First Half of FYE2021 Operating Results

(Six months ended September 30, 2020)

Munetoshi Goto
President, Representative Director

Makita Corporation

November 10, 2020

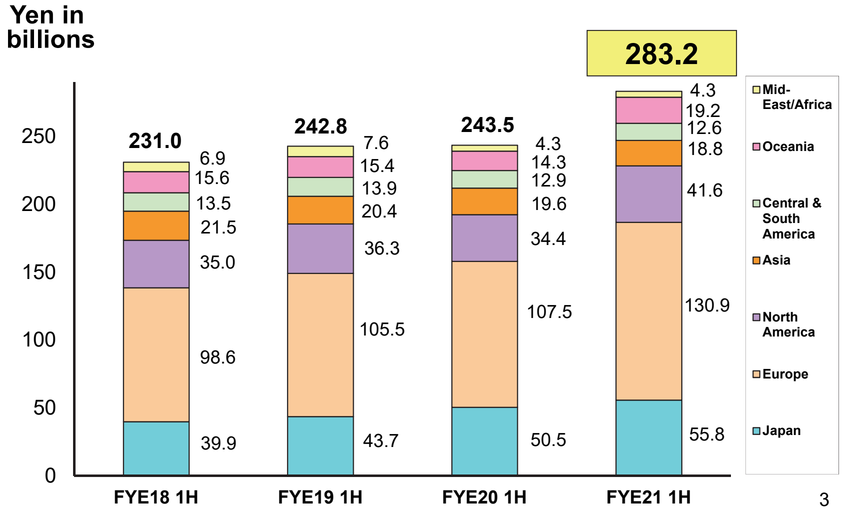
FYE2021 1H Results

Variance to FYE2020 1H

Revenue	**¥283.2 billion**	**+ 16.3%**
Domestic	¥55.8 billion	+ 10.4%
Overseas	¥227.4 billion	+ 17.8%

Overseas revenue ratio: 80.3% (FYE2020 1H: 79.3%)

Revenue by Geographic Area



3

Foreign Exchange Rate

	FYE20 1H	**FYE21 1H**	
USD	¥ 108.60	**¥ 106.93**	**1.5%** Appreciation
EUR	¥ 121.40	**¥ 121.34**	**0.1%** Appreciation
RMB	¥ 15.68	**¥ 15.26**	**2.7%** Appreciation

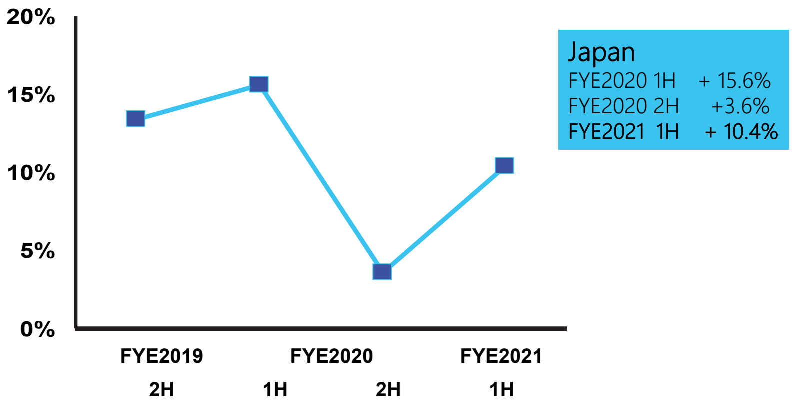
Weighted average change for all foreign currencies:
3.3% appreciated in the value of the yen

Effect on revenue: Decrease of ¥7.9 billion

4

Revenue Growth (Local Currency Basis)

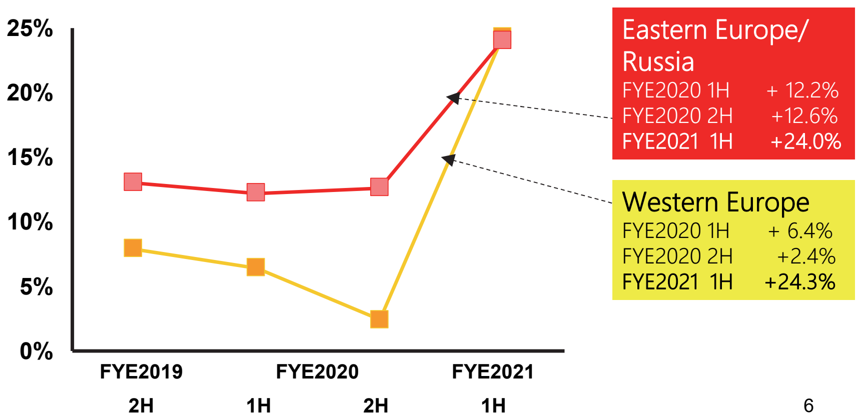
Japan



5

Revenue Growth (Local Currency Basis)

