



FY2017 Operating Results

(Fiscal Year ended March 31, 2017)

Shiro Hori
President, Representative Director

Makita Corporation

1



FY2017 Results

Variance to FY2016

Net Sales	¥415.0 billion	- 2.0%
Domestic	¥74.4 billion	+ 8.7%
Overseas	¥340.6 billion	- 4.1%

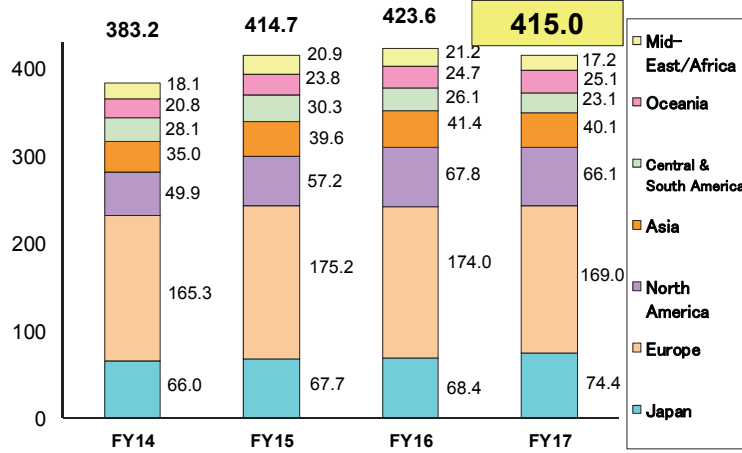
Overseas sales ratio: 82.1% (FY2016: 83.8%)

2

Sales by Geographic Area



Yen in billions



3

Effective Exchange Rate



	FY2016	FY2017	
US\$	¥120.15	¥108.34	9.8% Appreciation
Euro	¥132.60	¥118.74	10.5% Appreciation
RMB	¥18.86	¥16.10	14.6% Appreciation

Weighted average change for all foreign currencies:
11.4% **appreciated** in the value of the yen

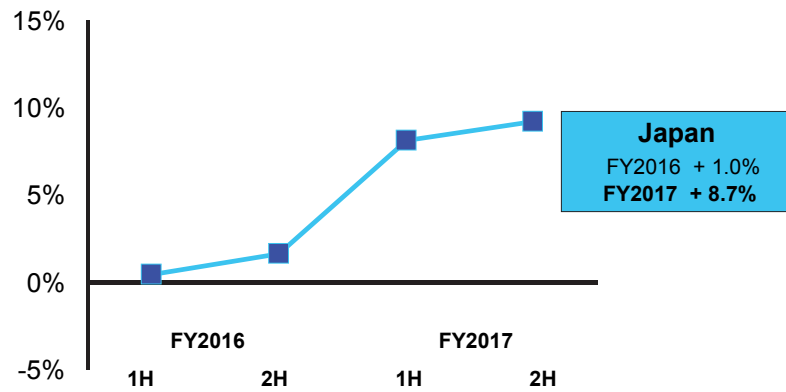
Effect on net sales: **Decrease** of ¥43.7 billion

4

Sales Growth (Local Currency Basis)



Japan



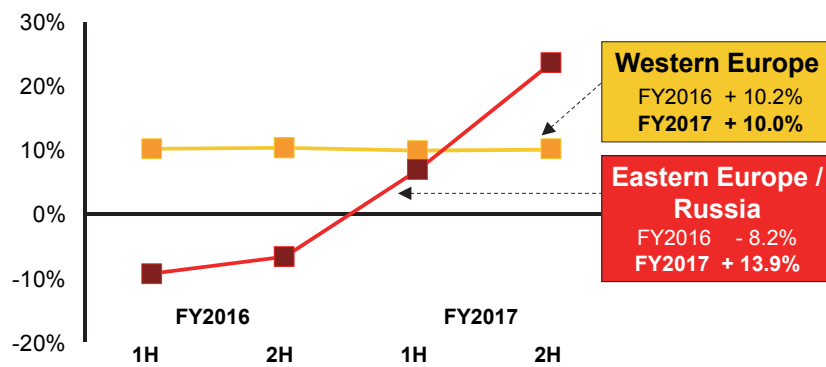
5

Sales Growth (Local Currency Basis)



