

# Financial Results for the Fiscal Year 2018 Third Quarter

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STAR MICRONICS CO., LTD.

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

Code 7718

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\* 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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## Year-on-year sales and profits increased substantially

■ Net Sales	¥43.41 billion	23.6% up YoY
■ Operating Income	¥4.09 billion	54.2% up YoY
■ Ordinary Income	¥4.68 billion	90.2% up YoY
■ Net Income Attributable to Owners of Parent	¥3.13 billion	44.8% up YoY

- ✓ **Sales and profits rose sharply, supported by strong sales of machine tools.**
- ✓ **Star Micronics raised full-year forecasts again and made the decision to implement an additional share buyback.**
- ✓ **The cloud services business was overhauled (subsidiary dissolved).**

# Financial Data



(Millions of Yen)

	Third Quarter					Full-Year					
	3Q for FY2/17 Actual		3Q for FY2/18 Actual			FY2/17 Actual		FY2/18 Forecast (Revised)			
	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	YoY Change (%)	
<b>Net Sales</b>	Special Products	8,467		8,911		5.2	11,081		12,200		10.1
	Machine Tools	23,441		31,402		34.0	33,629		43,180		28.4
	Precision Products	3,224		3,098		(3.9)	4,226		4,120		(2.5)
	Cloud Services*	-		-		-	-		-		-
	<b>Total</b>	35,134		43,412		23.6	48,937		59,500		21.6
<b>Operating Income</b>	Special Products	1,478	17.5	1,272	14.3	(13.9)	1,703	15.4	1,740	14.3	2.2
	Machine Tools	2,909	12.4	4,832	15.4	66.1	4,372	13.0	6,840	15.8	56.4
	Precision Products	254	7.9	252	8.1	(0.9)	284	6.7	260	6.3	(8.7)
	Cloud Services*	(266)	-	(195)	-	-	(357)	-	(220)	-	-
	Eliminations or Corporate	(1,722)		(2,071)		-	(2,396)		(2,720)		-
	<b>Total</b>	2,652	7.6	4,090	9.4	54.2	3,606	7.4	5,900	9.9	63.6
<b>Ordinary Income</b>		2,464	7.0	4,687	10.8	90.2	3,583	7.3	6,500	10.9	81.4
<b>Net Income Attributable to Owners of Parent</b>		2,163	6.2	3,133	7.2	44.8	3,181	6.5	4,600	7.7	44.6

\*Cloud Services is included in Special Products in consolidated earning report and disclosure information.

Exchange Rate		Assumed Exchange Rate			
		US \$	EUR	GBP	CHF
	US \$	¥108.71	¥111.93	¥108.87	¥112.11
	EUR	¥121.21	¥124.55	¥120.36	¥126.59
	GBP	¥151.76	¥142.68	¥147.79	¥144.41
	CHF	¥110.82	¥113.77	¥110.41	¥113.89

# Financial Data



(Millions of Yen)

