

ShinMaywa Industries, Ltd.

**Presentation of Financial Results for
Fiscal Year 2019**

May 22, 2020

- 1. Summary of Consolidated Financial Results**
 - 2. Impact of COVID-19**
 - 3. Topics Relating to “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

- ✓ Net sales: New record high for 3rd consecutive year
- ✓ Operating income: Increased in all segments (year-on-year)
- ✓ ROE: Reached final fiscal year target values (8%) of the Medium-term Management Plan

(Million yen)

	FY2018 (actual)	FY2019		Year-on-year	Rate of change compared with figures announced in January
		Announced in January	Actual		
Net sales	217,297	230,000	227,231	+4.6%	-1.2%
Operating income	10,708	11,500	12,836	+19.9%	+11.6%
Ordinary income	10,437	11,000	12,375	+18.6%	+12.5%
Profit attributable to owners of parent	6,996	6,500	7,378	+5.5%	+13.5%
ROE	6.8%	—	8.9%	+2.1pt	—

Exchange rate (USD 1)	110.5 yen	—	108.6 yen
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 : Record high

Summary of Consolidated Financial Results for FY2019, by Segment

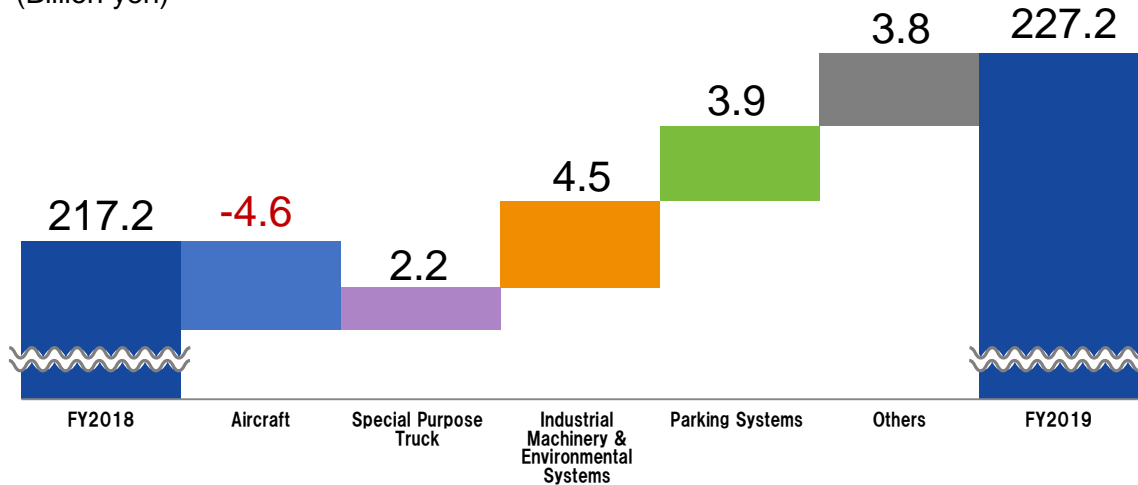
(Billion yen)

Segment	Net sales			Operating income		
	FY2018	FY2019	Change	FY2018	FY2019	Change
Aircraft	43.6	38.9	-4.6	0.6	1.5	+0.9
Special Purpose Truck	92.3	94.6	+2.2	6.5	6.8	+0.2
Industrial Machinery & Environmental Systems	33.8	38.3	+4.5	2.4	2.7	+0.2
Parking Systems	33.8	37.8	+3.9	2.3	3.2	+0.8
Others*	13.6	17.4	+3.8	1.0	1.1	+0.1
Unallocated corporate expenses	—	—	—	-2.3	-2.6	-0.3
Total	217.2	227.2	+9.9	10.7	12.8	+2.1

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

Net sales

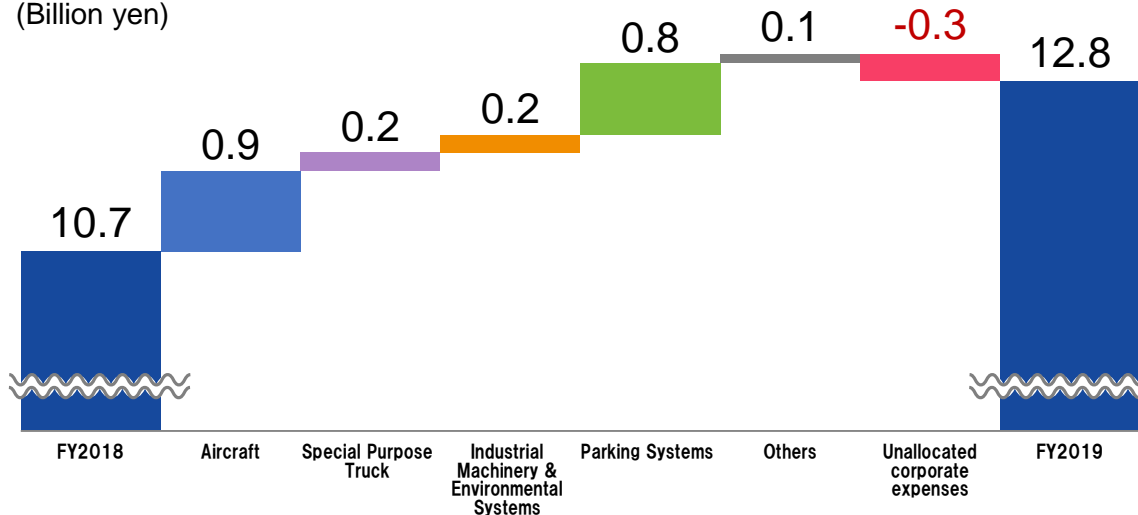
(Billion yen)



- Aircraft
 - Revenue decreased both in sales to Ministry of Defense and civilian demand
- Special Purpose Truck
 - Revenue increased, backed by robust demand
- Industrial Machinery & Environmental Systems
 - Revenue increased in water treatment equipment and mechatronics products
- Parking Systems
 - Revenue increased both in mechanical car parking systems and aircraft passenger boarding bridges

