ICHIKOH
a Valeo company

FY2018 Financial Result
Investor Relations Meeting

March 2019

Ichikoh Industries, Ltd.

VISION IN MOTION

Notes

- ✓ **The forecast financial results of the full year ending December 31, 2018 are compared with the results of operations for the same period of the prior year which is 12 month (Jan～Dec 2017) (unaudited) .**

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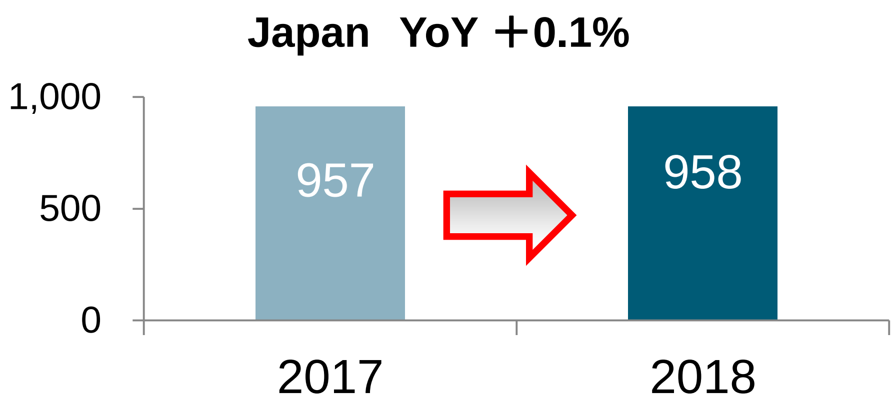
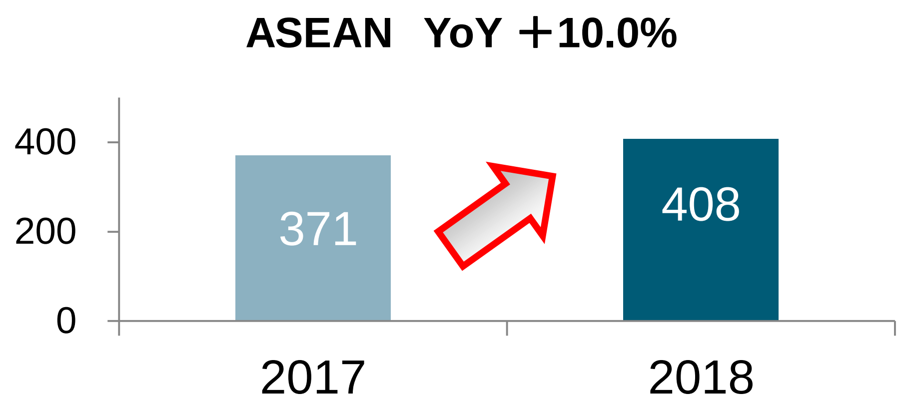
FY2018 Financial Result
(January～December 2018)

YEAR-TO-YEAR COMPARISON OF CAR PRODUCTION VOLUME BY REGION （PRELIMINARY BASIS）

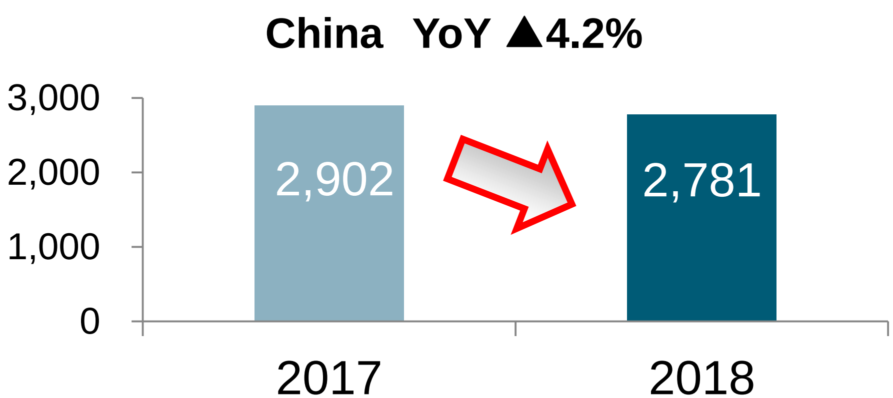
（UNIT : ten thousand）



Japan: Medium and large size commercial cars not included



ASEAN: Malaysia, Indonesia , Thailand



Source : MarkLines

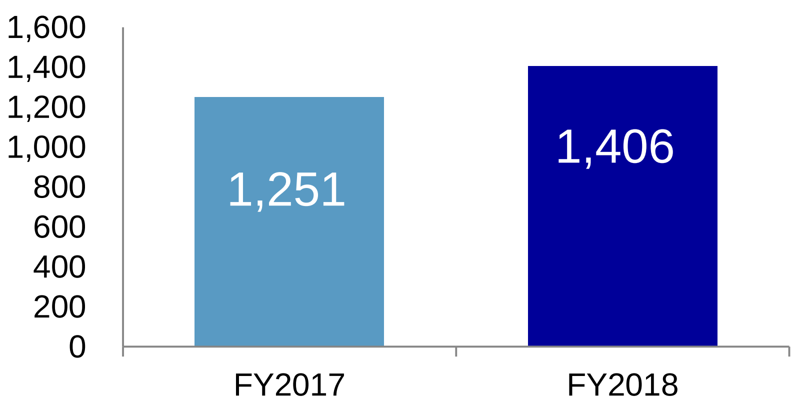
FY2018 FINANCIAL RESULT (YEAR-ON-YEAR)

Hundreds million yen

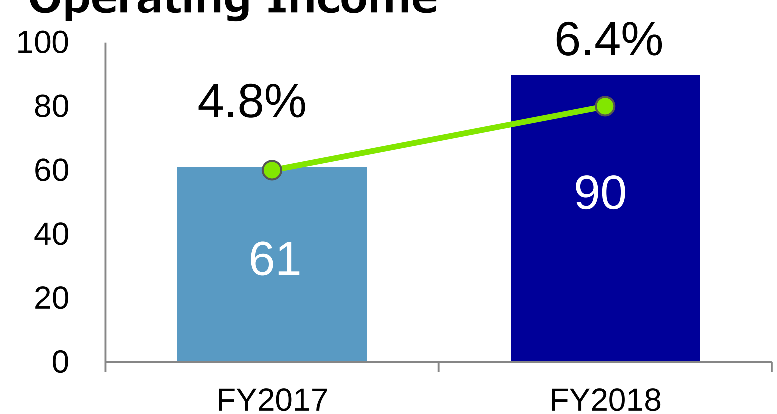
◆ **Achieved increase in sales and profit for five consecutive terms. Recorded highest sales and profit ever**

