

Consolidated Financial Results

Fiscal Year Ended March 31, 2018

(April 1, 2017 - March 31, 2018)

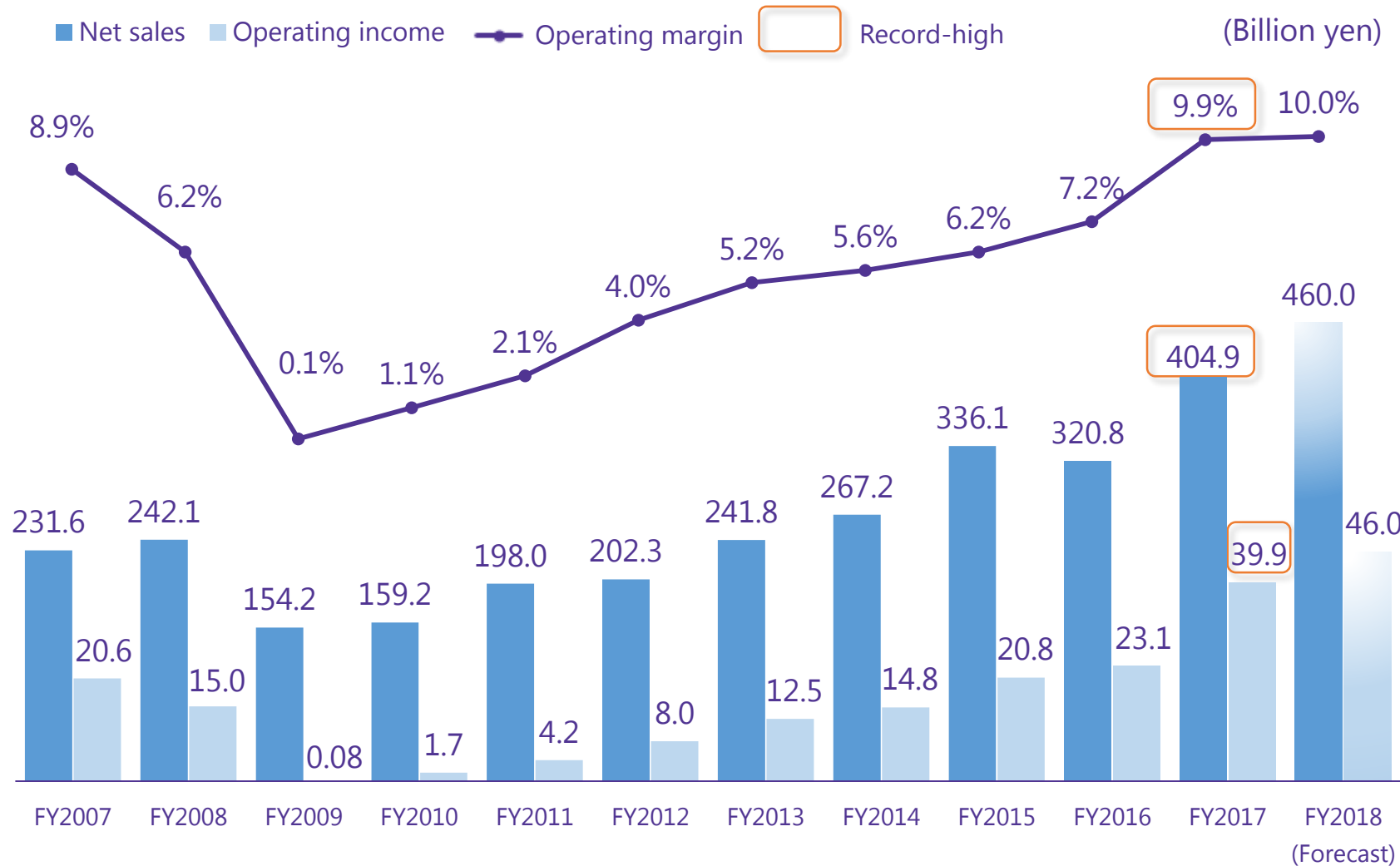
May 11, 2018

DAIFUKU CO., LTD.

Value Innovation 2020

DAIFUKU

Always an Edge Ahead



- ✓ Net sales, operating income, and operating margin achieved new record highs.
- ✓ Favorable performance is expected to continue in the following fiscal year.

1. Record-high results

- Achieved the profit target set out in the medium-term business plan.

Operating margin: 9.9% (Plan target: 8%)

2. Enhancing financial integrity and production framework

- Public stock offerings the first in 45 years
Paid-in capital: 15.0 billion yen --> 31.8 billion yen
- Strengthening production capacity in Japan and U.S.A.

3. Capital efficiency and shareholder return increased

- ROE: 17.7%
- Dividend: 42 yen → 70 yen

4. A New Management Team

- Hiroshi Geshiro appointed president and CEO in April 2018.
- Adding one independent outside director, to make three in total.

(Billion yen)

	FY2016	FY2017 forecast announced on February 9	FY2017 results	Year-on- year
Orders	356.51	490.0	487.97	36.9%
Net sales	320.82	410.0	404.92	26.2%
Operating income	23.09	39.0	39.92	72.8%
Ordinary income	23.76	40.0	41.10	73.0%
Net income attributable to shareholders of the parent company	16.74	27.0	29.00	73.2%
Comprehensive income	16.04	-	33.43	108.4%
Net income per share	137.58 yen	219.31 yen	235.62 yen	
Exchange rate (per 1 U.S. dollar)	109.45 yen	-	112.04 yen	

✓ Orders and sales exceeded 400 billion yen for the first time.

✓ Each income item increased by 70% year-on-year.

FY2017 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)	
	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017
Daifuku	171.17	215.93	145.86	186.98	13.31	25.20
Contec	15.62	16.46	15.45	15.71	0.72	0.91
Daifuku North America	88.81	110.44	79.06	99.77	3.53	2.88
Daifuku Plusmore	11.32	11.07	11.46	10.77	0.11	0.09
Other	69.58	134.05	68.78	95.75	2.28	4.73
Consolidated adjustment and other	-	-	0.19	-4.08	-3.22	-4.82
Total	356.51	487.97	320.82	404.92	16.74	29.00

✓ Daifuku: Orders were favorable, mainly due to the significant increase in exports in systems for semiconductor and flat-panel factories in East Asia and North America, and the increased number of systems for distributors in Japan. Income increased significantly due to increased revenue and improved costs.

✓ Daifuku North America: Orders from the semiconductor and airport sectors were strong. Income fell, reflecting deteriorated profitability in certain projects for distributors.

