

Consolidated Financial Results for 2nd Quarter of FY 2018/19

November 14, 2018
CKD Corporation

Ticker Code 6407



Contents

Consolidated Financial Results for 2nd Quarter of FY 2018/19

- Summary of consolidated financial results
- Investments
- Shareholders' Return
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Summary of consolidated financial results for 2nd Quarter of FY2018/19

■ Results

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

■ Earnings forecasts

- Revised down the full-year earnings forecasts



Management Results

(Unit: one hundred million yen)

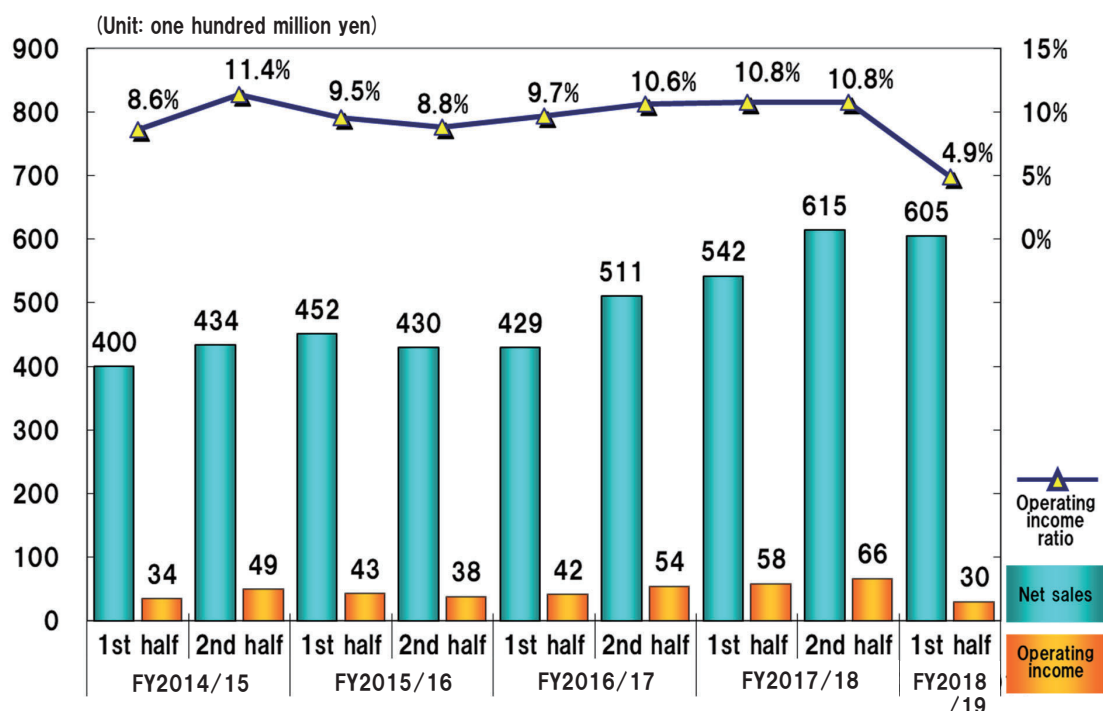
	FY2018/19 1st Half Initial Forecast	FY2018/19 1st Half Results	Contrast to Expectations	FY2017/18 1st Half Forecast	Year-on-year	
					Amount change	% change
Consolidated net sales	600	605	+ 5	542	+ 62	+ 11%
Automatic machinery	73	71	- 2	74	- 3	- 4%
Components	527	533	+ 6	469	+ 65	+ 14%
Operating income (Operating income ratio)	69 (11.5%)	30 (4.9%)	- 39	58 (10.8%)	- 29	- 49%
Ordinary income	69	30	- 39	59	- 29	- 49%
Net income	48	22	- 26	43	- 20	- 48%

Financial Status

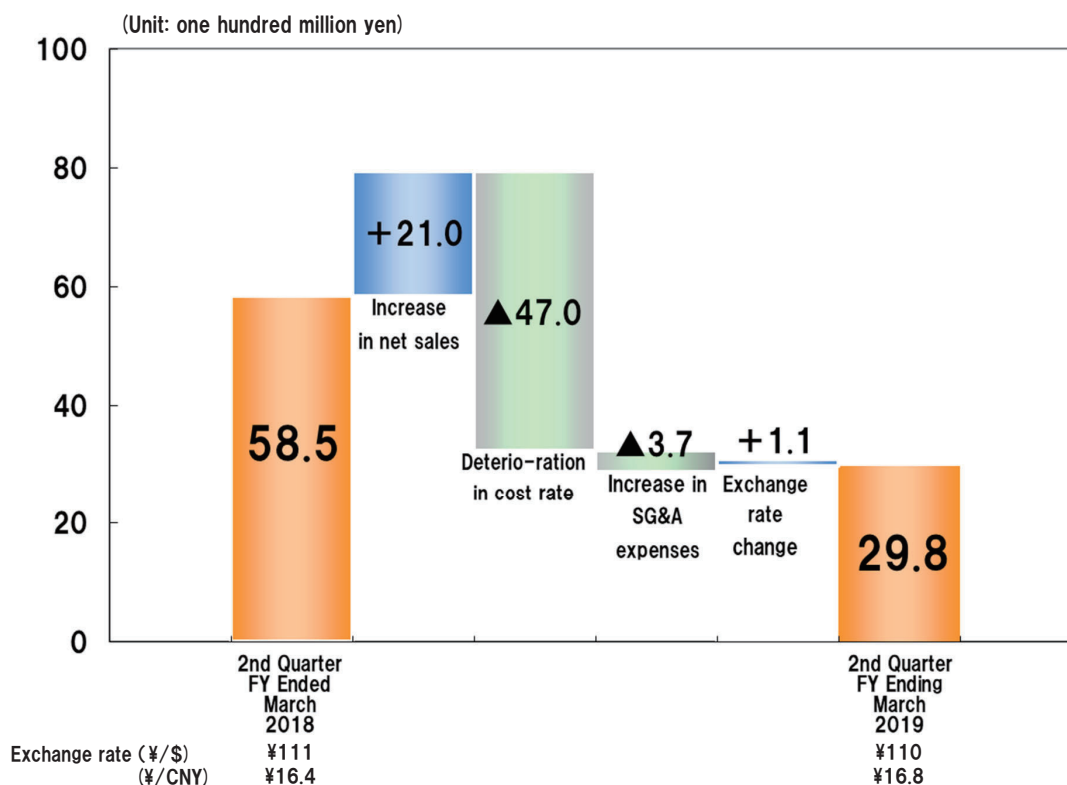
(Unit: one hundred million yen)