	FY2017 (Jan.～Dec. 2017)	FY2018 (Jan.～Dec. 2018)	Increase /Decrease	Increase /Decrease %
Sales	1,251	1,406	155	12.4%
Operating Income	61	90	29	48.6%
Operating Margin (%)	4.8%	6.4%	-	1.6pts
Ordinary Income	68	97	29	41.9%
Net Income belonging to Parent company's shareholders	62	98	36	58.1%

Sales



Operating Income

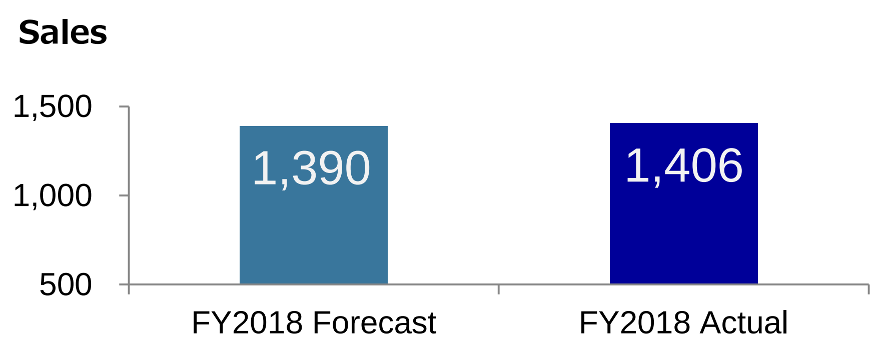


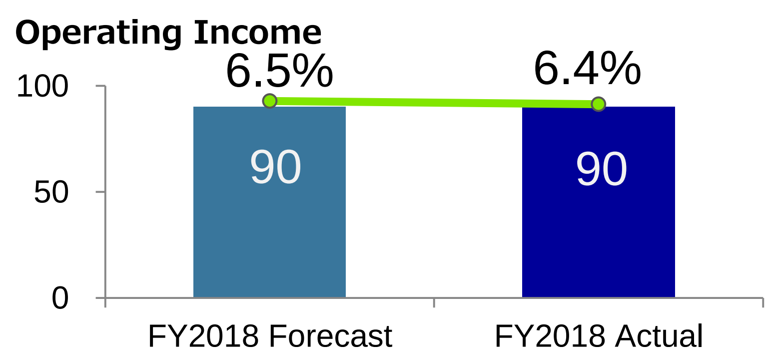
FY2018 FINANCIAL RESULT (VS. FORECAST)

Hundreds million yen

- Sales was slightly above the forecast
- Operating income and operating margin kept forecasted level
- Net income substantially overachieved forecasted level due to the additional deferred tax asset recognized

	FY2018 Forecast (Jan-Dec. 2018)	FY2018 Actual (Jun.-Dec. 2018)	Increase /Decrease	Increase /Decrease %
Sales	1,390	1,406	16	1.2%
Operating Income	90	90	0	0.0%
Operating Margin (%)	6.5%	6.4%	-	▲0.1pts
Ordinary Income	98	97	▲1	▲1.0%
Net Income belonging to Parent company's shareholders	75	98	23	30.7%





FY2018 RESULT BY REGION

Hundreds million yen

- ◆ Sales and profit increased significantly in Japan
- ◆ Sales and profit increased in overseas as well (ASEAN and China). Increase in Indonesia was especially significant

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
Sales	1,097 (976)	249 (207)	112 (109)	▲51 (▲41)	1,406 (1,251)
Operating Income	66 (45)	17 (14)	2 (▲1)	5 (3)	90 (61)
Operating Income %	6.0% (4.6%)	6.9% (6.8%)	2.2% (▲0.8%)	-	6.4% (4.8%)

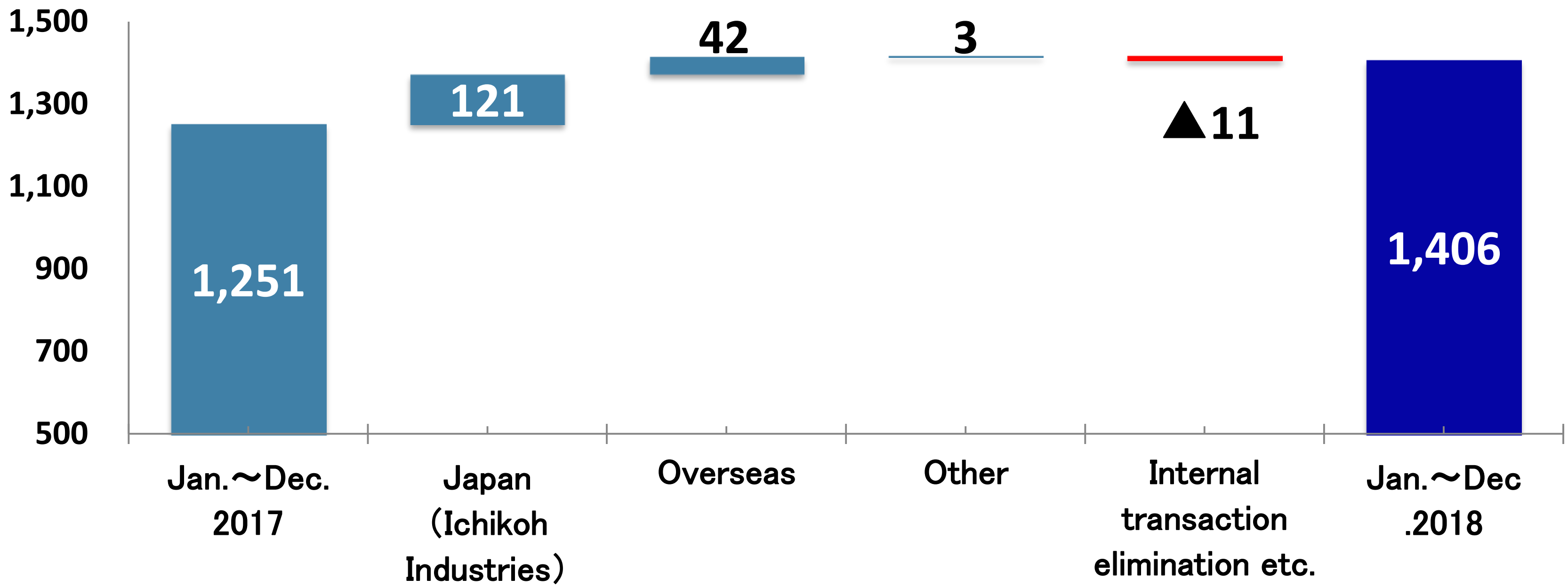
Japan：Ichikoh non-consolidated（Isehara・Fujioka・Mirror・HQ）
Overseas ：Indonesia・Malaysia・Thailand・China
Others : Automotive aftermarket business (PIAA)・ Bulb business (Life Elex)
( ) : Same term result of the last year (Jan. to Dec. 2017)