Operating income

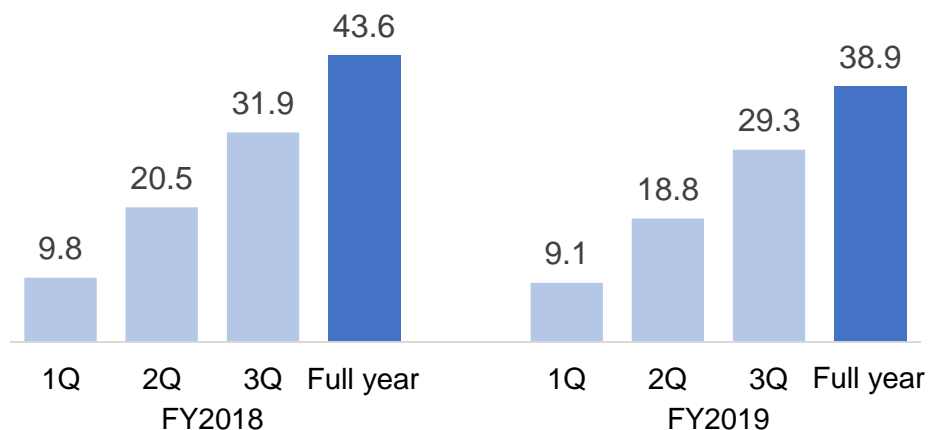
(Billion yen)



- Aircraft
 - Operating income increased due to cost reduction of G7500 and decreased loss on construction contracts
- Parking Systems
 - Operating income increased due to increase in revenue

Net sales

(Billion yen)



■ FY2019 results (year-on-year)

Sales to Ministry of Defense:

Decrease in manufacturing volume of US-2 STOL Search and Rescue Amphibian

Civilian demand:

Increase in number of 777/777X aircraft produced (47→55)

Increase in number of 787 aircraft produced (148→166)

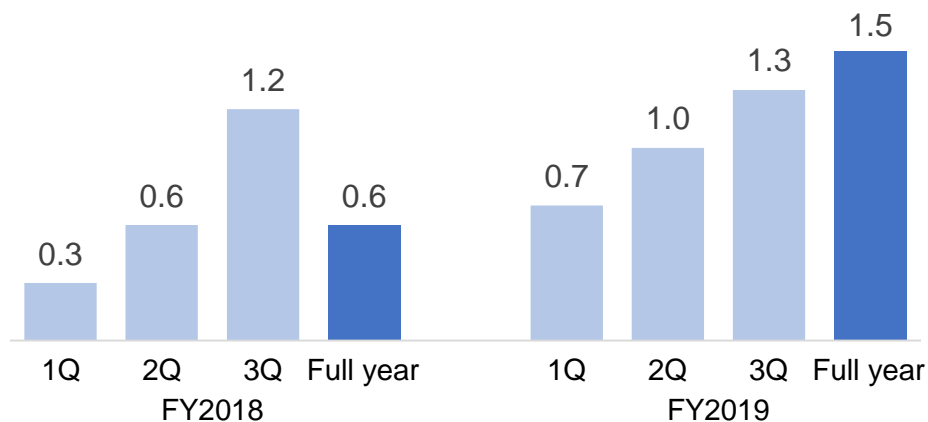
Decrease in selling price of 787 aircraft

Decrease in number of G7500 aircraft produced (36→31)

Decrease in sales due to appreciation of yen

Operating income

(Billion yen)



■ FY2019 results (year-on-year)

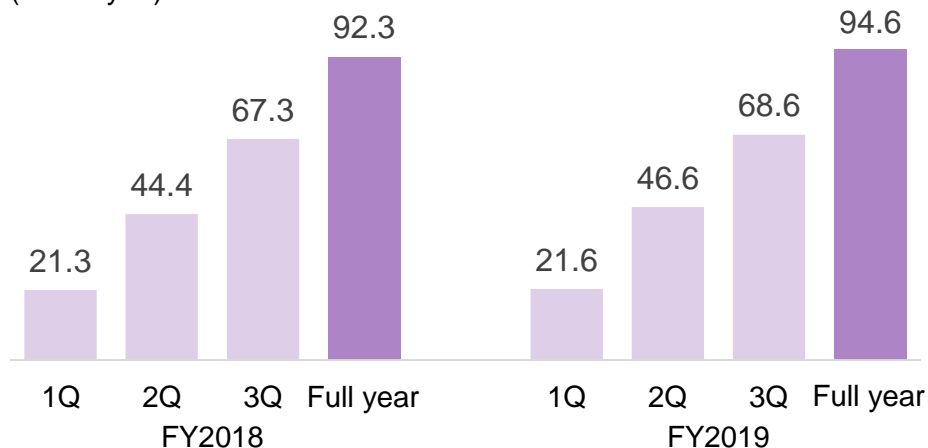
- Operating income increased due to cost reduction of G7500 and decreased loss on construction contracts
- Decrease in operating income due to appreciation of yen

○ Actual rate (JPY/USD)

FY2018	110.5
FY2019	108.6

Net sales

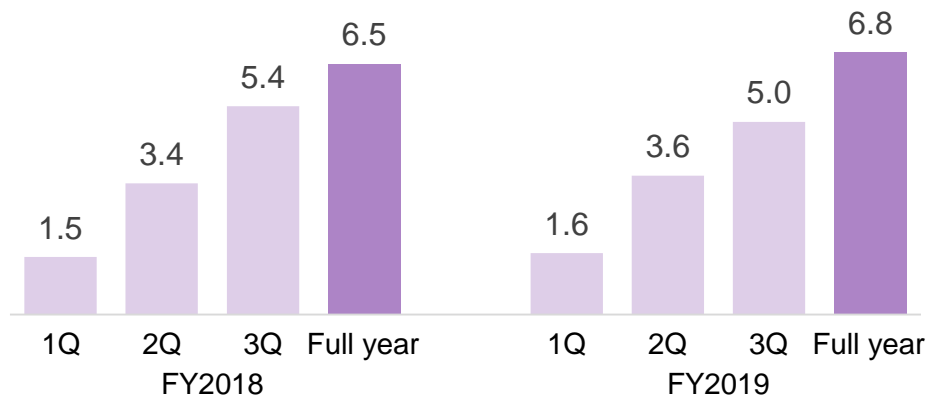
(Billion yen)