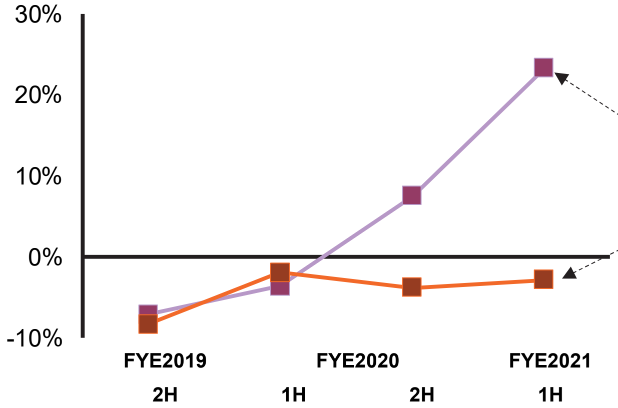
Europe + 24.2%



6

Revenue Growth (Local Currency Basis)

North America, Asia



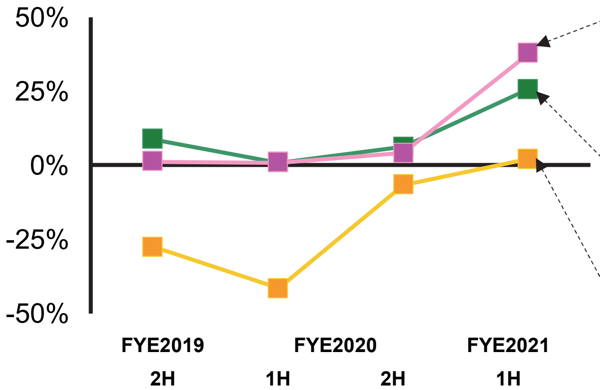
North America
FYE2020 1H -3.6 %
FYE2020 2H +7.5%
FYE2021 1H +23.3%

Asia
FYE2020 1H -1.9%
FYE2020 2H -3.8%
FYE2021 1H -2.8%

7

Revenue Growth (Local Currency Basis)

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



Oceania
FYE2020 1H +0.8%
FYE2020 2H +4.1%
FYE2021 1H +37.8%

Central & South America
FYE2020 1H +0.9%
FYE2020 2H +6.1%
FYE2021 1H +25.6%

Mid-East/Africa
FYE2020 1H -41.6%
FYE2020 2H -6.7%
FYE2021 1H +2.0%

8

Outdoor Power Equipment (OPE)

Example of new products for this fiscal period

High durable / low noise / high power

Cordless Lawn Mower

Easy and quick cleaning with Makita's blower

Cordless Blower

Lithium-ion Battery Products

Example of new products for this fiscal period

Cordless yet powerful

Cordless Power Cutter

Cool down and warm up anywhere with Makita's batteries

Cordless Cooler and Warmer

Cordless cleaners help to improve cleaning efficiencies

Cordless Upright Vacuum Cleaner

Makita's unique technologies "Pressure-controlled fan jacket"

Cordless Fan Jacket Series

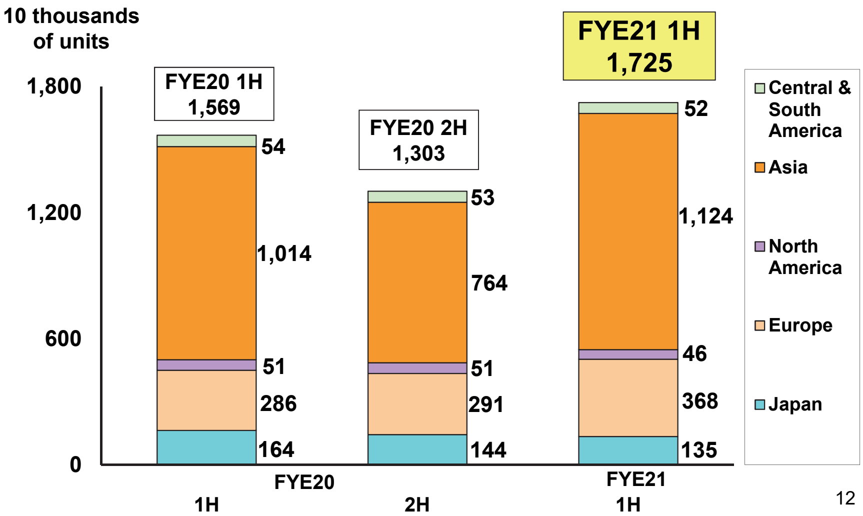
Lithium-ion Battery Products

Makita's unique technology **"smart system"** optimizes supply of power and recharge system

