

DAIFUKU CO., LTD.

Consolidated Financial Results



May 14, 2014

DAIFUKU

Always an Edge Ahead

- **Orders, sales, and income increased significantly.**
- **In particular, business expanded in North America and Asia.**
- **Orders from the automotive, electronics, commerce and retailing sectors increased.**
- **Structural innovation enhanced the Company's profitability. The operating income ratio rose to 5.2%.**
- **Daifuku will pay an annual dividend of 18 yen per share, up 3 yen.**
- **Daifuku acquired Wynright Corporation with the aim of strengthening the North American business.**

FY2013 Results (Consolidated)

(Billion yen)	(FY2013)	(FY2012)	(Year-on-year)
Orders	276.83	210.99	31.2%
Net Sales	241.81	202.33	19.5%
Operating income	12.55	8.01	56.8%
Ordinary income	13.19	7.99	64.9%
Net income	7.74	4.43	74.4%
Comprehensive income	17.75	11.04	60.7%
Net income per share	69.96 yen	40.12 yen	

FY2013 Results by Segment

(Billion yen)

	Orders		Net sales		Net income	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Daifuku	117.35	106.56	110.25	110.09	5.76	5.60
Contec	14.82	9.32	13.37	8.93	0.72	0.17
Daifuku Webb	75.17	44.85	52.74	38.15	1.68	0.56
Other	69.47	50.25	64.14	45.37	2.97	2.13
Consolidated adjustment and other	-	-	1.30	-0.21	-3.40	-4.03
Total	276.83	210.99	241.81	202.33	7.74	4.43

Consolidated Balance Sheets

(Billion yen)	FY2013	FY2012	Change
Current assets	170.78	139.83	+30.95
Cash on hand and in banks	52.13	33.73	+18.39
Notes and accounts receivable	89.55	81.96	+7.58
Inventories	20.38	17.60	+2.77
Other	8.71	6.52	+2.18
Non-current assets	78.74	67.04	+11.70
Property, plant and equipment	34.07	31.29	+2.77
Intangible assets	14.85	9.03	+5.82
Goodwill	10.13	5.76	+4.37
Other	4.71	3.26	+1.45
Investments and other assets	29.81	26.71	+3.10
Total assets	249.53	206.87	+42.65

	FY2013	FY2012	Change
Current liabilities	83.71	93.99	-10.28
Notes and accounts payable	46.88	36.55	+10.32
Short-term borrowings and bonds	7.01	34.22	-27.20
Other	29.81	23.22	+6.59
Non-current liabilities	66.12	27.19	+38.93
Long-term borrowings and bonds	51.12	19.16	+31.96
Other	15.00	8.02	+6.97
Total Liabilities	149.84	121.19	+28.65
Shareholders' equity	90.65	84.48	+6.16
Accumulated other comprehensive income	6.18	-0.94	+7.13
Minority interests	2.84	2.14	+0.70
Total net assets	99.69	85.68	+14.00
Total liabilities and net assets	249.53	206.87	+42.65

- Goodwill increased due to the acquisition of Wynright.
- Long-term borrowings and bonds increased as a result of new bond issues.

Consolidated Statements of Cash Flows

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(Billion yen)

	FY2013	FY2012	Change
Cash flows from operating activities	20.44	15.66	+4.78
Cash flows from investing activities	-7.37	-13.64	+6.27
Free cash flows	13.07	2.01	+11.05
Cash flows form financing activities	1.04	0.08	+0.95
Effect of exchange rate change on cash and cash equivalents	3.20	2.17	+1.00
Net increase in cash and cash equivalents	17.32	4.28	+13.03
Cash and cash equivalents, beginning of the year	33.72	29.43	+4.28
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	0.80	-	+0.80
Cash and cash equivalents, end of the year	51.85	33.72	+18.12

