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FOR IMMEDIATE RELEASE

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Establishment of New Medium- to Long-Term Business Plan
(Fiscal Year Ending March 31, 2020 to Fiscal Year Ending March 31, 2025)

ZENRIN Co., Ltd. (Head Office: Kitakyushu City, Fukuoka Prefecture; President and CEO: Zenshi Takayama) (hereafter, "ZENRIN") announces the following reorganization of "ZENRIN GROWTH PLAN 2020" (hereafter, ZGP2020), the Medium- to Long-Term business plan from fiscal 2016 through fiscal 2020, to establish "ZENRIN GROWTH PLAN 2025" (hereafter, ZGP25), a new medium- to long-term business plan (from fiscal year ending March 31, 2020 through fiscal year ending March 31, 2025) that starts in April 2019.

1. Progress of Previous Medium- to Long-Term Business Plan ZGP2020

Under ZGP2020 that is to end in the fiscal year ending March 31, 2020, ZENRIN has worked on (1) earnings expansion through development of application by creating "scenes for using," (2) stable operation of 4D Geospatial Information pursuing "QCDDS," and (3) reduction of the fixed cost ratio by realizing "productivity reform" under the theme of the "shift from 'goods' to 'activities'".

During the plan period, although there has been a delay in some of the planned actions such as market launches of new products through the development of new applications and starting-up of new business leveraging group synergy, ZENRIN has delivered results that are in line with the plan through the fourth year, one year before the final year of the plan, owing to successful share expansion in existing businesses and strong sales of stock-type services.

(Major Results and Challenges of ZGP2020)

- With our efforts to develop application, sales of stock-type services, such as GIS package, have been firm. However, as some of our market launches including the starting-up of the marketing solution business leveraging other new products and group resources lacked speed, the number of products and services that have reached commercialization and profitability is limited.
- Owing to the increase in revenue through the share expansion of existing data services for car navigation systems and the adoption of residential map data, combined with the progress in efforts to increase efficiency in map database maintenance, our efforts to reduce the fixed cost ratio have been successful to a reasonable extent.
- Prior development in new business fields is steadily progressing. For example, some of the prior developments including advanced driver-assistance systems (ADAS) and drones that are not included in ZGP2020 started to make profits.
- On the other hand, rapid changes in the external environment prompt us to provide new geospatial information and/or revamp the business model in the Automotive business and IoT business.

2. Establishment of a New Medium- to Long-Term Business Plan: ZGP25

As the environment in which the ZENRIN Group operates is changing at a dizzying speed due to technological evolution such as AI, big data, 5G, CASE, and cloud services, we are required to respond to a wide variety of user requests with increasing need for location information.

To realize sustainable growth by continuing to create map information, which is social infrastructure, and to provide an environment in which such information can be utilized, while responding quickly to such changes in the environment as mentioned above, we have established a new medium- to long-term business plan “ZGP25” now instead of waiting for the last year of ZGP2020.

(Scope and Structure of ZGP25)

ZGP25 indicate our growth strategy for the period of six years through the fiscal year ending March 31, 2025. The first three years from the fiscal year ending March 2020 through the fiscal year ending March 2022 is the first stage of the plan and is considered as the “business model transformation period,” in which we will implement specific measures aiming to realize stable future growth, while taking into consideration temporarily impacts on financial performance.

In the second stage of the plan from the fiscal year ending March 31, 2023 through March 31, 2025, we will realize “value creation through the optimization of location information and information in circulation.”

(Basic Policy of ZGP25)

The basic policy of ZGP25 is the “optimization of ‘quantity and quality’ in network society.” Under this basic policy, we will create new values in modern society characterized by complex connections of activities, goods, and people by optimizing the ‘quantity and quality’ of location information that the ZENRIN Group has and publicly available information.

- I. In business activities, we create value from “activities” by connecting usage applications.
- II. In production activities, we promote diversification of “goods” by connecting location information.
- III. To support business and production activities, we develop human capital from “people” by connecting wisdom of individuals.

(Individual Policies to Realize the Basic Policy)

I. Business Policy

We will provide higher values to customers in the use of location information by combining geospatial information collected and managed by the ZENRIN Group with various information in circulation in the world to optimize them for individual usage applications, while strengthening the earnings base by using the following four business models selectively in an appropriate manner:

- Flow-type business (ownership): A product business model in which we sell “goods-type services” that contain “activity-type elements” and earn revenue each time we sell them.
- Stock-type business (regular use): A license business model in which we provide fixed-term, fixed-amount services that customers can use any time without worry to earn recurring revenue.
- Subscription-type business (on-demand use): An on-demand business model in which we provide services to cater on-demand needs of customers to earn a small amount of revenue each time we provide them.
- Hybrid-type business (combined use): A business model that combines the business

models listed above to provide higher-value services and to earn recurring revenue.

