



Financial Results Briefing Material

for the Third Quarter of the Fiscal Year Ending March 2020

JCU CORPORATION

TSE First Section (Stock Code: 4975)

February 3, 2020



Summary of Financial Results for 3Q FY3/20

Overview of Financial Results

Accounting Period of 3Q FY3/20

JCU (non-consolidated): April 1 to December 31

Overseas subsidiaries: January 1 to September 30

For electronic components

- 5G infrastructure development was activated in China and mass production of smartphones for new model sales has started in Taiwan
- Sales and production remained sluggish due to consumers unwilling to buy high-end smartphones before commercialization of 5G models
- Sales were weak compared with a year earlier.

For automotive components

- In Japan, production volumes were low at manufacturers of automotive parts.
- Overseas, production in the automobile industry in China was sluggish because of US-China trade friction. Sales of chemicals were weak.

Machine Business

- A big decrease in sales caused by a downturn in large projects received in FY3/19.

Summary of Financial Results for 3Q FY3/20

Consolidated

(Millions of yen)

	Same period of previous FY (3Q FY3/19)	3Q FY3/20	YoY % Change
Net sales	19,549	16,021	(18.0)%
Operating profit	5,459	4,701	(13.9)%
Ordinary profit	5,521	4,675	(15.3)%
Profit attributable to owners of parent	3,972	3,324	(16.3)%
Net income per share	142.72 yen	122.96 yen	-

Consolidated Forecast for FY3/20

(Millions of yen)

FY3/20	3Q (Results)	Full year (Revised on Nov. 1, 2019)	Progress rate against full-year forecast
Net sales	16,021	22,000	72.8%
Operating profit	4,701	6,150	76.4%
Ordinary profit	4,675	6,100	76.6%
Profit attributable to owners of parent	3,324	4,250	78.2%
Net income per share	122.96 yen	157.59 yen	-

Foreign Exchange Rates

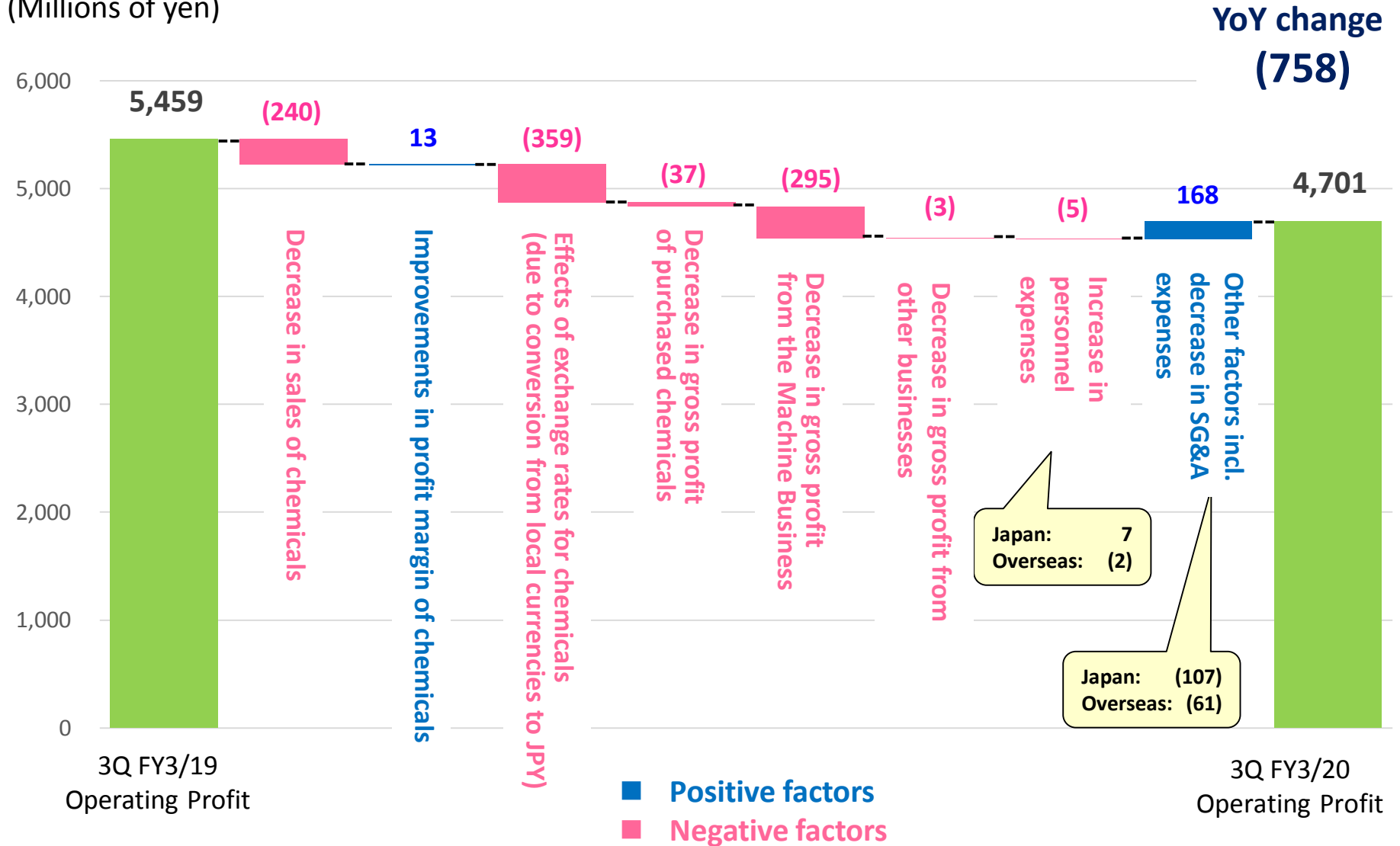
(Yen)

	FY3/19				FY3/20		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Chinese yuan (CNY)	17.05	17.09	16.85	16.72	16.32	16.20	15.89
Taiwan dollar (TWD)	3.70	3.68	3.67	3.67	3.58	3.55	3.52
Korean won (KRW)	0.1010	0.1011	0.1005	0.1004	0.0980	0.0961	0.0940

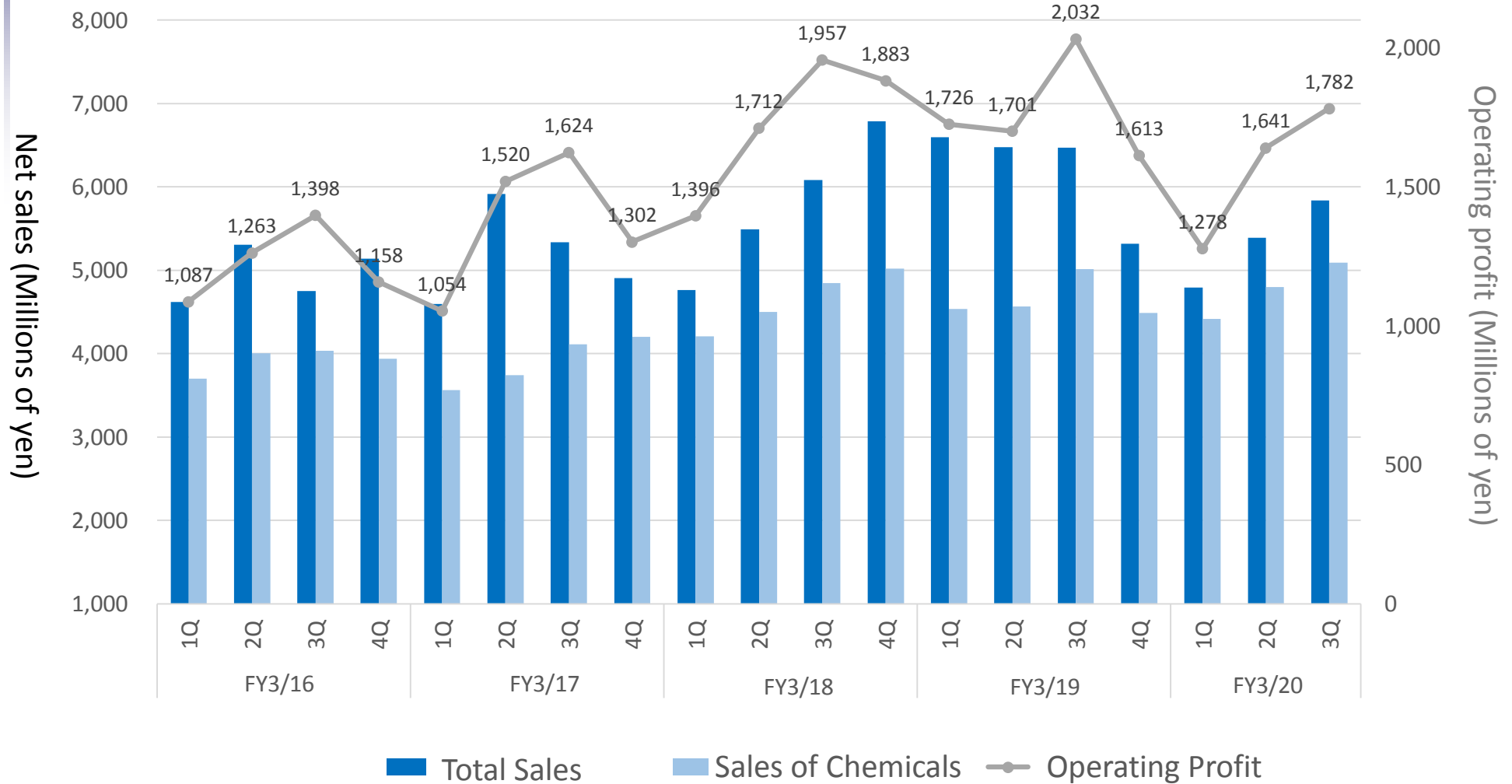
Note: The average rate for the period is used to translate Chinese yuan, Taiwan dollar and Korean won, our major foreign currencies, to Japanese yen.

