

Financial Results Briefing for FY2019

The 96th period (Apr. 1st, 2019-Mar. 31, 2020)

May 20, 2020



PACIFIC INDUSTRIAL CO., LTD.

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- 1. Financial Results for FY2019**
- 2. Approaches for the New Coronavirus**
- 3. Approaches for Mid-to-Long Term**

Caution in handling this document

Future forecasts, including this document, were judged according to the current information. Actual financial results might be considerably different from the forecast mentioned here depending on the Japanese or international economic situation, business trends related to our company, and any risk or indefinite factors involved in fluctuation of exchange rates.

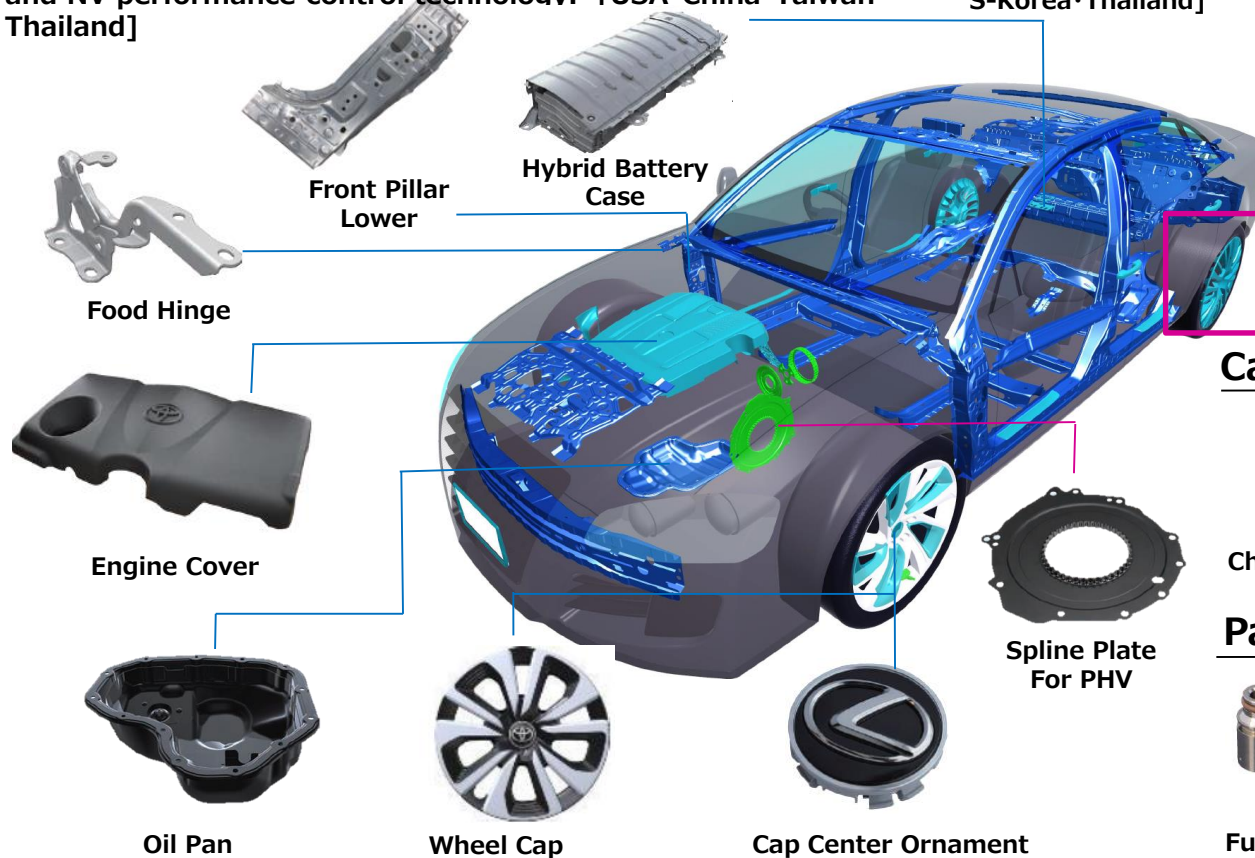
An Outline of Our Business and Main Products

3

Founded in 1930, Ranked as "A-Stable",
8 Plants in Japan, 18 Companies in 8 Countries

Stamping & Molding Products Business

We manufacture stamping products, which have the molding technology of ultra-high-tensile material that achieves both weight reduction and high rigidity, and resin products, which provide a variety of products with film decoration technology and NV performance control technology. [USA·China·Taiwan·Thailand]



Valve Products Business

It consists of valve products that have multiple top share products in the world, TPMS products for tire pressure monitoring systems that are in increasing demand worldwide, and forging products. We also manufacture valves for the aircraft, industrial machinery and energy industries. [USA·France·Belgium·UK·China·Taiwan·S-Korea·Thailand]

Tire Valve Related



Car Air Conditioner Related



Parts for other than Automobiles



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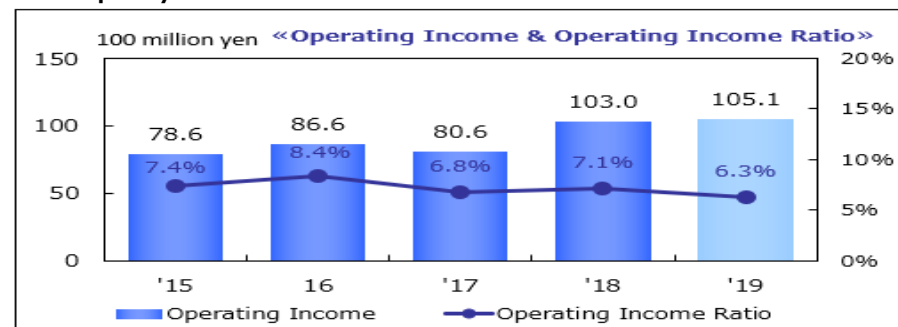
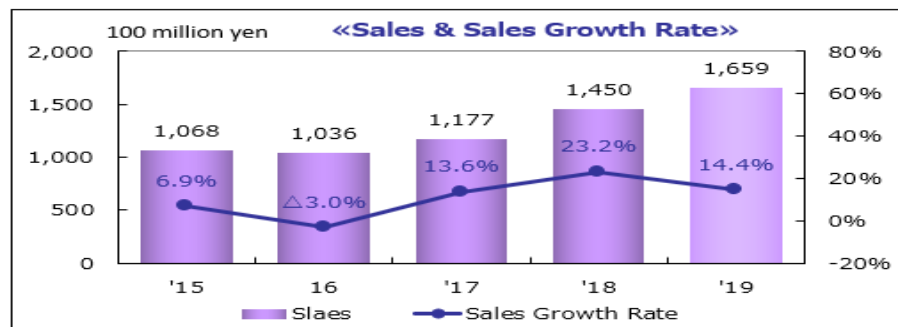
1-1 Consolidated Results

**Sales and Operating Income increased (Record high) ,
Parent company net income decreased due to extraordinary
losses, Forecast for FY2020 is undecided**

[million yen]

	2018		2019							
			Jan,2020 Announced	Results		Consolidated/No n-consolidated	Year-on-year rate		Announced Figure Level	
							Gain&Loss	%change	Gain&Loss	%change
Sales	Record High	145,030	160,000	Record High	165,969	1.8	20,939	14.4%	5,969	3.7%
Operating Income	Record High	10,307	10,000	Record High	10,511	2.0	204	2.0%	511	5.1%
Ordinary Income	Record High	11,767	11,000		11,130	1.5	△637	△5.4%	130	1.2%
※1 Parent Company Current Net Income	Record High	8,730	8,000		7,256	1.8	△1,473	△16.9%	△744	△9.3%
Operating Profit Margin		7.1%	6.3%		6.3%		△0.8%		0.0%	
R O E		9.3%	—		7.5%		△1.8%		—	
R O A (Operating Income Base)		5.7%	—		5.2%		△0.5%		—	
Net Assts per Share	(yen)	1,590	—		1,614		24		—	

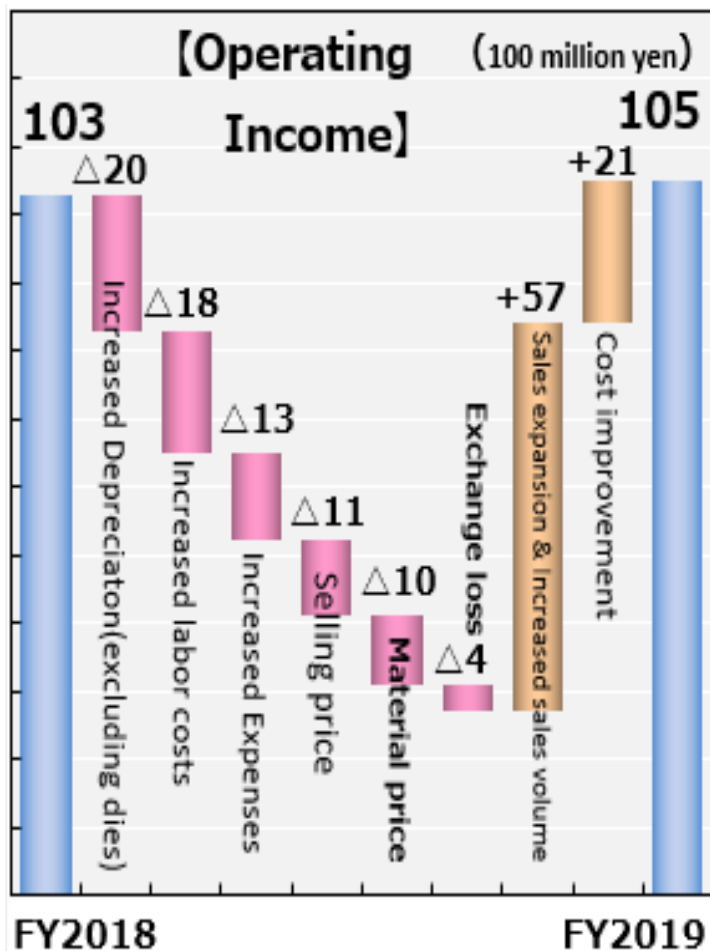
※ 1.It is the abbreviation of the official name: Net Income attributable to parent company shareholders.



