

ZENRIN

Securities Code: 9474

Briefing on Results for First 2 Quarters of Fiscal 2016 (Year Ending March 31, 2016)

November 12, 2015

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

Briefing on Results for First 2Qs of FY2016

1. Overview of Results for First 2 Quarters of Fiscal 2016
 2. Earnings Forecast for Fiscal 2016
 3. Business Summary
- ## 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 are negative are shown as “-.”

1. Overview of Results for First 2 Quarters of Fiscal 2016

- 1) Overview of Results
- 2) Changes in Net Sales, Income and Profit
- 3) Causes for Change in Operating Income
- 4) Segment Information
- 5) Changes in Cash Flows

Appendix (1) Overview of Results for First 2 Quarters of Fiscal 2016

- Amount of Capital Investment, Depreciation and R&D Costs
- Changes in Composition of Net Sales by Quarter

1-1) Overview of Results

Key Points of Results for First 2 Quarters of Fiscal 2016

Compared to First 2 Quarters of Fiscal 2015 <increase in sales and increase in income> *Operating income

- Robust sales related to GIS utilizing residential map databases
- Addition of the sales of a subsidiary that was newly included in the scope of consolidation, starting from the third quarter of fiscal 2015, led to increase in sales

Compared to Earnings Forecast <upward revision in light of cost reduction, etc.>

- In addition to cost reduction efforts, deferment of certain prior expenses associated with new development projects, etc. led to upward revision of earnings forecast for second quarter

Amounts in million yen

	First 2Qs of FY2015 Actual	First 2Qs of FY2016 Earnings Forecast (May 8)	First 2Qs of FY2016 Revised Forecast (Oct. 23)	First 2Qs of FY2016 Actual	Compared to First 2Qs of FY2015	% of Change	Compared to Earnings Forecast (May 8)	% of Change	Compared to Revised Forecast (Oct. 23)	% of Change
Net Sales	22,556	24,700	24,730	24,734	2,177	9.7	34	0.1	4	0.0
Operating Expenses	22,865	25,000	24,560	24,557	1,691	7.4	-442	-1.8	-2	-0.0
Operating Income	-308	-300	170	176	485	—	476	—	6	4.1
Operating Margin	-1.4%	-1.2%	0.7%	0.7%	2.1pt	—	1.9pt	—	0.0pt	—
Ordinary Income	-18	-100	420	422	441	—	522	—	2	0.7
Profit Attributable to Owners of Parent	194	-300	110	119	-74	-38.3	419	—	9	9.1

*No substantial change from the revised earnings forecast figures announced on October 23.

1-2) Changes in Net Sales, Income and Profit

Briefing on Results for First 2Qs of FY2016

Amounts in million yen

Compared to First 2Qs of FY2015

Compared to Earnings Forecast (announced on May 8)

Net Sales

Up 2,177 (+9.7%)

Up 34 (+0.1%)

Operating Income

Improved 485 (—)

Improved 476 (—)

Ordinary Income

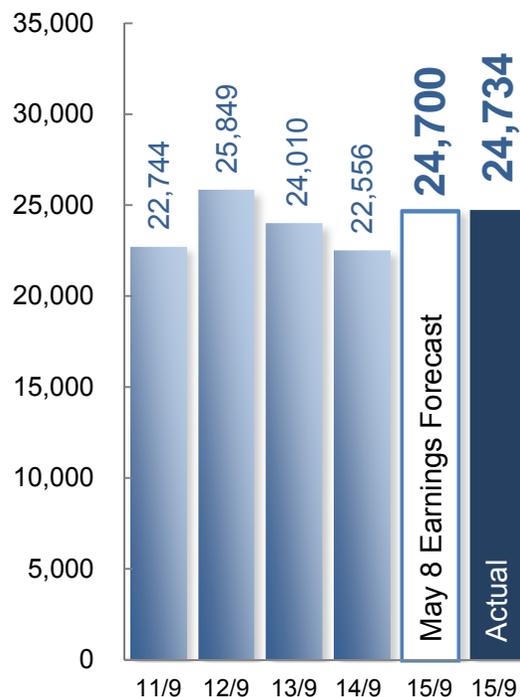
Improved 441 (—)

Improved 522 (—)

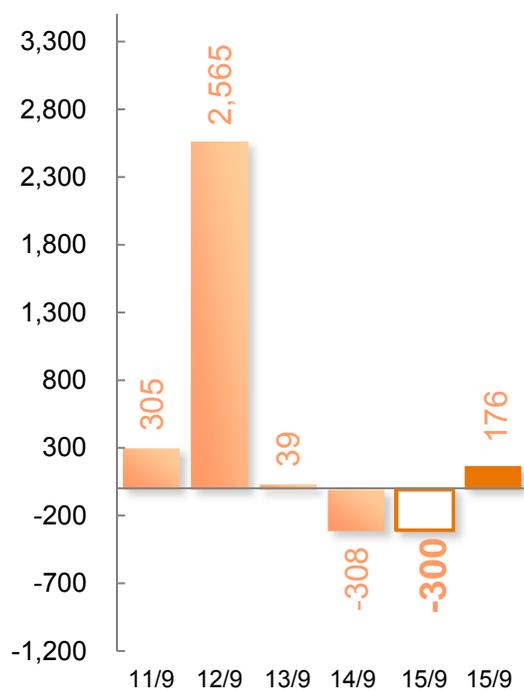
Profit Attributable to Owners of Parent

Downturn of 74 (-38.3%)

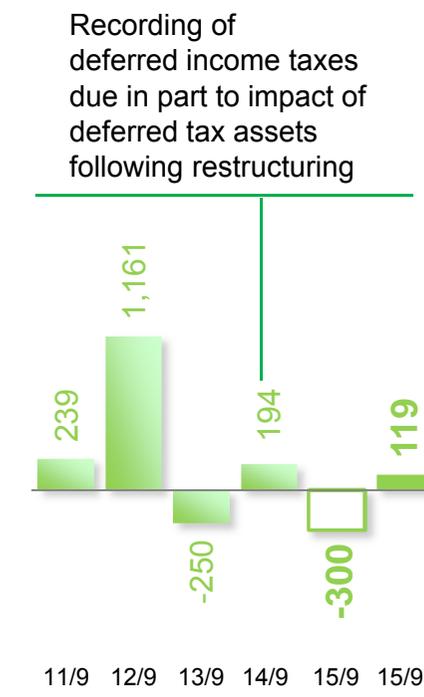
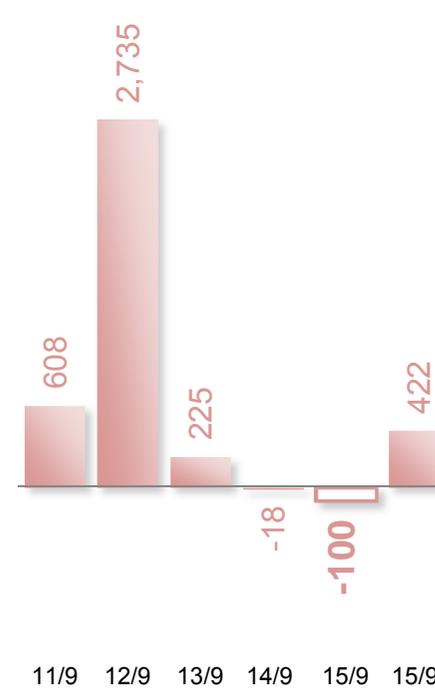
Improved 419 (—)



Increase in sales for first time in 3 periods



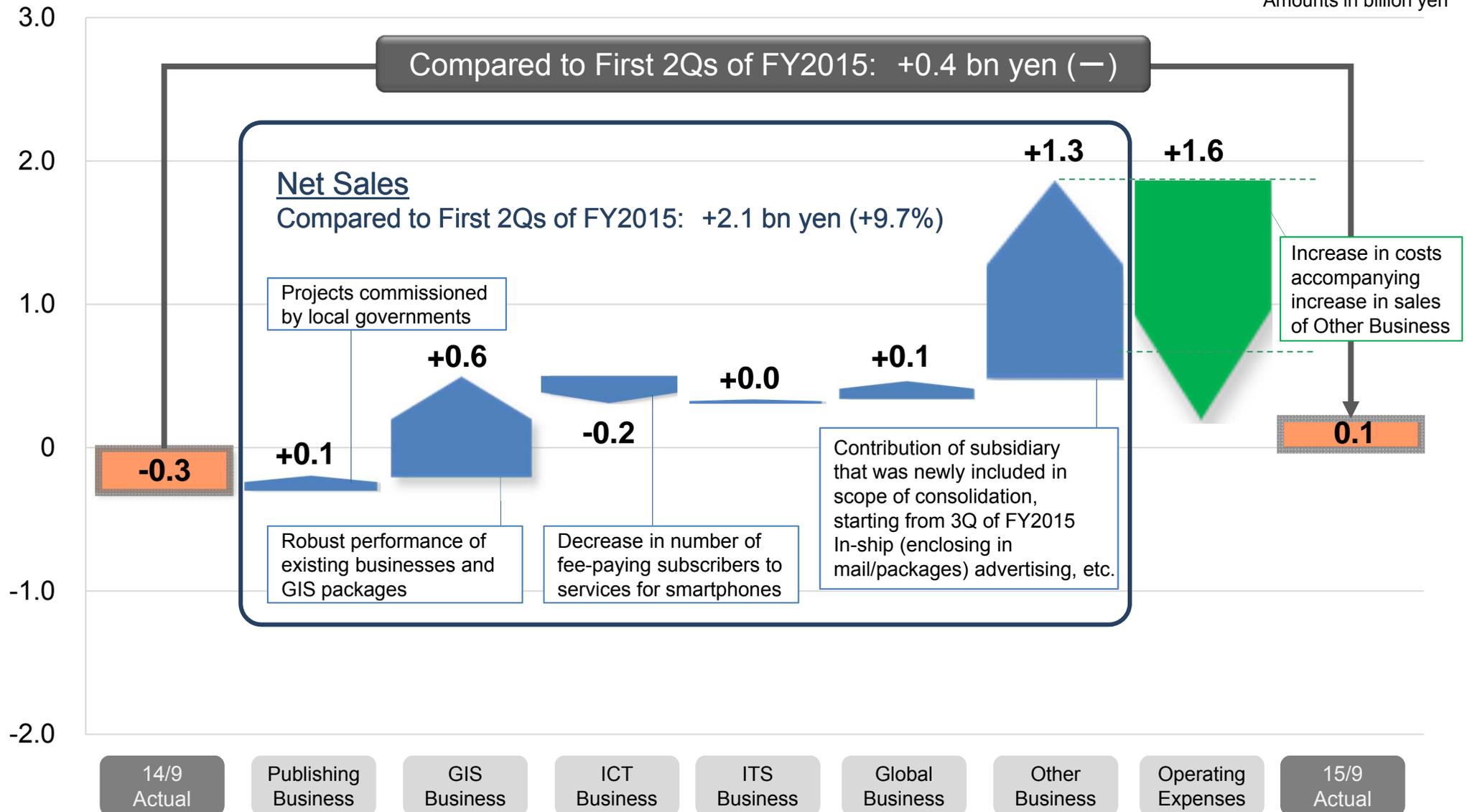
Loss in previous period → Income



Decrease in profit for first time in 2 periods

*No substantial change from the revised earnings forecast figures announced on October 23.