Example of new products for this fiscal period

11

Production Quantities by Geographic Area



12

Inventories

March 31, 2020	¥ 214.6 billion
September 30, 2020	¥ 210.3 billion
Decrease of inventories	¥4.3 billion

Breakdown:

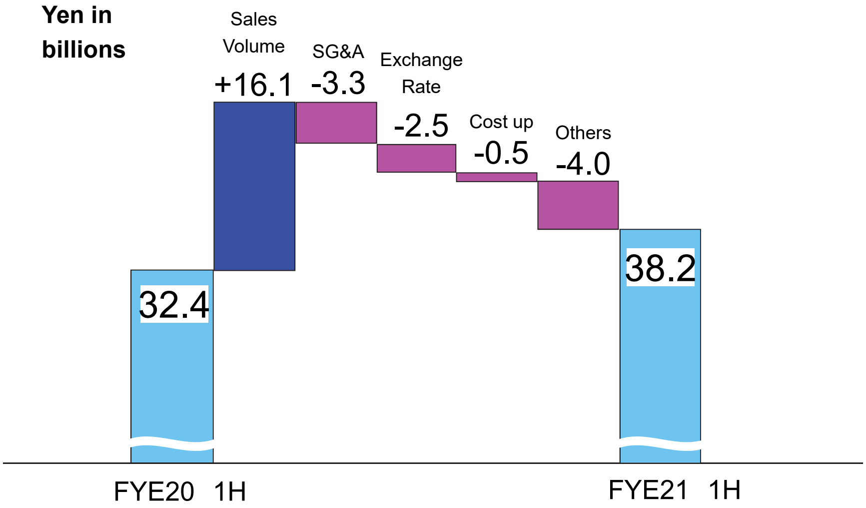
Decrease of inventories on hand	¥7.3 billion
Increase by translation into yen	¥3.0 billion

13

Operating Profit, Cost of Sales, SG&A

	FYE20 1H	**FYE21 1H**	**Variance to FYE20 1H**
Revenue	¥243.5 billion	**¥283.2 billion**	+ 16.3%
Cost of Sales	- ¥160.0 billion	**- ¥191.7 billion**	+ 19.9%
Cost of Sales Ratio	- 65.7%	- 67.7%	Up 2.0 points
SG&A Expenses	- ¥51.2 billion	**- ¥53.3 billion**	+ 4.1%
SG&A Ratio	- 21.0%	- 18.8%	Down 2.2 points
Operating Profit	¥32.4 billion	**¥38.2 billion**	+ 17.7%
Operating Profit Ratio	13.3%	**13.5%**	Up 0.2 points

Analysis of Operating Profit



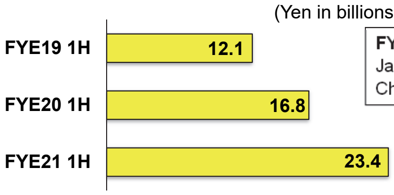
Financial Income (Expenses),
Profit Before Income Taxes,
Profit Attributable to Owners of the Parent

	FYE20 1H	**FYE21 1H**	**Variance to FYE20 1H**
Financial Income (Expenses)	¥2.1 billion	**¥0.1 billion**	**- ¥2.0 billion**
Profit Before Income Taxes	¥34.5 billion	**¥38.3 billion**	+ 11.0%
Profit Attributable to Owners of the Parent	¥25.0 billion	**¥27.1 billion**	+ 8.7%
EPS	¥92.01	**¥99.96**	+ 8.6%

Capital Expenditure, Depreciation, R&D Cost

Capital Expenditure

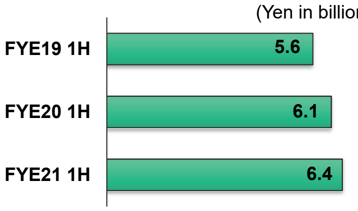
(Yen in billions)



FYE2021 1H Main Capital Expenditure
Japan: Distribution warehouse (Okazaki plant, Saitama)
Chinese Plant: Construction of new plant building

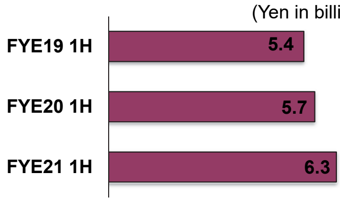
Depreciation

(Yen in billions)



R&D Cost

(Yen in billions)



