

Financial Results for FY2018

May 9, 2019

Securities Code: 6455

MORITA HOLDINGS CORPORATION

<https://www.morita119.com/en>

● FY2018 Results

- Net sales increased by 7.0%, net income increased by 11.3%, exceeded the record high, and operating income increased 11.8%, reached the second highest record.
 - Net sales and operating income increased in all segments.
- Annual DPS is 34 yen, increased 8 yen compared to the previous year.
- Net sales and operating income have steadily grown for the last 3 years, even though the results for the final year of the Mid-term plan was below the financial target.
 - Formulated new Mid-term plan "Morita Reborn 2025" for further growth.

● FY2019 Outlook

- Net sales is expected to decrease 3.9%, operating income is expected to decreased 3.0%.
 - Net sales is expected to be the second highest, operating income is to be the third highest. All segments except for Fire Fighting Vehicles business are expected to increase.
 - Volume of fire fighting vehicles which would be carried over for the next year is unclear at this moments.
- Annual DPS is to be 38 yen, increased 4 yen compared to the previous year, and DOE is targeted around 2.5% or higher.





Company Outline



- **Company Name** : **MORITA HOLDINGS CORPORATION**
- **Founded** : **April 23, 1907**
- **Established** : **July 23, 1932**
- **Representative** : **Masahiro Nakajima, Chairman & CEO**
Kazumi Ogata, President
- **Paid-in Capital** : **4.75 bil. JPY**
- **Net Sales** : **91.5 bil. JPY**
(Consolidated) **(for the year ended March 31, 2019)**
- **Employees** : **1,750**
(Consolidated) **(as of March 31, 2019)**
- **Affiliates** : **14 Companies**
- **Equity Method** : **3 Companies**
Affiliates
- **Other Affiliates** : **6 Companies**

Business Segments



Segment	Fire Fighting Vehicles (FFV)	Fire Protection Equipment & Systems (FPES)	Recycling Machines (RM)	Environmental Conservation Vehicles (ECV)
Business Lines				
	Fire fighting vehicles, maintenance service for fire fighting vehicles	Extinguishers, fire extinguishing equipment	Recycling facilities, waste disposal facilities, industrial waste treatment	Sanitary vehicles, garbage collectors and other environmental sanitary vehicles
Operating Company	Morita, Morita Technos, Bronto Skylift	Morita Miyata	Morita Environmental Tech	Morita Econos
Net Sales	54.6 bil. JPY (59.7%)	21.6 bil. JPY (23.6%)	4.7 bil. JPY (5.1%)	10.6 bil. JPY (11.5%)
Operating Income	6.3 bil. JPY (66.0%)	2.1 bil. JPY (22.3%)	0.4 bil. JPY (4.0%)	0.8 bil. JPY (8.2%)
Estimated Domestic Market share [※]	Fire engines: 57%	Fire extinguishers: 32%	Scrap Shears : 59%	Sanitary Vehicles: 85%

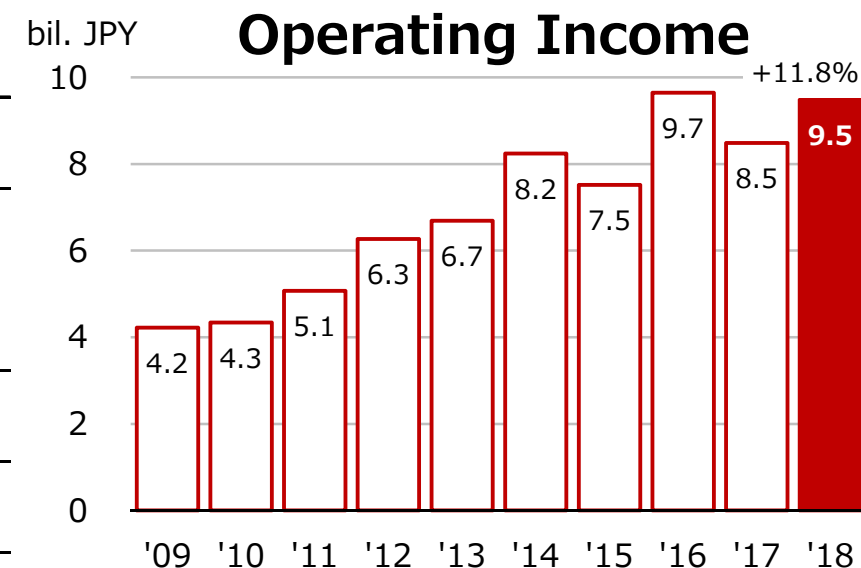
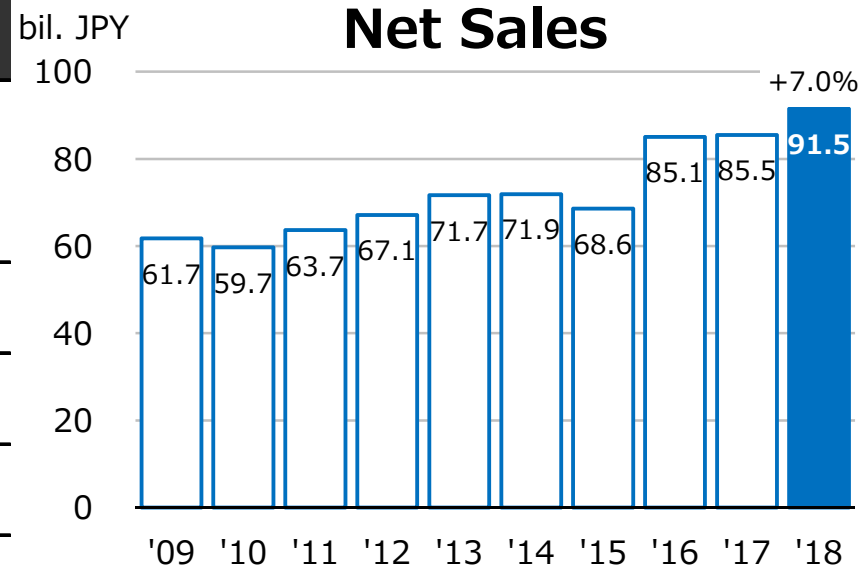
*"Net sales", "Operating income", and "Domestic Market share(estimation)" are the actual results for FY2018

I. Financial Results for FY2018

Consolidated Statements of Income

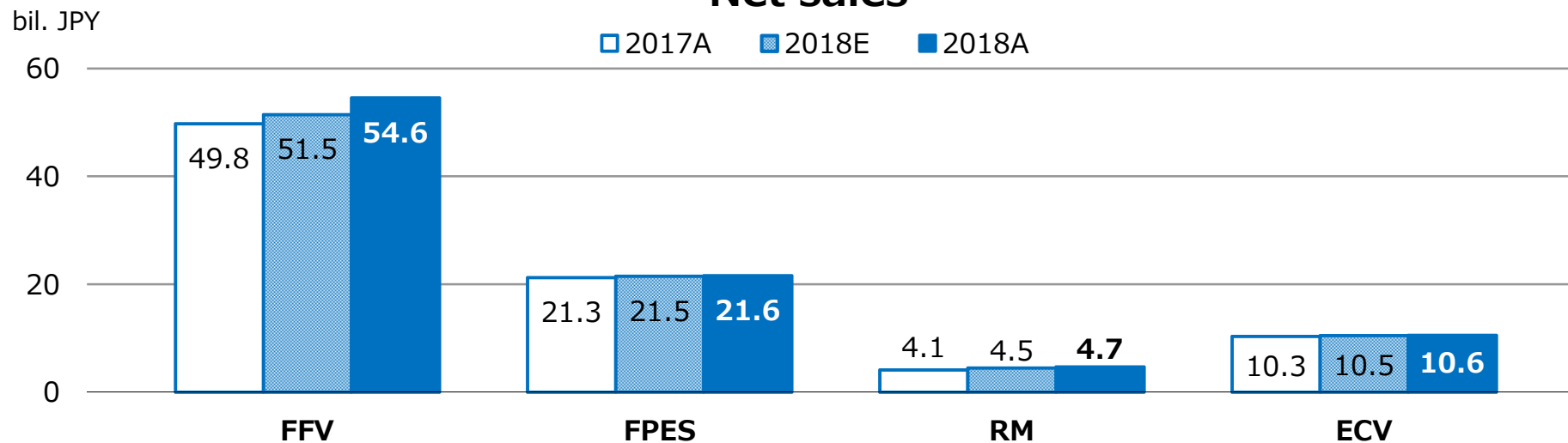


(bil. JPY)	2017	2018	Change
Net Sales	85.5 100.0%	91.5 100.0%	+6.0
Cost of Sales	63.8 74.6%	67.9 74.2%	+4.1 -0.4pt.
Gross Profit	21.7 25.4%	23.7 25.9%	+2.0 +0.5pt.
S,G&A Expenses	13.2 15.5%	14.2 15.5%	+1.0 +0.0pt.
Operating Income	8.5 9.9%	9.5 10.4%	+1.0 +0.4pt.
Non-Operating Income	0.7 0.9%	0.9 0.9%	+0.1 +0.1pt.
Non-Operating Expenses	0.2 0.2%	0.2 0.3%	+0.0 +0.0pt.
Ordinary Income	9.0 10.6%	10.1 11.0%	+1.1 +0.5pt.
Extraordinary Income	0.0 0.0%	0.0 0.0%	-0.0 -0.0pt.
Extraordinary Loss	0.1 0.1%	0.1 0.2%	+0.0 +0.0pt.
Income before Income Taxes	9.0 10.5%	10.0 10.9%	+1.0 +0.4pt.
Net Income	5.7 6.7%	6.4 7.0%	+0.7 +0.3pt.

