

Financial Results Briefing for the Fiscal Year Ended March 31, 2019

SEIKA CORPORATION
(TSE Section 1: 8061)

May 27, 2019

The projections and forward-looking statements contained herein are made or calculated based on the judgment, evaluation, acknowledgement of facts, policy formulation and other deliberation of the management of Seika Corporation in light of information currently available to it.

All statements contained herein, other than historical facts, are projections or forward-looking statements which have been obtained or calculated based on certain assumptions (hypotheses). Projections and forward-looking statements involve inherent risks and uncertainties and may be affected by the future business operations of Seika Corporation, the state of the economy in Japan and abroad, possible fluctuations in the securities markets, and other changes in circumstances. Accordingly, actual figures, results, performance or outcomes may differ materially from the projections and forward-looking statements contained herein.



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1. Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019



Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

(In million yen)

	2018/3	2019/3	Change (Y o Y)
Amount of orders received	138,454	150,429	+8.6 %
Net sales	165,585	157,145	-5.1 %
Operating income	2,598	2,118	-18.5 %
Ordinary income	2,877	2,418	-15.9 %
Profit attributable to owners of parent	1,655	1,587	-4.1 %



Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (by segment)

(In million yen)

	N e t s a l e s		I n c o m e	
	2019/3	C h a n g e (Y o Y)	2019/3	C h a n g e (Y o Y)
P o w e r P l a n t	47,633	-4.2%	1,407	-28.9%
C h e m i c a l s a n d E n e r g y P l a n t	53,682	+115.7%	761	+10.1%
I n d u s t r i a l M a c h i n e r y	42,667	-44.0%	1,363	-23.2%
A d v a n c e d M a t e r i a l s a n d M e a s u r i n g I n s t r u m e n t s	1,519	-35.6%	-174	+16.5%
G l o b a l B u s i n e s s	11,642	-6.6%	402	Segment loss of 91 million yen in 2018/3
T o t a l	157,145	-5.1%	3,760	-9.3%



Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (by segment)

(In million yen)

	Amount of orders received		Order backlog	
	2019/3	Change (Y o Y)	2019/3	Change (Y o Y)
Power Plant	40,298	-13.8%	30,052	-19.6%
Chemicals and Energy Plant	49,827	+55.7%	62,481	-5.8%
Industrial Machinery	47,724	+7.5%	64,314	+8.5%
Advanced Materials and Measuring Instruments	570	-80.6%	438	-68.4%
Global Business	12,008	-3.0%	2,822	+14.9%
T o t a l	150,429	+8.6%	160,110	-4.0%



2. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020



Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(In million yen)

	2019/3 Result	2020/3 Forecast	Change (YoY)	Rate of Change (YoY)
Net sales	157,145	135,000	-22,145	-14.1%
Operating income	2,118	2,400	282	+13.3%
Ordinary income	2,418	2,700	282	+11.6%
Profit attributable to owners of parent	1,587	1,650	63	+3.9%
Amount of orders received	150,429	184,000	33,571	+22.3%
Order backlog	160,110	209,000	48,890	+30.5%



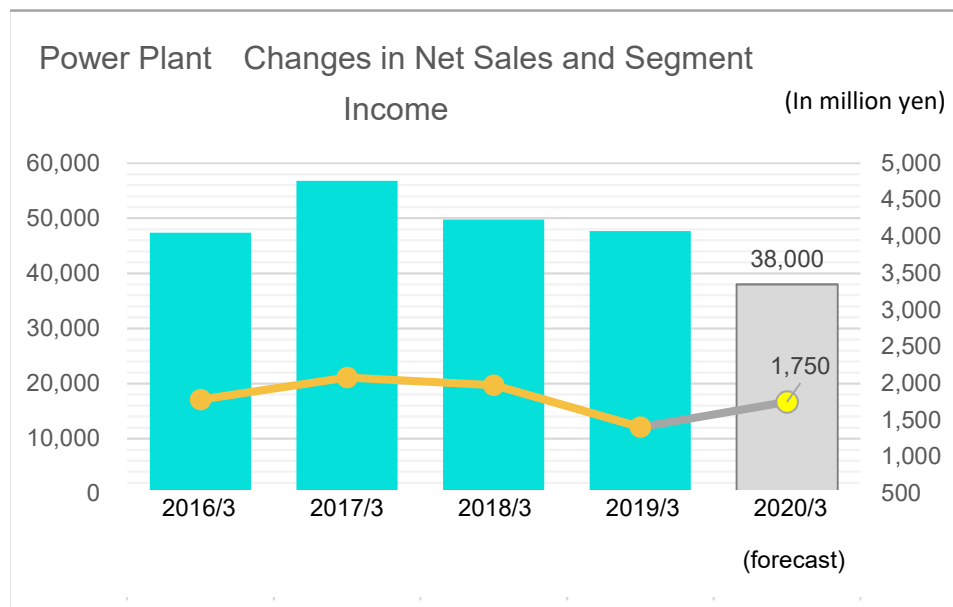
Consolidated Financial Result Forecast for the Fiscal Year Ending March 31, 2020

