Makita Corporation

Consolidated Financial Results
for the six months
ended September 30, 2019
(IFRS Financial Information)

(English translation of "KESSAN TANSHIN"

originally issued in Japanese)

Makita

CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 (Unaudited)

October 30, 2019

Makita Corporation

Stock code: 6586

URL: https://www.makita.co.jp/

Munetoshi Goto, President, Representative Director

1. Summary operating results of the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)

(1) CONSOLIDATED OPERATING RESULTS

	Yen (millions)			
	For the six months ended September 30, 2018		For the six months ended September 30, 2019	
		(%)		(%)
Revenue	242,796	5.1	243,547	0.3
Operating profit	40,064	5.6	32,416	(19.1)
Profit before income taxes	42,269	8.4	34,475	(18.4)
Profit	29,907	8.4	25,151	(15.9)
Profit attributable to owners of the parent	29,679	8.5	24,979	(15.8)
Comprehensive income	25,591	(44.2)	1,085	(95.8)

	Yen	
Profit attributable to owners of the parent per share		
Basic	109.33	92.01
Diluted	109.32	-

Notes:
1. Amounts of less than one million yen have been rounded.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, profit and profit attributable to owners of the parent, and comprehensive income against the corresponding period of the previous year.
3. Information on profit attributable to owners of the parent per share after full dilution is omitted, since there is no potential common stock.

(2) SELECTED CONSOLIDATED FINANCIAL POSITION

	Yen (millions)	
	As of March 31, 2019	As of September 30, 2019
Total assets	680,250	675,339
Total equity	577,222	564,113
Equity attributable to owners of the parent	572,748	559,806
Ratio of equity attributable to owners of the parent to total assets (%)	84.2%	82.9%

2. Dividend Information

	Yen	
	For the year ended March 31, 2019	For the year ending March 31, 2020 (Forecast)
Cash dividend per share:		
Interim	10.00	10.00
Year-end	52.00	(Note)
Total	62.00	(Note)

Notes:
1. The forecast for cash dividend announced on April 26, 2019 has not been revised.
2. The projected amount of dividends for the year ending March 31, 2020 has not been determined yet. For further details, refer to “Explanation regarding proper use of business forecast, and other significant matters” on page 2.

3. Consolidated Financial Performance Forecast for the year ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

	Yen (millions)	
	For the year ending March 31, 2020	
		(%)
Revenue	480,000	(2.2)
Operating profit	63,000	(19.5)
Profit before income taxes	63,000	(21.2)
Profit attributable to owners of the parent	44,000	(21.1)
	Yen	
Profit attributable to owners of the parent per share	162.05	

Notes:
1. The consolidated financial forecast for the year ending March 31, 2020 has been revised.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes and profit attributable to owners of the parent against the previous year.

4. Other

(1) Changes in important subsidiaries during the period (Changes in specified subsidiaries accompanied by changes in scope of consolidation during the quarter): None

(2) Changes in accounting policies and accounting estimates:
1. Changes in accounting policies required by IFRS: Yes
2. Changes in accounting policies other than 1: None
3. Changes in accounting estimate: None

(3) Number of shares outstanding (common stock)

1. Number of shares issued (including treasury stock):	As of September 30, 2019:	280,017,520
	As of March 31, 2019:	280,017,520
2. Number of treasury stock:	As of September 30, 2019:	8,500,225
	As of March 31, 2019:	8,550,463
3. Average number of shares outstanding:	For the six months ended September 30, 2019:	271,487,895
	For the six months ended September 30, 2018:	271,467,793

This consolidated financial report is not subject to audit procedures by certified public accountants or an auditing firm.

Explanation regarding proper use of business forecasts, and other significant matters

1. The financial forecast given above is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecasts provided above. Regarding the assumptions for the forecasts and other matters, refer to [Qualitative Information and Financial Statements] Section 3 “Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast” on page 4.
2. Makita's basic policy on the distribution of profits is to maintain a consolidated dividend payout ratio of 30% or greater, with a lower limit on annual cash dividends of 10 yen per share. However, in the event special circumstances arise, computation of the amount of dividends will be based on profit attributable to owners of the parent after certain adjustments.
   The Board of Directors plans to meet in April 2020 for a report on earnings for the year ending March 31, 2020. At the time, in accordance with the basic policy regarding profit distribution mentioned above, the Board of Directors plans to propose a dividend equivalent to at least 30% of profit attributable to owners of the parent. The Board of Directors will submit this proposal to the General Meeting of Shareholders scheduled for June 2020.

