

ZENRIN

Securities Code: 9474

Briefing on Results for Fiscal 2018

(Year Ended March 31, 2018)

May 18, 2018

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

Yumiko Toshima

1. Overview of Results for Fiscal 2018
2. Overview of Earnings Forecast for Fiscal 2019
3. Business Overview
4. 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 2018

- 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
- 6) Capital Strategy and Return of Profit to Shareholder
(Stock Split, Purchase of Treasury Shares, Dividend)

1-1) Overview of Results

Key Points of Results for Fiscal 2018

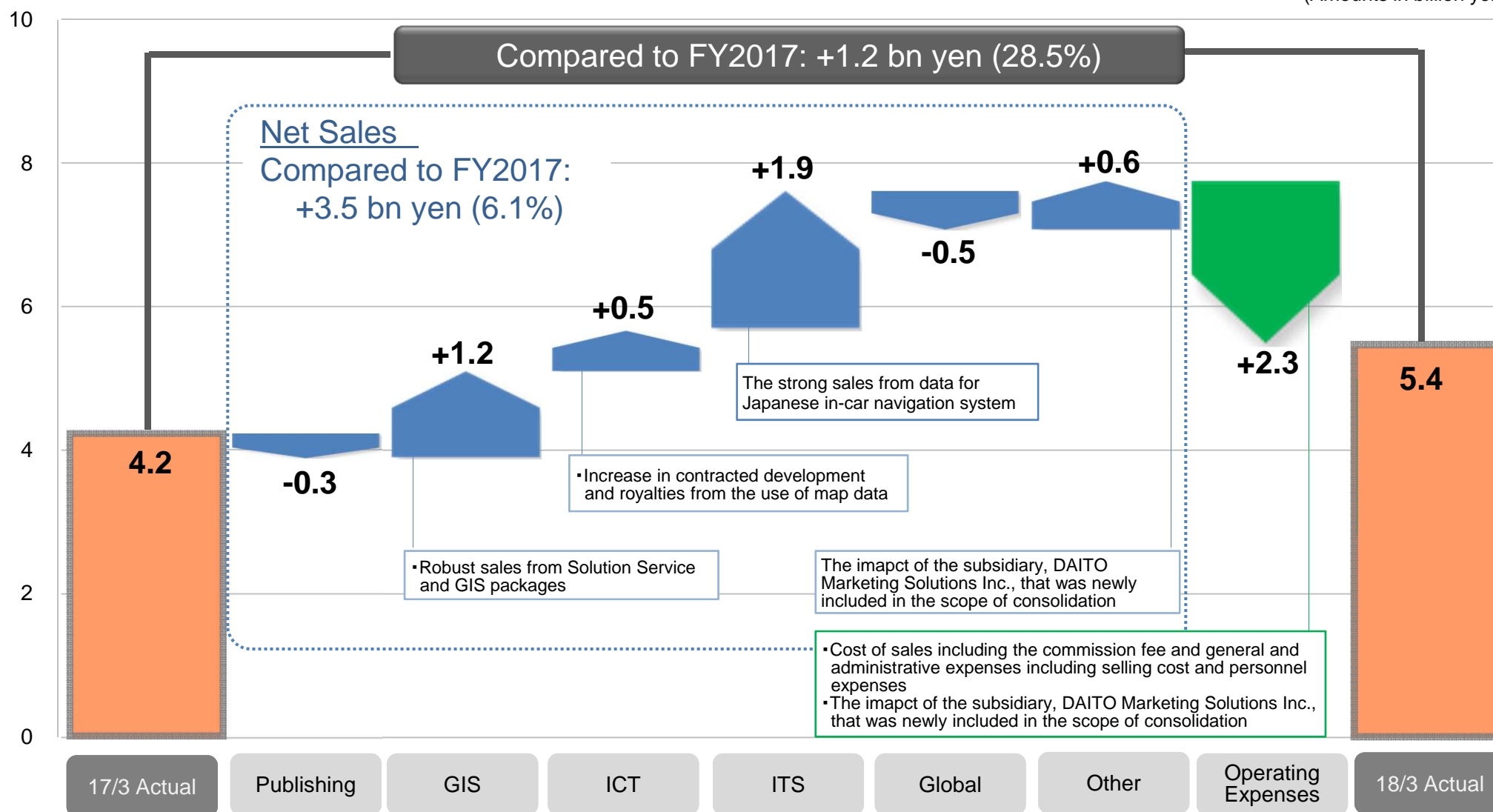
Compared to First 4 Quarters of Fiscal 2017 <increase in sales and income>

- Sales increased for 3 consecutive periods, renewing a record high
Operating income and ordinary income also increased for 3 consecutive periods. Profit attributable to owners of parent increased for 4 consecutive periods
- The strong sales from data for Japanese in-car navigation system and robust sales related to GIS
- Increase in general and administrative expenses including selling cost and personnel expenses was reported, in addition to the increase in cost of sales including the commission fee in conjunction with increased revenues

(Amounts in million yen)

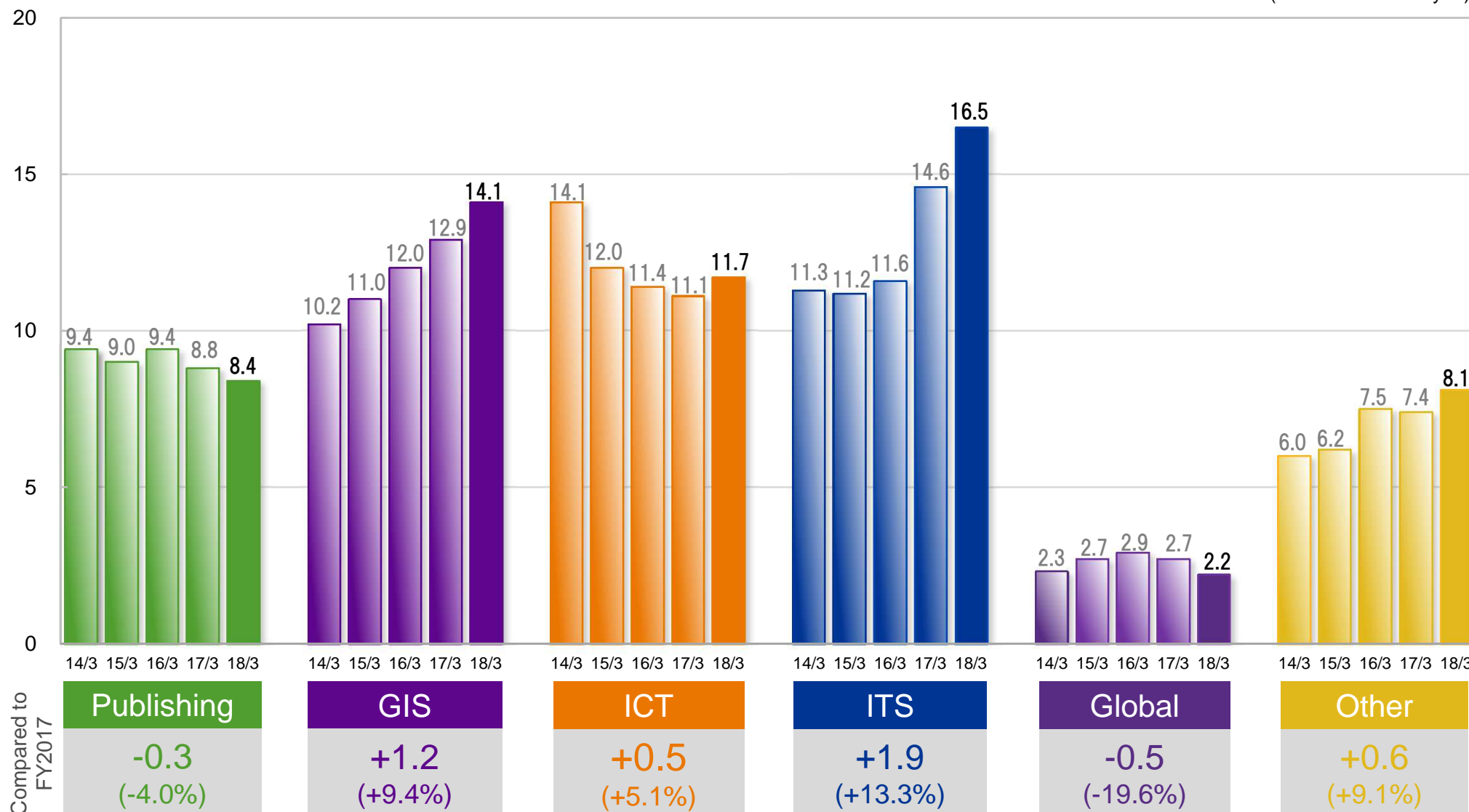
	FY2017 Actual	FY2018 Forecast	FY2018 Actual	Compared to FY2017	Change (%)	Compared to Forecast	Change (%)
Net Sales	57,819	60,000	61,332	3,512	6.1	1,332	2.2
Operating Expenses	53,584	55,500	55,890	2,305	4.3	390	0.7
Operating Income Operating Margin	4,234 7.3%	4,500 7.5%	5,441 8.9%	1,207 1.6pt	28.5	941 1.4pt	20.9
Ordinary Income	4,527	4,700	5,863	1,335	29.5	1,163	24.7
Profit Attributable to Owners of Parent	2,462	2,700	3,336	874	35.5	636	23.6

1-2) Causes for Change in Operating Income



1-3) Net Sales by Business under ZGP2020

(Amounts in billion yen)



