

# Financial Results for the FY2019 Second Quarter

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STAR MICRONICS CO., LTD.

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

Code 7718

August 9, 2019

\* 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 FY2019 Second Quarter

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# About the Change in Account Settlement Date



Star Micronics changed the account settlement date of its previous fiscal period (ended December 31, 2018) from the end of February to December 31. Effective from the fiscal year under review, the fiscal year for the Company and all of its consolidated subsidiaries began on January 1 and ends on December 31. Meanwhile, details of any profit and loss increase or decrease compared with the corresponding period of the previous fiscal year have been omitted because of the transitional nature and irregular period of the previous fiscal period.

FY12/2019 (Current Period)												
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Star Micronics and all of its our Consolidated Subsidiaries	First Quarter			Second Quarter			Third Quarter			Fourth Quarter		

FY12/2018 (Previous Period)												
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Star Micronics and Domestic Consolidated Subsidiaries	/		First Quarter			Second Quarter			Third Quarter			
Overseas Consolidated Subsidiaries			First Quarter			Second Quarter			Third Quarter			

~FY2/2018 (Conventional Settlement Period)															
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	
Star Micronics and Domestic Consolidated Subsidiaries	/		First Quarter			Second Quarter			Third Quarter			Fourth Quarter			
Overseas Consolidated Subsidiaries			First Quarter			Second Quarter			Third Quarter			Fourth Quarter			/

# Consolidated Results for the FY2019 Second Quarter

(Millions of Yen)

		Second Quarter					Full-Year				
		FY12/19 Initial Forecasts (Announced on February 13)		FY12/19 Actual			FY12/19 Initial Forecasts (Announced on February 13)		FY12/19 Revised Forecasts (Announced on August 9)		
		Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)
Net Sales	Special Products	6,070		6,086		+0.3	13,240		12,430		(6.1)
	Machine Tools	25,100		23,715		(5.5)	49,850		46,000		(7.7)
	Precision Products	1,630		1,610		(1.2)	3,110		2,870		(7.7)
	Total	32,800		31,412		(4.2)	66,200		61,300		(7.4)
Operating Income	Special Products	790	13.0	883	14.5	+11.8	1,930	14.6	1,600	12.9	(17.1)
	Machine Tools	4,710	18.8	3,480	14.7	(26.1)	9,240	18.5	7,000	15.2	(24.2)
	Precision Products	0	0.0	76	4.8	-	30	1.0	(30)	-	-
	Eliminations or Corporate	(1,200)		(1,170)			(2,400)		(2,370)		
	Total	4,300	13.1	3,269	10.4	(24.0)	8,800	13.3	6,200	10.1	(29.5)
Ordinary Income		4,400	13.4	3,536	11.3	(19.6)	9,000	13.6	6,600	10.8	(26.7)
Net Income Attributable to Owners of Parent		3,100	9.5	2,406	7.7	(22.4)	6,300	9.5	4,400	7.2	(30.2)

ROE (%)	-	-	12.7	9.1
Cash Dividends Applicable to the Year	-	¥28	¥56	¥56
DOE (%)	-	-	4.0	4.1

		Second half Assumed Exchange Rate	Full-Year Assumed Exchange Rate	Foreign Exchange Sensitivity <sup>※</sup>
Exchange Rate	US\$	¥105.00	¥110.06	¥105.00
	EUR	¥125.00	¥124.32	¥125.00
	GBP	¥145.00	¥142.43	¥145.00
	CHF	¥110.00	¥110.10	¥110.00

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

# Consolidated Business Forecast



(Millions of Yen)

	FY12/18 Actual <sup>※1</sup>		FY12/18 Reference <sup>※2</sup>		FY12/19 Revised Forecasts (Announced on August 9)		
	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Rate of Change (%)
Net Sales	Special Products	12,651	13,030		12,430		(4.6)
	Machine Tools	49,337	50,829		46,000		(9.5)
	Precision Products	3,950	4,290		2,870		(33.1)
	Total	65,939	68,151		61,300		(10.1)
Operating Income	Special Products	2,265	2,136	16.4	1,600	12.9	(25.1)
	Machine Tools	9,389	9,304	18.3	7,000	15.2	(24.8)
	Precision Products	322	357	8.3	(30)	-	-
	Eliminations or Corporate	(2,265)	(2,616)		(2,370)		
	Total	9,712	9,181	13.5	6,200	10.1	(32.5)
Ordinary Income		9,570	9,041	13.3	6,600	10.8	(27.0)
Net Income Attributable to Owners of Parent		6,795	6,141	9.0	4,400	7.2	(28.4)
ROE (%)		14.3	-		9.1		
Cash Dividends Applicable to the Year		¥54	-		¥56		
DOE (%)		4.1	-		4.1		

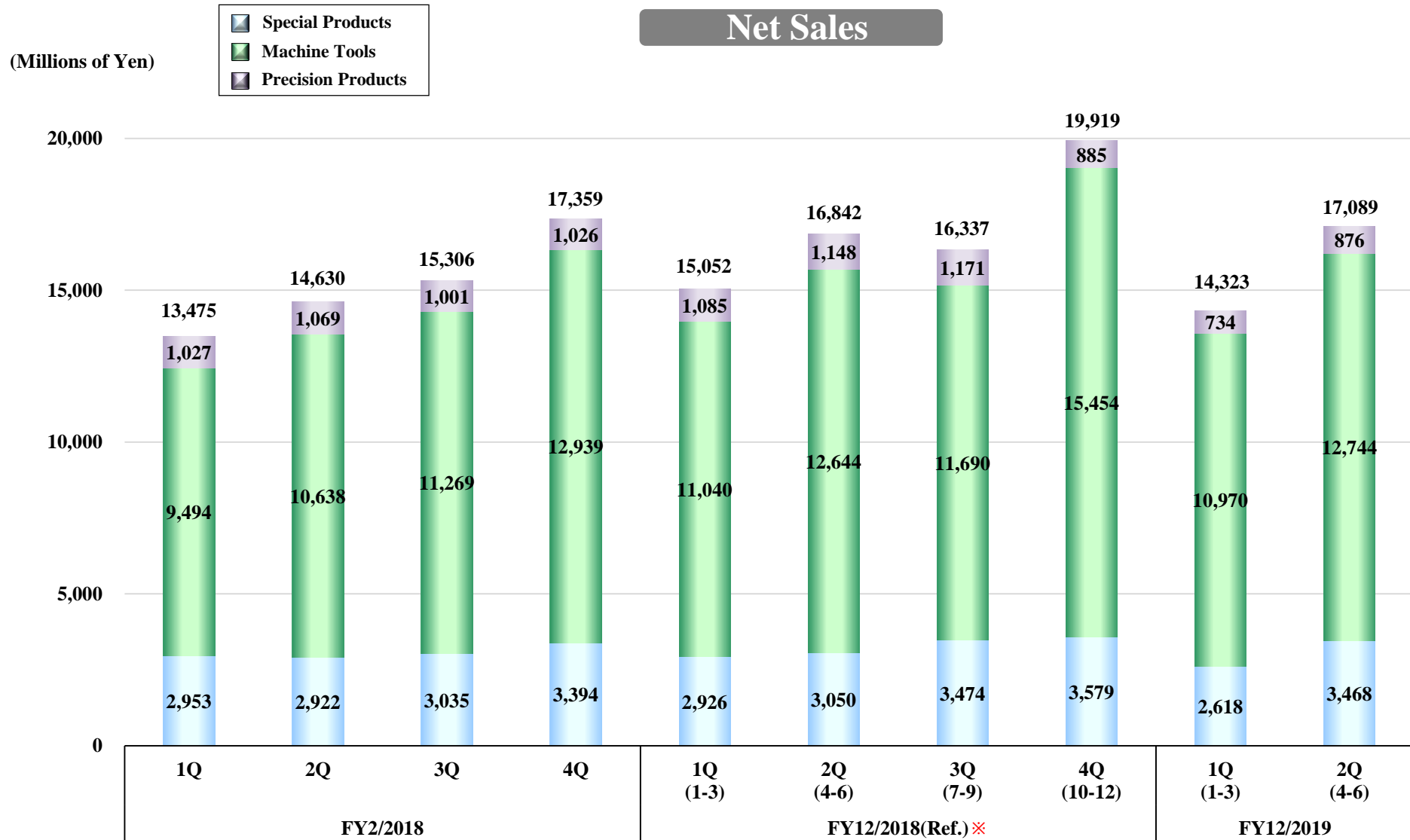
Exchange Rate			Second half	Full-Year	Foreign Exchange
			Assumed Exchange Rate	Assumed Exchange Rate	Sensitivity <sup>※3</sup>
	US\$	¥110.44	¥105.00	¥107.53	¥40 million
	EUR	¥130.42	¥120.00	¥122.16	¥22 million
	GBP	¥147.48	¥130.00	¥136.21	¥4 million
	CHF	¥112.96	¥105.00	¥107.55	¥13 million

