

Securities Code 5208

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

April 30<sup>th</sup>, 2020

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

# FY2019 Overview in Full Year

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- FY2019 Review by Consolidated Basis
- FY2020 Forecast by Consolidated Basis
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## FY2019 Consolidated Performance

(Million yen)	FY2017 result	FY2018 result	vs. Prev. year	FY2019 result	vs. Prev. year
<b>Sales</b>	<b>40,909</b>	<b>44,728</b>	<b>9.3%</b>	<b>45,970</b>	<b>2.8%</b>
<b>Operating Profit</b>	<b>3,627</b>	<b>3,119</b>	<b>-14.0%</b>	<b>2,762</b>	<b>-11.5%</b>
Operating Margin	<b>8.9%</b>	<b>7.0%</b>	<b>-1.9%</b>	<b>6.0%</b>	<b>-1.0%</b>
<b>Ordinary Profit</b>	<b>4,044</b>	<b>4,297</b>	<b>6.3%</b>	<b>2,783</b>	<b>-35.2%</b>
<b>Net Profit</b>	<b>3,453</b>	<b>2,861</b>	<b>-17.2%</b>	<b>212</b>	<b>-92.6%</b>
Earnings per share (Yen)	<b>96.35</b>	<b>79.15</b>	<b>-17.9%</b>	<b>6.14</b>	<b>-92.2%</b>
Dividend (Yen)	<b>34.00</b>	<b>30.00</b>	<b>-11.8%</b>	<b>30.00</b>	<b>0.0%</b>
Exchange rate (Yen / \$) average for the period	<b>112.16</b>	<b>110.44</b>		<b>109.03</b>	
at end of period	<b>106.24</b>	<b>110.99</b>		<b>108.83</b>	

## ■ Highlights of FY2019 Consolidated Performance

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- Consolidated sales increased by 2.8% YoY due to increases in those of electronic and industrial structural materials.

Operating Profit decreased by 11.5% YoY due to downturn in profitability for electronic, industrial structural, and electrical insulating materials.

- Segment profit of electronic materials decreased by 11.0% due to a drop in unit prices of flexible printed circuit board materials and sluggish sales of rigid printed wiring board materials, although the sales of FPC materials remained strong and increased by 3.5% YoY.

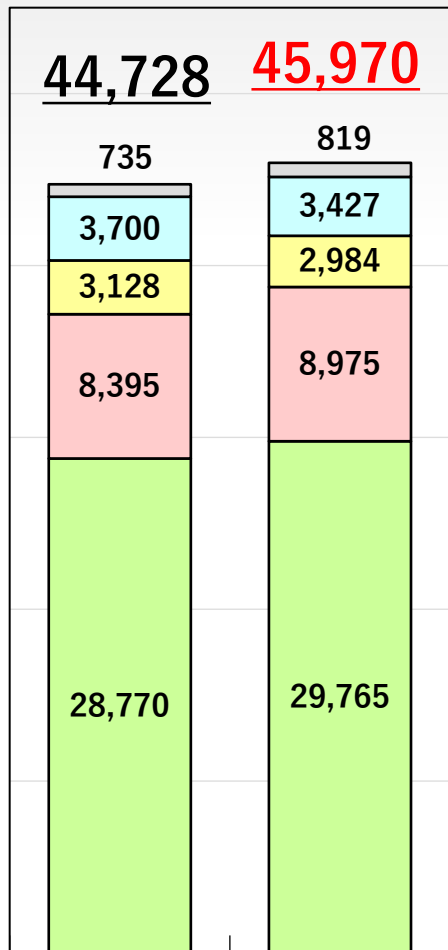
- Sales of industrial structural materials increased by 6.9% YoY due to increase in those of honey-comb panels for aircraft etc.

- Ordinary Profit decreased by 35.2% YoY due to deterioration in equity in earnings of affiliates and foreign exchange losses etc.

- Net profit decreases by 92.6% due to tax expense associated with resolution to sell shares of Polatechno and the loss on valuation of investment securities in addition to the loss on disposal of consolidated subsidiaries.

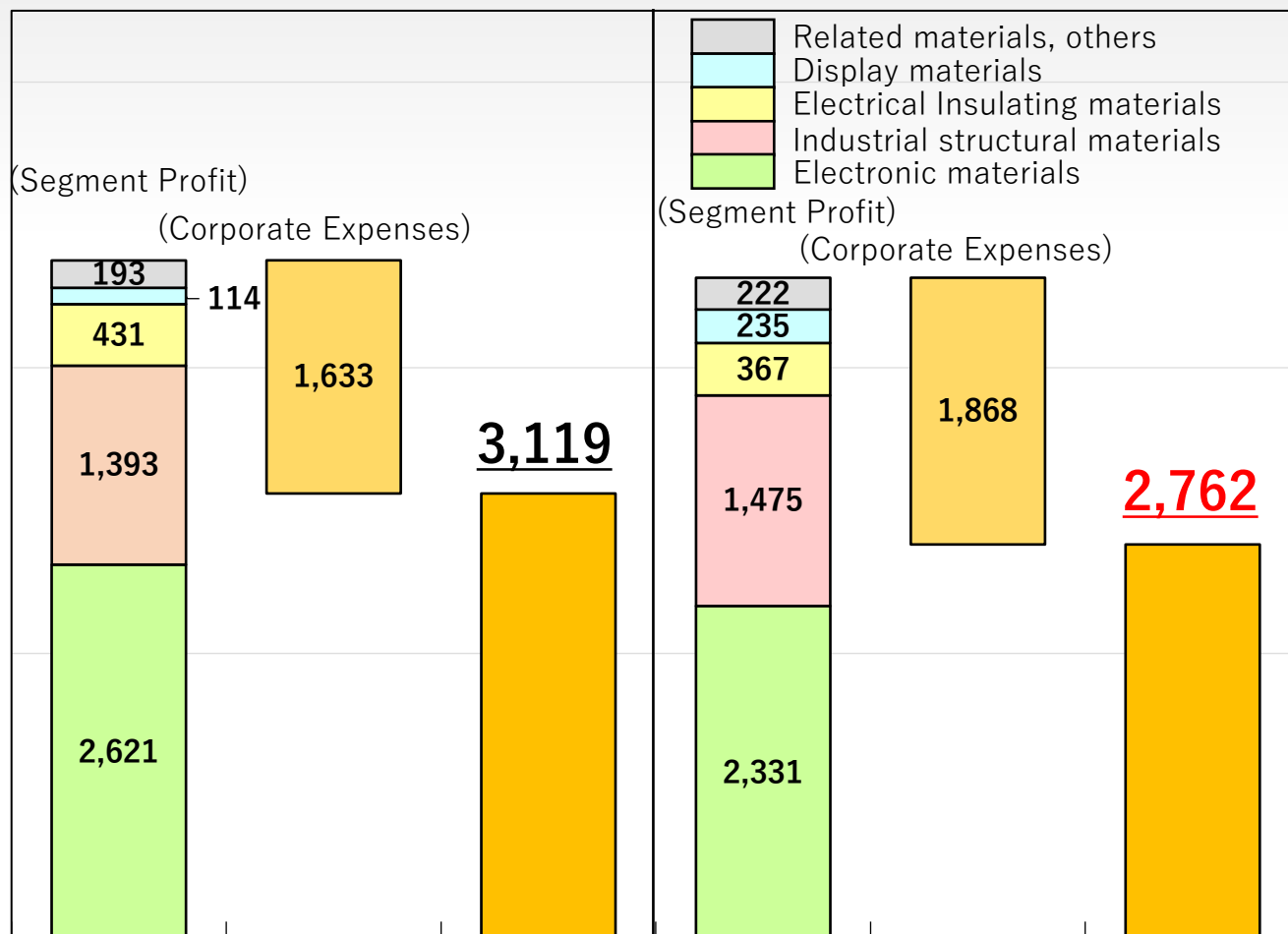
# FY2019 Segment Comparison (vs. FY2018)