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

1-4) Segment Information

Sales
Composition

83.7%

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



10.2%

3. Other

Main Items: Purchased products, digital signage, provision of Marketing Solution

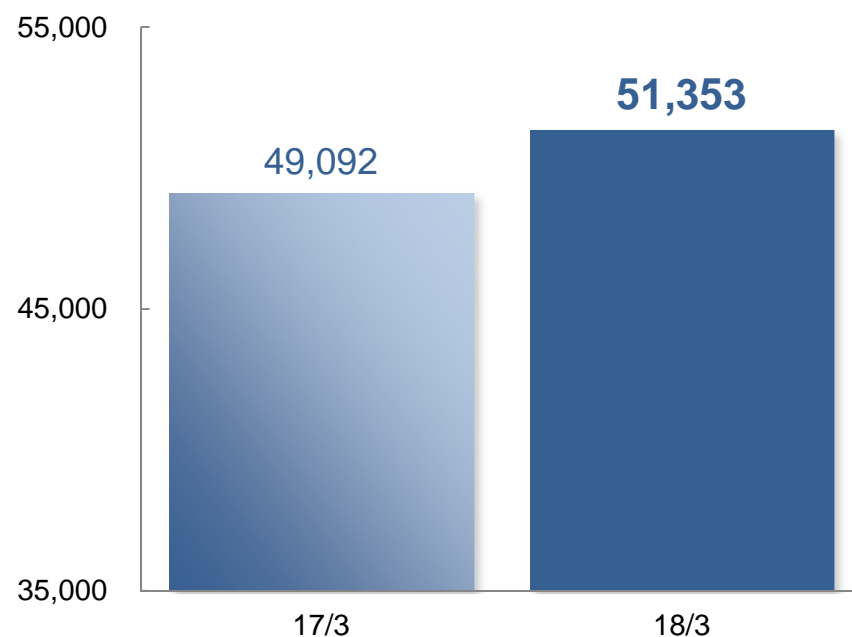


1-4) Map Database Segment

Net Sales

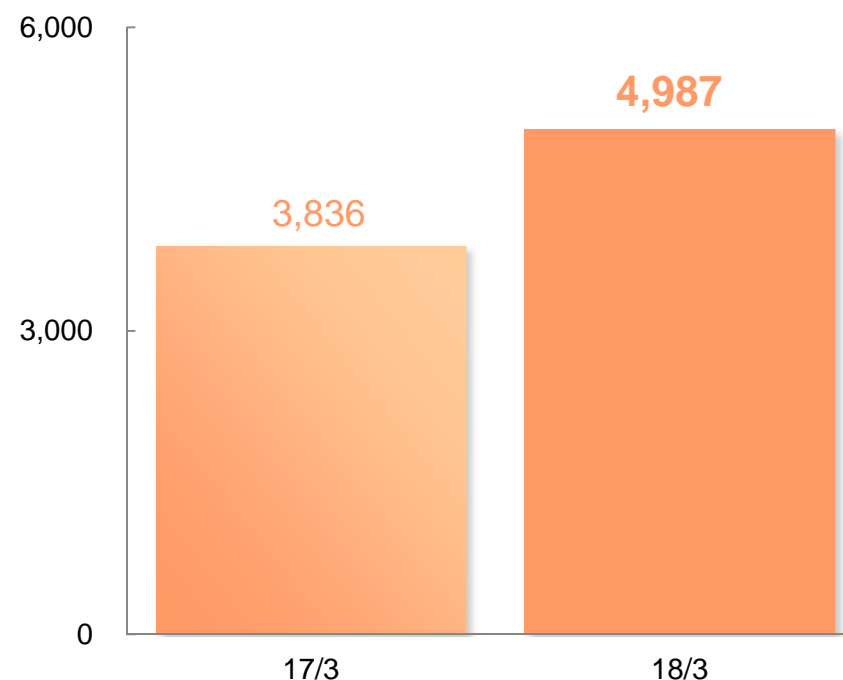
Compared
to FY2017

Up 2,260 (+4.6%)



Operating Income

Up 1,150(+30.0%)



- The strong sales from data for Japanese in-car navigation systems and robust sales related to GIS,
- General and administrative expenses including selling cost and personnel expenses increased, in addition to the increase in cost of sales including the commission fee. However, profits increased due to revenue increase.

1-4) General Printing Segment, and Other

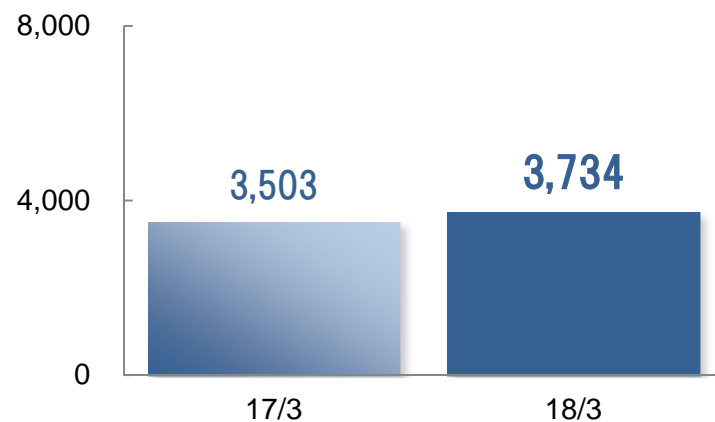
(Amounts in million yen)

General Printing Segment

Net Sales

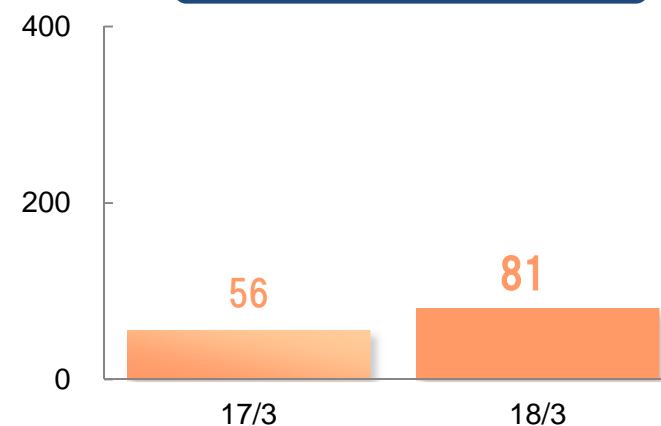
Compared to FY2017

Up 230 (+6.6%)



Operating Income

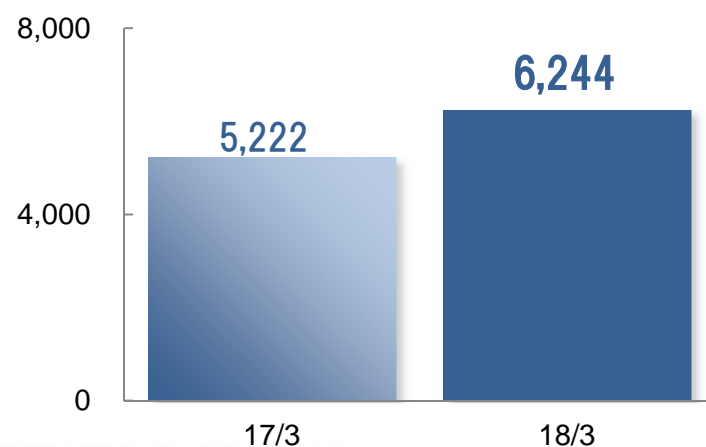
Up 25 (+44.9%)



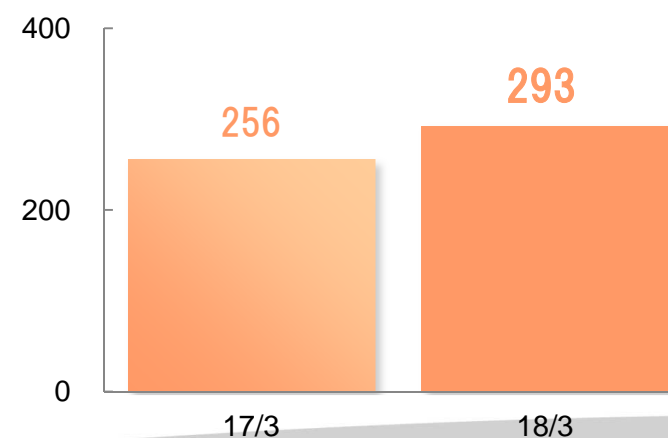
Other

Compared to FY2017

Up 1,021 (+19.6%)



Up 36 (+14.3%)



1-5) Changes in Cash Flows

Operating Cash Flows

Compared to FY2017

Inflows up 1,465

Investing Cash Flows

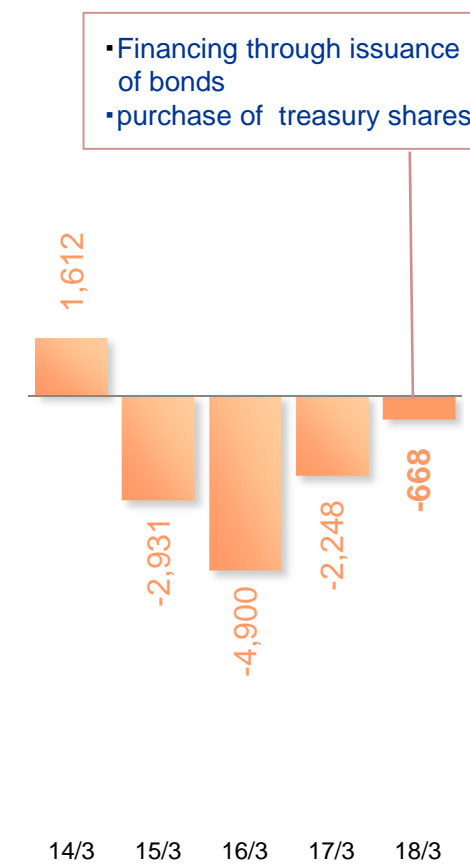
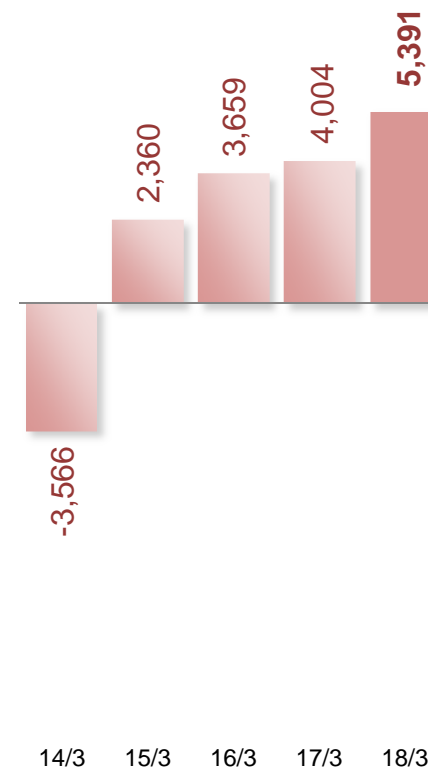
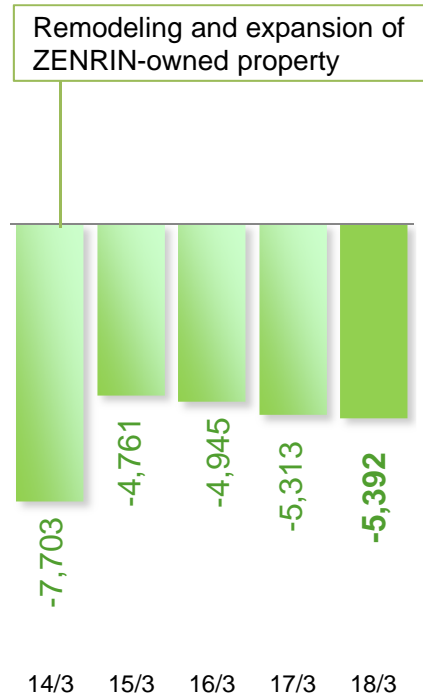
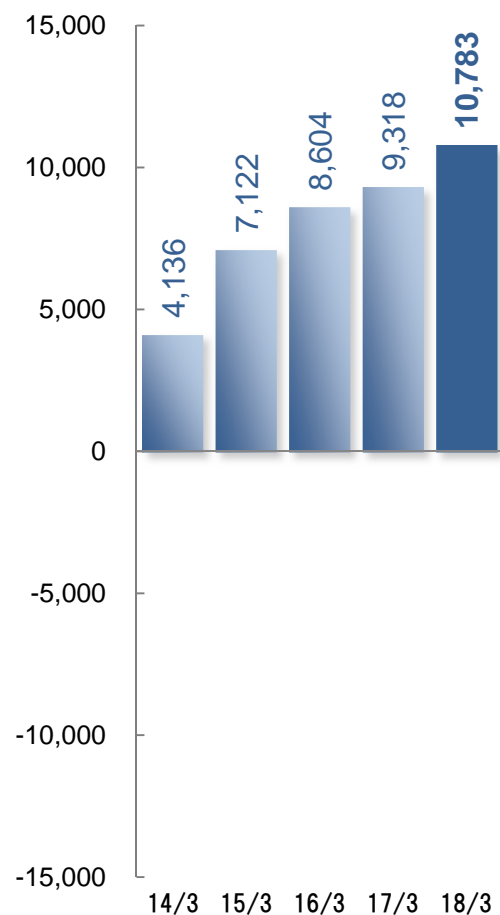
Outflows up 78

