

**FY18/12**

# **Results Briefing**

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**February 21, 2019**

**Sodick Co., Ltd.**



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# Consolidation Results for FY17/12

- ✓ The Company changed its financial closing date from March 31 to December 31, effective from FY2017, eliminating the three-month difference in fiscal year-end between the parent and its subsidiaries in China. The year ended December 31, 2017(FY17/12) is an irregular accounting period of transition that covers nine months.

## (1) Period included in the consolidated results for FY17/12 (on a financial report basis)

- Companies closing accounts in March: April-December 2017
- Companies closing accounts in December (7 subsidiaries in China): January-December 2017

		FY17/12			FY18/12			
	Jan -Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
		1Q	2Q	3Q	1Q	2Q	3Q	4Q
Companies closing accounts in March		9 months			12 months			
Companies closing accounts in December		12 months			12 months			

## (2) Period covered by the consolidated figures for the purpose of comparison (figures for the purpose of comparison: **adjusted**)

- 2017: Group-wide; January-December 2017
- 2018: Group-wide; January-December 2018

		FY17/12			FY18/12			
	Jan -Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
		1Q	2Q	3Q	1Q	2Q	3Q	4Q
Companies closing accounts in March								
Companies closing accounts in December								

**\*For figures for the purpose of comparison, see pages 17-20.**

## **I. FY18/12 Financial Results Summary**

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# Financial Results Highlights (on a Financial Report Basis)



- ✓ Both net sales and operating income increased to a record high thanks to an increase in the number of EDMs sold mainly in Greater China.
- ✓ Gross profit margin improved due to a substantial increase in the number of EDMs sold and greater productivity. (million yen)

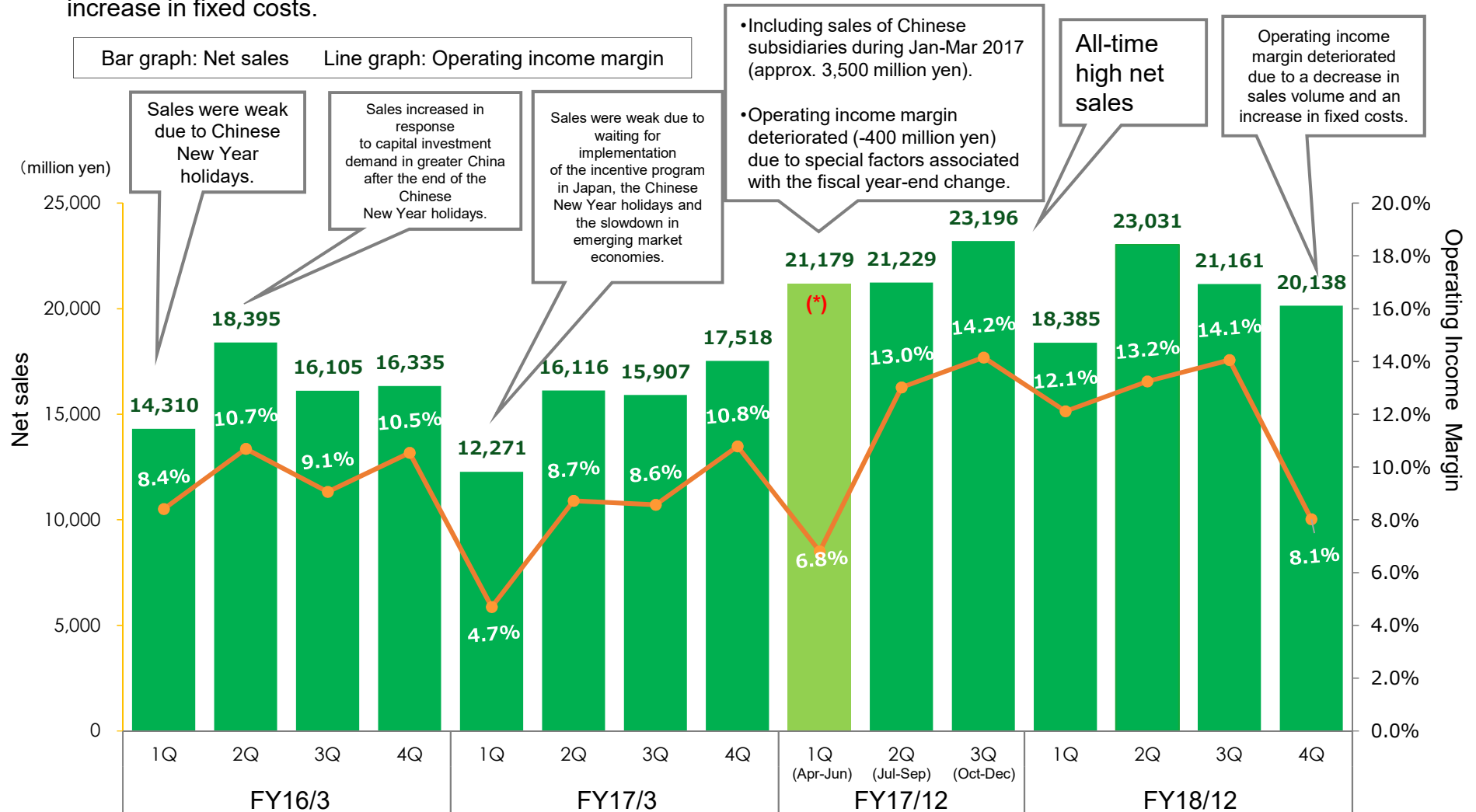
	FY17/12		FY18/12		FY18/12 Full-year Projection (Revised on Nov.13)
	Actual	Income margin	Actual	Income margin	
Net sales	65,604	-	82,716	-	80,000
Gross profit	23,159	35.3%	30,227	36.5%	-
Operating income	7,490	11.4%	9,888	12.0%	10,000
Ordinary income	7,910	12.1%	9,619	11.6%	10,000
Net income	5,736	8.7%	6,462	7.8%	6,800
	Ratio to sales		Ratio to sales		
ROE	11.1%		11.4%		
Capital investment	4,588	7.0%	8,576	10.4%	8,000
Depreciation	2,360	3.6%	3,085	3.7%	3,300
R&D expenses	3,344	5.1%	3,902	4.7%	4,200
Average exchange rate over the period	USD	111.69 yen		110.44 yen	111.00 yen
	EUR	128.55 yen		130.35 yen	131.00 yen
	CNY	16.62 yen		16.71 yen	16.70 yen
	THB	3.33 yen		3.42 yen	3.40 yen

*Reference information	Exchange rate at end of September 2018	USD: 111.00yen	EUR: 127.00yen	CNY: 16.16yen	THB: 3.41yen
	Exchange rate at end of September 2017	USD: 113.00yen	EUR: 134.94yen	CNY: 17.29yen	THB: 3.45yen

\* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts. Accordingly, changes compared to the preceding quarterly fiscal period are not provided.

## Ratio of Operating Income to Net Sales (Quarterly)

- ✓ In China, orders received had slowed down since the third quarter due to a seasonal factor of demand decrease after the early fall every year in the country, a decrease in demand for smartphone-related items, and the apparent postponement of investment decisions due to the trade conflict between the US and China.
- ✓ Operating income margin for the fourth quarter period decreased to 8.1% due mainly to sluggish sales volume as well as an increase in fixed costs.



(\*) Due to irregular settlement of accounts resulting from the fiscal year-end change, figures for the January-March 2017 period of Chinese subsidiaries whose fiscal year ends on December 31, 2017 are included.

# Financial Results by Segment (on a Financial Report Basis)



(million yen)

		FY17/12 Actual	FY18/12 Actual	FY2018 Full- year Projections (revised on Nov. 13)
Net sales	Machine tool segment	47,559	58,607	56,000
	Industrial machinery segment	9,981	11,155	10,500
	Food processing machinery segment	3,467	6,560	6,800
	Other segments	4,596	6,392	6,700
		65,604	82,716	80,000
Segment income	Machine tool segment	7,478	9,988	10,000
	Industrial machinery segment	976	802	700
	Food processing machinery segment	178	674	800
	Other segments	847	1,030	1,000
		9,481	12,496	12,500
Adjustment amounts		- 1,991	- 2,607	△ 2,500
Total operating income		7,490	9,888	10,000

## Machine tool segment

- ✓ In China, while we saw continued demand mainly in growing markets such as automotive-related industries and semi-conductor-related industries where sophisticated and automated manufacturing is developing, and the shift to electric vehicles is being accelerated, orders received slowed down from the third quarter due to a seasonal factor of demand decrease after the early fall in the country and the apparent postponement of investment decisions due to the trade conflict between the US and China.
- ✓ In North America, demand in the automotive industry was strong.
- ✓ In Japan, demand in automotive and semi-conductor-related industries remained strong.
- ✓ In Europe (Germany and Italy), there was demand in automotive and aerospace-related industries.
- ✓ In other countries and regions in Asia (Thailand, India, and Malaysia etc.), demand remained solid in the automotive industry.

