

FY2017 1st Half Financial Result Investor Relations Meeting

December 4th, 2017
Ichikoh Industries, Ltd.

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(From April 2017 to December 2017)
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FY2017 1st Half Financial Result

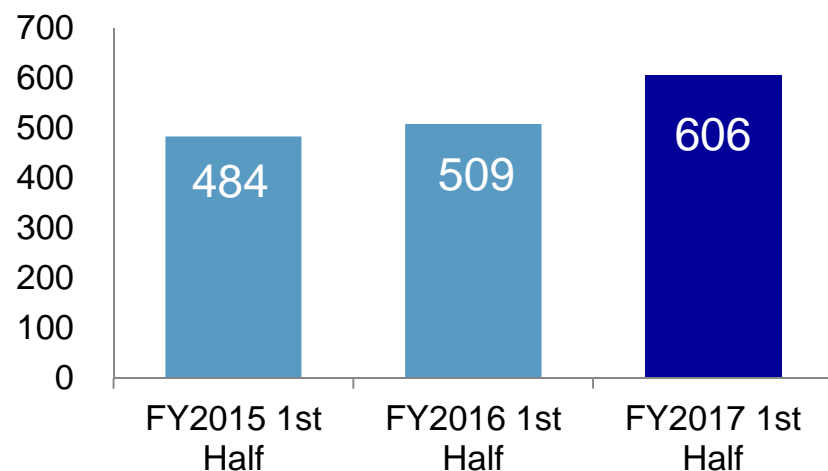
FY2017 1st HALF FINANCE RESULT (VS. LAST YEAR)

Hundreds million yen

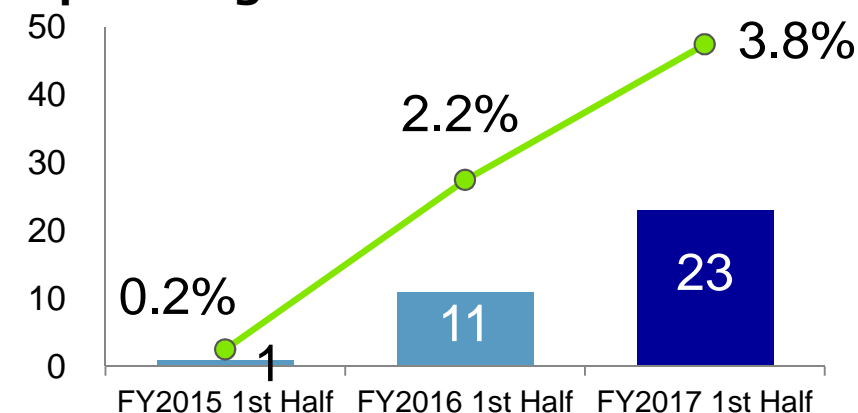
- ◆ Large increase of sales. Operating income doubled
- ◆ Largest interim-term profit ever for all operating, ordinary and net income

| | FY2016 1st Half | FY2017 1st Half | Increase /Decrease | Increase /Decrease % |
|---|-----------------|-----------------|--------------------|----------------------|
| Sales | 509 | 606 | 97 | 19.1% |
| Operating Income | 11 | 23 | 12 | 108.6% |
| Operating Income (%) | 2.2% | 3.8% | - | - |
| Ordinary Income | 11 | 28 | 17 | 162.8% |
| Net Income belonging to Parent company's shareholders | 13 | 22 | 10 | 75.4% |

Sales Trends



Operating Income Trends

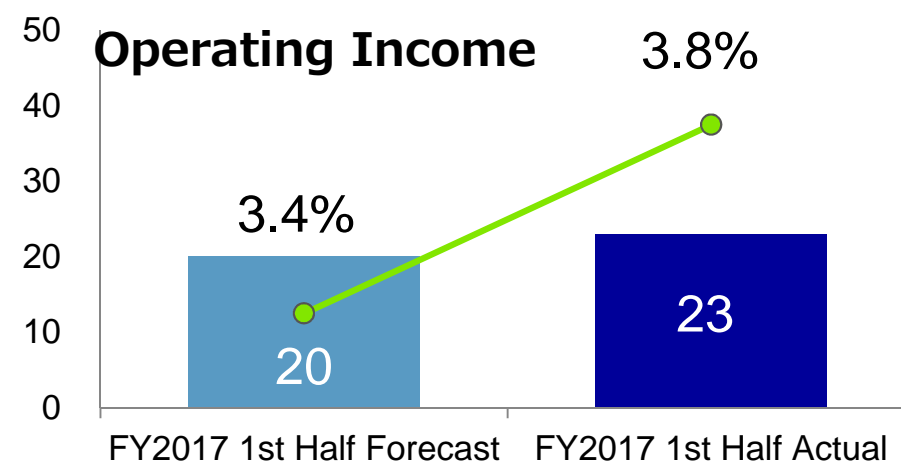
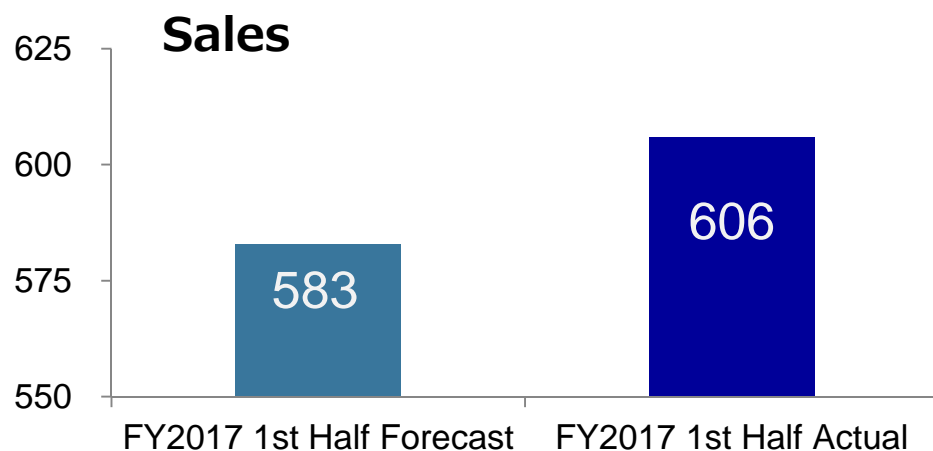


FY2017 1st HALF FINANCE RESULT (VS. FORECAST)

Hundreds million yen

- ◆ Exceeded forecast for both sales and operating income
- ◆ Operating margin also better than forecast

| | FY2017 1st Half Forecast | FY2017 1st Half Actual | Increase /Decrease | Increase /Decrease % |
|---|--------------------------|------------------------|--------------------|----------------------|
| Sales | 583 | 606 | 23 | 3.9% |
| Operating Income | 20 | 23 | 3 | 15.8% |
| Operating Margin (%) | 3.4% | 3.8% | - | 0.4% |
| Ordinary Income | 23 | 28 | 5 | 20.6% |
| Net Income belonging to Parent company's shareholders | 19 | 22 | 3 | 16.4% |



FY2017 1st HALF RESULT BY EACH SITE

Hundreds million yen

- ◆ Japan sales and profit continues to account for almost 80% of all
- ◆ Overseas (ASEAN + China) continues to show profit

| | Japan (Ichikoh Industries) | Overseas | Others | Total |
|-------------------------------|----------------------------------|-------------|--------------|-------------|
| Sales | 470 | 94 | 42 | 606 |
| Operating Income | 20 | 5 | ▲2 | 23 |
| Operating Income % | 4.3% | 5.3% | ▲3.3% | 3.8% |

Japan : Ichikoh non-consolidated (Isehara • Fujioka • Mirror • HQ)