II. Production Policy

To respond to the increasingly diverse mobility society, we will create a network database to collect and manage any and all information that can be mapped with location and connect them appropriately. We will also make location information innovation a reality by connecting geospatial information, which is a basic element of network database, with information in circulation in the world in a flexible manner and equipping them with diversity and scalability so that they can be utilized flexibly.

III. Organizational and Personnel Policies

We will aim to be a corporate group in which a set of people comprising diverse human capital work in a lively atmosphere in a vibrant organization and our stakeholders can have confidence.

IV. Financial Policy

We will maintain a sound financial base through earnings growth and asset efficiency improvement.

(Performance Targets)

Although we expect a temporary impact on financial performance during the first stage of ZGP25 as we accelerate the shift from the flow-type business model to the stock-type and subscription-type business models, we will endeavor to establish a stable earnings base early and aim for earnings growth during the second stage.

The ZENRIN Group will strive to improve return on equity (ROE), setting as a priority the task of increasing the operating margin by creating new businesses and improving productivity through such measures as aggressive development investment in the location information business field and effective M&A, while also taking into account the balance between capital efficiency and financial soundness.

(Amounts in billion yen)

	FY2020 (Forecast)	FY2021 (Target)	FY2022 (Target)	FY2025 (Guide)
Consolidated Net Sales	63.8	67.0	67.0	80.0
Consolidated Operating Income	5.9	6.3	6.7	10.0
Consolidated Operating Margin	9.2%	9.4%	10.0%	12.5%
ROE	9.7%	9.7%	9.7%	10% or higher

(Basic Policy of Shareholder Return)

Concerning income distribution, positioning the returning of income to shareholders as a top priority, the ZENRIN Group adopts a basic policy of implementing stable, uninterrupted payments of dividends derived from income growth based on the medium- to long-term business plan on a consolidated basis. In line with this policy, the ZENRIN Group will set dividend on equity (DOE) on a consolidated basis of 3% or higher as the target.

By continuing to consider purchasing treasury shares and other undertakings with the aim of ensuring an agile capital policy and enhancing capital efficiency, the ZENRIN Group will return income to shareholders in accordance with the level of income, while taking into account the maintaining of an adequate amount of internal reserves.

The internal reserves will be used for capital investment, research and development investment and other expenditures that are indispensable for business development in the future in order to keep pace with the rapid market changes.

Please refer to the attachment for the details ZGP25.

[Disclaimer]

Any forward-looking statements contained in this document reflect the judgment of ZENRIN Co., Ltd. based on information currently available to ZENRIN Co., Ltd., and involve current or future risks and uncertainties. Actual results may vary significantly from these statements due to changes in various factors. The potential risks and uncertainties underlying such include, but are not limited to, changes in economic conditions, changes in legal regulations, delays in the development of new products, changes in customers, and natural disasters.

ZENRIN

Securities Code: 9474

ZENRIN GROWTH PLAN 2025

April 26, 2019

ZENRIN Co., Ltd.

Maps to the Future

1. Progress of
ZENRIN GROWTH PLAN 2020 (ZGP2020)
2. New Medium- to Long-Term Business Plan
(Fiscal Year Ending March 31, 2020 to Fiscal Year Ending March 31, 2025)
ZENRIN GRWTH PLAN 2025 (ZGP25)

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1. Progress of ZENRIN GROWTH PLAN 2020

- 1) Basic Structure of ZGP2020
- 2) Major Results and Challenges of ZGP2020
- 3) Revision of business composition

ZENRIN GROWTH PLAN 2020

Shift form “goods” to “activities”

I . Earnings expansion through development of application by creating “scenes for using”

II . Stable operation of 4D Geospatial Information pursuing “QCDDS”

III . Reduction of the fixed cost ratio by realizing “productivity reform”

1.-2) Major Results and Challenges of ZGP2020

	ZGP2020 Actual and Target				
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target
Consolidated Net Sales	54.9 bn yen	57.8 bn Yen	61.3 bn yen	63.7 bn yen	70 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 bn yen (14.2%)
ROE (Return on equity)	4.0%	6.0%	8.2%	8.1%	12% or higher
DOE (Dividend on equity on a consolidated bases)	3.0%	3.1%	3.2%	3.3%	3% or higher

Results

- Sales of stock-type services such as GIS package were firm.
- Owing to the increase in revenue from existing data services for car navigation systems and residential map data, combined with the progress in efforts to increase efficiency in map database maintenance, reduction of the fixed cost ratio has been successful to a reasonable extent.
- Some of the prior developments including ADAS and drones that are not included in ZGP2020 have started to make profits.

Challenges

- Market launches of new products and starting-up of marketing solution business leveraging group resources
- Provision of new geospatial information and/or business model transformation in the Automotive business and IoT business

1.-3) Revision of business composition

In April 2018, new business composition were adopted to respond to changes in the business environment.

