New Medium-term Management Plan Presentation

Change for Growing, 2020

May 16, 2018
Tatsuyuki Isogawa
President & CEO
ShinMaywa Industries, Ltd.
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   (2) “CFG2020” Basic Policy
   (3) “CFG2020” Business Performance Targets
   (4) Plan per Segment
   (5) Business Performance Targets by Segment
   (6) Allocation of Cash Flow from Operating Activities, Policy on Shareholder Returns

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Supplementary Materials
1 Summary of “New Challenge 100”
Achieved all earnings targets listed in “New Challenge 100” Medium-Term Plan

Achieved following target values throughout entire plan

<table>
<thead>
<tr>
<th>[Target values]</th>
<th>[Summary]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net sales ¥200 billion or more</td>
<td>● Driven by key segments: special purpose truck and aircraft</td>
</tr>
<tr>
<td>Consolidated operating income ¥10 billion or more</td>
<td>● Operating income (ratio) is on gradual downward trend</td>
</tr>
<tr>
<td></td>
<td>● Focus is on responding to current business; not yet achieved development of new markets for the future</td>
</tr>
</tbody>
</table>

Business results (billion yen)

- Net sales (left axis)
- Operating income (right axis)
- Target net sales
- Target operating income

Activity period of “New Challenge 100”
1. Summary of “New Challenge 100”
Medium-term Management Plan (2)

- Main business issues highlighted over past 3 years

**Business issue 1**  
**Increase earning power of key businesses**
- Earnings on gradual downward trend due to rising labor and material costs and appreciation of yen
- Actively made capital investments (automation / labor-saving), but will take some time to reap results

**Business issue 2**  
**Expand scale of business**
- Business portfolio is fixed (excluding variable factors attributable to increases/decreases in orders received)
- Strong reliance on domestic demand
- Capital investments and R&D investments have not yet contributed to earnings

**Business issue 3**  
**Improve capital efficiency**
- Rise in capital adequacy ratio has curbed capital efficiency / growth potential
- Regarding stance on stable dividends, some shareholders and investors are calling for review of shareholder return measures
New Medium-term Management Plan
Change for Growing*, 2020

* Name of plan incorporates objective of enhancing corporate value through steady “growth” by attempting “innovative changes” breaking with convention.
* Hereinafter written as “CFG2020.”
2. (1) Position of "CFG2020"
New Medium-term Management Plan

(1) Business activities: Shift from “stability-oriented” to “growth-oriented”
(2) Dividend policy: Shift from “stable dividends” to shareholder returns conscious of “dividends payout ratio”

- Expanded scale of key businesses
- Earnings structure reform
- Toward growth

Position 3 years of CFG2020 as a “period of earnings structure reform” for the ShinMaywa Group


(Assumed foreign exchange in earnings forecast: $1 = ¥105)
Transformation aimed at “enhancing corporate value”

1. [Transformation 1]
   Measures for expanded scale and increased profit of key businesses
   - Products & services: (a) Focus on developing next-generation products using IoT, AI, etc.
     (b) Strengthen ability to propose solutions and service systems
     (c) Make capital investments and develop human resources aimed at streamlining production
   - Overseas markets: (a) Expand strategic areas and strengthen sales by segment
     (b) Scout for local partners and promote collaboration in manufacturing, sales and service
     (c) Strengthen production capability and cost competitiveness by constructing own plants
   - M&A, alliances: Promote M&A with companies expected to bring synergy, and strengthen business tie-ups and other alliances

2. [Transformation 2] Shareholder return measures
   - Consolidated basis: In principle, maintain a dividend payout ratio of 40%–50%
   - Acquire treasury shares with regard to improving capital efficiency
2.(3) “CFG2020” 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, and ROE of 8%.

\[
\begin{array}{|c|c|c|c|c|c|}
\hline
\text{Year} & \text{FY2014} & \text{FY2015} & \text{FY2016} & \text{FY2017} & \text{FY2018} \\
\hline
\text{Net sales} & 201.2 & 207.3 & 210.0 & 230.0 & 22.7 \\
\hline
\text{Operating income} & 13.0 & 10.5 & 10.5 & 14.0 & 3.5 \\
\hline
\text{ROE} & 7.7\% & 5.8\% & 6.1\% & 8.0\% & - \\
\hline
\end{array}
\]

