

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		35,400	450	350	50	2.29	2.00	-
FY03/2019	YoY	(0.2%)	(9.3%)	(6.8%)	(46.3%)	-	-	-
FY03/2020CoE	YoY	(13.5%)	(82.5%)	(86.3%)	(94.8%)	-	-	-
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 FY03/2020		17,991	80	2	(121)	-	-	-
Q3 to Q4 FY03/2020CoE		17,408	369	347	171	-	-	-
Q1 to Q2 FY03/2020	YoY	(14.1%)	(94.2%)	(99.8%)	-	-	-	-
Q3 to Q4 FY03/2020CoE	YoY	(13.0%)	(69.3%)	(71.2%)	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (28 January 2020)


Competitiveness

PUNCH INDUSTRY, manufacturing and selling parts of molds & dies in Japan and overseas, has been forced to continue suffering from decreases in sales due to economic slowdown caused by trade frictions between the United States and China. The decreases in sales are particularly noticeable in China which has the largest sales by region. The Company in which fixed costs are high and variable costs are low (marginal profit ratio is high) sees operating profit in Q1 to Q2 FY03/2020 worsened to almost breaking even. Further, the most recent Company forecasts are going for decreases in sales over the same period of the previous year to continue in H2, but going for narrowed decreases in earnings due to full-fledged reductions in fixed costs, etc. Meanwhile, it is suggested that the Company is going for increased sales and improved earnings in FY03/2021. Sales growth will be marginal, but earnings are to recover to a certain extent due to drastic reform, according to the Company. Sales as a whole for the Company hinges on market trends at the end of the day, while we estimate that the Company remains competitive. In Q2 over Q1, sales in China are supposed to increase every year due to seasonal factors, which was actually the case in FY03/2020 as the Company steadily captured increased demand due to seasonal factors. Given that the rate of increases in sales appears to have been larger than the past years, it could be the case that the Company is strengthening its competitiveness.

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2.0 Company Profile

Manufacturing and Selling Parts of Molds & Dies in Japan and Overseas

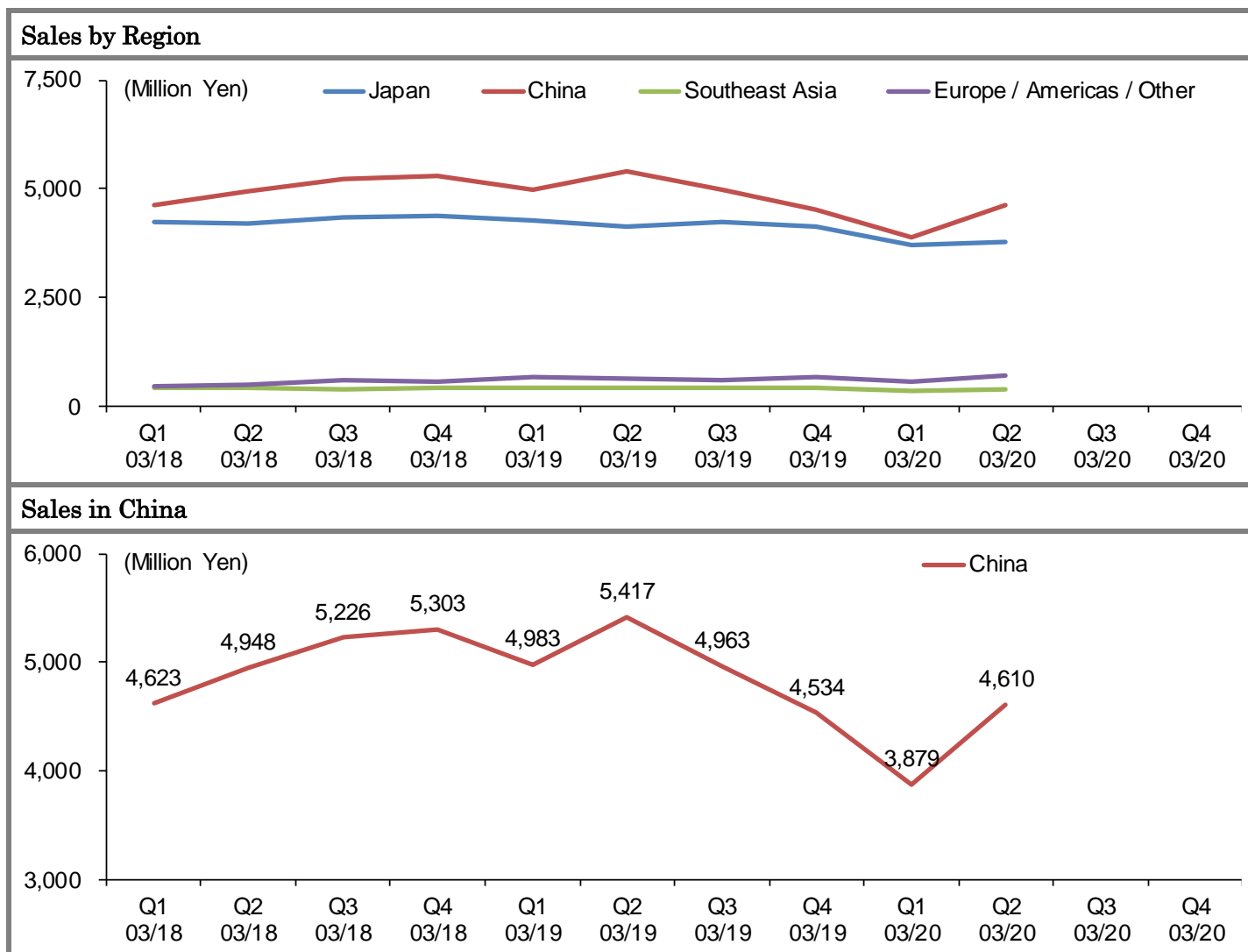
Company Name	PUNCH INDUSTRY CO., LTD. Website IR Information Share Price (Japanese)	
Established	29 March 1975	
Listing	14 March 2014: Tokyo Stock Exchange 1st section (ticker: 6165) 20 December 2012: Tokyo Stock Exchange 2nd section	
Capital	¥2,897m (as of the end of September 2019)	
No. of Shares	22,122,400 shares, including 311,296 treasury shares (as of the end of Sep. 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	I . Parts of Molds & Dies Business	
Top Management	President and CEO: Tetsuji Morikubo	
Shareholders	MT Kosan 17.1%, Master Trust Bank of Japan, T. 5.4% (as of the end of Sep. 2019)	
Headquarters	Shinagawa-ku, Tokyo, JAPAN	
No. of Employees	Consolidated: 4,311, Parent: 996 (as of the end of September 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2020 Results

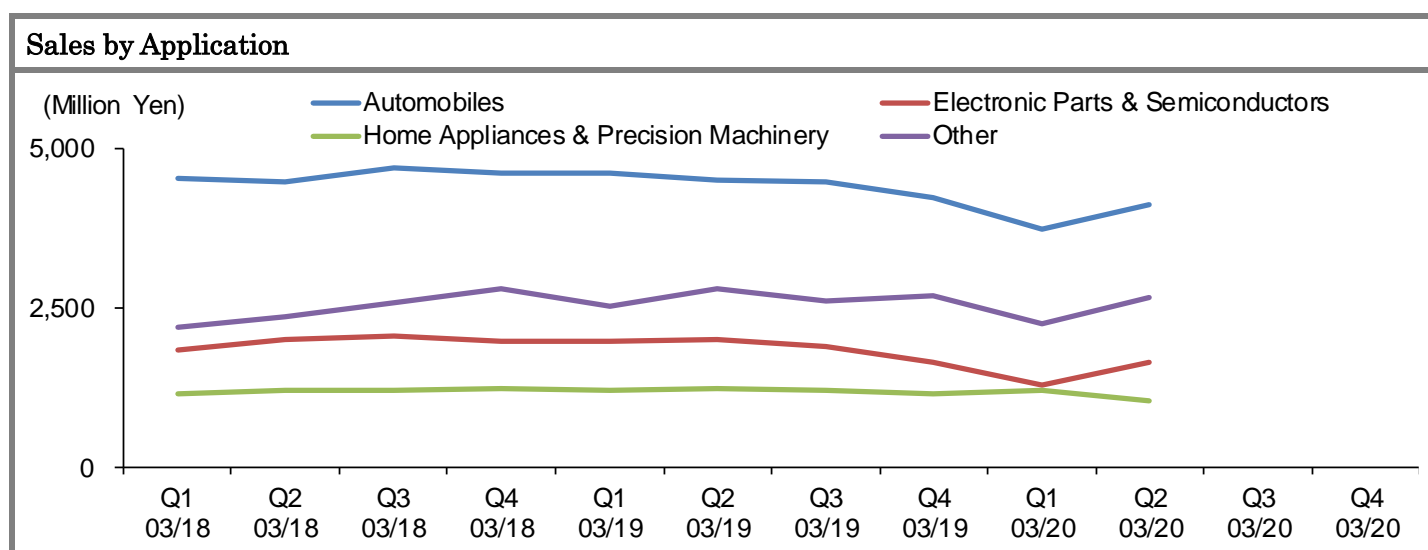
In Q1 to Q2 FY03/2020, sales came in at ¥17,991m (down 14.1% YoY), operating profit ¥80m (down 94.2%), recurring profit ¥2m (down 99.8%) and profit attributable to owners of parent minus ¥121m (versus ¥1,005m during the same period of the previous year), while operating profit margin 0.4% (down 6.1% points).