FY2018 FINANCIAL RESULT POINTS

Hundreds million yen

Sales

- ◆ Increased by 15.5 billion yen(11.0%) compared to the last year
- ◆ In addition to sales increase in Japan mainly due to LED lamps, overseas such as ASEAN contributed to increase of sales

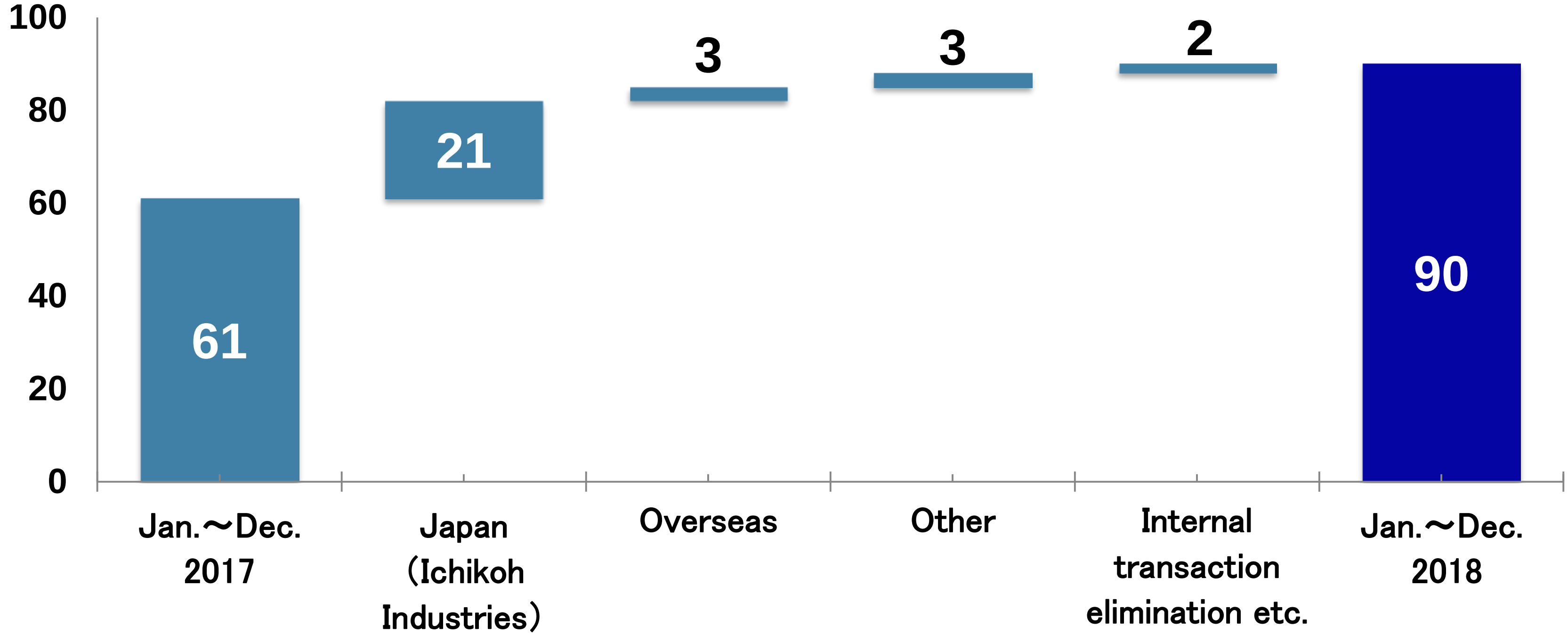


FY2018 FINANCIAL RESULT POINTS

Hundreds million yen

