

Financial Results for Fiscal 2015, the Year Ended February 28, 2015

STAR MICRONICS CO., LTD.

<http://www.star-m.jp>

Code 7718

April 9, 2015

* 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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Sales increased year on year, and earnings substantially increased year on year.

■ Net Sales	: ¥50.95 billion	17.2% up	YoY
■ Operating Income	: ¥5.47 billion	110.1% up	YoY
■ Ordinary Income	: ¥6.15 billion	91.1% up	YoY
■ Net Income	: ¥4.69 billion	310.7% up	YoY

✓ **Due also to the yen weakening, sales increased across all business segments, centered on machine tools.**

✓ **Substantially higher earnings on sales growth year on year.**

Financial Data



(Millions of Yen)

	FY2/14Actual			FY2/15Actual			FY2/16 Forecast						
	Full-Year			Full-Year			1st Half		2nd Half		Full-Year		
	Amount	Income Ratio (%)	2013/2014 Change (%)	Amount	Income Ratio (%)	2014/2015 Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	2015/2016 Change (%)
Sales													
Special Products	9,455		21.1	11,555		22.2	5,900		7,000		12,900		11.6
Machine Tools	26,969		17.8	34,578		28.2	17,400		18,400		35,800		3.5
Precision Products	3,891		(0.8)	4,824		24.0	2,500		2,600		5,100		5.7
Cloud Services	-		-	-		-	-		-		-		-
Micro Audio Components	3,166		(2.1)	-		-	-		-		-		-
Total	43,481		14.9	50,957		17.2	25,800		28,000		53,800		5.6
Operating Income													
Special Products	975	10.3	279.0	1,739	15.1	78.2	720	12.2	1,380	19.7	2,100	16.3	20.7
Machine Tools	3,597	13.3	15.3	5,398	15.6	50.1	2,600	14.9	3,040	16.5	5,640	15.8	4.5
Precision Products	140	3.6	(60.6)	692	14.4	394.2	400	16.0	380	14.6	780	15.3	12.6
Cloud Services	-	-	-	-	-	-	(90)	-	(160)	-	(250)	-	-
Micro Audio Components	143	4.5	-	-	-	-	-	-	-	-	-	-	-
Eliminations or Corporate	(2,250)			(2,354)			(1,030)		(1,140)		(2,170)		
Total	2,606	6.0	65.0	5,476	10.7	110.1	2,600	10.1	3,500	12.5	6,100	11.3	11.4
Ordinary Income	3,219	7.4	42.8	6,150	12.1	91.1	2,700	10.5	3,600	12.9	6,300	11.7	2.4
Net Income	1,143	2.6	(50.3)	4,695	9.2	310.7	2,200	8.5	2,700	9.6	4,900	9.1	4.4

ROE (%)	2.7	9.8	9.7
Cash Dividends Applicable to the Year	¥34	¥44	¥46
DOE (%)	3.4	3.9	3.9

※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(%)

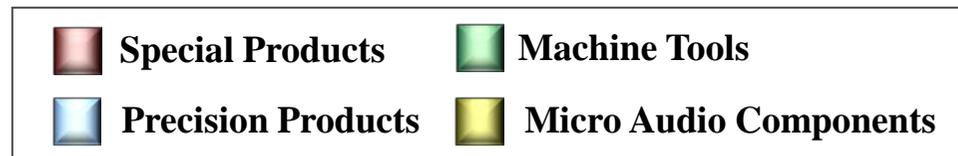
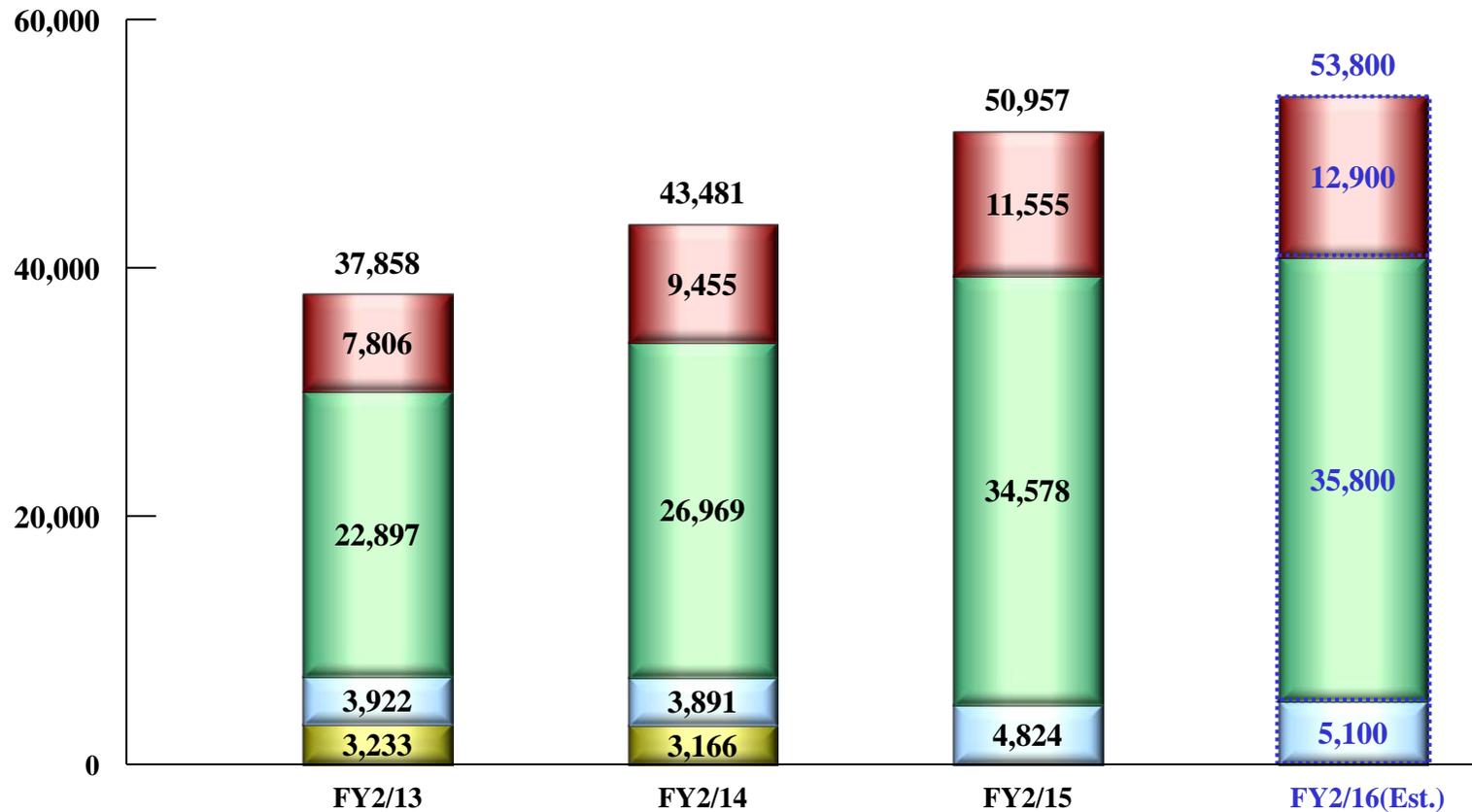
Exchange Rate				Full-Year Assumption	Foreign Exchange Sensitivity
		US\$	EUR		
	US\$	¥ 97.65	¥105.86	¥115.00	¥18 million
	EUR	¥129.69	¥140.43	¥130.00	¥38 million
	GBP	¥152.71	¥174.21	¥175.00	¥8 million
	CHF	¥105.36	¥115.62	¥123.00	¥32 million

