

Consolidated Financial Results

First Half of the Fiscal Year Ending March 31, 2019

(April 1, 2018 - September 30, 2018)

November 9, 2018

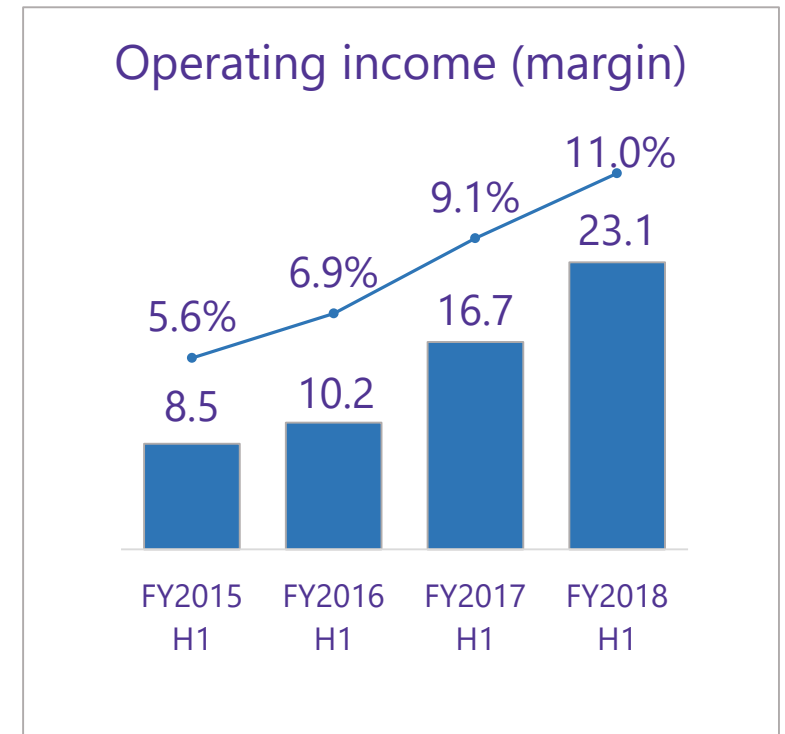
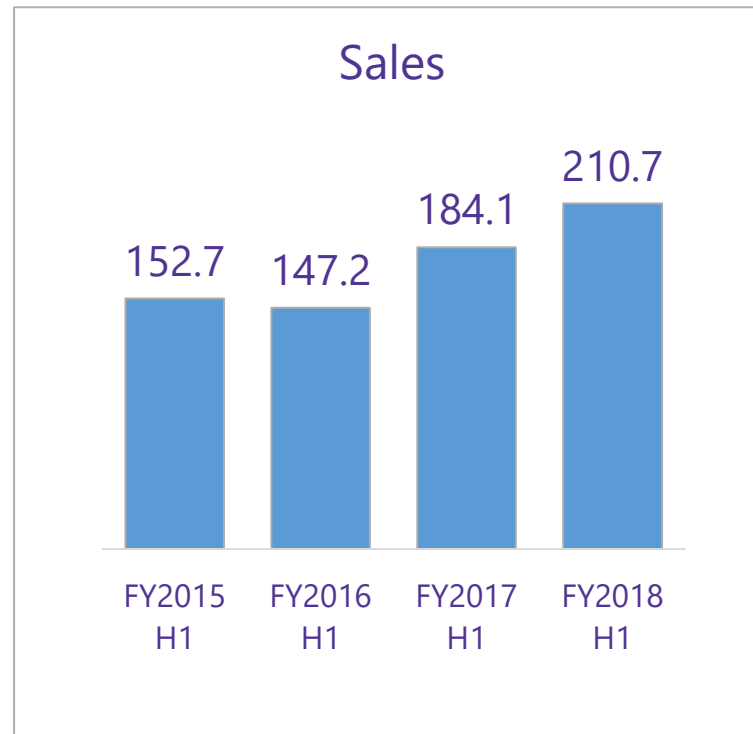
DAIFUKU CO., LTD.



- ✓ Orders: Driven by large projects for semiconductor factories and distributors
- ✓ Sales: Remained positive, underpinned by an extensive order backlog
- ✓ Operating income:

Operating income: Increased, reflecting growing earnings strength from higher sales by the parent company, Daifuku Co., Ltd., as well as favorable earnings of a subsidiary in East Asia

(Billion yen)



(Billion yen)

| | FY2017 H1 results | FY2018 H1 results | Year-on-year |
|---|-------------------|-------------------|--------------|
| Orders | 266.71 | 269.83 | 1.2% |
| Net sales | 184.15 | 210.71 | 14.4% |
| Operating income | 16.71 | 23.11 | 38.3% |
| Ordinary income | 17.43 | 23.75 | 36.2% |
| Net income attributable to shareholders of the parent company | 12.23 | 21.79 | 78.2% |
| Comprehensive income | 13.90 | 19.06 | 37.1% |
| Net income per share | 100.45yen | 173.31yen | |
| Exchange rate (per 1 U.S. dollar) | 112.12 yen | 108.52 yen | |

✓ Operating income and ordinary income increased by 40% year on year.

✓ Net income included 6.9 billion yen from the sale of shares of equity-method affiliate Knapp AG.

