

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)
FY03/2018		41,025	2,843	2,731	1,788	81.61	16.75	736.64
FY03/2019		40,935	2,578	2,547	960	43.92	16.75	721.49
FY03/2020CoE		40,000	2,000	1,900	1,400	64.39	16.80	-
FY03/2019		YoY (0.2%)	(9.3%)	(6.8%)	(46.3%)	-	-	-
FY03/2020CoE		YoY (2.3%)	(22.4%)	(25.4%)	45.8%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2019		20,937	1,374	1,340	1,005	-	-	-
Q3 to Q4 FY03/2019		19,998	1,204	1,207	(44)	-	-	-
Q1 to Q2 FY03/2020CoE		18,400	630	560	400	-	-	-
Q3 to Q4 FY03/2020CoE		21,600	1,370	1,340	1,000	-	-	-
Q1 to Q2 FY03/2020CoE		YoY (12.1%)	(54.2%)	(58.2%)	(60.2%)	-	-	-
Q3 to Q4 FY03/2020CoE		YoY 8.0%	13.8%	11.0%	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (22 July 2019)

Autos of China

PUNCH INDUSTRY, manufacturing / selling parts of molds and dies in Japan and overseas, is suffering from short-term earnings correction. It appears that cutting back on volume of auto production in China negatively affected by China-United States trade friction is one of the key negative factors. This implies that prospective earnings with the Company hinge on whether China-United States trade friction persists or not, while also depending on the extent of impacts from here. Manufacturers across the board on a global basis suffer from China-United States trade friction, including those of Japan, while the Company has especially high exposure directly to local production activities in China. Sales of China with the Company account for almost half of sales as a whole, holding by far the largest market share in China to supply local manufacturers with parts of molds and dies, resulting in local production volume of autos, smartphones as well as other final products to affecting a lot to sales of China. By application, the Company suggests sales associated with Automobiles account for more than half of total in China. Thus, one of the key indicators for business performance in China is production volume of autos in China. Meanwhile, FY03/2020 Company forecasts assume negative impacts from China-United States trade friction are just unavoidable in Q1 to Q2 (H1), while not assumed in H2 (October 2019 to March 2020) as it is too early to do so as far as we could gather.

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

2.0 Company Profile

Manufacturing / Selling Parts of Molds and Dies in Japan 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 March 2019)	
No. of Shares	22,122,400 shares, including 380,336 treasury shares (as of the end of March 2019)	
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 and Dies Business	
Top Management	Representative Director / President / CEO: Masaaki Takeda	
Shareholders	MT Kosan 12.7%, Yuji Morikubo 7.4% (as of the end of March 2019)	
Headquarters	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 4,282, Parent: 982 (as of the end of March 2019)	

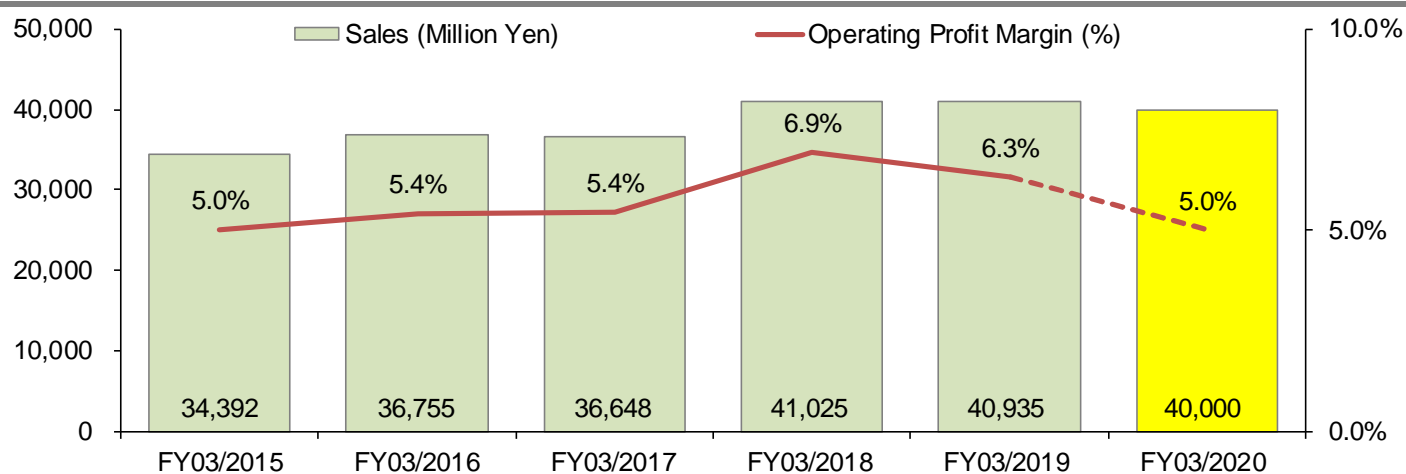
Source: Company Data

3.0 Recent Trading and Prospects

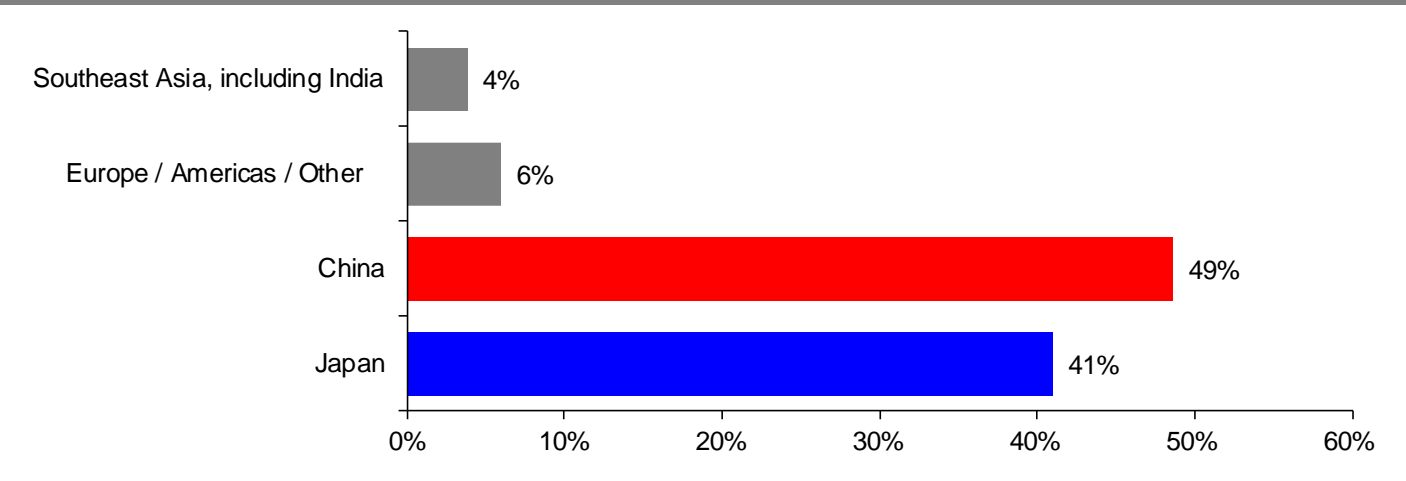
FY03/2019 Results

In FY03/2019, sales came in at ¥40,935m (down 0.2% YoY), operating profit ¥2,578m (down 9.3%), recurring profit ¥2,547m (down 6.8%) and profit attributable to owners of parent ¥960m (down 46.3%), while operating profit margin 6.3% (down 0.6% points). The results were worse than initially expected by ¥1,065m (2.5%) in sales, by ¥342m (11.7%) in operating profit, by ¥253m (9.0%) in recurring profit and by ¥1,110m (53.6%) in profit attributable to owners of parent.

Sales and Operating Profit Margin



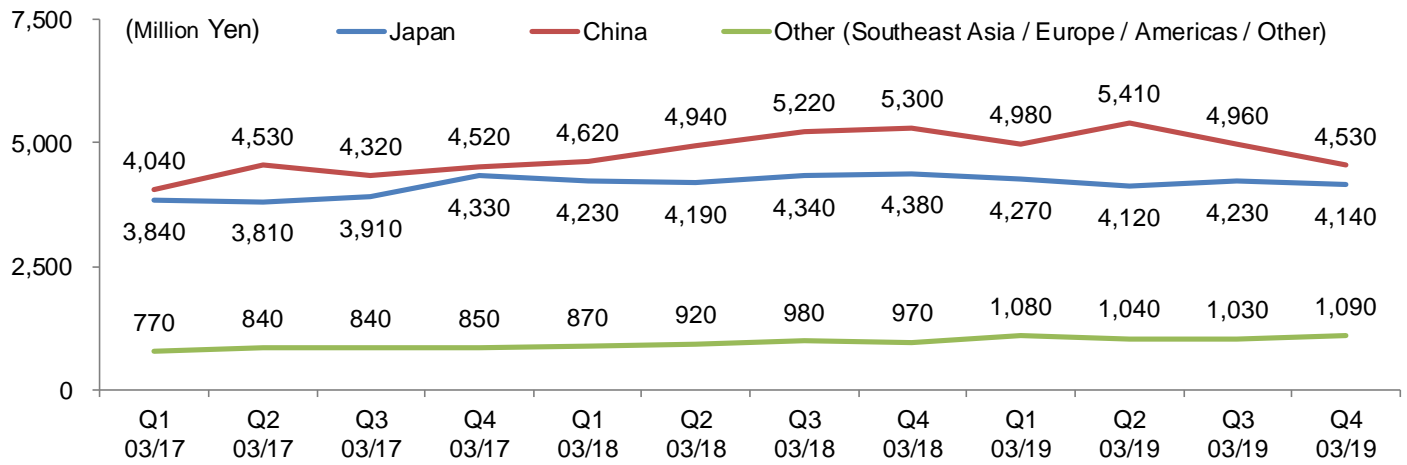
Sales by Region (WRJ Estimates)



