



**Financial Results for
The 1st Half of FY 2018
(Year Ending March 31, 2018)**

**November 10, 2017 (Fri.)
KOITO MANUFACTURING CO., LTD.**



【Disclaimer with Respect to Forward-looking Statements】

This presentation contains forward-looking statements concerning KOITO MANUFACTURING CO., LTD. and its consolidated subsidiaries' future plans, strategies and performance. These forward-looking statements are not historical facts; rather they represent assumptions and beliefs based on economic, financial and competitive data currently available.

Furthermore, they are subject to a number of risks and uncertainties including, but not limited to economic conditions, worldwide competition in the automotive industry, market trends, foreign currency exchange rates, tax rules, regulations and other factors.

Koito therefore wishes to caution readers that actual results may differ from our expectations.



I . Financial Results for The 1st Half of FY 2018 (Year Ending March 31, 2018)



I — (1) Consolidated Net Sales (Compared to the previous fiscal year)

(1/9)

(¥ billion)

	FY 2017 1 st half (16/4~16/9)		FY 2018 1 st half (17/4~17/9)		Change				Remarks									
		% to total		% to total		YoY												
KOITO MANUFACTURING (KMC)	137.5	29.6	161.7	29.7	24.1	117.6			• Domestic automobile production volume (4.41 million → 4.60 million vehicles 104%)									
Japan									• Increase in unit price led by LED adoption									
KOITO Group	71.7		87.7		15.9	122.3												
KI Group	17.5		17.8		0.3	101.7												
Subtotal	89.2	19.2	105.6	19.4	16.3	118.3	The effect of Forex	Constant Forex (%)										
Overseas																		
Americas	81.7		87.4		5.7	107.0	4.7	101.2	• Increase at Toyota and Mazda									
Europe	15.5		20.5		5.0	132.3	1.4	122.8	• Increase at Nissan and Suzuki									
China	94.5		115.7		21.1	122.4	4.1	118.0	• Increase at GM									
Asia	39.9		49.8		9.8	124.6	4.2	113.9	• Increase at Mazda									
KI Group	5.8		3.9		△1.9	66.5	0.1	64.2	• Decrease in railroad car equipment									
Subtotal	237.7	51.2	277.4	50.9	39.7	116.7	14.7	110.5										
Total	464.5	100.0	544.7	100.0	80.2	117.3												
Elimination	△80.7		△99.1		△18.3													
Consolidated	383.7		445.6		61.9	116.1	14.7	112.3										
									<table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: center;">FY 2017</td> <td style="text-align: center;">FY 2018</td> </tr> <tr> <td style="text-align: right;">US Dollar</td> <td style="text-align: center;">¥105.4</td> <td style="text-align: center;">¥111.3</td> </tr> <tr> <td style="text-align: right;">Chinese Yuan</td> <td style="text-align: center;">¥ 15.9</td> <td style="text-align: center;">¥ 16.5</td> </tr> </table>		FY 2017	FY 2018	US Dollar	¥105.4	¥111.3	Chinese Yuan	¥ 15.9	¥ 16.5
	FY 2017	FY 2018																
US Dollar	¥105.4	¥111.3																
Chinese Yuan	¥ 15.9	¥ 16.5																



I — (2) Consolidated Statements of Income
(Compared to the previous fiscal year)

(2/9)

(¥ billion)

	FY 2017 1 st half (Actual) (16/4~16/9)		FY 2018 1 st half (Previous forecast) (17/4~17/9)		FY 2018 1 st half (Actual) (17/4~17/9)		Change			
							from FY 2017		from Forecast	
Net sales (Constant Forex)	383.7	100	433.0	100	445.6	100	61.9 (47.1)	116.1 (112.3)	12.6 (0.6)	102.9 (100.1)
Cost of sales	317.8	82.8			365.8	82.1	48.0			
Gross Profit	65.9	17.2			79.8	17.9	13.9	121.1		
Selling, general and administrative expenses	26.1	6.8			30.1	6.8	3.9			
Operating income	39.7	10.4	47.0	10.9	49.6	11.1	9.9	125.0	2.6	105.7
Non-operating income and loss	△0.1	—			2.6	0.6	2.7			
Recurring profit	39.6	10.3	49.0	11.3	52.3	11.7	12.6	131.9	3.3	106.8
Extraordinary gains or losses	△1.1	—			△1.9	—	△0.8			
Income before income taxes	38.5	10.0			50.3	11.3	11.8	130.6		
Net income	22.9	6.0	28.0	6.5	29.1	6.5	6.2	127.2	1.1	104.1