	As of the end of March, 2018	As of the end of September, 2018	Year-on-year	
			Amount change	% change
Current assets	837	822	— 15	— 2%
Fixed assets	472	508	+ 36	+ 8%
Total assets	1,309	1,330	+ 21	+ 2%
Current liabilities	431	425	— 6	— 1%
Fixed liabilities	78	94	+ 16	+ 21%
Total liabilities	508	519	+ 11	+ 2%
Total net assets	801	811	+ 10	+ 1%
Capital adequacy ratio	61.1%	60.9%	—	— 0.2%

Consolidated Net Sales and Operating Income



Factors of Changes in Operating Income

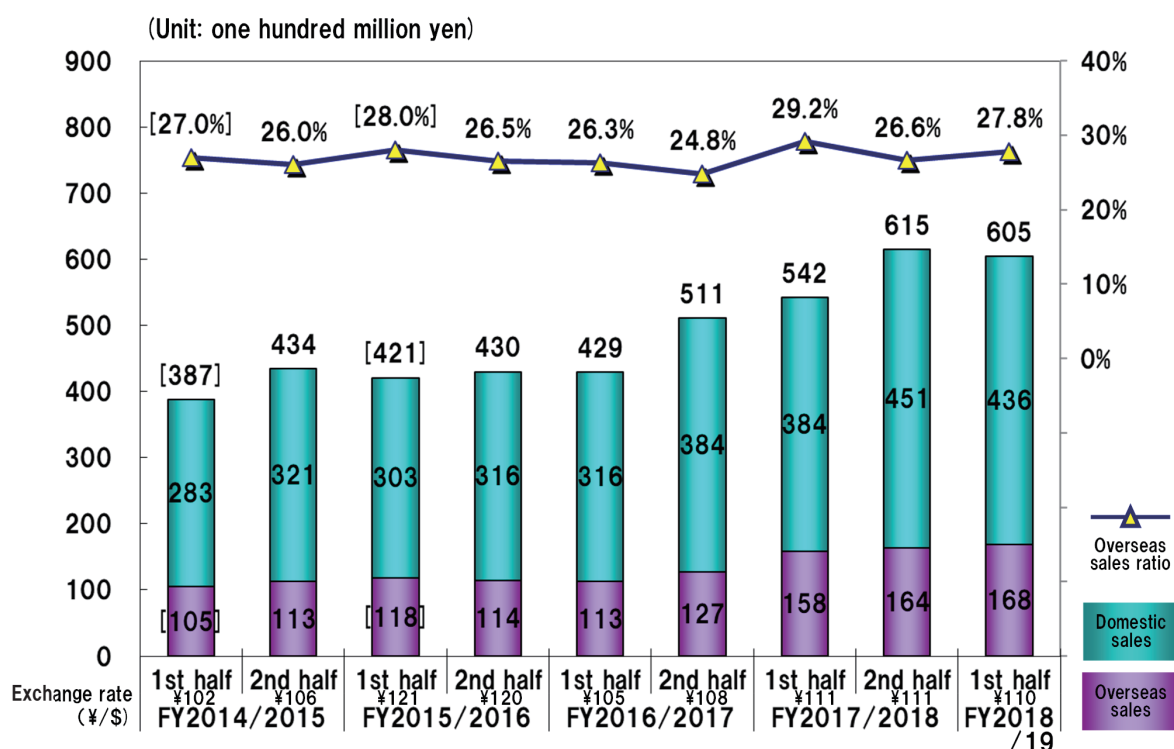


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Domestic and Overseas Sales



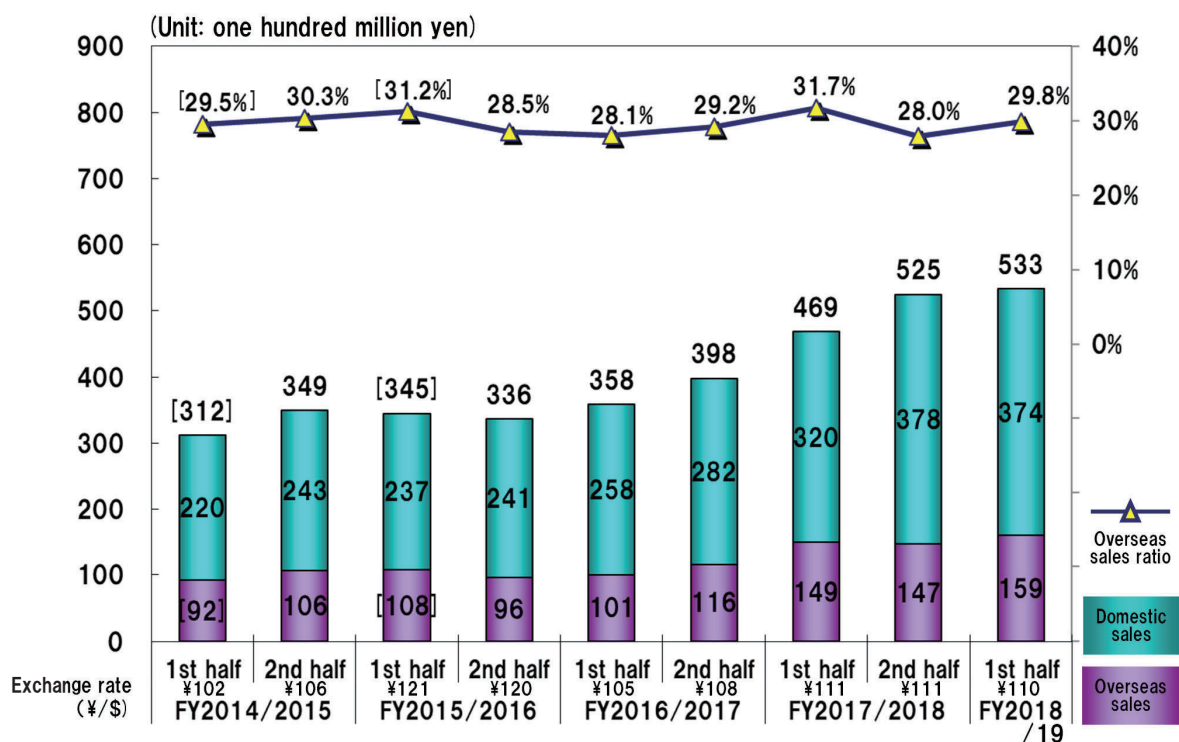
※ [] Omitting effects of closing date change