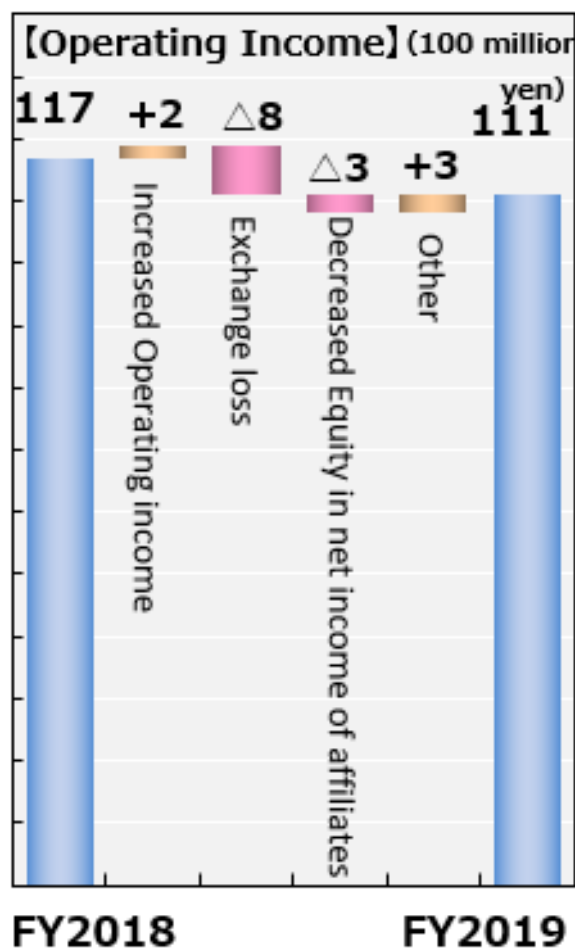
1-2 Consolidated Sales & Profit Increase/Decrease Factors

Sales Expansion of New Products and Increase in Sales Volume Contributed Significantly to the Increase in Sales and Profits

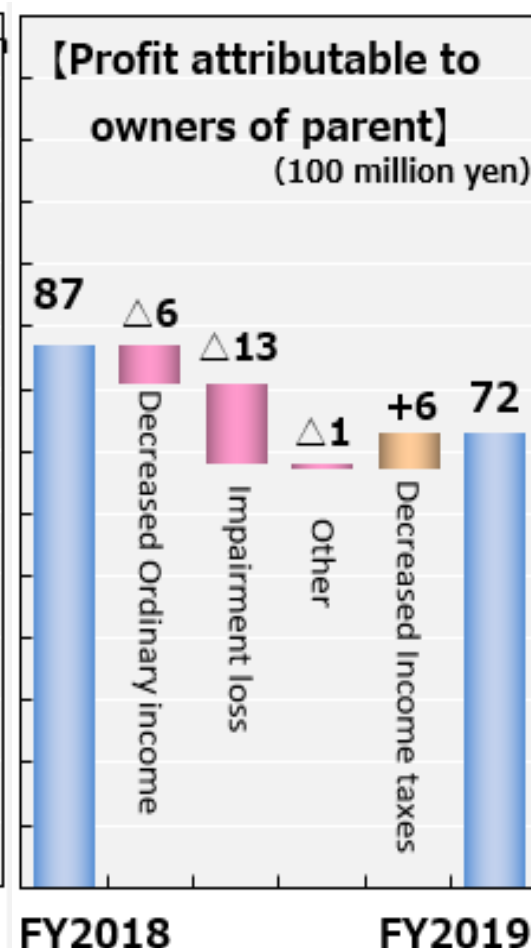
Operating Income
+0.2 billion yen



Ordinary Income
△0.6 billion yen

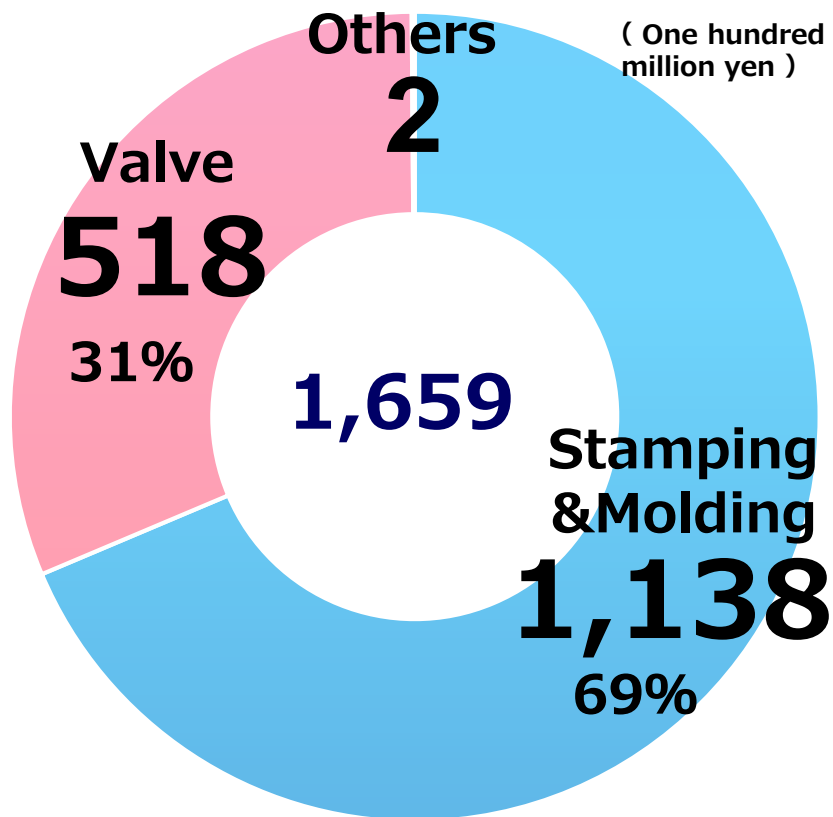


Current term net profit
△1.5 billion yen



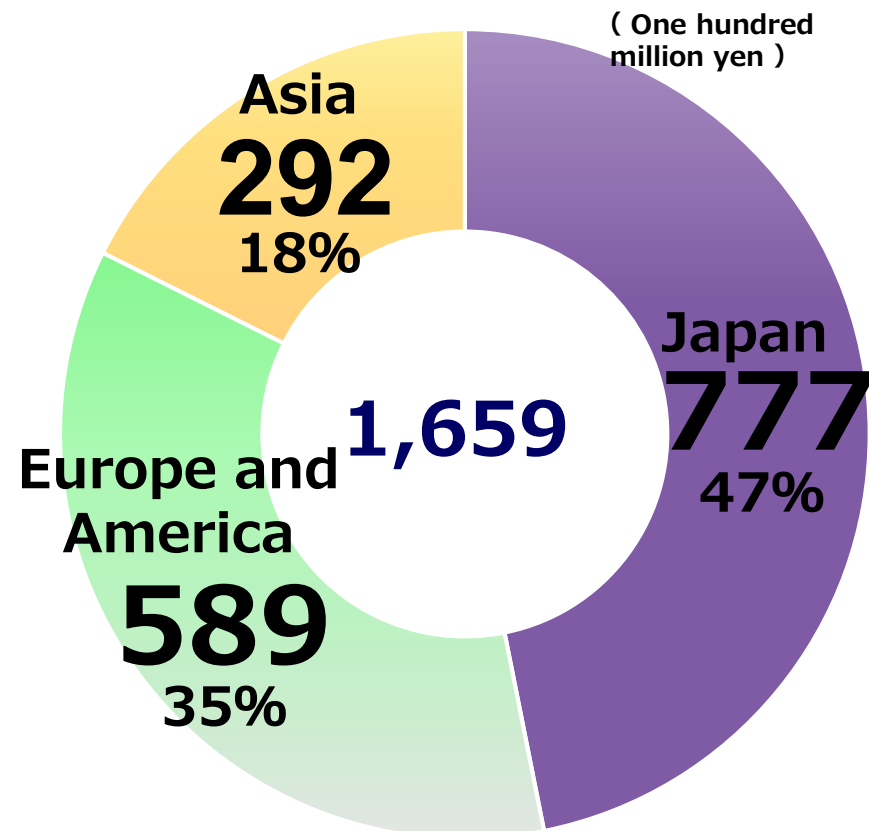
1-3 Consolidated Segments Sales for FY2019⁷

Sales by Business



【Stamping & Molding】 Stamping & molding products for automobiles
【Valve】 Tire valves, air conditioning valves, TPMS
【Others】 Information, services