I — (3) Statements of Income by Regions
before Consolidation Adjustments
(Compared to the previous fiscal year)

(3/9)

FY 2018 (17/4~17/9)

(¥ billion)

	KMC	Japan (14 companies)			Overseas (15 companies)	Total	Elimination	Consolidated
		KOITO Group	KI Group	Subtotal				
Net sales	161.7	87.7	17.8	105.6	277.4	544.7	△99.1	445.6
Operating income	19.3	4.6	△0.2	4.3	23.0	46.8	2.8	49.6
Ratio	12.0%	5.2%	—	4.1%	8.3%	8.6%		11.1%

FY 2017 (16/4~16/9)

	KMC	Japan (14 companies)			Overseas (15 companies)	Total	Elimination	Consolidated
		KOITO Group	KI Group	Subtotal				
Net sales	137.5	71.7	17.5	89.2	237.7	464.5	△80.7	383.7
Operating income	12.7	3.8	△0.8	3.0	21.3	37.1	2.6	39.7
Ratio	9.2%	5.4%	—	3.4%	9.0%	8.0%		10.4%

Change

	KMC	Japan (14 companies)			Overseas (15 companies)	Total	Elimination	Consolidated
		KOITO Group	KI Group	Subtotal				
Net sales	24.1	15.9	0.3	16.3	39.7	80.2	△18.3	61.9
YoY	118%	122%	102%	118%	117%	117%		116%
Operating income	6.6	0.7	0.5	1.3	1.6	9.6	0.2	9.9
YoY	153%	119%	—	143%	108%	126%		125%



I – (4) Statements of Income by Segments
before Consolidation Adjustments
(Compared to the previous fiscal year)

(4/9)

(¥ billion)

FY 2018 (17/4 ~ 17/9)

	Overseas (15 companies)					Total
	Americas	Europe	China	Asia	KI Group	
Net sales	87.4	20.5	115.7	49.8	3.9	277.4
Operating income	7.7	1.8	7.6	4.7	1.1	23.0
Ratio	8.9%	8.9%	6.6%	9.4%	28.4%	8.3%

FY 2017 (16/4 ~ 16/9)

	Overseas (15 companies)					Total
	Americas	Europe	China	Asia	KI Group	
Net sales	81.7	15.5	94.5	39.9	5.8	237.7
Operating income	7.4	1.7	6.4	4.1	1.6	21.3
Ratio	9.1%	11.5%	6.8%	10.3%	28.0%	9.0%

Change

	Overseas (15 companies)					Total	
	Americas	Europe	China	Asia	KI Group		
Net sales	5.7	5.0	21.1	9.8	△1.9	39.7	
YoY	107%	132%	122%	125%	67%	117%	
Operating income	0.3	0.0	1.2	0.6	△0.5	1.6	
YoY	104%	103%	119%	115%	68%	108%	
Constant Forex	Net sales	0.9	3.5	17.2	5.4	△2.1	25.0
	Operating income	0.0	△0.1	1.0	0.1	△0.6	0.3

(The effect of Forex: Operating income 1.2)



I — (5) Consolidated Statements of Income
(Compared to the previous fiscal year)

(5/9)

(¥ billion)

	FY 2017 1 st half (16/4~16/9)		FY 2018 1 st half (17/4~17/9)		Change			
							Increase in operating income	9.9
Net sales (Constant Forex)	383.7	100	445.6	100	61.9	116.1	▪ Increase in volume	12.2
			(430.8)		(47.1)	112.3	▪ Price competition	Δ1.4
Cost of sales	317.8	82.8	365.8	82.1	48.0		▪ R&D and depreciation etc.	Δ2.7
Gross Profit	65.9	17.2	79.8	17.9	13.9	121.1	(KMC Δ1.3, Americas Δ0.8 etc.)	
Selling, general and administrative expenses	26.1	6.8	30.1	6.8	3.9		▪ Others	0.6
Operating income	39.7	10.4	49.6	11.1	9.9	125.0		
Non-operating income and loss	Δ0.1	—	2.6	0.6	2.7		▪ The effect of Forex	1.2
Recurring profit	39.6	10.3	52.3	11.7	12.6	131.9		
Extraordinary gains or losses	Δ1.1	—	Δ1.9	—	Δ0.8			
Income before income taxes	38.5	10.0	50.3	11.3	11.8	130.6		
Net income	22.9	6.0	29.1	6.5	6.2	127.2		



