

Financial Results for the FY2020 Second Quarter

STAR MICRONICS CO., LTD.

<https://www.star-m.jp>

Code 7718

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* The projections in this document are based on information available at the time of release of this report and certain assumptions the Company considers reasonable.
The Company does not promise that these projections will be achieved. Actual results may differ materially from projections due to a variety of factors.

Financial Results for the FY2020 Second Quarter

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Year-on-year sales and profits decreased substantially

■ Net Sales	¥21.07 billion	32.9% down YoY
■ Operating Income	¥0.62 billion	80.8% down YoY
■ Ordinary Income	¥0.60 billion	82.8% down YoY
■ Net Income Attributable to Owners of Parent	¥0.06 billion	97.1% down YoY

- ✓ **Sales and profits decreased substantially due to the substantial downturn in sales of machine tools. This was led mainly by the significant restrictions on sales activities brought about by the spread of the COVID-19 pandemic.**

Consolidated Operating Results and Business Forecast

(Millions of Yen)

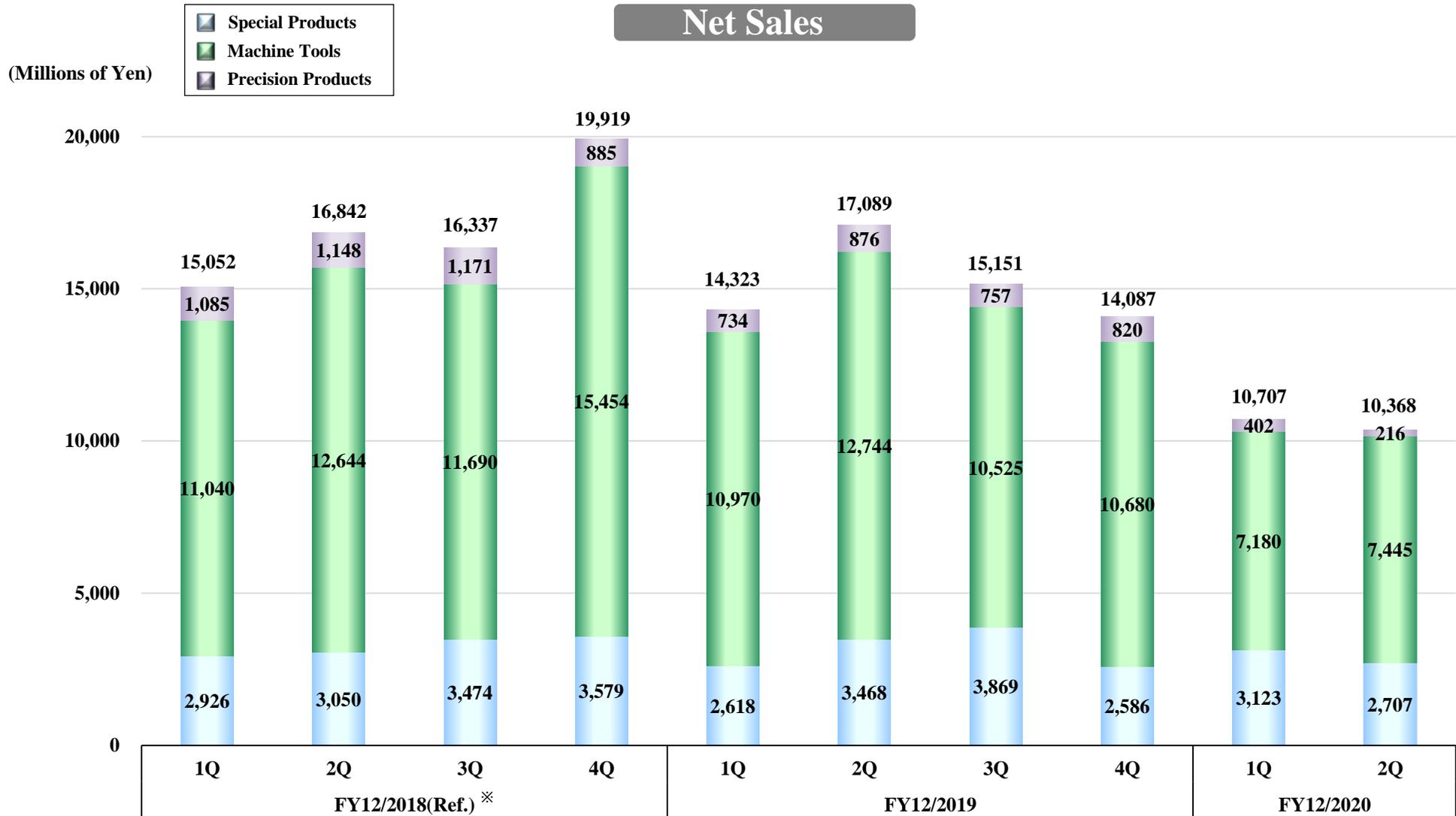
		Second Quarter					Full-Year				
		June 2019 Actual		June 2020 Actual			FY12/19 Actual		FY12/20 Revised Forecasts (Announced on August 11)		
		Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)
Net Sales	Special Products	6,086		5,830		(4.2)	12,542		10,330		(17.6)
	Machine Tools	23,715		14,625		(38.3)	44,920		29,680		(33.9)
	Precision Products	1,610		619		(61.6)	3,188		990		(69.0)
	Total	31,412		21,076		(32.9)	60,651		41,000		(32.4)
Operating Income	Special Products	883	14.5	827	14.2	(6.3)	1,614	12.9	1,010	9.8	(37.4)
	Machine Tools	3,480	14.7	852	5.8	(75.5)	6,332	14.1	1,600	5.4	(74.7)
	Precision Products	76	4.8	31	5.1	(59.2)	184	5.8	40	4.0	(78.3)
	Eliminations or Corporate	(1,170)		(1,084)			(2,314)		(2,000)		
	Total	3,269	10.4	626	3.0	(80.8)	5,817	9.6	650	1.6	(88.8)
Ordinary Income		3,536	11.3	609	2.9	(82.8)	6,161	10.2	700	1.7	(88.6)
Net Income Attributable to Owners of Parent		2,406	7.7	69	0.3	(97.1)	4,053	6.7	100	0.2	(97.5)

ROE (%)	-	-	8.3	0.2
Cash Dividends Applicable to the Year	¥28	¥28	¥56	¥56
DOE (%)	-	-	4.1	4.1

		Second half Assumed Exchange Rate	Full-Year Assumed Exchange Rate	Foreign Exchange Sensitivity [※]			
Exchange Rate	US\$	¥110.06	¥108.30	¥109.06	¥105.00	¥106.65	¥48 million
	EUR	¥124.32	¥119.32	¥122.08	¥120.00	¥119.66	¥9 million
	GBP	¥142.43	¥136.59	¥139.27	¥135.00	¥135.80	¥1 million
	CHF	¥110.10	¥112.12	¥109.72	¥110.00	¥111.06	¥5 million

