

FY2019 Financial Result

March 2020
Ichikoh Industries, Ltd.

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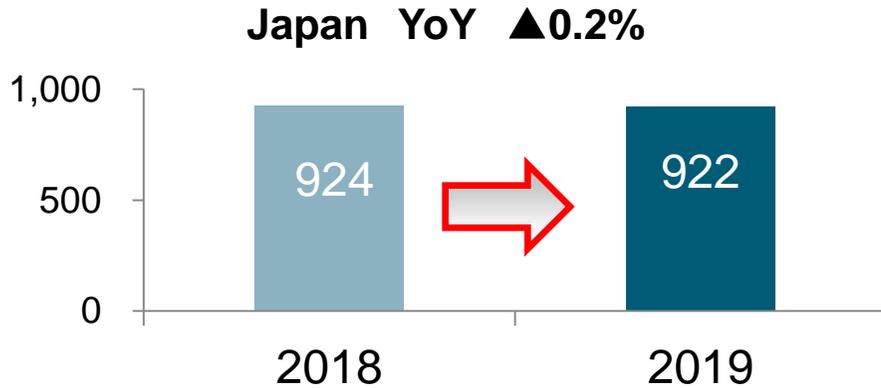
- **FY2019 Financial Result (January 2019 to December 2019)**
- **Forecast of FY2020 (January 2020 to December 2020)**

FY2019 Financial Result

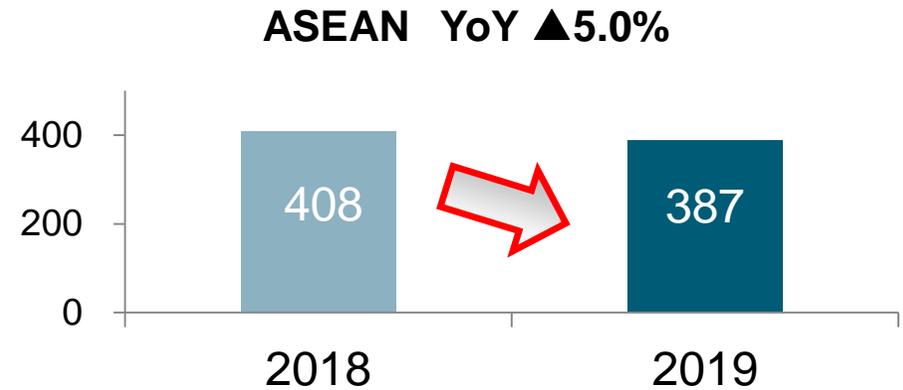
(January~December 2019)

YEAR-TO-YEAR COMPARISON OF CAR PRODUCTION VOLUME BY REGION (PRELIMINARY BASIS)

(UNIT : ten thousand)



Japan: Medium and large size commercial cars not included



ASEAN: Malaysia, Indonesia, Thailand



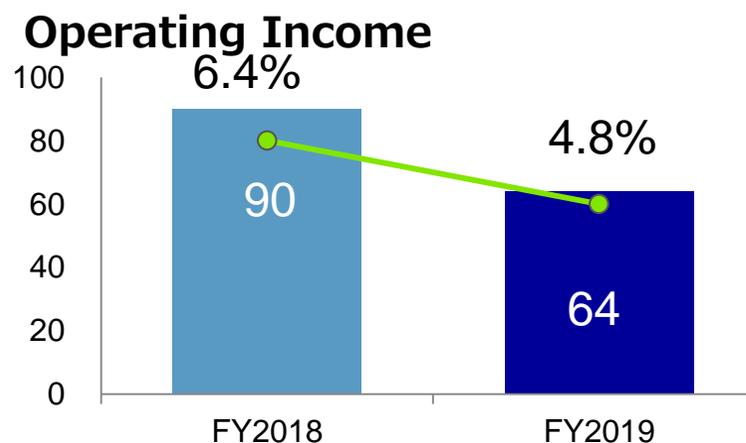
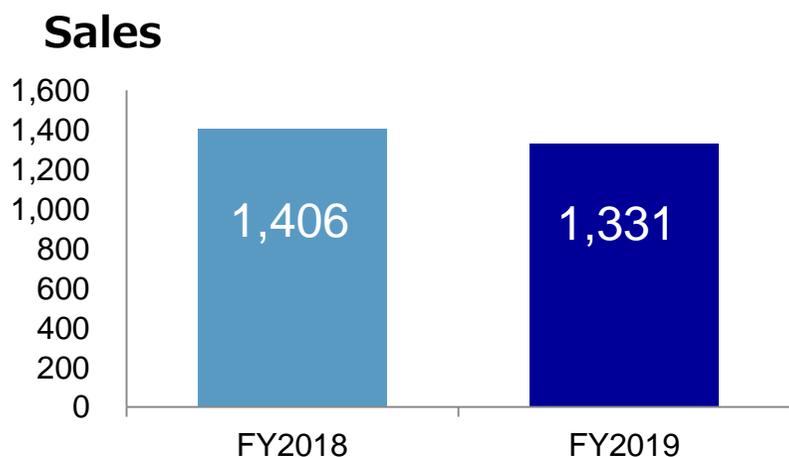
Source : MarkLines

FY2019 FINANCIAL RESULT (YEAR-ON-YEAR)

Hundreds million yen

◆ The second highest sales and profit even with the decrease of income and profit compared to the previous year

	FY2018 (Jan.~Dec. 2018)	FY2019 (Jan.~Dec. 2019)	Increase /Decrease	Increase /Decrease %
Sales	1,406	1,331	▲75	▲5.4%
Operating Income	90	64	▲26	▲28.5%
Operating Margin (%)	6.4%	4.8%	-	▲1.6pts
Ordinary Income	97	74	▲23	▲24.0%
Net Income belonging to Parent company's shareholders	98	52	▲45	▲46.5%

