

Financial Results for the Second Quarter of the Fiscal Year Ending March 2020

November 12, 2019
CKD Corporation

Ticker Code 6407



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the Second Quarter of the Fiscal Year Ending March 2020

- Summary of Financial Results
- Investments
- Shareholders' Return
- Topics

Summary of Financial Results

■ Results

- Year-on-year declines in net sales and income

■ Earnings Forecast

- Revise upward the full year forecast



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Management Results

(Unit: one hundred million yen)

	FY20/3 1H Revised Forecast	FY20/3 1H Result	Change	FY19/3 1H Result	Year-on-year	
					Amount Change	% Change
Consolidated net sales	468	474	+ 6	605	— 131	— 22%
Automatic machinery	63	66	+ 3	71	— 5	— 7%
Components	405	408	+ 3	533	— 126	— 24%
Operating income (Operating income ratio)	3 (0.6%)	11 (2.4%)	+ 9	30 (4.9%)	— 18	— 62%
Ordinary income	3	11	+ 8	30	— 19	— 64%
Net income	2	7	+ 5	22	— 16	— 69%



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Financial Status

(Unit: one hundred million yen)

	At end of Mar. 2019	At end of Sep. 2019	Year-on-year	
			Amount change	% change
Current assets	834	794	– 40	– 5%
Fixed assets	535	524	– 11	– 2%
Total assets	1,370	1,318	– 52	– 4%

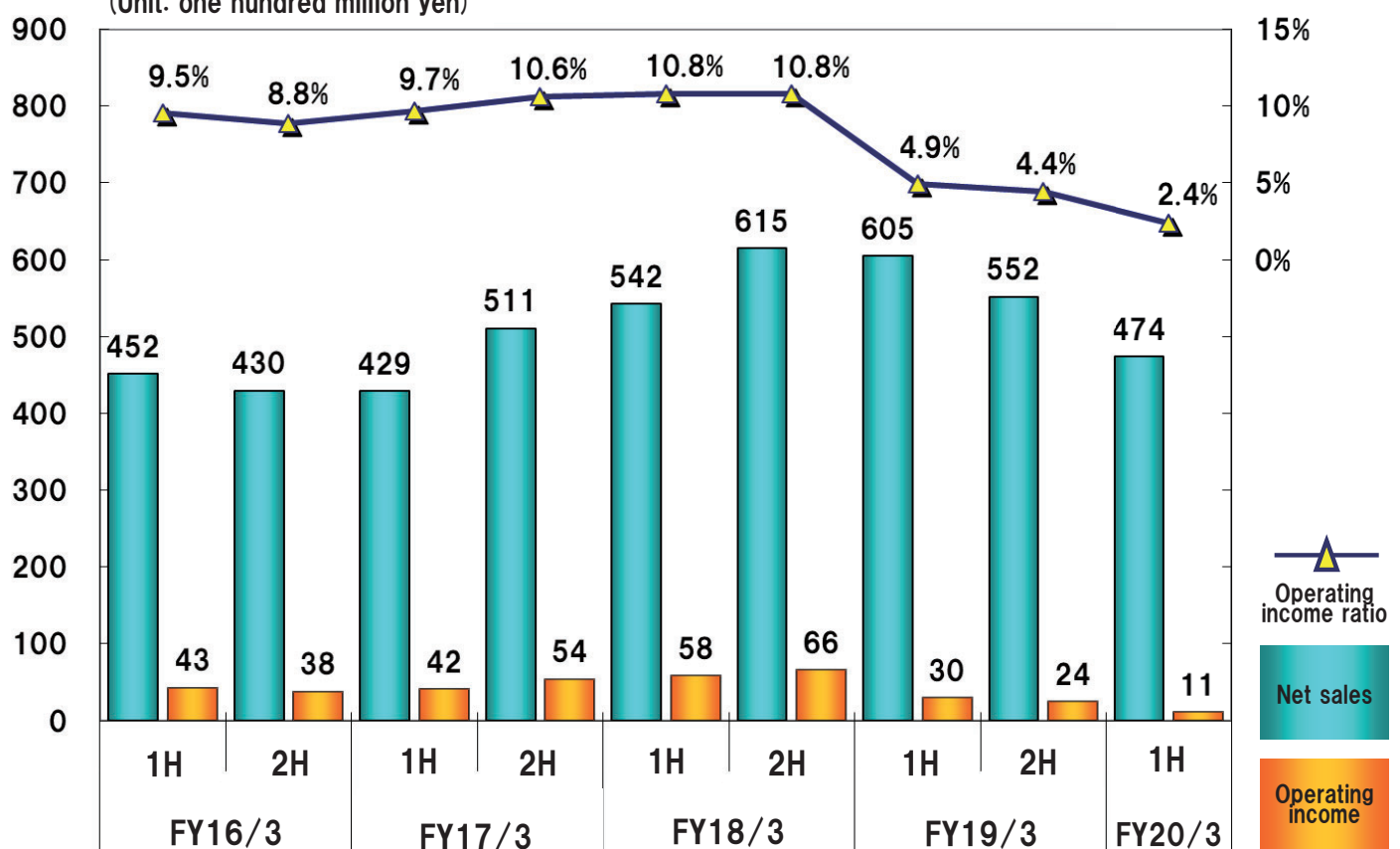
Current liabilities	373	347	– 27	– 7%
Fixed liabilities	192	177	– 15	– 8%
Total liabilities	565	524	– 42	– 7%

Total net assets	804	794	– 10	– 1%
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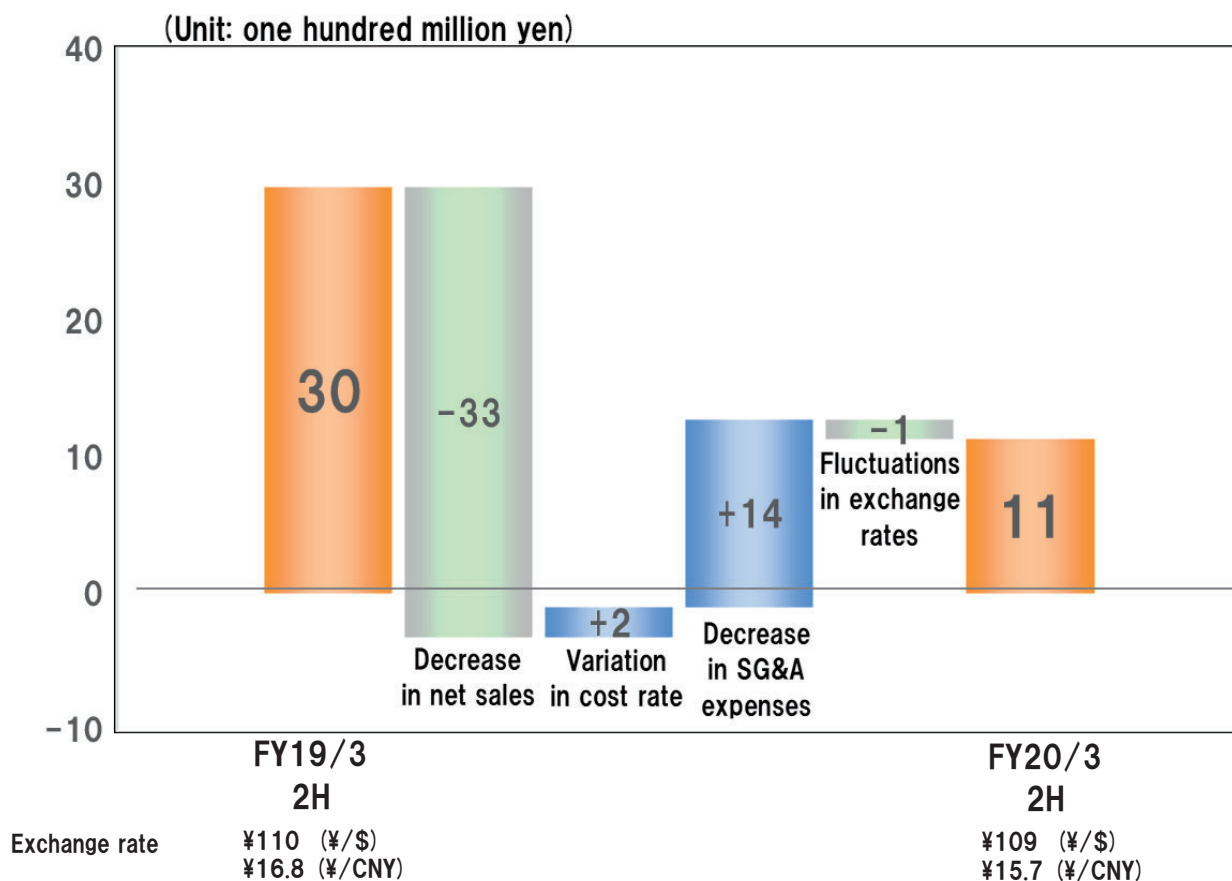
Capital adequacy ratio	58.6%	60.2%	–	+ 1.6%
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Consolidated Net Sales and Operating Income

