



First Half of FY2019 Operating Results

(Six months ended September 30, 2018)

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President, Representative Director

Makita Corporation

November 6, 2018

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Voluntary Adoption of International Financial Reporting Standards (IFRS)



From the first quarter ending March 31, 2019, Makita voluntarily adopt the International Financial Reporting Standards (IFRS) instead of the accounting principles generally accepted in the United States (U.S. GAAP).

In addition, financial data for the first six-month period ended March 31, 2018 and for the year ended March 31, 2018 have also been reclassified in accordance with IFRS and used in comparative analyses.

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FY19 1H Sales



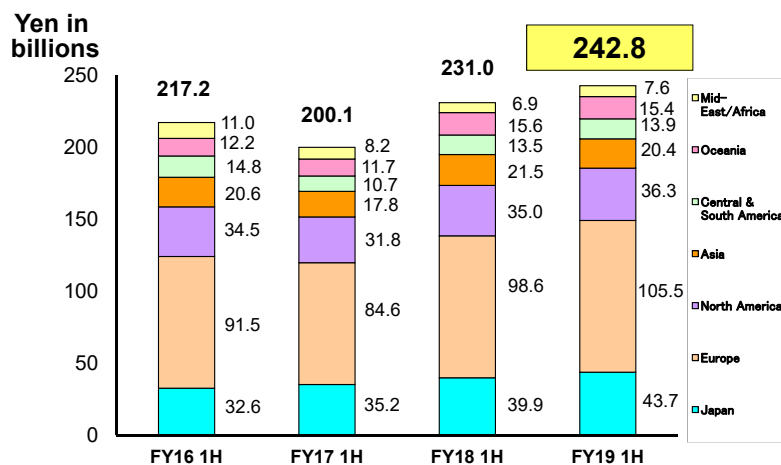
Variance to FY18 1H

Revenue	¥242.8 billion	+ 5.1%
Domestic	¥43.7 billion	+ 9.6%
Overseas	¥199.1 billion	+ 4.2%

Overseas sales ratio: 82.0% (FY18 1H: 82.7%)

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Sales by Geographic Area



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Foreign Exchange Rate



	FY18 1H	FY19 1H	
USD	¥111.04	¥ 110.26	0.7% Appreciation
EUR	¥126.32	¥ 129.79	2.7% Depreciation
RMB	¥ 16.42	¥ 16.74	1.9% Depreciation

Weighted average change for all foreign currencies:

1% **appreciated** in the value of the yen

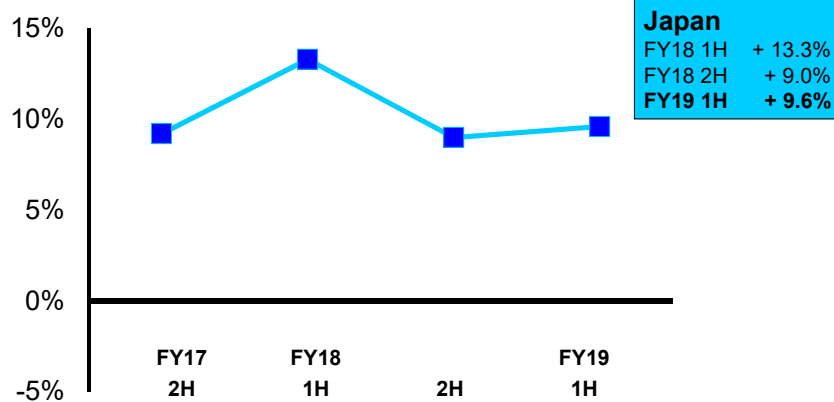
Effect on net sales: **Decrease** of ¥2.0 billion

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Sales Growth (Local Currency Basis)



Japan



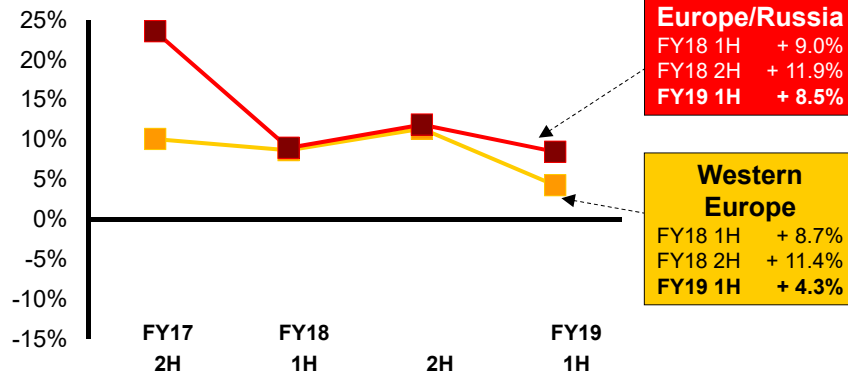
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Sales Growth (Local Currency Basis)