   The consolidated dividend payout ratio is calculated as annual dividends per share divided by consolidated profit attributable to owners of the parent per share (after adjustments for special circumstances) and multiplied by 100.

[Qualitative Information and Financial Statements]

1. Explanation of Consolidated Operating Results

Looking at the global economic situation during the first six-month period the fiscal year ending March 31, 2020, the economy showed growing signs of a slowdown while business sentiment worsened due to rising uncertainties, including the intensifying trade dispute between the U.S. and China, and confusion caused by Brexit.

Under these circumstances, on the development side, the Makita Group focused on expanding its lineup of lithium-ion battery products, such as a new cordless tool series with “40Vmax lithium-ion battery” that realizes higher power output, longer life, and higher durability; cordless models featuring work efficiency higher than AC-powered ones; and cordless gardening equipment that feature usability matching engine-powered ones.

On the production side, we continued to implement measures including the promotion of multi-polarized global production, cost reduction through local procurement of components, and introduction of labor-saving or unmanned facilities.

On the sales side, we focused on expanding the sales of lithium-ion battery products, such as cordless gardening equipment. Furthermore, we worked hard to strengthen our community- and customer-based sales network by increasing sales and after-sales service bases.

Our consolidated revenue for this period increased by 0.3% to 243,547 million yen compared to the same period of the previous year due to robust sales primarily in Japan, despite a decrease in the value of overseas revenue when translated into yen. Operating profit decreased by 19.1% to 32,416 million yen (operating profit ratio: 13.3%) owing to the increase in selling, general and administrative expenses and the deterioration of the cost-of-sales ratio caused by impact of the exchange rate. Profit before income taxes decreased by 18.4% to 34,475 million yen (profit before income taxes ratio: 14.2%) and profit attributable to owners of the parent decreased by 15.8% to 24,979 million yen (ratio of profit attributable to owners of the parent: 10.2%).

Revenue results by region were as follows:

Revenue in Japan increased by 15.6% to 50,500 million yen compared to the same period of the previous year. This was due to steady demand for highly efficient cordless tools, supported by a shortage of labor at building and construction sites, and robust sales of cordless gardening equipment.

Revenue in Europe increased by 2.0% to 107,538 million yen, supported by solid demand for tools in almost all areas and steady sales of cordless gardening equipment, despite a decrease in the value of revenue caused by the appreciation of the yen against the euro.

Revenue in North America decreased by 5.4% to 34,363 million yen due to sluggish shipments to home improvement centers in the U.S., where competition became fierce, despite solid sales through other sales routes.

Revenue in Asia decreased by 3.9% to 19,648 million yen. This was due to the impact of an economic slowdown in China, despite steady sales in India and Taiwan.

Revenue in Central and South America decreased by 7.5% to 12,868 million yen since the economies of major countries slowed and the yen remained stronger against local currencies, despite our efforts to expand sales, principally lithium-ion battery products.

Revenue in Oceania decreased by 7.1% to 14,297 million yen due to the impact of a sluggish housing market in Australia.

Revenue in the Middle East and Africa decreased by 42.8% to 4,333 million yen. This was because of the continuing turmoil in the Middle East, resulting in poor sales.

2. Explanation of Consolidated Financial Position

Total assets as of September 30, 2019 decreased by 4,911 million yen to 675,339 million yen compared to the balance as of March 31, 2019. The decrease was mainly due to the decrease in "Trade receivables and other receivables" and "Other financial assets". As we have adopted IFRS 16 "Lease" from the first three-month period of the year ending March 31, 2020, right-of-use assets increased. (Please refer to (5) Notes to Consolidated Financial Statements on page 10.)

Total liabilities increased by 8,198 million yen to 111,226 million yen compared to the balance as of March 31, 2019. This increase was mainly due to the increase in "Other financial liabilities". As we have adopted IFRS 16 "Lease" from the first three-month period of the year ending March 31, 2020, lease liabilities increased. (Please refer to (5) Notes to Consolidated Financial Statements on page 10.)

