

ShinMaywa Industries, Ltd.

**Presentation of Financial Results for
Fiscal Year Ended March 31, 2019**

May 16, 2019

1. Summary of Consolidated Financial Results
 2. Progress of “CFG2020”* Medium-term Management Plan
- Supplementary Materials

* Abbreviation of “Change for Growing, 2020”

Note1: Numerical values appearing in this document have been rounded down to the nearest unit, while ratios are shown in round figures.

Note2: In this document, “1Q” signifies the cumulative 3-month period, “2Q” signifies the cumulative 6-month period, “3Q” signifies the cumulative 9-month period, and “full year” signifies the cumulative 12-month period.

1 Summary of Consolidated Financial Results

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

- ✓ Net sales : Achieved record high
- ✓ ROE: Improved due to decrease in net assets following acquisition of treasury shares

(Million yen)

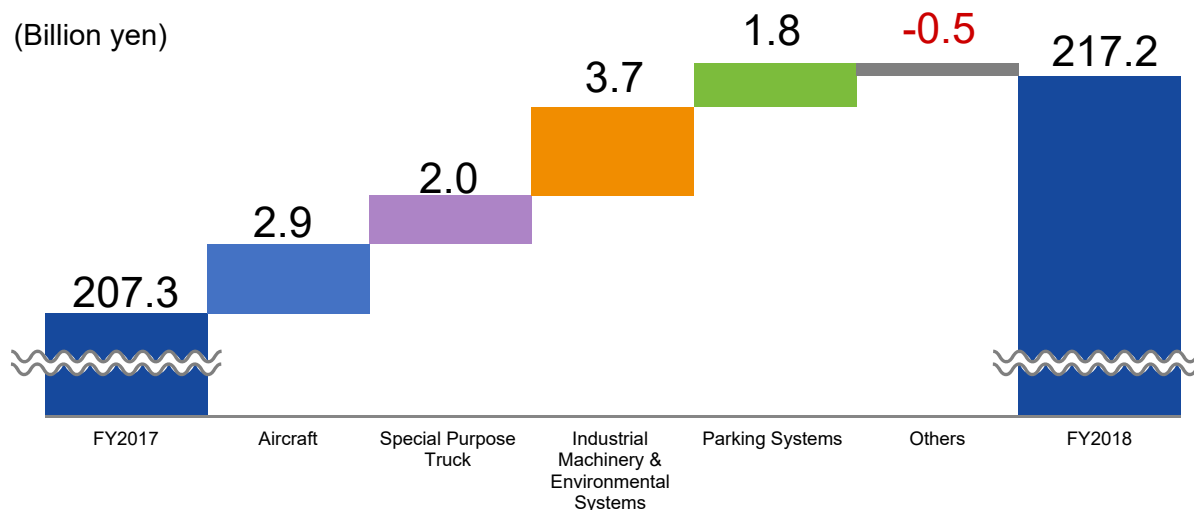
	FY2017	FY2018		Year-on-year rate of change
	Actual	Most recently published value	Actual	
Net sales	207,335	215,000	217,297	4.8%
Operating income	10,594	11,000	10,708	1.1%
Ordinary income	10,752	11,500	10,437	-2.9%
Profit attributable to owners of parent	7,086	7,900	6,996	-1.3%
ROE	5.8%	—	6.8%	—

Exchange rate (USD 1)	111.1 yen	—	110.5 yen
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 : Record high

Net sales

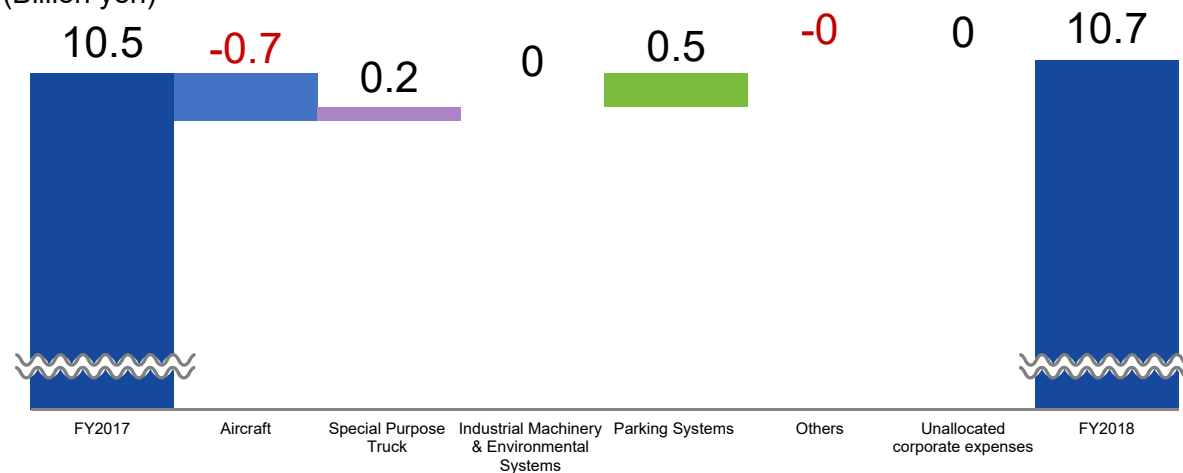
(Billion yen)



- Aircraft
 - Progress made in manufacture of US-2 STOL Search and Rescue Amphibian
- Special Purpose Truck
 - General demand was strong, especially for transportation vehicles (trailers)
- Industrial Machinery & Environmental Systems
 - Increase in sales of vacuum products, etc.
- Parking Systems
 - Construction progressed in new projects, both for mechanical car parking systems and for aircraft passenger boarding bridges

Operating income

(Billion yen)



- Aircraft
 - Decrease in number of 777 aircraft produced
 - Decrease in selling price of 787 aircraft etc.
- Special Purpose Truck
 - Increase in material and equipment costs offset by increase in revenue
- Parking Systems
 - Operating income increased due to increase in revenue

- ✓ Net sales: Expect to reach “CFG2020” final year target values early, and to set new record highs
- ✓ Operating income: Expect to increase earnings due to increase in revenue

(Million yen)

	FY2018	FY2019	Year-on-year rate of change
	Actual	Forecast	
Net sales	217,297	230,000	5.8%
Operating income	10,708	11,000	2.7%
Ordinary income	10,437	10,500	0.6%
Profit attributable to owners of parent	6,996	6,300	-10.0%

Exchange rate (USD 1)	110.5 yen	105.0 yen	 : Record high
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Financial Results Forecast, by Segment

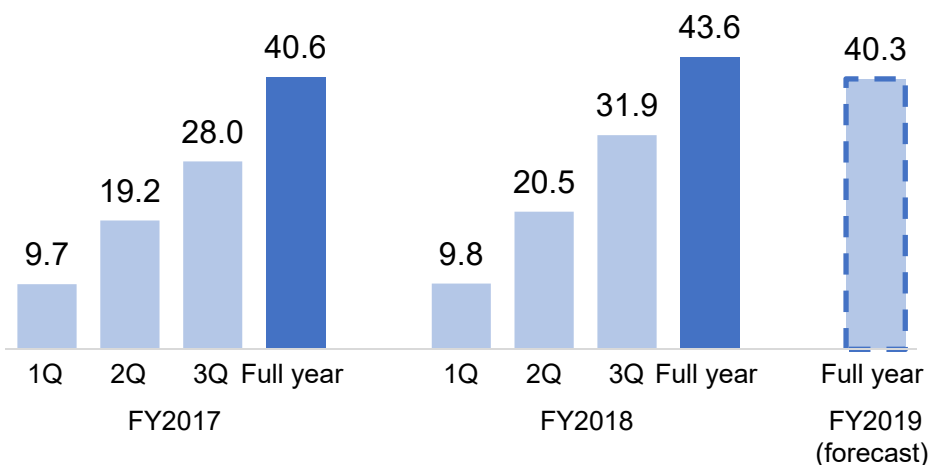
(Billion yen)

Segment	Net sales			Operating income		
	FY2018 (actual)	FY2019 (forecast)	Change	FY2018 (actual)	FY2019 (forecast)	Change
Aircraft	43.6	40.3	-3.3	0.6	1.6	+1.0
Special Purpose Truck	92.3	91.2	-1.1	6.5	6.0	-0.5
Industrial Machinery & Environmental Systems	33.8	44.3	+10.4	2.4	2.9	+0.4
Parking Systems	33.8	38.5	+4.6	2.3	2.3	-0
Others*	13.6	15.7	+2.0	1.0	1.0	-0
Unallocated corporate expenses	—	—	—	-2.3	-2.9	-0.6
Total	217.2	230.0	+12.7	10.7	11.0	+0.2

* "Others" comprises business segments not included in the reportable segments, such as construction, real estate, and software.

