

Financial Results for 1st Quarter FY2018

SHIMA SEIKI MFG., LTD.

August, 2018

Summary of Operating Results for 1Q of the Fiscal Year Ending March 31, 2019

	FY2018 1Q	FY2017 1Q	FY2017
Net Sales	16,923	17,251	71,858
Operating income	3,307	3,747	14,905
Ordinary income	3,670	4,181	15,525
Net income attributable to owners of the parent	2,571	3,048	11,279

Exchange rate
(for 1Q)

USD/JPY	106.24	112.00
	108.84	111.16
EUR/JPY	130.52	127.97
	130.27	122.14

Exchange rate at the end of the period (upper row)

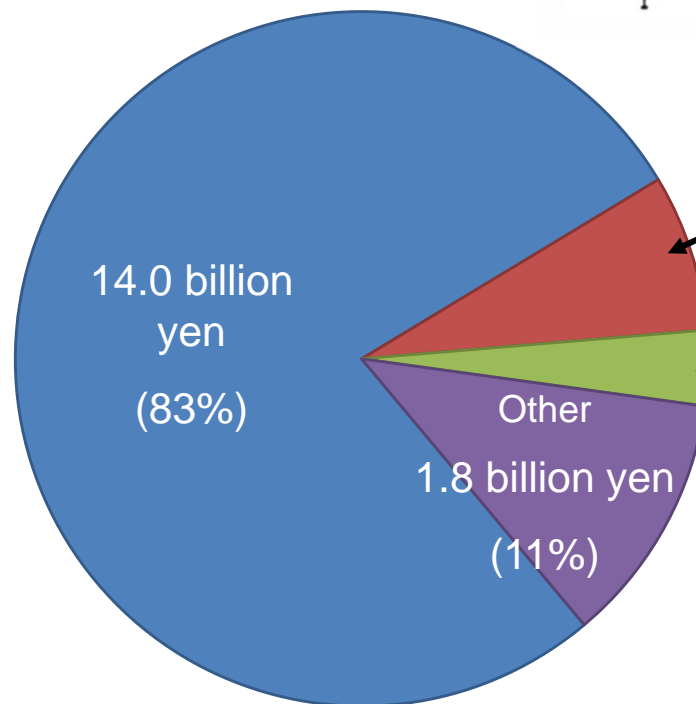
Average exchange rate for translation of sales (lower row)

Business Segment

Computerized Flat Knitting Machines



Consolidated sales: 16.9 billion yen
() is the composition ratio.



Design Systems

0.8 billion yen (5%)



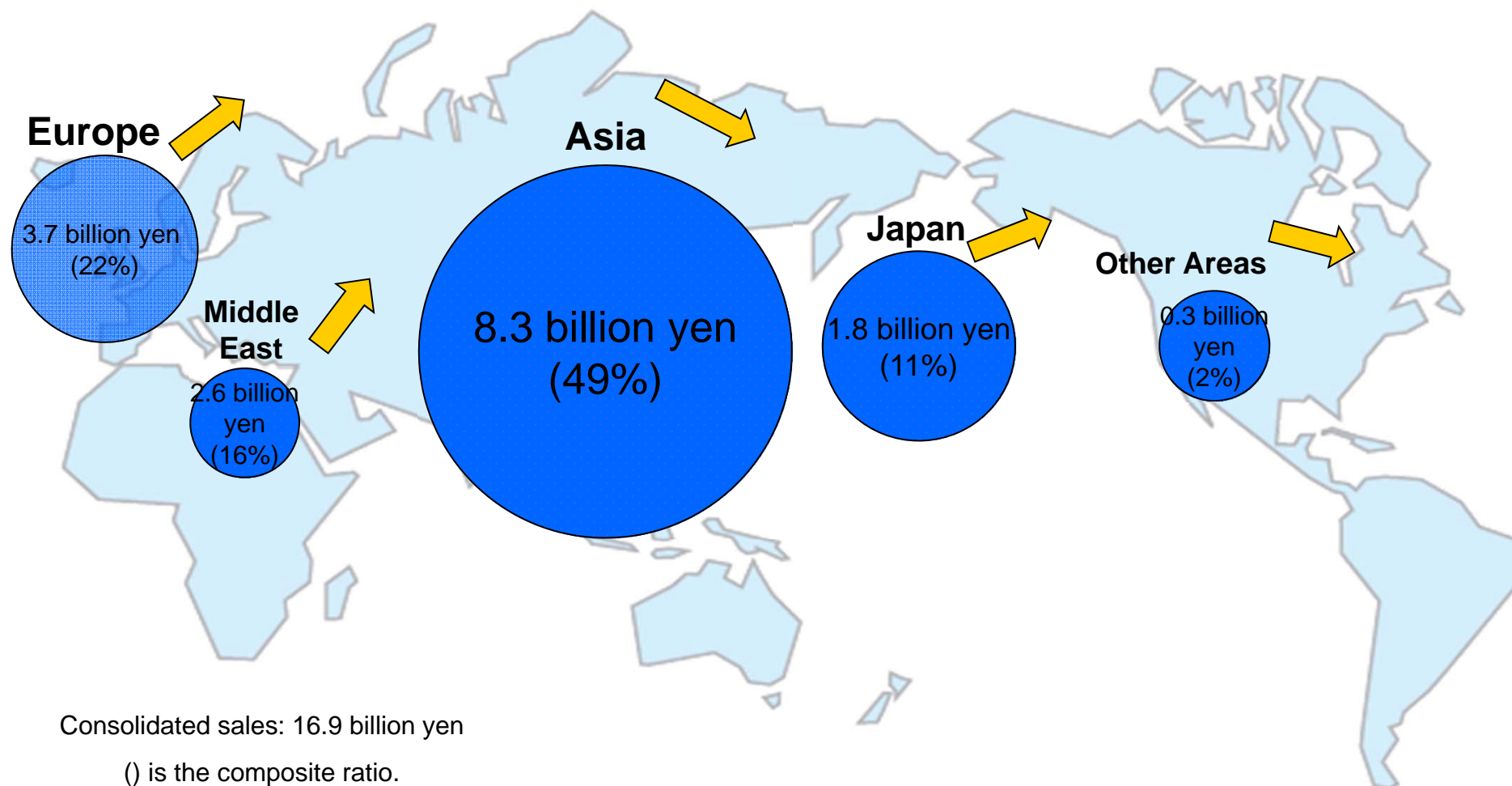
Glove and Sock
Knitting Machines
0.2 billion yen (1%)

