

Results for First 3 Quarters of Fiscal 2020 (Year Ending March 31, 2020)

January 29, 2020

ZENRIN Co., Ltd.

1. Results for First 3 Quarters of Fiscal 2020
2. Earnings Forecast for Fiscal 2020
3. 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. Results for First 3 Quarters of Fiscal 2020

- 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 ZGP25

1-1) Overview of Results

Key Points of Results for First 3 Quarters of Fiscal 2020

Compared to the First 3 Quarters of Fiscal 2019 <decrease in sales and income>

- Sales decreased for the first time in five fiscal years due to the decrease in sales in the Automotive, IoT, and Marketing Solutions businesses, despite the strong performances in the Product and Public Solution businesses.
- Operating income and ordinary income of the previous fiscal year turned to operating loss and ordinary loss, and profit decreased for the first time in three fiscal years, due to the decrease in sales, as operating expenses, including fixed expenses such as for the maintenance of map databases and upfront investments, remained on levels comparable to the same period of the previous fiscal year.
- Downward revisions were made to the earnings forecast for fiscal 2020, in light of the performance of the First 3 Quarters of Fiscal 2020 and the future outlook (see page 11).

(Amounts in million yen)

	First 3Qs of FY2019 Actual	First 3Qs of FY2020 Actual	Compared to First 3Qs of FY2019	% of Change
Net Sales	42,996	40,316	-2,680	-6.2
Operating Expenses	41,433	40,782	-650	-1.6
Operating Income	1,563	-466	-2,029	—
Operating Margin	3.6%	-1.2%	-4.8pt	
Ordinary Income	1,877	-160	-2,037	—
Profit Attributable to Owners of Parent	1,017	236	-780	-76.7

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

Results for First 3 Quarters of Fiscal 2020

(Amounts in million yen)

Net Sales

Down 2,680 (-6.2%)

Compared to
First 3Qs of
FY2019

Operating Income

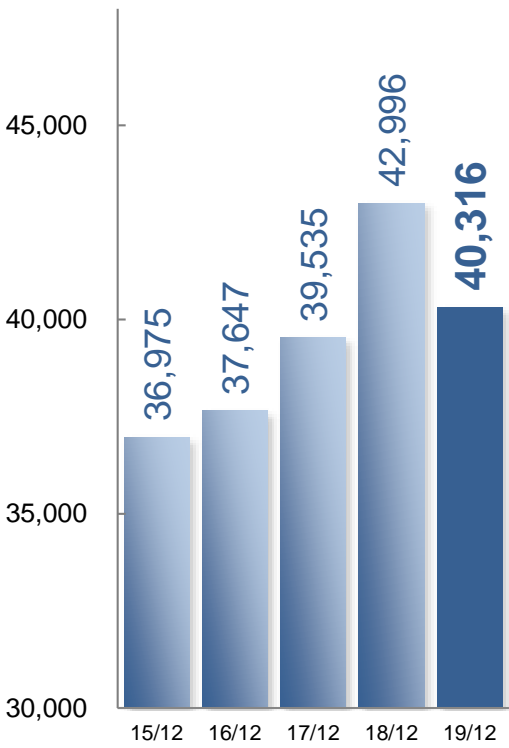
Downturn of 2,029(—)

Ordinary Income

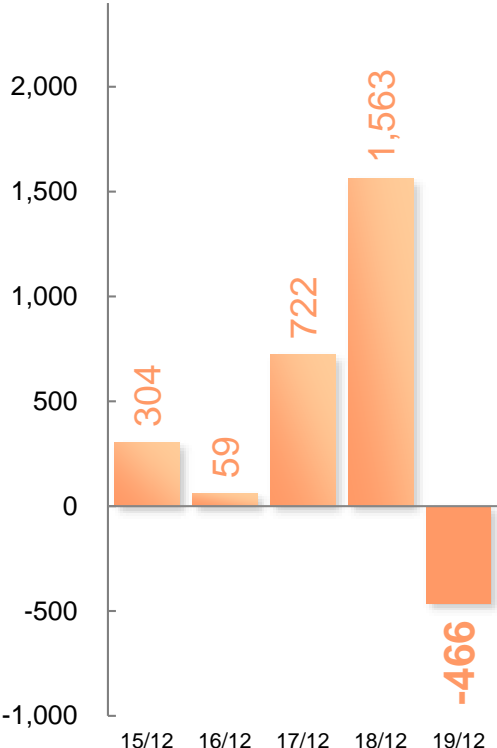
Downturn of 2,037 (—)

Profit Attributable to Owners of Parent

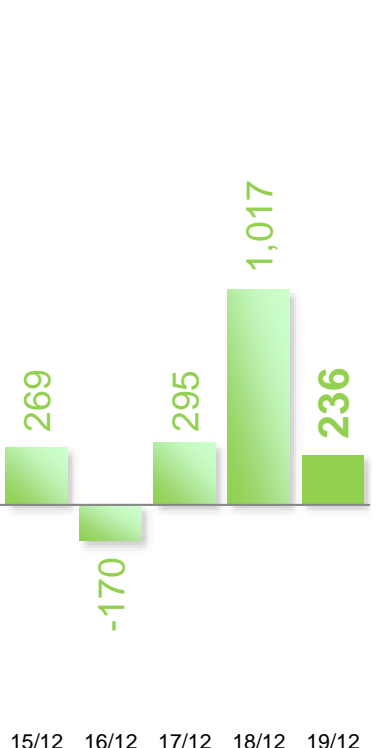
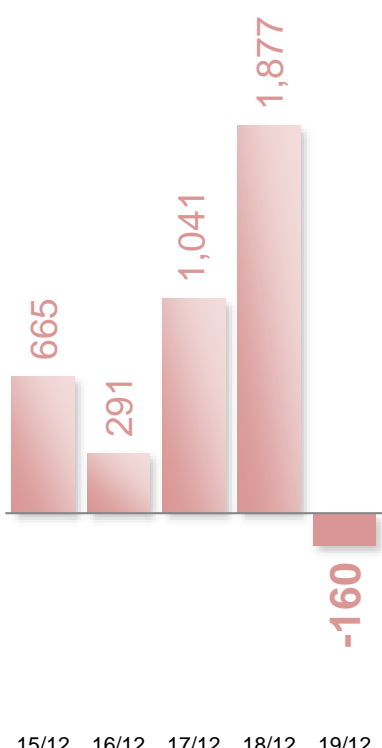
Down 780 (-76.7%)



