

**Presentation of Financial Results
for the Third Quarter ended
December 31, 2023 (FY2023)**

(Supplemental Material for Consolidated
Financial Highlights)

February 14, 2024

SMC Corporation

Presentation of Financial Results for the 3rd Quarter Ended December 31, 2023

SMC Corporation

Masahiro Ota,
Director and Executive Officer
Head of Finance & Accounting Division
February 14, 2024

Supporting Automation



Consolidated Statement of Income

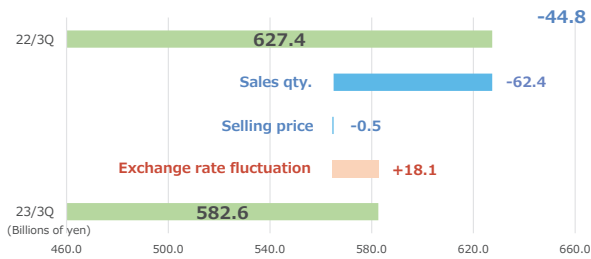
(Billions of Yen)

	FY22/3Q Result		FY23/3Q Result		YoY (22/3Q vs 23/3Q)		FY23 Forecast		FY23 2Q		FY23 3Q		QoQ (23/2Q vs 23/3Q)	
	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	Progress %	Amount	vs net sales	Amount	vs net sales	Amount	%
Net sales	627.4		582.6		-44.8	-7.1%	807.0	72.2%	194.5		189.0		-5.5	-2.8%
Cost of sales	307.4	49.0%	302.5	51.9%	-4.8	-1.6%	405.0	74.7%	103.1	53.0%	96.8	51.2%	-6.3	-6.1%
Gross profit	320.0	51.0%	280.0	48.1%	-39.9	-12.5%	402.0	69.7%	91.4	47.0%	92.2	48.8%	0.8	0.9%
Selling, general & administrative expenses	122.2	19.5%	124.8	21.4%	2.6	2.2%	169.0	73.9%	42.3	21.8%	42.1	22.3%	-0.2	-0.6%
Operating profit	197.8	31.5%	155.1	26.6%	-42.6	-21.5%	233.0	66.6%	49.0	25.2%	50.0	26.5%	1.0	2.1%
Ordinary profit	234.3	37.3%	185.5	31.9%	-48.7	-20.8%	253.0	73.4%	59.8	30.8%	50.9	26.9%	-8.9	-14.9%
Net profit	173.7	27.7%	137.3	23.6%	-36.4	-21.0%	183.0	75.0%	42.5	21.9%	42.5	22.5%	-0.0	-0.0%
Average exchange rate														
USD	136.59		143.32		+6.73	4.9%	145.00		144.63		147.85		+3.22	2.2%
EUR	140.68		155.31		+14.63	10.4%	154.00		157.31		159.04		+1.73	1.1%
CNY	19.88		19.97		+0.09	0.5%	19.80		19.93		20.43		+0.50	2.5%
Depreciation	18.8		24.5		5.7	30.6%	30.0	81.9%						
R&D expenses	20.1		22.9		2.8	14.1%	30.0	76.6%						

[YoY] Factors of Change of Net Sales and Operating Profit

① Net Sales

(Billions of yen)



< Sales qty. > 10% decrease

Japan -16.7 (-12%), North America -6.8 (-7%),
Greater China -28.6 (-16%), Other Asia -7.6 (-8%)

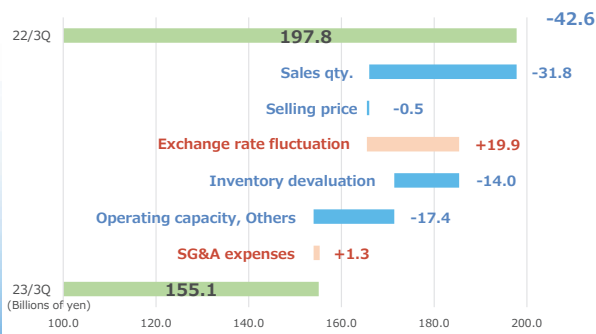
< Selling price > 0.1% down

Japan +2.4, Overseas -2.9 decrease in Asia region

< Exchange rate fluctuation > 3% Increase

North America (mainly USD) +5.8
Europe (mainly EUR) +6.2
Greater China (mainly CNY) +1.0

② Operating Profit



< Exchange rate fluctuation >

- From transaction (Foreign currency export & import) +17.3
- From conversion (Overseas subs P&L conversion) +2.5

< Inventory devaluation >

Decrease in inventory turn-over ratio, increase devaluation

< Operating capacity >

Operating efficiency decreased from decrease in production volume.