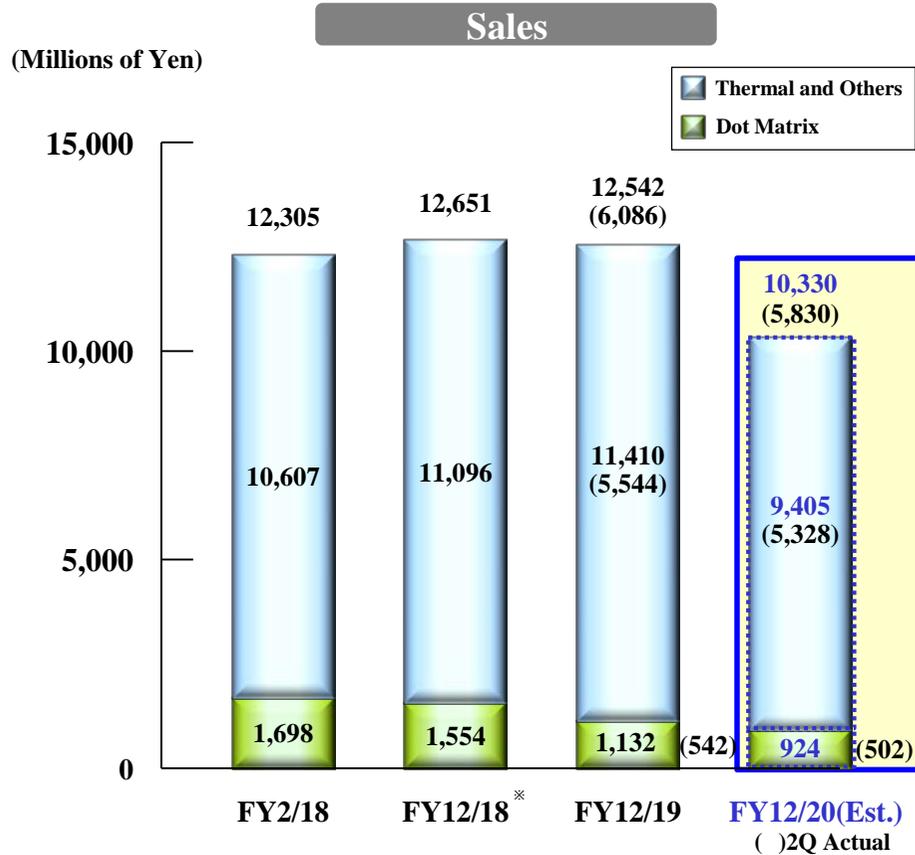
※ Foreign Exchange Sensitivity: Sensitivity of operating income to a ¥1 change in foreign exchange rates.

Quarterly Information (Net Sales)

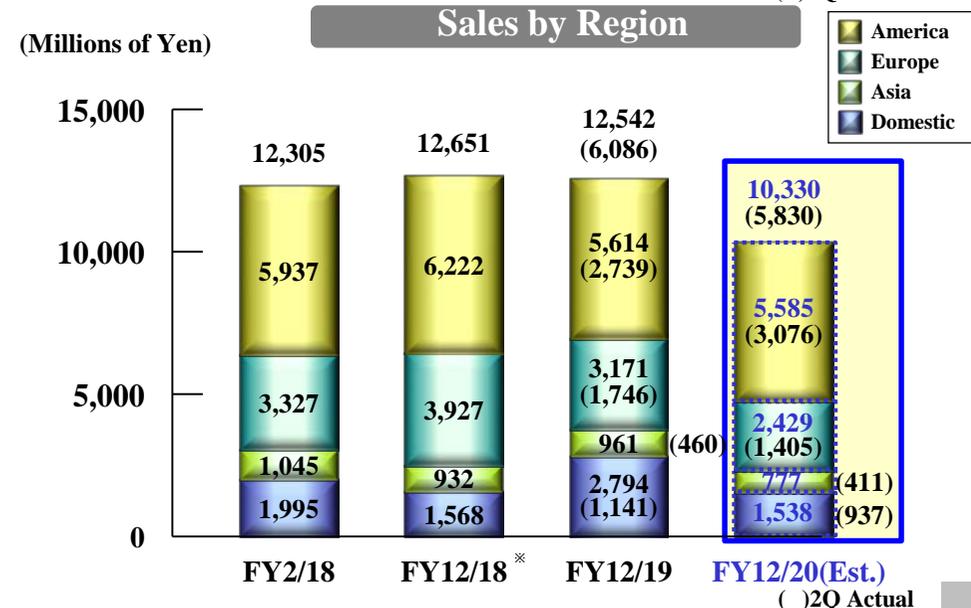
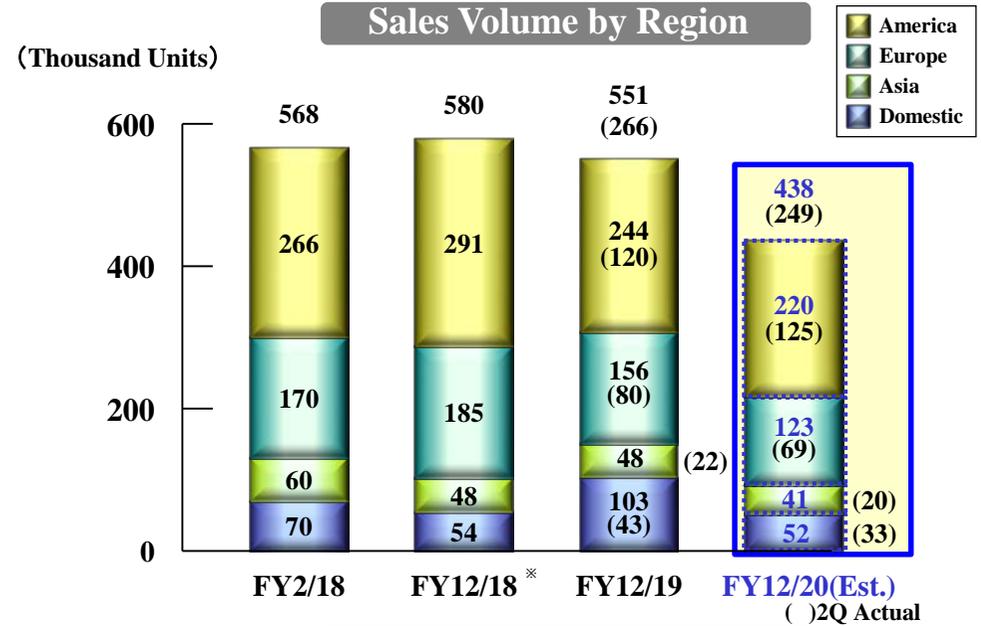


※ The consolidated fiscal period for the fiscal period ended December 31, 2018 is based on and presented for a 10-month period for the Company and consolidated subsidiaries in Japan and a 12-month period for overseas consolidated subsidiaries.
 Figures presented as FY12/2018 (Ref.) have been calculated to facilitate a comparison by replacing the same quarter from FY12/2019.

