

# Financial Results for 1st Quarter FY2019

SHIMA SEIKI MFG., LTD.

August, 2019

# Summary of Operating Results for 1Q of the Fiscal Year Ending March 31, 2020

(Terms: Millions of yen)

	FY2019 1Q	FY2018 1Q	FY2018
Net Sales	8,393	16,923	51,352
Operating income	△872	3,307	4,638
Ordinary income	△944	3,670	4,991
Net income attributable to owners of the parent	△689	2,571	3,835

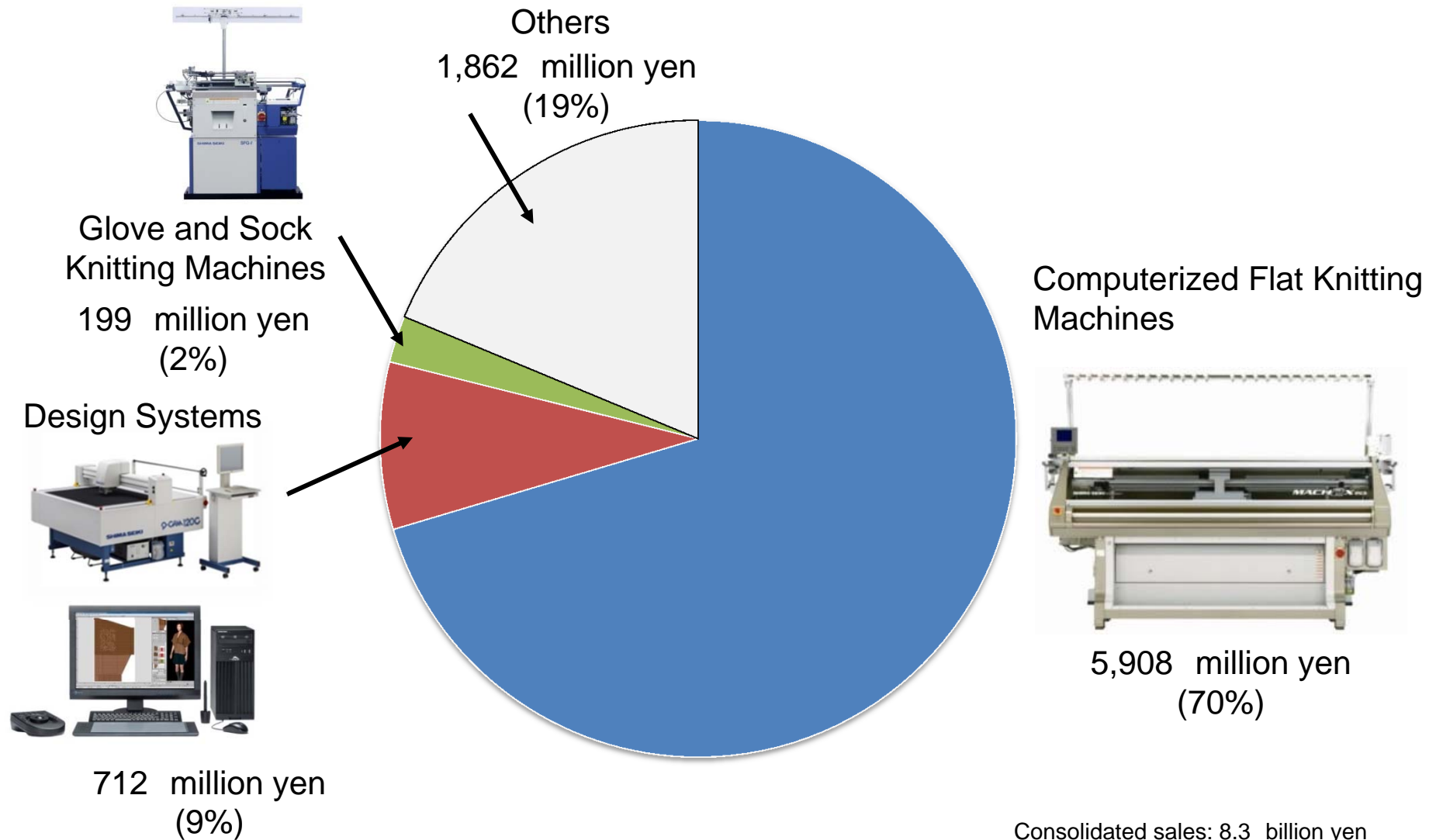
Exchange rate  
(for 1Q)

