

# Consolidated Financial Results for FY2018/19

**CKD Corporation**

May 15, 2019

Ticker Code 6407



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### Consolidated Financial Results for FY2018/19

- Summary of consolidated financial results
- Investments
- Shareholders' Return
- New medium-term management plan  
「Build-up CKD 2021」

# Summary of consolidated financial results

## ■ Results

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



## Management Results

(Unit: one hundred million yen)

	FY2017/18 Results	FY2018/19 Results	Year-on-year	
			Amount change	% change
Consolidated net sales	1,157	1,157	— 0	— 0%
Automatic machinery	163	160	— 3	— 2%
Components	994	996	+ 3	+ 0%
Operating income (Operating income ratio)	125 ( 10.8%)	54 ( 4.7%)	— 70	— 56%
Ordinary income	125	54	— 70	— 56%
Net income	91	48	— 43	— 48%

# Financial Status

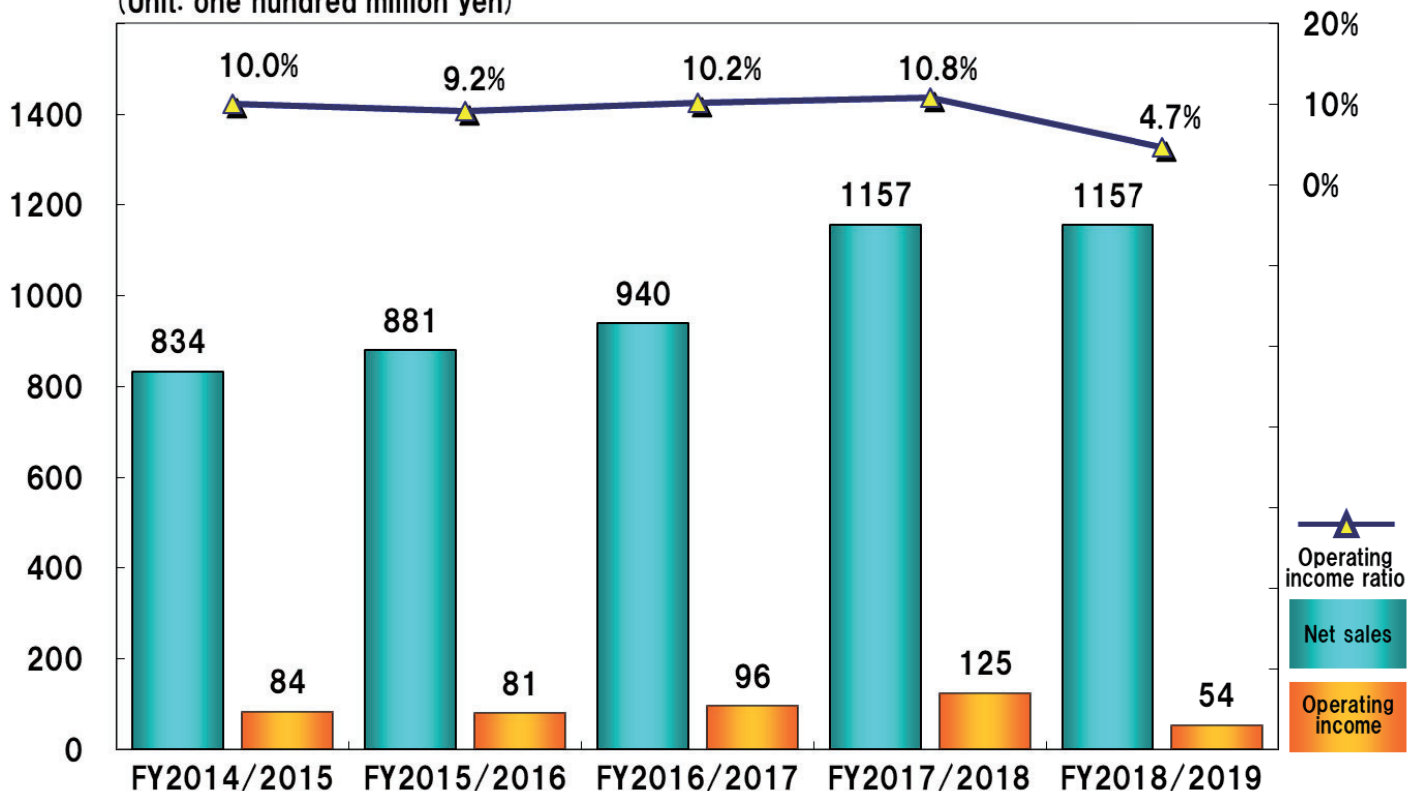
(Unit: one hundred million yen)

	At the end of March 2018	At the end of March 2019	Year-on-year	
			Amount change	% change
Current assets	837	834	− 3	− 0%
Fixed assets	472	535	+ 64	+ 14%
Total assets	1,309	1,370	+ 61	+ 5%
Current liabilities	431	373	− 57	− 13%
Fixed liabilities	78	192	+ 114	+ 147%
Total liabilities	508	565	+ 57	+ 11%
Total net assets	801	804	+ 4	+ 0%
Capital adequacy ratio	61.1%	58.6%	−	− 2.4%

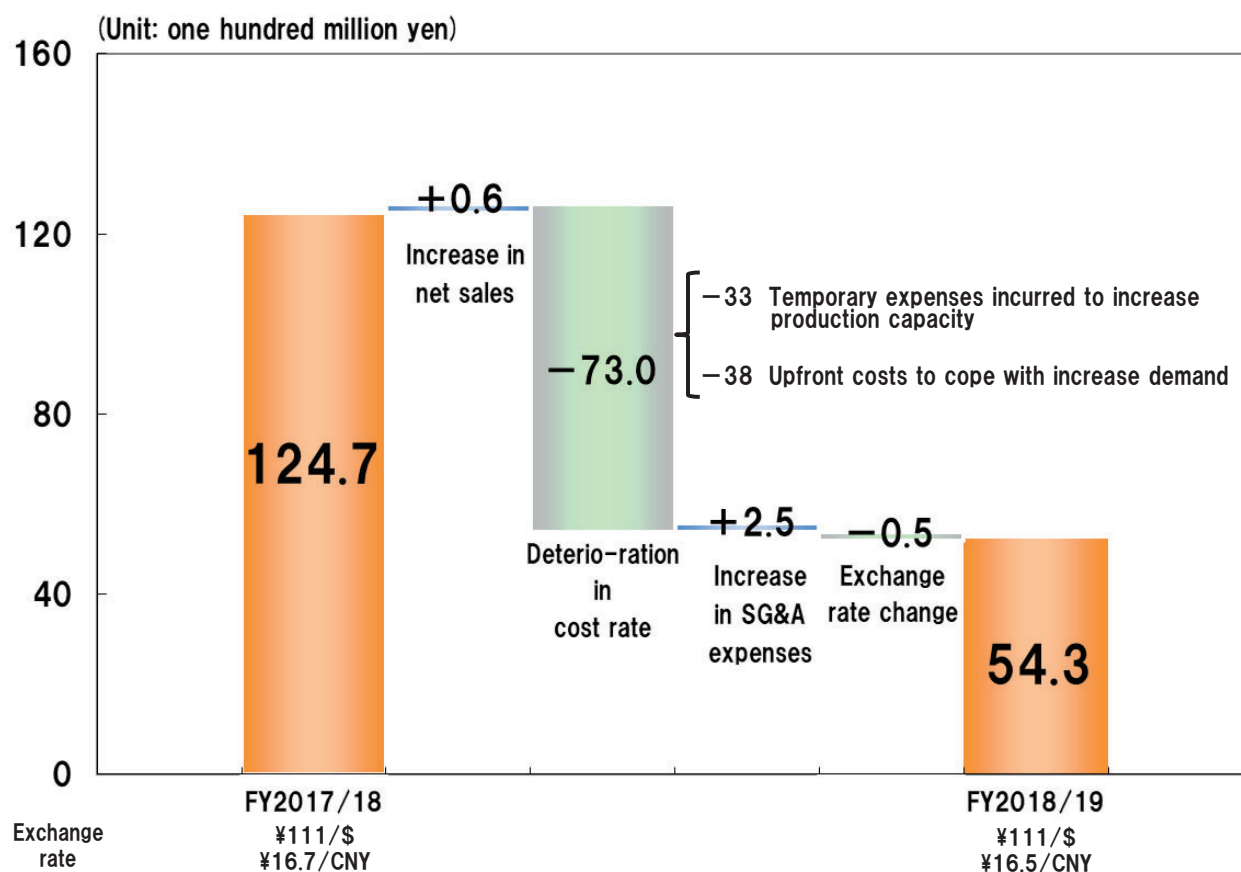
ROE decreased to 6.0% from 12.1% at the previous fiscal year-end.

## Consolidated Net Sales and Operating Income

(Unit: one hundred million yen)



# Factors of Changes in Operating Income

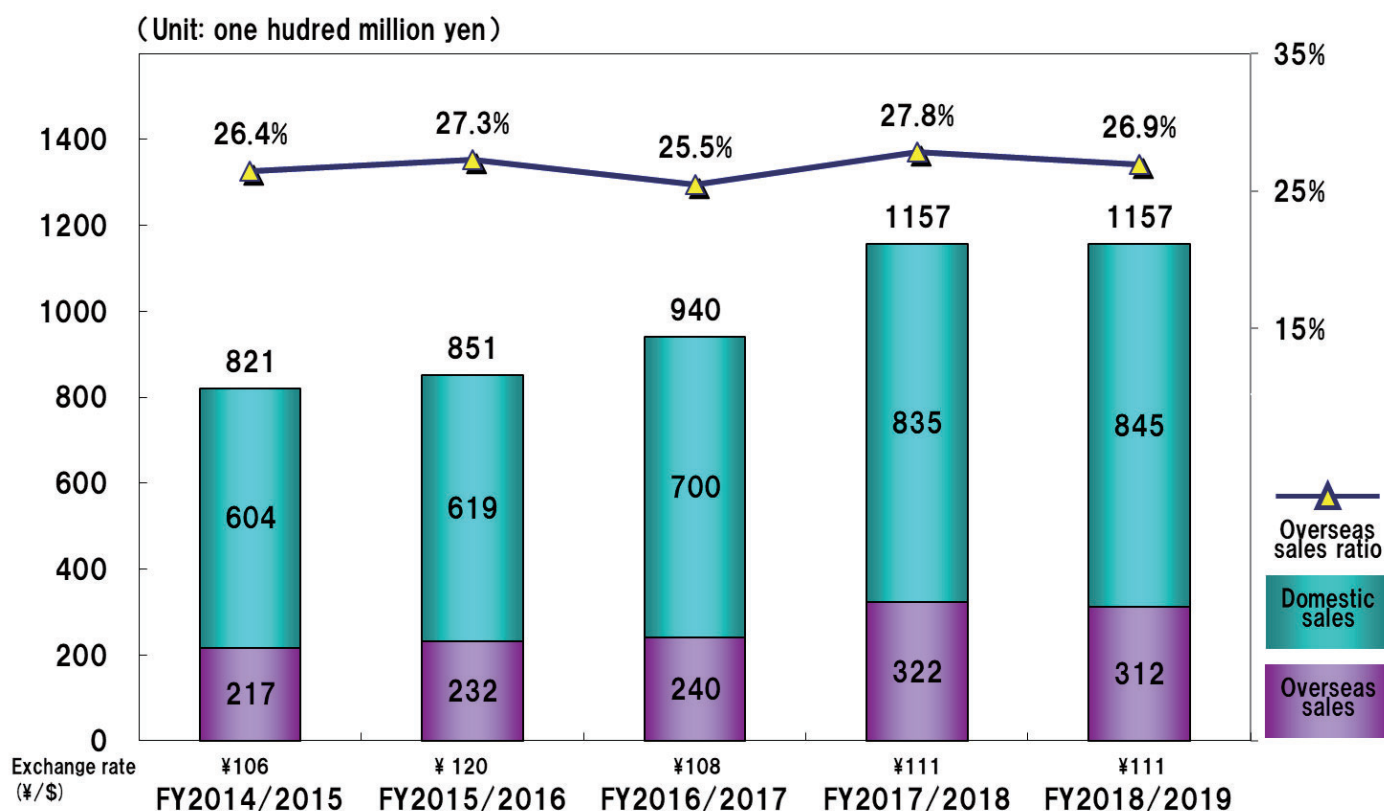


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# Domestic and Overseas Sales

