

PUNCH INDUSTRY (6165)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2016		36,755	1,986	1,666	1,249	56.5	12.5	632
FY03/2017		36,648	1,990	1,874	1,375	62.5	13.0	646
FY03/2018CoE		40,600	2,560	2,440	1,580	72.1	15.5	-
FY03/2017		YoY (0.3%)	0.2%	12.5%	10.1%	-	-	-
FY03/2018CoE		YoY 10.8%	28.6%	30.2%	14.8%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2017		17,846	841	791	549	-	-	-
Q3 to Q4 FY03/2017		18,802	1,149	1,082	826	-	-	-
Q1 to Q2 FY03/2018		19,800	1,404	1,398	921	-	-	-
Q3 to Q4 FY03/2018CoE		20,799	1,155	1,041	658	-	-	-
Q1 to Q2 FY03/2018		YoY 10.9%	67.0%	76.6%	67.6%	-	-	-
Q3 to Q4 FY03/2018CoE		YoY 10.6%	0.5%	(3.8%)	(20.3%)	-	-	-

Source: Company Data, WRJ Calculation (Per share data: retroactively adjusted for 1:2 share split, effective on 1 Jan. 2018)

1.0 Executive Summary (25 December 2017)

Critical Point

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies domestically and overseas, is currently showing increasingly bright prospects in a long-term view. Having exceeded sales of ¥10,000m on a quarterly basis, which was set as a critical point, in Q2 FY03/2018, the Company has decided to aggressively spend expenses in H2 to further assure own long-term growth potentials. Including depreciation stemming from capital expenditures to expand capacity, the Company suggests add-on expenses of some ¥300m to be spent in H2. Specifically, the Company is to implement investment in human resources in China to set up full-fledged scheme to be able to manufacture high-added-value custom-made items just like in Japan as soon as possible, while spending expenses to develop new business domains in Japan too. As a result, operating profit margin in H2 is to adjust. Even so, the Company is to see earnings in FY03/2018 better than assumptions in its midterm management plan "Value Creation 2020" (to have been released on 11 March 2016 for FY03/2017 to FY03/2021). Yen gets higher than assumed against yuan, but sales in China have been running ahead of assumptions, resulting in earnings better than assumed at the end of the day. By application, sales associated with "Automobiles" are surging in particular. For example, in China, local manufacturers of automobiles are seeing increasing needs to cope with ongoing sophistications of their own final products, driving demand for the Company's parts of molds & dies, which leads to increasing market share for the Company. Meanwhile, upcoming or ongoing changeover to motors from internal combustion engines for drive system is likely to further increase the Company's market share as far as we could gather.

In Q1 to Q2 FY03/2018, sales came in at ¥19,800m (up 10.9% YoY), operating profit ¥1,404m (up 67.0%) and operating profit margin 7.1% (up 2.4% points). By region, sales in Japan came in at ¥8,420m (up 10.0%), ¥9,560m (up 11.6%) in China and ¥1,790m (up 11.9%) in Southeast Asia, etc. By application, sales associated with “Automobiles” came in at ¥9,040m (up 11.5%), having driven sales as a whole for the Company most significantly. Meanwhile, sales in China, having accounted for 48.3% of sales as a whole for the Company, increased by 17% over the same period in the same year on a local currency basis and sales associated with “Automobiles” in China, having presumably accounted for more than half of sales in China, increased by 20% in the same manner, as far as we could see. In other words, the Company benefited from effect on increased productivity on a volume basis more than suggested by the rate of sales increases on a Japanese currency basis and thus having benefited a lot in terms of earnings. On top of this, the Company is seeing head start for its high-added-value strategic items (those of strategically-focused for sales promotions in particular out of high-added-value custom-made items as a whole). A specific example is that beverage-&-food-related sales, included in sales associated with “Other”, increased by 43% over the same period in the previous year. In Japan from where the bulk of sales here is derived, sales increased by no less than 71% basically in line with increasing volume of plastic bottle containers. Given a surge in demand like this, the Company has been in the process of setting up dedicated manufacturing line for all those items for some time in order to cope with further rise of demand in the foreseeable future.

FY03/2018 Company forecasts (revised on 10 November 2017) are going for prospective sales of ¥40,600m (up 10.8% YoY), operating profit of ¥2,560m (up 28.6%) and operating profit margin of 6.3% (up 0.9% points). Compared with initial Company forecasts, prospective sales have been upgraded by ¥2,600m (6.8%) and operating profit by ¥360m (16.4%). Meanwhile, initial Company forecasts were exceeded by ¥680m (3.6%) in sales and by ¥274m (24.2%) in operating profit in Q1 to Q2 and upgrade for H2, ¥1,920m (10.2%) and ¥86m (8.0%), respectively. Thus, it is now assumed that overshoots in sales are to accelerate in H2 over H1 (Q1 to Q2), while those of earnings decelerating a lot. Still, the fact that this is due to intentional add-ons of expenses to assure growth potentials in the future suggests that long-term earnings are to be better than expected so far.

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2.0 Company Profile

Manufacturing and Selling Parts of Molds & Dies Domestically and Overseas

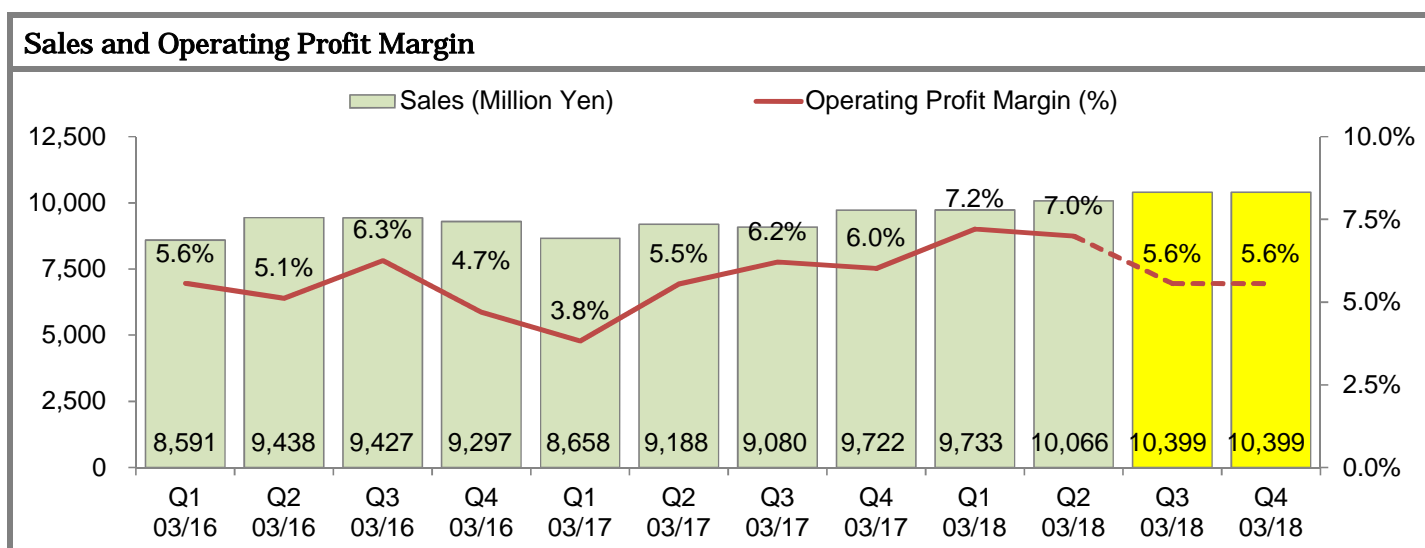
Company Name	PUNCH INDUSTRY CO., LTD. Website IR Information Share Price	
Established	29 March 1975	
Listing	20 December 2012: Tokyo Stock Exchange 1st Section (Ticker: 6165)	
Capital	¥2,897m (As of the end of September 2017)	
No. of Shares	11,061,200 shares, including 100,049 treasury shares (As of the end of Sep. 2017)	
Main Features	<ul style="list-style-type: none"> ● Commanding lead market share in China and one of the largest on a global basis ● Supplying collective 15,000 customers (6,000 in Japan, 8,000 in China and 1,000 in Southeast Asia, etc.) ● Focus on high-added-value strategic items 	
Business Segments	. Parts of Molds & Dies Business	
Top Management	President, Representative Director (CEO): Masaaki Takeda	
Shareholders	Japan Trustee Services 12.1%, MT Kosan 9.9% (As of the end of Sep. 2017)	
Headquarters	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated:3,959, Parent: 945 (As of the end of March 2017)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2018 Results

In Q1 to Q2 FY03/2018, sales came in at ¥19,800m (up 10.9% YoY), operating profit ¥1,404m (up 67.0%), recurring profit ¥1,398m (up 76.6%) and profit attributable to owners of parent ¥921m (up 67.6%), while operating profit margin 7.1% (up 2.4% points). In Q2, the Company has achieved sales beyond ¥10,000m on a quarterly basis, which was set as a critical point, while record high sales and operating profit having been renewed in Q1 to Q2.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2018: H2 Company forecasts pro rata)

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Meanwhile, the results were better than assumptions of initial Company forecasts by ¥680m (3.6%) in sales, by ¥274m (24.2%) in operating profit, by ¥278m (24.8%) in recurring profit and by ¥186m (25.3%) in profit attributable owners of parent. By region, Company forecasts were exceeded in China most substantially in terms of sales and in those of “Automobiles” by application. Given sales better than expected, the Company also saw effect on increased productivity better than expected, having resulted in earnings better than expected in line with this.

