

# Financial Results for Fiscal 2013, the Year Ended February 28, 2013

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STAR MICRONICS CO., LTD.  
<http://www.star-m.jp>

2013/04/10

\* The projections in this document are based on information available at the time of release of this report and certain assumptions the Company considers reasonable.  
The Company does not promise that these projections will be achieved. Actual results may differ materially from projections due to a variety of factors.

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※ From the fiscal year ending February 2014, the Components Segment has been renamed the Micro Audio Components Segment.

Year-on-year decrease in both sales and income mainly due to the impact of reduced sales of machine tools in Europe

■ Net Sales	: ¥37.8 billion	↓	9.1% down YoY
■ Operating Income	: ¥1.5 billion	↓	60.0% down YoY
■ Ordinary Income	: ¥2.2 billion	↓	44.0% down YoY
■ Net Income	: ¥2.2 billion	↓	5.2% down YoY

✓ **Net income decreased despite posting insurance income in connection with damage from the Thai floods as an extraordinary gain.**

# Financial Data



(Millions of Yen)

	FY2/12 Actual			FY2/13 Actual			FY2/14 Forecast						
	Full-Year			Full-Year			1st Half		2nd Half		Full-Year		
	Amount	Income Ratio (%)	2011/2012 Change (%)	Amount	Income Ratio (%)	2012/2013 Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	2013/2014 Change (%)
<b>Sales</b>													
Special Products	7,806		0.3	7,806		(0.0)	4,210		4,970		9,180		17.6
Micro Audio Components	2,944		(33.1)	3,233		9.8	1,210		960		2,170		(32.9)
Machine Tools	26,639		38.1	22,897		(14.0)	11,050		13,550		24,600		7.4
Precision Products	4,263		0.3	3,922		(8.0)	1,830		2,220		4,050		3.3
<b>Total</b>	<b>41,654</b>		<b>16.6</b>	<b>37,858</b>		<b>(9.1)</b>	<b>18,300</b>		<b>21,700</b>		<b>40,000</b>		<b>5.7</b>
<b>Operating Income</b>													
Special Products	581	7.4	(21.6)	257	3.3	(55.7)	300	7.1	800	16.1	1,100	12.0	327.2
Micro Audio Components	(955)	-	-	(191)	-	-	-	-	-	-	-	-	-
Machine Tools	5,365	20.1	146.7	3,120	13.6	(41.8)	1,360	12.3	2,670	19.7	4,030	16.4	29.1
Precision Products	762	17.9	5.3	355	9.1	(53.3)	100	5.5	340	15.3	440	10.9	23.7
Eliminations or Corporate	(1,801)			(1,963)			(1,060)		(1,210)		(2,270)		
<b>Total</b>	<b>3,952</b>	<b>9.5</b>	<b>176.6</b>	<b>1,579</b>	<b>4.2</b>	<b>(60.0)</b>	<b>700</b>	<b>3.8</b>	<b>2,600</b>	<b>12.0</b>	<b>3,300</b>	<b>8.3</b>	<b>108.9</b>
<b>Ordinary Income</b>	<b>4,025</b>	<b>9.7</b>	<b>237.1</b>	<b>2,254</b>	<b>6.0</b>	<b>(44.0)</b>	<b>800</b>	<b>4.4</b>	<b>2,700</b>	<b>12.4</b>	<b>3,500</b>	<b>8.8</b>	<b>55.2</b>
<b>Net Income</b>	<b>2,426</b>	<b>5.8</b>	<b>-</b>	<b>2,299</b>	<b>6.1</b>	<b>(5.2)</b>	<b>400</b>	<b>2.2</b>	<b>1,900</b>	<b>8.8</b>	<b>2,300</b>	<b>5.8</b>	<b>0.0</b>

<b>ROE (%)</b>	6.7	6.0	5.6
<b>Cash Dividends Applicable to the Year</b>	¥26	¥30	¥34
<b>DOE (%)</b>	3.0	3.3	3.5

※ROE (Return on Equity) = Net Income / Shareholders' Equity (average for the beginning and end of the period) x 100(%)

※DOE (Dividend on Equity) = The ratio of the non-consolidated dividend per common share (annual) / consolidated net assets per share (year average) x 100(%)