Decrease in sales
for the first time in 5 fiscal years



Profit in previous period → Loss

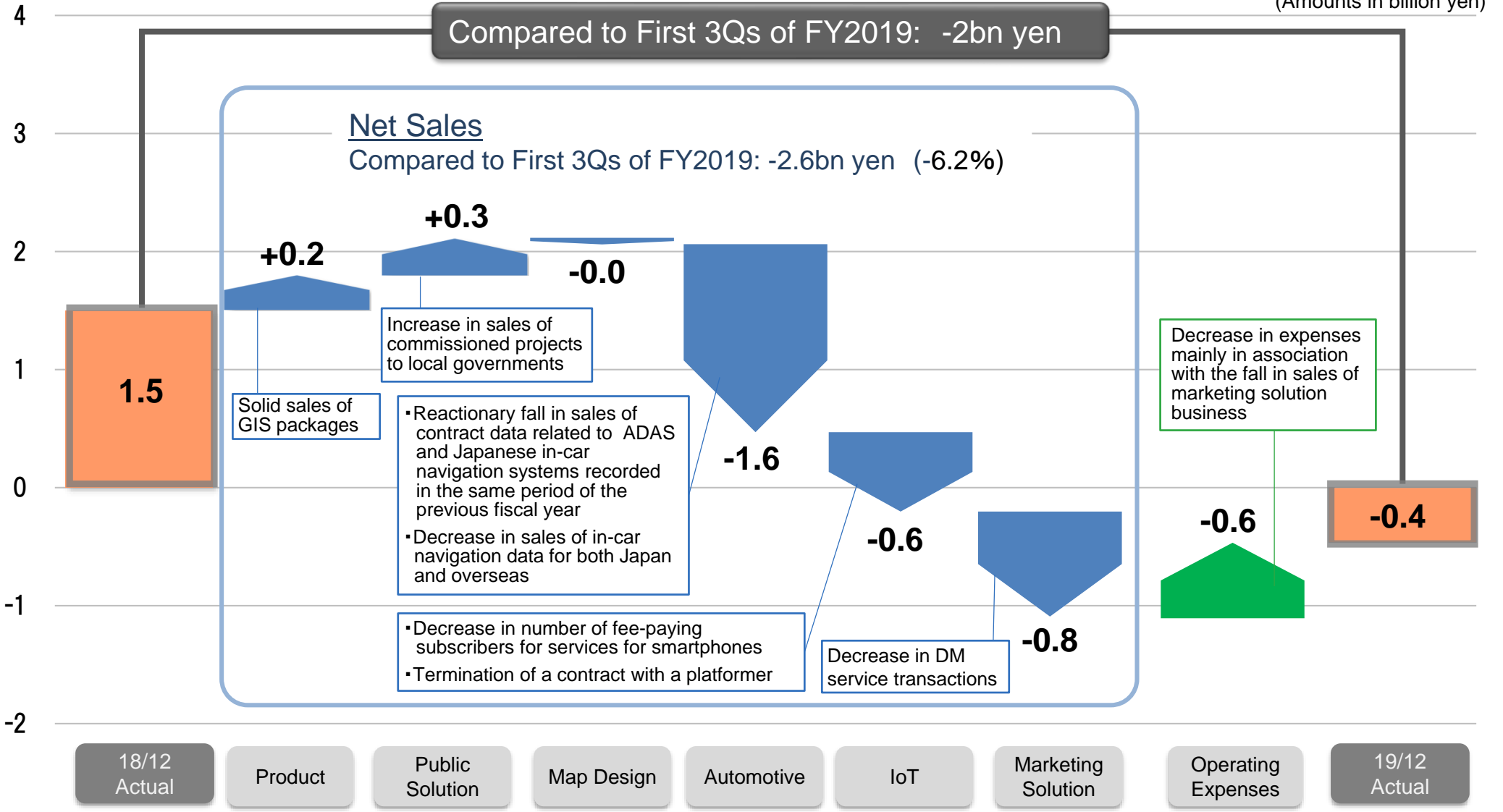


Decrease in profit
for the first time in 3 fiscal years

1-3) Causes for Change in Operating Income

Results for First 3 Quarters of Fiscal 2020

(Amounts in billion yen)



1-4) Segment Information

Results for First 3 Quarters of Fiscal 2020

Sales
Composition

82.5%

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



7.0%

2. General Printing Segment

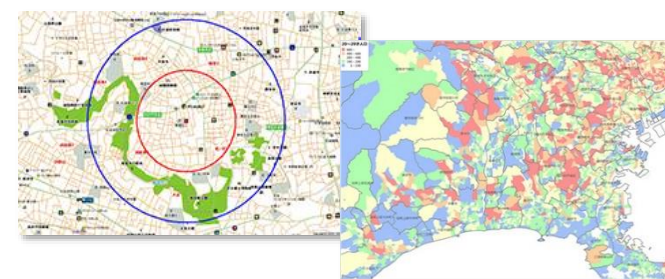
Main Items: Manufacture and sales of general printing goods



10.5%

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.

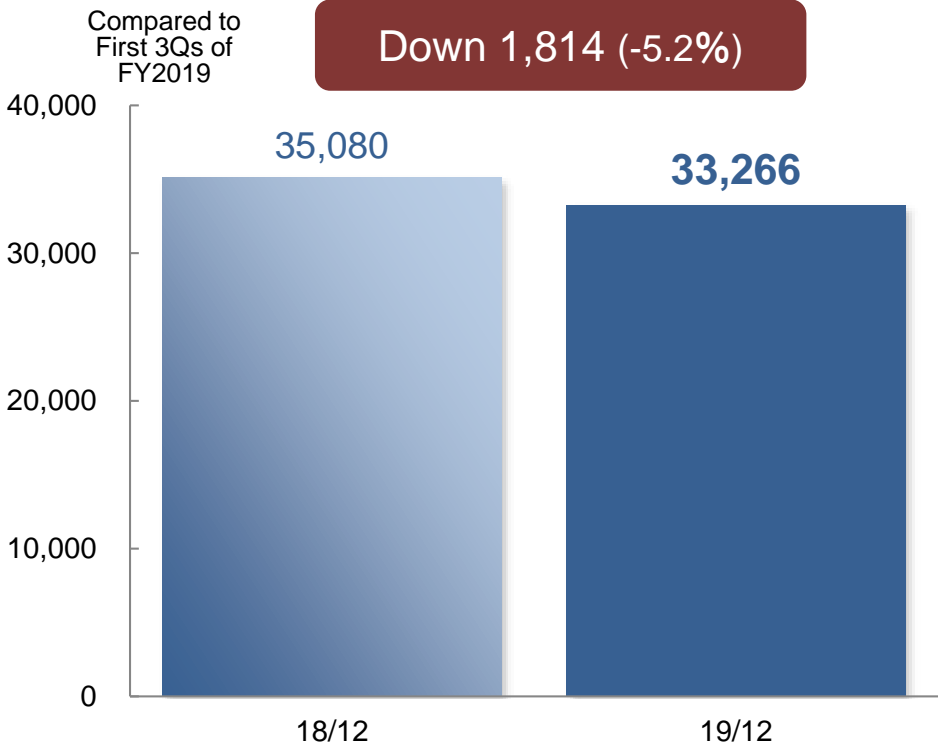
1-4) Map Database Segment

Results for First 3 Quarters of Fiscal 2020

(Amounts in million yen)

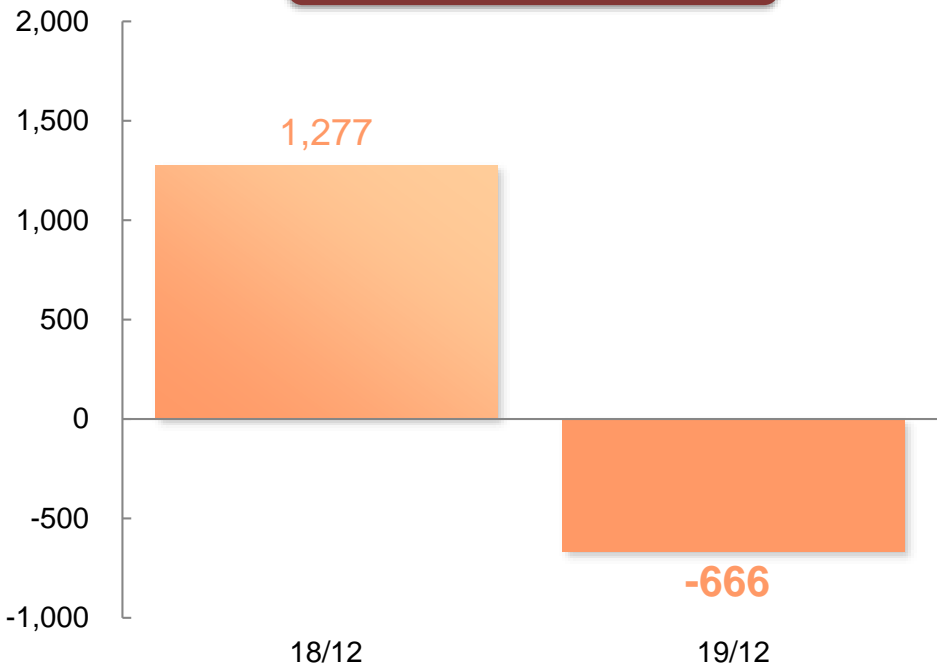
Net Sales

Down 1,814 (-5.2%)



Operating Income

Downturn of 1,944 (—)



