

**Presentation of Financial Results
for the Fiscal Year Ended
March 31, 2021**

(Supplemental Material for Consolidated
Financial Highlights)

May 18, 2021

SMC Corporation

FY20 Full Year Financial Results Conference

For the 12 months ended on March 31, 2021

May 18, 2021

SMC Corporation

Yoshiki Takada, President

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FY20 Consolidated Financial Summary

- 【1】 Despite affected by COVID-19, we had ¥552.2 billion net sales and ¥121.8 billion net profit, gaining from FY19.
- 【2】 Expecting record high sales of ¥620.0 billion in FY21
- 【3】 Aiming to actively increase Capex from ¥27.4 billion in FY20 to ¥50.0 billion in FY21
- 【4】 The term end dividend per share is 300 yen. (The annual dividend per share is 500 yen.)

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The Approach to Corporate Governance

- 【1】 Established optional nomination and remuneration committee
(April 2020)
- 【2】 Introduced stock compensation plan (May 2020)
- 【3】 Securing one third of the directors for outside directors
(Scheduled for June 2021)
- 【4】 Securing diversity of the board of directors
 - Elected a foreign director (June 2020)
 - Electing a female director (Scheduled for June 2021)

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The FA Demand Environment

★ The change in society, the environment and the industrial structure

- 【1】 Aging and shrinking population, decrease in labor force, rises in personal costs
- 【2】 Promoting DX and Digital Shift
- 【3】 Carbon Neutral
- 【4】 COVID-19

5G communication, IoT, AI, Robots, Automated warehouses, EVs, CASE, Medical related, Social distancing, Contactless



Expecting the continuous growth of the FA demand

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Points to note

- 【1】 The orders may decrease temporarily in response to eating up demand ahead of time for semiconductors and electronics parts in each industry.
- 【2】 Shortage of semiconductors, electronics parts, materials and so on may impact on production adjustments and stops.

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Focused Measures in FY21

- 【1】 Establishing BCP for continuing our business in any conditions
- 【2】 Utilizing IT tools for reinforcing global cooperation and increasing productivity in each country
- 【3】 Training global talents leading the next generation
- 【4】 Promoting SDGs (Environment, Human resources, Health & Safety, Social contribution)

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Notice

This document contains projections concerning the future performance estimated by SMC. These statements are based on information available at the time of compiling this report and may include potential risks and unforeseen factors. Accordingly, please be aware that actual results may differ materially from those projections because of multiple economic factors that influence industrial market.

Presentation of Financial Results for the Fiscal Year Ended March 31, 2021

SMC Corporation

Masahiro Ota,
Director and Executive Officer
Head of Finance & Accounting Division
May 18, 2021

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Consolidated Financial Summary (P&L)

	FY19	FY20	FY20			
	Result	Plan	Result	Growth rate against Plan	year-on-year % change	FOREX rate impact
Net sales	526.0	525.0	552.1	+5%	+5%	(▲4.3)
Overseas sales	362.9	375.9	400.4	+7%	+10%	
[Overseas sales ratio]	[69.0%]	[71.6%]	[72.5%]			
Operating profit (Operating margin)	146.2 (27.8%)	141.0 (26.9%)	153.3 (27.8%)	+9%	+5%	(▲4.0)
Ordinary profit	158.4	146.0	171.8	+18%	+8%	(+7.7)
Profit attributable to owners of parent	110.5	105.0	121.7	+16%	+10%	
Average exchange rate(US\$)	¥108.71	¥105.60	¥106.12	+ 0.52	▲ 2.59	
(€)	¥120.80	¥123.70	¥123.72	+ 0.02	+ 2.92	
(CNY)	¥15.59	¥15.70	¥15.67	▲ 0.03	+ 0.08	
Capital expenditures(tangible/intangible)	38.3	25.0	27.4	+10%	▲28%	
Depreciation(tangible/intangible)	16.6	19.3	18.5	▲4%	+11%	
R&D expenses	21.4	22.0	20.8	▲5%	▲3%	
(Unit: Billions of yen)						
Annual dividend per share	400 JPY		500 JPY			

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Consolidated Financial Summary (BS)

	FY19	FY20			
	Result	Result	year-on-year % change	Change	Change excluding effects of FOREX rates
Net assets	1,253.2	1,379.9	+ 10%	+ 126.7	(+ 79.5)
Current assets	964.5	1,096.9	+ 14%	+ 132.4	(+ 85.8)
(of which: Inventories)	(232.5)	(248.7)	(+ 7%)	(+ 16.2)	(+ 6.4)
Non-current assets	425.9	442.9	+ 4%	+ 16.9	(+ 6.8)
Equity ratio	89.9%	89.4%		▲ 0.5%	▲ 0.3%
ROE%	8.9%	9.3%		+ 0.4%	
Net assets per share	18,794JPY	20,835JPY	+ 11%	+ 2,041JPY	(+ 1,326JPY)
Closing exchange rate(US\$)	¥108.83	¥110.72	+ 1.7%	+ 1.89	
(€)	¥119.65	¥129.76	+ 8.4%	+ 10.11	
(CNY)	¥15.30	¥16.86	+ 10.2%	+ 1.56	

(Unit: Billions of yen)

SMC Market Share Trend (SMC Estimates)

	FY16	FY17	FY18	FY19		FY20
Rate(JPY/\$)	(108.38)	(110.85)	(110.92)	(108.71)		(106.12)
Japan	65	65	65	65		65
North America	24	25	26	26		27
Europe	20	21	22	22		23
Asia/Oceania	47	48	47	47	Greater China Other Asia/Oceania	41 60
Global Total	35	36	37	37		38
Global Total(JPY/\$:106.12)	35	37	37	37		38

※ Greater China: China, Hong Kong, Taiwan

※ SMC estimates and FY20 is tentative figures

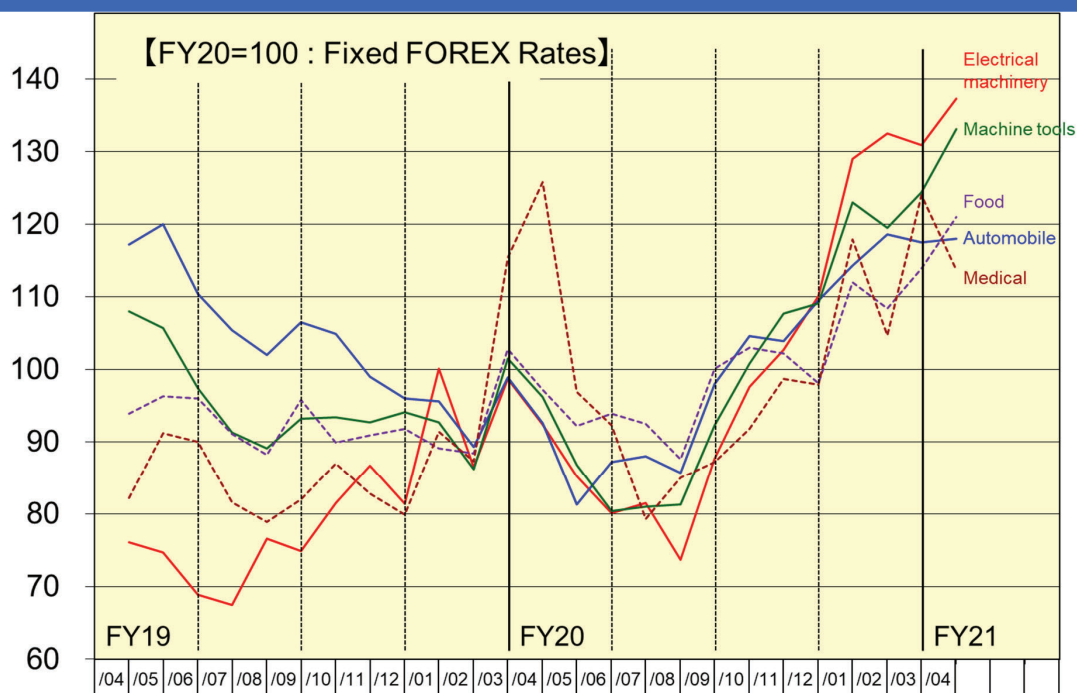
Current Order Situation (FY20=100)