Sales and Operating Income by Segment (1st Quarter)

(Terms: Millions of yen)

	Net Sales	Comparison with previous year(%)	Operating income	Comparison with previous year(%)
Computerized Flat Knitting Machines	14,008	(3.8)	4,228	(12.4)
Design Systems	852	+1.0	175	(1.2)
Glove & Sock Knitting Machines	200	(38.4)	52	(31.8)
Other	1,862	+21.9	430	+170.0
Corporate elimination	—	—	(1,580)	—
Total	16,923	(1.9)	3,307	(11.7)

Consolidated Sales and Ratio by Region

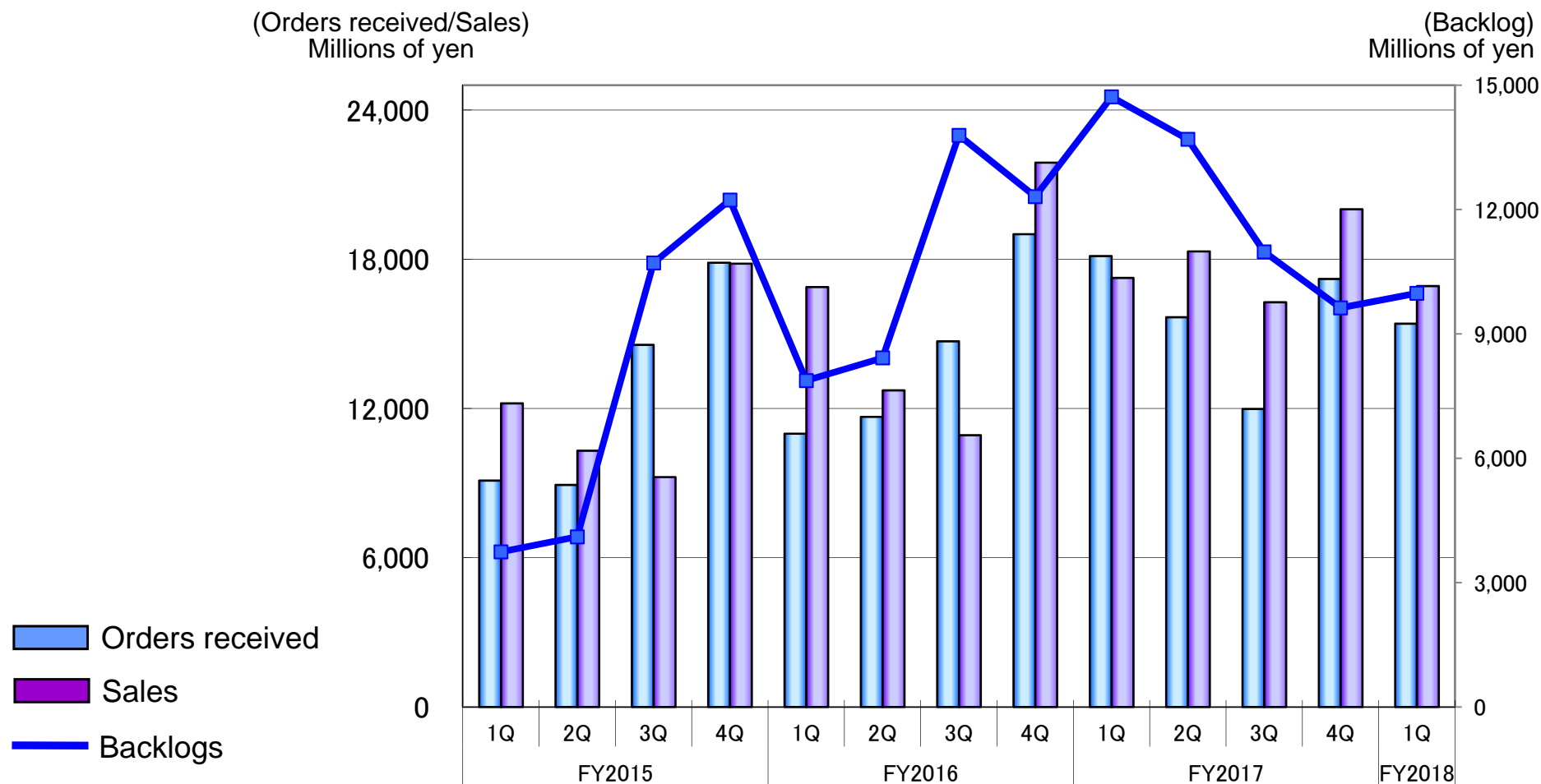


Consolidated Sales by Region (1st Quarter)

(Terms: Millions of yen)

Area	FY2018 1Q	FY2017 1Q	Comparison with previous year(%)
Japan	1,801	1,554	+15.9
Europe	3,754	1,773	+111.7
Asia	8,353	13,280	(37.1)
Middle East	2,630	72	+3510.2
Other Areas (overseas)	382	569	(32.8)
Total	16,923	17,251	(1.9)

Trends of Orders Received, Sales, and Backlog [Consolidated]



Trend of Operating Results by Quarter [Consolidated]

	2017/3				2018/3				2019/3
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net Sales	16,885	12,730	10,929	21,886	17,251	18,318	16,275	20,013	16,923
Operating Income	3,791	1,709	899	4,862	3,747	4,313	3,194	3,650	3,307
Ordinary Income	990	1,320	2,629	5,102	4,181	4,702	3,516	3,125	3,670
Net income attributable to owners of the parent	873	810	1,802	3,711	3,048	3,480	2,422	2,328	2,571

Orders received	10,989	11,665	14,704	19,011	18,130	15,670	11,982	17,211	15,412
