

Financial Results for 3rd Quarter FY2019

SHIMA SEIKI MFG., LTD.

February, 2020

Summary of Operating Results for 3Q of the Fiscal Year Ending March 31, 2020

(Terms: Millions of yen)

	FY2019 3Q	FY2018 3Q	FY2018
Net Sales	25,208	40,620	51,352
Operating income	△3,856	5,601	4,638
Ordinary income	△3,862	5,844	4,991
Net income attributable to owners of the parent	△2,914	4,162	3,835

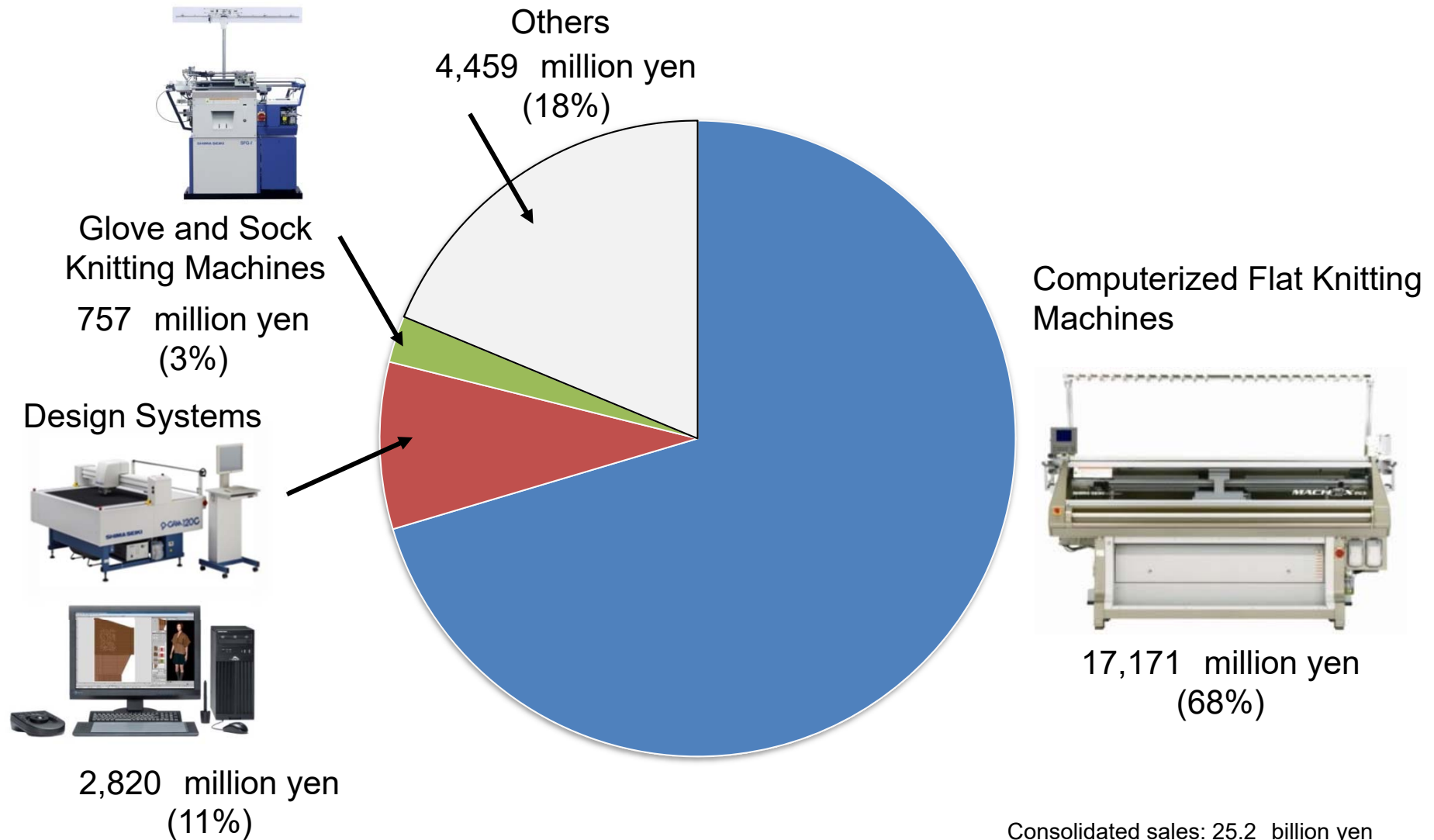
Exchange rate
(for 1Q)

USD/JPY	109.56	111.00
	108.81	110.94
EUR/JPY	122.54	127.00
	120.91	130.06

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

Average exchange rate for translation of sales (lower row)

