

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	56.47	12.50	632.32
FY03/2017		36,648	1,990	1,874	1,375	62.50	13.00	646.25
FY03/2018CoE		40,900	2,720	2,620	1,710	78.00	16.75	-
FY03/2017	YoY	(0.3%)	0.2%	12.5%	10.1%	-	-	-
FY03/2018CoE	YoY	11.6%	36.6%	39.8%	24.3%	-	-	-
Consolidated Q1 to Q3 (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2017		26,926	1,405	1,340	909	-	-	-
Q1 to Q3 FY03/2018		30,354	2,225	2,182	1,366	-	-	-
Q1 to Q3 FY03/2017	YoY	(1.9%)	(9.4%)	2.8%	(0.6%)	-	-	-
Q1 to Q3 FY03/2018	YoY	12.7%	58.3%	62.8%	50.3%	-	-	-

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

1.0 Executive Summary (9 March 2018)

Still Great Room for Development

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies domestically and overseas, is currently seeing buoyant earnings. One of the key factors is that sales are increasing favorably, while this trend is likely to persist going forward. The Company is one of the largest suppliers of parts of molds & dies on a global basis in the first place, but there still remains great room for development for its market share in the foreseeable future. In China, with which the Company is involved most significantly by region, it has commanding lead market share, although it accounts for no more than 11% of the market on an absolute basis. More importantly, increasing order is currently placed for the Company on the expense of local peers in line with increasing sophistication needs for quality, etc. among final products locally manufactured in China. Meanwhile, in Japan, with which the Company is involved most significantly second only to China, it sees successful launch of high-value-added strategic products in new domains. Specifically, the Company argues that sales are surging in regards to high-value-added parts for molds & dies associated with plastic bottle containers and/or contact lenses. Thus, in Japan and China, collectively accounting for more than 90% of sales as a whole for the Company, the Company is currently seeing increasing market share, as far as we could see. On top of this, the Company has been keen on aggressive sales promotions in Asia, Europe and the Americas for some time, as found in the key priority initiative of midterm management plan "Value Creation 2020", i.e., establishment of 5-pole (Japan, China, Asia, Europe and the Americas) sales structure. Most recently, it is increasingly apparent that sales in China are running ahead, suggesting earnings target in the last year of FY03/2021 is to be achievable earlier than initially expected.

In Q1 to Q3 FY03/2018, sales came in at ¥30,354m (up 12.7% YoY), operating profit ¥2,225m (up 58.3%) and operating profit margin 7.3% (up 2.1% points). By region, sales came in at ¥12,760m (up 10.3%) in Japan, ¥14,780m (up 14.7%) in China and ¥2,770m (up 13.4%) in Southeast Asia, etc., suggesting that sales of the Company's parts of molds & dies, adopted in the manufacture of diverse final products represented by "Automobiles" by application, are buoyant across the board. In particular, sales in China, being exposed to "Automobiles" to a large extent, increased by no less than 16% over the same period in the previous year on a local currency basis. Meanwhile, sales of new domains, i.e., food-&-beverage-related and medical-related, belonging to "Other" by application, are increasingly by almost 40% over the same period in the previous year due mainly to booming sales in Japan. The former takes plastic bottle containers as final products and the latter literally medical-related plastic products such as catheters and injectors. Most recently, the latter also takes high-precision contact lenses as final products, which is an add-on driver for sales as far as we could see. Thus, sales increased favorably as a whole for the Company, while this was achieved with limited increases of SG&A expenses. At the same time, the Company benefited from effect on increased productivity, stemming from improving utilization of production facilities in Japan and overseas as well as from improving sales mix, having resulted in substantial increases of operating profit.

FY03/2018 Company forecasts (revised on 9 February 2018) are going for prospective sales of ¥40,900m (up 11.6% YoY), operating profit of ¥2,720m (up 36.6%) and operating profit margin of 6.7% (up 1.2% points). As far as being based on Q1 to Q3 results, it is the case that Company forecasts assume sales of ¥10,545m (up 8.5% YoY), operating profit of ¥494m (down 15.5%) and operating profit margin of 4.7% (down 1.3% points) in Q4. Thus, increases of sales are to decelerate and earnings to adjust, but assumptions are conservative in the first place and adjusting earnings have a lot to do with one-off factors, as far as we could gather. The Company suggests that it intentionally increases spending on measures to assure human resources in China as well as on those to improve capability to manufacture high-precision parts of molds & dies by means of introducing new facilities and/or brushing up on its existing facilities. In other words, the Company is now implementing frontloaded investment aggressively so that it should be ready for further increases of demand in the foreseeable future.

IR Representative: Corporate Strategy Planning Office, Hayato Matsuda (info-corp@punch.co.jp)

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 (Japanese)	
Established	29 March 1975	
Listing	14 March 2014: Tokyo Stock Exchange 1st Section (Ticker: 6165) 20 December 2012: Tokyo Stock Exchange 2nd Section	
Capital	¥2,897m (As of the end of December 2017)	
No. of Shares	22,122,400 shares, including 200,098 treasury shares (As of the end of Dec. 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-value-added strategic products 	
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 September 2017)	
Headquarters	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated:4,042, Parent: 979 (As of the end of September 2017)	

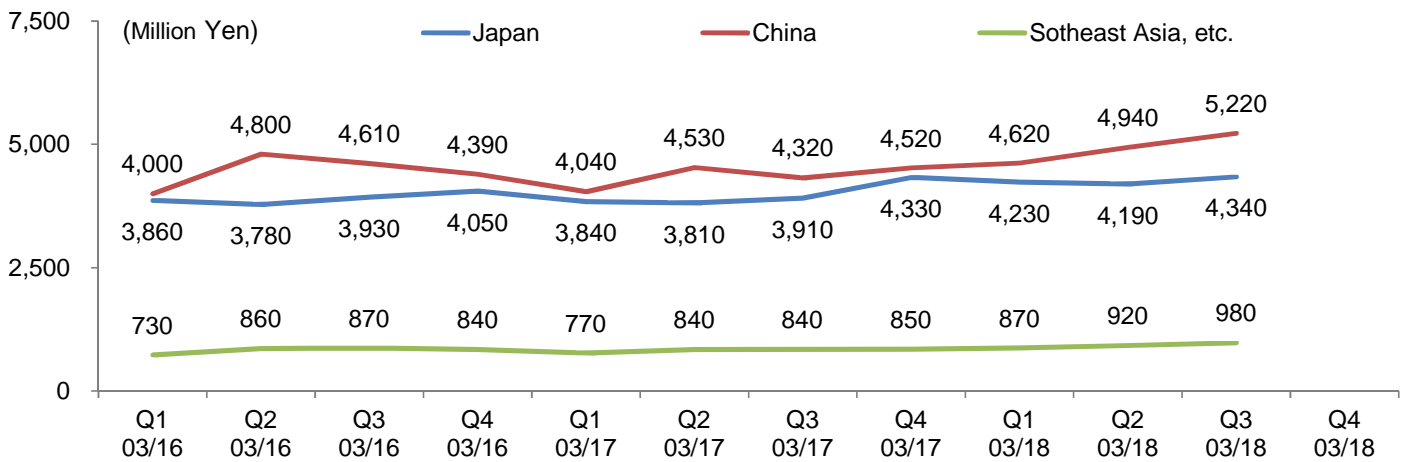
Source: Company Data

3.0 Recent Trading and Prospects

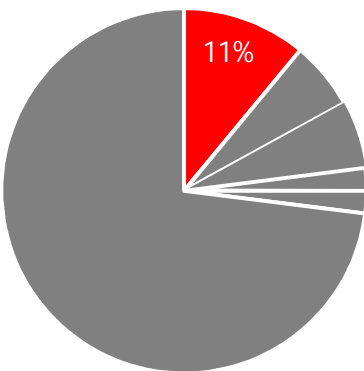
Q1 to Q3 FY03/2018 Results

In Q1 to Q3 FY03/2018, sales came in at ¥30,354m (up 12.7% YoY), operating profit ¥2,225m (up 58.3%), recurring profit ¥2,182m (up 62.8%) and profit attributable to owners of parent ¥1,366m (up 50.3%), while operating profit margin 7.3% (up 2.1% points). By region, sales came in at ¥12,760m (up 10.3%) in Japan, ¥14,780m (up 14.7%) in China and ¥2,770m (up 13.4%) in Southeast Asia, etc., suggesting that demand for the Company's parts of molds & dies was solid across all the regions. In China, sales increased by no less than 16% over the same period in the previous year on a local currency basis, suggesting the strengths in particular.