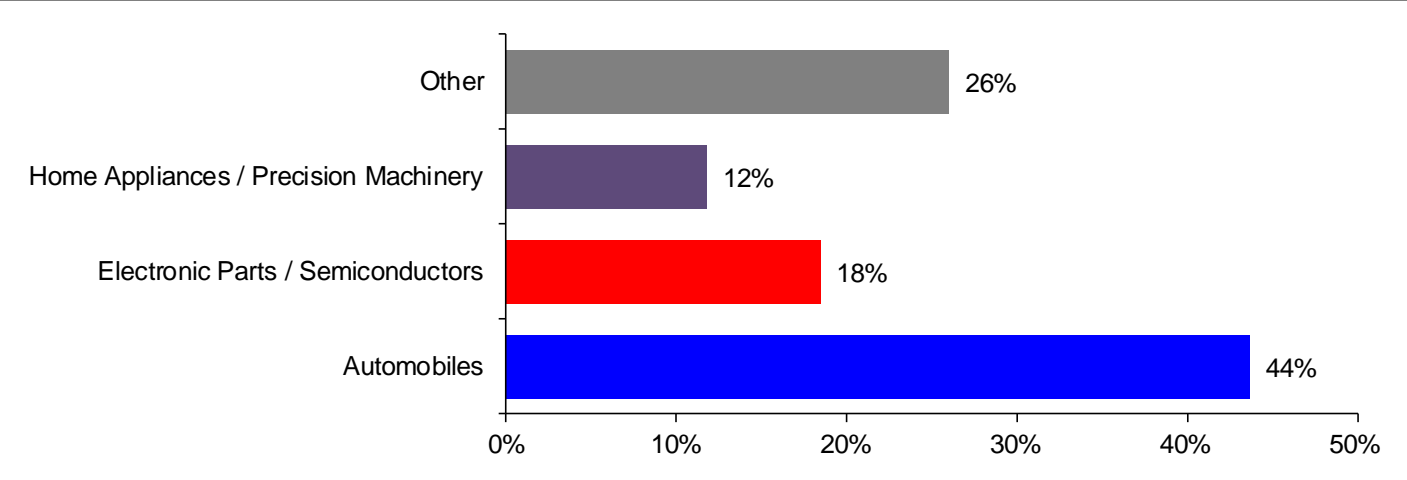
Source: Company Data, WRJ Calculation

By region, sales of Japan fell short of by ¥523m (3.0%) and sales of China fell short of by ¥801m (3.9%), while sales of Other (Southeast Asia / Europe / Americas / Other) exceeded Company forecasts by ¥359m (9.2%). In China, the Company suffers from unexpected negative impacts from China-United States trade friction, while suggesting that this is also negatively affecting to sales of Japan. Meanwhile, it appears that sales of Other (Southeast Asia / Europe / Americas / Other) are driven by those of Europe where sales promotions taking advantage of local distributors are making steady progress.

Sales by Region



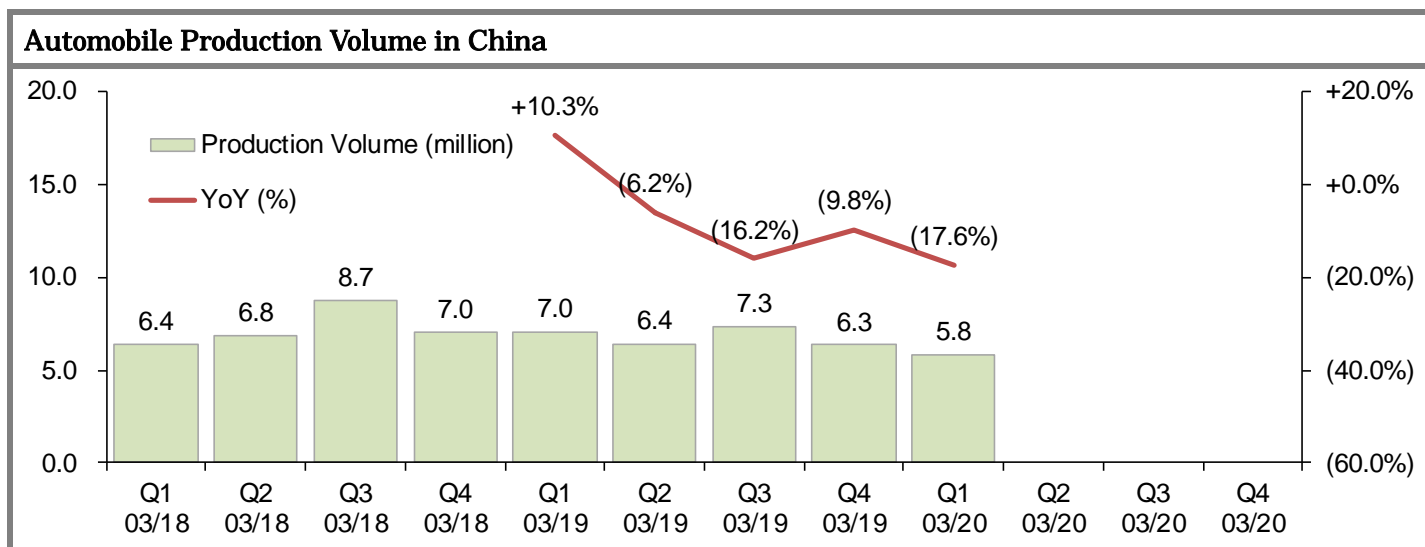
Sales by Application



Source: Company Data, WRJ Calculation

In FY03/2019 results, sales of Japan came in at ¥16,777m (down 2.2%), sales of China ¥19,899m (down 1.0%) and sales of Other (Southeast Asia / Europe / Americas / Other) ¥4,259m (up 13.0%). In Japan, sales are sluggish across the board, including Automobiles, Electronic Parts / Semiconductors, etc. by application. In China, sales increased by almost 10% over the same period of the previous year in Q1 and in Q2, but this was followed by decreases in Q3 and the rate of decreases expanded in Q4. Meanwhile, in FY03/2019, forex rate has remained roughly unchanged over the previous year, i.e., ¥16.69 per yuan versus ¥16.64 in FY03/2018, sales trends on a local currency basis appear to have been in line with those on a Japanese yen basis. Meanwhile, in Other (Southeast Asia / Europe / Americas / Other), sales of Europe, presumably accounting for more than half of total sales here, appears to have been buoyant in particular.

By application, Sales of Automobiles came in at ¥17,877m (down 2.8%), sales of Electronic Parts / Semiconductors ¥7,558m (down 4.3%), sales of Home Appliances / Precision Machinery ¥4,837m (up 1.0%) and sales of Other ¥10,662m (up 7.2%). Decreased sales of Automobiles have a lot to do with cutting back on production volume of autos in Japan and China due to delayed projects on new vehicles, etc. Sales of Electronic Parts / Semiconductors also came down in line with decreased production volume of smartphones on a global basis. Meanwhile, sales of Home Appliances / Precision Machinery increased, albeit not much. The Company suggests sales associated with precision machinery are favorable, while sales associated with home appliances are inevitably sluggish. Now, in regards to increased sales of Other, the Company mentions this is due mainly to strengths on demand associated with food and beverage.



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

Meanwhile, sales of China are delayed by three months in the Company's consolidated accounts. Compared with fiscal yearend of March with the parent company, the Company's subsidiaries in China sees fiscal yearend in December, which is the reason for this, while this accounting is often adopted at least in Japan. Sales of China in FY03/2019 came in at ¥4,980m (up 7.8%) in Q1, ¥5,410m (up 9.5%) in Q2, ¥4,960m (down 5.0%) in Q3 and ¥4,530m (down 14.5%) in Q4. Based on all those figures, it was implied earlier that increases of sales in Q2 were followed by decreases in Q3, but the latter actually took place in Q2 (July to September), having coincided with changeover to decreases from increases for automobile production volume in China.

In the Company's accounting period of Q1 FY03/2019 (April to June 2018), automobile production volume in China increased by 10.3% over the same period in the previous year, which is supposed to give impacts to sales of China in the following Q2, i.e., up 9.5% as mentioned earlier, while we see limited gap between the two. In Q2, they were down 6.2% and down 5.0%, respectively, and down 16.2% and down 14.5% in Q3, implying that sales of China with the Company hinge on automobile production volume in China to more than a certain extent.

All those changes of automobile production volume in China are affected by negative impacts stemming from China-United States trade friction to a large extent, according to the Company. Meanwhile, prospects are so unclear about future impacts. Still, it should be the case that short-term changes of automobile production volume in China playing a role of leading indicator for sales of China for the Company to book on accounts. For example, in regards to Q1 FY03/2020, 6.3m units (down 9.8%) in Q4 FY03/2019 should imply prospective changes in sales of China with the Company. Then, the volume came in at 5.8m units (down 17.6%) in Q1, implying further weakness to persist for sales of China with the Company in Q2.

