

Securities Code 5208

Nov 7<sup>th</sup>, 2019

<http://www.arisawa.co.jp>

# **Arisawa Mfg. Co., Ltd.**

# **FY2019 1H Report**

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- **FY2019 Review by consolidated basis**
- FY2019 Forecast by consolidated basis
- Appendix

## ■ FY2019 1H Consolidated Performance

| (unit: Million Yen)  | 2018/3 1H<br>result | 2019/3 1H<br>result | vs.<br>Prev. year | 2020/3 1H<br>result | vs.<br>Prev. year |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|
| Sales  | 19,307              | 22,707              | 17.6%             | 22,599              | -0.5%             |
| Operating Income   | 1,586               | 1,732               | 9.2%              | 1,321               | -23.7%            |
| Operating Margin   | 8.2%                | 7.6%                | -0.6%             | 5.8%                | -1.8%             |
| Ordinary Income  | 2,179               | 2,590               | 18.8%             | 1,440               | -44.4%            |
| Net Income   | 1,557               | 1,775               | 14.0%             | -894                | -150.4%           |
| Earnings per share (Yen)   | 43.55               | 49.16               | 12.9%             | -24.81              | -150.4%           |
| Dividend (Yen)   | 0                   | 0                   | --                | 0                   | --                |
| Exchange rate (Yen / \$)<br>average for the period<br>at end of period | 112.34<br>112.73    | 108.67<br>113.57    |                   | 110.06<br>107.92    |                   |

# ■ Highlights of FY2019 1H Consolidated Performance

- Sales decreased by 0.5% compared with Prev. year due to decrease of Electronics raw materials.

Operating Income decreased by 23.7% compared with Prev. year due to downturn in profitability for Electronics raw materials and Industrial raw materials.

- Electronics raw materials decreased the sales by 1.7% compared with Prev. year because, while FPC materials increased steadily, Rigid Printed Circuit Boards and Pre-preg did not do well.

- Industrial raw materials increased the sales by 1.8% compared with Prev. year because, although FRP vessels for water treatment decreased, Honey-comb panel for air-craft increased.

- Ordinary Income decreased by 44.4% compared with Prev. year mainly due to downturn in Equity method income and exchange-rate loss.

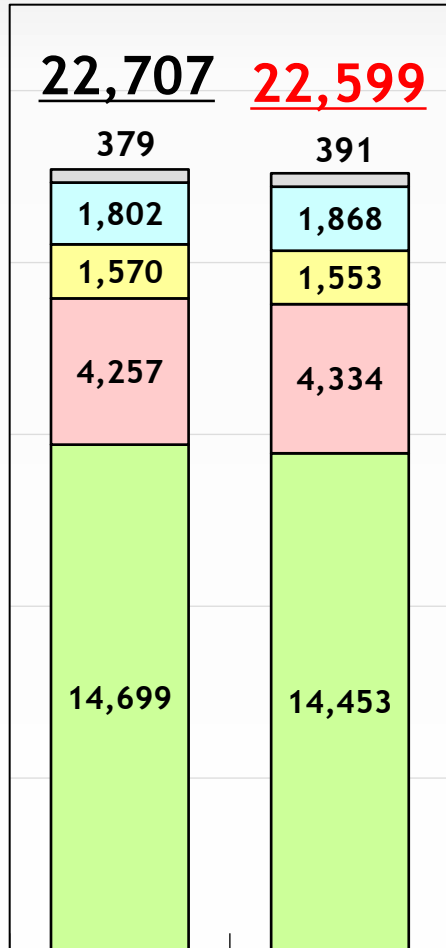
- The bottom line was net loss of 894 Million Yen mainly due to the recognition of tax expense of 1,584 Million Yen for the resolution on 27th Aug to sell of shares of Polatechno.

- Ordinary Income and Net Income were below FCT of 27th Aug mainly because the performance of subsidiaries and Equity method affiliates were below FCT.

Note: FCT = Forecast

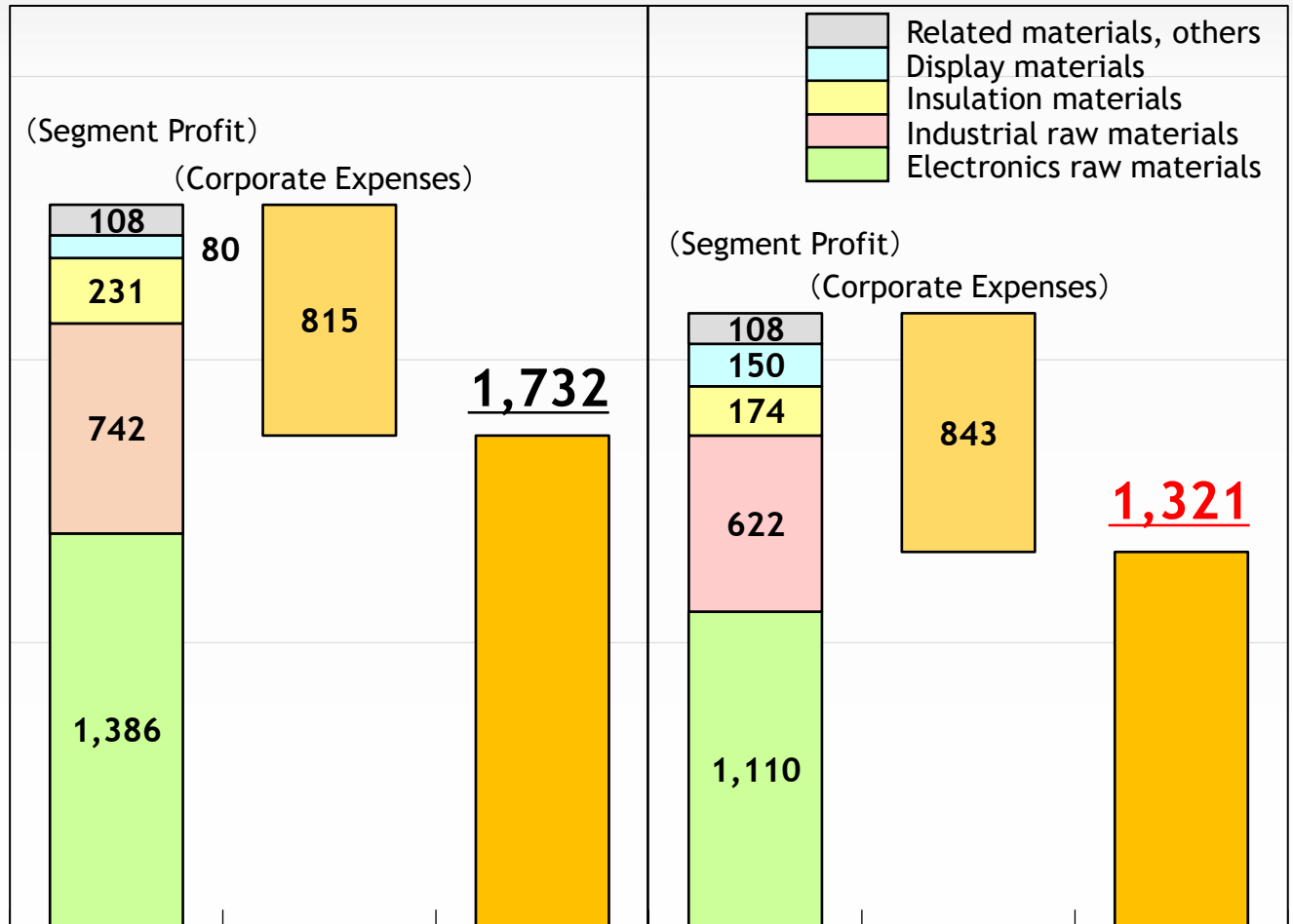
# FY2019 1H Segment Comparison (vs. FY2018 1H)

Sales (Million Yen)