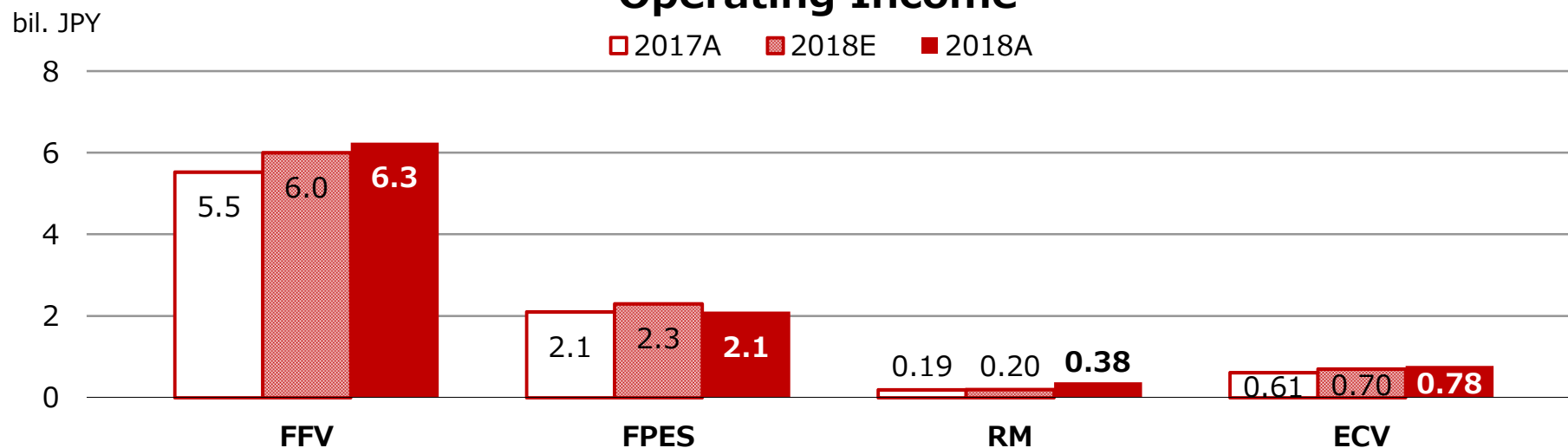


Performance by Segment

Net sales



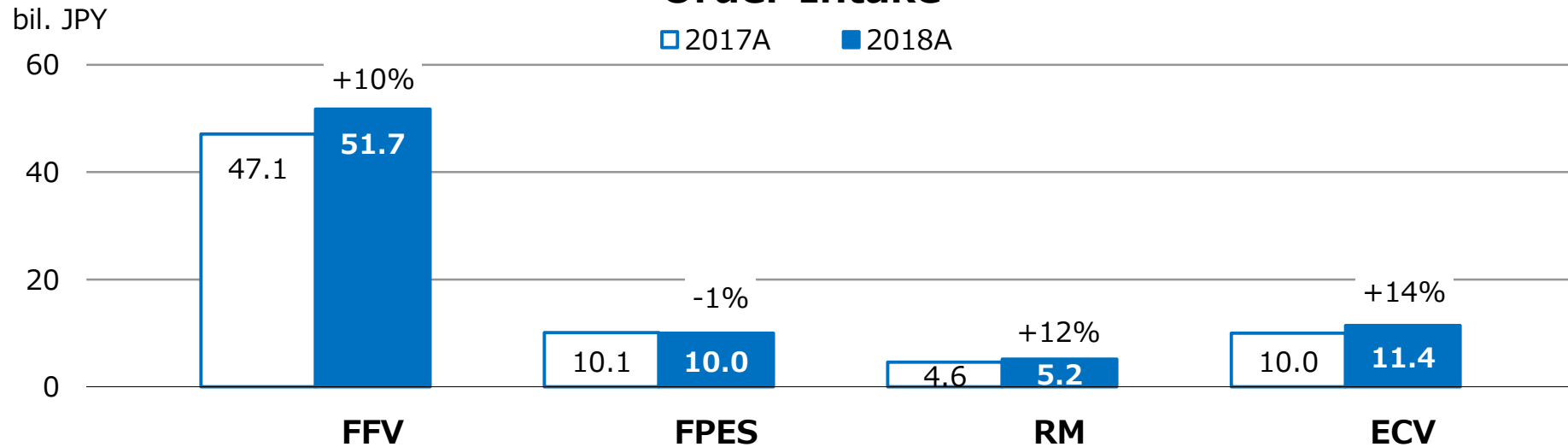
Operating Income



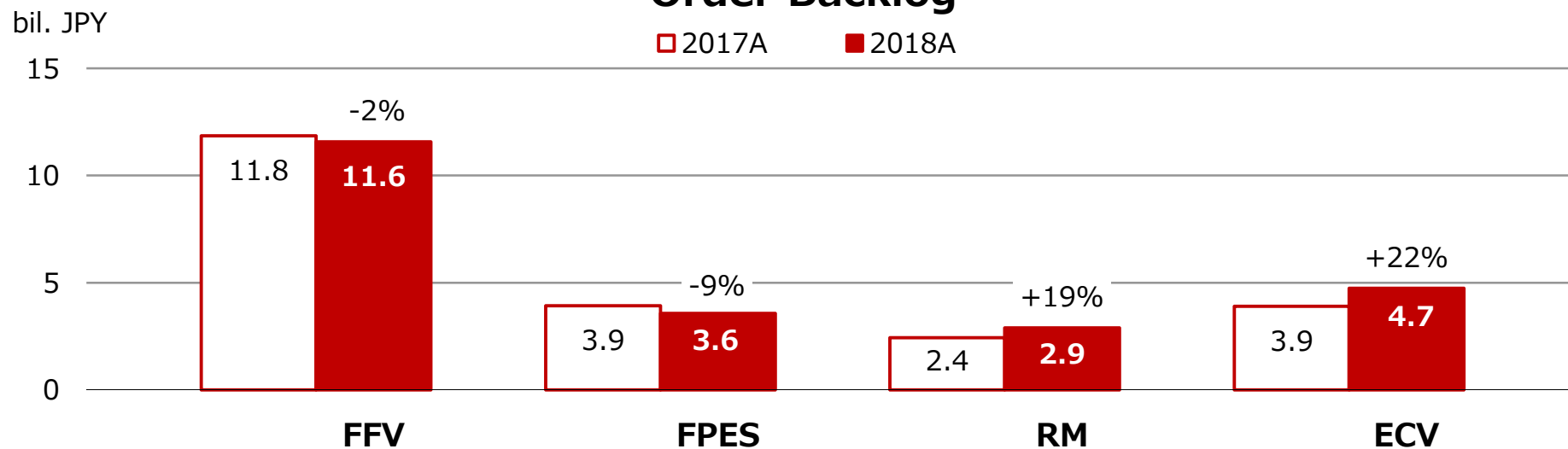
Orders by Segment



Order Intake



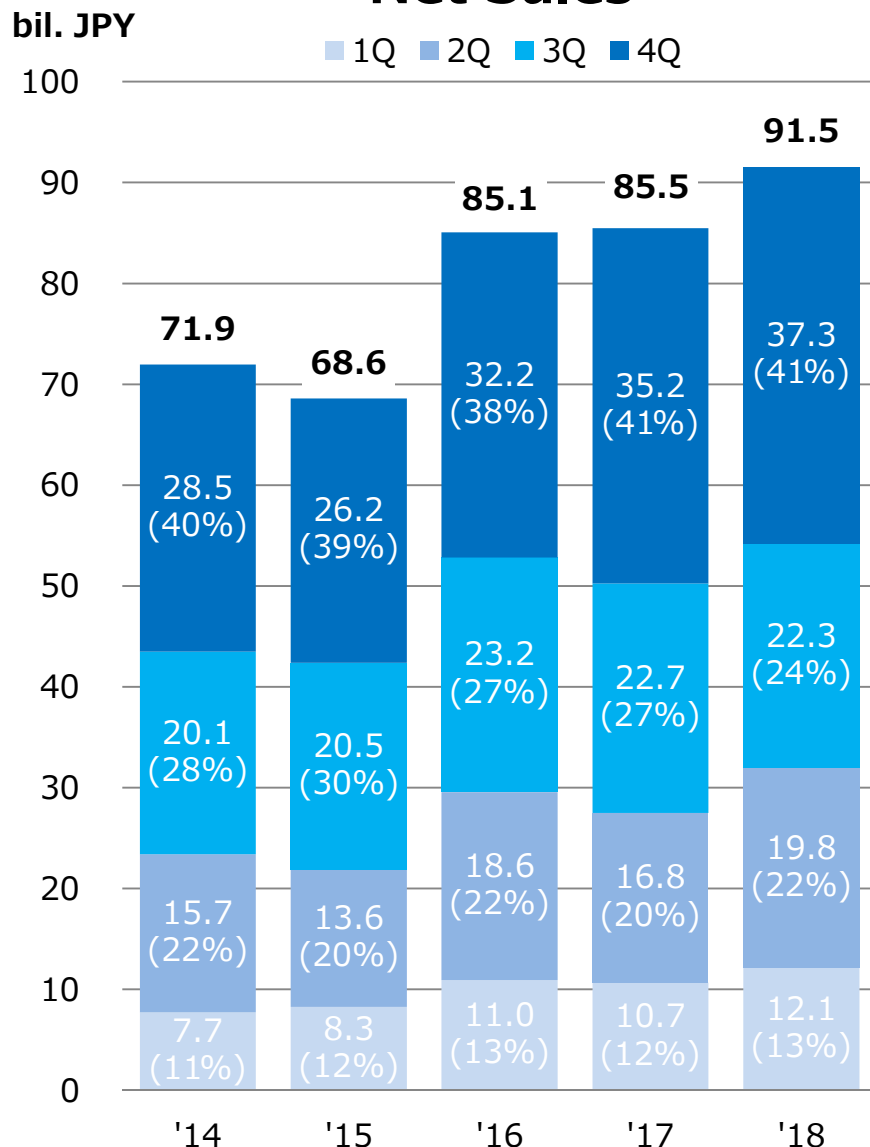
Order Backlog



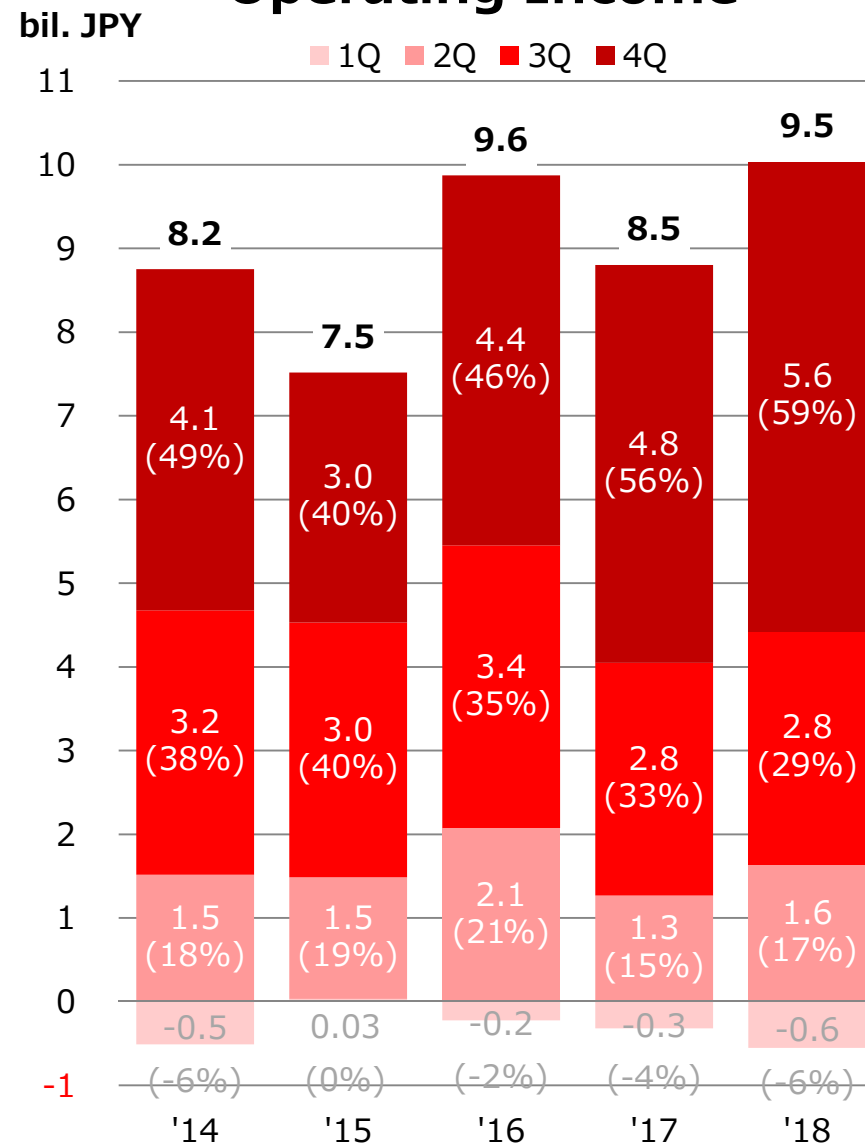
Performance Composition by Quarter



Net Sales



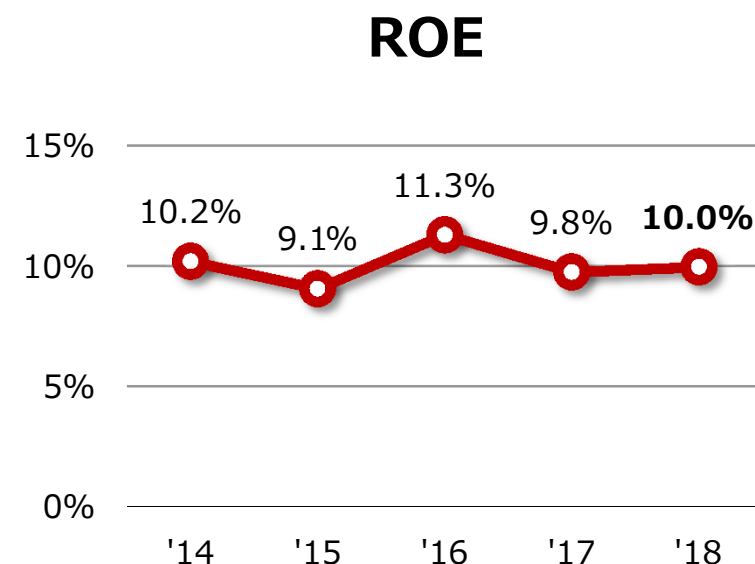
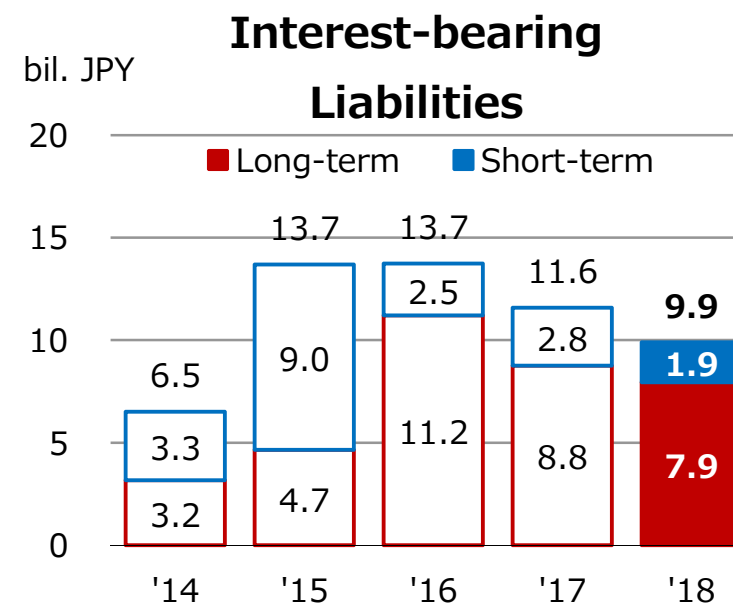
Operating Income



Consolidated Balance Sheets



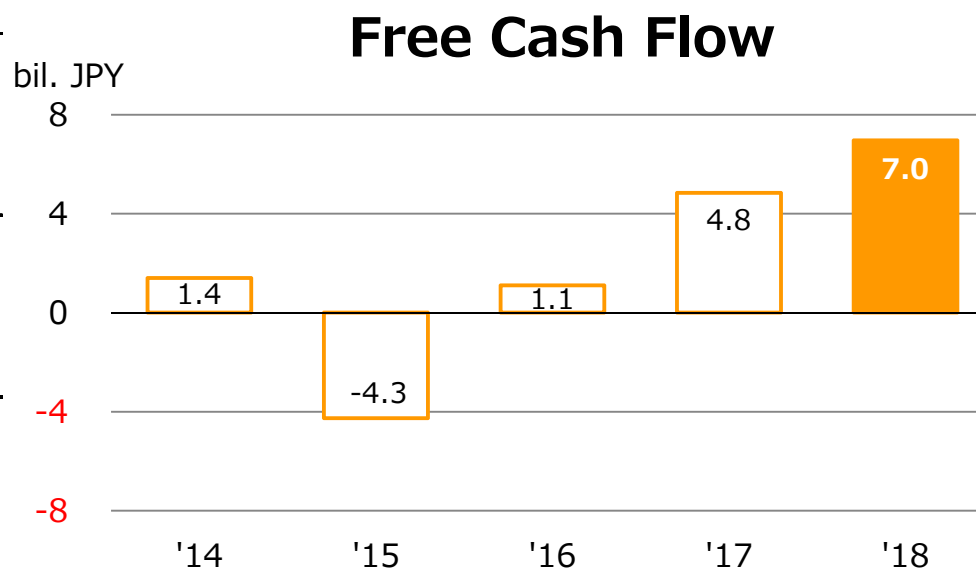
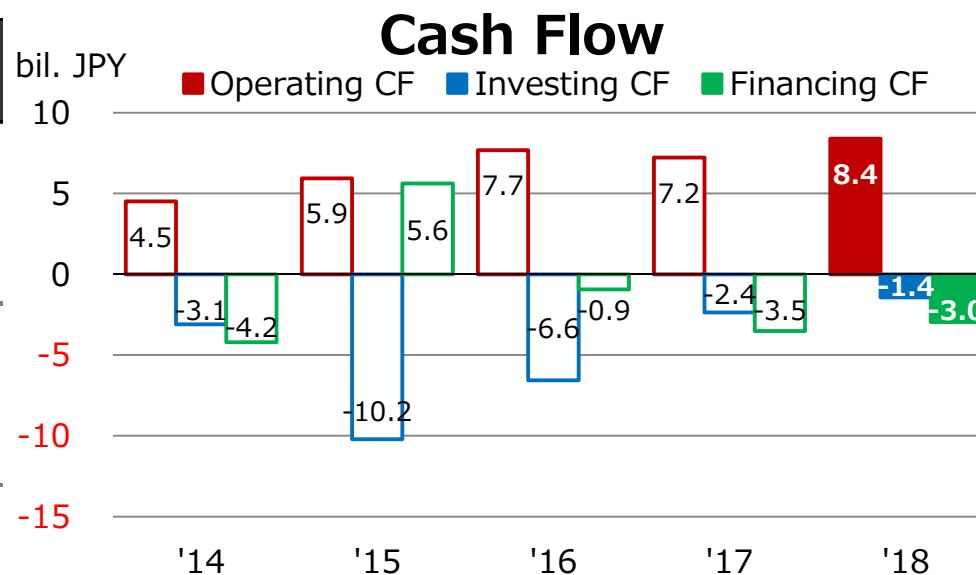
(bil. JPY)	2017		2018		Change	
Current Assets	58.7	51.3%	62.3	53.2%	+3.6	+1.9pt.
Non-Current Assets	55.7	48.7%	54.9	46.8%	-0.9	-1.9pt.
Total Assets	114.4	100.0%	117.2	100.0%	+2.8	
Current Liabilities	34.8	30.4%	33.2	28.3%	-1.6	-2.1pt.
Non-Current Liabilities	16.9	14.8%	16.4	14.0%	-0.5	-0.8pt.
Total Liabilities	51.7	45.2%	49.6	42.3%	-2.1	-2.9pt.
Shareholders' Equity	61.8	54.0%	66.5	56.8%	+4.8	+2.8pt.
Minority Interests	0.9	0.8%	1.1	0.9%	+0.1	+0.1pt.
Total Net Assets	62.7	54.8%	67.6	57.7%	+4.9	+2.9pt.
Total Liabilities & Net Assets	114.4	100.0%	117.2	100.0%	+2.8	



Consolidated Statement of Cash Flows



(bil. JPY)	2017	2018	Change
Operating Activities	7.2	8.4	+1.2
Investing Activities	-2.4	-1.4	+0.9
Financing Activities	-3.5	-3.0	+0.5