1-3) Causes for Change in Operating Income



1-4) Segment Information

Sales
Composition



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

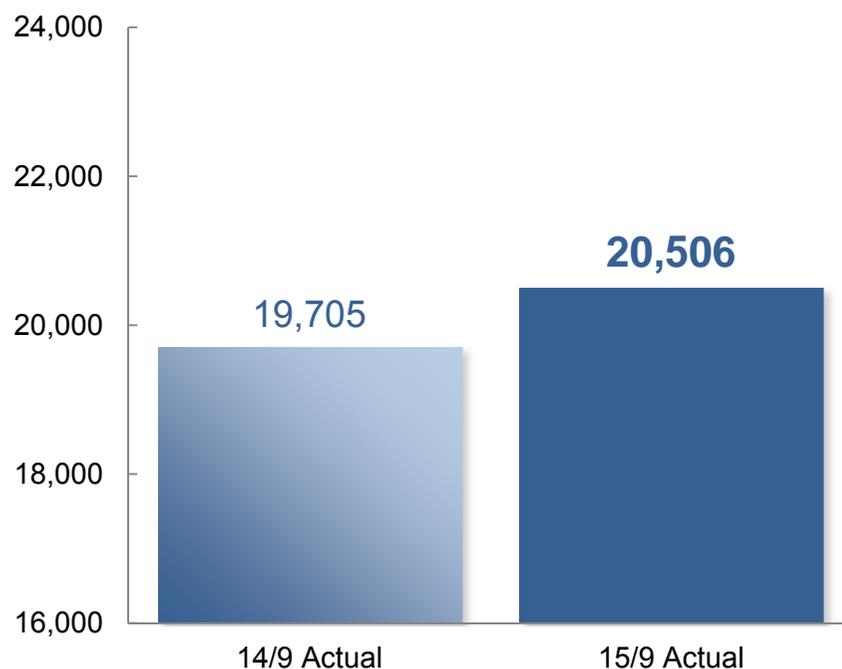


1-4) Map Database Segment

Net Sales

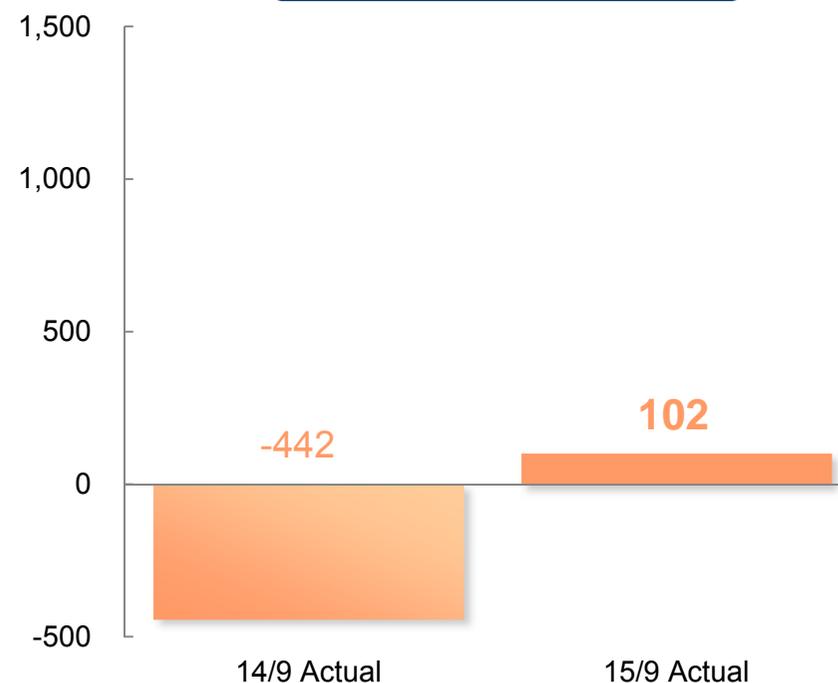
Compared to
First 2Qs of
FY2015

Up 800 (+4.1%)



Operating Income

Improved 545 (—)



- Robust sales related to GIS utilizing residential map databases and landed projects commissioned by local governments
- Decrease in number of fee-paying subscribers to services for smartphones related to ICT

1-4) General Printing Segment, and Other

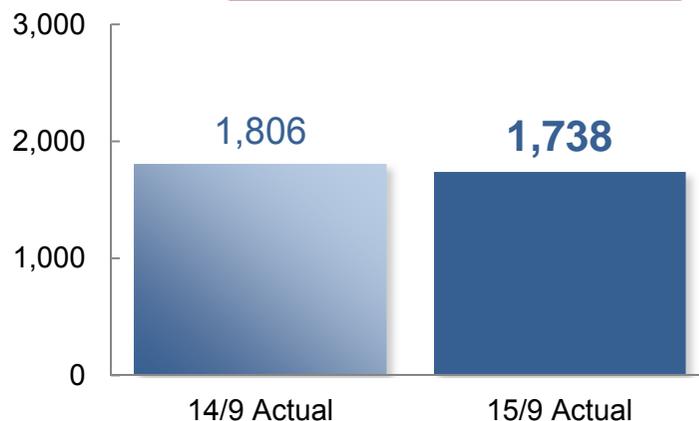
Amounts in million yen

General Printing Segment

Net Sales

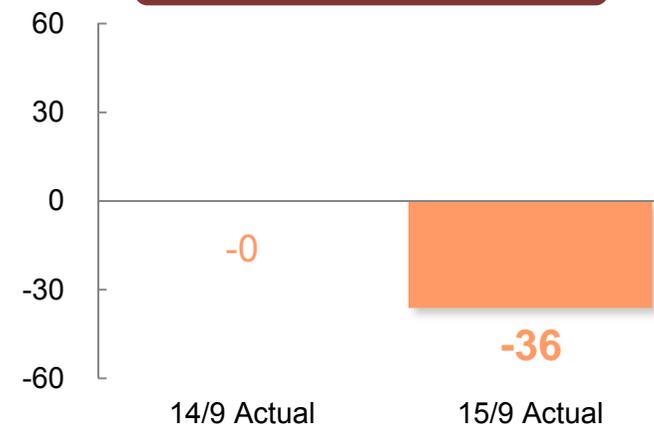
Compared to First 2Qs of FY2015

Down 68 (-3.8%)



Operating Income

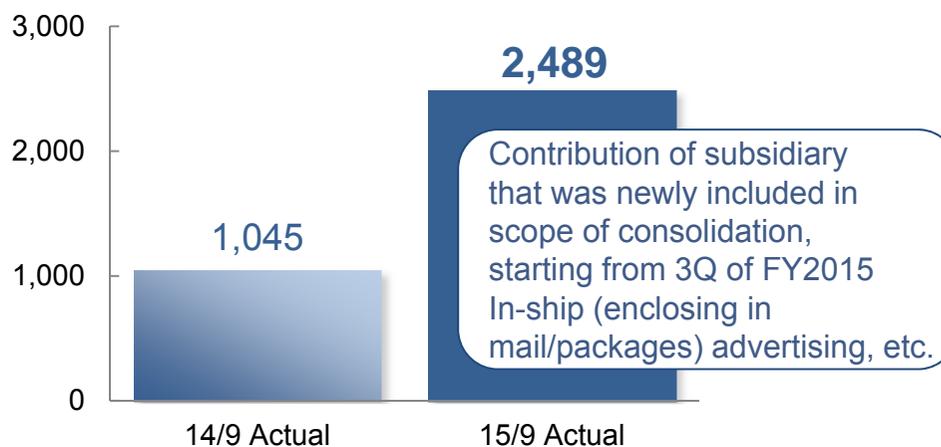
Downturn of 35 (—)



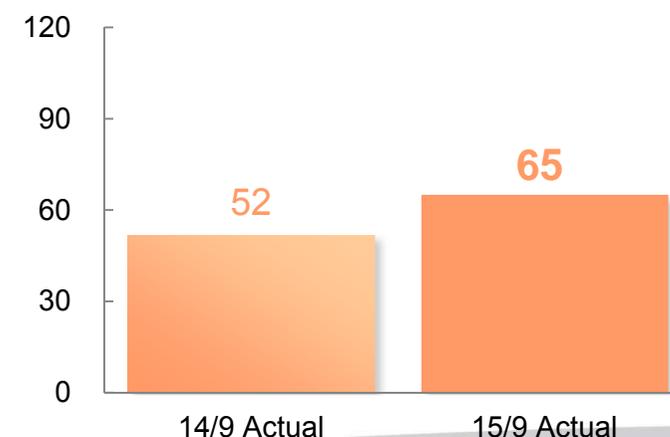
Other

Up 1,444 (+138.2%)

Compared to First 2Qs of FY2015



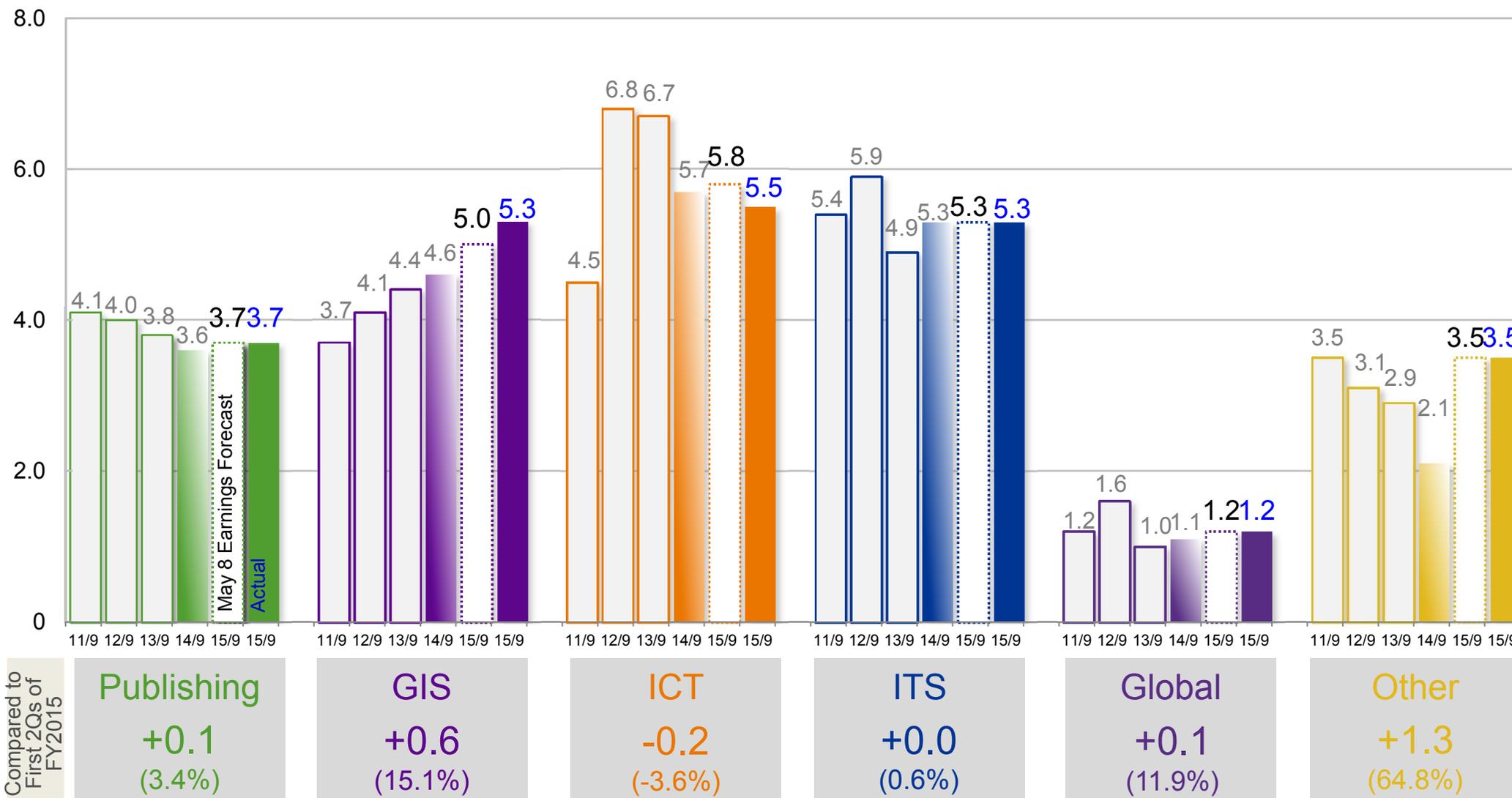
Up 12 (24.5%)



1-4) Net Sales by Business under Medium- to Long-Term Business Plan ZGP2020

Briefing on Results for First 2Qs of FY2016

Amounts in billion yen



* Net sales for the first 2 quarters of fiscal 2012 (period ended September 2011), first 2 quarters of fiscal 2013 (period ended September 2012) and first 2 quarters of fiscal 2014 (period ended September 2013), which are the outlined open bars on the bar graph, are net sales compiled based on the business composition under ZGP2015.