2019/3    2020/3

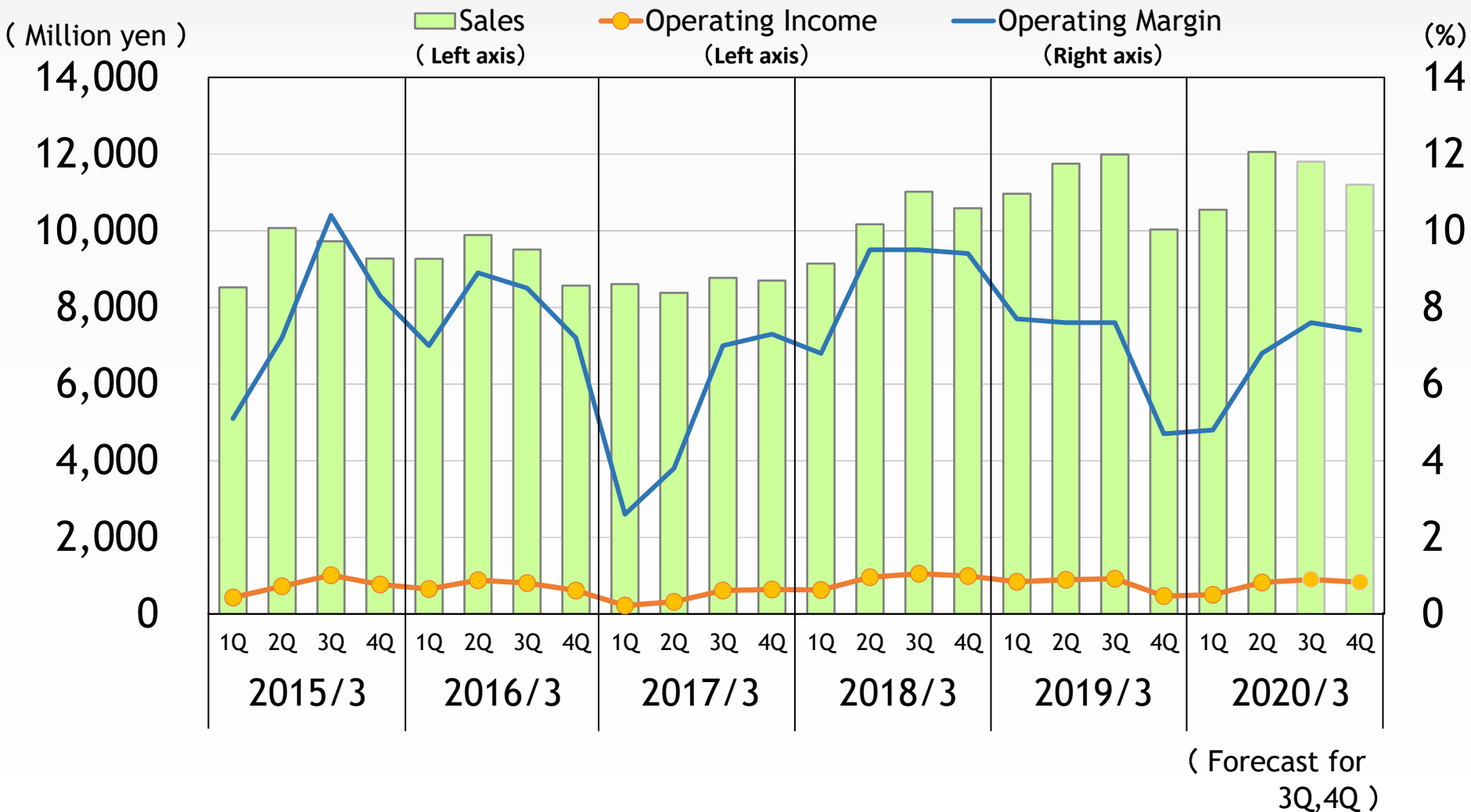
Operating Income (Million Yen)



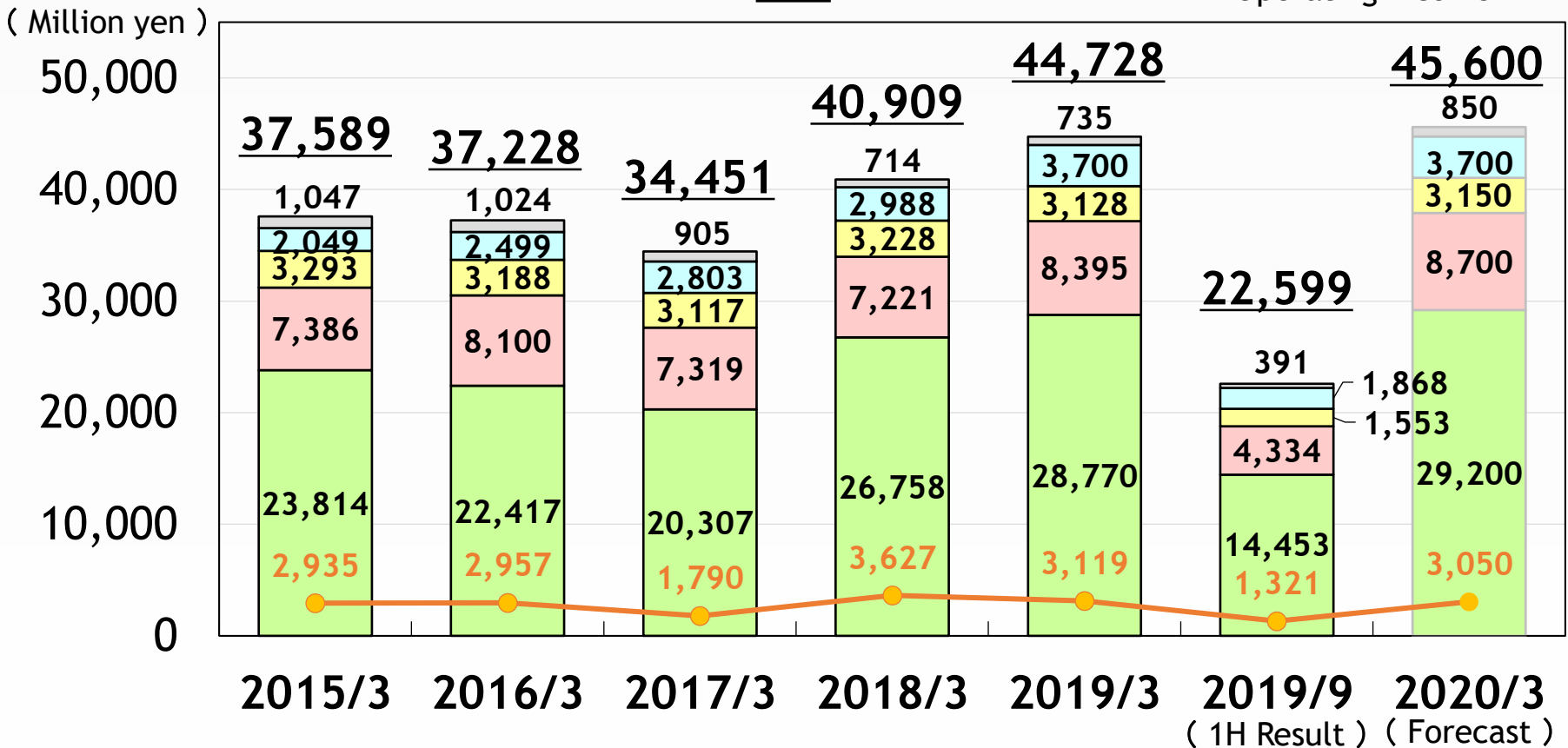
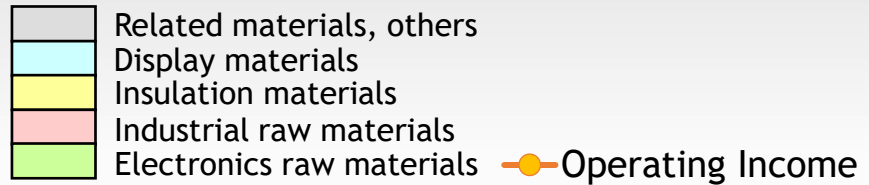
2019/3

