

SWCC groups

# Financial Results for the Fiscal Year Ended March 2019



Creating for the Future

**SWCC SHOWA HOLDINGS CO., LTD.**  
**(TSE 1: 5805)**

**May 20, 2019**

<http://www.swcc.co.jp/>



# Today's topics

**1. FY3/19 Financial Results  
FY3/19 Progress of Mid-Term  
Management Plan**

**2. FY3/20 Business Strategy  
FY3/20 Full-year Forecasts**

**3. Rolling Medium-Term Management  
Plan**



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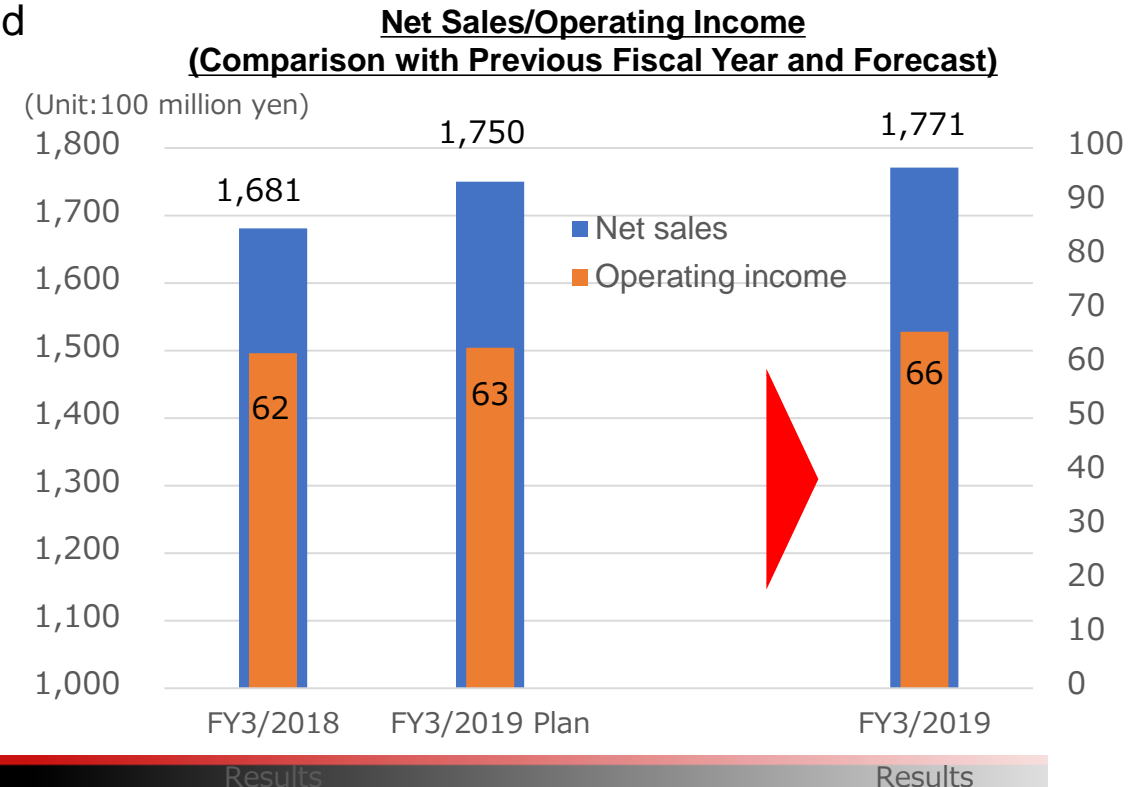
# Overview of Financial Results for FY3/19 (FY2018)

**Performance: Showed strong performance. Sales increased by 5.3% YoY and profits increased by 5.8% YoY.**

- As price competition remains severe in the domestic electric wire market for construction and electric power sales, demands for optical fibers from overseas countries rapidly decreased from 4Q. Energy and infrastructure-related demand is strong.  
Growth in both sales and profits of the Power Systems and Device operations contributed to overall performance.