(Unit: one hundred million yen)



Factors of Changes in Operating Income

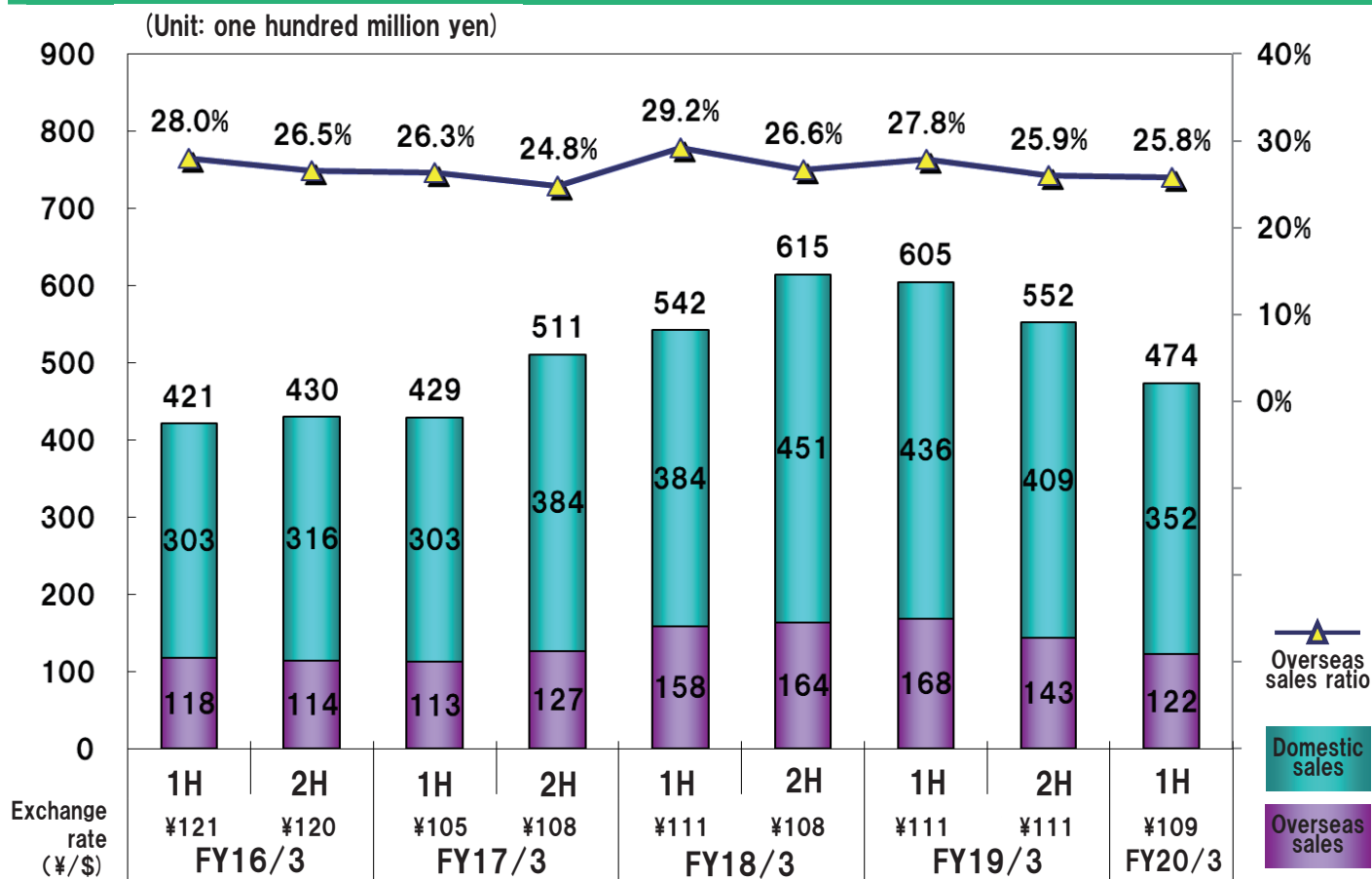


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Domestic and Overseas Sales

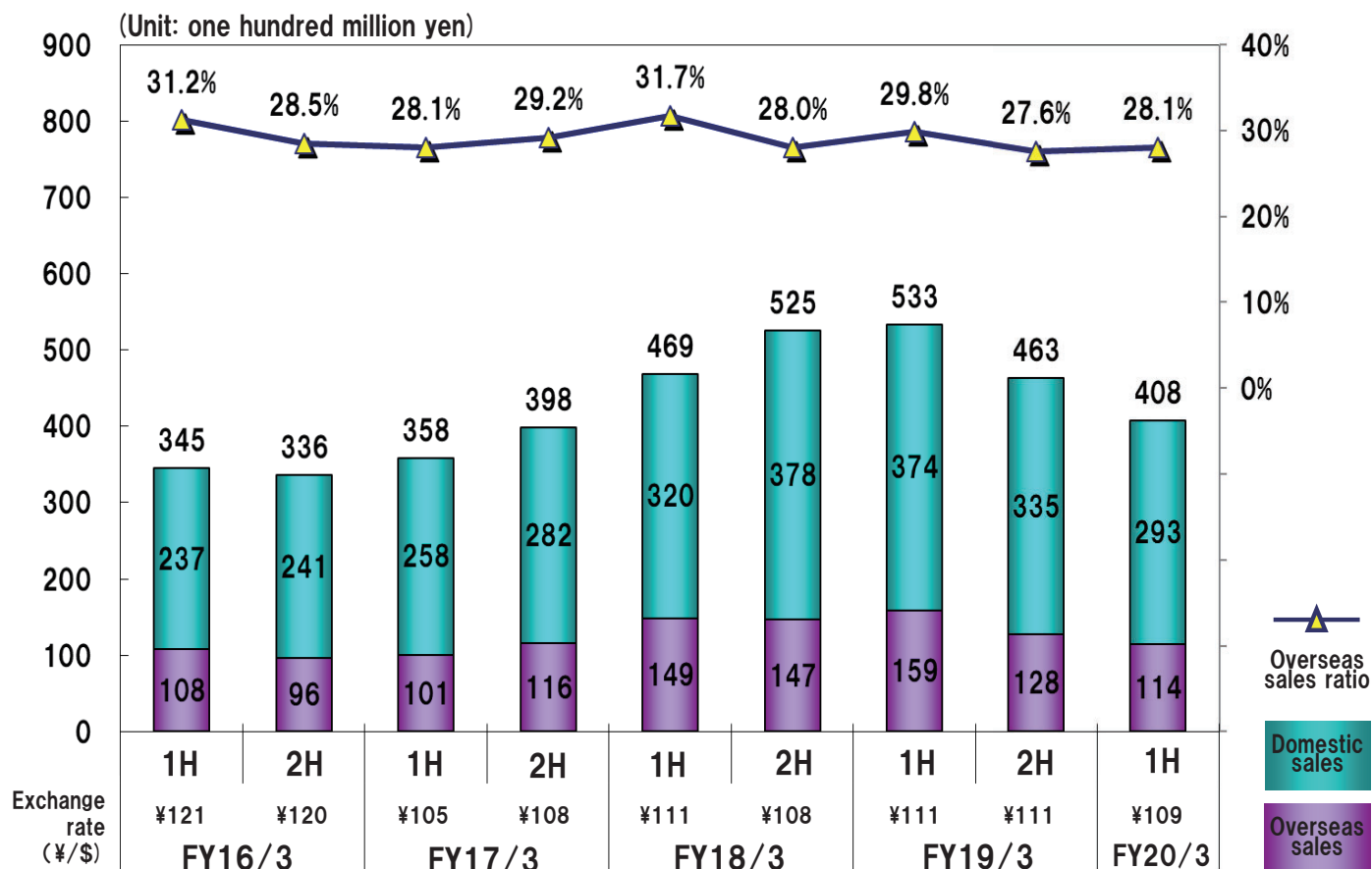


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Components: Domestic and Overseas Sales