Meanwhile, sales as a whole for the Company came in at ¥40,935m (down 0.2%) versus gross profit of ¥11,472m (down 1.6%) and SG&A expenses of ¥8,893m (up 0.9%), implying gross profit margin of 28.0% (down 0.4% points) and SGA ratio of 21.7% (up 0.2% points). In spite of sluggish sales, gross profit margin hardly came down, while increases of SG&A expenses limited, having resulted in slight decreases of operating profit margin, i.e., 6.3% (down 0.6% points).

On an absolute value basis, the Company suffered from net decreases by ¥264m for operating profit over the previous year, comprising net decreases by ¥25m on decreased sales, net decreases by ¥161m on increased cost rate and net decreases by ¥78m on increased SG&A expenses. With respect to decreased sales, details have been already discussed, while the Company suggests those of self-manufactured products were substantial, having led to substantially lowered utilization of capacity and thus increases of cost rate. As to be mentioned later in depth, the Company also stocks and sells parts for molds and dies on top of manufacturing them. Meanwhile, with respect to increased SG&A expenses, the Company suggests that it does benefit from streamlining efforts but not sufficient enough to fully compensate for increased R&D expenditure for future and depreciation charges.

As above-mentioned, changes of sales in FY03/2019 are limited and thus those of operating profit, but the Company suggests that it is exposed to fixed cost to a large extent and not much to variable cost, resulting in high marginal profit ratio, which is the key characteristics with the Company's cost structure. For example, FY03/2020 Company forecasts are going for prospective sales of ¥18,400m (down 12.1% YoY) in Q1 to Q2 as well as operating profit of ¥630m (down 54.2%) and operating profit margin of 3.4% (down 3.2% points). All through the said period, Company forecasts assume consistent negative impacts stemming from China-United States trade friction and thus decreased sales to a large extent, while decreased earnings far larger at the same time.

Meanwhile, profit attributable to owners of parent plummeted, having suffered from a major shortfall against assumptions of initial Company forecasts at the same time. This is due to booking of unexpected impairment loss of ¥848m associated with factory of Vietnam as extraordinary loss. The Company has been keen on starting up utilization of new capacity to manufacture semi-finished products in factory of Vietnam (set up in December 2015) since October 2016, but it has turned out to be the case that the Company failed to do this as quickly as initially expected. On top of delayed capacity utilization, the market sentiment got worsened, having led to downward revision on prospective cash flow from here, according to the Company. Nevertheless, the idea of the Company's midterm management plan Value Creation 2020 (FY03/2017 to FY03/2021) has remained unchanged, including the role of factory of Vietnam. Thus, factory of Vietnam has started up the manufacture of standard products sold on catalog since around March 2019.

Lastly, total assets stood at ¥31,155m as of the end of FY03/2019 and equity capital ¥15,685m (equity ratio: 50.4%) versus net debt of ¥3,499m (including accounts payable-installment purchase / ¥3,088m when not included), implying that net debt saw net increases by ¥938m since the beginning of the fiscal year. According to the Company, this has a lot to do with a series of coming up with the cash to pay for settlement of funds associated with investment in factory of Vietnam. In order to cope with this, the Company basically took advantage of debt financing as well as using cash equivalent a little.

FY03/2019 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	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
FY03/2019CoE	12-Apr-19	Revision	40,900	2,550	2,500	1,000
		Amount of Gap	(100)	50	100	(750)
		Rate of Gap	(0.2%)	2.0%	4.2%	(42.9%)
FY03/2019Act	13-May-19	Q4 Results	40,935	2,578	2,547	960
		Amount of Gap	35	28	47	(40)
		Rate of Gap	0.1%	1.1%	1.9%	(4.0%)
FY03/2019CoE	11-May-18	Q4 Results	42,000	2,920	2,800	2,070
FY03/2019Act	13-May-19	Q4 Results	40,935	2,578	2,547	960
		Amount of Gap	(1,065)	(342)	(253)	(1,110)
		Rate of Gap	(2.5%)	(11.7%)	(9.0%)	(53.6%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	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 Profit	Recurring Profit	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
Q3 to Q4 FY03/2019CoE	12-Apr-19	Revision	19,963	1,176	1,160	(5)
		Amount of Gap	(100)	50	100	(750)
		Rate of Gap	(0.5%)	4.4%	9.4%	-
Q3 to Q4 FY03/2019Act	13-May-19	Q4 Results	19,998	1,204	1,207	(45)
		Amount of Gap	35	28	47	(40)
		Rate of Gap	0.2%	2.4%	4.1%	-
Q3 to Q4 FY03/2019CoE	11-May-18	Q4 Results	20,865	1,440	1,382	993
Q3 to Q4 FY03/2019Act	13-May-19	Q4 Results	19,998	1,204	1,207	(45)
		Amount of Gap	(867)	(236)	(175)	(1,038)
		Rate of Gap	(4.2%)	(16.4%)	(12.7%)	-

Source: Company Data, WRJ Calculation

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	40,935		(89)
CoGS	6,960	14,155	21,699	29,367	7,390	15,036	22,264	29,463		+96
Gross Profit	2,773	5,644	8,654	11,658	2,951	5,900	8,900	11,472		(186)
SG&A Expenses	2,072	4,239	6,429	8,814	2,236	4,526	6,719	8,893		+78
Operating Profit	701	1,404	2,225	2,843	714	1,374	2,181	2,578		(264)
Non Operating Balance	10	(5)	(42)	(111)	(32)	(34)	(22)	(31)		+80
Recurring Profit	711	1,398	2,182	2,731	682	1,340	2,158	2,547		(184)
Extraordinary Balance	(60)	(65)	(67)	(215)	(6)	(7)	(11)	(897)		(681)
Profit before Income Taxes	650	1,333	2,115	2,516	676	1,332	2,147	1,650		(866)
Total Income Taxes	226	411	747	725	164	325	560	686		(39)
NP Belonging to Non-Controlling SHs	1	1	1	1	1	1	2	3		+1
Profit Attributable to Owners of Parent	422	921	1,366	1,788	511	1,005	1,583	960		(828)
Sales YoY	+12.4%	+10.9%	+12.7%	+11.9%	+6.3%	+5.7%	+2.7%	(0.2%)		-
Operating Profit YoY	+111.7%	+67.0%	+58.3%	+42.8%	+2.0%	(2.2%)	(2.0%)	(9.3%)		-
Recurring Profit YoY	+115.4%	+76.6%	+62.8%	+45.7%	(4.0%)	(4.2%)	(1.1%)	(6.8%)		-
Profit Attributable to Owners of Parent YoY	+103.5%	+67.6%	+50.3%	+30.0%	+20.9%	+9.1%	+15.9%	(46.3%)		-
Gross Profit Margin	28.5%	28.5%	28.5%	28.4%	28.5%	28.2%	28.6%	28.0%		(0.4%)
SGA Ratio	21.3%	21.4%	21.2%	21.5%	21.6%	21.6%	21.6%	21.7%		+0.2%
Operating Profit Margin	7.2%	7.1%	7.3%	6.9%	6.9%	6.6%	7.0%	6.3%		(0.6%)
Recurring Profit Margin	7.3%	7.1%	7.2%	6.7%	6.6%	6.4%	6.9%	6.2%		(0.4%)
Profit Attributable to Owners of Parent Margin	4.3%	4.7%	4.5%	4.4%	4.9%	4.8%	5.1%	2.3%		(2.0%)
Total Income Taxes / Profit before Income Taxes	34.8%	30.8%	35.3%	28.8%	24.3%	24.5%	26.1%	41.6%		+12.8%
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	9,770		(900)
CoGS	6,960	7,195	7,543	7,667	7,390	7,646	7,227	7,199		(468)
Gross Profit	2,773	2,871	3,010	3,003	2,951	2,948	3,000	2,571		(432)
SG&A Expenses	2,072	2,167	2,189	2,385	2,236	2,289	2,193	2,174		(211)
Operating Profit	701	703	820	618	714	659	807	397		(221)
Non Operating Balance	10	(16)	(36)	(69)	(32)	(2)	11	(8)		+60
Recurring Profit	711	687	784	548	682	657	818	388		(160)
Extraordinary Balance	(60)	(4)	(2)	(147)	(6)	(1)	(3)	(885)		(737)
Profit before Income Taxes	650	683	781	401	676	655	814	(497)		(898)
Total Income Taxes	226	184	335	(21)	164	161	234	125		+146
NP Belonging to Non-Controlling SHs	1	-	-	-	1	-	1	-		-
Profit Attributable to Owners of Parent	422	498	445	422	511	494	578	(623)		(1,045)
Sales YoY	+12.4%	+9.6%	+16.2%	+9.8%	+6.3%	+5.2%	(3.1%)	(8.4%)		-
Operating Profit YoY	+111.7%	+38.0%	+45.4%	+5.6%	+2.0%	(6.3%)	(1.6%)	(35.8%)		-
Recurring Profit YoY	+115.4%	+48.9%	+42.9%	+2.9%	(4.0%)	(4.4%)	+4.4%	(29.2%)		-
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%	26.3%		(1.8%)
SGA Ratio	21.3%	21.5%	20.7%	22.4%	21.6%	21.6%	21.4%	22.3%		(0.1%)
Operating Profit Margin	7.2%	7.0%	7.8%	5.8%	6.9%	6.2%	7.9%	4.1%		(1.7%)
Recurring Profit Margin	7.3%	6.8%	7.4%	5.1%	6.6%	6.2%	8.0%	4.0%		(1.2%)
Profit Attributable to Owners of Parent Margin	4.3%	5.0%	4.2%	4.0%	4.9%	4.7%	5.7%	(6.4%)		(10.3%)
Total Income Taxes / Profit before Income Taxes	34.8%	27.1%	42.9%	(5.3%)	24.3%	24.7%	28.8%	-		-

