

# **Financial Results Briefing**

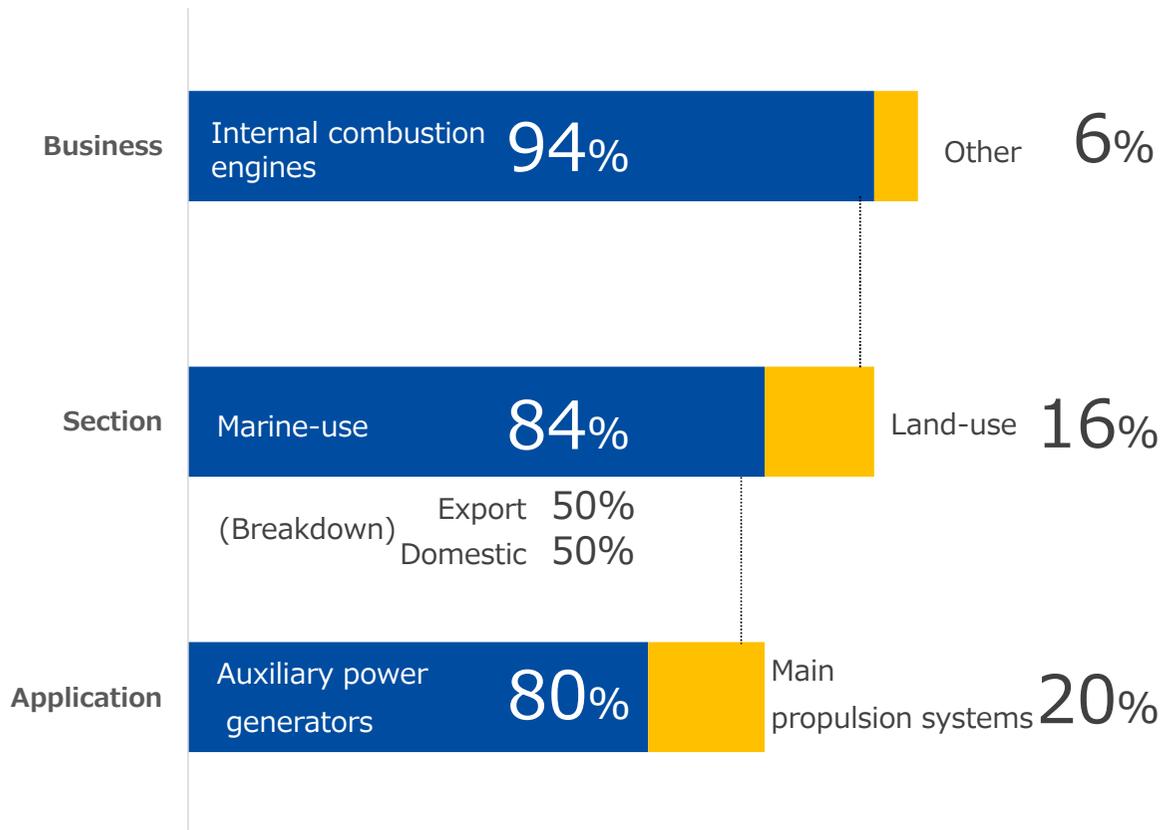
Fiscal Year Ended March 31,  
2021

May 2021



# Sales Breakdown/Market Share (End of March 2021)

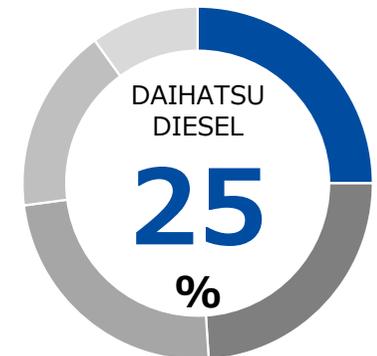
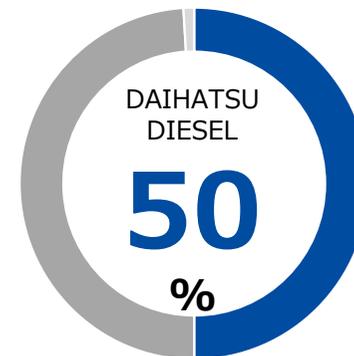
## Sales Breakdown