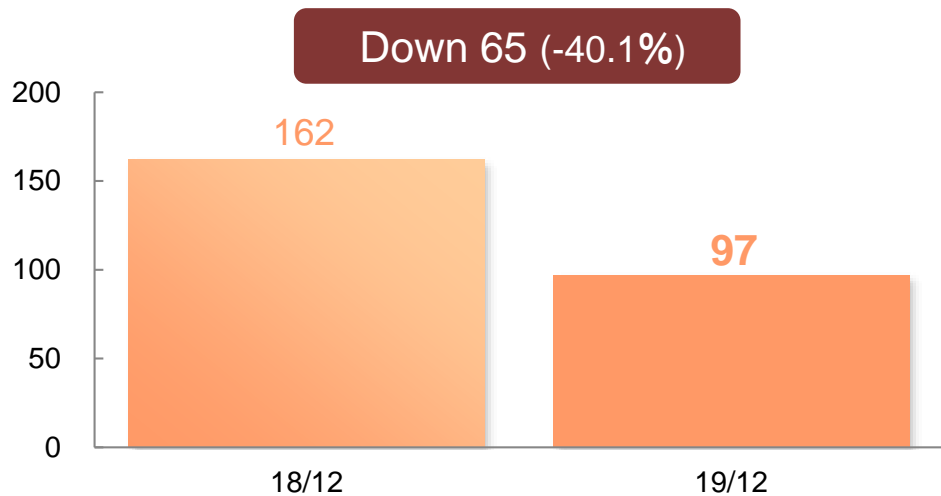
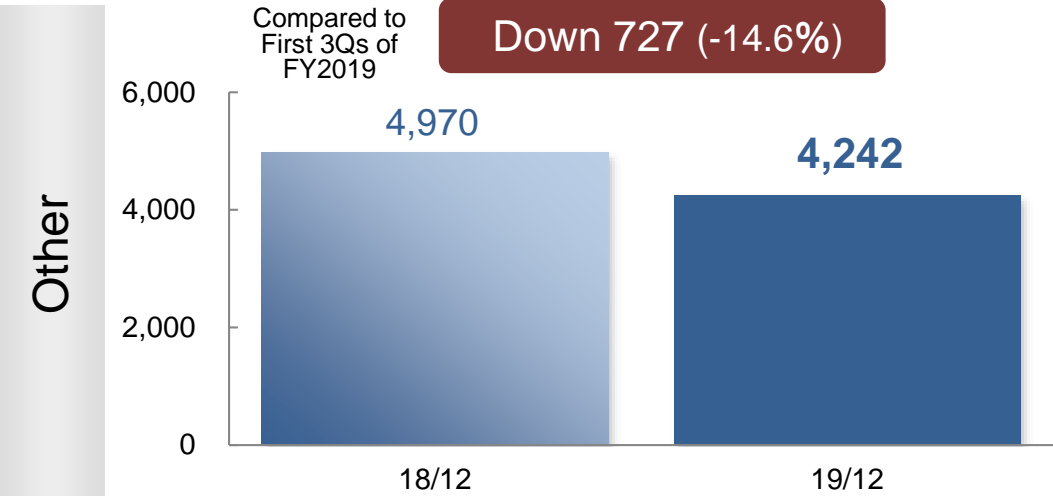
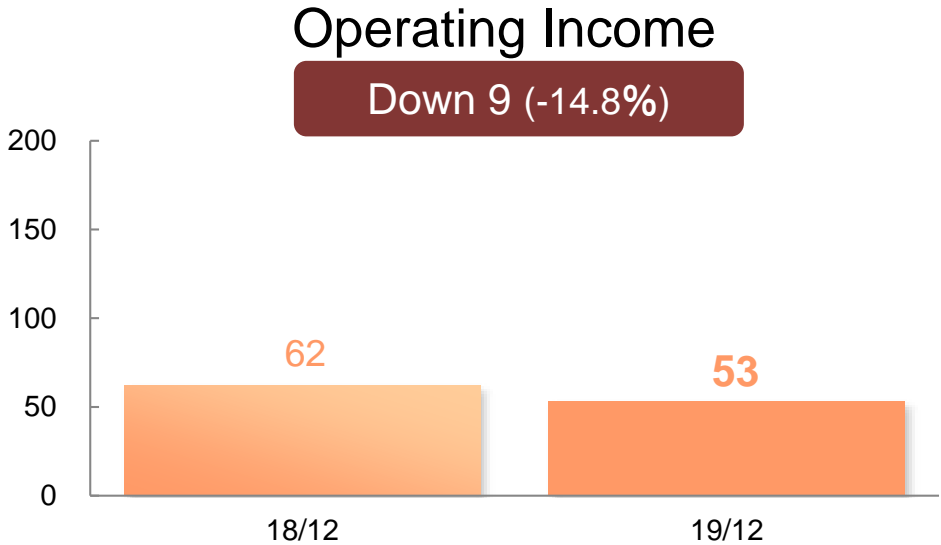
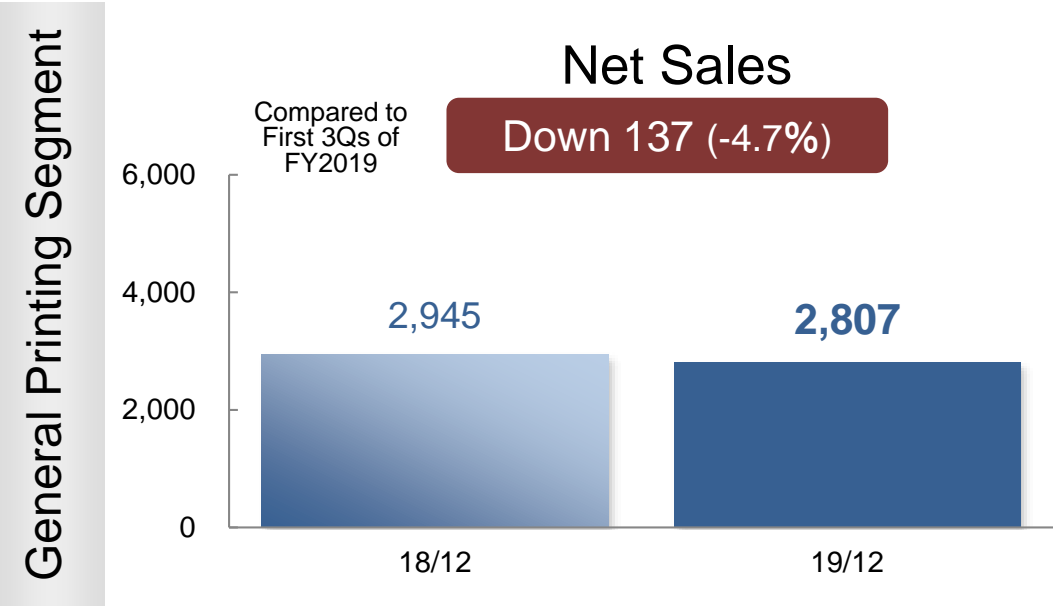
- Decrease in sales in the Automotive, IoT, and Marketing Solutions businesses, despite the strong performances in the Product and Public Solution businesses.
- Operating income turned to operating loss due to the decrease in sales, as operating expenses, including fixed expenses such as for the maintenance of map DB and upfront investments, remained on levels comparable to the same period of the previous fiscal year.

*From the first quarter of FY2020, changes, etc., of reportable segments were made.
With regard to the year-to-year comparison, the previous year's figures for the business related to map databases and other businesses were reclassified to conform to segments after these changes.