Total equity decreased by 13,109 million yen to 564,113 million yen compared to the balance as of March 31, 2019. The decrease was mainly due to changes in translation differences for foreign operations included in other components of equity.

3. Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast

Trends in sales for the first six-month period of the fiscal year ending March 31, 2020 were almost in line with Makita's expectations despite some differences between regions. However, the yen has been trading at a level beyond the Company's forecast announced on April 26, 2019 against major currencies, such as the U.S. dollar and euro. In addition to the impact of foreign exchange rates, the burden of additional tariffs due to trade friction between the U.S. and China has increased beyond the Company's initial expectations, weighing on profits. Therefore, Makita has revised the forecast of its consolidated financial performance for the year ending March 31, 2020.

Revised Forecast for consolidated performance during the fiscal year 2020 (From April 1, 2019 to March 31, 2020)

	Yen (millions)				Yen
	Revenue	Operating profit	Profit before income taxes	Profit attributable to owners of the parent	Profit attributable to owners of the parent per share (Basic)
Forecast announced previously (A)	500,000	72,000	72,700	50,000	184.18
Revised forecast (B)	**480,000**	**63,000**	**63,000**	**44,000**	**162.05**
Changes (B-A)	(20,000)	(9,000)	(9,700)	(6,000)	-
Percentage revision	(4.0%)	(12.5%)	(13.3%)	(12.0%)	-
Actual results for the previous year ended March 31, 2019	490,578	78,305	79,919	55,750	205.37

[Preconditions]

The above forecast is based on the assumption of exchange rates of 105 yen to the U.S. dollar, 115 yen to the euro and 14.8 yen to the renminbi for the six months period ending March 31, 2020.

The above forecast is based on the assumption of exchange rates of 107 yen to the U.S. dollar, 118 yen to the euro and 15.2 yen to the renminbi for the year ending March 31, 2020.

[Reference]

Our previous exchange rates that we announced on April 26, 2019 were 110 yen to the U.S. dollar, 125 yen to the euro and 16.3 yen to the renminbi for the year ending March 31, 2020.

Note:

The above forecast is based on information as available at the present time, and includes potential risks and uncertainties. As a consequence of the factors above and other, actual results may vary from the forecast provided above.

4. Condensed Consolidated Financial Statements (Unaudited)

(1) Consolidated Statement of Financial Position

	Yen (millions)			
	As of March 31, 2019		As of September 30, 2019	
		Composition ratio		Composition ratio
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	146,512		143,375	
Trade receivables and other receivables	79,450		70,898	
Inventories	219,938		221,160	
Other financial assets	37,828		28,628	
Other current assets	9,401		10,202	
Total current assets	493,129	72.5%	474,263	70.2%
NON-CURRENT ASSETS:				
Property, plant and equipment, at cost	112,441		127,162	
Goodwill and intangible assets	8,039		8,390	
Other financial assets	43,566		43,231	
Not defined benefit asset	9,541		9,375	
Deferred income taxes	9,342		8,760	
Other non-current assets	4,192		4,158	
Total non-current assets	187,121	27.5%	201,076	29.8%
Total assets	680,250	100.0%	675,339	100.0%

	Yen (millions)			
	As of March 31, 2019		As of September 30, 2019	
		Composition ratio		Composition ratio
LIABILITIES AND EQUITY				
LIABILITIES				
CURRENT LIABILITIES:				
Trade payables and other payables	38,904		40,069	
Borrowings	11,799		11,447	
Other financial liabilities	220		2,210	
Income taxes payable	7,153		7,175	
Provisions	3,040		2,983	
Other liabilities	29,678		28,514	
Total current liabilities	90,794	13.3%	92,398	13.7%
NON-CURRENT LIABILITIES:				
Retirement benefit liabilities	3,231		3,085	
Other financial liabilities	256		8,707	
Provisions	1,293		1,217	
Deferred income taxes	7,236		5,607	
Other non-current liabilities	218		212	
Total non-current liabilities	12,234	1.8%	18,828	2.8%
Total liabilities	103,028	15.1%	111,226	16.5%
EQUITY				
Common stock	23,805		23,805	
Additional paid-in capital	45,571		45,510	
Retained earnings	508,622		519,830	
Treasury stock, at cost	(11,681)		(11,553)	
Other components of equity	6,431		(17,786)	
Total equity attributable to owners of the parent	572,748	84.2%	559,806	82.9%
NON-CONTROLLING INTEREST	4,474	0.7%	4,307	0.6%
Total equity	577,222	84.9%	564,113	83.5%
Total liabilities and equity	680,250	100.0%	675,339	100.0%

