

Consolidated Financial Results for FY2017/18

CKD Corporation

May 14, 2018

Ticker Code 6407



Contents

Consolidated Financial Results for FY2017/18

- Summary of consolidated financial results
- Investments
- Shareholders' Return
- Ten-Year Vision
- Topics

Summary of consolidated financial results

■ Results

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



Management Results

(Unit: one hundred million yen)

	FY2016/17 Results	FY2017/18 Results	Year-on-year	
			Amount change	% change
Consolidated net sales	940	1,157	+ 217	+ 23%
Automatic machinery	184	163	- 21	- 11%
Components	756	994	+ 238	+ 31%
Operating income (Operating income ratio)	96 (10.2%)	125 (10.8%)	+ 29	+ 30%
Ordinary income	98	125	+ 27	+ 28%
Net income	70	91	+ 22	+ 31%

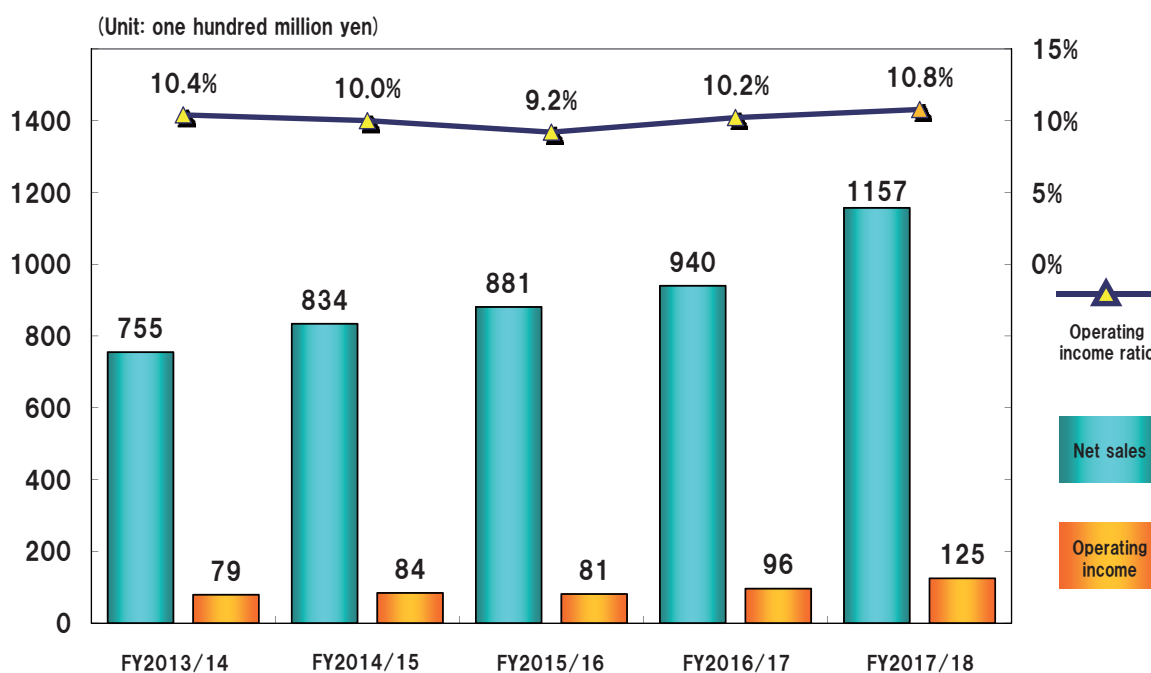
Financial Status

(Unit: one hundred million yen)

	At the end of March 2017	At the end of March 2018	Year on year	
			Amount change	% change
Current assets	689	858	+ 169	+ 25%
Fixed assets	375	470	+ 96	+ 26%
Total assets	1,064	1,328	+ 265	+ 25%
Current liabilities	296	431	+ 134	+ 45%
Fixed liabilities	58	97	+ 39	+ 68%
Total liabilities	354	528	+ 174	+ 49%
Total net assets	710	801	+ 91	+ 13%
Capital adequacy ratio	66.7%	60.2%	—	— 6.5%

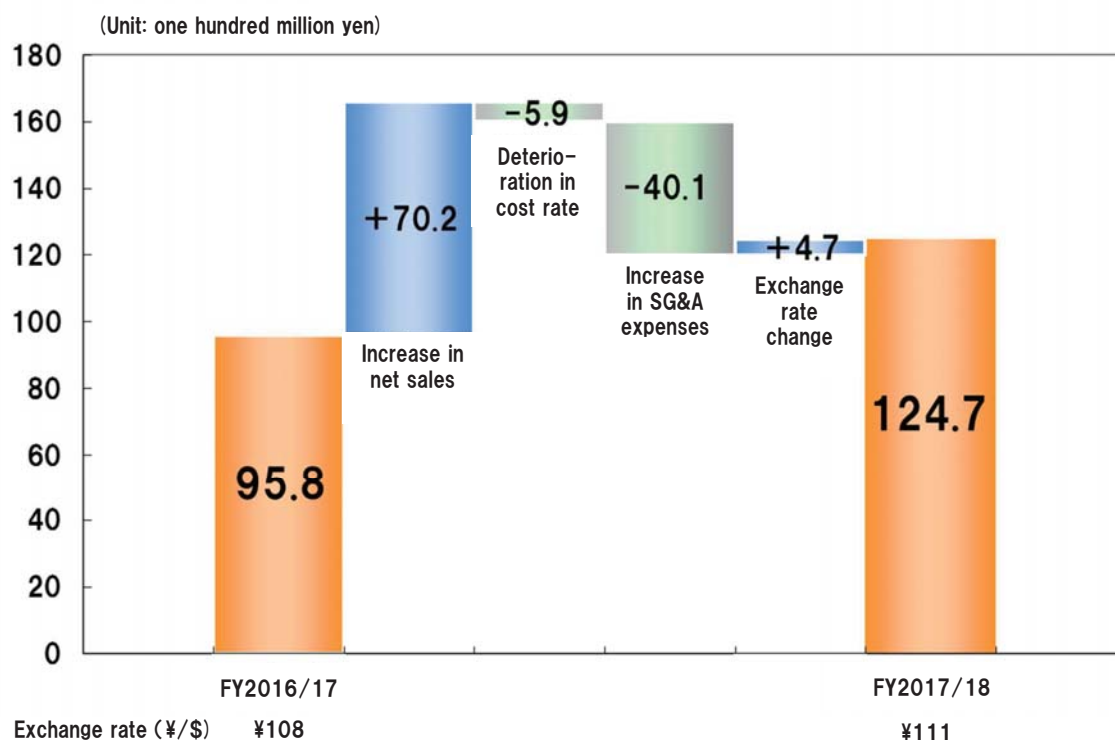
ROE improved to 12.1%, from 10.1% at the previous fiscal year-end.

Consolidated Net Sales and Operating Income

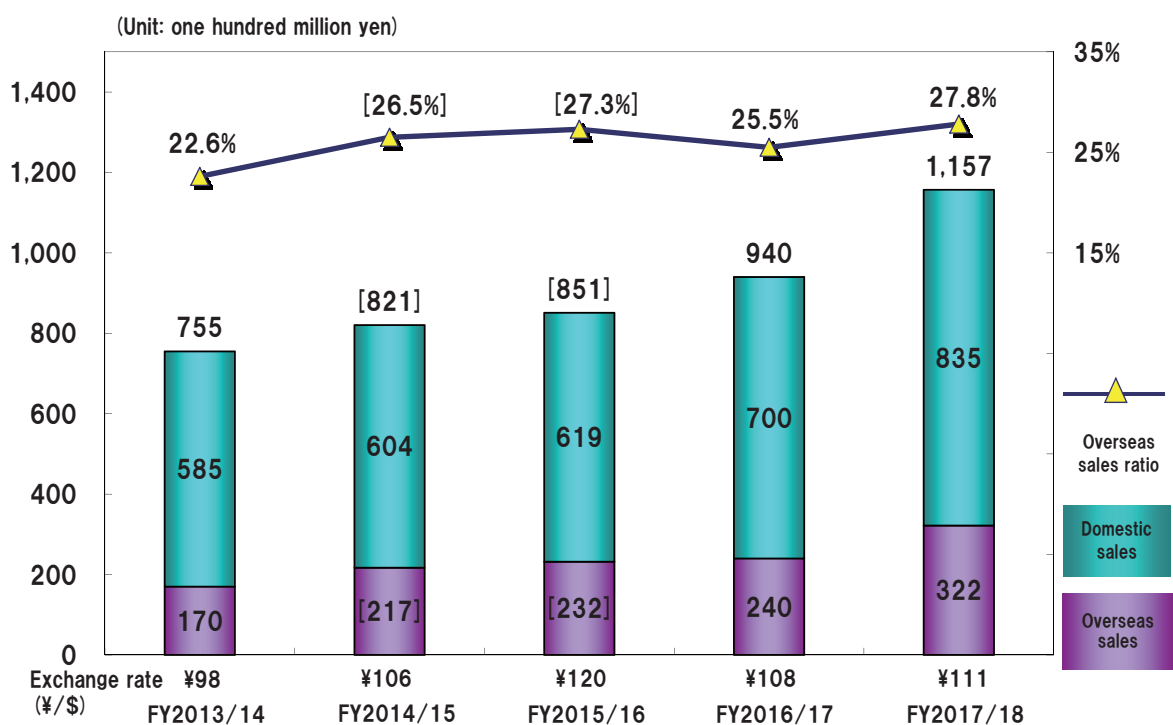


Increase in net sales for five consecutive fiscal years and operating income for two consecutive periods