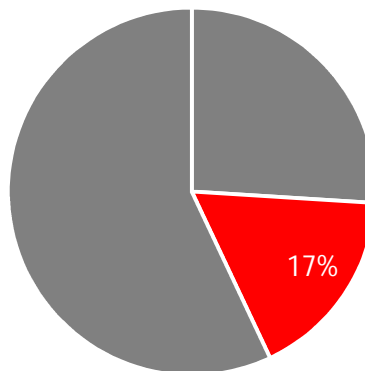
Sales by Region



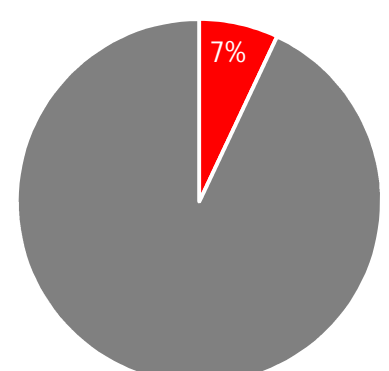
Market Share in China



Market Share in Japan



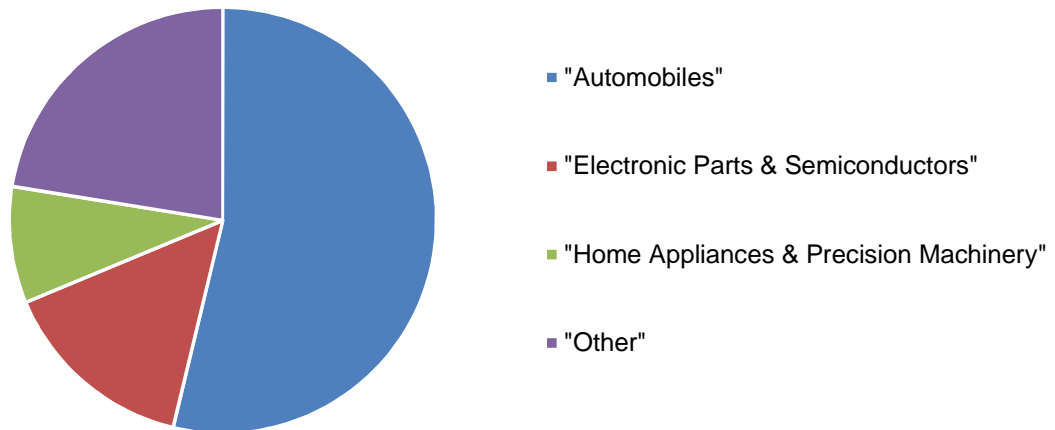
Market Share Worldwide



Source: Company Data, WRJ Calculation

In China, the Company is the leader of the market for parts of molds & dies with 11% market share, while the second largest peer roughly no more than half of the Company. On top of this, increasing order is currently placed for the Company on the expense of local peers in line with increasing sophistication needs for quality, etc. among final products locally manufactured in China. With all those factors, the Company has commanding lead market share in China, as far as we could see. More importantly, given the market for parts of molds & dies so fragmented in China, there still remains great room for development in regards to market share for the Company, even though it has already got commanding lead market share to date.

Sales by Application in China (Q1 to Q3 FY03/2018)

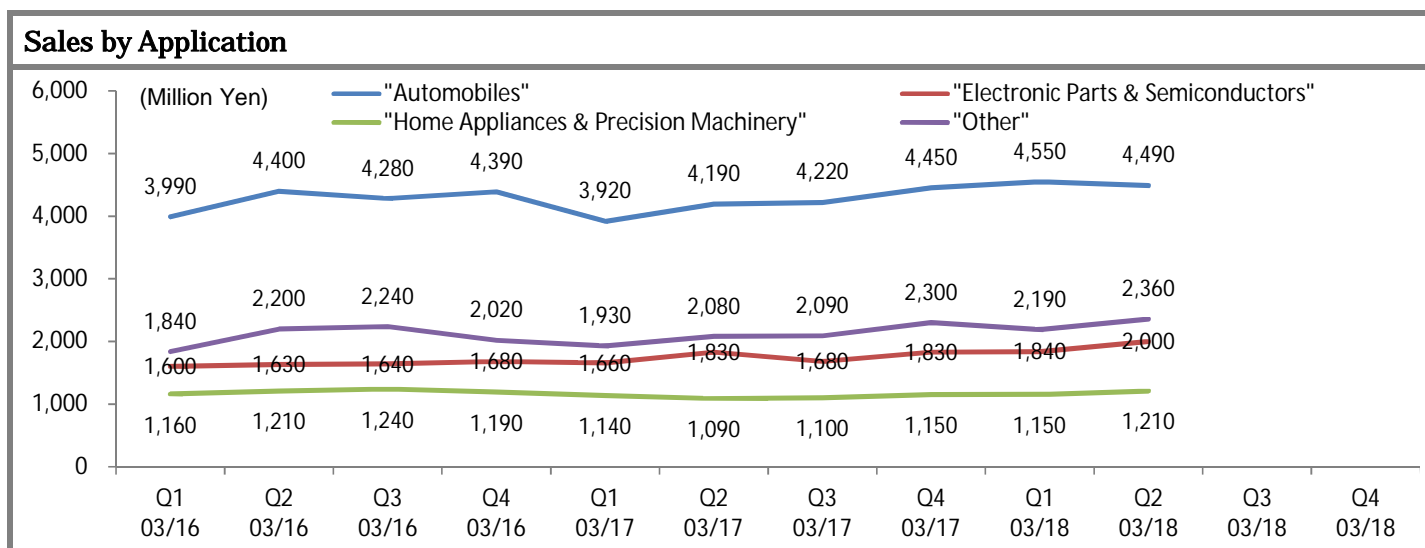


Source: WRJ estimates

The Company suggests that sales in China are exposed to “Automobiles” by more than half by application, while the Company’s parts of molds & dies literally constitute a part of molds & dies adopted in the manufacture of diverse components to take automobiles as final products. Their quality and precision have a tendency to eventually determine quality and precision associated with automobiles as final products. The Company is involved with diverse components for automobiles, comprising car body, doors, plastic parts, interiors and electrical equipment including motors, while not much exposed to internal combustion engines exceptionally. Meanwhile, as well know, there will be a changeover to motors from internal combustion engines for driving system of automobiles in China ahead of the world. Thus, also in this respect, there are good chances for the Company to beef up market share in China, going forward. Most recently, increasing sales in China are attributable to increasing sales of “Automobiles” to a large extent, according to the Company.

In Japan, with which the Company is involved most significantly second only to China, the Company sees 17% share in the market for parts of molds & dies, being posited as the second largest supplier. The Company is almost as large as the largest, while it is presumably the largest as far as custom products are concerned, according to the Company. This is because the largest peer effectively specializes in standard products sold on catalogue, while the Company is involved with both standard products and custom products with a focus on the latter.