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	16,777	(376)
China	4,620	9,560	14,780	20,102	4,980	10,390	15,350	19,899	(203)
Other (Southeast Asia / Europe / Americas / Other)	870	1,790	2,770	3,769	1,080	2,120	3,150	4,259	+490
Sales	9,733	19,800	30,354	41,025	10,342	20,937	31,165	40,935	(89)
Japan	+10.1%	+10.0%	+10.3%	+7.9%	+0.9%	(0.3%)	(1.0%)	(2.2%)	-
China	+14.4%	+11.6%	+14.7%	+15.3%	+7.8%	+8.7%	+3.8%	(1.0%)	-
Other (Southeast Asia / Europe / Americas / Other)	+13.7%	+11.9%	+13.4%	+13.6%	+24.2%	+18.5%	+13.5%	+13.0%	-
Sales (YoY)	+12.4%	+10.9%	+12.7%	+11.9%	+6.3%	+5.7%	+2.7%	(0.2%)	-
Japan	43.5%	42.5%	42.0%	41.8%	41.3%	40.1%	40.5%	41.0%	-
China	47.5%	48.3%	48.7%	49.0%	48.2%	49.6%	49.3%	48.6%	-
Other (Southeast Asia / Europe / Americas / Other)	8.9%	9.0%	9.1%	9.2%	10.4%	10.1%	10.1%	10.4%	-
Sales (Composition Ratio)	100.0%	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	4,140	(240)
China	4,620	4,940	5,220	5,300	4,980	5,410	4,960	4,530	(770)
Other (Southeast Asia / Europe / Americas / Other)	870	920	980	970	1,080	1,040	1,030	1,090	+120
Sales	9,733	10,066	10,554	10,670	10,342	10,594	10,228	9,770	(900)
Japan	+10.1%	+10.0%	+11.0%	+1.2%	+0.9%	(1.7%)	(2.5%)	(5.5%)	-
China	+14.4%	+9.1%	+20.8%	+17.3%	+7.8%	+9.5%	(5.0%)	(14.5%)	-
Other (Southeast Asia / Europe / Americas / Other)	+13.7%	+9.5%	+16.7%	+14.1%	+24.2%	+13.0%	+5.1%	+12.4%	-
Sales (YoY)	+12.4%	+9.6%	+16.2%	+9.8%	+6.3%	+5.2%	(3.1%)	(8.4%)	-
Japan	43.5%	41.6%	41.1%	41.0%	41.3%	38.9%	41.4%	42.4%	-
China	47.5%	49.1%	49.5%	49.7%	48.2%	51.1%	48.5%	46.4%	-
Other (Southeast Asia / Europe / Americas / Other)	8.9%	9.1%	9.3%	9.1%	10.4%	9.8%	10.1%	11.2%	-
Sales (Composition Ratio)	100.0%	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 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
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	Net Chg.
Automobiles	4,550	9,040	13,740	18,390	4,610	9,120	13,610	17,877	-
Electronic Parts / Semiconductors	1,840	3,840	5,900	7,890	1,970	3,980	5,880	7,558	-
Home Appliances / Precision Machinery	1,150	2,360	3,550	4,790	1,220	2,460	3,660	4,837	-
Other	2,190	4,550	7,130	9,940	2,520	5,330	7,940	10,662	-
Sales	9,733	19,800	30,354	41,025	10,342	20,937	31,165	40,935	(89)
Automobiles	+16.1%	+11.5%	+11.4%	+9.6%	+1.3%	+0.9%	(0.9%)	(2.8%)	-
Electronic Parts / Semiconductors	+10.8%	+10.0%	+14.1%	+12.7%	+7.1%	+3.6%	(0.3%)	(4.3%)	-
Home Appliances / Precision Machinery	+0.9%	+5.8%	+6.6%	+6.9%	+6.1%	+4.2%	+3.1%	+1.0%	-
Other	+13.5%	+13.5%	+16.9%	+18.3%	+15.1%	+17.1%	+11.4%	+7.2%	-
Sales (YoY)	+12.4%	+10.9%	+12.7%	+11.9%	+6.3%	+5.7%	+2.7%	(0.2%)	-
Automobiles	46.7%	45.7%	45.3%	44.8%	44.6%	43.6%	43.7%	43.7%	-
Electronic Parts / Semiconductors	18.9%	19.4%	19.4%	19.2%	19.0%	19.0%	18.9%	18.5%	-
Home Appliances / Precision Machinery	11.8%	11.9%	11.7%	11.7%	11.8%	11.7%	11.7%	11.8%	-
Other	22.5%	23.0%	23.5%	24.2%	24.4%	25.5%	25.5%	26.0%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
Sales by Application	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
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	Net Chg.
Automobiles	4,550	4,490	4,700	4,630	4,610	4,510	4,490	4,240	(390)
Electronic Parts / Semiconductors	1,840	2,000	2,060	1,980	1,970	2,010	1,900	1,650	(330)
Home Appliances / Precision Machinery	1,150	1,210	1,190	1,230	1,220	1,240	1,200	1,160	(70)
Other	2,190	2,360	2,580	2,810	2,520	2,810	2,610	2,700	(110)
Sales	9,733	10,066	10,554	10,670	10,342	10,594	10,228	9,770	(900)
Automobiles	+16.1%	+7.2%	+11.4%	+4.0%	+1.3%	+0.4%	(4.5%)	(8.4%)	-
Electronic Parts / Semiconductors	+10.8%	+9.3%	+22.6%	+8.2%	+7.1%	+0.5%	(7.8%)	(16.7%)	-
Home Appliances / Precision Machinery	+0.9%	+11.0%	+8.2%	+7.0%	+6.1%	+2.5%	+0.8%	(5.7%)	-
Other	+13.5%	+13.5%	+23.4%	+22.2%	+15.1%	+19.1%	+1.2%	(3.9%)	-
Sales (YoY)	+12.4%	+9.6%	+16.2%	+9.8%	+6.3%	+5.2%	(3.1%)	(8.4%)	-
Automobiles	46.7%	44.6%	44.5%	43.4%	44.6%	42.6%	43.9%	43.4%	-
Electronic Parts / Semiconductors	18.9%	19.9%	19.5%	18.6%	19.0%	19.0%	18.6%	16.9%	-
Home Appliances / Precision Machinery	11.8%	12.0%	11.3%	11.5%	11.8%	11.7%	11.7%	11.9%	-
Other	22.5%	23.4%	24.4%	26.3%	24.4%	26.5%	25.5%	27.6%	-
Sales (Composition Ratio)	100.0%	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	3,579		(191)
Accounts Receivables	11,350	11,442	11,423	12,095	11,816	11,654	11,065	10,988		(1,107)
Inventory	3,835	4,020	4,248	4,425	4,489	4,649	4,938	4,663		+237
Other	531	936	866	549	561	685	435	327		(222)
Current Assets	18,652	19,808	20,134	20,842	20,602	19,445	20,057	19,559		(1,282)
Tangible Assets	8,543	8,966	9,444	9,939	10,112	10,228	10,884	9,972		+32
Intangible Assets	1,202	1,173	1,150	1,157	1,145	1,136	1,084	1,001		(155)
Investments and Other Assets	392	357	333	621	717	713	604	621		-
Fixed Assets	10,138	10,496	10,929	11,718	11,975	12,079	12,572	11,595		(122)
Total Assets	28,790	30,304	31,063	32,560	32,577	31,524	32,630	31,155		(1,405)
Accounts Payables, etc.	4,531	4,924	4,726	4,597	4,968	4,937	4,352	4,148		(448)
Short Term Debt	4,236	4,298	4,368	3,730	4,135	3,240	4,266	4,326		+595
Other	2,538	2,973	3,145	4,322	3,338	3,013	3,312	3,056		(1,266)
Current Liabilities	11,305	12,197	12,239	12,649	12,441	11,192	11,932	11,531		(1,118)
Long Term Debt	2,273	2,015	1,916	2,151	2,376	2,273	2,465	2,341		+190
Other	1,099	1,298	1,436	1,584	1,581	1,556	1,597	1,547		(36)
Fixed Liabilities	3,372	3,313	3,353	3,736	3,957	3,829	4,062	3,889		+153
Total Liabilities	14,678	15,510	15,593	16,385	16,398	15,022	15,994	15,420		(965)
Shareholders' Equity	13,878	14,376	14,674	15,096	15,388	15,887	16,124	15,500		+403
Other	233	417	795	1,077	789	615	510	234		(843)
Net Assets	14,112	14,794	15,470	16,174	16,178	16,502	16,635	15,734		(440)
Total Liabilities and Net Assets	28,790	30,304	31,063	32,560	32,577	31,524	32,630	31,155		(1,405)
Equity Capital	14,099	14,777	15,448	16,148	16,147	16,471	16,595	15,686		(462)
Interest Bearing Debt	6,509	6,314	6,285	5,882	6,511	5,514	6,731	6,668		+786
Net Debt	3,574	2,905	2,690	2,111	2,775	3,057	3,113	3,088		+977
Equity Ratio	49.0%	48.8%	49.7%	49.6%	49.6%	52.2%	50.9%	50.3%		+0.8%
Net Debt Equity Ratio	25.4%	19.7%	17.4%	13.1%	17.2%	18.6%	18.8%	19.7%		+6.6%
ROE (12 months)	11.5%	12.8%	13.1%	11.8%	12.4%	12.0%	12.5%	6.0%		(5.8%)
ROA (12 months)	8.0%	8.6%	9.3%	8.8%	8.8%	8.6%	8.5%	8.0%		(0.8%)
Days for Inventory Turnover	50	51	51	53	55	55	62	59		-
Quick Ratio	126%	122%	123%	125%	125%	126%	123%	126%		-
Current Ratio	165%	162%	164%	165%	166%	174%	168%	170%		-