(2) Condensed Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Condensed Consolidated Statements of Profit or Loss

	Yen (millions)			
	For the six months ended September 30, 2018		For the six months ended September 30, 2019	
		Composition ratio		Composition ratio
REVENUE	242,796	100.0%	243,547	100.0%
Cost of sales	(152,625)	(62.9%)	(159,978)	(65.7%)
GROSS PROFIT	90,171	37.1%	83,569	34.3%
Selling, general, administrative and others, net	(50,107)	(20.6%)	(51,153)	(21.0%)
OPERATING PROFIT	40,064	16.5%	32,416	13.3%
Financial income	2,227		2,268	
Financial expenses	(22)		(209)	
PROFIT BEFORE INCOME TAXES	42,269	17.4%	34,475	14.2%
Income tax expenses	(12,362)		(9,324)	
PROFIT	29,907	12.3%	25,151	10.3%
Profit attributable to:				
Owners of the parent	29,679	12.2%	24,979	10.2%
Non-controlling interests	228	0.1%	172	0.1%

Condensed Consolidated Statements of Comprehensive Income

	Yen (millions)	
	For the six months ended September 30, 2018	For the six months ended September 30, 2019
INCOME	29,907	25,151
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that will not be reclassified to income (loss)		
Equity financial goods measured at fair value through other comprehensive income (loss)	(3,055)	49
Total of items that will not be reclassified to income (loss)	(3,055)	49
Items that may be reclassified to loss		
Exchange differences on translating foreign operations	(1,261)	(24,115)
Total of items that may be reclassified to loss	(1,261)	(24,115)
Total other comprehensive loss, net of tax	(4,316)	(24,066)
COMPREHENSIVE INCOME	25,591	1,085
Comprehensive income attributable to:		
Owners of the parent	25,284	1,107
Non-controlling interests	307	(22)

(3) Condensed Consolidated Statement of Changes in Equity

	Yen (millions)							
	For the six months ended September 30, 2018							
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance at April 1, 2018	23,805	45,531	469,232	(11,617)	27,095	554,046	4,393	558,439
Profit for the period			29,679			29,679	228	29,907
Other comprehensive income					(4,395)	(4,395)	79	(4,316)
Comprehensive income	-	-	29,679	-	(4,395)	25,284	307	25,591
Dividends paid			(13,845)			(13,845)	(171)	(14,016)
Purchase of treasury stock				(2)		(2)		(2)
Disposal of treasury stock		0		0		0		0
Share-based payment transaction		20				20		20
Transfer from other components of equity to retained earnings			288		(288)	-		-
Total amounts of transactions with owners	-	20	(13,557)	(2)	(288)	(13,827)	(171)	(13,998)
Balance at September 30, 2018	23,805	45,551	485,354	(11,619)	22,412	565,503	4,529	570,032

	Yen (millions)							
	For the six months ended September 30, 2019							
	Equity attributable to owners of the parent						Non-Controlling interest	Total equity
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total		
Balance at April 1, 2019	23,805	45,571	508,622	(11,681)	6,431	572,748	4,474	577,222
Profit for the period			24,979			24,979	172	25,151
Other comprehensive income					(23,872)	(23,872)	(194)	(24,066)
Comprehensive income	-	-	24,979	-	(23,872)	1,107	(22)	1,085
Dividends paid			(14,116)			(14,116)	(145)	(14,261)
Purchase of treasury stock				(1)		(1)		(1)
Disposal of treasury stock		(13)		61		48		48
Share-based payment transaction		(48)		68		20		20
Transfer from other components of equity to retained earnings			345		(345)	-		-
Total amounts of transactions with owners	-	(61)	(13,771)	128	(345)	(14,049)	(145)	(14,194)
Balance at September 30, 2019	23,805	45,510	519,830	(11,553)	(17,786)	559,806	4,307	564,113