Europe

+11.3%

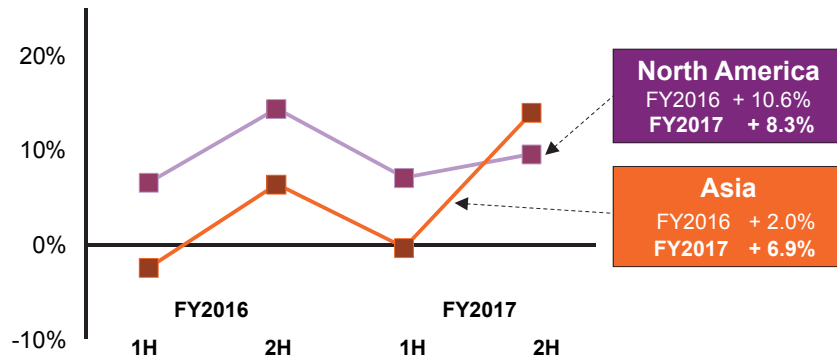


6

Sales Growth (Local Currency Basis)



North America, Asia

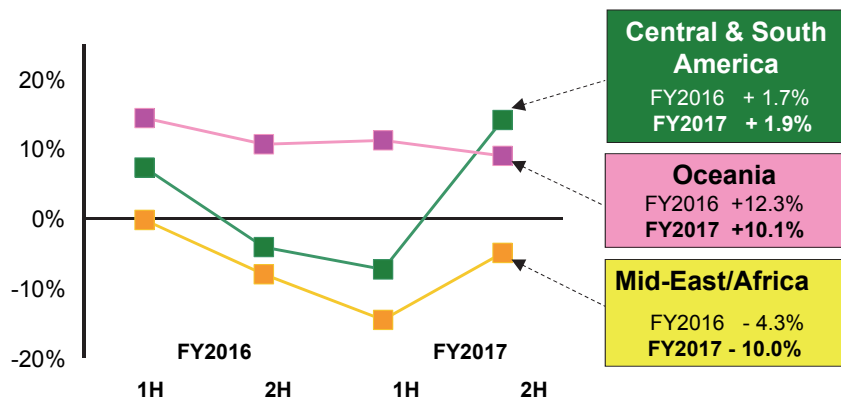


7

Sales Growth (Local Currency Basis)



Other Regions (Central & South America, Oceania, Mid-East/Africa)



8

Lithium-ion Battery Products Outdoor Power Equipment (OPE)



New Products in 2017



Lithium-ion Battery Products

HR166D



KS510D/KS511D



SK209GD/SK312GD/SK505GD



Outdoor Power Equipment

MUC353D



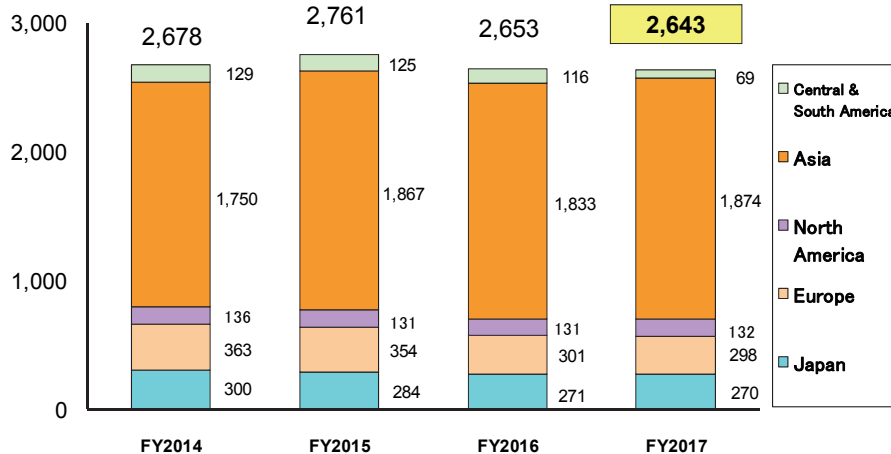
MHW0820/MHW0810

9

Production Quantities by Geographic Area



10 thousands
of units



10



Inventories

March 31, 2016 ¥178.8 billion

March 31, 2017 ¥167.4 billion

Decrease of inventories ¥11.4 billion

Breakdown:

Decrease of actual inventories ¥2.5 billion

Decrease by translation into yen ¥8.9 billion

11

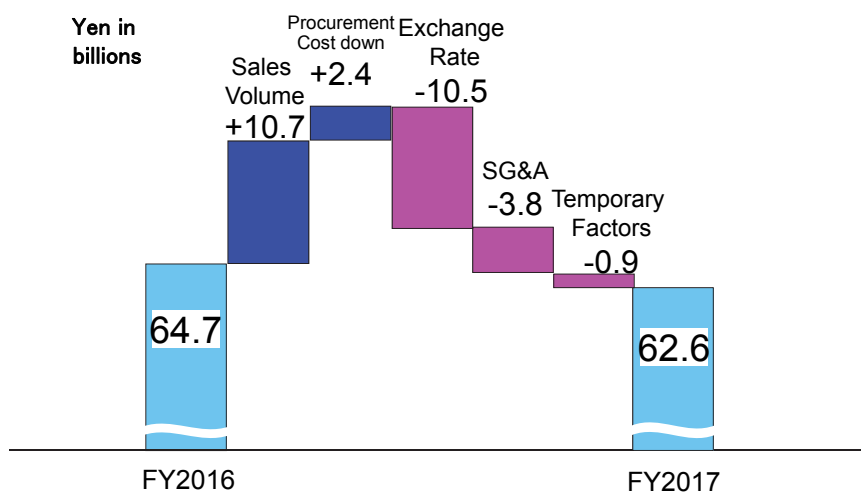


Operating Income

	FY2016	FY2017	Variance
Net Sales	¥423.6 billion	¥415.0 billion	- 2.0%
Cost of Sales	¥270.1 billion	¥267.5 billion	- 1.0%
Cost of Sales Ratio	63.8%	64.5%	
SG&A Expenses	¥88.8 billion	¥84.9 billion	- 4.4%
SG&A Expenses Ratio	20.9%	20.4%	
Operating Income	¥64.7 billion	¥62.6 billion	- 3.3%
Operating Income Ratio	15.3%	15.1%	Down 0.2 points

12

Analysis of Operating Income



13

Other Income (Expenses), Income Before Income Taxes, Net Income Attributable to Makita Corporation



	FY2016	FY2017	Variance
Other Income (Expenses)	- ¥3.2 billion	¥2.2 billion	+ ¥5.4 billion
Income Before Income Taxes	¥61.5 billion	¥64.7 billion	+ 5.3%
Net Income Attributable to Makita Corporation	¥41.6 billion	¥44.8 billion	+ 7.6%
EPS	¥153.30	¥164.96	+ 7.6%
ROE	8.6%	9.1%	Up 0.5 points

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. EPS was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

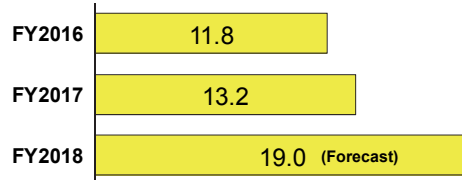
14

Capital Expenditure, Depreciation, R&D Cost



Capital Expenditure

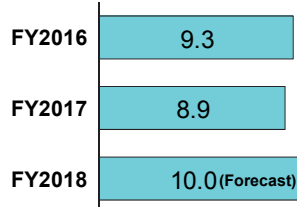
(Yen in billions)



FY2018: ¥19.0 billion (Forecast)
China and Okazaki Plant equipment and mold
New Construction and Relocation of Sales Subsidiaries

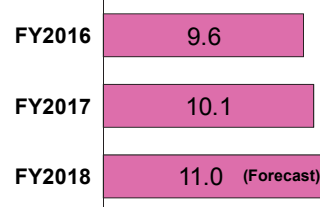
Depreciation

(Yen in billions)