Product

Business to provide products and services to private-sector companies

Public Solution

Business to provide products and services to national and local government entities

Map Design

Business to provide map-based products based on new concepts

Automotive

Automobile-related business targeting car manufacturers and car navigation system developers

IoT

Business to provide solutions to industry-specific infrastructure companies, mobility service providers, and IoT business operators

Marketing Solution

Business to support marketing and sales promotion activities leveraging group resources

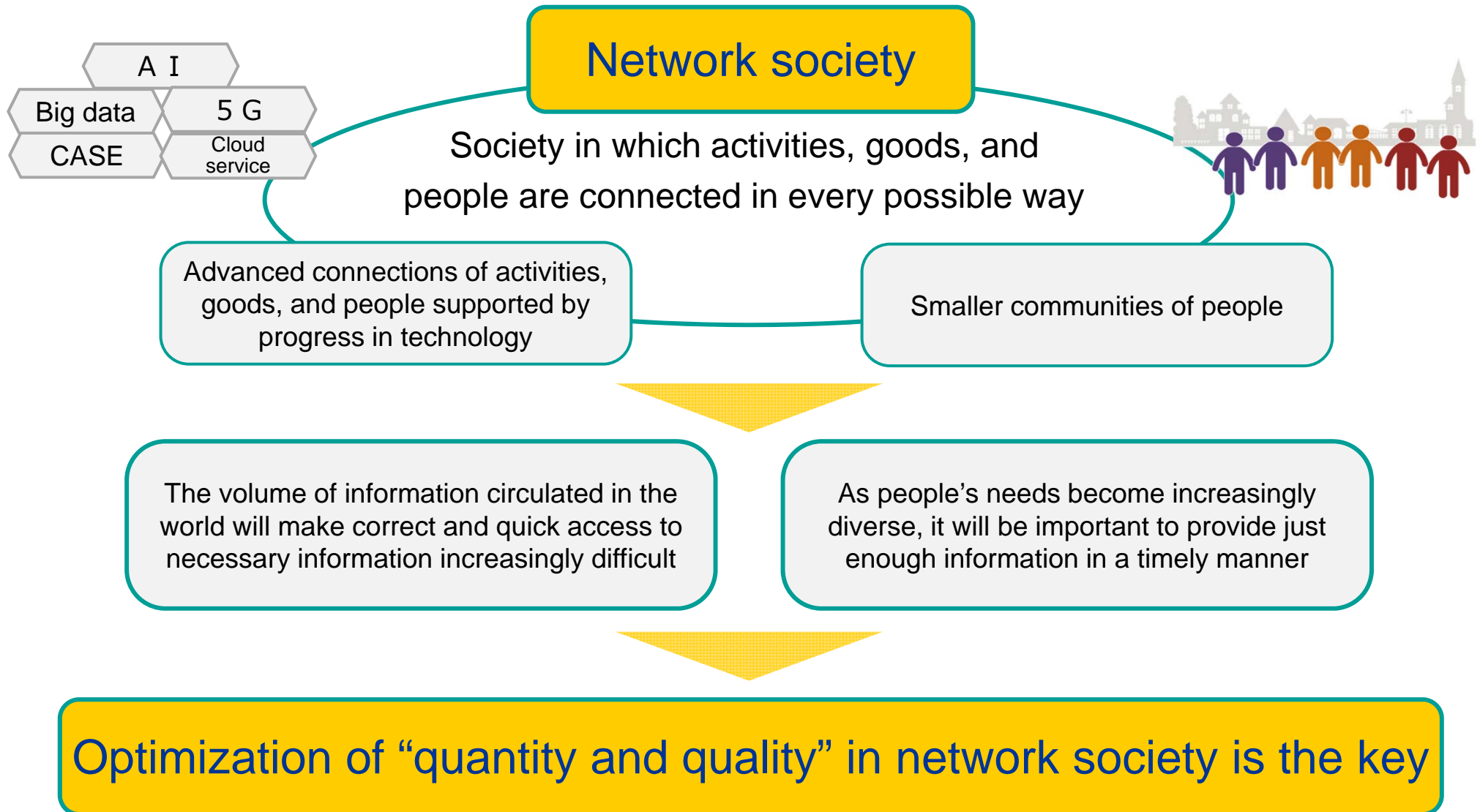
2. New Medium- to Long-Term Business Plan

(Fiscal Year Ending March 31, 2020 to Fiscal Year Ending March 31, 2025)

