ZENRIN

Securities Code: 9474

Results for First 3 Quarters of Fiscal 2017 (Year Ending March 31, 2017)

January 30, 2017

ZENRIN Co., Ltd.

Maps to the Future

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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 3 Quarters of Fiscal 2017

1) Overview of Results

2) Changes in Net Sales, Income and Profit

3) Causes for Change in Operating Income

4) Segment Information

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

1-1) Overview of Results

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Key Points of Results for First 3 Quarters of Fiscal 2017

■Robust sales related to Japanese in-car navigation system and GIS-utilizing residential map databases, despite the decrease in sales from projects commissioned by the local governments.

■Net sales increased for two years in a row while operating income and ordinary income decreased for the first time in two years, and profit attributable to owners of parent deteriorated for the first time in three years, due to increases in SG&A expenses and amortization of the Zenrin Integrated Geospatial System.

(Amounts in million yen)

	First 3Qs of FY2016 Actual	First 3Qs of FY2017 Actual	Compared to First 3Qs of FY2016	% of Change
Net Sales	36,975	37,647	671	1.8
Operating Expenses	36,671	37,587	915	2.5
Operating Income Operating Margin	304 0.8%	59 0.2%	-244 -0.6Pt	-80.3
Ordinary Income	665	291	-373	-56.2
Profit Attributable to Owners of Parent	269	-170	-439	—

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

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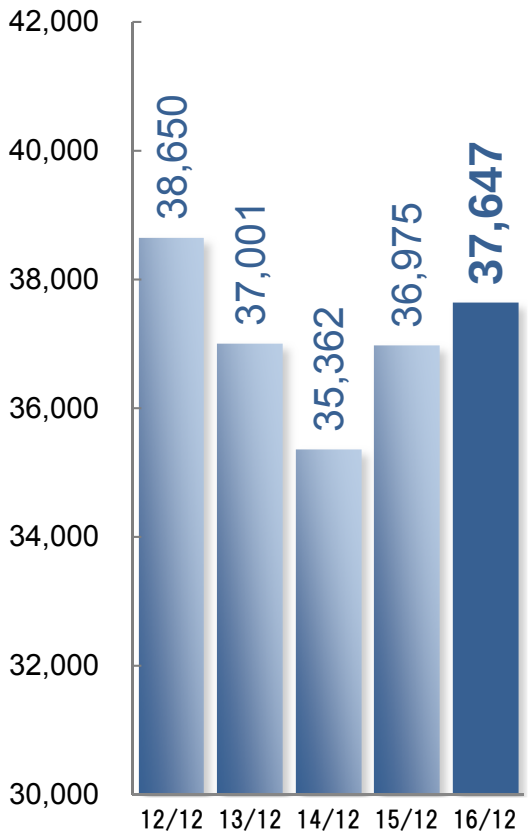
Results for First 3 Quarters of Fiscal 2017

(Amounts in million yen)

Net Sales

Compared to First 3Qs of FY2016

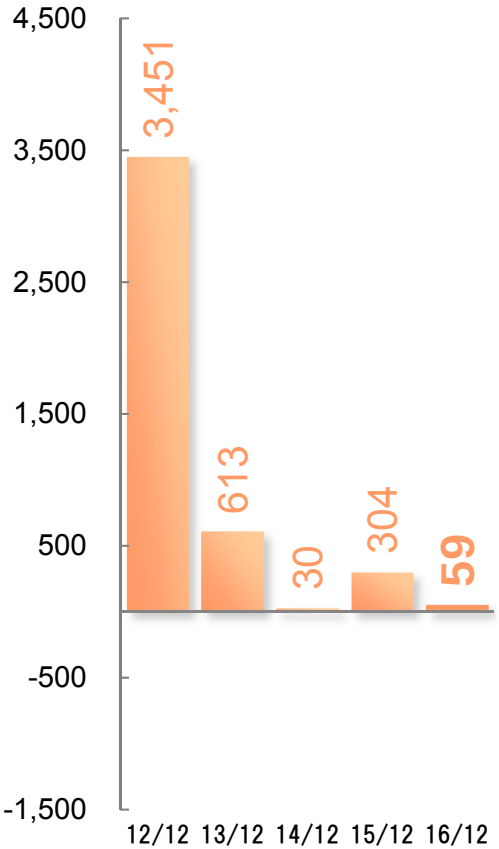
Up 671 (1.8%)



Increase in sales for 2 consecutive periods

Operating Income

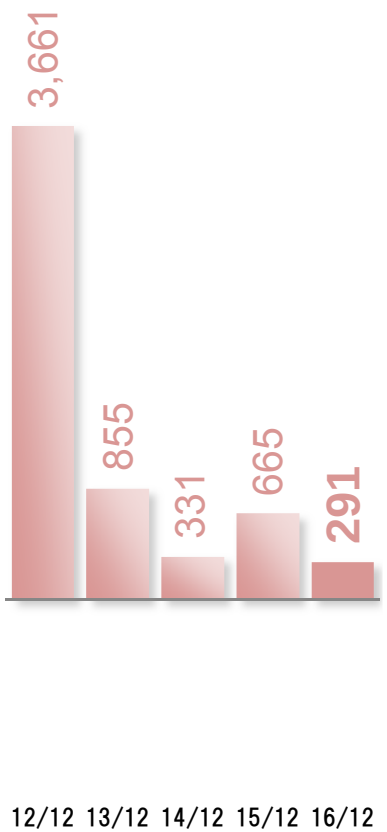
Down 244 (-80.3%)



Decrease in income for first time in 2 periods

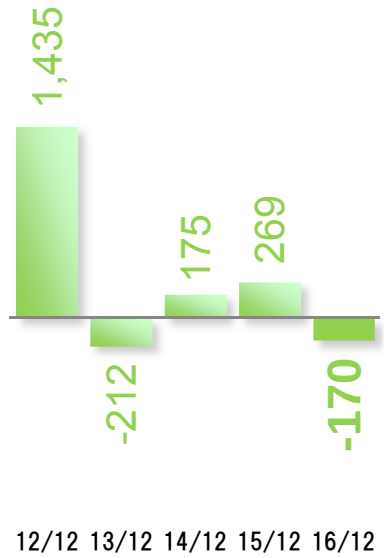
Ordinary Income

Down 373 (-56.2%)



Profit Attributable to Owners of Parent

Downturn of 439 (—)



Profit in previous period → Loss

1-3) Causes for Change in Operating Income

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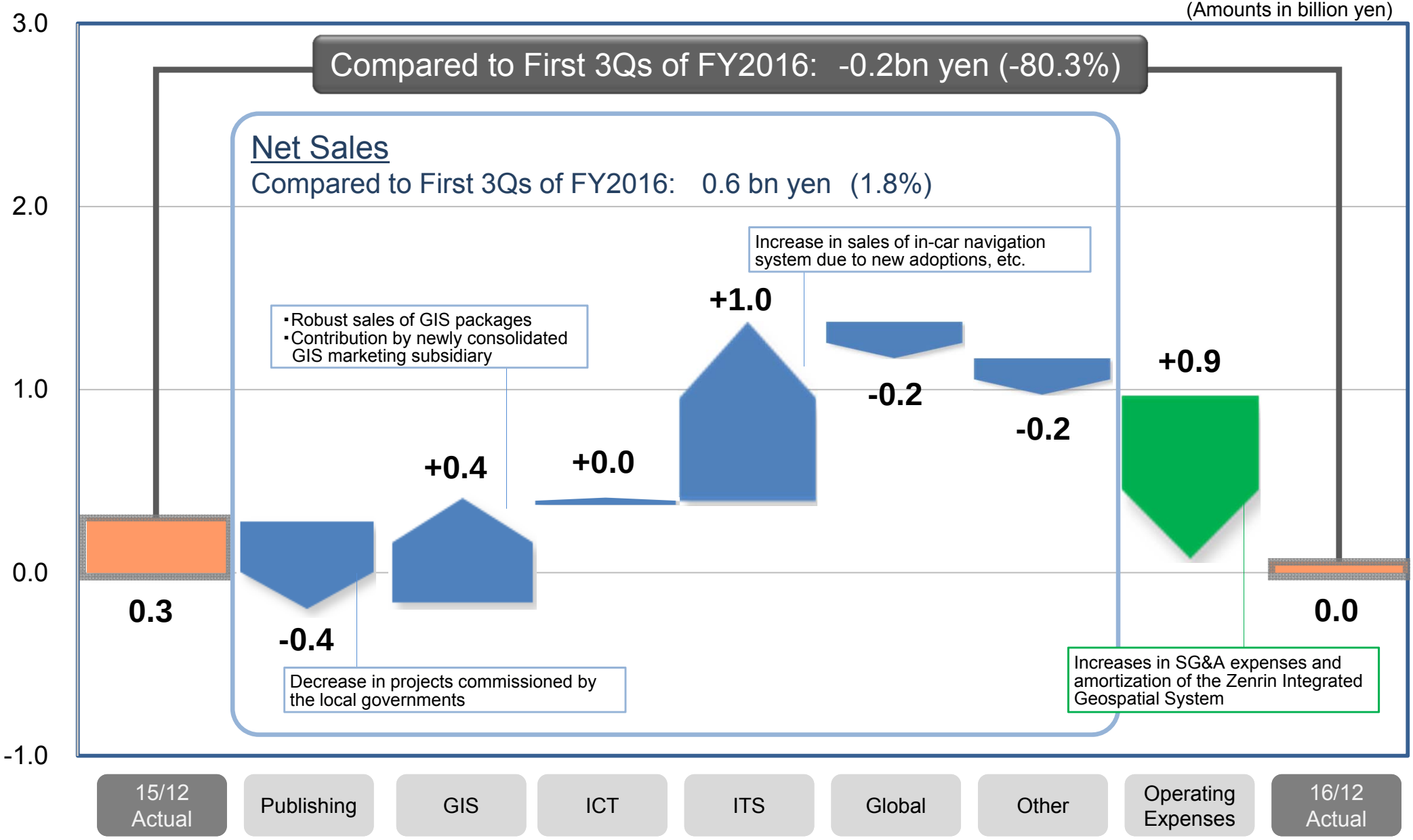
Results for First 3 Quarters of Fiscal 2017