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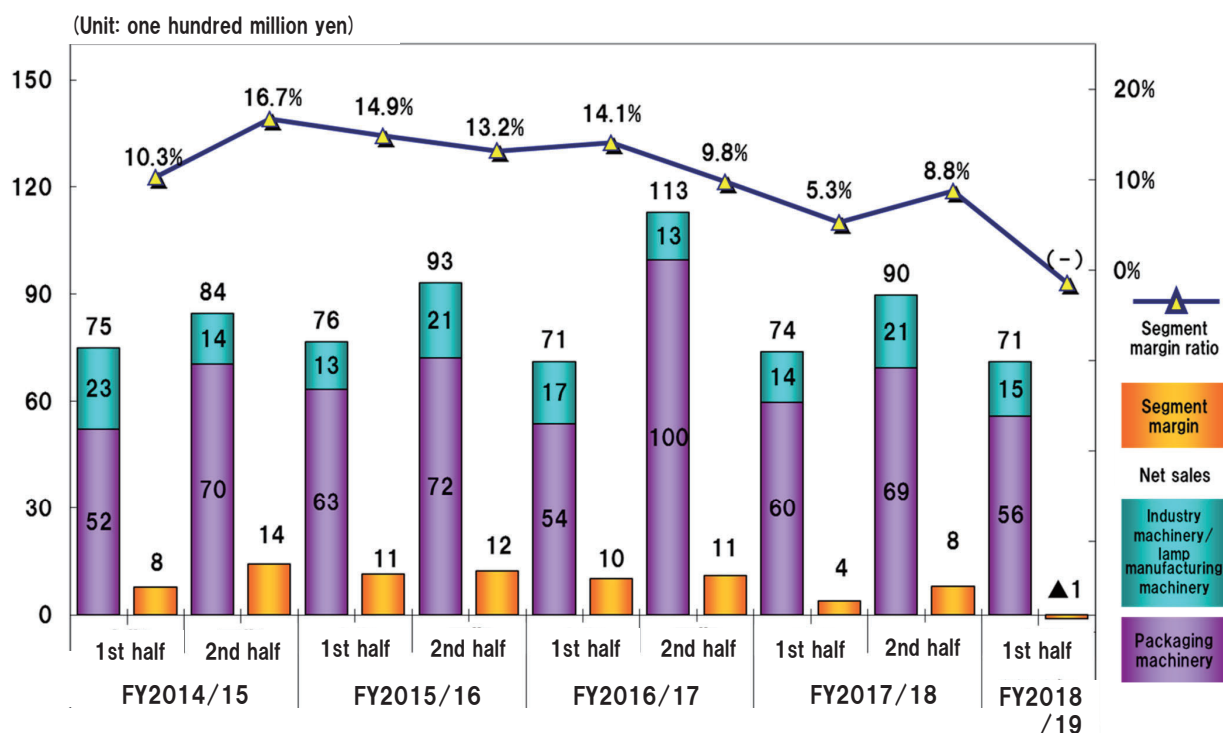
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Components: Domestic and Overseas Sales



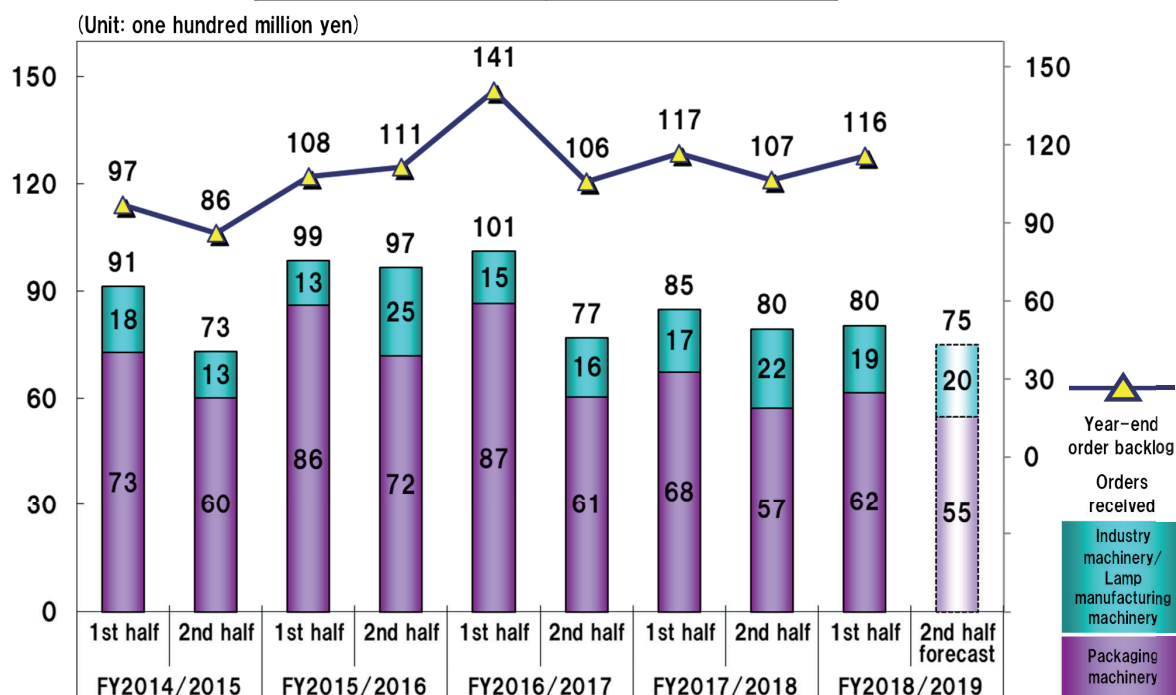
※ [] Omitting effects of closing date change