		FY20	'20/3Q	'20/4Q	'21/04	'21/04 situation
Consolidated	Electrical machinery	100	104	131	137	Increasing tendency in Japan, the US and China
	Automobile	100	106	117	118	Firm tone in Japan and China
	Machine tools	100	106	122	133	Increasing tendency in Germany and China
	Food	100	101	112	121	Firm tone in Europe
	Medical	100	96	116	114	Firm tone in China
	Other	100	103	118	128	
Japan		100	103	119	122	Increasing in the electrical machinery and firm tone in the automobile industry
North America		100	102	133	141	Increasing tendency in the semiconductor related industry
Europe		100	106	122	122	Firm tone in the semiconductor related and the food industry
Greater China		100	103	122	140	Increasing tendency in the electrical machinery, the automobile and the machine tool industry
Other Asia & Oceania		100	100	123	135	Increasing tendency in the electrical machinery industry
Consolidated		100	103	123	132	

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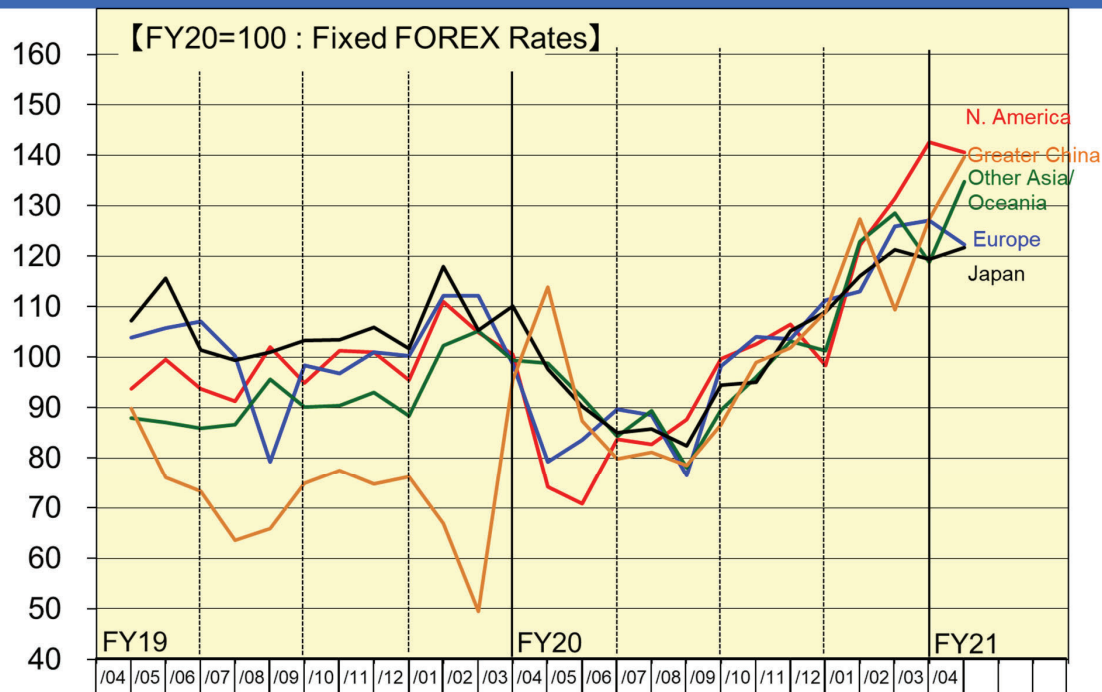
Consolidated Orders Trend By Industry



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Consolidated Orders Trend By Region



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Consolidated Statement of Income

(Billions of yen)

	FY16		FY17		FY18		FY19		FY20		YoY	
	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales
Net sales	487.6		591.0		576.9		526.0		552.1		26.1	5.0%
Cost of sales	244.4	50.1%	286.3	48.5%	280.1	48.5%	266.1	50.6%	286.3	51.8%	20.1	7.6%
Gross profit	243.1	49.9%	304.6	51.5%	296.8	51.5%	259.8	49.4%	265.8	48.2%	5.9	2.3%
Selling, general & administrative expenses	102.0	21.0%	112.2	18.9%	116.6	20.2%	113.5	21.6%	112.4	20.4%	-1.1	-1.0%
Operating profit	141.1	28.9%	192.4	32.6%	180.2	31.2%	146.2	27.8%	153.3	27.8%	7.1	4.9%
Ordinary profit	148.2	30.4%	196.8	33.3%	198.2	34.4%	158.4	30.1%	171.8	31.1%	13.3	8.4%
Net profit	113.0	23.2%	136.8	23.2%	130.6	22.6%	110.5	21.0%	121.7	22.1%	11.2	10.2%
Average exchange rate												
USD	108.38		110.85		110.92		108.71		106.12		-2.59	-2.4%
EUR	118.79		129.63		128.44		120.80		123.72		+2.92	2.4%
CNY	16.10		16.73		16.53		15.59		15.67		+0.08	0.5%

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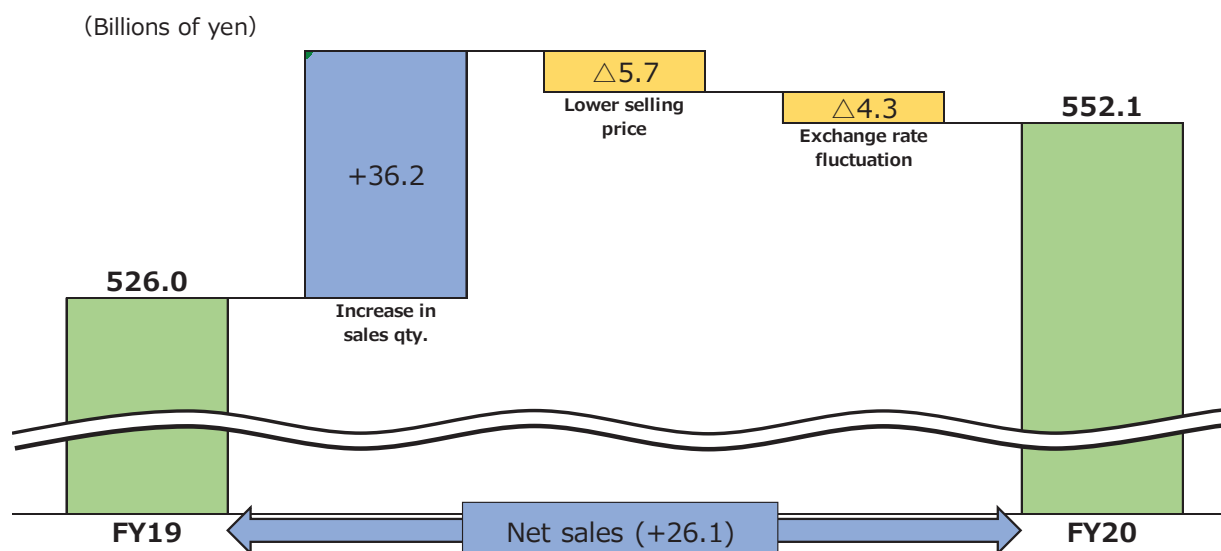
Consolidated Statement of Income



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[YoY] Factors of Change of Net Sales

