

The DAIHATSU logo is displayed in a white rectangular box with a thin blue border. The text 'DAIHATSU' is in a bold, blue, sans-serif font. The background of the slide is a deep blue gradient with a bright light source in the center, creating a lens flare effect and illuminating a school of fish swimming in the water.

**DAIHATSU**

DAIHATSU DIESEL MFG. CO., LTD.

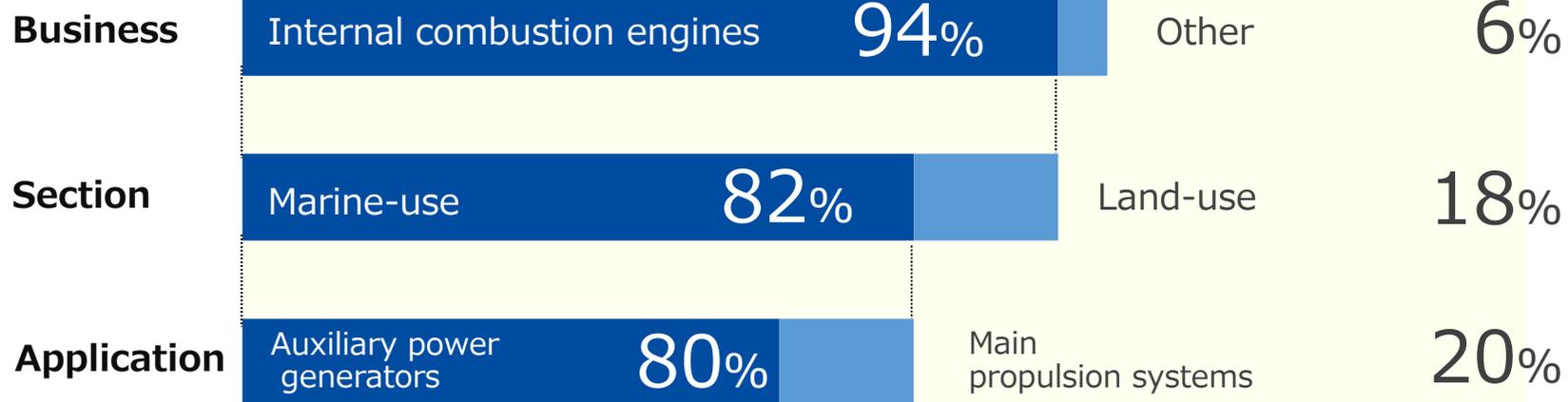
Fiscal Year Ended March 31, 2020

# Financial Results Briefing

May 2020

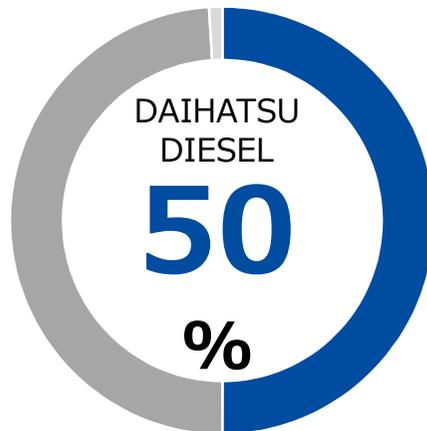
# Sales Breakdown/Market Share

## Sales Breakdown

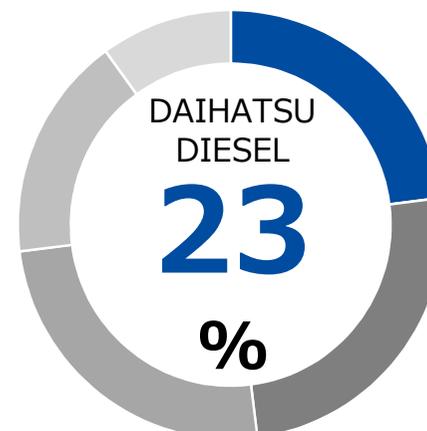


## Market Share (Auxiliary Engines for Large Ocean-going Vessels)

### 〈Share in Japan〉



### 〈Overseas market share〉



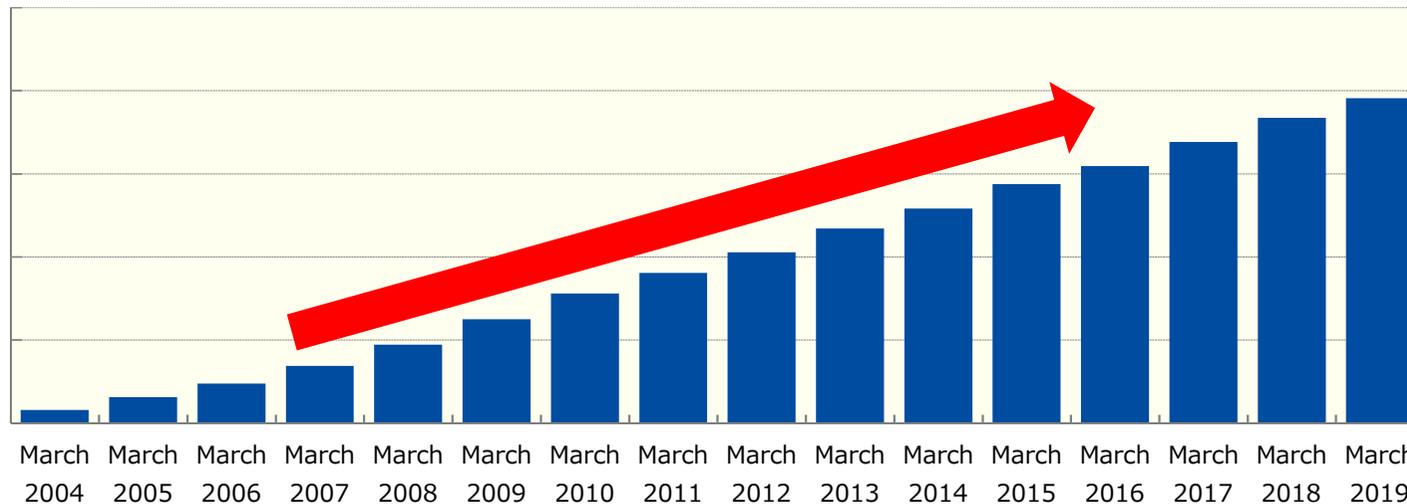
## Remarks on Earnings

# Stable capture of earnings over life-cycle (30 years)

### POINT

- ▶ Post-voyage maintenance services are key.
- ▶ Cumulative total of engine units (number of ships carrying our engines) is decisive.

Sales by Horsepower(10,000 hp)



\*Does not include technological partners in China

# Strengthening Business in the After-sales-service Market/Overseas Strategy (Licensing)

10 years ago Sales approx. ¥15.0 billion

## Holding the line

- Business focus was selling engines to builders of new vessels.
- Sales for the after-sales-service did not really exist.

Major increase

Now Sales approx. ¥26.0 billion

## Shifting to the offensive

- Creation of sales teams specializing in parts
- Launch of strategic sales targeting ship-owners and ship-managers in the after-sales-service market

Issues for the future

Genuine parts usage ratio is approx. 50%.

Scope exists for increasing this rate.

- ▶ Strategic deployment of CMAXS system.

## Licensing (in China)

- Contract partner since 1982
- Granting of rights for Manufacture and marketing of certain classes of internal combustion engine
- Expand market share of DAIHATSU brand

### Anqing CSSC Diesel Engine Co., Ltd.

Anqing Diesel

Anhui Province, China  
(Yangtze River Basin, 600 km from Shanghai)