Source: Company Data, WRJ Calculation

Compared with Company forecasts released at the Q1 results (8 August 2019), sales are better by ¥91m (0.5%), operating profit better by ¥30m (60.0%), recurring profit better by ¥12m (versus minus ¥10m in Company forecasts) and profit attributable to owners of parent worse by ¥51m (minus ¥70m). The shortfall of profit attributable to owners of parent is largely attributable to an unexpected revision on the tax effects. On the other hand, despite upward underlying trends, there is no change that operating profit and recurring profit are roughly breaking even. Considering this, it could be said that there are no major surprises in the results.

By region, sales in Japan came in at ¥7,501m (down 10.7%), sales in China ¥8,490m (down 18.4%), sales in Southeast Asia ¥744m (down 11.5%) and sales in Europe / Americas / Other ¥1,255m (down 3.0%). By application, sales of Automobiles came in at ¥7,888m (down 13.6%), sales of Electronic Parts & Semiconductors ¥2,932m (down 26.6%), sales of Home Appliances & Precision Machinery ¥2,259m (down 8.5%) and sales of Other ¥4,911m (down 8.0%).



Source: Company Data, WRJ Calculation

With respect to decreases of sales in Automobiles or the mainstay by application, the Company spots that delays in new car projects in China has a major impact. While automakers are developing new car projects, mass production of new cars requires new molds and thus demand increases for parts of molds & dies manufactured and sold by the Company. In other words, projects are lagging behind in the fundamental part that determines demand for the Company's parts of molds & dies. With respect to Electronic Parts & Semiconductor whose sales are coming down even more, albeit not much in terms of sales composition ratio, the Company suggests that projects to launch new smartphones are lagging. The situations look similar with respect to Home Appliances & Precision Machinery. Meanwhile, with respect to decreases of sales in Other, the Company spots that the key negative impact comes from sluggish demand for industrial machinery in line with sluggish demand associated with automobiles.

With respect to China which has the largest sales by region, sales came in at ¥3,879m (down 22.1%) in Q1 and ¥4,610m (down 14.9%) in Q2. Meanwhile, in Q2 over Q1, sales increased by 18.8% driven by seasonal factors. In FY03/2019, sales increased by 8.7% during the same period, suggesting that sales increased faster than the past years due to seasonal factors.

In Greater China, Chinese New Year is highly regarded and it is customary to hold consecutive holiday for a week or so in case of China. In CY2019, holiday on Chinese New Year was held for 7 days through 4 February to 10 February and it appears that local corporate activities were stagnant as usual during the same period. Meanwhile, the Company's consolidated accounts reflect business performance in China after three months, given fiscal yearend of March for the parent company versus December for the subsidiaries in China. Accordingly, as in the past years, sales in China in FY03/2020 were negatively affected by holiday on Chinese New Year in Q1 (April to June) and recovered in Q2 (July to September) as it did not reappear.

According to the Company, the slowdown in Chinese economy due to the impact of trade frictions between the United States and China began to manifest itself in the latter half of CY2018. Given the difference of fiscal yearend between the parent company and the subsidiaries in China, the Company started to see sales in China to decrease over the same period of the previous year in Q2 FY03/2019 (October to December in CY2018), while having further come down in Q1 to Q2 FY03/2020 with respect to all the applications, Automobiles and Electronic Parts & Semiconductors in particular. However, as above mentioned, sales in FY03/2020 recovered in Q2 over Q1 due to seasonal factors, while the extent of the recovery seems to be larger than the past years. In light of this, the Company must be maintaining or strengthening its competitiveness in China with respect to the manufacture and sales of parts of molds & dies more than a certain extent, steadily capturing recovered demand driven by seasonal factors. In other words, improvements in the market environment in the future should greatly contribute to the Company's business performance.

Meanwhile, the Company suggests that sales in Japan, which are the largest by region second only to those of China, have been also affected by trade frictions between the United States and China. By application, sales are coming down basically across the board, those of Electronic Parts & Semiconductors in particular. Although the size of sales is far too smaller than those of China and/or Japan, the same is true of sales in Southeast Asia, mainly comprising those of Vietnam, Singapore, Thailand, etc. and of sales in Europe / Americas / Other.

With respect to sales in Southeast Asia, those of India were slightly higher over the same period or the previous year, which was more than offset by stagnation in other countries, although decreases in sales were rather limited in Vietnam and Indonesia. With respect to sales in Europe / Americas / Other, the Company mentions that it has secured increases of sales over the same period of the previous year as far as those of the United States, where it set up local sales company three years ago, were concerned, although the rate of growth was decelerating. Meanwhile, sales in Europe have remained coming down since the beginning of FY03/2020, which has more than offset the strengths in the United States.

Due to deterioration of the market environments, the Company inevitably suffered from sales sharply decreased over the same period of the previous year across the board both by region and by application, having also suffered from deterioration in earnings, i.e., operating profit almost breaking even. Gross profit came in at ¥4,413m (down 25.2%) and SG&A expenses ¥4,333m (down 4.2%), implying gross profit margin of 24.5% (down 3.6% points) and sales to SG&A expenses ratio of 24.1% (up 2.5% points). In the face of severe business conditions, the Company has been working to reduce costs on a group basis and SG&A expenses have fallen below the previous year's level. However, as the extent of the decline in sales is larger, it is a factor for the deterioration of operating profit margin. Furthermore, the operating conditions of factories deteriorated, given significant decreases in sales, having resulted in enhanced difficulties to recover fixed costs and thus increases in cost rate or decreases in gross profit margin. Ultimately, operating profit suffered from net decreases by ¥1,294m (¥1,374m to ¥80m) over the same period of the previous year, comprising net increases by ¥192m due to decreases of SG&A expenses, net decreases by ¥830m in line with decreases in sales and net decreases by ¥656m due to increases in cost rate.