✓ Other: Orders, sales, and income increased significantly, due to favorable results from systems for semiconductor and flat-panel display factories in East Asia and systems for distributors in China.

(Billion yen)

	FY2016	FY2017	Change
Current assets	222.46	291.07	68.60
Cash on hand and in banks	64.80	85.16	20.35
Notes and accounts receivable	124.00	163.10	39.09
Inventories	22.85	27.03	4.18
Other	10.80	15.77	4.97
Non-current assets	81.07	82.63	1.56
Property, plant and equipment	33.58	35.25	1.66
Intangible assets	15.43	14.03	-1.39
Goodwill	9.88	8.79	-1.08
Other	5.54	5.24	-0.30
Investments and other assets	32.05	33.34	1.29
Total assets	303.54	373.71	70.17

	FY2016	FY2017	Change
Current liabilities	126.06	148.80	22.74
Notes and accounts payable	59.11	69.27	10.15
Short-term borrowings and bonds	21.64	19.96	-1.68
Other	45.30	59.56	14.26
Non-current liabilities	35.13	33.42	-1.70
Long-term borrowings and bonds	18.12	18.00	-0.12
Other	17.00	15.42	-1.58
Total Liabilities	161.19	182.23	21.03
Shareholders' equity	136.69	181.45	44.76
Common stock	15.01	31.86	16.84
Retained earnings	107.34	129.65	22.30
Other	14.32	19.93	5.60
Accumulated other comprehensive income	2.39	6.42	4.02
Non-controlling interests	3.24	3.59	0.34
Total net assets	142.34	191.47	49.13
Total liabilities and net assets	303.54	373.71	70.17

✓ Cash and deposits and capital increased with the public stock offering in December 2017.

✓ Current assets: Increased by 70.1 billion yen
[Main factors]
Increases of 20.3 billion yen in cash and deposits and 39.0 billion yen in notes and accounts receivable

✓ Current liabilities: Increased by 21.0 billion yen
[Main factors]
Increases of 10.1 billion yen in notes and accounts payable and 14.2 billion yen in other current liabilities such as income taxes payable

✓ Net assets: Increased by 49.1 billion yen
[Main factors]
Increases of 16.8 billion yen in common stock and 22.3 billion yen in retained earnings

Consolidated Statements of Cash Flows

(Billion yen)

	FY2016	FY2017	Change
Cash flows from operating activities	26.68	10.75	-15.92
Cash flows from investing activities	-5.39	-4.85	0.53
Free cash flows	21.28	5.89	-15.39
Cash flows from financing activities	-4.40	13.44	17.84
Effect of exchange rate change on cash and cash equivalents	-1.17	1.01	2.19
Net increase in cash and cash equivalents	15.70	20.36	4.65
Cash and cash equivalents, beginning of the year	49.08	64.79	15.70
Cash and cash equivalents, end of the year	64.79	85.15	20.36

✓ Cash provided by operating activities: 10.7 billion yen
 [Main factors]
 Income before income taxes of 41.0 billion yen
 Increase of 9.4 billion yen in notes and accounts payable
 Decrease of 37.9 billion yen in notes and accounts receivable
 Decrease of 4.1 billion yen in Inventories

✓ Cash used in investing activities: 4.8 billion yen
 [Main factors]
 Proceeds of 700 million yen from sales of property, plant and equipment
 Payments of 5.6 billion yen for purchase of property, plant and equipment

✓ Cash provided by financing activities: 13.4 billion yen
 [Main factors]
 Proceeds of 16.6 billion yen from issuance of shares
 Proceeds of 5.6 billion yen from disposal of treasury stock
 Payments of 6.6 billion yen for dividends

Orders and Sales by Industry (Consolidated)

(Billion yen)

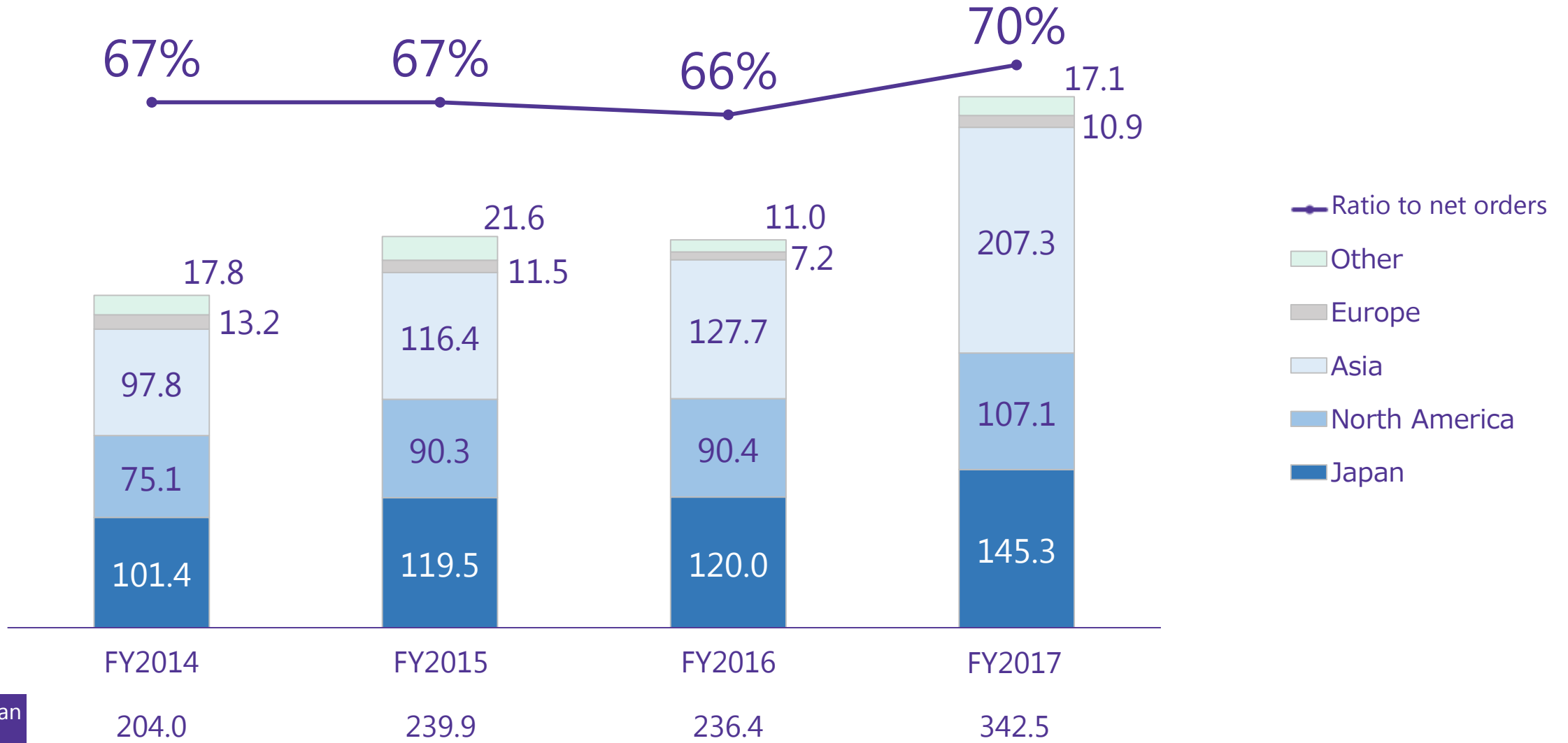
Industry	Orders				Sales			
	FY2016		FY2017		FY2016		FY2017	
	Orders	Composition	Orders	Composition	Sales	Composition	Sales	Composition
Automobile, auto parts	61.87	17.4%	70.18	14.4%	60.41	18.8%	73.55	18.2%
Electronics	120.50	33.8%	186.15	38.1%	98.84	30.8%	145.53	35.9%
Commerce, retail	62.69	17.6%	93.88	19.2%	53.59	16.7%	72.17	17.8%
Transportation, warehousing	21.75	6.1%	16.96	3.5%	19.35	6.0%	20.43	5.0%
Machinery	7.08	2.0%	8.66	1.8%	7.68	2.4%	6.47	1.6%
Chemicals, pharmaceuticals	15.51	4.4%	13.60	2.8%	17.47	5.4%	14.47	3.6%
Food	15.62	4.4%	9.35	1.9%	12.47	3.9%	12.05	3.0%
Iron, steel, nonferrous metals	3.21	0.9%	4.25	0.9%	3.85	1.2%	3.78	0.9%
Precision machinery, printing, office equipment	4.26	1.2%	9.91	2.0%	4.78	1.5%	5.33	1.3%
Airport	31.54	8.8%	47.38	9.7%	28.31	8.8%	30.13	7.4%
Other	12.43	3.4%	27.61	5.7%	14.00	4.5%	20.95	5.3%
Total	356.51	100.0%	487.97	100.0%	320.82	100.0%	404.92	100.0%

