

Financial Results Briefing for FY2018

The 95th period (Apr. 1, 2018-Mar. 31, 2019)

May 22, 2019



PACIFIC INDUSTRIAL CO., LTD.

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FY2018 and Forecast for FY2019**
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Caution in handling this document

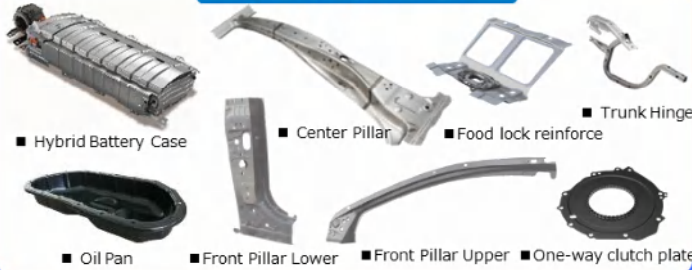
Future forecasts, including this document, were judged according to the current information. Actual financial results might be considerably different from the forecast mentioned here depending on the Japanese or international economic situation, business trends related to our company, and any risk or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

1-1 Main Business at Our Company

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Stamping/Molding Business

Stamping Products



Valve Business

Tire Valve Products



Molding Products



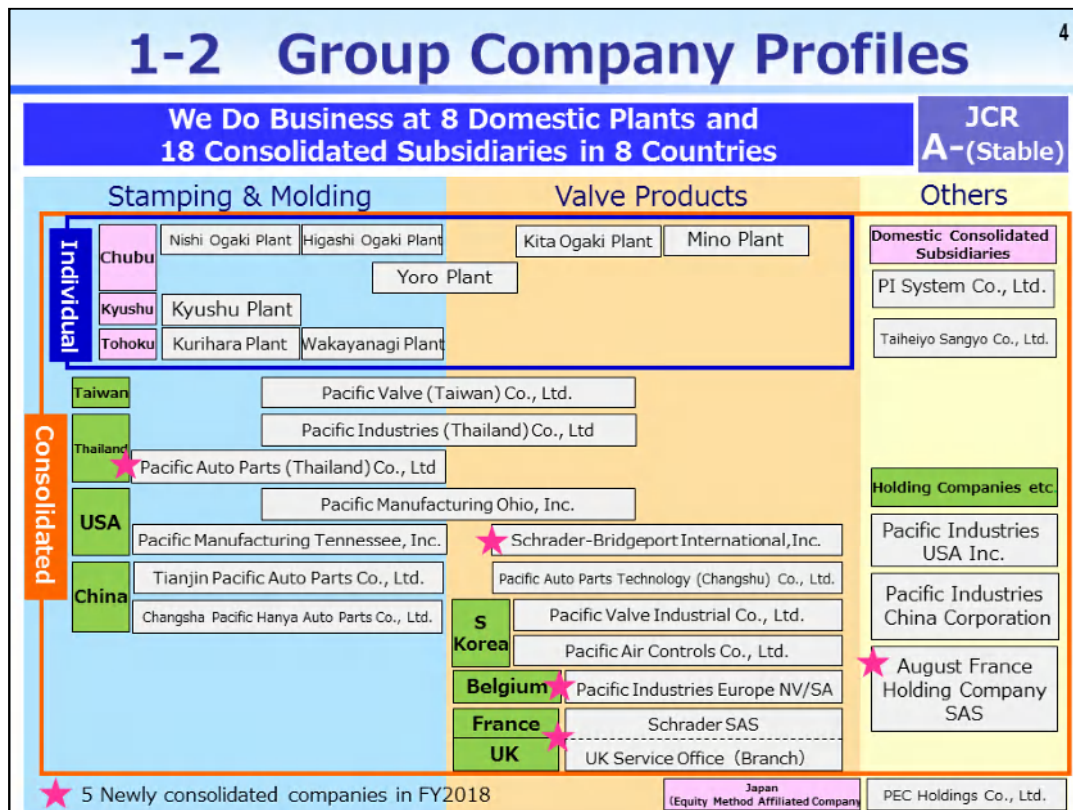
TPMS Products



<Our main business>

- We sell stamping, molding, valve, and TPMS products.
- In the tire valve market, our corporation's founding enterprise, we have been a specialized manufacturer with the world's top market share for a long time.

Furthermore, we have acquired SCHRADER's valve business in 2018. We are the world's top market share in this field.



<Our history>

- In 1930 Started business in valve core nationalization
- In 1962 Listed in the Second Section of the Tokyo Stock Exchange.
- In 1970 Listed in the First Section of the Tokyo Stock Exchange.

Division Structure

"Stamping and Molding", "Valves", "Other"

Stamping and Molding

Accounts for about 70% of total sales.

Primarily working with Toyota group, but also Mitsubishi, Honda, and Suzuki.

Based in Taiwan, the US, China, and Thailand.

Valves Business

Accounts for about 30% of total sales

Based in Taiwan, the US, China, South Korea, Thailand, and Belgium.

France and UK are added to our bases after acquisition of SCHRADER.

Newly Consolidated Subsidiaries

- Schrader, acquired in August, 2018, will be consolidated from the second quarter.

1-3 Corporate Governance

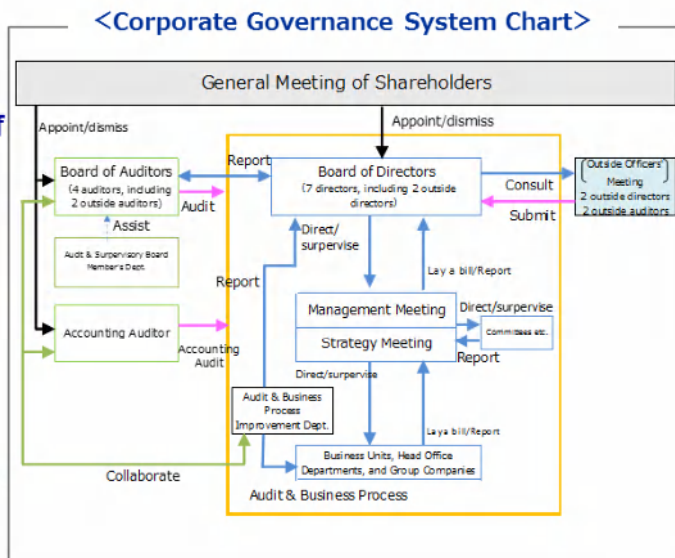
Enhanced system with a revision of corporate governance code

■ Selection of a female candidate for the posts of Outside Directors

• Established the system to secure diversity of the board of directors

■ Established Outside Officers' Meeting

• Changed the system to discuss board of directors' nomination and remuneration as an advisory committee



<Corporate Governance>

We will conduct company management based on the stockholders' perspective and try to construct and maintain a clear corporate governance system.

For the "Corporate governance code", our basic policy is to follow all 73 items.

• For our corporate governance system, we are going to select "a female candidate for an outside director" on the general meeting of shareholders on June 15th.

We will ensure transparency and fairness in the decision making process by adding more diversity for Board of Directors' decision making.

• We also strengthened the function of "Outside Officers' Meeting" and changed the system to discuss the selection of directors and their remuneration.

• We will expand, strengthen and improve essential internal control/internal audit continuously in order to improve "corporate governance" more.

Abolished Stock Option System and Introduced a New Stock Compensation System

<Restricted Stock Compensation Plan>

Eligible Directors	Directors of our company (excluding outside directors)
Stock Remuneration Limit	Up to JPY 50 million per year
Kinds of stocks to be allocated and how to allocate them	Issue or dispose Common stock (the one that transfer is restricted on allocation contract)
Total number of stocks to be allocated	Upper limit set at 50,000 shares per year in total for the eligible directors
Transfer Restriction Period	During the period established in advance by the Company's Board of Directors, which shall be between 3 and 50 years from the day when Eligible Directors are allotted such shares
Lifting of Transfer Restriction	Restriction is lifted upon expiration of the transfer restriction period. However, in the case of retirement due to expiration of term, death or other justifiable reasons, the transfer restriction is lifted

<Reference> The Company also plans to offer the same restricted stock-based compensation to the Company's Operating Officers.

•As part of the ongoing revision of the compensation system for directors , we propose to the general meeting of shareholders to introduce a new "compensation for the granting of restricted stock system" instead of the existing stock options.

•The purpose of this change is that, as executives, each officer has a stronger sense of responsibility and promotes greater value sharing with shareholders, in addition to promote activities to improve medium to long-term corporate value.

2-1 Consolidated Results

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[million yen]									
	2017	Jan.2019 Announced	Results	Consolidated % year consolidated	2018		Announced Figure Level		
					Gain&Loss	%change	Gain&Loss	%change	
Sales	Record High 117,758	138,000	Record High 145,030	1.7	27,272	23.2%	7,030	5.1%	
Operating Income	8,063	9,600	Record High 10,307	1.7	2,244	27.8%	707	7.4%	
Ordinary Income	9,485	10,800	Record High 11,767	1.5	2,281	24.1%	967	9.0%	
※ 1 Parent Company Current Net Income	7,393	7,800	Record High 8,730	1.5	1,336	18.1%	930	11.9%	
Sales Operating Income Ratio	6.8%	7.0%	7.1%		0.3%		0.1%		
R O E	8.5%	—	9.3%		0.8%		—		
R O A (Operating Income Base)	※2 5.4%	—	5.7%		0.3%		—		
Net Assts per Share (yen)	1,508	—	1,590		81		—		

※ 1. It is the abbreviation of the official name: Net Income attributable to parent company shareholders.
 2. We have applied [Partial Amendments to "Implementation Guidance on Tax Effect Accounting"] since FY2018, and applied retroactively to the financial results of the term end of FY2017.

