

Financial Results for FY2017

May 8, 2018

Securities Code: 6455

MORITA HOLDINGS CORPORATION

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

● FY2017 Results

- Net sales increased by 0.5%, exceeded the record high
 - Fire Protection Equipment & Systems business (FPES) contributed as the second core business, while the domestic demand decreased in Fire Fighting Vehicles business (FFV) due to a reactionary fall in the previous year.
- Operating income decreased by 12.1%, yet it was the second highest record
 - Influenced by the decrease in FFV domestic demand and the cost of plant relocation in Environmental Conservation Vehicles business (ECV)

● FY2018 Outlook

- Net sales and Operating income is expected to increase in all segments
 - Even though FFV domestic demand is expected to be the same level as FY2017, net sales will increase by 2.9% and exceed the record high, driven by the growth in overseas sales
 - Operating income will increase by 8.4% due to the improved product mix and normalization in production process, which was temporary delayed in FY2017
- Management numerical target will fall below the Mid-term Plan, however, we will continuously strive for the further growth by increasing overseas sales

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** : JPY 4.75 billion
- **Net Sales** : JPY 85.5 billion
(Consolidated) (for the year ended March 31, 2018)
- **Employees** : 1,799
(Consolidated) (as of March 31, 2018)
- **Affiliates** : 14 Companies
- **Equity Method Affiliates** : 3 Companies
- **Other Affiliates** : 5 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	49.8 bil. JPY (58.2%)	21.3 bil. JPY (24.9%)	4.1 bil. JPY (4.8%)	10.3 bil. JPY (12.1%)
Operating Income	5.5 bil. JPY (65.2%)	2.1 bil. JPY (24.8%)	0.2 bil. JPY (2.3%)	0.6 bil. JPY (7.2%)

Market Share (1998-2017)



FFV
(Fire Fighting Vehicles)

57%^{*}

39%



FEPS
(Fire Extinguishers)

34%^{*}

12%



RM
(Scrap Shears)

50%^{*}

22%



ECV
(Sanitary Vehicles)

85%^{*}

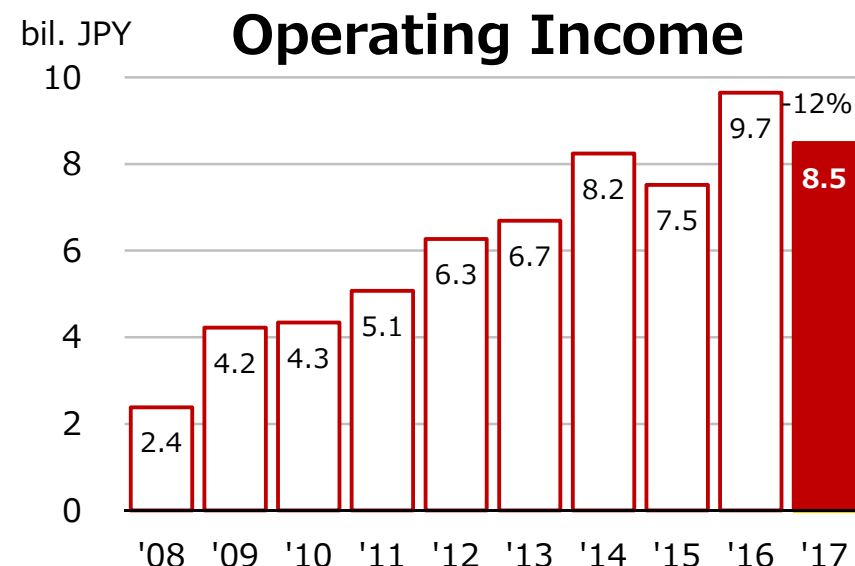
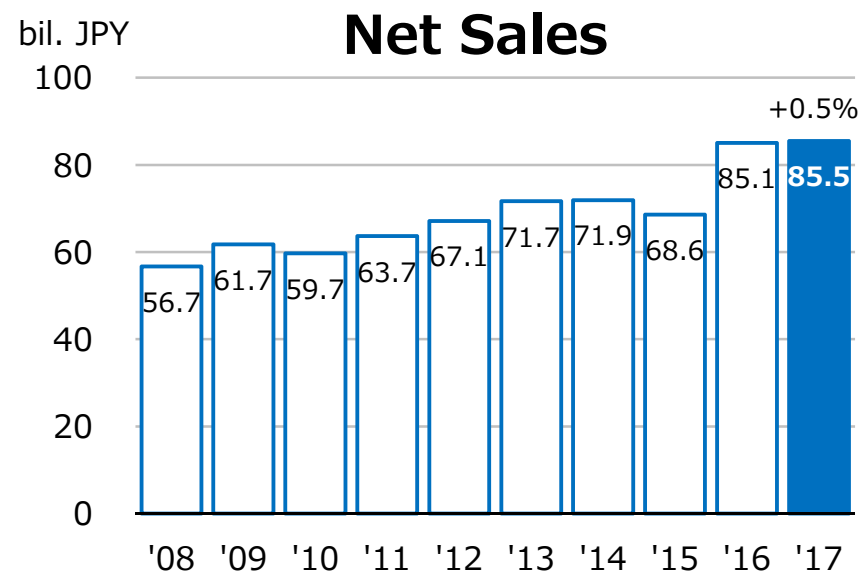
82.5%

^{*} Internal investigation

I. Financial Results for FY2017

Consolidated Statements of Income **MORITA**

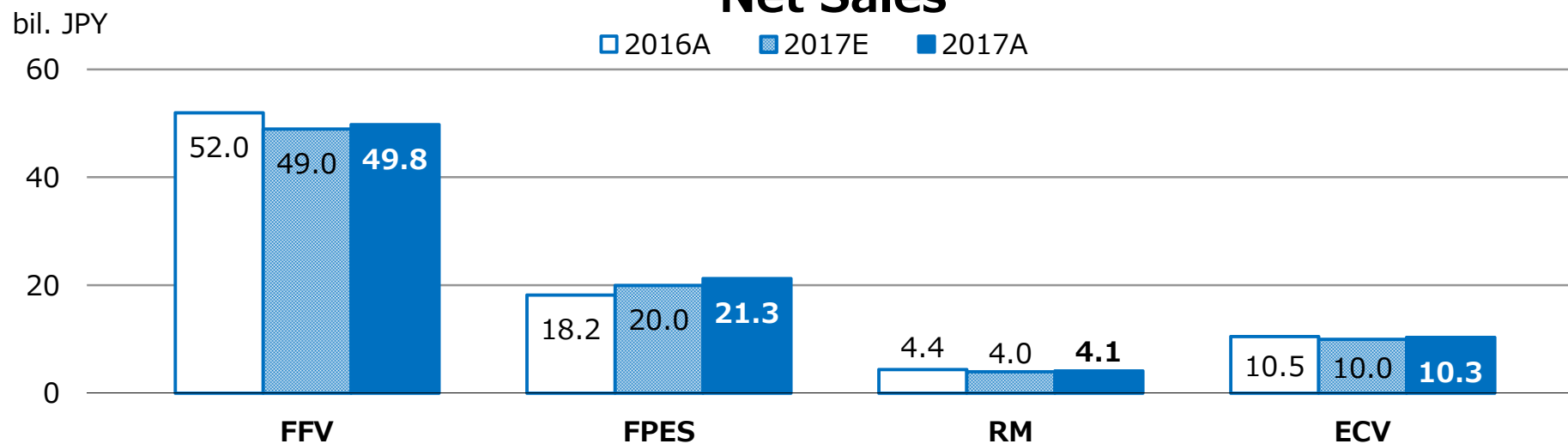
(bil. JPY)	2016	2017	Increase /Decrease
Net Sales	85.1 100.0%	85.5 100.0%	+0.4
Cost of Sales	62.1 73.0%	63.8 74.6%	+1.7 +1.6pt.
Gros Profit	22.9 27.0%	21.7 25.4%	-1.2 -1.6pt.
S,G&A Expenses	13.3 15.6%	13.2 15.5%	-0.1 -0.2pt.
Operating Income	9.6 11.3%	8.5 9.9%	-1.2 -1.4pt.
Non-Operating Income	0.7 0.8%	0.7 0.9%	+0.1 +0.1pt.
Non-Operating Expenses	0.2 0.2%	0.2 0.2%	-0.0 -0.0pt.
Ordinary Income	10.1 11.9%	9.0 10.6%	-1.1 -1.3pt.
Extraordinary Income	0.0 0.0%	0.0 0.0%	+0.0 +0.0pt.
Extraordinary Loss	0.8 1.0%	0.1 0.1%	-0.7 -0.8pt.
Income before Income Taxes	9.3 11.0%	9.0 10.5%	-0.4 -0.5pt.
Net Income	6.0 7.1%	5.7 6.7%	-0.3 -0.4pt.