I — (5) Consolidated Statements of Income
(Compared to the previous fiscal year)

(6/9)

(¥ billion)

	FY 2017 1 st half (16/4~16/9)		FY 2018 1 st half (17/4~17/9)		Change		
							【Increase in operating income 9.9】
Net sales (Constant Forex)	383.7	100	445.6	100	61.9	116.1	Non-operating income and loss
			(430.8)		(47.1)	112.3	(Decrease in loss on Forex etc.) 2.7
Cost of sales	317.8	82.8	365.8	82.1	48.0		【Increase in recurring profit 12.6】
Gross Profit	65.9	17.2	79.8	17.9	13.9	121.1	Extraordinary gains or loss Δ 0.8
Selling, general and administrative expenses	26.1	6.8	30.1	6.8	3.9		•KMC's loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade Δ 1.5
Operating income	39.7	10.4	49.6	11.1	9.9	125.0	•Loss on disaster in IJL (FY 2017) 0.9 and others
Non-operating income and loss	Δ 0.1	—	2.6	0.6	2.7		【Increase in net income 6.2】
Recurring profit	39.6	10.3	52.3	11.7	12.6	131.9	
Extraordinary gains or losses	Δ 1.1	—	Δ 1.9	—	Δ 0.8		
Income before income taxes	38.5	10.0	50.3	11.3	11.8	130.6	
Net income	22.9	6.0	29.1	6.5	6.2	127.2	



I — (6) Non-consolidated Statements of Income
(Compared to the previous fiscal year)

(7/9)

(¥ billion)

	FY 2017 1 st half (Actual) (16/4~16/9)		FY 2018 1 st half (Previous forecast) (17/4~17/9)		FY 2018 1 st half (Actual) (17/4~17/9)		Change			
							from FY 2017		from Forecast	
Net sales	137.5	100	161.0	100	161.7	100	24.1	117.6	0.7	100.4
Cost of sales	114.8	83.5			131.4	81.3	16.5			
Gross Profit	22.6	16.5			30.2	18.7	7.6	133.6		
Selling, general and administrative expenses	9.9	7.3			10.9	6.7	0.9			
Operating income	12.7	9.2	18.0	11.1	19.3	12.0	6.6	152.6	1.3	107.7
Non-operating income and loss	10.3	7.5			12.6	7.8	2.3			
Recurring profit	23.0	16.7	30.0	18.6	32.0	19.8	8.9	139.1	2.0	106.7
Extraordinary gains or losses	△0.8	—			△1.8	—	△1.0			
Income before income taxes	22.1	16.1			30.1	18.6	7.9	136.0		
Net income	16.4	12.0	20.0	12.4	22.3	13.8	5.9	136.0	2.3	111.8



I — (7) Non-consolidated Statements of Income
(Compared to the previous fiscal year)

(8/9)

(¥ billion)

	FY 2017 1 st half (Actual) (16/4~16/9)		FY 2018 1 st half (Actual) (17/4~17/9)		Change			
							Increase in operating income	6.6
Net sales	137.5	100	161.7	100	24.1	117.6	▪ Increase in volume	6.6
Cost of sales	114.8	83.5	131.4	81.3	16.5		▪ Cost down in materials	0.7
Gross Profit	22.6	16.5	30.2	18.7	7.6	133.6	▪ Reinforcement in R&D etc.	Δ1.3
Selling, general and administrative expenses	9.9	7.3	10.9	6.7	0.9		▪ Others	0.6
Operating income	12.7	9.2	19.3	12.0	6.6	152.6		
Non-operating income and loss	10.3	7.5	12.6	7.8	2.3			
Recurring profit	23.0	16.7	32.0	19.8	8.9	139.1		
Extraordinary gains or losses	Δ0.8	—	Δ1.8	—	Δ1.0			
Income before income taxes	22.1	16.1	30.1	18.6	7.9	136.0		
Net income	16.4	12.0	22.3	13.8	5.9	136.0		
							【 Increase in operating income 6.6 】	

I — (7) Non-consolidated Statements of Income

(Compared to the previous fiscal year)

(¥ billion)

