



Explorer in Surface Engineering

Financial Results Briefing Material

for the First Quarter of the Fiscal Year Ending March 2020

JCU CORPORATION

TSE First Section (Stock Code: 4975)

August 2, 2019



Summary of Financial Results for 1Q FY3/20

Overview of Financial Results

Accounting Period of 1Q FY3/20

JCU (non-consolidated): April 1 to June 30

Overseas subsidiaries: January 1 to March 31

For electronic components

- Demand down as technology advances for new 4G phones slow down and people put off replacing smartphones as they wait for the launch of 5G.
- Demand for chemicals is soft because of consistently weak smartphone sales and production since the second half of FY3/19.
- Sales were down from the high level of sales in the first quarter of FY3/19.

For automotive components

- In Japan, production volumes were low at manufacturers of automotive parts.
- Overseas, although an order from a new customer was received in China, production in the country's automobile industry was sluggish because of US-China trade friction. Sales of chemicals were generally unchanged in Japan and overseas.

Machine Business

- A big decrease in sales caused by a downturn in large projects and delays at projects under way.

Summary of Financial Results for 1Q FY3/20

Consolidated

(Millions of yen)

	Same period of previous FY (1Q FY3/19)	1Q FY3/20	YoY % Change
Net sales	6,599	4,793	(27.4)%
Operating profit	1,726	1,278	(25.9)%
Ordinary profit	1,738	1,292	(25.7)%
Profit attributable to owners of parent	1,288	908	(29.5)%
Net income per share	46.30 yen	33.49 yen	-

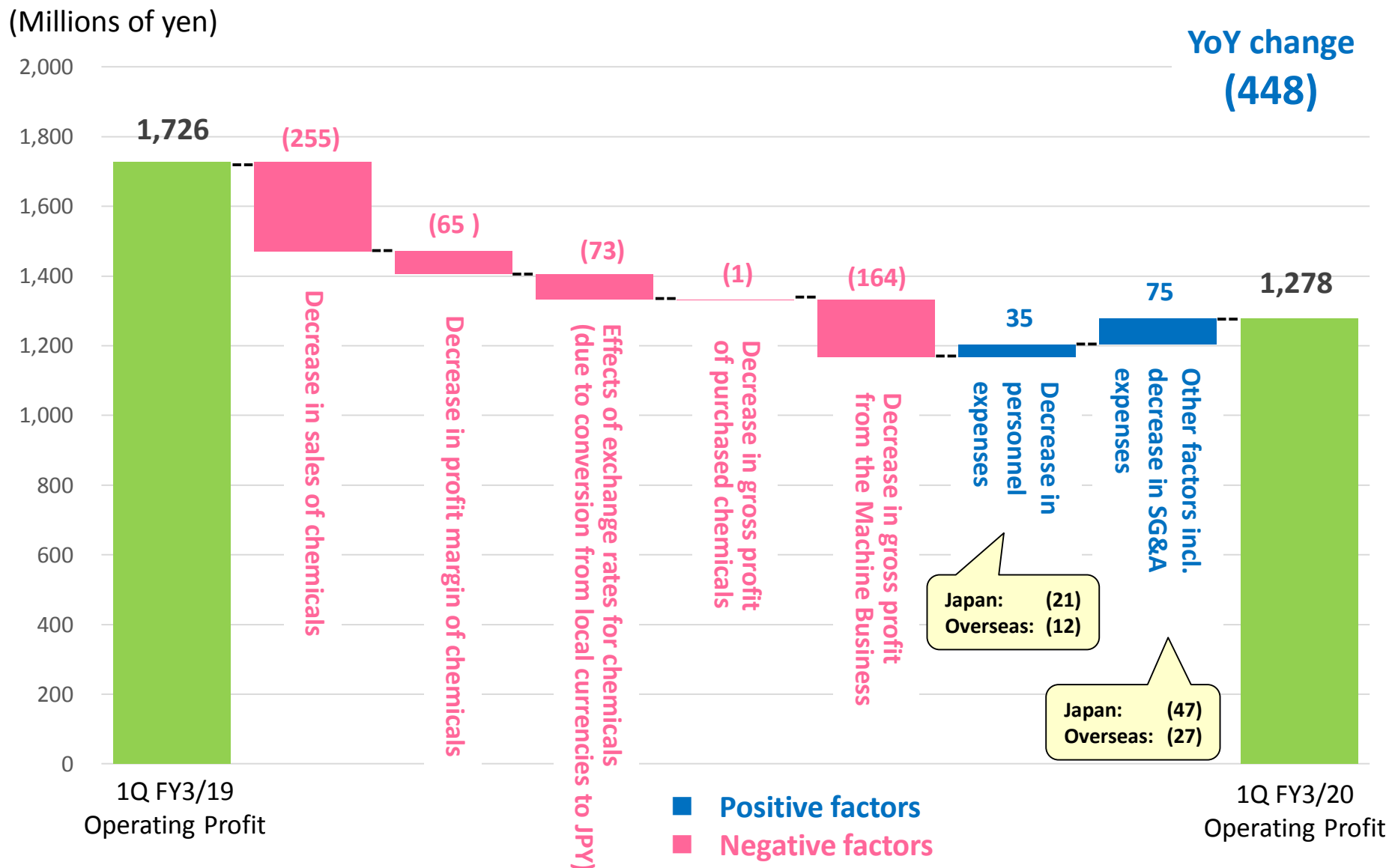
Foreign Exchange Rates

(Yen)

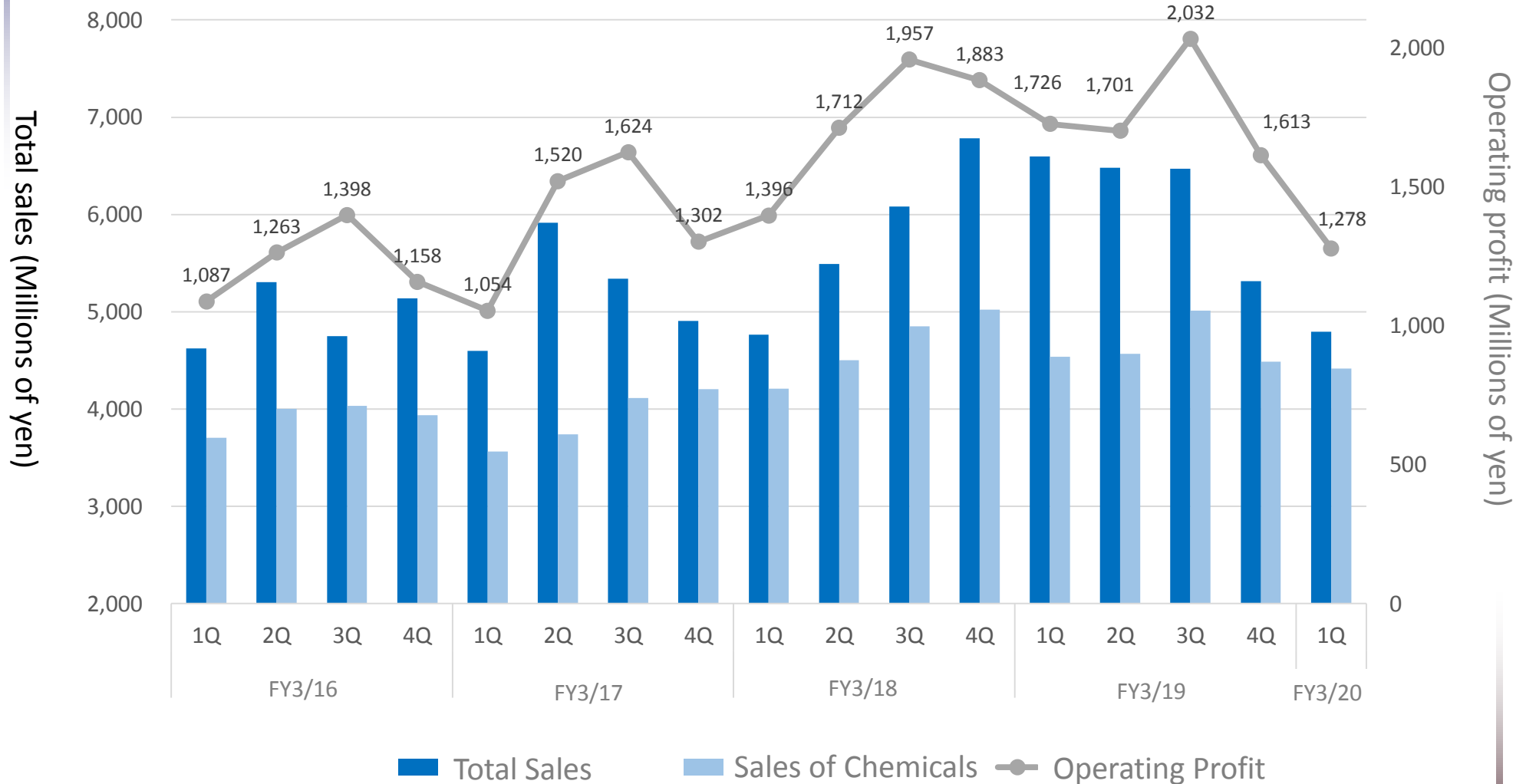
	FY3/19				FY3/20	
	1Q	2Q	3Q	4Q	Estimates	1Q
Chinese yuan (CNY)	17.05	17.09	16.85	16.72	16.50	16.32
Taiwan dollar (TWD)	3.70	3.68	3.67	3.67	3.70	3.58
Korean won (KRW)	0.1010	0.1011	0.1005	0.1004	0.1020	0.0980