Source: Company Data, WRJ Calculation

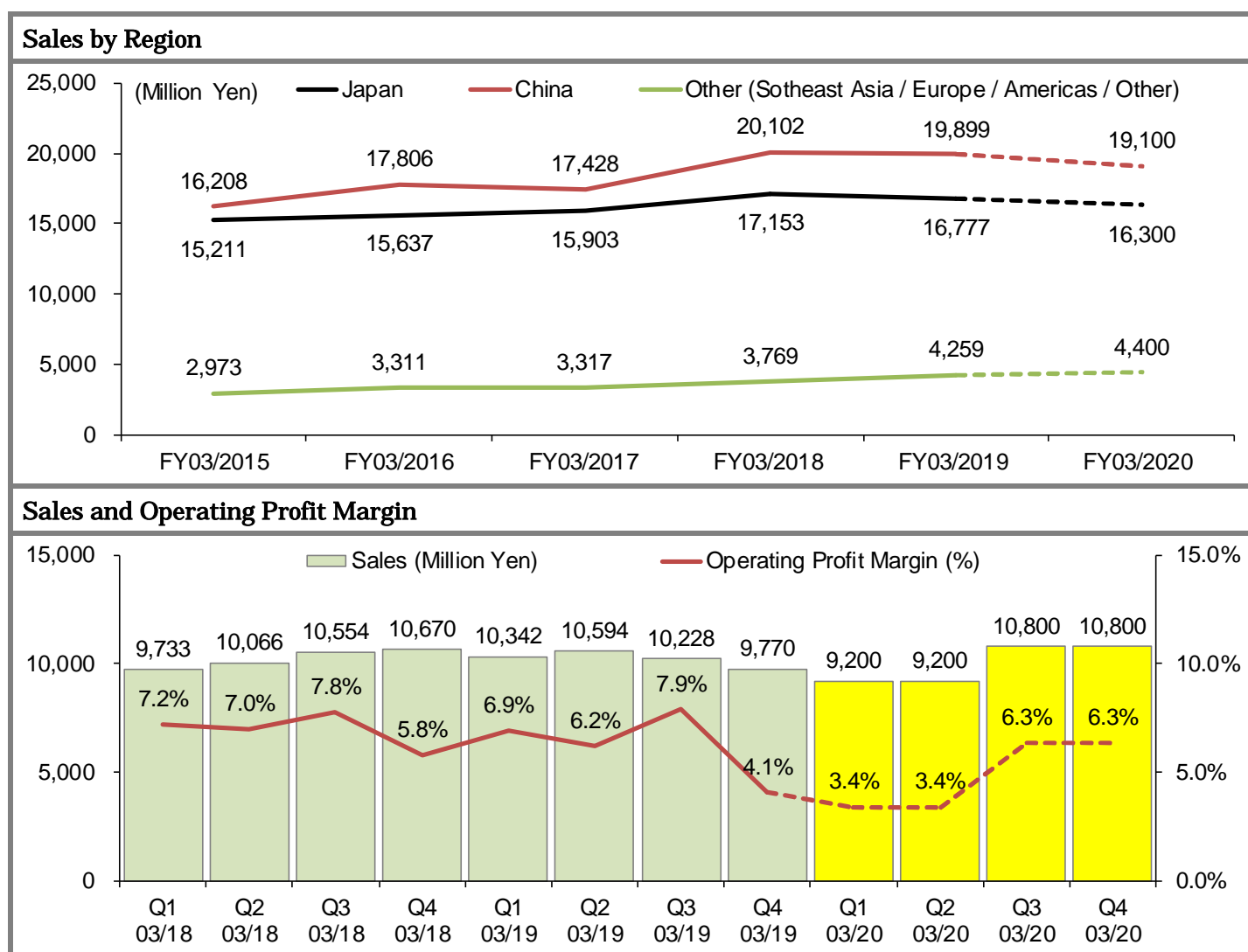
Cash Flow Statement (Cumulative)

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	-	3,185		(208)
Investing Cash Flow	-	(1,043)	-	(2,335)	-	(1,373)	-	(3,253)		(917)
Operating CF and Investing CF	-	838	-	1,058	-	(423)	-	(68)		(1,126)
Financing Cash Flow	-	(657)	-	(738)	-	(761)	-	74		+812

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

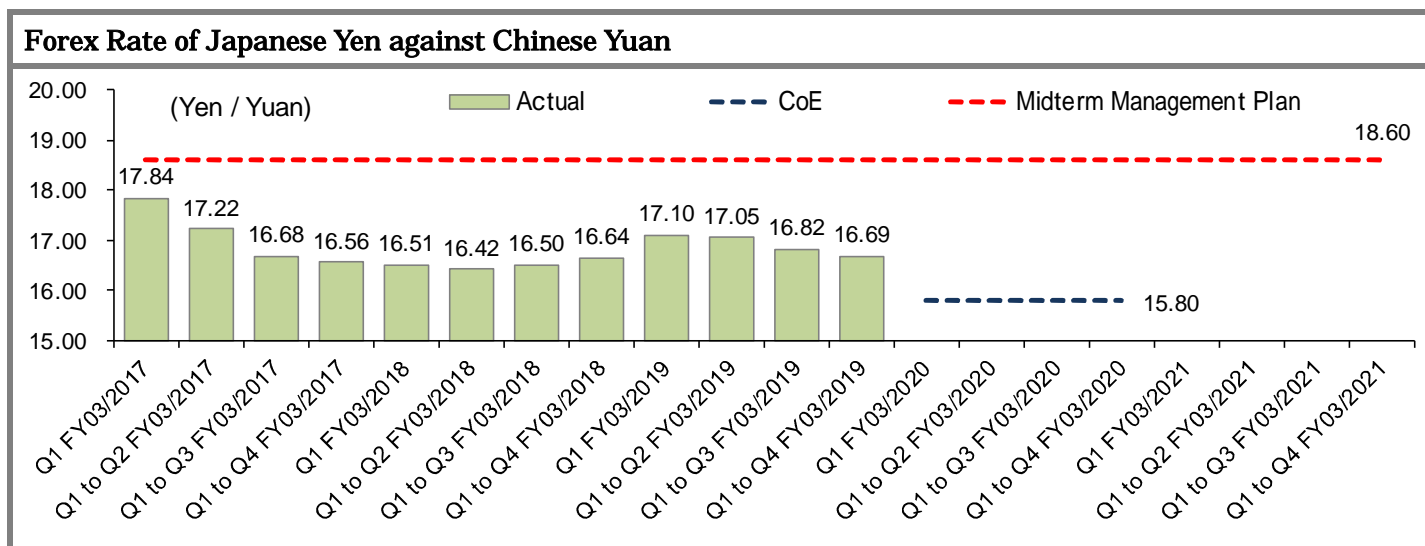
FY03/2020 Company forecasts are going for prospective sales of ¥40,000m (down 2.3%), operating profit of ¥2,000m (down 22.4%), recurring profit of ¥1,900m (down 25.4%) and profit attributable to owners of parent of ¥1,400m (up 45.8%), while operating profit margin of 5.0% (down 1.3% points). Profit attributable to owners of parent is expected to surge as impairment loss of ¥848m associated with factory of Vietnam booked as extraordinary loss in FY03/2019 is not to reappear.



Source: Company Data, WRJ Calculation (quarters of FY03/2020: Q1 to Q2 Company forecasts pro rata and ditto for H2)

Meanwhile, Company forecasts are going for prospective annual dividend of ¥16.80 (¥8.40 as of the end of Q2 and ¥8.40 as of the end of Q4) per share, implying payout ratio of 26.1%. The Company suggests a guideline of stability and consistency for dividend as well as going for payout ratio of more than 20%, trying to keep a trend of dividend increases or to increase annual dividend in stages. Given that the Company paid annual dividend of ¥16.75 (¥10.25 as of the end of Q2 and ¥6.50 as of the end of Q4) per share, implying payout ratio of 38.1%, in FY03/2019, it will be the case that the Company achieves above-mentioned target with dividend in FY03/2020.

According to the Company, FY03/2020 Company forecasts basically assume situations of Q4 FY03/2019 as a standard, i.e., sales of ¥9,770m, operating profit of ¥397m and operating profit margin of 4.1%. This is the first accounting period with the Company to have suffered from negative impacts stemming from China-United States trade friction on a full-fledged basis. However, Company forecasts are going for prospective sales of ¥10,800m, operating profit of ¥685m and operating profit margin of 6.3% on a quarterly basis in H2, when H2 Company forecasts being simply pro rata. As far as we could see, all it means is that Company forecasts do not assume the negative impacts in H2 as it is too early to estimate.