(In billion yen)

Business Activities

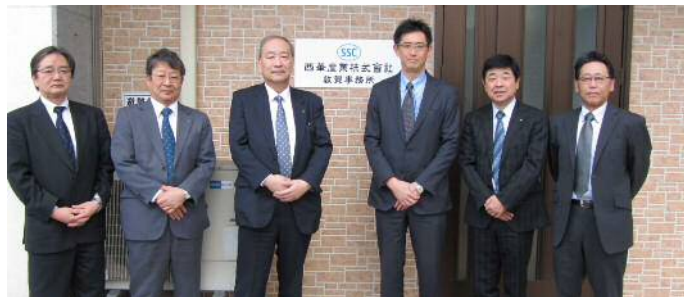
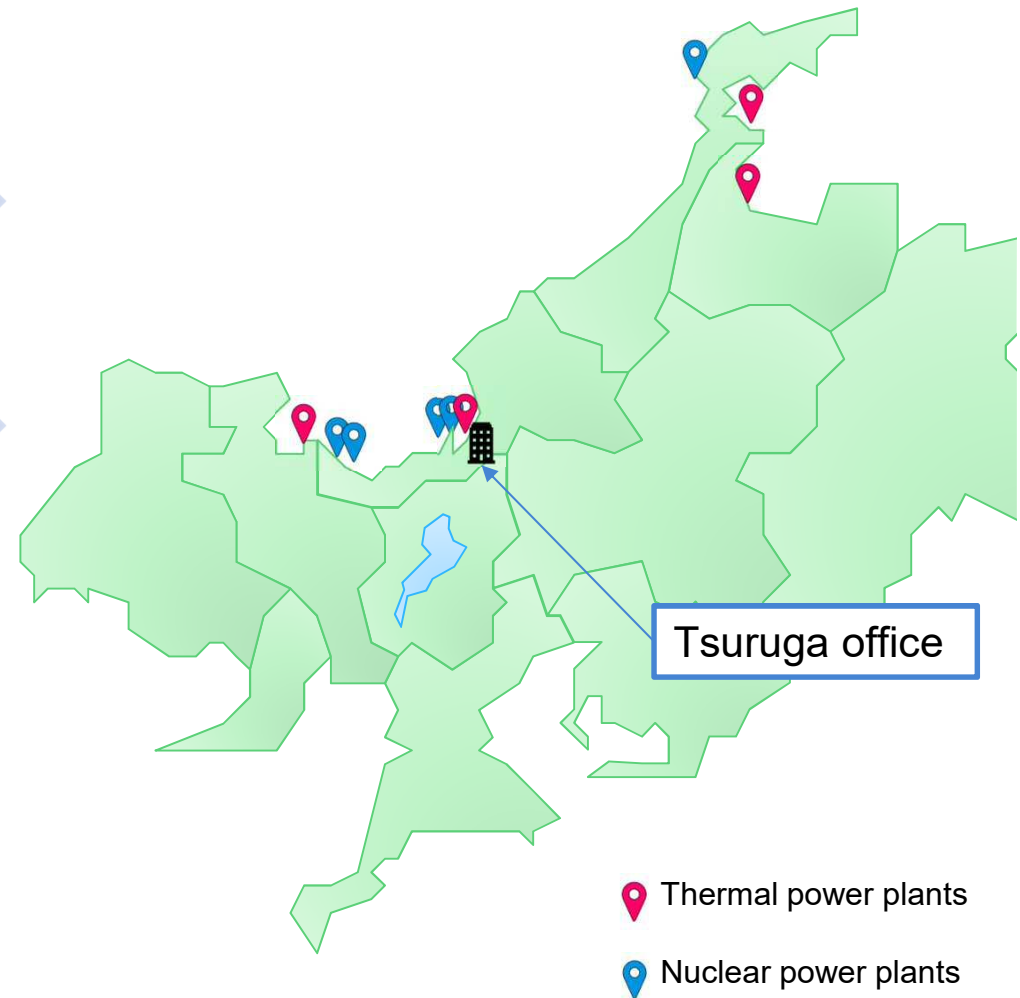
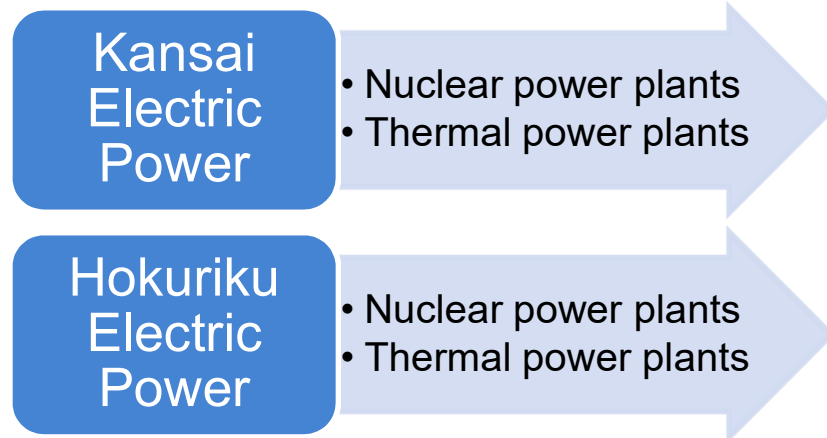
- Sale of power generation equipment such as boilers and gas turbines and equipment for environmental conservation to power companies and joint thermal power plants
- Sale of products such as security equipment and fire extinguishing equipment to nuclear power plants