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

〈Share in Japan〉

〈Overseas market share〉

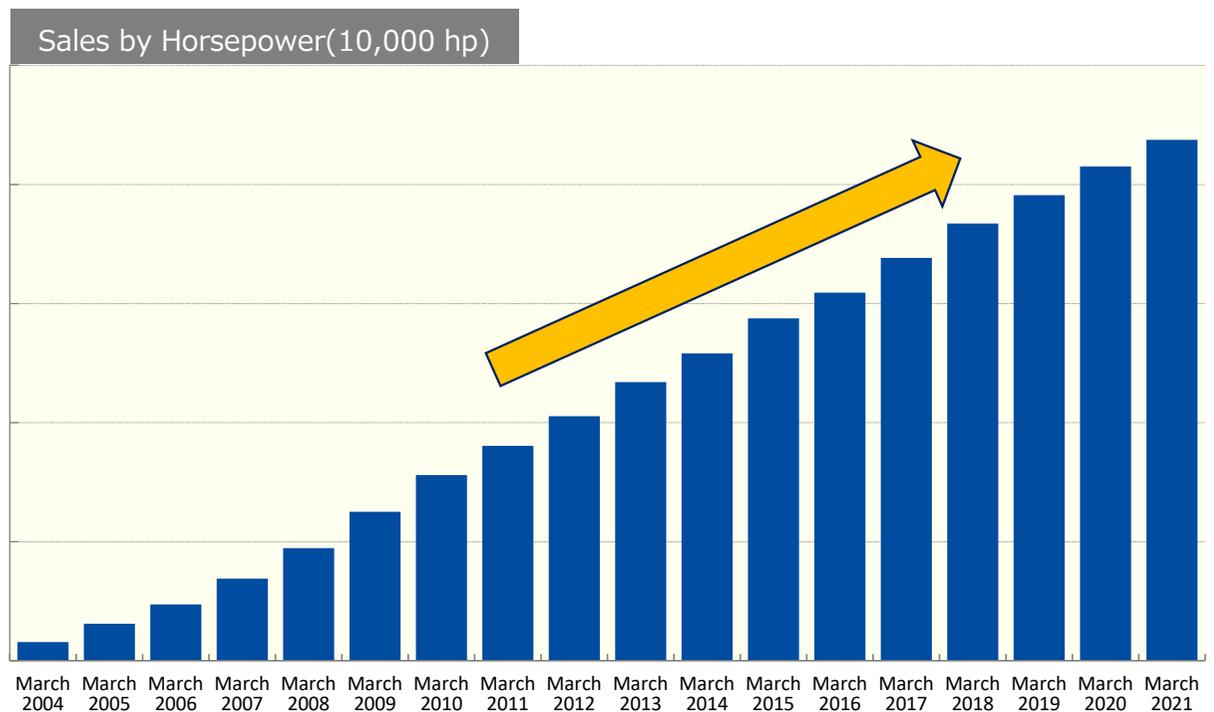


# Remarks on Earnings

## POINT

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

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



\*Does not include technological partners in China

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

15 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.

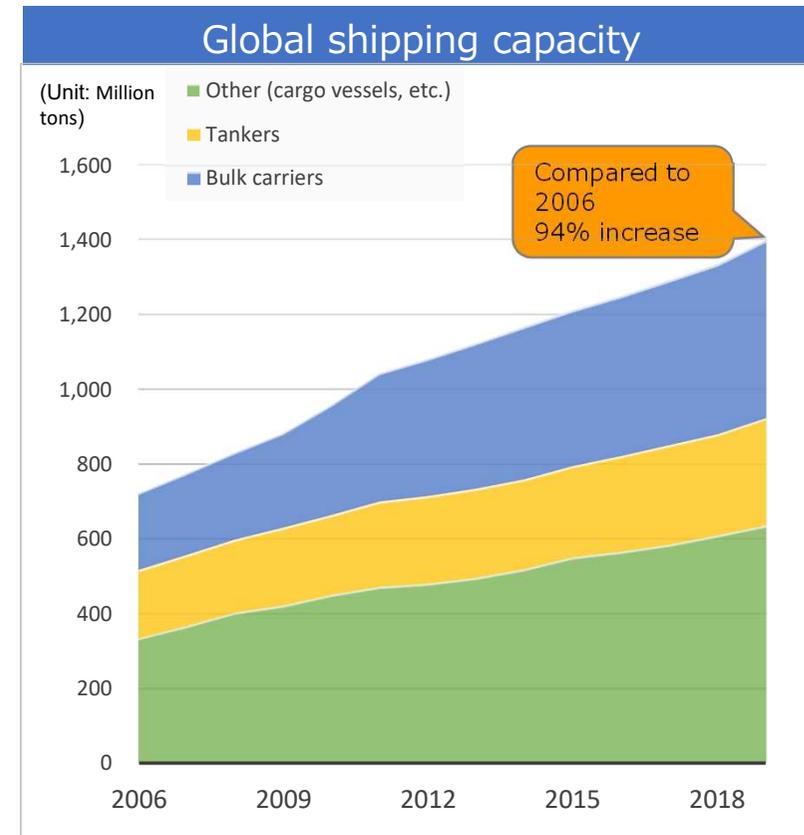
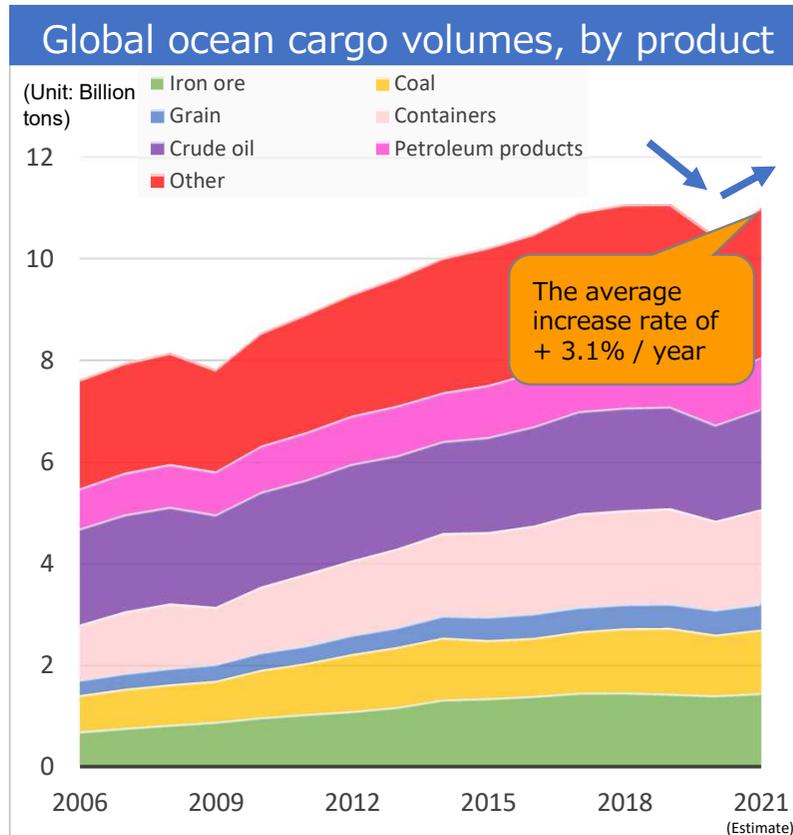
Shaanxi Diesel