Sales by Region



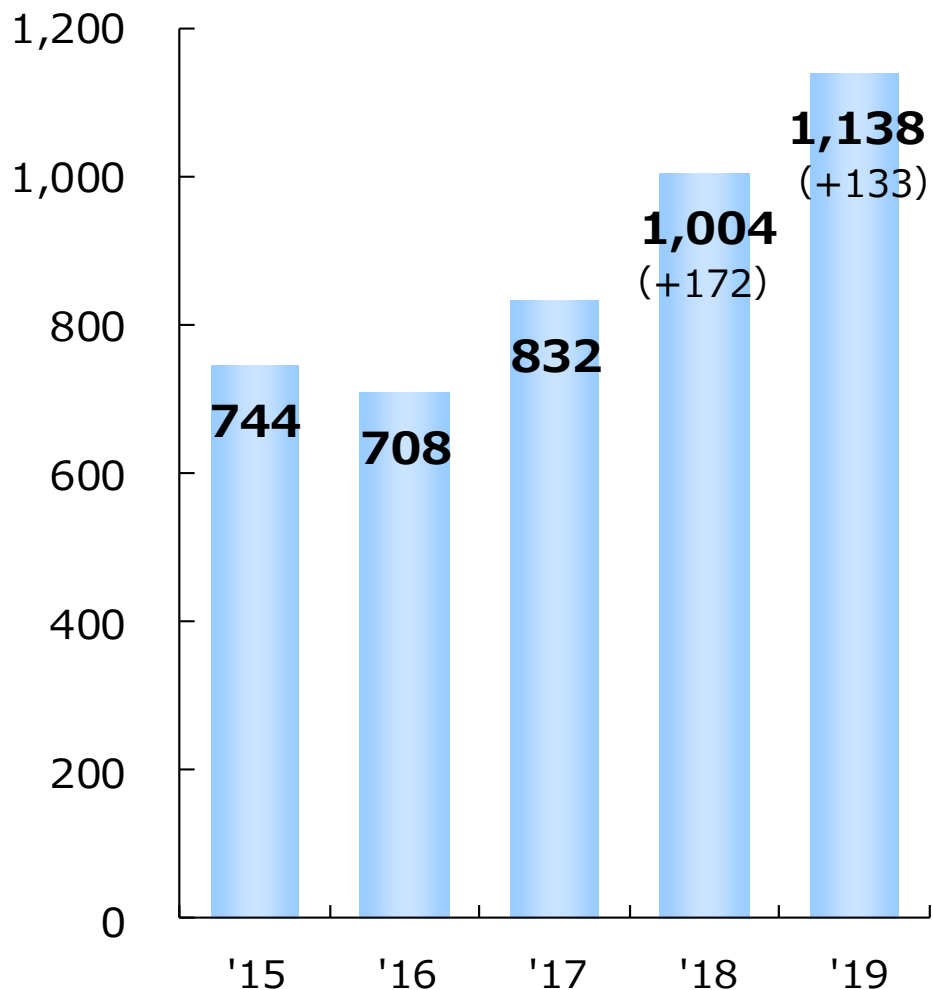
【Japan】 Chubu, Kyushu, and Tohoku
【Europe and America】 U.S. France, Belgium
【Asia】 Taiwan, S. Korea, Thailand, China

1-4 Business Segment : Stamping & Molding Business

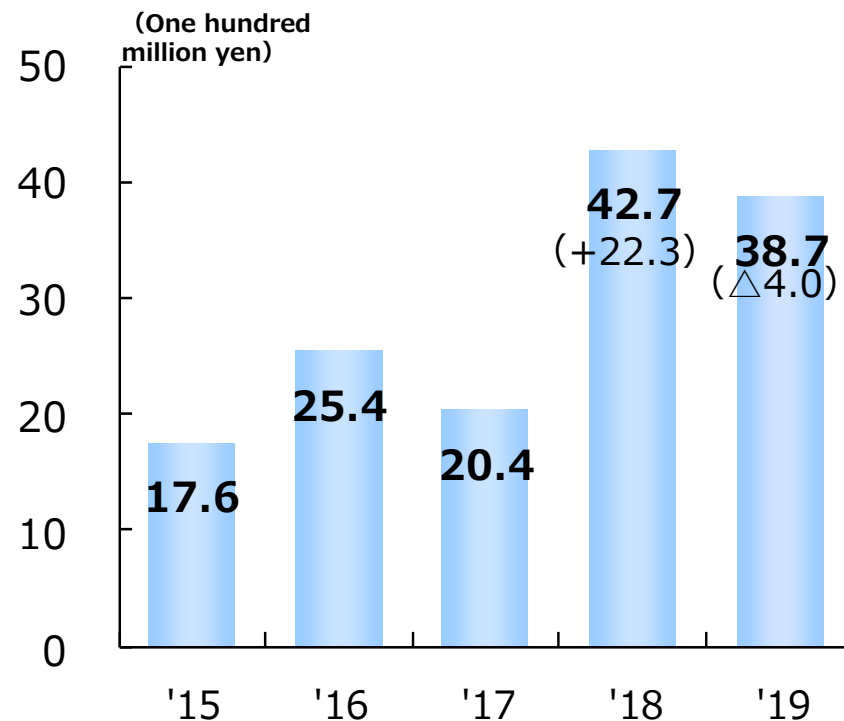
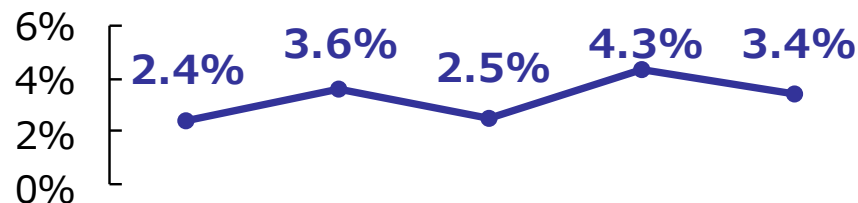
**Sales Increased Due to New Product Sales,
Profit Decreased Due to the Increase in Depreciation, etc.**

Sales

(One hundred million yen)



