

May 10th, 2019

Arisawa Mfg. Co., Ltd.

FY2018 Full year Report

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- FY2018 Main Management indicator

FY2018 Full year Consolidated Performance

(unit : Million Yen)

	2018 / 3 Full year Result	2019 / 3 Full year FCT	2019 / 3 Full year Result	vs. Prev. year	vs. Forecast
Sales	40,909	44,800	44,728	9.3%	-0.2%
Operating Income	3,627	3,200	3,119	-14.0%	-2.5%
Ordinary Income	4,044	4,300	4,297	6.3%	-0.1%
Net Income	3,452	2,770	2,861	-17.1%	3.3%
Exchange rate (Yen / \$)	106.24	110.00	110.99		
at end of period					*FCT=Forecast (as of 7 Feb)

• Compared with Prev. year, Sales of Electronics raw materials and Industrial materials increased. However, because of downturn in profitability for Electronics raw materials, Operating Income decreased.

• Ordinary Income increased because exchange losses which were recorded in Prev. year turned into an exchange gains.

• Net income decreased because Profit on sales of investment securities which was recorded in Prev. year decreased

Sales Breakdown by Segment

(unit : Million Yen)

	Sales					
	2018 / 3 Full year Result	2019 / 3 Full year FCT	2019 / 3 Full year Result	vs. Prev. year	vs. Forecast	
Electronics raw materials	26,758	28,900	28,770	7.5%	-0.4%	
Industrial materials	7,221	8,300	8,395	16.3%	1.1%	
Insulation materials	3,228	3,200	3,128	-3.1%	-2.3%	
Display materials	2,988	3,650	3,700	23.8%	1.4%	
Related materials,others	714	750	735	2.9%	-2.0%	
Total	40,909	44,800	44,728	9.3%	-0.2%	*FCT=Forecast (as of 7 Feb)

- Electronics raw materials : It increased by 7.5% compared with Prev. year due to newly joined subsidiary handling Rigid Flex Printed Circuit Boards.
- Industrial materials : It increased by 16.3% compared with Prev. year due to increase of FRP vessels for water treatment and Honey-comb panel for air-craft.
- Display materials : It increased by 23.8% compared with Prev. year due to increase in product for mainly the use of healthcare.

FY2018 vs. FY2017 Segment Comparison

(unit : Million Yen)

	Sales			Segment Profit		
	2018 / 3 Full year Result	2019 / 3 Full year Result	+ / -	2018 / 3 Full year Result	2019 / 3 Full year Result	+ / -
Electronics raw materials	26,758	28,770	2,012	3,113	2,621	(492)
Industrial materials	7,221	8,395	1,174	1,110	1,393	283
Insulation materials	3,228	3,128	(100)	608	431	(177)
Display materials	2,988	3,700	712	(56)	115	171
Related materials, others	714	735	21	241	192	(49)
Total	40,909	44,728	3,819	5,019	4,752	(267)
			Total cost	(1,389)	(1,633)	
			Operating income	3,627	3,119	(508)

• Electronics raw materials : It increased Sales but decreased Profit. It was mainly due to downturn in profitability of Rigid Printed Circuit Boards which was the main factor for Sales increase, and also decrease in output of products for smartphone which is one of our main products with a sense of uncertainty.

• Display materials : It turned into the black.

FY2018 Segment Comparison (Result vs. Forecast)

(unit : Million Yen)

	Sales			Segment Profit			*FCT=Forecast
	FCT as of 7 Feb Full year	2019 / 3 Full year Result	+ / -	FCT as of 7 Feb Full year	2019 / 3 Full year Result	+ / -	
Electronics raw materials	28,900	28,770	(130)	2,700	2,621	(79)	
Industrial materials	8,300	8,395	95	1,350	1,393	43	
Insulation materials	3,200	3,128	(72)	440	431	(9)	
Display materials	3,650	3,700	50	120	115	(5)	
Related materials, others	750	735	(15)	190	192	2	
Total	44,800	44,728	(72)	4,800	4,752	(48)	
			Total cost	(1,600)	(1,633)		
			Operating income	3,200	3,119	(81)	

• Sales and Profit were below TCT. Mainly because Electronics raw materials for smartphone was below FCT.

