

Explorer in Surface Engineering



Financial Results Briefing Material

for the Fiscal Year Ended March 2019

JCU CORPORATION

TSE First Section (Stock Code: 4975)

May 8, 2019

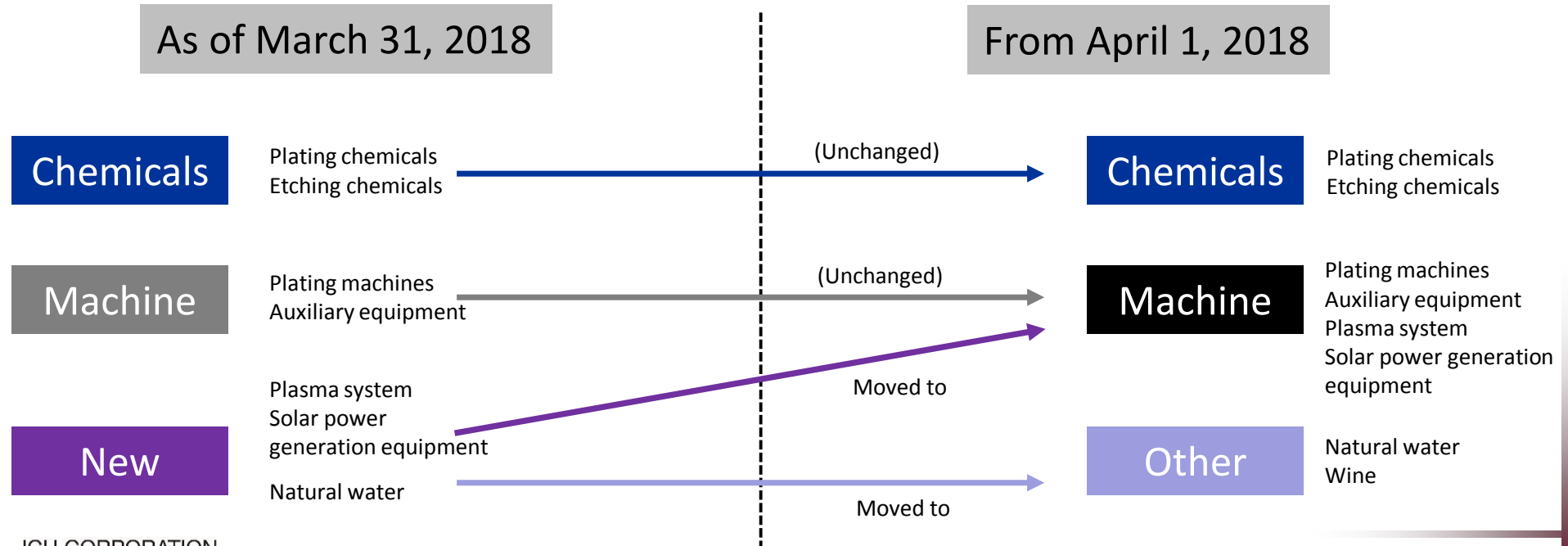


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- **Overview of Financial Results for FY3/19
Earnings Forecast for FY3/20**
 - Topics on Financial Results and
Earnings Forecast
 - Reference (Company Profile)

Revisions to Reportable Segments

Effective from the first quarter of the fiscal year ended March 31, 2019 (1Q FY3/19), we changed its reportable segments due to the organizational change. Specifically, the previous three reportable segment structure comprising of the Chemicals Business, the Machine Business, and the New Businesses was changed to the two reportable segment structure comprising of the Chemicals Business and the Machine Business together with the newly established “Other” businesses segment, which includes businesses other than those included in the two reportable segments. As a result, the Machine Business now includes plasma system, solar power generation equipment and other machines, all of which were previously classified into the New Businesses. The Other Businesses includes the businesses of color processing with the sputtering technology, drinking water, and wine.

The segment information for the first quarter of the previous fiscal year and thereafter is presented based on the new reportable segment structure after the organizational change.



Summary of Financial Results for FY3/19

Overview of Financial Results

Accounting Period

JCU (non-consolidated): April 1 to March 31 next year

Overseas subsidiaries: January 1 to December 31

For electronic components

The growth in demand for chemicals along with the increased number of smartphones sold leveled off as the sales volume of smartphones was sluggish. Especially, demand of chemicals for high-end smartphones were soft. As for smartphones in the Chinese market, demand for chemicals was also weak due to replacement demand with a trend of high functionality. Sales for other electronic devices was solid, while chemicals sales remained steady. As a result, sales for electronic components increased slightly from the previous fiscal year.

For automotive components

The chemicals sales in the domestic market remained flat. In the overseas markets, the chemical sales increased year over year because the strong sales of plating chemicals for automotive components, along with expanded sales to new customers in China. Machine sales significantly increased year over year due to the steady progress of construction involving large-scale plating machines for which orders were received in the previous fiscal year.

Summary of Financial Results for FY3/19

Consolidated

(Millions of yen)

	FY3/17	FY3/18	FY3/19		
	Results	Results	Revised forecast (Feb. 4, 2018)	Results	YoY % Change
Net sales	20,760	23,120	25,000	24,866	7.6%
Operating profit	5,500	6,948	6,950	7,072	1.8%
Ordinary profit	5,502	6,972	7,000	7,192	3.2%
Profit attributable to owners of parent	4,124	4,906	4,700	4,963	1.2%
Net income per share	147.55 yen	176.31 yen	168.83 yen	178.55 yen	-

Note: The Company conducted 2-for-1 common stock splits on April 1, 2017 and April 1, 2018. Net income per share has been calculated as if these stock splits have taken place at the beginning of the fiscal year ended March 31, 2017.

Summary Consolidated Balance Sheet

Note: Certain line items are omitted.

Note: Following the "Partial Amendments to Accounting Standard for Tax Effect Accounting," consolidated balance sheet as of the end of March 2018 are restated.




(Millions of yen)	FY3/18	FY3/19
Current assets	24,139	24,103
Cash and deposits	13,528	14,785
Notes and accounts receivable-trade	7,437	6,920
Inventories	2,019	1,822
Non-current assets	8,019	8,071
Property, plant and equipment	4,191	4,461
Investments and other assets	3,849	3,565
Total assets	32,230	32,174
Current liabilities	6,977	4,934
Notes and accounts payable-trade (incl. electronically recorded obligations-operating)	3,315	1,974
Short-term loans payable (incl. current portion of long-term loans payable)	608	505
Non-current liabilities	2,256	2,756
Long-term loans payable	647	707
Total liabilities	9,234	7,691
Total net assets	22,996	24,483
Total liabilities and net assets	32,230	32,174

Consolidated Earnings Forecast for FY3/20

(Millions of yen)

	FY3/19	FY3/20 (Forecast)	YoY % Change
Net sales	24,866	25,000	0.5%
Operating profit	7,072	7,200	1.8%
Ordinary profit	7,192	7,300	1.5%
Profit attributable to owners of parent	4,963	5,000	0.7%
Net income per share	178.55 yen	184.99 yen	-

Dividend Forecast

		FY3/18	FY3/19	FY3/20
Dividends per share	Interim	17.5 yen	22.5 yen	 23.5 yen (an increase of 1 yen per share)
	Year-end	25 yen (incl. commemorative dividend of 2.5 yen)	22.5 yen	 23.5 yen (an increase of 1 yen per share)
	Annual total	42.5 yen (incl. commemorative dividend of 2.5 yen)	45 yen	 47 yen (an increase of 2 yen per share)

Note: The Company conducted a 2-for-1 common stock split on April 1, 2018. Dividend per share has been calculated as if this stock split has taken place at the beginning of the fiscal year ended March 31, 2018.

We will continue to make investments for sustainable growth while securing liquidity on hand and maintaining stable financial base. Our basic policy is to pay dividends with a target payout ratio of 25% with an aim for stable dividend growth.

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Foreign Exchange Rates

(Yen)

	FY3/18				FY3/19				
	1Q	2Q	3Q	4Q	Estimates	1Q	2Q	3Q	4Q
Chinese yuan (CNY)	16.57	16.39	16.47	16.62	17.05	17.05	17.09	16.85	16.72
Taiwan dollar (TWD)	3.66	3.67	3.67	3.69	3.70	3.70	3.68	3.67	3.67
Korean won (KRW)	0.0986	0.0985	0.0984	0.0993	0.1010	0.1010	0.1011	0.1005	0.1004

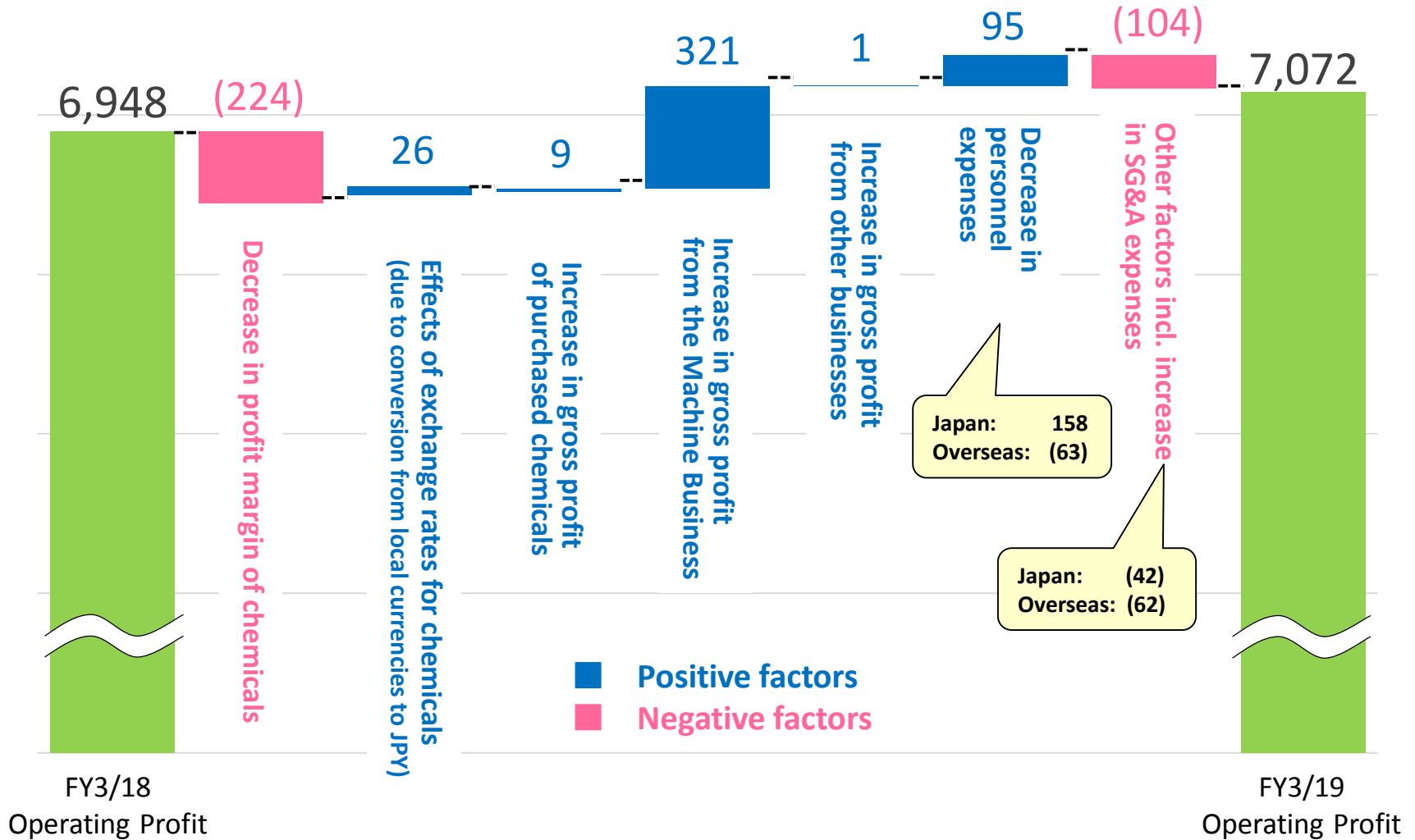
Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