Power Plant	2019/3 Result	2020/3 Forecast	Change (YoY)
Net sales	47.63	38.0	-20.2%
Income	1.40	1.75	+25.0%
Amount of orders received	40.29	66.0	+63.8%
Order backlog	30.05	58.0	+93.0%



Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

Power Plant Business: Opened Tsuruga office in April 2019



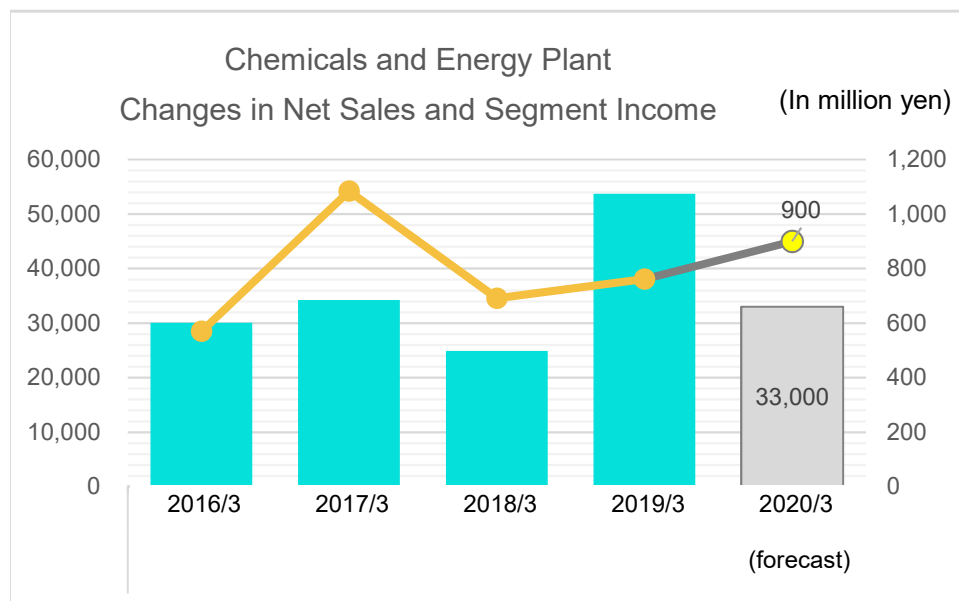
Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(In billion yen)