Factors of Changes in Operating Income



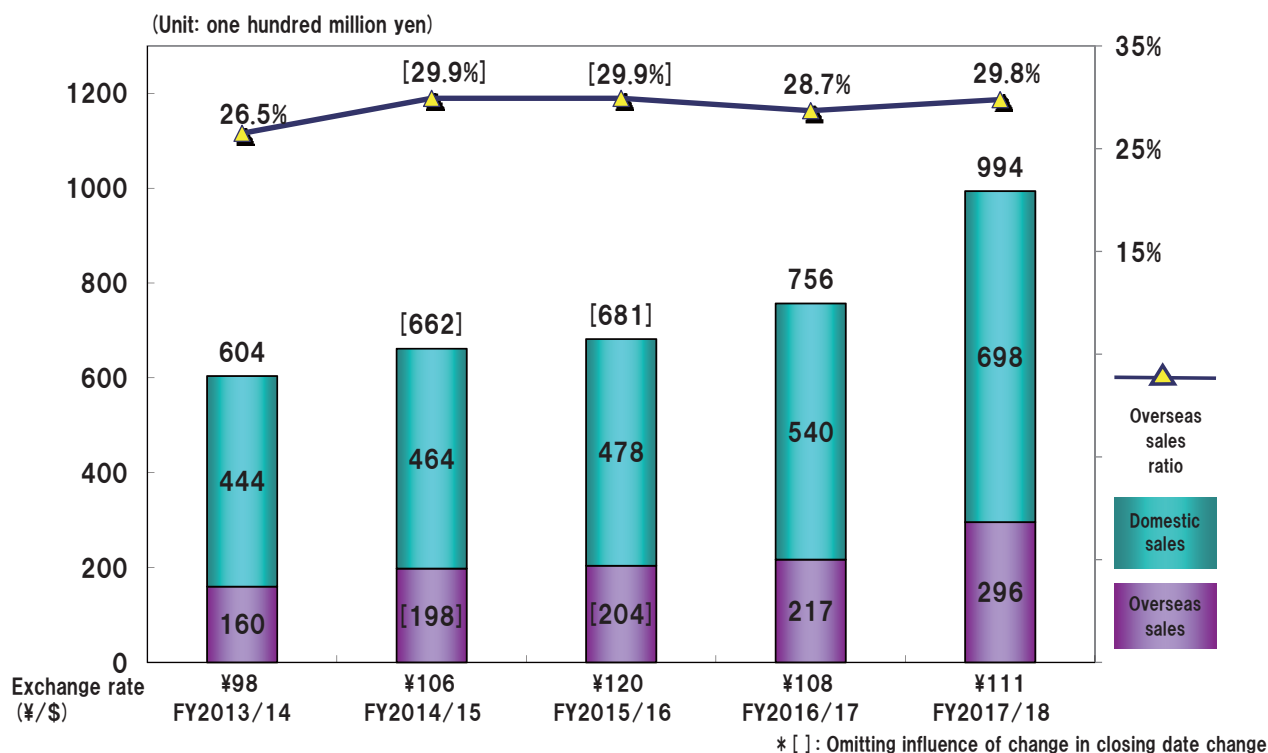
Domestic and Overseas Sales



* [] : Omitting effects of closing date change

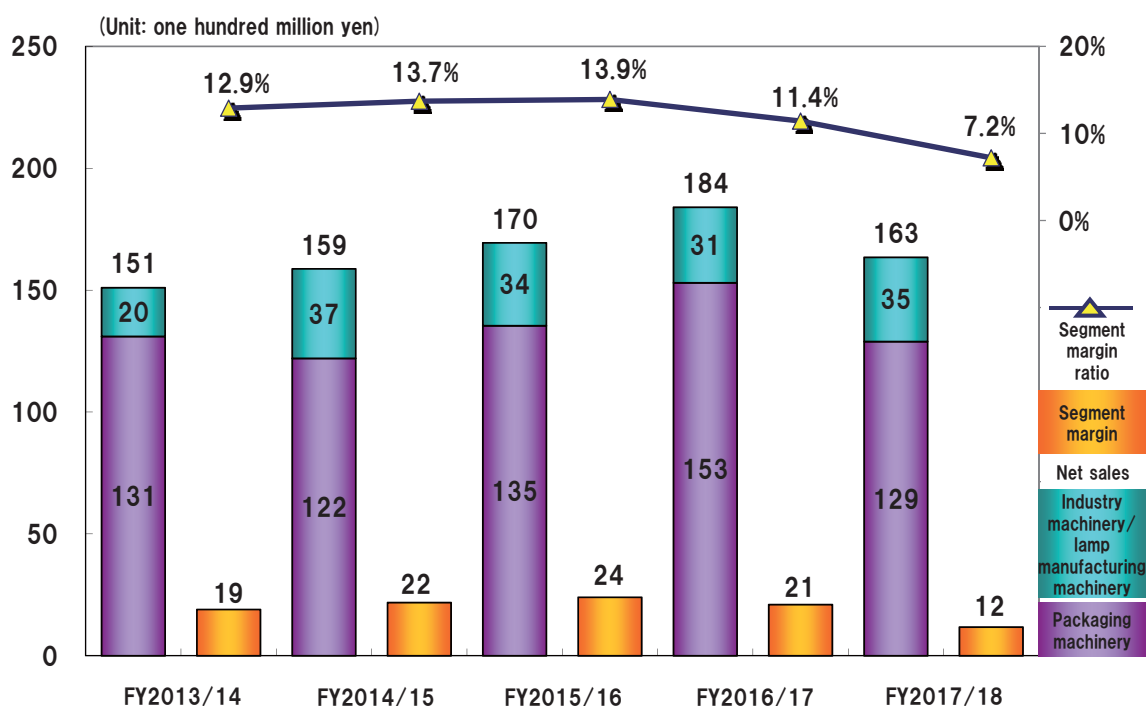
Net sales increased 23% YoY (Japan 19%, Overseas 34%).

Components: Domestic and Overseas Sales



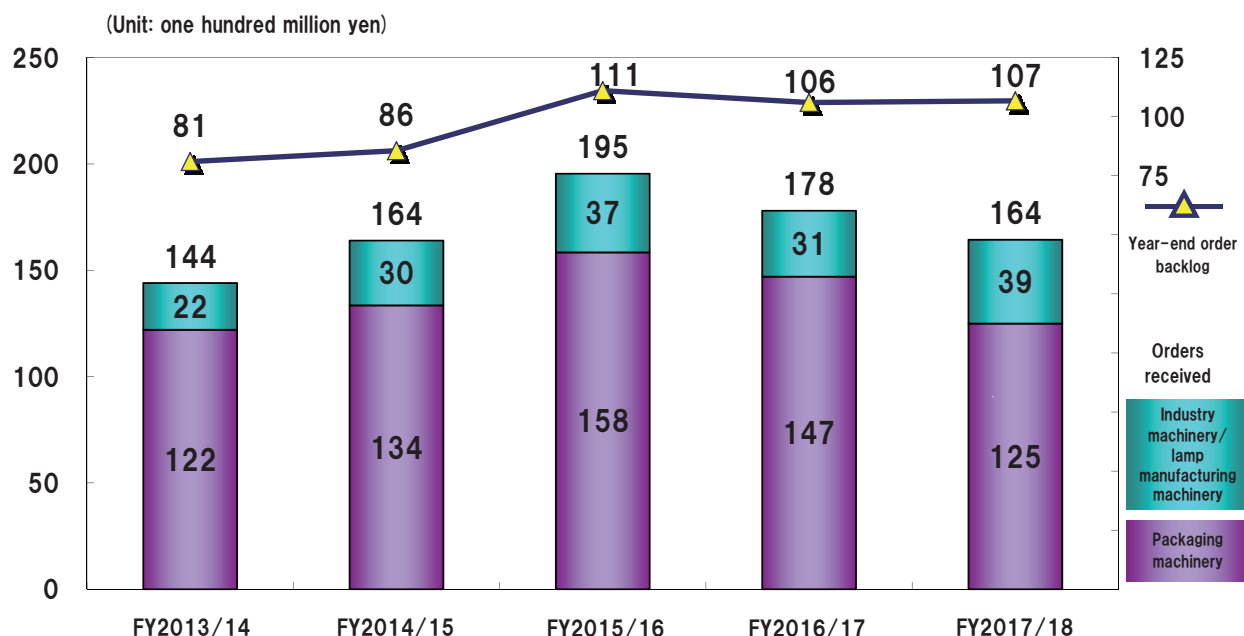
Components sales increased 31% YoY (Japan 29%, Overseas 36%).