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.

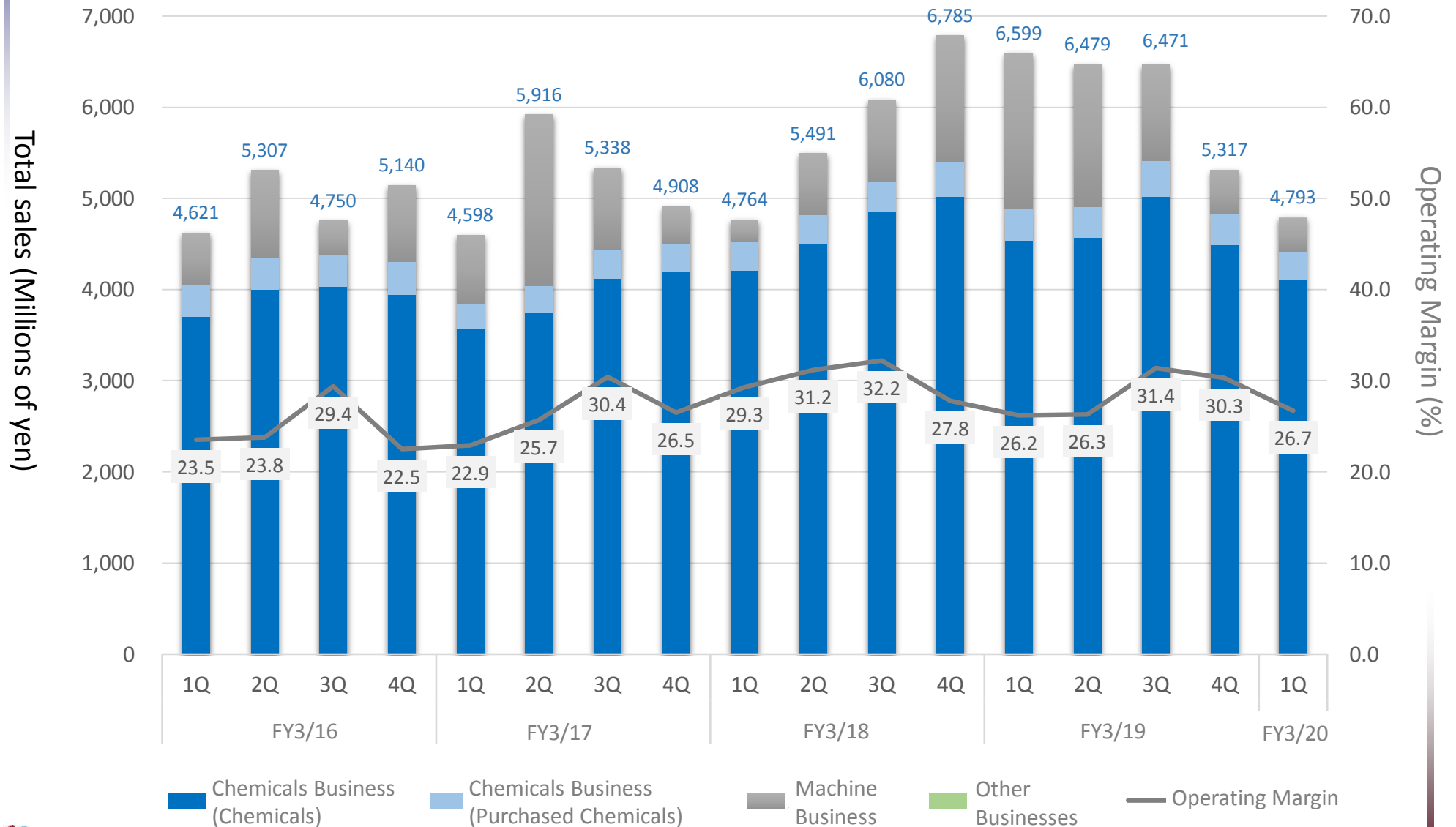
Changes in Consolidated Operating Profit for 1Q FY3/20