## Industrial machinery segment

- ✓ In Japan, demand remained solid for components such as connectors and sensors for automotive-related industries.
- ✓ In North America, demand remained stable mainly in medical equipment-related industries.
- ✓ In China and Asia, smartphone-related demand decreased and sales slowed down.

## Food processing machinery segment

- ✓ Demand for high-quality noodle making equipment continued to be strong, including large orders in China.
- ✓ Demand has been increasing in Japan and Asia for sterile-packed cooked rice production systems.

## Other segments

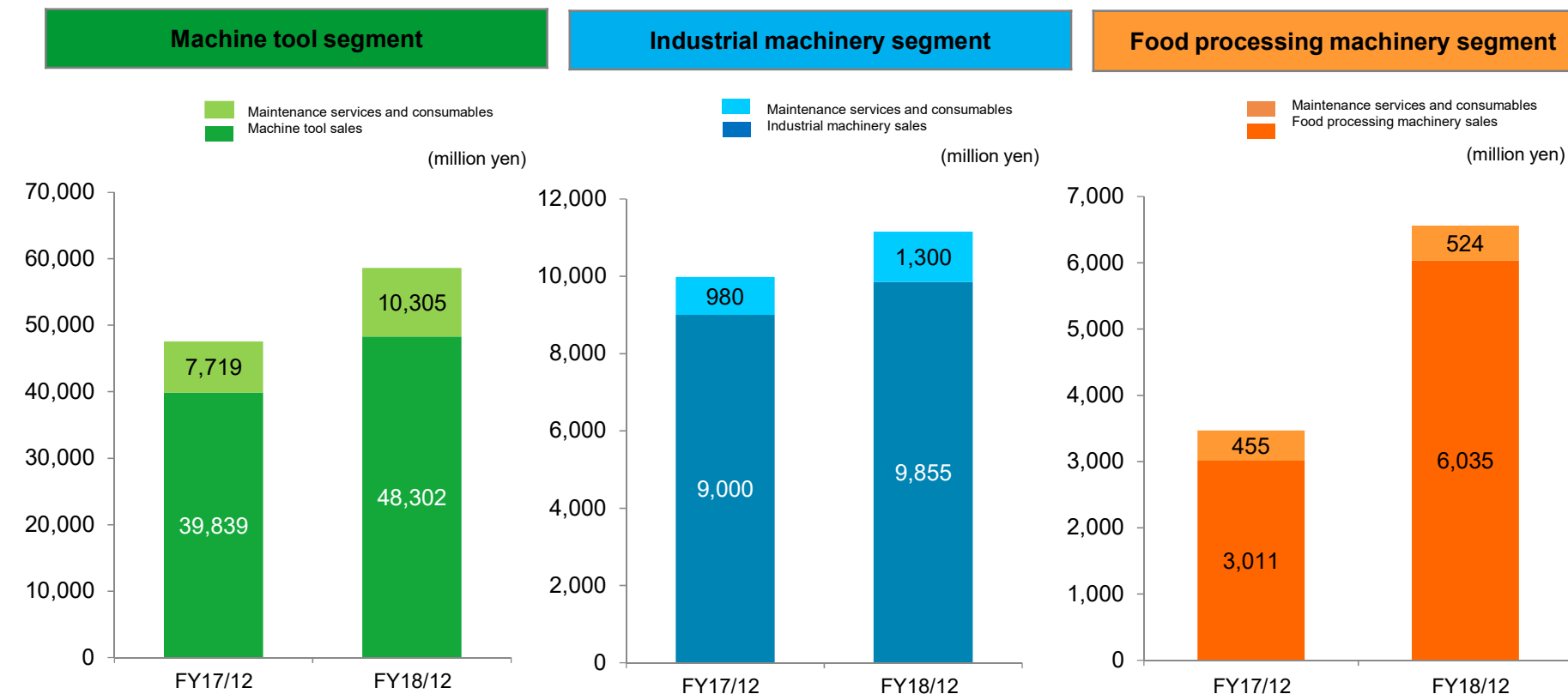
- ✓ In precision mold and precision molding operations, we are making efforts to develop an automated robot assembling line in order to realize high precision molding utilizing molds created by metal 3D printers and specialized injection molding machines.
- ✓ Sales of ceramics mainly to the semiconductor production equipment industries remained strong.

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# Net Sales by Segment (on a Financial Report Basis)



- ✓ Maintenance services and consumables, a stable source of cash, account for about 16% of total net sales.



	Machine tool segment				Industrial machinery segment				Food processing machinery segment			
	FY17/12		FY18/12		FY17/12		FY18/12		FY17/12		FY18/12	
Machine sales	39,839	83.8%	48,302	82.4%	9,000	90.2%	9,855	88.3%	3,011	86.9%	6,035	92.0%
Maintenance services and consumables	7,719	16.2%	10,305	17.6%	980	9.8%	1,300	11.7%	455	13.1%	524	8.0%
Total	47,559		58,607		9,981		11,155		3,467		6,560	

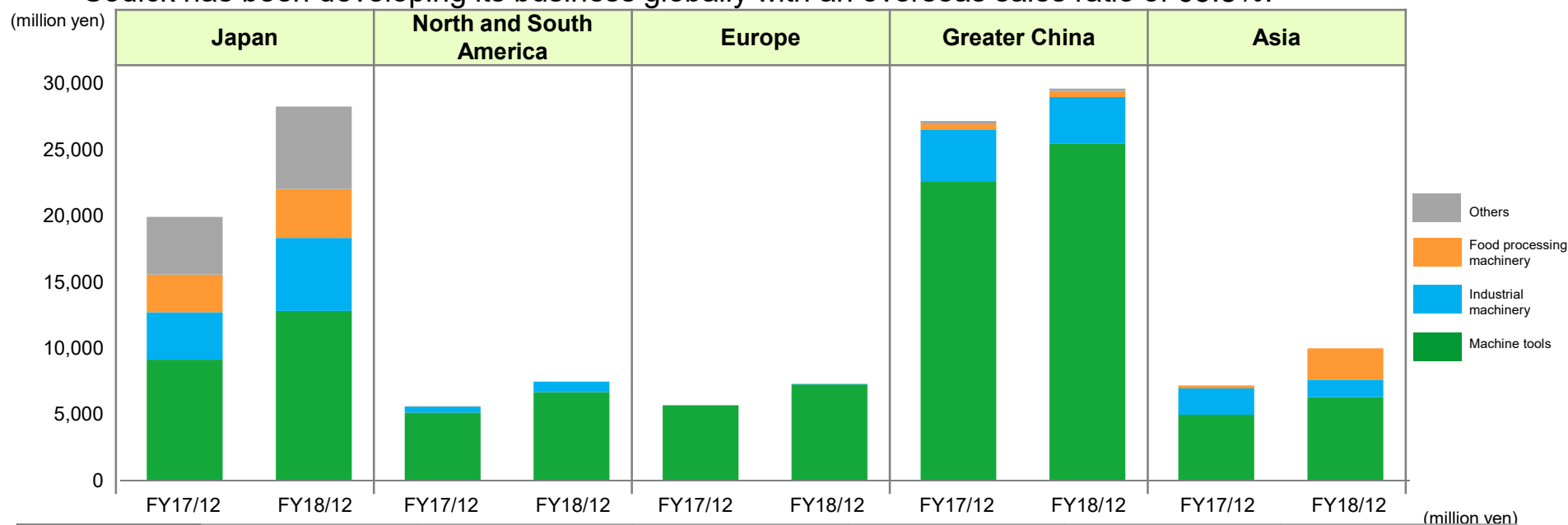
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## Overseas Sales Ratio by Segment (on a Financial Report Basis)



✓ Sodick has been developing its business globally with an overseas sales ratio of 65.8%.



