

Briefing on Results for Fiscal 2020

(Year Ended March 31, 2020)

May 20, 2020

1. Overview of Results for Fiscal 2020
2. Earnings Forecast for Fiscal 2021
3. Business Topics
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 2020

- 1) Overview of Results
- 2) Changes in Net Sales, Income and Profit
- 3) Causes for Change in Operating Income
(Compared to FY2019)
- 4) Net Sales by Business
under Medium- to Long-Term Business Plan ZGP25
- 5) Segment Information
- 6) Changes in Cash Flows

1-1) Overview of Results

Key Points of Results for Fiscal 2020

<compared to Fiscal 2019: decrease in sales and income>

■ Sales decreased for the first time in five fiscal years due to a reactionary decline in sales of data related to ADAS under entrustment in the Automotive business, which was reported in the previous year, and a decrease in sales of data for in-car navigation systems in Japan and overseas, despite the solid performances of stock-type services such as GIS package and entrusted services to local governments.

■ Operating income and ordinary income decreased for the first time in five fiscal years, and net income decreased for two consecutive fiscal years, mainly due to the addition of upfront expenses for new services and product development and fixed expenses of map database maintenance, in addition to the effect of sales decrease.

(Amounts in million yen)

	FY2019 Actual	FY2020 Earnings Forecast (Apr. 26,2019)	FY2020 Revised Forecast (Jan. 29,2020)	FY2020 Actual	Compared to FY2019	% of Change	Compared to Earnings Forecast	% of Change	Compared to Revised Forecast	% of Change
Net Sales	63,747	63,800	60,000	59,771	-3,976	-6.2	-4,028	-6.3	-228	-0.4
Operating Expenses	57,923	57,900	56,800	56,470	-1,452	-2.5	-1,429	-2.5	-329	-0.6
Operating Income	5,824	5,900	3,200	3,300	-2,524	-43.3	-2,599	-44.1	100	3.1
Operating Margin	9.1%	9.2%	5.3%	5.5%	-3.6pt		-3.7pt		0.2pt	
Ordinary Income	6,200	6,300	3,600	3,709	-2,491	-40.2	-2,590	-41.1	109	3.0
Profit Attributable to Owners of Parent	3,206	4,000	2,600	2,633	-573	-17.9	-1,366	-34.2	33	1.3

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

Briefing on Results for FY2020

(Amounts in million yen)

Net Sales

Operating Income

Ordinary Income

Profit Attributable to Owners of Parent

Compared to FY2019

Down3,976 (-6.2%)

Down2,524 (-43.3%)

Down2,491 (-40.2%)

Down573 (-17.9%)

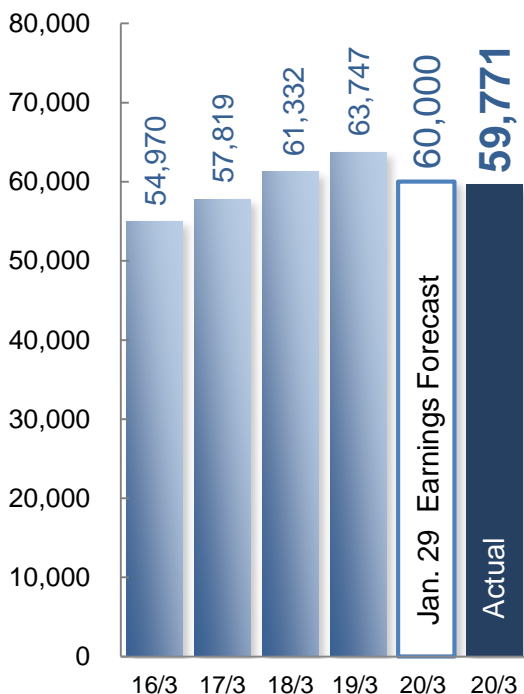
Compared to Forecast

Down228 (-0.4%)

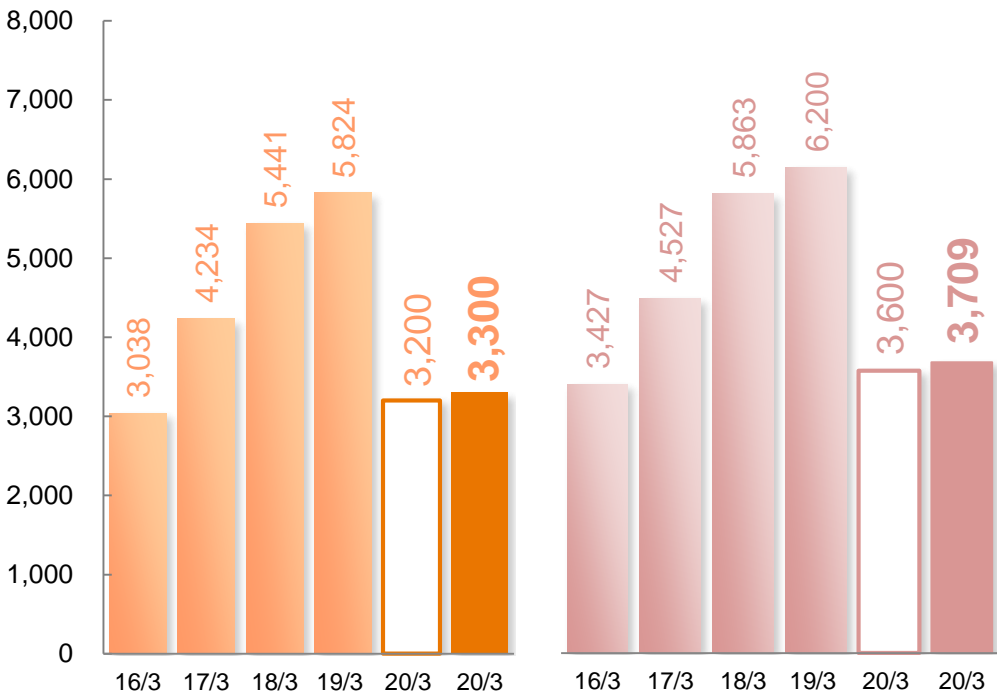
Up100 (+3.1%)

Up109 (+3.0%)

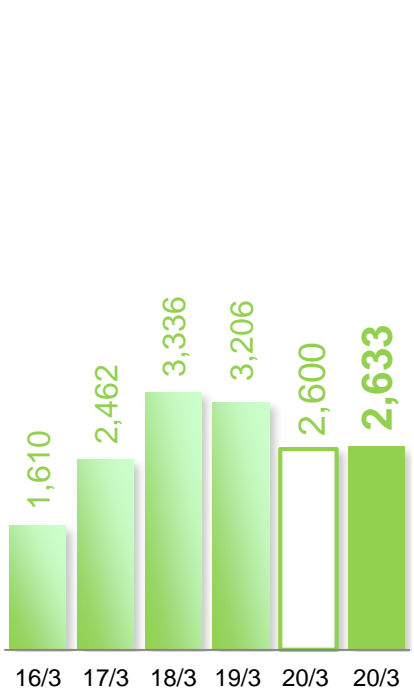
Up33 (+1.3%)



