

Financial Results Briefing Material

for the First Quarter of the Fiscal Year
Ending March 2021

JCU CORPORATION

TSE First Section (Stock Code: 4975)

August 4, 2020

Summary of Financial Results for 1Q FY3/21

Overview of Financial Results

Accounting Period of 1Q FY3/21

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

Overseas subsidiaries: January 1 to March 31

For electronic components

- China: Business remained solid with the increased demand for chemicals for PWBs for antennas used in the base stations for the 5G mobile communication system and PWBs for surveillance cameras compliant with 5G
- Taiwan: Business remained strong with the increased demand for chemicals for PWBs for high-performance electronic devices and semiconductor package substrates for servers
- Korea: Demand for chemicals remained weak due to the withdrawal of some PWB manufacturers from the HDI substrate business

For automotive components

- Japan: Demand for chemicals saw a significant decline affected by a sharp decline in automotive production volume resulting from the suspension of factory operation at manufacturers due to the COVID-19 pandemic
- Overseas: Demand for chemicals saw a significant decline in China affected by lower factory utilization rate of customers and the extension of the Chinese New Year holidays due to the COVID-19 pandemic

Machine Business

- The amount of orders received is expected to substantially decrease due to a decrease in large-scale projects despite a temporary increase in sales from the acceptance status of construction.

Impact of the COVID-19 Pandemic

Businesses

Electronic components

In China, although factory utilization rate has returned to normal by the end of March, the overall market growth, which is driven by 5G business, slowed.

Automotive components

A significant decline in production volume is expected to continue affected by the suspension of factory operation and the restriction on sales activities in addition to the slowdown in automotive industry itself.

Factory in Hubei

Full-scale operation of the factory and technical center delayed and resumed preparation from the end of June. Until it starts the full-scale operation, the production continues at the outsourcing site. Therefore, there is no effect to the chemical supply to our customers.

Operational Countermeasures

Japan:

Thorough countermeasures to prevent the spread of the COVID-19 infections such as changing meeting style

Overseas:

Continue our business activities by working from home, etc., following the directions of each government

Summary of Financial Results for 1Q FY3/21

(Millions of yen)

	Same period of previous FY (1Q FY3/20)	1Q FY3/21	YoY % Change
Net sales	4,793	4,921	Up 2.7%
Operating profit	1,278	1,377	Up 7.7%
Ordinary profit	1,292	1,422	Up 10.1%
Profit attributable to owners of parent	908	972	Up 7.1%
Net income per share	33.49 yen	36.66 yen	-

Foreign Exchange Rates

(Yen)

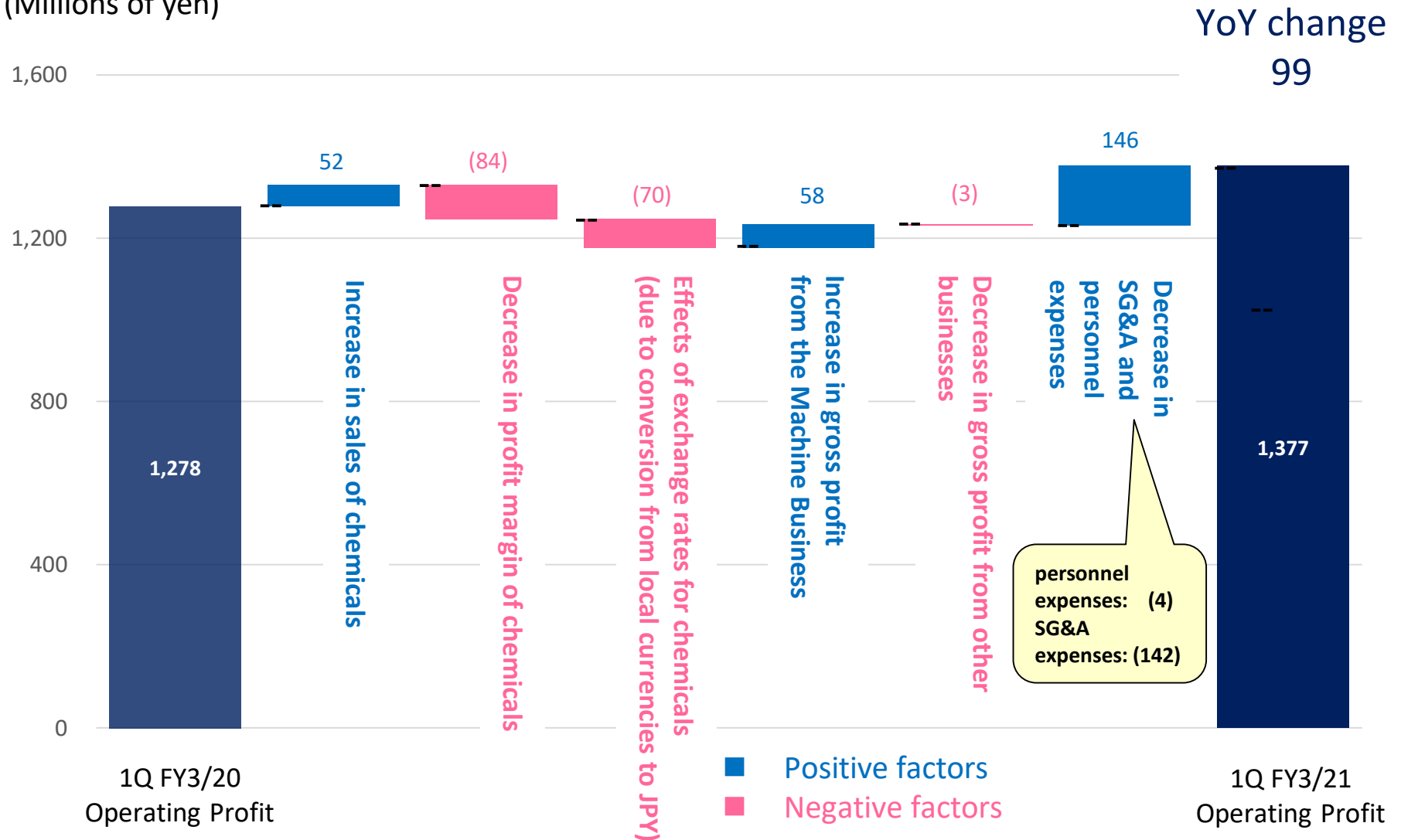
	FY3/20				FY3/21	
	1Q	2Q	3Q	4Q	(Forecast)	1Q
Chinese yuan (CNY)	16.32	16.20	15.89	15.78	15.61	15.61
Taiwan dollar (TWD)	3.58	3.55	3.52	3.53	3.62	3.62
Korean won (KRW)	0.0980	0.0961	0.0940	0.0937	0.0914	0.0914

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.

Foreign exchange sensitivity (as at the consolidated year): Changes of about 60 million yen in consolidated operating profit with 1 % change in major currency rates listed above