1-5) Changes in Cash Flows

Operating Cash Flows

Investing Cash Flows

Free Cash Flows

Financing Cash Flows

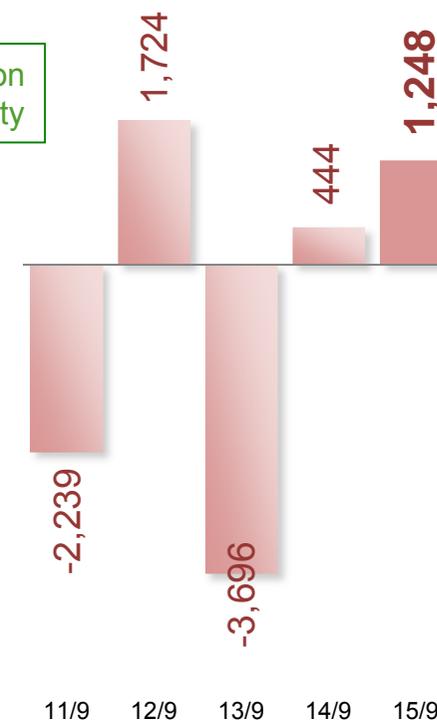
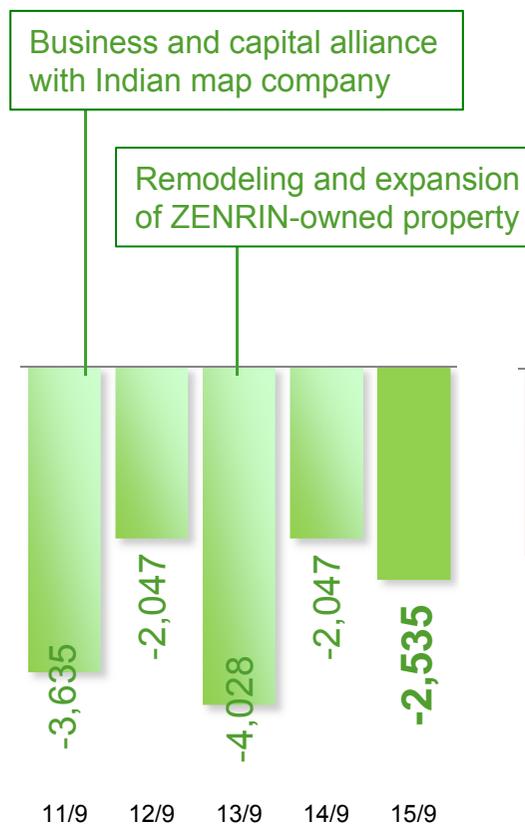
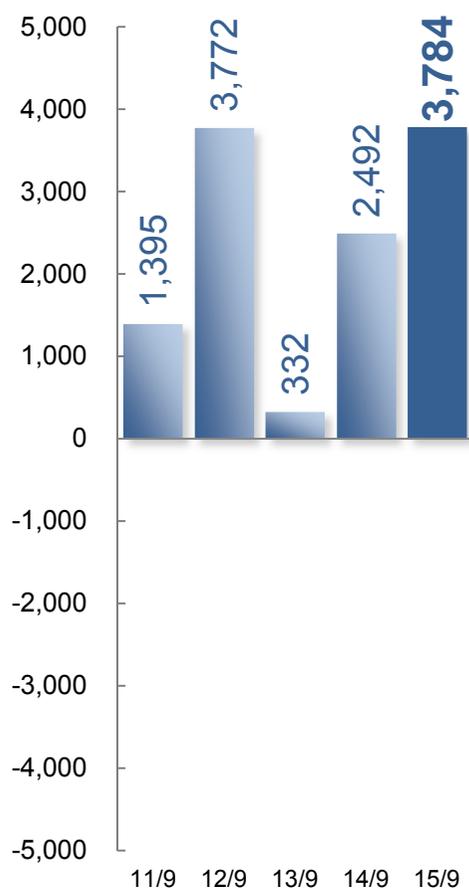
Compared to
First 2Qs of
FY2015

Inflows up 1,292

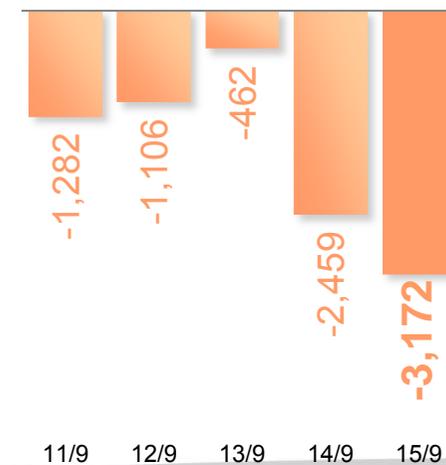
Outflows up 488

Inflows up 803

Outflows up 712



Free cash flows	1,248
Financing cash flows	-3,172
Effect of exchange rate	14
Net decrease in cash and cash equivalents	-1,908
Cash and cash equivalents at beginning of period	6,393
Cash and cash equivalents at end of period	4,484



2. Earnings Forecast for Fiscal 2016

1) Overview of Earnings Forecast for Fiscal 2016

(No change from the figures announced on May 8)

2) Dividends

Appendix (2) Overview of Earnings Forecast for Fiscal 2016

- Changes in Net Sales, Income and Profit
- Causes for Change in Operating Income (Compared to Fiscal 2015)
- Segment Information
- Amount of Capital Investment, Depreciation and R&D Costs

2-1) Overview of Earnings Forecast for Fiscal 2016

Earnings Forecast for Fiscal 2016

Given the many uncertainties over the business environment, the earnings forecast for fiscal 2016 is left unchanged from that announced on May 8, 2015 at this point in time

Compared to Fiscal 2015 <increase in sales and increase in income and profit>

Increase in sales due to sales related to GIS utilizing residential map databases and the “Other Business” of a subsidiary (became a subsidiary in the third quarter of fiscal 2015)

Promotion of 4D Geospatial Information DB maintenance, while continuing cost reduction through productivity enhancement

Amounts in million yen

	FY2015 Actual	FY2016 Forecast	Compared to FY2015	% of Change
Net Sales	52,286	55,500	3,213	6.1
Operating Expenses	49,897	53,000	3,102	6.2
Operating Income	2,389	2,500	110	4.6
Operating Margin	4.6%	4.5%	-0.1pt	—
Ordinary Income	2,751	2,800	48	1.8
Profit Attributable to Owners of Parent	1,464	1,500	35	2.4
ROE (Return on equity)	3.9%	4.0%	+0.1pt	—

*The earnings forecast for fiscal 2016 is left unchanged from the figures announced on May 8, 2015.

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 the maintaining of 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)	15.50 yen (-0.50 yen)
Annual (Planned)	31.00 yen (\pm 0 yen)



3. Business Summary

1) ZGP2020 Business Strategy

Net Sales (Second Quarter Progress)

Status of Initiatives

2) ADAS* Initiatives

*ADAS: Advanced Driver Assistance Systems

3-1) ZGP2020 Business Strategy –Publishing Business–

FY2016 Net Sales Forecast
Compared to FY2015: +0.0 bn yen (+1.0%)

<Second Quarter Progress>
Despite ongoing trend of decrease in printed residential maps, projects commissioned by local governments leading to increase in sales

Pursuit of the “activities” of print media

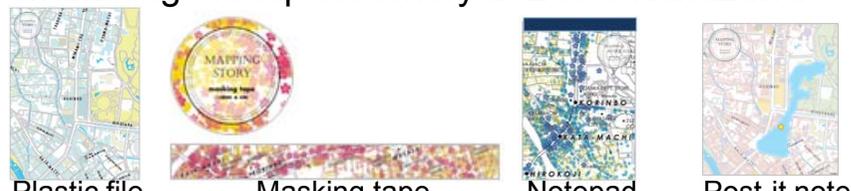
★ Shift from flow-type models to stock-type models
Implementation of multi-year contract services for printed residential maps in 2 cities

Enrichment of easily-accessible on-demand services

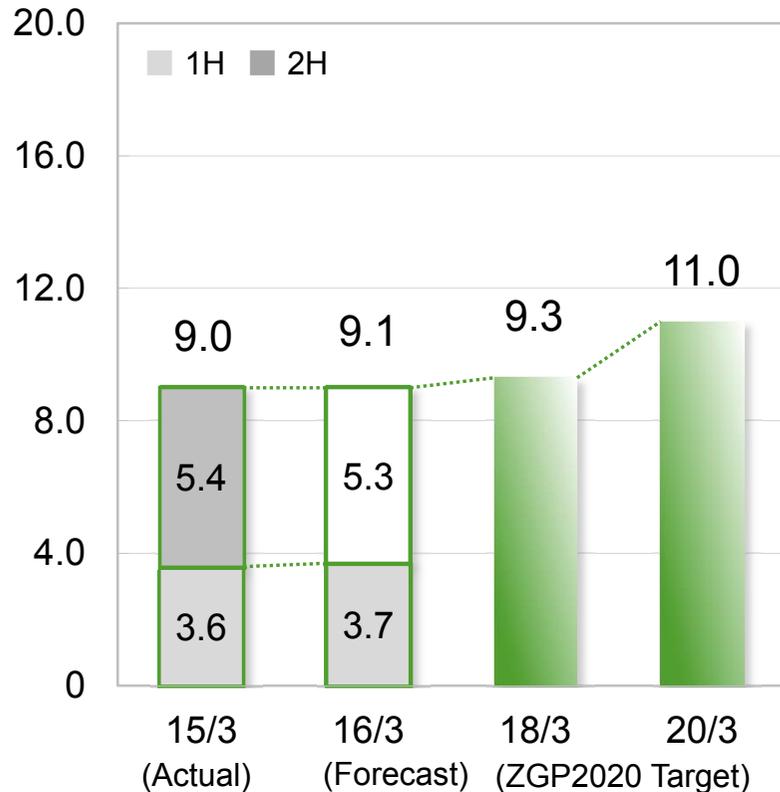
★ Shift from OEM products to ODM products
Proposal of countermeasures for vacant houses to local governments and survey work commissioning therefrom (to GIS Business)

★ Creation of markets by looking at maps in a new concept

Test marketing of map stationery at LOFT Kanazawa



Plastic file Masking tape Notepad Post-it note



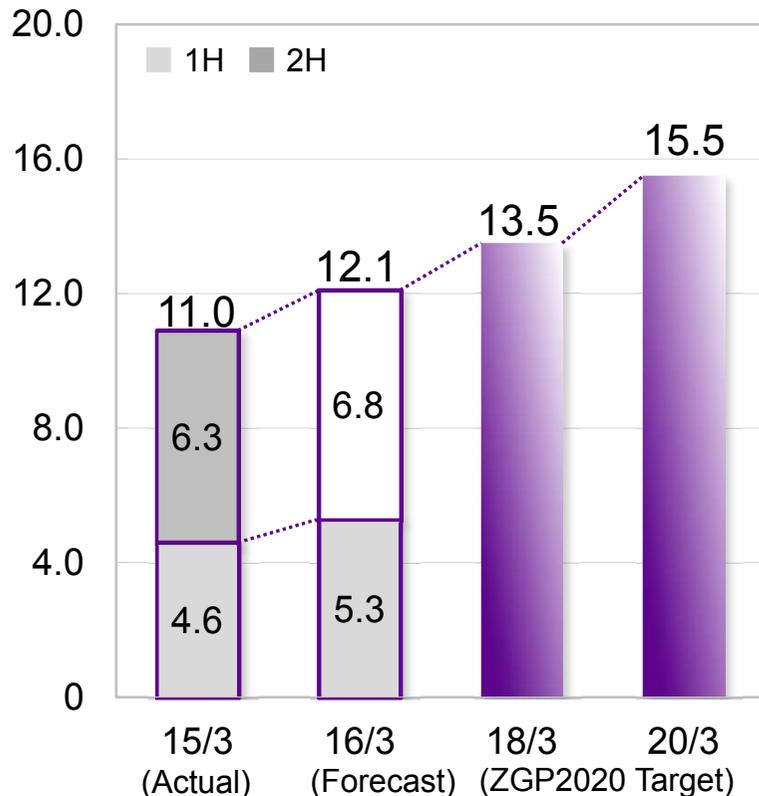
Integration with Advertising Business

1H is Actual

3-1) ZGP2020 Business Strategy –GIS Business–

FY2016 Net Sales Forecast Compared to FY2015: +1.1 bn yen (+10.8%)

