Walden Research Japan

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PUNCH INDUSTRY (6165)

Consolidated Fiscal Year		Sales	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)			Profit	Profit	Owners of Parent	(Yen)	(Yen)	(Yen)
FY03/2016		36,755	1,986	1,666	1,249	56.47	12.50	632
FY03/2017		36,648	1,990	1,874	1,375	62.50	13.00	646
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		Coloo	Operating	Recurring	Profit Attributable to	EPS	DPS	BPS
(Million Yen)		Sales	Profit	Profit	Owners of Parent	(Yen)	(Yen)	(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 Results Update (13 February 2018)

New Business Domains Taking off

On 9 February 2018, PUNCH INDUSTRY to run operations of manufacturing and selling parts of molds & dies domestically and overseas released its Q1 to Q3 FY03/2018 results. It has been revealed that sales of new business domains are so buoyant, taking off nicely, comprising food-&-beverage-related and medical-related. The former mainly takes plastic-bottle containers as final products and the latter catheters, injectors and all those literally medical-related plastic products. Due mainly to sales better than expected for all those new business domains, FY03/2018 Company forecasts have been revised up.

Meanwhile, sales as a whole for the Company are also favorable, driving earnings substantially. Sales in Japan came in at \$12,760m (up 10.3%), China \$14,780m (up 14.7%) and Southeast Asia, etc. \$2,770m (up 13.4%), suggesting buoyant sales across the board. In regards to China, having driven sales as a whole for the Company most substantially region-wise, sales increased by no less than 16% over the same period in the previous year on a local currency basis. By application, sales of "Automobiles" and "Other" played an important role in particular. As far as we could gather, the Company is seeing consistently increasing market share in China on sales of "Automobiles", while sales of "Other", including those of above- mentioned new business domains, benefited from increasing add-ons associated with them more than a certain extent.

We are to interview with management to pursue all those issues more in depth so that we should be able to update <u>PUNCH INDUSTRY (6165) Critical Point (25 December 2017)</u> and release anew.

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 PUNCH INDUSTRY							
	IR Information							
	Share Price (Japanese)							
Established	29 March 1975							
Listing	20 December 2012: Tokyo Stock Exchange 1st Section (Ticker: 6165)							
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	• 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)							

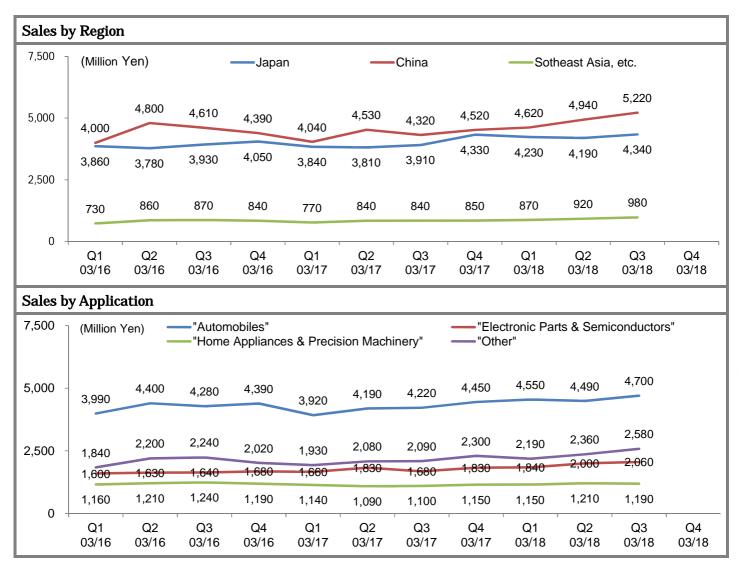
Source: Company Data

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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).



Source: Company Data, WRJ Calculation

By application, 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, i.e., the same as in sales by region.

Sales in China saw net increases by ¥1,890m over the same period in the previous year and sales of "Automobiles" by ¥1,410m, versus by ¥3,427m as a whole for the Company, having driven sales as a whole for the Company most substantially, region-wise and application-wise, respectively. As far as we could gather, in China, sales of "Automobiles" accounted for more than half of total and the same also in terms of net increases over the same period in the previous year. In China, final products like automobiles locally manufactured are now demanding increasingly sophisticated features, consistently making a changeover to the Company from local peers among customers placing order for parts of molds & dies.

