

# Consolidated Financial Results

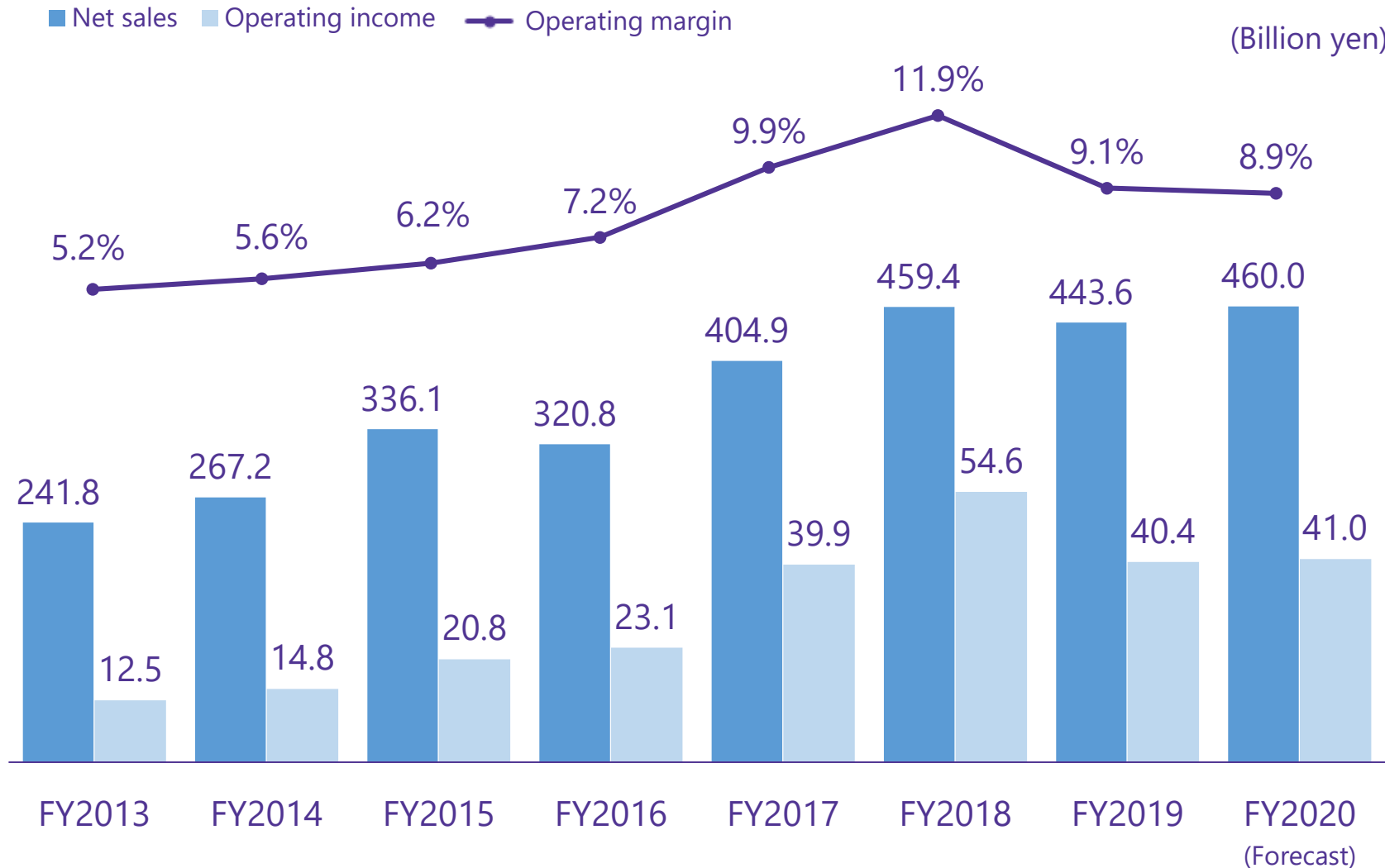
**Fiscal Year Ended March 31, 2020**

(April 1, 2019 - March 31, 2020)

May 12, 2020

**DAIFUKU CO., LTD.**





- ✓ Sales and income reflected a downturn in investments in the semiconductor and flat-panel display (FPD) sectors.
- ✓ The impact of COVID-19 on sales and income was minor.

(Billion yen)

	FY2018	FY2019	Year-on-year
Orders	503.39	<b>483.18</b>	-4.0%
Net sales	459.48	<b>443.69</b>	-3.4%
Operating income	54.68	<b>40.49</b>	-25.9%
Ordinary income	55.84	<b>40.97</b>	-26.6%
Net income attributable to shareholders of the parent company	39.56	<b>28.06</b>	-29.1%
Comprehensive income	40.80	<b>25.62</b>	-37.2%
Net income per share	314.54 yen	<b>222.96 yen</b>	
Exchange rate (per 1 U.S. dollar)	110.37 yen	<b>109.25 yen</b>	

- ✓ Orders reflected the impact from a downturn in investments in the semiconductor and FPD sectors. Meanwhile, orders for systems for manufacturers and distributors remained firm. In automobile production line systems, we received our largest-ever order.
- ✓ Sales were underpinned by the large order backlog.
- ✓ Net income reflected decreased income in the Daifuku segment.

# Results by Reportable 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)	
	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
Daifuku	231.48	<b>218.36</b>	202.52	<b>204.44</b>	33.76	<b>18.69</b>
Contec	16.39	<b>16.83</b>	16.39	<b>16.35</b>	1.61	<b>1.60</b>
Daifuku North America	109.45	<b>136.75</b>	97.18	<b>102.25</b>	0.43	<b>6.29</b>
Clean Factomation	41.78	<b>23.80</b>	34.21	<b>32.68</b>	2.54	<b>2.58</b>
Other	105.12	<b>87.43</b>	110.89	<b>93.98</b>	5.74	<b>2.52</b>
Consolidated adjustment and other	-0.83	-	-1.72	<b>-6.02</b>	-4.53	<b>-3.64</b>
<b>Total</b>	503.39	<b>483.18</b>	459.48	<b>443.69</b>	39.56	<b>28.06</b>

✓ Daifuku:  
A gain on sales of shares in affiliates was included in the FY2018 results. In FY2019, an impairment loss on investment in affiliates was recorded.

✓ Daifuku North America:  
Results benefited from a large order for automobile production line systems. Income rose due to the absence of the extraordinary item posted by Jervis B. Webb Company in FY2018.

✓ Clean Factomation:  
Orders fell due to a delay in the recovery in demand for semiconductor memory.