Backlog	7,873	8,421	13,790	12,312	14,718	13,693	10,979	9,627	9,979

Forecast

「Ever Onward 2020」

(Terms: Millions of yen)

	Fiscal year ended March 31, first half of 2019	Comparison with first half of previous year	Fiscal year ended March 31, 2019	Comparison with previous year	Fiscal year ended March 31, 2018
Net sales	34,000	△4.4%	76,000	+5.8%	71,858
Operating income	6,300	△21.8%	16,000	+7.3%	14,905
Ordinary income	6,600	△25.7%	16,000	+3.1%	15,525
Net income attributable to owners of the parent	4,800	△26.5%	11,500	+2.0%	11,279

Forecast of currency rates for March 2019 105 JPY/USD 130 JPY/EUR
Sensitivity of operating income where the exchange rates fluctuate by 1 yen:
370 million yen for the USD, 40 million yen for the EUR

Sales and Operating Income Forecast by Segment for the Fiscal Year Ending March 31, 2019

Driving force in the flat knitting machine segment

(Terms: Millions of yen)

	Net Sales		Comparison with previous year	Operating Income		Comparison with previous year
	Half-year forecast	Full-year forecast		Half-year forecast	Full-year forecast	
Computerized Flat Knitting Machines	27,500	62,000	+4.4%	8,563	20,173	+3.9%
Design Systems	2,480	5,250	+33.4%	490	1,211	+3.9%
Glove & Sock Knitting Machines	900	2,500	+5.3%	169	493	+3.8%
Other	3,120	6,250	+1.1%	337	629	+497.9%
Corporate/elimination				△3,259	△6,506	—
Total	34,000	76,000	+5.8%	6,300	16,000	+7.3%