Automatic Machinery: Achievement Changes



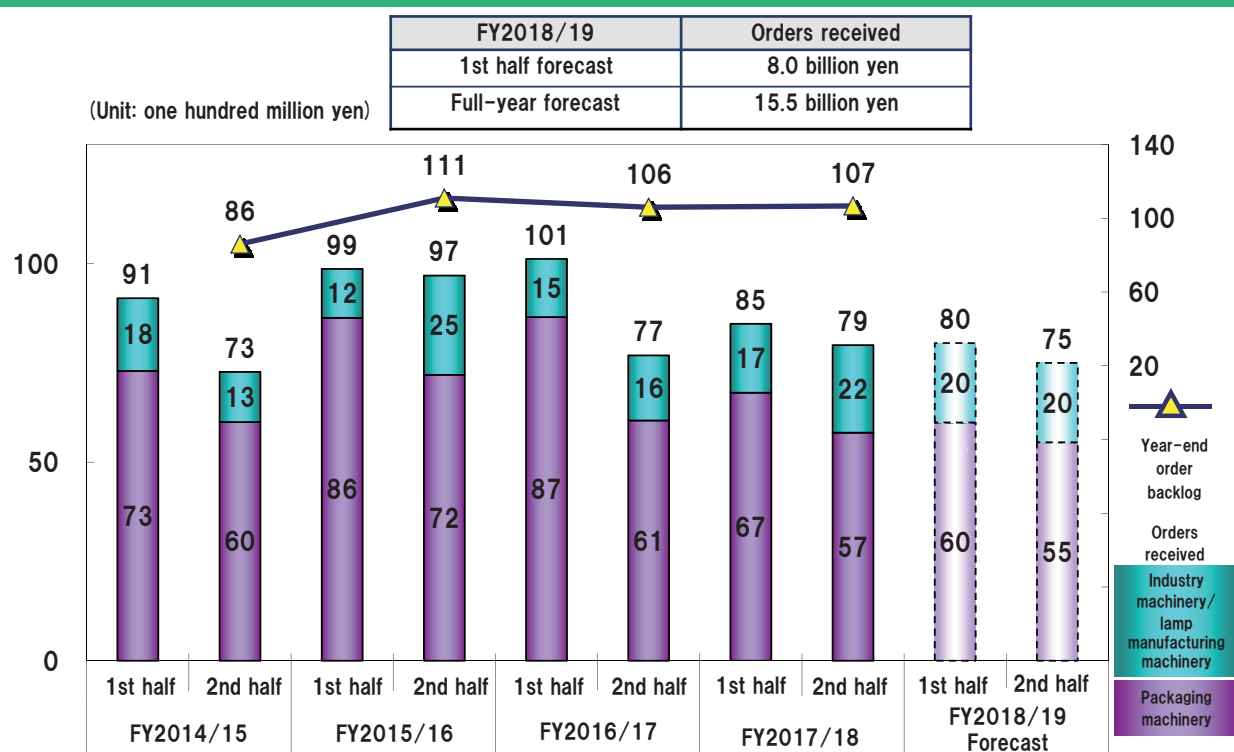
Sales and income declined on scaled-back investment in pharmaceutical equipment in Japan.

Automatic Machinery: Achievement Changes



Orders declined on scaled-back investment in pharmaceutical equipment in Japan.

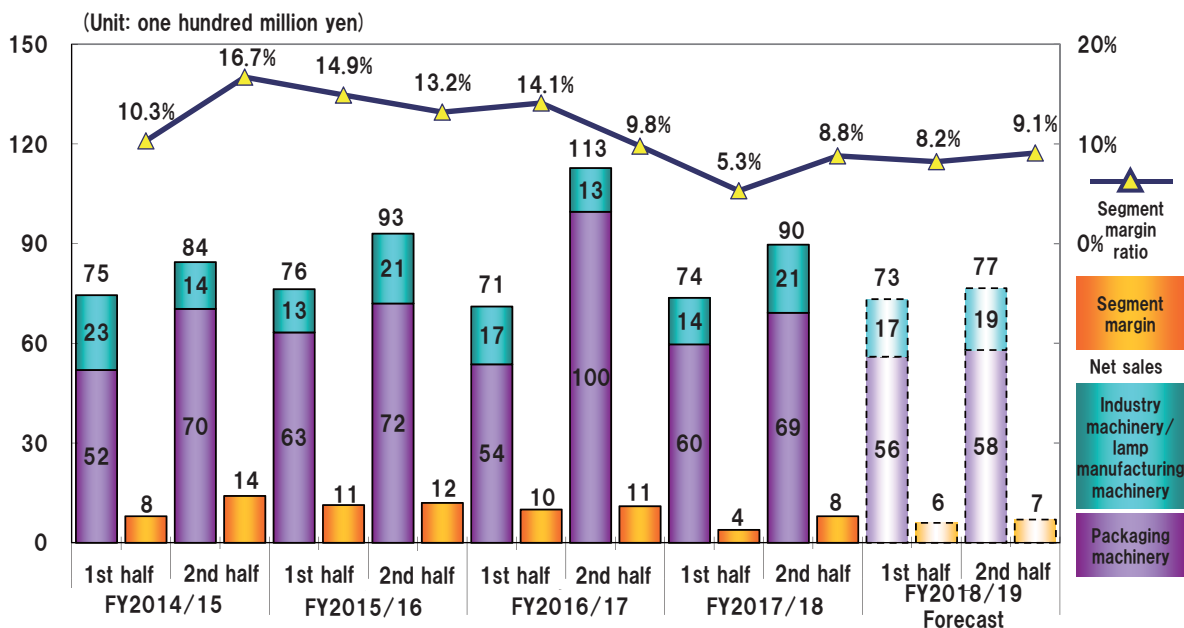
Automatic Machinery: Forecast of Orders Received



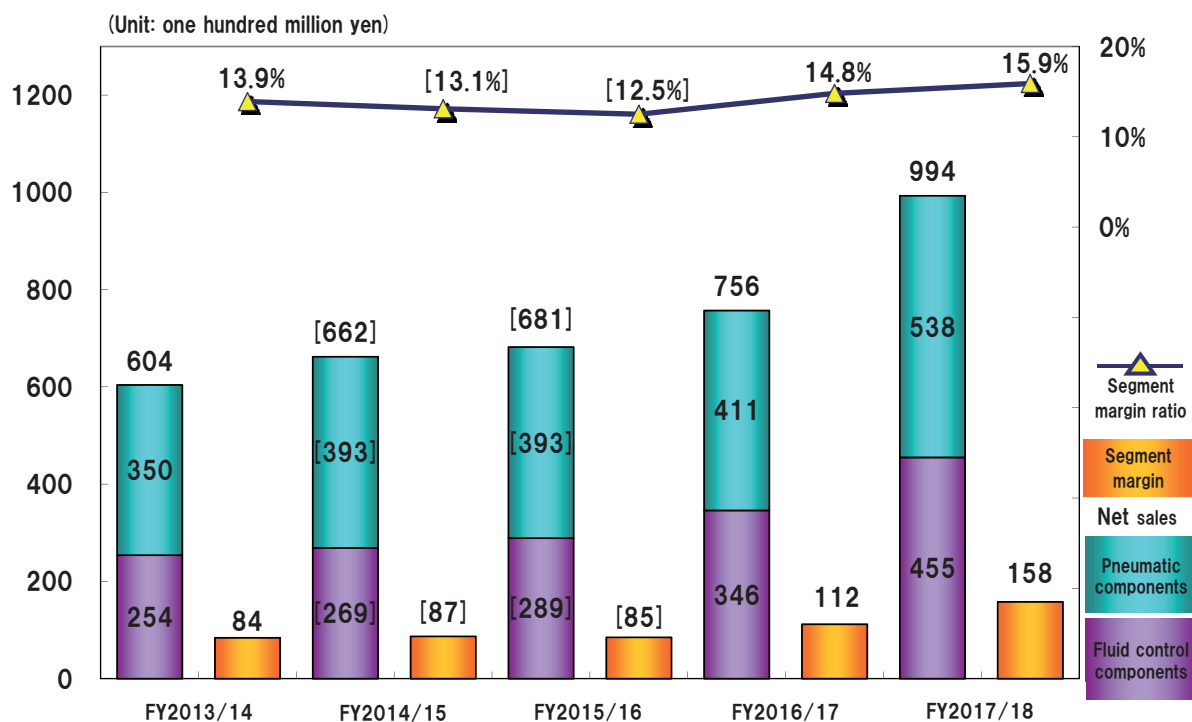
We expect sales of solder paste inspection machines to remain firm, but a decline for pharmaceutical packaging machines is forecast.

Automatic Machinery: Outlook of Performance

FY2018/19	Sales	Operating income
1st half forecast	7.3 billion yen	0.6 billion yen
Full-year forecast	15.0 billion yen	1.3 billion yen



Components: Achievement Changes



* [] : Omitting effects of closing date change

Net sales rose 31% YoY for both pneumatic and fluid control components.

Components: FY2017/18 Results by Market

Compared with year-on-year results

(Unit: %)

Main industries in Japan	1st half results	2nd half results	Full-year results
Semiconductor	120	154	137
Automobile	98	110	104
Machine tool	126	138	132
Medical	103	100	101
Flat-panel display (FPD)	114	129	121
Rechargeable battery	119	108	113
Total	117	144	130

