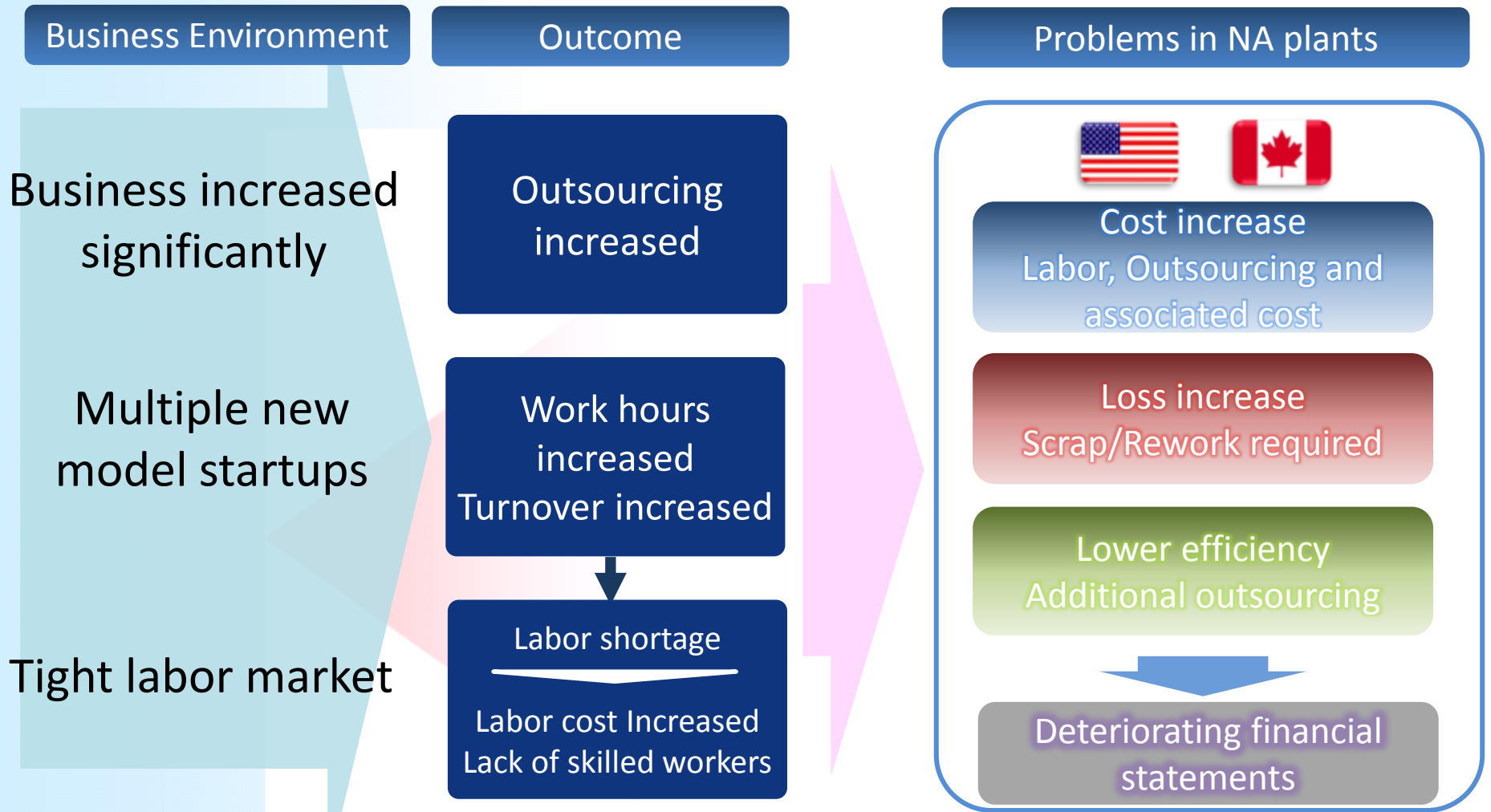
- Compared to last term ▲4.8 B yen
- Compared to original plan ▲3.6 B yen