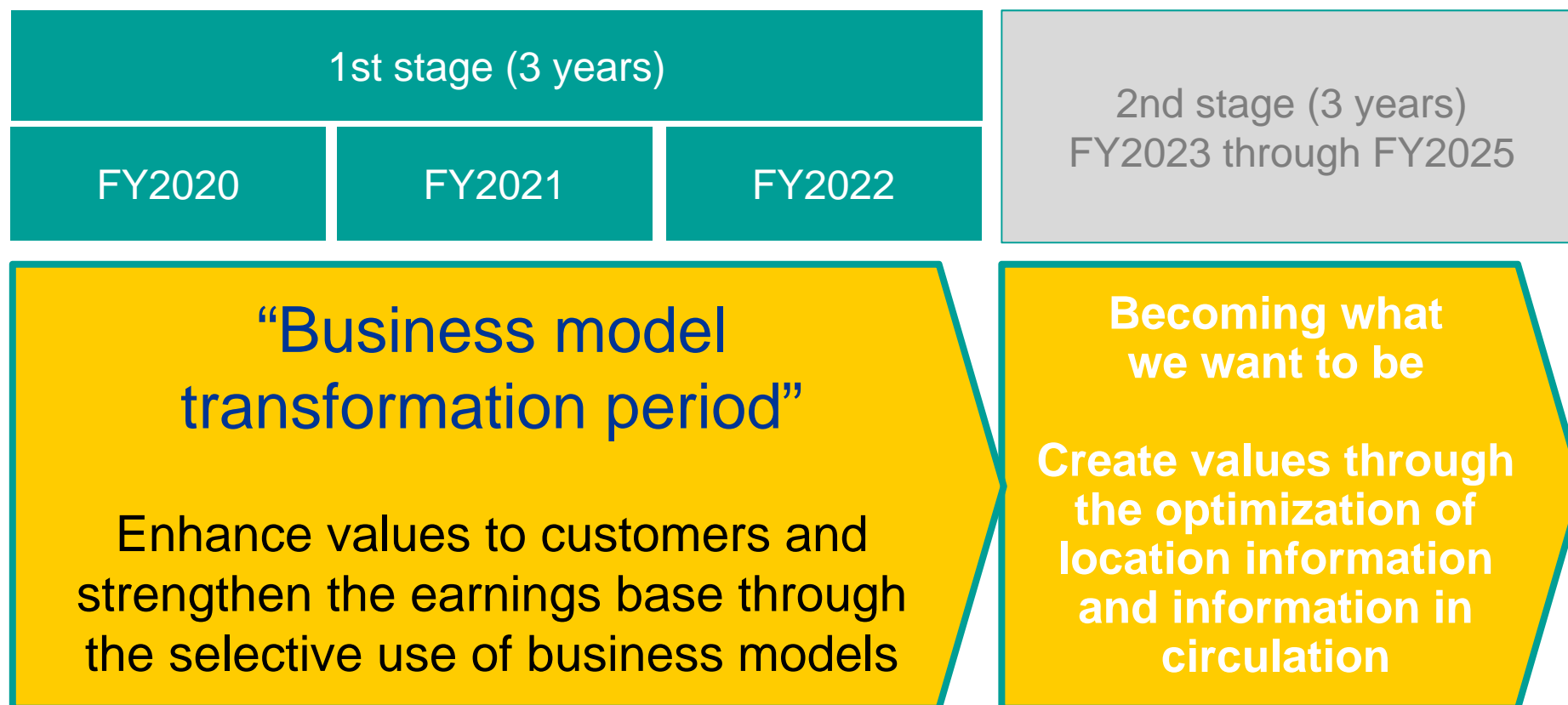
ZENRIN GRWTH PLAN 2025 (ZGP25)

- 1) Business Environment
- 2) Scope and Structure of ZGP25
- 3) Basic Policy
- 4) Numerical Target

2.-1) Business Environment



2.-2) Scope and Structure of ZGP25



Optimization of “quantity and quality” in network society

~ Create values through the optimization of location information and information in circulation ~