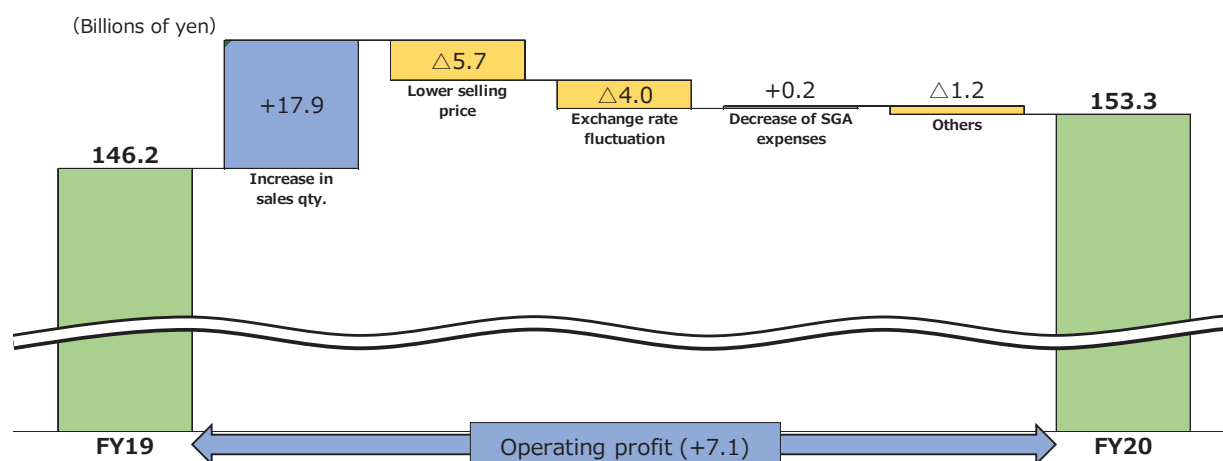


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[YoY]

Factors of Change of Operating Profit



[Quarterly]

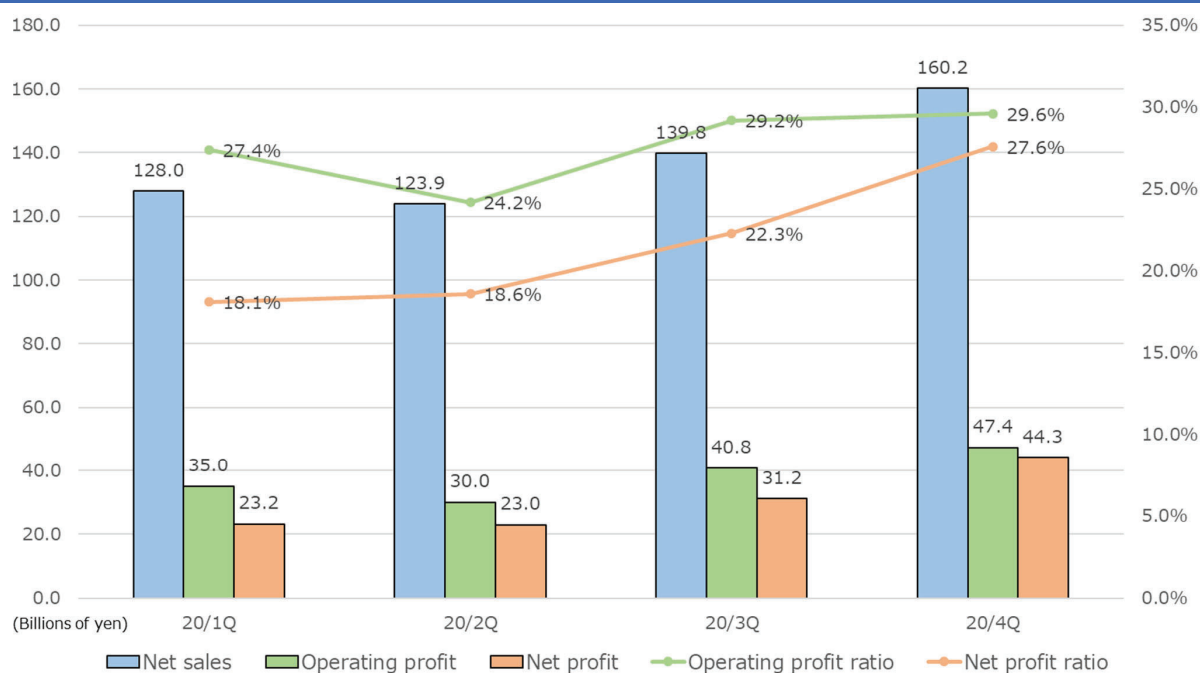
Consolidated Statement of Income

(Billions of yen)

	FY20/1Q		FY20/2Q		FY20/3Q		FY20/4Q		QoQ	
	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales
Net sales	128.0		123.9		139.8		160.2		20.3	14.6%
Cost of sales	66.9	52.3%	66.5	53.7%	71.3	51.0%	81.4	50.8%	10.0	14.1%
Gross profit	61.0	47.7%	57.3	46.3%	68.5	49.0%	78.8	49.2%	10.3	15.1%
Selling, general & administrative expenses	26.0	20.4%	27.3	22.1%	27.6	19.8%	31.3	19.6%	3.6	13.3%
Operating profit	35.0	27.4%	30.0	24.2%	40.8	29.2%	47.4	29.6%	6.6	16.3%
Ordinary profit	36.7	28.7%	31.5	25.4%	41.5	29.7%	61.9	38.7%	20.3	49.0%
Net profit	23.2	18.1%	23.0	18.6%	31.2	22.3%	44.3	27.6%	13.0	42.0%

Quarterly average exchange rate										
USD	107.63		106.22		104.53		106.09		+1.56	1.5%
EUR	118.58		124.07		124.49		127.80		+3.31	2.7%
CNY	15.17		15.35		15.80		16.37		+0.57	3.6%

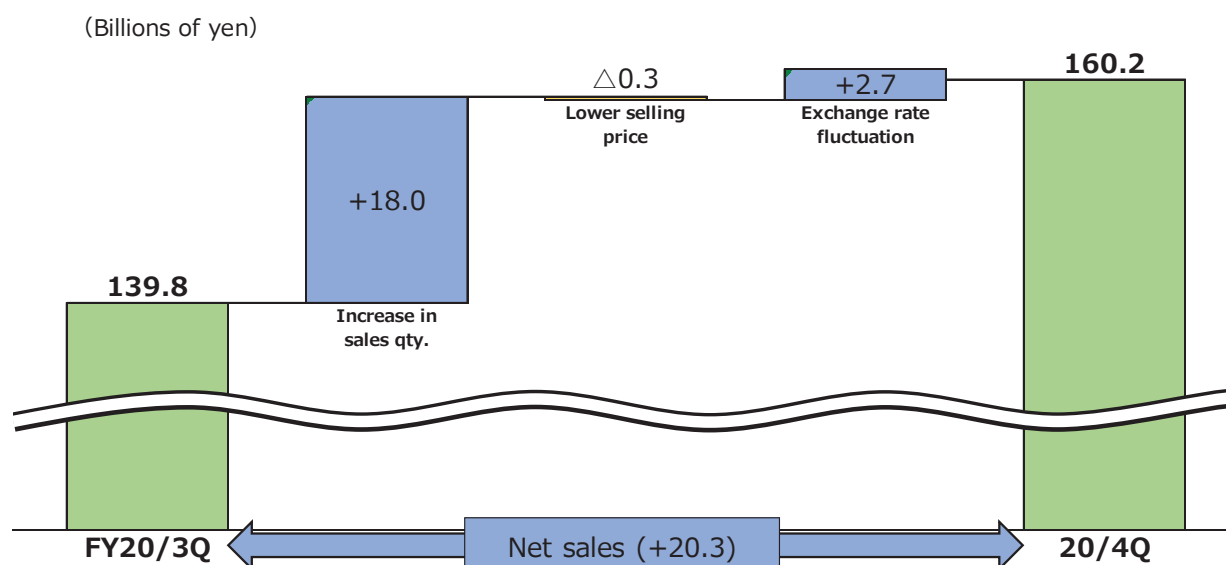
[Quarterly] Consolidated Statement of Income