Changes in Consolidated Operating Profit for FY3/19

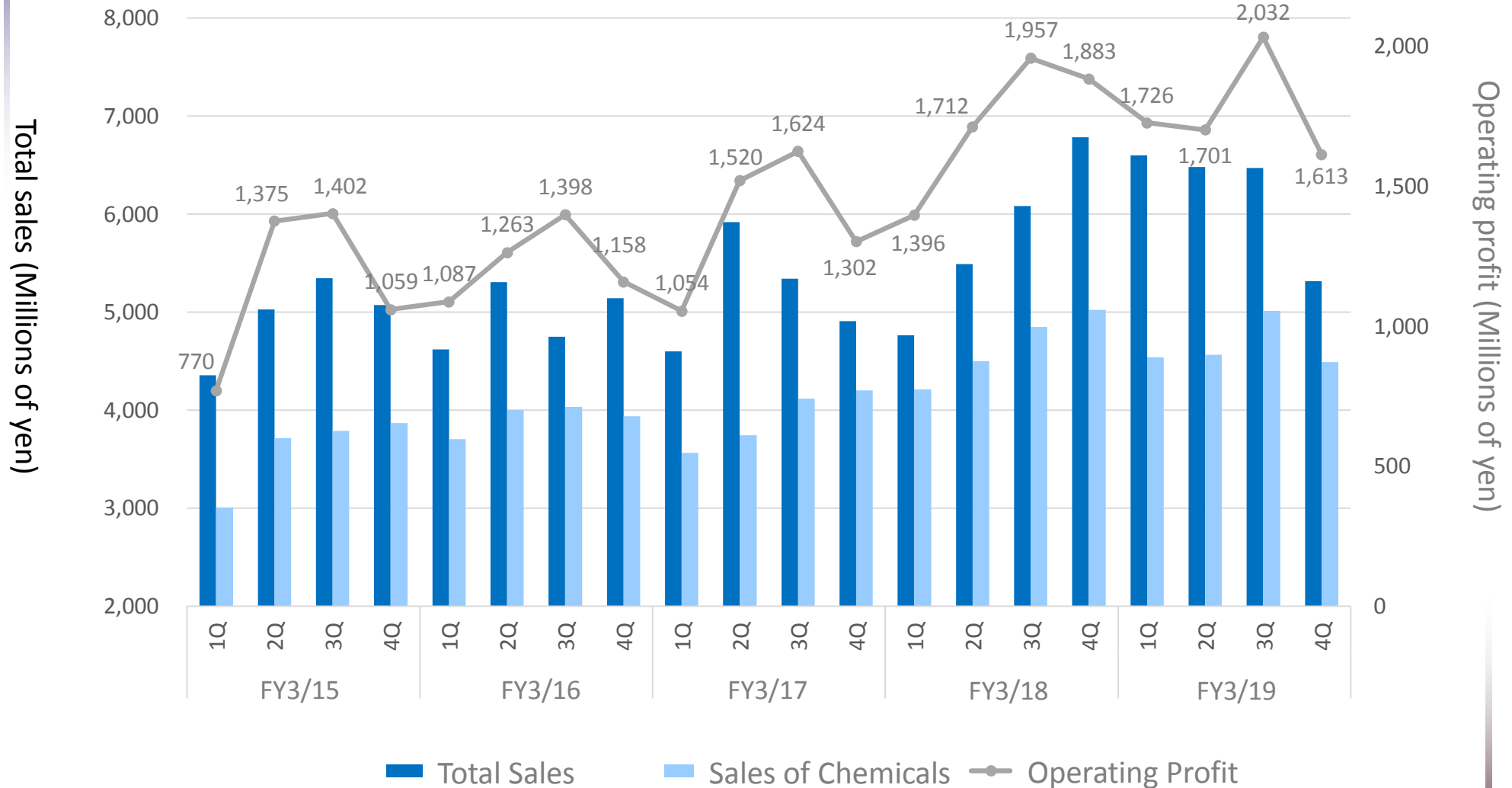
(Millions of yen)

(YoY change)

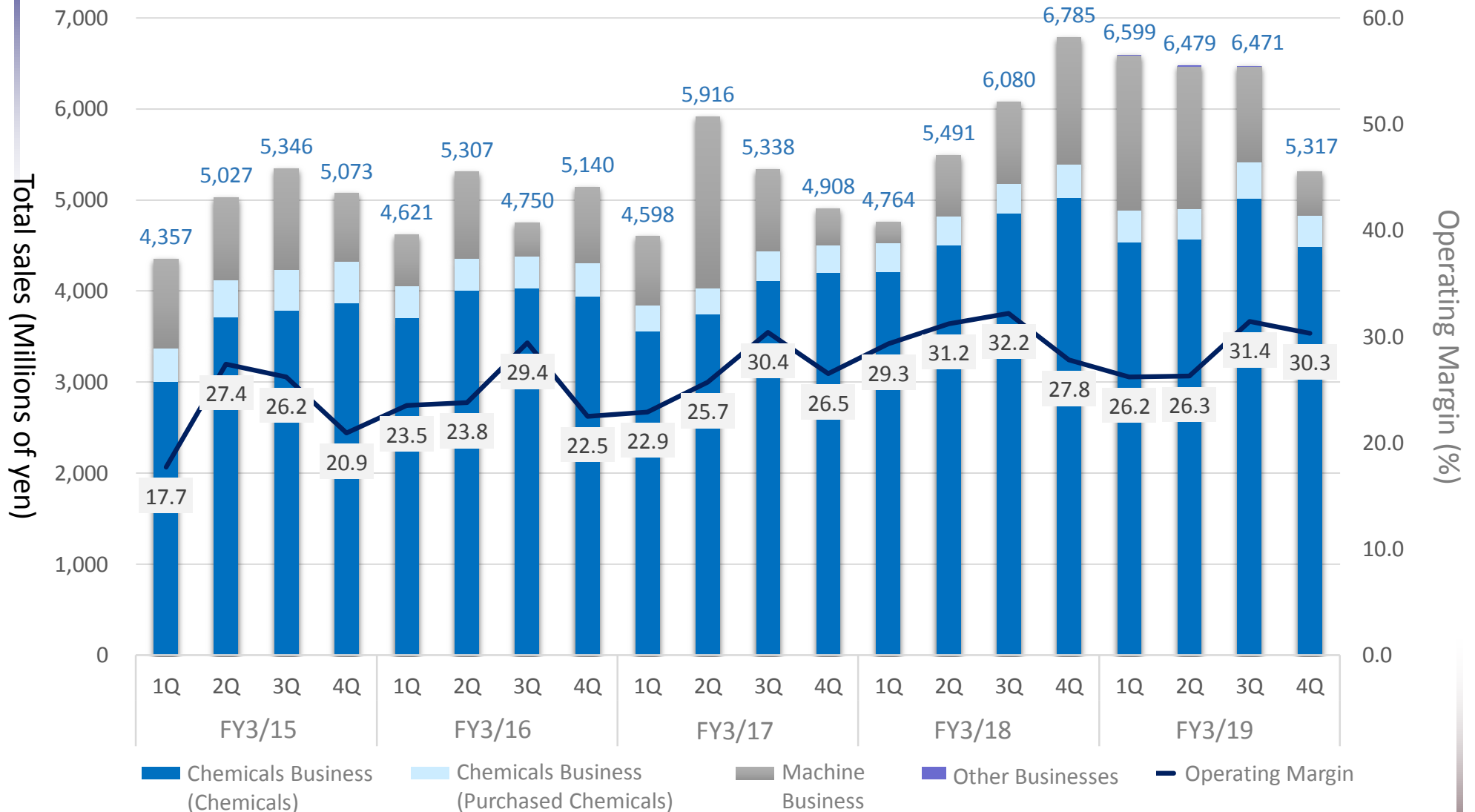
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Quarterly Consolidated Financial Results