<Second Quarter Progress>
Robust sales of not only GIS packages (+0.2 billion yen compared to fiscal 2015), but also existing residential map DB related sales



Transfer of certain services to ICT Business

1H is Actual

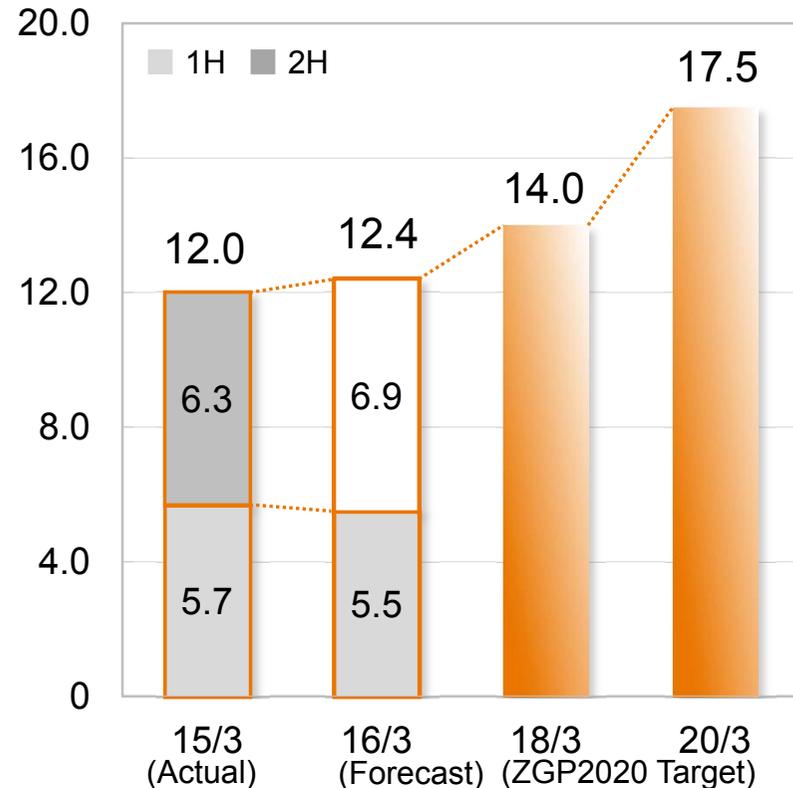
Enrichment of concept products

- ★ Building of the ZENRIN GIS brand through release of products resulting from development of applications and through introduction of new pricing
 - Commencement of provision of land contents (vacant lots/houses)
 - Commissioned with survey of vacant housing information, working toward offering of solutions therefor
- ★ Release of package products featuring a clear map-themed concept
 - [Existing] Addition of functions to GIS Package Real Estate
 - [New] Feasibility study / Partial provision commencement for release of 2 titles this fiscal year
- Release of entry models for expanding the horizons of GIS use
- ★ Establishment of local government platform
 - Signing of “disaster relief agreement” with 143 local governments (as of end of October 2015)
- Establishment of data-ring-type business model

3-1) ZGP2020 Business Strategy –ICT Business–

FY2016 Net Sales Forecast
Compared to FY2015: +0.4 bn yen (+3.5%)

<Second Quarter Progress>
Increase in orders for development of apps and slowdown of the decrease in fee-paying subscribers to services for smartphones, but sales slightly decreasing



Transfer of signage from Other Business and access information from GIS Business

Pursuit of the “activities” of IT media

★ Enhancement of map DB utility value through provision of 4D Geospatial Information contents
Increase in employment of contents for existing customers and switchover from data of other companies

Launch of advertising revenue sharing model in web business

★ Digital signage market penetration through provision of 4D Geospatial Information map DB



▪ Working toward proposal and employment of signage and multi-language services for transportation providers
(Tokyu Corporation)
(JR Kyushu)



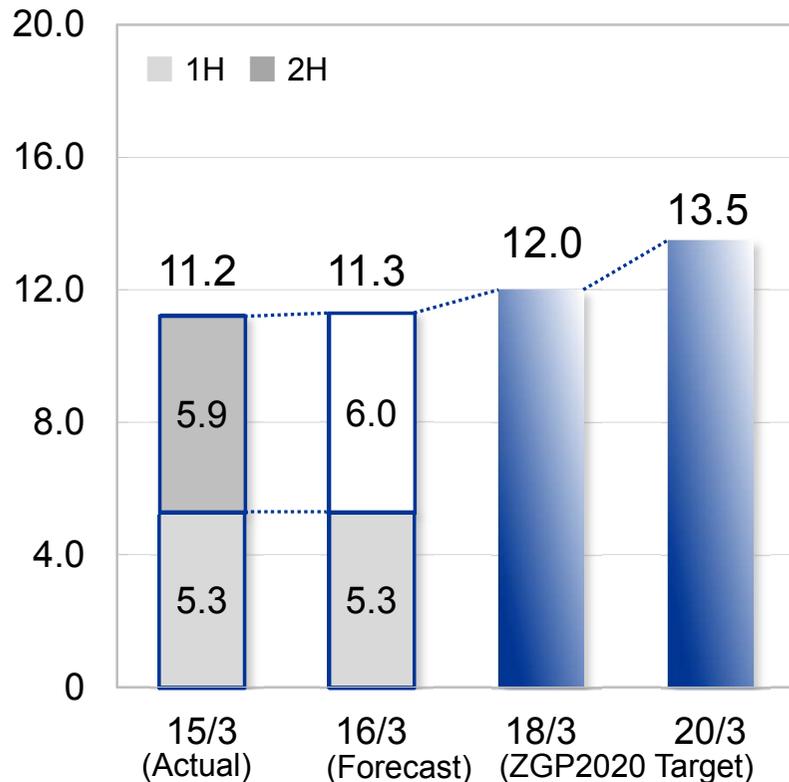
Expansion of location information business in “tourism” backed by the sector’s growth potential

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

3-1) ZGP2020 Business Strategy –ITS Business–

FY2016 Net Sales Forecast
Compared to FY2015: +0.1 bn yen (+1.0%)

<Second Quarter Progress>
Despite ongoing trend of decrease in aftermarket navigation, etc., maintaining sales through employment in entry models



Transfer of
in-car navigation apps
from ICT Business

“Communications-linked navigation” and “highly-accurate maps”

Enhancement of map DB utility value through provision of 4D Geospatial Information contents



Proposal of comprehensive services that combine map DB and apps

Securing of communications navigation of car manufacturers and navigation manufacturers

Gaining of overseas manufacturers through 3D map licensing and authoring contracts



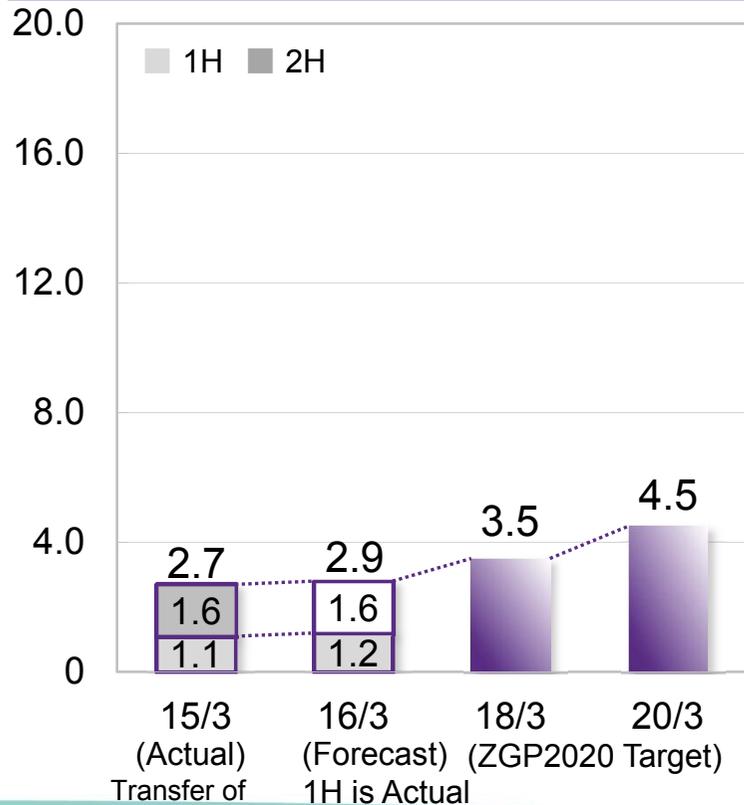
Establishment of technologies and promotion of product planning for highly-accurate maps

- Introduction of map solution for automated driving “ZGM Auto” at “22nd ITS World Congress Bordeaux 2015”
- Landing of publicly-bid project for survey and study of prototyping and evaluation of the building of “Dynamic Maps” commissioned by the Cabinet Office (Cross-ministerial Strategic Innovation Promotion Program (SIP))

3-1) ZGP2020 Business Strategy –Global Business–

FY2016 Net Sales Forecast
Compared to FY2015: +0.1 bn yen (+7.0%)

<Second Quarter Progress>
Maintaining sales
through provision of European and U.S.
contents to existing business partners



Building of business base in emerging markets



Expansion of business in India

Ongoing discussions for employment 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

Launch of overseas GIS

3-1) ZGP2020 Business Strategy –Other Business–

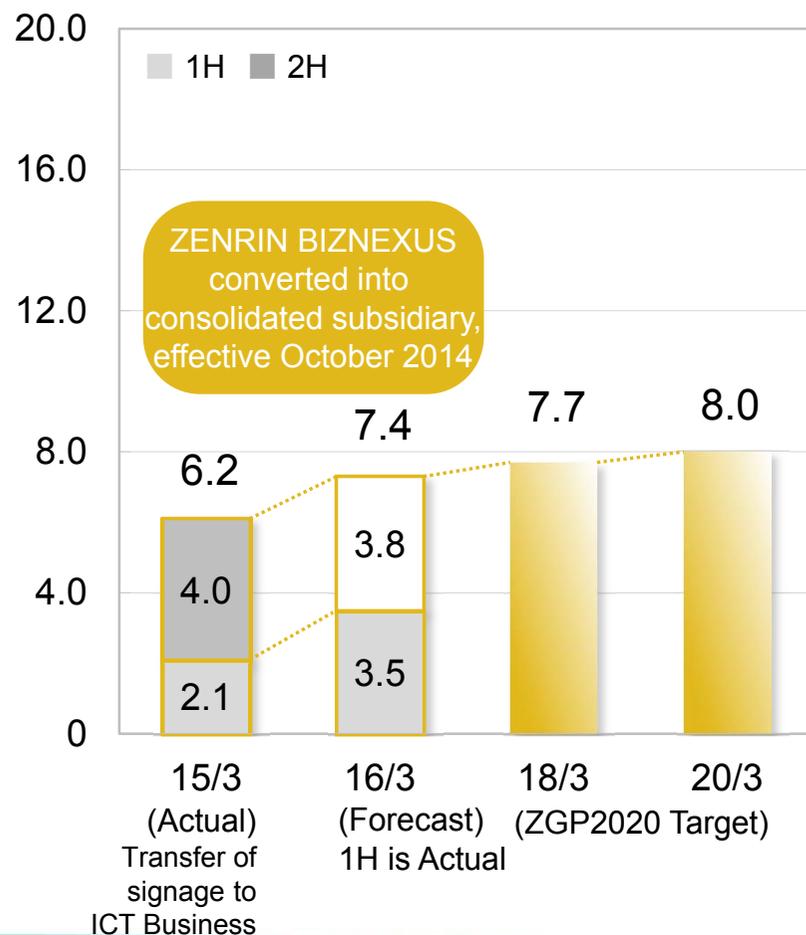
(General Printing;
In-Ship, etc. Advertising)

Briefing on Results for First 2Qs of FY2016

Amounts in billion yen

FY2016 Net Sales Forecast
Compared to FY2015: +1.2 bn yen (+19.6%)