※1. Results for 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.

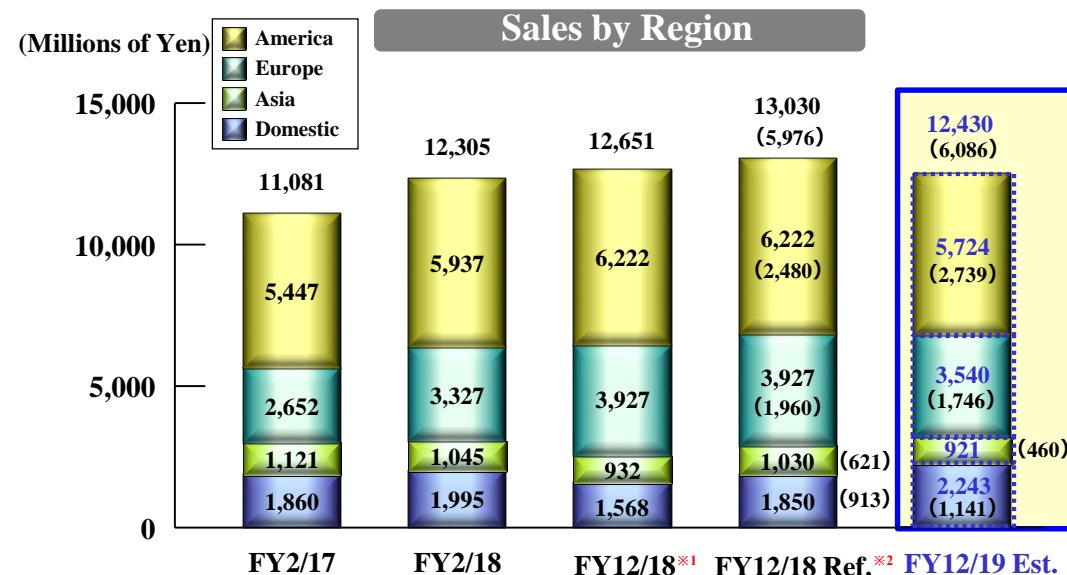
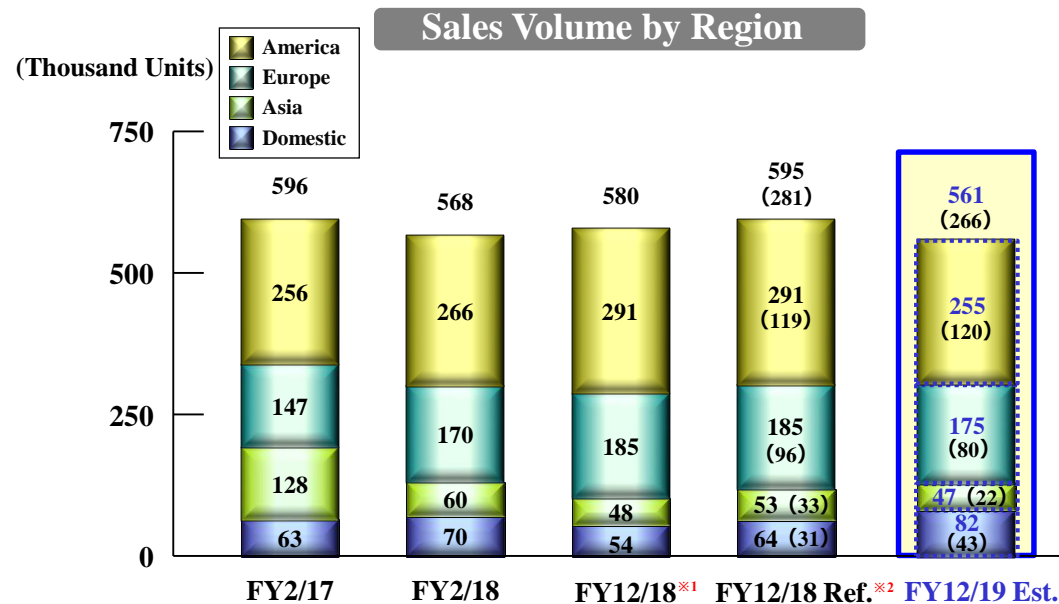
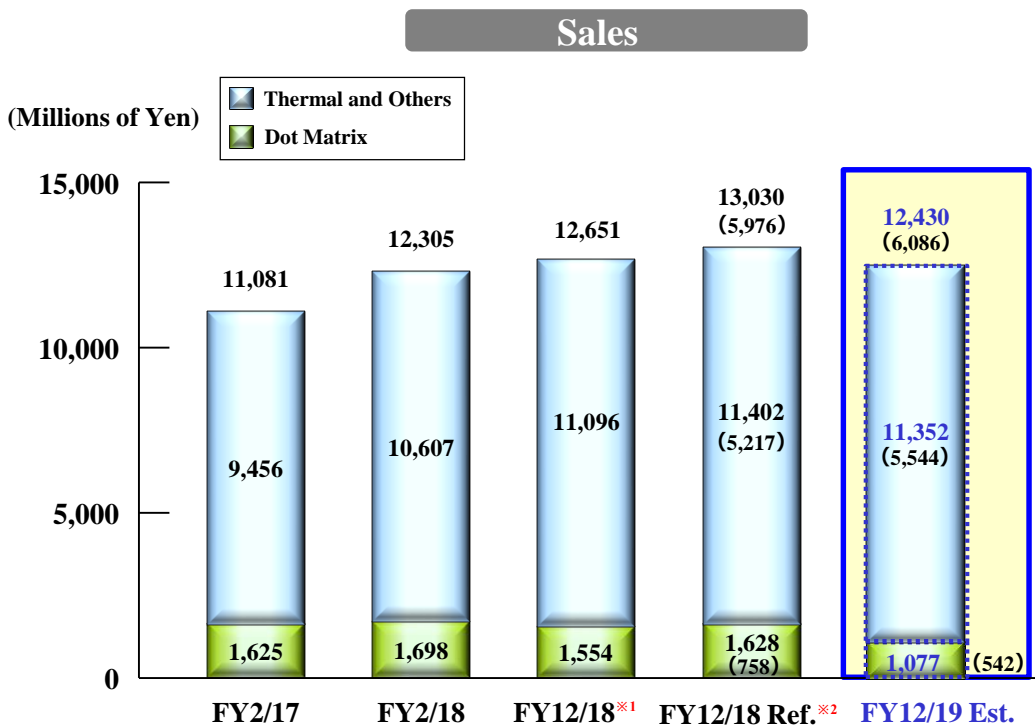
※2. Figures presented as a reference for the fiscal period ended December 31, 2018 have been calculated to facilitate a comparison with forecasts for the fiscal year ending December 31, 2019 under the same conditions (a 12-month period for both domestic and overseas Group companies).