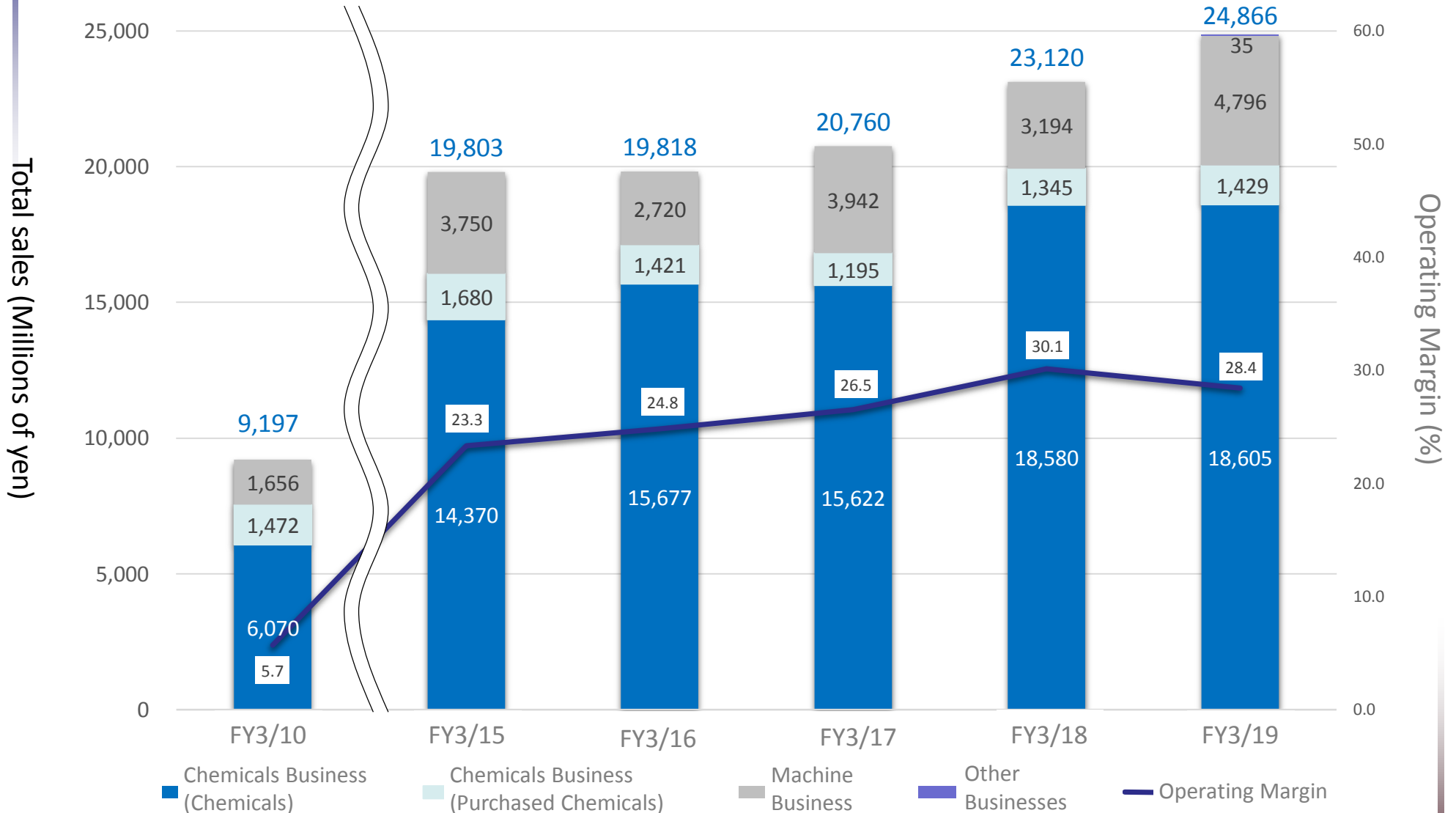


Quarterly Consolidated Financial Results



Note: Along with the change in reportable segments, all the businesses classified in the New Businesses segment in or before 4Q of FY3/18 are now included in the Machine Business for convenience purposes.

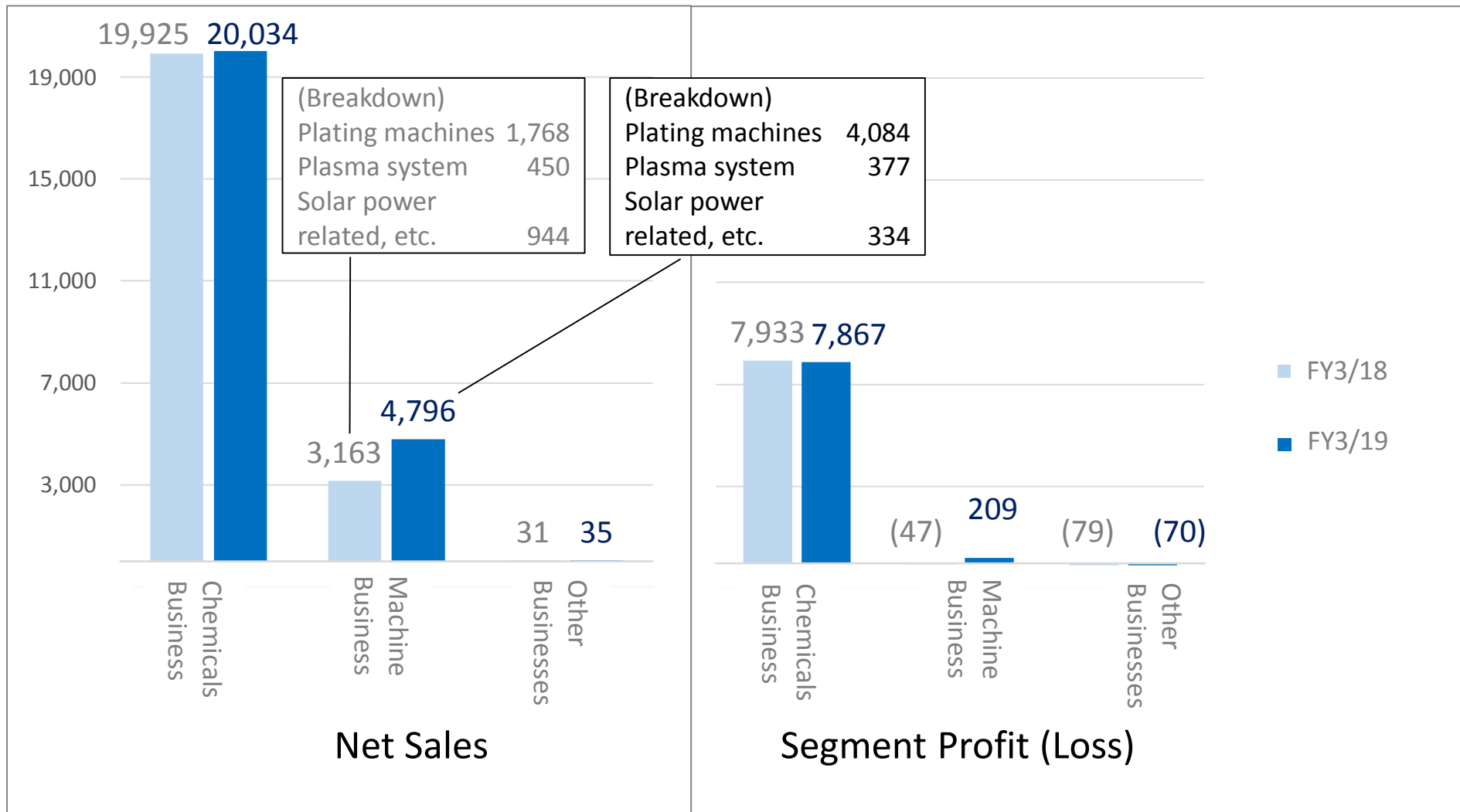
Annual Consolidated Financial Results



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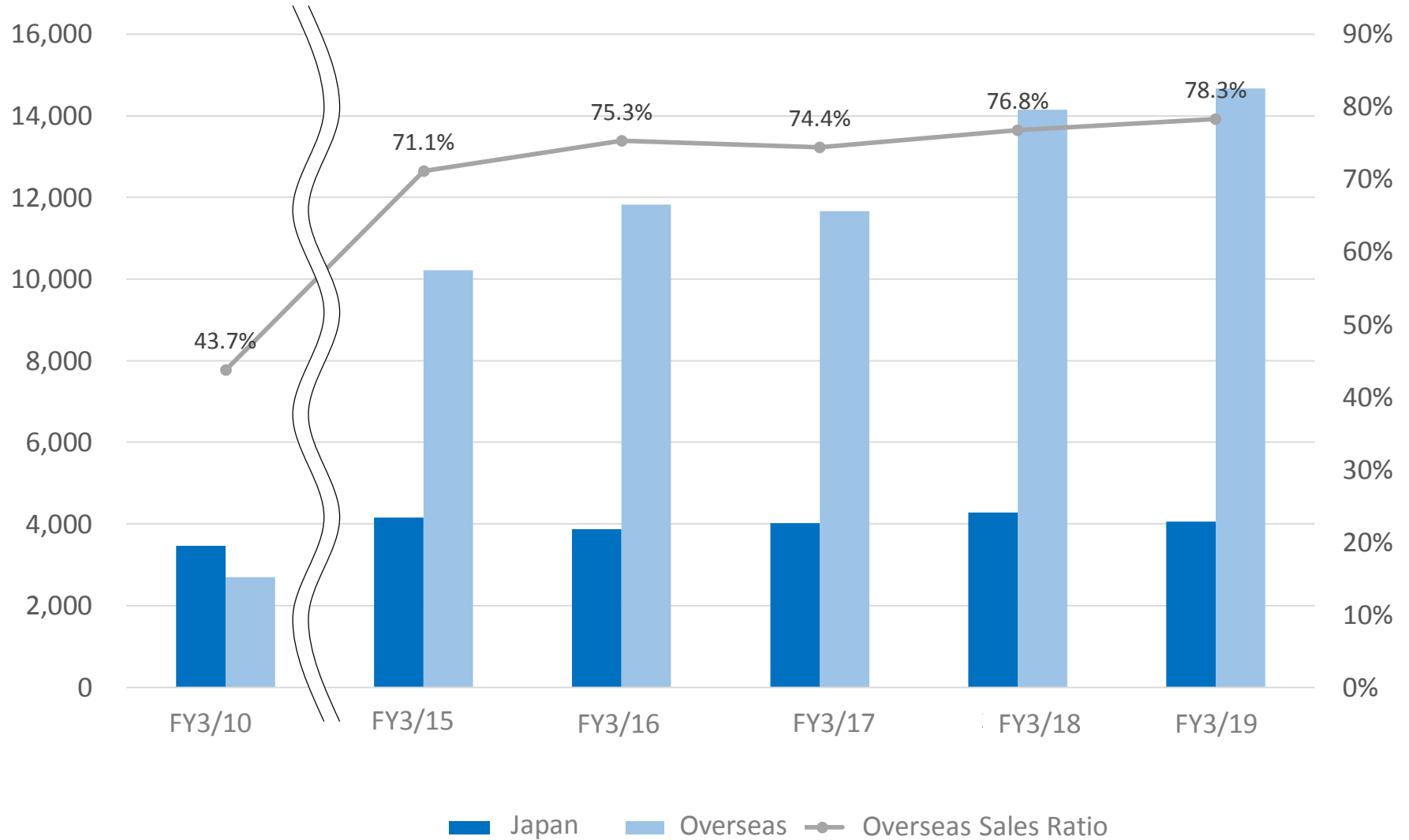
Consolidated Segment Results for FY3/19

(Millions of yen)



Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)

