

ZENRIN

Securities Code: 9474

Briefing on Results for Fiscal 2017

(Year Ended March 31, 2017)

May 16, 2017

ZENRIN Co., Ltd.
Maps to the Future

President and CEO

Zenshi Takayama

Executive Vice President

Junya Amita

Executive Officer, and
Head of Corporate Management Division

Masami Matsuo

1. Overview of Results for Fiscal 2017
2. Overview of Earnings Forecast for Fiscal 2018
3. Business Overview

Appendix

Note: This document contains forward-looking statements based on assumptions, forecasts and plans in light of information available to ZENRIN Co., Ltd. as of the preparation date of this document. Actual performance may vary significantly from the forecast figures due to various risks and uncertainties owing to global economic trends, market demand, status of competition, exchange fluctuations and other factors.
The information that appears in this document rounds down fractions to the nearest specified unit and rounds off decimals in the percentage of change to the first decimal place.
In addition, cases where the percentage of change exceeds 1000% and cases where one or both of the items of comparison is negative are shown as “-”.

1. Overview of Results for Fiscal 2017

- 1) Overview of Results
- 2) Causes for Change in Operating Income
- 3) Net Sales by Business under Medium- to Long-Term Business Plan ZGP2020
- 4) Segment Information
- 5) Changes in Cash Flows

1-1) Overview of Results

Key Points of Results for Fiscal 2017

Compared to Fiscal 2016/earnings forecast <increase in income and profit>

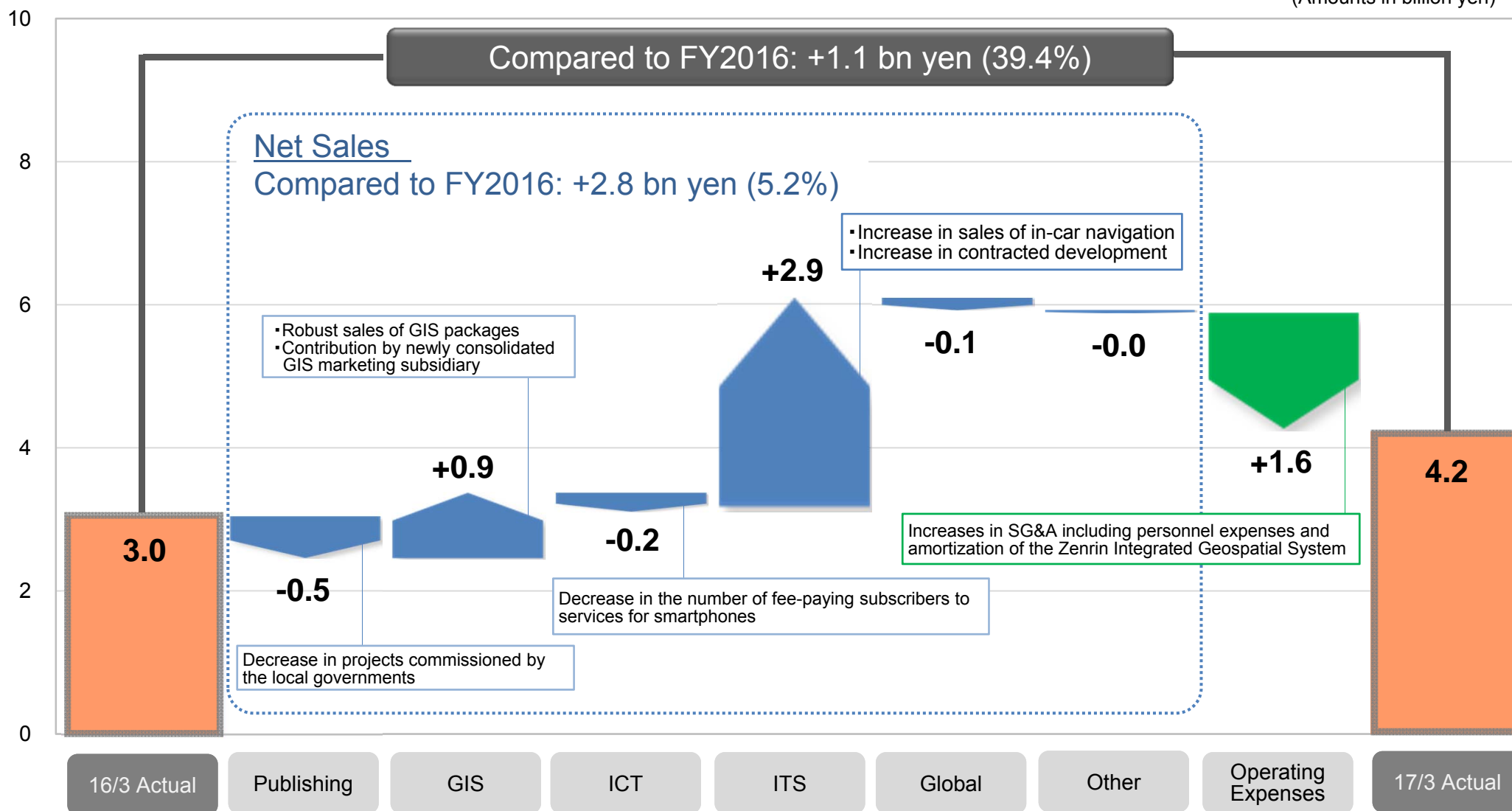
- In addition to ITS-related sales growth such as Japanese in-car navigation data and contracted development, robust GIS-related sales using residential map databases.
- Increase in net sales (record high), operating income, and ordinary income for the second consecutive period and increase in profit attributable to owners of parent for the third consecutive period

(Amounts in million yen)

| | FY2016 Actual | FY2017 Forecast | FY2017 Actual | Compared to FY2016 | | Compared to Forecast | |
|--|------------------|--------------------|------------------|-----------------------|------------|-------------------------|------|
| | | | | Change (%) | Change (%) | | |
| Net Sales | 54,970 | 57,000 | 57,819 | 2,849 | 5.2 | 819 | 1.4 |
| Operating Expenses | 51,931 | 53,600 | 53,584 | 1,653 | 3.2 | -15 | -0.0 |
| Operating Income Operating Margin | 3,038 5.5% | 3,400 6.0% | 4,234 7.3% | 1,195 1.8pt | 39.4 | 834 1.3pt | 24.6 |
| Ordinary Income | 3,427 | 3,700 | 4,527 | 1,100 | 32.1 | 827 | 22.4 |
| Profit Attributable to Owners of Parent | 1,610 | 2,200 | 2,462 | 851 | 52.9 | 262 | 11.9 |

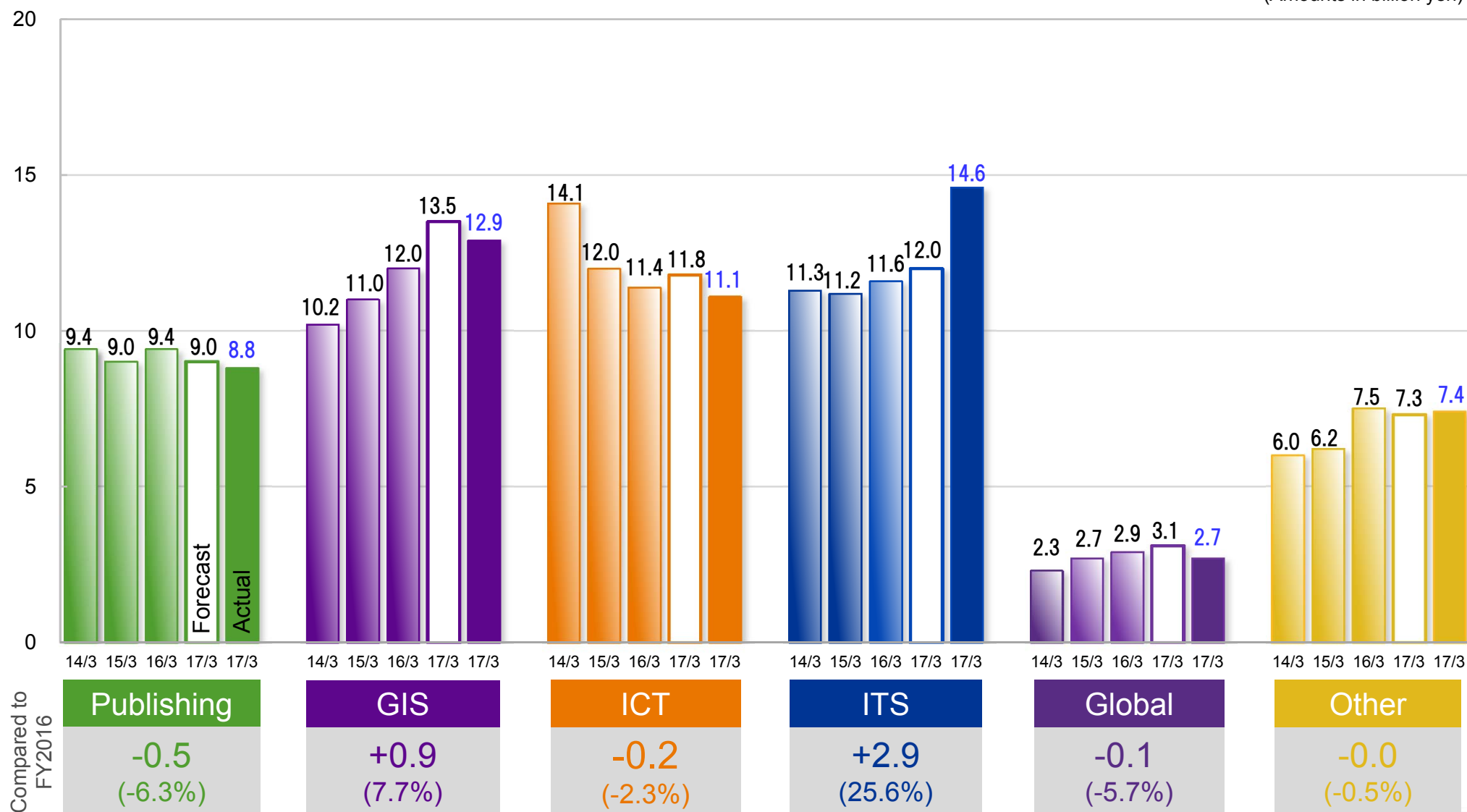
1-2) Causes for Change in Operating Income

(Amounts in billion yen)



1-3) Net Sales by Business under ZGP2020

(Amounts in billion yen)



*Net sales for fiscal 2014 (year ended March 31, 2014) are net sales compiled based on the business composition under ZGP2015.

1-4) Segment Information

Sales
Composition

84.9%

1. Map Database Segment

Main Items: Printed residential maps, residential map databases, map data for Japanese and overseas in-car navigation systems, services for smartphones, map data provision, etc. for various media/devices



6.1%

2. General Printing Segment

Main Items: Commercial printing



9.0%

3. Other

Main Items: Purchased products, digital signage, direct mail delivery services, in-ship advertising

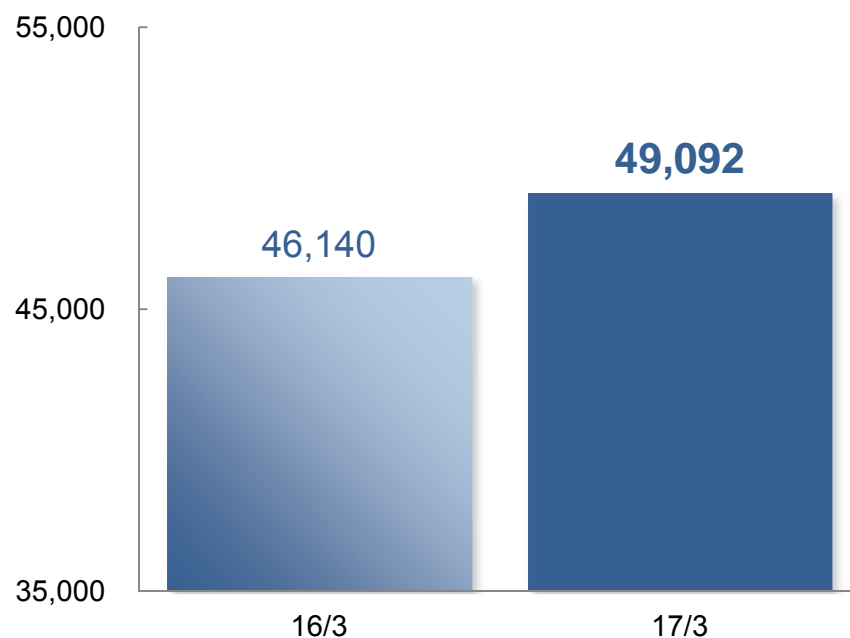


1-4) Map Database Segment

Net Sales

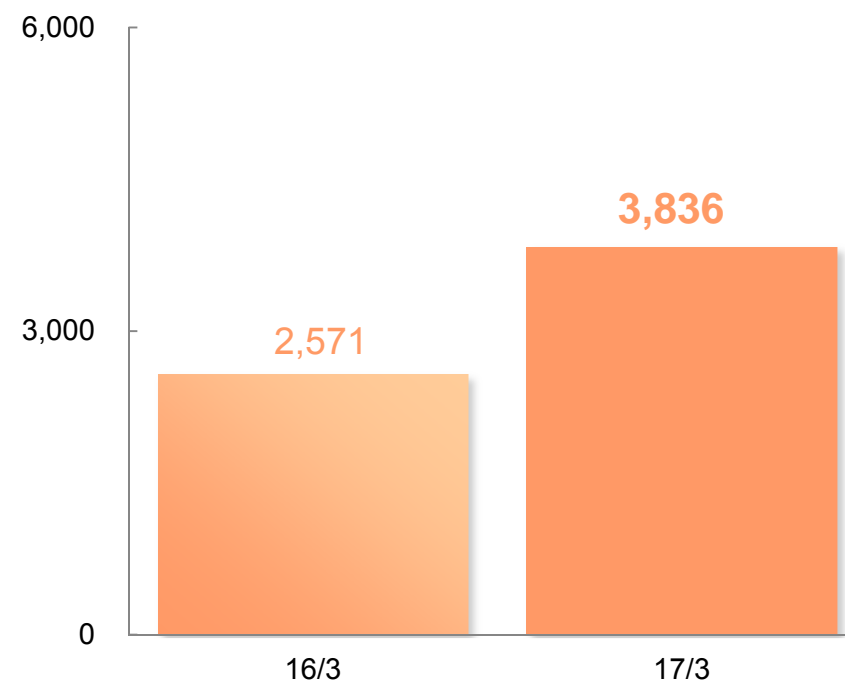
Compared to FY2016

Up 2,952 (6.4%)