In Asia, Europe and the Americas, the Company's share has remained insignificant across the board in the market for parts of molds & dies. Still, sales in Southeast Asia, etc., referring to collective sales in all those regions, are steadily increasing as mentioned earlier, suggesting increasing market share for the Company in there too. At the end of the day, the Company commands 7% of the market for parts of molds & dies on a global basis, including all those regions. More importantly, the Company has great room for development in regards to the market share in the foreseeable future, if we may reiterate.



Source: Company Data, WRJ Calculation

Meanwhile, by application as a whole for the Company, sales came in at ¥13,740m (up 11.4%) in "Automobiles", ¥5,900m (up 14.1%) in "Electronic Parts & Semiconductors", ¥3,550m (up 6.6%) in "Home Appliances & Precision Machinery" and ¥7,130m (up 16.9%) in "Other", suggesting strengths across the board as in sales by region. Sales as a whole for the Company saw net increases by ¥3,427m over the same period in the previous year, in line with net increases by ¥1,890m in China most substantially region-wise and with net increases by ¥1,410m on "Automobiles" application-wise.

Meanwhile, gross profit came in at ¥8,654m (up 16.2%) and SG&A expenses ¥6,429m (up 6.4%), having resulted in operating profit of ¥2,225m (up 58.3%). They saw net increases over the same period in the previous year by ¥1,205m, by ¥385m and by ¥819m, respectively. The net increases of gross profit comprised those by ¥948m due to increasing sales and by ¥256m due to improving ratio of cost to sales, according to the Company.

Thus, the Company benefited from effect on increased productivity, stemming from improving utilization of production facilities in Japan and overseas as well as from improving sales mix. Meanwhile, SG&A expenses increased due to increasing capital expenditure to beef up capacity of reverse engineering business and to increasing R&D expenses associated with new domain. Still, this was more than compensated for by effect on increased productivity to a large extent, as far as we could see.

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	Q1 to Q4	YoY
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	03/2018	Net Chg.
Sales	8,658	17,846	26,926	36,648	9,733	19,800	30,354	-	-	+3,427
CoGS	6,330	12,923	19,477	26,457	6,960	14,155	21,699	-	-	+2,222
Gross Profit	2,327	4,922	7,449	10,191	2,773	5,644	8,654	-	-	+1,205
SG&A	1,996	4,081	6,044	8,201	2,072	4,239	6,429	-	-	+385
Operating Profit	331	841	1,405	1,990	701	1,404	2,225	-	-	+819
Non Operating Balance	0	(49)	(64)	(116)	10	(5)	(42)	-	-	+22
Recurring Profit	330	791	1,340	1,874	711	1,398	2,182	-	-	+842
Extraordinary Balance	(4)	(5)	(14)	(44)	(60)	(65)	(67)	-	-	(52)
Profit before Income Taxes	325	786	1,325	1,830	650	1,333	2,115	-	-	+789
Total Income Taxes	119	238	418	459	226	411	747	-	-	+328
NP Belonging to Non-Controlling SHs	(1)	(1)	(2)	(5)	1	1	1	-	-	+4
Profit Attributable to Owners of Parent	207	549	909	1,375	422	921	1,366	-	-	+457
Sales YoY	+0.8%	(1.0%)	(1.9%)	(0.3%)	+12.4%	+10.9%	+12.7%	-	-	-
Operating Profit YoY	(30.7%)	(12.5%)	(9.4%)	+0.2%	+111.7%	+67.0%	+58.3%	-	-	-
Recurring Profit YoY	(24.7%)	(15.0%)	+2.8%	+12.5%	+115.4%	+76.6%	+62.8%	-	-	-
Profit Attributable to Owners of Parent YoY	(38.1%)	(24.1%)	(0.6%)	+10.1%	+103.5%	+67.6%	+50.3%	-	-	-
Gross Profit Margin	26.9%	27.6%	27.7%	27.8%	28.5%	28.5%	28.5%	-	-	+0.8%
(SG&A / Sales)	23.1%	22.9%	22.4%	22.4%	21.3%	21.4%	21.2%	-	-	(1.3%)
Operating Profit Margin	3.8%	4.7%	5.2%	5.4%	7.2%	7.1%	7.3%	-	-	+2.1%
Recurring Profit Margin	3.8%	4.4%	5.0%	5.1%	7.3%	7.1%	7.2%	-	-	+2.2%
Profit Attributable to Owners of Parent Margin	2.4%	3.1%	3.4%	3.8%	4.3%	4.7%	4.5%	-	-	+1.1%
Total Income Taxes / Profit before Income Taxes	36.6%	30.3%	31.6%	25.1%	34.8%	30.8%	35.3%	-	-	+3.7%
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	YoY
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018	03/2018	Net Chg.
Sales	8,658	9,188	9,080	9,722	9,733	10,066	10,554	-	-	+1,474
CoGS	6,330	6,593	6,553	6,979	6,960	7,195	7,543	-	-	+990
Gross Profit	2,327	2,594	2,526	2,742	2,773	2,871	3,010	-	-	+483
SG&A	1,996	2,085	1,962	2,156	2,072	2,167	2,189	-	-	+227
Operating Profit	331	509	564	585	701	703	820	-	-	+256
Non Operating Balance	0	(48)	(15)	(51)	10	(16)	(36)	-	-	(20)
Recurring Profit	330	461	548	533	711	687	784	-	-	+235
Extraordinary Balance	(4)	0	(9)	(29)	(60)	(4)	(2)	-	-	+6
Profit before Income Taxes	325	461	539	504	650	683	781	-	-	+242
Total Income Taxes	119	119	180	41	226	184	335	-	-	+155
NP Belonging to Non-Controlling SHs	(1)	-	-	(3)	1	0	0	-	-	+1
Profit Attributable to Owners of Parent	207	341	359	466	422	498	445	-	-	+85
Sales YoY	+0.8%	(2.6%)	(3.7%)	+4.6%	+12.4%	+9.6%	+16.2%	-	-	-
Operating Profit YoY	(30.7%)	+5.6%	(4.3%)	+34.2%	+111.7%	+38.0%	+45.4%	-	-	-
Recurring Profit YoY	(24.7%)	(6.4%)	+47.2%	+47.3%	+115.4%	+48.9%	+42.9%	-	-	-
Profit Attributable to Owners of Parent YoY	(38.1%)	(12.0%)	+88.2%	+39.6%	+103.5%	+45.8%	+23.8%	-	-	-
Gross Profit Margin	26.9%	28.2%	27.8%	28.2%	28.5%	28.5%	28.5%	-	-	+0.7%
(SG&A / Sales)	23.1%	22.7%	21.6%	22.2%	21.3%	21.5%	20.7%	-	-	(0.9%)
Operating Profit Margin	3.8%	5.5%	6.2%	6.0%	7.2%	7.0%	7.8%	-	-	+1.6%
Recurring Profit Margin	3.8%	5.0%	6.0%	5.5%	7.3%	6.8%	7.4%	-	-	+1.4%
Profit Attributable to Owners of Parent Margin	2.4%	3.7%	4.0%	4.8%	4.3%	5.0%	4.2%	-	-	+0.3%
Total Income Taxes / Profit before Income Taxes	36.6%	25.9%	33.4%	8.1%	34.8%	27.1%	42.9%	-	-	+9.5%