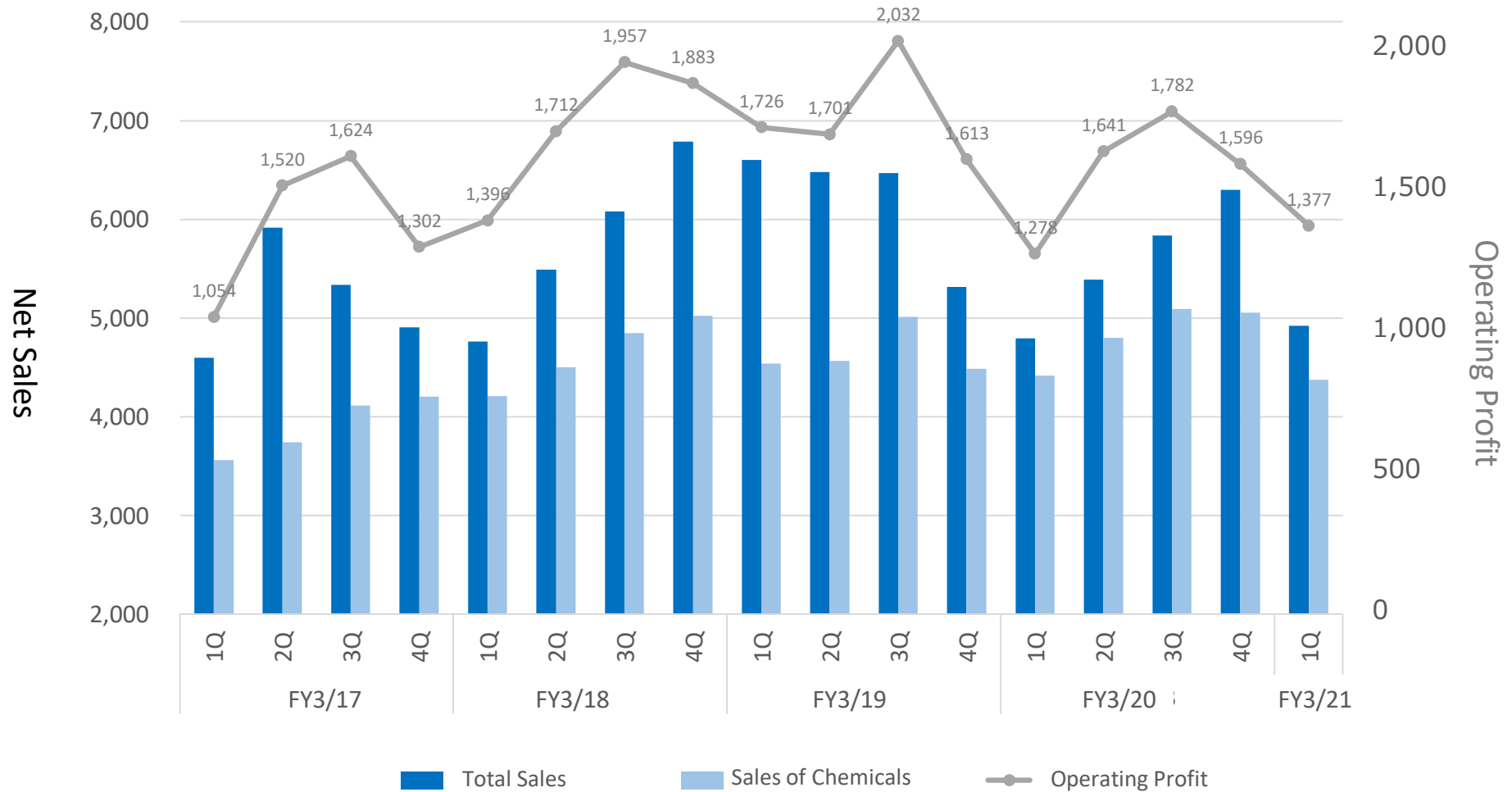
Changes in Consolidated Operating Profit for 1Q FY3/21

(Millions of yen)

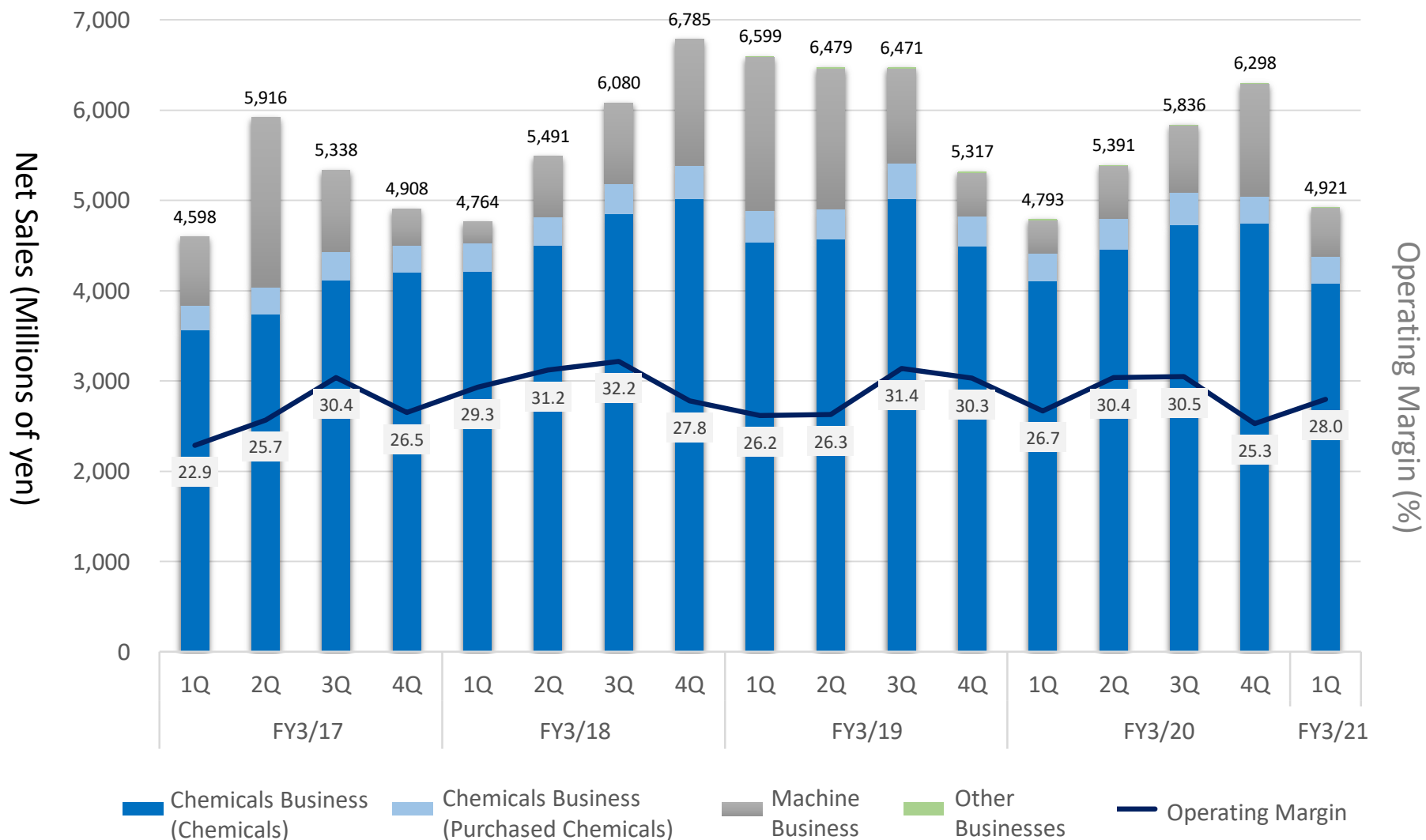


Quarterly Consolidated Financial Results

(Millions of yen)