**Sales** (Million yen)



**FY2018** **FY2019**

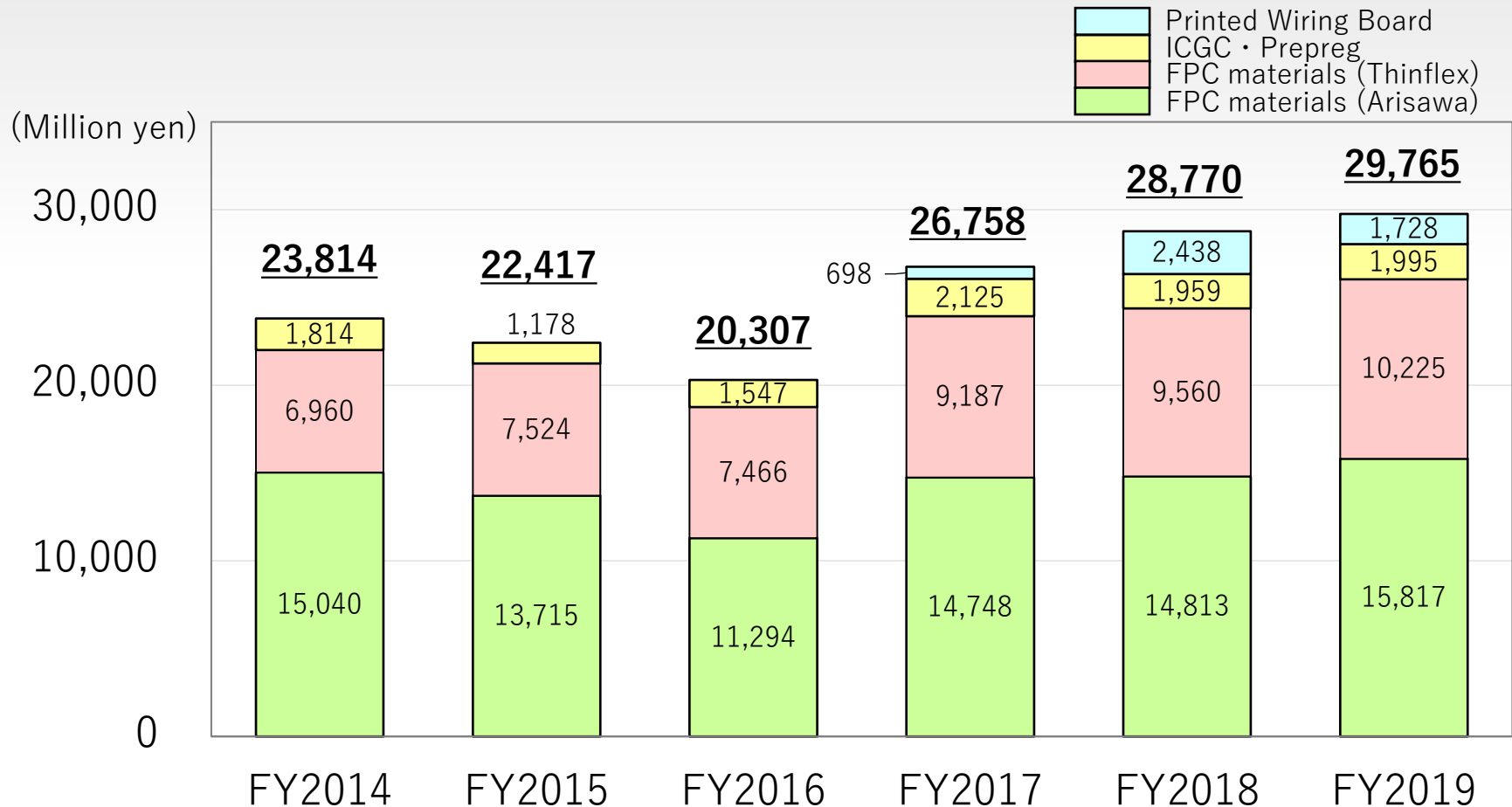
**Operating Profit** (Million yen)



**FY2018**

**FY2019**

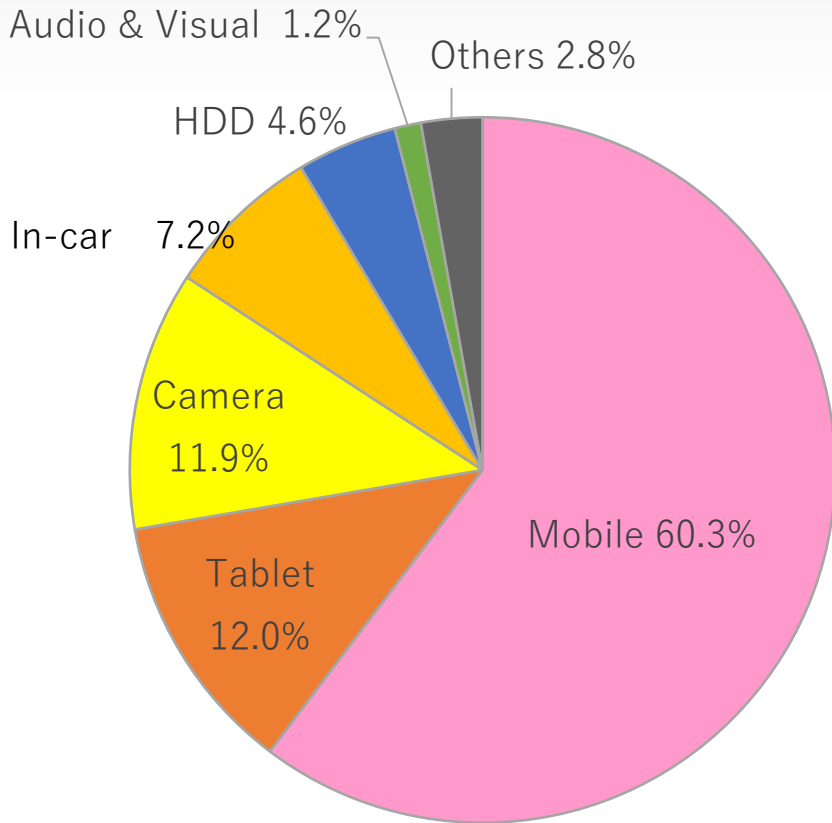
## Electronic Materials Sales History



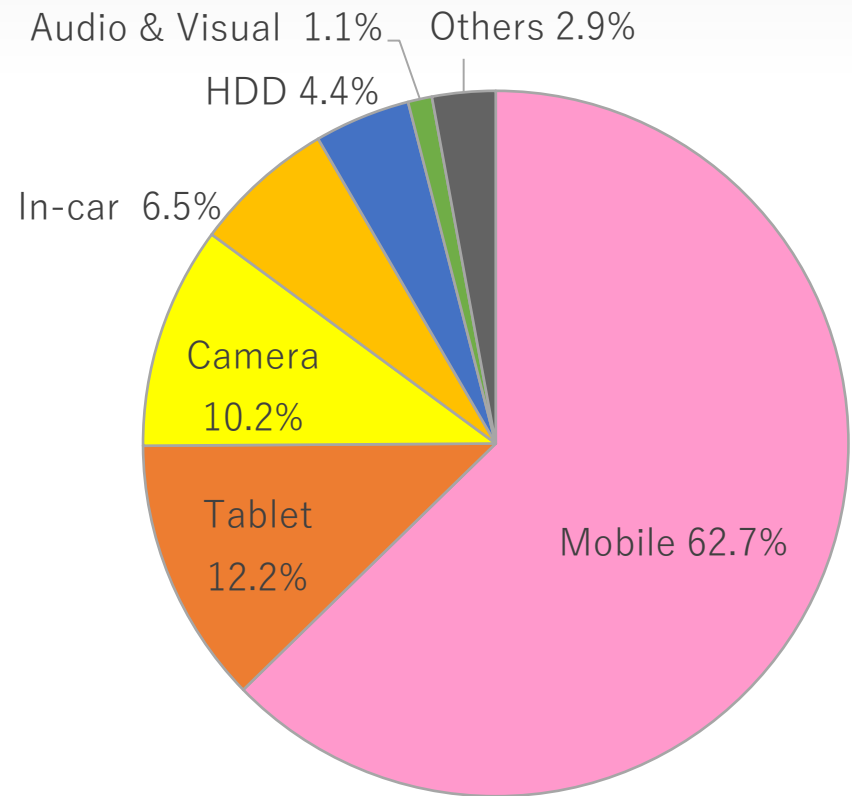
- New product development with a focus on mobile, automotive, and semiconductor fields.
- Enhancement of competitiveness and increase in the share in cooperation with consolidated subsidiaries.