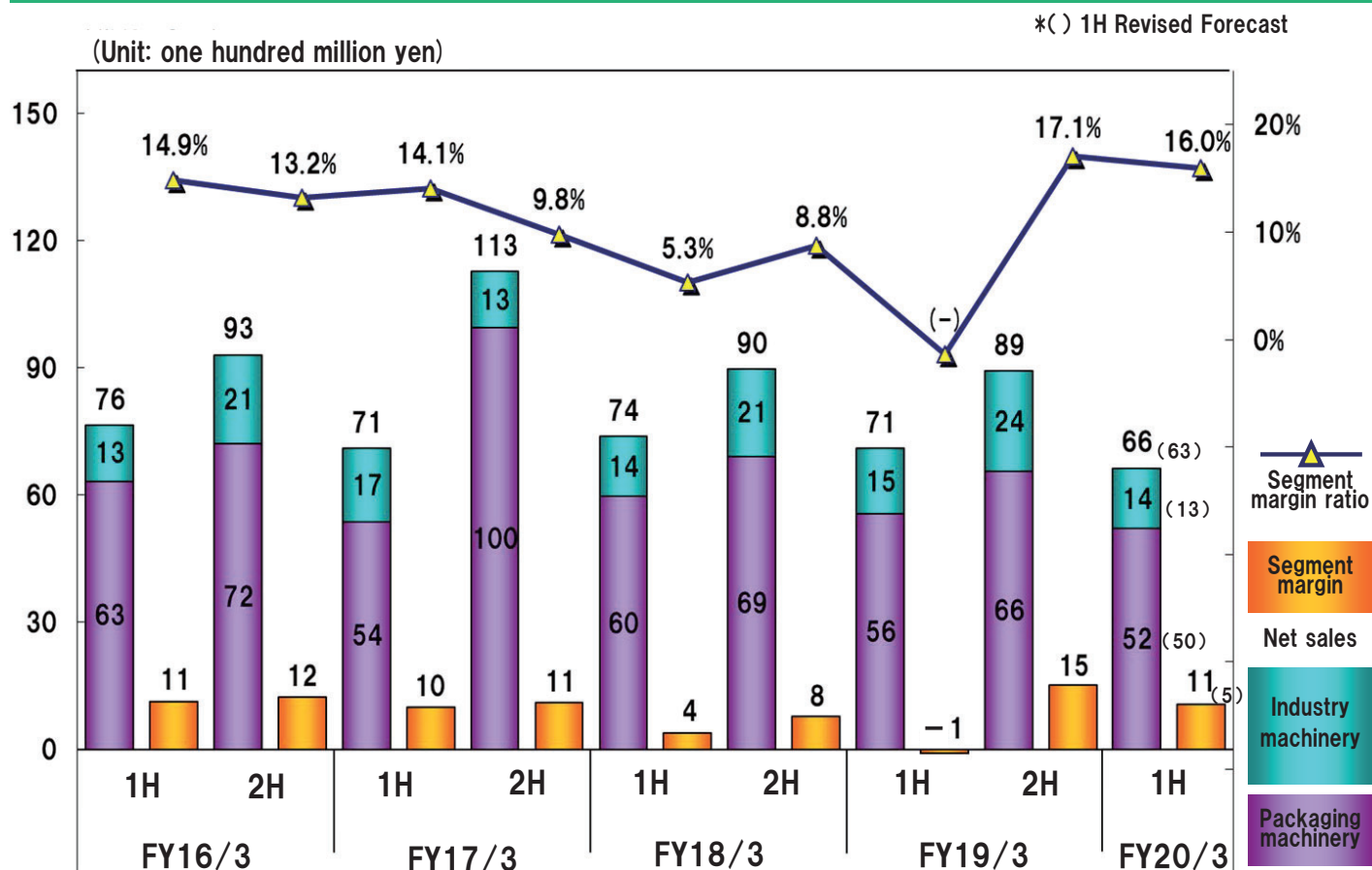


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Automatic Machinery: Achievement Changes



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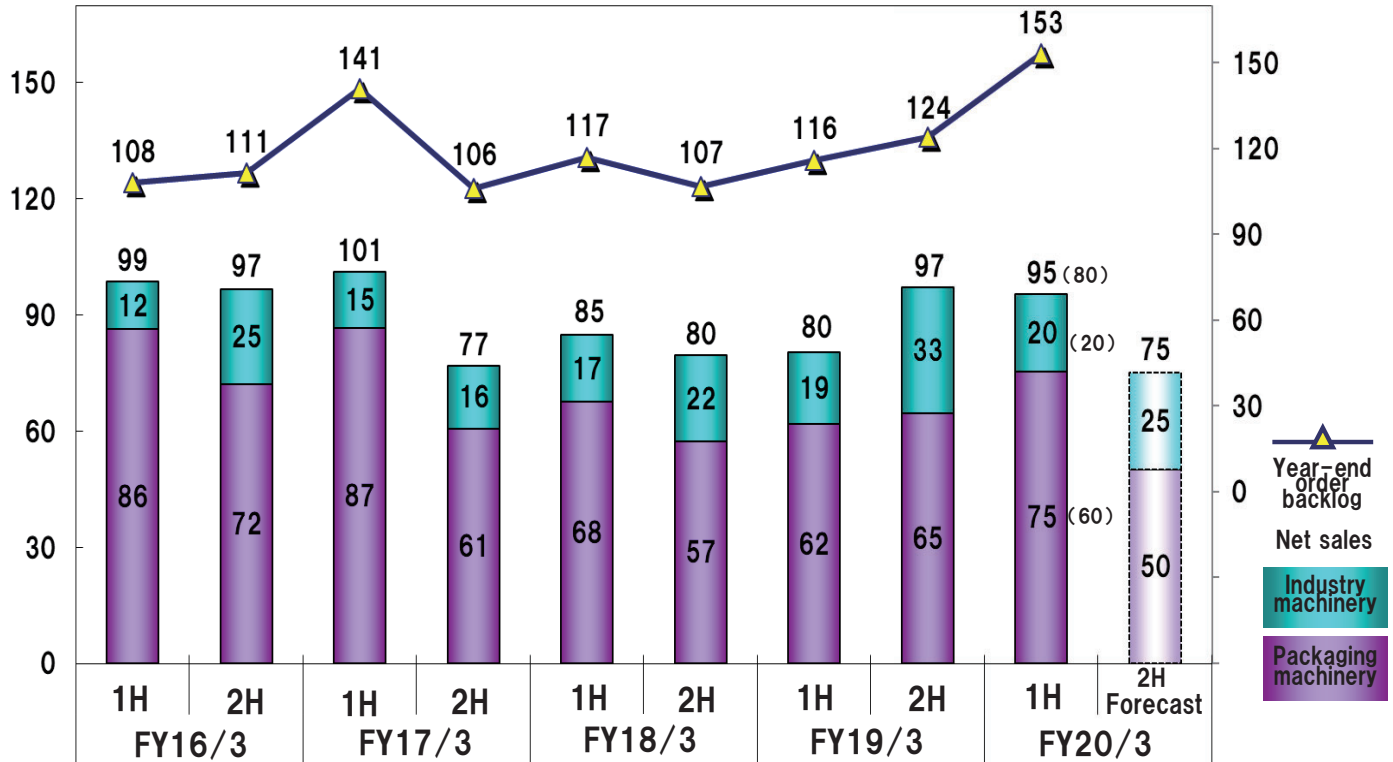
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Automatic Machinery: Orders Received and Forecast

FY20/3	Orders Received
2nd half Forecast	7.5 billion yen
Full year Forecast	17.0 billion yen

* () 1H Revised Forecast

(Unit: one hundred million yen)