1-4) General Printing Segment, and Other

Results for First 3 Quarters of Fiscal 2020

(Amounts in million yen)

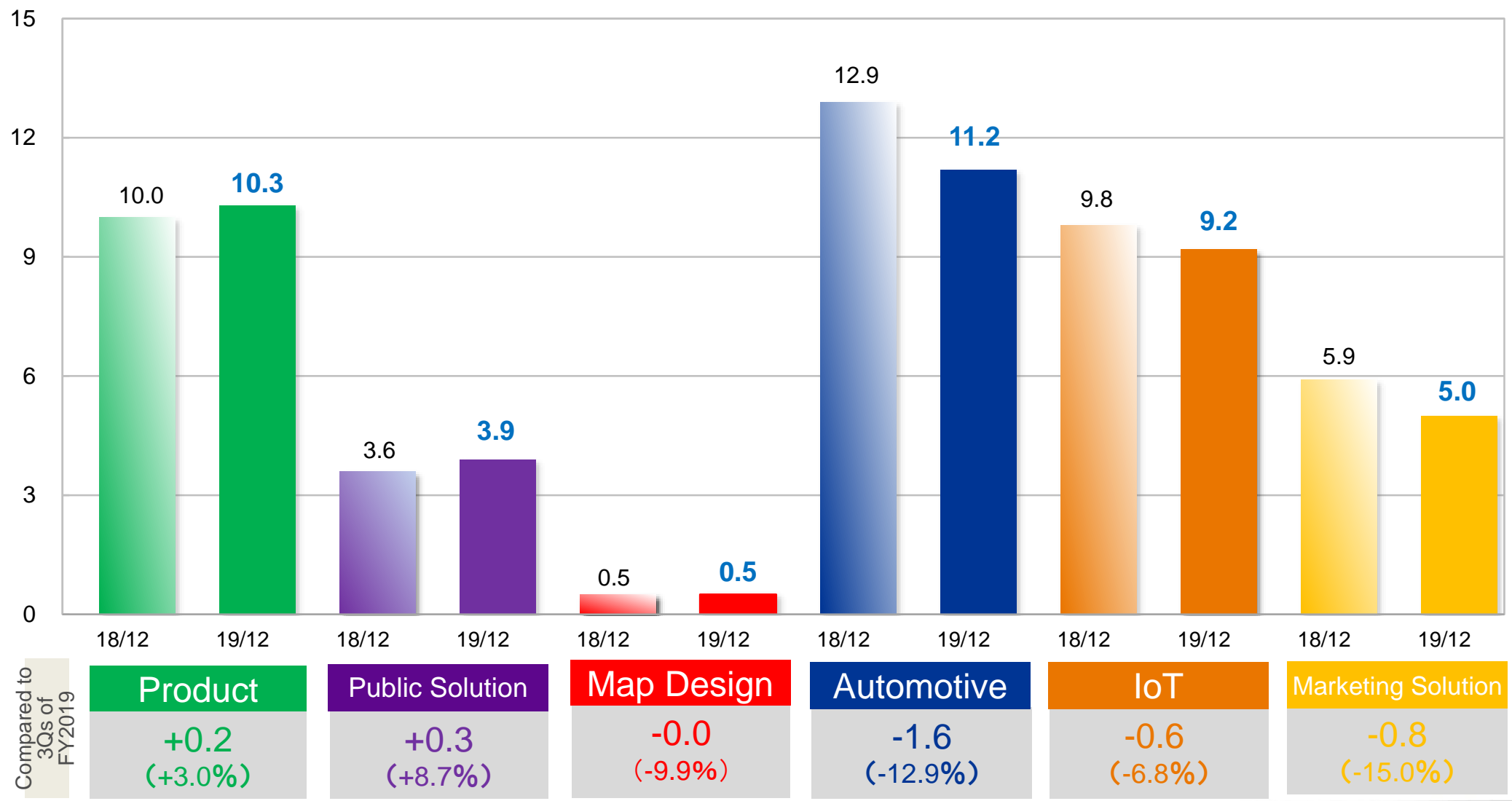


*From the first quarter of FY2020, changes, etc., of reportable segments were made.
With regard to the year-to-year comparison, the previous year's figures for the business related to map databases and other businesses were reclassified to conform to segments after these changes.

1-5) Net Sales by Business under ZGP25

Results for First 3 Quarters of Fiscal 2020

(Amounts in billion yen)



2. Earnings Forecast for Fiscal 2020

- 1) Overview of Earnings Forecast for Fiscal 2020
(Changed from the figures announced on April 26, 2019)
- 2) Net Sales by Business
under Medium- to Long-Term Business Plan ZGP25
- 3) Changes in Composition of Net Sales by Quarter
- 4) Dividends

2-1) Overview of Earnings Forecast for Fiscal 2020

Earnings Forecast for Fiscal 2020

Downward revisions were made to the earnings forecast for fiscal 2020, in light of the performance of the First 3 Quarters of Fiscal 2020 and the future outlook

Compared to Fiscal 2019 <decrease in sales and income>

■ Major factors for decreased sales

- AM: Impact of changes in upfront development plans of ADAS and DA-supported systems of each manufacturer, and slowdown in sales of in-car navigation data for both Japan and overseas
- IoT: While the solution and MaaS businesses have been steadily capturing business, there have been delays in certain entrusted developments and the contract with a platformer ended in the second half
- MS: Continued decreasing trend in sales including sales from the direct mail delivery services

■ In terms of profit and loss, also, despite the minimal impact of decreased sales in the MS business, each item of profit is expected to fall short of the previous-announced forecast figures due to decreased sales in the AM and IoT businesses

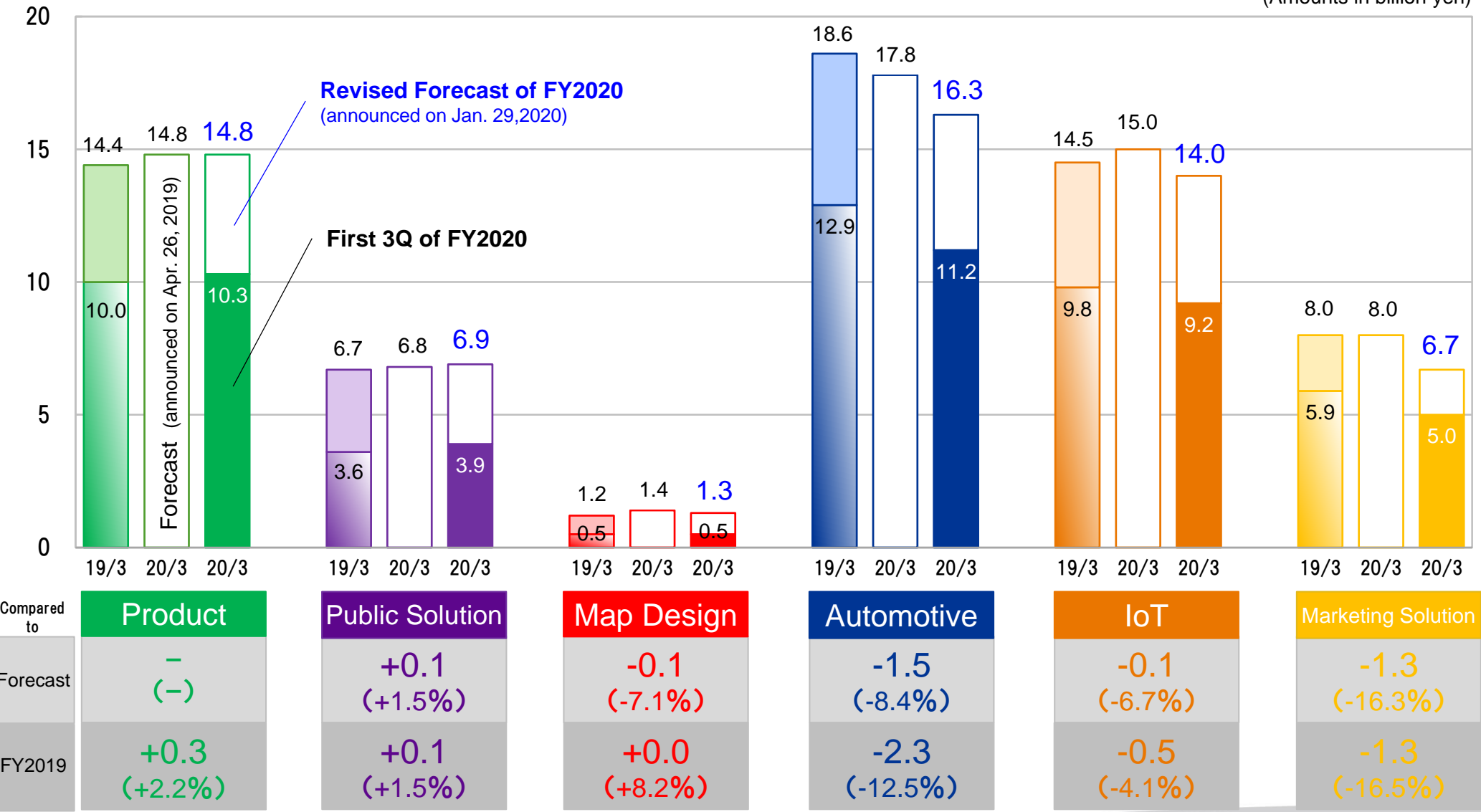
(Amounts in million yen)