Operating Income

Up 1,265 (49.2%)

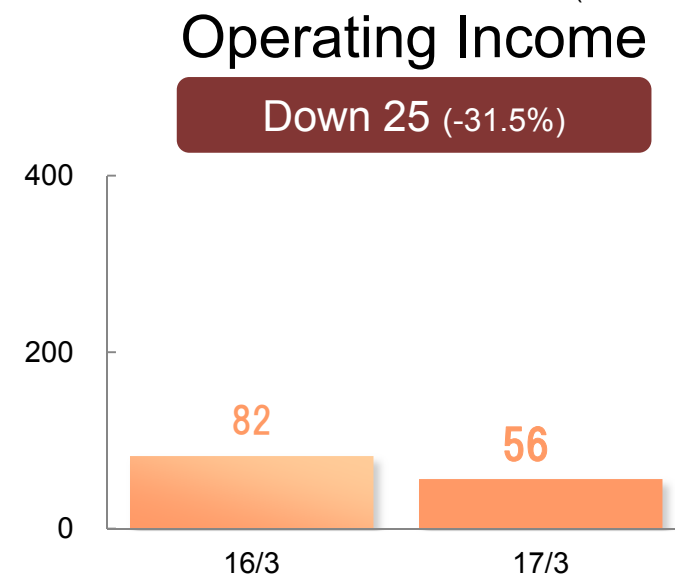
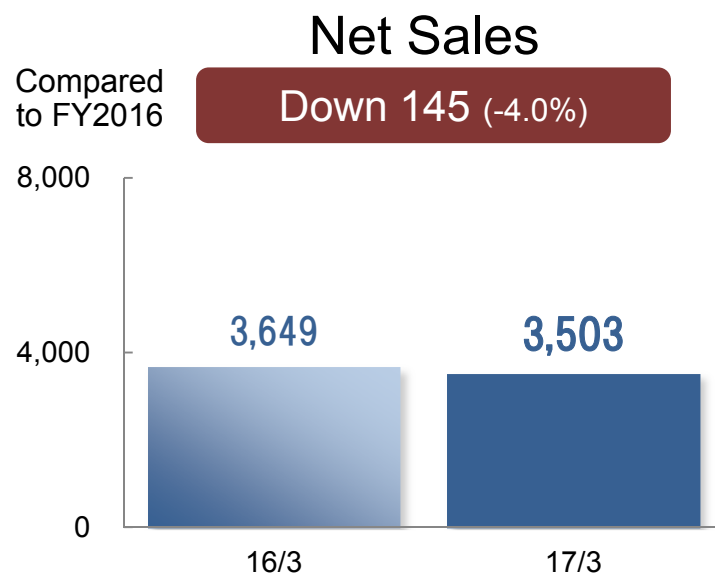


- Increase in ITS-related sales including sales from data for Japanese in-car navigation systems and contracted development.
- Reported robust sales related to GIS utilizing residential map databases.

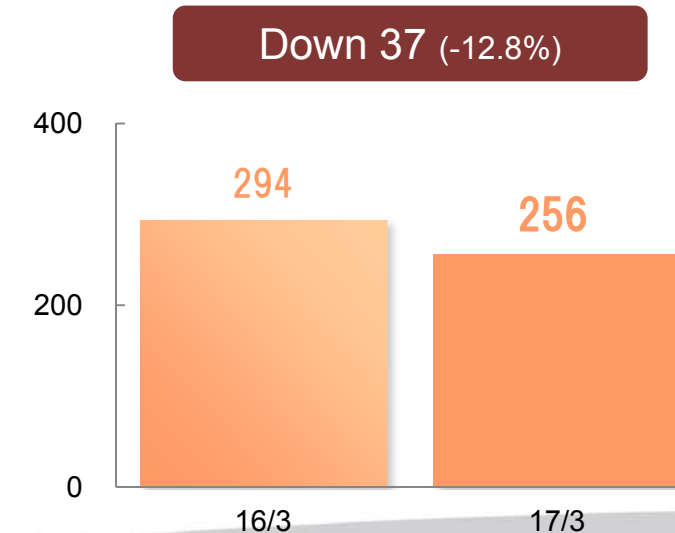
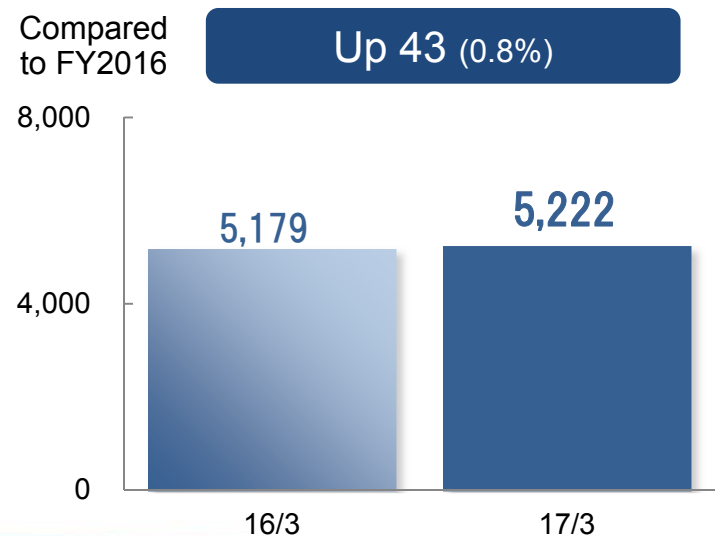
1-4) General Printing Segment, and Other

(Amounts in million yen)

General Printing Segment



Other



1-5) Changes in Cash Flows

Operating Cash Flows

Investing Cash Flows

Free Cash Flows

Financing Cash Flows

Compared to FY2016

Inflows up 713

Outflows up 368

Inflows up 345

Outflows down 2,651



2. Overview of Earnings Forecast for Fiscal 2018

- 1) Earnings Forecast for Fiscal 2018
- 2) Dividends

2-1) Earnings Forecast for Fiscal 2018

Earnings Forecast for Fiscal 2018

ZGP2020 Third Year <Increase in income and profit>

Securing of earnings from existing businesses and establishment of new business foundation

- Securing of earnings from GIS Business
- Advance preparation of map data and reinforcement of business partnership in such areas as ADAS and drones
- Stable operation of Zenrin Integrated Geospatial System and product development

(Amounts in million yen)

| | FY2017 Actual | FY2018 Forecast | Compared to FY2017 | Change (%) |
|---|---------------|-----------------|--------------------|------------|
| Net Sales | 57,819 | 60,000 | 2,180 | 3.8 |
| Operating Expenses | 53,584 | 55,500 | 1,915 | 3.6 |
| Operating Income Operating Margin | 4,234 7.3% | 4,500 7.5% | 265 0.2pt | 6.3 |
| Ordinary Income | 4,527 | 4,700 | 172 | 3.8 |
| Profit Attributable to Owners of Parent | 2,462 | 2,700 | 237 | 9.7 |

2-2) Dividends

Basic Policy

Return income to shareholders derived from income growth based on the medium- to long-term business plan, while taking into account maintaining an adequate amount of internal reserves

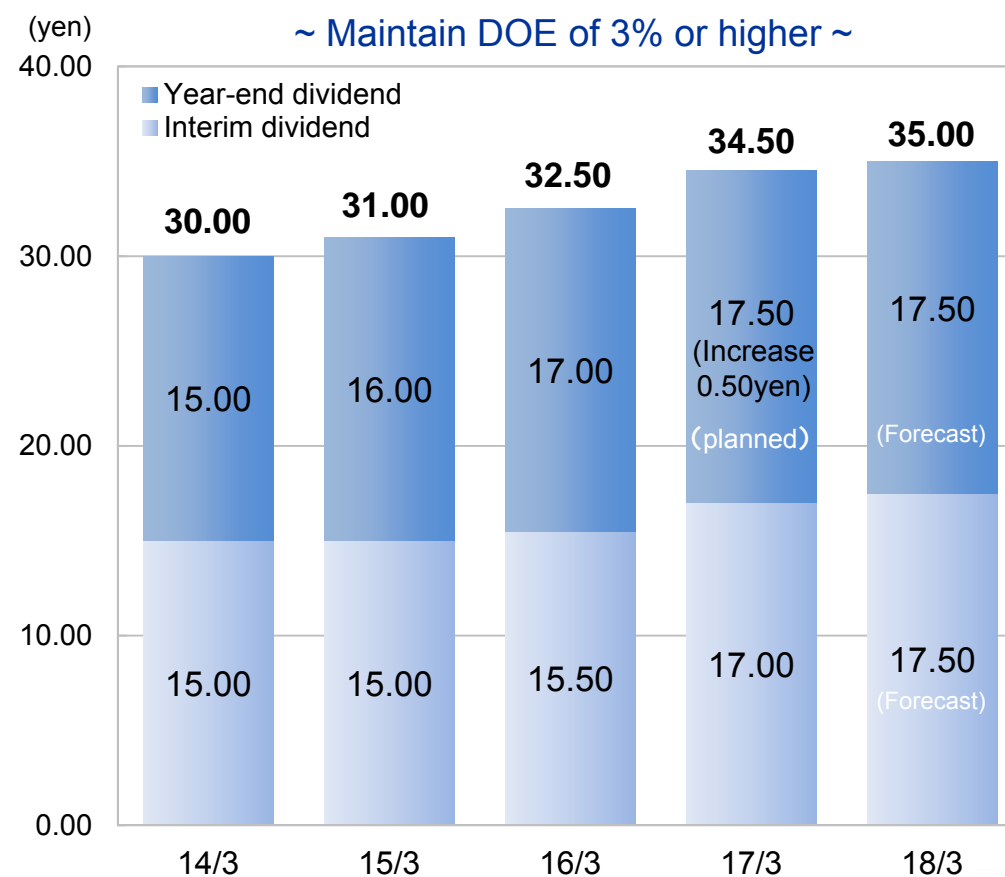
Target dividend on equity (DOE) on a consolidated basis of 3% or higher

FY2017 Dividend (Compared to FY2016)

| | |
|--------------------|-----------------------|
| Interim | 17.00 yen (+1.50 yen) |
| Year-end (planned) | 17.50 yen (+0.50 yen) |
| Annual (planned) | 34.50 yen (+2.00 yen) |

FY2018 Dividend (Compared to FY2017)

| | |
|---------------------|-----------------------|
| Interim (forecast) | 17.50 yen (+0.50 yen) |
| Year-end (forecast) | 17.50 yen (-) |
| Annual (forecast) | 35.00 yen (+0.50 yen) |



3. Business Overview

- 1) Progress and Challenges of ZGP2020
- 2) Net sales by Business under Medium- to Long-Term Business Plan ZGP2020
- 3) ZGP2020 Business Strategy
 - Net sales by Business (Actual/Forecast/ ZGP2020 Targets)
 - Primary Initiatives

3-1) Progress and Challenges of ZGP2020

| | ZGP2020 Actuals and Targets | | | |
|--|-----------------------------|----------------------|----------------------|------------------------|
| | FY2016 Actual | FY2017 Actual | FY2018 Target | FY2020 Target |
| Consolidated Net Sales | 54.9 bn yen | 57.8 bn yen | 60.0 bn yen | 70.0 bn yen |
| Consolidated Operating Income (Margin) | 3.0 bn yen (5.5%) | 4.2 bn yen (7.3%) | 4.5 bn yen (7.5%) | 10.0 bn yen (14.2%) |
| ROE (Return on equity) | 4.0% | 6.0% | 6.3% | 12% or higher |
| DOE (Dividend on equity on a consolidated basis) | 3.0% | 3.1% | 3% or higher | 3% or higher |