Quarterly Consolidated Financial Results

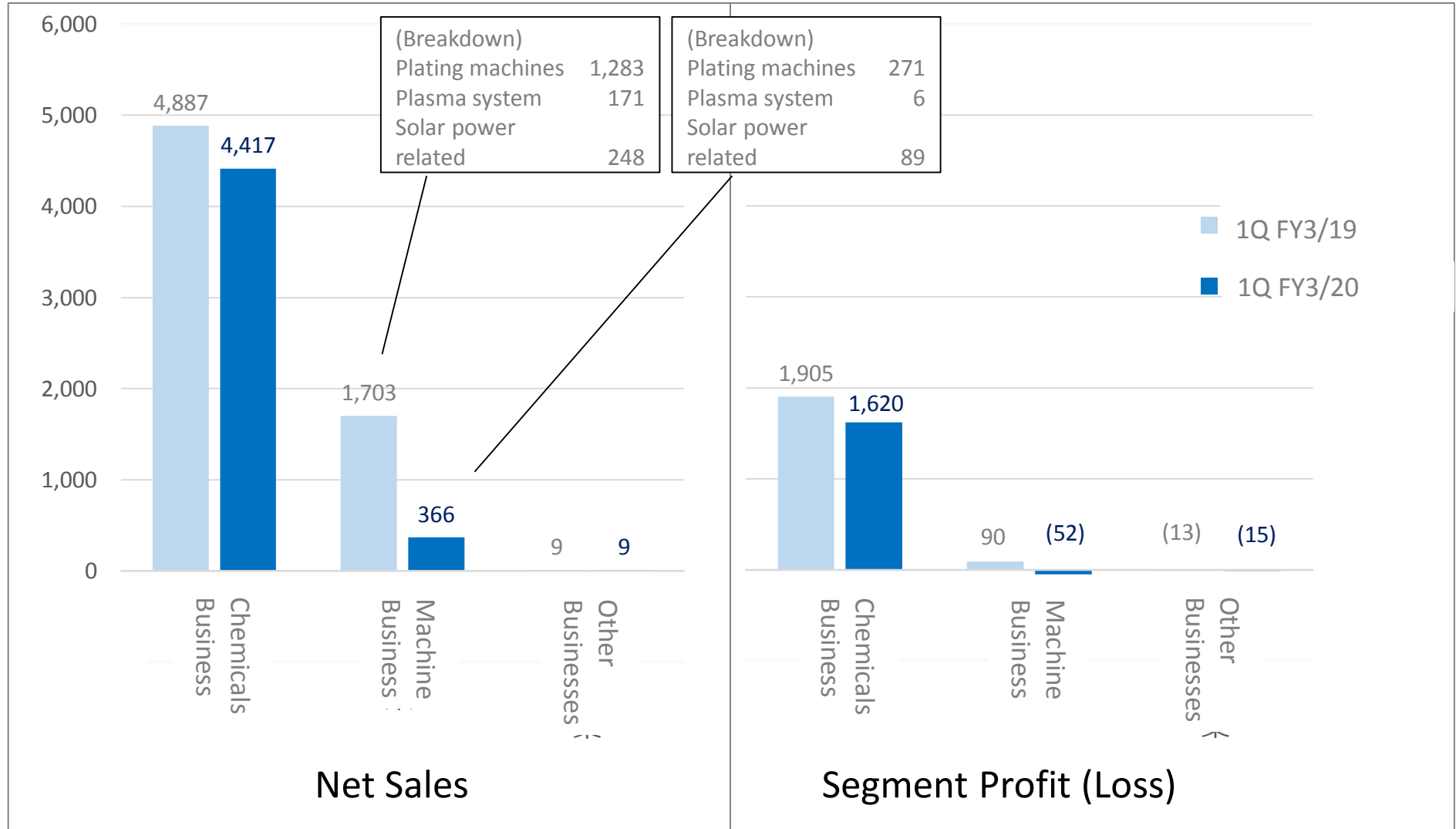


Quarterly Consolidated Financial Results



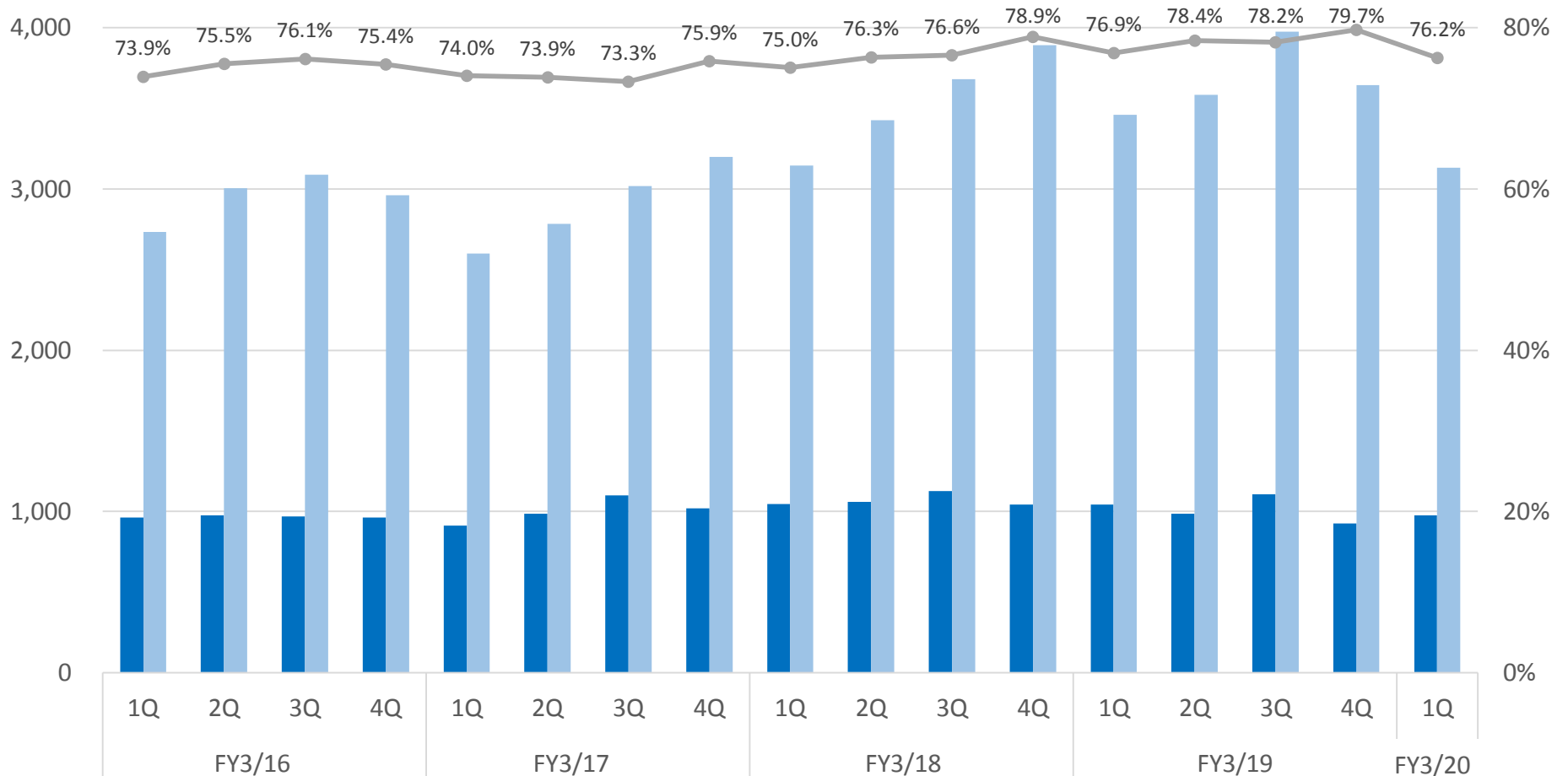
Consolidated Segment Results for 1Q FY3/20

(Millions of yen)



Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)