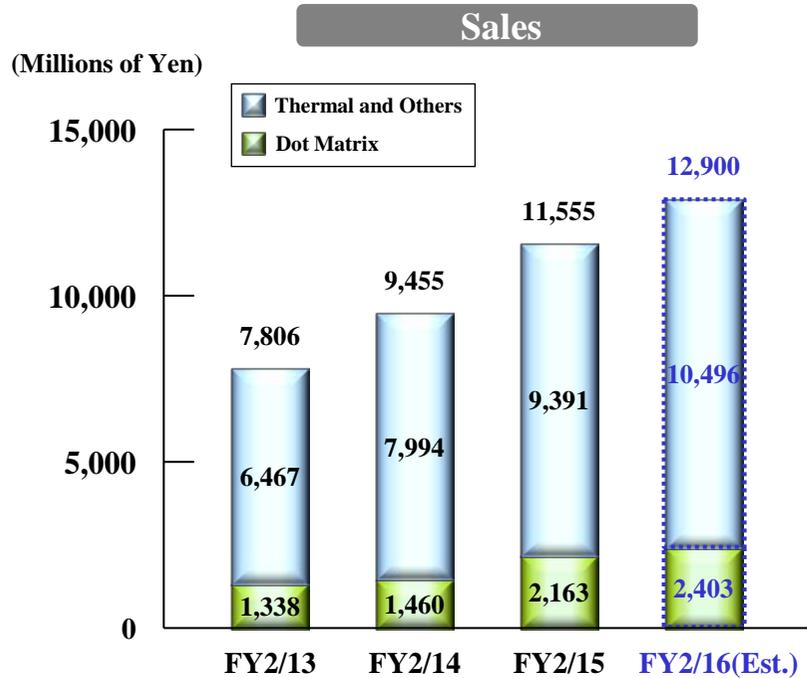
Foreign Exchange Sensitivity: Sensitivity of operating income to a ¥1 change in foreign exchange rates.

Sales by Segment



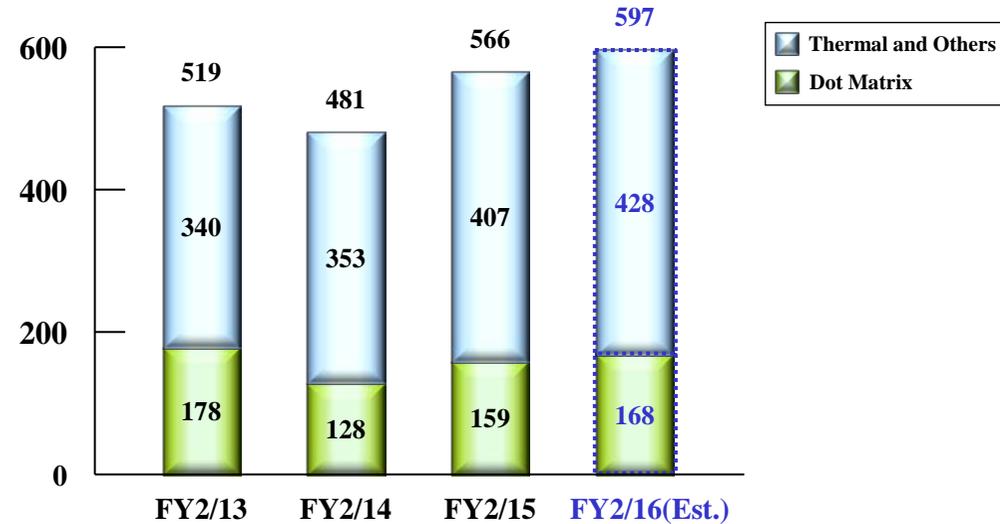
(Millions of Yen)





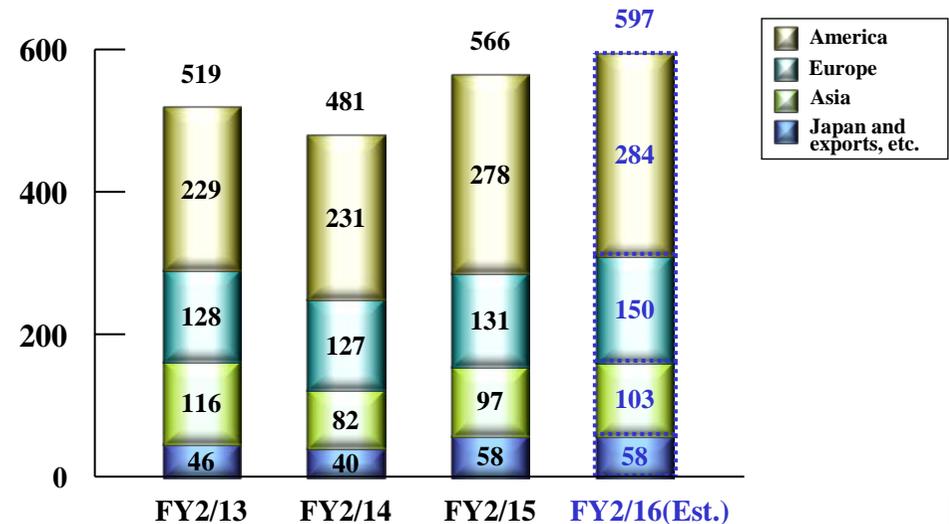
Sales Volume by POS Printers Type

(Thousand Units)