USD/JPY	107.79	106.24
	110.35	108.84
EUR/JPY	122.49	130.52
	123.86	130.27

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

Average exchange rate for  
translation of sales (lower row)

# Business Segment



Consolidated sales: 8.3 billion yen

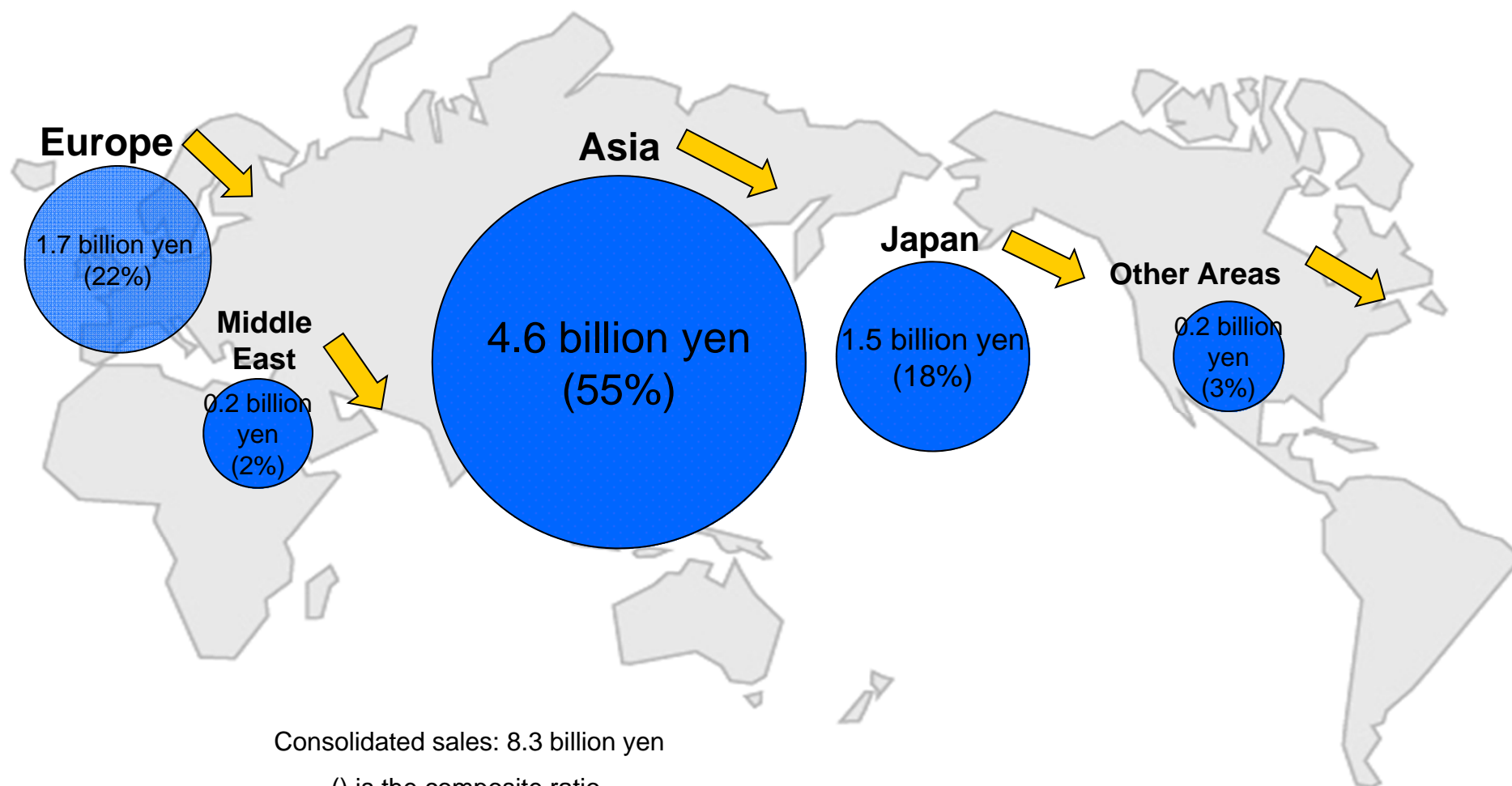
( ) is the composition ratio.