		FY2/17 Actual								FY2/18 Actual								Y o Y	
		1Q		2Q		3Q		1Q~3Q Total		1Q		2Q		3Q		1Q~3Q Total		1Q~3Q Total	
		Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Income Ratio (%)	Amount	Change (%)
<b>Net Sales</b>	Special Products	2,770		2,842		2,854		8,467		2,953		2,922		3,035		8,911		443	5.2
	Machine Tools	7,207		7,979		8,255		23,441		9,494		10,638		11,269		31,402		7,960	34.0
	Precision Products	1,058		1,121		1,044		3,224		1,027		1,069		1,001		3,098		(126)	(3.9)
	Cloud Services*	-		-		-		-		-		-		-		-		-	-
	<b>Total</b>	11,036		11,943		12,154		35,134		13,475		14,630		15,306		43,412		8,278	23.6
<b>Operating Income</b>	Special Products	473	17.1	472	16.6	532	18.6	1,478	17.5	465	15.8	318	10.9	488	16.1	1,272	14.3	(205)	(13.9)
	Machine Tools	926	12.9	1,069	13.4	912	11.1	2,909	12.4	1,293	13.6	1,557	14.6	1,980	17.6	4,832	15.4	1,922	66.1
	Precision Products	77	7.3	85	7.6	91	8.7	254	7.9	87	8.5	76	7.2	88	8.8	252	8.1	(2)	(0.9)
	Cloud Services*	(84)	-	(59)	-	(122)	-	(266)	-	(70)	-	(73)	-	(51)	-	(195)	-	71	-
	Eliminations or Corporate	(590)		(563)		(568)		(1,722)		(673)		(690)		(707)		(2,071)		(348)	-
	<b>Total</b>	802	7.3	1,003	8.4	846	7.0	2,652	7.6	1,102	8.2	1,189	8.1	1,798	11.8	4,090	9.4	1,437	54.2
<b>Ordinary Income</b>		751	6.8	731	6.1	980	8.1	2,464	7.0	1,160	8.6	1,449	9.9	2,077	13.6	4,687	10.8	2,223	90.2
<b>Net Income Attributable to Owners of Parent</b>		653	5.9	407	3.4	1,103	9.1	2,163	6.2	837	6.2	842	5.8	1,453	9.5	3,133	7.2	969	44.8

\* Cloud Services is included in Special Products in consolidated earning report and disclosure information.