Overseas : Indonesia • Malaysia • Thailand • China

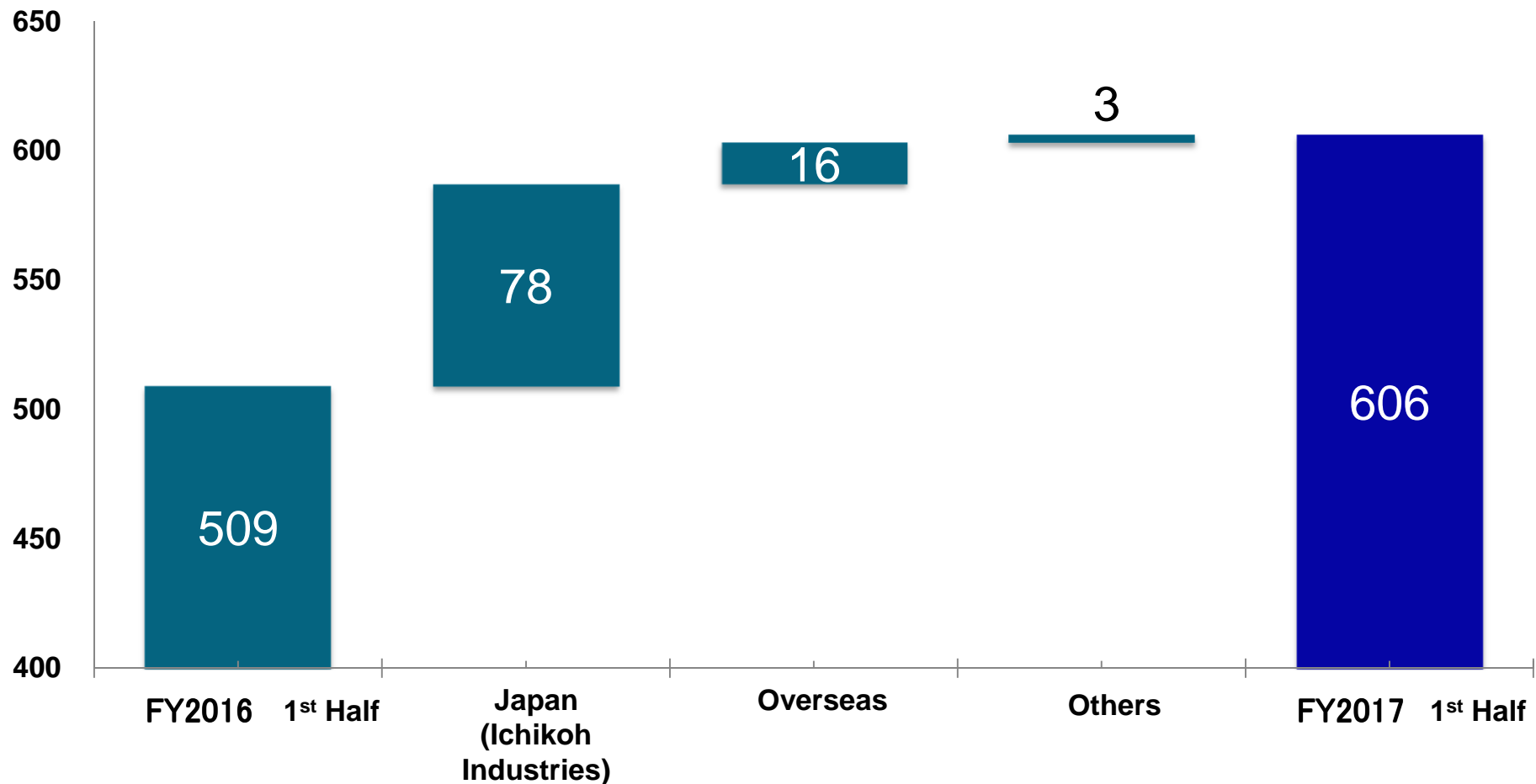
Others : Automotive aftermarket business • Bulb business

FY2017 1st HALF RESULT POINTS

【Sales】

Hundreds million yen

- ◆ Sales increase by 9.7 B yen (+19.1%) compared to LY
- ◆ Continuing increase of domestic sales. Overseas sales also increased

