

Financial Results Briefing for the Fiscal Year Ended March 31, 2018

SEIKA CORPORATION
(TSE Section 1: 8061)

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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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (1)

(In billion yen)

	2017/3	Revised forecast (announced Feb. 2018)	2018/3	Change (%)
Net sales	150.7	160.0	165.5	+9.8%
Gross profit	14.65	—	14.58	-0.5%
Operating income	3.04	2.20	2.59	-14.7%
Ordinary income	3.39	2.50	2.87	-15.1%
Profit attributable to owners of p a r e n t	2.14	1.50	1.65	-22.7%

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (2) (by segment)

(In billion yen)

	Net sales		Income	
	2018/3	Change (%)	2018/3	Change (%)
Power Plant	49.7	-12.4%	1.97	-5.0%
Chemicals and Energy Plant	24.8	-27.2%	0.69	-36.2%
Industrial Machinery	76.1	+65.7%	1.77	+25.5%
Advanced Materials and Measuring Instruments	2.3	-30.9%	-0.20	-60.8%
Global Business	12.4	+19.6%	-0.09	-175.4%
Total	165.5	+9.8%	4.14	-9.3%

Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (1)

(In billion yen)

	2018/3 Result	2019/3 Forecast	Change	Change (%)
Net sales	165.5	175.0	9.50	+5.7%
Operating income	2.59	3.10	0.51	+19.3%
Ordinary income	2.87	3.40	0.53	+18.1%
Profit attributable to owners of parent	1.65	2.20	0.55	+32.9%

Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (2) (by segment)

(In billion yen)

Net sales forecast	First half	Second half	Full year
Power Plant	30.0	13.0	43.0
Chemicals and Energy Plant	39.0	17.0	56.0
Industrial Machinery	25.0	35.0	60.0
Advanced Materials and Measuring Instruments	1.0	2.0	3.0
Global Business	5.0	8.0	13.0
Total	100.0	75.0	175.0

Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (3) (by segment)

(In billion yen)

	Net sales forecast
Power Plant	43.0
Chemicals and Energy Plant	56.0

Power Plant

- Focus on areas such as nuclear restarts and construction work to protect plants against terrorists
- Also assign human resources to Hokkaido area

Chemicals and Energy Plant

- Expect large deliveries of coke oven facilities to oil companies amounting to around 26 billion yen
- Involved in negotiations related to biomass power generation and other renewable energy and negotiations about chemicals plants with overseas customers



Power Plant



Chemicals Plant

Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (4) (by segment)

(In billion yen)

	Net sales forecast
Industrial Machinery	60.0
Advanced Materials and Measuring Instruments	3.0

Industrial Machinery

- Net sales of lithium-ion battery-related equipment are expected to reach around 20 billion yen
- Focus on areas such as negotiations about automated equipment

Advanced Materials and Measuring Instruments

- Deliveries of printed circuit boards and various types of measuring instruments and recovery of business results of subsidiaries are expected



Lithium-ion battery



Printed circuit board



Laser gas monitor

Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (5) (by segment)

(In billion yen)

	Net sales forecast
Global Business	13.0

Global Business

- Strong performances of equipment sales subsidiaries in Europe, the US and Thailand
- Signs of recovery in earnings of Chinese subsidiary and printed circuit board manufacturing and sales company in Thailand



Tsurumi (Europe) GmbH
Submersible pump



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



Medium-Term Management Plan CS2020: Progress in the First Fiscal Year

First fiscal year
↓

(In billion yen)

Profit attributable to owners of parent	2018/3	2019/3	2020/3
Target	2.2	2.4	2.7
Result	1.65		
Forecast for current fiscal year		2.2	

Medium-Term Management Plan CS2020: Initiatives in the Second Year (1)

(1) Creation of new business models

- Meinan Kyodo Energy Co., Ltd. (Chita, Aichi Prefecture) started operations
- Launch of projects related to the IoT and biomass fuel business

(2) Evolution of existing businesses

- Power business: Start of expansion into power transmission area and overseas markets
- Establishment of base to strengthen sales structure for uninterruptible power supplies (UPS)

Medium-Term Management Plan CS2020: Initiatives in the Second Year (2)

(3) Acceleration of Group management and global strategies

- Establishment of Subsidiary and Affiliate Business Strategy Division
- Examination of establishment of new bases in Europe and Asia

(4) Development of human resources and enhancement of workplace environment

- Focus on rank-based training programs and overseas training programs
- Enhancement of workplace environment

Topics

Negotiations about Lithium Ion Battery-Related Equipment

Trend of net sales

(In billion yen)

	Net sales
2016/3	2.2
2017/3	8.1
2018/3	8.9
2019/3 Forecast	20.0



Main items handled

Manufacturing equipment for the components of lithium ion batteries such as separators and positive and negative electrode materials

Topics

Further Development of Electric Vehicle Industry in China (Future Expansion)

Wider range of items

handled

- Battery pack manufacturing equipment
- EV assembly equipment
- Various types of raw materials, etc.



Seika Corporation's Initiatives (ESG)



Expansion of eco-friendly products

Environment

Orders received for eco-friendly products in the fiscal year ended March 31, 2018	Number of orders received	Amount of orders received (In billion yen)
Energy-saving, resource-saving, high efficiency products	10,584	68.54
Pollution-preventing products	1,071	6.41
Recycled/Reused products	542	1.48
Total	12,197	76.44



Seika Corporation's Initiatives (ESG)



Social responsibility (workstyle reform)
Social



Promotion of the career advancement of women

Hiring of more women on the management career track, support for the career development of female employees, appointment of female managers



Promotion of employee health

Adoption of Premium Friday system (21% uptake) Encouragement to take paid holidays
Payment of cancer screening costs (tumor marker option) as part of medical checkups

Development of human resources

Various types of rank-based training System of sending employees overseas for training

Seika Corporation's Initiatives (ESG)



Governance Governance

Measures based on the Corporate Governance Code

Conducted evaluation of effectiveness of Board of Directors

Established President and Directors Election Review Committee

Provision of information in English

Part of convocation notice FACT BOOK



Seika Corporation's Initiatives (Shareholder Returns)

	Interim	Year-end	Total
2017/3	0 yen	11 yen	11 yen
2018/3	*5 yen	30 yen	—
2019/3 Forecast	25 yen	30 yen	55 yen

Note) The Company implemented a consolidation of shares at a ratio of one (1) share for every five (5) shares of its common stock with the effective date of October 1, 2017. The interim dividend for the fiscal year ended March 31, 2018^(*) and earlier results are results before the consolidation of shares.



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: 03-5221-7117 Fax: 03-5221-7130

E-mail: SMB002@jp.seika.com