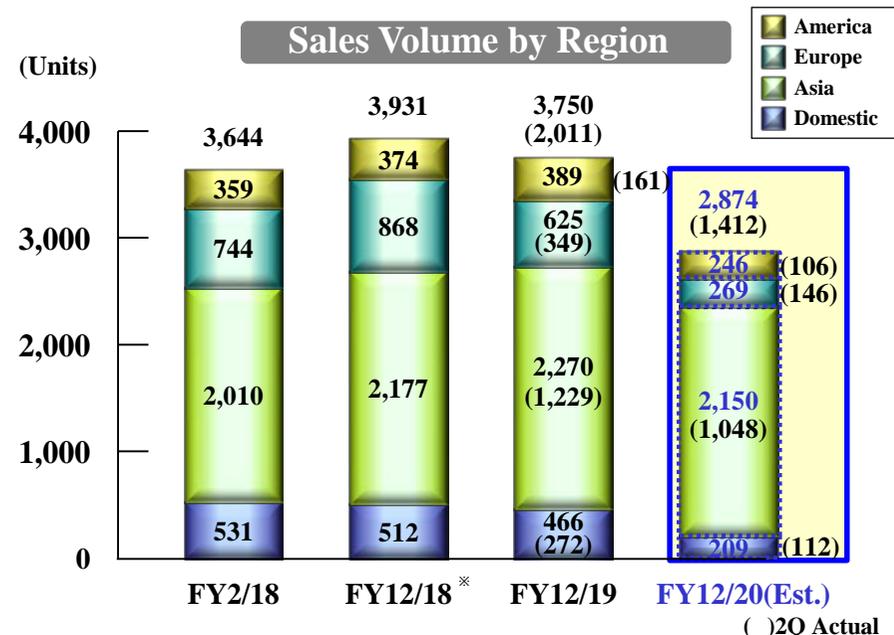
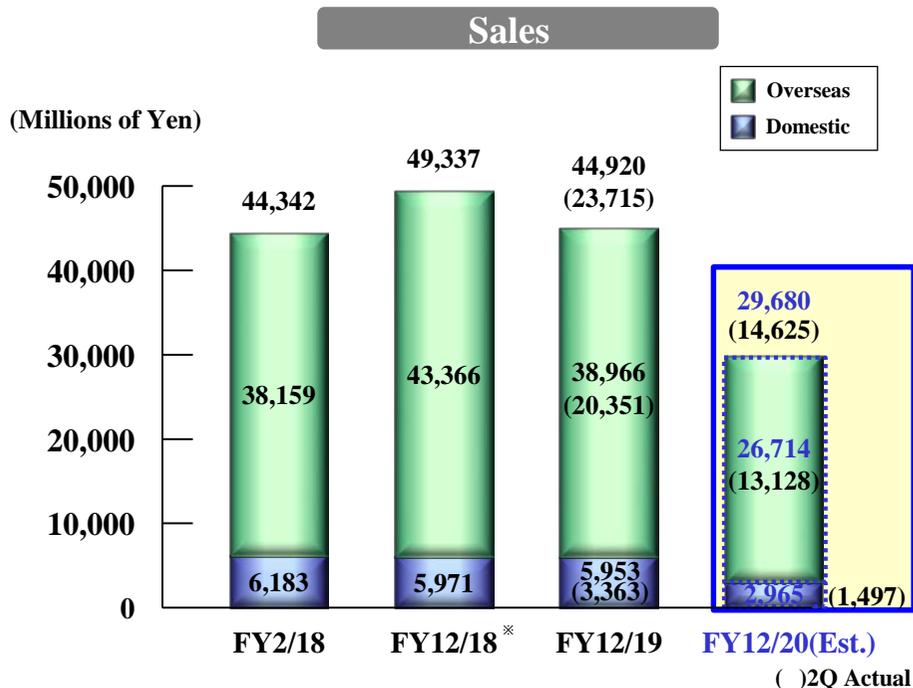
Special Products



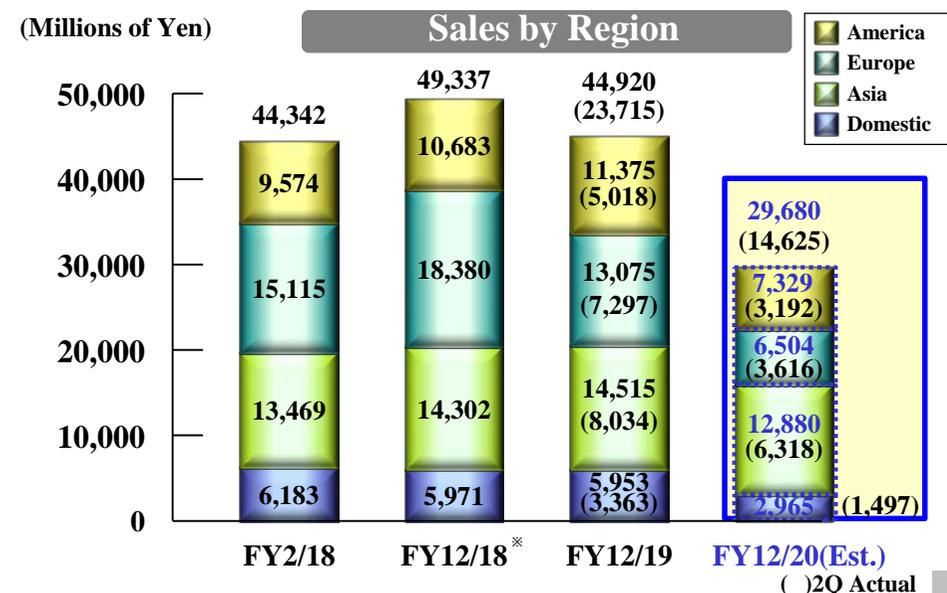
- Each market was impacted by the COVID-19 pandemic.
- Sales in the U.S. increased due to favorable sales for food deliveries.
- Sales in Europe decreased due to the sluggish market conditions.
- Sales in Japan decreased. This was due to reaction to the last-minute demand in the lead-up to the 2019 consumption tax rate hike.