# Consolidated Balance Sheets

(Billion yen)

	FY2018	FY2019	Change
Current assets	326.23	<b>319.68</b>	-6.55
Cash on hand and in banks	90.91	<b>70.90</b>	-20.00
Notes and accounts receivable	191.86	<b>202.71</b>	10.84
Inventories	34.20	<b>33.34</b>	-0.86
Other	9.24	<b>12.71</b>	3.47
Non-current assets	83.74	<b>91.20</b>	7.46
Property, plant and equipment	37.02	<b>47.34</b>	10.32
Intangible assets	12.46	<b>10.13</b>	-2.32
Goodwill	7.56	<b>4.89</b>	-2.67
Other	4.89	<b>5.24</b>	0.34
Investments and other assets	34.26	<b>33.72</b>	-0.53
<b>Total assets</b>	409.98	<b>410.88</b>	0.90

	FY2018	FY2019	Change
Current liabilities	155.96	<b>138.69</b>	-17.26
Notes and accounts payable	71.79	<b>69.09</b>	-2.70
Short-term borrowings	19.43	<b>11.77</b>	-7.65
Other	64.73	<b>57.82</b>	-6.90
Non-current liabilities	31.13	<b>34.83</b>	3.70
Long-term borrowings	20.56	<b>21.64</b>	1.07
Other	10.56	<b>13.19</b>	2.62
<b>Total Liabilities</b>	187.09	<b>173.53</b>	-13.56
Shareholders' equity	214.65	<b>231.71</b>	17.05
Common stock	31.86	<b>31.86</b>	-
Retained earnings	162.72	<b>179.29</b>	16.56
Other	20.06	<b>20.55</b>	0.48
Accumulated other comprehensive income	4.03	<b>1.24</b>	-2.78
Non-controlling interests	4.19	<b>4.39</b>	0.19
<b>Total net assets</b>	222.88	<b>237.35</b>	14.47
<b>Total liabilities and net assets</b>	409.98	<b>410.88</b>	0.90

✓ Total assets:  
Increased by ¥0.9 billion  
[Factors]  
Increases: ¥10.8 billion in notes and accounts receivable, ¥3.4 billion in other current assets, and ¥10.3 billion in property, plant and equipment  
Decrease: ¥20.0 billion in cash on hand and in banks

✓ Liabilities:  
Decreased by ¥13.5 billion  
[Factors]  
Decreases: ¥7.6 billion in short-term borrowings due to the repayment of borrowings of non-Japan subsidiaries and ¥10.7 billion yen in income taxes payable

✓ Net assets:  
Increased by ¥14.4 billion  
[Factors]  
Increase: ¥16.5 billion in retained earnings

# Consolidated Statements of Cash Flows

(Billion yen)

	FY2018	FY2019	Change
Cash flows from operating activities	8.55	<b>13.50</b>	4.94
Cash flows from investing activities	5.93	<b>-14.79</b>	-20.72
Free cash flows	14.49	<b>-1.28</b>	-15.78
Cash flows from financing activities	-6.89	<b>-18.35</b>	-11.46
Effect of exchange rate change on cash and cash equivalents	-1.85	<b>-0.37</b>	1.47
Net increase in cash and cash equivalents	5.75	<b>-20.02</b>	-25.77
Cash and cash equivalents, beginning of the year	85.15	<b>90.90</b>	5.75
Cash and cash equivalents, end of the year	90.90	<b>70.88</b>	-20.02

✓ Cash provided by operating activities: ¥13.5 billion  
 [Factors]  
 Income before income taxes and non-controlling interests: ¥39.8 billion  
 Increase in advances received on uncompleted construction contracts: ¥2.8 billion  
 Increase in notes and accounts receivable: -¥12.0 billion  
 Income taxes paid: -¥22.3 billion

✓ Cash used in investing activities: ¥14.7 billion  
 [Factors]  
 Payments for purchase of property, plant and equipment: -¥12.8 billion  
 Payments for purchase of shares in affiliates: -¥2.9 billion

✓ Cash used in financing activities: ¥18.3 billion  
 [Factors]  
 Payments of cash dividends: -¥11.3 billion  
 Repayment of short-term borrowings: -¥5.0 billion

# Consolidated Orders and Sales by Industry

(Billion yen)

Industry	Orders				Sales			
	FY2018		FY2019		FY2018		FY2019	
	Orders	Composition	Orders	Composition	Sales	Composition	Sales	Composition
Automobile, auto parts	68.75	13.7%	<b>89.98</b>	<b>18.6%</b>	68.67	14.9%	<b>68.48</b>	<b>15.4%</b>
Electronics	171.33	34.0%	<b>146.23</b>	<b>30.3%</b>	189.98	41.3%	<b>144.16</b>	<b>32.5%</b>
Commerce, retail	95.11	18.9%	<b>94.58</b>	<b>19.6%</b>	71.74	15.6%	<b>86.24</b>	<b>19.4%</b>
Transportation, warehousing	43.58	8.7%	<b>17.28</b>	<b>3.6%</b>	29.04	6.3%	<b>28.55</b>	<b>6.4%</b>
Machinery	13.90	2.8%	<b>11.11</b>	<b>2.3%</b>	9.31	2.0%	<b>13.57</b>	<b>3.1%</b>
Chemicals, pharmaceuticals	15.20	3.0%	<b>18.46</b>	<b>3.8%</b>	14.15	3.1%	<b>15.30</b>	<b>3.4%</b>
Food	12.60	2.5%	<b>17.04</b>	<b>3.5%</b>	11.87	2.6%	<b>13.15</b>	<b>3.0%</b>
Iron, steel, nonferrous metals	5.85	1.2%	<b>5.45</b>	<b>1.1%</b>	4.59	1.0%	<b>5.37</b>	<b>1.2%</b>
Precision equipment, printing, office equipment	11.96	2.4%	<b>7.64</b>	<b>1.6%</b>	6.47	1.4%	<b>11.48</b>	<b>2.6%</b>
Airport	47.91	9.5%	<b>57.86</b>	<b>12.0%</b>	35.54	7.7%	<b>41.98</b>	<b>9.5%</b>
Other	17.17	3.3%	<b>17.50</b>	<b>3.6%</b>	18.06	4.1%	<b>15.37</b>	<b>3.5%</b>
<b>Total</b>	503.39	100.0%	<b>483.18</b>	<b>100.0%</b>	459.48	100.0%	<b>443.69</b>	<b>100.0%</b>