Free Cash Flows

Inflows up 1,386

Financing Cash Flows

Outflows down 1,580



1-6) Capital Strategy and Return of Profit to Shareholder (Stock Split) **ZENRIN**

Briefing on Results for FY2018

Maps to the Future

Purpose and Details (disclosed on January 29, 2018)

<Purpose>

- The purpose of the stock split is to raise the liquidity of the Company's stock and expand the investor base

<Details>

- The Company at the meeting of its Board of Directors held on January 29, 2018, passed a resolution to implement a stock split and partially amend the Articles of Incorporation in relation to the stock split
- Each share of common stock will be split into 1.5 shares.
(Record date: March 31, 2018 Effective date: April 1, 2018)
- In conjunction with this stock split, the Company will amend Article 6 (Total Number of Authorized Shares and Total Number of Authorized Preferred Shares) of its Articles of Incorporation.
(Effective date: April 1, 2018)

Number of shares to be increased by the stock split

Total number of issued shares prior to the stock split	38,200,910 shares
The number of shares to be increased by the stock split	19,100,455 shares
Total number of issued shares after the stock split	57,301,365 shares

Details of the amendment (Total Number of Authorized Shares)

Type of shares	Before the amendment	After the amendment
Common shares	134,000,000 shares	201,000,000 shares
Class 1 preferred shares	67,000,000 shares	100,500,000 shares

(Class 1 preferred shares are currently unissued)

Purpose and Details (disclosed on March 7, 2018)

<Purpose>

■ To Implement a flexible capital strategy, enhance capital efficiency and strengthen the return of profit to shareholders

<Details>

■ The Company, at the meeting of its Board of Directors held on March 7, passed a resolution on the issuance of bond for the purchase of treasury shares and financing thereby

■ Type and the total number of shares : 2,300,000 shares of common stock (upper limit)
After the stock split takes into effect : 3,450,000 shares (upper limit)

■ Total payment amount to purchase shares : ¥8 billion (upper limit)

■ Period of purchase : March 8 to May 31, 2018

Implementation status until April 30, 2018

March 8 - 31, 2018 (purchase via ToSTNeT-3)	1,501,800 shares (1,256,800 shares)
April 1 - 30, 2018	0 share
Total	1,501,800 shares

*After the stock split takes into effect: 2,252,700 shares

Financing by purchase of treasury stock through the issuance of bonds
(¥8,000,000,000 Zero Coupon Convertible Bonds due 2023)

Total amount of issue	8,240 million yen
Issue period and date	March 23, 2018
Exercise period of subscription rights	April 6, 2018 – March 17, 2023
Redemption date	March 31, 2023

1-6) Capital Strategy and Return of Profit to Shareholder (Dividend)

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

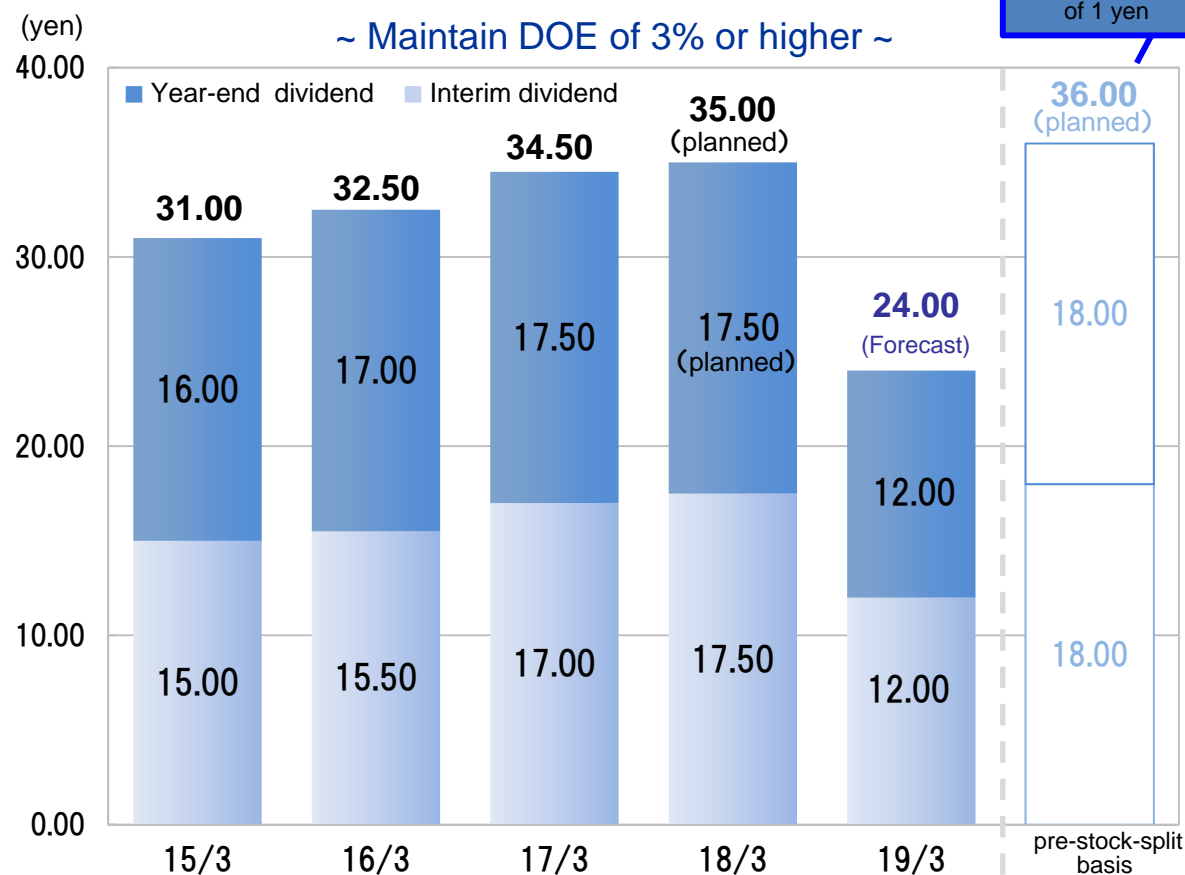
FY2018 Dividend (Compared to FY2017)

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

FY2019 Dividend (pre-stock-split basis)

Interim (forecast)	12.00 yen (18.00 yen)
Year-end (forecast)	12.00 yen (18.00 yen)
Annual (forecast)	24.00 yen (36.00 yen)*

*An increase of 1 yen, according to the calculation on pre-stock-split basis



2. Overview of Earnings Forecast for Fiscal 2019

1) Earnings Forecast for Fiscal 2019

2-1) Earnings Forecast for Fiscal 2019

Earnings Forecast for Fiscal 2019

Compared to the previous fiscal year <increase in income and profit>

Re-organization of business strategy based on the new business composition with an eye on the next medium-term business plan

- Securing of earnings from existing businesses
- Earnings of revenue from new business domains such as ADAS, IoT and Map Design Business
- Stable operation of Zenrin Integrated Geospatial System and product development

(Amounts in million yen)

	FY2018 Actual	FY2019 Forecast	Compared to FY2018	Change (%)
Net Sales	61,332	64,000	2,667	4.3
Operating Expenses	55,890	58,200	2,309	4.1
Operating Income Operating Margin	5,441 8.9%	5,800 9.1%	358 0.2pt	6.6
Ordinary Income	5,863	6,200	336	5.7
Profit Attributable to Owners of Parent	3,336	3,700	363	10.9

3. Business Overview

- 1) Progress of ZGP2020
- 2) New business composition and priority actions
 - Review of business composition
 - Sales by business (actual/forecast)
 - New business composition and priority actions
- 3) Early realization of products/services utilizing Zenrin Integrated Geospatial System

3-1) Progress of ZGP2020

	ZGP2020 Actuals and Targets				
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Target	FY2020 Target
Consolidated Net Sales	54.9 bn yen	57.8 bn yen	61.3 bn yen	64.0 bn yen	70.0 bn yen
Consolidated Operating Income (Margin)	3.0 bn yen (5.5%)	4.2 bn yen (7.3%)	5.4 bn yen (8.9%)	5.8 bn yen (9.1%)	10.0 bn yen (14.2%)
ROE (Return on equity)	4.0%	6.0%	8.2%	9.4%	12% or higher
DOE (Dividend on equity on a consolidated basis)	3.0%	3.1%	3.2%	3% or higher	3% or higher

Progress/ Evaluation of FY2018

- Securing stable revenue by strengthening GIS package products and solutions
- Increasing revenue from ITS business through improvement of sharing of data for Japanese in-car navigation
- Continuing ADAS-related transactions and conducting demonstration trials of drones

Efforts for the next medium-term business plan

- Establishment of new business domains to make early realization of gaining revenue
- Development of products/services utilizing Zenrin Integrated Geospatial System
- Continuation of implementation of productivity improvement measures

3-2) Review of business composition

Previous
Business
Composition

Publishing

GIS

ICT

ITS

Global

Other

Change in business environment

Shift of consumption trend from
“goods” to “activities”

Response to change in social circumstances
and enhancement of quality of public services

Shift of consumers' satisfaction
from functional value to emotional value

Entry of the automotive industry into
a new competition environment
beyond regional and industrial boundary

GIS evolution to IoT domain through appearance
of location information service with IoT