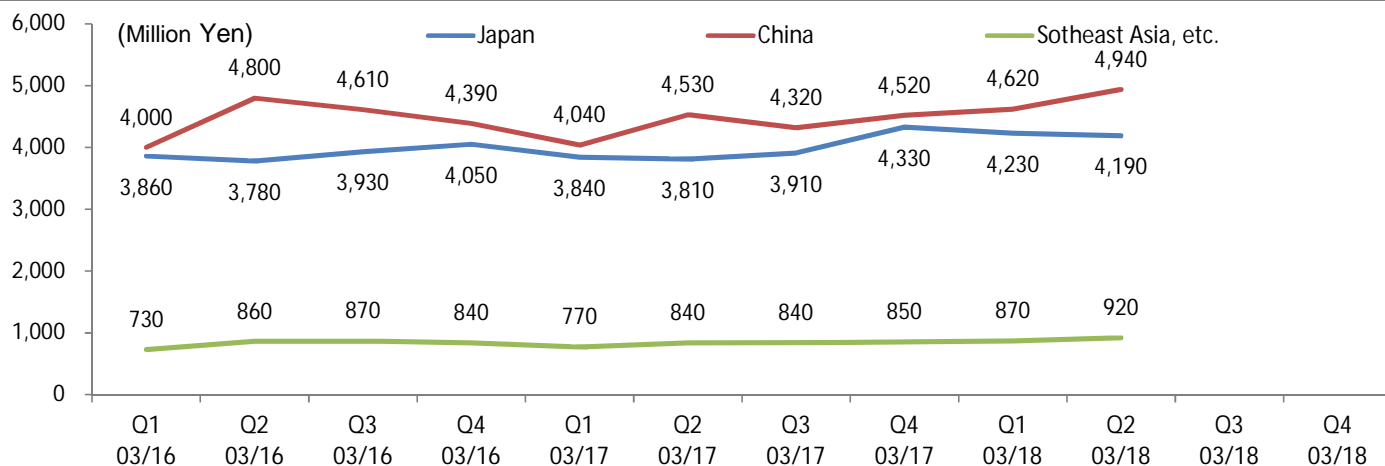
Forex Rate

(Yen / Yuan)	Q1	Q1 to Q2	Q1 to Q3	Full-year	Full-year (Initial CoE)
FY03/2017	17.84	17.22	16.68	16.56	18.60
FY03/2018	16.51	16.42	-	16.45	16.00
(YoY, Yen)	(1.33)	(0.80)	-	(0.11)	-
(YoY, %)	(7%)	(5%)	-	(1%)	-

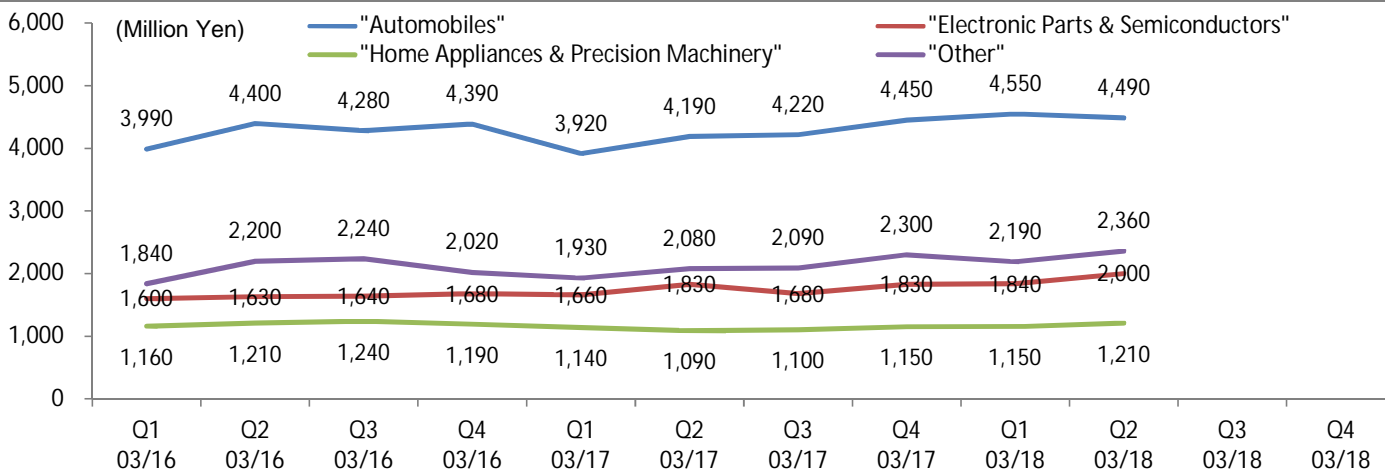
Source: Company Data, WRJ Calculation

Sales in Japan came in at ¥8,420m (up 10.0%), sales in China ¥9,560m (up 11.6%) and sales in Southeast Asia, etc. ¥1,790m (up 11.9%). Sales in China increased by no less than 17% over the same period in the previous on a local currency basis prior to impacts from yen's appreciation against yuan. Meanwhile, by application, sales associated with "Automobiles" came in at ¥9,040m (up 11.5%), sales associated with "Electronic Parts & Semiconductors" ¥3,840m (up 10.0%), sales associated with "Home Appliances & Precision Machinery" ¥2,360m (up 5.8%) and sales associated with "Other" ¥4,550m (up 13.5%).

Sales by Region



Sales by Application



Source: Company Data, WRJ Calculation

Sales in China accounted for 48.3% of sales as a whole for the Company, while sales associated with "Automobiles" 45.7%, implying that sales in China associated with "Automobiles" are the mainstay. As far as we could gather, sales associated with "Automobiles" in China accounted for more than half of sales in China and increased by 14% over the same period in the previous year or by 20% on a local currency basis. Thus, in spite of yen's appreciation, the Company benefited from effect of increased productivity and saw surging earnings due mainly to firmness in regards to the mainstay sales in China associated with "Automobiles".

In China, local manufacturers of automobiles are seeing increasing needs to cope with ongoing sophistications of their own final products, driving demand for the Company's parts of molds & dies, which leads to increasing market share for the Company. Although the Company sees commanding lead market share in China, it is no more than 11% on an absolute value basis, implying that the market is so fragmented. Thus, the Company has already established overwhelming market share in China, but room to further cultivate the market remaining to a large extent at the same time in a sense.

More importantly, there is an issue to encourage said opportunities, i.e., changeover to motors from internal combustion engines for drive system of automobiles upcoming or ongoing. In the first place, the Company is hardly exposed to internal combustion engines, while mainly to electrical parts comprising connectors, etc. in sales associated with "Automobiles".

Meanwhile, in regards to sales associated with "Other", beverage-&-food-related sales increased by 43% over the same period in the previous year, having accounted for almost 10% out of sales associated with "Other" as a whole as far as we could gather. Sales in Japan accounting for the bulk of sales here increased by 71% due mainly to increasing volume of plastic bottle containers.

Until recently, parts for molds & dies as well as molds and dies themselves have been basically all manufactured by machinery manufacturers who supply beverage manufacturers with equipment to produce plastic bottle containers, while outsourcing of molds and dies and thus parts of molds & dies having started to take off on a full-fledged basis most recently in line with persistent volume increases of plastic bottle containers. Molds and dies and thus as well as parts for molds & dies, adopted here, are all high-added-value ones customized to each of diverse plastic bottle containers. Given this, the Company is strategically keen on sales promotions (being positioned as one of so-called high-added-value strategic items) in regards to parts for molds & dies in this application. In fact, the Company has been in the process of setting up dedicated manufacturing line for all those items for some time in order to cope with further rise of demand in the foreseeable future.

On top of beverage-&-food-related sales, sales associated with "Other" also include medical-related sales whose final products are plastic ones, e.g., catheters and injectors, which are also positioned as high-added-value strategic items. Sales are as large as beverage-&-food-related sales, while sales steadily going up at the moment.