2020/3

# Sales and Operating Income quarterly history

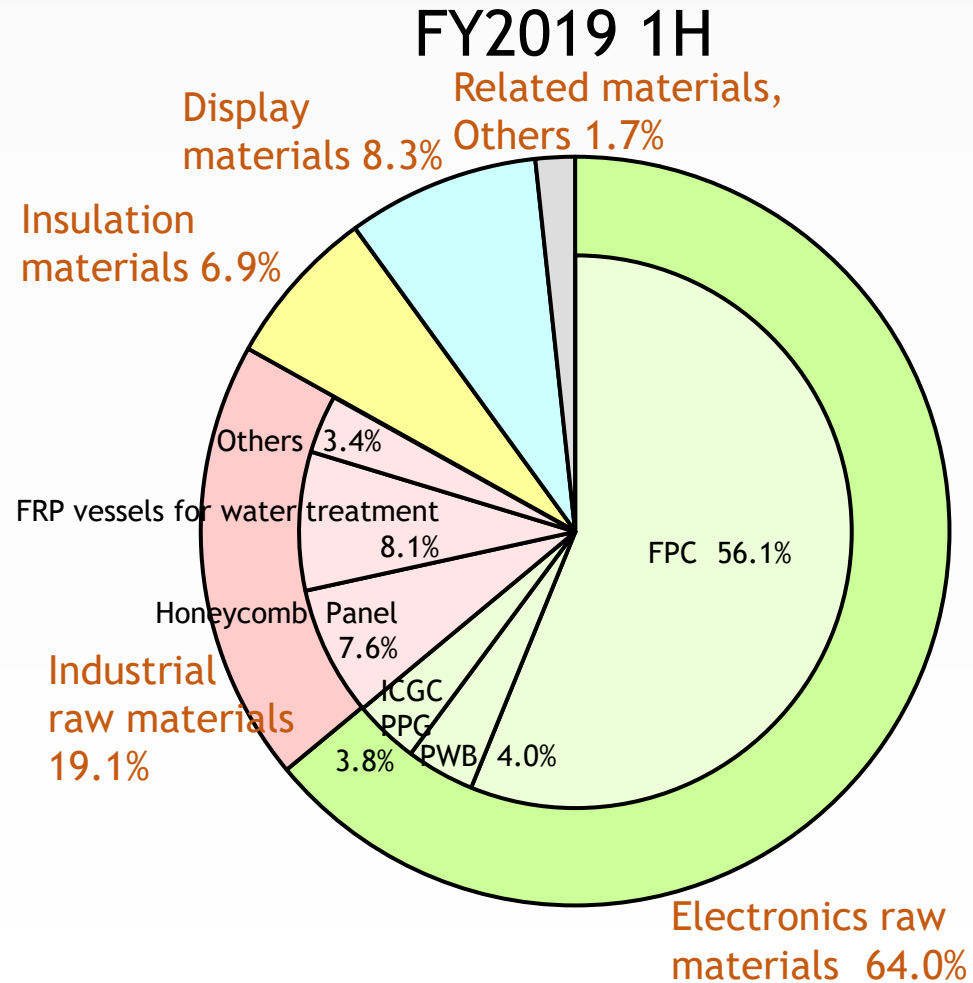
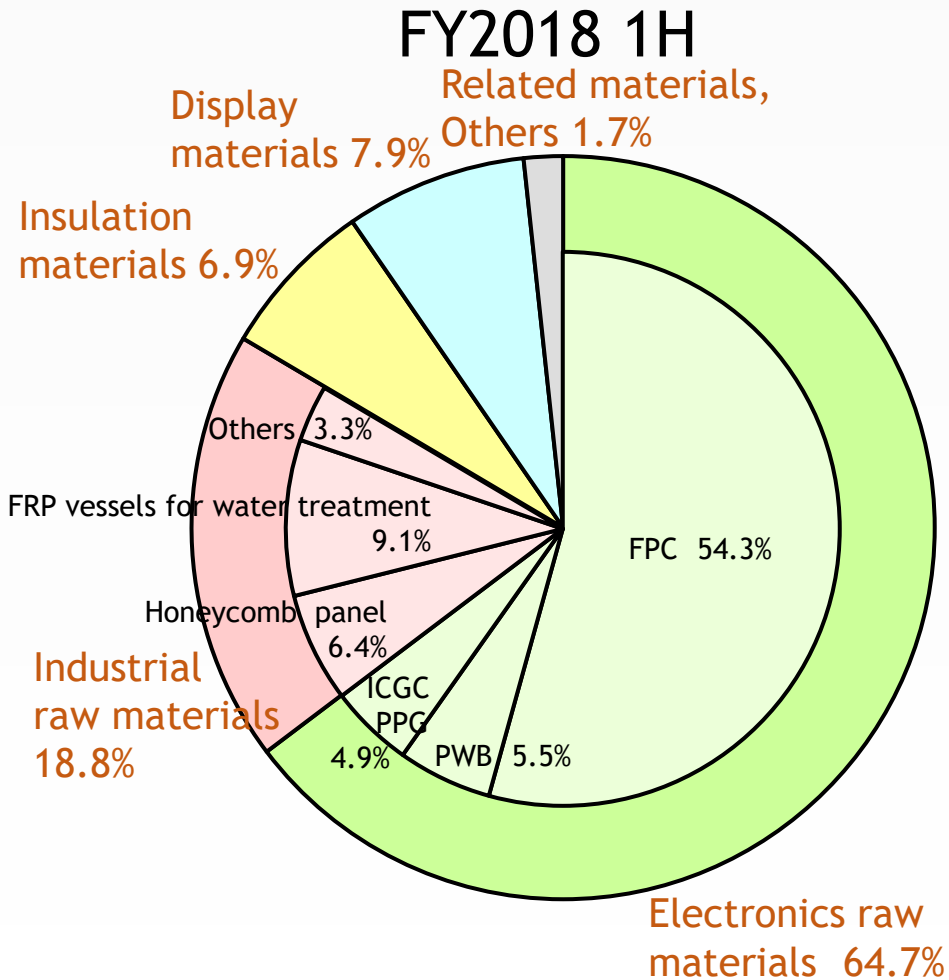


# Segment Comparison history (Sales, Income)



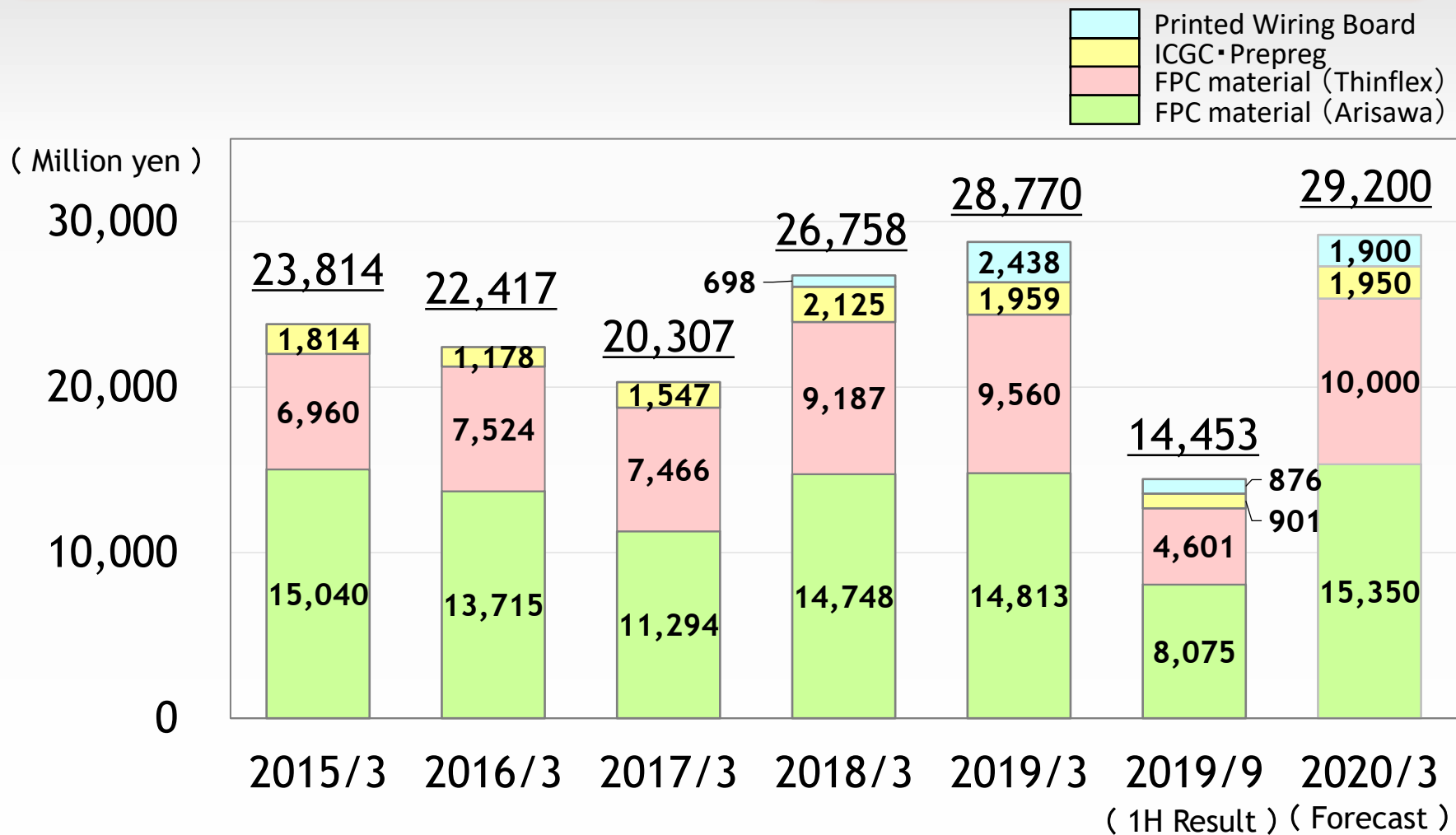
• Electronics raw materials and Industrial raw materials are the driving force for the growth.

# Sales ratio by segment





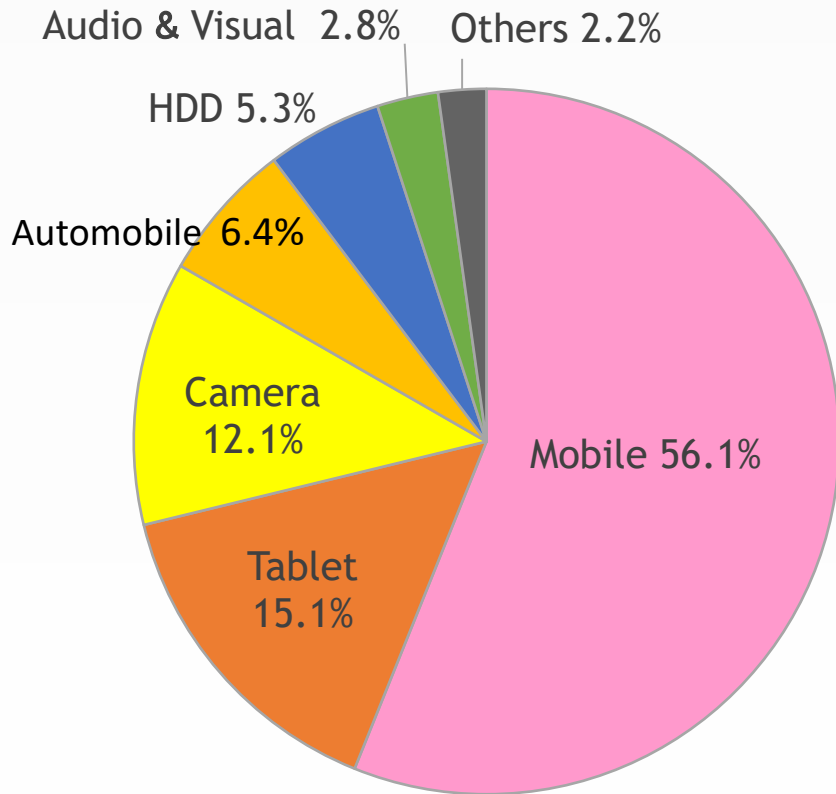
# ■ Electronics raw materials Sales history