Net Increase/Decrease in Cash and Cash Equivalents	1.3	4.0	+2.7
Cash and Cash Equivalents at beginning of year	7.9	9.2	+1.3
Cash and Cash Equivalents at end of year	9.2	13.2	+4.0



II . Mid-term Plan

● Level of achievement against financial target

(bil. JPY)	FY2015 Actual	FY2018 Target	FY2018 Actual
Net Sales	68.6	100.0	91.5
Operating Income	7.5	10.0	9.5

● Review of the basic policies

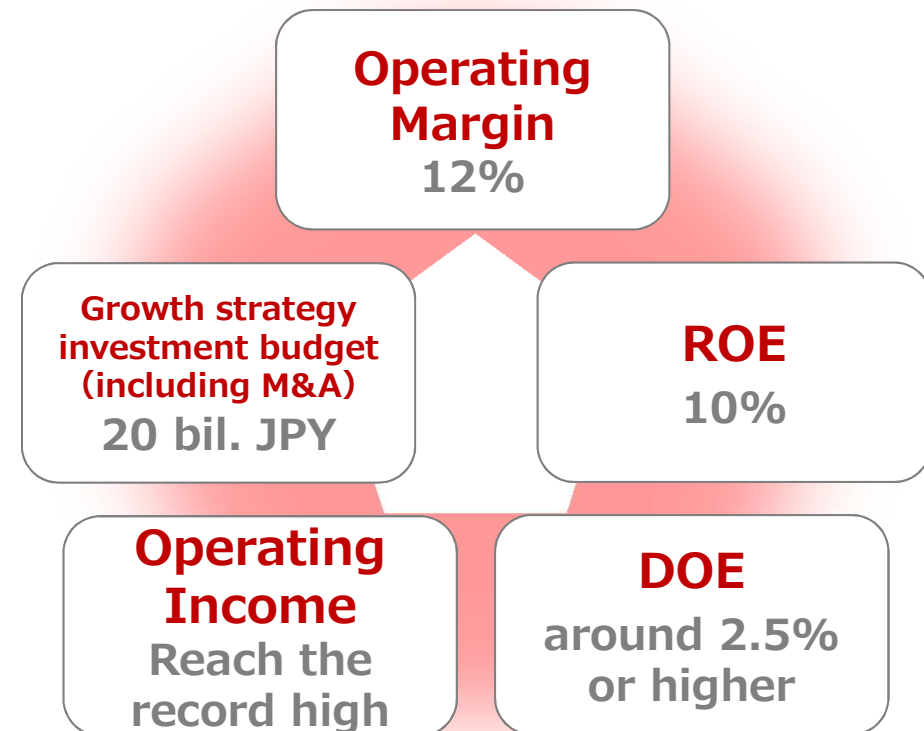
- ① Exploiting new businesses
 - Establishing new businesses in FFV business and FPES business, which was originally planned, is half way through.
- ② Increasing profitability of existing business
 - Consolidated operating margin maintained 10%, achieved growth with profitability.
- ③ Enhancing R&D
 - Launched a number of new products, including a vehicle developed in corporation with Bronto.
- ④ Carrying out investment for sustainable growth
 - Carried out PMI of Bronto, and implemented a factory relocation in the Environmental Conservation Vehicles business.

Global Fire Fighting and Disaster Prevention Solutions Company

● Basic Policies

- ① Increasing profitability of existing business
- ② Cultivate and expand overseas businesses and new businesses
- ③ Enhance basic research capabilities and new product development
- ④ Develop innovative human resource
- ⑤ Promote CSR activities