■ Japan ■ Overseas ● Overseas Sales Ratio

Quarterly Sales of Chemicals for POP and Via Filling

POP: Planting on Plastics, mainly for automotive components

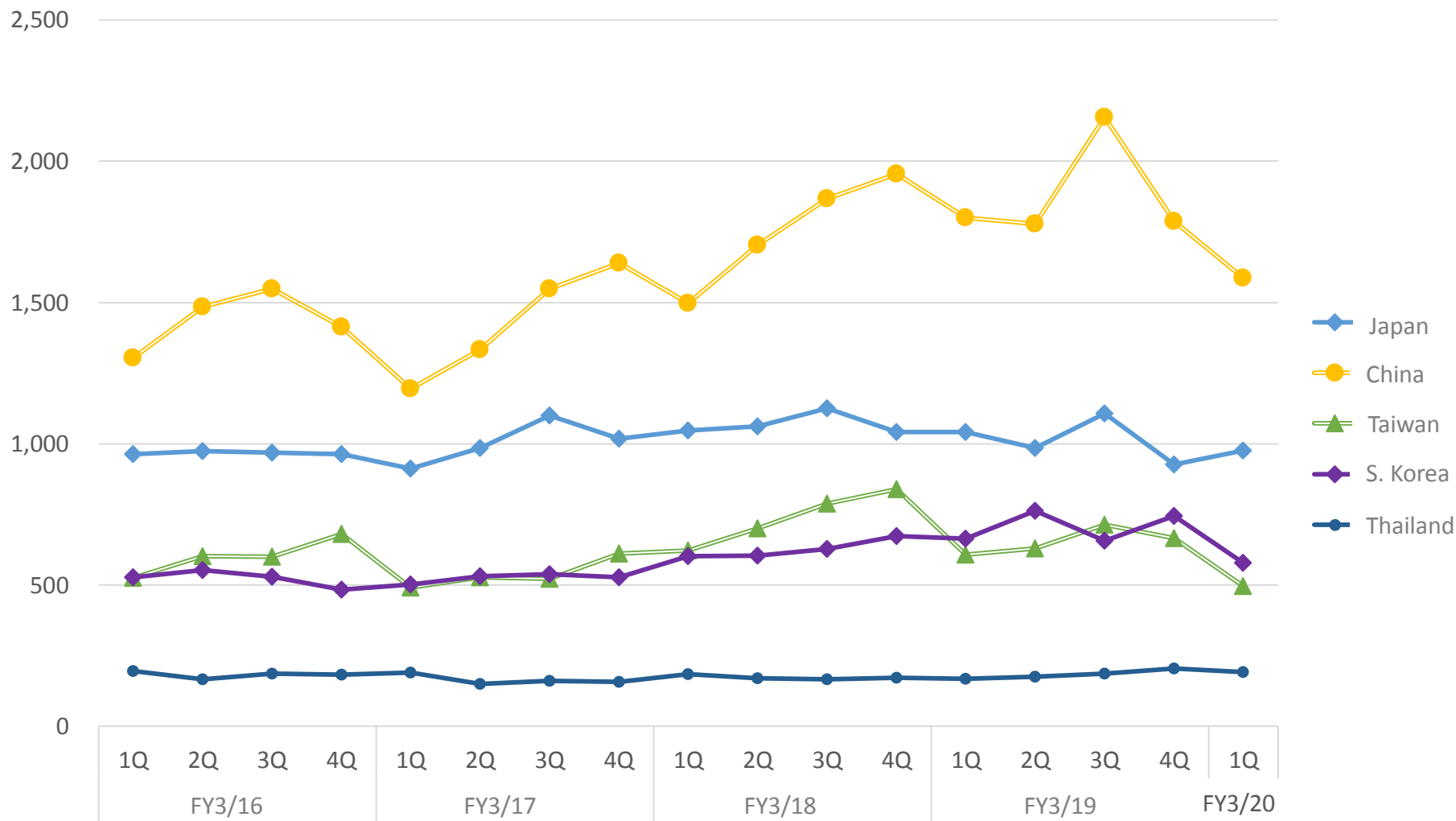
Via Filling: Additive for copper planting for printed-wiring boards, mainly for smartphones and PCs

(Millions of yen)



Quarterly Sales of Chemicals by Region

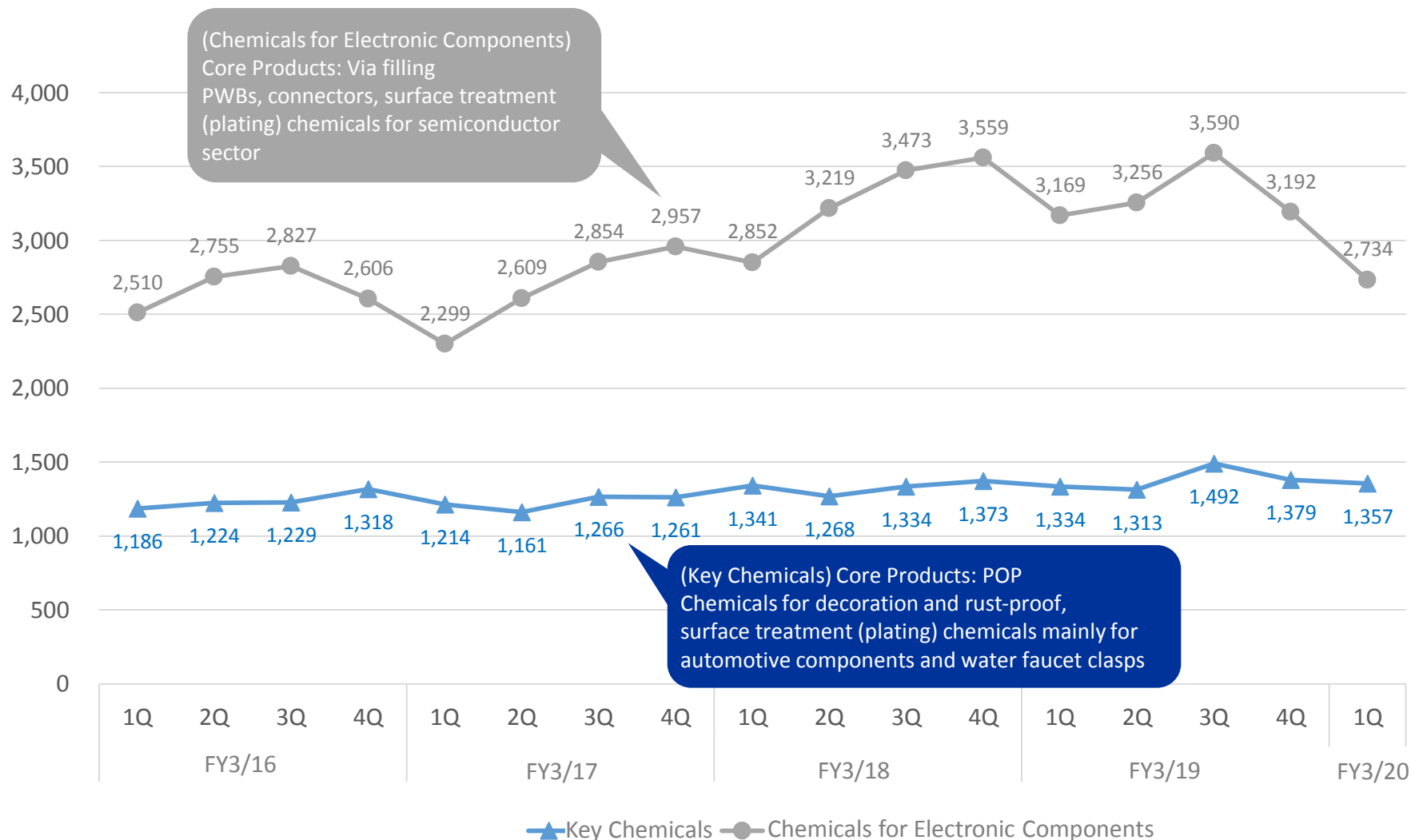
(Millions of yen)