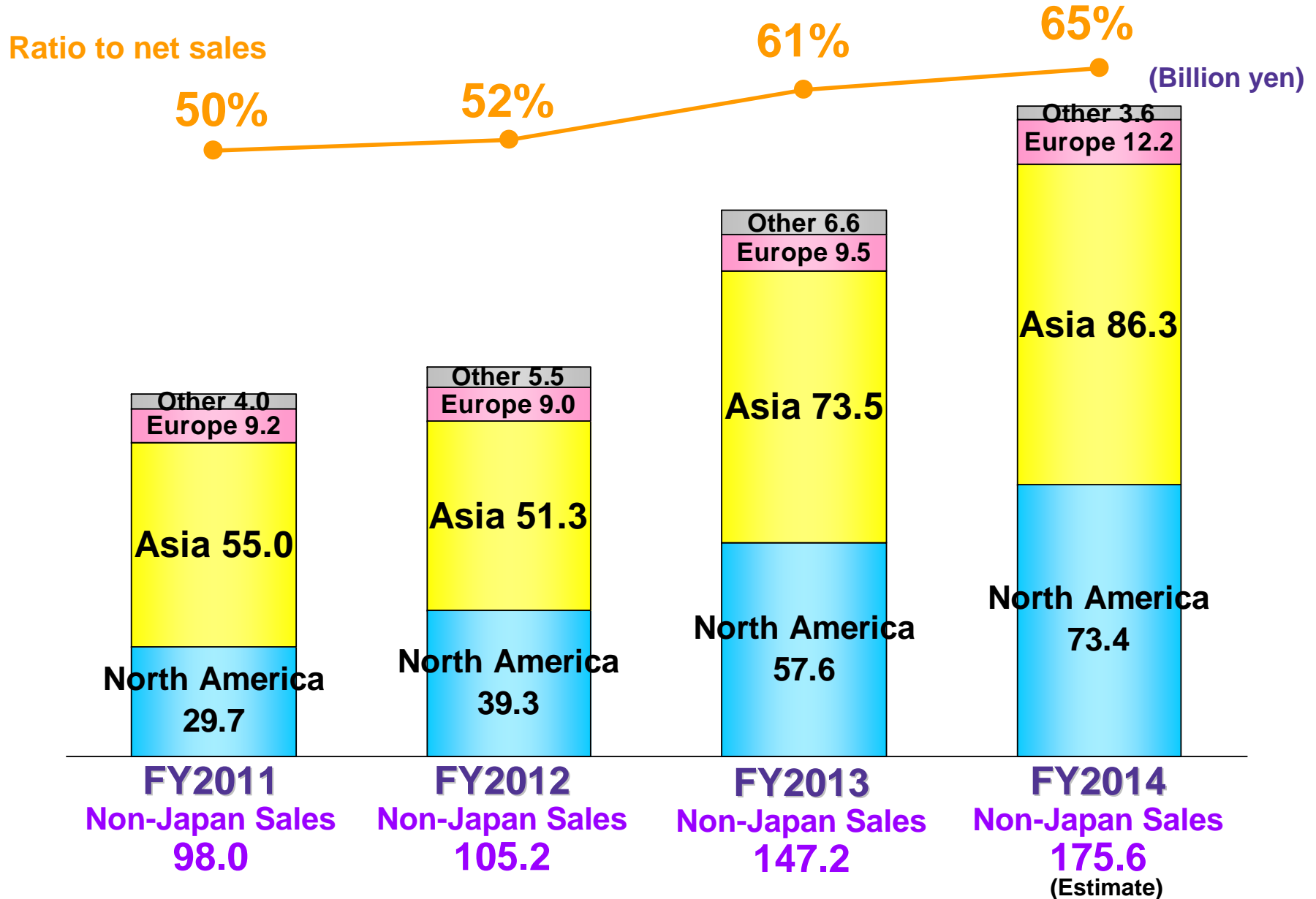
Orders and Net Sales by Industry (Consolidated)

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(Billion yen)

Industry	Orders				Net Sales			
	FY2013		FY2012		FY2013		FY2012	
	Orders	Ratio (%)	Orders	Ratio (%)	Sales	Ratio (%)	Sales	Ratio (%)
Automobile, Auto Parts	62.64	22.6%	56.23	26.6%	58.94	24.4%	53.66	26.5%
Electronics	64.25	23.2%	50.02	23.7%	59.36	24.5%	50.21	24.8%
Commerce, Retail	63.28	22.9%	37.24	17.6%	45.94	19.0%	37.43	18.5%
Transportation, Warehousing	12.45	4.5%	6.42	3.0%	8.46	3.5%	7.18	3.5%
Machinery	6.89	2.5%	6.54	3.1%	7.01	2.9%	5.94	2.9%
Chemicals, Pharmaceuticals	12.34	4.5%	8.04	3.8%	10.84	4.5%	8.78	4.3%
Food	10.01	3.6%	8.75	4.1%	8.02	3.3%	6.20	3.1%
Iron, Steel, Nonferrous Metals	3.75	1.4%	3.64	1.7%	3.73	1.5%	3.24	1.6%
Precision Machinery, Printing, Office Equipment	3.60	1.3%	3.29	1.6%	3.62	1.5%	2.72	1.3%
Airport	25.39	9.2%	19.23	9.1%	20.57	8.5%	13.97	6.9%
Other	12.23	4.3%	11.59	5.7%	15.32	6.4%	13.00	6.6%
Total	276.83	100.0%	210.99	100.0%	241.81	100.0%	202.33	100.0%

Non-Japan Sales (Consolidated)