FY2018 Interim Results by Segment

(Billion yen)

| | Orders (Orders from outside customers) | | Net sales (Sales to outside customers) | | Segment income (Net income attributable to shareholders of the parent company) | |
|-----------------------------------|---|---------------|---|---------------|---|--------------|
| | FY2017 H1 | FY2018 H1 | FY2017 H1 | FY2018 H1 | FY2017 H1 | FY2018 H1 |
| Daifuku | 118.87 | 121.60 | 82.35 | 92.97 | 9.08 | 18.18 |
| Contec | 7.64 | 8.45 | 7.63 | 7.82 | 0.41 | 0.57 |
| Daifuku North America | 75.59 | 63.27 | 48.03 | 40.96 | 1.50 | 1.75 |
| Clean Factomation* | 13.93 | 23.05 | 9.88 | 15.67 | 0.71 | 1.56 |
| Daifuku Plusmore | 6.30 | 5.93 | 5.55 | 5.42 | 0.00 | -0.01 |
| Other | 44.37 | 47.50 | 31.33 | 42.38 | 0.66 | 1.88 |
| Consolidated adjustment and other | - | - | -0.64 | 5.46 | -0.15 | -2.13 |
| Total | 266.71 | 269.83 | 184.15 | 210.71 | 12.23 | 21.79 |

✓ Daifuku:
Income increased significantly due to increased sales and improved costs, as well as extraordinary income.

✓ Daifuku North America:
Orders declined, affected by delays in receiving orders; however, income improved.

✓ Clean Factomation*:
New reportable segment. Results were favorable backed by robust capital investments in semiconductor factories.

*Clean Factomation, Inc., Daifuku's wholly owned subsidiary in South Korea, mainly provides cleanroom transport systems to the country's semiconductor manufacturers.

Consolidated Balance Sheets

(Billion yen)

| | FY2017 | FY2018 H1 | Change |
|-------------------------------|---------------|---------------|--------------|
| Current assets | 286.08 | 309.33 | 23.24 |
| Cash on hand and in banks | 85.16 | 97.68 | 12.52 |
| Notes and accounts receivable | 163.10 | 165.18 | 2.08 |
| Inventories | 27.03 | 36.51 | 9.47 |
| Other | 10.78 | 9.95 | -0.83 |
| Non-current assets | 86.92 | 79.56 | -7.35 |
| Property, plant and equipment | 35.25 | 34.54 | -0.71 |
| Intangible assets | 14.03 | 13.11 | -0.92 |
| Goodwill | 8.79 | 8.00 | -0.78 |
| Other | 5.24 | 5.10 | -0.13 |
| Investments and other assets | 37.63 | 31.91 | -5.72 |
| Total assets | 373.01 | 388.90 | 15.89 |

| | FY2017 | FY2018 H1 | Change |
|---|---------------|---------------|--------------|
| Current liabilities | 148.78 | 151.69 | 2.90 |
| Notes and accounts payable | 69.27 | 67.10 | -2.17 |
| Short-term borrowings and bonds | 19.96 | 22.33 | 2.37 |
| Other | 59.54 | 62.24 | 2.70 |
| Non-current liabilities | 32.74 | 32.37 | -0.37 |
| Long-term borrowings and bonds | 18.00 | 17.90 | -0.10 |
| Other | 14.74 | 14.47 | -0.27 |
| Total Liabilities | 181.53 | 184.06 | 2.52 |
| Shareholders' equity | 181.45 | 197.60 | 16.14 |
| Common stock | 31.86 | 31.86 | - |
| Retained earnings | 129.65 | 145.79 | 16.13 |
| Other | 19.93 | 19.94 | 0.01 |
| Accumulated other comprehensive income | 6.42 | 3.40 | -3.01 |
| Non-controlling interests | 3.59 | 3.83 | 0.23 |
| Total net assets | 191.47 | 204.84 | 13.36 |
| Total liabilities and net assets | 373.01 | 388.90 | 15.89 |

✓ Total assets:
Increased by 15.8 billion yen
[Main factors]
An increase in cash on hand and in banks and decreases in notes

✓ Liabilities:
Increased by 2.5 billion yen
[Main factors]
Increases in short-term borrowings and current portion of long-term borrowings and advances received on uncompleted construction contracts

✓ Net assets:
Increased by 13.3 billion yen
[Main factors]
An increase of 16.1 billion yen in retained earnings

Orders and Sales by Industry (Consolidated)

(Billion yen)