Progress/ Evaluation of FY2017

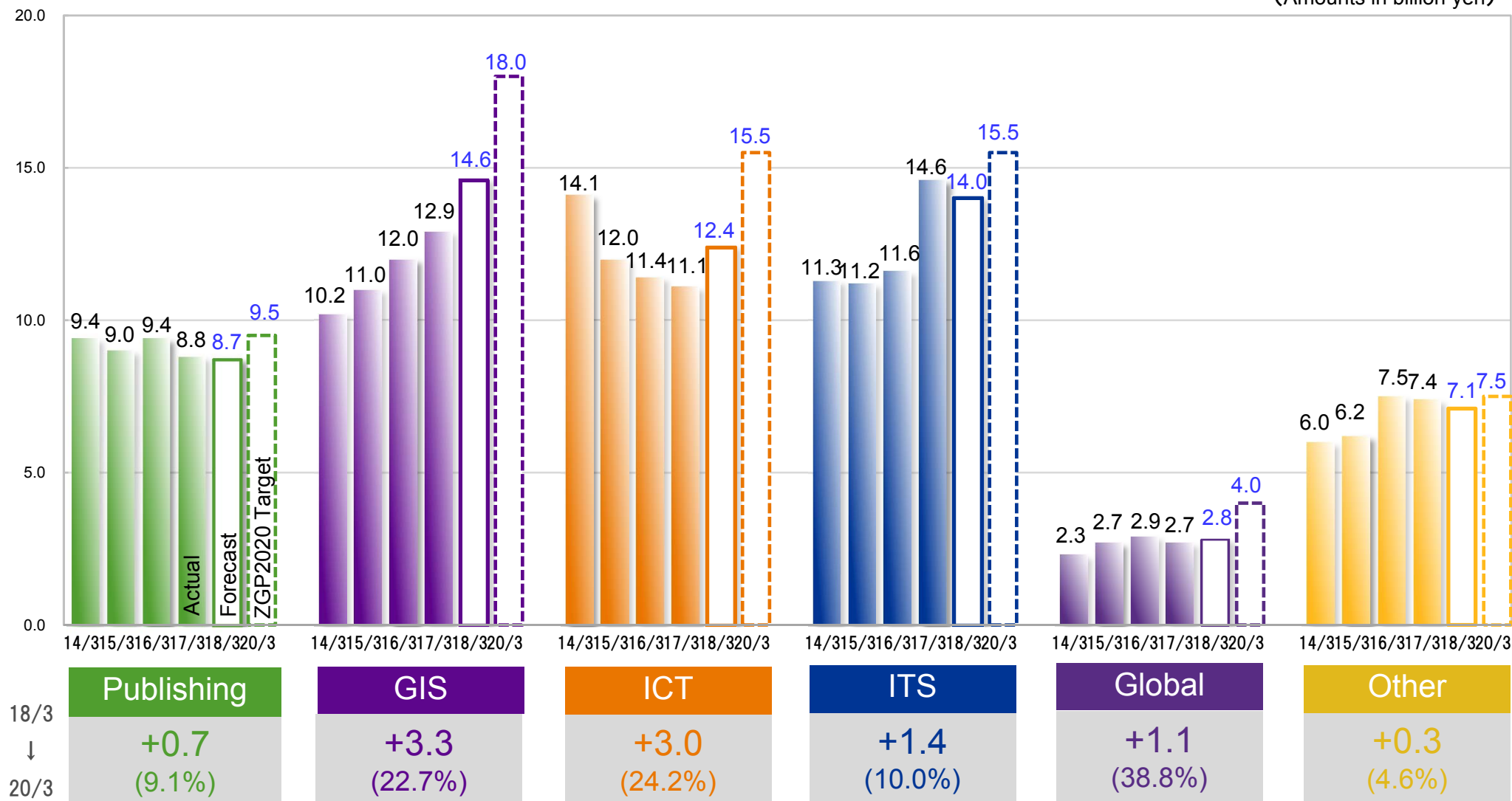
- Securing stable revenue by launching GIS package products and strengthening GIS marketing areas
- Increasing revenue from ITS business through advance development of high precision maps for ADAS and expansion of existing transactions
- Further productivity improvement is the key to the promotion of advance development of ADAS, drones, etc.

Challenges towards FY2020

- Development of applications/strengthening of sales strategies for further earnings expansion in GIS Business
- Establishment of a ZENRIN/collaborative business model in ADAS and tourism with early monetization
- Early realization of products/services utilizing Zenrin Integrated Geospatial System

3-2) Net Sales by Business under ZGP2020

(Amounts in billion yen)



*Net sales for fiscal 2014 (year ended March 31, 2014) are net sales compiled based on the business composition under ZGP2015.

3-3) ZGP2020 Business Strategy — Publishing Business —

FY2018 Net Sales Forecast
Compared to FY2017: -0.1 bn yen (-1.4%)

Pursuit of the “solutions” of print media

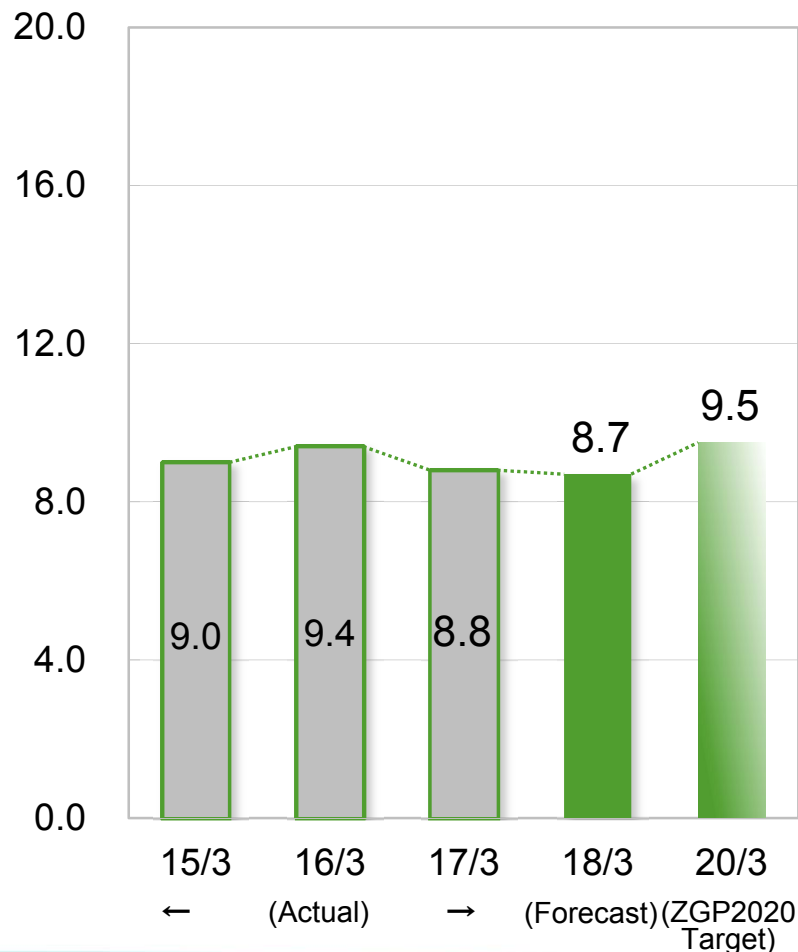
Revamping of the direct sales model through sales process reform

Expand sales by special-purpose map products for local governments

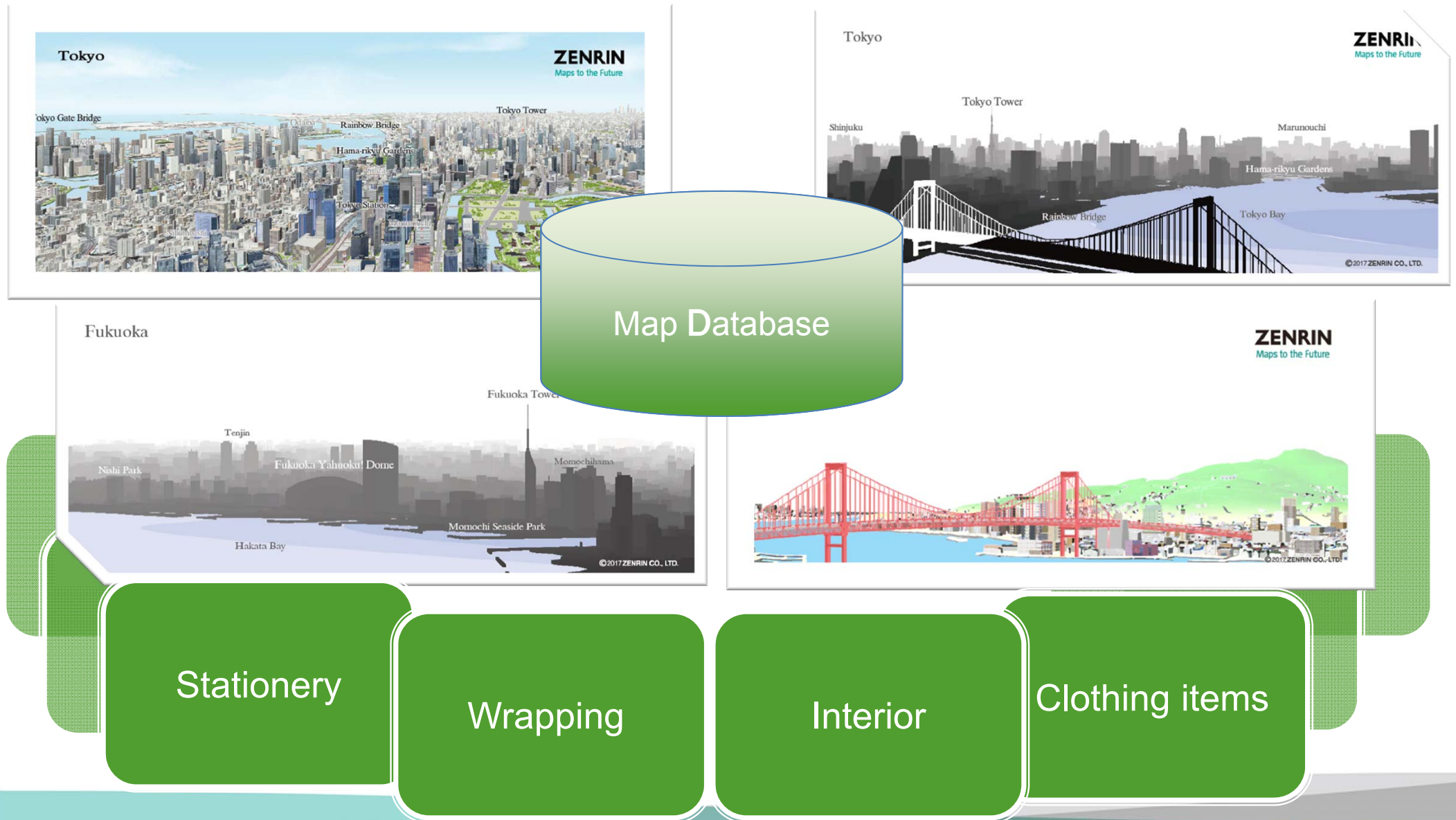
Expand sales with new products using maps under a new concept

Establish new business domains in “Map Design Business”

- One after another release of Map Design products for individual users
- Expansion of merchandising promotion products
- Create markets with printed media for tourists
- Generate extra revenue for a limited period with products related to the Olympics and Paralympics

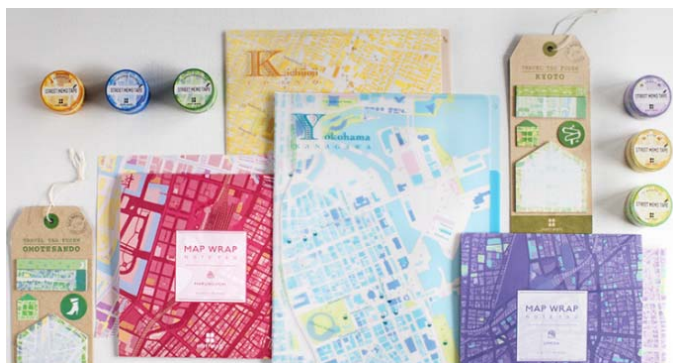


3-3) ZGP2020 Business Strategy – Publishing Business –



3-3) ZGP2020 Business Strategy — Publishing Business —

On sale as map stationery / paper bag



“mati mati” line-up on sale including 12 cities nationwide



Developed through joint product planning with students at Ochanomizu University



Mapping back collaborating with wrapping industry leading company Simojima
Concept is “Let’s go home with Tokyo”

Adopted as apparel design

Apparel brand for golfers
“MASTER BUNNY EDITION”

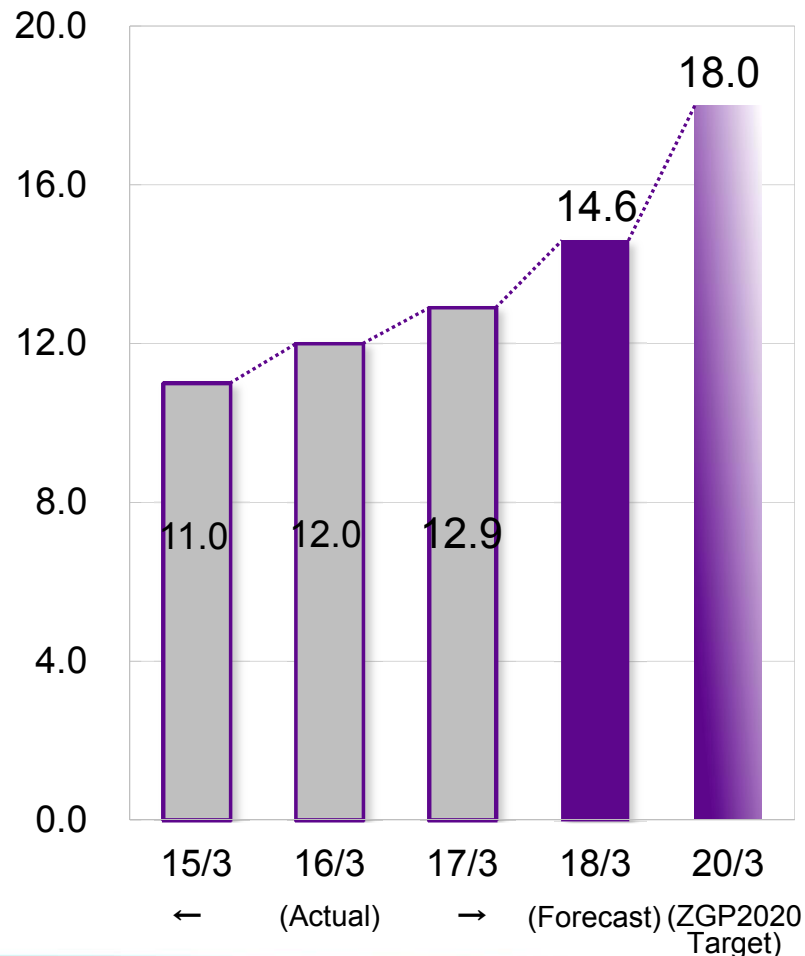
Adopted as a print design on polo shirts in 2017 spring and summer seasons



3-3) ZGP2020 Business Strategy – GIS Business –

FY2018 Net Sales Forecast
Compared to FY2017: +1.7bn yen (+13.3%)

Reinforcement of Zenrin GIS brand-specific strategies



Establishment of businesses targeting the services of local governments

Establishment of new business models

- Expand revenue with sales promotion support business using SNS

Expand revenue with new products and services

- Maintain current sales from the provision of residential map data
- Expand sales by strengthening GIS solutions
- Expand markets by releasing selection products
- Expand markets by releasing package products

3-3) ZGP2020 Business Strategy –GIS Business–

Building of GIS brand

National and local governments

Large corporations

Small and medium-sized enterprises

Marketing

Operation

Sales

Business processes in general

* Figures indicate sales for the FY ending March 2018 (yoy)

Solution

12.0 billion yen (+1.2)

Provision of residential map data to specialized systems

- Finance (collateral valuation, customer management, sales support, etc.)
- Logistics (delivery, tracking, etc.), etc.