There is an urgent need to rebuild financial position in NA

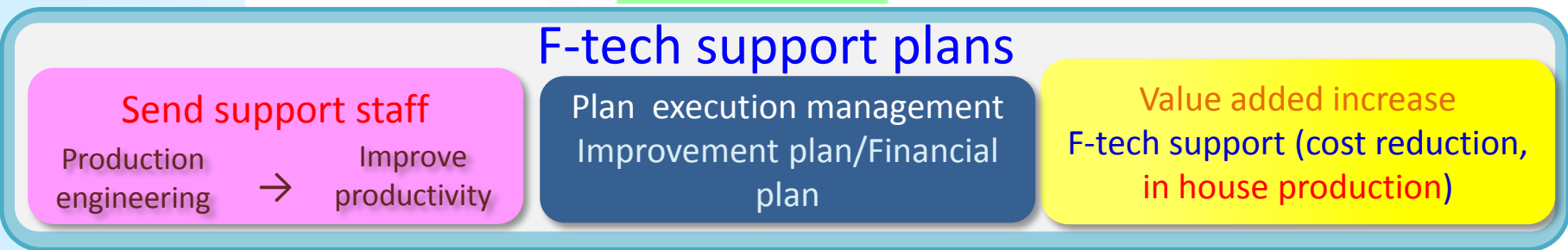
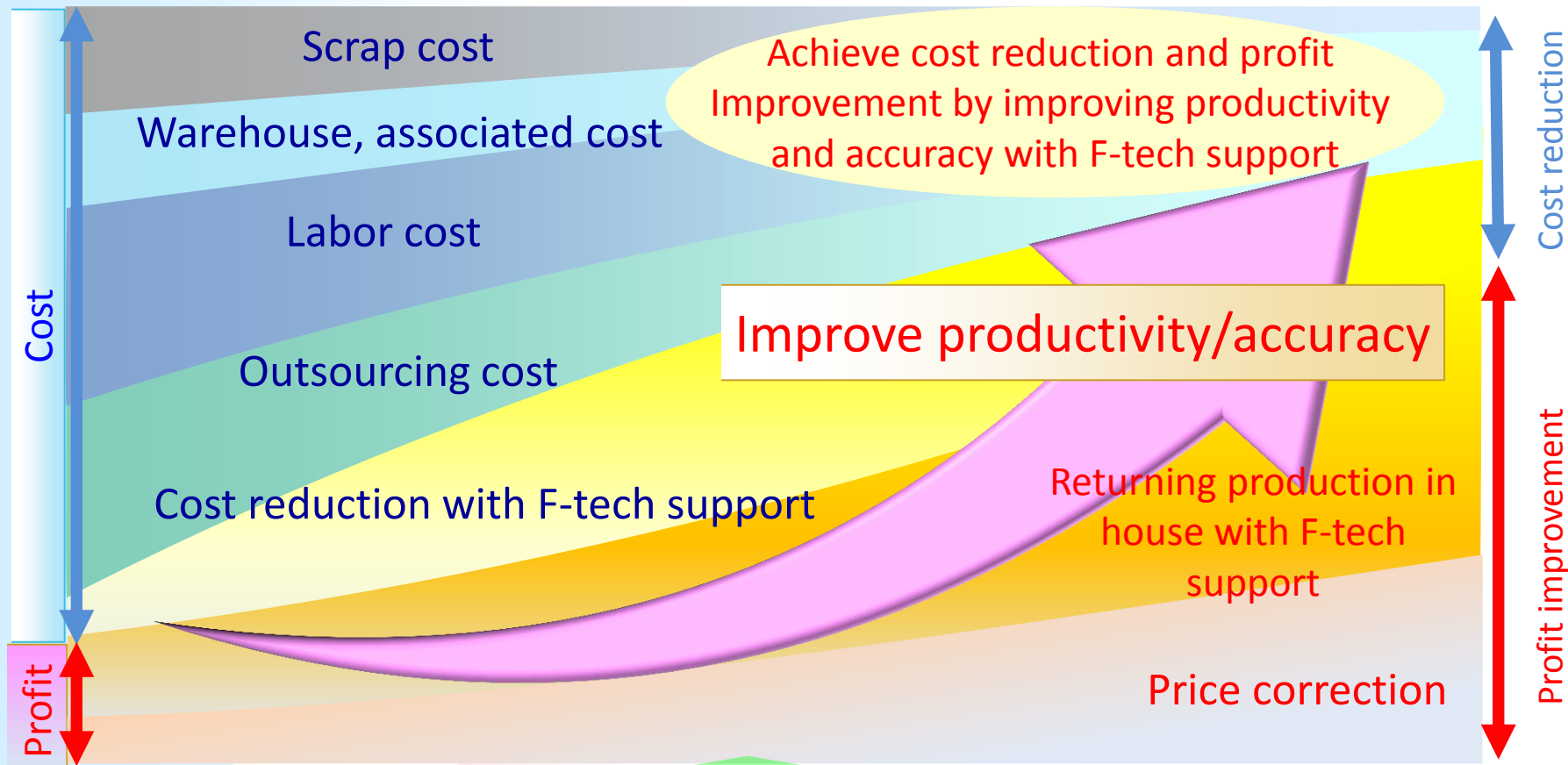
	Midterm plan	Mar 2018 actual	Difference
Interest bearing debts	58.0	59.5	+1.5