R&D Cost

(Yen in billions)

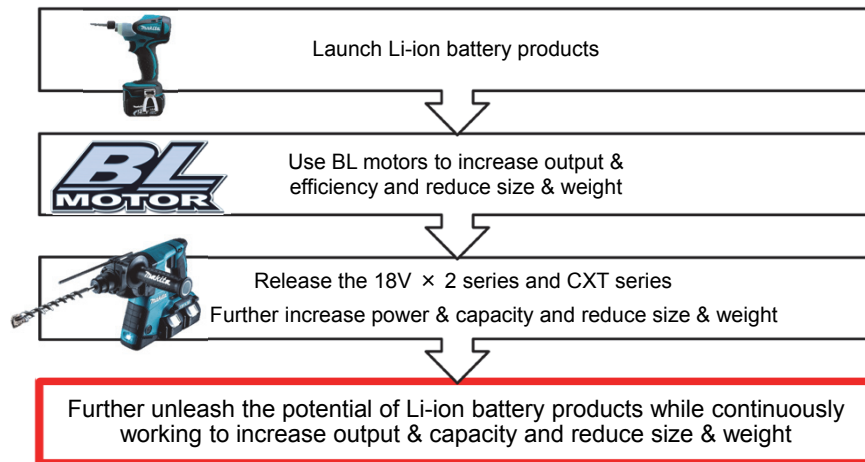


15

Makita's efforts



① Expand product lineup of Li-ion batteries



16

Makita's efforts



① Expand product lineup of Li-ion batteries

Users' needs

- ◆ Increased eco-friendliness
- ◆ Improved work environment
- ◆ Reduced workload



Advantages of battery-powered products

- No emissions, low noise, and low vibration
- Easy to start and maintain
- Compact & lightweight
- Cordless & easy to handle
- Usable anywhere without a power source



- Further increase output & capacity and reduce size & weight
- Expand lineup of cordless products in place of conventional products (AC 100V, engine, air)
- Provide easy-to-use functions for unskilled workers
- Propose products and identify needs to make the work environment friendlier to workers

17

Makita's efforts



① Expand product lineup of Li-ion batteries

Typical models for the current period



Cordless circular saw HS631D

- Cutting speed equivalent to that of AC 100V model achieved with a high-power brushless motor
- Compact body (shortest in its class)
- Automatic speed change depending on cutting load



Cordless chain saw MUC353D

- Usability equivalent to 30 mL engine type
- No emissions, low noise, low vibration, and easy to maintain & start



Cordless vacuum cleaner VC862D

- Cordless & easy to handle, usable anywhere without a power source
- Capacity & suction force suitable for various professional cleaning purposes

18

Engine-powered to battery-powered



19

Makita's efforts



② Enhance customer service

To maintain and gain top share in respective regions worldwide

Perform sales operations and offer products that meet market needs

Support dealers in sales and offer various after-sales services



Create Makita fans through extensive customer- and community-oriented sales and services



Expand sales networks



Improve the repair system



Visit end users with dealers



Organize training seminars for dealers

20

FY2018 Sales Forecast



Variance to FY2017

Net Sales	¥418.0 billion	+ 0.7%
Domestic	¥78.0 billion	+ 4.9%
Overseas	¥340.0 billion	- 0.2%
Overseas sales ratio: 81.3% (FY2017: 82.1%)		

Assumed foreign exchange rates

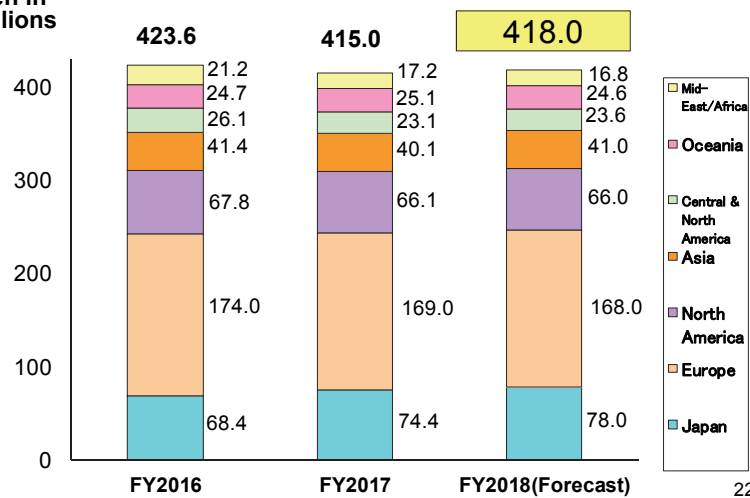
US\$	Euro	Euro/US\$	RMB
¥105	¥115	1.10	¥16.1

