

Financial Summary for Q3 FY2023

2023/11/9



Change in Fiscal Year End of FY 2022 (Financial Year End)

		2023			
		January to March	April to June	July to September	October to December
Domestic		1Q	2Q	3Q	4Q
		1H of FY2023		2H of FY2023	
		FY2023 Domestic 12 months			
Overseas		1Q	2Q	3Q	4Q
		1H of FY2023		2H of FY2023	
		FY2023 Overseas 12 months			
		2022 (Before adjustment)			
[Ref.]		January to March	April to June	July to September	October to December
Domestic			1Q (Before adjustment)	2Q (Before adjustment)	3Q (Before adjustment)
			FY2022 Domestic 9 months		
Overseas		1Q (Before adjustment)		2Q (Before adjustment)	3Q (Before adjustment)
		FY2022 Overseas 12 months			
			3Q (After adjustment)		

Financial Summary for FY2023-3Q

<p>Actual FY2023-3Q /Same period of previous fiscal year (after adjustment), (change)</p>	<p>Orders : JPY 752.5 billion / 885.5 billion (132.9) billion</p> <hr/> <p>Net sales : JPY 772.5 billion / 740.8 billion 31.7 billion</p> <hr/> <p>Operating profit : JPY 49.7 billion / 41.9 billion 7.9 billion</p>
<p>Year-on-year comparison</p>	<ul style="list-style-type: none"> - Market environment : While demand from North America was strong, the Japanese economy continued to soften, and a slowdown persisted in China. - Orders : Decreased due to a drop in demand for semiconductor-related products and a reduction in energy-related projects. - Net sales : Increased year on year because the order backlog led to sales increases in segments excluding Energy & Lifeline although a reduction was observed due to a difference in construction work progress in Energy & Lifeline. - Operating profit : Increased year on year due to foreign exchange profit and an increase in sales in Mechatronics and Logistics & Construction although operating profit in Energy & Lifeline decreased due to a drop in sales.

Financial Summary for FY2023-3Q

Unit: JPY billion	FY2022				FY2023				Year-on-year change	Actual FY2022 (22.1-22.12)	Forecast FY2023 (23.1-23.12)
	Actual 1Q (Jan-Mar)	Actual 2Q (Apr-Jun)	Actual 3Q (Jul-Sep)	Actual 3Q (22.1-22.9)	Actual 1Q (Jan-Mar)	Actual 2Q (Apr-Jun)	Actual 3Q (Jul-Sep)	Actual 3Q (23.1-23.9)			
Orders	281.6	299.4	304.5	885.5	260.0	252.7	239.9	752.5	(132.9)	1,164.8	1,055.0
Net sales	247.3	231.1	262.4	740.8	248.2	261.8	262.4	772.5	31.7	1,018.3	1,075.0
Operating profit	17.0	13.0	12.0	41.9	16.2	14.5	19.1	49.7	7.9	60.0	64.0
Operating profit ratio	6.9%	5.6%	4.6%	5.7%	6.5%	5.5%	7.3%	6.4%	-	5.9%	6.0%
Ordinary profit	17.9	14.3	12.0	44.1	16.4	16.5	17.5	50.4	6.2	58.8	60.0
Ordinary profit ratio	7.2%	6.2%	4.6%	6.0%	6.6%	6.3%	6.7%	6.5%	-	5.8%	5.7%
Extraordinary loss	(2.1)	0.5	(0.1)	(1.7)	(0.1)	(0.2)	(0.2)	(0.5)	1.2	(27.6)	(2.0)
Current profit	10.9	9.8	8.7	29.5	10.8	11.7	11.8	34.3	4.8	16.3	38.0
Current profit ratio	4.4%	4.3%	3.3%	4.0%	4.4%	4.5%	4.5%	4.4%	-	1.6%	3.6%
Dividend per share									-	* JPY90	JPY120
Currency exchange rate (US dollars)				¥ 133				¥ 138	-	¥ 133	¥ 130