(Amounts in billion yen)



1-4) Segment Information

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Sales Composition

83.1%

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

6.9%

2. General Printing Segment

Main Items: Commercial printing

10.0%

3. Other

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

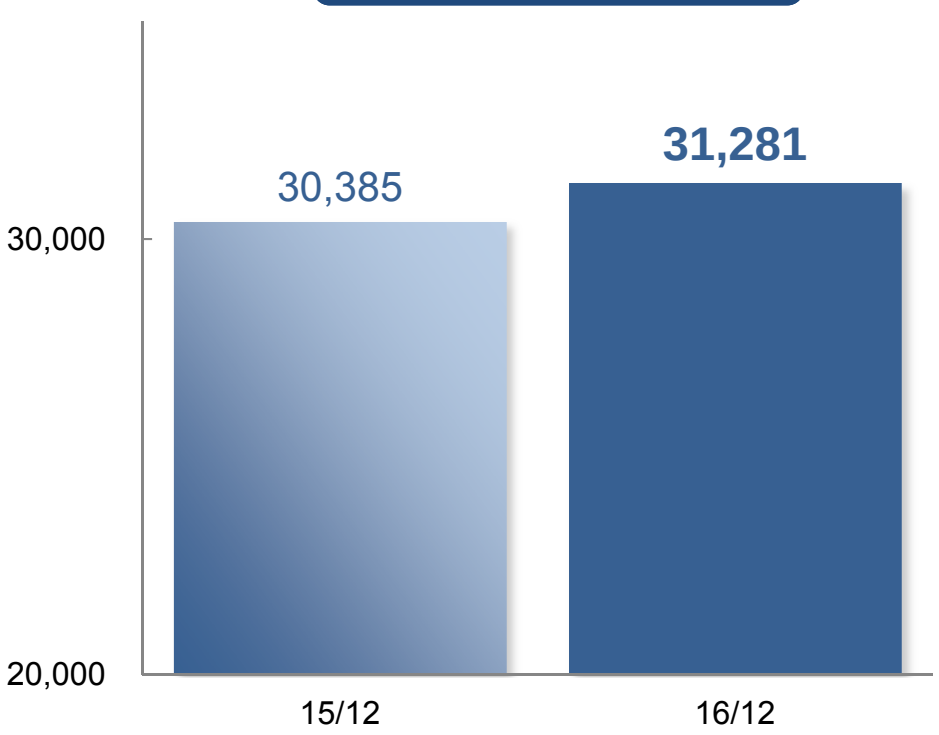
1-4) Map Database Segment

(Amounts in million yen)

Net Sales

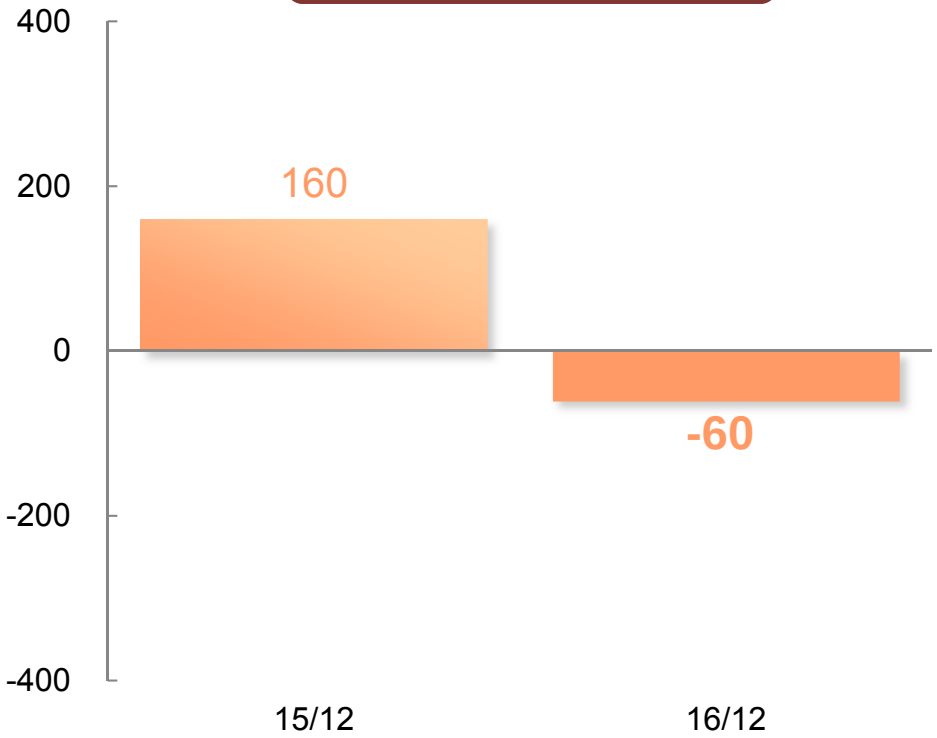
Compared to First 3Qs of FY2016

Up 895 (2.9%)



Operating Income

Downturn of 220 (—)



■ Reported robust sales of Japanese in-car navigation systems and sales related to GIS utilizing residential map databases.

■ Increases in amortization of the Zenrin Integrated Geospatial System, etc. were reported, in addition to an increase in selling, general and administrative expenses including personnel expenses.

1-4) General Printing Segment, and Other

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Results for First 3 Quarters of Fiscal 2017

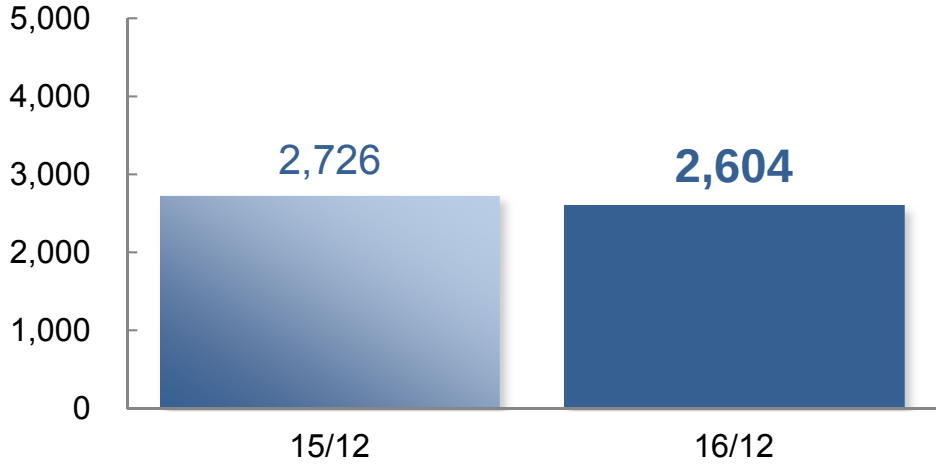
(Amounts in million yen)