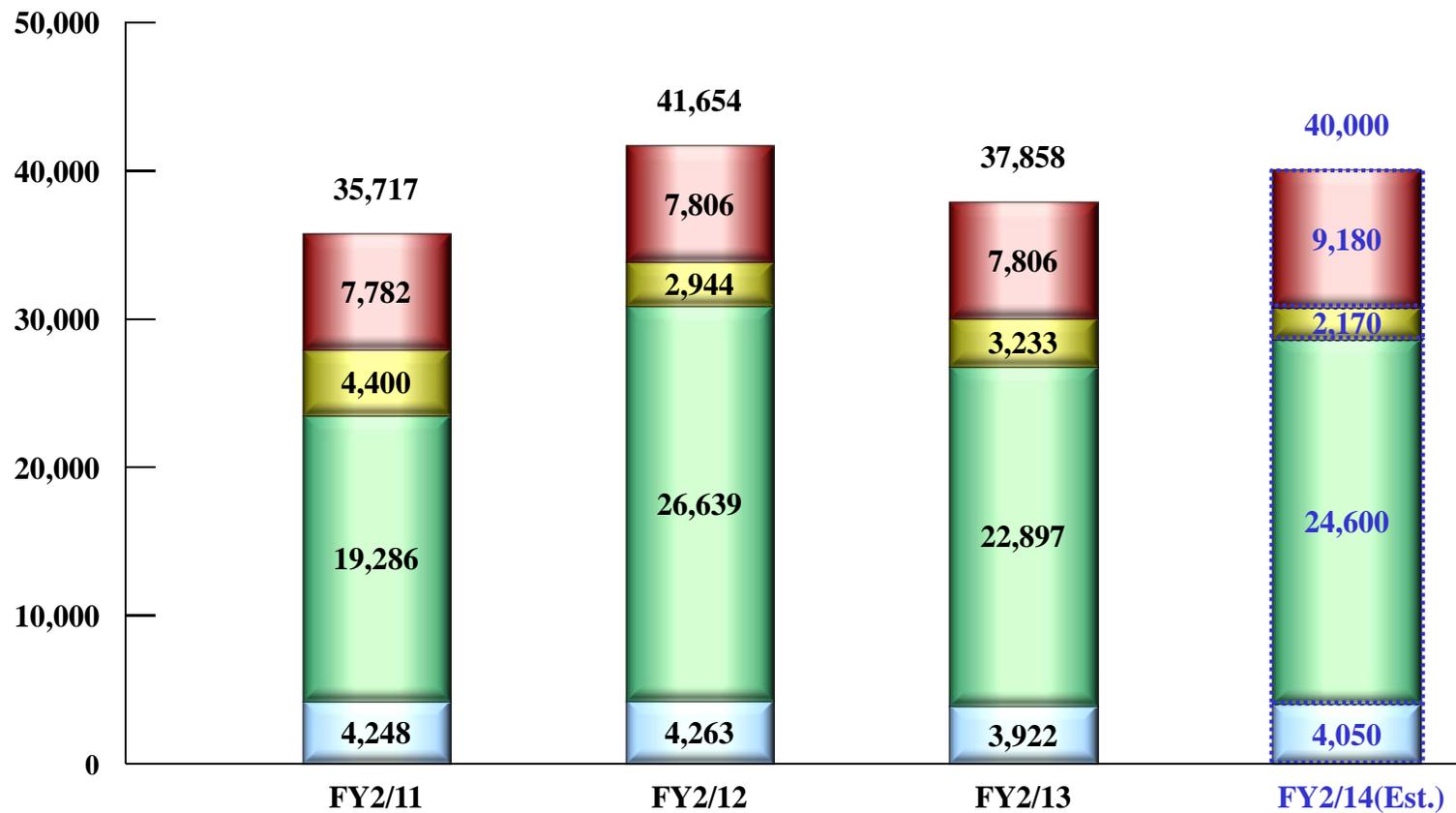
Sensitivity of operating income to a ¥1 change in foreign exchange rates  
Full-Year assumption

<b>Exchange Rate</b>	<b>US\$</b>	¥ 79.84	¥ 79.83	¥ 90.00	¥55 million
	<b>EUR</b>	¥111.11	¥102.63	¥120.00	¥39 million
	<b>GBP</b>	¥128.06	¥126.50	¥140.00	¥7 million
	<b>CHF</b>	¥ 90.18	¥ 85.17	¥ 95.00	¥23million

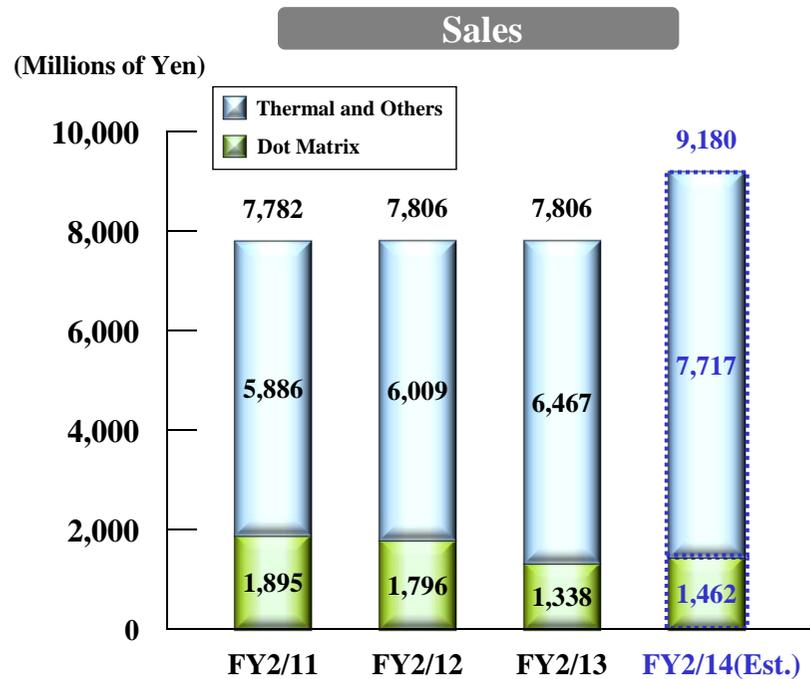
# Sales by Segment



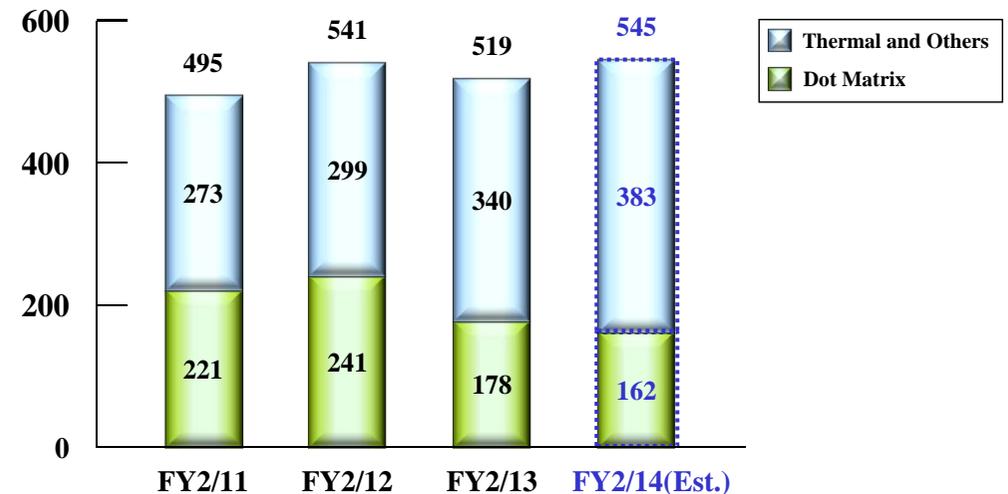
(Millions of Yen)