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

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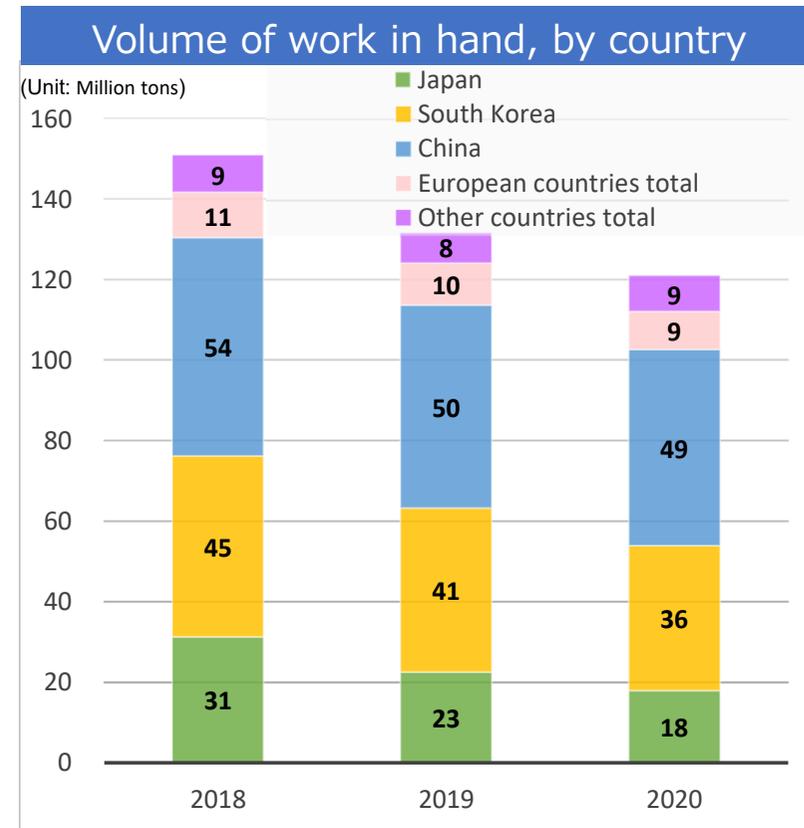
# Market Trend for Marine Cargo



Source: The Shipbuilders' Association of Japan

- Increasing trend in shipping capacity in line with increase in ocean cargo volumes, and a recovery in maintenance demand is expected.

# Market Trends for Newbuild Vessels



Source: The Shipbuilders' Association of Japan

- Volume of orders received and volume of work in hand both trended downwards from fiscal 2019, except in China, due to the COVID-19 crisis, but are expected to recover gradually from fiscal 2021 onwards.

Fiscal Year Ended March 31, 2021  
Summary of Earnings

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# Summary

(Unit: Million yen)

	March 2019 Results	March 2020 Results	March 2021 Results	YoY difference	
				Increase/ decrease	(%)
Net sales	57,270	60,087	<b>56,745</b>	(3,341)	(5.6)%
Operating income	2,626	2,674	<b>994</b>	(1,680)	(62.8)%
Ordinary income	2,576	2,915	<b>1,149</b>	(1,766)	(60.6)%
Net income	1,818	1,996	<b>712</b>	(1,284)	(64.3)%
Basic earnings per share	57.11	62.80	<b>22.43</b>	(40.37)	(64.3)%
Total assets	82,512	85,558	<b>80,381</b>	(5,176)	(6.1)%
Equity ratio	47.5%	47.5%	<b>51.2%</b>	—	—

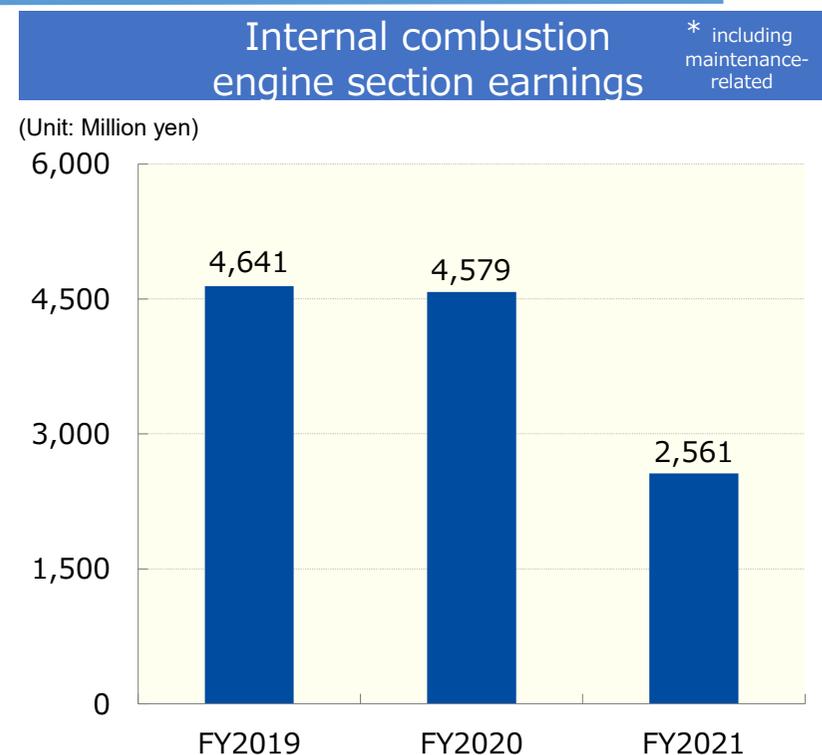
**POINT**

- Net sales decreased due to suppressed investment in new vessels by vessel owners, etc. and the impact of production adjustments at shipyards in Japan
- Income fell due to restrictions on movement and delays in delivery for maintenance-related