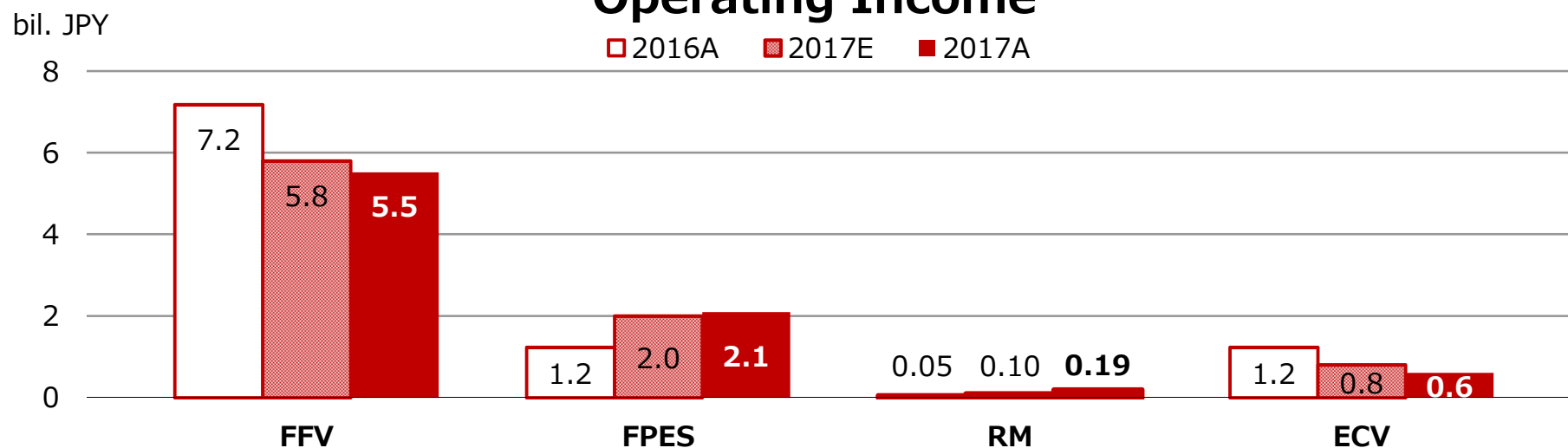
Performance by Segment



Net Sales



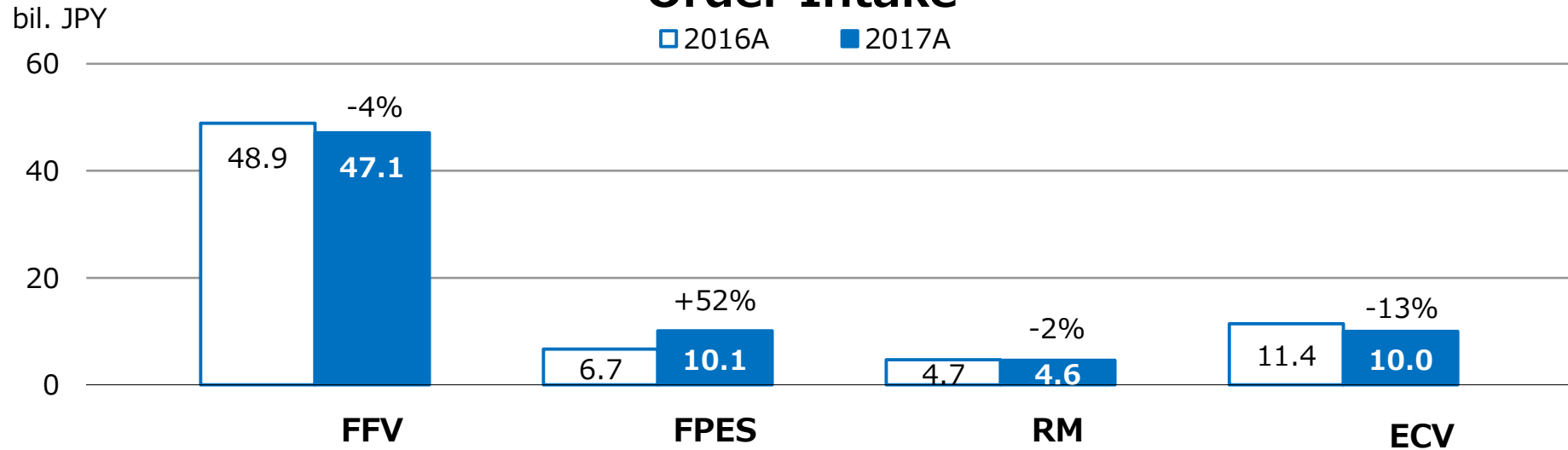
Operating Income



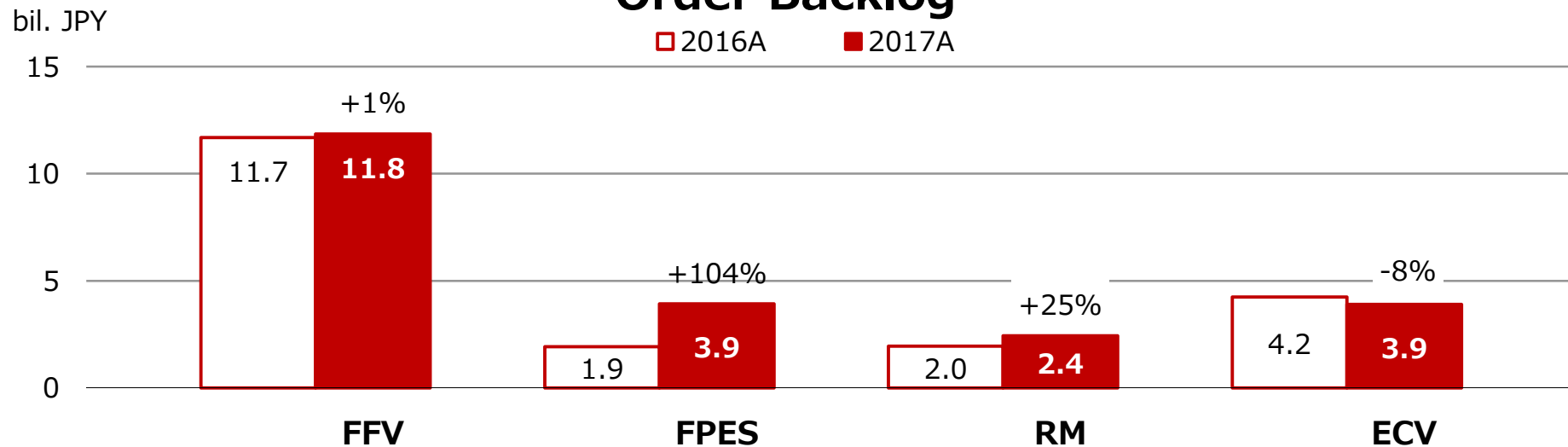
Orders by Segment



Order Intake

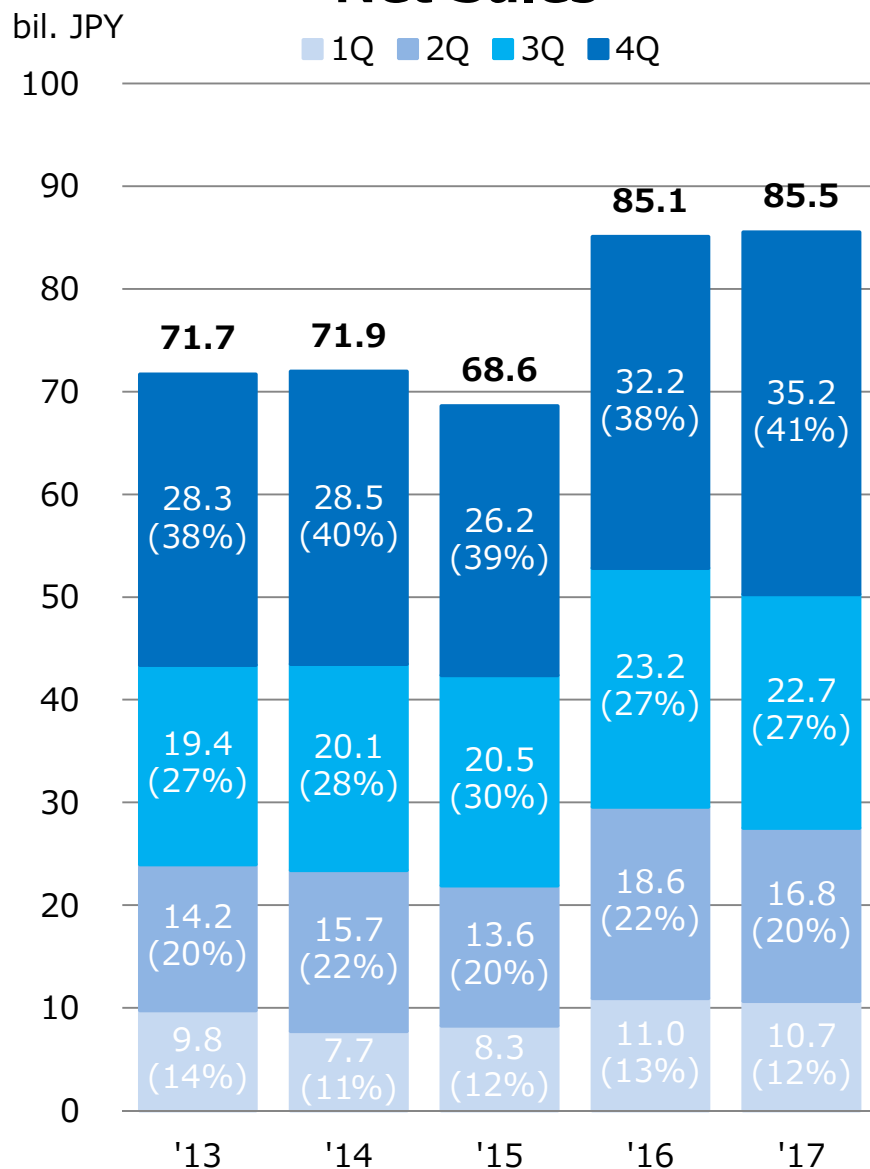


Order Backlog

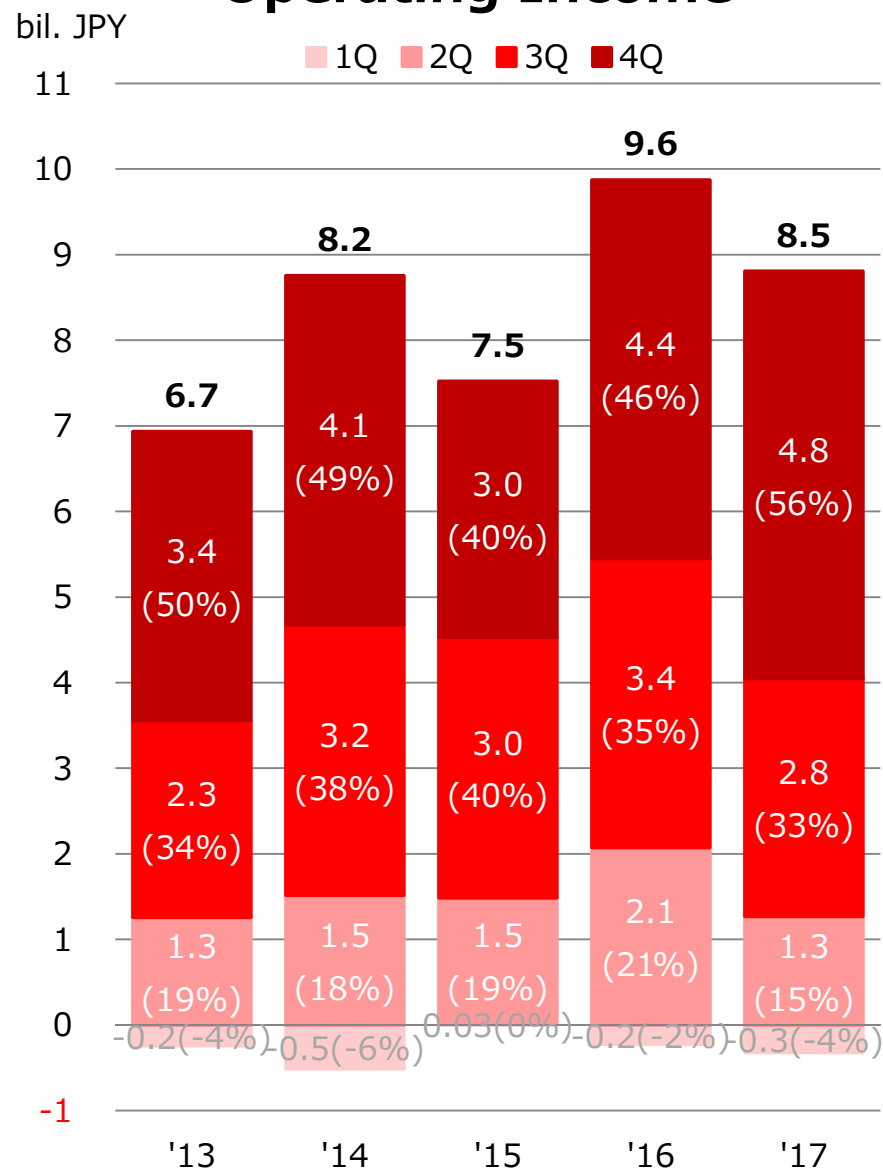


Performance Composition by Quarter **MORITA**

Net Sales



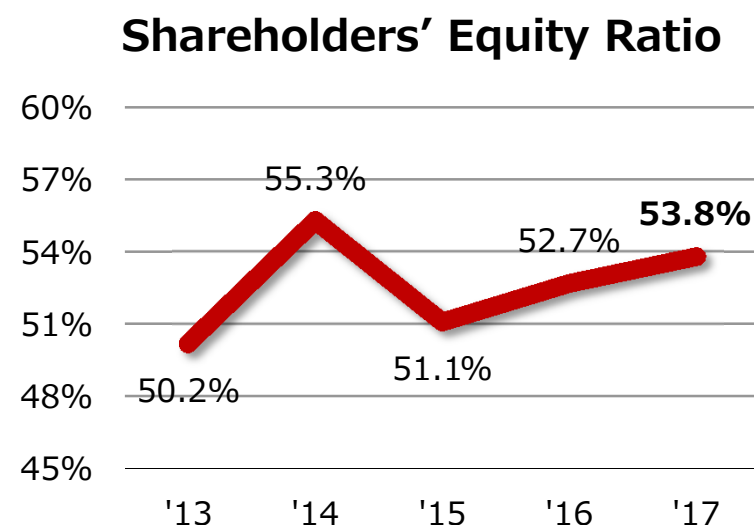
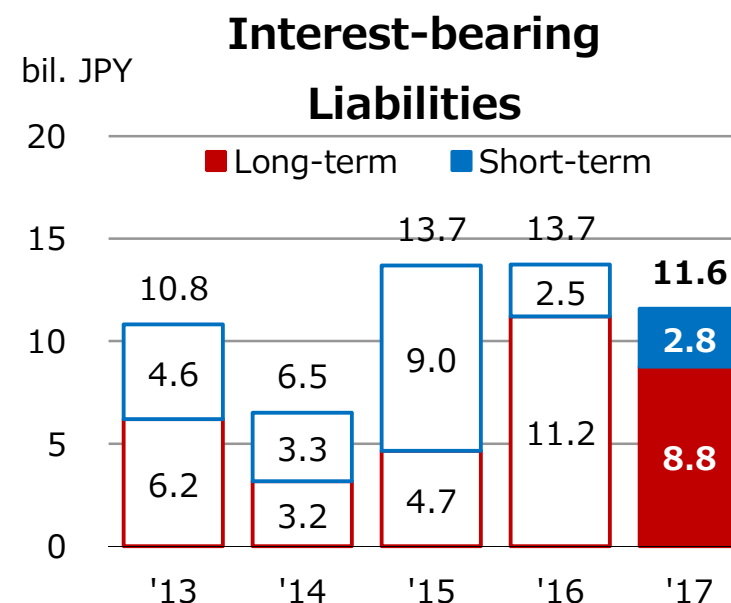
Operating Income



Consolidated Balance Sheets

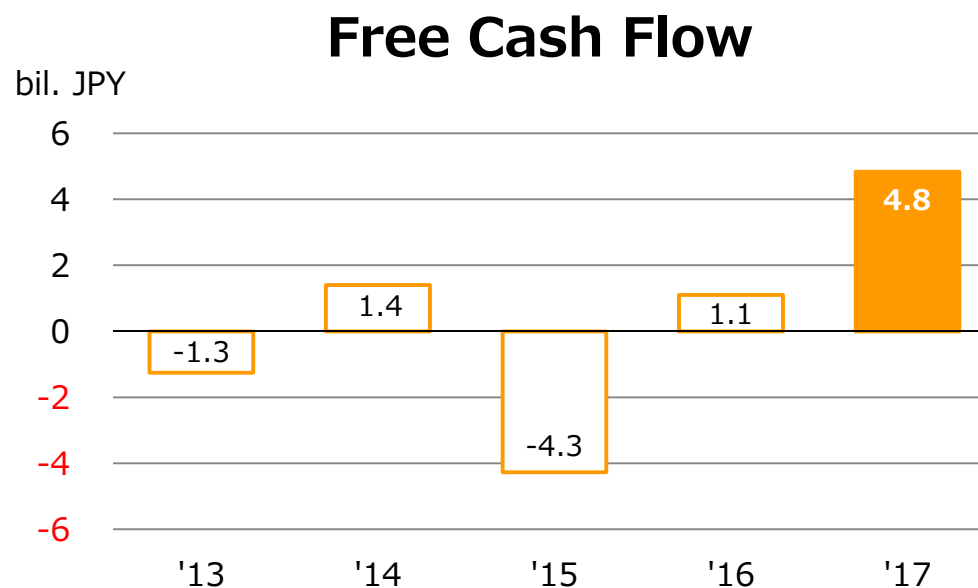
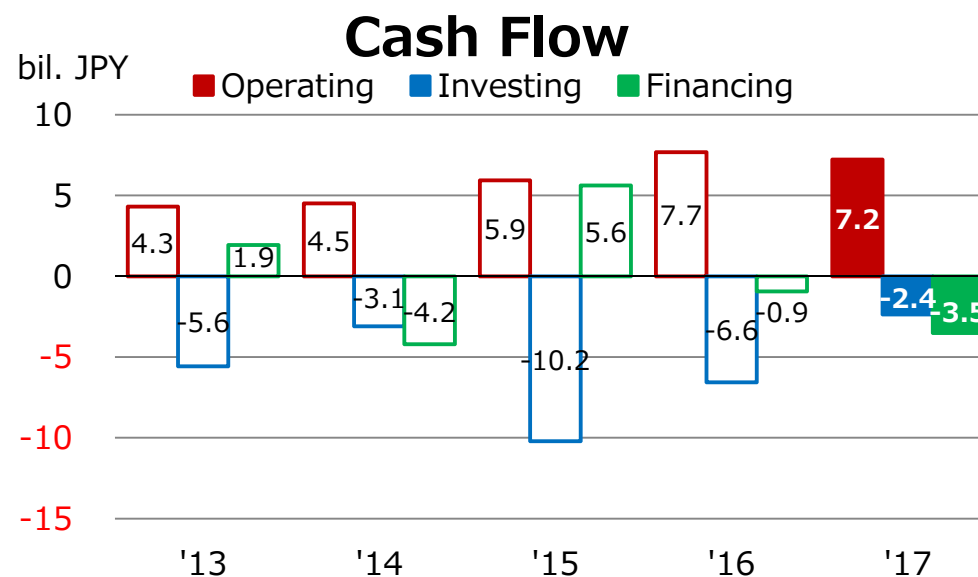


(bil. JPY)	2016		2017		Increase /Decrease	
Current Assets	51.7	48.7%	59.9	52.2%	+8.2	+3.4pt.
Non-Current Assets	54.4	51.3%	54.9	47.8%	+0.6	-3.4pt.
Total Assets	106.0	100.0%	114.8	100.0%	+8.8	
Current Liabilities	29.7	28.0%	34.8	30.3%	+5.2	+2.4pt.
Non-Current Liabilities	19.7	18.5%	17.3	15.1%	-2.4	-3.5pt.
Total Liabilities	49.3	46.5%	52.1	45.4%	+2.8	-1.1pt.
Shareholders' Equity	55.9	52.7%	61.8	53.8%	+5.8	+1.0pt.
Minority Interests	0.8	0.8%	0.9	0.8%	+0.1	+0.1pt.
Total Net Assets	56.7	53.5%	62.7	54.6%	+6.0	+1.1pt.
Total Liabilities & Net Assets	106.0	100.0%	114.8	100.0%	+8.8	



