



This photo shows Grand Canyon National Park,
the world heritage of U.S. with our overseas affiliate.

The First Half of FY2019 Financial Results Briefing



Nov 15, 2019

Copyright 2019 Taikisha Ltd., All Rights Reserved.

Today's explanation contents

1. Greeting

Representative Director, President
Corporate Officer

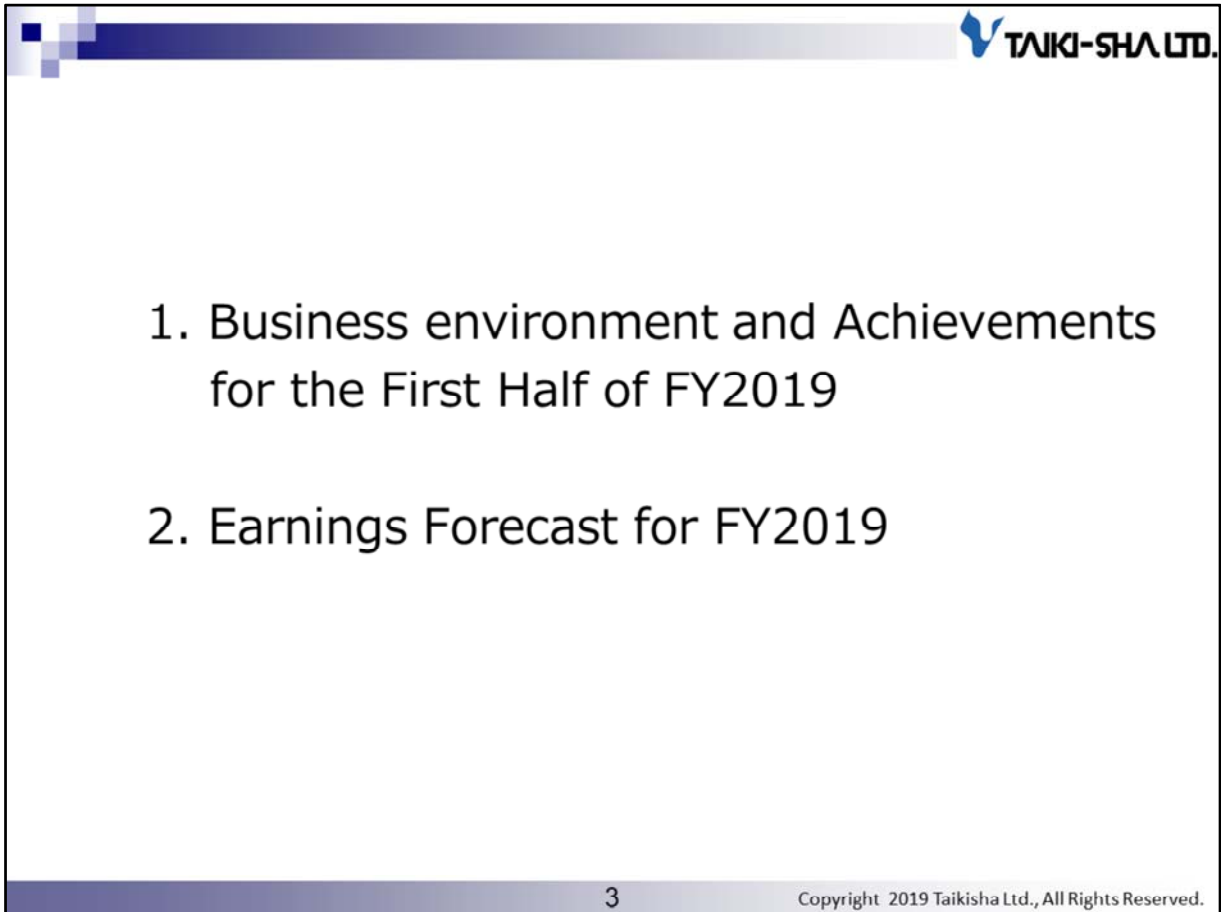
Koji Kato

2. •Explanation about the settlement of accounts •Initiatives of each strategy in mid-term business plan (FY2019-FY2021)

Director, Managing Corporate Officer / Chief
Executive, Administrative Management
Headquarters

Masanori Nakagawa

3. Questions and answers




My name is Koji Kato, Representative Director, President Corporate Officer.

Thank you very much for attending our financial results briefing today.

I would like to present the business environment and our achievements for the first half of FY2019, and our earnings forecast for FY2019.



1. Business environment and Achievements for the First Half of FY2019

 **TAIKI-SHA LTD.**

1 Business environment and Achievements for the First Half of FY2019

In Japan

Uncertainties arising from factors such as the US-China trade friction continue, however, demand for the investments by manufacturers of electronic parts, and for the construction investments of office buildings in central Tokyo remained strong.

Overseas

The economic slowdown is getting stronger, however, demands for automobile manufacturers increased and remained strong.

5

Copyright 2019 Taikisha Ltd., All Rights Reserved.

At first, Regarding the business environment surrounding Taikisha group in the first half of FY2019, in Japan, uncertainties arising from factors such as the US-China trade friction continue, however, demands for the investments by manufacturers of electronic parts, and for the construction investments of office buildings in central Tokyo remained firm.

On the other hand, in overseas markets, the economic slowdown is getting stronger, however, demands for automobile manufacturers increased and remained strong in North America.

1 Business environment and Achievements for the First Half of FY2019

Consolidated performance of H1

(Hundred millions of yen)

	Original expectation	Results of H1 FY2019	Change
Orders-received	1,112	1,184	72
Net sales of completed construction contracts	1,106	1,049	-56
Ordinary income	64	76	12
(Ratio)	5.8%	7.3%	1.5%
Profit attributable to owners of parent	42	53	11
(Ratio)	3.8%	5.1%	1.3%

- The orders-received exceeded original expectation at group level due to orders-received in Japan of Green Technology System Business in Japan.
- The net sales of completed construction contracts fell below original expectation on the grounds that the orders-received of Paint Finishing System Business fell below the forecast.
- On the other hand, ordinary income and profit attributable to owners of parent exceeded original expectation because profitability improved from forecast of beginning of the term.

Regarding the orders-received in the first half of FY2019, the orders-received exceeded original expectation at group level due to orders-received of Green Technology System Business in Japan.

The net sales of completed construction contracts fell below original expectation on the grounds that the orders-received of Paint Finishing System Business fell below the forecasts.

On the other hand, ordinary income and profit attributable to owners of parent exceeded original expectation, because profitability improved from forecast of beginning of the term.



2. Earnings Forecast for FY2019

2 Earnings Forecast for FY2019

Consolidated Earnings Forecast for FY2019

(Hundred millions of yen)

	Results of H1	Expectations of H2	Original expectation of FY2019
Orders-received	1,184	1,213	2,398
Net sales of completed construction contracts	1,049	1,340	2,390
Ordinary income	76	76	153
(Ratio)	7.3%	5.7%	6.4%
Net income	53	43	97
(Ratio)	5.1%	3.2%	4.1%

【Outlook for the business environment】

In domestic market

- The market is expected to remain firm, including demands for office buildings and redevelop projects, as well as demands for renovation of buildings with anti-seismic standards and of obsolescence building.
- In the industrial HVAC business, manufacturers of electronic parts may be refrained renewal investments due to the temporary slowdown in demand for products. Although, it is expected that they continue investing in the new construction field where future growth is expected, such as 5G.

In overseas market

- With economic slowdown, in the Green Technology System Business, there is uncertainty about the prospect of recovery in investments for equipment by Japanese manufacturers. As well, the Paint Finishing System Business is concerned by influence of investments of increased production by automobile manufacturers.

⇒We consider the outlook for the business environment, so we decided to leave the full-year earnings forecast for FY2019 unchanged.

Slide 8 shows the consolidated earnings forecast for FY2019.

Regarding outlook for the business environment, in Japan, the market is expected to remain firm, including demands for office buildings and redevelop projects, as well as demands for renovation of buildings with anti-seismic standards and of obsolescence building.

In the field of industrial HVAC, manufacturers of electronic parts may be refrained renewal investments due to the temporary slowdown in demand for products. Although, it is expected that they continue investing in the new construction field where future growth is expected, such as 5G.

On the other hand, in overseas market, with economic slowdown, in the Green Technology System Business, there is uncertainty about the prospect of recovery in investments for equipment by Japanese manufacturers.

Also, as well the Paint Finishing System Business is concerned by influence of investments of increased production by automobile manufacturers.

Under such circumstances, the orders-received and each income item in the first half of FY2019 exceeded the original expectation. However, because we consider the risk that renewal projects with relatively short duration is decreased, and that projects of automobile paint finishing system installation is postponed, so we decided to leave the full-year earnings forecast for FY2019 unchanged.

We will continue steadily implementing each measure in accordance with the basic policy of the mid-Term business plan, and aim for achievement of the forecast.

Furthermore, we would like to present initiatives of each strategy in mid-term business plan (FY2019-FY2021) from this time. On this point, Nakagawa, Chief Executive, Administrative Management Headquarters will explain at the end, after the continuing explanation on the achievements of the first half of FY2019.

That concludes my explanation.