To marketing 3.0/4.0 era

To a business composition with an eye on
the next medium-term business plan

New Business Composition from FY2019

Product

Public Solution

Map Design

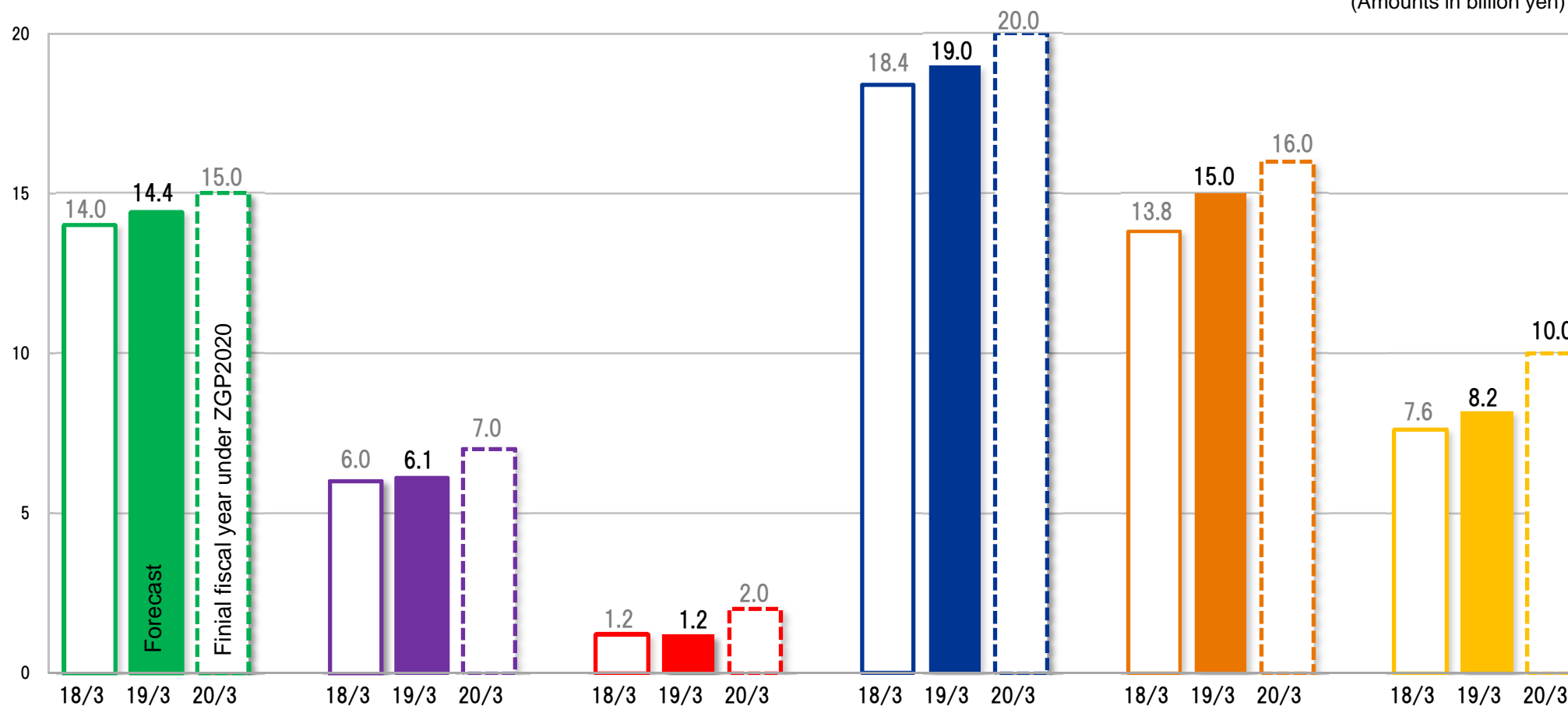
Automotive

IoT

Marketing Solution

3-2) Sales by business (actual/forecast)

(Amounts in billion yen)



18/3	Product	Public Solution	Map Design	Automotive	IoT	Marketing Solution
↓						
19/3	+0.3 (+2.4%)	+0.0 (+0.1%)	+0.0 (+2.7%)	+0.5 (+3.2%)	+1.1 (+8.2%)	+0.5 (+7.3%)

*Data for fiscal 2018 (outlined bar graph) and fiscal 2020 (final fiscal year under ZGP2020) are reclassified from the previous business composition.

3-2) New business composition and priority actions - Product Business -

Enhancement of value of residential map databases through a product-oriented approach

Business description

- Offer products and services that increase operating efficiency and meet the purpose of consumers who mainly use products relating to residential maps
- Secure the stable revenue foundation by using existing data

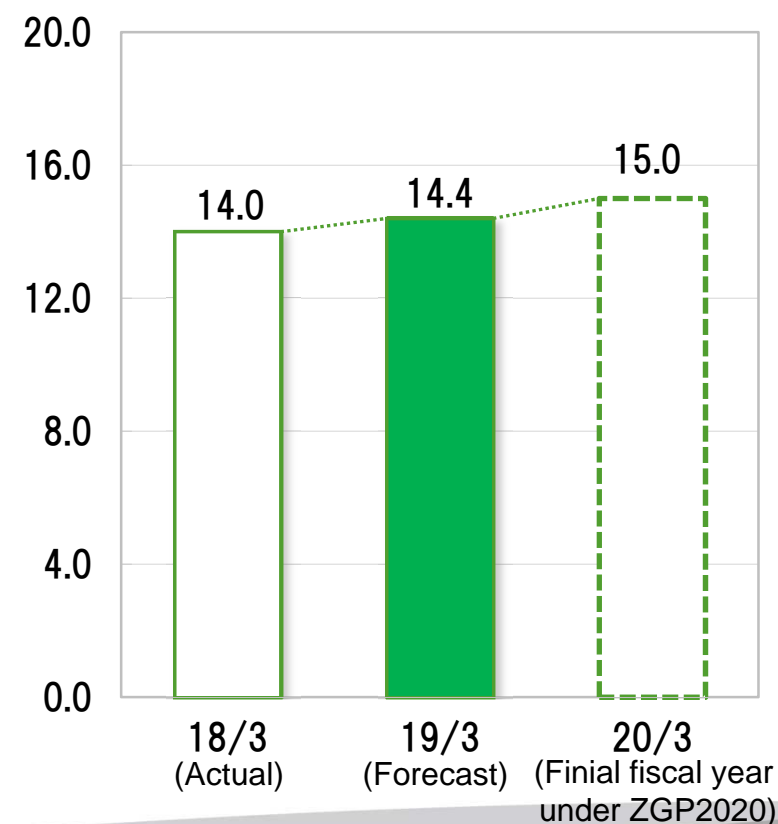
Main product lineup

- Printed residential maps, BLUE MAPS
- GIS package products
- Residential map data

Priority measures

- Release new products through development of applications
- Secure stable revenue through expansion of stock-type products

FY2019 Net Sales Forecast
Compared to FY2018:
+0.3 bn yen (+2.4%)



*Data for fiscal 2018 and fiscal 2020 are reclassified from the previous business composition.

3-2) New business composition and priority actions - Public Solution Business -

Increase of revenue by offering products and services for central government ministries/agencies and local governments

FY2019 Net Sales Forecast
Compared to FY2018:
+0.0 bn yen (+0.1%)

Business description

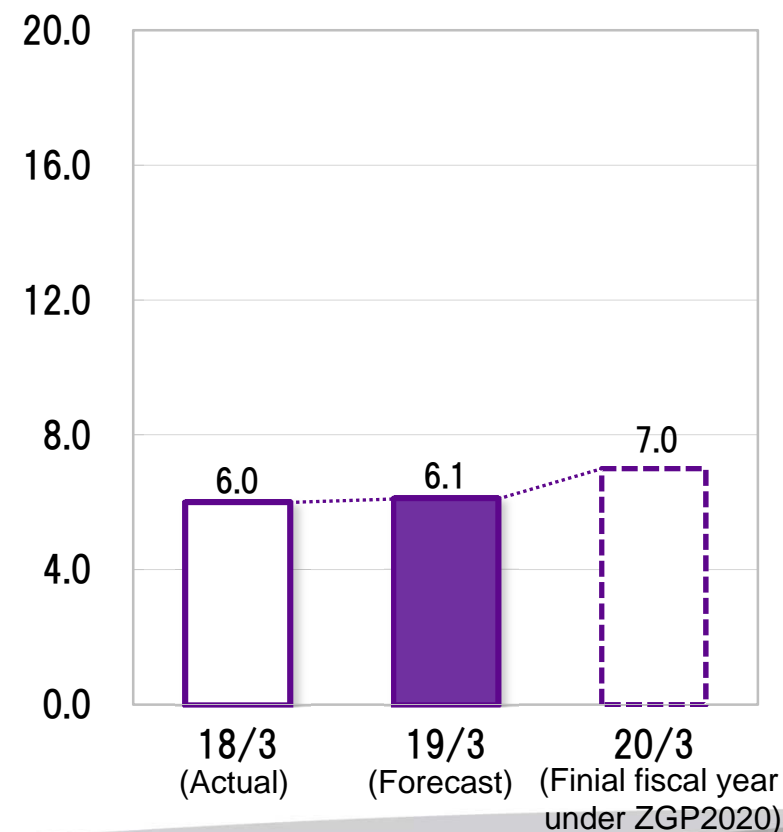
- Offer products and services that support work of central government ministries/agencies and local governments
- Expand sales through establishment of local government platform

Main product lineup

- Services related to residential map services that support LGWAN
- Map data for fire fighting and police
- Assist local disaster prevention/mitigation through the disaster relief agreement

Priority measures

Establish a dedicated platform that is specialized in local government work



*Data for fiscal 2018 and fiscal 2020 are reclassified from the previous business composition.

3-2) New business composition and priority actions - Map Design Business - **ZENRIN**

Maps to the Future

Briefing on Results for FY2018

(Amounts in billion yen)

Establishment of business domains
through embodiment of maps' potential value

FY2019 Net Sales Forecast
Compared to FY2018:
+0.0 bn yen (+2.7%)

Business description

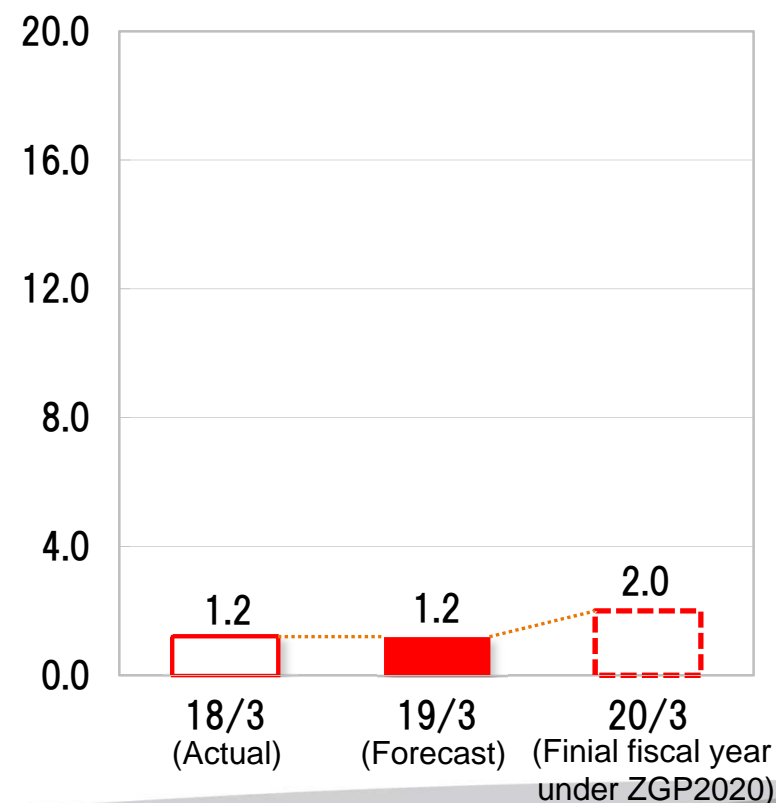
Expand map products under a new concept to consumers that place an importance on emotional value as well as functional value

Main product lineup

- Planning map
- "mati mati" series (for consumers)
- Original map design goods (for corporations)

Priority measures

- Create new opportunities for use of maps through product development
- Generate extra revenue for a limited period with sports and cultural events



*Data for fiscal 2018 and fiscal 2020 are reclassified from the previous business composition.