# Our FPC's Major Applications

FY2018



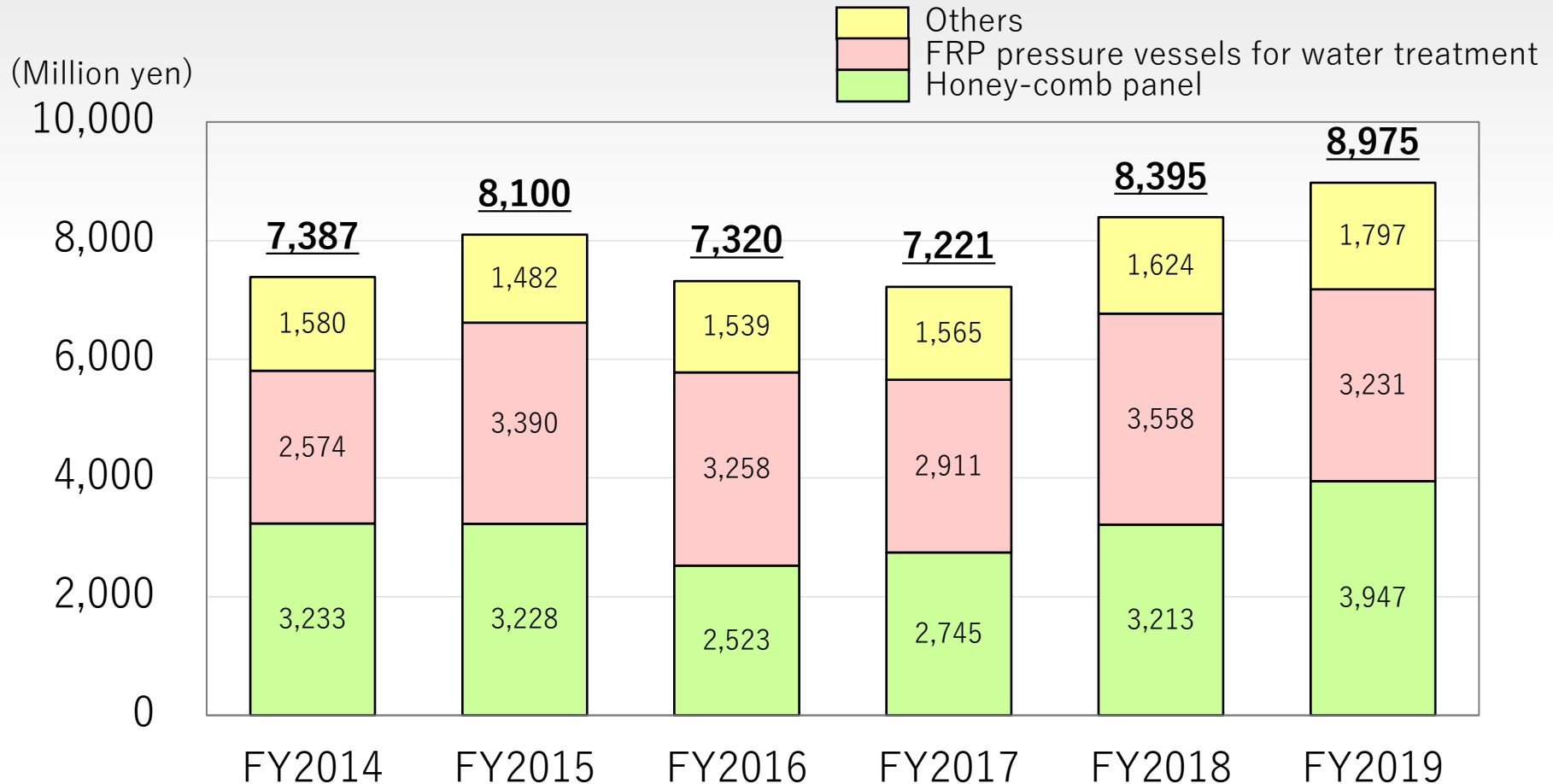
FY2019



in volume terms

Source: Arisawa estimates

## Industrial Structural Materials Sales History



- Increasing market share by developing new products, especially in the transportation infrastructure and water treatment fields.



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# FY2020 Consolidated Performance Forecast

FCT = Forecast

(Million yen)	FY2018 result	FY2019 result	vs. Prev. year	FY2020 FCT(Apr. 30)	
<b>Sales</b>	<b>44,728</b>	<b>45,970</b>	<b>2.8%</b>	<b>46,100</b>	<b>~ 42,300</b>
<b>Operating Profit</b>	<b>3,119</b>	<b>2,762</b>	<b>-11.5%</b>	<b>2,100</b>	<b>~ 1,450</b>
Operating Margin	<b>7.0%</b>	<b>6.0%</b>	<b>-1.0%</b>	<b>4.6%</b>	<b>~ 3.4%</b>
<b>Ordinary Profit</b>	<b>4,297</b>	<b>2,783</b>	<b>-35.2%</b>	<b>2,300</b>	<b>~ 1,650</b>
<b>Net Profit</b>	<b>2,861</b>	<b>212</b>	<b>-92.6%</b>	<b>1,350</b>	<b>~ 900</b>
Earnings per share (Yen)	<b>79.15</b>	<b>6.14</b>	<b>-92.2%</b>	<b>40.61</b>	<b>~ 27.07</b>
Dividend (Yen)	<b>30.00</b>	<b>30.00</b>	<b>0.0%</b>	Undecided	--
Exchange rate (Yen / \$) average for the period at end of period	<b>110.44</b> <b>110.99</b>	<b>109.03</b> <b>108.83</b>		<b>105.00*</b> <b>105.00*</b>	

\* Expected Exchange rate as of Apr. 30

## ■ Highlights of FY2020 Consolidated Performance Forecast

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- For the outlook of the FY2020, a great deal of uncertainty remains as the novel coronavirus infection continues to spread and the timing of convergence and the impact from the spread of the infection are unpredictable.

- As of the disclosure of this information, the impact from the novel coronavirus on the business environment of the Company is still limited, therefore the consolidated business result for the cumulative second quarter of the FY2020 are foreseeable to a certain extent.

However, the full-year forecast, taking into consideration the future impact from the spread of the novel corona virus infection, we disclose the forecast adopting a range format.