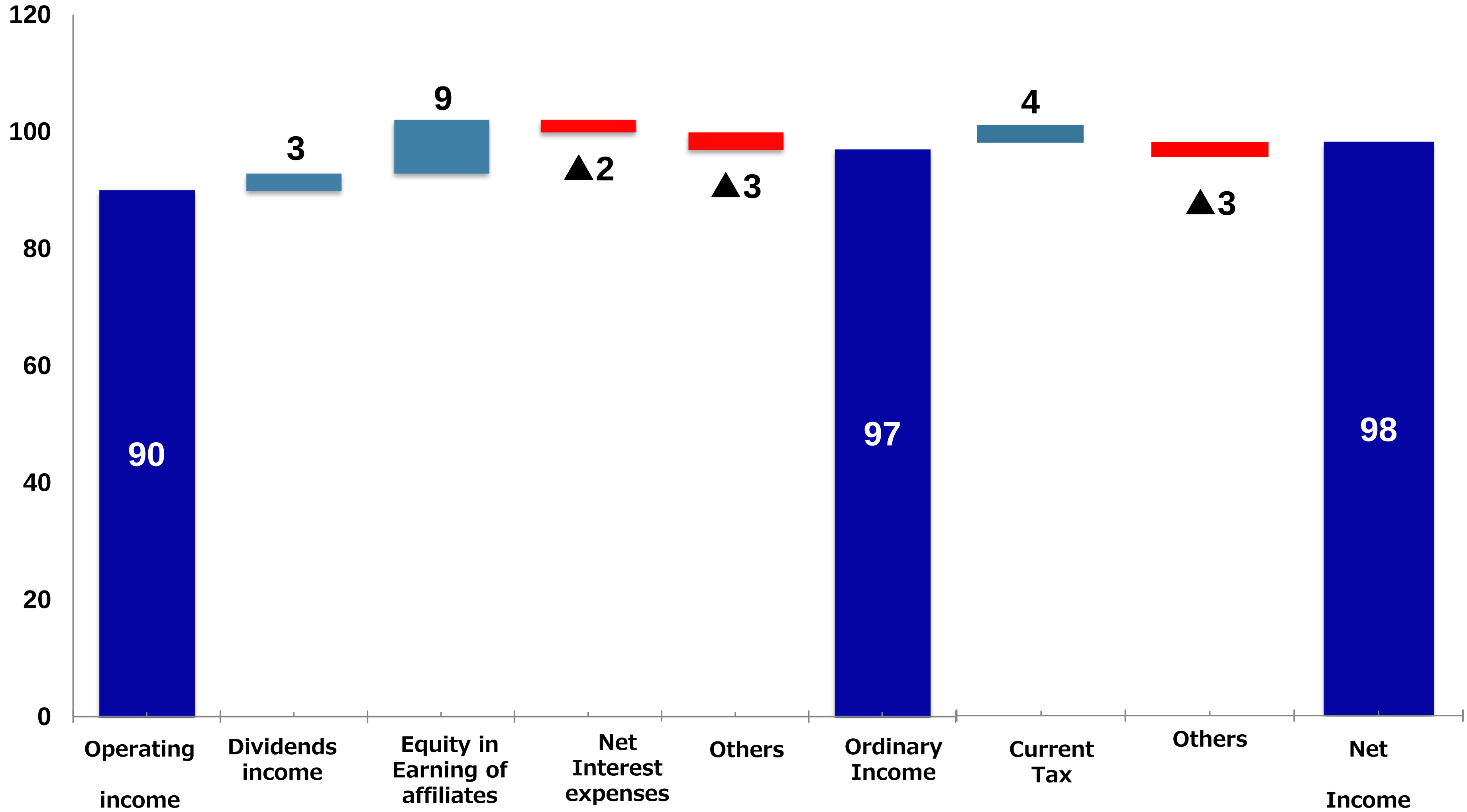
Operating Income

◆ **Operating income increased**
➡ **Contributed by increase of sales in Japan and improvement of performance in overseas (ASEAN)**



【OPERATING INCOME～ORDINARY INCOME～NET INCOME】

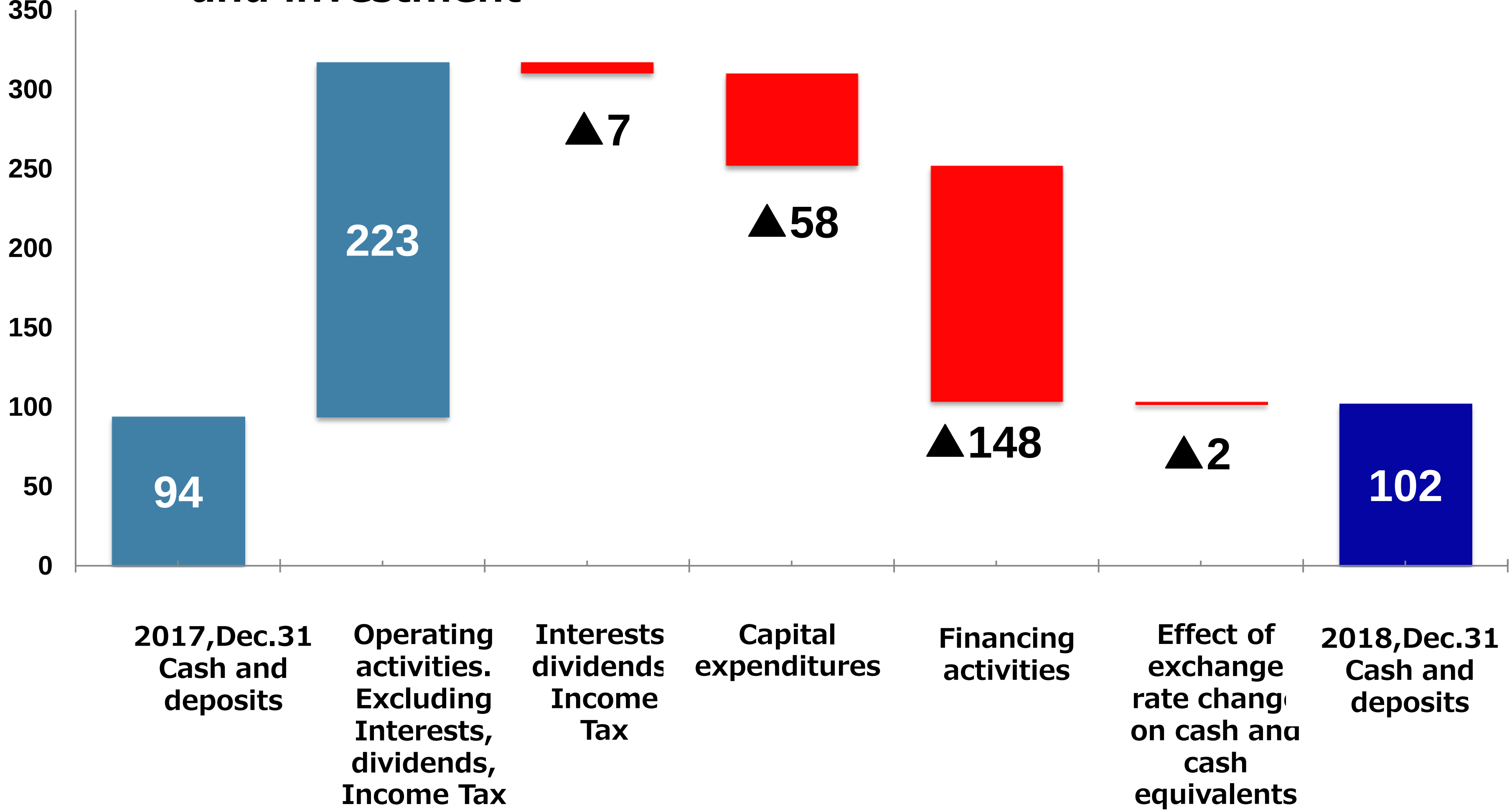
Hundreds million yen



Consolidated Statement of Cash Flow (Year-on-Year Comparison of “Changes in Cash”)