Given strengths on sales as discussed so far, earnings also favorably increased. The Company saw net increases of operating profit by ¥563m over the same period in the previous year. Due to increasing sales, so did it by ¥538m and by ¥182m due to improving cost rate, while SG&A expenses increased by ¥157m. In regards to improving cost rate, the Company suggests positive impacts coming up from improving sales mix in line with increasing sales of custom-made items to carry high gross profit margin and from improving utilization of manufacturing capacities in Japan and overseas.

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	Net Chg.	
Sales	8,658	17,846	26,926	36,648	9,733	19,800	-	-	+1,953	
CoGS	6,330	12,923	19,477	26,457	6,960	14,155	-	-	+1,232	
Gross Profit	2,327	4,922	7,449	10,191	2,773	5,644	-	-	+721	
SG&A	1,996	4,081	6,044	8,201	2,072	4,239	-	-	+157	
Operating Profit	331	841	1,405	1,990	701	1,404	-	-	+563	
Non Operating Balance	0	(49)	(64)	(116)	10	(5)	-	-	+43	
Recurring Profit	330	791	1,340	1,874	711	1,398	-	-	+606	
Extraordinary Balance	(4)	(5)	(14)	(44)	(60)	(65)	-	-	(59)	
Profit before Income Taxes	325	786	1,325	1,830	650	1,333	-	-	+547	
Total Income Taxes	119	238	418	459	226	411	-	-	+172	
NP Belonging to Non-Controlling SHs	(1)	(1)	(2)	(5)	1	1	-	-	+3	
Profit Attributable to Owners of Parent	207	549	909	1,375	422	921	-	-	+371	
Sales YoY	+0.8%	(1.0%)	(1.9%)	(0.3%)	+12.4%	+10.9%	-	-	-	
Operating Profit YoY	(30.7%)	(12.5%)	(9.4%)	+0.2%	+111.7%	+67.0%	-	-	-	
Recurring Profit YoY	(24.7%)	(15.0%)	+2.8%	+12.5%	+115.4%	+76.6%	-	-	-	
Profit Attributable to Owners of Parent YoY	(38.1%)	(24.1%)	(0.6%)	+10.1%	+103.5%	+67.6%	-	-	-	
Gross Profit Margin	26.9%	27.6%	27.7%	27.8%	28.5%	28.5%	-	-	+0.9%	
(SG&A / Sales)	23.1%	22.9%	22.4%	22.4%	21.3%	21.4%	-	-	(1.5%)	
Operating Profit Margin	3.8%	4.7%	5.2%	5.4%	7.2%	7.1%	-	-	+2.4%	
Recurring Profit Margin	3.8%	4.4%	5.0%	5.1%	7.3%	7.1%	-	-	+2.6%	
Profit Attributable to Owners of Parent Margin	2.4%	3.1%	3.4%	3.8%	4.3%	4.7%	-	-	+1.6%	
Total Income Taxes / Profit before Income Taxes	36.6%	30.3%	31.6%	25.1%	34.8%	30.8%	-	-	+0.5%	
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	Net Chg.	
Sales	8,658	9,188	9,080	9,722	9,733	10,066	-	-	+877	
CoGS	6,330	6,593	6,553	6,979	6,960	7,195	-	-	+601	
Gross Profit	2,327	2,594	2,526	2,742	2,773	2,871	-	-	+276	
SG&A	1,996	2,085	1,962	2,156	2,072	2,167	-	-	+82	
Operating Profit	331	509	564	585	701	703	-	-	+193	
Non Operating Balance	0	(48)	(15)	(51)	10	(16)	-	-	+31	
Recurring Profit	330	461	548	533	711	687	-	-	+225	
Extraordinary Balance	(4)	0	(9)	(29)	(60)	(4)	-	-	(3)	
Profit before Income Taxes	325	461	539	504	650	683	-	-	+222	
Total Income Taxes	119	119	180	41	226	184	-	-	+65	
NP Belonging to Non-Controlling SHs	(1)	-	-	(3)	1	0	-	-	-	
Profit Attributable to Owners of Parent	207	341	359	466	422	498	-	-	+156	
Sales YoY	+0.8%	(2.6%)	(3.7%)	+4.6%	+12.4%	+9.6%	-	-	-	
Operating Profit YoY	(30.7%)	+5.6%	(4.3%)	+34.2%	+111.7%	+38.0%	-	-	-	
Recurring Profit YoY	(24.7%)	(6.4%)	+47.2%	+47.3%	+115.4%	+48.9%	-	-	-	
Profit Attributable to Owners of Parent YoY	(38.1%)	(12.0%)	+88.2%	+39.6%	+103.5%	+45.8%	-	-	-	
Gross Profit Margin	26.9%	28.2%	27.8%	28.2%	28.5%	28.5%	-	-	+0.3%	
(SG&A / Sales)	23.1%	22.7%	21.6%	22.2%	21.3%	21.5%	-	-	(1.2%)	
Operating Profit Margin	3.8%	5.5%	6.2%	6.0%	7.2%	7.0%	-	-	+1.4%	
Recurring Profit Margin	3.8%	5.0%	6.0%	5.5%	7.3%	6.8%	-	-	+1.8%	
Profit Attributable to Owners of Parent Margin	2.4%	3.7%	4.0%	4.8%	4.3%	5.0%	-	-	+1.2%	
Total Income Taxes / Profit before Income Taxes	36.6%	25.9%	33.4%	8.1%	34.8%	27.1%	-	-	+1.1%	

Source: Company Data, WRJ Calculation

Sales by Region : Financial Summary Data (Cumulative, Quarterly)

Sales by Region : Financial Summary Data	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	03/2018	
Japan	3,840	7,650	11,560	15,900	4,230	8,420	-	-	-	+770
China	4,040	8,570	12,890	17,420	4,620	9,560	-	-	-	+990
Southeast Asia, etc.	770	1,610	2,450	3,310	870	1,790	-	-	-	+180
(Adjustments)	8	16	26	48	13	30	-	-	-	+13
Sales	8,658	17,846	26,926	36,648	9,733	19,800	-	-	-	+1,953
Japan	(0.5%)	+0.1%	(0.1%)	+1.7%	+10.1%	+10.0%	-	-	-	-
China	+1.0%	(2.5%)	(3.9%)	(2.1%)	+14.4%	+11.6%	-	-	-	-
Southeast Asia, etc.	+5.5%	+1.3%	(0.4%)	+0.2%	+13.7%	+11.9%	-	-	-	-
Sales (YoY)	+0.8%	(1.0%)	(1.9%)	(0.3%)	+12.4%	+10.9%	-	-	-	-
Japan	44.4%	42.9%	42.9%	43.4%	43.5%	42.5%	-	-	-	-
China	46.7%	48.0%	47.9%	47.5%	47.5%	48.3%	-	-	-	-
Southeast Asia, etc.	8.9%	9.0%	9.1%	9.0%	8.9%	9.0%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales by Region : Financial Summary Data	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	03/2018	
Japan	3,840	3,810	3,910	4,330	4,230	4,190	-	-	-	+380
China	4,040	4,530	4,320	4,520	4,620	4,940	-	-	-	+410
Southeast Asia, etc.	770	840	840	850	870	920	-	-	-	+80
(Adjustments)	8	8	10	22	13	16	-	-	-	+7
Sales	8,658	9,188	9,080	9,722	9,733	10,066	-	-	-	+877
Japan	(0.5%)	+0.8%	(0.5%)	+6.9%	+10.1%	+10.0%	-	-	-	-
China	+1.0%	(5.6%)	(6.3%)	+3.0%	+14.4%	+9.1%	-	-	-	-
Southeast Asia, etc.	+5.5%	(2.3%)	(3.4%)	+1.2%	+13.7%	+9.5%	-	-	-	-
Sales (YoY)	+0.8%	(2.6%)	(3.7%)	+4.6%	+12.4%	+9.6%	-	-	-	-
Japan	44.4%	41.5%	43.1%	44.5%	43.5%	41.6%	-	-	-	-
China	46.7%	49.3%	47.6%	46.5%	47.5%	49.1%	-	-	-	-
Southeast Asia, etc.	8.9%	9.1%	9.3%	8.7%	8.9%	9.1%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

Source: Company Data, WRJ Calculation

Sales by Application : Financial Summary Data (Cumulative, Quarterly)