\text{Rate of increase:} +11\% \text{ (Net sales)}

\text{Rate of increase:} +33\% \text{ (Operating income)}
2.(4) Plan per Segment (i) Aircraft

- Increase profit from existing products, and take on challenge of new businesses

### Main measures in CFG2020

<table>
<thead>
<tr>
<th>Products &amp; services</th>
<th>Overseas markets</th>
<th>M&amp;A, alliances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US-2 STOL Search and Rescue Amphibian</strong></td>
<td>Production of commercial aircraft components</td>
<td><strong>US-2 STOL Search and Rescue Amphibian</strong></td>
</tr>
<tr>
<td>• Secure and increase Ministry of Defense</td>
<td>• Increase production of main wing spars for</td>
<td>• Consider collaboration with Mahindra aimed at</td>
</tr>
<tr>
<td>replacement budget by improving functions</td>
<td>Boeing 787</td>
<td>exports to India</td>
</tr>
<tr>
<td>and performance</td>
<td>• Establish mass-production systems for wing-to-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>body fairings for Boeing 777X (new series),</td>
<td></td>
</tr>
<tr>
<td></td>
<td>flight control surfaces for Bombardier G7000,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Secure orders for new components</td>
<td></td>
</tr>
<tr>
<td>• Expand uses other than search and rescue</td>
<td></td>
<td><strong>New businesses</strong></td>
</tr>
<tr>
<td>missions (add firefighting function, etc.)</td>
<td></td>
<td>• Enter maintenance business in collaboration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>with small aircraft maintenance company</td>
</tr>
</tbody>
</table>

[FY2020 Target values] Net sales: ¥41.0 billion
Operating income (ratio): ¥3.2 billion (7.8%)
2.(4) Plan per Segment (ii) Special Purpose Truck

- Expand market share by developing new products and strengthening service systems, and step up expansion into overseas markets

### Main measures in CFG2020

<table>
<thead>
<tr>
<th>Products &amp; services</th>
<th>Overseas markets</th>
<th>M&amp;A, alliances</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthen product competitiveness in growth fields [logistics, light vehicles, forestry]</td>
<td>• Boost production capacity for key components (cylinders for dump trucks, etc.) at local subsidiary in Thailand, strengthen exports to third countries, and enter Indian market</td>
<td>• Expand sales networks by strengthening alliances</td>
</tr>
<tr>
<td>• Introduce high value-added products into the market using IoT and AI [environmental/logistics-related vehicles]</td>
<td>• Strengthen sales and expand target models in Oceania [loader dump trucks (sliding bed dump trucks), refuse compactors]</td>
<td></td>
</tr>
<tr>
<td>• Enhance service business by expanding maintenance systems</td>
<td>• Work together with domestic competitors to build sales systems</td>
<td></td>
</tr>
</tbody>
</table>

[FY2020 Target values] Net sales: ¥86.5 billion
Operating income (ratio): ¥5.0 billion (5.8%)
2.(4) Plan per Segment
(iii) Industrial Machinery & Environmental Systems

- Increase profits and expand overseas sales by implementing M&A and alliances

## Main measures in CFG2020

<table>
<thead>
<tr>
<th>Products &amp; services</th>
<th>Overseas markets</th>
<th>M&amp;A, alliances</th>
</tr>
</thead>
</table>
| **Automatic wire processors**
  - Reinforce electric wire processing capabilities by developing high-end machines | **Automatic wire processors**
  - Explore new markets in alliance with local sales agents in Europe and Africa |
  - Environmental systems
    - Introduce wastewater treatment equipment into the Chinese market for refuse transfer stations |
| **Vacuum business**
  - Expand product lineup by developing large-sized refrigerators | **Fluid business**
  - Set up and strengthen bases in Southeast Asia and North America [Production, service, logistics] |
  - Fluid business
    - Expand lineup of major equipment for sewage treatment plants |
| **Fluid business**
  - Expand scope of renewal projects by strengthening engineering capabilities | **Fluid business**
  - Expand scope of renewal projects by strengthening engineering capabilities |