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)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.	
Sales	10,342	20,937	31,165	40,935	8,511	17,991	-	-		(2,945)
Cost of Sales	7,390	15,036	22,264	29,463	6,363	13,577	-	-		(1,459)
Gross Profit	2,951	5,900	8,900	11,472	2,148	4,413	-	-		(1,486)
SG&A Expenses	2,236	4,526	6,719	8,893	2,177	4,333	-	-		(192)
Operating Profit	714	1,374	2,181	2,578	(29)	80	-	-		(1,294)
Non Operating Balance	(32)	(34)	(22)	(31)	(60)	(77)	-	-		(43)
Recurring Profit	682	1,340	2,158	2,547	(90)	2	-	-		(1,337)
Extraordinary Balance	(6)	(7)	(11)	(897)	(5)	(6)	-	-		+1
Profit before Income Taxes	676	1,332	2,147	1,650	(95)	(3)	-	-		(1,335)
Total Income Taxes	164	325	560	686	30	117	-	-		(207)
Profit Attributable to Non-Controlling Interests	1	1	2	3	0	0	-	-		(0)
Profit Attributable to Owners of Parent	511	1,005	1,583	960	(126)	(121)	-	-		(1,126)
Sales YoY	+6.3%	+5.7%	+2.7%	(0.2%)	(17.7%)	(14.1%)	-	-		-
Operating Profit YoY	+2.0%	(2.2%)	(2.0%)	(9.3%)	-	(94.2%)	-	-		-
Recurring Profit YoY	(4.0%)	(4.2%)	(1.1%)	(6.8%)	-	(99.8%)	-	-		-
Profit Attributable to Owners of Parent YoY	+20.9%	+9.1%	+15.9%	(46.3%)	-	-	-	-		-
Gross Profit Margin	28.5%	28.2%	28.6%	28.0%	25.2%	24.5%	-	-		(3.6%)
Sales to SG&A Expenses Ratio	21.6%	21.6%	21.6%	21.7%	25.6%	24.1%	-	-		+2.5%
Operating Profit Margin	6.9%	6.6%	7.0%	6.3%	(0.3%)	0.4%	-	-		(6.1%)
Recurring Profit Margin	6.6%	6.4%	6.9%	6.2%	(1.1%)	0.0%	-	-		(6.4%)
Profit Attributable to Owners of Parent Margin	4.9%	4.8%	5.1%	2.3%	(1.5%)	(0.7%)	-	-		(5.5%)
Total Income Taxes / Profit before Income Taxes	24.3%	24.5%	26.1%	41.6%	-	-	-	-		-
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.	
Sales	10,342	10,594	10,228	9,770	8,511	9,480	-	-		(1,114)
Cost of Sales	7,390	7,646	7,227	7,199	6,363	7,214	-	-		(431)
Gross Profit	2,951	2,948	3,000	2,571	2,148	2,265	-	-		(683)
SG&A Expenses	2,236	2,289	2,193	2,174	2,177	2,156	-	-		(133)
Operating Profit	714	659	807	397	(29)	109	-	-		(549)
Non Operating Balance	(32)	(2)	11	(8)	(60)	(16)	-	-		(14)
Recurring Profit	682	657	818	388	(90)	93	-	-		(564)
Extraordinary Balance	(6)	(1)	(3)	(885)	(5)	(0)	-	-		+0
Profit before Income Taxes	676	655	814	(497)	(95)	92	-	-		(563)
Total Income Taxes	164	161	234	125	30	87	-	-		(74)
Profit Attributable to Non-Controlling Interests	1	0	1	0	0	(0)	-	-		(0)
Profit Attributable to Owners of Parent	511	494	578	(623)	(126)	5	-	-		(488)
Sales YoY	+6.3%	+5.2%	(3.1%)	(8.4%)	(17.7%)	(10.5%)	-	-		-
Operating Profit YoY	+2.0%	(6.3%)	(1.6%)	(35.8%)	-	(83.4%)	-	-		-
Recurring Profit YoY	(4.0%)	(4.4%)	+4.4%	(29.2%)	-	(85.8%)	-	-		-
Profit Attributable to Owners of Parent YoY	+20.9%	(0.9%)	+29.9%	-	-	(99.0%)	-	-		-
Gross Profit Margin	28.5%	27.8%	29.3%	26.3%	25.2%	23.9%	-	-		(3.9%)
Sales to SG&A Expenses Ratio	21.6%	21.6%	21.4%	22.3%	25.6%	22.7%	-	-		+1.1%
Operating Profit Margin	6.9%	6.2%	7.9%	4.1%	(0.3%)	1.2%	-	-		(5.1%)
Recurring Profit Margin	6.6%	6.2%	8.0%	4.0%	(1.1%)	1.0%	-	-		(5.2%)
Profit Attributable to Owners of Parent Margin	4.9%	4.7%	5.7%	(6.4%)	(1.5%)	0.1%	-	-		(4.6%)
Total Income Taxes / Profit before Income Taxes	24.3%	24.7%	28.8%	-	-	94.5%	-	-		+69.9%

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
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Japan	4,270	8,400	12,633	16,776	3,715	7,501	-	-	(899)
China	4,983	10,401	15,364	19,898	3,879	8,490	-	-	(1,911)
Southeast Asia	413	840	1,260	1,669	352	744	-	-	(96)
Europe / Americas / Other	674	1,295	1,905	2,588	563	1,255	-	-	(40)
Sales	10,342	20,937	31,165	40,935	8,511	17,991	-	-	(2,945)
Japan	+0.9%	(0.3%)	(1.0%)	(2.2%)	(13.0%)	(10.7%)	-	-	-
China	+7.8%	+8.7%	+3.8%	(1.0%)	(22.1%)	(18.4%)	-	-	-
Southeast Asia	+0.7%	+1.7%	+2.6%	+1.0%	(14.7%)	(11.5%)	-	-	-
Europe / Americas / Other	+44.9%	+33.0%	+22.3%	+22.5%	(16.4%)	(3.0%)	-	-	-
Sales (YoY)	+6.3%	+5.7%	+2.7%	(0.2%)	(17.7%)	(14.1%)	-	-	-
Japan	41.3%	40.1%	40.5%	41.0%	43.6%	41.7%	-	-	-
China	48.2%	49.7%	49.3%	48.6%	45.6%	47.2%	-	-	-
Southeast Asia	4.0%	4.0%	4.0%	4.1%	4.1%	4.1%	-	-	-
Europe / Americas / Other	6.5%	6.2%	6.1%	6.3%	6.6%	7.0%	-	-	-
Sales (Composition Ratio)	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
(Million Yen)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.
Japan	4,270	4,129	4,233	4,143	3,715	3,786	-	-	(343)
China	4,983	5,417	4,963	4,534	3,879	4,610	-	-	(807)
Southeast Asia	413	426	420	409	352	391	-	-	(35)
Europe / Americas / Other	674	621	610	683	563	692	-	-	+71
Sales	10,342	10,594	10,228	9,770	8,511	9,480	-	-	(1,114)
Japan	+0.9%	(1.5%)	(2.5%)	(5.6%)	(13.0%)	(8.3%)	-	-	-
China	+7.8%	+9.5%	(5.0%)	(14.5%)	(22.1%)	(14.9%)	-	-	-
Southeast Asia	+0.7%	+2.4%	+4.5%	(3.5%)	(14.7%)	(8.2%)	-	-	-
Europe / Americas / Other	+44.9%	+22.0%	+4.5%	+23.3%	(16.4%)	+11.4%	-	-	-
Sales (YoY)	+6.3%	+5.2%	(3.1%)	(8.4%)	(17.7%)	(10.5%)	-	-	-
Japan	41.3%	39.0%	41.4%	42.4%	43.6%	39.9%	-	-	-
China	48.2%	51.1%	48.5%	46.4%	45.6%	48.6%	-	-	-
Southeast Asia	4.0%	4.0%	4.1%	4.2%	4.1%	4.1%	-	-	-
Europe / Americas / Other	6.5%	5.9%	6.0%	7.0%	6.6%	7.3%	-	-	-
Sales (Composition Ratio)	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.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Automobiles	4,612	9,129	13,628	17,877	3,755	7,888	-	-		(1,241)
Electronic Parts & Semiconductors	1,978	3,996	5,905	7,558	1,290	2,932	-	-		(1,064)
Home Appliances & Precision Machinery	1,223	2,470	3,674	4,837	1,217	2,259	-	-		(211)
Other	2,527	5,340	7,955	10,662	2,248	4,911	-	-		(429)
Sales	10,342	20,937	31,165	40,935	8,511	17,991	-	-		(2,945)
Automobiles	+1.3%	+0.9%	(0.9%)	(2.8%)	(18.6%)	(13.6%)	-	-		-
Electronic Parts & Semiconductors	+7.5%	+4.0%	(0.1%)	(4.3%)	(34.8%)	(26.6%)	-	-		-
Home Appliances & Precision Machinery	+6.3%	+4.7%	+3.3%	+1.0%	(0.6%)	(8.5%)	-	-		-
Other	+15.4%	+17.3%	+11.5%	+7.2%	(11.0%)	(8.0%)	-	-		-
Sales (YoY)	+6.3%	+5.7%	+2.7%	(0.2%)	(17.7%)	(14.1%)	-	-		-
Automobiles	44.6%	43.6%	43.7%	43.7%	44.1%	43.8%	-	-		-
Electronic Parts & Semiconductors	19.1%	19.1%	18.9%	18.5%	15.2%	16.3%	-	-		-
Home Appliances & Precision Machinery	11.8%	11.8%	11.8%	11.8%	14.3%	12.6%	-	-		-
Other	24.4%	25.5%	25.5%	26.0%	26.4%	27.3%	-	-		-
Sales (Composition Ratio)	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.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Automobiles	4,612	4,517	4,499	4,247	3,755	4,132	-	-		(385)
Electronic Parts & Semiconductors	1,978	2,018	1,909	1,652	1,290	1,642	-	-		(376)
Home Appliances & Precision Machinery	1,223	1,246	1,204	1,163	1,217	1,042	-	-		(204)
Other	2,527	2,812	2,615	2,706	2,248	2,662	-	-		(150)
Sales	10,342	10,594	10,228	9,770	8,511	9,480	-	-		(1,114)
Automobiles	+1.3%	+0.6%	(4.4%)	(8.4%)	(18.6%)	(8.5%)	-	-		-
Electronic Parts & Semiconductors	+7.5%	+0.8%	(7.7%)	(16.9%)	(34.8%)	(18.6%)	-	-		-
Home Appliances & Precision Machinery	+6.3%	+3.0%	+0.6%	(5.4%)	(0.6%)	(16.4%)	-	-		-
Other	+15.4%	+19.1%	+1.3%	(3.8%)	(11.0%)	(5.3%)	-	-		-
Sales (YoY)	+6.3%	+5.2%	(3.1%)	(8.4%)	(17.7%)	(10.5%)	-	-		-
Automobiles	44.6%	42.6%	44.0%	43.5%	44.1%	43.6%	-	-		-
Electronic Parts & Semiconductors	19.1%	19.0%	18.7%	16.9%	15.2%	17.3%	-	-		-
Home Appliances & Precision Machinery	11.8%	11.8%	11.8%	11.9%	14.3%	11.0%	-	-		-
Other	24.4%	26.5%	25.6%	27.7%	26.4%	28.1%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	
Cash and Deposit	3,735	2,456	3,618	3,579	2,704	2,310	-	-	-	(145)
Accounts Receivables	11,816	11,654	11,065	10,988	10,104	10,065	-	-	-	(1,588)
Inventory	4,489	4,649	4,938	4,663	4,892	4,383	-	-	-	(265)
Other	561	685	435	327	268	308	-	-	-	(377)
Current Assets	20,602	19,445	20,057	19,559	17,969	17,068	-	-	-	(2,377)
Tangible Assets	10,112	10,228	10,884	9,972	10,105	9,910	-	-	-	(318)
Intangible Assets	1,145	1,136	1,084	1,001	955	869	-	-	-	(267)
Investments and Other Assets	717	713	604	621	763	774	-	-	-	+60
Fixed Assets	11,975	12,079	12,572	11,595	11,824	11,554	-	-	-	(524)
Total Assets	32,577	31,524	32,630	31,155	29,793	28,622	-	-	-	(2,902)
Accounts Payables, etc.	4,968	4,937	4,352	4,148	3,692	3,837	-	-	-	(1,100)
Short Term Debt	4,135	3,240	4,266	4,326	3,844	3,235	-	-	-	(5)
Other	3,338	3,013	3,312	3,056	2,734	2,782	-	-	-	(231)
Current Liabilities	12,441	11,192	11,932	11,531	10,271	9,855	-	-	-	(1,337)
Long Term Debt	2,376	2,273	2,465	2,341	2,187	2,064	-	-	-	(208)
Other	1,581	1,556	1,597	1,547	1,588	1,579	-	-	-	+23
Fixed Liabilities	3,957	3,829	4,062	3,889	3,775	3,644	-	-	-	(184)
Total Liabilities	16,398	15,022	15,994	15,420	14,046	13,499	-	-	-	(1,522)
Shareholders' Equity	15,388	15,887	16,124	15,500	15,232	15,275	-	-	-	(611)
Other	789	615	510	234	514	(153)	-	-	-	(768)
Net Assets	16,178	16,502	16,635	15,734	15,747	15,122	-	-	-	(1,380)
Total Liabilities and Net Assets	32,577	31,524	32,630	31,155	29,793	28,622	-	-	-	(2,902)
Equity Capital	16,147	16,471	16,595	15,686	15,692	15,079	-	-	-	(1,392)
Interest Bearing Debt	6,511	5,514	6,731	6,668	6,031	5,300	-	-	-	(214)
Net Debt	2,775	3,057	3,113	3,088	3,327	2,989	-	-	-	(68)
Equity Ratio	49.6%	52.2%	50.9%	50.4%	52.7%	52.7%	-	-	-	-
Net Debt Equity Ratio	17.2%	18.6%	18.8%	19.7%	21.2%	19.8%	-	-	-	-
ROE (12 months)	12.4%	12.0%	12.5%	6.0%	2.0%	(1.1%)	-	-	-	-
ROA (12 months)	8.8%	8.6%	8.5%	8.0%	5.7%	4.0%	-	-	-	-
Days for Inventory Turnover	55	55	62	59	70	55	-	-	-	-
Quick Ratio	125%	126%	123%	126%	125%	126%	-	-	-	-
Current Ratio	166%	174%	168%	170%	175%	173%	-	-	-	-