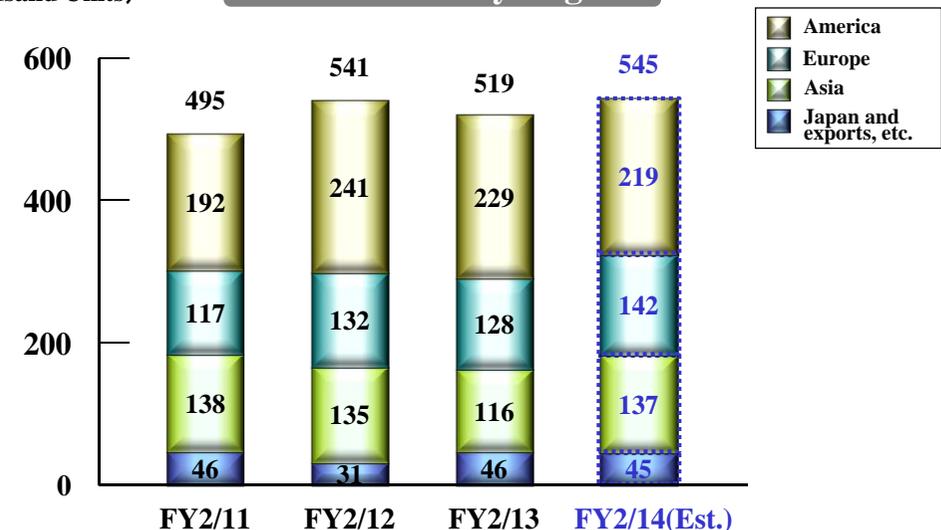
# Special Products



(Thousand Units) **Sales Volume by POS Printers Type**



(Thousand Units) **Sales Volume by Region**



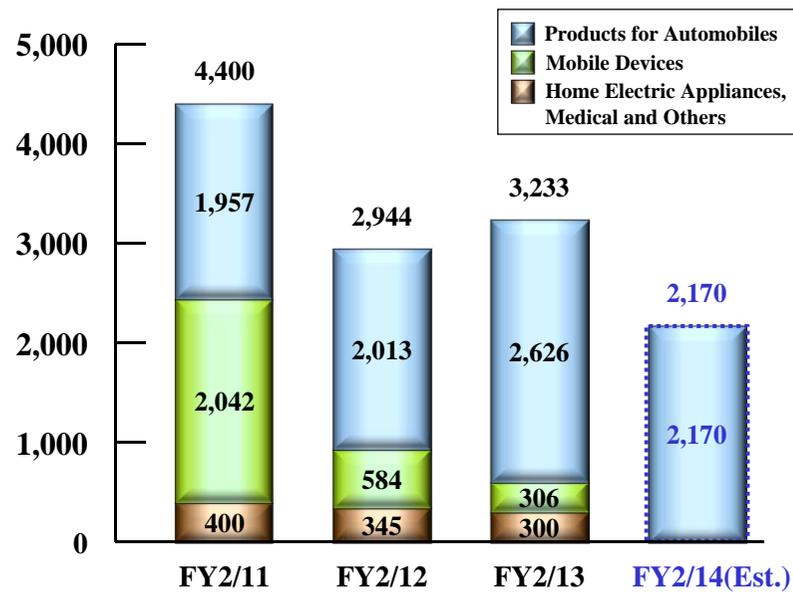
- Sales of thermal printers rose on the back of increased demand in the North American market and from contributions in Japan from sales for the POS market and new contracts that were won in the public sector.
- Sales of dot-matrix printer declined mainly due to stagnant demand in Europe as a consequence of restrained capital investment and to the impact in the Asian market of the slowdown in growth in the Chinese economy.

# Micro Audio Components



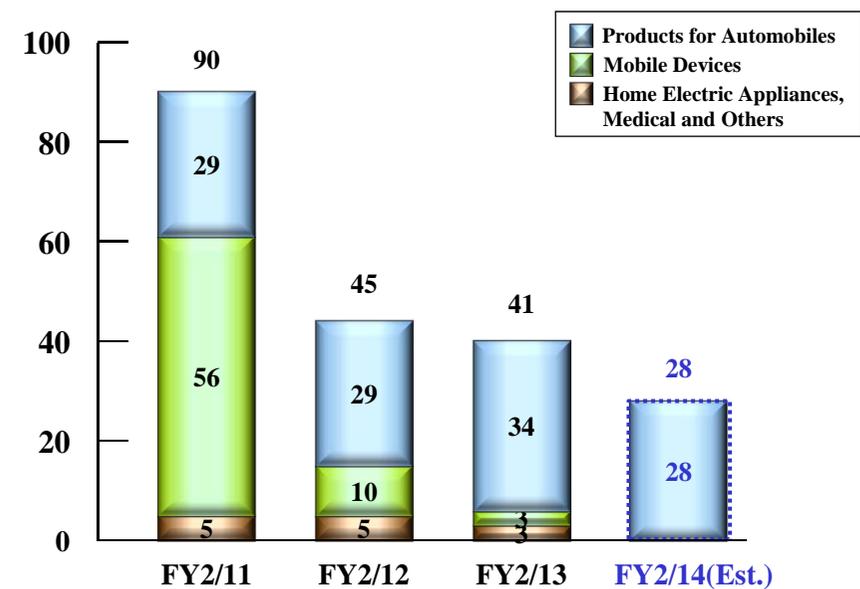
Sales

(Millions of Yen)