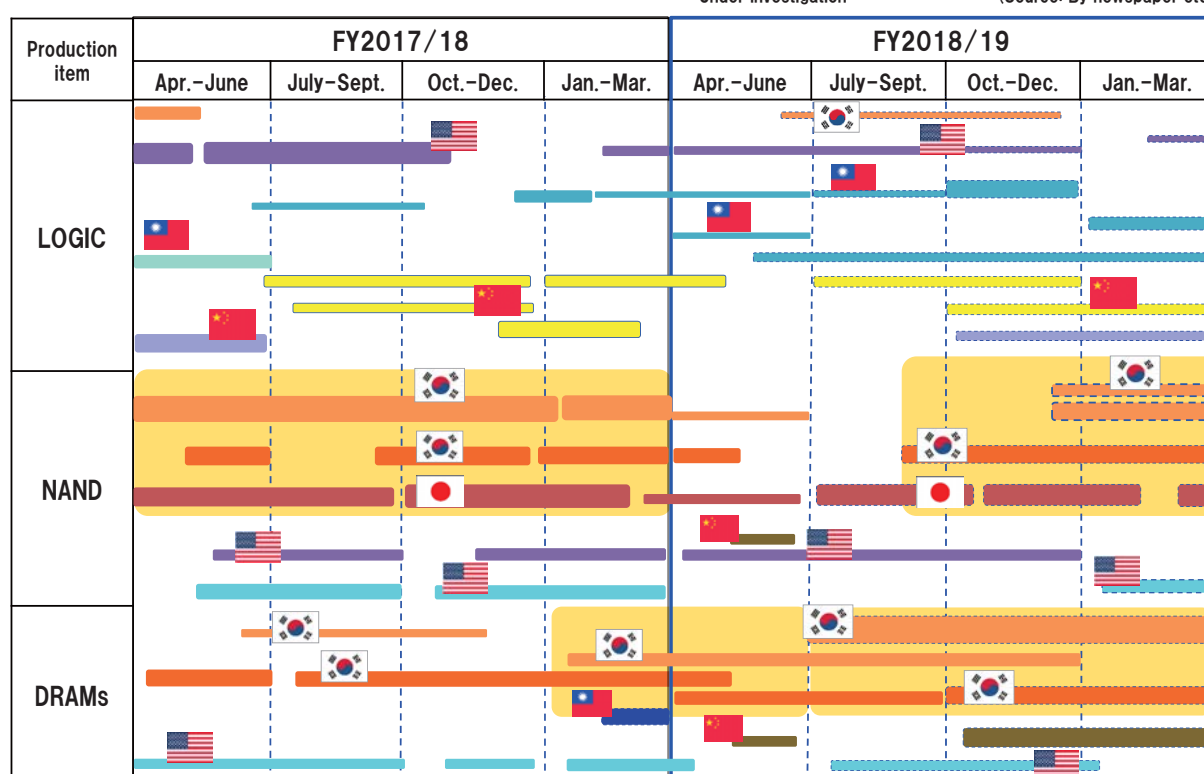
(Exchange rate: ¥111/dollar)

Main areas overseas	1st half results	2nd half results	Full-year results
East Asia	144	142	143
Southeast Asia	122	127	124
Total (Including Europe and Americas)	137	136	136

Semiconductors: Prospects of Device Manufacturers' Investment

Under investigation

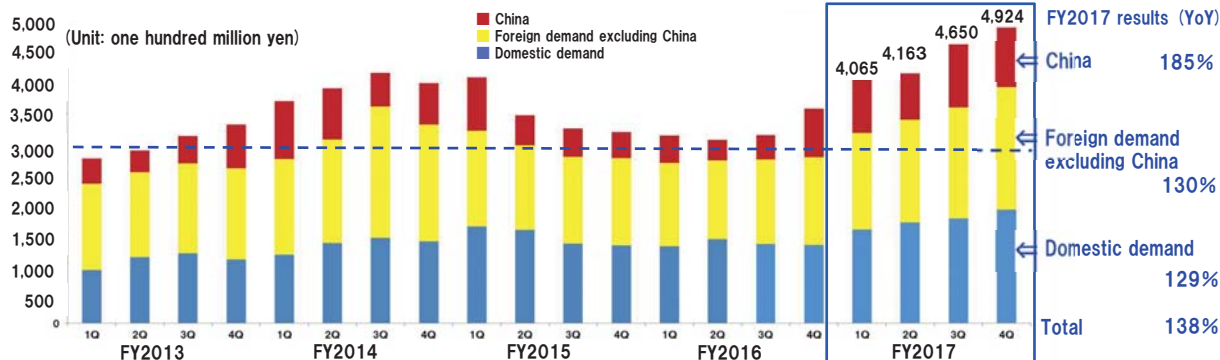
(Source: By newspaper etc.)



Machine Tools

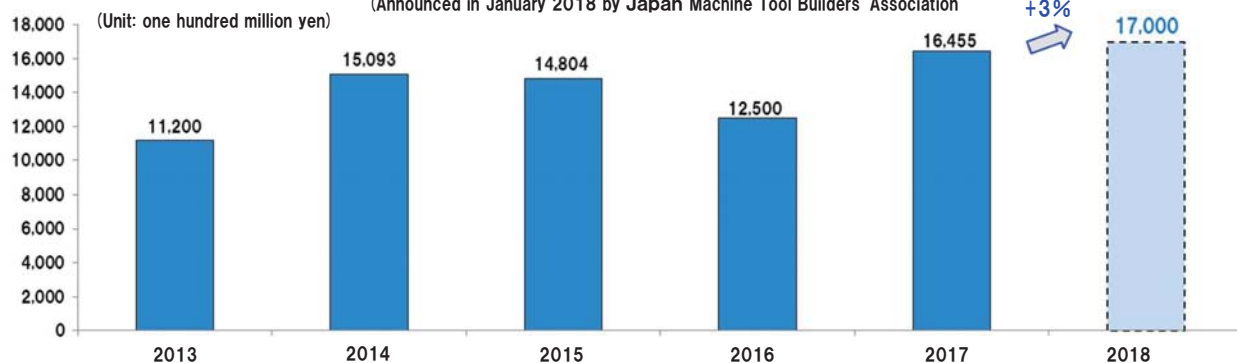
■ Trends of orders received for machine tools made in Japan

(Source: Japan Machine Tool Builders' Association)



■ Outlook for orders received for machine tools made in Japan (Calendar year)





(Announced in January 2018 by Japan Machine Tool Builders' Association)



Prospects of FPD Manufacturers' Investment

Under investigation

(Source: By newspaper etc.)

FPD manufacturers by country	FY2017/18				FY2018/19			
	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.
	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars
	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars
	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars
	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars	Investment bars

Semiconductor Equipment Association of Japan (SEAJ) forecast: Investment in Generation 10.5 LCDs to continue rising 2% YoY

Components: FY2018/19 Prospects by Market

Compared with year-on-year results

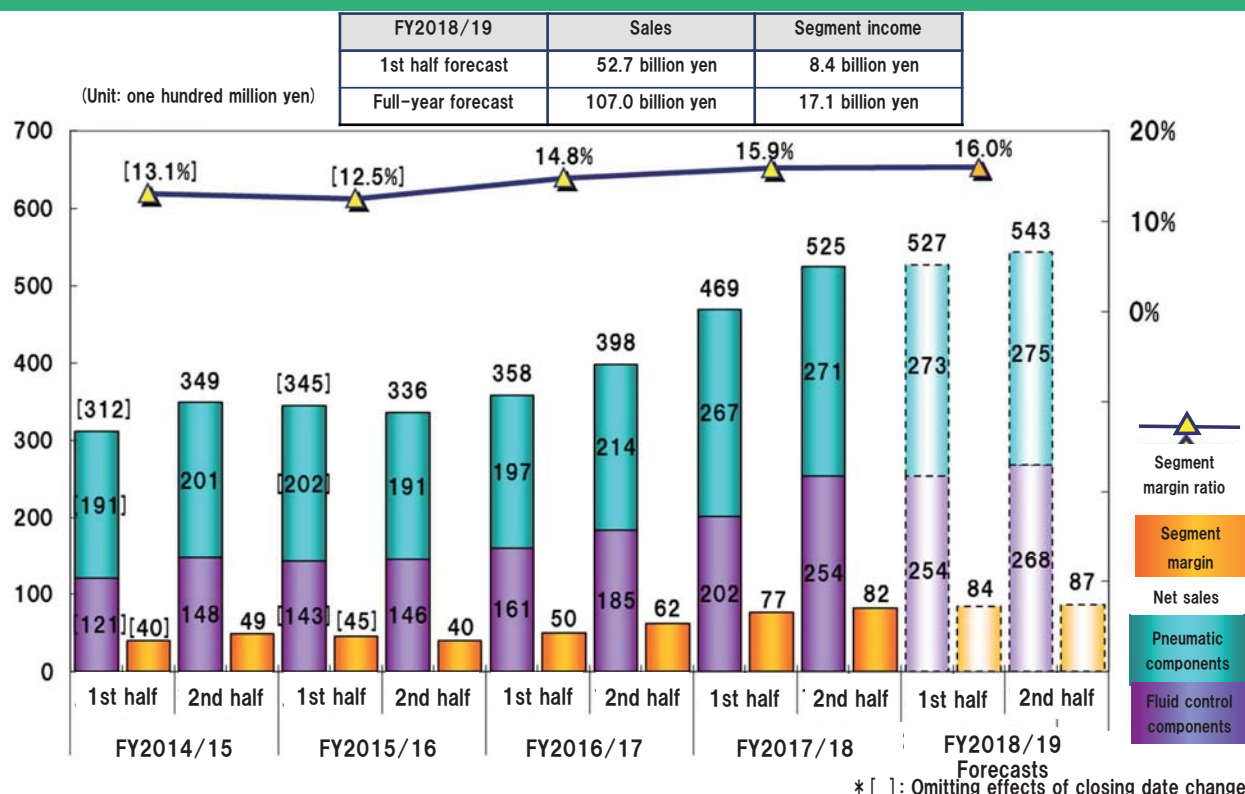
(Unit: %)

Main industries in Japan	1st half forecast	2nd half forecast	Full-year forecast
Semiconductor	111	117	114
Automobile	103	103	103
Machine tool	102	102	102
Medical	100	105	102
Flat-panel display (FPD)	110	100	105
Rechargeable battery	98	98	98
Total	107	112	110

(Exchange rate assumption: ¥105/dollar)