**[FY2020 Target values]**

- Net sales: ¥43.5 billion
- Operating income (ratio): ¥3.7 billion (8.5%)
2.(4) Plan per Segment (iv) Parking Systems

- Increase profits by entering new solutions business for mechanical car parking systems and broadening sales areas for aircraft passenger boarding bridges

### Main measures in CFG2020

<table>
<thead>
<tr>
<th>Products &amp; services</th>
<th>Overseas markets</th>
<th>M&amp;A, alliances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Car parking systems</strong></td>
<td><strong>Aircraft passenger boarding bridges</strong></td>
<td><strong>Car parking systems</strong></td>
</tr>
<tr>
<td>- Develop next-generation mechanical car parking systems for self-driving cars, and enter the solutions business for car parking systems</td>
<td>- Expand market share in hub airports in Southeast Asia by introducing high value-added products (automatic docking function, fully flat specifications)</td>
<td>- Expand scale by assuming maintenance business from manufacturers exiting market</td>
</tr>
<tr>
<td>- Use IoT and AI to make maintenance services more sophisticated</td>
<td>- Expand overseas production bases and strengthen cost competitiveness</td>
<td>- Expand product lineup through alliances</td>
</tr>
<tr>
<td><strong>Aircraft passenger boarding bridges</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Expand domestic market share by introducing high value-added products (automatic docking function, fully flat specifications)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### [FY2020 Target values]

- Net sales: ¥44.0 billion
- Operating income (ratio): ¥3.2 billion (7.3%)
## 2.(5) Business Performance Targets by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Net sales</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>39.0</td>
<td>40.6</td>
</tr>
<tr>
<td>Special Purpose Truck</td>
<td>89.3</td>
<td>90.3</td>
</tr>
<tr>
<td>Industrial Machinery &amp; Environmental Systems</td>
<td>29.4</td>
<td>30.0</td>
</tr>
<tr>
<td>Parking Systems</td>
<td>31.1</td>
<td>31.9</td>
</tr>
<tr>
<td>Others¹</td>
<td>12.2</td>
<td>14.2</td>
</tr>
<tr>
<td>Unallocated corporate expenses</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>201.2</td>
<td>207.3</td>
</tr>
</tbody>
</table>

1. “Others” comprises business segments not included in the reportable segments, such as construction, real estate, and software.
2.(6) Allocation of Cash Flow from Operating Activities, Policy on Shareholder Returns

Change for Growing, 2020

Consolidated net sales
¥230.0 billion

Consolidated operating income
¥14.0 billion

ROE
8%

Operating CF
¥32.0-37.0 billion\(^1\)

Operating CF Allocation

Capital investment / M&A
¥30.0-40.0 billion\(^1\)

Dividends
¥10.0-13.0 billion\(^1\)

Procurement of debt
¥10.0-20.0 billion\(^1\)

Acquisition of treasury shares

Operating CF Allocation / Shareholder Returns Policy

- Improve profitability by promoting more automation / labor savings
- Improve market position of key businesses and cultivate new businesses by actively implementing M&A and alliances
- In principle, maintain a consolidated dividend payout ratio of 40%–50% while taking into account business investment and levels of internal reserves, and strive to make aggressive and ongoing returns of profit
- Flexibly acquire treasury shares in view of such factors as the implementation of growth investments, while ensuring proper liquidity and taking capital efficiency and other circumstances into account

Consolidated dividend payout ratio

<table>
<thead>
<tr>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017 (plan)</th>
<th>FY2018 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (billion yen)(^2)</td>
<td>11.3</td>
<td>7.4</td>
<td>9.1</td>
<td>10.2</td>
<td>8.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Dividend per share (yen)</td>
<td>10.00</td>
<td>12.00</td>
<td>14.00</td>
<td>14.00</td>
<td>14.00</td>
<td>23.00</td>
</tr>
<tr>
<td>Dividends total (billion yen)</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.4</td>
<td>1.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

