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Company name: Toyo Denki Seizo K.K.
Representative: Kenzo Terashima, President
Stock exchange: 1st Section of the Tokyo Stock Exchange
Stock Code: 6505
Inquiries: Takatoshi Ohtsuka, General Manager, Management Planning Division
TEL.: +81-3-5202-8122

Toyo Denki Describes Differences between Consolidated Earnings Forecasts and Actual Results for the First Half of Fiscal 2017 and Revised Full-Year Consolidated Earnings Forecasts

Toyo Denki Seizo K.K. (hereinafter Toyo Denki) today announced details describing the differences between its consolidated earnings forecasts for the first half (June 1, 2017 to November 30, 2017) of fiscal 2017, the year ending May 31, 2018, originally disclosed on July 12, 2017 and the Company's actual results for the same period, made public today. Based on the first-half earnings results, the Company also announced revisions to its full-year consolidated earnings forecasts for fiscal 2017, which were previously announced on July 12, 2017. The details of the earnings results, the aforesaid differences and the revised forecasts are summarized below.

1. Differences between Consolidated Earnings Forecasts and Actual Results for the First Half of Fiscal 2017 (June 1, 2017 to November 30, 2017)

(In millions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share (Yen)
Previous forecast (A)	19,500	200	300	300	31.65
Actual results (B)	18,655	(232)	47	256	27.12
Change (B-A)	(845)	(432)	(253)	(44)	
Percent change	-4.3%	-	-84.3%	-14.6%	
(Reference) Business results for 1H, fiscal 2016 ended May 31, 2017	18,147	179	334	239	25.13

2. Revisions to Full-Year Consolidated Earnings Forecasts (June 1, 2017 to May 31, 2018)

(In millions of yen, except where noted)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share (Yen)

Previous forecast (A)	43,000	1,700	1,900	1,500	158.24
Revised forecast (B)	41,000	1,300	1,450	1,500	158.24
Change (B-A)	(2,000)	(400)	(450)	0	
Percent change	-4.7%	-23.5%	-23.7%	0.0	
(Reference) Business results for fiscal 2016 ended May 31, 2017	40,668	1,571	1,663	1,174	123.87

3. Reasons for Difference and Revision

(1) Differences between the consolidated earnings forecasts and actual results for the first half

Operating performance in the transportation systems business was generally in line with the forecast. Meanwhile, in the industrial systems segment, although efforts were made to reduce the cost of testing systems for automobiles, profit of machinery and equipment worsened due to a higher cost ratio as a result of initiatives taken to expand the market. As a result, operating income on the whole fell considerably short of plan. The level of ordinary income was not enough to cover the drop in operating income. Net income attributable to owners of the parent was generally in line with the forecast, due mainly to the compression of investment securities.

(2) Revisions to the full-year consolidated earnings forecasts

In light of the above, the Company expects net sales to fall short of the previously announced forecast. Operating income and ordinary income are also expected to fall short of the previously announced forecasts although profitability will likely improve. The net income forecast will remain unchanged from the previous forecast since there will be continued efforts to compress investment securities.