Sales by Application: Financial Summary Data	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018		
"Automobiles"	3,920	8,110	12,330	16,780	4,550	9,040	-	-		+930
"Electronic Parts & Semiconductors"	1,660	3,490	5,170	7,000	1,840	3,840	-	-		+350
"Home Appliances & Precision Machinery"	1,140	2,230	3,330	4,480	1,150	2,360	-	-		+130
"Other"	1,930	4,010	6,100	8,400	2,190	4,550	-	-		+540
(Adjustments)	8	6	(3)	(11)	3	10	-	-		+3
Sales	8,658	17,846	26,926	36,648	9,733	19,800	-	-		+1,953
"Automobiles"	(1.8%)	(3.3%)	(2.7%)	(1.6%)	+16.1%	+11.5%	-	-		-
"Electronic Parts & Semiconductors"	+3.8%	+8.0%	+6.2%	+6.9%	+10.8%	+10.0%	-	-		-
"Home Appliances & Precision Machinery"	(1.7%)	(5.9%)	(7.8%)	(6.7%)	+0.9%	+5.8%	-	-		-
"Other"	+4.9%	(0.7%)	(2.9%)	+1.2%	+13.5%	+13.5%	-	-		-
Sales (YoY)	+0.8%	(1.0%)	(1.9%)	(0.3%)	+12.4%	+10.9%	-	-		-
"Automobiles"	45.3%	45.4%	45.8%	45.8%	46.7%	45.7%	-	-		-
"Electronic Parts & Semiconductors"	19.2%	19.6%	19.2%	19.1%	18.9%	19.4%	-	-		-
"Home Appliances & Precision Machinery"	13.2%	12.5%	12.4%	12.2%	11.8%	11.9%	-	-		-
"Other"	22.3%	22.5%	22.7%	22.9%	22.5%	23.0%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Sales by Application: Financial Summary Data	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018		
"Automobiles"	3,920	4,190	4,220	4,450	4,550	4,490	-	-		+300
"Electronic Parts & Semiconductors"	1,660	1,830	1,680	1,830	1,840	2,000	-	-		+170
"Home Appliances & Precision Machinery"	1,140	1,090	1,100	1,150	1,150	1,210	-	-		+120
"Other"	1,930	2,080	2,090	2,300	2,190	2,360	-	-		+280
(Adjustments)	8	(1)	(9)	(7)	3	6	-	-		+7
Sales	8,658	9,188	9,080	9,722	9,733	10,066	-	-		+877
"Automobiles"	(1.8%)	(4.8%)	(1.4%)	+1.4%	+16.1%	+7.2%	-	-		-
"Electronic Parts & Semiconductors"	+3.8%	+12.3%	+2.4%	+8.9%	+10.8%	+9.3%	-	-		-
"Home Appliances & Precision Machinery"	(1.7%)	(9.9%)	(11.3%)	(3.4%)	+0.9%	+11.0%	-	-		-
"Other"	+4.9%	(5.5%)	(6.7%)	+13.9%	+13.5%	+13.5%	-	-		-
Sales (YoY)	+0.8%	(2.6%)	(3.7%)	+4.6%	+12.4%	+9.6%	-	-		-
"Automobiles"	45.3%	45.6%	46.5%	45.8%	46.7%	44.6%	-	-		-
"Electronic Parts & Semiconductors"	19.2%	19.9%	18.5%	18.8%	18.9%	19.9%	-	-		-
"Home Appliances & Precision Machinery"	13.2%	11.9%	12.1%	11.8%	11.8%	12.0%	-	-		-
"Other"	22.3%	22.6%	23.0%	23.7%	22.5%	23.4%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2017	Q2 03/2017	Q3 03/2017	Q4 03/2017	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018		
Cash and Deposit	3,003	3,797	2,910	3,280	2,934	3,408	-	-	(389)	
Accounts Receivables	10,672	10,025	10,250	11,468	11,350	11,442	-	-	+1,417	
Inventory	3,640	3,469	3,526	3,787	3,835	4,020	-	-	+550	
Other	410	585	844	613	531	936	-	-	+350	
Current Assets	17,727	17,878	17,532	19,150	18,652	19,808	-	-	+1,929	
Tangible Assets	8,073	8,165	8,210	8,669	8,543	8,966	-	-	+800	
Intangible Assets	1,380	1,240	1,171	1,242	1,202	1,173	-	-	(67)	
Investments and Other Assets	402	311	342	389	392	357	-	-	+46	
Fixed Assets	9,856	9,717	9,723	10,301	10,138	10,496	-	-	+779	
Total Assets	27,584	27,596	27,256	29,451	28,790	30,304	-	-	+2,708	
Accounts Payables, etc.	4,305	4,874	4,667	4,287	4,531	4,421	-	-	(452)	
Short Term Debt	3,913	3,519	4,004	4,346	4,236	4,298	-	-	+778	
Other	3,056	2,722	2,375	3,090	2,538	3,477	-	-	+754	
Current Liabilities	11,275	11,116	11,047	11,724	11,305	12,197	-	-	+1,080	
Long Term Debt	1,643	2,805	2,616	2,460	2,273	2,015	-	-	(790)	
Other	1,145	1,088	1,071	1,089	1,099	1,298	-	-	+209	
Fixed Liabilities	2,788	3,894	3,688	3,550	3,372	3,313	-	-	(580)	
Total Liabilities	14,064	15,010	14,736	15,275	14,678	15,510	-	-	+500	
Shareholders' Equity	12,655	12,951	13,131	13,598	13,878	14,376	-	-	+1,425	
Other	864	(365)	(611)	578	233	417	-	-	+783	
Net Assets	13,519	12,585	12,520	14,176	14,112	14,794	-	-	+2,208	
Total Liabilities and Net Assets	27,584	27,596	27,256	29,451	28,790	30,304	-	-	+2,708	
Equity Capital	13,509	12,575	12,509	14,167	14,099	14,777	-	-	+2,202	
Interest Bearing Debt	5,557	6,325	6,620	6,807	6,509	6,314	-	-	(11)	
Net Debt	2,553	2,527	3,710	3,526	3,574	2,905	-	-	+377	
Equity Ratio	49.0%	45.6%	45.9%	48.1%	49.0%	48.8%	-	-	+3.2%	
Net Debt Equity Ratio	18.9%	20.1%	29.7%	24.9%	25.4%	19.7%	-	-	(0.4%)	
ROE (12 months)	8.1%	7.9%	9.3%	9.8%	11.5%	12.8%	-	-	+4.9%	
ROA (12 months)	5.6%	5.4%	6.3%	6.6%	8.0%	8.6%	-	-	+3.1%	
Days for Inventory Turnover	52	48	49	50	50	51	-	-	-	
Quick Ratio	121%	124%	119%	126%	126%	122%	-	-	-	
Current Ratio	157%	161%	159%	163%	165%	162%	-	-	-	

Source: Company Data, WRJ Calculation

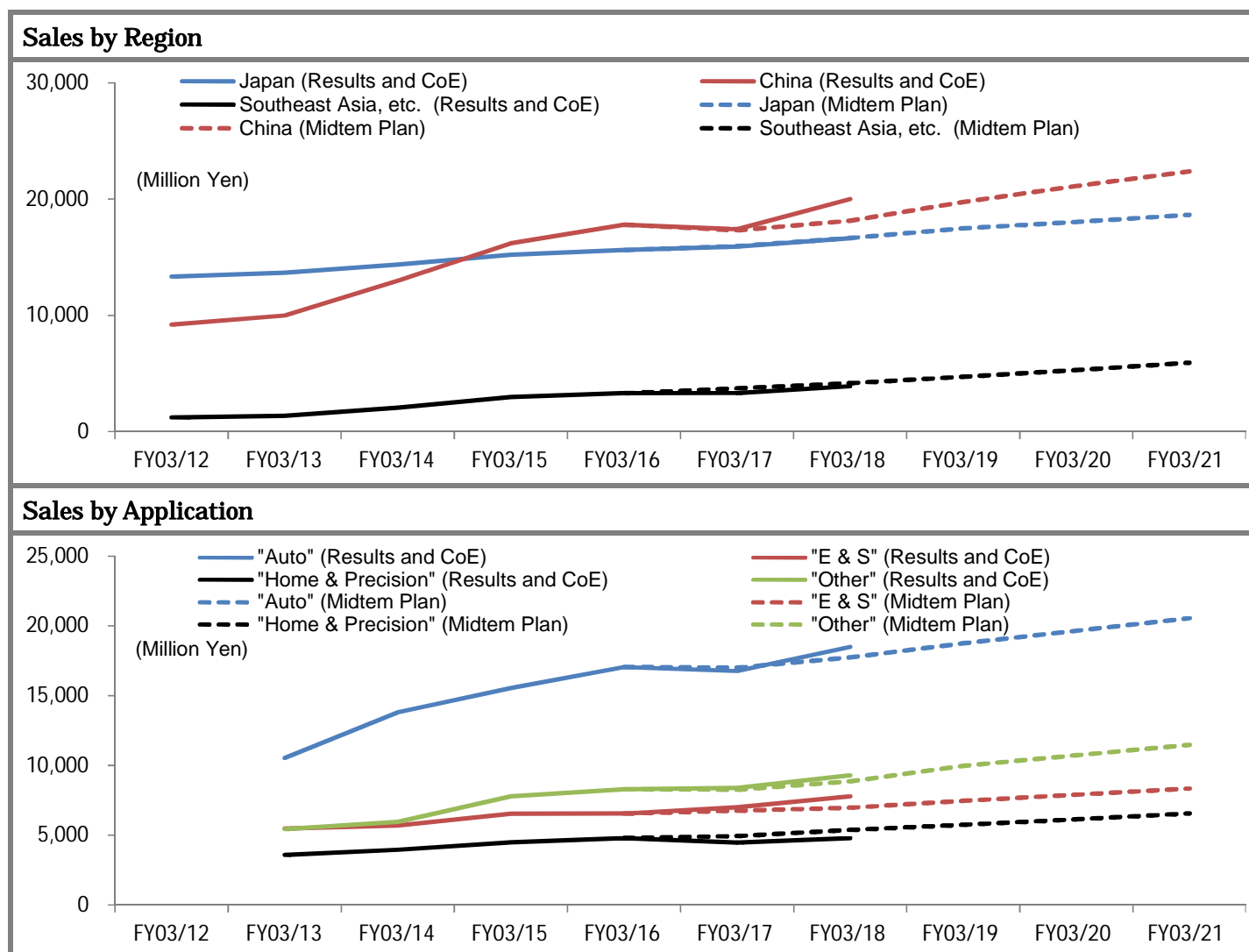
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2017	Q1 to Q2 03/2017	Q1 to Q3 03/2017	Q1 to Q4 03/2017	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018		
Operating Cash Flow	-	858	-	1,785	-	1,882	-	-	+1,023	
Investing Cash Flow	-	(995)	-	(2,770)	-	(1,043)	-	-	(47)	
Operating CF and Investing CF	-	(137)	-	(985)	-	838	-	-	+975	
Financing Cash Flow	-	1,125	-	1,199	-	(657)	-	-	(1,782)	