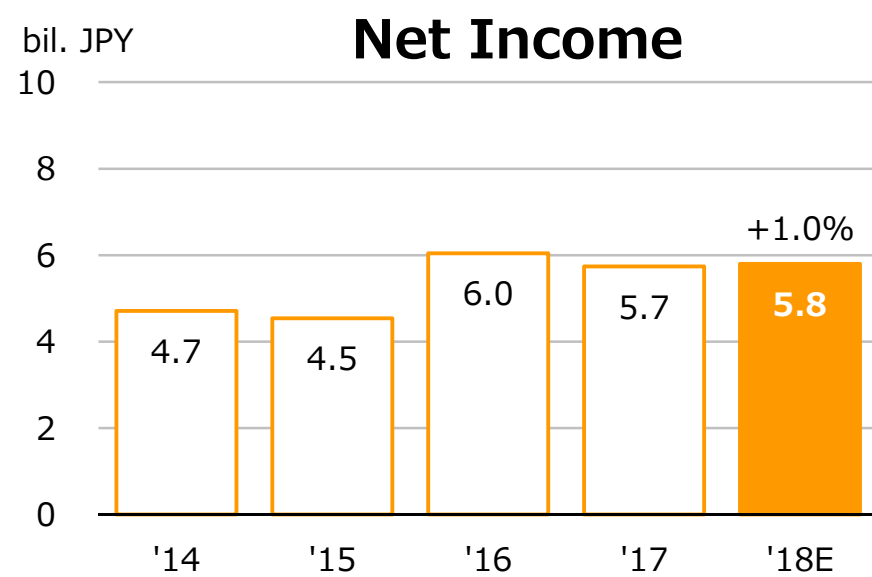
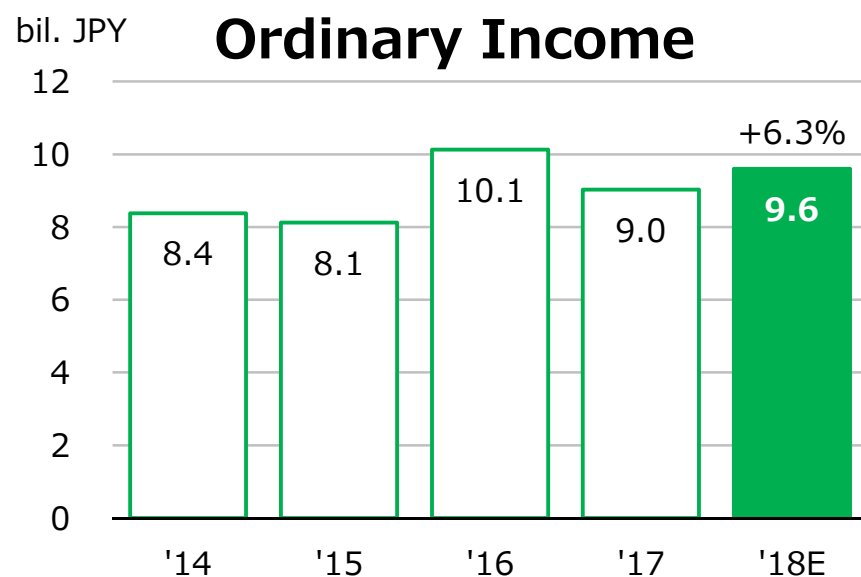
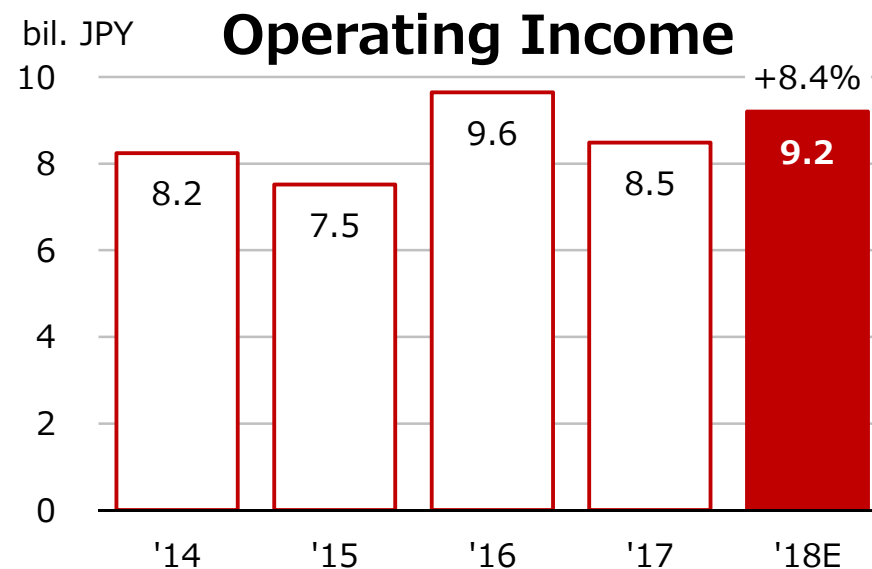
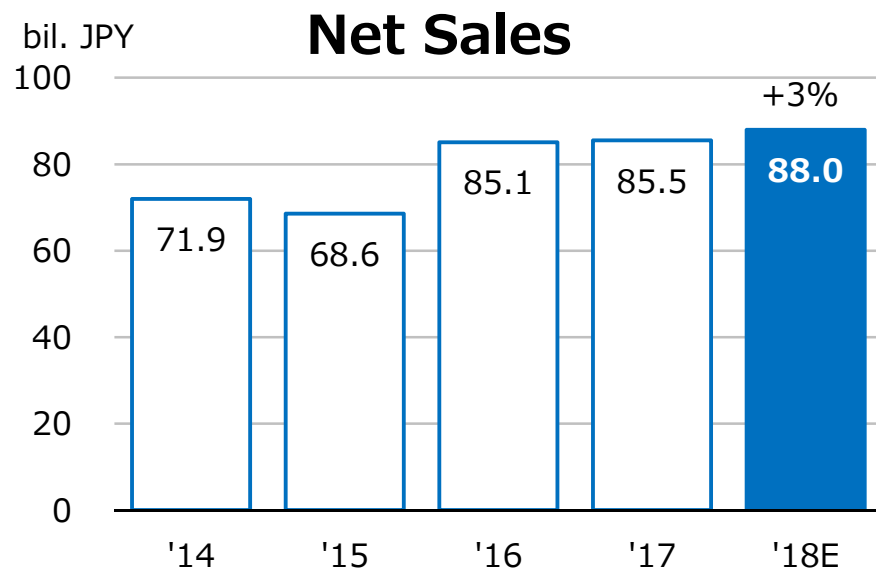
Consolidated Statement of Cash Flows

(bil. JPY)	2016	2017	Increase /Decrease
Operating Activities	7.7	7.2	-0.5
Investing Activities	-6.6	-2.4	+4.2
Financing Activities	-0.9	-3.5	-2.6
Net Increase/Decrease in Cash and Cash Equivalents	0.1	1.3	+1.2
Cash and Cash Equivalents at beginning of year	7.8	7.9	+0.1
Cash and Cash Equivalents at end of year	7.9	9.2	+1.3



II. Financial Outlook for FY2018

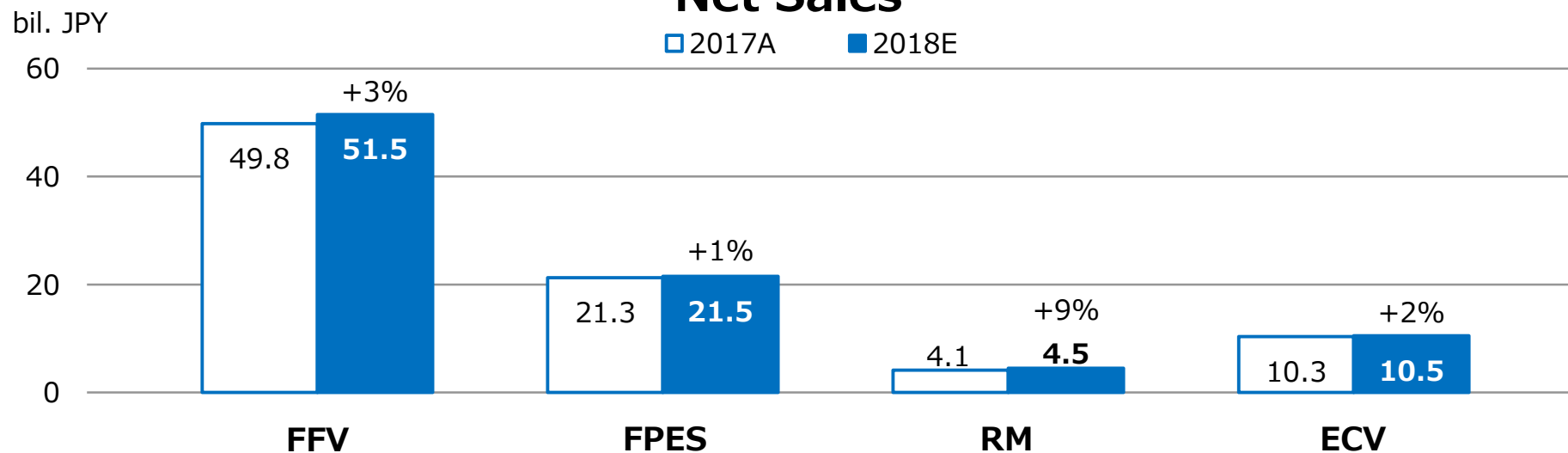
Outlook for Consolidated Performance **MORITA**