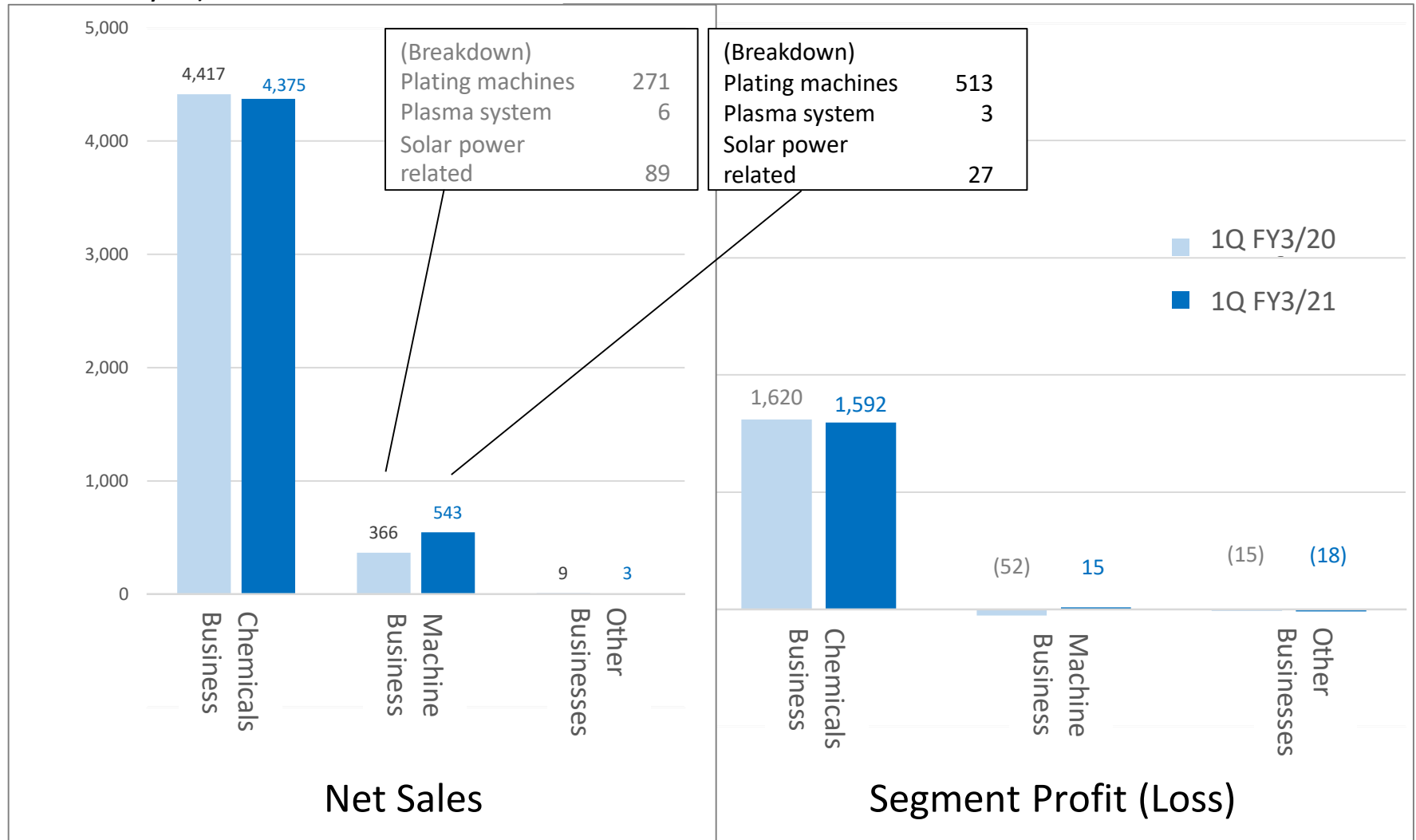


Quarterly Consolidated Financial Results (By Segment)



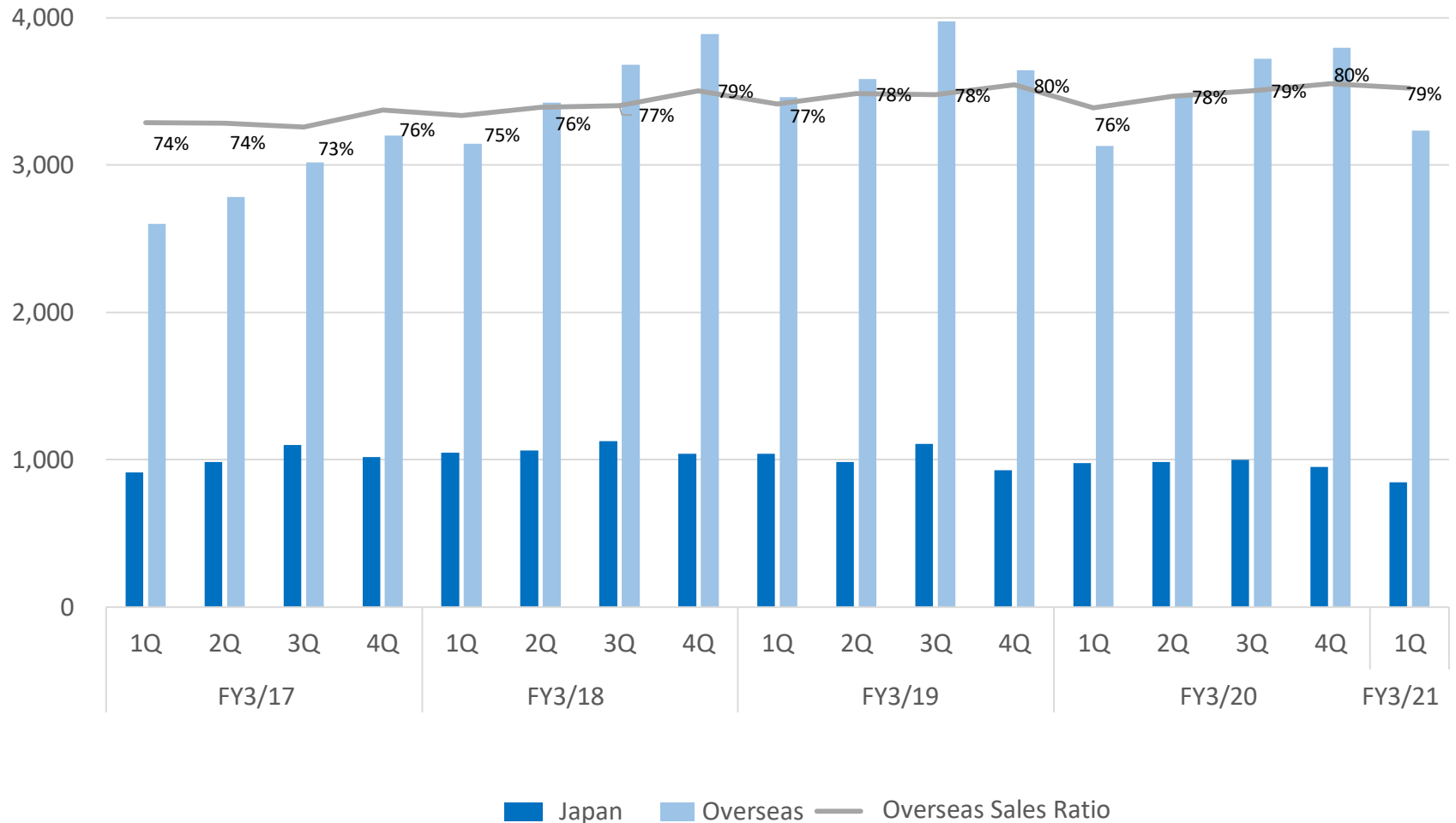
Consolidated Segment Results for 1Q FY3/21

(Millions of yen)



Quarterly Sales of Chemicals in Japan and Overseas

(Millions of yen)