Hundreds million yen

- **CF from the operating activity was applied to debt repayment and investment**



CONSOLIDATED BALANCE SHEET (COMPARISON WITH PREVIOUS PERIOD)

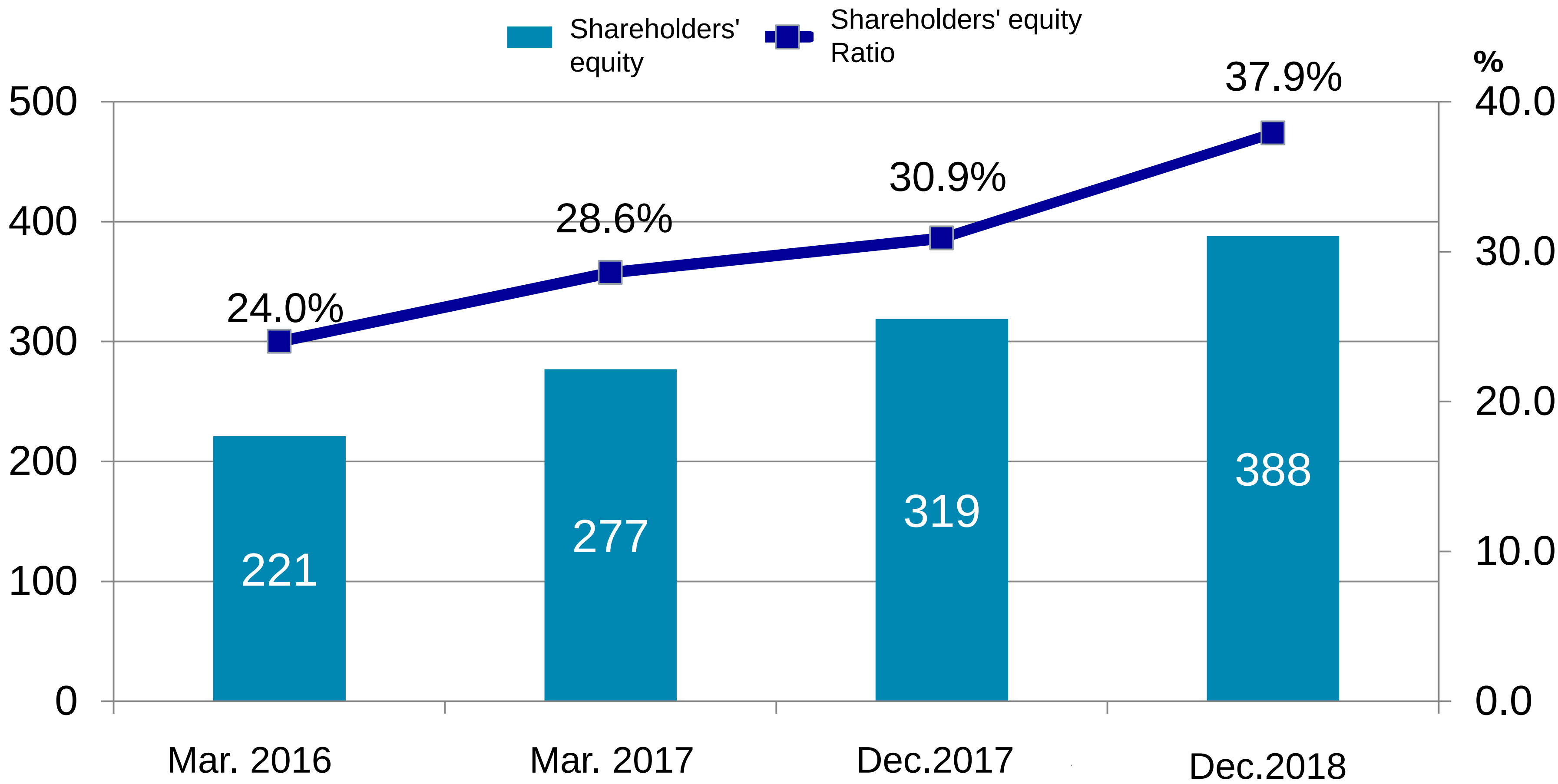
Hundreds million yen

	2017/12	**2018/12**	Inc/Dec
Cash and equivalents	94	**102**	8
Inventory	87	**75**	▲12
Tangible and Intangible Fixed Assets	415	**404**	▲11
Others	436	**443**	7
Total Assets	1,032	**1,024**	▲8
Interest Bearing Debt	256	**128**	▲128
Other Liabilities	444	**496**	52
Total Liabilities	699	**624**	▲75
Shareholders' Equity	318	**412**	94
Accumulated other comprehensive income	1	**▲24**	▲25
Minority Interest	14	**12**	▲2
Net Assets	333	**400**	67
Ratio of Shareholder's Equity	30.9%	37.9%	
D/E Ratio	80.1%	32.9%	