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# Net Sales and Earnings for the Internal Combustion Engine Section

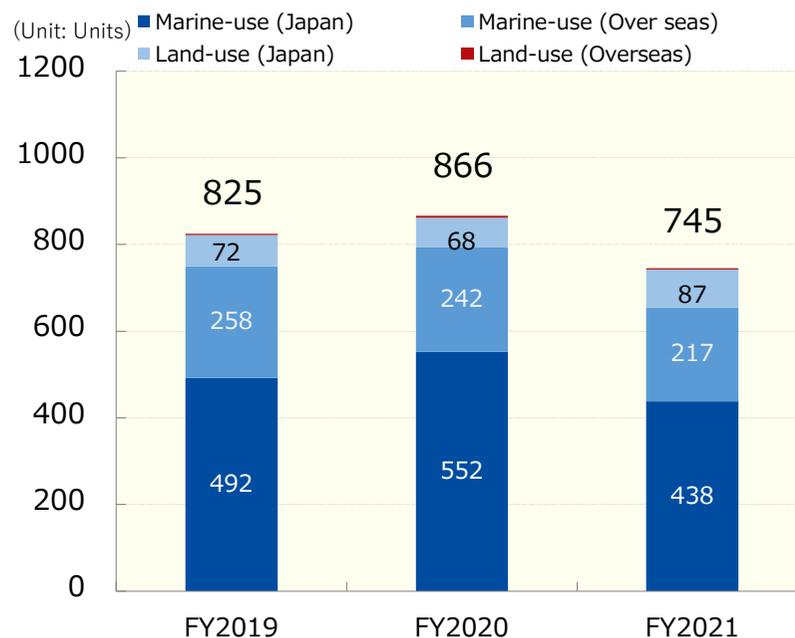


**POINT**

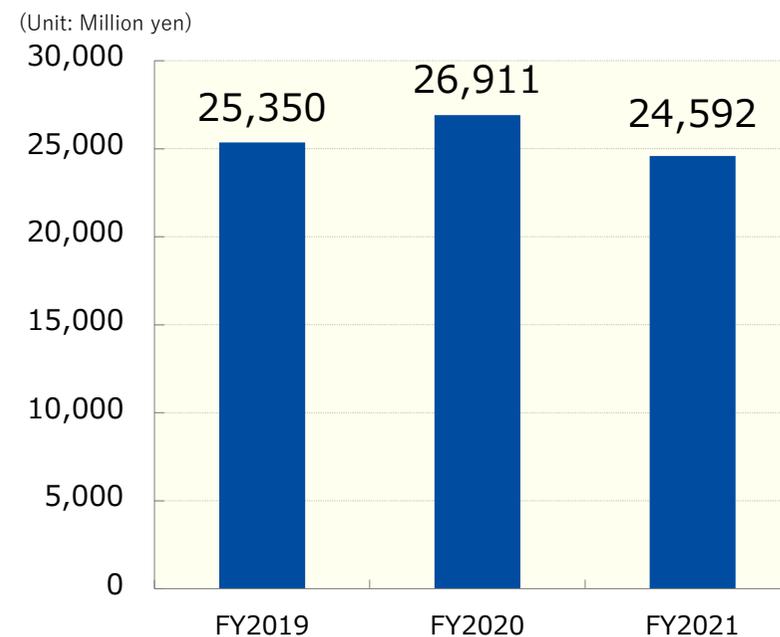
- Net sales declined, as sales of commercial marine-use engines fell and sales of land-use engines struggled, despite the contribution of sales of marine-use engines to the Ministry of Defense
- Earnings decreased due to a decline in maintenance-related sales, and an increase in outsourcing expenses and other costs associated with maintaining the performance of some items

# Unit Sales and Maintenance-related Net Sales

## Units sold



## Maintenance-related net sales



### POINT

- Total units sold decreased due to deferment of delivery dates, etc.
- Maintenance-related sales declined due to stagnation of business meetings and shipments

# Earnings Forecasts

(Unit: Million yen)

	March 2021 Results	March 2022	
		Forecast	Increase/decrease (%)
Net sales	56,745	55,000	(3.1)
Operating income	994	1,300	30.7
Ordinary income	1,149	1,200	4.4
Net income	712	1,000	40.4
Basic earnings per share	22.43	31.39	—

\*Exchange rates: March 2021 (Results): ¥105.35, 1H 2022 (Estimate): ¥105.00, 2H 2021 (Estimate): ¥100.00

Forecast

- Plan to increase production of large-scale auxiliary engines for container ships, despite an expected continuation of the slump in orders
- Increase in maintenance-related earnings planned, with a progressive recovery in ocean cargo volumes

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# Progress of the Mid-term Management Plan