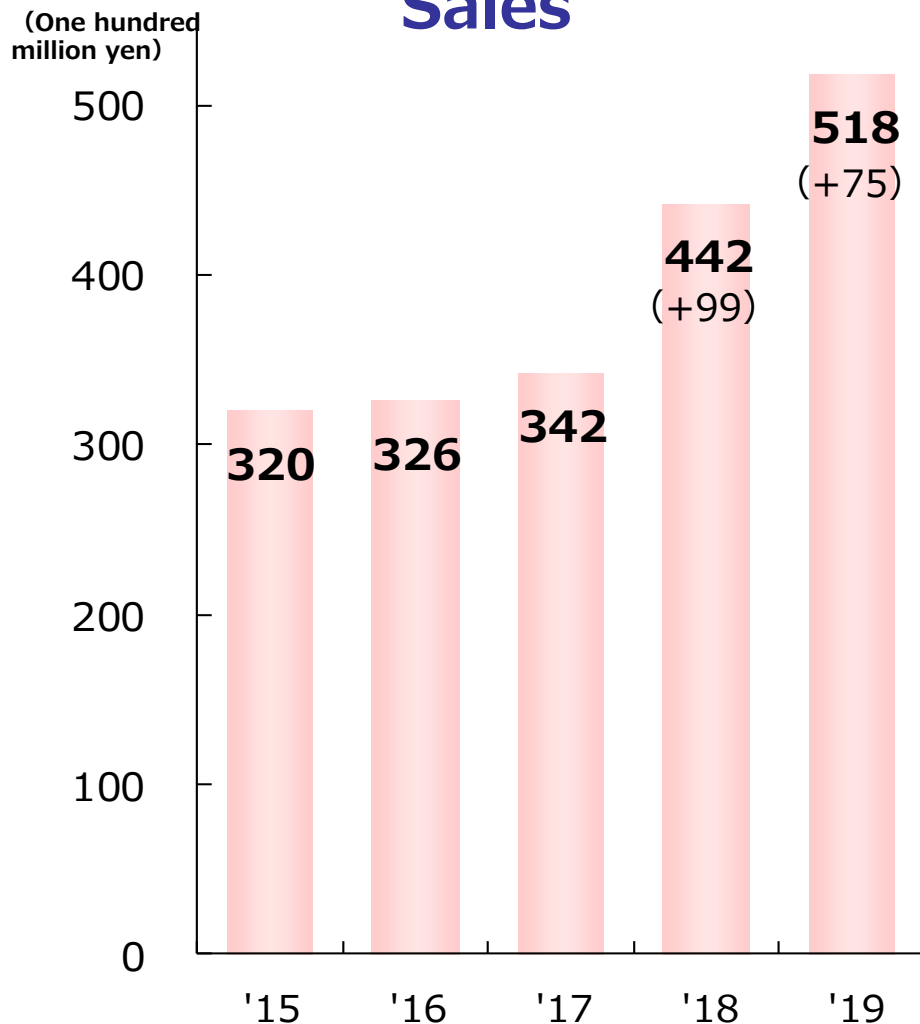
Operating Income



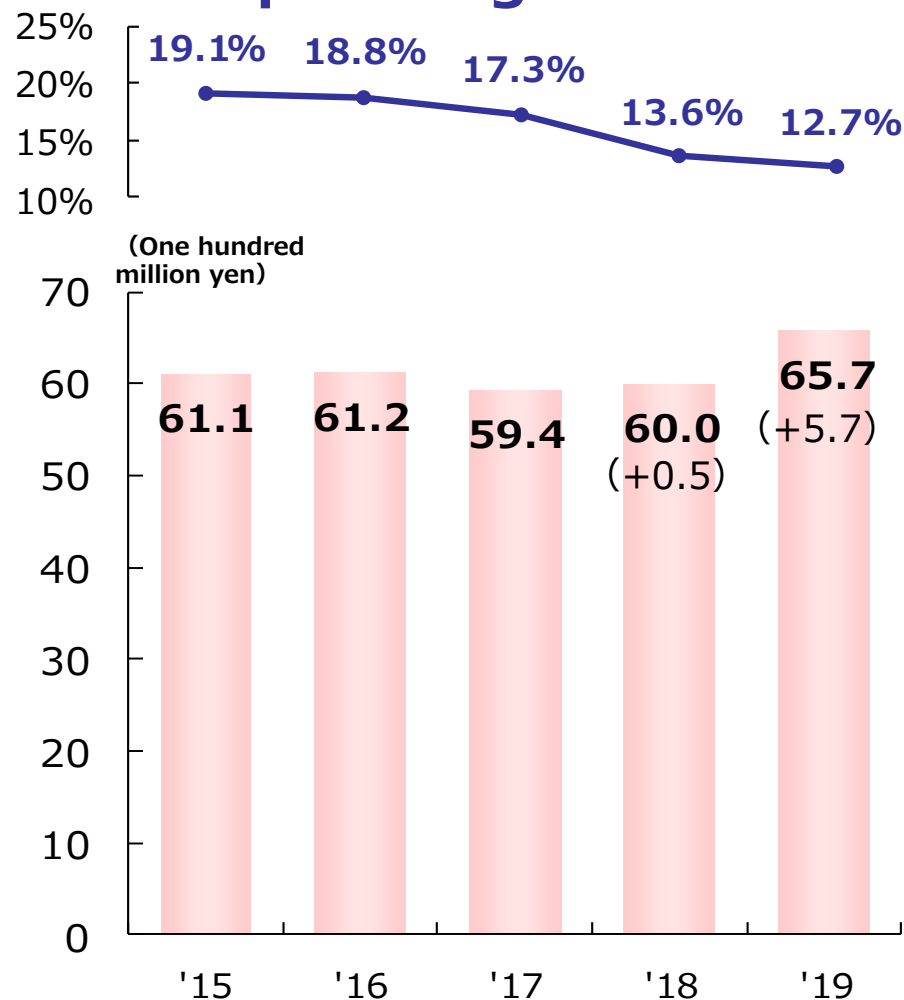
1- 5 Business Segment : Valve Business

Sales & Profit Increased Due to the Full Year Consolidation of Schrader U.S. and France

Sales



Operating Income

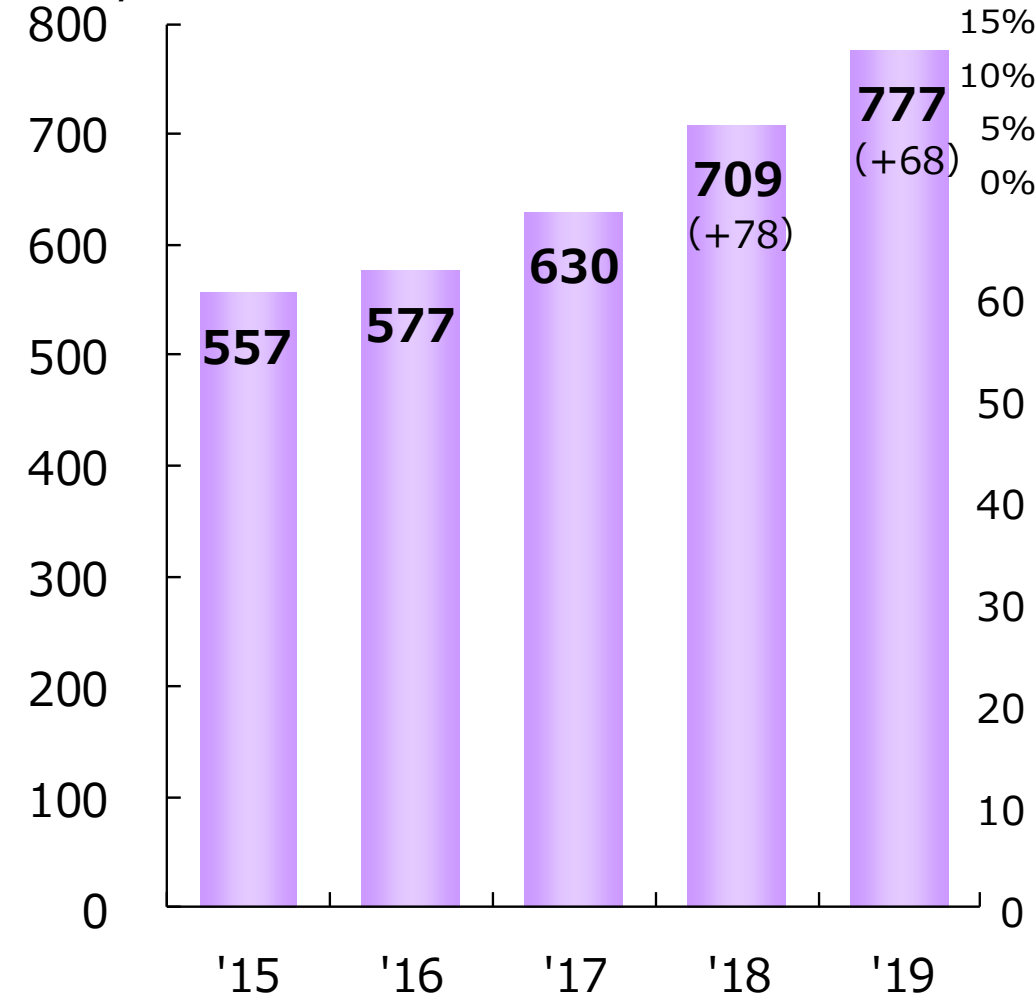


1- 6 Regional Segment: Japan

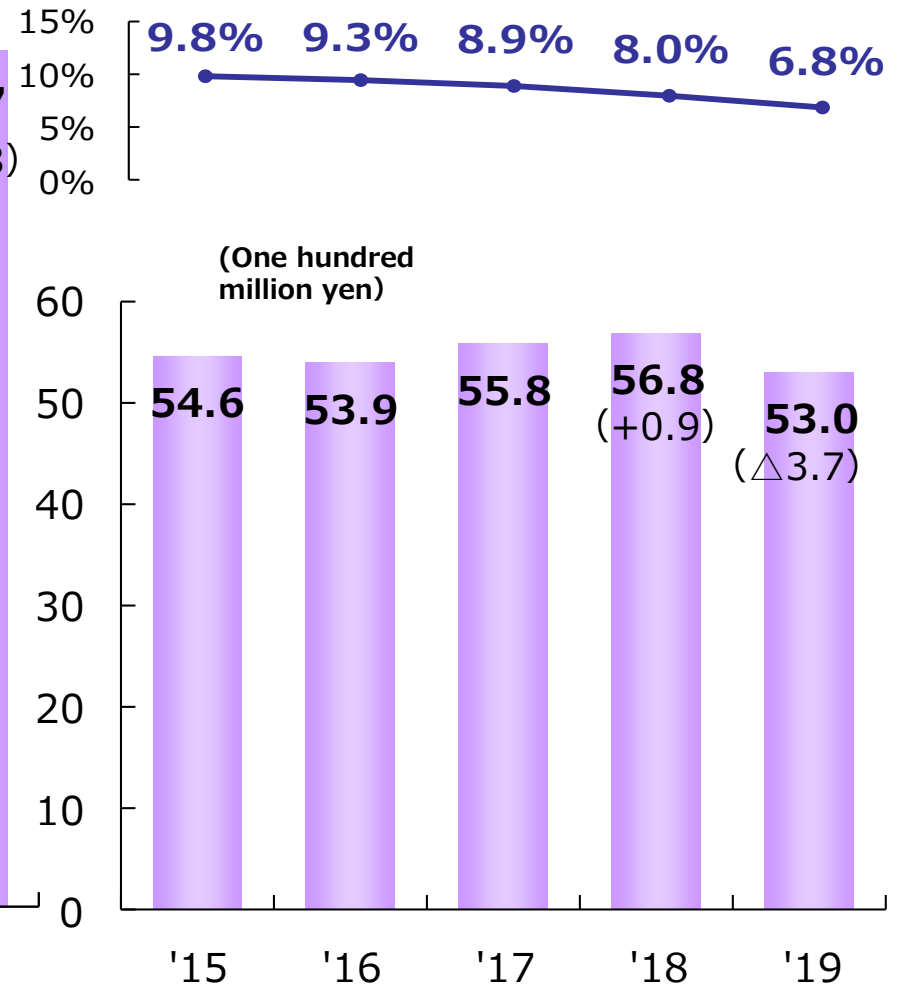
Sales Increased. Profit Decreased Due to the Increase in Depreciation and Exchange Loss etc.