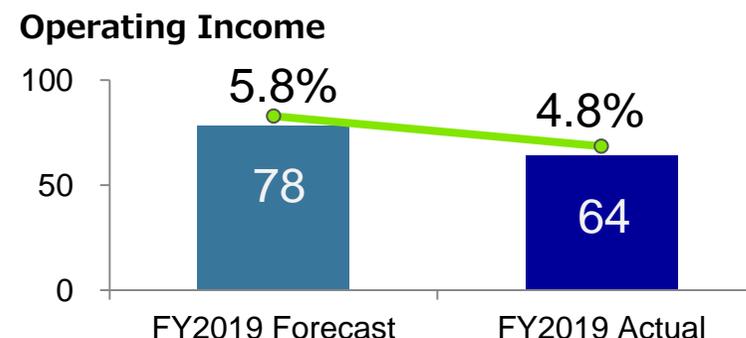
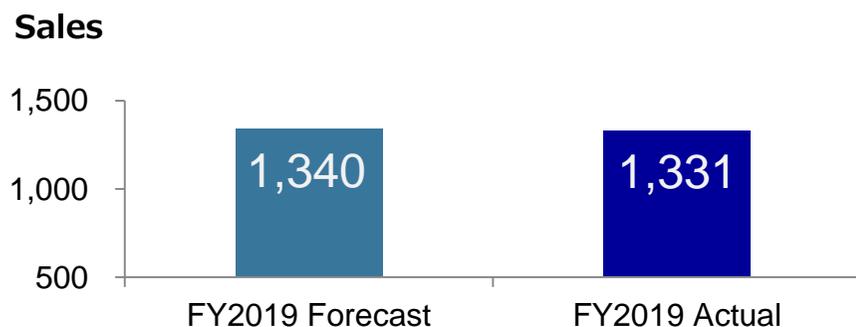


FY2019 FINANCIAL RESULT (VS. FORECAST)

Hundreds million yen

- ◆ Achieved almost same level of sales forecast
- ◆ Operating income decreased due to increased cost (R&D expenses etc.)
- ◆ Ordinary income achieved same level as forecast, and net income overachieved the forecast, thanks to equity method profit

	FY2019 Forecast (Jan-Dec. 2019)	FY2019 Actual (Jan.-Dec. 2019)	Increase /Decrease	Increase /Decrease %
Sales	1,340	1,331	▲9	▲0.1%
Operating Income	78	64	▲14	▲17.9%
Operating Margin (%)	5.8%	4.8%	-	▲1.0pts
Ordinary Income	74	74	0	0.0%
Net Income belonging to Parent company's shareholders	50	52	2	3.8%



FY2019 RESULT BY REGION

Hundreds million yen

- ◆ Sales and profit in Japan decreased due to sales decrease and cost increase
- ◆ Sales and profit increased in total of ASEAN, but profit decreased in China due to lower sales and cost increase

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
Sales	1,023 (1,097)	246 (249)	107 (110)	▲45 (▲48)	1,331 (1,406)
Operating Income	51 (66)	17 (22)	1 (2)	▲5 (0)	64 (90)
Operating Income %	5.0% (6.0%)	6.9% (8.9%)	1.1% (2.2%)	-	4.8% (6.4%)

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

Overseas : Indonesia・Malaysia・Thailand・China

Others : Automotive aftermarket business (PIAA)・ Bulb business (Life Elex)

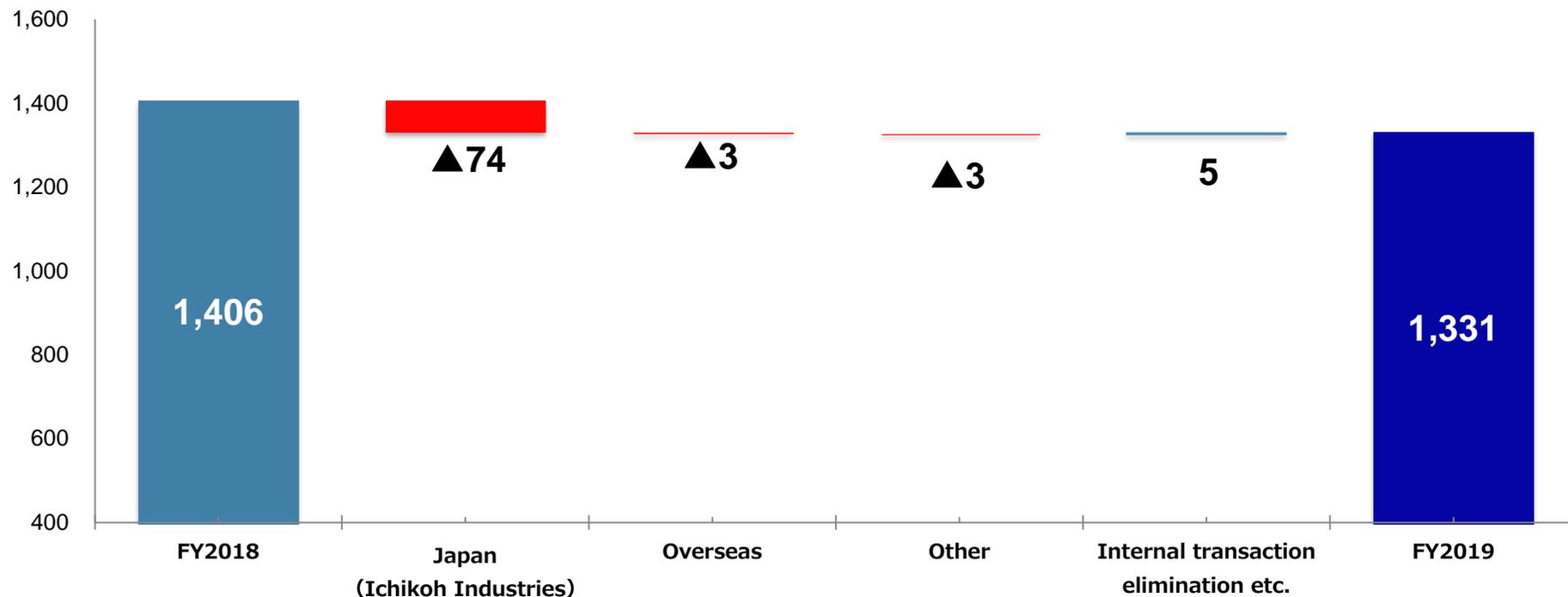
() : Same term result of the previous year (Jan. to Dec. 2018)

FY2019 FINANCIAL RESULT POINTS

Hundreds million yen

Sales

- ◆ Decreased by ▲7.5 billion yen (▲5.4%) compared to the previous year due to sales decrease in Japan
- ◆ In overseas, even with increased sales in ASEAN, sales decreased in total due to the decrease of sales in China