Decrease in sales for the first time in five periods

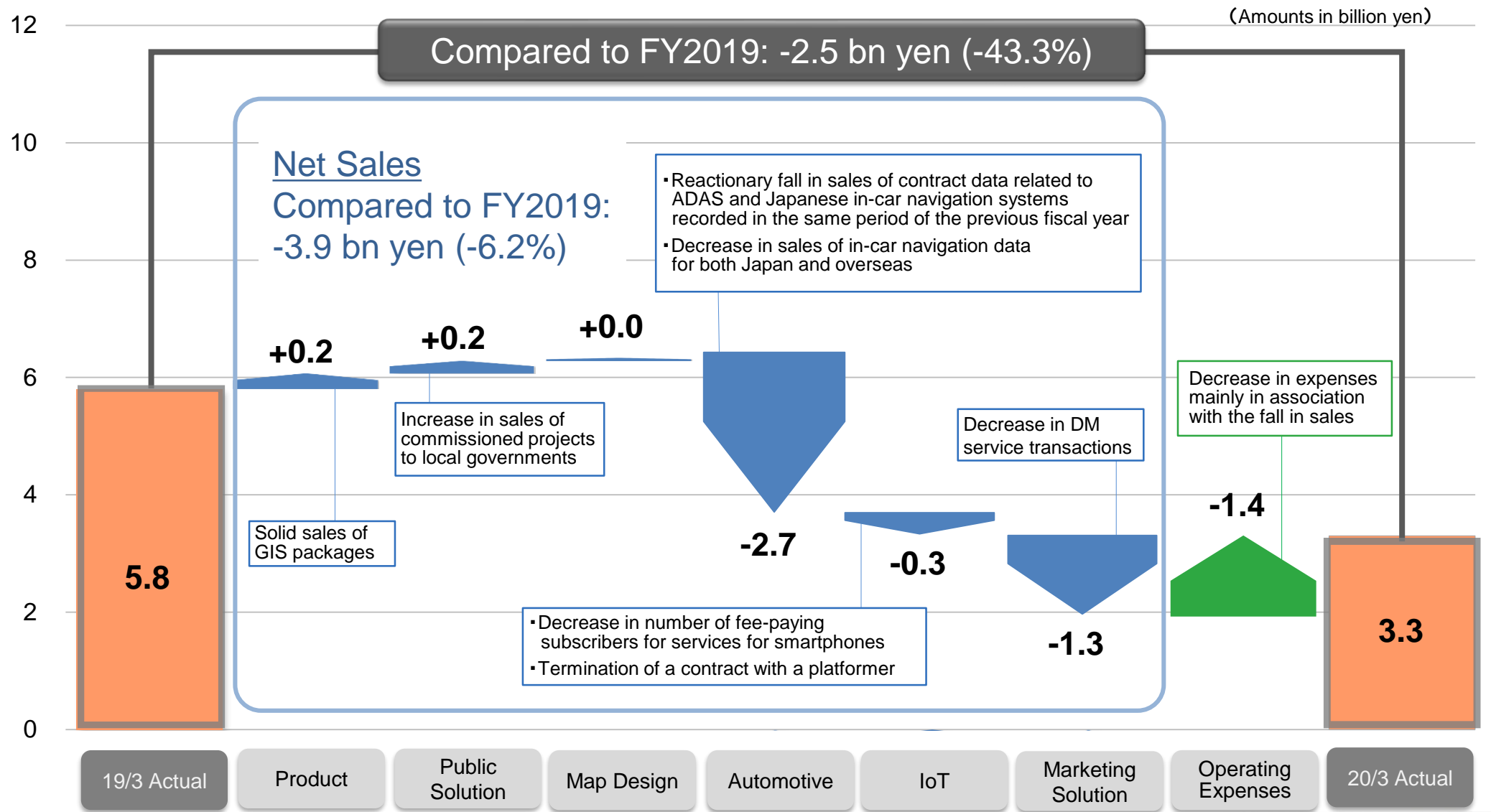


Decrease in income for the first time in five periods



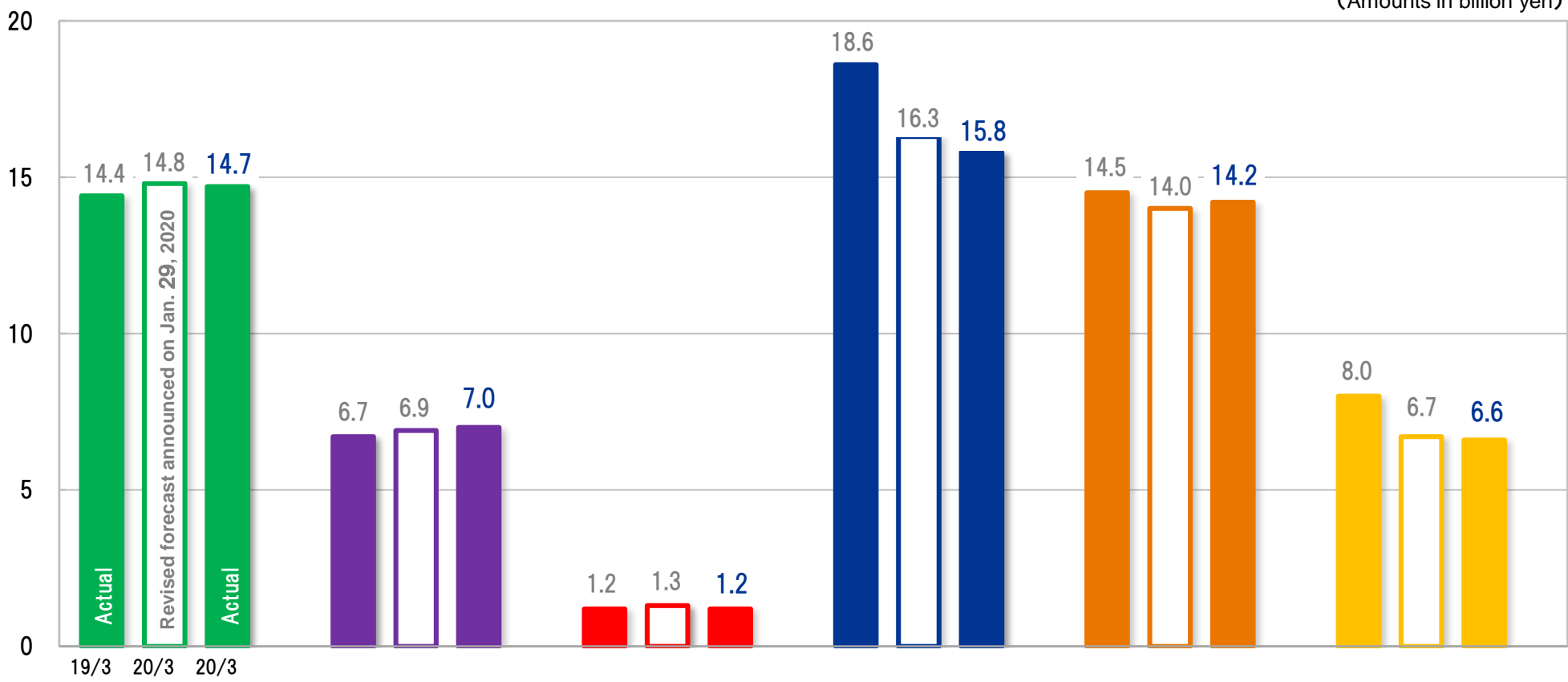
decrease in income for two consecutive periods

1-3) Causes for Change in Operating Income



1-4) Net Sales by Business under ZGP25

(Amounts in billion yen)



Compared to FY2019	Product	Public Solution	Map Design	Automotive	IoT	Marketing Solution
	+0.2 (+1.9%)	+0.2 (+3.1%)	+0.0 (+4.4%)	-2.7 (-14.8%)	-0.3 (-2.5%)	-1.3 (-17.3%)

1-5) Segment Information

Sales
Composition

84.2%

1. Map Database Segment

Main Items: Manufacture and sales of printed residential maps and special-purpose maps
Manufacture and sales of residential map databases and data for in-car navigation systems
Manufacture and sales of map data for internet services
Provision of services for smartphones



6.0%

2. General Printing Segment

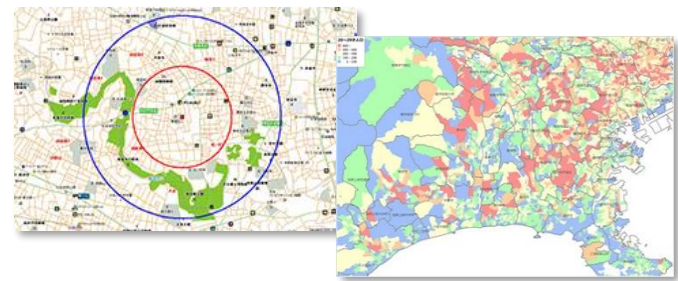
Main Items: Manufacture and sales of general printing goods



9.8%

3. Other

Main Items: Provision of marketing solution
Sales of purchased products

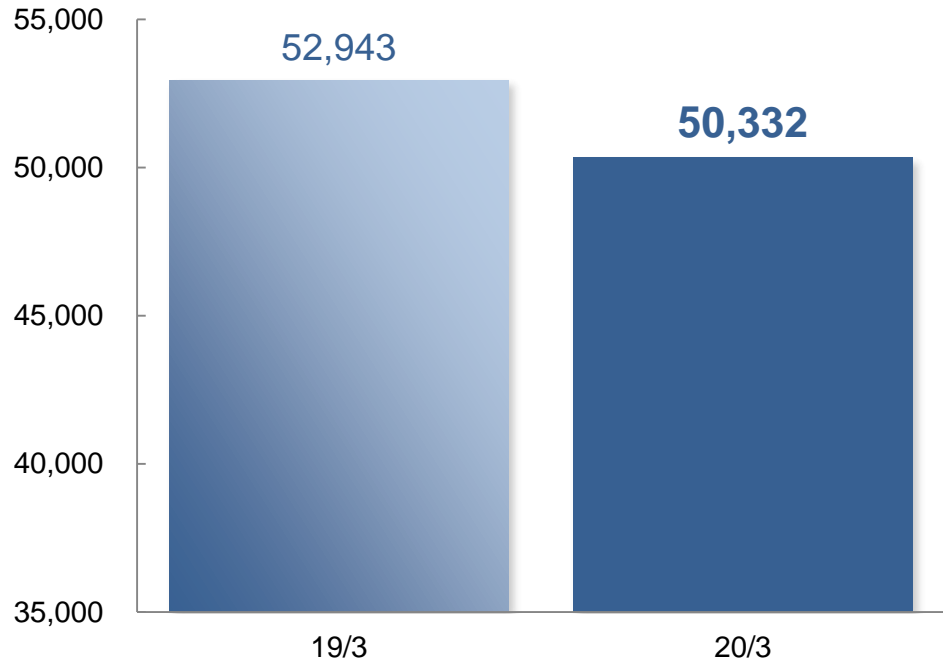


*From the first quarter of FY2020, changes, etc., of reportable segments were made.