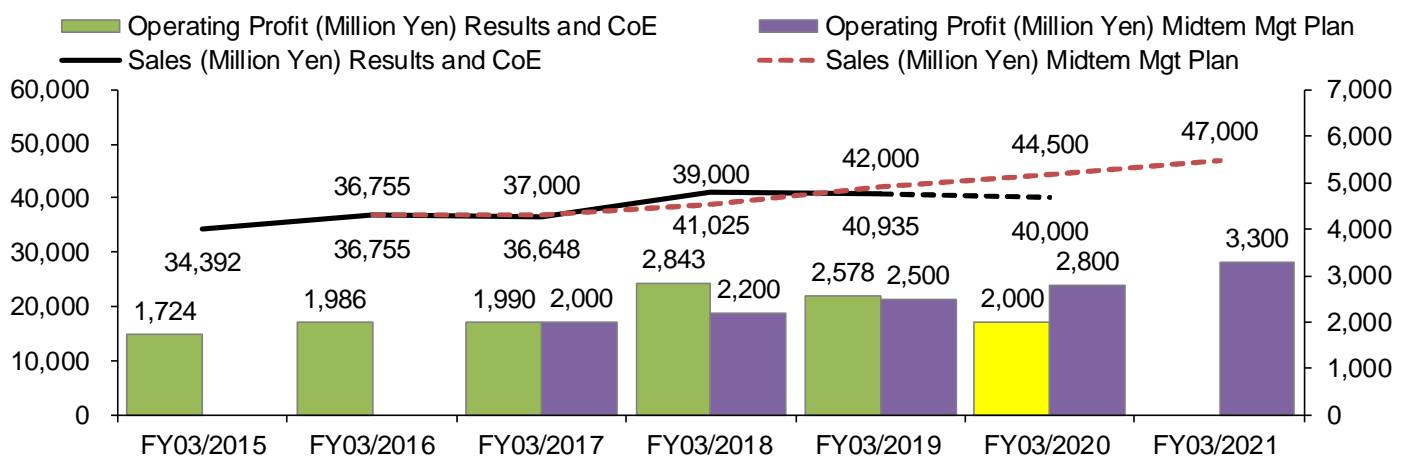
Source: Company Data, WRJ Calculation

On a full-year basis, sales of Japan are expected to be ¥16,300m (down 2.5%), sales of China ¥19,100m (down 3.6%) and sales of Other (Southeast Asia / Europe / Americas / Other) ¥4,400m (up 4.7%). Sales of Japan are expected to come down marginally, but the Company is planning to make progress with sales promotions by means of setting customers to focus on to beef up business scale and specifying potential customers to cultivate with emphasis at the same time. In China, the Company is planning to place emphasis on sales promotions for applications other Automobiles presumably accounting for more than half of sales of China at the moment, while beefing up sales of high value-added strategic products by means of developing those of the novelty with innovated methods. Meanwhile, Company forecasts assume ¥15.80 per yuan versus ¥16.69 in FY03/2019, implying yen's appreciation being assumed. In fact, Company forecasts are going for decreases by 3.6% for sales of China on a Japanese currency basis as above-mentioned versus increases by 2% on a local currency basis. With respect to sales of Other (Southeast Asia / Europe / Americas / Other), Company has disclosed its view that strengths are to persist in spite of negative impacts stemming from China-United States trade friction.

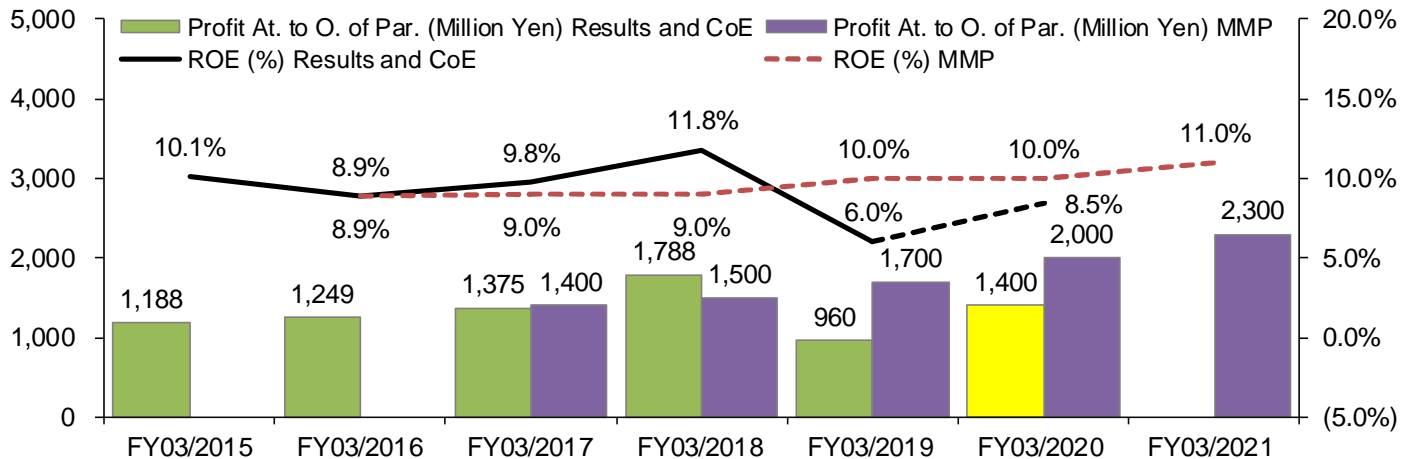
Long-Term Prospects

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% toward FY03/2021. On top of this, the plan is calling for prospective ROE of 11.0% to be achieved in FY03/2021. On top of this, the Company, having released the results of FY03/2019 or the third year of this midterm management plan Value Creation 2020, suggests that it is currently in the process of formulating new midterm management plan that could be called Beyond 2020.

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

Meanwhile, FY03/2020 Company forecasts are going for prospective sales of ¥40,000m (down 2.3%) and operating profit of ¥2,000m (down 22.4%) versus sales of ¥44,500m and operating profit of ¥2,800m with assumptions of midterm management plan Value Creation 2020. Thus, as far as FY03/2020 Company forecasts are to be met, the Company's business performance in FY03/2020 is to see shortfall of ¥4,500m (10.1%) in sales and of ¥800m (28.6%) in operating profit, when compared with assumptions of the midterm management plan.

This is due mainly to negative impacts stemming from China-United States trade friction, but the Company also mentions yen's appreciation as another negative factor. The midterm management plan assumes ¥18.60 per yuan versus ¥15.80 with Company forecasts. Meanwhile, the gap between the two directly gives impacts to the accounting process of converting yuan-denominated sales and earnings of subsidiaries based in China into yen-denominated equivalents. Thus, the Company suggests that this gap cuts back on sales by no less than ¥3,800m in FY03/2020.

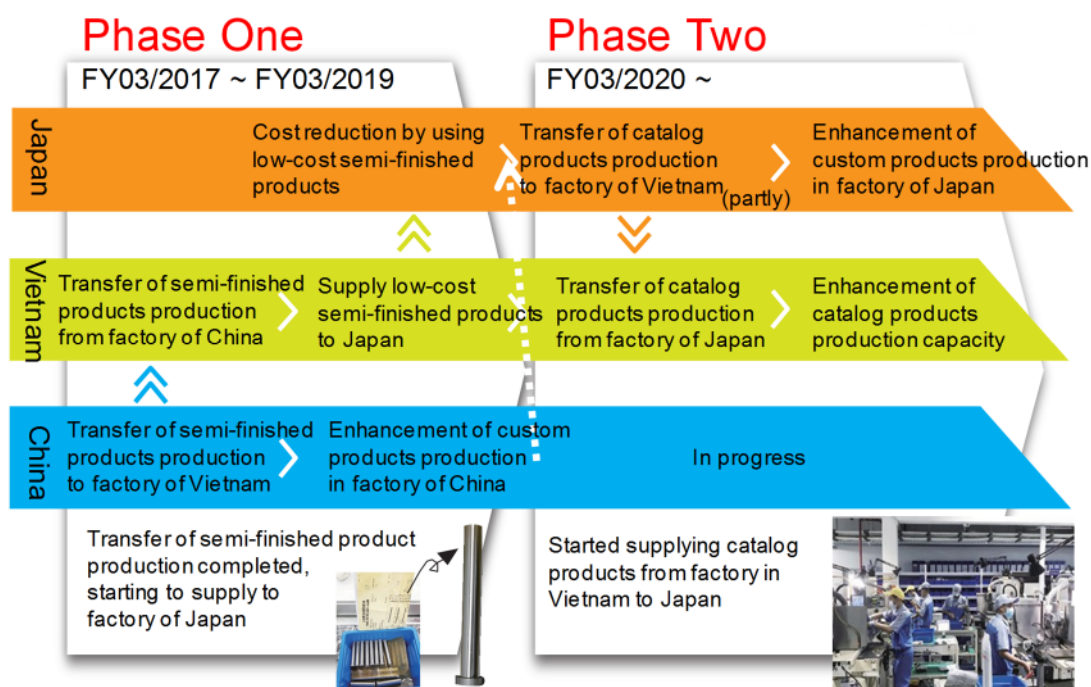
Midterm management plan Value Creation 2020 is going for four priority management strategies comprising Establishment of 5-pole Sales Structure, Improvement of Services for Customers, Promotion of High Profitability Operations Combined with Reinforcement of R&D and Work Style Reform.