Effective use of residential map data and other information

- Construction (property information, 3D city modeling data)
- Real estate brokerage (property management, sale and purchase, vacant houses, vacant land)
- Infrastructure (facility management) etc.

Establishment of businesses targeting the services of local governments

- Fire fighting, police (emergency directive system, etc.)
- Local governments (hazard map, shelters, vacant houses, vacant land, facility management) etc.

Selection

0.6 billion yen (+0.1)

- Sales promotion, shop opening plan
- Movement and behavior analysis
- Marketing area analysis

Release selection products

- Added functions and contents of package products

2.0 billion yen (+0.4)

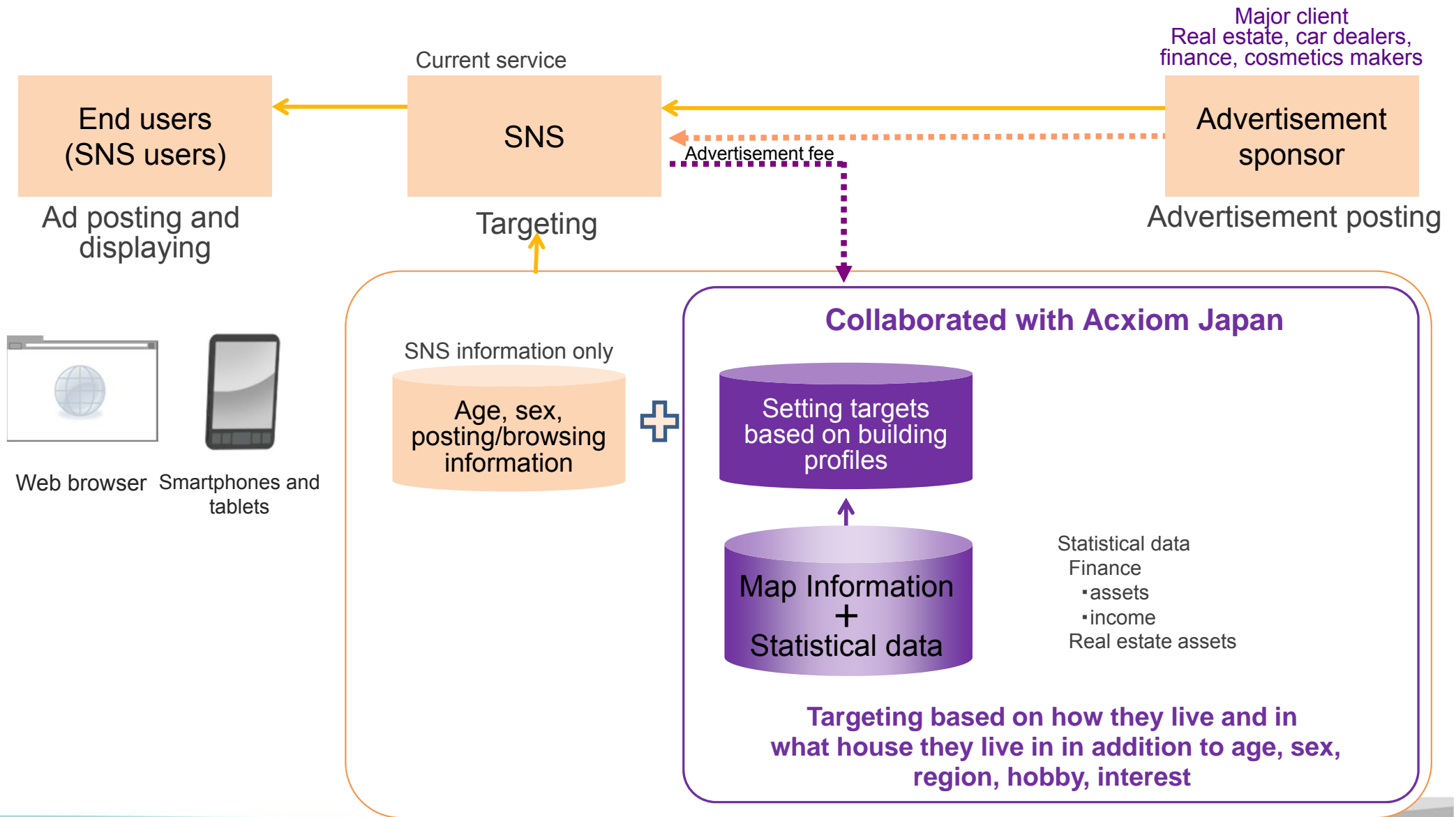


Packaging

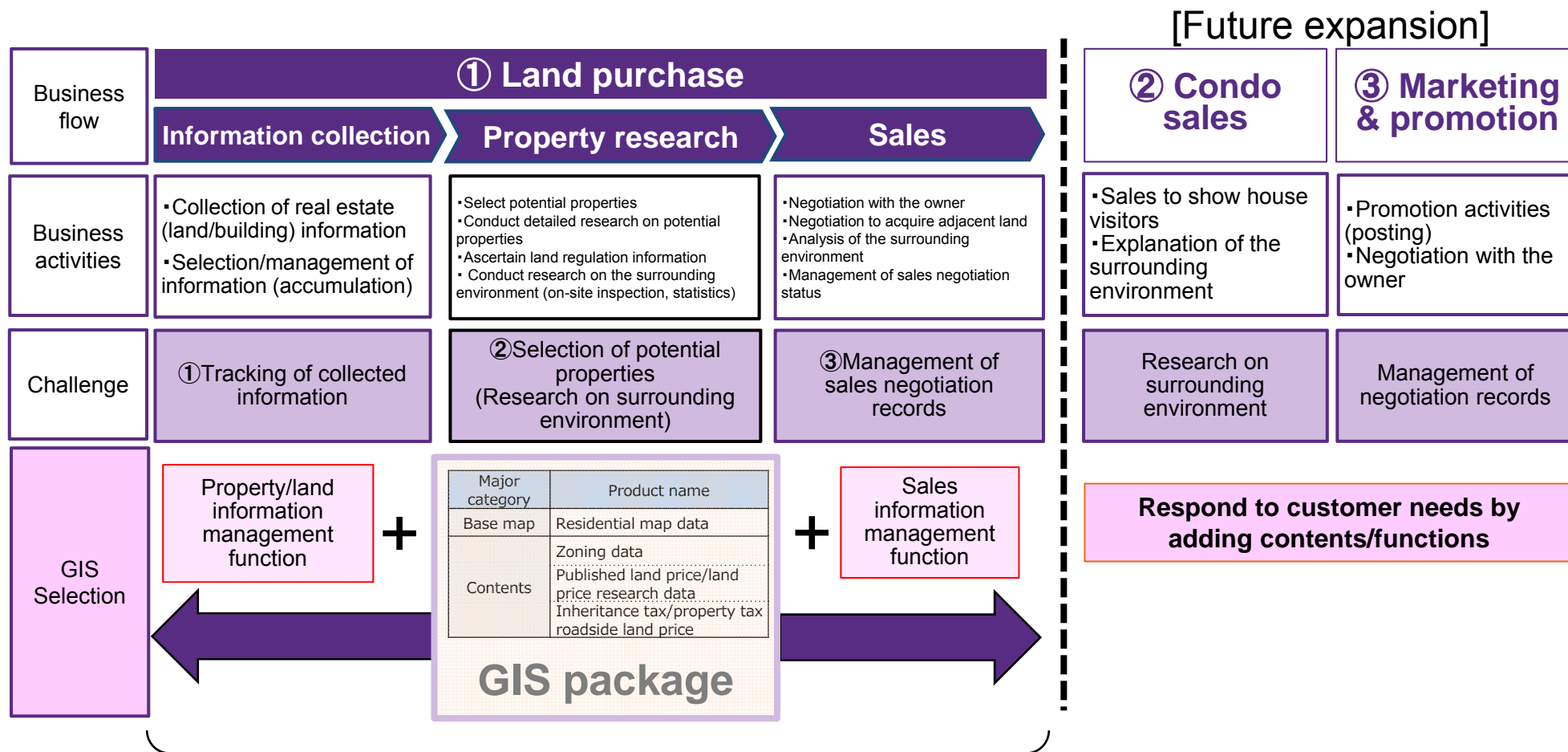
Release package products

- Specialized businesses, such as real estate, professional practice, and construction
- Fieldwork

3-3) ZGP2020 Business Strategy –GIS Business–



3-3) ZGP2020 Business Strategy –GIS Business–



(Addition of the property/land information management function and the sales information management function + 10,000 yen/month)

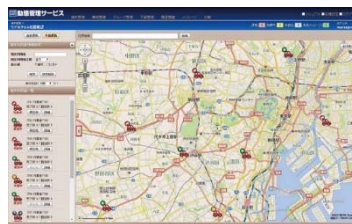
20,000 yen/month for each license

3-3) ZGP2020 Business Strategy –GIS Business–

Location information management

GPS fleet management

- Visualize on the map
- Real-time



Transportation support

Its-mo NAVI Multi

- In-car, train, pedestrian navigation
- Door-to-door guide



Accurate guide

Zenrin Residential Map

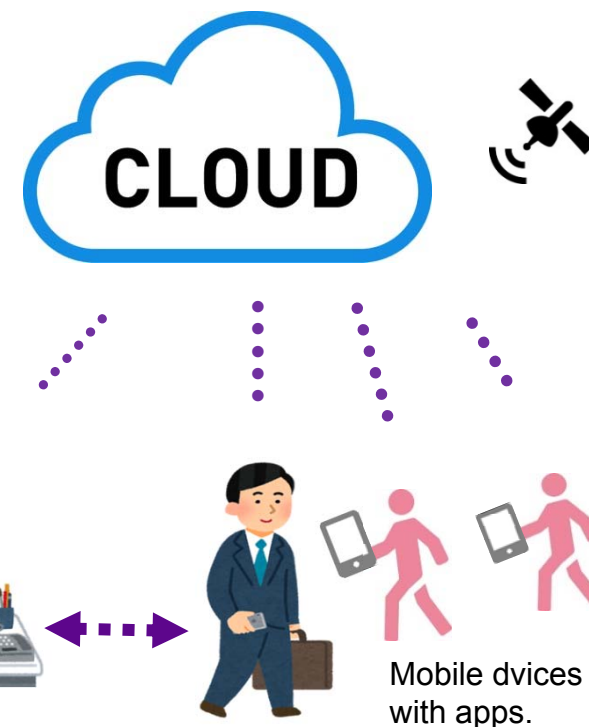
Guide to the final destination (Last One Mile)



Sales support function

Customer/business information

- Confirm where to visit
- status reporting



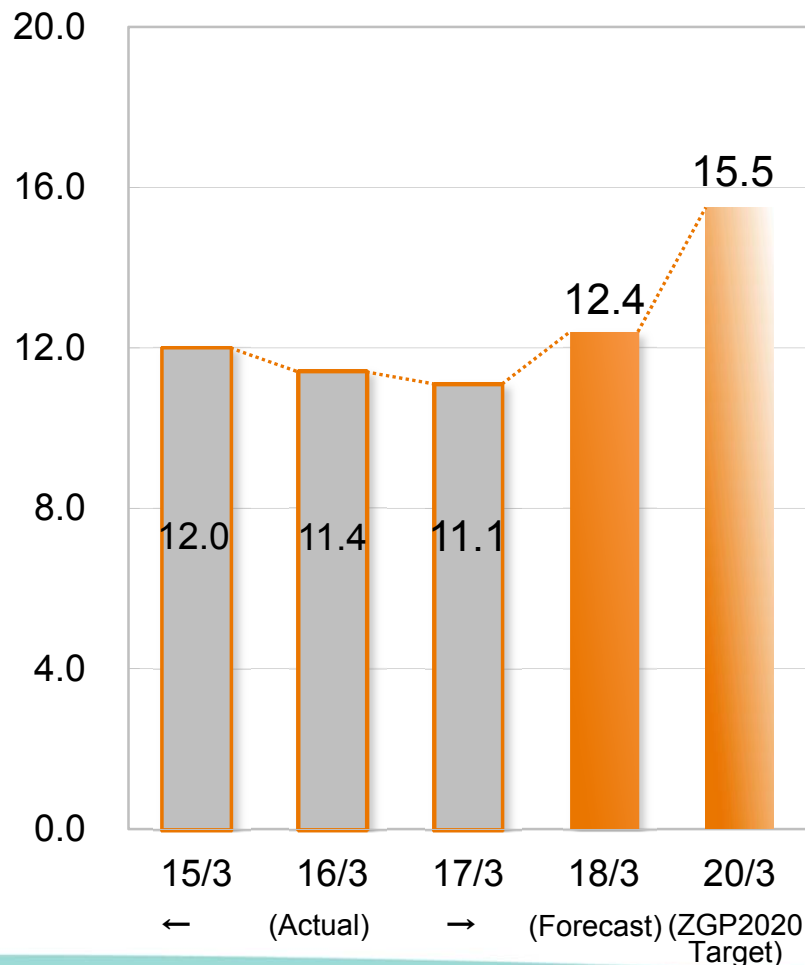
Cooperation between PC and smartphone

Mobile devices with apps.