General Printing Segment

Net Sales

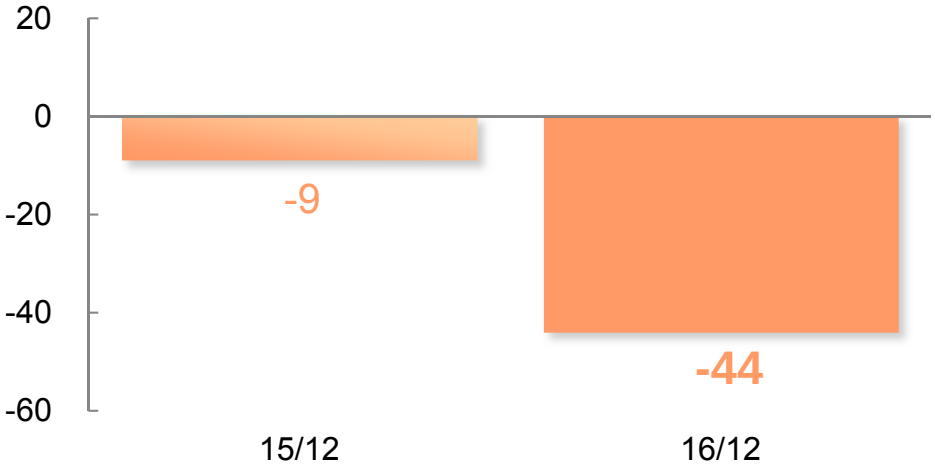
Compared to First 3Qs of FY2016

Down 122 (-4.5%)



Operating Income

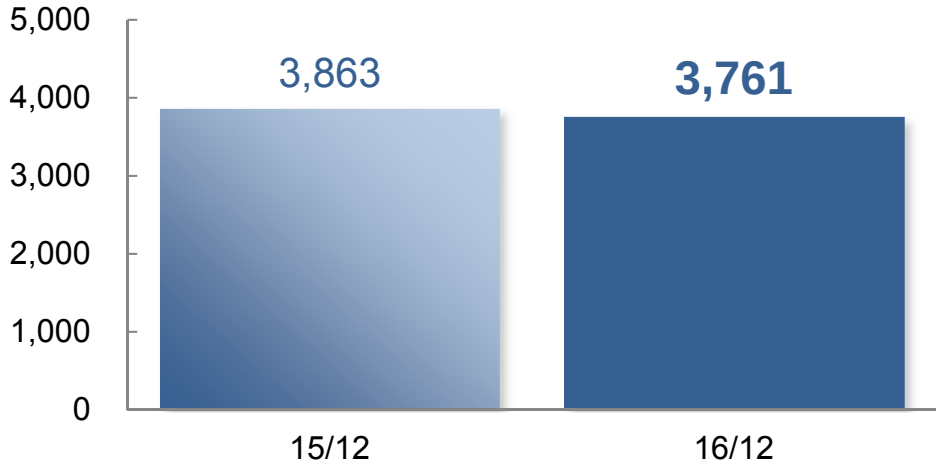
Downturn of 34 (—)



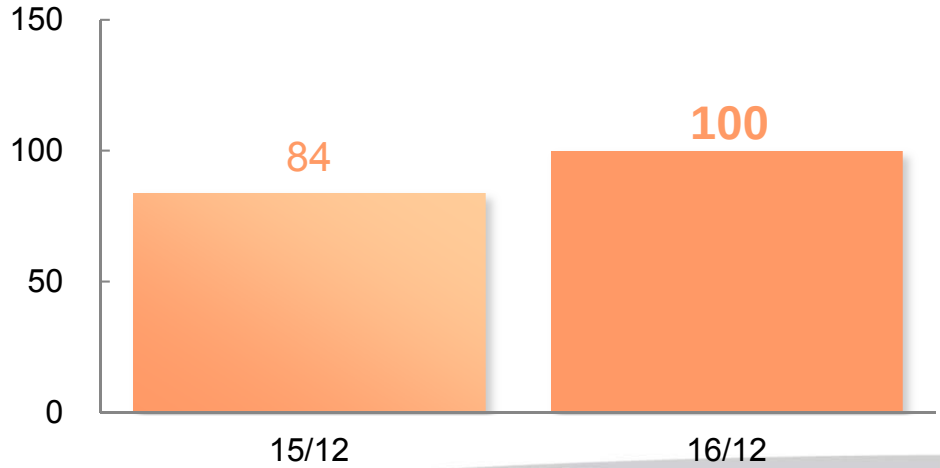
Other

Compared to First 3Qs of FY2016

Down 102 (-2.6%)



Up 15 (18.4%)



1-5) Net Sales by Business under ZGP2020

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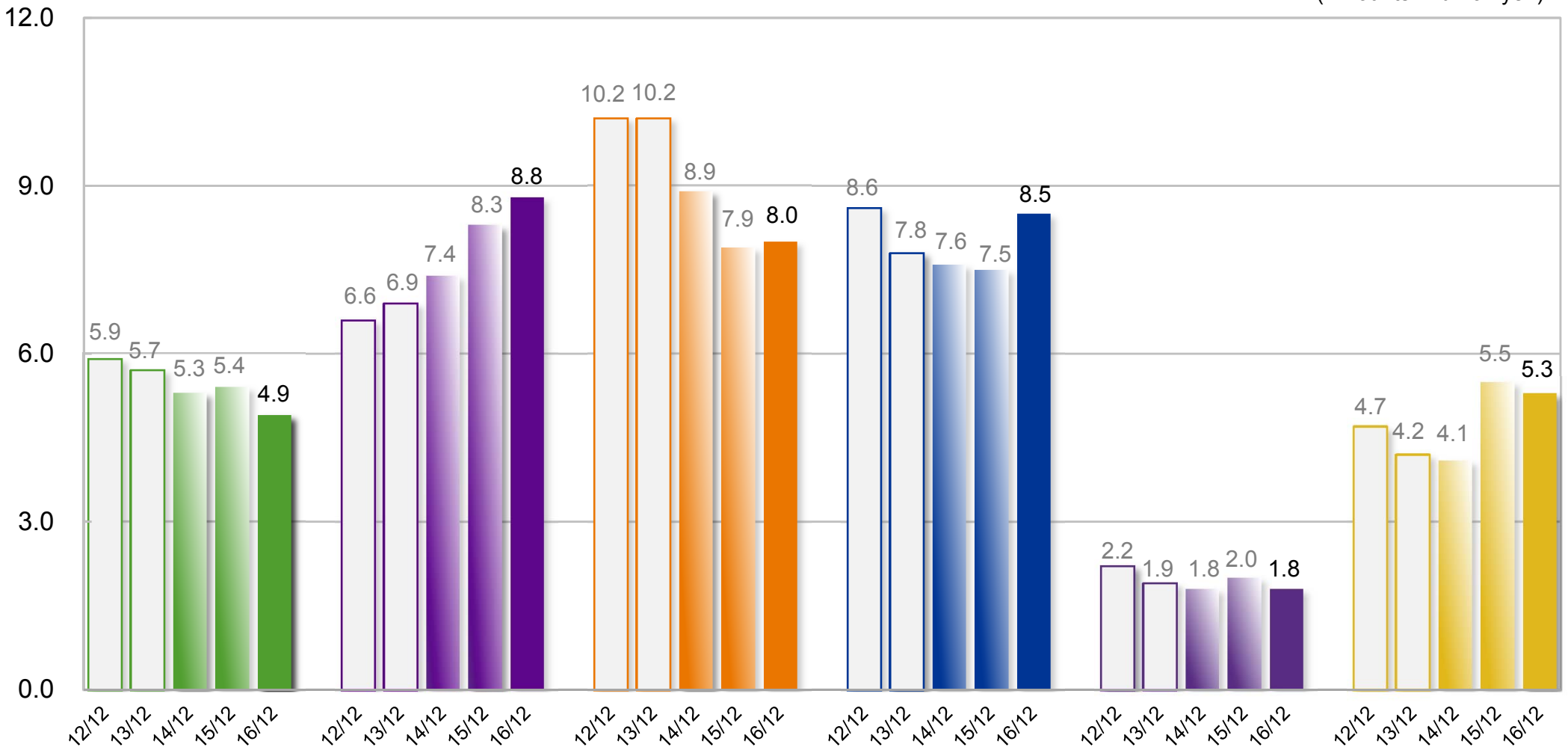
Results for First 3 Quarters of Fiscal 2017

(Amounts in billion yen)



Compared to First 3Qs of FY2016	Publishing	GIS	ICT	ITS	Global	Other
	-0.4 (-9.1%)	+0.4 (5.8%)	+0.0 (1.1%)	+1.0 (13.2%)	-0.2 (-9.9%)	-0.2 (-3.7%)

* Net sales for the first 3 quarters of fiscal 2013 (period ended December 2012) and first 3 quarters of fiscal 2014 (period ended December 2013), which are the outlined open bars on the bar graph, are net sales compiled based on the business composition under ZGP2015.

