

Announced the medium-term management plan "Change SWCC2022"
To become a growth company with the diversified management by its first female president!

Inquiry; IR STREET TEL; 03-4500-6880

Company profile

Representative Takayo Hasegawa
 Head Office Cube Kawasaki, 1-14 Nishincho, Kawasaki-ku, Kawasaki-shi, Kanagawa
 Business line Business administration of subsidiaries engaged in the manufacture and sale of electric wires, etc.
 Number of shares issued 30,826,861 shares Number of shareholders 15,856 (As of March 31, 2018)
 Major Shareholders BANK OF CHINA (HK) LIMITED-CUSTODY ACCOUNT (19.2%), Isao Nasu (4.8%), JXTG Holdings, Inc. (3.3%), The Master Trust Bank of Japan, Ltd. (trust account) (2.8%), Fukoku Mutual Life Insurance Company (2.6%)

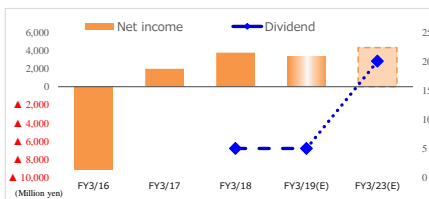
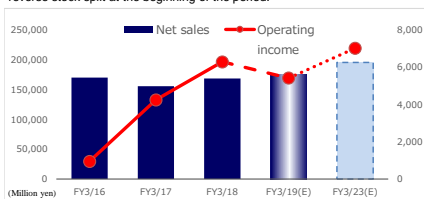
Establishment May, 1936
 Listing May, 1949
 URL <http://www.swcc.co.jp/index.html>

Distribution of Shares

(As of September 30, 2018) Individuals and others (41%), non-Japanese (31%), financial institutions (15%), other Japanese corporations (9%), Securities companies (4%)

	Net sales	Operating income	Ordinary income	Net income	EPS	BPS	Dividend
	Million yen	Million yen	Million yen	Million yen	Yen	Yen	Yen
FY3/16	169,712	949	▲ 1,461	▲ 9,151	▲ 297.00	823.40	0.0
FY3/17	155,232	4,234	2,446	1,976	64.14	913.60	0.0
FY3/18	168,186	6,276	4,892	3,737	123.93	1101.71	5.0
FY3/19(E)	175,000	5,400	4,500	3,300	110.65		5.0
FY3/23(E)	195,000	7,000	6,400	4,300			20.0
FY3/19 2Q	85,368	2,263	1,861	1,305	43.76		

*The Company implemented a 1-for-10 reverse stock split effective on October 1, 2017.. EPS and BPS for FY3/16 and FY3/17 are assumed to have been reverse stock split at the beginning of the period.



Nov 8, 2018 closing price

Stock price	685 yen
Expected PER	6.19 x
PBR	0.62 x
Expected dividend yield	0.73%
Market value	21,116 million yen
Trading unit	100 shares