	FY 2017 1 st half (Actual) (16/4~16/9)		FY 2018 1 st half (Actual) (17/4~17/9)		Change		
							【 Increase in operating income 6.6 】
Net sales	137.5	100	161.7	100	24.1	117.6	Non-operating income and loss
Cost of sales	114.8	83.5	131.4	81.3	16.5		(increase in interest income and dividend) 2.3
Gross Profit	22.6	16.5	30.2	18.7	7.6	133.6	【 Increase in recurring profit 8.9 】
Selling, general and administrative expenses	9.9	7.3	10.9	6.7	0.9		Extraordinary gains and losses Δ1.0
Operating income	12.7	9.2	19.3	12.0	6.6	152.6	▪Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade Δ1.5
Non-operating income and loss	10.3	7.5	12.6	7.8	2.3		▪Loss on demolishing west side of Shizuoka Plant Δ0.1
Recurring profit	23.0	16.7	32.0	19.8	8.9	139.1	▪Devaluation loss of IJL stock 0.7
Extraordinary gains or losses	Δ0.8	—	Δ1.8	—	Δ1.0		【 Increase in net income 5.9 】
Income before income taxes	22.1	16.1	30.1	18.6	7.9	136.0	
Net income	16.4	12.0	22.3	13.8	5.9	136.0	



II . Forecast for FY 2018 (Year ending March 31, 2018)

KOITO II — (1) Assumption of
Global Automobile Production Volume

(million vehicles)

	FY 2016	FY 2017	Change				
			1 st half	2 nd half	FY 2018	from previous year	of 1 st and 2 nd half
Japan	9.19	9.36	4.60	4.90	9.50	101%	107%
North America	18.02	18.26	8.80	8.97	17.77	97%	102%
Europe	16.59	16.99	8.16	9.12	17.28	102%	112%
China	24.88	28.70	13.03	15.87	28.90	101%	122%
Thailand	1.89	1.92	0.97	1.00	1.97	102%	103%
Indonesia	1.04	1.18	0.62	0.65	1.26	107%	105%
India	4.19	4.60	2.32	2.40	4.72	103%	104%
Others	10.92	10.57	5.34	5.57	10.90	103%	104%
Total	86.72	91.57	43.84	48.47	92.30	101%	111%



II – (2) Consolidated Net Sales (Compared to the first half of FY 2018)

(2/11)

(¥ billion, ratio:%)

	FY 2018 1 st half (Actual)		FY 2018 2 nd half (Forecast)		Change				Remarks
	(17/4~17/9)	% to total	(17/10~18/3)	% to total		YoY			
KOITO MANUFACTURING (KMC)	161.7	29.7	173.2	36.0	11.5	107.2			•Domestic automobile production volume (4.60 million → 4.90 million vehicles 107%)
Japan									
KOITO Group	87.7		95.7		8.0	109.1			
KI Group	17.8		25.9		8.0	145.3			•Increase in public constructions etc.
Subtotal	105.6	19.4	121.6	25.3	16.0	115.2	The effect of Forex	Constant Forex (%)	
Overseas									
Americas	87.4		91.0		3.6	104.1	△6.9	112.0	•Increase at Toyota and Honda
Europe	20.5		17.5		△3.0	85.3	△3.1	100.6	
China	115.7		31.3		△84.4	27.1	△1.9	28.8	•Non-consolidation of SK* (from Oct., 2017)
(SK)	(79.4)		(—)		(△79.4)	—	(—)	(—)	
(without SK)	(36.3)		(31.3)		(△4.9)	(86.4)	(△1.9)	(91.8)	
Asia	49.8		43.3		△6.4	87.1	△5.5	98.2	•Decrease in sales of molds
KI Group	3.9		3.3		△0.5	86.7	△0.2	92.1	•Decrease in railroad car equipment
Subtotal	277.4	50.9	186.7	38.7	△90.7	67.3	△17.7	73.7	(Constant Forex)
(without SK)	(198.0)		(186.7)		(△11.3)	(94.3)	(△17.7)	(103.3)	(6.4)
Total	544.7	100.0	481.7	100.0	△63.0	88.4			<Exchange rate> FY 2018 (1 st half) FY 2018 (2 nd half)
Elimination	△99.1		△105.3		△6.2				US Dollar ¥111.3 ¥105.0
									Chinese Yuan ¥ 16.5 ¥ 15.5
Consolidated	445.6		376.3		△69.3	84.4	△17.7	88.4	•Annual sensitivity per US Dollar/1 yen> Net sales: ¥3.5 billion Operating income: ¥0.3 billion
(without SK)	(366.2)		(376.3)		(10.1)	(102.8)	(△17.7)	(107.6)	

*SK: Shanghai Koito Automotive Lamp Co., Ltd.