- FY2019 results (year-on-year)
 - Remained solid from the previous year

Operating income

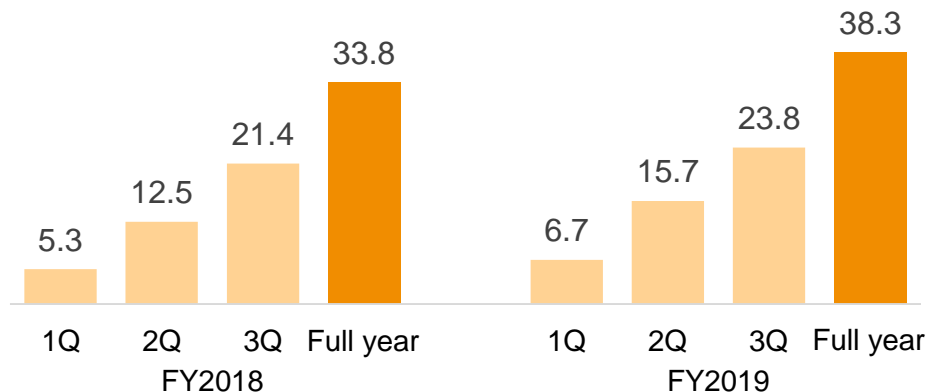
(Billion yen)



- FY2019 results (year-on-year)
 - Operating income increased due to increase in revenue
 - Operating income decreased due to increase in operating expenses (personnel expenses, depreciation, etc.)

Net sales

(Billion yen)



■ FY2019 results (year-on-year)

Water treatment equipment:

Steady sales of equipment, systems, and services

Mechatronics products:

Sales of vacuum products increased due to the effects of M&A carried out in the previous year

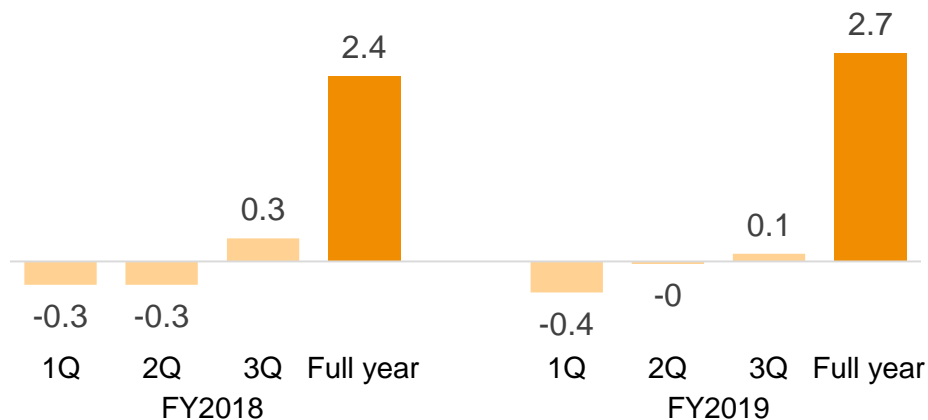
Sales of automatic wire terminating machines decreased due to the impact of the U.S.-China trade friction, etc.

Environment-related business:

On par with the previous year

Operating income

(Billion yen)

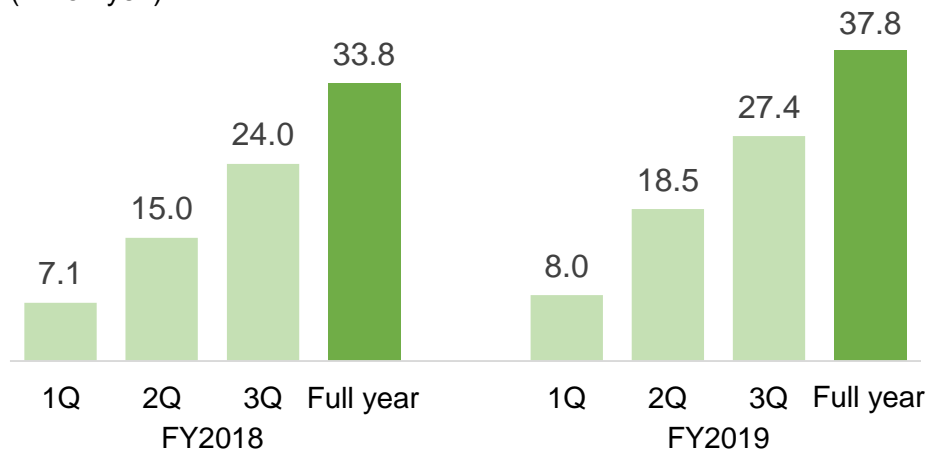


■ FY2019 results (year-on-year)

- Operating income from water treatment equipment and environment-related business increased
- Operating income from mechatronics products decreased

Net sales

(Billion yen)



■ FY2019 results (year-on-year)

Mechanical car parking systems:

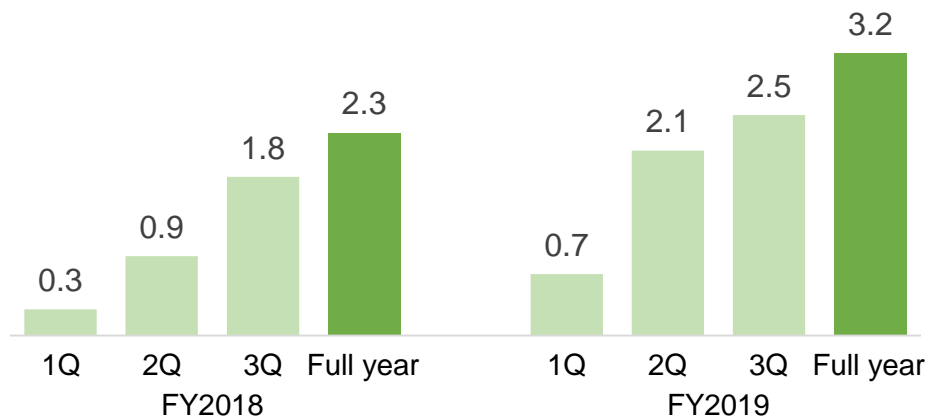
New construction orders increased and progress was made in construction. Also, selling prices improved due to strengthened sales activities.

Aircraft passenger boarding bridges:

Increase in number of products delivered

Operating income

(Billion yen)



■ FY2019 results (year-on-year)

Mechanical car parking systems:

Operating income increased due to increase in revenue

Aircraft passenger boarding bridges:

Operating income increased due to decreased loss on construction contracts in association with exchange impacts (appreciation of yen against Singapore dollar), etc.