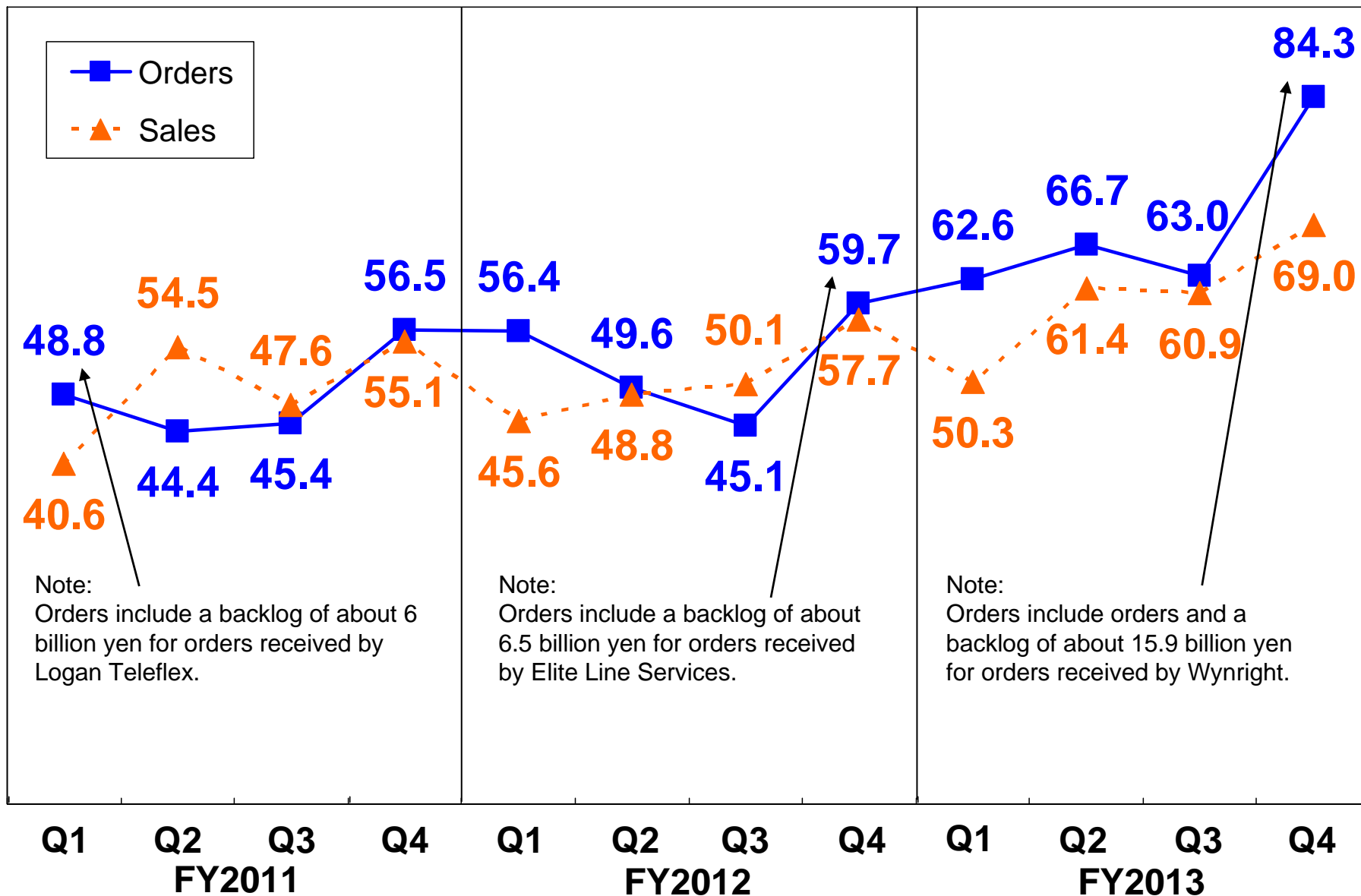
Non-Japan Net Sales by Area (Consolidated)

(Billion yen)

Area	FY2011	FY2012		FY2013		
	Sales	Sales	Change	Sales	Change	
North America	29.70	39.33	+9.63	57.57	+18.24	
Asia	55.06	51.36	-3.70	73.51	+22.15	
	China	13.84	10.90	-2.94	28.36	+17.46
	South Korea	16.61	14.14	-2.47	22.28	+8.14
	Taiwan	14.63	14.68	+0.05	7.71	-6.97
	Thailand	4.91	5.31	+0.40	7.46	+2.15
	Other	5.07	6.33	+1.26	7.70	+1.37
Europe	9.29	9.04	-0.25	9.54	+0.50	
Latin America	1.93	3.88	+1.95	4.84	+0.96	
Other	2.10	1.67	-0.43	1.80	+0.13	
Total	98.08	105.28	+7.20	147.26	+41.98	

