

ZENRIN

Securities Code: 9474

Briefing on Results for Fiscal 2016

(Year Ended March 31, 2016)
May 13, 2016

ZENRIN Co., Ltd.

President and CEO
Executive Vice President
Corporate Management Division,
General Manager of Management
Control & IR Department

Zenshi Takayama
Junya Amita
Yumiko Toshima

Maps to the Future

Briefing on Results for FY2016

1. Overview of Results for Fiscal 2016
2. Overview of Earnings Forecast for Fiscal 2017
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 2016

- 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 2016

Compared to Fiscal 2015 <increase in sales and profit>

- Robust sales related to GIS utilizing residential map databases
- Sales contribution by a subsidiary which was newly included in the scope of consolidation, starting from the third quarter of fiscal 2015
- Increase in net sales, operating income and ordinary income for the first time in three periods and increase in profit attributable to owners of parent for the second consecutive period

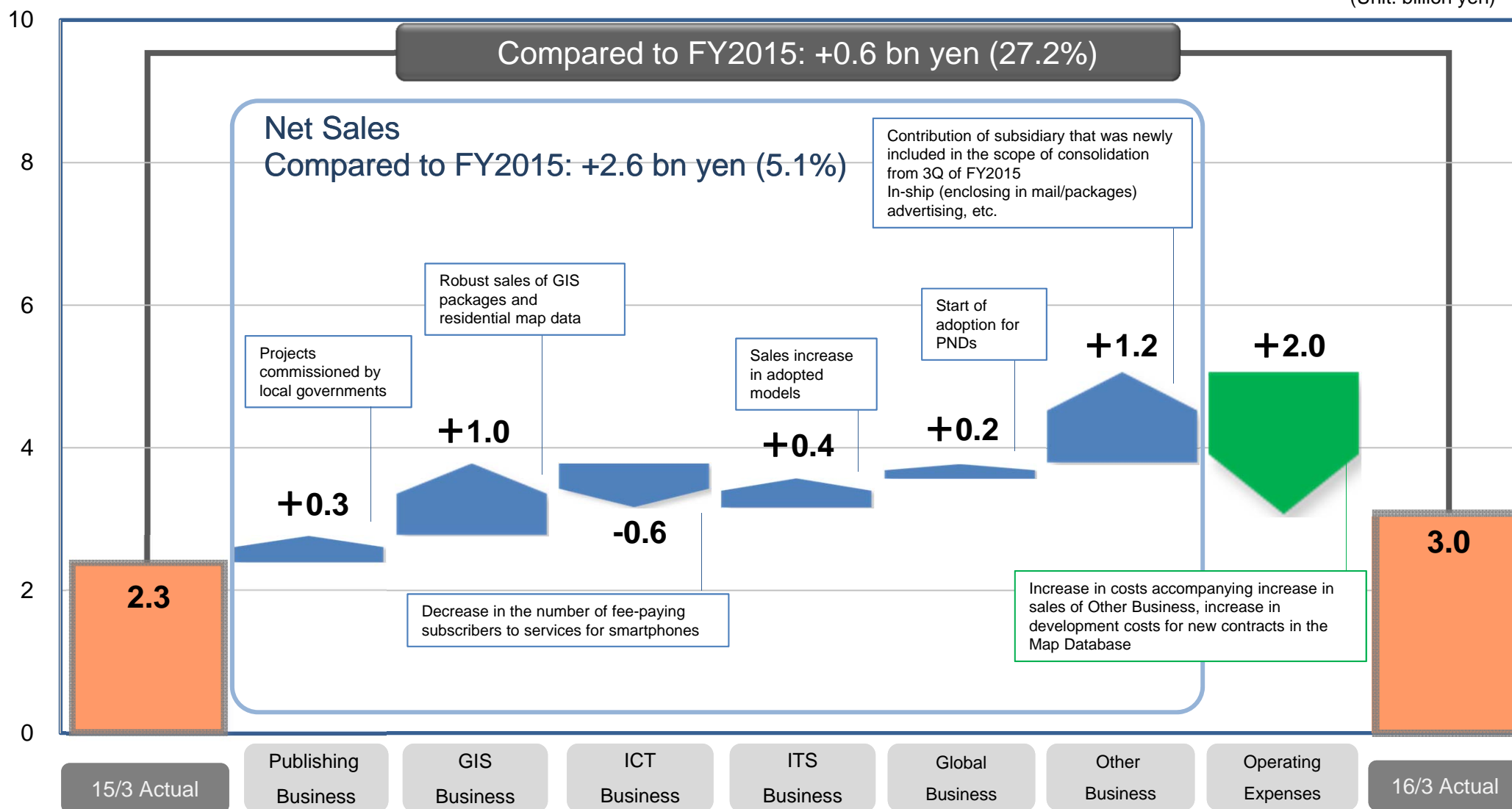
Compared to Earnings Forecast <decrease in sales and increase in profit>

- Decrease in net sales due to delay in concluding new contracts such as digital signage in ICT-related business
- Increase in profit in each business due to expenses not arising as a result of postponed net sales of new contracts and cost reduction efforts

(Unit: million yen)

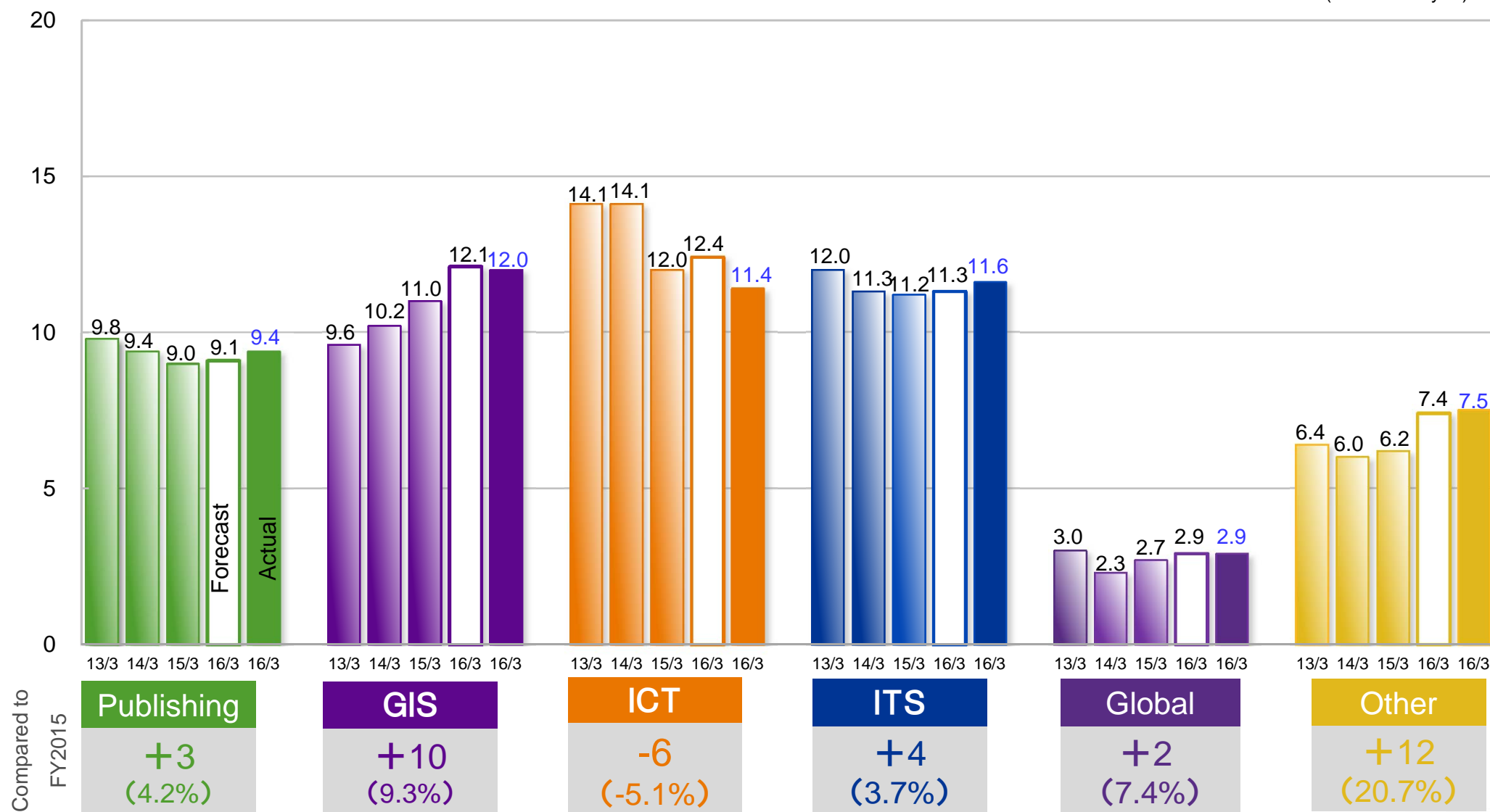
	FY2015 Actual	FY2016 Forecast	FY2016 Actual	Compared to FY2015	Change (%)	Compared to Forecast	Change (%)
Net Sales	52,286	55,500	54,970	2,683	5.1%	-529	-1.0%
Operating Expenses	49,897	53,000	51,931	2,033	4.1%	-1,068	-2.0%
Operating Income	2,389	2,500	3,038	649	27.2%	538	21.6%
Operating Margin	4.6%	4.5%	5.5%	0.9pt	—	1.0pt	—
Ordinary Income	2,751	2,800	3,427	676	24.6%	627	22.4%
Profit Attributable to Owners of Parent	1,464	1,500	1,610	145	10.0%	110	7.4%

1-2) Causes for Change in Operating Income



1-3) Net Sales by Business under Medium- to Long-Term Business Plan ZGP2020

(Unit: billion yen)



*Net sales for fiscal 2013 (year ended March 31, 2013) and fiscal 2014 (year ended March 31, 2014) are net sales compiled based on the business composition under ZGP2015.