Chemicals and Energy Plant	2019/3 Result	2020/3 Forecast	Change (YoY)
Net sales	53.68	33.0	-38.5%
Income	0.76	0.90	+18.4%
Amount of orders received	49.82	46.0	-7.7%
Order backlog	62.48	75.5	+20.8%

Business Activities

Sale of power generation equipment and process manufacturing equipment to chemical companies, oil companies, paper companies, steel companies and rail companies



Shikishimakiki CORPORATION
Engines for marine and land use



Chemicals Plant

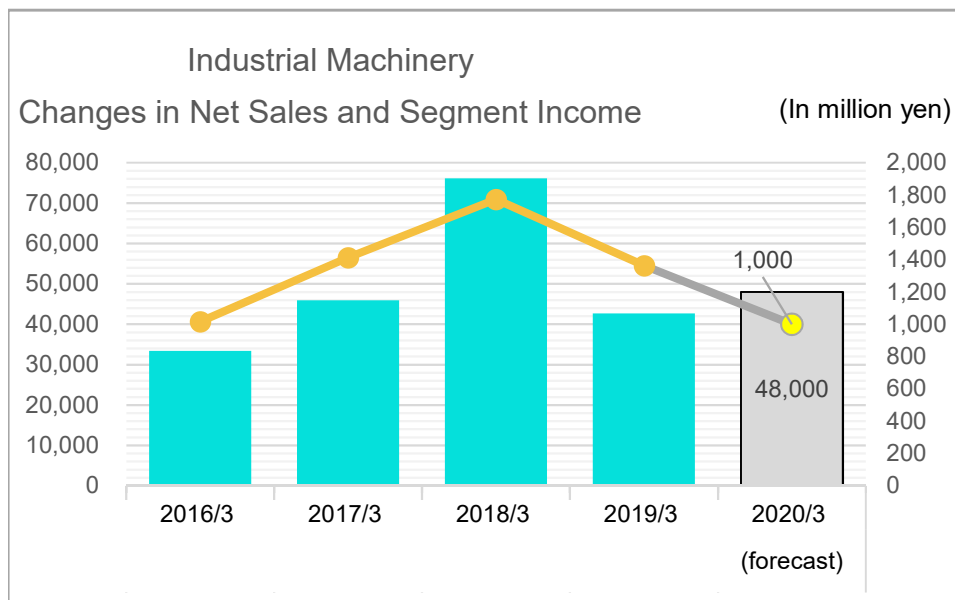
Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(In billion yen)

Industrial Machinery	2019/3 Result	2020/3 Forecast	Change (YoY)
Net sales	42.66	48.0	+12.5%
Income	1.36	1.00	-26.5%
Amount of orders received	47.72	55.0	+15.3%
Order backlog	64.31	71.0	+10.4%

Business Activities

Sale of equipment and instruments and provision of maintenance services to customers in a wide range of industries including those for electric vehicles, new materials, textiles, films and beverages



Nippon Daiya Valve Co., Ltd.
Diaphragm valve, etc.



Lithium-ion battery-related equipment

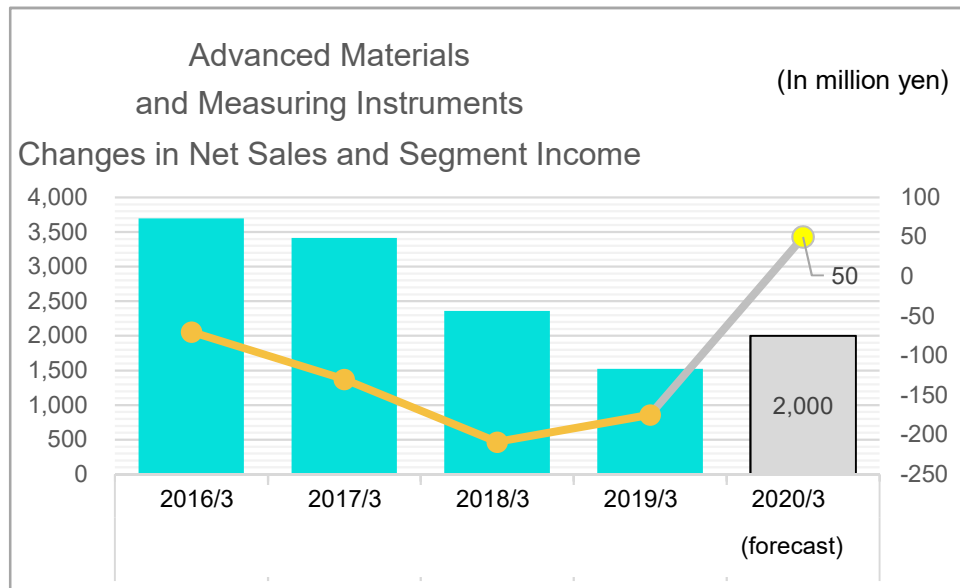
Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(In billion yen)