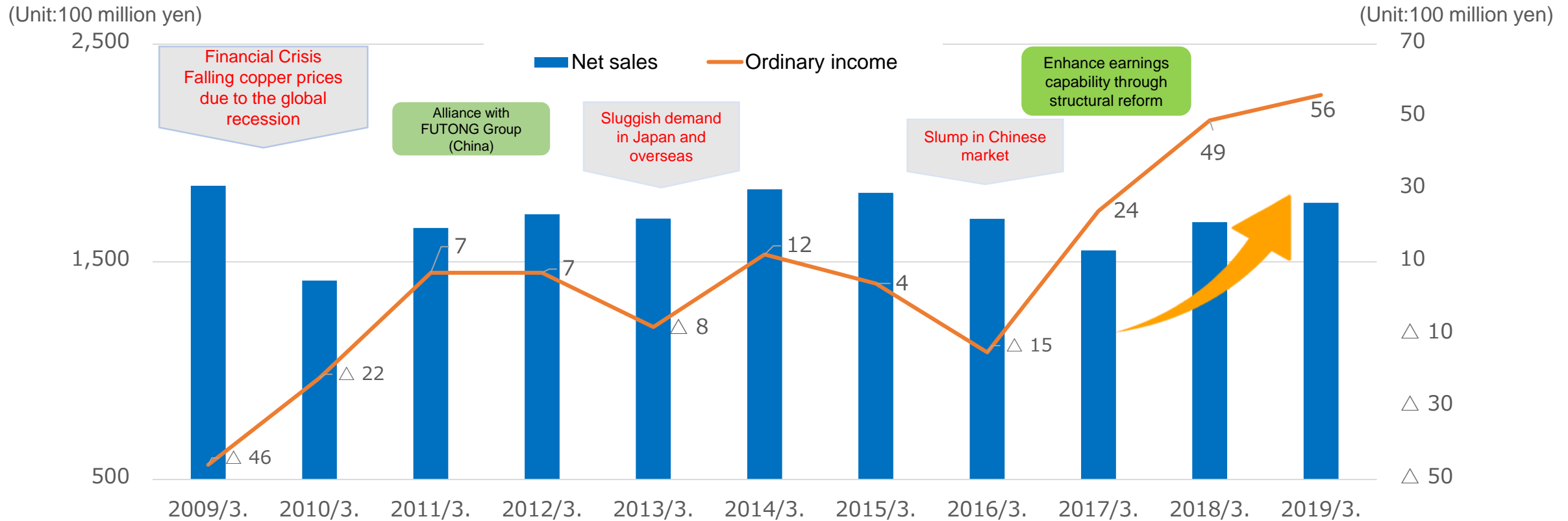
## **Measures: Growth Businesses and New Businesses**

- Aim to optimize prices for Construction and Electric Power Sales.
- Promote new business model for the Power System operations.
- Promote measures to ensure a stable supply of copper products for automobiles.
- Reduce expenses by improving operational efficiency.