3-2) New business composition and priority actions - Automotive Business - ZENRIN

Briefing on Results for FY2018

Maps to the Future

(Amounts in billion yen)

Stabilization of business related to Japanese and overseas in-car navigation and market creation of automated driving and ADAS business

FY2019 Net Sales Forecast
Compared to FY2018:
+0.5 bn yen (+3.2%)

Business description

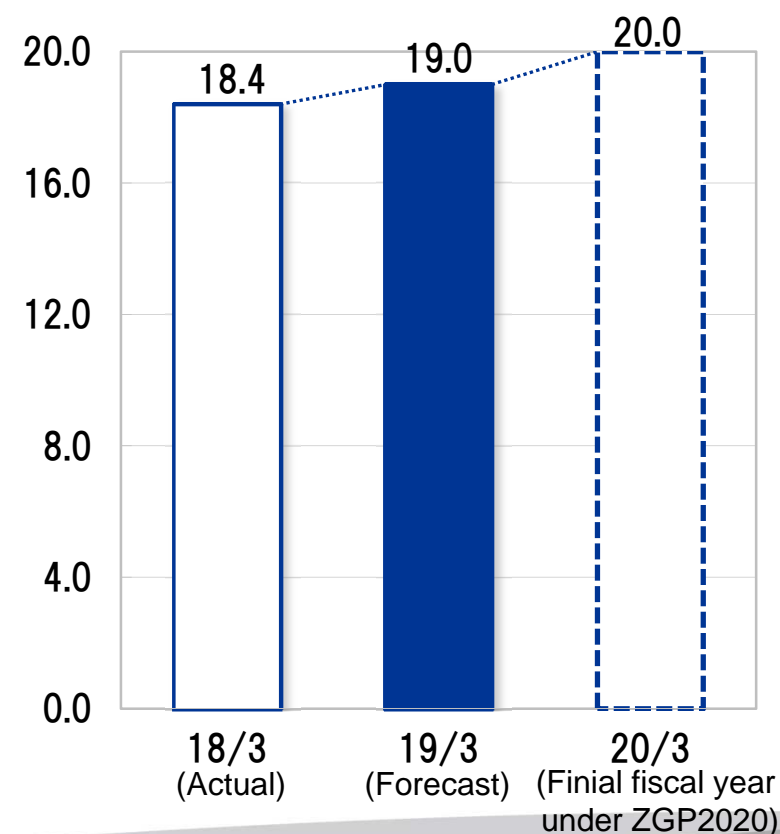
- Secure stable revenue by maintaining and expanding share of map data for Japanese in-car navigation system
- Secure share in the new business in support of automated driving and ADAS and connectivity expansion

Main product lineup

- Japanese in-car navigation data
- High-precision 3D data
- Navigation app for connected vehicles

Priority measures

- Response to mass production in AD/ADAS business (expressways)
- Research and development in AD/ADAS business (ordinary roads)



*Data for fiscal 2018 and fiscal 2020 are reclassified from the previous business composition.

3-2) New business composition and priority actions - IoT Business -

Fusion between the location information business and IoT solution

Business description

Provide location information service solutions in collaboration with companies that use big data collected through IoT

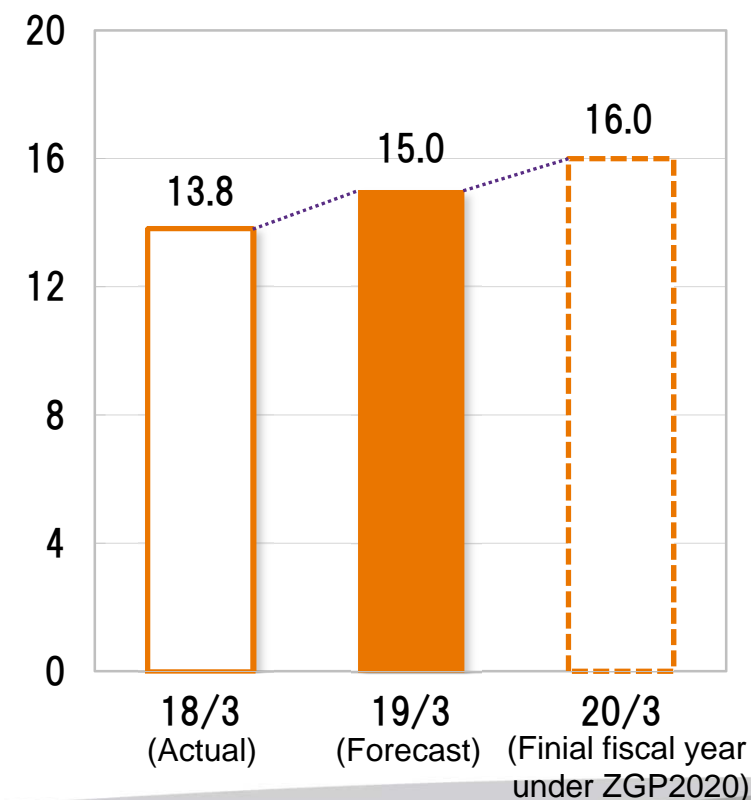
Main product lineup

- Map information and big data (probe information)
- Map information and land/building information
- Map information and AI solution

Priority measures

- Expand business in collaboration with companies(real estate, logistics, transport, infrastructure, service providers, etc.)
- Earn revenue in the drone business
- Create the MaaS business by using map technology for automated driving

FY2019 Net Sales Forecast Compared to FY2018: +1.1 bn yen (+8.2%)



*Data for fiscal 2018 and fiscal 2020 are reclassified from the previous business composition.

3-2) New business composition and priority actions - **Marketing Solution Business** - **ZENRIN**

Maps to the Future

Briefing on Results for FY2018

(Amounts in billion yen)

Establishment and expansion
of the marketing solution business

FY2019 Net Sales Forecast
Compared to FY2018:
+0.5 bn yen (+7.3%)

Business
description

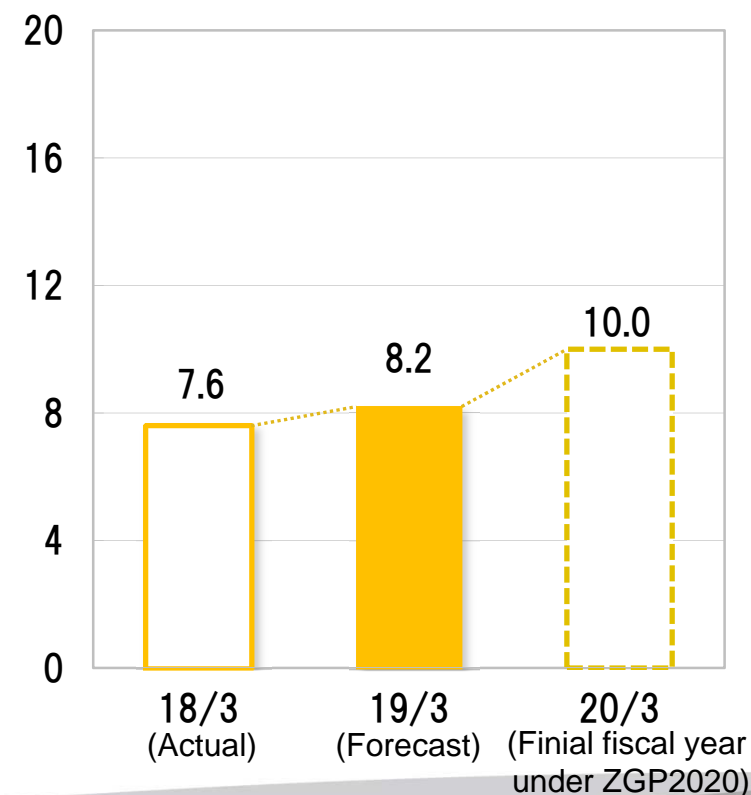
Provision of effective marketing solutions in the midst
of significant change of consumers' mindset due to
SNS evolution and digital revolution

Main
product
lineup

Assist a series of marketing activities including
research, analysis, planning, production, expansion
and review of effects

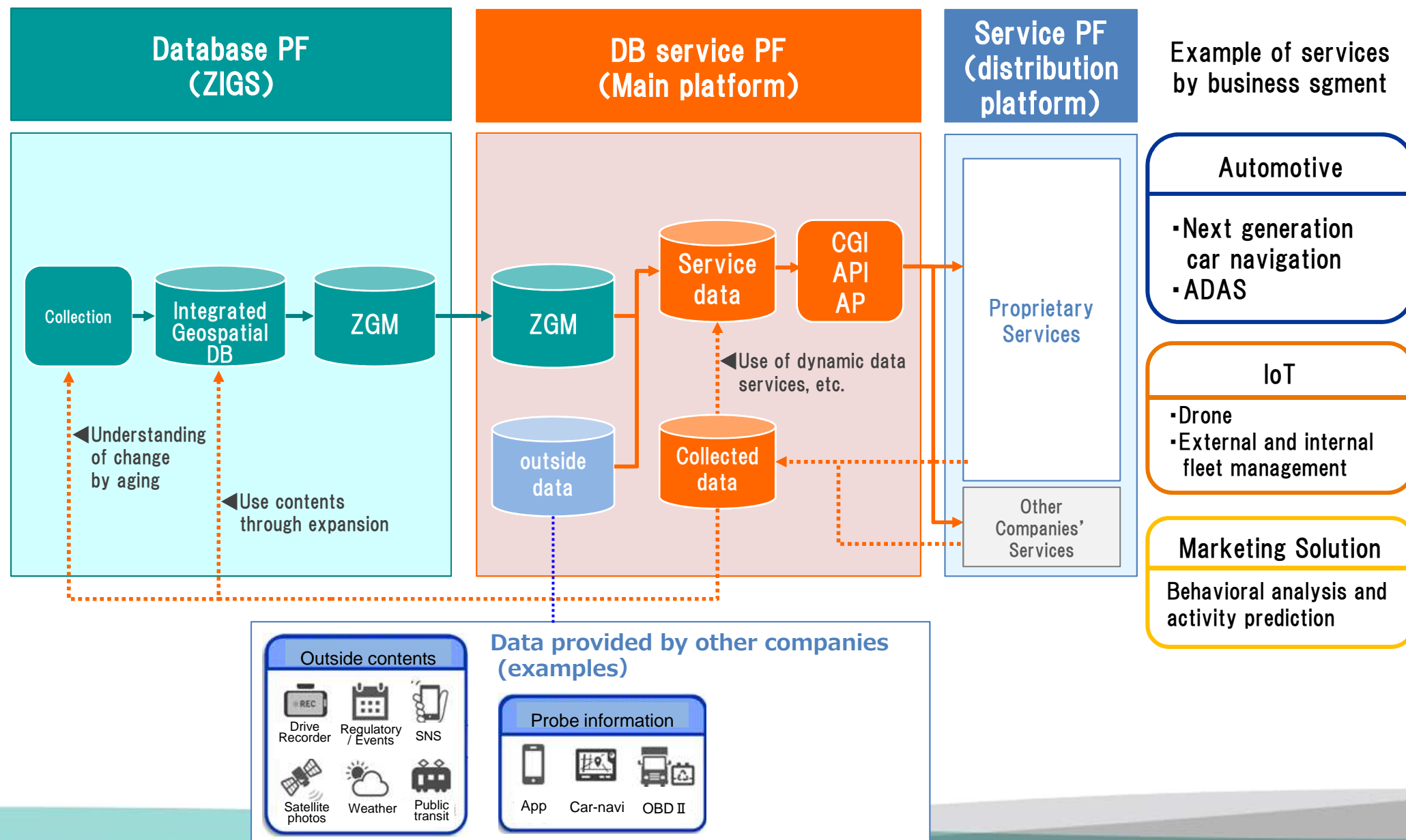
Priority
measures

Create the marketing solution business and expand
operations by using group resource