Changes in Consolidated Operating Profit for 3Q FY3/20

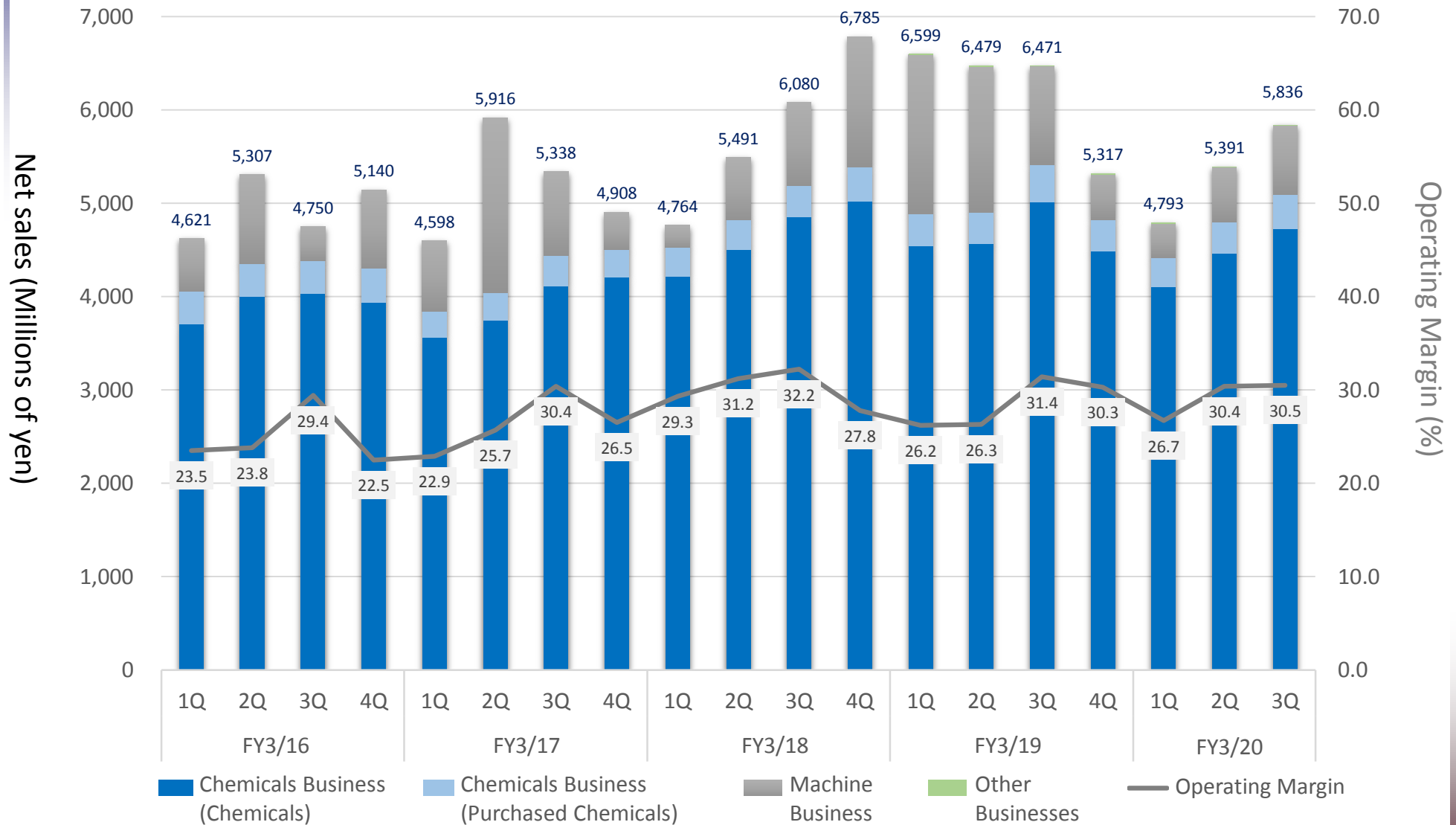
(Millions of yen)