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FY2019 Sales and Profit Forecast

(unit : Million Yen)

	2019 / 3	2019 / 3	2019 / 3	FCT as of 10 May		2020 / 3	vs.	2020 / 3	vs.	2020 / 3	vs.
	1H	2H	Full year	2020 / 3	vs.	2020 / 3	Prev.	2020 / 3	Prev.	2020 / 3	Prev.
	Result	Result	Result	1H	year	2H	year	Full year	year	Full year	year
				FCT		FCT		FCT		FCT	
Sales	22,707	22,021	44,728	22,650	-0.3%	22,950	4.2%	45,600	1.9%		
Operating Income	1,732	1,387	3,119	1,400	-19.2%	1,650	19.0%	3,050	-2.4%		
Ordinary Income	2,589	1,708	4,297	1,950	-24.7%	2,150	25.9%	4,100	-4.6%		
Net Income	1,772	1,089	2,861	1,250	-29.5%	1,500	37.7%	2,750	-3.9%		

Exchange rate (Yen / \$)								
at end of period	113.57		110.99	110.00				110.00

• We expect Sales increase due to increase in Insulation materials and Display materials. However, due to the rise in fixed-cost and variation of product mix in Electronics raw materials, Incomes are expected to be reduced.

FY2019 Sales Forecast by Segment

(unit : Million Yen)

	FCT as of 10 May								
	2019 / 3 1H Result	2019 / 3 2H Result	2019 / 3 Full year Result	2020 / 3 1H FCT	vs. Prev. year	2020 / 3 2H FCT	vs. Prev. year	2020 / 3 Full year FCT	vs. Prev. year
Electronics raw materials	14,699	14,071	28,770	14,200	-3.4%	14,700	4.5%	28,900	0.5%
Industrial materials	4,257	4,138	8,395	4,300	1.0%	4,200	1.5%	8,500	1.3%
Insulation materials	1,570	1,558	3,128	1,700	8.3%	1,800	15.5%	3,500	11.9%
Display materials	1,802	1,898	3,700	2,100	16.5%	1,850	-2.5%	3,950	6.8%
Related materials, others	379	356	735	350	-7.7%	400	12.4%	750	2.0%
Total	22,707	22,021	44,728	22,650	-0.3%	22,950	4.2%	45,600	1.9%

*FCT=Forecast

- Electronics raw materials : We expect a slight increase.
- Industrial materials : We expect an increase in Honey-comb panel for air-craft.
- Insulation materials : We expect an increase by one-shot order.
- Display materials : We expect an increase in products for 3D and amusement.

FY2019 Sales and Profit Forecast by Segment (Full year)

(unit: Million Yen)

	Sales			Segment Profit			*FCT=Forecast (as of 10 May)
	2019 / 3 Full year Result	2020 / 3 Full year FCT	+ / -	2019 / 3 Full year Result	2020 / 3 Full year FCT	+ / -	
Electronics raw materials	28,770	28,900	130	2,621	2,400	(221)	
Industrial materials	8,395	8,500	105	1,393	1,350	(43)	
Insulation materials	3,128	3,500	372	431	500	69	
Display materials	3,700	3,950	250	115	200	85	
Related materials,others	735	750	15	192	200	8	
Total	44,728	45,600	872	4,752	4,650	(102)	
			Total cost	(1,633)	(1,600)		
			Operating income	3,119	3,050	(69)	

•We expect Sales increase due to increase in Insulation materials and Display materials. However, due to the rise in fixed-cost and variation of product mix in Electronics raw materials, Incomes are expected to be reduced.

FY2019 Sales and Profit Forecast by Segment (1st-half)

(unit : Million Yen)

	Sales			Segment Profit			*FCT=Forecast (as of 10 May)
	2019 / 3 1H Result	2020 / 3 1H FCT	+ / -	2019 / 3 1H Result	2020 / 3 1H FCT	+ / -	
Electronics raw materials	14,699	14,200	(499)	1,392	1,100	(292)	
Industrial materials	4,257	4,300	43	742	680	(62)	
Insulation materials	1,570	1,700	130	231	240	9	
Display materials	1,802	2,100	298	80	150	70	
Related materials,others	379	350	(29)	108	80	(28)	
Total	22,707	22,650	(57)	2,553	2,250	(303)	
			Total cost	(821)	(850)		
			Operating income	1,732	1,400	(332)	