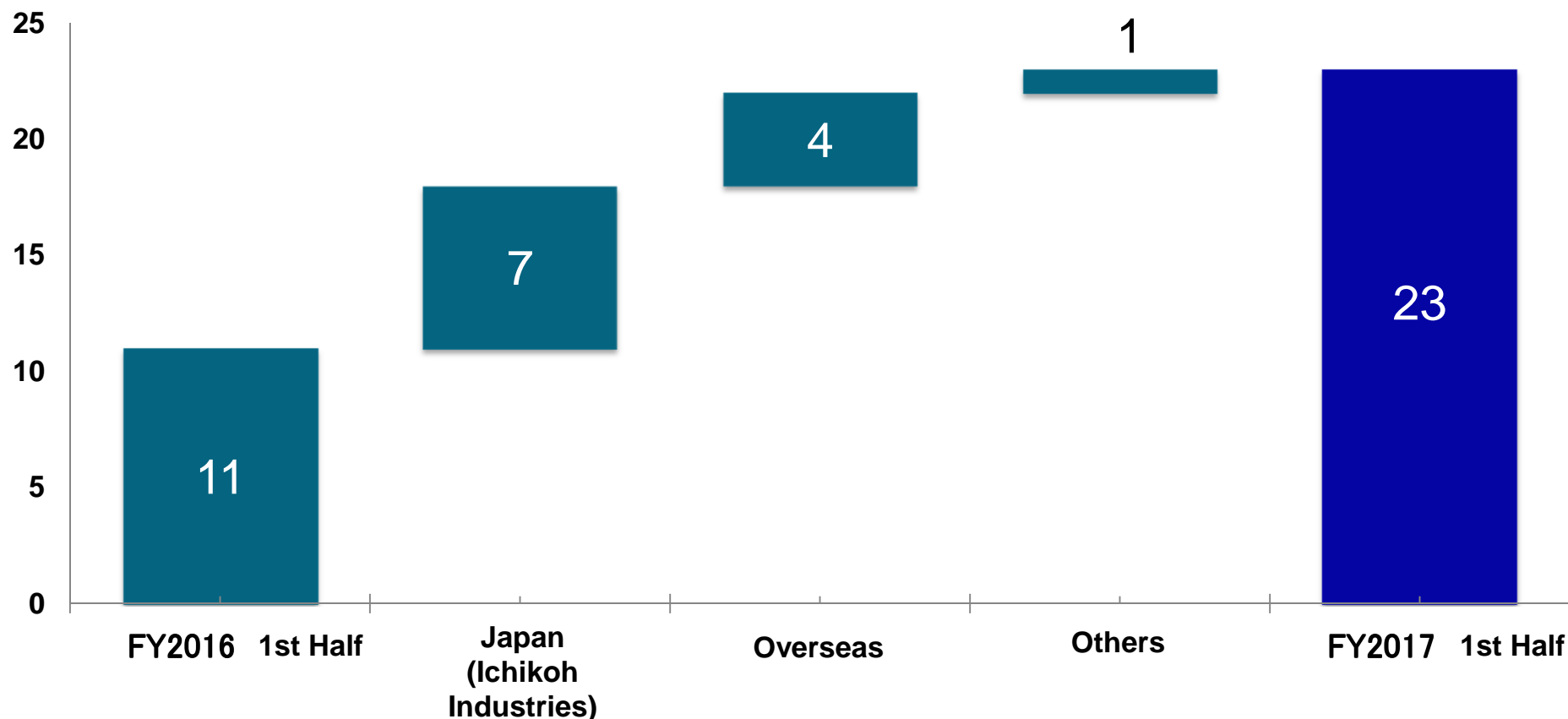


FY2017 1st HALF RESULT POINTS

【Operating Income】

Hundreds million yen

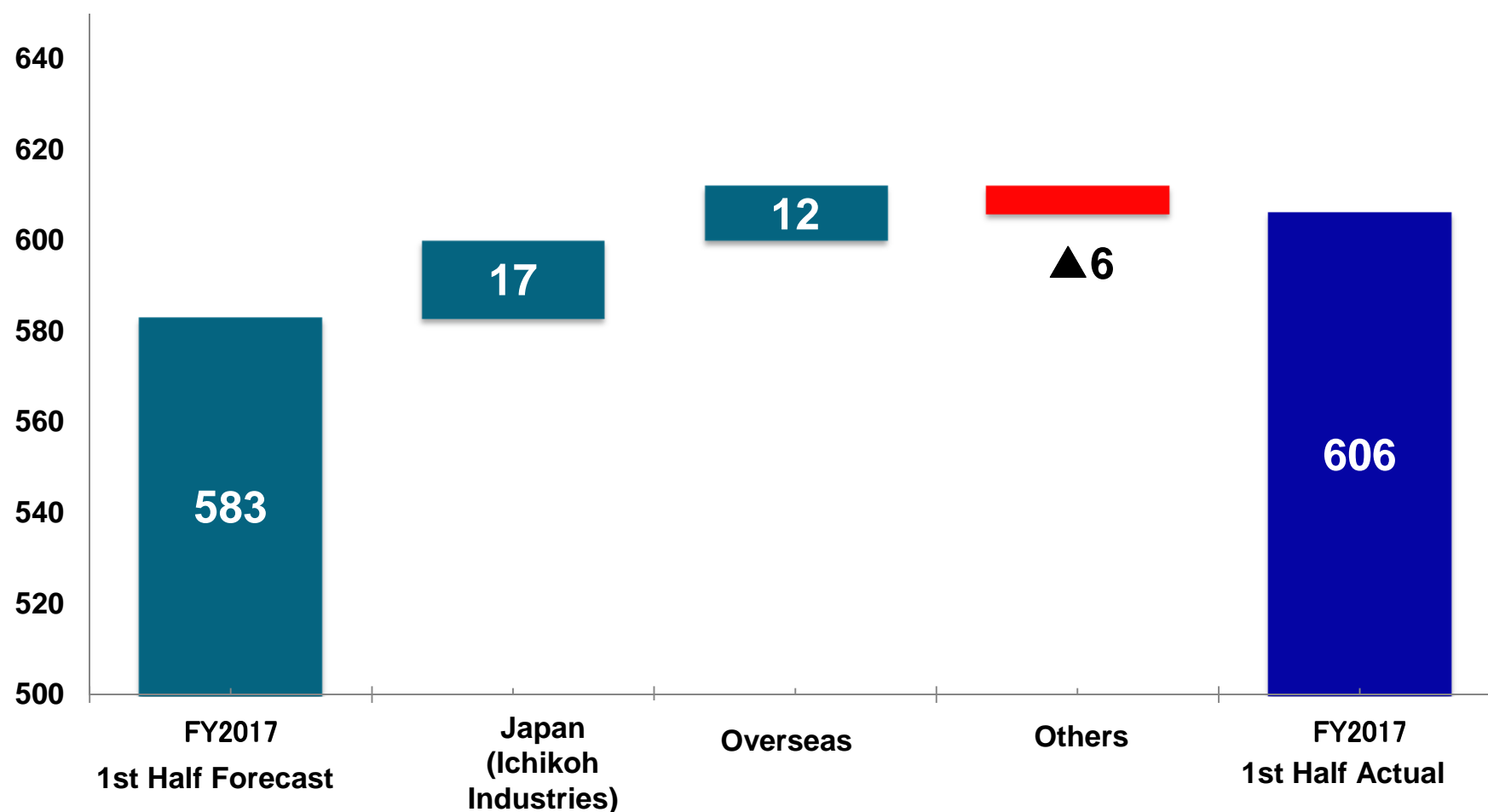
- ◆ Operating profit doubled compared to LY
- Mainly contributed by domestic sales increase and recovery of overseas (ASEAN) performance



FY2017 1st HALF FORECAST VS RESULT

Hundreds million yen

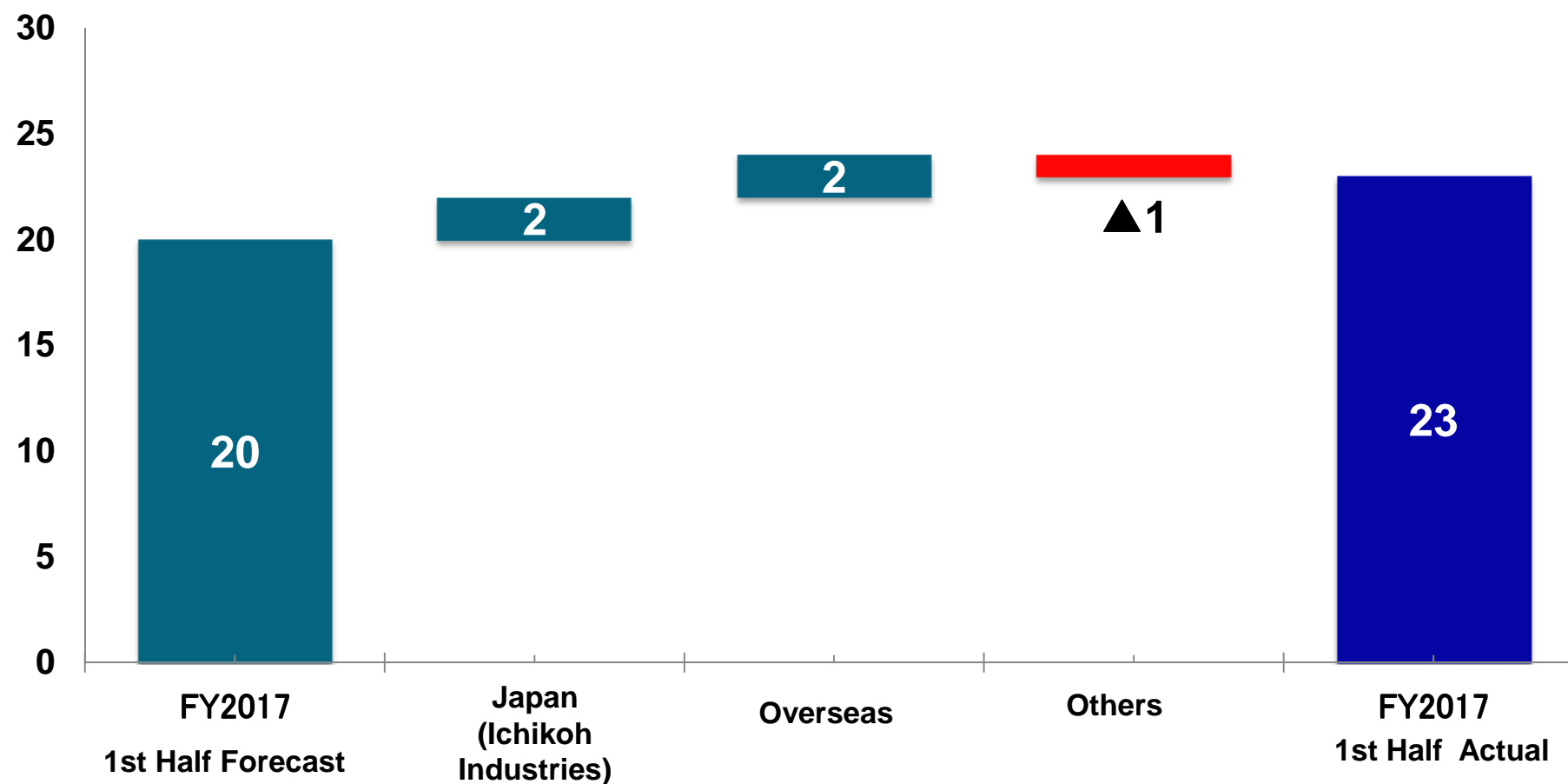
【Sales】 Exceeded forecast contributed by Japan and Overseas