17

Makita's Commitments

- Moving forward as a manufacturer of cordless products
- Expand sales, after sales services and distribution networks

18

Makita's Commitments ESG

Moving forward as a manufacturer of cordless products

19

Makita's commitments ESG

Moving forward as a manufacturer of cordless products

Environmental issues

- Noise
- Decarbonization
- Plastic garbage

Go Green

Growth through the contribution to solving social issues

- Labor shortage

Deplasticization

Cordless products

Wide and strong distribution network

Makita's Commitments ESG

Expansion of sales / service and distribution bases

Main bases newly established in the first half

Area	City
Japan	Isahaya (Nagasaki) * 4 new sales offices opened in October
Europe	Hamburg (Germany) Antwerp (Belgium)
North America	Reno (U.S.)
Oceania	Wellington (New Zealand)

Makita U.S.A. Western branch (Reno)

21

Makita's Commitments ESG

Expansion of sales / service and distribution bases

116 sales offices (2020/3) ➡ 121 sales offices (2020/10)

Sales offices newly established in the first half

Prefecture in Japan	Sales office
Nagasaki	Isahaya sales office
Niigata	Joetsu sales office
Ehime	Shikokuchuo sales office
Oita	Nakatsu sales office
Kanagawa	Odawara sales office

22

Makita's Commitments ESG

Expansion of sales / service and distribution bases

Advantages of expanding bases

Vertically integrated system from sales, repair services to distribution each region and country

→ **"Customer and community oriented" Achieving sustainable society**

Efforts to expand sales of cordless OPE

- Expansion of distribution warehouses with an eye on the handling of large products
- Establishment of bases specializing in OPE

23

Forecast of Financial Results Dividend

- Revenue Forecast
- Operating Profit (forecast) Analysis
- Financial Forecast
- Production Plan
- Capital Expenditures, Depreciation, R&D Cost
- Dividend

24

FYE2021 Revenue Forecast

Variance to FYE2020

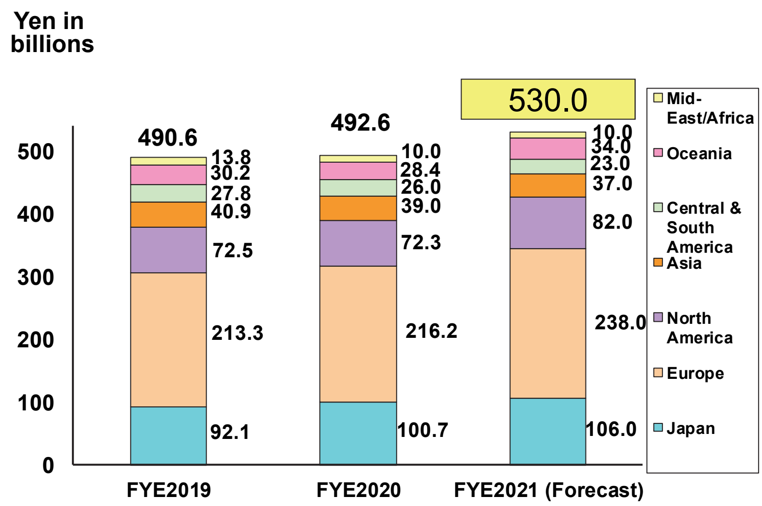
Revenue	¥530.0 billion	+ 7.6%
Domestic	¥106.0 billion	+ 5.3%
Overseas	¥424.0 billion	+ 8.2%
Overseas revenue ratio: 80.0% (FYE2020: 79.6%)		