# Quarterly Information (Net Sales and Operating Income)



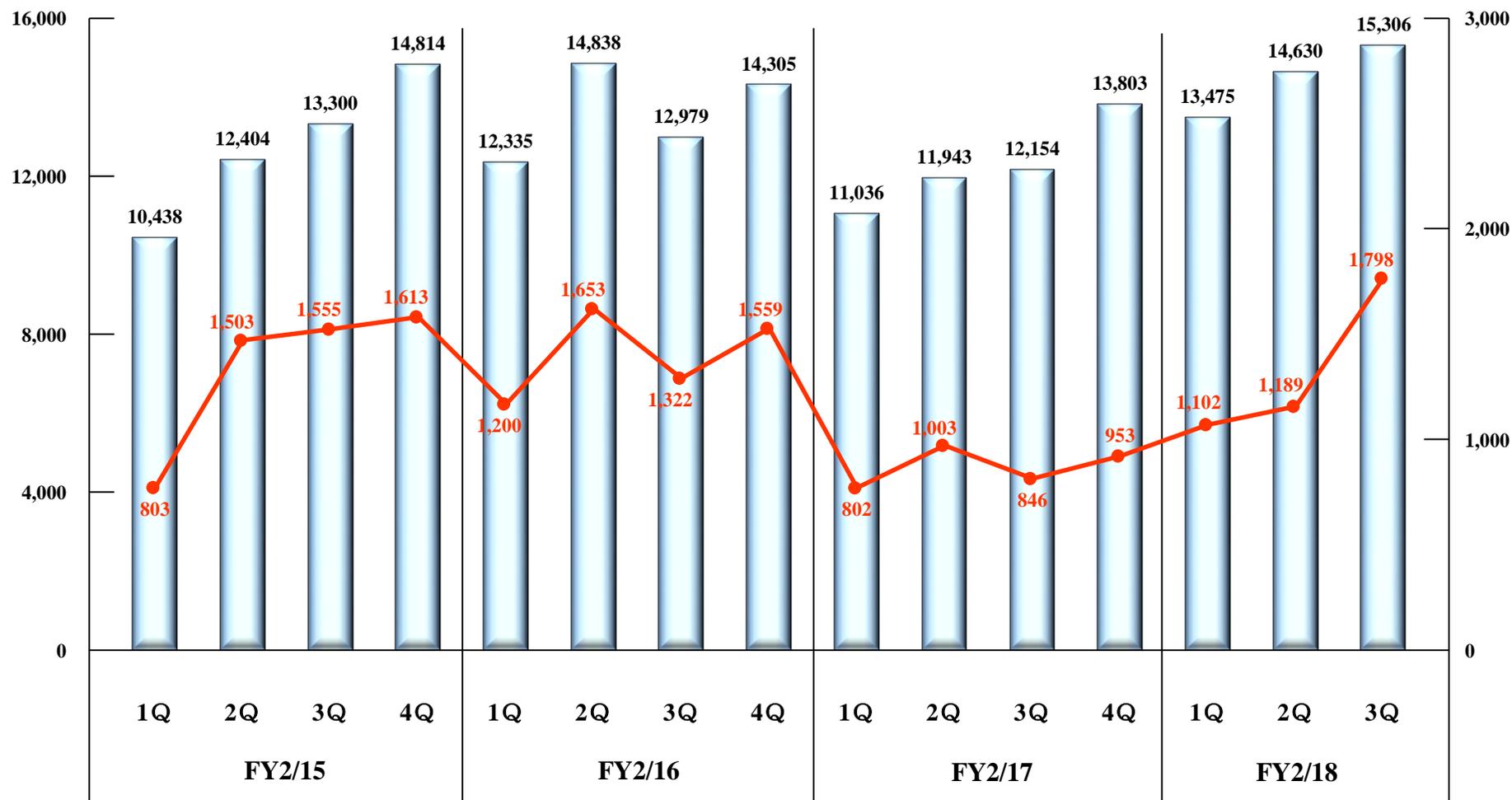
## Net Sales

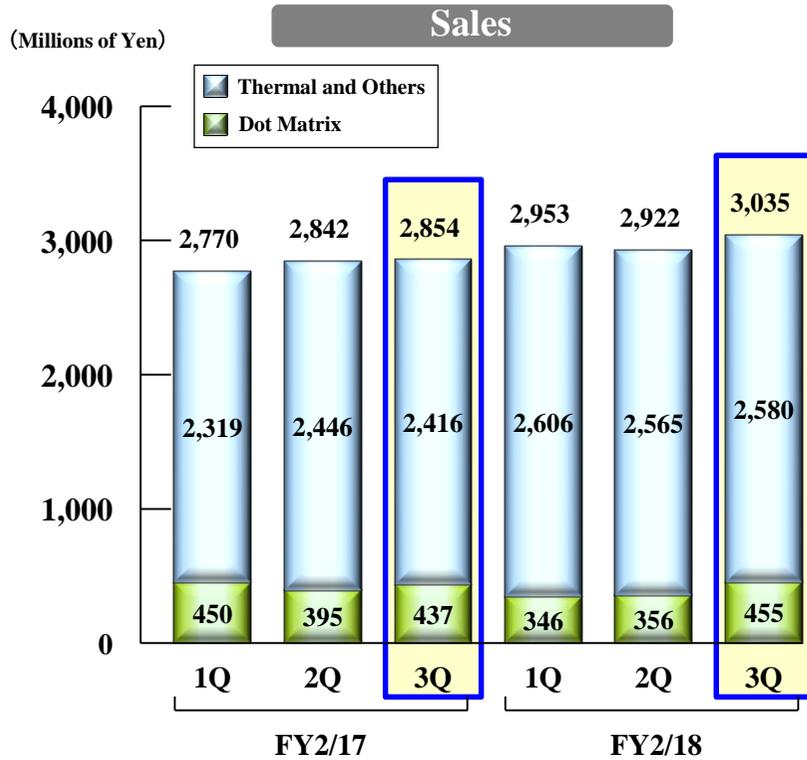
(Millions of Yen)