3-3) ZGP2020 Business Strategy –ICT Business–

FY2018 Net Sales Forecast
Compared to FY2017: +1.3bn yen (+11.7%)

From IT media to IoT platforms



Enhancement of map DB utility value through provision of Zenrin Integrated Geospatial contents

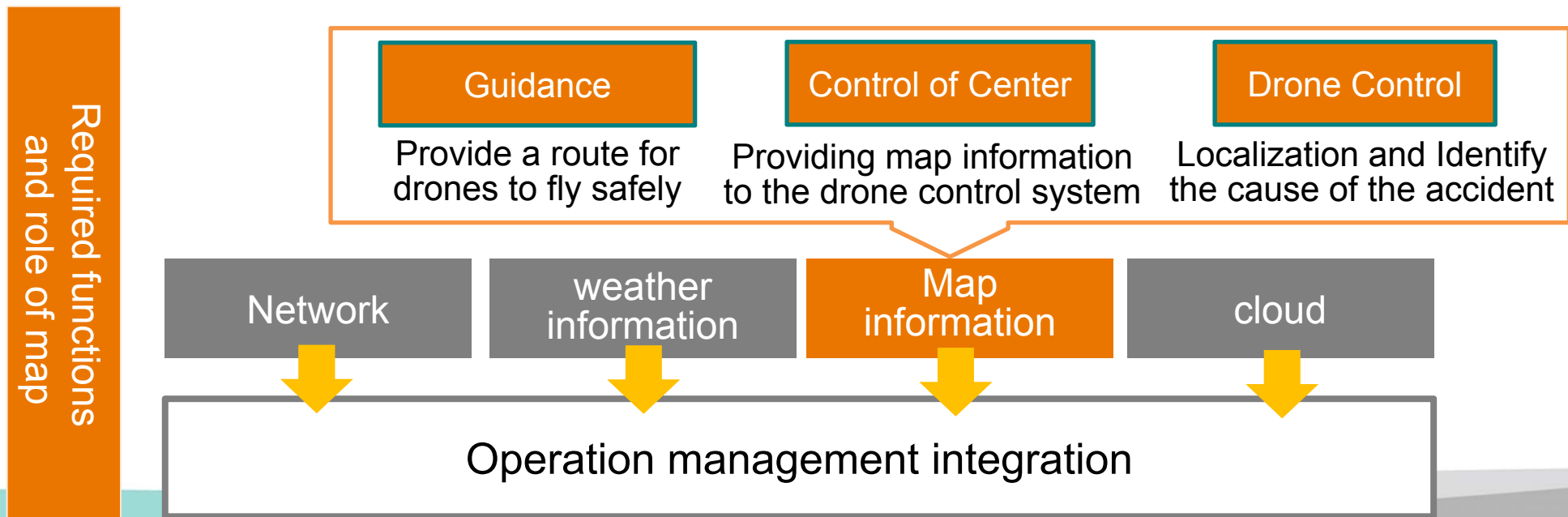
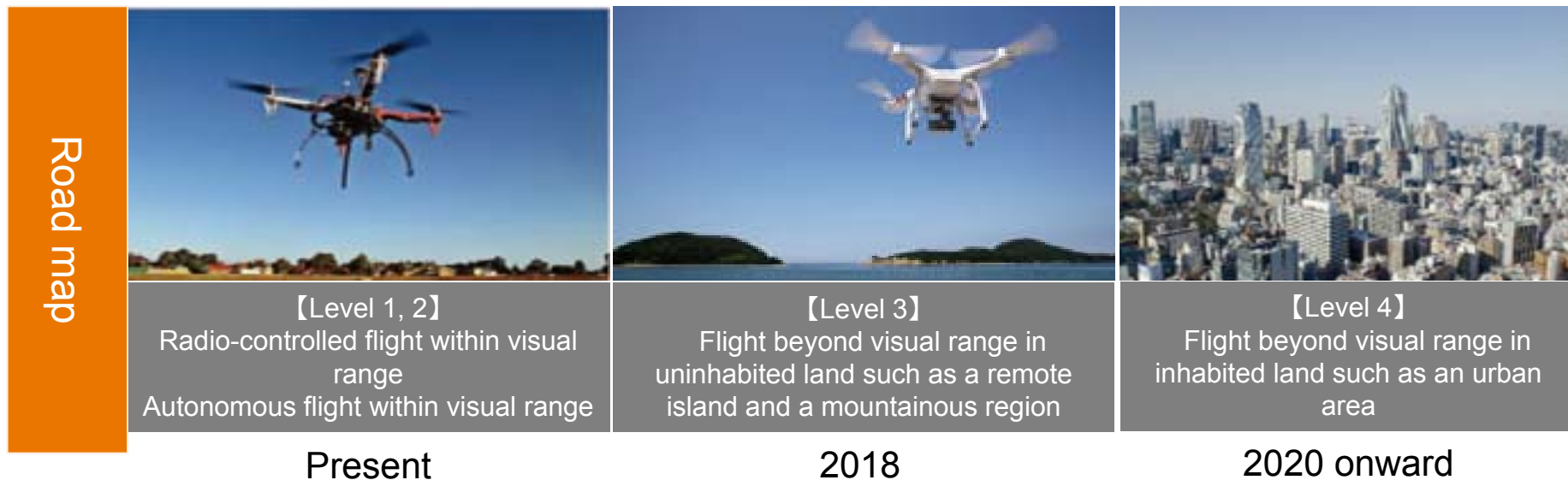
From the business of providing maps to IT media to total solution business

- Create new services with major portals and transport operators
- Expansion of fleet management system by telematics

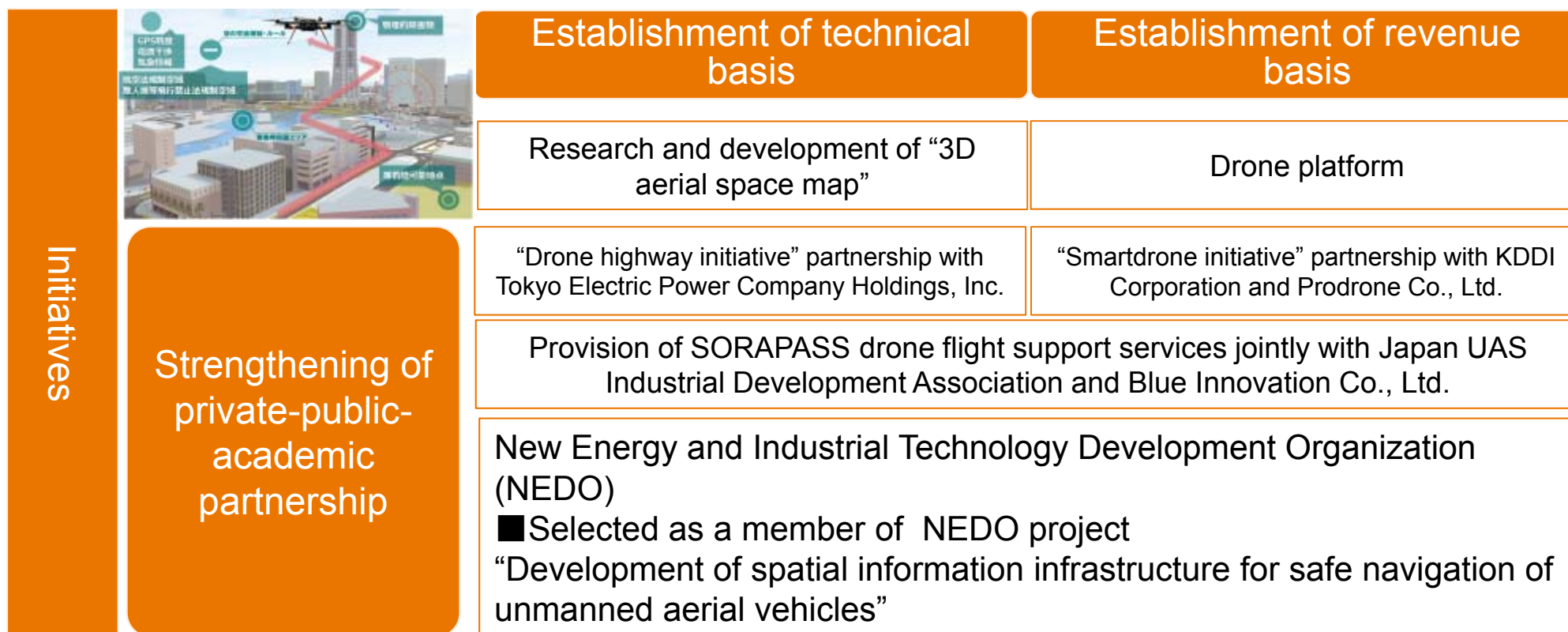
Enhance revenue from new business domains

- Establish technical and revenue bases in the drone business
- Expand location information business related to digital signage
- Provide solution services using 3D data

3-3) ZGP2020 Business Strategy –ICT Business–



3-3) ZGP2020 Business Strategy –ICT Business–

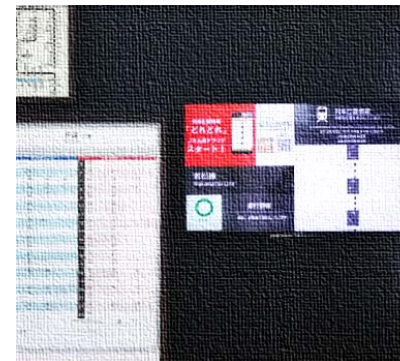


3-3) ZGP2020 Business Strategy –ICT Business–

Order for sign renewal of Canal City Hakata which also supports Multi-language



Developed a service status guidance system, which can also be used by foreign travelers visiting Japan



Commenced providing multi-language digital signage specifically for accommodation facilities



3-3) ZGP2020 Business Strategy –ITS Business–

FY2018 Net Sales Forecast
Compared to FY2017: -0.5bn yen (-3.8%)

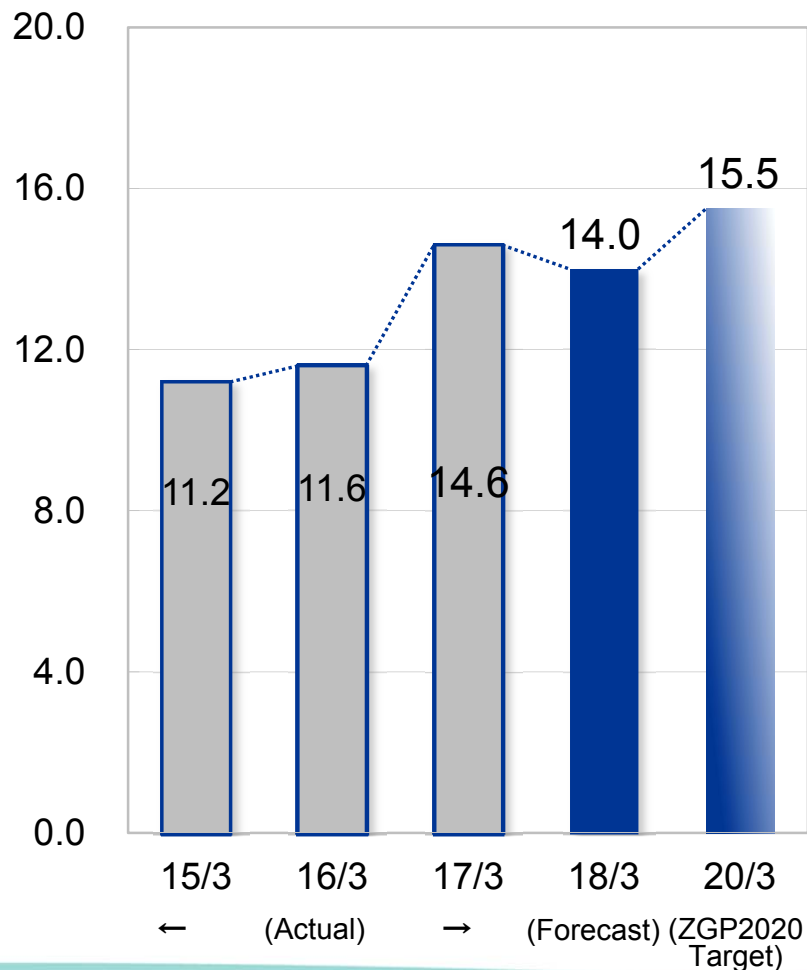
Development of a map ecosystem in the era of automated driving

Enhancement of map DB utility value through provision of Zenrin Integrated Geospatial contents

