

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)
FY03/2017		36,648	1,990	1,874	1,375	62.49	13.00	646.25
FY03/2018		41,025	2,843	2,731	1,788	81.61	16.75	736.64
FY03/2019CoE		41,000	2,500	2,400	1,750	79.80	16.75	-
FY03/2018	YoY	11.9%	42.8%	45.7%	30.0%	-	-	-
FY03/2019CoE	YoY	(0.1%)	(12.1%)	(12.1%)	(2.2%)	-	-	-
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 FY03/2018		30,354	2,225	2,182	1,366	-	-	-
Q1 to Q3 FY03/2019		31,165	2,181	2,158	1,583	-	-	-
Q1 to Q3 FY03/2018	YoY	12.7%	58.3%	62.8%	50.3%	-	-	-
Q1 to Q3 FY03/2019	YoY	2.7%	(2.0%)	(1.1%)	15.9%	-	-	-

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

1.0 Executive Summary (12 March 2019)


Correction after Overshoot

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies domestically and overseas, is in the middle of earnings adjustment. This is because of unavoidableness for the Company exposed to China roughly by half in terms of sales to directly suffer from US-China trade friction. Incoming order intake of China is currently on the rise due to seasonal factor with Chinese New Year (4 February to 10 February 2019) having just finished, but severe situations of “Automobiles”, “Electronic Parts & Semiconductors” and other main application domains have hardly changed, according to the Company. Meanwhile, sales of China in FY03/2019 are in line with assumptions of midterm management plan “Value Creation 2020” (FY03/2017 to FY03/2021, released on 11 March 2016). The assumptions here were exceeded a lot in FY03/2018 results in regards to sales of China and thus what is going on now could be nothing but correction after overshoot in a sense. Still, as is taken for granted, the unavoidableness to suffer from US-China trade friction is to remain going forward, while it is too early to say how long, etc. More importantly, meanwhile, it appears that the Company is seeing steadily improving competitiveness amongst peers. As far as high value-added strategic products on which the Company has focused for years are concerned, sales have remained buoyant in China as suggested by the Company’s disclosure materials. The other issue is that automobile production volume in China or one of the indicators for sales of China is seeing the rate of decreases getting smaller most recently. With a condition that external situations like this are to persistently improve in the future, the Company should be able to achieve the business performance target for FY03/2021, i.e., sales of ¥47,000m and operating profit of ¥3,300m.

IR Representative: Hayato Matsuda, Corporate Strategy Planning Office (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 2018)	
No. of Shares	22,122,400 shares, including 380,336 treasury shares (as of the end of Dec. 2018)	
Main Features	<ul style="list-style-type: none"> ● By far the largest in China and one of the largest on a global basis ● Collective 15,000 customers (6,000 in Japan, 8,000 in China and 1,000 in Other) ● Focus on high value-added strategic products 	
Business Segment	. Parts of Molds & Dies Business	
Top Management	Representative Director President, CEO: Masaaki Takeda	
Shareholders	MT Kosan 12.7%, Yuji Morikubo 7.4% (as of the end of September 2018)	
Headquarters	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 4,227, Parent: 974 (as of the end of September 2018)	

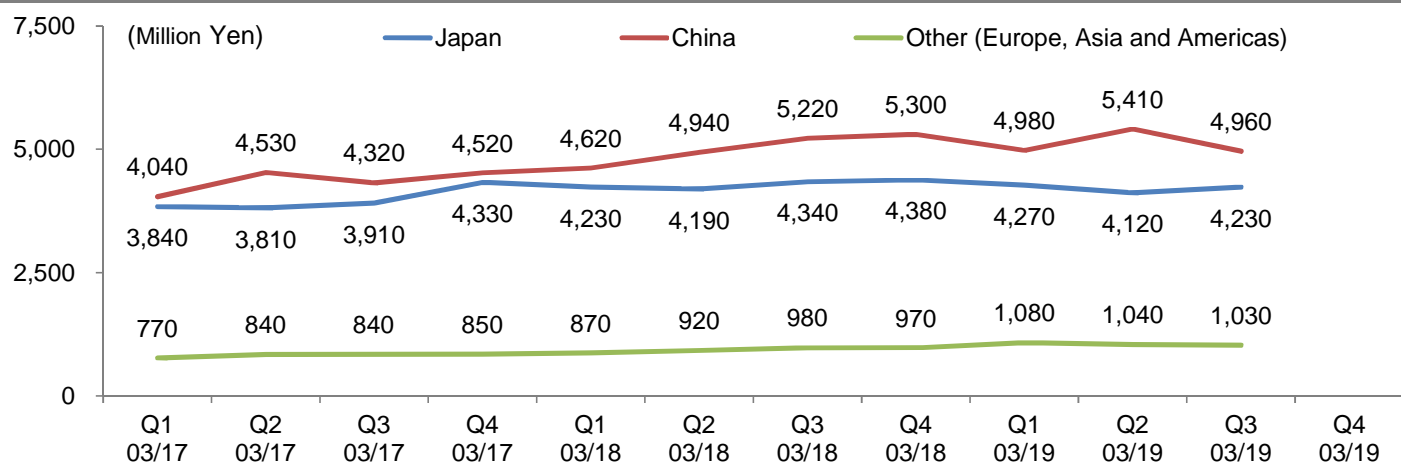
Source: Company Data

3.0 Recent Trading and Prospects

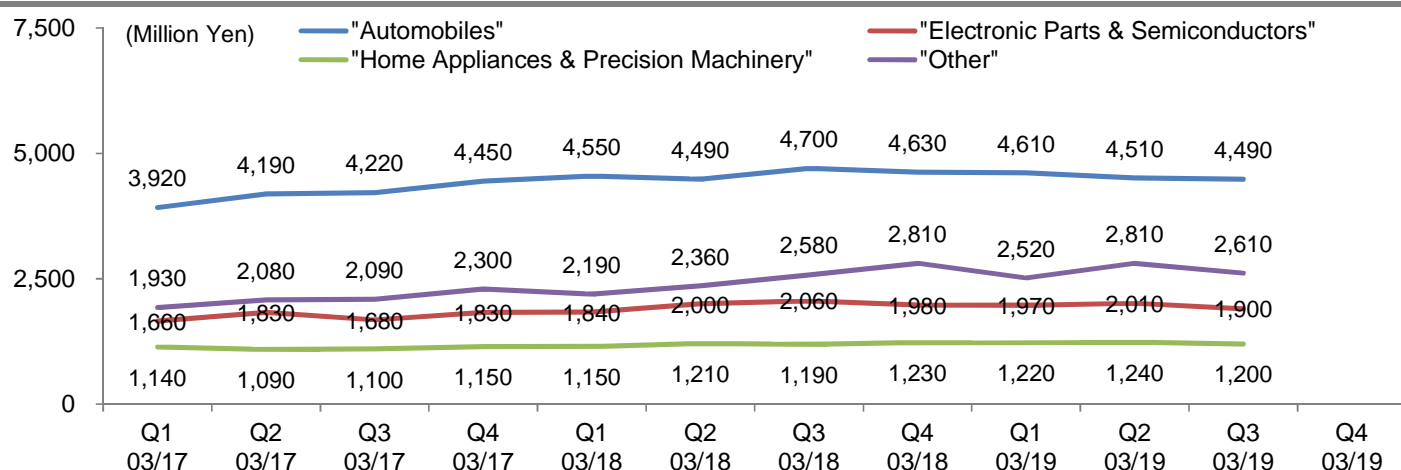
Q1 to Q3 FY03/2019 Results

In Q1 to Q3 FY03/2019, sales came in at ¥31,165m (up 2.7% YoY), operating profit ¥2,181m (down 2.0%), recurring profit ¥2,158m (down 1.1%) and profit attributable to owners of parent ¥1,583m (up 15.9%), while operating profit margin 7.0% (down 0.3% points).