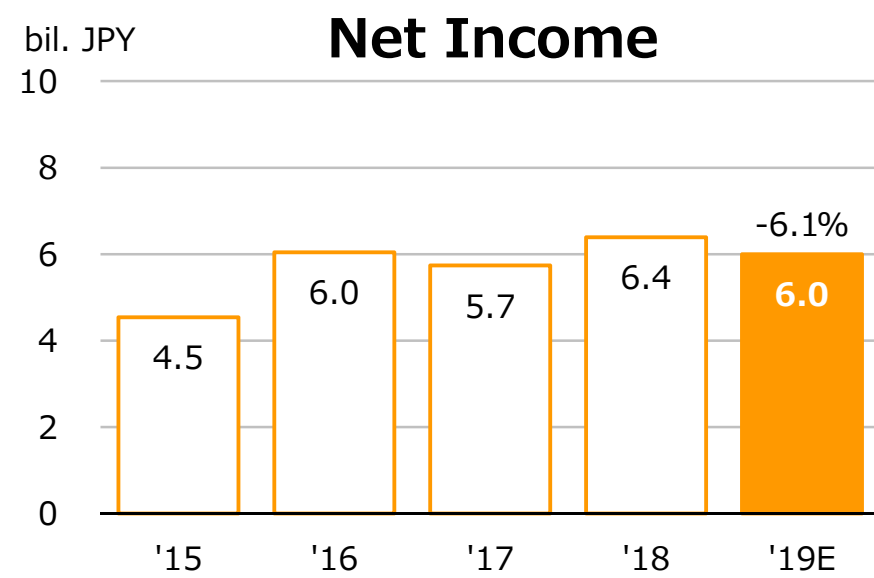
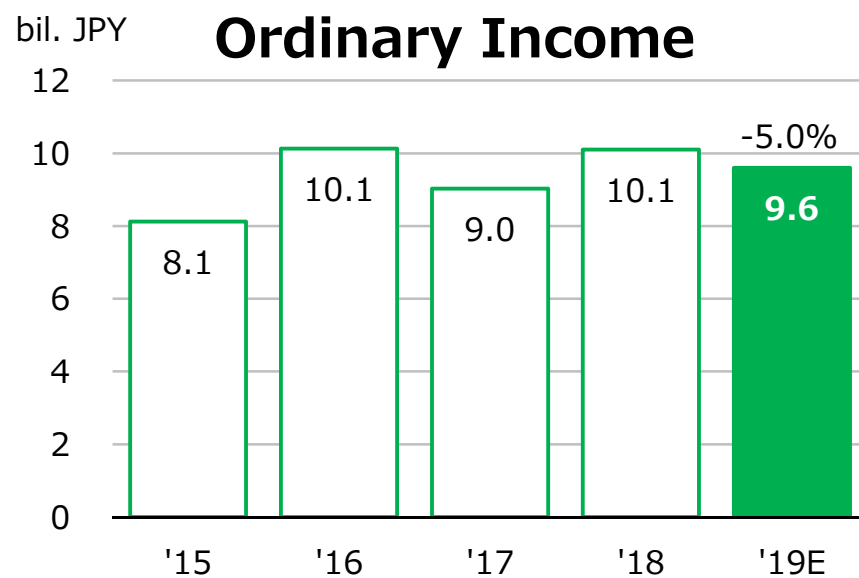
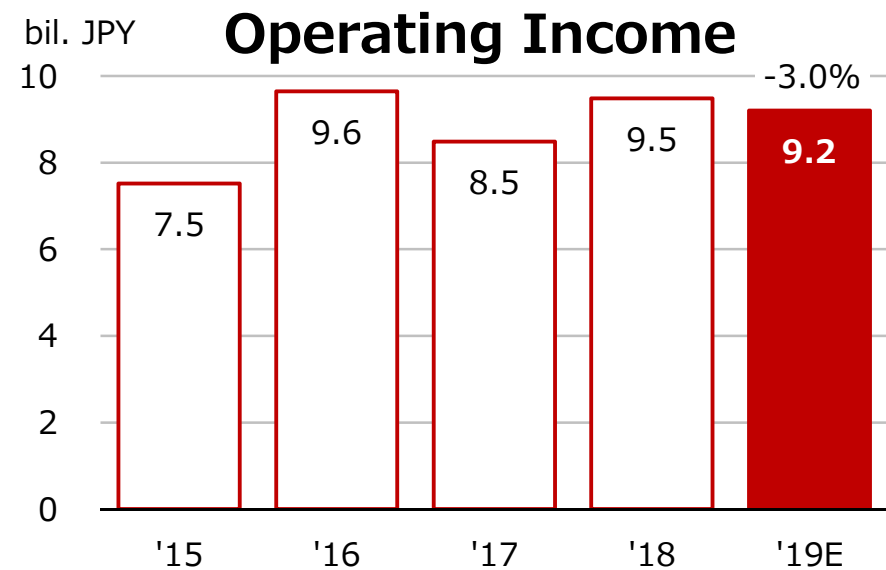
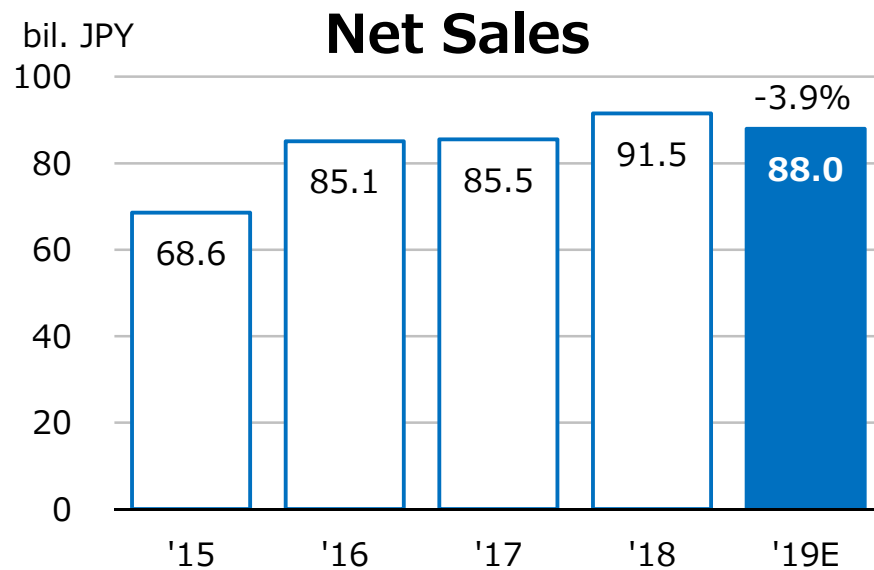
● Financial Targets«FY2025»



Morita Reborn 2025
(2019~2025)

Ⅲ. Financial Outlook for FY2019

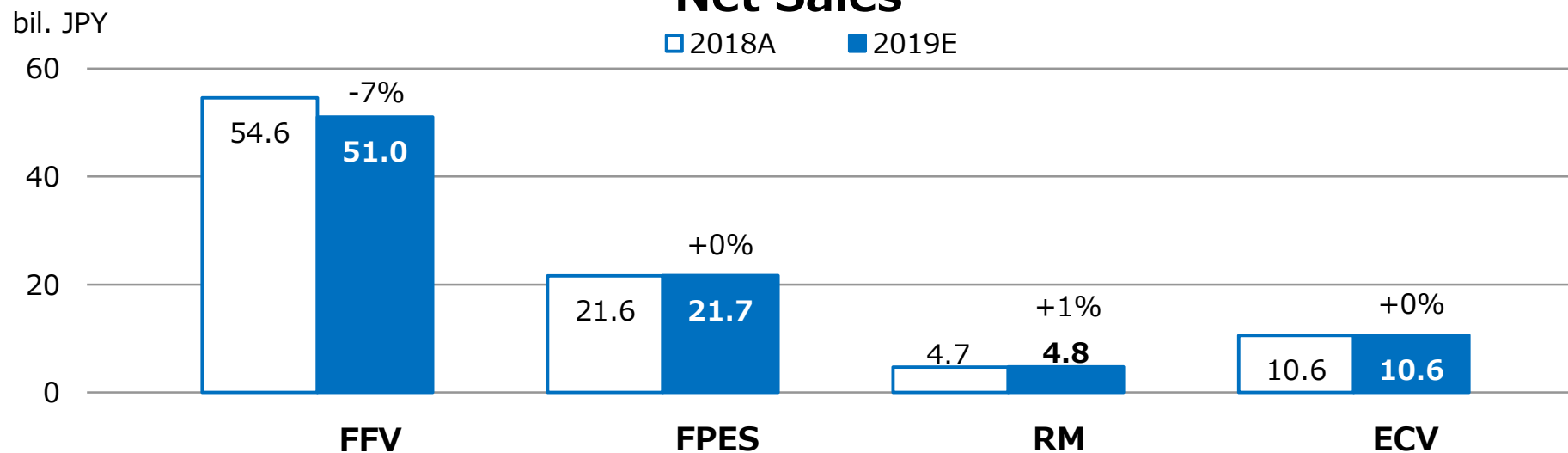
Outlook for Consolidated Performance **MORITA**