1-4) Segment Information

Sales
Composition

83.9%

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



2. General Printing Segment

Main Items: Commercial printing



3. Other

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



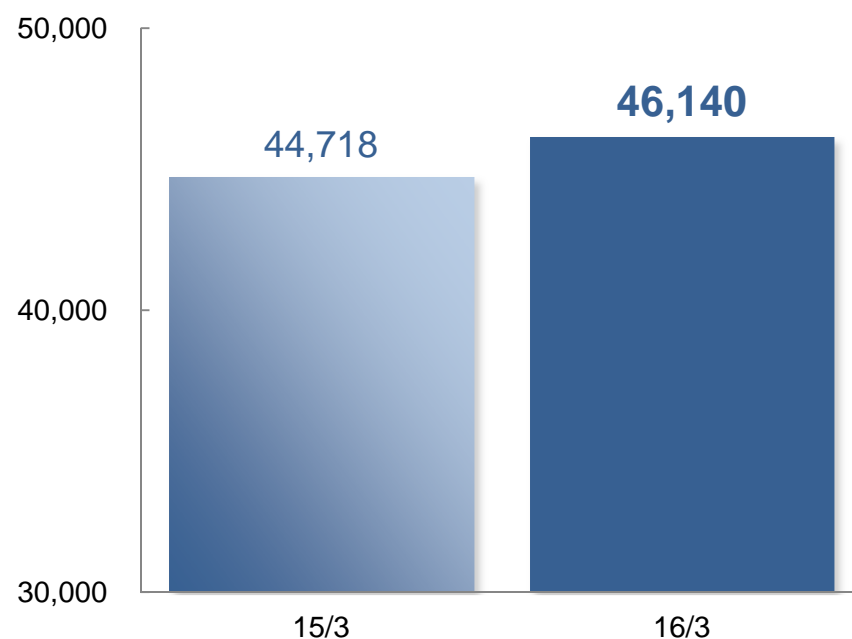
1-4) Map Database Segment

(Unit: million yen)

Net Sales

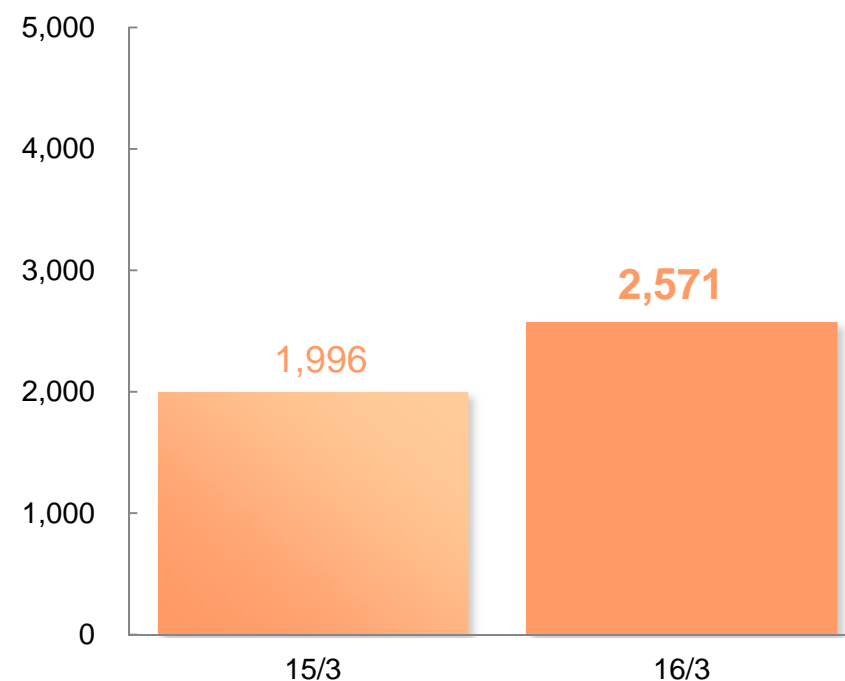
Compared
to FY2015

Up 1,421 (3.2%)



Operating Income

Up 574 (28.8%)



- Robust sales related to GIS utilizing residential map databases and landed projects commissioned by local government.
- In ICT business, the number of fee-paying subscribers of services for smartphones has been decreasing.

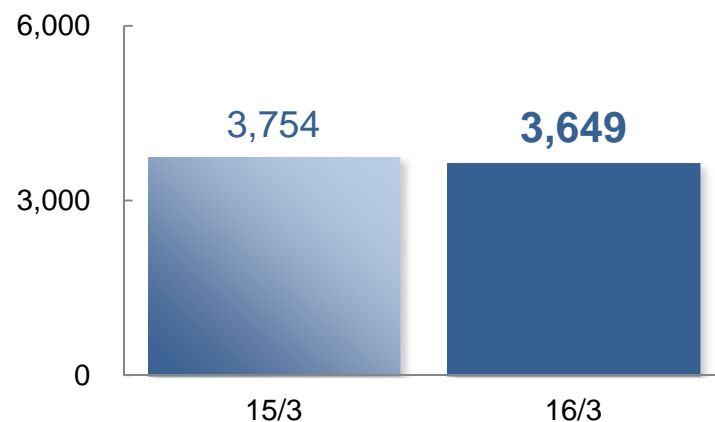
1-4) General Printing Segment, and Other

General Printing Segment

Net Sales

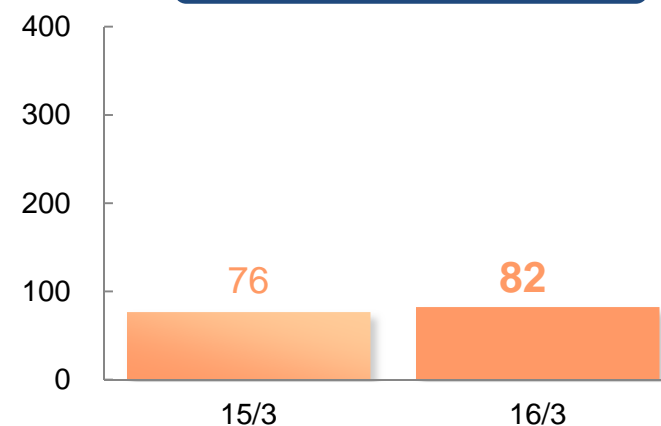
Compared to
FY2015

Down 105 (-2.8%)



Operating Income

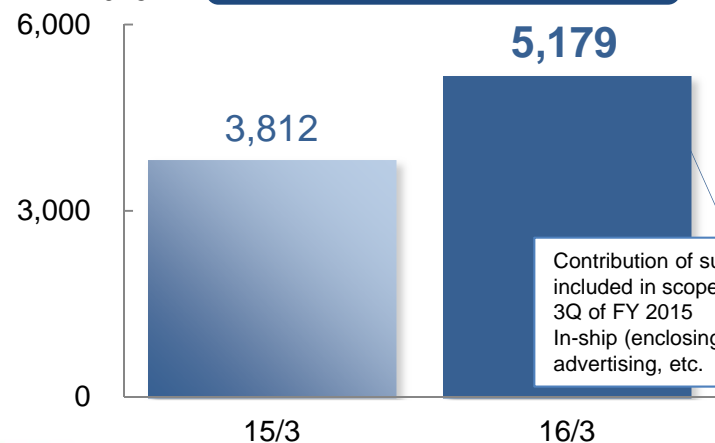
Up 5 (6.9%)



Other

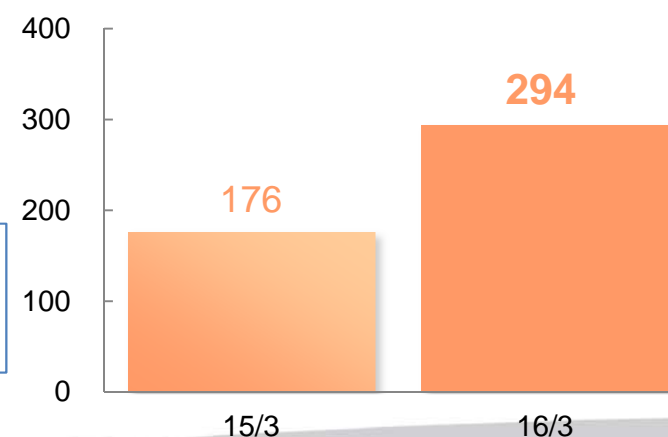
Up 1,367 (35.9%)

Compared to
FY2015



Contribution of subsidiary that was newly included in scope of consolidation from 3Q of FY 2015
In-ship (enclosing in mail/packages) advertising, etc.