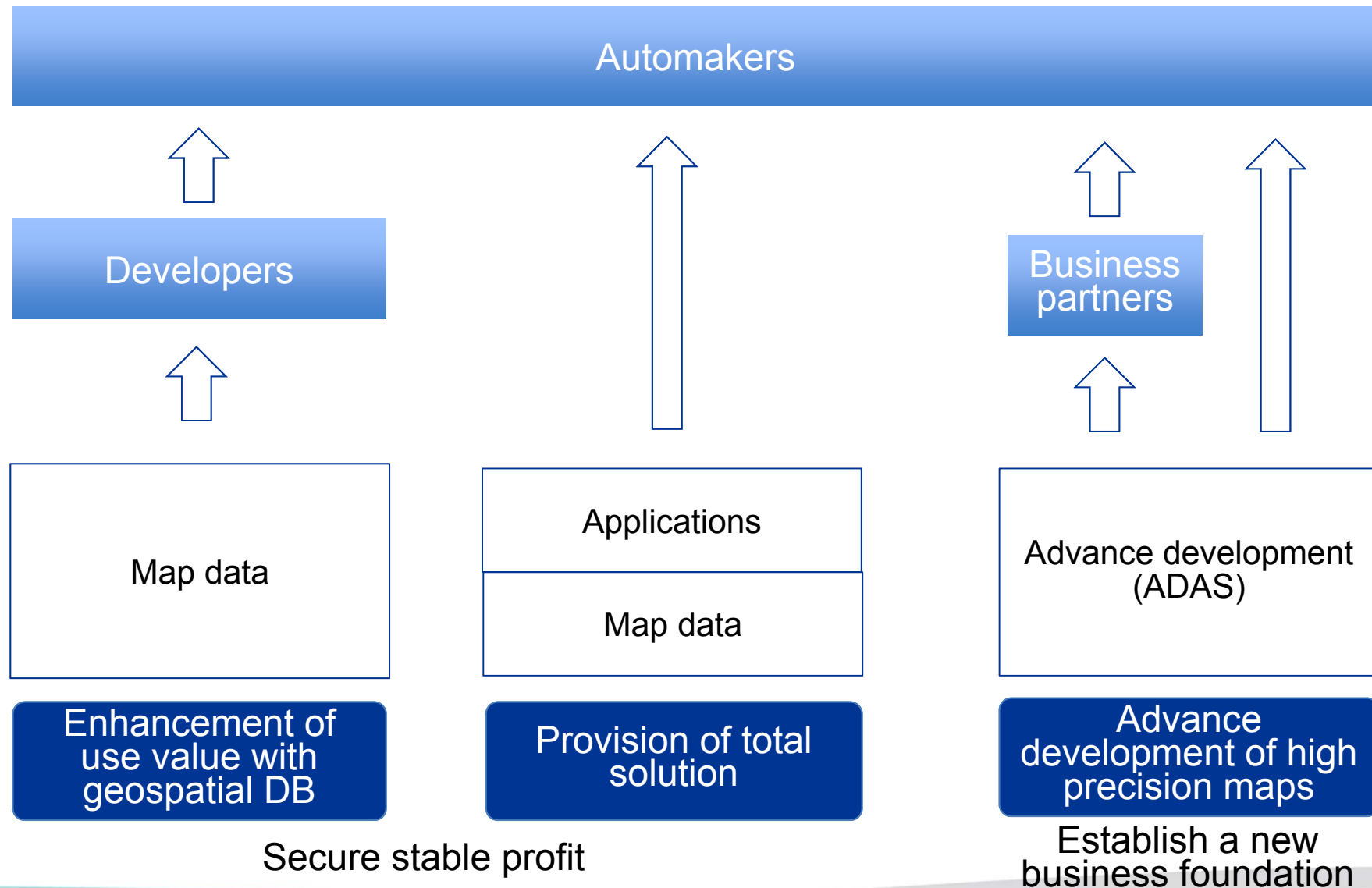
Provision of total solution in the domestic ITS market

Advance development of high precision maps and improvement of the ability to address each customer's needs

- Promote the adoption of data developed in advance
- Develop the ability to respond to mass production at each customer



3-3) ZGP2020 Business Strategy –ITS Business–



3-3) ZGP2020 Business Strategy –ITS Business–

Development and maintenance for the realization of automatic driving function



“Dynamic Map Planning Co., Ltd.” established (June 13, 2016)

“Dynamic Map Planning Co., Ltd.”, naming ZENRIN, Mitsubishi Electric Corporation and PASCO Corporation as incorporators, was established

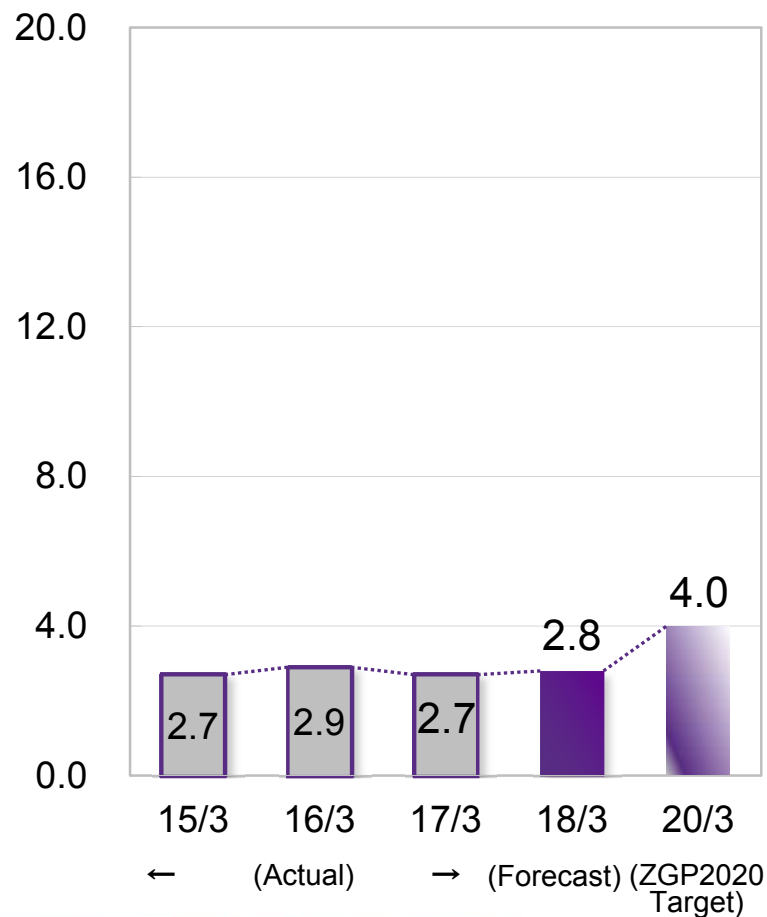
- <Objectives of establishment>
- To examine how to improve, verify and operate high-precision 3-D maps used for “Dynamic Map*1.”
 - To verify and determine how to standardize and maintain data specifications and development methods toward the actual operation for the national expressways and general roads
 - To examine commercialization assuming permanent improvement and update
 - As a business firm, to prepare and promote “Dynamic Map Cooperation Areas*2” in Japan during 2017 fiscal year.
 - To expand business into a wide range of fields including not only automatic driving and safe driving support but also disaster prevention and deduction and social infrastructure maintenance and management.

| | Company name | Investment ratio |
|-------------------------------|---------------------------------|------------------|
| Incorporators | Mitsubishi Electric Corporation | 18.0% |
| | ZENRIN CO.,LTD. | 17.0% |
| | PASCO CORPORATION | 17.0% |
| Map companies | AISAN TECHNOLOGY CO., LTD. | 6.0% |
| | INCREMENT P CORPORATION | 6.0% |
| | TOYOTA MAPMASTER INCORPORATED | 6.0% |
| Automobile companies | ISUZU MORTORS LIMITED | 3.3% |
| | SUZUKI MOTOR CORPORATION | 3.3% |
| | TOYOTA MOTOR CORPORATION | 3.3% |
| | NISSAN MOTOR CO.,LTD | 3.3% |
| | HINO MOTORS,LTD. | 3.3% |
| | Fuji Heavy Industries Ltd. | 3.3% |
| | HONDA MOTOR CO., LTD. | 3.3% |
| | Mazda Motor Corporation | 3.3% |
| MITSUBISHI MOTORS CORPORATION | 3.3% | |

3-3) ZGP2020 Business Strategy – Global Business –

FY2018 Net Sales Forecast
Compared to FY2017: +0.1bn yen (+4.4%)

Restructuring of the global alliance



Expansion of business in India

Launch of business in ASEAN

Launch of overseas GIS

Expand adoption of solution service in combining on-vehicle software

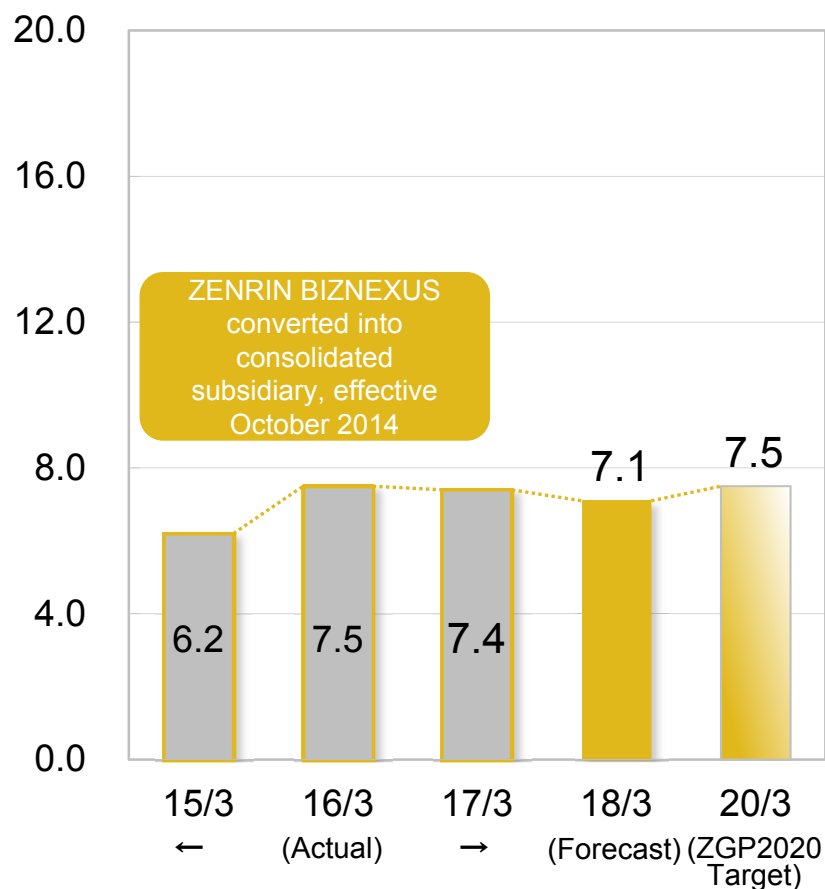
3-3) ZGP2020 Business Strategy —Other Business—

(General printing, In-Ship, etc. Advertising)

(Amounts in billion yen)

FY2018 Net Sales Forecast
Compared to FY2017: -0.2bn yen (-3.9%)

Reexamination of Group synergies



Improve the profitability of general printing business

Maintain the profitability of direct promotion

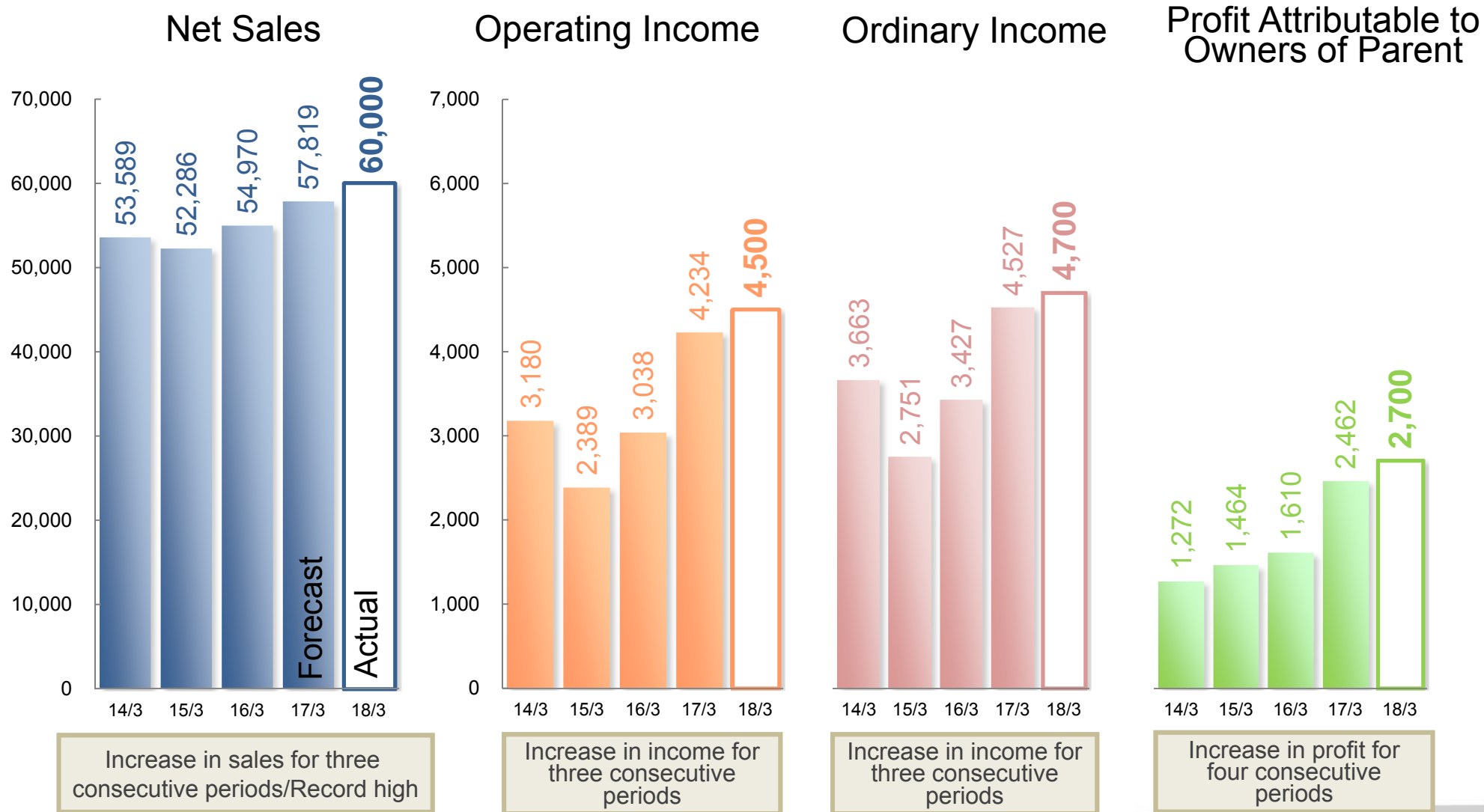
Appendix

FY2018 Earnings Forecast

- 1) Changes in Net Sales and Income
- 2) Segment Information
- 3) Amount of Capital Investment, Depreciation and R&D Costs
- 4) Changes in Composition of Net Sales by Quarter
- 5) Business Topics

1) Changes in Net Sales and Income

(Amounts in million yen)