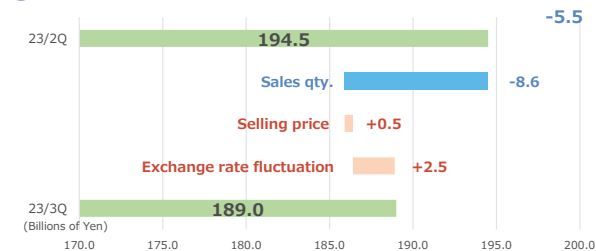
< SG&A expenses >

- Personnel -1.6, Depreciation -0.9, Communication -0.3,
Delivery +2.0, Donation +1.3, Supplies +0.2

[QoQ] Factors of Change of Net Sales and Operating Profit

① Net Sales

(Billions of yen)



< Sales qty. > 4% decrease

Japan -0.2 (-1%), North America -3.9 (-12%),
Europe -2.8 (-8%), Greater China +1.0 (+2%),
Other Asia -2.0 (-7%)

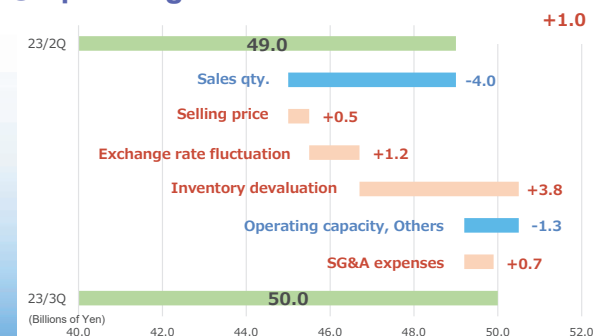
< Selling price > 0.3% UP

Japan +1.0, Overseas -0.4 slight decrease in N. America

< Exchange rate fluctuation > slight increase

North America (mainly USD) +0.5
Europe (mainly EUR) +0.2
Greater China (mainly CNY) +1.2

② Operating Profit



< Exchange rate fluctuation >

- From transaction (Foreign currency export & import) +0.9
- From conversion (Overseas subs P&L conversion) +0.3

< Inventory devaluation >

Due to decrease in inventory pileup, decrease devaluation.

< Operating capacity >

Operation efficiency decreased from decrease in production volume.

< SG&A expenses >

- Personnel +0.4, Commission +0.2, Depreciation +0.2,
Traveling -0.2, Donation -0.2

Consolidated Balance Sheet

(Billions of Yen)

	FY22	23/3Q	Change	
Assets	1,927.9	2,025.3	97.4	5.1%
Current assets	1,323.8	1,309.8	-13.9	-1.1%
(①Cash and deposits)	(603.5)	(525.8)	(-77.6)	(-12.9%)
(Trade receivables)	(228.8)	(201.0)	(-27.8)	(-12.2%)
(②Securities)	(19.9)	(21.1)	(1.2)	(6.2%)
(Inventories)	(418.6)	(510.8)	(92.2)	(22.0%)
Non-current assets	604.0	715.4	111.3	18.4%
(③Investment securities with fair value)	(76.2)	(145.9)	(69.7)	(91.5%)
(④Insurance funds)	(143.9)	(148.0)	(4.1)	(2.9%)
*Cashability assets ①+②+③+④	843.6	841.0	-2.5	-0.3%
Liabilities	225.6	204.4	-21.2	-9.4%
Current liabilities	188.8	163.4	-25.3	-13.4%
(Trade payables)	(73.6)	(74.5)	(0.9)	(1.3%)
Non-current liabilities	36.7	40.9	4.1	11.3%
Net assets	1,702.3	1,820.9	118.6	7.0%
Equity ratio	88.1%	89.7%	+1.6	
Net assets per share (yen)	26,331	28,191	+1,860	
ROE	13.8%	7.8%	(*The annualized rate 10.4%)	