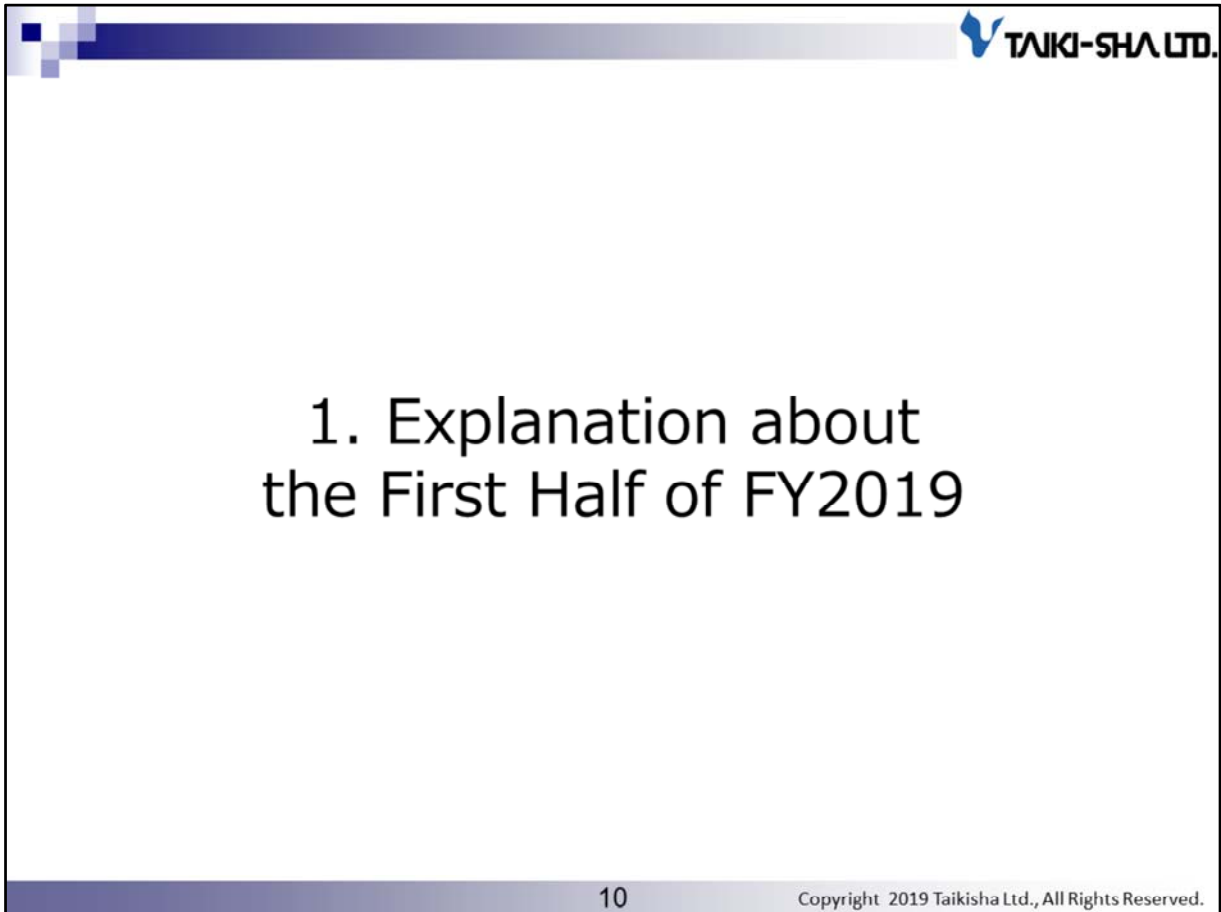


1. Explanation about the First Half of FY2019

- | | |
|--|--|
| ① Highlight of the First Half of FY2019 | ④ Main projects in Order/ Sales / Carried forward |
| ② Results of Green Technology System Business | ⑤ Earnings Forecast for FY2019 |
| ③ Results of Paint Finishing System Business | ⑥ Shareholders Returns |

2. Initiatives of each strategy in mid-term business plan (FY2019-2021)

1. The mention numerical value is in principle consolidated basis. In the case of non-consolidated basis, it is noted on the title of the page.
2. Achievements numerical value is in principle a business amount of money for the external customers. Only about operating income and ordinary income according to the segment, it becomes the numerical value including the intersegment turnover.
3. The forecasted figures are based on available information as of the date of this announcement. It includes economic trends, intense competition in the industry, market demand, exchange rate, reforms of the tax system and various systems, and various other risks and uncertainties. Therefore, please note that actual results may differ from our expectations.



My name is Masanori Nakagawa, Director, Managing Corporate Officer, Chief Executive of the Administrative Management Headquarters.

I am going to explain the financial results of the first half of FY2019.

Please take a look at slide 11.

1 Highlight of the First Half of FY2019

1-①. Orders-received by Business (Previous year comparison) Component

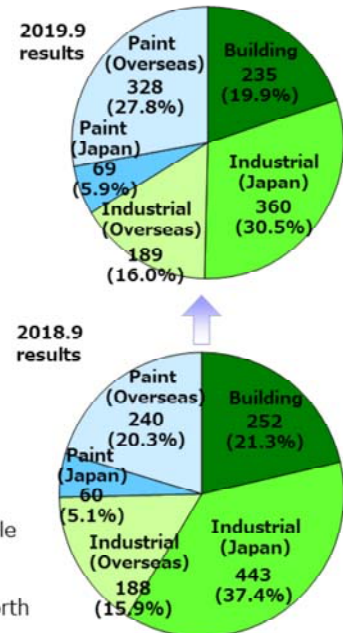
	(Hundred millions of yen)		
	2018.9	2019.9	Change
Orders-received	1,185	1,184	△ 0
(Japan)	(756)	(666)	(-90)
(Overseas)	(428)	(518)	(89)
Green Technology	884	786	-98
Building HVAC	252	235	-16
Industrial HVAC	632	550	-82
(Japan)	(443)	(360)	(-83)
(Overseas)	(188)	(189)	(1)
Paint Finishing	300	398	97
(Japan)	(60)	(69)	(9)
(Overseas)	(240)	(328)	(88)

(Green Technology System Business)

•In the field of industrial HVAC in Japan, there was a reactionary fall after large-scale projects in the same period of the previous fiscal year.

(Paint Finishing System Business)

•The orders-received increased due to an increase of orders-received projects in North America.



Slide 11 shows a comparison between the orders-received by business in the period ended September 2019 and the orders-received in the same period of the previous fiscal year.

The orders-received of the whole Group levelled off and amounted to 118.4 billion yen.

Of this, in Green Technology System Business, Although demand for manufacturers of electronic parts remained firm, order-received amounted to 78.6 billion yen with a decrease of 9.8 billion yen, because of a reactionary fall after large-scale projects in the same period of FY2018, in the field of industrial HVAC in Japan.

Also, the orders-received of the Paint Finishing System Business amounted 39.8 billion with increase of 9.7 billion yen due to an increase of orders-received projects in North America.

1 Highlight of the First Half of FY2019

1-②. Orders-received by Business (Expected comparison)

(Hundred millions of yen)

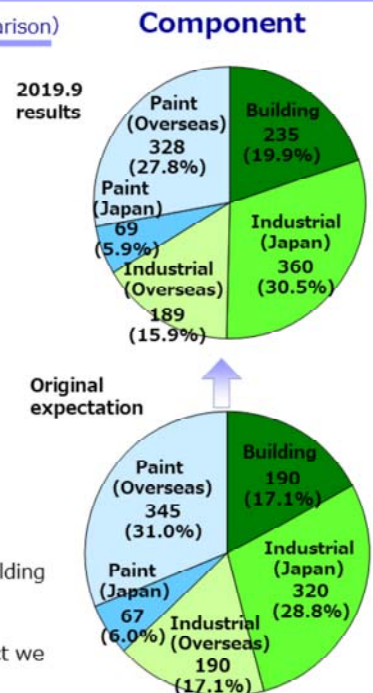
	Original expectation	Result of H1 FY2019	Change
Orders-received	1,112	1,184	72
(Japan)	(577)	(666)	(89)
(Overseas)	(535)	(518)	(-16)
Green Technology	700	786	86
Building HVAC	190	235	45
Industrial HVAC	510	550	40
(Japan)	(320)	(360)	(40)
(Overseas)	(190)	(189)	(△0)
Paint Finishing	412	398	-13
(Japan)	(67)	(69)	(2)
(Overseas)	(345)	(328)	(-16)

(Green Technology System Business)

•The orders-received exceeded the original expectation due to increase of the building HVAC and the industrial HVAC in Japan.

(Paint Finishing System Business)

•The orders-received fell below original expectations because the order for project we had expected to receive in the first half of FY2019 was postponed.



Slide 12 also shows a comparison between the original expectation of order-received at the beginning of this fiscal year and the actual orders-received in the first half.

On a whole Group basis, the orders-received exceeded original expectation by 7.2 billion yen.

Of this, in Green Technology System Business, the orders-received exceeded original expectation by 8.6 billion yen due to increase of orders-received of building HVAC and industrial HVAC in Japan.

The orders-received of Paint Finishing System Business fell below original expectations by 1.3 billion yen because the order for project we had expected to receive in the first half of FY2019 was postponed.

1 Highlight of the First Half of FY2019

2-①. Sales by Business (Previous year comparison)

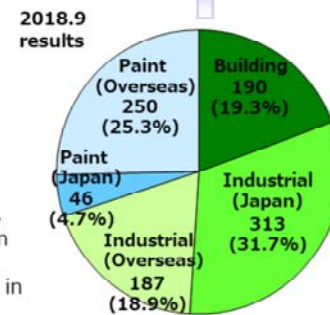
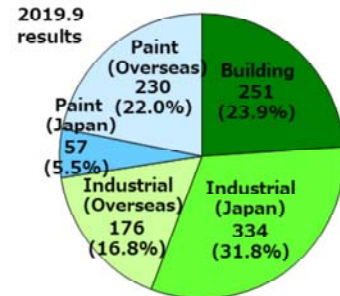
(Hundred millions of yen)

	2018.9	2019.9	Change
Net sales of completed construction contracts	988	1,049	60
(Japan)	(550)	(642)	(91)
(Overseas)	(437)	(407)	(-30)
Green Technology	691	761	70
Building HVAC	190	251	60
Industrial HVAC	500	510	9
(Japan)	(313)	(334)	(20)
(Overseas)	(187)	(176)	(-11)
Paint Finishing	297	288	-9
(Japan)	(46)	(57)	(10)
(Overseas)	(250)	(230)	(-19)

(Green Technology System Business)

•In overseas, for example, in Thailand, the net sales decreased. However, in Japan, the net sales of building HVAC increased greatly because the completed construction of redevelopment projects in central Tokyo increased, and also the net sales of industrial HVAC increased, as a result the net sales increased, compared with those in the same period of FY2018.

Component



Slide 13 shows a comparison between the net sales of completed construction contracts by business in the first half and those in the same period of the previous fiscal year.

The net sales of the whole Group showed an increase of 6 billion yen to 104.9 billion yen.

Of the net sales, in the Green Technology System Business, in overseas, for example, in Thailand, the net sales decreased. However, in Japan, the net sales of building HVAC increased greatly because the completed construction of redevelopment projects in central Tokyo increased. And also the net sales of industrial HVAC increased, as a result the net sales of the Green Technology System Business increased by 7 billion yen to 76.1 billion yen.

On the other hand, the net sales of the Paint Finish System Business decreased by 0.9 billion yen to 28.8 billion yen.

1 Highlight of the First Half of FY2019

2-②. Sales by Business (Expected comparison)

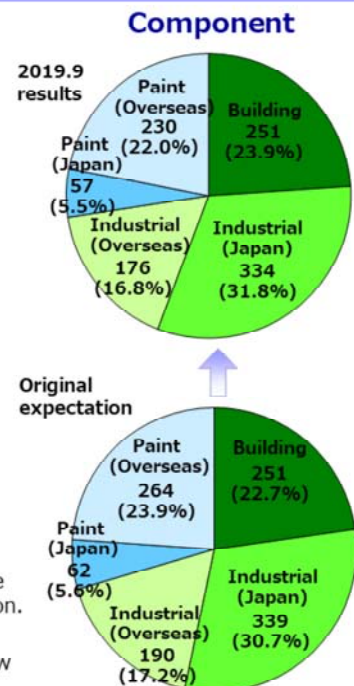
	(Hundred millions of yen)		
	Original expectation	Result of H1 FY2019	Change
Net sales of completed construction contracts	1,106	1,049	-56
(Japan)	(652)	(642)	(-9)
(Overseas)	(454)	(407)	(-46)
Green Technology	780	761	-18
Building HVAC	251	251	0
Industrial HVAC	529	510	-18
(Japan)	(339)	(334)	(-4)
(Overseas)	(190)	(176)	(-13)
Paint Finishing	326	288	-37
(Japan)	(62)	(57)	(-4)
(Overseas)	(264)	(230)	(-33)

(Green Technology System Business)

• The net sales of the industrial HVAC fell below original expectation, as a result the net sales of whole Green Technology system Business fell below original expectation.