Sales by Region



Sales by Application

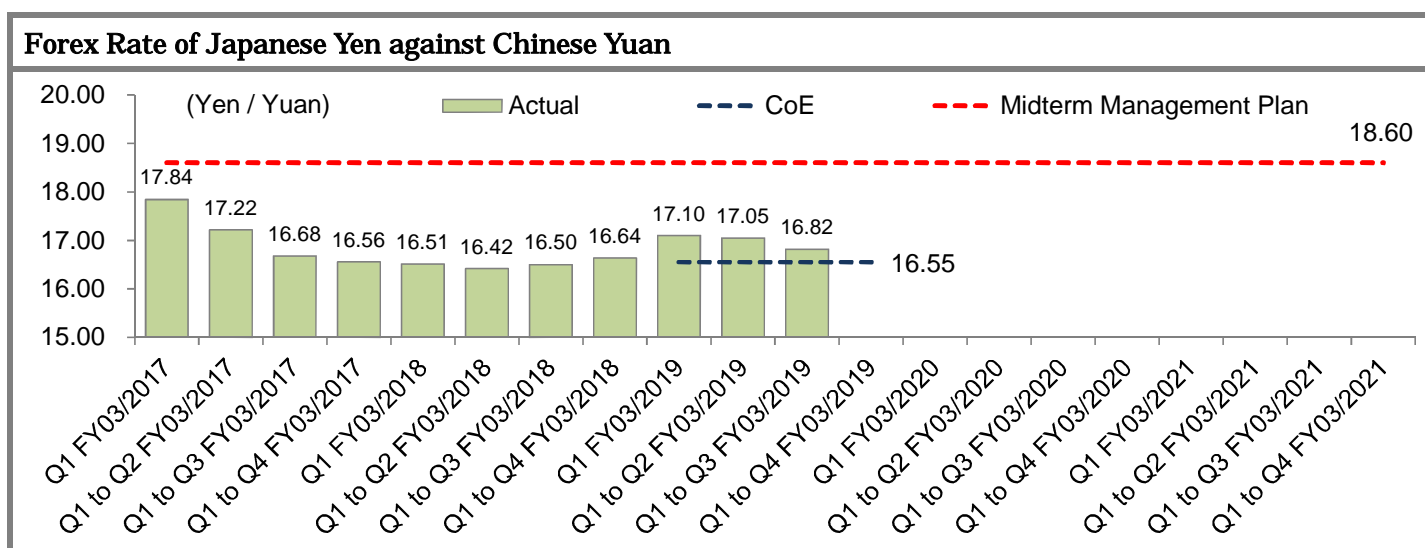


Source: Company Data, WRJ Calculation

By region, sales of Japan came in at ¥12,620m (down 1.0%), sales of China ¥15,350m (up 3.8%) and sales of Other (Europe, Asia and Americas) ¥3,150m (up 13.5%). In Japan, sales of food-&-beverage-related belonging to "Other" by application remained buoyant, but sales on "Automobiles" slowed down, having more than offset the former. Sales of China in Q1 increased by 7.8% over the same period in the previous year and increased by 9.5% in Q2, but decreased by 5.0% in Q3 (July to September in China) due to negative impacts stemming from US-China trade friction having become tangible. Still, the Company argues that demand has remained rather firm as far as high value-added strategic products are concerned, on which the Company has focused for years in all the domains by application, including "Automobiles". In Other (Europe, Asia and Americas), sales in Europe increased favorably together with successful measures to well take advantage of local distributors.

By application, sales on the mainstay “Automobiles” as well as those on “Electronic Parts & Semiconductors” have failed to increase, negatively affected by slowing sentiment in the market for final products. Meanwhile, sales on “Other” were buoyant. Not only in Japan does the Company focus on high value-added strategic products, e.g., food-&-beverage-related, but also on a group basis, which appears to be the key driver here as far as we could see. Food-&-beverage-related is of the manufacture of plastic bottles, etc. The bulk of plastic bottles, including molds for them, used to be internally manufactured by beverage manufacturers and/or by their subcontractors, while the manufacturers have started to place order with the Company in regards to parts of molds mostly recently and this trend is now accelerating. Food-&-beverage-related are of high value-added products and thus the Company focuses on them strategically (high value-added strategic products).

Meanwhile, gross profit came in at ¥8,900m (up 2.8%) and SG&A expenses ¥6,719m (up 4.5%). Gross profit increased roughly in line with sales, while SG&A expenses increased faster, having resulted in marginal decreases of operating profit. The Company is implementing capex in digital engineering services to cope with its increasing business scale, while R&D expenses on new business domain development being on the rise, which are the main reasons why SG&A expenses increased.



Source: Company Data, WRJ Calculation

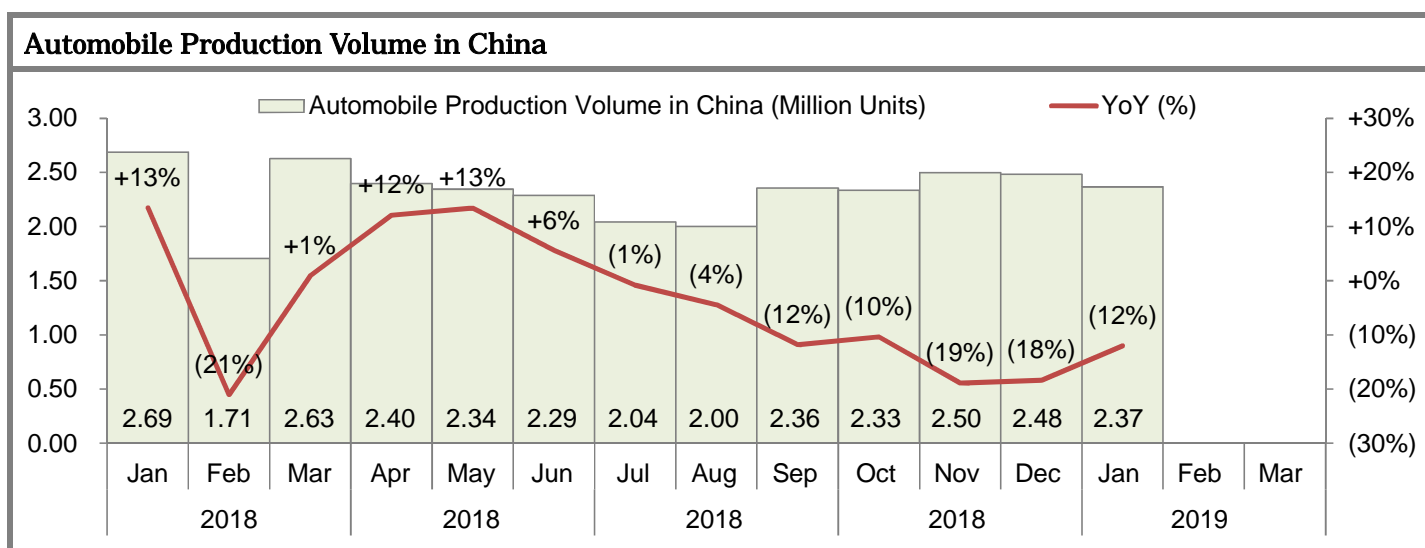
In order to grasp the trends for sales of China in depth, it is a must to measure impacts from changes of forex rate as well as understanding impacts stemming from difference of accounting period between the parent company and subsidiaries based in China on top of aforementioned sales on a Japanese currency basis.

In Q1 to Q3, the Company saw ¥16.82 per yuan. Compared with ¥16.50 per yuan over the same period in the previous year, yen got depreciated against yuan by 2%, having resulted in add-ons in sales on a Japanese currency basis. According to the Company, sales of China increased by 3.8% on a Japanese currency basis, while having increased by 1.8% on a local currency basis. By application on a local currency basis, sales on “Automobiles” accounting for half of local marginally came down over the same period in the previous year, while so did those on “Electronic Parts & Semiconductors”. Sales on “Home Appliances & Precision Machinery” marginally increased and those on “Other” increased a lot, implying that sales on “Other” drove sales of China by application. The Company suggests that sales stemming from exports from China bound for a new destination started to take off on a full-fledged basis and that sales of China on “Other” increased by almost 10% on a local currency basis.

FY03/2019 Company forecasts, both initial (released on 11 May 2018) and after revision (9 November 2018) assume ¥16.55 per yuan. Compared with this, the Q1 to Q3 results of ¥16.82 per yuan suggest that sales are rather boosted due to unexpected changes of forex rate.

As found in the above-mentioned Q1 to Q3 results, changes of forex rate between yen and yuan directly give impacts to sales with the Company, but not much in terms of earnings, according to the Company. This is because of large exposure to yuan also on the expenses side. Meanwhile, midterm management plan “Value Creation 2020” (FY03/2017 to FY03/2021, released on 11 March 2016) assumes ¥18.50 per yuan. Thus, yen is currently higher than assumed then, but sales of China in FY03/2019 are in line with assumptions of midterm management plan.

The accounts of FY03/2019 as a whole for the Company are of business performance through April 2018 to March 2019 in regards to the parent company. Meanwhile, the said accounts are of business performance through January 2018 to December 2018 in regards to subsidiaries based in China. On a quarterly basis, the accounts reflect business performance three months ago as far as subsidiaries based in China are concerned, consequently. For example, the accounts of Q3 (October to December) FY03/2019 reflect business performance through July 2018 to September 2018 for subsidiaries based in China.