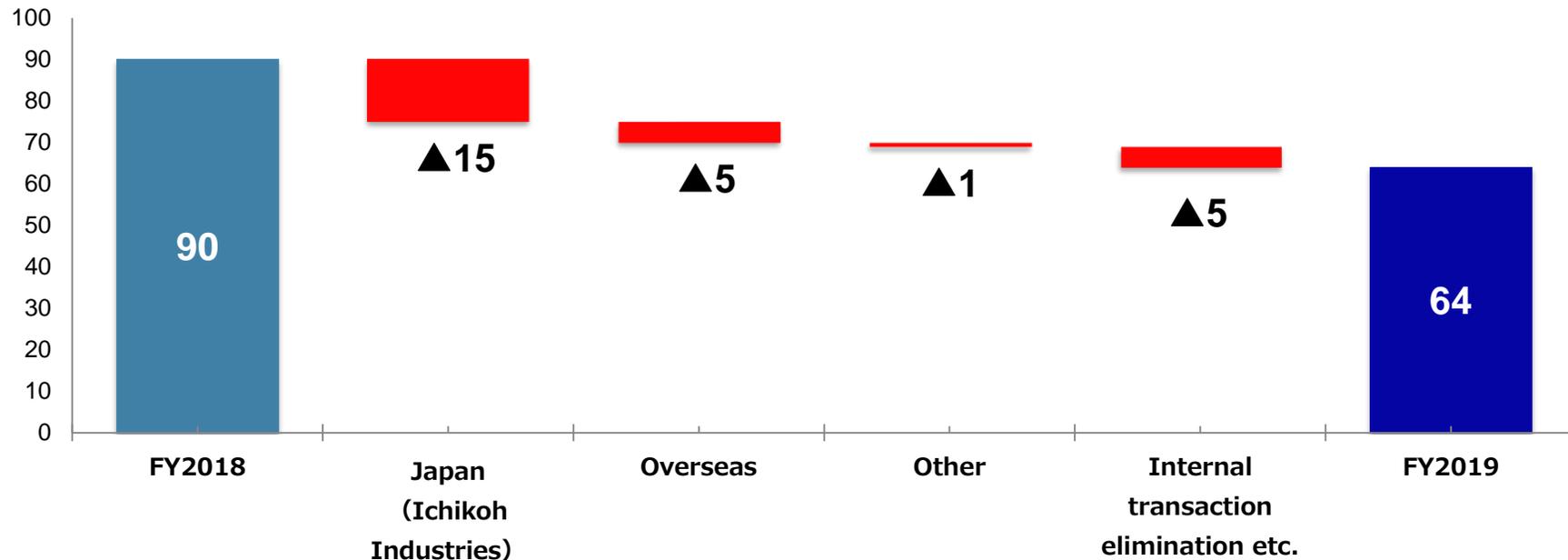


FY2019 FINANCIAL RESULT POINTS

Hundreds million yen

Operating Income

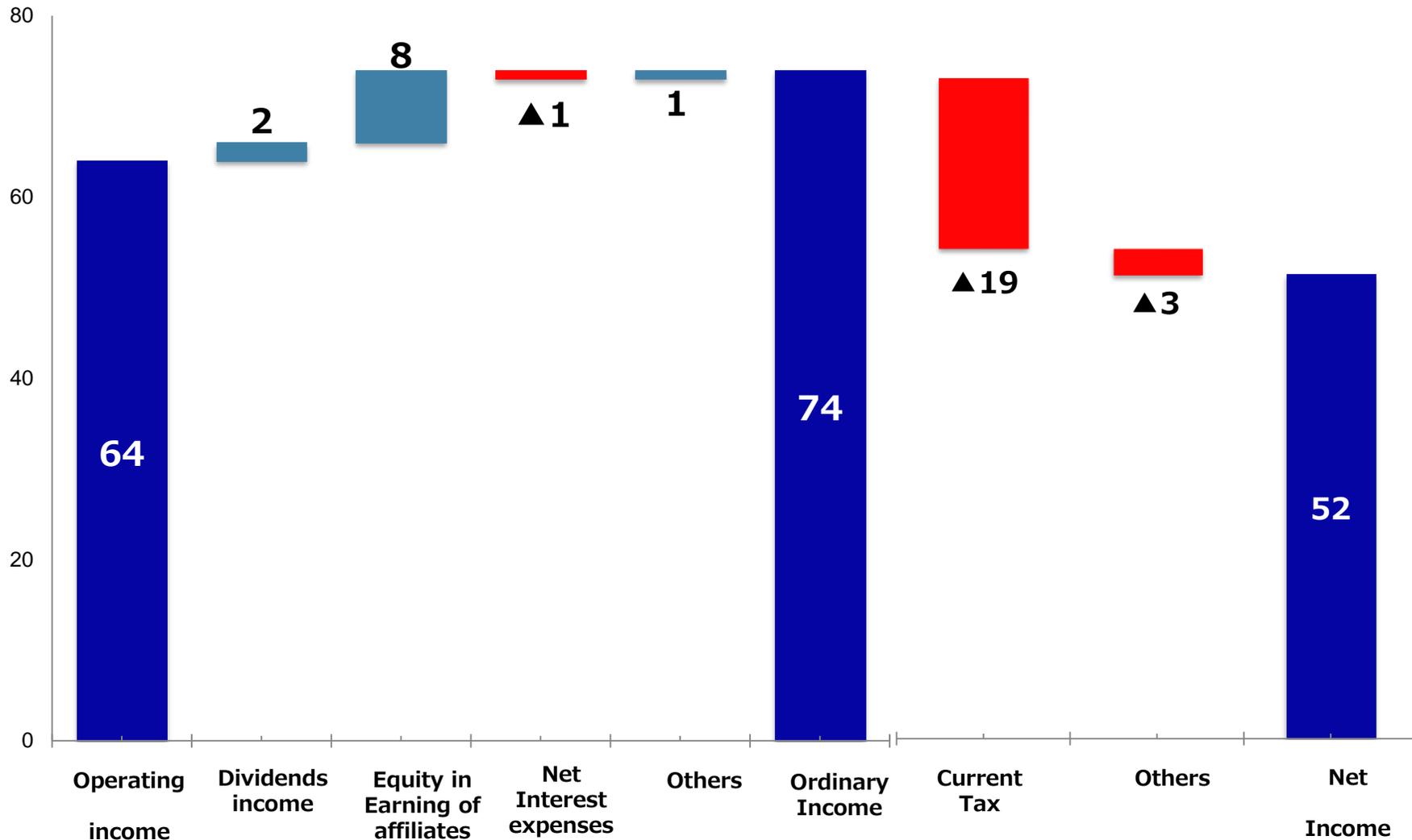
- ◆ In Japan, profit decreased due to lower sales and cost increase for R&D
- ◆ In overseas, profit decreased in total due to profit decrease in China, despite increased profit in total of ASEAN