	FY2019 Actual	FY2020 Earnings Forecast (Apr. 26, 2019)	FY2020 Revised Forecast (Jan. 29, 2020)	Compared to FY2019	% of Change	Compared to Revised Forecast	% of Change
Net Sales	63,747	63,800	60,000	-3,747	-5.9	-3,800	-6.0
Operating Expenses	57,923	57,900	56,800	-1,123	-1.9	-1,100	-1.9
Operating Income	5,824	5,900	3,200	-2,624	-45.1	-2,700	-45.8
Operating Margin	9.1%	9.2%	5.3%	-3.8pt		-3.9pt	
Ordinary Income	6,200	6,300	3,600	-2,600	-41.9	-2,700	-42.9
Profit Attributable to Owners of Parent	3,206	4,000	2,600	-606	-18.9	-1,400	-35.0

2-2) Net Sales by Business under ZGP2020

Results for First 3 Quarters of Fiscal 2020

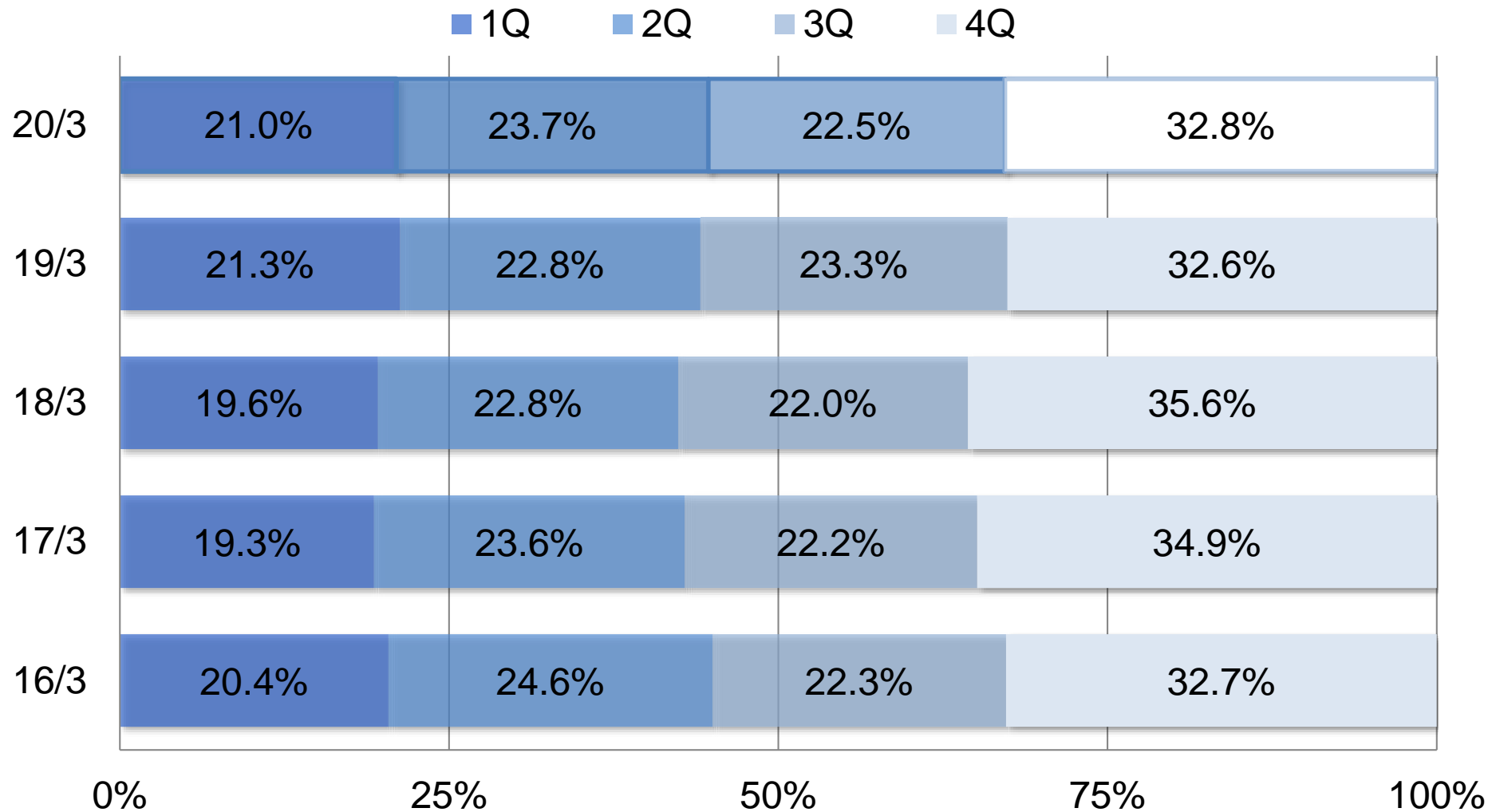
(Amounts in billion yen)



2-3) Overview of Results for First 2 Quarters of Fiscal 2020

(Changes in Composition of Net Sales by Quarter)