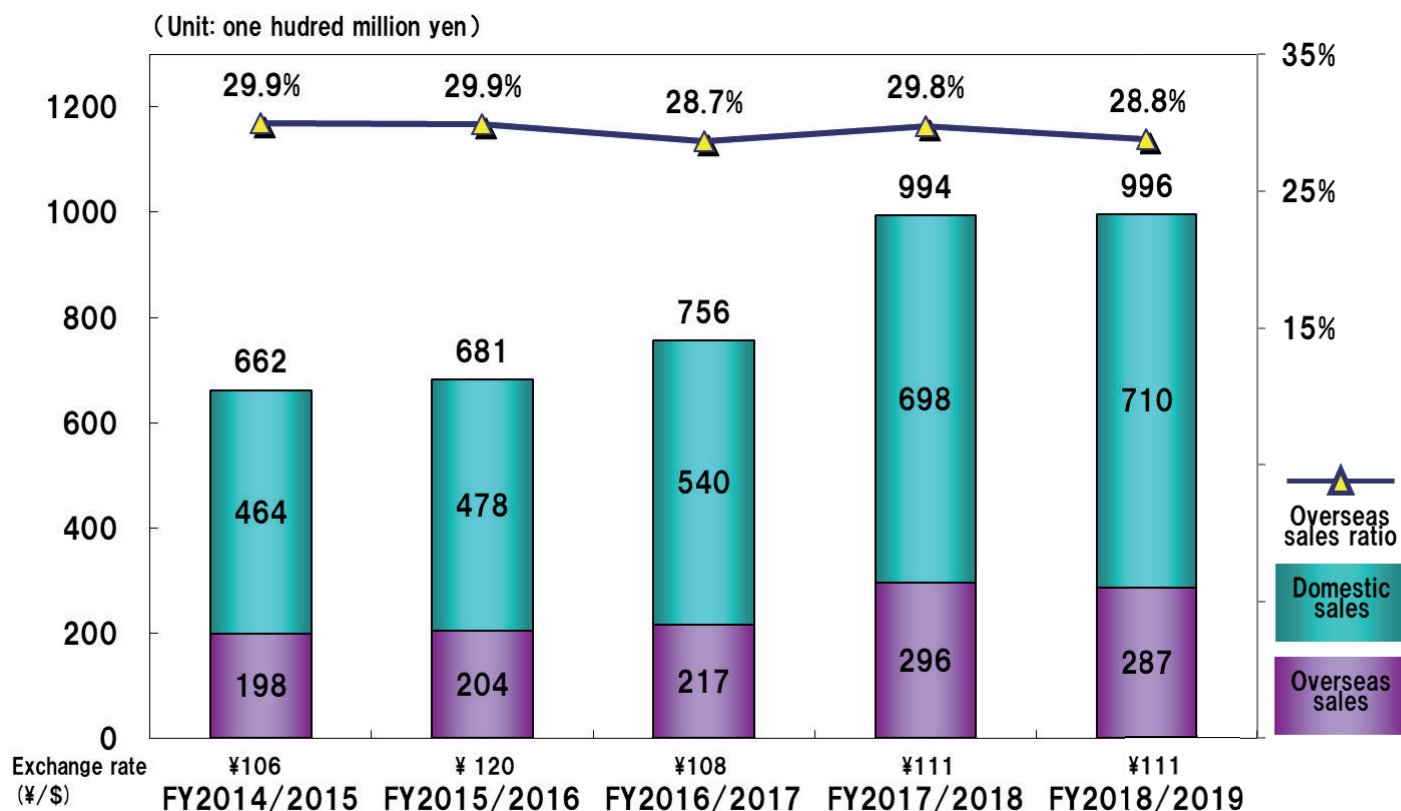


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# Components: Domestic and Overseas Sales

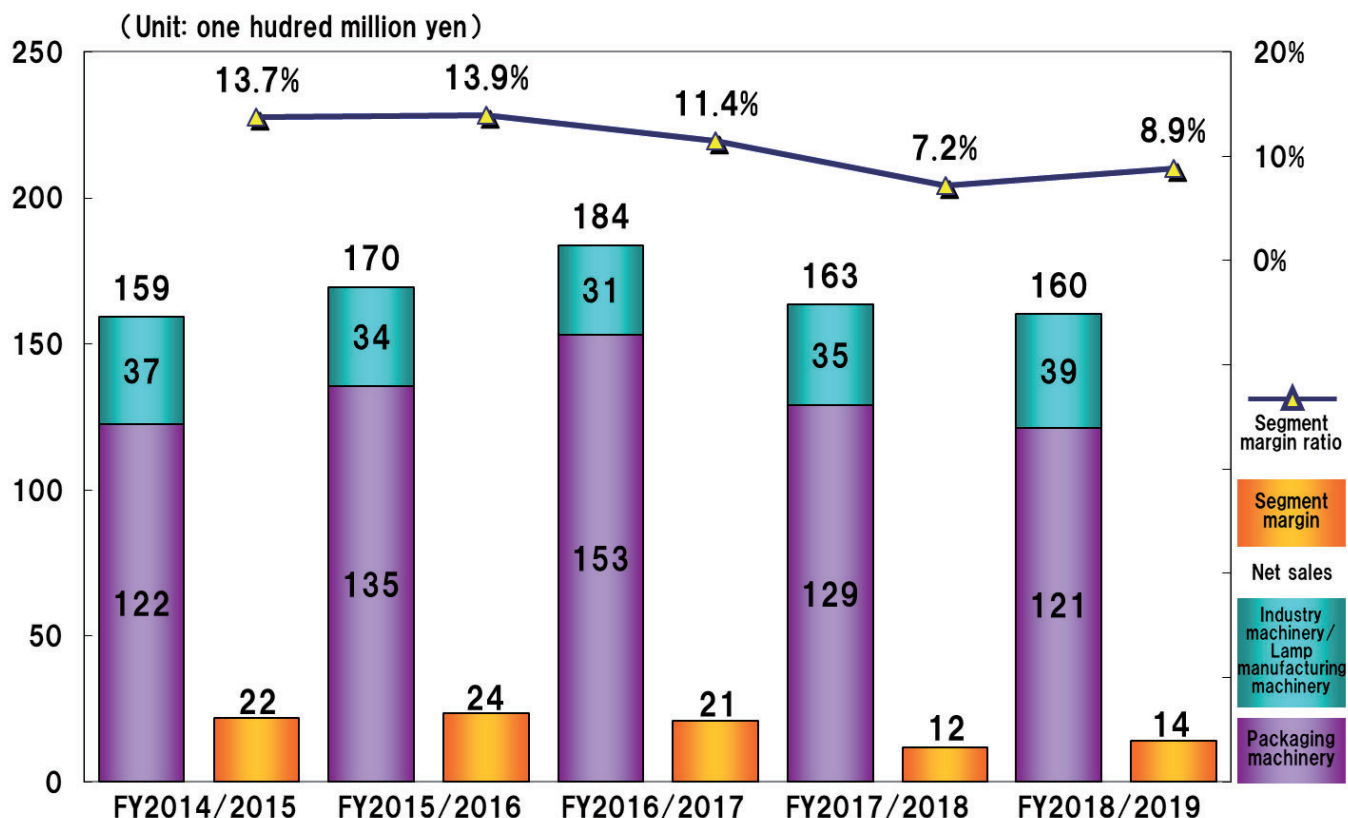


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# Automatic Machinery: Achievement Changes

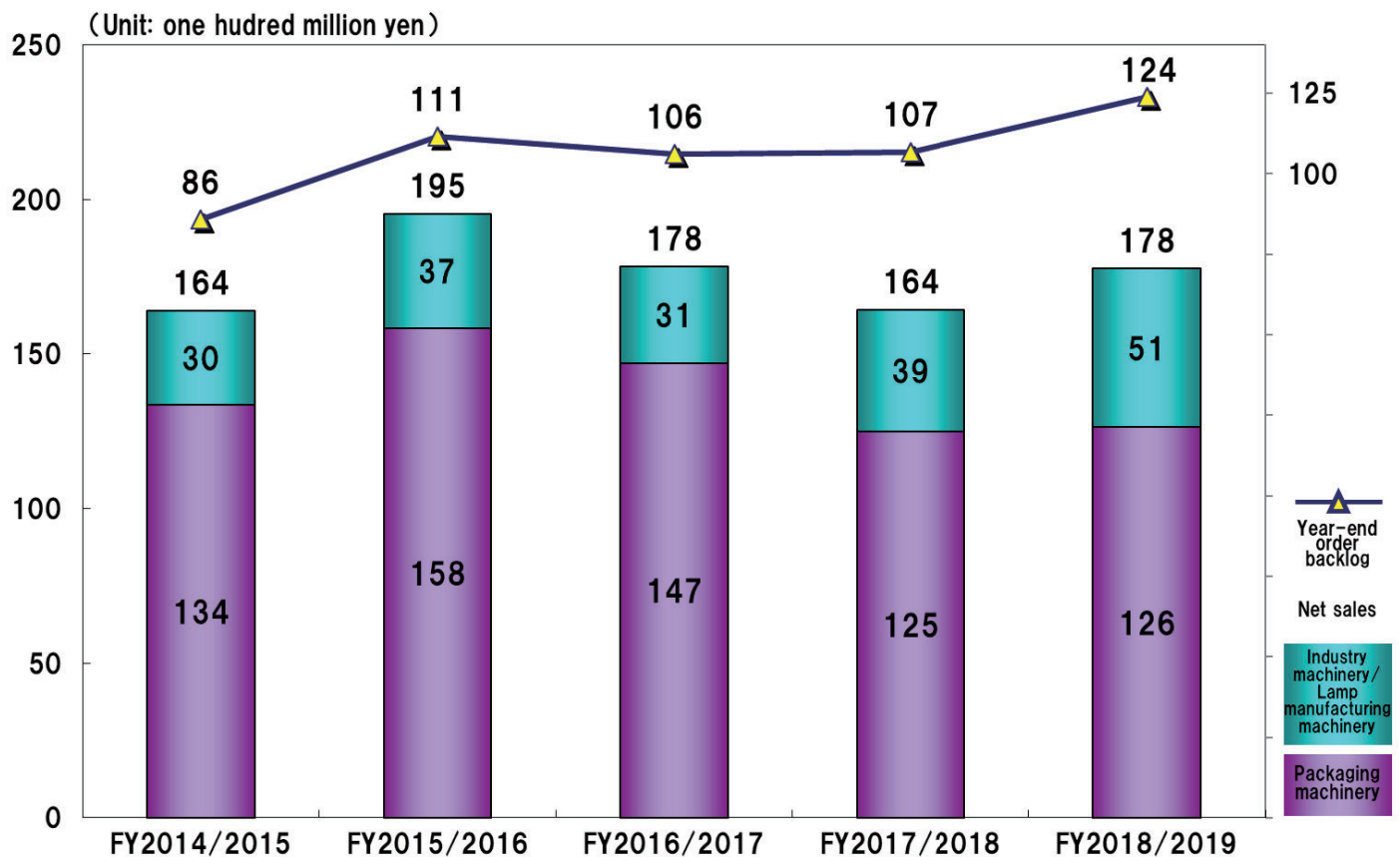


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# Automatic Machinery: Orders Received