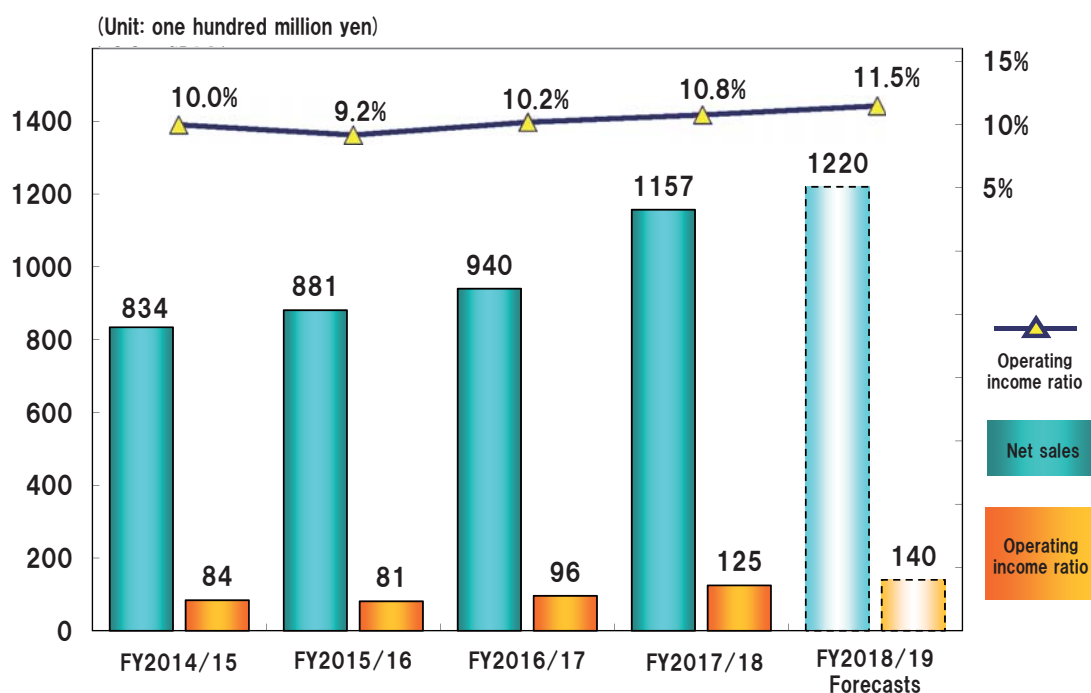
Main areas overseas	1st half forecast	2nd half forecast	Full-year forecast
East Asia	104	103	103
Southeast Asia	106	106	106
Total (Including Europe and Americas)	103	103	103

Components: Earnings Forecasts



Year-on-year increases of 12% in 1H and 3% in 2H are forecast.

Total Company Earnings Forecasts



Year-on-year increases in net sales of 5% and operating income of 12% are forecast.

Total Company Earnings Forecasts

(Unit: one hundred million yen)

	FY2017/18 Results	FY2018/19 Outlook			Year-on-Year Amount change	Year-on-Year % change
		1st half	2nd half	Full year		
Consolidated net sales	1,157	600	620	1,220	63	+ 5%
Automatic machinery	163	73	77	150	-13	- 8%
Components	994	527	543	1,070	76	+ 8%
Operating income (Operating income ratio)	125 (10.8%)	69 (11.5%)	71 (11.5%)	140 (11.5%)	15	+ 12%
Automatic machinery (Segment margin)	12 (7.2%)	6 (8.2%)	7 (9.1%)	13 (8.7%)	1	+ 11%
Components (Segment margin)	158 (15.9%)	84 (15.9%)	87 (16.0%)	171 (16.0%)	13	+ 8%
Ordinary income	125	69	71	140	15	+ 12%
Net income	91	48	50	98	7	+ 7%

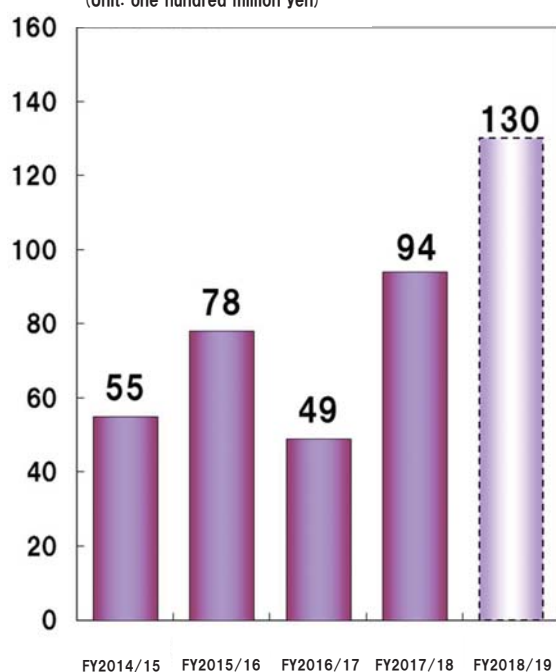
Investments



Investments

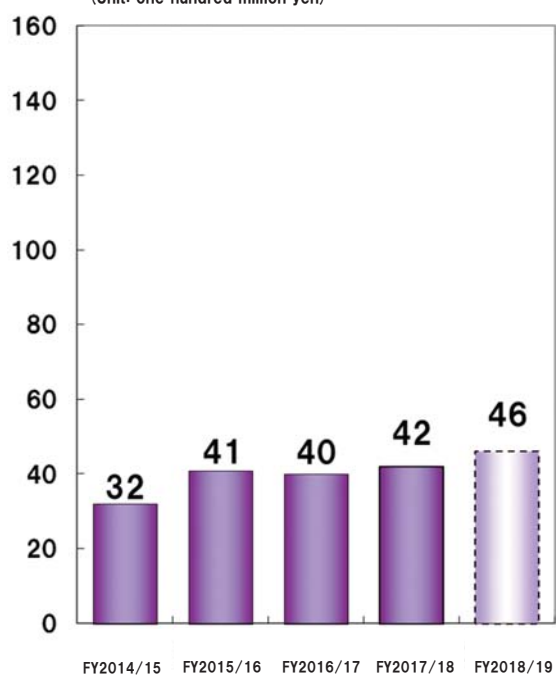
Investments in plant and equipment

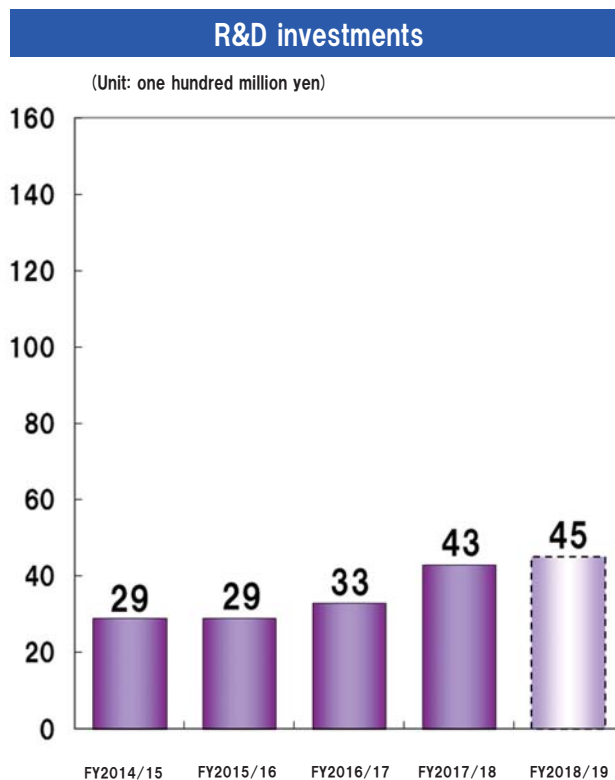
(Unit: one hundred million yen)



Depreciation costs

(Unit: one hundred million yen)





Shareholders' return

■ Dividends

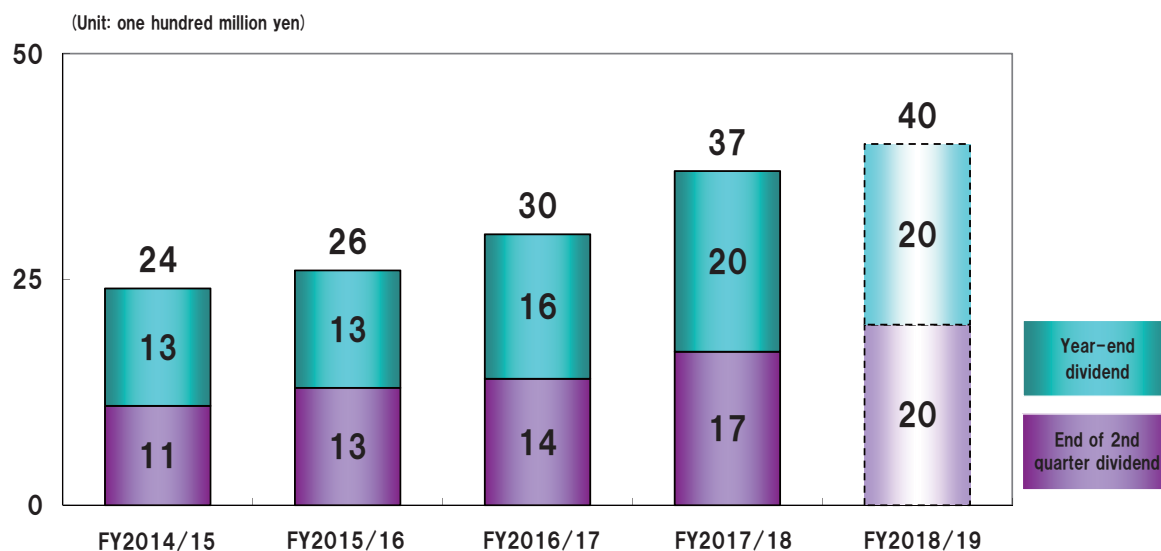
FY2017/18 year-end dividend: ¥20 per share



Dividends

FY2017/18 dividends
 Year-end dividend ¥20 per share
 Total dividends ¥2,290 million

