



First Half of FYE2020 Operating Results

(Six months ended September 30, 2019)

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President, Representative Director

Makita Corporation

November 7, 2019

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FYE2020 1H Results

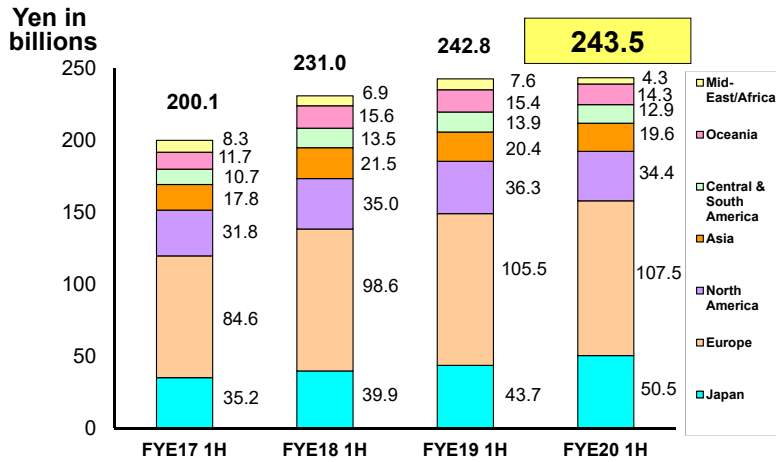
Variance to FYE2019 1H

Revenue	¥243.5 billion	+ 0.3%
Domestic	¥50.5 billion	+ 15.6%
Overseas	¥193.0 billion	- 3.0%

Overseas revenue ratio: 79.3% (FYE2019 1H: 82.0%)

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Revenue by Geographic Area



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Foreign Exchange Rate



	FYE19 1H	FYE20 1H	
USD	¥110.26	¥ 108.60	1.5% Appreciation
EUR	¥129.79	¥ 121.40	6.5% Appreciation
RMB	¥ 16.74	¥ 15.68	6.3% Appreciation

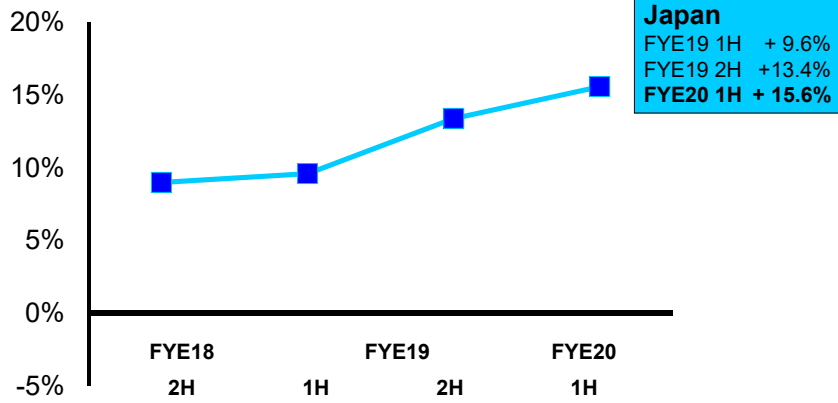
Weighted average change for all foreign currencies:
5.2% appreciated in the value of the yen
Effect on revenue: **Decrease** of ¥10.5 billion

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Revenue Growth (Local Currency Basis)



Japan



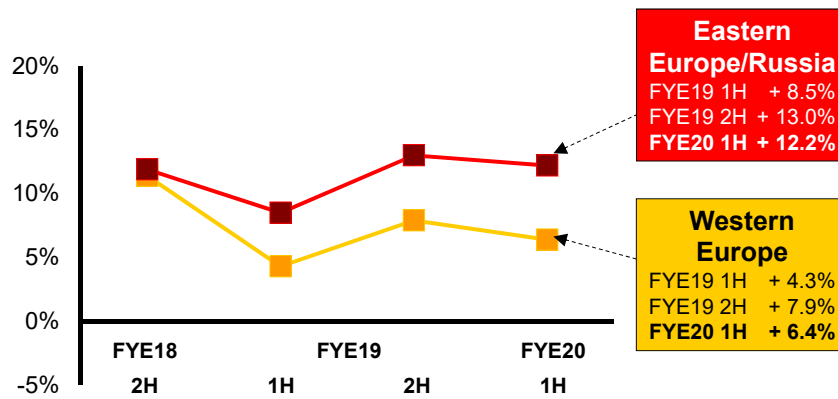
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Revenue Growth (Local Currency Basis)