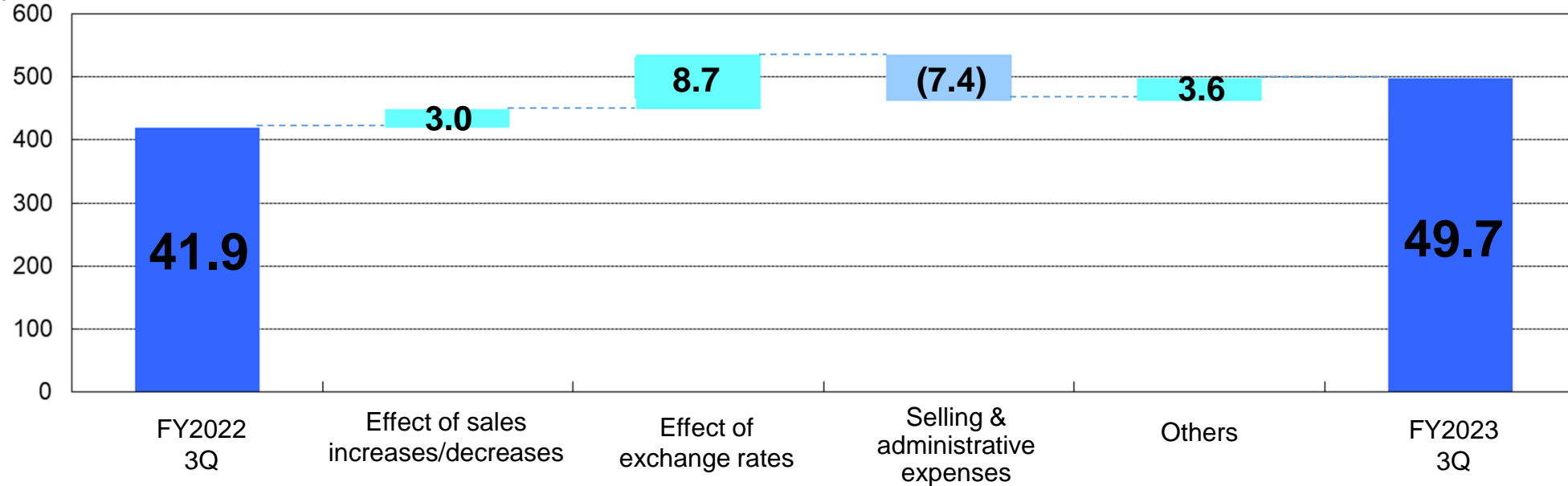
* Results for 9 months

Performance by Segment for FY2023-3Q

	Orders			Net sales			Operating profit					
	Actual 3Q FY2022	Actual 3Q FY2023	Change	Actual 3Q FY2022	Actual 3Q FY2023	Change	Actual 3Q FY2022 /Operating profit ratio (%)		Actual 3Q FY2023 /Operating profit ratio (%)		Change	
Unit: JPY billion												
Mechatronics	167.9	150.9	(17.1)	143.3	162.0	18.6	4.4	3.1	9.5	5.9	5.1	
(Plastics machinery)	77.2	64.7	(12.5)	75.7	72.5	(3.2)						
(Others)	177.3	133.1	(44.2)	116.0	127.9	11.9						
Industrial Machinery	254.5	197.8	(56.7)	191.7	200.4	8.7	18.5	9.7	17.5	8.8	(1.0)	
(Hydraulic excavators)	197.5	161.6	(35.9)	152.5	172.6	20.1						
(Others)	112.1	135.5	23.4	106.5	106.7	0.2						
Logistics & Construction	309.6	297.0	(12.5)	259.0	279.3	20.3	13.2	5.1	18.1	6.5	5.0	
Energy & Lifeline	149.1	102.3	(46.9)	142.7	126.2	(16.4)	4.3	3.0	3.1	2.5	(1.1)	
Others	4.3	4.6	0.3	4.2	4.6	0.4	1.5	-	1.5	-	(0.0)	
Total	885.5	752.5	(132.9)	740.8	772.5	31.7	41.9	5.7	49.7	6.4	7.9	