2 Impact of COVID-19

As the safety and health maintenance of employees and their families is the top priority, the following measures are being carried out

- ✓ Attendance limits set at all offices between April 20 and May 31
- ✓ Working on a shift system to achieve a 70% reduction in the personal contact within offices
- ✓ Operation of production bases under risk measures such as staggered working hours and careful selection of personnel numbers

Infection Control Measures

- ✓ Strict taking of employees' temperature before work attendance: staying at home if they have any symptoms
 - Consultation at specialized facilities if cold symptoms persist
- ✓ Business trips prohibited (travel overseas and by airplane or bullet train prohibited in principle)
- ✓ Safe working environment for employees attending work: implementing routine wearing of masks, regular ventilation, etc.
- ✓ Operation of meetings:
 - (1) Held only if necessary and for short periods with reduced numbers of people upon ensuring social distancing and ventilation
 - (2) Utilization of teleconferencing systems (remote participants)
- ✓ Use of smoking areas suspended

<p>Aircraft</p>	<ul style="list-style-type: none"> ✓ In association with the temporary stopping of production by Boeing, production by ShinMaywa's production lines has also been suspended for approx. one month from late April ✓ All products for overseas have been affected by reduced production 						
<p>Special Purpose Truck</p>	<ul style="list-style-type: none"> ✓ Production and after-sales services have continued while implementing staggered working hours and other safety measures ✓ Orders for some products have been cancelled in association with customers' requests to refrain from visits and reconsideration of purchasing plans 						
<p>Industrial Machinery & Environmental Systems</p>	<table border="0"> <tr> <td style="vertical-align: top;">Water treatment equipment:</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ✓ Delays in public works orders ✓ Moves by private businesses and overseas companies to curtail or postpone investment </td> </tr> <tr> <td style="vertical-align: top;">Mechatronics products:</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ✓ Affected by customers curtailing or postponing equipment investment </td> </tr> <tr> <td style="vertical-align: top;">Environment-related business:</td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ✓ No major impact </td> </tr> </table>	Water treatment equipment:	<ul style="list-style-type: none"> ✓ Delays in public works orders ✓ Moves by private businesses and overseas companies to curtail or postpone investment 	Mechatronics products:	<ul style="list-style-type: none"> ✓ Affected by customers curtailing or postponing equipment investment 	Environment-related business:	<ul style="list-style-type: none"> ✓ No major impact
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Mechatronics products:	<ul style="list-style-type: none"> ✓ Affected by customers curtailing or postponing equipment investment 						
Environment-related business:	<ul style="list-style-type: none"> ✓ No major impact 						
<p>Parking Systems</p>	<ul style="list-style-type: none"> ✓ Customer requests for payment reductions, etc. associated with postponing or cancelling of inspections for both mechanical car parking systems and aircraft passenger boarding bridges ✓ Aircraft passenger boarding bridges have been affected by postponing of construction due to a sharp decrease in global demand 						

Main Risks, by Segment (if the situation is prolonged)

Aircraft	<ul style="list-style-type: none"> ✓ Reduced production associated with reduced demand for civil aircraft (Boeing, Airbus, Embraer) 				
Special Purpose Truck	<ul style="list-style-type: none"> ✓ Increased cancelling of orders, especially in long deadline cases ✓ Reduced demand, especially for construction-related vehicles, associated with the economic downturn 				
Industrial Machinery & Environmental Systems	<table border="0"> <tbody> <tr> <td data-bbox="409 829 801 908">Water treatment equipment:</td> <td data-bbox="821 829 1879 939"> <ul style="list-style-type: none"> ✓ Reduction in orders, especially from private business and overseas companies, associated with the economic downturn ✓ Postponing of starting up of new production base (Thailand) </td> </tr> <tr> <td data-bbox="409 1001 801 1039">Mechatronics products:</td> <td data-bbox="821 1001 1879 1079"> <ul style="list-style-type: none"> ✓ Reduction in orders for mechatronics products associated with automotive industry stagnation. </td> </tr> </tbody> </table>	Water treatment equipment:	<ul style="list-style-type: none"> ✓ Reduction in orders, especially from private business and overseas companies, associated with the economic downturn ✓ Postponing of starting up of new production base (Thailand) 	Mechatronics products:	<ul style="list-style-type: none"> ✓ Reduction in orders for mechatronics products associated with automotive industry stagnation.
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Parking Systems	<table border="0"> <tbody> <tr> <td data-bbox="409 1143 801 1222">Mechanical car parking systems:</td> <td data-bbox="821 1143 1879 1300"> <ul style="list-style-type: none"> ✓ Reduction in orders for new mechanical car parking systems associated with reduced demand for construction works ✓ Postponing and cancelling of maintenance inspection times, and increased requests for cost reductions </td> </tr> <tr> <td data-bbox="409 1315 801 1393">Aircraft passenger boarding bridges:</td> <td data-bbox="821 1315 1879 1393"> <ul style="list-style-type: none"> ✓ Reduction in orders due to curtailing and postponing of investment in airport facilities </td> </tr> </tbody> </table>	Mechanical car parking systems:	<ul style="list-style-type: none"> ✓ Reduction in orders for new mechanical car parking systems associated with reduced demand for construction works ✓ Postponing and cancelling of maintenance inspection times, and increased requests for cost reductions 	Aircraft passenger boarding bridges:	<ul style="list-style-type: none"> ✓ Reduction in orders due to curtailing and postponing of investment in airport facilities
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Aircraft passenger boarding bridges:	<ul style="list-style-type: none"> ✓ Reduction in orders due to curtailing and postponing of investment in airport facilities 				

Full-year results forecast

Not yet determined

- ✓ If the various restrictions associated with COVID-19 are prolonged, it is difficult to ascertain the impact on all business activities, including production plans of products for Boeing, which make up the majority of the Aircraft segment
- ✓ The forecast will be released promptly at the stage when rational calculations are possible

Dividend forecast

Not yet determined

- ✓ The forecast will be released promptly at the stage when the results forecast can be released

Cash flow

Ensuring cash reserves will be given top priority to respond to future changes in the business environment

- ✓ Necessary investment for sustainable growth will be implemented without delay while continuing to ascertain new investments
- ✓ Capital policy, including the dividend policy based on a consolidated payout ratio of 40-50%, will continue to be premised on the targets of the Medium-term Management Plan and will be determined based on income levels when future results forecasts are disclosed

✓ Outstanding orders are kept at an overall average level of 9 months of monthly sales

(Billion yen)

Segment	As of March 31, 2019	As of March 31, 2020	Change
Aircraft	49.1	40.6	-8.5
Special Purpose Truck	54.6	61.0	+6.3
Industrial Machinery & Environmental Systems	16.4	20.3	+3.9
Parking Systems	41.5	40.3	-1.1
Others	15.5	9.5	-5.9
Total	177.3	171.9	-5.3

*Intersegment transactions have been eliminated.