### SHAANXI DIESEL ENGINE HEAVY INDUSTRY CO., LTD.

Shaanxi Diesel

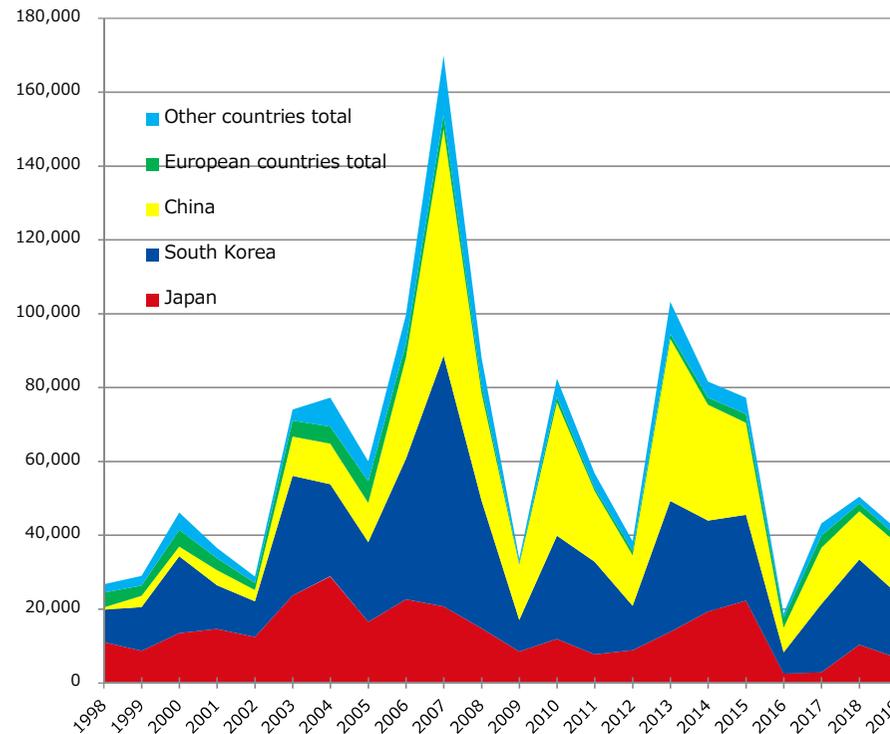
Shaanxi Province, China  
(50 km from Xi'an)

# Market Trends for Newbuild Vessels

Source: The Shipbuilders' Association of Japan

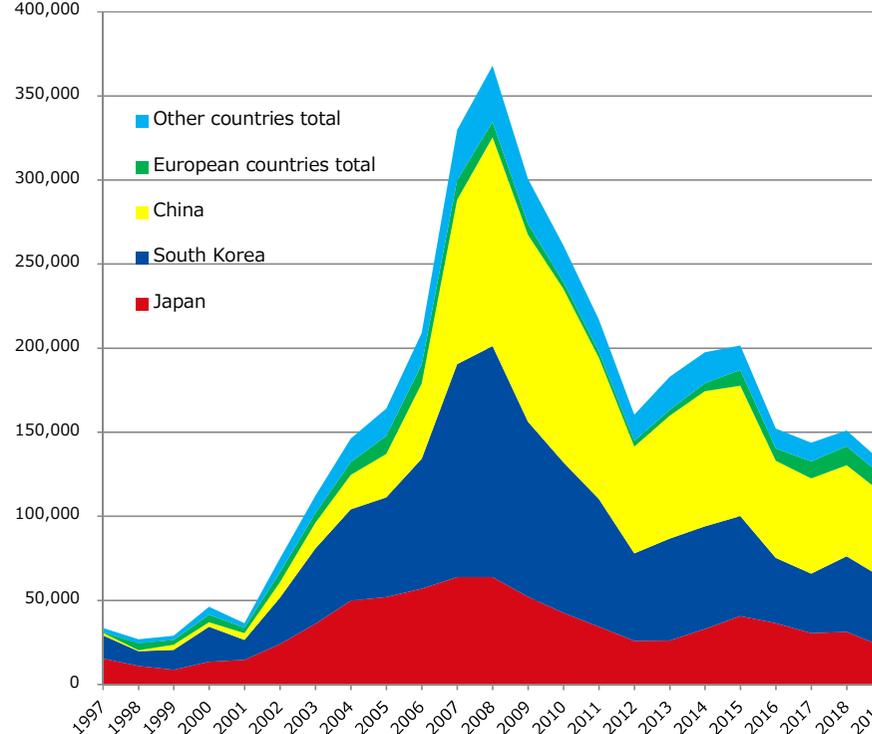
## Volume of orders received, by country

	2017	2018	2019
Japan	2, 830 ( 7%)	10, 310 (20%)	6, 710 (16%)
Korea	18, 500 (43%)	23, 110 (46%)	17, 370 (42%)
China	15, 200 (35%)	13, 080 (26%)	13, 660 (33%)
World total	43, 200	50, 400	41, 490