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[QoQ] Factors of Change of Net Sales

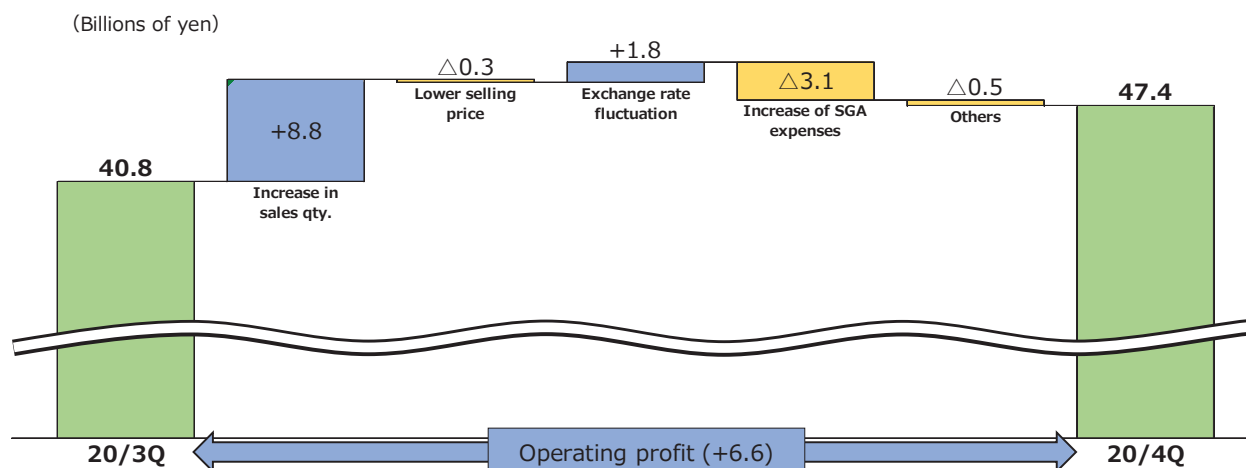


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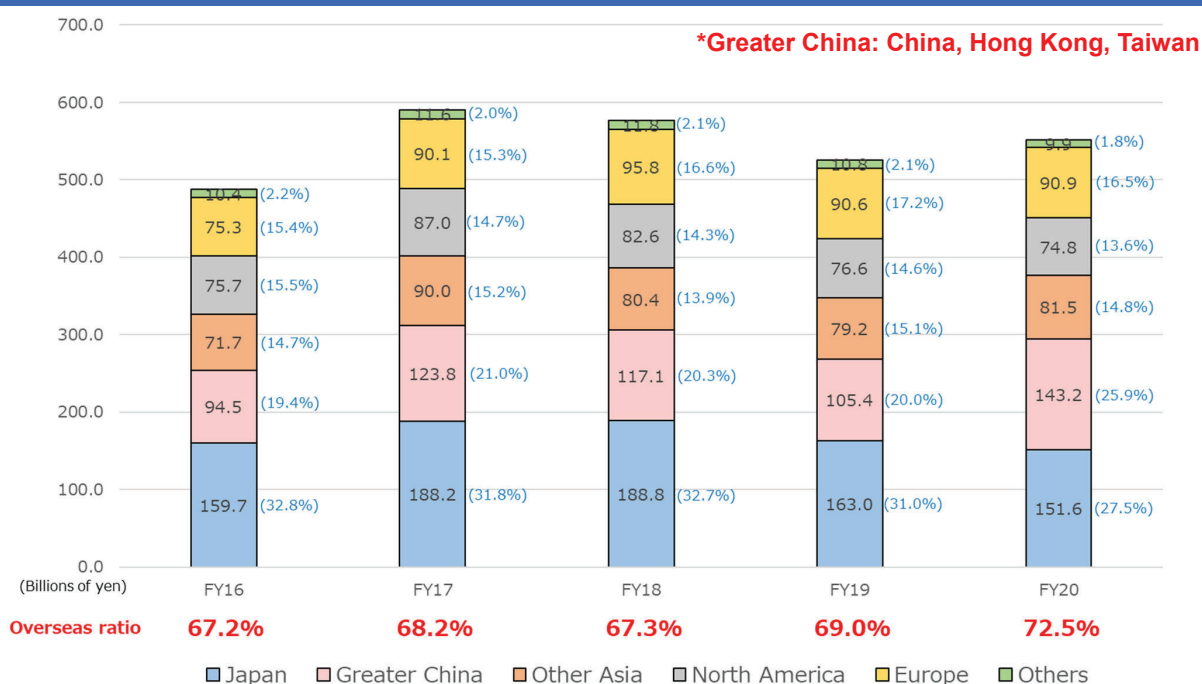
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[QoQ]