3

Topics Relating to “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%

■ Business Performance Targets, by Segment

(Billion yen)

Segment	Net sales	Operating income
Aircraft	41.0	3.2
Special Purpose Truck	86.5	5.0
Industrial Machinery & Environmental Systems	43.5	3.7
Parking Systems	44.0	3.2
Others	15.0	1.3
Unallocated corporate expenses	—	-2.4
Total	230.0	14.0

Measures

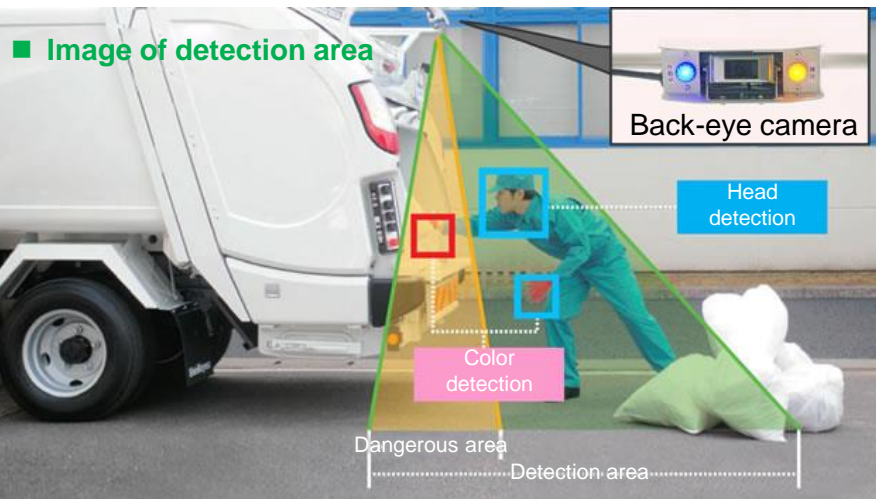
(1) Measures for expanded scale and increased profit of key businesses

- **Products & services**
 - (a) Develop next-generation products using IoT, AI, etc.
 - (b) Strengthen ability to propose solutions and service systems
 - (c) Make capital investments aimed at streamlining production and develop human resources
- **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

Launch of entanglement injury reduction device “Smart eye motion” for refuse compactor trucks

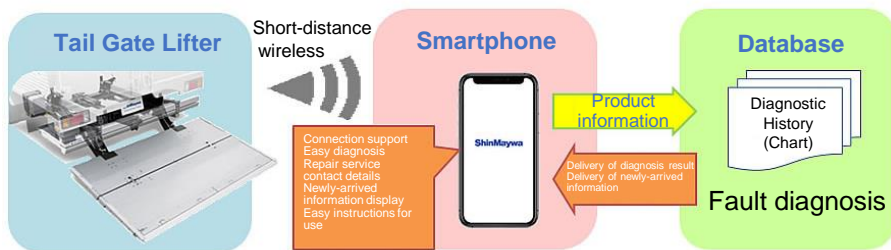


- Utilizes image recognition technology
- When a risk of a person becoming entangled in a refuse compactor truck is determined, it automatically stops the machine’s loading operation, thus reducing the risk of entanglement injury

Main features

- (1) The back-eye camera detects heads and colors entering the detection area
- (2) The device stops the machine’s loading operation if the head or recorded glove or shoe colors (= operator’s hands or feet) enter the dangerous area
- (3) If it detects a person when the vehicle reverses, it provides a warning through a buzzer sound

Development of ShinMaywa’s “Smart Connect” communication tool



ShinMaywa’s “Smart Connect” (image)

- Operates on smartphones (dedicated app)
- Able to check the operating status of the product (“Tail Gate Lifter”) as needed
- Applicable products planned to be added in stages

Main features

- (1) Easy diagnostic function
The product’s operating status is shown when the diagnosis button is tapped
- (2) Repair service information function
Shows contact details for the nearest repair service

Water treatment equipment: Launch of turbo blower remote monitoring service “KNOWTILUS” utilizing IoT and AI



Turbo blower

- ✓ Turbo blowers are used for aeration* in industrial wastewater treatment and sewerage treatment plants, etc.
- ✓ Problems of responding to labor shortages and increasing efficiency in operation and maintenance

* “Aeration” refers to the blowing and mixing in of air to purify water by activating microorganisms which decompose organic matter that causes contamination.

Turbo blower IoT monitoring service

NEW



KNOWTILUS™

Supports stable operation of turbo blowers and realizes labor savings



Gateway



CLOUD



Internet



e-mail



Status monitoring
E-mail service
when abnormalities occur

- Launch of turbo blower remote monitoring service “KNOWTILUS”
- Supports stable operation of turbo blowers and realizes labor savings

Main features

- (1) Remote monitoring of turbo blowers through IoT
- (2) E-mail notification when any error occurs
- (3) Preventive maintenance through analysis of operational data utilizing AI

Mechatronics products: Development of new automatic wire terminating machine model (for both-ends crimping)

- ✓ In association with the extension of CASE*, demand for wire harnesses will be an expansive keynote in the long term
- ✓ In the automatic wire terminating machine market, customers expect improved productivity and better processing quality

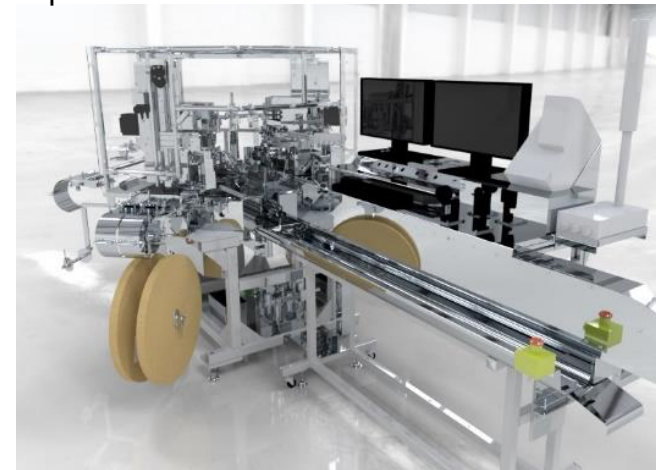
*CASE: Connected, Autonomous Driving, Sharing and Electrification