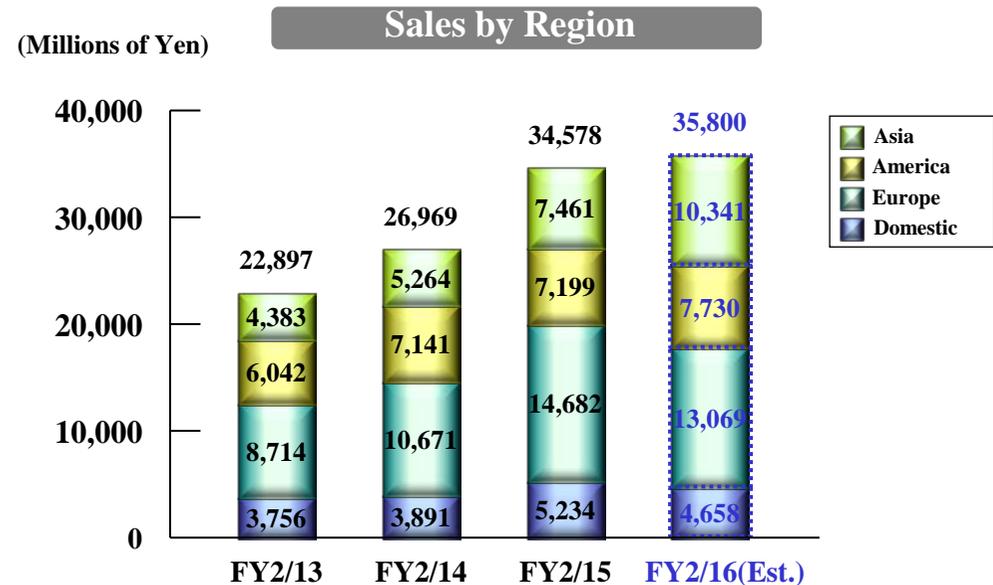
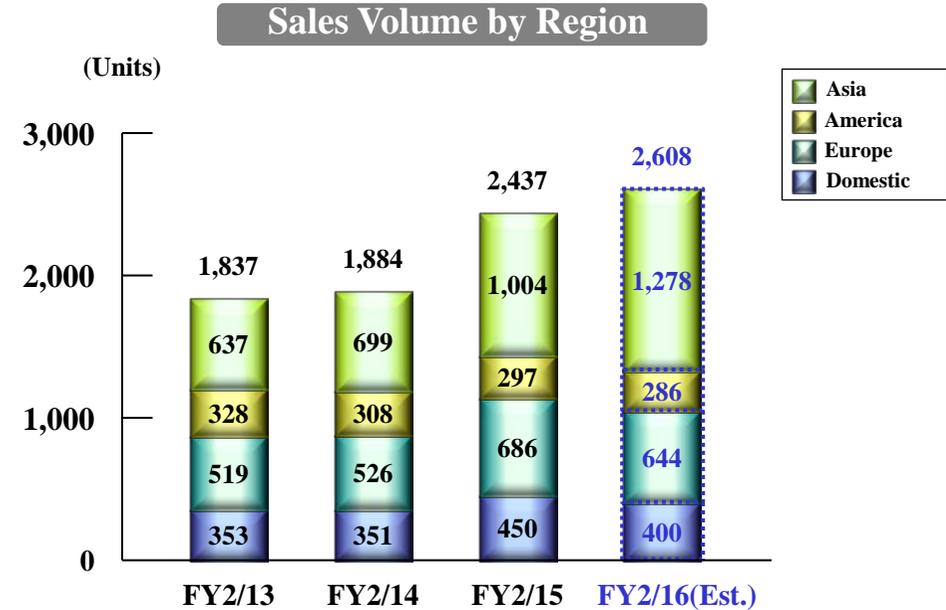
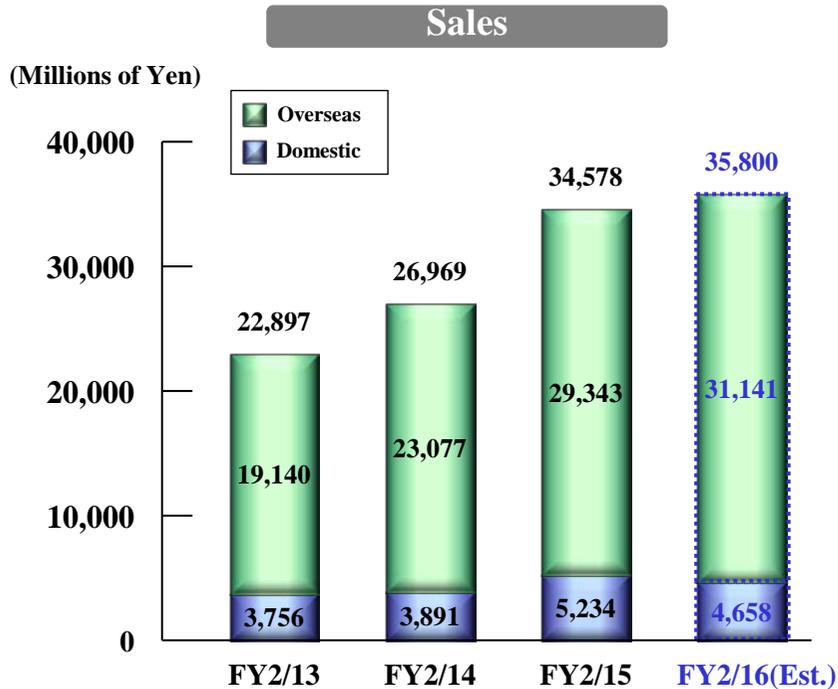


Sales Volume by Region

(Thousand Units)



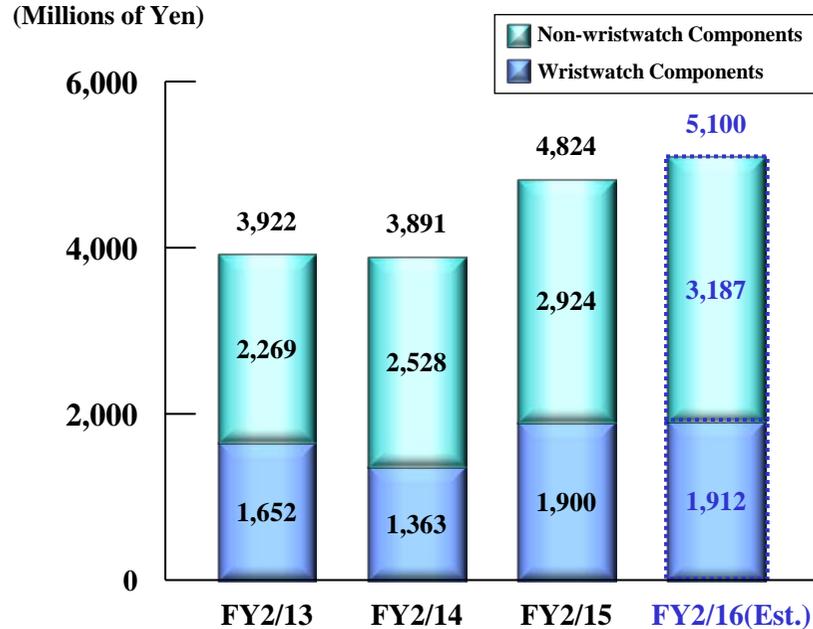
- In the U.S. and Japanese markets, sales centered on applications for payment systems using smartphones and tablets (mobile POS system) were strong. Sales also grew in the European market alongside the gradual economic recovery.
- Sales increased in the Asian market, with sales of dot-matrix printers increased in China .