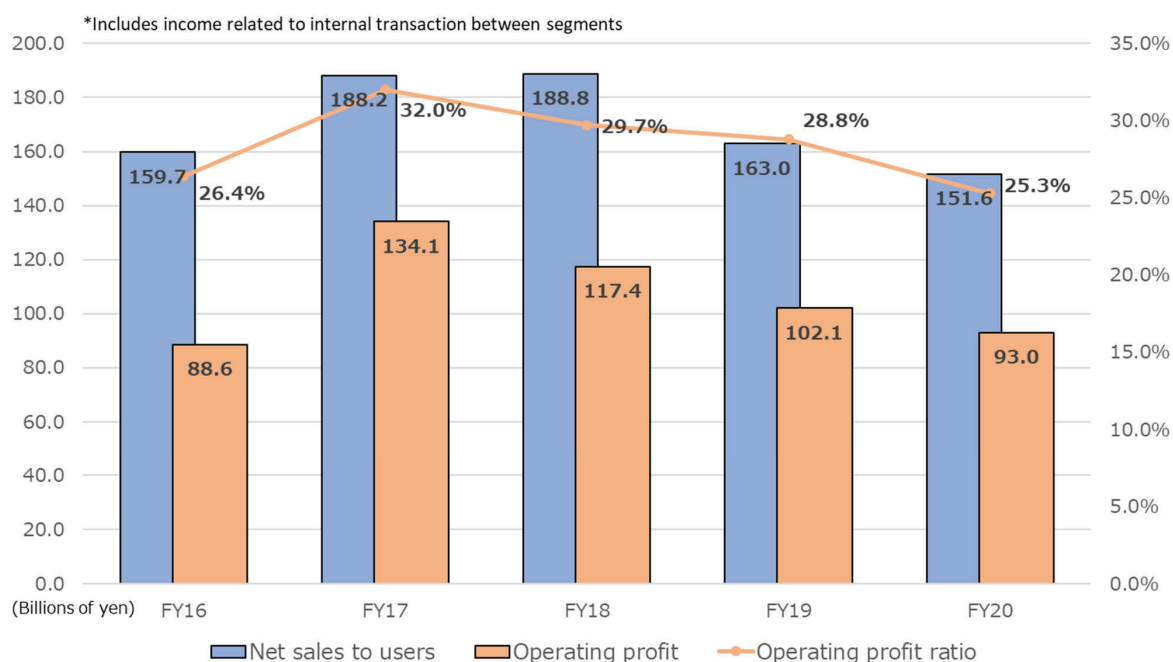
Factors of Change of Operating Profit



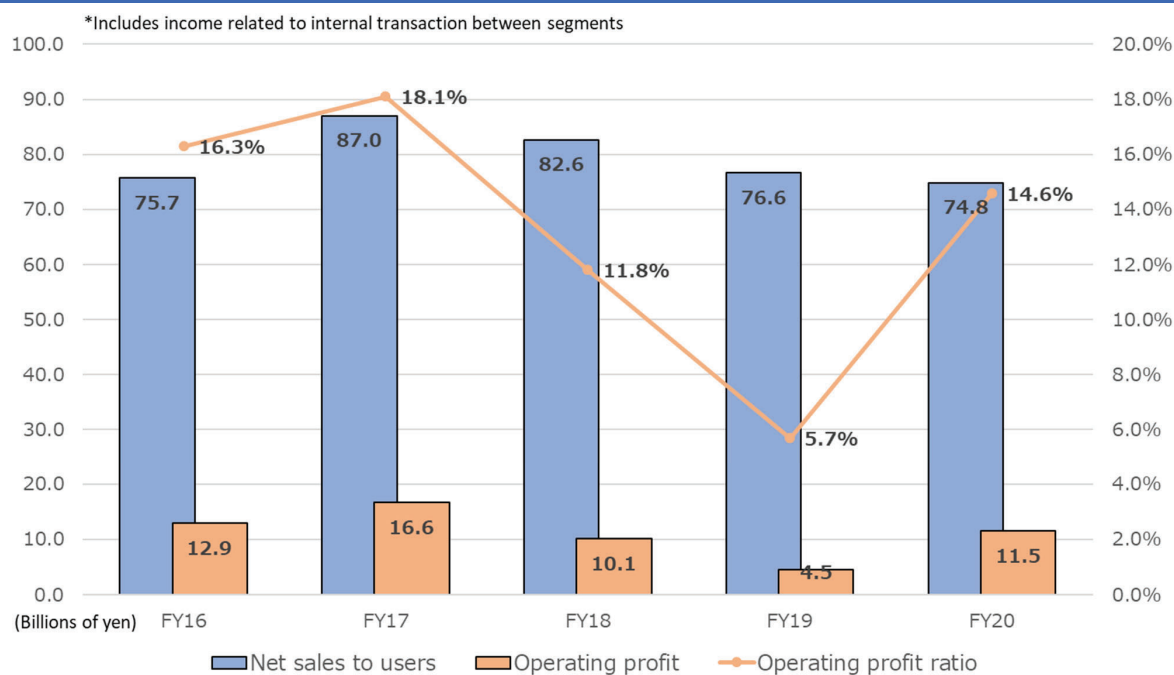
Consolidated Net Sales by Location



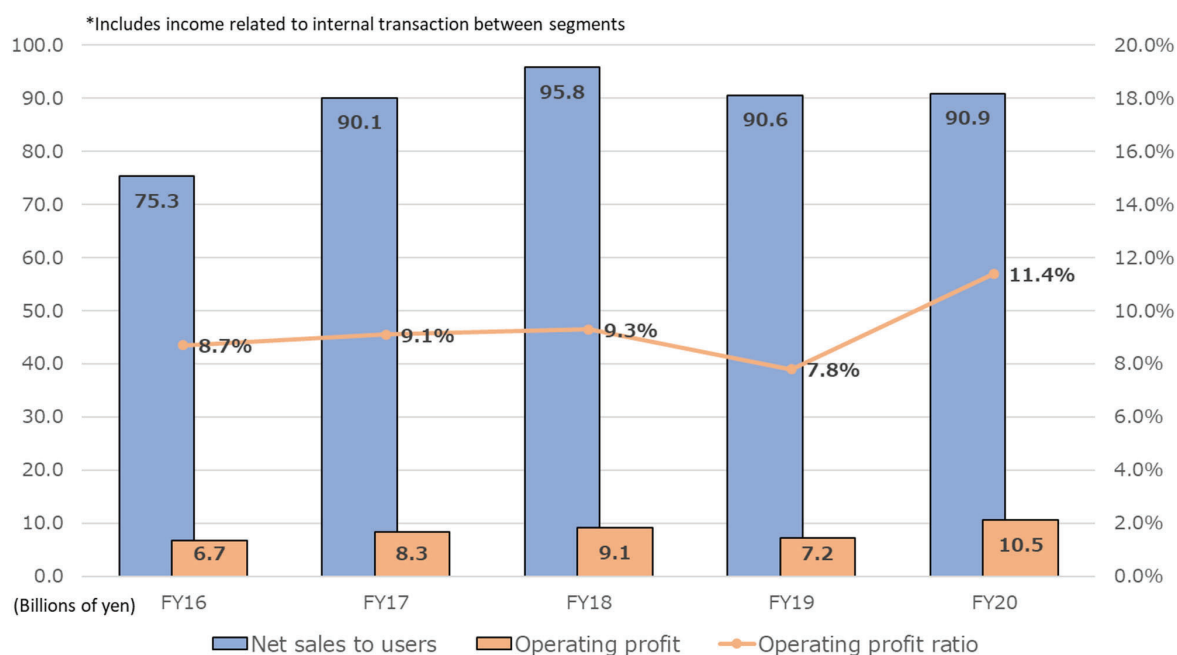
Net Sales & Operating Profit (Japan)



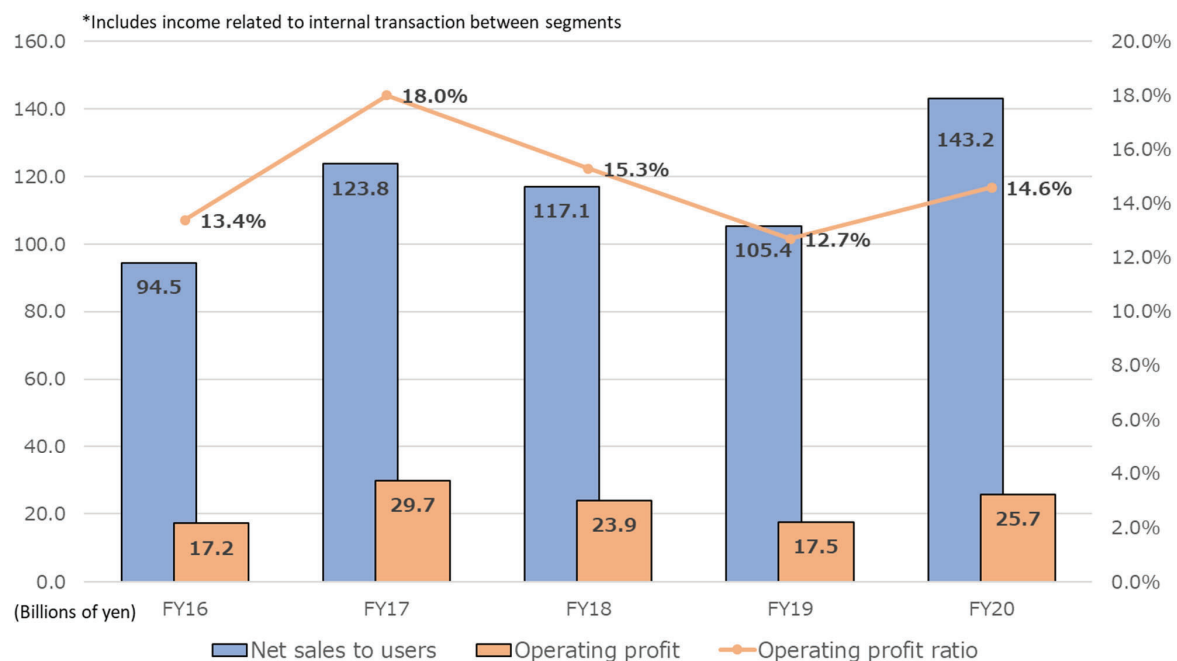
Net Sales & Operating Profit (North America)