Net sales

(Billion yen)



■ FY2018 results (year-on-year)

Sales to Ministry of Defense:

Progress made in manufacture of US-2 STOL Search and Rescue Amphibian

Civilian demand:

Decrease in number of 777 aircraft produced (59→42)

Increase in number of 787 aircraft produced (140→148)

Increase in number of 777X aircraft produced (0→4.5)

Increase in number of G7500 aircraft produced (15→36)

■ FY2019 financial results forecast (year-on-year)

Sales to Ministry of Defense:

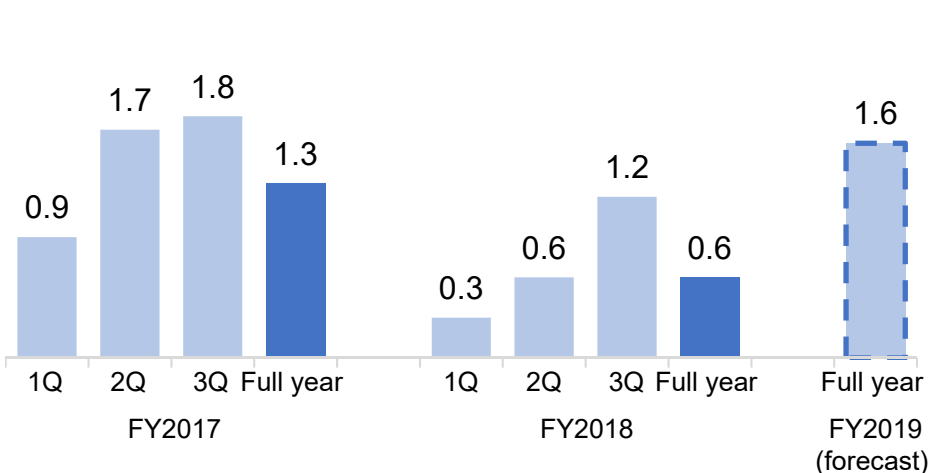
Expected to be on par with previous year

Civilian demand:

Yen expected to appreciate, and selling price of 787 aircraft expected to decrease

Operating income

(Billion yen)



■ FY2018 results (year-on-year)

- Decrease in number of 777 aircraft produced
- Decrease in selling price of 787 aircraft
- etc.

○ Actual rate (JPY/USD)

FY2017	111.1
FY2018	110.5

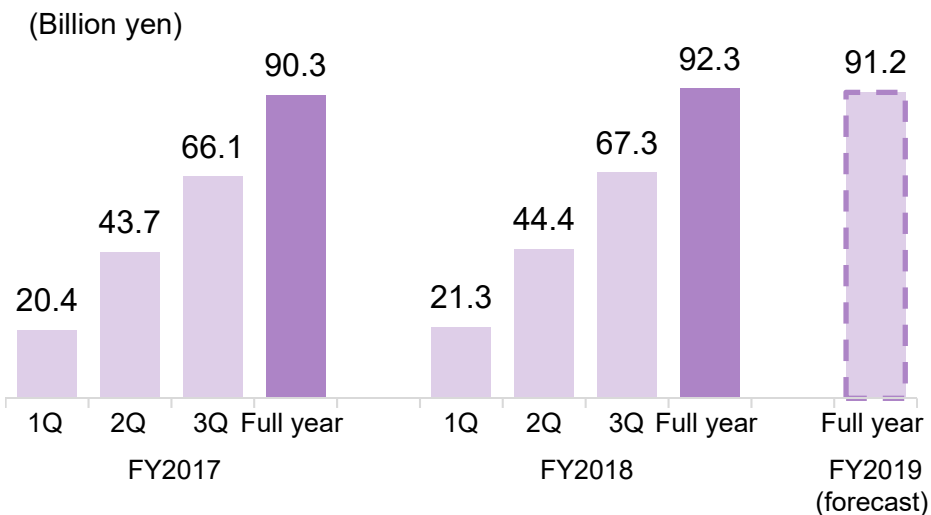
■ FY2019 financial results forecast (year-on-year)

- Yen expected to appreciate
- Loss on construction contracts expected to decrease

○ Expected rate (FY2019)
USD 1 = JPY 105

○ Exchange rate sensitivity (FY2019)
Operating income increases by approximately 170 million yen for each 1 yen of depreciation

Net sales



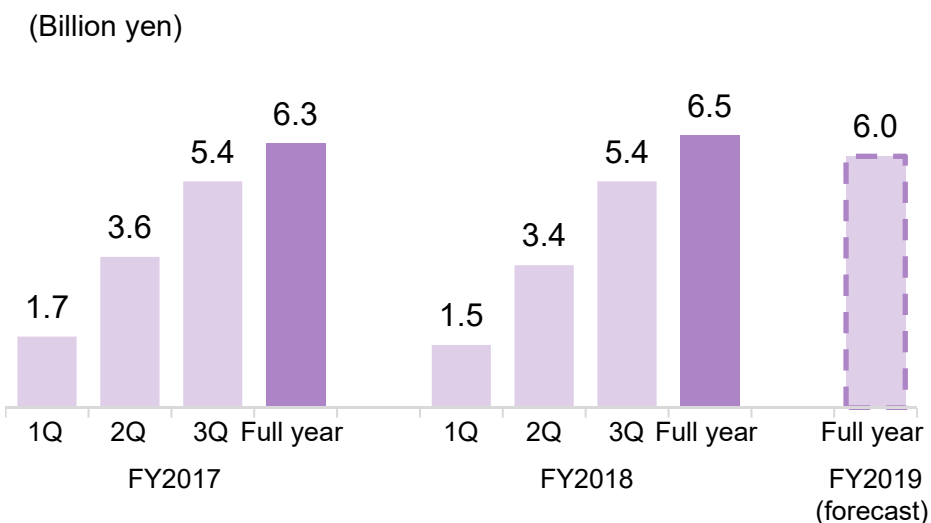
■ FY2018 results (year-on-year)

- Demand was strong, especially for transportation vehicles (trailers)
- Efficiency measures for order/production activities were also successful

■ FY2019 financial results forecast (year-on-year)

- Healthy year-end balance of orders received expected to help keep sales on par with previous year

Operating income



■ FY2018 results (year-on-year)

