

Second Quarter Report for FY 2017

(Fiscal Year ending March 2018)

Details of Business Results


AMANO CORPORATION (Ticker: 6436)


October 30, 2017


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-  **The New Medium-term Business Plan** P.20
The 2nd Stage Towards a 100-year Company

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The prospect of operating performance or forecast compiled by Amano is based on the current information available, and it includes potential risks or uncertainties. Please note that actual operating performance may change substantially from what is described here as a result of various changing factors.

FY 2017: Second Quarter Report

(Fiscal Year ending March 2018)

FY 2017: 2nd Quarter Accumulated Results (FY end March 2018)



◆ Consolidated

(In million yen)

| | Disclosed plan | | | 1st Half ended September 30, 2017 | | 1st Half ended September 30, 2016 | | Change | | Change over plan | |
|---|----------------|-------|-----------|--------------------------------------|-------|--------------------------------------|-------|--------|--------|------------------|-------|
| | Amount | % | Change(%) | Amount | % | Amount | % | Amount | % | Amount | % |
| Net sales | 59,300 | 100.0 | 4.8 | 57,962 | 100.0 | 56,599 | 100.0 | 1,362 | 2.4 | (1,337) | 97.7 |
| Gross profit | 25,700 | 43.3 | 5.4 | 25,726 | 44.4 | 24,373 | 43.1 | 1,353 | 5.6 | 26 | 100.1 |
| SG&A | 20,400 | 34.4 | 5.8 | 20,098 | 34.7 | 19,274 | 34.1 | 824 | 4.3 | (301) | 98.5 |
| Operating profit | 5,300 | 8.9 | 3.9 | 5,628 | 9.7 | 5,099 | 9.0 | 528 | 10.4 | 328 | 106.2 |
| Non-operating income | 220 | 0.4 | (37.0) | 408 | 0.7 | 349 | 0.6 | 59 | 16.9 | 188 | 185.7 |
| Non-operating expense | 20 | 0.0 | (90.5) | 54 | 0.1 | 210 | 0.4 | (155) | (74.1) | 34 | 271.8 |
| Ordinary profit | 5,500 | 9.3 | 5.0 | 5,982 | 10.3 | 5,238 | 9.3 | 743 | 14.2 | 482 | 108.8 |
| Extraordinary profit | 0 | | | 253 | | 0 | | 253 | | 253 | |
| Extraordinary loss | 0 | | | 5 | | 31 | | (26) | | 5 | |
| Net income attributable to owners of the parent company | 3,400 | 5.7 | 4.3 | 4,071 | 7.0 | 3,259 | 5.8 | 811 | 24.9 | 671 | 119.8 |

* FX Rates : (Quarterly Average) US\$ 105.00 US\$ 112.12 US\$ 111.81
 EUR 114.00 EUR 122.18 EUR 124.31

◆ ACJ * ACJ; Amano Corporation Japan

(In million yen)

| | Disclosed plan | | | 1st Half ended September 30, 2017 | | 1st Half ended September 30, 2016 | | Change | | Change over plan | |
|-----------------------|----------------|-------|-----------|--------------------------------------|-------|--------------------------------------|-------|--------|--------|------------------|-------|
| | Amount | % | Change(%) | Amount | % | Amount | % | Amount | % | Amount | % |
| Net sales | 34,100 | 100.0 | 3.7 | 32,930 | 100.0 | 32,872 | 100.0 | 58 | 0.2 | (1,169) | 96.6 |
| Gross profit | 14,400 | 42.2 | 7.4 | 14,113 | 42.9 | 13,404 | 40.8 | 708 | 5.3 | (286) | 98.0 |
| SG&A | 11,100 | 32.6 | 8.5 | 10,312 | 31.3 | 10,228 | 31.1 | 84 | 0.8 | (787) | 92.9 |
| Operating profit | 3,300 | 9.7 | 3.9 | 3,800 | 11.5 | 3,175 | 9.7 | 624 | 19.7 | 500 | 115.2 |
| Non-operating income | 1,130 | 3.3 | 3.9 | 1,220 | 3.7 | 1,087 | 3.3 | 133 | 12.3 | 90 | 108.0 |
| Non-operating expense | 30 | 0.1 | (84.0) | 23 | 0.1 | 187 | 0.6 | (164) | (87.4) | (6) | 79.2 |
| Ordinary profit | 4,400 | 12.9 | 8.0 | 4,997 | 15.2 | 4,075 | 12.4 | 922 | 22.6 | 597 | 113.6 |
| Extraordinary profit | 0 | | | 250 | | 0 | | 249 | | 250 | |
| Extraordinary loss | 0 | | | 0 | | 30 | | (30) | | 0 | |
| Net income | 3,000 | 8.8 | 4.8 | 3,741 | 11.4 | 2,861 | 8.7 | 879 | 30.8 | 741 | 124.7 |

◆ Consolidated performance (Year-on-year)

1 Sales: Up ¥ 1,362 Mil (Up 2.4 %)

· Time Information Segment: Up 1,150 Mil (Up 2.8 %)
 Incl: Information Systems: Up 550 Mil (Up 4.8 %)
 Incl: Parking Systems: Up 670 Mil (Up 2.5 %)

· Environmental Segment: Up 200 Mil (Up 1.3 %)
 Incl: Environmental Systems: Up 150 Mil (Up 1.6 %)
 Incl: Clean Systems: Up 40 Mil (Up 0.8 %)

2 Gross Profit: Up ¥ 1,353 Mil (Up 5.6 %)

Gross Profit Ratio: 44.4 % Up 1.3 %

· Time Information Segment: Up 1.0 %
 · Environmental Segment: Up 2.1 %

3 SG&A: Up ¥ 824 Mil (Up 4.3 %)

· Labor Cost Up 330 Mil (Up 2.7 %)
 · Other Costs Up 480 Mil (Up 7.0 %)

4 Operating Profit Up ¥ 528 Mil (Up 10.4 %)

· Time Information Segment: ¥ 5,110 Mil (Up 420 Mil)
 · Environmental Segment: ¥ 2,330 Mil (Up 210 Mil)
 · Company-wide Expense: ¥ -1,820 Mil (Dn 110 Mil)

● Operating profit Ratio 9.7 % (FY2016: 11.0%,
 Half ended Sep.30,2016: 9.0%)

● ROE — (FY2016: 9.5%)

● Consolidated Sales / Parent Sales Ratio 1.76 times (FY2016: 1.69 times,
 Half ended Sep.30,2016: 1.72 times)

FY 2017: 2nd Quarter Accumulated Results (FY end March 2018)

Sales by business division



◆ Consolidated

(In million yen)

| Business division | Disclosed plan | | | 1st Half ended September 30, 2017 | | 1st Half ended September 30, 2016 | | Change | | Change over plan | |
|---------------------------------|----------------|-------|---------|--------------------------------------|-------|--------------------------------------|-------|--------|-------|------------------|-------|
| | Amount | % | Change% | Amount | % | Amount | % | Amount | % | Amount | % |
| Information Systems | 12,300 | 20.7 | 5.1 | 12,261 | 21.2 | 11,702 | 20.7 | 559 | 4.8 | (38) | 99.7 |
| Time Management Products | 1,700 | 2.9 | (7.9) | 1,773 | 3.1 | 1,844 | 3.2 | (71) | (3.9) | 73 | 104.3 |
| Parking Systems | 28,800 | 48.6 | 5.6 | 27,955 | 48.2 | 27,283 | 48.2 | 671 | 2.5 | (844) | 97.1 |
| Total: Time Information Segment | 42,800 | 72.2 | 4.8 | 41,989 | 72.5 | 40,830 | 72.1 | 1,159 | 2.8 | (810) | 98.1 |
| Environmental Systems | 10,600 | 17.9 | 5.4 | 10,212 | 17.6 | 10,053 | 17.8 | 159 | 1.6 | (387) | 96.3 |
| Clean Systems | 5,900 | 9.9 | 3.2 | 5,759 | 9.9 | 5,716 | 10.1 | 43 | 0.8 | (140) | 97.6 |
| Total: Environmental Segment | 16,500 | 27.8 | 4.6 | 15,972 | 27.5 | 15,769 | 27.9 | 202 | 1.3 | (527) | 96.8 |
| Grand total | 59,300 | 100.0 | 4.8 | 57,962 | 100.0 | 56,599 | 100.0 | 1,362 | 2.4 | (1,337) | 97.7 |

◆ ACJ

(In million yen)

| Business division | Disclosed plan | | | 1st Half ended September 30, 2017 | | 1st Half ended September 30, 2016 | | Change | | Change over plan | |
|---------------------------------|----------------|-------|---------|--------------------------------------|-------|--------------------------------------|-------|--------|-------|------------------|------|
| | Amount | % | Change% | Amount | % | Amount | % | Amount | % | Amount | % |
| Information Systems | 6,800 | 19.9 | 7.7 | 6,719 | 20.4 | 6,314 | 19.2 | 404 | 6.4 | (80) | 98.8 |
| Time Management Products | 1,400 | 4.1 | (4.2) | 1,389 | 4.2 | 1,460 | 4.4 | (70) | (4.8) | (10) | 99.3 |
| Parking Systems | 14,000 | 41.1 | 0.6 | 13,745 | 41.8 | 13,911 | 42.3 | (166) | (1.2) | (254) | 98.2 |
| Total: Time Information Segment | 22,200 | 65.1 | 2.4 | 21,854 | 66.4 | 21,686 | 66.0 | 167 | 0.8 | (345) | 98.4 |
| Environmental Systems | 9,500 | 27.9 | 5.5 | 8,871 | 26.9 | 9,004 | 27.4 | (133) | (1.5) | (628) | 93.4 |
| Clean Systems | 2,400 | 7.0 | 10.0 | 2,205 | 6.7 | 2,181 | 6.6 | 23 | 1.1 | (194) | 91.9 |
| Total: Environmental Segment | 11,900 | 34.9 | 6.4 | 11,076 | 33.6 | 11,185 | 34.0 | (109) | (1.0) | (823) | 93.1 |
| Grand total | 34,100 | 100.0 | 3.7 | 32,930 | 100.0 | 32,872 | 100.0 | 58 | 0.2 | (1,169) | 96.6 |

FY 2017: Consolidated performance by quarter

(FY end March 2018)



◆ Quarterly Financials

(In million yen)

| | 1st quarter | | 2nd quarter | | 1st half | |
|---|-------------|-------|-------------|-------|----------|-------|
| | Amount | % | Amount | % | Amount | % |
| Net sales | 27,187 | 100.0 | 30,774 | 100.0 | 57,962 | 100.0 |
| Gross profit | 11,752 | 43.2 | 13,974 | 45.4 | 25,726 | 44.4 |
| SG&A | 9,969 | 36.7 | 10,129 | 32.9 | 20,098 | 34.7 |
| Operating profit | 1,783 | 6.6 | 3,844 | 12.5 | 5,628 | 9.7 |
| Non-operating income | 173 | 0.6 | 234 | 0.8 | 408 | 0.7 |
| Non-operating expense | 54 | 0.2 | △ 0 | 0.0 | 54 | 0.1 |
| Ordinary profit | 1,902 | 7.0 | 4,079 | 13.3 | 5,982 | 10.3 |
| Extraordinary profit | 1 | | 252 | | 253 | |
| Extraordinary loss | 1 | | 3 | | 5 | |
| Net income attributable to owners of the parent company | 1,039 | 3.8 | 3,031 | 9.9 | 4,071 | 7.0 |

* FX Rates : (Quarterly Average)

US\$ 112.82
EUR 120.13

US\$ 111.42
EUR 124.23

US\$ 112.12
EUR 122.18

◆ Quarterly Sales

(In million yen)