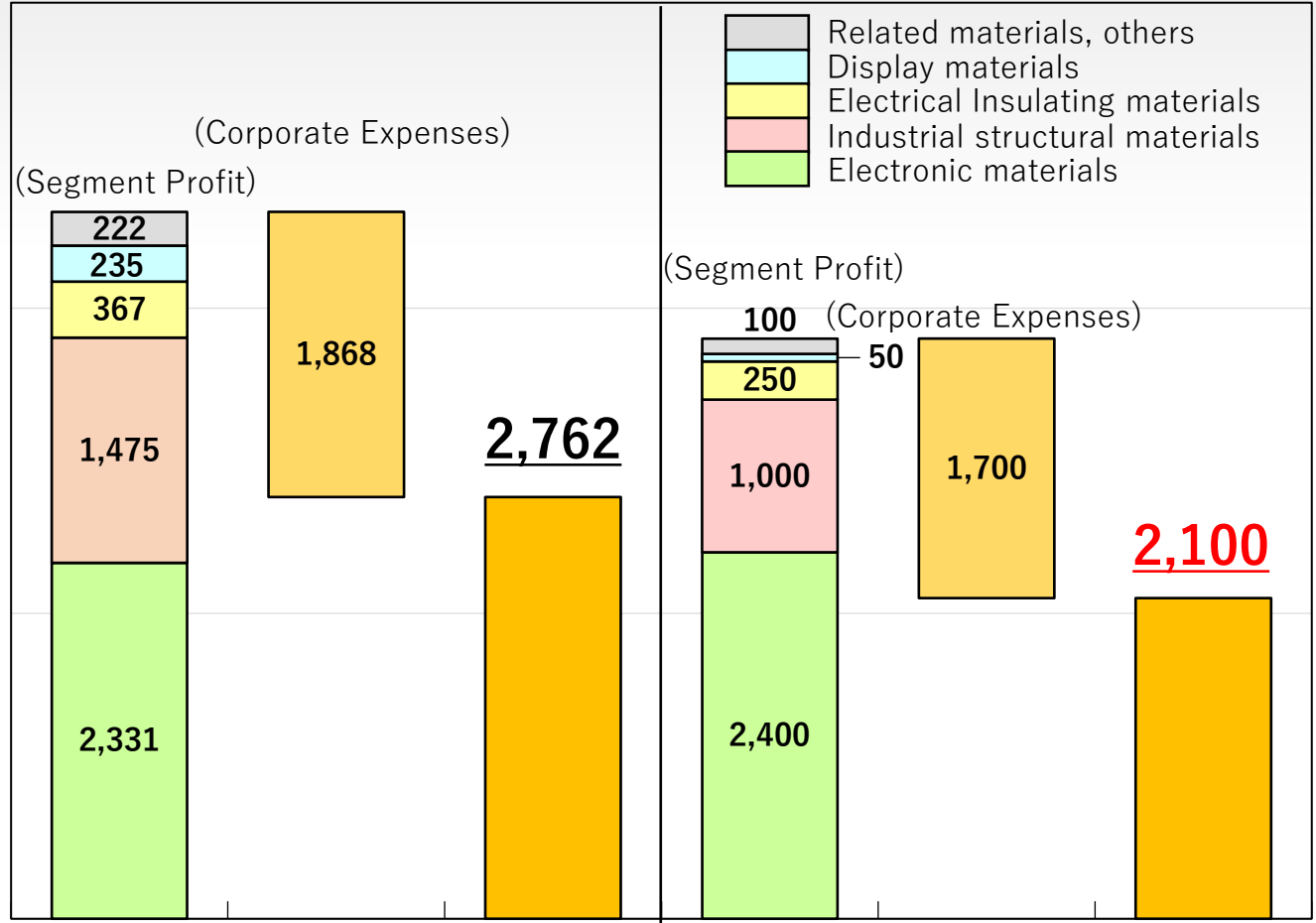
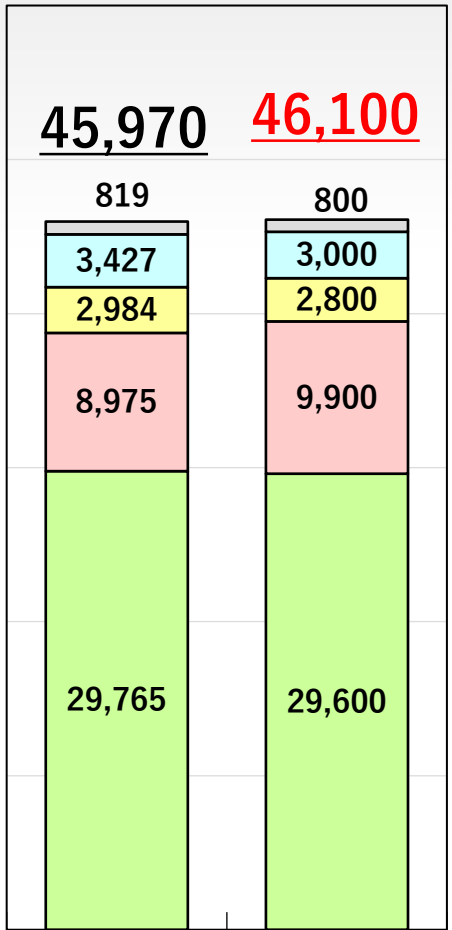
- We expect business results, setting the upper limit of the range in a case where the impact from the novel coronavirus converges at an early stage and setting the lower limit of the range in a case where the impact from the novel coronavirus is prolonged.

- We will announce the forecast figures of business results as soon as the forecast of business results becomes available.

# FY2020 Segment Comparison (vs. FY2019) (Upper limit)

**Sales** (Million yen)

**Operating Profit** (Million yen)

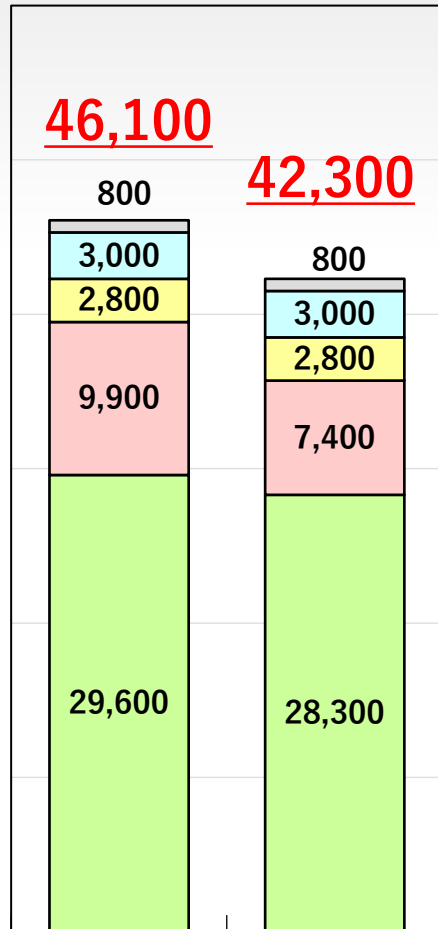


**FY2019** **FY2020**  
(Upper limit)

**FY2019** **FY2020**  
(Upper limit)

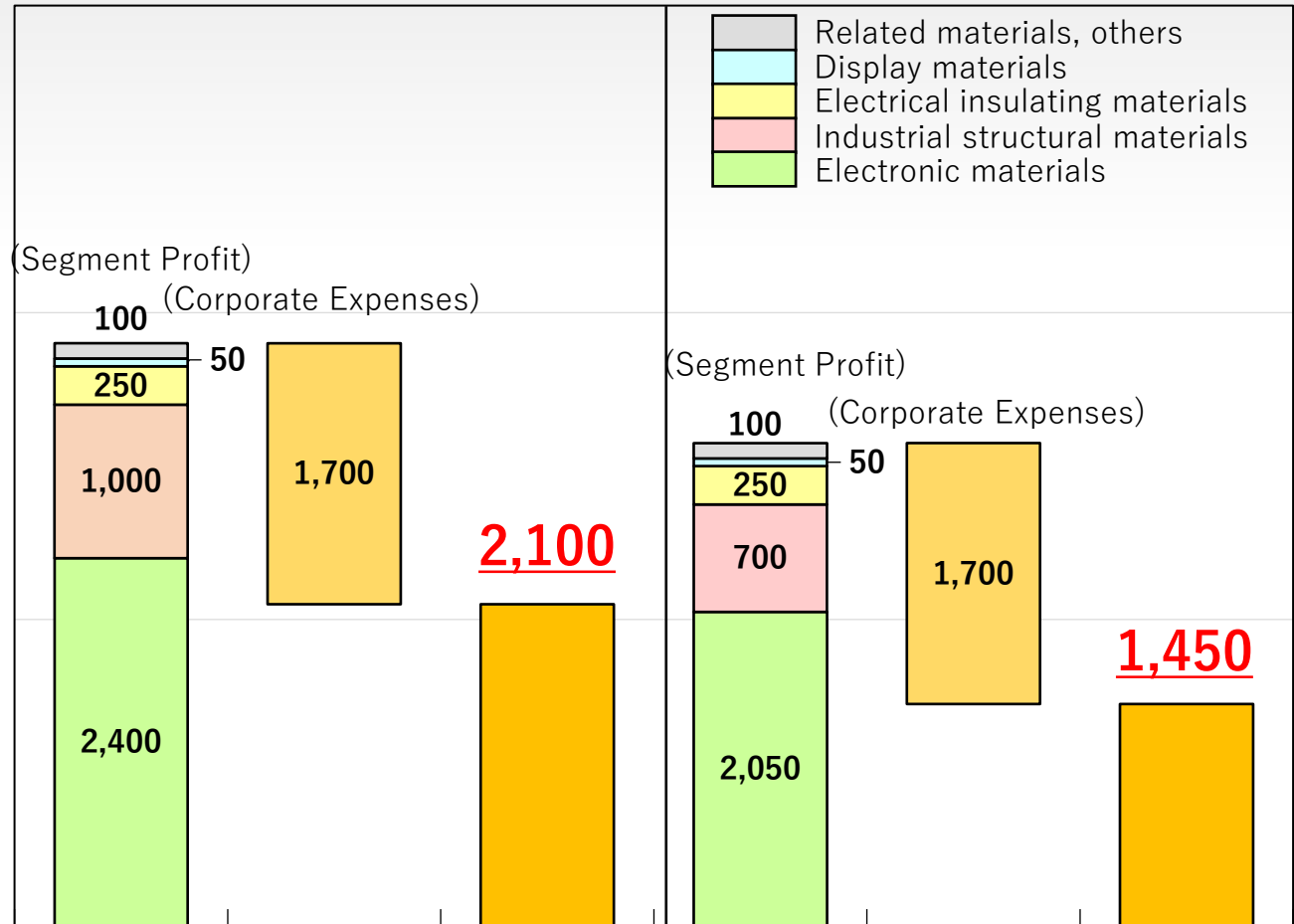
# FY2020 Segment Comparison (Upper vs lower limits)