Year	Sales (million yen)	Sales Growth Rate (%)
'14	999	8.7%
'15	1,068	6.9%
'16	1,036	△3.0%
'17	1,177	13.6%
'18	1,450	23.2%

Year	Operating Income (million yen)	Operating Income Ratio (%)
'14	69.6	7.0%
'15	78.6	7.4%
'16	86.6	8.4%
'17	80.6	6.8%
'18	103.0	7.1%

<Consolidated Financial Results >

- Automobile production volume remained strong in Japan, Europe & America, increased in China.

Sales

With sales expansion for new products and business in the U.S. for 7 months and business in France for 4 months consolidated as SCHRADER valve business that was acquired in August, we launched a record high consolidated sales for 2 consecutive years.

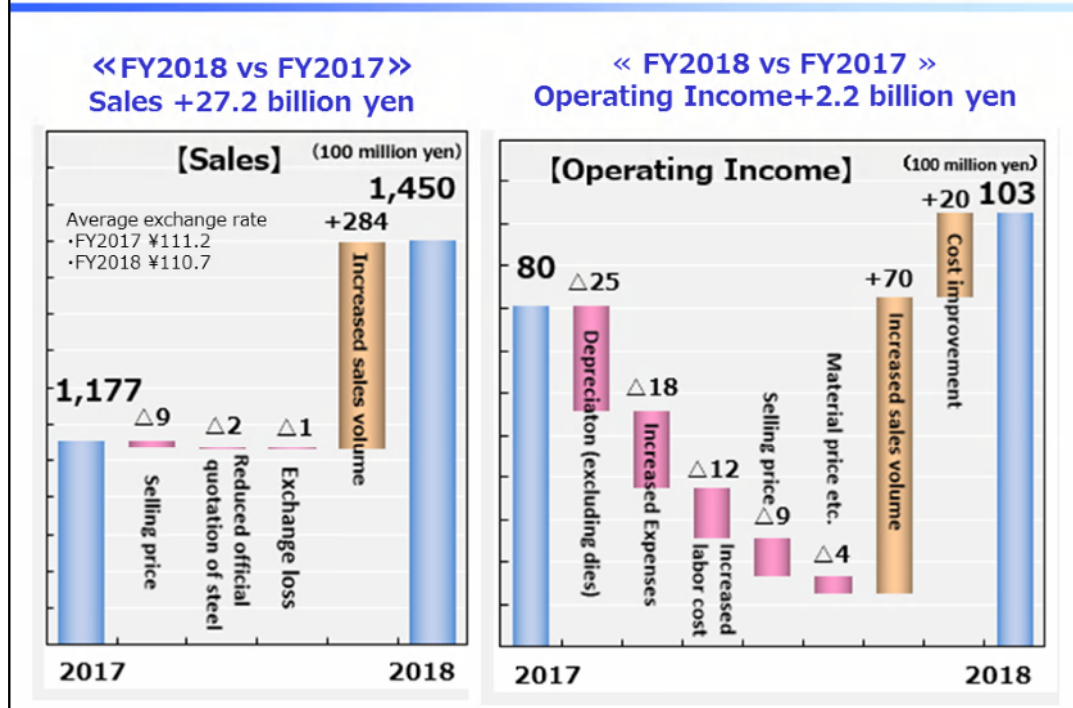
Profit

Variable cost increased associated with increase in sales; acquisition cost and depreciation increased.

However, in addition to the increase in sales volume and consolidated SCHRADER business, we had a record high profit for the first time in 2 terms.

2-2 Consolidated Sales & Profit Increase/Decrease Factors

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<Causes of Fluctuation in Consolidated Sales & Income for 2018>

Sales ...The main causes of increase and decrease are the following.

Positive Factors

Increase in sales volume to ¥ 28.4 billion

Mainly, sales increased due to sales expansion of new ultra-high tensile components.

¥ 7 billion increase in sales due to acquisition of SCHRADER valve business

Operating Profit ...The main causes of increase and decrease are the following.

Negative Factors

Increase in depreciation cost ▲¥2.5billion, Increase in costs ▲¥1.8 billion, Increase in labor costs ▲¥1.2 billion, Decrease in selling price ▲¥0.9 billion, Material price etc. ▲¥0.4 billion

Positive Factors

Increase in sales volume ¥7 billion, cost improvement ¥2 billion

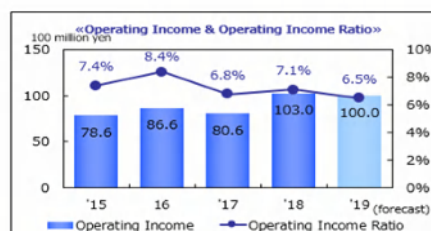
2-3 Consolidated Financial Forecast

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★Highest update is expected [million yen]

	2017	2018				2019		
		Results	Consolidated Non-consolidated	Year-on-year rate		Forecast	Year-on-year rate	
				Gain&Loss	%change		Gain&Loss	%change
Sales	Record High 117,758	Record High 145,030	1.7	27,272	23.2%	☆ 155,000	9,970	6.9%
Operating Income	8,063	Record High 10,307	1.7	2,244	27.8%	10,000	△307	△3.0%
Ordinary Income	9,485	Record High 11,767	1.5	2,281	24.1%	11,000	△767	△6.5%
※ 1 Parent Company Current Net Income	7,393	Record High 8,730	1.5	1,336	18.1%	8,000	△730	△8.4%
Operating Income Ratio	6.8%	7.1%		0.3%		6.5%	△0.6%	
ROE	8.5%	9.3%		0.8%		8.1%	△1.2%	
ROA (Operating Income Base)	※2 5.4%	5.7%		0.3%		4.8%	△0.9%	
Net Assts per Share (yen)	1,508	1,590		81		1,699	109	

※ 1.It is the abbreviation of the official name: Net Income attributable to parent company shareholders
 2. We have applied [Partial Amendments to "Implementation Guidance on Tax Effect Accounting"] sinc and applied retroactively to the financial results of the term end of FY2017.



<Consolidated Financial Forecast>

Sales

Forecasted ¥155 billion, an increase in income of 6.9% from the previous term based on ¥105/\$.

Profit

Profits are expected as follows;

Operating income ¥10 billion, 3.0% decrease from the previous term

Ordinary income ¥11 billion, 6.5% decrease from the previous term

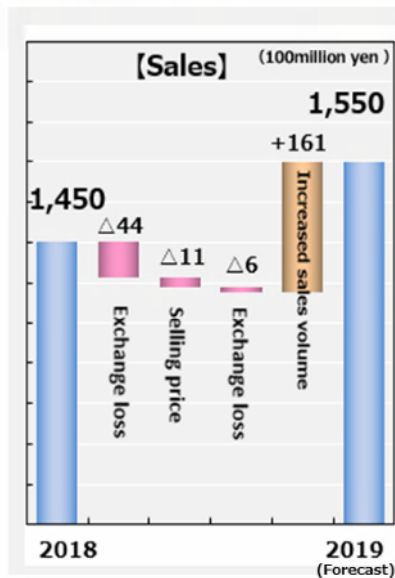
Current net income ¥8 billion, 8.4% decrease from the previous term

ROE・ROA

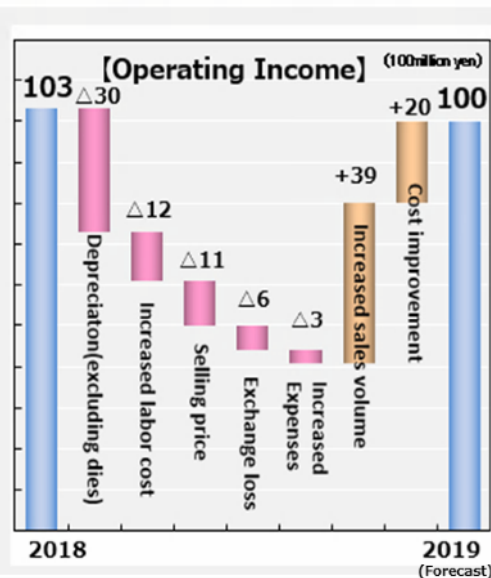
•ROA is expected to decline from 9.3% to 8.1%, ROA from 5.7% to 4.8% due to decrease in profit and increase total assets due to aggressive capital investment.