Net Sales

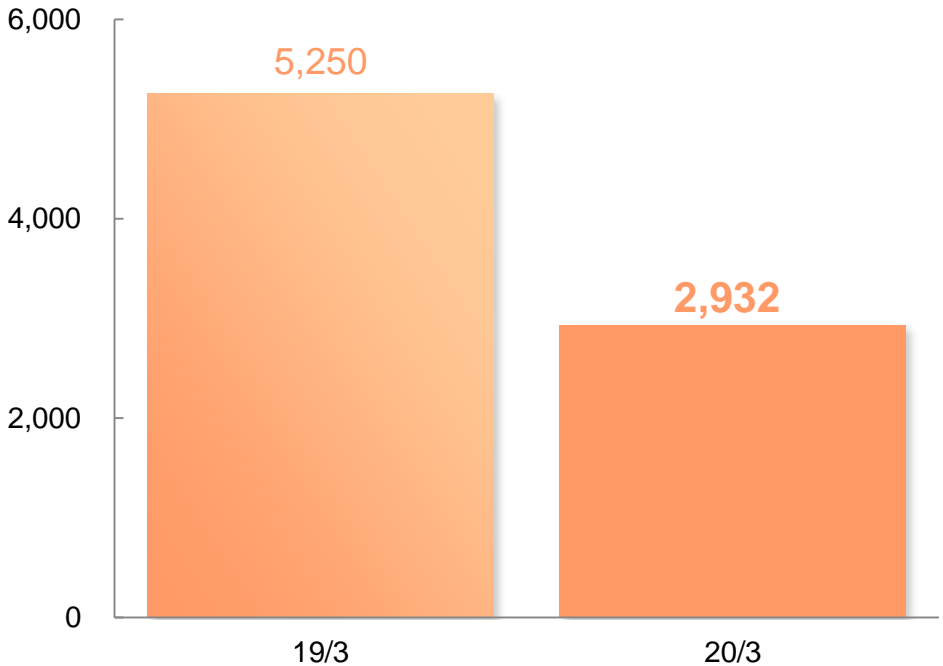
Compared
to FY2019

Down 2,611 (-4.9%)



Operating Income

Down 2,317 (-44.1%)

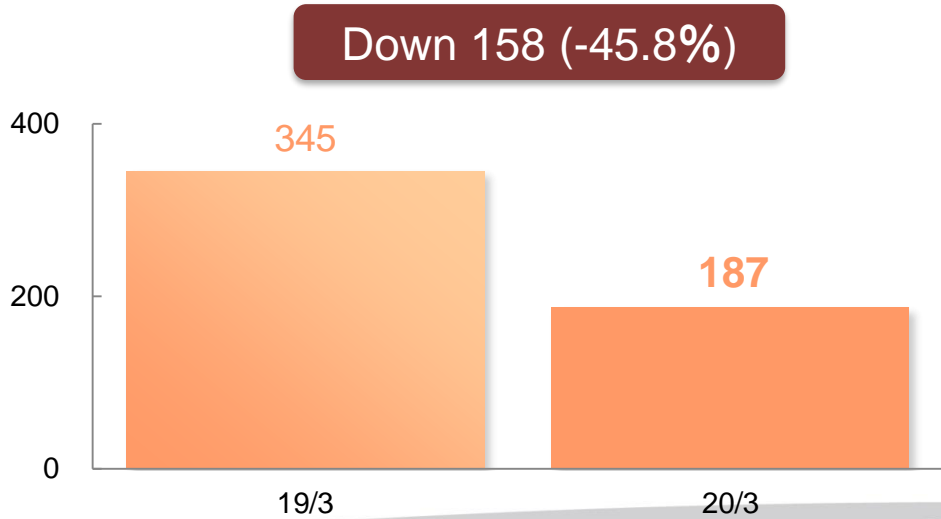
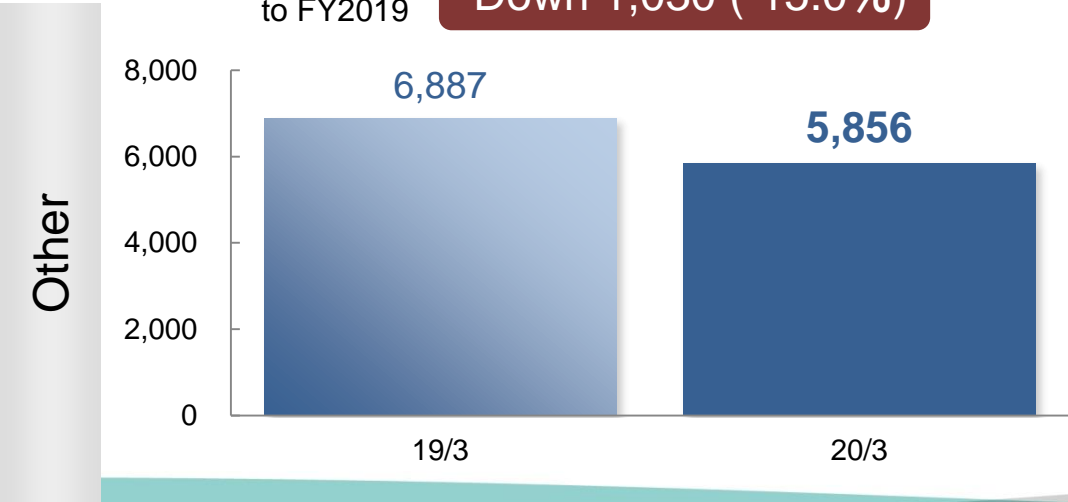
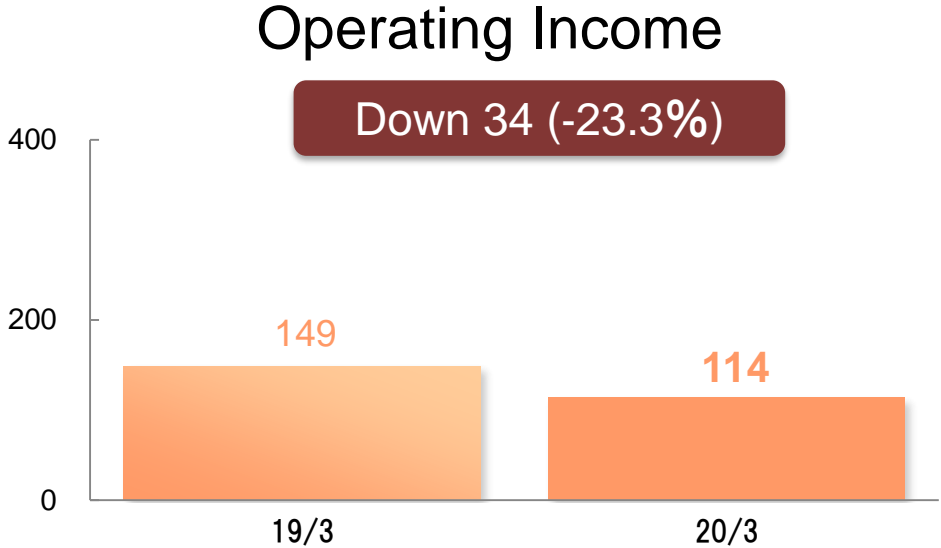
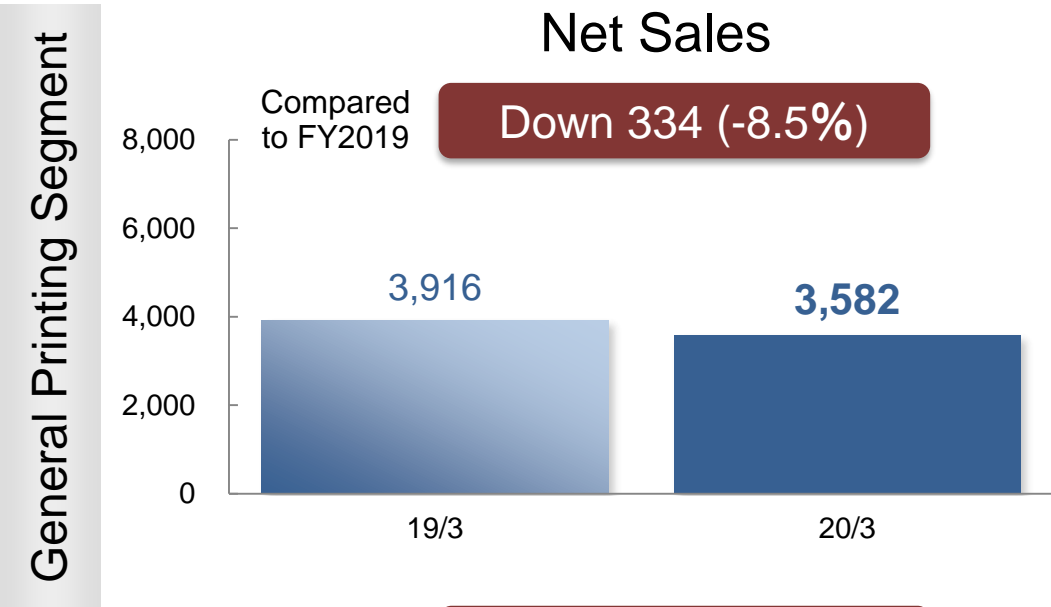


- Sales decreased due to the decrease in sales in the Automotive and IoT businesses, despite the solid performances in the Product and Public Solution businesses.
- Income decreased due to the addition of fixed expenses of map database maintenance, etc. in addition to the effect of sales decrease.

*From the first quarter of FY2020, changes, etc., of reportable segments were made.