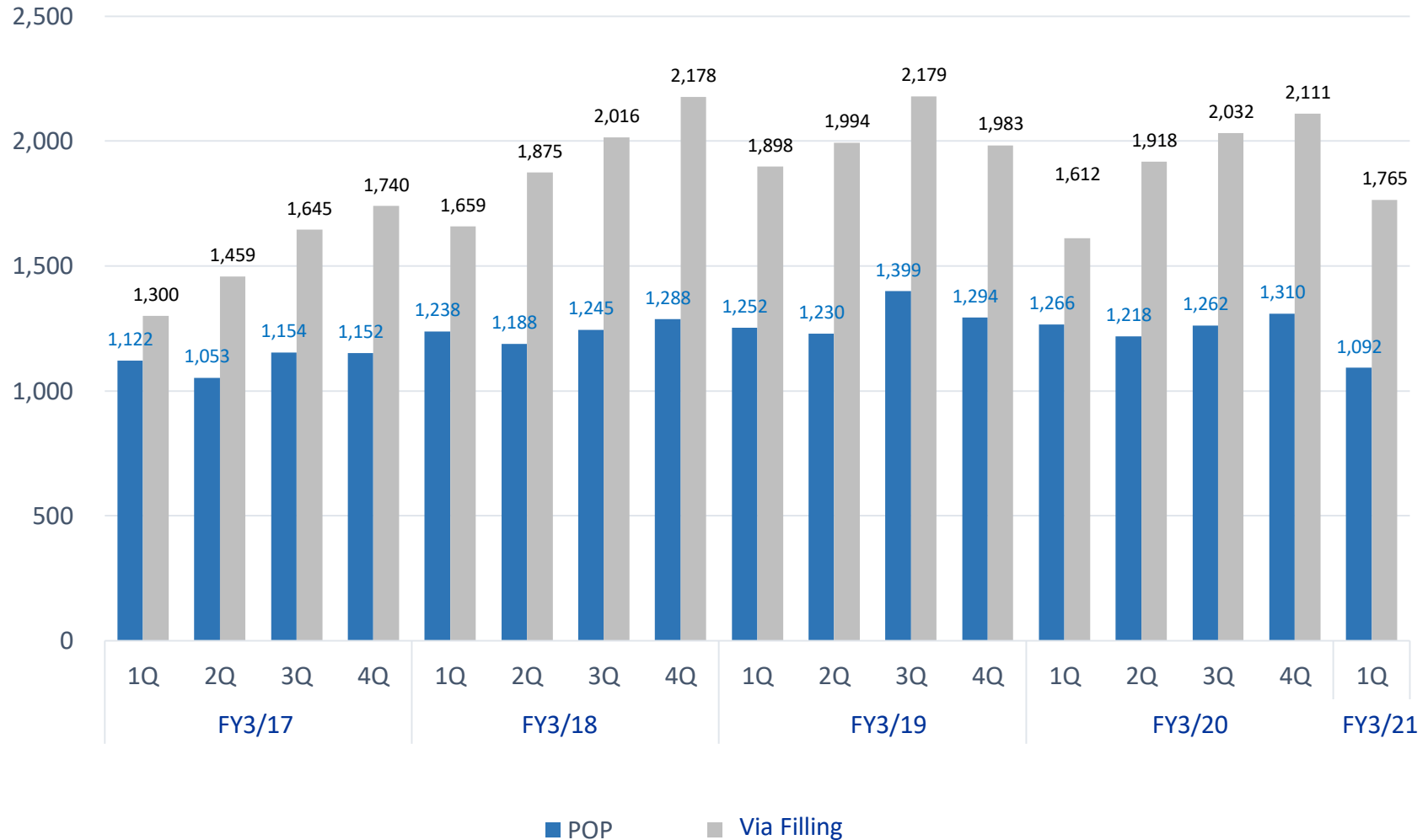


Quarterly Sales of Chemicals for POP and Via Filling

POP: Planting on Plastics, mainly for automotive components

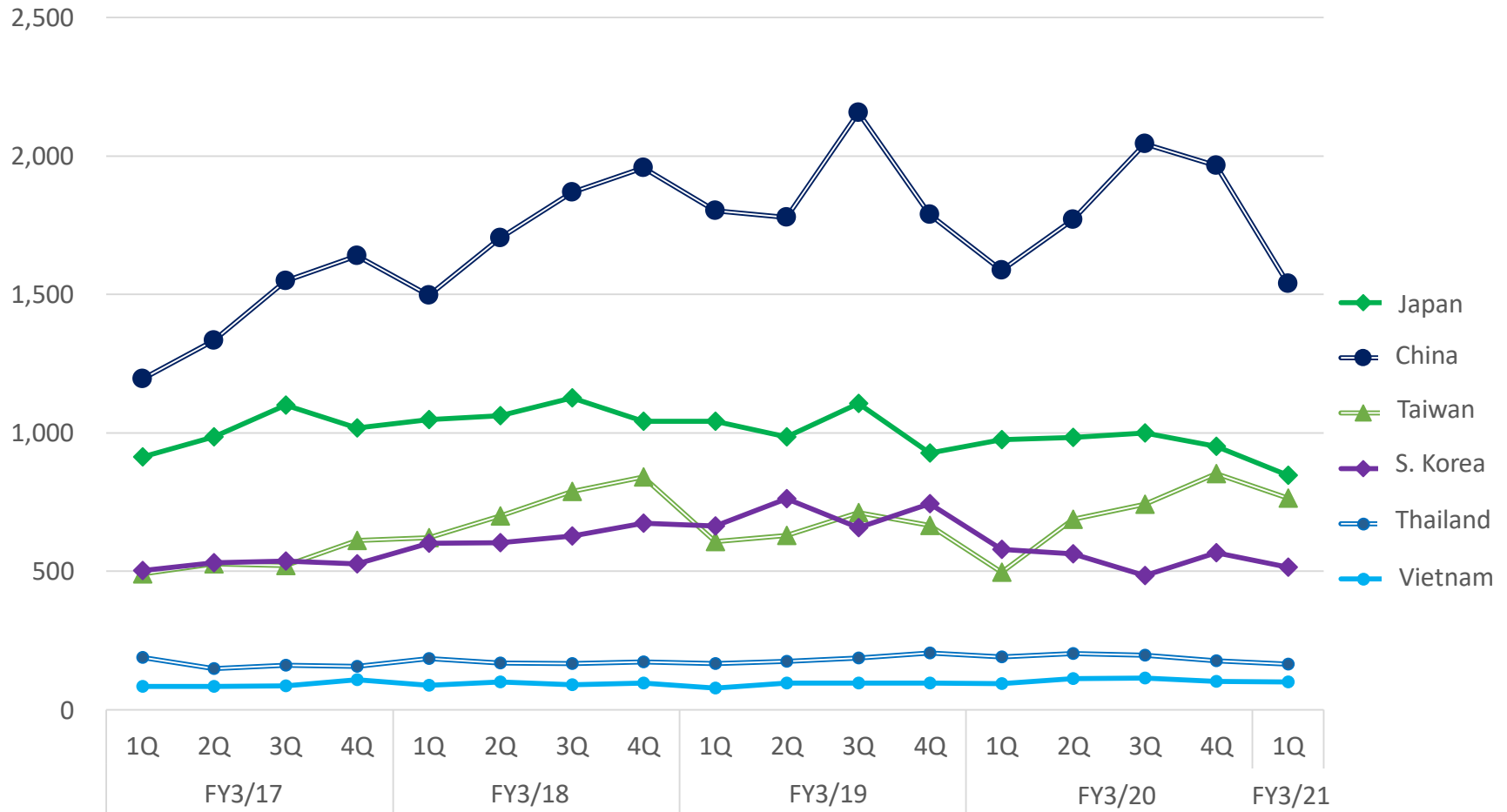
(Millions of yen)

Via Filling: Additive for copper plating for PWBs, mainly for smartphones and PCs



Quarterly Sales of Chemicals by Region

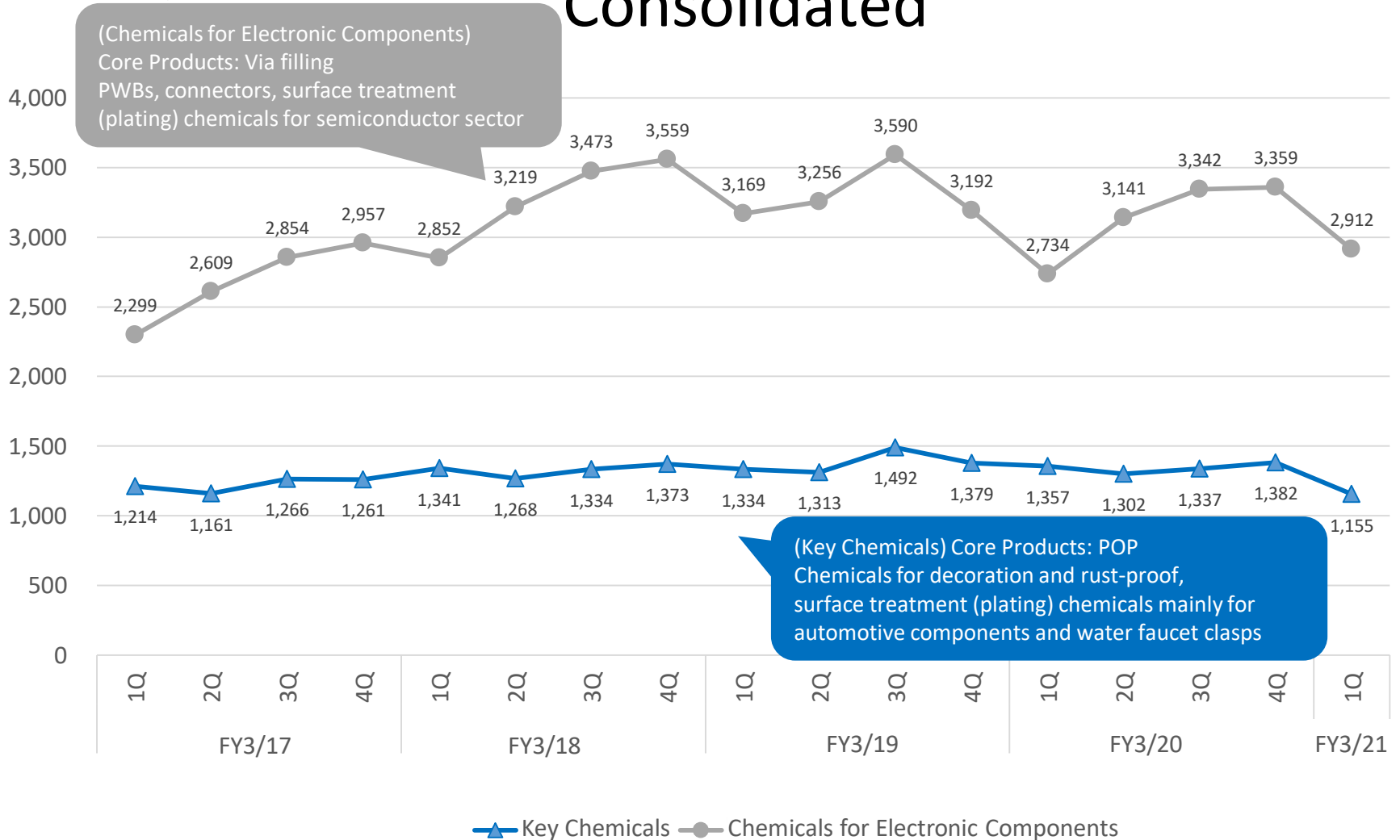
(Millions of yen)