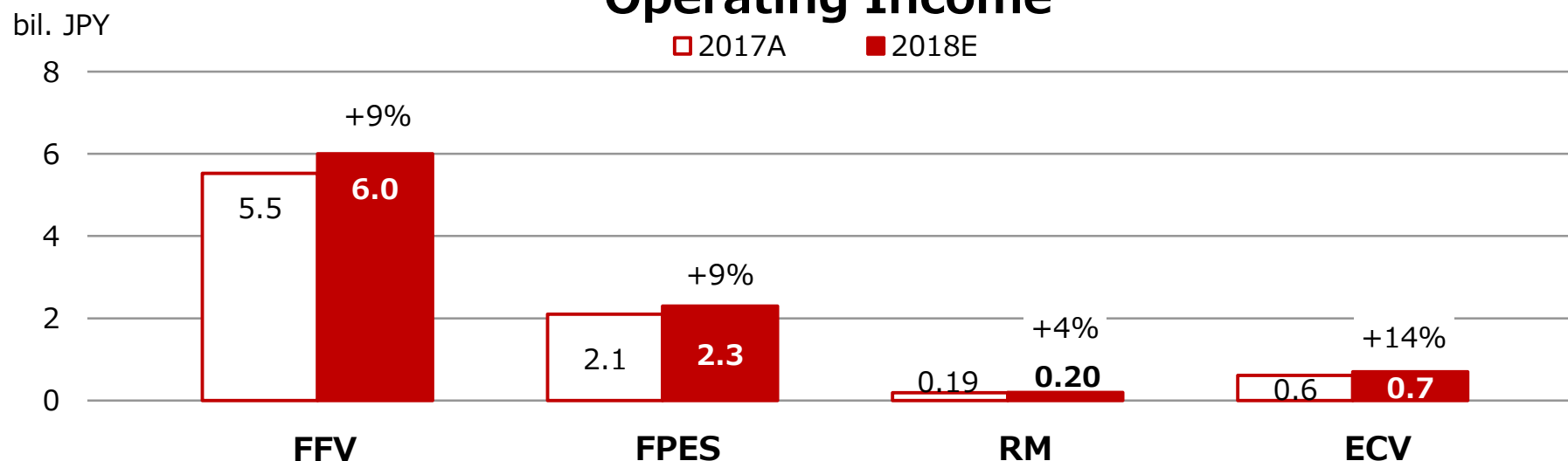
Outlook for Segment Performance



Net Sales

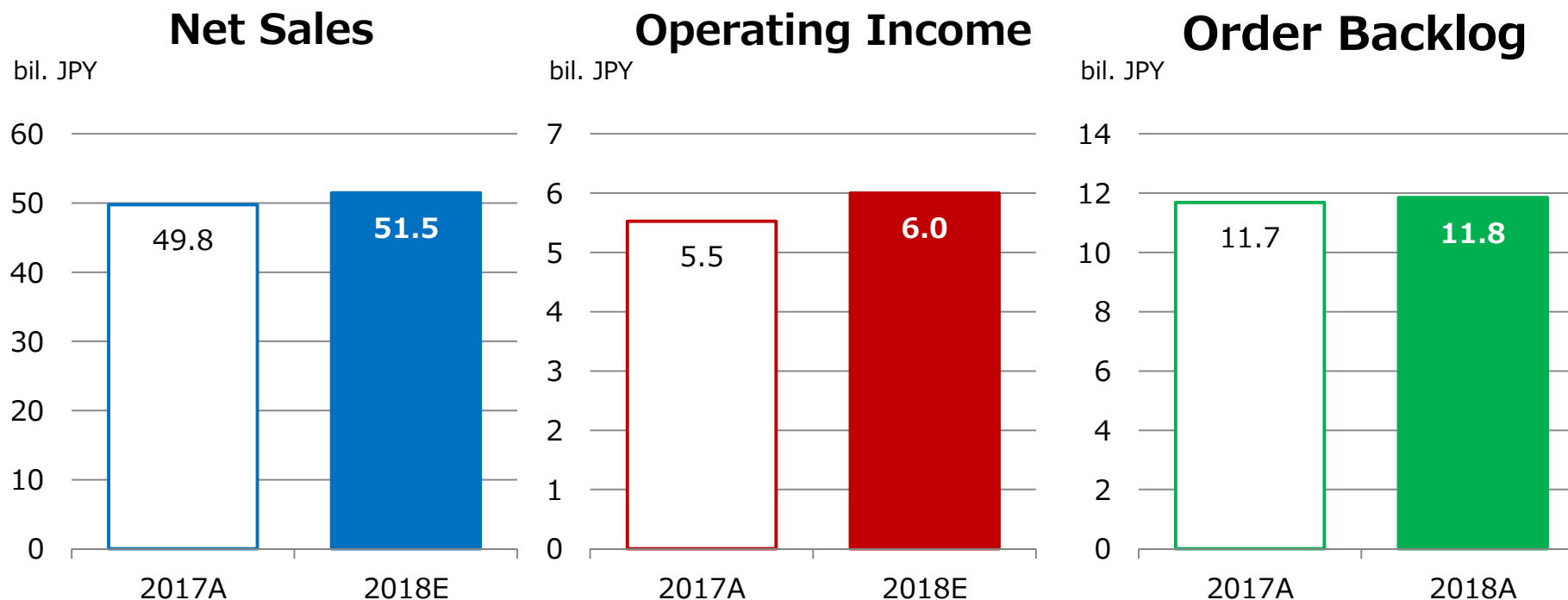


Operating Income



III. Overview by Segment

Fire Fighting Vehicles



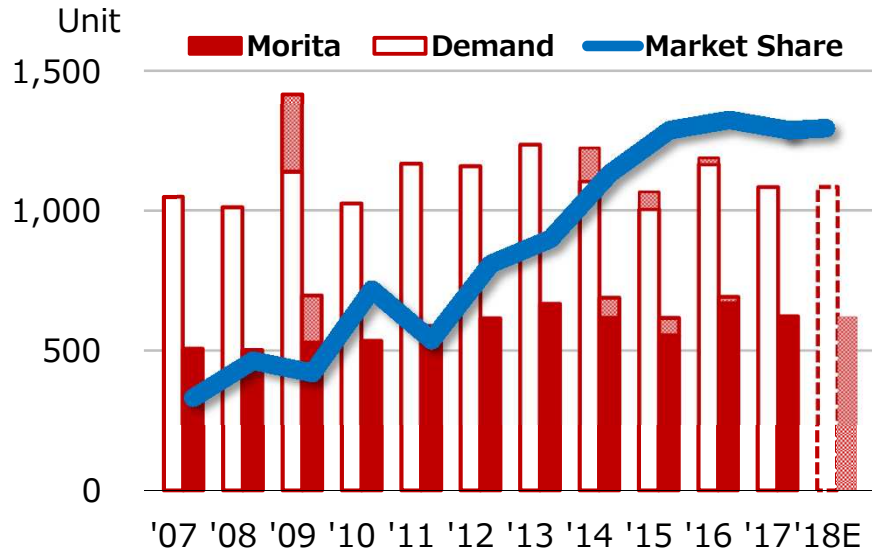
● Outlook for FY2018

- Net sales and operating income is expected to increase since the product mix and market share will improve, although domestic demand will be the same level as FY2017.
- Overseas sales will grow and the overseas sales ratio in FFV is expected to reach 30%

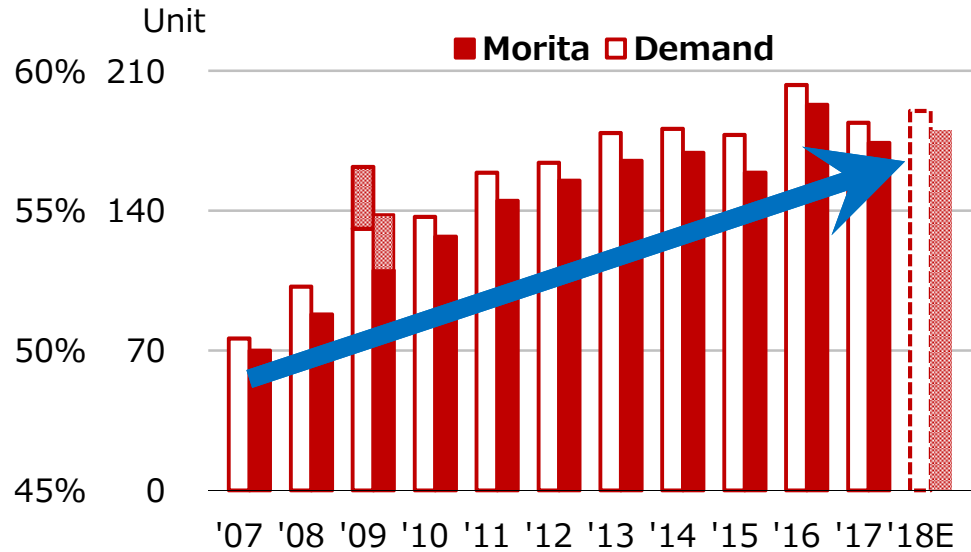
Fire Fighting Vehicles



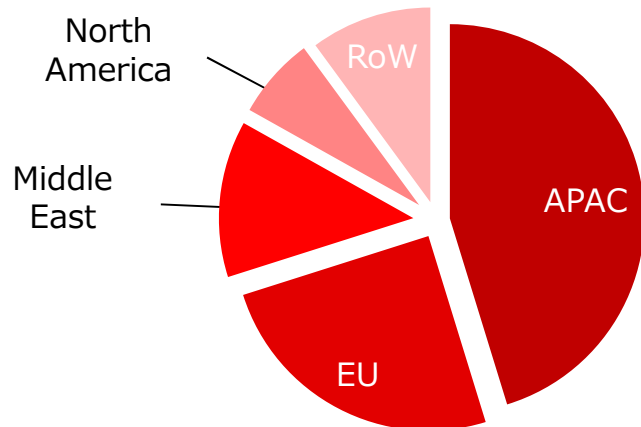
Domestic Market Size* & Number of Orders



CAFS Market Size* & Number of Orders



Sales by regions (2017)

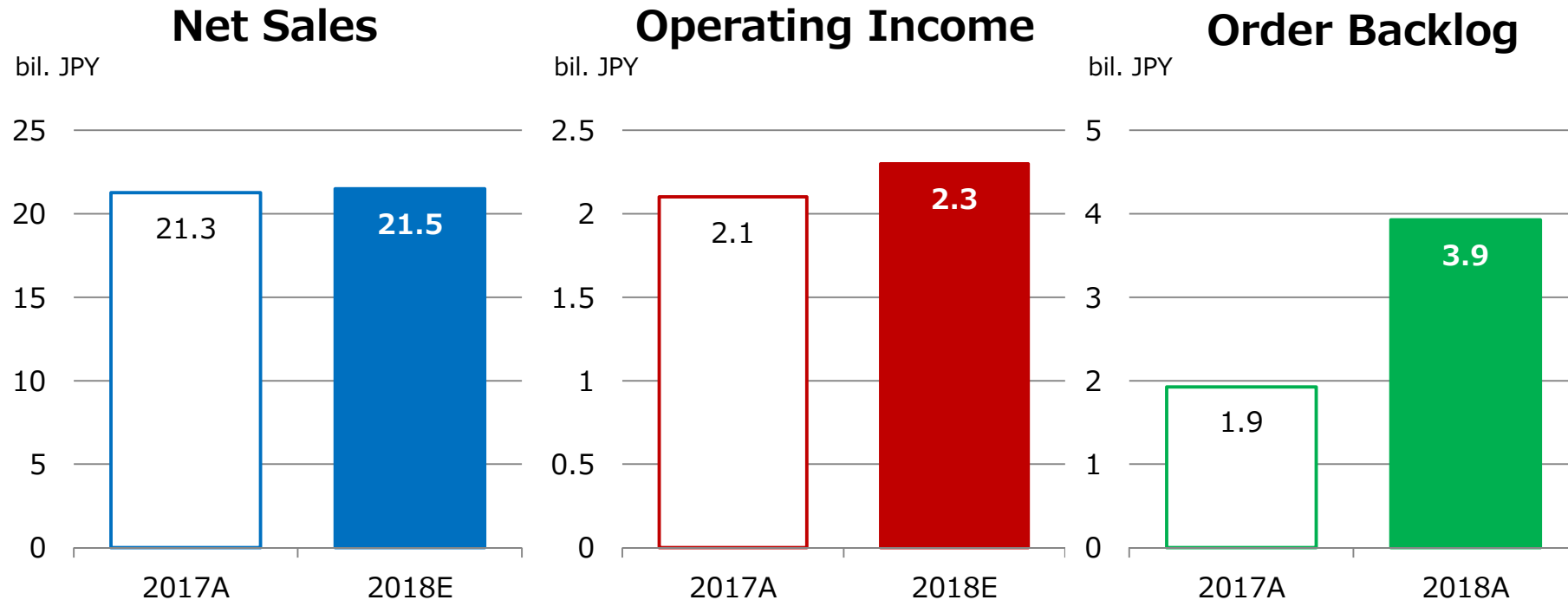


CAFS Compressed Air Foam System

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



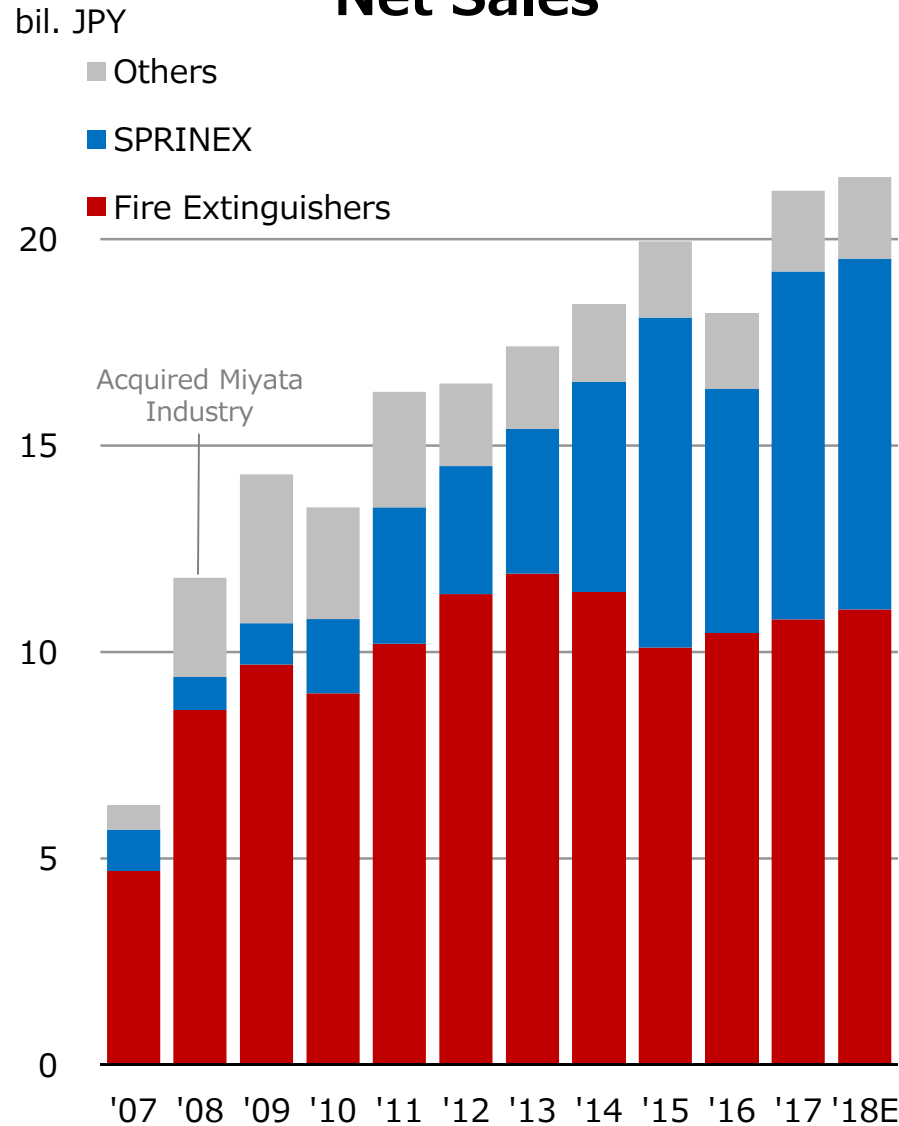
※Internal investigation



● Outlook for FY2018

- While fire extinguisher demand will be the same level as FY2017, market share will improve by launching new product, and SPRINEX will keep growing in FY2018
- Net sales and operating income is expected to exceed the record high.