FY2017 1st HALF FORECAST VS RESULT

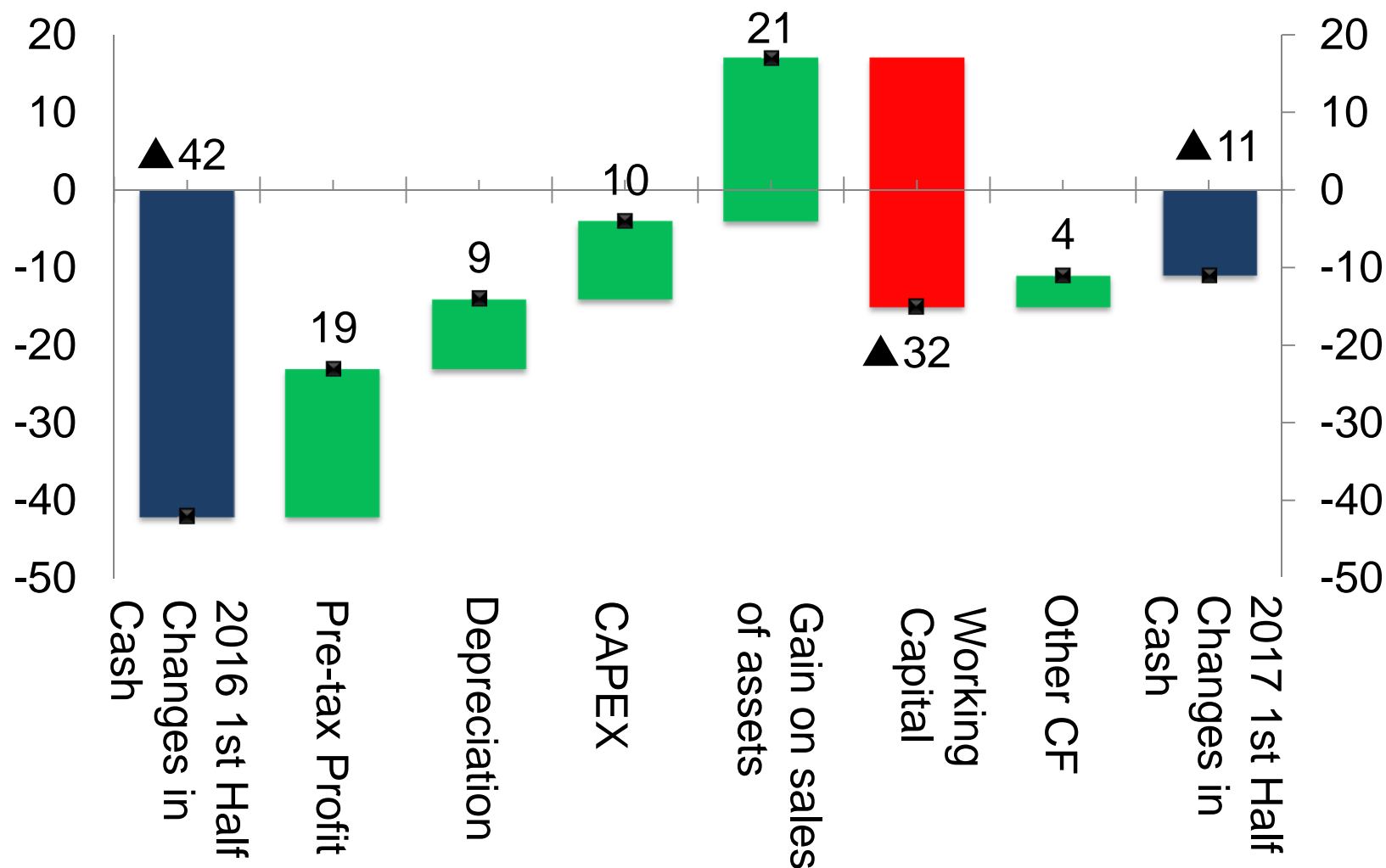
Hundreds million yen

【Operating Income】 Exceeded forecast by Japan and Overseas



Consolidated Statement of Cash Flow (Year-on-Year Comparison of “Changes in Cash”)

(hundreds million yen)

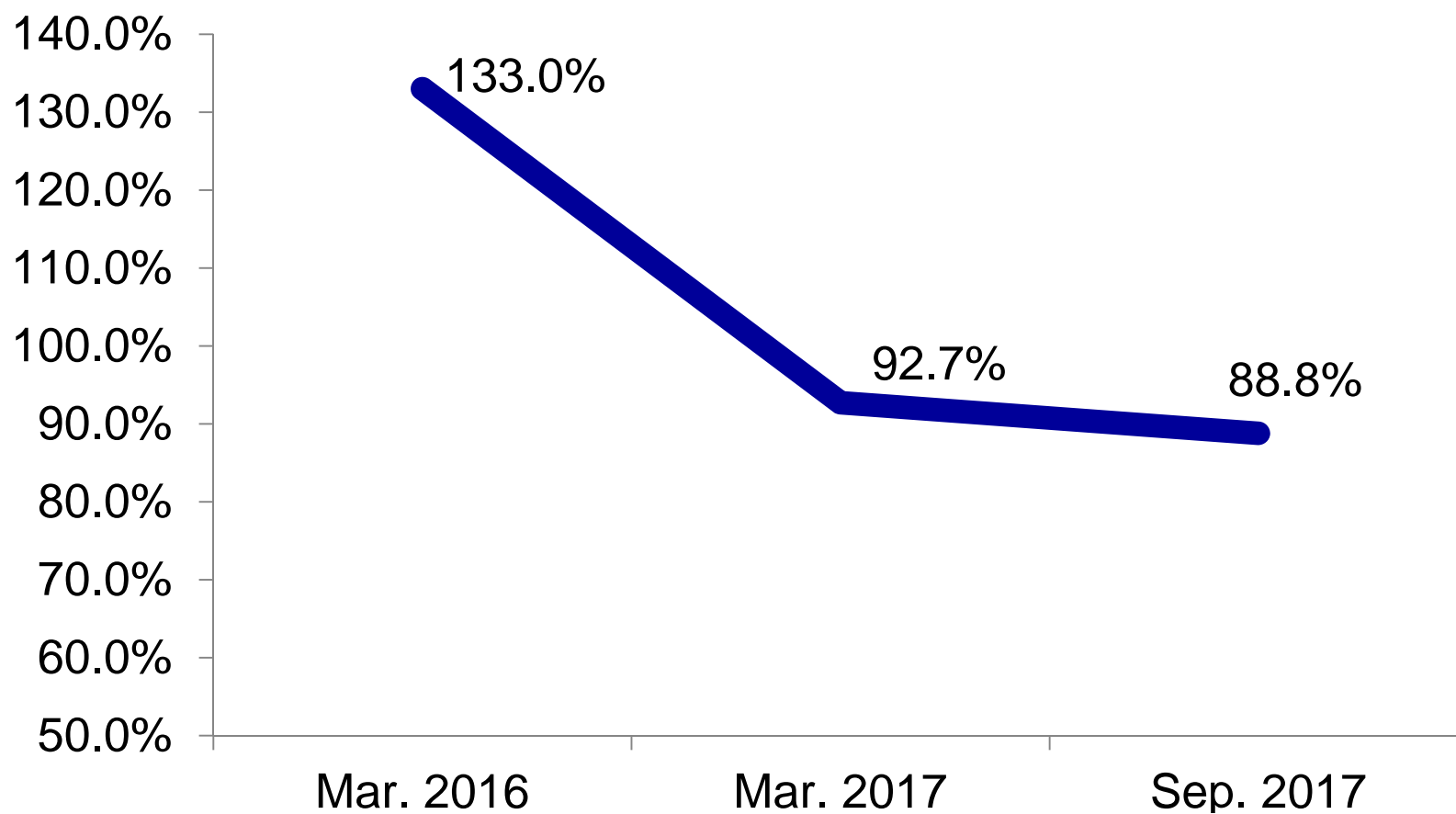


Consolidated Balance Sheet (Comparison with Previous Period)