Source: Company Data, WRJ Calculation

FY03/2018 Company Forecasts

FY03/2018 Company forecasts (revised on 10 November 2017) are going for prospective sales of ¥40,600m (up 10.8% YoY), operating profit of ¥2,560m (up 28.6%), recurring profit of ¥2,440m (up 30.2%) and profit attributable to owners of parent of ¥1,580m (up 14.8%), while operating profit margin of 6.3% (up 0.9% points). In regards to prospective annual dividend per share, Company forecasts are going for ¥15.5 (after retroactive adjustments for 1:2 split, effective on 1 January 2018: ditto afterwards in this text), implying payout ratio of 21.5%.



Source: Company Data, WRJ Calculation

Compared with initial Company forecasts, prospective sales have been upgraded by ¥2,600m (6.8%), operating profit by ¥360m (16.4%), recurring profit by ¥340m (16.2%) and profit attributable to owners of parent by ¥180m (12.9%). Meanwhile, the Company has decided to increase prospective annual dividend per share by ¥2.0 to ¥15.5 from ¥13.5 to have been initially planned.

Meanwhile, initial Company forecasts were exceeded by ¥680m (3.6%) in sales and by ¥274m (24.2%) in operating profit in Q1 to Q2 and upgrade for H2, ¥1,920m (10.2%) and ¥86m (8.0%), respectively. Thus, it is now assumed that overshoots in sales are to accelerate in H2 over H1 (Q1 to Q2), while those of earnings decelerating a lot.

The Company suggests that this has a lot to do with the fact that it has decided to intentionally increase expenses in H2 by some ¥300m to further assure own long-term growth potentials. On top of increases of depreciation by ¥102m (¥720m to ¥822m) over the same period of the previous year in line with capital expenditures to increase capacity, the Company is to implement investment of some ¥100m in human resources in China to set up full-fledged scheme to be able to manufacture high-added-value custom-made items just like in Japan as soon as possible. Elsewhere, the Company has transferred its data center in Japan to Tatebayashi-city of Gunma prefecture for better solutions of security, generating add-on expenses of ¥20m pa, while spending expenses to develop new business domains in Japan at the same time in order to further assure own long-term growth potentials.

Meanwhile, the assumptions are to be exceeded by ¥1,600m (4.1%) in sales and by ¥360m (16.4%) in operating profit in regards to midterm management plan “Value Creation 2020” (to have been released on 11 March 2016 for FY03/2017 to FY03/2021). Above-mentioned increases of expenses have not been assumed, but sales better than expected are to result in effect on increased productivity better than expected and thus earnings better than expected.

In terms of sales by region, the assumptions are to be exceeded in China so substantially. Sales in Japan are roughly in line, while sales in Southeast Asia, etc. are to be rather falling short. In regards to sales in Southeast Asia and those of Europe each accounting for almost half of sales in Southeast Asia, etc., the Company sees reasonable strengths, while sales of the Americas basically in line with those of new local sales base to have been set up at the beginning of FY03/2018, i.e., April 2017, appear to have remained not very significant so far. On the other hand, by application, sales associated with “Home Appliances & Precision Machinery” are falling short, but the assumptions are exceeded in regards to sales associated with “Automobiles” and “Electronic Parts & Semiconductors” as well as sales associated with “Other”.