1. Estimated total over 3 years of plan
2. Since FY2015, “profit attributable to owners of parent”
3 Topics
[US-2 STOL Search and Rescue Amphibian] Consider collaboration with Indian company, Mahindra

- In April 2018, ShinMaywa Industries, Ltd. signed a memorandum of understanding with Mahindra Defence Systems to begin considering outsourcing some processes for the US-2 search and rescue amphibian to the company.

- Mahindra Group’s know-how in air transport equipment led to recent discussions of collaboration.
- Two companies are considering whether collaboration is possible for the maintenance of the US-2 and for some manufacture and assembly of structural components.
- This is an initiative at the private-sector level; no decision has been made to export the US-2.

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1. A system in international transactions of defense equipment, whereby a certain amount of money proportionate to the procurement price is required to be returned to domestic industries in the procuring country such as by means of related parts procurement, subcontracting and/or investment. In the case of India, a return equal to 30% of the procurement price is required.
2. MOU: Memorandum of Understanding
3. MRO: Maintenance, Repair, Overhaul
(Features)
Diamond coating system for CFRP cutting tools.
A drawback of earlier products was a short tool life. By changing the coating method, and by growing crystals around a core of 3 Nano Diamond, ShinMaywa succeeded in improving the adhesive strength of the coating on the substrate, and in extending the life of the tool. Aims to establish a mass-production system and produce on a commercial basis as soon as possible.
Research aimed at realizing a mechanical car parking system for self-driving cars (joint research with Gunma University)

(Overview)
ShinMaywa has initiated joint research with Gunma University, which is engaged in research for the social implementation of next-generation mobility systems. The aim of the study is to conduct demonstration testing on the entry and exit of self-drive vehicles using mechanical car parking systems, and to propose infrastructure concepts related to parking lots in a future society with fully autonomous vehicles.

<Steps in the joint research>
STEP 1: Gain understanding of parking algorithms for self-driving cars
STEP 2: Conduct research on guidance technology for mechanical car parking systems
STEP 3: Conduct research on communication technologies between vehicle guidance control systems, self-driving cars, and mechanical car parking systems
STEP 4: Conduct demonstration testing of self-driving/self-parking in restricted area
STEP 5: Examine business model using mechanical car parking systems capable of self-parking
3.4 Parking Systems Segment

[Airport equipment] Automatic docking of aircraft passenger boarding bridges to aircraft

![Diagram of system configuration](image)

**Figure 1. System configuration**

- **Figure 2. Camera positioning**

**Method for detecting aircraft position**
- The target docking position is detected by using the door detection camera to capture images of the aircraft door.
- The bridge stops about 1m in front of the aircraft door, captures another image, and corrections are made for any errors with the target position.
- At the same time, the AI image processor along with images from the AI camera are used to identify the position of the aircraft door and improve detection accuracy.

**Features**
A feature of this system is that, by identifying the position of the aircraft door using AI camera images and the AI image processor to improve the accuracy of detecting the target position, at the simple press of a button, anyone can dock an aircraft passenger boarding bridge to the same position on an aircraft door in a given amount of time.
### 3.5 Capital Investment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2017 (actual)</th>
<th>FY2018 (plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>¥0.8 billion</td>
<td>¥0.8 billion</td>
</tr>
<tr>
<td>Special Purpose Truck</td>
<td>¥3.7 billion</td>
<td>¥4.6 billion</td>
</tr>
<tr>
<td>Industrial Machinery &amp; Environmental Systems</td>
<td>¥0.7 billion</td>
<td>¥0.8 billion</td>
</tr>
<tr>
<td>Parking Systems</td>
<td>¥0.5 billion</td>
<td>¥0.2 billion</td>
</tr>
<tr>
<td>Others</td>
<td>¥0.1 billion</td>
<td>¥0.9 billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥5.8 billion</strong></td>
<td><strong>¥7.3 billion</strong></td>
</tr>
</tbody>
</table>