<Corporate Profile and History>

In 1936, Showa Electric Cable Co., Ltd., was established with invested by Tokyo Electric Co., Ltd. (current Toshiba Corporation). In 1937, the Company began production and sales of bare copper wire. In 2006, they shifted to a holding company structure and changed its name to SWCC SHOWA HOLDINGS CO., LTD. The management philosophy is "SWCC Group expands the circle of trust". Based on the slogan "Creating for the Future.", the Group aims to be a company that contributes to a better future with the keywords of trust. The Company has a wide range of businesses, including development of products related to electric cables and its related products, wire harnesses, and seismic isolation materials for buildings. The Company has five segments: Electric Wire operations, Power Systems operations, Magnet Wire operations, Communication Systems operations, and Devices operations. The largest demand application is for construction, but in recent years it has been growing for automotive and domestic electric power. While copper prices have a strong impact, the Company has aggressively focused on domains that are unaffected by copper price fluctuations. As a result, the company has built a strong earnings structure that is not affected by copper prices. The strength is that it has growth elements within each segment, and the characteristics of two segments are as follows: [Electric Wire: 46.9% of total sales (FY3/18)] there are two business domains, the one is the domain that generates stable sales (demand for general-purpose electric wires and cables used primarily for construction) and the other is the growth domain (high-quality, high-performance cables used in automobiles, etc.). Oxygen-free copper handled by the Company achieved a copper purity of 99.99% with the "Dip Forming System", the only production method in Japan. Oxygen-free copper is used in a variety of fields, including automotive components. In addition, the copper silver alloy, which achieves high strength, high conductivity, excellent flexibility, ultra-fine machinability, and environmental friendliness that does not contain harmful substances, has a variety of needs, including automotive, medical, semiconductor, and factory automation and industrial robots. High-performance wire materials are driving the profitability of electric wire business. [Power Systems: 15.8% of sales (FY3/18)] engages in development of electric power transmission cables and components for electric power equipment. Its profitability improved by capturing demand for substations centered on high value-added cable connection materials. Paradigm shifts are expected to drastically change the electric power market environment. However, due to the increase in renewable energy linkages, the number of connected lines and terminals is expected to increase dramatically. SICONEX terminals that are environmentally friendly and compact, which save labor and space through innovative insulation technologies, are expected to grow dramatically. [Magnet Wires: 12.7% of sales (FY03/18)] engages in development of magnet wires used in motors such as generators and transformers which are indispensable for realizing a low-carbon society. The motors used in HEVs and EVs are required to be highly efficient. The Company is strengthening mass production of high-performance flat-angle enamel radiation. The Company also offers products that are compact and thinner for electronic components used in smartphones and other devices. [Communication systems: 12.4% of sales (FY03/18)] handles a wide range of products from optical fibers for information and communications to metal cables and electric wires. With the spread of IoT and the rapid transition to factory automation, the Company manufactures and sells a variety of cables as electronic wire products compatible with industrial open networks. It is also expected to expand in the Chinese market through collaboration with the Futong Group, which is a capital alliance partner. [Devices: 12.1% of sales (FY03/18)] manufactures and sales of rollers and wire harnesses for copiers Higher demand in Southeast Asia boosted overseas sales, with overseas sales of Device operations accounting for 46.3% (Q2 FY03/19). In the seismic isolation business, it also manufactures seismic isolation materials for construction, and it has the second largest share of the domestic market. As for the overall performance, domestic sales accounted for 88.3% of the total sales in FY03/18. The Company is also strategically expanding overseas. In 2011, it formed a capital and business alliance with the Futong Group in China, which is a leading company in communication cables, with the aim of capturing EV-related demand in China. In this way, it is maintaining and strengthening relationships with overseas partners, and is deepening transactions with local companies other than Japanese companies, particularly in Southeast Asia. In June 2018, Takayo Hasegawa became the Company's president. Although female president is unusual in the electric wire industry, she has abundant work experience, mainly in R&D and business development, such as having served as the head of the Superconducting Project and the head of the Technical Planning Office. By taking the lead in CSR activities, she is able to gain a sense of distance from stakeholders, and there are high expectations for management that will face the market. In May 2018, the Company announced its "SWCC VISION2026" and "Change SWCC2022" new medium-term management plans, both of which will mark the 90th anniversary of its founding in 2026. The Company is to maximize corporate value by selection and concentration of management resources and businesses. In the final year of the medium-term management plan (FY3/23), the Company targets net sales of 195.0 billion yen, operating income of 7.0 billion yen, ordinary income of 6.4 billion yen, and net income attributable to owners of the parent of 4.3 billion yen. In terms of shareholder returns, the Company aims to pay a dividend of 20 yen or more (for a dividend payout ratio of approximately 20% or more) from 5 yen per share in the previous fiscal year, and it can be said that the stock is attractive to investors in the mid-to long-term.