Reexamination of Group synergies



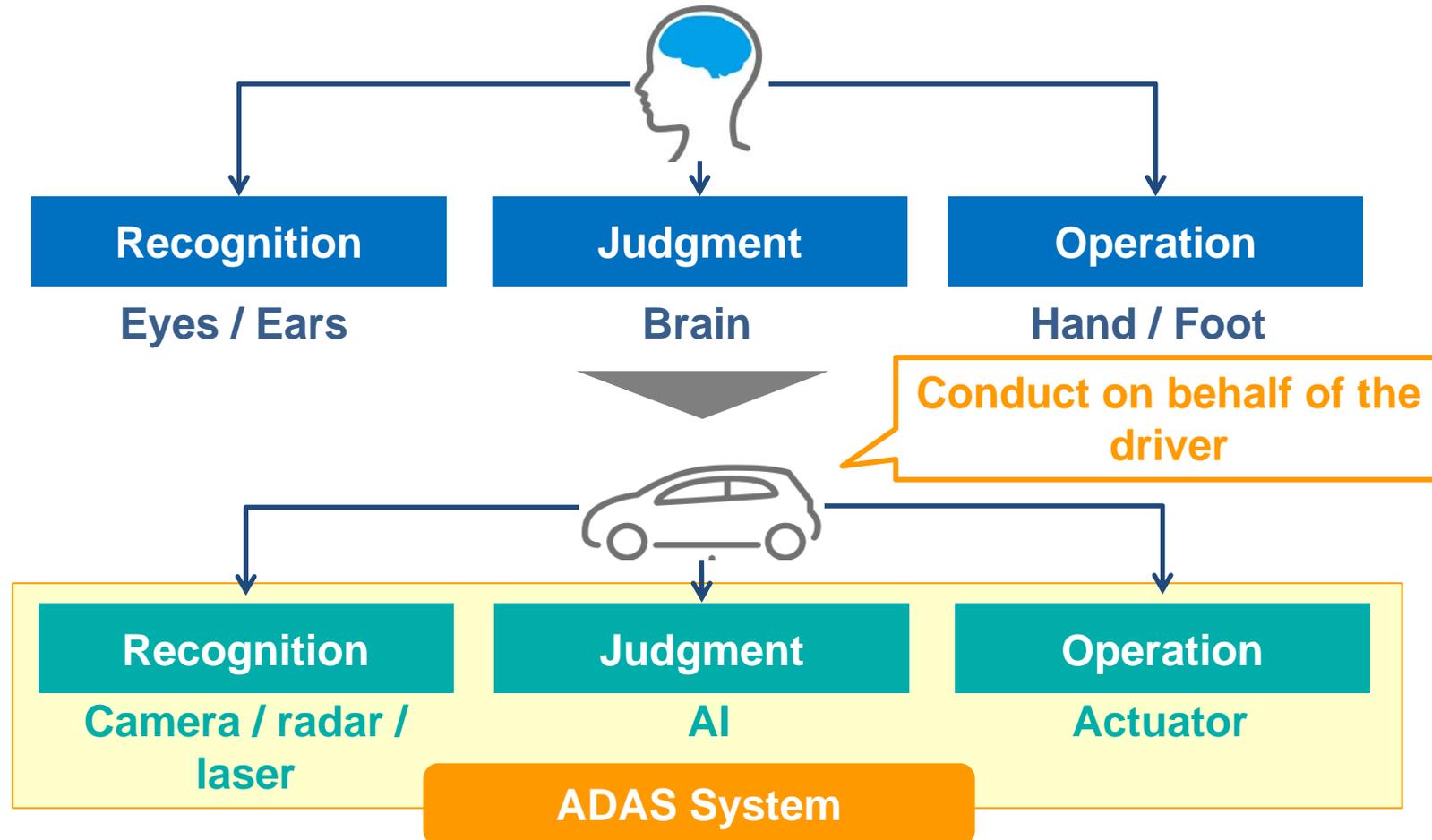
Stability of general printing business

Expansion of in-ship advertising business

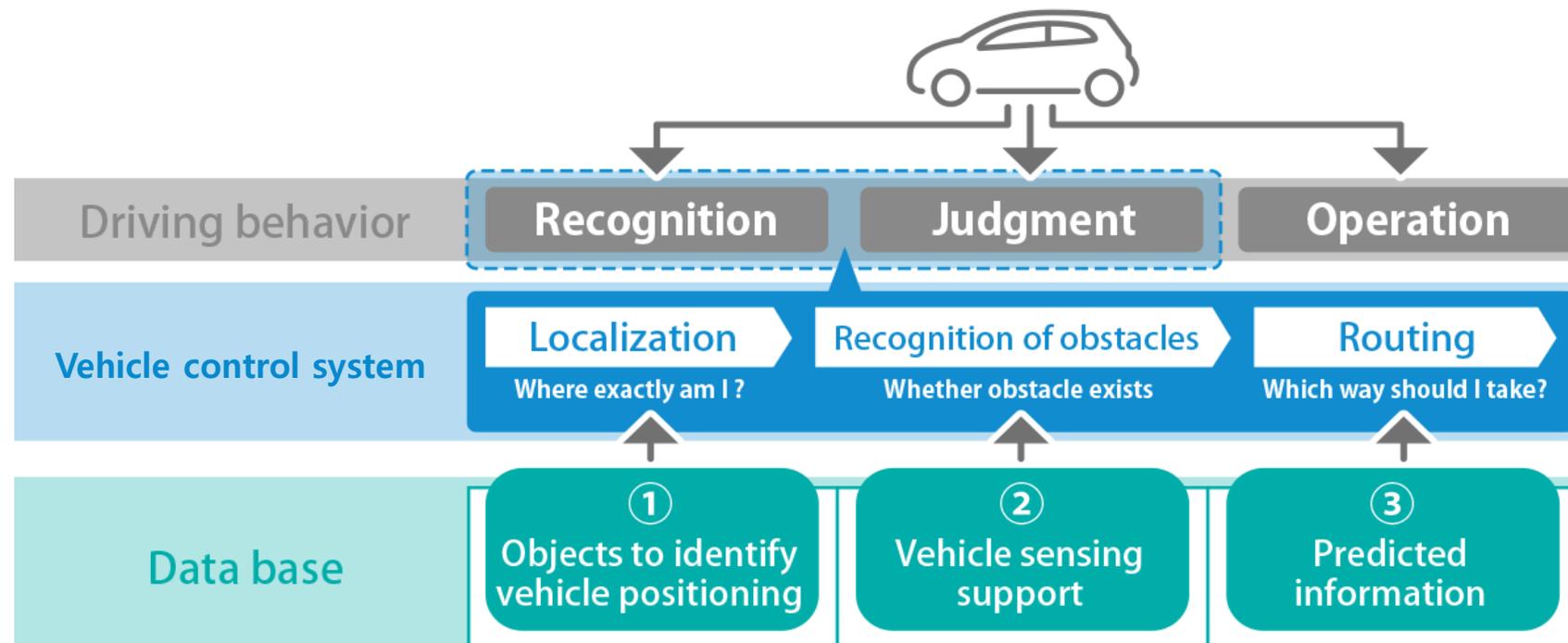
Sales expansion through synergies with location information business

3-2) ADAS Initiatives –Concept of ADAS System–

ADAS system enables vehicles to conduct “Recognition”, “Judgment” and “Operation” on behalf of the driver.



ZENRIN believes the Map data contributes “Recognition” and “Judgment” behaviors on ADAS system.

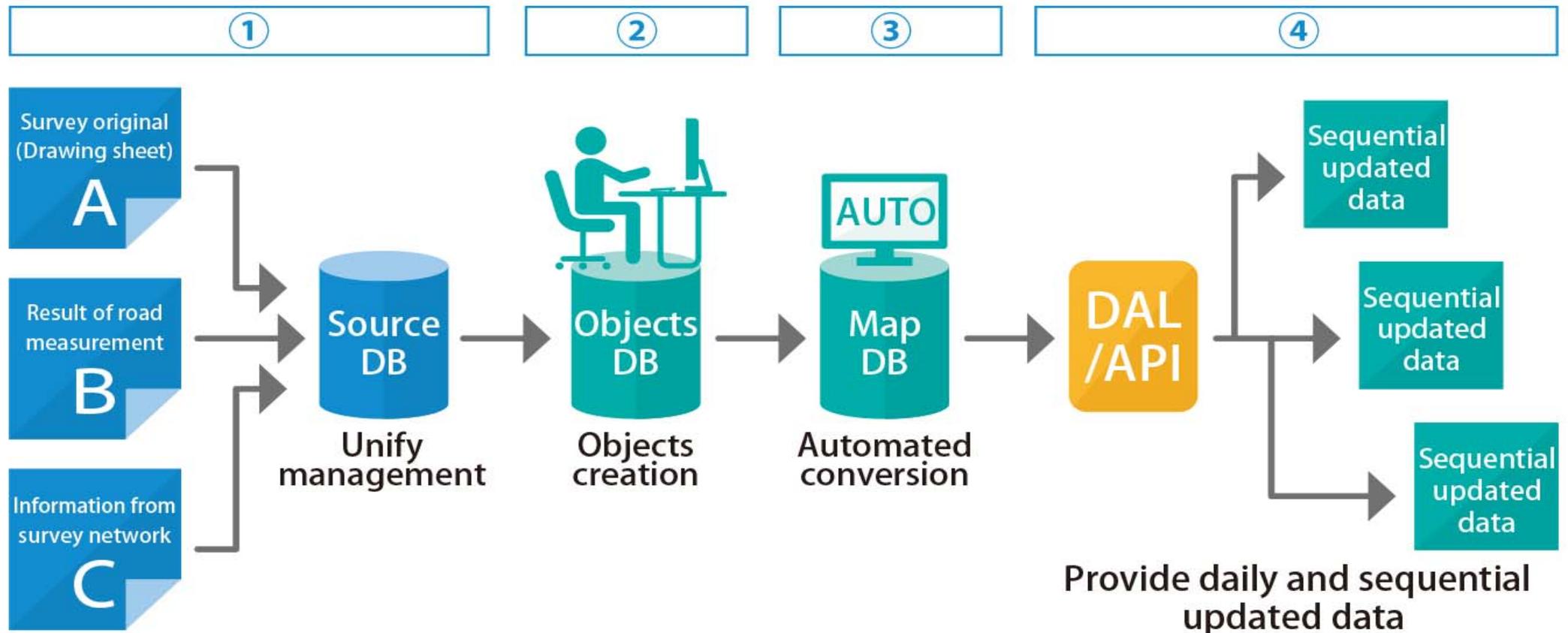


3-2) ADAS Initiatives –ZENRIN’s new operation system–

ZENRIN’s new operation system enables to provide optimized data for ADAS.

- Produce MapDB from each ObjectsDB automatically.
- Provide daily and sequential data by use of DAL/API tools.