Analysis of Changes in Operating Profit for 2023-3Q

Unit: JPY billion



<Effect of changes in sales by segment>

	Unit: JPY billion
Mechatronics	2.7
Industrial Machinery	0.2
Logistics & Construction	3.2
Energy & Lifeline	(3.1)

<Selling & administrative expenses>

- Costs related to personnel, research and development and the resumption of economic activities all increased.

<Others>

- Difference between the effect of price increases of raw materials and procured products and the effect of improvement through cost pass-through: increase of JPY5.0 billion
- Improvement in profit margins for individual energy plant projects in Europe : increase of JPY1.5 billion
- Deterioration in business performance of other departments: decrease of JPY2.0 billion, etc.

Consolidated Balance Sheet

Unit: JPY billion	December 2022	September 2023	Change	Unit: JPY billion	December 2022	September 2023	Change
Current Assets	711.4	767.1	55.8	Liabilities	571.9	602.0	30.1
Cash and deposits	97.5	109.8	12.3	Notes and accounts payable - trade	186.3	186.1	(0.2)
Notes and accounts receivable	300.3	285.5	(14.8)	Interest-bearing debts	160.8	183.7	22.9
Inventories	275.5	339.4	63.9	Others	224.9	232.2	7.3
Others	38.1	32.4	(5.6)	Net Assets	576.9	630.7	53.8
Non-current Assets	437.5	465.6	28.0	Shareholders' equity	468.5	490.1	21.6
Property, plant and equipment	320.1	338.9	18.8	Accumulated other comprehensive income	100.8	133.2	32.4
Intangible assets	56.6	58.9	2.3	Non-controlling interests	7.7	7.4	(0.2)
Investments and other assets	60.8	67.8	7.0	Total liabilities and net assets	1,148.9	1,232.7	83.8
Total	1,148.9	1,232.7	83.8	Net interest-bearing debts ratio	5.5%	6.0%	0.5%
				Shareholders' equity ratio	49.5%	50.6%	1.0%

Mechatronics

3Q FY2023 : Orders decreased because demand for small-to-medium sized gear reducers and motors was sluggish due to inventory adjustment by customers in the US and Europe and a slowdown in the Chinese market.
Sales and operating profit increased because of a backlog of orders.

Unit: JPY billion	Actual 3Q FY2022 (22.1-22.9)	Actual 3Q FY2023 (23.1-23.9)	Year-on-year change	Actual FY2022 (22.1-22.12)	Forecast FY2023 (23.1-23.12)
Orders	167.9	150.9	(17.1)	220.6	218.0
Net sales	143.3	162.0	18.6	197.9	219.0
Operating profit	4.4	9.5	5.1	9.2	10.5
Operating profit ratio (%)	3.1	5.9	-	4.6	4.8
Backlog of orders	112.2	102.7	-	113.8	

Industrial Machinery

<Plastics machinery>

3Q FY2023: Orders, sales and operating profit all decreased due to a slowdown in demand for electric and electronics-related products in China and sluggish investment in Japan and Europe.

<Others>

3Q FY2023: Orders decreased due in part to inventory adjustment and postponement of investment by customers resulting from softening of the semiconductor market. However, both sales and operating profit increased partly because there was a huge backlog of orders.