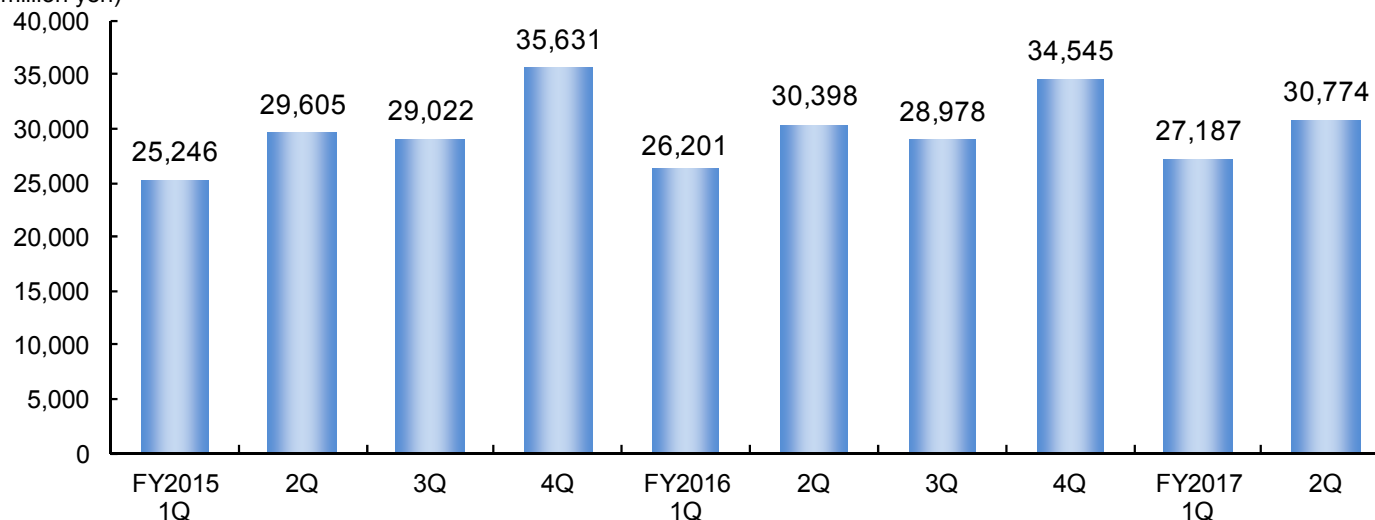
| Business division | 1st quarter | | 2nd quarter | | 1st half | |
|---------------------------------|-------------|-------|-------------|-------|----------|-------|
| | Amount | % | Amount | % | Amount | % |
| Information Systems | 5,528 | 20.3 | 6,733 | 21.9 | 12,261 | 21.2 |
| Time Management Products | 882 | 3.2 | 890 | 2.9 | 1,773 | 3.1 |
| Parking Systems | 13,371 | 49.2 | 14,583 | 47.4 | 27,955 | 48.2 |
| Total: Time Information Segment | 19,782 | 72.8 | 22,207 | 72.2 | 41,989 | 72.5 |
| Environmental Systems | 4,595 | 16.9 | 5,616 | 18.2 | 10,212 | 17.6 |
| Clean Systems | 2,809 | 10.3 | 2,950 | 9.6 | 5,759 | 9.9 |
| Total: Environmental Segment | 7,405 | 27.2 | 8,567 | 27.8 | 15,972 | 27.5 |
| Grand total | 27,187 | 100.0 | 30,774 | 100.0 | 57,962 | 100.0 |

Consolidated Sales & Operating Profit (Quarterly)



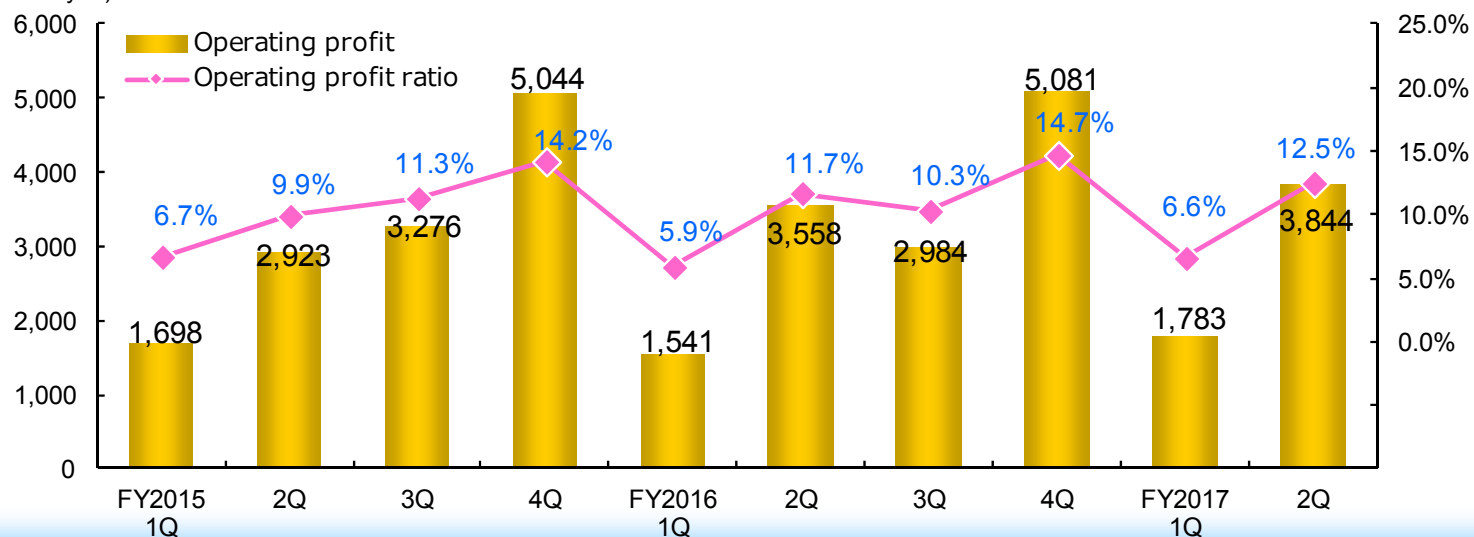
■ Sales

(In million yen)



■ Operating Profit

(In million yen)



Sales & Operating Profit by Business Segment

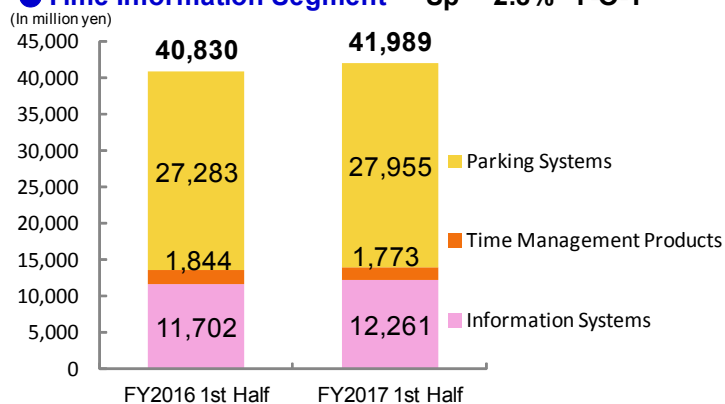


(In million yen)

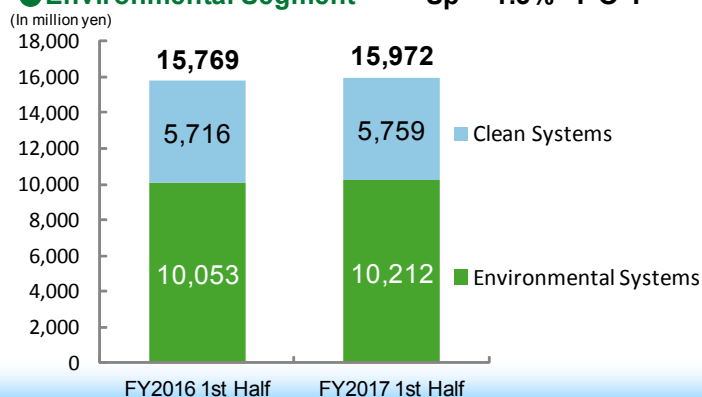
| | FY2017 1Q | | | FY2017 2Q | | | 1st Half ended September 30, 2017 | | | 1st Half ended September 30, 2016 | | | Change Y-O-Y | | | |
|--------------------------|---------------|------------------|------------|---------------|------------------|-------------|-----------------------------------|------------------|------------|-----------------------------------|------------------|------------|--------------|------------------|------------|-------------|
| | Sales | Operating profit | % | Sales | Operating profit | % | Sales | Operating profit | % | Sales | Operating profit | % | Sales | Operating profit | % | |
| Time Information Segment | 19,782 | 1,744 | 8.8 | 22,207 | 3,370 | 15.2 | 41,989 | 5,115 | 12.2 | 40,830 | 4,688 | 11.5 | 1,159 | 2.8 | 427 | 9.1 |
| Environmental Segment | 7,405 | 926 | 12.5 | 8,567 | 1,407 | 16.4 | 15,972 | 2,334 | 14.6 | 15,769 | 2,118 | 13.4 | 202 | 1.3 | 215 | 10.2 |
| Company-wide Expenses | | (887) | | | (934) | | | (1,822) | | | (1,708) | | | | (114) | |
| Total | 27,187 | 1,783 | 6.6 | 30,774 | 3,844 | 12.5 | 57,962 | 5,628 | 9.7 | 56,599 | 5,099 | 9.0 | 1,362 | 2.4 | 528 | 10.4 |

< Sales >

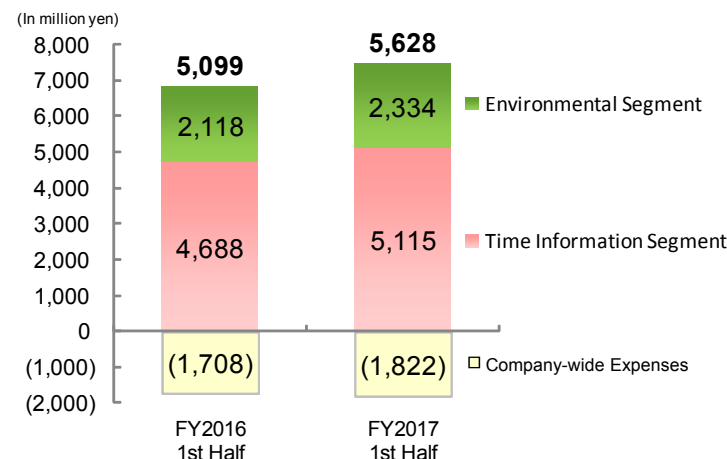
● **Time Information Segment** Up 2.8% Y-O-Y



● **Environmental Segment** Up 1.3% Y-O-Y



< Operating profit >



● **Time Information Segment** UP 9.1 %

● **Environmental Segment** UP 10.2 %

Performance by Business Division

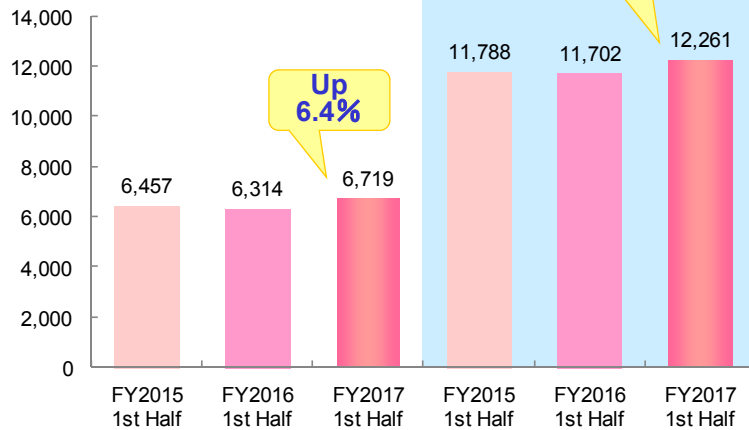
※ Domestic & Overseas; Revenues up

<Sales (Y-O-Y)>

— ACJ —

— Consolidated —

(In million yen)