Source: Company Data, WRJ Calculation

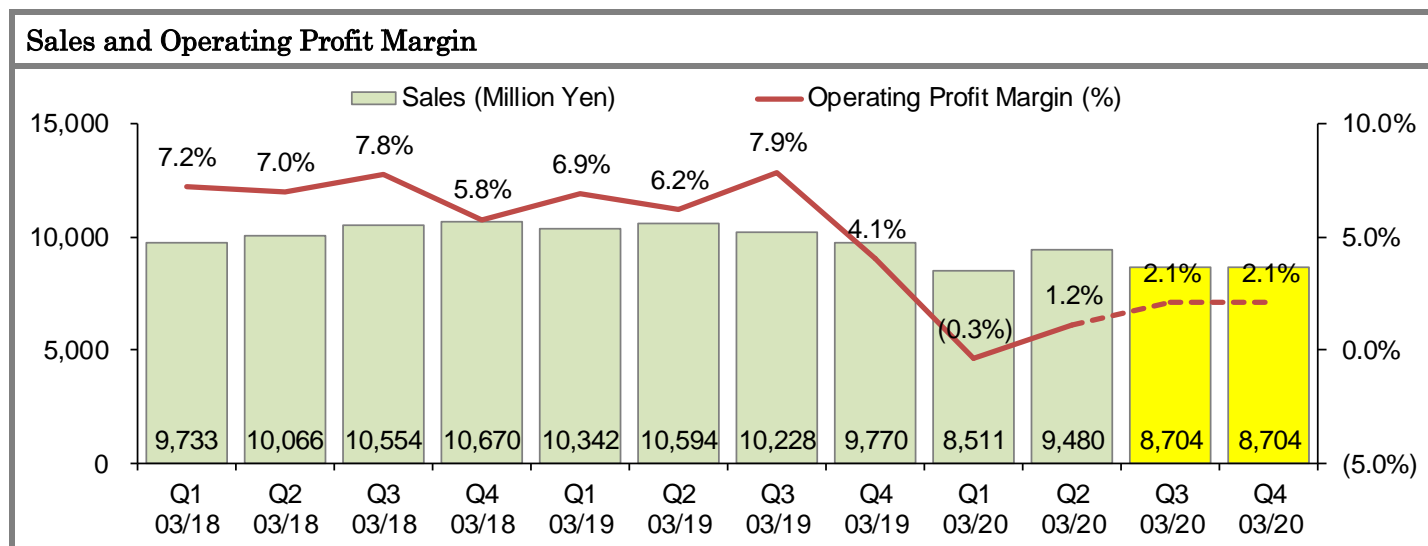
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	
Operating Cash Flow	-	949	-	3,185	-	1,009	-	-	-	+60
Investing Cash Flow	-	(1,373)	-	(3,253)	-	(730)	-	-	-	+642
Operating Cash Flow and Investing Cash Flow	-	(423)	-	(68)	-	278	-	-	-	+702
Financing Cash Flow	-	(761)	-	74	-	(1,381)	-	-	-	(620)

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 Company forecasts (released on 8 November 2019) are going for prospective sales of ¥35,400m (down 13.5%), operating profit of ¥450m (down 82.5%), recurring profit of ¥350m (down 86.3%) and profit attributable to owners of parent of ¥50m (down 94.8%), while operating profit margin of 1.3% (down 5.0% points). On the other hand, when the Q1 to Q2 results are taken into account, Company forecasts suggests prospective sales of 17,408m (down 13.0% YoY), operating profit of ¥369m (down 69.3%) and operating profit margin of 2.1% (down 3.9% points) in H2.