Business Segment



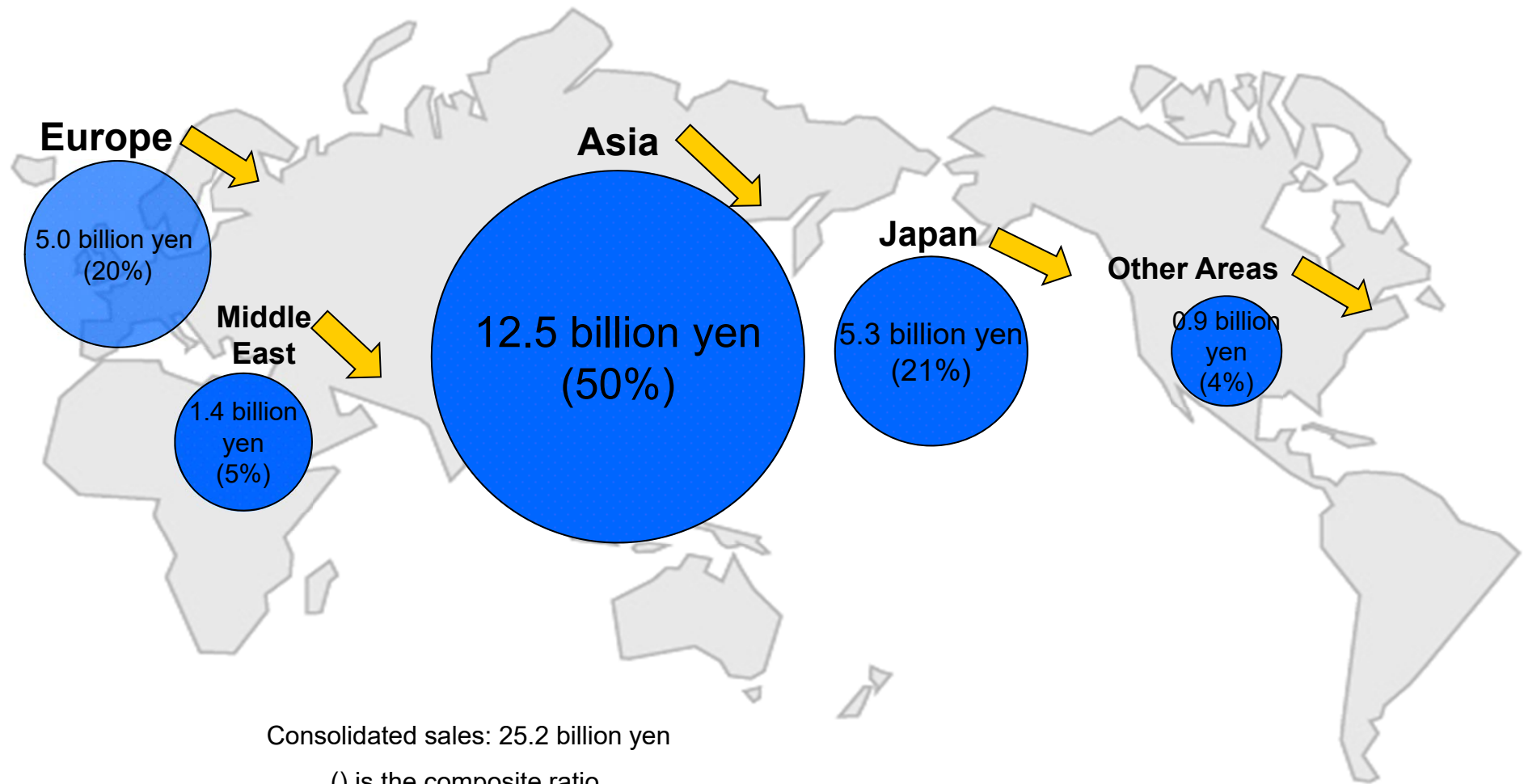
Consolidated sales: 25.2 billion yen

() is the composition ratio.

Sales and Operating Income by Segment (3Q)

(Terms: Millions of yen)	Net Sales	Comparison with previous year(%)	Operating income	Comparison with previous year(%)
Computerized Flat Knitting Machines	17,171	(44.5)	377	(95.5)
Design Systems	2,820	(13.5)	125	(82.9)
Glove & Sock Knitting Machines	757	(38.2)	(62)	—
Other	4,459	(14.4)	410	(57.0)
Corporate elimination			(4,707)	
Total	25,208	(37.9)	(3,856)	—

Consolidated Sales and Ratio by Region



Consolidated Sales by Region (3rd Quarter)

(Terms: Millions of yen)