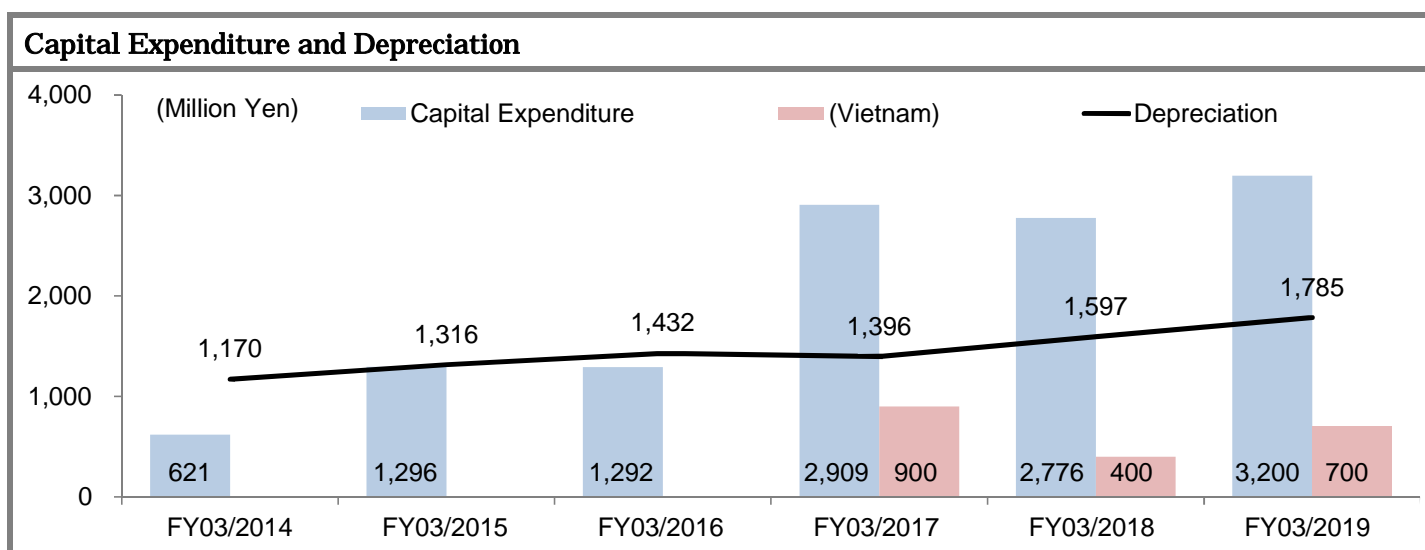


Source: [Automobile Industry Portal "MARK LINE"](#)

Automobile production volume in China or one of the indicators for local sales with the Company has been coming down since July 2018 to date, i.e., by January 2019 with no exception every month. US-China trade friction does generate negative impacts here. According to the Company, the volume in July 2018 decreased by 0.7% over the same month in the previous year, by 4.4% in August and by 11.7% in September, while by 1%, by 4% and by 12%, respectively, according to Automobile Industry Portal “MARK LINE”. All those trends were reflected in Q3 (October to December) results with the Company, having resulted in that sales came down by 5.0% in China where those on “Automobiles” account for half of total by application. Parts of molds & dies manufactured and sold by the Company are not those adopted in automobiles but literally those adopted in molds and dies. Still, decreased volume of automobile production leads to decreased demand for molds and dies heavily involved with the said production as far as we could gather.

Then, the volume decreased by 10% in October, by 19% in November and by 18% in December, according to Automobile Industry Portal “MARK LINE”, which is to be reflected in Q4 (January to March) with the Company. Thus, sales of China are to suffer from decreases larger than those of Q3, which are properly assumed in current FY03/2019 Company forecasts (released on 9 November 2018) as far as we could see. Meanwhile, the volume decreased by 12% in January 2019, suggesting that the rate of decreases getting smaller most recently. Thus, it could be the case that the Company could start up FY03/2020 with a little bit of sentiment for recovery, when this trend is taken into account.

The Company, having completed phase-one investment of ¥900m in new capacity of Vietnam in FY03/2017, is planning to complete phase-two investment of ¥1,100m (¥400m in FY03/2018 and ¥700m in FY03/2019) in FY03/2019. Combined with that of existing capacity, FY03/2019 Company forecasts are going for prospective capex of ¥3,200m as initially expected. In Q1 to Q3, the Company has implemented capex of ¥2,410m, implying progress rate of 75.3% against full-year plan. The objective of aggressive capex like this is to materialize “optimization of the manufacture on a group basis” to be mentioned later in detail. Anyhow, this leads to gross profit margin higher than before for the Company in the foreseeable future.



Source: Company Data, WRJ Calculation

Meanwhile, operating profit came in at ¥2,181m (down 2.0%) versus recurring profit of ¥2,158m (down 1.1%) and profit attributable to owners of parent of ¥1,583m (up 15.9%). At the non-operating level, interest expenses increased in line with increases of US-dollar-denominated debt, but this was almost all compensated for by decreased other expenses, having resulted in effectively no changes at the non-operating balance over the same period in the previous year. At the extraordinary level, the Company saw loss on fixed assets sold having come down. On top of this, profit attributable to owners of parent was driven by a factor that preferential tax treatment associated with overseas subsidiaries has resumed after suspension in FY03/2018. The other thing is, as of the end of Q3, total assets stood at ¥32,630m and equity capital ¥16,595m, implying equity capital ratio of 50.9%, while net debt ¥3,543m (after installment payable added). Compared with net debt of ¥2,561m as of the beginning of the fiscal year, the Company saw net increases by ¥981m in net debt due mainly to phase-two investment in new capacity of Vietnam.

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)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	Net Chg.	
Sales	9,733	19,800	30,354	41,025	10,342	20,937	31,165	-	+811	
CoGS	6,960	14,155	21,699	29,367	7,390	15,036	22,264	-	+565	
Gross Profit	2,773	5,644	8,654	11,658	2,951	5,900	8,900	-	+245	
SG&A Expenses	2,072	4,239	6,429	8,814	2,236	4,526	6,719	-	+289	
Operating Profit	701	1,404	2,225	2,843	714	1,374	2,181	-	(43)	
Non Operating Balance	10	(5)	(42)	(111)	(32)	(34)	(22)	-	+19	
Recurring Profit	711	1,398	2,182	2,731	682	1,340	2,158	-	(24)	
Extraordinary Balance	(60)	(65)	(67)	(215)	(6)	(7)	(11)	-	+56	
Profit before Income Taxes	650	1,333	2,115	2,516	676	1,332	2,147	-	+31	
Total Income Taxes	226	411	747	725	164	325	560	-	(186)	
NP Belonging to Non-Controlling SHs	1	1	1	1	1	1	2	-	-	
Profit Attributable to Owners of Parent	422	921	1,366	1,788	511	1,005	1,583	-	+217	
Sales YoY	+12.4%	+10.9%	+12.7%	+11.9%	+6.3%	+5.7%	+2.7%	-	-	
Operating Profit YoY	+111.7%	+67.0%	+58.3%	+42.8%	+2.0%	(2.2%)	(2.0%)	-	-	
Recurring Profit YoY	+115.4%	+76.6%	+62.8%	+45.7%	(4.0%)	(4.2%)	(1.1%)	-	-	
Profit Attributable to Owners of Parent YoY	+103.5%	+67.6%	+50.3%	+30.0%	+20.9%	+9.1%	+15.9%	-	-	
Gross Profit Margin	28.5%	28.5%	28.5%	28.4%	28.5%	28.2%	28.6%	-	+0.0%	
(SG&A / Sales)	21.3%	21.4%	21.2%	21.5%	21.6%	21.6%	21.6%	-	+0.4%	
Operating Profit Margin	7.2%	7.1%	7.3%	6.9%	6.9%	6.6%	7.0%	-	(0.3%)	
Recurring Profit Margin	7.3%	7.1%	7.2%	6.7%	6.6%	6.4%	6.9%	-	(0.3%)	
Profit Attributable to Owners of Parent Margin	4.3%	4.7%	4.5%	4.4%	4.9%	4.8%	5.1%	-	+0.6%	
Total Income Taxes / Profit before Income Taxes	34.8%	30.8%	35.3%	28.8%	24.3%	24.5%	26.1%	-	(9.2%)	
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)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	Net Chg.	
Sales	9,733	10,066	10,554	10,670	10,342	10,594	10,228	-	(325)	
CoGS	6,960	7,195	7,543	7,667	7,390	7,646	7,227	-	(315)	
Gross Profit	2,773	2,871	3,010	3,003	2,951	2,948	3,000	-	(10)	
SG&A Expenses	2,072	2,167	2,189	2,385	2,236	2,289	2,193	-	+3	
Operating Profit	701	703	820	618	714	659	807	-	(13)	
Non Operating Balance	10	(16)	(36)	(69)	(32)	(2)	11	-	+47	
Recurring Profit	711	687	784	548	682	657	818	-	+34	
Extraordinary Balance	(60)	(4)	(2)	(147)	(6)	(1)	(3)	-	(1)	
Profit before Income Taxes	650	683	781	401	676	655	814	-	+33	
Total Income Taxes	226	184	335	(21)	164	161	234	-	(100)	
NP Belonging to Non-Controlling SHs	1	-	-	-	1	-	1	-	-	
Profit Attributable to Owners of Parent	422	498	445	422	511	494	578	-	+133	
Sales YoY	+12.4%	+9.6%	+16.2%	+9.8%	+6.3%	+5.2%	(3.1%)	-	-	
Operating Profit YoY	+111.7%	+38.0%	+45.4%	+5.6%	+2.0%	(6.3%)	(1.6%)	-	-	
Recurring Profit YoY	+115.4%	+48.9%	+42.9%	+2.9%	(4.0%)	(4.4%)	+4.4%	-	-	
Profit Attributable to Owners of Parent YoY	+103.5%	+45.8%	+23.8%	(9.5%)	+20.9%	(0.9%)	+29.9%	-	-	
Gross Profit Margin	28.5%	28.5%	28.5%	28.1%	28.5%	27.8%	29.3%	-	+0.8%	
(SG&A / Sales)	21.3%	21.5%	20.7%	22.4%	21.6%	21.6%	21.4%	-	+0.7%	
Operating Profit Margin	7.2%	7.0%	7.8%	5.8%	6.9%	6.2%	7.9%	-	+0.1%	
Recurring Profit Margin	7.3%	6.8%	7.4%	5.1%	6.6%	6.2%	8.0%	-	+0.6%	
Profit Attributable to Owners of Parent Margin	4.3%	5.0%	4.2%	4.0%	4.9%	4.7%	5.7%	-	+1.4%	
Total Income Taxes / Profit before Income Taxes	34.8%	27.1%	42.9%	(5.3%)	24.3%	24.7%	28.8%	-	(14.1%)	