Results for First 3 Quarters of Fiscal 2020



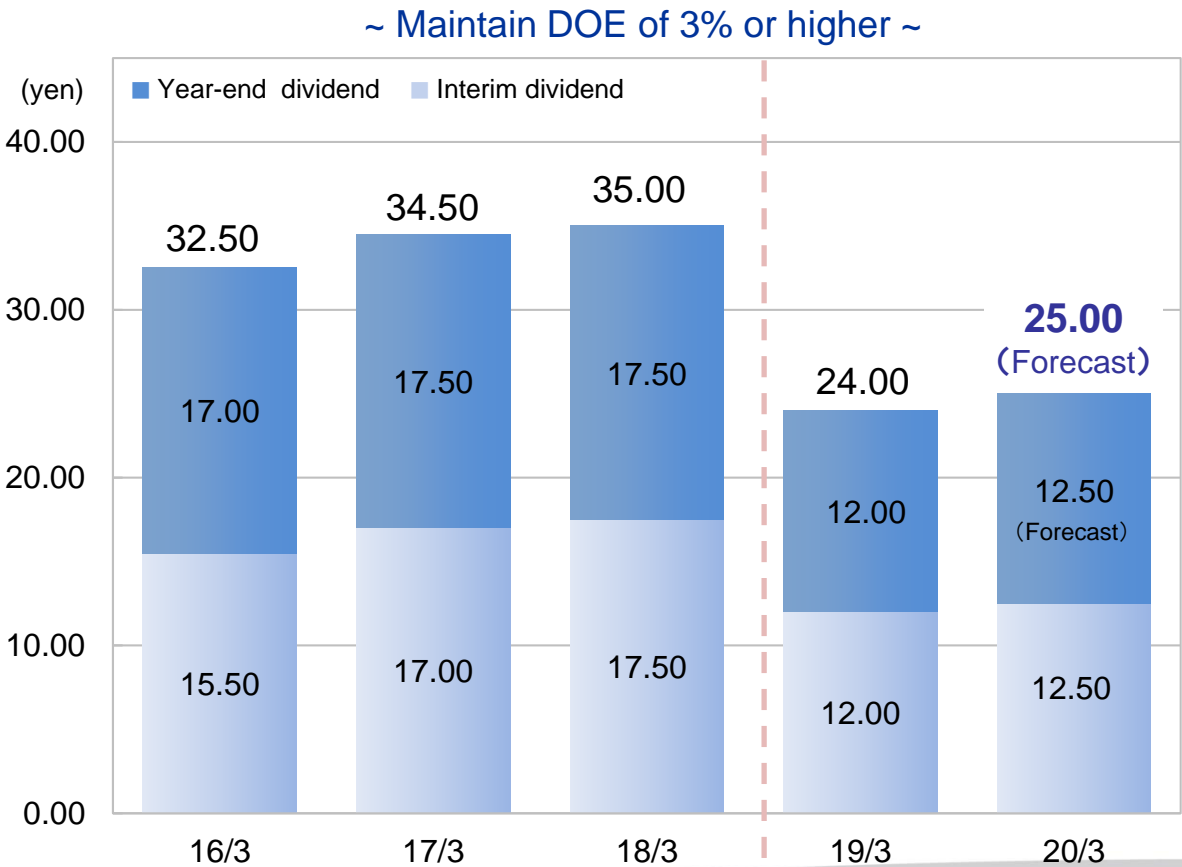
Basic Policy

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 (pre-stock-split basis)*	
Interim	12.50 yen (18.75 yen)
Year-end (Forecast)	12.50 yen (18.75 yen)
Annual (Forecast)	25.00 yen (37.50 yen)

* Effective April 1, 2018, the Company conducted a stock split. Each share of common stock was split into 1.5 shares.



April 1, 2018
stock-split

3. Appendix

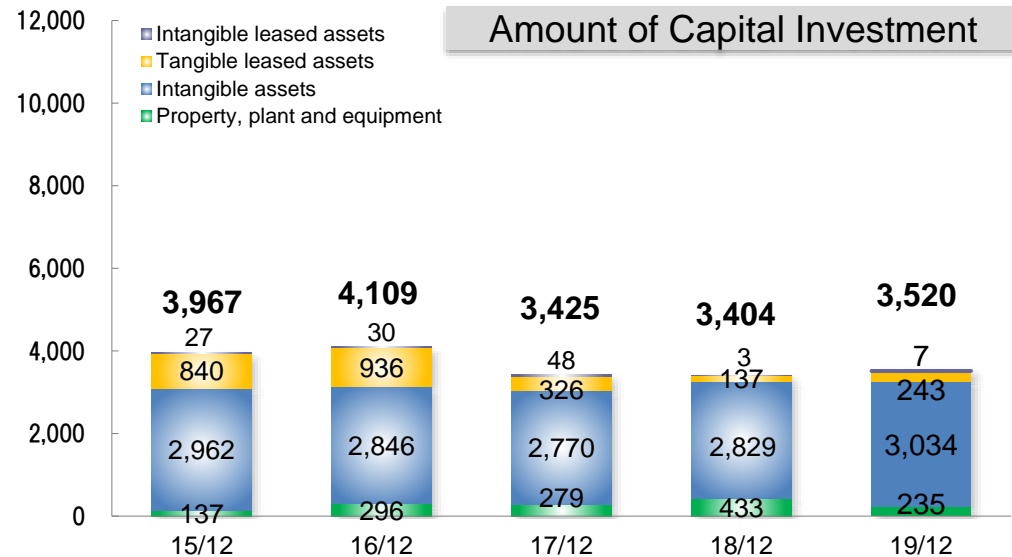
- 1) Overview of Results for First 3 Quarters of Fiscal 2020
Amount of Capital Investment, Depreciation and R&D Costs
- 2) Overview of Earnings Forecast for Fiscal 2020
Changes in Net Sales, Income and Profit
Amount of Capital Investment, Depreciation and R&D Costs
- 3) Medium- to Long-Term Business Plan ZGP25
Numerical Targets
Net sales by Business Numerical Targets

3-1) Amount of Capital Investment, Depreciation and R&D Costs First 3 Quarters of Fiscal 2020

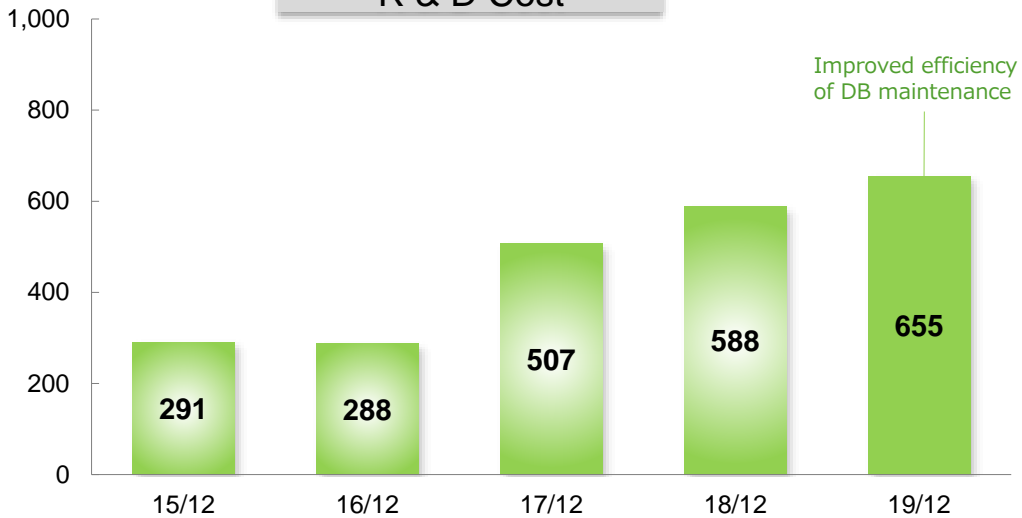
Results for First 3 Quarters of Fiscal 2020

(Amounts in million yen)

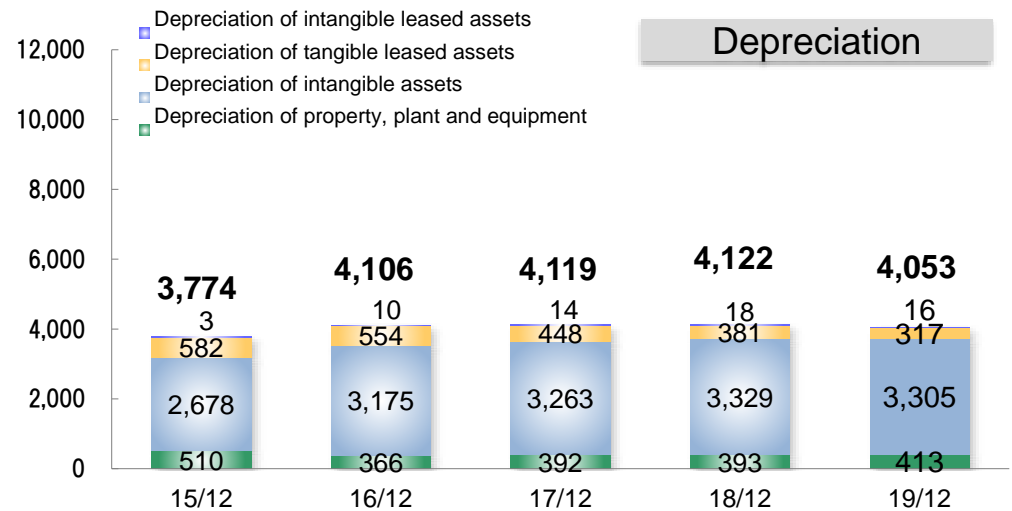
Amount of Capital Investment



R & D Cost



Depreciation



3-2) Overview of Earnings Forecast for Fiscal 2020

(Changes in Net Sales, Income and Profit)