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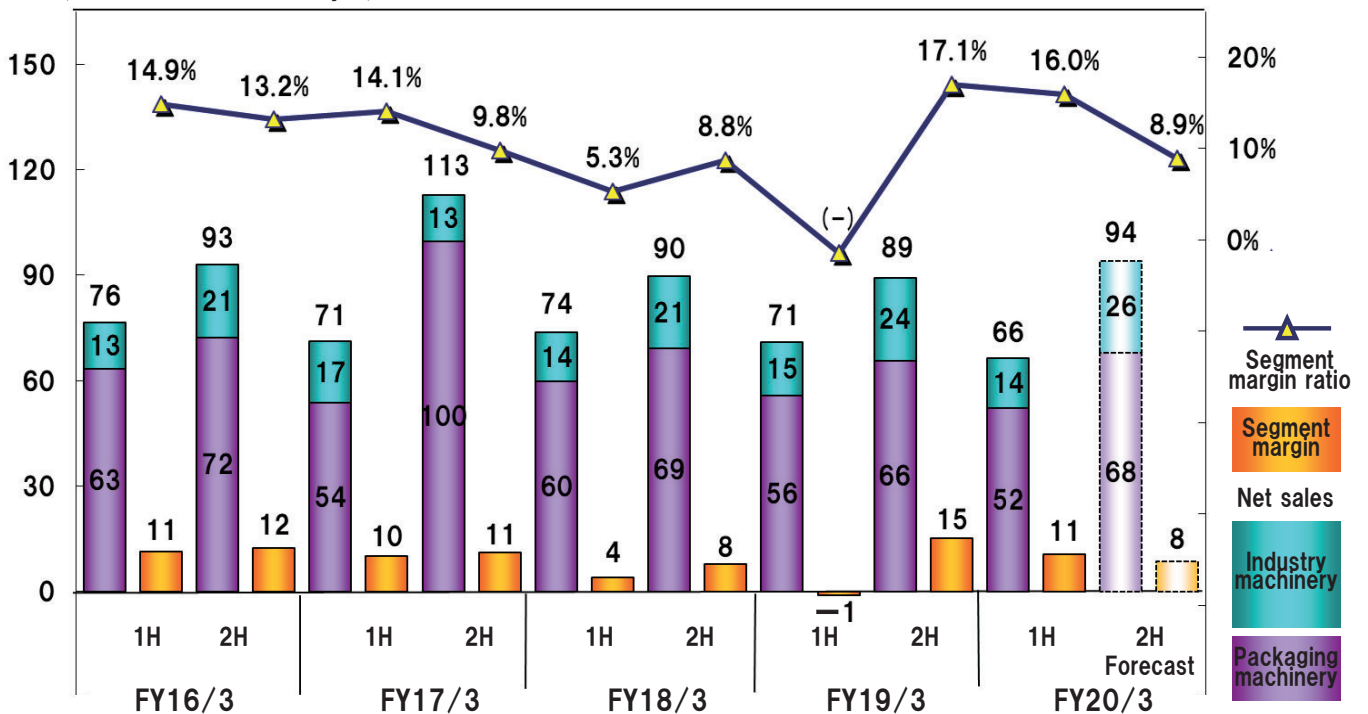
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Automatic Machinery: Outlook of Performance

FY20/3	Sales	Segment margin
2nd half Forecast	9.4 billion yen	0.8 billion yen
Full year Forecast	16.0 billion yen	1.9 billion yen

(Unit: one hundred million yen)



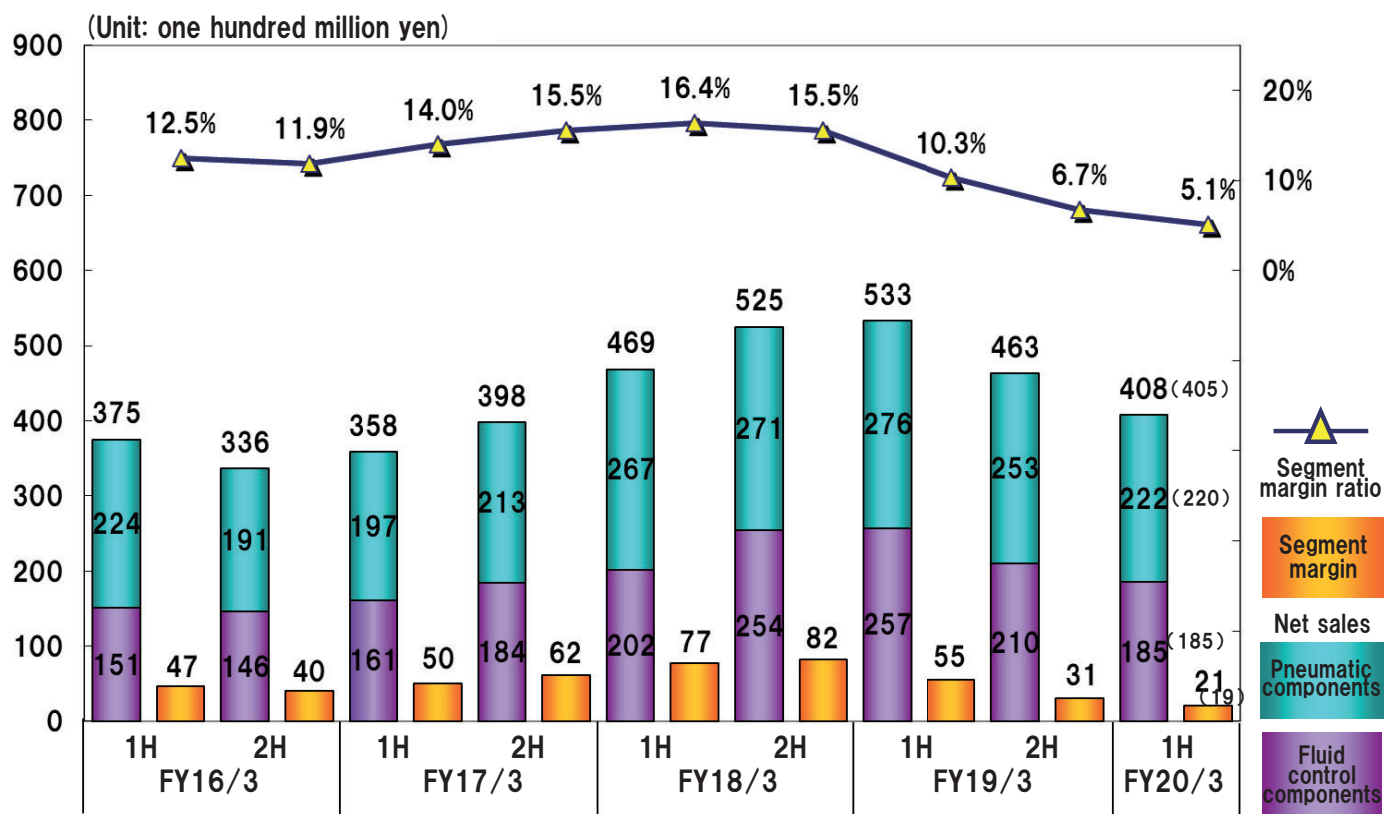
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Components: Achievement Changes

*() 1H Revised forecast



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Components 1st half Results by Market

* Compared with year-on-year results

(Unit: %)

Main Industries in Japan	1H Forecast (May 15)	1Q Result	2Q Result	1H Result
Semiconductor	73	78	79	78
Automobile	100	85	86	85
Machine tool	88	78	76	77
Medical	100	99	92	95
Flat-panel display (FPD)	85	70	80	75
Rechargeable battery	100	91	71	81
Total	85	80	80	80

Main areas overseas	1H Forecast (¥105/\$)	1Q Result (¥110/\$)	2Q Result (¥109/\$)	1H Result (¥109/\$)
East Asia	85	80	72	76
Southeast Asia	104	92	90	91
Total (Including Europe and Americas)	87	82	77	80