■ Overseas expansion of automatic wire terminating machines



- Business development mainly in North & Central America, China and Southeast Asia regions (established local subsidiaries in each region)
- Ready to enter the European and African market with new product

■ Developing new markets through launching new products



TRD701 both-ends crimping machine

- Developed a new model machine that meets market needs to compete with leading manufacturers in Europe

Main features

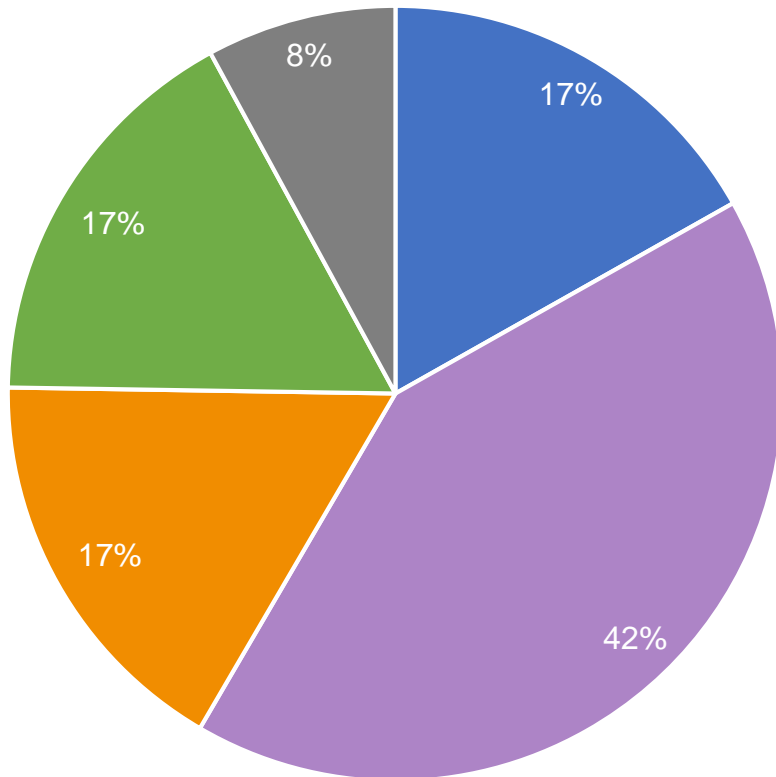
Maximum processing capacity: 4,300 pieces per hour
(Increase of approx. 30% over ShinMaywa's current model)

Supplementary Materials

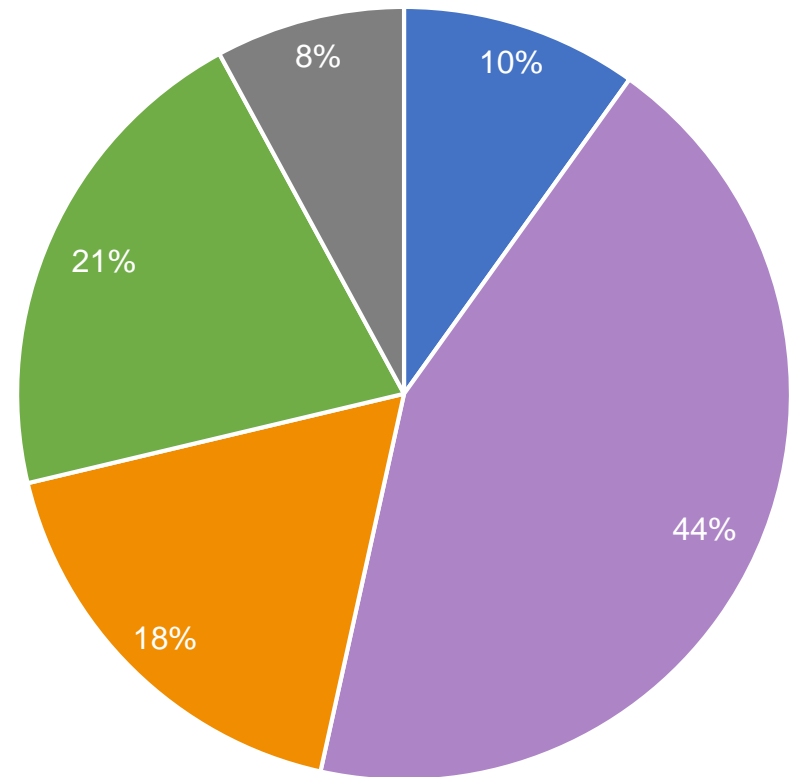
Corporate Name	ShinMaywa Industries, Ltd.
Head Office	1-1 Shinmeiwa-cho, Takarazuka-shi, Hyogo 665-8550, Japan
Founded	November 5, 1949
Paid-up Capital	15,981,967,991 yen
President	Tatsuyuki Isogawa, President & CEO
Number of Employees	Consolidated 5,075 / Non-consolidated 3,017 (as of end of March, 2020)
Consolidated Subsidiaries	20

Distribution Ratios of Net Sales & Operating Income by Segment (FY2019)

■ Distribution of net sales



■ Distribution of operating income

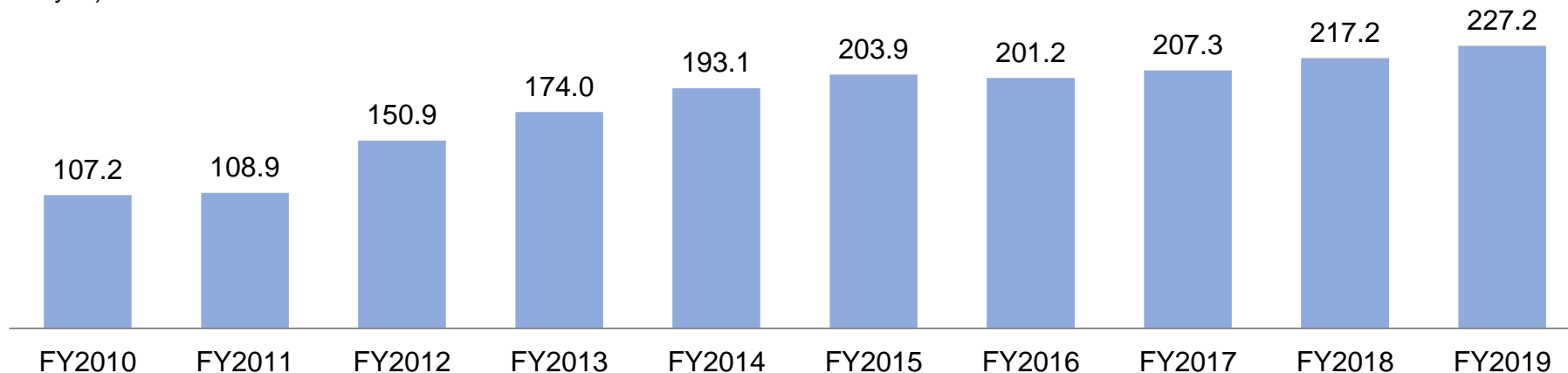


- Aircraft
- Special Purpose Truck
- Industrial Machinery & Environmental Systems
- Parking Systems
- Others