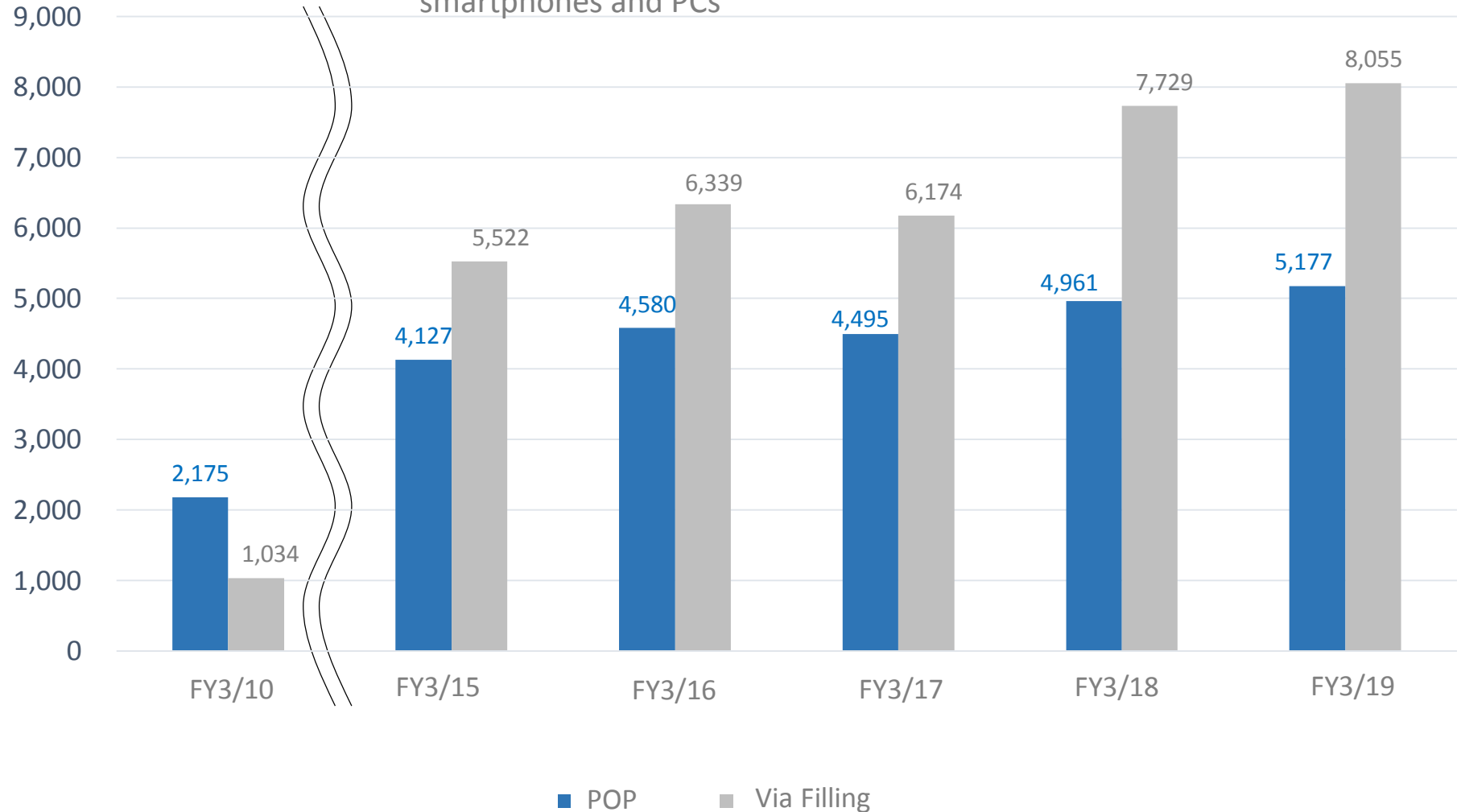


Annual Sales of Chemicals for POP and Via Filling

POP: Planting on Plastics, mainly for automotive components

Via Filling: Additive for copper planting for printed-wiring boards, mainly for smartphones and PCs

(Millions of yen)

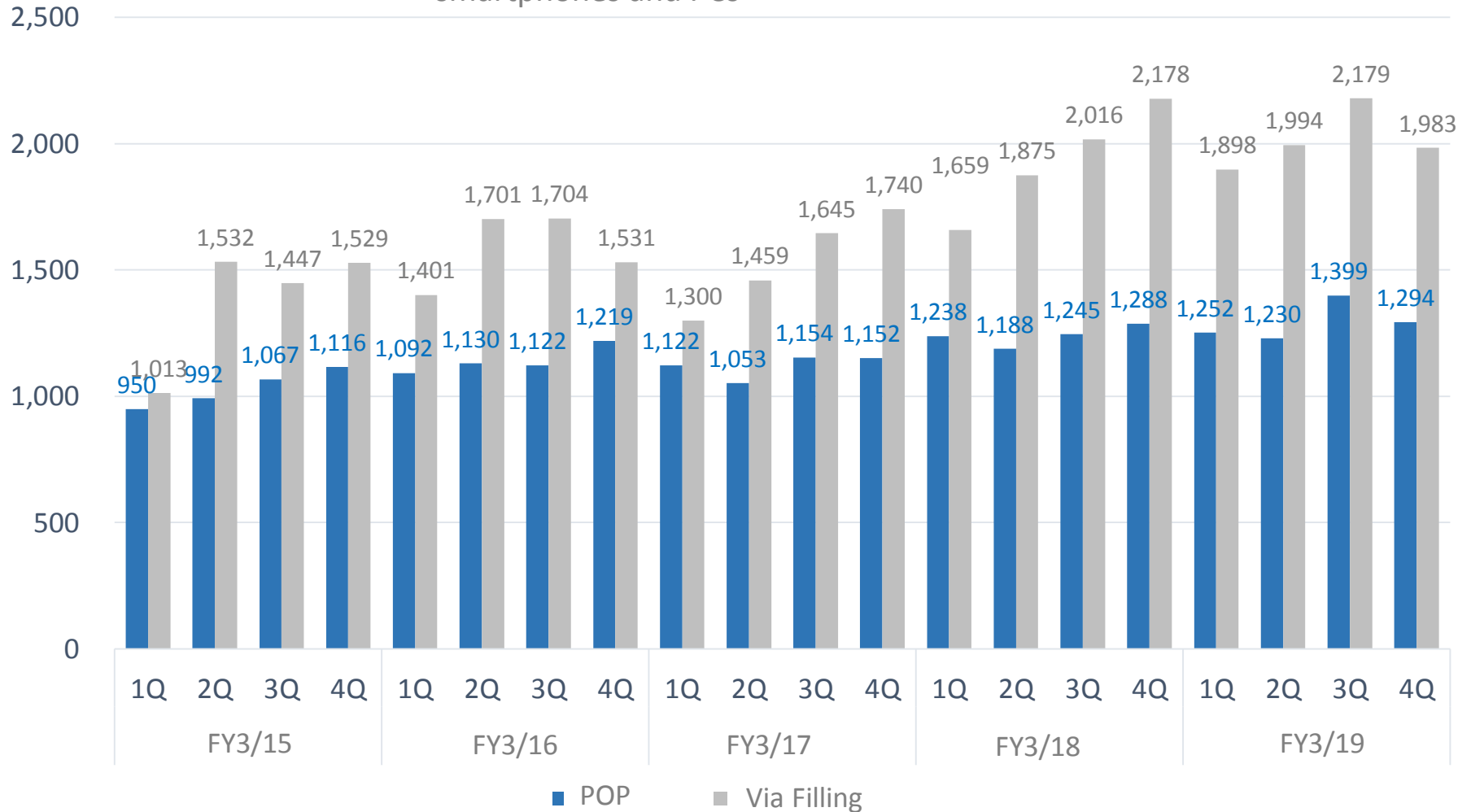


Quarterly Sales of Chemicals for POP and Via Filling

POP: Planting on Plastics, mainly for automotive components

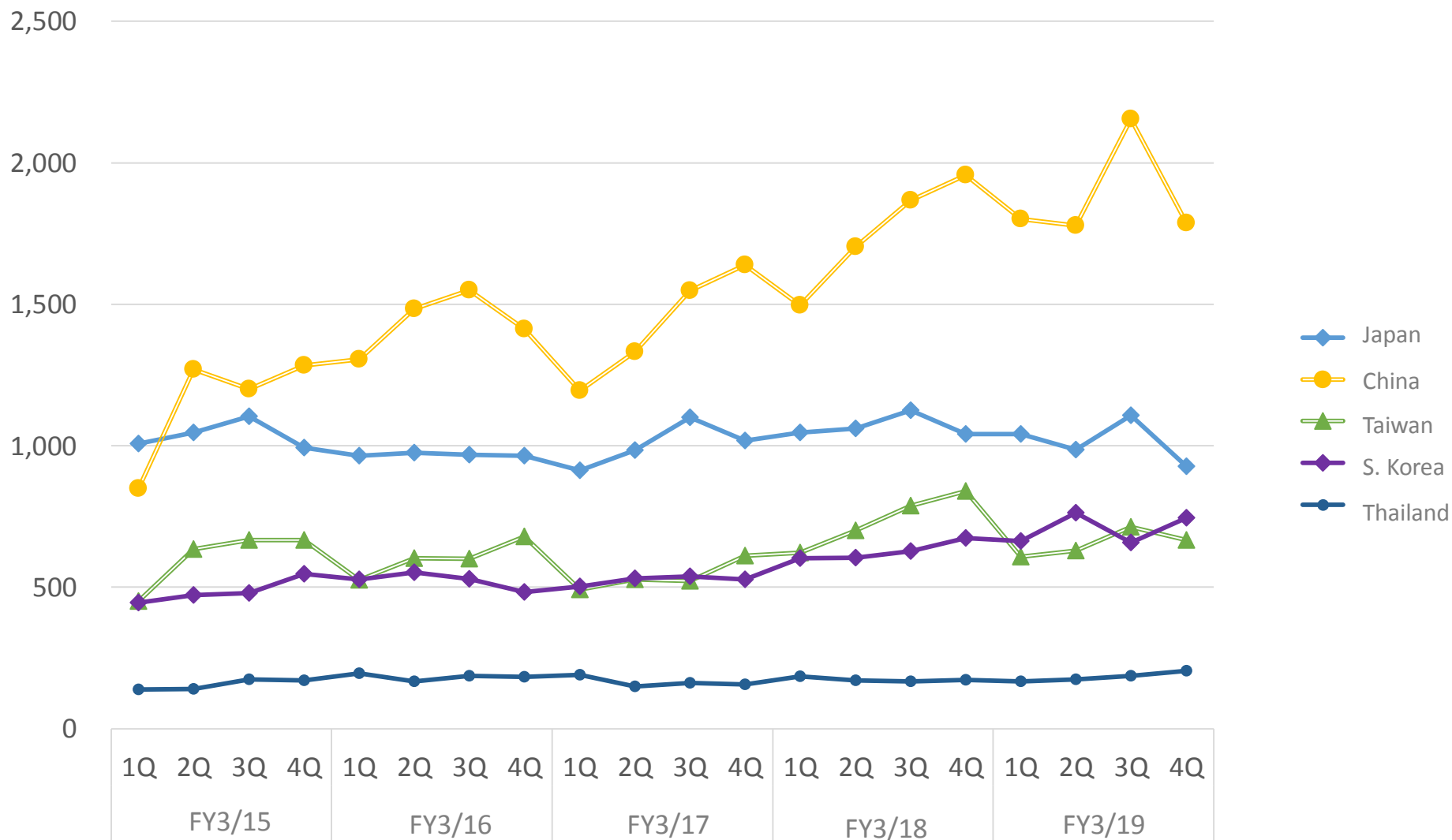
Via Filling: Additive for copper planting for printed-wiring boards, mainly for smartphones and PCs

(Millions of yen)