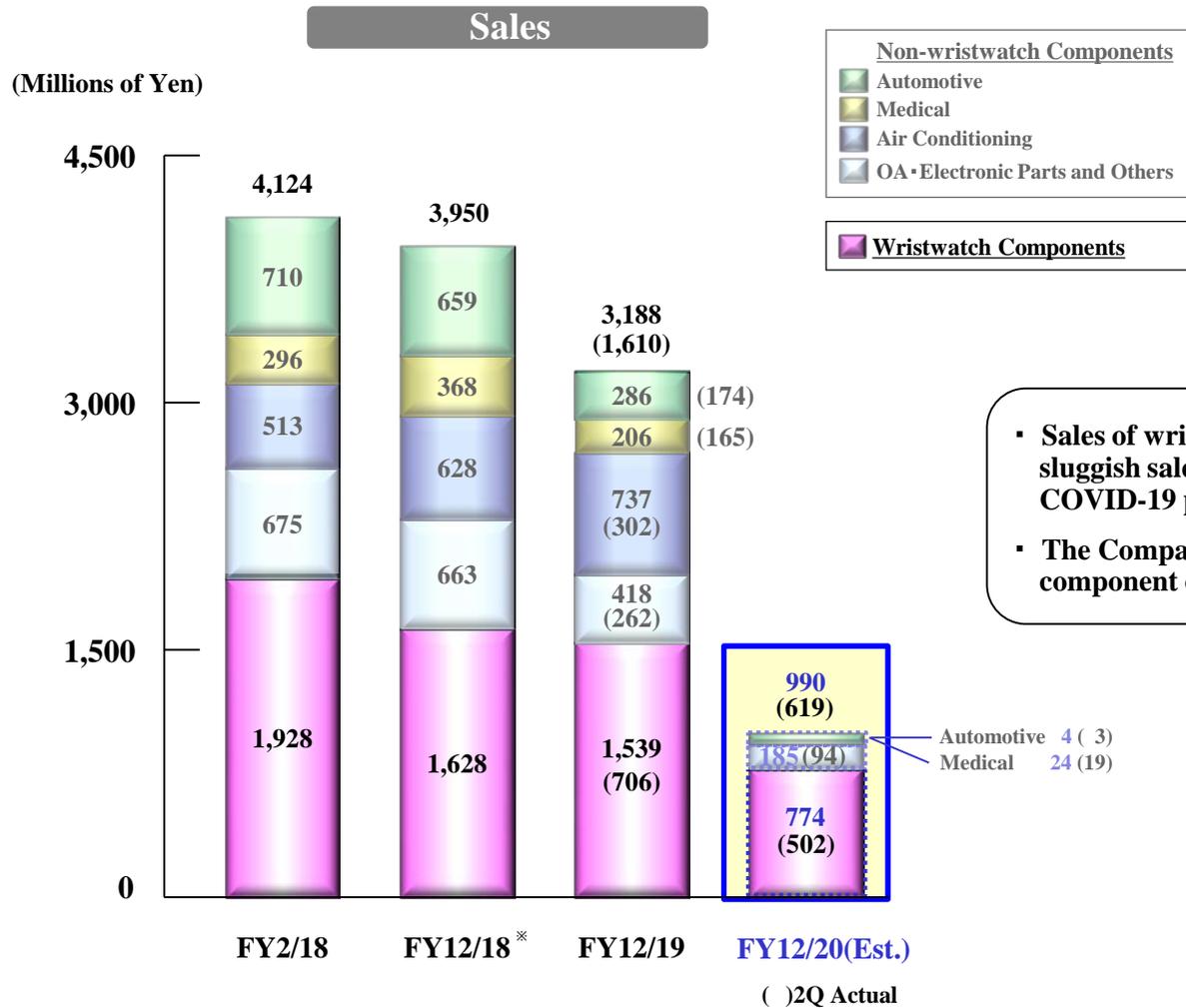
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- In each market, the significant restrictions on sales activities was brought about by the spread of the COVID-19 pandemic.
- Sales in the U.S. declined substantially. This was due to a slowdown in sales in the medical equipment-related sector where they had been performing well. In Europe and Japan, the automotive-related markets remained sluggish, and sales declined substantially.
- In the Asian market, although demand was quick to recover in China, this did not make up for the decline at the beginning of the period, and sales decreased.



* The consolidated fiscal period for the fiscal period ended December 31, 2018 is based on and presented for a 10-month period for the Company and consolidated subsidiaries in Japan and a 12-month period for overseas consolidated subsidiaries.



- Sales of wristwatch components declined significantly due to the sluggish sales at wristwatch makers suffering from the effects of the COVID-19 pandemic.
- The Company fundamentally withdrew from non-wristwatch component operations as of the end of March 2020.

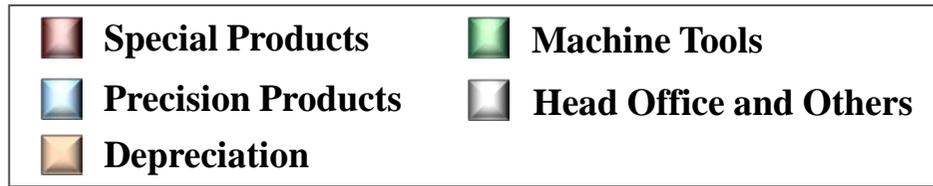
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Capital Investment / R&D Costs