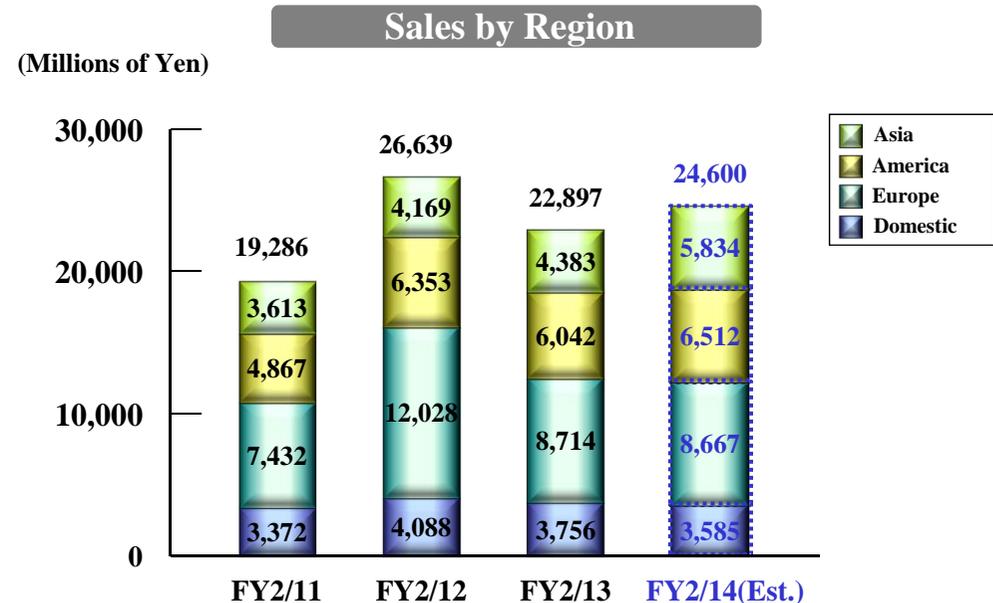
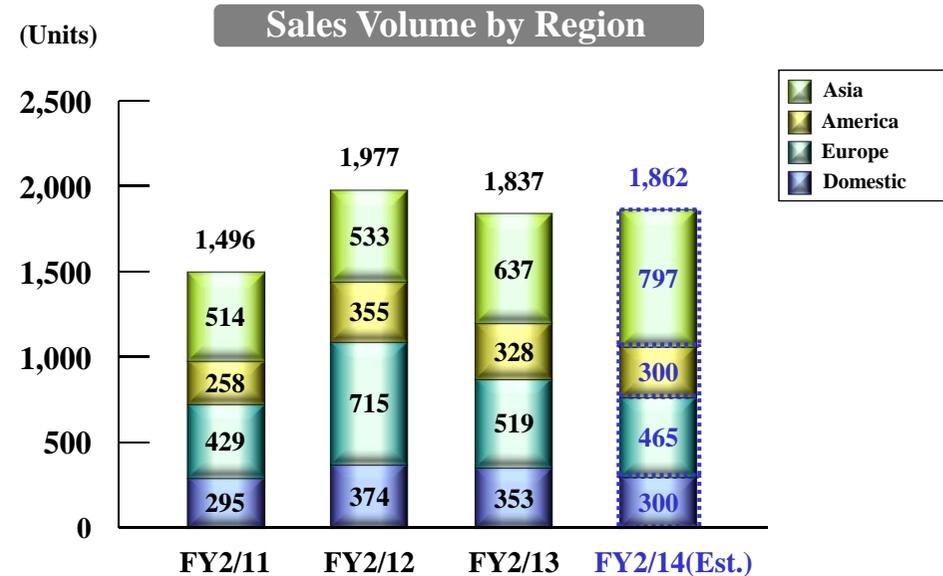
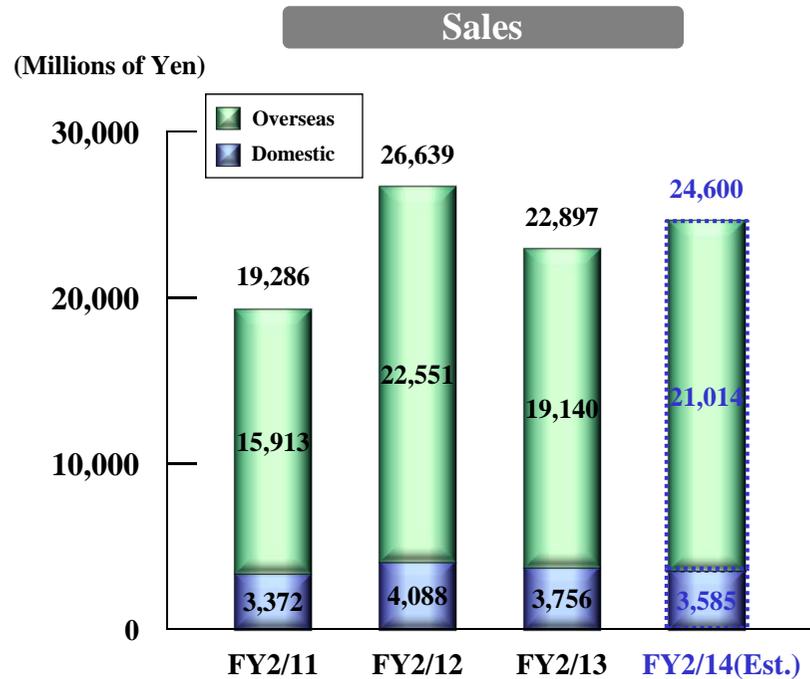


Sales Volume by Markets

(Millions of Units)



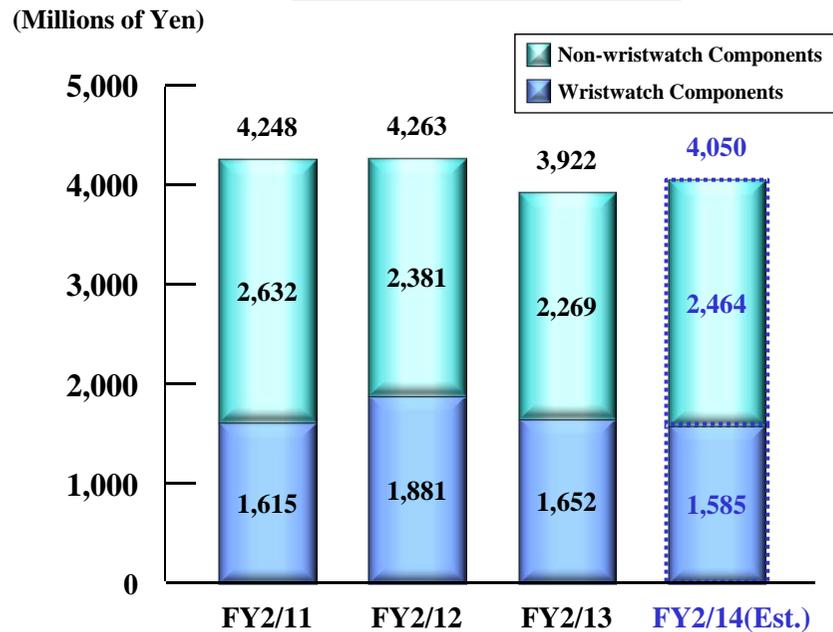
- Continuing deliveries in the lead up to the business termination to meet supply obligations to customers.
- Sales rose in step with increased production by automakers, coupled with sales price revisions.