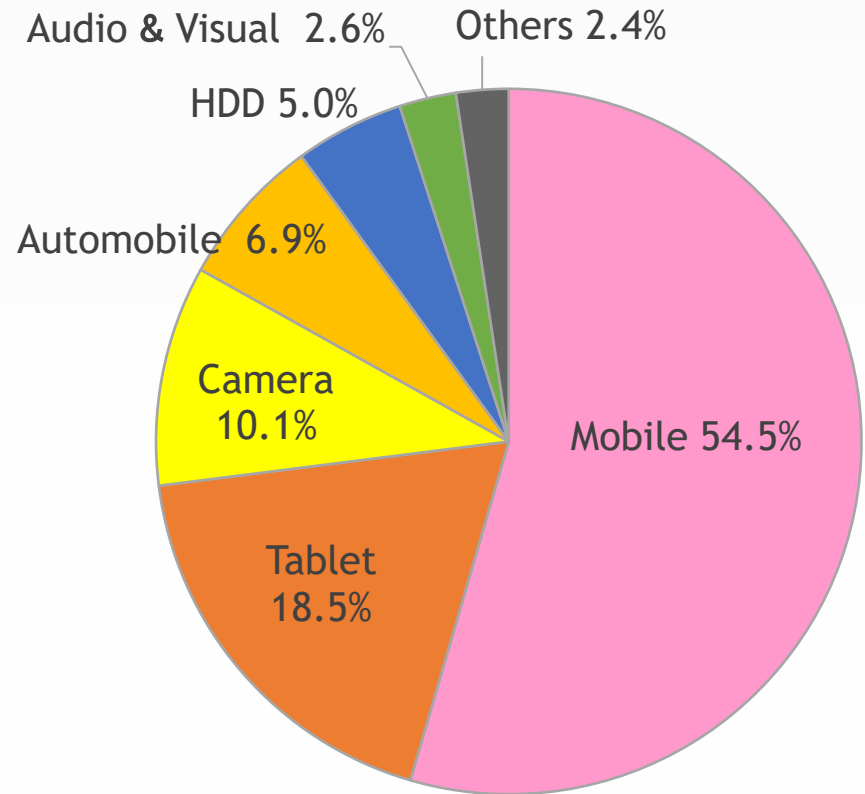
- New product development mainly for mobile, automobile and semiconductor.
- Enhancement of competitiveness and increase in the share in cooperation with consolidated subsidiaries.

# Our FPC's major applications

FY2018 1H



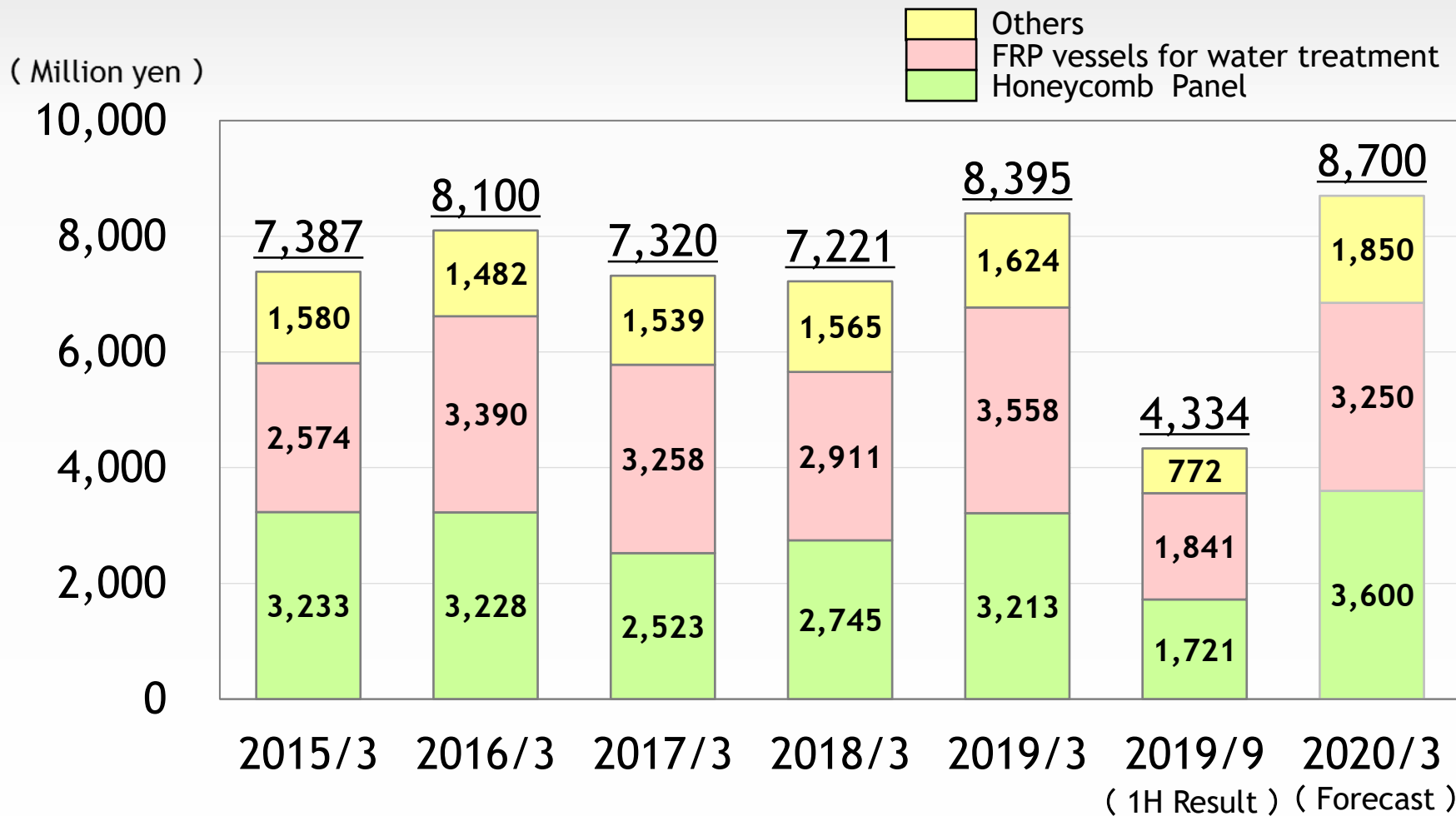
FY2019 1H



in volume terms

Source : Arisawa Mfg. estimates

# Industrial raw materials Sales history



▪ Increase in the share with the new product development mainly for transportation infrastructure and water treatment.

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# FY2019 Sales and Profit Forecast (vs. FCT)

FCT = Forecast

| (unit: Million Yen)  | FY2018<br>result | FY2019<br>FCT (27 Aug) | FY2019<br>FCT (7 Nov) | vs.<br>Prev. year | vs. FCT |
|--|------------------|------------------------|-----------------------|-------------------|---------|
| Sales  | 44,728           | 45,600                 | 45,600                | 1.9%              | 0.0%    |
| Operating Income   | 3,119            | 3,050                  | 3,050                 | -2.2%             | 0.0%    |
| Operating Margin   | 7.0%             | 6.7%                   | 6.7%                  | -0.3%             | 0.0%    |
| Ordinary Income  | 4,297            | 3,400                  | 3,200                 | -25.5%            | -5.9%   |
| Net Income   | 2,861            | 1,350                  | 1,050                 | -63.3%            | -22.2%  |
| Earnings per share (Yen)   | 79.15            | 37.24                  | 31.63*                | -40.0%            | -15.1%  |
| Dividend (Yen)   | 30               | Undecided              | Undecided             | --                | --      |
| Exchange rate (Yen / \$)<br>average for the period<br>at end of period | 110.44<br>110.99 | 108.30<br>106.00       | 108.84**<br>108.00**  |                   |         |

\* Calculated by the number of shares as of 31 Oct (Completion of the treasury stock acquisition)

\*\* Expected Exchange rate as of 7 Nov

## ■ Highlights of FY2019 Consolidated Performance

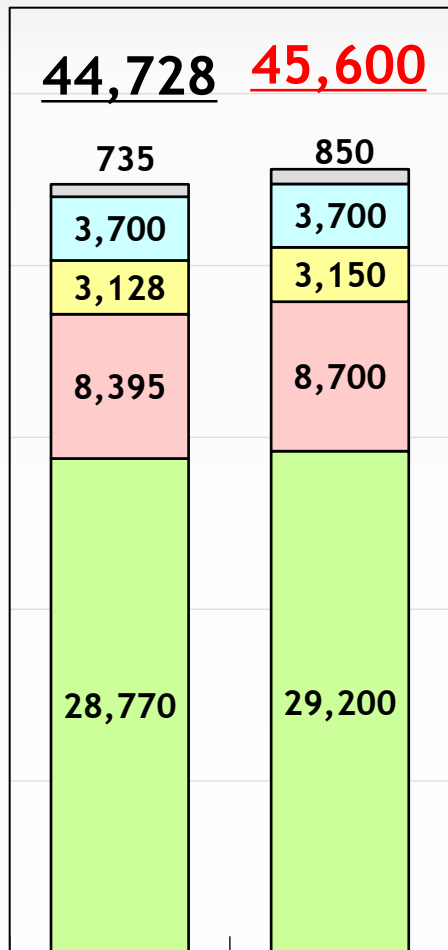
- Sales is expected to increase by 1.9% compared with Prev. year. However, Operating Income is expected to decrease by 2.2% compared with Prev. year due to downturn in profitability for Electronics raw materials and Industrial raw materials.
- Electronics raw materials is expected to increase by 1.5% compared with Prev. year because, although Rigid Printed Circuit Boards and Pre-preg are expected to decrease, FPC materials is expected to increase steadily.
- Industrial raw materials is expected to increase by 3.6% compared with Prev. year due to continuous increase in Honey-comb panel for air-craft.
- Ordinary Income is expected to decrease by 25.5% due to Yen's appreciation and decrease in Equity method income. Net Income is expected to decrease by 63.3% compared with Prev. year mainly due to the tax expense for the selling shares.