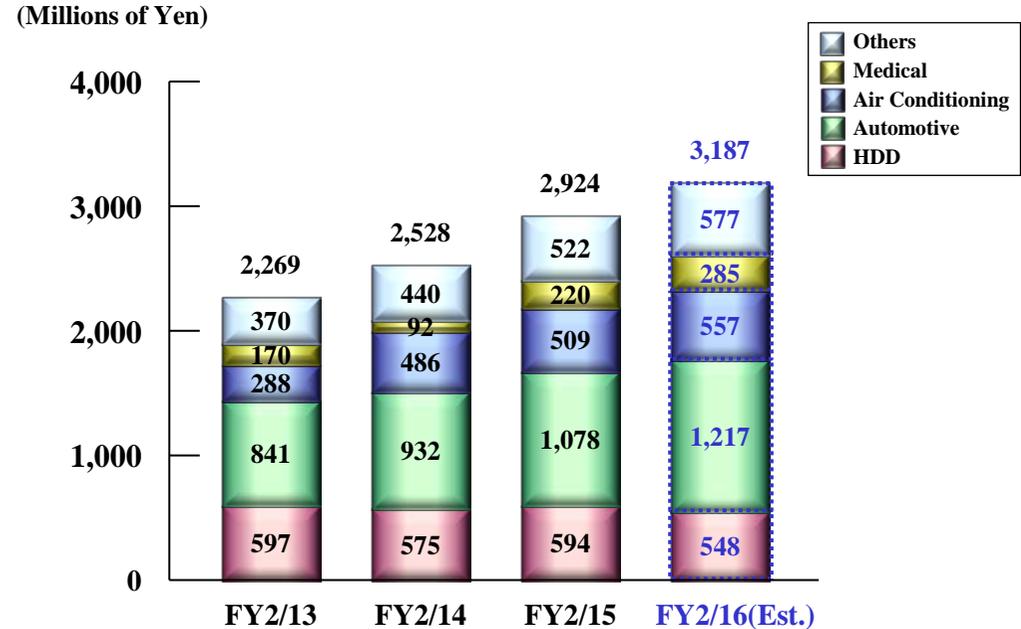
- Sales in the European market increased sharply, reflecting solid sales amid a continuing recovery in orders, mainly in the automotive-related sector.
- Sales in the U.S. market were at the same level year on year, primarily due to a lagging recovery in sales in the mainstay medical equipment-related sector.
- Sales increased substantially in the Asian market, with strong sales in the automobile-, communications-, and medical equipment-related sectors in mainly East Asia.
- Sales increased significantly in the Japanese market, reflecting strong sales primarily in the automotive-related sector.



Sales



Sales of Non-wristwatch Components

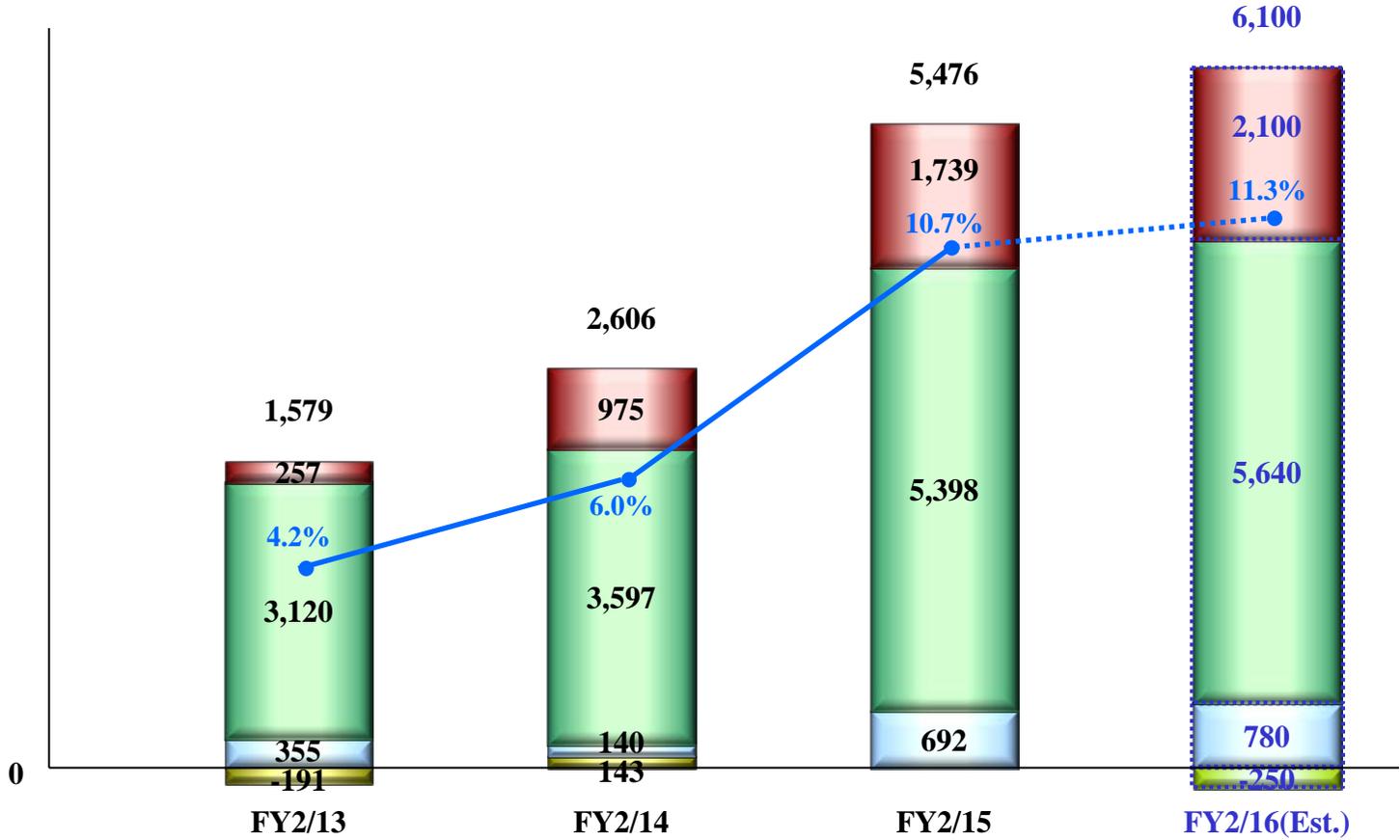


- Sales of wristwatch components increased markedly due to strong sales to wristwatch makers.
- In non-wristwatch components, overseas sales were brisk for automotive-related components, for medical equipment-related components. Consequently overall sales in non-wristwatch components increased year on year.