**Sales** (Million yen)



**FY2020** (Upper limit) **FY2020** (Lower limit)

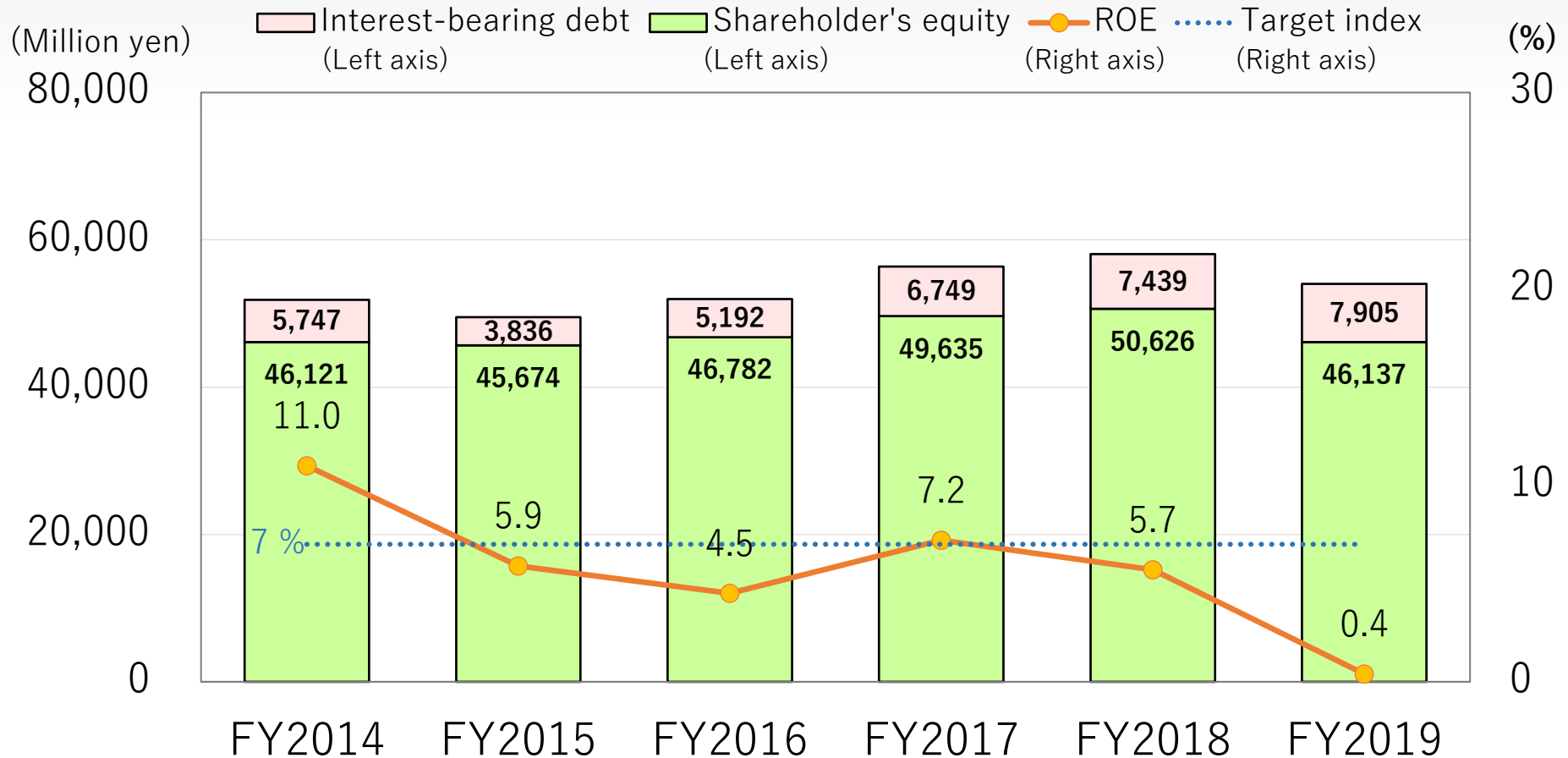
**Operating Profit** (Million yen)



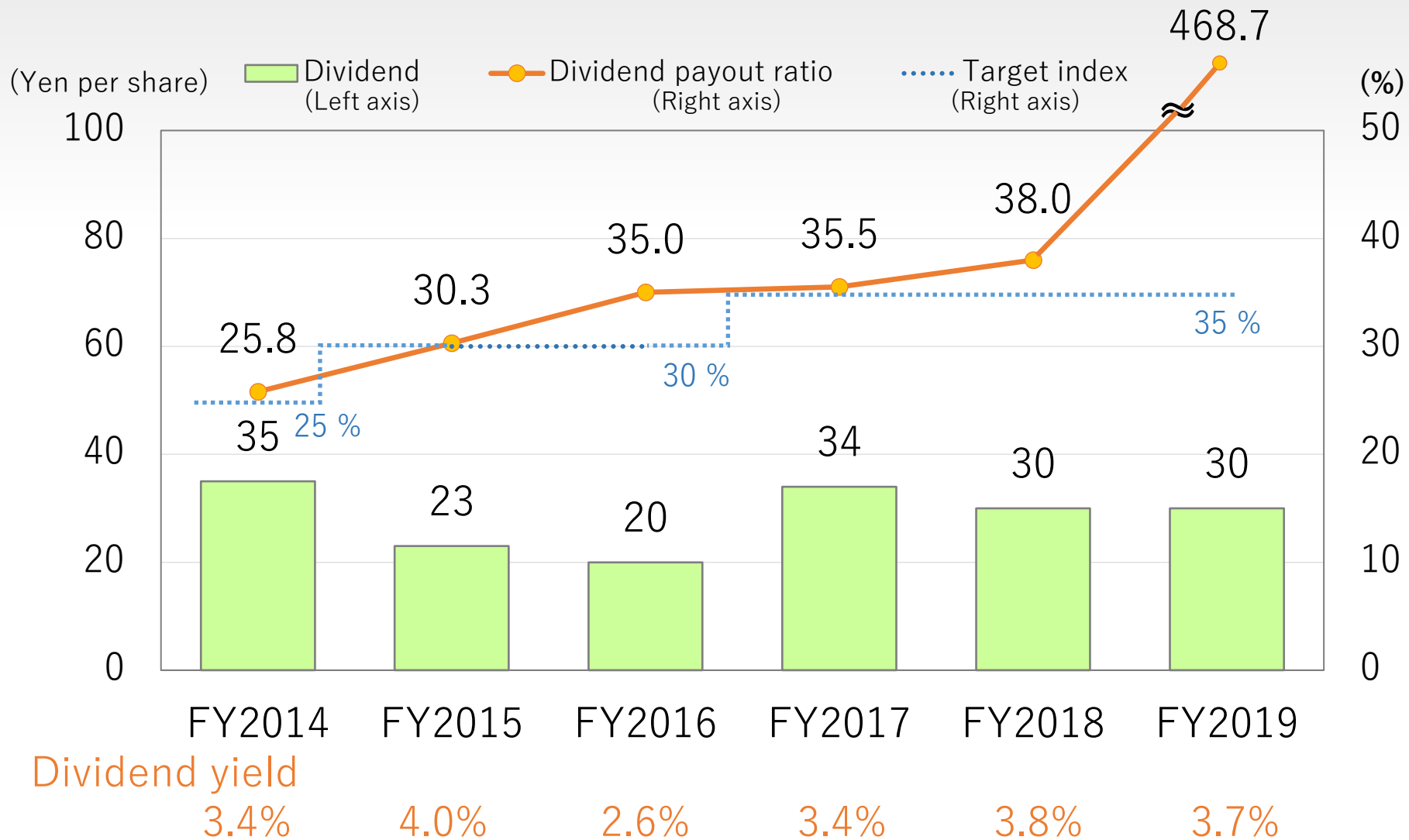
**FY2020** (Upper limit) **FY2020** (Lower limit)

# ROE History

ROE= Net Profit / Shareholder's Equity



# Dividend and Dividend Payout Ratio History



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## FY2019 Consolidated Performance (vs. FCT as of Feb. 6)