Automatic Machinery: Achievement Changes



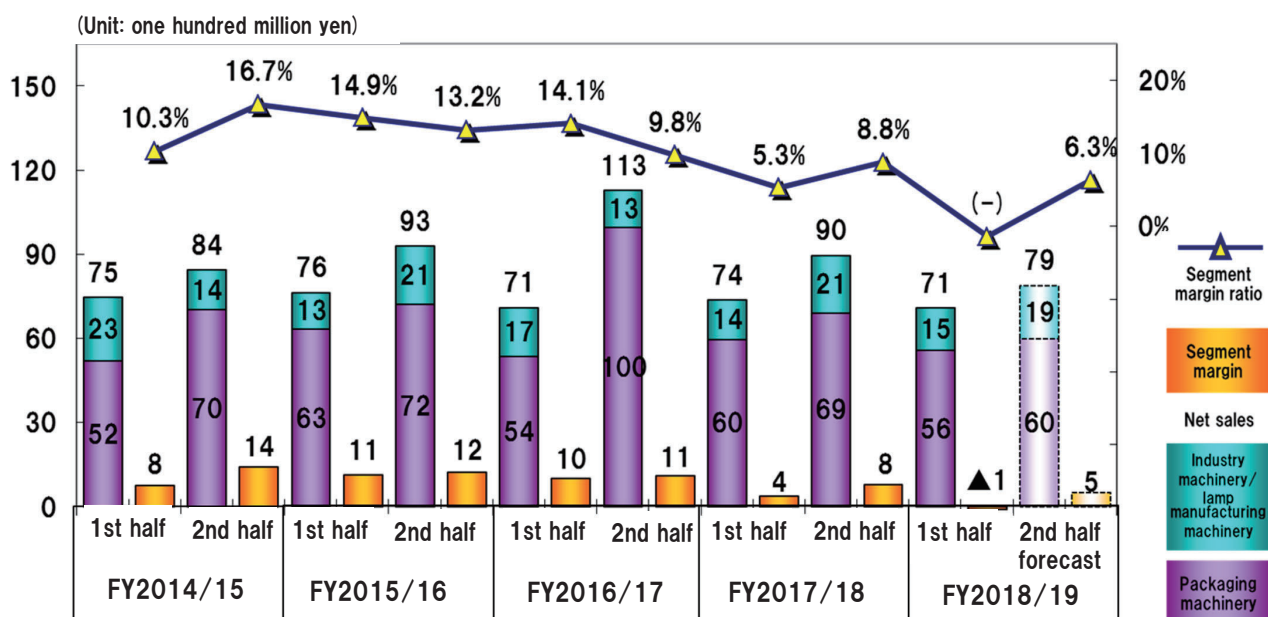
Automatic Machinery: Forecast of Orders Received

FY2018/19	Orders received
2nd half forecast	7.5 billion yen
Full-year forecast	15.5 billion yen

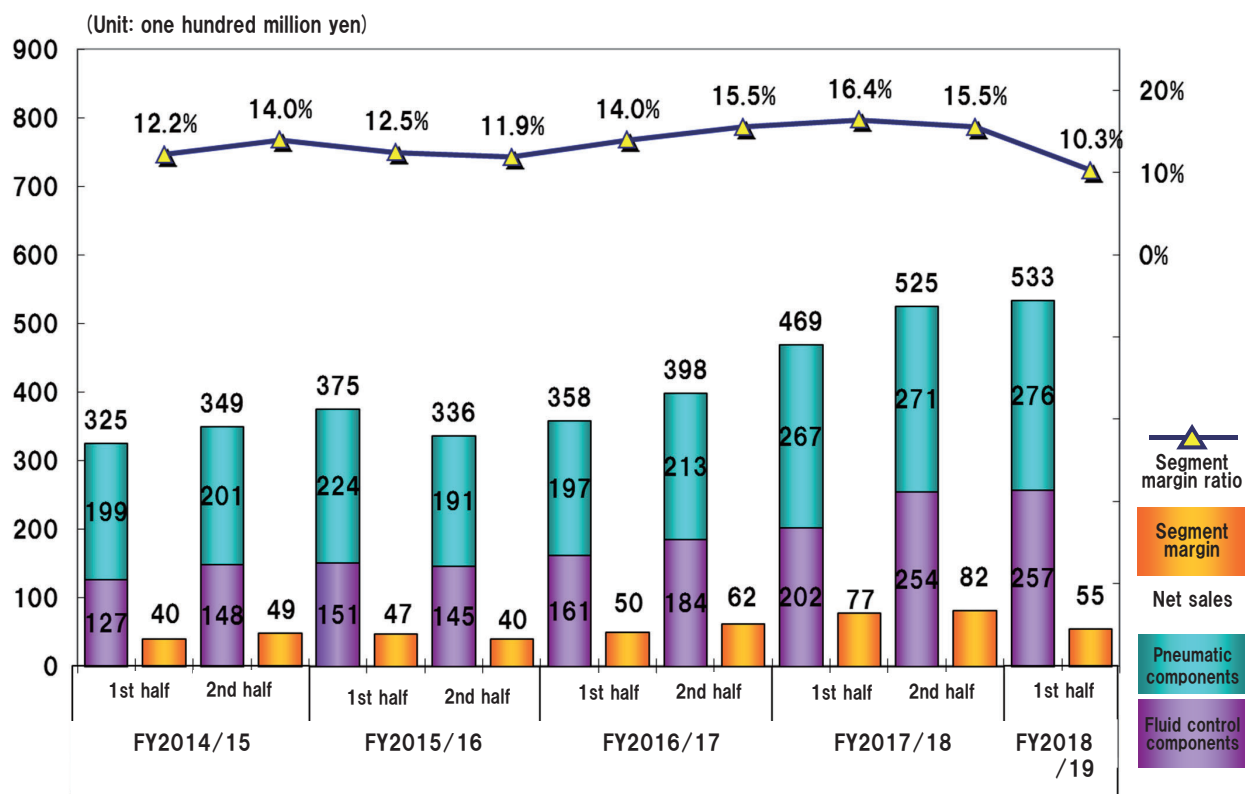


Automatic Machinery: Outlook of Performance

FY2018/19	Sales	Operating income
2nd half forecast	7.9 billion yen	0.5 billion yen
Full year forecast	15.0 billion yen	0.4 billion yen



Components: Achievement Changes



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Components: 1st half of FY 2018/19 Results by Market

*Compared with year-on-year results

(Unit: %)

Main Industries in Japan	1st half expectation (May 14)	1Q results	2Q results	1st half results
Semiconductor	111	125	101	113
Automobile	103	109	105	107
Machine tool	102	115	107	111
Medical	100	111	105	108
Flat-panel display (FPD)	110	102	102	102
Rechargeable battery	98	109	110	110
Total	107	119	101	110

Main areas overseas	1st half expectation (May 14)	1Q results	2Q results	1st half results
East Asia	104	117	101	109
Southeast Asia	106	115	106	110
Total (Including Europe and Americas)	103	115	100	108