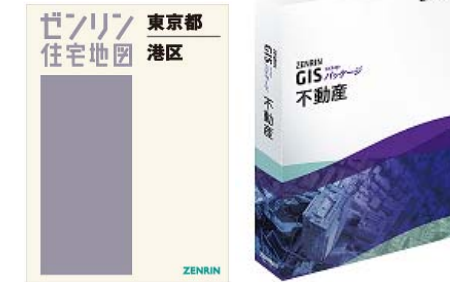


Sales
Composition

85.1%

1. Map Database Segment

Main Items: Printed residential maps, residential map databases, map data for Japanese and overseas in-car navigation systems, services for smartphones, map data provision, etc. for various media/devices



2. General Printing Segment

Main Items: Commercial printing



3. Other

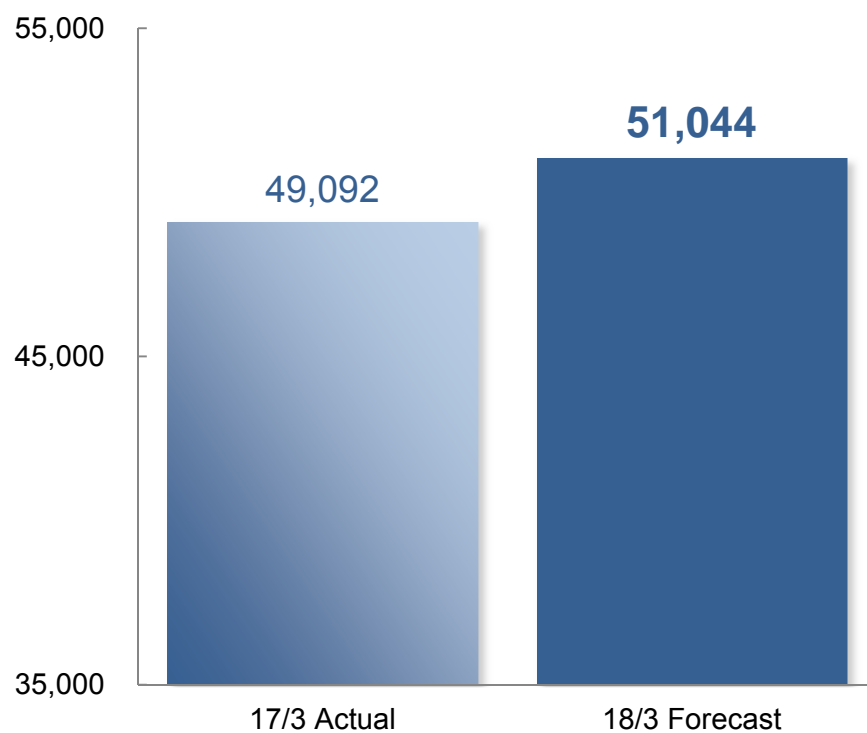
Main Items: Purchased products, digital signage, direct mail delivery services, in-ship advertising



Net Sales

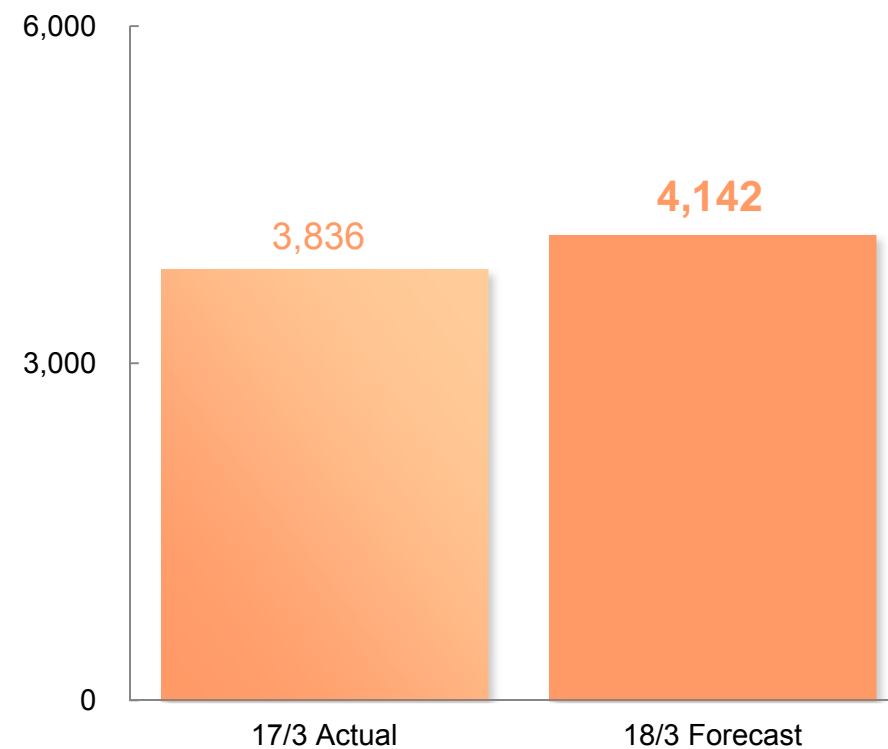
Compared
to FY2017

Up 1,952 (4.0%)



Operating Income

Up 305 (8.0%)



2) General Printing Segment, and Other

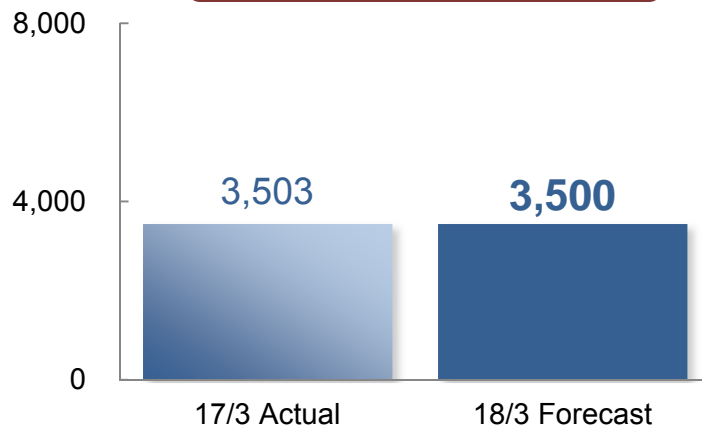
(Amounts in million yen)

General Printing Segment

Net Sales

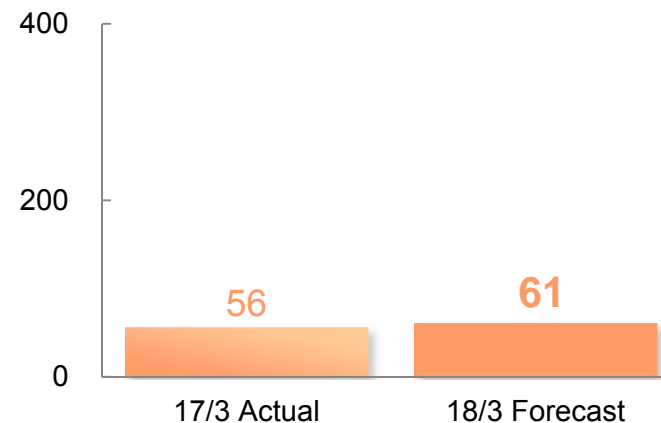
Compared to FY2017

Down 3 (-0.1%)



Operating Income

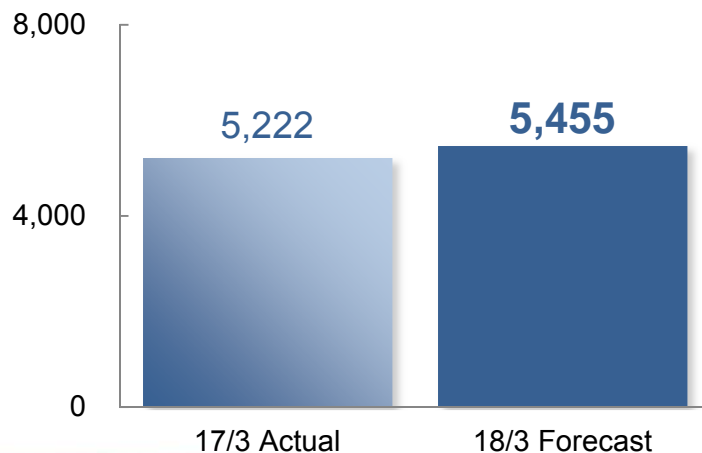
Up 5 (10.0%)



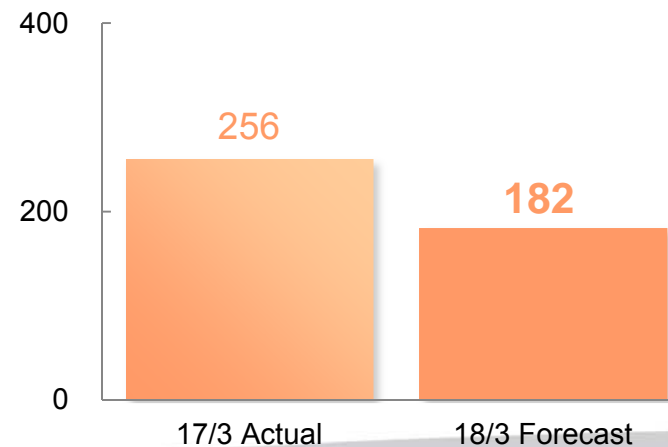
Other

Compared to FY2017

Up 232 (4.4%)

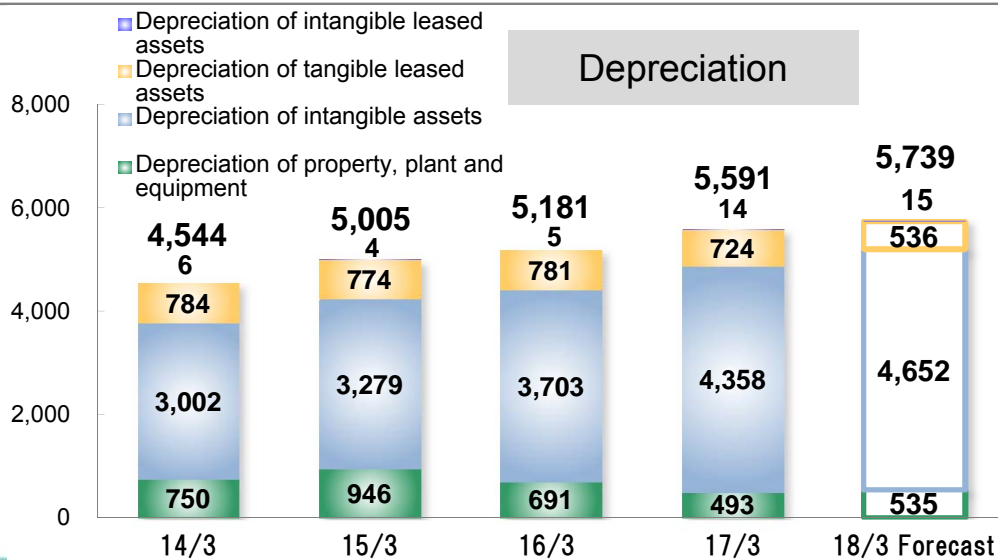
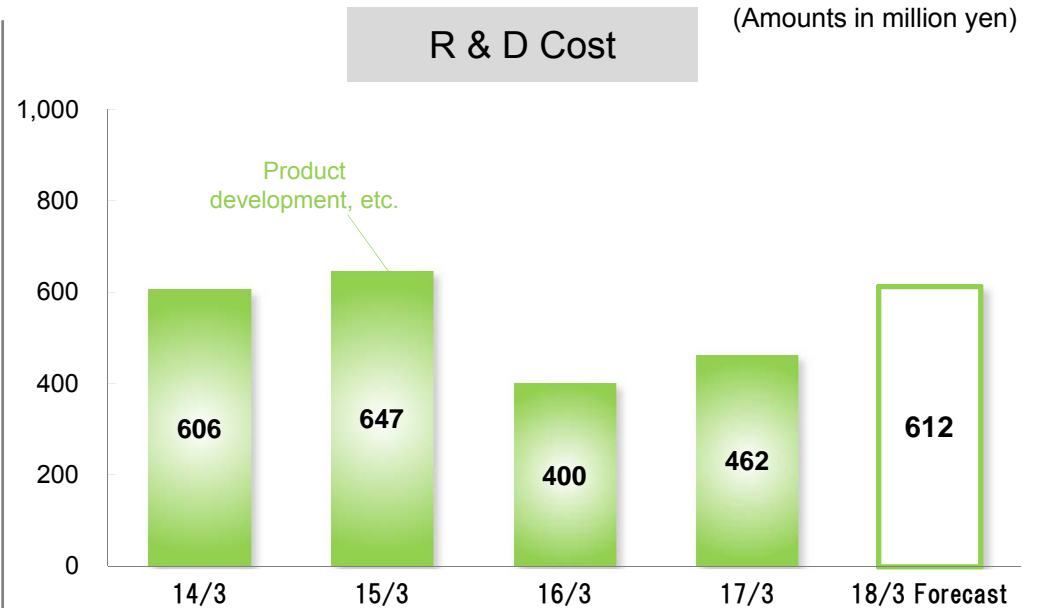
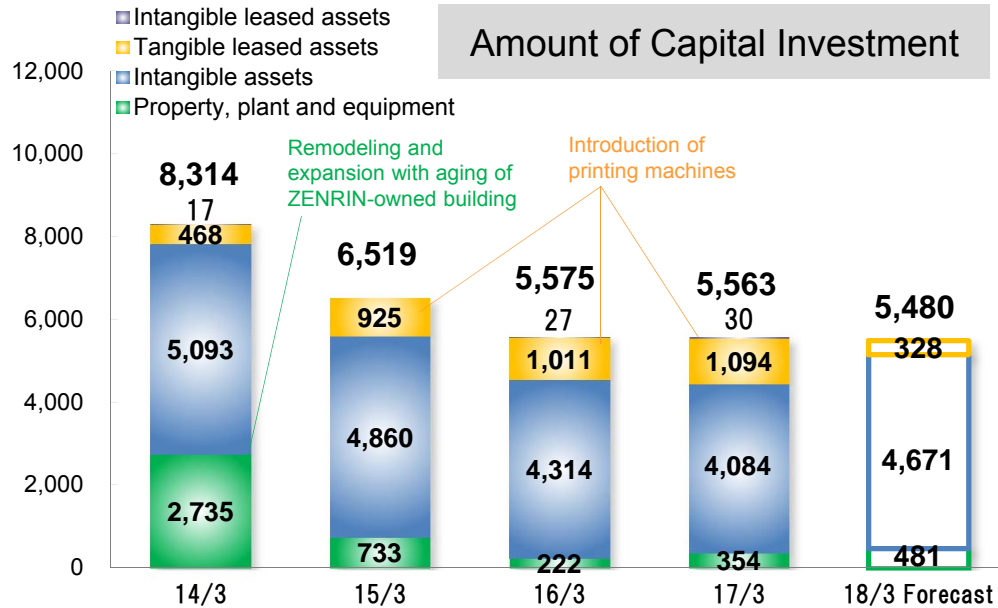