Quarterly Consolidated Financial Results

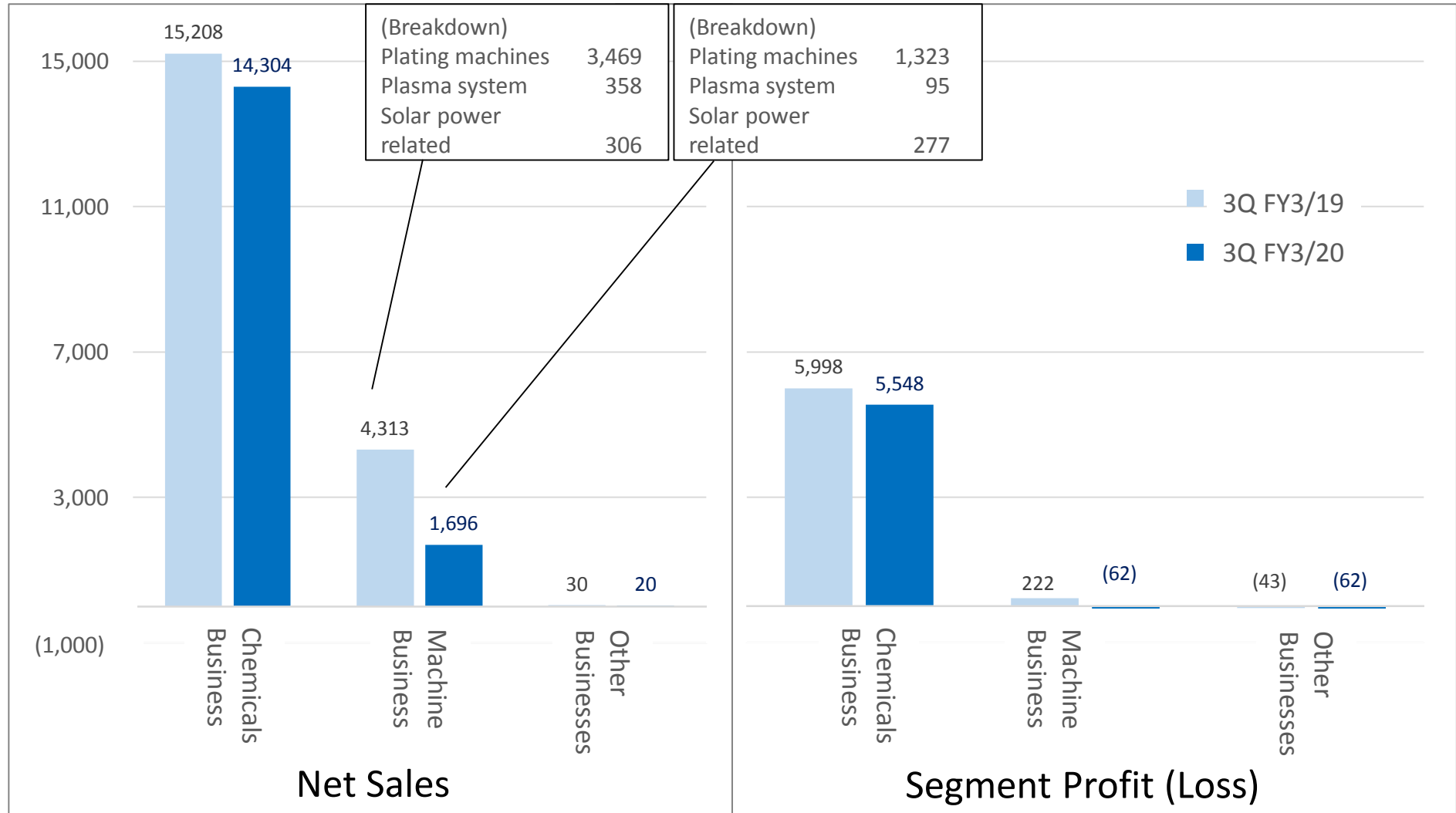


Quarterly Consolidated Financial Results



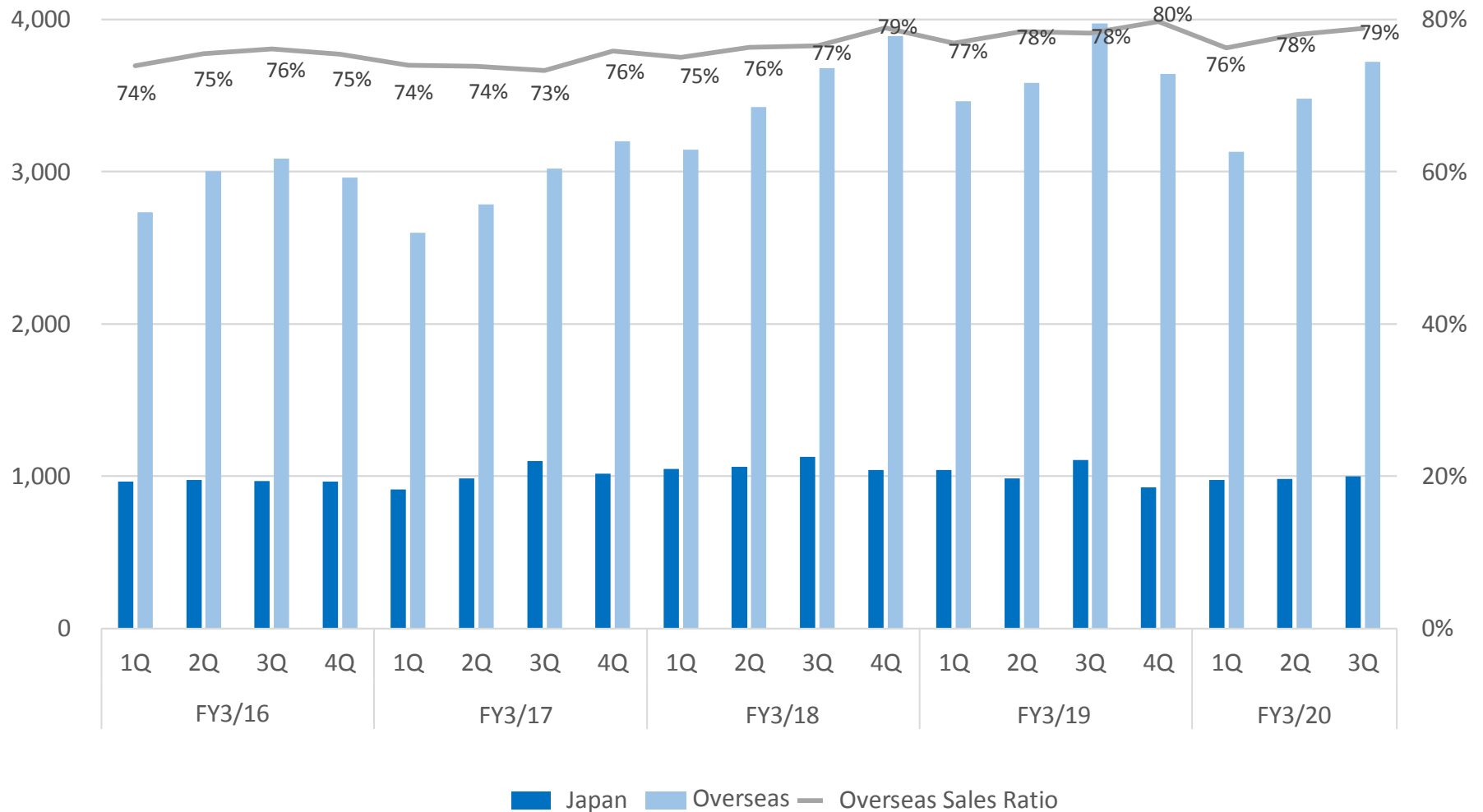
Consolidated Segment Results for 3Q FY3/20

(Millions of yen)



Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)