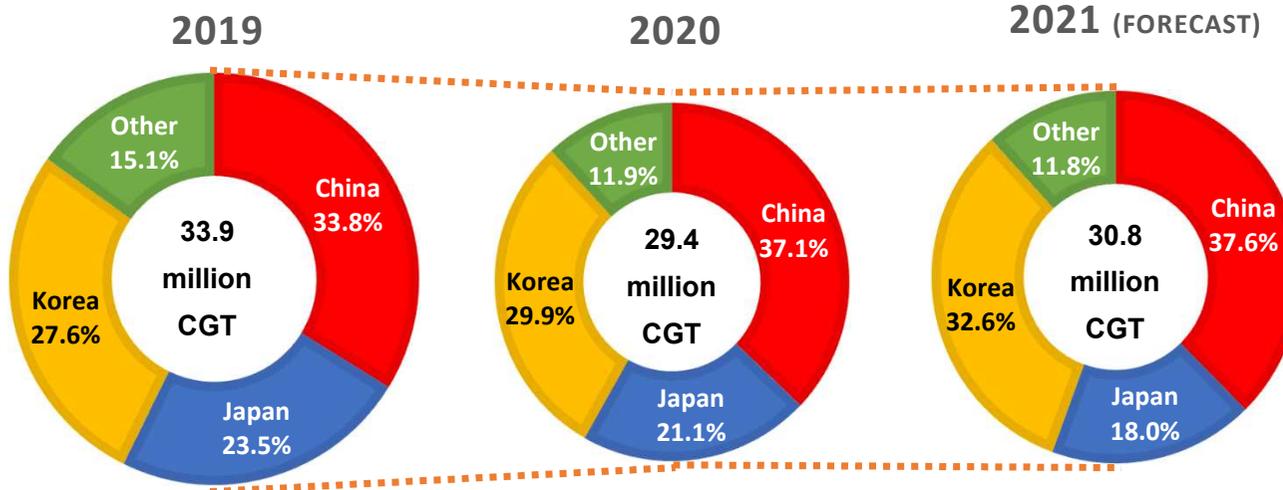
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# Sales Expansion in Growth Markets

## Trend in Tonnage of New Shipbuilding Completions



Source: Clarkson March 2021 data

Focusing on the expansion of the DAIHATSU brand in China, centering on business alliances

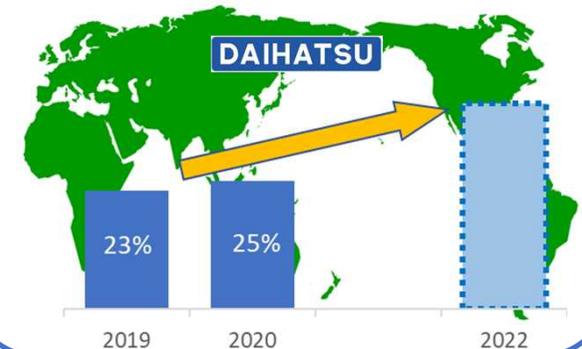
### China Licensing Business



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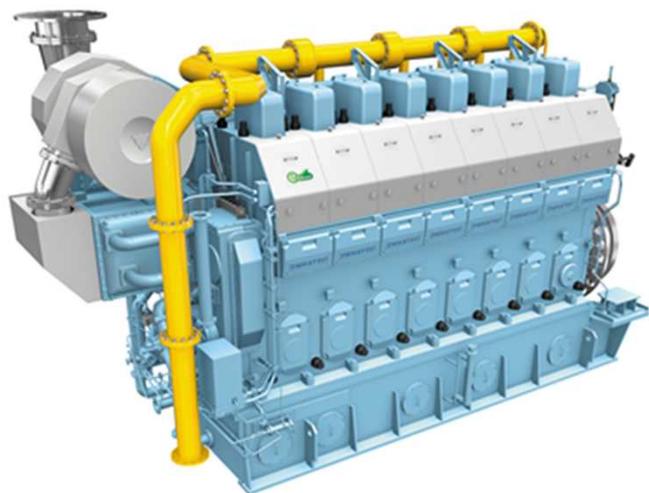
### Brand Global Share



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# Expanding Sales of Dual-fuel Engines



**2018**  
JAXA Tsukuba Space Center  
(6DE28DF)



**2019**  
LNG-fueled automobile carrier SAKURA LEADER  
(6DE28DF)



**2020**  
LNG-fueled automobile carrier  
CENTURY HIGHWAY GREEN (6DE28DF)



**2021**  
Large container ship  
(8DE35DF/6DE35DF)

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# Improving Production Efficiency

## Through Synergic Effects Among Group Production Bases



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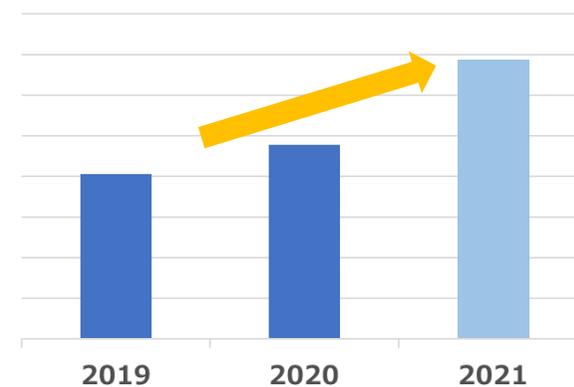
# Himeji Factory: a Dedicated Large-scale Engine Factory



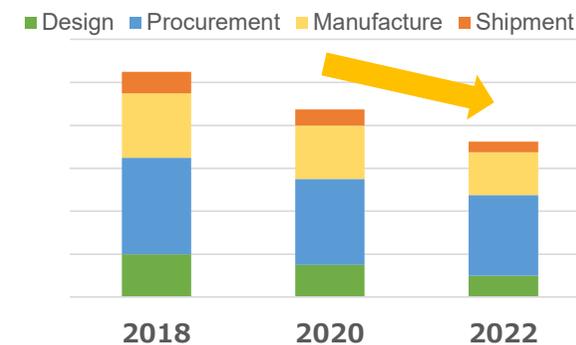
Orders are strong for container ship engines

Responding to the trend towards large-scale engines and modal shift

Trend in the Proportion of Large-scale Engines



Lead time for Large-scale Engine Orders



# New Core Businesses: Platforms for Growth

## Naval Business



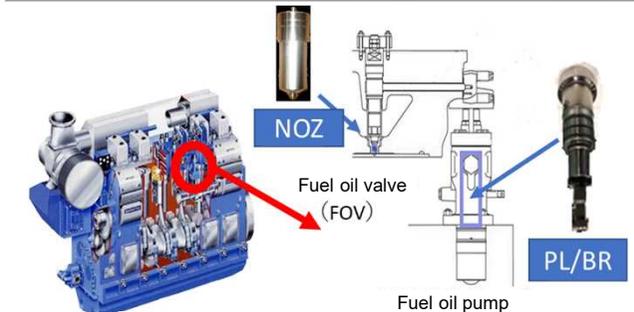
## Overseas Land-use



NPC Boac Diesel Power Plant



## Internalization of Parts Manufacture



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# Focusing on 'With' and 'After' COVID-19