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

# Quarterly Information(Net Sales)



※ Figures presented as the FY12/2018(Ref.) have been calculated to facilitate a comparison with the FY12/2019 under the same conditions. The FY2/2018 is based on the conventional settlement period. (Refer to page 2)

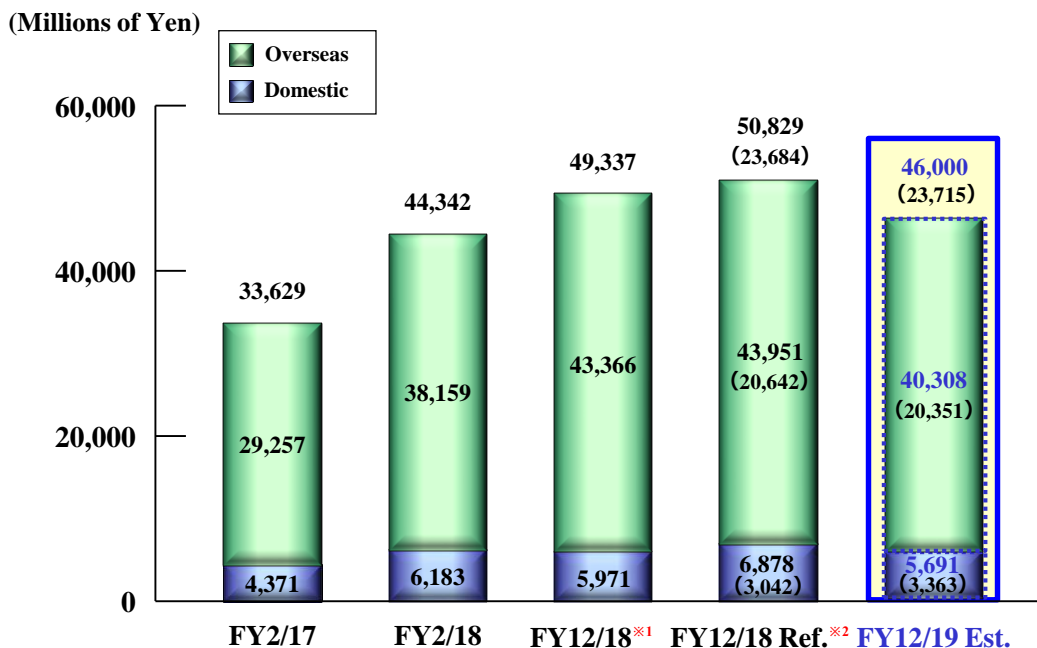


- Sales were firm in the U.S. market. This was due to strong demand for thermal printers
- Sales were sluggish in Europe due mainly to the slowdown in market conditions.
- Sales were dull in the Asia market due to demand for dot-matrix printers slumped in China.
- Sales were robust in Japan market. This was primarily due to market activity in the leadup to the consumption tax rate hike.

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 \*2. Figures presented as a reference for the fiscal period ended December 31, 2018 are reference amounts that have been calculated after restating for the previous fiscal period. This is to facilitate a comparison with results for the first half of the fiscal year ending December 31, 2019 and full fiscal year forecasts under the same conditions.