FY2019 FINANCIAL RESULT POINTS

Operating Income ~ Ordinary Income ~ Net Income

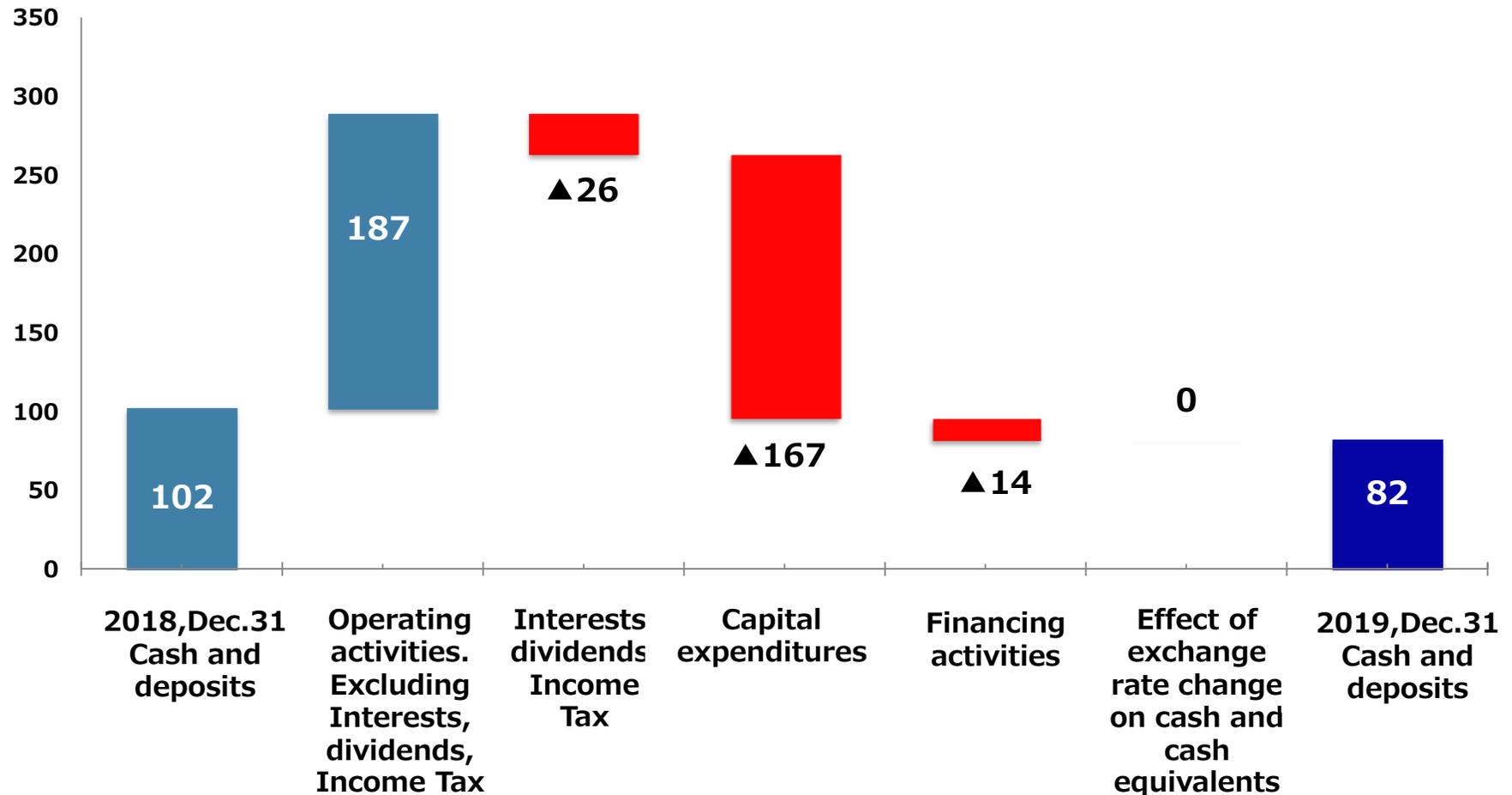
Hundreds million yen



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

Hundreds million yen

◆ CF from the operating activities was mainly used for capital expenditures



CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

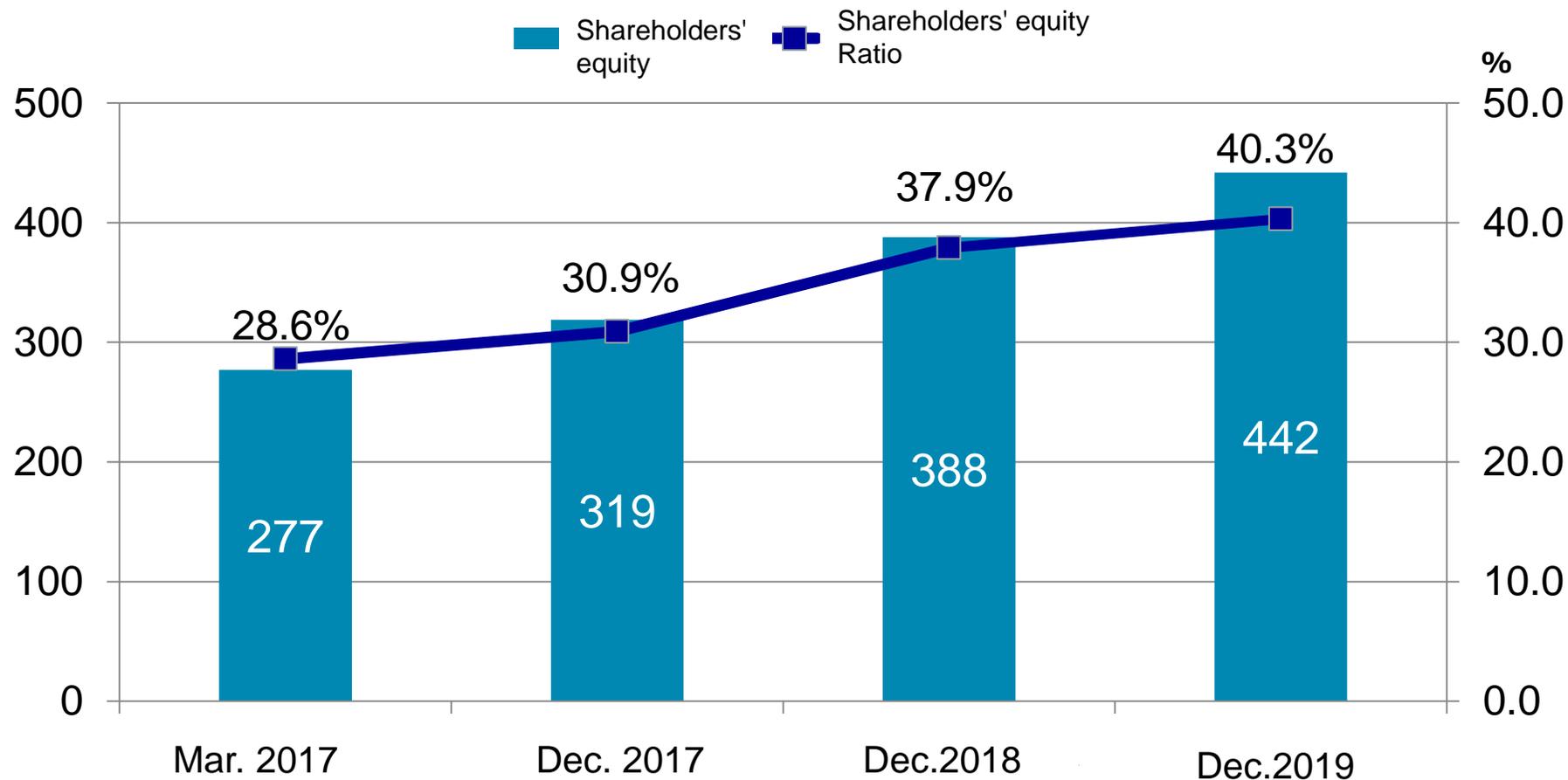
Hundreds million yen

	2018/12	2019/12	Inc/Dec
Cash and equivalents	102	82	▲20
Inventory	75	93	18
Tangible and Intangible Fixed Assets	404	440	36
Others	443	483	40
Total Assets	1,024	1,098	74
Interest Bearing Debt	128	123	▲5
Other Liabilities	496	521	25
Total Liabilities	624	644	20
Shareholders' Equity	412	457	45
Accumulated other comprehensive income	▲24	▲15	9
Minority Interest	12	12	0
Net Assets	400	454	54
Ratio of Shareholder's Equity	37.9%	40.3%	
D/E Ratio	32.9%	27.9%	