Europe

+8.6%

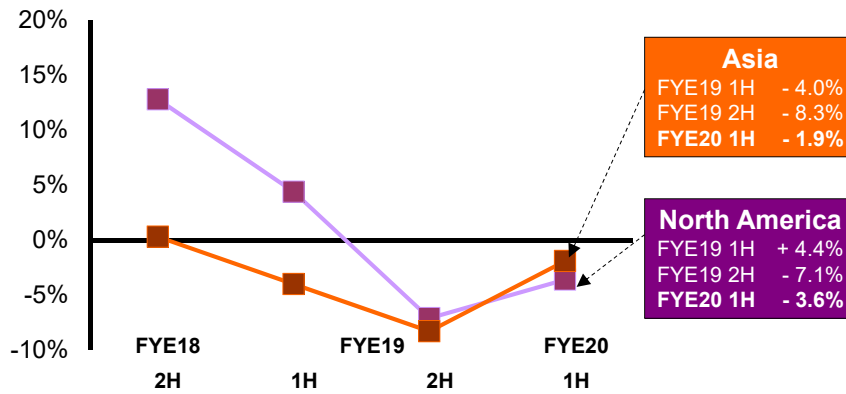


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Revenue Growth (Local Currency Basis)



North America/Asia

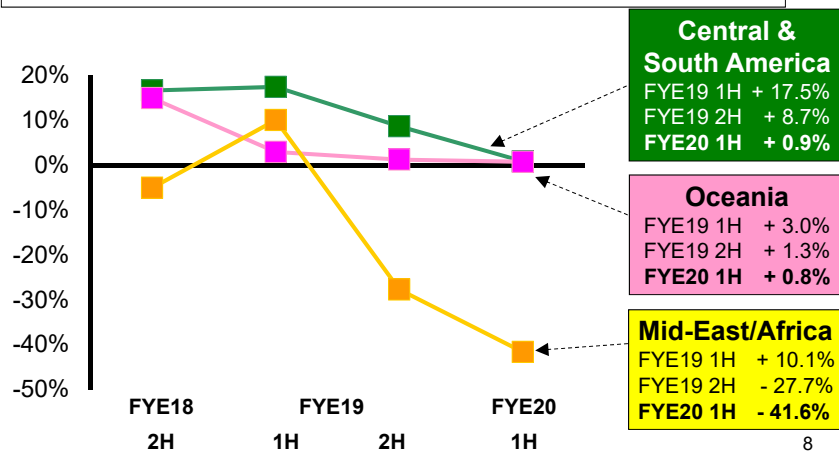


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Revenue Growth (Local Currency Basis)



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



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Outdoor Power Equipment (OPE)

New Products in this period

As powerful as engine models

Cordless Chain Saw Top Handle Series



As powerful as AC models

Cordless High Pressure Washer



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Lithium-ion Battery Products

New Products in this period



165 mm cordless model
tilting to right and left
The improved rigidity of
individual parts achieves
high-precision cutting

165 mm Cordless Slide Compound Miter Saw



Deep and highly
precise detection

Cordless Wall Detector



High-speed riveting like
pneumatic models

Cordless Rivet Gun

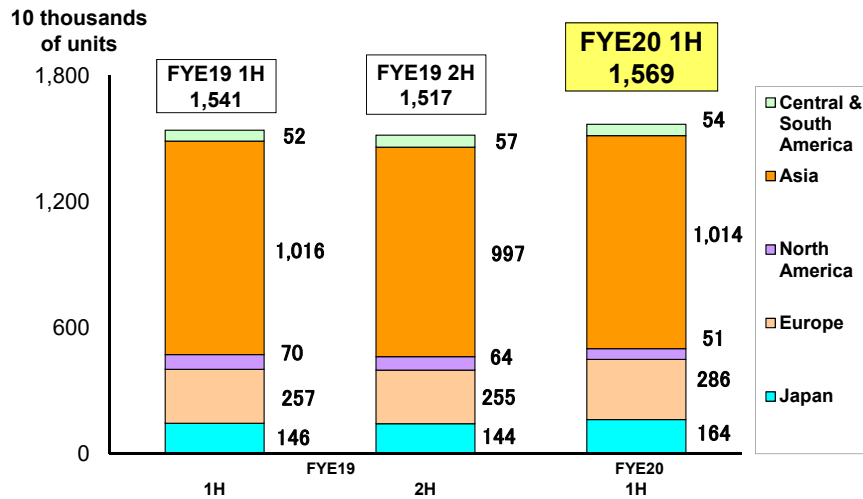


Cool air circulates around
the entire body

Cordless Fan Jacket Cordless Fan Vest

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Production Quantities by Geographic Area