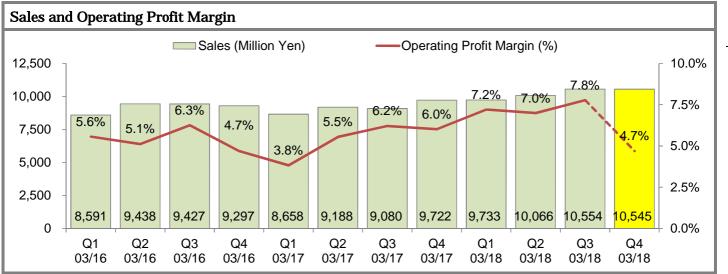
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Meanwhile, gross profit came in at \$8,654m (up 16.2%) and SG&A expenses \$6,429m (up 6.4%), having resulted in operating profit of \$2,225m (up 58.3%). They saw net increases over the same period in the previous year by \$1,205m, by \$385m and by \$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.

Including positive impacts stemming from rising capacity utilization in production facilities in Japan and overseas as well as those of improving sales mix, the Company benefited from increasing sales to a large extent in terms of earnings. SG&A expenses were also on the rise in line with capital expenditure associated with operations of reverse engineering and with R&D expenses to further cultivate new business domains. Nevertheless, all those increases were far more than compensated for by benefits from increasing sales.

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.

4.0 Financial Statements

Income Statement (Cumulative, Quarterly)										
Income Statement	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	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	10.170	
	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	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										
							(2)		+6	
,	(4)	0	(9)	(29)	(60)	(4)	(2) 781	-	+6 +242	
Profit before Income Taxes	(4) 325	0 461	(9) 539	(29) 504	(60) 650	(4) 683	781	-	+242	
Profit before Income Taxes Total Income Taxes	(4) 325 119	0	(9)	(29) 504 41	(60) 650 226	(4) 683 184	781 335	-	+242 +155	
Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs	(4) 325 119 (1)	0 461 119 -	(9) 539 180	(29) 504 41 (3)	(60) 650 226 1	(4) 683 184 0	781 335 0		+242 +155 +1	
Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent	(4) 325 119 (1) 207	0 461 119 - 341	(9) 539 180 - 359	(29) 504 41 (3) 466	(60) 650 226 1 422	(4) 683 184 0 498	781 335 0 445	-	+242 +155	
Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY	(4) 325 119 (1) 207 +0.8%	0 461 119 - 341 (2.6%)	(9) 539 180 - 359 (3.7%)	(29) 504 41 (3) 466 +4.6%	(60) 650 226 1 422 +12.4%	(4) 683 184 0 498 +9.6%	781 335 0 445 +16.2%	-	+242 +155 +1	
Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY	(4) 325 119 (1) 207 +0.8% (30.7%)	0 461 119 - 341 (2.6%) +5.6%	(9) 539 180 - 359 (3.7%) (4.3%)	(29) 504 41 (3) 466 +4.6% +34.2%	(60) 650 226 1 422 +12.4% +111.7%	(4) 683 184 0 498 +9.6% +38.0%	781 335 0 445 +16.2% +45.4%	-	+242 +155 +1	
Profit before Income Taxes Total Income Taxes NP Belonging to Non-Controlling SHs Profit Attributable to Owners of Parent Sales YoY Operating Profit YoY Recurring Profit YoY	(4) 325 119 (1) 207 +0.8% (30.7%) (24.7%)	0 461 119 - 341 (2.6%) +5.6% (6.4%)	(9) 539 180 - 359 (3.7%) (4.3%) +47.2%	(29) 504 41 (3) 466 +4.6% +34.2% +47.3%	(60) 650 226 1 422 +12.4% +111.7% +115.4%	(4) 683 184 0 498 +9.6% +38.0% +48.9%	781 335 0 445 +16.2% +45.4% +42.9%	- - - - - - - - - - - -	+242 +155 +1	
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Source: Company Data, WRJ Calculation