As for Ordinary Income and Net Income, since the performance of subsidiaries and Equity method affiliates in 1H were below FCT, both Incomes are expected to decrease for the full year.

Note: FCT = Forecast

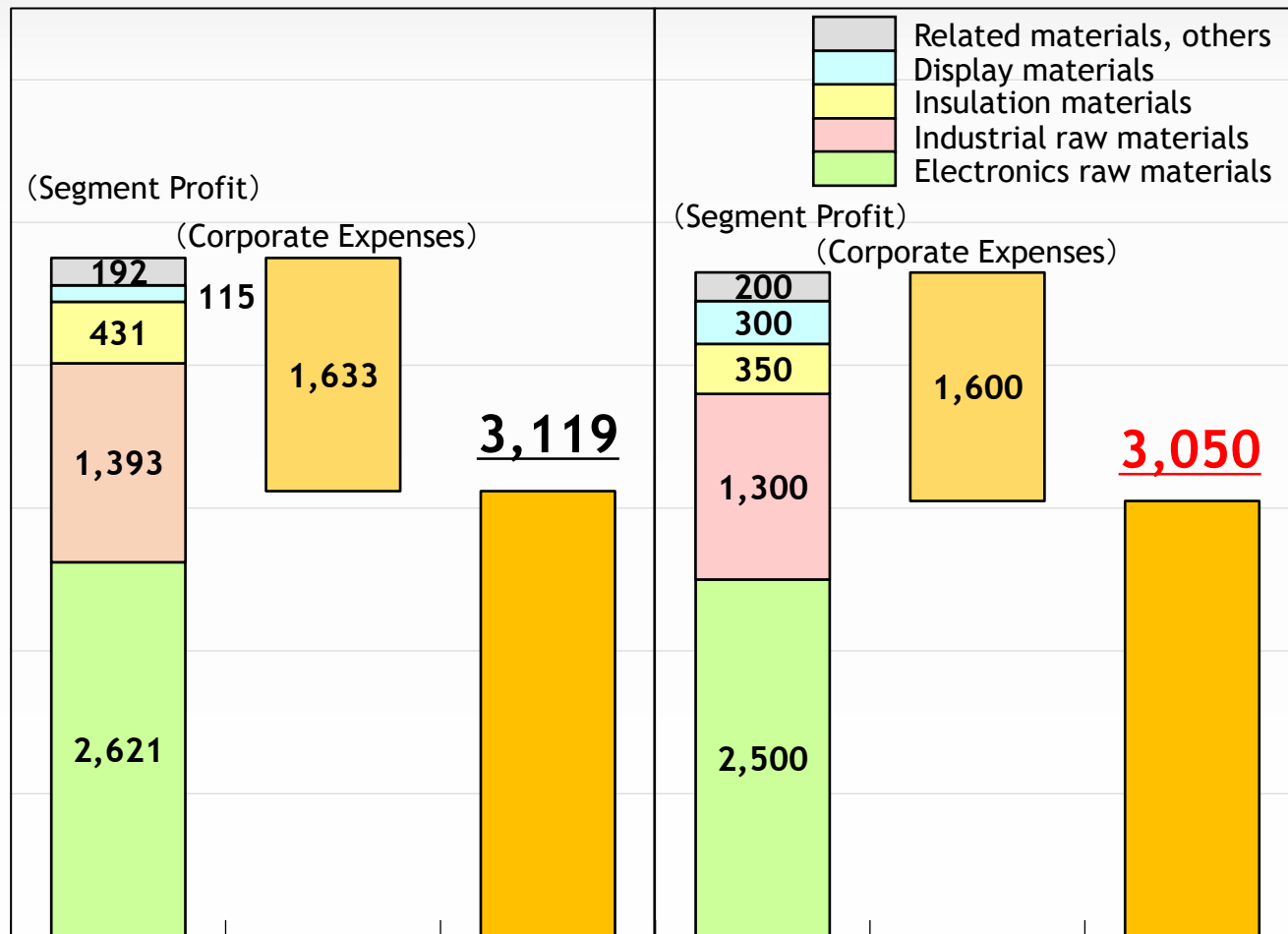
# FY2019 Segment Comparison (vs. FY2018)

Sales (Million Yen)



2019/3    **2020/3**  
( Forecast )

Operating Income (Million Yen)