Operating Income by Segment



(Millions of Yen)



*Operating income totals exclude eliminations and corporate.

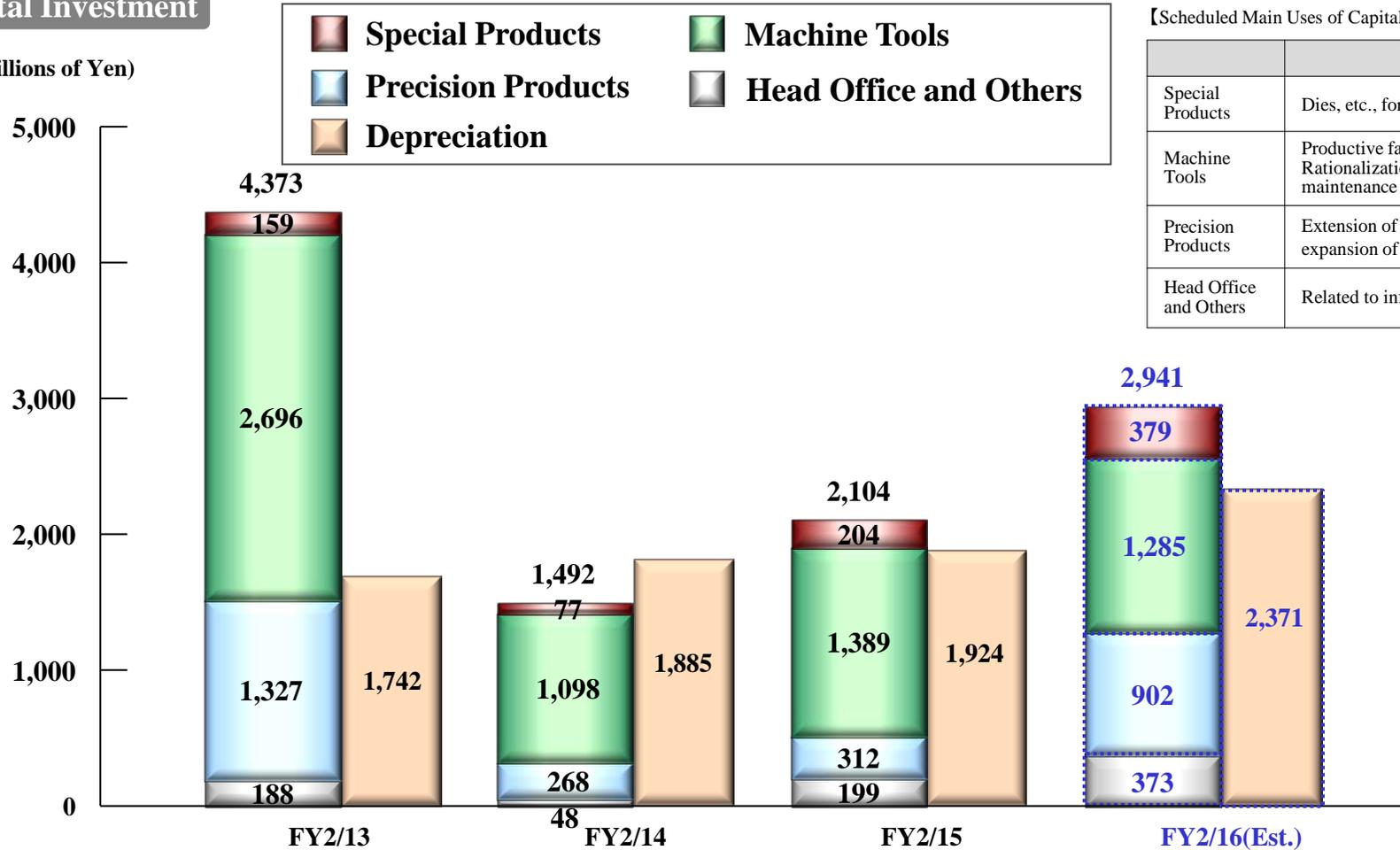


Capital Investment / R&D Costs



Capital Investment

(Millions of Yen)



【Scheduled Main Uses of Capital Investment】

	Breakdown
Special Products	Dies, etc., for new models
Machine Tools	Productive facilities for Rationalization , replacement and maintenance , etc.
Precision Products	Extension of domestic factory and expansion of production facilities, etc.
Head Office and Others	Related to information systems, etc.

R&D Costs

(Millions of Yen)

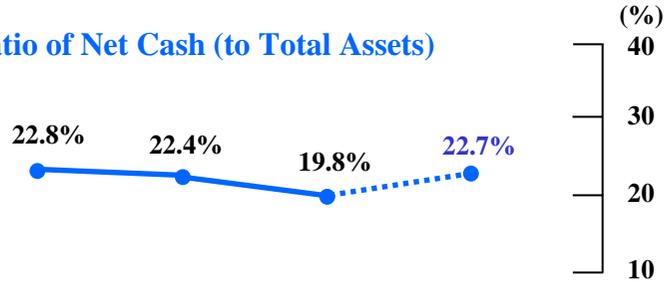
	FY2/13	FY2/14	FY2/15	FY2/16(Est.)
R&D costs	1,894	1,946	1,947	1,961