Europe

+5.9%

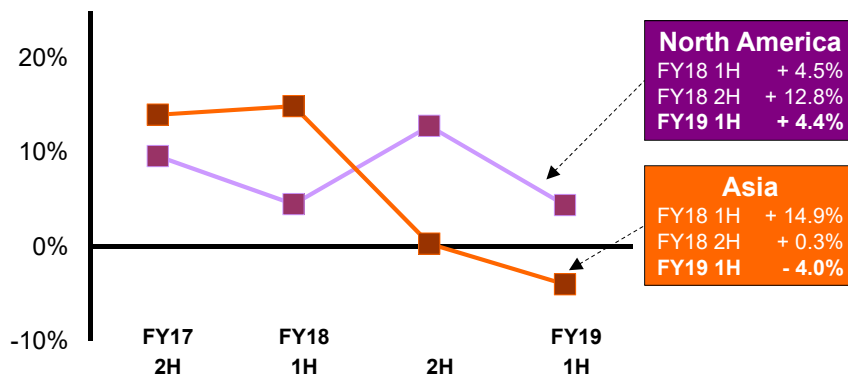


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Sales Growth (Local Currency Basis)

North America/Asia

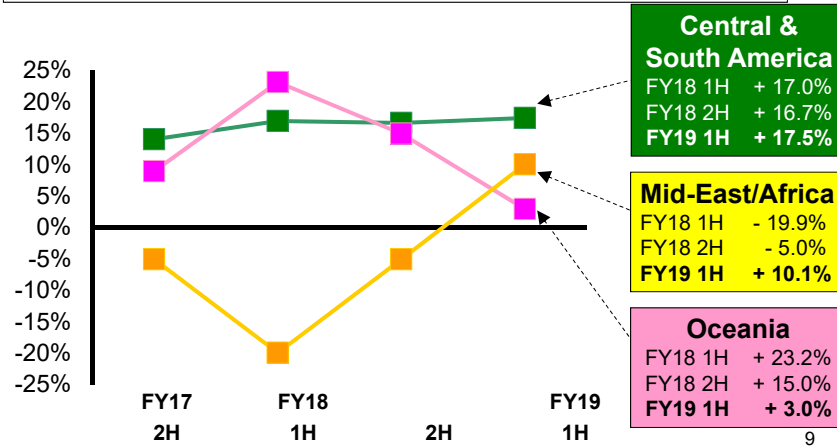


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Sales Growth (Local Currency Basis)

Central & South America, Oceania, Mid-East/Africa



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Lithium-ion Battery Products Outdoor Power Equipment (OPE)

New Products in 2018

Lithium-ion Battery Products



- Suction power on par with AC-powered products
- Wireless link-capable

Cordless Backpack Vacuum Cleaner VC265D



- Powerful & lightweight
- Button switch
- Capsule type

Cordless Cleaner CL108FD

Outdoor Power Equipment

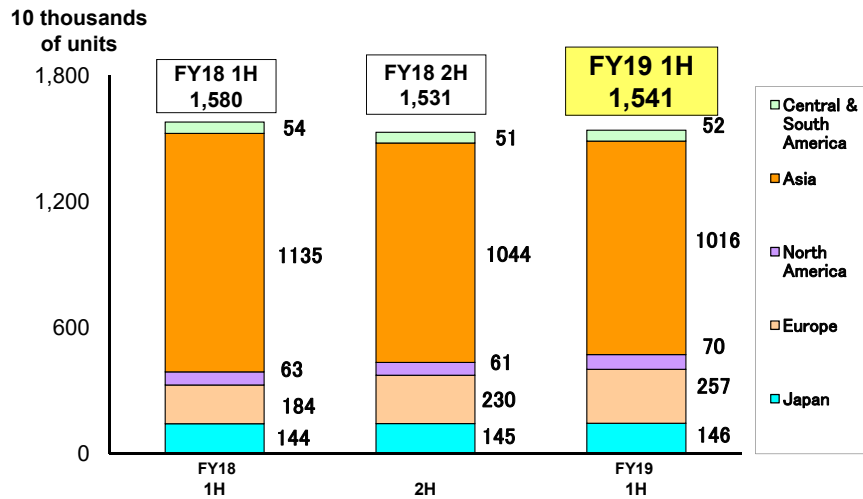


- Lighter and easier to use than engine-powered trimmers

Cordless Hedge Trimmer MUH500D Series

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Production Quantities by Geographic Area