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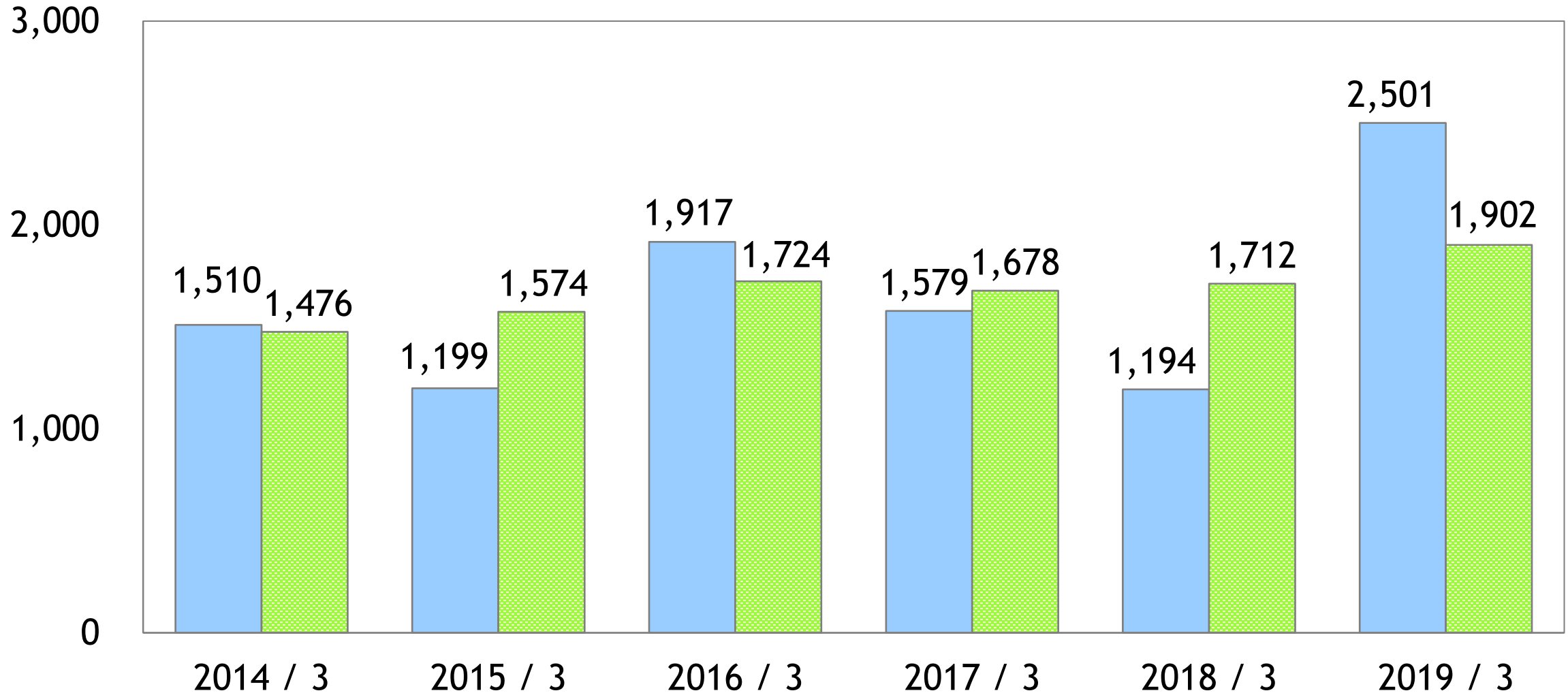
Capital expenditure and Depreciation history

FY2018 Management indicator

(unit : Million yen)