Buy up payment has been postponed to next term.  
(15M dollars in North America)

Interest bearing debts will be reduced in 2018 by recouping the payment

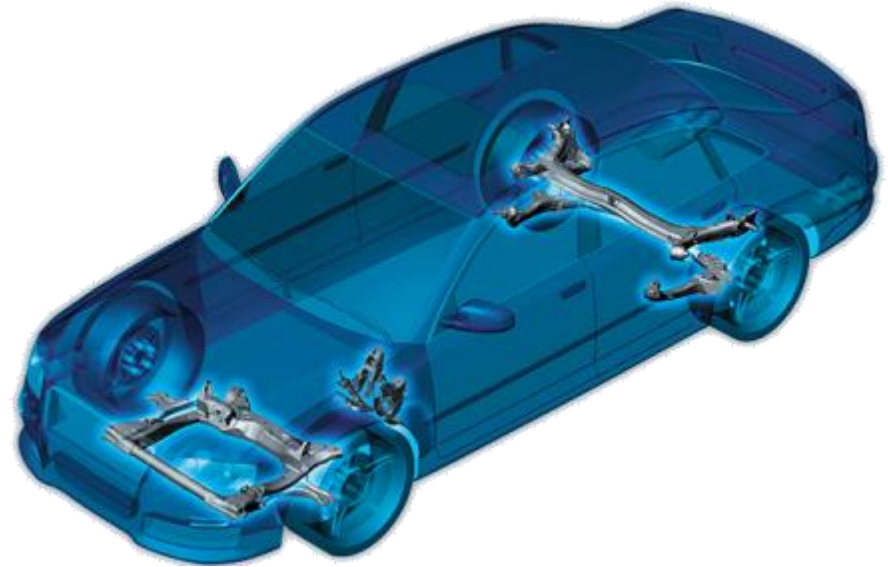


Improvement activities need to take place by F-tech and subsidiaries working together.