**Business
(Activities)**

**Real
network**

I. Create value from “activities” by connecting usage applications

**Production
(Goods)**

**Location
network**

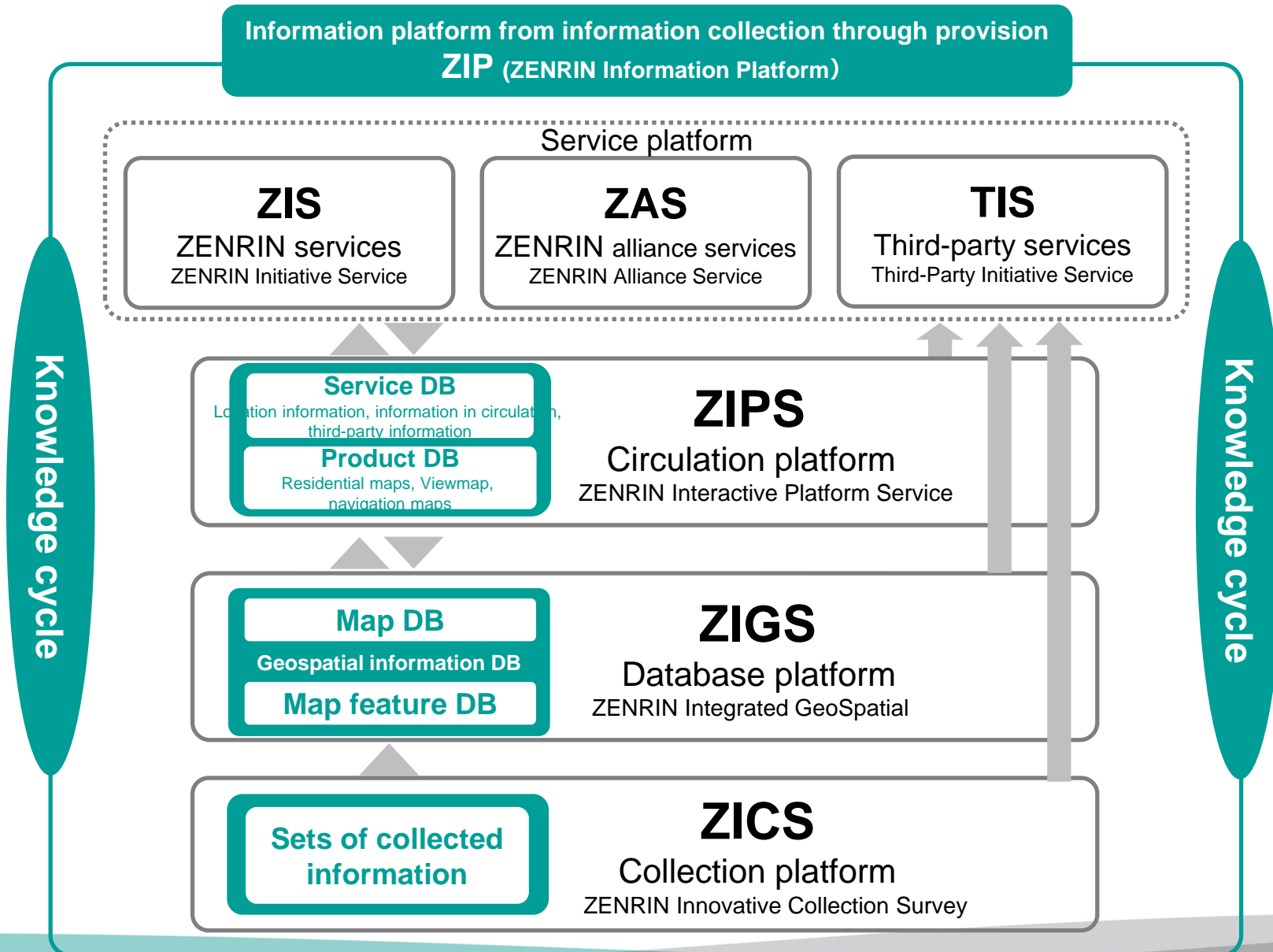
II. Promote diversification of “goods” by connecting location information

**Function
(People)**

**Human
network**

III. Develop human capital from “people” by connecting wisdom of individuals

2.-3) Basic Policy (ZIP as Business Platform)



2.-3) Basic Policy (Business)

Various sets of collected information are managed and optimized in the “database platform,” and their uses are optimized in the “circulation platform,” bringing about a value chain of services that enhances value to customers in the use of location information.

I	Flow-type business (ownership)	A product business model in which we sell “goods-type services” that contain “activity-type elements” and earn revenue each time we sell them.
II	Stock-type business (regular use)	A license business model in which we provide fixed-term, fixed-amount services that customers can use any time without worry to earn recurring revenue.
III	Subscription-type business (on-demand use)	An on-demand business model in which we provide services to cater on-demand needs of customers to earn a small amount of revenue each time we provide them.
IV	Hybrid-type business (combined use)	A business model that combines the business models listed above to provide higher-value services and to earn recurring revenue.

2.-3) Basic Policy (Business Model Definition)