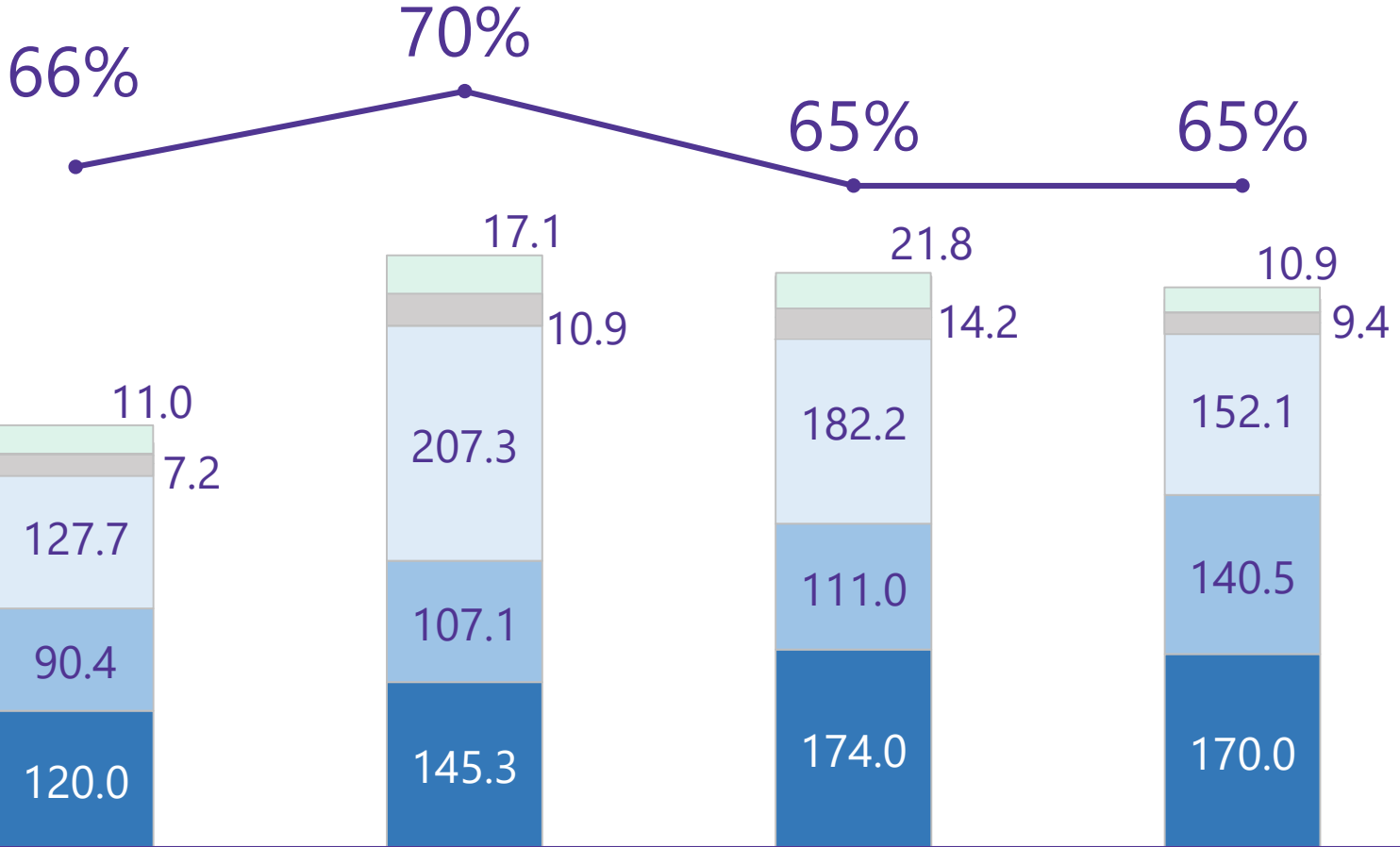
✓ Orders were strong in the automobile and auto parts sectors in North America.

✓ Electronics sector orders and sales both decreased.

✓ Sales were favorable in the commerce, retail and airport sectors.

# Orders by Region (Consolidated)

(Billion yen)



- Non-Japan ratio to net orders
- Other
- Europe
- Asia
- North America
- Japan

Non-Japan Total

FY2016	FY2017	FY2018	FY2019
236.4	342.5	329.3	313.1



# Orders by Region (Consolidated)

(Billion yen)

Region	FY2016		FY2017		FY2018		FY2019	
	Orders	Composition	Orders	Composition	Orders	Composition	Orders	Composition
Japan	120.03	33.7%	145.37	29.8%	174.01	34.6%	<b>170.04</b>	<b>35.2%</b>
Non-Japan	236.48	66.3%	342.59	70.2%	329.38	65.4%	<b>313.14</b>	<b>64.8%</b>
North America	90.46	25.5%	107.17	22.0%	111.04	22.0%	<b>140.54</b>	<b>29.1%</b>
Asia	127.77	35.8%	207.33	42.5%	182.20	36.2%	<b>152.17</b>	<b>31.5%</b>
China	55.36	15.5%	115.91	23.8%	88.96	17.7%	<b>58.36</b>	<b>12.1%</b>
South Korea	35.03	9.8%	64.85	13.3%	50.16	10.0%	<b>39.24</b>	<b>8.1%</b>
Taiwan	25.10	7.0%	12.66	2.6%	27.62	5.5%	<b>42.49</b>	<b>8.8%</b>
Other	12.26	3.5%	13.89	2.8%	15.45	3.0%	<b>12.06</b>	<b>2.5%</b>
Europe	7.23	2.0%	10.96	2.2%	14.26	2.8%	<b>9.48</b>	<b>2.0%</b>
Latin America	2.65	0.7%	7.99	1.6%	9.42	1.9%	<b>0.96</b>	<b>0.2%</b>
Other	8.36	2.3%	9.12	1.9%	12.44	2.5%	<b>9.98</b>	<b>2.0%</b>
Total	356.51	100.0%	487.97	100.0%	503.39	100.0%	<b>483.18</b>	<b>100.0%</b>