1-5) General Printing Segment, and Other

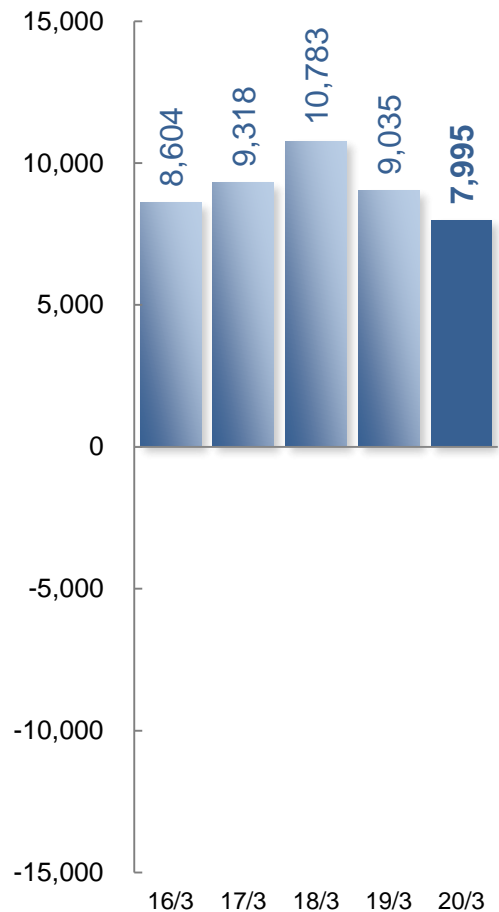
(Amounts in million yen)



1-6) Changes in Cash Flows

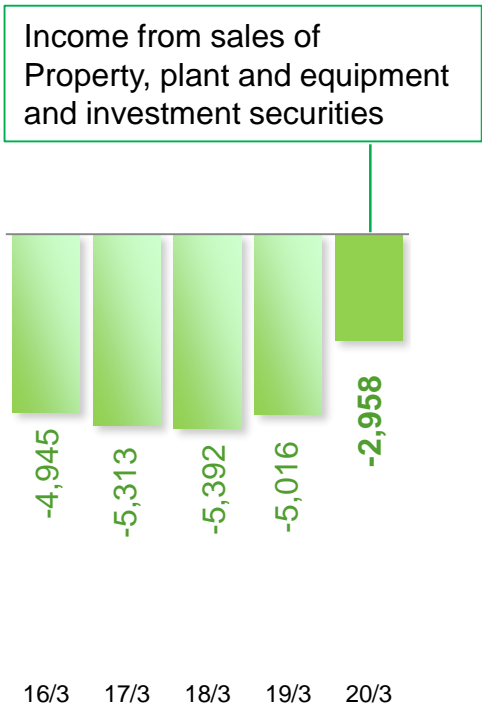
Operating Cash Flows

Compared to FY2019
Inflows down 1,040



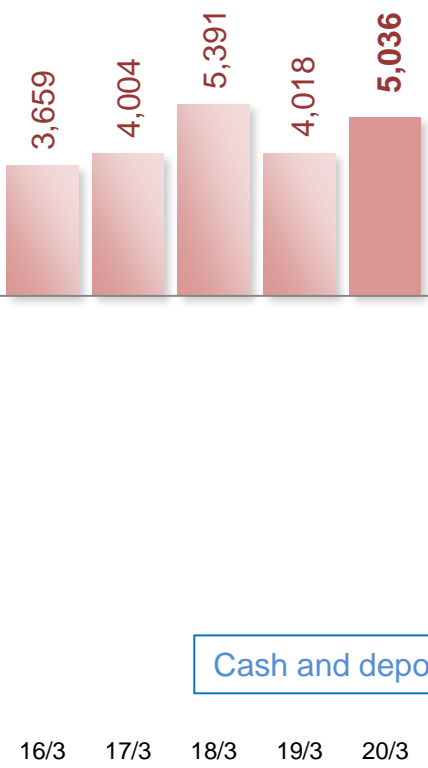
Investing Cash Flows

Outflows down 2,058



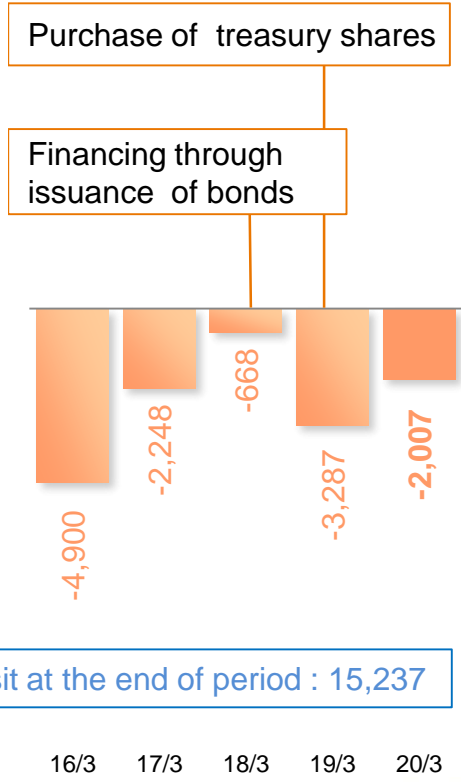
Free Cash Flows

Inflows up 1,017



Financing Cash Flows

Outflows down 1,280



Cash and deposit at the end of period : 15,237

2. Earnings Forecast for Fiscal 2021

- 1) Earnings Forecast and Current Situation
- 2) Dividend
- 3) Purchase of Treasury Shares

Earnings forecast for fiscal 2021 remains undetermined (announcement postponed)

- The convergence of the novel coronavirus disease (“COVID-19”) remains uncertain and the state of emergency declared by the Japanese government is ongoing. Under such circumstances, it is difficult to reasonably estimate the impact of COVID-19 on the business performance at this time. Accordingly, the Group's consolidated earnings forecast for the fiscal year ending March 2021 remains undetermined.
- We will assess the future trends and disclose the forecast as soon as the reasonable estimate can be made.
- Regarding ZENRIN GROWTH PLAN 2025, the medium- to long-term management plan announced in April 2019, we will continue to promote measures based on the basic policy, while flexibly responding to changes in customers and market conditions. Meanwhile, we will give prompt update if reviewing the plan is necessary according to the future trend.

2-1) Earnings Forecast and Current Situation

Currently, the outlook is uncertain because it is difficult to determine the future trends of customers and sales of new vehicles

Business environment

- Change of production plan in automotive-related customers (shutdown and reduced production)
- Sluggish consumption due to the deterioration of market conditions (sales of new vehicles in April: down 27.5% year-on-year, etc.)
- Policy changes in customers' research and development and new service releases, etc.

Automotive

Decrease in sales of in-car navigation map data, cancellation/size reduction of entrusted services

IoT

Delay in contracts of new projects, cancellation/size reduction of entrusted services

Marketing Solutions

Shrink of advertising and PR activities, needs for announcement of new services in a "new lifestyle"

In-house activities

- Obtain stable revenues by shifting the business model to stock-type services
- Continue business activities through teleworking
- Continue map data development under the Group's three-base structure (Fukuoka, Okinawa, Shanghai)

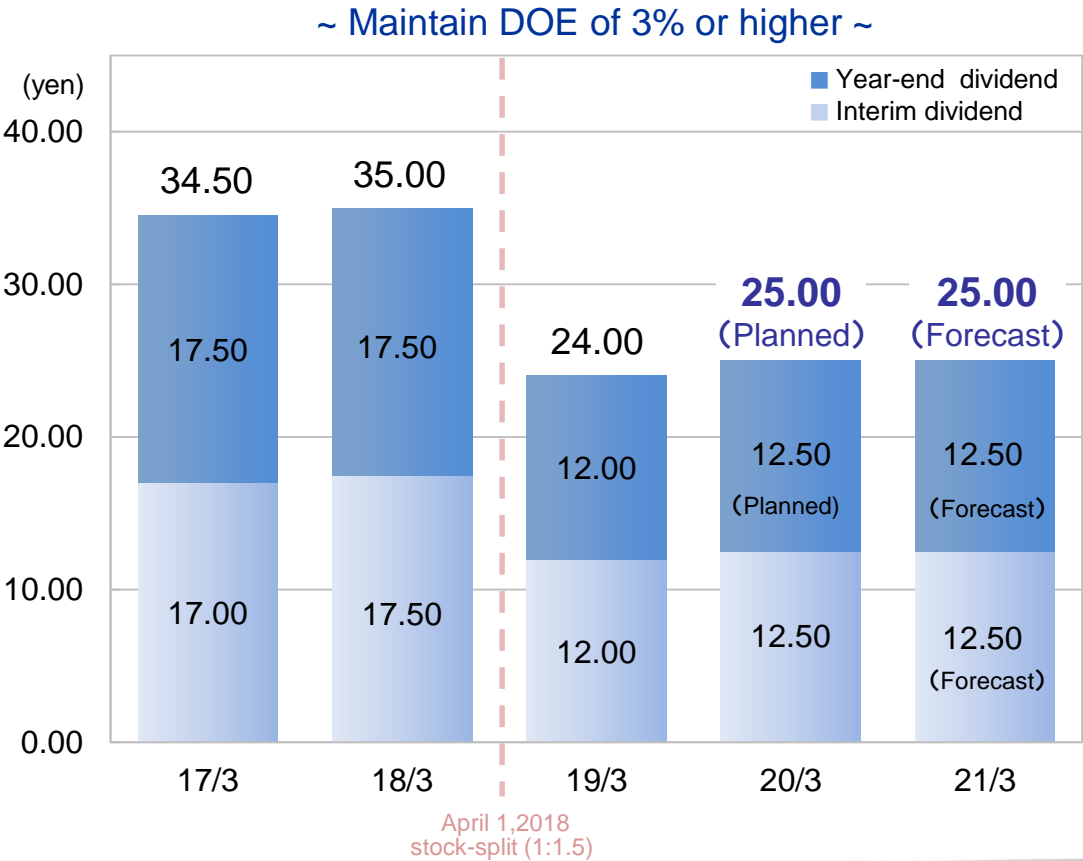
Basic Policy

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

FY2020 Dividend	
Interim	12.50 yen
Year-end (Planned)	12.50 yen
Annual (Planned)	25.00 yen (an increase of 1 yen)

FY2021 Dividend (Forecast)	
Interim	12.50 yen
Year-end	12.50 yen
Annual	25.00 yen



2-3) Purchase of Treasury Shares

Purpose	Implement an agile capital policy in response to changes in the business environment, enhance capital efficiency, and strengthen shareholder returns
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Disclose on April 28, 2020	
Period of purchase	From May 1, 2020 to April 30, 2021
Total Number of Shares To be repurchased	Up to 2 million shares (3.5% of the total issued shares excluding treasury share)
Total Amount of Repurchase Price	Up to 3 billion yen
Method of Purchase	Market trading on Tokyo Stock Exchange