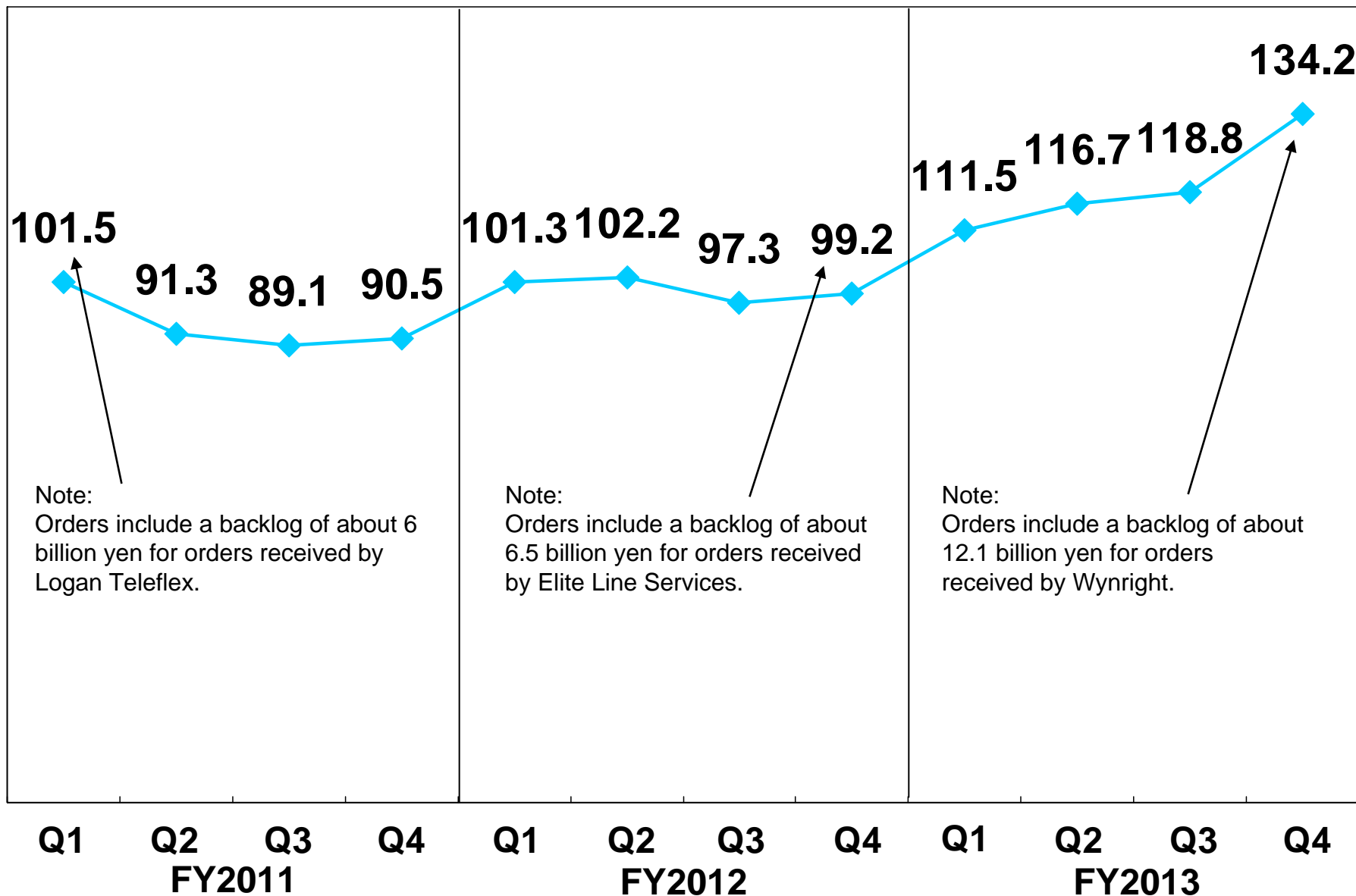
Trends in Quarterly Orders and Sales

(Billion yen)



Trends in Order Backlogs

(Billion yen)



Interest-bearing liabilities

(Billion yen)

		FY2011	FY2012	FY2013
	Short-term	17.9	34.2	7.0
	Long-term	33.1	19.2	51.1
Total		51.0	53.4	58.1
D/E ratio		0.68	0.64	0.60

D/E ratio = interest-bearing liabilities / shareholders' equity

Expenses and employees

(Billion yen)

		FY2011	FY2012	FY2013
Fixed cost		65.0	66.7	80.6
	Personnel expenses	41.7	45.2	50.5
Employees (of which global affiliate staff)		5,617 (2,660)	6,678 (3,742)	7,349 (4,379)

FY2012: The number of employees increased by 827 as a result of the consolidation of Elite Line Services in the fourth quarter.

FY2013: The number of employees increased by 434 as a result of the consolidation of Wynright in the fourth quarter.

**FY2014 Earnings
Forecast, Progress in the
Four-Year Business Plan**

(Billion yen)

	(FY2014 H1)	(FY2013 H1)	(Year-on-year)	(FY2014)	(FY2013)	(Year-on-year)
Orders	150.0	129.39	(15.9%)	280.0	276.83	(1.1%)
Net Sales	130.0	111.85	(16.2%)	270.0	241.81	(11.7%)
Operating income	6.0	4.59	(30.7%)	14.0	12.55	(11.5%)
Ordinary income	6.1	5.05	(20.8%)	14.3	13.19	(8.4%)
Net income	4.0	3.25	(23.0%)	8.8	7.74	(13.7%)

➤ Orders and sales will increase through the year due to the consolidation of Wynright.

Upward momentum continues after the 2008 global financial crisis.

A significant increase in non-Japan sales is expected as a result of M&A and due to the increased demand in emerging countries.

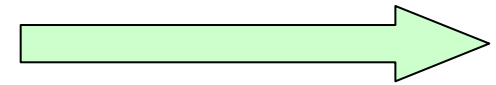
(Billion yen)

With the target of consolidated sales of 250 billion yen, Daifuku developed and expanded production sites across the globe.

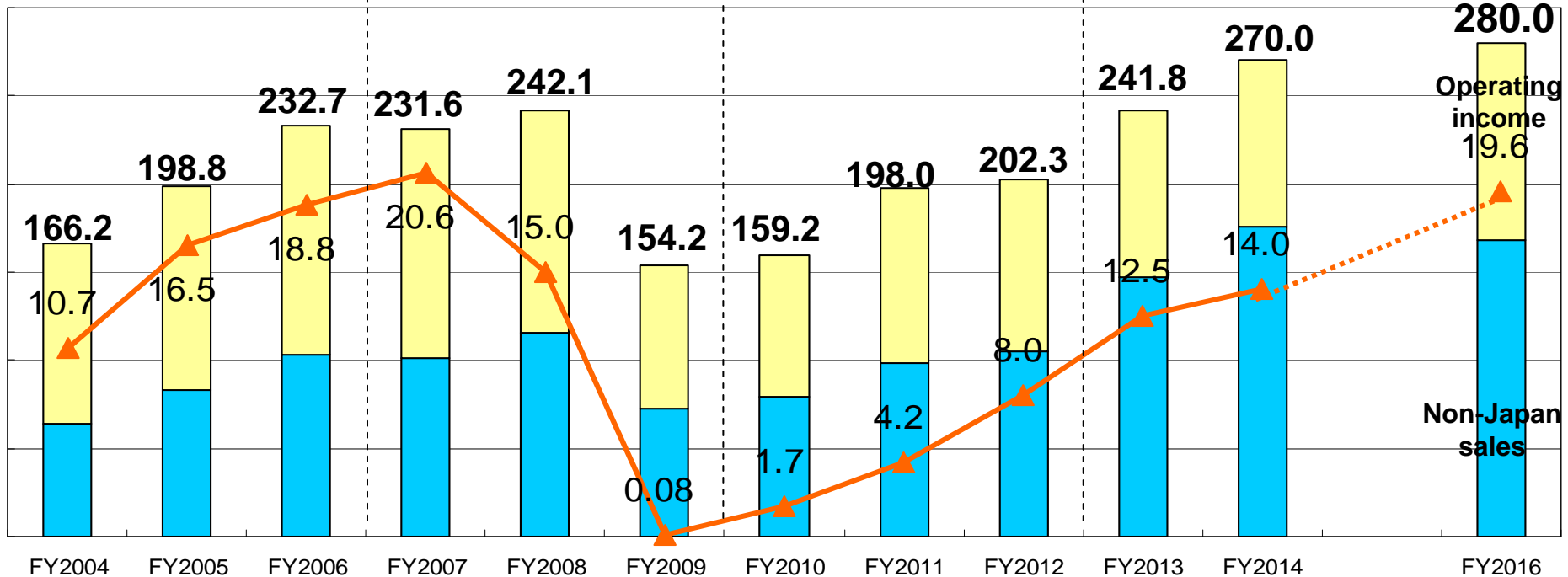
Daifuku did not achieve the target of sales 250 billion yen or operating income ratio of 10%, given the effects of the 2008 global financial crisis.