Forecast for FY2019/20 dividends
 End of 2nd quarter dividend ¥20 per share
 Year-end dividend ¥20 per share



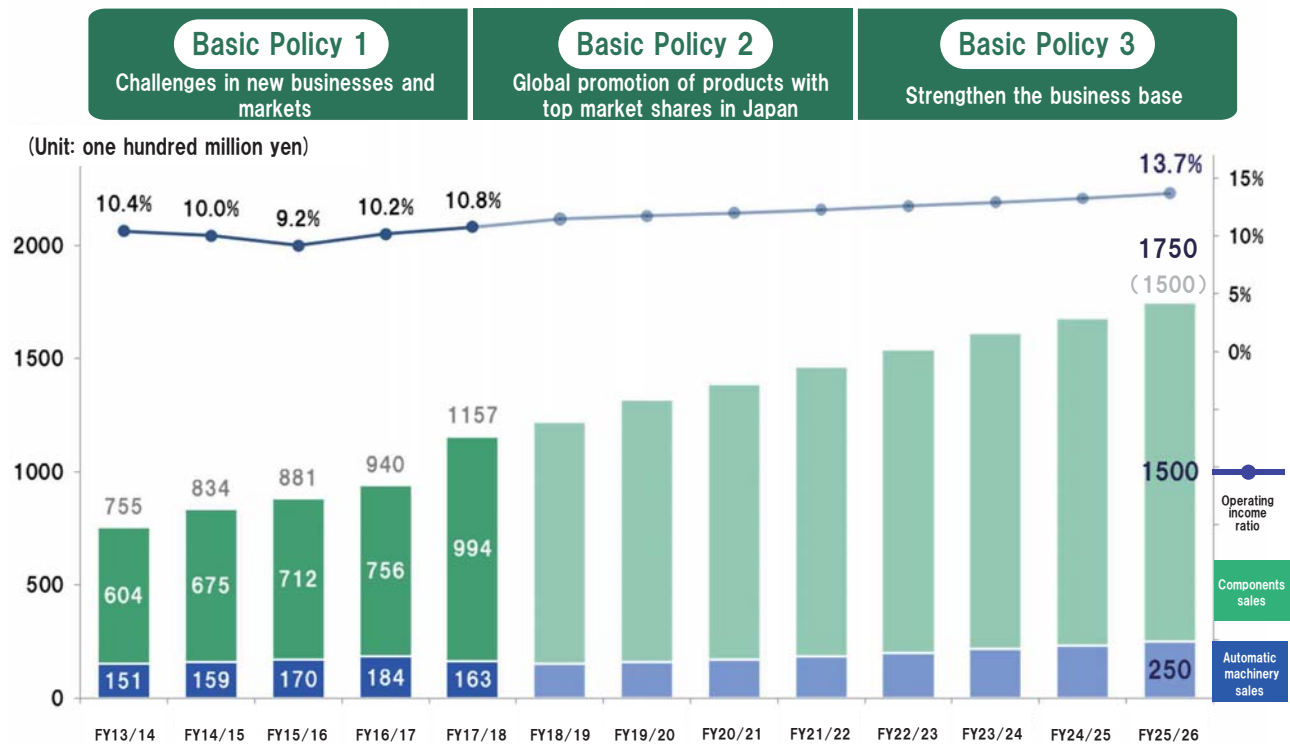
10-Year Vision

- Revised 10-Year Vision
 Incorporating Changes in the Market Environment



10-Year Vision “GO CKD!”

Global Factory Automation (FA) Total Supplier



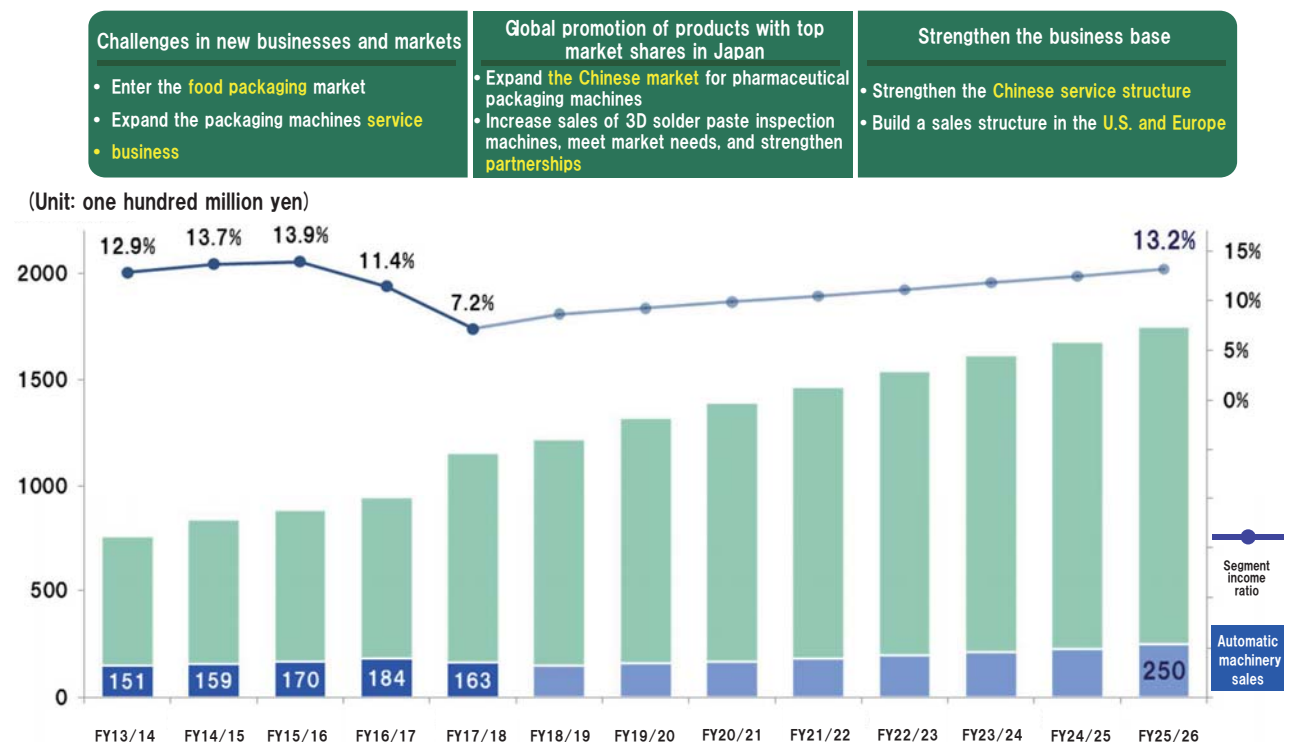
29

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10-Year Vision “GO CKD!” Automatic Machinery

Global Factory Automation (FA) Total Supplier



30

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New Challenges in the Food Packaging Market

- Launch of a new machine for making packages that can be opened with one hand

THE ONE HAND OPENING BLISTER
Vパック 
V-Pack



- Joint development with package maker holding patent
- Production capacity: Up to 400 packs/min
- First order in March 2018

31

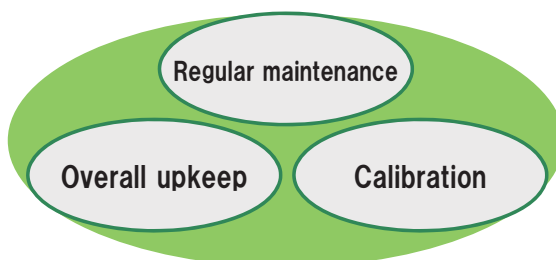
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Expanding the Packaging Machines Service Business

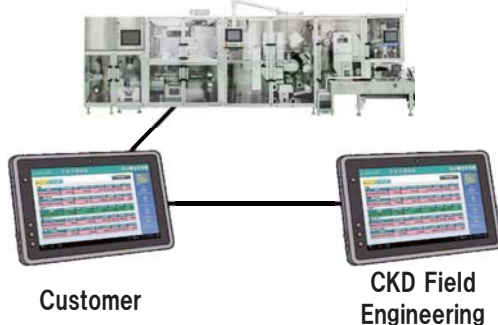
- Preventive maintenance pack

Service start planned for October 2018



- Predictive maintenance

Service start planned for 2019



- Labor-saving proposals for sheet inspection



Sheet inspection machine



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

32

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Expanding the Chinese Market for Pharmaceutical Packaging Machines

■ Expanded product lineup



High-speed machine

Production capacity: 6,000 tablets/min



Mid-speed machine

Dual-side aluminum packaging

Production capacity: 3,000 tablets/min



Foreign substance inspection machine for the Chinese market

■ Production launched in China in April 2016



■ Building a service structure

Field service begun in July 2015

CKD Shanghai sales and Japanese service personnel

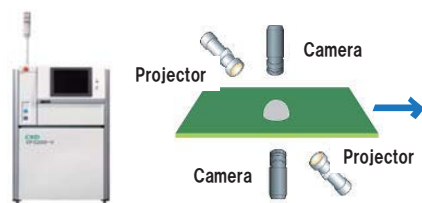
Two Japanese engineers assigned to Chinese office from April 2018