Quarterly Sales of Chemicals by Region

Consolidated

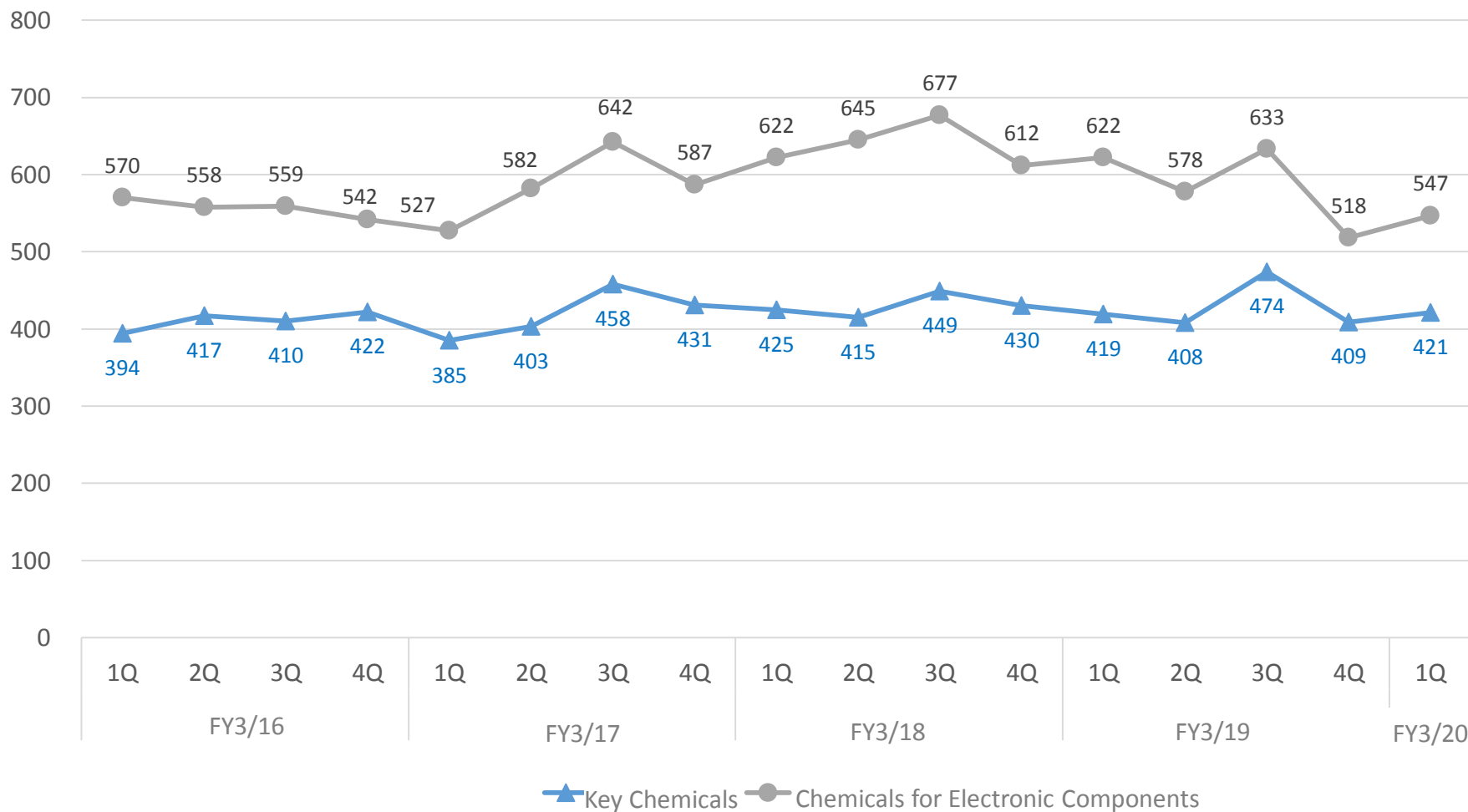
(Millions of yen)



Quarterly Sales of Chemicals by Region

(Millions of yen)

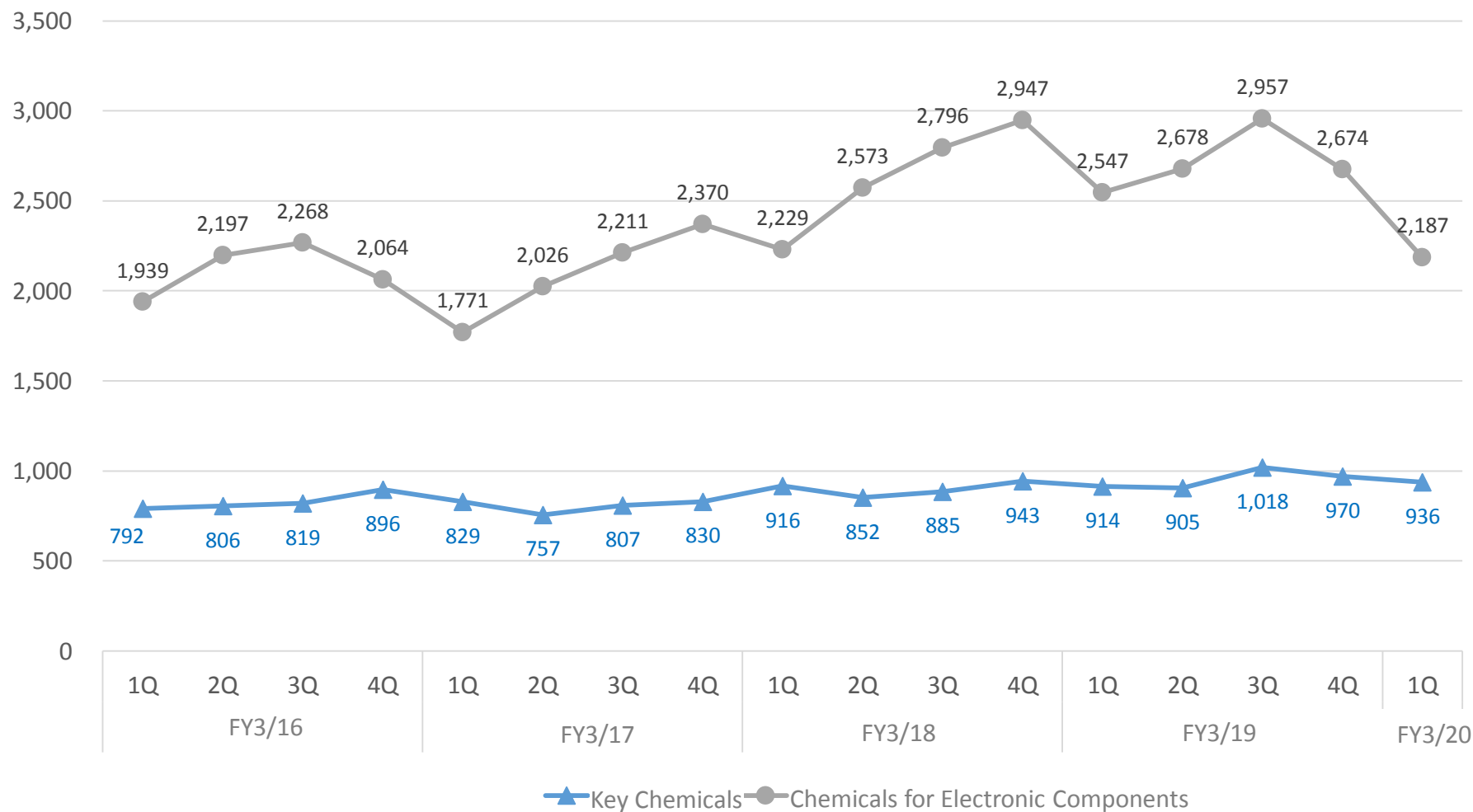
Japan



Quarterly Sales of Chemicals by Region

(Millions of yen)