Product operation flow

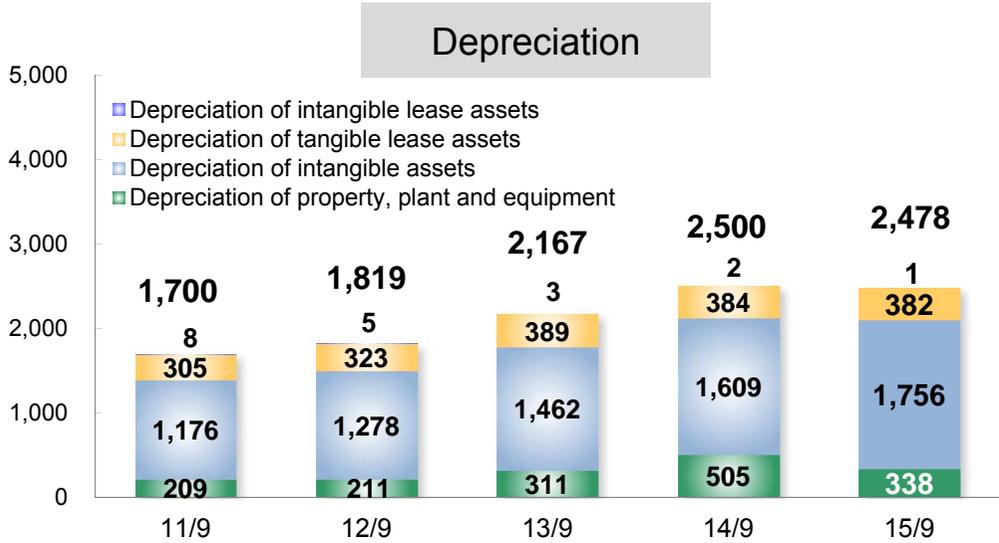
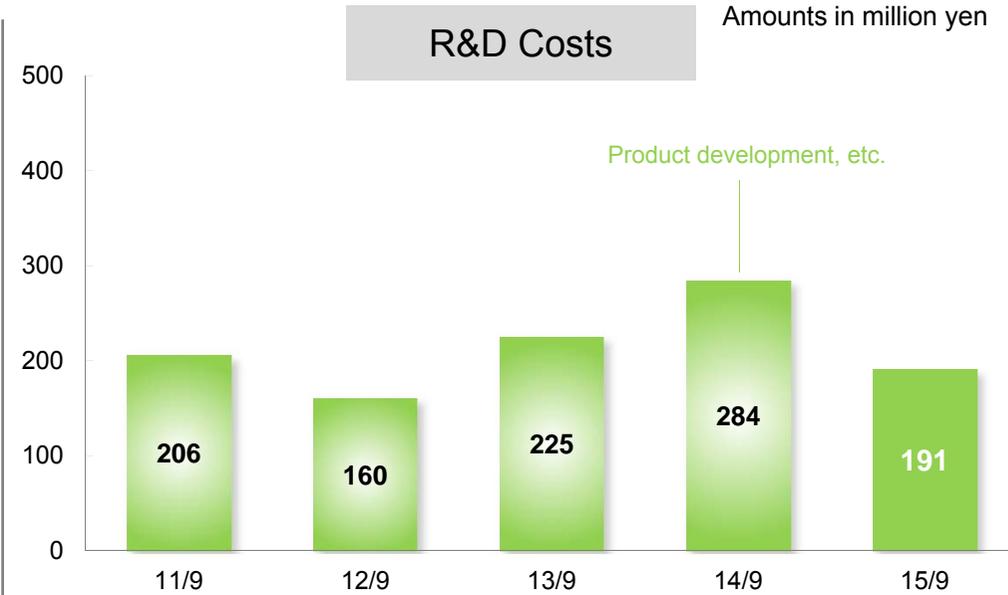
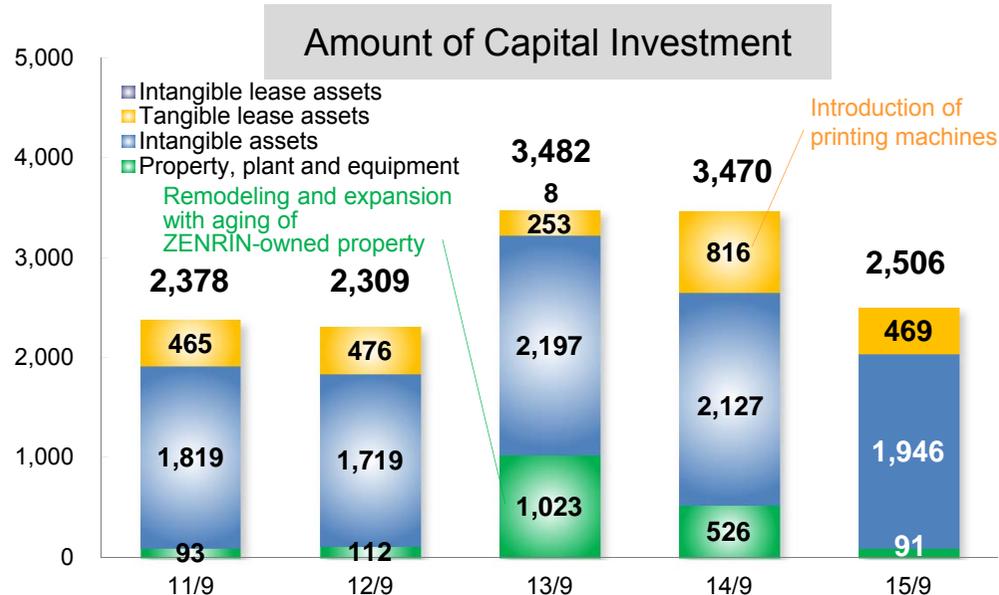


Appendix

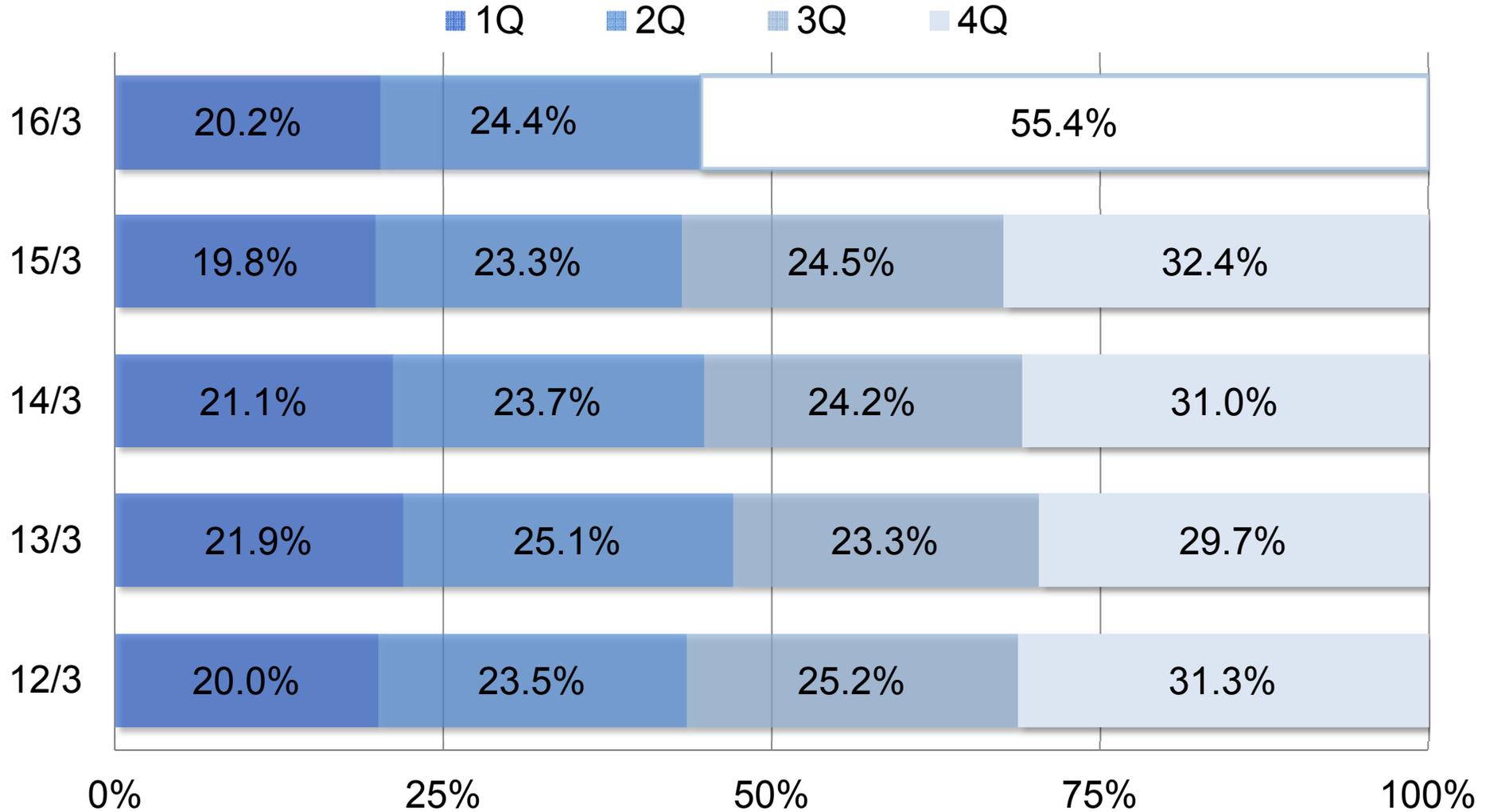
- (1) Overview of Results for First 2 Quarters of Fiscal 2016
 - Amount of Capital Investment, Depreciation and R&D Costs
 - Changes in Composition of Net Sales by Quarter
- (2) Overview of Earnings Forecast for Fiscal 2016
 - (Excerpt from Briefing on Results for Fiscal 2015 presentation materials)
 - Changes in Net Sales, Income and Profit
 - Causes for Change in Operating Income (Compared to Fiscal 2015)
 - Segment Information
 - Amount of Capital Investment, Depreciation and R&D Costs
- (3) Medium- to Long-Term Business Plan ZGP2020
 - Numerical Targets
 - Net Sales by Business

Overview of Results for First 2 Quarters of Fiscal 2016 (Amount of Capital Investment, Depreciation and R&D Costs)

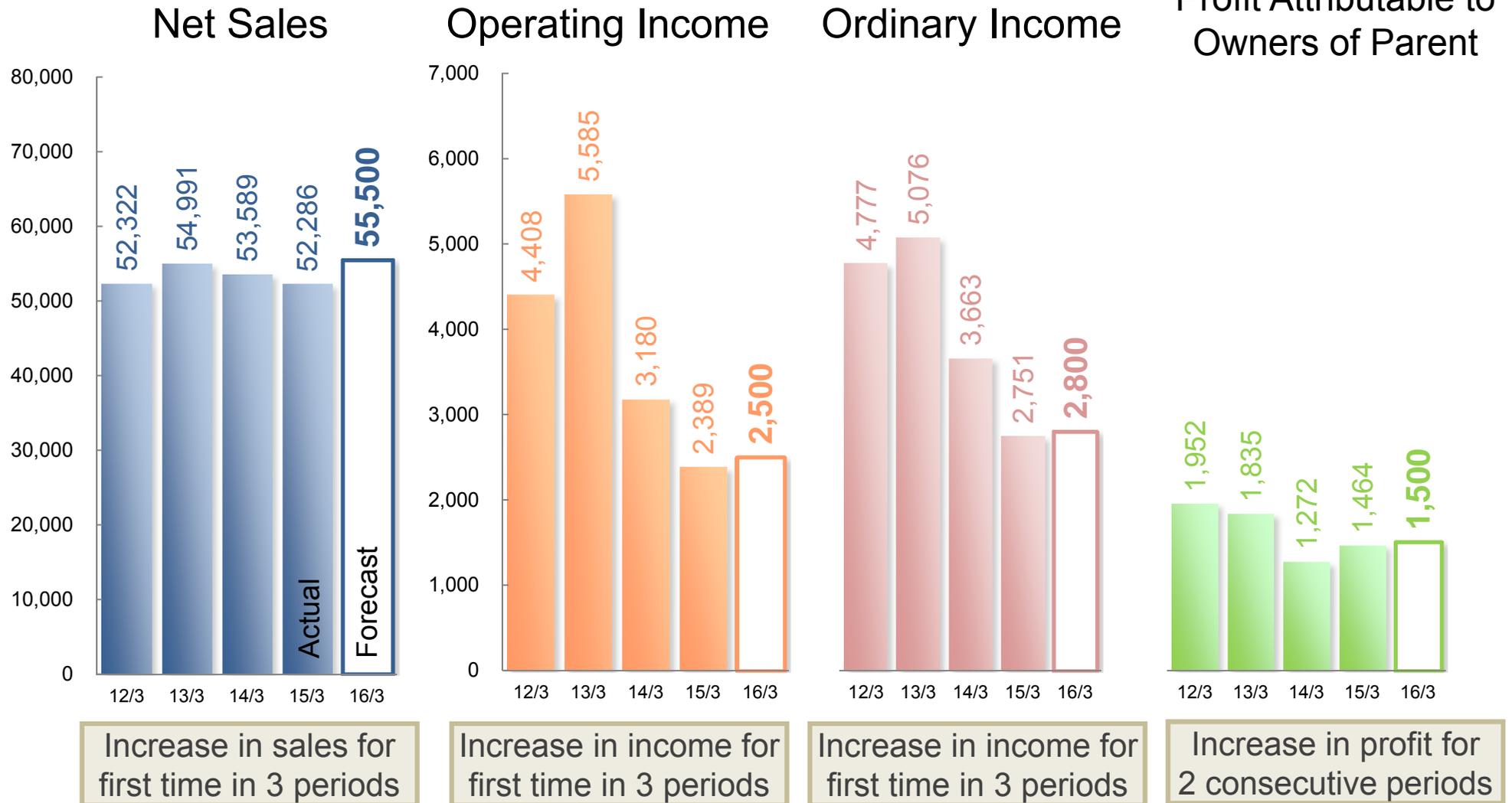
Briefing on Results for First 2Qs of FY2016