(Paint Finishing System Business)

• The net sales fell below original expectation because the orders-received fell below original expectation.



Slide 14 also shows a comparison between expectations of the net sales of completed construction contracts and the actual net sales.

The net sales of the whole Group exceeded original expectation by 5.6 billion yen.

Of this, the net sales of the industrial HVAC fell below original expectation, as a result the net sales of the whole Green Technology System Business fell below original expectation by 1.8 billion yen.

Also, the net sales of the whole Paint Finishing System Business fell below original expectation by 3.7 billion yen because the orders-received fell below original expectation.

1 Highlight of the First Half of FY2019

3-①. Profit by Business (Previous year comparison)

(Hundred millions of yen)

	2018.9	2019.9	Change
Operating income	33	75	41
(Ratio)	3.4%	7.2%	3.8%
Green Technology	62	72	9
(Ratio)	9.1%	9.5%	0.4%
Paint Finishing	-27	5	33
(Ratio)	-9.3%	1.9%	11.2%
Ordinary income	38	76	38
(Ratio)	3.9%	7.3%	3.4%
Green Technology	65	74	9
(Ratio)	9.4%	9.8%	0.4%
Paint Finishing	-28	5	33
(Ratio)	-9.5%	1.8%	11.4%

(Green Technology System Division)

•The ordinary income increased because of the increase in the net sales of completed construction contracts by capturing abundant demand in Japan, as well as profitability-oriented order-receiving activities and cost reductions.

(Paint Finishing System Division)

•Profitability deteriorated due to the project in North America in the same period of the previous fiscal year.

Slide 15 shows a comparison between the profit by division in the period ended in September of the current fiscal year and that in the same period of the previous fiscal year.

The ordinary income amounted to 7.6 billion yen with an increase of 3.8 billion yen.

Of this, the ordinary income of Green Technology System Business amounted to 7.4 billion yen with an increase of 0.9 billion yen because of the increase in the net sales of completed construction contracts by capturing abundant demand in Japan, as well as profitability-oriented order-receiving activities and cost reductions.

In the Paint Finishing System Business, although profitability deteriorated due to the project in North America in the same period of the previous fiscal year, as a result, the ordinary income was 0.5 billion yen in the

first half of FY2019.

1 Highlight of the First Half of FY2019

3-②. Profit by Business (Expected comparison)

(Hundred millions of yen)

	Original expectation	Results of H1 FY2019	Change
Operating income	59	75	16
(Ratio)	5.3%	7.2%	1.9%
Green Technology	61	72	11
(Ratio)	7.8%	9.5%	1.7%
Paint Finishing	3	5	2
(Ratio)	0.9%	1.9%	1.0%
Ordinary income	64	76	12
(Ratio)	5.8%	7.3%	1.5%
Green Technology	63	74	11
(Ratio)	8.1%	9.8%	1.7%
Paint Finishing	3	5	2
(Ratio)	0.9%	1.8%	0.9%

·In the both business, the net sales of completed construction contracts fell below original expectation, however the ordinary income exceeded original expectation due to improvement of profitability.

Slide 16 shows a comparison between the expectation of profits and the actual profits in the first half of the current fiscal year.

The ordinary income exceeded original expectation by 1.2 billion yen.

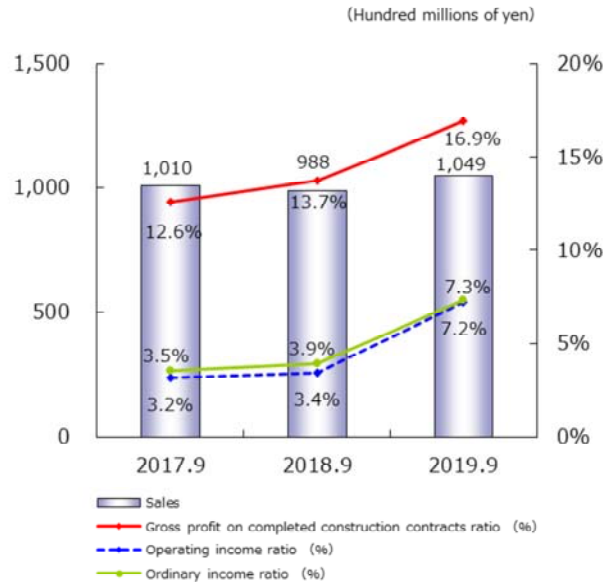
In the both business, the net sales of completed construction contracts fell below original expectation, however the ordinary income exceeded original expectation due to improvement of profitability.

1 Highlight of the First Half of FY2019

4. Consolidated Income Statements

(Hundred millions of yen)

	2017.9	2018.9	2019.9
Net sales of completed construction contracts	1,010	988	1,049
Gross profit on completed construction contracts	126	135	177
(Ratio)	12.6%	13.7%	16.9%
Selling, general and administrative expenses	94	101	102
(Ratio)	9.4%	10.3%	9.7%
Operating income	31	33	75
(Ratio)	3.2%	3.4%	7.2%
Ordinary income	35	38	76
(Ratio)	3.5%	3.9%	7.3%
Profit attributable to owners of parent	22	9	53
(Ratio)	2.3%	0.9%	5.1%



Slide 17 shows income data for the past three fiscal years.

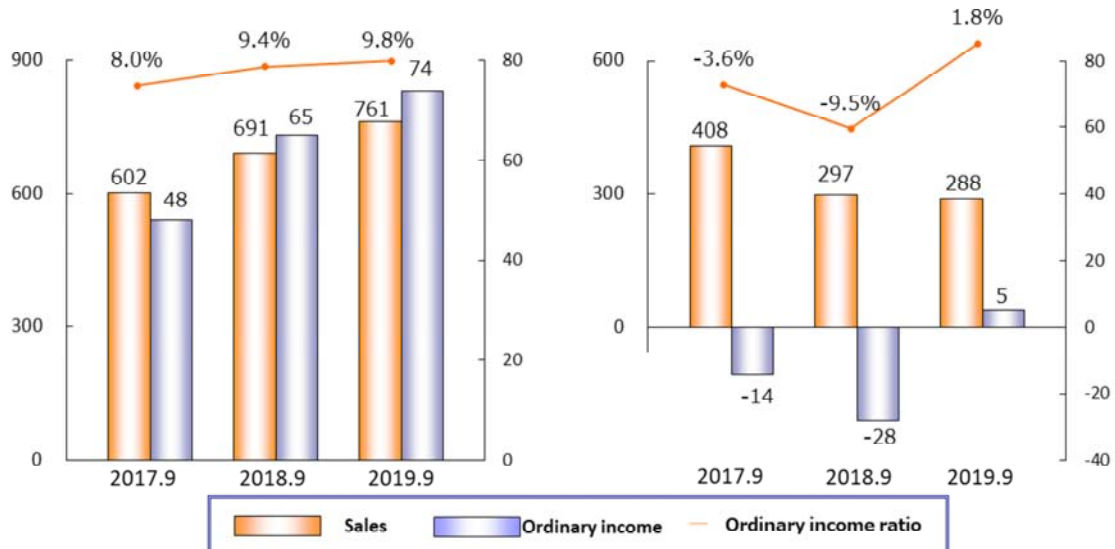
Please take a look at it for reference.

1 Highlight of the First Half of FY2019

5. Net sales of completed construction contracts / Ordinary income by Division

Green Technology System Business

Paint Finishing System Business

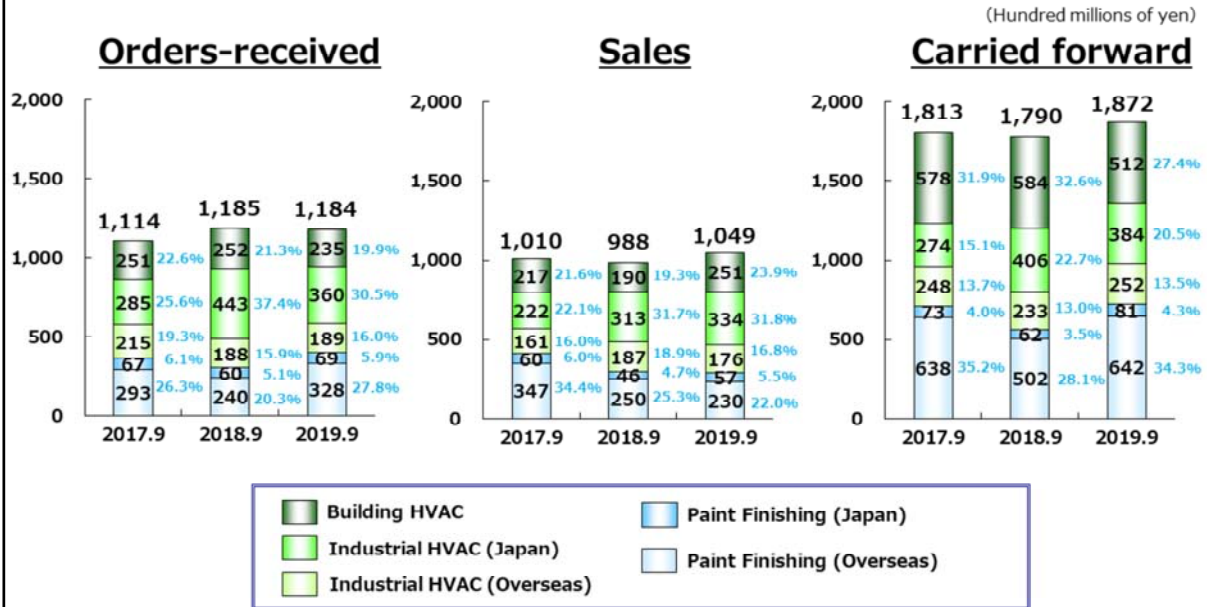


Slide 18 shows graphs of the net sales of completed construction contracts and ordinary income by business that I explained earlier.

I hope you will take a look at them.