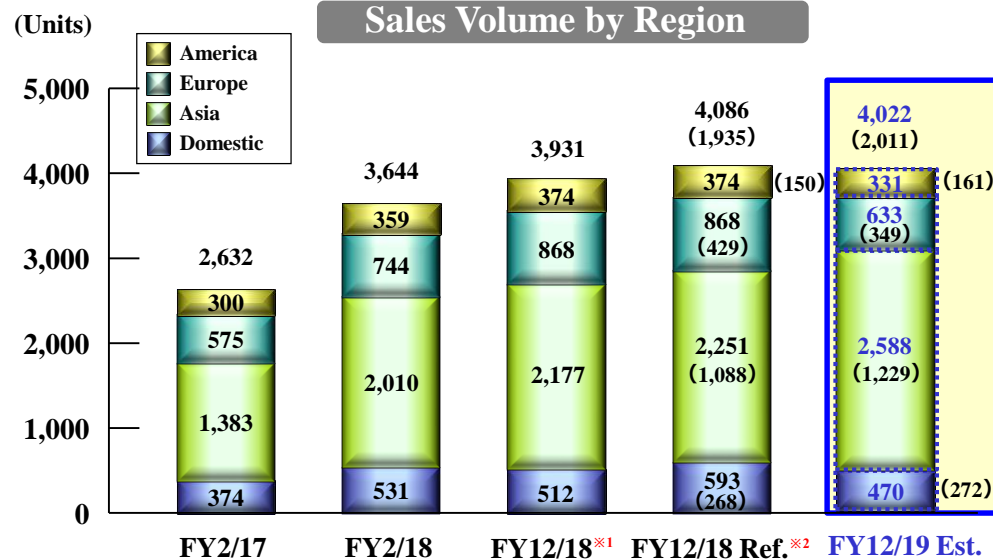


## Sales

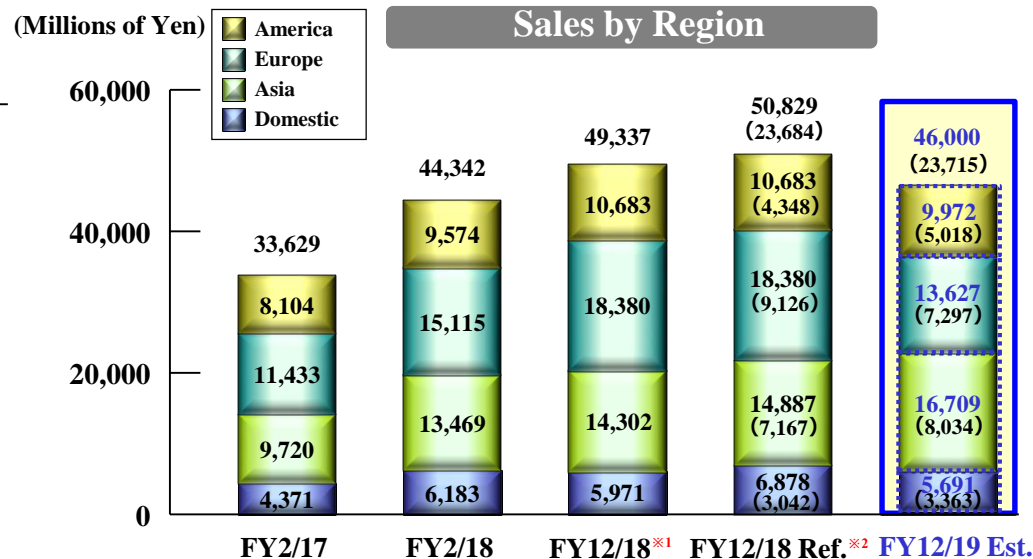


- In the U.S. market, sales were brisk mainly in the medical equipment-related sector
- Sales were weak in Europe with market conditions sluggish as a result of issues relating to the U.K.'s exit from the European Union and other factors.
- In the Asian market, sales remained strong in the medical equipment- and telecommunications-related sectors in China.
- There were signs that a portion of the market in Japan was adopting a cautious approach toward capital investment, sales trends were generally firm.

## Sales Volume by Region



## Sales by Region



\*1. 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.

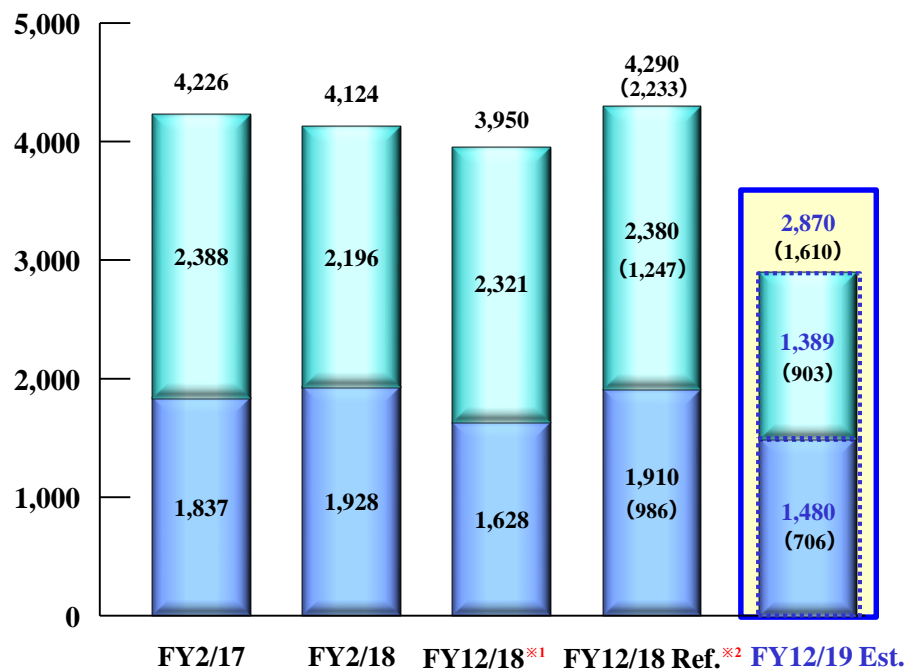
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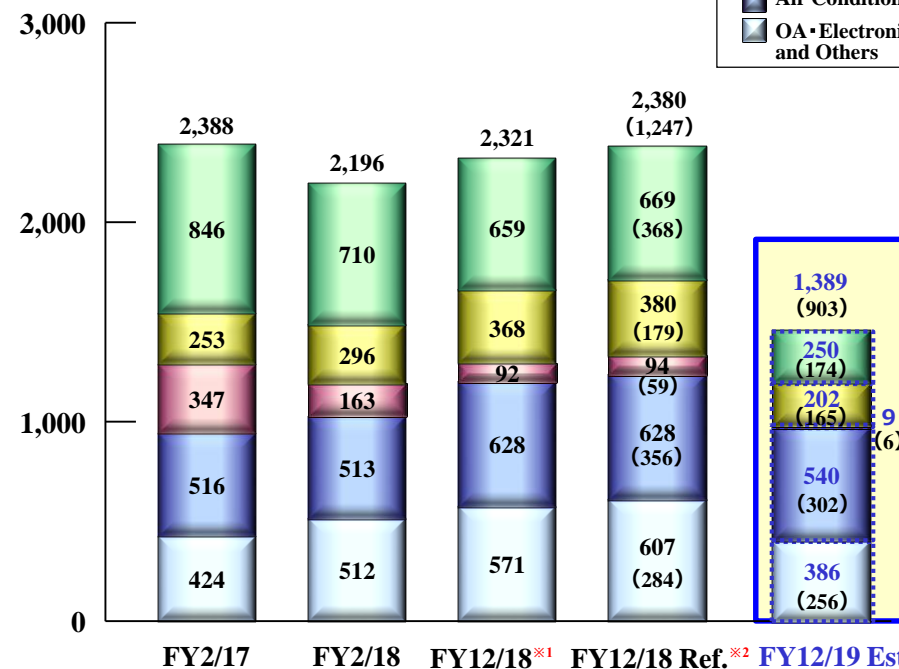
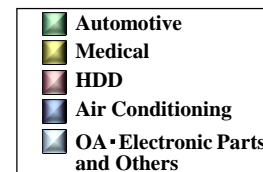
## Sales

(Millions of Yen)



## Sales of Non-wristwatch Components

(Millions of Yen)



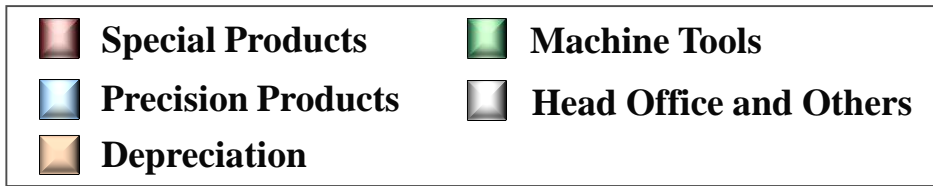
- Sales in the Precision Products Segment were weak. This was mainly due to the impact of inventory adjustments by wristwatch makers on the Group's wristwatch component operations as well as the effects of the drop in demand in China and reorganization of overseas production bases on non-wristwatch activities.