**FY2017 actual [major projects]**

- Aircraft:
  - Increased and improved facilities producing components for commercial aircraft

- Special purpose truck:
  - Built new test lab for refuse compactors (Hiroshima)
  - Rebuilt service workshop [first stage] (Kanagawa)

**FY2018 plan [major projects]**

- Special purpose truck:
  - Increased coating capacity (Tochigi)
  - Rebuilt service workshop [second stage] (Kanagawa)
Supplementary Materials
<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>ShinMaywa Industries, Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>1-1 Shinmeiwa-cho, Takarazuka-shi, Hyogo 665-8550, Japan</td>
</tr>
<tr>
<td>Founded</td>
<td>November 5, 1949</td>
</tr>
<tr>
<td>Paid-up Capital</td>
<td>15,981,967,991 yen</td>
</tr>
<tr>
<td>President</td>
<td>Tatsuyuki Isogawa, President &amp; CEO</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Consolidated 4,773 / Non-consolidated 2,946 (as of end of March, 2018)</td>
</tr>
<tr>
<td>Consolidated Subsidiaries</td>
<td>18 (as of end of April, 2018)</td>
</tr>
</tbody>
</table>
1920 Kawanishi Machinery Company established  
Aircraft Department is established to manufacture naval aircraft

1928 Kawanishi Aircraft Company established  
Takes over part of the business conducted by the Kawanishi Machinery Company’s Aircraft Department

1949 Shin Meiwa Industry Company Limited (later renamed as ShinMaywa Industries, Ltd.) established

1950 Production of dump trucks begins

1954 First self-priming pump model completed

1956 First automatic wire stripping machine completed

1962 Listed in the Second Section of the Tokyo Stock Exchange and the Osaka Securities Exchange  
Promoted to the First Section in 1967

1964 First rotary and vertical type car parking system supplied

1968 First flying boat prototype supplied to then Japan Defense Agency

1973 TOWN PACK garbage compactor truck developed

1976 First waste handling equipment for buildings supplied

1988 First overseas production base established in Thailand

1992 Production of wing-to-body fairings for Boeing 777 begins

2004 First US-1A Kai (US-2) STOL Search and Rescue Amphibian supplied

2007 Iwafuji Industrial Co., Ltd. becomes consolidated subsidiary

2010 Group Philosophy and “Brighten Your Future” Brand Statement established

2012 Three companies, including TOHO CAR CORPORATION and TOKYO ENGINEERING SYSTEMS CORPORATION (currently ShinMaywa Parking Technologies, Ltd.), become consolidated subsidiaries
Refuse compactor business transferred from Fuji Heavy Industries, Ltd. (currently Subaru Corporation)

2015 Special affiliate company, ShinMaywa Heartful, Ltd., established

2018 DIAVAC Limited and GODO SOLUTION Inc. become consolidated subsidiaries
Despite increasing revenue and declining profits, achieved target net sales and operating income under the Medium-Term Management Plan for third consecutive year

Net sales: There have been increases across all segments, as sales of aircraft to the Ministry of Defense have increased, and a high level of demand for special purpose trucks has been maintained.

Operating income: There has been a decline in profit due, in part, to a fall in production of Boeing 777 aircraft and soaring prices of materials for special purpose trucks.

Net sales: (Billion yen) 201.2 (FY2016) vs. 207.3 (FY2017)
Operating income: (Billion yen) 13.0 (FY2016) vs. 10.5 (FY2017)
Ordinary income: (Billion yen) 13.2 (FY2016) vs. 10.7 (FY2017)
Profit attributable to owners of parent: (Billion yen) 8.9 (FY2016) vs. 7.0 (FY2017)
Main factors driving change in net sales (by segment)
(Billion yen)

- Increase in sales of components for patrol aircraft, transport aircraft, etc.: 1.6
- Soaring material costs, rising expenses, etc.: -2.0
- Decrease in sales of 777 aircraft, etc.: -0.6