※Exchange rate Initial expectation:¥105/\$ 1Q results:¥111/\$ 2Q results:¥110/\$

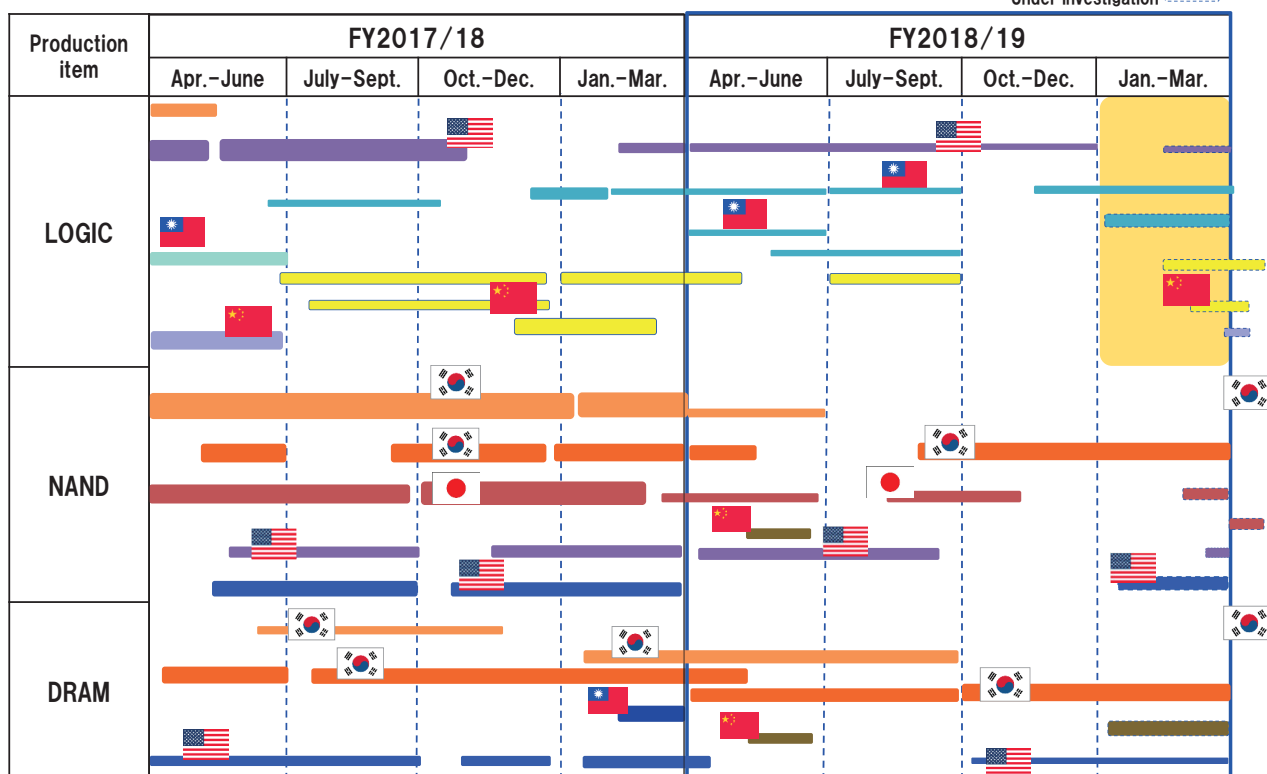
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Semiconductors: Prospects of Device Manufacturers' Investment

(Source: By newspaper etc.)
Under investigation



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Prospects of FPD Manufacturers' Investment

Under investigation (Source: By newspaper etc.)



Semiconductor Equipment Association of Japan (SEAJ) forecast: Investment in Generation 10.5 LCDs to continue $\pm 0\%$ YoY

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Components: Prospects by Market

※Compared with year-on-year results

(Unit: %)

Main Industries in Japan	Full-year forecast (May 14)	1Q result	2Q result	1st half results	2nd half forecast
Semiconductor	114	125	101	113	
Automobile	103	109	105	107	
Machine tool	102	115	107	111	
Medical	102	111	105	108	
Flat-panel display (FPD)	105	102	102	102	
Rechargeable battery	98	109	110	110	
Total	110	119	101	110	

Main areas overseas	Full-year forecast (May 14)	1Q result	2Q result	1st half result	2nd half forecast
East Asia	103	117	101	109	
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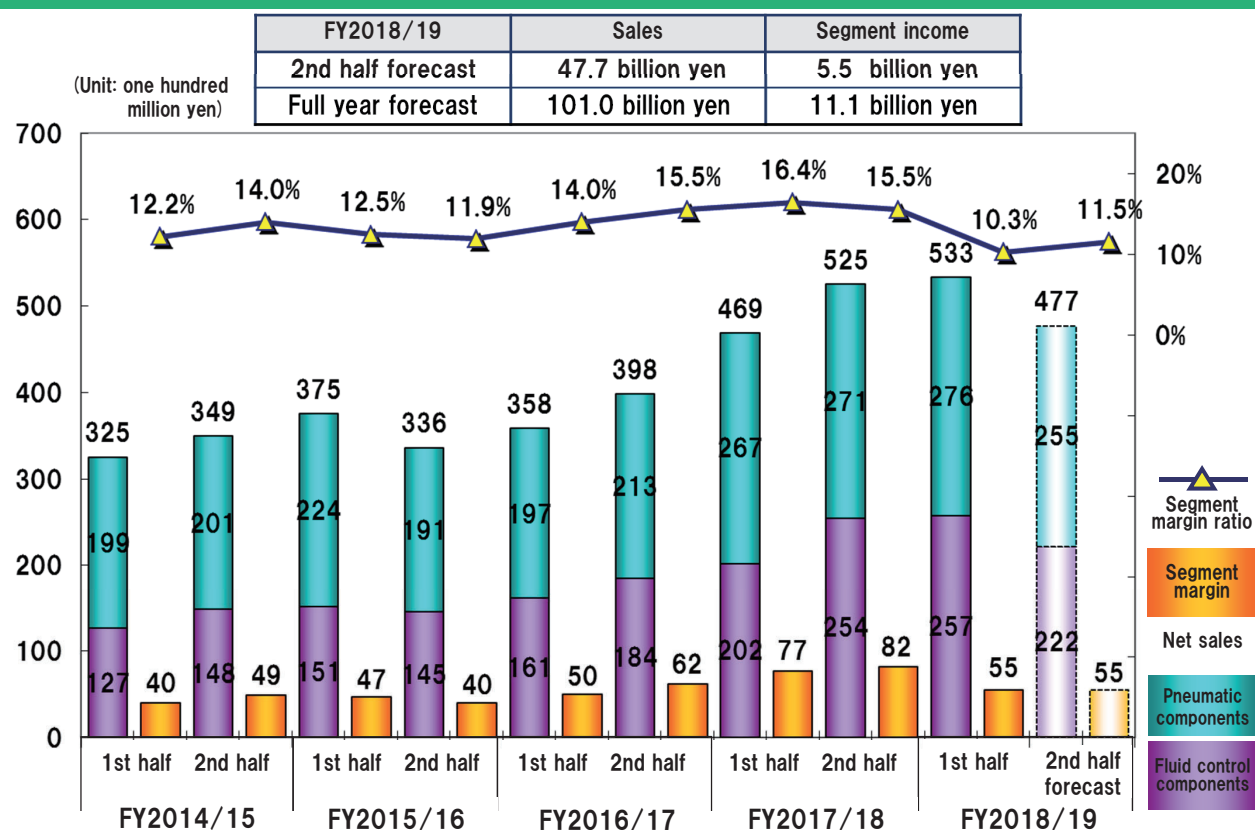
(~95 95~99 100~104 105~)

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Components: Earnings Forecasts