(4) Condensed Consolidated Statements of Cash Flows

	Yen (millions)	
	For the six months ended September 30, 2018	For the six months ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit	29,907	25,151
Depreciation and amortization	5,575	6,903
Income tax expenses	12,362	9,324
Financial income and expenses	(2,205)	(2,059)
Loss (gain) on sales and retirement of property, plant and equipment	24	(1,040)
Decrease (increase) in trade receivables and other receivables	2,593	4,299
Decrease (increase) in inventories	(19,066)	(12,456)
Increase (decrease) in trade payables and other payables	(1,538)	2,202
Increase in retirement benefit assets and liabilities	125	168
Decrease (increase) in guarantee deposits	(9,199)	(208)
Other	(397)	2,439
Subtotal	18,181	34,723
Dividends received	367	422
Interest received	1,059	837
Interest paid	(22)	(209)
Income taxes paid	(14,818)	(11,610)
Cash flows from operating activities	4,767	24,163
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of non-current assets	(12,106)	(16,839)
Proceeds from sales of non-current assets	372	2,480
Purchase of investments	(10,509)	(1,025)
Proceeds from sales and redemption of investments	1,911	4,339
Payments into time deposits	(13,547)	(18,805)
Proceeds from withdrawal of time deposits	31,554	24,860
Other	(33)	301
Cash flows from investing activities	(2,358)	(4,689)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	(774)	166
Purchase and sales of treasury stock, net	(2)	47
Cash dividends paid	(13,845)	(14,116)
Repayments of lease obligations	(18)	(1,155)
Other	(193)	(153)
Cash flows from financing activities	(14,832)	(15,211)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	292	(7,400)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,131)	(3,137)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	147,320	146,512
CASH AND CASH EQUIVALENTS, END OF PERIOD	135,189	143,375

(5) Notes to Consolidated Financial Statements

Notes on the assumptions for a going concern: None

Changes in accounting policies:

The Makita Group has adopted IFRS 16 “Lease” (“IFRS 16”) from the first three-month period of the year ending March 31, 2020.

In accordance with IFRS 16, the Group has recorded leases that had been classified as operating leases under IAS 17 ”Lease” as right-of-use assets and lease liabilities in the consolidated statement of financial position.

On transition to IFRS 16, the Group has chosen to apply the practical expedient that allows the Group to continue using the same method as before with regard to whether contracts are leases or not.

In line with the transition provision in IFRS 16, the Group has adopted the modified retrospective approach (a method to recognize the cumulative effects of adopting IFRS 16 at the date of adoption) at the date of transition.

At the first date of the first three-month period of the year ending March 31, 2020 (“the date of initial application”), the Group additionally recognized total assets including right-of-use assets (which were included in property, plant and equipment in the consolidated statement of financial position) of 10,656 million yen and lease liabilities of 10,656 million yen (which were included in other financial liabilities).

The Group measured the lease liabilities at the date of initial application at the present value of aggregate residual lease payments at the inception of adoption, discounted using the lessee’s incremental borrowing rate of interest at the inception of adoption. As of the date of initial application, the weighted average of the incremental borrowing rate was 2.5%.

On transition to IFRS 16, The Group has adopted the following practical expedients:

・Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

・Applying the exemption on not recognizing right-of-use assets or lease liabilities for leases for which the lease term ends within 12 months of the date of initial application.

Condensed Operating Segment Information

	Yen (millions)							
	For the six months ended September 30, 2018							
	Japan	Europe	North America	Asia	Total	Other	Elimi-nations	Consoli-dated
Revenue:								
External customers	54,653	105,704	37,463	13,355	211,175	31,621	-	242,796
Inter-segment	102,163	2,718	2,033	107,072	213,986	431	(214,417)	-
Total	156,816	108,422	39,496	120,427	425,161	32,052	(214,417)	242,796
Operating profit	14,356	10,798	1,088	12,557	38,799	1,815	(550)	40,064

	Yen (millions)							
	For the six months ended September 30, 2019							
	Japan	Europe	North America	Asia	Total	Other	Elimi-nations	Consoli-dated
Revenue:								
External customers	59,763	107,990	35,265	12,567	215,585	27,962	-	243,547
Inter-segment	94,846	3,557	2,066	100,220	200,689	258	(200,947)	-
Total	154,609	111,547	37,331	112,787	416,274	28,220	(200,947)	243,547
Operating profit (loss)	13,692	6,644	(1,662)	10,455	29,129	476	2,811	32,416