KOITO II – (3) Consolidated Statements of Income
(Compared to the first half of FY2018)

(3/11)

(¥ billion, ratio:%)

	FY 2018 1 st half (Actual)		FY 2018 2 nd half (Forecast)		Change	
	(17/4~17/9)		(17/10~18/3)			
Net sales	445.6	100.0	376.3	100.0	△69.3	84.4
(without SK)	(366.2)		(376.3)		(10.1)	(102.8)
Cost of sales	365.8	82.1	308.5	82.0	△57.2	
Gross profit	79.8	17.9	67.7	18.0	△12.0	84.9
Selling, general and administrative expenses	30.1	6.8	20.4	5.4	△9.6	
Operating income	49.6	11.1	47.3	12.6	△2.3	95.2
(without SK)	(46.3)		(47.3)		(0.9)	(102.1)
Non-operating income and loss	2.6	0.6	0.3	0.1	△2.2	
Recurring profit	52.3	11.7	47.6	12.7	△4.6	91.2
Extraordinary gains or losses	△1.9	—	15.4	4.1	17.4	
Income before income taxes	50.3	11.3	63.1	16.8	12.8	125.5
Net income	29.1	6.5	41.8	11.1	12.6	143.5

Operating income	△2.3
SK	△3.3
without SK	0.9
·Increase in volume	9.7
(sales without the effect of Forex	
+27.8 billion yen	
·Price competition	△0.1
·R&D and depreciation	△4.6
(KMC △2.9, Americas △1.6 etc.)	
·Others	△2.0
·The effect of Forex	△2.1
【 Decrease in operating income	△2.3 】
Non-operating income and loss	
(decrease in SK's non-operating income)	△2.2
【 Decrease in recurring profit	△4.6 】
Extraordinary gains and losses	17.4
(1 st half) KMC's loss related to the	
Act on Prohibition to Private	
Monopolization and Maintenance	
of Fair Trade	△1.5
(2 nd half) Gain on sales of SK's capital	12.6
Technical royalty from SK	3.0
【 Increase in net income	12.6 】

KOITO II — (4) Non-consolidated Statements of Income
(Compared to the first half of FY 2018)

(4/11)

(¥ billion, ratio:%)

	FY 2018 1 st half (Actual) (17/4~17/9)		FY 2017 2 nd half (Forecast) (17/10~18/3)		Change		
Net sales	161.7	100.0	173.2	100.0	11.5	107.2	Operating income $\Delta 1.7$
Cost of sales	131.4	81.3	143.5	82.9	12.1		▪ Increase in volume 3.7
Gross profit	30.2	18.7	29.7	17.1	$\Delta 0.5$	98.1	▪ Price competition $\Delta 0.5$
Selling, general and administrative expenses	10.9	6.7	12.0	7.0	1.1		▪ Reinforcement of R&D $\Delta 2.9$
Operating income	19.3	12.0	17.6	10.2	$\Delta 1.7$	90.9	{ R&D for autonomous driving technology $\Delta 0.6$ } { Development of new products $\Delta 2.3$ }
Non-operating income and loss	12.6	7.8	5.3	3.1	$\Delta 7.2$		▪ Cost for work-style reform $\Delta 1.0$
Recurring profit	32.0	19.8	22.9	13.3	$\Delta 9.0$	71.8	▪ Others $\Delta 1.0$
Extraordinary gains or losses	$\Delta 1.8$	—	24.2	14.0	26.1		【 Decrease in operating income $\Delta 1.7$ 】
Income before income taxes	30.1	18.6	47.2	27.3	17.1	156.8	Non-operating income and loss (decrease in interest income and dividend) $\Delta 7.2$
Net income	22.3	13.8	33.6	19.4	11.2	150.5	【 Decrease in recurring profit $\Delta 9.0$ 】
							Extraordinary gains and losses 26.1
							(1 st half) Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade $\Delta 1.5$
							(2 st half) Gain on sales of SK's capital 20.6
							Technical royalty from SK 3.0
							【 Increase in net income 11.2 】



II – (5) Consolidated Net Sales (Compared to the previous fiscal year)

(5/11)

(¥ billion, ratio:%)