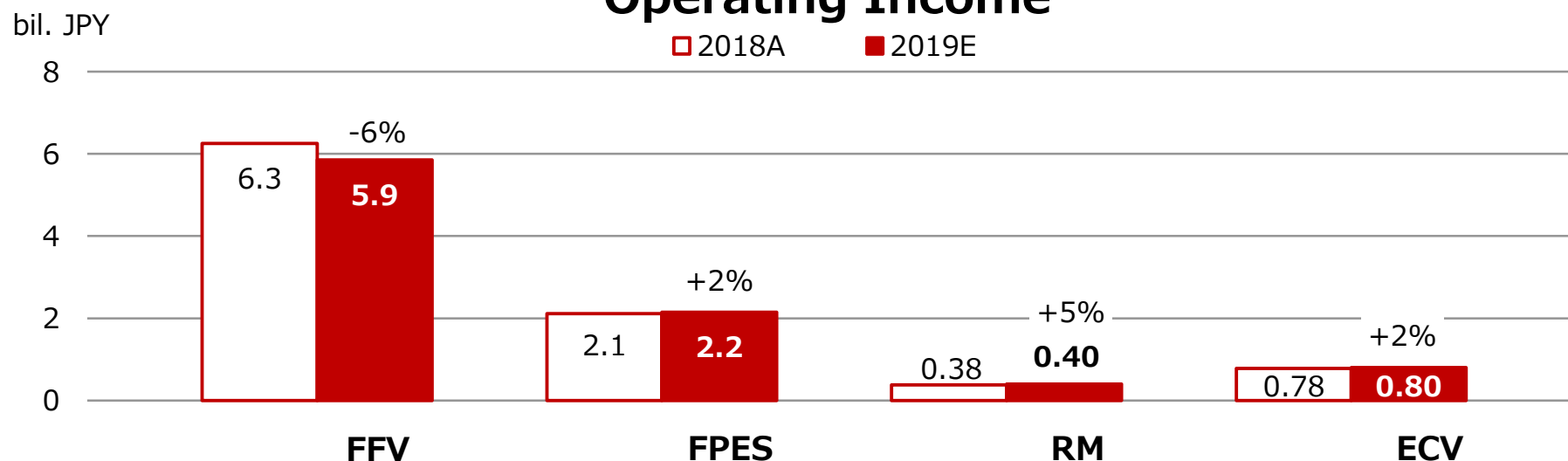
Outlook for Segment Performance



Net Sales

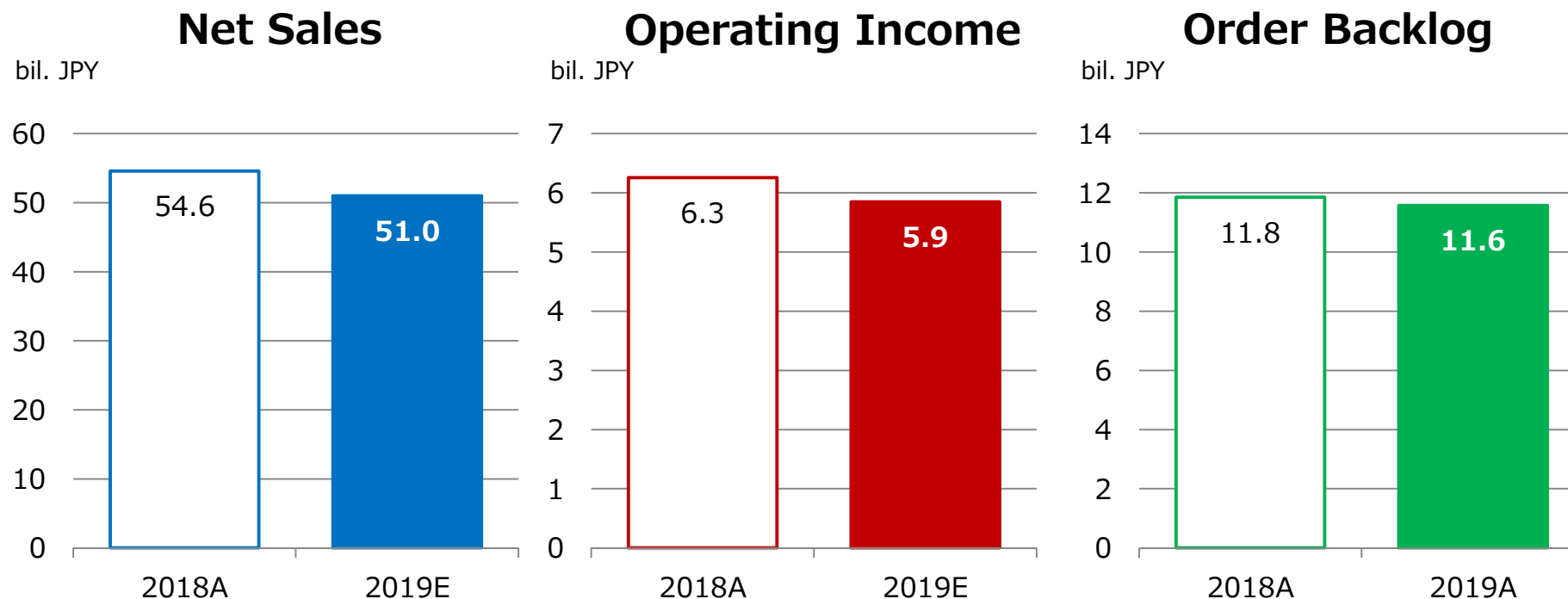


Operating Income



IV. Overview by Segment

Fire Fighting Vehicles



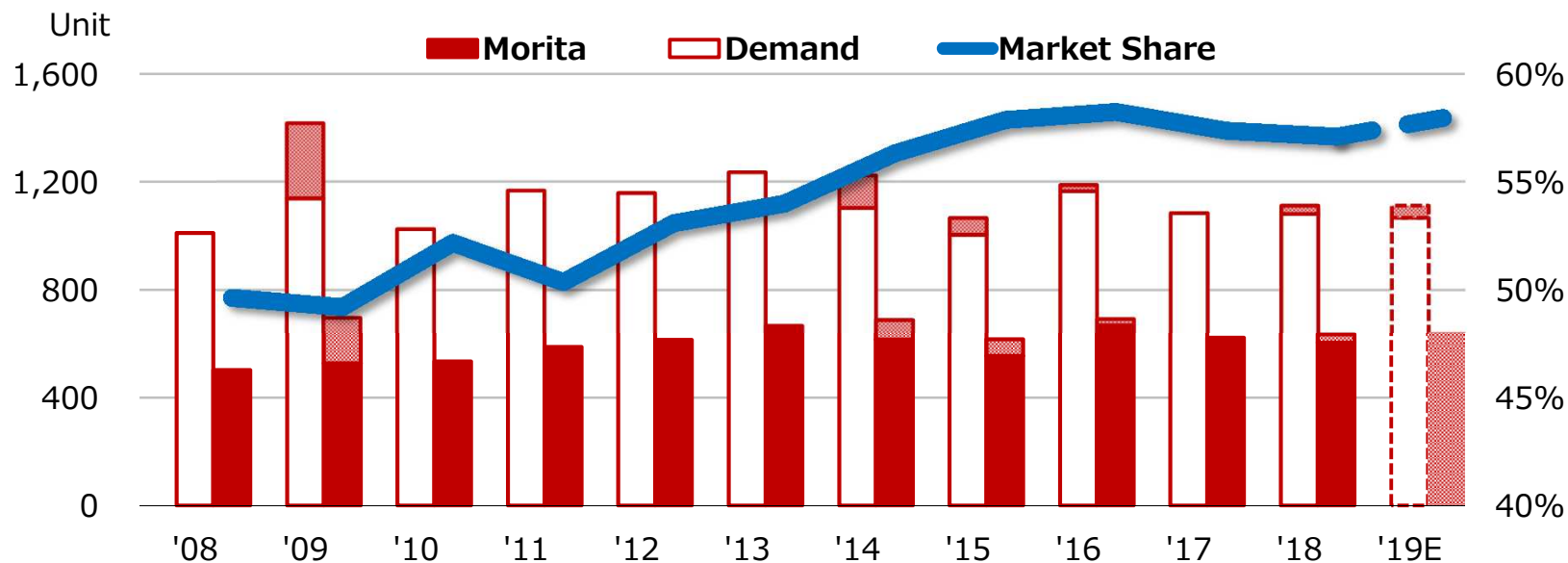
● Outlook for FY2019

- The Fire and Disaster Management Agency made an announcement on “Making early orders and setting appropriate delivery times in the procurement of fire fighting vehicles ” to municipalities. Associated with this announcement, carry over of some deliveries to the following year is included in this outlook.
- Aim to expand order intake with new products launched in May 2018.

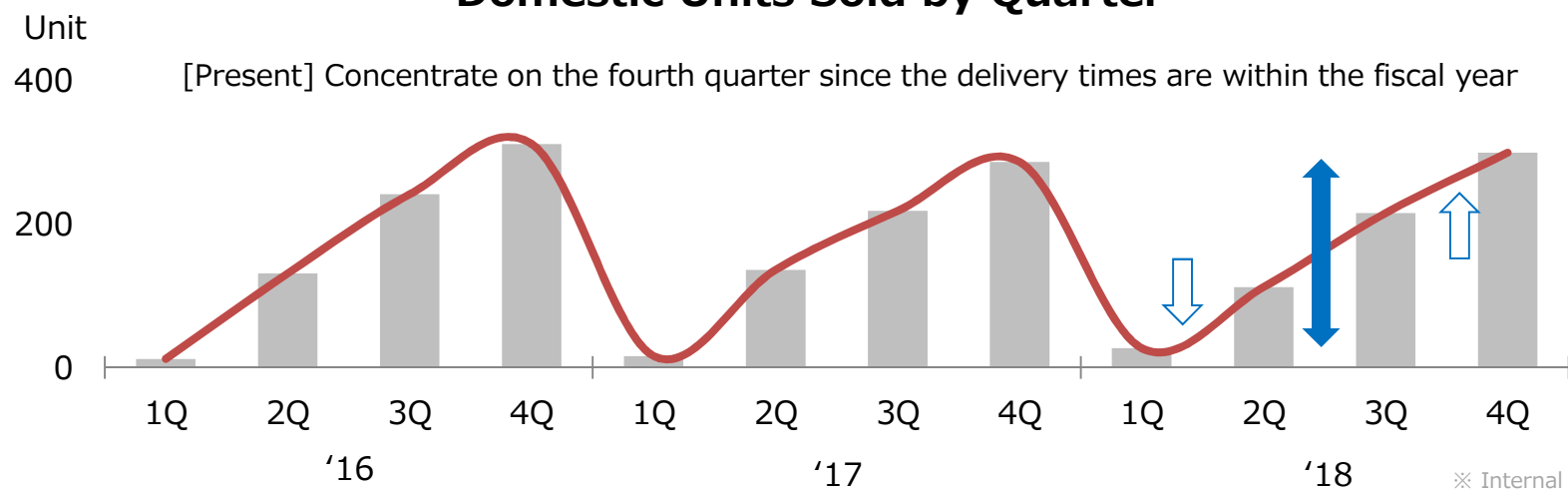
Fire Fighting Vehicles



Domestic Market Size & Number of Orders



Domestic Units Sold by Quarter



※ Internal investigation

Fire Fighting Vehicles

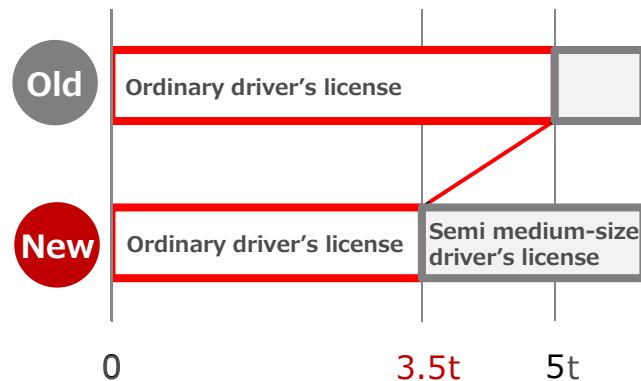


Corresponding to Japanese ordinary driver's license
GVW<3.5t

Miracle Light

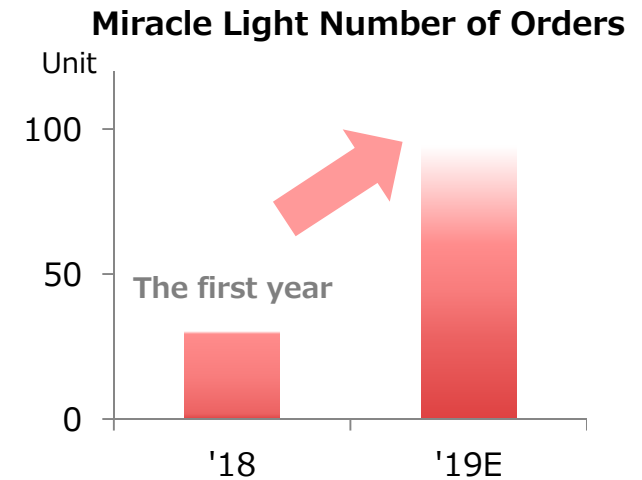


March 2017 Revision of the Road Traffic Law



The range of vehicles that can be driven with ordinary driver's license narrowed.

Weight-saving



- Efficient extinguishment
- Prevents water damage
- Reduces strain on firefighters
- Environmental conservation