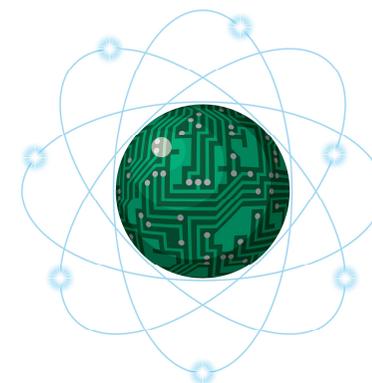


**Rise in environmental consciousness**

**Accelerate decarbonization**  
**Protect human life from the threat of nature**  
**Environmental management**

**Digital technology to enable remote operation**

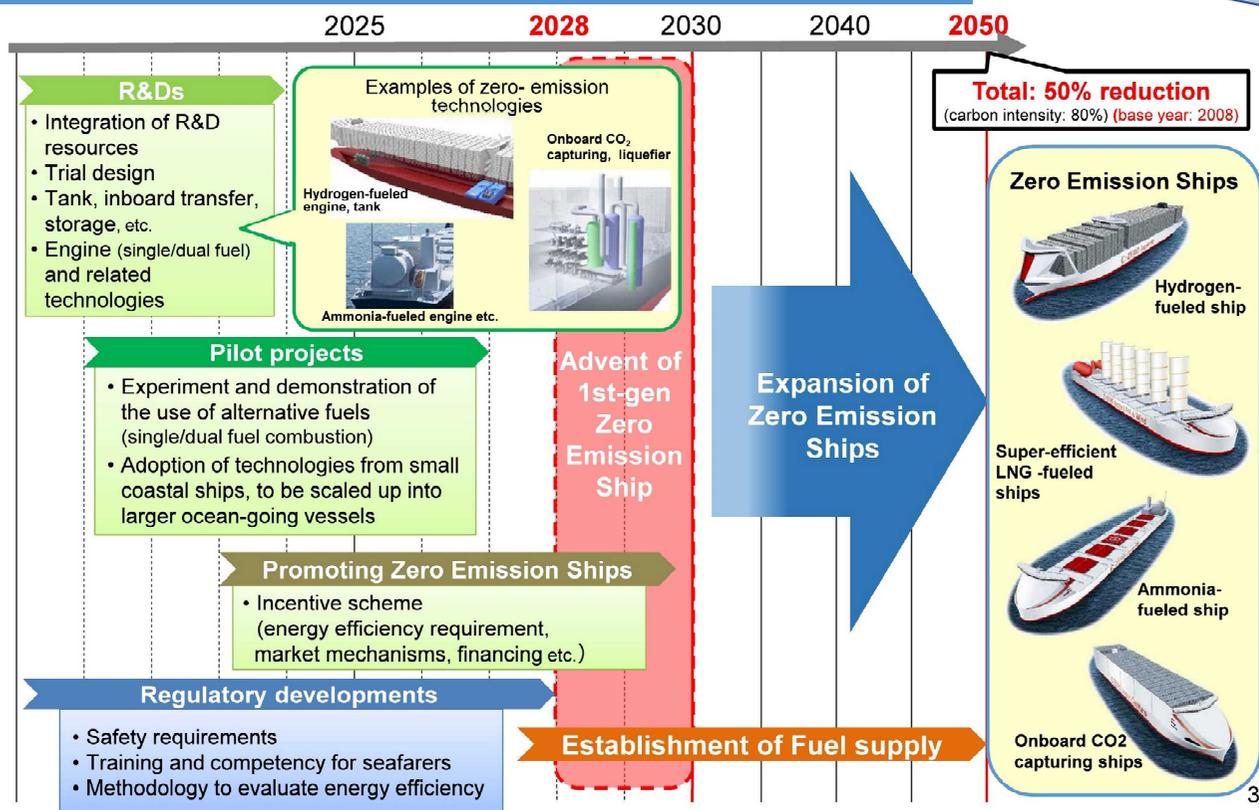
**Response to digitalization**



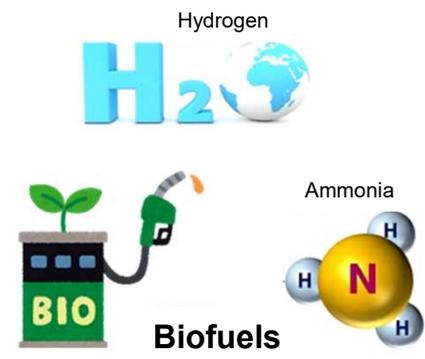


# Roadmap to Zero Emissions from International Shipping

## 3. Roadmap to Zero Emission from International Shipping



Likely to be brought forward in response to the policy speech by Prime Minister Suga on Japan's aim to realize a carbon-neutral, decarbonized society by 2050