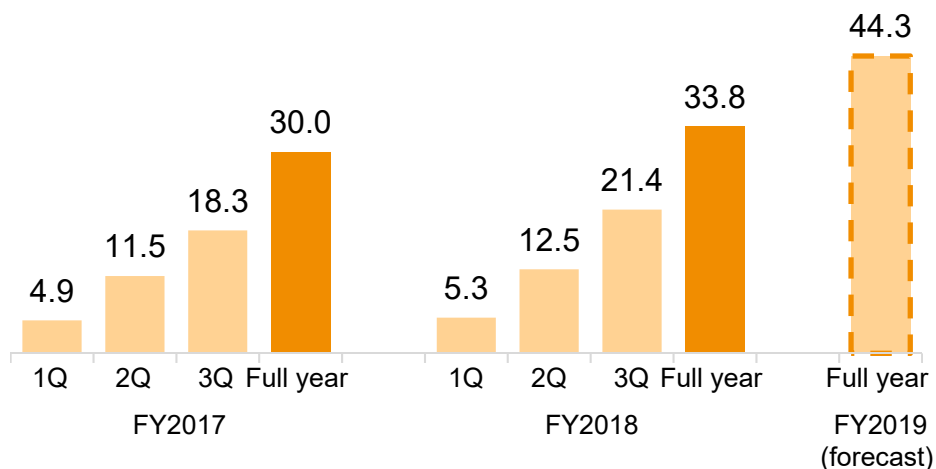
- Increase in material and equipment costs offset by increase in revenue

■ FY2019 financial results forecast (year-on-year)

- Operating income expected to decrease due to increase in costs incidental to strengthening the business foundation

Net sales

(Billion yen)



■ FY2018 results (year-on-year)

Water treatment equipment:

Steady sales of both equipment and systems

Mechatronics products:

Increased sales of vacuum products

Environment-related business:

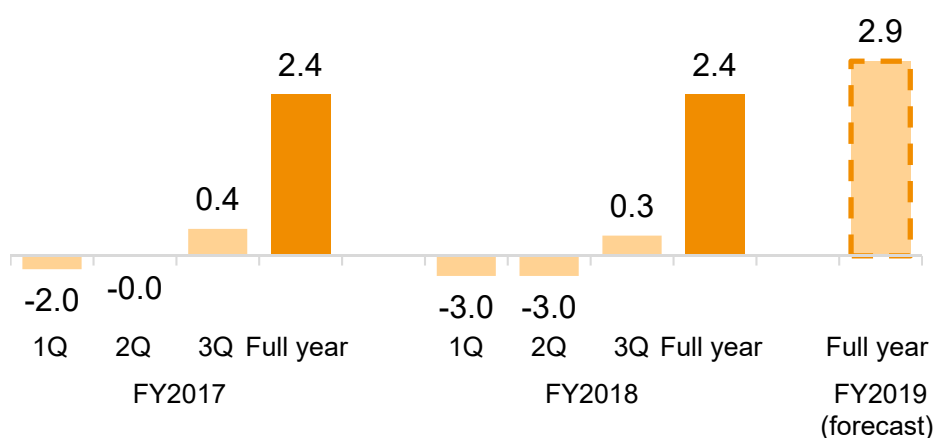
Progress in construction of new plant projects

■ FY2019 financial results forecast (year-on-year)

- Increased revenue expected in all areas, especially mechatronics products, sales volume for which will expand through M&A

Operating income

(Billion yen)



■ FY2018 results (year-on-year)

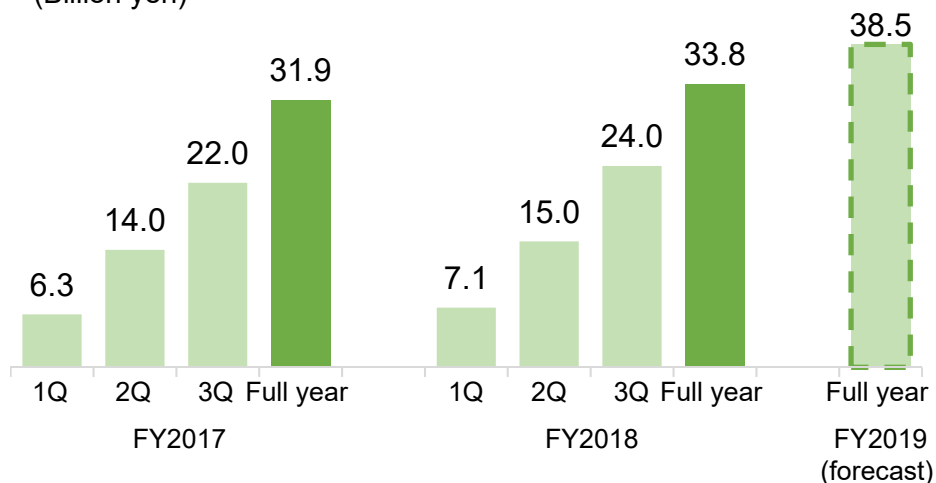
- Although change in product mix, etc. led to decline in profit margin, operating income was kept on par with previous year thanks to increased revenue

■ FY2019 financial results forecast (year-on-year)

- Operating income expected to increase due to increase in revenue

Net sales

(Billion yen)



■ FY2018 results (year-on-year)

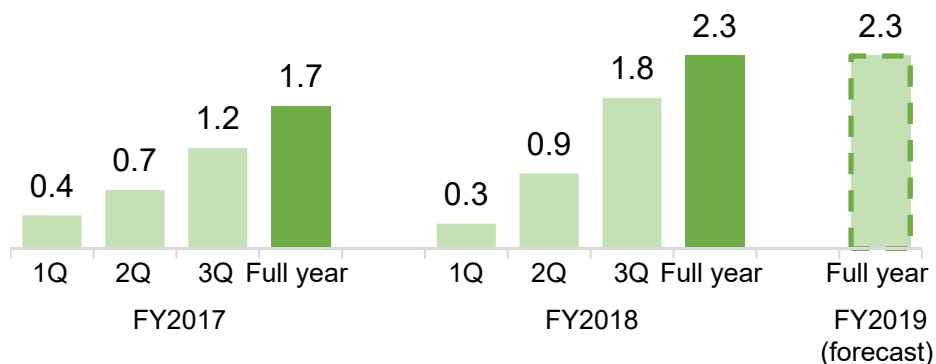
- Solid progress made in construction of existing orders, both for mechanical car parking systems and for aircraft passenger boarding bridges

■ FY2019 financial results forecast (year-on-year)

- Steady progress expected in construction of existing orders, both for mechanical car parking systems and for aircraft passenger boarding bridges

Operating income

(Billion yen)



■ FY2018 results (year-on-year)

- Profitability improved as a result of less loss on construction contracts being recorded for major projects
- Operating income increased due to increase in revenue

■ FY2019 financial results forecast (year-on-year)

- Expected to be on par with previous year

2

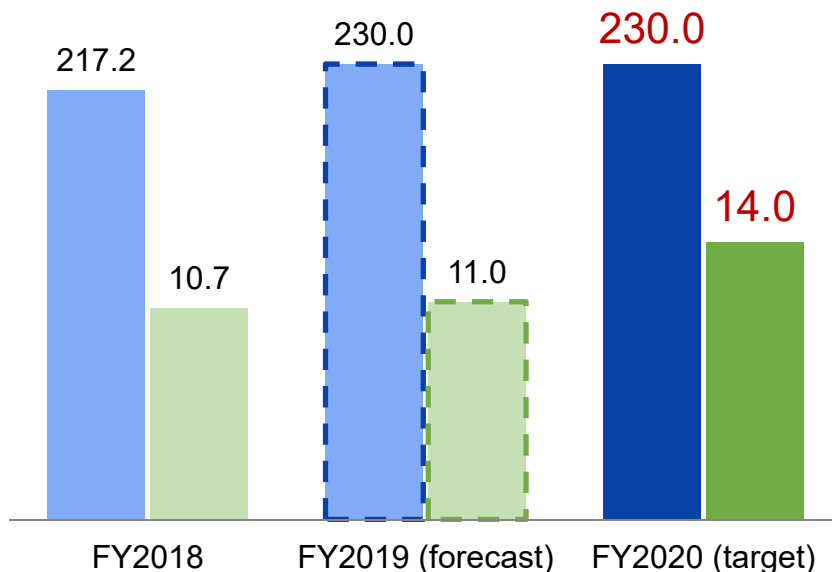
Progress of “CFG2020” Medium-term Management Plan