Quarterly Sales of Chemicals by Region

(Millions of yen)

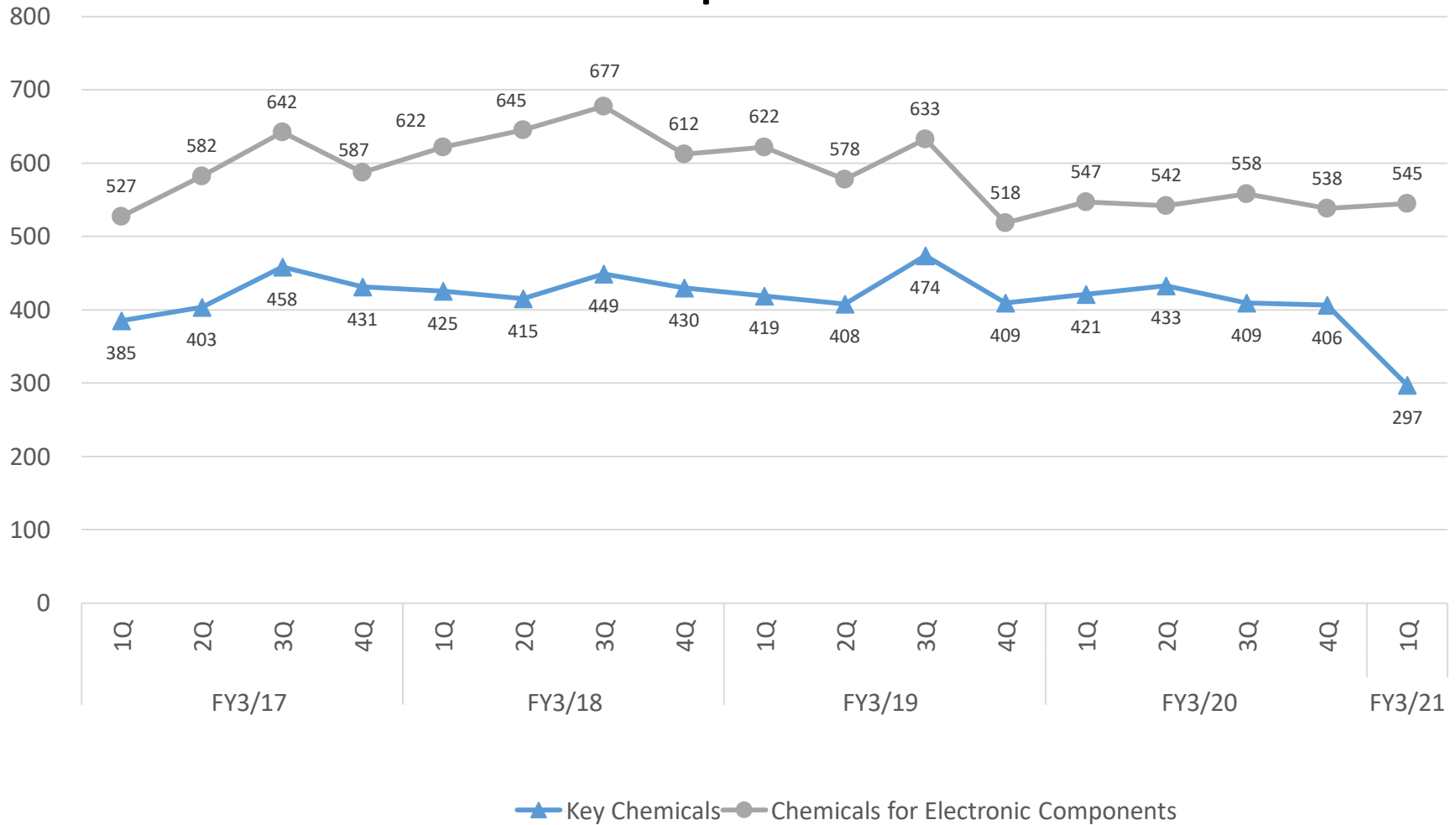
Consolidated



Quarterly Sales of Chemicals by Region

(Millions of yen)