Domestic

- Software; Growing orders
- T&A Terminal; Revenues down
- Cloud services; Increased orders



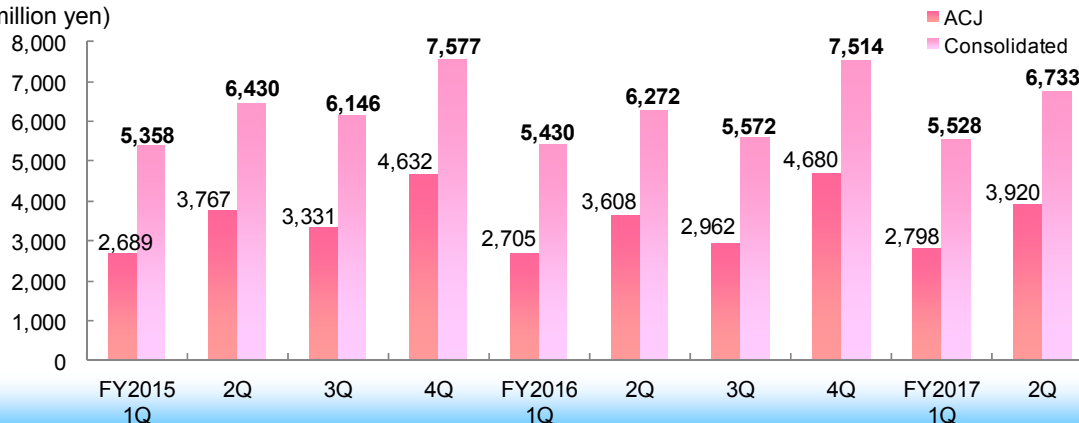
Overseas

- N. America: Accu-Time Systems Inc.; Revenues up
- Europe: Horosmart S.A.; Revenues up

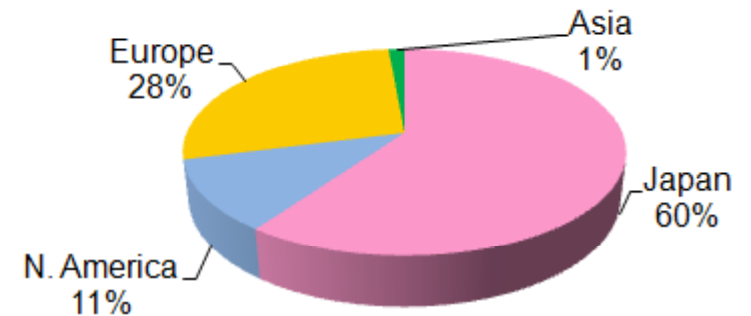


<Quarterly Sales (FY2015.1Q~FY2017.2Q)>

(In million yen)



<Sales by Region >



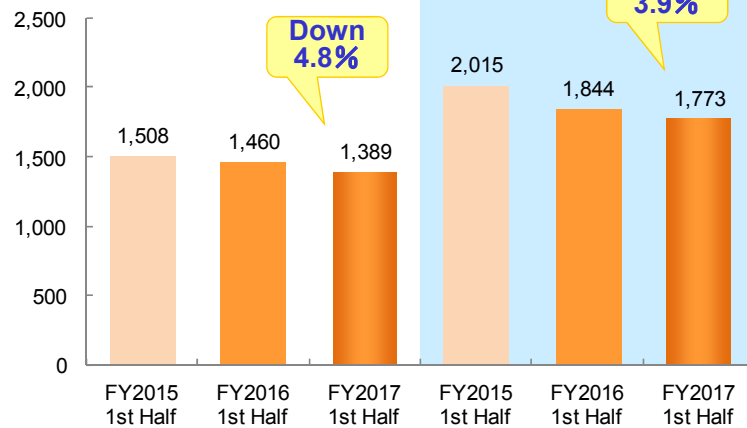
※ Domestic & Overseas; Revenues down

<Sales (Y-O-Y)>

— ACJ —

— Consolidated —

(In million yen)



Domestic



Overseas

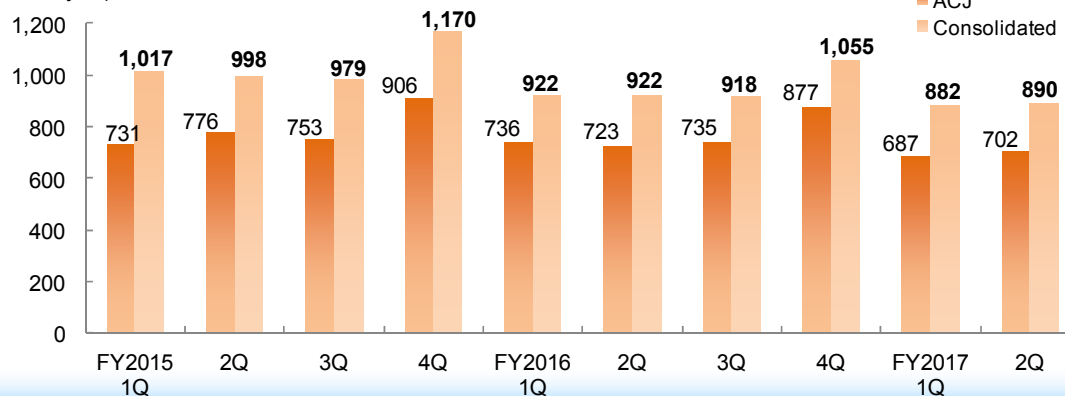


- Domestic Time Recorders; Higher sales volume
- TimeP@CK series; Strong orders
(※)TimeP@CK: Time recorder equipped with PC compatible aggregation software
- Exports down

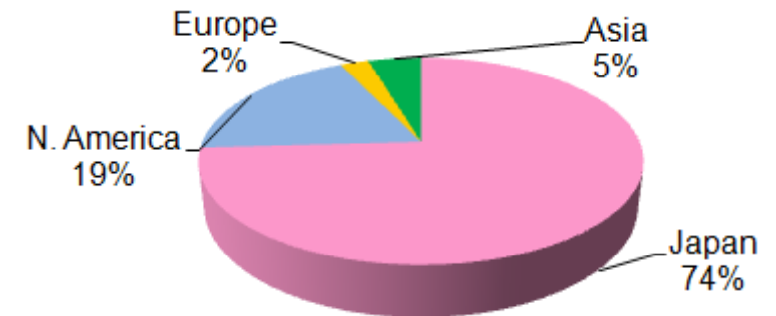
- Europe; Revenues flat
- N. America & Asia; Revenues down

<Quarterly Sales (FY2015.1Q~FY2017.2Q)>

(In million yen)



<Sales by Region >



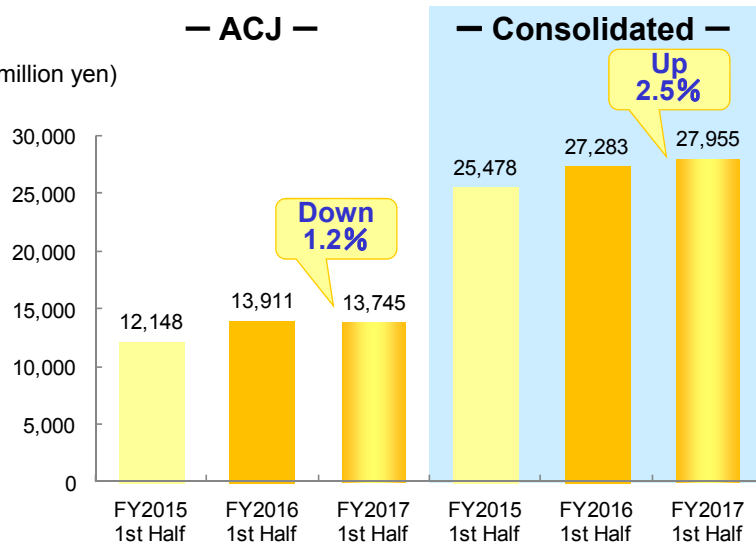
※ Domestic; Revenues down, Overseas; Revenues up

<Sales (Y-O-Y)>

— ACJ —

— Consolidated —

(In million yen)



Domestic

- Parking Equipment; Slightly down
- Bicycle parking systems; Orders declined
- Consigned Management Service; Firm



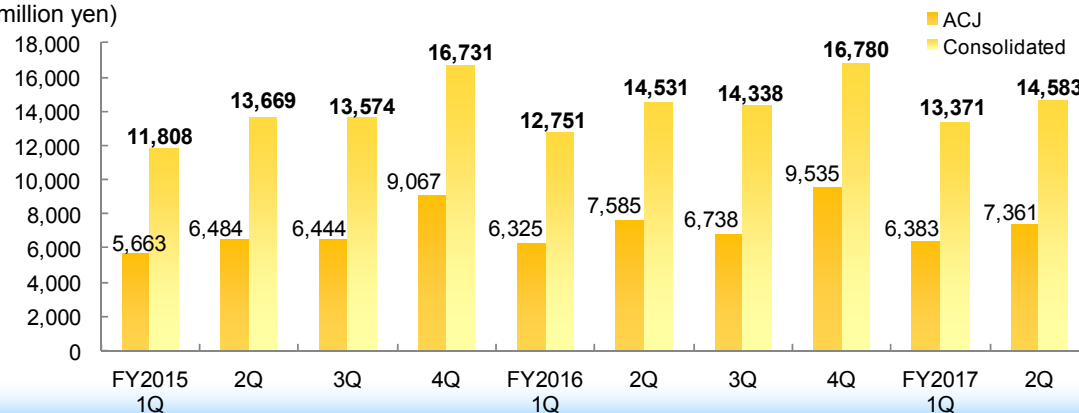
Overseas

- N. America; Revenues down at Amano McGann Inc.
- Asia; Revenues up (Korea, Hong Kong; Growing steadily)

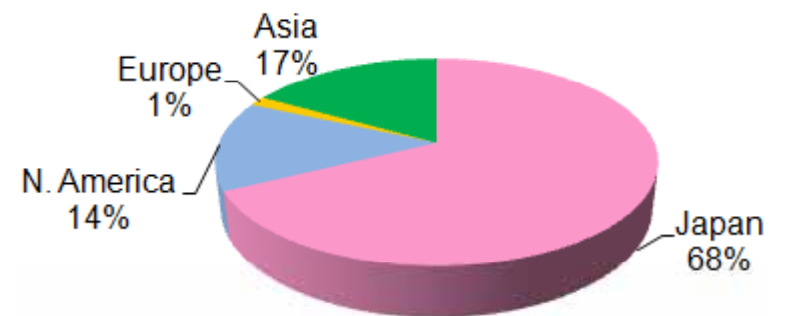


<Quarterly Sales (FY2015.1Q~FY2017.2Q)>

(In million yen)