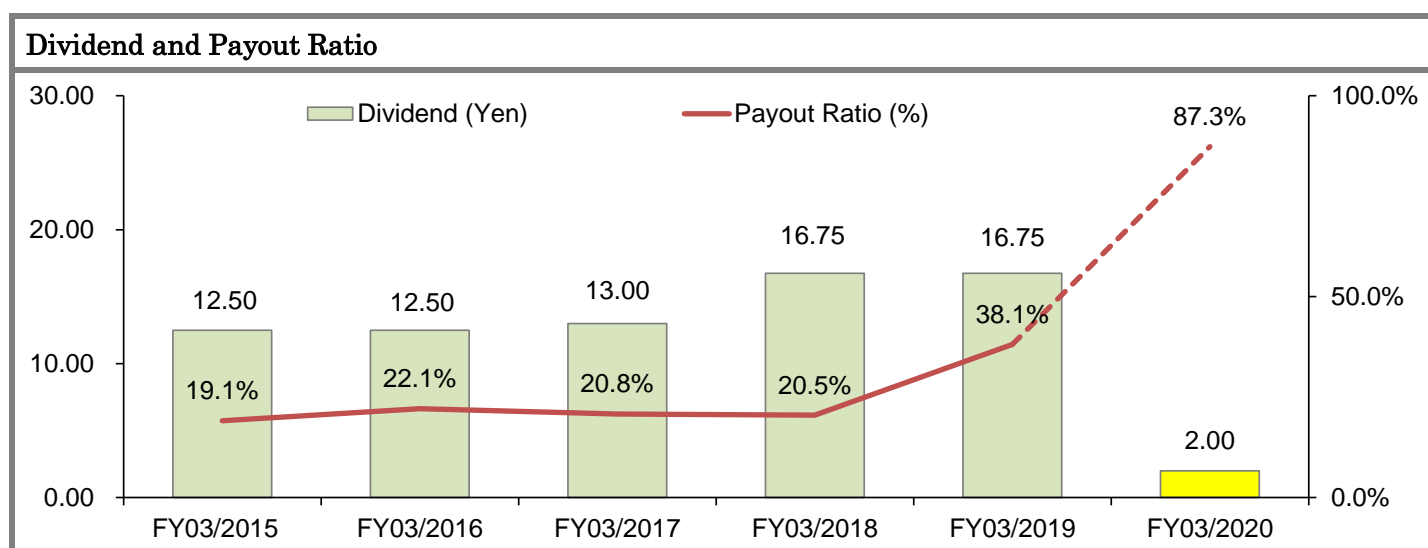


Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2020: H2 Company forecasts, pro rata)

Above-mentioned FY03/2020 Company forecasts (released on 8 November 2019) are after downward revision in light of the Q1 to Q2 results and the most recent trends. Manufacturers continue to restrain capital investment and automobile production continues to be sluggish, while the recovery in the markets for electronic parts and semiconductors are lagging. As a result, the decline in sales over the same period of the previous year is expected to continue in H2. As sales continue to decline, there are no signs of recovery in the state of operations of production facilities. In other words, Company forecasts assume that uncertainty is rather accelerating in Q3 and thereafter, given that the impacts of trade frictions between the United States and China are rather accelerating. However, Company forecasts are currently going for sales in H2 almost the same as the level in Q1 to Q2. The former are ¥17,408m versus ¥17,991m for the latter.

Initial Company forecasts (released on 13 May 2019) were revised down at the release of the Q1 results (8 August), which was followed by another downward revision at the release of the Q2 results (8 November). Compared with initial Company forecasts (released on 13 May), the most recent Company forecasts (released on 8 November) are going for sales revised down by ¥4,600m (11.5%), operating profit by ¥1,550m (77.5%), recurring profit by ¥1,550m (81.6%) and profit attributable to owners of parent by ¥1,350m (96.4%). The Company suggests marginal profit ratio of 50%, but operating profit has not been revised down as much as implied by the extent of downward revision in sales. This is because the Company has cut back on fixed costs in Q1 to Q2 and it is to do so on a full-fledged basis in H2. With respect to downward revision released in line with the Q1 results on 8 August, Company forecasts assumed that the market conditions in Japan were to rather recover in H2, while the most recent Company forecasts (released on 8 November) have assumed that difficulty of the market conditions in Japan is to persist in H2 and thus stagnation of sales in Japan.

Source of dividend or profit attributable to owners of parent has been substantially revised down too and thus dividend, i.e., from ¥1,400m to ¥50m for the former and from ¥16.80 to ¥2.00 for the latter, respectively, when the current Company forecasts (released on 8 November) are compared with initial Company forecasts (released on 13 May).



Source: Company Data, WRJ Calculation (retroactively adjusted for 1:2 share split, effective on 1 January 2018)

In FY03/2017 and FY03/2018, the Company increased dividend from the previous year. Meanwhile, in the following year of FY03/2019, the Company maintained dividend from the previous year, although profit attributable to owners of parent came down sharply due to booking of impairment loss related to Vietnam Factory and thus payout ratio increased from the previous year (from 20.5% to 38.1%). The Company advocates stability for its primary dividend policy and this is thought to be implemented. Meanwhile, it has become too difficult to continue stable dividend in FY03/2020, according to the Company, given profit attributable to owners of parent to be worsened to almost breaking even. The Company is now going for payout ratio of 87.3% or paying the bulk of profit attributable to owners of parent for dividend, trying to achieve stable dividend as much as possible, but dividend is to consequently come down sharply from the previous year.

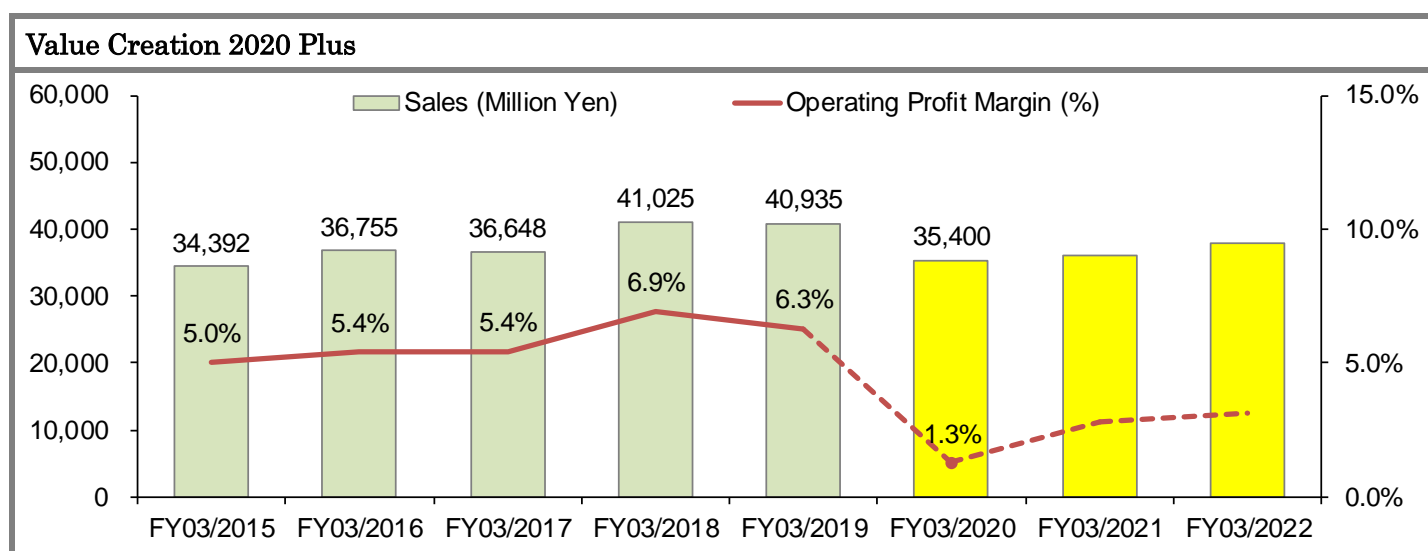
FY03/2020 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2020CoE	13-May-19	Q4 Results	40,000	2,000	1,900	1,400
FY03/2020CoE	8-Aug-19	Q1 Results	38,000	1,200	1,100	700
		Amount of Gap	(2,000)	(800)	(800)	(700)
		Rate of Gap	(5.0%)	(40.0%)	(42.1%)	(50.0%)
FY03/2020CoE	8-Nov-19	Q2 Results	35,400	450	350	50
		Amount of Gap	(2,600)	(750)	(750)	(650)
		Rate of Gap	(6.8%)	(62.5%)	(68.2%)	(92.9%)
FY03/2020CoE	13-May-19	Q4 Results	40,000	2,000	1,900	1,400
FY03/2020CoE	8-Nov-19	Q2 Results	35,400	450	350	50
		Amount of Gap	(4,600)	(1,550)	(1,550)	(1,350)
		Rate of Gap	(11.5%)	(77.5%)	(81.6%)	(96.4%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2020CoE	13-May-19	Q4 Results	18,400	630	560	400
Q1 to Q2 FY03/2020CoE	8-Aug-19	Q1 Results	17,900	50	(10)	(70)
		Amount of Gap	(500)	(580)	(570)	(470)
		Rate of Gap	(2.7%)	(92.1%)	-	-
Q1 to Q2 FY03/2020Act	8-Nov-19	Q2 Results	17,991	80	2	(121)
		Amount of Gap	91	30	12	(51)
		Rate of Gap	0.5%	60.0%	-	-
Q1 to Q2 FY03/2020CoE	13-May-19	Q4 Results	18,400	630	560	400
Q1 to Q2 FY03/2020Act	8-Nov-19	Q2 Results	17,991	80	2	(121)
		Amount of Gap	(409)	(550)	(558)	(521)
		Rate of Gap	(2.2%)	(87.3%)	(99.6%)	-
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2020CoE	13-May-19	Q4 Results	21,600	1,370	1,340	1,000
Q3 to Q4 FY03/2020CoE	8-Aug-19	Q1 Results	20,100	1,150	1,110	770
		Amount of Gap	(1,500)	(220)	(230)	(230)
		Rate of Gap	(6.9%)	(16.1%)	(17.2%)	(23.0%)
Q3 to Q4 FY03/2020CoE	8-Nov-19	Q2 Results	17,409	370	348	171
		Amount of Gap	(2,691)	(780)	(762)	(599)
		Rate of Gap	(13.4%)	(67.8%)	(68.6%)	(77.8%)
Q3 to Q4 FY03/2020CoE	13-May-19	Q4 Results	21,600	1,370	1,340	1,000
Q3 to Q4 FY03/2020CoE	8-Nov-19	Q2 Results	17,409	370	348	171
		Amount of Gap	(4,191)	(1,000)	(992)	(829)
		Rate of Gap	(19.4%)	(73.0%)	(74.0%)	(82.9%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

