

Sound to Life

<http://www.foster-electric.com/investors/index.html>

Foster Electric IR

Search

QR

BUSINESS REPORT For the 84th Fiscal Year

From April 1, 2017 to March 31, 2018

Foster Electric Company, Limited

Code Number: 6794

To Our Shareholders

We aim to become a socially recognized enterprise as Foster in a new era.

Business Environment and Performance

During the fiscal year ended March 31, 2018, the global economy generally followed a path of moderate recovery.

In the electronic components and electronic equipment industries in which the Foster Group (“the Group”) operates, demand for automotive components remained strong, and we expanded various initiatives aimed at new markets such as IoT and AI. In the smartphone market, the number of parts per unit is increasing due to more advanced functionality, but unit sales began to slow.

Under this environment, the Group worked on securing new orders and cost-cutting initiatives including VA and VE in response to changes in the market.

On the production side, the Group focused on improving production processes, mechanization and labor-saving initiatives to raise productivity.

This resulted in a year-over-year increase in both revenue and profit in consolidated performance for the fiscal year under review, and we have decided to distribute a year-end dividend of ¥35 per share, which is also an increase over the previous fiscal year.

Toward Our 70th Anniversary

On June 20, 2019, we will mark the 70th anniversary of foundation. To commemorate this anniversary, last year we published our corporate philosophy in a booklet entitled “Foster Rhythm” and distributed it to our employees worldwide.

In April 2018, we added “Sound to Life,” espousing the concept of lifestyle audio, to our existing slogan of “Acoustic Solution Partner.”

We will continue to pursue better acoustics and make steady efforts to become a company that is trusted and needed by the society and markets we serve.

June 2018

Hiromi Yoshizawa
President



TOPICS

Expansion of Thilawa Plant in Myanmar Completed



In December 2017, the second phase of construction at the Thilawa plant in Myanmar was completed to strengthen the car speaker production system in the ASEAN region.

We plan to ramp up production capacity at the Thilawa plant until it becomes our main speaker manufacturing bases in the ASEAN region, on par with our Bac Ninh plant in Vietnam.

Foster Electric Becomes a Winner of New Diversity Management Selection 100



We were selected by the Japanese Ministry of Economy, Trade and Industry as the 2017 New Diversity Management Selection 100, in recognition of our promotion of diversity management and initiatives to improve work-life balance.

We will continue to enhance our corporate value while harnessing the potential of our diverse human resources to the fullest, building a “Win-Win” relationship between the Company and its employees and enabling each and every employee to maintain harmony with their productive lives.

*In the New Diversity Management Selection 100, the Minister of Economy, Trade and Industry awards companies with pioneering initiatives that link diversity promotion to business results.

Financial Highlights

Performance for the Fiscal Year ended March 31, 2018

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
¥184,800 million (up 14.9% y-o-y)	¥9,307 million (up 214.1% y-o-y)	¥9,062 million (up 200.3% y-o-y)	¥4,265 million (up 292.0% y-o-y)

Net assets	Total assets	Net income per share	Net assets per share	Equity ratio	ROE
¥66,792 million ¥63,901 million as at the end of previous FY)	¥101,350 million ¥102,409 million as at the end of previous FY)	¥165.78 ¥41.16 in the previous fiscal year)	¥2,412.06 ¥2,316.09 as at the end of previous FY)	61.2% (58.2% as at the end of previous FY)	7.0% (1.8% in the previous fiscal year)

Products



Back-loaded Horn Type Speaker Box
BK208-Sol

A produced-to-order back-loaded horn type speaker box for the 20cm cone full-range speaker FE208-Sol (limited product) reborn with a new design philosophy.
Uses basswood plywood suited to acoustics so you can enjoy the sound of rich base and natural reverberation.



Wireless Stereo Earphones
TE05BT

Produces clear mid- to high-range sound and powerful bass reverberation. Produces expressive, realistic sound even as wireless earphones.



Wireless Speaker System
KOTORI 501

Built-in bass actuator (transducer) developed in-house produces high-quality bass sound. Various body and speaker grill color combinations are available.