Area	FY2019 3Q	FY2018 3Q	Comparison with previous year (%)
Japan	5,305	6,622	(19.9)
Europe	5,084	7,414	(31.4)
Asia	12,504	22,366	(44.1)
Middle East	1,400	2,970	(52.9)
Other Areas (overseas)	914	1,246	(26.7)
Total	25,208	40,620	(37.9)

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	2Q	3Q
Net Sales	17,251	18,318	16,275	20,013	16,923	11,273	12,423	10,732	8,393	8,724	8,089
Operating Income	3,747	4,313	3,194	3,650	3,307	1,036	1,257	△962	△872	△1,838	△1,145
Ordinary Income	4,181	4,702	3,516	3,125	3,670	957	1,215	△852	△944	△1,954	△963
Net income attributable to owners of the parent	3,048	3,480	2,422	2,328	2,571	740	849	△327	△689	△1,372	△852

Orders received	18,130	15,670	11,982	17,211	15,412	9,280	7,958	5,994	5,934	7,495	6,345
Backlog	14,718	13,693	10,979	9,627	9,979	9,691	6,869	3,531	2,647	2,858	2,558

Forecast

(Terms: Millions of yen)

	FY2019 (forecast)	Comparison with the previous year (%)	FY2018
Net Sales	40,000	(22.1)	51,352
Operating income	△3,600	—	4,638
Ordinary income	△3,500	—	4,991
Net income attributable to owners of the parent	△2,400	—	3,835

Forecast of currency rates for March 2020: 105 JPY/USD, 115 JPY/EUR
Sensitivity of operating income where the exchange rates fluctuate by 1 yen: 39 million yen for the USD, 2million 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 (%)
Computerized Flat Knitting Machines	28,680	(26.1)	1,700	(80.6)
Design Systems	3,850	(12.1)	250	(73.5)
Glove & Sock Knitting Machines	1,250	(19.6)	30	(87.4)
Other	6,220	(5.9)	720	(27.9)
Corporate elimination			(6,300)	
Total	40,000	(22.1)	(3,600)	—

Developments in R&D Expenses and Capital Investment

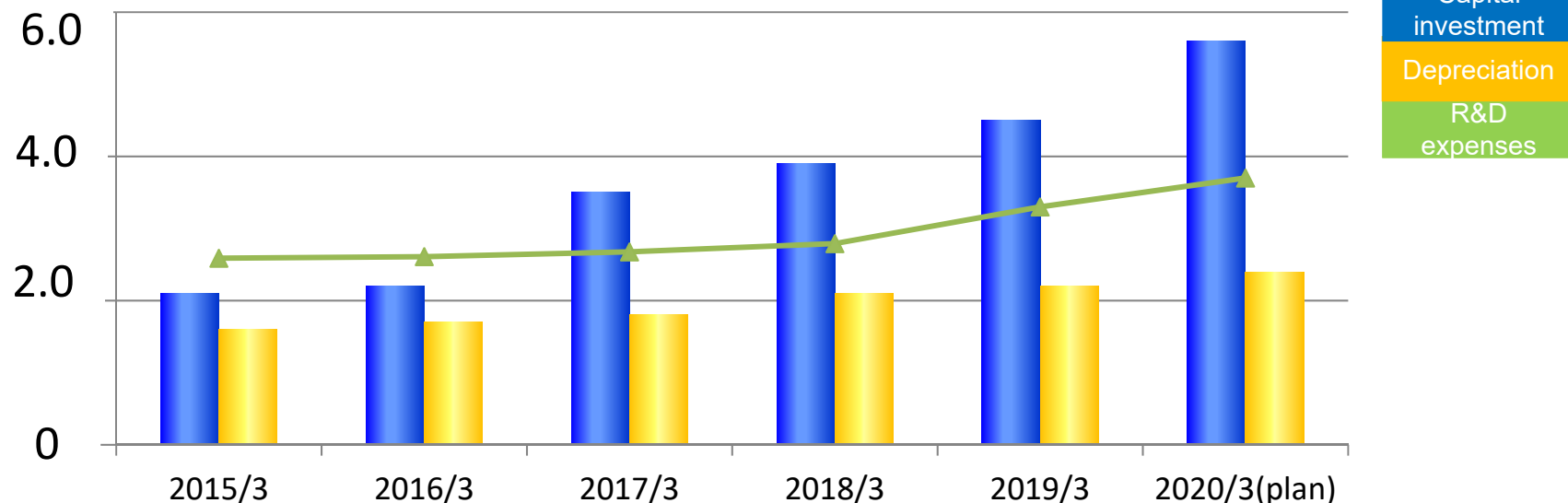
Fiscal year ending March 31, 2020 (Plan) Capital investment: 5.6 billion yen
(including leased assets of 2.3 billion yen)