SHAREHOLDERS' EQUITY AND THE RATIO

Hundreds million yen

Shareholders' Equity ratio has been steadily improving



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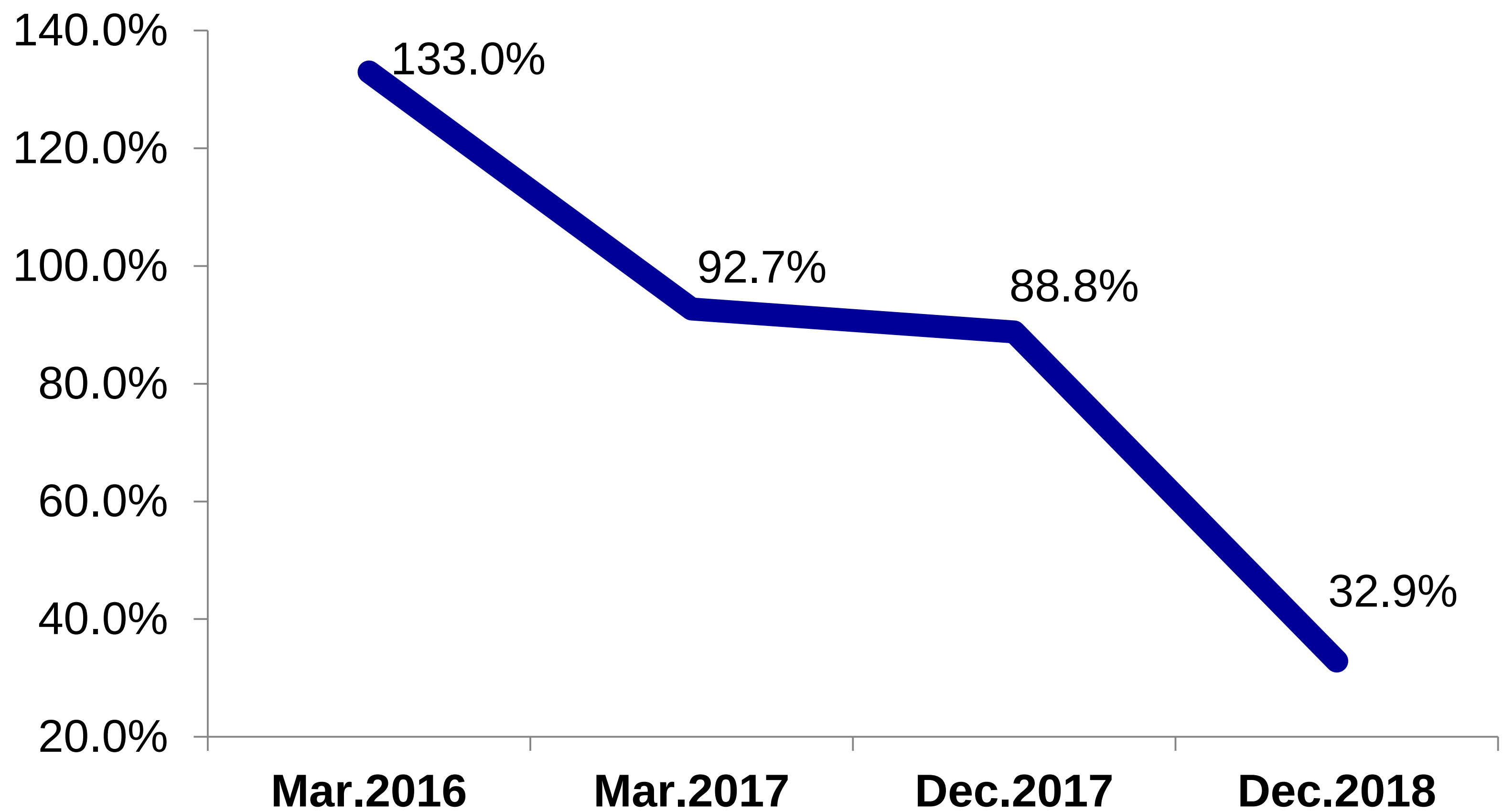
D/E RATIO

D/E ratio has been also steadily improving



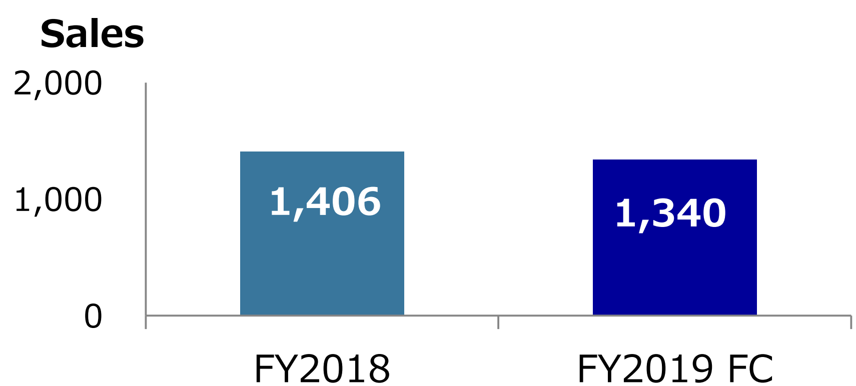
FY2019 Financial Forecast
(January ～ December 2019)

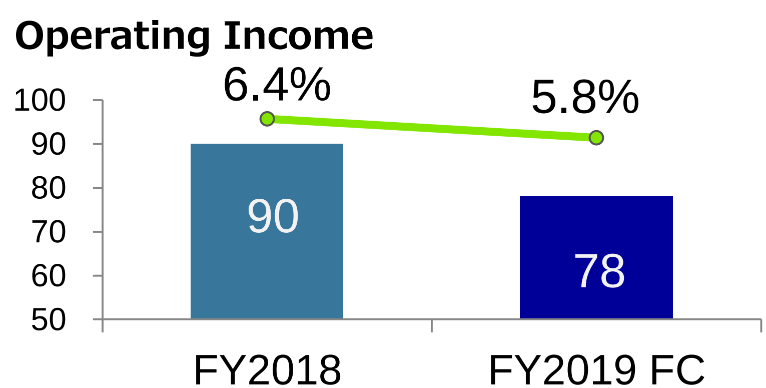
FY 2019 CONSOLIDATED FORECAST (VS. LAST YEAR)

Hundreds million yen

- Decrease in sales and profit compared to the same term of the previous year
- However, earnings forecast in 2019 is the second highest ever

	Jan. ～ Dec. 2018 Actual	Jan.～Dec. 2019 Forecast	Increase /Decrease	2019 S1 Jan.～Jun. 2019
Sales	1,406	1,340	▲55	670
Operating Income	90	78	▲12	39
Operating Margin (%)	6.4%	5.8%	-	5.8%
Ordinary Income	97	74	▲23	37
Net Income belonging to Parent company's shareholders	98	50	▲48	26