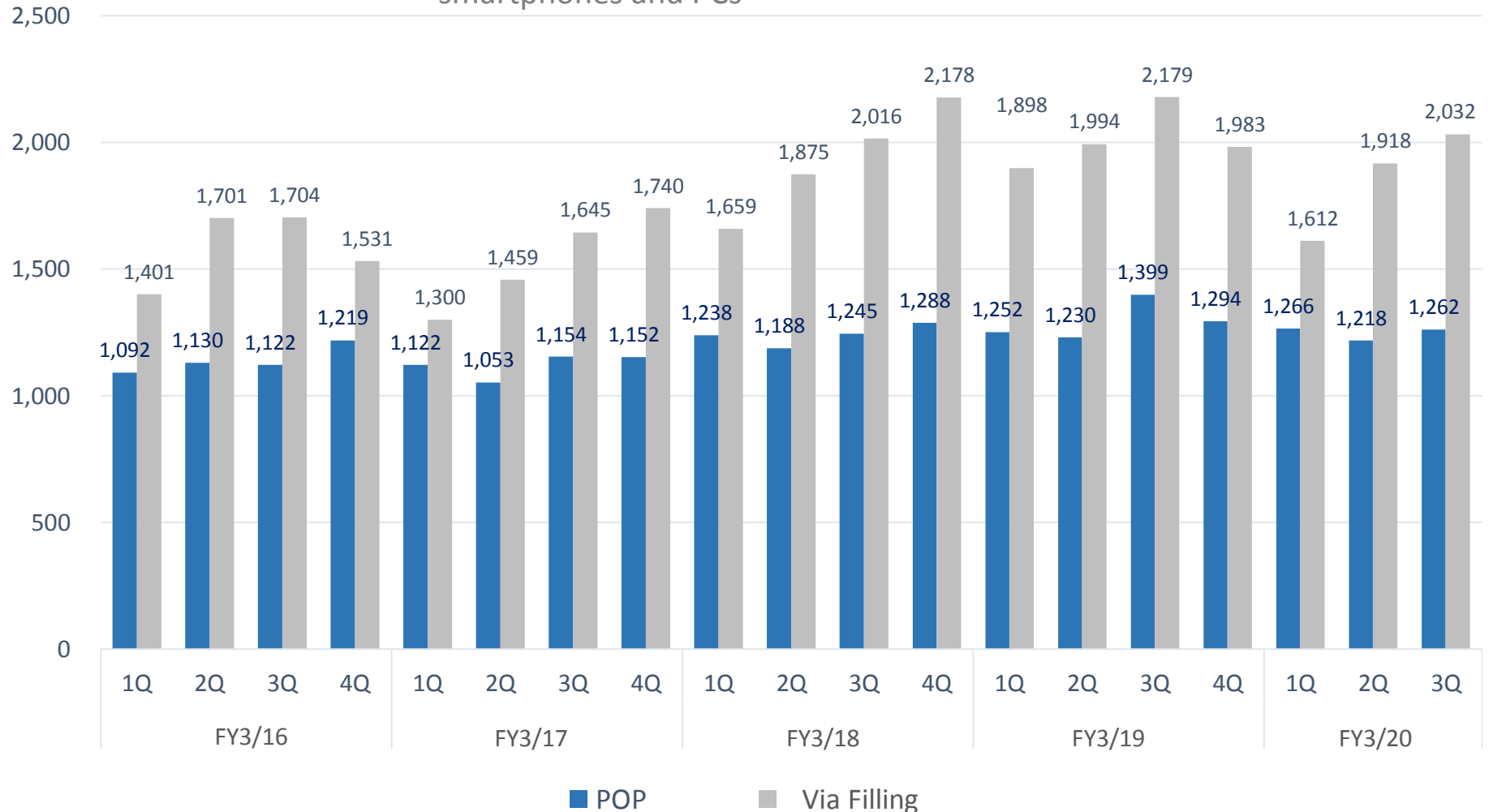


Quarterly Sales of Chemicals for POP and Via Filling

POP: Planting on Plastics, mainly for automotive components

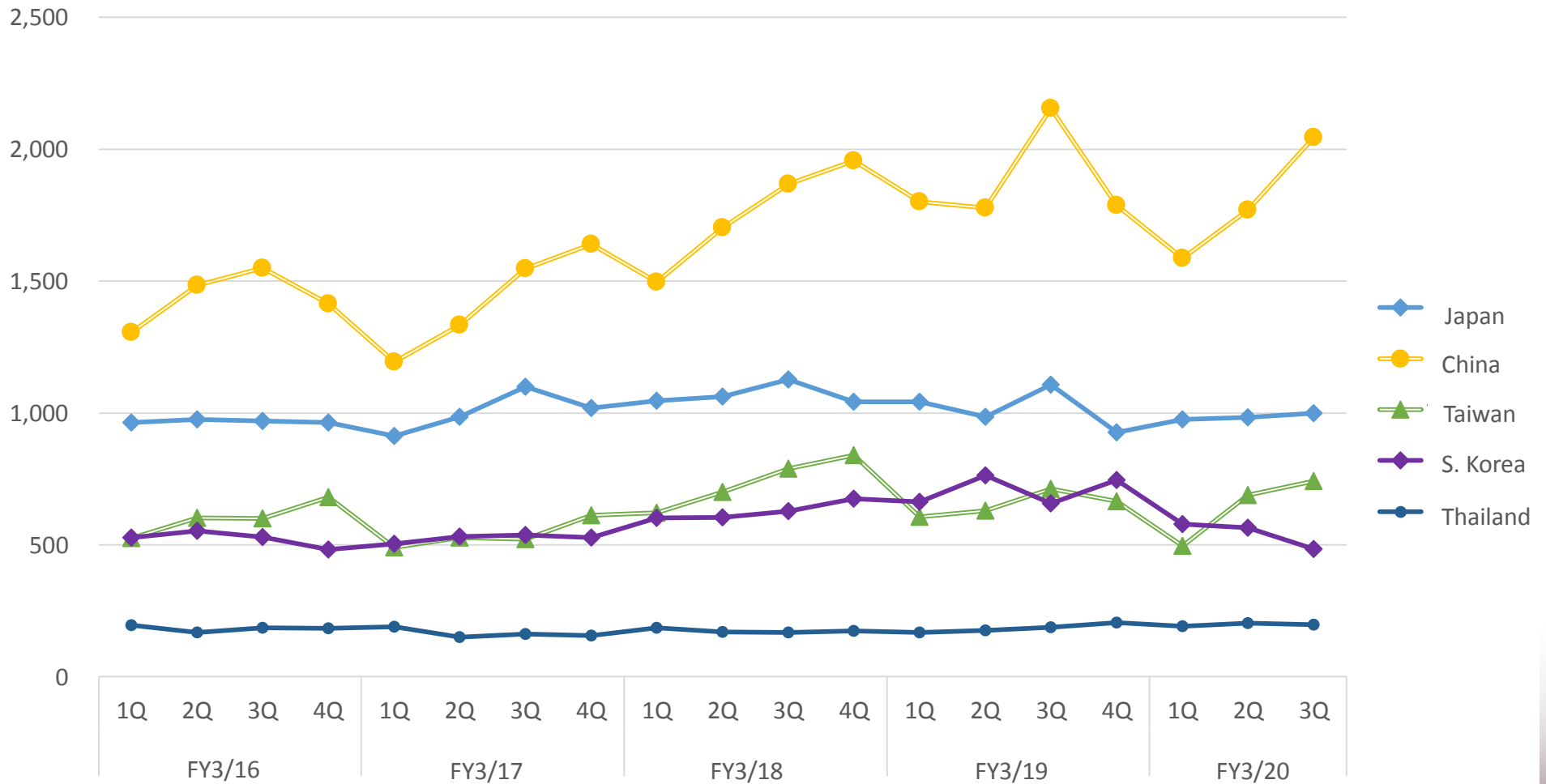
Via Filling: Additive for copper planting for printed-wiring boards, mainly for smartphones and PCs

(Millions of yen)



Quarterly Sales of Chemicals by Region

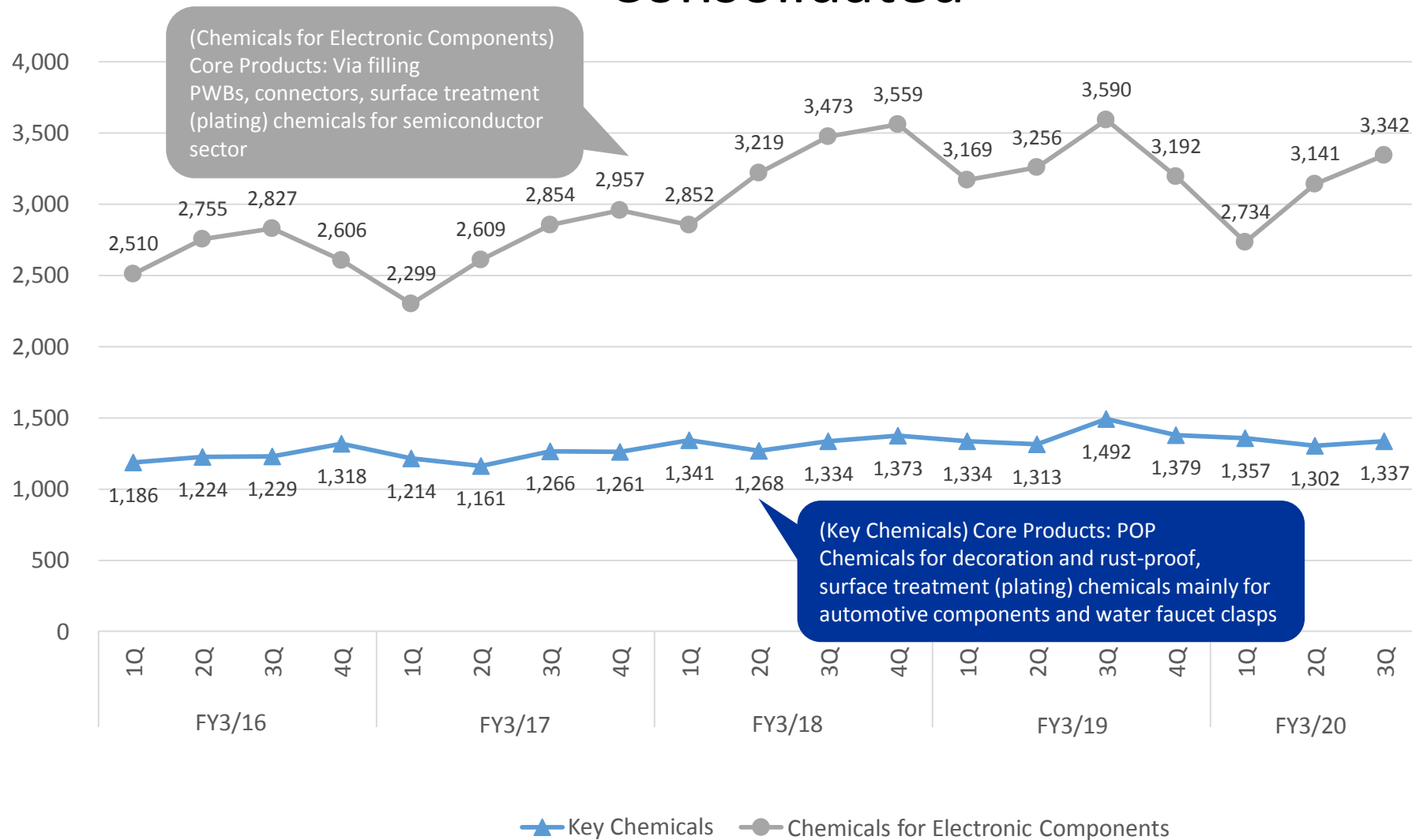
(Millions of yen)