Source: Company Data, WRJ Calculation

Sales by Region (Cumulative, Quarterly)

Sales by Region	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	Cons.Act Q1	Cons.Act Q1 to Q2	Cons.Act Q1 to Q3	Cons.Act Q1 to Q4	YoY Net Chg.
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	
Japan	4,230	8,420	12,760	17,153	4,270	8,390	12,620	-	(140)
China	4,620	9,560	14,780	20,102	4,980	10,390	15,350	-	+570
Other (Europe, Asia and Americas)	870	1,790	2,770	3,769	1,080	2,120	3,150	-	+380
Sales	9,733	19,800	30,354	41,025	10,342	20,937	31,165	-	+811
Japan	+10.1%	+10.0%	+10.3%	+7.9%	+0.9%	(0.3%)	(1.0%)	-	-
China	+14.4%	+11.6%	+14.7%	+15.3%	+7.8%	+8.7%	+3.8%	-	-
Other (Europe, Asia and Americas)	+13.7%	+11.9%	+13.4%	+13.6%	+24.2%	+18.5%	+13.5%	-	-
Sales (YoY)	+12.4%	+10.9%	+12.7%	+11.9%	+6.3%	+5.7%	+2.7%	-	-
Japan	43.5%	42.5%	42.0%	41.8%	41.3%	40.1%	40.5%	-	-
China	47.5%	48.3%	48.7%	49.0%	48.2%	49.6%	49.3%	-	-
Other (Europe, Asia and Americas)	8.9%	9.0%	9.1%	9.2%	10.4%	10.1%	10.1%	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-
Sales by Region	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 Net Chg.
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	
Japan	4,230	4,190	4,340	4,380	4,270	4,120	4,230	-	(110)
China	4,620	4,940	5,220	5,300	4,980	5,410	4,960	-	(260)
Other (Europe, Asia and Americas)	870	920	980	970	1,080	1,040	1,030	-	+50
Sales	9,733	10,066	10,554	10,670	10,342	10,594	10,228	-	(325)
Japan	+10.1%	+10.0%	+11.0%	+1.2%	+0.9%	(1.7%)	(2.5%)	-	-
China	+14.4%	+9.1%	+20.8%	+17.3%	+7.8%	+9.5%	(5.0%)	-	-
Other (Europe, Asia and Americas)	+13.7%	+9.5%	+16.7%	+14.1%	+24.2%	+13.0%	+5.1%	-	-
Sales (YoY)	+12.4%	+9.6%	+16.2%	+9.8%	+6.3%	+5.2%	(3.1%)	-	-
Japan	43.5%	41.6%	41.1%	41.0%	41.3%	38.9%	41.4%	-	-
China	47.5%	49.1%	49.5%	49.7%	48.2%	51.1%	48.5%	-	-
Other (Europe, Asia and Americas)	8.9%	9.1%	9.3%	9.1%	10.4%	9.8%	10.1%	-	-
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 (Cumulative, Quarterly)

Sales by Application	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.
	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019		
"Automobiles"	4,550	9,040	13,740	18,370	4,610	9,120	13,610	-		(130)
"Electronic Parts & Semiconductors"	1,840	3,840	5,900	7,880	1,970	3,980	5,880	-		(20)
"Home Appliances & Precision Machinery"	1,150	2,360	3,550	4,780	1,220	2,460	3,660	-		+110
"Other"	2,190	4,550	7,130	9,940	2,520	5,330	7,940	-		+810
Sales	9,733	19,800	30,354	41,025	10,342	20,937	31,165	-		+811
"Automobiles"	+16.1%	+11.5%	+11.4%	+9.5%	+1.3%	+0.9%	(0.9%)	-		-
"Electronic Parts & Semiconductors"	+10.8%	+10.0%	+14.1%	+12.6%	+7.1%	+3.6%	(0.3%)	-		-
"Home Appliances & Precision Machinery"	+0.9%	+5.8%	+6.6%	+6.7%	+6.1%	+4.2%	+3.1%	-		-
"Other"	+13.5%	+13.5%	+16.9%	+18.3%	+15.1%	+17.1%	+11.4%	-		-
Sales (YoY)	+12.4%	+10.9%	+12.7%	+11.9%	+6.3%	+5.7%	+2.7%	-		-
"Automobiles"	46.7%	45.7%	45.3%	44.8%	44.6%	43.6%	43.7%	-		-
"Electronic Parts & Semiconductors"	18.9%	19.4%	19.4%	19.2%	19.0%	19.0%	18.9%	-		-
"Home Appliances & Precision Machinery"	11.8%	11.9%	11.7%	11.7%	11.8%	11.7%	11.7%	-		-
"Other"	22.5%	23.0%	23.5%	24.2%	24.4%	25.5%	25.5%	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-		-
Sales by Application	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.
	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019		
"Automobiles"	4,550	4,490	4,700	4,630	4,610	4,510	4,490	-		(210)
"Electronic Parts & Semiconductors"	1,840	2,000	2,060	1,980	1,970	2,010	1,900	-		(160)
"Home Appliances & Precision Machinery"	1,150	1,210	1,190	1,230	1,220	1,240	1,200	-		+10
"Other"	2,190	2,360	2,580	2,810	2,520	2,810	2,610	-		+30
Sales	9,733	10,066	10,554	10,670	10,342	10,594	10,228	-		(325)
"Automobiles"	+16.1%	+7.2%	+11.4%	+4.0%	+1.3%	+0.4%	(4.5%)	-		-
"Electronic Parts & Semiconductors"	+10.8%	+9.3%	+22.6%	+8.2%	+7.1%	+0.5%	(7.8%)	-		-
"Home Appliances & Precision Machinery"	+0.9%	+11.0%	+8.2%	+7.0%	+6.1%	+2.5%	+0.8%	-		-
"Other"	+13.5%	+13.5%	+23.4%	+22.2%	+15.1%	+19.1%	+1.2%	-		-
Sales (YoY)	+12.4%	+9.6%	+16.2%	+9.8%	+6.3%	+5.2%	(3.1%)	-		-
"Automobiles"	46.7%	44.6%	44.5%	43.4%	44.6%	42.6%	43.9%	-		-
"Electronic Parts & Semiconductors"	18.9%	19.9%	19.5%	18.6%	19.0%	19.0%	18.6%	-		-
"Home Appliances & Precision Machinery"	11.8%	12.0%	11.3%	11.5%	11.8%	11.7%	11.7%	-		-
"Other"	22.5%	23.4%	24.4%	26.3%	24.4%	26.5%	25.5%	-		-
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 (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	03/2019	
Cash and Deposit	2,934	3,408	3,594	3,770	3,735	2,456	3,618	-	-	+23
Accounts Receivables	11,350	11,442	11,423	12,095	11,816	11,654	11,065	-	-	(358)
Inventory	3,835	4,020	4,248	4,425	4,489	4,649	4,938	-	-	+689
Other	531	936	866	837	561	685	435	-	-	(431)
Current Assets	18,652	19,808	20,134	21,129	20,602	19,445	20,057	-	-	(77)
Tangible Assets	8,543	8,966	9,444	9,939	10,112	10,228	10,884	-	-	+1,439
Intangible Assets	1,202	1,173	1,150	1,157	1,145	1,136	1,084	-	-	(66)
Investments and Other Assets	392	357	333	334	717	713	604	-	-	+270
Fixed Assets	10,138	10,496	10,929	11,431	11,975	12,079	12,572	-	-	+1,643
Total Assets	28,790	30,304	31,063	32,560	32,577	31,524	32,630	-	-	+1,566
Accounts Payables, etc.	4,531	4,924	4,726	4,597	4,968	4,937	4,352	-	-	(373)
Short Term Debt	4,236	4,298	4,368	3,730	4,135	3,240	4,266	-	-	(102)
Other	2,538	2,973	3,145	4,322	3,338	3,013	3,312	-	-	+167
Current Liabilities	11,305	12,197	12,239	12,649	12,441	11,192	11,932	-	-	(307)
Long Term Debt	2,273	2,015	1,916	2,151	2,376	2,273	2,465	-	-	+548
Other	1,099	1,298	1,436	1,584	1,581	1,556	1,597	-	-	+160
Fixed Liabilities	3,372	3,313	3,353	3,736	3,957	3,829	4,062	-	-	+709
Total Liabilities	14,678	15,510	15,593	16,385	16,398	15,022	15,994	-	-	+401
Shareholders' Equity	13,878	14,376	14,674	15,096	15,388	15,887	16,124	-	-	+1,449
Other	233	417	795	1,077	789	615	510	-	-	(284)
Net Assets	14,112	14,794	15,470	16,174	16,178	16,502	16,635	-	-	+1,165
Total Liabilities and Net Assets	28,790	30,304	31,063	32,560	32,577	31,524	32,630	-	-	+1,566
Equity Capital	14,099	14,777	15,448	16,148	16,147	16,471	16,595	-	-	+1,147
Interest Bearing Debt	6,509	6,314	6,285	5,882	6,511	5,514	6,731	-	-	+446
Net Debt	3,574	2,905	2,690	2,111	2,775	3,057	3,113	-	-	+422
Equity Ratio	49.0%	48.8%	49.7%	49.6%	49.6%	52.2%	50.9%	-	-	+1.1%
Net Debt Equity Ratio	25.4%	19.7%	17.4%	13.1%	17.2%	18.6%	18.8%	-	-	+1.3%
ROE (12 months)	11.5%	12.8%	13.1%	11.8%	12.4%	12.0%	12.5%	-	-	(0.6%)
ROA (12 months)	8.0%	8.6%	9.3%	8.8%	8.8%	8.6%	8.5%	-	-	(0.8%)
Days for Inventory Turnover	50	51	51	53	55	55	62	-	-	-
Quick Ratio	126%	122%	123%	125%	125%	126%	123%	-	-	-
Current Ratio	165%	162%	164%	167%	166%	174%	168%	-	-	-