(Billions of Yen)

	FY22	23/3Q	Change
Total inventory	418.6	510.8	92.2
Merchandise and finished goods	165.2	205.0	39.7
Work in process	31.3	35.9	4.5
Raw materials, parts and supplies	221.9	269.8	47.9
Impact due to exchange rate fluctuation			10.6
Impact due to inventory devaluation			-18.3
Actual change			99.9
FY average monthly sales ratio	6.1	7.9	1.8
Closing month sales ratio	5.6	9.0	3.4
Closing exchange rate			
USD	133.54	141.82	+8.28
EUR	145.72	157.09	+11.37
CNY	19.42	19.94	+0.52

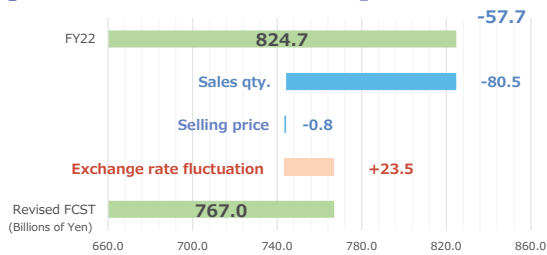
Revision of Forecast

(Billions of Yen)

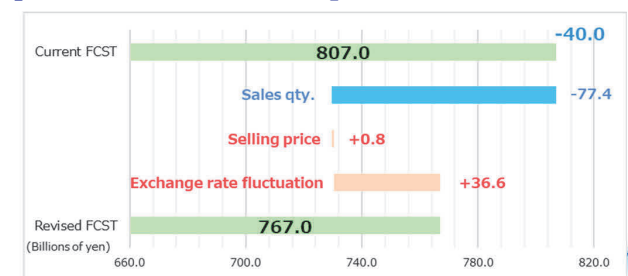
	FY22		FY23		FY23		YoY		FCST vs FCST	
	Result		Current		Revised		(FY22 vs Revised FCST)		(Current FCST vs Revised FCST)	
	Amount	vs net sales	Amount	vs net sales	Amount	vs net sales	Amount	%	Amount	%
Net Sales	824.7		807.0		767.0		-57.7	-7.0%	-40.0	-5.0%
Cost of sales	403.6	48.9%	405.0	50.2%	399.0	52.0%	-4.6	-1.1%	-6.0	-1.5%
Gross profit	421.1	51.1%	402.0	49.8%	368.0	48.0%	-53.1	-12.6%	-34.0	-8.5%
Selling, general & administrative expenses	162.9	19.8%	169.0	20.9%	167.0	21.8%	4.0	2.5%	-2.0	-1.2%
Operating profit	258.2	31.3%	233.0	28.9%	201.0	26.2%	-57.2	-22.2%	-32.0	-13.7%
Ordinary profit	305.9	37.1%	253.0	31.4%	232.0	30.2%	-73.9	-24.2%	-21.0	-8.3%
Net profit	224.6	27.2%	183.0	22.7%	170.0	22.2%	-54.6	-24.3%	-13.0	-7.1%
Average exchange rate										
USD	135.56		145.00		145.00		+9.44	6.5%	+0.00	0.0%
EUR	141.05		154.00		154.00		+12.95	8.4%	+0.00	0.0%
CNY	19.75		19.80		19.80		+0.05	0.3%	+0.00	0.0%
Capital expenditure	81.5		120.0		100.0		18.4	22.6%	-20.0	-16.7%
Depreciation	25.7		30.0		33.0		7.2	28.1%	3.0	10.0%
R&D expenses	27.3		30.0		30.0		2.6	9.6%	0.0	0.0%
Dividend per share (JPY)	900		900		900		0		0	