Business Activities

Handling of a wide range of other products including measuring instruments incorporating cutting-edge technologies and other measuring devices for environmental conservation used in industrial machinery, and water-treatment-related device

Advanced Materials and Measuring Instruments	2019/3 Result	2020/3 Forecast	Change (YoY)
Net sales	1.51	2.0	+32.5%
Income	-0.17	0.05	-
Amount of orders received	0.57	2.0	+250.9%
Order backlog	0.43	0.5	+16.3%



Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

(In billion yen)

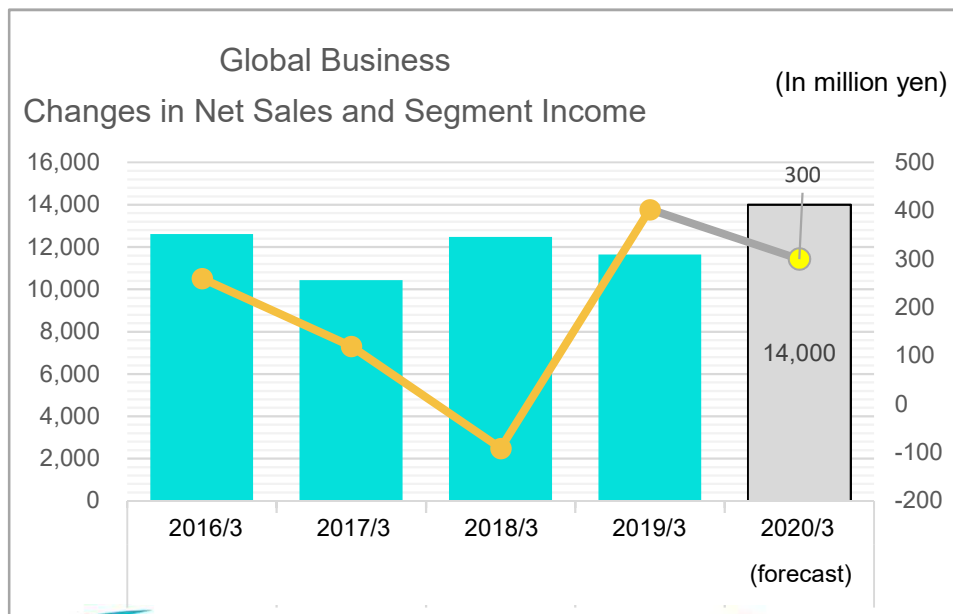
Global Business	2019/3 Result	2020/3 Forecast	Change (YoY)
Net sales	11.64	14.0	+20.3%
Income	0.40	0.30	-25.0%
Amount of orders received	12.00	15.0	+25.0%
Order backlog	2.82	4.0	+41.8%

Business Activities

(Europe) Sale of industrial robots to in-vehicle device manufacturers, sale and rental of water pumps

(North America) Sale of electronic board mounting equipment to Japanese automotive manufacturers

(Asia) Sale of machinery and equipment to the textiles and chemicals industries and other general industries



Seika Machinery, Inc.

Board mounting-related equipment for the automotive industry



Seika Sangyo (Thailand) Co.,Ltd.