SUPPORT DOCUMENTATION (CONSOLIDATED)

1. Consolidated Financial Results and Forecast

	Yen (millions)			
	For the six months ended September 30, 2018		For the six months ended September 30, 2019	
		(%)		(%)
Revenue	242,796	5.1	243,547	0.3
Domestic	43,699	9.6	50,500	15.6
Overseas	199,097	4.2	193,047	(3.0)
Operating profit	40,064	5.6	32,416	(19.1)
Profit before income taxes	42,269	8.4	34,475	(18.4)
Profit attributable to owners of the parent	29,679	8.5	24,979	(15.8)
Profit attributable to owners of the parent per share (Yen)	109.33		92.01	
Cash dividend per share (Yen)	10.00		10.00	
Dividend payout ratio (%)	9.1		10.9	
Number of Employees	16,087		16,908	

	Yen (millions)			
	For the year ended March 31, 2019		For the year ending March 31, 2020 (Forecast)	
		(%)		(%)
Revenue	490,578	2.8	480,000	(2.2)
Domestic	92,129	11.6	100,000	8.5
Overseas	398,449	0.9	380,000	(4.6)
Operating profit	78,305	(2.4)	63,000	(19.5)
Profit before income taxes	79,919	0.1	63,000	(21.2)
Profit attributable to owners of the parent	55,750	1.5	44,000	(21.1)
Profit attributable to owners of the parent per share (Yen)	205.37		162.05	
Cash dividend per share (Yen)	62.00		-	
Dividend payout ratio (%)	30.2		-	
Number of Employees	16,424		-	

Notes:

1. Please refer to [Qualitative Information and Financial Statements] Section 3 “Explanation of Information Relevant to Forecast such as Consolidated Financial Performance Forecast” on page 4.
2. The table above shows the changes in the percentage ratio of revenue, operating profit, profit before income taxes, and profit attributable to owners of the parent compared to the corresponding period of the previous year.

2. Consolidated Revenue by Geographic Area

	Yen (millions)					
	For the six months ended September 30, 2018		For the six months ended September 30, 2019		For the year ended March 31, 2019	
		(%)		(%)		(%)
Japan	43,699	9.6	50,500	15.6	92,129	11.6
Europe	105,458	7.0	107,538	2.0	213,238	5.5
North America	36,313	3.7	34,363	(5.4)	72,508	(1.8)
Asia	20,444	(4.7)	19,648	(3.9)	40,909	(7.2)
Central and South America	13,906	3.1	12,868	(7.5)	27,801	(0.4)
Oceania	15,397	(1.3)	14,297	(7.1)	30,222	(3.4)
The Middle East and Africa	7,579	9.6	4,333	(42.8)	13,771	(11.1)
Total	242,796	5.1	243,547	0.3	490,578	2.8

Notes:

1. The table above sets forth Makita's consolidated revenue by geographic area based on the customer's location for the periods presented. Accordingly, it differs from "Condensed Operating Segment Information" on page 10.
2. The table above shows the changes in the percentage ratio of revenue compared to the corresponding period of the previous year.

3. Exchange Rates

	Yen			
	For the six months ended September 30, 2018	For the six months ended September 30, 2019	For the year ended March 31, 2019	For the year ending March 31, 2020 (Forecast)
USD/JPY	110.26	108.60	110.92	107
EUR/JPY	129.79	121.40	128.44	118
RMB/JPY	16.74	15.68	16.54	15.2

4. Production Ratio (unit basis)

	For the six months ended September 30, 2018	For the six months ended September 30, 2019	For the year ended March 31, 2019
	Composition ratio	Composition ratio	Composition ratio
Domestic	9.5%	10.5%	9.5%
Overseas	90.5%	89.5%	90.5%

5. Consolidated Capital Expenditures, Depreciation and Amortization, and R&D cost

	Yen (millions)			
	For the six months ended September 30, 2018	For the six months ended September 30, 2019	For the year ended March 31, 2019	For the year ending March 31, 2020 (Forecast)
Capital expenditures	12,106	16,839	23,867	38,000
Depreciation and amortization	5,575	6,065	11,271	12,800
R&D cost	5,391	5,706	11,258	12,000