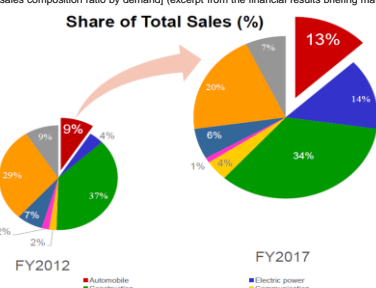
<Business Strategy and Business Forecasts>

The basic policies of the "Change SWCC2022" medium-term management plan aim to strengthen business profitability, create new businesses, and expand overseas business. This medium-term management plan is the second step of dividing the 10 years from 2016 to 2026, the 90th anniversary of the Company's founding, into three steps. In the first step, the Company set "structural reforms and restoration of trust and solidification of the foundations of existing businesses" and achieved its profit target two years ahead of schedule. Comparing FY3/13, five years ago, with FY3/18, all segments recorded a profit in FY3/18, compared to a loss in FY3/13 for wires and cables and devices other than the two segments. The company's high-value-added businesses in each segment are beginning to bear fruit. "Change SWCC2022" will accelerate this trend with high-value-added products such as high-quality, high-performance wire materials such as anoxic copper and copper silver alloys, and SICONEX, a high-performance cable-connection material. On July 31, the Company raised its full-year business forecasts, and operating income of 5.4 billion yen was roughly in line with its FY03/21 forecast of 5.5 billion yen. "Change SWCC2022" has been started two fiscal years ahead of schedule, and it is likely that the Company will make drastic revision to its targets in the future. It also plans to aggressively develop new technologies and invest more than 5.0 billion yen in new businesses by FY2026, with a gross profit of 3.8 billion yen to be generated from new businesses. The Company's new technologies include technologies that are directly related to energy efficiency and energy conservation, and it is highly conscious of ESG and SDGs. The Company's titanium-based superconducting wire-based superconducting cable system reduces power loss by more than 90% compared to conventional cables. The Company has already commenced operation of a conductive cable facility in Tianjin, China, in cooperation with the Futong Group. It has also passed the type test of the International Council on Large Electric Systems (CIGRE), and it is expected that the progress in the practical application of superconducting power transmission technologies will lead to the efficient use of electric energy lost as heat due to the electric resistance of transmission lines. In FY3/19, the Company is forecasting net sales of 175.0 billion yen, operating income of 5.4 billion yen, ordinary income of 4.5 billion yen, and net income attributable to owners of parent of 3.3 billion yen. However, as of July 31, there are many uncertainties in the external environment, and the Company has basically left its 2H targets unchanged. The environment surrounding the Company's focus areas is on a favorable trend, such as the shift to IoT, factory automation, advances in robotization, and strengthened initiatives by automobile industry companies toward EV. Demand is strong for high-performance wire rods and high-performance cable connecting materials, and we can expect a further upward revision to the full-year plan. As for the current share price, PER is around 6 times, PBR is around 0.6 times, down approximately 40% from the high of 1,095 yen in February. From the standpoint of the Company's performance and its potential, it can be said that it is too undervalued.

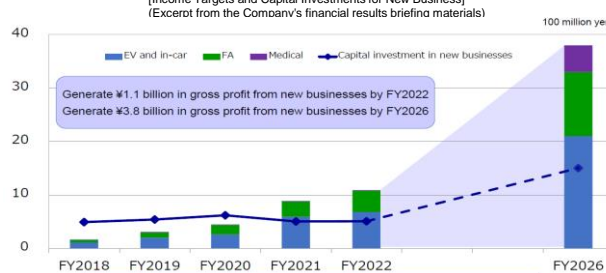
Corporate analysis by IR STREET

<p>Strength</p> <ol style="list-style-type: none"> Superior proprietary technologies Capital and business alliance with the Futong Group in China 	<p>Opportunity</p> <ol style="list-style-type: none"> Progress of the IoT and the Fourth Industrial Revolution Popularization of renewable energy Popularization of EV
<p>Weakness</p> <ol style="list-style-type: none"> Low ratio of overseas sales 	<p>Risk</p> <ol style="list-style-type: none"> Intensifying trade friction between the United States and China Large-scale natural disasters Intensifying price competition for general-purpose wire rods

[Change in sales composition ratio by demand] (excerpt from the financial results briefing materials)



[Income Targets and Capital Investments for New Business] (Excerpt from the Company's financial results briefing materials)



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