FY17/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	9,143	19.2%	5,149	10.8%	5,702	12.0%	22,575	47.5%	4,987	10.5%	47,559	72.5%
Industrial machinery	3,581	35.9%	451	4.5%	0	0.0%	3,956	39.6%	1,991	20.0%	9,981	15.2%
Food processing machinery	2,844	82.1%	1	0.0%	-	-	409	11.8%	211	6.1%	3,467	5.3%
Others	4,358	94.8%	-	-	-	-	238	5.2%	-	-	4,596	7.0%
By region - Total	19,928	30.4%	5,603	8.5%	5,702	8.7%	27,179	41.4%	7,190	11.0%	65,604	100.0%

FY18/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	12,824	21.9%	6,692	11.4%	7,282	12.4%	25,483	43.5%	6,324	10.8%	58,607	70.9%
Industrial machinery	5,511	49.4%	790	7.1%	44	0.4%	3,503	31.4%	1,306	11.7%	11,155	13.5%
Food processing machinery	3,712	56.6%	14	0.2%	-	-	456	7.0%	2,376	36.2%	6,560	7.9%
Others	6,218	97.3%	-	-	-	-	174	2.7%	-	-	6,392	7.7%
By region - Total	28,266	34.2%	7,496	9.1%	7,326	8.8%	29,617	35.8%	10,008	12.1%	82,716	100.0%

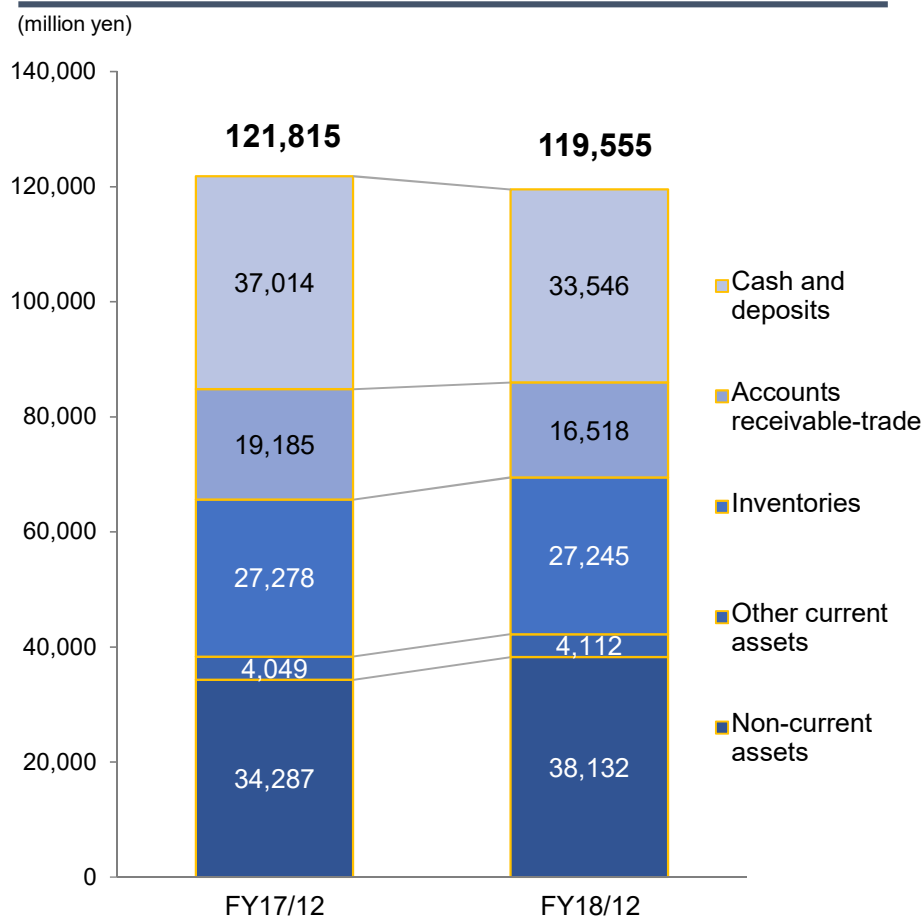
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# Balance Sheet

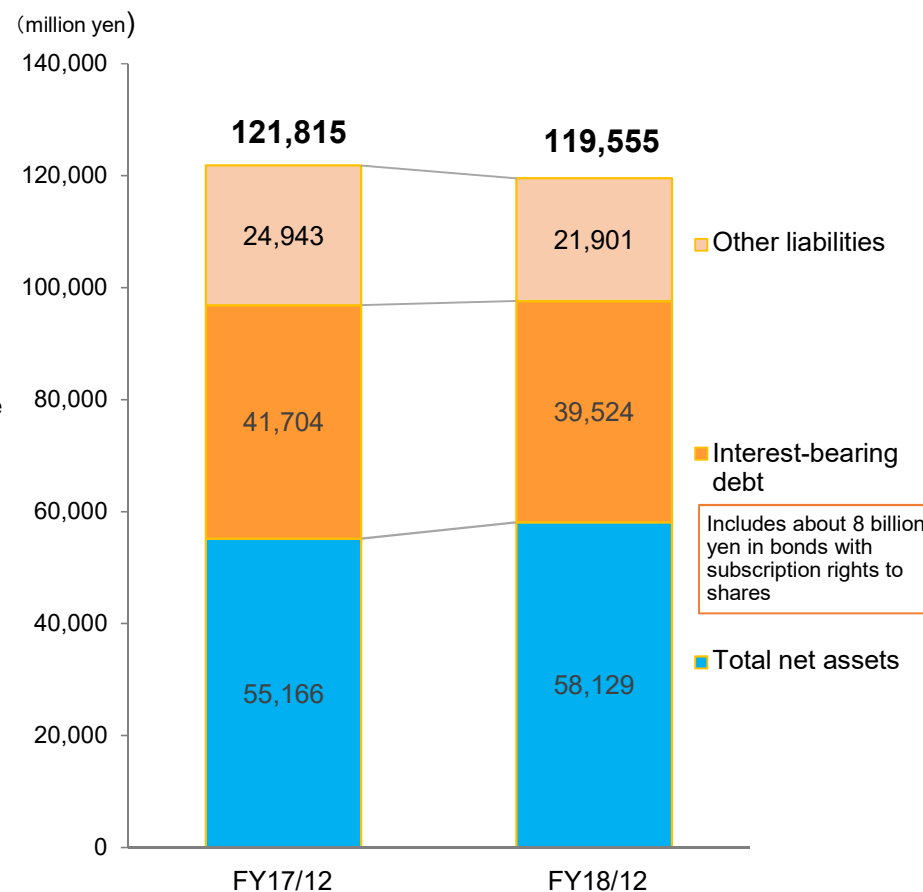


- ✓ Non-current assets substantially increased owing to active capital investment at home and abroad (e.g. the Kaga multifactory, Distribution Centers, Head Office Building No. 2 (R&D building), the new building for the US sales office, land for the UK sales office, the second factory of the Thailand Plant, and the Miyazaki Factory (for precision molds and precision molding operations))