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FY2019 FORECAST BY REGION

Hundreds million yen

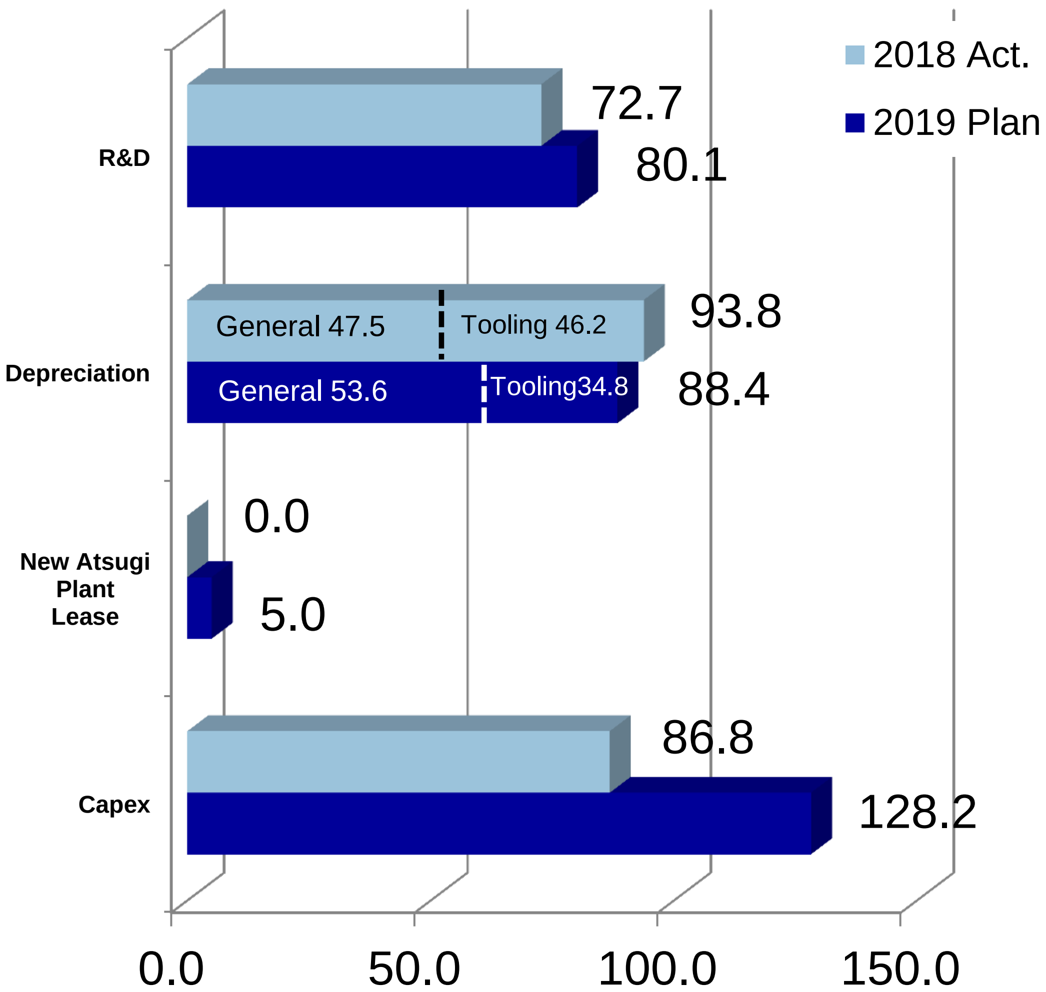
- Decrease mainly in Japan due to time lags between models and tooling sales drop
- Overseas sales and profit will decrease in China, but will continue to grow in ASEAN

	Japan (Ichikoh Industries)	Overseas	Others	Internal transaction elimination etc.	Total
Sales	1,034 (1,097)	243 (249)	107 (112)	▲44 (▲51)	1,340 (1,406)
Operating Income	52 (66)	19 (17)	3 (2)	4 (5)	78 (90)
Operating Income %	5.1% (6.0%)	7.6% (6.9%)	3.2% (2.2%)	-	5.8% (6.4%)

Japan：Ichikoh non-consolidated（Isehara･Fujioka･Mirror･HQ）
Overseas ：Indonesia･Malaysia･Thailand･China
Others : Automotive aftermarket business (PIAA)･ Bulb business (Life Elex)
( ) : Same term result of the last year (Jan. to Dec. 2018)

FY2019 CAPEX・DEPRECIATION・LEASE・R&D （PLAN）

Hundreds million yen



- ✓ Maintain high level R&D expenses (More than 6.0% of sales ratio)

- ✓ Increase of depreciation for general equipment
- ✓ Decrease for tooling

- ✓ Operating lease for land and buildings for the new plant
- ✓ Start of operation in July 2019
- ✓ Start of lease rent payment in April 2019

- ✓ Increase capacity（Atsugi Plant etc.）
- ✓ Investment for efficiency improvement （Valeo lean product system, Cobot etc.）
- ✓ Investment in Atsugi Plant partially postponed from 2018 to 2019 (approximately 3 billion yen)