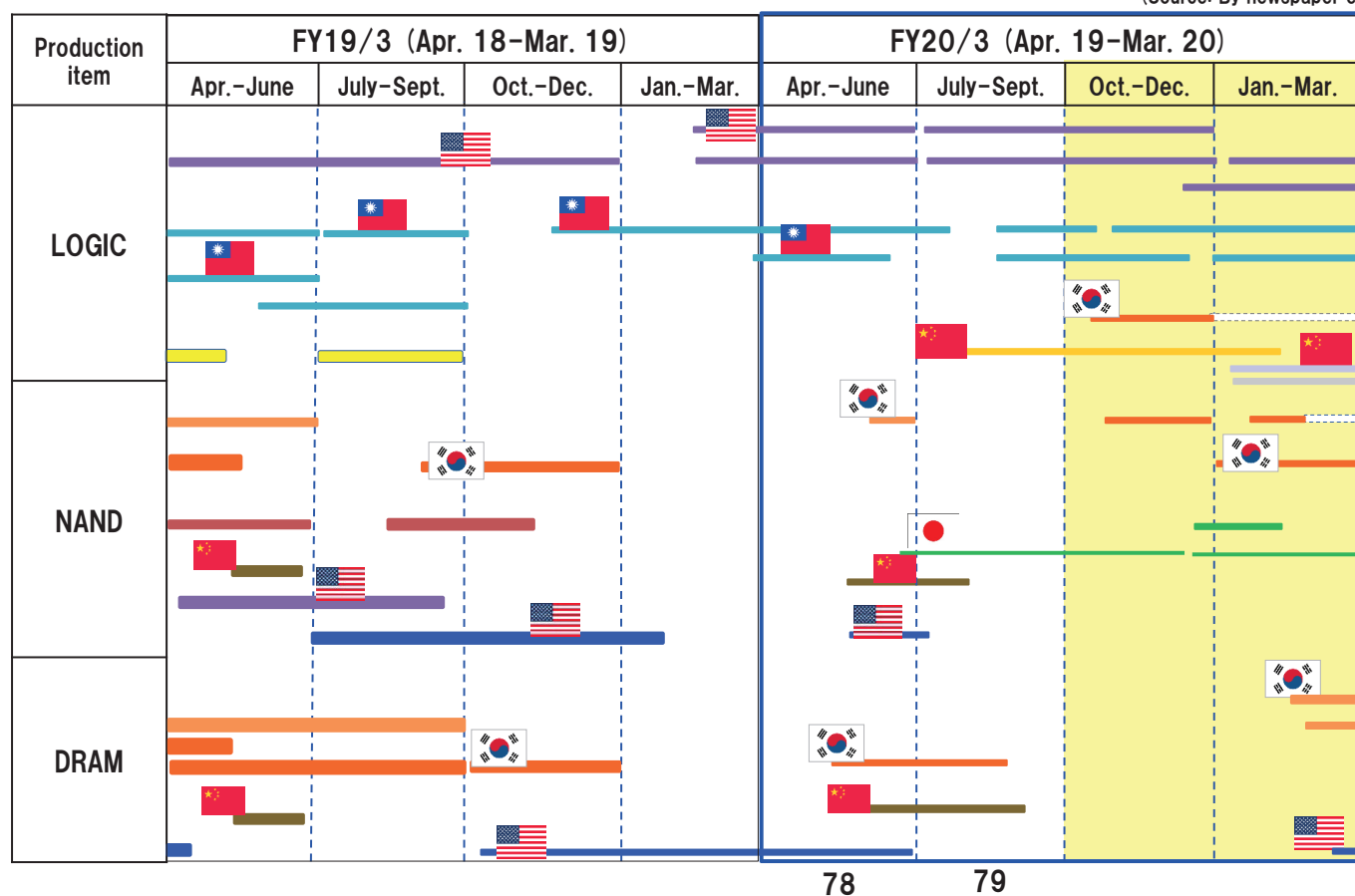
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Semiconductors: Prospects of Device Manufacturers' Investment

(Source: By newspaper etc.)



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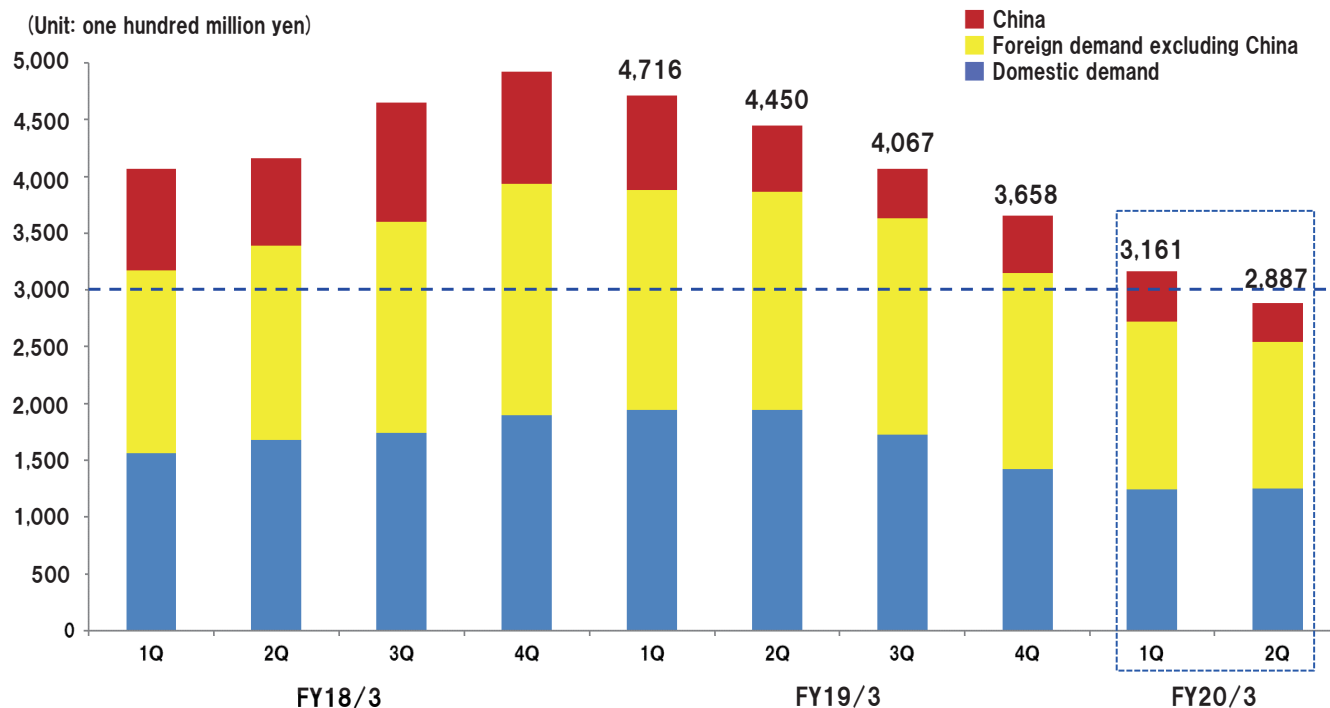
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Machine Tools

■ Trends of orders received for machine tools made in Japan (Source: Japan Machine Tool Builders' Association)



FY20/3 1H Orders Received (YoY)

Total 66% Domestic 64% China 55% Foreign demand excluding China 72%





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Prospects of FPD Manufacturers' Investment

(Source: By newspaper etc.)

FPD manufacturers by country	FY19/3 (Apr. 18–Mar. 19)				FY20/3 (Apr. 19–Mar. 20)			
	Apr.–June	July–Sept.	Oct.–Dec.	Jan.–Mar.	Apr.–June	July–Sept.	Oct.–Dec.	Jan.–Mar.
	G10.5			G6(OLED)		G10.5	G8.5	G6(OLED) G10.5 G6(OLED) G10.5 G6(OLED) G5(OLED) G6(OLED)
	G10.5		G10.5					
							G6 G6(OLED)	G8 (QD-OLED) G6(OLED)
								

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Components: Prospects by Market

*Compared with year-on-year results

Main industries in Japan	Full year Forecast (May 15)	1H Result	2H Forecast
Semiconductor	83	78	
Automobile	100	85	
Machine tool	88	77	
Medical	102	95	
Flat-panel display (FPD)	88	75	
Rechargeable battery	102	81	
Total	90	80	

Main areas overseas	Full year Forecast (¥105/\$)	1H Result (¥109/\$)	2H Forecast (¥105/\$)
East Asia	85	76	
Southeast Asia	104	91	
Total (Including Europe and Americas)	87	80	

YoY: (☀️ 110~ ☁️ 100~109 ☁️ 90~99 ☁️ 80~89 ☔ ~79)