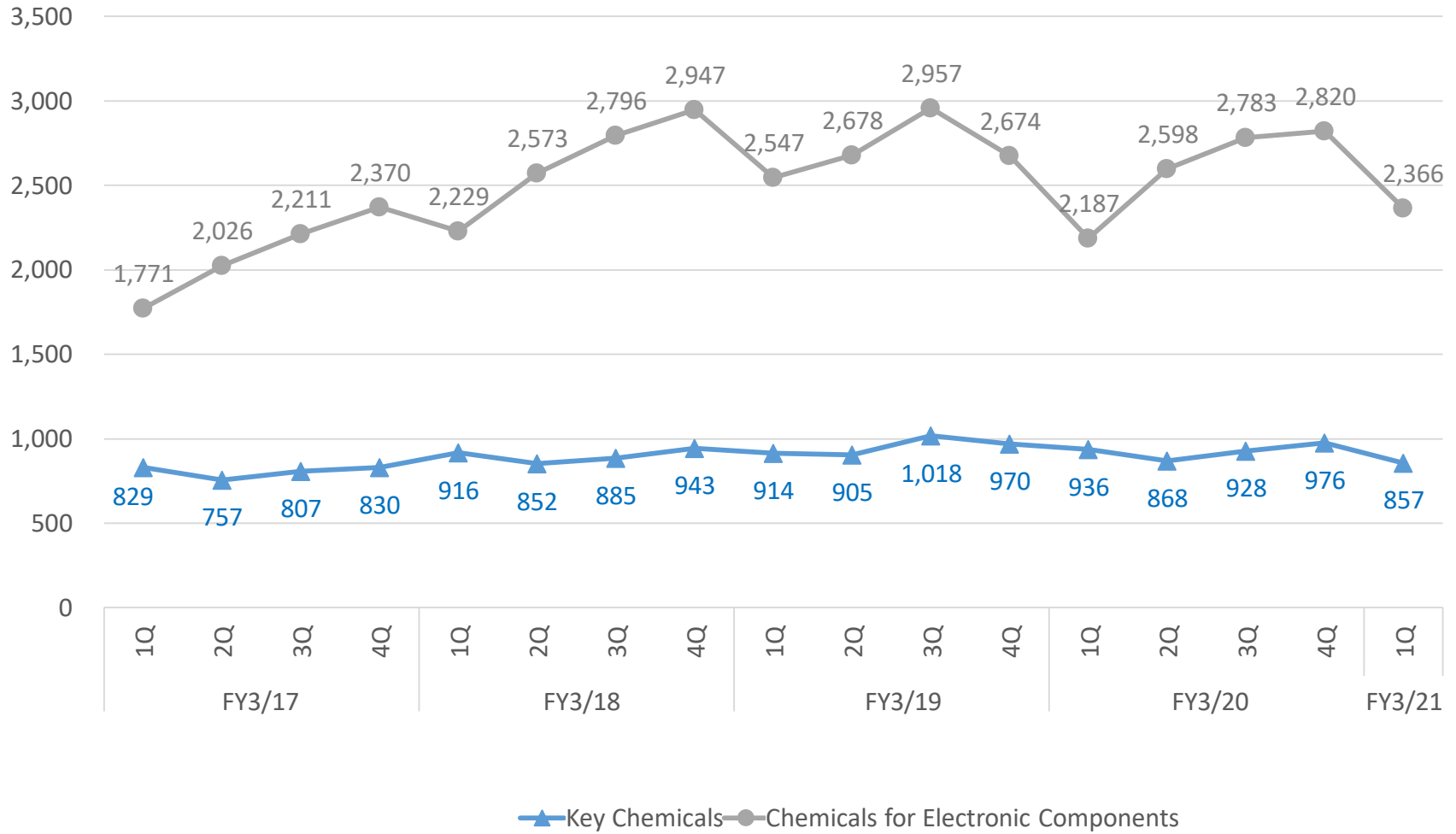
Japan



Quarterly Sales of Chemicals by Region

(Millions of yen)

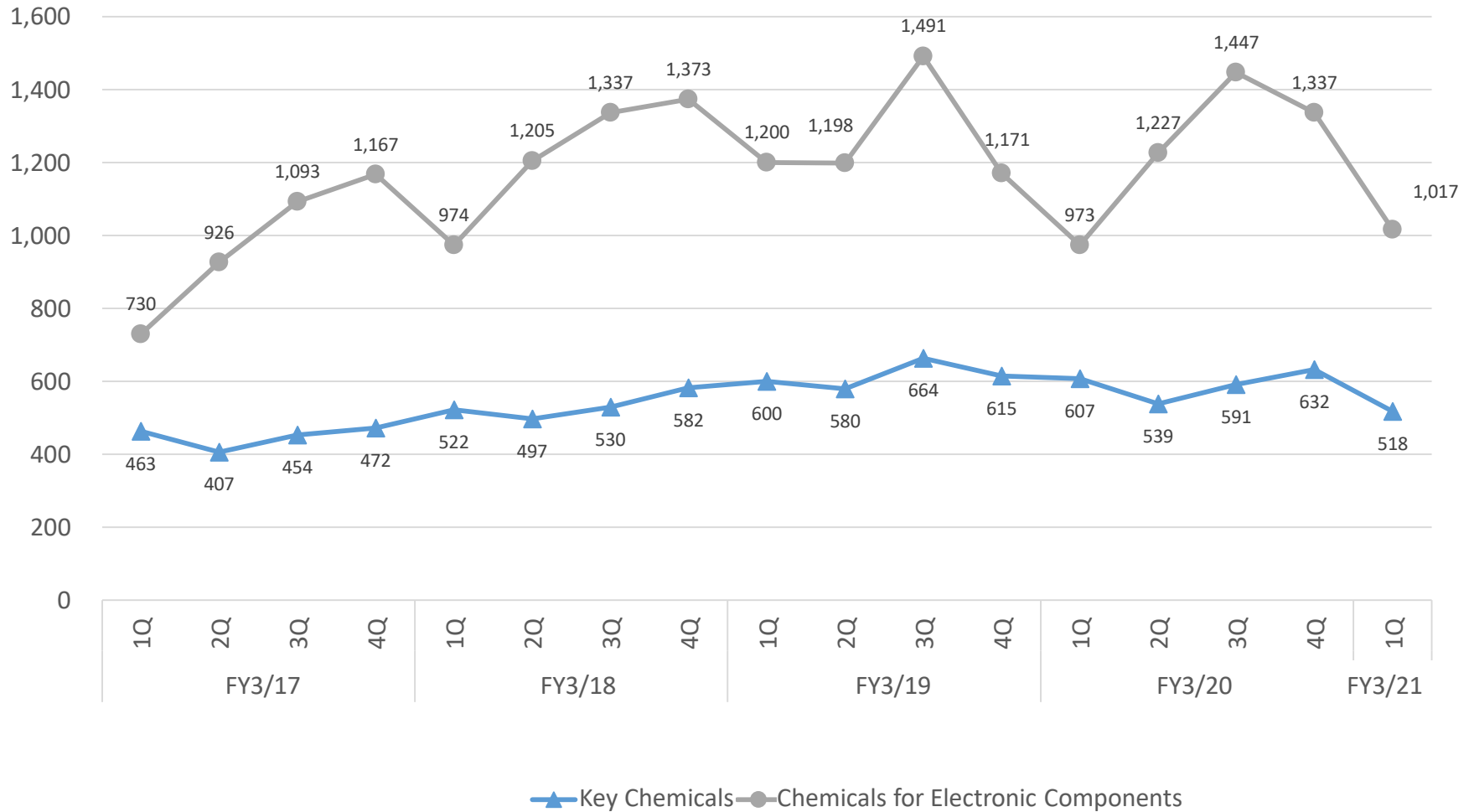
Overseas



Quarterly Sales of Chemicals by Region

(Millions of yen)