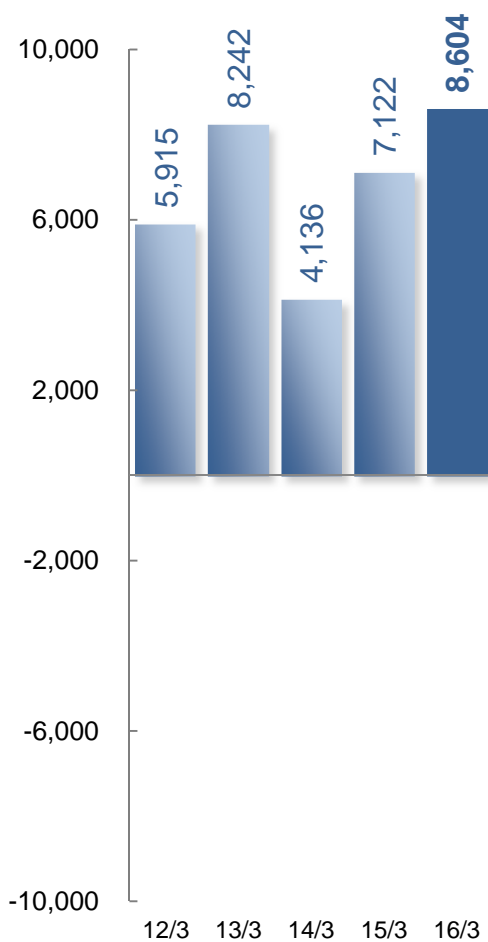
Up 117 (66.3%)



1-4) Changes in Cash Flows

Operating Cash Flows

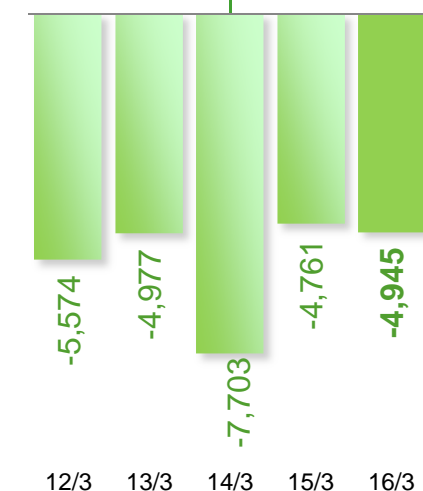
Inflows up 1,481



Investing Cash Flows

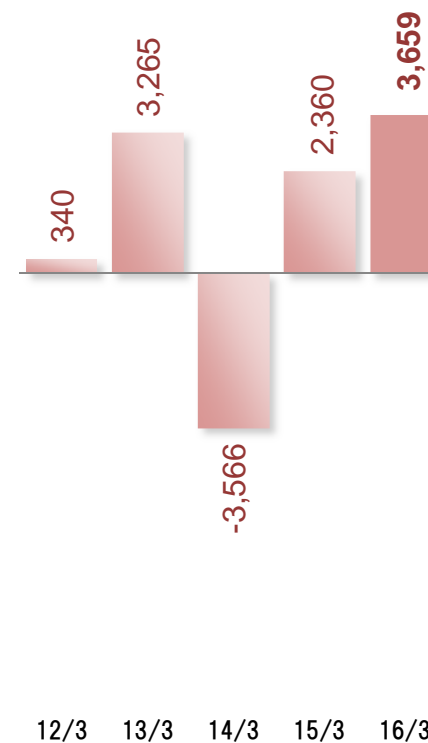
Outflows up 183

Remodeling and expansion of
ZENRIN-owned property



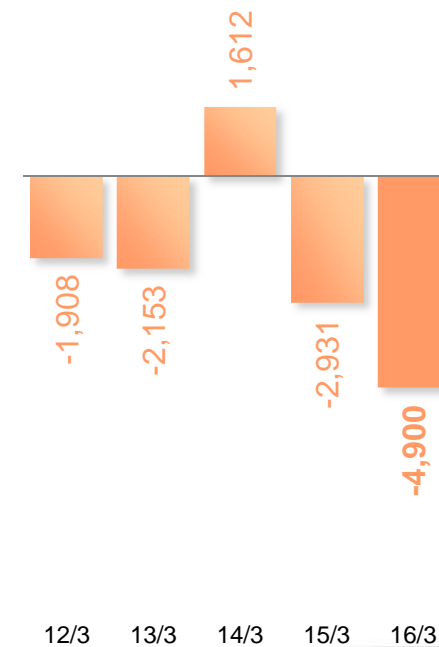
Free Cash Flows

Inflows up 1,298



Financing Cash Flows

Outflows up 1,968



2. Overview of Earnings Forecast for Fiscal 2017

- 1) Earnings Forecast for Fiscal 2017
- 2) Dividends

2-1) Earnings Forecast for Fiscal 2017

Earnings Forecast for Fiscal 2017

ZGP2020 Second Year <Increase in income and profit>

Securing of earnings from existing businesses and realization of productivity reform

■ Securing of earnings from GIS Business

■ Reduction of fixed cost ratio through productivity reform

■ Stable operation of Zenrin Integrated Geospatial System and product development

(Unit: million yen)

	FY2016 Actual	FY2017 Forecast	Compared to FY2015	Change (%)
Net Sales	54,970	57,000	2,029	3.7%
Operating Expenses	51,931	53,600	1,668	3.2%
Operating Income	3,038	3,400	361	11.9%
Operating Margin	5.5%	6.0%	0.5pt	—
Ordinary Income	3,427	3,700	272	7.9%
Profit Attributable to Owners of Parent	1,610	2,200	589	36.6%

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

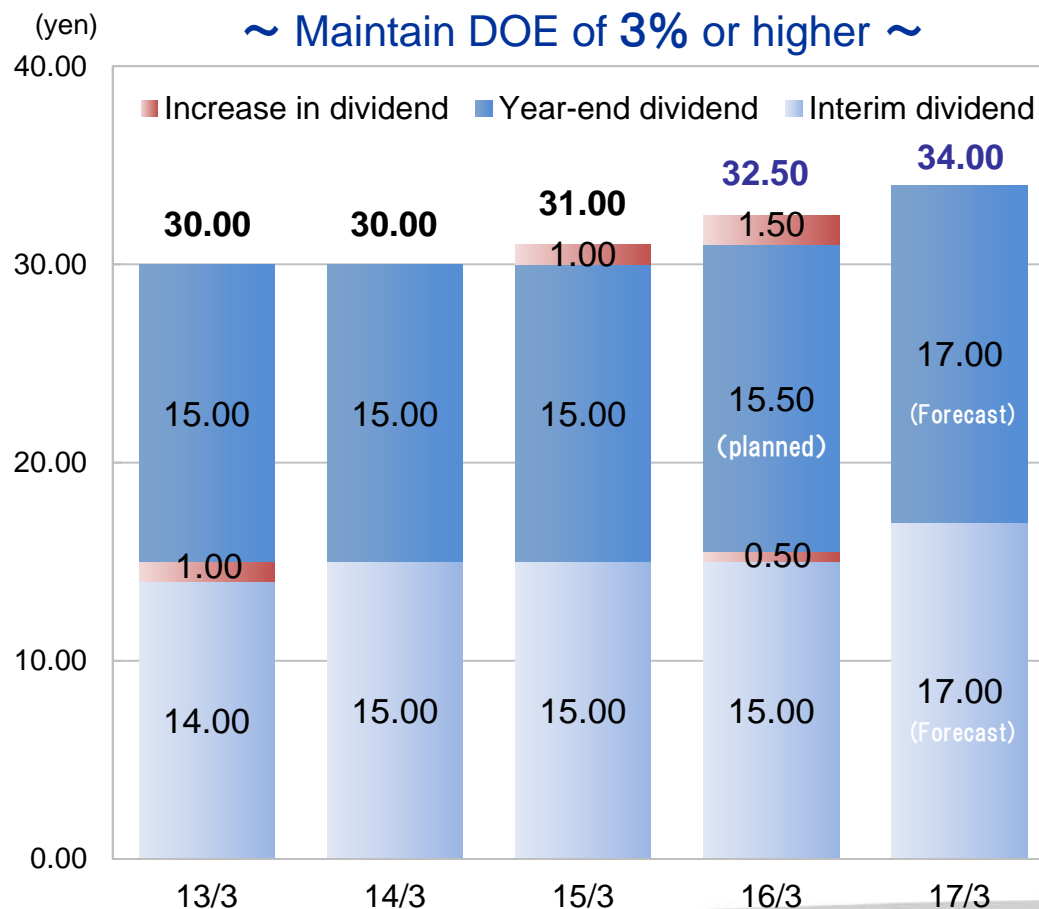
Target dividend on equity (DOE) on a consolidated basis of 3% or higher

FY2016 Dividend (Compared to FY2015)

Interim	15.50 yen (+0.50 yen)
Year-end (planned)	17.00 yen (+1.00 yen)
Annual (planned)	32.50 yen (+1.50 yen)

FY2017 Dividend (Compared to FY2016)

Interim forecast	17.00 yen (+1.50 yen)
Year-end (forecast)	17.00 yen (-)
Annual (forecast)	34.00 yen (+1.50 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				
	FY2015 Actual	FY2016 Actual	FY2017 Forecast	FY2018 Target	FY2020 Target
Consolidated Net Sales	52.2 bn yen	54.9 bn yen	57.0 bn yen	60.0 bn yen	70.0 bn yen
Consolidated Operating Income (Margin)	2.3 bn yen (4.6%)	3.0 bn yen (5.5%)	3.4 bn yen (6.0%)	5.0 bn yen (8.3%)	10.0 bn yen (14.2%)
ROE (Return on equity)	3.9%	4.0%	5.4%	8%	12% or higher
DOE (Dividend on equity on a consolidated basis)	3.0%	3.0%	3% or higher	3% or higher	3% or higher