■ Capital Expenditure

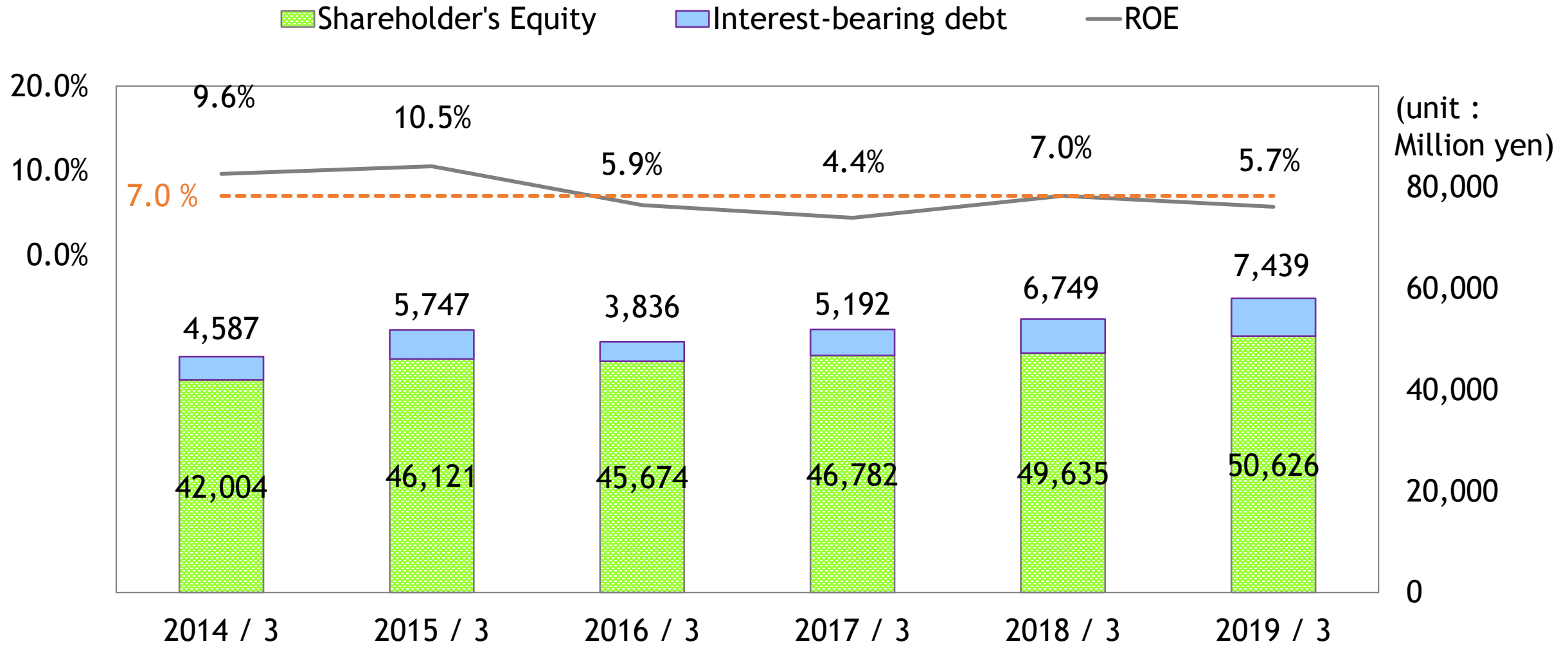
■ Depreciation



ROE history

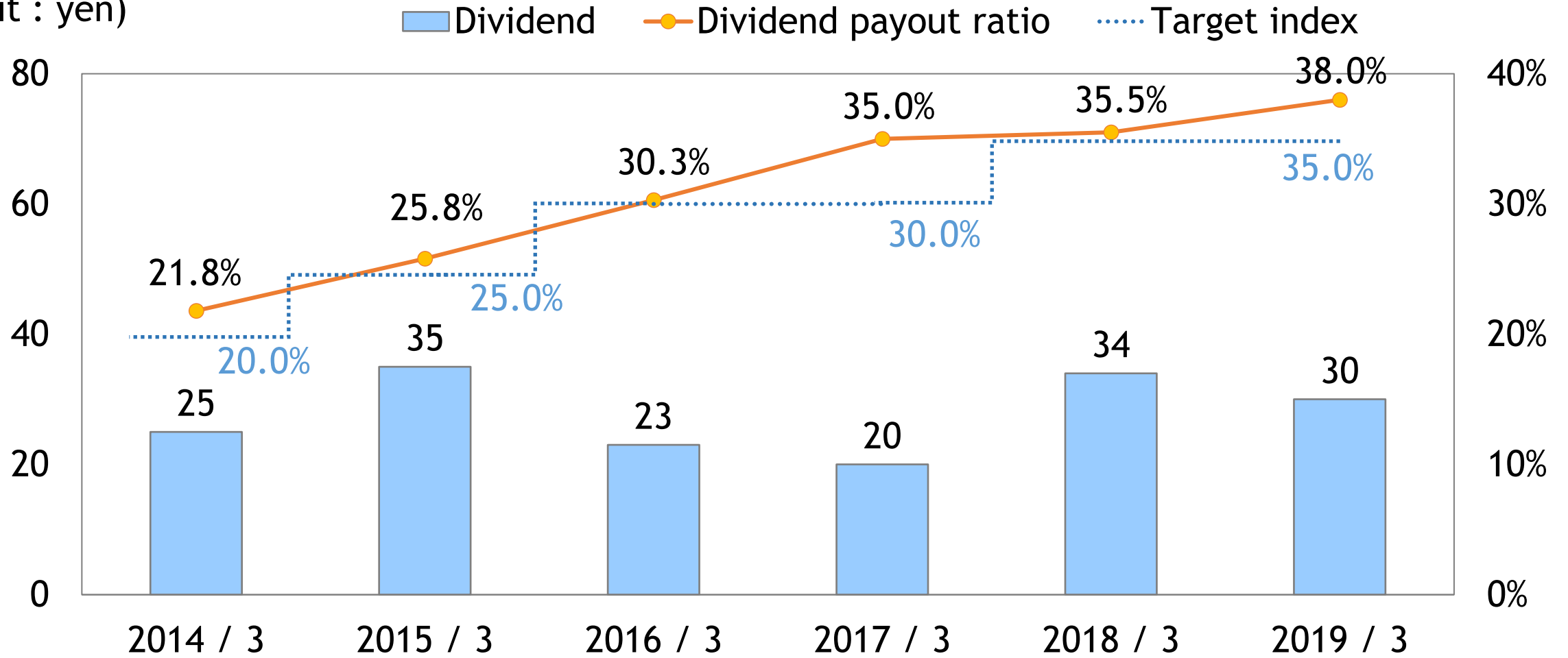
ROE= Net Income / Shareholders Equity

FY2018 Management indicator



Dividend and Dividend payout ratio history