Quarterly Sales of Chemicals by Region

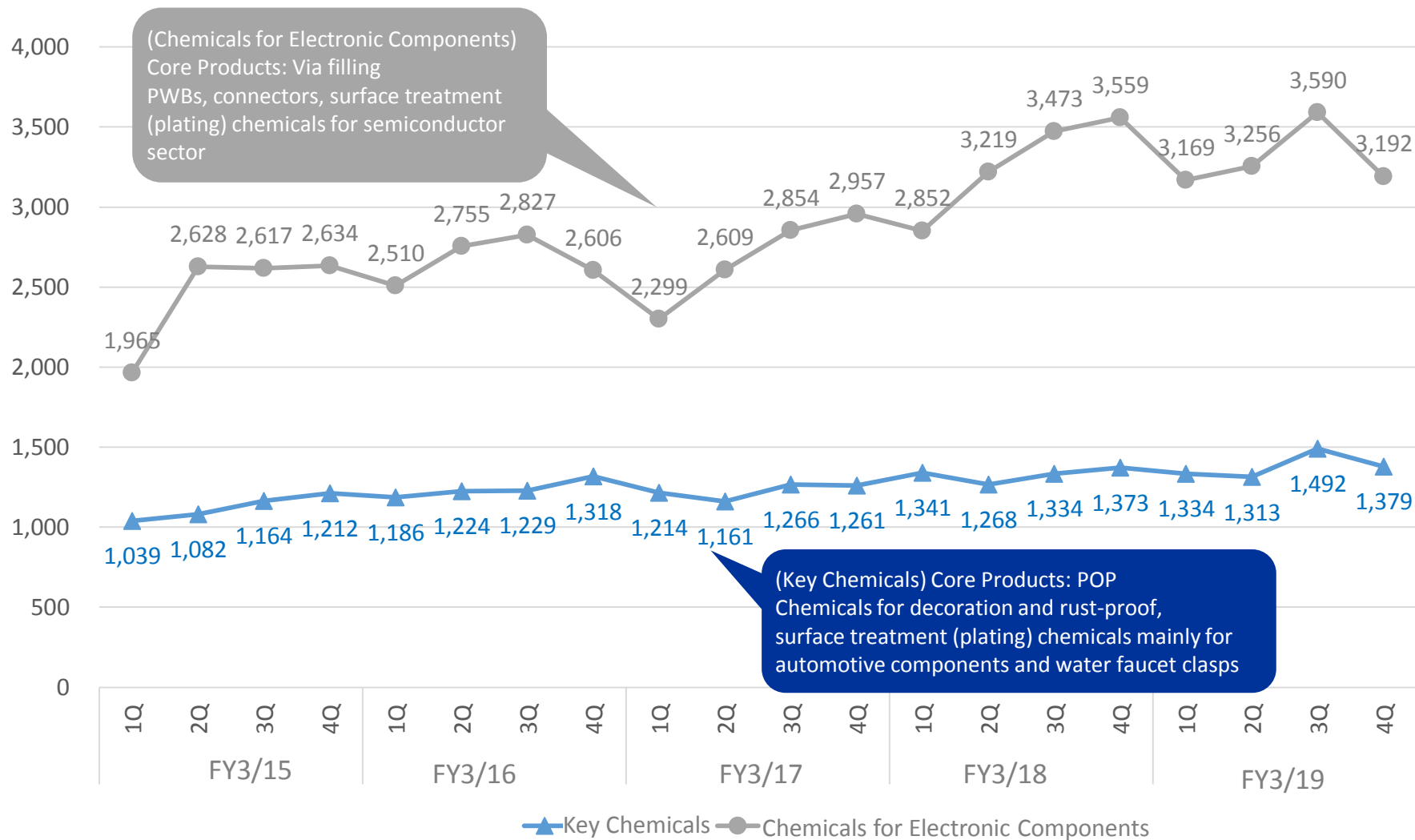
(Millions of yen)



Quarterly Sales of Chemicals by Region

(Millions of yen)

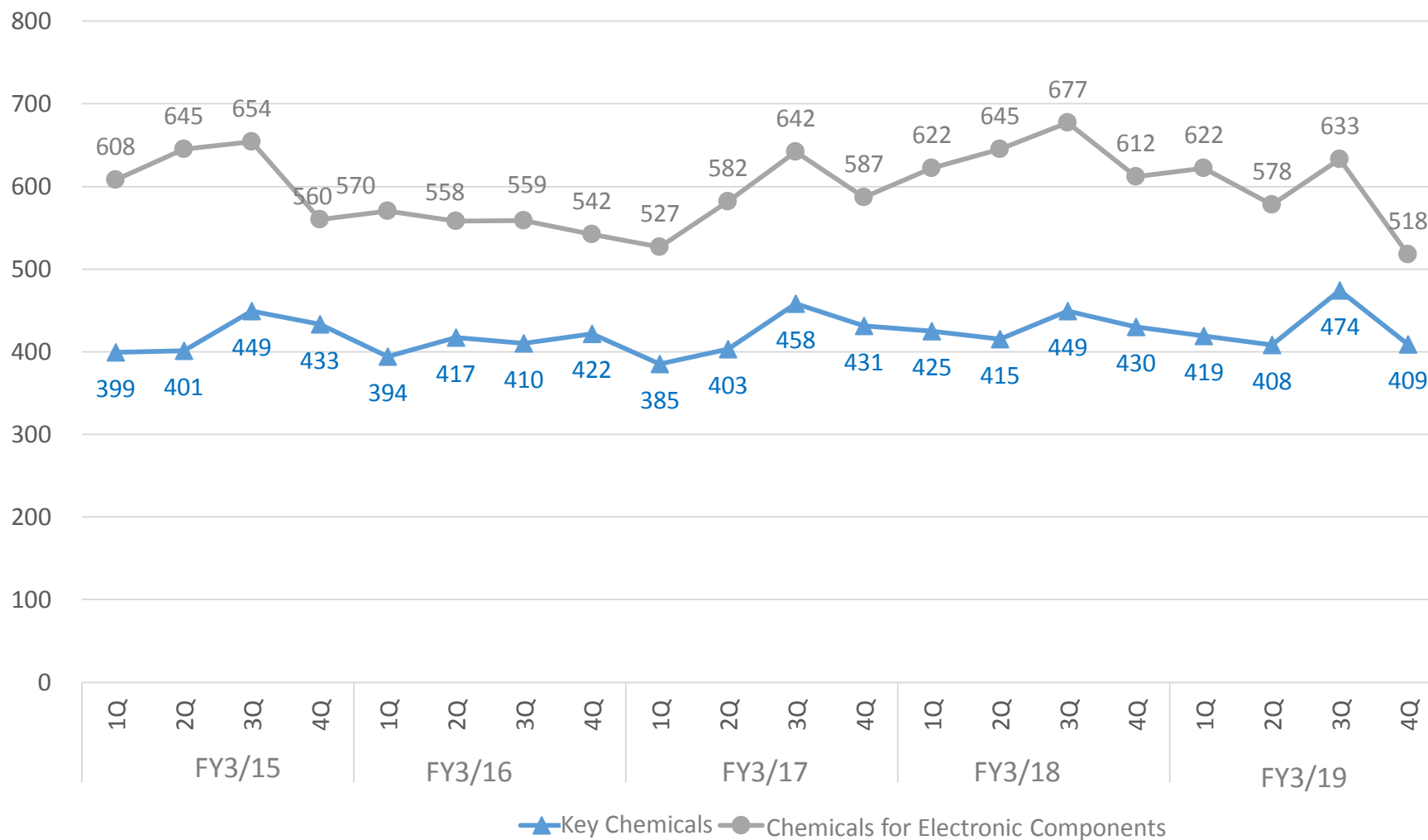
Consolidated



Quarterly Sales of Chemicals by Region

(Millions of yen)

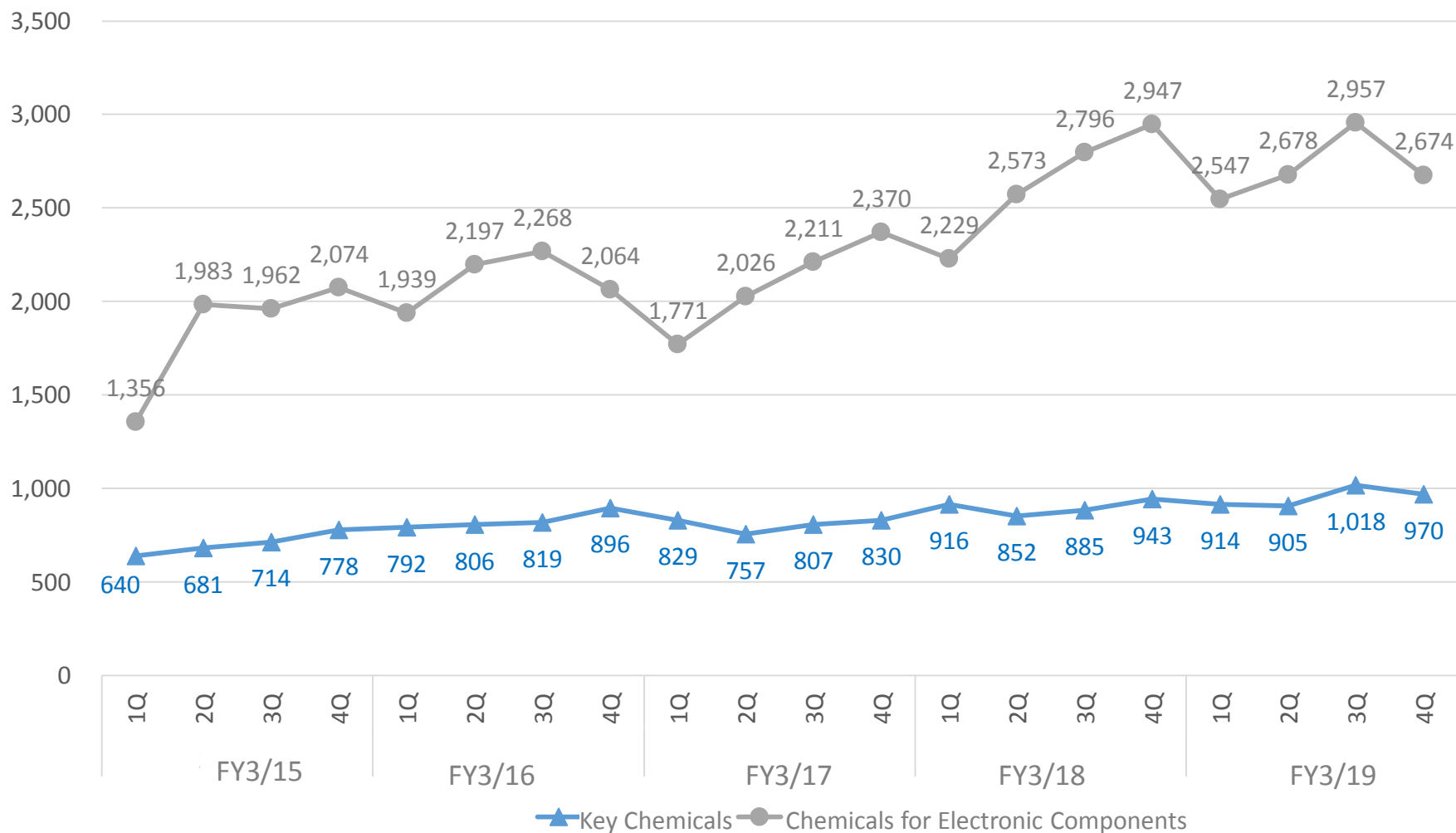
Japan



Quarterly Sales of Chemicals by Region

Overseas (total)