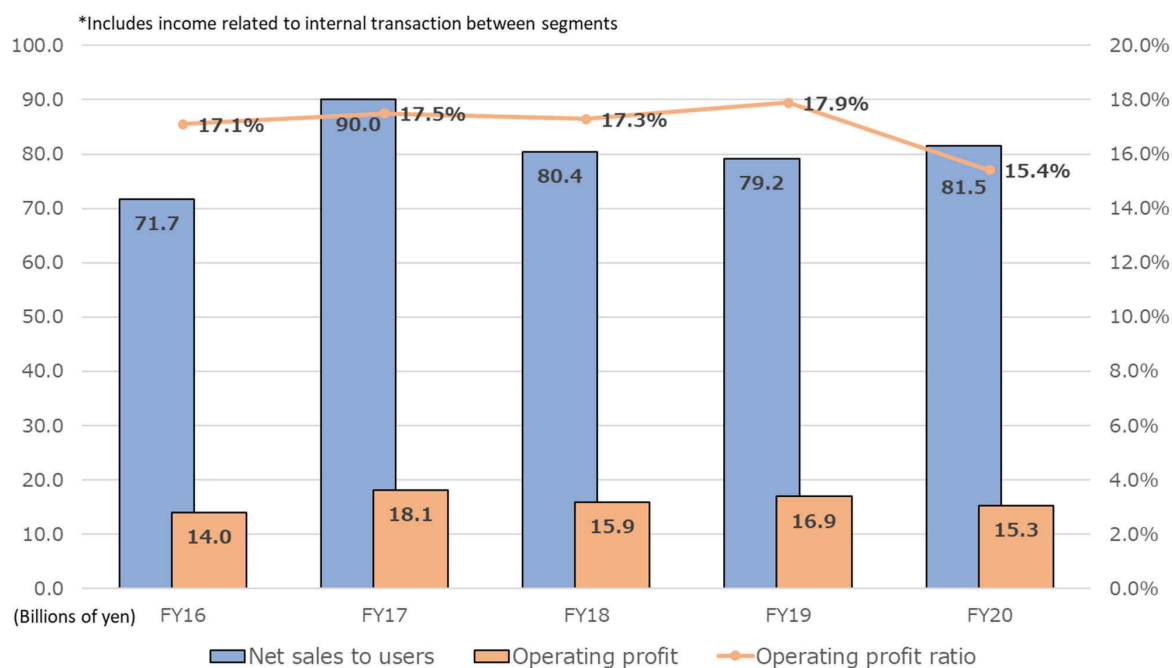
Net Sales & Operating Profit (Europe)



Net Sales & Operating Profit (Greater China)



Net Sales & Operating Profit (Other Asia)



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Consolidated Balance Sheet

	(Billions of yen)						
	FY16	FY17	FY18	FY19	FY20	YoY	
Assets	1,192.4	1,360.8	1,389.3	1,390.5	1,539.8	149.3	10.7%
Current assets	835.9	964.0	967.9	964.5	1,096.9	132.4	13.7%
(cash and deposits)	(459.8)	(506.4)	(519.6)	(548.3)	(629.2)	(80.9)	14.8%
(securities)	(22.4)	(37.0)	(31.9)	(12.4)	(11.2)	(-1.1)	-9.6%
(inventories)	(179.1)	(205.6)	(230.2)	(232.5)	(248.7)	(16.1)	7.0%
Non-current assets	356.5	396.7	421.3	425.9	442.9	16.9	4.0%
(investment securities with fair value)	(35.5)	(76.6)	(76.5)	(59.8)	(57.3)	(-2.5)	-4.2%
(insurance funds)	(122.9)	(126.8)	(132.9)	(139.2)	(145.3)	(6.1)	4.4%
Liabilities	162.0	210.4	146.0	137.2	159.8	22.6	16.5%
Current liabilities	129.4	173.1	117.6	94.3	118.0	23.6	25.1%
Non-current liabilities	32.6	37.3	28.3	42.9	41.8	-1.0	-2.5%
Net assets	1,030.3	1,150.4	1,243.2	1,253.2	1,379.9	126.7	10.1%
Equity ratio	86.1%	84.3%	89.3%	89.9%	89.4%	-0.5%	
Closing exchange rate							
USD	112.20	106.27	111.01	108.83	110.72	+1.89	1.7%
EUR	119.78	130.58	124.56	119.65	129.76	+10.11	8.4%
CNY	16.29	16.92	16.48	15.30	16.86	+1.56	10.2%

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Consolidated Balance Sheet Summary

(Billions of yen)

		Financial debt	10.7
Cash and Deposit	629.2		
Securities	11.2	Shareholder's equity	1,376.7
Investment securities with fair value	57.3	(Equity ratio 89.4%)	
Insurance funds	145.3		
	213.9		
Inventories	248.7		
Other current assets	207.6		
Other non-current assets	240.1		
		Other liabilities and Non-controlling interests	152.3

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Inventory

(Billions of Yen)

	FY16	FY17	FY18	FY19	FY20	YoY
Total inventory	179.1	205.6	230.2	232.5	248.7	16.1
Merchandise and finished goods	79.9	89.7	102.9	103.4	112.1	8.6
Work in process	15.0	18.2	19.7	18.9	21.3	2.4
Raw materials, parts and supplies	84.2	97.7	107.5	110.1	115.3	5.1

Impact due to exchange rate fluctuation 9.7

Impact due to inventory devaluation -0.6

Actual YoY change 7.0

FY average monthly sales ratio	4.4	4.2	4.8	5.3	5.4	0.1
March monthly sales ratio	3.5	3.9	4.9	5.0	4.0	-1.0

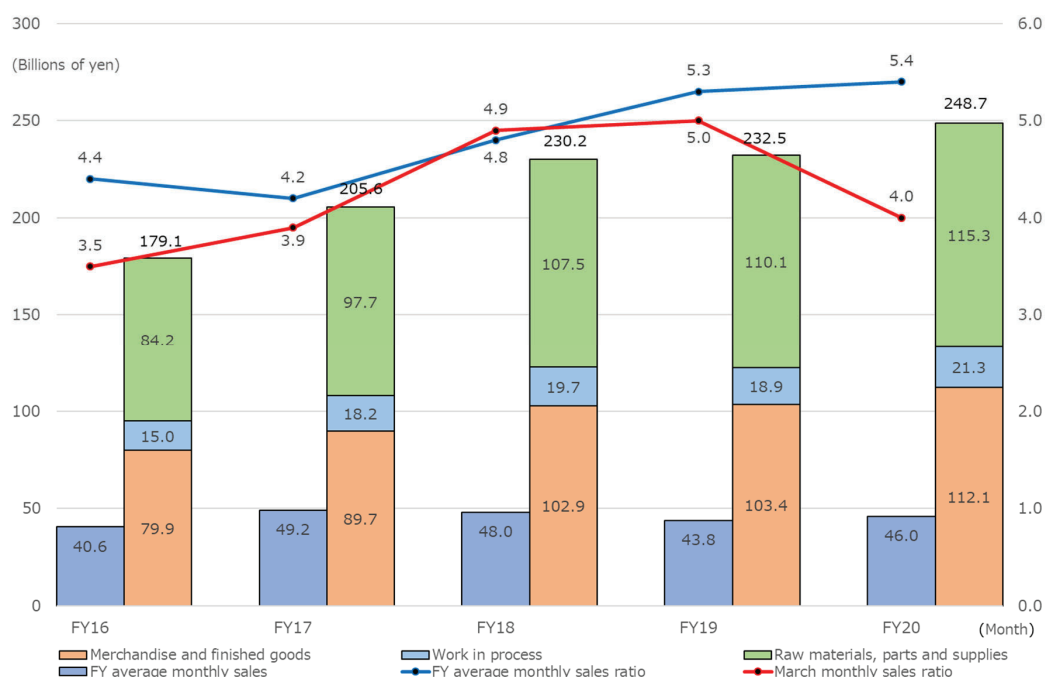
Closing exchange rate

USD	112.20	106.27	111.01	108.83	110.72	+1.89	1.7%
EUR	119.78	130.58	124.56	119.65	129.76	+10.11	8.4%
CNY	16.29	16.92	16.48	15.30	16.86	+1.56	10.2%