✓ Orders from the electronics, commerce, retail, and airport sectors increased by about 50% year-on-year.

✓ Sales for the automobile, electronics, commerce, and retail sectors increased significantly.

Orders by Region (Consolidated)

(Billion yen)



Non-Japan
Total

Orders by Region (Consolidated)

(Billion yen)

Region	FY2014		FY2015		FY2016		FY2017	
	Orders	Composition	Orders	Composition	Orders	Composition	Orders	Composition
Japan	101.46	33.2%	119.51	33.3%	120.03	33.7%	145.37	29.8%
Non-Japan	204.09	66.8%	239.91	66.7%	236.48	66.3%	342.59	70.2%
North America	75.18	24.6%	90.31	25.1%	90.46	25.5%	107.17	22.0%
Asia	97.89	32.1%	116.42	32.4%	127.77	35.8%	207.33	42.5%
China	28.93	9.5%	43.93	12.2%	55.36	15.5%	115.91	23.8%
South Korea	39.81	13.0%	33.01	9.2%	35.03	9.8%	64.85	13.3%
Taiwan	17.32	5.7%	27.54	7.7%	25.10	7.0%	12.66	2.6%
Other	11.82	3.9%	11.92	3.3%	12.26	3.5%	13.89	2.8%
Europe	13.20	4.3%	11.52	3.2%	7.23	2.0%	10.96	2.2%
Latin America	4.11	1.3%	7.31	2.0%	2.65	0.7%	7.99	1.6%
Other	13.70	4.5%	14.33	4.0%	8.36	2.3%	9.12	1.9%
Total	305.56	100.0%	359.42	100.0%	356.51	100.0%	487.97	100.0%

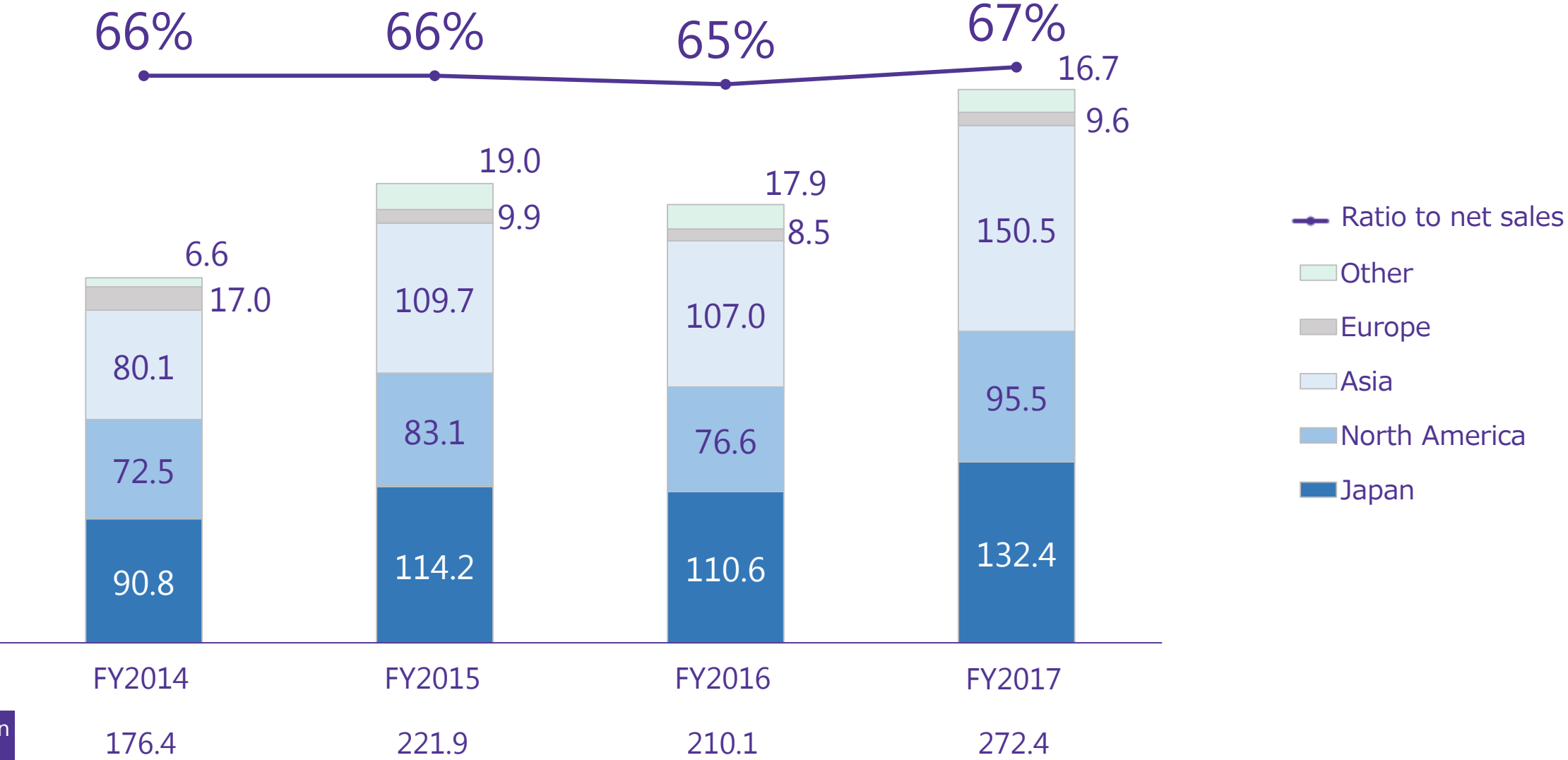
✓ Non-Japan orders ratio to net orders exceeded 70% for the first time.