Industrial machinery for the automotive, chemicals and textiles industries



Seika Sangyo GmbH

Industrial machinery, electronics equipment and information technology systems



Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020

Global Business:

Established a local subsidiary in Vietnam and commenced operation in January 2019



Overview of SEIKA SANGYO (VIETNAM) COMPANY LIMITED	
Head office	Ho Chi Minh City, Vietnam
Core business	Sale of various types of machinery, electronic/communication equipment, instruments, tools, related materials and other products, installation work, engineering, after-sales services and other import and export and sales agency operations
Capital	64 billion Vietnam dong (around 300 million yen)



Strategies for Southeast Asia

- Vietnam
- Singapore
- Thailand

3. Medium-Term Management Plan CS2020



Medium-Term Management Plan CS2020

April 1, 2017 to March 31, 2020

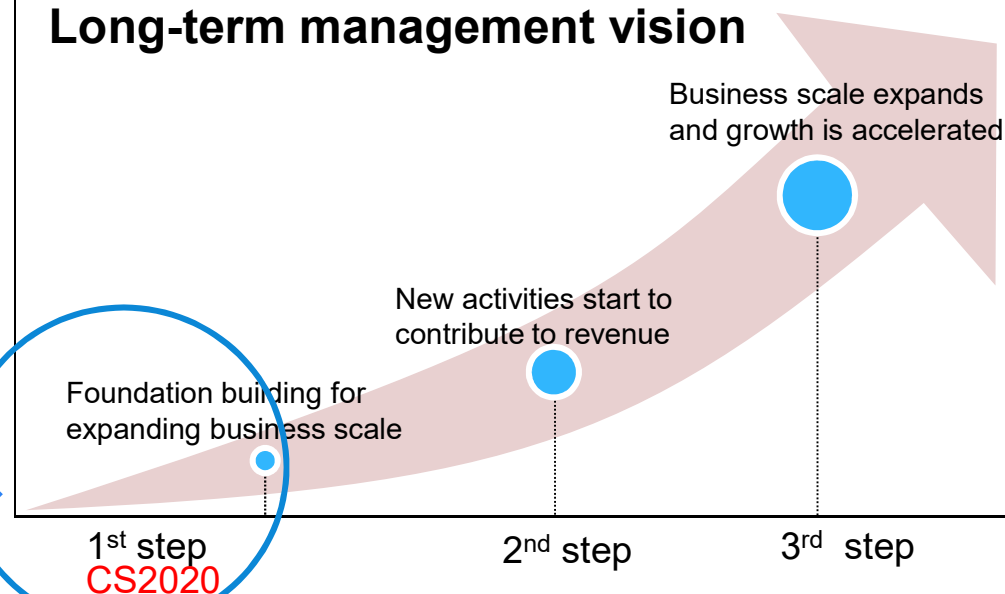
Basic Policy: "Reform and Evolution"

General Strategies:

1. Creation of new business models
2. Evolution of existing businesses
3. Acceleration of Group management and global strategies
4. Development of human resources and enhancement of workplace environment

First step:
Positioned as the foundation-
building stage

Long-term management vision



<Numerical targets>

(In billion yen)

Profit attributable to owners of parent	2018/3	2019/3	2020/3
Target	2.2	2.4	2.7
Result/ Forecast	1.65	1.58	1.65 (Forecast)



Medium-Term Management Plan CS2020

	Business environments Business characteristics	Business directions	Growth strategies
Power Plant	Reflecting the trend of creating a low-carbon society, investments in coal-fired thermal power plants will decrease. Even so, stable earnings are expected from regular inspection work, etc.	<ul style="list-style-type: none"> ● Focus efforts on the area of disaster prevention/safety facilities for nuclear power plants. ● Initiatives to contribute to the extension of the life of existing thermal power plants. ● Focus efforts on the area of environment-friendly small-scale hydroelectric power plants (renewable energy). 	Implementation of strategic M&As
Chemicals and Energy Plant	Investments are increasing to deal with aging facilities, extend the life of facilities, and facilitate labor savings nationwide.	<ul style="list-style-type: none"> ● Provide solutions that satisfy needs by leveraging the locational advantage of branches established near customers' plants. ● Initiatives to move forward with business negotiations on the modification of equipment that extends the life of plants. 	
Industrial Machinery	We will sell special application-oriented equipment and instruments and provide maintenance services to customers in a wide range of industries including those for electric vehicles, new materials, textiles, films and beverages/foods.	<ul style="list-style-type: none"> ● Focus efforts on increasing electric vehicle-related business negotiations. ● Focus efforts on the area of renewable energy such as biomass power generation. 	