Inventories



March 31, 2019 ¥219.9 billion

September 30, 2019 ¥221.2 billion

Increase of inventories ¥1.3 billion

Breakdown:

Increase of inventories on hand ¥12.5 billion

Decrease by translation into yen ¥11.2 billion

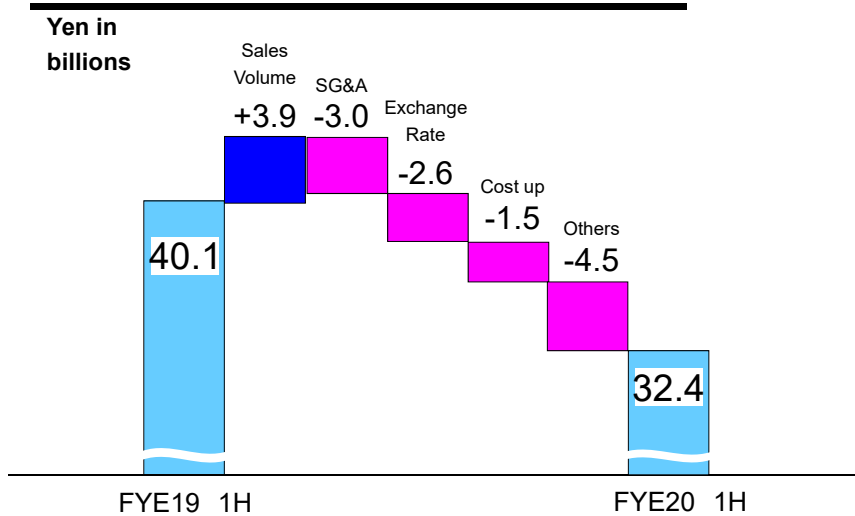
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Operating Profit, Cost of Sales, SG&A



	FYE19 1H	FYE20 1H	Variance to FYE19 1H
Revenue	¥242.8 billion	¥243.5 billion	+ 0.3%
Cost of Sales	- ¥152.6 billion	- ¥160.0 billion	+ 4.8%
Cost of Sales Ratio	- 62.9%	- 65.7%	Up 2.8 points
SG&A Expenses	- ¥50.1 billion	- ¥51.2 billion	+ 2.1%
SG&A Ratio	- 20.6%	- 21.0%	Up 0.4 points
Operating Profit	¥40.1 billion	¥32.4 billion	- 19.1%
Operating Profit Ratio	16.5%	13.3%	Down 3.2 points

Analysis of Operating Profit



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



	FYE19 1H	FYE20 1H	Variance to FYE19 1H
Financial Income (Expenses)	¥2.2 billion	¥2.1 billion	- ¥0.1 billion
Profit Before Income Taxes	¥42.3 billion	¥34.5 billion	- 18.4%
Profit Attributable to Owners of the Parent	¥29.7 billion	¥25.0 billion	- 15.8%
EPS	¥109.33	¥92.01	- 15.8%

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



Capital Expenditure (Yen in billions)



FYE2020 1H Main Capital Expenditure
Romania Plant: Extension of plant building
(land+building)
Okazaki Plant : Distribution warehouse
(building)
U.S.A. : Distribution warehouse
(land+building)

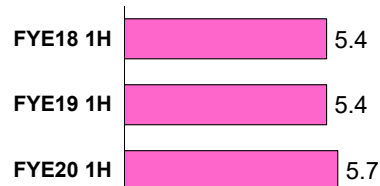
Depreciation and Amortization

(Yen in billions)



R&D Cost

(Yen in billions)



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Makita's Commitments

- Li-ion 40Vmax series
- Conversion from engine-powered to battery-powered
- Expand field equipment lineup
- Reinforcement of production and sales structures

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Makita's Commitments

Introduction of Li-ion 40Vmax series



Achieving high power,
long life and high
durability

Makita original
“**Smart System**”
Optimized power supply
and recharging



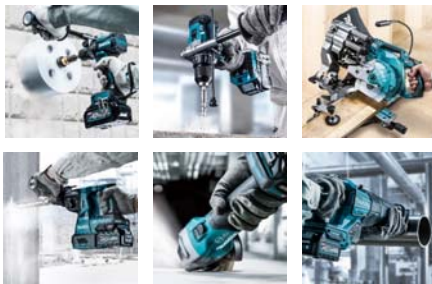
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Makita's Commitments