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Inventories



March 31, 2018 ¥196.5 billion

September 30, 2018 ¥215.4 billion

Increase of inventories ¥18.9 billion

Breakdown:

Increase of actual inventories ¥19.1 billion

Decrease by translation into yen ¥0.2 billion

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Operating Profit, Cost of Sales, SG&A

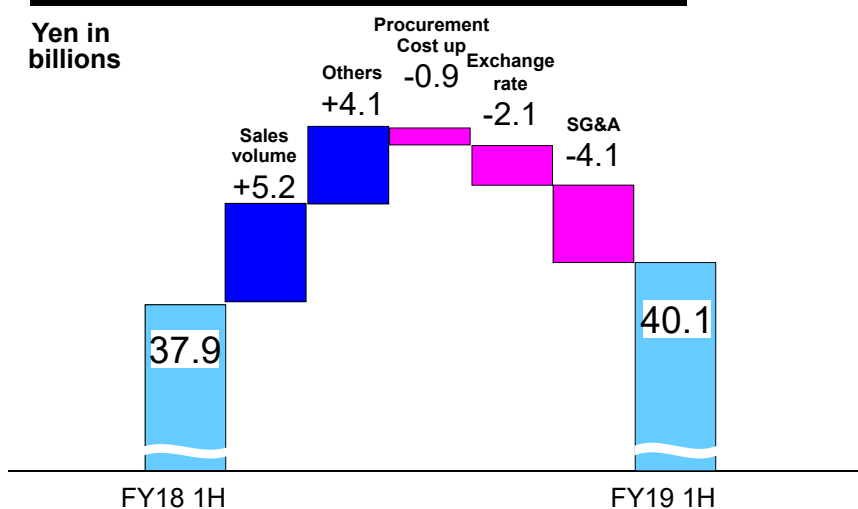


	FY18 1H	FY19 1H	Variance to FY18 1H
Revenue	¥231.0 billion	¥242.8 billion	+ 5.1%
Cost of Sales	- ¥146.7 billion	- ¥152.6 billion	+ 4.0%
Cost of Sales Ratio	- 63.5%	- 62.9%	Down 0.6 points
SG&A Expenses	- ¥46.3 billion	- ¥50.1 billion	+ 8.2%
SG&A Ratio	- 20.1%	- 20.6%	Up 0.5 points
Operating Profit	¥37.9 billion	¥40.1 billion	+ 5.6%
Operating Profit Ratio	16.4%	16.5%	Up 0.1 points

Analysis of Operating Income



Yen in billions



**Financial Income (Expenses),
Profit Before Income Taxes,
Profit Attributable to Owners of the Parent**



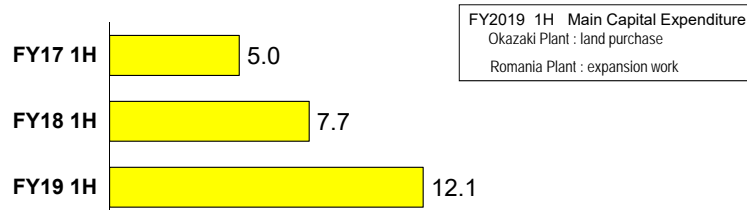
	FY18 1H	FY19 1H	Variance to FY18 1H
Financial Income (Expenses)	¥1.1 billion	¥2.2 billion	+ ¥1.1 billion
Profit Before Income Taxes	¥39.0 billion	¥42.3 billion	+ 8.4%
Profit Attributable to Owners of the Parent	¥27.3 billion	¥29.7 billion	+ 8.5%
EPS	¥100.74	¥109.33	+ 8.5%