*Data for fiscal 2018 and fiscal 2020 are reclassified from the previous business composition.

3-3) Development of products and services' platforms utilizing Zenrin Integrated Geospatial System

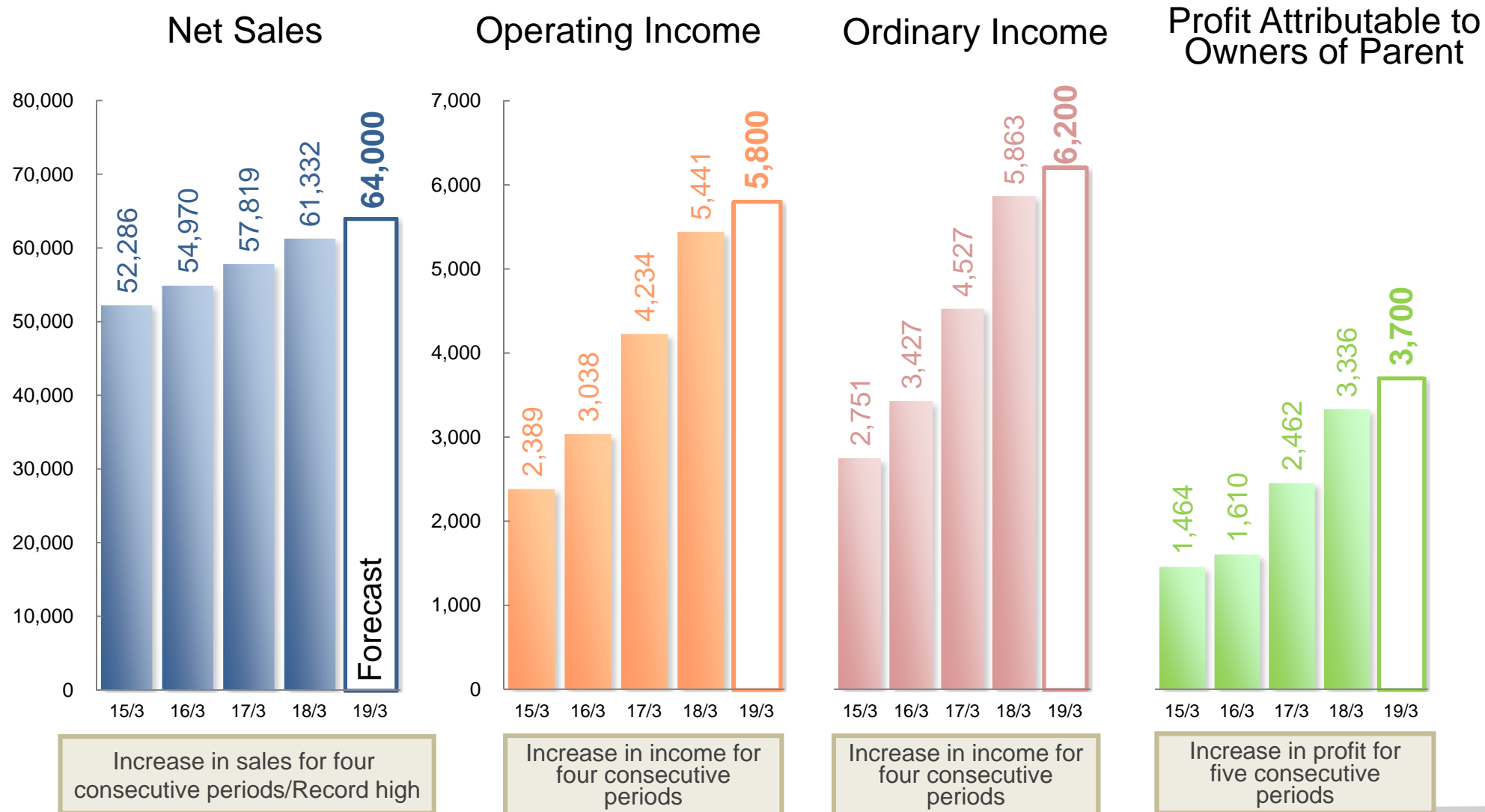


Appendix

FY2019 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



2) Segment Information

Sales
Composition

83.5%

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



6.4%

2. General Printing Segment

Main Items: Commercial printing



10.1%

3. Other

Main Items: Purchased products, digital signage, provision of Marketing Solution

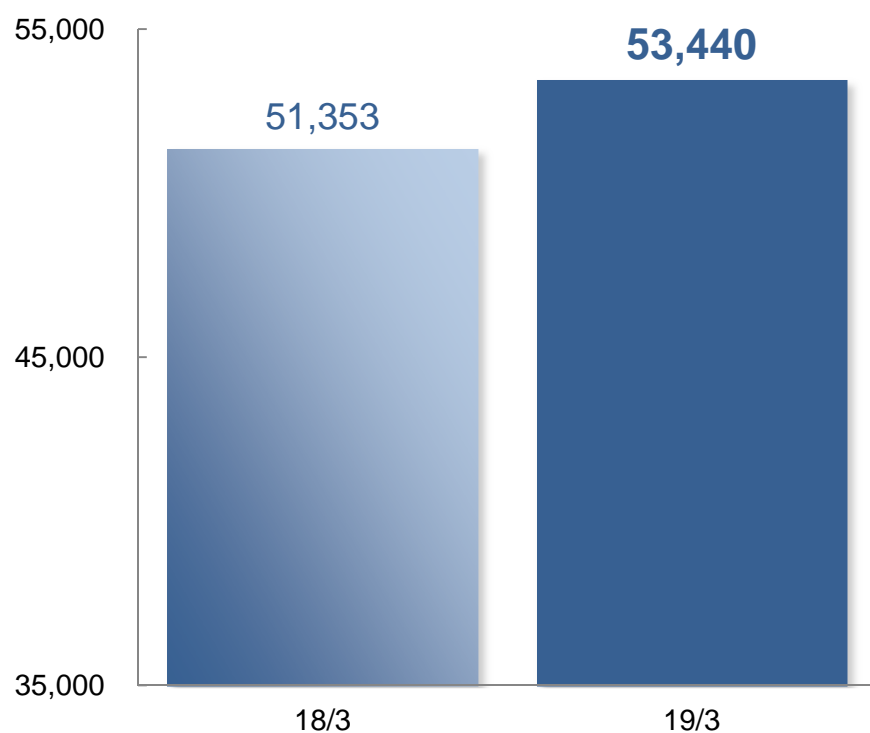


2) Map Database Segment

Net Sales

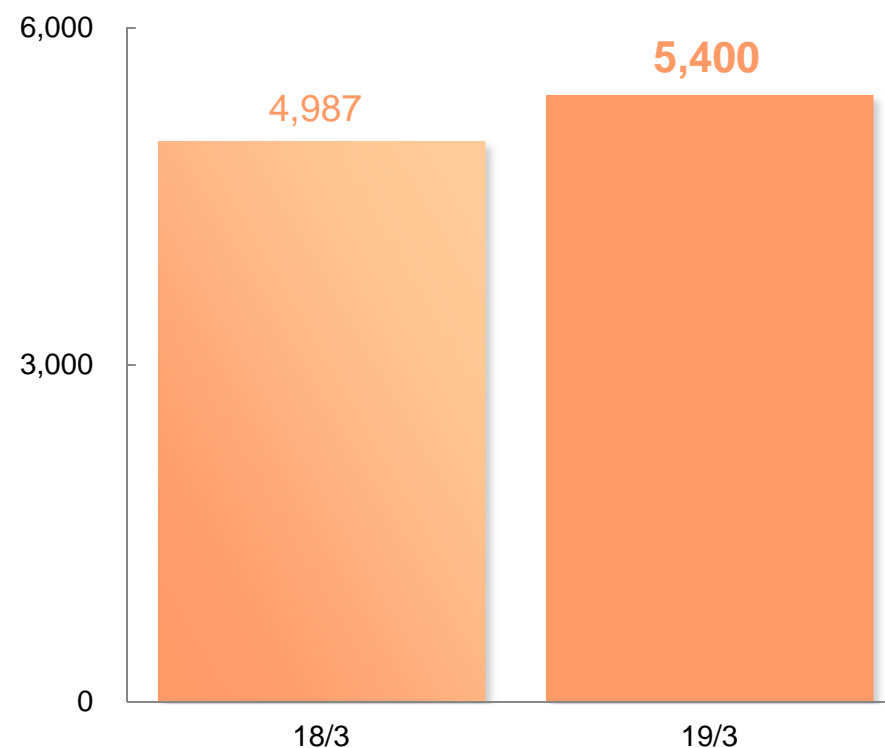
Compared
to FY2018

Up 2,086 (+4.1%)



Operating Income

Up 412 (+8.3%)



2) General Printing Segment, and Other

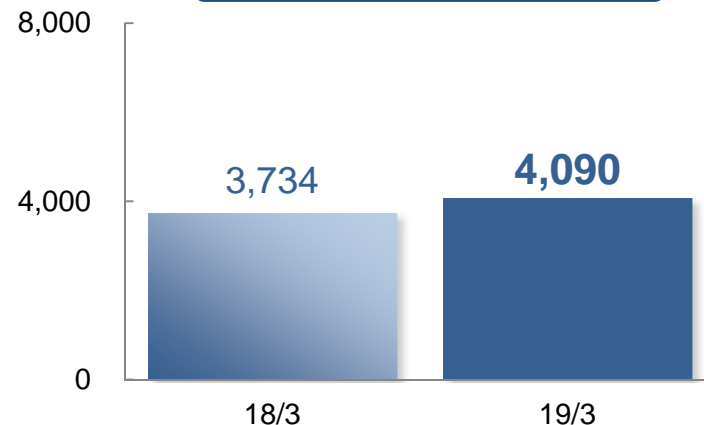
(Amounts in million yen)