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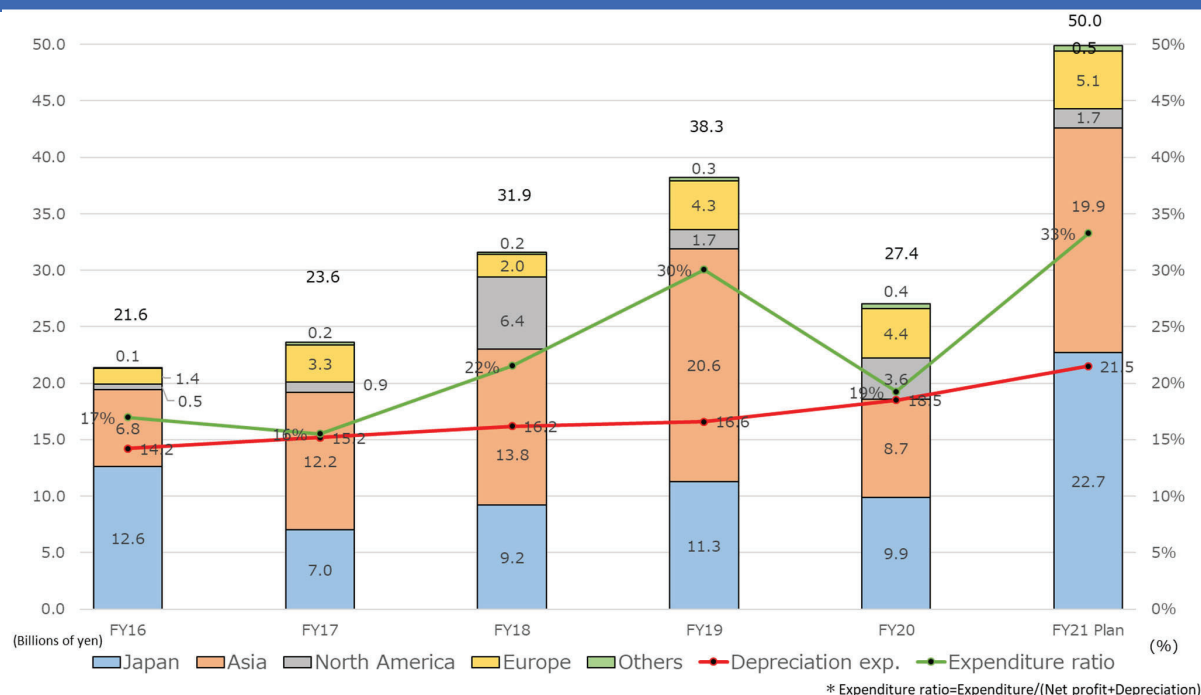
Inventory



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Capital Expenditure & Depreciation



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Main Capital Expenditures

(Billions of yen)

Region	Company name	Type of investment	Purpose	FY21 Plan
Japan	SMC	Factory construction (Shimotsuma Factory-No.2, Ryuo Warehouse, Kamakishi Factory-No.5 and Tono Factory-No.2), Machinery and Equipment	・Automation, unmanned operations, and increased production volume ・BCP (in-house production of externally manufactured products or parts)	22.5
Asia	Tianjin Mfg	Factory construction, Factory site, parts processing facility (new)	SDGs (industrial water reuse, VOCs measures)	5.7
	Vietnam Mfg	Parts processing, assembly and inspection facilities (new)	BCP (China Plus 1 for processing and assembly)	3.4
	Singapore Mfg	Factory re-building, parts, assembly, and inspection facilities (added)	Increase in production volume	2.3
	Beijing Mfg	Parts processing facilities (added)	Increase in production volume	2.0
	China Mfg	Assembly and inspection facilities (added)	Increase in production volume	1.1
North America	SMC America	Assembly and inspection facilities (new)	Respond to delivery lead times (strengthen local production)	1.6
		Production facilities for products and parts (new)	・BCP (in-house production of externally manufactured products and parts)	
Europe	SMC Spain	Land adjacent to the head office (for future expansion)	Sales promotion	1.2
	SMC Turkey	Expansion of head office (offices, showrooms etc.)	Sales promotion	1.0
Other companies			IT Investments etc.	9.2
Total				50.0