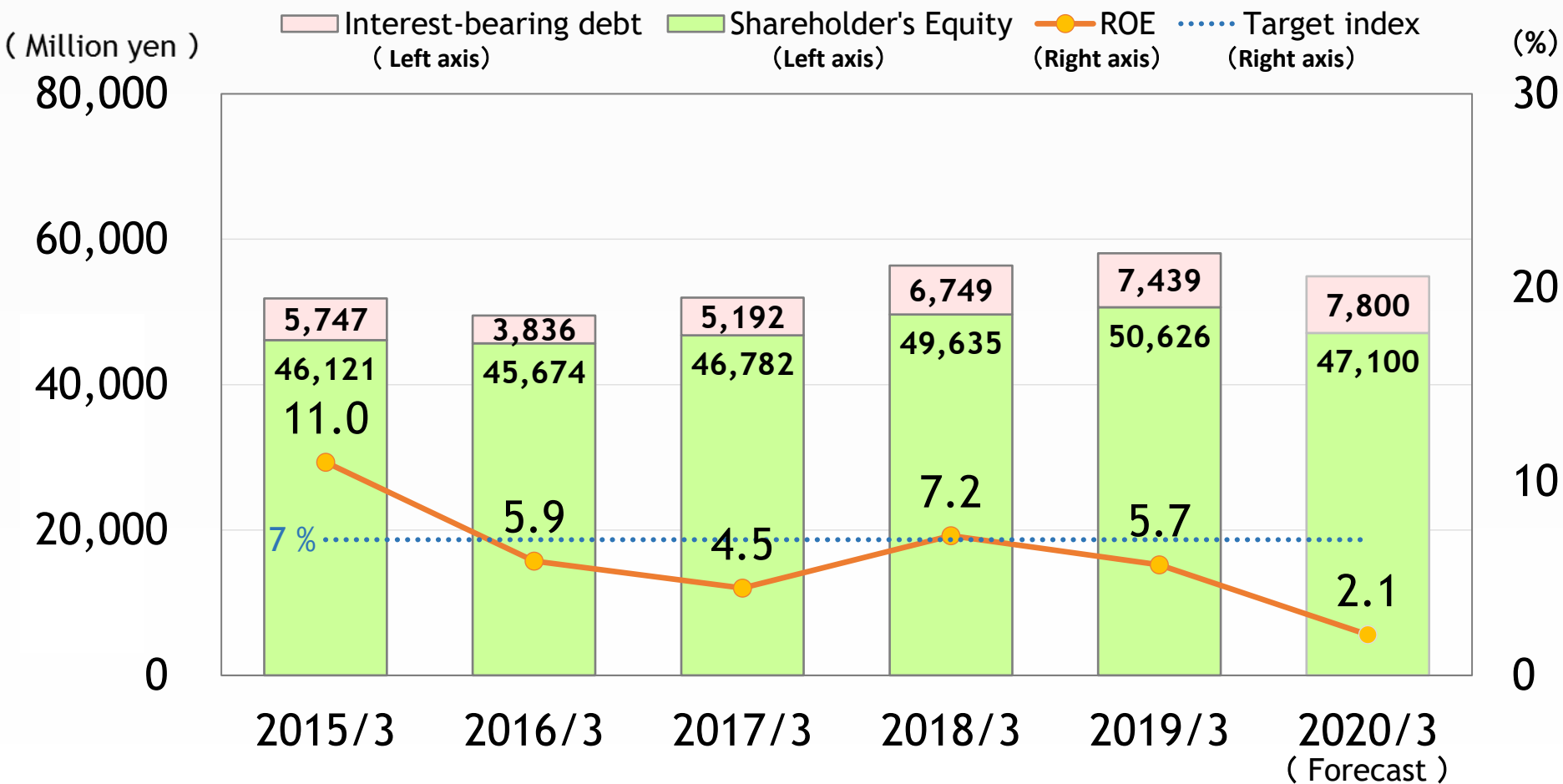


2019/3

**2020/3**  
( Forecast )

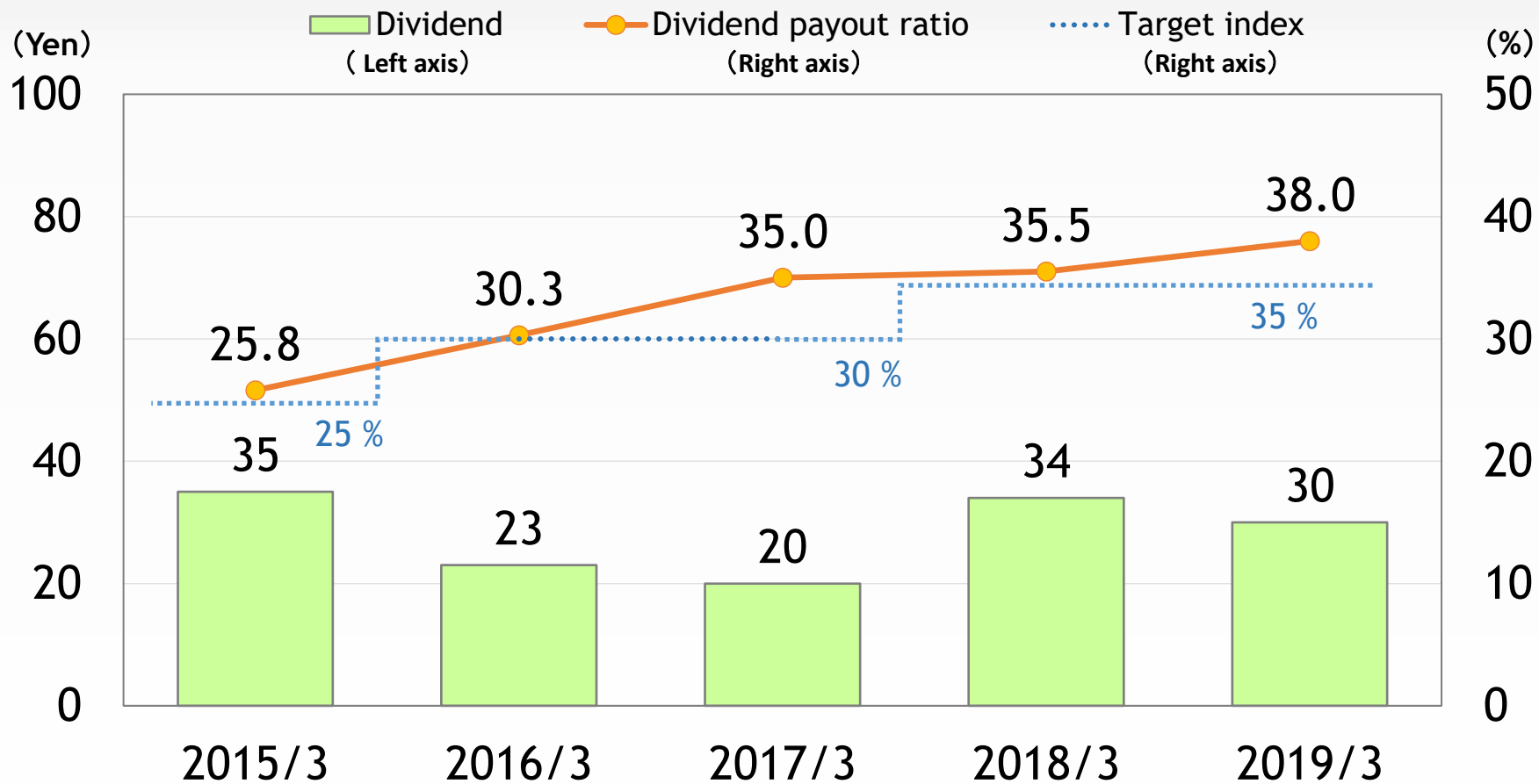
# ROE history

ROE= Net Income / Shareholder's Equity





# Dividend and Dividend payout ratio history



## Dividend yield

3.4%

4.0%

2.6%

3.4%

3.8%

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# FY2019 1H Consolidated Performance (vs. FCT)

FCT = Forecast

| (unit: Million Yen)  | 2019/3 1H<br>result | 2020/3 1H<br>FCT (27 Aug) | 2020/3 1H<br>result | vs.<br>Prev. year | vs. FCT |
|--|---------------------|---------------------------|---------------------|-------------------|---------|
| Sales  | 22,707              | 22,650                    | 22,599              | -0.5%             | -0.2%   |
| Operating Income   | 1,732               | 1,400                     | 1,321               | -23.7%            | -5.6%   |
| Operating Margin   | 7.6%                | 6.2%                      | 5.8%                | -1.8%             | -0.4%   |
| Ordinary Income  | 2,590               | 1,650                     | 1,440               | -44.4%            | -12.7%  |
| Net Income   | 1,775               | -600                      | -894                | -150.4%           | -49.0%  |
| Earnings per share (Yen)   | 49.16               | --                        | -24.81              | -150.4%           | --      |
| Dividend (Yen)   | 0                   | 0                         | 0                   | --                | --      |
| Exchange rate (Yen / \$)<br>average for the period<br>at end of period | 108.67<br>113.57    | 110.06*<br>107.00*        | 110.06<br>107.92    |                   |         |

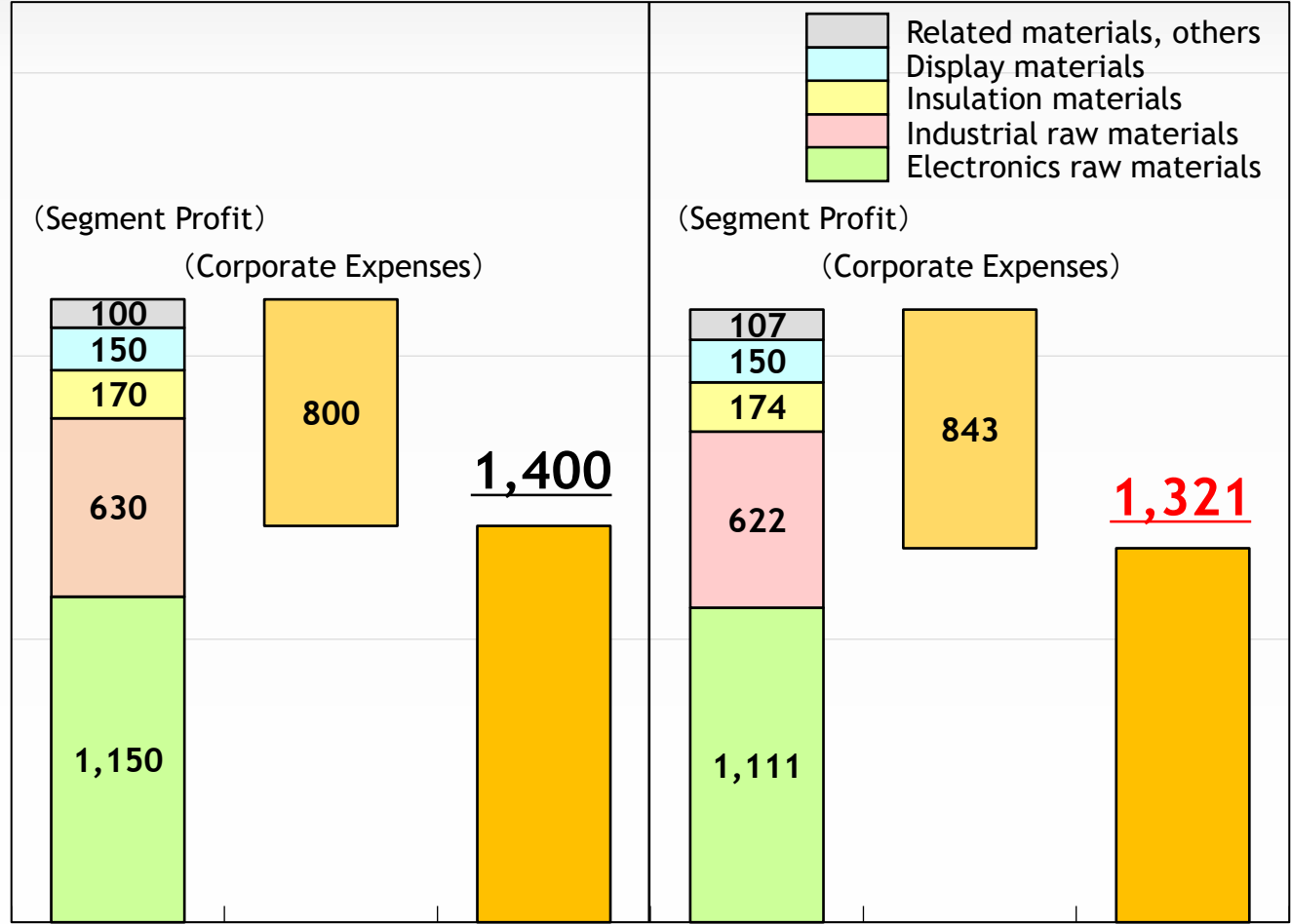
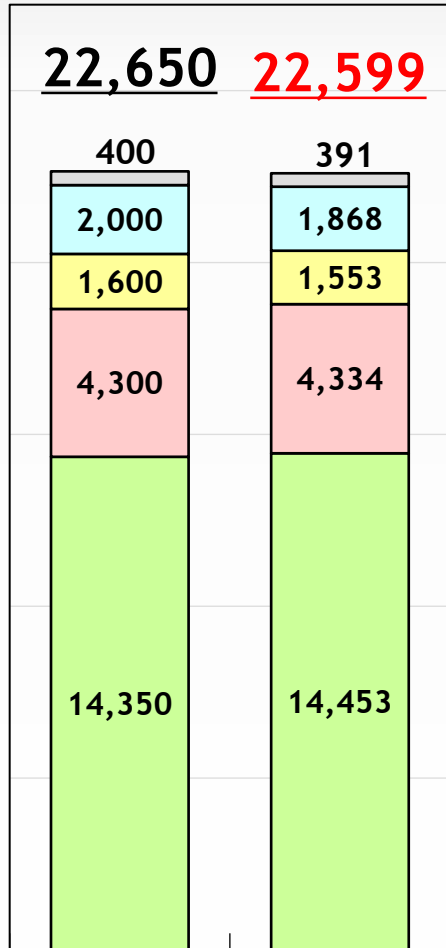
\* Expected Exchange rate as of 27 Aug