3. Business Topic (Actual Results and Priority measures)

- 1) Product Business
- 2) Public Solution Business
- 3) Map Design Business
- 4) Automotive Business
- 5) IoT Business
- 6) Marketing Solution Business
- 7) Efforts to Strengthen Business Foundation

3-1) Product Business

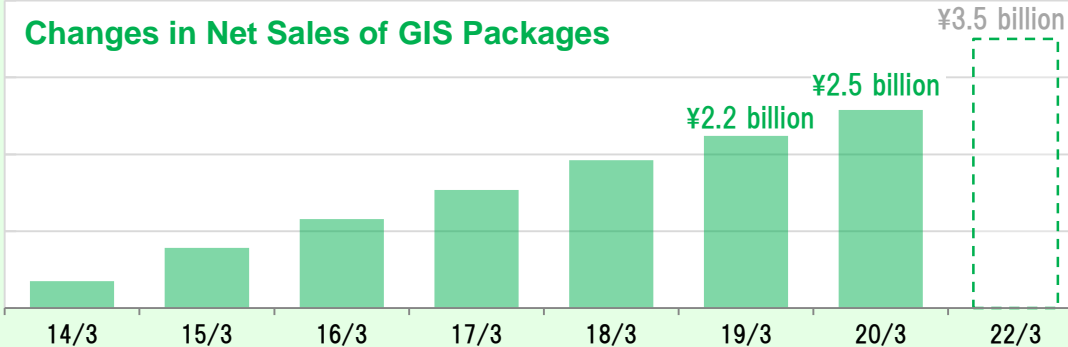
ZGP25 1st stage

Sales of stock-type businesses to expand so much that they account for 50% of total sales through the growth of license business

- Actual results for fiscal 2020: 14.7 billion yen (up 200 million yen, YoY)
Sales increased from the previous fiscal year due to the solid performances of distribution of residential map data and stock-type services such as GIS package
(Stock-type sales: 59th year: approx. 30% → 60th year: approx. 40%)
- Initiatives for fiscal 2021
Continue to promote the shift to stock-type services

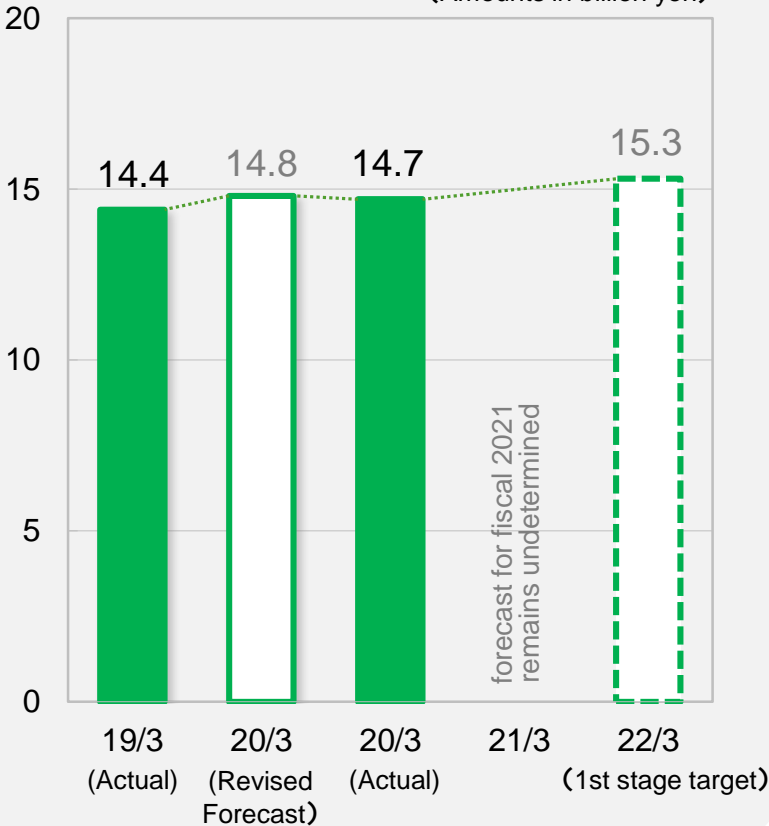
Growing into a stable source of income
in stock-type business

Changes in Net Sales of GIS Packages



Sales results / ZGP25 1st stage target

(Amounts in billion yen)



3-2) Public Solution Business

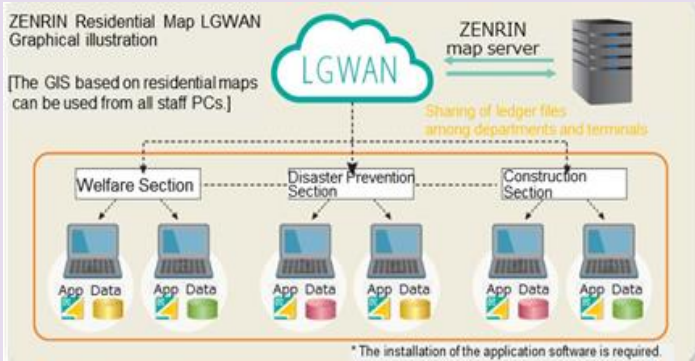
ZGP25 1st stage

The residential map user base to expand to 1,000 municipalities as our maps are provided on their map platform

- Actual results for fiscal 2020: 7 billion yen (up 200 million yen, YoY)
Sales increased from the previous fiscal year due to the strong sales of entrusted services related to disaster prevention and census, etc. and GIS products for government ministries/agencies and local governments
(Use of residential maps has been expanded to 650 municipalities)
- Initiatives for fiscal 2021
Expand the functions of “ZENRIN Residential Map LGWAN” and promote the broader use

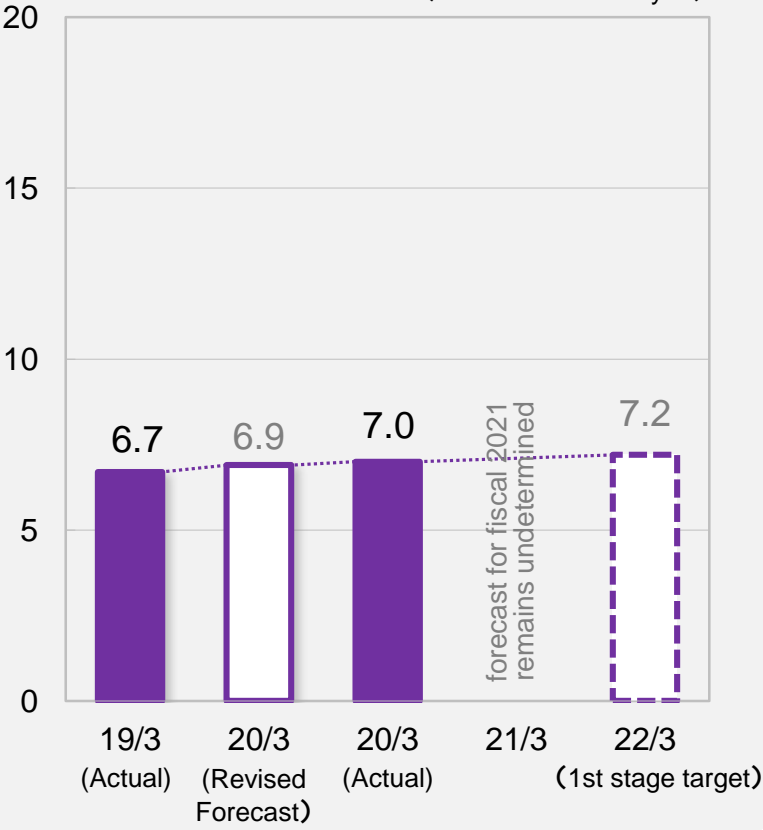
[What is ZENRIN Residential Map LGWAN?]

A cloud-based residential map service supporting Local Government Wide Area Network (LGWAN) developed by ZENRIN based on its wealth of expertise in providing maps to local governments. To help local government utilize residential maps in their work more effectively, a wealth of functions are offered in the form of a package.



Sales results / ZGP25 1st stage target

(Amounts in billion yen)



3-3) Map Design Business

ZGP25 1st stage

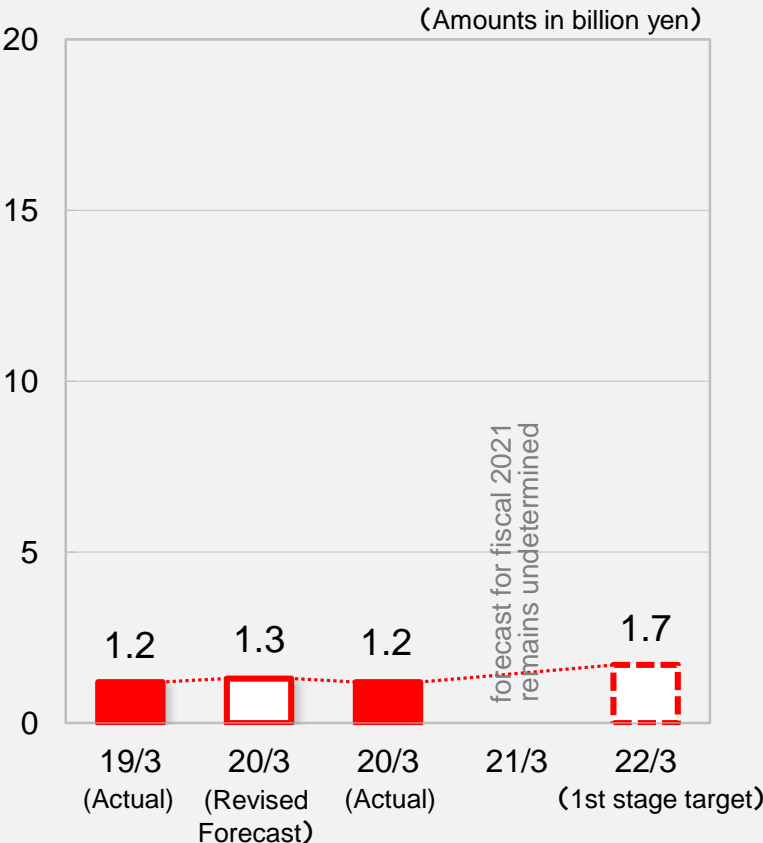
Develop consumer markets with specific targets and map design products

- Actual results for fiscal 2020: 1.2 billion yen (level off, YoY)
Sales remained at the same level as the previous fiscal year as a result of performing such activities as sale of licensed products related to large-scale sports events and production of custom-made products
- Initiatives for fiscal 2021
Promote market expansion through product development and channel development. The plan of the business for events for fiscal 2021 will be reviewed due to the effects of the COVID-19 infection

【Topic】
ZENRIN adds a new product lineup such as old map design products and Japanese traditional design products, in addition to “mati mati” series, which are on sale from 2016. Accordingly, the future focus for product expansion includes three brands: “mati mati,” “wamap” and “kochizu.”