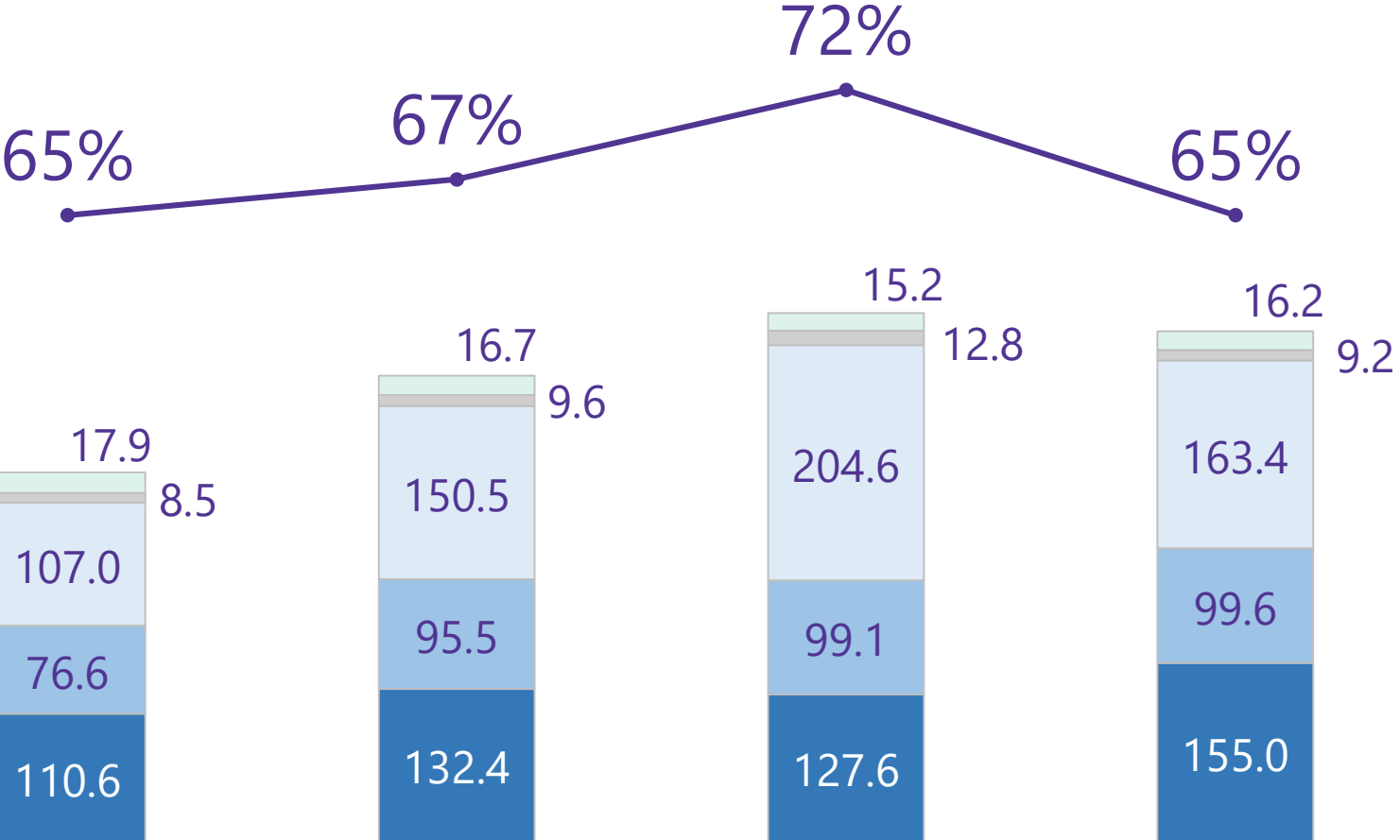
✓ In North America, we received a record order for automobile production line systems.

✓ In China and South Korea, orders fell mainly in the electronics sector.

✓ In Taiwan, orders were strong in the electronics sector.

# Sales by Region (Consolidated)

(Billion yen)



- Non-Japan ratio to net sales
- Other
- Europe
- Asia
- North America
- Japan

Non-Japan Total

Fiscal Year	Non-Japan Total
FY2016	210.1
FY2017	272.4
FY2018	331.8
FY2019	288.6

# Sales by Region (Consolidated)

(Billion yen)

Region	FY2016		FY2017		FY2018		FY2019	
	Sales	Composition	Sales	Composition	Sales	Composition	Sales	Composition
Japan	110.67	34.5%	132.46	32.7%	127.60	27.8%	<b>155.02</b>	<b>34.9%</b>
Non-Japan	210.14	65.5%	272.45	67.3%	331.88	72.2%	<b>288.66</b>	<b>65.1%</b>
North America	76.62	23.9%	95.50	23.6%	99.11	21.6%	<b>99.69</b>	<b>22.5%</b>
Asia	107.00	33.3%	150.53	37.2%	204.62	44.5%	<b>163.45</b>	<b>36.8%</b>
China	36.86	11.5%	72.56	17.9%	111.33	24.2%	<b>70.20</b>	<b>15.8%</b>
South Korea	32.27	10.0%	50.84	12.6%	56.74	12.3%	<b>43.51</b>	<b>9.8%</b>
Taiwan	27.84	8.7%	15.55	3.8%	21.17	4.6%	<b>37.16</b>	<b>8.4%</b>
Other	10.02	3.1%	11.58	2.9%	15.37	3.4%	<b>12.56</b>	<b>2.8%</b>
Europe	8.57	2.7%	9.67	2.4%	12.85	2.8%	<b>9.28</b>	<b>2.1%</b>
Latin America	4.09	1.3%	6.12	1.5%	6.06	1.3%	<b>6.24</b>	<b>1.4%</b>
Other	13.84	4.3%	10.61	2.6%	9.22	2.0%	<b>9.98</b>	<b>2.3%</b>
<b>Total</b>	<b>320.82</b>	<b>100.0%</b>	<b>404.92</b>	<b>100.0%</b>	<b>459.48</b>	<b>100.0%</b>	<b>443.69</b>	<b>100.0%</b>