✓ Orders in Asia exceeded 200 billion yen, 42% of net orders. Orders increased significantly in China and South Korea.

✓ Orders in Japan and North America recorded favorable gains. Orders in North America exceeded 100 billion yen for the first time.

Sales by Region (Consolidated)

(Billion yen)



Non-Japan
Total

Sales by Region (Consolidated)

(Billion yen)

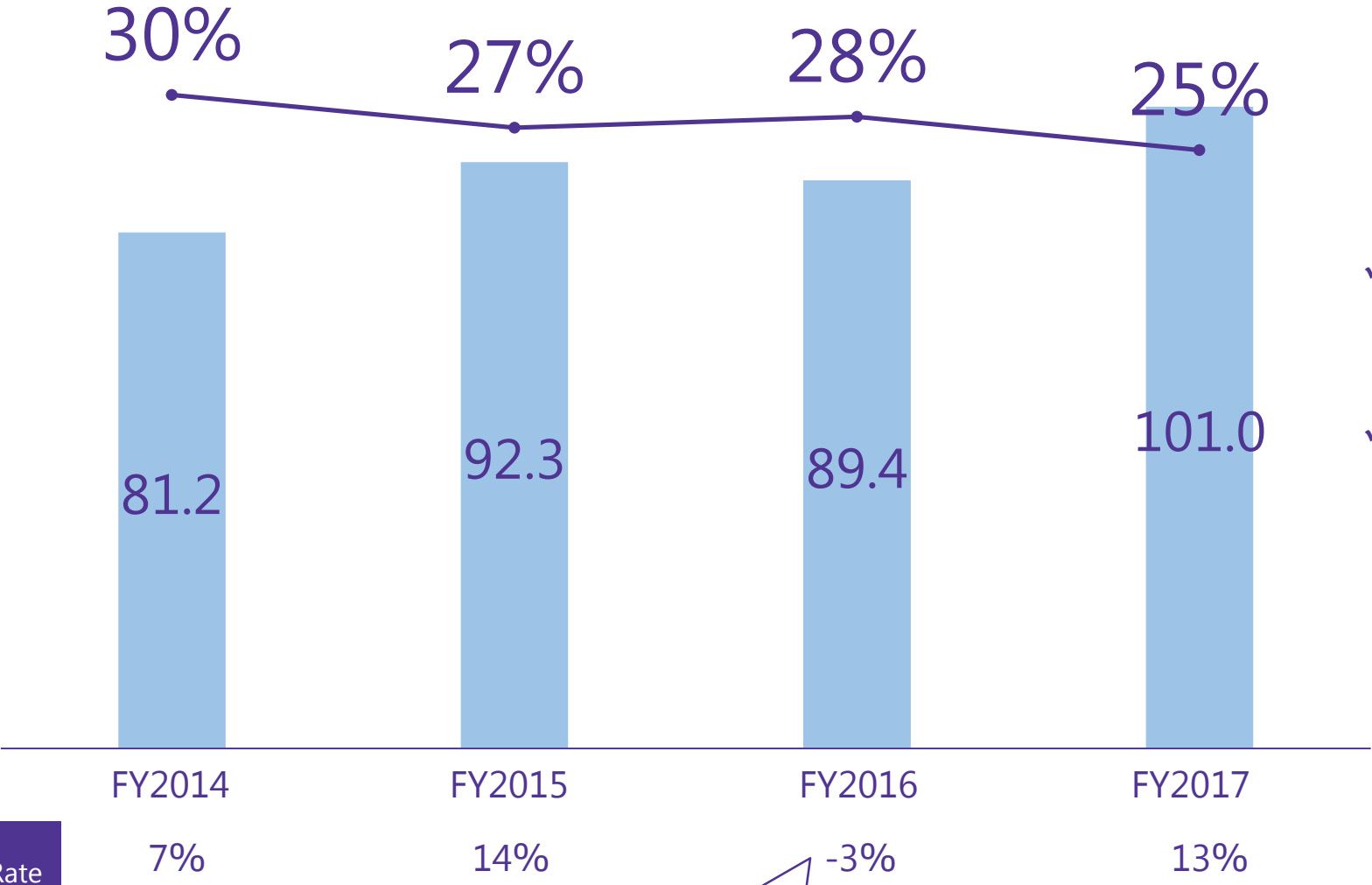
Region	FY2014		FY2015		FY2016		FY2017	
	Sales	Composition	Sales	Composition	Sales	Composition	Sales	Composition
Japan	90.87	34.0%	114.21	34.0%	110.67	34.5%	132.46	32.7%
Non-Japan	176.40	66.0%	221.96	66.0%	210.14	65.5%	272.45	67.3%
North America	72.51	27.1%	83.17	24.7%	76.62	23.9%	95.50	23.6%
Asia	80.19	30.0%	109.79	32.7%	107.00	33.3%	150.53	37.2%
China	30.50	11.4%	39.58	11.8%	36.86	11.5%	72.56	17.9%
South Korea	30.53	11.4%	34.45	10.2%	32.27	10.0%	50.84	12.6%
Taiwan	6.94	2.6%	23.37	7.0%	27.84	8.7%	15.55	3.8%
Other	12.21	4.6%	12.37	3.7%	10.02	3.1%	11.58	2.9%
Europe	17.09	6.4%	9.92	3.0%	8.57	2.7%	9.67	2.4%
Latin America	4.48	1.7%	2.70	0.8%	4.09	1.3%	6.12	1.5%
Other	2.12	0.8%	16.35	4.8%	13.84	4.3%	10.61	2.6%
Total	267.28	100.0%	336.18	100.0%	320.82	100.0%	404.92	100.0%