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	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	12,760	-	-	+1,200
China	4,040	8,570	12,890	17,420	4,620	9,560	14,780	-	-	+1,890
Southeast Asia, etc.	770	1,610	2,450	3,310	870	1,790	2,770	-	-	+320
(Adjustments)	8	16	26	48	13	30	44	-	-	+17
Sales	8,658	17,846	26,926	36,648	9,733	19,800	30,354	-	-	+3,427
Japan	(0.5%)	+0.1%	(0.1%)	+1.7%	+10.1%	+10.0%	+10.3%	-	-	-
China	+1.0%	(2.5%)	(3.9%)	(2.1%)	+14.4%	+11.6%	+14.7%	-	-	-
Southeast Asia, etc.	+5.5%	+1.3%	(0.4%)	+0.2%	+13.7%	+11.9%	+13.4%	-	-	-
Sales (YoY)	+0.8%	(1.0%)	(1.9%)	(0.3%)	+12.4%	+10.9%	+12.7%	-	-	-
Japan	44.4%	42.9%	42.9%	43.4%	43.5%	42.5%	42.0%	-	-	-
China	46.7%	48.0%	47.9%	47.5%	47.5%	48.3%	48.7%	-	-	-
Southeast Asia, etc.	8.9%	9.0%	9.1%	9.0%	8.9%	9.0%	9.1%	-	-	-
Sales (Composition Ratio)	100.0%	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	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	4,340	-	-	+430
China	4,040	4,530	4,320	4,520	4,620	4,940	5,220	-	-	+900
Southeast Asia, etc.	770	840	840	850	870	920	980	-	-	+140
(Adjustments)	8	8	10	22	13	16	14	-	-	+4
Sales	8,658	9,188	9,080	9,722	9,733	10,066	10,554	-	-	+1,474
Japan	(0.5%)	+0.8%	(0.5%)	+6.9%	+10.1%	+10.0%	+11.0%	-	-	-
China	+1.0%	(5.6%)	(6.3%)	+3.0%	+14.4%	+9.1%	+20.8%	-	-	-
Southeast Asia, etc.	+5.5%	(2.3%)	(3.4%)	+1.2%	+13.7%	+9.5%	+16.7%	-	-	-
Sales (YoY)	+0.8%	(2.6%)	(3.7%)	+4.6%	+12.4%	+9.6%	+16.2%	-	-	-
Japan	44.4%	41.5%	43.1%	44.5%	43.5%	41.6%	41.1%	-	-	-
China	46.7%	49.3%	47.6%	46.5%	47.5%	49.1%	49.5%	-	-	-
Southeast Asia, etc.	8.9%	9.1%	9.3%	8.7%	8.9%	9.1%	9.3%	-	-	-
Sales (Composition Ratio)	100.0%	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	03/2018	
"Automobiles"	3,920	8,110	12,330	16,780	4,550	9,040	13,740	-	-	+1,410
"Electronic Parts & Semiconductors"	1,660	3,490	5,170	7,000	1,840	3,840	5,900	-	-	+730
"Home Appliances & Precision Machinery"	1,140	2,230	3,330	4,480	1,150	2,360	3,550	-	-	+220
"Other"	1,930	4,010	6,100	8,400	2,190	4,550	7,130	-	-	+1,030
(Adjustments)	8	6	(3)	(11)	3	10	34	-	-	+37
Sales	8,658	17,846	26,926	36,648	9,733	19,800	30,354	-	-	+3,427
"Automobiles"	(1.8%)	(3.3%)	(2.7%)	(1.6%)	+16.1%	+11.5%	+11.4%	-	-	-
"Electronic Parts & Semiconductors"	+3.8%	+8.0%	+6.2%	+6.9%	+10.8%	+10.0%	+14.1%	-	-	-
"Home Appliances & Precision Machinery"	(1.7%)	(5.9%)	(7.8%)	(6.7%)	+0.9%	+5.8%	+6.6%	-	-	-
"Other"	+4.9%	(0.7%)	(2.9%)	+1.2%	+13.5%	+13.5%	+16.9%	-	-	-
Sales (YoY)	+0.8%	(1.0%)	(1.9%)	(0.3%)	+12.4%	+10.9%	+12.7%	-	-	-
"Automobiles"	45.3%	45.4%	45.8%	45.8%	46.7%	45.7%	45.3%	-	-	-
"Electronic Parts & Semiconductors"	19.2%	19.6%	19.2%	19.1%	18.9%	19.4%	19.4%	-	-	-
"Home Appliances & Precision Machinery"	13.2%	12.5%	12.4%	12.2%	11.8%	11.9%	11.7%	-	-	-
"Other"	22.3%	22.5%	22.7%	22.9%	22.5%	23.0%	23.5%	-	-	-
Sales (Composition Ratio)	100.0%	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	03/2018	
"Automobiles"	3,920	4,190	4,220	4,450	4,550	4,490	4,700	-	-	+480
"Electronic Parts & Semiconductors"	1,660	1,830	1,680	1,830	1,840	2,000	2,060	-	-	+380
"Home Appliances & Precision Machinery"	1,140	1,090	1,100	1,150	1,150	1,210	1,190	-	-	+90
"Other"	1,930	2,080	2,090	2,300	2,190	2,360	2,580	-	-	+490
(Adjustments)	8	(1)	(9)	(7)	3	6	24	-	-	+34
Sales	8,658	9,188	9,080	9,722	9,733	10,066	10,554	-	-	+1,474
"Automobiles"	(1.8%)	(4.8%)	(1.4%)	+1.4%	+16.1%	+7.2%	+11.4%	-	-	-
"Electronic Parts & Semiconductors"	+3.8%	+12.3%	+2.4%	+8.9%	+10.8%	+9.3%	+22.6%	-	-	-
"Home Appliances & Precision Machinery"	(1.7%)	(9.9%)	(11.3%)	(3.4%)	+0.9%	+11.0%	+8.2%	-	-	-
"Other"	+4.9%	(5.5%)	(6.7%)	+13.9%	+13.5%	+13.5%	+23.4%	-	-	-
Sales (YoY)	+0.8%	(2.6%)	(3.7%)	+4.6%	+12.4%	+9.6%	+16.2%	-	-	-
"Automobiles"	45.3%	45.6%	46.5%	45.8%	46.7%	44.6%	44.5%	-	-	-
"Electronic Parts & Semiconductors"	19.2%	19.9%	18.5%	18.8%	18.9%	19.9%	19.5%	-	-	-
"Home Appliances & Precision Machinery"	13.2%	11.9%	12.1%	11.8%	11.8%	12.0%	11.3%	-	-	-
"Other"	22.3%	22.6%	23.0%	23.7%	22.5%	23.4%	24.4%	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	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.
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018		
Cash and Deposit	3,003	3,797	2,910	3,280	2,934	3,408	3,594	-		+684
Accounts Receivables	10,672	10,025	10,250	11,468	11,350	11,442	11,423	-		+1,172
Inventory	3,640	3,469	3,526	3,787	3,835	4,020	4,248	-		+722
Other	410	585	844	613	531	936	866	-		+21
Current Assets	17,727	17,878	17,532	19,150	18,652	19,808	20,134	-		+2,602
Tangible Assets	8,073	8,165	8,210	8,669	8,543	8,966	9,444	-		+1,234
Intangible Assets	1,380	1,240	1,171	1,242	1,202	1,173	1,150	-		(21)
Investments and Other Assets	402	311	342	389	392	357	333	-		(8)
Fixed Assets	9,856	9,717	9,723	10,301	10,138	10,496	10,929	-		+1,205
Total Assets	27,584	27,596	27,256	29,451	28,790	30,304	31,063	-		+3,807
Accounts Payables, etc.	4,305	4,874	4,667	4,287	4,531	4,924	4,726	-		+58
Short Term Debt	3,913	3,519	4,004	4,346	4,236	4,298	4,368	-		+364
Other	3,056	2,722	2,375	3,090	2,538	2,973	3,145	-		+769
Current Liabilities	11,275	11,116	11,047	11,724	11,305	12,197	12,239	-		+1,192
Long Term Debt	1,643	2,805	2,616	2,460	2,273	2,015	1,916	-		(699)
Other	1,145	1,088	1,071	1,089	1,099	1,298	1,436	-		+364
Fixed Liabilities	2,788	3,894	3,688	3,550	3,372	3,313	3,353	-		(335)
Total Liabilities	14,064	15,010	14,736	15,275	14,678	15,510	15,593	-		+857
Shareholders' Equity	12,655	12,951	13,131	13,598	13,878	14,376	14,674	-		+1,542
Other	864	(365)	(611)	578	233	417	795	-		+1,407
Net Assets	13,519	12,585	12,520	14,176	14,112	14,794	15,470	-		+2,950
Total Liabilities and Net Assets	27,584	27,596	27,256	29,451	28,790	30,304	31,063	-		+3,807
Equity Capital	13,509	12,575	12,509	14,167	14,099	14,777	15,448	-		+2,939
Interest Bearing Debt	5,557	6,325	6,620	6,807	6,509	6,314	6,285	-		(335)
Net Debt	2,553	2,527	3,710	3,526	3,574	2,905	2,690	-		(1,020)
Equity Ratio	49.0%	45.6%	45.9%	48.1%	49.0%	48.8%	49.7%	-		+3.8%
Net Debt Equity Ratio	18.9%	20.1%	29.7%	24.9%	25.4%	19.7%	17.4%	-		(12.2%)
ROE (12 months)	8.1%	7.9%	9.3%	9.8%	11.5%	12.8%	13.1%	-		+3.8%
ROA (12 months)	5.6%	5.4%	6.3%	6.6%	8.0%	8.6%	9.3%	-		+3.1%
Days for Inventory Turnover	52	48	49	50	50	51	51	-		-
Quick Ratio	121%	124%	119%	126%	126%	122%	123%	-		-
Current Ratio	157%	161%	159%	163%	165%	162%	164%	-		-