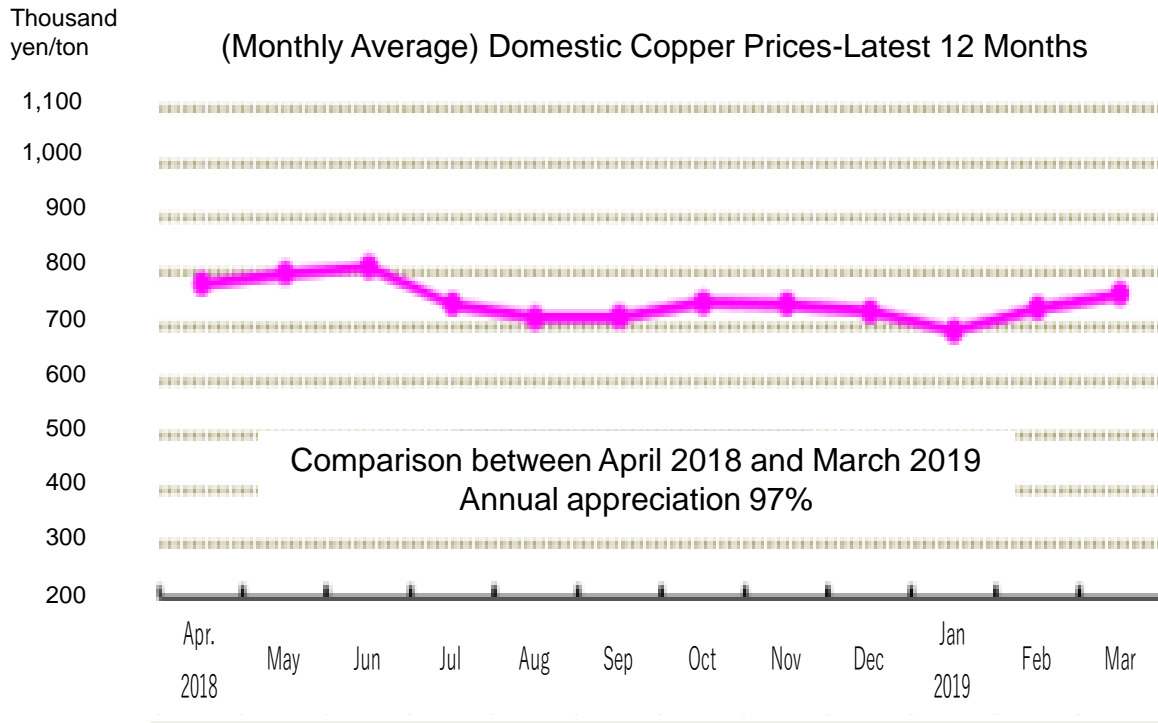
# Historical performance

- Reduce the risk of fluctuations in earnings due to copper prices as a result of the shift to the structure that can create earnings through ongoing group structure reforms. Sales and profits for FY3/19 increased YoY
- **Medium-term management plan "Change SWCC2022"** is being promoted. Plan to announce rolling medium-term plan at the time of announcement of 2Q results.

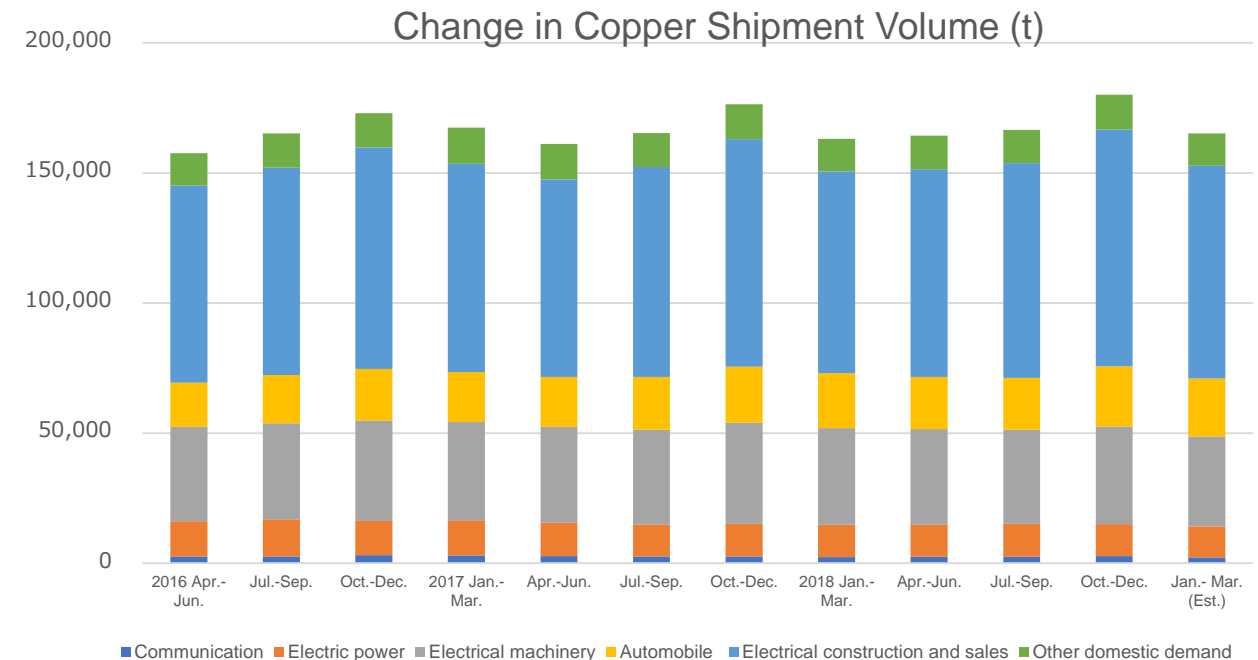


# Macroeconomic environment

- Domestic copper prices (on a yen basis) have remained stable despite a slight decline since summer.
- Shipments of copper wire in Japan remained stable.