Source: Company Data, WRJ Calculation

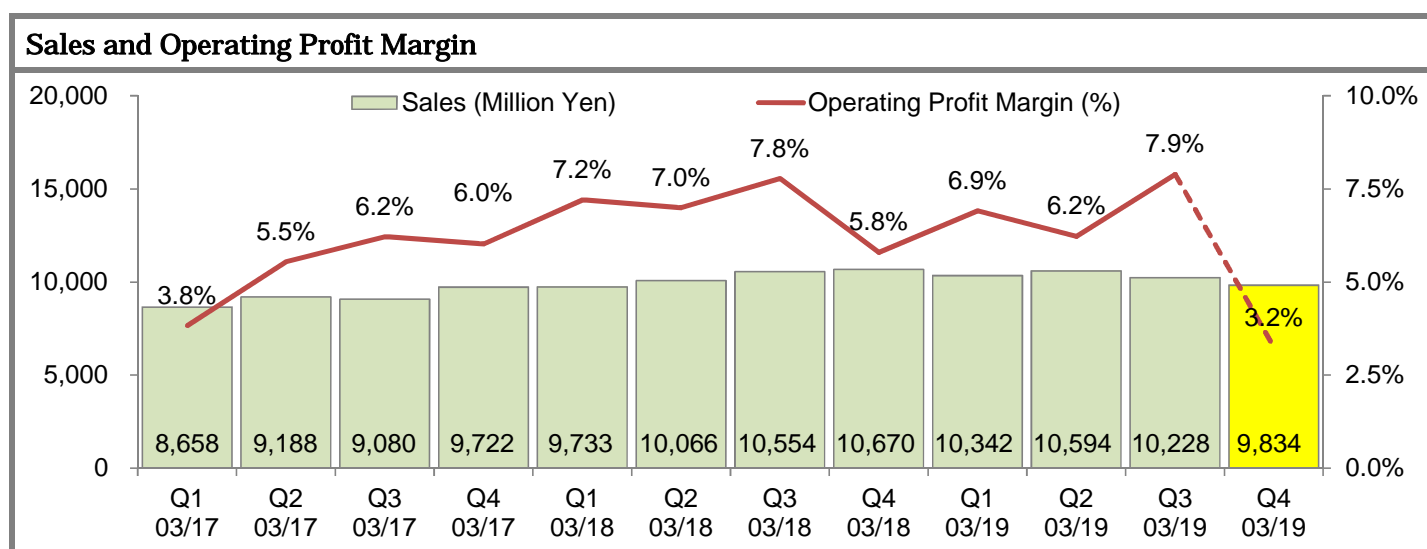
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	
	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	
Operating Cash Flow	-	1,882	-	3,393	-	949	-	-	-
Investing Cash Flow	-	(1,043)	-	(2,335)	-	(1,373)	-	-	-
Operating CF and Investing CF	-	838	-	1,058	-	(423)	-	-	-
Financing Cash Flow	-	(657)	-	(738)	-	(761)	-	-	-

Source: Company Data, WRJ Calculation

FY03/2019 Company Forecasts

FY03/2019 Company forecasts (revised on 9 November 2018) have remained unchanged, going for prospective sales of ¥41,000m (down 0.1% YoY), operating profit of ¥2,500m (down 12.1%), recurring profit of ¥2,400m (down 12.1%) and profit attributable to owners of parent of ¥1,750m (down 2.2%), while operating profit margin of 6.1% (down 0.8% points). At the same time, Company forecasts have remained unchanged also for prospective dividend, i.e., ¥16.75 per share, implying payout ratio of 21.0%.



Source: Company Data, WRJ Calculation

Q1 to Q2 results fell short of assumptions of initial Company forecasts (released on 11 May 2018), by ¥198m (0.9%) in sales and by ¥106m (7.2%) in operating profit. According to the Company, sales of China and Other (Europe, Asia and Americas) were favorable, but sales of Japan failed to meet assumptions, negatively affected by natural disasters, etc. Meanwhile, sales were to slow down starting in Q3, those on “Automobiles” in particular due to impacts stemming from US-China trade friction, having had resulted in downgrade for FY03/2019 initial Company forecasts. Above-mentioned Company forecasts are after this downgrade by ¥1,000m (2.4%) in sales and by ¥420m (14.4%) in operating profit.

Thus, prospective sales in H2 have been downgraded by ¥802m (3.8%) and by ¥314m (21.8%) for operating profit. As in Q1 to Q2, shortfall of sales makes capacity utilization of own facilities lower than initially expected and thus sales cost ratio higher. By region, sales of China are to fall short of most substantially. On top of this, smartphone production volume is now coming down on a global basis, negatively affecting to sales on “Home Appliances & Precision Machinery” and those of “Electronic Parts & Semiconductors”.

When simply computed based on assumptions of Company forecasts and Q1 to Q3 results, prospective sales in Q4 are now ¥9,834m (down 7.8% YoY), resulting in quarterly sales below ¥10,000m for the first time over the past 7 quarters. It appears that negative impacts are properly assumed in regards to those stemming from China-US trade friction to be reflected in three months with the Company’s accounts.

Meanwhile, going for prospective operating profit of ¥2,500m is in line with assumptions of midterm management plan “Value Creation 2020” (FY03/2017 to FY03/2021, released on 11 March 2016). In other words, it has turned out to be very difficult to see ongoing increases of sales and earnings on top of FY03/2018 results which were much better than assumed with the plan, but it will be eventually true that sales and earnings are to increase at a cruising speed over three-year period through FY03/2017 to FY03/2019 in line with assumptions of midterm management plan “Value Creation 2020”. Representative Director President (CEO) Masaaki Takeda says that he is doing his best to meet above-mentioned Company forecasts after revision at least, while trying to do rather better.

Given shortfall of profit attributable to owners of parent or dividend resource, prospective dividend has been downgraded. Compared with ¥16.75 (¥6.75 as of the end of Q2 and ¥10.0 as of the end of Q4) after retroactive adjustment for share split, implying payout ratio of 20.5%, in FY03/2018, initial Company forecasts were going for ¥20.50 (¥10.25 as of the end of Q2 and ¥10.25 as of the end of Q4), implying payout ratio of 21.7%. As of the end of Q2, dividend was paid as planned, but prospective dividend as of the end of Q4 has been downgraded to ¥6.50 per share from ¥10.25 per share, currently implying ¥16.75 per share and payout ratio of 21.0% on a full-year basis. Compared with FY03/2018 results, dividend per share remains unchanged, while payout ratio up 0.5% points.

The Company is going for “on top of maintaining dividend with stability and consistency, we set target payout ratio of 20% or higher to reflect levels of earnings, while making efforts to realize a trend of dividend increases or those in a stepwise fashion” with its dividend policy. Due to a fall of profit attributable to owners of parent in FY03/2019, dividend increases are shelved, but target payout ratio is to be achieved.

Meanwhile, the Company disclosed that it completed planned buyback of own shares on 27 November 2018. Through 12 November to 26 November, the Company acquired 200,000 common shares (equating to 0.91% of shares outstanding but for treasury shares), settled with ¥117m (¥586 per share on a simple average basis). All those transactions are based on resolution of board of directors meeting held on 9 November, which was going for upper limit of common shares up to 200,000 in the number and ¥200m in transaction value, implying up to ¥1,000 per share on a simple average basis. Meanwhile, the Company was going for “accomplishment of capital policy to flexibly cope with changes of management environment and preparation for exercise of share option allocated to the Company’s directors, etc. as share-based compensation” as objective. Thus, flexible “accomplishment of capital policy” was clearly raised as objective, while upper limit of transaction value was rather high, implying that the Company could have been expecting signaling effect.