Balance Sheets

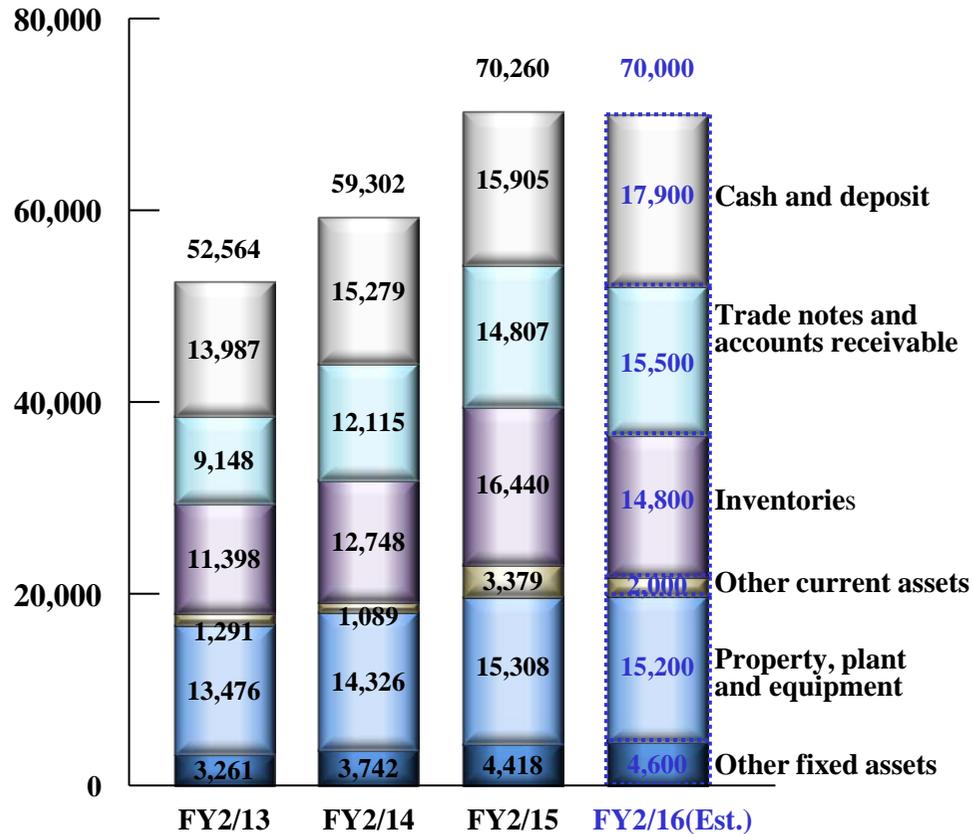


Assets

Ratio of Net Cash (to Total Assets)

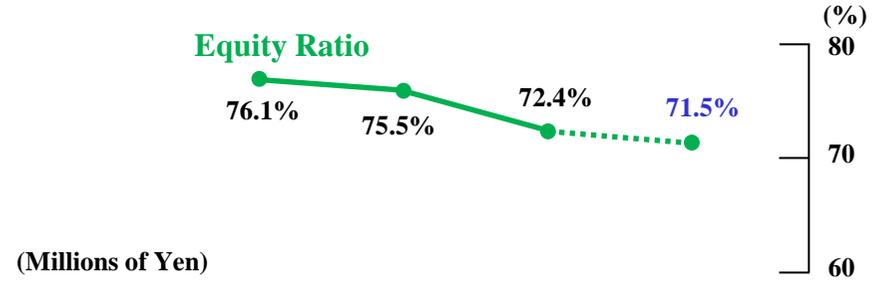


(Millions of Yen)