2. Earnings Forecast for Fiscal 2017

1) Overview of Earnings Forecast for Fiscal 2017
(No change from the figures announced on May 9)

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

3) Changes in Composition of Net Sales by Quarter

4) Dividends

2-1) Overview of Earnings Forecast for Fiscal 2017

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Earnings Forecast for Fiscal 2017

Given that the actual results through 3Q have been roughly in line with the forecast, the earnings forecast for fiscal 2016 is left unchanged from that announced on May 9, 2016 for now.

Compared to Fiscal 2016 <increase in sales and decrease in income>

- Securing of earnings from GIS Business
- Reduction of fixed cost ratio through productivity reform
- Stable operation of Zenrin Integrated Geospatial System and product development

(Amounts in million yen)

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

2-2) Net Sales by Business under ZGP2020

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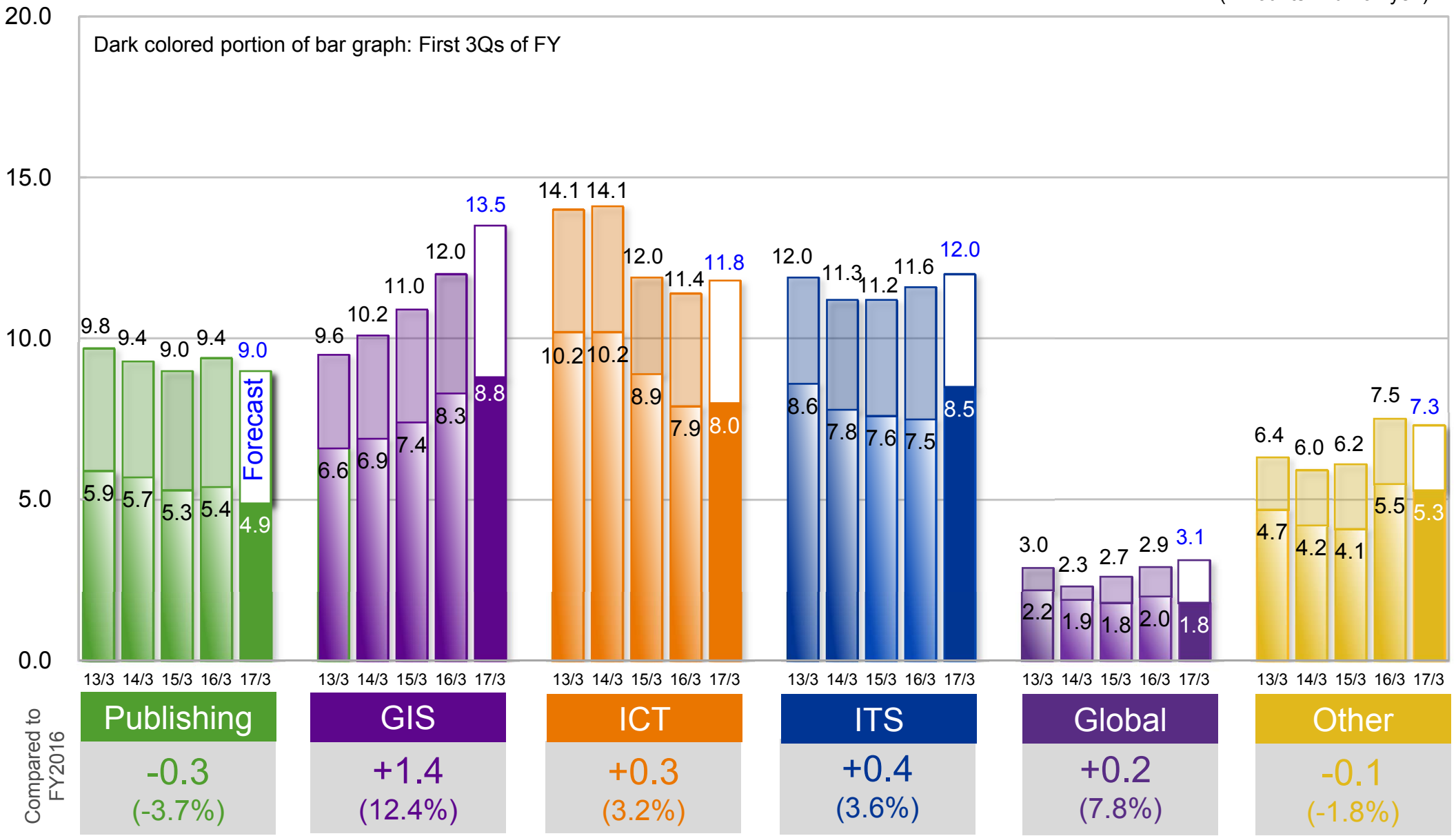
Results for First 3 Quarters of Fiscal 2017

(Amounts in 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.

2-3) Changes in Composition of Net Sales by Quarter

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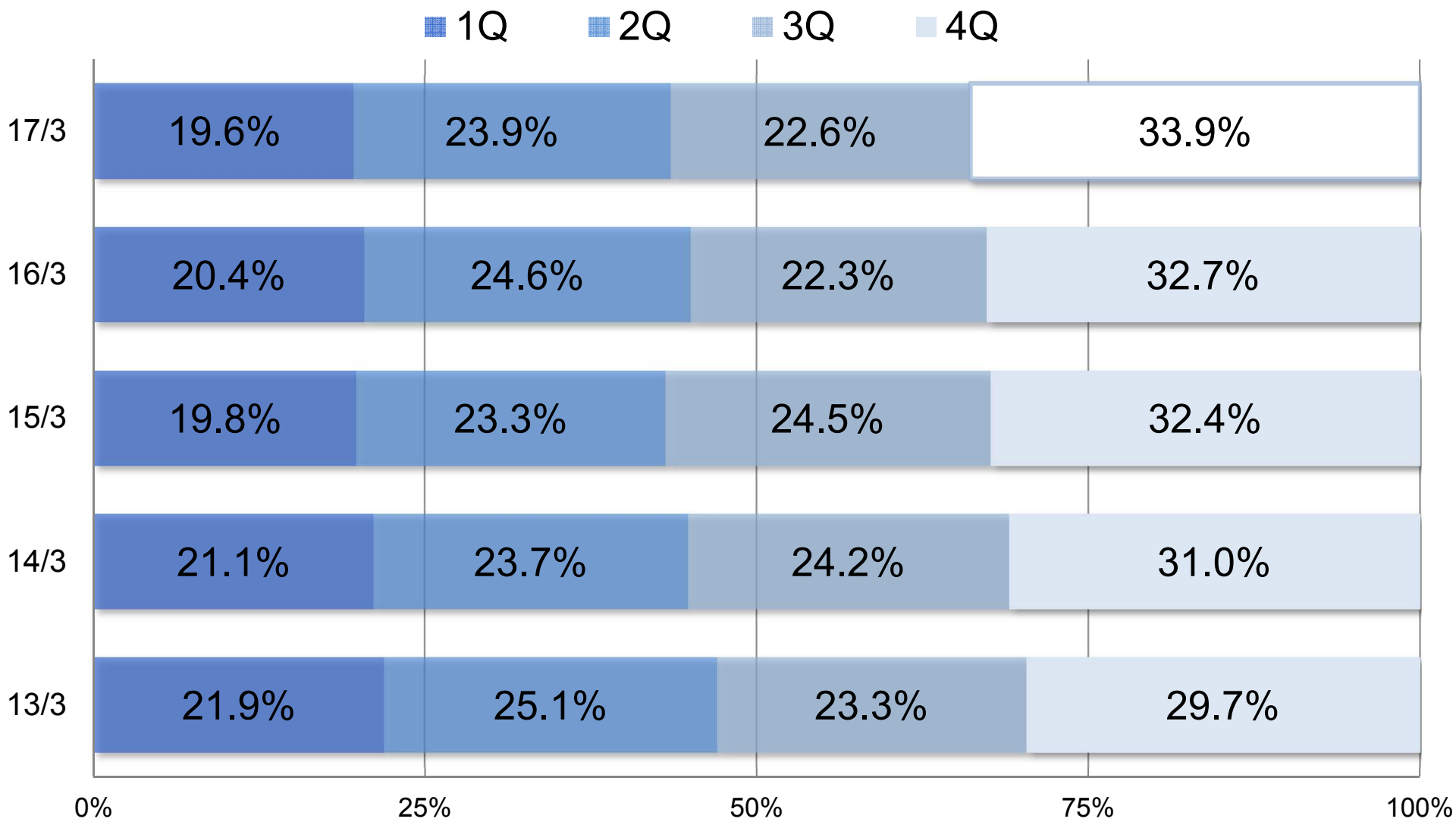
Results for First 3 Quarters of Fiscal 2017