## Assets



## Liabilities and net assets



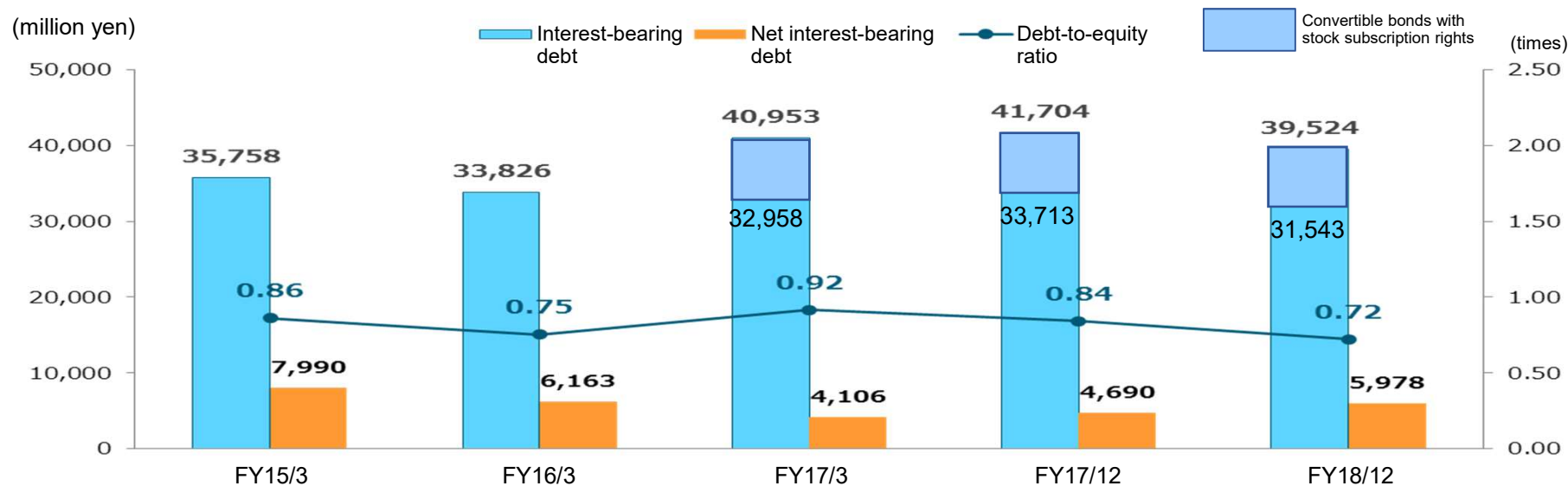
\* Reference information

Exchange rate at end of December 2018	USD: 111.00 yen	EUR: 127.00 yen	CNY: 16.16 yen	THB: 3.41 yen
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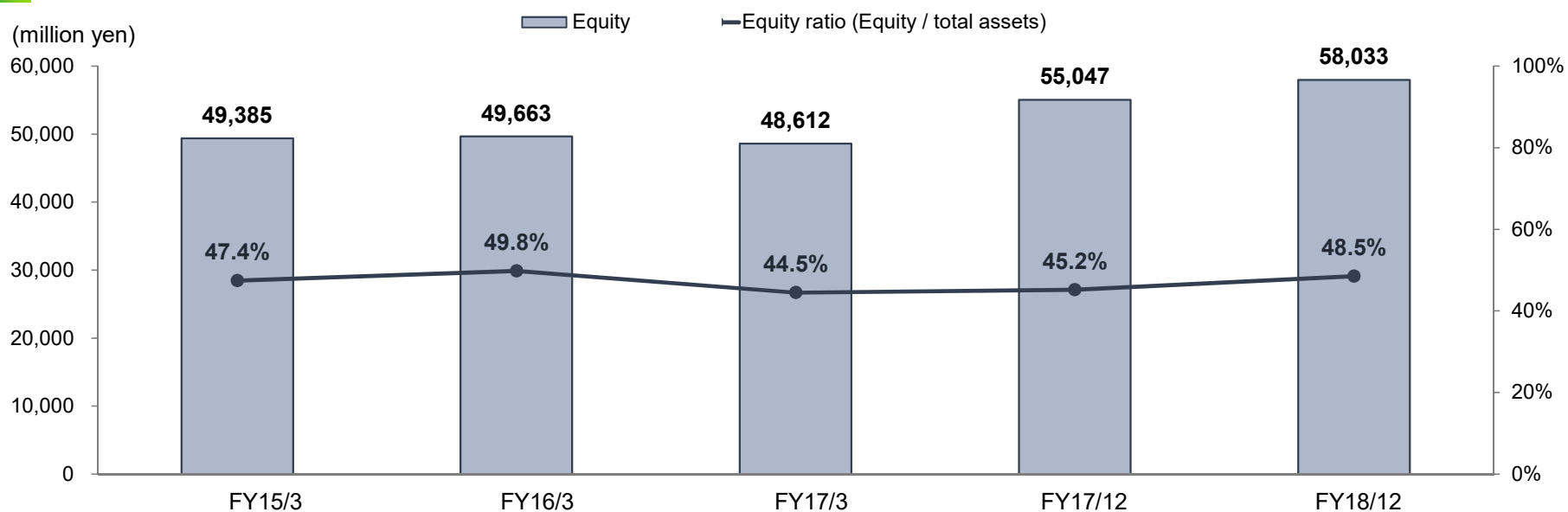
# Financial Indicators



## Changes in Interest-Bearing Debt, Net Interest-Bearing Debt, and the Debt-to-Equity Ratio



## Changes in Equity and Equity Ratio



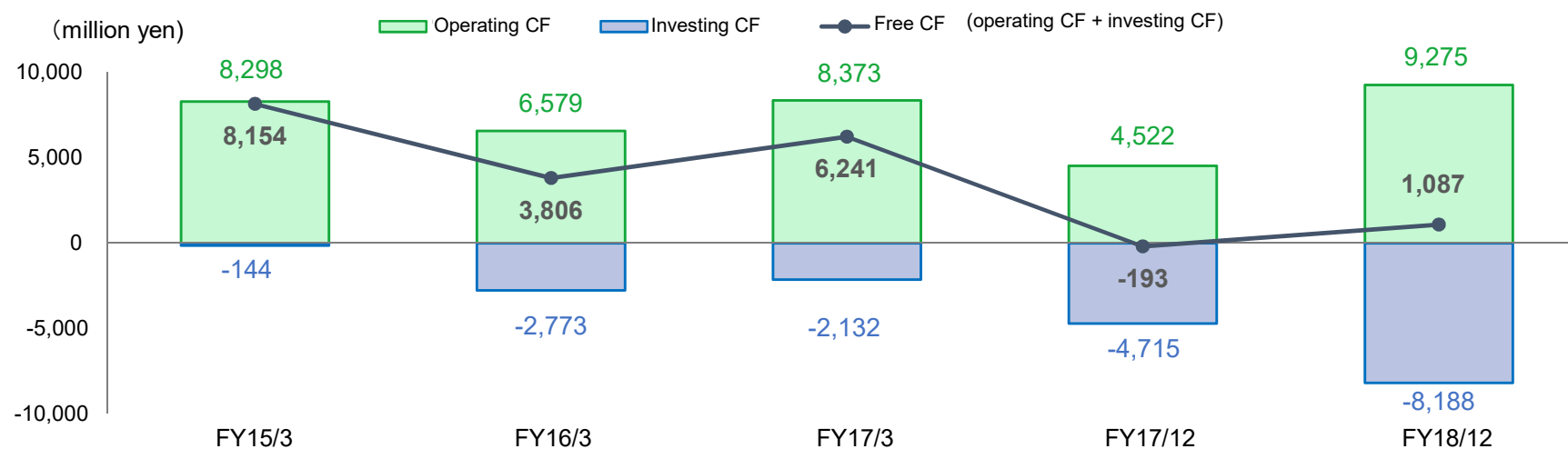
# Cash Flows



- ✓ Cash flows from investing activities soared but were largely within the range of cash flows from operating activities, and free cash remained positive.

(million yen)

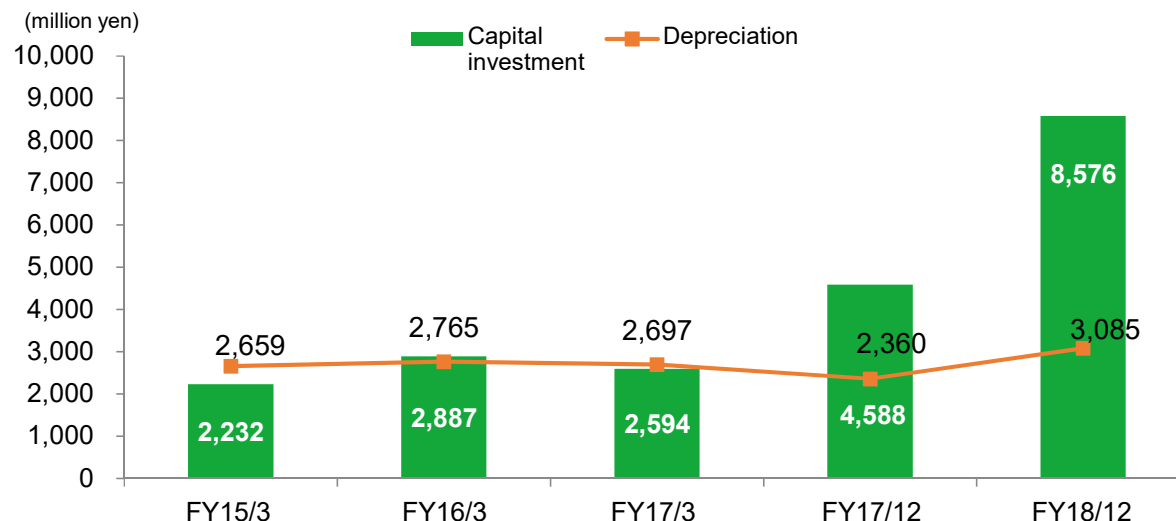
	FY17/12	FY18/12	Major factors for increase and decrease
Cash flows from operating activities	4,522	9,275	Decrease in accounts receivable-trade
Cash flows from investing activities	-4,715	-8,188	Purchase of property, plant, and equipment
Cash flows from financing activities	-439	-3,485	Repayment of long-term loans payable
Cash and cash equivalent at end of the period	36,075	32,650	