| (hundreds million yen) | 2017/3 | 2017/9 | Inc/Dec |
|--------------------------------------|--------|---------------|---------|
| Cash and equivalents | 116 | 104 | ▲11 |
| Inventory | 74 | 82 | 8 |
| Tangible and Intangible Fixed Assets | 402 | 420 | 18 |
| Others | 377 | 408 | 31 |
| Total Assets | 969 | 1,014 | 46 |
| Interest Bearing Debt | 257 | 266 | 10 |
| Other Liabilities | 423 | 435 | 12 |
| Total Liabilities | 679 | 701 | 22 |
| Shareholders Capital | 288 | 305 | 17 |
| Retained Earnings and Reserves | ▲11 | ▲5 | 6 |
| Minority Interest | 13 | 13 | 1 |
| Shareholders Interest | 289 | 313 | 24 |
| D/E Ratio | 92.7% | 88.8% | |
| Ratio of Shareholders' Equity | 28.6% | 29.6% | |

D/E Ratio

D/E ratio has been steadily improving



FY2017 Financial Forecast

(From April 2017 to December 2017)

Notice) Due to the fiscal term change, FY 2017 is for 9 month period only (From April 2017 to December 2017)

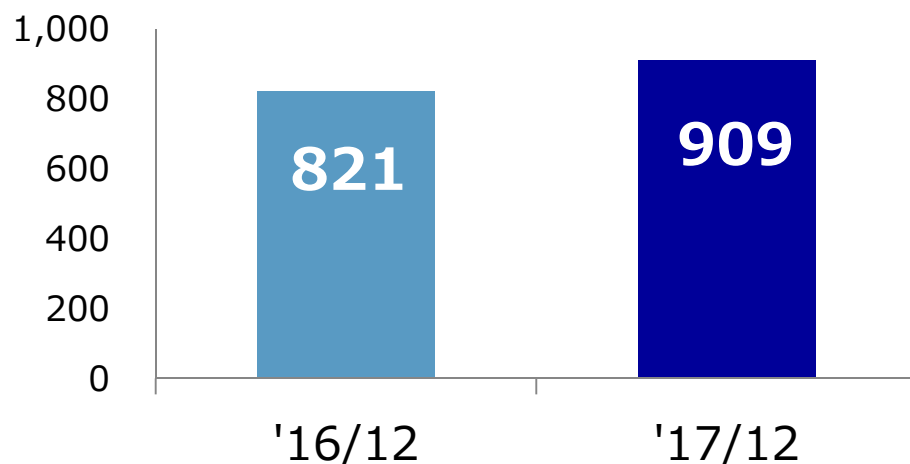
FY2017 9 MONTHS CONSOLIDATED FORECAST

Hundreds million yen

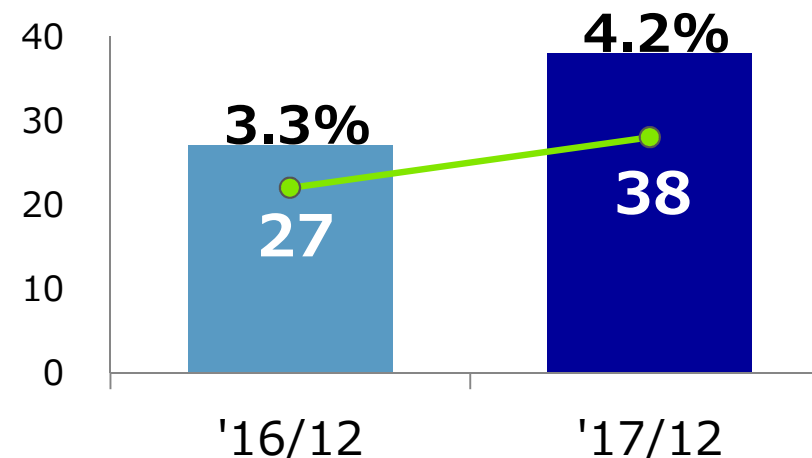
◆ Will continue to show increase both in sales and profit compared to LY

| | Apr. 2016~ Dec.2016 Actual | Apr.2017~ Dec.2017 Forecast | Increase /Decrease | Increase /Decrease % |
|--|----------------------------------|-----------------------------------|-----------------------|----------------------------|
| Sales | 821 | 909 | 88 | 10.7% |
| Operating Income | 27 | 38 | 11 | 40.7% |
| Operating Income (%) | 3.3% | 4.2% | - | - |
| Ordinary Income | 31 | 43 | 12 | 38.7% |
| Net Income belonging to Parent company's shareholders | 35 | 37 | 2 | 5.7% |

Sales (9 month)



Operating Income (9 month)



FY2017 9 MONTHS CONSOLIDATED FORECAST PROGRESS

Hundreds million yen

- ◆ Progress ratios for both sales and operating income exceed 60%, indicating good progress as scheduled

| | FY2017 (From April to September) Actual | FY2017 (From October to December) Forecast | FY2017 (From April to December) Forecast | Progress rate |
|---|--|--|---|------------------|
| Sales | 606 | 303 | 909 | 66.7% |
| Operating Income | 23 | 15 | 38 | 60.5% |
| Operating Income (%) | 3.8% | 5.0% | 4.2% | - |
| Ordinary Income | 28 | 15 | 43 | 65.1% |
| Net Income belonging to Parent company's shareholders | 22 | 15 | 37 | 59.5% |

FY2017 9 MONTHS FORECAST POINTS

【Japan (Ichikoh Industries)】

- ◆ Continue to show rapid increase of sales
- ◆ Will achieve profit increase as well despite capital expenditure and R&D expenses continuing

【Overseas (ASEAN + China)】

- ◆ Will achieve profit increase due to efficiency improvement

PROGRESS OF INTEGRATION SYNERGIES

R&D synergies

- ▶ Common Technology Development Plan in progress
 - ▶ Development of light sources etc.
- ▶ Platform products transferred between Ichikoh and Valeo
 - ▶ Various module platforms etc.