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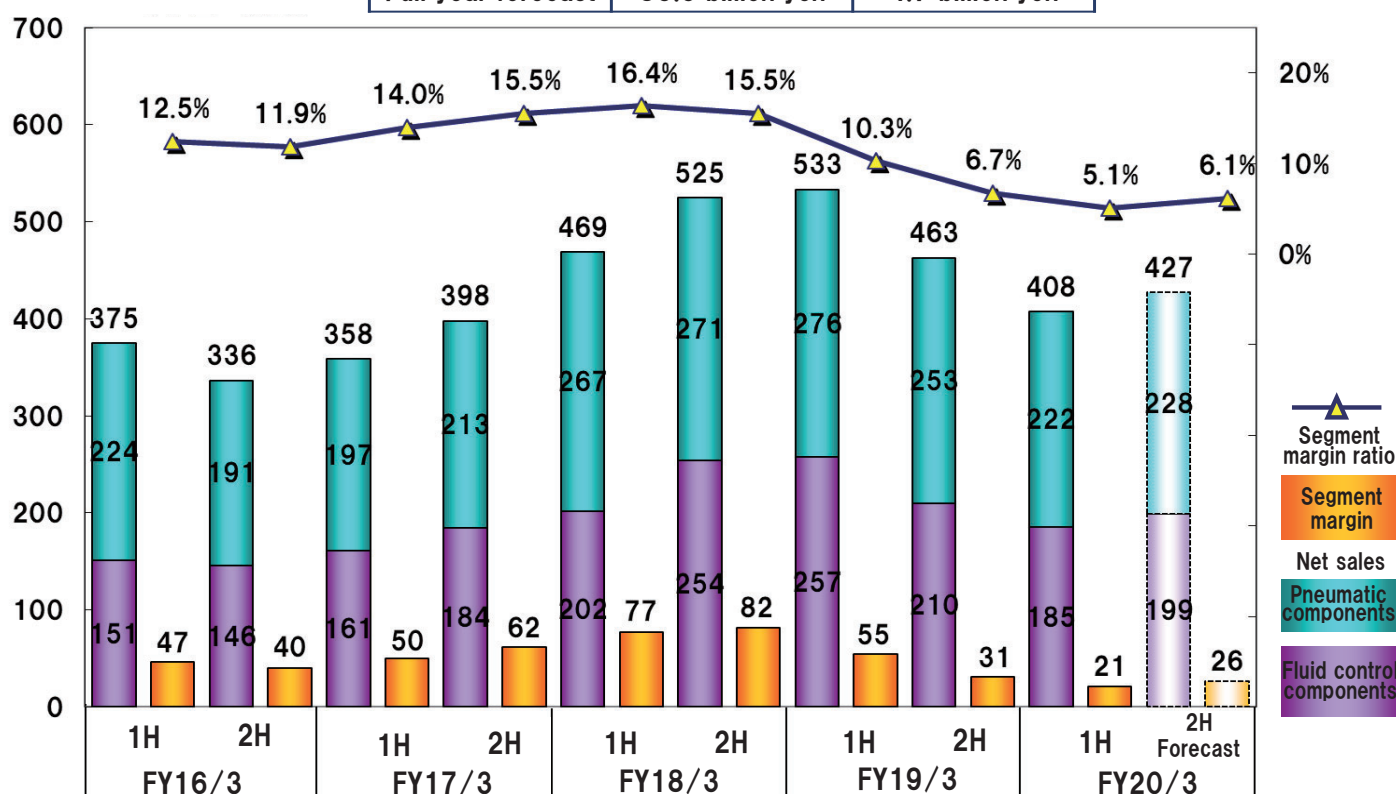
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Components: Earnings Forecasts

FY20/3	Sales	Segment margin
2nd half forecast	42.7 billion yen	2.6 billion yen
Full year forecast	83.5 billion yen	4.7 billion yen

(Unit: one hundred million yen)



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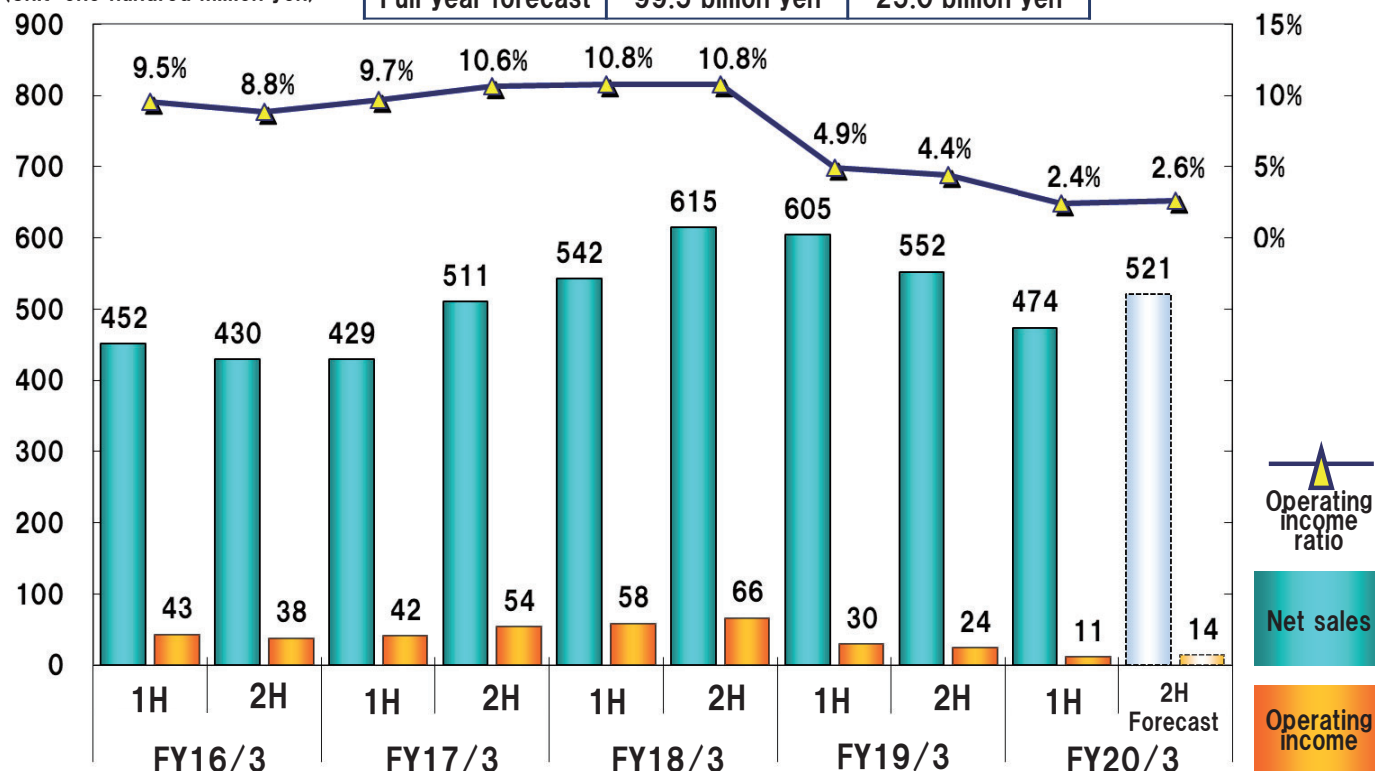
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Total Company Earnings Forecasts

FY20/3	Sales	Operating income
2nd half forecast	52.1 billion yen	1.4 billion yen
Full year forecast	99.5 billion yen	25.0 billion yen

(Unit: one hundred million yen)



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Total Company Earnings Forecasts

(Unit: one hundred million yen)

	FY19/3 Result	FY20/3 Outlook (Nov. 12)				
		1H Result	2H Result	Full year Forecast	Year-on-year Amount change	Year-on-year % change
Consolidated net sales	1,157	474	521	995	- 162	- 14%
Automatic machinery	160	66	94	160	0	0%
Components	996	408	427	835	- 162	- 16%
Operating income (Operating income ratio)	54 (4.7%)	11 (2.4%)	14 (2.6%)	25 (2.5%)	- 29	- 54%
Automatic machinery (Segment margin)	14 (8.9%)	11 (16.0%)	8 (8.9%)	19 (11.8%)	+ 5	+ 33%
Components (Segment margin)	86 (8.6%)	21 (5.1%)	26 (6.1%)	47 (5.6%)	- 39	- 45%
Ordinary income	54	11	14	25	- 30	- 55%
Net income	48	7	10	17	- 31	- 64%

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Revision of Earnings Forecasts

(Unit: one hundred million yen)