1 Highlight of the First Half of FY2019

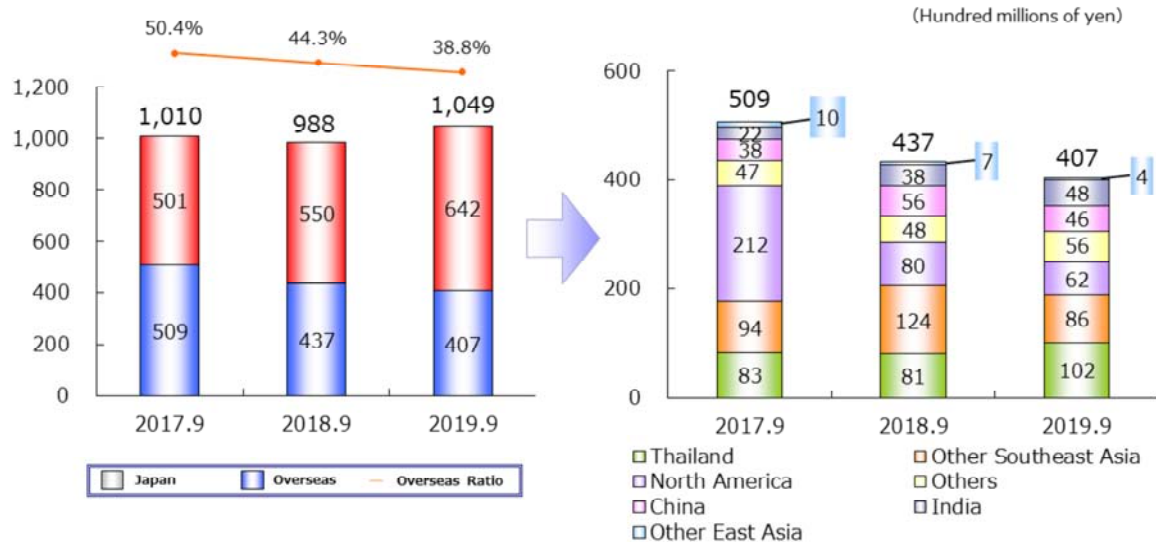
6. Orders-received / Net sales of completed construction contracts / Construction carried forward



Slide 19 shows the breakdown and changes of orders-received, net sales of completed construction contracts, and construction contracts carried forward by business.

1 Highlight of the First Half of FY2019

7. Overseas net sales of completed construction contracts by Region



● Main countries and regions ※ The numerical value does not include the internal trading.
 ・Other Southeast Asia-- Singapore, Malaysia, Indonesia, Philippines, Vietnam, others
 ・Other East Asia-- Taiwan, Korea ・North America --USA, Canada, Mexico
 ・Others-- Russia, South America, others

Slide 20 shows the change of overseas net sales of completed construction contracts by region.

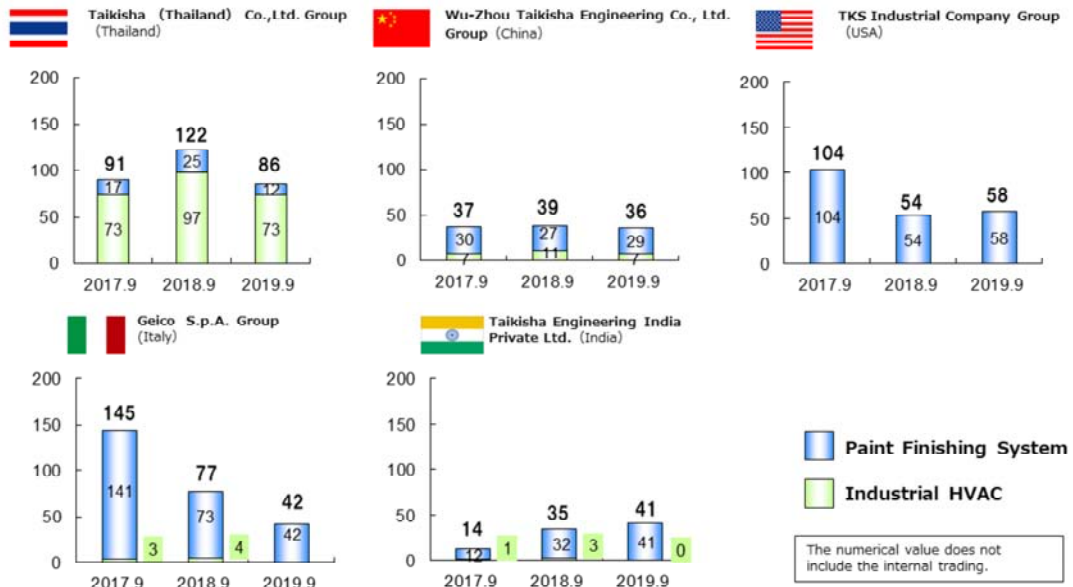
The left graph shows the breakdown of net sales in Japan and overseas and the ratio of net sales in overseas.

Due to the impact of favorable order-received in Japan, the overseas ratio indicted by the orange polygon line is decreasing, dropped from 44.3% in the same period of the previous fiscal year to 38.8%, or a decrease of 5.5%.

1 Highlight of the First Half of FY2019

8. Sales of overseas main five companies

(Hundred millions of yen)



Slide 21 shows the change of the net sales of the completed construction contracts of five overseas main companies.

The sales of the affiliate in North America in the same period of FY2017, and the sales of Geico in the same period of FY2017 and FY2018 were high thanks to large-scale automobile paint finishing system projects in the U.S.

1

(Hundred millions of yen)

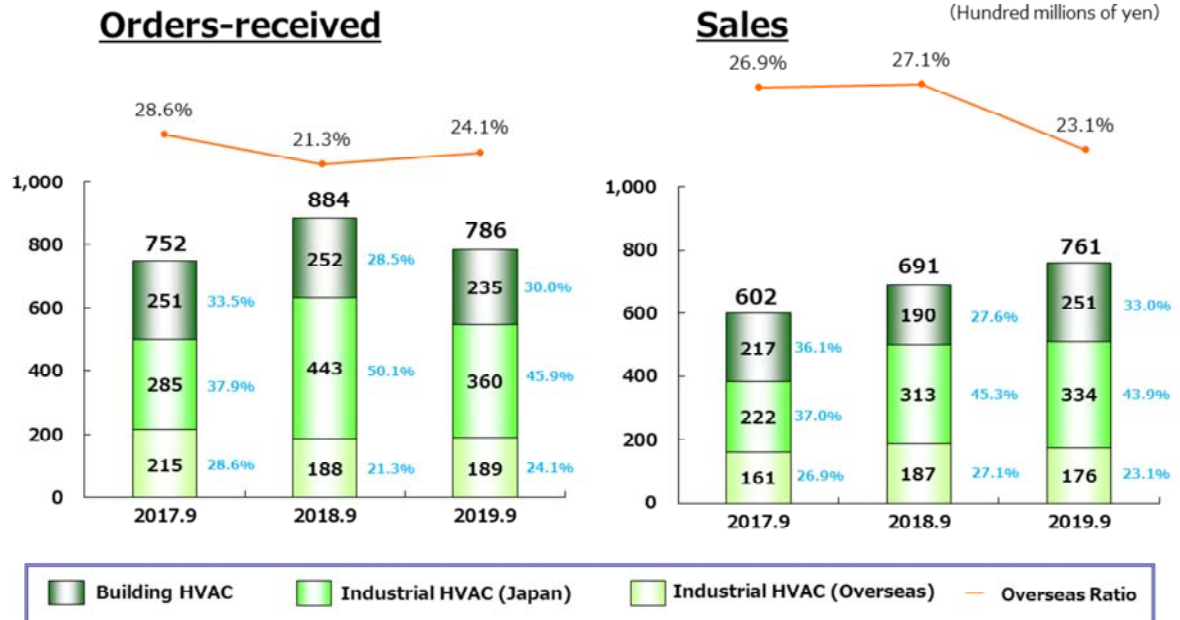
We have increased the investment ratio in Encore Automation LLC from 51% to 100%. From this reason, capital surplus decreased by 2.2 billion yen.

	2019.3	2019.9	Change
Current liabilities	987	874	-113
Notes payable, accounts payable for construction contracts and other	558	493	-64
Advances received on uncompleted construction contracts	147	180	32
Provision for loss on construction contracts	4	3	-0
Other	277	196	-80
Non-current liabilities	106	103	-2
Total liabilities	1,094	978	-116
Total net assets	1,136	1,125	-10
Capital stock	64	64	0
Capital surplus	72	50	-22
Retained earnings	849	881	31
Treasury shares, at cost	-24	-25	-1
Valuation difference on available-for-sale securities	118	107	-10
Deferred gains or losses on hedges	-0	0	0
Foreign currency translation adjustment	1	0	-1
Accumulated remeasurements of defined benefit plans	5	3	-2
Non-controlling interests	48	44	-4
Total liabilities and net assets	2,230	2,103	-127

We have increased the investment ratio in Encore Automation LLC from 51% to 100%. From this reason, capital surplus decreased by 2.2 billion yen, from 7.2 billion yen at the end of March 2019 to 5 billion yen.

2 Results of Green Technology System Business

1. Orders-received / Net sales of completed construction contracts



From slide 23, I would like to explain the results of the Green Technology System Business.

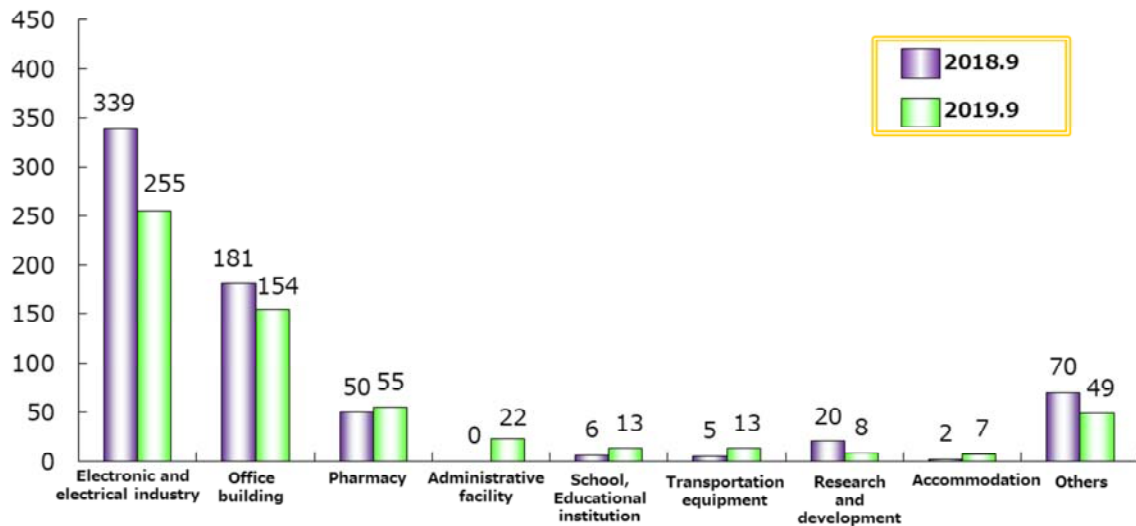
The left graph and the right graph show the change of orders-received and the change of net sales of completed construction contracts by category, respectively.

The ratio of the sales is growing due to an increase in Japan.