FY03/2020 Company forecasts are going for prospective sales of ¥35,400m (down 13.5% YoY), operating profit of ¥450m (down 82.5%) and operating profit margin of 1.3% (down 5.0% points), while the Company suggests prospective trends of business performance in FY03/2021 and FY03/2022. That is to say, sales are unlikely to increase a lot, given difficulty of external environments to persist, but the Company aims to achieve increased earnings due to its efforts on drastic reform.



Source: Company Data, WRJ Calculation

On 11 March 2016, the Company released its midterm management plan Value Creation 2020 (FY03/2017 to FY03/2021), having had been calling for prospective sales of ¥47,000m or more, operating profit of ¥3,300m or more, operating profit margin of 7.0% or more and profit attributable to owners of parent of ¥2,300m or more as the business performance target in FY03/2021 or the final year of the plan. As far as the results by FY03/2018 were concerned, sales and earnings were running ahead of assumptions by one year or so, but the Company started to suffer from decreases in sales as a whole for the Company and thus inevitably earnings from around H2 FY03/2019, negatively affected by economic slowdown due to the impact of trade frictions between the United States and China having had begun to manifest itself then.

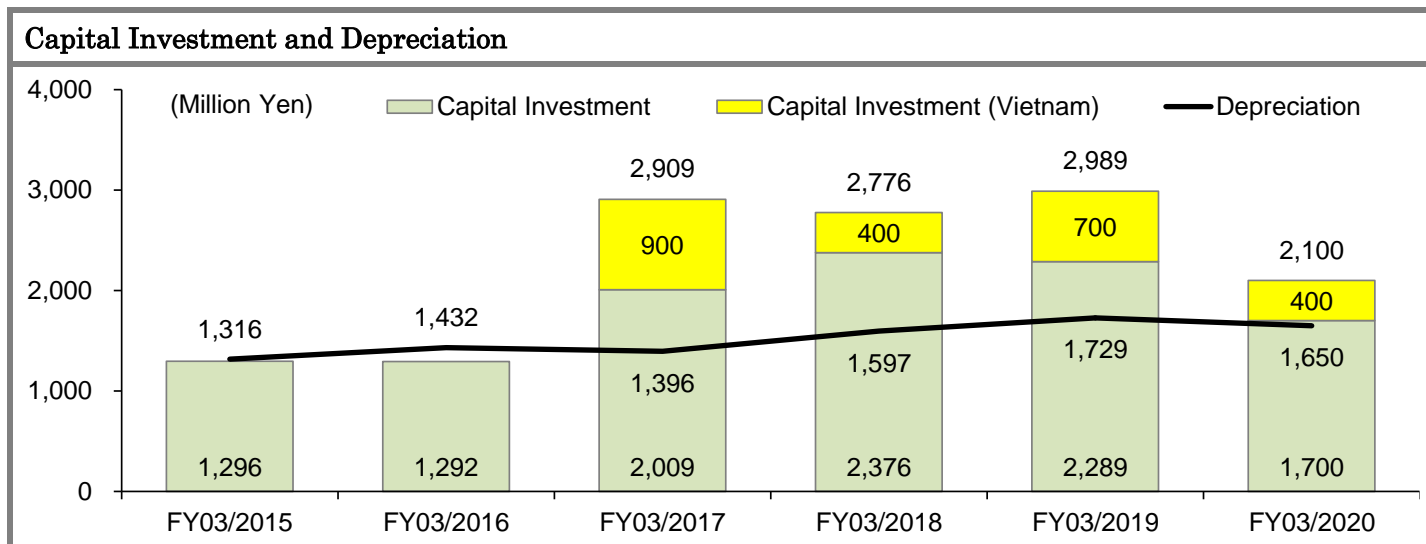
In FY03/2020, the impact of trade frictions between the United States and China is becoming increasingly serious and sales on a full-year basis are to plummet and thus earnings as mentioned above. In other words, the Company is to suffer from substantial shortfalls, when compared with assumptions of Value Creation 2020, i.e., sales of ¥44,500m, operating profit of ¥2,800m and operating profit margin of 6.3% in FY03/2020. Meanwhile, the Company has revealed in the results meeting held on 18 November 2019 that the business performance target in FY03/2021 with Value Creation 2020 is now excessively challenging.

Meanwhile, the Company to have reviewed all those issue is currently in the process of formulating Value Creation 2020 Plus (FY03/2021 to FY03/2022) as a two-year plan that links the period up to the next midterm management plan, while the outline of this plan was disclosed in the above-mentioned results meeting. In other words, these two years are positioned as a period for business restructuring and the Company is now discussing various measures, while planning to disclose specific details around March 2020. However, as mentioned above, the Company has already suggested that it aims at a turnaround of earning trend to upward in spite of severe external environments to persist in FY03/2021 and FY03/2022.

Value Creation 2020 Plus basically takes over all the key management initiatives of Value Creation 2020, i.e., “establishment of 5-pronged sales structure”, ”promotion of highly profitable operations and strengthening of R&D”, “improvement of customer services” and “work style reform”. In Value Creation 2020 Plus, the Company plans to particularly focus on ”promotion of highly profitable operations and strengthening of R&D” by means of emphasizing “optimization of the global manufacturing structure”, while also on “improvement of customer services” by means of emphasizing “enhancement of sales capability”.

The goal of “establishment of 5-pronged sales structure” is to shift to "Punch of the World", while “5-pronged” is of regions, i.e., Japan, China, Southeast Asia, Europe and Americas. Following the expansion into China, where sales have grown larger than those of Japan, the Company has entered Southeast Asia, Europe and Americas. However, collective sales in Japan and China currently account for almost 90% of sales as a whole for the Company. In other words, "establishment of 5-pronged sales structure" represents nothing but the Company’s strategy to aggressively cultivate markets in Southeast Asia, Europe and Americas to which it has not been exposed very much.

In CY2010, the Company has entered into India (included in Southeast Asia by region with the Company’s segmentation) and on a full-fledged basis into Southeast Asian countries since around 2012. Meanwhile, 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 into Europe on a full-fledged basis. With this changeover, the Company succeeded sales network held by Panther, which was of local distributors based in Germany. As far as we could gather, local sales through this sales network had been doing so well until recently. With respect to entrance into Americas on a full-fledged basis, the Company set up local sales company as bridgehead (near Chicago, Illinois) in the United Sates and started its operations in April 2017.