21

FY2018 Forecast by Geographic Area

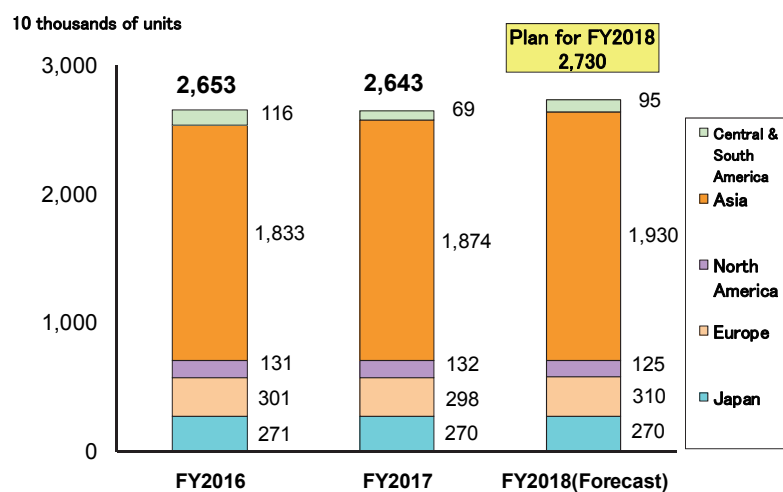


Yen in billions



22

Production Plan



23

FY2018 Performance Forecast



	FY2017	FY2018	Variance
Net Sales	¥415.0 billion	¥418.0 billion	+ 0.7%
Operating Income	¥62.6 billion	¥60.0 billion	- 4.1%
Income Before Income Taxes	¥64.7 billion	¥62.0 billion	- 4.2%
Net Income Attributable to Makita Corporation	¥44.8 billion	¥43.0 billion	- 4.0%
EPS	¥164.96	¥158.40	- 4.0%
ROE	9.1%	8.6%	Down 0.5 points

Note: The Company implemented a two-for-one common stock split, effective April 1, 2017. EPS was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

24



Cash Dividends

Dividend Policy	Dividend Payout Ratio: 30% or greater	
	FY2017	FY2018(Forecast)
Net income Attributable to Makita Corporation	¥44.8 billion	¥43.0 billion
EPS	¥164.96(Note1)	¥158.40
Special Circumstance	-	-
Annual Cash Dividend Per Share	¥100	(Note2)
Interim Dividend	¥18	¥10(Note2)
Year-end Dividend	¥82	(Note)
Payout Ratio	30.3%	30% or greater

Note1: The Company implemented a two-for-one common stock split, effective April 1, 2017. Makita Corporation shareholders' equity per share was calculated on the assumption that the relevant stock split had been implemented at the beginning of the previous consolidated fiscal year.

Note2: In April 2018, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income attributable to Makita Corporation.

25



Management System

Change Representative Director

- Can swiftly respond to changes in the global business environment
- Can expand business further

■ **Number of Directors: 13** (including 2 Outside Director)

■ **Number of Audit & Statutory Board members: 4**
(including 3 Outside Audit & Statutory Board members)

■ **Number of Corporate Officers except for Directors: 8**

26



<http://www.makita.biz/>

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on Makita's own projections and estimates. The power tools market, where Makita is mainly active, is subject to the effects of rapid shifts in economic conditions, demand for housing, currency exchange rates, changes in competitiveness, and other factors. Due to the risks and uncertainties involved, actual results could differ substantially from the content of these statements. Therefore, these statements should not be interpreted as representation that such objectives will be achieved.

27