Business Performance Targets

During final fiscal year of plan (FY2020), aim to achieve:

- Consolidated net sales of ¥230 billion
- Consolidated operating income of ¥14 billion
- ROE of 8%

(Billion yen) ■ Net sales ■ Operating income



Measures

(1) Measures for expanded scale and increased profit of key businesses

- **Products & services**
 - (a) Develop next-generation products using IoT, AI, etc.
 - (b) Strengthen ability to propose solutions and service systems
 - (c) Invest and develop human resources aimed at streamlining production
- **Overseas markets**
 - (a) Expand strategic areas and strengthen sales
 - (b) Scout for local partners and promote collaboration
 - (c) Construct own plants → Strengthen production capability and cost competitiveness
- **M&A, alliances**
Strengthen M&A, business tie-ups and other alliances with companies expected to bring synergy

(2) Shareholder return measures

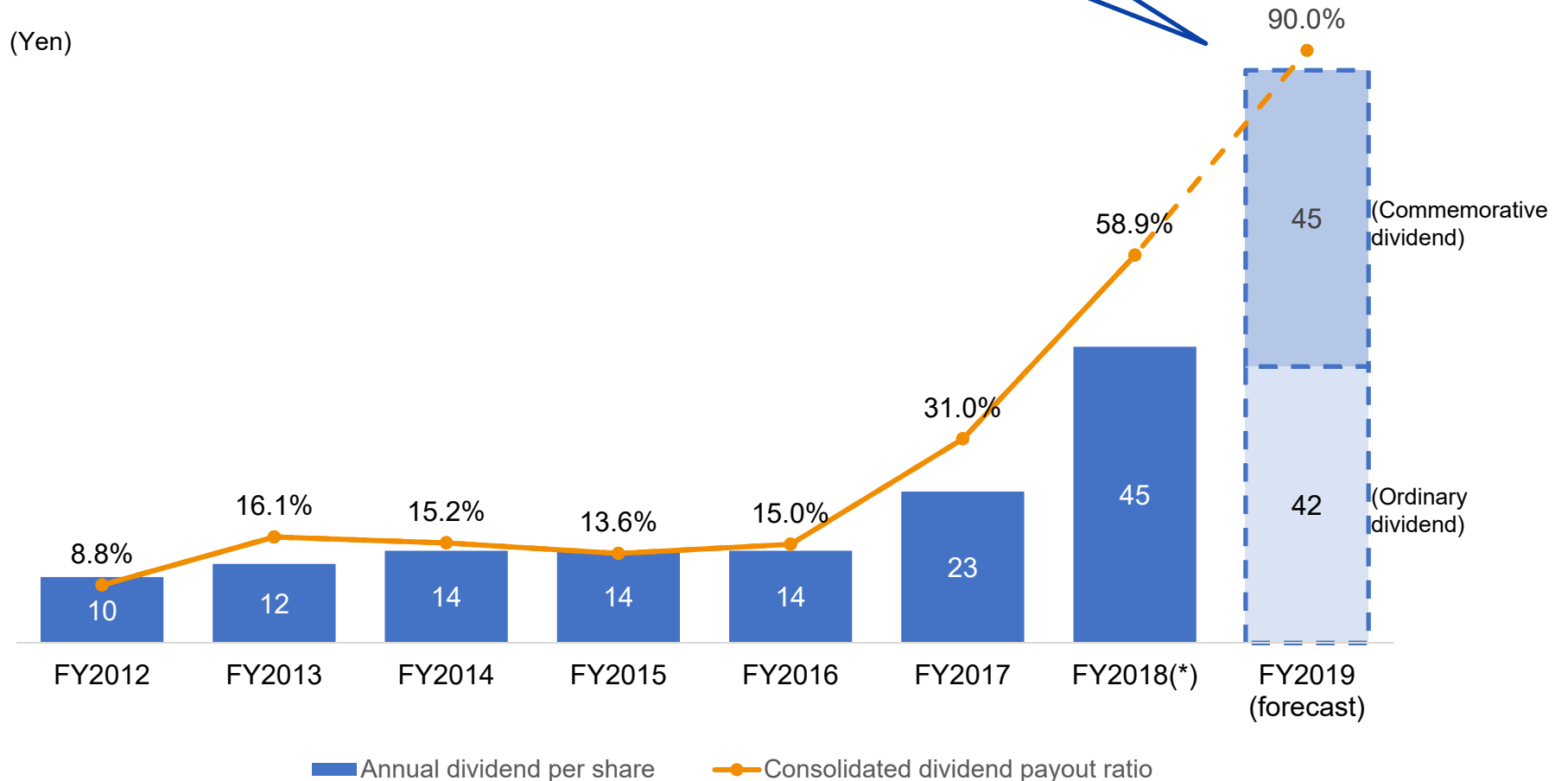
- In principle, maintain a dividend payout ratio of 40%–50% on consolidated basis
- Acquire treasury shares with regard to improving capital efficiency

Planned value*		Planned value*	FY2018 results			
Operating CF ¥32.0-37.0 billion	+	Procurement of debt ¥10.0-20.0 billion	TOB settlement funds Procurement of debt ¥40.0 billion	Growth investments Capital investment / M&A ¥30.0-40.0 billion	¥9.0 billion	Capital investment ¥6.4 billion
						M&A ¥2.6 billion
				Shareholder returns Dividends ¥10.0-13.0 billion	¥3.4 billion	Dividend per share ¥45/year
						Consolidated dividend payout ratio 59%
				Shareholder returns Acquisition of treasury shares Acquire flexibly ¥45 billion (30,276,298 shares)	¥45 billion (30,276,298 shares)	Market purchase ¥5.0 billion (3,609,698 shares)
						Takeover bid (TOB) ¥39.9 billion (26,666,600 shares)

* Estimated total over 3 years of plan

Forecast for FY2019

- ✓ Dividend per share: 87 yen (including commemorative dividend of 45 yen)
- ✓ Consolidated dividend payout ratio: 90%