Sales results / ZGP25 1st stage target



3-4) Automotive Business

ZGP25 1st stage

Create a new stable revenue source through the adoption of the ZENRIN service model

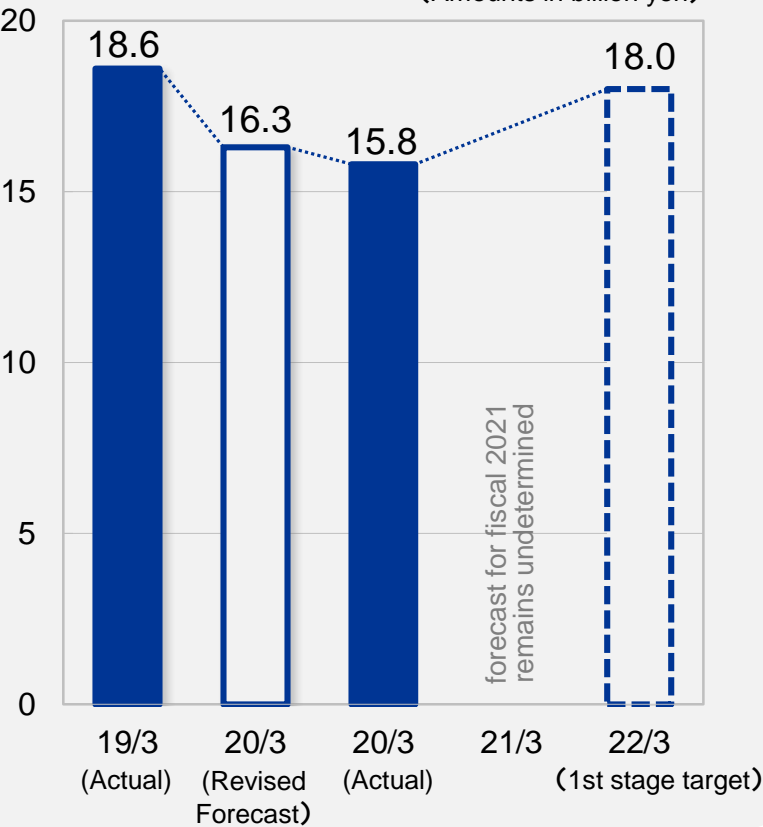
- Actual results for fiscal 2020: 15.8 billion yen (down 2.7 billion yen, YoY)
 Sales decreased from the previous fiscal year due to a reactionary decline in sales of data under entrustment, which was reported in the previous year and a decrease in sales of data for in-car navigation systems
- Initiatives for fiscal 2021
 Maintain market share in the in-car navigation market, transform service models, and continue the efforts related to ADAS/automated driving (advance development of high-precision map data for ordinary roads, etc.)

【Topic】

- “3D High-precision Map Data,” which is developed and provided by ZENRIN, has been adopted for Nissan Motor’s “ProPILOT 2.0,” which is the world’s first intelligent highway driving system (May 17, 2019)
- ZENRIN, ZENRIN DataCom Co., Ltd. and JVC Kenwood Corporation signed a memorandum relating to a business collaboration to provide next-generation telematics services for commercial vehicles by utilizing probe data such as video and driving track information captured with drive recorders (Feb. 7, 2020)

Sales results / ZGP25 1st stage target

(Amounts in billion yen)



3-5) IoT Business

ZGP25 1st stage

Share expansion in new platforms that use location information

■ Actual results for fiscal 2020: 14.2 billion yen (down 300 million yen, YoY)
 Sales decreased from the previous fiscal year due to the decrease in the number of fee-paying subscribers for services for smartphones and the termination of a contract with a platformer, despite the solid performances of mobility services and solutions business for large companies

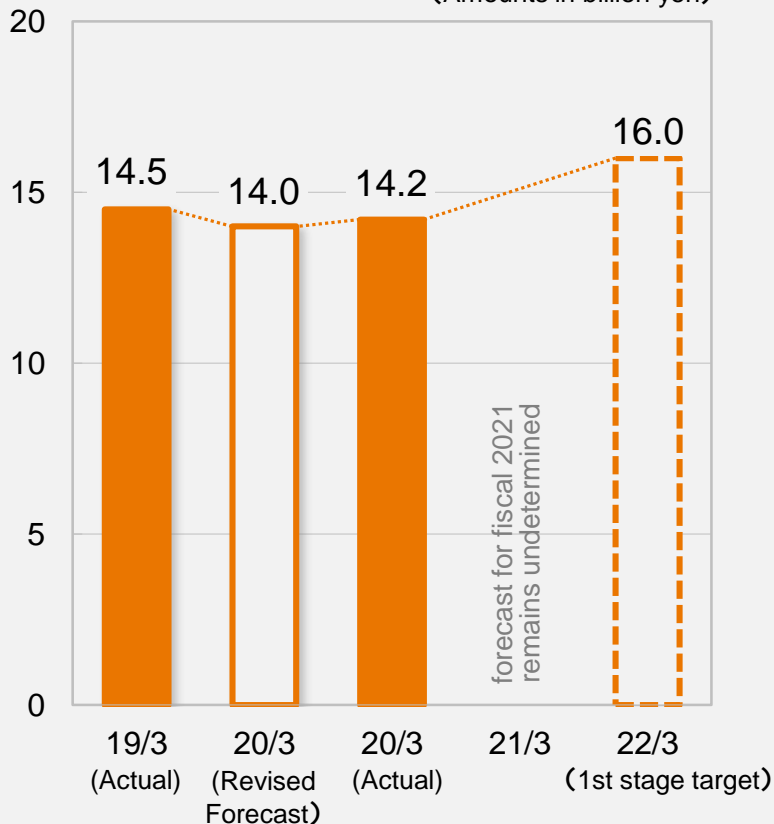
■ Initiatives for fiscal 2021
 Strengthen the business foundations through alliances with other companies, co-create new services, and promote business model transformation

【Topic】

- ZENRIN forms a business alliance with ZENRIN DataCom Co., Ltd. and DiDi Mobility Japan (Sep. 25, 2019)
- Will Smart Co., Ltd. launches “Will-MoBi” services (Oct. 29, 2019)
- ZENRIN DataCom Co., Ltd. forms a business and capital alliance with MinnanoTaxi Corporation (Nov. 5, 2019)
- ZENRIN DataCom Co., Ltd. forms business and capital alliance with Minnano Market, which operates the online marketplace business (Jan. 21, 2020)

Sales results / ZGP25 1st stage target

(Amounts in billion yen)



3-6) Marketing Solution Business

ZGP25 1st stage

Introduce new services in the marketing support service market

■ Actual results for fiscal 2020: 6.6 billion yen (down 1.3 billion yen, YoY)
Sales decreased from the previous fiscal year due to the decrease in sales including direct mail delivery services

■ Initiatives for fiscal 2021
The provision of sales promotion package service utilizing map data and marketing content has been postponed from April 2020 due to the impact of the COVID-19 infections. The plan will be continuously promoted according to the judgement of the situation as appropriate.