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## Honda

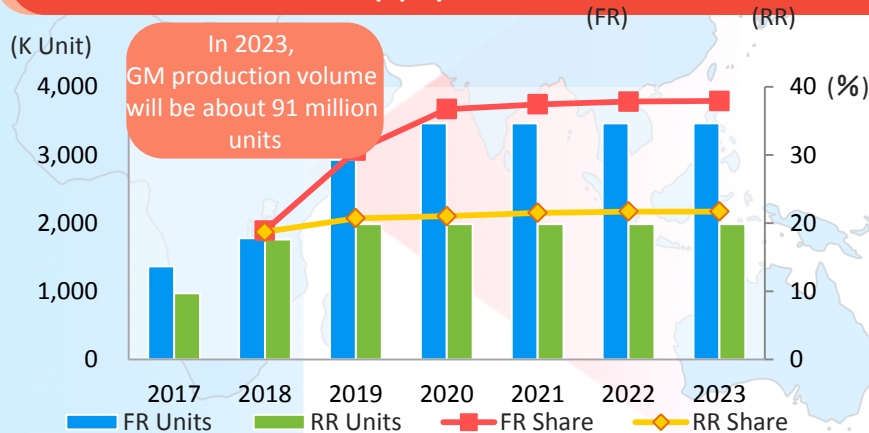
**F-tech supplies the parts to 100% of global models**

We acquire high confidence from customers by achieving weight reduction while strength and rigidity requirements are maintained

### Overseas OEMs

GM: Suspension/mount parts are supplied

2018 Global supply share **18.9%/18.7%**



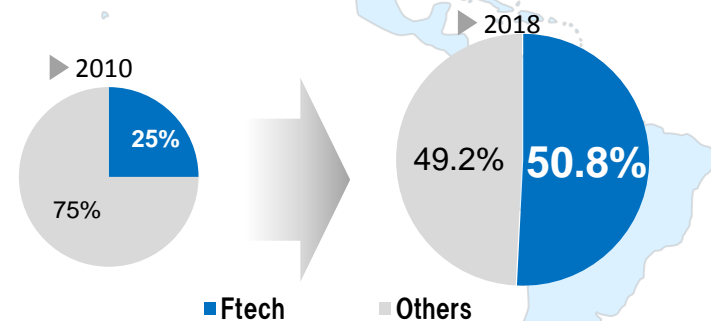
Mainly Suspension, Mount Parts

-New business from new customers/Production start-

### Japanese OEMs

Nissan: Control parts are supplied

2018 Global supply share **50.8%**



Mainly Control parts

- Acquire business also from Mitsubishi, Suzuki -

By responding to customers' requirements appropriately, we continuously obtain business from both overseas and Japanese OEMs including new business opportunities.

# Business Status - New model startups planned in 2018 -

Area	Customer	Q1	Q2	Q3	Q4		
Japan	HONDA		<b>N-BOX</b> Kameyama ⇒Japan	<b>CIVIC</b> Kuki ⇒Japan			
	OTHER		<b>LEAF</b> Kyushu Ftech ⇒Japan				
North America	HONDA	<b>Odyssey</b> FPG ⇒ North America		<b>Accord</b> FPA ⇒North America			
	OTHER	<b>Equinox /Terrain</b> FPMX ⇒ Mexico	<b>Traverse/ Enclave</b> Dyna-Mig ⇒ Canada	<b>LEAF</b> FPG ⇒ NA	<b>New T</b> Dyna-Mig ⇒NA	<b>CAMRY</b> Dyna-Mig ⇒ NA	<b>ALTIMA</b> FPG ⇒ NA
China	HONDA	<b>CITY</b> FTZ ⇒China	<b>CR-V</b> FTW ⇒China	<b>ACURA TLX</b> FTZ ⇒China			
	OTHER		<b>KICKS</b> FTZ ⇒China		<b>BUICK</b> FTW ⇒China		
Asia	HONDA						
	OTHER	<b>New F</b> FMTL ⇒Thailand			<b>SWIFT</b> VG ⇒India	<b>MIRAGE</b> FPMI ⇒Philippines	