Unit: JPY billion	Actual 3Q FY2022 (22.1-22.9)	Actual 3Q FY2023 (23.1-23.9)	Year-on-year change	Actual FY2022 (22.1-22.12)	Forecast FY2023 (23.1-23.12)
Plastics machinery	77.2	64.7	(12.5)	107.1	96.0
Others	177.3	133.1	(44.2)	221.0	184.0
Orders	254.5	197.8	(56.7)	328.1	280.0
Plastics machinery	75.7	72.5	(3.2)	106.5	100.0
Others	116.0	127.9	11.9	157.8	181.0
Net sales	191.7	200.4	8.7	264.3	281.0
Operating profit	18.5	17.5	(1.0)	26.5	25.5
Operating profit ratio (%)	9.7	8.8	-	10.0	9.1
Backlog of orders	191.8	192.7	-	195.3	

Logistics & Construction

<Hydraulic excavators>

3Q FY2023: Orders decreased due to a reactionary drop from advance orders in US in the previous fiscal year, but sales and operating profit increased because there was a backlog of orders.

<Others>

3Q FY2023: The mobile crane business saw increases in orders and sales because demand was strong in North America. However, operating profit decreased due to a rise in fixed costs. For industrial cranes, orders increased due to large-scale projects for ports, but sales and operating profit decreased because of a reduction in projects that could be factored into sales in the third quarter under review.

Unit: JPY billion	Actual 3Q FY2022 (22.1-22.9)	Actual 3Q FY2023 (23.1-23.9)	Year-on-year change	Actual FY2022 (22.1-22.12)	Forecast FY2023 (23.1-23.12)
Hydraulic excavators	197.5	161.6	(35.9)	255.8	226.0
Others	112.1	135.5	23.4	160.2	152.0
Orders	309.6	297.0	(12.5)	416.0	378.0
Hydraulic excavators	152.5	172.6	20.1	211.4	249.0
Others	106.5	106.7	0.2	145.8	144.0
Net sales	259.0	279.3	20.3	357.2	393.0
Operating profit	13.2	18.1	5.0	16.6	20.5
Operating profit ratio (%)	5.1	6.5	-	4.6	5.2
Backlog of orders	247.1	275.4	-	257.6	

Energy & Lifeline

3Q FY2023: For the energy plant business, orders and sales decreased due to a reduction in large-scale projects for biomass-fueled power generation plants in Japan. Operating profit increased as the profitability deterioration of large-scale projects in Europe has been curbed.

For other businesses, orders, sales and operating profit all decreased partly because the general waste treatment business was transferred in the previous fiscal year.

Unit: JPY billion	Actual 3Q FY2022 (22.1-22.9)	Actual 3Q FY2023 (23.1-23.9)	Year-on-year change	Actual FY2022 (22.1-22.12)	Forecast FY2023 (23.1-23.12)
Orders	149.1	102.3	(46.9)	194.2	169.0
Net sales	142.7	126.2	(16.4)	193.4	178.0
Operating profit	4.3	3.1	(1.1)	5.6	6.5
Operating profit ratio (%)	3.0	2.5	-	2.9	3.6
Backlog of orders	264.3	238.6	-	262.6	

Ref. Reference information on each segment [1]

<Mechatronics>

-Gear reducer business : Sales contribution ratio by model (approximate numbers)

	Gear motor (middle size)	Gear box (large size)	For use in precision equipment (MCD)	Service	Electric control	Total
FY2023 3Q	40%	20%	10%	10%	20%	100%
FY2022	40%	20%	10%	10%	20%	100%
FY2021	40%	20%	10%	10%	20%	100%

<Industrial Machinery>

-Sales mix of injection molding machines by segment (approximate numbers)

	Electric and electronic product- related	Automobile	Medical care, foods, containers, miscellaneous goods	Others	Total
FY2023 3Q	15%	20%	50%	15%	100%
FY2022	20%	15%	50%	15%	100%
FY2021	25%	15%	45%	15%	100%

- Business performance for semiconductor production equipment (ion implanters) (approximate numbers)

	Actual FY2021	FY2022		FY2023	
		Actual 3Q (22.1-22.9)	Actual (22.1-22.12)	Actual 3Q	Forecast
Unit: JPY billion					
Orders	38.0	56.0	66.0	44.0	51.0
Sales	24.0	38.0	50.0	34.0	50.0

Ref. Reference information on each segment [2]