# FY2019 1H Segment Comparison (vs. FCT)

FCT = Forecast as of 27 Aug

Sales (Million Yen)

Operating Income (Million Yen)



FCT

Result

FCT

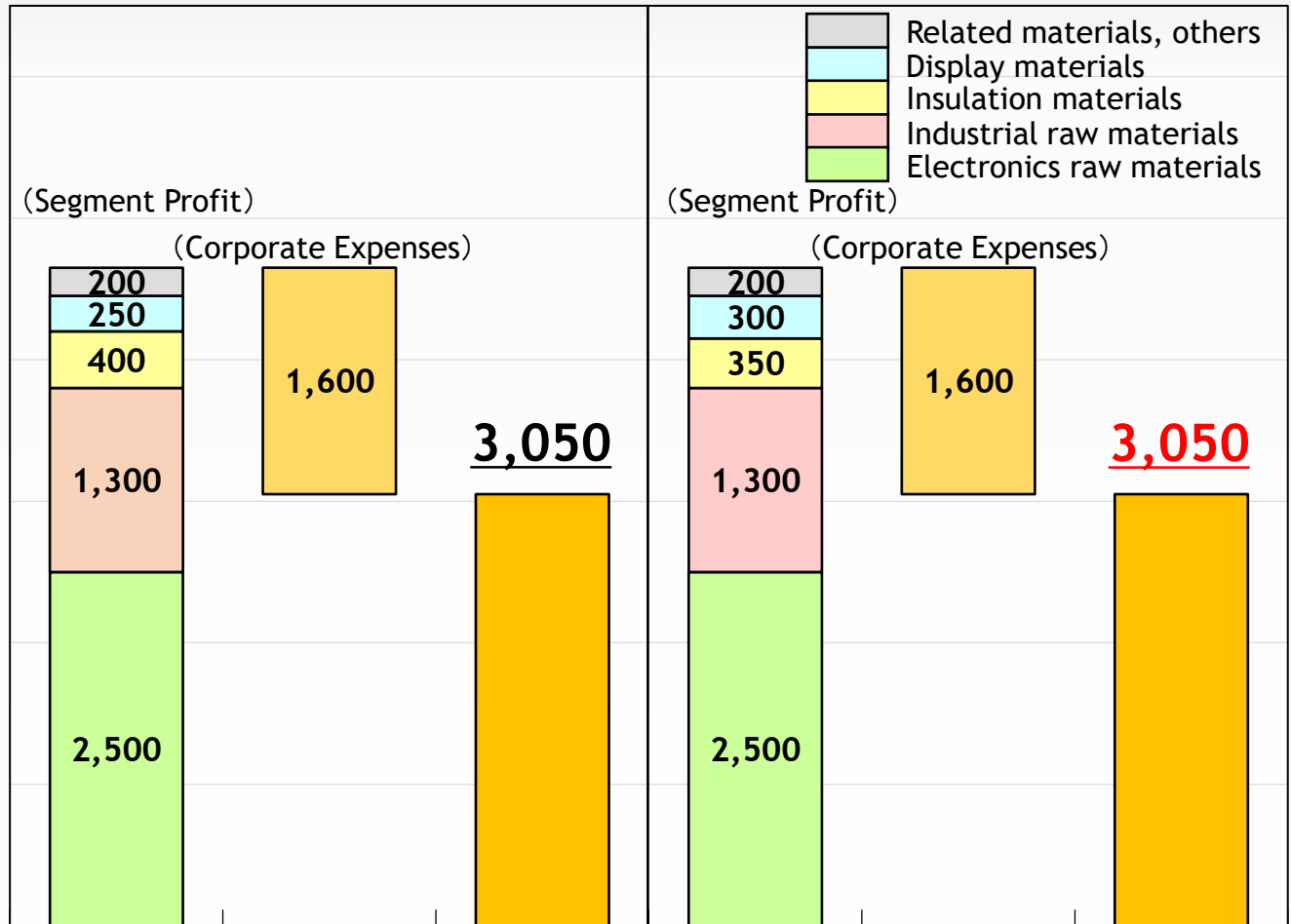
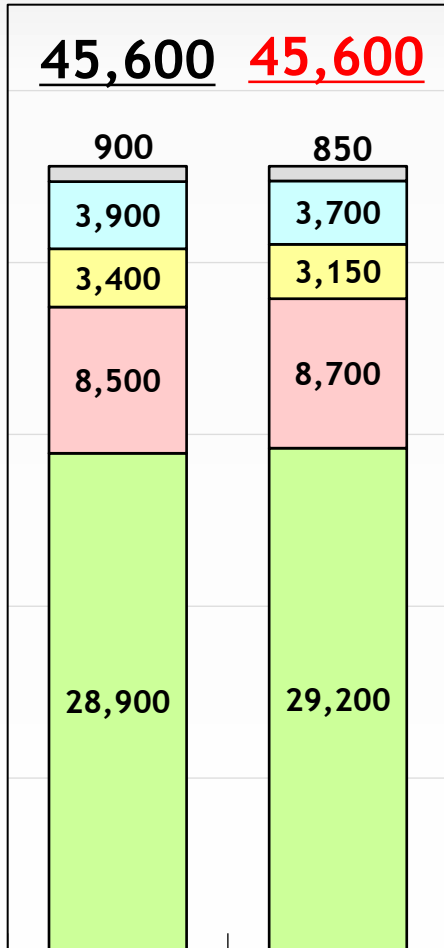
Result

# FY2019 Segment Comparison (vs. FCT as of 27 Aug)

FCT = Forecast

Sales (Million Yen)

Operating Income (Million Yen)