2-4) Dividends

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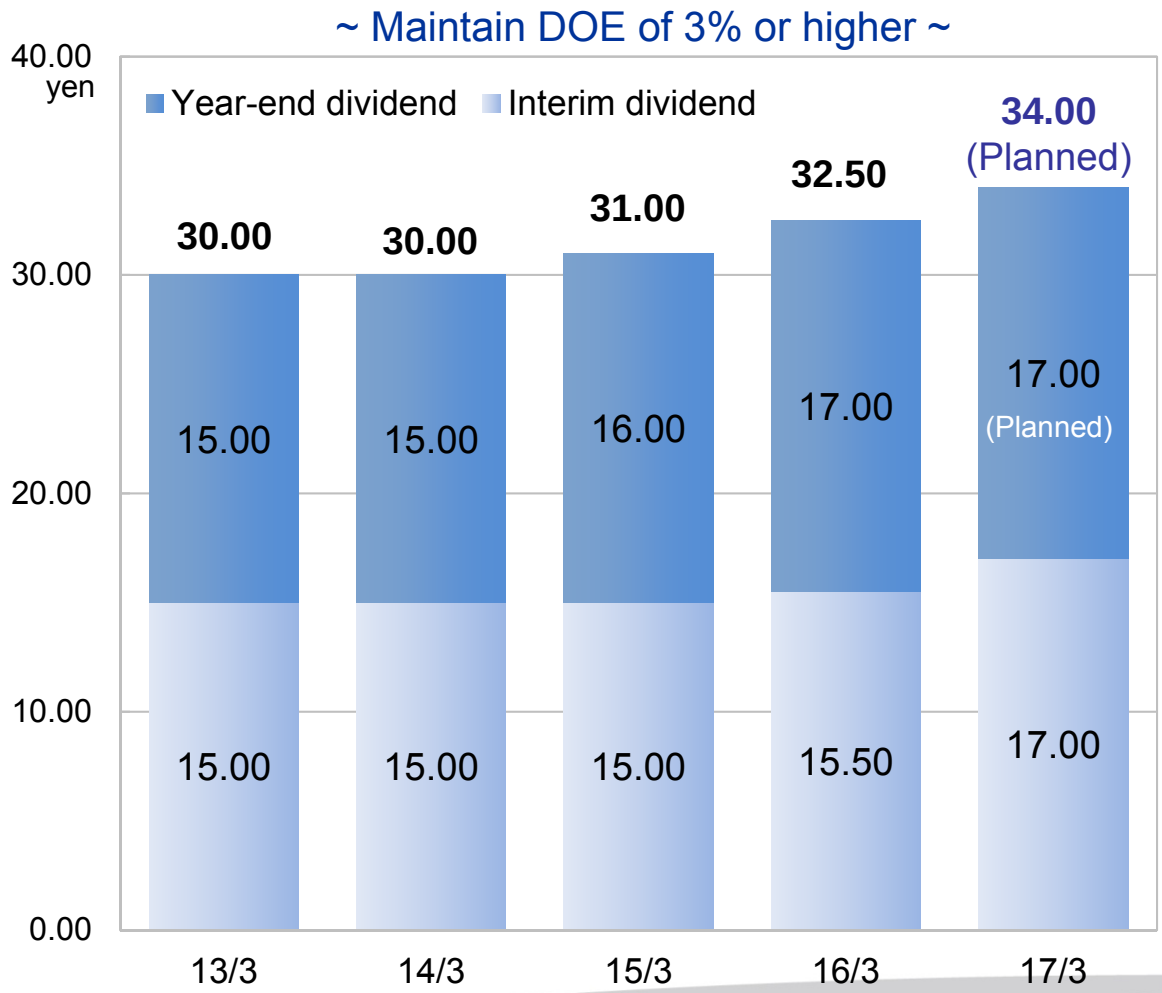
Basic Policy	Return income to shareholders derived from income growth based on the medium- to long-term business plan, while taking into account maintaining an adequate amount of internal reserves Target dividend on equity (DOE) on a consolidated basis of 3% or higher

FY2017 Dividend (Compared to FY2016)	
Interim	17.00 yen (+1.50 yen)
Year-end (Planned)	17.00 yen (± 0 yen)
Annual (Planned)	34.00 yen (+1.50 yen)



3. Appendix

1) Overview of Results for First 3 Quarters of Fiscal 2017
   Amount of Capital Investment, Depreciation and R&D Costs

2) Overview of Earnings Forecast for Fiscal 2017
   (Excerpt from Briefing on Results for Fiscal 2016 presentation materials)
   Changes in Net Sales, Income and Profit
   Amount of Capital Investment, Depreciation and R&D Costs

3) Medium- to Long-Term Business Plan ZGP2020 (From the announcement on 8 May, 2015)
   Numerical Targets
   Net sales by Business

4) Business Topics

3-1) Overview of Results for First 3 Quarters of Fiscal 2017
(Amount of Capital Investment, Depreciation and R&D Costs)

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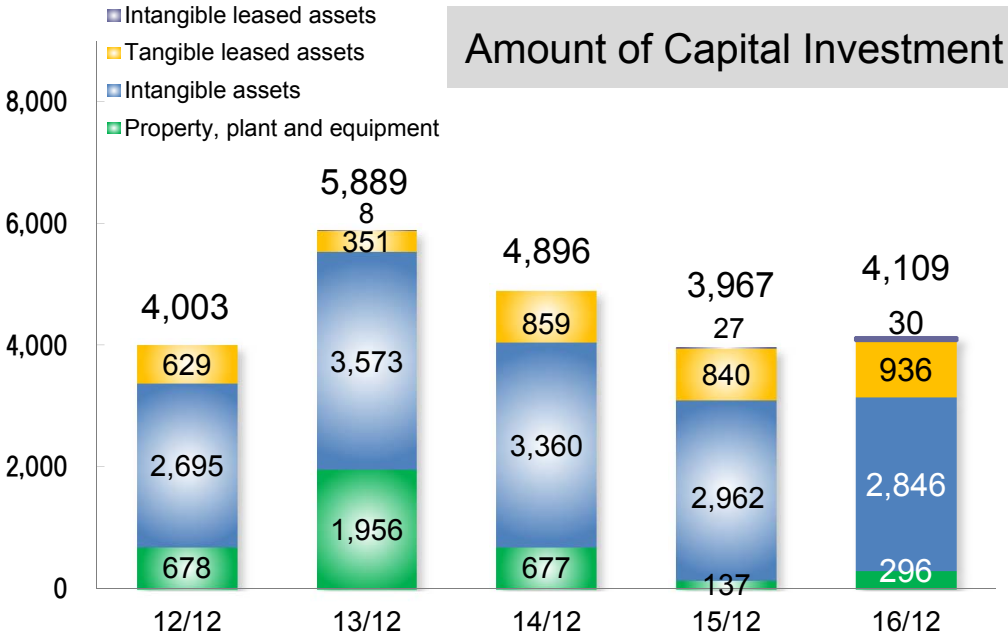
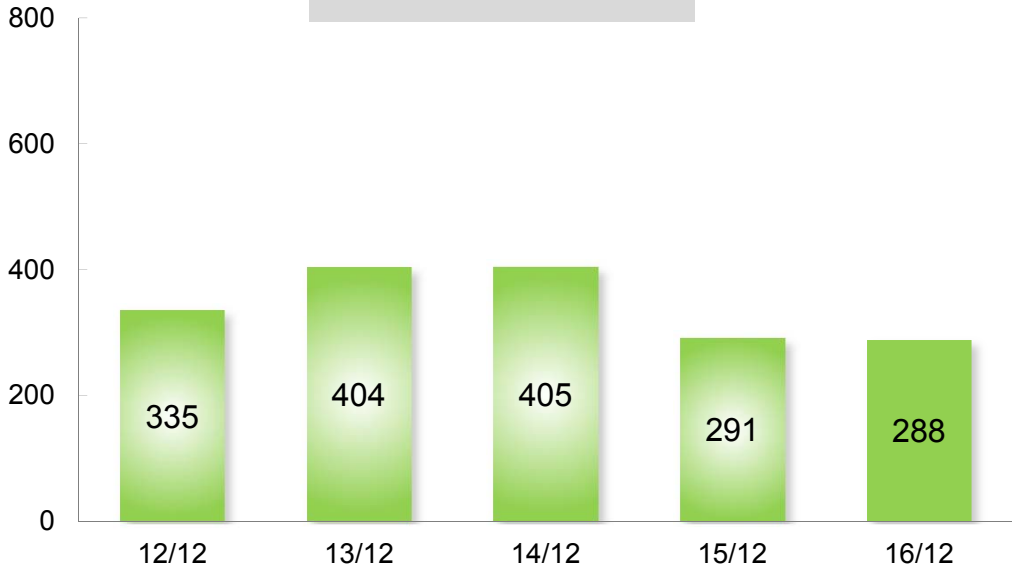
Amount of Capital Investment