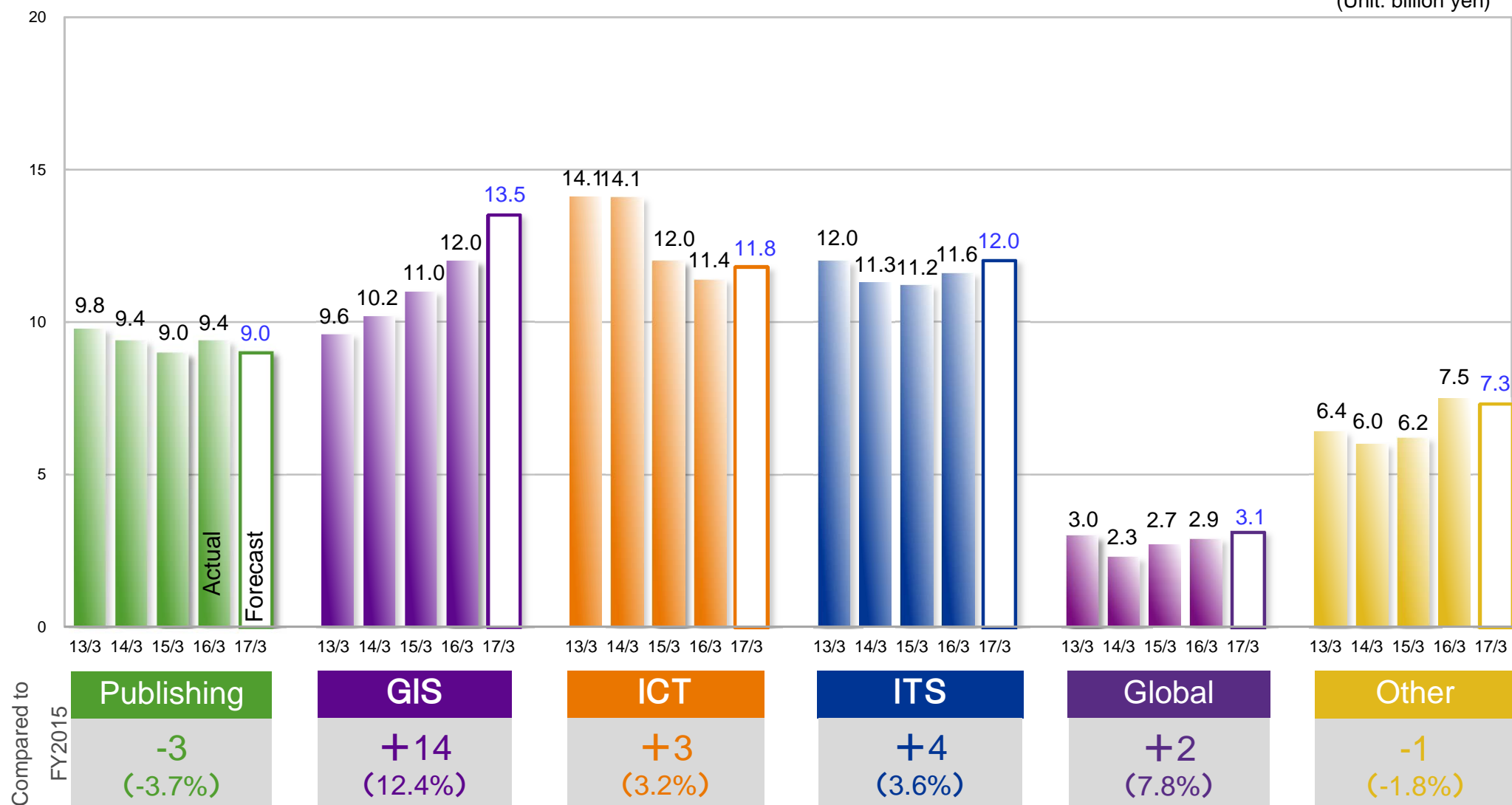
Progress/
Evaluation of
FY2016

Challenges
towards
FY2020

- Securement of stable earnings from existing businesses through release of GIS package products, which is a priority business; making business support solution proposals; providing information on vacant houses to local governments, etc.
- Start of development of high precision map data for ADAS.
- Start of prototyping and demonstration experiment for commercialization of businesses in tourism, stationery, drones, etc.
- Development of applications/establishment of sales strategies for further earnings expansion in GIS Business.
- Establishment of a ZENRIN/collaborative business model in ADAS and tourism with early profitability.
- Early realization of products/services utilizing Zenrin Integrated Geospatial System.

3-2) Net Sales by Business under ZGP2020

(Unit: billion yen)



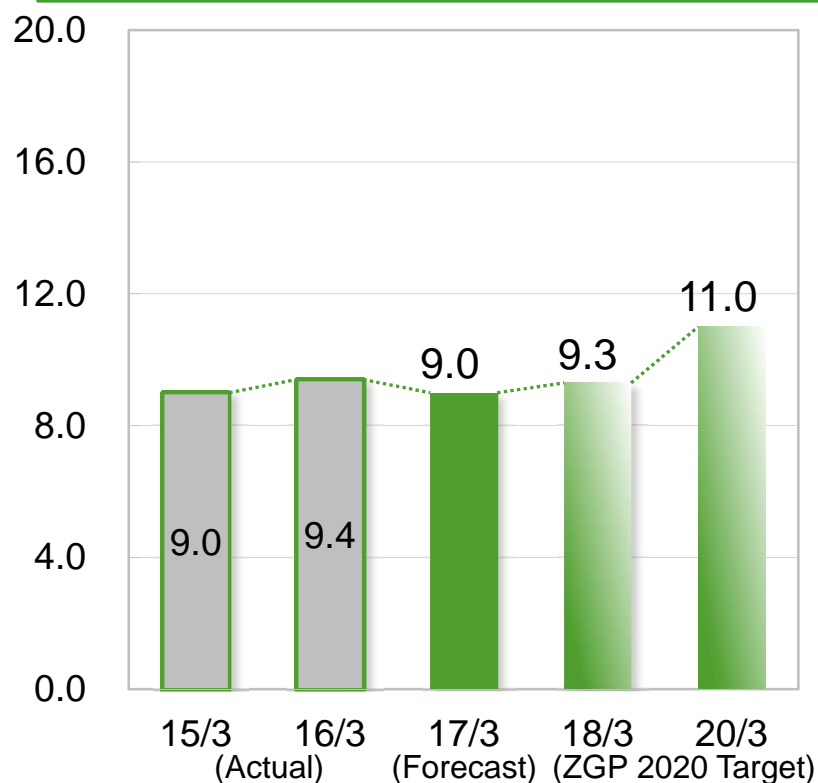
*Net sales for fiscal 2013 (year ended March 31, 2013) and fiscal 2014 (year ended March 31, 2014) are net sales compiled based on the business composition under ZGP2015.

3-3) ZGP2020 Business Strategy —Publishing Business—

FY2017 Net Sales Forecast
Compared to FY2016: -0.3 bn yen (-3.7%)

<Primary initiatives>

Shift in sales style (approximately 60 bases nationwide)
Development of proposal-based products for local governments



Pursuit of the “solutions” of print media

Shift from flow-type models to stock-type models

Planning, development and verification of products and services/Shift in sales style

Enrichment of easily-accessible on-demand service

Enrichment of proposal-based products evolved from order-based products

Landing commissioned survey work vacant housing countermeasures



Creation of markets by innovating new map concepts

Expansion of sales of map stationery

- “mati mati” series
Expansion of areas and sales channels
- Planning of new products

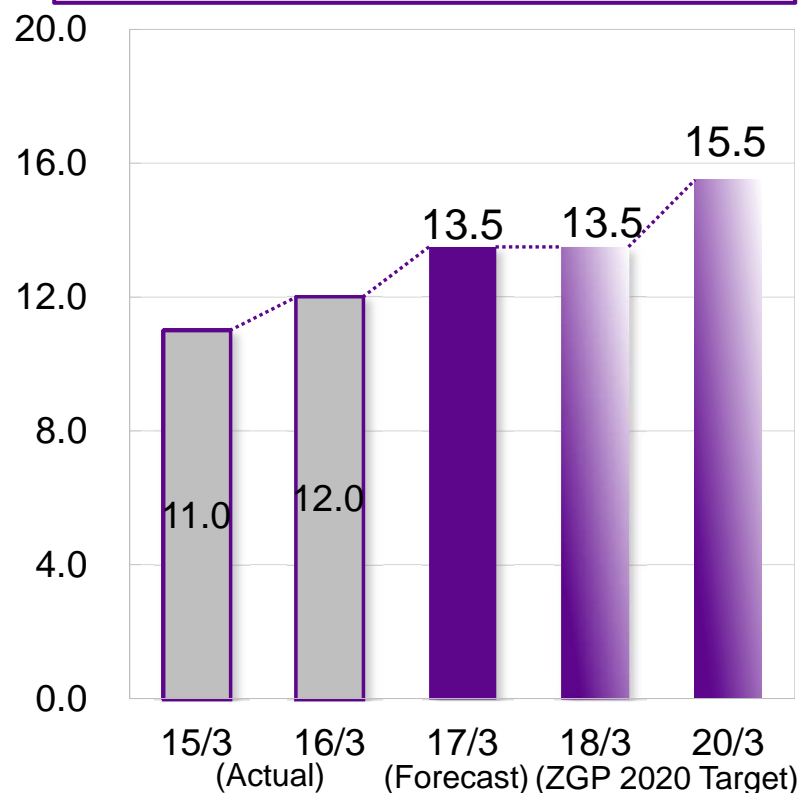


3-3) ZGP2020 Business Strategy –GIS Business–

FY2017 Net Sales Forecast
Compared to FY2016: +1.4 bn yen (+12.4%)

<Primary initiatives>

Securement of stable earnings from existing services and expansion of sales by releasing entry products



Enrichment of concept products

Building of the ZENRIN GIS brand through release of products resulting from development of applications and through introduction of new pricing

★ Release of Package products featuring a clear map-themed concept

- Securement of stable earnings from the 4 series of GIS packages
- Release of new products and cultivating of sales channels towards expansion of sales holdings

Release of entry models for expanding utilization of GIS

Release of GIS marketing service

Establishment of local government platform

★ Establishment of data-circulation-type business model

Establishment of product strategies using/applying information held by partners and map data

3-3) ZGP2020 Business Strategy -GIS Business- (Building of GIS Brand)

Building of GIS Brand

*Figures are sales volume for fiscal 2017 (Compared to FY 2015)

Government
agencies/local
governments

Large enterprises

Small- and medium-
sized enterprises

Sales

Marketing

Operation

(New) For local
governments

(New) Data-circulation-type business

Solution
(premium)

11.5 billion yen (+7)

Provision of residential map data for dedicated systems

- Fire department/police (emergency command system, etc.)
- Financial sector (collateral valuation, customer management, etc.)
- Door-to-Door delivery (delivery, GPS fleet management, etc.)