2-4 Causes of Fluctuation in Consolidated Sales & Income(Forecast) ¹⁰

«FY2019 Forecast vs FY2018»
Sales+9.9 billion yen



«FY2019 Forecast vs FY2018»
Operating Income Δ 0.3billion yen



<Causes of Fluctuation in Consolidated Sales & Income (Forecast) >

FY2019 Sales...The main causes of change are the following:

Negative Factors

Exchange conversion for overseas sales, decrease in selling price, exchange loss

Positive Factors

Selling volume increased, including ¥9 billion increase in sales due to consolidating annual SCHRADER valve business results, and increase in sales of new products

FY2019 Operation Income...The main causes of change are the following:

Negative Factors

Increase in depreciation ¥1.7 billion (including ¥0.5 billion increase in goodwill depreciation), Increase in labor cost ¥1.2 billion due to sales volume, Decrease in selling price ¥1.1 billion, Exchange loss ¥0.6 billion, Increase in expenses ¥0.3 billion

Positive Factors

Increase in sales volume to ¥3.9 billion, cost improvement of ¥2 billion

•Exchange sensitivity Annual ¥0.1 billion per ¥1

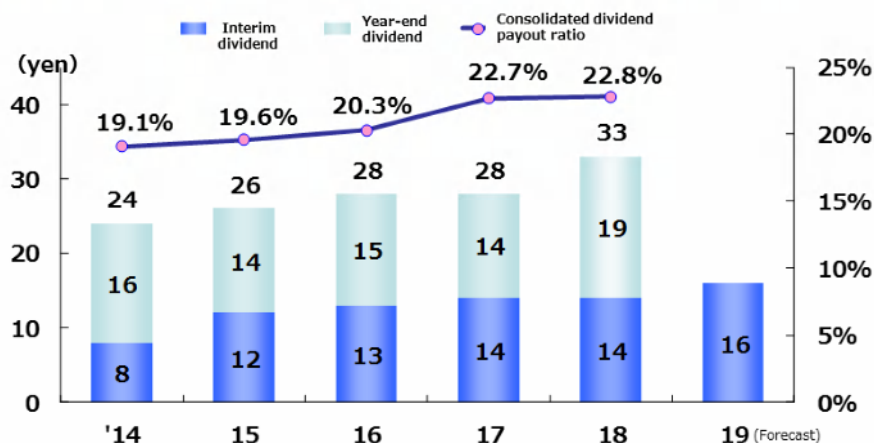
2-5 Returns for Stockholders

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Dividend increased as income increased
(Undecided for FY2019)

■ Annual Dividend

FY2018 Annual : 33yen (Mid-term : 14yen, Term end : 19yen)
 FY2019 Forecast Annual : Undecided (Mid-term : 16yen, Term end : Undecided)



<Returns for Stockholders>

As for dividends, we aim for continuous and stable dividends that meet our business results.

- We paid ¥28 for last year's dividend.

As for the term-end dividend, considering business results etc., we plan to annual dividend of ¥33 in addition to ¥19, increased by ¥5 from the last year and the interim dividend of ¥14.

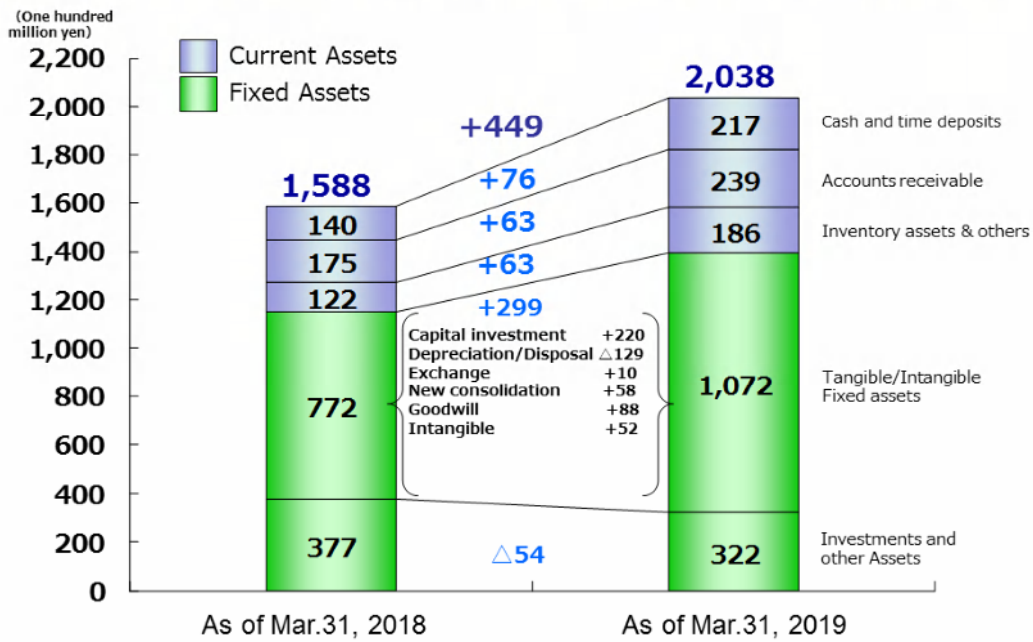
The payout ratio is 22.8%.

- We plan the interim dividend of ¥16, increased by ¥2.

As for the term-end dividend, it is undecided because uncertain situation in business environments is expected, such as U.S.-China trade friction, influence of the rise of consumption tax etc.

2-6 Changes in Consolidated Total Assets 12

Increased Total Assets due to strategic capital investment and SCHRADER consolidation



<Consolidated Total Assets>

Total assets at the end of March 2019

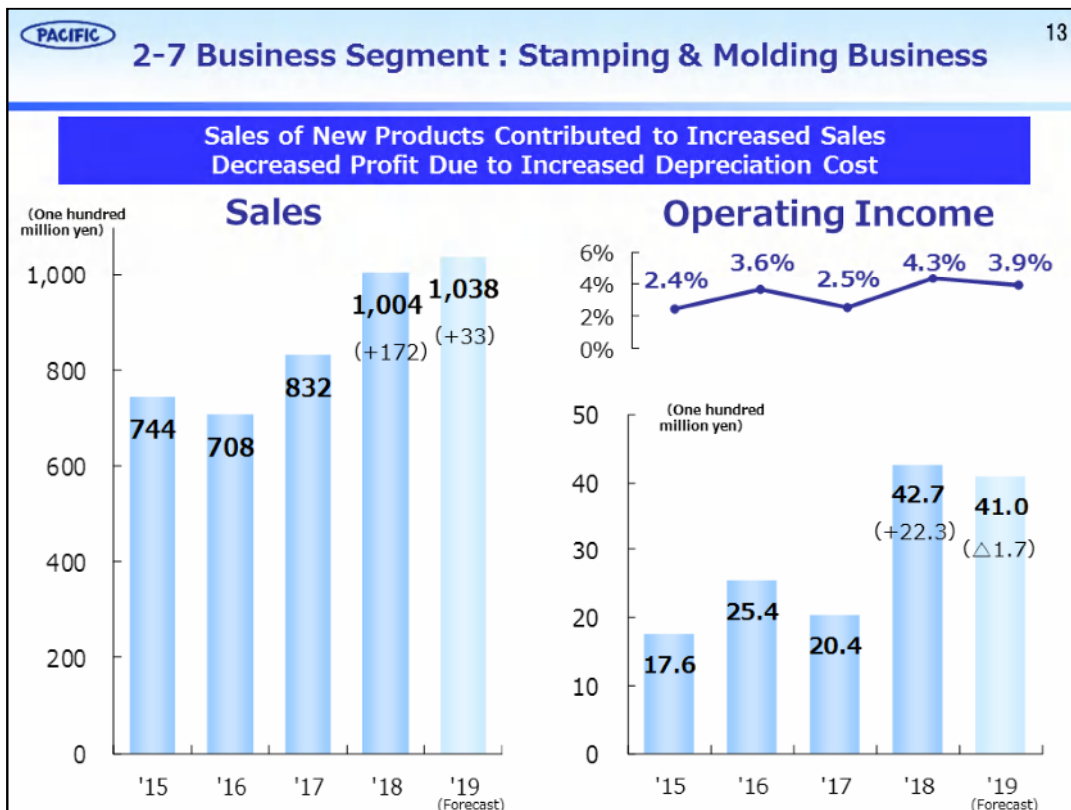
Was ¥203.8 billion; increased by ¥44.9 billion from the end of the previous term.

Main Increase Factors

Current assets increased by ¥20.4 billion due to an increase in accounts receivable and inventory assets influenced by business acquisition and an increase in sales volume.

Tangible fixed asset increased by ¥ 15.8 billion due to an increase in capital investment mainly for strategic investment.

•“Purchase Price Allocation” of acquired Schrader business has been completed in the year-end closing, and part of ¥14 billion of “goodwill”, that was temporarily calculated at the interim closing, was transferred to “tangible/intangible fixed asset” and the balance of “goodwill” is ¥8.8 billion.



<Business Segment: Stamping & Molding Business >

Sales

•2018 Results

Sales increased by 20.7% due to an increase in new products in Japan, Asia, and U.S.

•2019 Forecast

Even though profit is expected to decrease in Asia, overall, expected to increase by 3.3% due to an increase in profit by sales expansion for new products etc. in Japan and U.S.