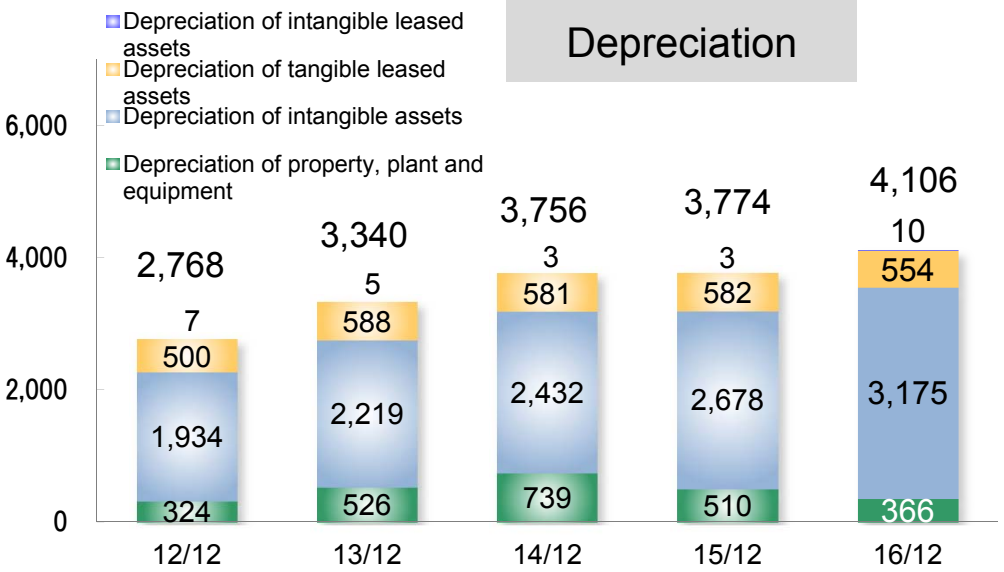


R & D Cost

(Amounts in million yen)



Depreciation



3-2) Overview of Earnings Forecast for Fiscal 2017
(Changes in Net Sales, Income and Profit)

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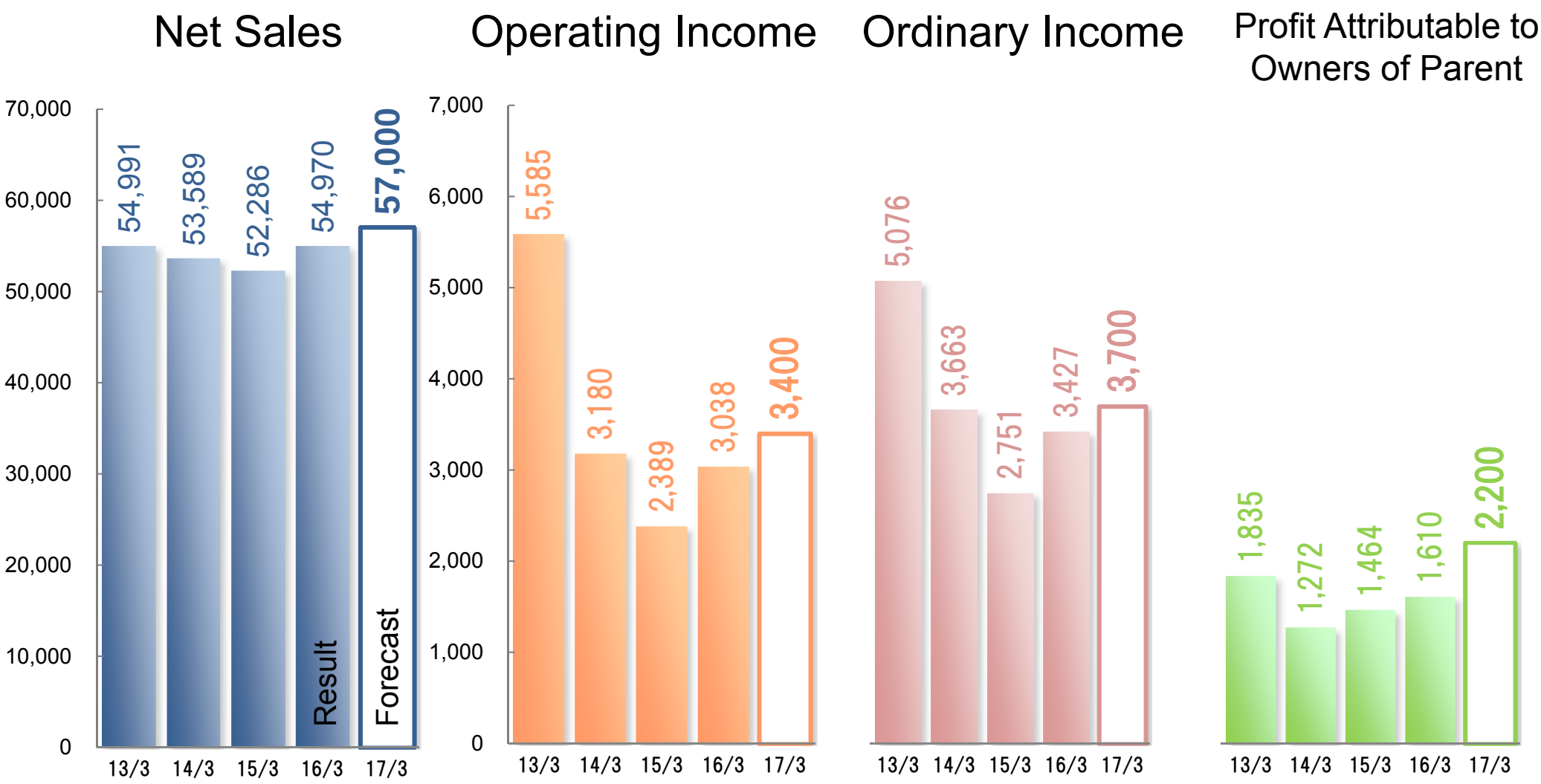
Results for First 3 Quarters of Fiscal 2017

(Amounts in million yen)



Increase in sales for two consecutive periods/Record high

Increase in income for two consecutive periods

Increase in profit for three consecutive periods

3-2) Overview of Earnings Forecast for Fiscal 2017
(Amount of Capital Investment, Depreciation and R&D Costs)