FY03/2019 Company Forecasts and Results

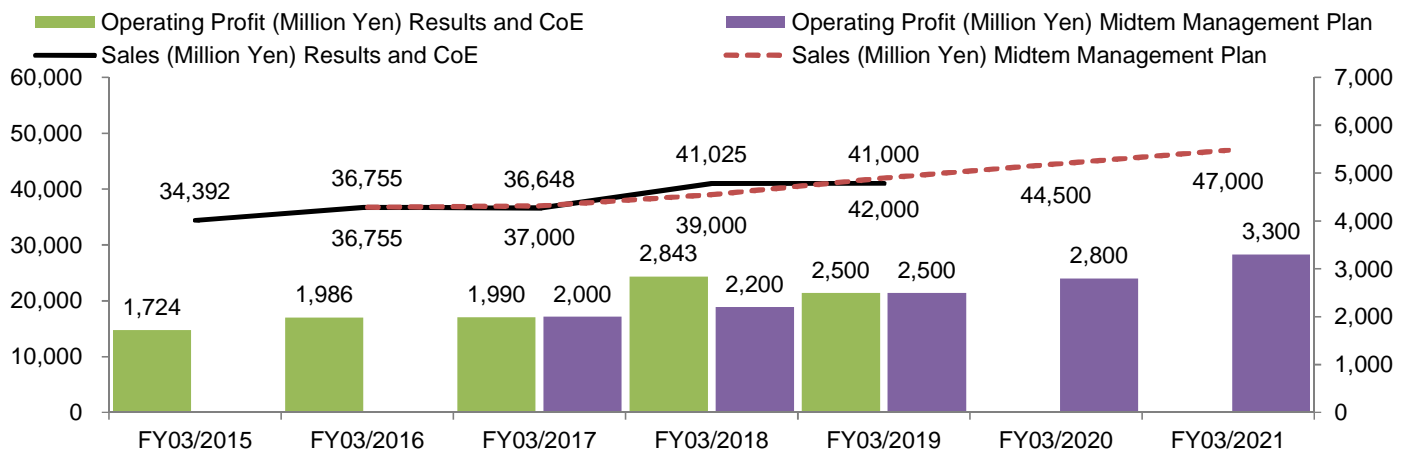
Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating	Recurring	Profit Attributable to Owners of Parent
FY03/2019CoE	11-May-18	Q4 Results	42,000	2,920	2,800	2,070
FY03/2019CoE	9-Aug-18	Q1 Results	42,000	2,920	2,800	2,070
FY03/2019CoE	9-Nov-18	Q2 Results	41,000	2,500	2,400	1,750
		Amount of Gap	(1,000)	(420)	(400)	(320)
		Rate of Gap	(2.4%)	(14.4%)	(14.3%)	(15.5%)
FY03/2019CoE	13-Feb-19	Q3 Results	41,000	2,500	2,400	1,750
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2019CoE	11-May-18	Q4 Results	42,000	2,920	2,800	2,070
FY03/2019CoE	13-Feb-19	Q3 Results	41,000	2,500	2,400	1,750
		Amount of Gap	(1,000)	(420)	(400)	(320)
		Rate of Gap	(2.4%)	(14.4%)	(14.3%)	(15.5%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating	Recurring	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2019CoE	11-May-18	Q4 Results	21,135	1,480	1,418	1,077
Q1 to Q2 FY03/2019CoE	9-Aug-18	Q1 Results	21,135	1,480	1,418	1,077
Q1 to Q2 FY03/2019Act	9-Nov-18	Q2 Results	20,937	1,374	1,340	1,005
		Amount of Gap	(198)	(106)	(78)	(72)
		Rate of Gap	(0.9%)	(7.2%)	(5.5%)	(6.7%)
Q1 to Q2 FY03/2019CoE	11-May-18	Q4 Results	21,135	1,480	1,418	1,077
Q1 to Q2 FY03/2019Act	9-Nov-18	Q2 Results	20,937	1,374	1,340	1,005
		Amount of Gap	(198)	(106)	(78)	(72)
		Rate of Gap	(0.9%)	(7.2%)	(5.5%)	(6.7%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating	Recurring	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2019CoE	11-May-18	Q4 Results	20,865	1,440	1,382	993
Q3 to Q4 FY03/2019CoE	9-Aug-18	Q1 Results	20,865	1,440	1,382	993
Q3 to Q4 FY03/2019CoE	9-Nov-18	Q2 Results	20,063	1,126	1,060	745
		Amount of Gap	(802)	(314)	(322)	(248)
		Rate of Gap	(3.8%)	(21.8%)	(23.3%)	(25.0%)
Q3 to Q4 FY03/2019CoE	13-Feb-19	Q3 Results	20,063	1,126	1,060	745
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY03/2019CoE	11-May-18	Q4 Results	20,865	1,440	1,382	993
Q3 to Q4 FY03/2019CoE	13-Feb-19	Q3 Results	20,063	1,126	1,060	745
		Amount of Gap	(802)	(314)	(322)	(248)
		Rate of Gap	(3.8%)	(21.8%)	(23.3%)	(25.0%)

Source: Company Data, WRJ Calculation

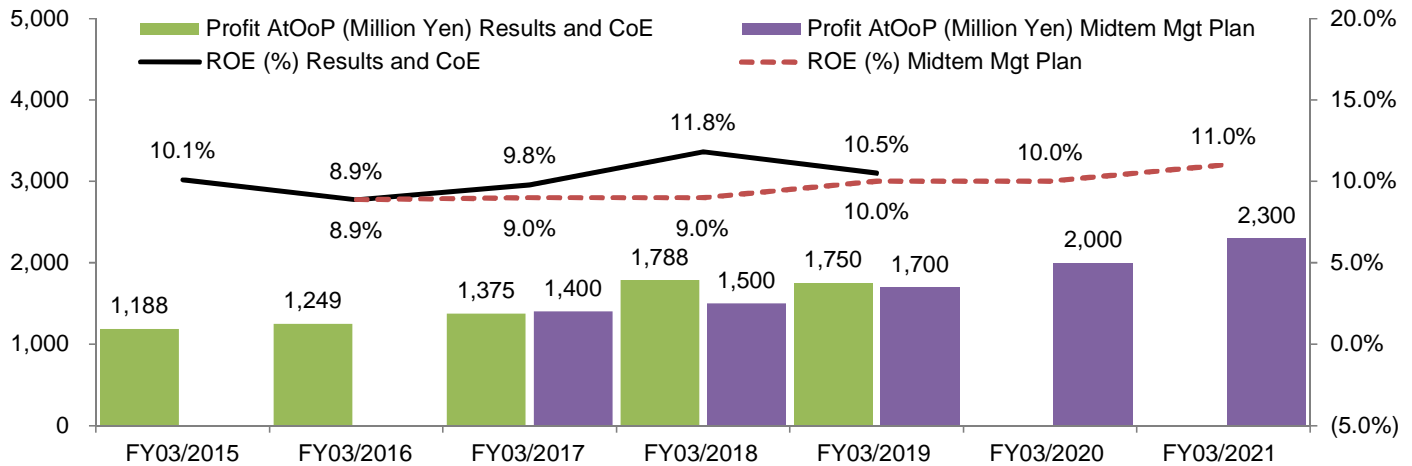
Long-Term Prospects

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

“Value Creation 2020” is going for four priority management strategies comprising “establishment of five-pole sales structure”, “improvement of services for customers”, “promotion of high profitability operations combined with reinforcement of R&D” and “work style reform”. It appears that “establishment of five-pole sales structure” is primarily emphasized, while it is suggested that the Company is trying to get at “Punch of the World”.

After having had entered China where sales have become even larger than Japan to date, the Company has entered Asia, which was followed by entrance to Europe and then Americas. Thus, Japan, China, Asia, Europe and Americas are the “5 poles” of “establishment of 5-pole sales structure”. In 2010, the Company entered India, while having entered Southeast Asia on a full-fledged basis since around 2012. Triggered by changeover to wholly owned subsidiary from business partnership, i.e., Panther Precision Tools based in Malaysia implemented in August 2013, the Company has entered Europe on a full-fledged basis. With this changeover, the Company succeeded distribution network held by Panther, which was of local distributors based in Germany. As far as we could gather, this distribution network has been doing so well. Meanwhile, in April 2017, the Company set up bridgehead near Chicago, Illinois in order to enter Americas on a full-fledged basis.

In Americas, mainly the United States, the Company finds market for molds & dies almost as large as China and/or 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 enhance own position in Americas, mainly the United States, by means of launching competitive products represented by high value-added strategic products.

With respect to “improvement of services for customers”, the Company refers to digital engineering services, offered by its business office of Nagoya where Japan’s largest manufacturer of automobiles is based nearby, representing those of implementing “3D-data creation based on existent parts of molds & dies with no engineering drawings”. Those services enable the manufacture of parts for molds & dies incorporating exactly the same specifications as said existent ones. So far, the business has remained not significant as it has started up just recently, but the Company sees frequent inquiries from fairly diverse manufacturers.