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# Capital Investment / R&D Costs



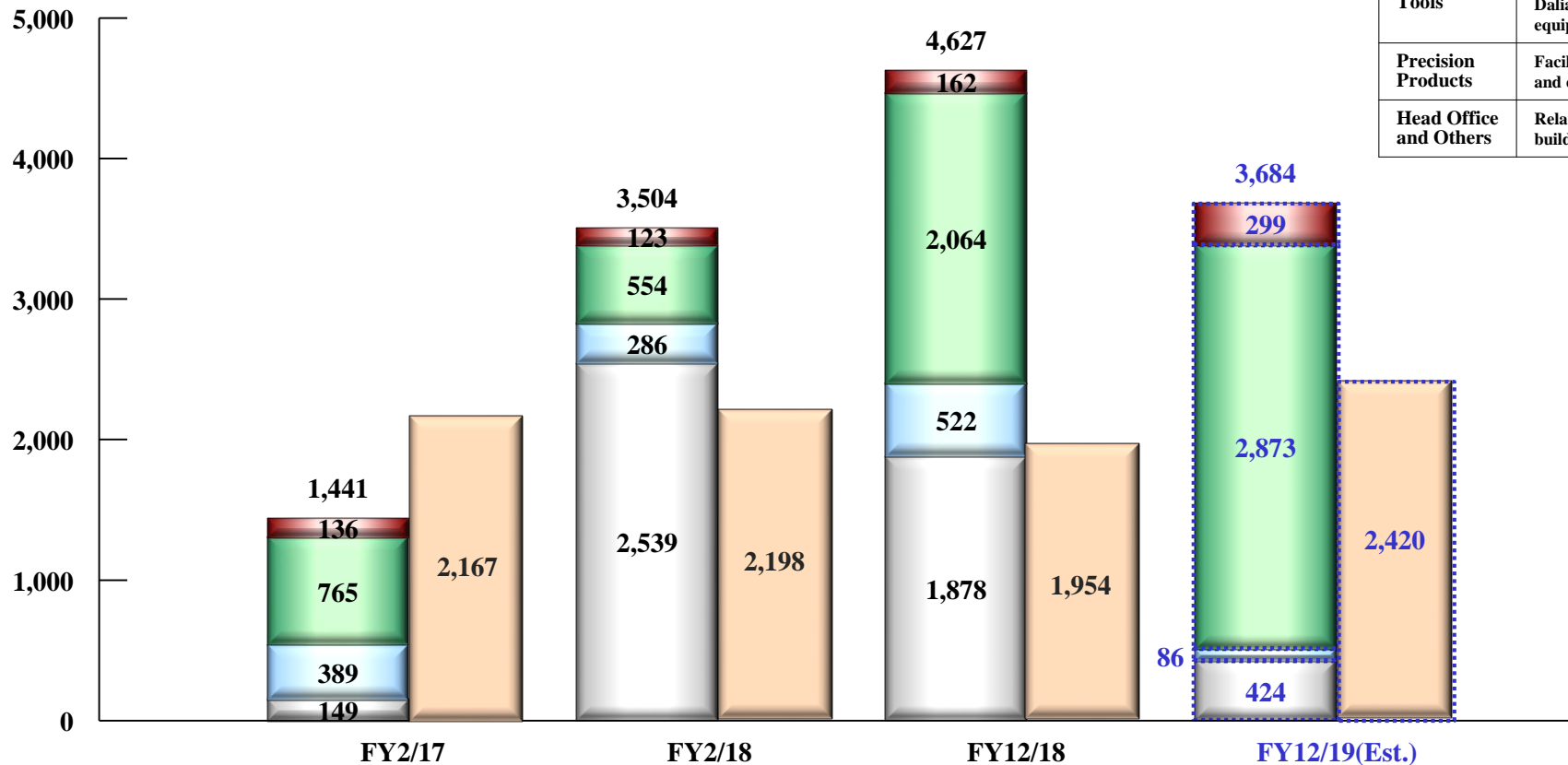
## Capital Investment



### 【Main Capital Investment Plans】

	Breakdown
Special Products	Dies for new models, etc.
Machine Tools	Facilities for replacement and maintenance Dalian: Machinery and equipment, etc.
Precision Products	Facility for rationalization and elimination of labor
Head Office and Others	Related to new head office building, etc.

(Millions of Yen)



## R&D Costs

(Millions of Yen)

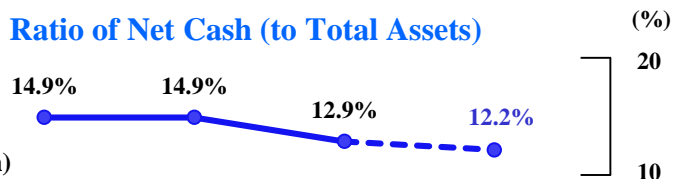
	FY2/17	FY2/18	FY12/18	FY12/19 (Est.)
R&D Costs	2,032	1,994	1,469	1,746