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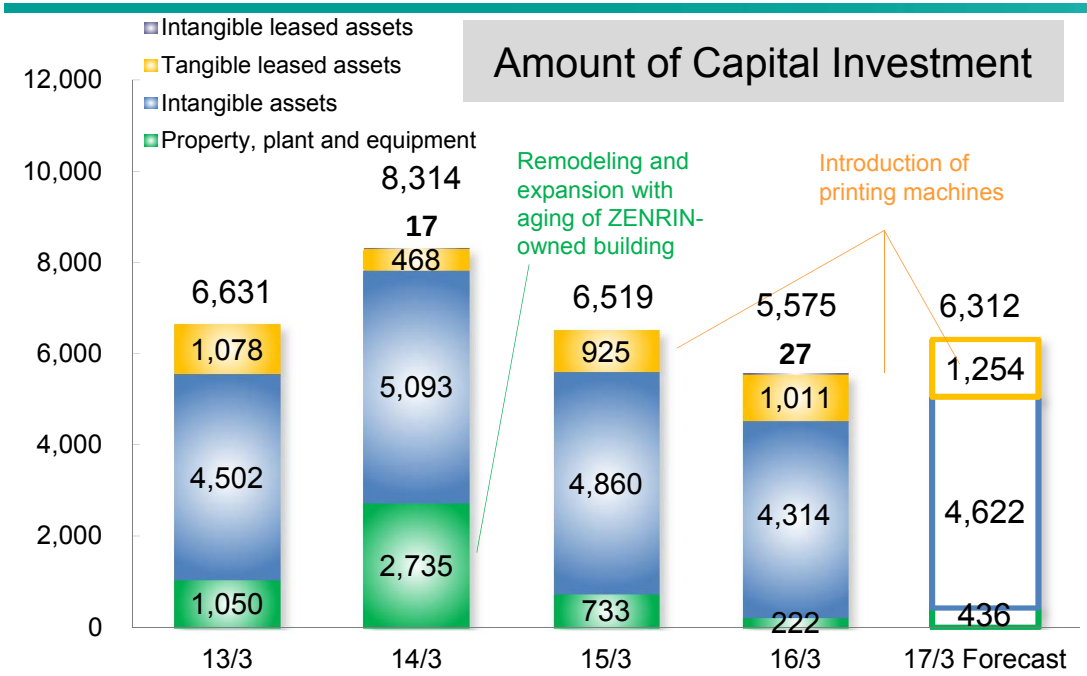
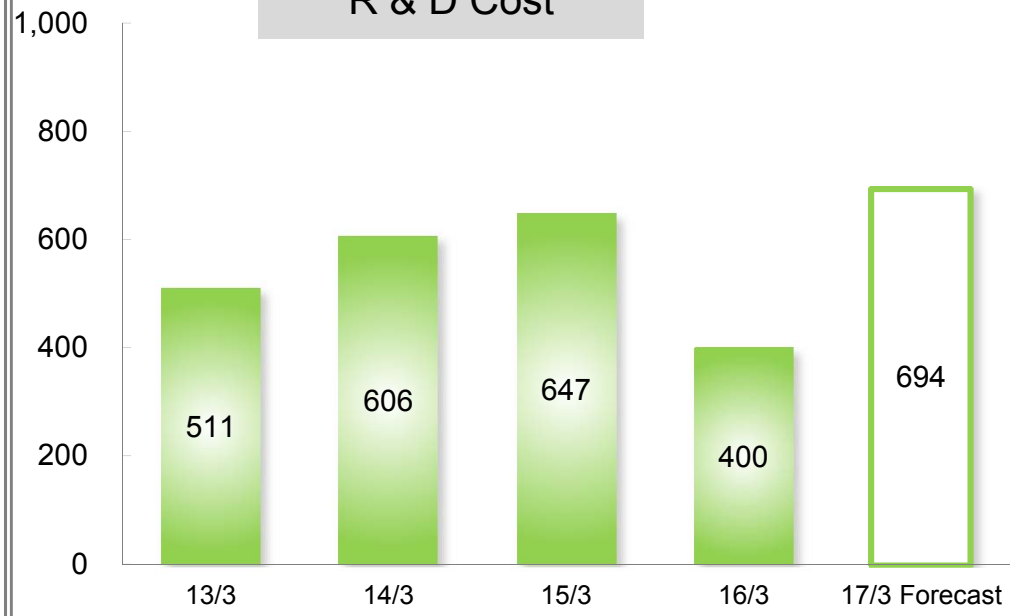
Results for First 3 Quarters of Fiscal 2017

(Amounts in million yen)

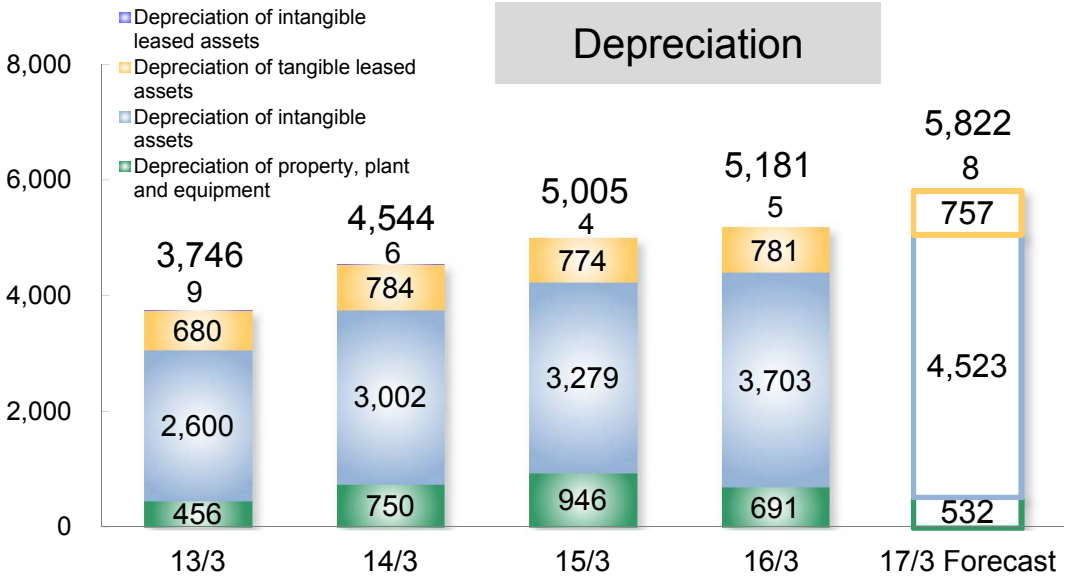
Amount of Capital Investment



R & D Cost



Depreciation



3-3) ZGP2020 Numerical Targets
(From the announcement on 8 May 2015)

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	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

3-3) Net Sales by Business under ZGP2020

(From the announcement on 8 May 2015)

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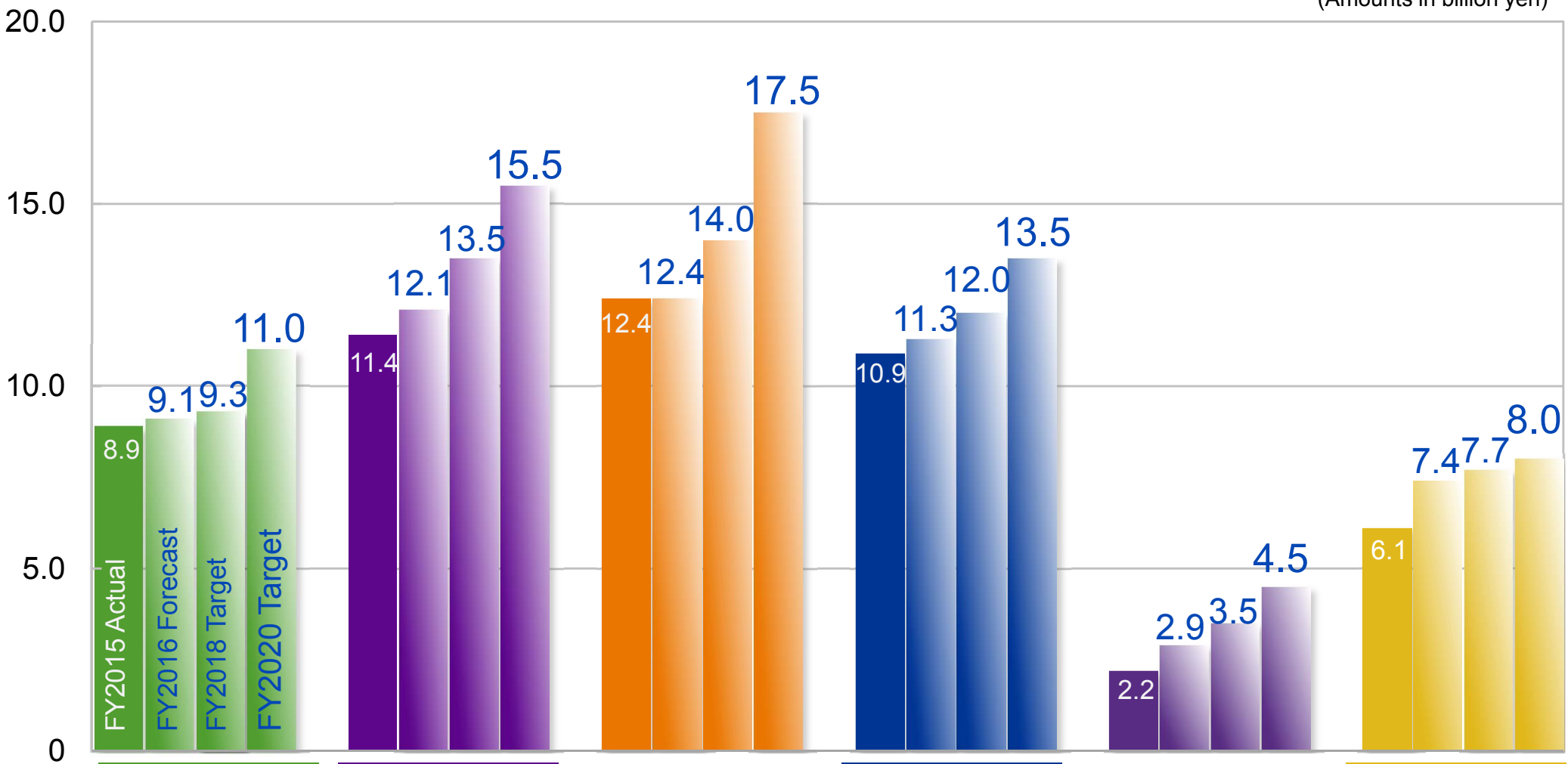
Results for First 3 Quarters of Fiscal 2017

(Amounts in billion yen)



	Publishing	GIS	ICT	ITS	Global	Other
Compared to FY2015	+2.0 (22.8%)	+4.0 (35.7%)	+5.0 (40.3%)	+2.5 (23.0%)	+2.2 (99.6%)	+1.8 (29.1%)

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

■Commenced joint development of media services for in-car navigation system utilizing location attribute data and driver's driving data. (October 25, 2016)

ZENRIN DataCom CO., LTD., the Company's consolidated subsidiary, and Hakuhodo DY Media Partners Inc. commenced joint development of media services for in-car navigation system utilizing location attribute data and the driver's driving data.