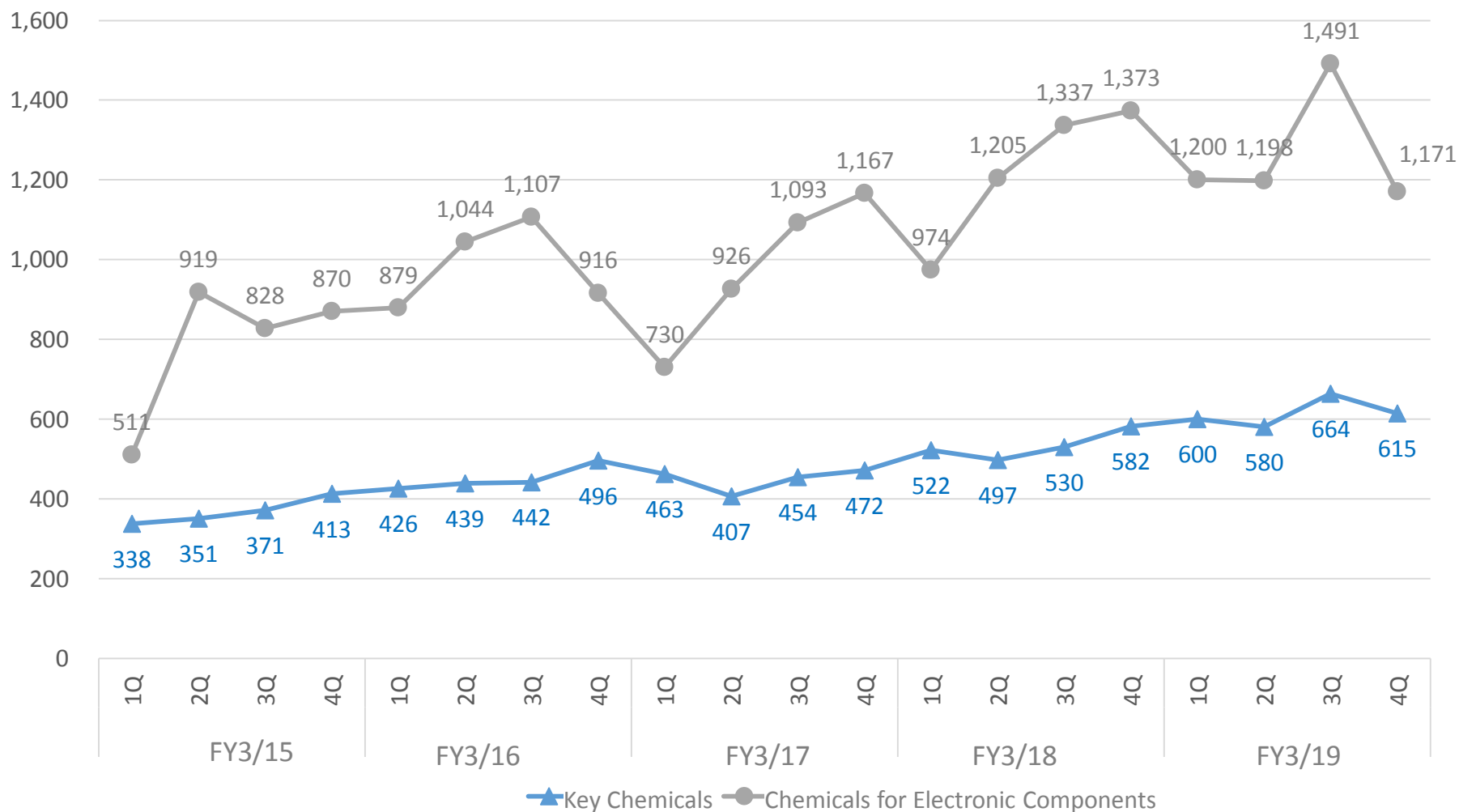
(Millions of yen)



Quarterly Sales of Chemicals by Region

China

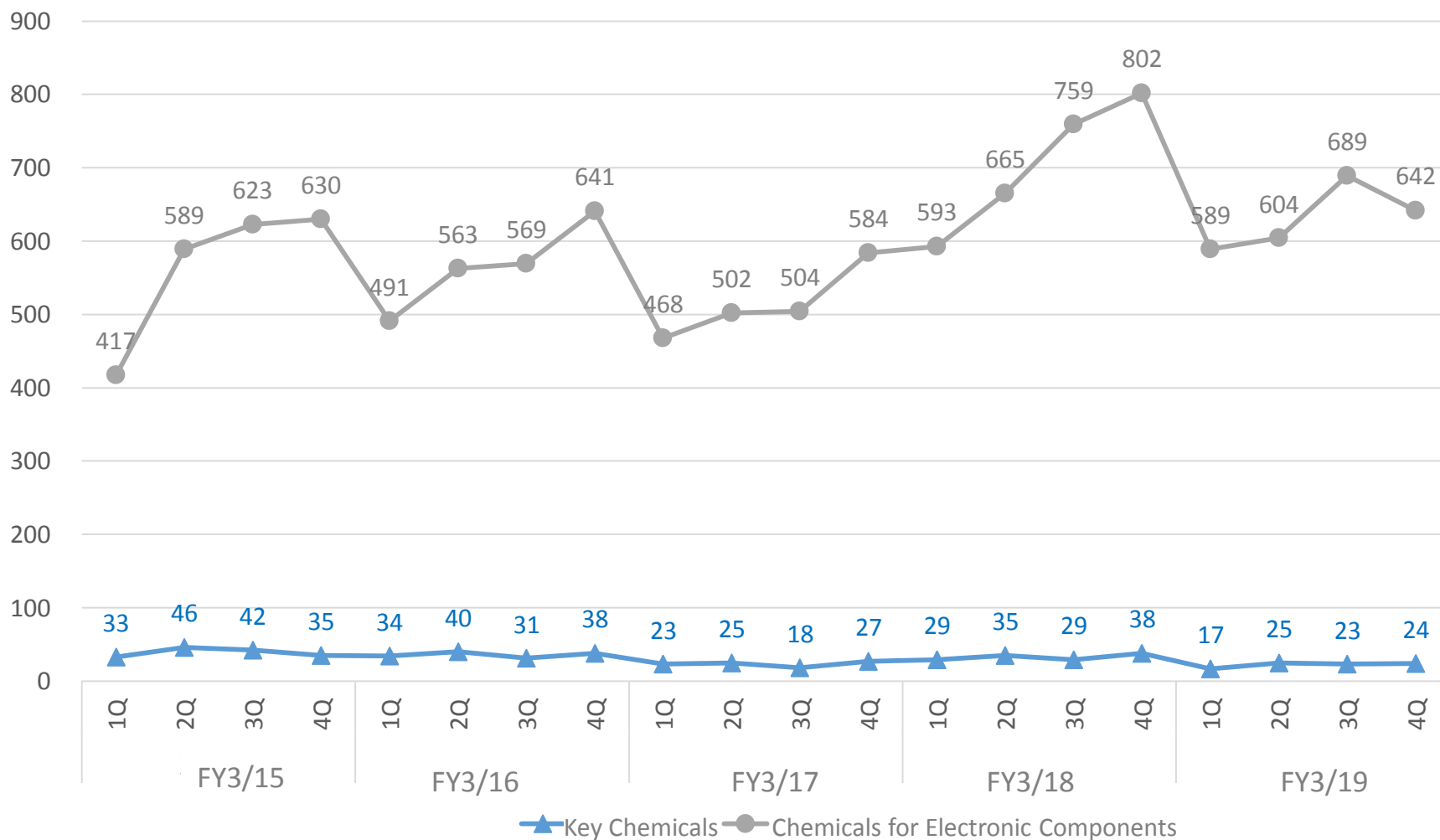
(Millions of yen)



Quarterly Sales of Chemicals by Region

Taiwan

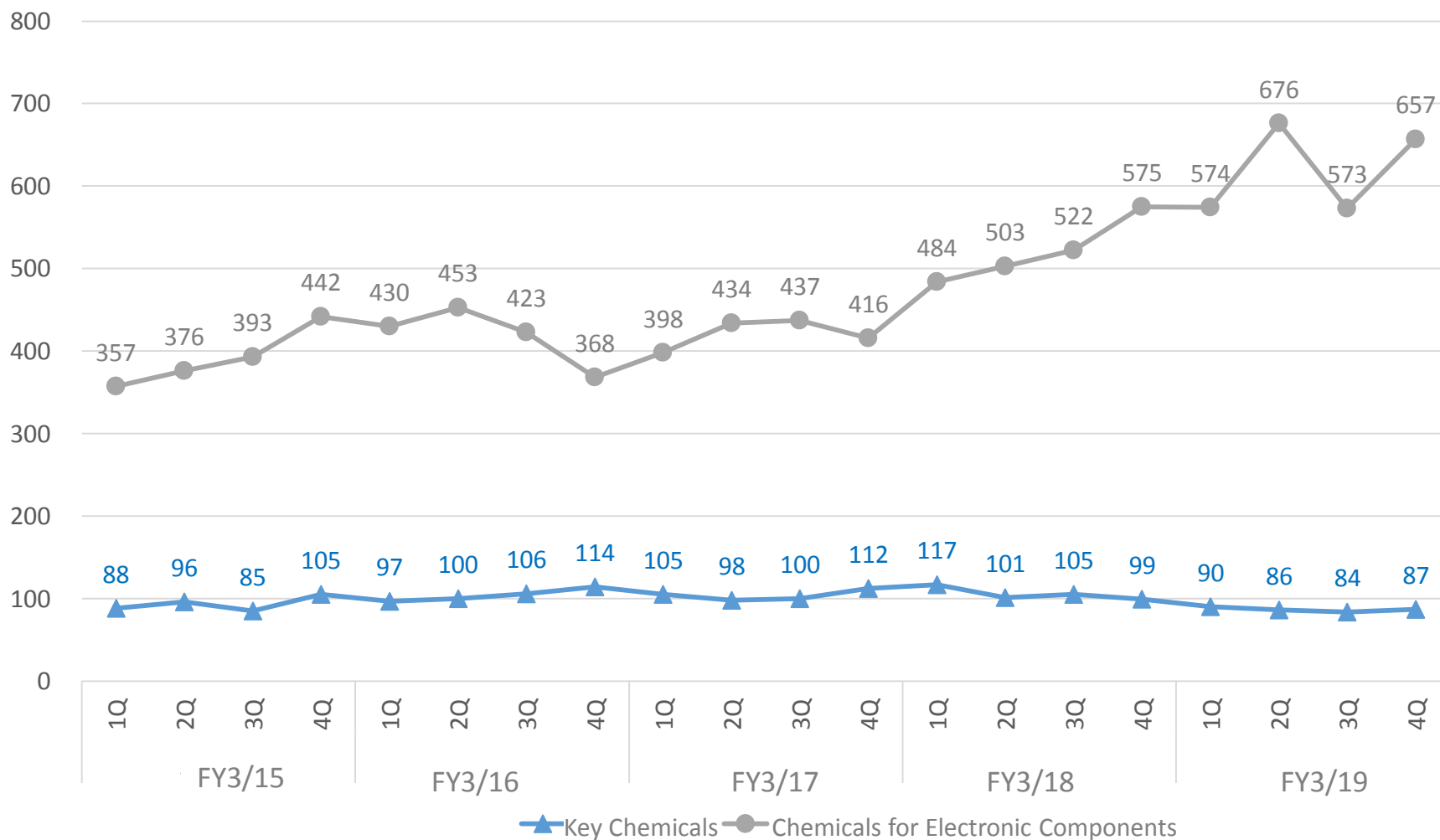
(Millions of yen)