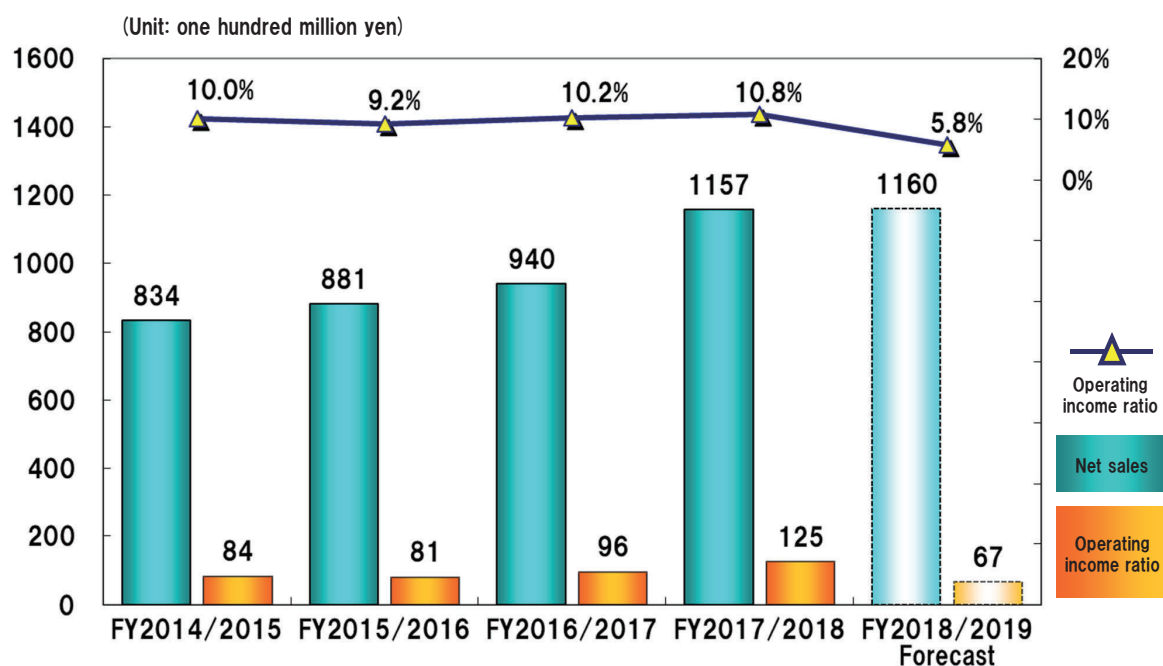


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Total Company Earnings Forecasts



Total Company Earnings Forecasts

(Unit: one hundred million yen)

	FY2017/18 results	FY2018/19 Revision Outlook (Nov. 14)				
		1st half results	2nd half results	Full year forecast	Year-on-year Amount change	Year-on-year % change
Consolidated net sales	1,157	605	556	1,160	3	+ 0%
Automatic machinery	163	71	79	150	— 13	— 8%
Components	994	533	477	1,010	16	+ 2%
Operating income	125	30	37	67	— 58	— 46%
(Operating income ratio)	(10.8%)	(4.9%)	(6.7%)	(5.8%)		
Automatic machinery	12	—1	5	4	— 8	— 67%
(Segment margin)	(7.2%)	(—)	(6.3%)	(2.7%)		
Components	158	55	55	110	— 48	— 30%
(Segment margin)	(15.9%)	(10.3%)	(11.5%)	(10.9%)		
Ordinary income	125	30	37	67	— 58	— 46%
Net income	91	22	26	48	— 43	— 47%

Revision of Earnings Forecasts

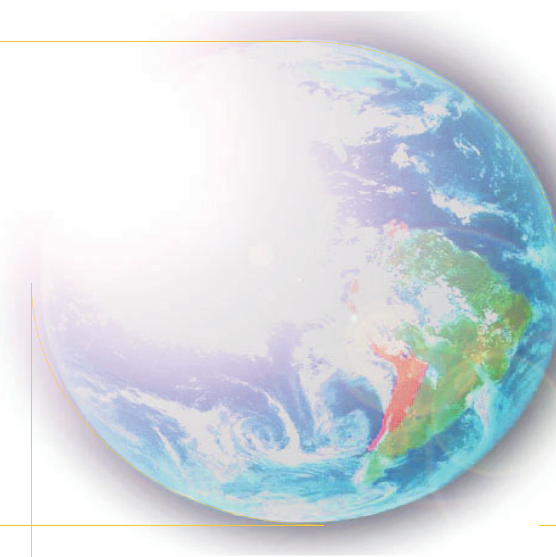
(Unit: one hundred million yen)

	1st half			2nd half	Full year		
	Initial expectation	Results	Actual to expected	Forecast	Initial expectation	Results	Actual to expected
Consolidated net sales	600	605	101%	556	1220	1160	95%
Automatic machinery	73	71	97%	79	150	150	100%
Components	527	533	101%	477	1070	1010	94%
Operating income	69	30	43%	37	140	67	48%
Ordinary income	69	30	43%	37	140	67	48%
Net income	48	22	47%	26	98	48	49%

Revisions in the Initial Forecast of Performance

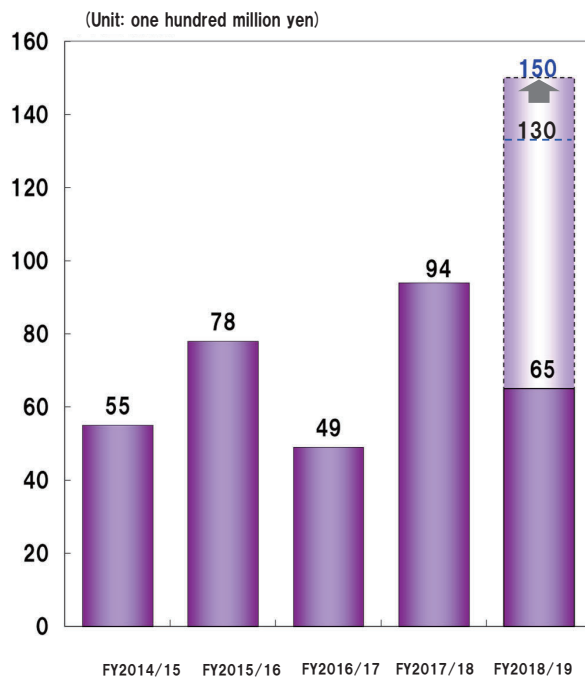
Net sales —6.0 billion yen revised to 116.0 billion yen
 Operating income —7.3 billion yen revised to 6.7 billion yen