Net Sales

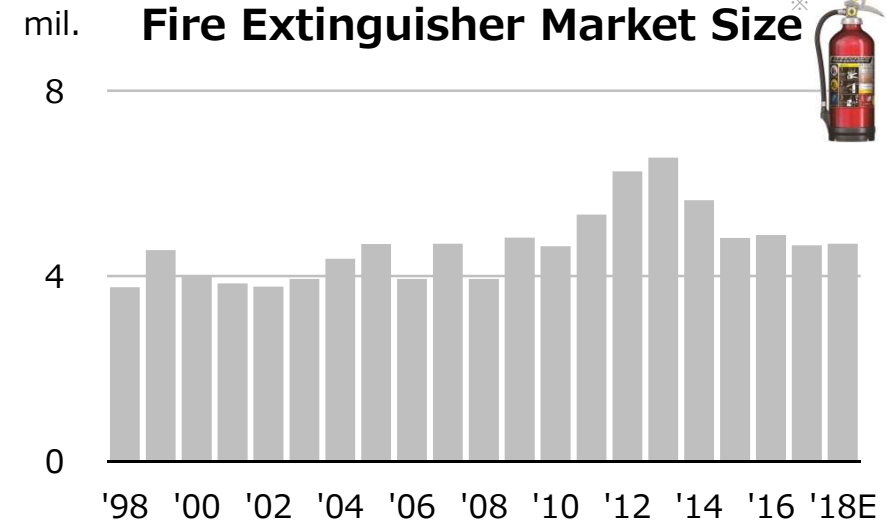


SPRINEX



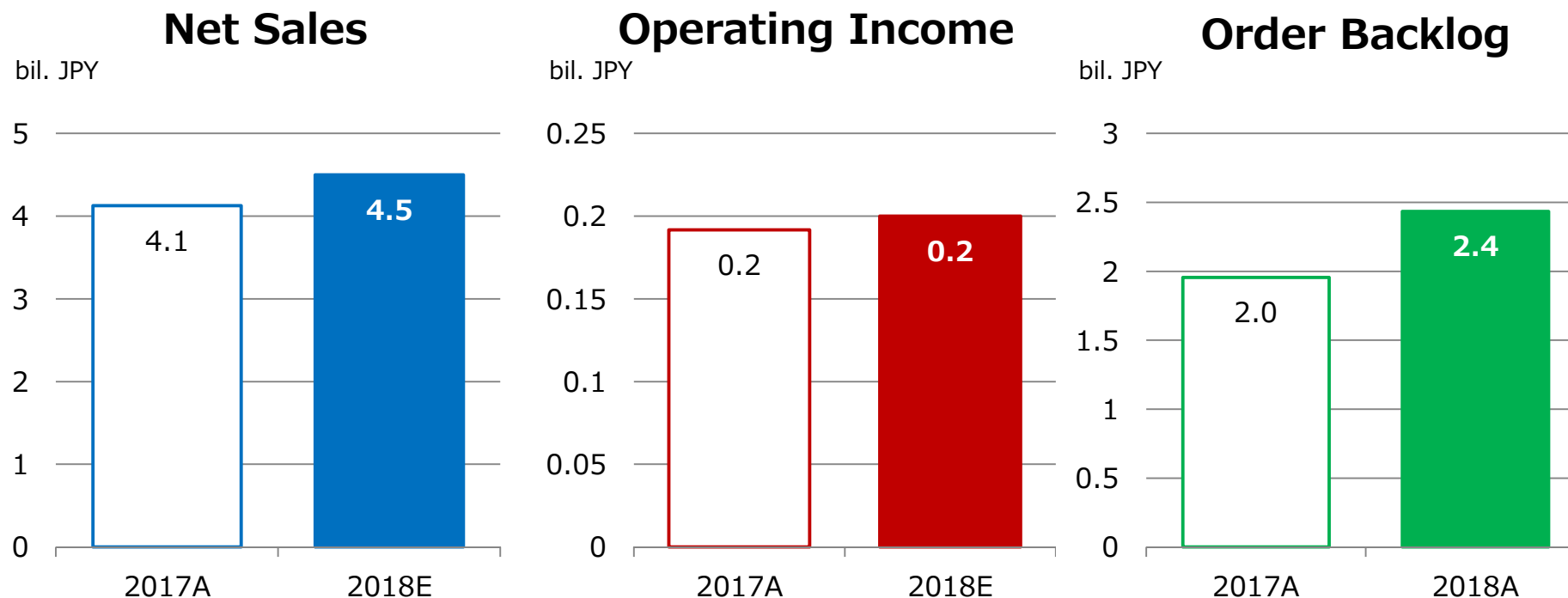
- High extinguish performance (4 times better than that of water and prevents recombustion)
- Senses a fire in its early stage
- Prevents water damage
- Available even when the water supply is cut off, and it is frost-proof
- Not require a large scale construction for installation

Fire Extinguisher Market Size



※ Internal investigation

Recycling Machines

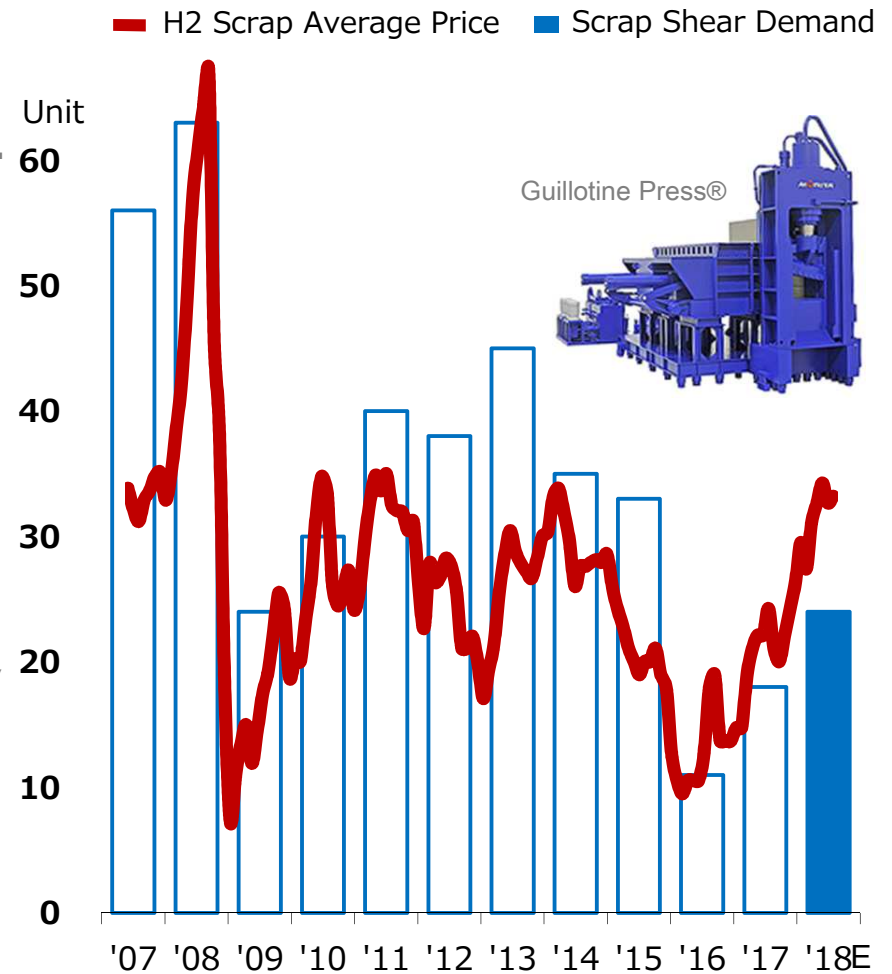
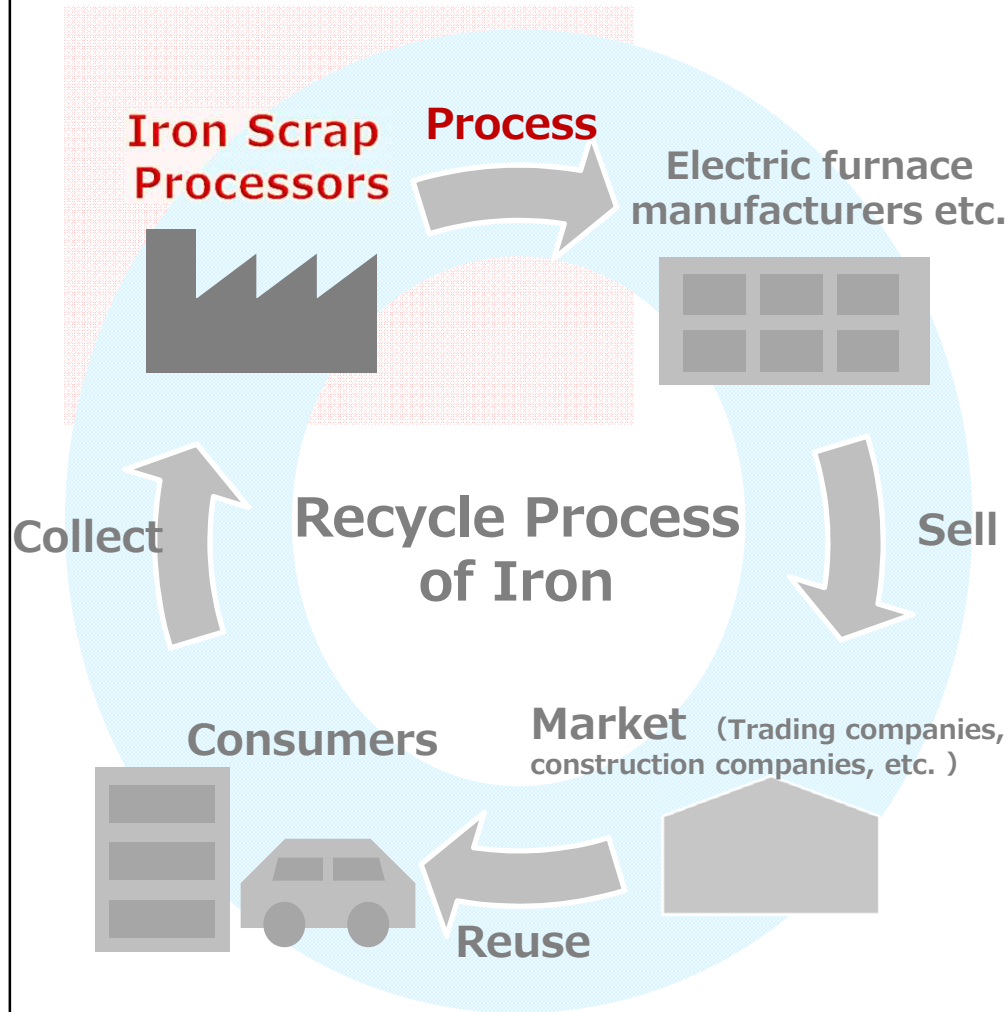


● Outlook for FY2018

- Net sales and operating income is expected to increase since the scrap shear demand will gradually increase as the iron scrap price has been on a slight upward trend.
- Focus on maintenance and service as well as developing new products and expanding sales.