Utilization of residential map data and other information

- Real estate brokerage (property management, transactions)
- Local government, real estate brokerage (vacant houses, vacant land)
- Infrastructure industry (facility management)
- For enterprises (facility management, sales support, marketing, etc.)



(New) Service provision through
development of applications

Selection
(standard)

0.5 billion yen (+3)

GIS marketing



Package
(entry)

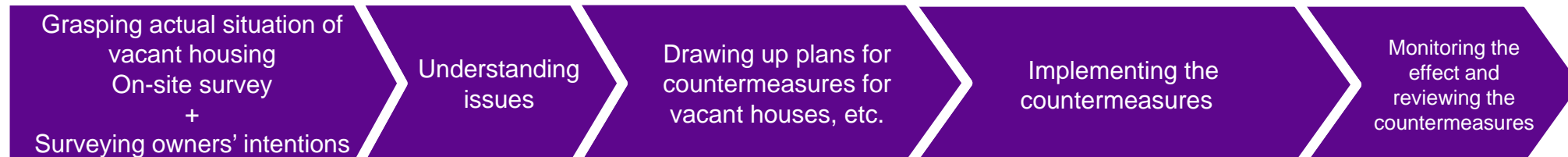
1.5 billion yen (+4)

GIS packages

- Existing 4 titles
- Release of new titles

3-3) ZGP2020 Business Strategy -GIS Business- (Comprehensive Solution for Vacant Housing Countermeasures)

Comprehensive solution for vacant housing countermeasures (Business support in grasping vacant house locations to implementing countermeasures)



<Utilization of ZENRIN's on-site survey network> Fiscal 2016~

Landing commissioned survey work from local governments

- Fiscal 2016: 104 cases
- Fiscal 2017: 100 cases and more

<Collaboration with Japan Real Estate Institute>

- Producing countermeasure proposals for each property
- Supporting drawing up of plans for vacant housing countermeasures, etc.
- Supporting countermeasures/measures for designated vacant houses, etc.

- Supporting measures such as holding seminars for residents
- Supporting setting up/operating councils

Example of vacant housing survey map



整理番号	種別	所在地	用途	構造	階数
A0001	空家	***北町1-2-3	住居	木造	1
A0002	特定空家	***南町2-3-4	住居	木造	2
A0003	特定空家	***西町3-4-5	住居	木造	2
A0004	空家	***東町4-5-6	店舗	木造	1
A0005	空家	***北町5-6-7	住居	木造	1
A0006	特定空家	***南町1-2	店舗	木造	2
A0007	空家	***西町2-3	住居	木造	2
A0008	空家	***東町3-4	住居・店舗	木造	2
A0009	空家	***北町4-5	住居	木造	2
A0010	空家	***南町5-6	住居	木造	1

Displays information on vacant houses, etc. on a map
Allows for visual grasp and organization of the information

(Reference)

“Act on special measures concerning promotion of countermeasures for vacant houses, etc.”

Enforcement date: February 26, 2015 (Full enforcement in May)

3-3) ZGP2020 Business Strategy -GIS Business- (GIS Marketing)

Briefing on Results for FY2016

ZENRIN
Maps to the Future

GIS marketing

Map data (residential map, etc.)



Statistical data

Data on the estimated number of households by annual income group

Data on the estimated number of households by savings group

Data on estimated consumer spending

Statistical data on buildings

Statistical data on residences

Statistical data on commercial clusters

Point data

Building point data

Residence point data

Made JPS Marketing Ltd., a wholly-owned subsidiary which possesses know-how of GIS marketing
Has been strengthening GIS marketing business with ZENRIN GEO INTELLIGENCE CO., LTD. since April 2016

Expansion of existing market share

- ZENRIN's sales resources
- Cooperation with ZENRIN DataCom Co., Ltd.
- Direct mail delivery services of ZENRIN BIZNEXUS Co., Ltd.

Creation of new markets

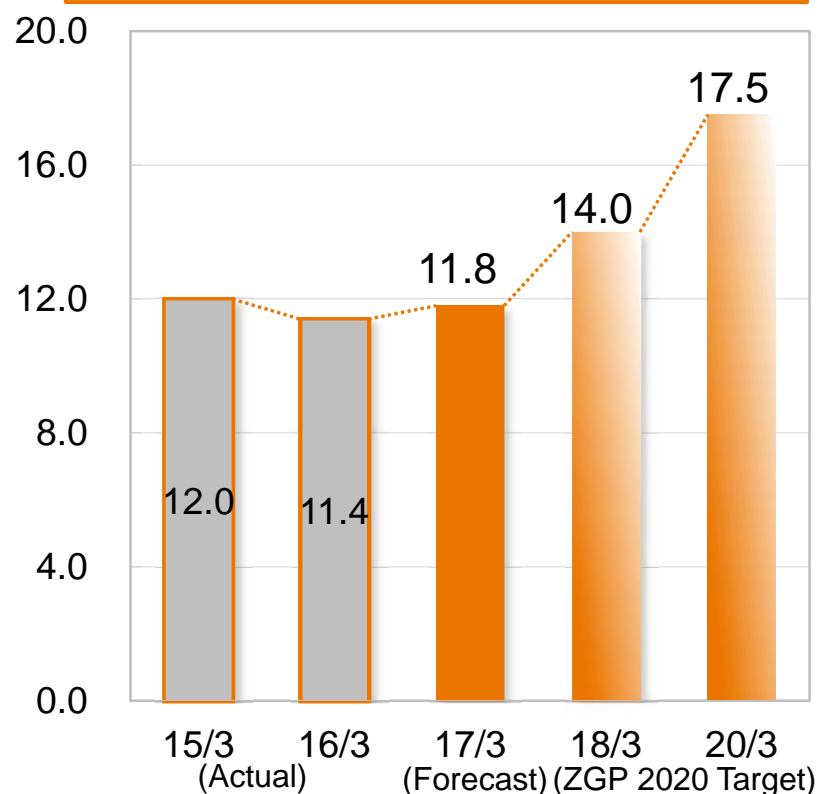
- Release of entry models
- Analysis utilizing GPS location information

3-3) ZGP2020 Business Strategy –ICT Business–

FY2017 Net Sales Forecast
Compared to FY2016: +0.3 bn yen (+3.2%)

<Primary initiatives>

Expansion of adoption of maps in IT media
Early launch of collaborative services in tourism



Pursuit of IT media “solutions”

★ Enhancement of map DB utility value
through provision of Zenrin Integrated Geospatial contents
Increase in adoption of contents for existing customers and
switchover from data of other companies

Launch of sharing model for advertising revenue
in web business

★ Digital signage market penetration
through provision of Zenrin Integrated Geospatial Database

- Adoption of signage at commercial facilities, transportation and accommodation facilities
- Adoption of multi-language map data, tourism contents and indoor information data
- Creation of collaboration service with other businesses

Expansion of location information business in “tourism”
backed by sector’s growth potential

Launch of 3D solutions through expansion
of scope of utilization of 3D data

3-3) ZGP2020 Business Strategy —ITS Business—

FY2017 Net Sales Forecast
Compared to FY2016: +0.4 bn yen (+3.6%)

<Primary initiatives>

Expansion of map data and adoption of applications
Collaboration towards employment of high precision map data

“Communications-linked navigation” and “high precision maps”

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

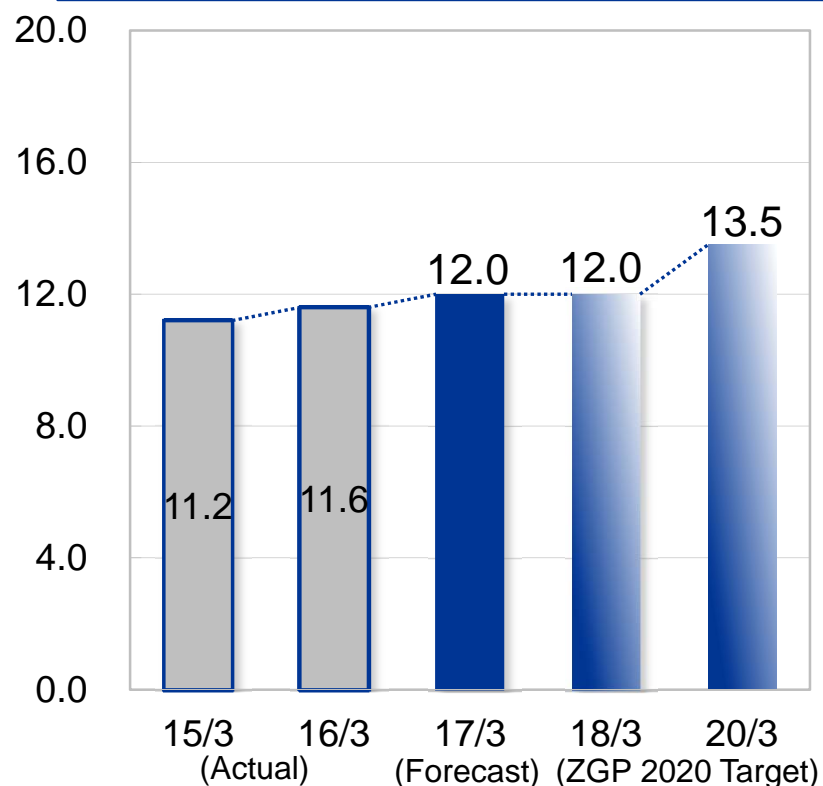
Proposal of comprehensive services
that combine map DB and applications