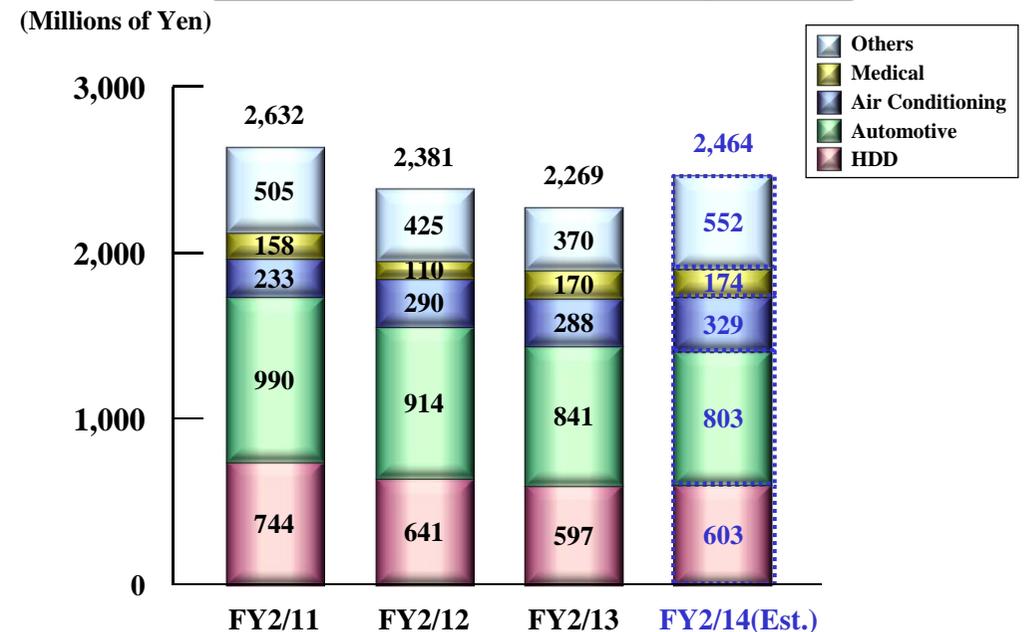
- In the U.S. market, sales decreased despite capital investments in the medical equipment and automotive-related sectors.
- Sales in Europe fell sharply, reflecting lackluster market conditions.
- Sales in Asia increased due to robust capital investment among customers in the electrical machinery and automobile sectors.
- Sales in the Japanese market fell in the second half, despite an increase in production among automakers in the first half.