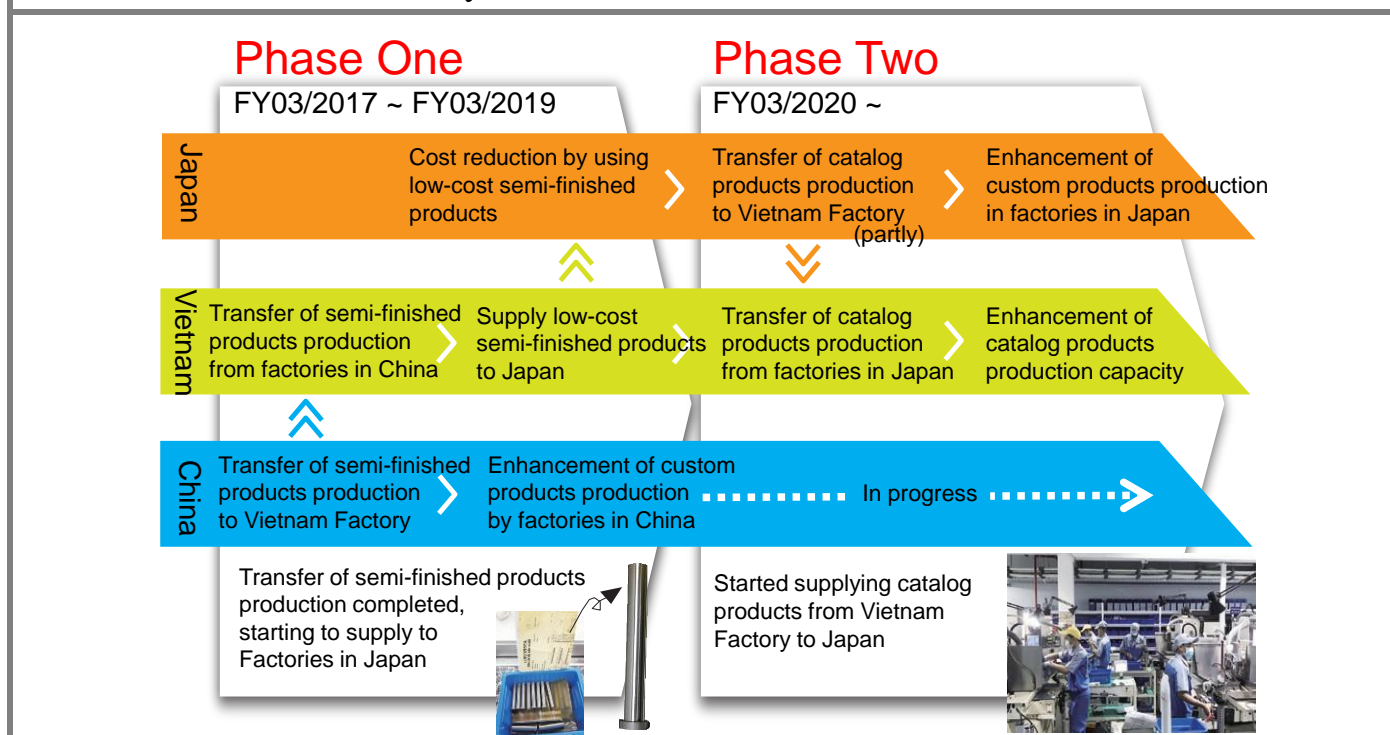
Source: Company Data

In order to make progress with “optimization of the global manufacturing structure” in “promotion of highly profitable operations and strengthening of R&D”, the Company has been actively and consistently implementing capital investment since FY03/2017 or the first year of Value Creation 2020. Accompanying this, the number of production facilities is said to have steadily increased. In particular, the Company has been working to increase the number of cutting-edge processing equipment for R&D. Meanwhile, in order to actually manufacture parts of molds & dies through the operations of all those production facilities, it is essential to operate by personnel with a level of proficiency that exceeds a certain level. Therefore, the Company has worked to continuously recruit personnel, while improving the proficiency of the personnel it has recruited at the same time. However, there is still room for further improvement, according to the Company.

For example, the number of production facilities in Japan stood at 780 units in FY03/2019, up 5.7% from 738 units in FY03/2016. However, the manufacture of custom products are currently coming down sharply in particular, i.e., almost down 20% over the same period in the previous year in Q1 to Q2 FY03/2020, which appears to be one of the key factors for worsening of cost rate with the Company as a whole. In order to resolve this issue, the Company plans to expand sales in the domains associated with medical and food & beverage where it can leverage own differentiation technologies.

Meanwhile, in China, the expansion of Dalian Factory was completed in CY2018 and new production lines and extension of R&D space have been undertaken. The Company in China is said to have an unrivaled market share and the Company’s objective was to maintain and expand its position in China which is regarded as the world’s largest market for molds by building a structure capable of responding to future increases in demand. However, the aftermath of trade frictions between the United States and China amongst other factors suggests that there are no favorable operating conditions in China at the moment.

The Initiatives on Vietnam Factory



Source: Company Data

The initiatives on Vietnam Factory is the key to Value Creation 2020 and is expected to contribute most to the “optimization of the global manufacturing structure”. In FY03/2017 or the first year of Value Creation 2020, the Company began capital investment in Vietnam Factory to newly set up and the three-year period up to FY03/2019 has been designated as Phase One for production capacity to be launched. Semi-finished products which used to be intensively manufactured in China are now increasingly manufactured in Vietnam Factory in line with transfer of the manufacture, enabling to supply low-cost semi-finished products with factories in Japan. On the other hand, in China where labor costs and other costs have soared, there is greater room to strengthen production of custom products with high added value. However, compared with initial assumptions, the Company sees delayed establishment of a manufacturing system and suffers from unexpected deterioration in the market conditions, having had forced the Company to book impairment loss of ¥848m related to Vietnam Factory in FY03/2019. Thus, the cost burden has fallen as a result to this extent, but the Company has not yet achieved profitability here and is aiming for an early turnaround to profitability.

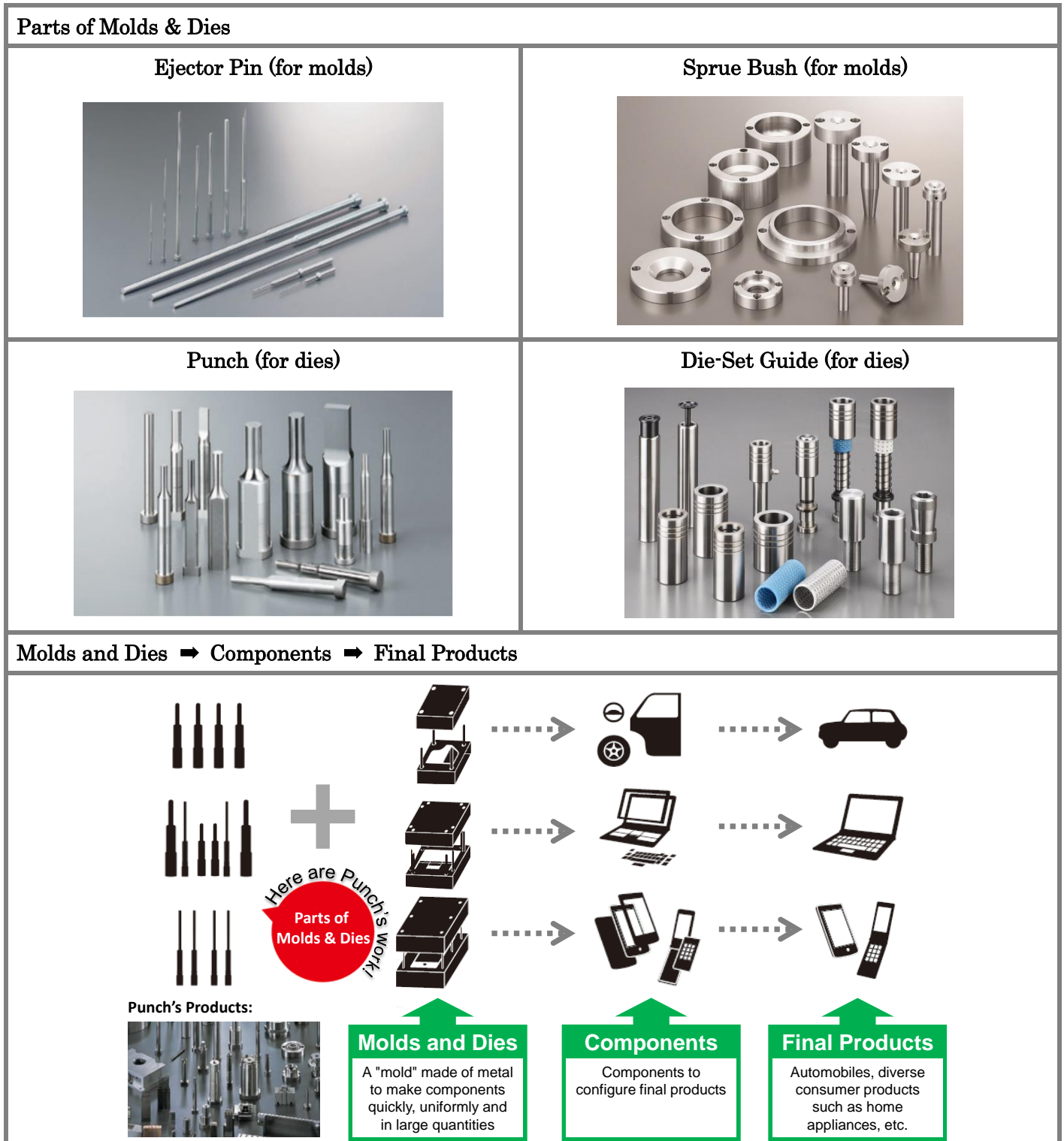
Meanwhile, in Phase Two to have begun in FY03/2020, the Company has completed transfer of the manufacture of catalog products from Japan to Vietnam Factory in July 2019. In line with this progress, the Company sees increased room to beef up the manufacture of custom products carrying high added value in Japan. In other words, for semi-finished products and catalog products which have relatively low added value, the Company concentrates the manufacture in Vietnam Factory where low-cost manufacture is possible, while in Japan and China where manufacturing costs are high, the Company intensively manufactures high-value-added custom products.