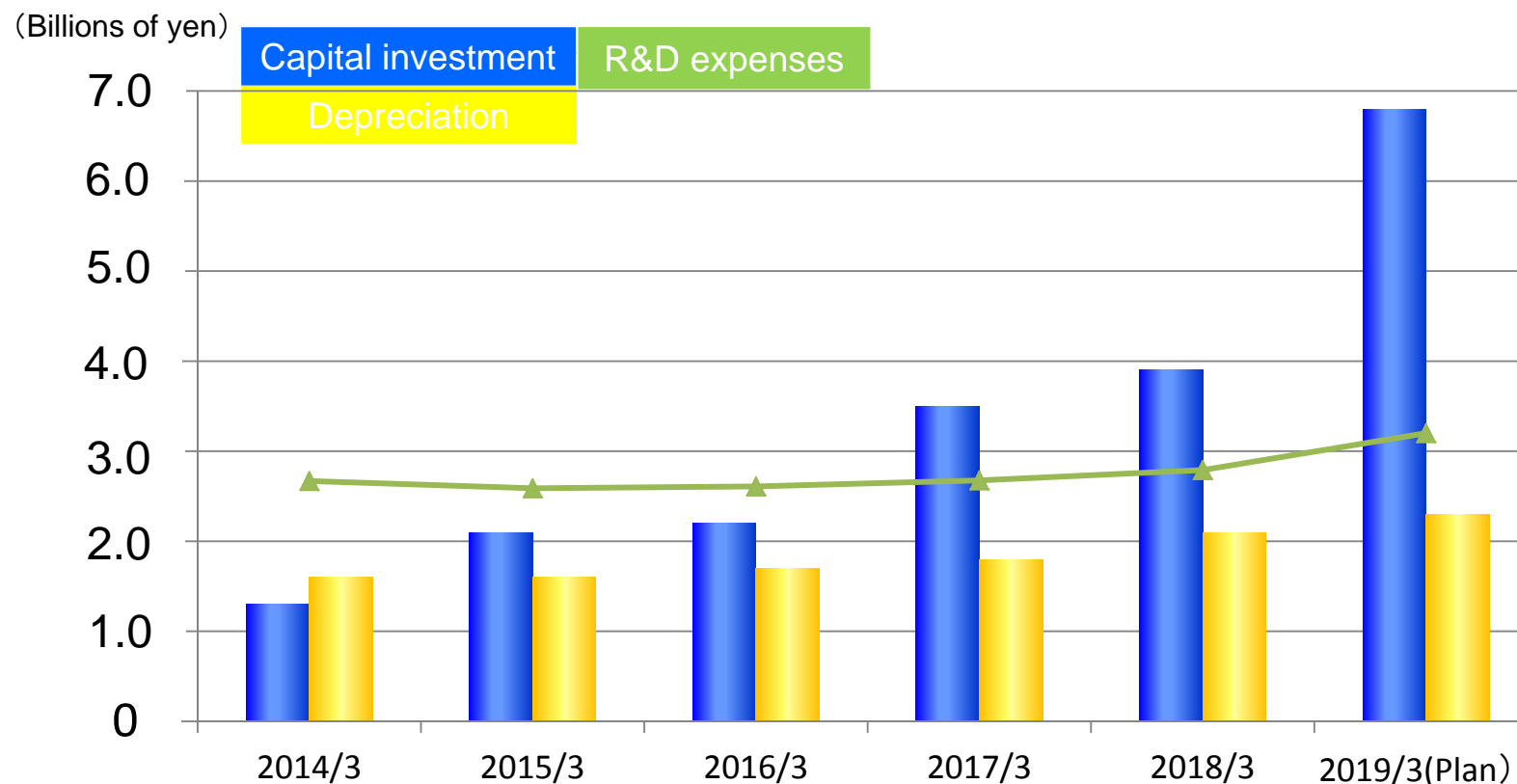
Capital investment / R&D expenses

FY2017(2018/3) Capital investment: JPY 3.9 billion (Including Leased Asset JPY 1.2 billion)

Depreciation: JPY 2.1 billion R&D expenses: JPY 2.7 billion

FY2018(2019/3) Capital investment: JPY 6.8 billion (Including Leased Asset JPY 3.1 billion)

Depreciation: JPY 2.3 billion R&D expenses: JPY 3.2 billion



Dividend

Dividends for the fiscal year ending March 2019 [plan]:
Interim dividend of 35.0 yen (up 10 yen from the previous fiscal year)
Year-end dividend of 45.0 yen_(up 10 yen from the previous fiscal year)