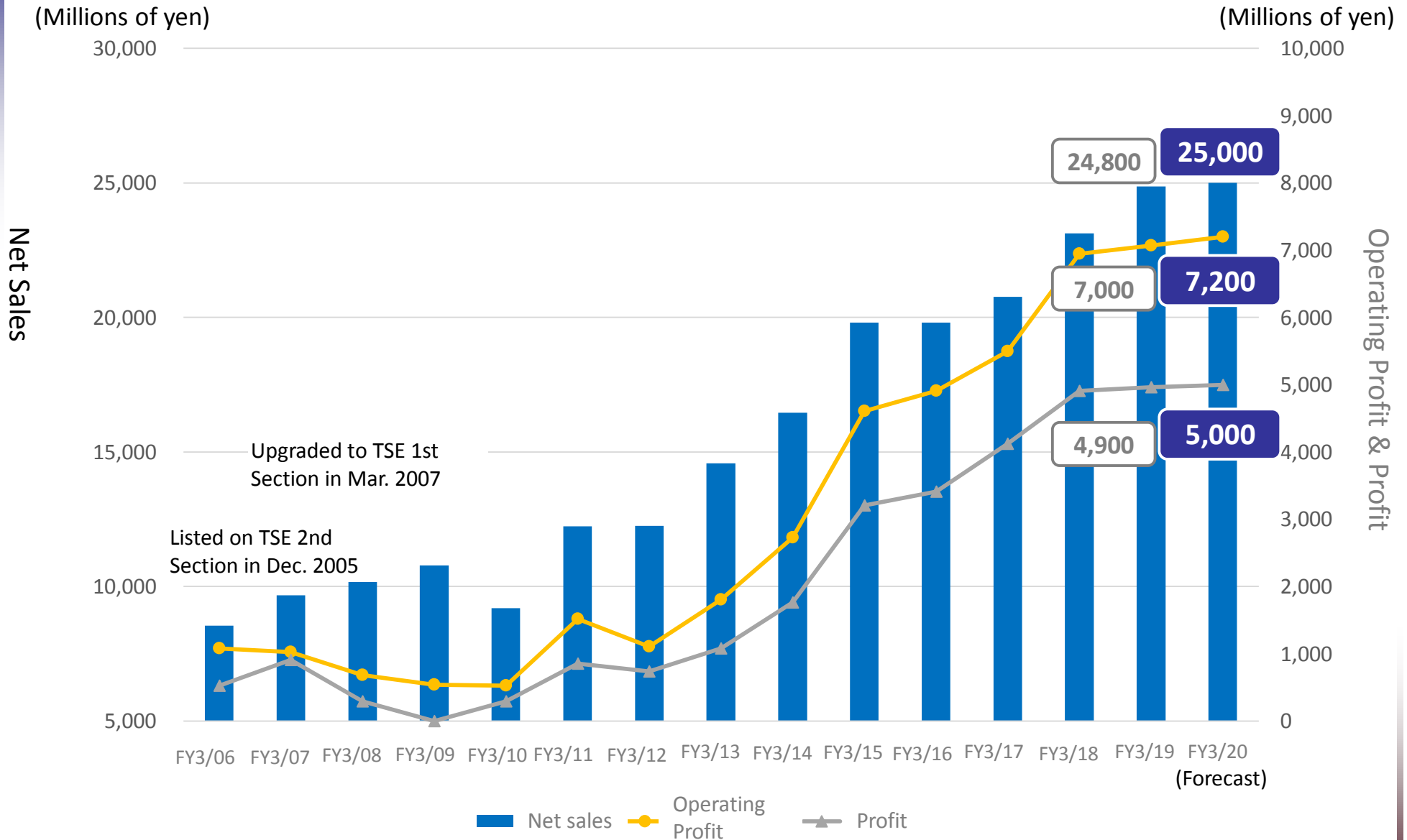
Quarterly Sales of Chemicals by Region

(Millions of yen)

South Korea

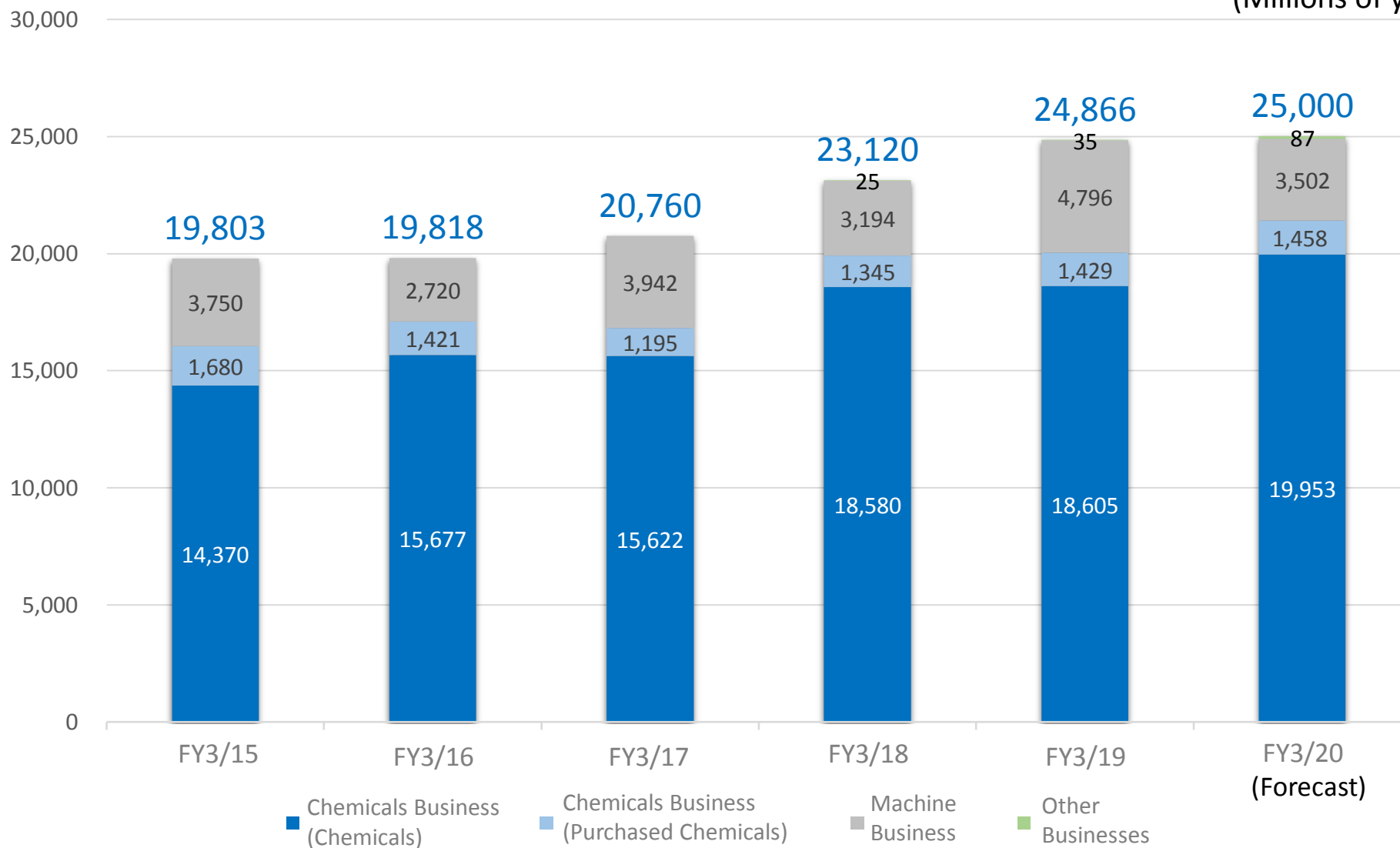


Financial Results since Listing (incl. Forecast)



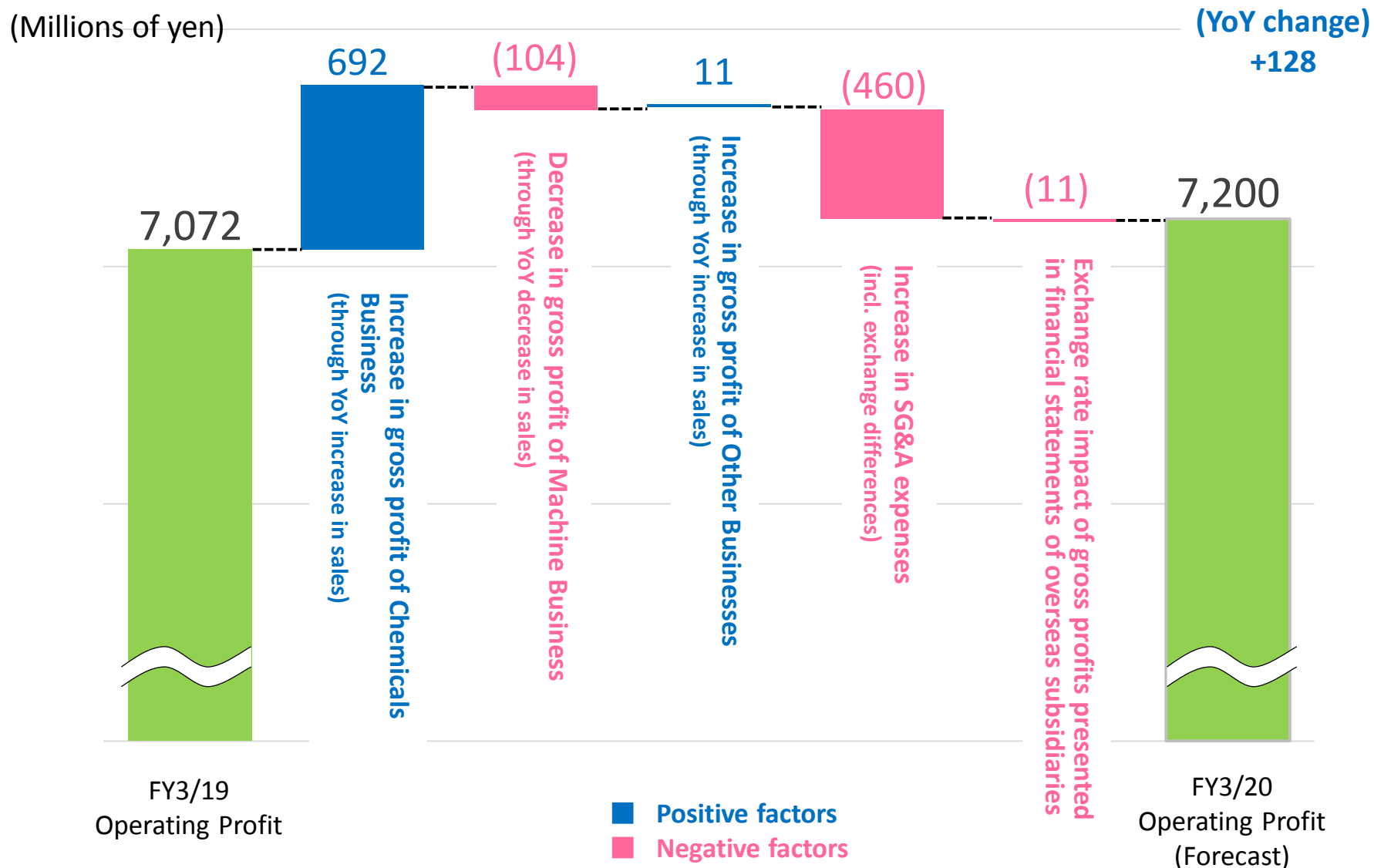
Annual Sales by Business (incl. Forecast)

(Millions of yen)



Note: Along with the change in reportable segments, all the businesses classified in the former New Businesses segment in or before FY3/18 are now included in the Machine Business for convenience purposes.