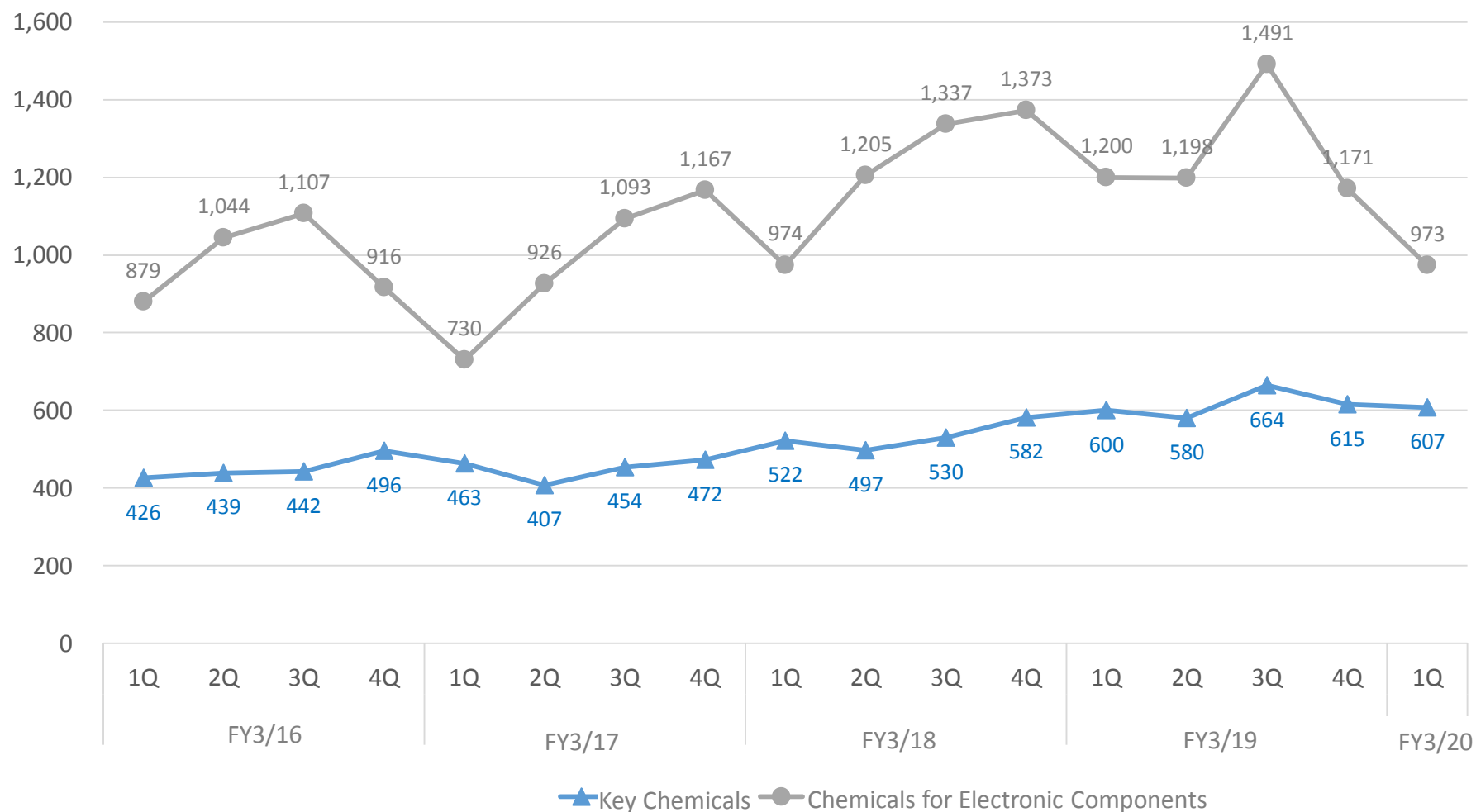
Overseas (total)



Quarterly Sales of Chemicals by Region

China

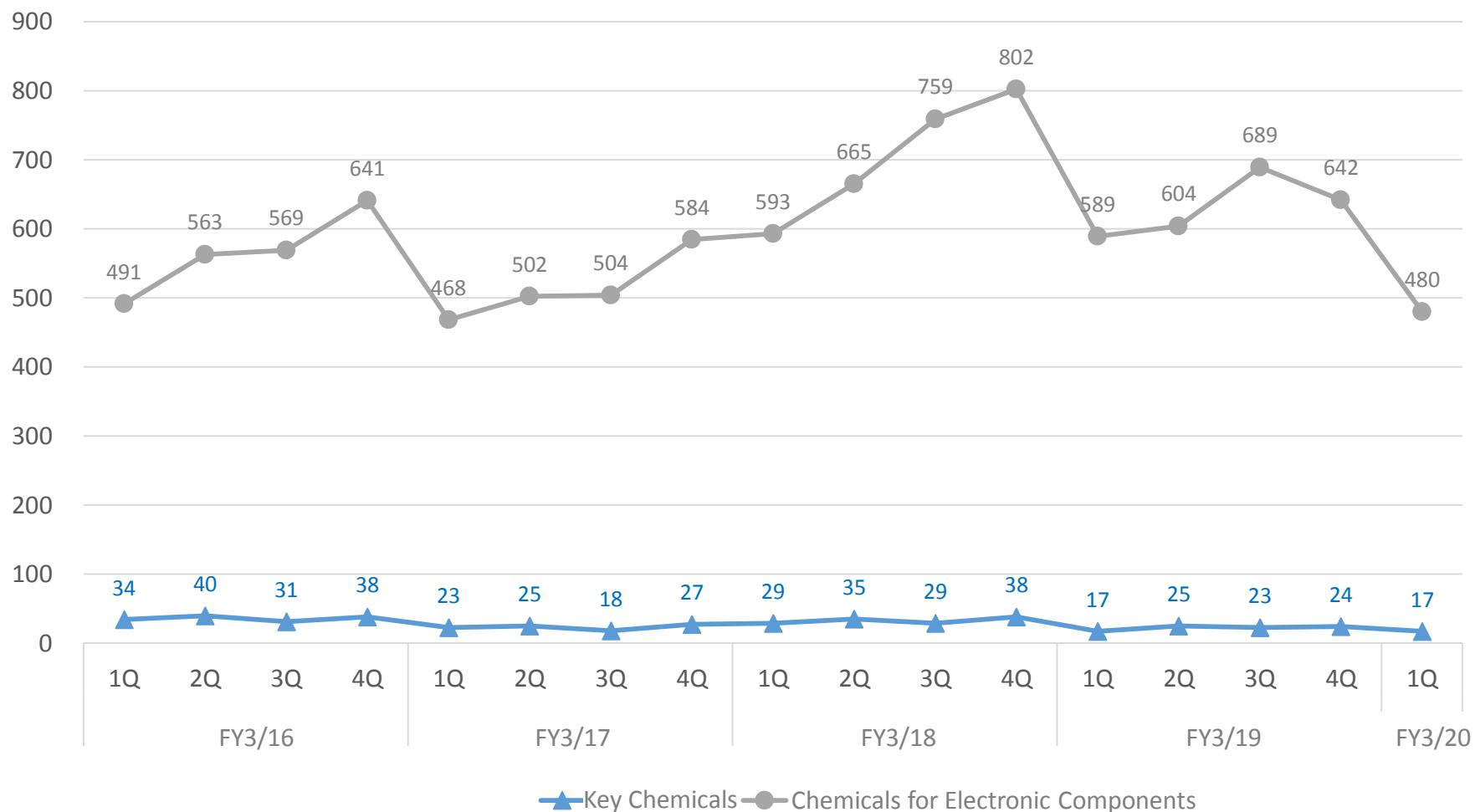
(Millions of yen)