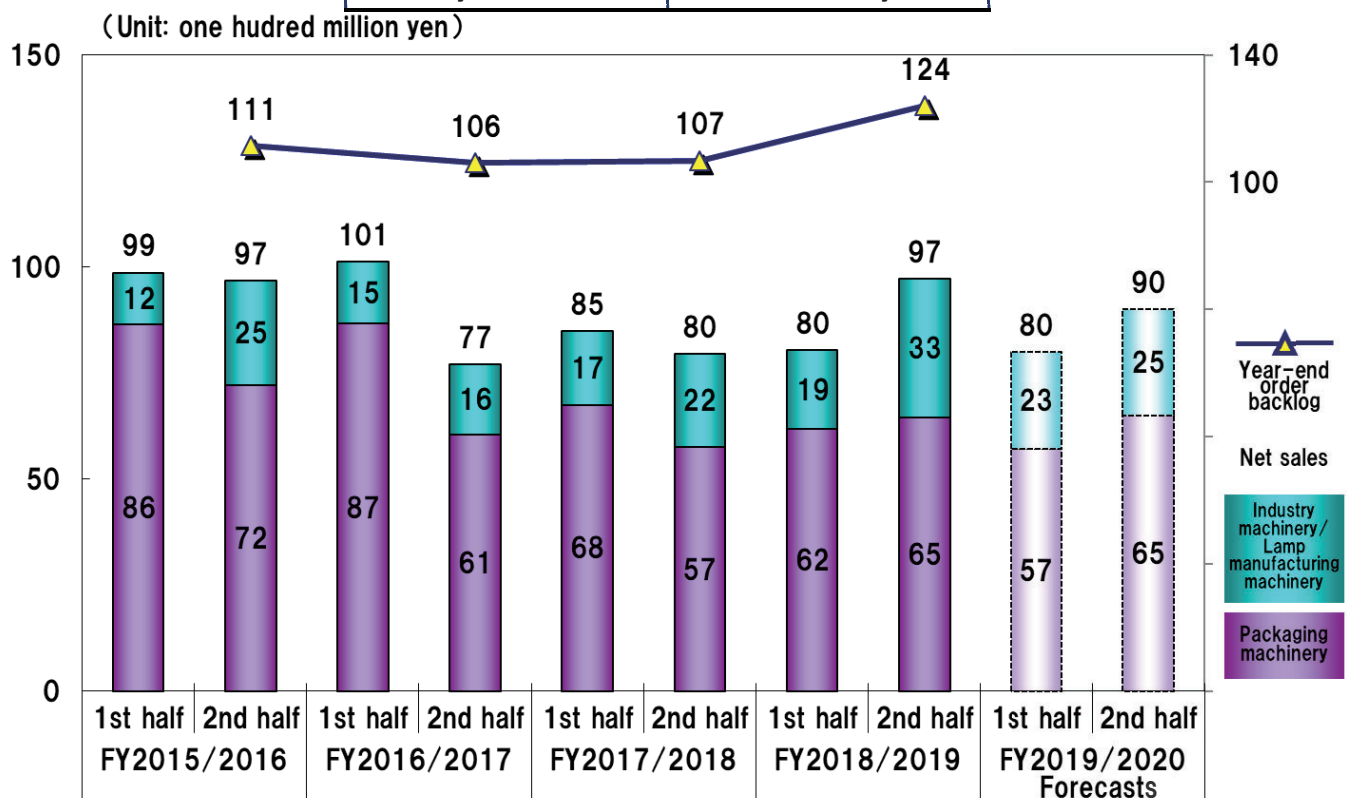
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# Automatic Machinery: Forecast of Orders Received

FY2019/20	Orders received
1st half forecast	8.0 billion yen
Full-year forecast	17.0 billion yen



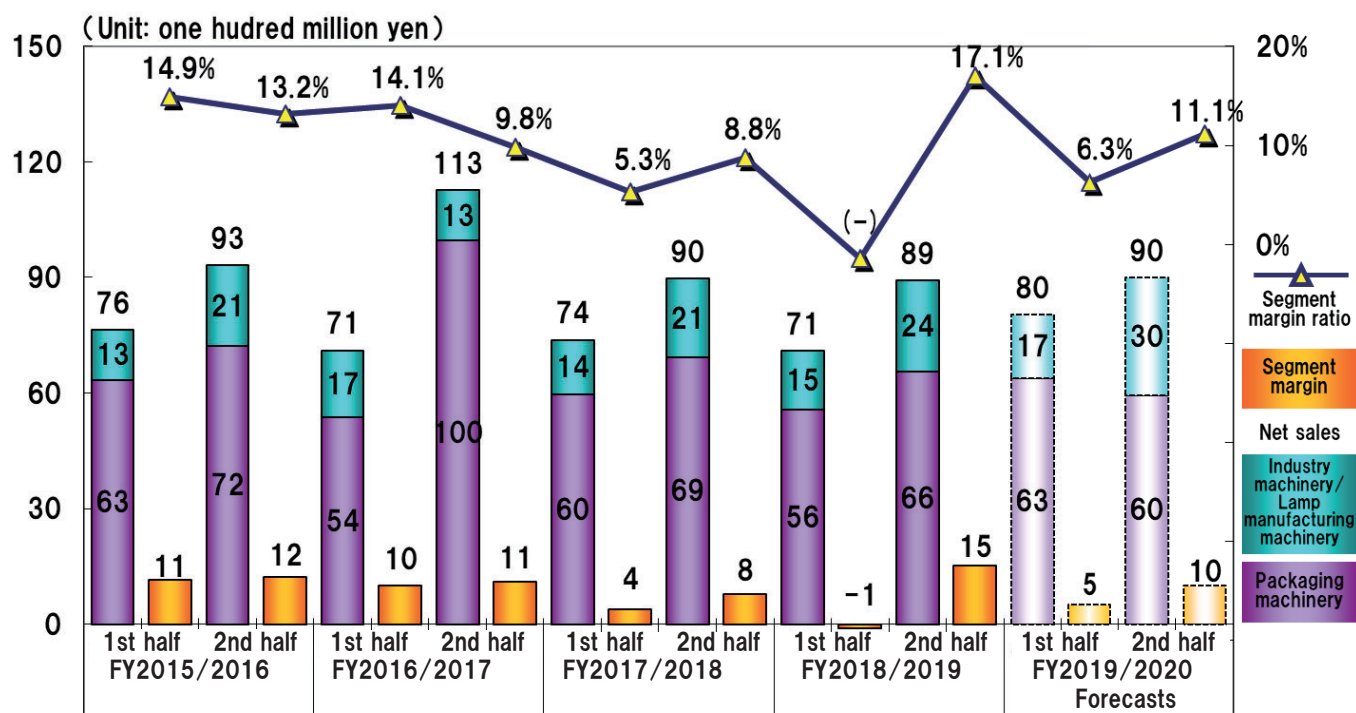
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# Automatic Machinery: Outlook of Performance

FY2019/20	Sales	Operating income
1st half forecast	8.0 billion yen	0.5 billion yen
Full-year forecast	17.0 billion yen	1.5 billion yen

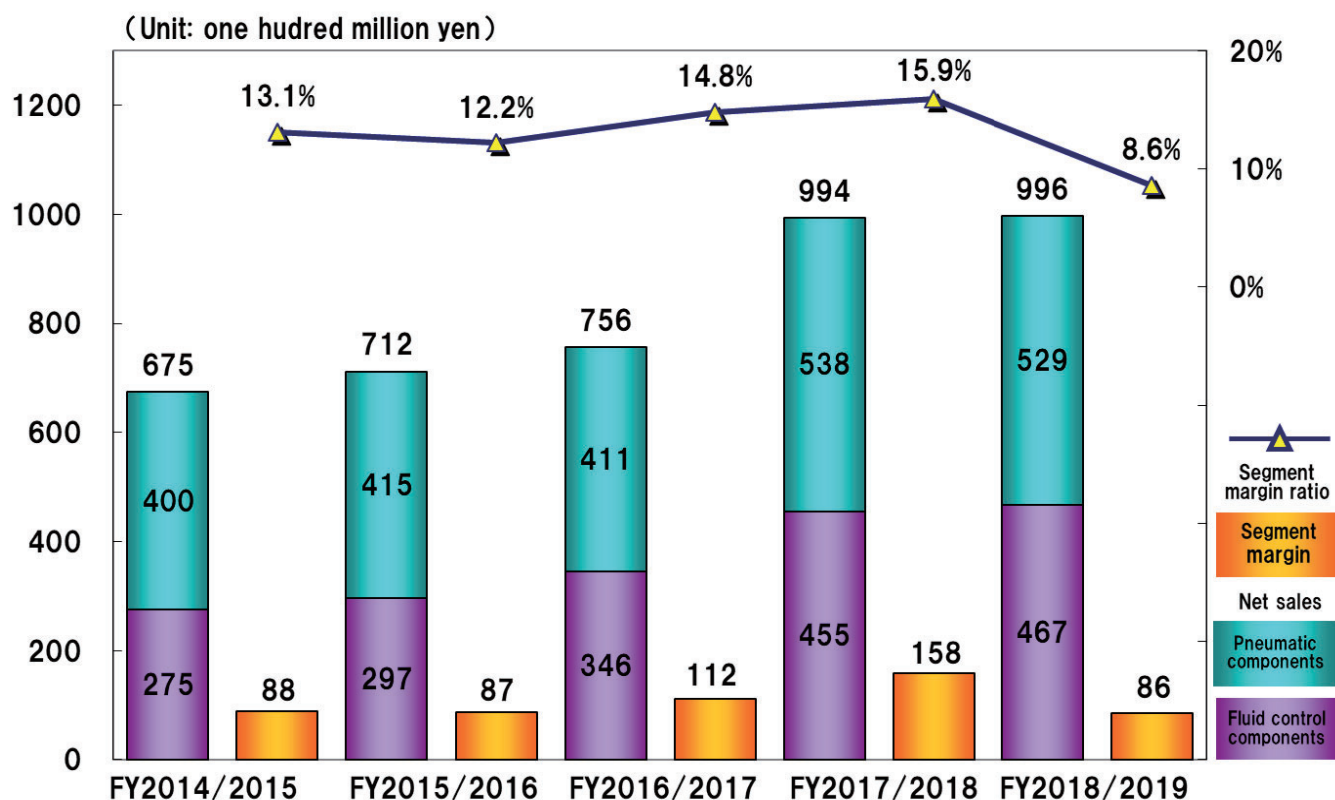


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# Components: Achievement Changes