Changes in Consolidated Operating Profit (Forecast for FY3/20)



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Company Profile

Founded in : December 1957

Established on : April 1, 1968

Capital stock : 1,206 million yen

Annual sales : Non-consolidated: 13.7 billion yen / Consolidated: 24.8 billion yen
(For the fiscal year ended March 31, 2019)

Head office : TIXTOWER UENO 16F, 8-1 Higashiueno 4-chome, Taito-ku, Tokyo

Lines of business : Manufacturing and sale of surface treatment chemicals, surface treatment machines, and related materials

Representative Directors : Keiji Ozawa, Chairman and CEO
Masashi Kimura, President and COO

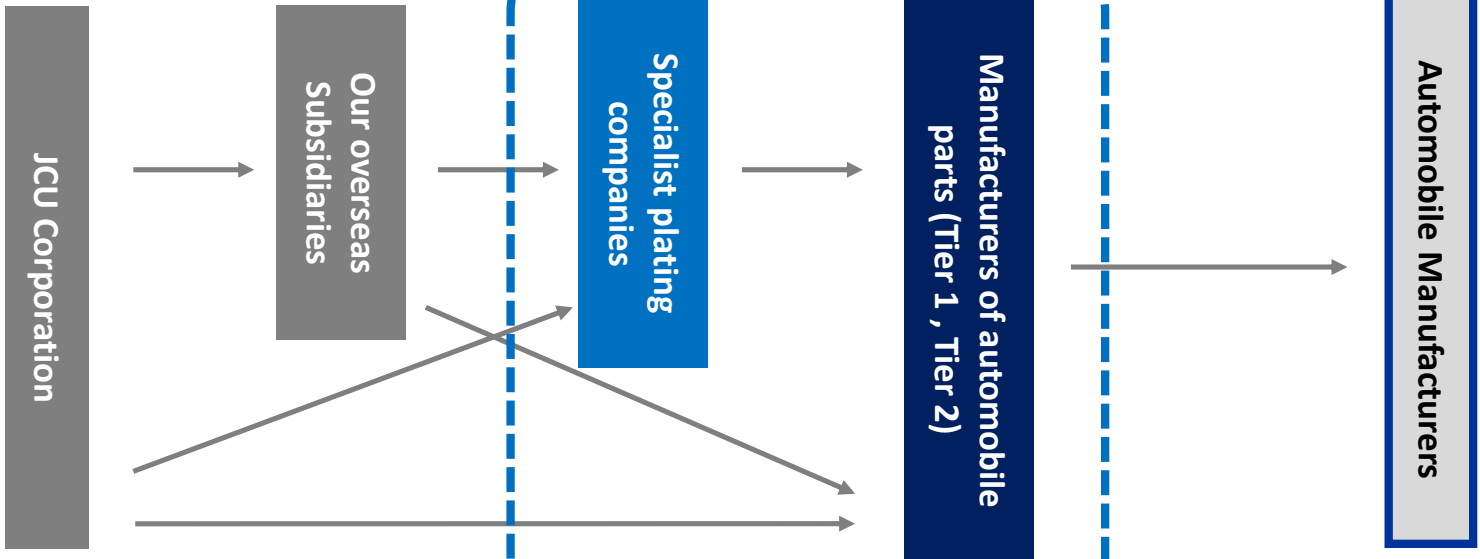
Employees : Non-consolidated: 255 / Consolidated: 571 (As of March 31, 2019)

ISO Certificates

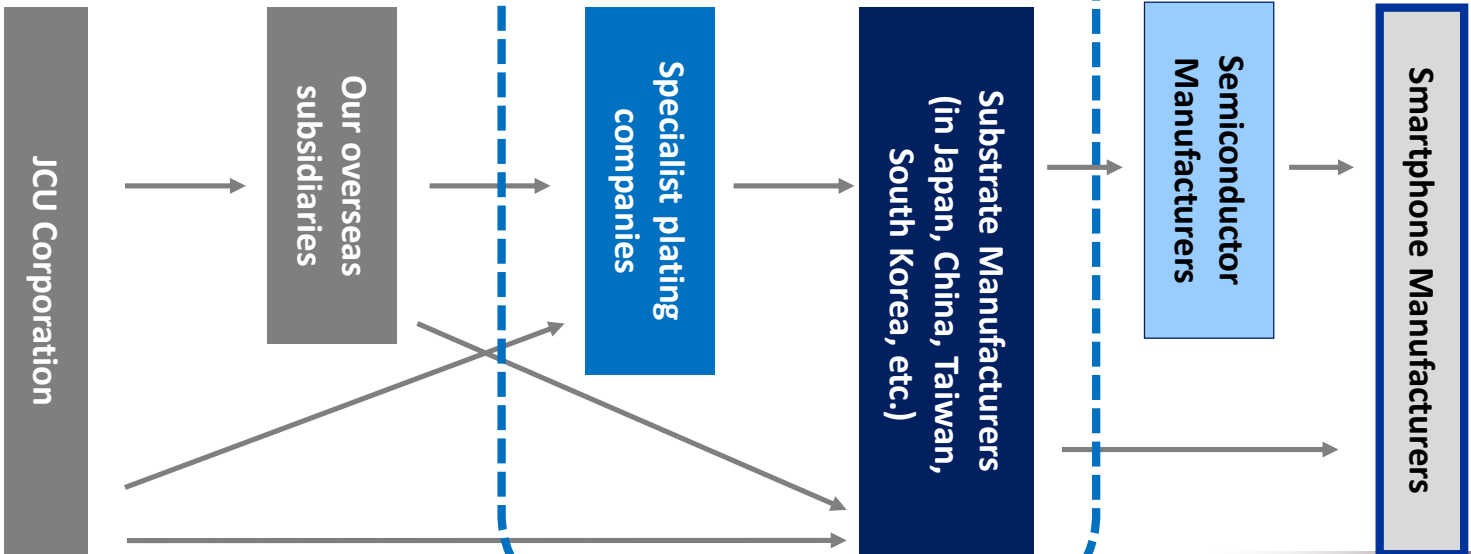
ISO9001	Production Headquarters, Chemicals Procurement Department, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)
ISO14001	Production Headquarters and R&D Center (JCQA-E-0143)

Major Distribution Channels

Automobiles



Smartphones

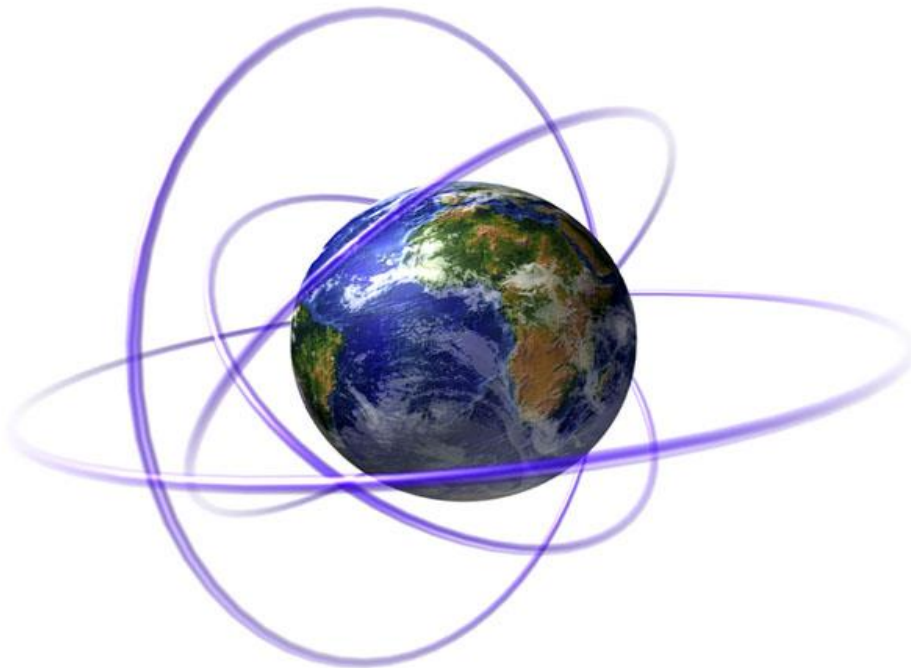


Major Products

Chemicals Business	For decoration and rust-proofing (Key chemicals)	Automotive parts (front grilles, door handles, emblems, etc.) Faucet parts (water supply equipment, showerheads, drain plugs, etc.) Construction materials (bolts, nuts, etc.)
	For electronic components (Chemicals for electronic components)	PWBs (reversible and multilayer substrates, build-up boards, package substrates, etc.) Electronic components (lead frames, chip components, connectors, etc.) Semiconductors (silicon wafers)

Machine Business	Fully-automated surface treatment equipment	Fully-automated equipment from input of materials to completion of the plating process
	Peripheral equipment	Manufacturing and sale of filtration machines and other peripheral equipment to be attached to surface treatment equipment
	Automatic analytical control systems	Automatic management of plating solutions by analyzing concentrations of chemicals and adding chemicals when an insufficient level is detected
	Plasma system	Etching and washing devices for PWBs as part of pre-plating processes
	Solar power generation equipment	Installation and operation of solar power generation equipment (photovoltaic panels)

This material contains current plans and forecasts of future performance of the Company. These plans and forecast figures are prepared by the Company based on currently available information. This material does not give any assurance or guarantee of the Company's future financial performance and actual results may differ substantially from these plans for a number of conditions or developments in the future.



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