# Balance Sheets

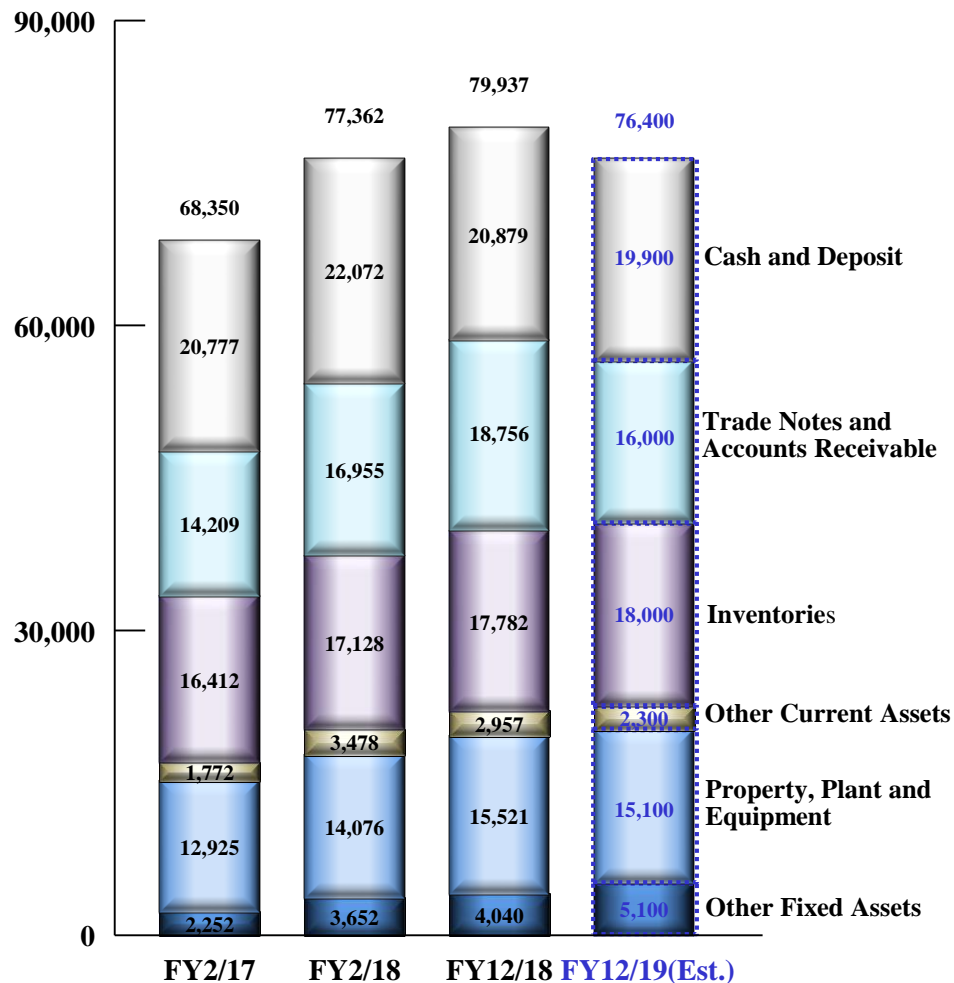


## Assets

### Ratio of Net Cash (to Total Assets)

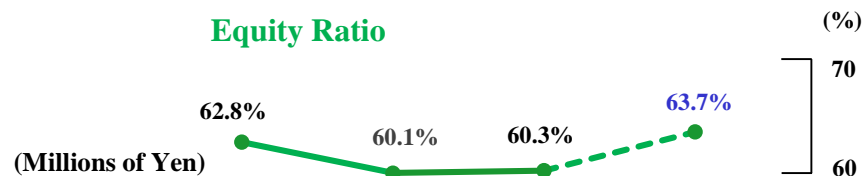


(Millions of Yen)