Factors of Change of Net Sales and Operating Profit for Revised FCST

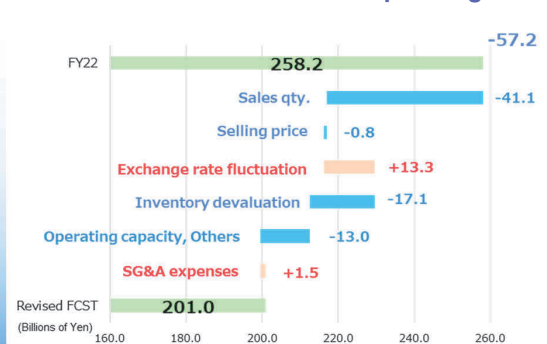
【FY22 vs FY23 Revised FCST】 Net Sales



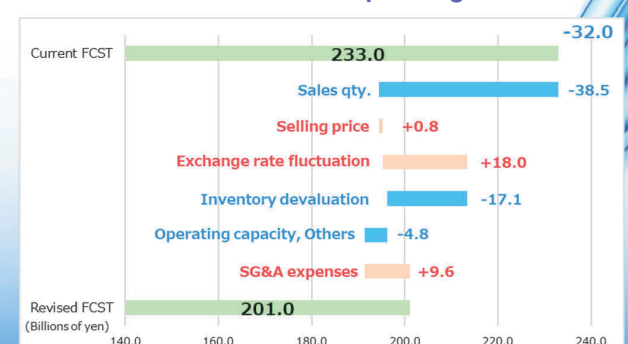
【Current vs Revised FCST】 Net Sales



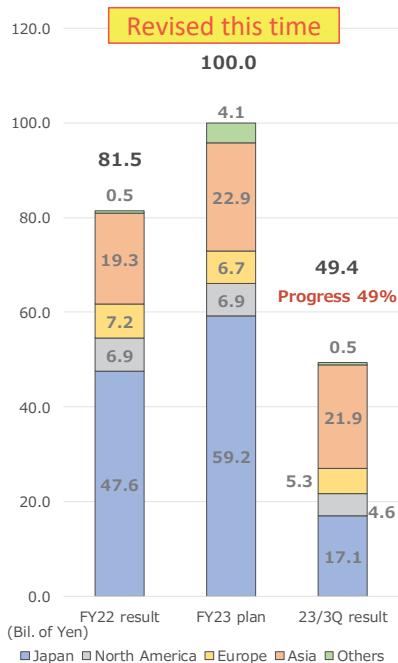
【FY22 vs FY23 Revised FCST】 Operating Profit