	FY 2017(Actual)		FY 2018 (Forecast)		Change				Remarks		
	(16/4~17/3)	% to total	(17/4~18/3)	% to total		YoY					
KMC	297.7	29.2	335.0	32.6	37.2	112.5			<ul style="list-style-type: none"> • Domestic automobile production volume (9.36 million → 9.50 million vehicles 101%) • Increase in unit price led by LED adoption 		
Japan	KOITO Group	158.2	183.5		25.2	116.0			<ul style="list-style-type: none"> • Production transfer +7.0 billion yen (GUANGZHOU KOITO → KOITO KYUSHU) 		
	KI Group	41.5	43.8		2.2	105.4			<ul style="list-style-type: none"> • Increase in seats for railroad cars, and traffic systems 		
	Subtotal	199.7	19.6	227.3	22.1	27.5	113.8	The effect of Forex	Constant Forex (%)		
Overseas	Americas	177.9	178.5		0.5	100.3	△1.8	101.3	• Increase at Toyota		
	Europe	32.0	38.1		6.0	118.7	△0.1	119.1	• Increase at Nissan		
	China (SK)	213.4		147.1		△66.3	68.9	2.3	67.8	• Non-consolidation of SK (from Oct., 2017)	
	(without SK)	(142.8)		(79.4)		(△66.3)	(55.6)	(2.7)	(53.7)	• Production transfer △7.0 billion yen (GUANGZHOU KOITO → KOITO KYUSHU)	
	(without SK)	(70.5)		(67.6)		(△2.9)	(95.8)	(△0.4)	(96.4)		
	Asia	89.0		93.2		4.1	104.7	0.2	104.4	• Increase at Toyota and Isuzu	
	KI Group	9.3		7.3		△2.0	78.2	0.0	77.9	• Decrease in railroad car equipment etc.	
Subtotal (without SK)	521.8 (379.0)	51.2	464.2 (384.7)	45.3	△57.6 (5.6)	88.9 (101.5)	0.6 (△2.0)	88.8 (102.1)	(Constant Forex)	(7.7)	
Total	1,019.4	100.0	1,026.5	100.0	7.0	100.7			<Exchange rate> FY 2017 (Actual) FY 2018 (Forecast) US Dollars ¥108.7 ¥108.2 Chinese Yuan ¥ 16.1 ¥ 16.0		
Elimination	△178.0		△204.5		△26.4						
Consolidated (without SK)	841.4 (698.6)		822.0 (742.5)		△19.4 (43.9)	97.7 (106.3)	0.6 (△2.0)	97.6 (106.6)	(Constant Forex)	(46.0)	
<Annual sensitivity per US Dollar/1yen> Net sales: ¥3.5 billion Operating income: 0.3 billion											

KOITO II — (6) Consolidated Statements of Income
(Compared to the previous fiscal year)

(6/11)

(¥ billion, ratio:%)

	FY 2017 (Actual)		FY 2018 (Forecast)		Change		
	(16/4~17/3)		(17/4~18/3)				
							Operating income 4.4
Net sales	841.4	100.0	822.0	100.0	△19.4	97.7	SK △3.4
(without SK)	(698.6)		(742.5)		(43.9)	(106.3)	without SK 7.8
Cost of sales	694.0	82.5	674.4	82.0	△19.6		·Increase in volume 14.2 (sales without the effect of Forex +46.0 billion yen)
Gross profit	147.3	17.5	147.6	18.0	0.2	100.2	·Cost down in materials 0.5
Selling, general and administrative expenses	54.8	6.5	50.6	6.2	△4.2		·R&D and depreciation etc. △6.1 (KMC △2.2, Americas △2.9 etc.)
Operating income	92.5	11.0	97.0	11.8	4.4	104.8	·Others △0.5
(without SK)	(85.7)		(93.6)		(7.8)	(109.2)	·The effect of Forex △0.3
Non-operating income and loss	2.8	0.3	3.0	0.4	0.1		【 Increase in operating income 4.4 】
Recurring profit	95.3	11.3	100.0	12.2	4.6	104.9	Non-operating income and loss 0.1
Extraordinary gains or losses	△3.7	—	13.5	1.6	17.2		【 Increase in recurring profit 4.6 】
Income before income taxes	91.6	10.9	113.5	13.8	21.8	123.9	Extraordinary gains and losses 17.2
Net income	56.6	6.7	71.0	8.6	14.3	125.2	·Gains on sales of SK's capital 12.6
							·Technical royalty from SK 3.0
							·KMC's loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade (FY2017:3.3 → FY 2018:1.5) 1.8
							【 Increase in net income 14.3 】