Location attribute data held by the ZENRIN DataCom
⇒ Able to identify driver's driving location.

<Joint development>
Coordinating location attribute data with driver's driving data will make it possible to offer useful information to the driver.
Superior latitude and flexibility in outdoor information delivery will also be possible, including the use of sensor information such as GPS, Wi-Fi and iBeacon developed by the Marketing Technology Development Division of Hakuhodo DY Holdings, Inc., and the ability to change the delivered information based on past action history, etc.
The development of this media services has been made possible by the utilization of the delivery platform.

<Currently being tested>
Utilizing "its-mo NAVI Drive" provided by ZENRIN DataCom
Not only does it provide navigation to the destination but also delivers advertising for recommended points of interest/close-by shops based on the driver's location information and preferences and guides the driver to such locations and shops.

- Driver ⇒ Able to receive useful information through the app.
- Advertiser ⇒ Able to guide potential customers to its stores in a way that was not possible using the conventional Web or banner advertising in apps.

■Now possible to use residential maps in "Road Patrol Support Service" (November 14, 2016)

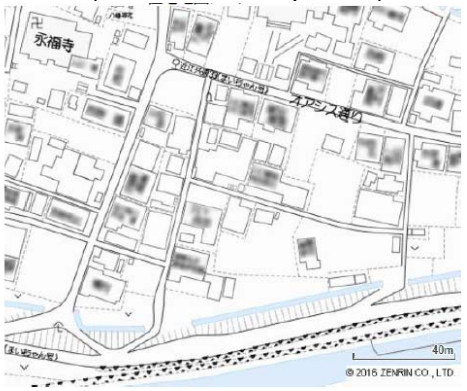
It will become possible to use the Company's residential maps in "Road Patrol Support Service*1" offered by FUJITSU TRAFFIC & ROAD DATA SERVICE, LTD.
Scheduled to commence marketing under the name, "Road Patrol Support Service: ZENRIN Residential Map Compatible Function Option (Tentative)" from April 1, 2017.

Contributing to improving the operational efficiency of road administrators by incorporating the Internet residential map delivery services*2 which can even show the shape of the houses and doorplate information.

(Street map level)

*In urban areas, city maps which show the shape of buildings may be accessed.

(Residential map level)



*Names on doorplates have been blurred.

*1 This service, which is intended to improve the operational efficiency of road administrators in road maintenance work, incorporates the Company's "its-mo NAVI API," a road map/city map level Internet delivery service, allowing the user to confirm various information on the map on the computer screen.
*2 "ZNET TOWN API" a residential map Internet delivery service

3-4) Business Topics

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■Commenced providing multi-language digital signage specifically for accommodation facilities

(December 7, 2016)

In response to the influx of overseas hotel guests, we are providing an environment where the hotel guests can access information on surrounding facilities and tourist spots on their own in foreign languages.
Enhancing customer satisfaction of hotel guests as well as helping to reduce the hotel staff's customer care work.

Trial run at: Sunshine City Prince Hotel and Naeba Prince Hotel

<Content / function>

(i) "Multi-language map"
Compatible with English, Chinese (Simplified, Traditional), and Korean, and description appears in both Japanese and the foreign language.

(ii) "Vicinity Map" and "TAXI Card"
Users may browse information on popular tourist spots in Tokyo. By scanning the two-dimensional barcode, the facility information will be forwarded to a smartphone, and the destination can be communicated by showing it to the taxi driver.

(iii) "Train transfer information"
Tourist spots often recommended by hotels are already indicated. Train transfer information will be shown from the nearest train station by merely touching the button.
By scanning the two-dimensional barcode, the facility information will be forwarded to a smartphone.

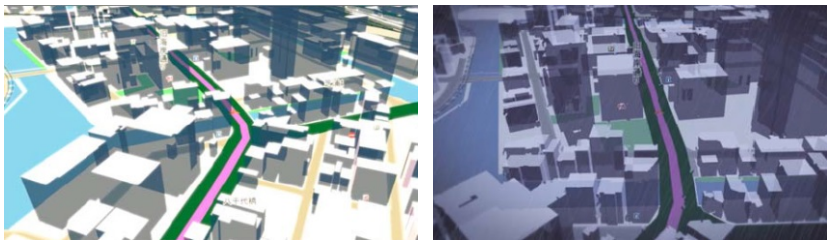
("Vicinity Map" and "TAXI Card")

ICT

■Commenced providing map services to location information games (December 8, 2016)

ZENRIN DataCom CO., LTD., the Company's consolidated subsidiary commenced providing map services to location information games.
It is now possible to offer originally-designed maps that, unlike conventional illustrated maps, reflect the real world and match the world view of the game.

- A cloud environment has also been developed to ensure the availability of the service.
- Service will be available even during heavy access.
- May be used widely in entertainment services including games.



Screen may be changed according to weather conditions, such as a sunny day (left) and a rainy day (right)

Game area may be set	VR/AR services compatible	Compatible with Unity
		
Loaded with the geofence function against the risks of location information games, allowing the user to set specific areas exclusively as outside of the area of the game.	Compatible with VR/AR games such as those using head-mount displays.	Compatible with Unity which is supported by numerous developers including games for smartphones.

ICT

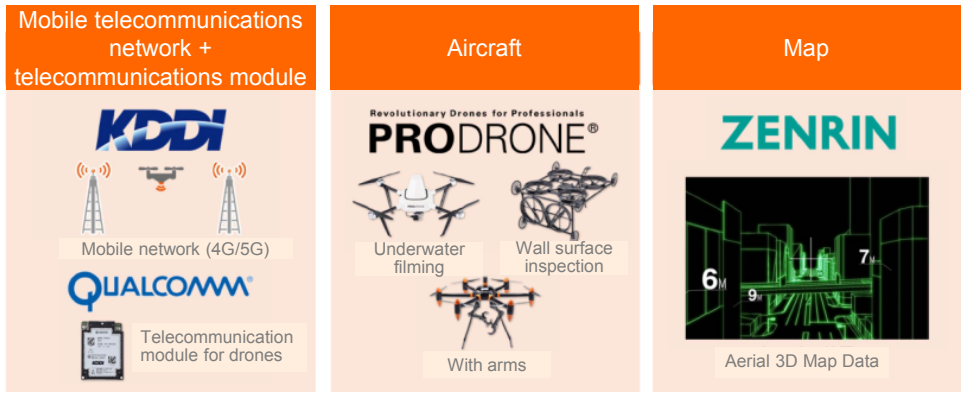
3-4) Business Topics

■Business tie-up between KDDI, Prodrone and ZENRIN in the drone business utilizing mobile telecommunication networks (December 19, 2016)

The Company has entered into a business tie-up in the drone business with the KDDI Corporation, the major telecommunications company, and Prodone Co., Ltd., the drone manufacturer, and announced the concept for the “Smart Drone Platform,” the operation and management platform for drones.
This business tie-up was concluded for the purpose of developing a platform to ensure the safe and secure, autonomous flight of drones, which are expected to be utilized in various industries, and the Company will promote this project through the research and development of “Aerial 3D Map Data.”

With today’s technology, drones can generally only fly in limited areas, as their flights require wireless and Wi-Fi. With the “Smart Drone Platform,” flights over a wide area will become possible through the utilization of KDDI’s mobile phone base station network. And by using the Company’s “Aerial 3D Map Data” and Prodrone’s high-performance drones, we will aim to build a system which will enable the safe and secure autonomous flight of the drone to its destination, while the drone itself confirms flight zones and its own precise location.

Going forward, by utilizing the “Smart Drone Platform,” we will provide solutions such as facility inspections, agricultural support and disaster relief, as well as consumer services such as filming services, and promote the “Smart Drone Concept” in which drones connected by the network will play a leading role in various fields.



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ZENRIN CO.,LTD. http://www.zenrin.co.jp
Corporate Management Division, Management Control & IR Department
IR contact email: zenrin-ir@zenrin.co.jp