## Volume of work in hand, by country

	2017	2018	2019
Japan	30, 410 (21%)	31, 270 (21%)	22, 550 (17%)
Korea	35, 450 (25%)	44, 930 (30%)	40, 760 (31%)
China	56, 530 (39%)	54, 140 (36%)	50, 320 (38%)
World total	143, 690	150, 970	132, 070

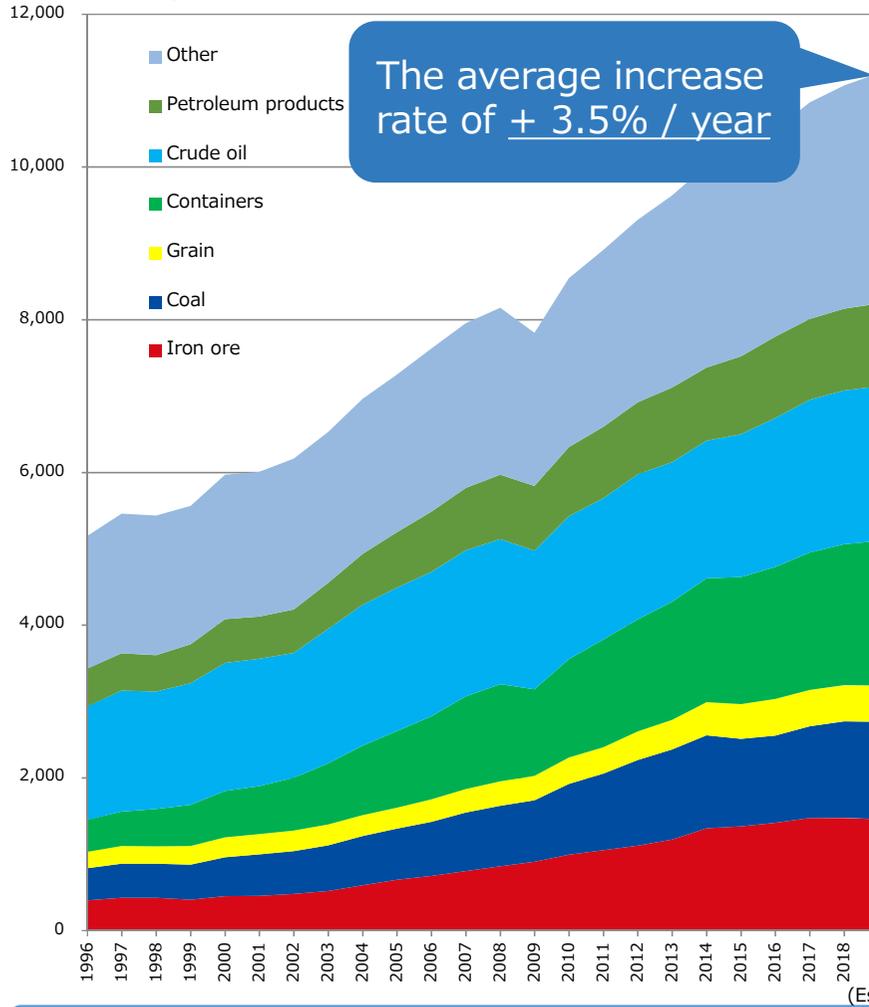


- Orders received showed an uneven increase overall, with a spike in 2006 to 2007 just before the 2008 financial crisis. The marine cargo market is now on a recovery trend despite the downturn in the marine cargo market in 2016