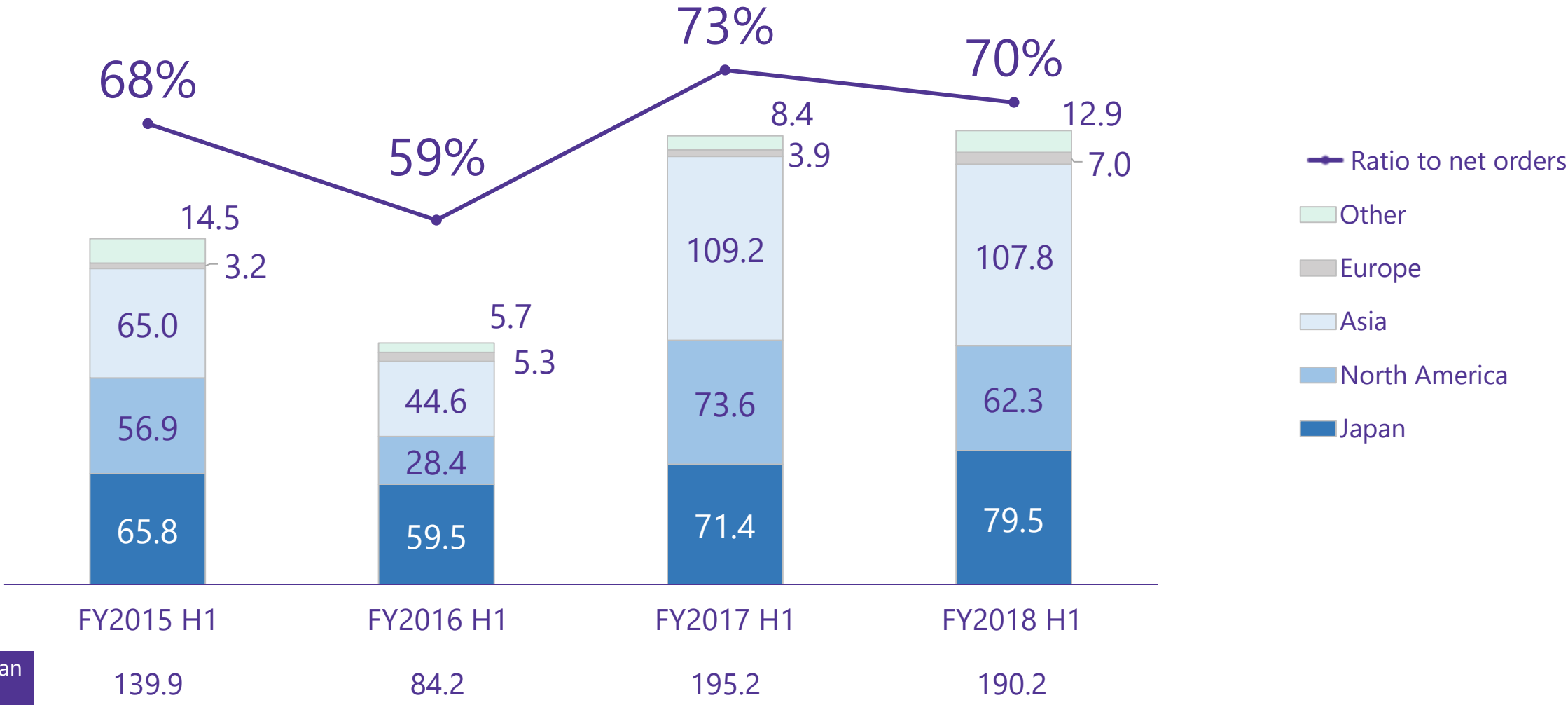
| Industry | Orders | | | | Sales | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FY2017 H1 | | FY2018 H1 | | FY2017 H1 | | FY2018 H1 | |
| | Orders | Composition | Orders | Composition | Sales | Composition | Sales | Composition |
| Automobile, auto parts | 36.21 | 13.6% | 36.83 | 13.7% | 34.41 | 18.7% | 30.43 | 14.4% |
| Electronics | 108.27 | 40.6% | 109.25 | 40.5% | 65.73 | 35.7% | 93.67 | 44.5% |
| Commerce, retail | 42.19 | 15.8% | 41.43 | 15.4% | 34.68 | 18.8% | 30.02 | 14.2% |
| Transportation, warehousing | 8.23 | 3.1% | 24.55 | 9.1% | 9.60 | 5.2% | 11.64 | 5.5% |
| Machinery | 3.05 | 1.1% | 6.64 | 2.5% | 3.12 | 1.7% | 4.03 | 1.9% |
| Chemicals, pharmaceuticals | 7.13 | 2.7% | 7.52 | 2.8% | 7.00 | 3.8% | 6.58 | 3.1% |
| Food | 5.81 | 2.2% | 4.16 | 1.5% | 6.34 | 3.4% | 5.64 | 2.7% |
| Iron, steel, nonferrous metals | 2.39 | 0.9% | 3.23 | 1.2% | 1.60 | 0.9% | 1.76 | 0.8% |
| Precision equipment, printing, office equipment | 4.61 | 1.7% | 5.33 | 2.0% | 2.18 | 1.2% | 2.98 | 1.4% |
| Airport | 30.10 | 11.3% | 22.08 | 8.2% | 13.58 | 7.4% | 15.27 | 7.2% |
| Other | 18.69 | 7.0% | 8.74 | 3.1% | 5.86 | 3.2% | 8.65 | 4.3% |
| Total | 266.71 | 100.0% | 269.83 | 100.0% | 184.15 | 100.0% | 210.71 | 100.0% |

✓ Orders from the automobile, auto parts, electronics, commerce and retail sectors remain solid.

✓ Sales were driven by the electronics sector.