With respect to “promotion of high profitability operations combined with reinforcement of R&D”, the Company advocates “optimization of the manufacture on a group basis”, having started phase-one investment in new capacity of Vietnam on a full-fledged basis early in FY03/2017, which was followed by startup of operations in October 2016. New capacity of Vietnam is of cutting-edge equipment to well cope with automation and/or labor-saving for the manufacture of half-finished goods or blanks. Prior to this, the Company used to manufacture them intensively in China, while currently shifting the manufacture to new capacity of Vietnam from China.

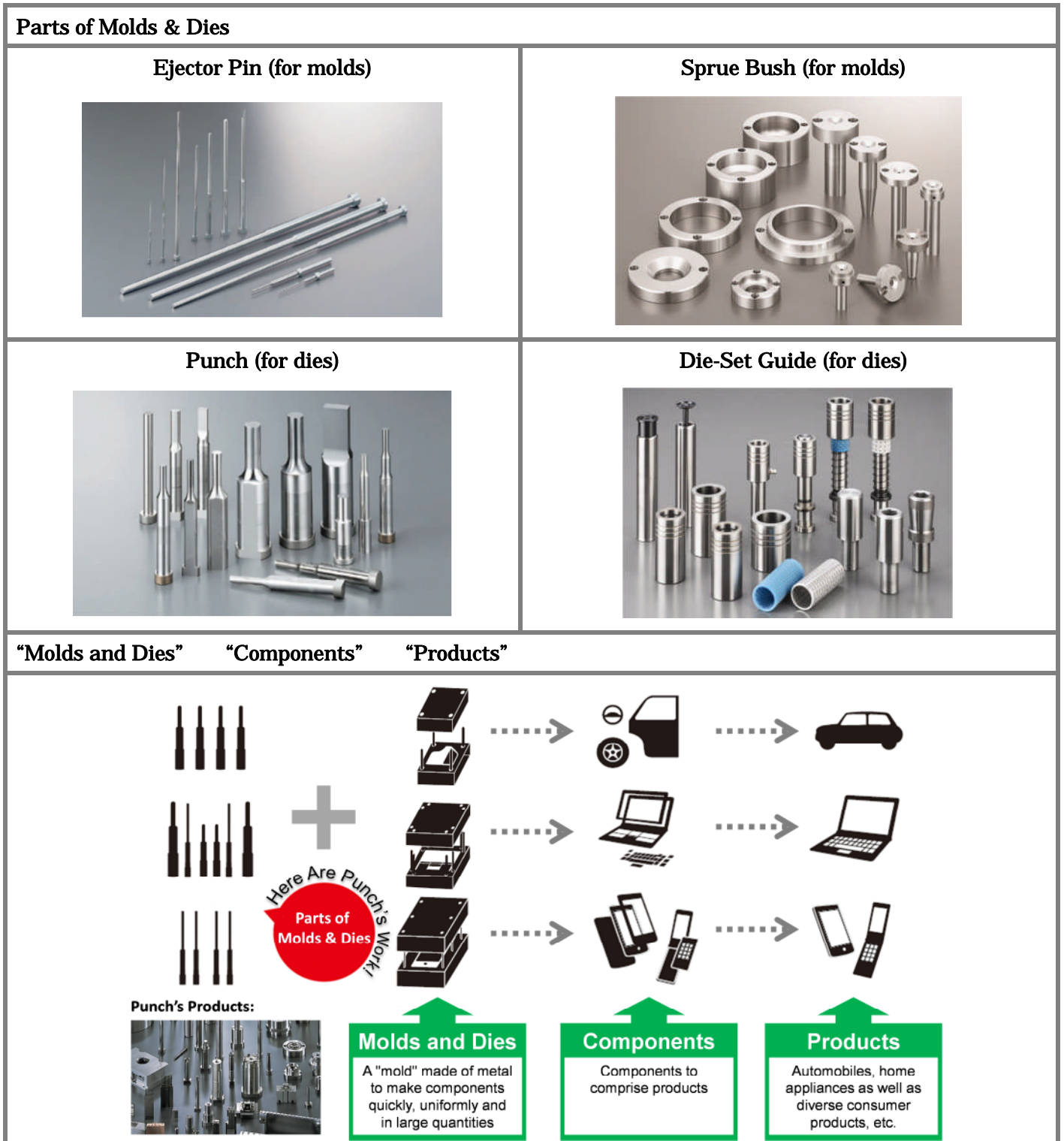
Then, as a result of phase-two investment in new capacity of Vietnam to be completed by the end of FY03/2019, the Company is to be able to manufacture finished goods represented by standard products with new capacity of Vietnam on top of the manufacture of half-finished goods with high efficiency. Thus, the Company plans to make a shift of the manufacture to capacity of Vietnam from that of Japan in regards to standard products. That is to say, the Company is getting at improving cost competitiveness taking advantage of capacity overseas on half-finished goods or blanks as well as for standard products both carrying added value relatively low, while enabling capacity of Japan increasingly exposed to the manufacture of custom products carrying high added value.

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 aforementioned priority management strategies and thus "work style reform" is indispensable, according to the Company.

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 to configure molds and dies and thus are indispensable for them. Meanwhile, molds and dies are a “mold” made of metal to make components to configure diverse consumer products, automobiles, etc., manufactured uniformly in large quantities. Given all those final products being diverse, so are components as well as molds and dies, resulting in high variety also 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 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 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 manufacture of diverse components made of plastic resin such as external body frames of smartphones and digital still cameras. Specifically, being implemented by injection molding machine, molds are used to cool down plastic resin heated and melted for molding plastic resin as designed. Here, the Company is involved with ejector pin to separate molded components from molds and get them protruded as well as with sprue bush to pour melted plastic resin into molds from injection nozzle 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 punch used for punching metal steel sheets to be pressed and/or in transferring shapes as well as with die-set guide 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 for the Company 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 and thus gross profit margin. 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 designed and manufactured in line with specifications of each mold or die for each customer. Amongst others, the Company strategically focuses on high value-added products where the Company's technology of differentiation is fully utilized, which are called high value-added strategic products.

The Company is heavily involved with the manufacture of custom products, including high value-added strategic products, while efficiently taking advantage of subcontractors for the manufacture of standard products on the other hand. In regards to the latter, the Company suggests that further efficiency will be pursued with enhanced use of aforementioned capacity in China and Vietnam going forward. Meanwhile, all those subcontractors are of small-sized operators, while each has expertise in some specific processes of the manufacture. The Company holds extensive network of subcontractors in this respect of expertise, which is well taken advantage of. For example, some specific processes of the manufacture of custom products have been consigned to some specific subcontractors.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2014	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	YoY Net Chg.
Sales	29,436	34,392	36,755	36,648	41,025	41,000	(25)
CoGS	21,776	25,030	26,577	26,457	29,367	-	-
Gross Profit	7,660	9,361	10,178	10,191	11,658	-	-
SG&A Expenses	6,498	7,637	8,191	8,201	8,814	-	-
Operating Profit	1,161	1,724	1,986	1,990	2,843	2,500	(343)
Non Operating Balance	(114)	(107)	(320)	(116)	(111)	(100)	+11
Recurring Profit	1,047	1,617	1,666	1,874	2,731	2,400	(331)
Extraordinary Balance	(50)	(4)	(10)	(44)	(215)	-	-
Profit before Income Taxes	997	1,612	1,656	1,830	2,516	-	-
Total Income Taxes	277	428	411	459	725	-	-
NP Belonging to Non-Controlling SHs	0	(4)	(4)	(5)	1	-	-
Profit Attributable to Owners of Parent	720	1,188	1,249	1,375	1,788	1,750	(38)
Sales YoY	+17.6%	+16.8%	+6.9%	(0.3%)	+11.9%	(0.1%)	-
Operating Profit YoY	+64.1%	+48.4%	+15.2%	+0.2%	+42.8%	(12.1%)	-
Recurring Profit YoY	+27.3%	+54.4%	+3.1%	+12.5%	+45.7%	(12.1%)	-
Profit Attributable to Owners of Parent YoY	+238.0%	+64.9%	+5.1%	+10.1%	+30.0%	(2.2%)	-
Gross Profit Margin	26.0%	27.2%	27.7%	27.8%	28.4%	-	-
(SG&A / Sales)	22.1%	22.2%	22.3%	22.4%	21.5%	-	-
Operating Profit Margin	3.9%	5.0%	5.4%	5.4%	6.9%	6.1%	(0.8%)
Recurring Profit Margin	3.6%	4.7%	4.5%	5.1%	6.7%	5.9%	(0.8%)
Profit Attributable to Owners of Parent Margin	2.4%	3.5%	3.4%	3.8%	4.4%	4.3%	(0.1%)
Total Income Taxes / Profit before Income Taxes	27.8%	26.6%	24.8%	25.1%	28.8%	-	-