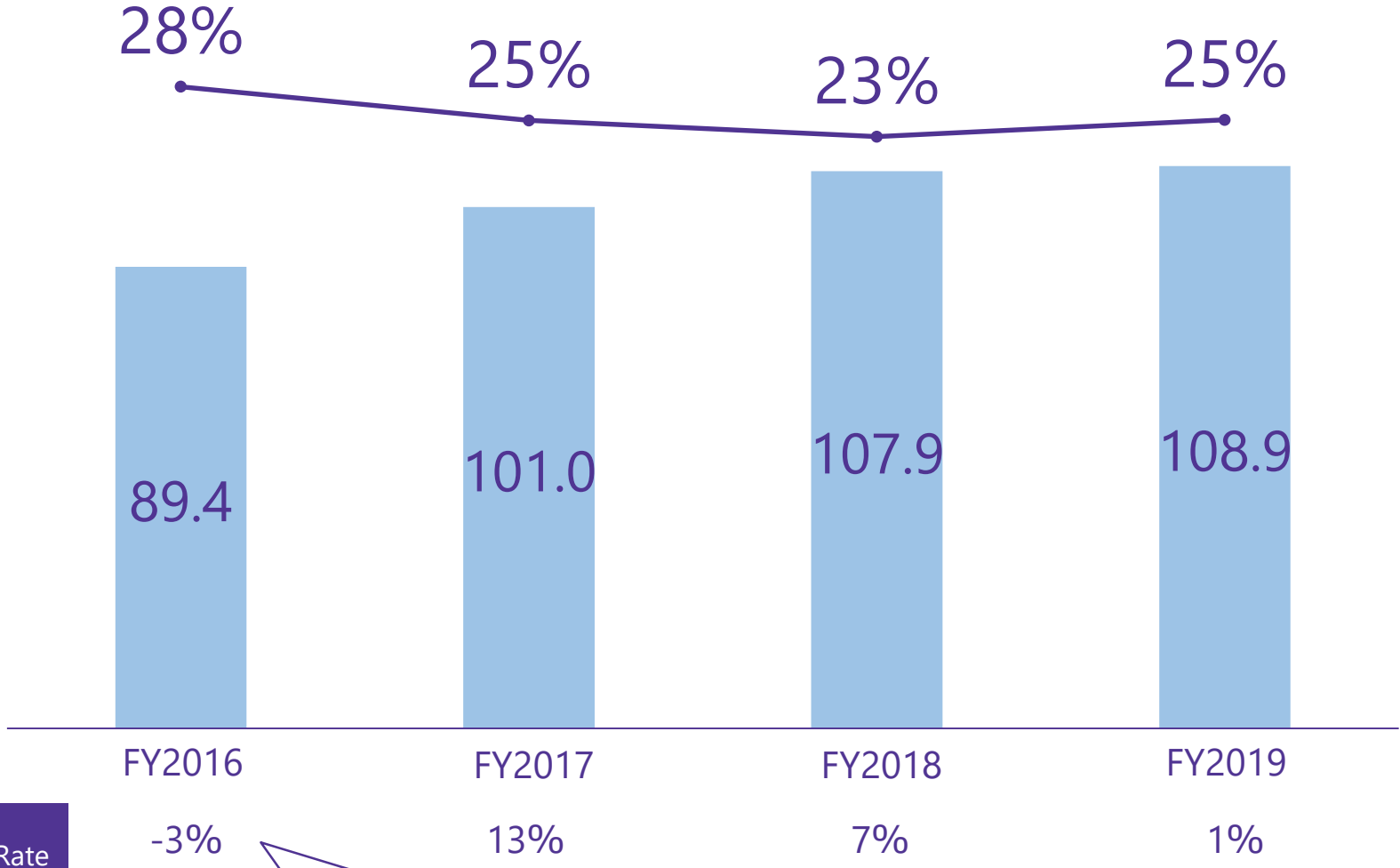
✓ In Japan, sales were strong mainly in systems for manufacturers and distributors, underpinned by an extensive order backlog.

✓ In China and South Korea, sales fell mainly in the electronics sector.

✓ In Taiwan, sales were strong in the electronics sector.

∶ Ratio to net sales

(Billion yen)



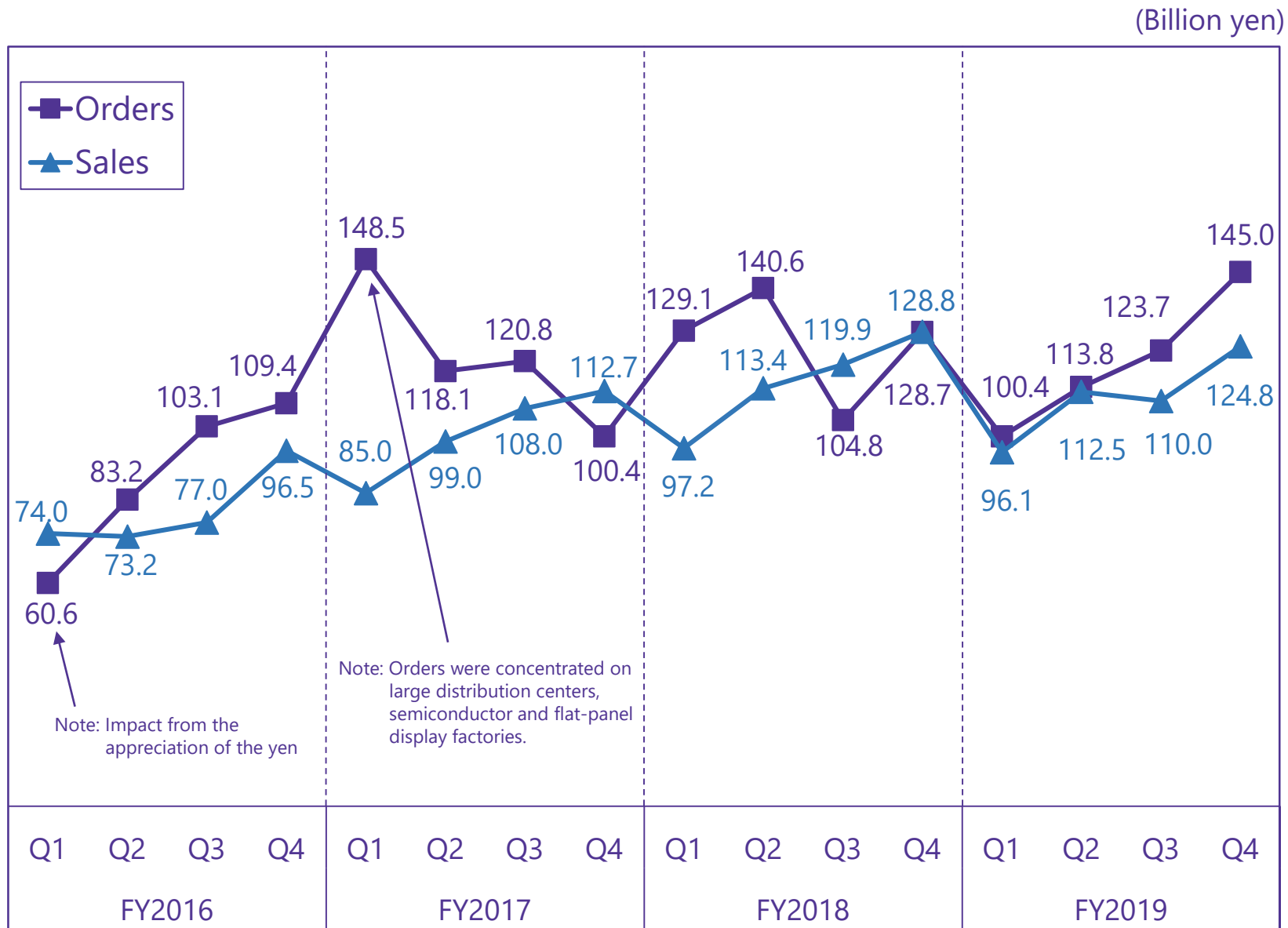
✓ Service sales remained firm.