# Capital Investment / Depreciation / R&D Expenses



## Changes in capital investment / depreciation



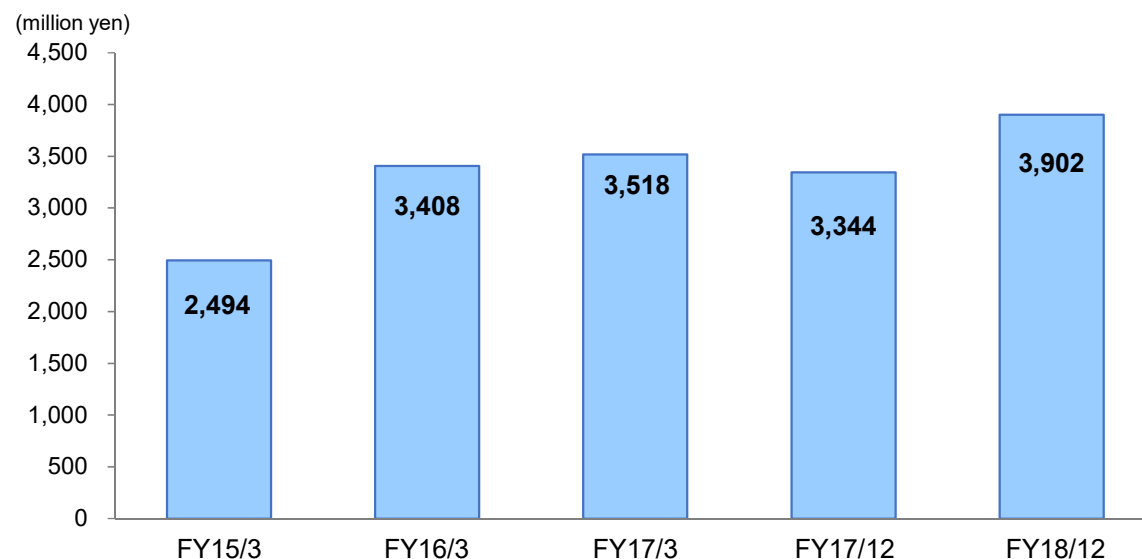
### Major capital investment

- ✓ Yokohama Head Office R&D building
- ✓ Kaga Plant new logistics center
- ✓ Multi-factory at Kaga Plant
- ✓ Expansion of the second factory in Thailand and production equipment to boost production capability
- ✓ New building of sales office in the U.S.
- ✓ Production equipment for precision mold and precision molding operations
- ✓ New building of sales office in Europe

### Depreciation

- ✓ Depreciation increased due to capital investment in FY17/12.

## Changes in R&D Expenses



### R&D expenses


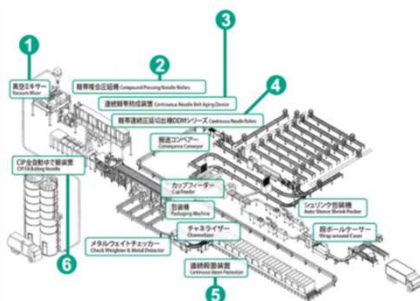

- ✓ Increase in expenses for metal 3D printer-related and other basic R&D.

# Major New Products Released in FY18/12



Segment	Machine tools			
Product name	<p>Large Wire-cut EDM <b>AL800P</b></p> 	<p>Die-sinker EDM <b>AP30L</b></p>  <p>Won a major award at the 2018 Best 10 New Product Awards</p>	<p>Small Hole Drilling EDM <b>K6HL</b></p> 	<p>Nano-machining Center <b>AZ275nano</b></p> 
Sales markets	Aerospace, energy, automobiles, medical equipment, electrical and electronic	Precision, electrical and electronic equipment, automobiles	Aerospace, energy, automobiles, medical equipment, electrical and electronic	Electrical, electronic and medical equipment, biotechnology
Main features	<p>A large EDM that can perform higher precision and higher speed molding.</p> <ul style="list-style-type: none"> <li>This EDM responds to the increasing sophistication and lengthening of precision press dies for important parts of motor core and lithium ion battery associated with the spread of electric vehicles and the expansion of applied models in the automotive industry.</li> <li>With a large aperture full cover, independent operation panel, and processing tank with automated up/down three faces as standard equipment, this EDM contributes to the improvement of productivity through efficient preparation work, including setting of large work.</li> </ul>	<p>Flagship model of linear motor drive die-sinker EDM</p> <ul style="list-style-type: none"> <li>Equipped with the world's first self-made CFRP spindle, self-developed new NC equipment LP4, and the stable discharging processing system Arcless 4, minimizing temperature change in the installation environment and heat generation during high-speed operation.</li> <li>⇒ Higher precision die molding possible.</li> <li>Equipped with latest application utilizing AI.</li> </ul>	<ul style="list-style-type: none"> <li>In addition to the capability of high acceleration and agile drive thanks to a triaxial linear-motor drive, a high-speed electroless circuit realizes sophisticated processing of difficult-to-process materials (titan, nickel alloy etc.).</li> <li>Furthermore, this EDM contributes to greater work efficiency such as reduction of processing time and labor-saving unmanned operation.</li> </ul>	<ul style="list-style-type: none"> <li>This equipment realizes high-speed and stable, ultra-fine and ultra-precision processing.</li> <li>This handles a wide range of processing needs from rough processing to finished processing.</li> <li>With an upgraded XY axis stroke, expansion of processing area and high efficiency are realized.</li> </ul>

# Major New Products Released in FY18/12

Segment	Machine tool	Food processing machinery	Food processing machinery
<b>Product name</b>	<b>Metal 3D Printer LPM325</b> 	<b>Long-Life Noodle Production Line</b> 	<b>For Juwari-soba noodle Vacuum Dough Mixer</b> 
<b>Sales markets</b>	Precision, electrical and electronic equipment, automobiles	Noodle manufacturers (at home and abroad)	Noodle manufacturers (at home and abroad)
<b>Main features</b>	<p>This metal 3D printer provides 3D molding from melting and solidification of metal powder as well as processing on the reference plane of the mold in one machine.</p> <p>By limiting the functions to metal molding and processing on the reference plane for the secondary processing, the chamber is minimized, making nitrogen control and fume treatment easier and greatly increasing the molding speed. In addition, space-saving and lower cost are realized.</p>	<p>To cope with the problem of generating sourness in the sterilization process as the final process of producing LL noodle, with the development of our unique technology, this set of equipment can reduce sourness to realize higher quality and tasty noodle.</p>	<p>We have newly developed a vacuum mixer adopting our unique mixing mechanism in the production process of Juwari Soba noodle, for which it was said to be difficult to mix dough because of there being no binding agent. With optimal water addition and dough stirring, this mixer enables machine production of Juwari-soba that used to be difficult.</p>



## 1 Multi-factory at Kaga Plant completed

On November 27, 2018, Multi-factory was completed at Kaga Plant, a major production base in Japan.

At Multi-factory, we have established a flexible production system responding to changes in the business environment and market trends without limiting product items. We will aim at labor-saving and efficient operation by promoting automatic assembly in cell production and utilizing IoT for production, production management and inventory management.

[Outline of Multi-factory]

Location: 11-1 Miya-machi, Kaga-shi, Ishikawa Prefecture (within the premises of Kaga Plant)

Construction area: approx. 12,500 m<sup>2</sup> Total floor area: approx. 16,500 m<sup>2</sup>

Total investment amount: approx. 3,200 million yen

Manufacturing products: EDM, machining center, metal 3D printer, injection molding machine etc.



▲ External appearance of Multi-factory

## 2 Die-sinker EDM AP30L won a major award at the 61st (2018) Best 10 New Product Awards

We are pleased to announce that our linear-motor-drive, highspeed and high precision Die-sinker EDM AP30L won a major award at the 61st (2018) Best 10 New Product Awards 2018 sponsored by the Nikkan Kogyo Shimbun.

This award is granted to sensational products of unique invention, products of world class quality and products that may contribute to the development of Japanese manufacturing and strengthening of international competitive capability.

As a flagship of die-sinker EDMs, this EDM is equipped with the latest technologies, such as our self-made CFRP spindle, our self-developed new NC equipment LP4, stable discharging processing system Arcless 4, and application using AI. Its groundbreaking performance that places it at the forefront of manufacturing was highly praised and awarded.

\*For further details of the award, please visit the website below.

URL: <https://www.sodick.co.jp/company/winning.html>



▲ Scene from the award ceremony



## II. Figures for the Purpose of Comparison

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- \* These figures, which have not been audited, are provided only for the purpose of comparison.
- \* Figures for the purpose of comparison are the figures adjusted after we eliminated the three-month difference between the parent's year-end and the year-ends of its subsidiaries in China so that all companies within the Group would use the same financial year.