<Sales by Region >



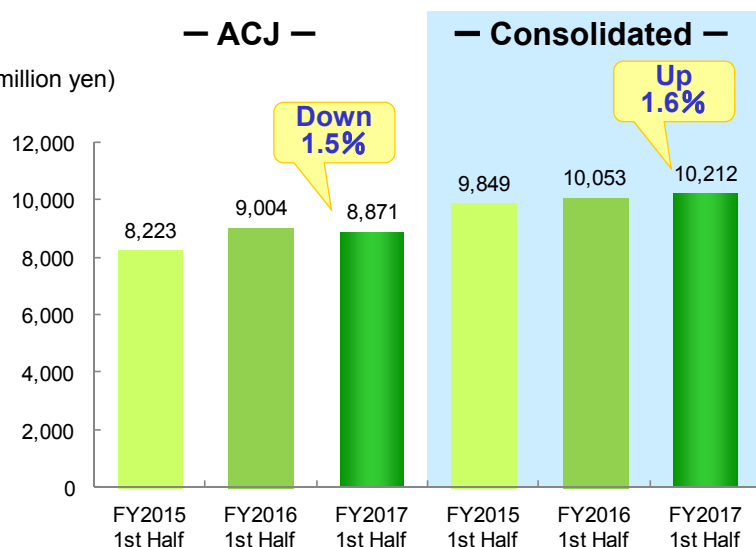
※ Domestic; Revenues down, Overseas; Revenues up

<Sales (Y-O-Y)>

— ACJ —

— Consolidated —

(In million yen)



Domestic

- Standard Dust Collectors; Orders Firm
- Large scale systems; Revenues down



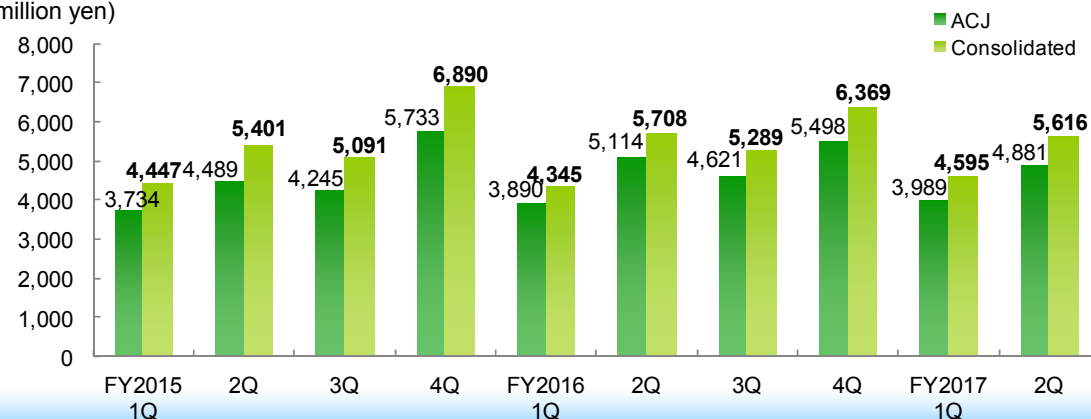
Overseas

- Asia; Revenues up (China Recovering)
- Mexico; Revenues up

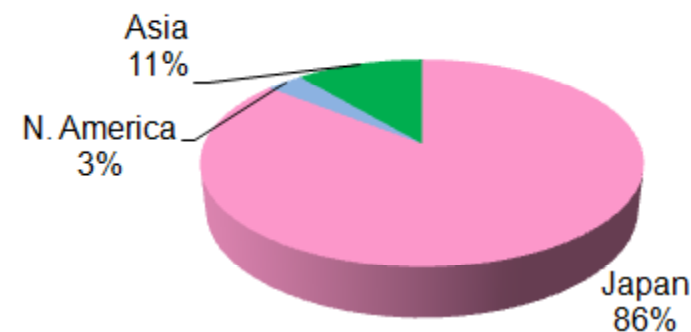


<Quarterly Sales (FY2015.1Q~FY2017.2Q)>

(In million yen)



<Sales by Region >



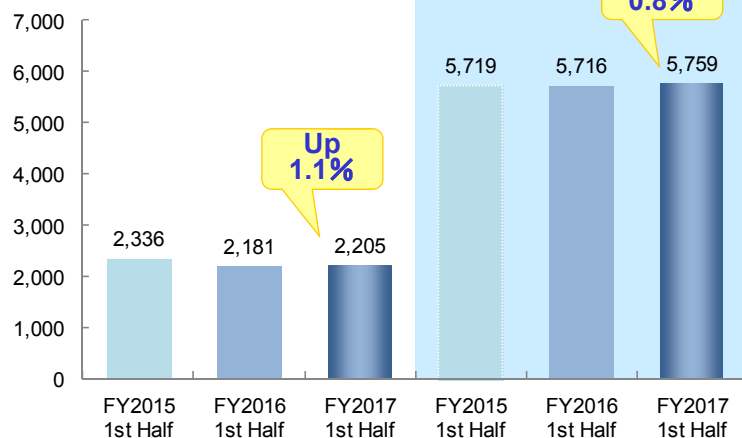
※ Domestic & Overseas; Revenues up

<Sales (Y-O-Y)>

— ACJ —

— Consolidated —

(In million yen)



Domestic

- New model scrubber; Orders Strongly
- Cleaning Robots; Market Developing firm



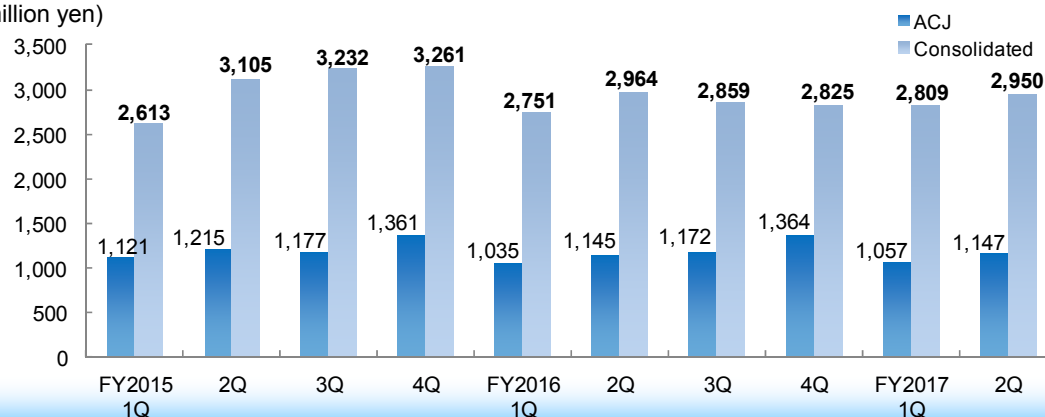
Overseas

- N. America; Wood floor sanding business growing steadily

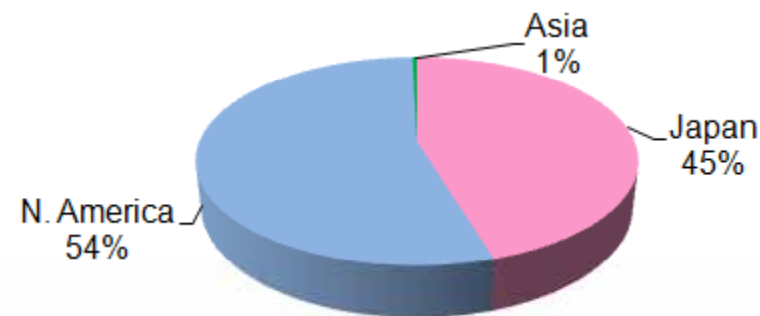


<Quarterly Sales (FY2015.1Q~FY2017.2Q)>

(In million yen)



<Sales by Region >



Performance of group companies



Geographic Segment Information

*Report of all overseas units are as of year ending December.

(In million yen)

| | FY2017 1Q | | | FY2017 2Q | | | FY2017 1st Half | | | FY2016 1st Half | | | Change Y-O-Y | | | |
|-----------------------------------|-----------|------------------|-------|-----------|------------------|-------|-----------------|------------------|-------|-----------------|------------------|-----|--------------|------------------|-------|--------|
| | Sales | Operating profit | % | Sales | Operating profit | % | Sales | Operating profit | % | Sales | Operating profit | % | Sales | Operating profit | % | |
| North America | 4,457 | (66) | (1.5) | 4,726 | (45) | (1.0) | 9,183 | (111) | (1.2) | 9,332 | 324 | 3.5 | (148) | (1.6) | (436) | — |
| Europe | 1,957 | 134 | 6.9 | 2,004 | 113 | 5.6 | 3,961 | 247 | 6.2 | 3,889 | 228 | 5.9 | 72 | 1.9 | 18 | 8.3 |
| Asia | 2,908 | 193 | 6.6 | 3,199 | 248 | 7.8 | 6,107 | 441 | 7.2 | 5,223 | 336 | 6.4 | 884 | 16.9 | 105 | 31.3 |
| Overseas group companies Total | 9,322 | 261 | 2.8 | 9,929 | 316 | 3.2 | 19,251 | 577 | 3.0 | 18,444 | 889 | 4.8 | 807 | 4.4 | (312) | (35.1) |
| Domestic Group companies Total | 5,251 | 538 | 10.3 | 5,367 | 678 | 12.6 | 10,618 | 1,216 | 11.5 | 10,428 | 997 | 9.6 | 190 | 1.8 | 219 | 22.0 |

*Exchange rate: US\$ 112.82 US\$ 111.42 US\$ 112.12 US\$ 111.81
 EUR 120.13 EUR 124.23 EUR 122.18 EUR 124.31

*Goodwill Amortization: N.America 83 Mil N.America 82 Mil N.America 166 Mil N.America 228 Mil
 Europe 73 Mil Europe 76 Mil Europe 150 Mil Europe 153 Mil

Consolidated Balance Sheet

AMANO

(In million yen)

| CONSOLIDATED B/S | FY2017 2Q 17.9.30 | FY2016 17.3.31 | Change |
|---|----------------------|-------------------|---------|
| Assets | 137,562 | 137,888 | (326) |
| Cash & Bank Deposits | 40,466 | 38,940 | 1,525 |
| Notes and accounts receivable - trade | 29,475 | 33,710 | (4,235) |
| Inventories | 10,488 | 9,459 | 1,029 |
| Deferred Tax Assets | 1,845 | 1,889 | (44) |
| Othe Current Assets | 4,590 | 3,638 | 952 |
| Fixed Assets | 50,695 | 50,250 | 445 |
| Liabilities | 37,508 | 38,467 | (959) |
| Notes and accounts payable - trade | 11,927 | 14,209 | (2,282) |
| Other Current Liabilities | 19,974 | 18,024 | 1,950 |
| Other Fixed Liabilities | 5,606 | 6,233 | (626) |
| Net Assets | 100,053 | 99,421 | 632 |
| Shareholder's Equity | 102,585 | 101,548 | 1,036 |
| Valuation & Conversion Adjustments | (2,983) | (2,585) | (398) |
| Non-Controlling shareholder's interests | 452 | 458 | (5) |
| Total Liabilities & Net Assets | 137,562 | 137,888 | (326) |

Consolidated Statements of Cash Flows

AMANO

(In million yen)

| Consolidated Cash Flows (CF) | FY2017 1st Half 17.9.30 | FY2016 1st Half 16.9.30 | Change |
|---|----------------------------|----------------------------|--------|
| CF from Operating Activities | 7,549 | 6,244 | 1,305 |
| CF from Investing Activities | (3,018) | (2,115) | (902) |
| FCF | 4,531 | 4,128 | 402 |
| CF from Financial Activities | (3,107) | (3,134) | 27 |
| Net Increase (decrease) in Cash & Equivalents | 1,187 | (136) | 1,324 |
| Cash & Cash Equivalents at End of Year | 36,457 | 32,589 | 3,868 |
| CAPEX (tangible fixed asset) | 1,312 | 1,768 | (457) |
| CAPEX (intangible asset) | 311 | 320 | (9) |
| Depreciation | 1,736 | 1,698 | 37 |

※Note: The CAPEX and Depreciation does not include software for sale and M&As.