With respect to “improvement of customer services”, the Company plans to focus on “enhancement of sales capability”. One strategy is to relocate staff from the manufacturing division to the sales division. For the sake of order placement on custom products which are the major source of earnings with the Company as a whole, it is said that there is an aspect in which staff from the manufacturing division, who have a high degree of understanding of drawings and are well versed in processing methods, can beef up the appeal by responding directly to customers and the Company plans to actively promote this aspect. For the same purpose, the Company also plans to raise its ability to accurately understand customer needs by holding more frequent mold workshops and manufacturing training for staff in the sales division. 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 realize all those aforementioned management initiatives and thus “work style reform” is indispensable, according to the Company.

4.0 Business Model

Manufacturing and Selling Parts of Molds & Dies in Japan and Overseas

The Company runs operations of manufacturing and selling parts of molds & dies in Japan 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.



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 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, etc.

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, etc.

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 higher. 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 specific needs of specific molds or dies with specific customers. 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 is pursued with enhanced use of aforementioned Vietnam Factory. Meanwhile, all those subcontractors are small in size, but each has expertise in some specific processes of the manufacture. The Company holds extensive network of subcontractors in the 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 who have specific expertise.

5.0 Financial Statements

Income Statement

Income Statement	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. CoE FY	YoY
(Million Yen)	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Sales	34,392	36,755	36,648	41,025	40,935	35,400	(5,535)
Cost of Sales	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	450	(2,128)
Non Operating Balance	(107)	(320)	(116)	(111)	(31)	(100)	(68)
Recurring Profit	1,617	1,666	1,874	2,731	2,547	350	(2,197)
Extraordinary Balance	(4)	(10)	(44)	(215)	(897)	-	-
Profit before Income Taxes	1,612	1,656	1,830	2,516	1,650	-	-
Total Income Taxes	428	411	459	725	686	-	-
Profit Attributable to Non-Controlling Interests	(4)	(4)	(5)	1	3	-	-
Profit Attributable to Owners of Parent	1,188	1,249	1,375	1,788	960	50	(910)
Sales YoY	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(13.5%)	-
Operating Profit YoY	+48.4%	+15.2%	+0.2%	+42.8%	(9.3%)	(82.5%)	-
Recurring Profit YoY	+54.4%	+3.1%	+12.5%	+45.7%	(6.8%)	(86.3%)	-
Profit Attributable to Owners of Parent YoY	+64.9%	+5.1%	+10.1%	+30.0%	(46.3%)	(94.8%)	-
Gross Profit Margin	27.2%	27.7%	27.8%	28.4%	28.0%	-	-
Sales to SG&A Expenses Ratio	22.2%	22.3%	22.4%	21.5%	21.7%	-	-
Operating Profit Margin	5.0%	5.4%	5.4%	6.9%	6.3%	1.3%	(5.0%)
Recurring Profit Margin	4.7%	4.5%	5.1%	6.7%	6.2%	1.0%	(5.2%)
Profit Attributable to Owners of Parent Margin	3.5%	3.4%	3.8%	4.4%	2.3%	0.1%	(2.2%)
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	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. Act FY	Cons. CoE FY	YoY
(Million Yen)	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Japan	15,211	15,637	15,903	17,153	16,776	-	-
China	16,208	17,806	17,428	20,100	19,898	-	-
Southeast Asia	-	-	-	1,652	1,669	-	-
Europe / Americas / Other	-	-	-	2,112	2,588	-	-
Sales	34,392	36,755	36,648	41,025	40,935	35,400	(5,535)
Japan	+5.7%	+2.8%	+1.7%	+7.9%	(2.2%)	-	-
China	+24.8%	+9.9%	(2.1%)	+15.3%	(1.0%)	-	-
Southeast Asia	-	-	-	-	+1.0%	-	-
Europe / Americas / Other	-	-	-	-	+22.5%	-	-
Sales (YoY)	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(13.5%)	-
Japan	44.2%	42.5%	43.4%	41.8%	41.0%	-	-
China	47.1%	48.4%	47.6%	49.0%	48.6%	-	-
Southeast Asia	-	-	-	4.0%	4.1%	-	-
Europe / Americas / Other	-	-	-	5.1%	6.3%	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-

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 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY 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	9,946	10,662	-	-
Sales	34,392	36,755	36,648	41,025	40,935	35,400	(5,535)
Automobiles	+12.5%	+9.7%	(1.6%)	+9.7%	(2.8%)	-	-
Electronic Parts & Semiconductors	+14.9%	+0.2%	+6.9%	+13.0%	(4.3%)	-	-
Home Appliances & Precision Machinery	+13.6%	+6.7%	(6.7%)	+7.1%	+1.0%	-	-
Other	+30.7%	+6.4%	+1.2%	+18.4%	+7.2%	-	-
Sales (YoY)	+16.8%	+6.9%	(0.3%)	+11.9%	(0.2%)	(13.5%)	-
Automobiles	45.2%	46.4%	45.8%	44.9%	43.7%	-	-
Electronic Parts & Semiconductors	19.0%	17.8%	19.1%	19.3%	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 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
No. of Shares FY End (thousand shares)	11,061	11,061	11,061	22,122	22,122	-	-
Net Profit / EPS (thousand shares)	9,076	11,061	11,008	21,921	21,864	-	-
Treasury Shares FY End (thousand shares)	-	-	100	200	380	-	-
Earnings Per Share	130.91	112.94	124.99	81.61	43.92	2.29	-
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	2.00	-
Per Share Data (After Adjustments for Split) (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.
Share Split Factor	2	2	2	1	1	-	-
Earnings Per Share	65.46	56.47	62.50	81.61	43.92	2.29	-
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	2.00	-
Payout Ratio	19.1%	22.1%	20.8%	20.5%	38.1%	87.3%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	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%	-	-
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 (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.
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 Cash Flow and Investing Cash Flow	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

Punch of the World

The Company, founded by Yuji Morikubo (appointed as honorary chairman on 24 June 2015), goes “establishing the leading brand in the market for parts of molds & dies, while targeting to see high profitability by means of utilizing own superiority as an entity to integrate the manufacture and sales” with its corporate vision. In March 1975, Yuji Morikubo set up Kamba Shokai Co., Ltd. in Shinagawa-ku, Tokyo 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 operations with the Company.

In August 1982, the Company succeeded in the mass-production of high-speed steel ejector pins earlier than any other peers on a global basis, having entered into the operations to manufacture and sell parts of molds on a full-fledged basis. 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 manufacturing base in Dalian, China in October 1990. In early days, the operations there were nothing but of processing raw materials imported from Japan into semi-finished products to be finished back in Japan. However, given increased volume of home 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 on the Tokyo Stock Exchange 2nd section, which was followed by the listing change to Tokyo Stock Exchange 1st section in March 2014.

Meanwhile, on 1 November 2019, Tetsuji Morikubo was appointed as representative director (president and CEO). He says he is willingly to lead the Company’s progress as an entity with a strong presence to support the rich life of people around the world by means of supporting “the manufacture on a global basis”, while trying to make it a truly global company that fulfills its social responsibilities, i.e., Punch of the World. At the same time, he also says that the Company will remain being “always the first choice for customers”, that “all employees will think, act, and reform themselves” and that it will remain as “a company that is trusted by stakeholders”.

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 & 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 & 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 on the Tokyo Stock Exchange 2nd section
August 2013	Consolidated Panther Precision Tools as subsidiary (currently, Punch Malaysia)
November 2013	Released midterm management plan Value Creation 15
March 2014	Listing change to Tokyo Stock Exchange 1st section
March 2015	40th anniversary
December 2015	Set up manufacturing base in Vietnam (Vietnam Factory)
March 2016	Released midterm management plan Value Creation 2020
October 2016	Started utilizing Vietnam Factory on a full-fledged basis
April 2017	Started sales through own sales company in the United States

Disclaimer

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

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