Quarterly Sales of Chemicals by Region

(Millions of yen)

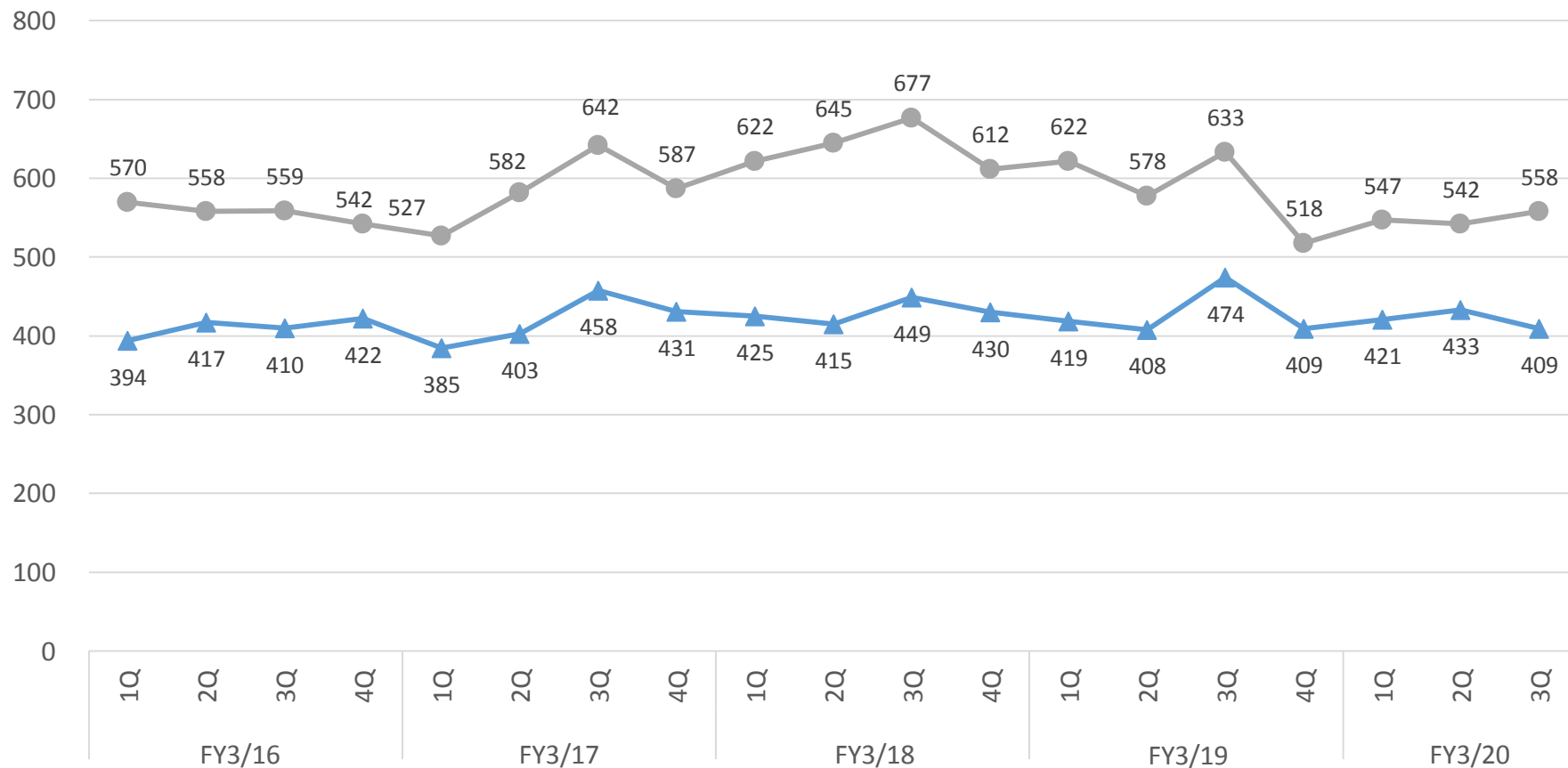
Consolidated



Quarterly Sales of Chemicals by Region

(Millions of yen)

Japan

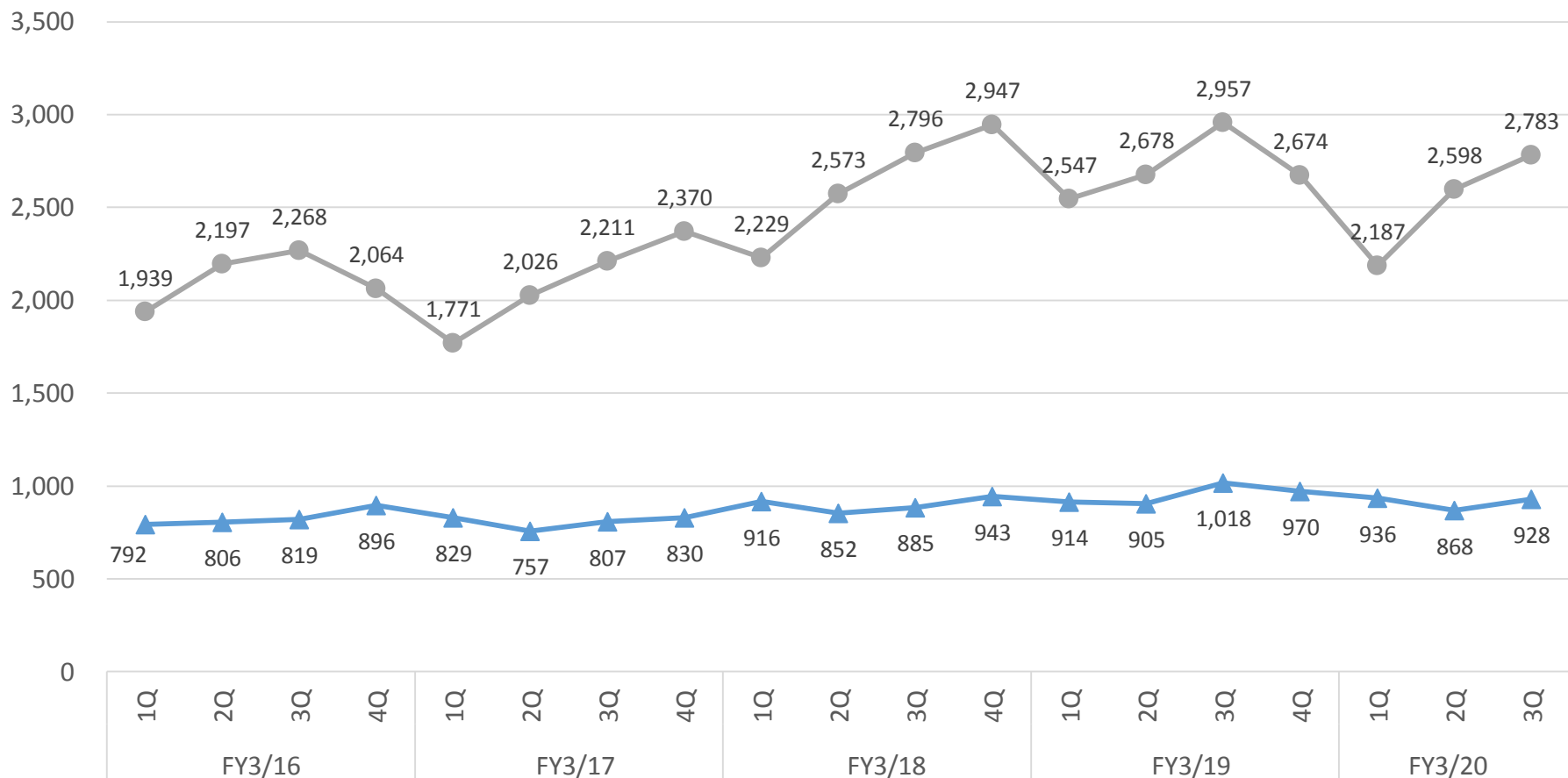


▲ Key Chemicals ● Chemicals for Electronic Components

Quarterly Sales of Chemicals by Region

(Millions of yen)