Net Sales Operating Income

## Operating Income

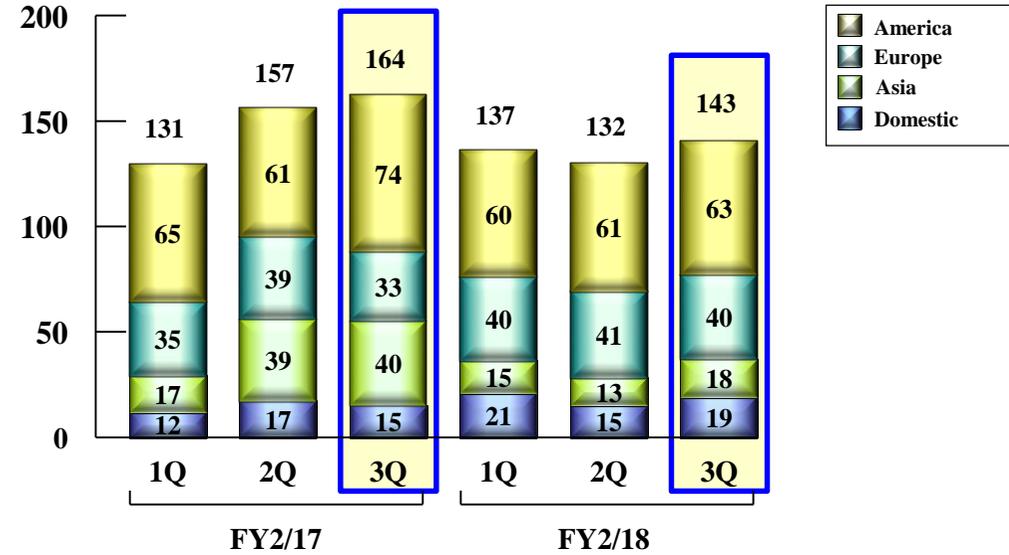
(Millions of Yen)





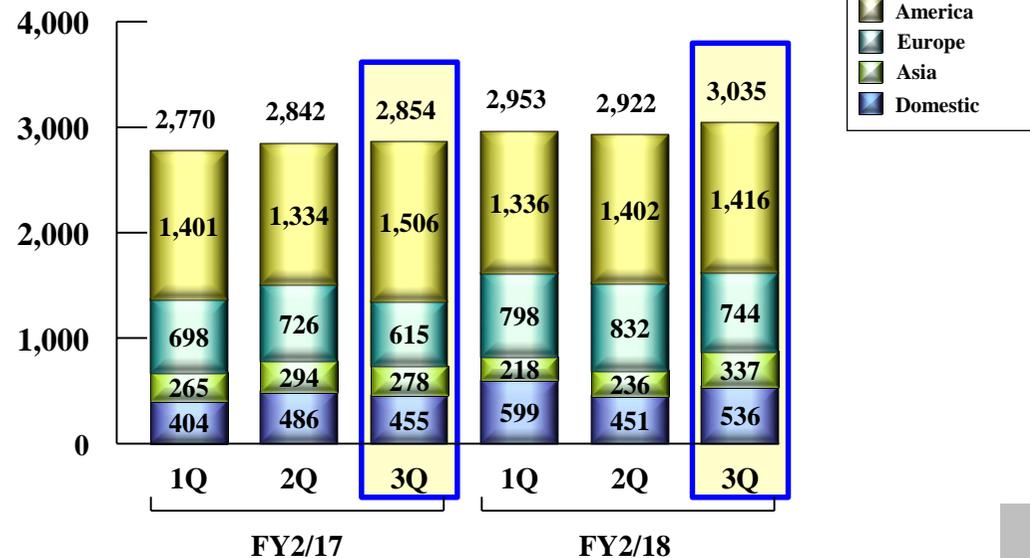
### Sales Volume by Region

(Thousand Units)



### Sales by Region

(Millions of Yen)