FCT = Forecast

(Million yen)	FY2018 result	FY2019 FCT(Feb. 6)	FY2019 result	vs. Prev. year	vs. FCT
<b>Sales</b>	<b>44,728</b>	<b>45,700</b>	<b>45,970</b>	<b>2.8%</b>	<b>0.6%</b>
<b>Operating Profit</b>	<b>3,119</b>	<b>2,750</b>	<b>2,762</b>	<b>-11.5%</b>	<b>0.4%</b>
Operating Margin	<b>7.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>-1.0%</b>	<b>0.0%</b>
<b>Ordinary Profit</b>	<b>4,297</b>	<b>2,800</b>	<b>2,783</b>	<b>-35.2%</b>	<b>-0.6%</b>
<b>Net Profit</b>	<b>2,861</b>	<b>450</b>	<b>212</b>	<b>-92.6%</b>	<b>-52.9%</b>
Earnings per share (Yen)	<b>79.15</b>	<b>13.54</b>	<b>6.14</b>	<b>-92.2%</b>	<b>-54.6%</b>
Dividend (Yen)	<b>30</b>	<b>30</b>	<b>30</b>	<b>0.0%</b>	<b>0.0%</b>
Exchange rate (Yen / \$) average for the period	<b>110.44</b>	<b>109.03*</b>	<b>109.03</b>		
at end of period	<b>110.99</b>	<b>108.00*</b>	<b>108.83</b>		

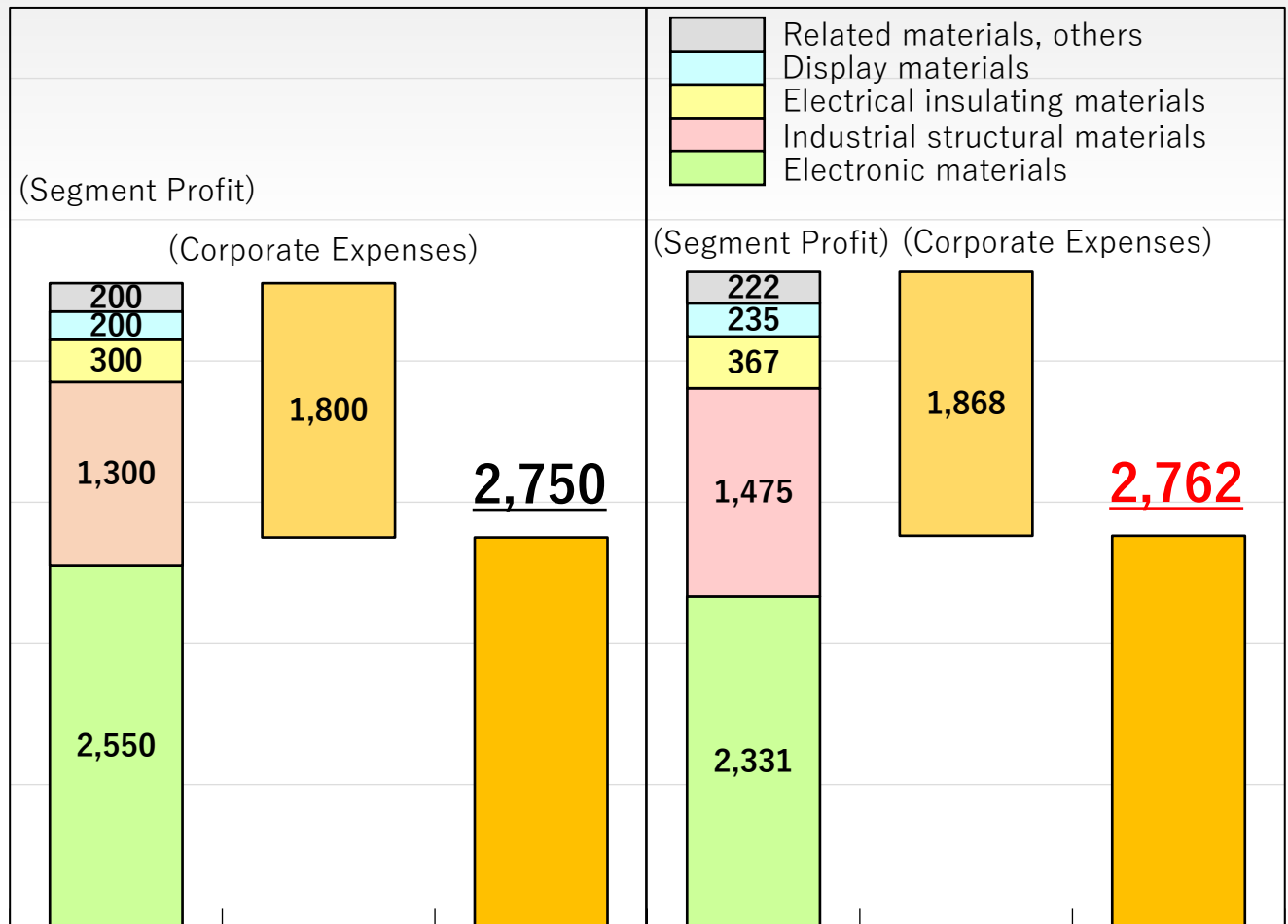
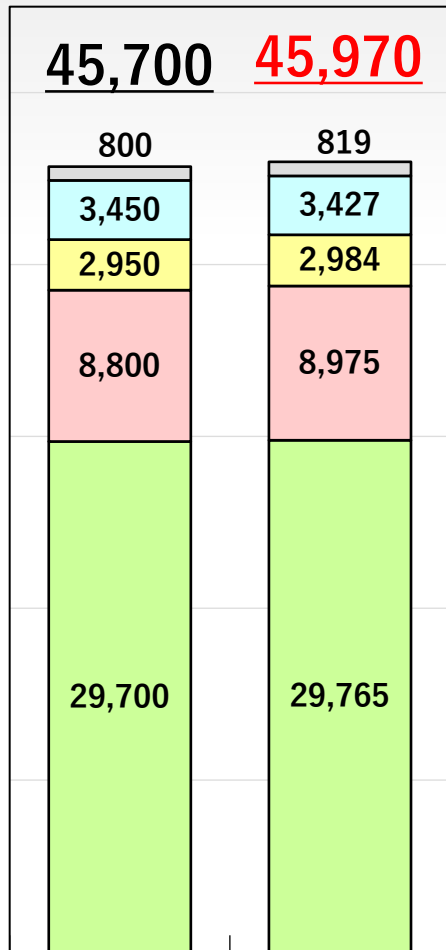
\* Expected Exchange rate as of Feb. 6

# FY2019 Segment Comparison (vs. FCT as of Feb. 6)

FCT = Forecast

Sales (Million yen)

Operating Profit (Million yen)