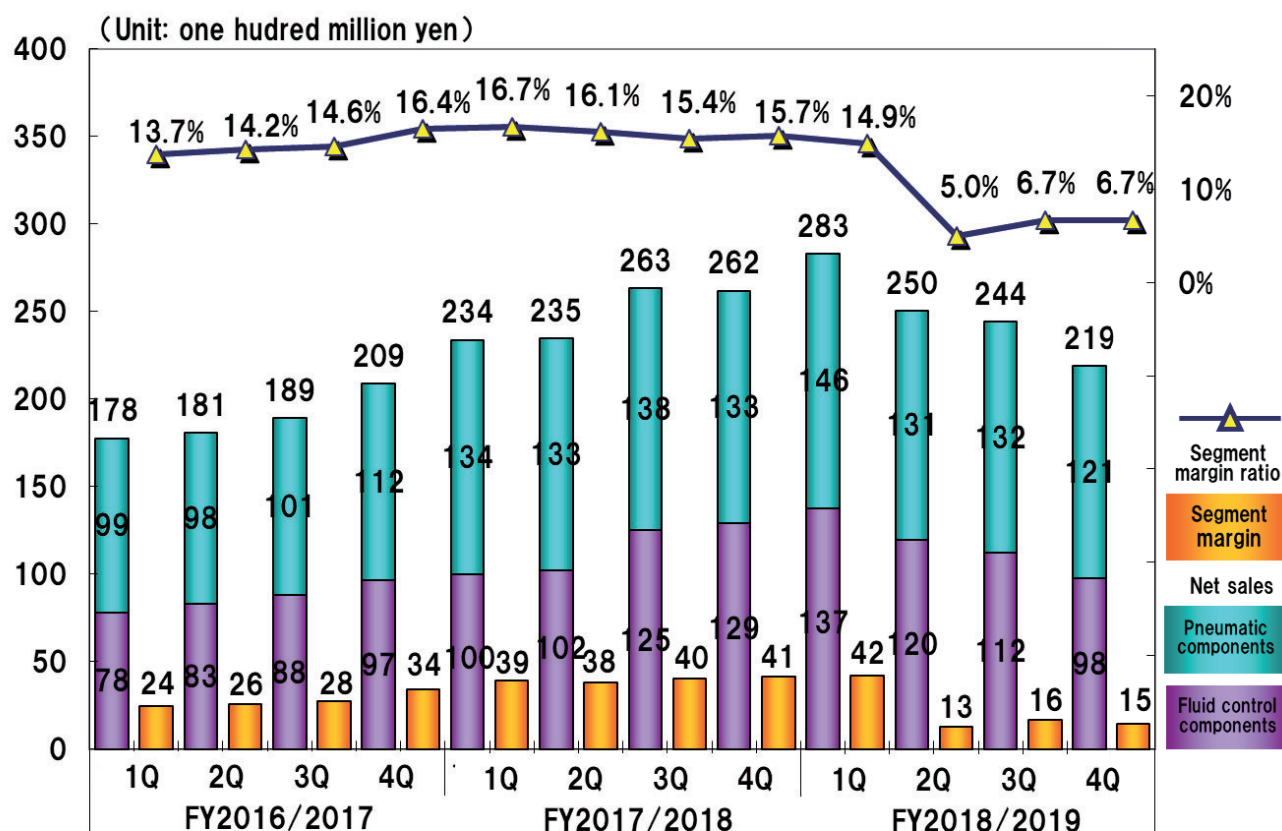
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# Components: Achievement Changes



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## Components: FY2018/2019 Results by Market

Compared with year-on-year results

(Unit: %)

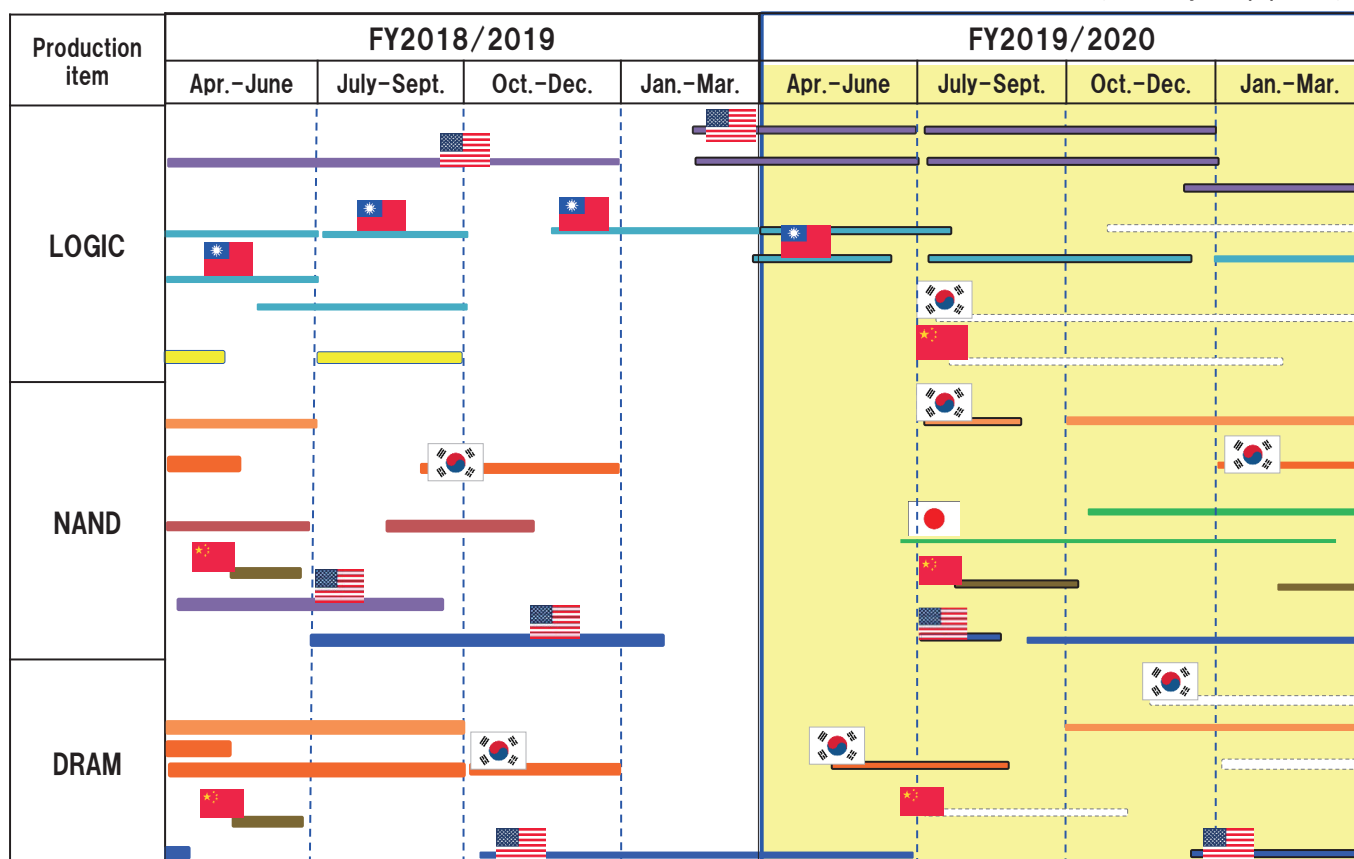
Main industries in Japan	1st half results	2nd half results	Full-year results
Semiconductor	113	89	101
Automobile	107	104	105
Machine tool	111	96	104
Medical	108	108	108
Flat-panel display (FPD)	102	100	101
Rechargeable battery	110	137	123
Total	110	94	102

Main areas overseas (Exchange rate)	1st half results (¥110/\$)	2nd half results (¥111/\$)	Full-year results (¥111/\$)
East Asia	109	85	97
Southeast Asia	110	108	109
Total (Including Europe and Americas)	108	86	97



# Semiconductors: Prospects of Device Manufacturers' Investment

(Source: By newspaper etc.)



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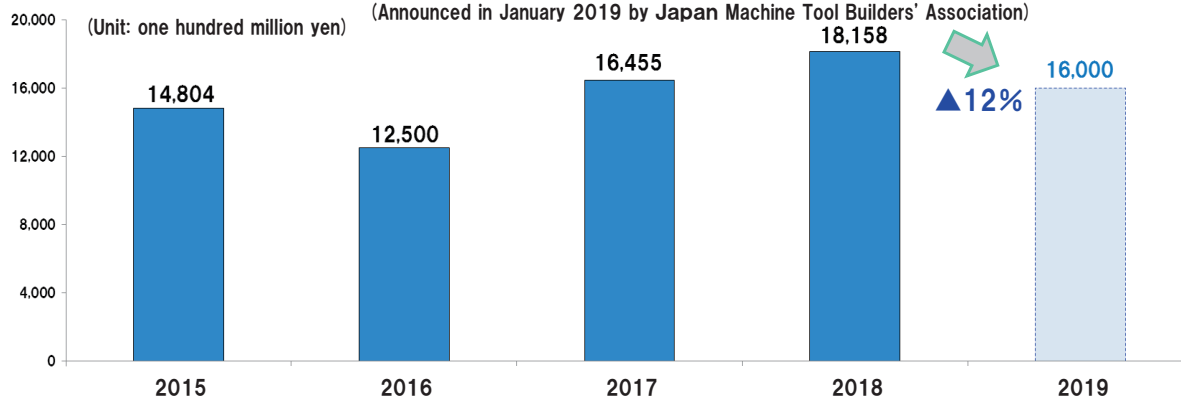
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## Machine Tools

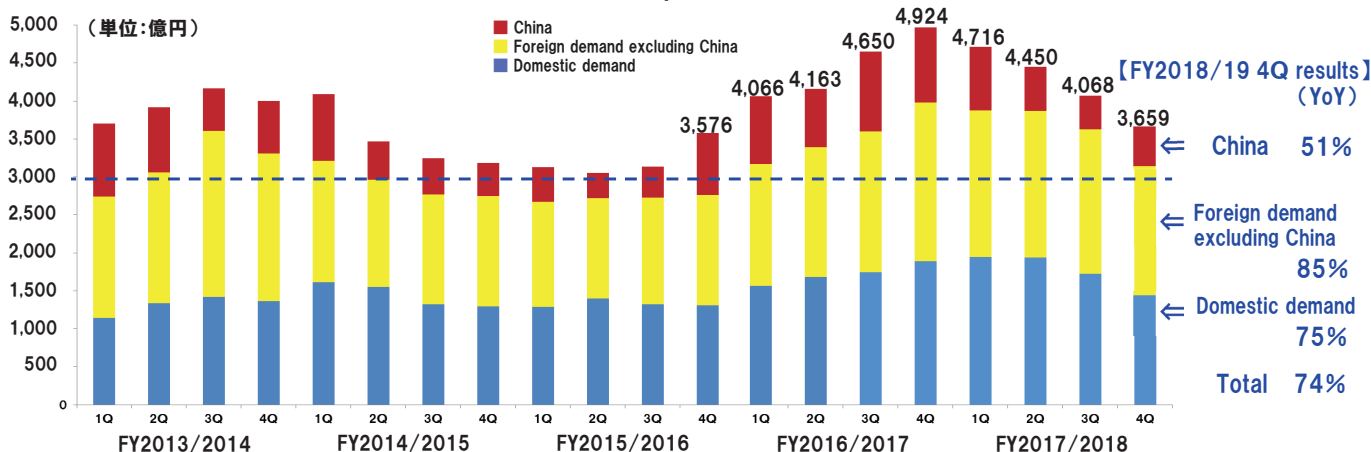
### ■ Outlook for orders received for machine tools made in Japan (Calendar year)

(Announced in January 2019 by Japan Machine Tool Builders' Association)



### ■ Trends of orders received for machine tools made in Japan

(Source: Japan Machine Tool Builders' Association)







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# Prospects of FPD Manufacturers' Investment

(Source: By newspaper etc.)