# Financial Results Highlights

**\*Figures for the purpose of comparison (Adjusted)**



(million yen)

		Jan-Dec 2017		Jan-Dec 2018		Increase or decrease		Jan-Dec 2018 Full-year Projections (revised on Nov. 13)
		Actual	Income margin	Actual	Income margin	Amount	Rate	
Net sales		78,714	-	82,716	-	4,001	5.1%	80,000
Gross profit		28,483	36.2%	30,227	36.5%	1,743	6.1%	-
Operating income		9,161	11.6%	9,888	12.0%	726	7.9%	10,000
Ordinary income		9,384	11.9%	9,619	11.6%	235	2.5%	10,000
Net income		6,664	8.5%	6,462	7.8%	-201	-3.0%	6,800
		Ratio to sales		Ratio to sales				
Capital investment		5,334	6.8%	8,576	10.4%			8,000
Depreciation		3,149	4.0%	3,085	3.7%			3,300
R&D expenses		4,108	5.2%	3,902	4.7%			4,200
Average exchange rate over the period	USD	112.16 yen		110.44 yen				111.00 yen
	EUR	126.70 yen		130.35 yen				131.00 yen
	CHY	16.62 yen		16.71 yen				16.70 yen
	THB	3.31 yen		3.42 yen				3.40 yen

**\*These figures, which have not been audited, are provided only for the purpose of comparison.**

# Financial results by segment

**\*Figures for the purpose of comparison (Adjusted)**



(million yen)

		Jan-Dec 2017	Jan-Dec 2018	Increase or decrease		FY2018 Full-year Projections (revised on Nov. 13)
		Actual	Actual	(Amount)	(Rate)	
Net sales	● Machine tool segment	55,796	58,607	2,810	5.0%	56,000
	● Industrial machinery segment	12,721	11,155	- 1,566	-12.3%	10,500
	● Food processing machinery segment	4,435	6,560	2,124	47.9%	6,800
	● Other segments	5,760	6,392	632	11.0%	6,700
		78,714	82,716	4,001	5.1%	80,000
Segment income	● Machine tool segment	9,300	9,988	688	7.4%	10,000
	● Industrial machinery segment	1,471	802	- 668	-45.4%	700
	● Food processing machinery segment	127	674	546	428.4%	800
	● Other segments	846	1,030	184	21.8%	1,000
		11,745	12,496	751	6.4%	12,500
Adjustment amounts		- 2,583	- 2,607	- 24	0.9%	△ 2,500
Total operating income		9,161	9,888	726	7.9%	10,000

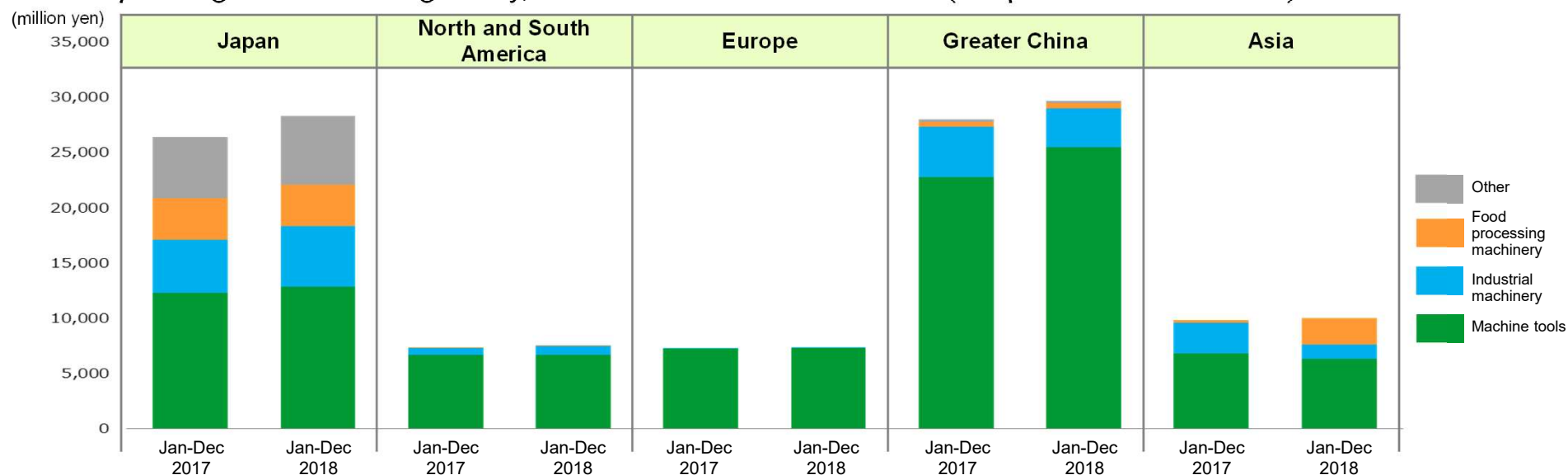
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# Overseas Sales Ratio by Segment

**\*Figures for the purpose of comparison (Adjusted)**



✓ Expanding our business globally, overseas sales ratio is 65.8% (0.7 points decrease YoY)



(million yen)

Jan-Dec 2017	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	12,291	22.0%	6,710	12.0%	7,221	12.9%	22,776	40.9%	6,796	12.2%	55,796	70.9%
Industrial machinery	4,786	37.6%	585	4.6%	0	0.0%	4,555	35.8%	2,795	22.0%	12,721	16.2%
Food processing machinery	3,790	85.5%	20	0.5%	-	-	410	9.2%	213	4.8%	4,435	5.6%
Other	5,521	95.9%	-	-	-	-	239	4.1%	-	-	5,760	7.3%
By region - Total	26,389	33.5%	7,316	9.3%	7,222	9.2%	27,981	35.5%	9,805	12.5%	78,714	100.0%
Jan-Dec 2018	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	12,824	21.8%	6,692	11.4%	7,282	12.4%	25,483	43.5%	6,324	10.7%	58,607	70.9%
Industrial machinery	5,511	49.4%	790	7.1%	44	0.4%	3,503	31.4%	1,306	11.7%	11,155	13.5%
Food processing machinery	3,712	56.6%	14	0.2%	-	-	456	7.0%	2,376	36.2%	6,560	7.9%
Other	6,218	97.3%	-	-	-	-	174	2.7%	-	-	6,392	7.7%
By region - Total	28,266	34.2%	7,496	9.1%	7,326	8.8%	29,617	35.8%	10,008	12.1%	82,716	100.0%

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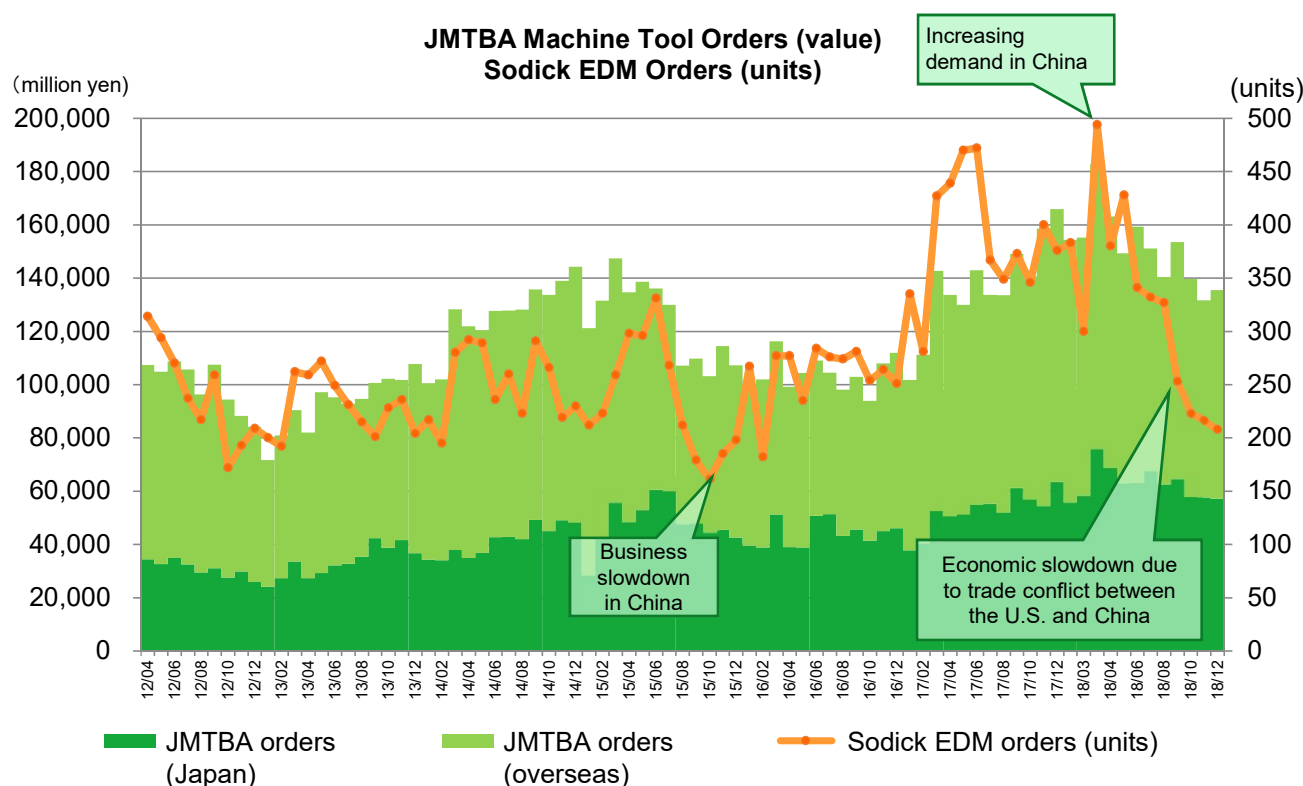
### **III. FY19/12 Financial Results Projections**