Quarterly Sales of Chemicals by Region

Taiwan

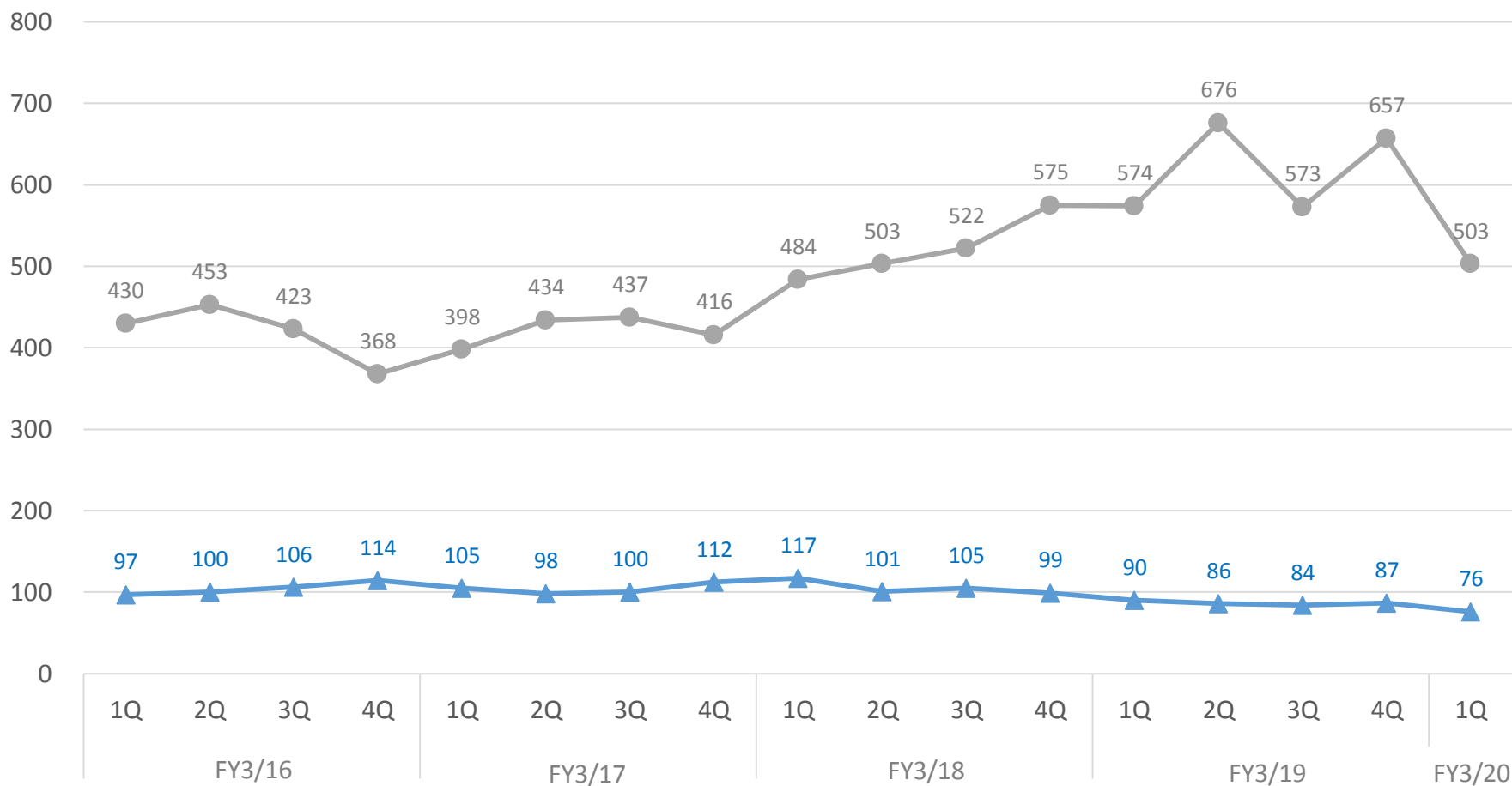
(Millions of yen)



Quarterly Sales of Chemicals by Region

South Korea

(Millions of yen)



▲ Key Chemicals ● Chemicals for Electronic Components

Consolidated Earnings Forecast for FY3/20

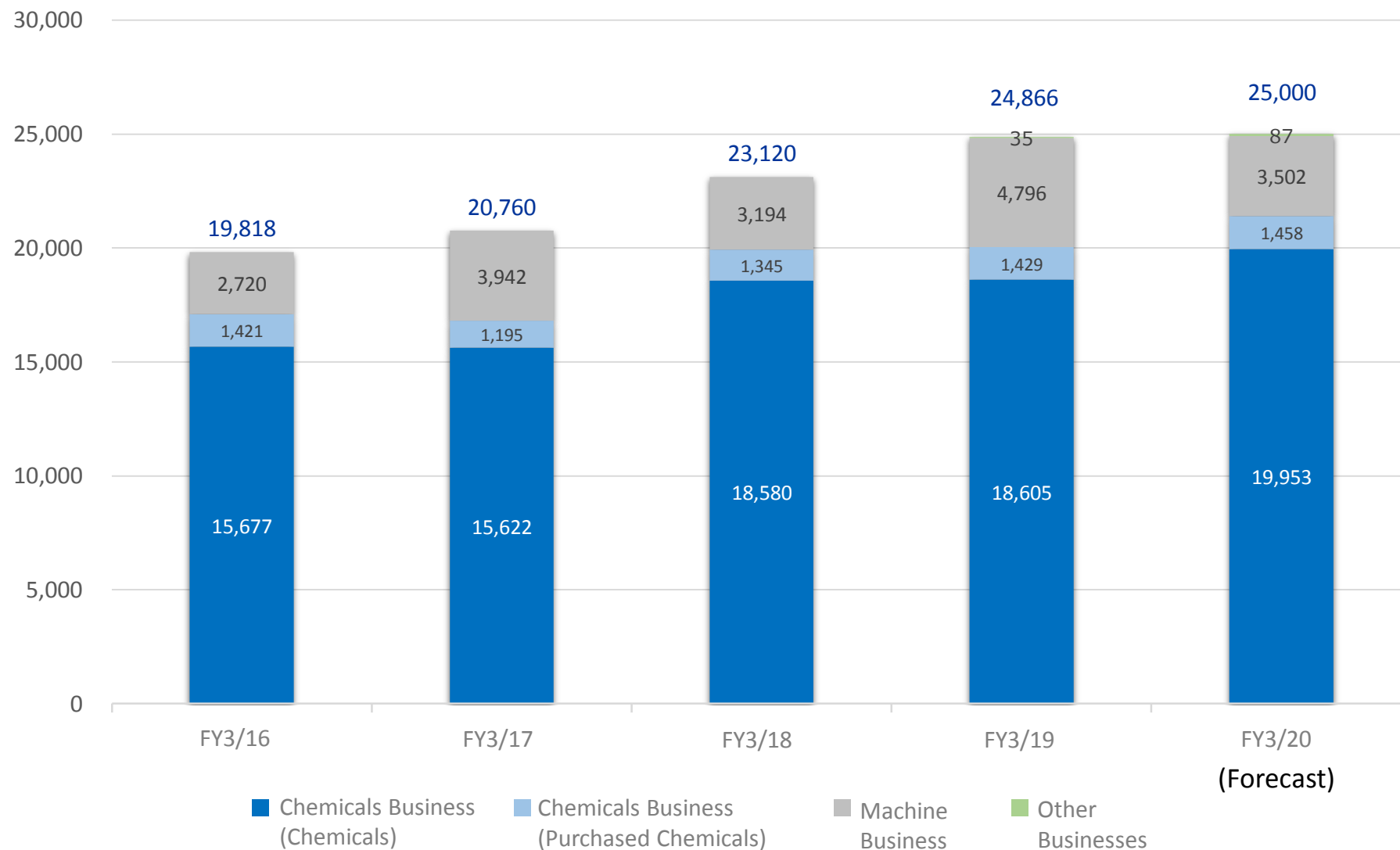
(Millions of yen)

FY3/20	1Q (Results)	First half (Forecast)	Full year (Forecast)	Progress rate against full- year forecast
Net sales	4,793	11,400	25,000	19.1%
Operating profit	1,278	3,000	7,200	17.7%
Ordinary profit	1,292	3,100	7,300	17.6%
Profit attributable to owners of parent	908	2,150	5,000	18.1%
Net income per share	33.49 yen	79.40 yen	184.79 yen	-

Note: No revisions have been made.