Main factors driving change in operating income (by segment)
(Billion yen)

- Soaring material costs, rising expenses, etc.: -2.0
- Decrease in sales of 777 aircraft, etc.: -0.6
- Corporate Expenses: 0.2
- Others: 0
- Unallocated Corporate Expenses: 0
- Corporate Expenses: 13.0
- Others: -0.6
FY2017: Distribution Ratios of Net Sales & Operating Income by Segment

Distribution of net sales

- Aircraft: 44%
- Special Purpose Truck: 15%
- Industrial Machinery & Environmental Systems: 15%
- Parking Systems: 7%
- Others: 11%

Distribution of operating income

- Aircraft: 19%
- Special Purpose Truck: 14%
- Industrial Machinery & Environmental Systems: 19%
- Parking Systems: 8%
- Others: 11%

Note: "Operating income" is a simple aggregate of the operating income of each segment. Unallocated corporate expenses, etc. have not been included in calculations.
Performance over Past 10 Years

Consolidated net sales (billion yen)

(Billion yen)

Operating income
Ordinary income
Profit

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Consolidated net sales (billion yen)</th>
<th>Operating income (billion yen)</th>
<th>Ordinary income (billion yen)</th>
<th>Profit (billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2008</td>
<td>127.7</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>FY2009</td>
<td>110.3</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>FY2010</td>
<td>107.2</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>FY2011</td>
<td>108.9</td>
<td>2.2</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>FY2012</td>
<td>150.9</td>
<td>11.3</td>
<td>11.3</td>
<td>11.3</td>
</tr>
<tr>
<td>FY2013</td>
<td>174.0</td>
<td>10.8</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>FY2014</td>
<td>193.1</td>
<td>13.6</td>
<td>14.3</td>
<td>15.5</td>
</tr>
<tr>
<td>FY2015</td>
<td>203.9</td>
<td>15.2</td>
<td>15.2</td>
<td>15.2</td>
</tr>
<tr>
<td>FY2016</td>
<td>201.2</td>
<td>13.0</td>
<td>13.0</td>
<td>13.0</td>
</tr>
<tr>
<td>FY2017</td>
<td>207.3</td>
<td>10.7</td>
<td>10.5</td>
<td>11.0</td>
</tr>
<tr>
<td>FY2018 (forecast)</td>
<td>210.0</td>
<td>10.5</td>
<td>10.7</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Supplementary Materials 28

Consolidated net sales (billion yen)

(Billion yen)
Stock Information (as of March 31, 2018)

- **Total number of shares issued**: 100,000,000
- **Major shareholders**
  (The percentage of voting rights is calculated by dividing the shareholding by the total number of shares issued less treasury shares (4,535,321 shares)).

<table>
<thead>
<tr>
<th>Name of shareholders</th>
<th>Number of shares held (shares)</th>
<th>Percentage of voting rights (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SANSHIN CO., LTD.</td>
<td>9,293,065</td>
<td>9.74</td>
</tr>
<tr>
<td>2 The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>3,804,400</td>
<td>3.99</td>
</tr>
<tr>
<td>3 Japan Trustee Services Bank, Ltd. (Trust Account 9)</td>
<td>3,478,300</td>
<td>3.65</td>
</tr>
<tr>
<td>4 Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>2,929,800</td>
<td>3.07</td>
</tr>
<tr>
<td>5 DFA INTL SMALL CAP VALUE PORTFOLIO</td>
<td>2,406,400</td>
<td>2.52</td>
</tr>
<tr>
<td>6 J.P. MORGAN BANK LUXEMBOURG S.A. 380578</td>
<td>2,396,400</td>
<td>2.51</td>
</tr>
<tr>
<td>7 STATE STREET BANK AND TRUST COMPANY</td>
<td>2,232,900</td>
<td>2.34</td>
</tr>
<tr>
<td>8 Reno, Inc.</td>
<td>2,171,900</td>
<td>2.28</td>
</tr>
<tr>
<td>9 ShinMaywa Employees' Stock Ownership</td>
<td>1,988,662</td>
<td>2.08</td>
</tr>
<tr>
<td>10 BNP PARIBAS SECURITIES SERVICES SINGAPORE/JASDEC/UOB KAY HIAN PRIVATE LIMITED</td>
<td>1,827,300</td>
<td>1.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,529,127</strong></td>
<td><strong>34.10</strong></td>
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</tbody>
</table>