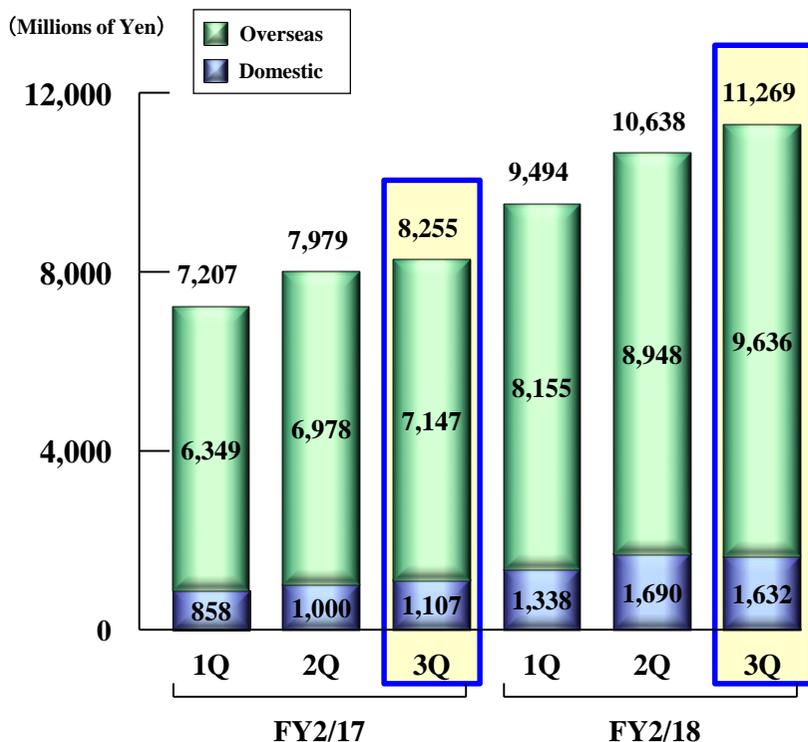


- Sales in the U.S. market decreased due to the impact of temporary inventory adjustments by sales agents.
- Sales in the European market increased due to recovery trend in market conditions mainly in developed countries.
- Sales in the Asian market declined due to sluggish sales of dot impact printers in China.
- Sales in Japanese market increased on the back of robust mPOS-related sales.

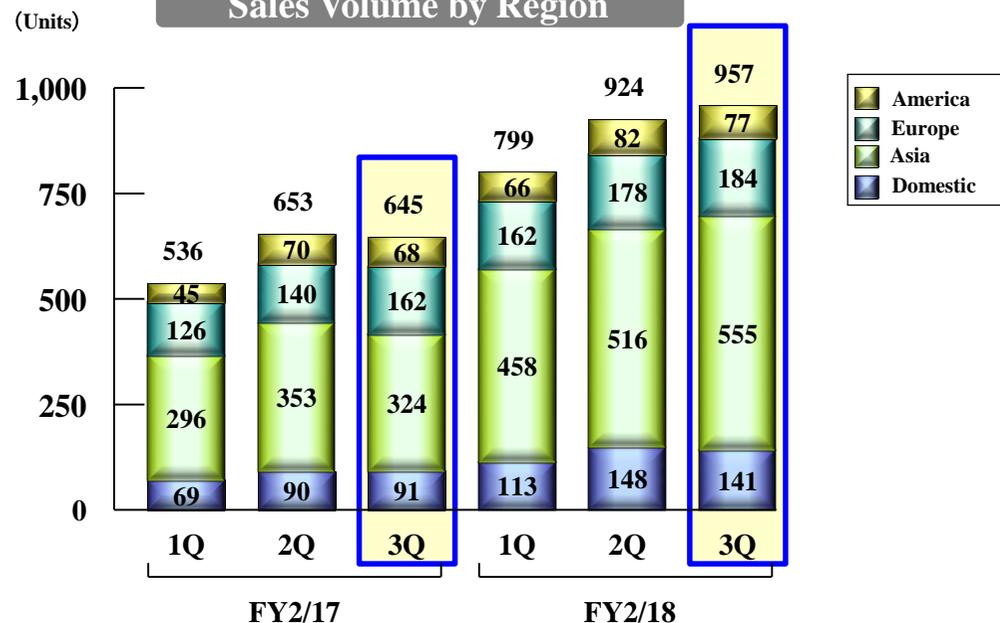
※The above comments relate to the first three quarters of fiscal 2018