Operating Income

•2018 Results

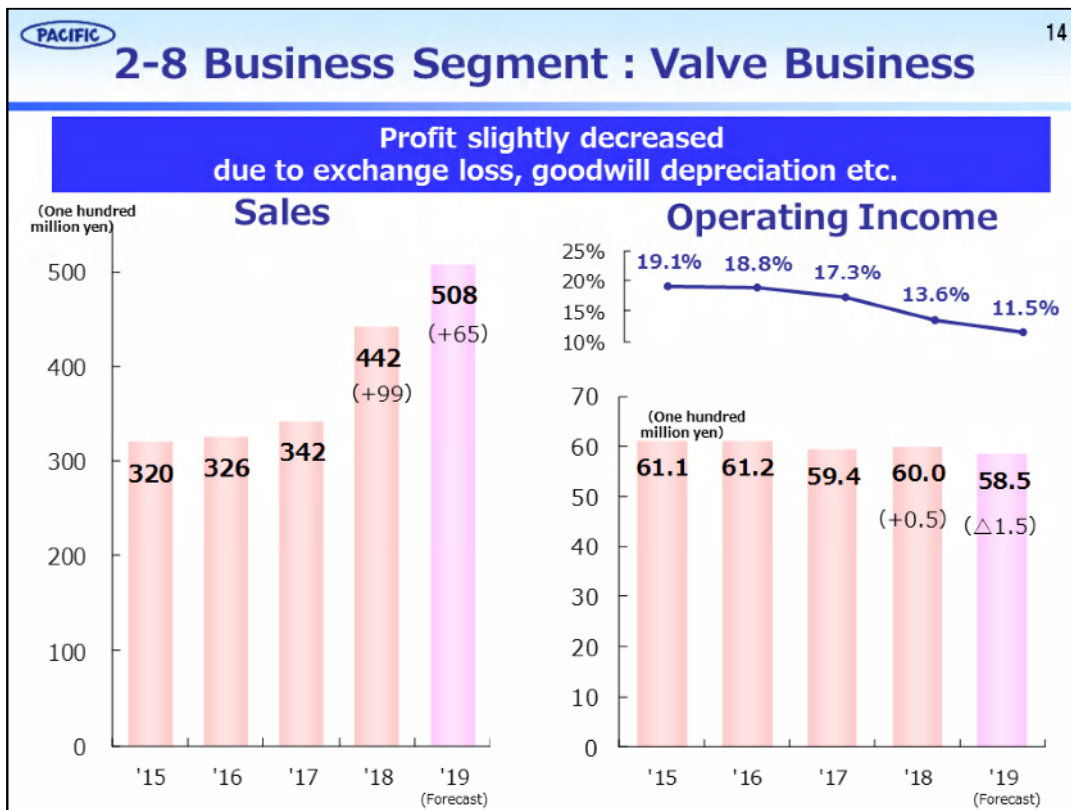
Profit increased by 109.0% due to an increase in sales volume and cost improvement in Japan, Asia, and U.S.

•2019 Forecast

In Japan and U.S., profit is expected to increase due to an increase in sales volume.

In Asia, profit is expected to decrease due to a decrease in sales volume and an increase in depreciation.

Overall, Profit is expected to decrease by 4.2%.



<Business Segment: Valve business>

Sales

•2018 Results

Increased by 29.1% from the previous term due to an increase in sales volume of TPMS products, in addition to an increase by acquisition of SCHRADER valve business

•2019 Forecast

Even though sales are expected to decrease due to the influence of exchange conversion, 14.8% increase from the previous term, contributed annually by SCHRADER valve business.

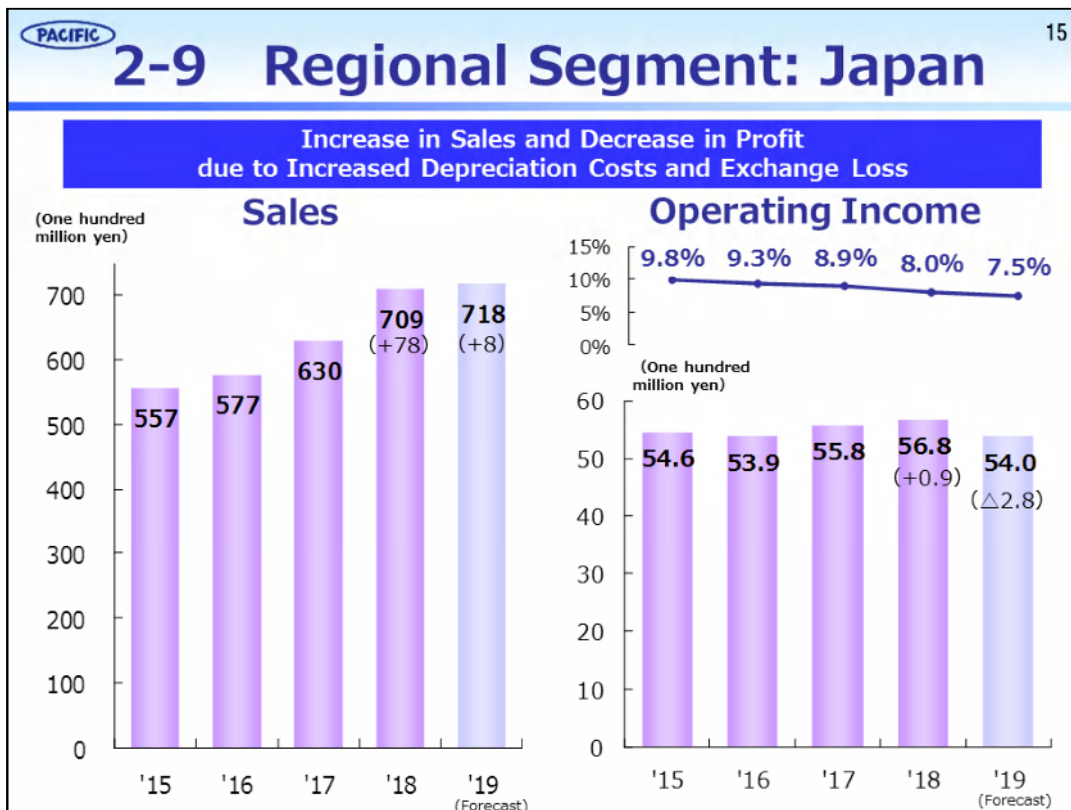
Operating Profit

•2018 Results

Even though increased expenses due to business acquisition, and increase in depreciation of "goodwill" and tangible/intangible fixed assets at purchase price allocation of the acquired company's assets, 0.9% increase from the previous term due to sales volume and cost improvement.

•2019 Forecast

2.5% decrease from the previous term due to an increase in depreciation, including exchange loss and depreciation of "goodwill" even though increased sales volume will be effective.



<Regional Segment: Japan>

Sales

•2018 Results

Sales increased by 12.5% from the previous term due to the expansion of sales of new products in addition to the steady growth of domestic automobile production by major customers.

•2019 Forecast

The number of car production by major customers is expected to be flat with the previous year, and sales is expected to increase by 1.2% from the previous year mainly due to sales expansion of new products.

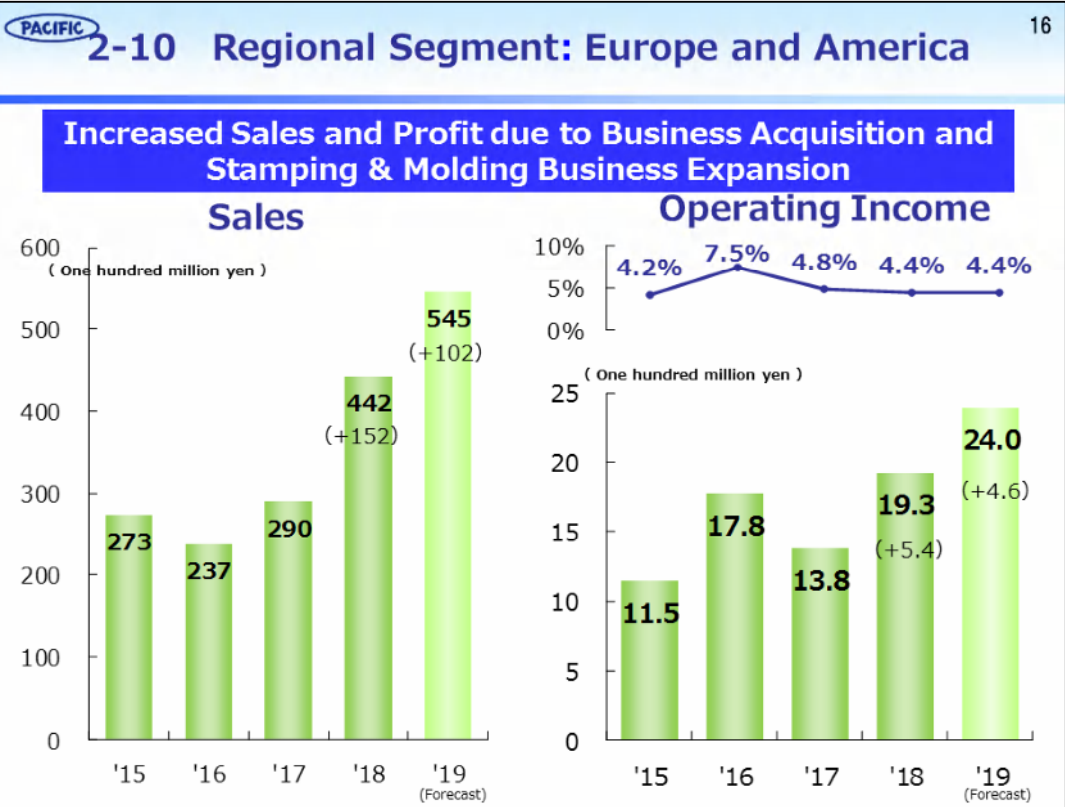
Operating Income

•2018 Results

Even though there was an increase in labor cost and expenses, a decrease in selling price and an increased strategic capital investment, profits increased by 1.7% due to an increase in sales volume and cost improvement.