Overview of Results for First 2 Quarters of Fiscal 2016 (Changes in Composition of Net Sales by Quarter)



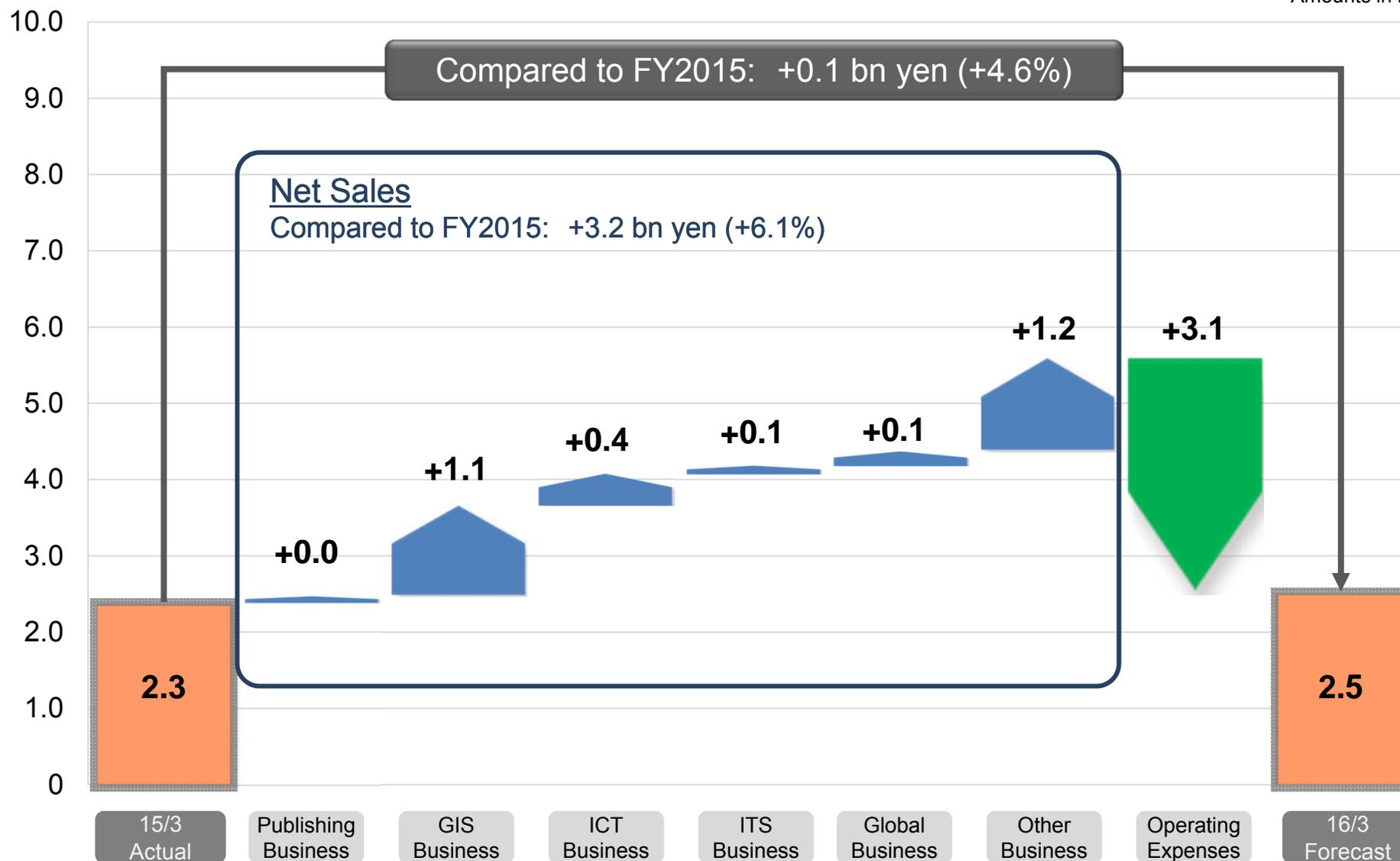
Overview of Earnings Forecast for Fiscal 2016 (Changes in Net Sales, Income and Profit)



Overview of Earnings Forecast for Fiscal 2016 (Causes for Change in Operating Income (Compared to Fiscal 2015))

Briefing on Results for First 2Qs of FY2016

Amounts in billion yen



Sales
Composition

83.8%

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

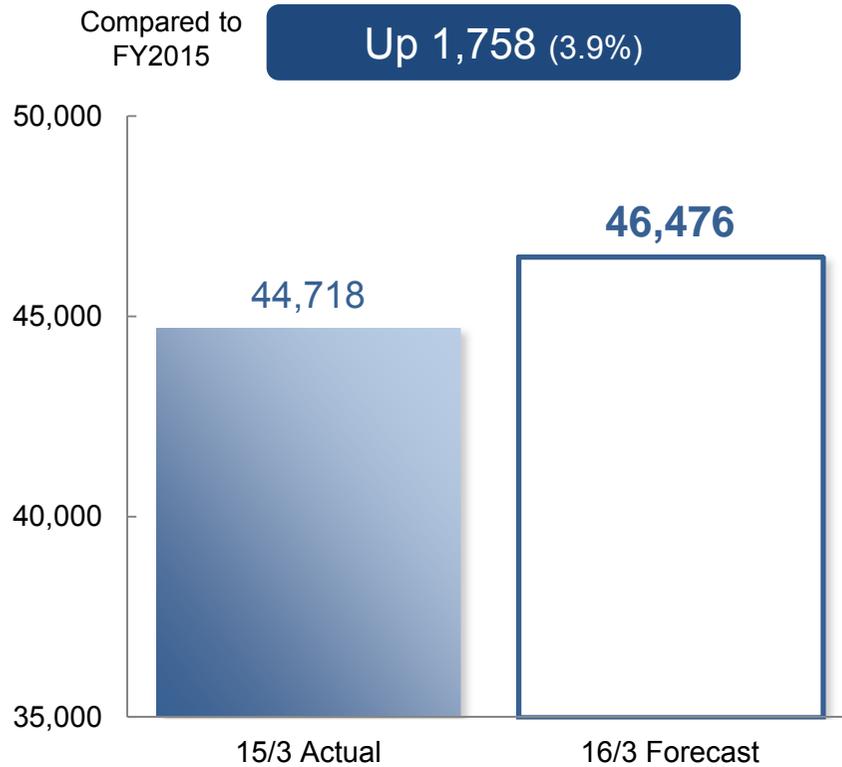


3. Other

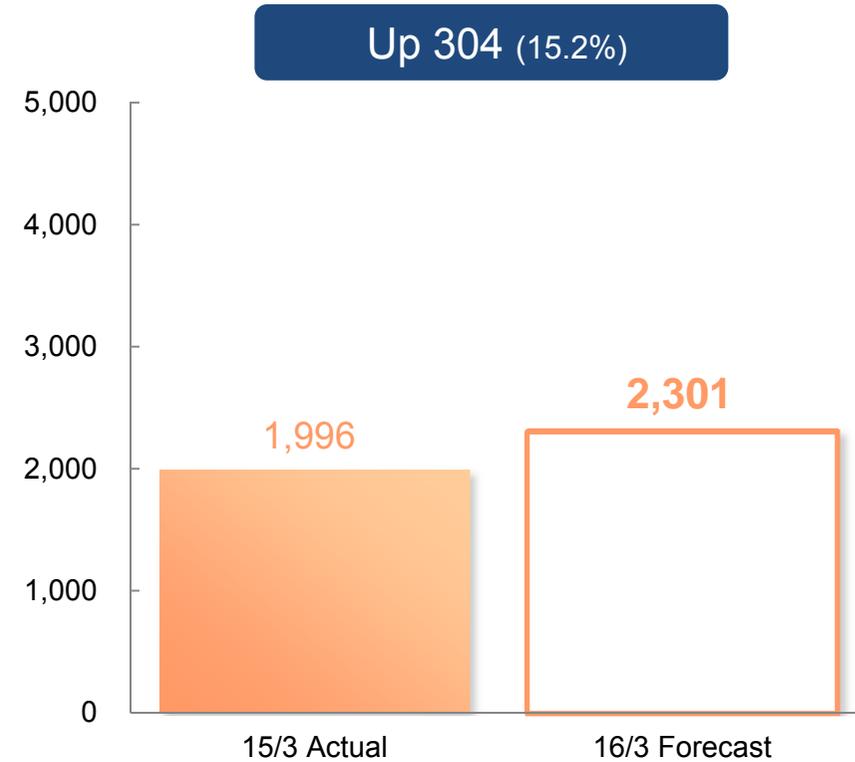
Main Items: Purchased products, digital signage, direct mail delivery services, in-ship advertising



Net Sales



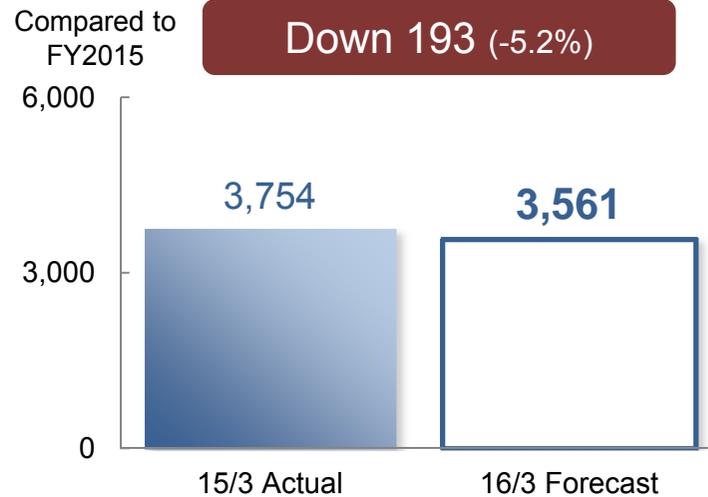
Operating Income



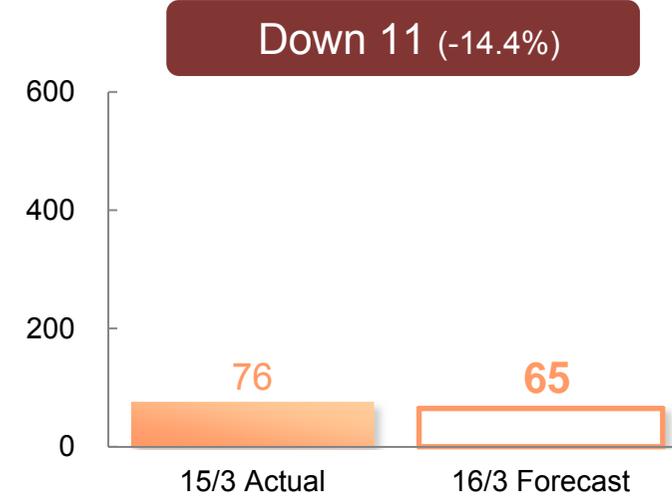
Amounts in million yen

General Printing Segment

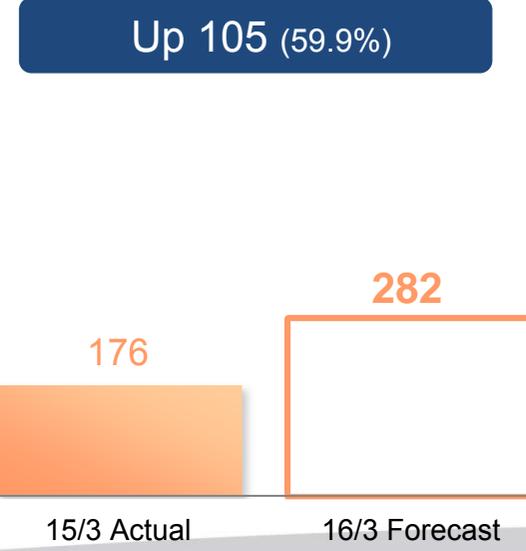
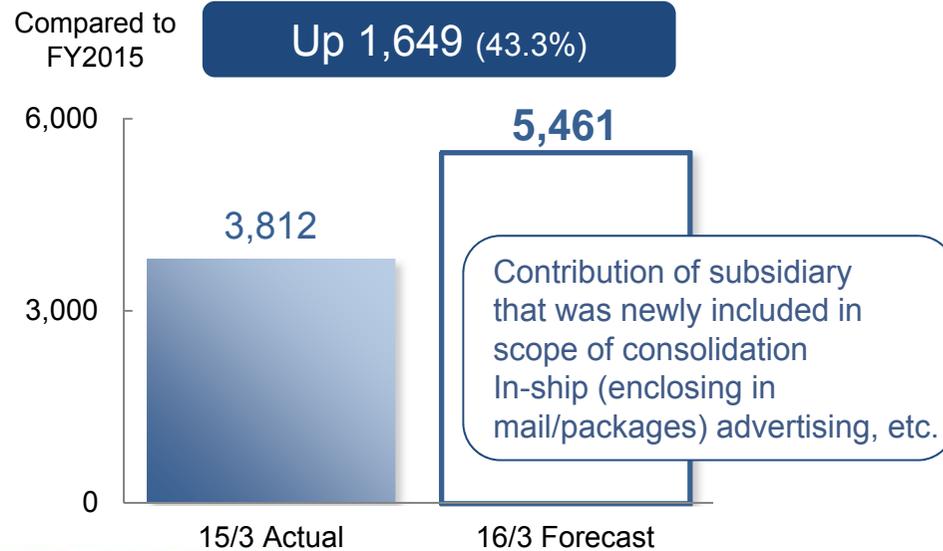
Net Sales