Expanding Sales of 3D Solder Paste Inspection Machines

■ Responding to new needs



Minute inspection model VP6000-V

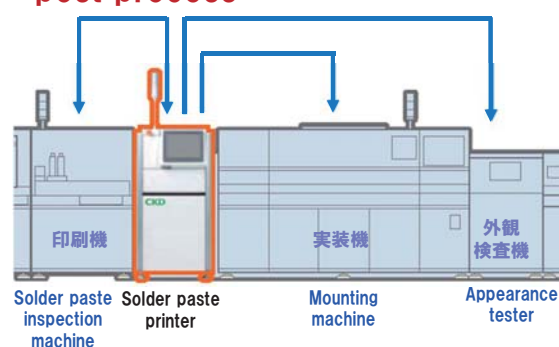


Dual-side inspection model VP5200R-V



High-speed dual lane model VP5200D-V

■ Data linkage between pre and post process



■ Building a sales structure in the U.S. and Europe

March 2017 – Office opened in the Netherlands

October 2017 – Office opened in Mexico

10-Year Vision “GO CKD!” Components

Global Factory Automation (FA) Total Supplier

Challenges in new businesses and markets

- Strengthen the **electro-motion business**
- Expand the range of **IoT** components
- Broaden the business scope to **agriculture and foods**

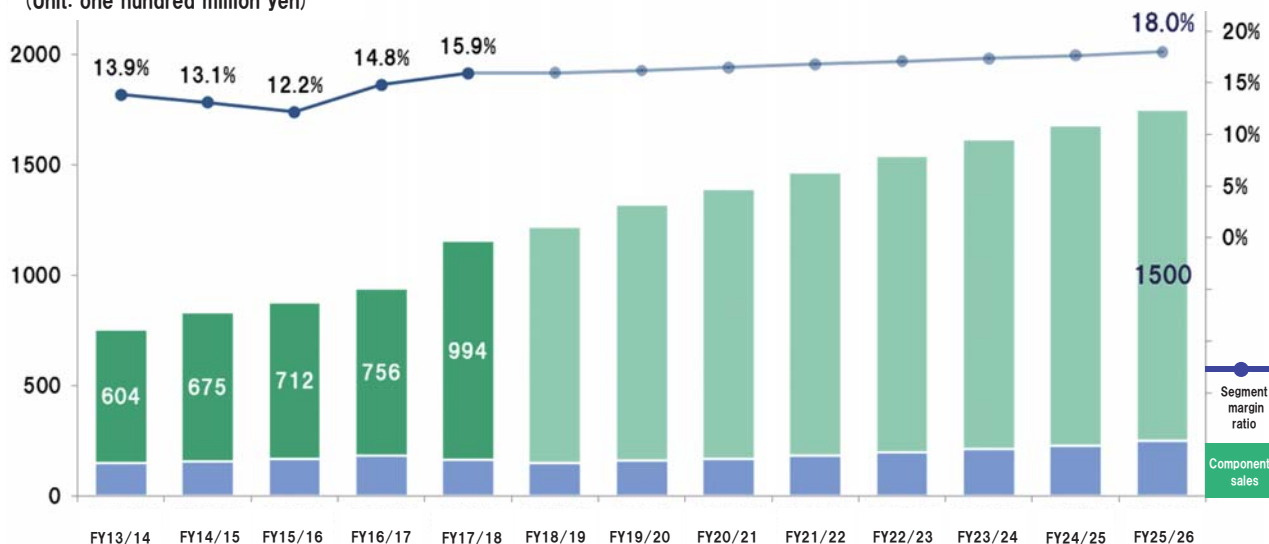
Global promotion of products with top market shares in Japan

- Strengthen product development in **North America**
- Develop overseas sales offices (**Europe, India**)

Strengthen the business base

- Increase production capacity
- Build a **new Tohoku plant**
- Build a **new production facility in China**
- Expand the Kasugai Plant

(Unit: one hundred million yen)



35

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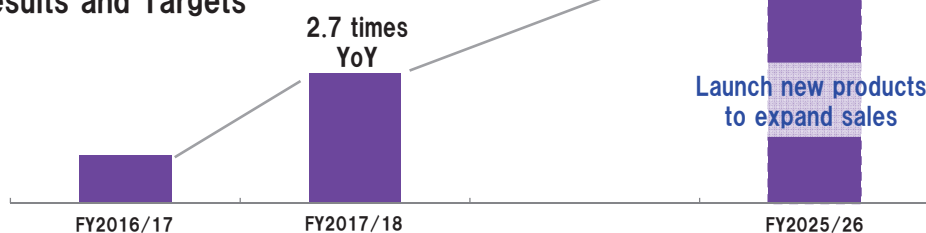
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Strengthening the Electro-motion Business (1)

- Increase sales through synergies from business consolidation and joint development



Sales Results and Targets



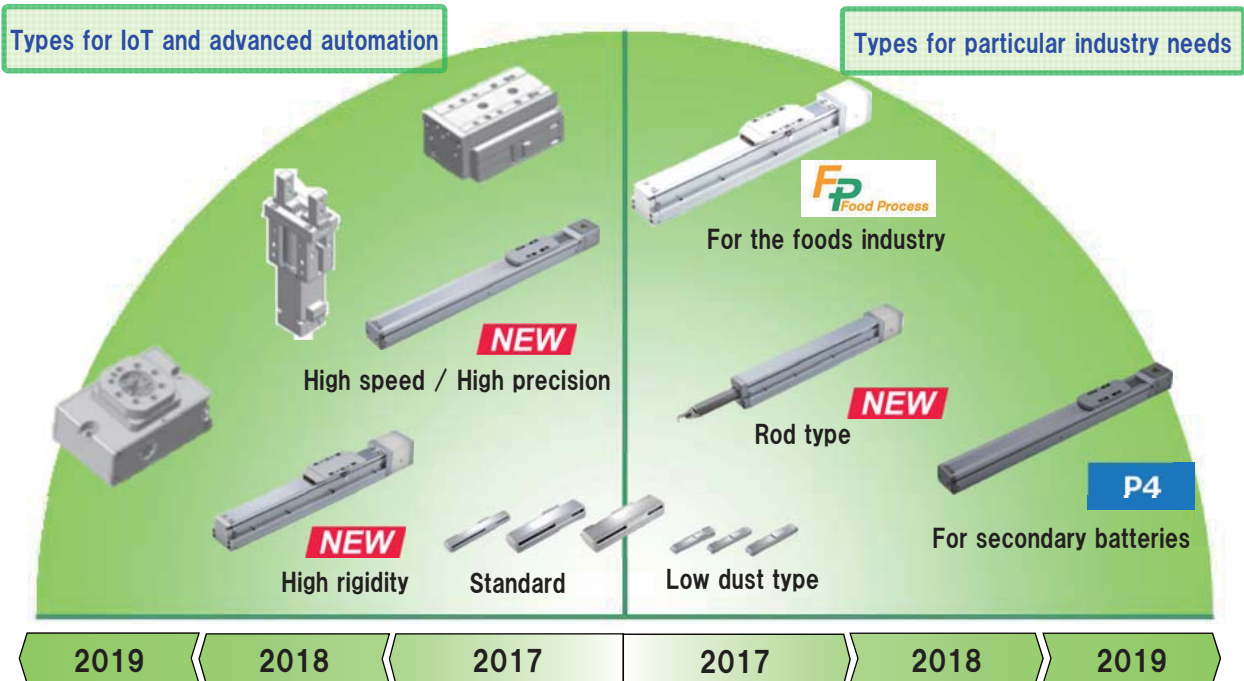
36

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Strengthening the Electro-motion Business (2)

■ Expand the variation of electric actuators



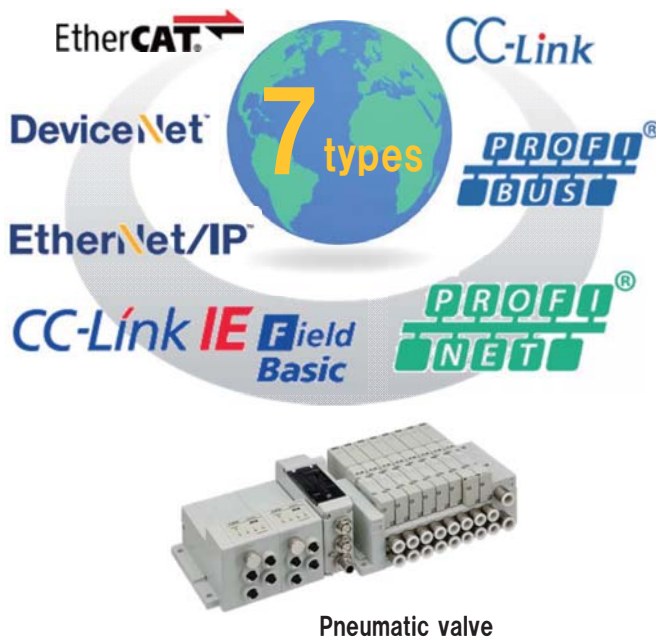
37

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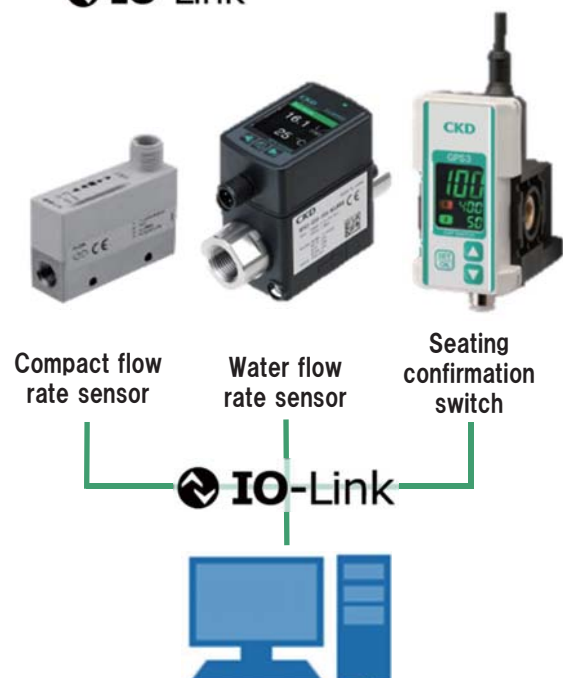
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Expanding the Range of IoT Components