【Current vs Revised FCST】 Operating Profit



Capital Expenditure

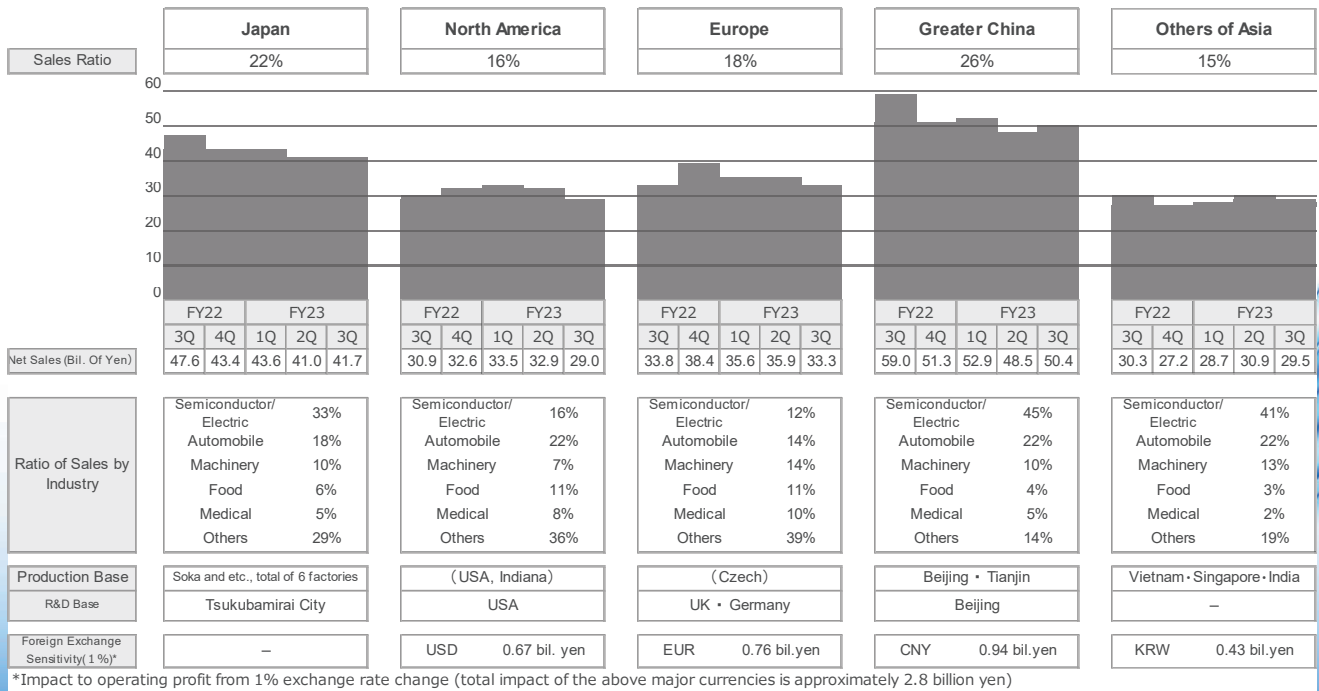


Revised this time

		FY23 Plan		23/3Q	
Function	Place	Plan	Item	Result	Item
PRD	Japan	24.4	Tono Fac. Kamaishi Fac. Shimotsuma Fac.	9.6	Tono Fac. Kamaishi Fac. Shimotsuma Fac.
	Overseas	27.6	Vietnam Mfg China Mfg(s) SMC US SMC Korea	22.5	Vietnam Mfg China Mfg(s) SMC US SMC Korea
Admin. R&D Sales Logistics	Japan	34.8	JTC HQ Building East&West Logistics	7.5	JTC HQ Building East&West Logistics
	Overseas	13.2	SMC China SMC Australia SMC Czech SMC US SMC Germany	9.8	SMC China SMC Australia SMC Czech SMC US SMC Germany
Total		100.0		49.4	

- Budgeted CAPEX for 23/3Q was 50.7 billion yen, and the progress rate was 97% at the end of the quarter.
- The capital expenditure plan for the current fiscal year was revised to 100.0 billion yen from 120.0 billion yen, mainly due to delays in the construction of Vietnam manufacturing buildings and payment term revised (later days) for new HQ.

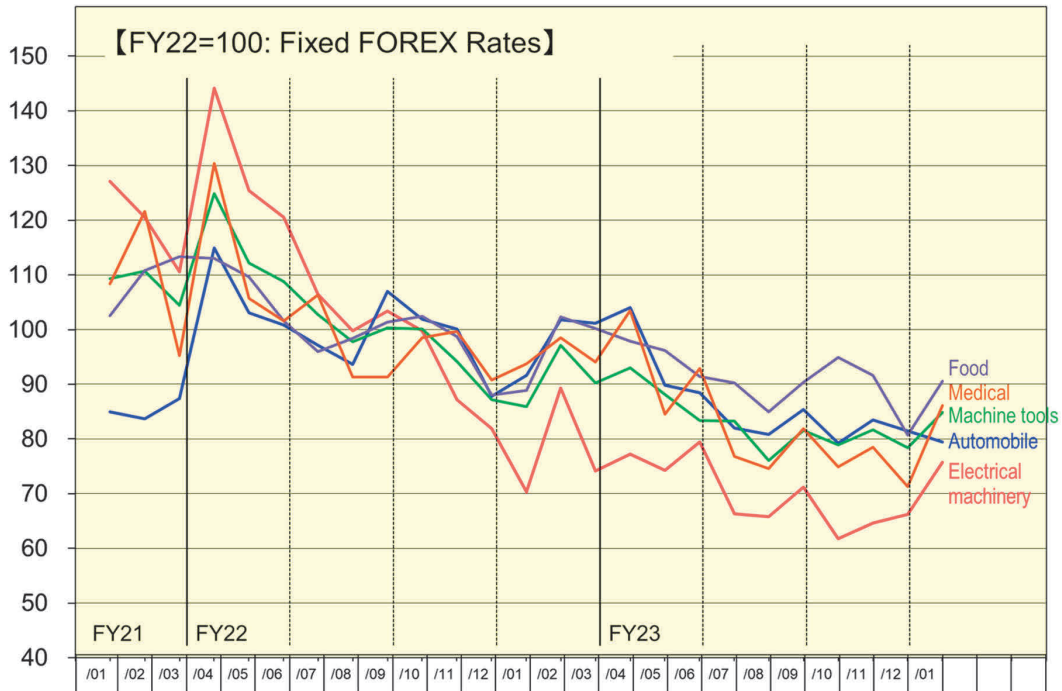
[Quarterly] Consolidated Net Sales by Location