Source: Company Data, WRJ Calculation

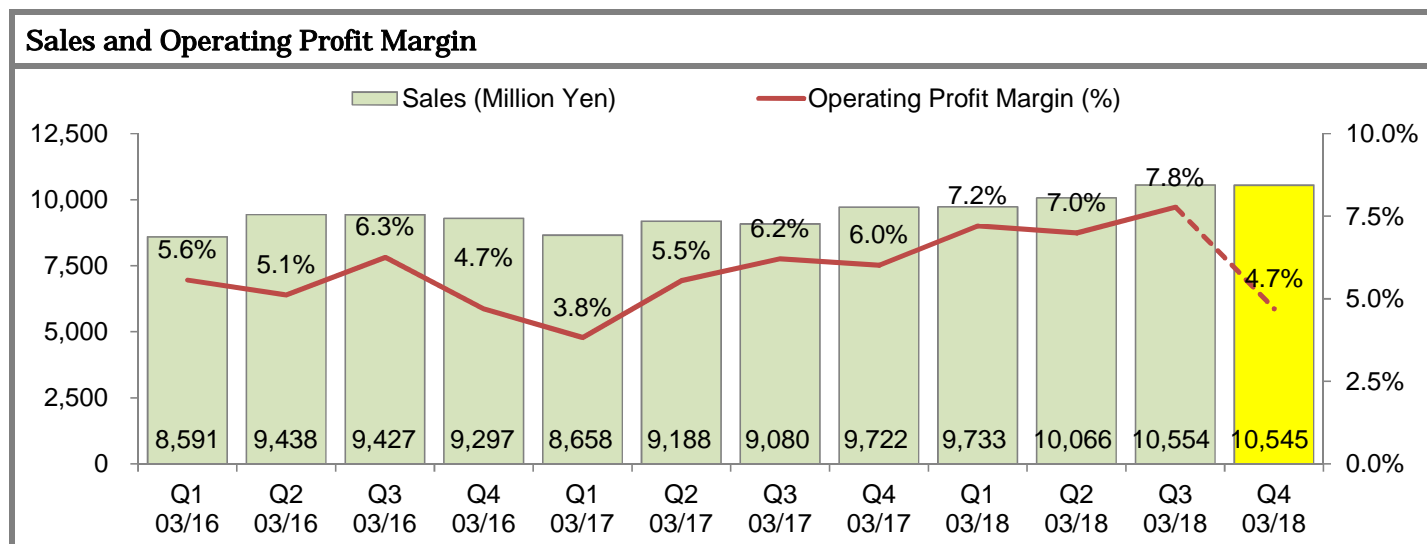
Cash Flow Statement (Cumulative)

Cash Flow Statement	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.	
(Million Yen)	03/2017	03/2017	03/2017	03/2017	03/2018	03/2018	03/2018	03/2018		
Operating Cash Flow	-	858	-	1,785	-	1,882	-	-		-
Investing Cash Flow	-	(995)	-	(2,770)	-	(1,043)	-	-		-
Operating CF and Investing CF	-	(137)	-	(985)	-	838	-	-		-
Financing Cash Flow	-	1,125	-	1,199	-	(657)	-	-		-

Source: Company Data, WRJ Calculation

FY03/2018 Company Forecasts

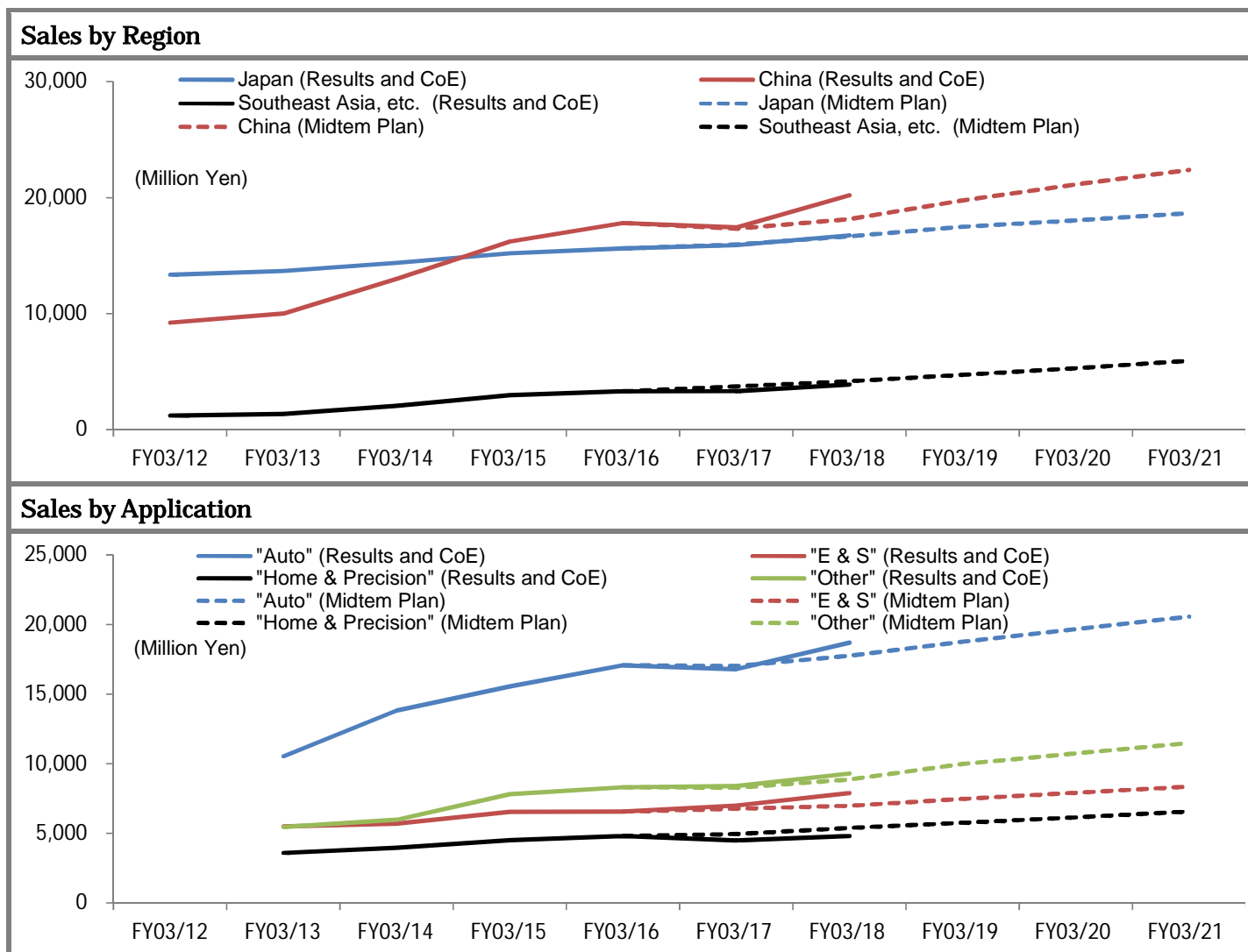
FY03/2018 Company forecasts are going for prospective sales of ¥40,900m (up 11.6% YoY), operating profit of ¥2,720m (up 36.6%), recurring profit of ¥2,620m (up 39.8%) and profit attributable to owners of parent of ¥1,710m (up 24.3%), while operating profit margin of 6.7% (up 1.2% points). In regards to prospective annual dividend, Company forecasts are going for ¥16.75 per share (after retroactive adjustments for 1:2 split, effective on 1 January 2018), implying payout ratio of 21.5%. This is up ¥3.75 per share from ¥13.00 per share, implying payout ratio of 20.8%, in FY03/2017, while payout ratio edging up.