- Stable operation of models employed this fiscal year
- Finalization of adoption of 2018 models

Attracting overseas manufacturers
through 3D map licensing and authoring contracts

Establishment of technologies and promotion of
Product planning for high precision maps

- Promotion of adoption of data developed in advance
- Establishment of quality guarantee system towards employment of ZGM

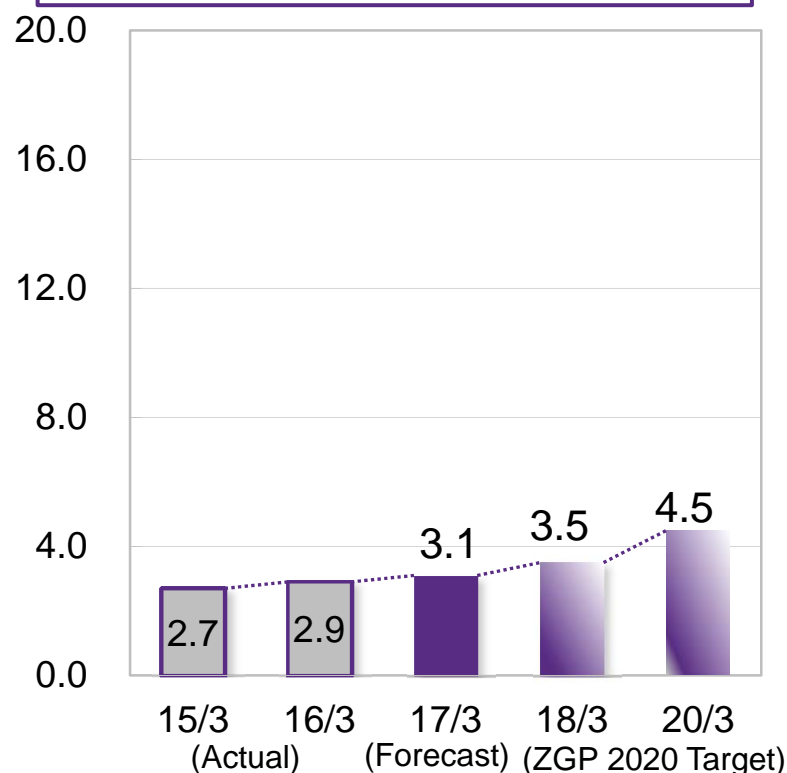


3-3) ZGP2020 Business Strategy – Global Business –

FY2017 Net Sales Forecast
Compared to FY2016: +0.2 bn yen (+7.8%)

<Primary initiatives>

Expansion of adoption in emerging markets
Verification of preparation of highly-accurate maps



Building of business base in emerging markets

★ Expansion of business in India

Ongoing discussion for adoption by
Japanese car manufacturers and navigation manufacturers

Launch of business in ASEAN

Global expansion of navigation apps and
securing of authoring contracts

★ Commencement of business feasibility testing
for launch of overseas high-accuracy business

Collaboration with overseas map vendors

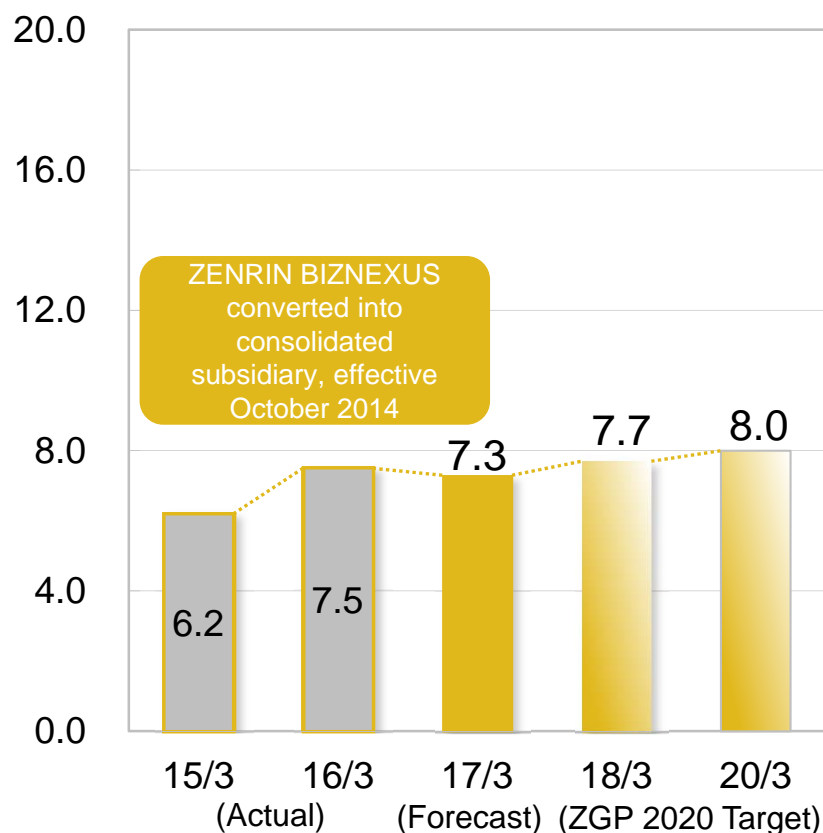
Launch of overseas GIS business

3-3) ZGP2020 Business Strategy —Other Business—

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

FY2017 Net Sales Forecast
Compared to FY2016: -0.1 bn yen (-1.8%)

Reexamination of Group synergies



Stability of general printing business

Expansion of in-ship advertising business

Sales expansion
through synergy with location information business

Appendix

FY2017 Earnings Forecast

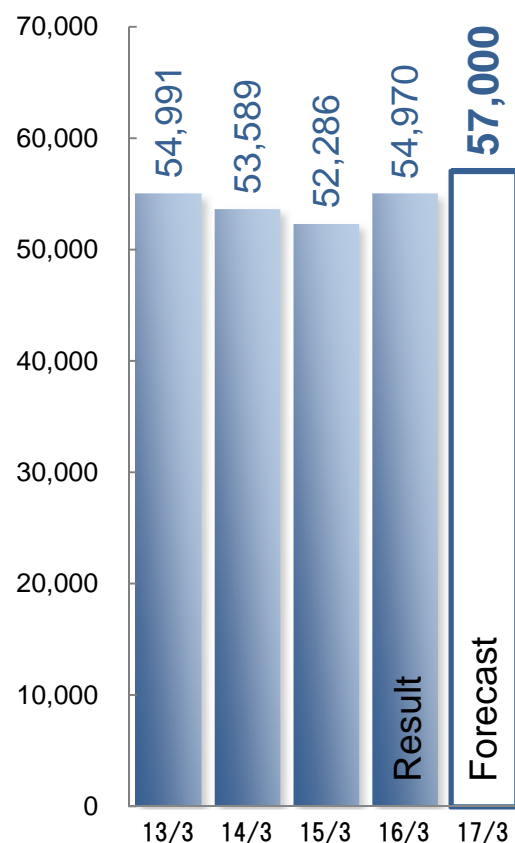
- 1) Changes in Net Sales and Income
- 2) Segment Information
- 3) Amount of Capital Investment, Depreciation and R&D Costs
- 4) Changes in Composition of Net Sales by Quarter

1) Changes in Net Sales and Income

Briefing on Results for FY2016

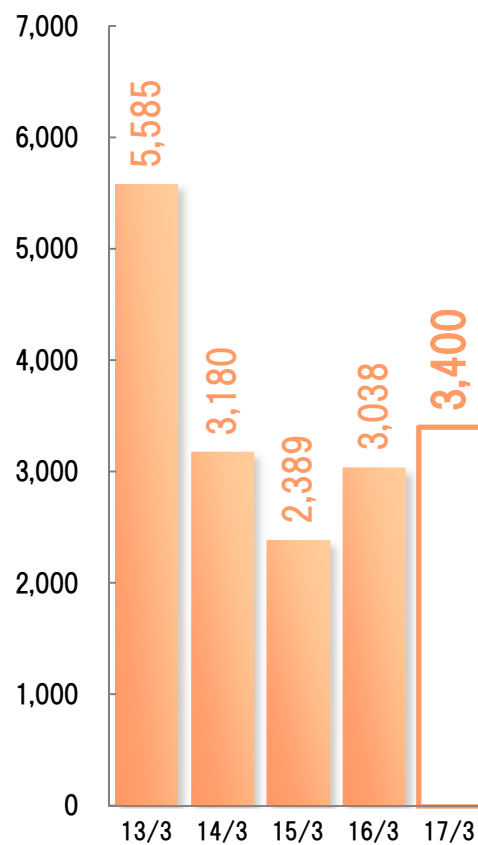
(Unit: million yen)