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

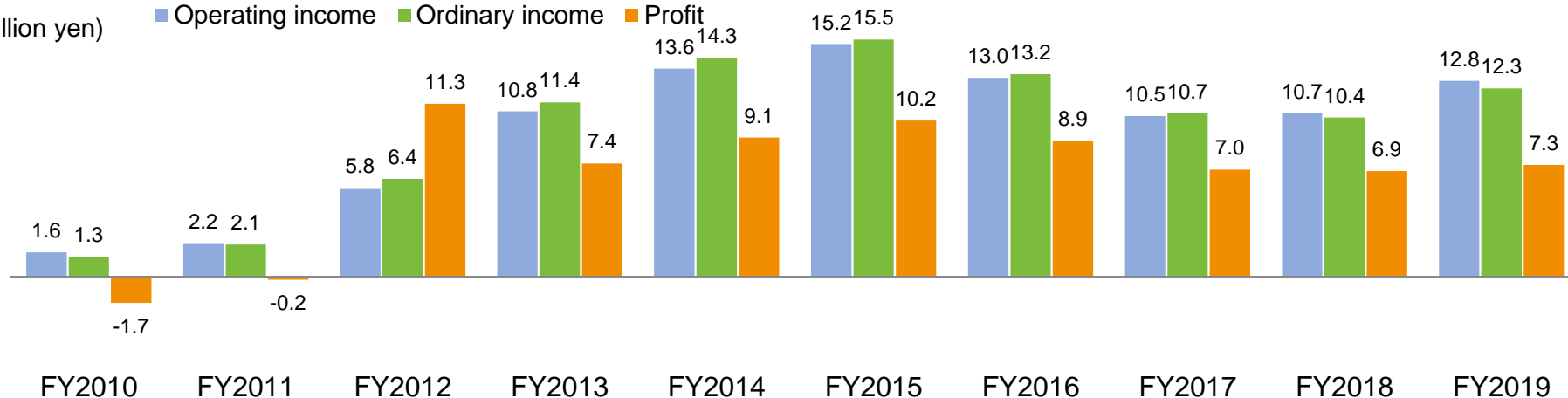
(Billion yen)



■ Operating income, ordinary income, and profit

(Billion yen)

■ Operating income ■ Ordinary income ■ Profit



Profit: profit attributable to owners of parent

Account	FY2015	FY2016	FY2017	FY2018	FY2019
Net sales (million yen)	203,917	201,204	207,335	217,297	227,231
Operating income (million yen)	15,260	13,067	10,594	10,708	12,836
Operating income ratio	7.5%	6.5%	5.1%	4.9%	5.6%
PBR (times)	0.70	0.86	0.67	1.09	0.89
PER (times)	7.74	11.41	11.79	18.01	9.95
ROE (%)	9.4	7.7	5.8	6.8	8.9
ROA (%)	5.6	4.8	3.7	3.5	3.5

Segment	Account	FY2015	FY2016	FY2017	FY2018	FY2019
Aircraft	Net sales (million yen)	47,262	39,028	40,699	43,635	38,950
	Operating income (million yen)	6,546	2,000	1,368	649	1,551
	Operating income ratio	13.9%	5.1%	3.4%	1.5%	4.0%
Special Purpose Truck	Net sales (million yen)	87,462	89,304	90,317	92,333	94,627
	Operating income (million yen)	6,748	8,348	6,313	6,544	6,802
	Operating income ratio	7.7%	9.3%	7.0%	7.1%	7.2%
Industrial Machinery & Environmental Systems	Net sales (million yen)	30,155	29,451	30,099	33,810	38,370
	Operating income (million yen)	1,985	2,219	2,468	2,474	2,748
	Operating income ratio	6.6%	7.5%	8.2%	7.3%	7.2%
Parking Systems	Net sales (million yen)	29,359	31,145	31,979	33,863	37,805
	Operating income (million yen)	1,814	1,850	1,780	2,343	3,223
	Operating income ratio	6.2%	5.9%	5.6%	6.9%	8.5%
Others	Net sales (million yen)	9,677	12,274	14,239	13,654	17,476
	Operating income (million yen)	796	960	1,049	1,037	1,193
	Operating income ratio	8.2%	7.8%	7.4%	7.6%	6.8%