Source: Company Data, WRJ Calculation (Q4 FY03/2018: based on FY03/2018 Company forecasts and Q1 to Q3 results)

Above-mentioned Company forecasts are after upgrade made on 9 February 2018 in line with the release of Q1 to Q3 results. Compared with existing forecasts to have been released on 11 November 2017 in line with the release of Q1 to Q2 results, sales have been upgraded by ¥300m (0.7%), operating profit by ¥160m (6.3%), recurring profit by ¥180m (7.4%) and profit attributable to owners of parent by ¥130m (8.2%). Meanwhile, given profit attributable to owners of parent having been upgraded, prospective annual dividend too. Company forecasts used to go for ¥15.50 per share, implying upgrade by ¥1.25 per share.

Company forecasts after said revision and Q1 to Q3 results suggest major adjustment of operating profit margin to take place in Q4. However, this is due to one-off pick up of expenses due to investment to drive long-term growth, according to the Company. But for this, there are no factors to worsen operating profit margin, as far as we could currently gather.



Source: Company Data, WRJ Calculation

Meanwhile, the assumptions are to be exceeded by ¥1,900m (4.9%) in sales and by ¥520m (23.6%) 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 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. However, sales in the Americas have remained insignificant due to sluggishness associated with the Company’s new local base to have been set up at the beginning of FY03/2018, i.e., April 2017. On the other hand, by application, sales associated with “Home Appliances & Precision Machinery” are rather 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”, albeit rather marginally.

FY03/2018 Company Forecasts

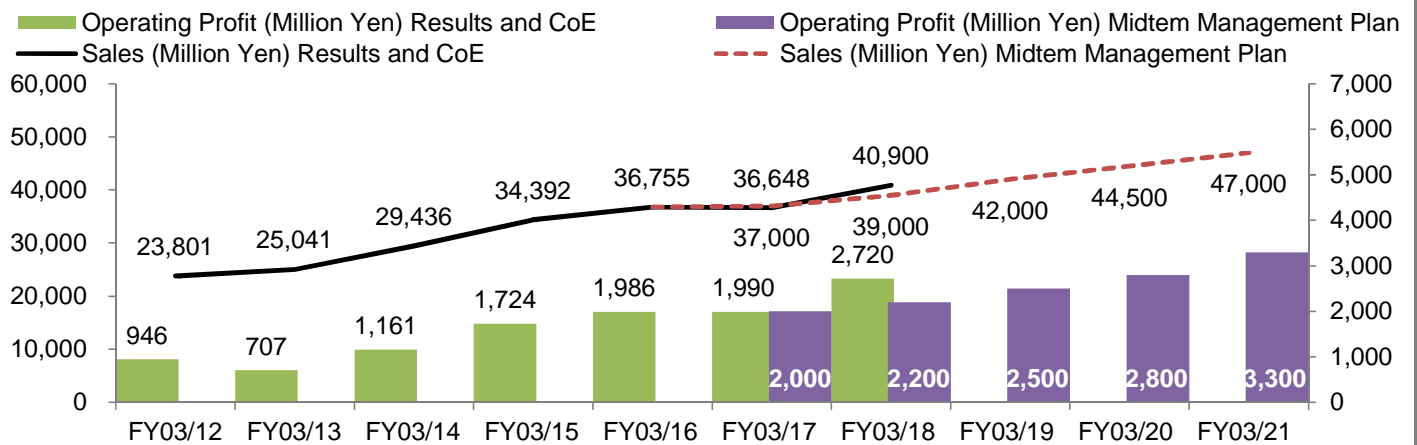
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2018CoE	11-May-17	Q4 Results	38,000	2,200	2,100	1,400
FY03/2018CoE	9-Aug-17	Q1 Results	38,000	2,200	2,100	1,400
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
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	9-Feb-18	Q3 Results	40,900	2,720	2,620	1,710
		Amount of Gap	300	160	180	130
		Rate of Gap	0.7%	6.3%	7.4%	8.2%
FY03/2018CoE	11-May-17	Q4 Results	38,000	2,200	2,100	1,400
FY03/2018CoE	9-Feb-18	Q3 Results	40,900	2,720	2,620	1,710
		Amount of Gap	2,900	520	520	310
		Rate of Gap	7.6%	23.6%	24.8%	22.1%
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	9-Feb-18	Q3 Results	21,100	1,316	1,222	789
		Amount of Gap	300	160	180	130
		Rate of Gap	1.4%	13.8%	17.3%	19.7%
Q3 to Q4 FY03/2018CoE	11-May-17	Q4 Results	18,880	1,070	980	665
Q3 to Q4 FY03/2018CoE	9-Feb-18	Q3 Results	21,100	1,316	1,222	789
		Amount of Gap	2,220	246	242	124
		Rate of Gap	11.8%	23.0%	24.7%	18.6%

Source: Company Data, WRJ Calculation

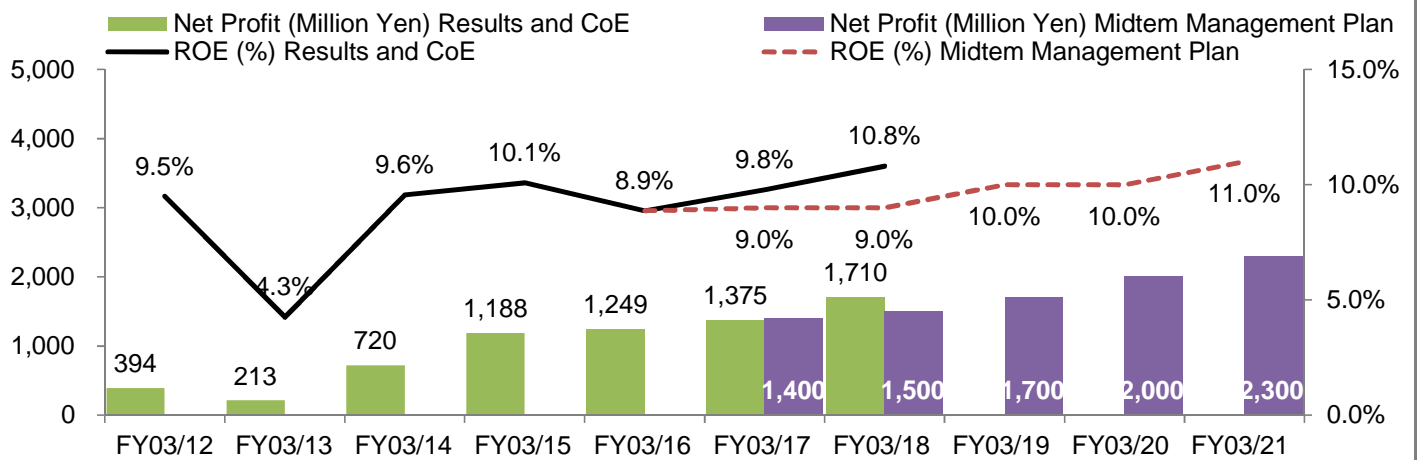
Long-Term Prospects

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 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. When 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. The plan is also calling for prospective ROE of 11.0% to be achieved in FY03/2021.