**【Legend】**

**Model Name**

Production location  
⇒Where to ship

## Odyssey

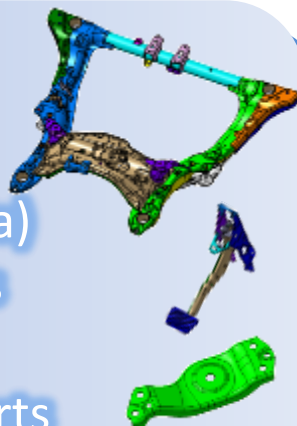
SOP: Apr 2017

Location: USA (F&P Georgia)

Products: Suspension parts

Mount parts

Pedal control parts



## ACCORD

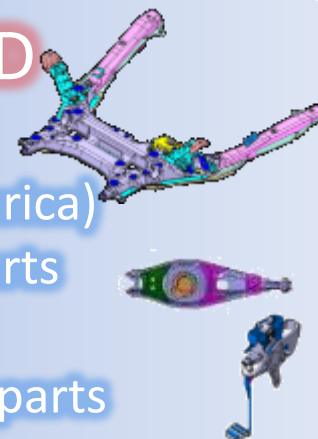
SOP Sep 2017

Location: USA (F&P America)

Products: Suspension parts

Mount parts

Pedal control parts



## N-BOX

SOP: July 2017

Location: Japan (Kameyama)

Products: Suspension parts

Mount parts

Pedal control parts



## CIVIC

SOP: Sep 2017

Location: Japan (Kuki)

Products: Suspension parts

Mount parts

Pedal control parts



We had massproduction startups of major products that have been awarded by meeting the customer's requirements.

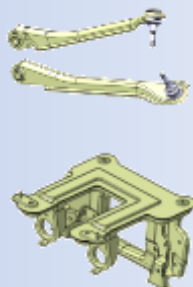


## New Customer

SOP: Apr 2017

Location: Thailand (FMTL)

Products: Suspension parts  
Mount parts



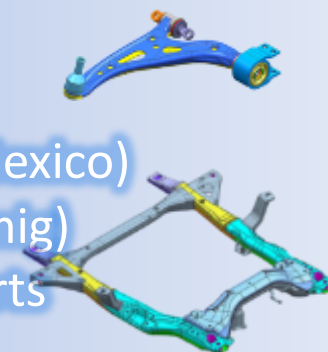
## GM

SOP: Apr, May 2017

Location: Mexico (F&P Mexico)

Canada (Dynamig)

Products: Suspension parts  
Mount parts



## New Customer

SOP: Jul 2017

Location: Canada (Dynamig)

Products: Suspension parts  
Mount parts

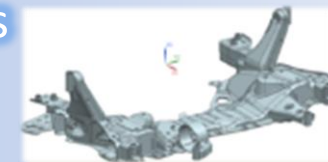


## New Customer

SOP: Feb 2018

Location: Canada (Dynamig)

Products: Mounts parts



We had massproduction startups of new model parts that have been awarded through sale promotion activities.



## FSW

Activities for new welding technologies

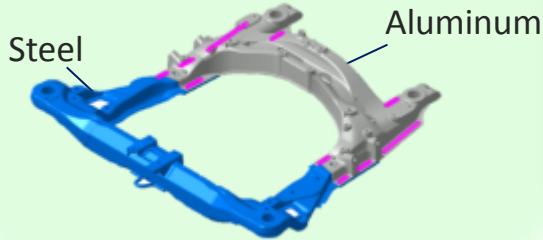
Steel + Aluminum

Aluminum + Aluminum

Carbon/Aluminum/Plastic

World's first mass production with FSW technology to weld steel and aluminum (DC).

FSW is used to weld Aluminum plate (expanded material) and Aluminum(extruded material)



(optimum welding with less distortion)



The technology is applied to other parts

Further weight reduction technology will be applied to the parts other than subframes along with establishing dissimilar welding technology.

Convertible bonds (CB) that we issued in yen that will be matured in 2020 had been fully converted into shares as of September 12, 2017.