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

Y/Y  
Growth Rate

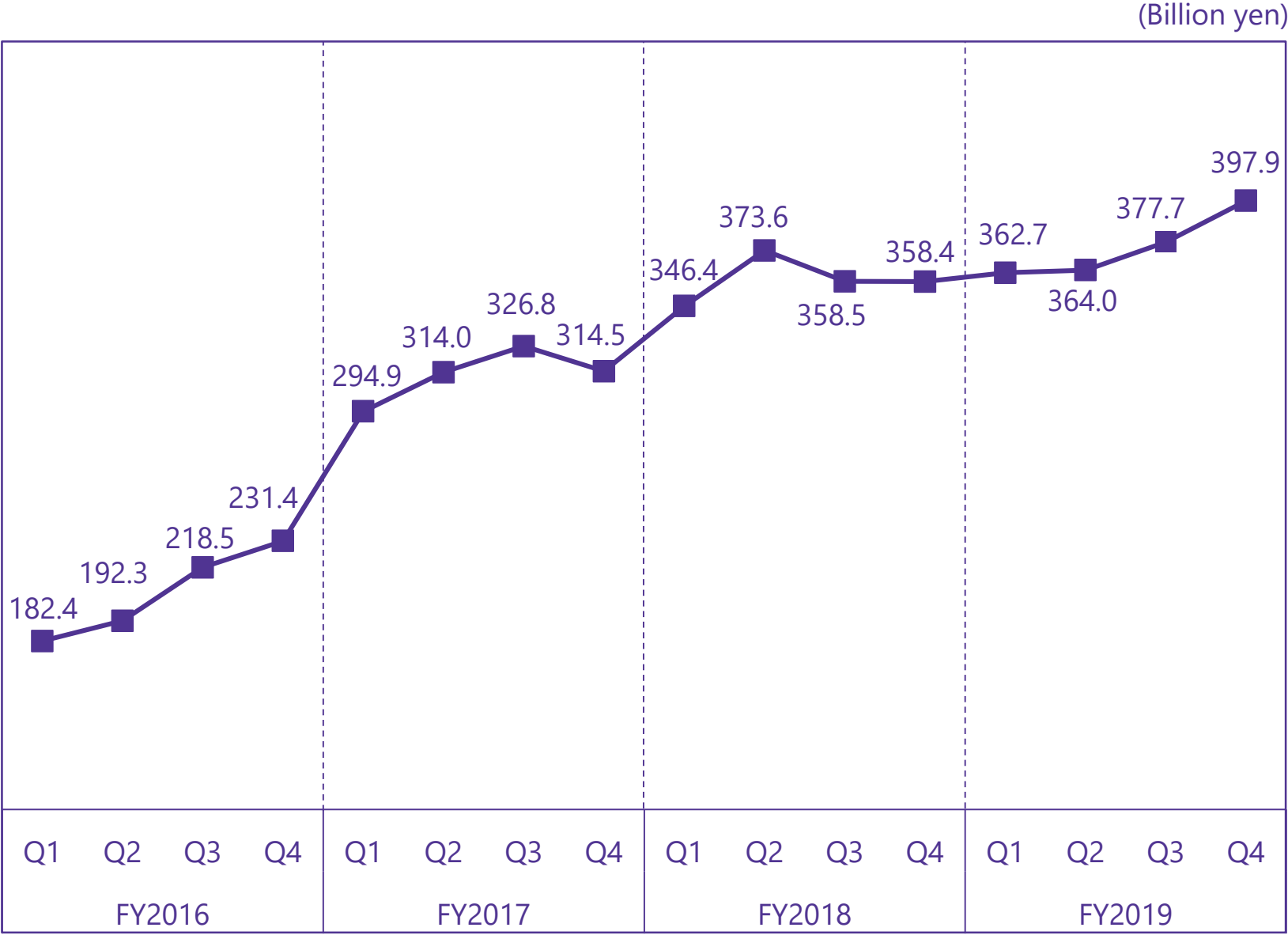
Impact from the appreciation of the yen

# Quarterly Orders and Sales (Consolidated)



✓ The impact of COVID-19 on orders and sales during the fourth quarter was minor.

# Order Backlogs (Consolidated)



✓ Order backlogs set a new record high.

(Billion yen)

	FY2019 H1	FY2020 H1	Year-on-year	FY2019	FY2020	Year-on-year
Orders	214.32	240.0	12.0%	483.18	480.0	-0.7%
Net sales	208.73	212.0	1.6%	443.69	460.0	3.7%
Operating income	17.28	16.3	-5.7%	40.49	41.0	1.2%
Ordinary income	17.61	16.9	-4.1%	40.97	41.8	2.0%
Net income attributable to shareholders of the parent company	13.16	11.6	-11.9%	28.06	29.0	3.3%
Net income per share	104.65 yen	<b>92.16 yen</b>	-	222.96 yen	<b>230.40 yen</b>	-

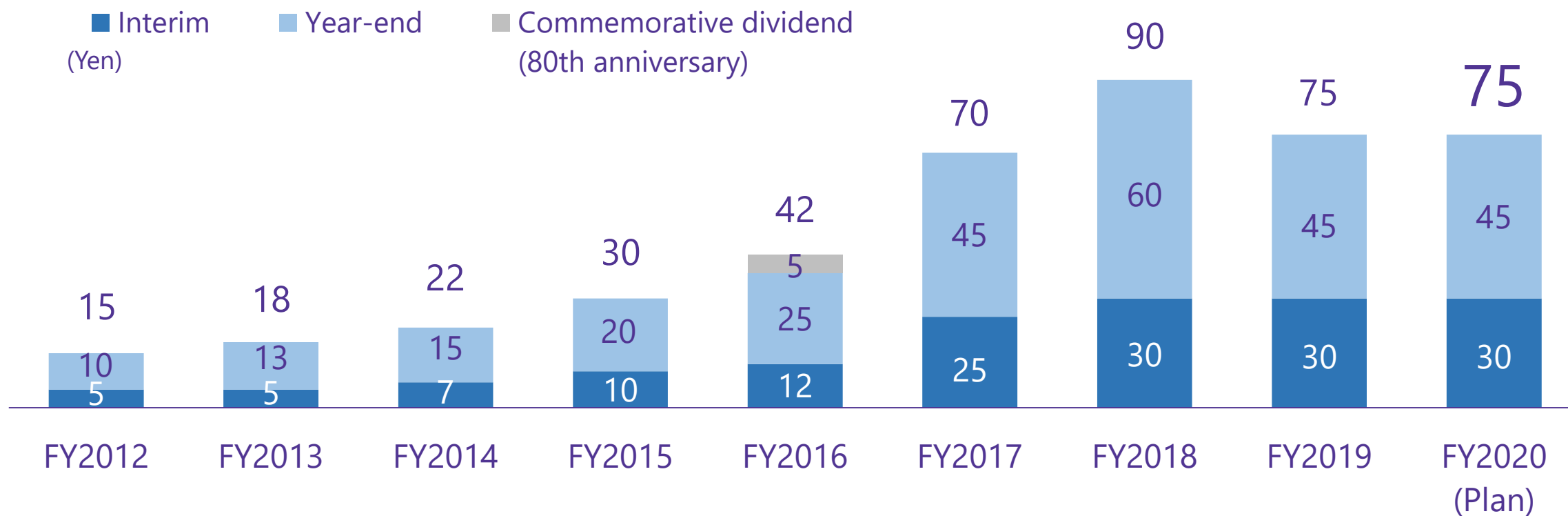
✓ Forecasting increased sales and income.