Orders by Region (Consolidated)

(Billion yen)



Non-Japan
Total

Orders by Region (Consolidated)

(Billion yen)

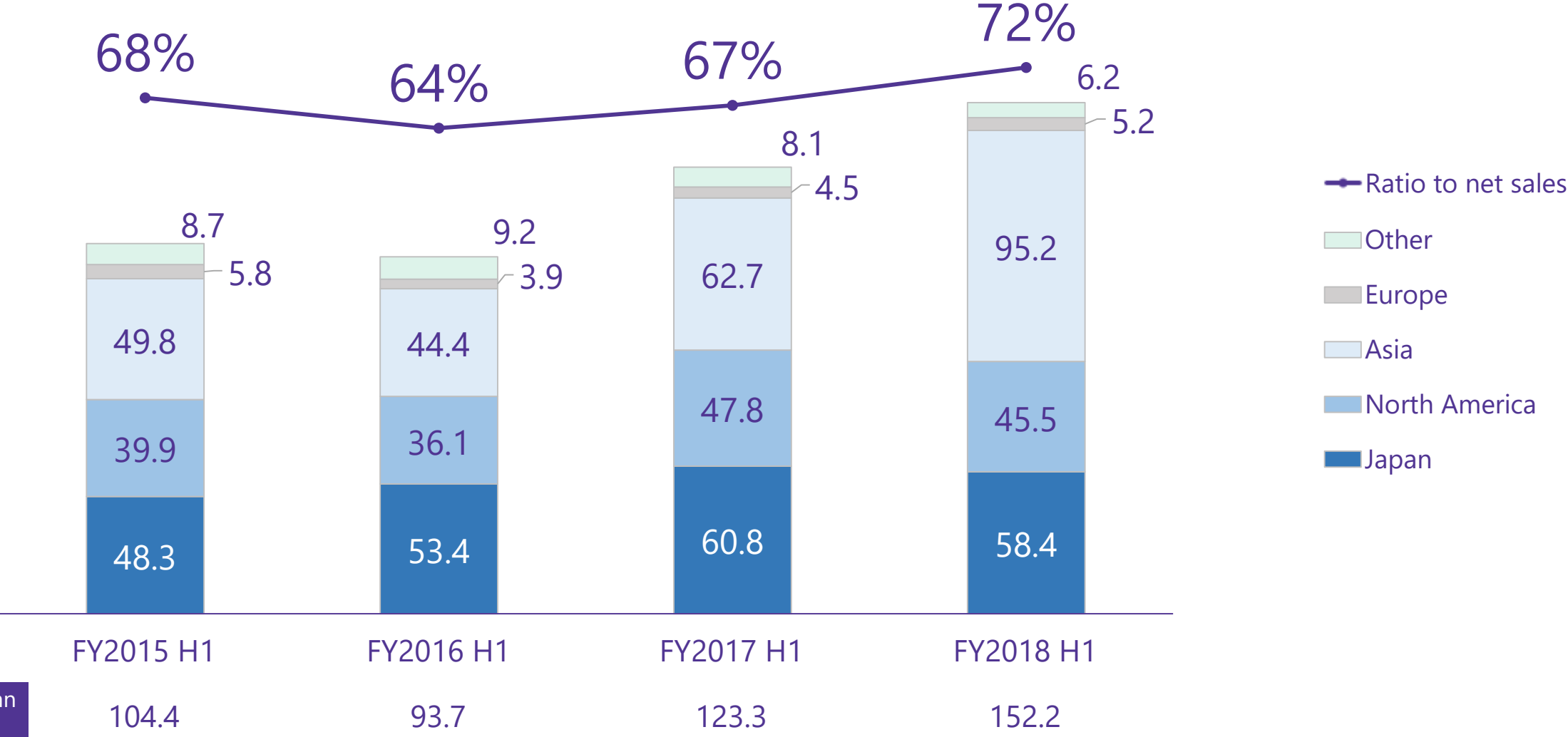
| Region | FY2015 H1 | | FY2016 H1 | | FY2017 H1 | | FY2018 H1 | |
|---------------|-----------|-------------|-----------|-------------|-----------|-------------|---------------|---------------|
| | Orders | Composition | Orders | Composition | Orders | Composition | Orders | Composition |
| Japan | 65.81 | 32.0% | 59.59 | 41.4% | 71.47 | 26.8% | 79.57 | 29.5% |
| Non-Japan | 139.44 | 68.0% | 84.29 | 58.6% | 195.24 | 73.2% | 190.25 | 70.5% |
| North America | 56.96 | 27.7% | 28.47 | 19.8% | 73.62 | 27.6% | 62.39 | 23.1% |
| Asia | 65.09 | 31.6% | 44.69 | 31.1% | 109.24 | 41.0% | 107.83 | 40.0% |
| China | 29.92 | 14.5% | 20.07 | 14.0% | 66.19 | 24.8% | 56.13 | 20.8% |
| South Korea | 20.15 | 9.8% | 12.18 | 8.5% | 28.38 | 10.7% | 31.03 | 11.5% |
| Taiwan | 8.87 | 4.3% | 8.95 | 6.2% | 9.58 | 3.6% | 14.06 | 5.2% |
| Other | 6.14 | 3.0% | 3.48 | 2.4% | 5.07 | 1.9% | 6.60 | 2.5% |
| Europe | 3.28 | 1.6% | 5.38 | 3.7% | 3.90 | 1.5% | 7.08 | 2.6% |
| Latin America | 7.33 | 3.6% | 1.10 | 0.8% | 3.06 | 1.1% | 7.38 | 2.7% |
| Other | 7.25 | 3.5% | 4.62 | 3.2% | 5.40 | 2.0% | 5.56 | 2.1% |
| Total | 205.75 | 100.0% | 143.89 | 100.0% | 266.71 | 100.0% | 269.83 | 100.0% |

✓ Orders in Japan drove overall performance. Orders in South Korea were also strong.