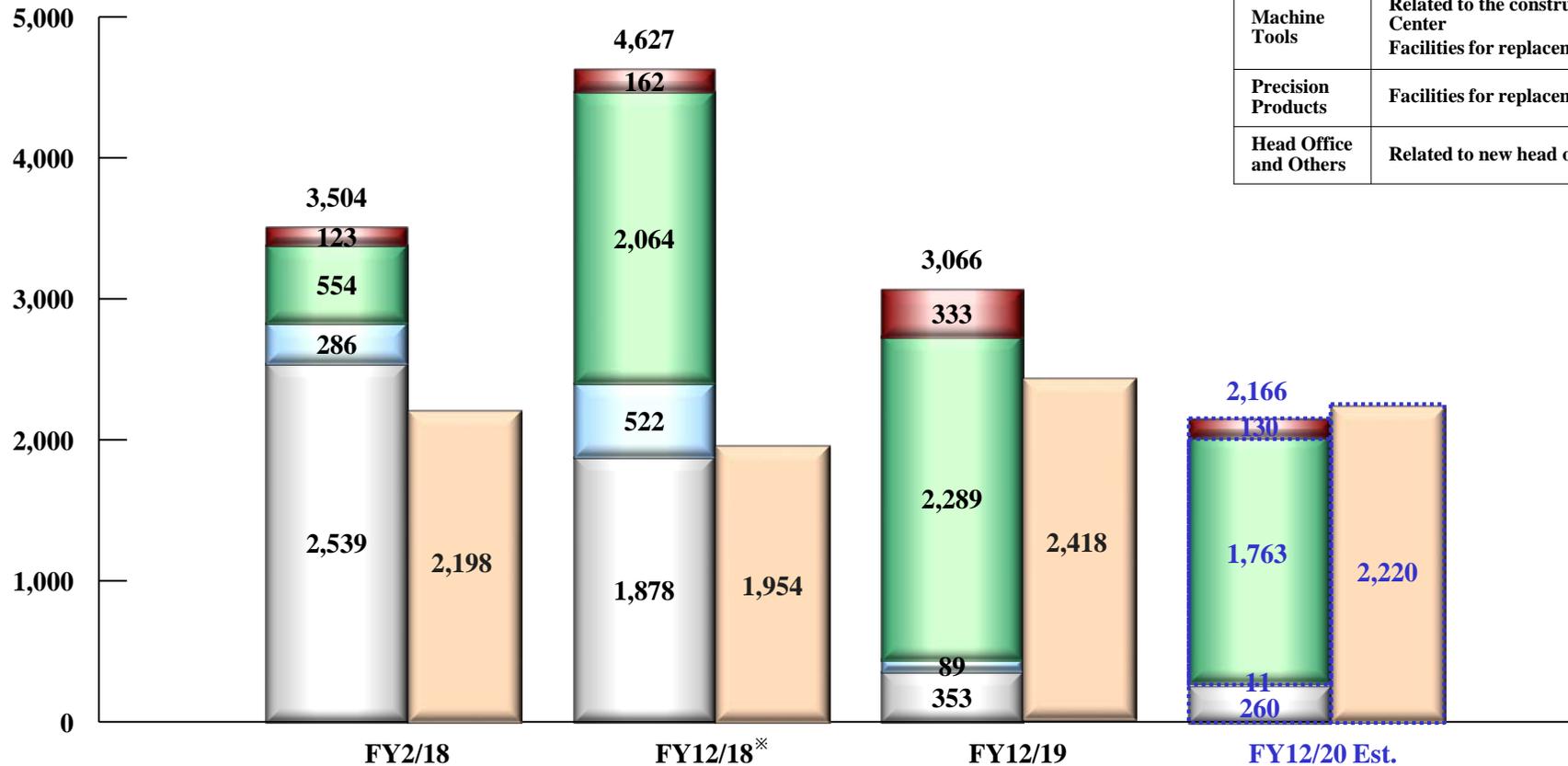
Capital Investment

(Millions of Yen)



【Main Capital Investment Plans】

	Breakdown
Special Products	Dies for new models, etc.
Machine Tools	Related to the construction of the Solution Center Facilities for replacement and maintenance
Precision Products	Facilities for replacement and maintenance
Head Office and Others	Related to new head office building, etc.



R&D Costs

(Millions of Yen)

	FY2/18	FY12/18*	FY12/19	FY12/20 Est.
R&D Costs	1,994	1,469	1,679	1,414

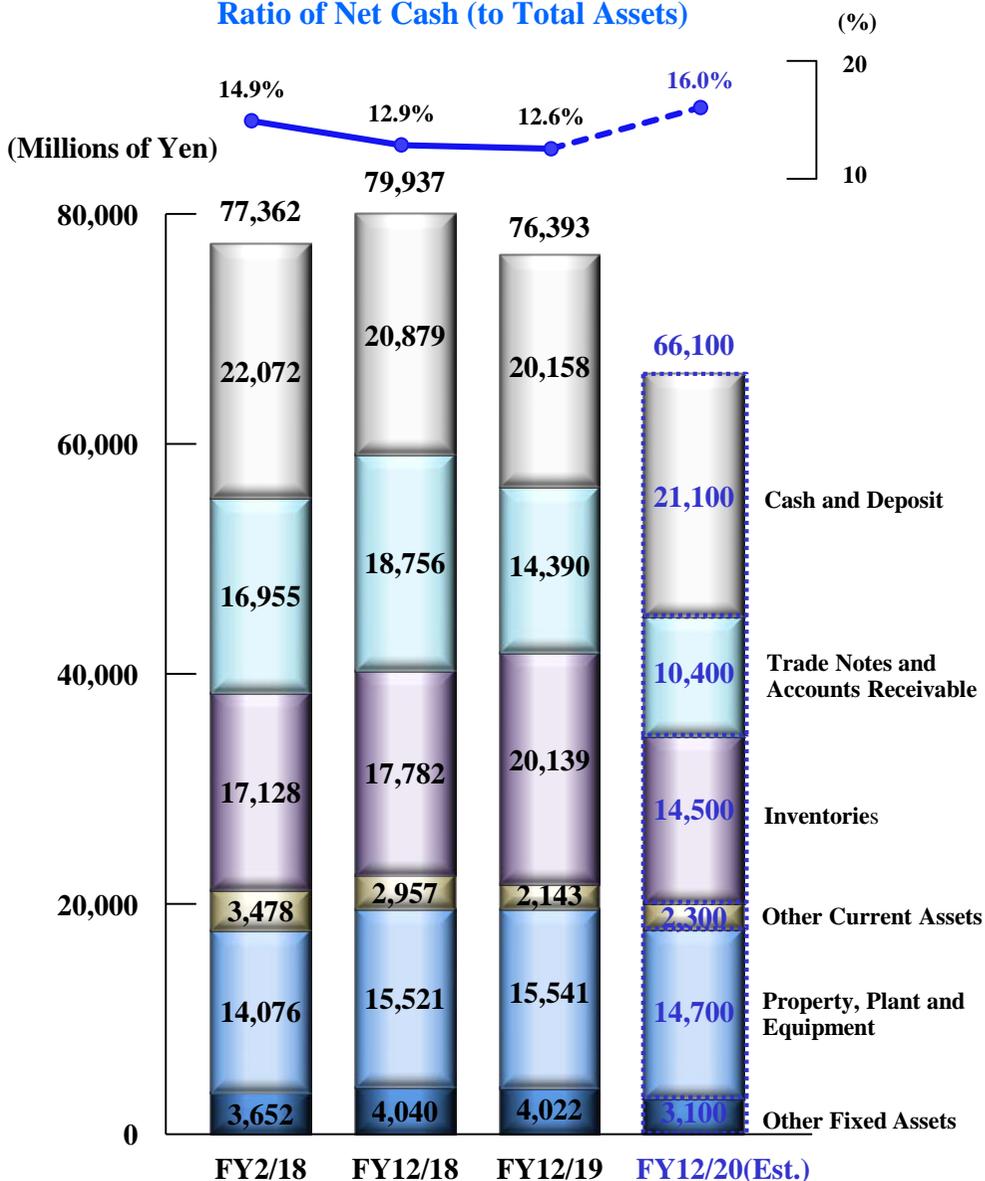
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Balance Sheets