- ✓ Emerging needs are expected, such as expanding e-commerce due to more people staying at home; rising demand for more efficient logistics operations; and growing demand for semiconductors underpinned by the spread of teleworking and 5G communications.
- ✓ Shiga Works, our mainstay production site, has experienced little impact from the COVID-19.
- ✓ Non-Japan factories, offices, and service sites are operating, following policies announced by local governments.
- ✓ Our financial position is strong with an equity ratio of 56.7% and D/E ratio of 0.14.
- ✓ Employee teleworking system: We smoothly implemented the system using the global infrastructure of information-communication technology.
- ✓ Risks:
  - Delays and/or stagnation in business activities of the Daifuku Group and its customers
  - Suspension or discontinuation of investments by customers associated with the economic downturn
  - Rise in break-even point due to decreased production



## The annual dividend of 75 yen for FY2019 is expected to be retained for FY2020

Daifuku has decided to pay a FY2019 annual dividend of 75 yen, based on a dividend policy that targets a consolidated payout ratio of 30%. The FY2020 annual dividend is planned to be 75 yen.



## Interest-bearing liabilities

(Billion yen)

	FY2016	FY2017	FY2018	FY2019
Short-term	21.6	19.9	19.4	<b>11.7</b>
Long-term	18.1	18.0	20.5	<b>21.6</b>
Total	39.7	37.9	40.0	<b>33.4</b>
D/E ratio* (times)	0.29	0.20	0.18	<b>0.14</b>

✓ We retain a strong financial position with a D/E ratio of 0.14.

## Fixed cost, employees

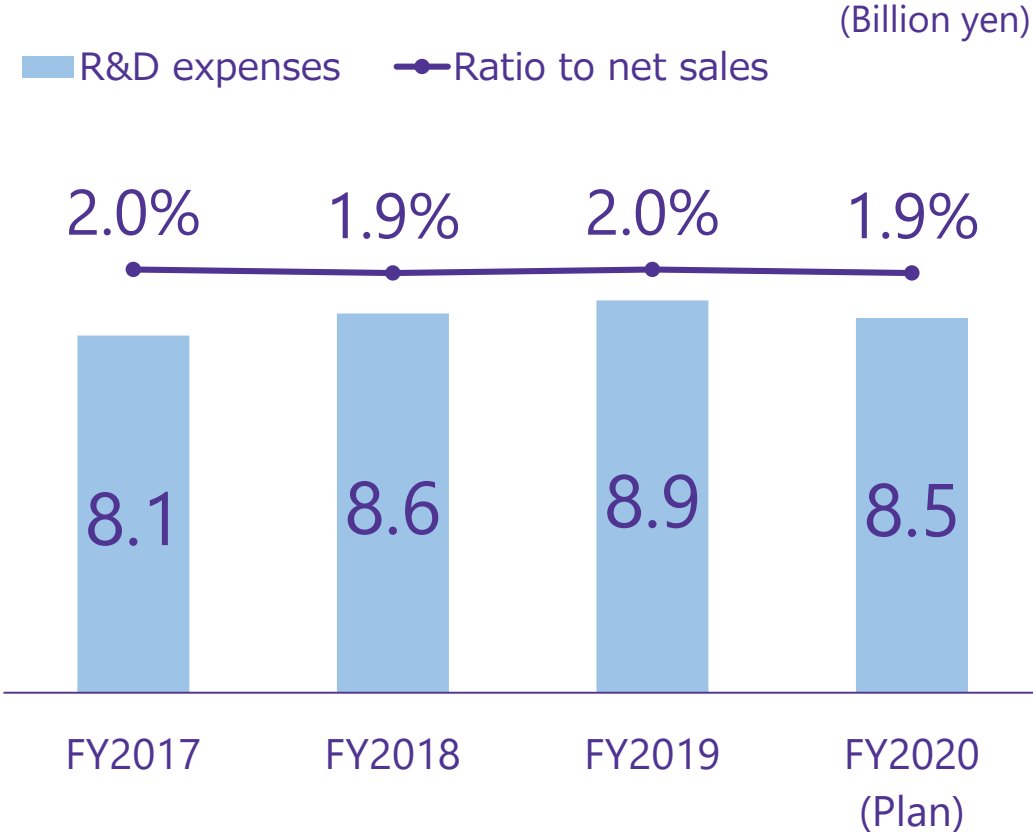
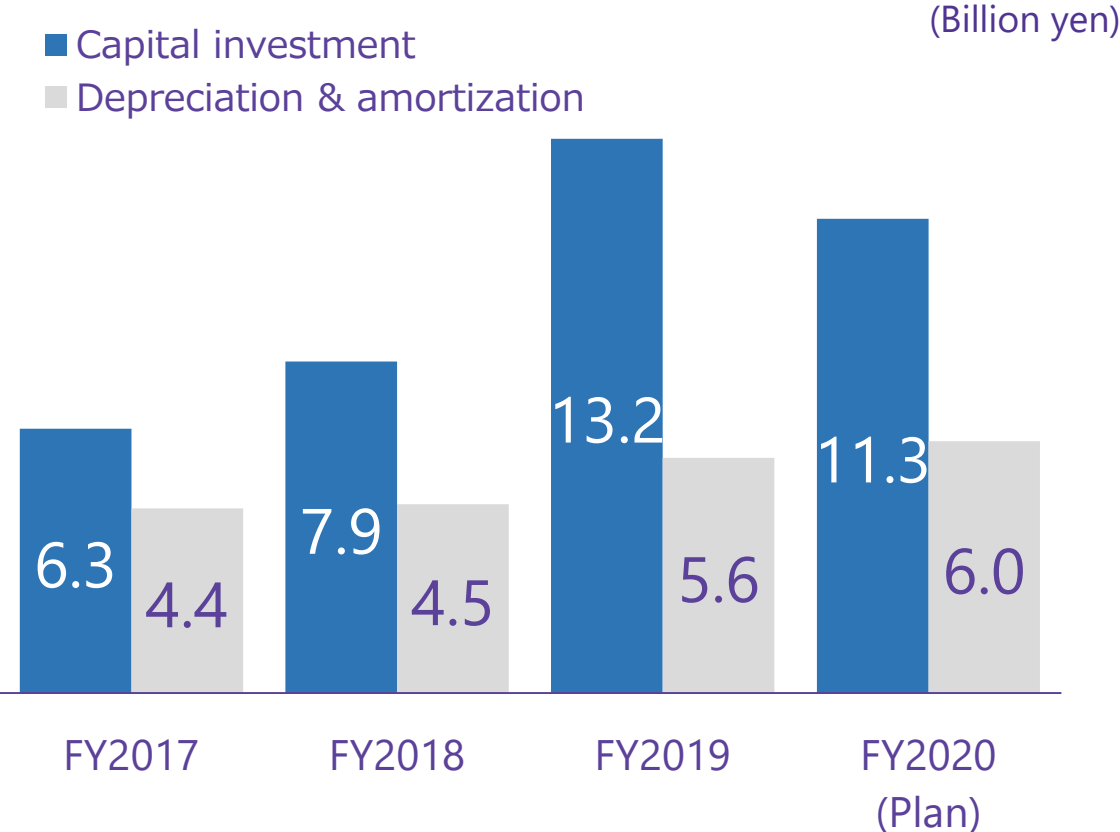
Fixed cost	93.4	107.7	119.3	<b>127.6</b>
Personnel expenses	64.9	73.0	76.8	<b>80.2</b>
Employees (year-end)	8,689	9,193	9,857	<b>10,863</b>
Outside of Japan	5,536	5,936	6,459	<b>7,312</b>