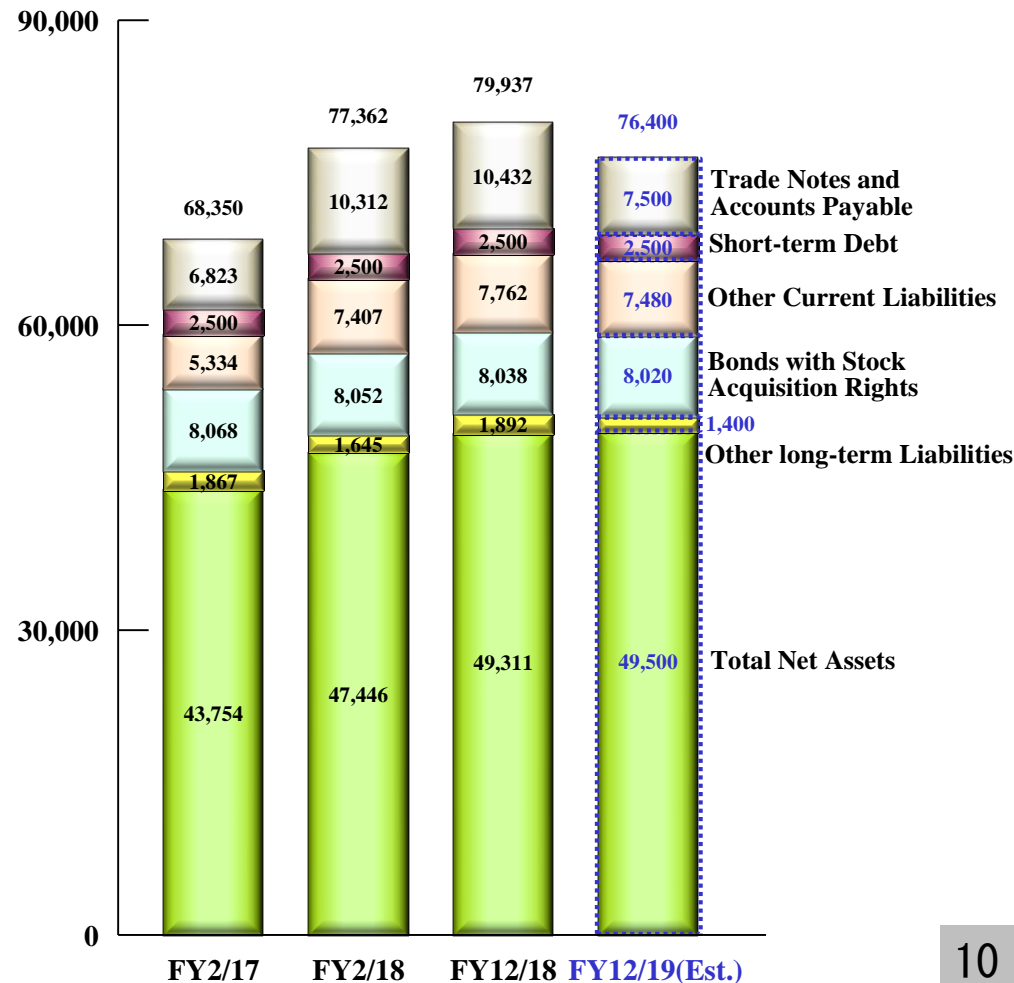


## Liabilities/Net assets

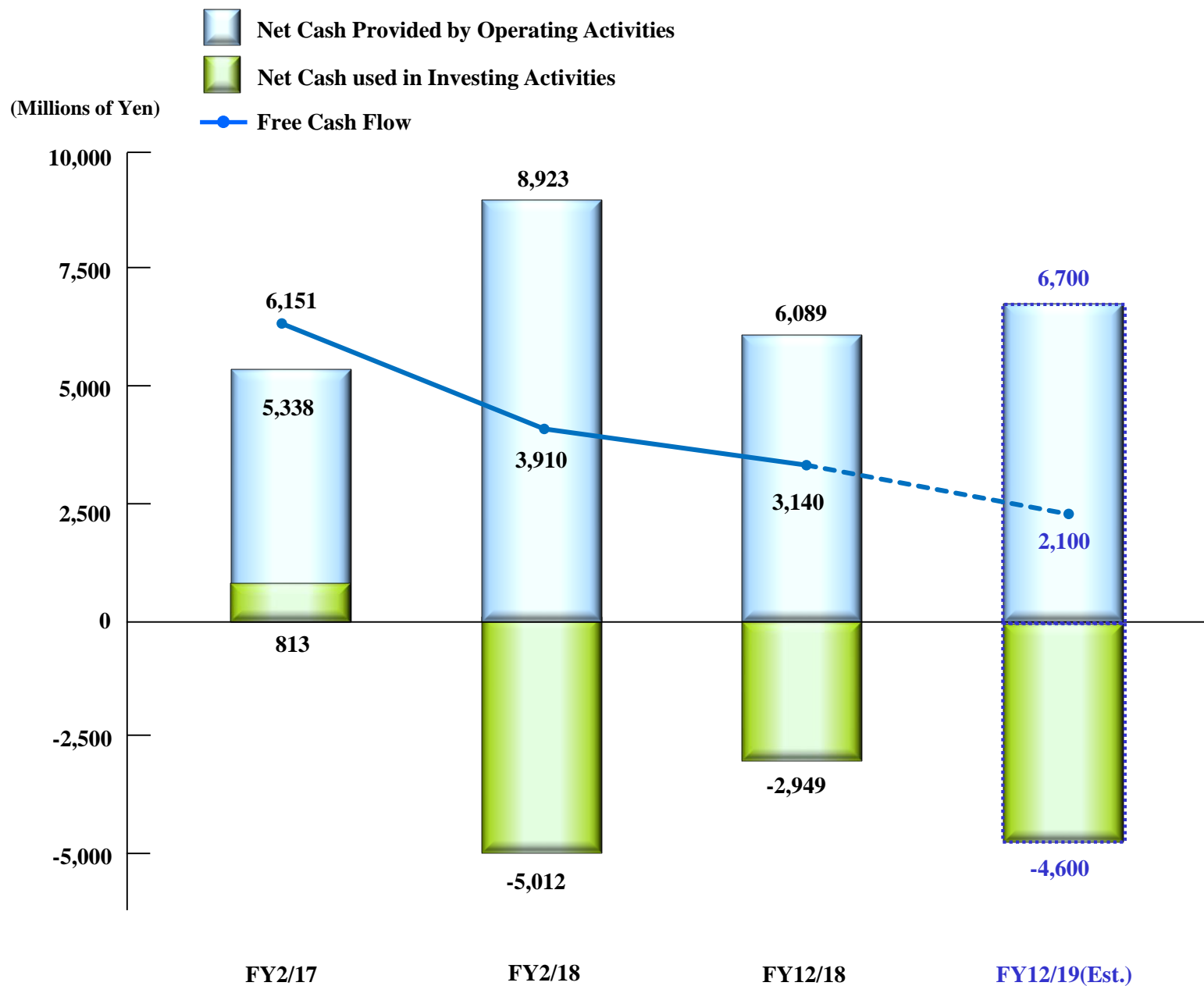
### Equity Ratio



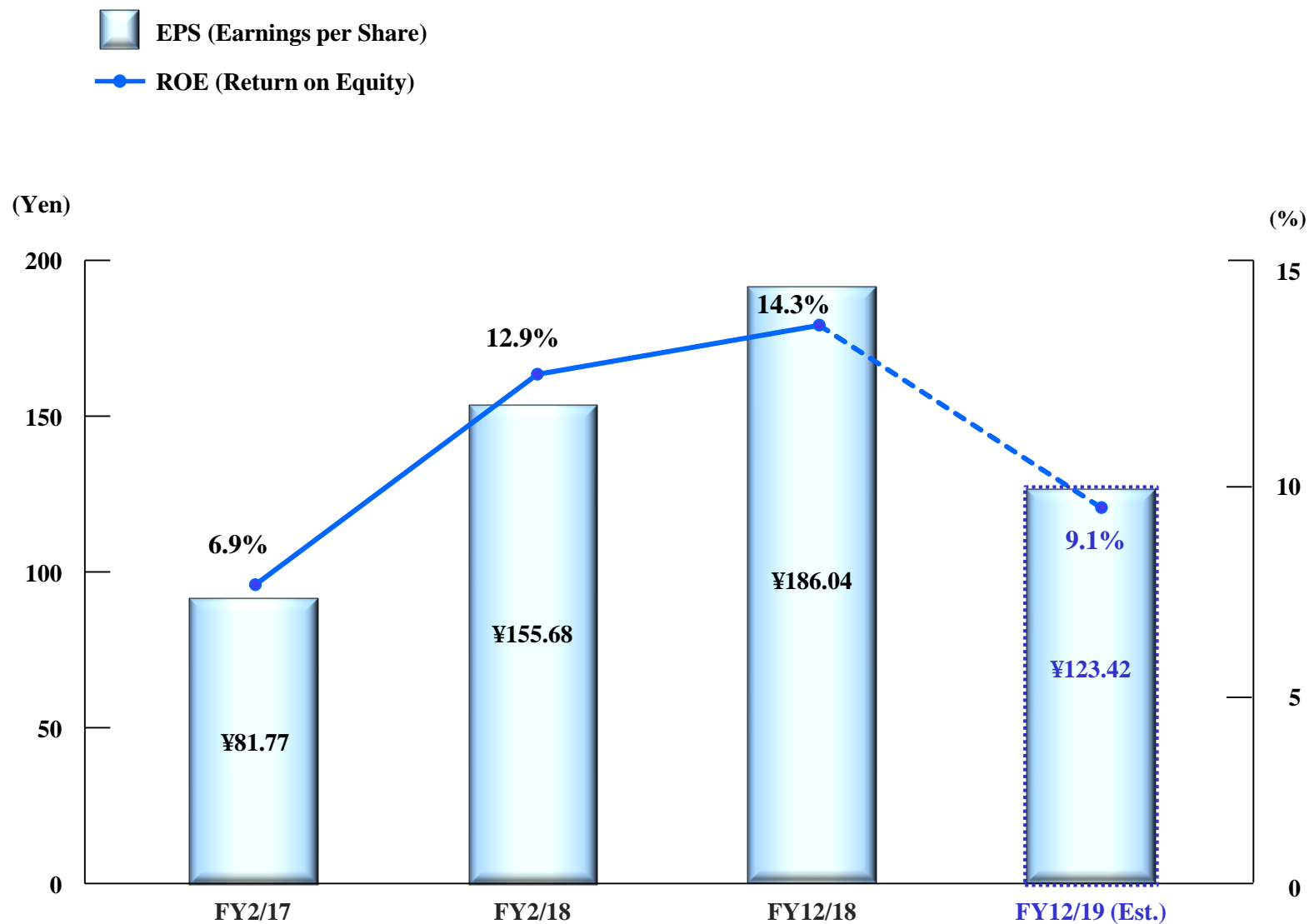
(Millions of Yen)