Results for First 3 Quarters of Fiscal 2020

(Announced on Jan. 29, 2020)

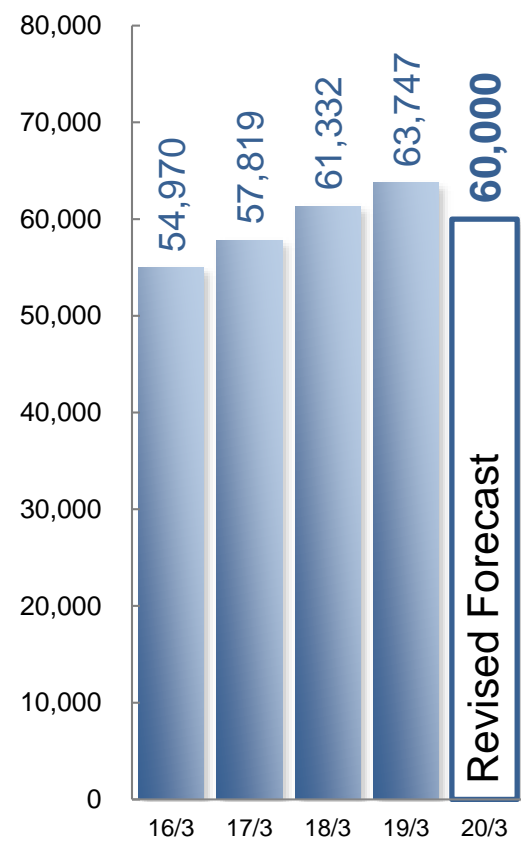
(Amounts in million yen)

Net Sales

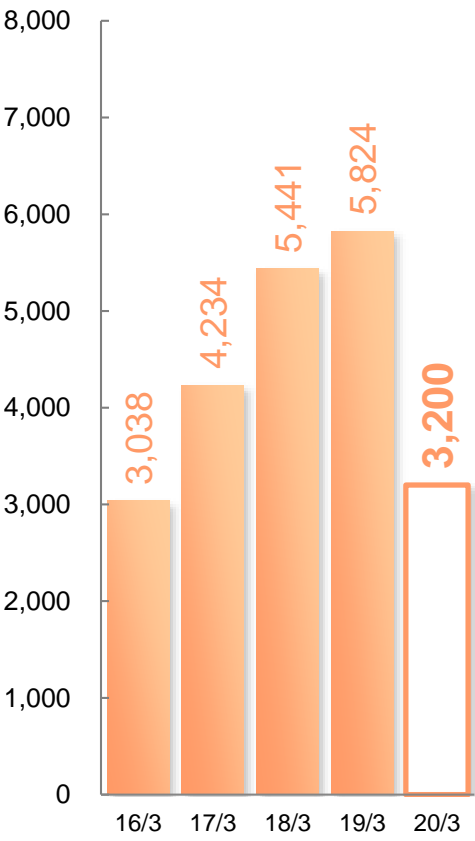
Operating Income

Ordinary Income

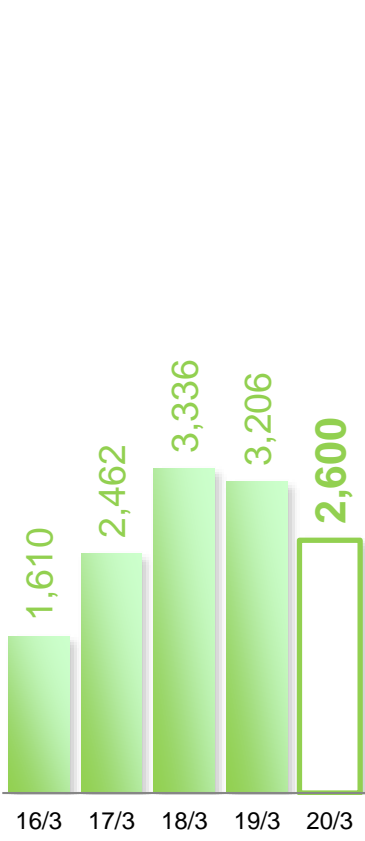
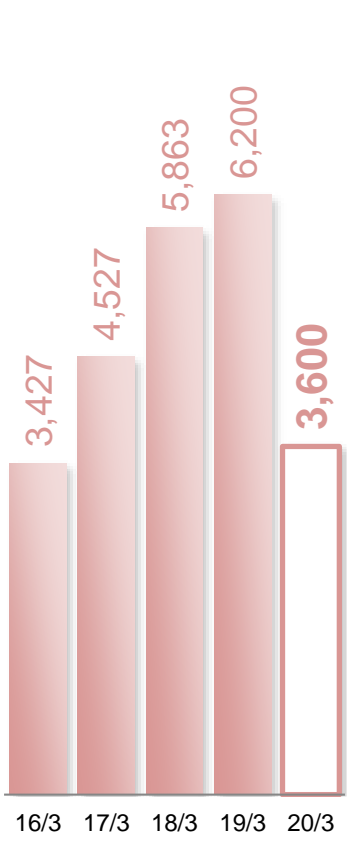
Profit Attributable to Owners of Parent