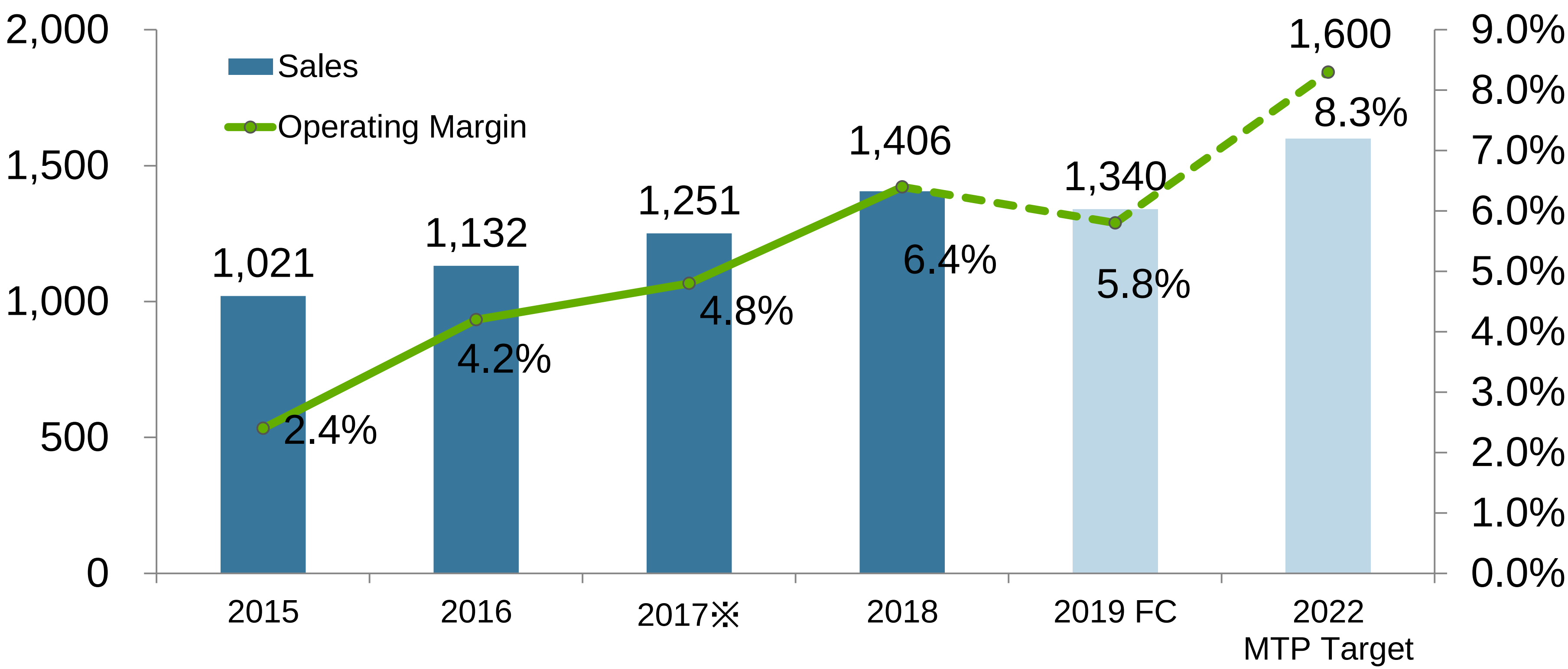
FY2019
POINTS TO ACHIEVE EARNINGS FORECAST AND MID-TERM PLAN

Obtaining Order Intakes	✓ Steady progress of Order Intakes recently obtained, realizing sales in 2021 and beyond ✓ Active proposal of technologies jointly developed with Valeo
Improvement of Production Capacity and Production Efficiency	✓ Headlamp : Increase capacity and improve productivity by establishment of Atsugi plant ✓ Rear combination lamp : Investment in renewal of Fujioka plant to be completed this year ✓ Indonesia : Improve productivity by layout change – completed last year
Structural Reform & Cost Reduction	✓ Further enhancement of common purchasing ✓ Make accounting and HR operations Shared Service Centers with Valeo ✓ Joint utilization of IT infrastructure

OPERATING RESULTS AND FUTURE PLANS

Hundreds million yen

Maintain long-term growth trend
(Plans are progressing steadily)



※2017（Jan.2017～Dec.2017）

EXAMPLES OF ICHIKOH-VALEO TECHNOLOGIES (HEADLAMPS) RESPONDING TO LED TRENDS

Solution for increasing LED utilization

PeopLED®

Low-price LED head lamp
which accelerates replacement of
halogen light source
with LED light source

Solution for improving the design flexibility

BiLED™

Small and multi-functional unit
which integrates high beam and low beam

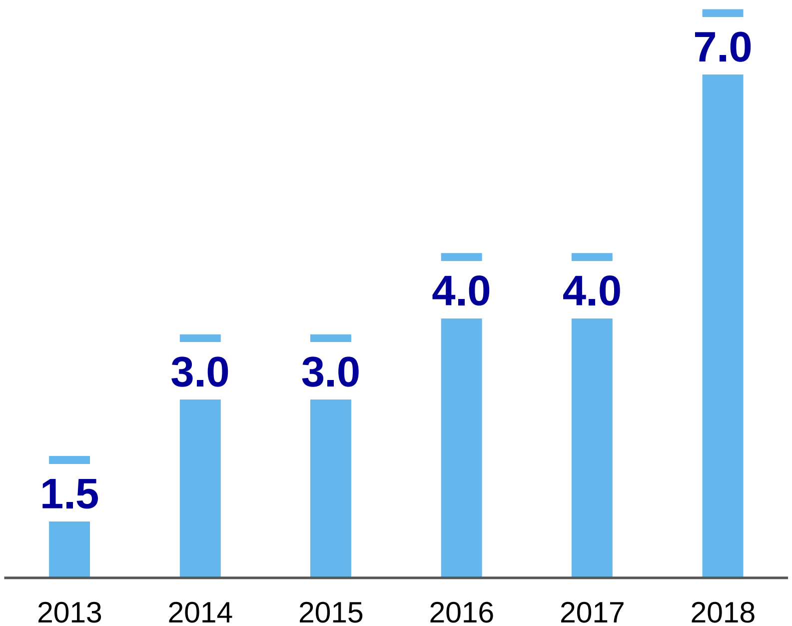
Solution for enhancing design impression

Thin Lens

Thin lens shaped high/low beam
which dramatically enhances
design impression of the lamp

DIVIDEND POLICY

Dividend (unit :Yen/per stock)



Basic Policy

(1) Increase the enterprise value by active R&D and capital investments utilizing internal reserves

(2) Improve the profit return to shareholders

Concurrently achieve both (1) and (2)

Year-end of FY2018 dividend

- ✓ Considered the good performance result and the additional appropriation of deferred tax assets based on continuous and stable performance forecasted in the future
- ✓ 2 yen increase from announced dividend

Dividend forecast of FY2019

- ✓ Undisclose at present because of many uncertain factors
- ✓ Consider (1)(2) as basic policies and especially focus on the profit return to shareholders such as an improvement of payout ratio

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Disclaimer regarding forecasted figures

- Material contained in this presentation such as financial projections that are predictive in nature are based on information available at the current date and assumptions judged to be reasonable; and therefore, actual performance may differ due to numerous factors.
- Please use your own judgement when using this information. Ichikoh Industries, Ltd. cannot be held responsible for any losses incurred resulting from investment decisions made based on these forward looking statements.
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