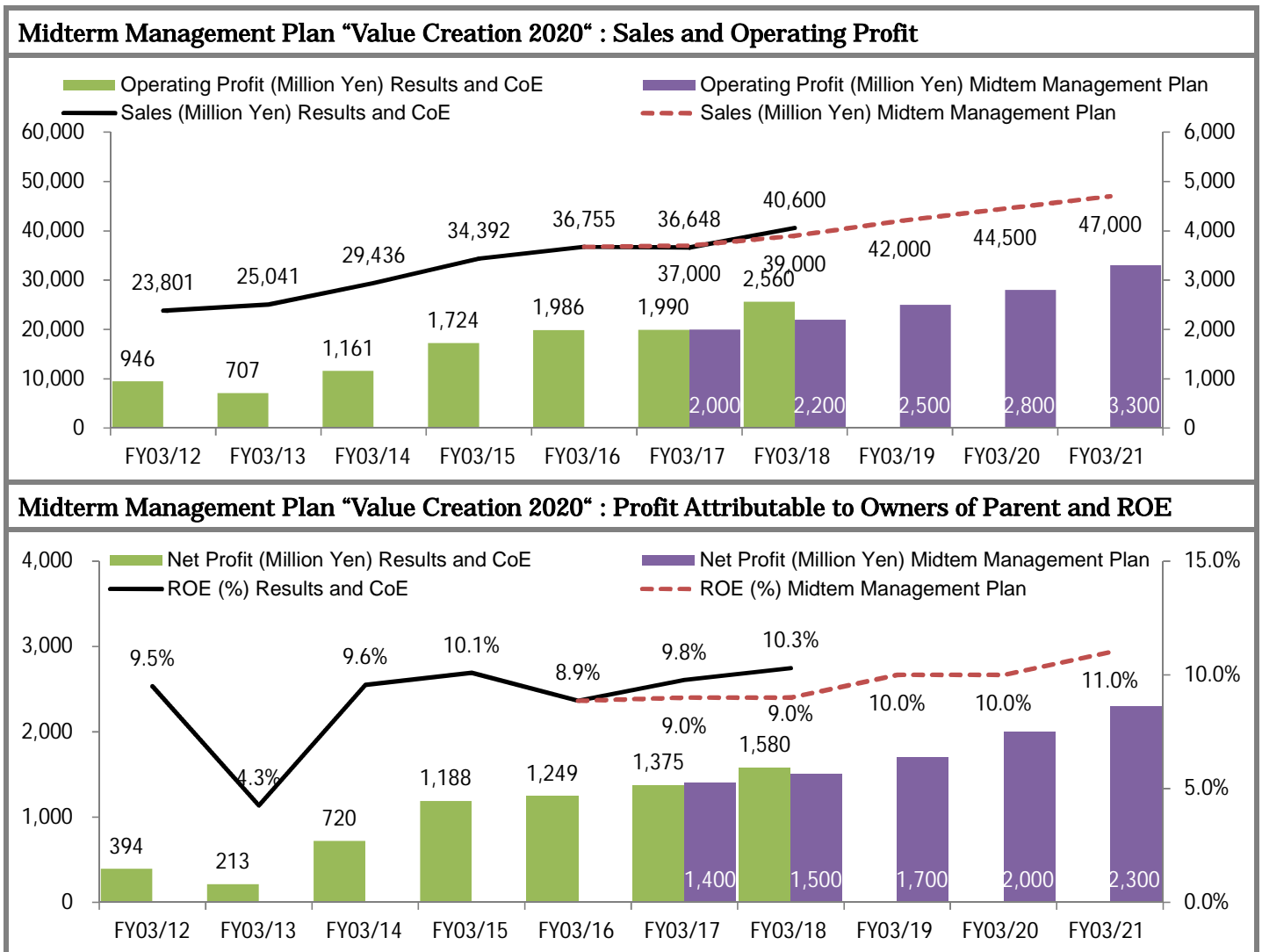
FY03/2018 Company Forecasts

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2018CoE	11-May-17	Q4 Results	38,000	2,200	2,100	1,400
FY03/2018CoE	9-Aug-17	Q1 Results	38,000	2,200	2,100	1,400
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2018CoE	10-Nov-17	Q2 Results	40,600	2,560	2,440	1,580
		Amount of Gap	2,600	360	340	180
		Rate of Gap	6.8%	16.4%	16.2%	12.9%
FY03/2018CoE	11-May-17	Q4 Results	38,000	2,200	2,100	1,400
FY03/2018CoE	10-Nov-17	Q2 Results	40,600	2,560	2,440	1,580
		Amount of Gap	2,600	360	340	180
		Rate of Gap	6.8%	16.4%	16.2%	12.9%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2018CoE	11-May-17	Q4 Results	19,120	1,130	1,120	735
Q1 to Q2 FY03/2018CoE	9-Aug-17	Q1 Results	19,530	1,310	1,300	830
		Amount of Gap	410	180	180	95
		Rate of Gap	2.1%	15.9%	16.0%	12.9%
Q1 to Q2 FY03/2018Act	10-Nov-17	Q2 Results	19,800	1,404	1,398	921
		Amount of Gap	270	94	98	91
		Rate of Gap	1.4%	7.2%	7.5%	11.0%
Q1 to Q2 FY03/2018CoE	11-May-17	Q4 Results	19,120	1,130	1,120	735
Q1 to Q2 FY03/2018Act	10-Nov-17	Q2 Results	19,800	1,404	1,398	921
		Amount of Gap	680	274	278	186
		Rate of Gap	3.6%	24.2%	24.8%	25.3%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2018CoE	11-May-17	Q4 Results	18,880	1,070	980	665
Q3 to Q4 FY03/2018CoE	9-Aug-17	Q1 Results	18,470	890	800	570
		Amount of Gap	(410)	(180)	(180)	(95)
		Rate of Gap	(2.2%)	(16.8%)	(18.4%)	(14.3%)
Q3 to Q4 FY03/2018CoE	10-Nov-17	Q2 Results	20,800	1,156	1,042	659
		Amount of Gap	2,330	266	242	89
		Rate of Gap	12.6%	29.9%	30.3%	15.6%
Q3 to Q4 FY03/2018CoE	11-May-17	Q4 Results	18,880	1,070	980	665
Q3 to Q4 FY03/2018CoE	10-Nov-17	Q2 Results	20,800	1,156	1,042	659
		Amount of Gap	1,920	86	62	(6)
		Rate of Gap	10.2%	8.0%	6.3%	(0.9%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

On 11 March 2016, the Company released its midterm management plan “Value Creation 2020” (FY03/2017 to FY03/2021). As prospective earnings target, the Company is calling for prospective sales of ¥47,000m or more to be achieved in the last year of FY03/2021 as well as operating profit of ¥3,300m or more and profit attributable to owners of parent of ¥2,300m or more. Meanwhile, the plan assumes forex rate of ¥18.60 per yuan. Based on FY03/2016 results, sales are to see CAGR of 5.0% or more and operating profit 10.7% or more towards FY03/2021, while the plan is also calling for prospective ROE of 11.0% to be achieved in FY03/2021.



Source: Company Data, WRJ Calculation

In Q1 to Q2 FY03/2018, the Company saw yen higher than the assumptions, i.e., ¥16.42 per yuan, but the assumptions for sales in China were exceeded in terms of yen due mainly to strengths on sales associated with “Automobiles”. As has been mentioned, this was the key factor for the assumptions for earnings having been exceeded. As a result, ROE over the past 12 months came in at 12.8%, i.e., already beyond the target to achieve ROE of 11.0% in FY03/2021.

“Value Creation 2020” is going for 4 priority initiatives, comprising a) establishment of 5-pole (Japan, China, Asia, Europe and the Americas) sales structure, b) improvement of services for customers, c) promotion of high profitability operations combined with reinforcement of R&D and d) work style reform. As far as we could gather, the Company is keen on a) establishment of 5-pole sales structure in particular, i.e., trying to make a changeover to “Punch of the world” from “Punch of Asia”.

To date, the Company has been basically involved with operations in Japan and China, while having started up own operations in Southeast Asia too since around 2012. On top of this, sales in Europe have increased as much as those of Southeast Asia, while the Company set up own new local sales base in the United States (near Chicago, Illinois) in April 2017 as the bridgehead to enter into the market in the Americas on a full-fledged basis.

In the United States, the Company finds market for molds & dies the largest second only to China, roughly equating to ¥1.3 trillion to ¥1.4 trillion. When compared with China, the market here is matured and new entrance is not easy. Still, the Company is trying to get at beefing up sales by means of putting emphasis on competitive items, enhancing own position in the United States and the Americas as a whole. Meanwhile, competitive items refer to so-called high-added-value strategic items, e.g., those included in beverage-&-food-related sales (whose final products are plastic bottle containers, etc.) and in medical-related sales (whose final products are catheters, injectors, etc.), when specifically speaking.

The Company used to exclusively rely on local sales agents for sales promotions in the Americas. Thus, the setup of the new local sales base in there implies that the Company is now entering a new phase of sales promotions. In Europe, the Company may implement the same measure going forward, while beefing up relationship with existing local sales agents at the moment.

In regards to b) improvement of services for customers, the Company refers to reverse engineering, representing services to implement “3D-data creation based on actual parts of molds & dies with no engineering drawings” to enable the manufacture of parts of molds & dies incorporating exactly the same specifications. All those services are just new, offered by the Company’s bridgehead in Nagoya where Japan’s largest manufacturer of automobiles is based nearby. In fact, said manufacturer is keen on enquiring to the Company on all those services as well as diverse manufacturers at the same time. On top of this, non-manufacturers are also keen on enquiring to the Company frequently, which was just unexpected.

In regards to c) promotion of high profitability operations combined with reinforcement of R&D, the key issue relates to new capacity of Vietnam to have started up its utilization in October 2016. Implementing “improvement of productivity as a whole for the Company” and thus “shift of the manufacturing to custom-made items”, the Company is trying to get at enlargement of exposure to high profitability operations.

Until recently, it used to be the basic scheme of the manufacturing on a group basis to intensively carry out previous process to mass-produce semi-finished items (blanks) out of raw materials to be thrown into with capacity of China and then to import said semi-finished items to Japan for after process to manufacture finished items. Meanwhile, at the moment, the Company is shifting the previous process to capacity of Vietnam where efficiency of mass-producing semi-finished items is higher together with the most advanced automated and/or labor-saving facilities installed. This cuts back manufacturing costs, while excess capacity in China to have been created by this is increasingly utilized for the manufacturing of custom-made items to see high added value, although the operations require some allocations of human resources.