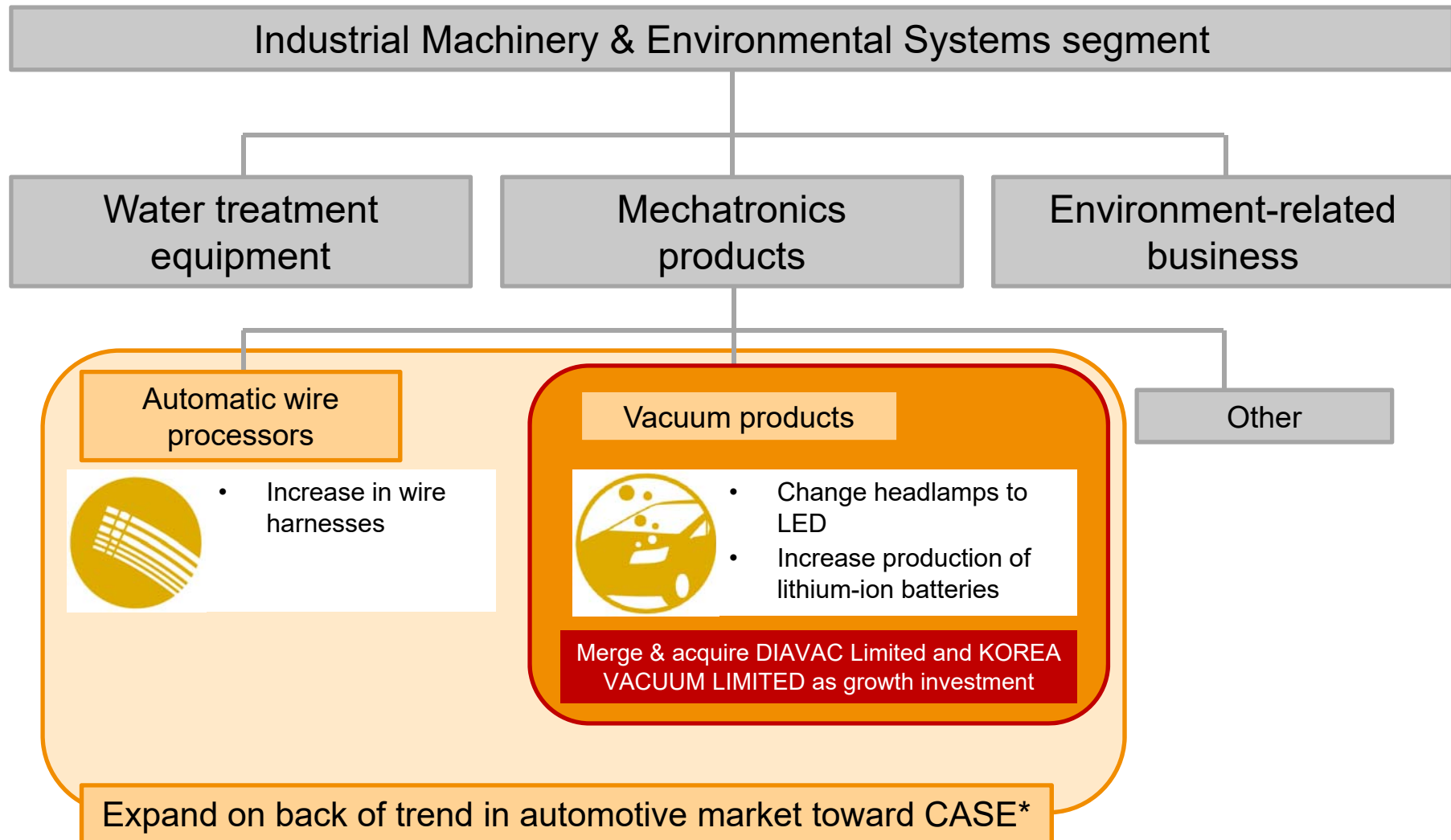


* To be formally decided by resolution at a general meeting of shareholders.

Planned value*		Planned value*	FY2018 results						
Operating CF ¥32.0-37.0 billion	+	Procurement of debt ¥10.0-20.0 billion	Growth investments Capital investment / M&A ¥30.0-40.0 billion	¥9.0 billion					
				<table border="1"> <tr> <td>Capital investment</td> <td>¥6.4 billion</td> </tr> <tr> <td>M&A</td> <td>¥2.6 billion</td> </tr> </table>	Capital investment	¥6.4 billion	M&A	¥2.6 billion	
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M&A	¥2.6 billion								
TOB settlement funds Procurement of debt ¥40.0 billion		Shareholder returns Dividends ¥10.0-13.0 billion	Dividends ¥3.4 billion	<table border="1"> <tr> <td>Dividend per share</td> <td>¥45/year</td> </tr> <tr> <td>Consolidated dividend payout ratio</td> <td>59%</td> </tr> </table>		Dividend per share	¥45/year	Consolidated dividend payout ratio	59%
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* Estimated total over 3 years of plan

Position of vacuum products in Industrial Machinery & Environmental Systems segment



* CASE: Connected, Autonomous, Shared/Service, Electric

History and present state of ShinMaywa vacuum products

Vacuum Thin Film Coating System: A device that applies a thin coat on objects in a vacuum chamber



Decorative films

Coating of automobile headlamp reflectors



Optical films

Coating of various lenses

1986
1991
1993
1999
2000



Delivery of 2-door vapor deposition system

Delivery of first VCD1800AD batch coater of evaporation and plasma polymerization

Delivery of large-scale continuous vapor deposition system for projectors

Delivery of batch-type vapor deposition system for semiconductor steppers

Delivery of first SPD Ion Coater

- ✓ Demand is strong due to increase in coated parts following shift to LED headlamps, and to arrival of the replacement cycle
- ✓ Holds top market share* in systems for automobile lamps (increasing trend in recent years)

- ✓ Market is contracting following intensifying price competition with specialized manufacturers

Issue: Increase sales volume and improve revenue by expanding underlying hardware and product line-ups in new areas

* Calculated based on the number of units in operation. Target areas: Japan, China, Korea, Southeast Asia

M&A aimed at expanding underlying hardware: DIAVAC Limited



Long-established manufacturer of vacuum equipment, boasting excellent technical capabilities and an extensive product lineup

■ Aim and effect of M&A

- ◆ Enhance product line-up, and expand sales channels through sales collaboration, etc.
 - Cross-selling of underlying hardware and systems, overseas expansion utilizing overseas bases of the ShinMaywa Group, etc.
 - Increased sales and stable revenue by adding product line-ups in areas different to conventional ShinMaywa products
- ◆ Share after-sales service networks
- ◆ Reduce costs by collaborating in procurement, etc.
- ◆ Strengthen revenue base by exchanging technologies

■ Key products



Glove-box



Oil diffusion pump

Corporate Name	DIAVAC Limited
Address	495 Owadashinden, Yachiyo, Chiba, Japan
Established	April 5, 1939
Paid-up Capital	135 million yen
Number of Employees	68 (as of end of March 2019)
Business Description	Manufacture of various machines using vacuum technology
Equity contribution	100%
Date of contribution	April 2018
Sales	1.5 billion yen (forecast for FY2020)

M&A aimed at entering new areas of business: KOREA VACUUM LIMITED



Manufacturer of vacuum dryers and other products in areas different to existing ShinMaywa products

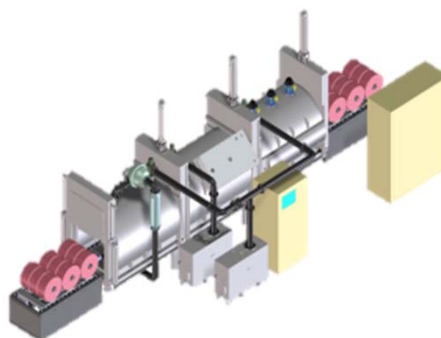
■ Aim and effect of M&A

- ◆ Maintain and develop collaborative relationship that has been built up
 - Majority of ShinMaywa’s existing vacuum products are manufactured by KOREA VACUUM LIMITED as a subcontractor
- ◆ Enhance product line-up, and expand sales channels through collaboration of sales operations, etc.
 - In the EV market, which is expected to grow in the future, KOREA VACUUM’s flagship vacuum dryer to be used in the manufacturing process of automotive lithium-ion batteries (customers include Samsung Electronics and LG Electronics)
 - With support from ShinMaywa, strengthen sales, not only in Japan but in other overseas markets too
- ◆ Strengthen revenue base by exchanging technologies