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Sales by Region : Financial Summary Data (Cumulative, Quarter	v)
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Sales by Region : Financial Summary Data	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.
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	
	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.
Japan	3,840	3,810	3,910	4,330	4,230	4,190	4,340	-	+430
China	4 0 4 0								
	4,040	4,530	4,320	4,520	4,620	4,940	5,220		+900
Southeast Asia, etc.	4,040 770	4,530 840	4,320 840	4,520 850	4,620 870	4,940 920	5,220 980		+900 +140
Southeast Asia, etc.	770	840	840	850	870	920	980		+140
Southeast Asia, etc. (Adjustments)	770 8	840 8	840 10	850 22	870 13	920 16	980 14	-	+140 +4
Southeast Asia, etc. (Adjustments) Sales	770 8 8,658	840 8 9,188	840 10 9,080	850 22 9,722	870 13 9,733	920 16 10,066	980 14 10,554		+140 +4
Southeast Asia, etc. (Adjustments) Sales Japan	770 8 8,658 (0.5%)	840 8 9,188 +0.8%	840 10 9,080 (0.5%)	850 22 9,722 +6.9%	870 13 9,733 +10.1%	920 16 10,066 +10.0%	980 14 10,554 +11.0%	-	+140 +4
Southeast Asia, etc. (Adjustments) Sales Japan China	770 8 8,658 (0.5%) +1.0%	840 8 9,188 +0.8% (5.6%)	840 10 9,080 (0.5%) (6.3%)	850 22 9,722 +6.9% +3.0%	870 13 9,733 +10.1% +14.4%	920 16 10,066 +10.0% +9.1%	980 14 10,554 +11.0% +20.8%	-	+140 +4
Southeast Asia, etc. (Adjustments) Sales Japan China Southeast Asia, etc.	770 8 8,658 (0.5%) +1.0% +5.5%	840 8 9,188 +0.8% (5.6%) (2.3%)	840 10 9,080 (0.5%) (6.3%) (3.4%)	850 22 9,722 +6.9% +3.0% +1.2%	870 13 9,733 +10.1% +14.4% +13.7%	920 16 10,066 +10.0% +9.1% +9.5%	980 14 10,554 +11.0% +20.8% +16.7%		+140 +4
Southeast Asia, etc. (Adjustments) Sales Japan China Southeast Asia, etc. Sales (YoY)	770 8 8,658 (0.5%) +1.0% +5.5% +0.8%	840 8 9,188 +0.8% (5.6%) (2.3%) (2.6%)	840 10 9,080 (0.5%) (6.3%) (3.4%) (3.7%)	850 22 9,722 +6.9% +3.0% +1.2% +4.6%	870 13 9,733 +10.1% +14.4% +13.7% +12.4%	920 16 10,066 +10.0% +9.1% +9.5% +9.6%	980 14 10,554 +11.0% +20.8% +16.7% +16.2%		+140 +4
Southeast Asia, etc. (Adjustments) Sales Japan China Southeast Asia, etc. Sales (YoY) Japan	770 8 8,658 (0.5%) +1.0% +5.5% +0.8% 44.4%	840 8 9,188 +0.8% (5.6%) (2.3%) (2.6%) 41.5%	840 10 9,080 (0.5%) (6.3%) (3.4%) (3.7%) 43.1%	850 22 9,722 +6.9% +3.0% +1.2% +4.6%	870 13 9,733 +10.1% +14.4% +13.7% +12.4% 43.5%	920 16 10,066 +10.0% +9.1% +9.5% +9.6% 41.6%	980 14 10,554 +11.0% +20.8% +16.7% +16.2% 41.1%	· · · · · ·	+140 +4