After entering China where sales have become even larger than Japan to date, the Company entered Southeast Asia, which was followed by entrance into Europe and then Americas. Thus, Japan, China, Southeast 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 for 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. Now, the Company is trying to get at Punch of the World by means of promoting sales in Southeast Asia, Europe and Americas where it finds a great room to increase own market shares. At the moment, sales of Japan and sales of China collectively account for 90% of sales as a whole for the Company.

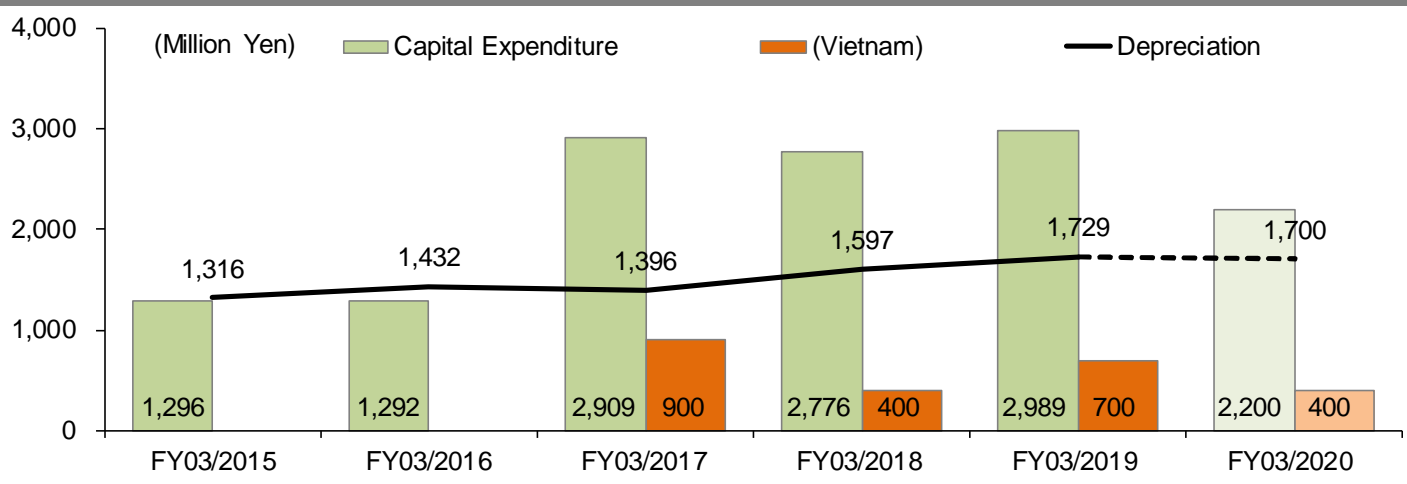
With respect to Promotion of High Profitability Operations Combined with Reinforcement of R&D, the Company advocates Optimization of the Manufacture on a Group basis. The Company started up investment in factory of Vietnam in FY03/2017, i.e., the first year of midterm management plan Value Creation 2020, which is expected to materialize Optimization of the Manufacture on a Group basis. During three-year period by FY03/2019 or Phase One, the Company was basically involved with startup of utilization of capacity with capital expenditure. Semi-finished products which used to be intensively manufactured in China are now increasingly manufactured in Vietnam in line with transfer of the manufacture, enabling to supply low-cost semi-finished products with factory of Japan. Meanwhile, in China where labor cost, etc. have risen, the Company is now involved with the manufacture of custom products carrying high added value more than before. Nevertheless, it takes longer to set up capacity than initially expected, while market sentiment got worsened, having resulted in impairment loss of ¥848 associated with factory of Vietnam as mentioned earlier.

Meanwhile, in the period of Phase Two to start with FY03/2020, the Company has started up transfer of the manufacture of standard products sold on catalog to factory of Vietnam from Japan. In line with progress with this transfer, factory of Japan will be increasingly involved with the manufacture of custom products carrying high added value. That is to say, the manufacture of semi-finished products and of standard products, both carrying added value lower than custom products, will be increasingly carried out in factory of Vietnam where low-cost operations are available, while operations in Japan and China are increasingly exposed to the manufacture of custom products carrying added value higher, resulting in improved gross profit margin as a whole for the Company, going forward.

Attempts with Factory of Vietnam



Capital Expenditure and Depreciation



Source: Company Data

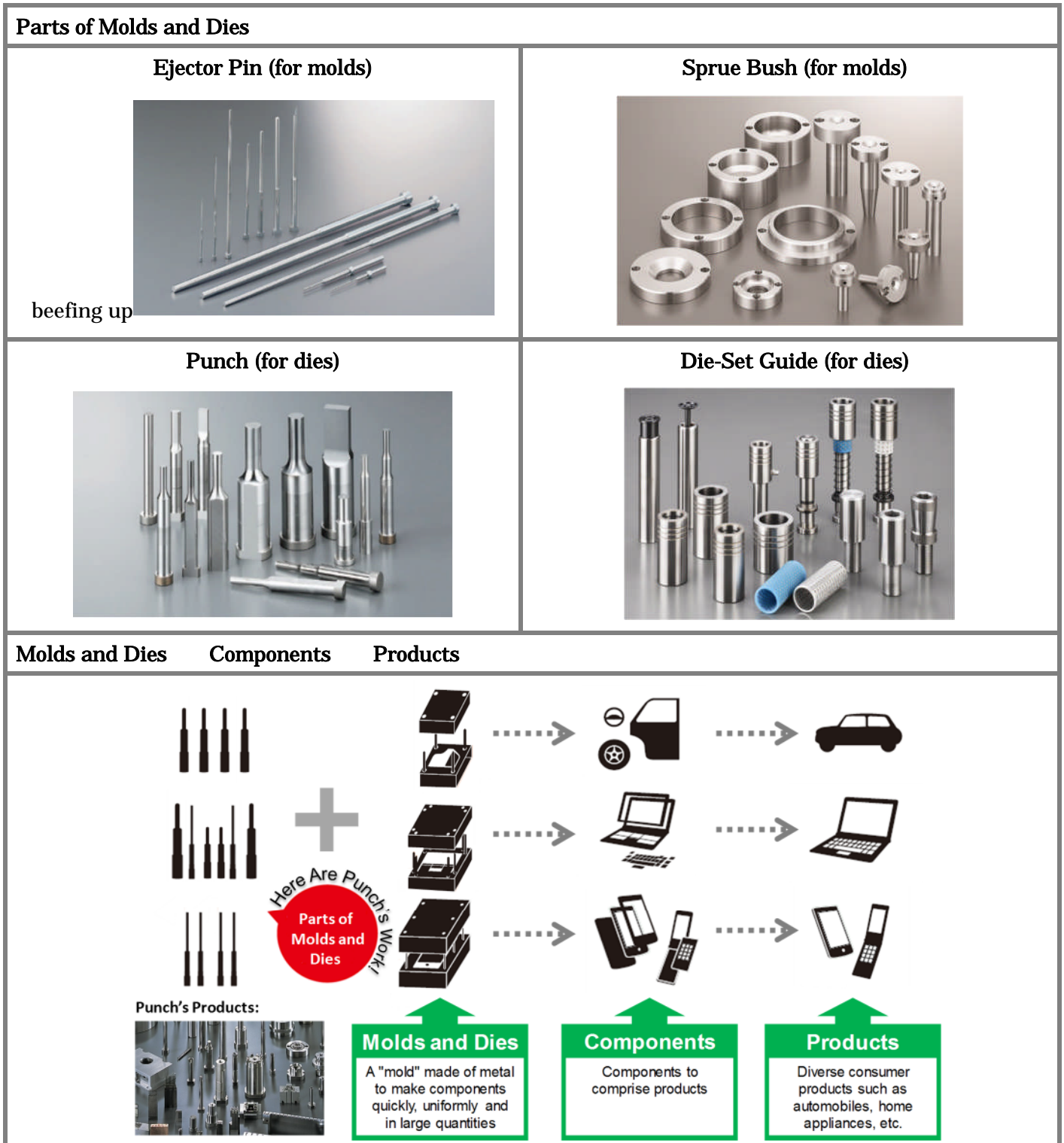
While the Company suffered from rate lower than expected in regards to stability of workforce locally hired in Vietnam, it has turned out be the case that it takes longer than initially assumed for local workforce to be trained to an expected level on the machining skills. However, the Company sees improved rate on stability of workforce most recently, while seeing machining skills among workforce gradually improving in line with their manufacturing activities day by day.

With respect to Improvement of Services for Customers, the Company refers to digital engineering services, offered by its business office in Nagoya where Japan's largest manufacturer of automobiles is based nearby, representing those of implementing 3D-data Creation based on Existent Parts of Molds and Dies with No Engineering Drawings. Those services enable the manufacture of parts for molds and dies incorporating exactly the same specifications as said existent ones. So far, the business has remained being in its infancy with expenses on frontloaded investment rather larger than sales, but the Company sees frequent inquiries from fairly diverse manufacturers. Meanwhile, it is taken for granted that all of the Company's directors and employees must fulfill their own tasks 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 / Selling Parts of Molds and Dies in Japan and Overseas

The Company runs operations of manufacturing / selling parts of molds and dies in Japan and overseas. Parts of molds and 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 and dies at the end of the day.