<Definition of business models in ZGP25>

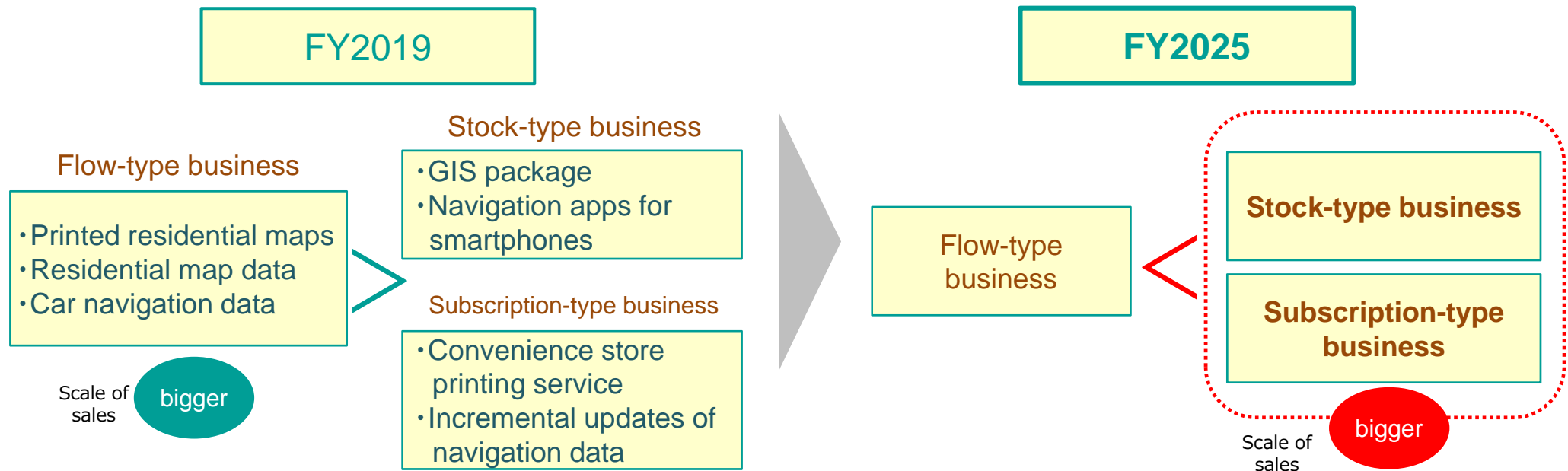
Stock-type business (regular use)

Can use services that are regularly needed for fixed charges
Realize a peace of mind to be able to use services at any time

Subscription-type business (on-demand use)

Can use services that are at times needed for lower charges
Realize the optimal use of services just enough even for little things

<Existing products/services and their relative scale of sales>



2.-3) Basic Policy (Actions by Business)

Product

Develop new residential map databases to expand markets

Public Solution

Expand earnings through the coexistence of ZENRIN services and third-party services in public platforms

Map Design

Create consumer markets with a line-up of map design products

Automotive

Continue navigation business by optimizing database maintenance and create AD/ADAS businesses

IoT

Expand stock-type businesses through the optimization of the environment for using databases and the integration of IoT solutions

Marketing Solution

Develop solution-oriented services for small and medium-sized enterprises and small business owners to create new marketing markets

2.-3) Basic Policy (Production)

Manage and optimize the “database platform” to connect flexibly sets of collected information with the “circulation platform,” which optimizes the use of various information sets, bringing about location information innovation in network society.

I	Mobility network	Construction of the strongest network database that networks any and all location information.
II	QCDDS innovation	Transformation of “diversity and scalability” to enable the development of applications that is necessary for the creation of value from “activities.”
III	Intelligent technology	Construction of the strongest technology database that puts intellectual technical capabilities of individual into practical use.

2.-3) Basic Policy (Organization & Personnel Affairs)

Be a corporate group in which a set of people comprising diverse human capital work in a lively atmosphere in a vibrant organization and our stakeholders can have confidence.

I	Process relation	Ensure the optimal “operation of business management processes” to improve management productivity and maintain a sound financial structure
II	Knowledge relation	Develop people to consistently create human capital with “wisdom” always to be able to respond to changes in the external environment
III	Social relation	Create a “work environment in which people can work without worry” to realize a vibrant organization

2.-3) Basic Policy (Finance)

Maintain a sound financial base through earnings growth and asset efficiency improvement and ensure shareholder returns based on medium- to long-term earnings growth

Adopting return on equity (ROE) as one of key management indicators, strive to improve ROE by promoting the efficient use of assets, in addition to improving operating margin

I	ROE 8% or higher	Operating margin × Total assets turnover ratio × Financial leverage (10% or higher) (1times or higher) (from 1.5 times to 2.0 times)
II	Balanced investment	<ul style="list-style-type: none">• Capital investment paying attention to free cash flow (around 6 billion per year)• Optimal allocation of management resources in growth areas (including M&A)
III	Shareholder return	<ul style="list-style-type: none">• Stable and consistent shareholder returns based on earnings growth (DOE 3% or higher)• Flexible acquisition of own shares

2.-4) Numerical Target

	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

2.-4) Numerical Target (ZGP25 1st Stage)

The first stage of ZGP25 is the “business model transformation period” aimed for future stable growth



Realize the “shift from goods to activities”



From “non-recurring transactions” to “recurring transactions”