Operating Income

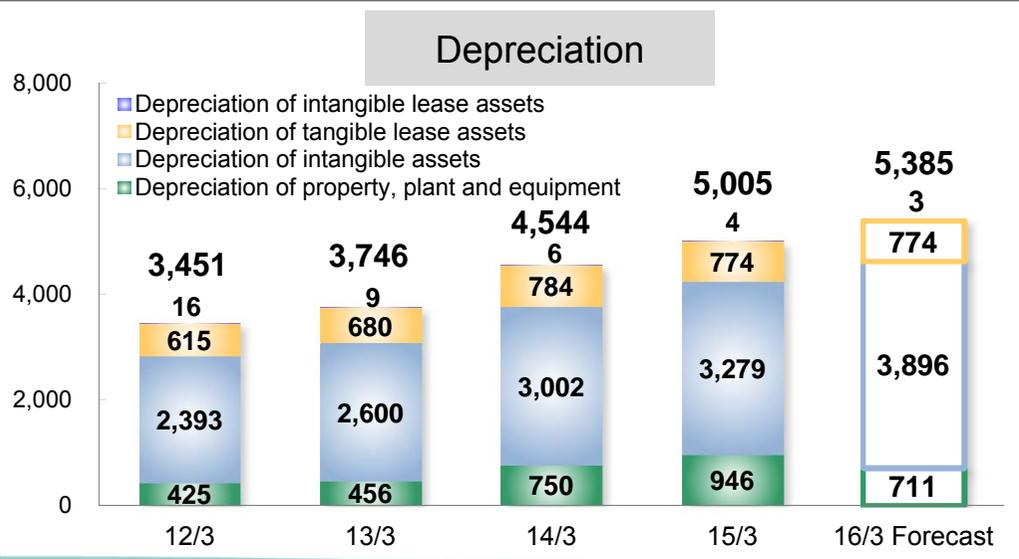
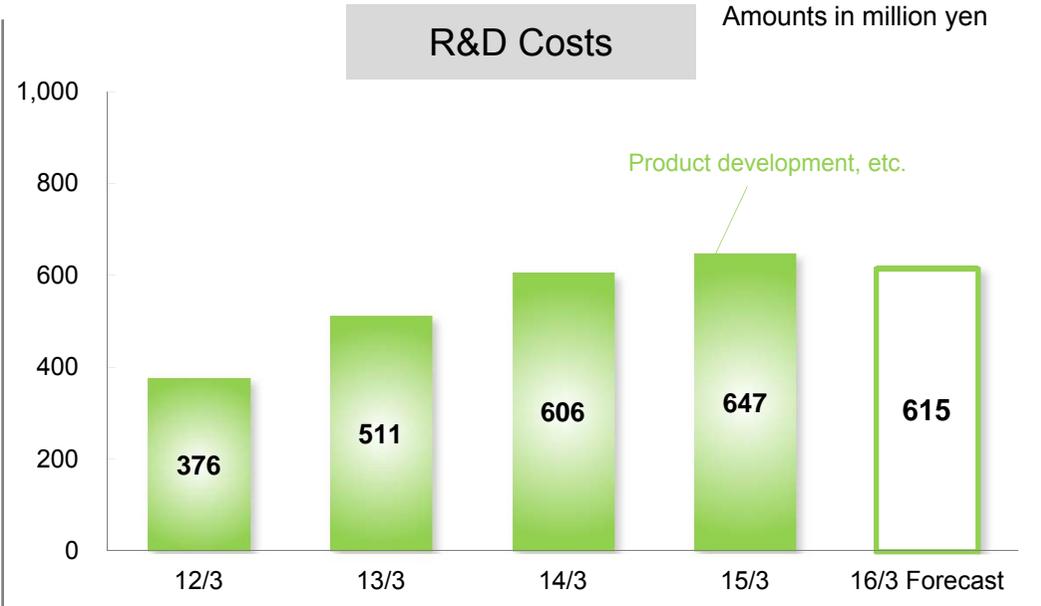
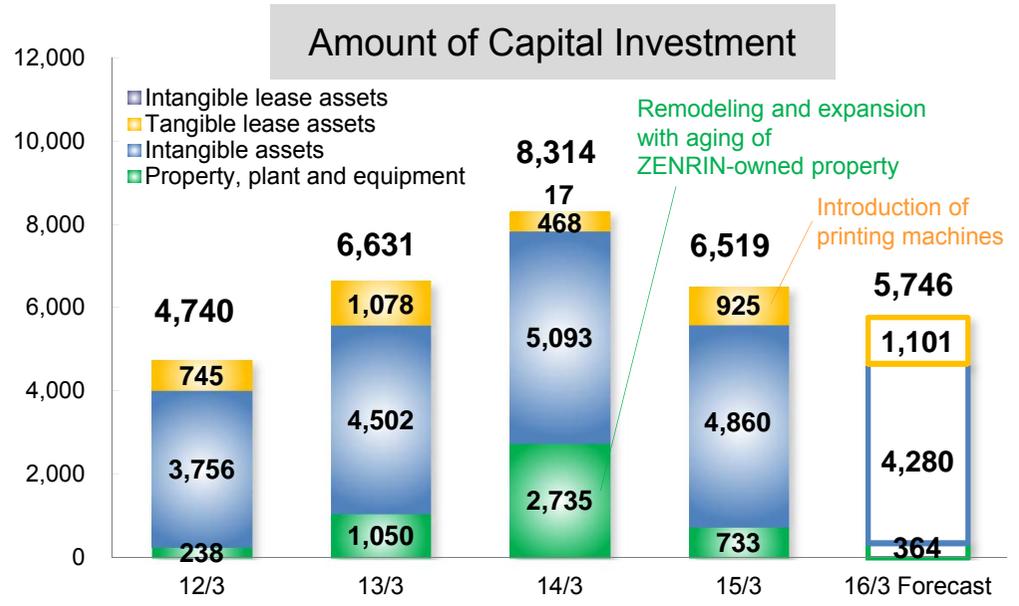


Other



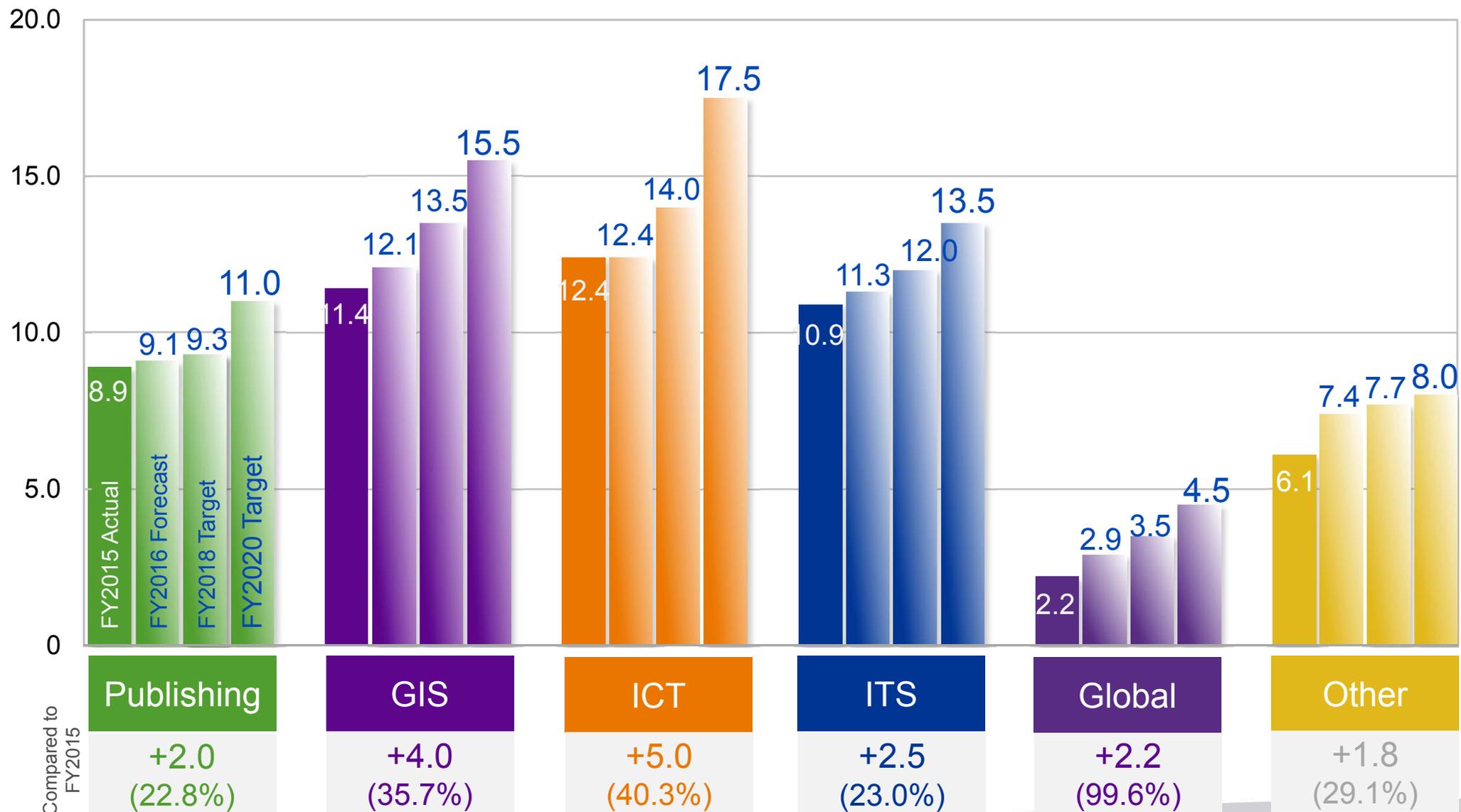
Overview of Earnings Forecast for Fiscal 2016 (Amount of Capital Investment, Depreciation and R&D Costs)

Briefing on Results for First 2Qs of FY2016



	FY2015 Actual	FY2016 Forecast	FY2018 Target	FY2020 Target
Consolidated Net Sales	52.2 bn yen	55.5 bn yen	60.0 bn yen	70.0 bn yen
Consolidated Operating Income (Margin)	2.3 bn yen (4.6%)	2.5 bn yen (4.5%)	5.0 bn yen (8.3%)	10.0 bn yen (14.2%)
ROE (Return on equity)	3.9%	4%	8%	12% or higher
DOE (Dividend on equity on a consolidated basis)	3.0%	3% or higher	3% or higher	3% or higher

Amounts in billion yen



* Net sales for fiscal 2015 are net sales compiled based on the business composition under ZGP2015.

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