(One hundred million yen)

Sales



Operating Income

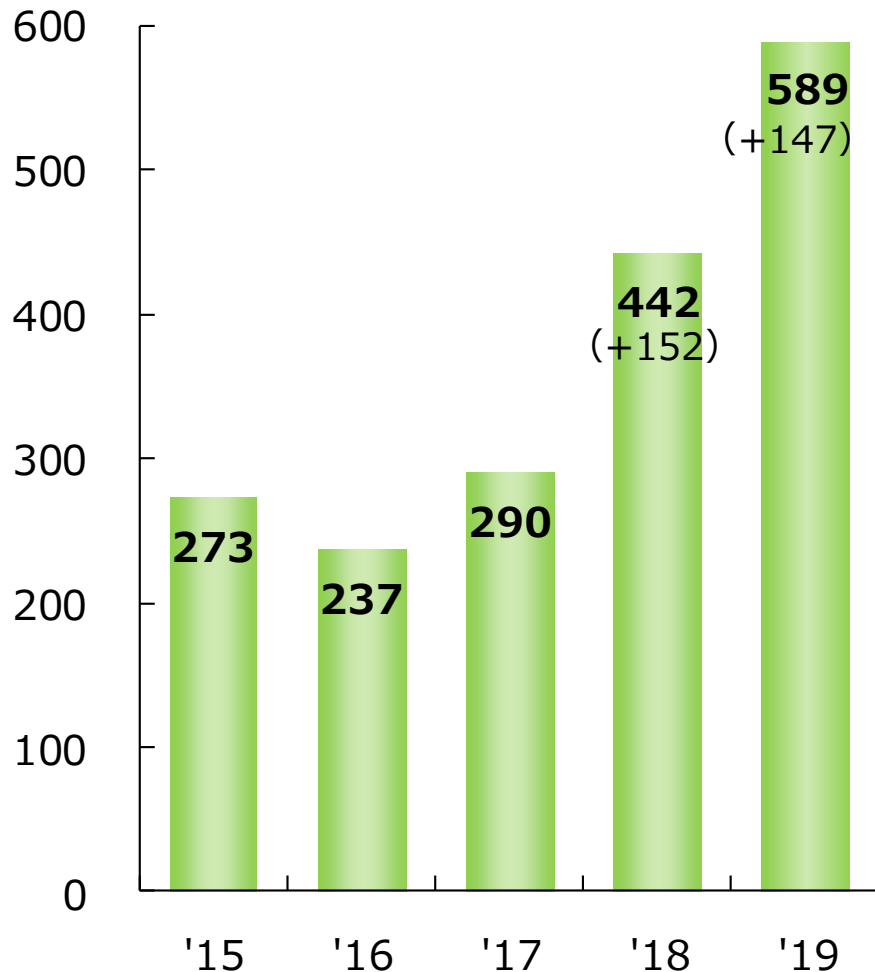


1-7 Regional Segment: Europe and America¹¹

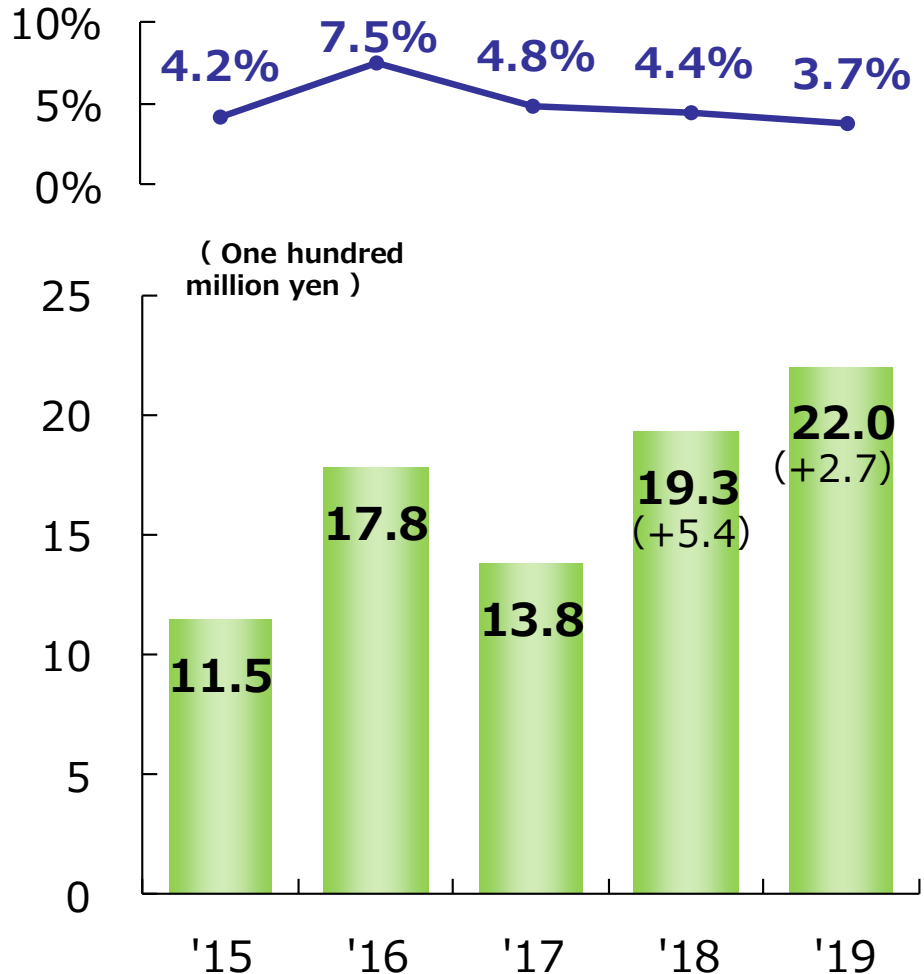
Sales & Profit Increased Due to the Full Year Consolidation of Schrader U.S. and France

(One hundred million yen)

Sales

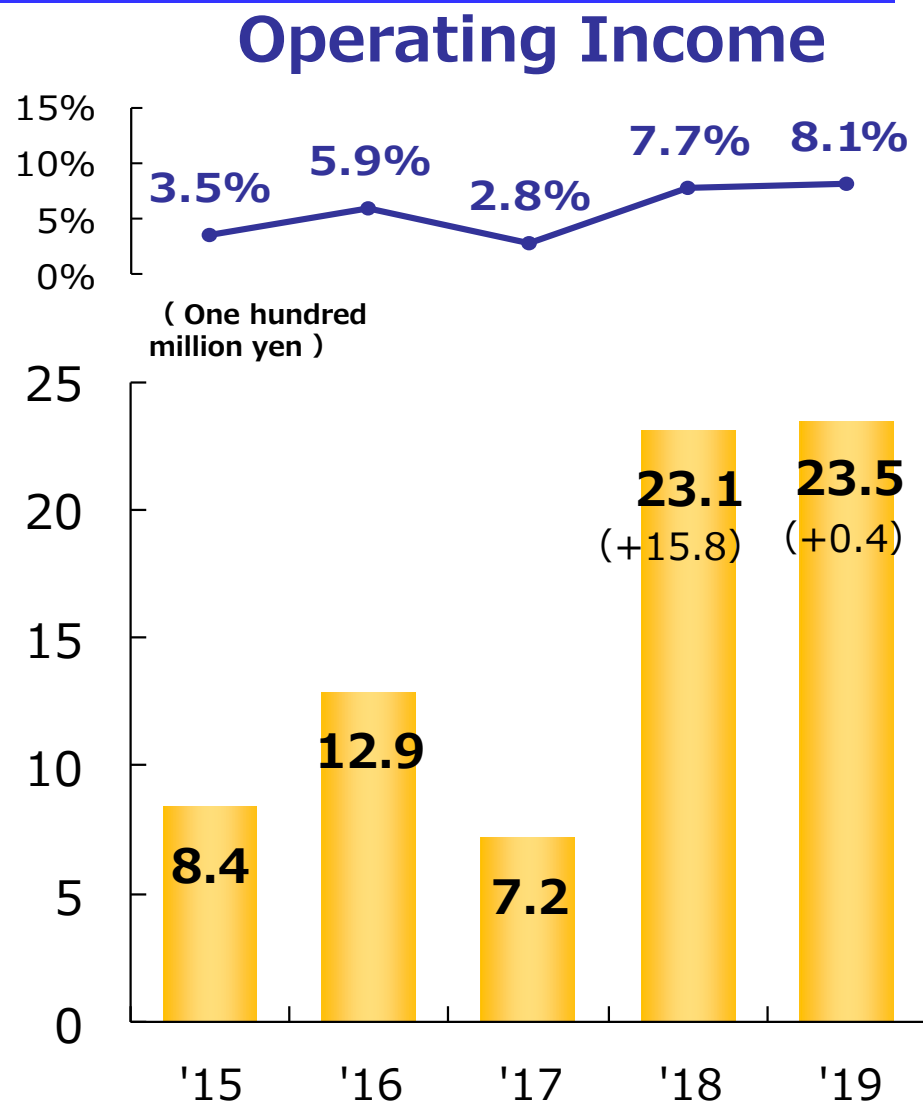
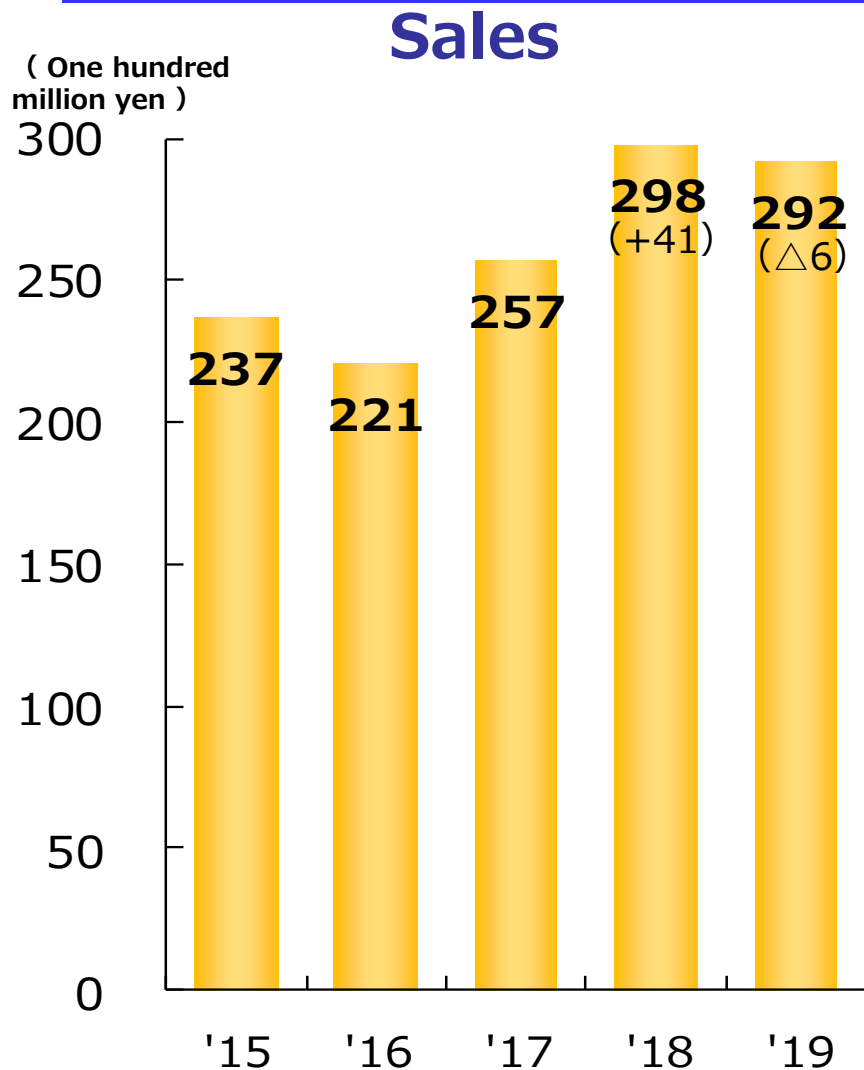