FPD manufacturers by country	FY2018/2019				FY2019/2020			
	Apr. - June	July - Sept.	Oct. - Dec.	Jan. - Mar.	Apr. - June	July - Sept.	Oct. - Dec.	Jan. - Mar.
	G10.5			G6(OLED)				
	G10.5		G10.5					
							G6	G8 (QD-OLED)
							G6(OLED)	

G10.5 LCD: Reducing investment / G6 OLED: Having investment plans however, uncertain

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## Components: FY2019/2020 Prospects by Market

Compared with year-on-year results

(Unit: %)

Main industries in Japan	1st half forecast	2nd half forecast	Full-year forecast
Semiconductor	73	93	83
Automobile	100	100	100
Machine tool	88	88	88
Medical	100	105	102
Flat-panel display (FPD)	85	90	88
Rechargeable battery	100	105	102
<b>Total</b>	<b>85</b>	<b>95</b>	<b>90</b>

Main areas overseas (Estimated exchange rate)	1st half forecast (¥110/\$)	2nd half forecast (¥110/\$)	Full-year forecast (¥110/\$)
East Asia	80	90	85
Southeast Asia	100	108	104
<b>Total (Including Europe and Americas)</b>	<b>82</b>	<b>92</b>	<b>87</b>

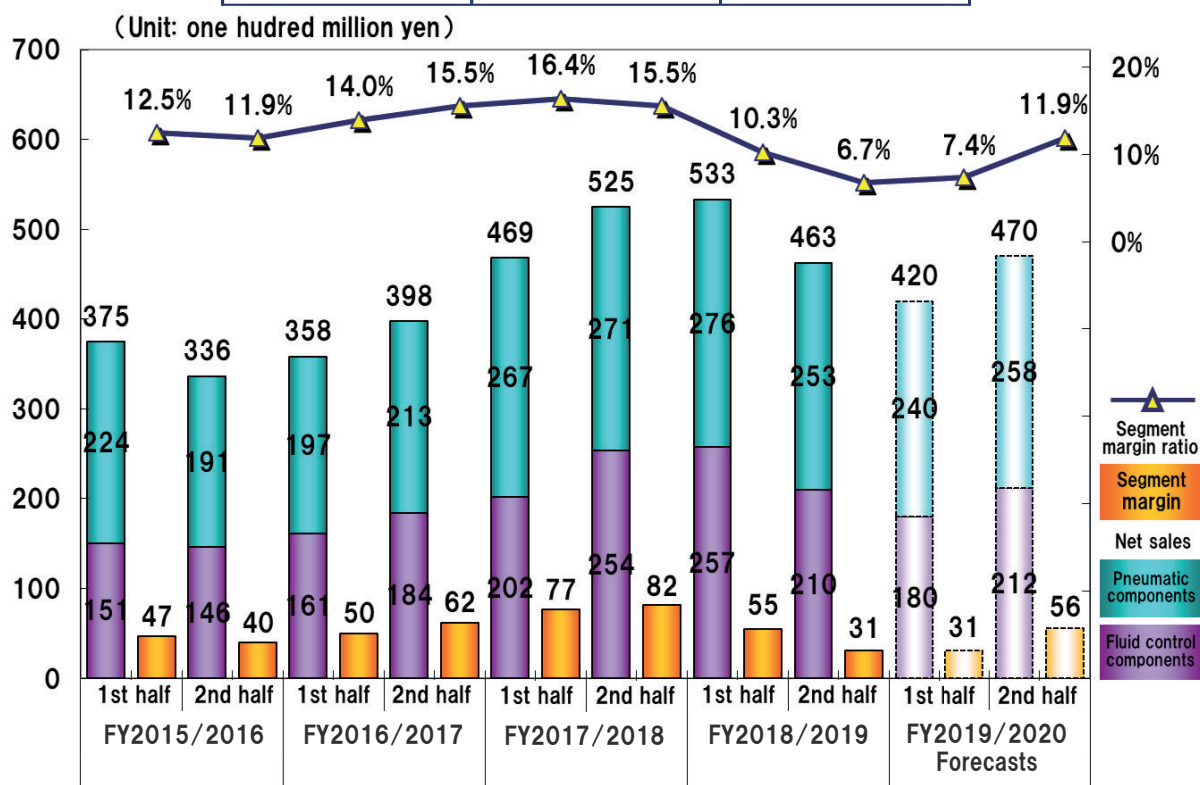
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# Components: Earnings Forecasts

FY2019/20	Sales	Segment income
1st half forecast	42.0 billion yen	31.0 billion yen
Full-year forecast	89.0 billion yen	87.0 billion yen

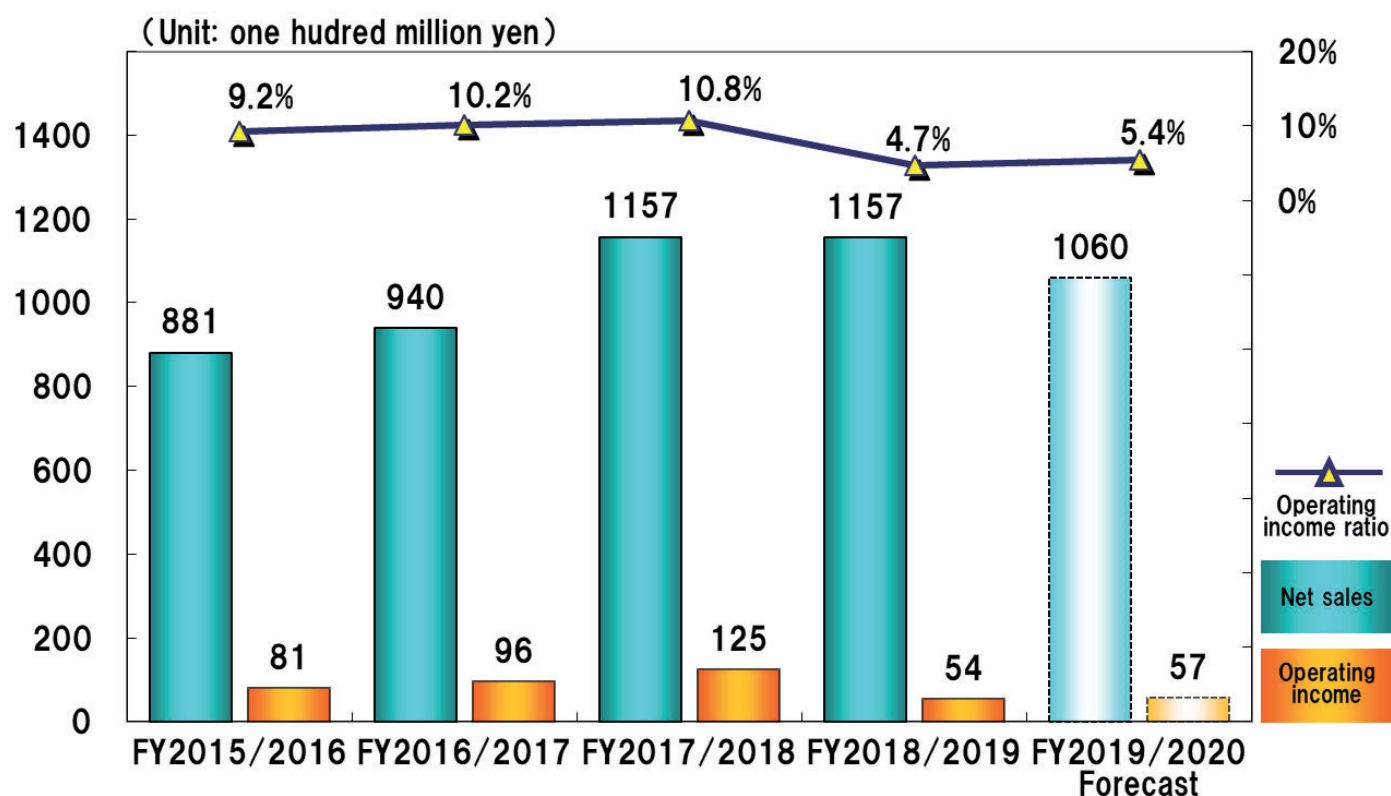


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# Total Company Earnings Forecasts



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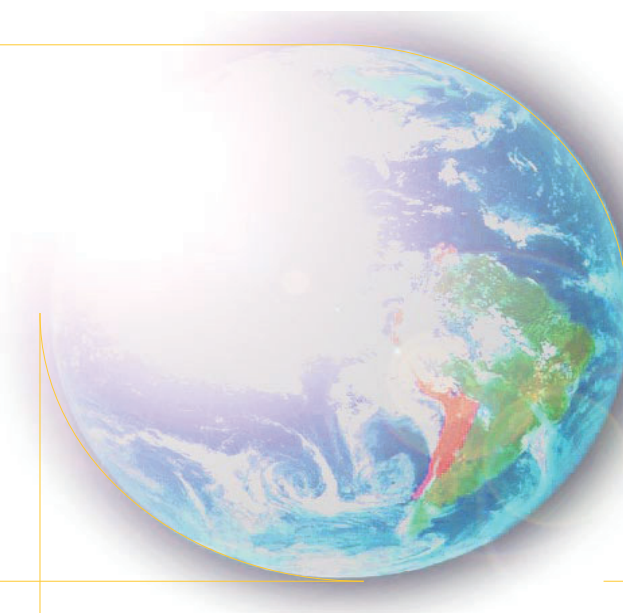
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# Total Company Earnings Forecasts

(Unit: one hundred million yen)

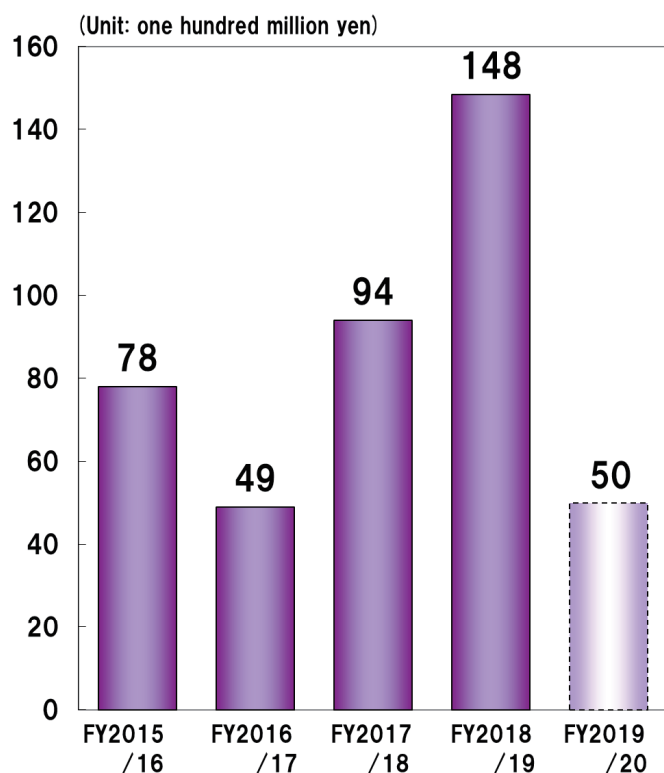
	FY2018/2019 Results	FY2019/2020 Outlook				
		1st half	2nd half	Full year	Year-on-year Amount change	Year-on-year % change
Consolidate net sales	1,157	500	560	1,060	— 97	— 8%
Automatic machinery	160	80	90	170	10	+ 6%
Components	996	420	470	890	— 106	— 11%
Operating income (Operating income ratio)	54 ( 4.7%)	14 ( 2.8%)	43 ( 7.7%)	57 ( 5.4%)	3	+ 5%
Automatic machinery (Segment margin)	14 ( 8.9%)	5 ( 6.3%)	10 ( 11.1%)	15 ( 8.8%)	1	+ 5%
Components (Segment margin)	86 ( 8.6%)	31 ( 7.4%)	56 ( 11.9%)	87 ( 9.8%)	1	+ 1%
Ordinary income	54	14	43	57	3	+ 5%
Net income	48	10	30	40	— 8	— 17%