# Market Trend for Marine Cargo

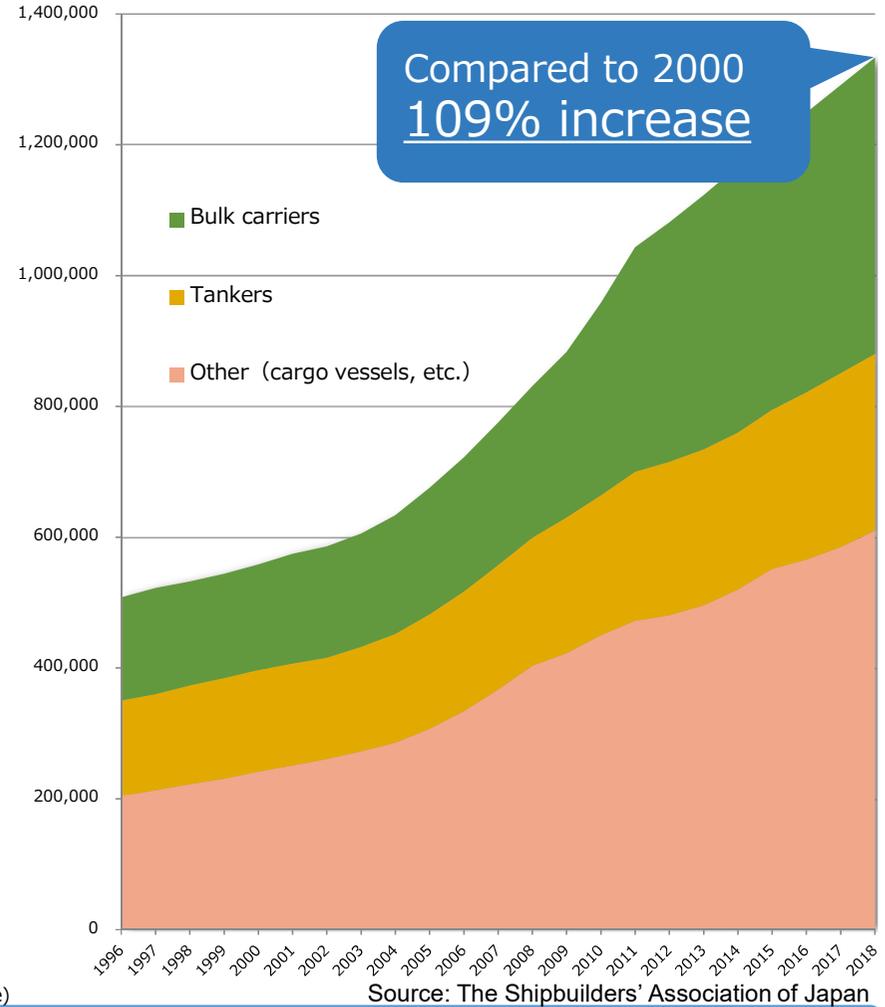
Global ocean cargo volumes, by product

(Unit: Million tons)



Global shipping capacity

(Unit: Thousand tons)



Increasing trend in shipping capacity in line with increase in ocean cargo volume  
 → stable increase in maintenance demand expected

# Fiscal Year Ended March 31, 2020 Summary of Earnings

---

**DAIHATSU**

DDAIHATSU\_DIESEL MFG. CO., LTD. .