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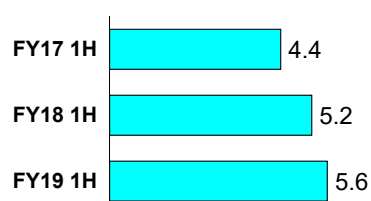
**Capital Expenditure,
Depreciation, R&D Cost**



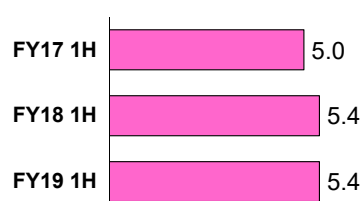
Capital Expenditure (Yen in billions)



Depreciation (Yen in billions)



R&D Cost (Yen in billions)



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Makita's Commitments

- New products (promote conversion to cordless products)
- Conversion from engine-powered to battery-powered
- Expansion of sales and after-sales service networks

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Makita's Commitments

New products (promote conversion to cordless products)

Powerful products with BL motors

New Products in 2018



Cordless Shear Wrench
WT310D

- Higher work efficiency than AC-powered products
- No danger of voltage drops peculiar to AC-powered products or current leaks due to the cord breakage



Cordless Metal Cutter
CS553D

- Maximum cutting depth: 57.5 mm
- Easily cut steel plates up to 12 mm thick
- Includes function to automatically change transmission according to the workload

Promoting conversion to cordless power tools provides

- ✓ Enhanced work efficiency
- ✓ Improved safety



Helping to solve labor shortages in the workplace

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Makita's Commitments

Conversion from engine-powered to battery-powered

Develop and expand cordless OPE (Outdoor Power Equipment)

New Products in 2018



Cordless Hedge Trimmer MUH500D

PR job



Holding exhibitions and hands-on events

Converting from engine-powered products to battery-powered ones

- ✓ No exhaust gas emissions during use
- ✓ Reduced noise and vibration
- ✓ Light weight
- ✓ Easier operation and maintenance



Makita's Commitments

Expansion of sales and after-sales service networks

Strengthen customer- and community-based sales networks

Bases opened in this fiscal year

Country	City
India	Mumbai Ahmadabad Hyderabad
Vietnam	Nha Trang
Russia	Vladivostok



Nha Trang



above: Mumbai
below: Ahmadabad



Vladivostok inside

Industry's preeminent after-sales services

- ✓ Prompt repair service and fast supply of products and components
- ✓ Sales support
- ✓ Understanding users' needs



Makita's Commitments

Activities using Makita's network of sales & service offices

Approaching customers and users more directly



Communicating with customers and users using Makita's network of sales & service offices

- ✓ Offer customers and users opportunities to use cordless tools to learn their power and advantages.
- ✓ Grasp and cultivate users' needs that differ from region to region.
- ✓ Feed information on users' needs back to product development.

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Forecast of Financial Results Dividend

- Sales Forecast, Production Plan
- Financial Performance Forecast
- Capital Expenditures, Depreciation and Amortization, R&D Cost
- Dividend

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FY2019 Sales Forecast



Variance to FY2018

Revenue	¥490.0 billion	+ 2.7%
Domestic	¥86.0 billion	+ 4.1%
Overseas	¥404.0 billion	+ 2.4%
Overseas sales ratio: 82.4% (FY2018: 82.7%)		

FY19 Assumed foreign exchange rates

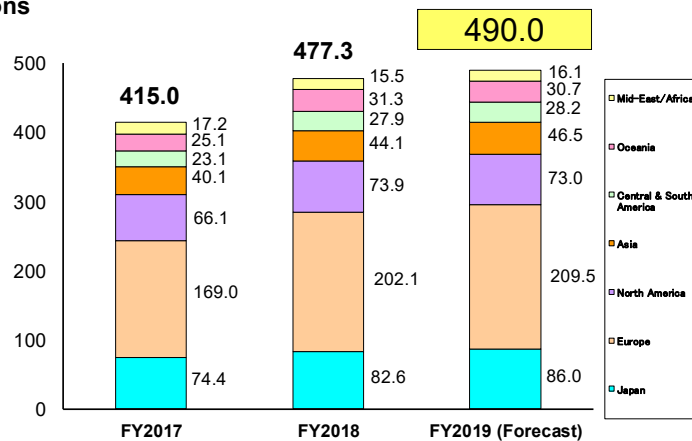
US\$	Euro	RMB
¥105	¥130	¥16.8

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FY2019 Sales Forecast by Geographic Area