Decrease in sales
for the first time in 5 fiscal years



Decrease in income
for the first time in 5 fiscal years

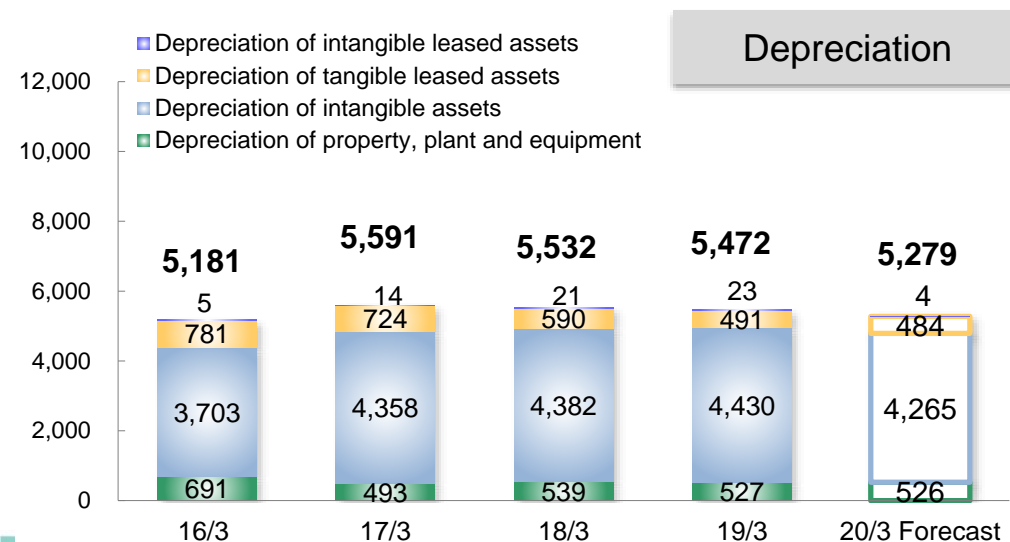
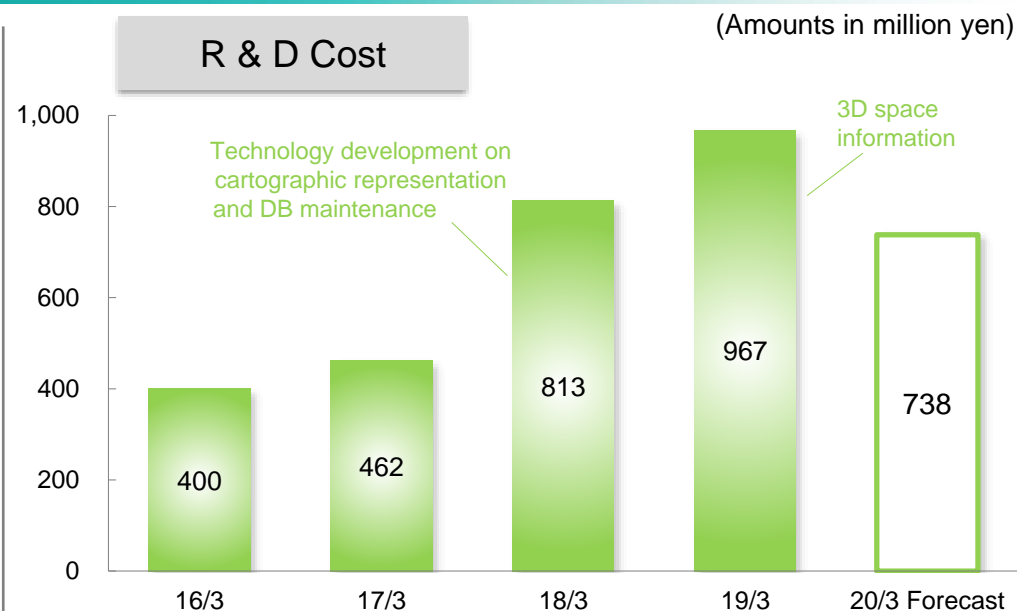
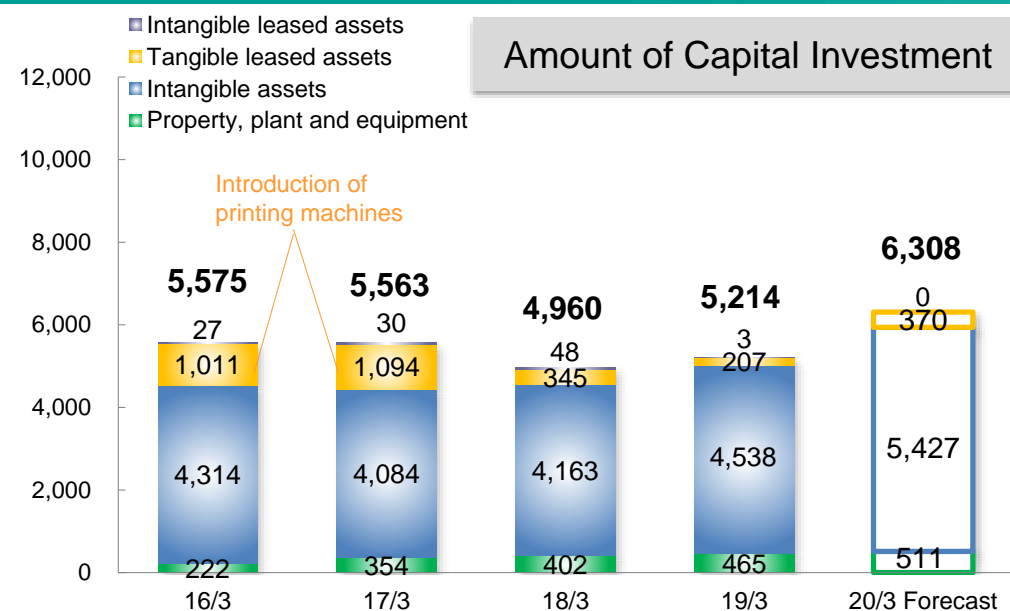


Decrease in profit
for 2 consecutive fiscal years

3-2) Overview of Earnings Forecast for Fiscal 2020

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

Results for First 3 Quarters of Fiscal 2020



(Unchanged from the 2nd quarter of FY2020 presentation materials)

(Announced on Apr. 26, 2019)

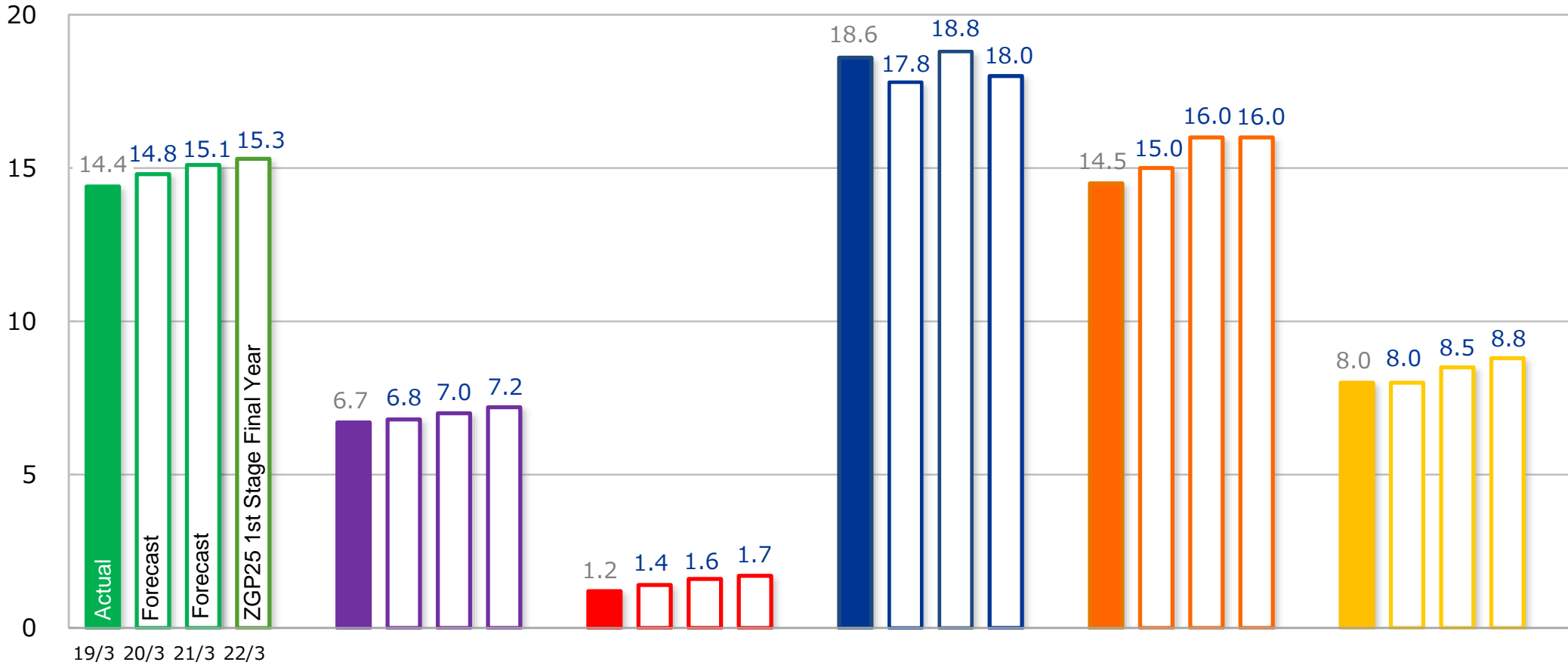
	1st Stage			2nd Stage
	1st Year	2nd Year	3rd Year	6th year
	FY2020 (Forecast)	FY2021 (Target)	FY2022 (Target)	FY2025 (Guide)
Consolidated Net Sales	63.8 bn yen	67.0 bn yen	67.0 bn yen	80 bn yen
Consolidated Operating Income (Margin)	5.9 bn yen (9.2%)	6.3 bn yen (9.4%)	6.7 bn yen (10.0%)	10 bn yen (12.5%)
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

3-3) Net Sales by Business Numerical Target

Results for First 3 Quarters of Fiscal 2020

(Announced on Apr. 26, 2019)

(Amounts in billion yen)



19/3 ↓ 20/3	<div>Product</div> <div>+0.3 (+2.2%)</div>	<div>Public Solution</div> <div>+0.0 (+0.0%)</div>	<div>Map Design</div> <div>+0.1 (+16.5%)</div>	<div>Automotive</div> <div>-0.8 (-4.5%)</div>	<div>IoT</div> <div>+0.4 (+2.7%)</div>	<div>Marketing Solution</div> <div>-0.0 (-0.3%)</div>
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ZENRIN

Maps to the Future

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