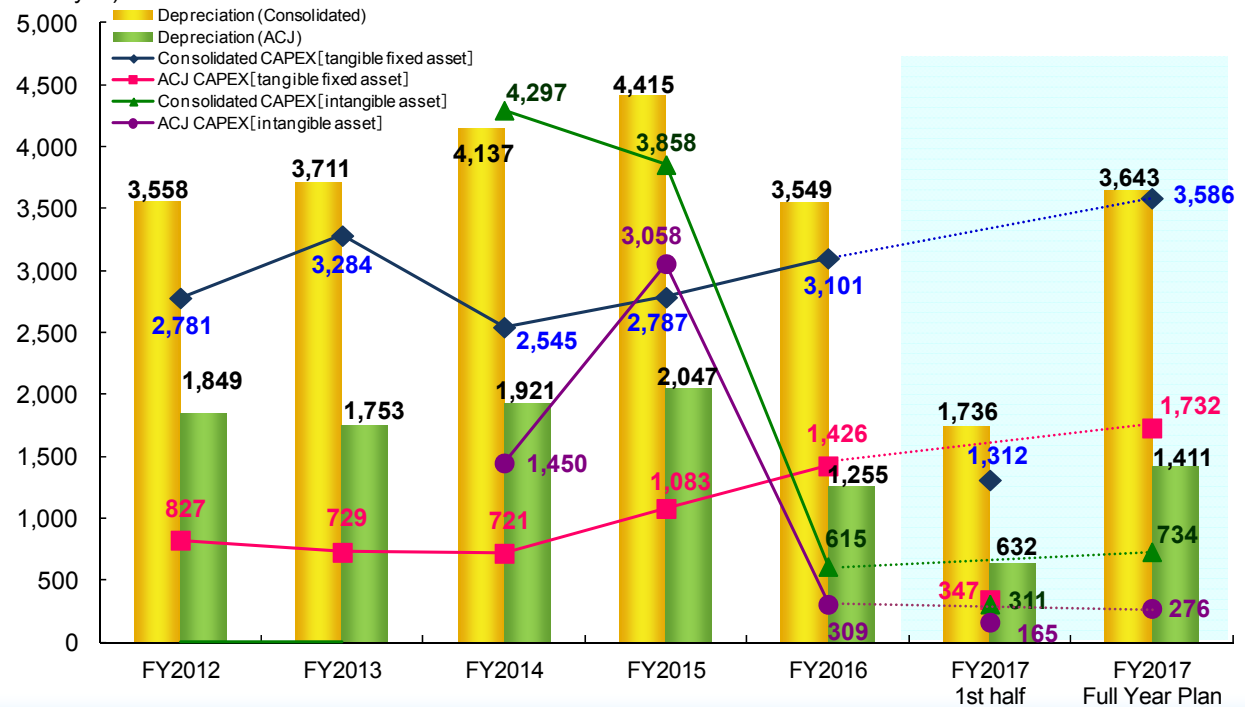
CAPEX & Depreciation

(in million yen)

| | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 1st half | FY2017 Full Year Plan |
|--|--------|--------|--------|--------|--------|--------------------|--------------------------|
| Consolidated CAPEX[tangible fixed asset] | 2,781 | 3,284 | 2,545 | 2,787 | 3,101 | 1,312 | 3,586 |
| [intangible asset] | — | — | 4,297 | 3,858 | 615 | 311 | 734 |
| Total | — | — | 6,842 | 6,645 | 3,717 | 1,623 | 4,320 |
| ACJ CAPEX[tangible fixed asset] | 827 | 729 | 721 | 1,083 | 1,426 | 347 | 1,732 |
| [intangible asset] | — | — | 1,450 | 3,058 | 309 | 165 | 276 |
| Total | — | — | 2,171 | 4,142 | 1,736 | 513 | 2,009 |
| Depreciation (Consolidated) | 3,558 | 3,711 | 4,137 | 4,415 | 3,549 | 1,736 | 3,643 |
| Depreciation (ACJ) | 1,849 | 1,753 | 1,921 | 2,047 | 1,255 | 632 | 1,411 |

Note: The CAPEX and Depreciation figures for FY2016 onwards does not include software for sale and M&As.

(In million yen)





**The New Medium-Term Business Plan
(FY2017-FY2019)**

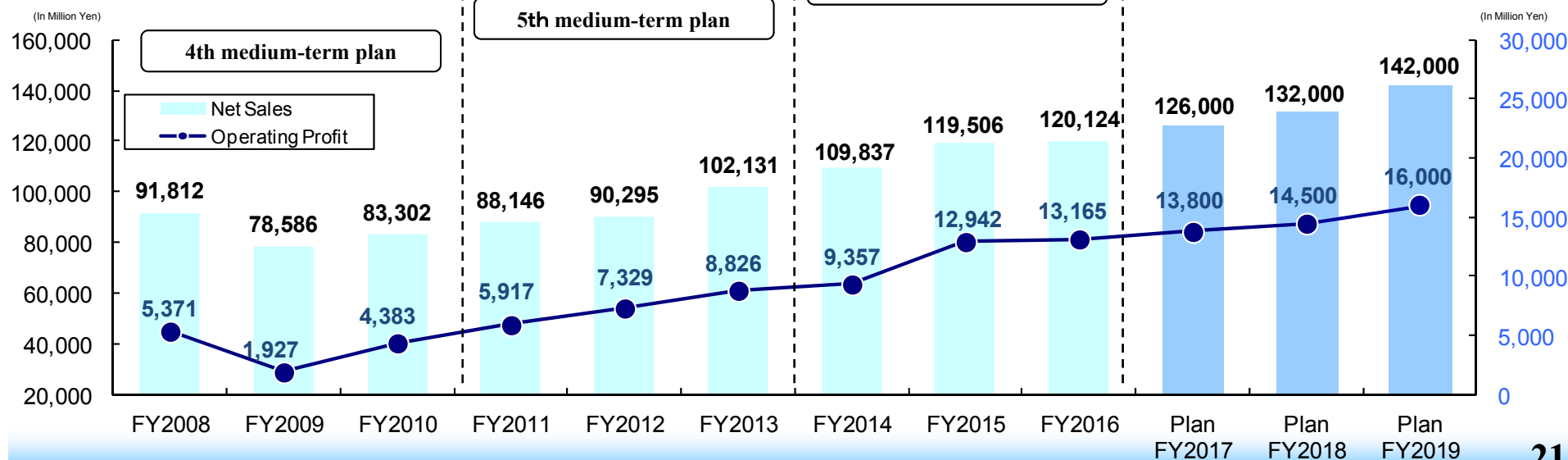
*The 2nd Stage
Towards a 100-year Company
Quantum Leap*

~Innovative Creation of Value for Sustainable Growth~

Roadmap of the Medium-term Business Plan

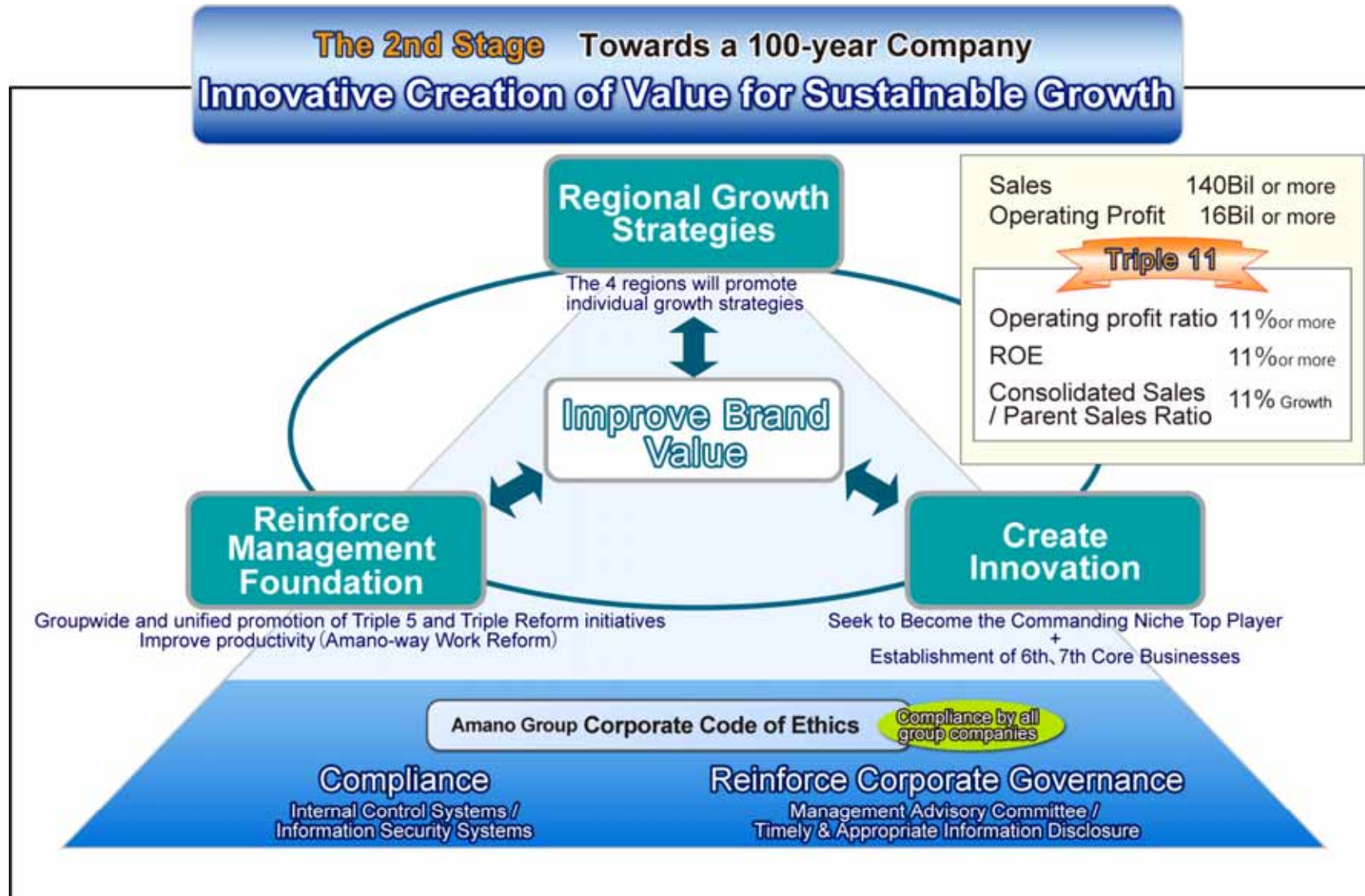


| FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|--|--------|--------|---|--------|--------|---|--------|--------|---|--------|--------|
| 4th medium-term plan | | | 5th medium-term plan | | | 6th medium-term plan | | | The New Medium-term Plan | | |
| Global Growth Strategy | | | To become a 100-year Company | | | Challenge to a New Stage | | | 2nd Stage Towards a 100-year Company Quantum Leap | | |
| FY2010 Net Sales: over ¥114bn Ordinary Profit: over ¥12.7bn | | | FY2013 Sales: over ¥103Bn Operating Profit: over ¥10Bn | | | FY2016 Sales: over ¥130Bn Operating Profit: over ¥13Bn | | | FY2019 Sales: over ¥140Bn Operating Profit: over ¥16Bn | | |
| Re-building profit structure & strengthening global strategy | | | Global Niche Top Establishing new businesses | | | Expand Corporate Scale & Establish Growth Drivers | | | Innovative Creation of Value for Sustainable Growth | | |