【Topic】

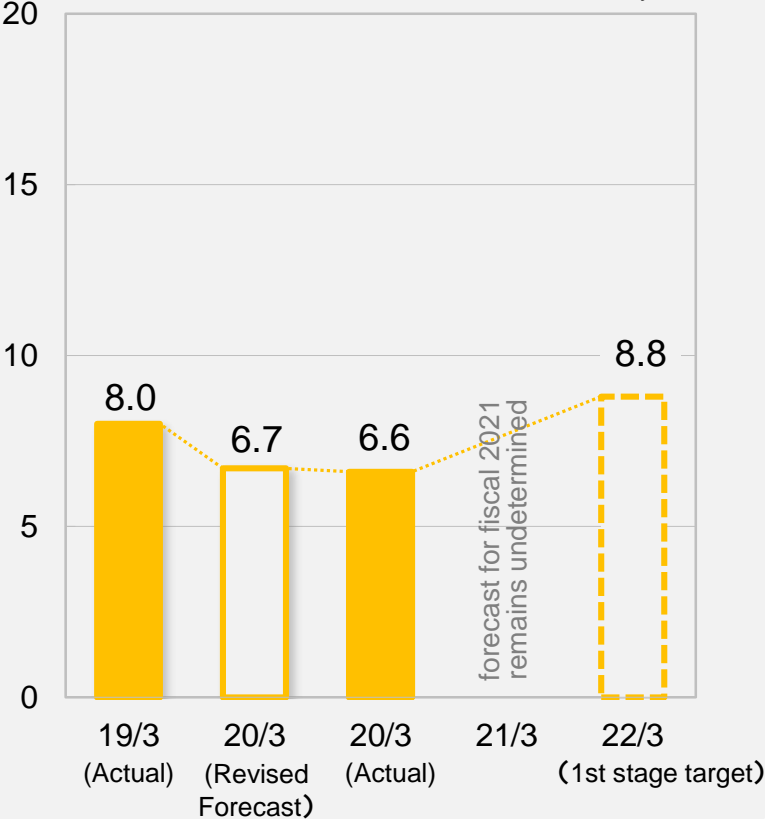
Four group companies merged (ZENRIN MS HOLDINGS acquires ZENRIN BIZNEXUS Co., Ltd, ZENRIN GEO INTELLIGENCE CO., LTD. and DAITO MARKETING SOLUTIONS INC.) The trade name changed to ZENRIN MARKETING SOLUTIONS CO., LTD. (Apr. 1, 2020)

The new company has been established as an operating company that engages in a series of marketing activities from marketing area analysis, performance of promotions to review of effects in the form of a one-stop solution. The Group introduces new services in the future marketing support market to further expand business through concentration of management resources, integration of know-how and acceleration of alliances with each group company.



Sales results / ZGP25 1st stage target

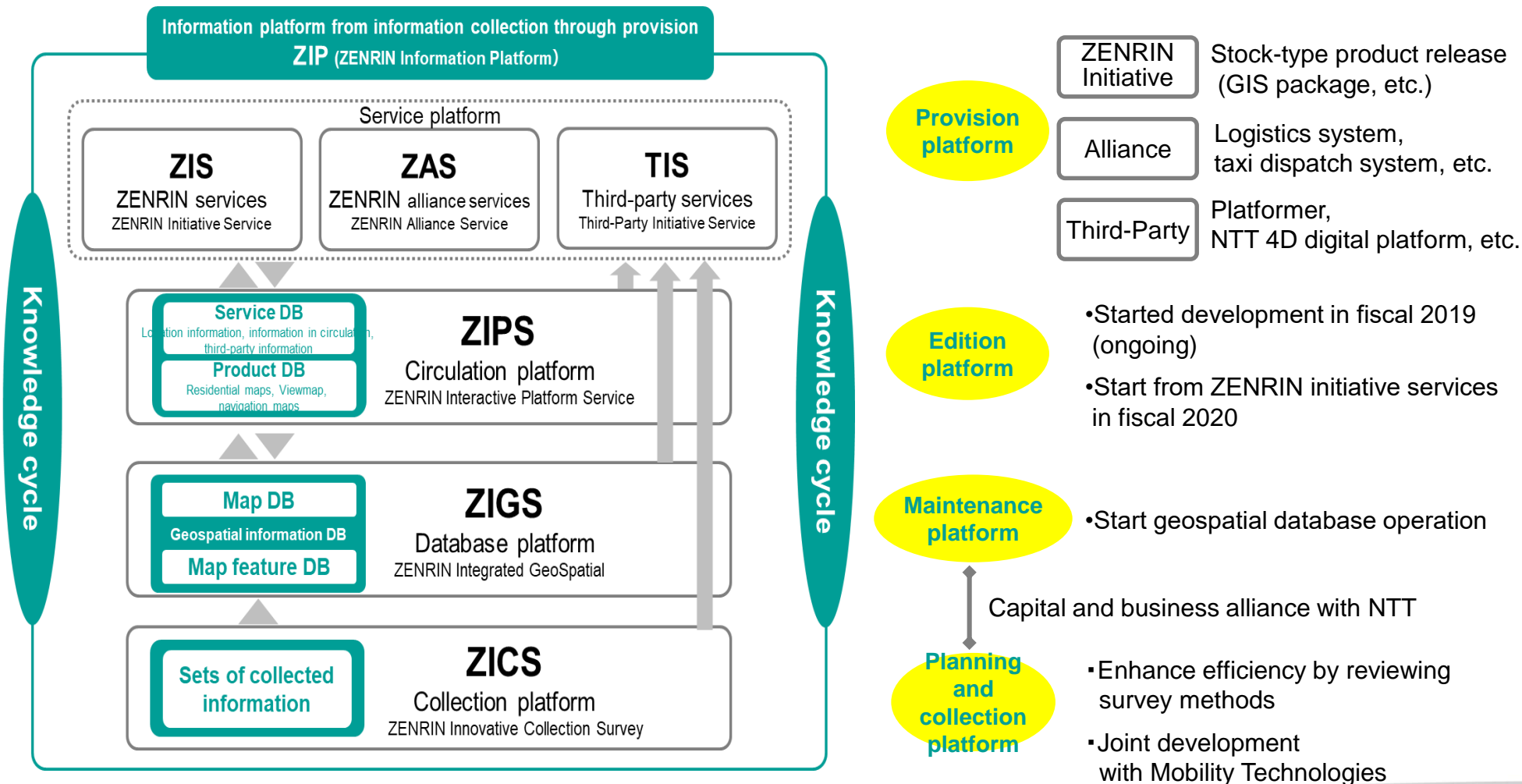
(Amounts in billion yen)



3-7) Efforts to Strengthen Business Foundation

Briefing on Results for FY2020

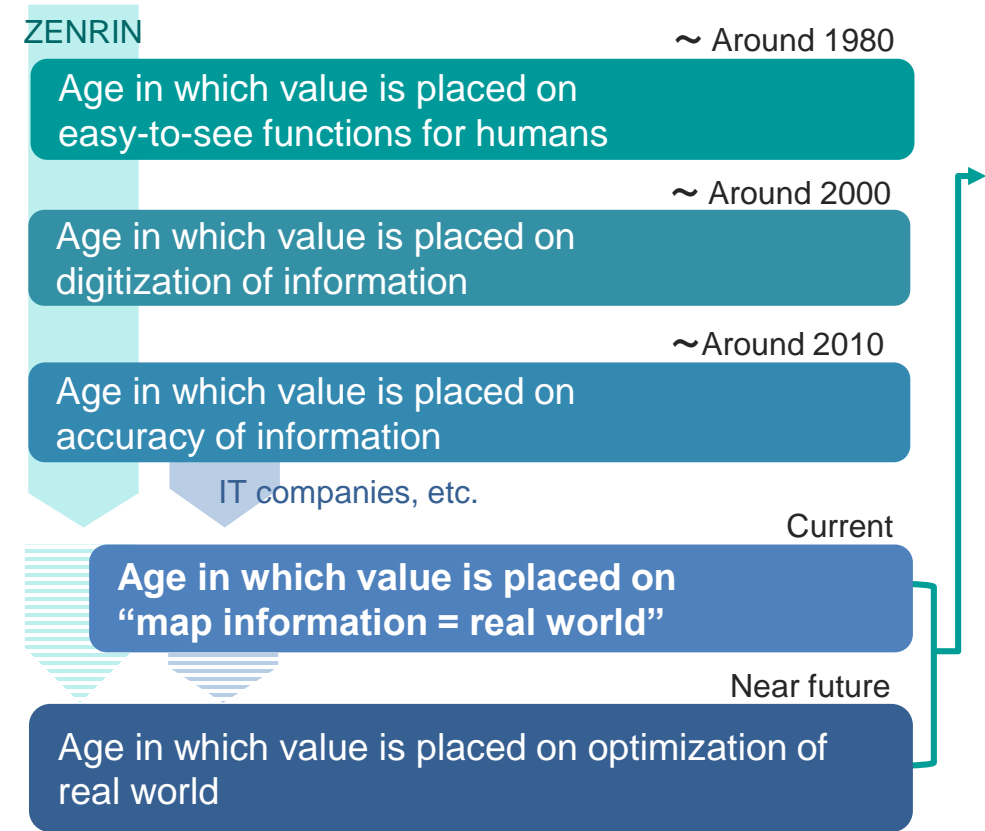
Expansion of information platform “ZENRIN Information Platform”