Overseas (total)

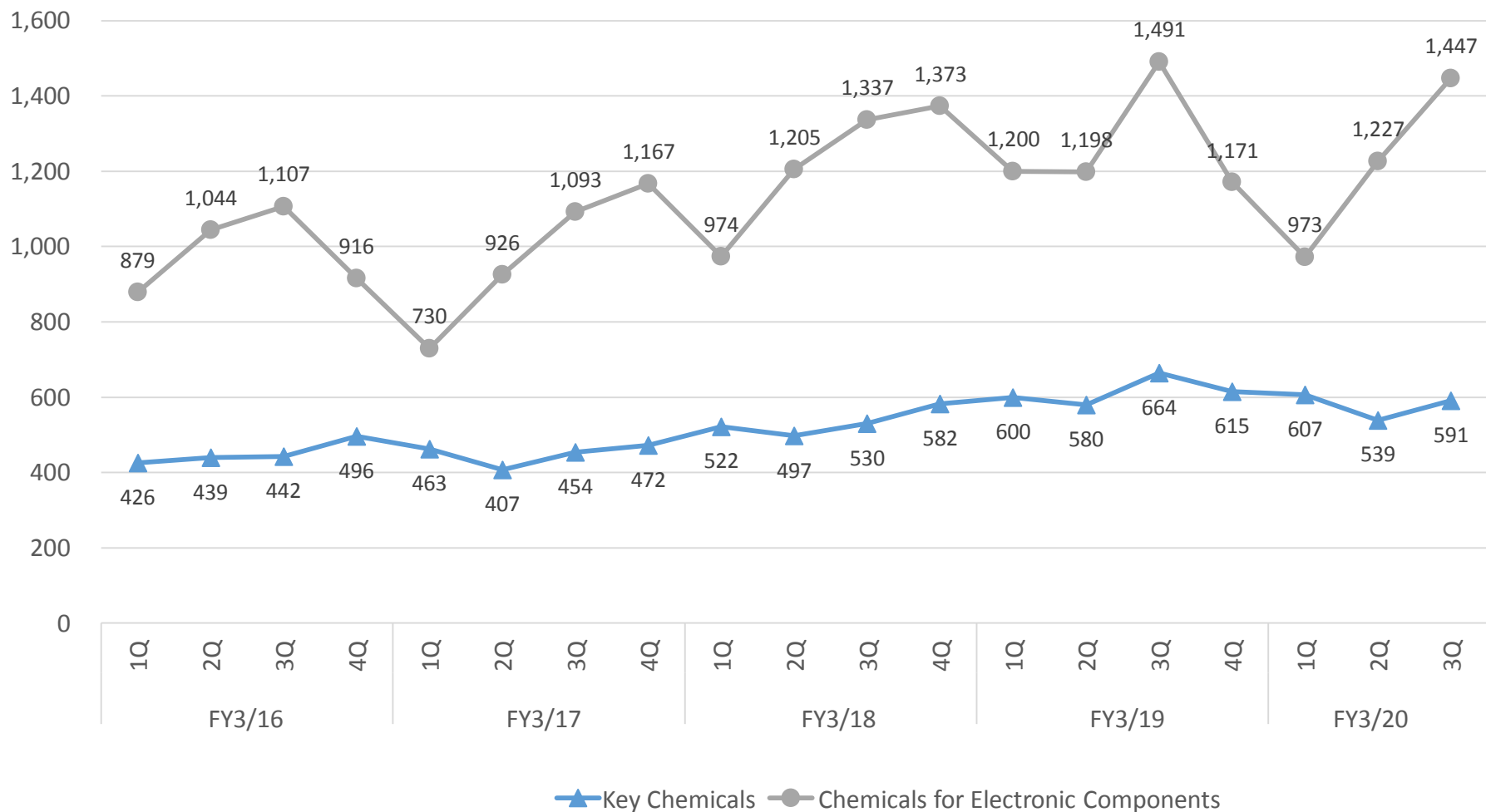


▲ Key Chemicals ● Chemicals for Electronic Components

Quarterly Sales of Chemicals by Region

China

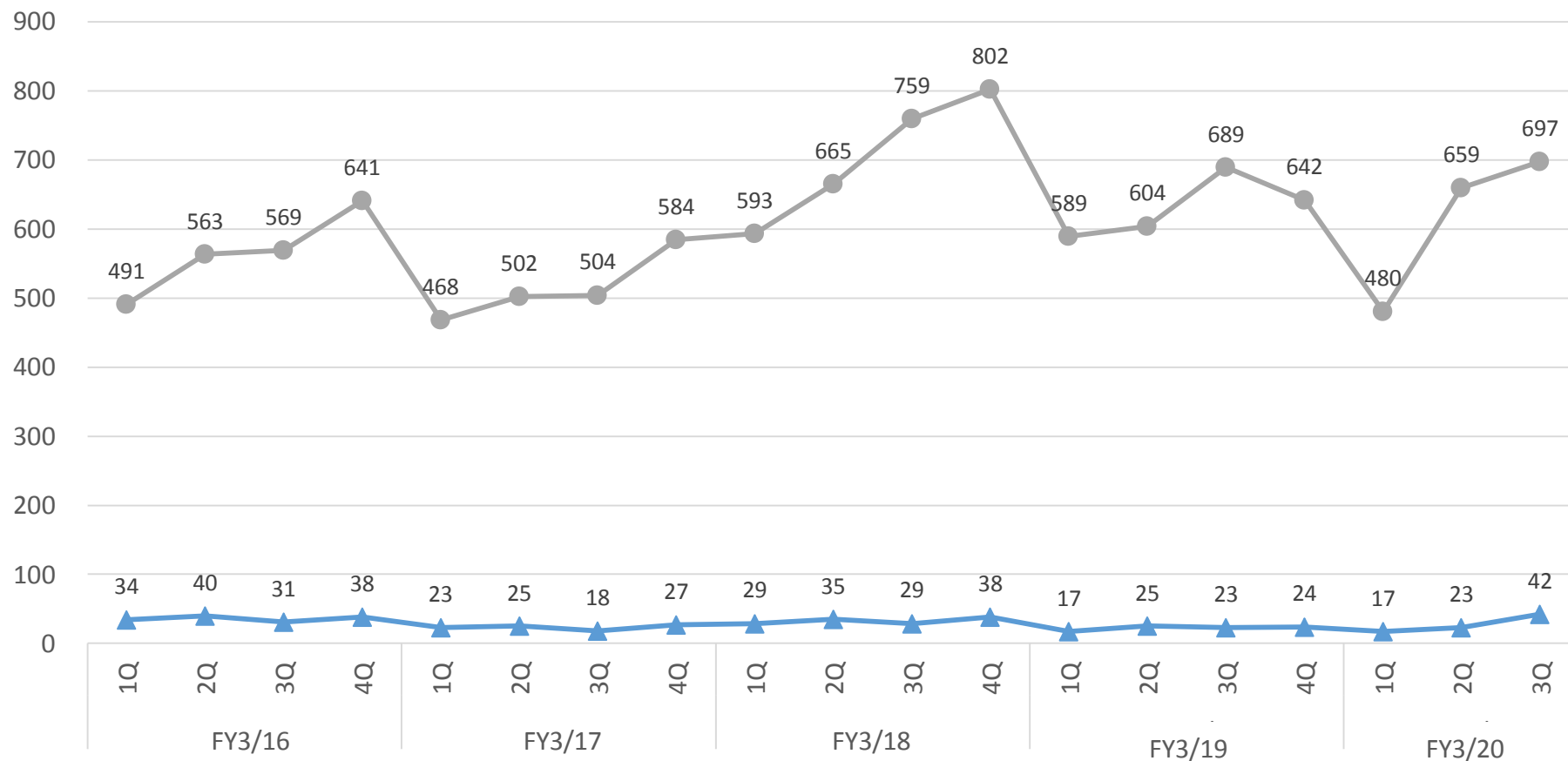
(Millions of yen)