Operating Income



1-8 Regional Segment: Asia

Profit Slightly Increased Despite a Decrease in Sales
Due to Exchange Rate Differences

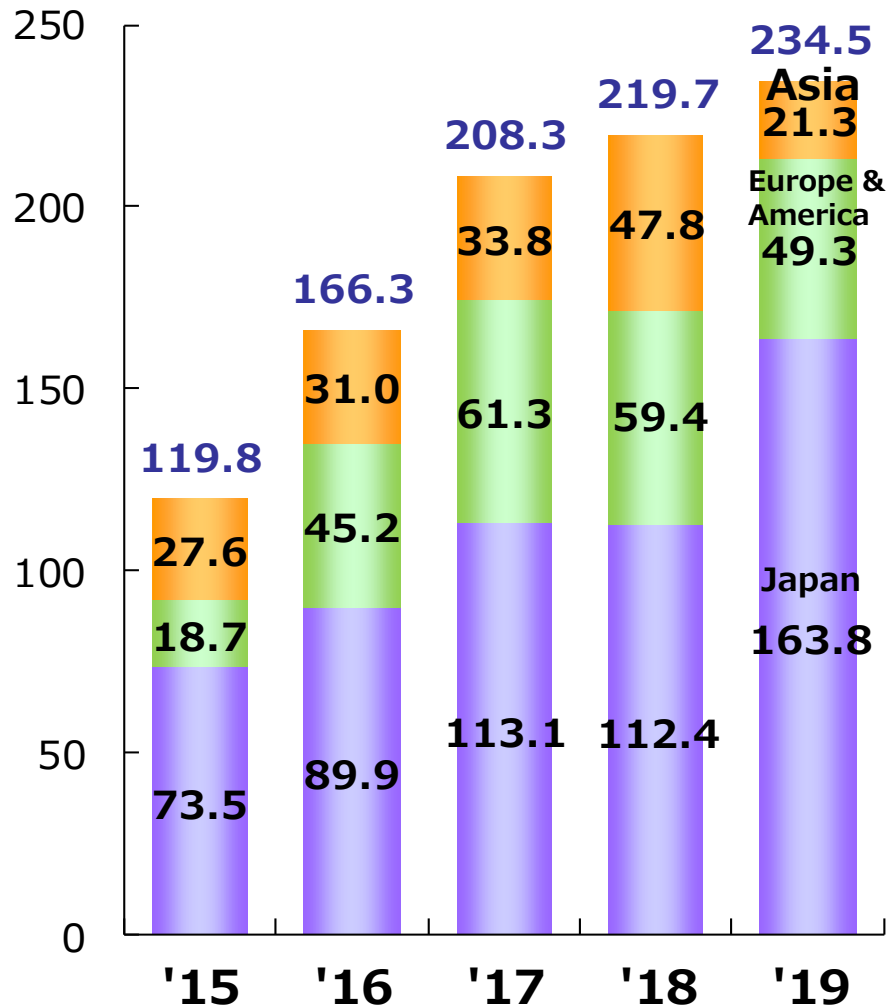


1-9 Consolidated Capital Investment/Depreciation¹³

Increased Depreciation Due to Strategic Capital Investment

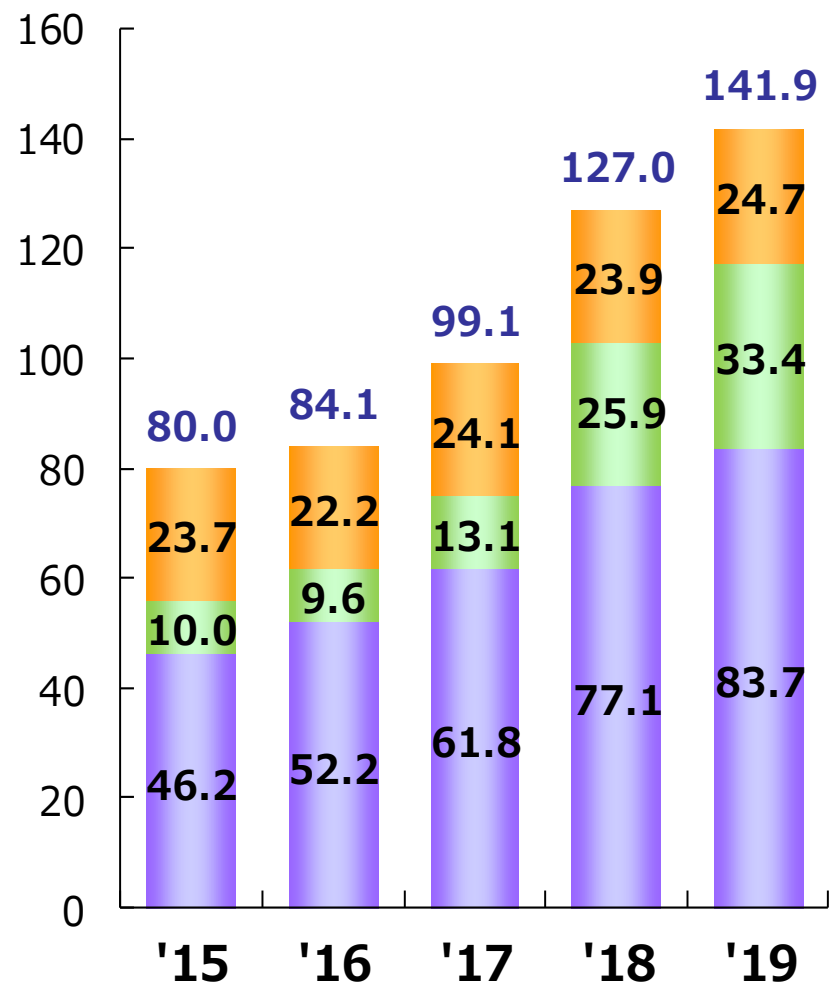
(One hundred million yen)

«Capital Investment»



(One hundred million yen)

« Depreciation »

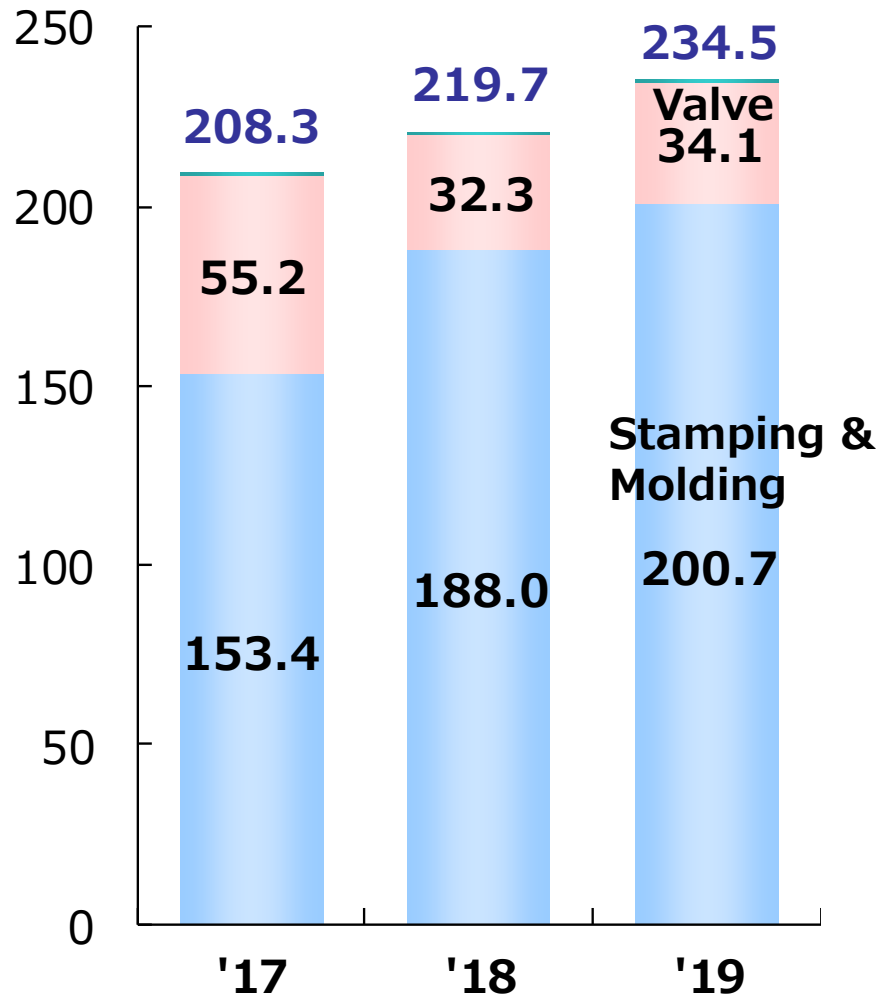


1-10 Strategic Capital Investment

Promoted Strategic Investment such as Ultra High Tensile, TPMS etc.