■ Key products



Vacuum dryers

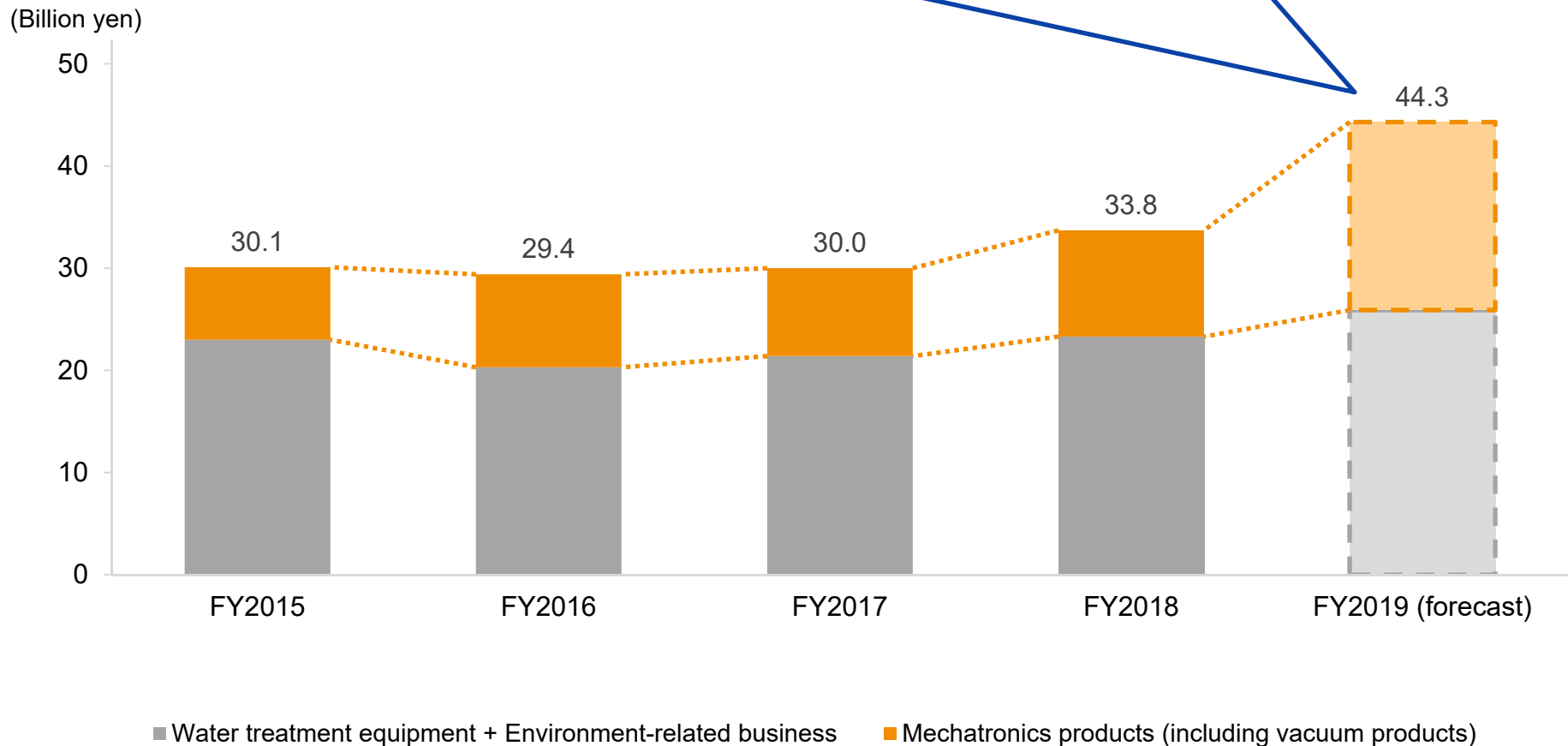


Corporate name	KOREA VACUUM LIMITED
Address	80, Dalseong2chadong 3-ro, Guji-myeon, Dalseong-gun, Daegu, Republic of Korea
Established	December 7, 1998
Paid-up Capital	149 million yen*
Number of Employees	86 (as of end of March 2019)
Business Description	Manufacture, etc. of vacuum equipment and automotive parts
Equity contribution	70%
Date of contribution	December 2018
Sales	8.5 billion yen (forecast for FY2020)*

* Sales denominated in Korean won have been converted at an exchange rate of KRW 1 = JPY 0.1

Industrial Machinery & Environmental Systems segment: Net sales

Net sales in FY2019 are expected to surpass the sales target of 43.5 billion yen set in CFG2020 for the Industrial Machinery & Environmental Systems segment, in part, due to expanding the business areas of vacuum products (expanding underlying hardware + product line-ups in new areas)

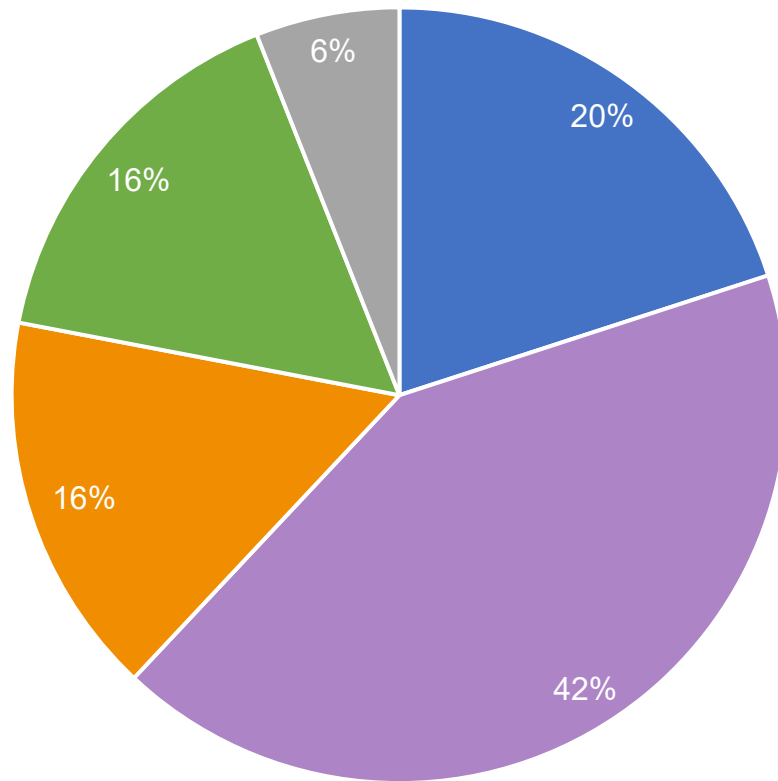


Supplementary Materials

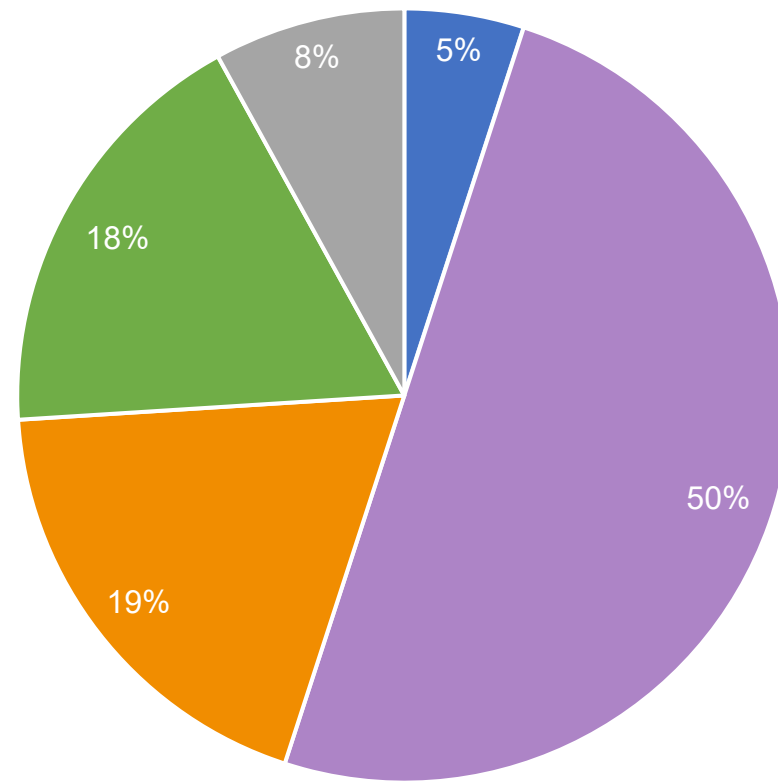
Corporate Name	ShinMaywa Industries, Ltd.
Head Office	1-1 Shinmeiwa-cho, Takarazuka-shi, Hyogo 665-8550, Japan
Founded	November 5, 1949
Paid-up Capital	15,981,967,991 yen
President	Tatsuyuki Isogawa, President & CEO
Number of Employees	Consolidated 5,037 / Non-consolidated 3,018 (as of end of March, 2019)
Consolidated Subsidiaries	20