	1st half	2nd half			Full year		
	Result	Previous Forecast (Aug. 6)	Revised Forecast (Nov. 12)	Change	Previous Forecast (Aug. 6)	Revised Forecast (Nov. 12)	Change
Consolidated net sales	474	497	521	105%	965	995	103%
Automatic machinery	66	97	94	97%	160	160	100%
Components	408	400	427	107%	805	835	104%
Operating income	11	7	14	211%	9	25	269%
Ordinary income	11	7	14	211%	10	25	259%
Net income	7	5	10	216%	7	17	261%

Revision in Previous Forecast (Aug. 6)

Consolidated net sales increased + 3.0 billion yen to 99.5 billion yen

Operating income increased + 1.6 billion yen to 2.5 billion yen

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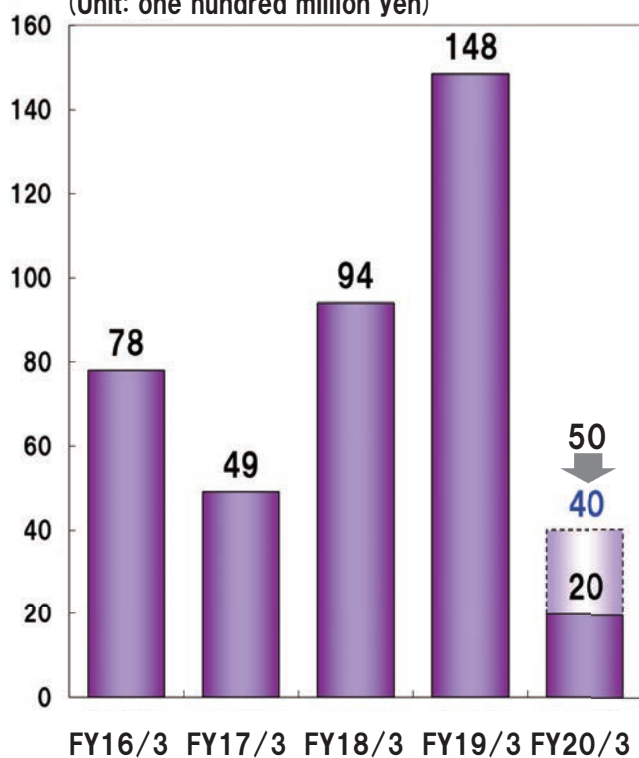
Investments



Investments

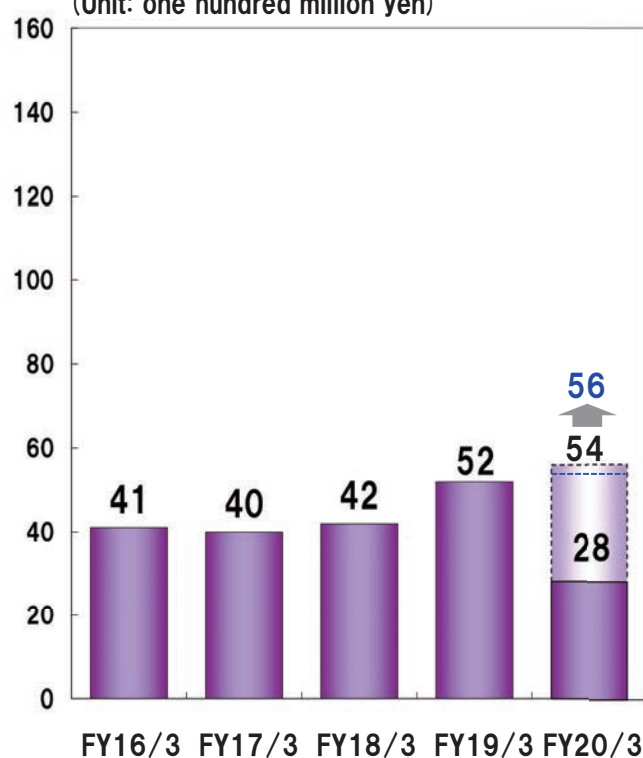
Investments in plant and equipment

(Unit: one hundred million yen)

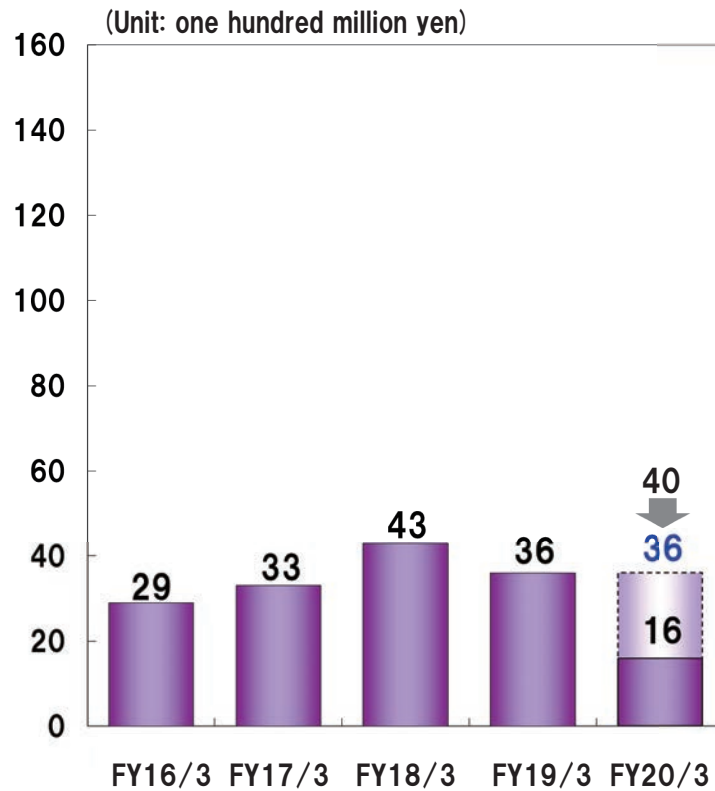


Depreciation costs

(Unit: one hundred million yen)



R&D Investments

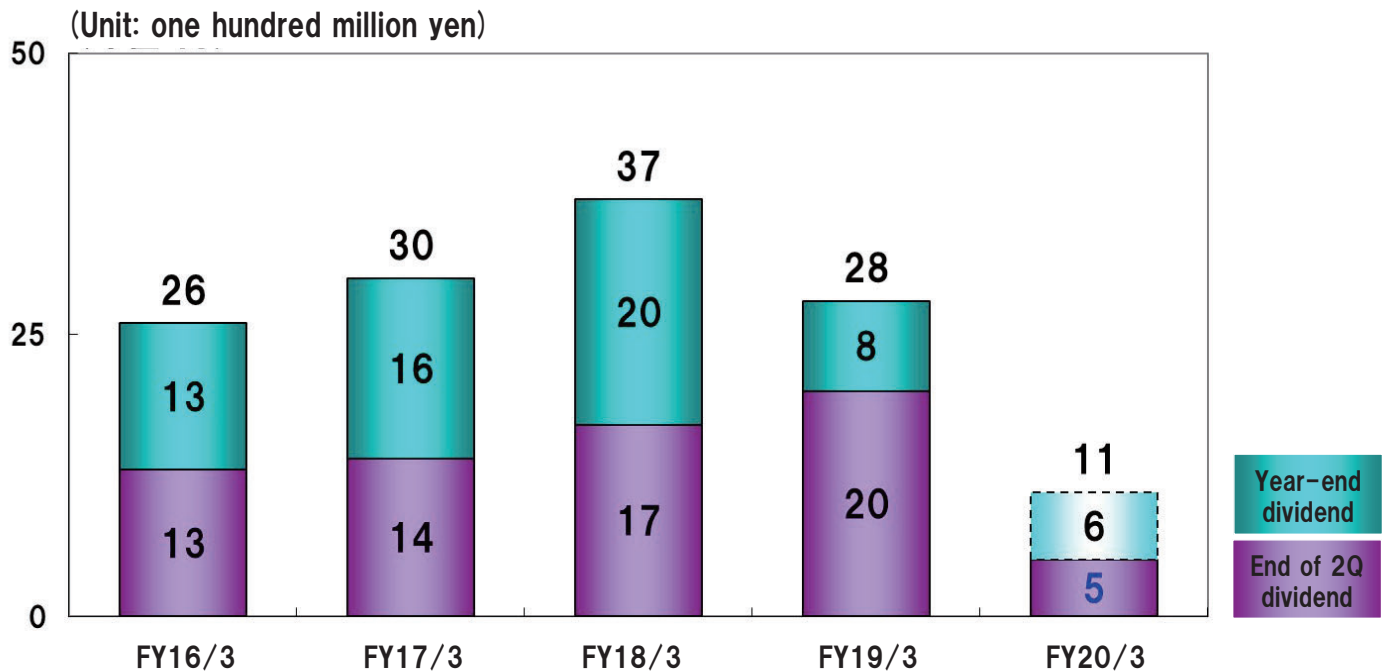


Shareholders' return



Dividends

FY20/3 dividends
End of 2nd Quarter dividend ¥5 per share



Topics

- Automatic Machinery Packaging Machines:
Pharmaceutical Packaging Machine/ Food Packaging Machine
- Automatic Machinery Industrial Machinery:
Lithium-ion Battery Winding Machine / Solder Paste Inspection Machine
- Components Electric Components
- Components Tohoku Plant
- Components CKD-USA Technical Center
- Components Deal with the Chinese market
- Win Good Design Award 2019

Automatic Machinery Packaging Machines

■ Pharmaceutical Packaging Machine

The machine ver.2 was specifically designed for the Chinese market.