Quarterly Sales of Chemicals by Region

Taiwan

(Millions of yen)

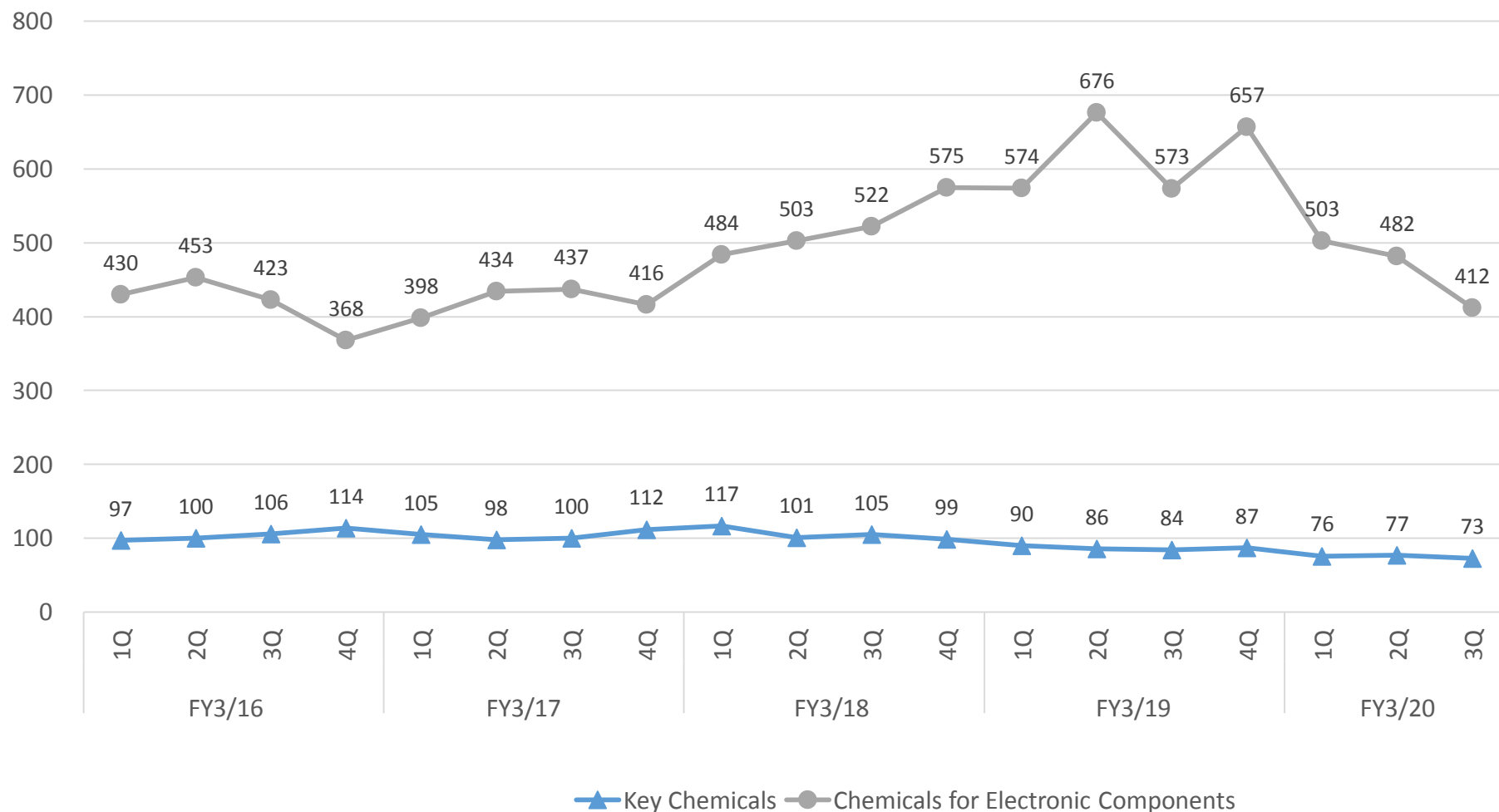


▲ Key Chemicals ● Chemicals for Electronic Components

Quarterly Sales of Chemicals by Region

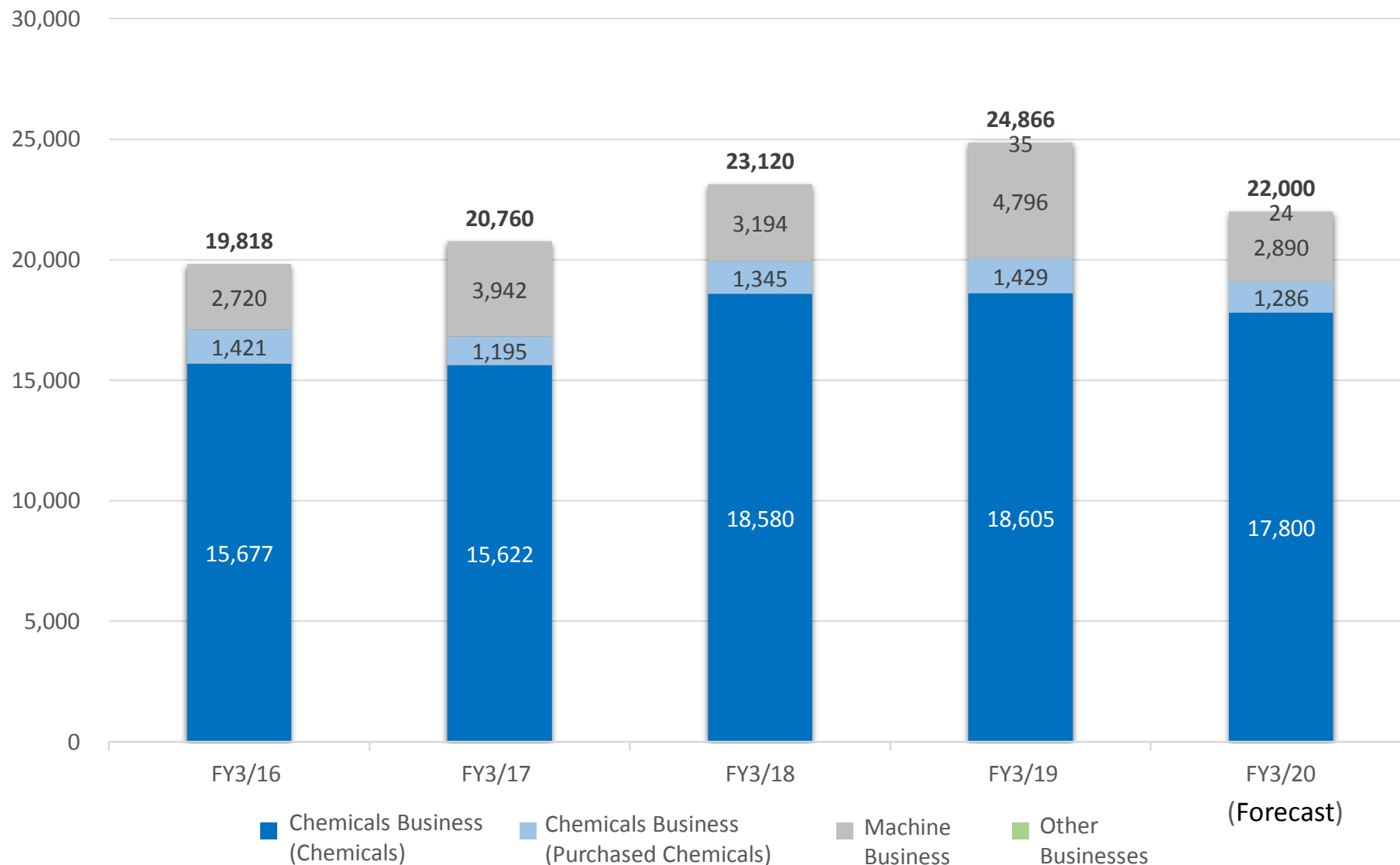
South Korea

(Millions of yen)