Net Sales



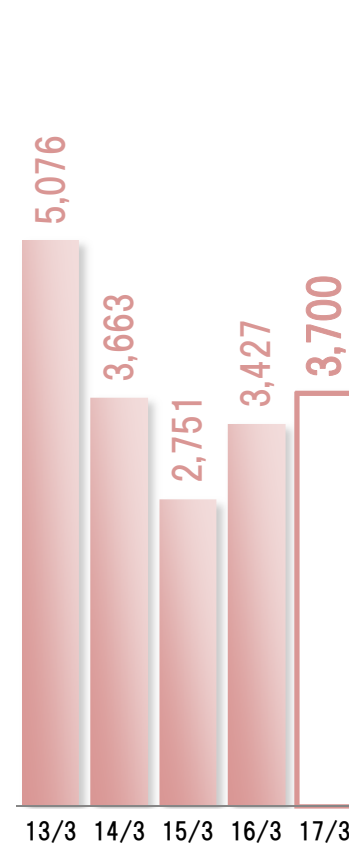
Increase in sales for two consecutive periods/Record high

Operating Income



Increase in income for two consecutive periods

Ordinary Income



Increase in income for two consecutive periods

Profit Attributable to Owners of Parent



Increase in profit for three consecutive periods

Sales
Composition

84.3%

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

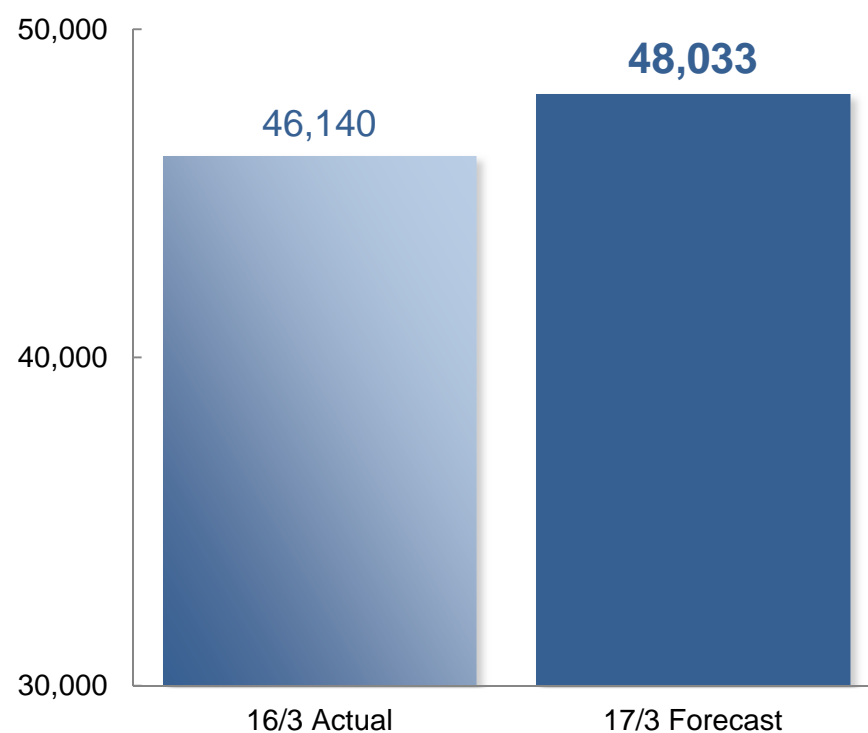
Main Items: Purchased products, digital signage, direct mail delivery services, in-ship advertising



Net Sales

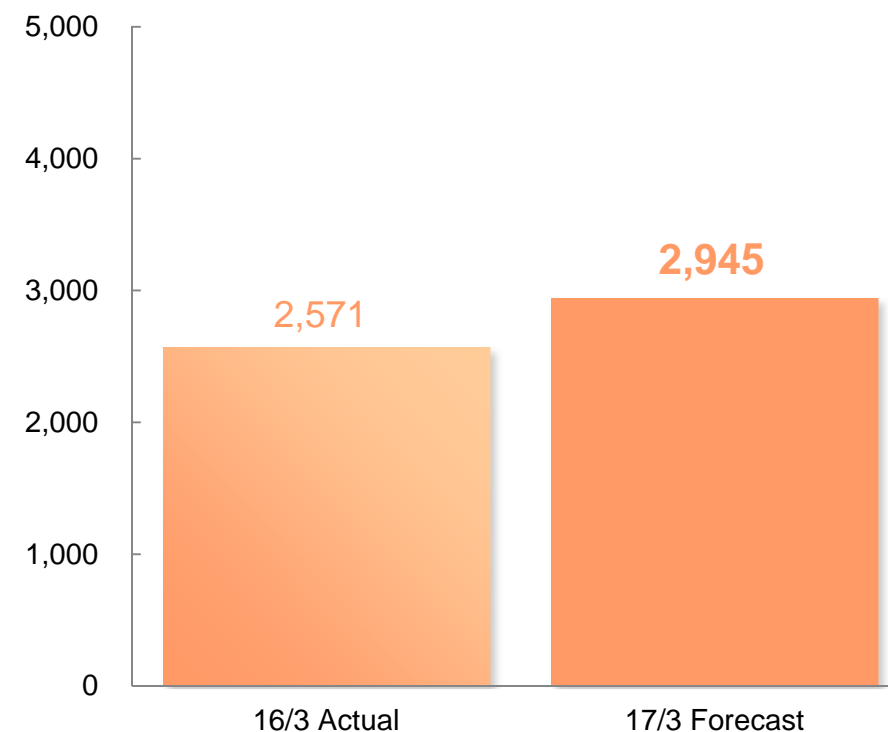
Compared to
FY2016

Up 1,892 (4.1%)



Operating Income

Up 373 (14.5%)



2) General Printing Segment, and Other

Briefing on Results for FY2016

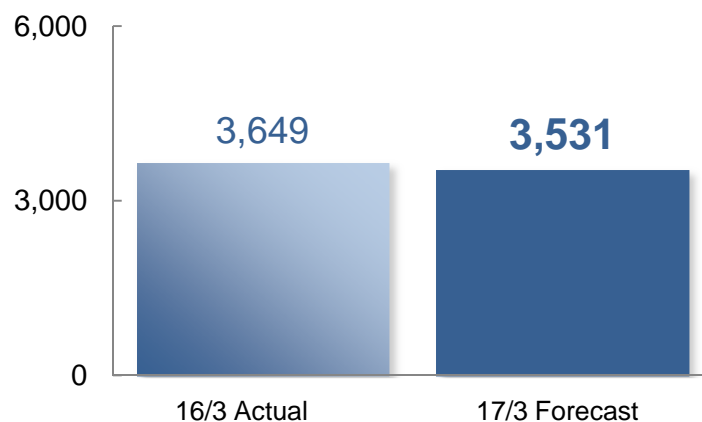
(Unit: million yen)

General Printing Segment

Net Sales

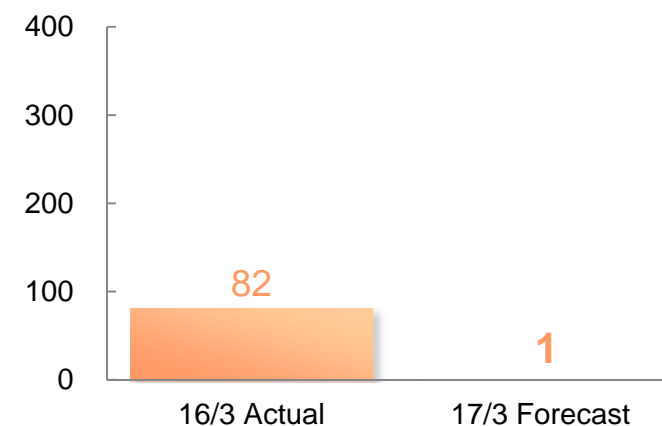
Compared to
FY2016

Down 118 (-3.2%)



Operating Income

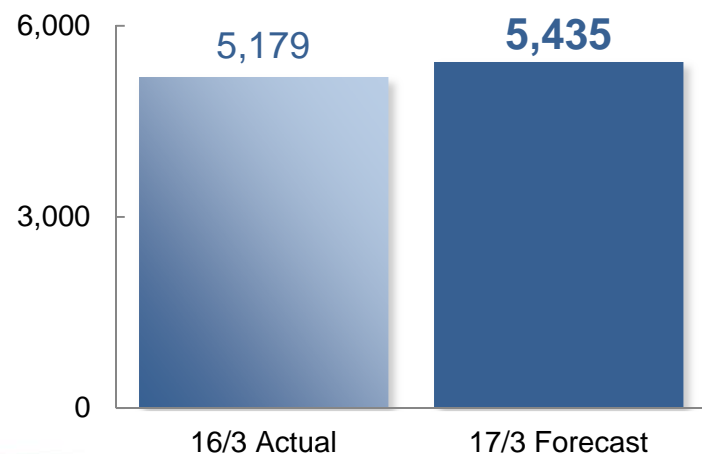
Down 80 (-97.7%)



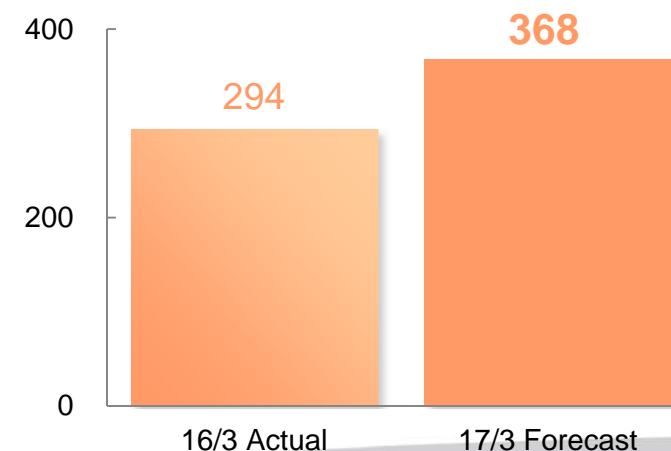
Other

Compared to
FY2016

Up 255 (4.9%)