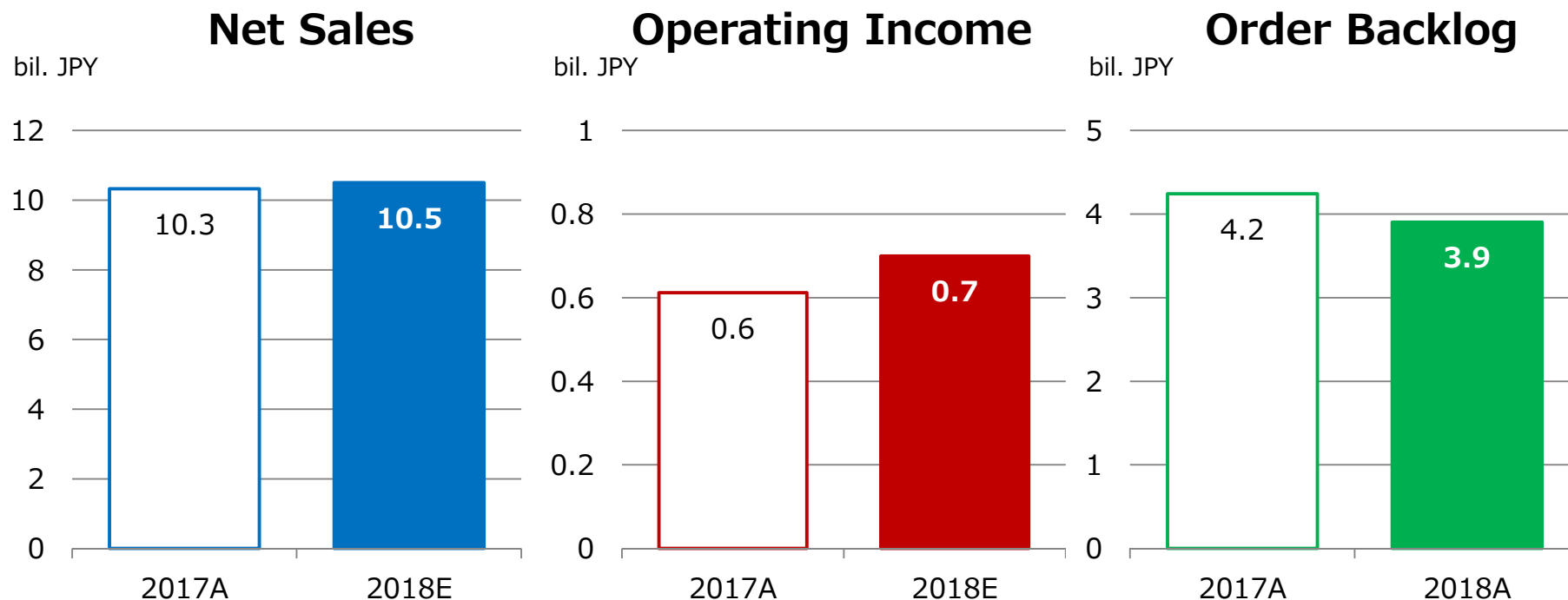
Recycling Machines

Iron Scrap Price & Scrap Shear Market Size



※ Internal Investigation

Environmental Conservation Vehicles **MORITA**

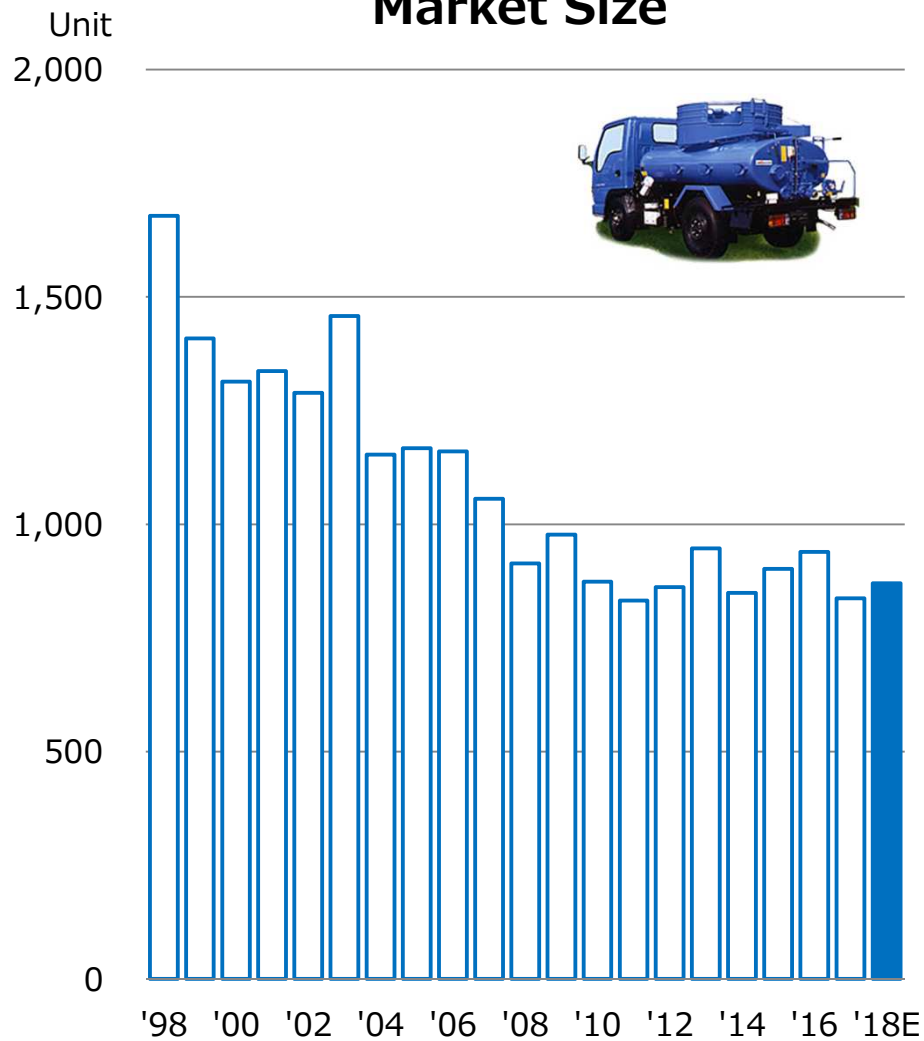


● Outlook for FY2018

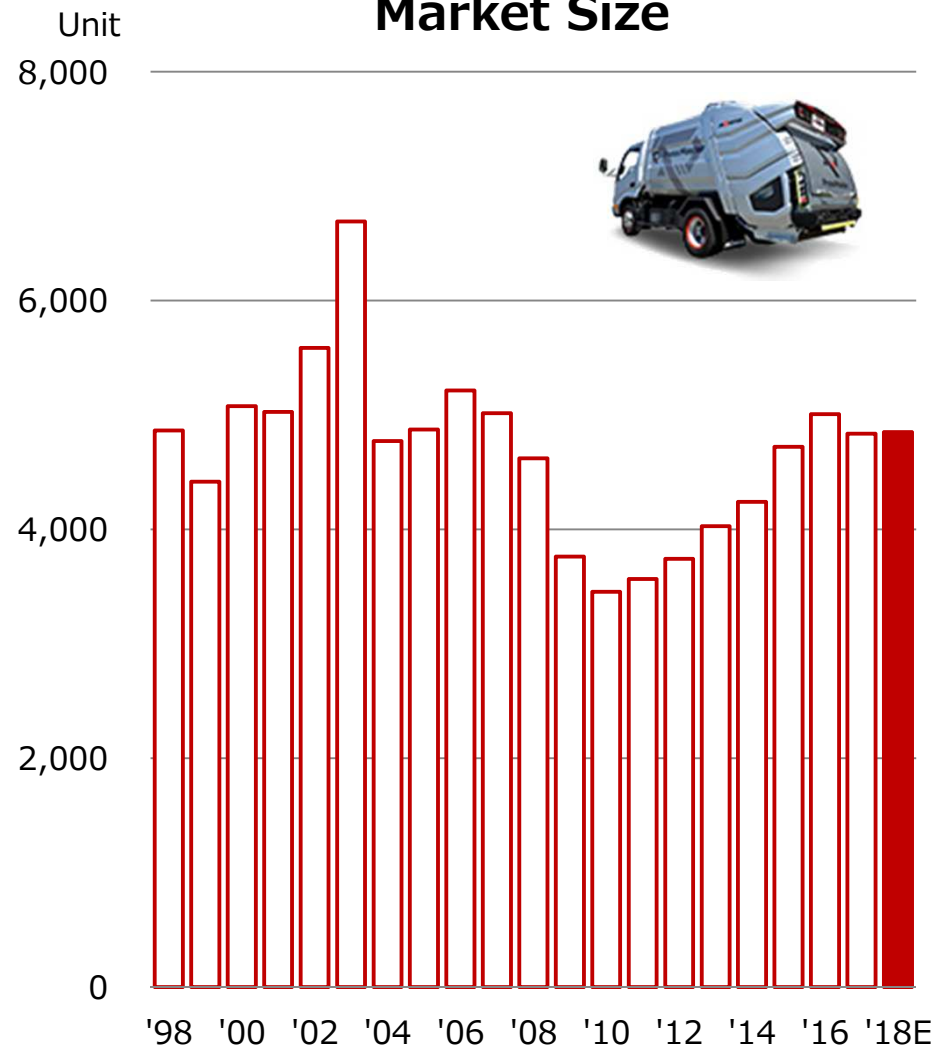
- Demand for garbage collectors will be the same level as FY2017. Demand for sanitary vehicles, which is the core product, is expected to increase slightly.
- Net sales and operating profit is expected to increase since the operation in the new factory, which started its operation in May 2017, will be normalized