✓ Total sales in Asia surpassed sales in Japan. Sales in China doubled year-on-year. Sales in South Korea increased by 50%. This represents a large share of systems for semiconductor and flat-panel display factories.

✓ Sales in North America and Japan increased by about 20% year-on-year.

(Billion yen)

∶ Ratio to net sales



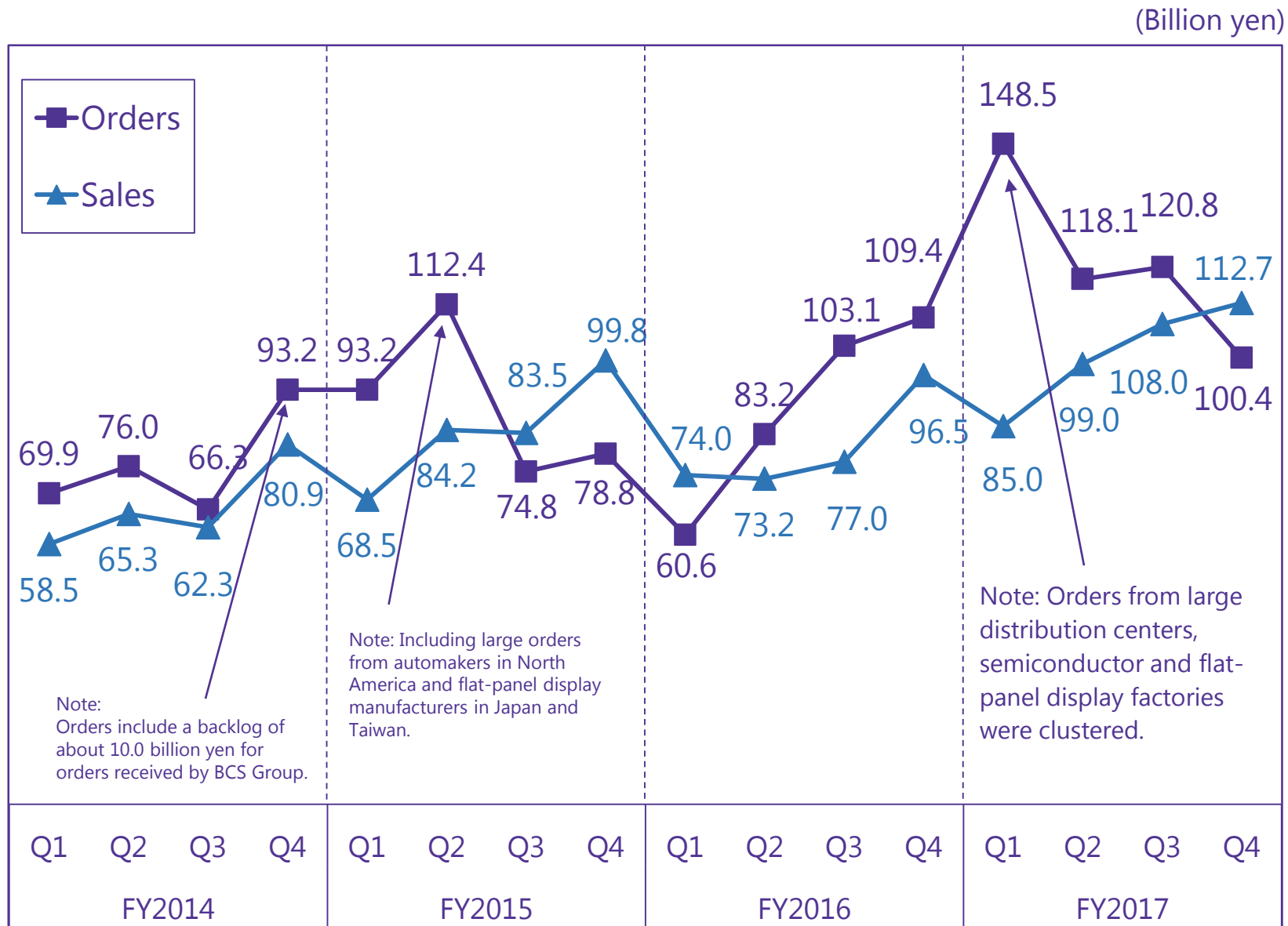
Y/Y
Growth Rate

Impact from the appreciation of the yen

- ✓ Service sales exceeded 100 billion yen for the first time.
- ✓ The Y/Y growth rate is rising, although the ratio of service sales to net sales is declining due to an increase in net sales.