SHAREHOLDERS' EQUITY AND EQUITY RATIO

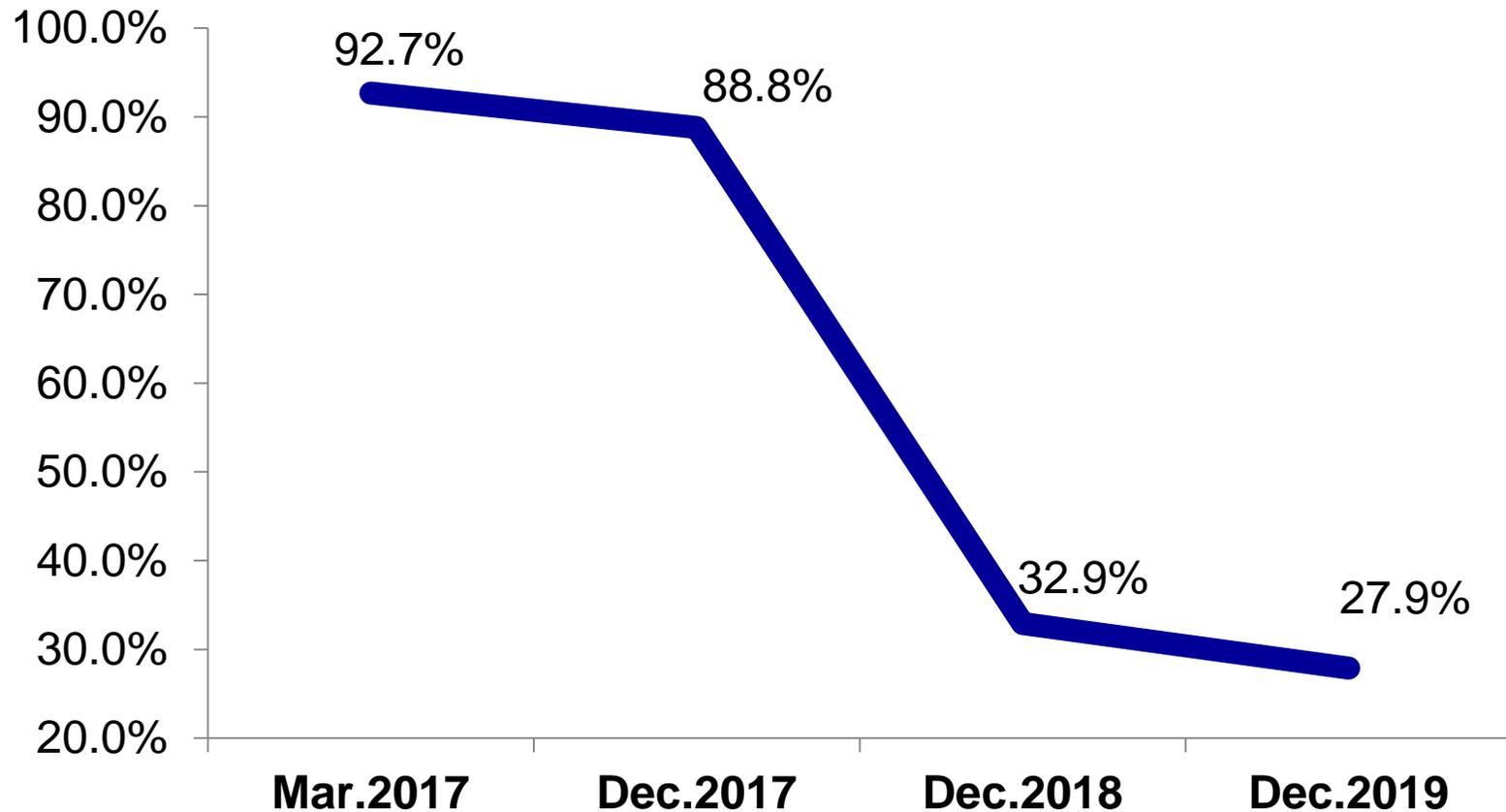
Hundreds million yen

Shareholders' Equity ratio exceeded 40%



D/E RATIO

D/E ratio also decreased significantly



FY2020 Financial Forecast

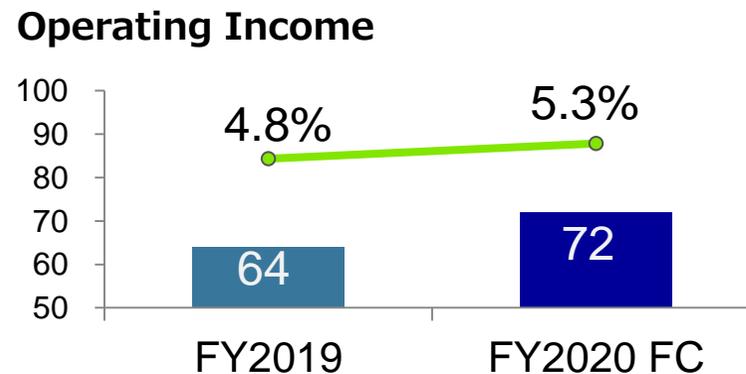
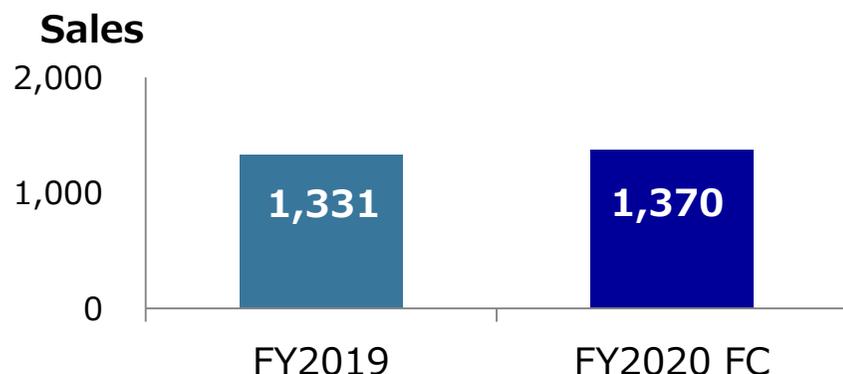
(January ~ December 2020)

FY 2020 CONSOLIDATED FORECAST (VS. LAST YEAR)

Hundreds million yen

- ◆ **Projects increase in sales and profit compared to the previous year**
- ◆ *Impact of Coronavirus is not reflected in the figures due to difficulty of estimation at this stage*

	FY2019 Actual	FY2020 Forecast	Increase /Decrease	2020 S1 Jan.~Jun. 2020
Sales	1,331	1,370	39	660
Operating Income	64	72	8	29
Operating Margin (%)	4.8%	5.3%	-	4.4%