Environmental Conservation Vehicles **MORITA**

Sanitary Vehicles[※] Market Size



Garbage Collectors[※] Market Size

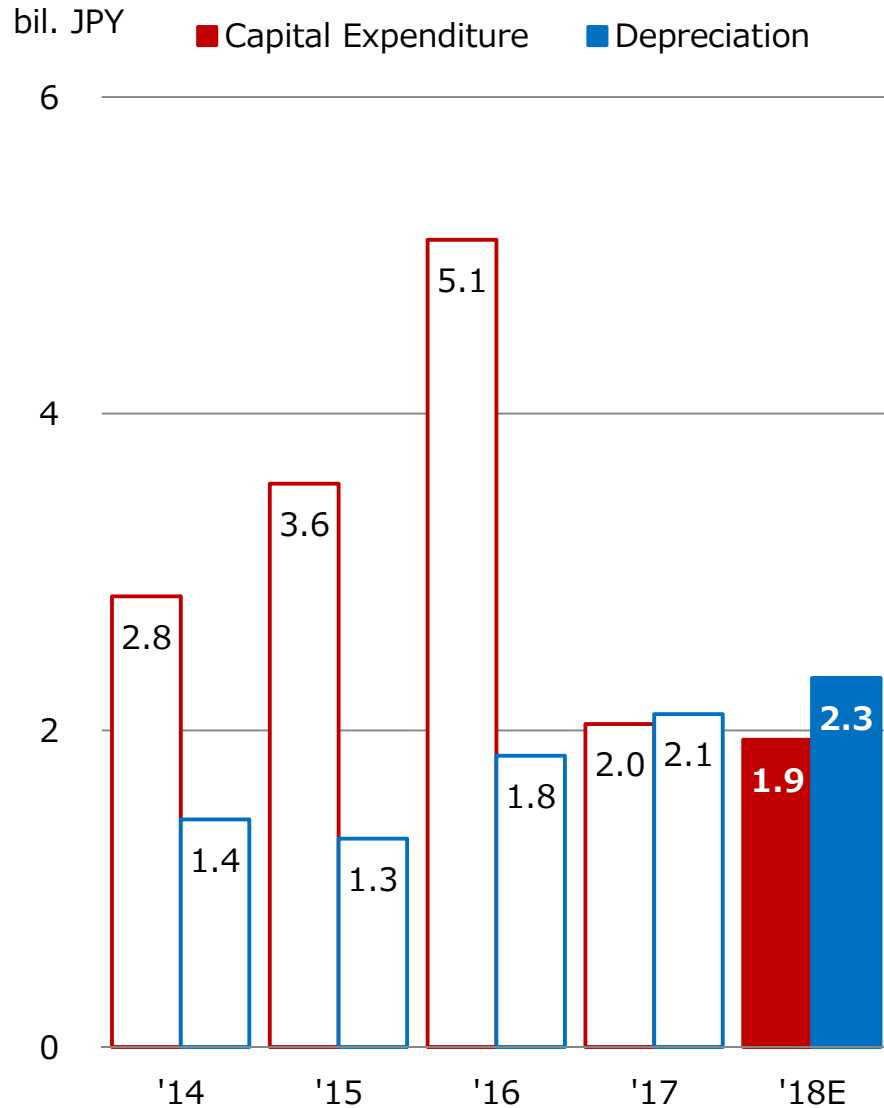


※ Internal investigation

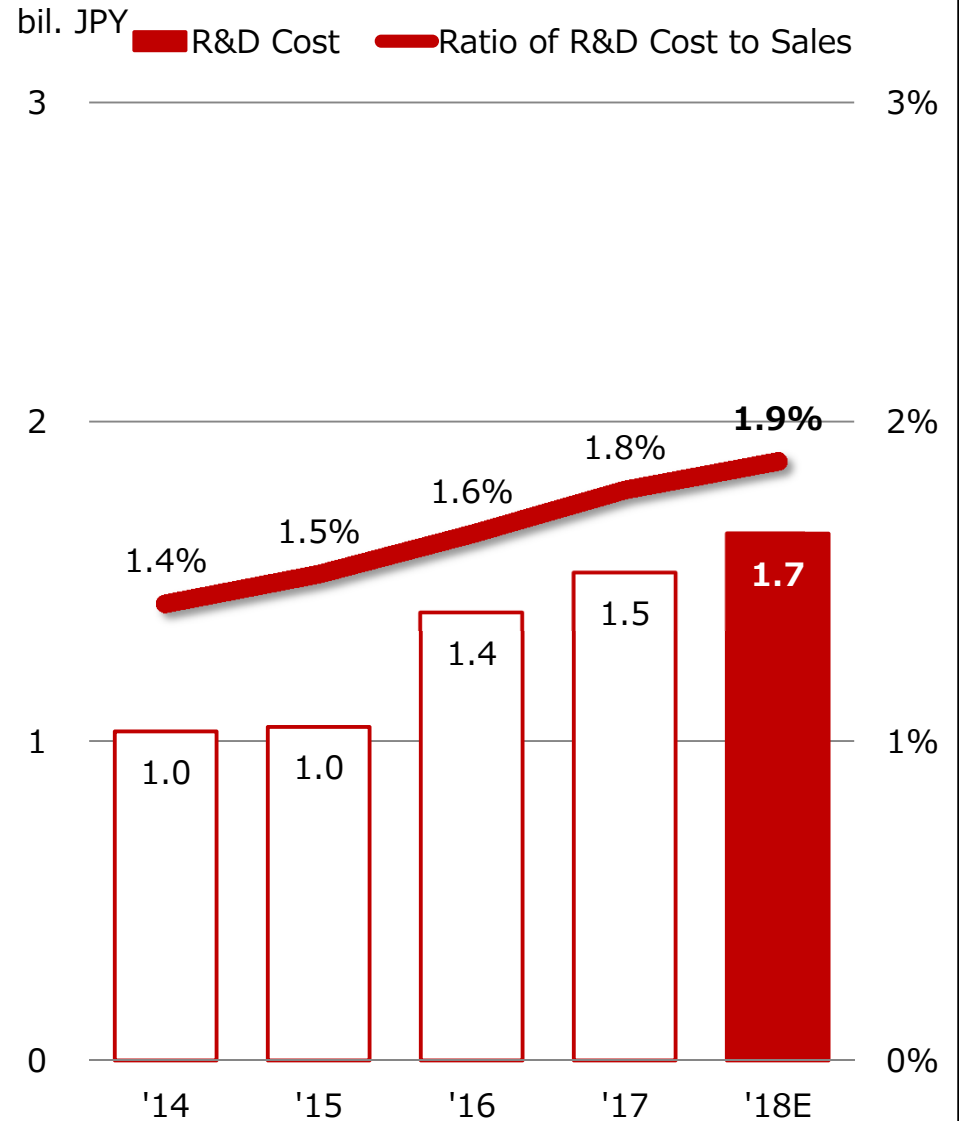
IV. Investment & Shareholder Return

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

Capital Expenditure·Depreciation



R&D Cost

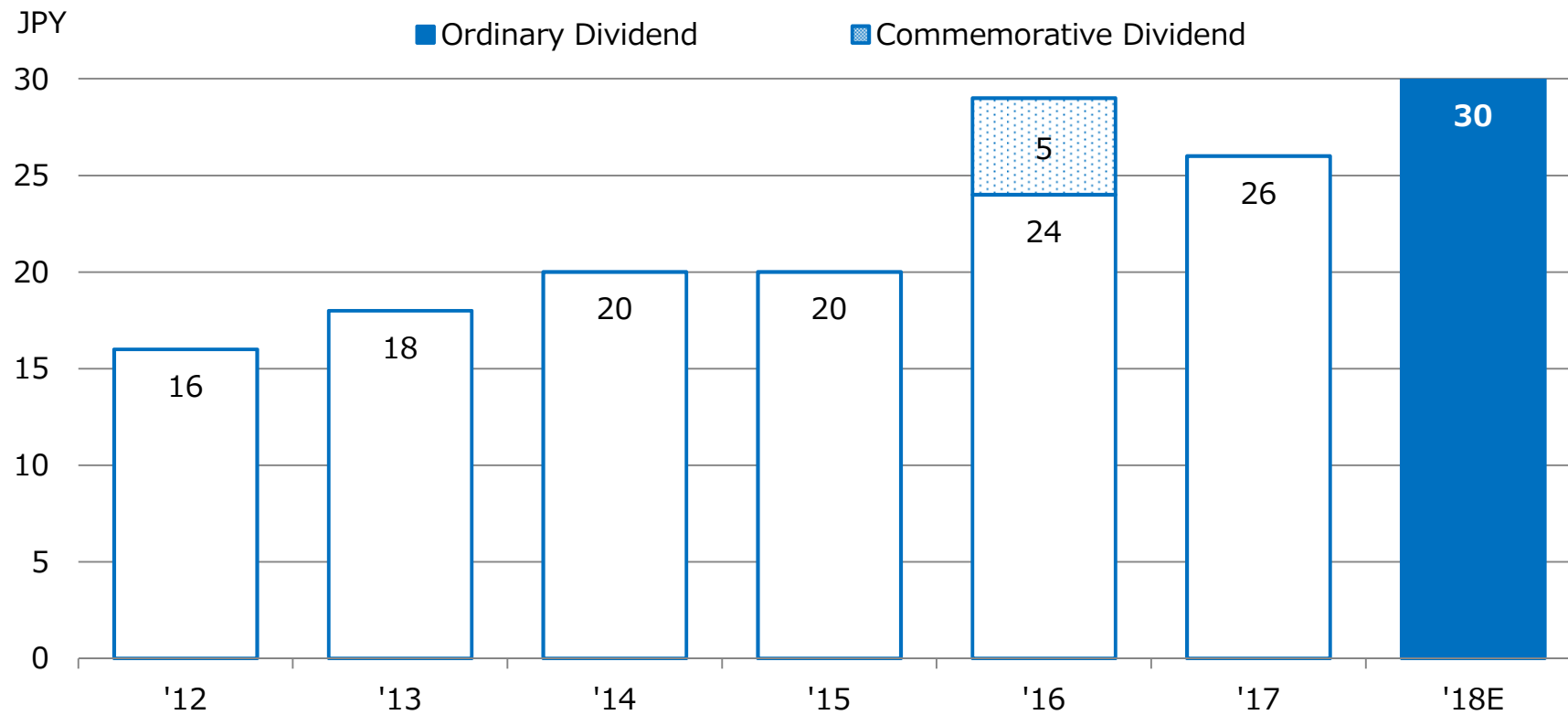


Dividend policy

Sustainable, stable dividends

Increase dividend by reflecting the performance

Dividend Per Share





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.