Source: Japan Electric Wire Manufacturers Association



Source: Japan Electric Wire Manufacturers Association

# FY3/18: Consolidated statements of income (YoY)

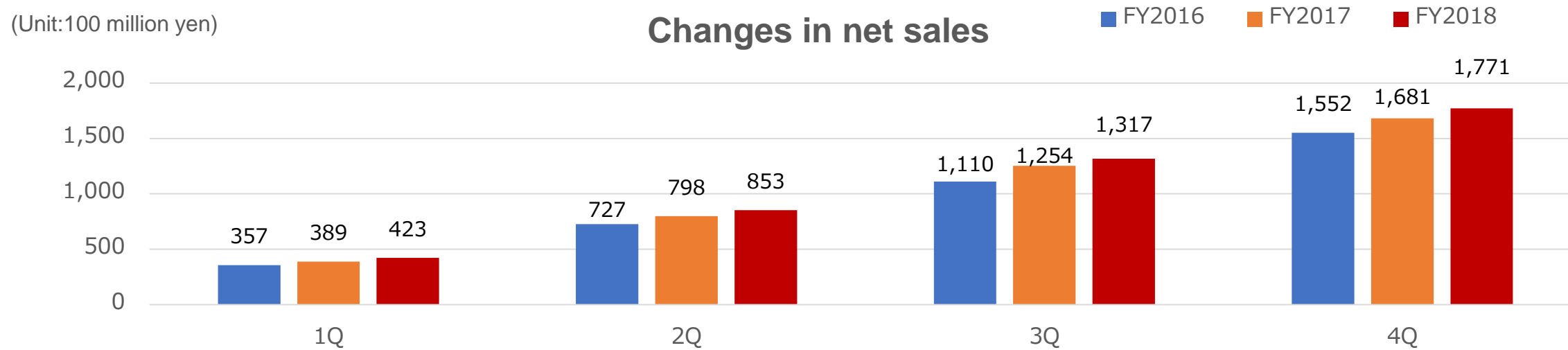
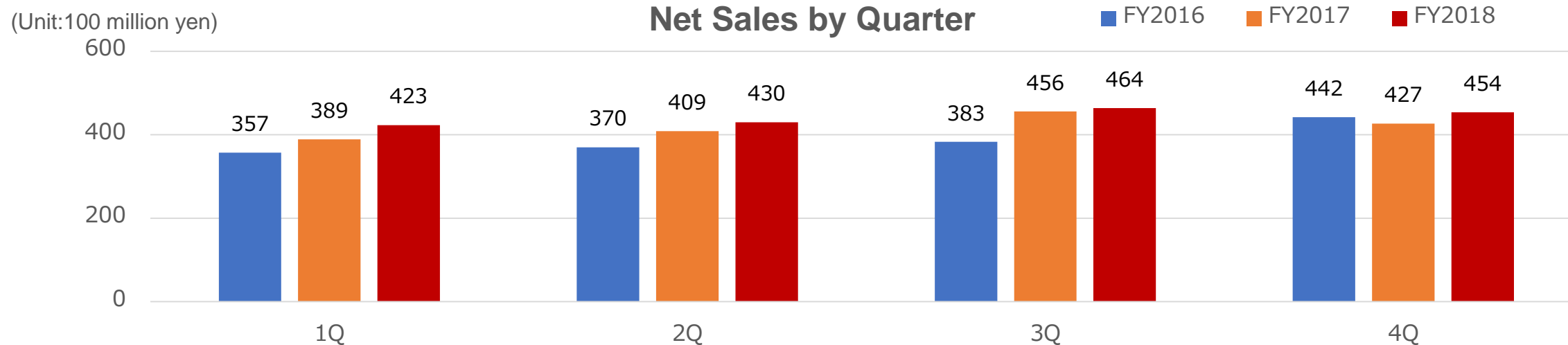
- **Increase in sales and profits.** Net sales increased by 5.3% YoY.

Ordinary income increased by 0.3 percentage points, with composition ratio at 3.2%.