# Sales and Operating Income by Segment (1st Quarter)

(Terms: Millions of yen)	Net Sales		Operating income	
		Comparison with previous year(%)		Comparison with previous year(%)
Computerized Flat Knitting Machines	5,908	△57.8%	692	△83.6%
Design Systems	712	△16.5%	4	△97.3%
Glove & Sock Knitting Machines	199	△0.5%	△9	△117.7%
Other	1,573	△15.5%	55	△87.1%
Corporate elimination			△1,615	
Total	8,393	△50.4%	△872	—



# Consolidated Sales and Ratio by Region



# Consolidated Sales by Region (1st Quarter)

(Terms: Millions of yen)

Area	FY2019 1Q	FY2018 1Q	Comparison with previous year (%)
Japan	1,563	1,801	△13.2%
Europe	1,724	3,754	△54.1%
Asia	4,657	8,353	△44.3%
Middle East	204	2,630	△92.2%
Other Areas (overseas)	243	382	△36.4%
Total	8,393	16,923	△54.8%

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

(Orders received/Sales)  
Millions of yen

(Backlog)  
Millions of yen



# Trend of Operating Results by Quarter [Consolidated]

(Terms: Millions of yen)

	2018/3				2019/3				2020/3
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net Sales	17,251	18,318	16,275	20,013	16,923	11,273	12,423	10,732	8,393
Operating Income	3,747	4,313	3,194	3,650	3,307	1,036	1,257	△962	△872
Ordinary Income	4,181	4,702	3,516	3,125	3,670	957	1,215	△852	△944
Net income attributable to owners of the parent	3,048	3,480	2,422	2,328	2,571	740	849	△327	△689

Orders received	18,130	15,670	11,982	17,211	15,412	9,280	7,958	5,994	5,934
Backlog	14,718	13,693	10,979	9,627	9,979	9,691	6,869	3,531	2,647



# Forecast

(Terms: Millions of yen)

	First half of fiscal year ending March 31, 2020	Comparison with previous year	Fiscal year ending March 31, 2020	Comparison with previous year	Fiscal year ended March 31, 2019
Net sales	23,000	(18.4%)	52,300	+1.8%	51,352
Operating income	400	(90.8%)	4,000	(13.8%)	4,638
Ordinary income	700	(84.9%)	4,400	(11.9%)	4,991
Net income attributable to owners of the parent	600	(81.9%)	3,300	(14.0%)	3,835

Forecast of currency rates for March 2020: 110 JPY/USD, 125 JPY/EUR  
Sensitivity of operating income where the exchange rates fluctuate by 1 yen: 40 million yen for the USD, 30 million yen for the EUR

# Sales and Operating Income Forecast by Segment for the Fiscal Year Ending March 31, 2020

(Terms: Millions of yen)

	Net sales		Comparison with previous year	Operating income		Comparison with previous year
	First-half forecast	Full-year forecast		First-half forecast	Full-year forecast	
Flat Knitting Machines	16,500	39,300	+1.3%	2,460	8,200	(6.5%)
Design Systems	2,300	4,800	+9.6%	510	1,050	+11.1%
Glove & Sock Knitting Machines	900	1,700	+9.3%	130	250	+5.2%
Other	3,300	6,500	(1.7%)	600	1,000	+0.1%
Corporate/elimination				(3,300)	(6,500)	
Total	23,000	52,300	+1.8%	400	4,000	(13.8%)