Yen in billions



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FY2019 Performance Forecast

	FY2018	FY2019	Variance
Revenue	¥477.3 billion	¥490.0 billion	+ 2.7%
Operating profit	¥80.2 billion	¥78.5 billion	- 2.2%
Profit before income taxes	¥79.9 billion	¥78.7 billion	- 1.5%
Profit attributable to owners of the parent	¥54.9 billion	¥54.8 billion	- 0.3%
EPS	¥202.39	¥201.87	-
ROE	10.4%	9.8%	Down 0.6 points

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Impact of trade friction between the U.S. and China

	Subject items (related to the Company)
First round (July, 2018), second round(August, 2018)	Electric materials and electronics components, products (some)
Third round(September, 2018)	Accessories (some), products (some)

<First round, second round>

Main subject items include electronics components (controllers, etc.) and some products.

<Third round>

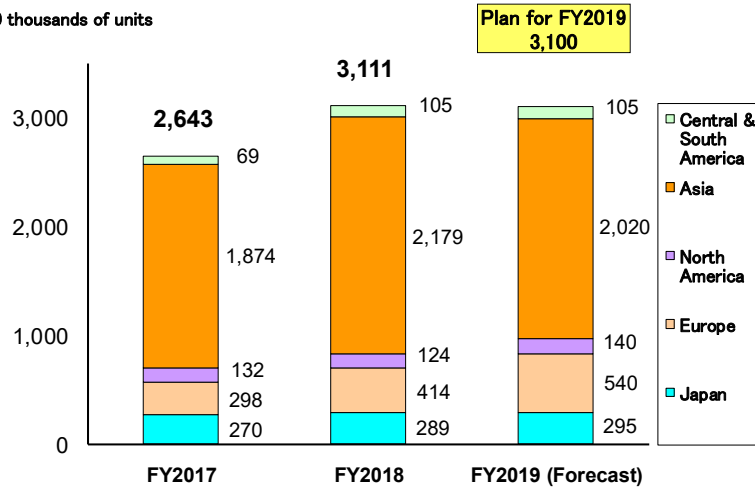
Subject items include accessories, such as grinding wheels and circular saw blades. The number of subject products increases.

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Production Plan



10 thousands of units

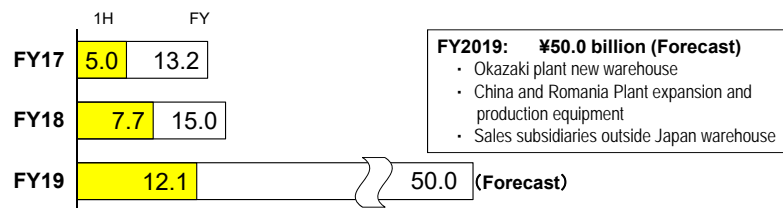


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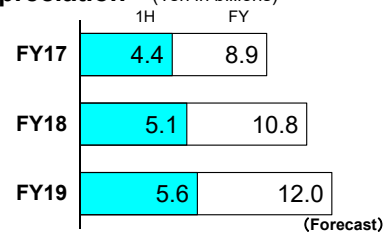
Capital Expenditure, Depreciation, R&D Cost



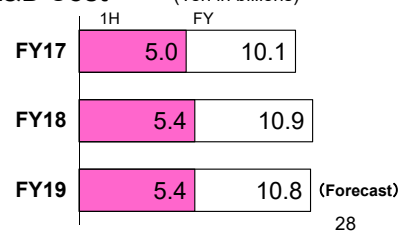
Capital Expenditure (Yen in billions)



Depreciation (Yen in billions)



R&D Cost (Yen in billions)



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Cash Dividends

Dividend Policy	Dividend Payout Ratio: 30% or greater	
	FY2018	FY2019 (Forecast)
Net income Attributable to Makita Corporation	¥54.9 billion	¥54.8 billion
EPS	¥202.39	¥201.87
Special Circumstance	-	-
Annual Cash Dividend Per Share	¥61	(Note)
Interim Dividend	¥10	¥10
Year-end Dividend	¥51	(Note)
Payout Ratio	30.2%	30% or greater

Note: In April 2019, the Board of Directors plans to propose a dividend equivalent to at least 30% of net income attributable to Makita Corporation.

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<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.

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