✓ In North America, orders in airport technologies were concentrated during the same period of the previous fiscal year. In China, investment in flat-panel displays declined.

Sales by Region (Consolidated)

(Billion yen)



Non-Japan
Total

Sales by Region (Consolidated)

(Billion yen)

| Region | FY2015 H1 | | FY2016 H1 | | FY2017 H1 | | FY2018 H1 | |
|---------------|-----------|-------------|-----------|-------------|-----------|-------------|---------------|---------------|
| | Sales | Composition | Sales | Composition | Sales | Composition | Sales | Composition |
| Japan | 48.38 | 31.7% | 53.49 | 36.3% | 60.85 | 33.0% | 58.41 | 27.7% |
| Non-Japan | 104.40 | 68.3% | 93.76 | 63.7% | 123.30 | 67.0% | 152.29 | 72.3% |
| North America | 39.97 | 26.2% | 36.12 | 24.5% | 47.89 | 26.0% | 45.50 | 21.7% |
| Asia | 49.88 | 32.6% | 44.42 | 30.2% | 62.74 | 34.1% | 95.29 | 45.2% |
| China | 15.15 | 9.9% | 13.70 | 9.3% | 25.87 | 14.1% | 50.83 | 24.1% |
| South Korea | 17.85 | 11.7% | 13.23 | 9.0% | 23.59 | 12.8% | 30.79 | 14.6% |
| Taiwan | 11.21 | 7.3% | 12.40 | 8.4% | 9.02 | 4.9% | 6.31 | 3.0% |
| Other | 5.66 | 3.7% | 5.07 | 3.5% | 4.24 | 2.3% | 7.34 | 3.5% |
| Europe | 5.82 | 3.8% | 3.92 | 2.7% | 4.50 | 2.4% | 5.27 | 2.5% |
| Latin America | 1.68 | 1.1% | 1.53 | 1.0% | 3.05 | 1.7% | 2.42 | 1.1% |
| Other | 7.02 | 4.6% | 7.75 | 5.3% | 5.10 | 2.8% | 3.80 | 1.8% |
| Total | 152.79 | 100.0% | 147.26 | 100.0% | 184.15 | 100.0% | 210.71 | 100.0% |

✓ The non-Japan sales ratio to total sales reached 72%.

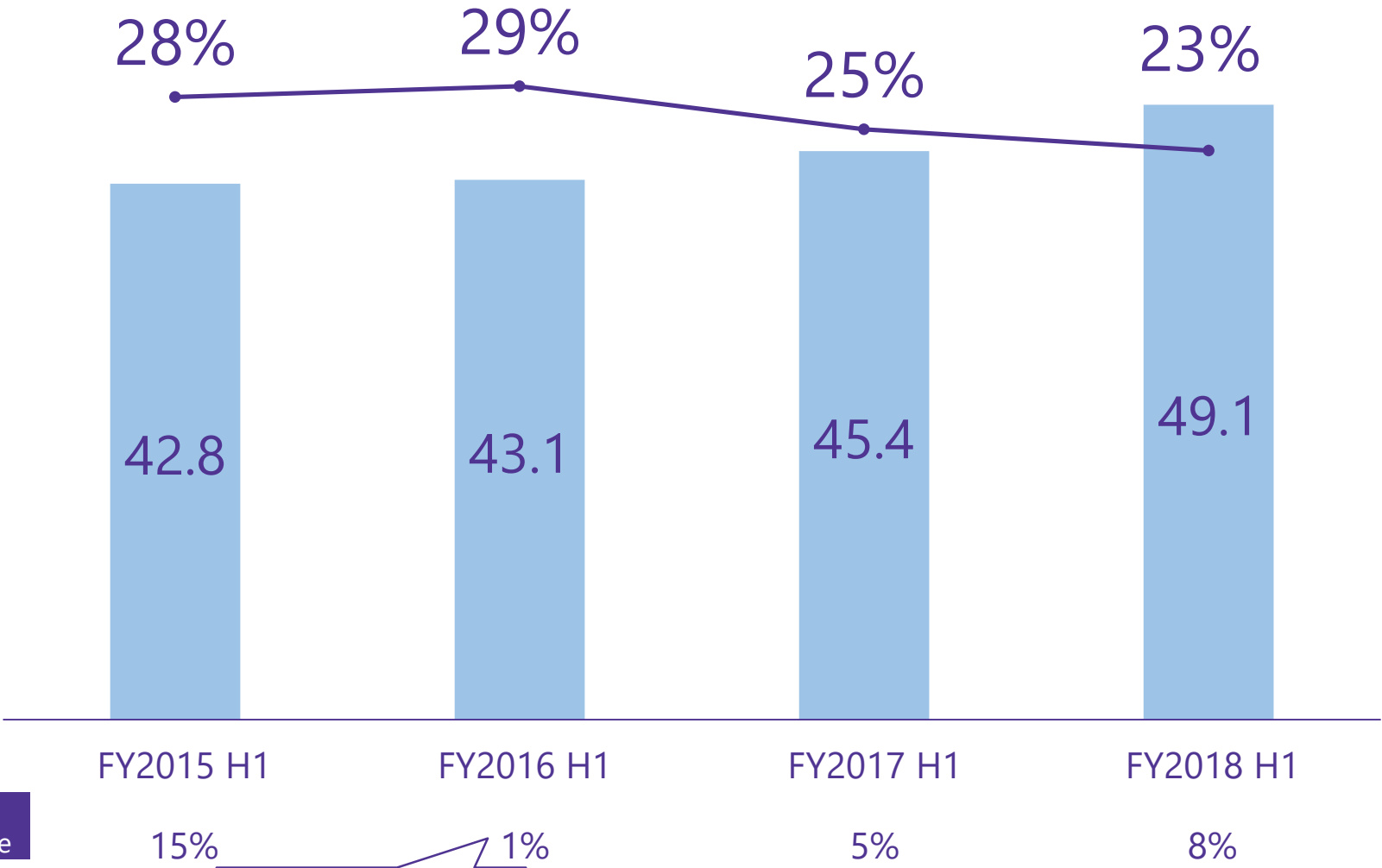
✓ The ratio of sales in Asia exceeded 45%.