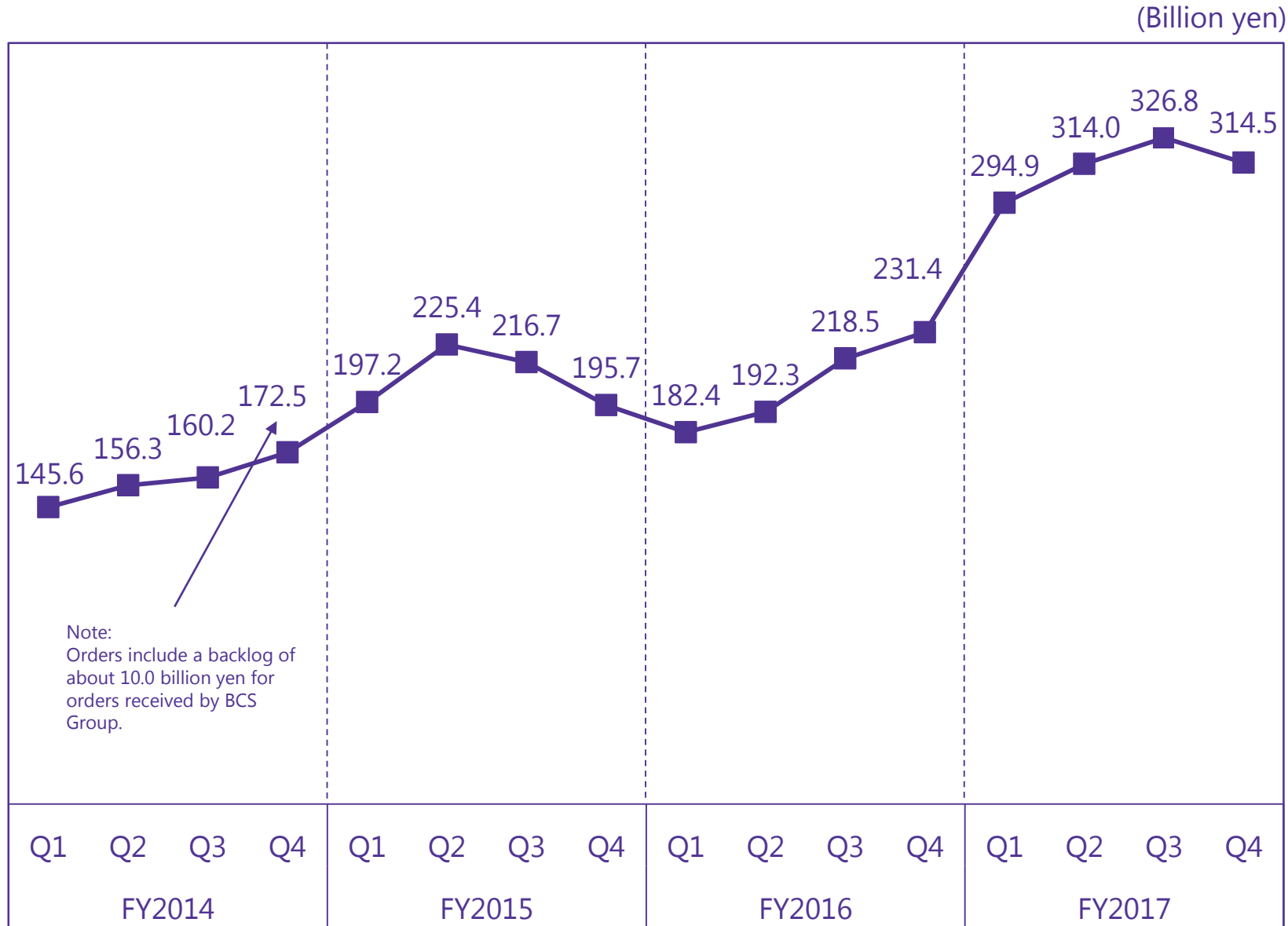
Note: Sales in the service business include maintenance, retrofitting, and remodeling work for products and systems Daifuku delivered.

Quarterly Orders and Sales (Consolidated)



- ✓ Orders by quarter remained high, exceeding 100 billion yen.
- ✓ Along with strong orders, sales also exceeded 100 billion yen in Q3 and Q4.

Order Backlogs (Consolidated)



- ✓ The backlog at the end of FY2017 remained at 314.5 billion yen, an increase of 83 billion yen year-on-year.
- ✓ FY2018 sales are expected to reach a new record high, backed by an extensive backlog.

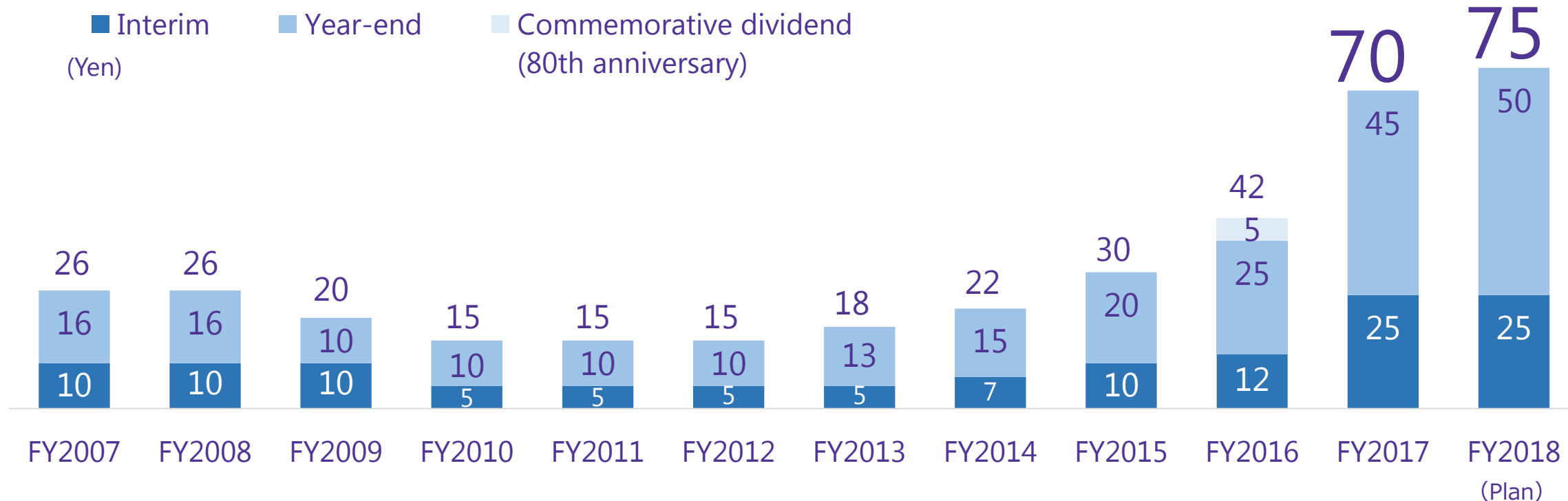
(Billion yen)

	FY2017 H1	FY2018 H1	Year-on-year	FY2017	FY2018	Year-on-year
Orders	266.71	270.0	1.2%	487.97	490.0	0.4%
Net sales	184.15	210.0	14.0%	404.92	460.0	13.6%
Operating income	16.71	21.0	25.7%	39.92	46.0	15.2%
Ordinary income	17.43	21.6	23.9%	41.10	46.7	13.6%
Net income attributable to shareholders of the parent company	12.23	21.0	71.7%	29.00	31.5	8.6%
Net income per share	100.45 yen	166.96 yen	-	235.62 yen	250.44 yen	-

- ✓ The favorable orders environment is expected to continue.
- ✓ Strengthening of production capacity is planned in Japan and North America, in response to increasing orders.