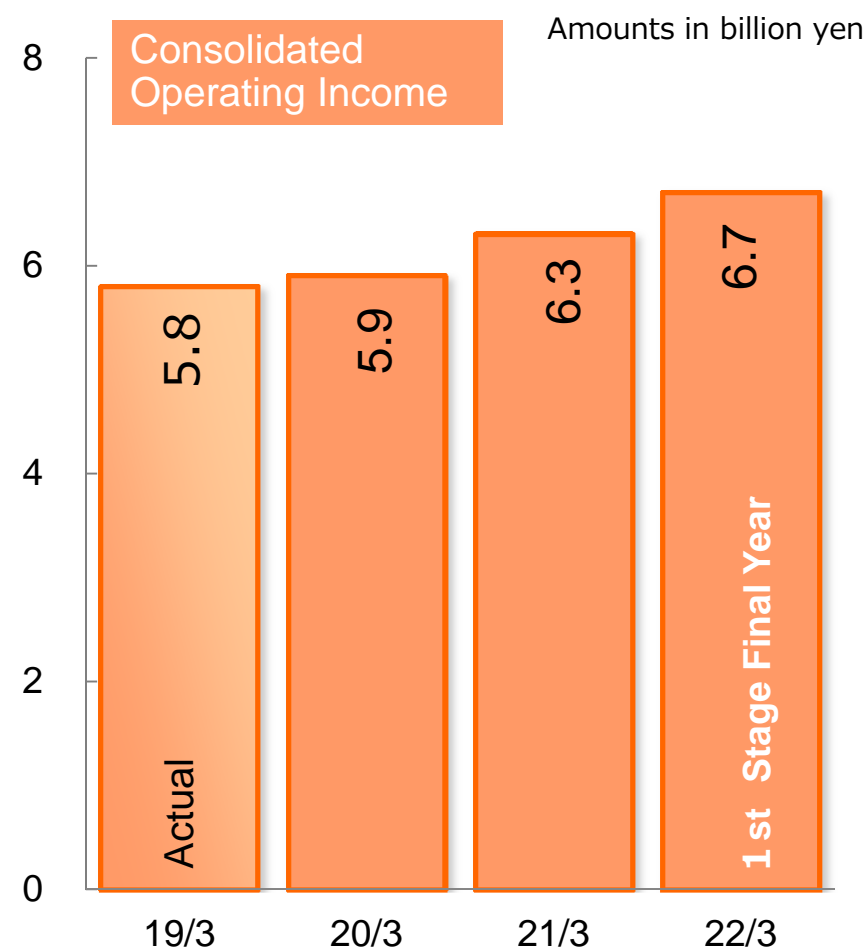
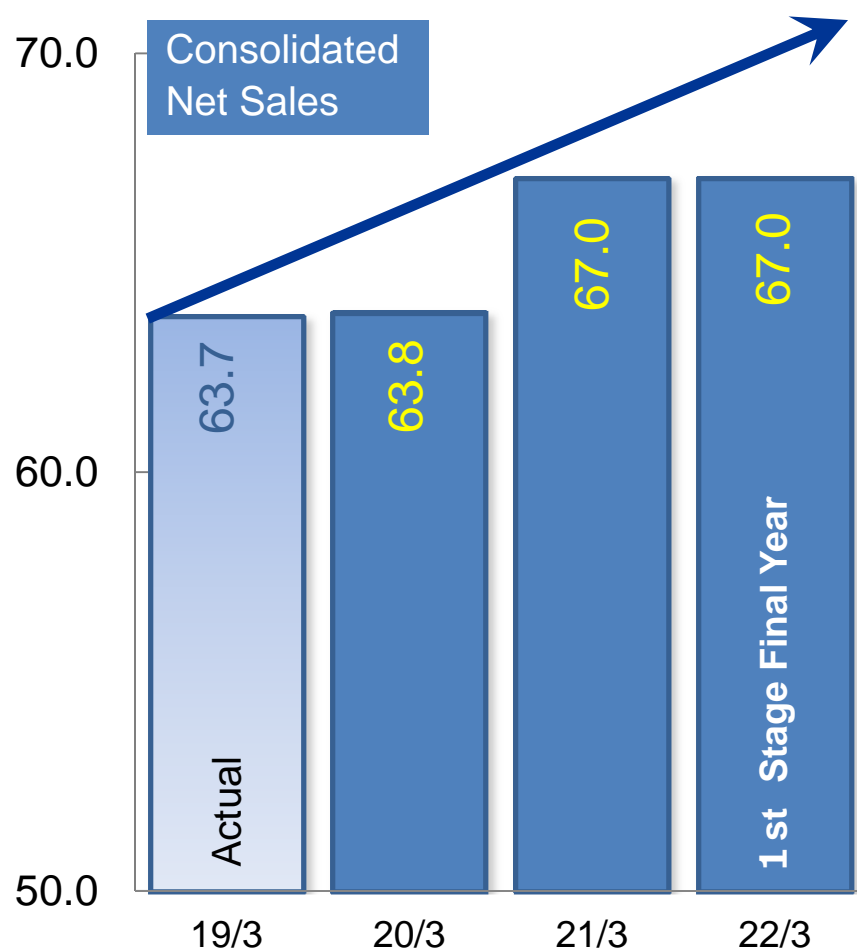
From the “provision of DB” to the “provision of services”