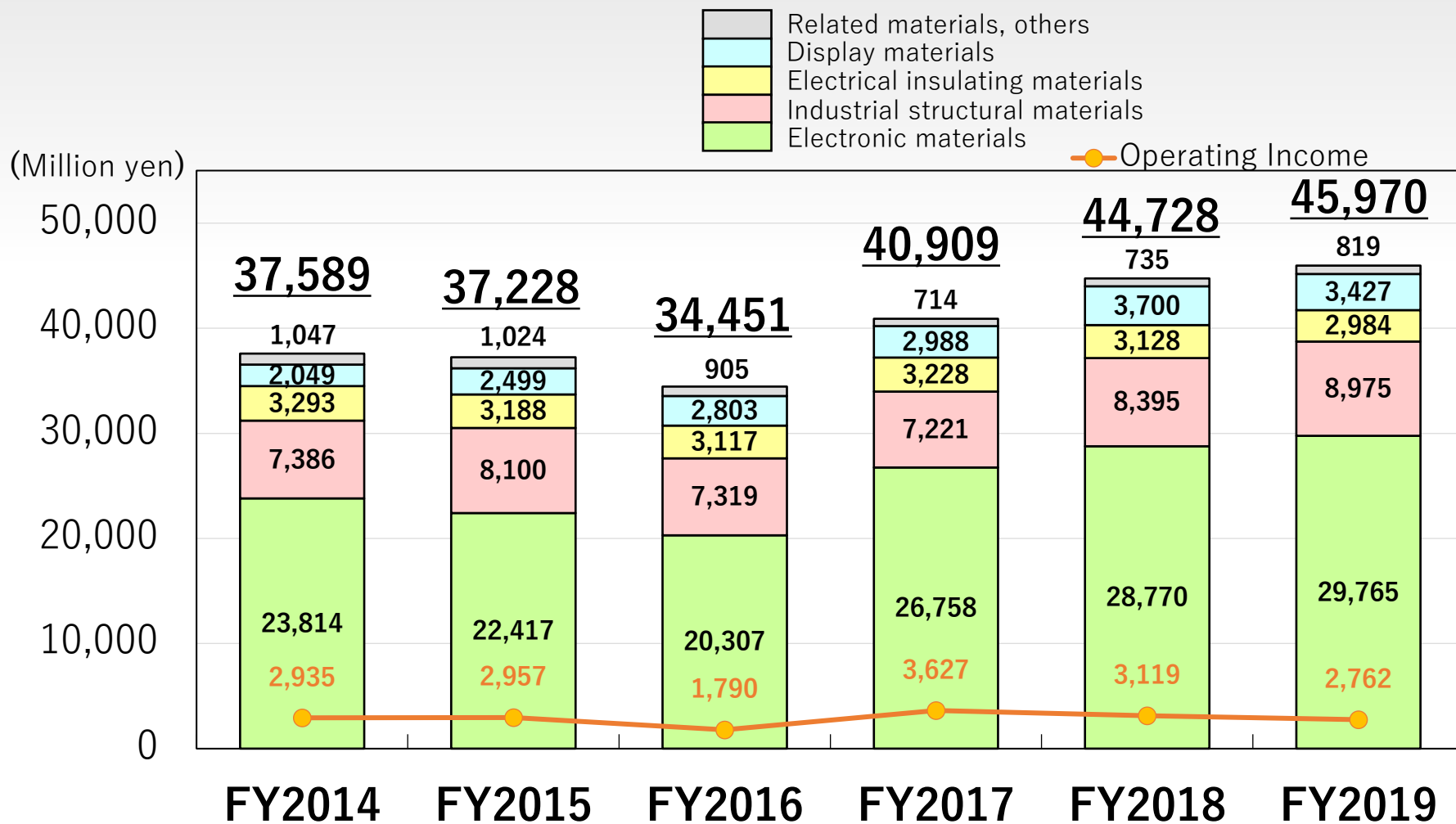
FCT  
(Feb. 6)

Result

FCT  
(Feb. 6)

Result

# Segment Comparison History (Sales & Operating Profit)

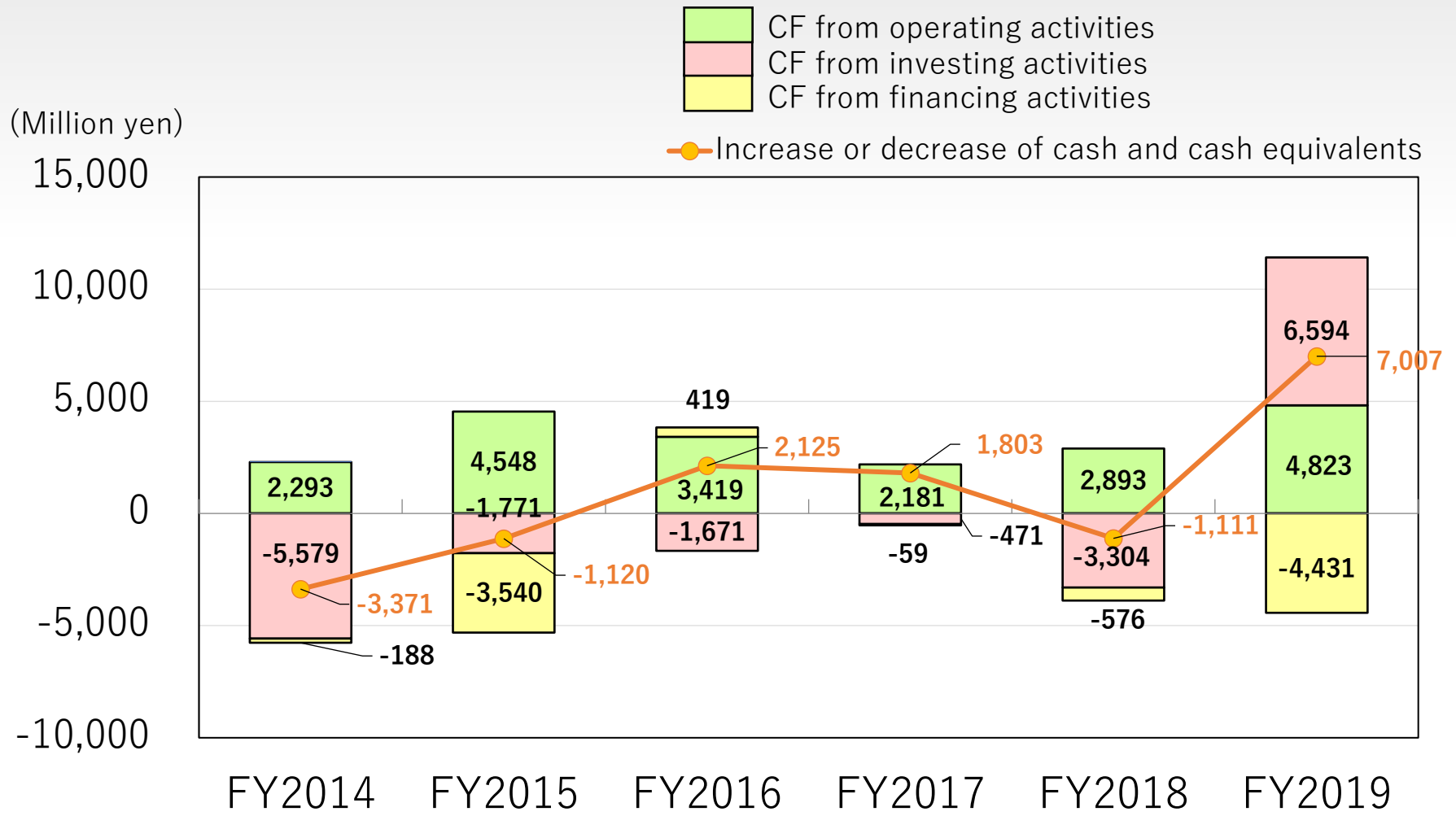


• Electronic materials and Industrial structural materials are the driving force for the growth.

## FY2020 Comparison by Consolidated Companies

	Sales			Operating Profit			Net Profit		
	FY2018 result	FY2019 result	+/-	FY2018 result	FY2019 result	+/-	FY2018 result	FY2019 result	+/-
Parent									
Arisawa Mfg.	29,269	31,635	2,366	1,533	1,627	94	1,947	6,792	4,845
Consolidated									
Thinflex	9,604	10,270	666	793	752	(41)	315	259	(56)
Satosan	2,441	1,728	(713)	(122)	(381)	(259)	(73)	(777)	(704)
Arisawa Fiber Glass	2,258	2,272	14	210	190	(20)	138	126	(12)
Protec	3,383	3,105	(278)	483	397	(86)	365	322	(43)
Arisawa Sogyo	1,799	1,950	151	213	290	77	162	213	51
Arisawa Jushi Kogyo	338	289	(49)	3	9	6	5	10	5
ColorLink Japan	1,980	1534	(446)	(41)	(142)	(101)	(68)	(223)	(155)
(Adjustment)	(6,344)	(6,813)	(469)	47	20	(27)	(488)	(6,458)	(5,970)
Equity in earnings of affiliates							558	(52)	(610)
<b>Total</b>	<b>44,728</b>	<b>45,970</b>	1,242	<b>3,119</b>	<b>2,762</b>	(357)	<b>2,861</b>	<b>212</b>	(2,649)