✓ In China, sales doubled year on year. Also, sales in South Korea were strong.

Service Sales (Consolidated)

(Billion yen)

∶ Ratio to net sales



Y/Y Growth Rate

Impact from the appreciation of the yen

✓ Sales amount and the year-on-year growth rate both rose.

Note: Sales in the service business include maintenance, retrofitting, and remodeling work for products and systems Daifuku delivered.

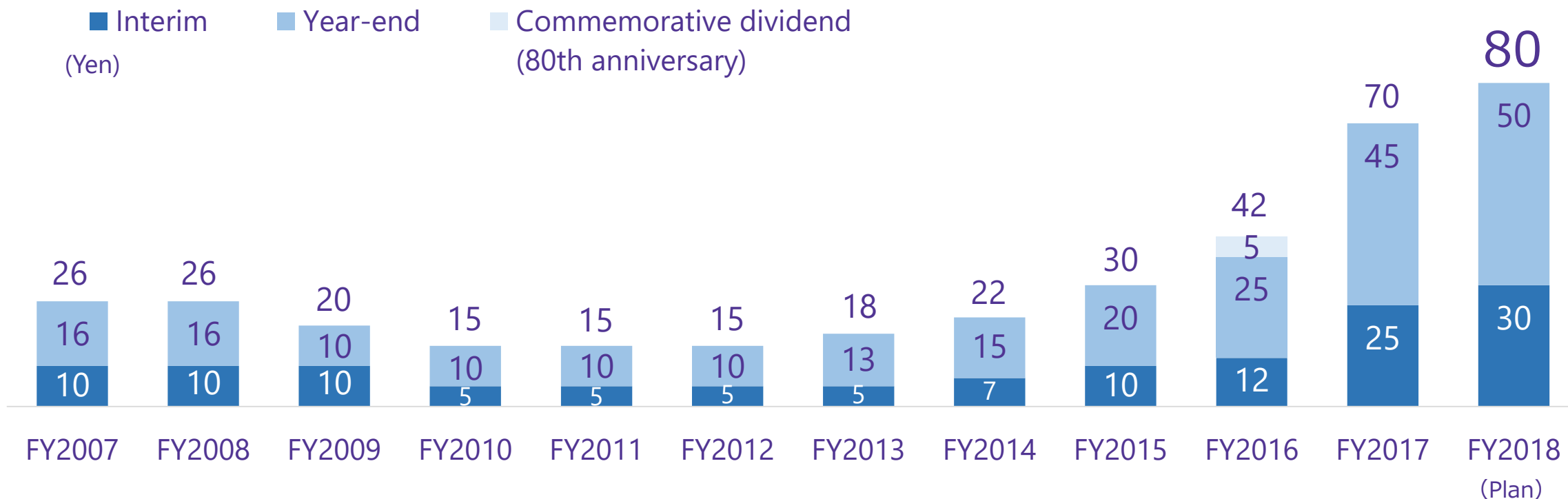
(Billion yen)

| | FY2017 | FY2018 (Forecast) | | | Year-on-year |
|---|------------|------------------------------|--------------------------------|-----------------------------------|--------------|
| | | Announced on May 11, 2018 | Announced on August 8, 2018 | Revised on November 9, 2018 | |
| Orders | 487.97 | 490.0 | 510.0 | 530.0 | 8.6% |
| Net sales | 404.92 | 460.0 | 470.0 | 470.0 | 16.1% |
| Operating income | 39.92 | 46.0 | 48.0 | 52.0 | 30.2% |
| Ordinary income | 41.10 | 46.7 | 48.7 | 52.9 | 28.7% |
| Net income attributable to shareholders of the parent company | 29.00 | 31.5 | 32.5 | 35.0 | 20.7% |
| Net income per share | 235.62 yen | 250.44 yen | 258.38 yen | 278.25 yen | - |