•2019 Forecast

5.0% decrease from the previous term due to a decrease in selling price, exchange loss, an increase in depreciation etc.



<Regional Segment: Europe and America >

Sales

• **2018 Results**

Sales increased by 52.5% from the previous term due to an increase in new stamping & molding products in Ohio/Tennessee plants, as well as the acquisition of SCHRADER valve business.

• **2019 Forecast**

Sales is expected to increase by 23.2% due to SCHRADER valve business's annual contribution, as well as an increase in sales of new products.

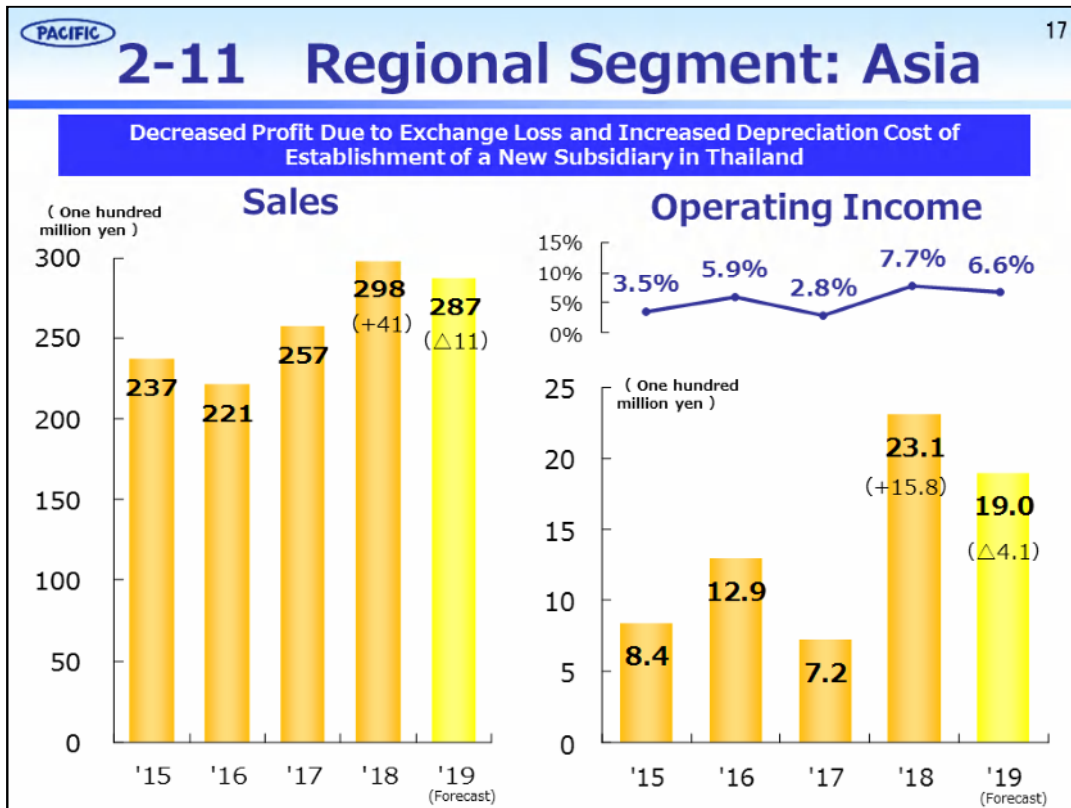
Operating Income

• **2018 Results**

Profit increased by 39.5% due to SCHRADER valve business and an improved production efficiency due to an increase in sales volume.

• **2019 Forecast**

24.2% increase from the previous term due to an increase in sales volume and cost improvement, even though increase in depreciation and increase in labor cost and expenses due to an increase in production volume.



<Regional Segment : Asia >

Sales

•2018 Results

Sales increased by 16.2% from the previous term due to an increase in sales of dies for launching of new cars in Taiwan and an increase in TPMS business for S. Korea and China.

•2019 Forecast

Sales is expected to decrease by 3.9% due to a decrease in sales of dies in Taiwan, as well as an influence of exchange conversion, even though stamping business have started in Thailand and TPMS business in China contributed to an increase in sales.

Operating Income

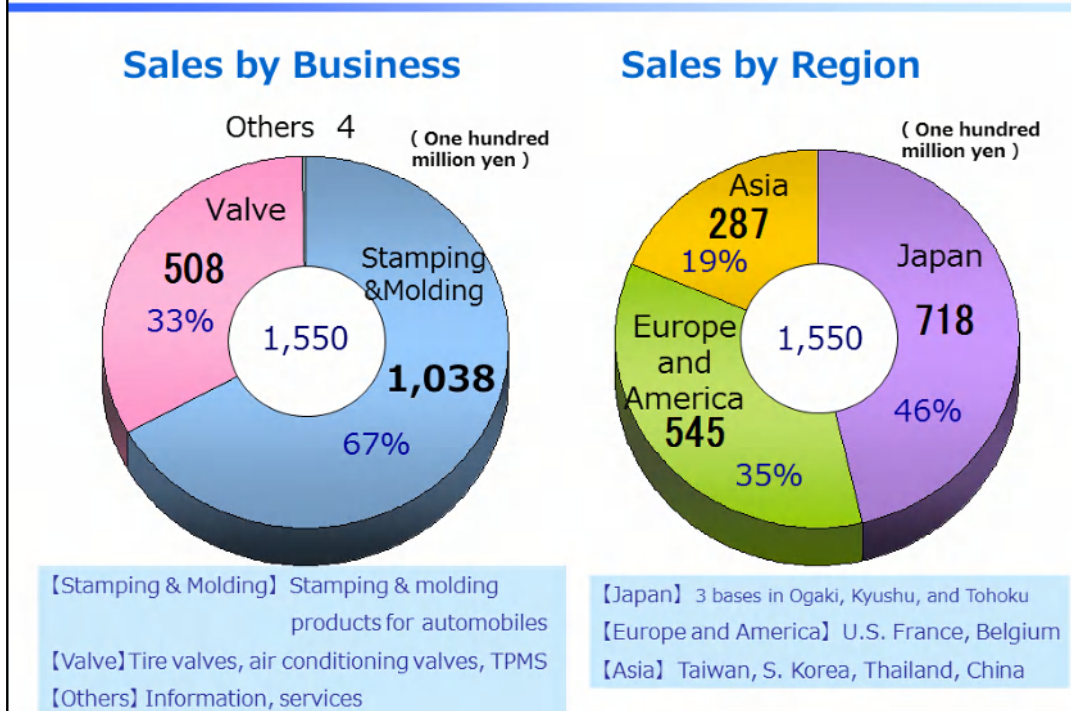
•2018 Results

Profit increased by 218.2% due to an increase in sales volume of Stamping and TPMS business in Taiwan, China, and S.Korea.

•2019 Forecast

Even though profit in Stamping and TPMS business in China is expected to increase, overall profit is expected to decrease by 17.7% from the previous term due to an exchange loss, an increase in depreciation of a new stamping subsidiary operation in Thailand, and a decrease in sales of dies in Taiwan.

2-12 Consolidated Segments Forecast for FY2019 ¹⁸



<FY2019 Sales Forecast by Segment>

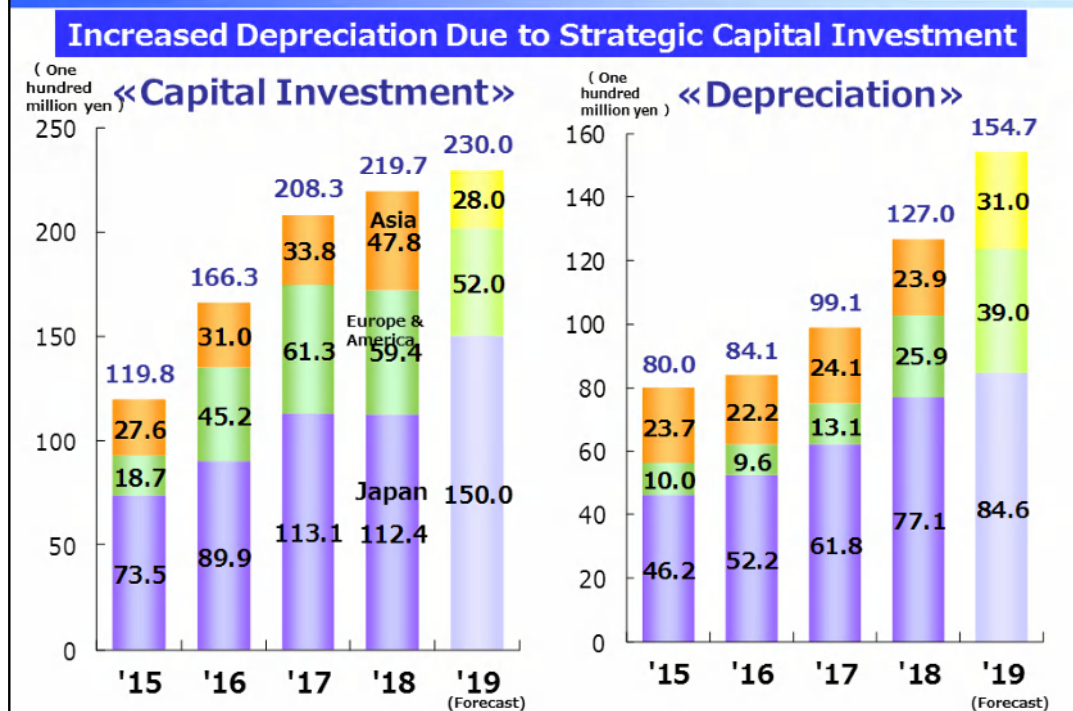
Business Divisions

Stamping & Molding: ¥103.8 billion; 70% of the total
 Valve Business: ¥50.8 billion; 30% of the total

By Region

Japan ¥71.8 billion; 50% of the total
 Europe and America ¥54.5 billion; 30% of the total
 Asia ¥28.7 billion; 20% of the total

2-13 Consolidated Capital Investment/Depreciation ¹⁹



<Capital Investment and Depreciation>

Capital Investment

Invested ¥21.9 billion in 2018.