# Summary

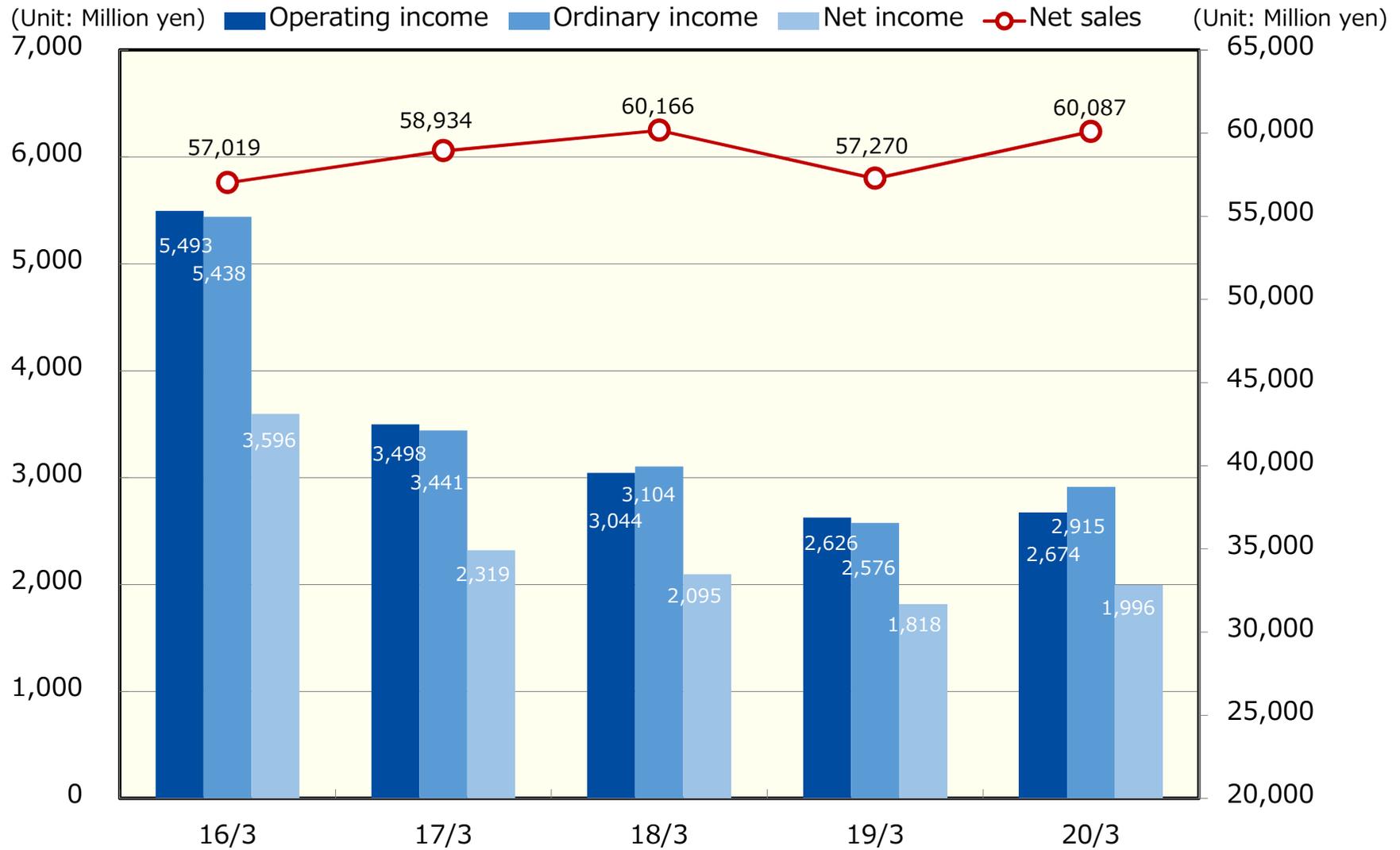
(Unit: Million yen)

	March 2018 Results	March 2019 Results	March 2020 Results	YoY difference	
				Increase/ decrease	(%)
Net sales	60,166	57,270	60,087	2,816	4.9
Operating income	3,044	2,626	2,674	48	1.9
Ordinary income	3,104	2,576	2,915	339	13.2
Net income	2,095	1,818	1,996	178	9.8
Basic earnings per share	65.83	57.11	62.80	5.69	10.0
Total assets	80,969	82,512	85,558	3,045	3.7
Equity ratio	47.0%	47.5%	47.5%	—	—

## POINT

- Engine sales and maintenance-related sales both increased
- Profitability in engines remains bleak
- Earnings increased due to improved maintenance-related sales