Annual Sales by Business (incl. Forecast)

(Millions of yen)



Revised Dividend Forecast

(): Year-on year comparisons

		FY3/18	FY3/19	FY3/20 (Revised on Nov. 1, 2019)
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	➔ 25 yen (an increase of 2.5 yen per share)
	Annual total	42.5 yen (incl. commemorative dividend of 2.5 yen)	45 yen	➔ 48.5 yen (an increase of 3.5 yen per share)

Termination Shareholder Benefit Program

We have implemented a shareholder benefit program with the aim of enhancing understanding of our business and encouraging more people to the Company shares over the long term. However, we have decided that it would be appropriate to directly return profits through dividends in light of the opinions of investors and fair return of profits, and have resolved to abolish the shareholder benefit program (announced on November 1, 2019).

For the year-end dividend for FY3/20, we will allocate to dividends the financial sources reserved for the shareholder benefit program. We position the return of profits to shareholders as a priority management issue and continues to improve its corporate value. We sincerely ask for the understanding of shareholders with regard to this revision.

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 : 1,220 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

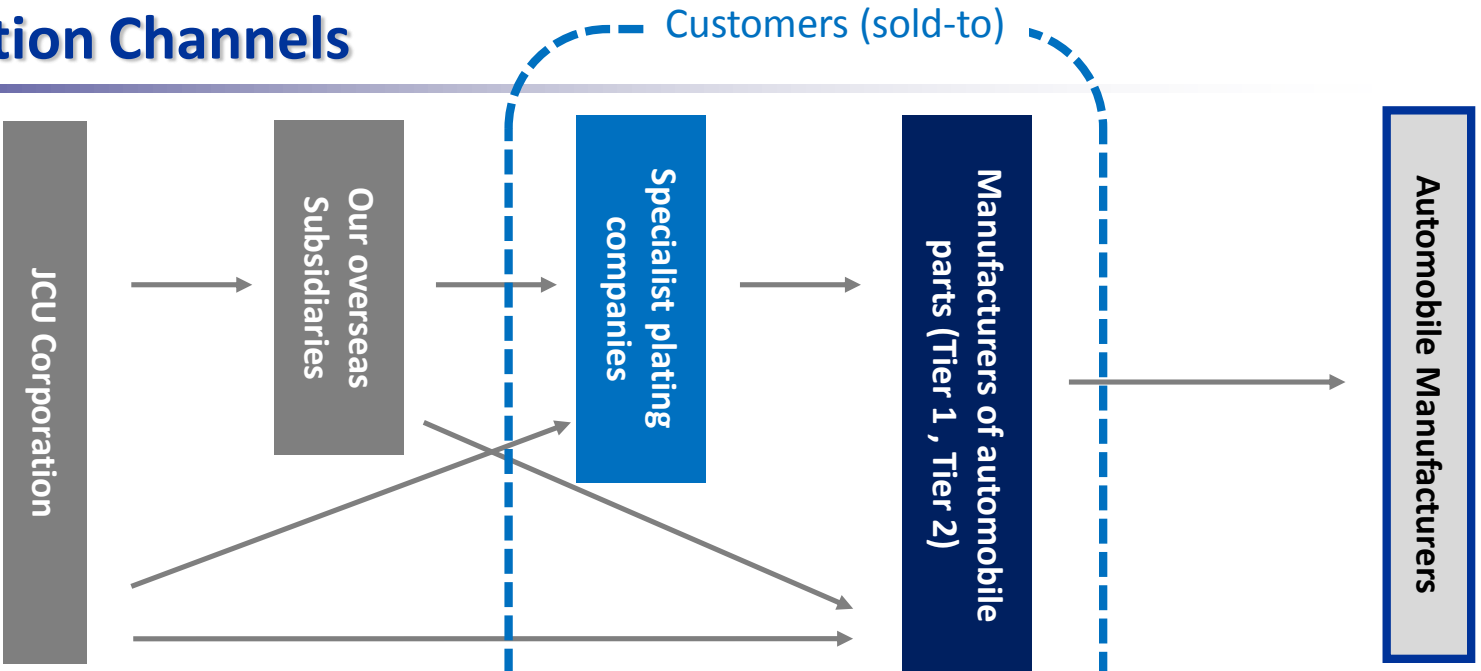
Employees : Non-consolidated: 255 / Consolidated: 571 (As of March 31, 2019)

ISO Certificates

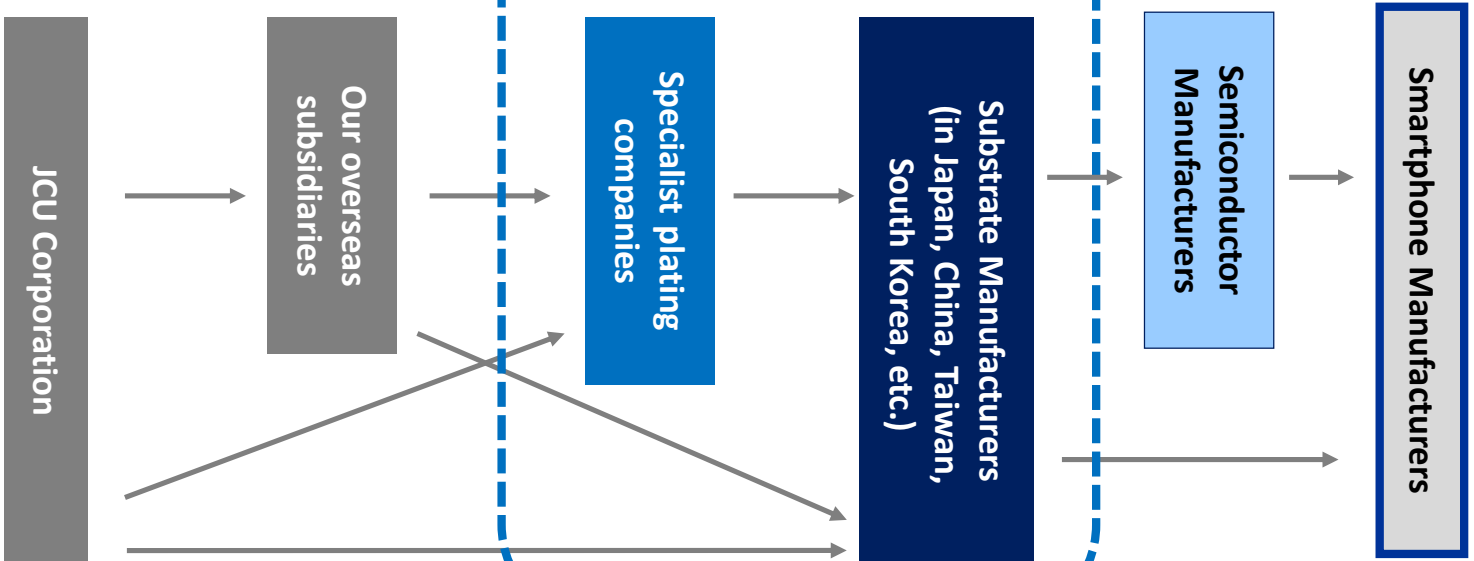
ISO9001	Production Headquarters, Chemicals Procurement Department, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)
ISO14001	Production Headquarters and R&D Center (JCQA-E-0143)

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)
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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