II — (7) Statements of income of Japan and Overseas before Consolidation Adjustments (Compared to the previous fiscal year)

(7/11)

FY 2018 (Forecast) (17/4~18/3)

(¥ billion)

	KMC	Japan (14 companies)			Overseas (15 companies)		Total	Elimination	Consolidated	
		KOITO Group	KI Group	Subtotal	Subtotal	without SK			without SK	
Net sales	335.0	183.5	43.8	227.3	464.2	384.7	1,026.5	△204.5	822.0	742.5
Operating income	37.0	9.4	1.6	11.0	42.5	39.1	90.5	6.5	97.0	93.6
Ratio	11.0%	5.1%	3.7%	4.8%	9.2%	10.2%	8.8%	—	11.8%	12.6%

FY 2017 (Actual) (16/4~17/3)

	KMC	Japan (14 companies)			Overseas (15 companies)		Total	Elimination	Consolidated	
		KOITO Group	KI Group	Subtotal	Subtotal	without SK			without SK	
Net sales	297.7	158.2	41.5	199.7	521.8	379.0	1,019.4	△178.0	841.4	698.6
Operating income	29.2	8.8	0.3	9.2	48.0	41.2	86.4	6.0	92.5	85.7
Ratio	9.8%	5.6%	0.8%	4.6%	9.2%	10.9%	8.5%	—	11.0%	12.3%

Change

	KMC	Japan (14 companies)			Overseas (15 companies)		Total	Elimination	Consolidated		
		KOITO Group	KI Group	Subtotal	Subtotal	without SK			without SK		
Net sales	37.2	25.2	2.2	27.5	△57.6	5.6	7.0	△26.4	△19.4	43.9	
YoY	112%	116%	105%	114%	89%	102%	101%	—	98%	106%	
Operating income	7.7	0.5	1.2	1.7	△5.5	△2.0	4.0	0.4	4.4	7.8	
YoY	126%	106%	513%	120%	89%	95%	105%	—	105%	109%	
Constant Forex	Net sales	37.2	25.2	2.2	27.5	△58.3	7.7	7.0	△26.4	△20.1	46.0
	Operating income	7.7	0.5	1.2	1.7	△5.2	△1.7	4.0	0.4	4.6	8.1

KOITO II — (8) Non-consolidated Statements of Income
(Compared to the previous fiscal year)

(8/11)

(¥ billion, ratio:%)

	FY 2017 (Actual)		FY 2018 (Forecast)		Change		
	(16/4~17/3)	(17/4~18/3)	(17/4~18/3)	(17/4~18/3)			
							Operating income 7.7
Net sales	297.7	100.0	335.0	100.0	37.2	112.5	▪ Increase in volume 9.5
Cost of sales	247.9	83.3	275.0	82.1	27.0		▪ Cost down in materials 0.9
Gross profit	49.8	16.7	60.0	17.9	10.1	120.4	▪ R&D expenses and others Δ 2.2
Selling, general and administrative expenses	20.5	6.9	23.0	6.9	2.4		R&D for autonomous driving technology Δ 1.4
Operating income	29.2	9.8	37.0	11.0	7.7	126.5	Development of new products Δ 0.8
Non-operating income and loss	16.4	5.5	18.0	5.4	1.5		▪ Cost for work-style reform Δ 0.9
Recurring profit	45.7	15.4	55.0	16.4	9.2	120.3	▪ Others 0.4
Extraordinary gains or losses	Δ 3.4	—	22.4	6.7	25.8		【 Increase in operating income 7.7 】
Income before income taxes	42.3	14.2	77.4	23.1	35.0	182.9	Non-operating income or loss (increase in interest income and dividend) 1.5
Net income	31.1	10.4	56.0	16.7	24.8	180.1	【 Increase in recurring profit 9.2 】
							Extraordinary gains and losses 25.8
							▪ Gain on sales of SK's capital 20.6
							▪ Technical royalty from SK 3.0
							▪ Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade 1.8
							【 Increase in net income 24.8 】

KOITO II — (9) Statements of Income in Americas and Europe
(Compared to the previous fiscal year)

(9/11)

(¥ billion, ratio:%)