2 Results of Green Technology System Business

2. Order of the market classification (Non-consolidated)

(Hundred millions of yen)



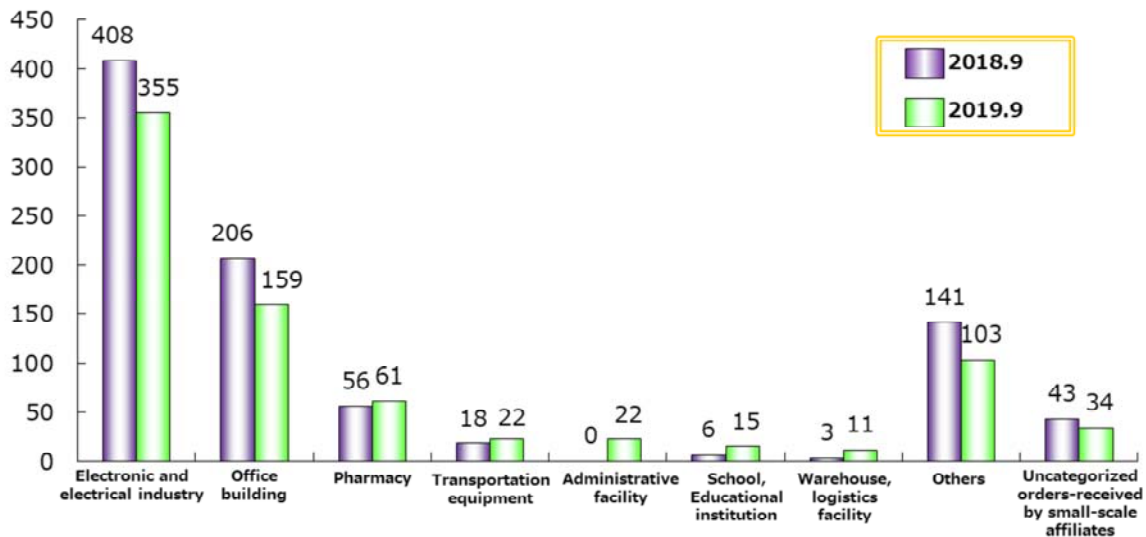
Slide 24 shows the non-consolidated orders-received by market categories.

There is a reactionary fall in the field of “Electronic and electrical industry” due to large-scale project order-received in the same period of the fiscal previous year.

2 Results of Green Technology System Business

3. Order of the market classification (Consolidated)

(Hundred millions of yen)

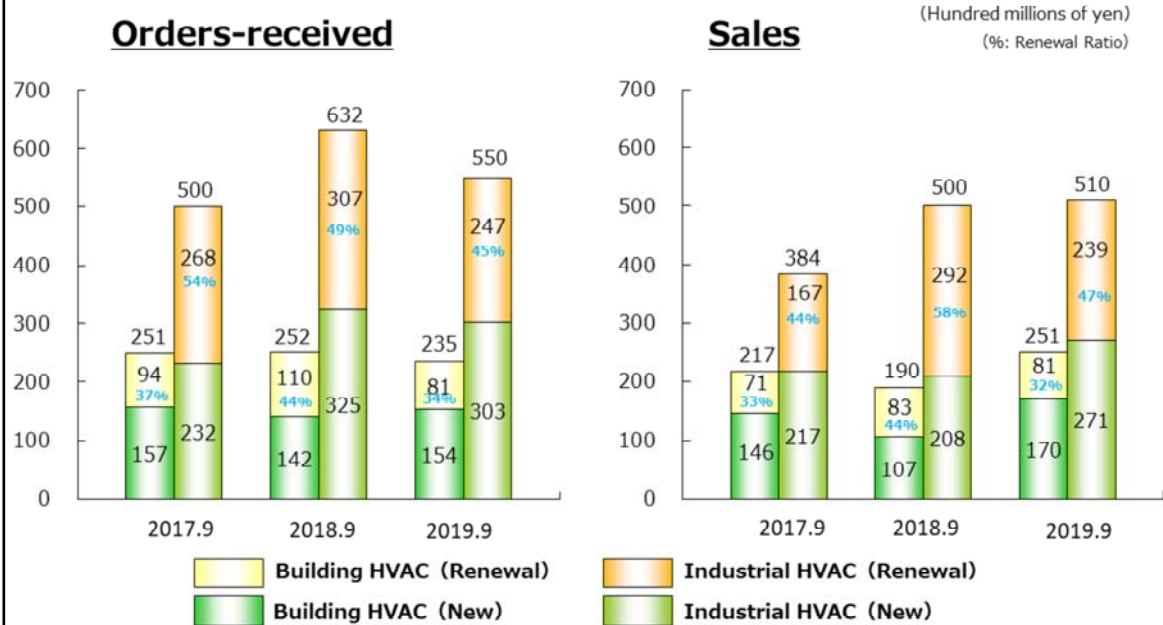


Slide 25 shows the consolidated orders-received of the Green Technology System Business by market category.

Please take a look at it for reference.

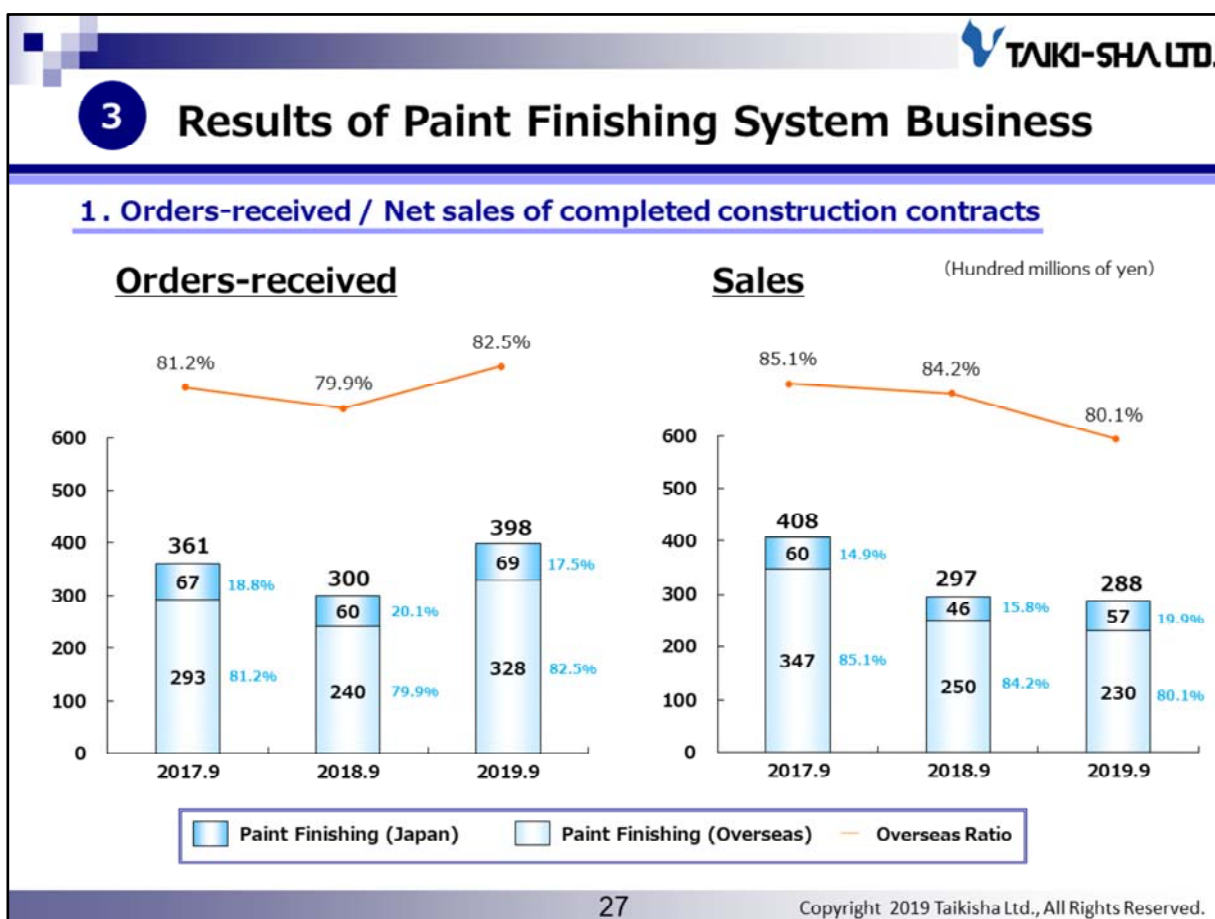
2 Results of Green Technology System Business

4. Renewal construction (Consolidated)



Slide 26 shows the change of the orders-received and the net sales of completed construction contracts for renewal construction projects.

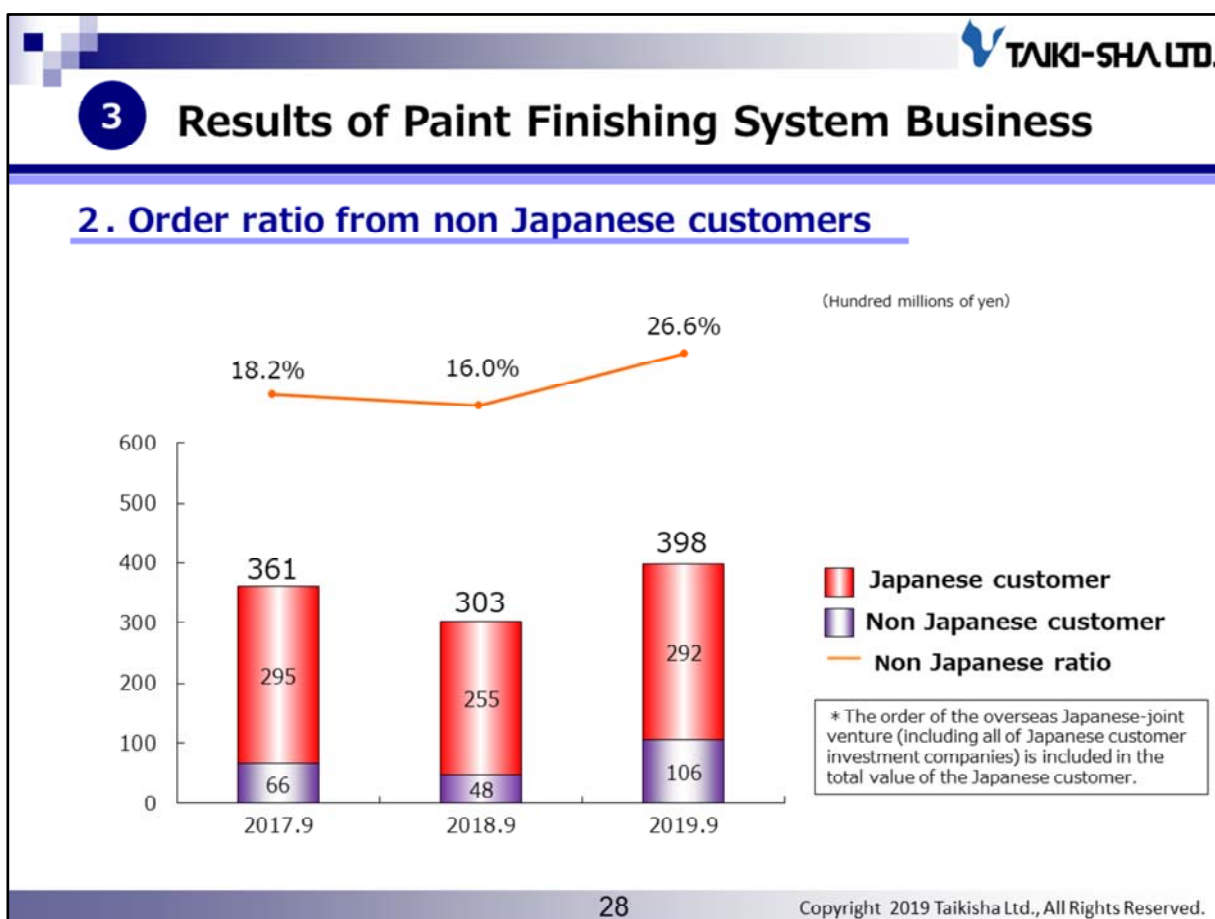
Regarding the orders-received, renewal investments by manufacturers of electronic parts were active by the same period of FY2018 due to demand expansion of products, however there is a reactionary fall in the first half of FY2019.