### Sales



### Sales of Non-wristwatch Components

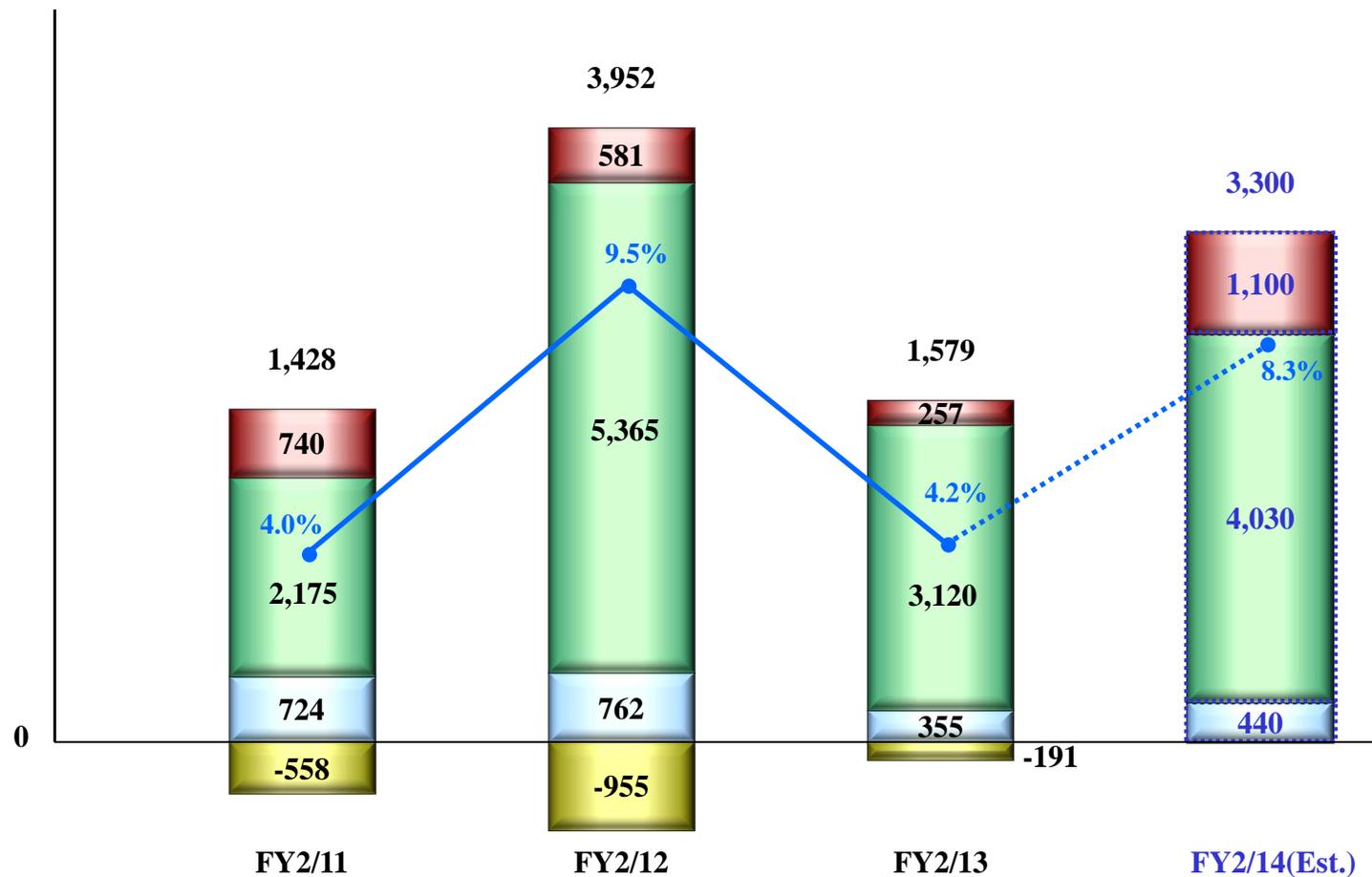


- Sales of wristwatch components fell as wristwatch makers expanded their production cutbacks in the second half.
- Sales of non-wristwatch components declined, because sales of components for overseas car audio equipment fell in the second half, and sales of components for HDD were impacted by production cutbacks.

# Operating Income by Segment



(Millions of Yen)

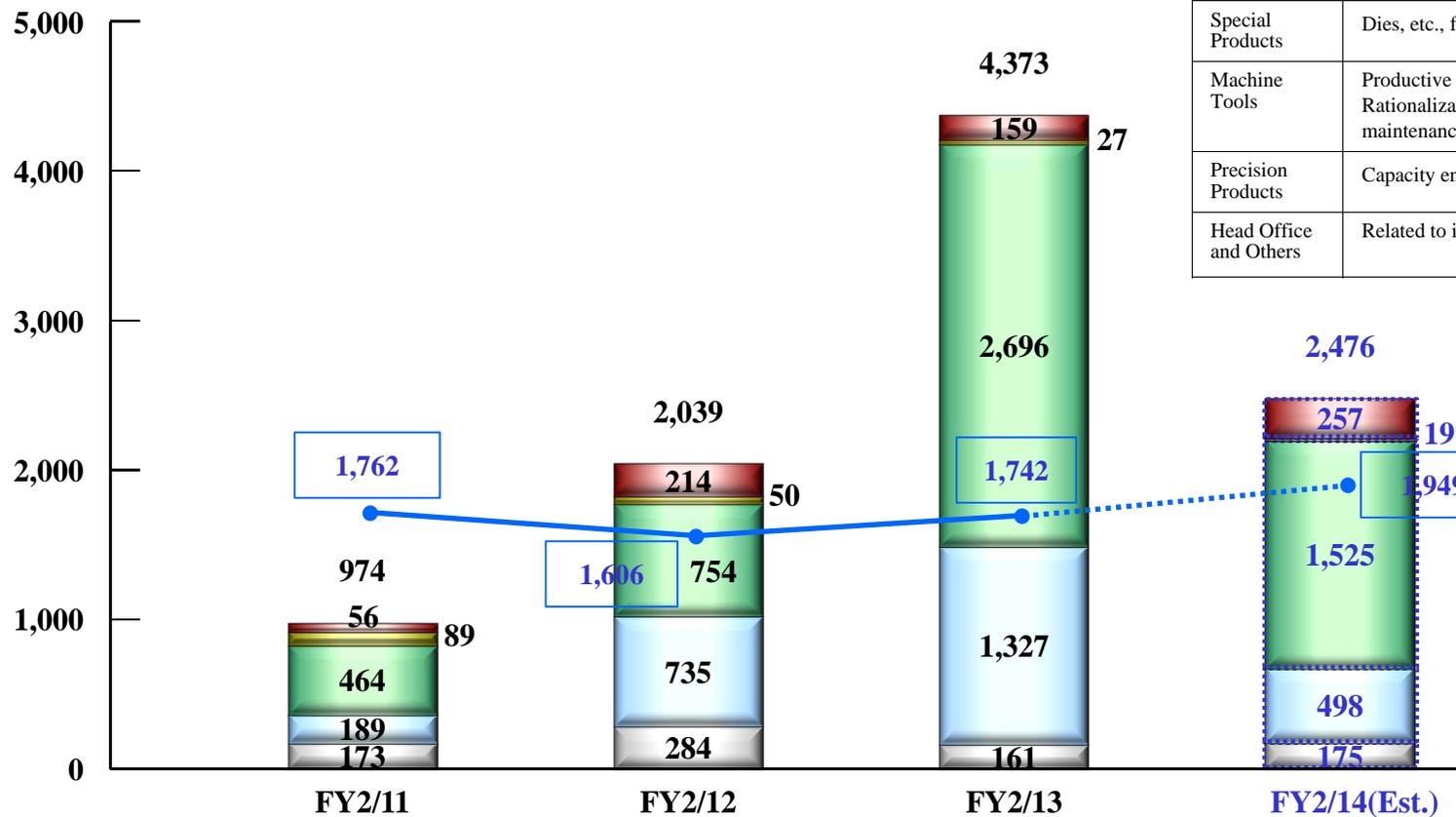


\*Operating income totals exclude eliminations and corporate.

# Capital Investment

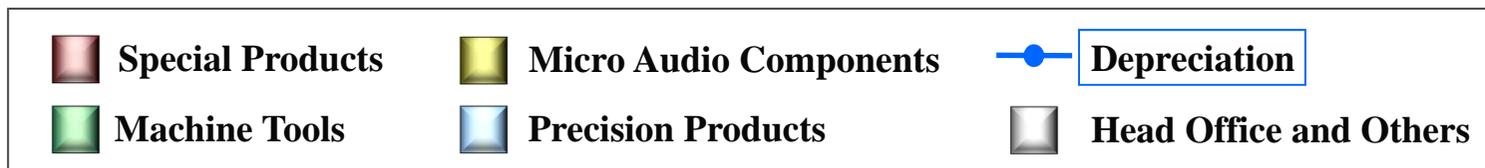


(Millions of Yen)



【Scheduled Main Uses of Capital Investment】

	Breakdown
Special Products	Dies, etc., for new models
Machine Tools	Productive facilities of new Thai plant Rationalization, replacement and maintenance, etc.
Precision Products	Capacity enhancement, etc.
Head Office and Others	Related to information systems, etc.