Business Concept

The New Medium-Term Business Plan Concept (Apr. 2017- Mar. 2020)

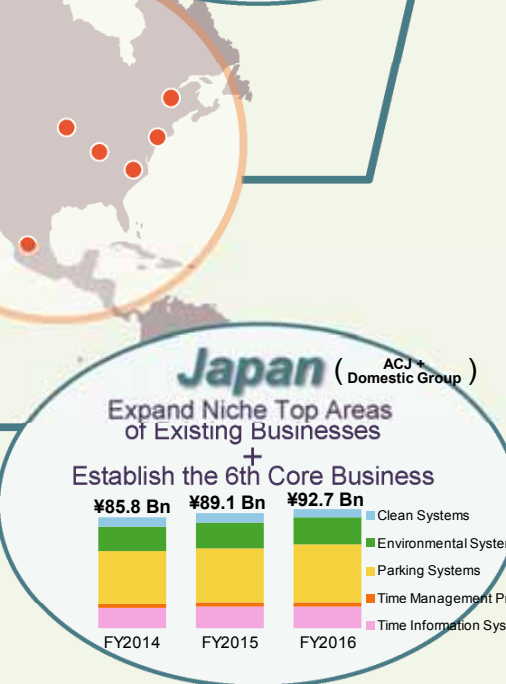
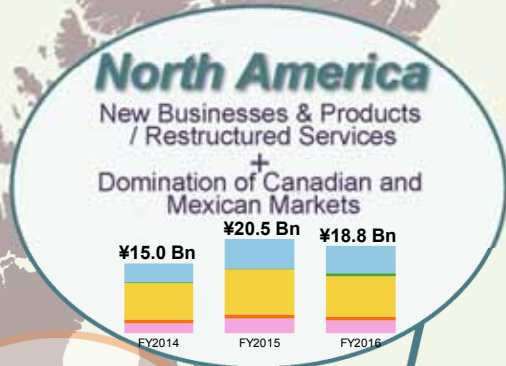
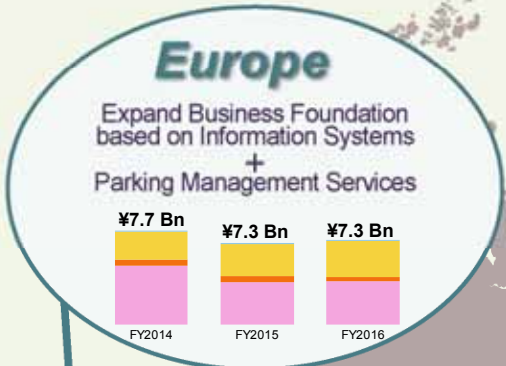


The New Medium-Term Business Plan the theme, "Regional growth strategies"

Regional Growth Strategies

Japan / N. America / Europe / Asia
The 4 regions will formulate individual growth strategies

FY2019
Sales: **¥ 140 Billion or more**
Operating Profit: **¥ 16 Billion or more**
*After Internal Eliminations



Numerical Targets for FY2017-FY2019

AMANO

< Consolidated >

◆ Business Plan

(In million yen)

| | Plan FY2017 | | Plan FY2018 | | Plan FY2019 | | Result FY2016 | |
|---|-------------|---------|-------------|---------|-------------|---------|---------------|---------|
| | Amount | Change% | Amount | Change% | Amount | Change% | Amount | Change% |
| Sales | 126,000 | 4.9 | 132,000 | 4.8 | 142,000 | 7.6 | 120,124 | 0.5 |
| Operating profit | 13,800 | 4.8 | 14,500 | 5.1 | 16,000 | 10.3 | 13,165 | 1.7 |
| Operating profit Ratio | 11.0% | | 11.0% | | 11.3% | | 11.0% | |
| Ordinary profit | 14,300 | 3.6 | 14,900 | 4.2 | 16,400 | 10.1 | 13,806 | 1.0 |
| Net income attributable to owners of the parent company | 9,400 | 1.9 | 9,800 | 4.3 | 10,800 | 10.2 | 9,223 | 9.7 |

◆ Sales Plan

(In million yen)

| | Plan FY2017 | | | Plan FY2018 | | | Plan FY2019 | | | Result FY2016 | | |
|---------------------------------|-------------|-------|---------|-------------|-------|---------|-------------|-------|---------|---------------|-------|---------|
| | Amount | % | Change% | Amount | % | Change% | Amount | % | Change% | Amount | % | Change% |
| Information Systems | 26,400 | 21.0 | 6.5 | 28,500 | 21.6 | 8.0 | 32,000 | 22.5 | 12.3 | 24,789 | 20.6 | (2.8) |
| Time Management Products | 3,600 | 2.9 | (5.7) | 3,400 | 2.6 | (5.6) | 3,300 | 2.3 | (2.9) | 3,818 | 3.2 | (8.3) |
| Parking Systems | 61,300 | 48.6 | 5.0 | 64,000 | 48.5 | 4.4 | 68,000 | 47.9 | 6.3 | 58,402 | 48.6 | 4.7 |
| Total: Time Information Segment | 91,300 | 72.5 | 4.9 | 95,900 | 72.7 | 5.0 | 103,300 | 72.7 | 7.7 | 87,010 | 72.4 | 1.8 |
| Environmental Systems | 22,900 | 18.1 | 5.5 | 23,800 | 18.0 | 3.9 | 25,200 | 17.8 | 5.9 | 21,712 | 18.1 | (0.5) |
| Clean Systems | 11,800 | 9.4 | 3.5 | 12,300 | 9.3 | 4.2 | 13,500 | 9.5 | 9.8 | 11,401 | 9.5 | (6.7) |
| Total: Environmental Segment | 34,700 | 27.5 | 4.8 | 36,100 | 27.3 | 4.0 | 38,700 | 27.3 | 7.2 | 33,113 | 27.6 | (2.7) |
| Grand total | 126,000 | 100.0 | 4.9 | 132,000 | 100.0 | 4.8 | 142,000 | 100.0 | 7.6 | 120,124 | 100.0 | 0.5 |

FX Conversion Rates:

US\$ 105.00
EUR 114.00

US\$ 105.00
EUR 114.00

US\$ 105.00
EUR 114.00

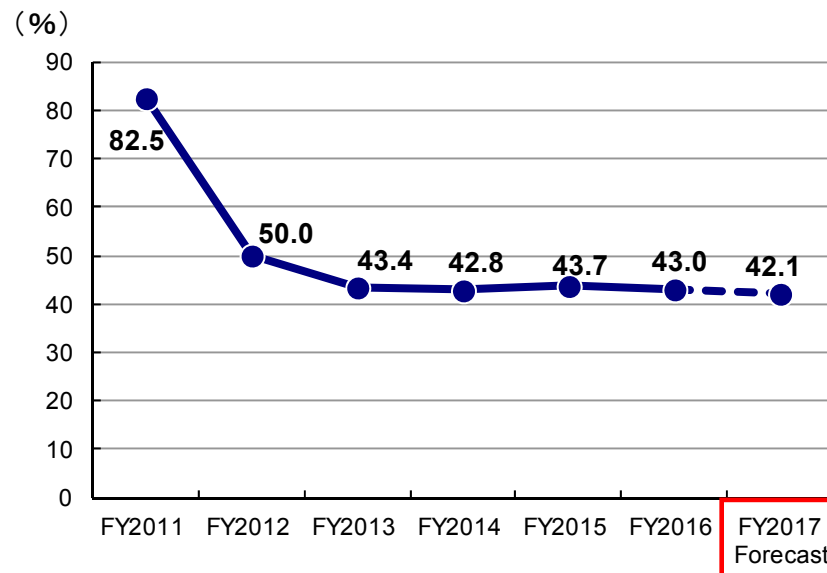
US\$ 109.45
EUR 120.59

◎ Dividend Policy

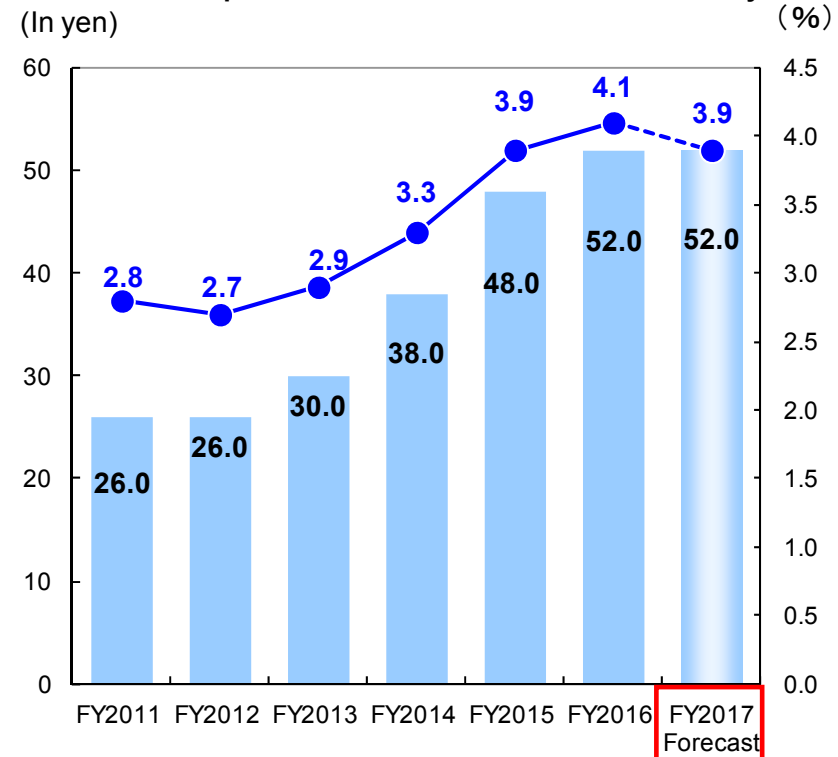
Stable dividends + performance incentives

- Consolidated Dividend Payout Ratio: Target over 40.0%
- Net Asset Payout Ratio: Target over 2.5%

<Consolidated Dividend Payout Ratio>



<Dividend per Share and Consolidated Net Asset Payout Ratio >



★ Status of treasury stock acquisition in conjunction with adopting Board Incentive Plan (BIP) for officers and Employee Stock Ownership Plan (J-ESOP) for employees.