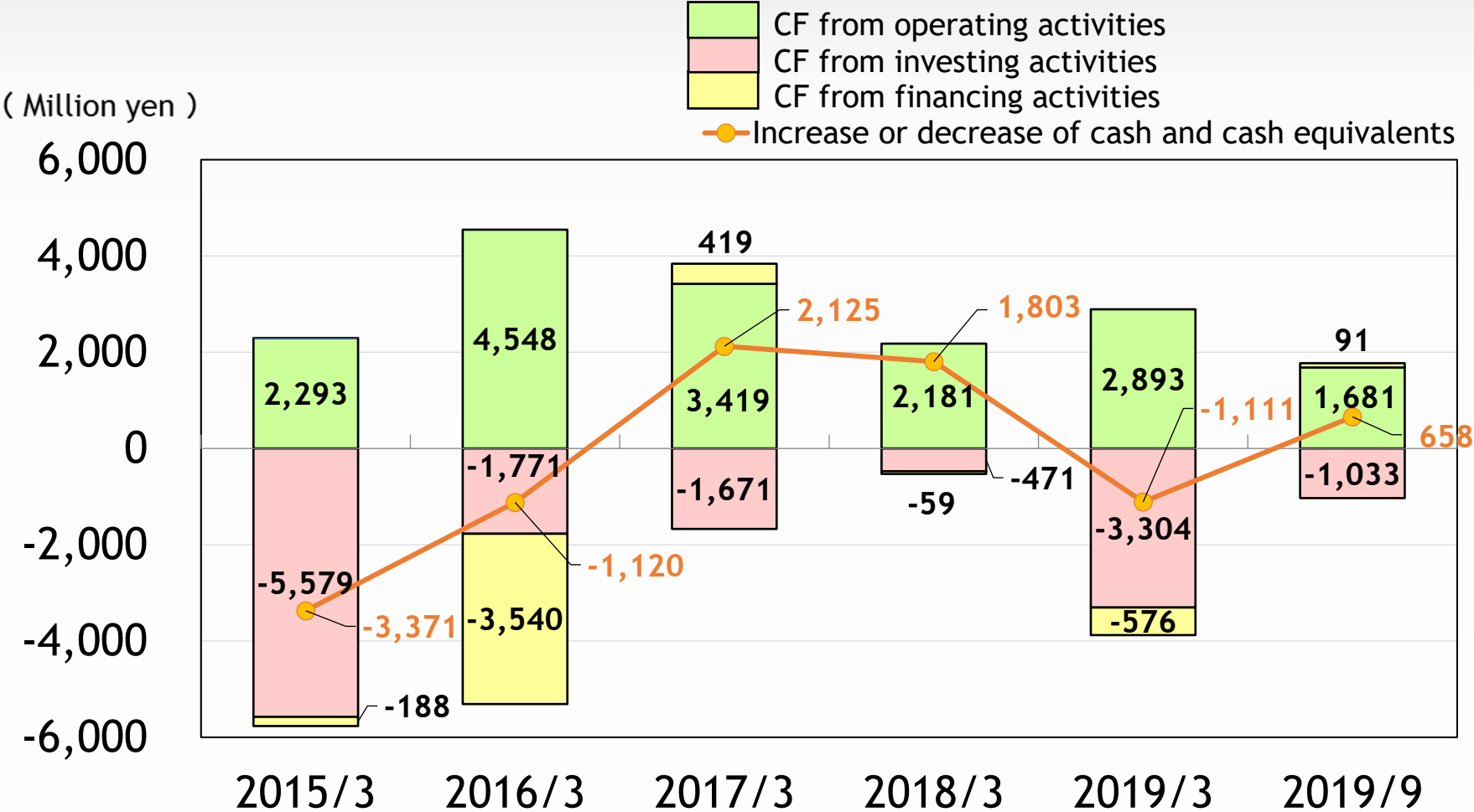


**27 Aug** **7 Nov**  
( Forecast ) ( Forecast )

**27 Aug**  
( Forecast )

**7 Nov**  
( Forecast )

# Cash Flow (Summary) history

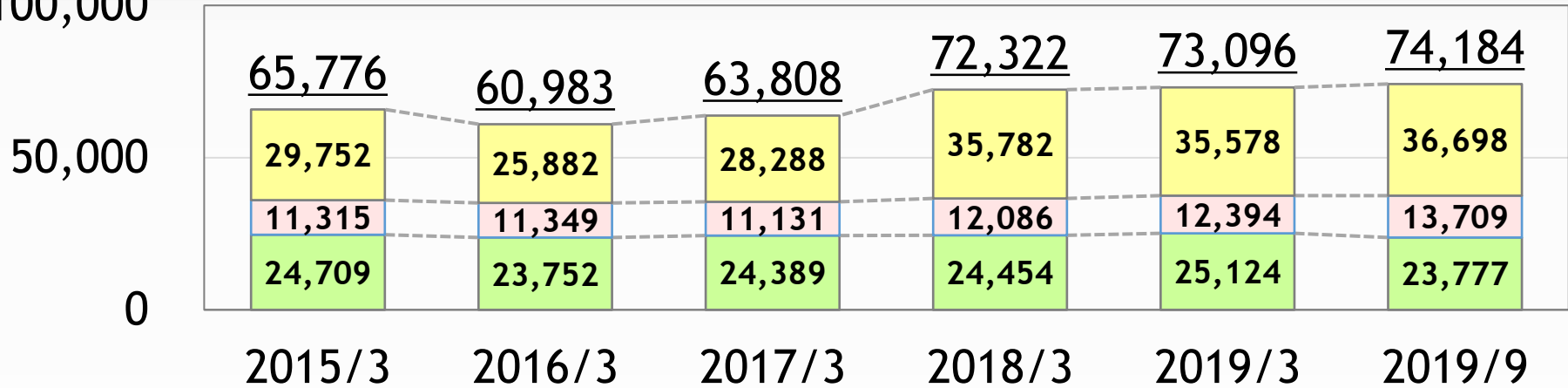


# Consolidated balance sheets (Summary) history

## Assets

( Million yen )  
100,000

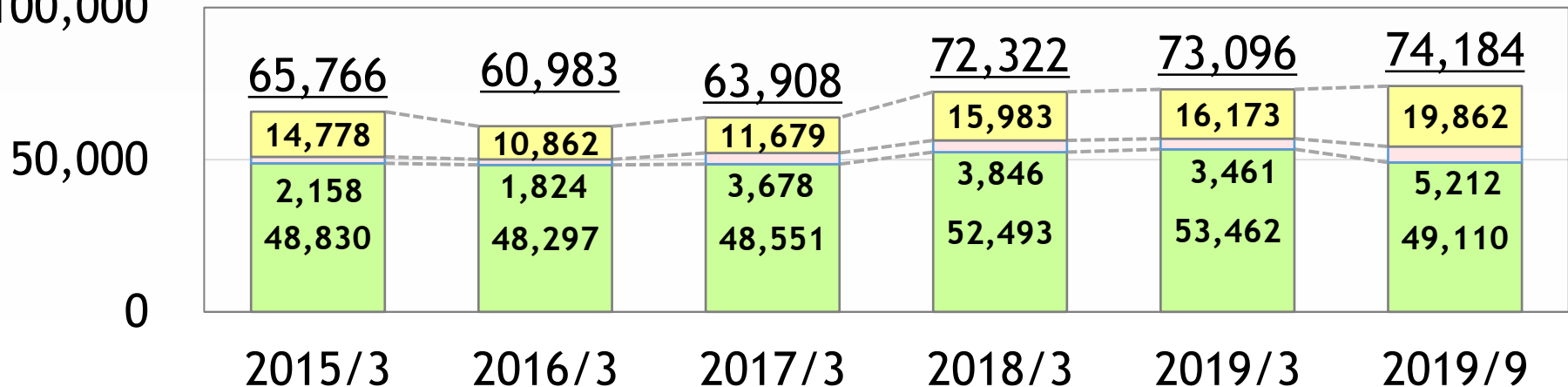
■ Investment and other assets   ■ Non-current assets   ■ Current assets



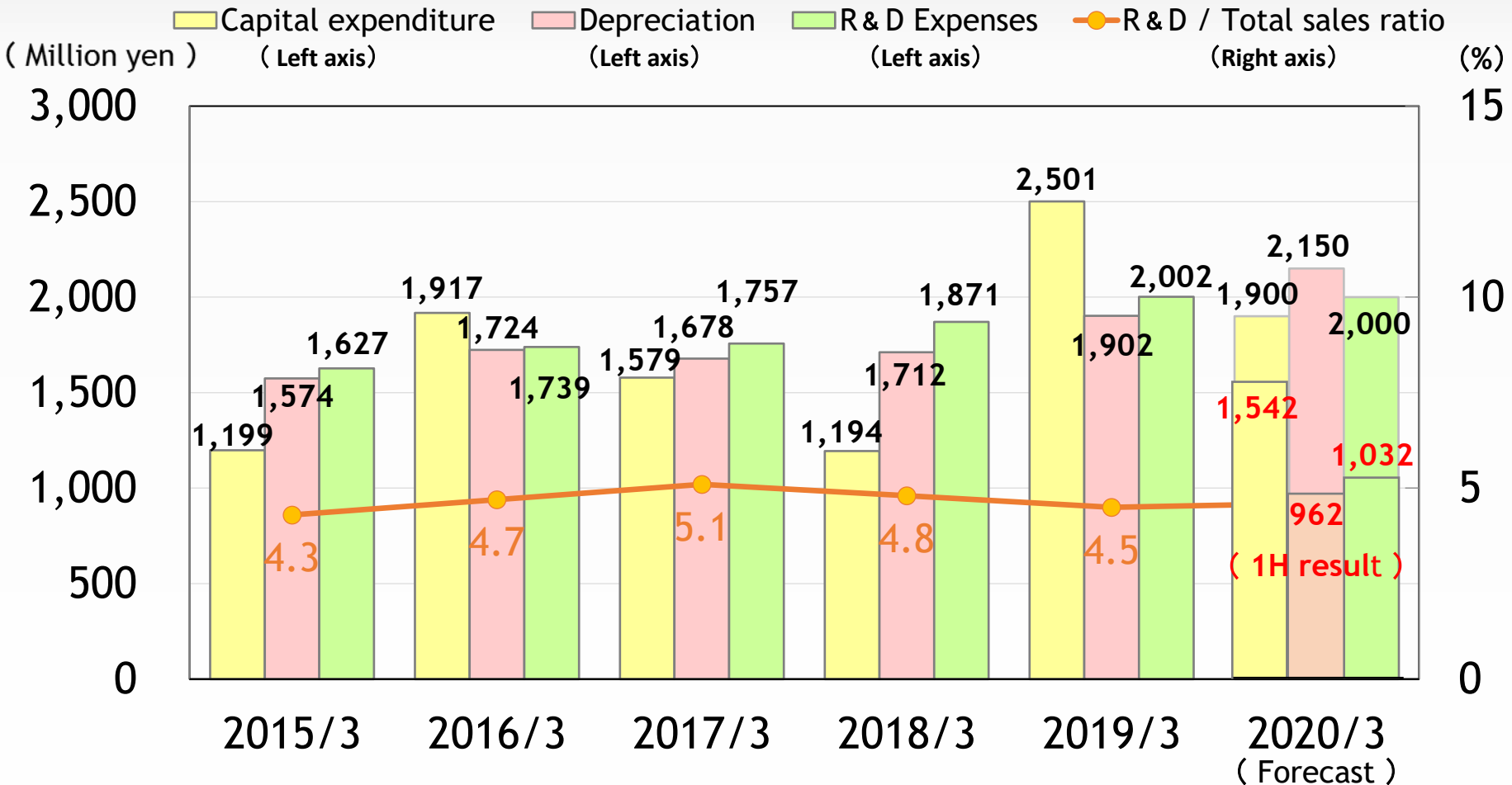
## Liabilities and net assets

( Million yen )  
100,000

■ Net assets   ■ Non-current liabilities   ■ Current liabilities



# Capital expenditure, Depreciation and R & D Expenses history





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