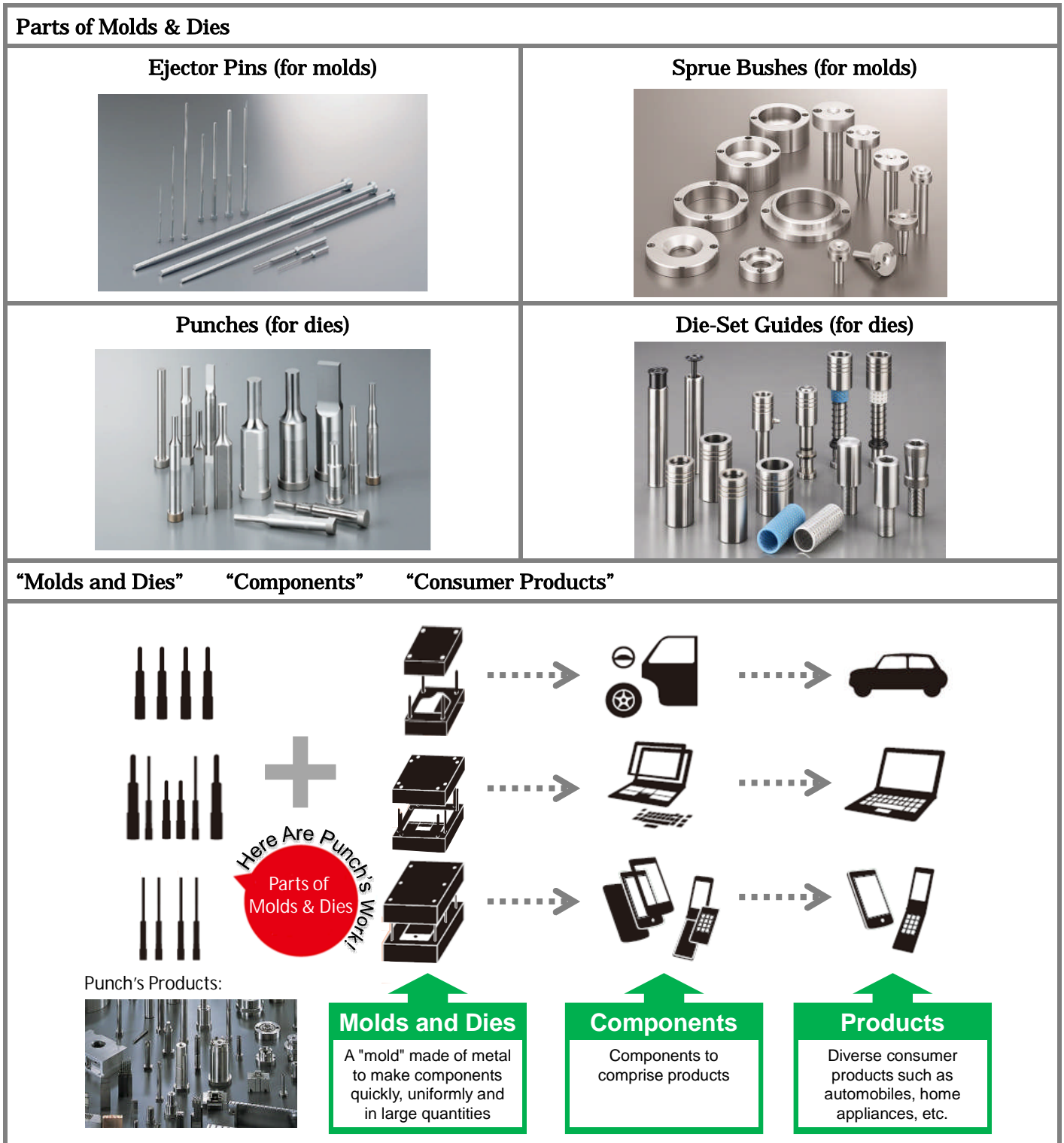
This is the first step for “improvement of productivity as a whole for the Company”. In regards to the second step to follow, the Company is to pursue efficiency even further by means of starting up new operations to manufacture standard items also in capacity of Vietnam, while cutting back outsourcing currently taken advantage of for standard items. Meanwhile, demand in China currently remains so buoyant as to make the Company suffer from capacity constraint and thus the Company has started up expanding capacity of Dalian, planning for this expansion to be completed in March 2018.

Meanwhile, it is taken for granted that all of the Company’s directors and employees must fulfill their own tasks to have been assigned each in order to materialize all those three priority initiatives, including a), b) and c). Thus, the Company also mentions d) work style reform as another one. The Company, belonging to the sector of manufacturing, reviews the way of the manufacturing first of all, whose results are expected to trigger changes for the way of the selling, while doing the same for the way of administration at the same time. In other words, the Company is starting reform of productivity or operations as a whole. Specifically, the Company set up “Committee for Work Style Reform”, in October 2016, comprising more than 40 employees in-house collectively to reform work style and thus reforming the Company with challenges by each director and/or employee based on so-called “Punch Spirit”.

4.0 Business Model

Manufacturing and Selling Parts of Molds & Dies Domestically and Overseas

The Company runs operations of manufacturing and selling parts of molds & dies domestically and overseas. Parts of molds & dies are high precision parts indispensable for molds and dies to be formed by them. Meanwhile, molds and dies are a “mold” made of metal to make components quickly, uniformly and in large quantities, which are indispensable to manufacture diverse consumer products such as automobiles, home appliances, etc. Consumer products are so diversified and thus so are components as well as molds and dies, which is also true of needs for parts of molds & dies at the end of the day.



Source: Company Data

Parts of Molds & Dies

The Company manufactures and sells parts of molds & dies. In our rough estimates, parts of molds account for 40% of sales as a whole for the Company and the remaining 60% accounted for by parts of dies, while parts of molds carry gross profit margin higher than parts of dies and thus each of the composition ratio between the two in terms of sales is switched over in terms of gross profit, i.e., 60% for parts of molds and 40% for parts of dies.

Molds are adopted in the manufacturing of diverse components made of plastic resin such as external body frames of mobile phones and digital still cameras. Specifically, being implemented by injection molding machine, molds are used to cool plastic resin heated and melted for molding plastic resin as designed. Here, the Company is involved with ejector pins to separate molded components from molds and get them protruded as well as with sprue bushes to pour melted plastic resin into molds from injection nozzles of injection molding machine.

Dies are adopted in the mass-production of components for automobiles, home appliances, precision machinery, etc. Specifically, being implemented by pressing machine, dies are in charge of pressing of metal steel sheets. Here, the Company is involved with punches to be used in punching metal steel sheets to be pressed and/or in transferring shapes as well as with die-set guides to hold motions of pressing machine going up and down.

Sales of Standard Items on Catalogue, the Manufacturing and Sales of Custom-Made Items

The Company is heavily involved with sales of standard items on catalogue as well as with the manufacturing and sales of custom-made items at the same time. In our rough estimates, standard items on catalogue account for 40% of sales as a whole for the Company and the manufacturing and sales of custom-made items remaining 60%, while the latter carrying gross profit margin fairly higher than the former. In regards to standard items, the Company finds limited room for differentiations from ones of the peers, but an ample room to do so as far as custom-made items are concerned in a respect that they are designed and manufactured in line with specific needs of each customer. Amongst others, the Company can fully utilize own expertise for items with high added value and thus it is keen on selling them strategically. All those items are called “high-value-added strategic items”.

The Company is heavily involved with own capacity to internally manufacture custom-made items including high-added-value strategic items and it efficiently takes advantage of outsourcing while planning the manufacturing in new capacity of Vietnam in regards to standard items at the same time. In our rough estimates, the ratio of internal manufacturing is 50% out of the Company as a whole in terms of sales (i.e., outsourcing ratio: 50%). Outsourcing services are provided basically by small-sized peers and each has expertise in some specific operations, while the Company efficiently takes advantage of them together with own extensive outsourcing network to have been established in regards to diverse operations.

The Market for Molds and Dies, The Market for Parts of Molds & Dies

According to estimates by the Company based on the most recent data from molds and dies industry associations of each country, the market for molds and dies on a global basis has been seeing stable growth, driven by growth in emerging countries represented by China since 2009, i.e., just after the collapse triggered by that of Lehman Brothers on 15 September 2008.

The market equated to ¥6.4 trillion in CY2008, ¥4.8 trillion in CY2009 and then most recently ¥8.0 trillion in CY2016. When based on ¥6.4 trillion in CY2008, the market expanded by 2.8% on a CAGR basis over the 8 years to CY2016. By region, Japan and emerging countries comprising China, Korea, India and Southeast Asian countries have collectively accounted for no less than 70% of the market as a whole most recently, while the remaining 30% was accounted for by Europe and the Americas. Going forward, the Company estimates further shift is likely to emerging countries represented by China, while CAGR of some 3% is sustainable for the market as a whole in the foreseeable future.

Meanwhile, the market for parts of molds & dies equates to some 7% of the market for molds and dies. In the results of CY2016, it equated to ¥560,000m against the market for molds and dies of ¥8.0 trillion, implying the ratio of 7.0%.

Punch Industry's Market Share

On a global basis, the Company is the largest player in the market for parts of molds & dies with market share of 7%, second only to MISUMI Group Inc. being exclusively involved with sales of standard items on catalogue. Thus, it should be the case that the Company is one of the largest at least as far as the market for custom-made items are concerned. By region, the Company holds market share of 17% in Japan, which is the largest second only to MISUMI Group Inc., while it holds commanding lead market share of 11% in China where the market is so fragmented.