Planning to invest a high level of ¥23 billion in 2019 as well.

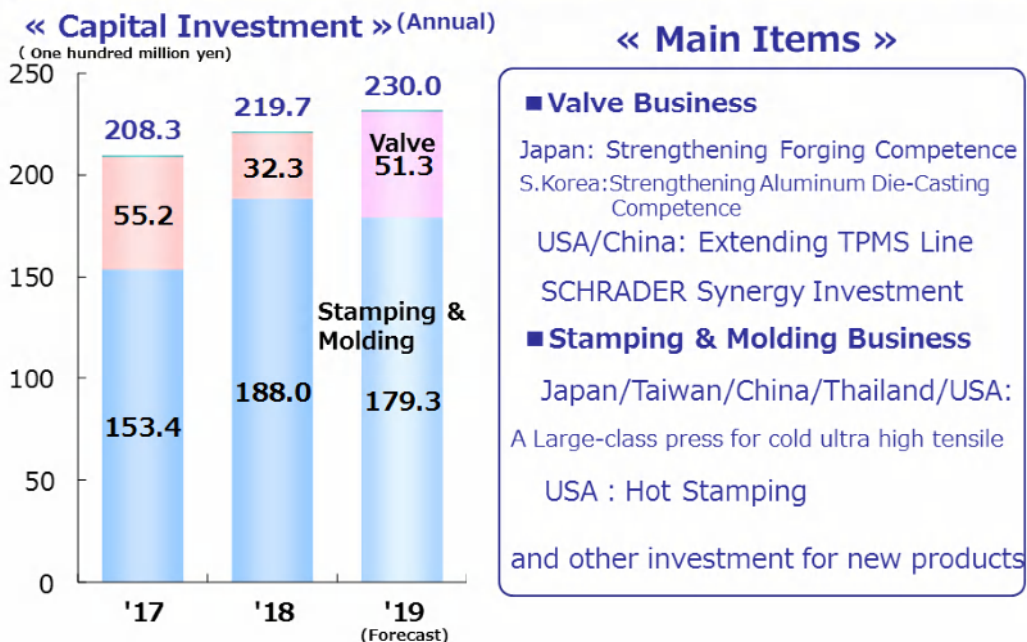
Depreciation

In 2018, it was ¥12.7 billion, increased by 28.1% due to a high level capital investment in 2018.

In 2019, ¥15.4 billion is expected, increased by 21.8%, excluding depreciation of "goodwill".

2-14 Strategic Capital Investment 20

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



<Capital Investment by Business>

• Main capital investment from FY2017 to FY2019

Stamping Business

We are constructing ultra-high tensile stamping processing lines domestically and globally;

we have deployed 9 cold press equipment units and 4 hot stamp equipment units in Japan, Asia, and North America in order.

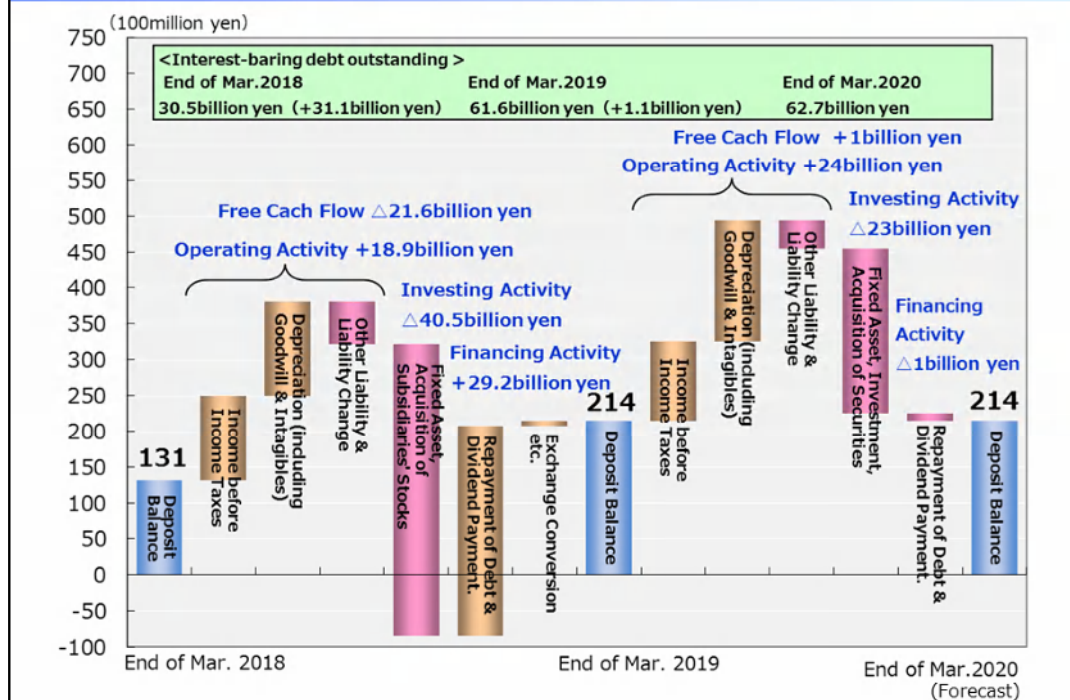
Valve Business

We are enhancing forging equipment in Japan, expanding the aluminum die-casting business in South Korea, and strengthening a new type of TPMS lines in China and North America.

We are also planning to invest for SCHRADER synergy, launching new products and so forth.

2-15 Consolidated Cash Flow Forecast

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<Consolidated Cash Flow>

FY2018

Operating activity gained ¥18.9 billion in cash. Capital investment resulted in expense of ¥22.6 billion, acquisition of stock of subsidiaries resulted in expense of ¥18.8 billion and minus of ¥21.6 billion in free cash flow.

Financial activity gained ¥29.2 billion. Cash at the end of March 2019 resulted in ¥21.4 billion; increased by ¥8.3 billion from the previous term-end.

Interest-bearing debt is ¥61.6 billion.

FY2019 Forecast

In forecast, operating activity will gain ¥24 billion in cash, capital investment etc. will be ¥23 billion.

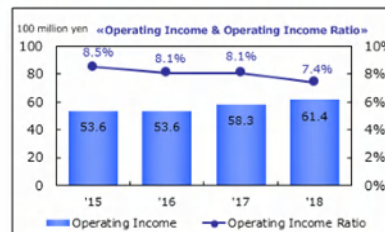
As a result, free cash flow will increase by ¥1 billion, financing activity will cause an expense of ¥1 billion for dividend payment etc. and cash at the end of the period will be ¥21.4 billion, and interest-bearing debt will be ¥62.7 billion.

2-16 <Reference> Individual Results 22

(Million yen)

	2017	2018			
		Results	Year-on-year rate		
			Gain&Loss	%change	
Sales	<small>Record High</small> 71,715	<small>Record High</small> 83,562	11,846	16.5%	
Operating Income	<small>Record High</small> 5,835	<small>Record High</small> 6,146	310	5.3%	
Ordinary Income	<small>Record High</small> 7,210	<small>Record High</small> 7,871	660	9.2%	
Net Income	5,284	<small>Record High</small> 5,895	610	11.6%	
Dividend per share	28	33	5	17.9%	
Sales Operating Income Ratio	8.1%	7.4%	△0.7%		/
R O E	7.9%	8.3%	0.4%		
R O A (Operating Income Base)	<small>※1</small> 5.1%	4.5%	△0.6%		
Net Assts per Share (¥)	1,142	1,191	48		

※ 1. We have applied [Partial Amendments to "Implementation Guidance on Tax Effect Accounting"] since FY2018, and applied retroactively to the financial results of the term end of FY2017.



<Reference_Individual Financial Results and Forecast>

Sales

•Results

Sales were ¥83.5billion, a 16.5% increase year on year due to gaining new sales.