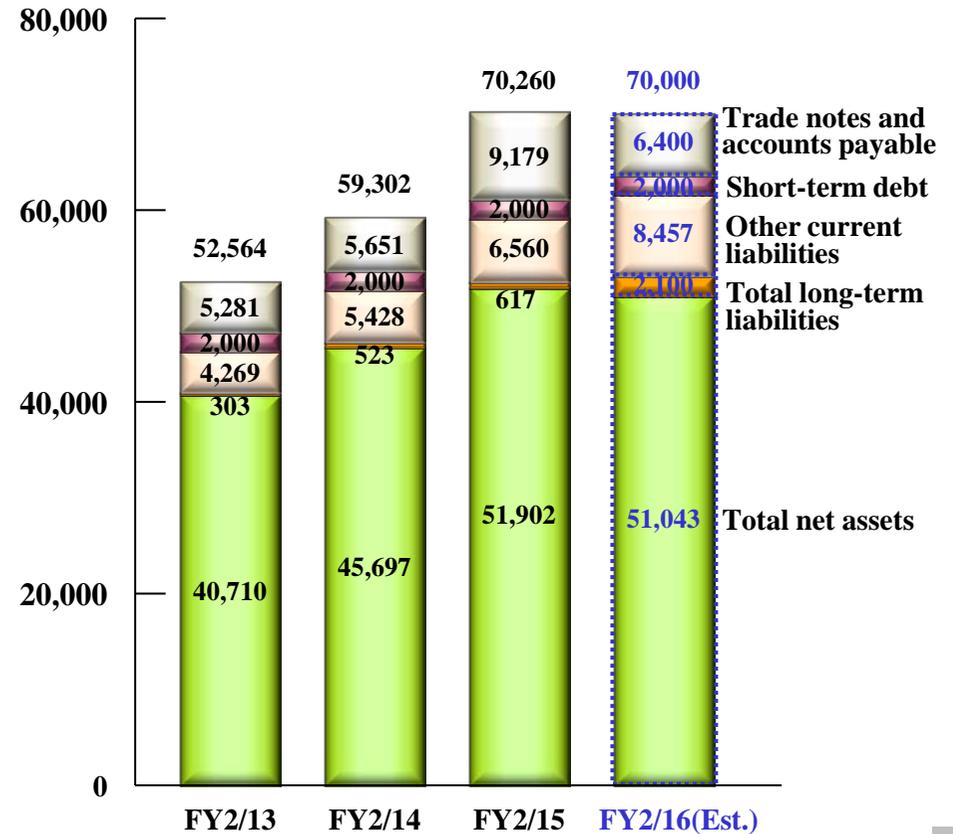


Liabilities/Net assets

Equity Ratio

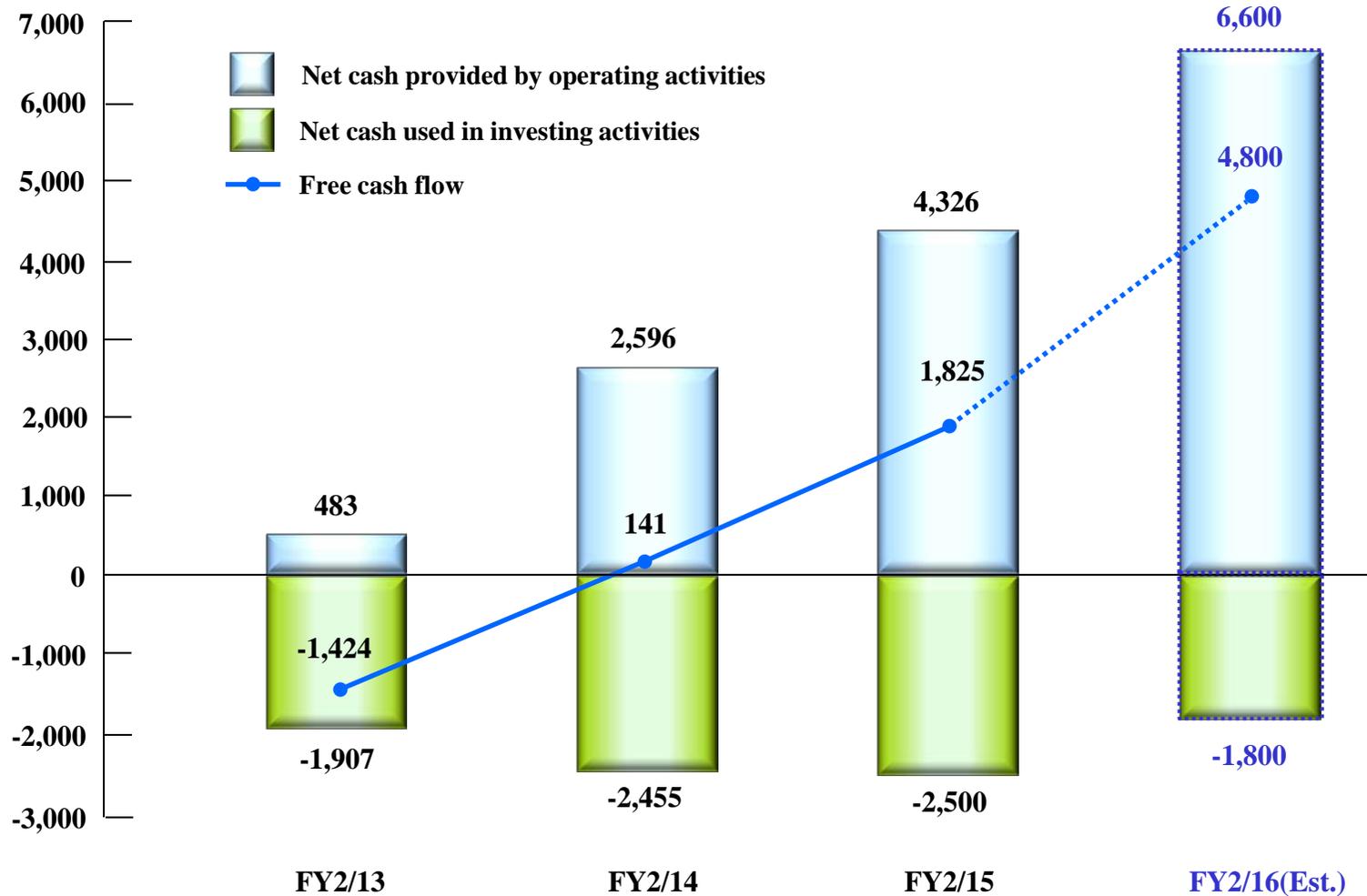


(Millions of Yen)