<Logistics & Construction>

- Hydraulic excavators: demand by region/changes in sales (approximate numbers)

*Only foreign capital

Unit: 10,000 units (upper row) JPY billion (lower row)			North America	Europe	Asia (Excluding China)	China*	Japan	Others	Total
			FY2023	Demand forecast		4.3	4.0	2.3	1.0
Net sales	3Q	57.3		17.7	21.6	4.3	59.4	12.3	172.6
FY2022	Demand		4.2	4.2	2.6	2.2	2.6	-	
	Net sales	3Q	41.7	11.5	24.1	10.0	53.3	11.9	152.5
		Full year	53.3	13.9	30.4	13.4	54.3	12.7	178.0
FY2021	Demand		4.0	3.8	2.4	4.9	2.7	-	
	Net sales	Full year	41.6	12.3	24.2	31.8	56.1	11.1	177.3

- Industrial cranes: order mix by segment (approximate numbers)

	Electricity	Steel	Shipbuilding	Ports	Others	Total
FY2023 3Q	0%	10%	10%	70%	10%	100%
FY2022	20%	30%	30%	10%	10%	100%
FY2021	40%	25%	15%	10%	10%	100%

- Mobile crane business: (Domestic) business performance (approximate numbers)

	Actual FY2021	FY2022		FY2023	
		Actual 3Q (22.1-22.9)	Actual (22.1-22.12)	Actual 3Q	Forecast
Unit: JPY billion					
Orders	30.0	32.0	45.0	34.0	40.0
Sales	21.0	31.0	41.0	30.0	42.0

Ref. Sales by Regional Segment

<Exchange rate: JPY138 per US dollar> Unit: JPY billion	Actual 3Q FY2023 (2023.1-2023.9)														
	North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan		Total sales
Mechatronics	33.2		40.0		14.8		11.7		12.8		112.5		49.5		162.0
(Plastics machinery)	8.2		21.5		9.7		16.9		5.1		61.3		11.1		72.5
Industrial Machinery	20.8		32.8		29.7		42.4		5.4		131.1		69.3		200.4
(Hydraulic excavators)	57.3		17.7		21.6		4.3		12.3		113.2		59.4		172.6
Logistics & Construction	108.3		18.8		26.7		4.5		13.5		171.8		107.5		279.3
Energy & Lifeline	11.6		23.0		14.4		0.9		6.4		56.4		69.9		126.2
Others	-		-		-		0.0		-		0.0		4.6		4.6
Total / Sales ratio (%)	174.0	23	114.6	15	85.6	11	59.5	8	38.1	5	471.7	61	300.8	39	772.5
<Exchange rate: JPY133 per US dollar> Unit: JPY billion	(After adjustment) Actual 3Q FY2022 (2022.1-2022.9)														
	North America		Europe		Asia (Excluding China)		China		Others		Overseas total		Japan		Total sales
Mechatronics	30.9		32.3		13.0		13.1		9.5		98.8		44.5		143.3
(Plastics machinery)	9.3		20.1		12.7		18.7		3.8		64.6		11.1		75.7
Industrial Machinery	19.0		28.7		28.1		40.5		4.4		120.7		70.9		191.7
(Hydraulic excavators)	41.7		11.5		24.1		10.0		11.9		99.2		53.3		152.5
Logistics & Construction	86.4		13.0		28.6		10.0		13.2		151.3		107.7		259.0
Energy & Lifeline	10.1		13.5		16.1		1.4		15.2		56.3		86.4		142.7
Others	-		-		-		0.0		-		0.0		4.2		4.2
Total / Sales ratio (%)	146.4	20	87.5	12	85.9	12	65.1	9	42.2	6	427.2	58	313.6	42	740.8



All forward-looking statements regarding the company's future performance are based on information currently available to Sumitomo Heavy Industries and determined subjectively. Future performance is not guaranteed and all information related to future performance contained herein is subject to changes in business environments.