Source: Company Data, WRJ Calculation

Sales by Region

Sales by Region (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY 03/2014	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	YoY Net Chg.
Japan	14,386	15,211	15,637	15,903	17,153	-	-
China	12,988	16,208	17,806	17,428	20,102	-	-
Other (Europe, Asia and Americas)	2,061	2,973	3,311	3,317	3,769	-	-
Sales	29,436	34,392	36,755	36,648	41,025	41,000	(25)
Japan	+5.2%	+5.7%	+2.8%	+1.7%	+7.9%	-	-
China	+29.9%	+24.8%	+9.9%	(2.1%)	+15.3%	-	-
Other (Europe, Asia and Americas)	+51.3%	+44.2%	+11.4%	+0.2%	+13.6%	-	-
Sales (YoY)	+17.6%	+16.8%	+6.9%	(0.3%)	+11.9%	(0.1%)	-
Japan	48.9%	44.2%	42.5%	43.4%	41.8%	-	-
China	44.1%	47.1%	48.4%	47.6%	49.0%	-	-
Other (Europe, Asia and Americas)	7.0%	8.6%	9.0%	9.1%	9.2%	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	+0.0%

Source: Company Data, WRJ Calculation

Sales by Application

Sales by Application (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	Net Chg.
"Automobiles"	13,820	15,550	17,060	16,780	18,370	-	-
"Electronic Parts & Semiconductors"	5,690	6,540	6,550	7,000	7,880	-	-
"Home Appliances & Precision Machinery"	3,960	4,500	4,800	4,480	4,780	-	-
"Other"	5,970	7,800	8,300	8,400	9,940	-	-
Sales	29,436	34,392	36,755	36,648	41,025	41,000	(25)
"Automobiles"	+31.2%	+12.5%	+9.7%	(1.6%)	+9.5%	-	-
"Electronic Parts & Semiconductors"	+3.6%	+14.9%	+0.2%	+6.9%	+12.6%	-	-
"Home Appliances & Precision Machinery"	+10.3%	+13.6%	+6.7%	(6.7%)	+6.7%	-	-
"Other"	+9.5%	+30.7%	+6.4%	+1.2%	+18.3%	-	-
Sales (YoY)	+17.6%	+16.8%	+6.9%	(0.3%)	+11.9%	(0.1%)	-
"Automobiles"	46.9%	45.2%	46.4%	45.8%	44.8%	-	-
"Electronic Parts & Semiconductors"	19.3%	19.0%	17.8%	19.1%	19.2%	-	-
"Home Appliances & Precision Machinery"	13.5%	13.1%	13.1%	12.6%	11.7%	-	-
"Other"	20.3%	22.7%	22.6%	22.9%	24.2%	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

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	FY	FY	FY	FY	FY	YoY
	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	Net Chg.
No. of Shares FY End (-000 Shares)	8,961	11,061	11,061	11,061	22,122	-	-
Net Profit / EPS (-000 Shares)	7,237	9,076	11,061	11,008	21,921	-	-
Treasury Shares FY End (-000 Shares)	-	-	-	100	200	-	-
Earnings Per Share	99.58	130.91	112.94	124.99	81.61	79.80	-
Earnings Per Share (Fully Diluted)	-	-	-	124.84	81.35	-	-
Book Value Per Share	1,043.83	1,283.75	1,264.64	1,292.50	736.64	-	-
Dividend Per Share	20.00	25.00	25.00	26.00	16.75	16.75	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	YoY
	FY	FY	FY	FY	FY	FY	YoY
	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	Net Chg.
Share Split Factor	2	2	2	2	1	1	-
Earnings Per Share	49.79	65.46	56.47	62.50	81.61	79.80	-
Book Value Per Share	521.92	641.88	632.32	646.25	736.64	-	-
Dividend Per Share	10.00	12.50	12.50	13.00	16.75	16.75	-
Payout Ratio	20.1%	19.1%	22.1%	20.8%	20.5%	21.0%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	Net Chg.
Cash and Deposit	1,527	3,302	3,235	3,280	3,770	-	-
Accounts Receivables	9,433	11,613	10,614	11,468	12,095	-	-
Inventory	3,341	3,992	3,721	3,787	4,425	-	-
Other	365	461	303	613	837	-	-
Current Assets	14,668	19,369	17,875	19,150	21,129	-	-
Tangible Assets	7,611	8,168	7,696	8,669	9,939	-	-
Intangible Assets	1,799	1,789	1,322	1,242	1,157	-	-
Investments and Other Assets	391	295	443	389	334	-	-
Fixed Assets	9,803	10,253	9,462	10,301	11,431	-	-
Total Assets	24,471	29,623	27,337	29,451	32,560	-	-
Accounts Payables, etc.	3,426	4,098	3,860	4,287	4,597	-	-
Short Term Debt	5,303	4,849	3,550	4,346	3,730	-	-
Other	2,642	3,364	3,040	3,090	4,322	-	-
Current Liabilities	11,372	12,312	10,451	11,724	12,649	-	-
Long Term Debt	2,440	2,306	1,794	2,460	2,151	-	-
Other	1,295	799	1,092	1,089	1,584	-	-
Fixed Liabilities	3,736	3,105	2,886	3,550	3,736	-	-
Total Liabilities	15,108	15,418	13,338	15,275	16,385	-	-
Shareholders' Equity	7,968	11,679	12,586	13,598	15,096	-	-
Other	1,394	2,525	1,413	578	1,077	-	-
Net Assets	9,362	14,205	13,999	14,176	16,174	-	-
Total Liabilities and Net Assets	24,471	29,623	27,337	29,451	32,560	-	-
Equity Capital	9,353	14,199	13,988	14,167	16,148	-	-
Interest Bearing Debt	7,743	7,155	5,344	6,807	5,882	-	-
Net Debt	6,216	3,853	2,108	3,526	2,111	-	-
Equity Ratio	38.2%	47.9%	51.2%	48.1%	49.6%	-	-
Net Debt Equity Ratio	66.5%	27.1%	15.1%	24.9%	13.1%	-	-
ROE (12 months)	9.6%	10.1%	8.9%	9.8%	11.8%	10.5%	-
ROA (12 months)	4.6%	6.0%	5.9%	6.6%	8.8%	-	-
Days for Inventory Turnover	56	58	51	52	55	-	-
Quick Ratio	96%	121%	133%	126%	125%	-	-
Current Ratio	129%	157%	171%	163%	167%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2014	03/2015	03/2016	03/2017	03/2018	03/2019	Net Chg.
Operating Cash Flow	1,194	1,805	3,187	1,785	3,393	-	-
Investing Cash Flow	(1,252)	(1,180)	(1,159)	(2,770)	(2,335)	-	-
Operating CF and Investing CF	(57)	624	2,028	(985)	1,058	-	-
Financing Cash Flow	(370)	1,013	(1,901)	1,199	(738)	-	-

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, Tokyo in March 1975 and started up the manufacture of pins to make holes for printed circuit boards, then having made a change for its corporate identity to PUNCH INDUSTRY CO., LTD. in August 1977 to start 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 the market for parts of molds. Prior to this, the Company used to basically run operations of stocking and selling for parts of molds & dies. This was followed by setup of the manufacturing base in Dalian, China in October 1990. In early days, the operations here were nothing but of processing raw materials imported from Japan into half-finished goods or blanks to be finished back in Japan. However, given increases of appliances, automobiles, etc., locally manufactured, the Company has started up locally selling parts of molds & dies manufactured locally since April 2002. In December 2012, the Company got listed onto the 2nd section of Tokyo Stock Exchange, 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 projection, 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 of the manufacture on a global basis, started up its utilization in October 2016. Then, the Company set up bridgehead in the United States, having started up sales promotions in April 2017 as the preparation for “establishment of five-pole sales structure”.

Meanwhile, the Company is currently led by Masaaki Takeda having been appointed as Representative Director President (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 manufacture of diverse consumer products, automobiles, etc. On top of this, Takeda is trying to offer increased benefits to increasingly extensive stakeholders by means of making progress with management strategies of “Value Creation 2020” and realizing “Punch of the world”.

Company History

Date	Events
March 1975	Founded and started the manufacture of pins to make holes for printed circuit boards
August 1982	Entered 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, 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 new capacity of Vietnam on a full-fledged basis
April 2017	Started sales through own sales office in the United States

7.0 Our Reports on the Company in the Past

Fiscal Year	Results Update	Company Report
Q4 FY03/2019	-	-
Q3 FY03/2019	Nor the Furious Winter's Rages	-
Q2 FY03/2019	Limited Downgrade	Cruising Speed
Q1 FY03/2019	As Expected	“Five-pole Sales Structure”
Q4 FY03/2018	Midterm Plan Exceeded	“Punch of the World”
Q3 FY03/2018	New Business Domains Taking off	Still Great Room for Development
Q2 FY03/2018	Exceeding in China	Critical Point
Q1 FY03/2018	Punchy PUNCH	Strategic Products with High Added Value
Q4 FY03/2017	In Line with Midterm Management Plan	Increasing Sales and Vietnam
Q3 FY03/2017	-	-
Q2 FY03/2017	-	-
Q1 FY03/2017	-	-

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.

Company name: Walden Research Japan Incorporated

Head office: 4F Hulic Ginza 1-chome Building, 1-13-1 Ginza, Chuo-city, Tokyo 104-0061 JAPAN

URL: www.walden.co.jp

E-mail: info@walden.co.jp

Phone : +81 3 3553 3769