# Balance Sheets



(Millions of Yen)

		Feb.2011 Actual		Feb.2012 Actual		Feb.2013 Actual		Feb.2014 Forecast	
		Amount	Component percentages	Amount	Component percentages	Amount	Component percentages	Amount	Component percentages
<b>Assets</b>	Cash and deposit	14,769	30%	15,640	30%	13,987	27%	15,100	27%
	Trade notes and accounts receivable	9,288	19%	9,849	19%	9,148	17%	11,300	21%
	Inventories	9,522	19%	11,378	22%	11,398	22%	10,300	19%
	Other current assets	1,256	3%	1,433	3%	1,291	2%	1,300	2%
	Total current assets	34,835	71%	38,302	74%	35,826	68%	38,000	69%
	Property, plant and equipment	10,549	21%	10,289	20%	13,476	26%	14,000	26%
	Other fixed assets	3,866	8%	3,333	6%	3,261	6%	3,000	5%
	Total fixed assets	14,415	29%	13,622	26%	16,737	32%	17,000	31%
	Total assets	49,250	100%	51,924	100%	52,564	100%	55,000	100%
<b>Liabilities</b>	Trade notes and accounts payable	5,862	12%	7,554	14%	5,281	10%	5,200	9%
	Short-term debt	2,000	4%	2,000	4%	2,000	4%	2,000	4%
	Other current liabilities	3,869	8%	4,983	10%	4,269	8%	4,823	9%
	Total current liabilities	11,731	24%	14,538	28%	11,550	22%	12,023	22%
	Total long-term liabilities	422	1%	406	1%	303	1%	300	0%
	Total liabilities	12,154	25%	14,944	29%	11,854	23%	12,323	22%
<b>Net assets</b>	Total net assets	37,096	75%	36,980	71%	40,710	77%	42,677	78%
Total liabilities and net assets		49,250	100%	51,924	100%	52,564	100%	55,000	100%

## Cash Flows

(Millions of Yen)

	Feb.2011 Actual	Feb.2012 Actual	Feb.2013 Actual	Feb.2014 Forecast
Net cash provided by operating activities	3,520	4,466	483	4,900
Net cash used in investing activities	(1,517)	(393)	(1,907)	(2,570)
Free cash flow	2,003	4,073	(1,424)	2,330
Net cash used in financing activities	(1,813)	(2,092)	(1,201)	(1,390)
Cash and cash equivalents at end of year	13,217	14,735	13,198	14,300

※The year-end balance of cash and cash equivalents shown here differs from the cash and cash equivalents shown in the balance sheets, mainly because it does not include time deposits over 3-month period.

## Financial Benchmarks

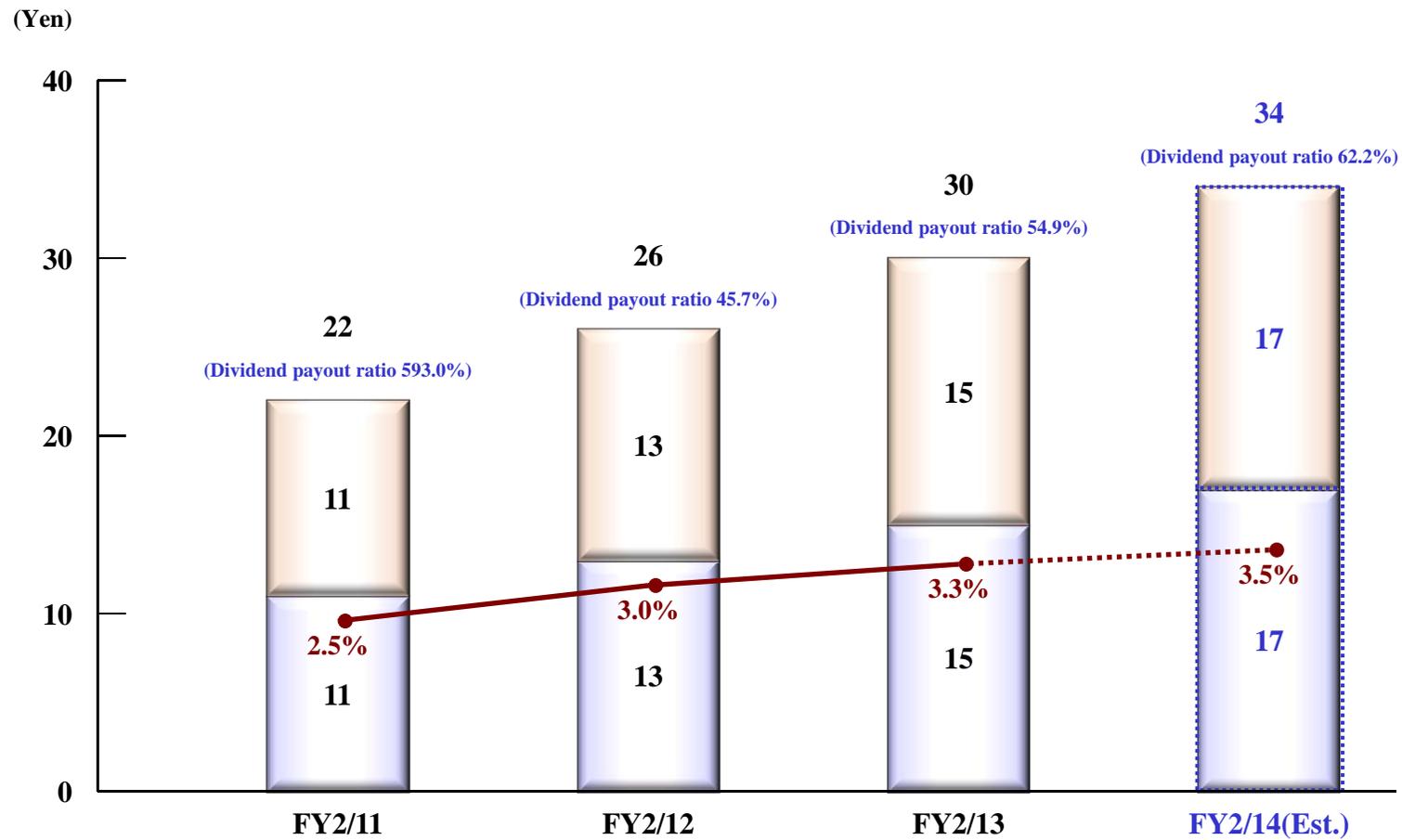
	Feb.2011 Actual	Feb.2012 Actual	Feb.2013 Actual	Feb.2014 Forecast
Total asset turnover	0.7 times	0.8 times	0.7 times	0.7 times
Equity ratio	73.9%	70.2%	76.1%	76.0%
Return on equity(ROE)	0.4%	6.7%	6.0%	5.6%
Return on assets(ROA)	2.4%	8.0%	4.3%	6.5%
Earnings per share(EPS)	¥3.71	¥56.94	¥54.66	¥54.66
Book value per share(BPS)	¥845.31	¥866.94	¥951.14	¥993.53
Dividend on equity (DOE)	2.5%	3.0%	3.3%	3.5%