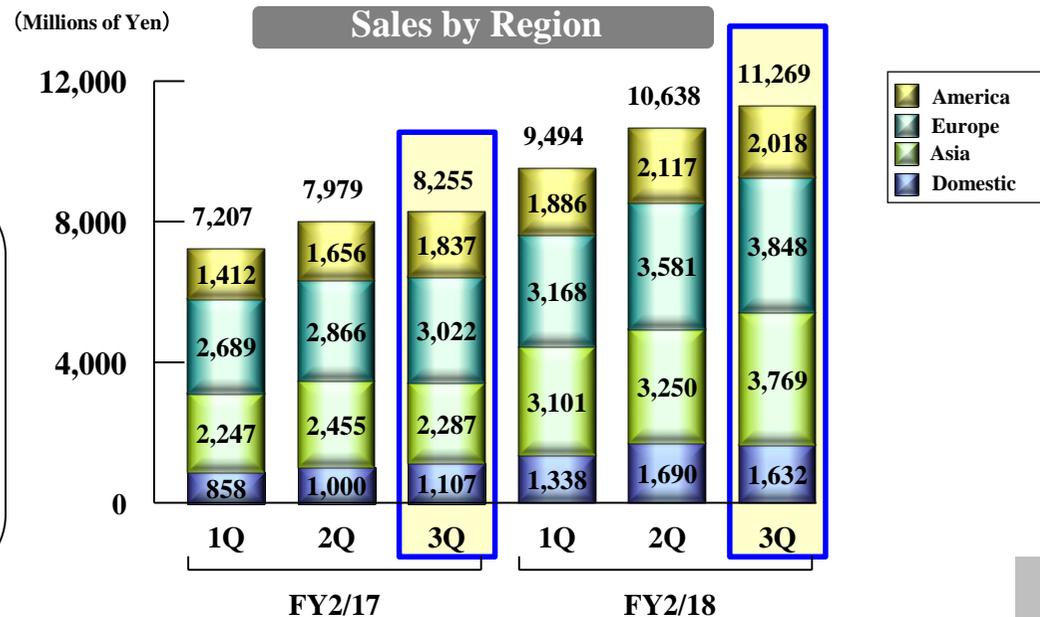
## Sales



## Sales Volume by Region



## Sales by Region

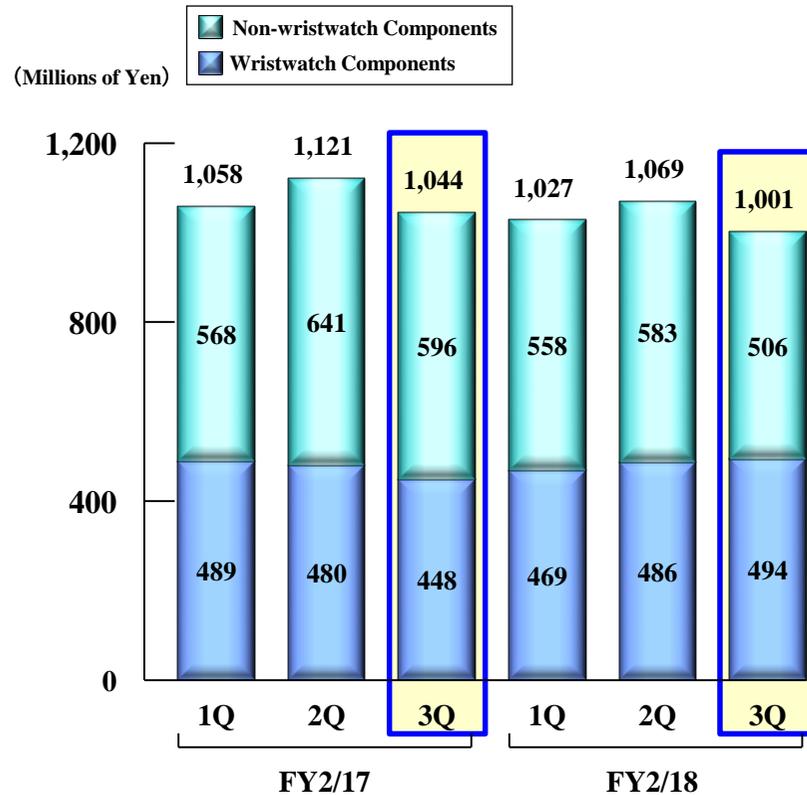


- Sales in the U.S. market increased substantially mainly in the medical equipment-related sector.
- Sales grew substantially in the European market. This growth largely reflected sustained capital investment mainly in automotive-related sectors.
- In the Asian market, sales of lathes were strong in the automotive, communication and medical equipment-related sectors, centered on China
- Sales were healthy in the automotive sector in Japan, supporting a steep rise in overall sales of CNC automatic lathes.