- **Distribution of shares**

  - Financial instruments firms: 1.10%
  - Other companies: 15.99%
  - Foreign individuals: 40.97%
  - Japanese individuals, others: 18.71%
  - Treasury shares: 4.54%
## Business Performance by Index/Segment

<table>
<thead>
<tr>
<th>Account</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (million yen)</td>
<td>174,010</td>
<td>193,131</td>
<td>203,917</td>
<td>201,204</td>
<td>207,335</td>
</tr>
<tr>
<td>Operating income (million yen)</td>
<td>10,872</td>
<td>13,635</td>
<td>15,260</td>
<td>13,067</td>
<td>10,594</td>
</tr>
<tr>
<td>Operating income ratio</td>
<td>6.2%</td>
<td>7.1%</td>
<td>7.5%</td>
<td>6.5%</td>
<td>5.1%</td>
</tr>
<tr>
<td>PBR</td>
<td>0.99</td>
<td>1.20</td>
<td>0.70</td>
<td>0.86</td>
<td>0.67</td>
</tr>
<tr>
<td>PER</td>
<td>12.62</td>
<td>13.88</td>
<td>7.74</td>
<td>11.41</td>
<td>11.79</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>8.09</td>
<td>9.11</td>
<td>9.40</td>
<td>7.74</td>
<td>5.83</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>4.61</td>
<td>5.24</td>
<td>5.57</td>
<td>4.77</td>
<td>3.74</td>
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</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>Account</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft</td>
<td>Net sales (million yen)</td>
<td>34,067</td>
<td>41,143</td>
<td>47,262</td>
<td>39,028</td>
<td>40,699</td>
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<tr>
<td>Operating income (million yen)</td>
<td>4,665</td>
<td>5,263</td>
<td>6,546</td>
<td>2,000</td>
<td>1,368</td>
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<tr>
<td>Operating income ratio</td>
<td>13.7%</td>
<td>12.8%</td>
<td>13.9%</td>
<td>5.1%</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td>Special Purpose Truck</td>
<td>Net sales (million yen)</td>
<td>77,336</td>
<td>84,780</td>
<td>87,487</td>
<td>89,314</td>
<td>90,327</td>
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<tr>
<td>Operating income (million yen)</td>
<td>5,009</td>
<td>6,929</td>
<td>6,748</td>
<td>8,348</td>
<td>6,313</td>
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<tr>
<td>Operating income ratio</td>
<td>6.5%</td>
<td>8.2%</td>
<td>7.7%</td>
<td>9.3%</td>
<td>7.0%</td>
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</tr>
<tr>
<td>Industrial Machinery &amp; Environmental Systems</td>
<td>Net sales (million yen)</td>
<td>24,374</td>
<td>27,937</td>
<td>30,160</td>
<td>29,457</td>
<td>30,104</td>
</tr>
<tr>
<td>Operating income (million yen)</td>
<td>2,037</td>
<td>1,878</td>
<td>1,985</td>
<td>2,219</td>
<td>2,468</td>
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<tr>
<td>Operating income ratio</td>
<td>8.4%</td>
<td>6.7%</td>
<td>6.6%</td>
<td>7.5%</td>
<td>8.2%</td>
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</tr>
<tr>
<td>Parking Systems</td>
<td>Net sales (million yen)</td>
<td>28,311</td>
<td>27,488</td>
<td>29,372</td>
<td>31,197</td>
<td>32,014</td>
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<tr>
<td>Operating income (million yen)</td>
<td>899</td>
<td>1,330</td>
<td>1,814</td>
<td>1,850</td>
<td>1,780</td>
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<tr>
<td>Operating income ratio</td>
<td>3.2%</td>
<td>4.8%</td>
<td>6.2%</td>
<td>5.9%</td>
<td>5.6%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>Net sales (million yen)</td>
<td>12,921</td>
<td>14,827</td>
<td>13,115</td>
<td>14,964</td>
<td>17,341</td>
</tr>
<tr>
<td>Operating income (million yen)</td>
<td>318</td>
<td>439</td>
<td>796</td>
<td>960</td>
<td>1,049</td>
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<tr>
<td>Operating income ratio</td>
<td>2.5%</td>
<td>3.0%</td>
<td>6.1%</td>