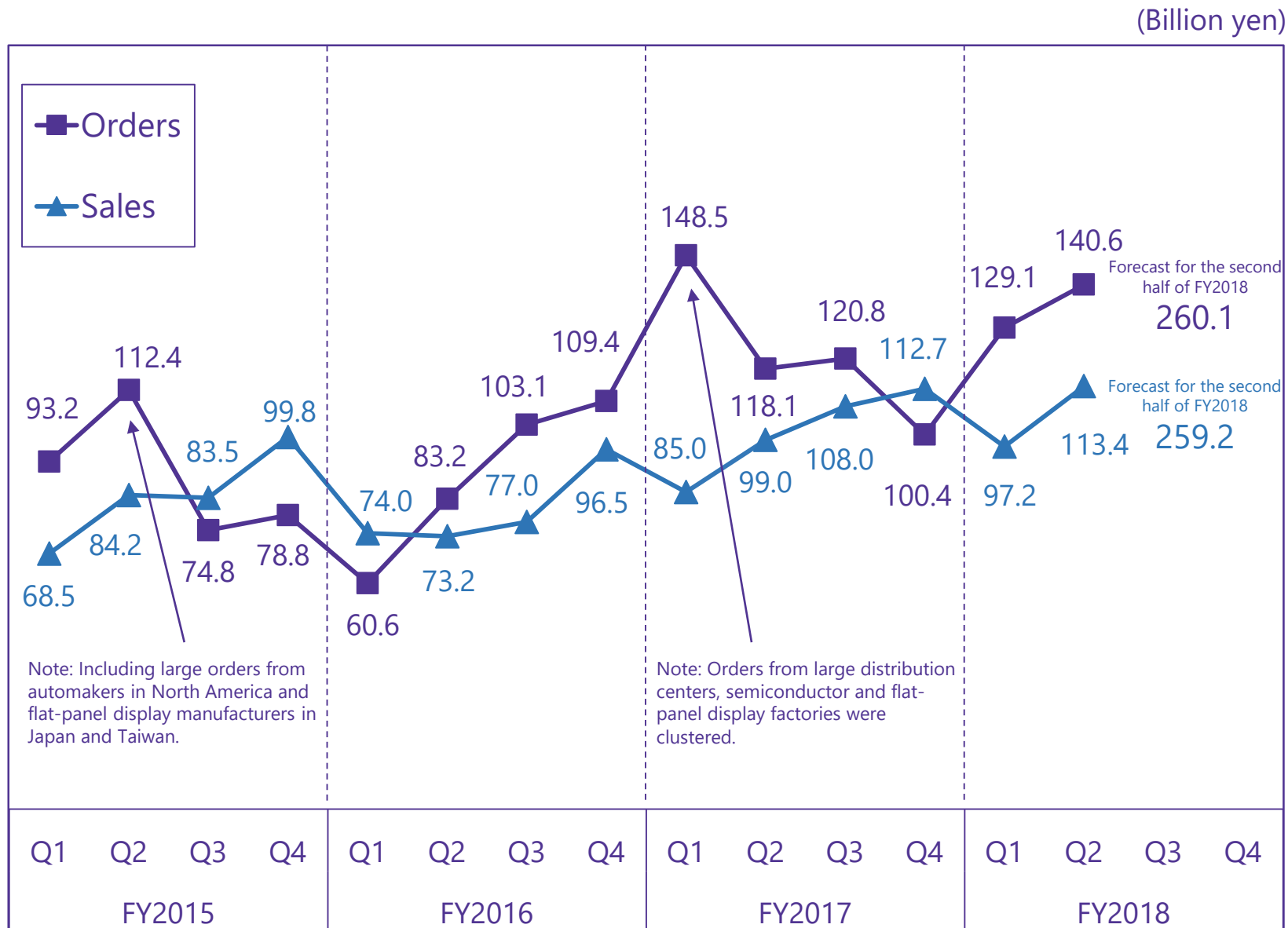
✓ The full-year earnings forecast was revised upward; in terms of orders and income.

FY2018 annual dividend to be 80 yen, a new record high

Daifuku has decided to pay an interim dividend of 30 yen, an increase of 5 yen from the forecast announced on August 8, 2018, based on its the dividend policy that targets a consolidated payout ratio of 30%. Accordingly, the annual dividend per share is projected to be 80 yen.