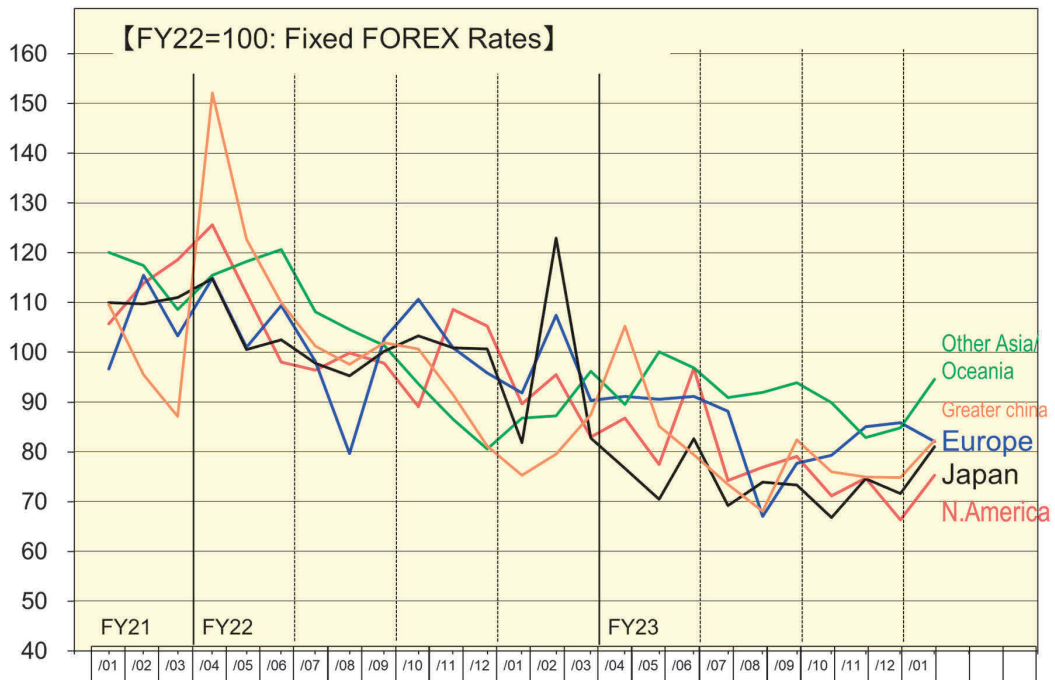
Current Order Situation (FY22=100)

	FY23	'23/2Q	'23/3Q	'24/01	'24/01 Situation
Consolidated	Electrical machinery	70	68	64	76 [Increase] All areas (except Europe)
	Automobile	85	83	81	79 [Decrease] Europe [Remained flat] Japan
	Machine tools	83	80	80	85 [Increase] Japan, N.America, China
	Foods	91	88	89	91 [Increase] N.America, Europe
	Medical	82	78	75	86 [Increase] All areas
	Other	90	85	89	89
Japan	74	72	71	81	[Increase] Electrical machinery [Remained flat] Automobile
North America	78	77	71	75	[Increase] Electrical machinery, Automobile, Food
Europe	84	77	83	82	[Decrease] Automobile [Increase] Machine tools, Food
Greater China	79	74	75	82	[Increase] Electrical machinery, Automobile, Machine tools
The rest of Asia & Oceania	93	92	86	95	[Decrease] Automobile [Increase] Electrical machinery
Consolidated	81	78	77	83	

Consolidated Orders Trend By Industry



Consolidated Orders Trend By Region



This document contains projections concerning future performance estimates of SMC. These statements are information available at the time of the compiling of this report and may include potential risks and unforeseen factors. Accordingly, please be aware that actual results may change considerably according to multiple factors that influences the industrial market.

Thank you for your time and attention

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