Profit

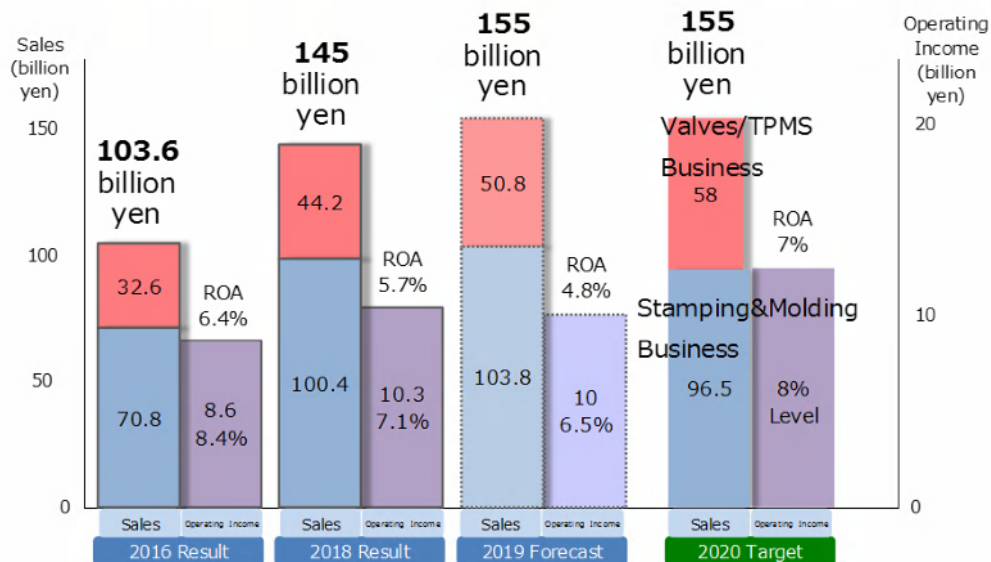
•Results

Operating income was ¥6.1 billion, ordinary income was ¥7.8 billion, and net income was ¥5.8 billion. Net sales, ordinary income, and net income were the highest ever, due to an increase in sales volume and cost improvement, even though there was a decrease in selling price, an increase in labor cost and expenses due to business acquisition, and an increase in depreciation due to aggressive capital investment.

3-1 Progress of "OCEAN-20"

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Adding Business Acquisition and Aim for Business Expansion



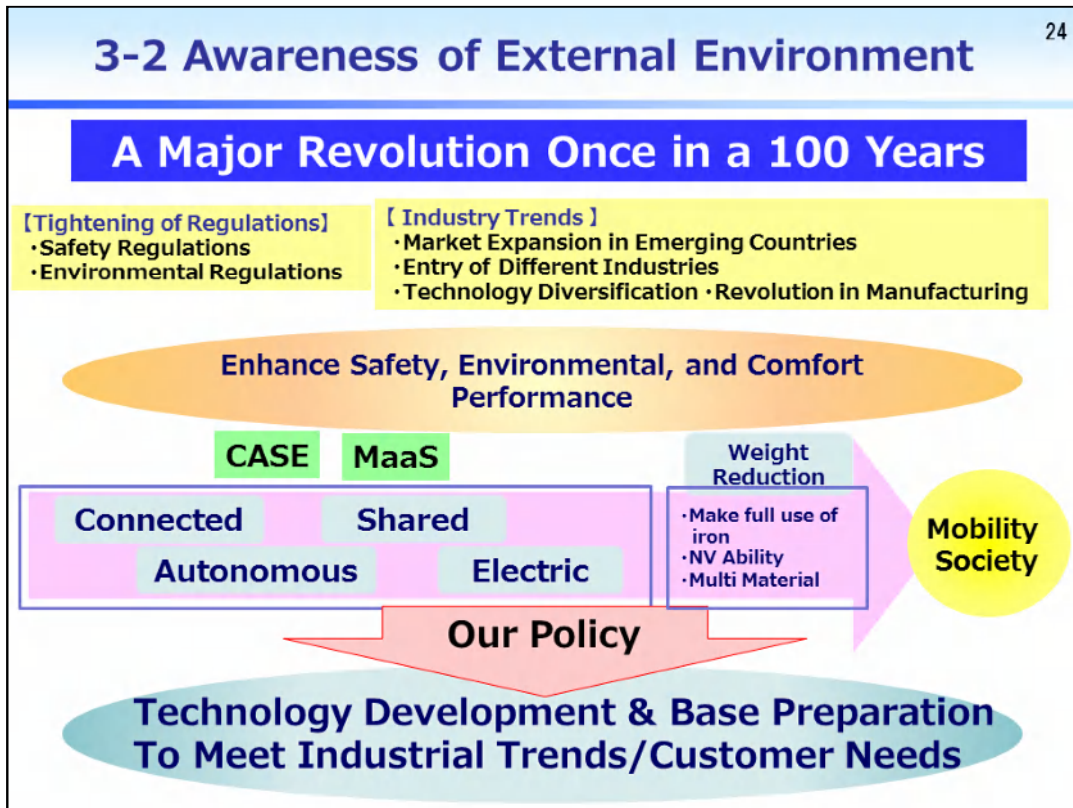
<Progress of "OCEAN-20">

Last year, with the acquisition of the SCHRADER valve business, we reviewed the medium-term management plan. We aim for a consolidated sales target of ¥ 155 billion in OCEAN-20.2020.

- As the operating income margin, despite the burden of amortization of "goodwill" related to business acquisition, we will work to strengthen our profit structure by making medium- and long-term efforts to achieve our conventional 8% level.

- As for asset efficiency, we will aim for 7% level, with ROA on an operating income basis as an indicator.

- We will strive for accomplishing our tasks in mid-term management plan, earlier return of strategic capital investment, and creating synergy of Schrader business.



<The environment surrounding our company>

In the automobile industry, we are in the midst of a major revolution that occurs only once every 100 years due to evolving globalization and various paradigm shifts, such as the expansion of emerging markets, acceleration of overseas production transfers, transition to next generation cars, and an entry from other industries, such as CASE, MaaS etc.

Safety and environmental regulations, among others, further improvement of safety performance, environmental performance, and comfort performance are required. Interconnectivity between people and cars will progress with electricization, intelligence, and informationization. Furthermore, demand for weight reduction, which is quickly becoming a core requirement for good car production, continues to accelerate.

We will work on “OCEAN-20” to meet our customers’ needs and these industry trends.

3-3 Development of Light-Weight Stamping Products 25

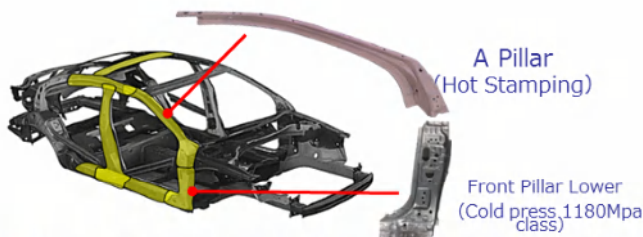
Reduced Weight of Automobile Frame Components to Reduce Vehicle Weight

■ Weight Reduction with Collision Safety

• We have more ultra-high tensilized products with complicated shape through R&D for methods

■ New Method for Weight Reduction(FSW)

• We have reduced weight and cost by stamping and molding aluminum materials of different sheet thickness after welding



■ Our Preparation Status of Ultra-high Tensile Production Equipment

	Japan			U.S.		China	Thailand	Taiwan
	Ogaki	Kyushu	Kurihara	Ohio	Tennessee	Tianjin	Rayong	Taichung
Cold Large-class Press	●	●	○	●	●	●	●	●
Hot Stamping	●				●			

Friction Stir Welding (FSW)

●:Deployed ○:Deploying

<Development of Light-weight Stamping Products>

Our stamping products have deepened our technology to meet the need for weight reduction and collision safety improvement indispensable for next-generation automobiles.

In particular, we are sticking to the cold press method, establishing technology to mold ultra high tensile materials, and adoption of 1180Mpa steel materials is expanding.

We have developed the molding technology for 1180MPa material, that had been difficult to elaborate complex forms with cold stamp method for a long time, and we realized mass production of the front pillar lower for the first time in the world.

We will advance technological development in order to further expand the formable area of materials using the know-how of advanced forming and mold technology.

In addition, we are making technologies in hand for hot stamps that mold steel materials by heating them at high temperatures.

For products difficult to mold with cold press method, we suggest hot stamps to meet our customers' needs.

Along with expanding adoption of ultra-high tensile material, we will deploy large-class stamping machines locally and globally, and prepare for supplying system sequentially.

As for Aluminum material, we have developed various welding technologies, in particular, Friction Stir Welding (FSW) was highly recognized and we offer improved material yield rate and its weight reduction.

New materials and new methods improved function and weight reduction

■ NV performance No. 1 through deeper soundproofing / vibration isolation technology

- Expanding adoption of engine covers and insulators by improving the NV performance (※) of urethane foam products
- Contributing to lower noise and improved comfort
- Cost reduction and weight saving



All urethane
Engine cover

■ Working on resin film and decorating technology

- Weight reduction and recyclability (material recycling) realized by resin film decoration technology instead of plating
- Development of decorative variations to meet diverse needs



Wheel center ornament
using film technology

(※) NV performance: Reducing Noise Vibration

<Offering Comfortable, High Environmental Performance Plastic Molding Products>

In our plastic molding business, we are offering sound/vibration-proofing products, such as all urethane engine covers and insulators for engines, focusing on urethane products that make use of the flexibility in shape, and focusing on technology development to improve NV performance.

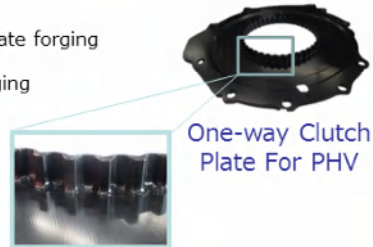
We believe that the need for quietness and comfort continues to be high, including strengthening of outside vehicle noise regulations and sound insulation due to progress in EV conversion. We will promote material development and production technology development for urethane foam, further enhance soundproofing and vibration isolation performance, and achieve No.1 performance.