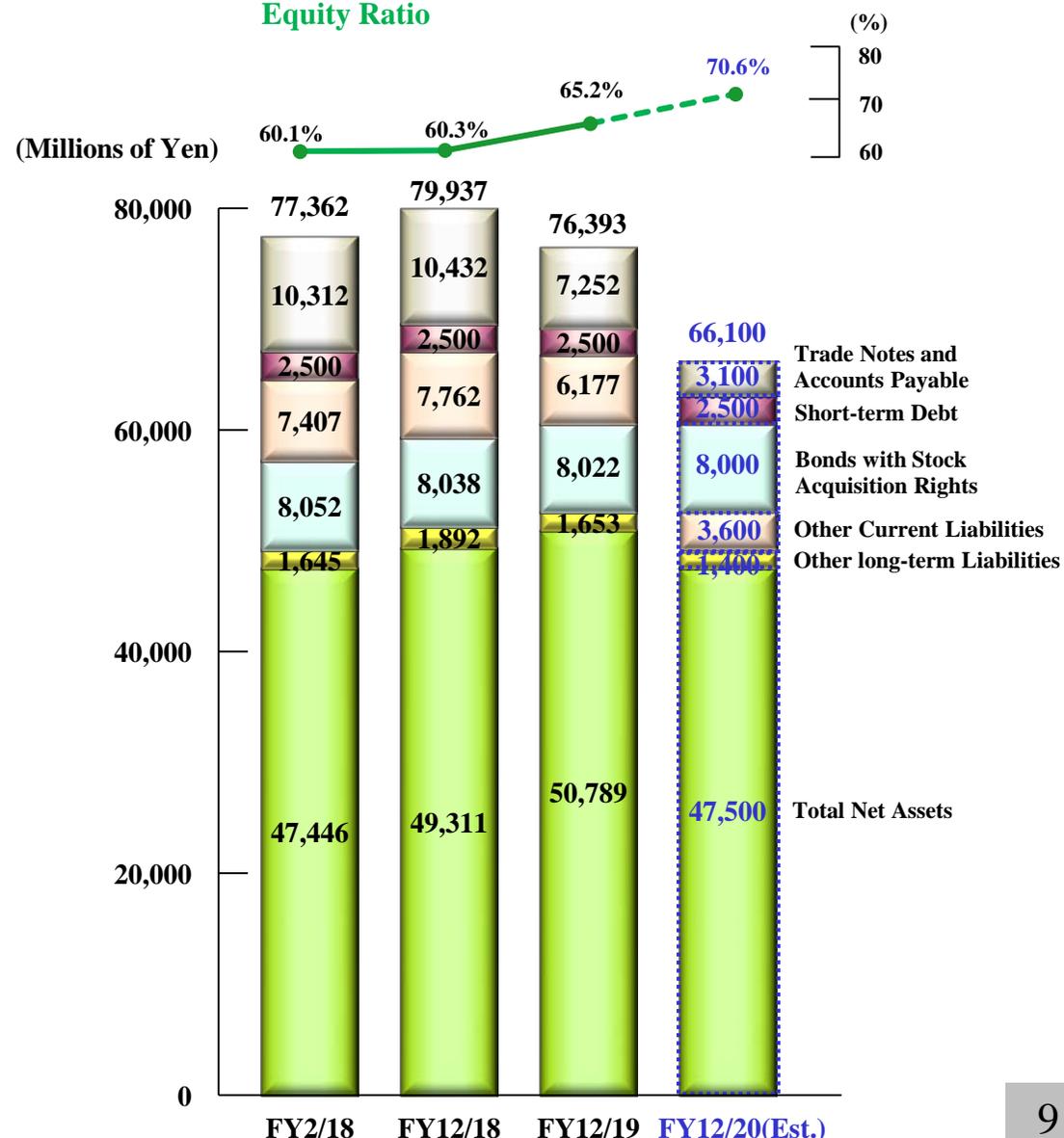
Assets

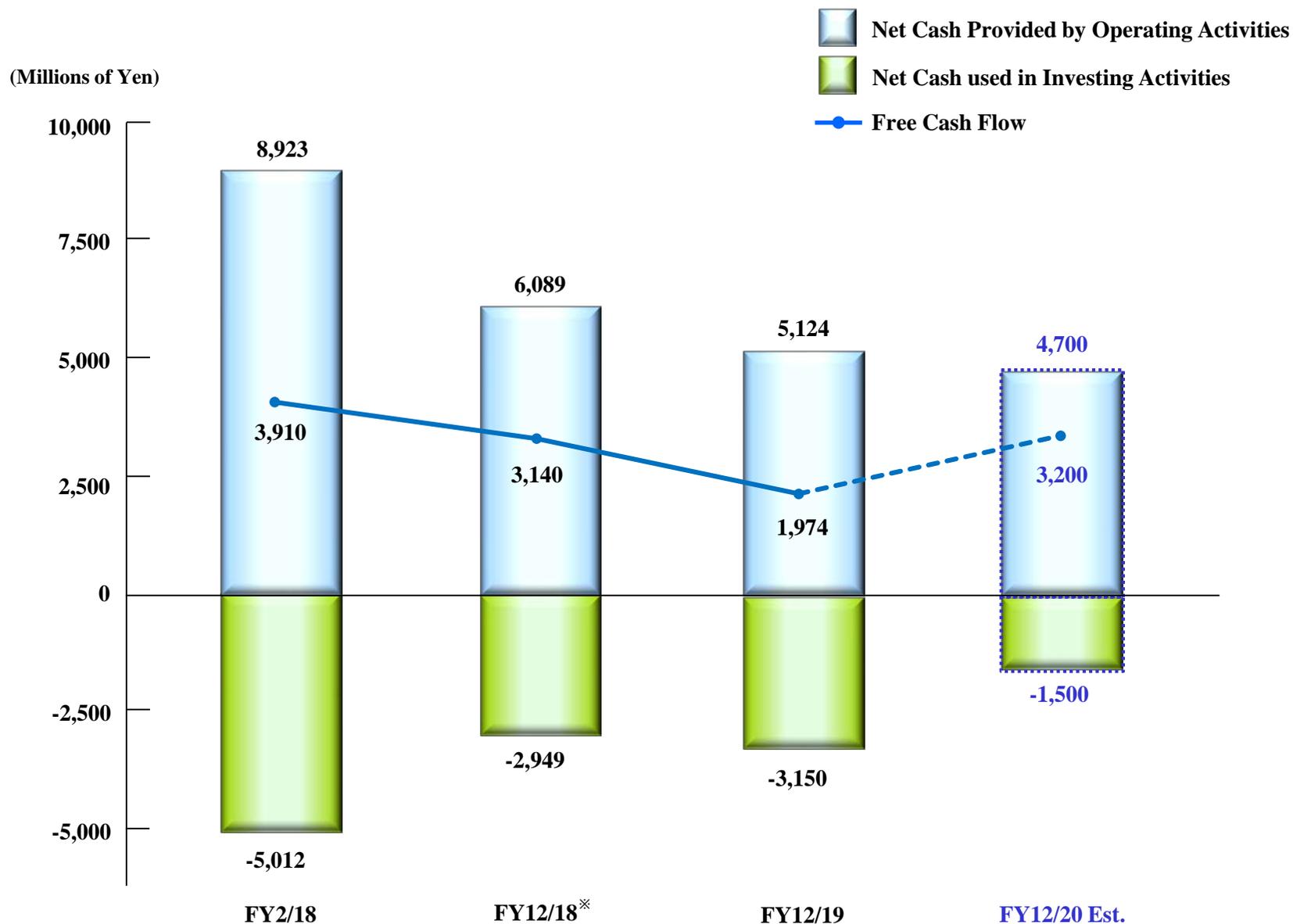
Ratio of Net Cash (to Total Assets)