- Acquisition date : August 2017
- Total number of acquired stocks : 314,300
- Total amount of acquired stocks : 827 Mil

Business Forecast for FY2017

(Fiscal Year ending March 2018)

Business Forecast for the Full FY2017

◆ Consolidated

(In million yen)

| | FY2017 Plan | | | | | | FY2016 Result | | | |
|---|-------------|-------|-----------|----------|-------|-----------|---------------|-------|----------|-------|
| | Full Year | | | 1st Half | | | Full Year | | 1st Half | |
| | Amount | (%) | Change(%) | Amount | (%) | Change(%) | Amount | (%) | Amount | (%) |
| Net sales | 126,000 | 100.0 | 4.9 | 59,300 | 100.0 | 4.8 | 120,124 | 100.0 | 56,599 | 100.0 |
| Gross profit | 54,700 | 43.4 | 5.3 | 25,700 | 43.3 | 5.4 | 51,943 | 43.2 | 24,373 | 43.1 |
| SG&A | 40,900 | 32.5 | 5.5 | 20,400 | 34.4 | 5.8 | 38,778 | 32.3 | 19,274 | 34.1 |
| Operating profit | 13,800 | 11.0 | 4.8 | 5,300 | 8.9 | 3.9 | 13,165 | 11.0 | 5,099 | 9.0 |
| Ordinary profit | 14,300 | 11.3 | 3.6 | 5,500 | 9.3 | 5.0 | 13,806 | 11.5 | 5,238 | 9.3 |
| Net income attributable to owners of the parent company | 9,400 | 7.5 | 1.9 | 3,400 | 5.7 | 4.3 | 9,223 | 7.7 | 3,259 | 5.8 |

◆ ACJ

(In million yen)

| | FY2017 Plan | | | | | | FY2016 Result | | | |
|------------------|-------------|-------|-----------|----------|-------|-----------|---------------|-------|----------|-------|
| | Full Year | | | 1st Half | | | Full Year | | 1st Half | |
| | Amount | (%) | Change(%) | Amount | (%) | Change(%) | Amount | (%) | Amount | (%) |
| Net sales | 73,500 | 100.0 | 3.4 | 34,100 | 100.0 | 3.7 | 71,059 | 100.0 | 32,872 | 100.0 |
| Gross profit | 31,000 | 42.2 | 5.1 | 14,400 | 42.2 | 7.4 | 29,498 | 41.5 | 13,404 | 40.8 |
| SG&A | 22,200 | 30.2 | 6.0 | 11,100 | 32.6 | 8.5 | 20,948 | 29.5 | 10,228 | 31.1 |
| Operating profit | 8,800 | 12.0 | 2.9 | 3,300 | 9.7 | 3.9 | 8,550 | 12.0 | 3,175 | 9.7 |
| Ordinary profit | 10,500 | 14.3 | 2.7 | 4,400 | 12.9 | 8.0 | 10,222 | 14.4 | 4,075 | 12.4 |
| Net income | 7,500 | 10.2 | 2.5 | 3,000 | 8.8 | 4.8 | 7,319 | 10.3 | 2,861 | 8.7 |

Sales Forecast for the Full FY2017 by Business Division



◆ Consolidated

*The plan for the 2nd Half is shown as
"Full Year Plan minus 1st Half Results"

(In million yen)

| Business division | Plan Year ending March 31, 2018 | | | | Result 1st Half | | Plan 2nd Half | | Year ending March 31, 2017 | |
|---------------------------------|------------------------------------|-------|--------|-------|--------------------|-------|------------------|-------|-------------------------------|-------|
| | Amount | % | Change | | Amount | % | Amount | % | Amount | % |
| Information Systems | 26,400 | 21.0 | 1,611 | 6.5 | 12,261 | 21.2 | 14,138 | 20.8 | 24,789 | 20.6 |
| Time Management Products | 3,600 | 2.9 | (218) | (5.7) | 1,773 | 3.1 | 1,826 | 2.7 | 3,818 | 3.2 |
| Parking Systems | 61,300 | 48.6 | 2,898 | 5.0 | 27,955 | 48.2 | 33,344 | 49.0 | 58,402 | 48.6 |
| Total: Time Information Segment | 91,300 | 72.5 | 4,289 | 4.9 | 41,989 | 72.5 | 49,310 | 72.5 | 87,010 | 72.4 |
| Environmental Systems | 22,900 | 18.1 | 1,188 | 5.5 | 10,212 | 17.6 | 12,687 | 18.6 | 21,712 | 18.1 |
| Clean Systems | 11,800 | 9.4 | 399 | 3.5 | 5,759 | 9.9 | 6,040 | 8.9 | 11,401 | 9.5 |
| Total: Environmental Segment | 34,700 | 27.5 | 1,586 | 4.8 | 15,972 | 27.5 | 18,727 | 27.5 | 33,113 | 27.6 |
| Grand total | 126,000 | 100.0 | 5,875 | 4.9 | 57,962 | 100.0 | 68,037 | 100.0 | 120,124 | 100.0 |

◆ ACJ

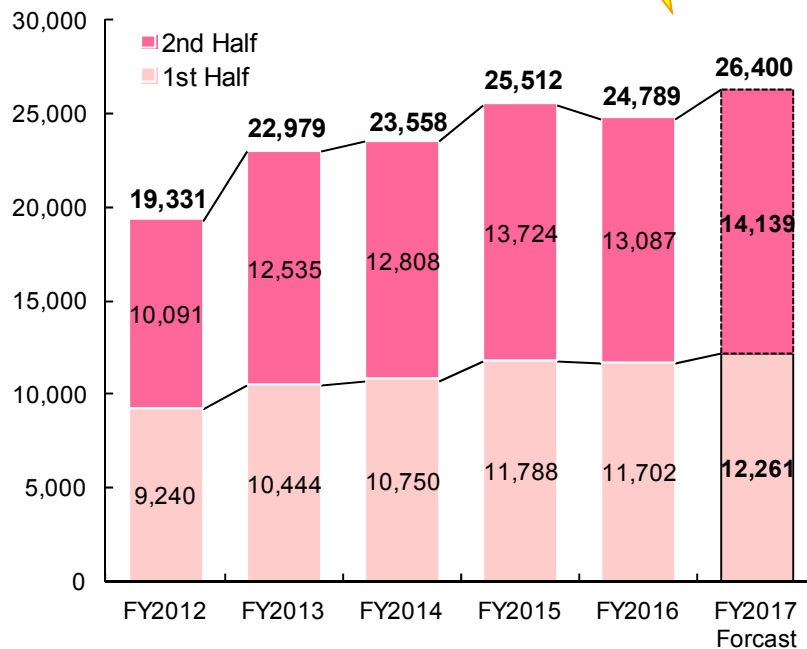
(In million yen)

| Business division | Plan Year ending March 31, 2018 | | | | Result 1st Half | | Plan 2nd Half | | Year ending March 31, 2017 | |
|---------------------------------|------------------------------------|-------|--------|-------|--------------------|-------|------------------|-------|-------------------------------|-------|
| | Amount | % | Change | | Amount | % | Amount | % | Amount | % |
| Information Systems | 15,000 | 20.4 | 1,043 | 7.5 | 6,719 | 20.4 | 8,280 | 20.4 | 13,957 | 19.6 |
| Time Management Products | 3,000 | 4.1 | (73) | (2.4) | 1,389 | 4.2 | 1,610 | 4.0 | 3,073 | 4.3 |
| Parking Systems | 30,500 | 41.5 | 315 | 1.0 | 13,745 | 41.8 | 16,754 | 41.3 | 30,185 | 42.5 |
| Total: Time Information Segment | 48,500 | 66.0 | 1,284 | 2.7 | 21,854 | 66.4 | 26,645 | 65.7 | 47,216 | 66.4 |
| Environmental Systems | 20,000 | 27.2 | 876 | 4.6 | 8,871 | 26.9 | 11,128 | 27.4 | 19,124 | 27.0 |
| Clean Systems | 5,000 | 6.8 | 282 | 6.0 | 2,205 | 6.7 | 2,794 | 6.9 | 4,718 | 6.6 |
| Total: Environmental Segment | 25,000 | 34.0 | 1,157 | 4.9 | 11,076 | 33.6 | 13,923 | 34.3 | 23,843 | 33.6 |
| Grand total | 73,500 | 100.0 | 2,441 | 3.4 | 32,930 | 100.0 | 40,569 | 100.0 | 71,059 | 100.0 |

New Medium-term Business Plan
Brand Strategy by Business

HR Solution Vendor

(In million yen)



Domestic

- ML(Middle Low) market; Expand NX(T&A / Payroll) sales
- Strengthen proposals utilizing the standardized HR features



Domestic

- MH(Middle High) market; Promote VG+ZeeM packaged sales
- Collaborate with CREO / Enhance consultancy

- Expand HR total Cloud services

- Expand terminal business

Overseas

- N. America: Accu-Time Systems Inc. Cloud business deployment, strengthen terminal proposals



Global

- Europe: Horoquartz S.A. Reinforce customer base
- Expand Access and Cloud services

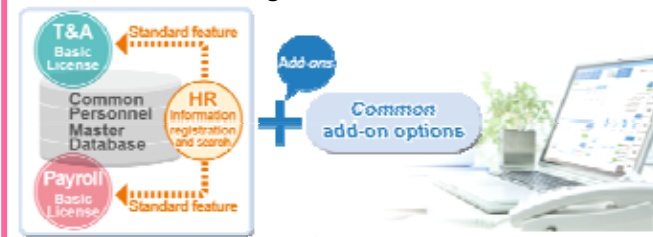
Strengthen NX Marketing

Topics

TimePro-NX

(As a standard feature, the NX is equipped with personnel information registration and search functions)

Accelerate new T&A and Payroll solutions that standardize HR management!



Time Management Products : Action Plan



New Medium-term Business Plan
Brand Strategy by Business

HR Solution Vendor

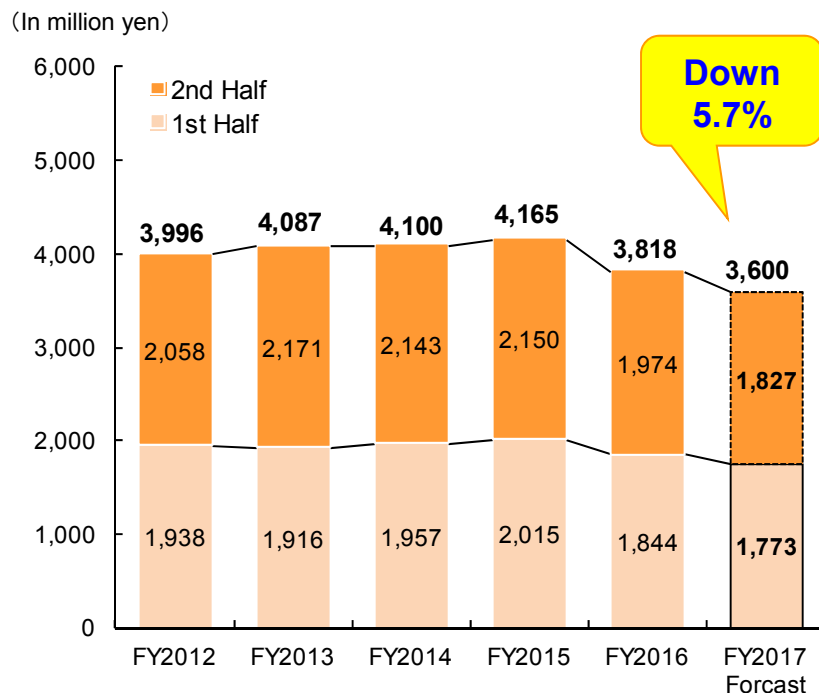
Domestic

- Uncovering new demand from the standard equipment market
Strengthen online store and sales over the internet
- Expand TimeP@CK sales
Increase membership for TimeP@CK fee-based service
Develop new business partners, Deploy new solutions



Overseas

- N. America: Restructure the sales channels
- Europe: Establish sales network,
Deploy online sales