Labor-saving

Multi-purpose



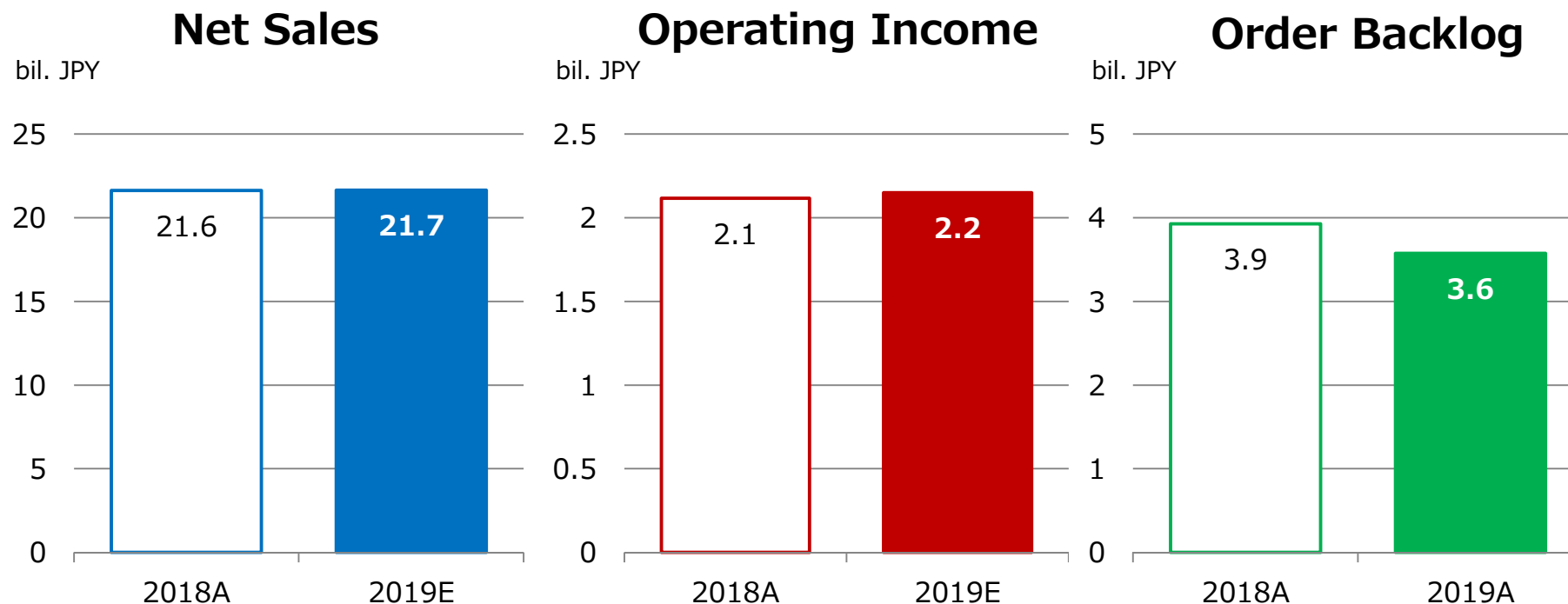
CAFS Compressed Air Foam System



Received iF Design Award FY2019

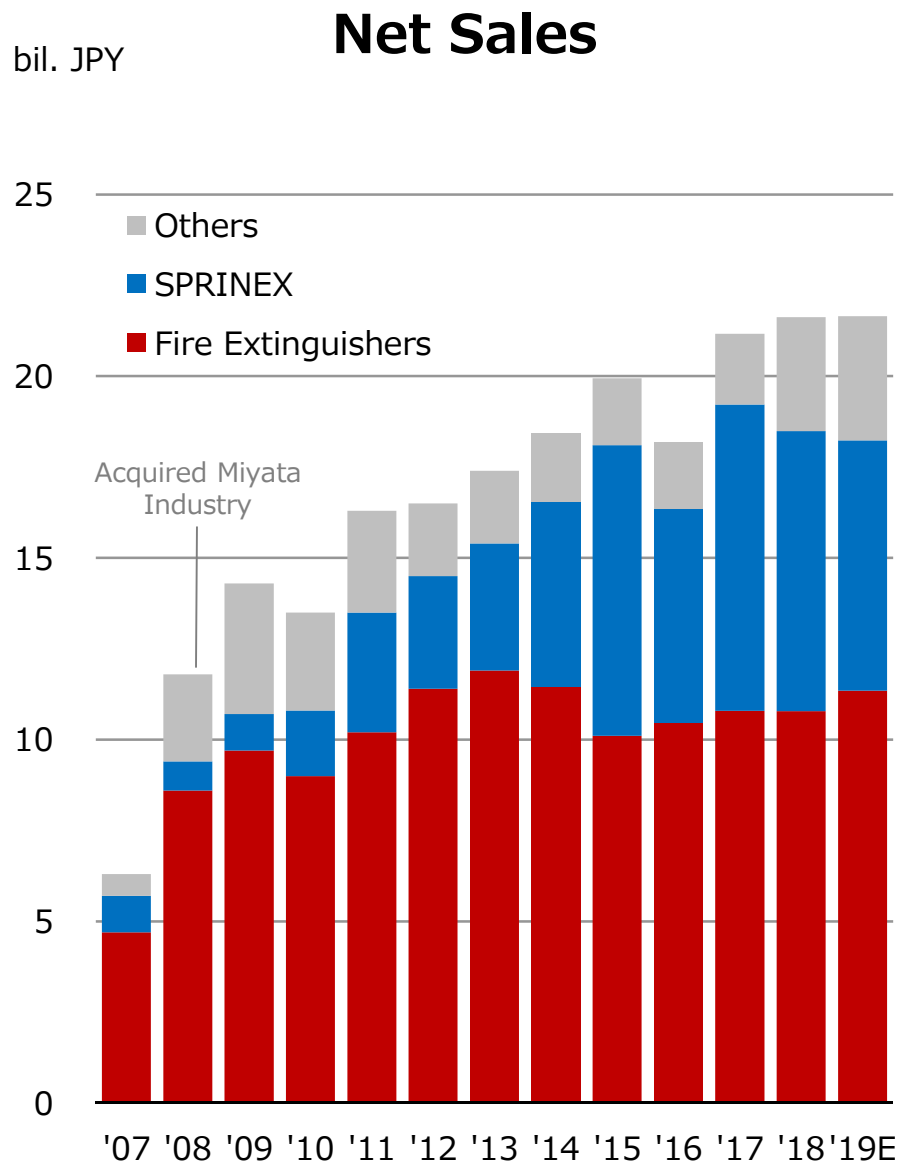
MVF21 Morita Various Fighter

Multi-Purpose Fire Fighting Vehicle with 21m Aerial Platform



● Outlook for FY2019

- Demand for fire extinguisher is expected to increase since the installation of fire extinguisher in small scale restaurants will be mandatory due to the amendment of law.
- While SPRINEX for apartment houses will increase, the outlook includes a risk of decrease in government subsidies for SPRINEX.

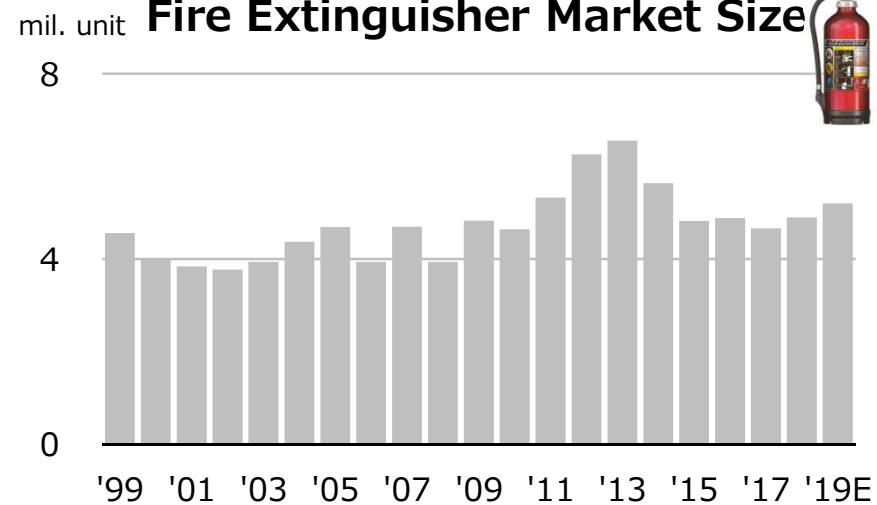


SPRINEX



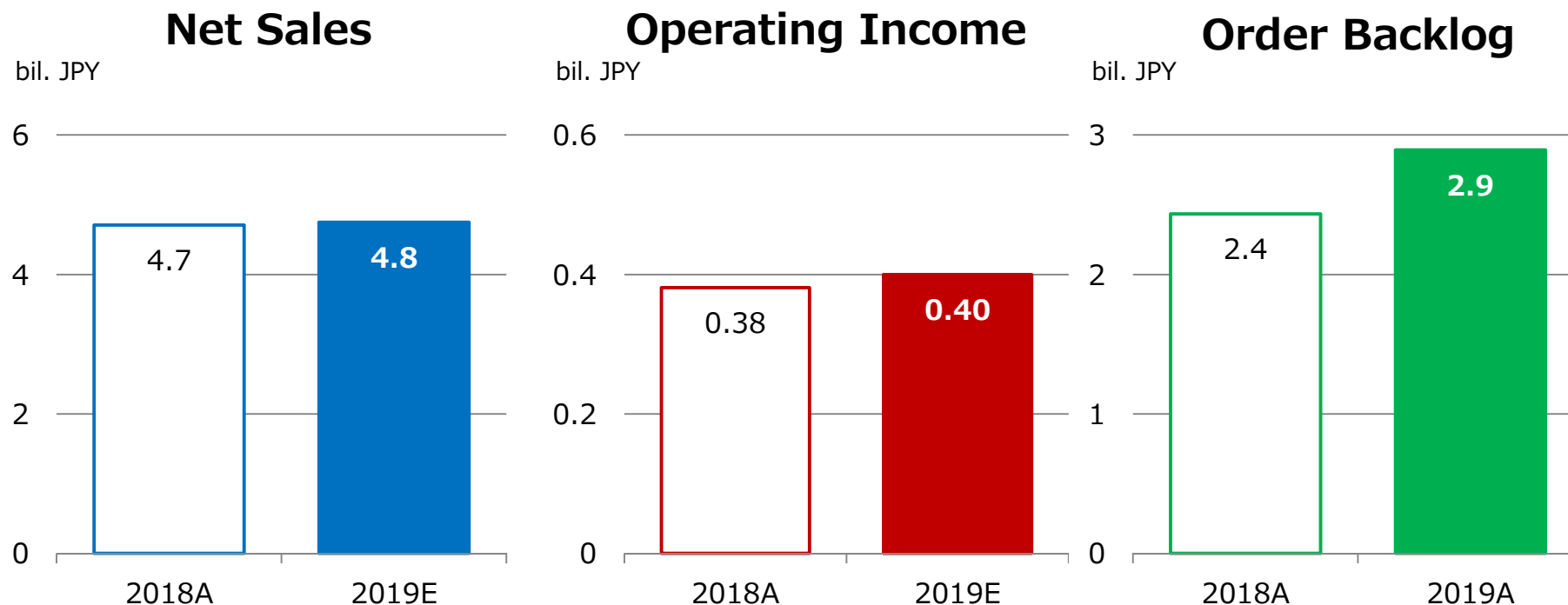
- High extinguish performance (4 times better than that of water and prevents recombustion)
- Senses a fire in its early stage
- Prevents water damage
- Available even when the water supply is cut off, and it is frost-proof
- Not require a large scale construction for installation