From slide 27, I would like to explain the Paint Finishing System Business.


Regarding the orders-received, The overseas ratio is high due to a large-scale project in North America.

Regarding the sales, there is a reactionary fall because two large-scale projects of automobile paint finishing system projects in the U.S. contributed to the net sales of completed construction contract in the first half of FY2017.



Slide 28 shows the ratio of the orders-received from non-Japanese automobile manufacturers.

The order ratio from non Japanese customers increased by 10.6% to 26.6% due to an increase of projects of non Japanese customers in North America.



4 Main projects in Order/ Sales / Carried forward

1. **Order** project more than 5 hundred millions of yen

Number of cases over 5 hundred millions of yen / construction, market classification				
<p>Orders-received</p> <p>31cases</p> <p>610 hundred millions of yen</p>	<p>Japan</p> <p>311 hundred millions of yen</p>	<p>18 cases</p>	Office building	2
			Administrative facility	1
			School, educational institution	1
			Accommodation	1
			Electronic and electrical industry	8
			Pharmacy	2
			Transportation equipment	1
			Warehouse, logistics facility	1
			Automobile	1
	<p>Overseas</p> <p>298 hundred millions of yen</p>	<p>13 cases</p>	Electronic and electrical industry	4
			Other	2
			Automobile	7

29
Copyright 2019 Taikisha Ltd., All Rights Reserved.

Slides 29 to 30 show the orders-received and net sales, each of which amounted to 500 hundred millions of yen or more in the results of the first half FY2019. And slide 31 shows the contract carried forward, which amounted to 1 billion yen or more in the results of the first half of FY2019.

Please take a look at them.



4 Main projects in Order/ Sales / Carried forward

2. Sales project more than 5 hundred millions of yen

Number of cases over 5 hundred millions of yen / construction, market classification				
Sales 40cases 450 hundred millions of yen	Japan 317 hundred millions of yen	25 cases	Office building	8
			Medical and social welfare	2
			Culture	1
			School, educational institution	1
			Station, airport	1
			Electronic and electrical industry	8
			Iron manufacture machinery	1
			Research and development	1
			Pharmacy	1
			Automobile	1
	Overseas 132 hundred millions of yen	15 cases	Electronic and electrical industry	3
			Automobile	11
			Railway	1

4 Main projects in Order/ Sales / Carried forward

3. **Carried forward** project more than 1 billion yen

Number of projects over 1 billion yen / construction, market classification					Planned project to be completed in FY2019
Carried forward 37cases 1,073 hundred millions of yen	Japan 546 hundred millions of yen	23 cases	Office building	9	
			Culture	1	
			Administrative facility	1	
			Electronic and electrical industry	7	1
			Pharmacy	1	
			Transportation equipment	1	
			Automobile	1	
			Construction Machinery	1	
			Automobile parts	1	1
	Overseas 526 hundred millions of yen	14 cases	Commercial	1	
			Electric and electrical industry	4	1
			Automobile	9	

5 Earnings Forecast for FY2019

Expectations by Business

(Hundred millions of yen)

	2019.3									2020.3								
	Green Technology			Paint Finishing			Total			Green Technology			Paint Finishing			Total		
	H1	H2	Total	H1	H2	Total	H1	H2	Total	H1	H2(E)	Total(E)	H1	H2(E)	Total(E)	H1	H2(E)	Total(E)
Order-received	884	701	1,585	300	532	833	1,185	1,233	2,418	786	823	1,610	398	389	788	1,184	1,213	2,398
Sales	691	800	1,491	297	464	762	988	1,265	2,254	761	843	1,605	288	496	785	1,049	1,340	2,390
Operating Income	62	68	131	-27	42	14	33	106	140	72	61	134	5	15	21	75	70	146
Ordinary income	65	70	135	-28	45	16	38	112	150	74	62	137	5	15	21	76	76	153
Net income	-	-	-	-	-	-	9	79	88	-	-	-	-	-	-	53	43	97

- ① Results of FY2018 H1:1US\$=¥109.17, 1€=¥131.27, 1THB=¥3.42
 ② Results of FY2019 H1:1US\$=¥110.11, 1€=¥124.47, 1THB=¥3.48
 ③ Expectations of FY2019:1US\$=¥108.00, 1€=¥121.38, 1THB=¥3.39

Effects of foreign exchange differences between ① and ② on
 Sales : △5.8 hundred millions of yen, Ordinary income: +0.2 hundred millions of yen.
 Effects of foreign exchange differences between ② and ③ on
 Sales : +8.7 hundred millions of yen, Ordinary income: +0.3 hundred millions of yen.

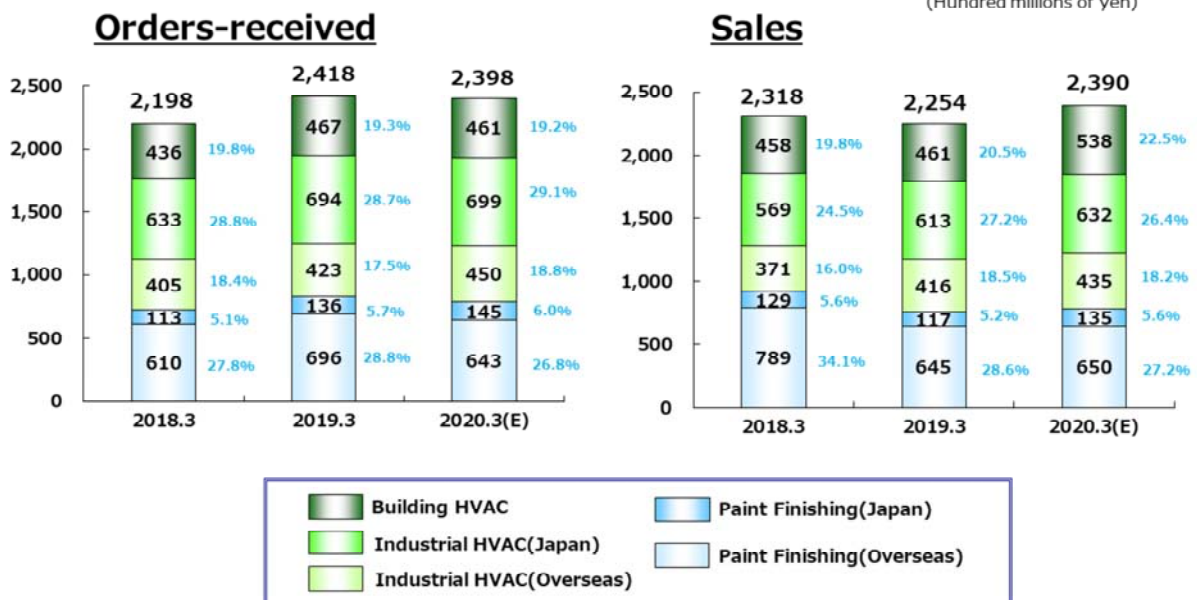
Slide 32 is a sheet of expectations of results of the current fiscal year and the actual results of the previous fiscal year.

Orders-received and each income item exceeded the original expectation of the first half of FY2019, however, regarding the expectation of FY2019, all item is unchanged.

Regarding the reason, as explained earlier by Kato, President Corporate Officer, we have decided to leave the earnings forecast unchanged in consideration of the risk of influence by the global economic slowdown.

5 Earnings Forecast for FY2019

Earnings Forecast by Business



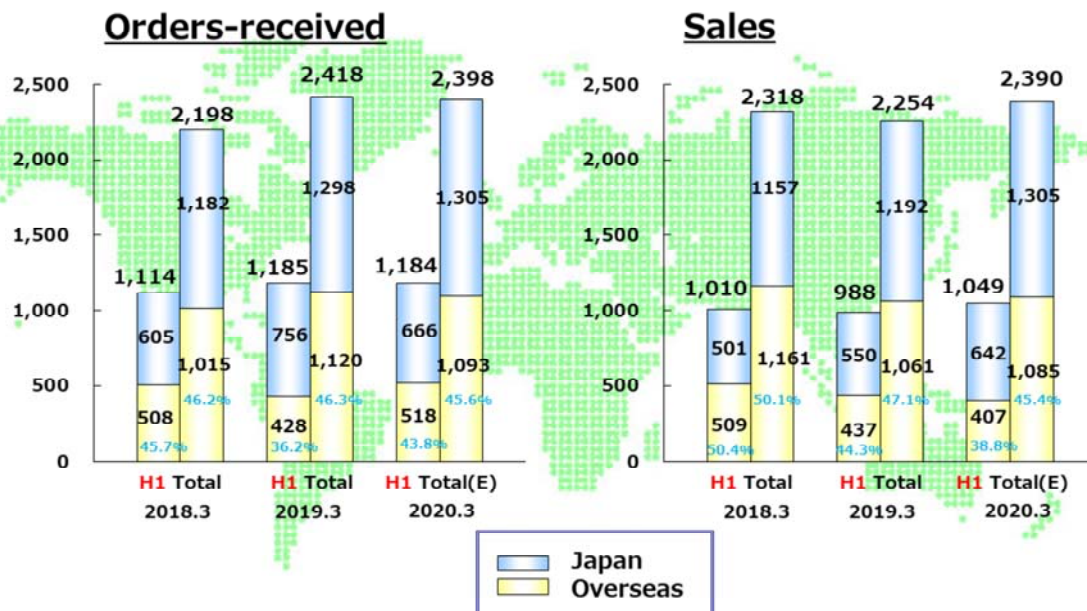
Slides 33 to 36 are earnings forecasts of orders-received and the net sales of completed construction contracts of the whole Group and of each business. I hope you will take a look at them.