FY2018 annual dividend to be 75 yen, a new record high

Daifuku has decided to pay a year-end dividend of 45 yen, an increase of 5 yen from the forecast announced on February 9, 2018, based on a dividend policy that targets a consolidated payout ratio of 30%. Given the favorable earnings forecast, the FY2018 annual dividend is planned to be 75 yen.



Interest-bearing liabilities

(Billion yen)

		FY2014	FY2015	FY2016	FY2017
	Short-term	12.9	8.7	21.6	19.9
	Long-term	47.6	32.2	18.1	18.0
Total		60.5	40.9	39.7	37.9
D/E ratio		0.56	0.32	0.29	0.20

✓ Interest-bearing liabilities are decreasing. D/E Ratio lowered to 0.2.

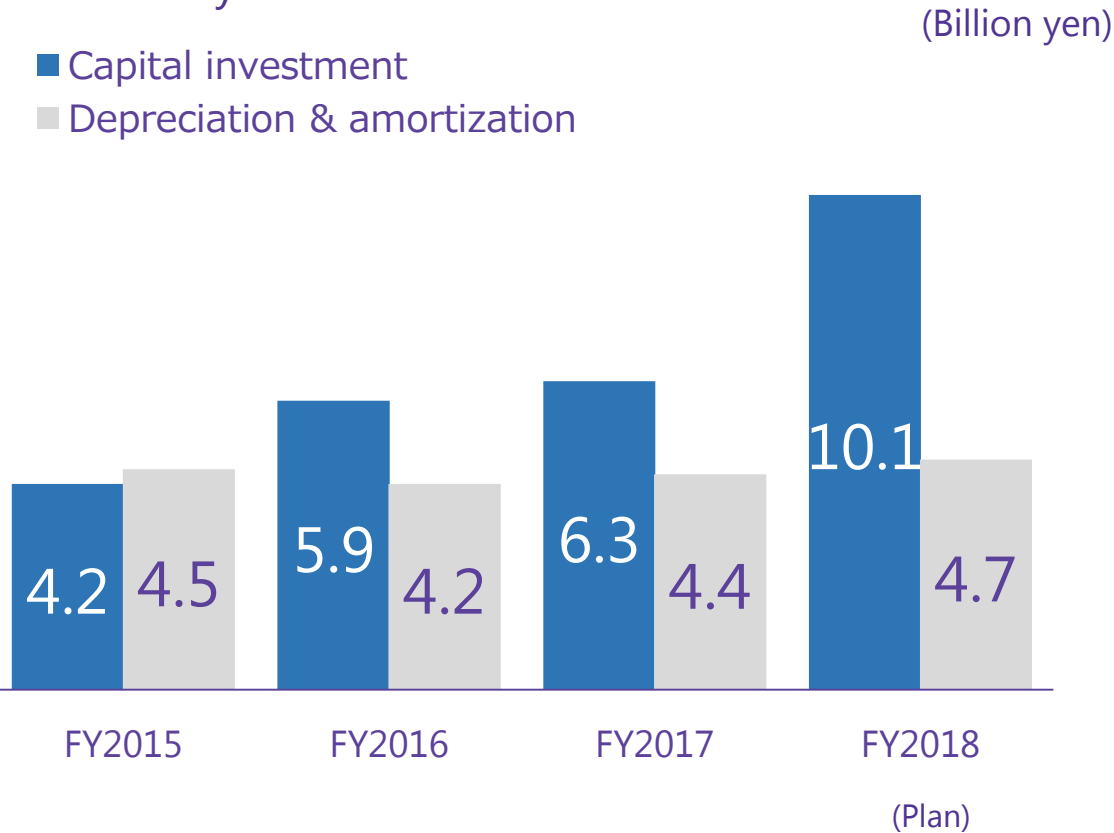
Expenses and employees

Fixed cost		83.1	97.3	93.4	107.7
	Personnel expenses	59.2	64.6	64.9	73.0
Employees (year-end)		7,746	7,835	8,689	9,193
	Outside of Japan	4,760	4,758	5,536	5,936

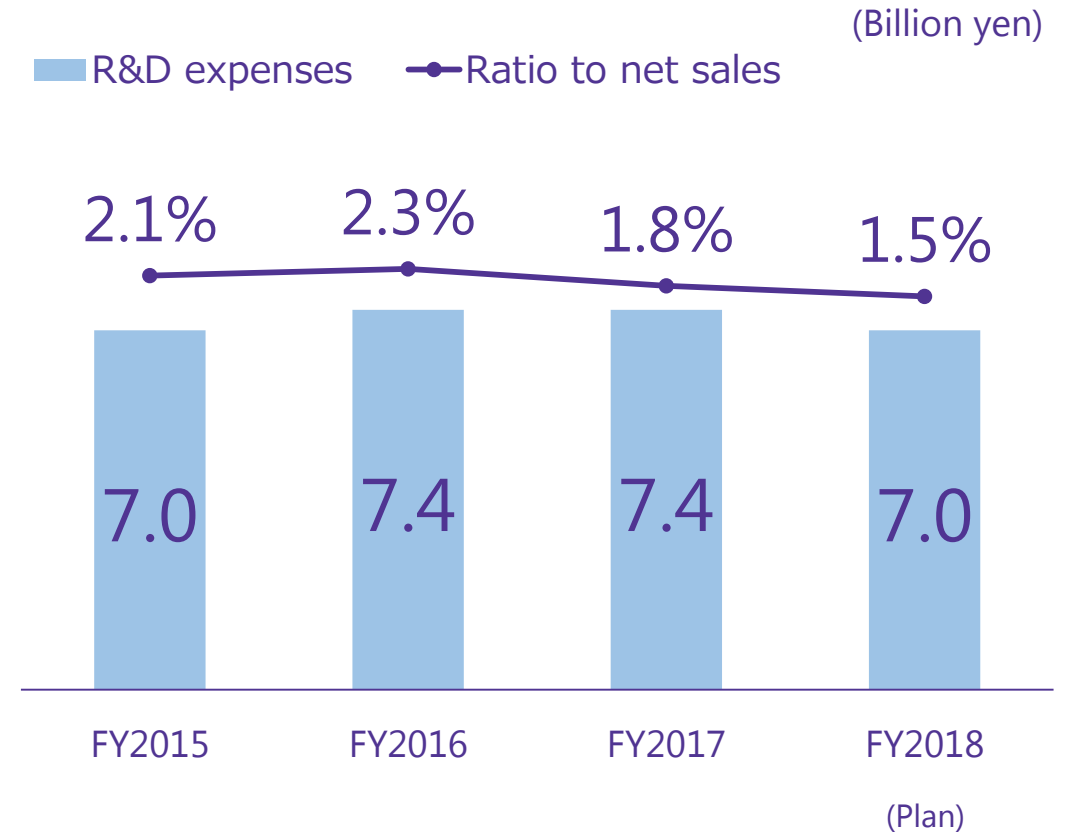
✓ The number of employees exceeded 9,000, an increase of 504 over the end of the previous fiscal year. The number of employees outside of Japan rose by 400.