Introduction of Li-ion 40Vmax series

Models in 8 categories released



Pushing ahead with the introduction of more cordless products

- ✓ 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

New Products in this period

<Main commitments>

- ✓ Introduce new high-performance products
- ✓ Proactive advertising
- ✓ Strengthen services and logistics
- ✓ Increase staffing for sales expansion
- ✓ Develop sales channels

Cordless Chain Saw
Top Handle Series



Advertising

TV commercials in the U.S.

LED billboards at European football stadiums (in 7 countries)

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Makita's Commitments



Expand field equipment lineup

Excellent receiver sensitivity & large 10V LCD
Cordless Job Site Television with Radio



Cordless LED Flashlight



Cordless Job Site Radio



Cordless Adapter for USB



Preparing for disasters
Emergency Kit



Making fresh coffee anywhere
Cordless Coffee Maker



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Makita's Commitments



Strengthen of production network

Extension of Romania plant
 (Completion in July, 2019)



<Production capacity expansion>

- ✓ Responding to sales increase in Europe
- ✓ Decentralizing production bases
- ✓ Responding to increasing lineup for cordless products, including OPE

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Makita's Commitments

Strengthen of sales network by increasing sales, after-sales and distribution bases

Strengthen customer- and community-based sales networks

Bases opened in this fiscal year
(including translation and remodeling)

Area	City
Japan	Miyakonojo (Miyazaki)
Europe	Berlin (Germany) Slovenia <Translate building>
North America	Dallas (U.S.A.) <Expansion of distribution warehouse>
Asia	Jamshedpur etc. (India) Yunlin etc. (Taiwan)
Central and South America	Guaxupe (Brazil)

- Strengthen services and logistics
- Introduce new products and develop user needs
- Respond to increasing sales for cordless OPE (service and logistics fields)



Dallas (U.S.A.) Warehouse

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Forecast of Financial Results Dividend

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

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FYE2020 Revenue Forecast



Variance to FYE2019

Revenue	¥480.0 billion	- 2.2%
Domestic	¥100.0 billion	+ 8.5%
Overseas	¥380.0 billion	- 4.6%
Overseas revenue ratio: 79.2% (FYE2019: 81.2%)		

FYE2020 Assumed foreign exchange rates

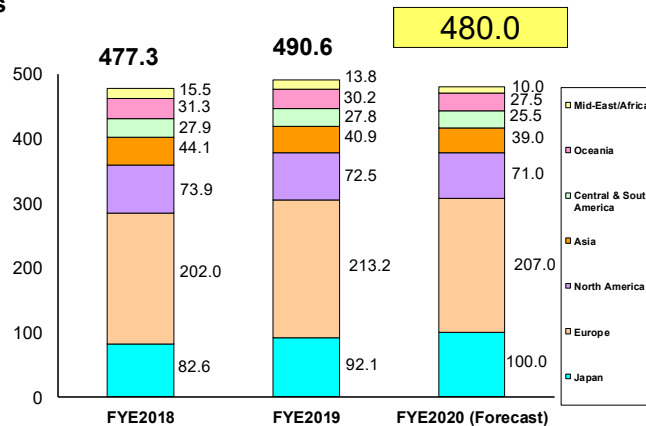
	USD	Euro	RMB
2H	¥105	¥115	¥14.8
FY	¥107	¥118	¥15.2

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FYE2020 Revenue Forecast by Geographic Area