✓ The number of employees increased by 1,006 from the end of the previous fiscal year. Of which, the number of non-Japan employees rose by 853.

\*Debt-Equity ratio = interest-bearing liabilities / shareholders' equity (year-end)

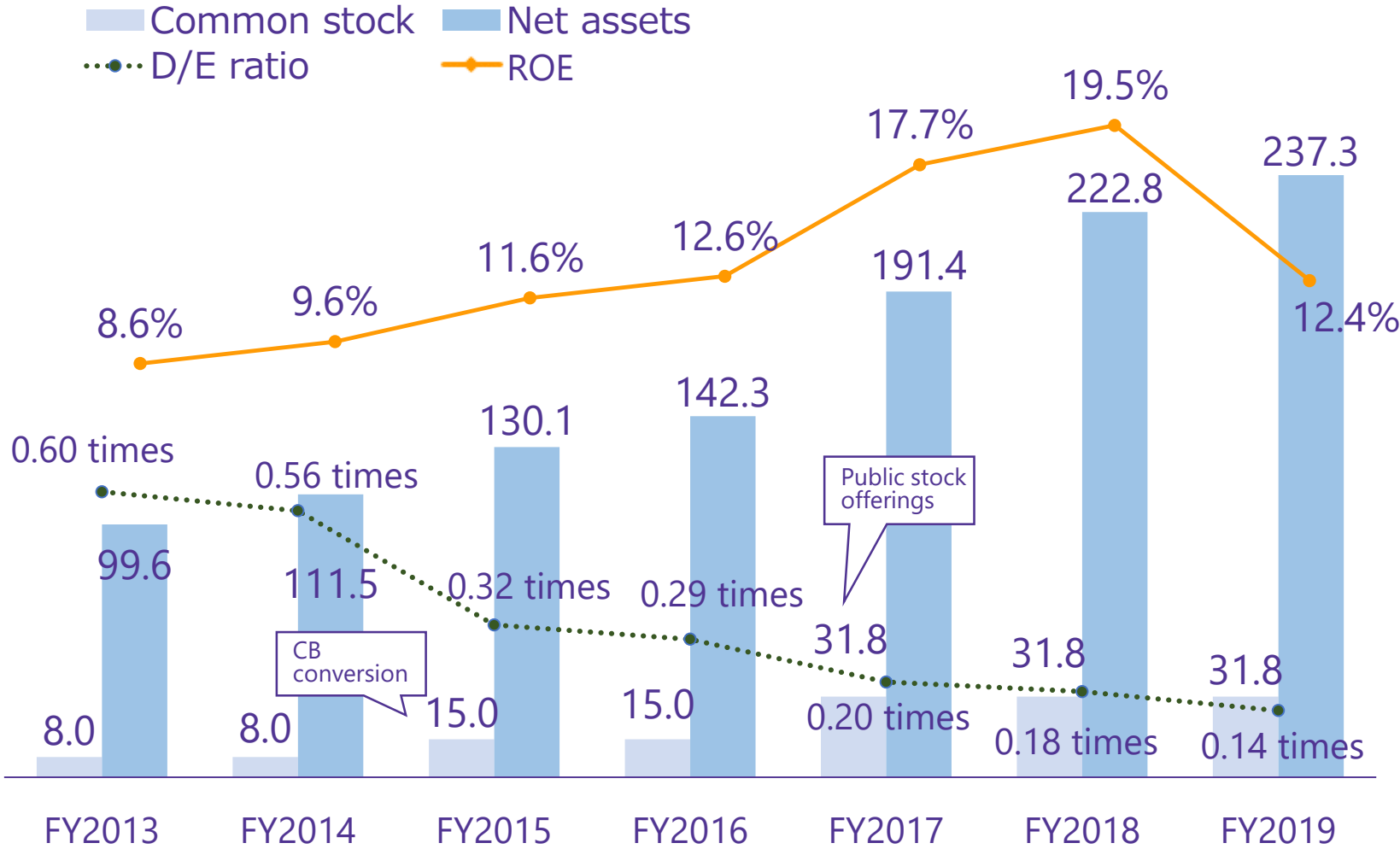
✓ FY2019 investment included a headquarters relocation in Japan and a new production site construction in North America.

✓ Depreciation has remained mostly at the same level.



# Medium-Term Business Plan Financial Condition

(Billion yen)



- ✓ Net assets:  
Favorable growth
- ✓ D/E ratio:  
Favorable level at below 0.2
- ✓ ROE:  
Secure 10% or higher  
(current medium-term  
business plan target)

Medium-Term  
Business Plan

*Value Innovation 2017*

*Value Innovation 2020*

	FY2016	FY2017	FY2018	FY2019
ROE*	12.6%	17.7%	19.5%	<b>12.4%</b>
1) Return on sales	5.22%	7.16%	8.61%	<b>6.32%</b>
2) Total asset turnover (times)	1.07	1.20	1.17	<b>1.08</b>
3) Financial leverage (times)	2.18	1.99	1.87	<b>1.76</b>

✓ FY2019 ROE was lower than the previous fiscal year, as the return on sales declined.

\*ROE = net income / shareholders' equity (average of beginning and end of year) × 100

$$= 1) \text{ Return on sales} \times 2) \text{ Total asset turnover} \times 3) \text{ Financial leverage} = \frac{\text{Net income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total assets (average of beginning and end of year)}} \times \frac{\text{Total assets (end of year)}}{\text{Equity (end of year)}}$$

# DAIFUKU

## Always an Edge Ahead

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### **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.