# Developments in R&D Expenses and Capital Investment

## To maintain strategic investment

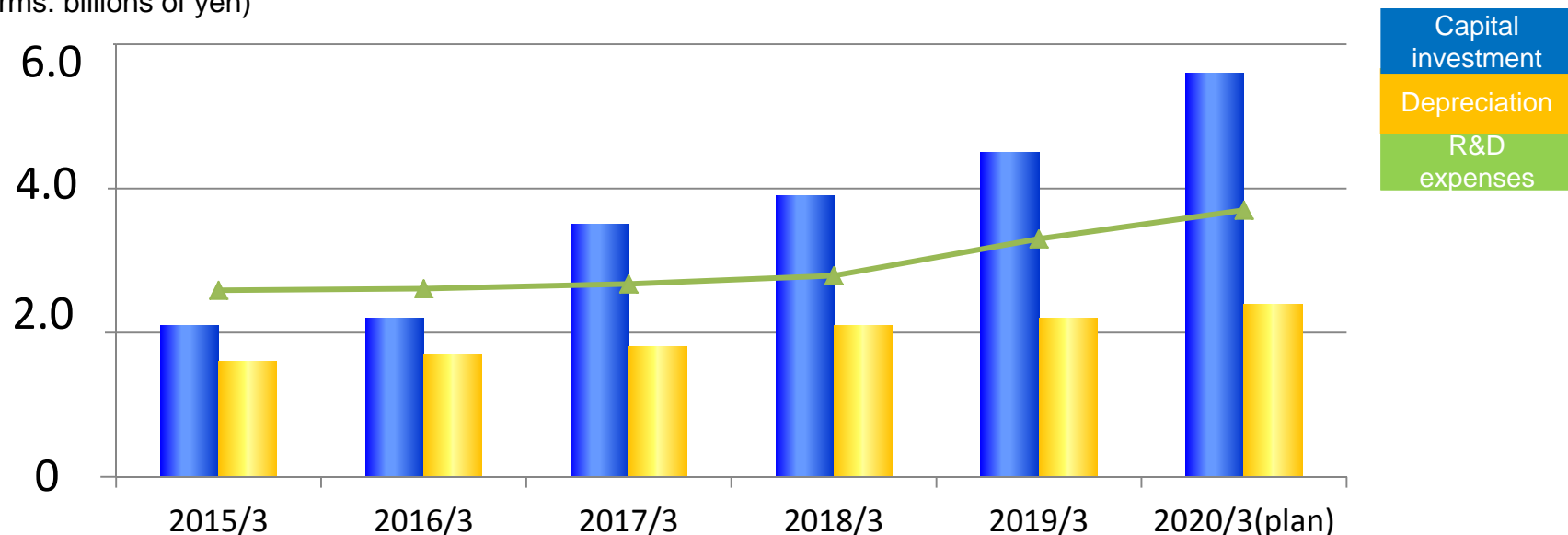
Fiscal year ending March 31, 2020 (Plan) Capital investment: 5.6 billion yen  
(including leased assets of 2.3 billion yen)

Depreciation: 2.4 billion yen, R&D expenses: 3.7 billion yen

Fiscal year ended March 31, 2019 (Actual results) Capital investment:  
4.5 billion yen (including leased assets of 1.3 billion yen)

Depreciation: 2.2 billion yen, R&D expenses: 3.3 billion yen

(Terms: billions of yen)