## Investments

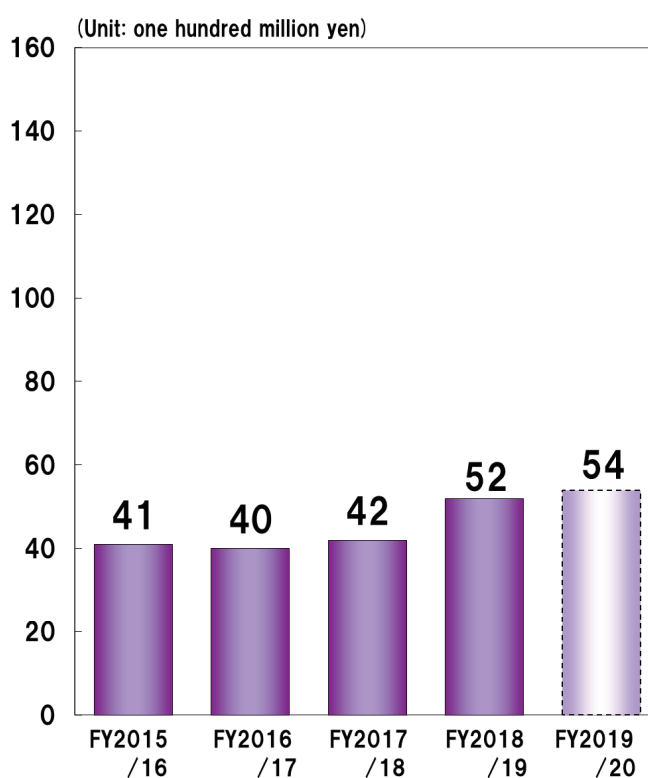


# Investments

## Investments in plant and equipment

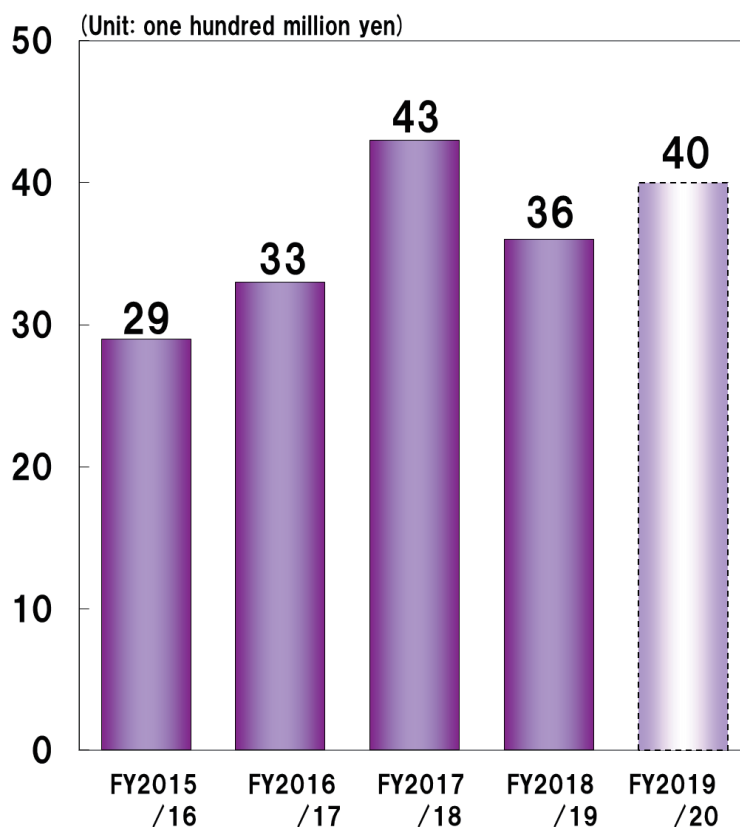


## Depreciation costs



# Investments

## R&D investments



# Shareholders' return

## ■ Dividends

•FY2018/19 year-end dividend: ¥8 per share



## Dividends

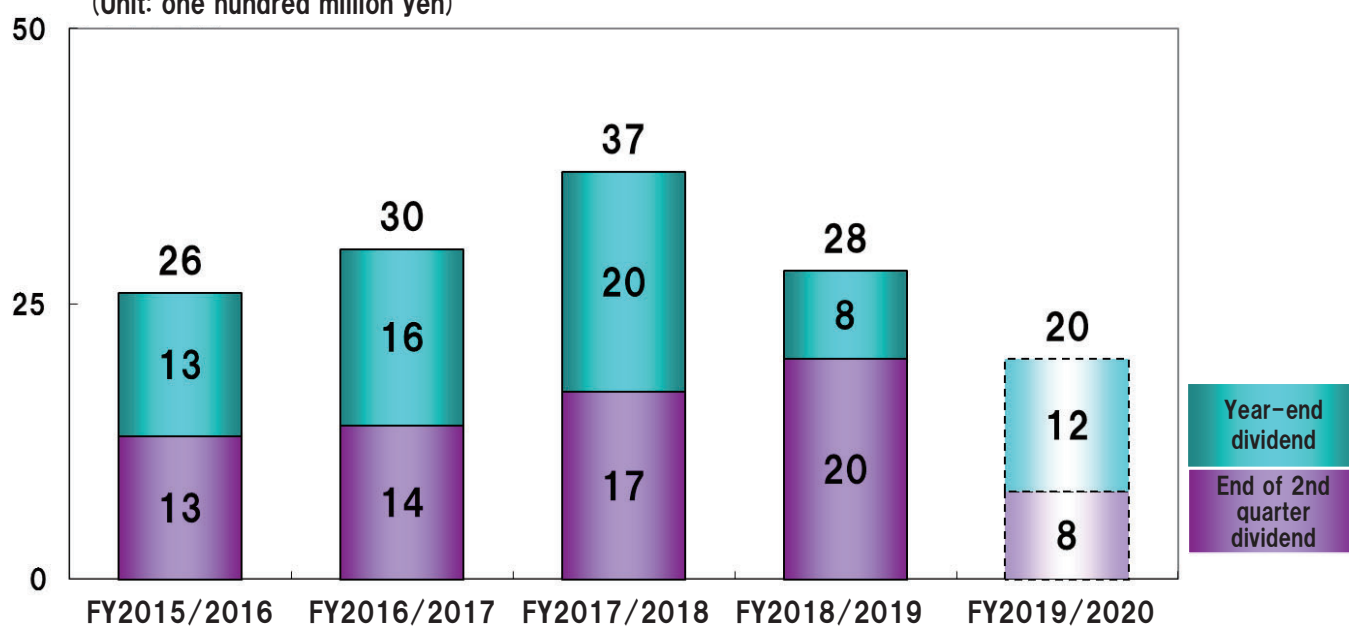
### FY2018/2019 dividends

Year-end dividend	¥8 per share
Total dividends	¥495 million

### Forecast for FY2019/2020 dividends

End of 2nd quarter dividend	¥ 8 per share
Year-end dividend	¥12 per share

(Unit: one hundred million yen)





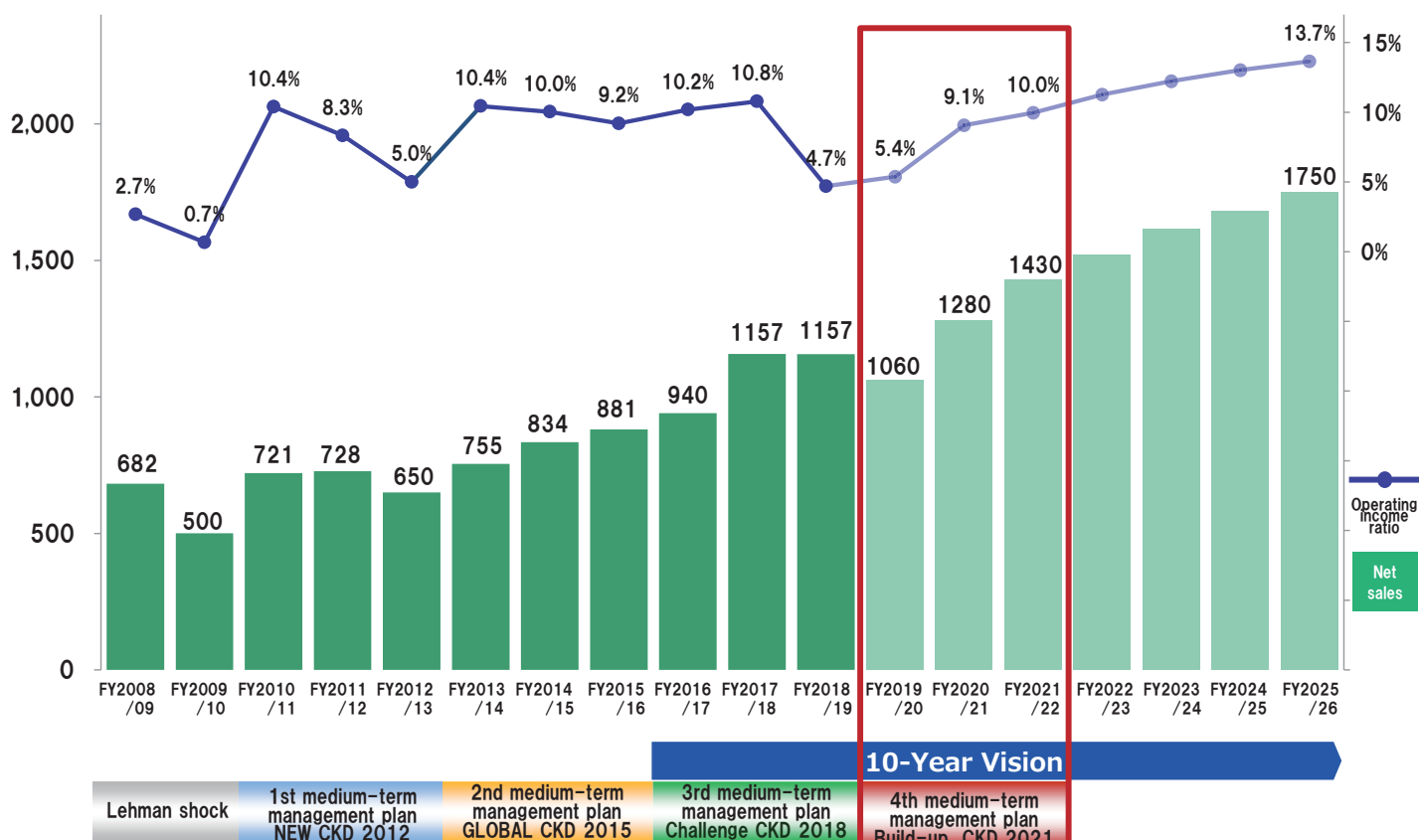
# New medium-term management plan 「Build-up CKD 2021」