Fire Extinguisher Market Size



※ Internal investigation

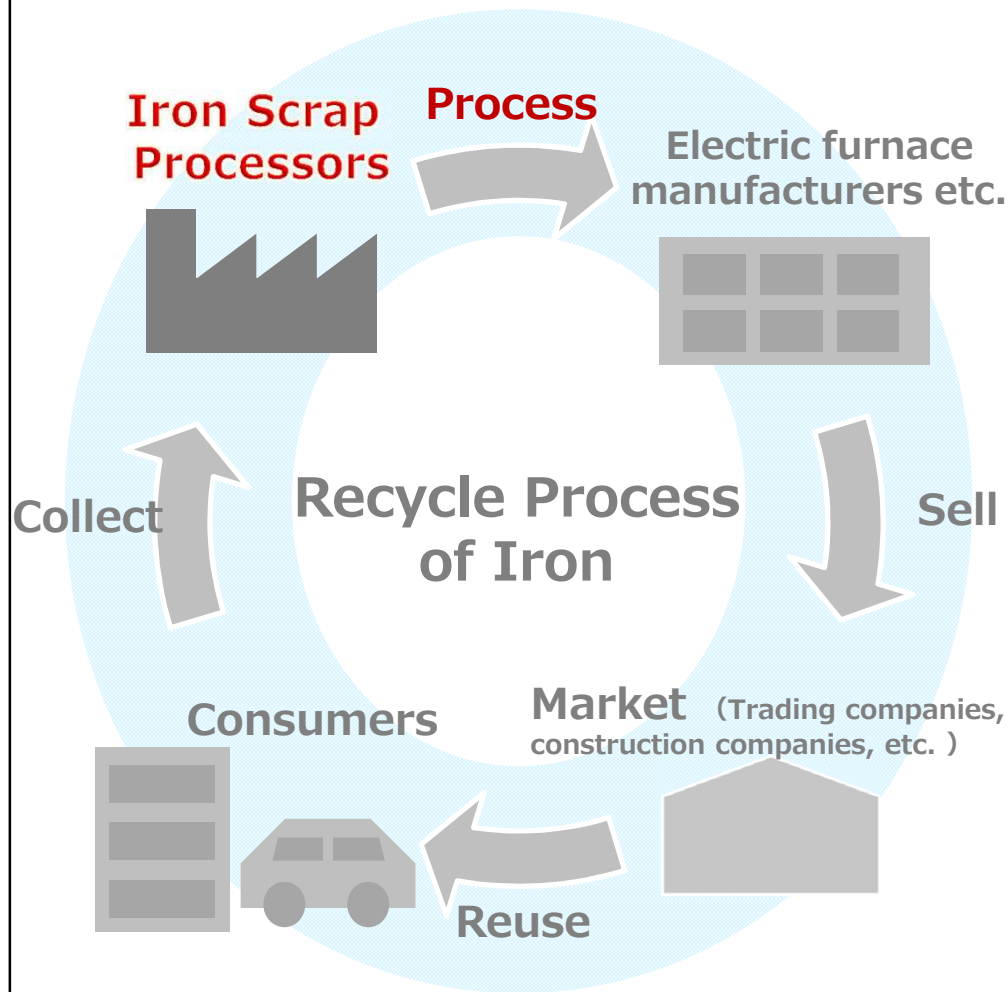
Recycling Machines



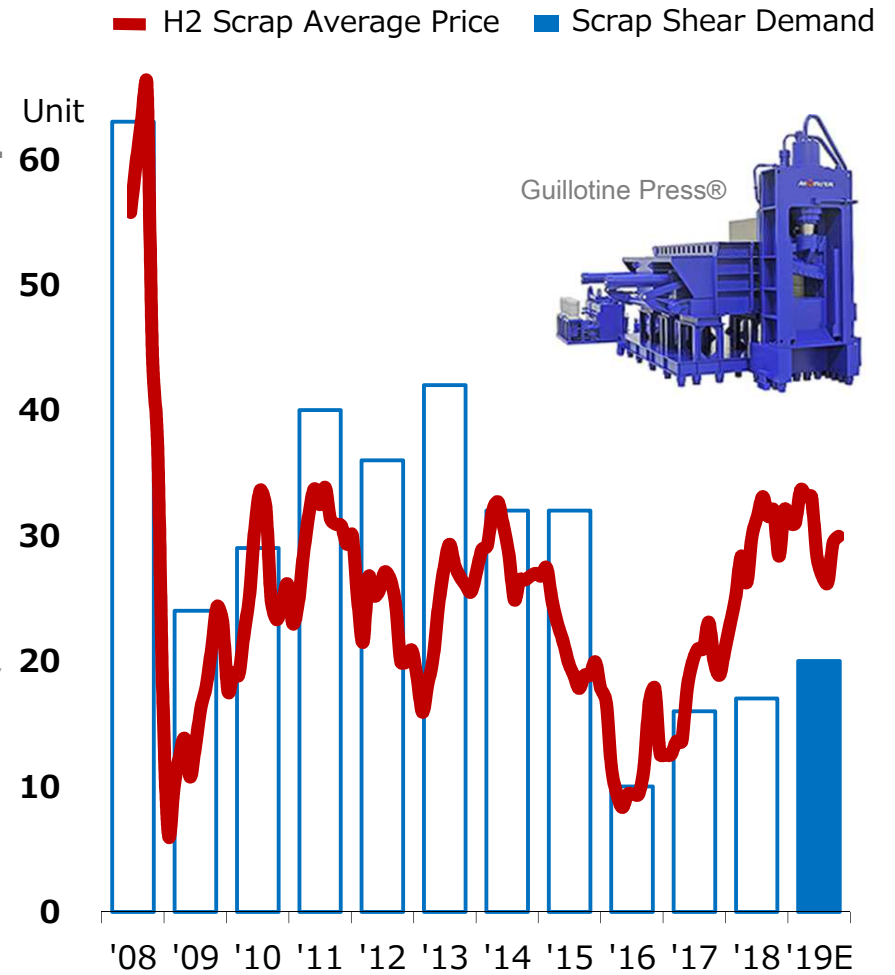
● Outlook for FY2019

- Net sales and operating income is expected to increase since the demand for scrap shear is expected to increase in accordance with gradually increased iron scrap price.
- Aim to improve profitability by strengthening maintenance and service.

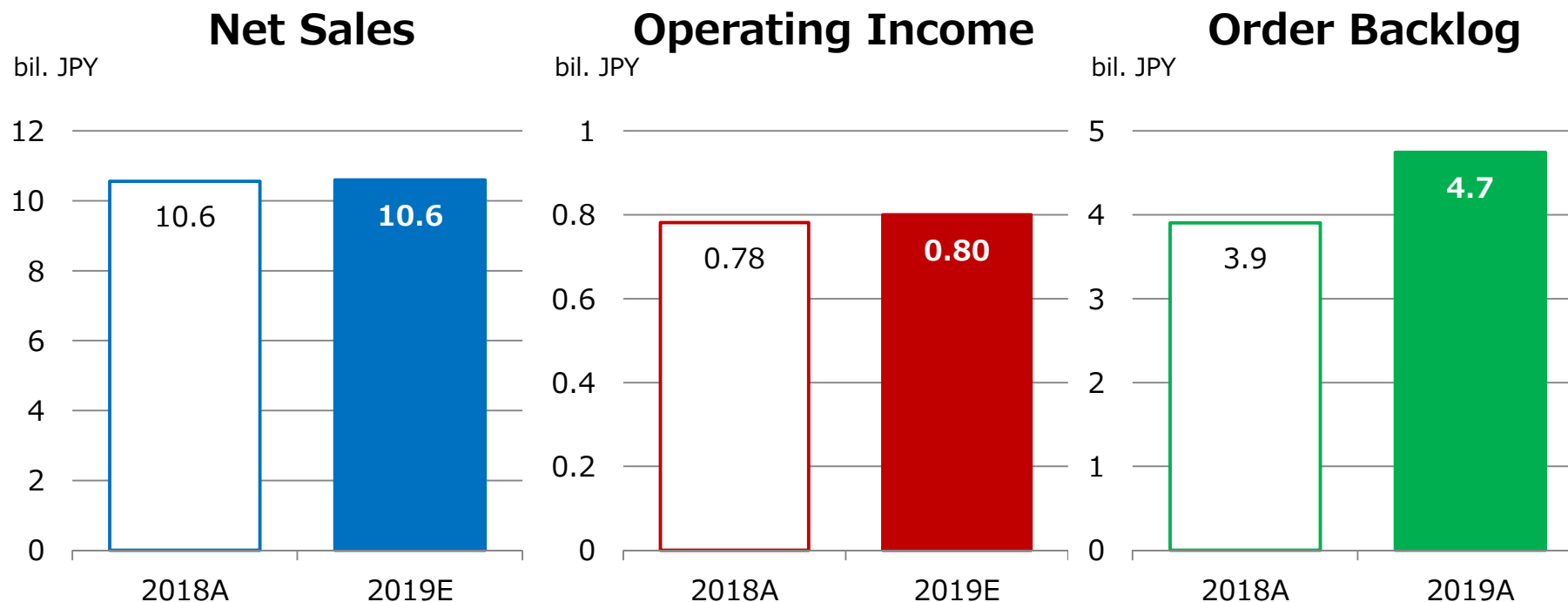
Recycling Machines



Iron Scrap Price & Scrap Shear Market Size



※ Internal Investigation



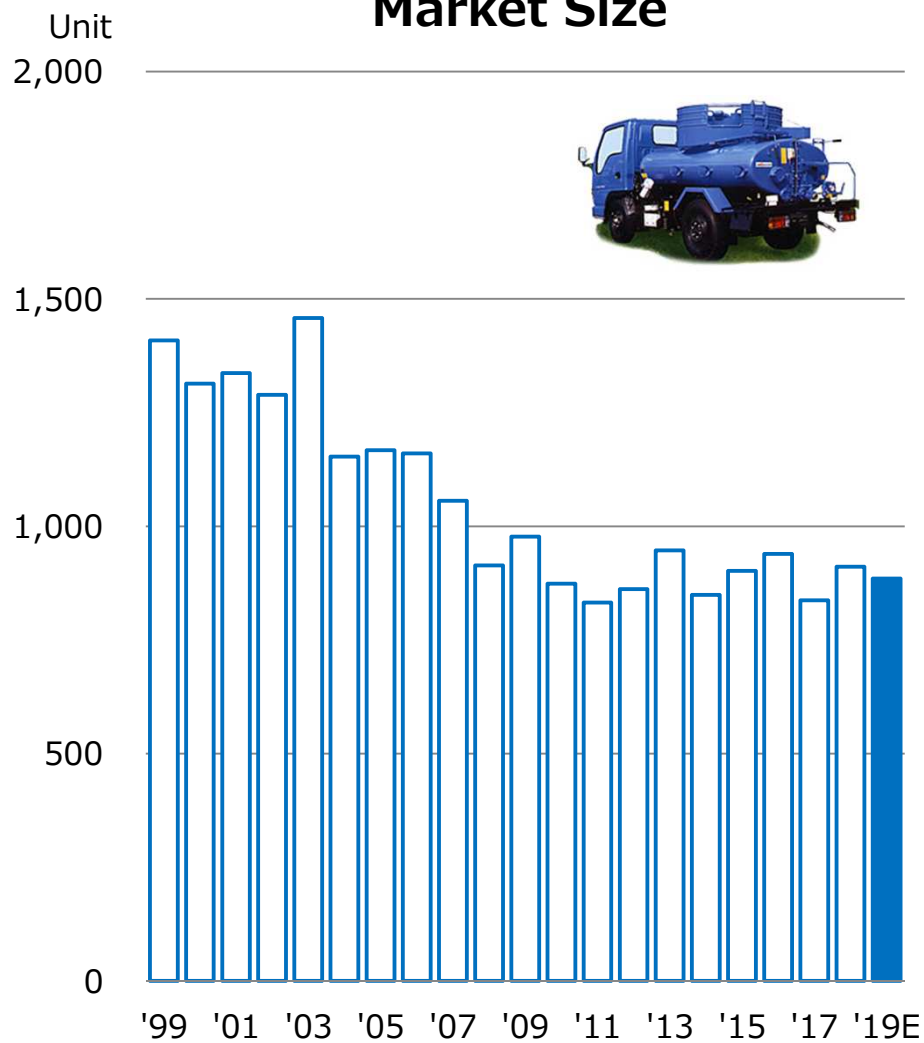
● Outlook for FY2019

- Last minutes demand occurred in 2018 since emission gas control will be strengthened in September 2019 and new models of chassis will be introduced.
- Aim to increase net sales and operating income by introducing new models and increasing the market share despite that the backlash of the increase in demand is expected.