Temporarily impact on financial performance

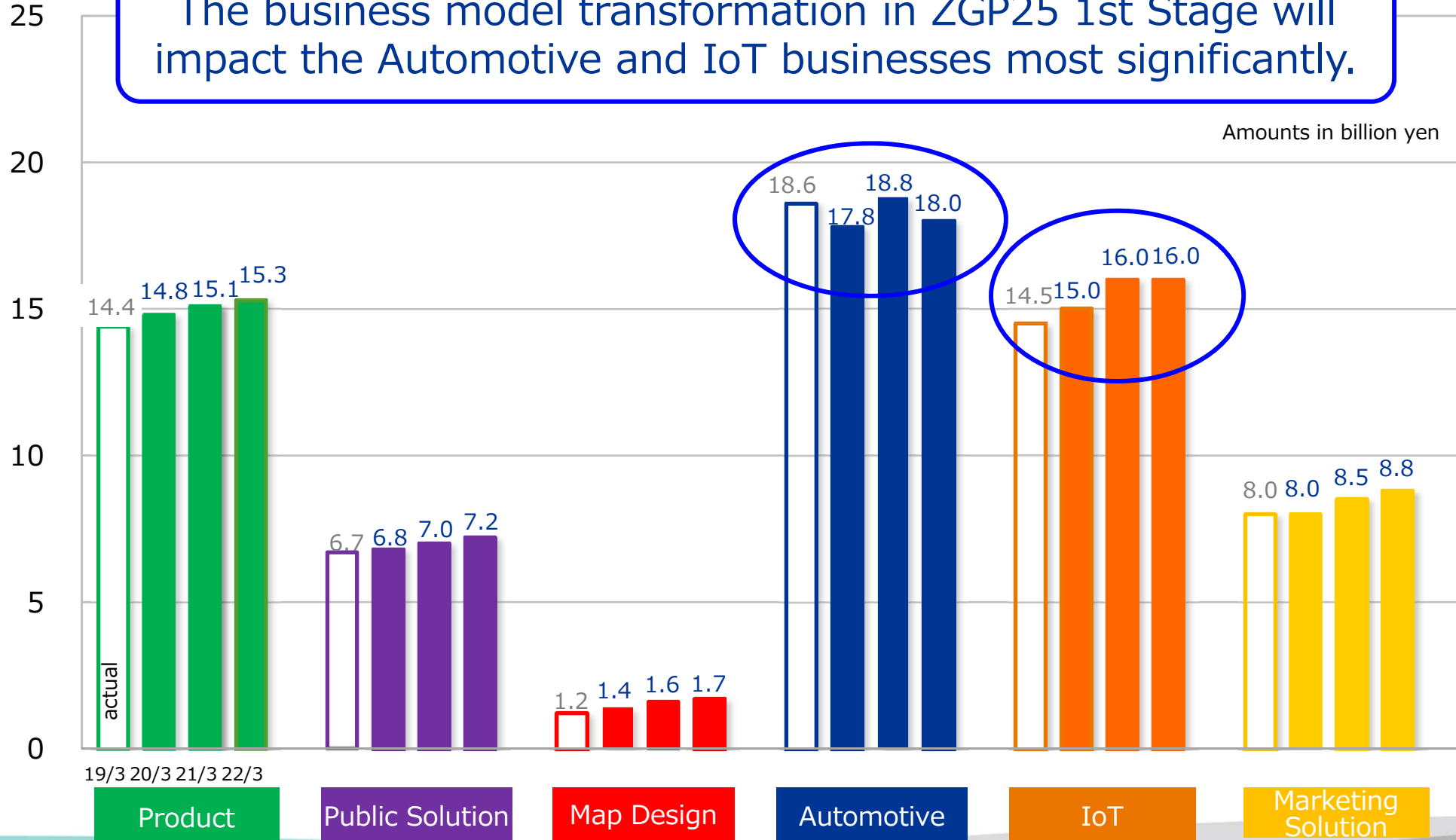
2.-4) Numerical Target (ZGP25 1st Stage)

The first stage of ZGP25 is the “business model transformation period” aimed for future stable growth



2.-4) Numerical Targets (ZGP25 1st Stage)

The business model transformation in ZGP25 1st Stage will impact the Automotive and IoT businesses most significantly.



ZENRIN

Maps to the Future

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