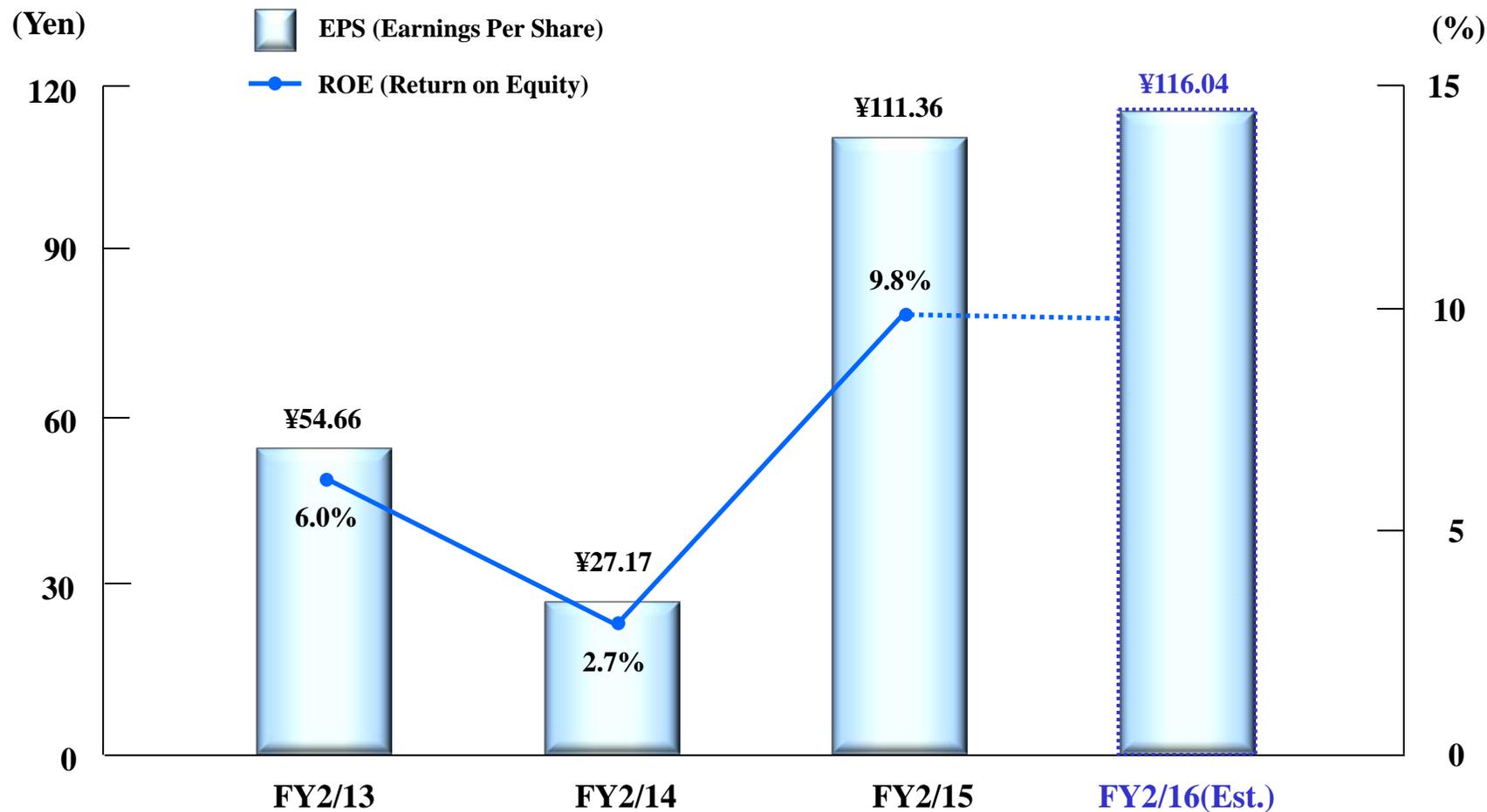


Cash Flows

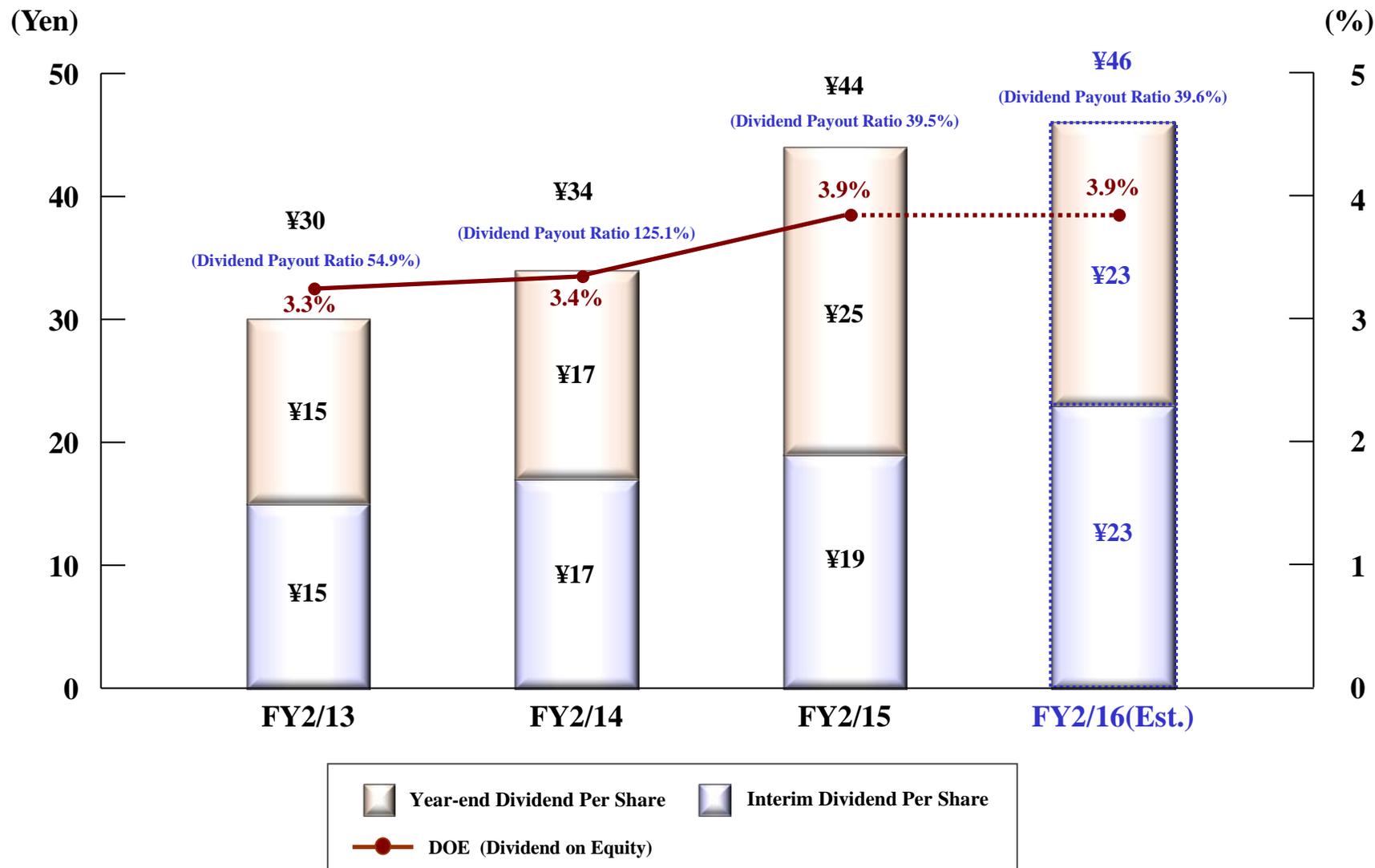
(Millions of Yen)



Key Financial Indicators



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 : 70 - 75%
- Ratio of net cash (to total assets) : 20 - 25%
- Enhancement of shareholder returns
 - Dividend payout ratio : 40% or more
 - Dividend on equity : 4.5% or more

Medium-term Targets



- Net Sales ¥60.0 billion ■ ROE (Return on Equity) 11% or more
- Operating Income ¥8.0 billion ■ EPS (Earnings Per Share) ¥140 or more
- Net Income ¥6.0 billion ■ Shareholder Returns Consolidated Dividend Payout Ratio 40% or more
DOE (Dividend on Equity) 4.5% or more

(100 Millions of Yen)

	FY2/15 Actual		FY2/16 Plan		FY2/18 Targets	
	Amount	Income Ratio	Amount	Income Ratio	Amount	Income Ratio
Sales						
Special Products	115		129		150	
Machine Tools	345		358		385	
Precision Products	48		51		55	
Cloud Services	—		—		10	
Total	509		538		600	
Operating Income	54	10.7%	61	11.3%	80	13.3%
Ordinary Income	61	12.1%	63	11.7%	80	13.3%
Net Income	46	9.2%	49	9.1%	60	10.0%

ROE	9.8%	9.7%	11.0%
EPS	¥111.36	¥116.04	¥142.09
Cash Dividends Applicable to the Year	¥44	¥46	¥60
DOE	3.9%	3.9%	4.5%

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)
FY2/06	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	43,481	2,606	6.0	3,219	7.4	1,143	2.6	27.17	2.7	3.4	34.0
FY2/15	50,957	5,476	10.7	6,150	12.1	4,695	9.2	111.36	9.8	3.9	44.0
FY2/16(Est.)	53,800	6,100	11.3	6,300	11.7	4,900	9.1	116.04	9.7	3.9	46.0

Special Products

POS Printer
TSP100ECO



Mobile Printer
SM-S210i



Card Reader/Writer
TCP300 II

Machine Tools



CNC Swiss Type Automatic Lathe
SV-38R



CNC Swiss Type Automatic Lathe
ST-20



CNC Swiss Type Automatic Lathe
SW-12RII

Precision Products

Wristwatch Components



Non-Wristwatch Components

(Automotive, Air Conditioning, HDD and Medical Components)



(Automotive Components)