Ordinary Income	74	77	3	31
Net Income belonging to Parent company's shareholders	52	55	3	23



FY2020 FORECAST BY REGION

Hundreds million yen

- ◆ **Japan: Sales and profits expected to decrease due to decline in volume mainly for export models and increase of depreciation expenses**
- ◆ **Overseas: Sales and profits expected to increase due to new launch in Thailand etc.**

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
Sales	1,018 (1,023)	280 (246)	111 (107)	▲39 (▲45)	1,370 (1,331)
Operating Income	40 (51)	28 (17)	4 (1)	0 (▲5)	72 (64)
Operating Income %	4.0% (5.0%)	10.1% (6.9%)	3.6% (1.1%)	-	5.3% (4.8%)

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

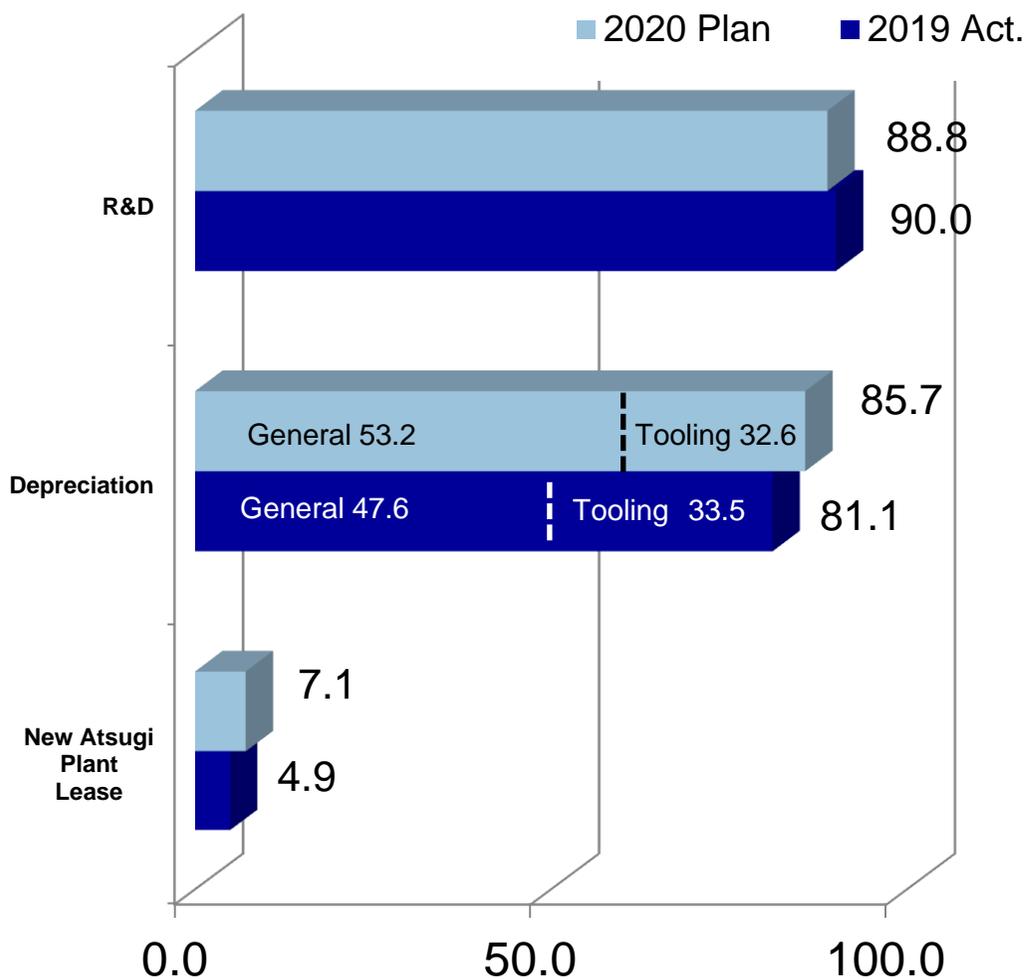
Overseas : Indonesia・Malaysia・Thailand・China