		FY 2017 (Actual) (16/4~17/3)	FY 2018 (Forecast) (17/4~18/3)	Change		Constant Forex		Remarks
A m e r i c a s	Net sales	177.9	178.5	0.5	100.3	2.3	101.3	Operating income $\Delta 2.8$
	Operating income	20.1	17.0	$\Delta 3.1$	84.5	$\Delta 2.8$	86.0	<ul style="list-style-type: none"> ▪ Increase in volume 0.3 ▪ Price competition $\Delta 0.2$ ▪ R&D expenses and others $\Delta 1.7$ <ul style="list-style-type: none"> (Development of new products $\Delta 1.3$) (R&D for autonomous driving technology $\Delta 0.4$)
	Ratio	11.3	9.5					<ul style="list-style-type: none"> ▪ Strengthen the function of Quality Assurance and Purchasing Department etc. $\Delta 0.5$ ▪ Expenses to starting-up NAL Brasil $\Delta 0.7$
E u r o p e	Net sales	32.0	38.1	6.0	118.7	6.1	119.1	Operating income 0.7
	Operating income	3.8	4.5	0.6	117.0	0.7	119.7	<ul style="list-style-type: none"> ▪ Increase in volume 1.0 ▪ Price competition $\Delta 0.3$
	Ratio	12.0	11.8					

Koito II – (10) Statements of Income in China and Asia
(Compared to the previous fiscal year)

(10/11)

(¥ billion, ratio:%)

		FY 2017 (Actual) (16/4~17/3)	FY 2018 (Forecast) (17/4~18/3)	Change		Constant Forex		Remarks
C h i n a	Net sales	213.4	147.1	Δ66.3	68.9	Δ68.6	67.8	Operating income <u>Δ2.9</u>
	(without SK)	(70.5)	(67.6)	(Δ2.9)	95.8	(Δ2.5)	96.4	SK Δ3.4
	Operating income	13.2	10.4	Δ2.8	78.2	Δ2.9	77.5	without SK 0.5
	(without SK)	(6.5)	(7.0)	(0.5)	108.0	(0.5)	108.0	·Increase in volume Δ0.3
	Ratio	6.2	7.1					·Price competition Δ0.8
	(without SK)	(9.3)	(10.4)					·Increase in capacity utilization etc. (Hubei Koito) 1.6
A s i a	Net sales	89.0	93.2	4.1	104.7	3.9	104.4	Operating income <u>0.4</u>
	Operating income	8.2	8.8	0.5	106.1	0.4	105.4	·Increase in volume 0.3
	Ratio	9.3	9.4					·Cost down in materials 0.5
								·Depreciation and others Δ0.4

KOITO II – (11) Capital Expenditures by Segment

(11/11)

(¥ billion, ratio:%)

		FY 2016 (15/4~ 16/3)	FY 2017 (16/4~ 17/3)	FY 2018 (Forecast)			Remarks
				FY 2018 (17/4~ 18/3)	Change from FY 2017		
					Difference	Ratio	
J a p a n	Equipment	5.8	3.5	3.5	0.0	100	
	Molds	5.3	4.9	4.5	△0.4	92	• Decrease in in-house production
	KMC	11.2	8.5	8.0	△0.5	94	
	KOITO KYUSHU	2.5	3.2	3.2	0.0	100	
	KIHD and KOITO ELECTRIC IND.	0.2	0.1	0.3	0.2	300	
	Others	2.3	2.1	2.7	0.6	129	
	Subtotal	16.3	14.0	14.2	0.2	101	
	Americas	9.0	12.0	8.6	△3.4	72	• NAL △3.8 billion yen (10.1 → 6.3 billion yen)
	Europe	1.0	1.1	1.9	0.8	173	• Brazil +1.1 billion yen (0.9 → 2.0 billion yen)
	China	8.8	7.1	6.4	△0.7	90	• Shanghai △0.6 billion yen (2.5 → 1.9 billion yen)
	Asia	6.0	5.8	7.2	1.4	124	• Malaysia +0.8 billion yen (0.0 → 0.8 billion yen)
	Subtotal	24.9	26.2	24.1	△2.1	92	
	Total	41.3	40.2	38.3	△1.9	95	
	(Order amount)	(39.2)	(41.0)	(53.0)	(12.0)	(129)	
	Depreciation	31.6	31.7	32.0	0.3	101	
	(KMC	9.1	9.7	9.1	△0.6	94)