5 Earnings Forecast for FY2019

Total (Japan/Overseas)

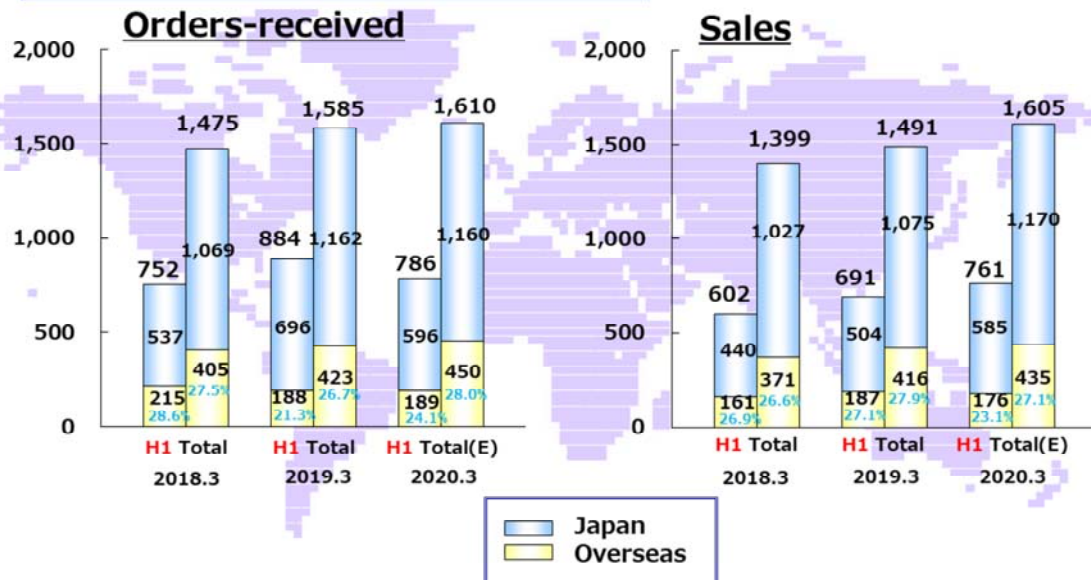
(Hundred millions of yen)
(%: Overseas ratio)



5 Earnings Forecast for FY2019

Green Technology System Business (Japan/Overseas)

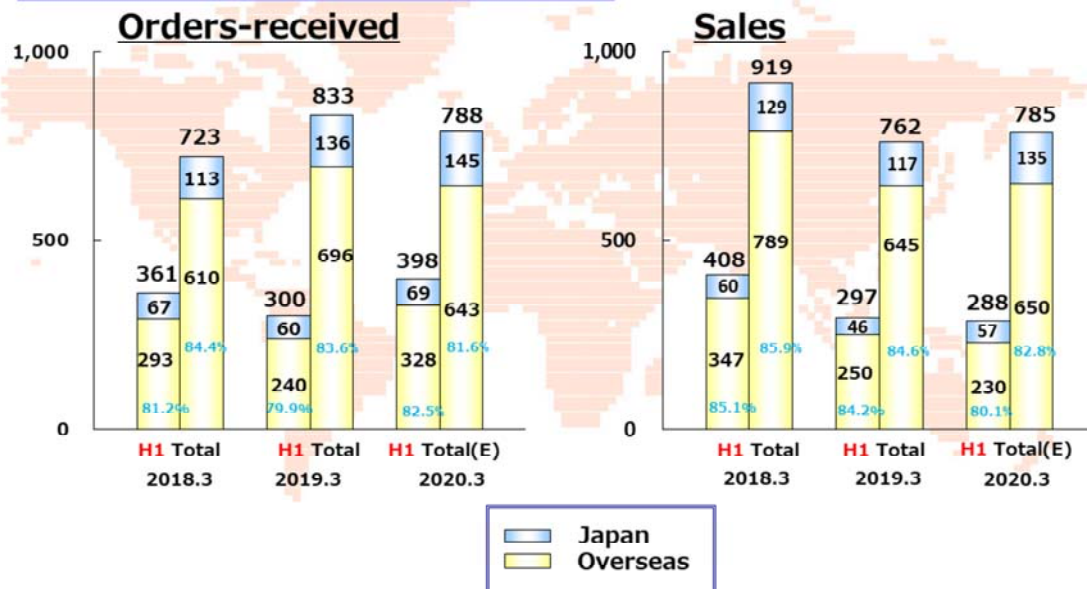
(Hundred millions of yen)
(%: Overseas ratio)




5 Earnings Forecast for FY2019

Paint Finishing System Business (Japan/Overseas)

(Hundred millions of yen)
(%: Overseas ratio)




TAIKI-SHA LTD.

6

Shareholders Returns

Purchase / Retirement Disposal of Treasury Shares

Purchase Record

Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2005/12	40	1,933	77
2006/2	597	1,780	1,062
2006/7,8	500	1,401	700
2011/8	300	1,576	472
2012/11	600	1,614	968
2013/12	800	2,170	1,736
2015/5	680	3,245	2,206
2016/11	356	2,805	999
2017/11,12	136	3,654	499

Retirement Record

Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2008/8	1,200	1,593	1,912
2018/2	1,700	2,443	4,154

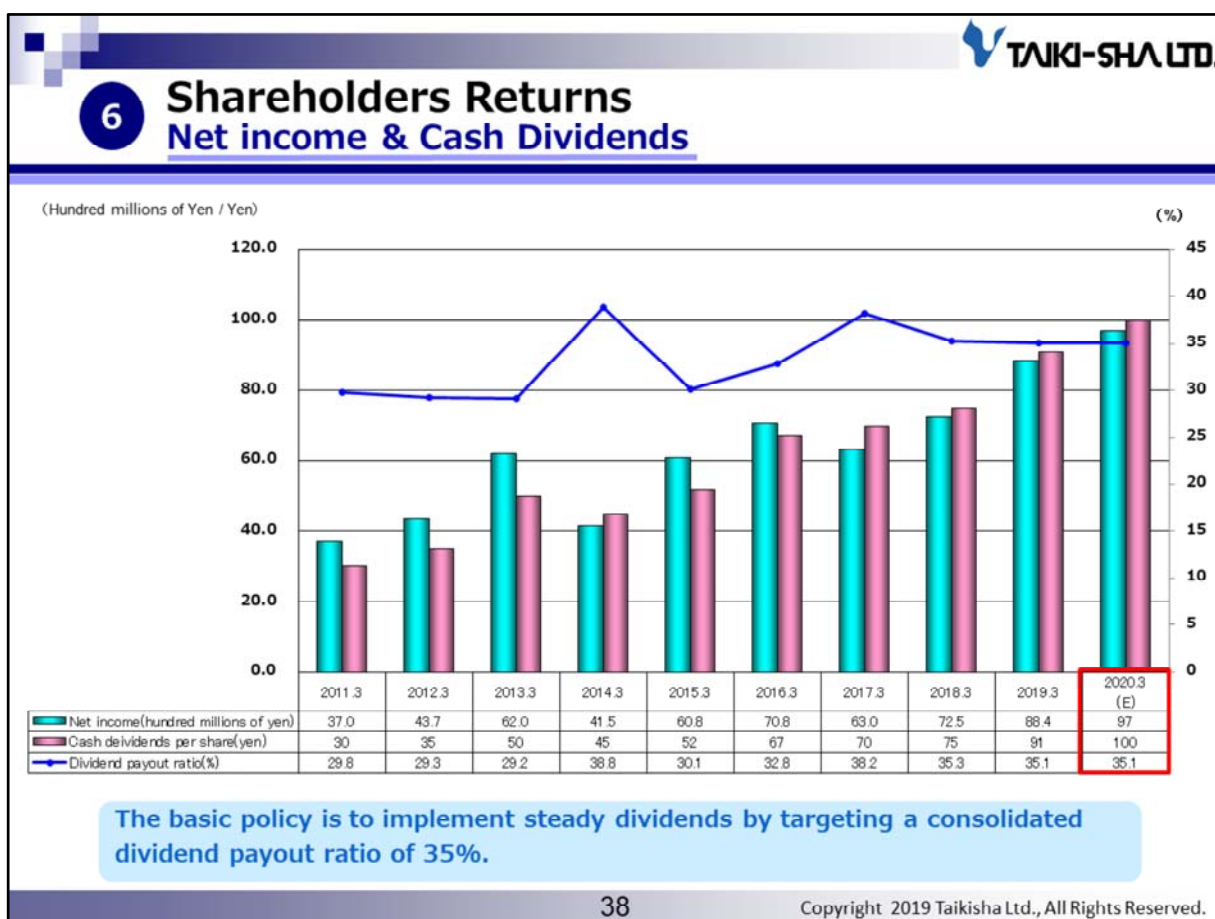
Disposal Record

(by ESOP)

Date	Number (thousand)	Unit Price (yen)	Amount (million yen)
2013/2	180	1,860	334

37

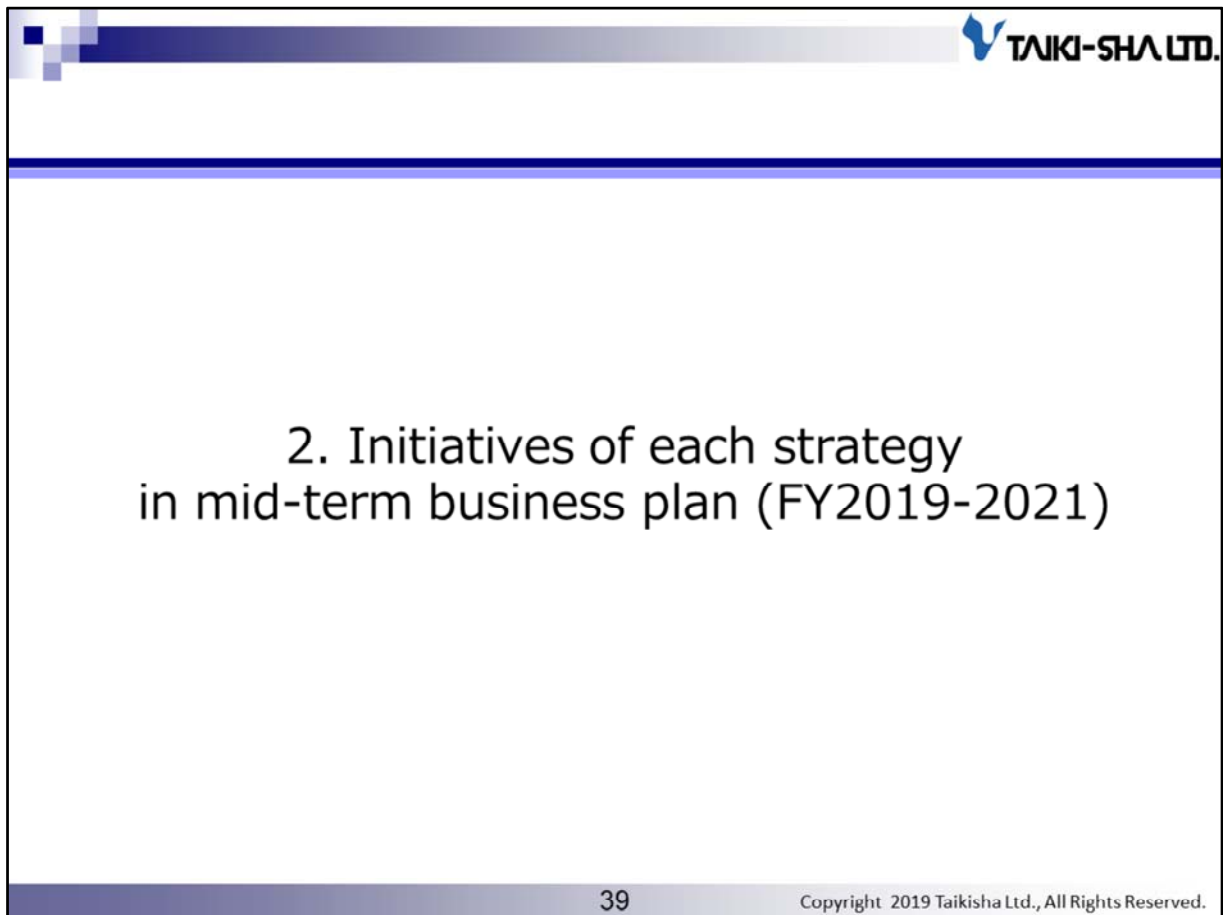
Copyright 2019 Taikisha Ltd., All Rights Reserved.