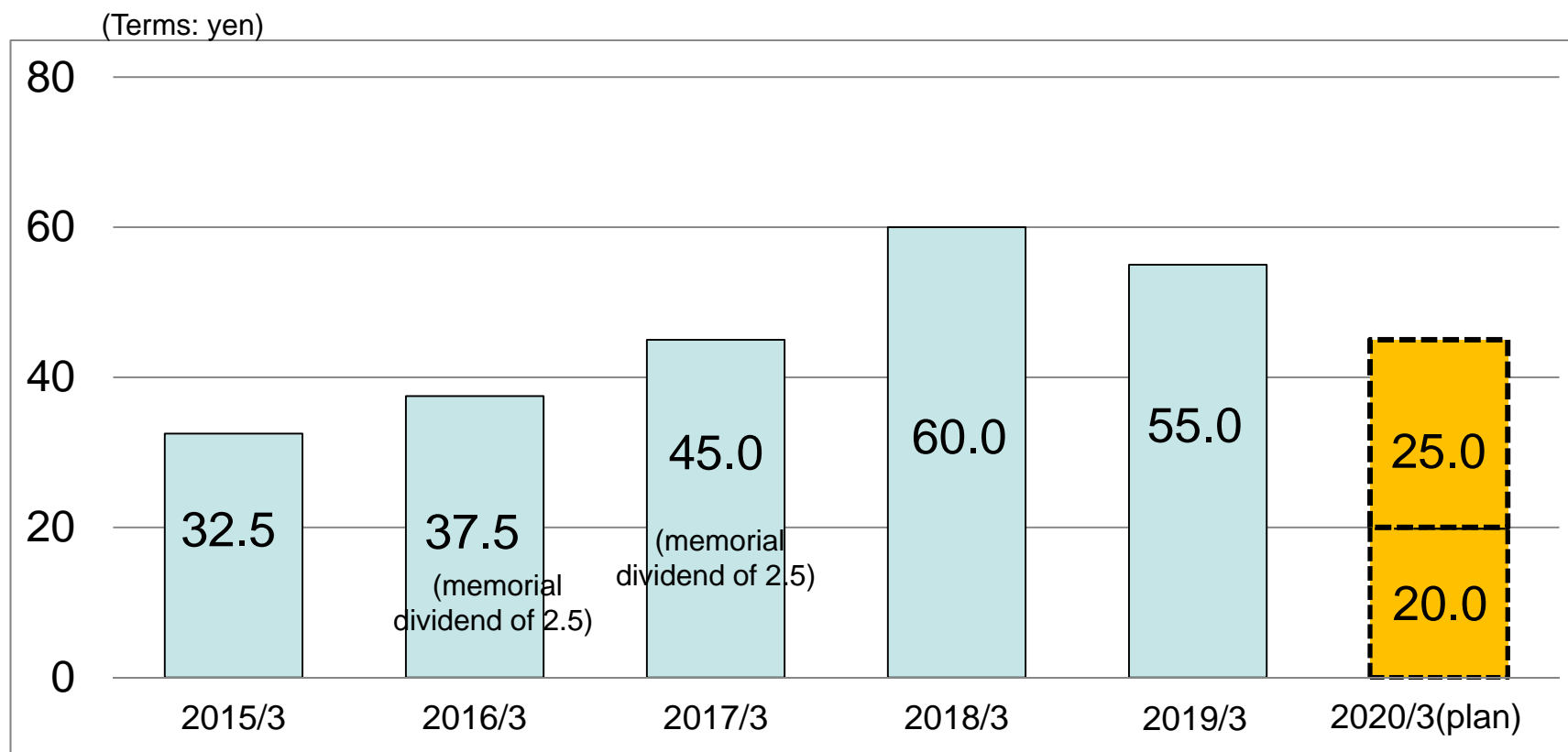




# Shareholder Returns

## 1. Fiscal year ending March 31, 2020 [plan] :

Interim dividend of 20.0 yen and year-end dividend of 25.0 yen (payout ratio of 48.4%)





# Topic



## ITMA 2019 (Barcelona)

***KNITify the World™***  
*Smart Solutions in Textiles*

**To make an appeal to the industry by setting  
“Promotion of knitting in the world” as the theme**

Holding period: June 20-26, 2019

- The largest international textile machine exhibition in the world (held once every four years)
- 1,717 textile companies from 45 countries around the world exhibited at the exhibition.
- 105,000 persons visited the exhibition from 137 countries in the world.