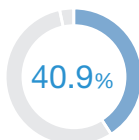
Custom Headphones
KOTORI meets Tatsunoko

Collaboration earphones commemorating the 55th anniversary of Tatsunoko Production Co., Ltd., an animation studio that has produced many masterpieces.
(Japanese Only) <http://kotori.fostex.jp/>

Overview by Segment (Consolidation)

Speaker Segment

Net sales **¥75,520 million**
(up 0.9% y-o-y)

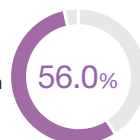


Shipments of car speaker and speaker systems were firm and shipments of flat TV speakers and speaker systems, as well as audio speakers, were in line with projection.



Mobile Audio Segment

Net sales **¥103,513 million**
(up 28.9% y-o-y)

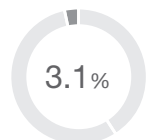


We saw full-scale shipments of new headset models for a major customer, of which production began last year.



Other Segment

Net sales **¥5,886 million**
(up 2.1% y-o-y)



In this segment, including micro acoustic components and "FOSTEX" brand products, we saw significant improvement in productivity in the micro acoustic component business.

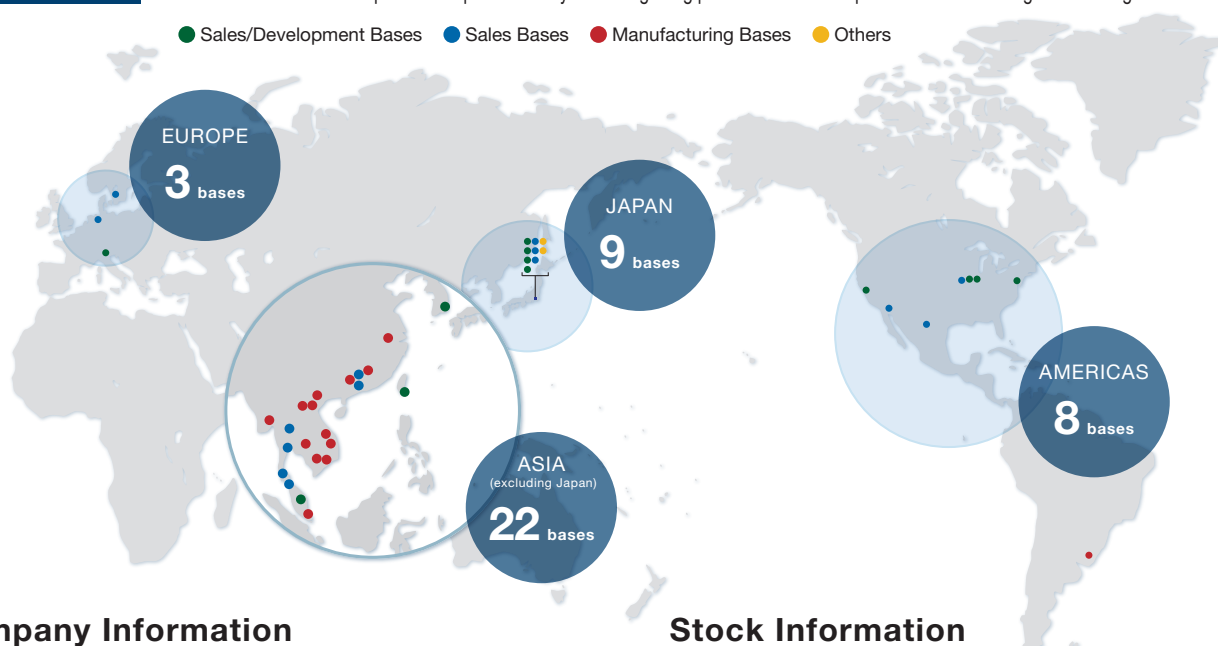


*The above includes inter-segment sales.

Group Companies

The Group operates 42 bases in 15 countries and regions worldwide as bases for development, manufacturing and sales bases. We have established a sophisticated production system integrating processes from components manufacturing to finished goods manufacturing.