■ Consolidated Balance Sheets

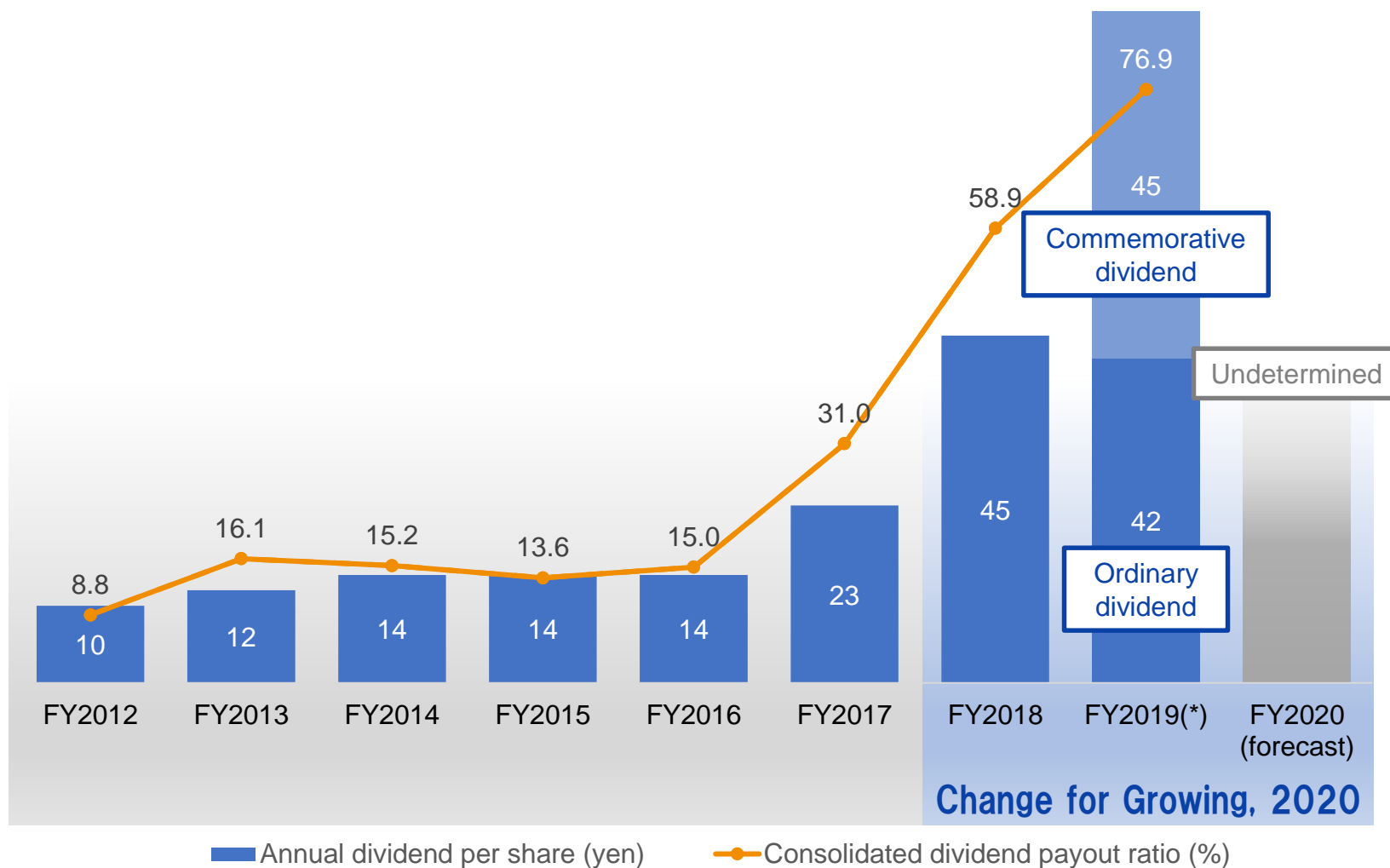
(Million yen)

	As of March 31, 2019	As of March 31, 2020	Change
Cash and deposits	23,153	19,342	-3,810
Trade receivables	80,955	81,755	+800
Inventories	39,174	42,499	+3,325
Total fixed assets	37,634	40,622	+2,988
Others assets	28,278	29,937	+1,659
Total assets	209,195	214,157	+4,962
Trade payables	29,371	27,464	-1,907
Interest-bearing debt	49,893	57,568	+7,674
Other liabilities	46,887	45,444	-1,442
Total liabilities	126,152	130,477	+4,324
Equity	82,340	82,946	+605
Other net assets	702	734	+31
Total net assets	83,043	83,680	+637
Total liabilities and net assets	209,195	214,157	+4,962
Equity ratio	39.4%	38.7%	

■ Consolidated Statements of Cash Flows

(Million yen)

	FY2018	FY2019	Change
Cash flows from operating activities	13,452	8,509	-4,942
Cash flows from investing activities	-9,693	-12,408	-2,715
Free cash flows	3,759	-3,899	-7,658
Cash flows from financing activities	-526	1,419	+1,945



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

■ Capital investments (tangible)

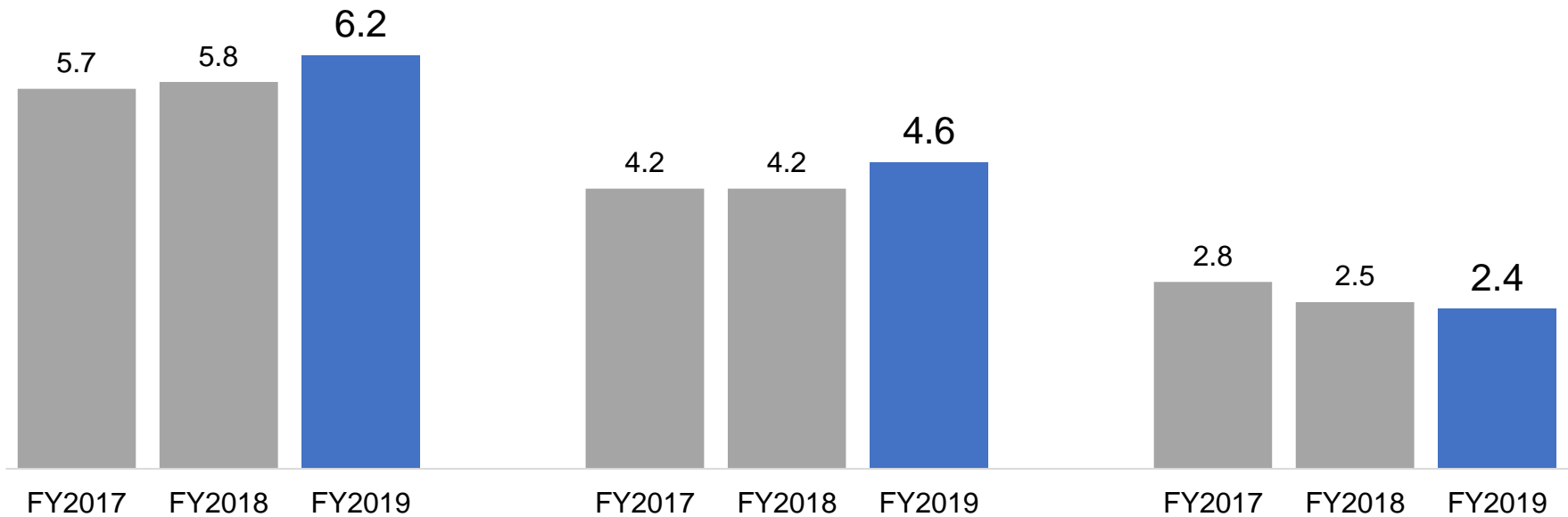
■ Depreciation (tangible)

■ Research and development costs

(Billion yen)

(Billion yen)

(Billion yen)



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.

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