Up 74 (25.3%)

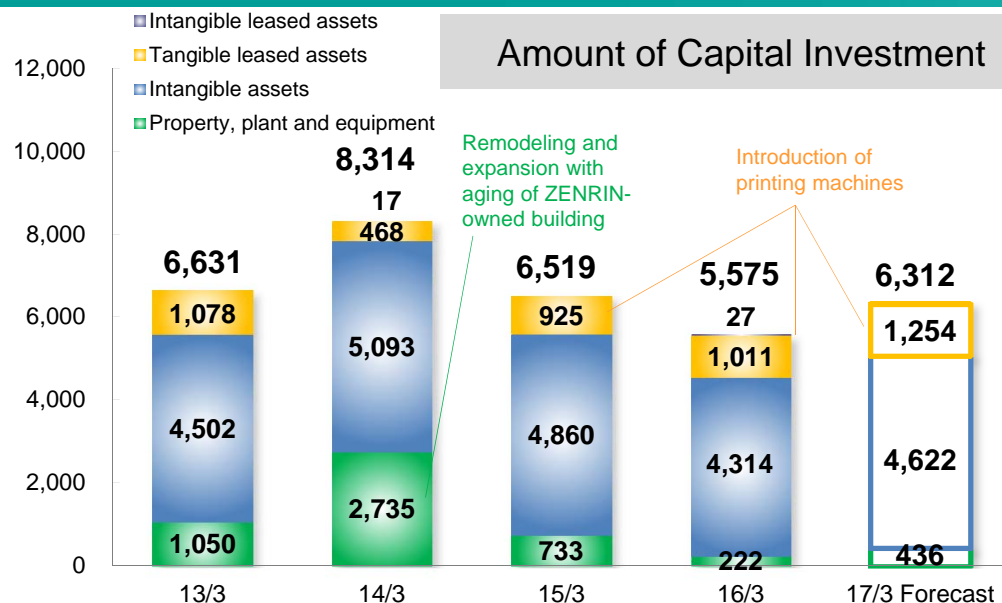


3) Amount of Capital Investment, Depreciation and R&D Costs

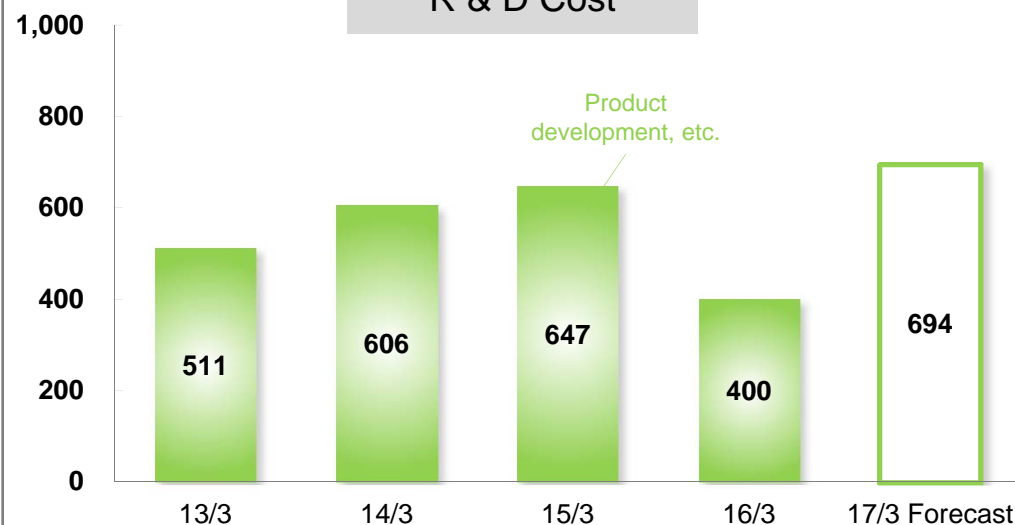
Briefing on Results for FY2016

(Unit: million yen)

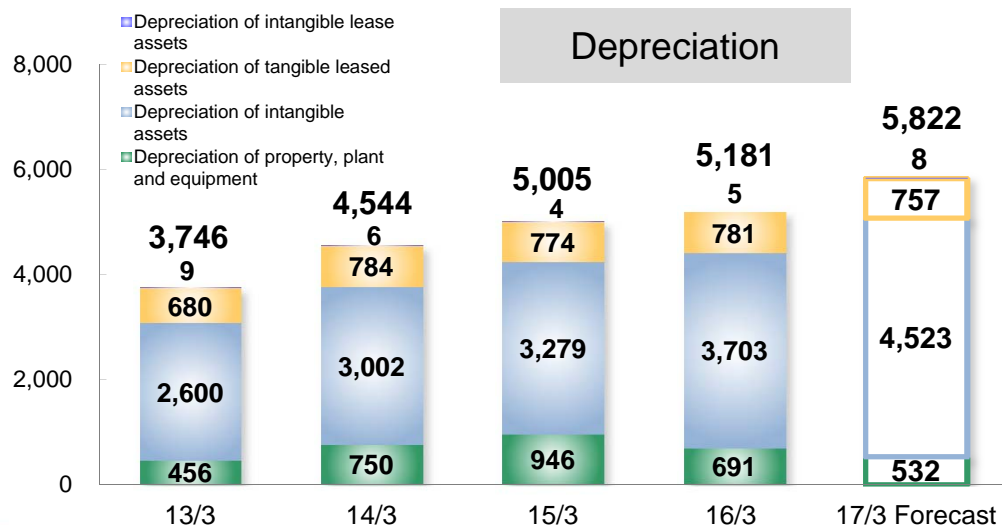
Amount of Capital Investment



R & D Cost

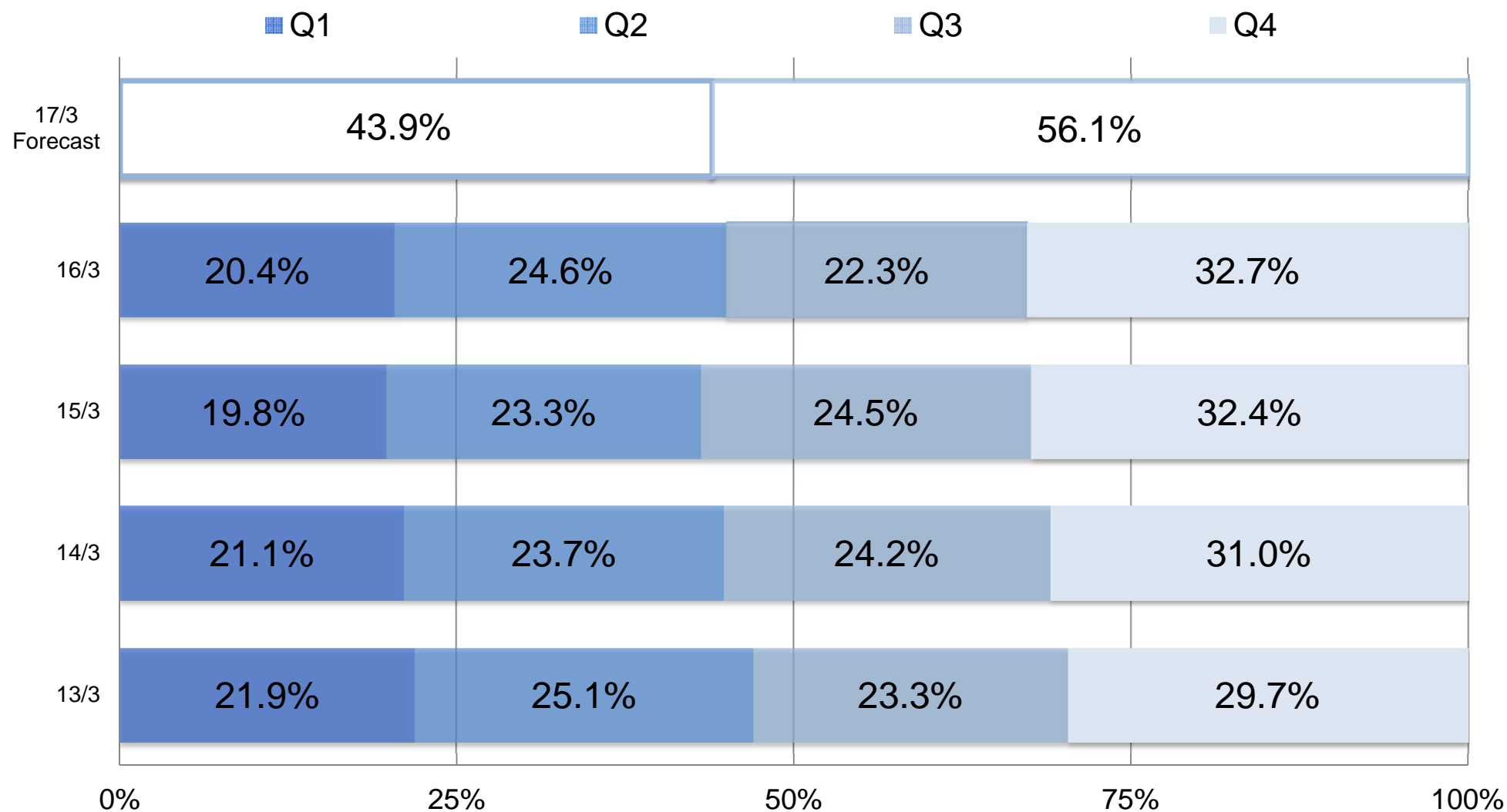


Depreciation



4) Changes in Composition of Net Sales by Quarter

Briefing on Results for FY2016



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