\*8/17/2017 Call option was exercised

Item	End of March 2017	End of September 2017	Difference
CB Balance	2,350 M Yen	0	▲2,350 M Yen
# of issued shares	16,760,425	18,712,244	+1,951,819
Capital	5,615 M Yen	6,790 M Yen	+1,175 M Yen
Capital Surplus	6,155 M Yen	7,330 M Yen	+1,175 M Yen

<Reference>

CB Issue conditions

Issue date	3/20/2015
Redemption Date	3/23/2020
Total amount issued	4 Billion yen
Conversion price	1,204 yen

When CB issued (3/20/2015)

# of issued shares	15,390,000
Capital	4,790 Million yen
Capital surplus	5,228 Million yen

## - Automotive Engineering Expo -

Date: June 28-30, 2017

Location: Portmesse Nagoya

# of visitors: 39,810

Booth exhibition

Light weight pedals, Aluminum technology

F-tech booth was introduced on “The Motor Fan” magazine

Awarded as one of most impressive 20 exhibitors



## - 8th Light weight Technology Expo -

Date: January 17-19, 2018

Location: Tokyo Bigsight

# of visitors: 39,922

The largest light weight technology exhibition in Japan



We demonstrated our development capabilities to OEMs.

## Nikkei IR Fair

2017

August 25, 26

- Location: Tokyo Bigsight
- # of visitors : 17,346
- Presentation, Booth session



The presentations were made to many individual investors



## Individual investors meetings

2017

July 6, December 5

- Location: Omiya-shi, Kuki cultural hall
- # of visitors : 120



Active Q&A

First IR event in the area where headquarter is located



2018

January 26

- Location: F-tech head quarter, Kuki plant
- Activity: Plant tour
- Visitors: 19



Communication opportunities with local investors to improve their understanding about our company



Expanding the IR events to increase individual investors



## Events after receiving multiple awards last year

- EnMS articles were published on newspapers
- Featured on customer's website
- Received many requests to give presentations or to visit our facilities due to Energy Conservation Grand Prize

after award many requests to visit or invitation to seminars

- Multiple Indian industrial groups visited our facilities



<Reference>

June 2016: Energy Management Insight Award

January 2017: Energy Conservation Grand Prize

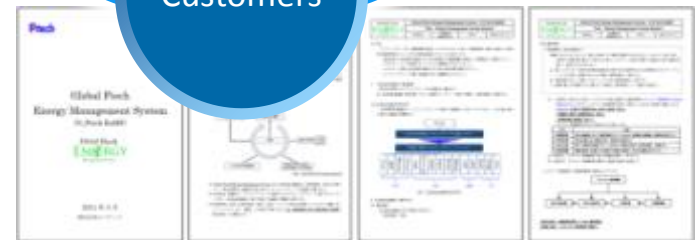
Chairman Prize of the Energy Conservation Center

January 2017: Honda Award for excellence (Environment)

Honda Green Competition Global Award for Excellence

Japan Award for Excellence

From Kameyama  
to the world





## Forest fostering

Environment education for employees to improve environment conservation awareness

Saitama



Workshop for Kids



As a "Saitama forest fostering supporter", we contribute to the societies through our forest fostering activities

## Scholarship foundation

In April 2017, F-Tech Scholarship started to provide fund.  
41 students from 32 colleges in Tokyo area have received.



Students ceremony



We support to develop human resources who active around the world

# Thank you for your attention



The future outlook and earnings forecasts in this document are made based on the information available at the moment, and they include potential risks and uncertainties. As a result, please bear in mind that actual business performance may substantially differ from the stated future forecasts due to changes in various factors.

For inquiries on IR information, please contact:

**F-TECH INC.** Management Planning Division

General Affairs Department/Accounting Department

**TEL** 0480-85-5211

**Mail** [webmaster@ftech.co.jp](mailto:webmaster@ftech.co.jp)