<td>6.4%</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>Account</td>
<td>FY2013</td>
<td>FY2014</td>
<td>FY2015</td>
<td>FY2016</td>
<td>FY2017</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>12,550</td>
<td>12,920</td>
<td>17,085</td>
<td>18,772</td>
<td>18,750</td>
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<tr>
<td>Notes and accounts receivable</td>
<td>68,184</td>
<td>77,519</td>
<td>76,642</td>
<td>76,475</td>
<td>74,795</td>
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<td>Work in process</td>
<td>21,617</td>
<td>23,274</td>
<td>20,702</td>
<td>20,273</td>
<td>19,594</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>123,675</td>
<td>136,664</td>
<td>140,366</td>
<td>139,890</td>
<td>138,564</td>
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<tr>
<td>Property, plant and equipment</td>
<td>27,122</td>
<td>27,841</td>
<td>29,131</td>
<td>30,403</td>
<td>31,279</td>
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<tr>
<td>Intangible assets</td>
<td>1,681</td>
<td>2,164</td>
<td>2,402</td>
<td>2,537</td>
<td>2,587</td>
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<tr>
<td>Investments and other assets</td>
<td>14,981</td>
<td>15,496</td>
<td>14,879</td>
<td>15,801</td>
<td>17,587</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>43,785</td>
<td>45,502</td>
<td>46,413</td>
<td>48,742</td>
<td>51,455</td>
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<tr>
<td>Notes and accounts payable</td>
<td>28,021</td>
<td>32,214</td>
<td>31,472</td>
<td>28,239</td>
<td>24,572</td>
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<tr>
<td>Short-term loans payable</td>
<td>-</td>
<td>188</td>
<td>-</td>
<td>150</td>
<td>90</td>
<td></td>
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<tr>
<td>Current portion of long-term</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>loans payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>8,872</td>
<td>10,917</td>
<td>12,481</td>
<td>10,958</td>
<td>10,858</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>52,164</td>
<td>60,457</td>
<td>59,603</td>
<td>56,385</td>
<td>50,871</td>
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<tr>
<td>Long-term loans payable</td>
<td>4,000</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>20,072</td>
<td>15,750</td>
<td>14,097</td>
<td>13,898</td>
<td>14,143</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>72,237</td>
<td>76,208</td>
<td>73,700</td>
<td>70,283</td>
<td>65,015</td>
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<tr>
<td>Capital stock</td>
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<td>15,981</td>
<td>15,981</td>
<td>15,981</td>
<td></td>
</tr>
<tr>
<td>Capital surplus</td>
<td>15,737</td>
<td>15,737</td>
<td>15,737</td>
<td>15,738</td>
<td>15,738</td>
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</tr>
<tr>
<td>Retained earnings</td>
<td>63,349</td>
<td>72,736</td>
<td>81,522</td>
<td>89,111</td>
<td>94,861</td>
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</tr>
<tr>
<td>Treasury shares</td>
<td>(134)</td>
<td>(145)</td>
<td>(154)</td>
<td>(3,250)</td>
<td>(3,252)</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>93</td>
<td>93</td>
<td>85</td>
<td>79</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>95,223</td>
<td>105,958</td>
<td>113,079</td>
<td>118,348</td>
<td>125,004</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>167,460</td>
<td>182,167</td>
<td>186,780</td>
<td>188,632</td>
<td>190,019</td>
<td></td>
</tr>
</tbody>
</table>
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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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