3-7) Efforts to Strengthen Business Foundation



Changes in map information needs

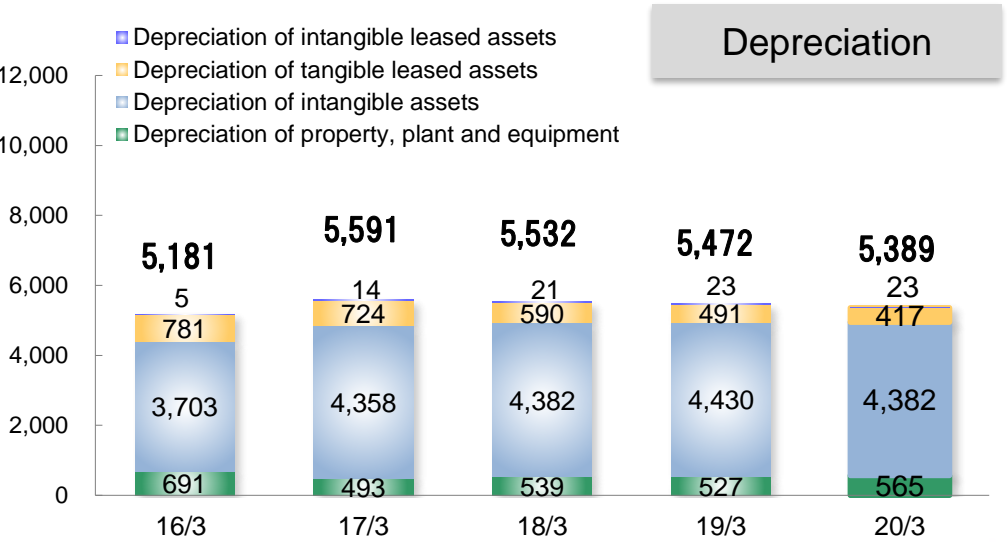
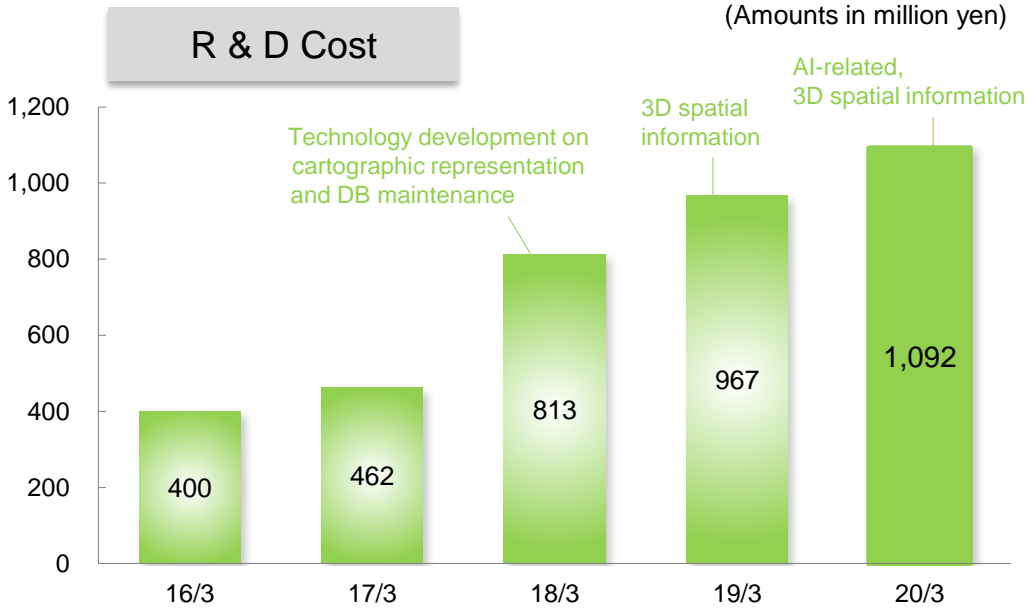
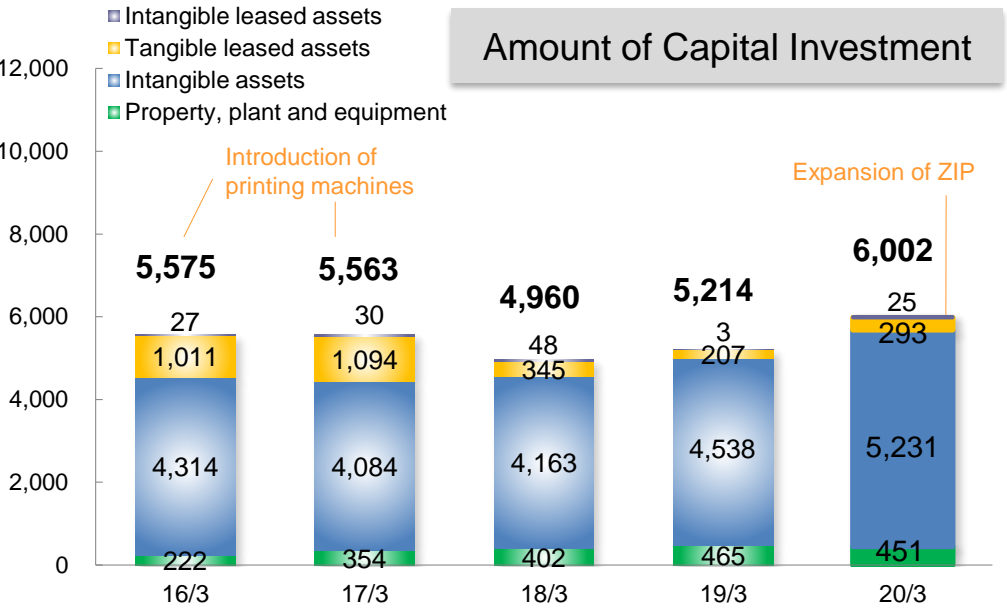


- Jointly construct advanced geospatial information database from fiscal 2020
- (1) Integration and mutual use of resources and contents
 - (2) Mutual use by linking data and attributes
 - (3) Development and maintenance of new database

4. Appendix

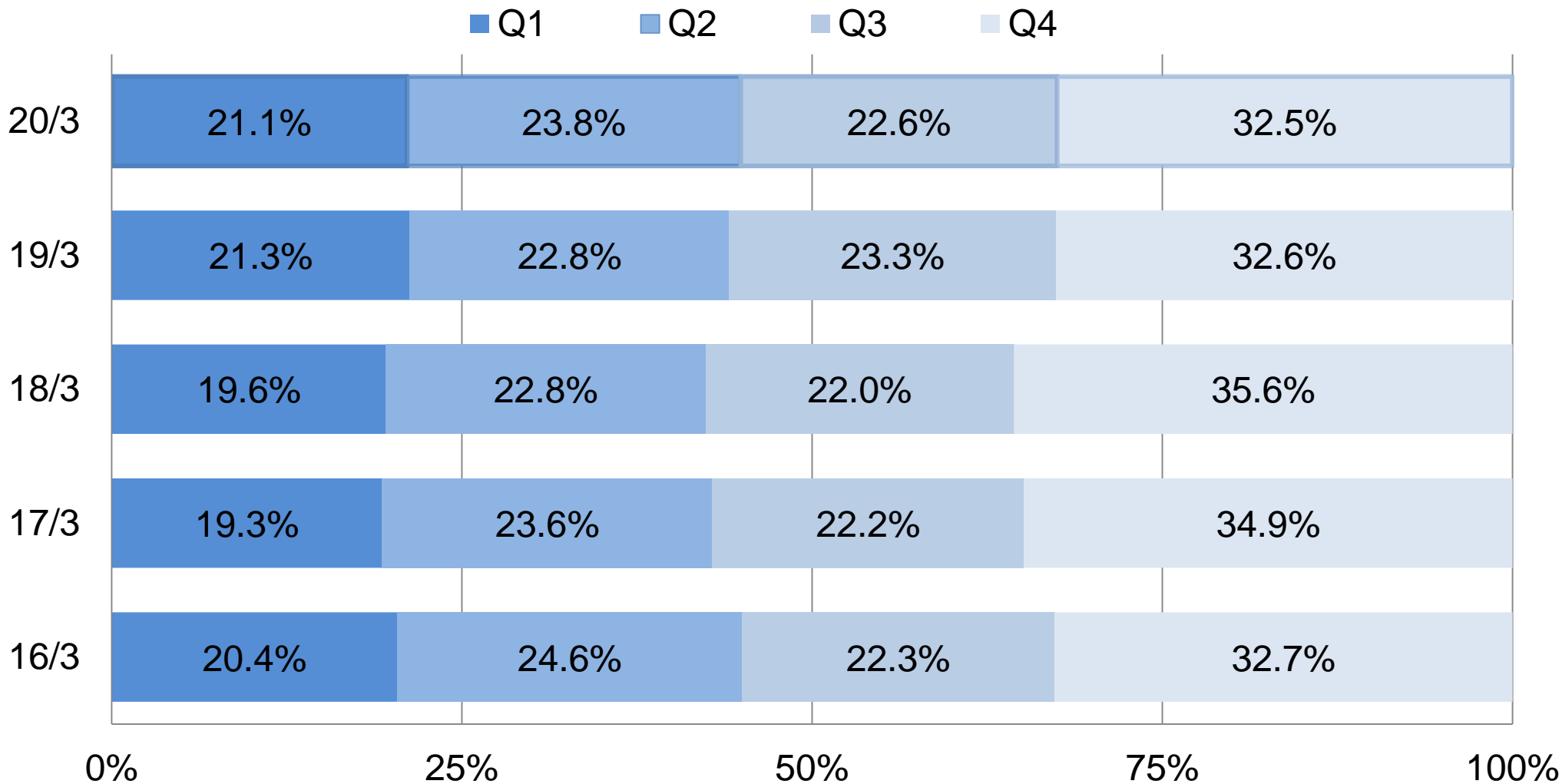
- 1) Overview of Results for Fiscal 2020
 - Amount of Capital Investment, Depreciation and R&D Costs
 - Changes in Composition of Net Sales by Quarter
- 2) ZGP25 Numerical Targets

4-1) Amount of Capital Investment, Depreciation and R&D Costs



4-1) Changes in Composition of Net Sales by Quarter

Briefing on Results for FY2020



4-2) ZGP25 Numerical Target

(Announced on April 26, 2019)

	1st Stage			2nd Stage
	1st Year	2nd Year	3rd Year	6th year
	FY2020 (Forecast)	FY2021 (Target)	FY2022 (Target)	FY2025 (Guide)
Consolidated Net Sales	63.8 bn yen	67.0 bn yen	67.0 bn yen	80 bn yen
Consolidated Operating Income (Margin)	5.9 bn yen (9.2%)	6.3 bn yen (9.4%)	6.7 bn yen (10.0%)	10 bn yen (12.5%)
ROE (Return on equity)	9.7%	9.7%	9.7%	10% or higher
DOE (Dividend on equity on a consolidated bases)	3.0% or higher	3.0% or higher	3.0% or higher	3% or higher

ZENRIN

Maps to the Future

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