# The environment surrounding apparel companies and Shima Seiki's efforts

## Environment surrounding apparel manufacturers

Responding to a sustainable supply chain

Reduce lead time

e-commerce  
Omni-channel

Customization

- By using WHOLEGARMENT and design system, it is possible to prevent overproduction and reduce inventory
- Utilizing virtual samples for e-commerce to anticipate product demand
- Introducing AI functions into the design system to support design production
- Through the digitization of yarn, simulation and product planning can be improved (Platform "yarnbank")
- Realizing production optimization with PLM (Product lifecycle management)

## Proposal from Shima Seiki



WHOLEGARMENT®



MADE 2 FIT™  
WITH WHOLEGARMENT®



Shima KnitPLM®

# WHOLEGARMENT

Shipped the 10,000<sup>th</sup> WHOLEGARMENT flat knitting machine

1995: Exhibited WHOLEGARMENT flat knitting machine at ITMA Milan

2007: Announced MACH2X and largely improved productivity

2015: Announced MACH2XS and equipped the movable sinker device with our products

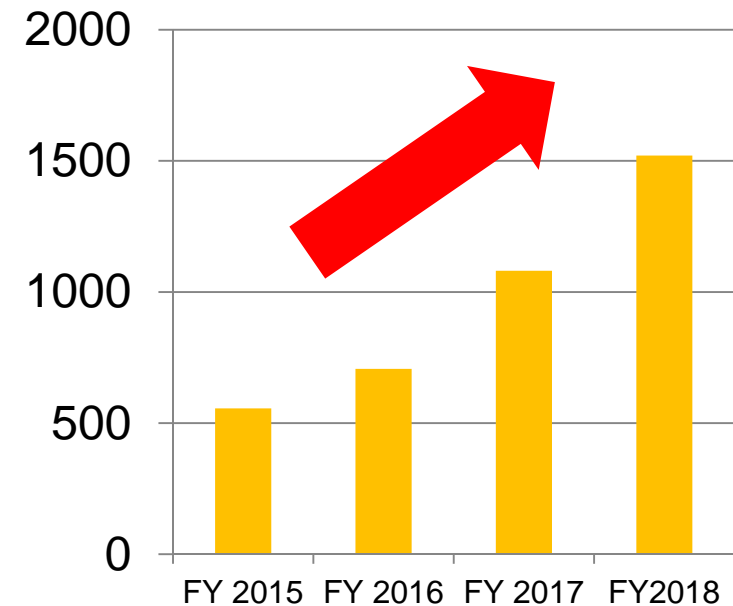


WHOLEGARMENT dress



MACH2XS

Sales volume of  
WHOLEGARMENT flat knitting  
machines





# Mass Customization

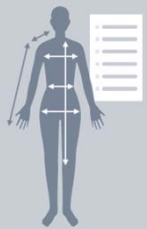
## MADE 2 FIT™ WITH WHOLEGARMENT®

MADE2FIT our brand new proposal for mass customization.

When consumer purchase ready-made products, they can choose only size and color.

On the contrary, mass customization can improve customer satisfaction by offering more options, like customization of sleeve length and body length.

Shima Seiki's MADE2FIT is a new type of mass customization which realizes made-to-order production, by utilizing advantages of WG knitting as well as the newly developed auto-programming system.



MEASURING



AUTOMATIC  
PROGRAMMING



KNITTING





# Develop a New Field

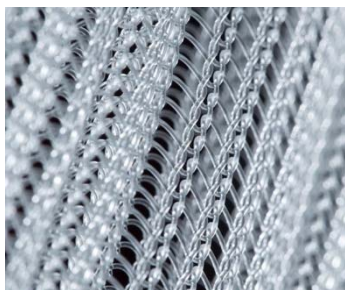
Apply the knitting technology to various fields, not just the fashion industry, to expand demand.



3D shaping



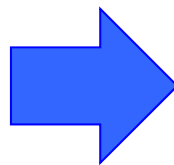
Inlay patterns knitting technology  
(involves inlaying a weft)



PET Monofilament



Carbon fiber preform



Sports, Interior , Industrial Materials, Medical,  
Wearable, Automotive, Aerospace