Distribution Ratios of Net Sales & Operating Income by Segment (FY2018)

■ Distribution of net sales



■ Distribution of operating income

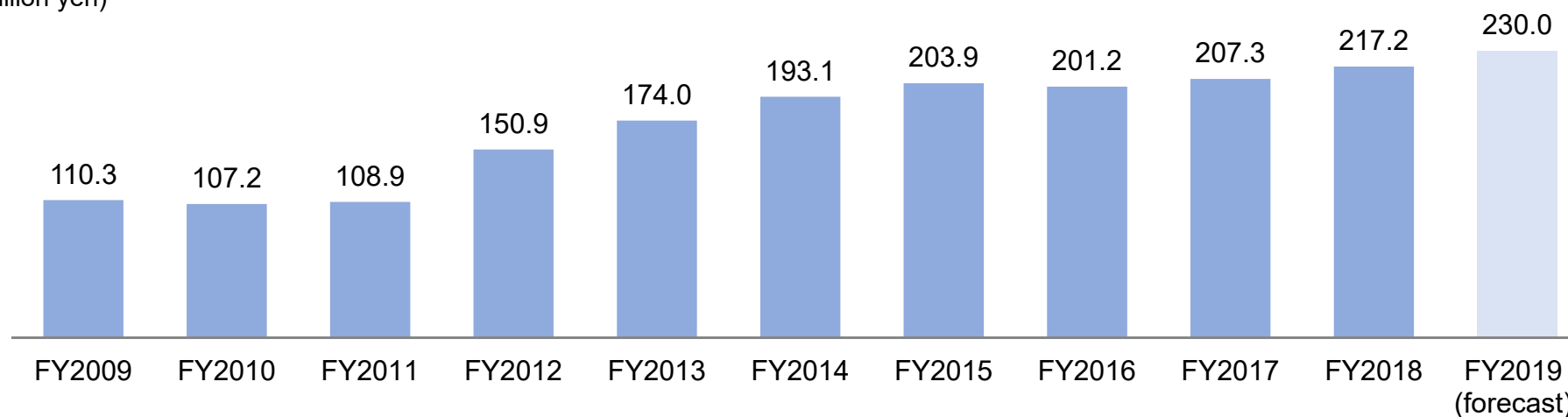


- Aircraft
- Special Purpose Truck
- Industrial Machinery & Environmental Systems
- Parking Systems
- Others

Note: "Operating income" is a simple aggregate of the operating income of each segment. Unallocated corporate expenses, etc. have not been included in calculations.

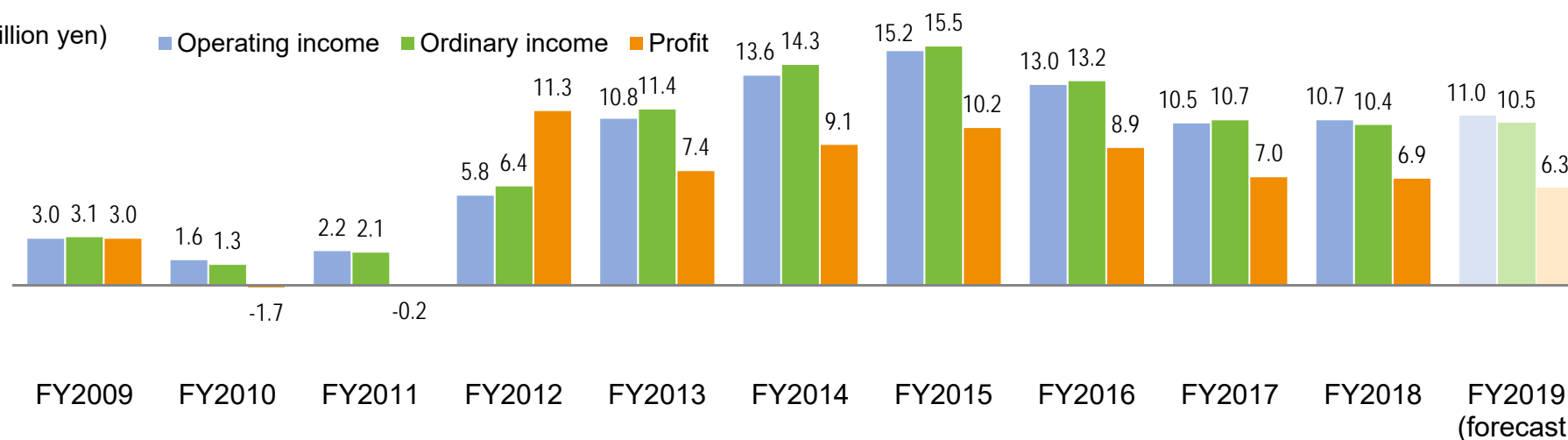
Net sales

(Billion yen)



Operating income, ordinary income, and profit

(Billion yen)



Profit: profit attributable to owners of parent

Business Performance by Index/Segment

Account	FY2014	FY2015	FY2016	FY2017	FY2018
Net sales (million yen)	193,131	203,917	201,204	207,335	217,297
Operating income (million yen)	13,635	15,260	13,067	10,594	10,708
Operating income ratio	7.1%	7.5%	6.5%	5.1%	4.9%
PBR	1.20	0.70	0.86	0.67	1.09
PER	13.88	7.74	11.41	11.79	18.01
ROE (%)	9.1	9.4	7.7	5.8	6.8
ROA (%)	5.2	5.6	4.8	3.7	3.5

Segment	Account	FY2014	FY2015	FY2016	FY2017	FY2018
Aircraft	Net sales (million yen)	41,143	47,262	39,028	40,699	43,635
	Operating income (million yen)	5,263	6,546	2,000	1,368	649
	Operating income ratio	12.8%	13.9%	5.1%	3.4%	1.5%
Special Purpose Truck	Net sales (million yen)	84,775	87,462	89,304	90,317	92,333
	Operating income (million yen)	6,929	6,748	8,348	6,313	6,544
	Operating income ratio	8.2%	7.7%	9.3%	7.0%	7.1%
Industrial Machinery & Environmental Systems	Net sales (million yen)	27,928	30,155	29,451	30,099	33,810
	Operating income (million yen)	1,878	1,985	2,219	2,468	2,474
	Operating income ratio	6.7%	6.6%	7.5%	8.2%	7.3%
Parking Systems	Net sales (million yen)	27,440	29,359	31,145	31,979	33,863
	Operating income (million yen)	1,330	1,814	1,850	1,780	2,343
	Operating income ratio	4.8%	6.2%	5.9%	5.6%	6.9%
Others	Net sales (million yen)	11,843	9,677	12,274	14,239	13,654
	Operating income (million yen)	439	796	960	1,049	1,037
	Operating income ratio	3.7%	8.2%	7.8%	7.4%	7.6%