# Cash Flows



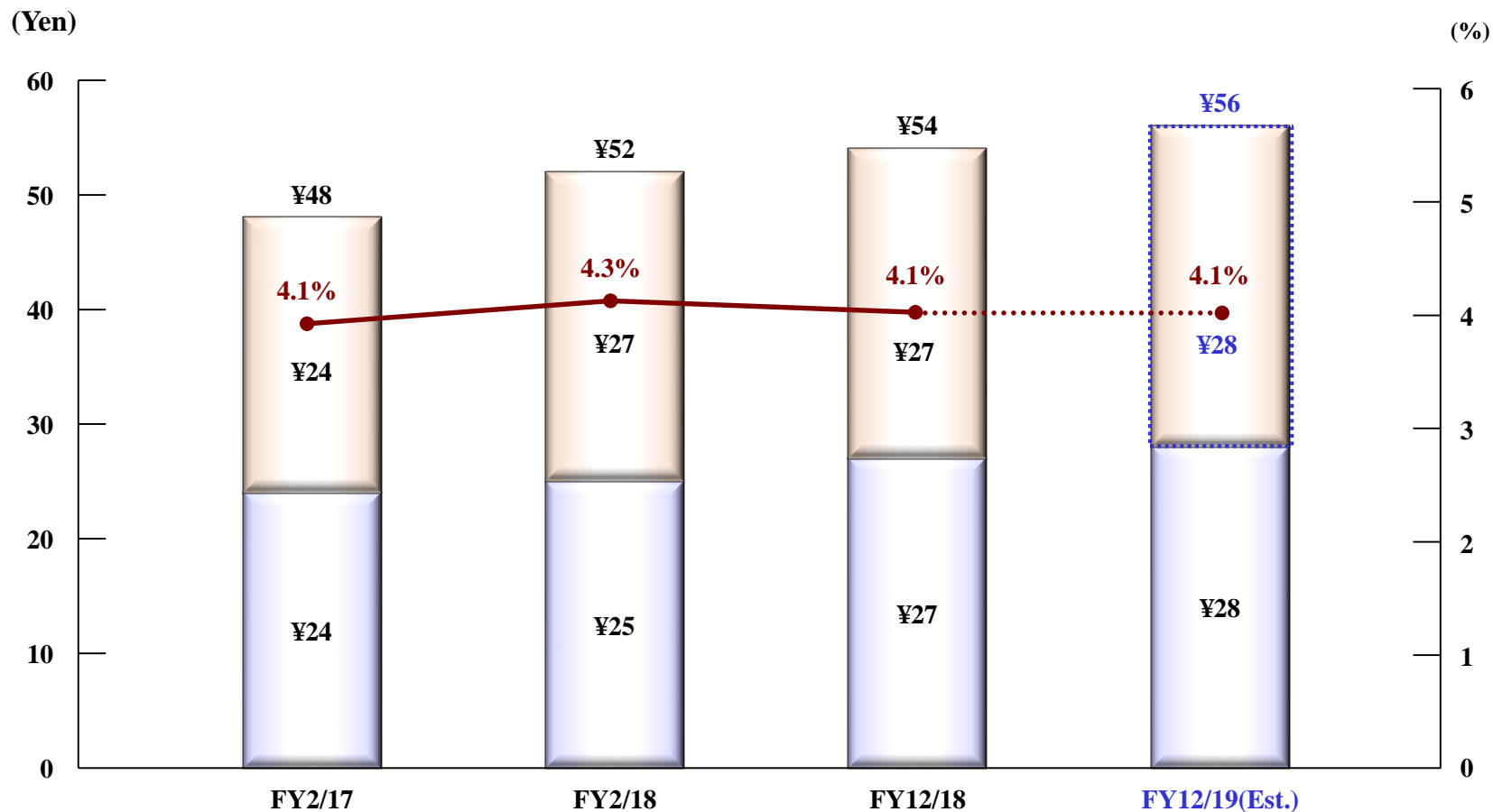
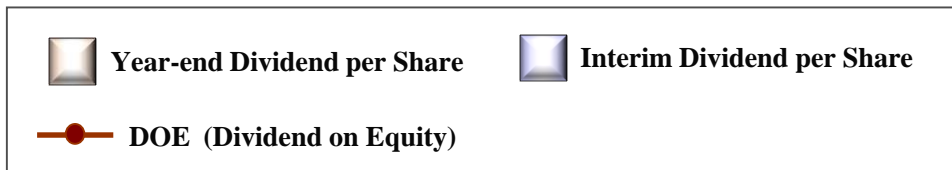
# Key Financial Indicators



# Returns to Shareholders



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



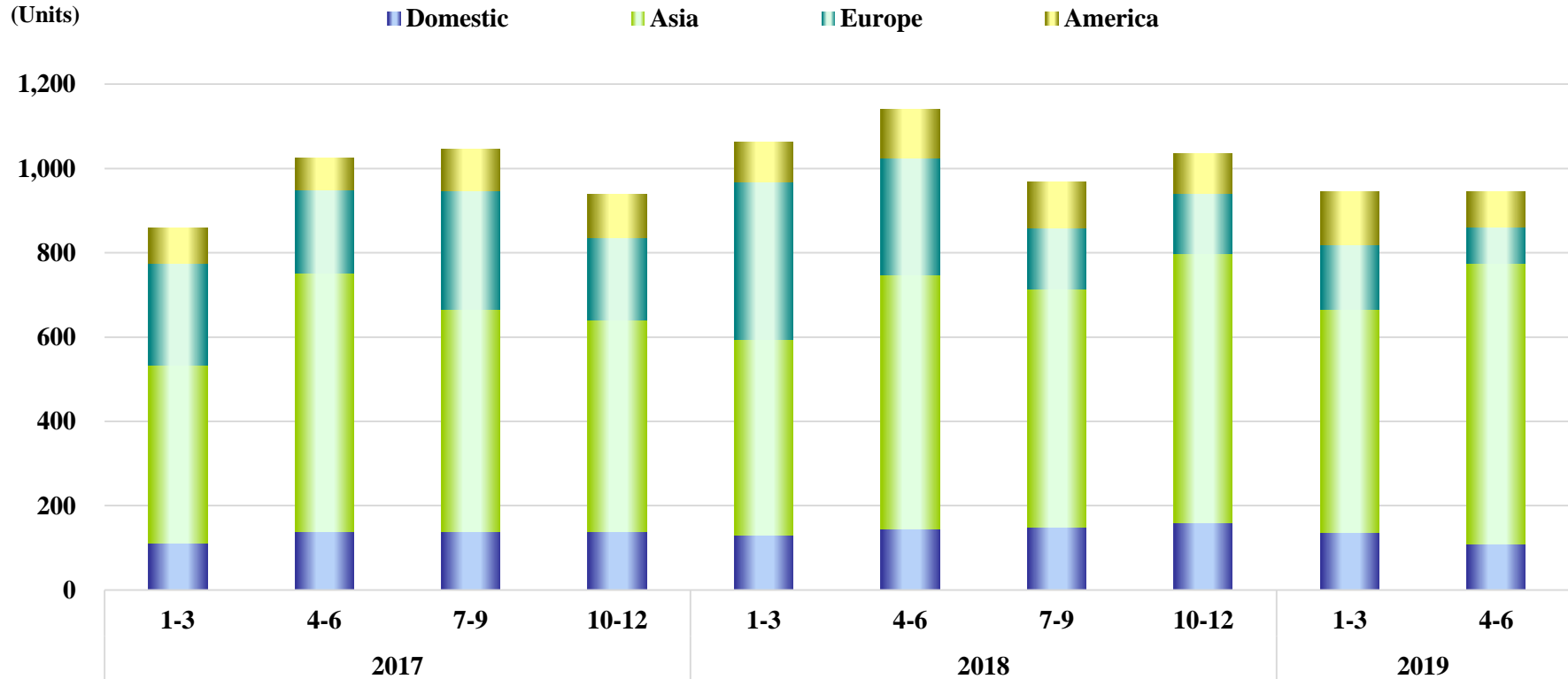
Total Payout Ratio	FY2/17	FY2/18	FY12/18	FY12/19 (Est.)
	257.3%	53.1%	55.2%	50% or more

# Reference

# Trends in Quarterly Machine Tool Orders



(Ordered Unit)



	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6
America	86	75	98	103	94	115	109	96	127	82
Europe	241	197	282	196	375	277	145	141	153	87
Asia	421	614	528	501	463	602	564	640	529	666
Domestic	112	138	138	139	131	146	150	159	137	109
Total	860	1,024	1,046	939	1,063	1,140	968	1,036	946	944



# 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)
FY2/10	29,180	(3,984)	-	(3,884)	-	(8,555)	-	(187.95)	-	2.2	22.0
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(Est.)	61,300	6,200	10.1	6,600	10.8	4,400	7.2	123.42	9.1	4.1	56.0

※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.

## 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 D



CNC Swiss Type Automatic Lathe  
SR-38J



CNC Swiss Type Automatic Lathe  
SR-20JII type B

## Precision Products

### Wristwatch Components



### Non-Wristwatch Components (Automotive, Air Conditioning, and Medical Components)



(Automotive Components)