Annual Sales by Business (incl. Forecast)

(Millions of 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 1 yen per share)

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.

Reference

- **Company Profile**
- **Major Distribution Channels**
- **Major Products**



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

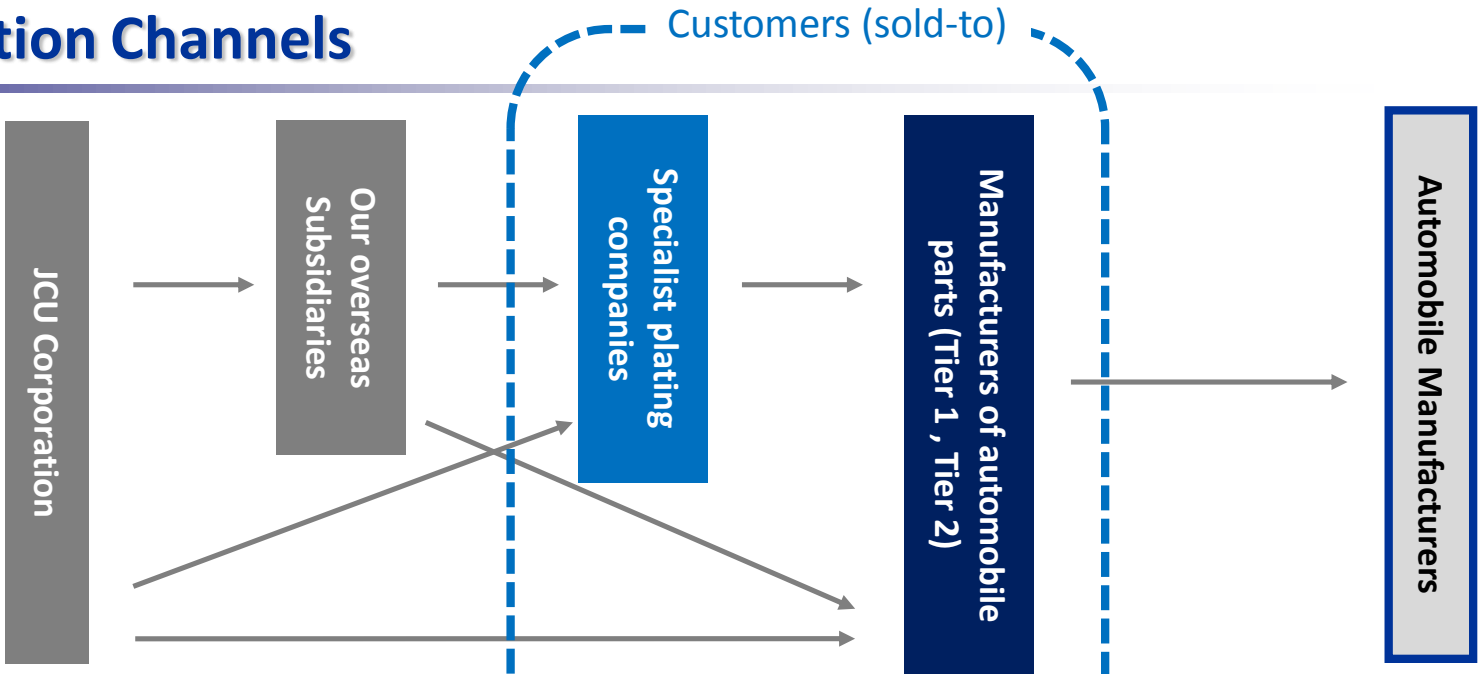
Employees : Non-consolidated: 255 / Consolidated: 571 (As of March 31, 2019)

ISO Certificates

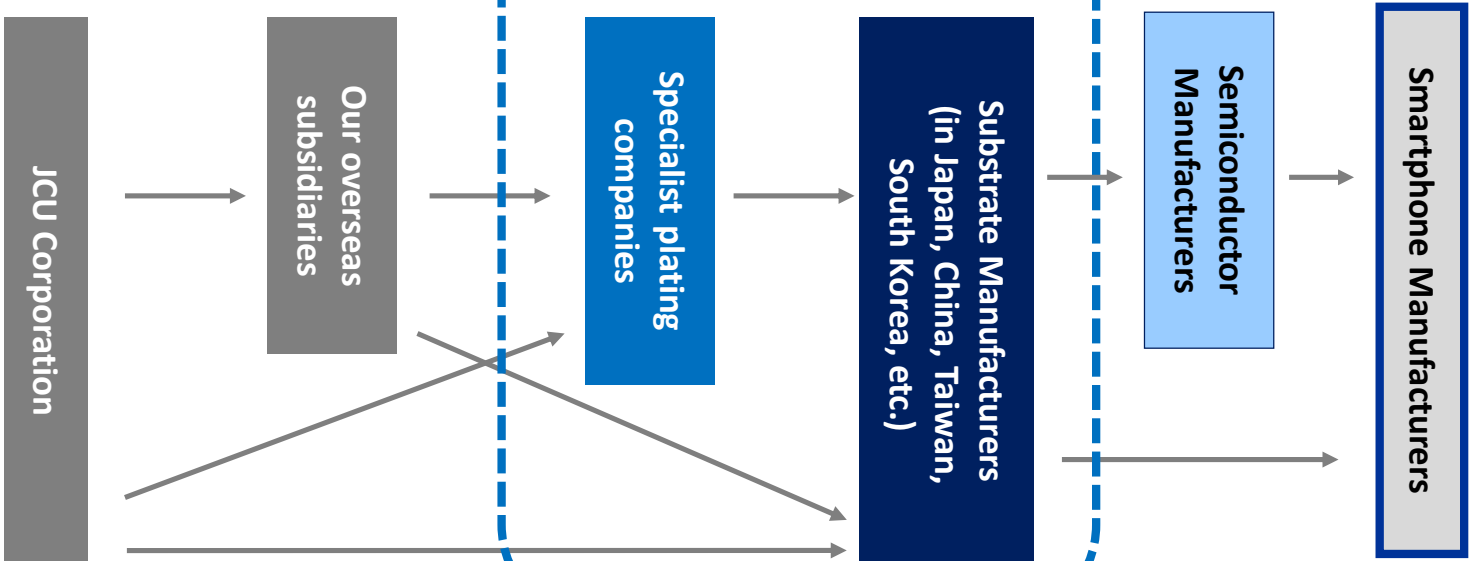
ISO9001	Production Headquarters, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)
ISO14001	Production Headquarters and R&D Center (JCQA-E-0143)

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)
Other Businesses	Natural water	Sale of natural water branded "FUJIZAKURACHOUMEISUI"
	Wine	Production and sale of wines and grapevine seedlings

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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