Consolidated Balance Sheets

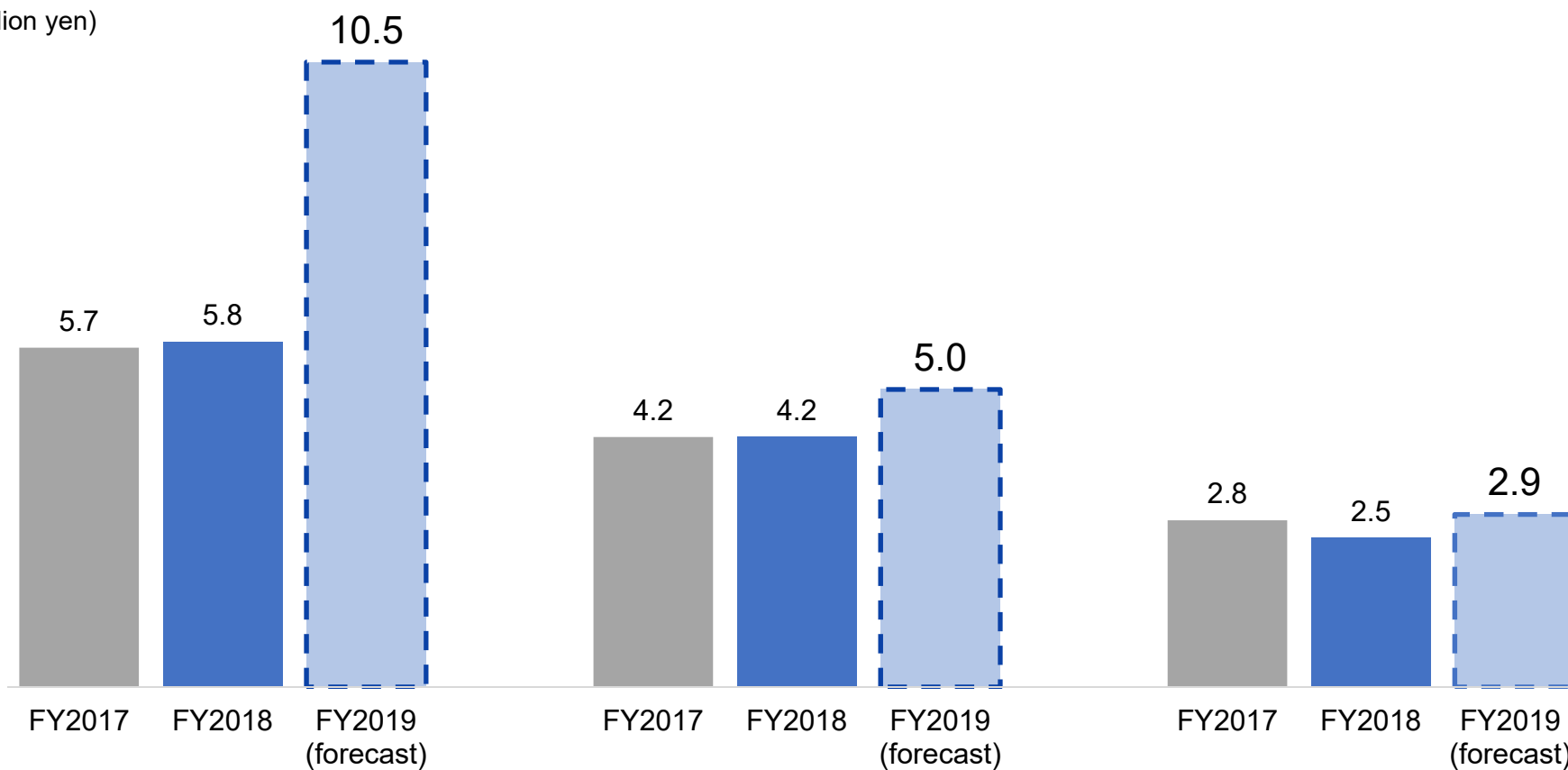
(Million yen)

Account	FY2014	FY2015	FY2016	FY2017*	FY2018
Cash and deposits	12,920	17,085	18,772	18,750	23,153
Notes and accounts receivable - trade	77,519	76,642	76,475	74,795	80,955
Work in process	23,274	20,702	20,273	19,594	18,468
Total current assets	136,664	140,366	139,890	133,717	148,683
Property, plant and equipment	27,841	29,131	30,403	31,279	34,865
Intangible assets	2,164	2,402	2,537	2,587	2,768
Investments and other assets	15,496	14,879	15,801	22,417	22,877
Total non-current assets	45,502	46,413	48,742	56,284	60,511
Notes and accounts payable - trade	32,214	31,472	28,239	24,572	29,371
Short-term loans payable	188	-	150	90	49,051
Current portion of long-term loans payable	2,000	2,000	-	-	238
Accrued expenses	10,917	12,481	10,958	10,858	11,434
Total current liabilities	60,457	59,603	56,385	50,871	110,822
Long-term loans payable	2,000	-	-	-	603
Total non-current liabilities	15,750	14,097	13,898	14,125	15,330
Total liabilities	76,208	73,700	70,283	64,997	126,152
Capital stock	15,981	15,981	15,981	15,981	15,981
Capital surplus	15,737	15,737	15,738	15,738	15,737
Retained earnings	72,736	81,522	89,111	94,861	94,992
Treasury shares	(145)	(154)	(3,250)	(3,252)	(44,597)
Non-controlling interests	93	85	79	111	702
Total net assets	105,958	113,079	118,348	125,004	83,043
Total liabilities and net assets	182,167	186,780	188,632	190,001	209,195

* Changes have been made to the presentation method following application of the Partial Amendments to Accounting Standard for Tax Effect Accounting.

■ Capital investments (tangible) ■ Depreciation (tangible) ■ Research and development costs

(Billion yen)



“CFG2020” Business Performance Targets, by Segment

(Billion yen)

Segment	Net sales			Operating income		
	FY2019 (forecast)	FY2020 (target)	Change	FY2019 (forecast)	FY2020 (target)	Change
Aircraft	40.3	41.0	+0.7	1.6	3.2	+1.5
Special Purpose Truck	91.2	86.5	-4.7	6.0	5.0	-1.0
Industrial Machinery & Environmental Systems	44.3	43.5	-0.8	2.9	3.7	+0.7
Parking Systems	38.5	44.0	+5.5	2.3	3.2	+0.8
Others*	15.7	15.0	-0.7	1.0	1.3	+0.3
Unallocated corporate expenses	—	—	—	-2.9	-2.4	+0.5
Total	230.0	230.0	—	11.0	14.0	+3.0

* “Others” comprises business segments not included in the reportable segments, such as construction, real estate, and software.

This document may contain statements about the future or other information aside from historical facts regarding ShinMaywa Industries, Ltd. (hereinafter referred to as the “Company”) or its group companies (hereinafter referred to as the “Group”), such as outlooks, policies, management strategies, targets, plans and recognition or evaluation of facts (hereinafter referred to as “forward-looking information”). Furthermore, management of the Company may also remark on forward-looking information. Statements on forward-looking information are made entirely on the basis of projections of the Company as of the date of this document (or the date otherwise specified herein), based on information obtained by the Company. In addition, apart from historical facts, certain assumptions have been made when formulating outlooks, targets and so on. By their nature, there is no guarantee that these statements, or facts or assumptions, are objectively accurate, nor is there any guarantee that they will come to pass in the future as presented.

Accordingly, it should be noted that forward-looking information needs to be considered in conjunction with uncertainties and risk factors. Reference should also be made to the numerous important risk factors that could have a significant negative impact on the Company’s actual business operations and results, additional information on which is described in detail in the Company’s quarterly financial results, annual securities report, annual report and various other documents disclosed by the Company.

Furthermore, as described above, statements on forward-looking information contained in this document are as of the date of this document (or the date otherwise specified herein). It should be noted that, even if there have been changes to the forward-looking information due to circumstances arising after the date on which this document is prepared, the Company is under no obligation to continually update this information to the latest information.

In addition, information and opinions contained in this document, which relate to enterprises other than the Company or the Group, are quoted from disclosed information, etc. The Company has not verified, nor does it guarantee, the accuracy or propriety of such information. It should also be noted that the Company cannot be held liable for any damages, etc. arising from errors or omissions in data and expressions, etc. used in this document or from the use of this information.

This document has not been prepared for the purpose of soliciting investment in securities issued by the Company. Any decisions regarding investment should be made at the discretion of each investor.

ShinMaywa Industries, Ltd.