General Printing Segment

Net Sales

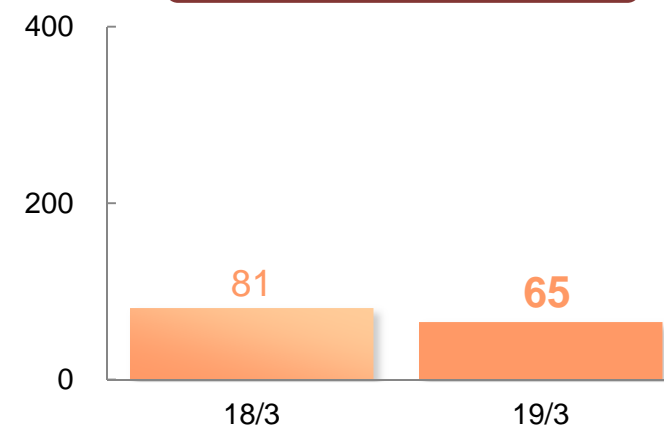
Compared to FY2018

Up 355 (+9.5%)



Operating Income

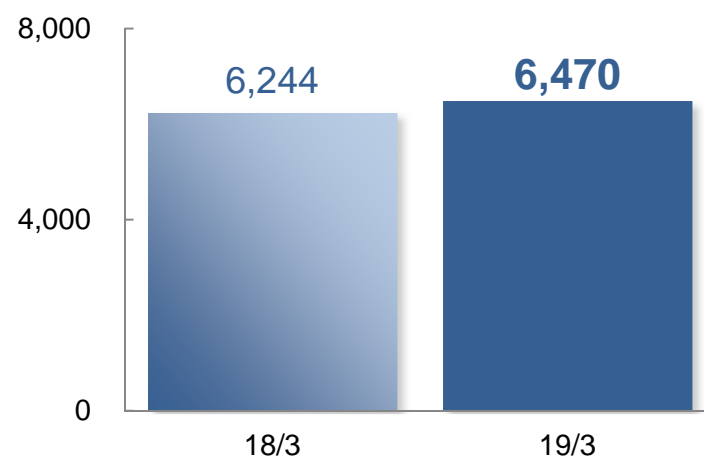
Down 15 (-19.2%)



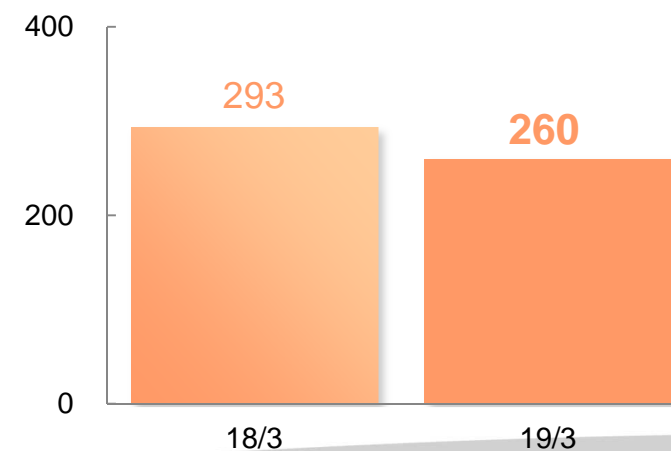
Other

Compared to FY2018

Up 225 (+3.6%)



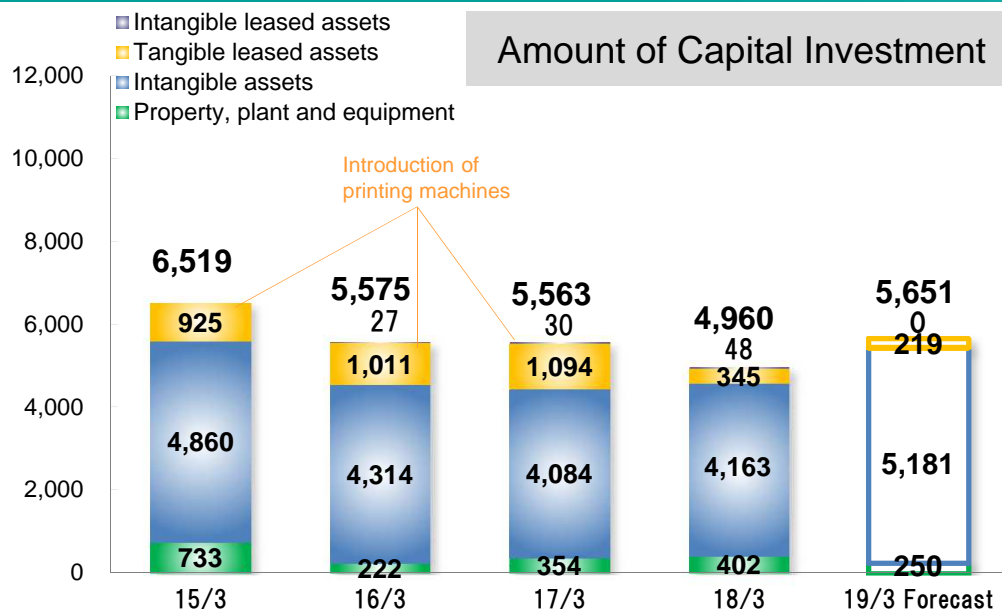
Down 33 (-11.3%)