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() : Same term result of the last year (Jan. to Dec. 2019)

FY2020 CAPEX·DEPRECIATION·LEASE·R&D EXPENSES (PLAN)

Hundreds million yen



✓ **Maintain high level of R&D expenses (More than 6.0% of sales ratio) however, controlling to be the same level as previous year**

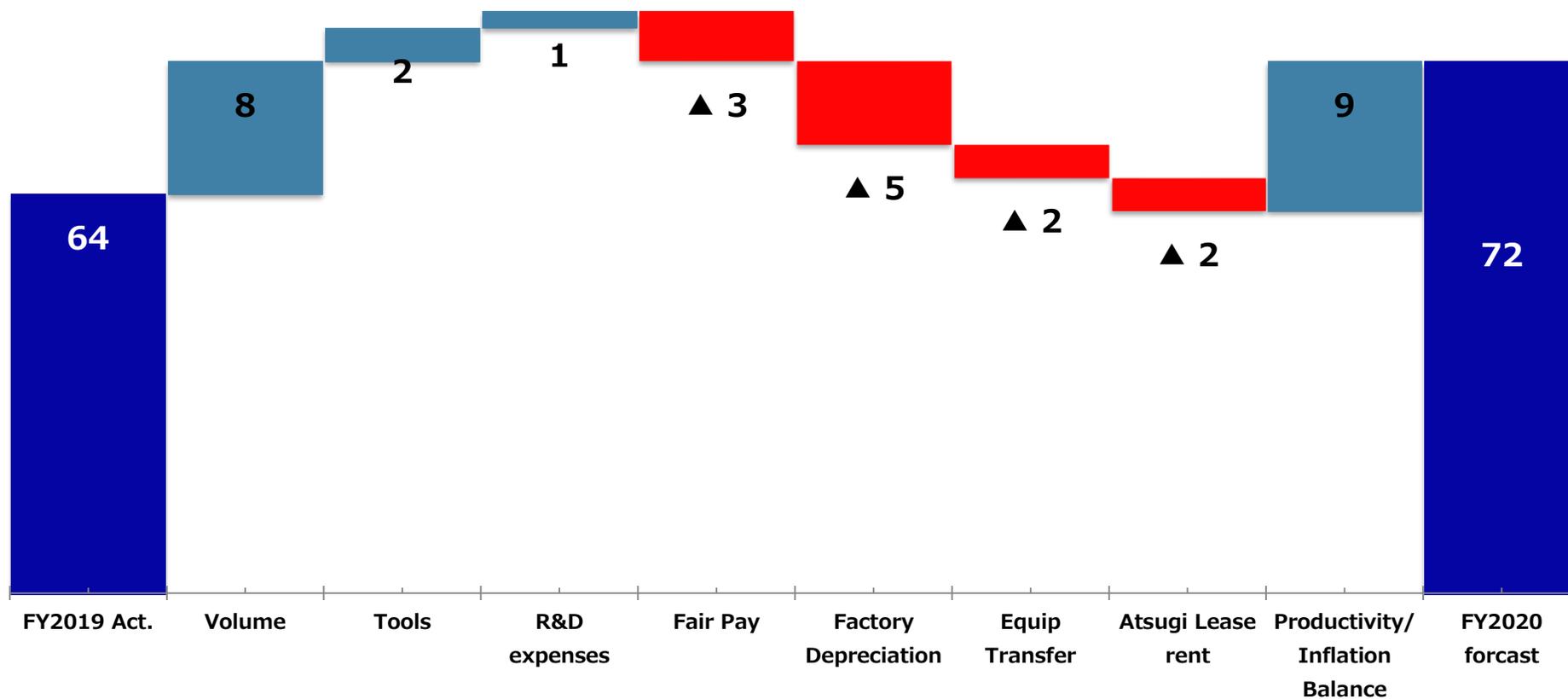
✓ **Increase of depreciation of general investments due to progress of capital investment**

- ✓ **Use operating lease for land and buildings in Atsugi Plant**
- ✓ **Lease payments started from April 2019**
- ✓ **Lease payments occurs full year in 2020**

※R & D includes prototype and PJ development costs

FY2020 FORECAST (BRIDGE FOR OPERATING INCOME)

Hundreds million yen



POINTS TO ACHIEVE EARNINGS FORECAST AND MID-TERM PLAN

Obtaining Order Intakes

- ✓ Steady progress of Order Intakes contributing to sales beyond 2021
- ✓ Active proposal of technologies jointly developed with Valeo
- ✓ However, need to address lower volume than expected (e.g. export models) and reduction of unit price resulting from the intensifying competition

Productivity Improvement

- ✓ Headlamp : Capacity increase and productivity improvement by the establishment of Atsugi plant. Minimize loss at startup
 - ✓ Rear combination lamp : Investment for the renewal of Fujioka Plant completed
 - ✓ Indonesia : Completed layout change for productivity improvement
 - ✓ China Mirror: Started operations of the new automated painting line
- ➔ Aim to 0.8 to 1 billion yen/ year of productivity improvement