Source: Company Data

Parts of Molds and Dies

The Company manufactures and sells parts of molds and 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 Catalog, the Manufacture and Sales of Custom Products

The Company is involved with sales of standard products on catalog as well as with the manufacture and sales of custom products at the same time. In our rough estimates, standard products sold on catalog 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 catalog 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 catalog, 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 factory of Vietnam going forward. Meanwhile, all those subcontractors are of small-sized ones, 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. That is to say, 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 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Sales	34,392	36,755	36,648	41,025	40,935	40,000	(935)
CoGS	25,030	26,577	26,457	29,367	29,463	-	-
Gross Profit	9,361	10,178	10,191	11,658	11,472	-	-
SG&A Expenses	7,637	8,191	8,201	8,814	8,893	-	-
Operating Profit	1,724	1,986	1,990	2,843	2,578	2,000	(578)
Non Operating Balance	(107)	(320)	(116)	(111)	(31)	(100)	(68)
Recurring Profit	1,617	1,666	1,874	2,731	2,547	1,900	(647)
Extraordinary Balance	(4)	(10)	(44)	(215)	(897)	-	+897
Profit before Income Taxes	1,612	1,656	1,830	2,516	1,650	-	-
Total Income Taxes	428	411	459	725	686	-	-
NP Belonging to Non-Controlling SHs	(4)	(4)	(5)	1	3	-	-
Profit Attributable to Owners of Parent	1,188	1,249	1,375	1,788	960	1,400	+439
Sales YoY	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(2.3%)	-
Operating Profit YoY	+48.4%	+15.2%	+0.2%	+42.8%	(9.3%)	(22.4%)	-
Recurring Profit YoY	+54.4%	+3.1%	+12.5%	+45.7%	(6.8%)	(25.4%)	-
Profit Attributable to Owners of Parent YoY	+64.9%	+5.1%	+10.1%	+30.0%	(46.3%)	+45.8%	-
Gross Profit Margin	27.2%	27.7%	27.8%	28.4%	28.0%	-	-
SGA Ratio	22.2%	22.3%	22.4%	21.5%	21.7%	-	-
Operating Profit Margin	5.0%	5.4%	5.4%	6.9%	6.3%	5.0%	(1.3%)
Recurring Profit Margin	4.7%	4.5%	5.1%	6.7%	6.2%	4.8%	(1.5%)
Profit Attributable to Owners of Parent Margin	3.5%	3.4%	3.8%	4.4%	2.3%	3.5%	+1.2%
Total Income Taxes / Profit before Income Taxes	26.6%	24.8%	25.1%	28.8%	41.6%	-	-

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 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Japan	15,211	15,637	15,903	17,153	16,777	16,300	(477)
China	16,208	17,806	17,428	20,102	19,899	19,100	(799)
Other (Southeast Asia / Europe / Americas / Other)	2,973	3,311	3,317	3,769	4,259	4,400	+140
Sales	34,392	36,755	36,648	41,025	40,935	40,000	(935)
Japan	+5.7%	+2.8%	+1.7%	+7.9%	(2.2%)	(2.8%)	-
China	+24.8%	+9.9%	(2.1%)	+15.3%	(1.0%)	(4.0%)	-
Other (Southeast Asia / Europe / Americas / Other)	+44.2%	+11.4%	+0.2%	+13.6%	+13.0%	+3.3%	-
Sales (YoY)	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(2.3%)	-
Japan	44.2%	42.5%	43.4%	41.8%	41.0%	40.8%	(0.2%)
China	47.1%	48.4%	47.6%	49.0%	48.6%	47.8%	(0.9%)
Other (Southeast Asia / Europe / Americas / Other)	8.6%	9.0%	9.1%	9.2%	10.4%	11.0%	+0.6%
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
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Automobiles	15,550	17,060	16,780	18,390	17,877	-	-
Electronic Parts / Semiconductors	6,540	6,550	7,000	7,890	7,558	-	-
Home Appliances / Precision Machinery	4,500	4,800	4,480	4,790	4,837	-	-
Other	7,800	8,300	8,400	9,940	10,662	-	-
Sales	34,392	36,755	36,648	41,025	40,935	40,000	(935)
Automobiles	+12.5%	+9.7%	(1.6%)	+9.6%	(2.8%)	-	-
Electronic Parts / Semiconductors	+14.9%	+0.2%	+6.9%	+12.7%	(4.3%)	-	-
Home Appliances / Precision Machinery	+13.6%	+6.7%	(6.7%)	+6.9%	+1.0%	-	-
Other	+30.7%	+6.4%	+1.2%	+18.3%	+7.2%	-	-
Sales (YoY)	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(2.3%)	-
Automobiles	45.2%	46.4%	45.8%	44.8%	43.7%	-	-
Electronic Parts / Semiconductors	19.0%	17.8%	19.1%	19.2%	18.5%	-	-
Home Appliances / Precision Machinery	13.1%	13.1%	12.6%	11.7%	11.8%	-	-
Other	22.7%	22.6%	22.9%	24.2%	26.0%	-	-
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
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
No. of Shares FY End (-000 Shares)	11,061	11,061	11,061	22,122	22,122	-	-
Net Profit / EPS (-000 Shares)	9,076	11,061	11,008	21,921	21,864	-	-
Treasury Shares FY End (-000 Shares)	-	-	100	200	380	-	-
Earnings Per Share	130.91	112.94	124.99	81.61	43.92	64.39	-
Earnings Per Share (Fully Diluted)	-	-	124.84	81.35	43.74	-	-
Book Value Per Share	1,283.75	1,264.64	1,292.50	736.64	721.49	-	-
Dividend Per Share	25.00	25.00	26.00	16.75	16.75	16.80	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Share Split Factor	2	2	2	1	1	-	-
Earnings Per Share	65.46	56.47	62.50	81.61	43.92	64.39	-
Book Value Per Share	641.88	632.32	646.25	736.64	721.49	-	-
Dividend Per Share	12.50	12.50	13.00	16.75	16.75	16.80	-
Payout Ratio	19.1%	22.1%	20.8%	20.5%	38.1%	26.1%	-

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
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Cash and Deposit	3,302	3,235	3,280	3,770	3,579	-	-
Accounts Receivables	11,613	10,614	11,468	12,095	10,988	-	-
Inventory	3,992	3,721	3,787	4,425	4,663	-	-
Other	461	303	613	549	327	-	-
Current Assets	19,369	17,875	19,150	20,842	19,559	-	-
Tangible Assets	8,168	7,696	8,669	9,939	9,972	-	-
Intangible Assets	1,789	1,322	1,242	1,157	1,001	-	-
Investments and Other Assets	295	443	389	621	621	-	-
Fixed Assets	10,253	9,462	10,301	11,718	11,595	-	-
Total Assets	29,623	27,337	29,451	32,560	31,155	-	-
Accounts Payables, etc.	4,098	3,860	4,287	4,597	4,148	-	-
Short Term Debt	4,849	3,550	4,346	3,730	4,326	-	-
Other	3,364	3,040	3,090	4,322	3,056	-	-
Current Liabilities	12,312	10,451	11,724	12,649	11,531	-	-
Long Term Debt	2,306	1,794	2,460	2,151	2,341	-	-
Other	799	1,092	1,089	1,584	1,547	-	-
Fixed Liabilities	3,105	2,886	3,550	3,736	3,889	-	-
Total Liabilities	15,418	13,338	15,275	16,385	15,420	-	-
Shareholders' Equity	11,679	12,586	13,598	15,096	15,500	-	-
Other	2,525	1,413	578	1,077	234	-	-
Net Assets	14,205	13,999	14,176	16,174	15,734	-	-
Total Liabilities and Net Assets	29,623	27,337	29,451	32,560	31,155	-	-
Equity Capital	14,199	13,988	14,167	16,148	15,686	-	-
Interest Bearing Debt	7,155	5,344	6,807	5,882	6,668	-	-
Net Debt	3,853	2,108	3,526	2,111	3,088	-	-
Equity Ratio	47.9%	51.2%	48.1%	49.6%	50.4%	-	-
Net Debt Equity Ratio	27.1%	15.1%	24.9%	13.1%	19.7%	-	-
ROE (12 months)	10.1%	8.9%	9.8%	11.8%	6.0%	8.5%	-
ROA (12 months)	6.0%	5.9%	6.6%	8.8%	8.0%	-	-
Days for Inventory Turnover	58	51	52	55	58	-	-
Quick Ratio	121%	133%	126%	125%	126%	-	-
Current Ratio	157%	171%	163%	165%	170%	-	-

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
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Operating Cash Flow	1,805	3,187	1,785	3,393	3,185	-	-
Investing Cash Flow	(1,180)	(1,159)	(2,770)	(2,335)	(3,253)	-	-
Operating CF and Investing CF	624	2,028	(985)	1,058	(68)	-	-
Financing Cash Flow	1,013	(1,901)	1,199	(738)	74	-	-

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 and dies. Prior to this, the Company used to basically run operations of stocking and selling for parts of molds and 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 semi-finished products to be finished back in Japan. However, given increased appliances, automobiles, etc., locally manufactured, the Company has started up locally selling parts of molds and 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 factory 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 5-pole Sales Structure.

Meanwhile, the Company is currently led by Masaaki Takeda having been appointed as Representative Director / President / CEO in April 2013. While the Company specializes in sales and the manufacture of parts of molds and 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 and dies supplied by the Company are just indispensable in the manufacture of diverse consumer products, automobiles, etc. as discussed in depth. 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 and dies (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 and 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 and 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	China-US Trade War to Persist in H1	-
Q3 FY03/2019	Nor the Furious Winter's Rages	Correction after Overshoot
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-ku, Tokyo 104-0061 JAPAN

URL: www.walden.co.jp

E-mail: info@walden.co.jp

Phone : +81 3 3553 3769