Purchasing synergies

- ▶ Acceleration of common purchasing with Valeo
 - ▶ Common Sourcing Committee extensively implemented
 - ▶ Start of common purchasing in non-production items with Valeo

Optimizing indirect expenses

- ▶ Streamline administrative divisions
 - ▶ Start of the shared service operation in finance by consolidating the functions with Valeo Japan
- ▶ Common platform in ITIS
 - ▶ Enhancing common platform with Valeo

Medium-term management plan (2017-2022)

PRINCIPAL DIRECTIONS AND GOALS IN MTP 2017 – 2022

Achieve market share increase in both Japan and overseas (ASEAN and China)

Directions

Extend and renovate footprints in Japan and overseas

➔ **Enhance production efficiency and cost competitiveness**

Increase and strengthen R&D resources

Pursue and Realize Valeo synergies in R&D

Utilize LCC resources

➔ **Enhance advanced product development, while maintaining cost competitiveness**



Target in 2022

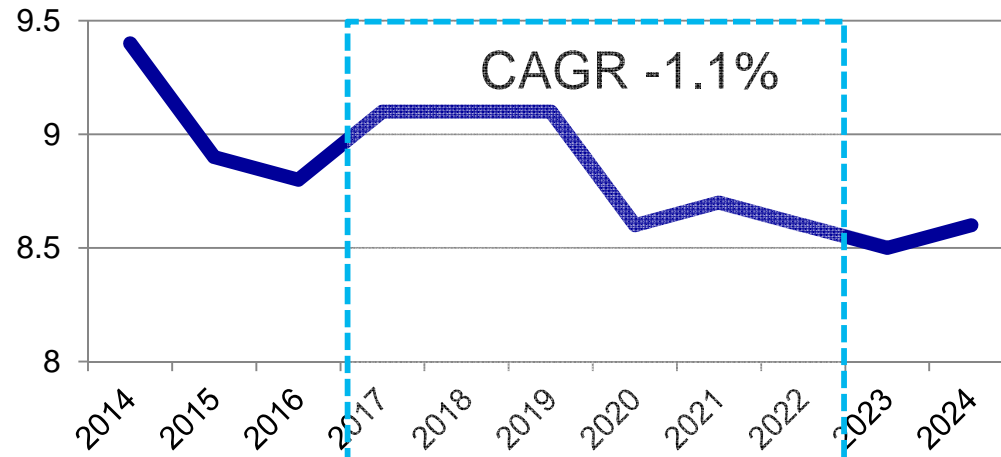
Sales 165 B yen Operating Margin 8%

Maintain Valeo benchmark 9% as a reference margin

PROJECTION OF CAR PRODUCTION VOLUMES BY REGION

Unit: Million cars

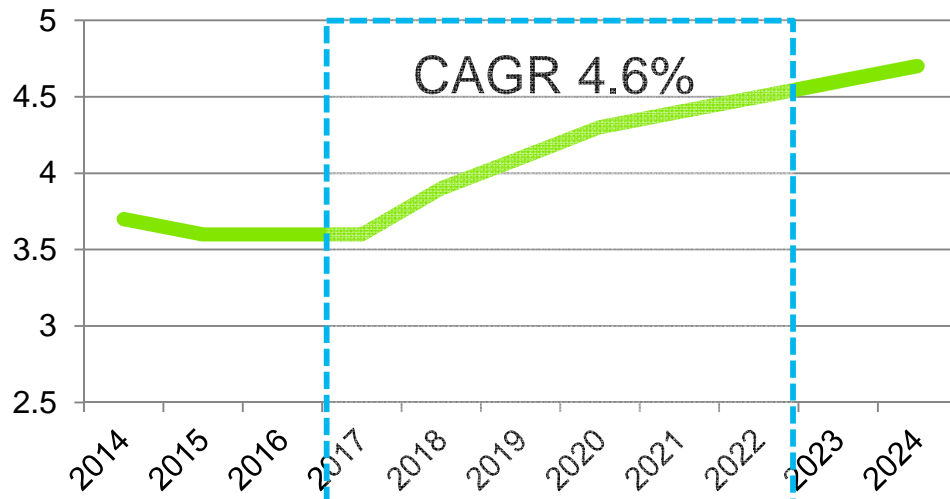
JAPAN



Source: JD Power (LMC)