1. Performance Goal
2. Business Environment
3. Priority Strategies
4. Financial Strategy



## 1. Performance Goal

(Unit: one hundred million yen)



## 2. Business Environment



### 10-Year Vision Aim for **Global Factory Automation (FA) Total Supplier**

**Basic Policy 1**  
Global promotion of products with top market shares in Japan

**Basic Policy 2**  
Challenges in new businesses and markets

**Basic Policy 3**  
Strengthen the business base

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## 3. Priority Strategies: Automatic Machinery

### Challenge CKD 2018

Total sales for 3 years (vs. previous medium-term plan)

**¥50.7bn (+¥2.4bn)**

### Build-up CKD 2021

Total sales for 3 years (vs. previous medium-term plan)

**¥53.7bn (+¥3.0bn)**

Packaging

#### Pharmaceutical Packaging Systems

- Japan: Expand production capacity to meet investment in generics
- China: Begin local production and meet batch post-processing demand

**(+¥1.4bn)**

#### Pharmaceutical Packaging Systems

- Specialized machines for China: Local design, procurement, and production
- Japan: Strengthen services to cover 400 machines in operation

- Food Packaging Systems
- Develop systems for new packaging materials and conduct proprietary sales of the materials

**(+¥2.0bn)**



Industrial machinery

#### 3D Solder Printing Inspection Machines

- Machines with built-in data links to pre/post-processes

#### Lithium-ion Battery Winding Machines

- China: Prioritize the automotive battery market

**(+¥1.0bn)**

#### 3D Solder Printing Inspection Machines

- US/Europe: Strengthen sales capabilities (local staff, technical support)
- Develop new models (expanded functions, upgrade operability)

#### Lithium-ion Battery Winding Machines

- Japan: Prepare for next-generation batteries
- China: Establish partnerships, enter market

**(+¥1.0bn)**



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### 3. Priority Strategies: Automatic Machinery (Pharmaceutical Packaging Systems)

- Strengthen China business  
Develop specialized machines

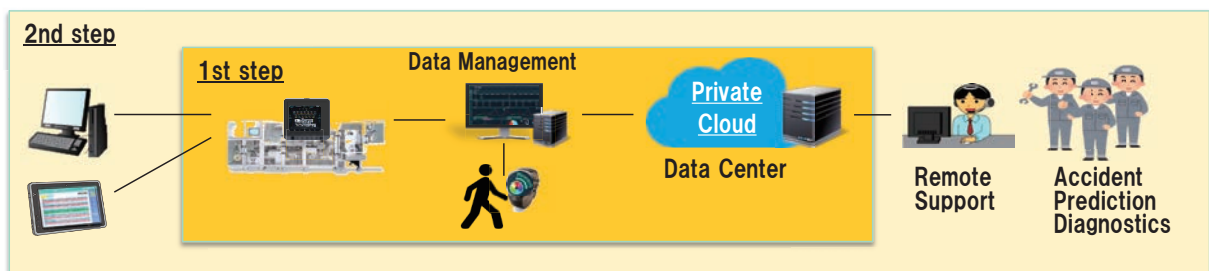


Utilize the new production center



Local design, procurement, and production

- Strengthen services to cover 400 machines in operation  
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Strengthen service business

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### 3. Priority Strategies: Automatic Machinery (Food Packaging Machine)

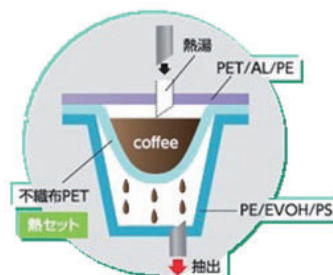
#### ■ V-Pack

The packaging of one-hand-open type  
Exclusive sales of specialized package



#### ■ Mesh-In-Cup

Non-woven fabric heat set  
molded package



Development of new packaging type compatible machine  
and exclusive sale of packaging materials

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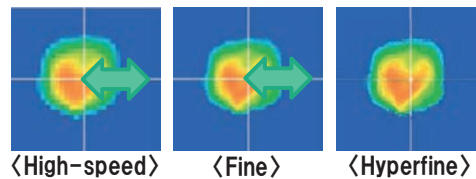
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### 3. Priority Strategies: Automatic Machinery (Solder Paste Inspection Machine)

■ To achieve both the precision and the speed

High-speed inspection  
Fine inspection



■ To improve operability by reforming the display

Accessibility improvement



■ Expansion of software options

Enhancement of communication function  
with upstream / downstream process



Expand the global share by improving the function and operability

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### 3. Priority Strategies: Components

#### Challenge CKD 2018

Total sales for 3 years (vs. previous medium-term plan)

126.8bn( +44.4bn )

Semiconductor Market

- Establish North America technical center
- Consignment production of unit products
- Strengthen production system (Complete Tohoku plant)
- Strengthen source development for leading device makers
- Develop high-sanitary valves

Medical Industry

- Develop solenoid valves for analysis equipment
- Develop sanitary valves



• Analysis equipment solenoid valve



#### Build-up CKD 2021

Total sales for 3 years (vs. previous medium-term plan)

149.8bn( +23.0bn )

Semiconductor Market

- Enhance functions of the North America technical center
- Expand unit products through development, design, in-house production
- Use automation to achieve high production yields
- Expand market share by working closely with customers
- Begin local production in the United States
- Strengthen ability to meet China market needs

Agricultural Market

- Develop agricultural control equipment and enter the agriculture market



• Agricultural control equipment



Fluid control equipment


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### 3. Priority Strategies: Components (Fluid control equipment)




Full operation of Tohoku Plant



Enhancement the function of Technical Center



Strengthening the response to Chinese market




USA Begins locally producing

**Globally expand to Fluid Control Equipment**

### 3. Priority Strategies: Components (Fluid control equipment)



Automatic Assembly Machine (ASSY)




Automatic Inspection



Automatic Assembly Machine (Production)



Automatic Warehouse



Automatic Cleaning

**Productivity improvement by automation**

### 3. Priority Strategies: Components

#### Challenge CKD 2018

Total sales for 3 years (vs. previous medium-term plan)

**147.8bn(+31.3bn)**

##### Electric Business

- Introduce an electric actuator model for Asia markets
- Joint development with Toyo Automation of Taiwan
- Business integration with NIKKI DENSO
- Begin production in China (NIKKI DENSO direct drive motors)



• NIKKI DENSO DD motors • Model for Asia markets

##### Pneumatic

- Launch sales of IO-Link flow meters and pressure gauges
- Launch FP Series for food industry



• FP Series (nitrogen gas purification unit)

#### Build-up CKD 2021

Total sales for 3 years (vs. previous medium-term plan)

**173.5bn(+25.7bn)**

##### Electric Business

- Expand the variation of electric products
- Integrate CKD NIKKI DENSO products
- Develop linear actuators
- Begin producing in-house, strengthen production system



• Integrated products

##### Pneumatic

- Introduce detection equipment with IoT
- Expand human assist systems



Pneumatic equipment

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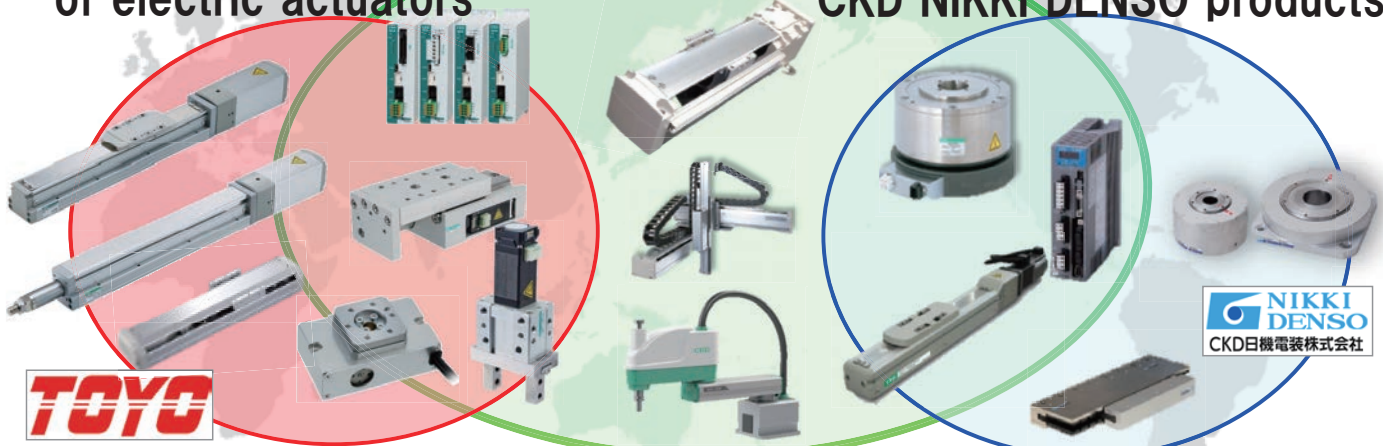
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### 3. Priority Strategies: Components (Electric)

Expand the variation of electric actuators

Integrate CKD NIKKI DENSO products



Development of Next-generation actuators

**Integration with partners to expand electric business**

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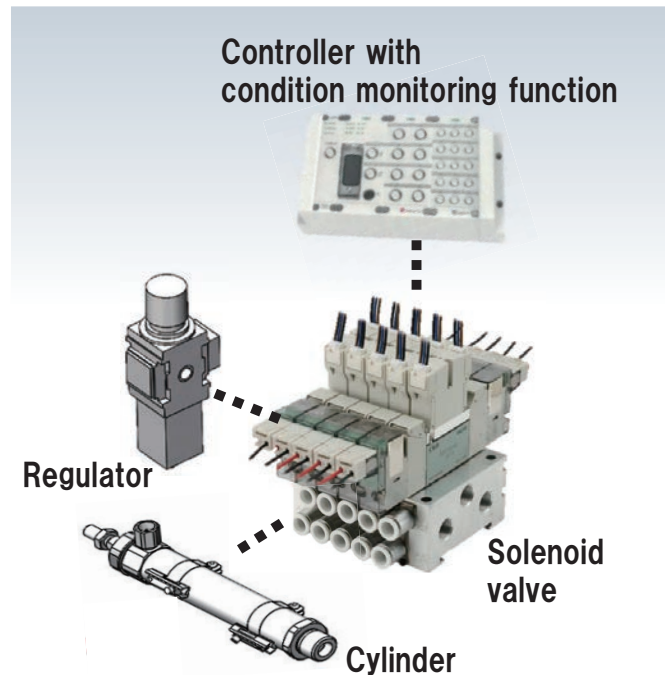