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

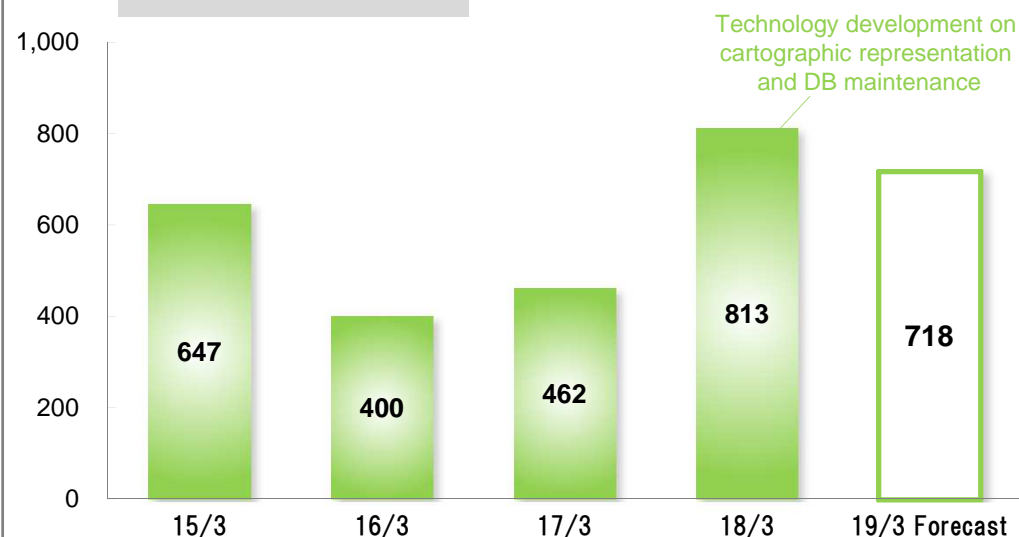
Briefing on Results for FY2018

Amount of Capital Investment

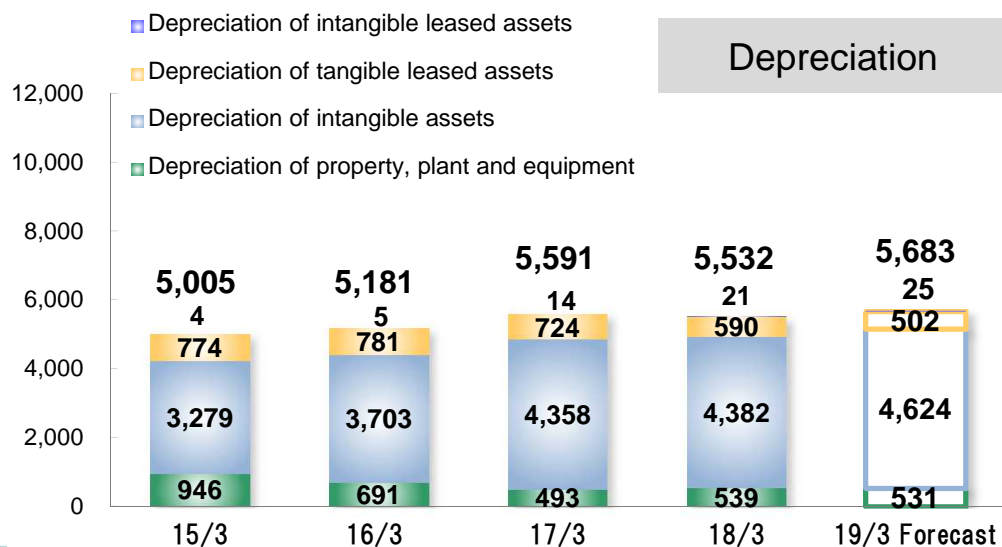


R & D Cost

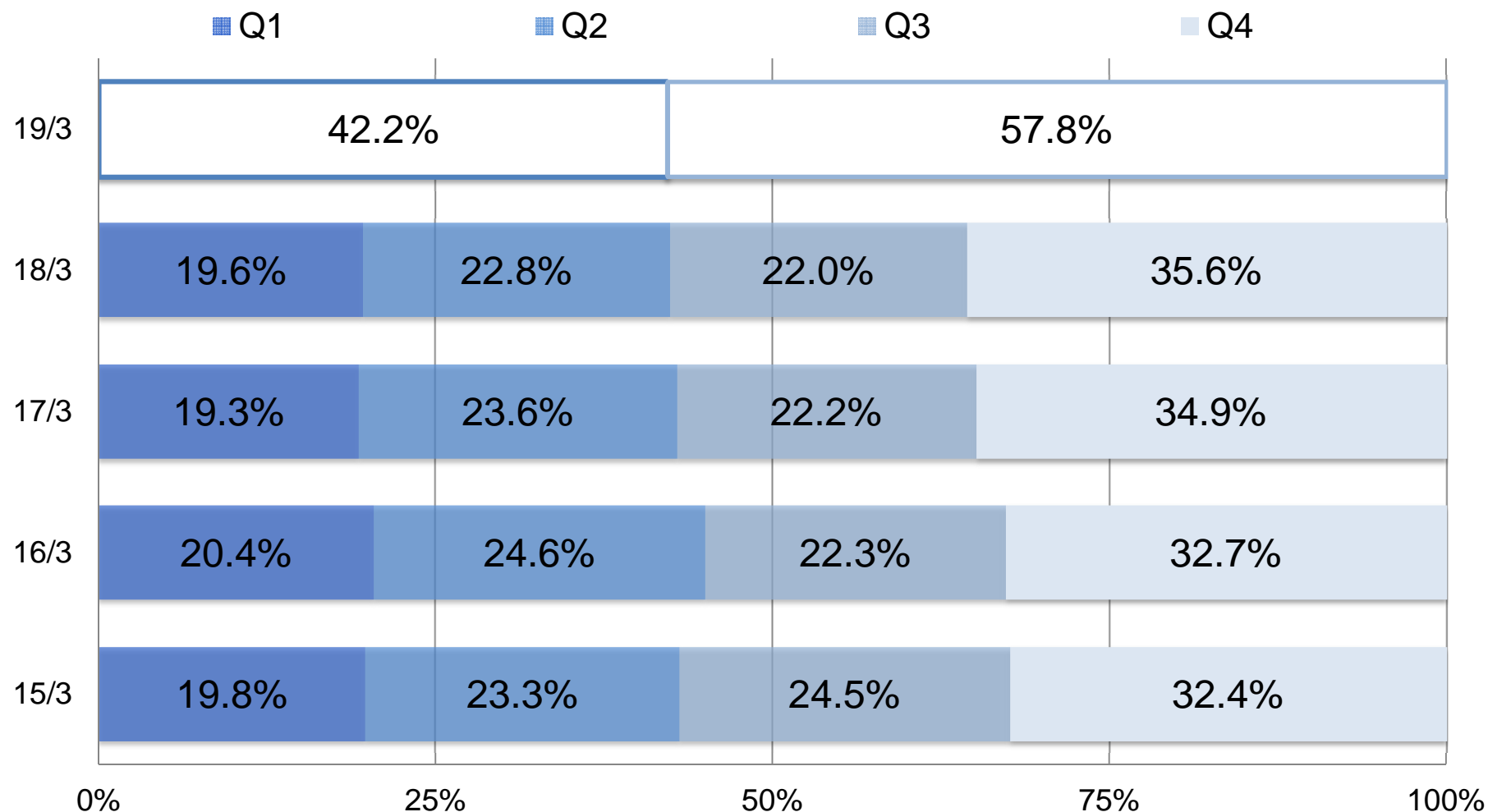
(Amounts in million yen)



Depreciation



4) Changes in Composition of Net Sales by Quarter



(January 30, 2018)

■ ZENRIN DataCom participates in demonstration project of lane-class high-accuracy route guidance system utilizing Quasi-Zenith Satellite System called "Michibiki" in Bangkok, Thailand

ZENRIN DataCom Co., Ltd., which is a consolidated subsidiary of the Company, participated in the demonstration project of a lane-class high-accuracy route guidance system that utilizes the Quasi-Zenith Satellite System called "Michibiki"*1 and the satellite signal correction data generation system called "MADOCA"*2, conducted by Toyota Tsusho Corporation in Bangkok, Thailand, (This demonstration project was adopted by the Japan External Trade Organization (JETRO) during the second round of applications for its "Project for Nurturing New Industries in ASEAN and Japan.")

<Outline of demonstration test>

This test equipped taxi probe cars that operate in Bangkok with high-accuracy multi-frequency multi-GNSS*3 receivers that can receive signals from the Quasi-Zenith Satellite System "Michibiki" (QZSS) and correction data from MADOCA. Based on a combination of information from positioning data collected with GPS systems and centimeter-class location and probe data from Michibiki and MADOCA, the project seeks to evaluate the technologies used by systems that generate lane-level high-accuracy traffic congestion information, and in systems that distribute high-accuracy route guidance, with the aim to provide optimal route guidance.

*1 QZSS (Quasi-Zenith Satellite System) "Michibiki"

Michibiki refers to the Quasi-Zenith Satellite System (QZSS), a Japanese satellite positioning system comprised primarily of quasi-zenith satellites. (The system uses radio waves generated by the satellites to calculate position information.)

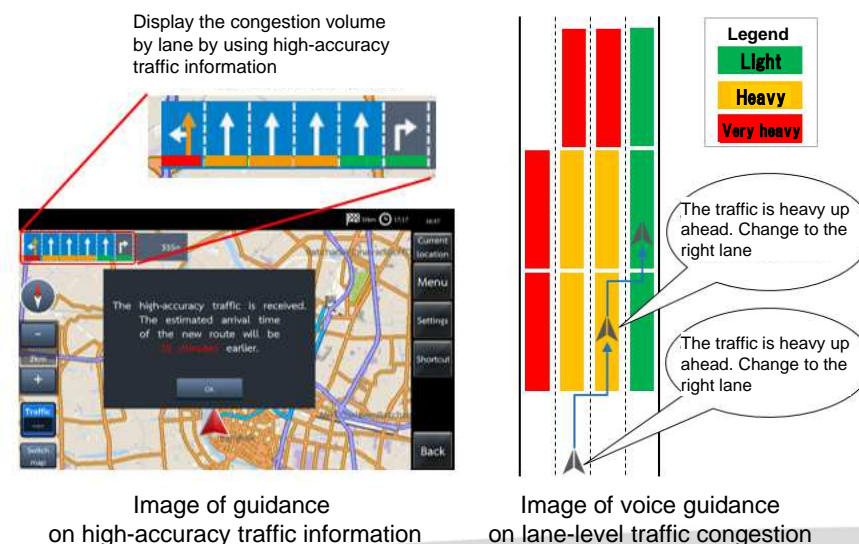
*2 MADOCA (Multi-GNSS Advanced Demonstration tool for Orbit and Clock Analysis)
Developed by the Japan Aerospace Exploration Agency (JAXA), MADOCA is a system that generates satellite signal correction data. It is a precise orbit and clock determination tool that caters to multiple GNSSs*3.

*3 GNSS (Global Navigation Satellite System)

GNSS is a collective term for global satellite positioning systems such as GPS, GLONASS, Galileo and Quasi-Zenith Satellite (QZSS).

<Role of ZENRIN DataCom>

Provide navigation software featuring route search function according to various conditions such as traffic controls and traffic congestion and displays high-accuracy traffic congestion information for each lane with different colors in support of voice guidance.



(February 19, 2018)

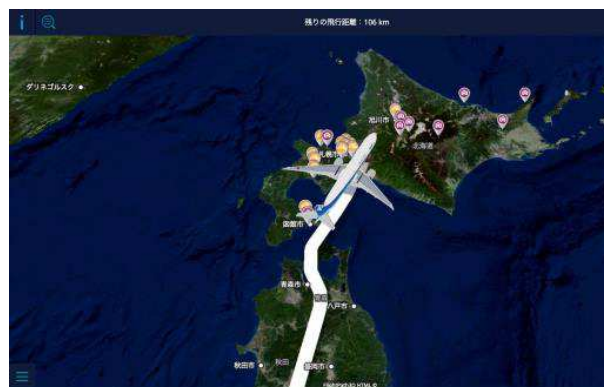
■ Sightseeing spots information database “Tourist Contents” introduced under “100 Most Breathtaking Views” in ANA Wi-Fi Service on ANA domestic flights

The Company’s sightseeing spots information database “Tourist Contents” has been introduced in the in-flight contents under “100 Most Breathtaking Views” in ANA Wi-Fi Service on domestic flights of All Nippon Airways Co., Ltd. (hereinafter, “ANA”). The database will be added as the map function contents in ANA Wi-Fi Service, which will be renewed gradually from April 1, 2018. In addition, the sightseeing information “100 spots in Japan that you want to visit at least once” will be offered in ANA in-flight contents from the second half of 2018. Furthermore, the Company will engage in the supervision of the geographical information on domestic and international flight maps.

<Image of 100 Most Breathtaking Views>



「ANA Wi-Fi Service」



Route chart in the map function



Image of 100 Most Breathtaking Views
 (“Blue Pond” on Biei-cho, Kamikawa-gun, Hokkaido)

<Outline of Tourist Contents>

In addition to information on about 42,000 sightseeing spots in Japan, about 113,000 images including high-quality images taken by professional photographers are collected in the database. The Contents also show information on the location and outline of sightseeing spots, basic information on the opening hours and holidays of related facilities, and information on “recommended sightseeing routes of respective tourists spots, as well as the optional information on world heritage sites in Japan, water quality and temperature and health benefits of hot springs, and store manager’s picks in *Michinoeki* (local roadside stations).

5-3) Business Topics

(March 8, 2018)

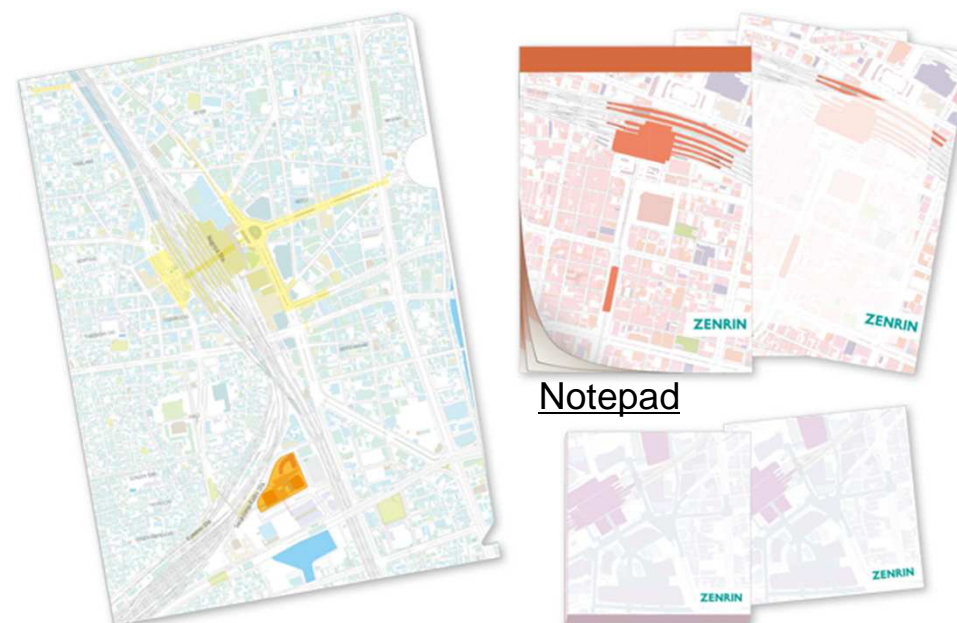
■ Expand nationwide sales of original map design goods produced by using map data and strengthen the Map Design Business

On March 8, 2018, the Company commenced receiving orders nationwide for original map design goods as a part of the Map Design Business centering on the map stationery “mati mati” line-up.

As the above products, Zenrin’s map data may be used for the design of novelty goods and products of corporations, municipal governments, educational institutions and other organizations or any kind of business.

Main map design goods include clear files, notepads and sticky tags, which are available according to various items, designs and number of copies. For example, 5,000 clear files are priced at 389,000 yen (before tax).

<Original map design goods>



Clear file

Notepad

Sticky tag

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