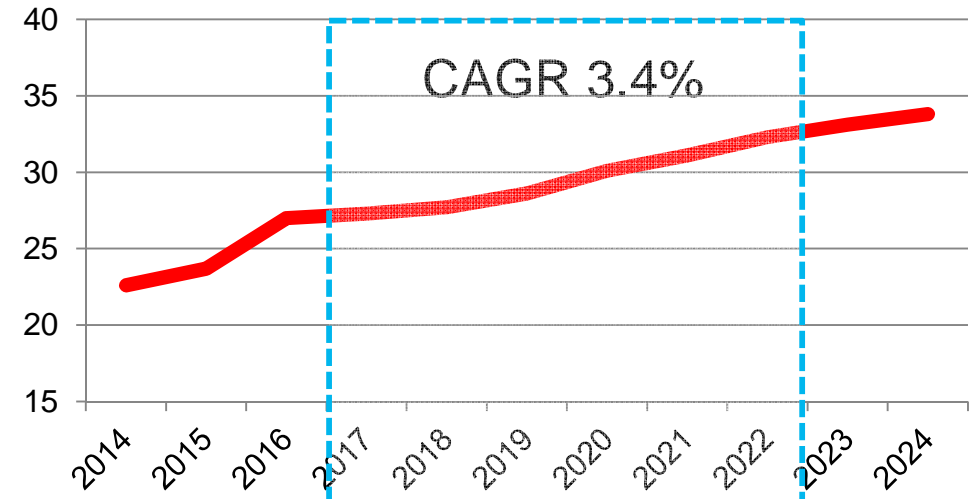
Unit: Million cars

ASEAN



Unit: Million cars

CHINA



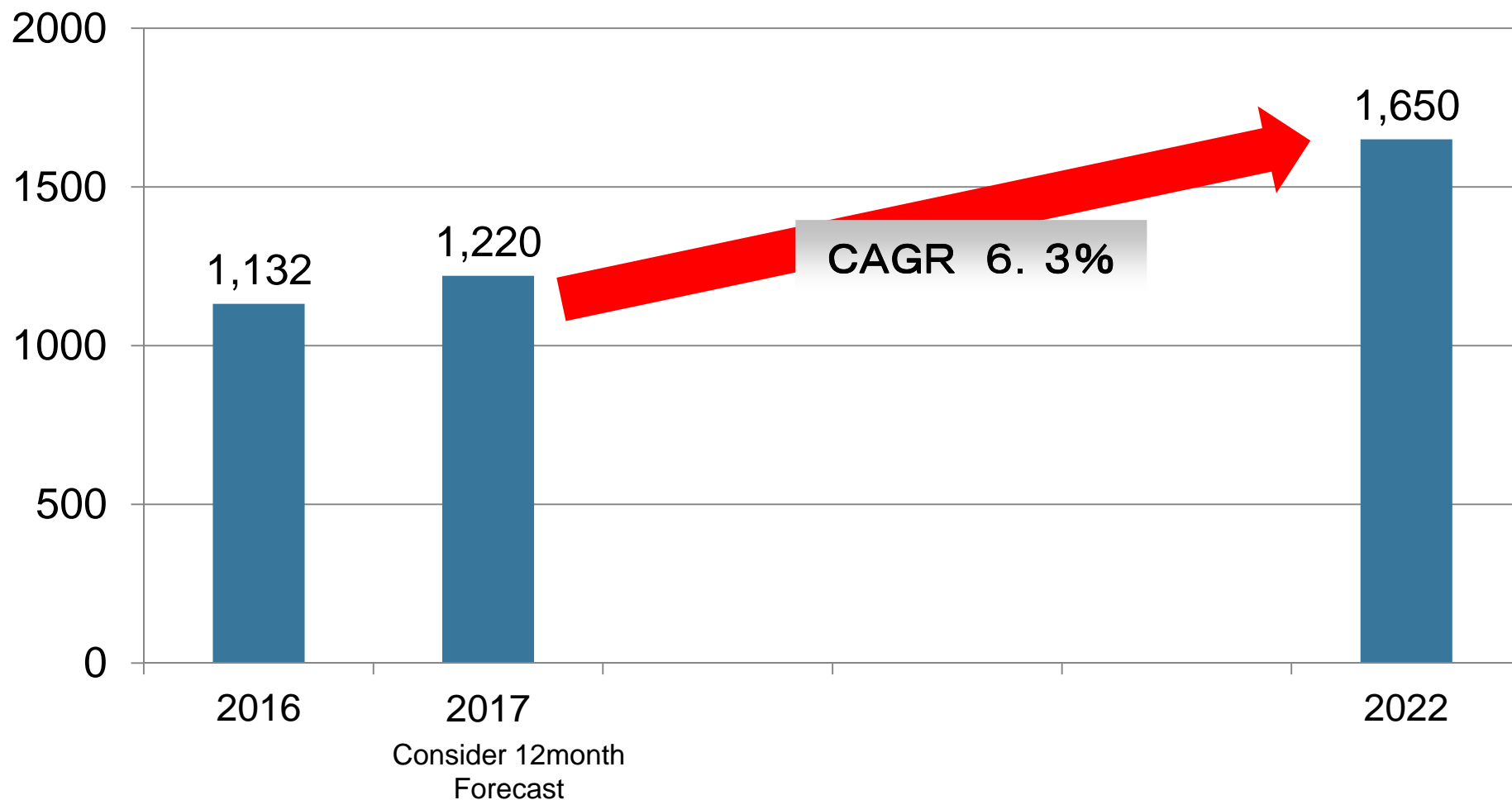
ASEAN : Thailand, Malaysia, Indonesia

MID TERM PLAN FY2017 – 2022

KEY FINANCIAL FIGURES

Hundreds million yen

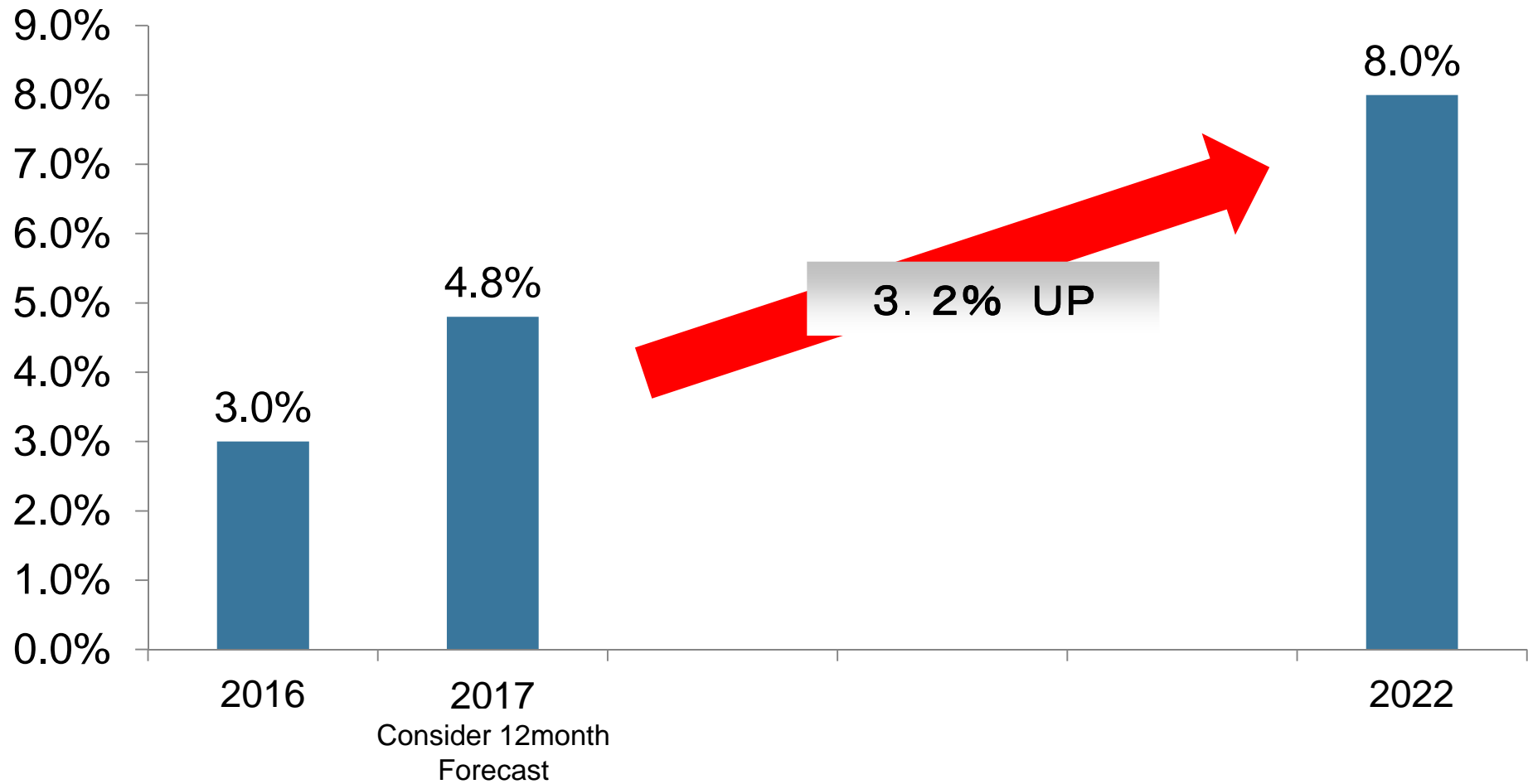
Sales



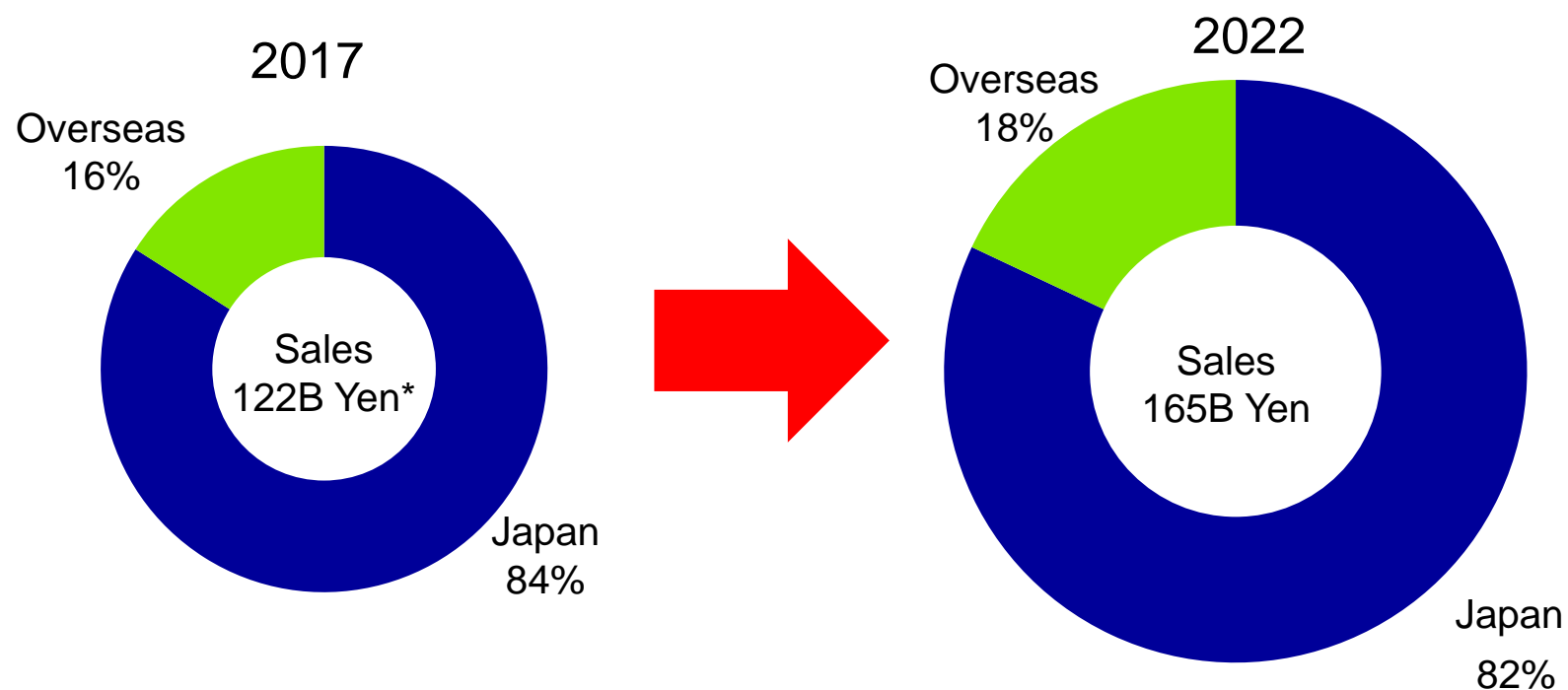
MID TERM PLAN FY2017 – 2022

KEY FINANCIAL FIGURES

Operating Income %



MID-TERM SALES FORECAST



Significant sales increase forecasted
Parallel increase of overseas sales also forecasted