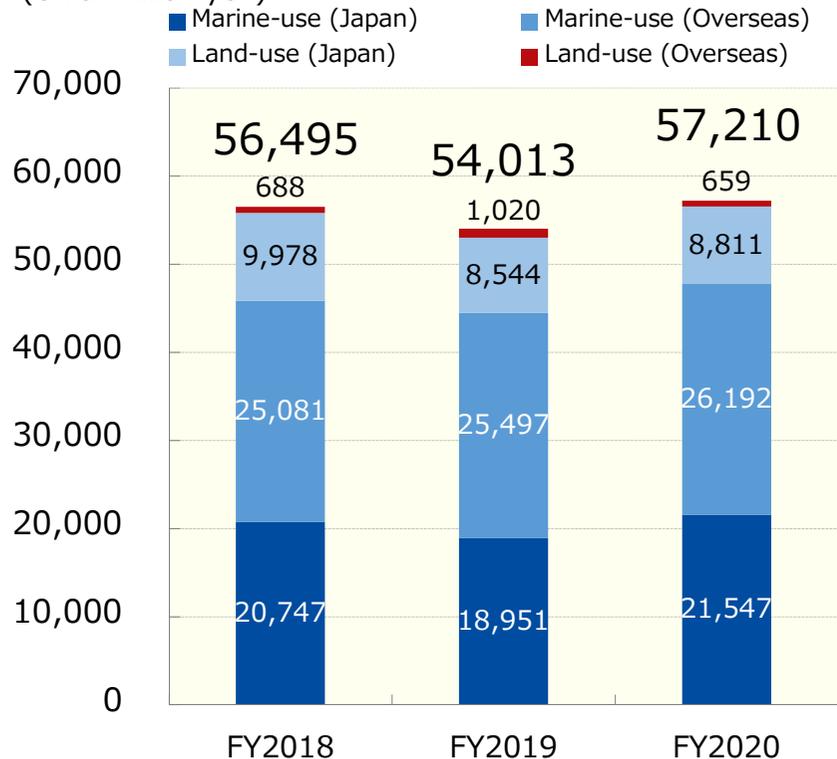
# Trend of Sales and Earnings



# Net Sales and Earnings for the Internal Combustion Engine Section

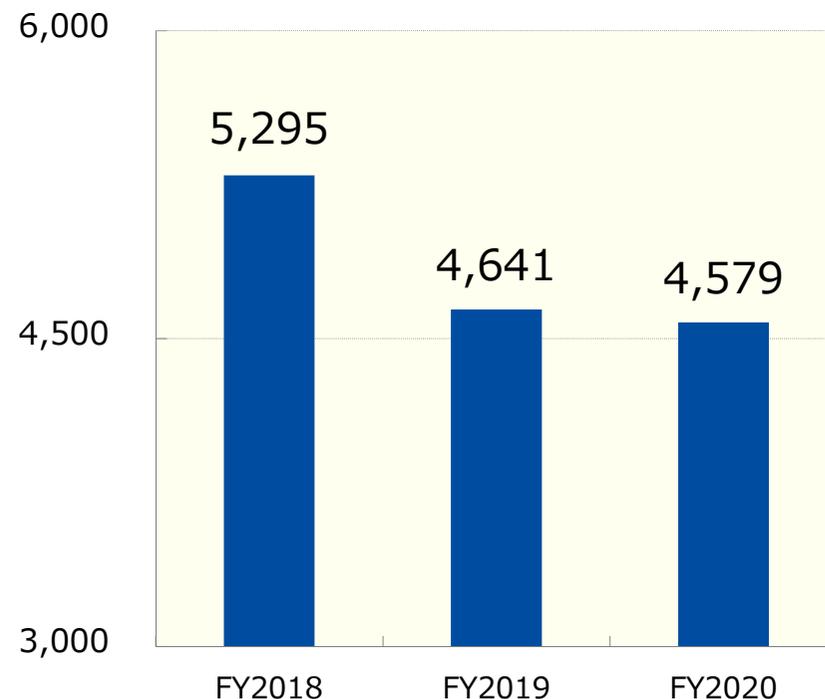
Net sales

(Unit: Million yen)



Internal combustion engine section earnings

(Unit: Million yen)