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Factory Construction

Shimotsuma Factory No.2



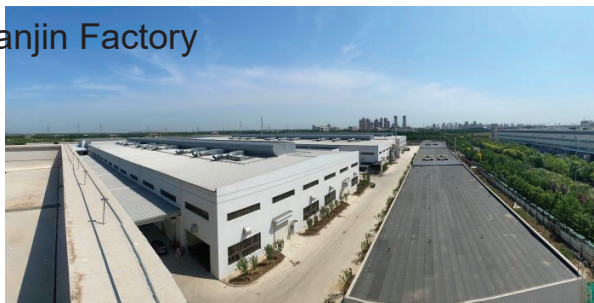
Conceptual Drawing



Vietnam Factory No.1



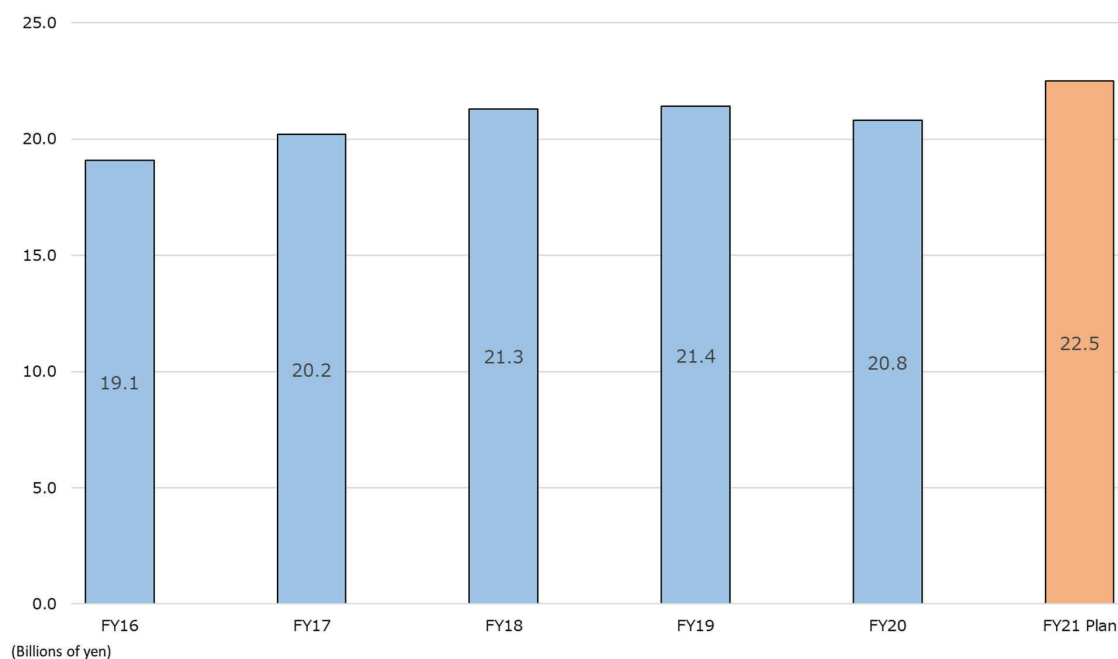
Tianjin Factory



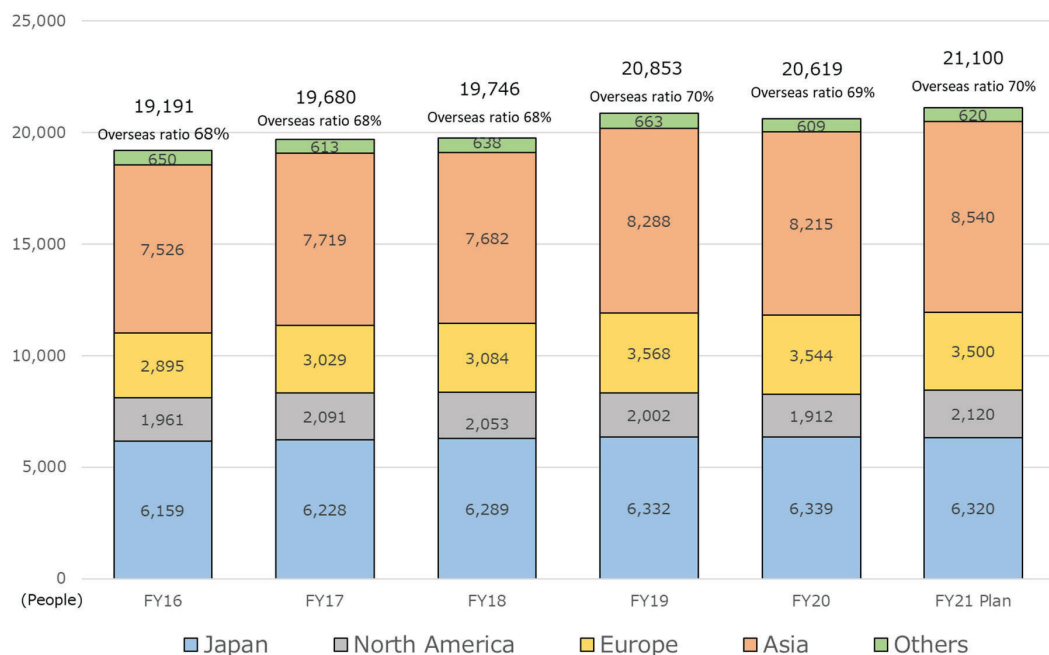
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Research & Development Expenses



Number of Employees



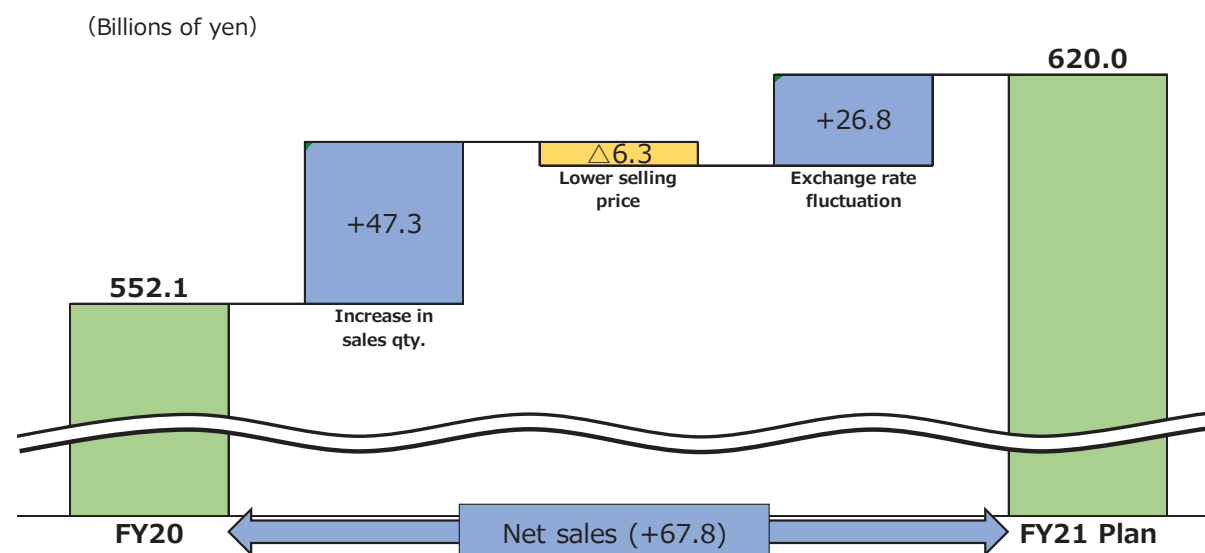
FY21 Consolidated Financial Forecast Summary

	FY19	FY20		FY21		
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Overseas sales [Overseas sales ratio]	362.9 [69.0%]	400.4 [72.5%]	+10%	455.5 [73.5%]	+14%	
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Ordinary profit	158.4	171.8	+8%	181.0	+5%	(+7.7)
Profit attributable to owners of parent	110.5	121.7	+10%	128.5	+6%	
Average exchange rate(US\$)	¥108.71	¥106.12		¥109.00	+ 2.88	+2.7%
(€)	¥120.80	¥123.72		¥130.00	+ 6.28	+5.1%
(CNY)	¥15.59	¥15.67		¥17.00	+ 1.33	+8.5%
Capital expenditures(tangible/intangible)	38.3	27.4	▲28%	50.0	+82%	
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R&D expenses	21.4	20.8	▲3%	22.5	+8%	
(Unit: Billions of yen)						
Annual dividend per share	400 JPY	500 JPY		600 JPY		

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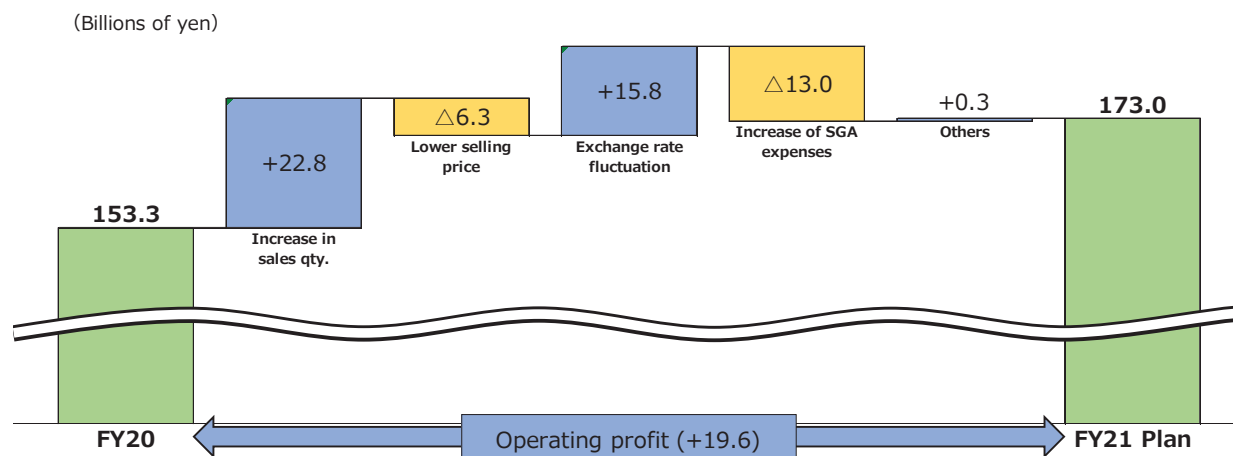
[FY20 Result vs. FY21 Forecast] Factors of Change of Net Sales



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[FY20 Result vs. FY21 Forecast] Factors of Change of Operating Profit



This document contains projections concerning future performance estimates of SMC. These statements are information available at the time of the compiling of this report and may include potential risks and unforeseen factors. Accordingly, please be aware that actual results may change considerably according to multiple factors that influences the industrial market.

Thank you for your time and attention.