5.0 Financial Statements

Income Statement

Income Statement	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. CoE FY	YoY
(Million Yen)	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	Net Chg.
Sales	25,041	29,436	34,392	36,755	36,648	40,600	+3,951
CoGS	18,908	21,776	25,030	26,577	26,457	-	-
Gross Profit	6,132	7,660	9,361	10,178	10,191	-	-
SG&A	5,424	6,498	7,637	8,191	8,201	-	-
Operating Profit	707	1,161	1,724	1,986	1,990	2,560	+569
Non Operating Balance	114	(114)	(107)	(320)	(116)	(120)	(3)
Recurring Profit	822	1,047	1,617	1,666	1,874	2,440	+565
Extraordinary Balance	(26)	(50)	(4)	(10)	(44)	-	-
Profit before Income Taxes	796	997	1,612	1,656	1,830	-	-
Total Income Taxes	583	277	428	411	459	-	-
NP Belonging to Non-Controlling SHs	0	0	(4)	(4)	(5)	-	-
Profit Attributable to Owners of Parent	213	720	1,188	1,249	1,375	1,580	+204
Sales YoY	+5.2%	+17.6%	+16.8%	+6.9%	(0.3%)	+10.8%	-
Operating Profit YoY	(25.2%)	+64.1%	+48.4%	+15.2%	+0.2%	+28.6%	-
Recurring Profit YoY	+2.1%	+27.3%	+54.4%	+3.1%	+12.5%	+30.2%	-
Profit Attributable to Owners of Parent YoY	(45.9%)	+238.0%	+64.9%	+5.1%	+10.1%	+14.8%	-
Gross Profit Margin	24.5%	26.0%	27.2%	27.7%	27.8%	-	-
(SG&A / Sales)	21.7%	22.1%	22.2%	22.3%	22.4%	-	-
Operating Profit Margin	2.8%	3.9%	5.0%	5.4%	5.4%	6.3%	+0.9%
Recurring Profit Margin	3.3%	3.6%	4.7%	4.5%	5.1%	6.0%	+0.9%
Profit Attributable to Owners of Parent Margin	0.9%	2.4%	3.5%	3.4%	3.8%	3.9%	+0.1%
Total Income Taxes / Profit before Income Taxes	73.2%	27.8%	26.6%	24.8%	25.1%	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. CoE FY	YoY
(Yen)	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	Net Chg.
No. of Shares FY End (-000 Shares)	7,150	8,961	11,061	11,061	11,061	-	-
Net Profit / EPS (-000 Shares)	6,217	7,237	9,076	11,061	11,008	-	-
Treasury Shares FY End (-000 Shares)	-	-	-	-	100	-	-
Earnings Per Share	34.3	99.6	130.9	112.9	125.0	72.1	-
Earnings Per Share (Fully Diluted)	-	-	-	-	124.8	-	-
Book Value Per Share	800.9	1,043.8	1,283.8	1,264.6	1,292.5	-	-
Dividend Per Share	20.0	20.0	25.0	25.0	26.0	15.5	-
Payout Ratio	58.3%	20.1%	19.1%	22.1%	20.8%	21.5%	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. CoE FY	YoY
(Yen)	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	Net Chg.
Share Split Factor	2	2	2	2	2	1	-
Earnings Per Share	17.2	49.8	65.5	56.5	62.5	72.1	-
Book Value Per Share	400.4	521.9	641.9	632.3	646.3	-	-
Dividend Per Share	10.0	10.0	12.5	12.5	13.0	15.5	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2013	FY 03/2014	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	YoY Net Chg.
Cash and Deposit	1,741	1,527	3,302	3,235	3,280	-	-
Accounts Receivables	7,270	9,433	11,613	10,614	11,468	-	-
Inventory	2,676	3,341	3,992	3,721	3,787	-	-
Other	775	365	461	303	613	-	-
Current Assets	12,463	14,668	19,369	17,875	19,150	-	-
Tangible Assets	6,654	7,611	8,168	7,696	8,669	-	-
Intangible Assets	264	1,799	1,789	1,322	1,242	-	-
Investments and Other Assets	1,191	391	295	443	389	-	-
Fixed Assets	8,110	9,803	10,253	9,462	10,301	-	-
Total Assets	20,573	24,471	29,623	27,337	29,451	-	-
Accounts Payables, etc.	2,966	3,426	4,098	3,860	4,287	-	-
Short Term Debt	7,133	5,303	4,849	3,550	4,346	-	-
Other	1,796	2,642	3,364	3,040	3,090	-	-
Current Liabilities	11,897	11,372	12,312	10,451	11,724	-	-
Long Term Debt	1,819	2,440	2,306	1,794	2,460	-	-
Other	1,130	1,295	799	1,092	1,089	-	-
Fixed Liabilities	2,950	3,736	3,105	2,886	3,550	-	-
Total Liabilities	14,847	15,108	15,418	13,338	15,275	-	-
Shareholders' Equity	5,649	7,968	11,679	12,586	13,598	-	-
Other	76	1,394	2,525	1,413	578	-	-
Net Assets	5,726	9,362	14,205	13,999	14,176	-	-
Total Liabilities and Net Assets	20,573	24,471	29,623	27,337	29,451	-	-
Equity Capital	5,726	9,353	14,199	13,988	14,167	-	-
Interest Bearing Debt	8,953	7,743	7,155	5,344	6,807	-	-
Net Debt	7,212	6,216	3,853	2,108	3,526	-	-
Equity Ratio	27.8%	38.2%	47.9%	51.2%	48.1%	-	-
Net Debt Equity Ratio	126.0%	66.5%	27.1%	15.1%	24.9%	-	-
ROE (12 months)	4.3%	9.6%	10.1%	8.9%	9.8%	10.3%	-
ROA (12 months)	4.2%	4.6%	6.0%	5.9%	6.6%	-	-
Days for Inventory Turnover	52	56	58	51	52	-	-
Quick Ratio	76%	96%	121%	133%	126%	-	-
Current Ratio	105%	129%	157%	171%	163%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2013	FY 03/2014	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	YoY Net Chg.
Operating Cash Flow	1,690	1,194	1,805	3,187	1,785	-	-
Investing Cash Flow	(1,773)	(1,252)	(1,180)	(1,159)	(2,770)	-	-
Operating CF and Investing CF	(82)	(57)	624	2,028	(985)	-	-
Financing Cash Flow	(41)	(370)	1,013	(1,901)	1,199	-	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Supporting the Manufacturing on a Global basis

The Company was founded by Yuji Morikubo, having been appointed as honorary chairman since 24 June 2015. He set up Kamba Shokai Co., Ltd. in Shinagawa-ku of Tokyo in March 1975 and started up manufacturing pins to make holes for PCB boards, then having made a change for its corporate identity to PUNCH INDUSTRY CO., LTD. in August 1977 and having started up the current business operations.

In August 1982, the Company succeeded in the mass-production of high-speed steel ejector pins earlier than any other peers on a global basis, having entered into the market for parts of molds. Prior to this, the Company used to basically run operations of trading parts of molds & dies. This was followed by setup of the manufacturing base in Dalian of China in October 1990. In early days, the operations here were nothing but of processing raw materials to have been imported from Japan into semi-finished items to be finished back in Japan at the end of the day. However, given increases of appliances, automobiles, etc., locally manufactured, the Company has started to locally sell parts of molds & dies to have been locally manufactured since April 2002. Then, this was followed by setup of the new sales base in India in September 2010.

In December 2012, the Company got listed onto the 2nd Section of Tokyo Stock Exchange, while having incorporated a tie-up partner based in Malaysia as fully-owned consolidated subsidiary in August 2013 to enhance own sales channels to Europe, which was followed by the listing on to the 1st Section of Tokyo Stock Exchange in March 2014.

In March 2016, the Company released 5-year projections, i.e., “Value Creation 2020” (FY03/2017 to FY03/2021) to further ensure growth in the future, while quickly coping with changes of environment for management. As expected in the agenda of this midterm management plan, new capacity of Vietnam, having had been under construction for future enhancement and optimization of the manufacturing on a global basis, started up its utilization in October 2016. Then, US sales company started up sales promotions in April 2017 as the preparation to establish 5-pole sales structure.

Meanwhile, the Company is currently led by Masaaki Takeda having been appointed as president and representative director (CEO) since April 2013. In spite of the fact that the Company specializes in sales and the manufacturing of parts of molds & dies, whose real pictures are too hard to get appropriately recognized by public, Takeda, dedicating himself to management of the Company, is convinced with an idea that the Company supports the manufacturing on a global basis as well as rich life of people across the world at the same time, given the fact that parts of molds & dies supplied by the Company are just indispensable in the manufacturing of any consumer products represented by automobiles as has been discussed in detail earlier. Meanwhile, Takeda is trying to give increasing benefits to increasingly extensive stakeholders by means of making progresses with “Value Creation 2020” and materialize “Punch of the world” versus “Punch of Asia” so far.

Company History

Date	Events
March 1975	Founded and started the manufacturing of pins to make holes for PCB boards
August 1982	Entered into the manufacturing of parts of molds (succeeded in mass-production of high-speed steel ejector pins)
November 1983	Set up Kitakami factory, while started nation-wide sales of parts of molds & dies in December of the same year
May 1989	Set up Miyako Punch Industry (currently, Miyako factory)
October 1990	Set up manufacturing base in Dalian of China
July 2001	Set up sales base in China, started selling parts of molds & dies in China in the following year of 2002
September 2010	Set up sales base in India
December 2012	Listed onto the 2nd Section of Tokyo Stock Exchange.
August 2013	Consolidated Panther Precision Tools as subsidiary (currently, Punch Malaysia)
November 2013	Released midterm management plan “Value Creation 15”
March 2014	Listed onto the 1st Section of Tokyo Stock Exchange.
March 2015	40th anniversary
December 2015	Set up manufacturing base in Vietnam
March 2016	Released midterm management plan “Value Creation 2020”
October 2016	Started utilizing capacity of Vietnam on a full-fledged basis
April 2017	Started sales through US sales base

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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