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

Fiscal year ended March 31, 2020 ((Result of 3Q) Capital investment:
2.8 billion yen (including leased assets of 0.6 billion yen)

Depreciation: 1.7 billion yen, R&D expenses: 2.5 billion yen

(Terms: billions of yen)



Shareholder Returns

1. Buyback on shares (October 31, 2019)

Total number of shares to acquire 1,000,000

(Percent of number of shares outstanding (excluding treasury shares) 2.82%)

2. Cancellation of Treasury Shares (January 31, 2020)

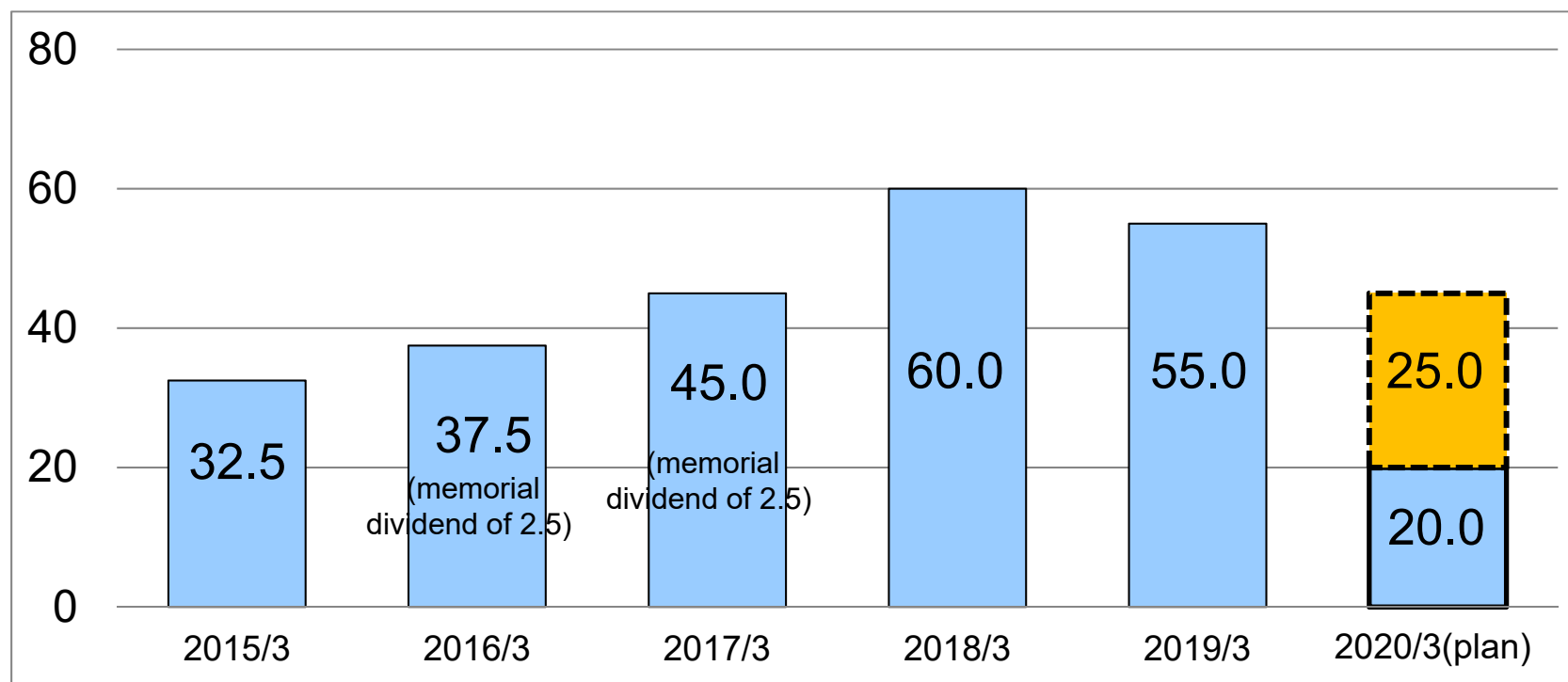
Number of shares to be cancelled 800,000

(2.19% of total shares outstanding before the cancellation)

3. Dividends for the fiscal year ending March 2020 : Interim dividend: 20.0 yen

Year-end dividend: 25.0 yen (Plan)

(Terms: yen)



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®

Develop a New Field

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



3D shaping



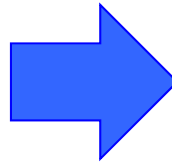
Inlay patterns knitting technology (involves inlaying a weft)



PET Monofilament



Carbon fiber preform



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