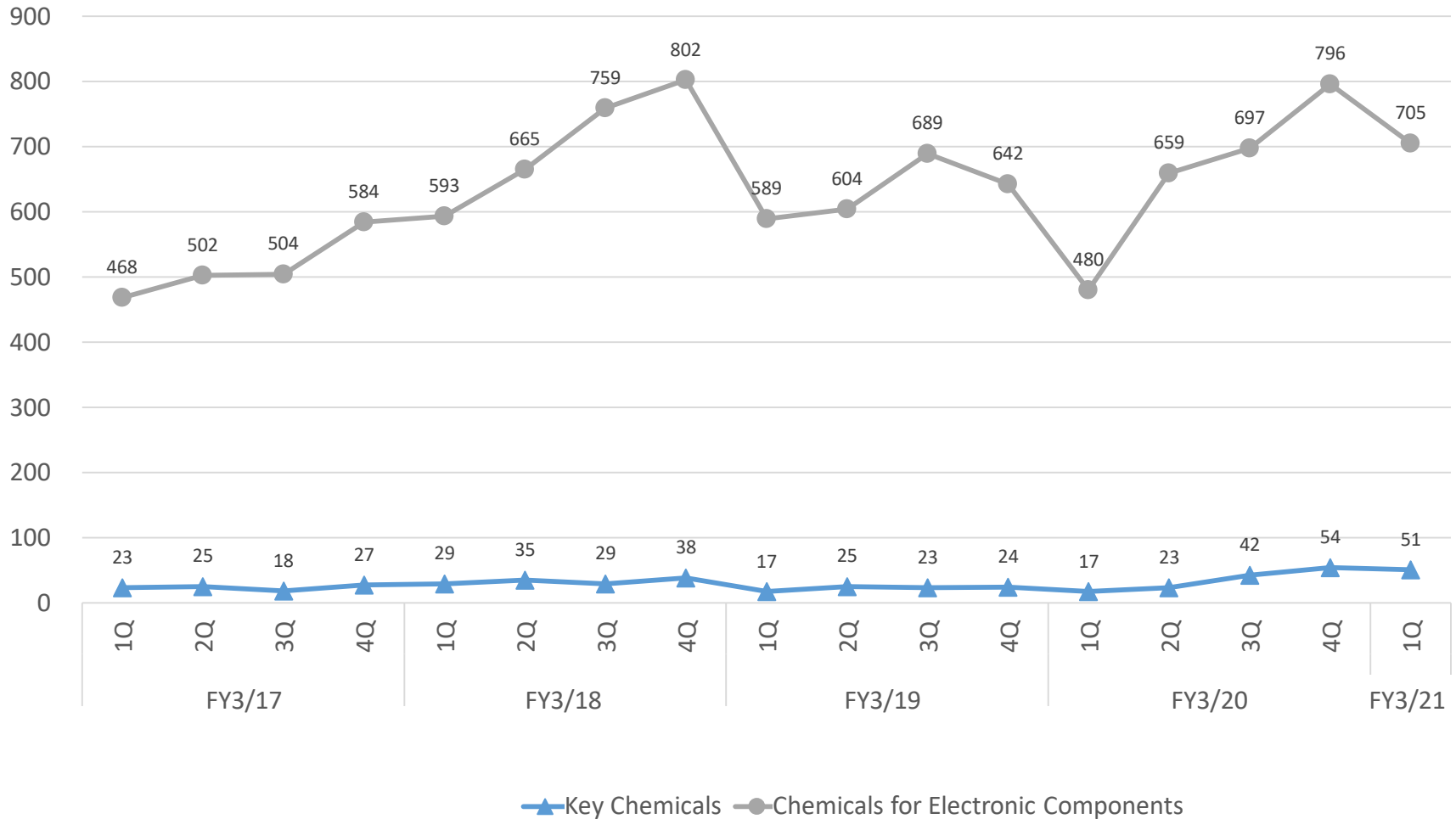
China



Quarterly Sales of Chemicals by Region

(Millions of yen)

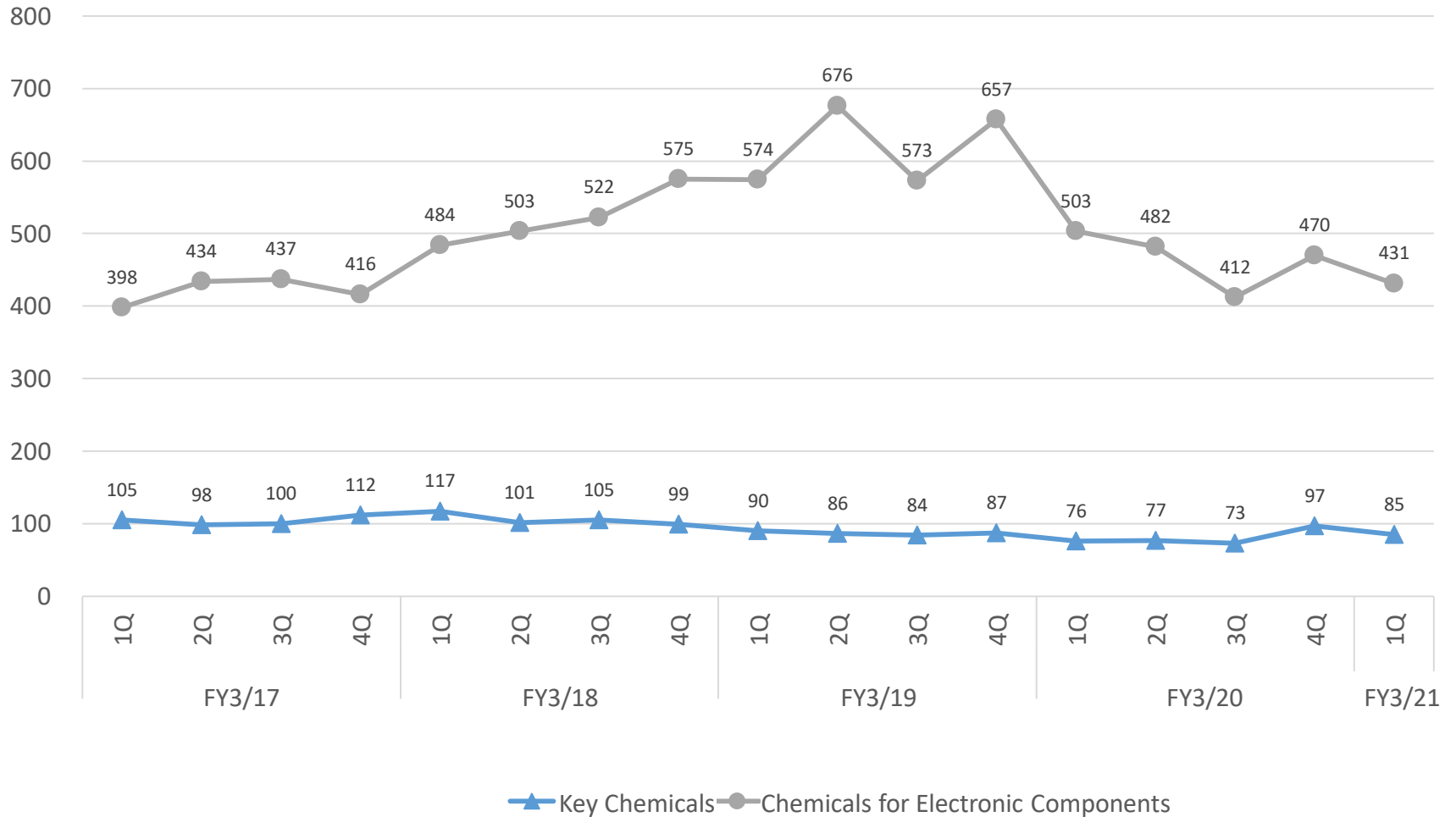
Taiwan



Quarterly Sales of Chemicals by Region

(Millions of yen)

South Korea



Forecasts for FY3/21

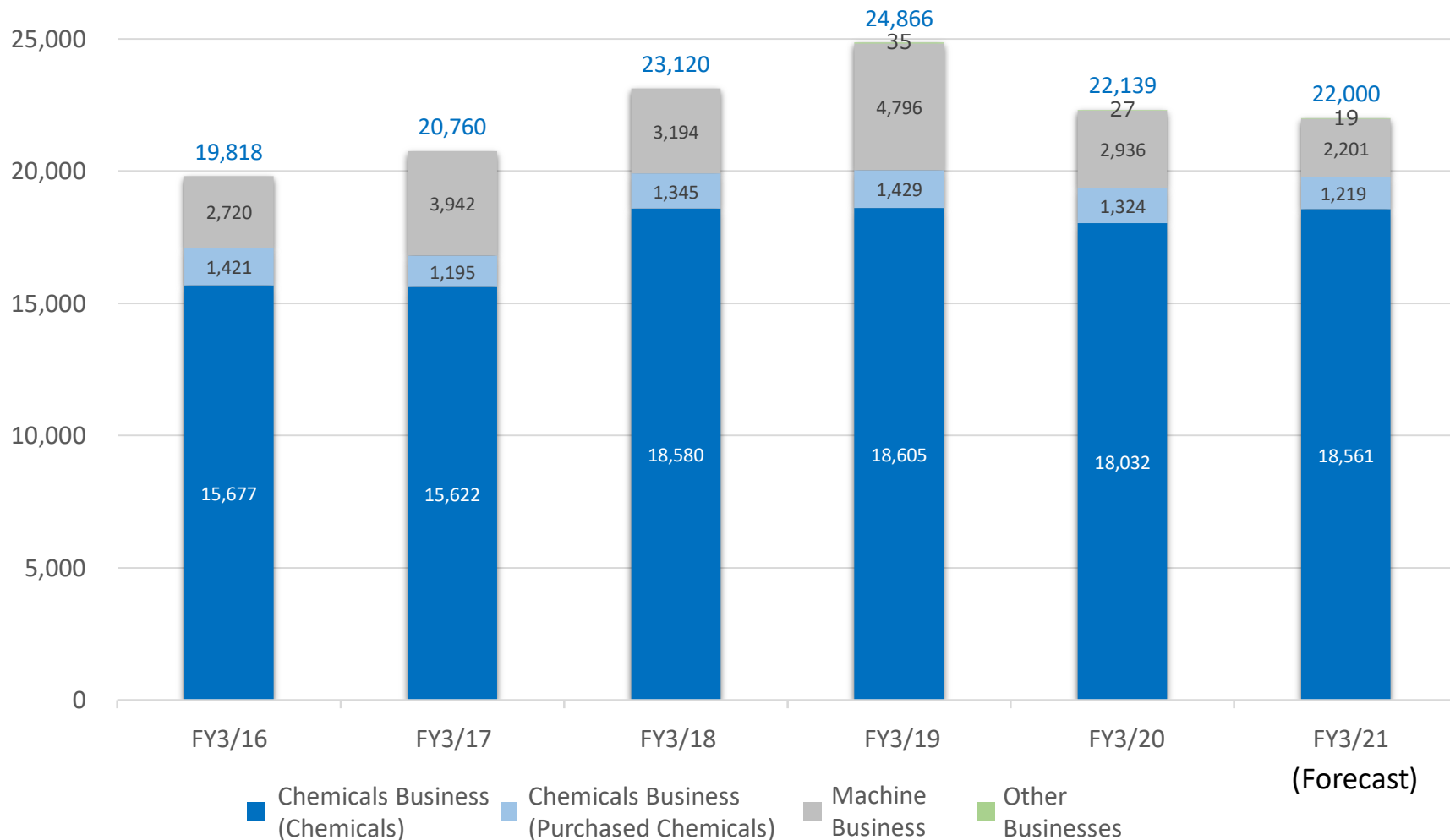
(Millions of yen)