Liabilities/Net assets

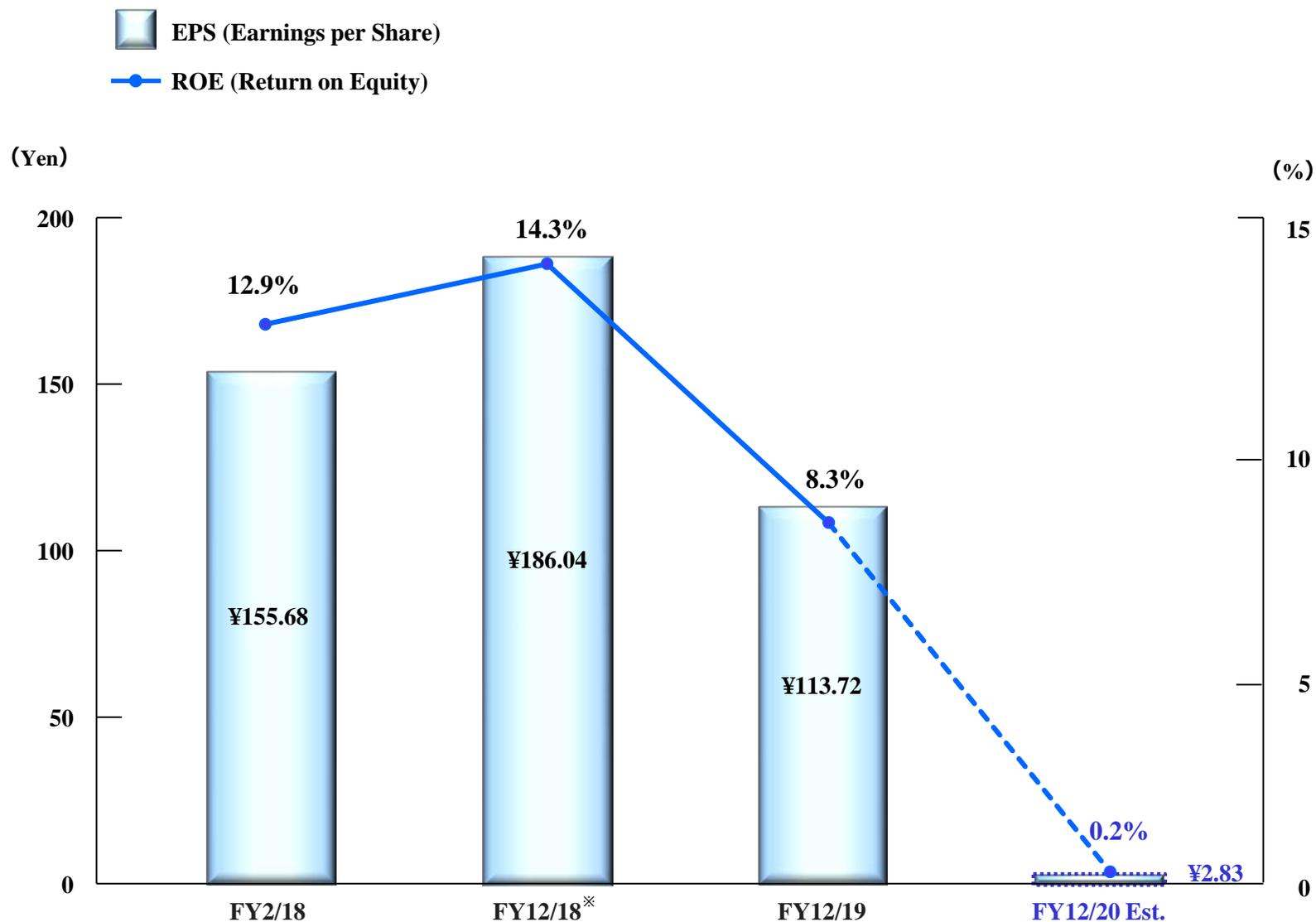
Equity Ratio





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Key Financial Indicators

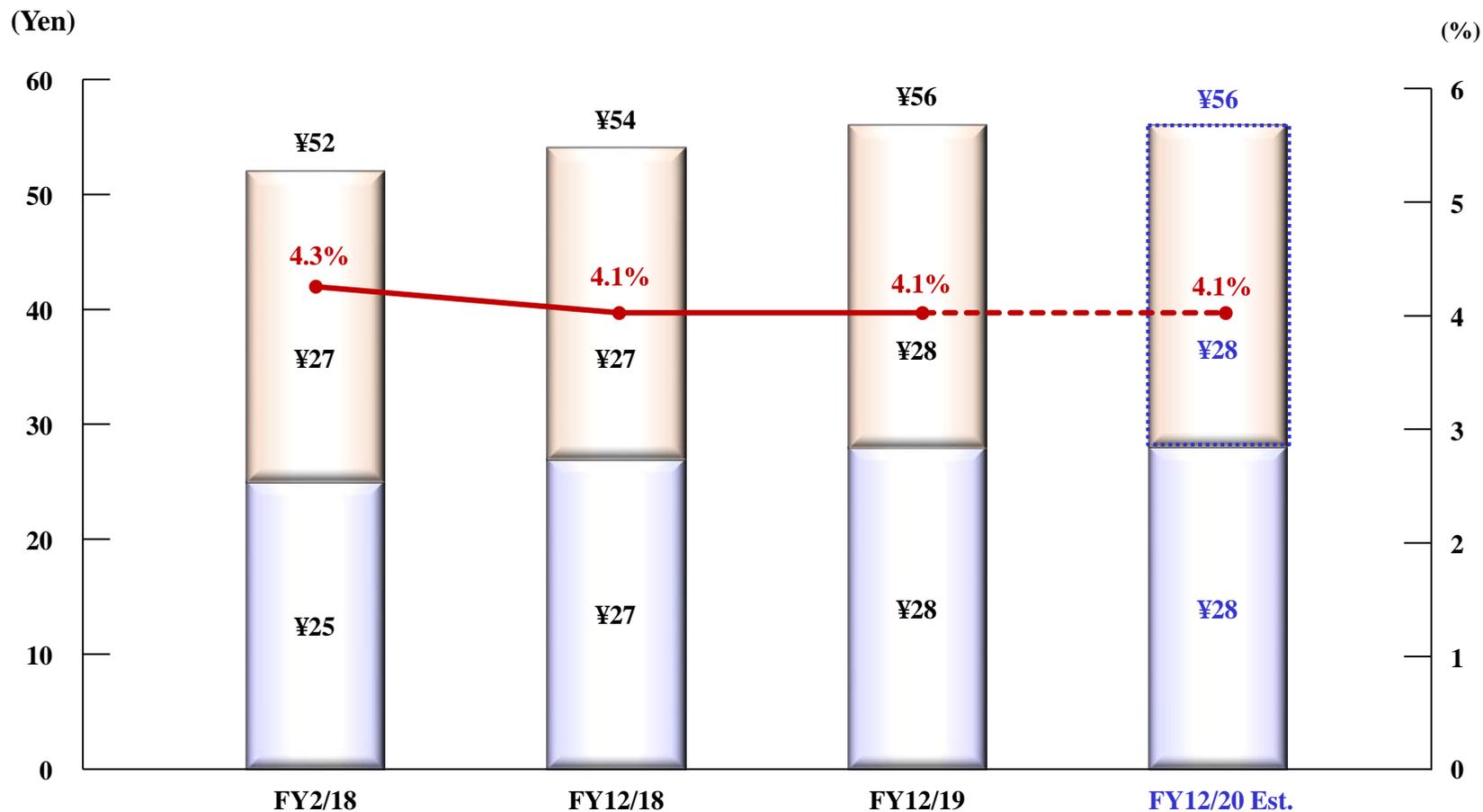


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Returns to Shareholders



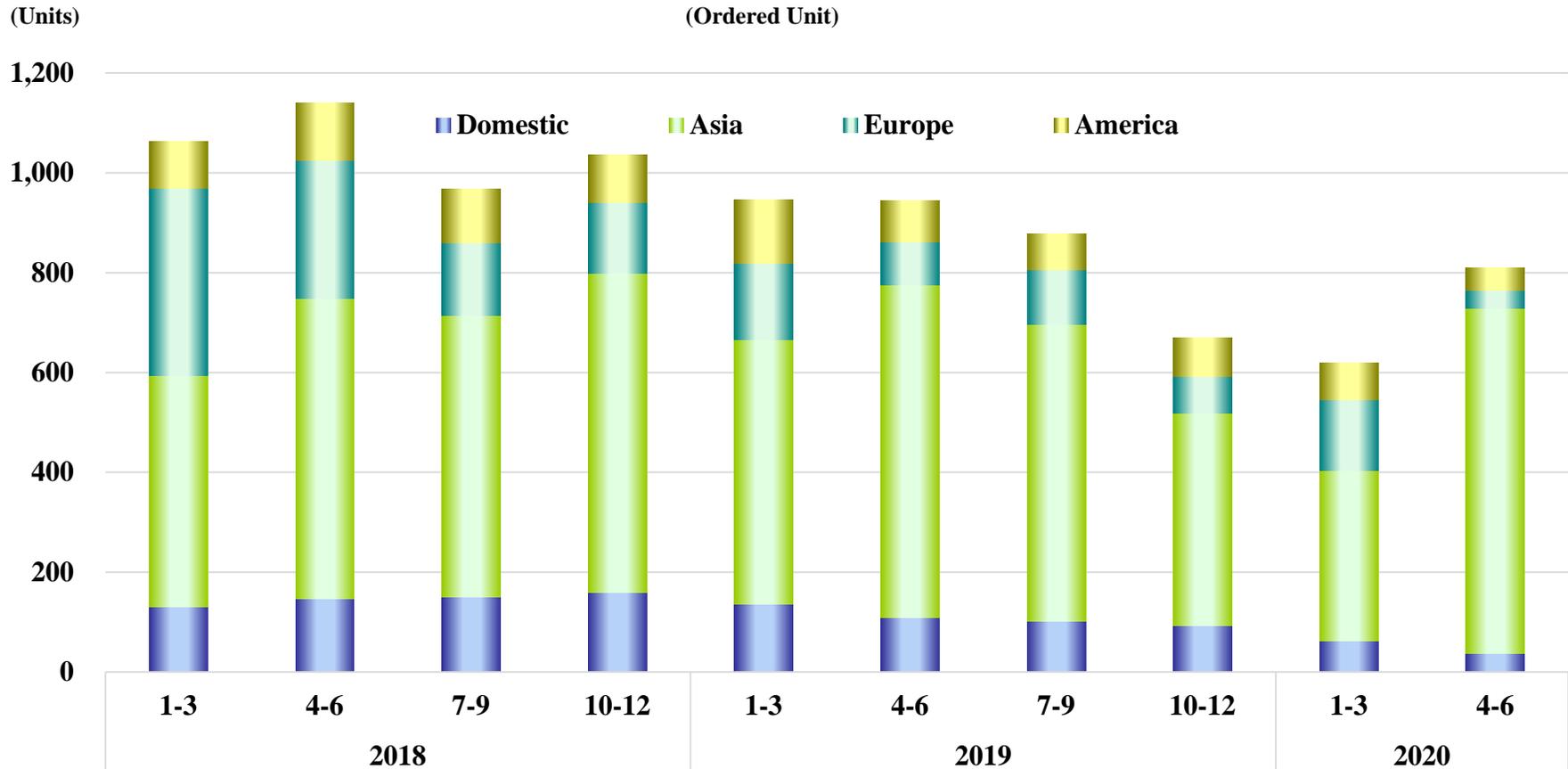
- Total Payout Ratio : 50% or more
- Target DOE : 4.5% or more



Total Payout Ratio	FY2/18	FY12/18	FY12/19	FY12/20 Est.
	53.1%	55.2%	73.8%	50% or more

Reference

Trends in Quarterly Machine Tool Orders



	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6
America	94	115	109	96	127	82	71	76	74	44
Europe	375	277	145	141	153	87	108	75	142	37
Asia	463	602	564	640	529	666	595	425	340	690
Domestic	131	146	150	159	137	109	102	93	63	38
Total	1,063	1,140	968	1,036	946	944	876	669	619	809

Performance Indicators (10-Year Data)



	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Income Ratio(%)	Ordinary Income (Millions of Yen)	Income Ratio(%)	Net Income Attributable to Owners of Parent (Millions of Yen)	Income Ratio(%)	EPS (Yen)	ROE (%)	DOE (%)	Dividends per Share (Yen)