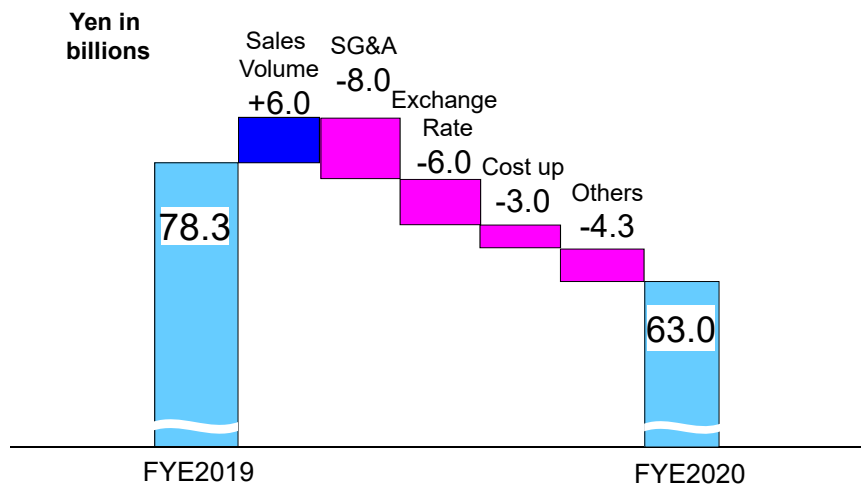


Yen in billions



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Analysis of Operating Profit (Forecast)



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FYE2020 Performance Forecast



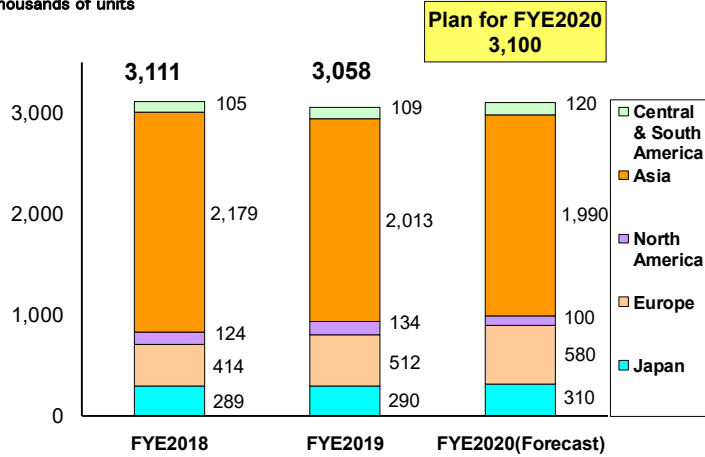
	FYE2019	FYE2020	Variance
Revenue	¥490.6 billion	¥480.0 billion	- 2.2%
Operating profit	¥78.3 billion	¥63.0 billion	- 19.5%
Profit before income taxes	¥79.9 billion	¥63.0 billion	- 21.2%
Profit attributable to owners of the parent	¥55.8 billion	¥44.0 billion	- 21.1%
EPS	¥205.37	¥162.05	-
ROE	9.9%	7.8%	Down 2.1 points

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Production Plan



10 thousands of units



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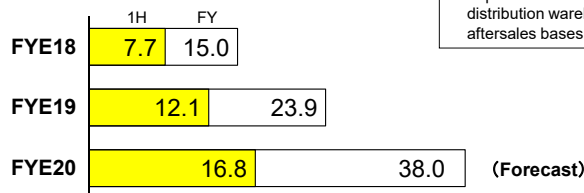
Capital Expenditure, Depreciation and Amortization, R&D Cost



Capital Expenditure (Yen in billions)

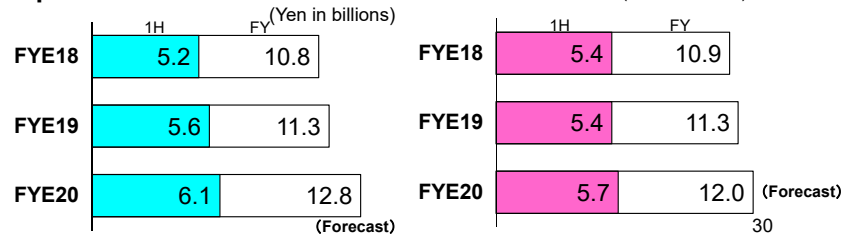
FYE2020: ¥38.0 billion (Forecast)

Expand factories in China and Romania, distribution warehouses and sales and aftersales bases in Japan and overseas



Depreciation and Amortization (Yen in billions)

R&D Cost (Yen in billions)



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Cash Dividends

Dividend Policy	Dividend Payout Ratio: 30% or greater	
	FYE2019	FYE2020 (Forecast)
Profit attributable to owners of the parent	¥55.8 billion	¥44.0 billion
EPS	¥205.37	¥162.05
Special Circumstance	-	-
Annual Cash Dividend Per Share	¥62	(Note)
Interim Dividend	¥10	¥10
Year-end Dividend	¥52	(Note)
Payout Ratio	30.2%	30% or greater

Note: In April 2020, the Board of Directors plans to propose a dividend equivalent to at least 30% of profit attributable to owners of the parent.

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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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