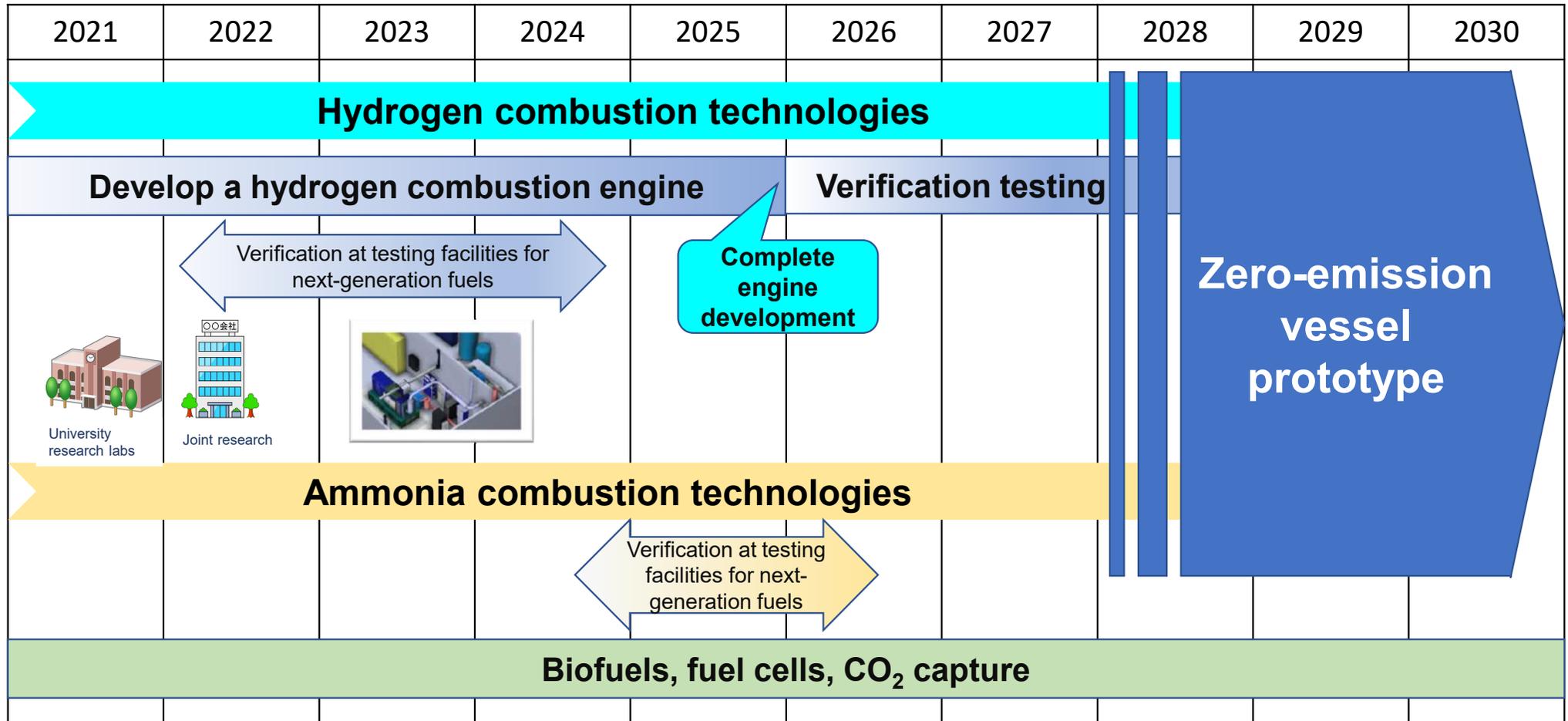


The Ministry of Land, Infrastructure, Transport and Tourism established a roadmap to zero greenhouse gas (GHG) emissions from international shipping in March 2020

Source: Materials prepared by the Ministry of Land, Infrastructure, Transport and Tourism



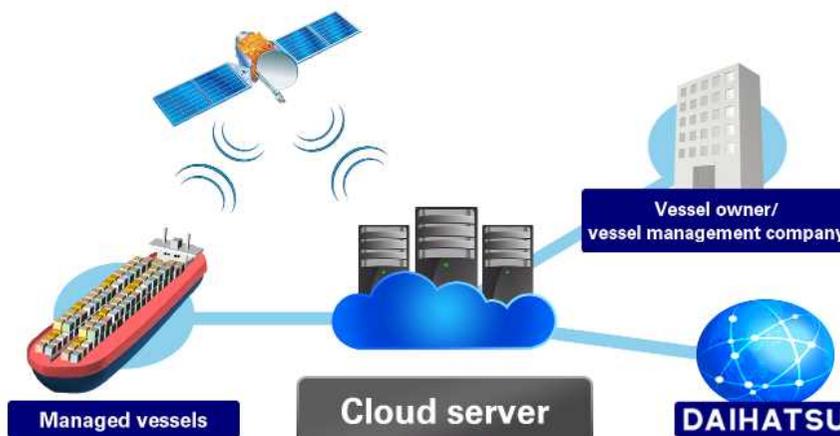
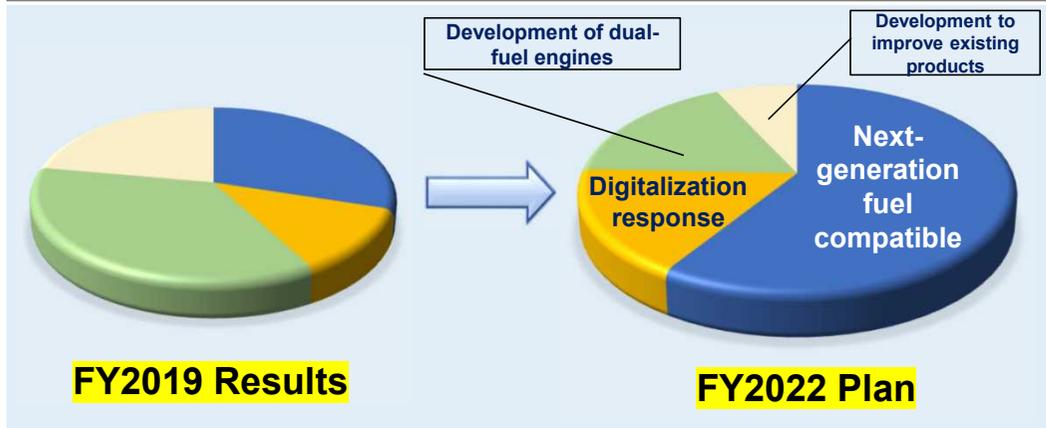
# DAIHATSU Roadmap to Developing Next-generation Fuels