FY2/11	35,717	1,428	4.0	1,194	3.3	161	0.5	3.71	0.4	2.5	22.0
FY2/12	41,654	3,952	9.5	4,025	9.7	2,426	5.8	56.94	6.7	3.0	26.0
FY2/13	37,858	1,579	4.2	2,254	6.0	2,299	6.1	54.66	6.0	3.3	30.0
FY2/14	43,481	2,606	6.0	3,219	7.4	1,143	2.6	27.17	2.7	3.4	34.0
FY2/15	50,957	5,476	10.7	6,150	12.1	4,695	9.2	111.36	9.8	3.9	44.0
FY2/16	54,457	5,735	10.5	5,206	9.6	3,720	6.8	87.98	7.4	3.9	46.0
FY2/17	48,937	3,606	7.4	3,583	7.3	3,181	6.5	81.77	6.9	4.1	48.0
FY2/18	60,772	6,210	10.2	7,015	11.5	5,780	9.5	155.68	12.9	4.3	52.0
FY12/18 [※]	65,939	9,712	14.7	9,570	14.5	6,795	10.3	186.04	14.3	4.1	54.0
FY12/19	60,651	5,817	9.6	6,161	10.2	4,053	6.7	113.72	8.3	4.1	56.0
FY12/20(Est.)	41,000	650	1.6	700	1.7	100	0.2	2.83	0.2	4.1	56.0

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Special Products



Cash Drawer and Receipt Printer
mPOP



POS Printer
mC-Print series



Mobile Printer
SM-L200

Machine Tools



CNC Fixed Headstock Automatic Lathe
SK-51 type A



CNC Swiss Type Automatic Lathe
SX-38 type B



CNC Swiss Type Automatic Lathe
SR-20JII type B

Precision Products

Wristwatch Components