Slide 38 shows data on cash dividends.

We set a target consolidated dividend payout ratio of 35% and have a basic policy of ensuring stable dividends.

Thus, the annual dividend of FY2019 will be 100 yen per share.



From slide 39, I explain the initiatives of each strategy in mid-term business plan.

Long-term Vision/Quantitative Targets/ Investment theme

**"Aim to become a global corporate group
that creates an optimal environment
Through unique engineering"**

Technology	Aim to become an engineering group that meets the diverse needs of clients through energy-, air- and water-based technology.
Environment	Solve the clients' environmental issues with innovative solution technology and contribute to passing on the rich global environment to future generations.
Human Resources	Respect the individual's creativity and diversity, and value the corporate culture which allows employees to experience one's growth and the joy of working.

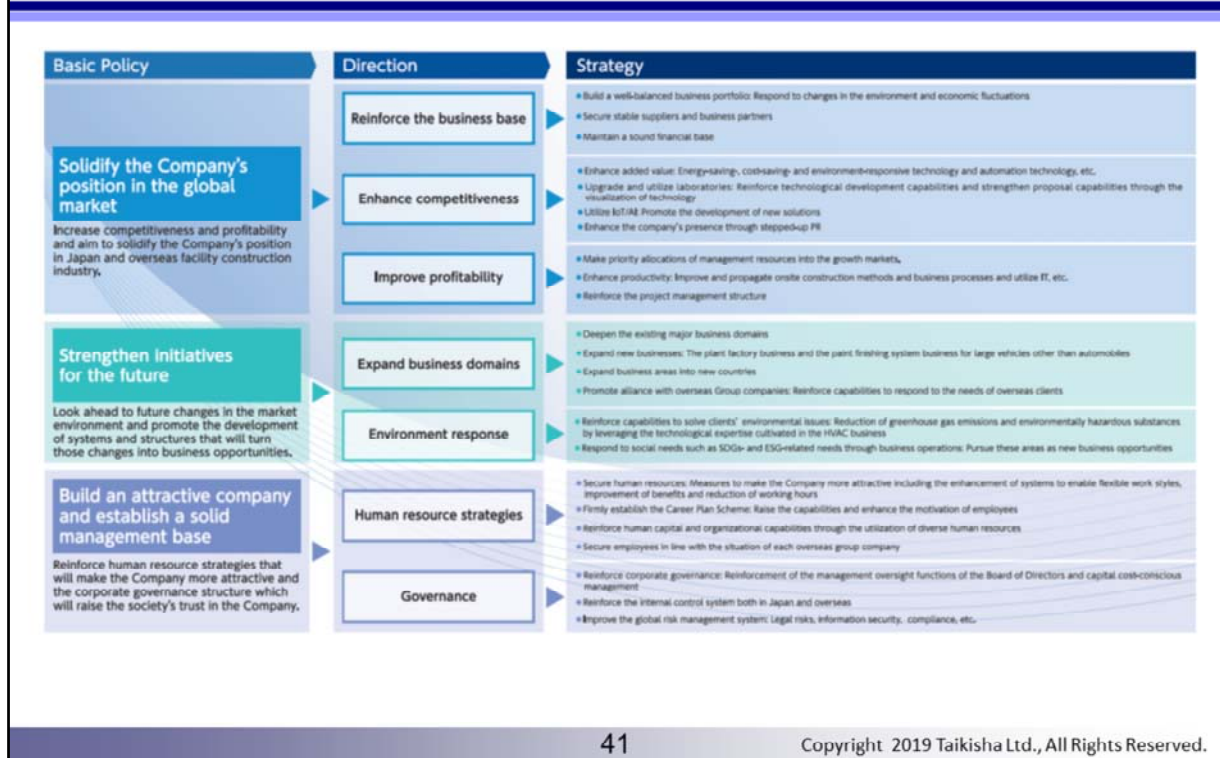
Quantitative targets for the FY 2021

Orders-received	2,650	hundred million yen
Net sales of completed construction contracts	2,600	hundred million yen
Ordinary income	160	hundred million yen
Profit attributable to owners of parent	100	hundred million yen
Return on equity (ROE)	8	% or higher
Investment Plan	200	hundred million yen


Investment theme	Investment amount (Planned)
Reinforcement of technological development and proposal capabilities / Promotion of initiatives into new businesses (e.g. improvement of R&D facilities)	
Enhancement of productivity (e.g. utilization of IT) / Human resource development	200 hundred million yen
Capital investments such as M&As	

Slide 40 shows long-term vision, quantitative targets, and investment theme of this mid-term business plan.

Basic Policy and Direction/Strategy



Slide 41 shows basic policy and direction, strategy.
Please take a look at them.


TAIKI-SHA LTD.

Initiatives of each strategy ~Achievement~

Strategy : Promoting capital alliance with overseas affiliates~enhancing ability to serve overseas customers



100% investment to Encore Automation LLC

Taikisha have increased the investment ratio in Encore Automation LLC to 100%. Taikisha had started to form a business and capital alliance with Encore Automation LLC (Hereinafter “Encore”) from acquiring 51% of investment in June 2014.

Encore is an engineering company in robot application system field which is the same case with Taikisha’s Automation System Head Office of Paint Finishing System Division, and has abundance of experience to American automobile manufacturers and aircraft manufacturers.

Through a close cooperation with Encore, Taikisha has achieved further increase in robot application system business of Paint Finishing System Division and strengthening the after sales net work in North American market.

Going forward, Taikisha will further promote to expand the system business of Encore in markets through Taikisha’s overseas network.

42
Copyright 2019 Taikisha Ltd., All Rights Reserved.

Slide 42, as achievement of one of the strategies of the mid-term business plan, promoting capital alliance with overseas affiliates, we would like to explain that we have increased the investment ratio in Encore Automation LLC to 100%.

Taikisha had started to form a business and capital alliance with Encore Automation LLC from acquiring 51% of investment in June 2014.

Through a close cooperation with Encore Automation LLC, Taikisha has achieved further increase in robot application system business of Paint Finishing System Division and strengthening the after sales net work in North American market.

Going forward, Taikisha will further promote to expand the system business of Encore in markets through

Taikisha's overseas network.

Initiatives of each strategy ~Main initiatives in progress①~	
Strategy	Main initiative in progress
Enhance added value ~Energy-saving, cost-saving and environment-responsive technology and automation technology, etc.	Develop and commercialize the paint system that remarkably improves coating efficiency Taikisha is promoting to develop and to commercialize the paint system that remarkably improves coating efficiency related to reduce CO ₂ emissions.
Upgrade and utilize laboratories ~Reinforce technological development capabilities and strengthen proposal capabilities through the visualization of technology	Reconstruct Research and Development Center as demonstration center Taikisha is considering reconstruction of Research and Development Center as inspection facility to propose customers to technologies related to Green Technology System Division.
Utilize IoT・AI ~Promote the development of new solutions	Develop and commercialize IoT and AI-based predictive maintenance system in factories Taikisha is promoting business activity to expand introduction of i-Navistar. (an IoT and AI-based root cause analysis system for analyzing causes of suspended operation and quality defects on automotive paint)
43 Copyright 2019 Taikisha Ltd., All Rights Reserved.	

Slide 43 to 46 shows the main initiatives of each strategy in progress.



Initiatives of each strategy ~Main initiatives in progress②~

Strategy	Main initiative in progress
Enhance productivity	Develop the automation system to draw the design and to estimate Taikisha is developing the automation system to draw the design and to estimate.
Expand new businesses ~The plant factory business and the paint finishing system business for large vehicles other than automobiles	Construct Taikisha's own plant factory Taikisha is considering establishment and demonstration of mass-production and automation technology, additionally construction of the facility to propose to customers.
	Develop and commercialize automated polishing system for aircraft and railway cars Taikisha is promoting business activities and technology demonstration for order-receiving the first project.
Expand business areas into new countries	Consider establishing affiliates in new countries Taikisha is considering establishing the new affiliates in the area that is expected to invest.



Initiatives of each strategy ~Main initiatives in progress③~

Strategy	Main initiative in progress
Secure human resources ~Measures to make the Company more attractive including the enhancement of systems to enable flexible work styles, improvement of benefits and reduction of working hours	Reconsider nursing and childcare leave Taikisha is considering extension of leave, and arrangement of taking enough leave as needed.
	Introduce of telework Taikisha is considering arrangement of making effective use of time and providing job opportunities for employees on administrative leave and retirees by introducing telework, as working from home, mobile work, working at satellite offices.
Reinforce human capital and organizational capabilities through the utilization of diverse human resources	Utilize of diverse human resources To promote women's career advancement, female employees can take flexible leave according to life event. And Taikisha provides job training guidance for employees reinstated. Also, Taikisha is considering correspondence of employment until 70, which the Japanese Government promotes.

Initiatives of each strategy ~Main initiatives in progress④~	
Strategy	Main initiative in progress
Reinforce corporate governance ~Reinforcement of the management oversight functions of the Board of Directors and capital cost-conscious management	Deepen consideration about capital cost, capital and shareholders returns policy To aim for increase corporate value, Taikisha is promoting capital cost-conscious management, consideration about capital and shareholders returns policy.
Reinforce the internal control system both in Japan and overseas	Reinforce the internal control system related IT Taikisha is considering reinforcing internal control system to maintain and supervise IT in the entire group.
Improve the global risk management system ~Legal risks, information security, compliance, etc.	Reinforce the global information security measure Taikisha is considering reinforcing information security measure in overseas affiliates.
46 Copyright 2019 Taikisha Ltd., All Rights Reserved.	

We will explain the progress of the mid-term business plan at financial results briefing every half of the fiscal year.

That concludes my explanation.

Thank you very much for your attention.



Precaution about Forward Perspective

The data and future prospect in this material is based on the judgment on the announcement date and the available information. They are possible to change by various kinds of factors and can not guarantee the achievement of goals and future performance. This information is subject to change without notice.

We therefore recommend that you use this information with checking and confirming other information as well.

Taikisha assumes no responsibility whatsoever for any damages resulting from the use of this material.

Contact information for inquiry about this material
Investor Relations Section, Administrative Management Headquarters,
Taikisha Ltd.
TEL : +81-3-5338-5052 FAX : +81-3-5338-5195