# Direction of Environmentally-conscious Investment in Development

## Composition of Investment in Development by Theme



Engine operation support system

Cloud computing Maintenance eXpert System (CMAXS)

## Key points of investment in development

### 1) Next-generation fuel-compatible engines

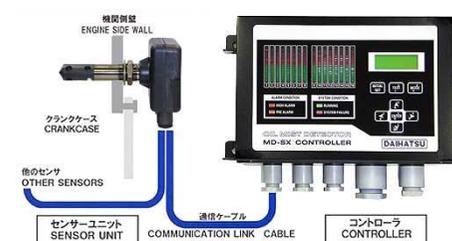
Central theme of the Mid-term Management Plan (~FY2022)

### 2) Response to “digitalization”

- ① Engine operation support systems through land-ship communications
- ② Remote maintenance of onboard engines
- ③ Prompt detection of abnormalities through sensing technology



Remote maintenance



Sensing (oil mist and gas sensors)

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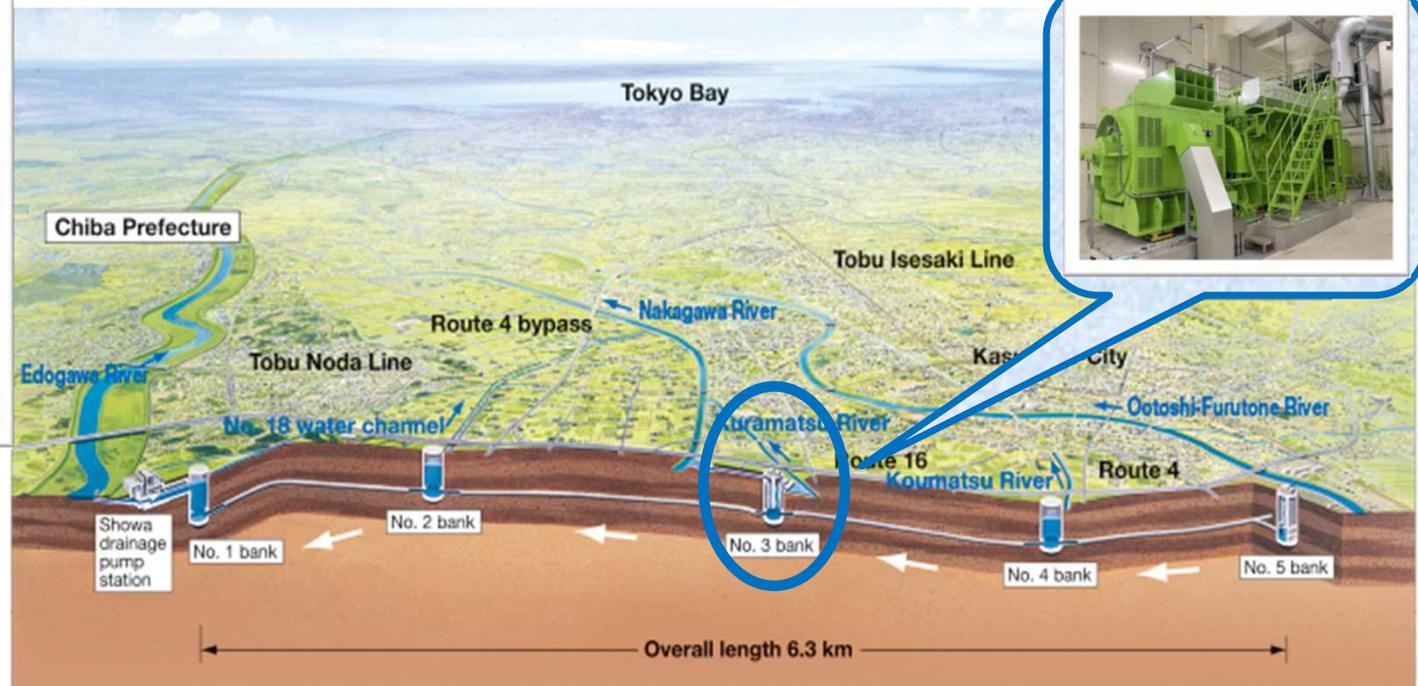
# To Ensure Stable Electricity Supply in an Emergency

## Metropolitan Area Outer Floodway



Source: Ministry of Land, Infrastructure, Transport and Tourism Edogawa River Office

Installed a diesel generator (8DC-32 engine) in the flood control facility, aimed at mitigating flood damage from the middle basin of the Naka River and Ayase River in the Tokyo metropolitan area



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# Environmental Conservation Initiatives

## DAIHATSU Environmental vision for 2030: plan to reduce CO<sub>2</sub> from manufacturing



- Plan to invest progressively in solar power generating equipment for renewable energy
- Plan to replace on-site power generators with more efficient models
- Considering the introduction of energy recapture equipment

## ALL DAIHATSU Green Wave Project



# Mid-term Management Plan Targets

(April 1, 2020 to March 31, 2023)

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Become *the world's leading* engine manufacturer  
in terms of quality, technology and service

1

Expand sales domains and  
**increase our share**  
**strategically** by introducing  
**new products** to the market

2

**Develop world-class**  
**technology** with a view to the  
next-generation energy

3

**Improve production**  
**efficiency** through synergic  
effects among Group  
production bases

4

**Establish a solid earnings**  
**base** with an awareness of  
**ESG**

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