● Sales/Development Bases ● Sales Bases ● Manufacturing Bases ● Others



Company Information

Company Profile (As of March 31, 2018)

Company Name	Foster Electric Company, Limited
Founded	June 20, 1949
Common Stock	¥6,770,360,135 Listed on the First Section of the Tokyo Stock Exchange
Headquarters	1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550, Japan Phone: +81-42-546-2311 (switchboard)
Number of employees	44,983; Number includes our outsourcee in Panyu, China.
URL	http://www.foster-electric.com/

Directors and Corporate Auditors (As of June 21, 2018)

President and Representative Director	Hiromi Yoshizawa	Senior Executive Officer	Terushige Nagasawa
Senior Managing Director	Atsushi Narikawa	Senior Executive Officer	Takuro Yamaguchi
Senior Managing Director	Lu San Tie	Senior Executive Officer	Masatoshi Kohama
Managing Director	Kazuhiro Kishi	Senior Executive Officer	Tatsuhito Tanaka
Director	Hidetoshi Shirakawa	Senior Executive Officer	Ryoji Otowa
Director ^{*1}	Minoru Matsumoto	Executive Officer	Yasuhide Takahara
Director ^{*1}	Chieko Matsuda	Executive Officer	Naoki Kanai
Standing Corporate Auditor	Tsutomu Inokuma	Executive Officer	Yuji Harada
Corporate Auditor ^{*2}	Takuma Ino	Executive Officer	Roy Ching-Sheng Chen
Corporate Auditor ^{*2}	Takashi Suzuki	Executive Officer	Oh In-Yong
Corporate Auditor ^{*2}	Yasuhiro Goto		

*1 Minoru Matsumoto and Chieko Matsuda are Independent Directors.

*2 Takuma Ino, Takashi Suzuki and Yasuhiro Goto are Independent Corporate Auditors.

Stock Information

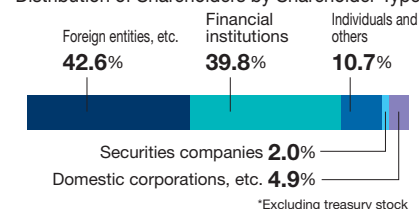
Status of Shares (As of March 31, 2018)

Total number of shares authorized to be issued by the Company:
80,000,000 shares

Total number of shares issued:
26,931,051 shares

Number of shareholders:
4,777

Distribution of Shareholders by Shareholder Type



Major Shareholders

Shareholder's Name	Number of Shares Held (Thousand)	Ratio of Shares Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,937	11.3
The Master Trust Bank of Japan, Ltd. (trust account)	1,766	6.8
GOVERNMENT OF NORWAY	1,202	4.6
Mizuho Bank, Ltd.	1,016	3.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	945	3.6
J.P. Morgan Bank Luxembourg S.A. 380578	866	3.3
Goldman Sachs International	532	2.0
Japan Trustee Services Bank, Ltd. (trust account 9)	460	1.7
DFA INTL SMALL CAP VALUE PORTFOLIO	458	1.7
Japan Trustee Services Bank, Ltd. (trust account 5)	447	1.7

Treasury stock (1,090,449 shares) is excluded for the calculation of the "Ratio of Shares Held."

Information for Shareholders

Fiscal Year	From April 1 to March 31 of each year
Ordinary General Meeting of Shareholders	June of each year
Record date	Ordinary General Meeting of Shareholders: March 31 Year-end dividends: March 31 Interim dividends: September 30
Number of Unit ("tangen") Shares	100
Transfer Agent Transfer Agent Branch	Stock Transfer Agency Department, Head Office of Mizuho Trust & Banking Co., Ltd. 1-2-1, Yaesu, Chuo-ku, Tokyo
Media for Public Notice	Nihon Keizai Shimbun (daily newspaper) issued in the Metropolis of Tokyo

Inquiries for Handling of Stocks

Shareholders who have an account at a securities company	The securities company with which you have a business connection
Shareholders who have a special account *Shareholders are not allowed to make any stock transactions other than the purchase of shares less than one unit ("tangen").	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan Tel: 0120-288-324 (toll-free telephone service in Japan)
Payment of unpaid dividends	Head office and branches nationwide of Mizuho Trust & Banking Co., Ltd., and Mizuho Bank, Ltd.

Notice

Information on Individual Number System relating to stocks

Your Individual Number notified by your local government is required for tax procedures relating to stocks. For this reason, shareholders must notify their stockbrokers of their Individual Numbers.

Contact Information for Inquiries about Individual Number Notifications

If your shares are in an account managed by a securities company or stockbroker: Please contact your broker.

If your shares are not managed through a securities company or stockbroker:

Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

Tel: 0120-84-0178