*Pro-forma projection in 2017

DOMESTIC NEW PLANT IN KANAGAWA



September 1st, 2017

Name Ichikoh Industries, Ltd.
Representative Ali Ordoobadi, Representative Director & Chairman
(TSE ticker: 7244 1st Sec. of TSE)
Contact Masaki Takamori, Corporate Planning Dept.
(TEL: 0463-96-1442)

Announcement regarding the establishment of a new plant in Japan

Following the meeting of the Board of Directors held today, the company has decided to announce the creation of a new facility in Morinosato, Atsugi-shi.

This new facility, which will gradually take over the production of the Isehara plant, will be a unique opportunity to secure the growth of Headlamp Business targeted in our Mid Term Plan and supported by our recent order intakes, while enhancing the company competitiveness based on Lean Manufacturing and grasping benefits of innovative industrial concepts developed by Valeo.

This major step will enable the company not only to satisfy latest requirements in terms of anti-seismic regulation standards, but also to improve its Business Continuity Management and will allow, within 5 years, to increase production capacities gradually, with new projects being launched directly in Morinosato. Proximity between Morinosato and Isehara will guarantee transfer of competencies.

1. Outline of new plant

Name of the plant : Morinosato Plant (tentative name)
Total investment : 16.4 billion yen (plan)
L o c a t i o n : Atsugi, Kanagawa
S i t e a r e a : 64,000 m² (approximate)
Start of operation : July, 2019
Production item : Automotive Lamps

2. Future outlook

There will be no material impacts to the forecast of consolidated results of this fiscal year (note) (December, 2017).

(note) Due to the change of settlement term, the results of this term will irregular accounting settlement of 9 months.

End

▶ Out of the total investment of 16.4B yen, 11.6B yen for the land and building will be funded by the fixed term rent contract (operating lease)

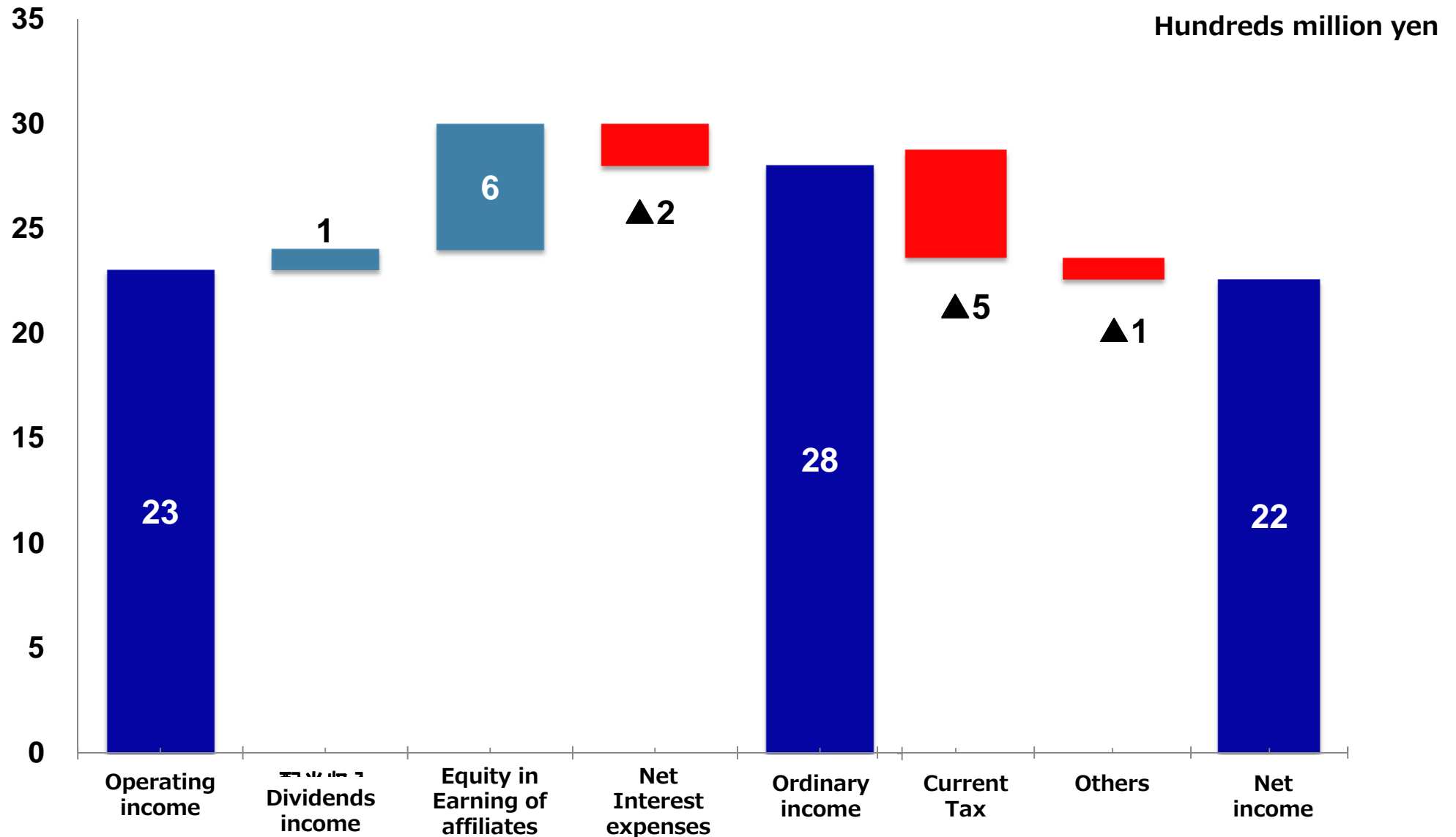
- ▶ Smoothing out cash-out and expense recognition
- ▶ In order to secure flexibility for the project, Lessee (Ichikoh) will hold call options (buy-out options) during and at the end of the lease period

SUMMARY OF MID-TERM PLAN 2018-2022

- ◆ **Sales: Continue the current growth trend to achieve 165 B yen in 2022**
- ◆ **Operating Margin: Set target 8% operating margin in 2022**
Maintain Valeo benchmark 9% as a reference margin
- ◆ **Improve operating margin by 3%+ during 2017→2022, by overcoming Negative Factors ① with Positive Factors ②**
 - ① **Negative factors against profit**
 - ◆ Heavier capex resulting in higher depreciation and rent expenses
 - ◆ Increase of personnel expenses etc. especially in R&D
 - ◆ Pressure on profit due to increasingly fierce price competition
 - ② **Positive improvement factors for profit**
 - ◆ Efficiency enhancement in Japan
 - ◆ Enhancement of product development capabilities
 - ◆ As a consequence of the above, increase of domestic sales with higher market share
 - ◆ Continuing improvement of profit from ASEAN operation

(APPENDIX)FY2017 1ST HALF RESULT POINTS

【Operating Income~Ordinary Income~Net Income】



Disclaimer regarding forecasted figures

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