# Cash Flow History (Summary)

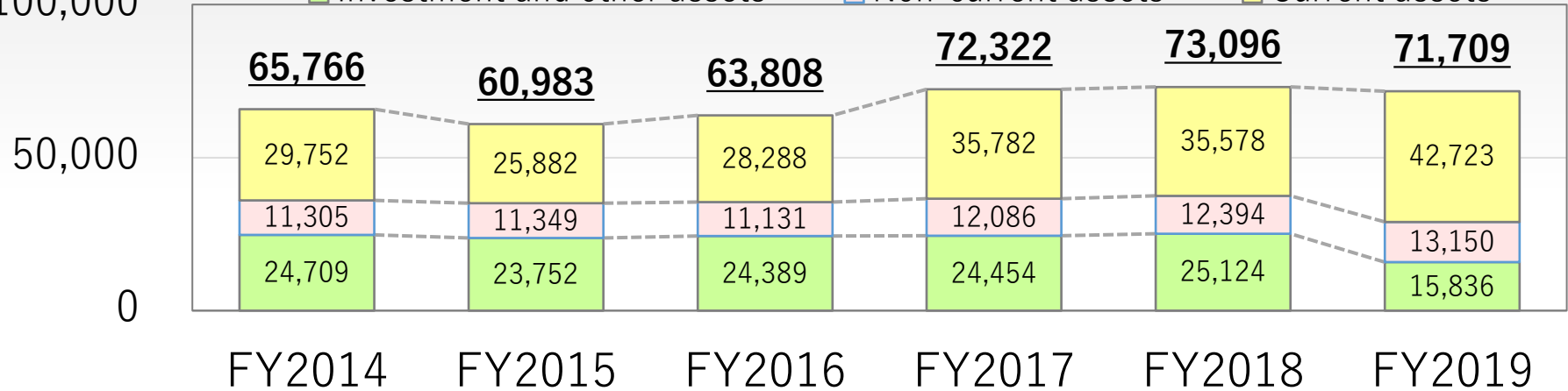


# Consolidated Balance Sheets History (Summary)

## Assets

(Million yen)  
100,000

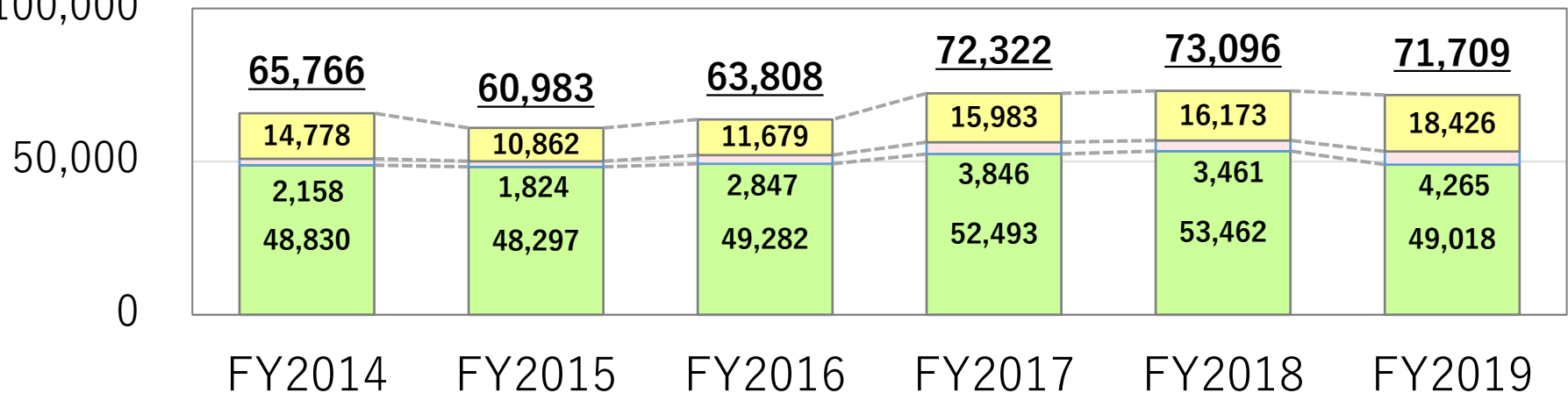
Investment and other assets    Non-current assets    Current assets



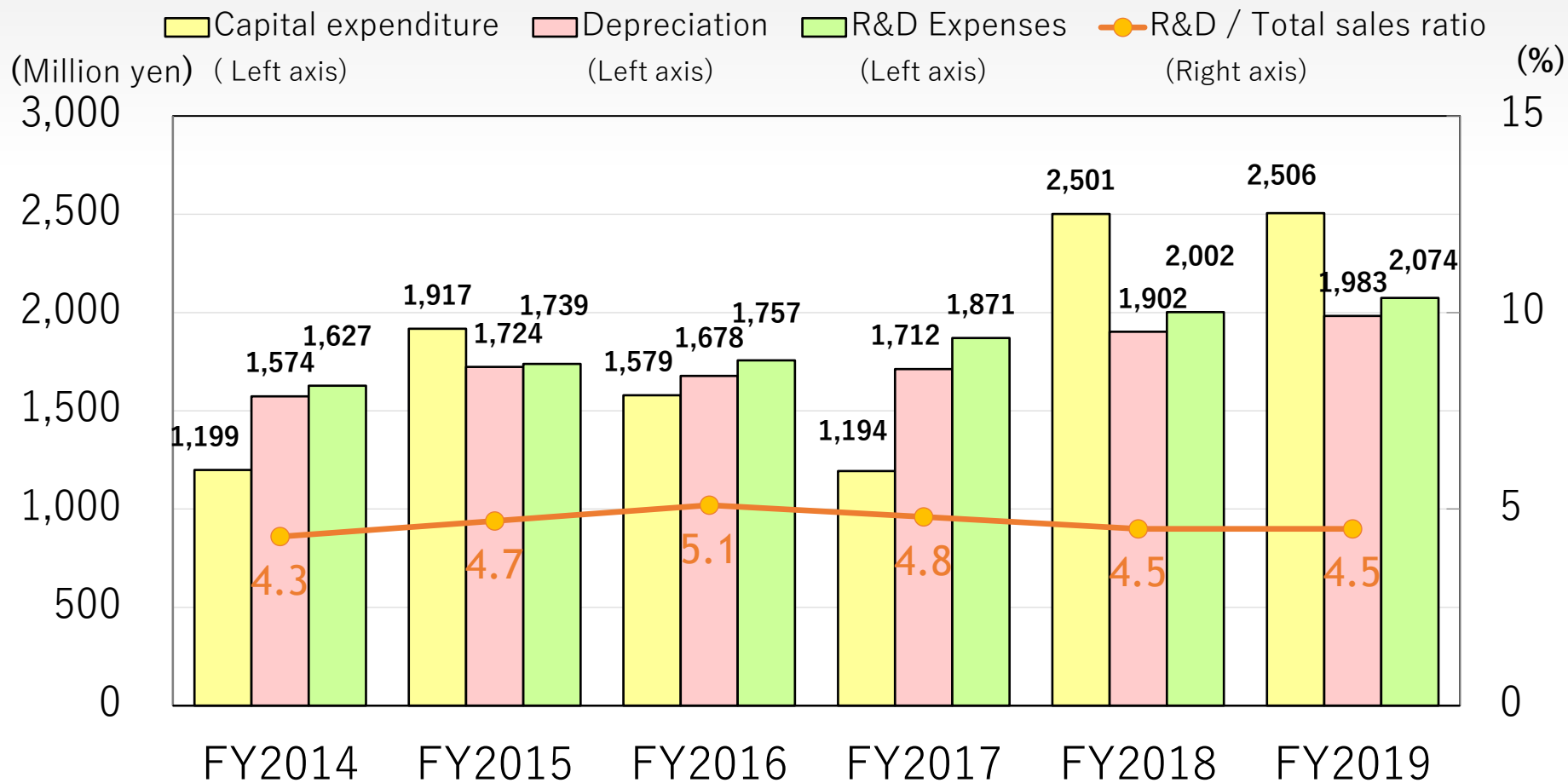
## Liabilities and net assets

(Million yen)  
100,000

Net assets    Non-current liabilities    Current liabilities



# Capital Expenditure, Depreciation and R&D Expenses History



# Financial Strategy and Capital Policy

Reduce the accumulation of retained earnings and promote converting non-business assets to business assets

Cash Flow

Debt Securities

Allocating priority to investments to strengthen profitability of existing businesses, while strengthening shareholder returns



1) Capital investment	2) Shareholder return	3) Strategic investment
<p>Exploration of existing businesses</p> <ul style="list-style-type: none"> <li>■ Maintain and expand the revenue base</li> <li>■ Develop new applications</li> </ul>	<p>Stable and attractive returns</p> <ul style="list-style-type: none"> <li>■ Two-tire dividend: Fixed dividend (20yen) + performance-based dividend</li> <li>■ Treasury stock: Flexible</li> </ul> <p><b>Total return ratio:</b> <b>Over 60%</b></p>	<p>M&amp;A and new business</p> <ul style="list-style-type: none"> <li>■ Maximizes the synergy effect with existing businesses</li> </ul>



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