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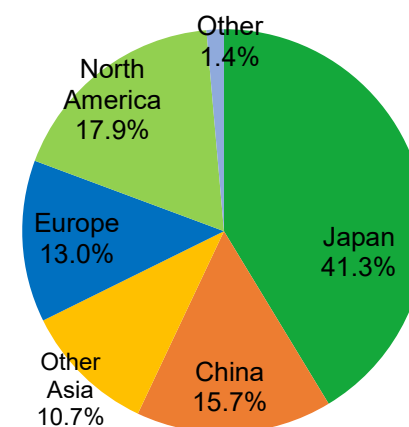
# Market Environment



- ✓ Japan: We expect sustained solid demand due to the government subsidy programs and replacement demand due to facility aging.
- ✓ North America: Capital investment demand is expected to increase mainly in the automotive, aerospace and medical equipment industries.
- ✓ Europe: There is uncertainty about the future because of the Brexit issue and slower growth in demand in countries such as Turkey, but demand in the automotive and aerospace industries is expected to remain firm.
- ✓ China: Although there is a continuous demand for high-precision machinery mainly in auto-related industries owing to an increasing need for automation against a background of sophisticated manufacturing and soaring personnel expenses, declining demand for capital investment due to trade conflicts between China and the U.S. raised uncertainties.
- ✓ Asia: Demand mainly from auto-related industries is expected to continue picking up in Thailand and Malaysia, etc.



**JMTBA Machine Tool Orders  
by Region  
(cumulative for Jan-Dec 2018)**



Source: JMTBA

# FY19/12 Financial Results Projections



- ✓ Although there is potential demand for high-precision equipment by sophisticated manufacturing for automotive-related and other industries especially in China, our largest market, both sales and income for the period are expected to be sluggish due to a slowdown in the Chinese economy affected by the trade conflict and other factors.

(million yen)

	FY18/12		FY19/12		Increase or decrease	
	Actual	Income margin	Plan	Income margin	Amount	Rate
<b>Net sales</b>	82,716	-	<b>76,800</b>	-	-5,916	-7.2%
<b>Operating income</b>	9,888	12.0%	<b>6,900</b>	<b>9.0%</b>	-2,988	-30.2%
<b>Ordinary income</b>	9,619	11.6%	<b>6,400</b>	<b>8.3%</b>	-3,219	-33.5%
<b>Net income</b>	6,462	7.8%	<b>4,700</b>	<b>6.1%</b>	-1,762	-27.3%

Average exchange rate over the period	USD	110.44 yen		105.00 yen			
	EUR	130.35 yen		120.00 yen			
	CNY	16.71 yen		15.50 yen			
	THB	3.42 yen		3.40 yen			

# FY19/12 Financial Results Projections by Segment



(million yen)

		Fy18/12	FY19/12	Increase or decrease	
		Actual	Plan	Amount	Rate
Net sales	Machine tool segment	58,607	50,300	- 8,307	-14.2%
	Industrial machinery segment	11,155	10,500	- 655	-5.9%
	Food processing machinery segment	6,560	8,400	1,839	28.0%
	Other segments	6,392	7,600	1,207	18.9%
		82,716	76,800	- 5,916	-7.2%
Segment income	Machine tool segment	9,988	7,300	- 2,688	-26.9%
	Industrial machinery segment	802	600	- 202	-25.3%
	Food processing machinery segment	674	850	175	26.0%
	Other segments	1,030	800	- 230	-22.4%
		12,496	9,550	- 2,946	-23.6%
Adjustment amounts		- 2,607	- 2,650	- 42	1.6%
Total operating income		9,888	6,900	- 2,988	-30.2%

## Machine tool segment

- ✓ In Japan, steady earnings are expected as there is a demand in replacing aging equipment.
- ✓ In North America, demand is expected to remain firm, mainly in the medical equipment industries.
- ✓ In Europe, there is uncertainty about the future because of the Brexit issue. Demand is expected to increase slightly.
- ✓ In Greater China, both orders received and sales are likely to slow down due to the postponement of investment decisions for fear of the trade conflict between the U.S. and China.
- ✓ Demand from automotive-related industries in Thailand and Malaysia is expected to be firm.

## Industrial machinery segment

- ✓ In North America, demand is expected to remain firm, mainly in the automotive-related industries.
- ✓ In Greater China, Demand is likely to slow down due to the postponement of investment decisions for fear of the trade conflict between the U.S. and China.
- ✓ In Asia, there is a growing demand for high-precision machinery used for automotive parts, and the demand is expected to remain firm.

## Food processing machinery segment

- ✓ Demand for high quality noodles is expected to remain strong. In addition, sales to food makers other than noodle manufacturers such as confectionery companies and manufacturers of packaging materials for precooked rice and delicatessens are anticipated to grow.

## Other segments

- ✓ Both the high-precision dies and mold business and external sales of ceramics are expected to remain strong



## Projections for Capital Investment / Depreciation / R&D Expenses



✓ For FY19/12, we have projections by item as follows:

<b>Capital investment</b>	<p>Capital investment is expected to be approx. 4,500 million yen (down 4,000 million yen YoY).</p> <ul style="list-style-type: none"><li>• Strengthening the production capacity of precision mold and precision molding operations: approx. 600 million yen</li><li>• Strengthening ceramics production capacity: approx. 400 million yen</li><li>• Introduction and renewal of production facilities to improve productivity for Multi-factory at Kaga Plant</li></ul>
<b>Depreciation</b>	<p>Depreciation expenses are expected to be approx. 3,400 million yen (up 300 million yen YoY).</p>
<b>R&amp;D expenses</b>	<p>R&amp;D expenses are expected to be approx. 4,200 million yen (up 300 million yen YoY), remaining at a high level.</p> <ul style="list-style-type: none"><li>• Metal 3D printer-related R&amp;D</li><li>• Development of element technologies such as new electrical discharge power units and next-generation CNCs, as well as next-generation technologies</li></ul>