Regarding our work on decorating technology with resin film, we have realized weight reduction and recyclability by film transfer technology with a high degree of freedom of design as an environmentally friendly technology to replace plating. We have received great praise from customers. We will continue to develop decorative variations to meet diverse needs in the future.

3-5 Diversified Technologies in Forge Stamping and DC Business²⁷

Forge Stamping Composite Technology to Increase Strength and Reduce Weight

- Realized "Strengthening strength" and "weight saving" by plate forging technology that combines sheet metal forming and cold forging
- Expanded to adopt to new transmission components, etc.
- Expanded the Yoro plant and expanded production system with Ohio base in the U.S.



One-way Clutch Plate For PHV



Molding of Tooth-Mold

Die Casting (DC): Weight Reduction and Development of the Variable Product Type (S. Korea Base)

- Built an integrated manufacturing system for compressor parts for car air conditioners
- Expanded items to electric compressor parts and electric power steering parts



Compressor components for car air conditioners

<Diversified Technologies in Forge Stamping and DC Business >

Forge Stamping Business

We offer thin, lightweight products that were impossible by conventional methods such as sintering and forging, by using plate forming technology combining sheet metal forming productivity and high precision cold forging.

Products are adopted in new-type automatic transmission parts, etc., and the range of application is expanding. Domestically, we will expand the Yoro plant in Gifu Prefecture and promote production expansion and customer diversification with the base in Ohio in the U.S.

Aluminum Die Casting Business

At the South Korea subsidiary, we have established an integrated production line that spans from die casting to cutting processing to meet our customers' needs.

We will expand the number of order items and offer products of high quality, such as electric compressors, components for electric power steering, etc.

New Technologies & New Methods Utilized

[Stamping]
Exclusive for Hybrid Battery Case

[Stamping]
Parts made by Ultra-high tensile Material
Cold Press Technology
Hot Stamp Technology

[Molding]
All Urethane Engine Cover

[Stamping]
Friction Stir Welding(FSW)
Aluminum Parts

[Forging Pressure]
8-speed AT Hub For Gasoline Car

<Our Stamping & Molding Products Adopted on New Cars>

Our technologies and products have been adopted to new RAV4: reduced weight stamping products such as ultra-high tensile and aluminum components, all-urethane engine cover, improved NV performance, forge stamping products with sheet forging technology etc.

Our technology and products will continue to be adopted to new cars globally.

This is the achievement of "OCEAN-20" activities.

Development of New Products and Increased Capacity in China

■ **Evolution of TPMS (Development of type E)**

- Developed and started mass production of new TPMS transmitters
- Minimized transmitter size and weight
- Valve parts are detachable and exchangeable



TPMS Type E

■ **Legislated in China**

- 100% adoption in new cars from Jan 2019
- 100% adoption in existing cars from Jan 2020

■ **Strengthened production in Japan, the U.S., and China**

- We enhanced production capacity, along with production/sales of new types and the start of legislation in China



■ **Legislation trends in each region**

Region	Start of Legislation
N.America	Oct.2005
Europe	Nov.2012
S.Korea	Jan.2013
Taiwan	Nov. 2014
Russia	Jan.2016
GCC	2017 Model
China	Jan.2019
Japan	Undecided

< Expansion of TPMS Products that Contribute to Safety and the Environment >

We have been mass producing TPMS transmitters since 1999. Since then, we have met our customers’ needs and developed more reliable products.

One of our strengths as the only manufacturer of transmitters in Japan is our ability to offer high quality products in an integrated production system that spans from design and R&D to full production.

We have recently developed the E-type transmitter, which is a small and light-weight TPMS, and have begun mass production. To achieve further functional improvement and design variations, we will continue to advance weight reduction and size minimization for future model generations.

In China, legislation mandating TPMS installation on vehicles has officially passed and has started being effective from January this year.

In South Korea too, we have started delivering our products to S.Korean automobile manufacturer from 2018.

In production and sales, we have established a global system to comply with the flow of legal regulations in various countries around the world. We will increase production capacity, along with China legislation and the launch of production and sales of new types in Japan, the U.S., and China.

3-8 Worldwide Strategy for Valves

Leading Position in the World in Valve Business

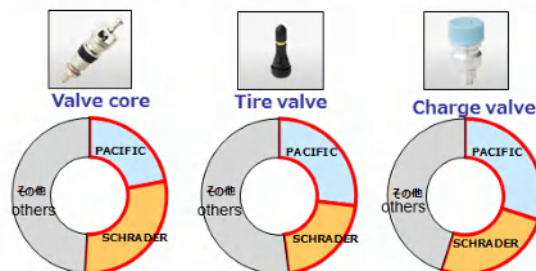
■ We've Established a System for Production and Sales in World's 4 Regions

・SCHRADER valve business, the established brand name, was added to us and we established a system for production and sales in world's 4 regions: Japan, Asia, North America, and Europe

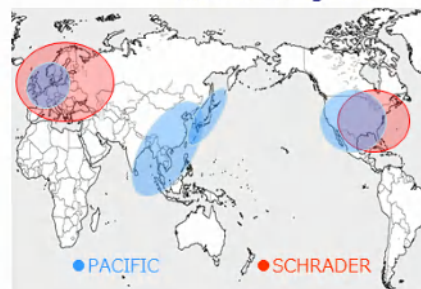
■ Aim for World's Best by Combining Our Brand Power

・We will grow up together by adopting SCHRADER's and PACIFIC's superior technologies, quality, and service each other

Global share by items



Established a System in world's 4 regions



<Worldwide Strategy for Valves>

We have acquired SCHRADER valve business last year in order to secure growth and cost competitiveness by refining our valve business, which is our founding enterprise.

By integrating the PACIFIC brand, with superiority in Japan and Asian markets, and the strong SCHRADER brand in Europe and U.S. markets, We have secured our leading position in the industry.

Now we have customers and markets in the world's 4 regions: Japan, U.S., Europe and Asia; we are ready for producing and selling our products.

We are sure that we made a big step to achieve our goal "Aim to be a top-class GLOBAL manufacturer of technology components" and this will lead to enhance our corporate value and strengthen business base with Stamping & Molding business.

3-9 Working For Synergy

Incorporating each other's advantages and refining the valve business

■ Sales activities from a global perspective

- Sharing customer information of Japan, U.S., and Europe, and selling the products that meet our customer needs

■ Accelerating Development

- Making the most of each resource for development and specialty

■ Improving Production Cost

- Sharing production and quality know-how and improving manufacturing capacity



<Working for Synergy>

In sales, we share customer information at each base, make the most of each sales channel, catch our customers' needs as fast as we can, and use our new product lineup to promote sales expansion.

In R&D, we use both companies' resources for development and field of expertise, enhance product development by combining technological strategies. We will promote to offer products that meet our customers' needs quickly.

In production, we share production/quality management know-hows, incorporate each other's good point, try to enhance manufacturing, and promote strengthening cost competitiveness.

We, PACIFIC and SCHRADER, are going to create synergy earlier in sales, development, and production areas.

3-10 Our Valves For Various Purposes

Concentrated our group's technologies to Develop Various Valves
(Pressure/Fluid Control Technology, Fluid Seal Technology, and
Electric Control Technology)



<Our Valve Products for Various Purposes>

As an exclusive valve manufacturer, we have met customer needs in various areas, developed and delivered various valve products.

The acquisition of SCHRADER valve business enabled us to offer various products; valves for fuel system, valves for aircrafts, and industrial valves were added to our product lineup, in addition to conventional valves.

In the future, we will continue to provide high-performance valves utilizing sealing technology, pressure, flow rate and electric control technology, and utilize the newly acquired bases and customer sales network to capture a wide range of needs and further expand the valve business.

3-11 Medium-Term Management Plan "OCEAN-20" J

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<Medium-Term Management Plan "OCEAN-20">

In the medium-term, we have to appropriately deal with Protectionist tariff policy, US-China trade friction, UK's withdrawal from EU, high crude oil prices, BOJ's monetary policy, working style reform and labor shortage, corporate governance, SDGs etc.

•For "OCEAN-20", our mid-term management plan, including matters mentioned above, we will make dynamic business structure through SCHRADER valve business.

•The keywords are "Technology and Overseas", "Manufacturing is about Developing People", and "CSR and Environment Preservation"; we promote "Five SHINKAs" and work further to be a "Top-class GLOCAL manufacturer of technology components".



<Aim for a 100-year Corporation>

Our company will celebrate 100 years of business in 2030.

As a suitable company, we aim for a 100-year corporation through each employee taking root in "PACIFIC VALUES", the group's universal values, and develop a sustainable management strategy.

In addition to working on CSR and corporate governance, we will advance to develop technologies for the next generation, work on fundamental safety and quality, and improve our manufacturing capabilities.

It is our employees who support further business growth and raise our corporate value. We respect diverse ways of thinking and the lives of diverse human resources. We will promote continuous development of the next generation human resources to nurture high workplace skills under our faith in "Manufacturing is about Developing People".

We would like to make better relations with our stakeholders in pursuit of creating new value for the future and improving the quality of corporate management in order to continue to be a company trusted and expected by society and to continue to exist as a company necessary for society.