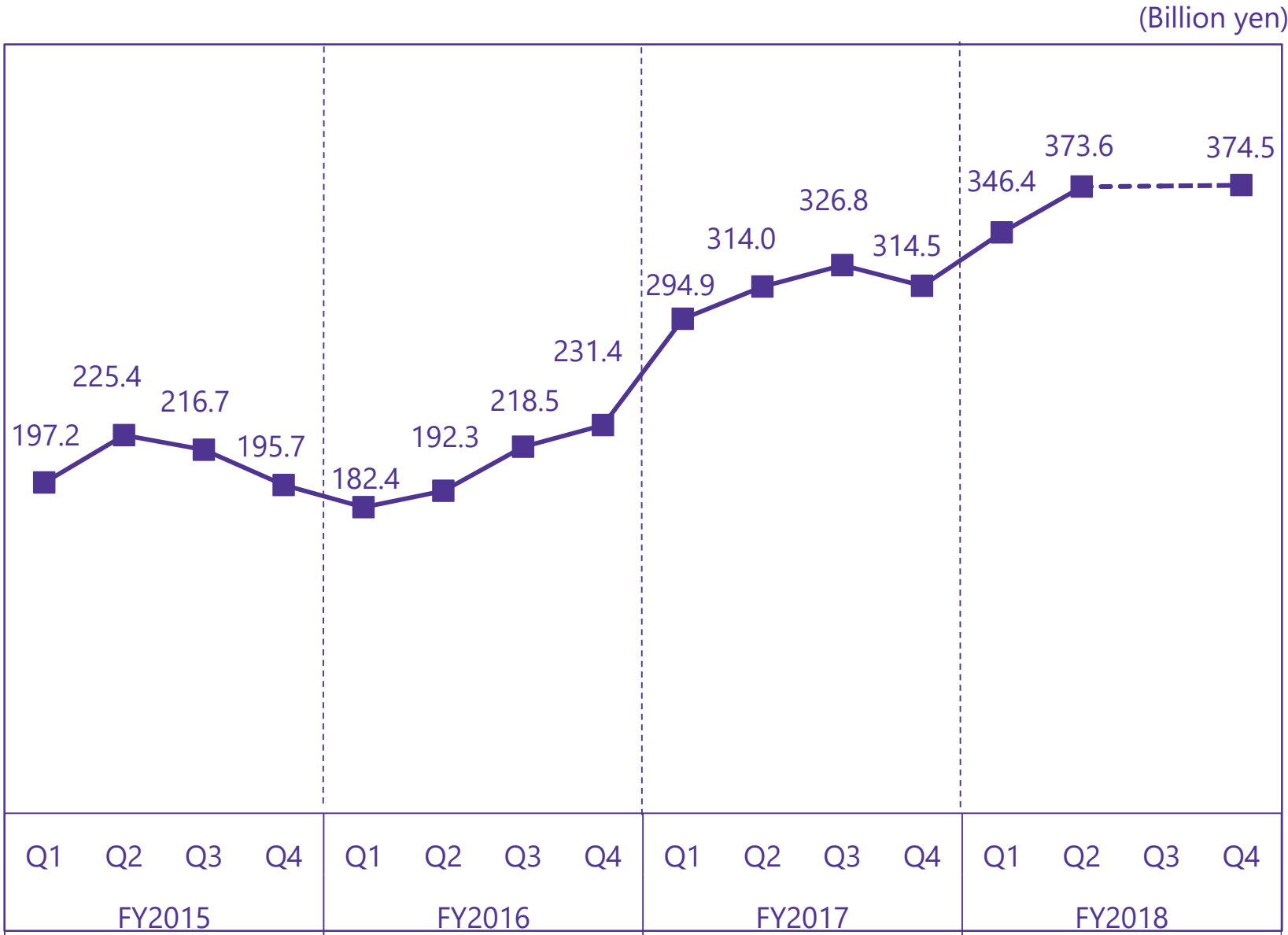


Quarterly Orders and Sales (Consolidated)



- ✓ Q2 orders were the second-highest ever. Q2 sales posted a new record high.
- ✓ Both orders and sales during the second half of FY2018 are projected to reach a new record high.

Order Backlogs (Consolidated)



- ✓ The backlog at the end of FY2018 is projected at 374.5 billion yen, an increase of 60.0 billion yen year on year.

Fast Retailing and Daifuku Conclude Strategic Global Partnership

On October 9, Fast Retailing Co., Ltd. and Daifuku Co., Ltd. concluded an agreement to form a strategic partnership aimed at establishing comprehensive logistics services over the medium to long term. The two companies will each utilize their respective wealth of knowledge to carefully evaluate the current status of distribution and develop innovative and revolutionary logistics systems to deliver products to customers faster.



Press conference at UNIQLO CITY TOKYO
with Fast Retailing's Ariake warehouse

Daifuku Exhibits at Logis-Tech Tokyo 2018

From September 11 to 14, Daifuku participated in LOGIS-TECH TOKYO 2018, Asia's largest material handling and logistics trade fair at Tokyo Big Sight (Tokyo International Exhibition Center). Our Airport Technologies, which we position as one of our four core businesses, exhibited working models of the Self Bag Drop (SBD) at the booth, which was designed to give the feel of an international airport. Visitors also enjoyed a 4D theater ride that allowed them to experience virtual baggage to be transported from check-in to aircraft via security checking zones.



A visitor experiencing the baggage check-in process via SBD at a mock international airport



Visitors in the 4D theater with a large screen

Building a New Facility to Enhance Production Capacity

U.S.-based affiliate Wynright Corporation plans to double its production capability with a purpose-built, state-of-the-art manufacturing complex and office in Hobart, Indiana. Its existing two factories will be consolidated into the new facility. Construction will start in this fall. Wynright plans to commence its production of systems for manufacturers and distributors from the end of 2019.



Exterior view

DAIFUKU

Always an Edge Ahead

Cautionary Statement with Respect to Forward-Looking Statements

The strategies, beliefs and plans related to future business performance as described in this document are not established facts. They are business prospects based on the assumptions and beliefs of the management team judging from the most current information, and therefore, these prospects are subject to potential risks and uncertainties. Due to various crucial factors, actual results may differ materially from these forward-looking statements. These crucial factors that may adversely affect performance include 1) consumer trends and economic conditions in the Daifuku Group's operating environment; 2) the effect of yen exchange rates on sales, assets and liabilities denominated in U.S. dollars and other currencies; 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions; and 4) the impact of natural disasters and intentional threats, war, acts of terrorism, strikes, and plagues. Moreover, there are other factors that may adversely affect the Group's performance.