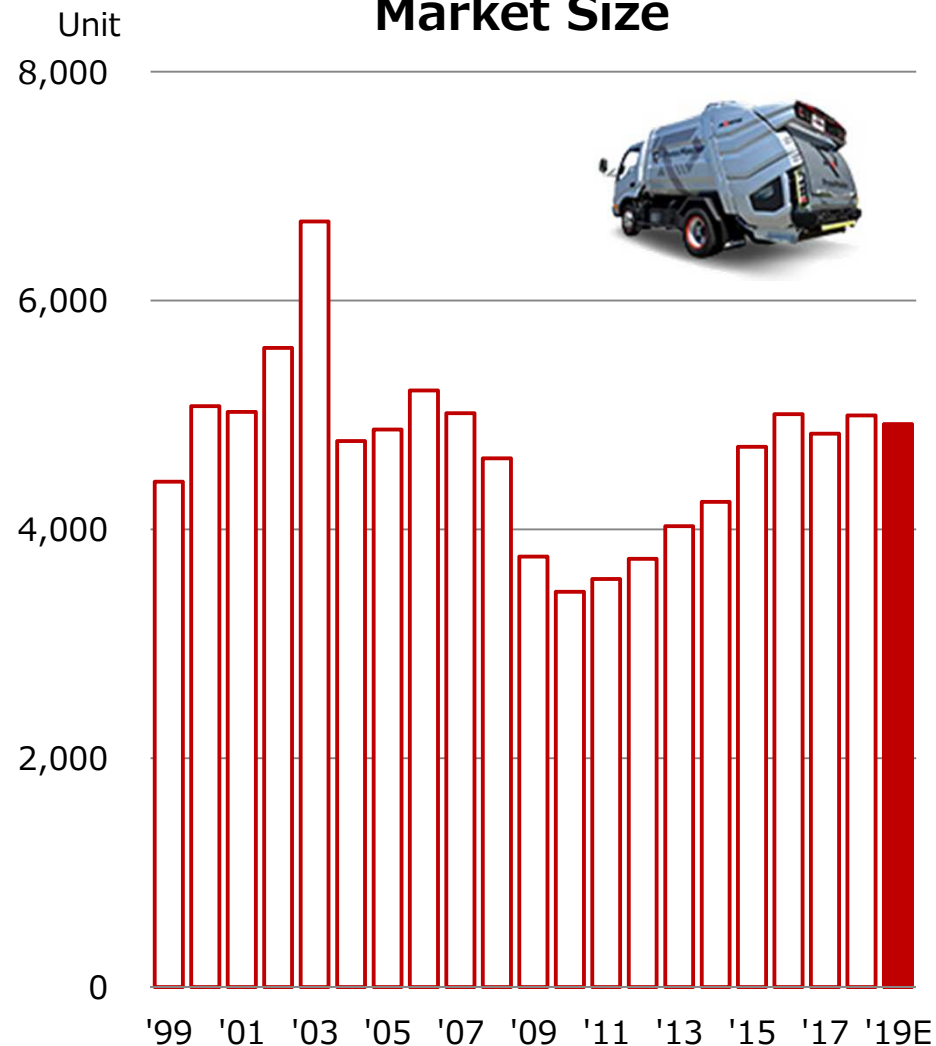
Environmental Conservation Vehicles



Sanitary Vehicles[※] Market Size



Garbage Collectors[※] Market Size

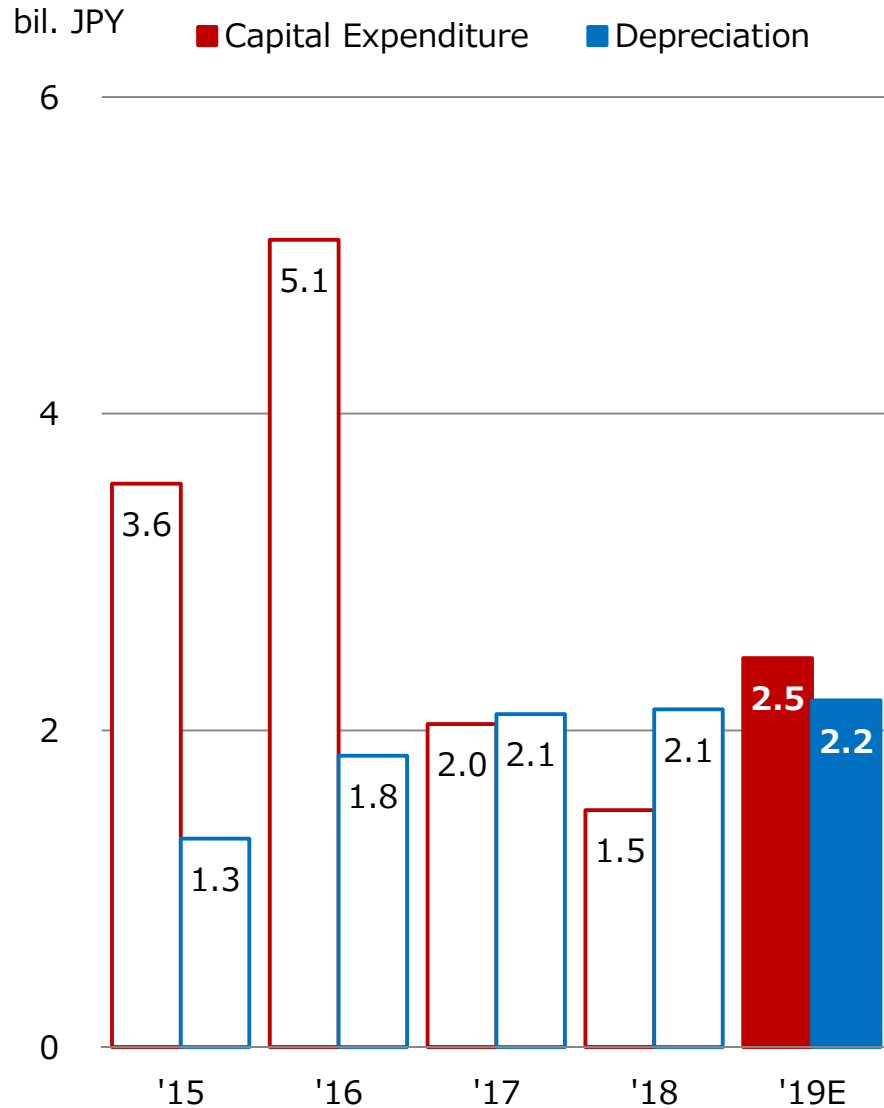


※ Internal investigation

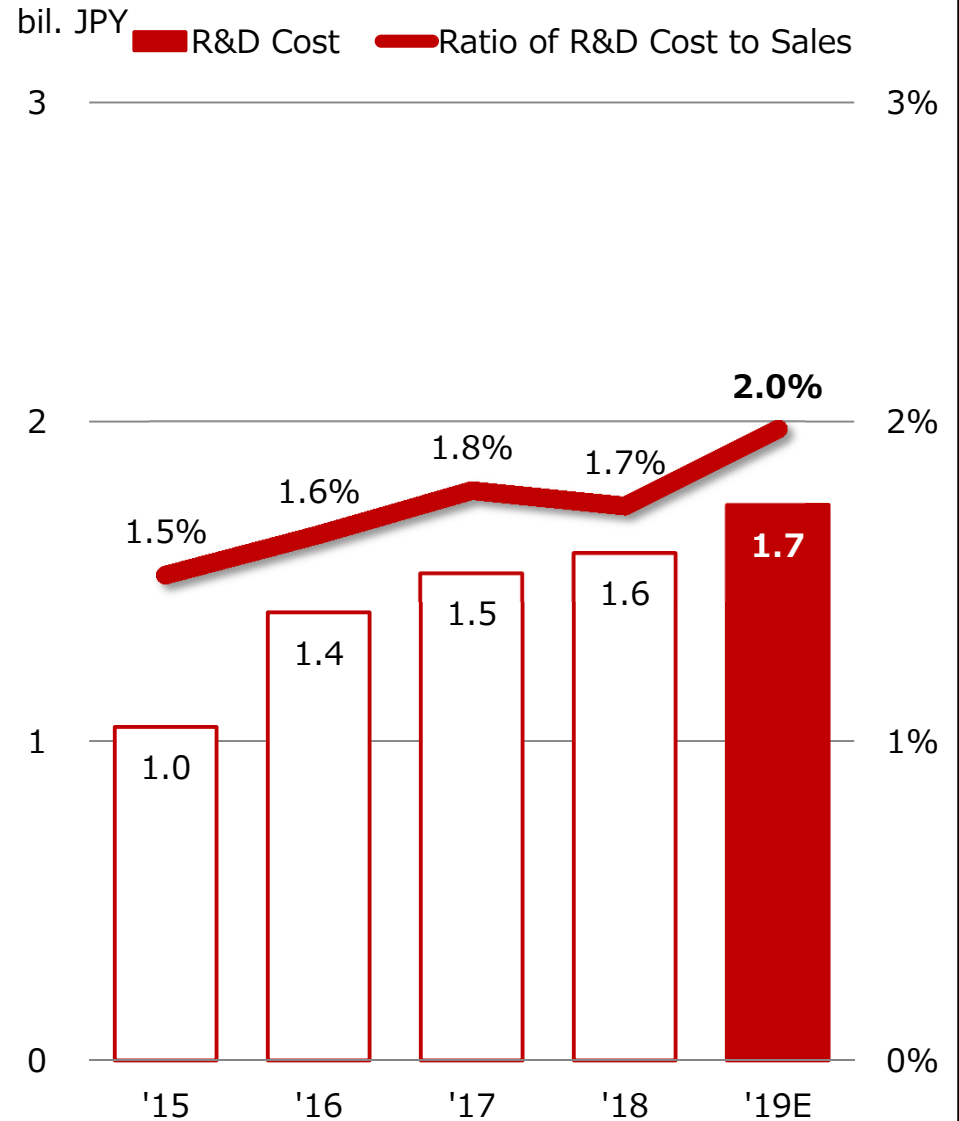
V. Investment & Shareholder Return

Capital Expenditure · Depreciation · R&D Cost **MORITA**

Capital Expenditure · Depreciation



R&D Cost



Change of Dividend policy (April 26, 2019)

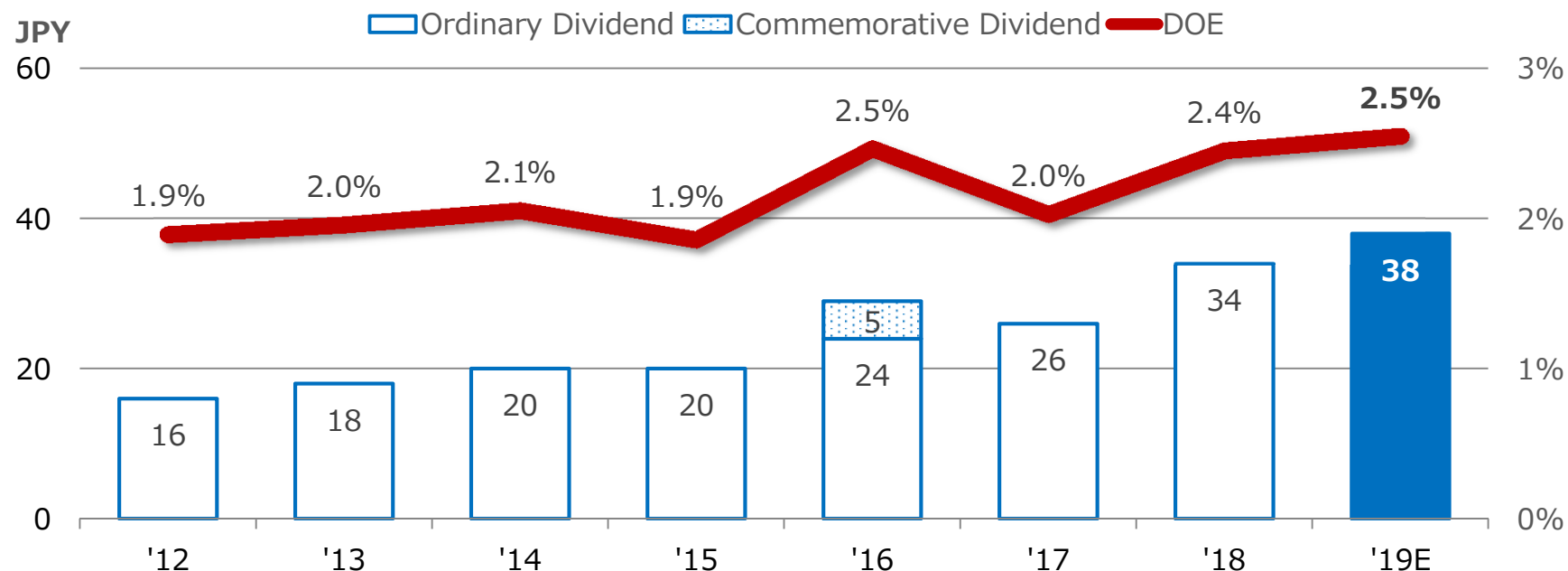
(Before change)

Increasing dividend payments in a stable and sustainable manner, strengthening financial structure and business foundation.

(After change)

Increasing dividend payments in a stable and sustainable manner, strengthening financial structure and business foundation, and DOE (Dividend on Equity) is targeted around 2.5% or higher.

DPS and DOE





This document contains forward-looking statements. Where any such forward-looking statement includes a statement of the assumptions, bases underlying such a forward-looking statement, or economic environment in the primary markets and fluctuations of demand and supply, Morita Holdings cautions that assumed facts for bases almost always vary from the actual results, and differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, Morita Holdings or its management expresses an expectation or belief as to future results, there can be no guaranty or assurance that the statement of expectation or belief will result or be achieved or accomplished. The words “forecast”, “project”, “believe”, “expect”, “anticipate”, and similar expressions may identify forward-looking statements.

Taking into account the foregoing, the following are identified as important factors, risks or uncertainties that cause the actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, Morita Holdings: competitive factors, including and not limited to, pricing, the implementation of Morita Holdings’ product strategies, and economic trends in important markets worldwide.

Morita Holdings assumes no obligation to update its forward-looking statements or to advise of any changes in the assumptions and factors on which they are based.