Product development is completed and in the process of making the evaluation machine.



Apr. 2020

China 2020 (Spring) CIPM

The machine will be exhibited

■ Food Packaging Machine

Vpak (the one hand opening)

Deliver the packaging machine to new client



Sell exclusive packaging materials

Vpak :Applicable to retort sterilization

2019 Japan Packaging Contest 'Technical Packaging Award'

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Automatic Machinery Industrial Machinery

■ Lithium-ion Battery Winding Machine

Corresponding to high performance and safety of lithium ion batteries

High speed of winding and securing of positional accuracy



■ Solder Paste Inspection Machine

Deal with the Western market

Touch panel display with improved operability

Three-step resolution for a broad pad size

Compatible with both high speed and Micro Inspection



VP9000
Future with Flexible Inspection



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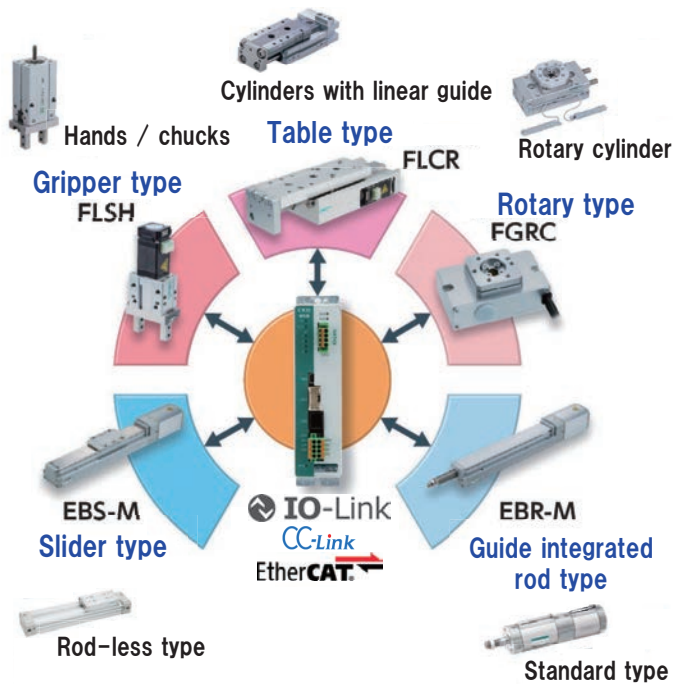
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Components Electric Components (Release in FY20/3 1H)

■ Electric Actuator

Enhancement of variations inheriting the features of pneumatic components



■ Fusion with High Performance Driver

Fusion of High Performance Drivers from CKD NIKKI DENSO and a wide range of CKD actuators

Compatible with Motion network

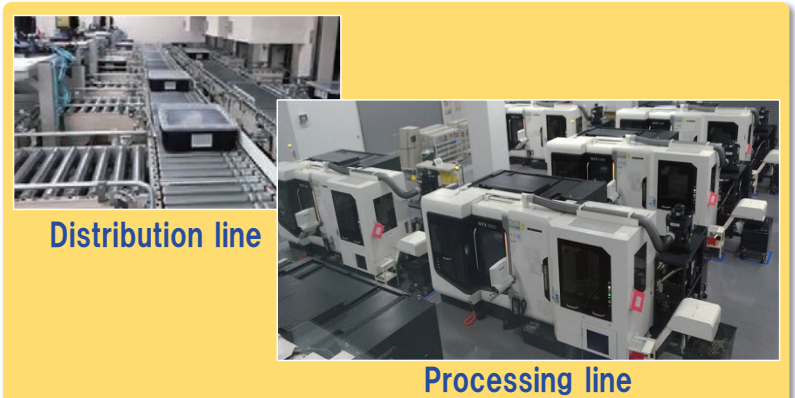


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Components Tohoku Plant



Automating production processes and drive efficiency through automated warehouses and logistics systems

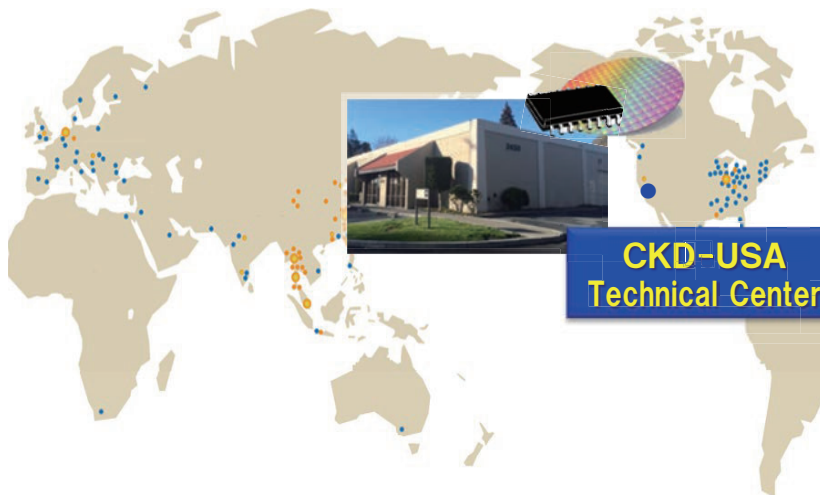
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Components CKD-USA Technical Center



【Development function】

- Increase in development personnel
- New laboratory to enhance customer service

【Maintenance】

- Installation of VEC maintenance dedicated equipment

【Assembly function】

- Installation of clean room for assembly
- Introduction of measuring instruments for inspection



Maintenance equipment's



Clean room



Extended **maintenance and assembly functions** in addition to development functions for advanced industries


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Components Deal with the Chinese market

Pneumatic components

Expansion of production models such as sensors and pressure switch



Electric components

Started production of high-precision direct drive motors



Fine components

Enhanced technical support in addition to production response

Production of **high performance, high precision** products for meeting local needs

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Win Good Design Award 2019

■ Components PowerArm PAW Series



PAW Series
Power Assist Arm

- Power Assist Device for reducing worker load smoothly following even one hand
- Excellent design of safe and assurance as the collaborative product

“CHO” MONODZUKURI Innovative Parts and Components Award
“the Machinery and Robotic Components Prize”



■ Components Nitrogen Gas Extraction Unit NS Series



Nitrogen Gas Extraction Unit
NS Series

- To easily purify a nitrogen gas used for preventing oxidation of food packaging from compressed air.
- Considers food loss reduction and supports long life
- All-in-one design modularized with pneumatic components



■ on-site day-care center “‘Ohana nursery school”



- Provide working conditions conducive to employees caring for children
- Toward diversity promotion, the design of round shape with business model method represents the world view without boundary.

Receive “the 13th Kids Design Award”





Automation Technology for the Future

[Attention in regard to the handling of this material]

Notice about the future's perspective

The earnings outlook described in this document and the future's prediction are expectations judged according to the acquisition of present information available to CKD, and potential risk and uncertainty are present. Therefore, be advised that there is a possibility that the actual achievements will differ greatly from our perspective depending on changes in various factors described for the future.

About processing of the figures

Totals of the breakdown may not parallel with the total because a fraction less than a unit is rounded up for the mentioned price, and the ratio is the calculated from the yen unit and result rounded up.