Enhance Customer base

Topics

The TimeP@CK Series Entry model for time cards and IC cards



The popular online tutorial



TimeP@CKIII 150



TimeP@CKIC IV

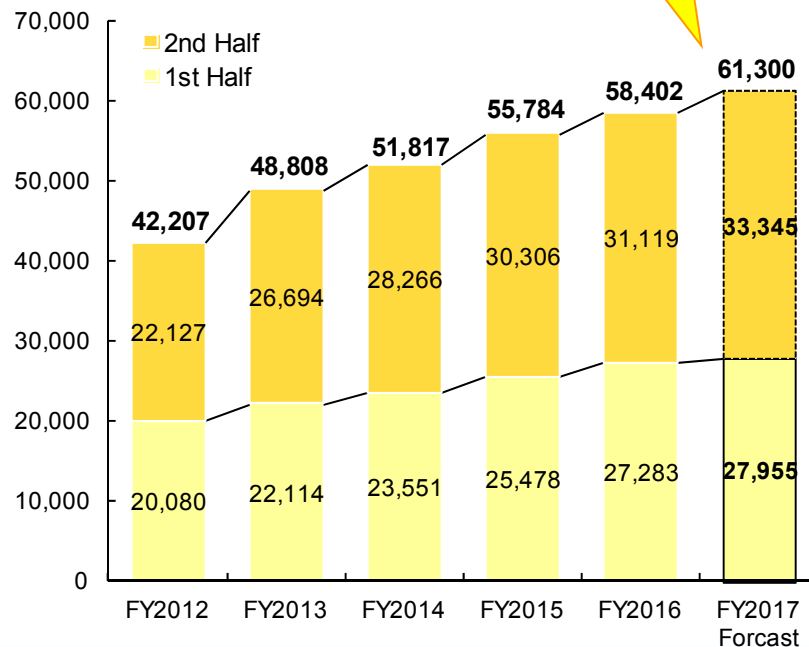
New

Parking Systems: Action Plan

New Medium-term Business Plan
Brand Strategy by Business

Parking Total Solution Vendor

(In million yen)



Domestic



Overseas



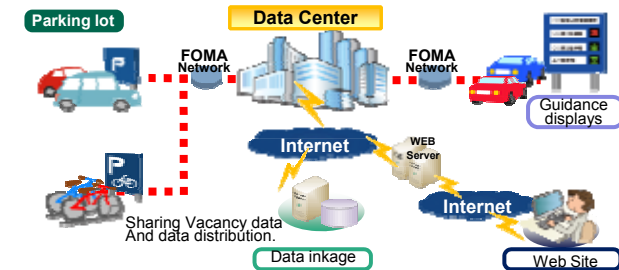
- Closer ties with major operators
- Medium small operators
Parking data center: enhance services
- Management services: Expand holistic solutions
- Mining new markets
Bicycle parking , security gates, toll roads,
- N. America: Reinforcing system sales,
develop new markets
- Europe: Expand bar code systems sales
(Accelerate development in the N. American market)
- Asia: Expand Management service business
Capturing the demand in the Chinese market

Expand Business Domain

Topics

Expand & enhance the capabilities of the data center

Promote business development utilizing the data center!

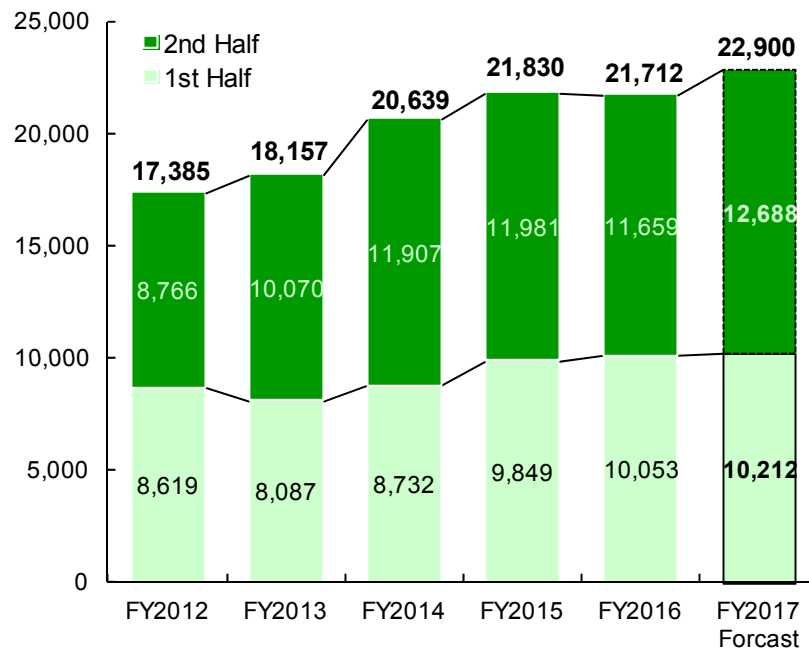


Environmental Systems: Action Plan

New Medium-term Business Plan
Brand Strategy by Business

M2M Partial Solution Vendor

(In million yen)



Domestic



Overseas



- Increase global project orders initiated domestically
- Capture the demand for standard dust collectors
- Mining the pharmaceutical, foods, and cosmetics markets
- Expand holistic sales by including peripheral devices
- North & Central America; Expand standard equipment sales to the auto industry
- Asia: Reinforce sales and engineering
- Capture untapped overseas markets

Accelerate Global deployment

Topics

Strengthen sales and engineering capabilities

Strengthen sales and engineering capabilities to better serve Japanese companies expanding overseas!

April 2017 New release

Pulsejet type dust collector "PIF Series"

Generates over 60 m³ / min air volume and is equipped with a large area filter
Space saving installation and maintenance

Jan. 2016 Established Mexican subsidiary

North & Latin American markets
Promoting sales of standard machines and systems targeting the auto industry!

New Medium-term Business Plan
Brand Strategy by Business

Robotics Solution Vendor

Domestic



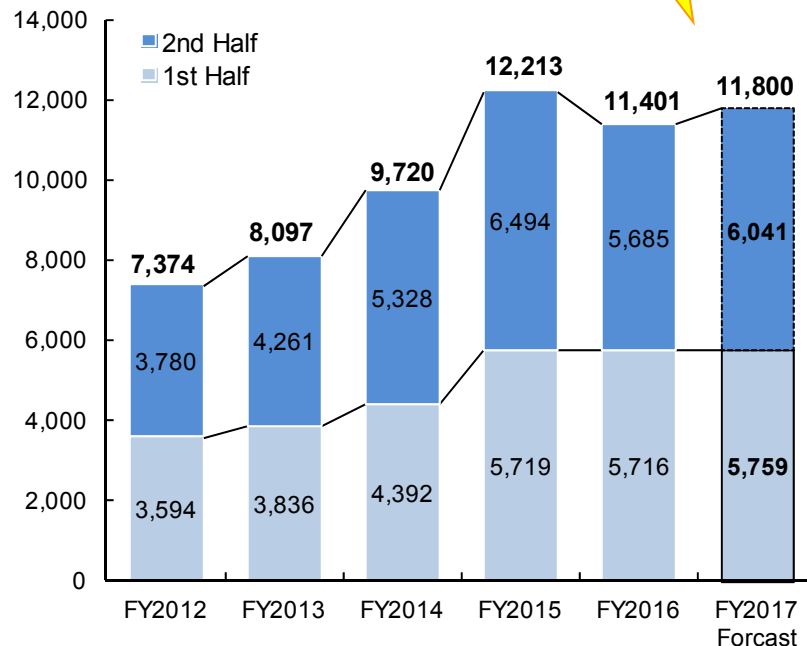
Overseas



- Expanding demands for robotic cleaners
- Expand Auto Scrubber "EG Series" sales
- Promote total cleanliness solutions
Enhanced commissioned cleaning services, aesthetic maintenance proposals, digitization & systematization of soft & hardware
- Mining the factory market
- N. America: Strengthen business foundation
Expand the wooden floor sanding business

Up
3.5%

(In million yen)



New Market Development

Topics

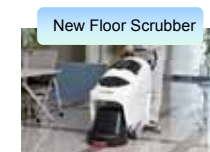
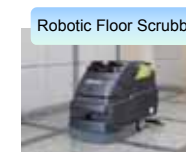
Lineup enhancement

Commercial Robotic Vacuum Cleaner
+ Robotic Floor Scrubber

+

Improved operability
New Series of Floor Scrubbers

Strengthen proposals tailored to the cleaning scene!



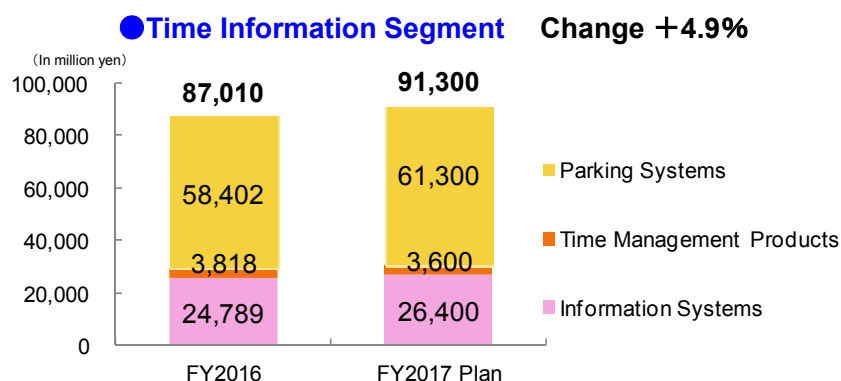
FY2017 Sales & Operating Profit by Segment -Full Year Forecast-



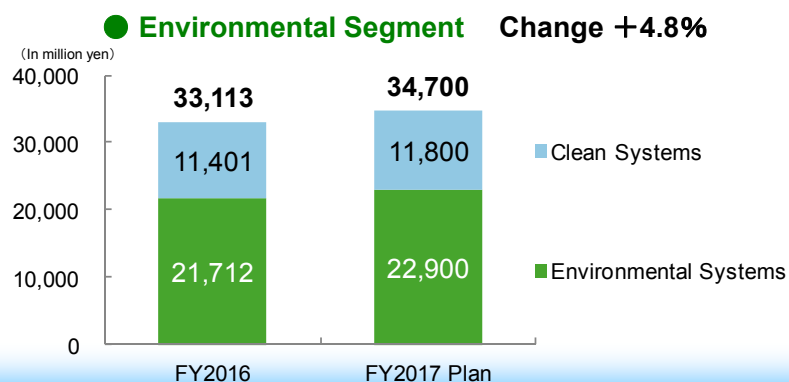
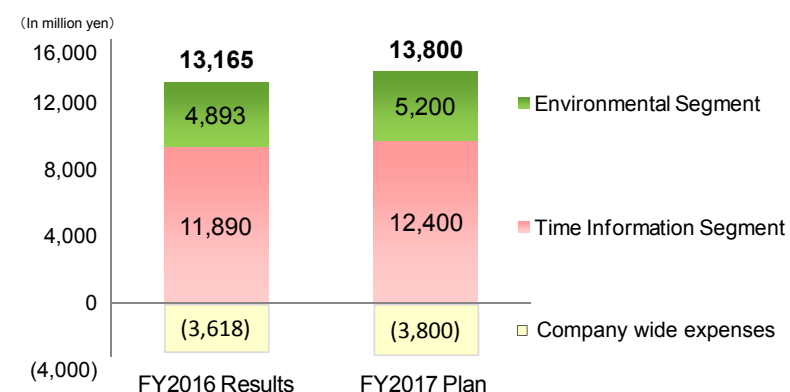
(In million yen)

| | FY2017 Plan | | | FY2016 Results | | | Change | | | |
|--------------------------|----------------|------------------|-------------|----------------|------------------|-------------|--------------|------------|------------------|------------|
| | Sales | Operating profit | % | Sales | Operating profit | % | Sales | | Operating profit | |
| Time Information Segment | 91,300 | 12,400 | 13.6 | 87,010 | 11,890 | 13.7 | 4,289 | 4.9 | 509 | 4.3 |
| Environmental Segment | 34,700 | 5,200 | 15.0 | 33,113 | 4,893 | 14.8 | 1,586 | 4.8 | 306 | 6.3 |
| Company-wide Expenses | | (3,800) | | | (3,618) | | | | (181) | |
| Total | 126,000 | 13,800 | 11.0 | 120,124 | 13,165 | 11.0 | 5,875 | 4.9 | 634 | 4.8 |

【Sales】



【Operating profit】



※ Operating Profit +4.8% YOY

● **Time Information Segment** change +4.3%

● **Environmental Segment** change +6.3%

AMANO