Assumed foreign exchange rates

	USD	Euro	RMB
2H	¥105	¥120	¥15.5
FY	¥106	¥121	¥15.4

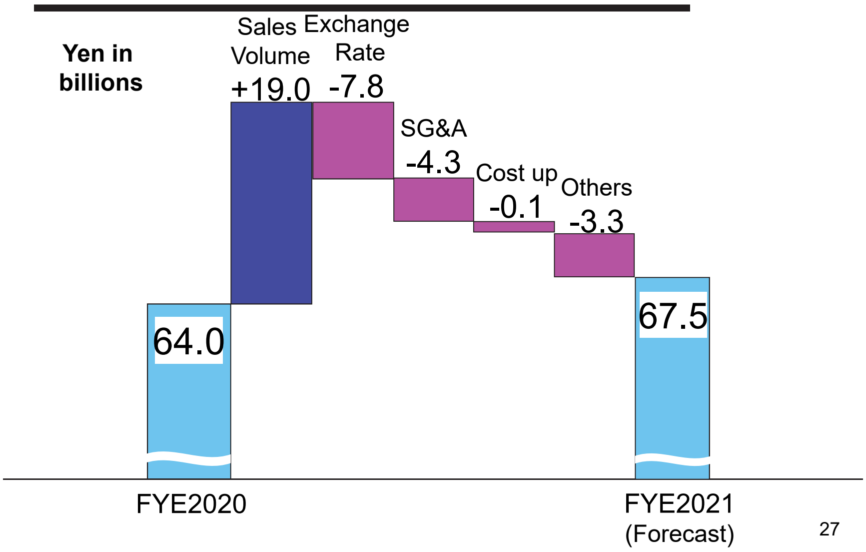
25

FYE2021 Revenue Forecast by Geographic Area



26

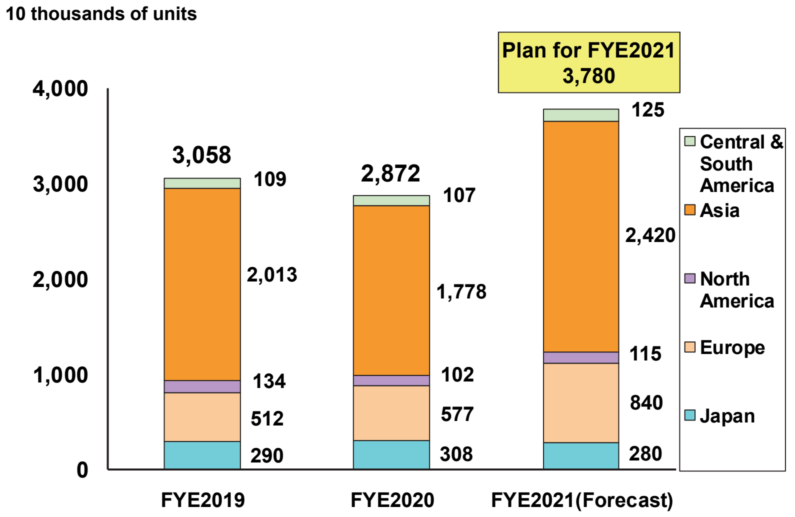
Analysis of Operating Profit (Forecast)



FYE2021 Financial Forecast

	FYE2020	**FYE2021**	Variance
Revenue	¥492.6 billion	**¥530.0 billion**	+ 7.6%
Operating profit	¥64.0 billion	**¥67.5 billion**	+ 5.4%
Profit before income taxes	¥66.0 billion	**¥67.5 billion**	+ 2.3%
Profit attributable to owners of the parent	¥47.7 billion	**¥48.0 billion**	+ 0.6%
EPS	¥175.80	**¥176.78**	-

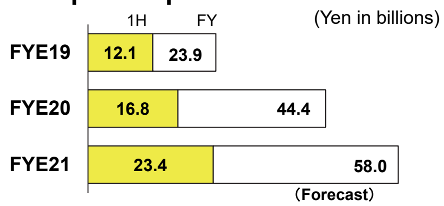
Production Plan



29

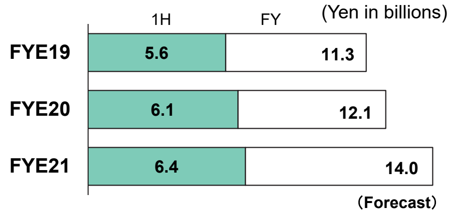
Capital Expenditure, Depreciation, R&D Cost

Capital Expenditure

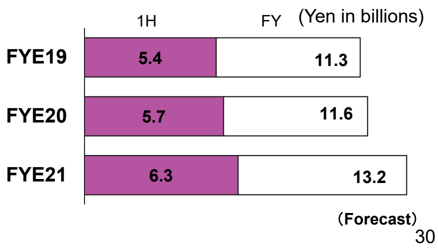


FYE2021: ¥58.0 billion (Forecast)
Construction of a new plant in China and distribution warehouses in Japan and overseas

Depreciation



R&D Cost



30

Cash Dividends

Dividend Policy	Dividend Payout Ratio: 30% or greater	
	FYE2020	FYE2021
Profit attributable to owners of the parent	¥ 47.7billion	¥48.0 billion(Forecast)
EPS	¥175.80	¥176.78(Forecast)
Special Circumstance	-	-
Annual Cash Dividend Per Share	¥53	(Note)
Interim Dividend	¥10	¥10
Year-end Dividend	¥43	(Note)
Payout Ratio	30.1%	30% or greater

Note: In April 2021, the Board of Directors plans to propose a dividend equivalent to at least 30% of profit attributable to owners of the parent.

31

https://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.

32