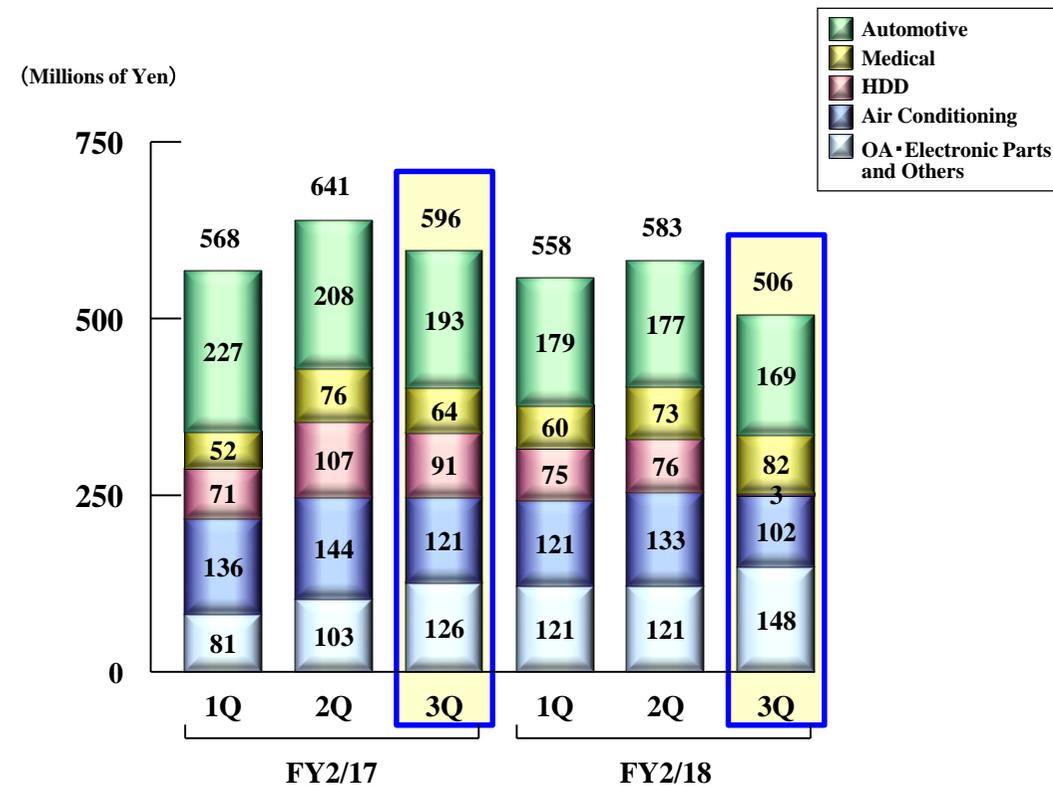
※The above comments relate to the first three quarters of fiscal 2018



## Sales



## Sales of Non-wristwatch Components



- Sales of wristwatch components were steady compared with the corresponding period of the previous fiscal year, despite an impact from production adjustments at wristwatch makers in the first half of the fiscal year.
- Sales of non-wristwatch declined. Despite robust sales trends in medical-related components, this result was largely attributable to the decline in automotive and HDD components.

※The above comments relate to the first three quarters of fiscal 2018

# Reference: Business Segments and Products

## Special Products



Cash Drawer and Receipt Printer  
mPOP



POS Printer  
TSP100III



Mobile Printer  
SM-L200

## Machine Tools



CNC Swiss Type Automatic Lathe  
SV-20R



CNC Swiss Type Automatic Lathe  
SR-38 type B



CNC Swiss Type Automatic Lathe  
SR-32JII type B

## Precision Products

### Wristwatch Components



### Non-Wristwatch Components

(Automotive, Air Conditioning, HDD and Medical Components)



(Automotive Components)