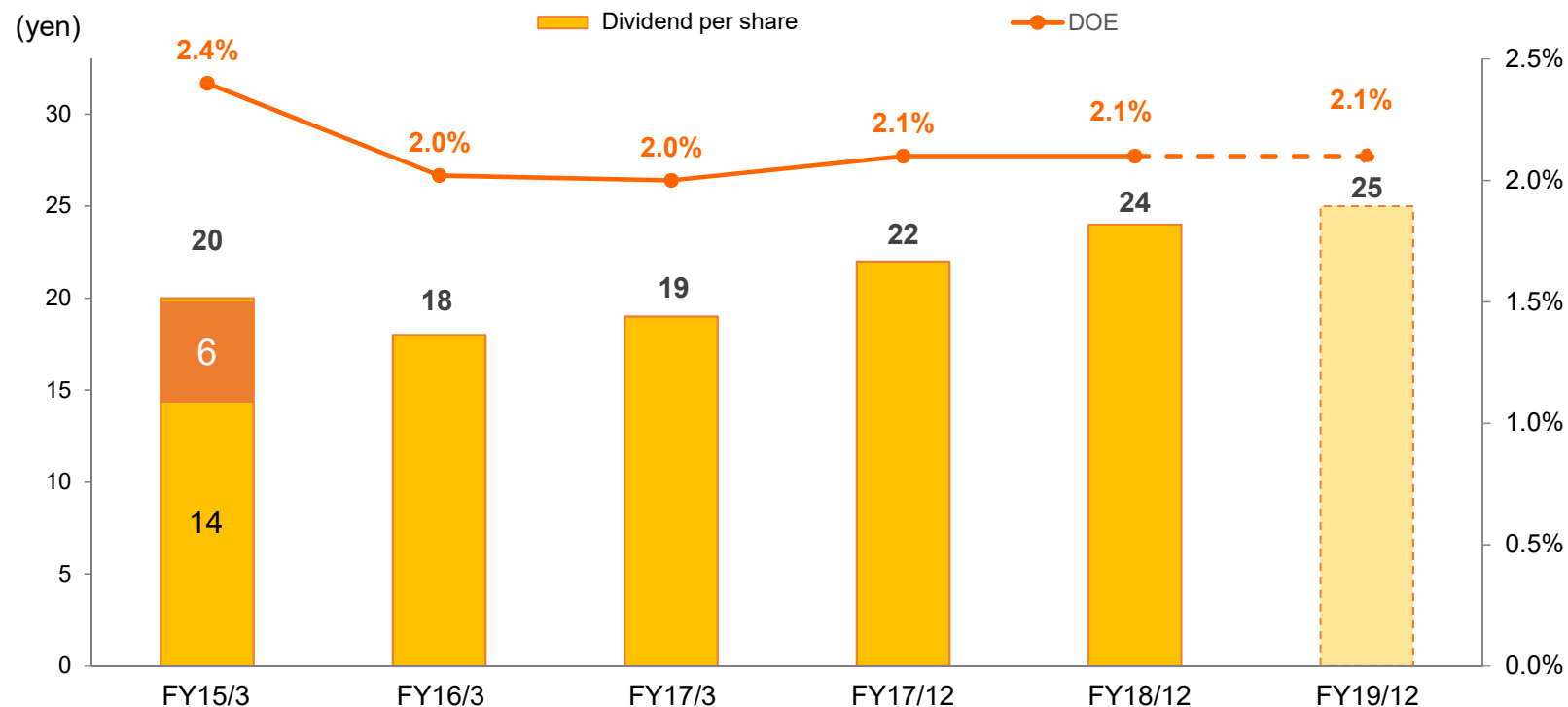
## IV. Shareholder Return

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## Policies for Shareholder Returns and Dividend Projections



- ✓ As a dividend policy, we aim at a dividend yield on shareholders' equity of at least 2%.
- ✓ For FY18/12, we are planning an annual dividend of 24 yen per share (interim dividend of 12 yen and fiscal year-end dividend of 12 yen)
- ✓ For FY19/12, we are planning to increase the annual dividend by 1 yen to 25 yen (interim dividend of 12 yen and fiscal year-end dividend of 13 yen).



Includes a 6-yen dividend in commemoration of the listing of the shares of the Company on the First Section of the Tokyo Stock Exchange

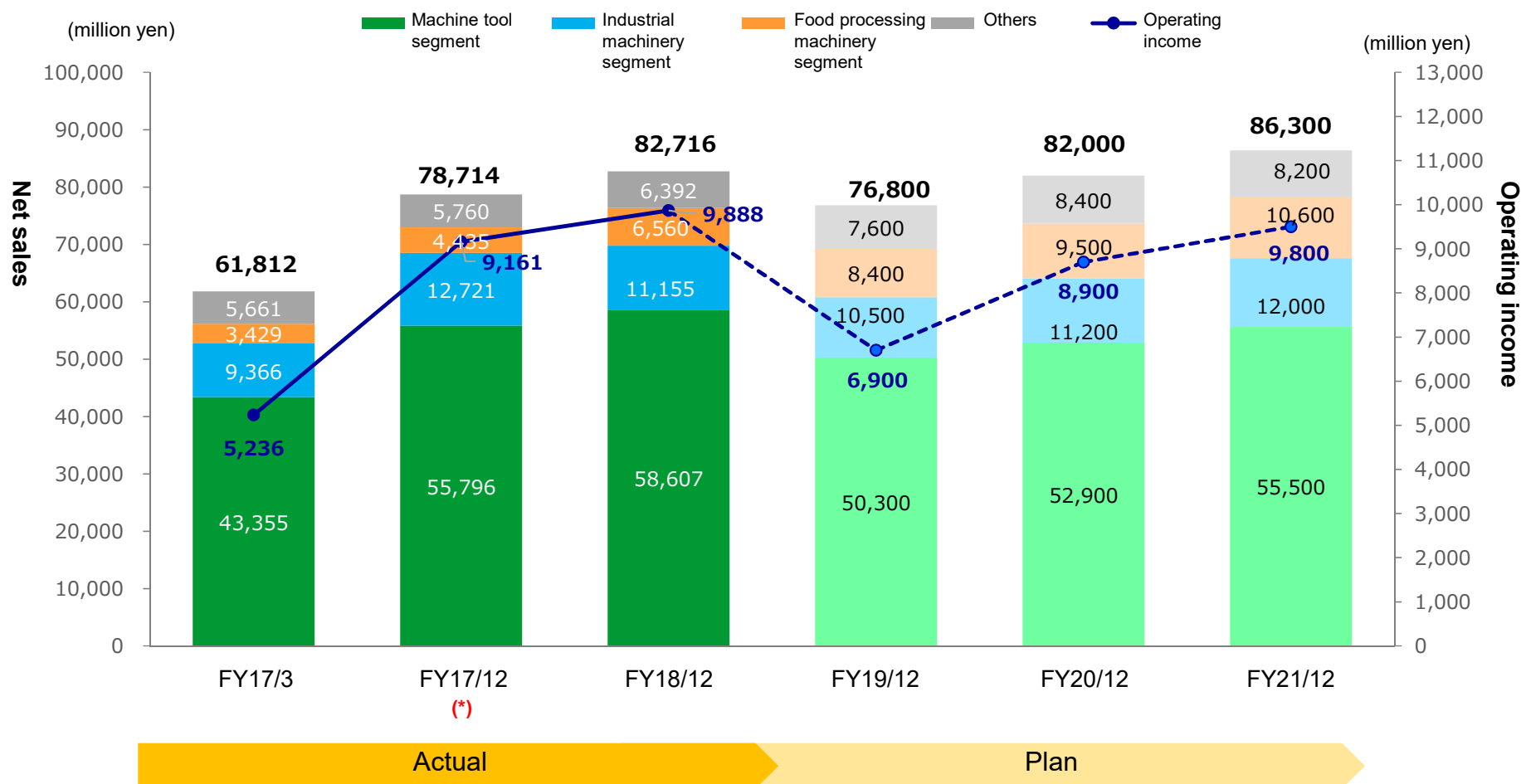
## V. Med-term Plan

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# Medium-term Plan



Targeting net sales of 86,300 million yen with operating income of 9,800 million yen by FY21/12



\* Figures for FY17/12 are group-wide results for the period of January-December 2017 provided for the purpose of comparison. 29

**(Reference Materials)**

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# Domestic and Overseas Sites



## Participation in Major Exhibitions

✓ The Company will participate in domestic and overseas exhibitions, thereby engaging in proactive marketing.

Period	Location		Exhibition	Notes
Mar. 4-9	Taiwan	Taipei	TIMTOS (Taipei International Machine Tool Show)	
Apr. 15-20	China	Beijing	CIMT (China International Machine Tool Show)	
Apr. 17-20	Japan	Tokyo	Intermold 2019 (Die & Mold Asia 2019)	
May 8-11	Thailand	Bangkok	INTERMACH THAILAND	
May 14-16	U.S.A.	Massachusetts	EASTEC	Machine tools trade show in eastern North America
May 20-23	U.S.A.	Michigan	Rapid	3D printer exhibition
May 21-24	China	Guangzhou	Chinaplas 2019 (International Exhibition on Plastics and Rubber Industries)	
May 22-25	Malaysia	Kuala Lumpur	METALTECH 2019	
May 27-31	Russia	Moscow	Metalloobrabotka (international show for the machine tool and metalworking industry)	
Jun. 19-22	Thailand	Bangkok	Intermold/Interplus	
Jul. 2-5	Vietnam	Ho Chi Minh City	MTA Vietnam (International Precision Engineering, Machine Tools and Metalworking Exhibition & Conference)	
Jul. 9-12	Japan	Tokyo	FOOMA JAPAN 2019 (International Food Machinery and Technology Exhibition)	Food processing machinery exhibition
Jul. 17-20	Indonesia	Surabaya	Manufacturing Surabaya 2019 (The 15 <sup>th</sup> International Manufacturing Machinery, Equipment, Materials and Services Exhibition)	
Sep. 16-21	Germany	Hannover	EMO2019	The world's largest machine tools trade show
Sep. 24-29	U.S.A.	California	WESTEC	Machine tools trade show in western North America
Oct. 16-18	Vietnam	Hanoi	MTA Hanoi	
Oct. 16-23	Germany	Düsseldorf	K 2019 (International Exhibition on Plastics and Rubber Industries)	Our first exhibition of injection molding machines in Europe
Oct. 23-26	Japan	Nagoya	MECT2019 (Mechatronics technology Japan 2019)	Japan's largest machine tools trade show
Nov. 20-23	Thailand	Bangkok	METALEX THAILAND	
Dec. 5-8	Indonesia	Jakarta	Machine Tool Indonesia 2019	



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