4. Shareholder Returns

(Dividends and Acquisition of Treasury Stock)

Shareholder Returns: Dividends

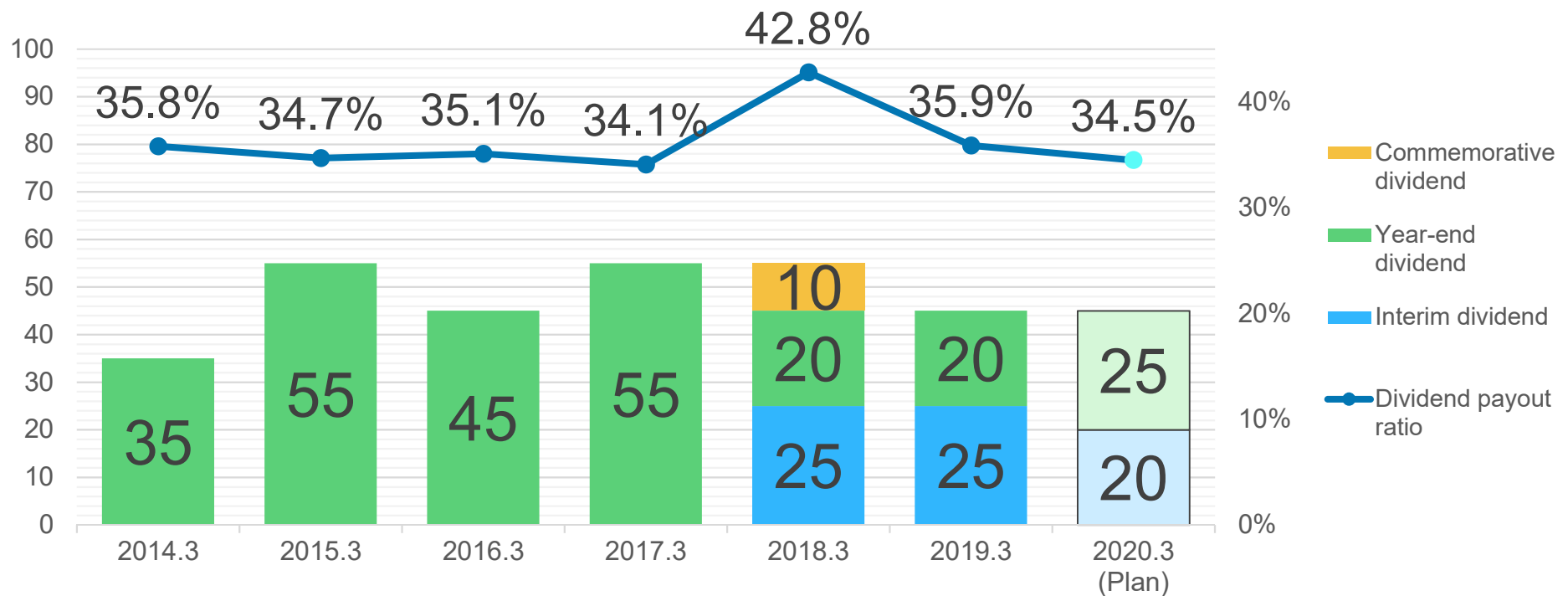
The Company implemented a consolidation of shares at a ratio of one (1) share for every five (5) shares of its common stock with an effective date of October 1, 2017. Results reflect the effect of the consolidation of shares.

Basic Policy

The Company considers the return of profits to shareholders one of the most important management issues and has a basic policy of paying a stable dividend. While strengthening business foundations through efficient business operations across both an operational and financial perspective, and flexibly responding to funding needs for new business development, etc.,

the Company targets a consolidated dividend payout ratio of 35%.

(Unit: Yen)



Acquisition of Treasury Stock

Resolution at a meeting of the Board of Directors held on May 10, 2019 Acquisition of treasury stock

Acquisition period	May 13, 2019 – March 19, 2020
Total number of shares to be acquired	400,000 shares (upper limit)
Total acquisition value of shares	700 million yen (upper limit)

Thank you for Your Attention

Cautionary Note: Forward-Looking Statements

All forward-looking statements contained herein are based on information available to Seika Corporation as of the date hereof and actual results may differ materially from those in the forward-looking statements due to unforeseeable factors or uncertainties.

Figures in billions of yen or millions of yen presented herein are rounded down to the nearest billion yen or to the nearest million yen respectively and numbers may not add up due to rounding.

IR Contact

**Strategical Planning Department, Corporate Planning Division,
Seika Corporation**
Tel: +81-3-5221-7117 Fax: +81-3-5221-7130
E-mail: SMB002@jp.seika.com