Down 73 (-28.7%)



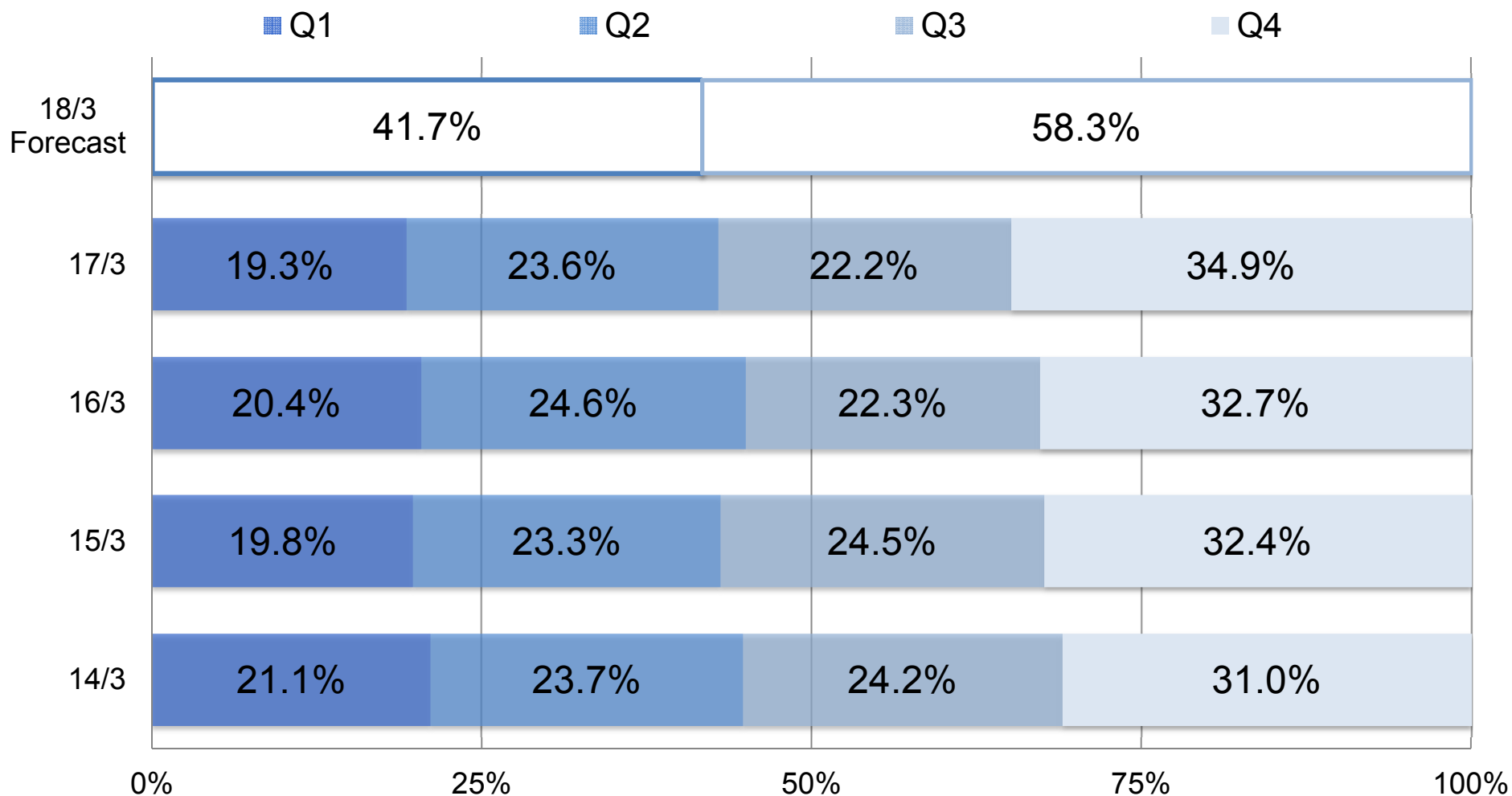
3) Amount of Capital Investment, Depreciation and R&D Costs

Briefing on Results for FY2017



4) Changes in Composition of Net Sales by Quarter

Briefing on Results for FY2017



■ Zenrin Geo Intelligence Co., Ltd. collaborates with Acxiom Japan in the area of data for Internet ad targeting

(January 18, 2017)

Zenrin Geo Intelligence's lifestyle classification data by building type are edited to be in a format that can be used for ad targeting and are now provided through Acxiom (adopted in the Facebook partner category in Japan) as data that enable more precise Internet targeting.

◆ Lifestyle classification data by building type

Data that have been sorted and estimated by Zenrin Geo Intelligence based on Zenrin's building data on 32 million buildings nationwide, using attributes of buildings such as detached houses and residential apartments and statistical data such as income and savings, as well as regional attributes such as population density and land price.

*These data are estimated from the areas in which people live and do not allow individuals to be identified.

~Typical traditional Internet ad targeting~

Techniques using age, sex, etc., which are called demographics and hobby, preference, etc., which are called psychographics

~Internet ad targeting based on lifestyle classification data by building type~

Can deliver ads to more relevant users through targeting using segments generated by lifestyle classification data by building type.

Anyone (whether a corporation or individual) with a Facebook ad account can deliver ads as an advertiser and advertisers who want to narrow down targets can deliver ads to those prospective customers who are more likely to buy.

GIS

■ Zenrin Geo Intelligence Co., Ltd. added a new plan to support verification and planning of sales promotion to its cloud-type service "Market Platform," which provides browser-based marketing area analysis capability.

(February 28, 2017)

The "Standard" plan, which allows users to feed their own customer data, is added to Market Platform (or Makepla for short), which is a cloud-type marketing area analysis service that can be easily used through web browsers

By combining their customer data with the statistical data provided, users can evaluate the current status such as the degree of recognition and penetration relative to the market size of the area in which customers live, which is useful for the verification of promotional activities and the development of future promotion and sales plans

◆ Market Platform or Makepla

A cloud-type marketing area analysis service with which users can easily learn the characteristics of a particular city. It displays the details of demographics, annual household income, major retail shops, etc., of a particular city or an area centered around a station from the census and annual income data provided.

◆ Line-up

| Plan | Features | Monthly charge @TID | Use method |
|---------------------------------|---|---------------------|-------------|
| Simple (previously Standard) | Prepare analysis results as a summary marketing area report (PDF) | 1,980 yen | Web browser |
| Light (previously Premium) | Screening analysis function is added to the functions of "Simple" | 10,000 yen | Web browser |
| Standard | Customer data feeding function is added to the functions of "Light" | 20,000 yen | Web browser |

GIS

■ The map stationery “mati mati” line-up expanded to include Nagoya and Hiroshima (February 8, 2017)

With high popularity since the launch in January 2016, the line-up expanded to include 12 cities (Nagoya and Hiroshima newly added) and 48 colorful product types

◆ Line-up (4 items in total)

- 3LAYER mati FILE (clear file folder) : 380 yen
- STREET MEMO TAPE (masking tape) : 430 yen
- MAP WRAP NOTEPAD (note pad) : 380 yen
- TRAVEL TAG FUSEN (sticky tags) : 480 yen

◆ Map design areas (12 areas in total)

Marunouchi, Omotesando, Kichijoji, Fukuoka Tenjin
Kyoto, Umeda, Kobe, Yokohama, Sendai, Sapporo
Nagoya, Hiroshima <New>

◆ Distribution network

- Our official online-shop: ZENRIN Store
- Loft shops
- Internet store omni7



Publishing

■ Zenrin map data adopted for the first time as a print design on garments sold under the apparel brand “MASTER BUNNY EDITION” managed by TSI Groove & Sports Co., Ltd. (February 10, 2017)

Zenrin is promoting new market development by proposing new applications of map data that it has accumulated over many years. The “mati mati” line-up using map data as part of its design is an example of such effort.

Zenrin proposed the application of map data to apparel design to MASTER BUNNY EDITION, which resulted in this collaboration as the excellence of the map design was recognized.

◆ Enoshima area map design is used

Enoshima area in Fujisawa-shi, Kanagawa, near the place where a golf professional Megumi Kido (sponsored by Zenrin, who is a PEARLY GATES/MASTER BUNNY EDITION brand advisor, was born and raised.



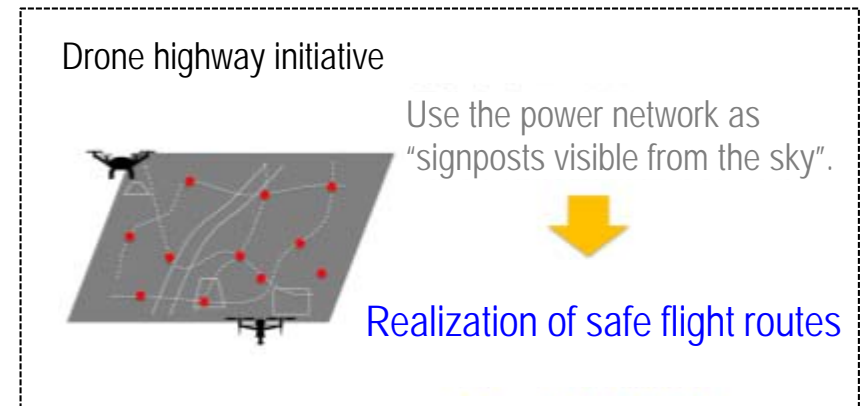
Publishing

■ Announced a business partnership with Tokyo Electric Power Company Holdings, Inc. toward the realization of “Drone Highway Initiative,” which supports safe flight of drones from the infrastructure side. (March 29, 2017)

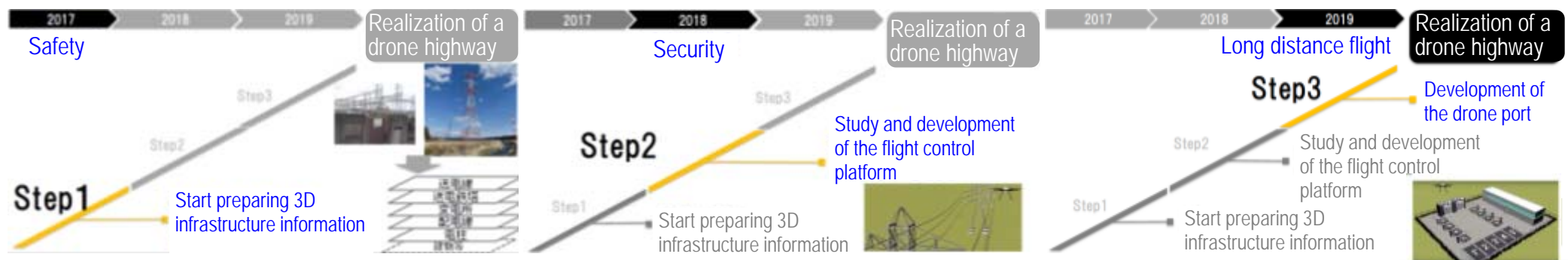
Zenrin will collaborate with Tokyo Electric Power Company Holdings, Inc. toward the realization of the “Drone Highway Initiative” in FY2019 by combining the “3D aerial space map,” which is a 3D representation of aerial space information that Zenrin is currently developing, with the TEPCO Group’s infrastructure data including those about substations, transmission towers, utility poles, and overhead power transmission lines.

Outline of the business partnership

- ◆ Preparation of 3D infrastructure information about objects that may become obstacles to the flight of drones
- ◆ Study and development of the flight control platform necessary for infrastructure inspection
- ◆ Development of the drone port equipped with charging equipment



Roadmap to realization



■ Will Smart Co., Ltd. developed a service status guidance system, which can also be used by foreign travelers visiting Japan, jointly with Kyushu Railway Company*. *Hereinafter JR Kyushu (March 29, 2017)

A service status guidance system developed jointly with JR Kyushu to improve convenience for station users including foreign tourists visiting Japan. Devices will be installed and the operation will start in order at prefectural capital stations and other stations.

Functions, locations, etc.

- ◆ Real-time information display (in four languages: Japanese, English, Chinese, Korean)
 - Real-time information provided via the Internet through the operation on administration screens using PCs or smartphones owned by each station
 - Users have real-time access not only to service status information, but also to train location information through the interface with JR Kyushu's application's "Dore Dore" function

- ◆ High visibility with 4K high-definition images
The "Will-Sign for BRAVIA" digital signage delivery system developed by Will Smart is used on BRAVIA LCD TV equipped with Android TV™, which is sold by Sony Marketing, Inc.

- ◆ Installed in 33 places at 30 stations in total
 - Prefectural capital stations (e.g., Hakata Station, Saga Station, Nagasaki Station, Oita Station, Kumamoto Station)
 - Tourist destination stations (e.g., Beppu Station, Huis Ten Bosch Station)

Screenshot



Installation underway



ZENRIN

Maps to the Future

ZENRIN Co., Ltd. <http://www.zenrin.co.jp>
Corporate Management Division, Management Control & IR Department
IR contact email: zenrin-ir@zenrin.co.jp