Daifuku saw a clear recovery from the effects of the 2008 global financial crisis.

Four-year Business Plan Value Innovation 2017



Consolidated net sales





	FY2012	FY2013	FY2014 (Estimated)	...	Final year target FY2016
Net sales (billion yen)	202.3	241.8	270.0		280.0
Operating income margin	4.0%	5.2%	5.2%		7.0%
Overseas sales ratio	52%	61%	65%		60%
Service Business sales ratio	29%	31%	28%		Over 25%

First half of the plan:

- Strengthening the Company's structure to increase profits through exacting and comprehensive project management and cost cutting activities
- Expanding business in North America with the advantage of the acquisition of Wynright

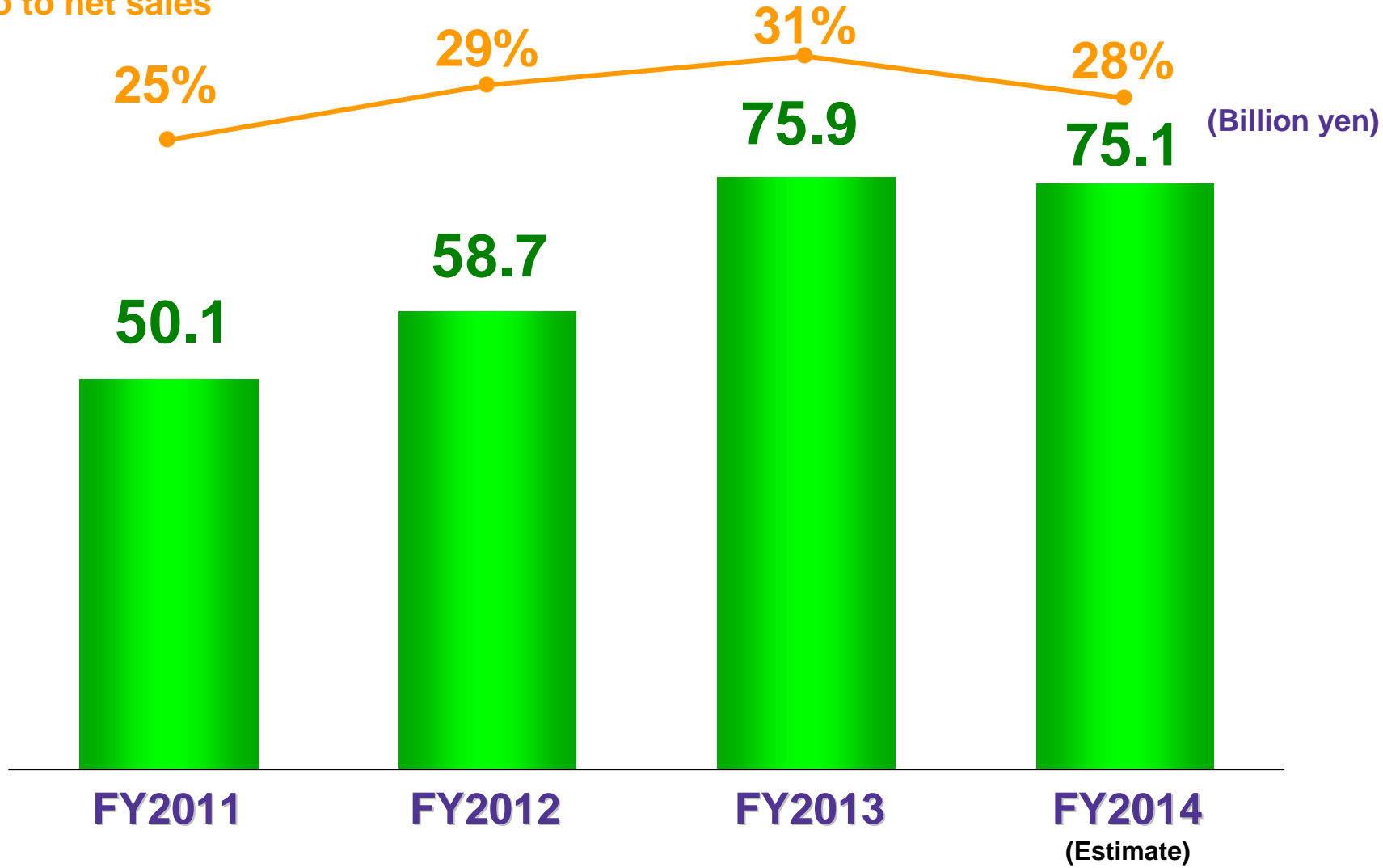
Latter half of the plan:

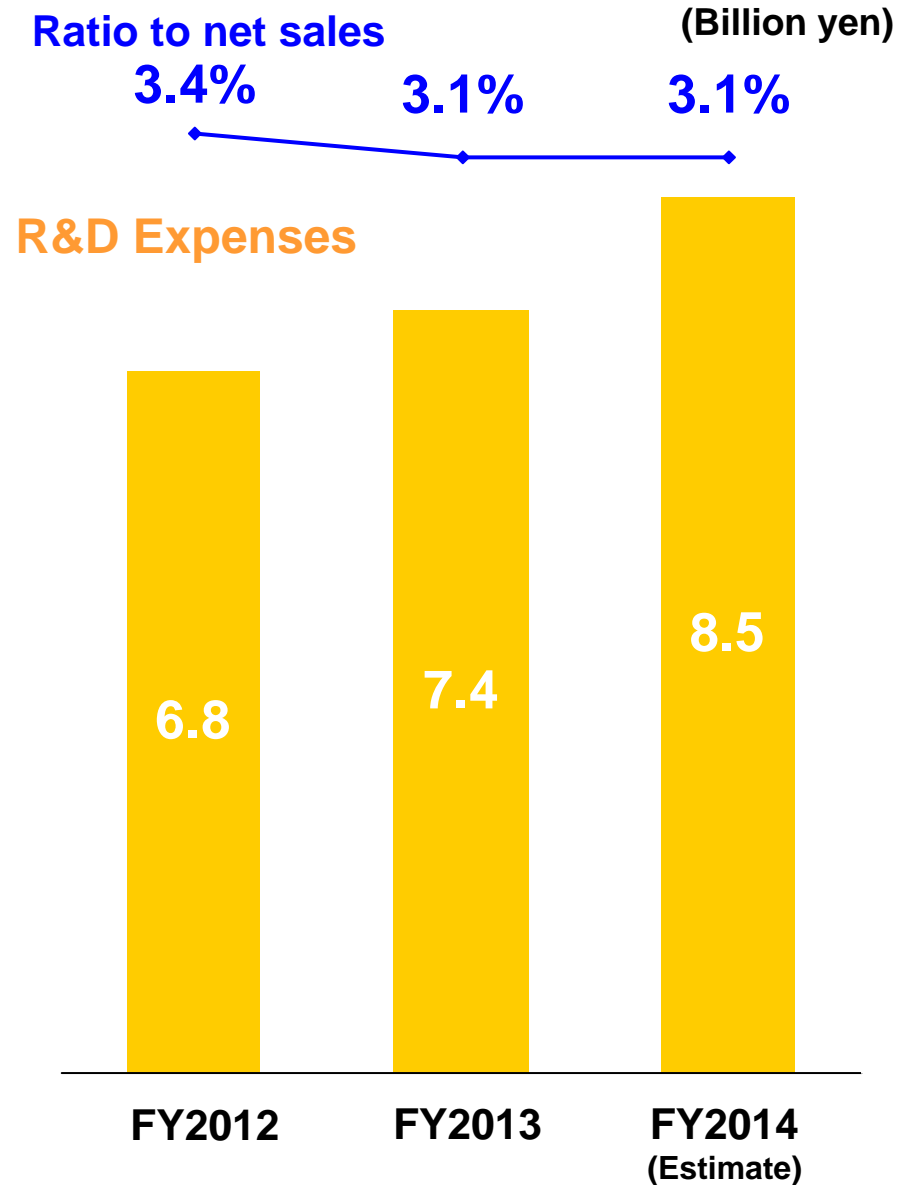
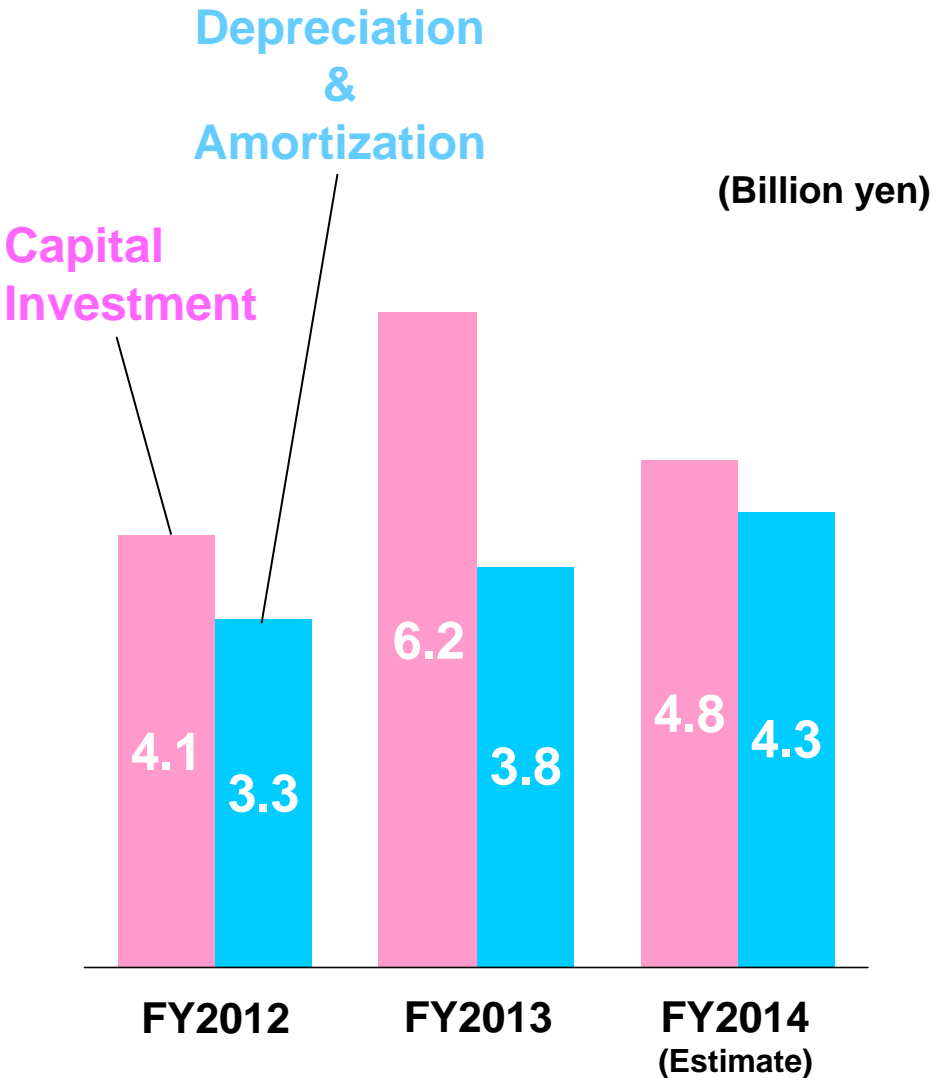
- Increasing profitability by releasing new products and technologies
- Generating the effects of cooperation with the companies that joined the Daifuku Group through M&A