(unit : yen)



Dividend yield 4.5%

3.4%

4.0%

2.6%

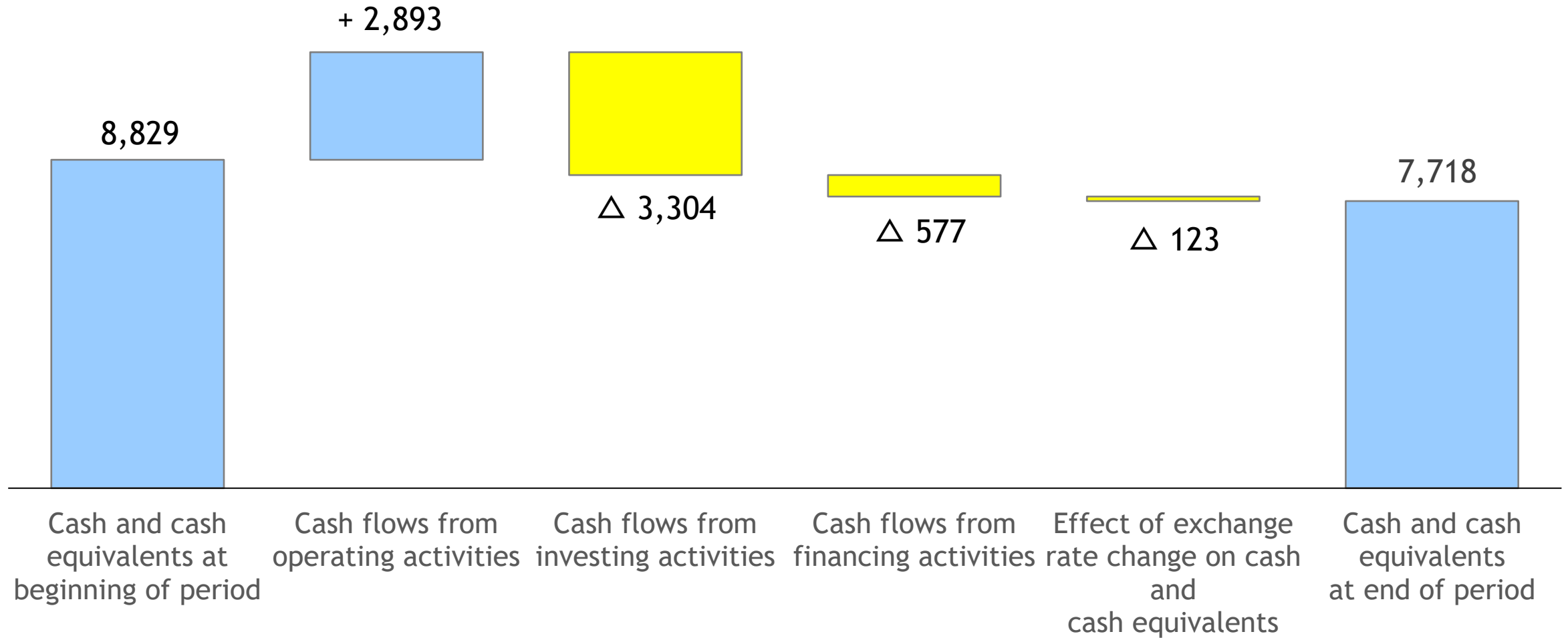
3.4%

3.8%

Consolidated statement of Cash Flow (Summary)

FY2018 Management indicator

(unit : Million yen)



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