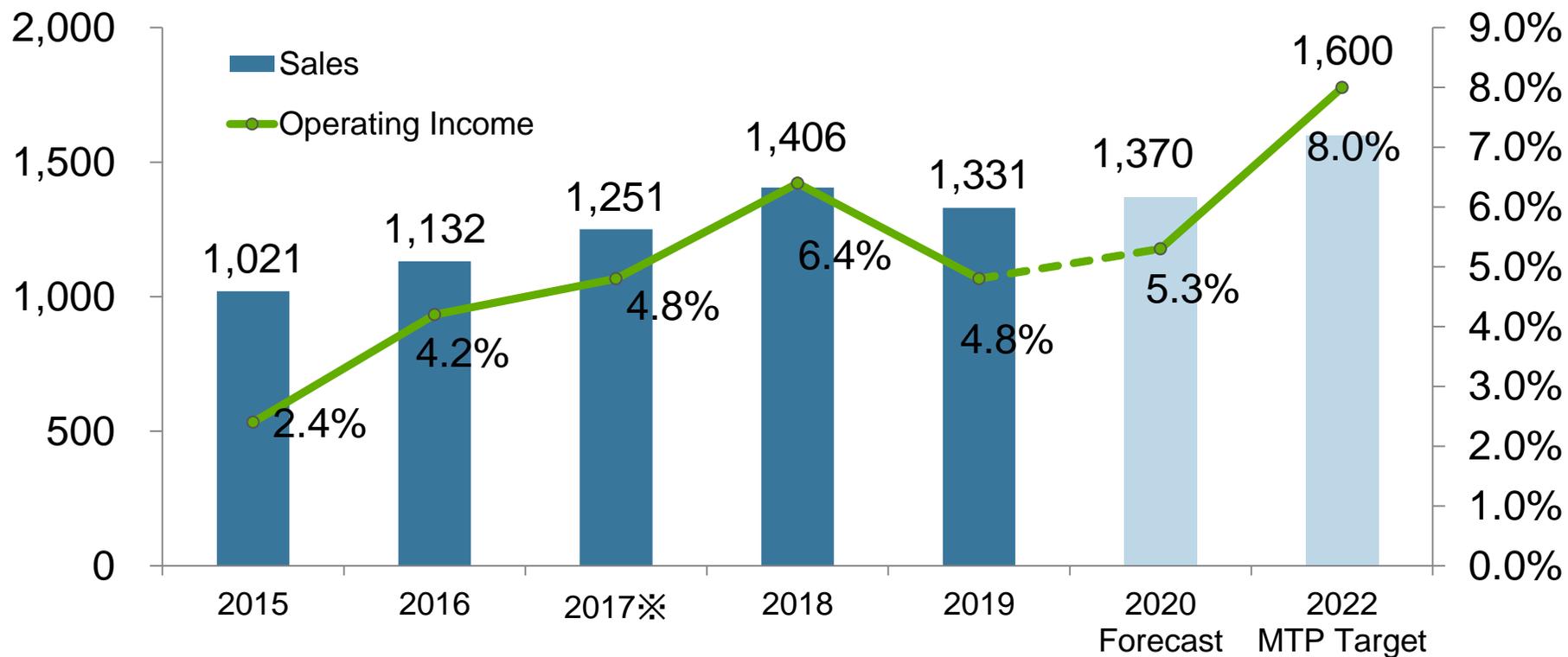
Controlling increase of R&D expenses

- ✓ Main factors of the increase: Increase of projects and development man-hours due to advanced product features
- ✓ Accelerate utilization of Valeo/Ichikoh LCC development sites
- ✓ Reinforce R&D costs controlling department. Ensure control of development costs by using controlling methods of Valeo

OPERATING RESULTS AND FUTURE PLANS

Hundreds million yen

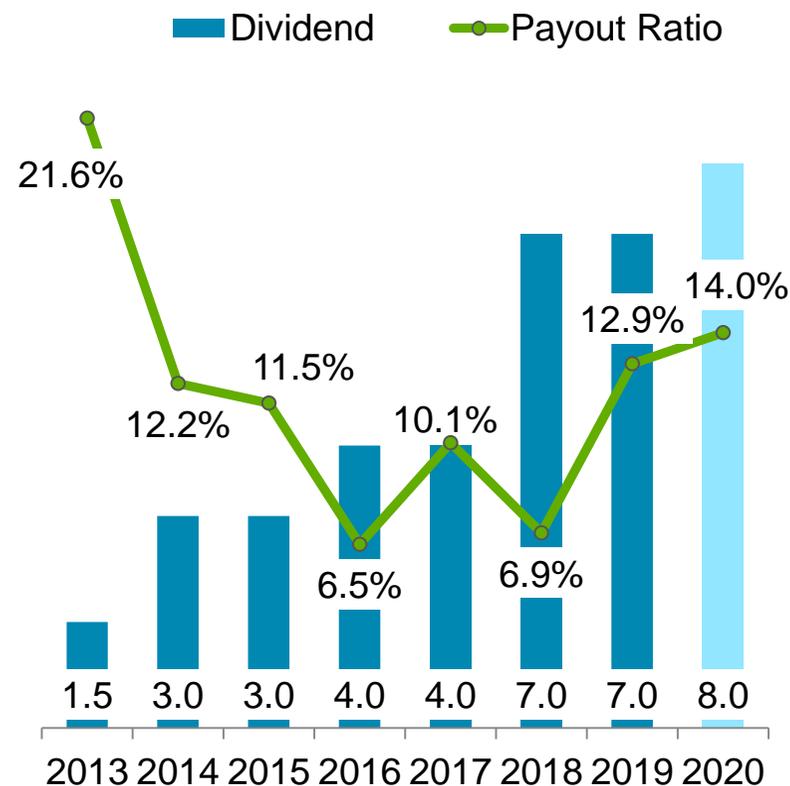
Progressing in line with the level set in medium-term plan



※2017 (Jan.2017~Dec.2017)

DIVIDEND POLICY AND PAYOUT RATIO

Dividend (unit :Yen/per share)



Basic Policy

- (1) Increase the enterprise value by active R&D and capital investments utilizing internal reserves
- (2) Improve the profit pay-out to shareholders
Concurrently achieve both (1) and (2)

Year-end of FY2019 dividend

- ✓ Needed funds for active technology developments to survive in the intense competitive environment
- ✓ Intended to achieve higher dividend payout ratio than previous year
- ✓ As a result, maintained year-end dividend of 7 yen same as previous year

Dividend forecast of FY2020

- ✓ Projects increase of sales and profit
- ✓ Targets further improvement of payout ratio
- ✓ Plans year-end dividend of 8 yen per share by increasing 1 yen

EXAMPLE OF JOINT DEVELOPMENT TECHNOLOGY OF ICHIKOH-VALEO TO FURTHER IMPROVE SAFETY

High Resolution Head Lamp “Monolithic”

Technology to support drivers by controlling the light in pixels, with the new micro LED array light source and the electronic devices



Anti-glare high beam

Signs displayed on road that supports the driver

Disclaimer regarding forecasted figures

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