■ Strengthen network components



■ Compatible with global standard **IO-Link**



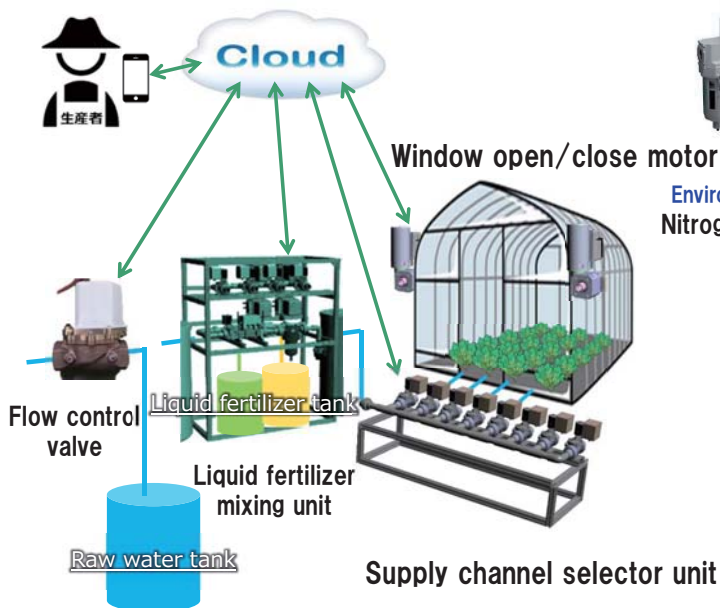
38

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Broadening the Business Scope to Agriculture and Foods

- Providing IoT remote operation control devices to the agricultural sector



- Expanded range of safe and reliable components compliant with food safety standards



39

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Strengthening Product Development in North America

- Expansion of the U.S. Technical Center



Full range of assembly and evaluation infrastructure

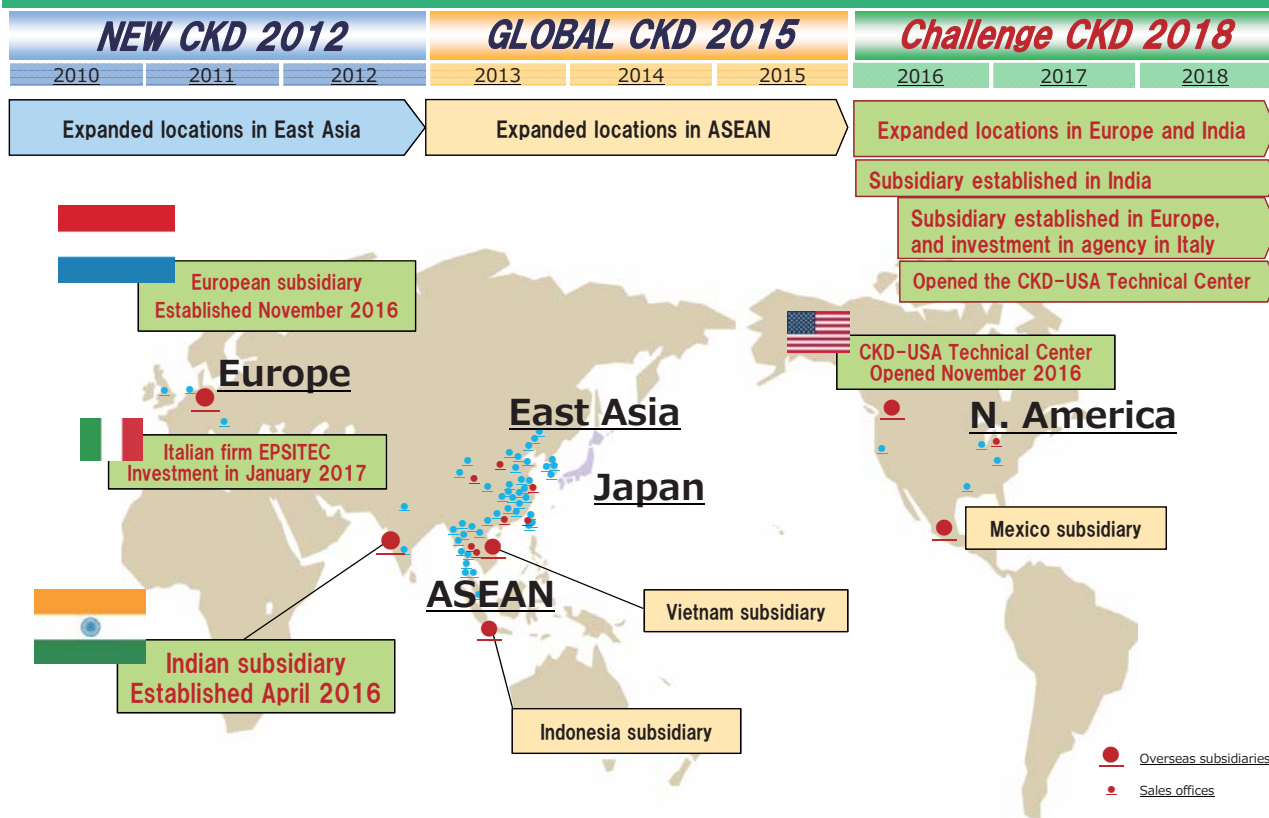
Promotes development in close collaboration with customers

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Developing Overseas Sales Offices



41

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Expanding Production Capacity

■ New Tohoku plant



- Construction start: Apr. 2018
- Completion: Dec. 2018 (planned)
- Total investment: **¥8.2 billion**
- Production target: **¥12.0 billion** after five years

Fluid control components Pneumatic equipment

■ New production facility in China



- Construction start: March 2018
- Completion: Dec. 2018 (planned)
- Total investment: **¥3.0 billion**
- Production target: **¥10.0 billion** after five years

Electric components Pneumatic components

■ Expanded production at the Kasugai Plant



- Construction start: June 2017
- Completion: Jan. 2018
- Total investment: **¥2.0 billion**
- Production increase: **+¥10.0 billion** (compared to FY2017/18)

Fluid control components

42

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Topics

- Winning of Germany's iF Product Design Award 2018
- Compliance with Japan's Corporate Governance Code
- Opening of 'ohana in-house nursery school



CKD Wins Germany's iF Design Award 2018

■ CKD design receives international recognition



Begun in 1953, the iF Design Award has been a prestigious international prize for 65 years.

The world's smallest dial-display speed control valve makes adjustments easier.



- Good visibility of the dial
- Easy to grip
- Simple flow settings

Compliance with Japan's Corporate Governance Code

■ Establishment of a Nomination and Remuneration Advisory Committee

1. Role

The committee discusses the nomination of directors and auditors, and the remuneration of directors, and advises the Board of Directors.

2. Member Composition

Total 3 members
(President and two outside directors)

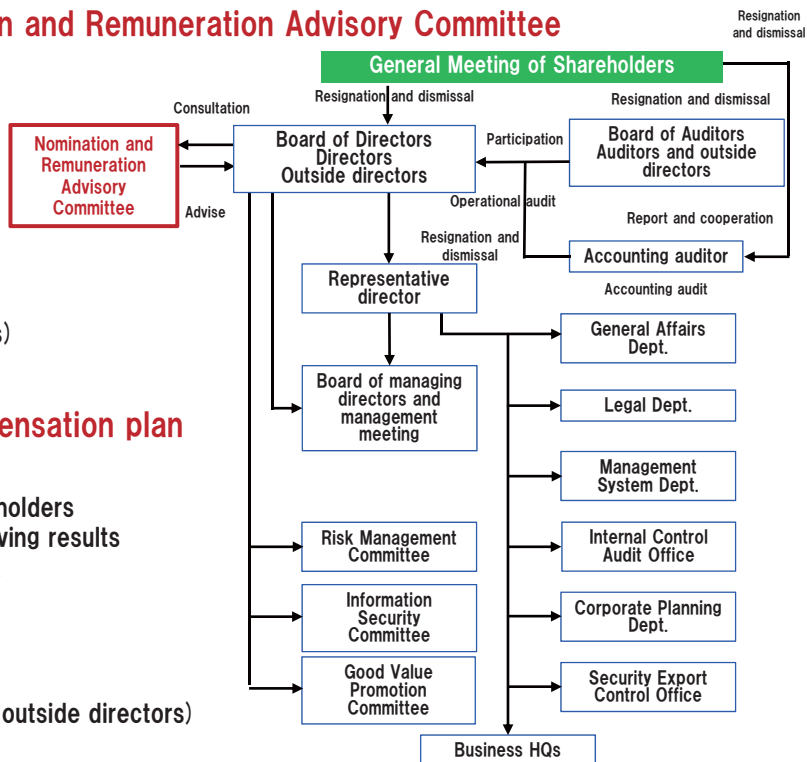
■ Introduction of a stock compensation plan

1. Objectives

- Provide a shared interest with shareholders
- Incentive to enhance focus on improving results
- Effective utilization of treasury stock

2. Type of stock-based award

Restricted stock units
(Awarded to directors, excluding the outside directors)



Opening of 'ohana In-house Nursery School

1. Purpose

- Make the working place safe and comfortable for all the employees
- Promote diversity

2. Overview

- Name: `ohana nursery school
- Eligibility: From 0 to 6 age children
- Capacity: 25 persons
- Place: Komaki headquarters (Front gate side)
- Total amount of investment: ¥370 million





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.