## Research and Development Costs

(Millions of Yen)

	Feb.2011 Actual	Feb.2012 Actual	Feb.2013 Actual	Feb.2014 Forecast
R&D costs	1,754	1,807	1,894	1,937

# Shareholder Returns



We aim to ensure profitability and raise growth opportunities, and steadily make sustained returns to shareholders, by optimizing the allocation of business resources and by restructuring our businesses.

## Ensure Profitability

- Capture high shares in global niche markets
- Concentrate business resources on highly profitable products and markets
- Create high-value-added products

## Raise Growth Opportunities

- Strengthen our sales organization in emerging markets
- Build an optimal production system by utilizing overseas production bases
- Implement business alliances and M&As to strengthen our core competencies

## Maintain Soundness

- Equity ratio :75% or more
- Ratio of net cash (to total assets) :25% or more
- Enhancement of shareholder returns
  - Dividend payout ratio : 40% or more
  - Dividend on equity : 4.5% or more

# Medium-term Targets



- Net Sales ¥50 billion
- Operating Income ¥7 billion
- Net Income ¥5 billion
- Return on equity(ROE) 10% or more
- Earnings per share(EPS) ¥100 or more
- Shareholder Returns Consolidated dividend payout ratio 40% or more  
Dividend on equity 4.5% or more

(100 Millions of Yen)

	FY2/13 Actual		FY2/14 Plan		FY2/16 Targets	
	Amount		Amount		Amount	
<b>Sales</b>						
Special Products	78		91		110	
Micro Audio Components	32		21		0	
Machine Tools	228		246		340	
Precision Products	39		40		50	
<b>Total</b>	378		400		500	
		(Income Ratio)		(Income Ratio)		(Income Ratio)
Operating Income	15	4.2%	33	8.3 %	70	14.0 %
Ordinary Income	22	6.0%	35	8.8 %	70	14.0 %
Net Income	22	6.1%	23	5.8 %	50	10.0 %

Return on equity(ROE)	6.0%	5.6%	10.9%
Earnings per share(EPS)	¥54.66	¥54.66	¥119
Cash Dividends Applicable to the Year	¥30	¥34	¥48

# Performance Indicators (10-Year Data)



	Net Sales (Millions of Yen)	Operating Income (Millions of Yen)	Income Ratio(%)	Ordinary Income (Millions of Yen)	Income Ratio(%)	Net Income (Millions of Yen)	Income Ratio(%)	EPS (Yen)	ROE (%)	DOE (%)	Dividends Per Share (Yen)
FY2/04	43,331	3,549	8.2	3,593	8.3	2,425	5.6	44.12	5.4	1.3	11.0
FY2/05	49,689	6,343	12.8	6,357	12.8	3,775	7.6	70.13	8.2	1.7	15.0
FY2/06	54,788	8,108	14.8	8,386	15.3	5,151	9.4	95.60	10.1	2.2	21.0
FY2/07	62,670	10,444	16.7	10,862	17.3	7,012	11.2	131.09	12.2	3.0	32.0
FY2/08	73,883	14,651	19.8	15,170	20.5	8,080	10.9	150.74	12.8	4.7	56.0
FY2/09	56,952	8,544	15.0	8,923	15.7	4,338	7.6	85.66	7.3	3.8	45.0
FY2/10	29,180	(3,984)	-	(3,884)	-	(8,555)	-	(187.95)	-	2.2	22.0
FY2/11	35,717	1,428	4.0	1,194	3.3	161	0.5	3.71	0.4	2.5	22.0
FY2/12	41,654	3,952	9.5	4,025	9.7	2,426	5.8	56.94	6.7	3.0	26.0
FY2/13	37,858	1,579	4.2	2,254	6.0	2,299	6.1	54.66	6.0	3.3	30.0
FY2/14(Est.)	40,000	3,300	8.3	3,500	8.8	2,300	5.8	54.66	5.6	3.5	34.0

## Special Products

### POS Printers Card Reader/Writers



POS Printer  
TSP100ECO



Card Reader/Writer  
TCP300 II

### CNC Automatic Lathes, etc.

## Machine Tools



Swiss Type Automatic Lathe  
ST-38



Turning Center  
SF-25

## Micro Audio Components

### Micro Audio Components



Speaker SAC-30A



Magnetic Sounder  
TMX-12F

### Wristwatch, Automotive, Air Conditioning, HDD and Medical Equipment Components

## Precision Products



Wristwatch  
Components



HDD and Other Digital  
Equipment Components