

Review of Operations

Net sales in fiscal 2017* were JPY264.9 billion (0.4% year-on-year decrease) reflecting decreases in sales in North America despite strong sales in the European and Asian regions. Profits increased due to the effects of measures taken to improve profits in North American operations, increased orders received in the Asian region and others. Operating profit and ordinary profit were JPY8.1 billion (JPY4.2 billion for the last fiscal year)

and JPY5.8 billion (JPY0.8 billion for the last fiscal year), respectively. Profit attributable to owners of parent was JPY0.8 billion (JPY0.4 billion for the last fiscal year) mainly as a result of posting impairment loss for non-current assets in the Arras Plant and the Slovakia Plant in Europe.

*Consolidated fiscal year
North America/China/Thailand/Indonesia: January 2017 - December 2017
Japan/Europe: April 2017 - March 2018

Performance by geographical segment

(Billions of yen)	Net sales				Operating profit			
	FY2016	FY2017	Change from last fiscal year	Foreign exchange rate*	FY2016	FY2017	Change from last fiscal year	Foreign exchange rate*
Japan	80.9	81.4	+ 0.5	—	4.1	3.3	(0.8)	—
USA	152.4	138.8	(13.6)	+3.0	(2.9)	1.8	+4.7	+0.0
Mexico	0.8	1.1	+ 0.3	+0.0	(0.4)	(0.3)	+0.1	(0.0)
Europe	11.6	14.1	+2.6	+1.2	(1.3)	(2.0)	(0.8)	(0.2)
China	20.0	22.5	+2.5	+0.3	2.6	2.6	+0.1	+0.0
Thailand	6.6	7.9	+1.3	+0.5	0.4	0.5	+0.1	+0.0
Indonesia	16.3	18.8	+2.4	+0.4	1.4	2.0	+0.6	+0.0
Asia	43.0	49.2	+6.2	+1.2	4.4	5.1	+0.7	+0.1
Eliminations	(22.4)	(19.6)	+2.8	—	0.2	0.2	+0.0	—
Total	266.1	264.9	(1.2)	+5.5	4.2	8.1	+3.9	(0.0)

* Foreign currency exchange rates (FY2016 → FY2017) USD: 109.6 → 112.0, EUR: 118.9 → 130.3, CNY: 16.4 → 16.6, THB: 3.1 → 3.3, IDR: 0.0082 → 0.0084

Review of Operations by Region

Japan

Review of Fiscal 2017

In products for automobiles, the Akebono Group posted net sales of JPY81.4 billion (0.6% year-on-year increase), favorably affected by increases in orders received for products mainly for new SUVs, as well as also strong sales of industrial machinery and rolling stock products such as those for forklifts and vehicle behavior detection devices for rolling stock, but adversely affected by sluggish exports of compact trucks to the Middle East and decreases in orders received due to production suspension caused by automakers' inspection failings. Operating profit was JPY3.3 billion (19.0% year-on-year decrease) due to the effects of a surge in market prices of steel and other materials, rising labor expenses including performance-linked bonuses as part of the Akebono Group's compensation system, and increases

in next-generation R&D expenses related to electro-mechanical brakes, environment-friendly friction materials.

Outlook for Fiscal 2018

The Akebono Group expects net sales to be JPY79.9 billion (1.8% year-on-year decrease) and operating profit to be JPY3.0 billion (10.2% year-on-year decrease) due to efforts to rationalize production, despite the effects of declining sales and rising labor costs.



K4 disc brakes for mini cars* launched in Japan
(* Displacement under 660cc)