Service Sales (Consolidated)

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

Ratio to net sales





1. FY2013 ended March 2014: **18 yen*** per share

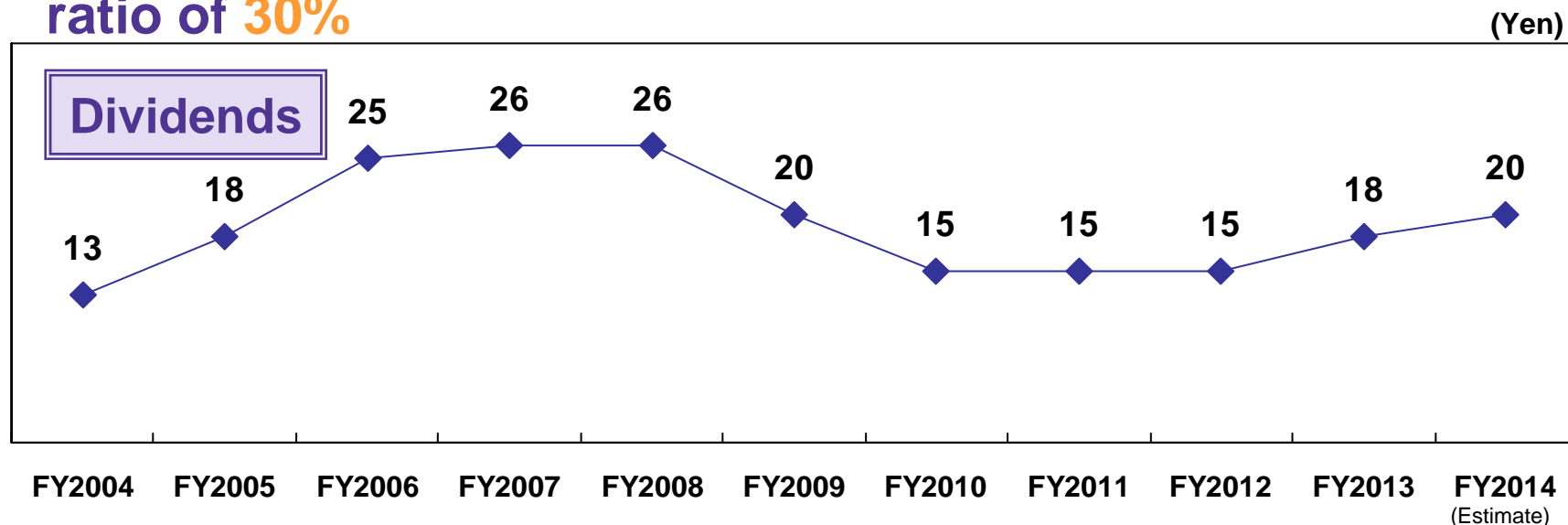
**5 yen interim dividend + 13 yen year-end dividend*