Midterm Management Plan “Value Creation 2020” : Sales and Operating Profit



Midterm Management Plan “Value Creation 2020” : Profit Attributable to Owners of Parent and ROE



Source: Company Data, WRJ Calculation

In Q1 to Q3 FY03/2018, the Company saw yen higher than the assumptions, i.e., ¥16.50 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 13.1%, i.e., already beyond the target to achieve ROE of 11.0% in FY03/2021.

Rate of Yen Against Yuan					
(Yen / Yuan)	Full-year (Initial CoE)	Q1	Q1 to Q2	Q1 to Q3	Full-year
FY03/2017	18.60	17.84	17.22	16.68	16.56
FY03/2018	16.00	16.51	16.42	16.50	-
(YoY, Yen)	-	(1.33)	(0.80)	(0.18)	-
(YoY, %)	-	(7%)	(5%)	(1%)	-

Source: Company Data, WRJ Calculation

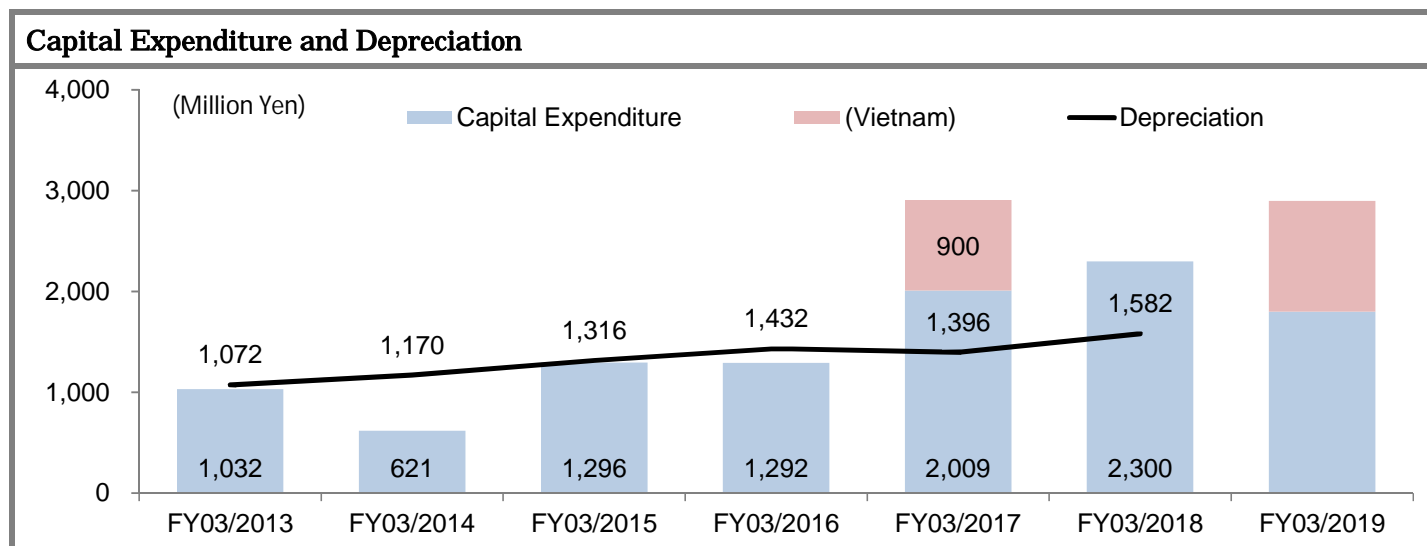
“Value Creation 2020” is going for 4 priority initiatives, comprising a) establishment of 5-pole (Japan, China, Asia, Europe and the Americas) sales structure, b) improvement of services for customers, c) promotion of high profitability operations combined with reinforcement of R&D and d) work style 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 to the level equating to those of Southeast Asia, well taking advantage of local distributor based in Germany. Meanwhile, the Company newly set up own local sales office in the United States (near Chicago, Illinois) and has started its operations in April 2017. This is the bridgehead to enter into the market of the Americas on a full-fledged basis.

In the Americas (mainly the United States), the Company finds market for molds & dies almost as large as China and Europe, 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 products, enhancing own position in the Americas (mainly the United States). The Company mentions food-&-beverage-related and medical-related as examples of competitive products, both of which have been well accepted in Japan as mentioned earlier. The situations should be the same in the Americas in the foreseeable future.

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”, enabling the manufacture of parts of molds & dies incorporating exactly the same specifications. All those services are rather new, offered by the Company’s bridgehead in Nagoya where Japan’s largest manufacturer of automobiles is based nearby. In fact, said manufacturer is so keen on enquiring to the Company on all those services as well as far diverse manufacturers at the same time. On top of this, non-manufacturers are also keen on enquiring to the Company frequently, which is just unexpected.

In regards to c) promotion of high profitability operations combined with reinforcement of R&D, the Company advocates “optimization of group manufacturing scheme”, having started to invest in new capacity of Vietnam on a full-fledged basis early in FY03/2017, which was followed by startup of operations in October 2016. The capacity of Vietnam is of cutting-edge equipment to well cope with automation and/or labor-saving for the manufacture of semi-finished products or blanks. Prior to this, the Company used to intensively manufacture semi-finished products in China, while currently shifting the manufacture to the capacity of Vietnam.



Source: Company Data, WRJ estimates

At the same time, the Company is making another shift of the manufacture, i.e., from Japan to China in regards to standard products (a type of finished products), taking advantage of excess capacity of China to have been created by above-mentioned shift after additional capital expenditure. Now, in capacity of Japan, more than before can the Company afford focusing on the manufacture of another type of finished products, i.e., custom products which are superior to standard products in terms of added value. This is stage one for “optimization of group manufacturing scheme”.