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	
	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.
"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	
Sales by Application: Financial Summary Data	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	Cons.Act Q1	Cons.Act Q2	Cons.Act Q3	Cons.Act Q4	YoY
Sales by Application: Financial Summary Data (Million Yen)									YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
(Million Yen)	Q1 03/2017	Q2 03/2017	Q3 03/2017	Q4 03/2017	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Net Chg.
(Million Yen) "Automobiles"	Q1 03/2017 3,920	Q2 03/2017 4,190	Q3 03/2017 4,220	Q4 03/2017 4,450	Q1 03/2018 4,550	Q2 03/2018 4,490	Q3 03/2018 4,700	Q4 03/2018	Net Chg. +480
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors"	Q1 03/2017 3,920 1,660	Q2 03/2017 4,190 1,830	Q3 03/2017 4,220 1,680	Q4 03/2017 4,450 1,830	Q1 03/2018 4,550 1,840	Q2 03/2018 4,490 2,000	Q3 03/2018 4,700 2,060	Q4 03/2018	Net Chg. +480 +380
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery"	Q1 03/2017 3,920 1,660 1,140	Q2 03/2017 4,190 1,830 1,090	Q3 03/2017 4,220 1,680 1,100	Q4 03/2017 4,450 1,830 1,150	Q1 03/2018 4,550 1,840 1,150	Q2 03/2018 4,490 2,000 1,210	Q3 03/2018 4,700 2,060 1,190	Q4 03/2018 - - -	Net Chg. +480 +380 +90
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other"	Q1 03/2017 3,920 1,660 1,140 1,930	Q2 03/2017 4,190 1,830 1,090 2,080	Q3 03/2017 4,220 1,680 1,100 2,090	Q4 03/2017 4,450 1,830 1,150 2,300	Q1 03/2018 4,550 1,840 1,150 2,190	Q2 03/2018 4,490 2,000 1,210 2,360	Q3 03/2018 4,700 2,060 1,190 2,580	Q4 03/2018 - - - -	Net Chg. +480 +380 +90 +490
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments)	Q1 03/2017 3,920 1,660 1,140 1,930 8	Q2 03/2017 4,190 1,830 1,090 2,080 (1)	Q3 03/2017 4,220 1,680 1,100 2,090 (9)	Q4 03/2017 4,450 1,830 1,150 2,300 (7)	Q1 03/2018 4,550 1,840 1,150 2,190 3	Q2 03/2018 4,490 2,000 1,210 2,360 6	Q3 03/2018 4,700 2,060 1,190 2,580 24	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles"	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%)	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%)	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%)	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4%	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733 +16.1%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11.4%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles" "Electronic Parts & Semiconductors"	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%) +3.8%	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%) +12.3%	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%) +2.4%	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4% +8.9%	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733 +16.1% +10.8%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2% +9.3%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11,4% +22.6%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery"	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%) +3.8% (1.7%)	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%) +12.3% (9.9%)	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%) +2.4% (11.3%)	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4% +8.9% (3.4%)	Q1 03/2018 4,550 1,840 1,150 2,190 3 3 9,733 +16.1% +10.8% +0.9%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2% +9.3% +11.0%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11,4% +22.6% +8.2%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other"	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%) +3.8% (1.7%) +4.9%	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%) +12.3% (9.9%) (5.5%)	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%) +2.4% (11.3%) (6.7%)	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4% +8.9% (3.4%) +13.9%	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733 +16.1% +10.8% +0.9% +13.5%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2% +9.3% +11.0% +11.0%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11,4% +22.6% +8.2% +23.4%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" Sales (YoY)	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%) +3.8% (1.7%) +4.9% +0.8%	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%) +12.3% (9.9%) (5.5%) (2.6%)	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%) +2.4% (11.3%) (6.7%) (3.7%)	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4% +8.9% (3.4%) +13.9% +4.6%	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733 +16.1% +10.8% +0.9% +13.5% +12.4%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2% +9.3% +11.0% +13.5% +9.6%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11.4% +22.6% +8.2% +23.4% +16.2%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" Sales (YoY) "Automobiles"	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%) +3.8% (1.7%) +4.9% +0.8% 45.3%	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%) +12.3% (9.9%) (5.5%) (2.6%)	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%) +2.4% (11.3%) (6.7%) (3.7%) 46.5%	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4% +8.9% (3.4%) +13.9% +4.6% 45.8%	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733 +10.1% +10.8% +0.9% +13.5% +12.4% 46.7%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2% +9.3% +11.0% +13.5% +9.6% 44.6%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11.4% +22.6% +8.2% +23.4% +16.2%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34
(Million Yen) "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" (Adjustments) Sales "Automobiles" "Electronic Parts & Semiconductors" "Home Appliances & Precision Machinery" "Other" Sales (YoY) "Automobiles" "Electronic Parts & Semiconductors"	Q1 03/2017 3,920 1,660 1,140 1,930 8 8,658 (1.8%) +3.8% (1.7%) +4.9% +0.8% 45.3% 19.2%	Q2 03/2017 4,190 1,830 1,090 2,080 (1) 9,188 (4.8%) +12.3% (9.9%) (5.5%) (2.6%) 45.6% 19.9%	Q3 03/2017 4,220 1,680 1,100 2,090 (9) 9,080 (1.4%) +2.4% (11.3%) (6.7%) (3.7%) 46.5% 18.5%	Q4 03/2017 4,450 1,830 1,150 2,300 (7) 9,722 +1.4% +8.9% (3.4%) +13.9% +4.6% 45.8% 18.8%	Q1 03/2018 4,550 1,840 1,150 2,190 3 9,733 +10.1% +10.8% +0.9% +13.5% +12.4% 46.7% 18.9%	Q2 03/2018 4,490 2,000 1,210 2,360 6 10,066 +7.2% +9.3% +11.0% +13.5% +9.6% 44.6% 19.9%	Q3 03/2018 4,700 2,060 1,190 2,580 24 10,554 +11.4% +22.6% +8.2% +23.4% +16.2% 44.5% 19.5%	Q4 03/2018 - - - - -	Net Chg. +480 +380 +90 +490 +34

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	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.
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								
	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.
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

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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