FY3/21	1Q (Results)	1H (Forecasts)	Full year (Forecasts)	Progress rate against full- year forecast
Net sales	4,921	10,000	22,000	22.3%
Operating profit	1,377	2,500	6,400	21.5%
Ordinary profit	1,422	2,650	6,500	21.8%
Profit attributable to owners of parent	972	1,850	4,450	21.8%
Net income per share	36.66 yen	69.70 yen	167.64 yen	-

Although the global spread of the COVID-19 infections, which is not contained yet, will continue to affect the business activities and the performance of the Group, it is difficult to reasonably estimate the impact as of the date of this report. Therefore, we have left the FY3/21 forecasts unchanged from the forecasts announced at the beginning of FY3/21.

Annual Sales by Business (incl. Forecast)

(Millions of yen)



Dividend Forecast

		FY3/19	FY3/20	FY3/21 (Forecasts)
Dividends per share	Interim	22.5 yen	23.5 yen	25.0 yen (an increase of 1.5 yen per share)
	Year-end	22.5 yen	25.0 yen	25.0 yen
	Annual total	45 yen	48.5 yen	50.0 yen (an increase of 1.5 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 : 1,220 million yen

Annual sales : Non-consolidated: 12.2 billion yen / Consolidated: 22.3 billion yen
(For the fiscal year ended March 31, 2020)

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: 257 / Consolidated: 580
(As of the end of the fiscal year ended March 31, 2020)

ISO Certificates

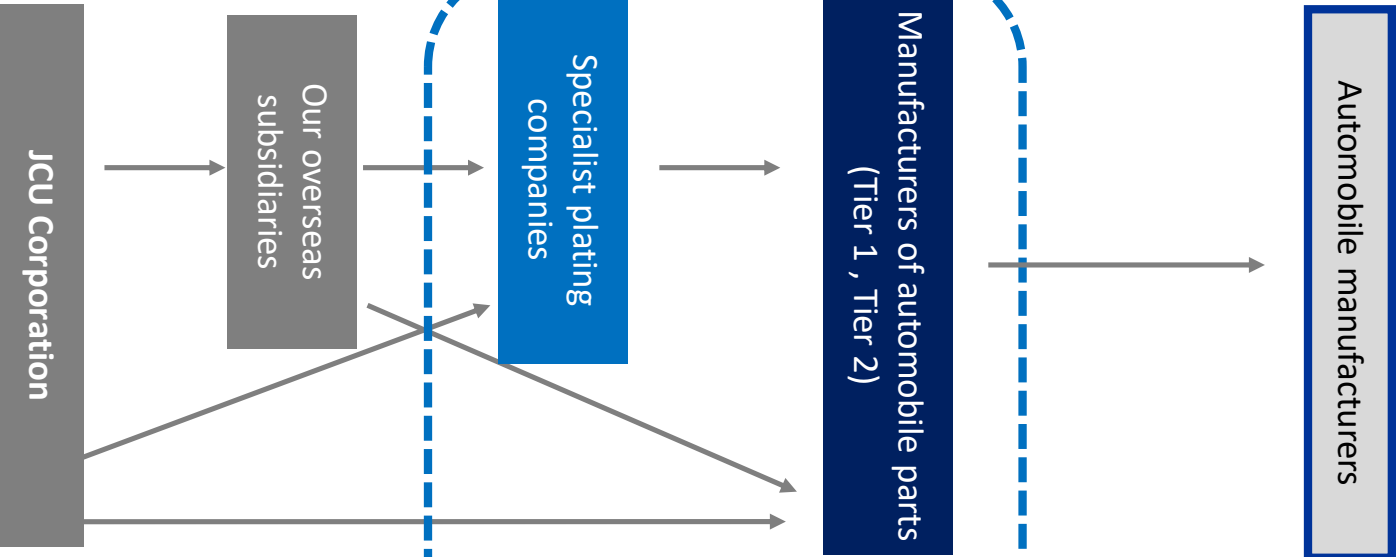
ISO9001 Production Headquarters, Head Office Sales and Marketing Department, and R&D Center (JCQA-0281)

ISO14001 Production Headquarters and R&D Center (JCQA-E-0143)

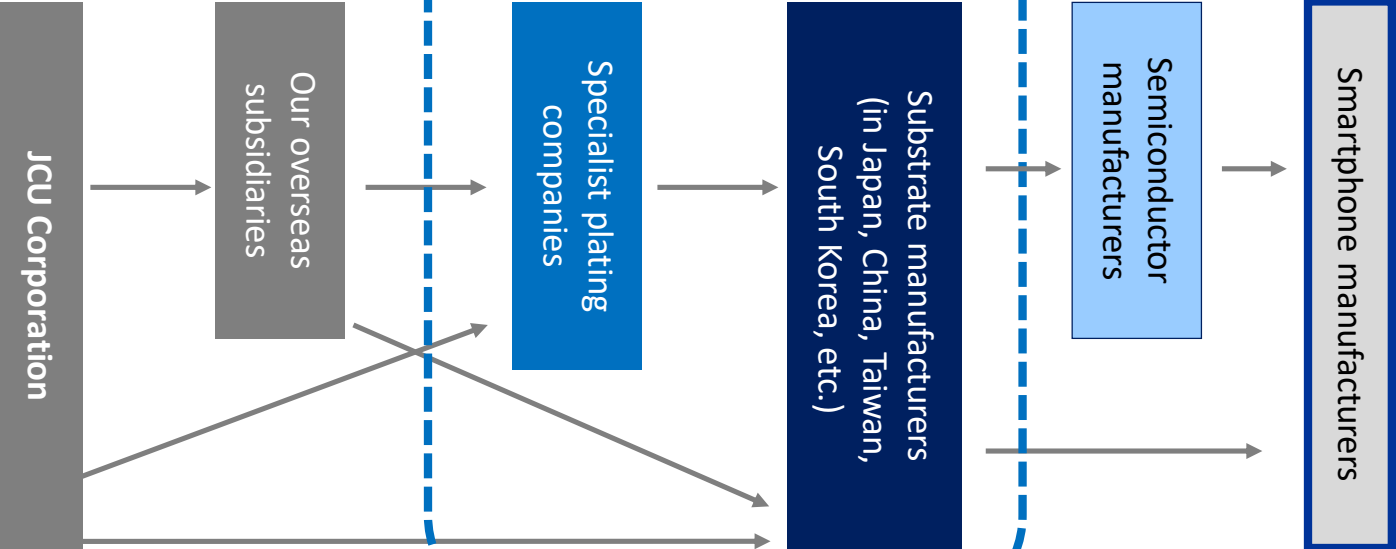
Major Distribution Channels

Customers (sold-to)

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 JCU CORPORATION. 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.



JCU CORPORATION's website
URL: <https://www.jcu-i.com/>

Contact: Corporate Strategy Office
TEL: +81-3-6895-7004