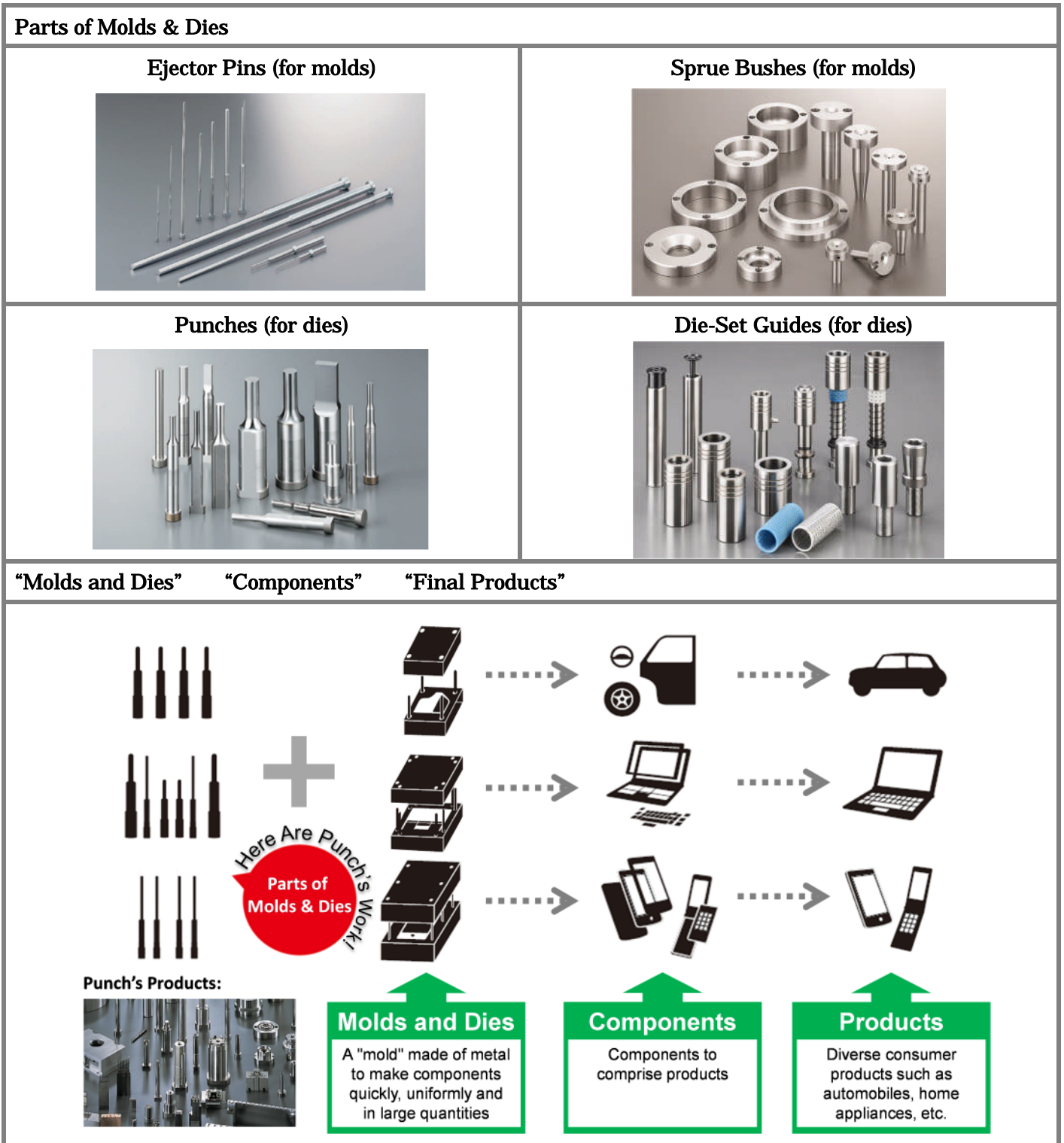
Then, the Company is to move on to stage two, together with further capital expenditure in the capacity of Vietnam to be implemented in FY03/2019. This will create new capacity to cope with the manufacture of standard products or finished products on top of existing capacity to efficiently manufacture semi-finished products. In line with this, the Company plans to shift the manufacture of standard products to capacity of Vietnam from capacity of Japan. Thus, it will be achievable for capacity of Japan to increasingly focus on the manufacture of high-added-value custom products to carry high profit margin, while improving cost competitiveness on semi-finished products and standard products which are rather inferior in terms of added value by taking advantage of overseas capacity, as far as we could see.

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, comprising 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 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". After almost one and half years since then, the Company does see some progresses here, as far as we could gather.

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 uniformly and in large quantities, which are indispensable to manufacture diverse final products such as automobiles, home appliances, etc. Final products are so diversified and thus so are components as well as molds and dies, which is also true of 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 and parts of dies for the remaining 60%, while parts of molds are superior to parts of dies in terms of added value and thus gross profit margin higher for the former and lower for the latter. Thus, the composition ratio here for the two 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.

Meanwhile, 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 Products on Catalogue, the Manufacture and Sales of Custom Products

The Company is involved with sales of standard products on catalogue as well as with the manufacture and sales of custom products at the same time. In our rough estimates, standard products sold on catalogue account for 40% of sales as a whole and the manufacture and sales of custom products for the remaining 60%. Meanwhile, the manufacture and sales of custom products are far superior to sales of standard products on catalogue in terms of added value. While it is too hard to make any distinguished features in regards to standard products sold on catalogue, there are good chances to do so in regards to custom products to be designed and manufactured in line with every single need of each customer. Amongst others, the Company strategically focuses on high-value-added products where the Company's expertise is fully utilized and all those products are called high-value-added strategic products, e.g., food-&-beverage-related and medical-related to have been mentioned earlier.

The Company utilizes own capacity to internally manufacture custom products, including high-value-added strategic products, while efficiently relying on outsourcing in regards to standard products. Still, the Company is now trying to take advantage of own overseas capacity in China and Vietnam in order to further improve efficiency of the operations associated with the latter. Meanwhile, all those outsourcing services are provided basically by small-sized peers and each has expertise in some specific processes of the manufacture and the Company efficiently takes advantage of them together with own extensive outsourcing network to have been established. For example, the Company takes advantage of outsourcing for some specific processes of the manufacture for custom products, consigning the operations to those who are good at them.

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%. As far as this ratio is sustainable, CAGR of 3% for the market of molds & dies should be applicable to the market for parts of molds & dies. When compared to this, the Company is apparently seeing far faster growth of sales in recent trading, implying increasing market share for the Company. More importantly, if we may reiterate once again, there still remains great room for development for the Company's market share in the foreseeable future.

5.0 Financial Statements

Income Statement

Income 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.
Sales	25,041	29,436	34,392	36,755	36,648	40,900	+4,251
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	2,720	+729
Non Operating Balance	114	(114)	(107)	(320)	(116)	(100)	+16
Recurring Profit	822	1,047	1,617	1,666	1,874	2,620	+745
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	1,710	+334
Sales YoY	+5.2%	+17.6%	+16.8%	+6.9%	(0.3%)	+11.6%	-
Operating Profit YoY	(25.2%)	+64.1%	+48.4%	+15.2%	+0.2%	+36.6%	-
Recurring Profit YoY	+2.1%	+27.3%	+54.4%	+3.1%	+12.5%	+39.8%	-
Profit Attributable to Owners of Parent YoY	(45.9%)	+238.0%	+64.9%	+5.1%	+10.1%	+24.3%	-
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%	6.7%	+1.2%
Recurring Profit Margin	3.3%	3.6%	4.7%	4.5%	5.1%	6.4%	+1.3%
Profit Attributable to Owners of Parent Margin	0.9%	2.4%	3.5%	3.4%	3.8%	4.2%	+0.4%
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	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.
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	34.30	99.58	130.91	112.94	124.99	-	-
Earnings Per Share (Fully Diluted)	-	-	-	-	124.84	-	-
Book Value Per Share	800.87	1,043.83	1,283.75	1,264.64	1,292.50	-	-
Dividend Per Share	20.00	20.00	25.00	25.00	26.00	-	-
Per Share Data (After Adjustments for Split) (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.
Share Split Factor	2	2	2	2	2	1	-
Earnings Per Share	17.15	49.79	65.46	56.47	62.50	78.00	-
Book Value Per Share	400.44	521.92	641.88	632.32	646.25	-	-
Dividend Per Share	10.00	10.00	12.50	12.50	13.00	16.75	-
Payout Ratio	58.3%	20.1%	19.1%	22.1%	20.8%	21.5%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	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%	10.8%	-
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	FY	FY	FY	FY	FY	YoY
	03/2013	03/2014	03/2015	03/2016	03/2017	03/2018	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 Manufacture 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 products 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 office 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, U.S. sales office 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) in April 2013. In spite of the fact that the Company specializes in sales and the manufacture 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 manufacture 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 final product represented by automobiles as has been discussed in detail so far. 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 manufacture of pins to make holes for PCB boards
August 1982	Entered into the manufacture 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 office in China, started selling parts of molds & dies in China in the following year of 2002
September 2010	Set up sales office 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 U.S. sales office

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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