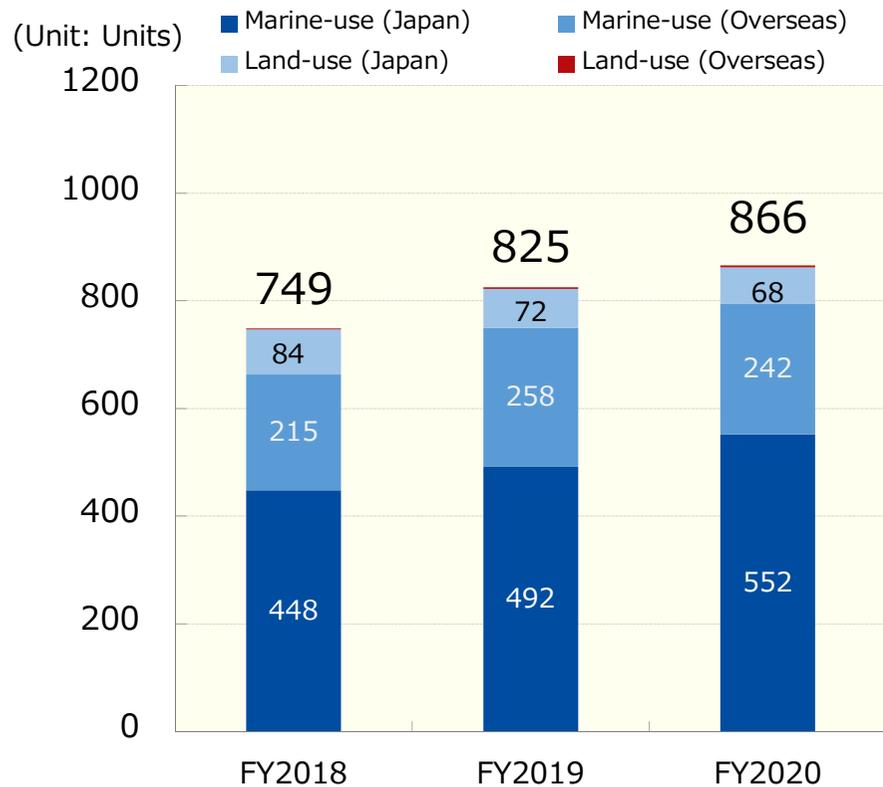


**POINT**

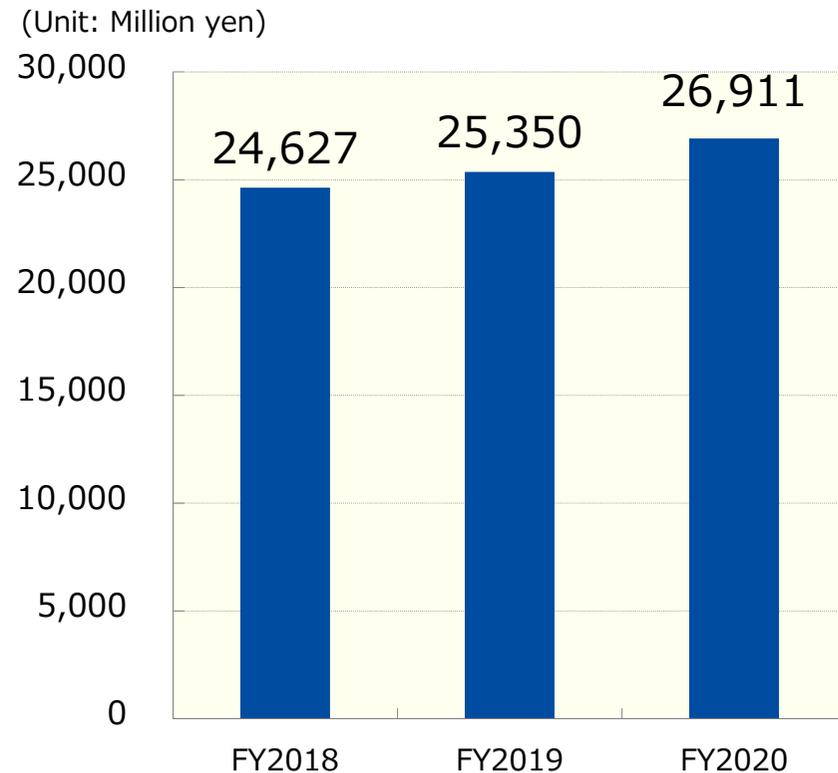
- Sales rose due to an increase in marine-use engine sales
- Profitability deterioration for sales of diesel engine units continued

# Unit Sales and Maintenance-related Net Sales

Units sold



Maintenance-related net sales



**POINT**

- Total units sold increased
- Maintenance-related sales showed signs of improvement

# Earnings Forecasts

(Unit: Million yen)

	March 2020 Results	March 2021	
		Forecast	Increase/decrease (%)
Net sales	60,087	Pending	
Operating income	2,674		
Ordinary income	2,915		
Net income	1,996		
Basic earnings per share	62.80		

\* Exchange rates: March 2020 (Results): ¥107.96, March 2021 (Pending)

Forecast

- The earnings forecasts for FY2021 are pending in view of the current difficulty in reasonably calculating the impact of COVID-19. Earnings forecasts will be announced promptly once reasonable forecasts become possible.



These materials contain statements relating to future earnings and business strategy, etc. Inherent in these statements are risk and uncertainty; they form no guarantee of future performance.

Please be aware that actual results may differ significantly from forecasts, due to changes in the business environment, etc.

Furthermore, information relating to companies other than the Company or the Company group, etc., contained here has been taken from publicly available information, etc. No verification of any kind has been undertaken by the Company, and no guarantee is offered regarding the accuracy or appropriateness of such information.

The information contained in these materials is intended only for purposes of provision of information, and not for solicitation to purchase securities.