Dividend payout ratio: 25.7%, up 3 yen

2. FY2014 ending March 2015: **20 yen*** per share (up 2 yen from FY2013)

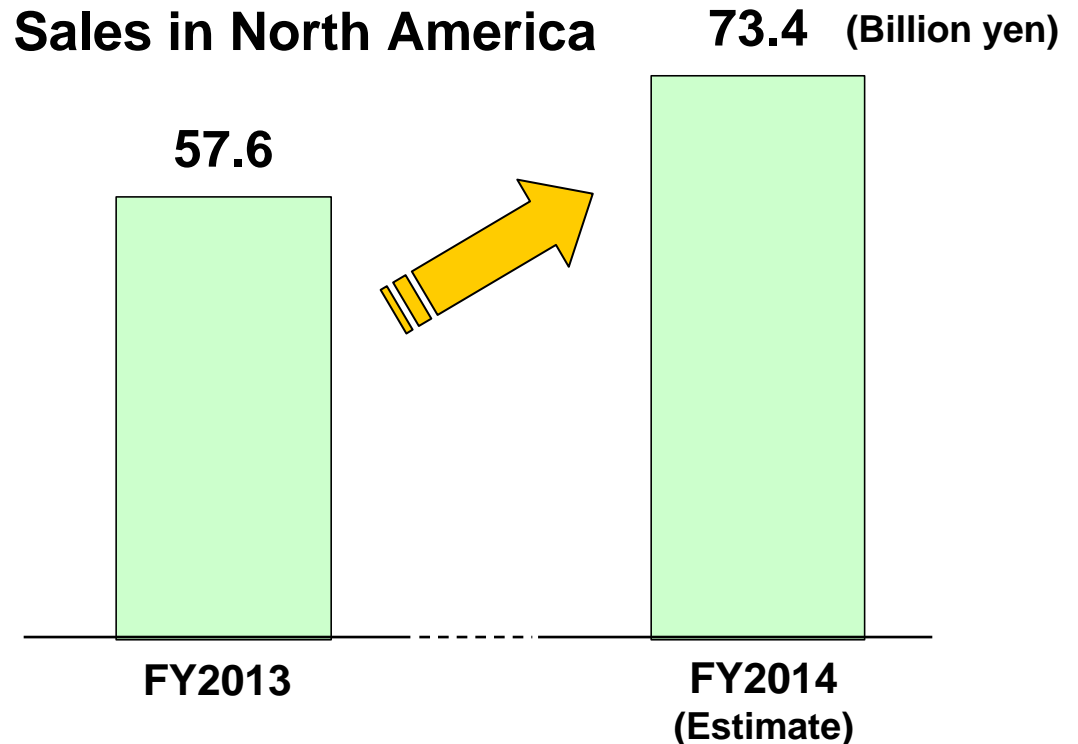
**7 yen interim dividend + 13 yen year-end dividend (projected)*

3. Dividend payment policy in the Four-Year Business Plan, aiming for a dividend per share that enables sustainable growth and for a medium- to long-term dividend payout ratio of **30%**



■ Daifuku Group acquires U.S. company Wynright Corporation

to expand business for general manufacturers and distributors in North America, extend its product lineup, and enhance sales & production frameworks.



- **Daifuku issues convertible bonds with stock acquisition rights,**
aiming to reinforce its financial integrity and ensure capital adequacy for even greater progress over the course of the four-year business plan, which runs until the fiscal year ending March 31, 2017.

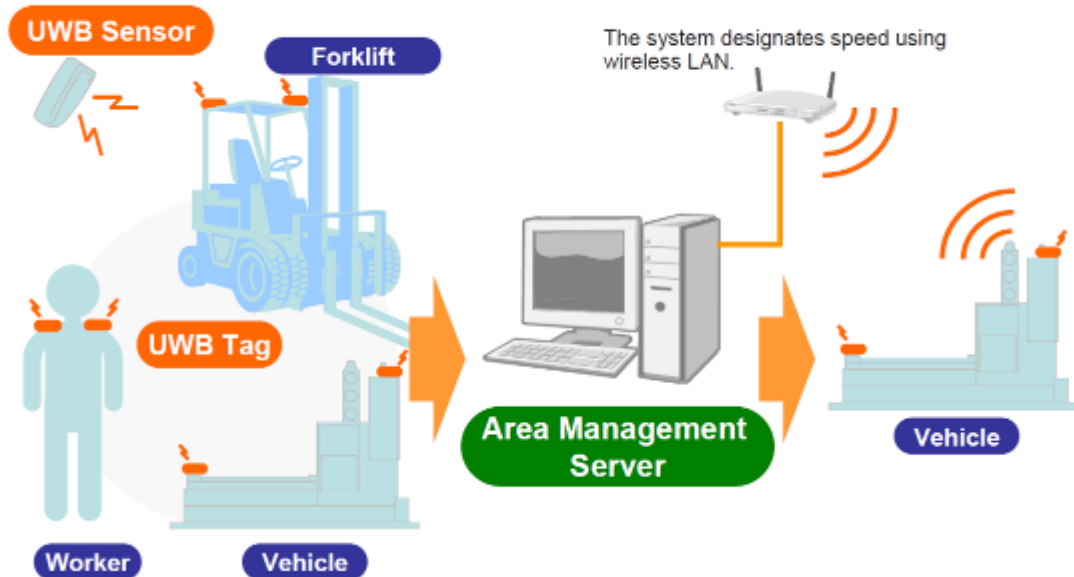
- **Aggregate principal amount: JPY 15 billion**
Conversion price: JPY 1,406
- **The Company's first offering in Europe, centered on Switzerland**
- **Bonds were issued as zero-coupon (non-interest-bearing) bonds**
- **Seeking to control equity dilution in capital procurement**

The procured capital to be allotted for

- 1) the acquisition of Wynright (JPY 5 billion at maximum),**
- 2) capital investments in Japan (JPY 2.5 billion) in FY2013, the year ended March 2014, and**
- 3) to repay long-term borrowings (the remaining portion) by the end of FY2013.**

- **Daifuku develops an Area Management System, the world's first to receive the ISO 13482, the international safety standard for personal care robots. By incorporating Ultra Wide Bands, the system can determine the locations of workers and forklifts in real time and then control the speeds of the vehicles, ensuring greater safety.**

Determines locations in real time → Speed control for vehicles → Safe high-speed operation



- **Newly developed automated frozen warehouse system used at minus 35°C (minus 31° F), the world's first automated warehouse system used to quick-freeze fish. Each container has its own RFID tag. This system received a special award for the 2013 Automatic ID System Grand Prix.**



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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 substantially from these forward-looking statements. These crucial factors that may adversely affect performance include 1) consumer trends and economic conditions in the Company's operating environment, 2) the effect of yen exchange rates on sales, assets and liabilities denominated in U.S. dollars and other currencies and 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions, 4) the impact of natural disasters and intentional threats, war, acts of terrorism, strikes, plagues. Moreover, there are other factors that may adversely affect the Company's performance.