« Capital Investment » (Annual)

(One hundred million yen)



«Main Items»

■ Valve Business

Extending TPMS Line (USA・CN)
 SCHRADER Synergy Investment (USA・FR)
 Strengthening Forging Competence (JPN)
 Strengthening Aluminum Die-Casting Competence (KOR)

■ Stamping & Molding Business

A Large-class Press for Cold ultra High Tensile
 (JPN・USA・CHN・TWN・THA)

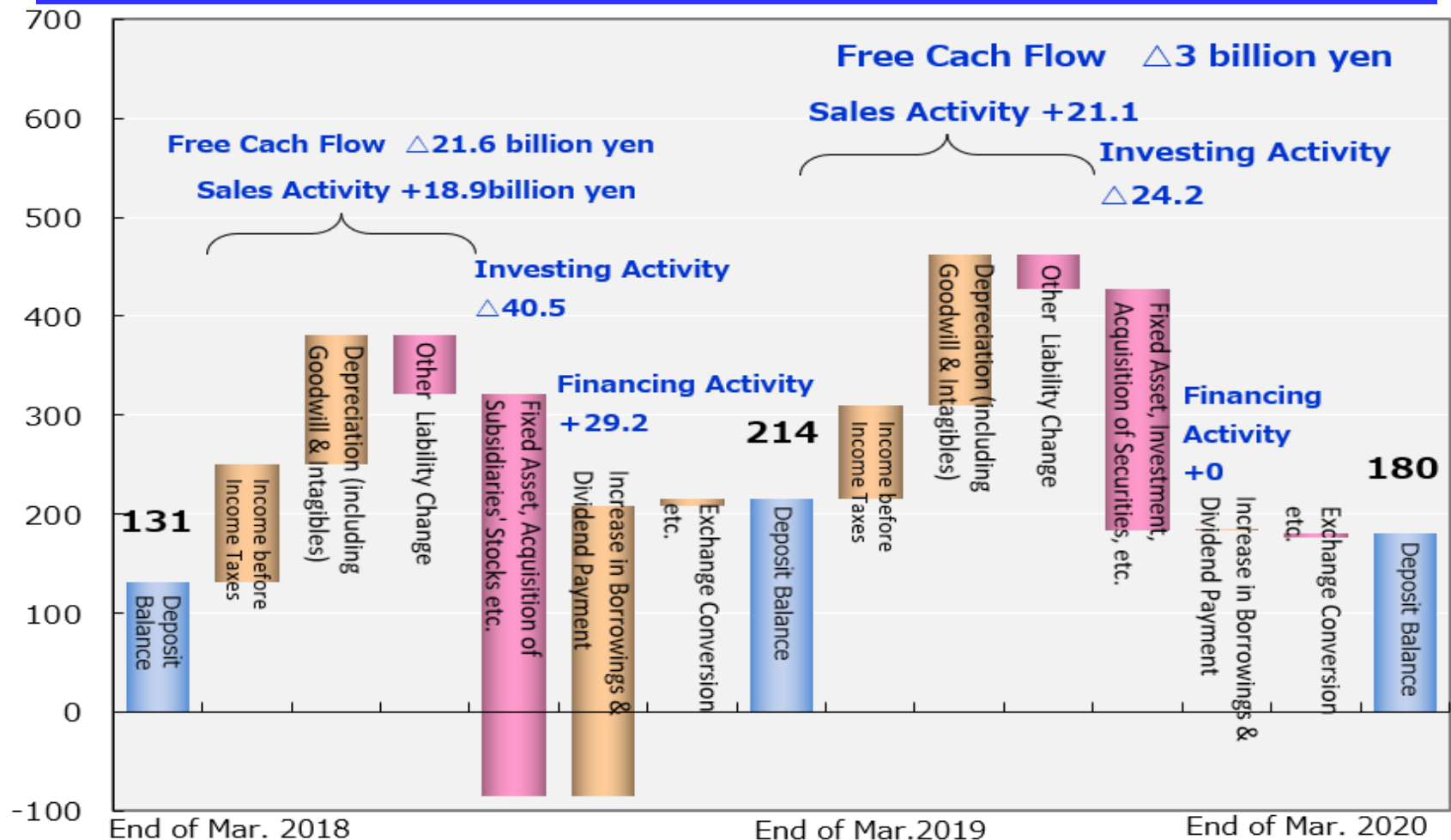
Hot Stamping (JPN・USA)

and Other Investment for new Products

1-11 Consolidated Cash Flow

3 Billion yen Decreased in Free Cash Flow

(100 million yen)



<Interest-bearing debt outstanding>

End of Mar2018

30.5 billion yen (+31.1 billion yen)

End of Mar2019

61.6 billion yen (+2 billion yen)

End of Mar2020

63.6 billion yen

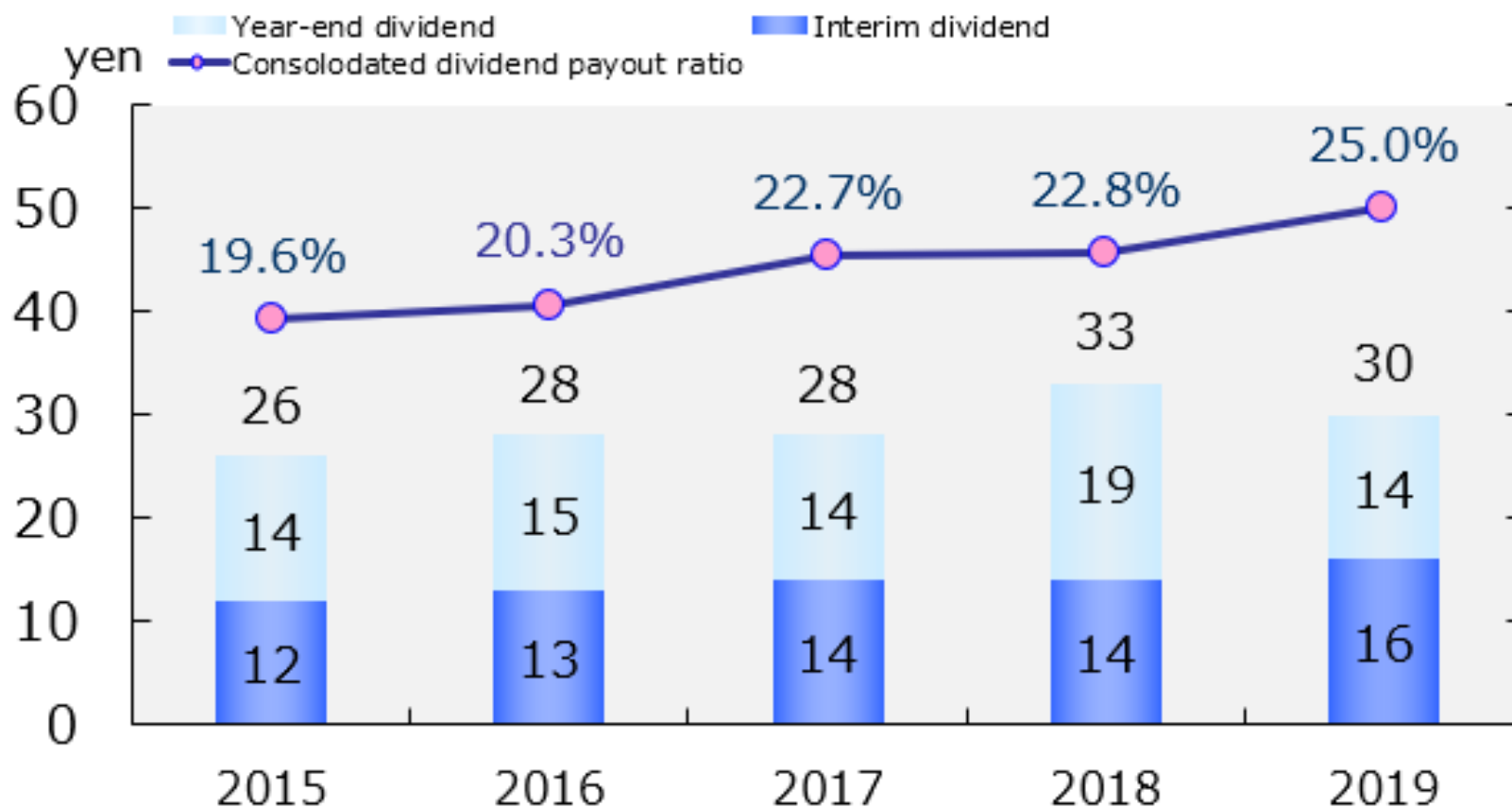
1-12 Returns for Stockholders

A dividend payout ratio increased (Undecided for FY2020)

■ Annual Dividend

FY2019 plan Annual : 30yen (Mid-term : 16yen Term end : 14yen)