### 3. Priority Strategies: Components (Pneumatic equipment)

#### Human Assist System



#### Predictive Detector Equipment



### Expanding the business domain for new technologies

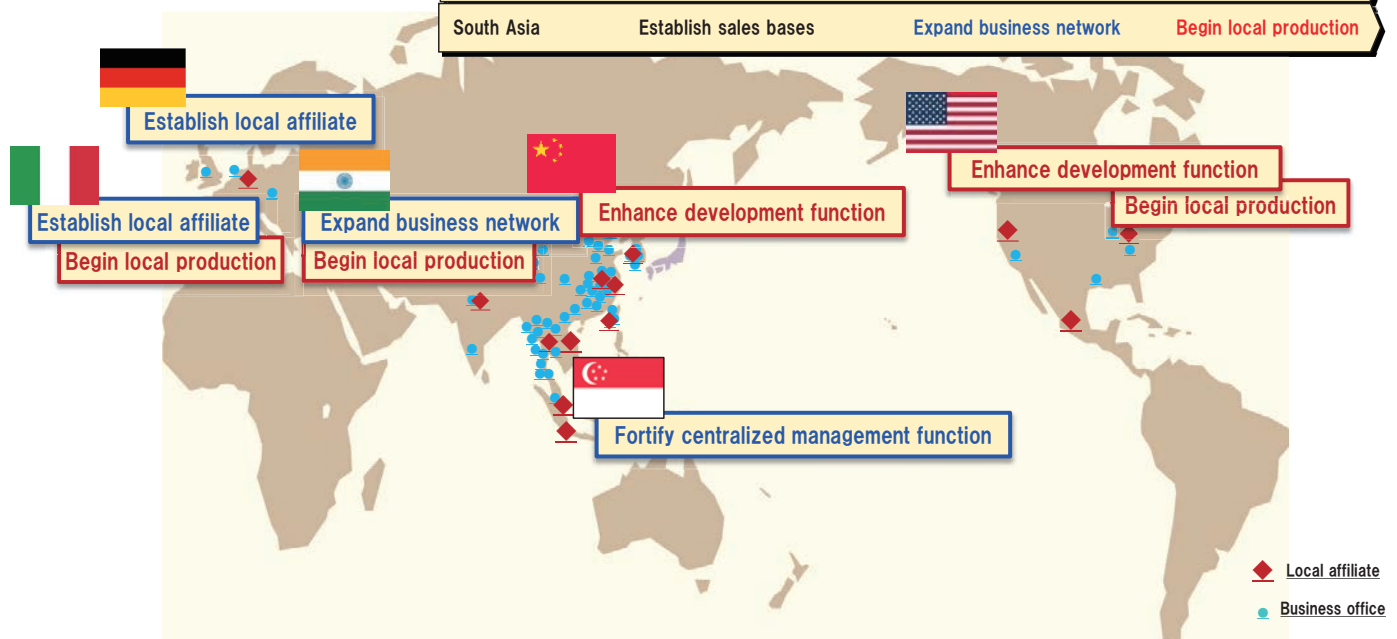
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### 3. Priority Strategies: Fortifying Overseas Business Bases

	NEW CKD 2012	GLOBAL CKD 2015	Challenge CKD 2018	Build-up CKD 2021
East Asia	Increase sales bases	Increase production capacity	Increase production capacity	Increase types of machines produced Enhance development function
ASEAN		Establish production/sales bases Expand sales network		Increase types of machines produced Fortify centralized management function
Europe		Establish sales bases	Expand sales base	Begin local production
North America		Establish development base	Enhance development function	Begin local production
South Asia		Establish sales bases	Expand business network	Begin local production



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### 3. Priority Strategies: Alliances

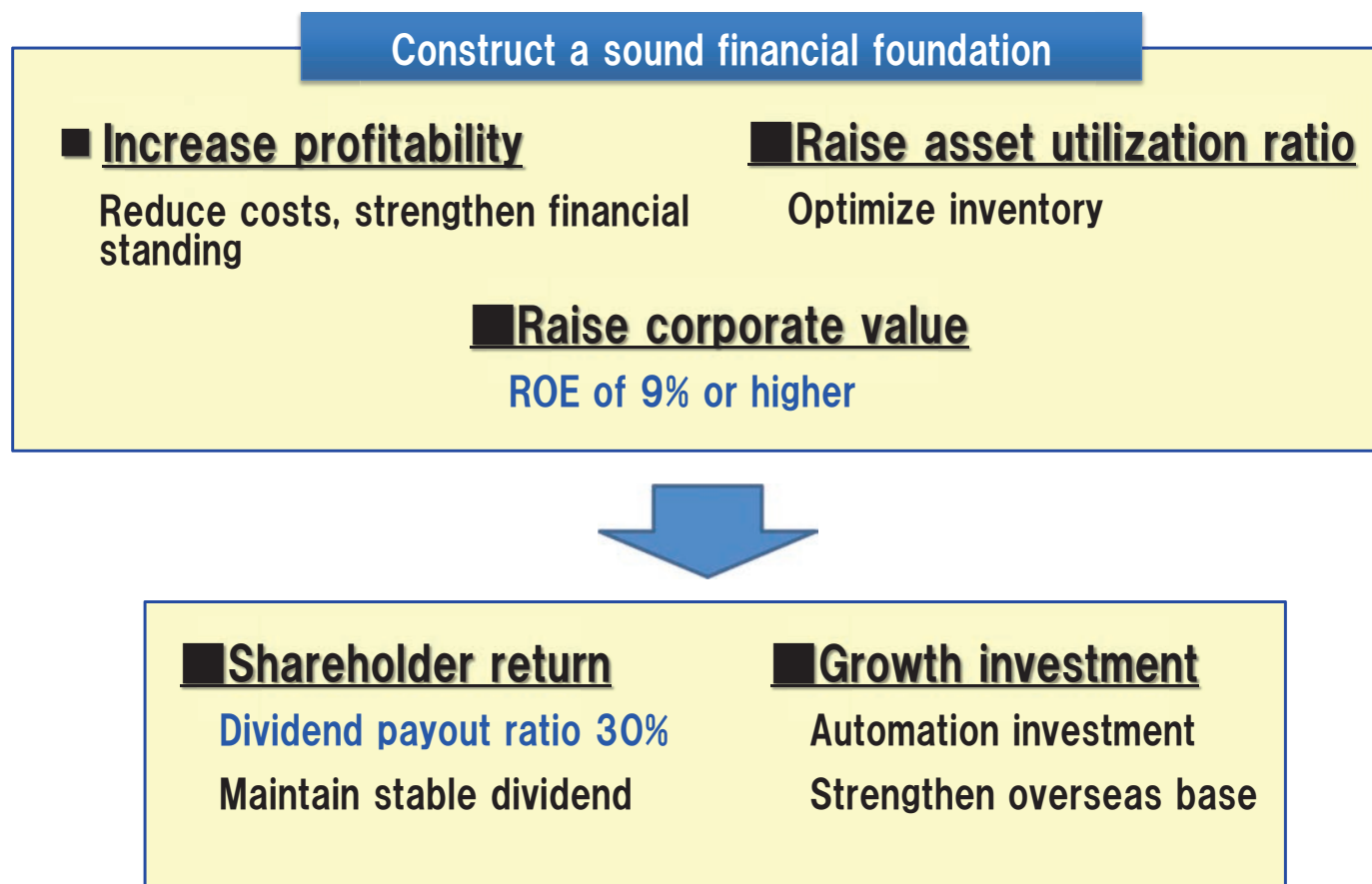
	NEW CKD 2012	GLOBAL CKD 2015	Challenge CKD 2018	Build-up CKD 2021
Automatic Machinery		<ul style="list-style-type: none"> <li>Joint development with packaging maker</li> </ul>	<ul style="list-style-type: none"> <li>OEM supply to mount maker</li> <li>Battery manufacturing equipment technology partnership</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen overseas development</li> <li>Establish new technology Image processing technology Packaging material technology</li> </ul>
Components	<ul style="list-style-type: none"> <li>Business succession of special application equipment</li> </ul>	<ul style="list-style-type: none"> <li>Business succession of pneumatic auxiliary equipment</li> <li>OEM supply from pneumatic equipment maker</li> </ul>	<ul style="list-style-type: none"> <li>Business integration with NIKKI DENSO</li> <li>Capital alliance with Toyo Automation</li> <li>Investment in Epsitec</li> </ul>	<ul style="list-style-type: none"> <li>Local production</li> <li>Strengthen overseas sales channels</li> <li>Joint development Next-generation actuators Use of AI and IoT Tele-communications and networks</li> </ul>

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### 4. Financial Strategy



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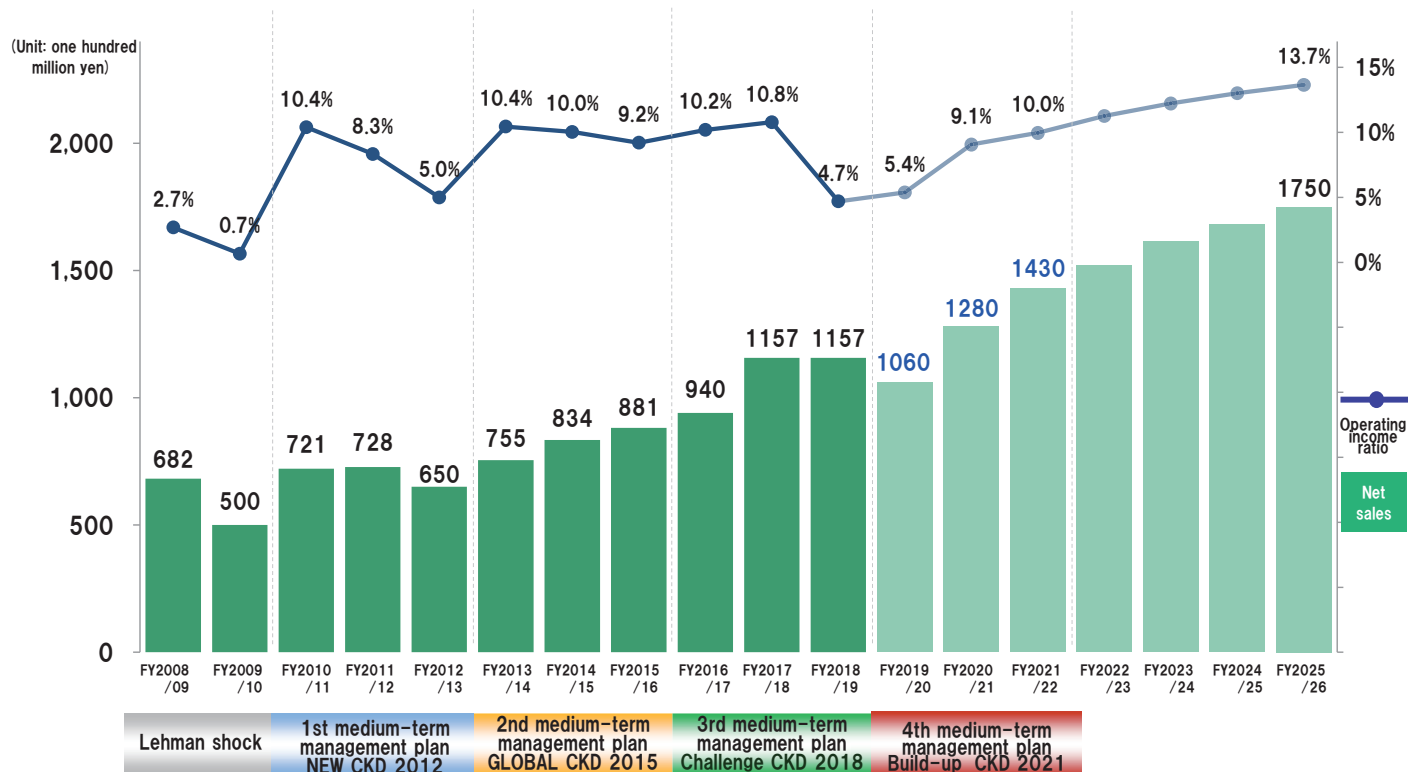
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# New Medium-term Management Plan 「Build-up CKD 2021」

Sales	2,099	2,470 (+18%)	3,254 (+32%)	3,770 (+16%)
Operating income ratio	168	244 (+45%)	275 (+13%)	316 (+15%)

※Unit: One hundred million yen

※ ( ): The ratio of the previous mid-term plan





# 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.