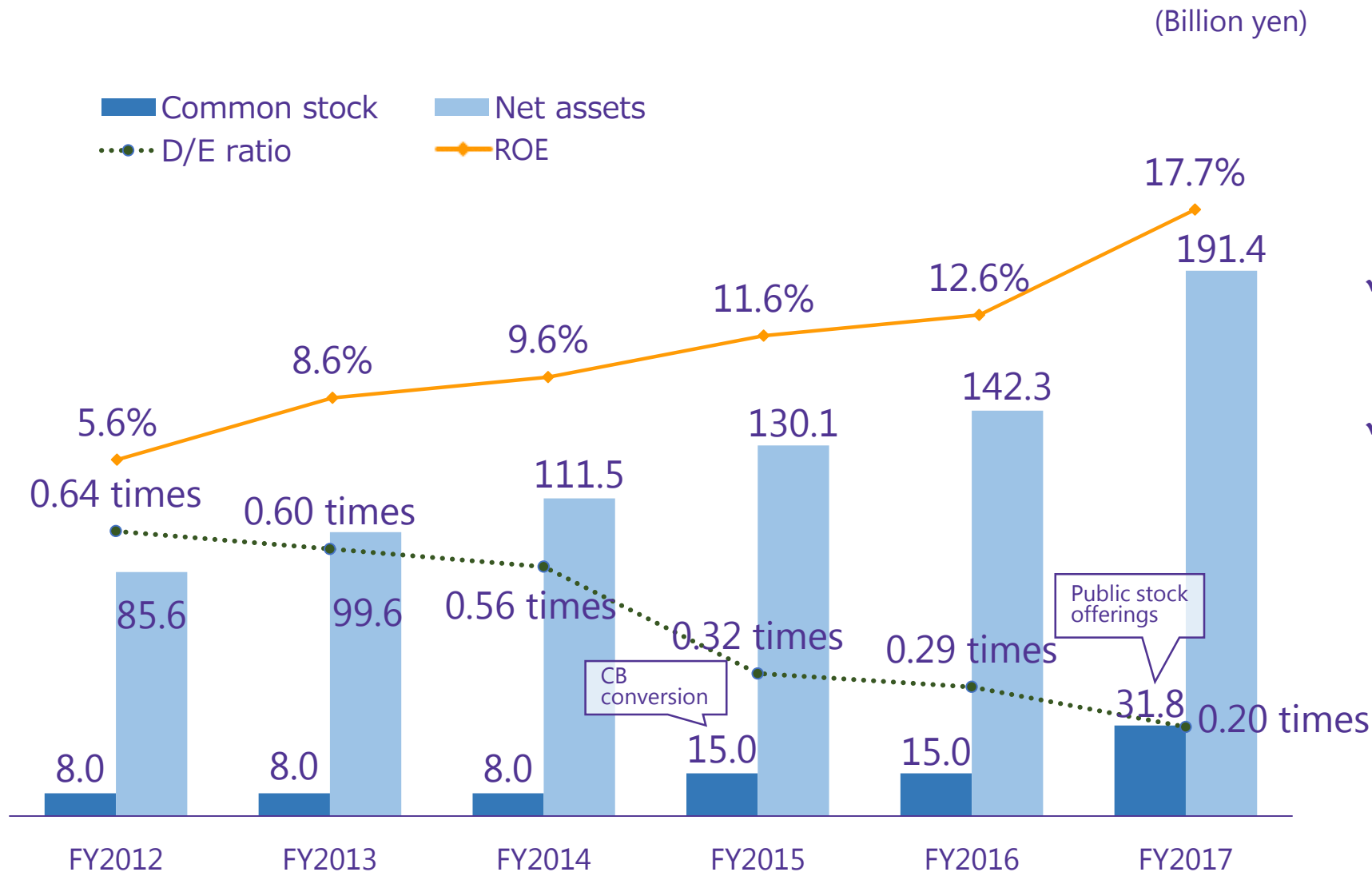
D/E ratio = interest-bearing liabilities / shareholders' equity (end of year)

- ✓ CAPEX of 10.1 billion yen is planned for FY2018. Production capacity will be strengthened in Japan and U.S.A.
- ✓ Depreciation has remained at the same level in recent years.



- ✓ R&D expenses have remained steady in recent years.





- ✓ ROE: Secure 10% or higher (current medium-term business plan target)
- ✓ Daifuku's corporate credit rating upgraded: Aiming to further raise our corporate credit rating in the future (In October 2017, the rating was upgraded from "A-" (single A minus) to "A" (single A).)

Medium-Term Business Plan



	FY2014	FY2015	FY2016	FY2017
ROE ^{*1}	9.6%	11.6%	12.6%	17.7%
1) Return on sales	3.67%	4.06%	5.22%	7.16%
2) Total asset turnover (times)	1.03	1.19	1.07	1.20
3) Financial leverage (times)	2.51	2.33	2.18	1.99

✓ ROE increased significantly to 17.7%.

✓ Return on sales (profitability) and total asset turnover (efficiency) improved.

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

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

Takeover defense measures to be abolished

Daifuku decided to discontinue the countermeasures to guard against attempted large-scale purchase of its shares (takeover defense measures) after its expected expiration with the closing of the upcoming Ordinary General Meeting of Shareholders scheduled for June 2018. The Company remains committed to doing its utmost to enhance its corporate value and shareholders' common interests to further enhance its sustainable growth.

Our news release:
www.daifuku.com/ir/news/2018

Adding one independent outside director, for a total of three

With the aim of ensuring transparent operations and strengthening the supervisory function of the Board of Directors, Daifuku will submit a proposal to add one independent outside director to the Board, to make three in total, at the upcoming Ordinary General Meeting of Shareholders scheduled for June 2018. With this addition, the proportion of independent outside directors in the Board of Directors will be 30%.

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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.