Investments

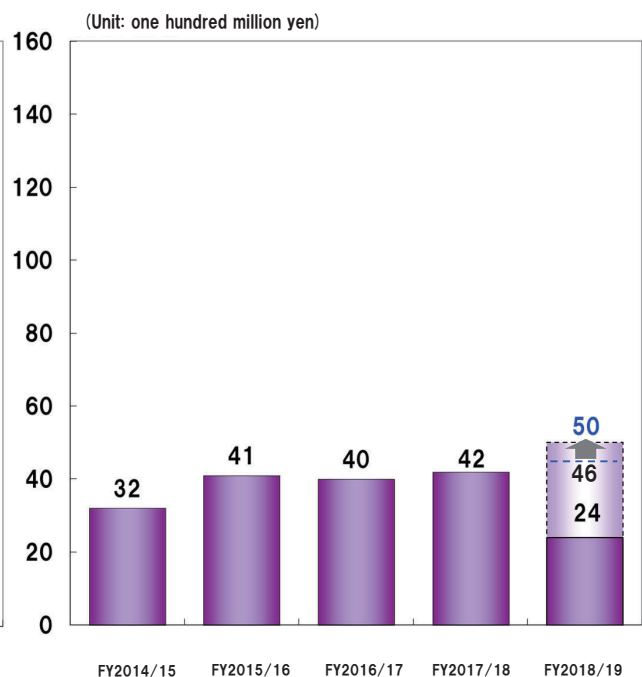


Investments

Investments in plant and equipment

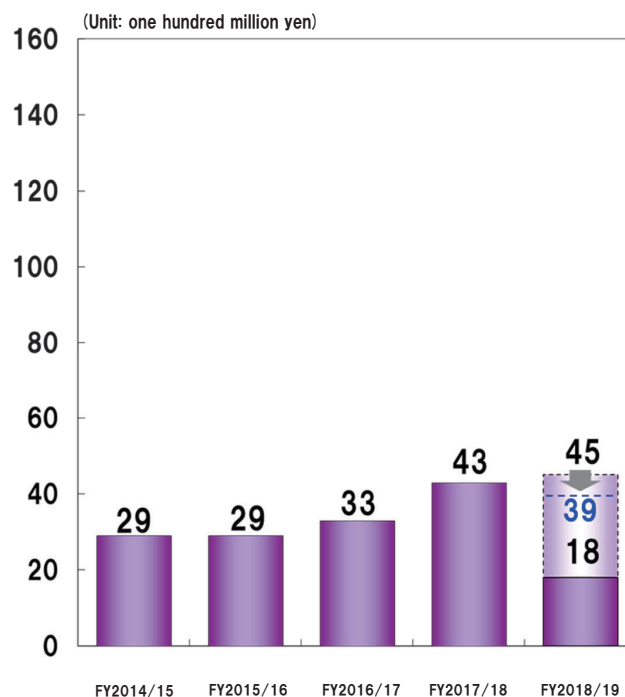


Depreciation costs



Investments

R&D investments

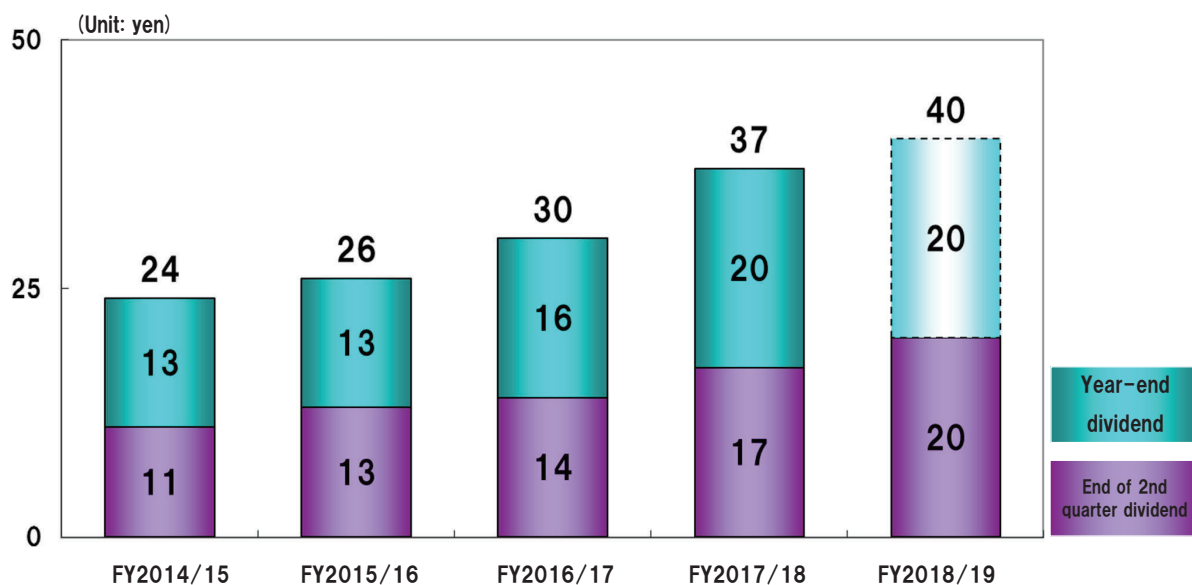


Shareholders' return



Dividends

FY2018/19 dividends
End of 2nd quarter dividend ¥20 per share



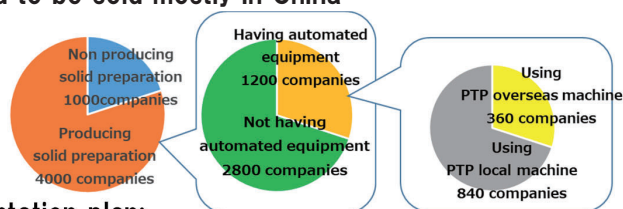
Topics

- Strengthening the Chinese Business for Pharmaceutical Packaging Machines
- Expanding the Packaging Machines Service Business
- Food Packaging Machine (The One Hand Opening Blister Packaging Machine)
- Lithium-ion Battery Manufacturing Machines
- Enhancement of productivity
- Expanding the Range of IoT Components
- Winner Products Introduction



Strengthening the Chinese Business for Pharmaceutical Packaging Machines

- **Adding the new model** respond to the need of the Chinese market
Introduce a **General-Purpose Model** aimed at the medium-speed machine market expected to be sold mostly in China



Implementation plan:

CKD China provides R&D/Delivery/Production/ Service

R&D : CKD Japan supporting

Production : Local parts



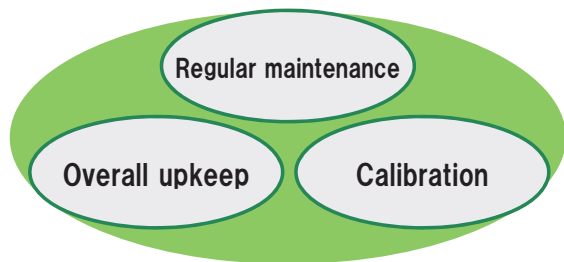
	High function model	General-Purpose Model (China market model)
High-speed machine (6,000 tablets)	Released(600E4)	Released(600EV)
Mid-speed machine (3,000 tablets)	Released(320E、300E)	Development target

- Responding to business practices of China:
Strengthening cooperation between partner company in china(**Local agent**)

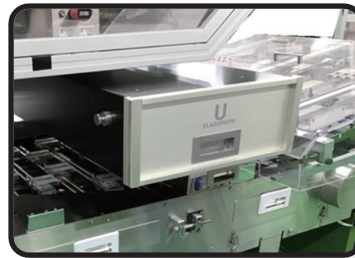
Expanding the Packaging Machines Service Business

■ Preventive maintenance pack

Started in October 2018



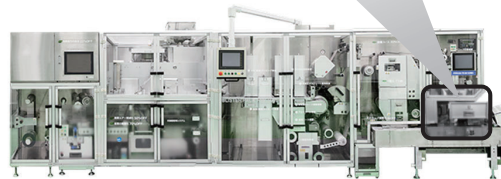
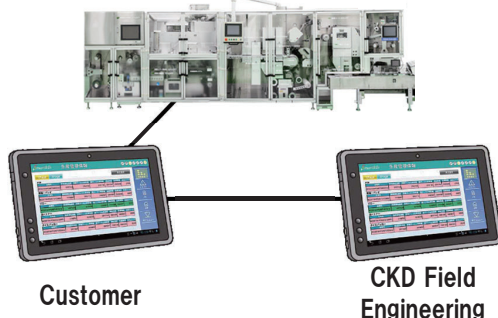
■ Labor-saving proposals for sheet inspection



Sheet inspection machine

■ Predictive maintenance

Service start planned for 2019



• Service target: CKD packaging machine customers
(Approx. 500 machines currently in operation)

Food Packaging Machine (The One Hand Opening Blister Packaging Machine)

■ New machine 「V-Pack」 for making packages that can be opened with one hand

A composite image showcasing the V-Pack machine and its products. The central image is a long, white industrial machine with a green stripe, labeled 'CKD CFE-360E'. To the left, there are two blister packs of V-Pack seasoning. Below them, a hand is shown opening a blister pack over a bowl of food. To the right, there are two rows of V-Pack seasoning packets, one in blister packs and one in a box.

CKD sells special packaging machines and packaging materials as a set

Also selling V packaging materials

Lithium-ion Battery Manufacturing Machines

Point: Development of elemental technologies leading to next generation batteries

Required element technologies

- ① High speed control
- ② Position control



Regarding the Chinese market where the environment became severe, responds to alliances (technical alliance / assignment) with local companies

Types	The Domestic Market	The Chinese Market
Winding type	Continuation	Alliance
Lamination type (Next generation)	Development priority focus	

Enhancement of Productivity

Automatic processing machine



Automatic dimension inspection



Automatic assembly machine



Automatic winding machine

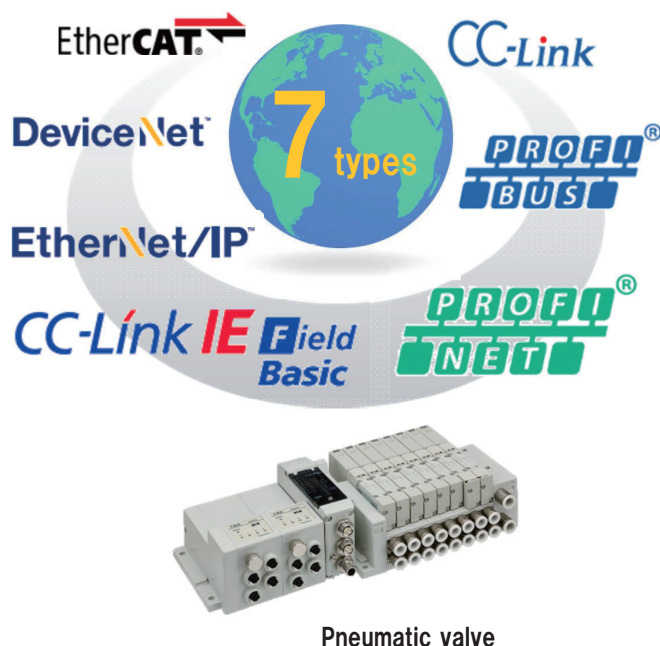


Automatic visual inspection

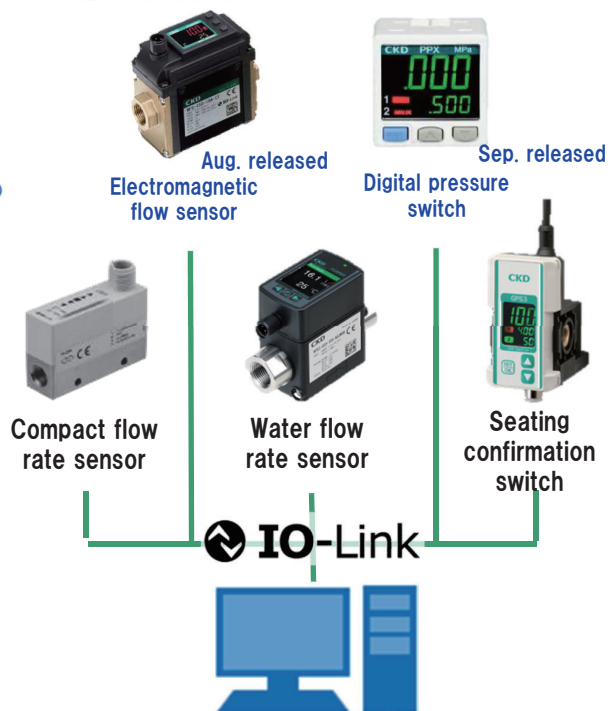


Expanding the Range of IoT Components

Strengthen network components



Compatible with global standard IO-Link



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Winner Products Introduction

The 48th Machine Design Awards



Automatic machinery Pharmaceutical Packaging Machine

「Special Recognition Award」

- Integrated air compressor and refining equipment
- Improving operability, workability, safety, maintainability and cleaning

The Cho Monozukuri Award



Components Carriable Air Supply Unit

「Encouragement Award」

- Integrated air compressor and refining equipment
- Compact product that can be brought in easily to production line and office / research laboratory

Good Design Award 2018



Components Flow Sensor for Water

- Display screen incorporating color universal design
- Smooth design to fit the flange into the body

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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.