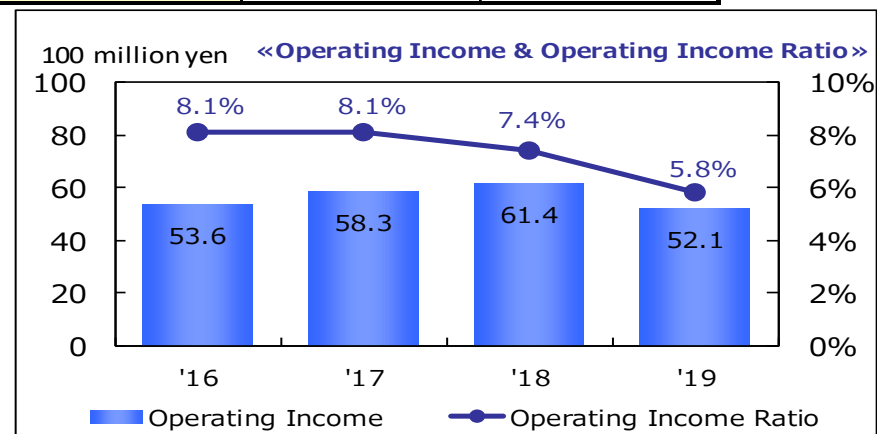
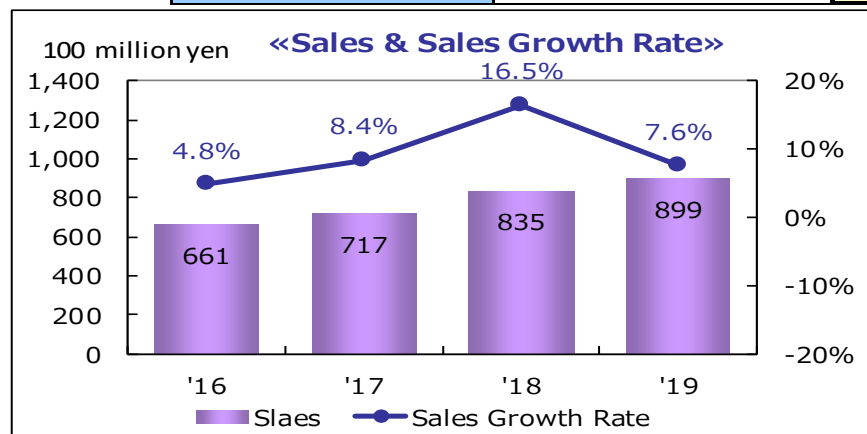
FY2020 plan Undecided



1-13 <Reference> Individual Results

[million yen]

	2018		2019			
			Results	Year-on-year rate		
				Gain&Loss	%change	
Sales	Record High	83,562	Record High	89,901	6,338	7.6%
Operating Income	Record High	6,146		5,212	△934	△15.2%
Ordinary Income	Record High	7,871		7,370	△501	△6.4%
Current Net Income	Record High	5,895		4,038	△1,856	△31.5%
Dividend (per share)		33		30	△3	△9.1%
Operating Profit Margin		7.4%		5.8%	△1.6%	
R O E		8.3%		5.5%	△2.8%	
R O A (Operating Income Base)		4.5%		3.4%	△1.1%	
Net Assts per Share (円)		1,191		1,208	16	



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Gaining a Solid Foothold GLOCALLY by Preventing Being Infected and Maintaining Our Production System as a Top Priority

■ Preventing being infected

- Carrying out health management for employees and their families in Japan and overseas
- Implementing countermeasures to avoid 3C's

■ Maintaining employment & supply chain

- Maintaining employment by making use of leave system and public funds
- Communicating with suppliers

■ Production system adapted to changes

- Global mutual complement and reducing supply risk
- Simulation assuming the onset of COVID-19

Gaining a Solid Foothold GLOCALLY by Preventing Being Infected and Maintaining Our Production System as a Top Priority

- **Taking future fund management into account**
 - Fund management by a whole group
 - Setting a commitment line with banks
- **Cooperate with employees, their families, and local community GLOCALLY**
 - Close cooperation with the government
 - Formulate and thoroughly establish internal action guidelines and deepening the ties

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Acceleration & Prioritization

- **Cost reduction & Streamline**
- **Business structure reform**
- **Manufacturing is about
developing people**

Strengthening Molding Techniques and Structural Analysis Technology To a Higher Grade

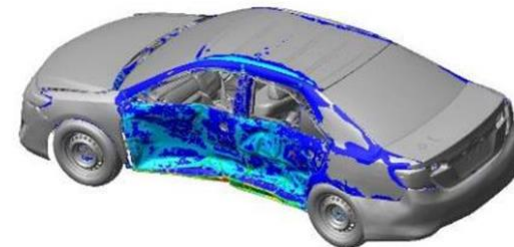
■ Expanding the forming area of weight reduction technology

- Developed cold forming and mass producing techniques for 1470MPa materials
- Expansion of hot stamping forming techniques
- Expansion of the utilization of Aluminum Friction Stir Welding (FSW)
(※)FSW : Friction Stir Welding
- Reducing the weight of resin parts around the engine



■ Developing of crash analysis technology

- Built a crash analysis model in the state of assembling
- Optimum structure & cost reduction



3-3 Efforts in Valve Business

Creating Synergy with Schrader and Diversifying Technologies

■ Synergy activities

- Production : Sharing a cost reduction thoroughly
- Development : Accelerating development of new products
- Sales : Building business foundation by expanding sales channels



■ Forge stamping: Composite technology to increase strength and reduce weight

- Developed a new method combining sheet metal forming and cold forging

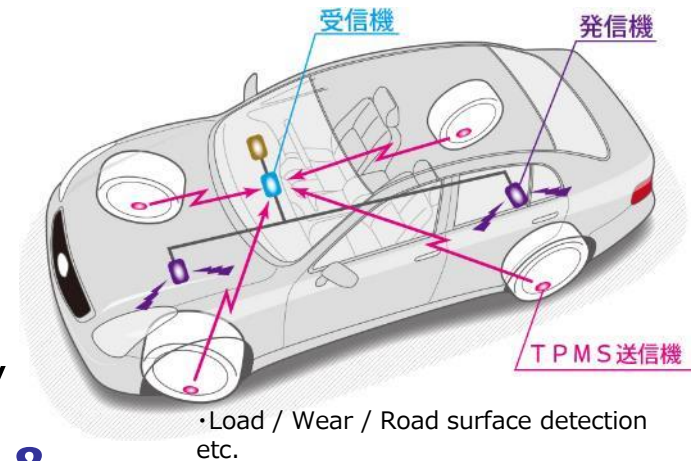
■ Die casting: Weight reduction and development of the variable product type

- Built an integrated manufacturing system for compressor parts

Deepened Functions and Their Application

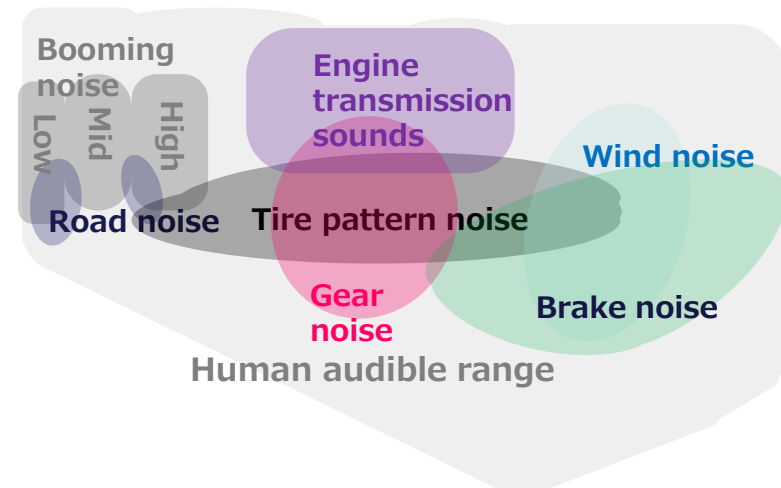
■ Deepening TPMS technology

- Next generation function and product development
- Application of sensing and wireless technology



■ Resin: Application of Soundproofing & anti-vibration technologies

- Deepening NVH technology
- EV motor noise and noise regulation in Europe



(※)NVH Performance : It is a performance that reduces Noise, Vibration and Harshness

3-5 Effort for Utilizing IoT & AI

Utilizing Big data

■ Prediction system for equipment and dies

- Analyzing load, deflection, vibration etc. by AI
- Predicting failure and production defects



Prediction System for Dies

■ Introducing image inspection system

- Automating and inlining visual inspection
- Utilizing inspection data (big data) for structural analysis

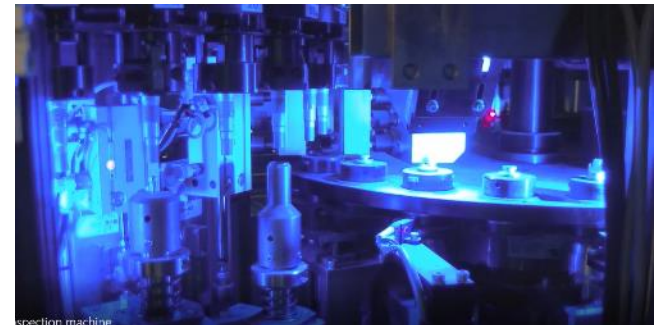


Image Inspection

3-6 Towards Mid-to-Long term

Brand Slogan

思いをこめて、あしたをつくる

~Passion in Creating Tomorrow~

PACIFIC GLOCAL VISION

- Aim to sustainable growth
- Manufacturing is about developing people
- Sharing with stakeholders