(Unit:100 million yen)

	FY2017 Result	Composition %	FY2018 Result	Composition %	YoY %
<b>Net sales</b>	<b>1,681</b>	-	<b>1,771</b>	-	<b>+5.3%</b>
<b>Gross profit</b>	<b>216</b>	<b>12.9%</b>	<b>217</b>	<b>12.3%</b>	<b>+0.3%</b>
<b>Operating income</b>	<b>62</b>	<b>3.7%</b>	<b>66</b>	<b>3.8%</b>	<b>+5.8%</b>
<b>Ordinary income</b>	<b>48</b>	<b>2.9%</b>	<b>56</b>	<b>3.2%</b>	<b>+14.5%</b>
<b>Net income attributable to owners of parent</b>	<b>37</b>	<b>2.2%</b>	<b>45</b>	<b>2.6%</b>	<b>+22.3%</b>

# Quarterly Performance (Net Sales: Comparison with the Past 3 Years)

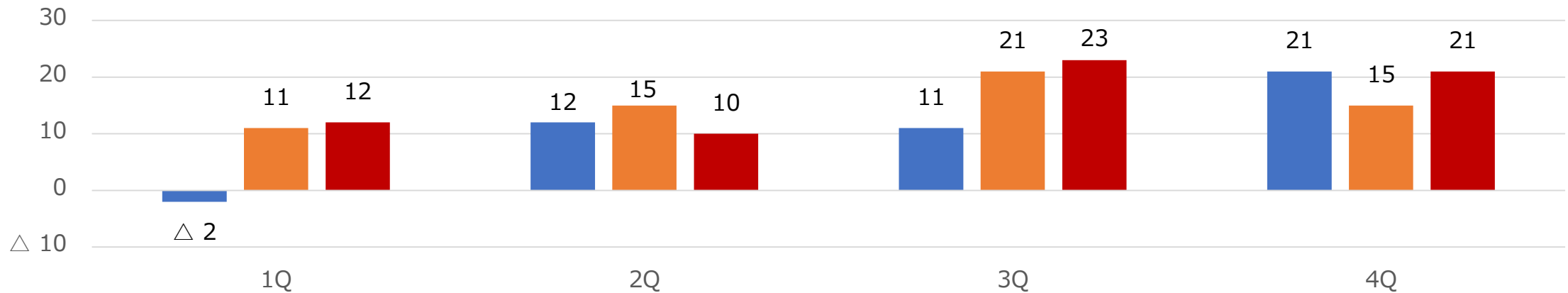


# Quarterly Performance (Operating Income: Comparison with the Past 3 Years)

(Unit:100 million yen)

## Changes in quarterly operating income

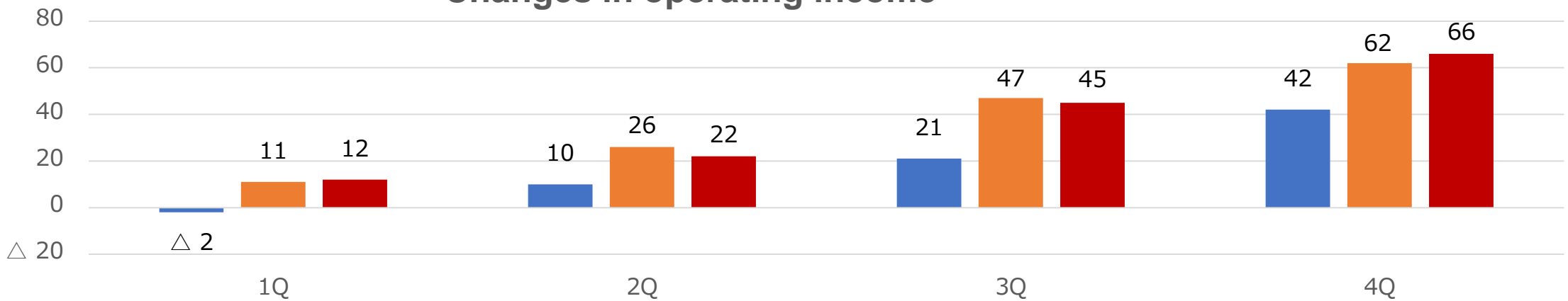
FY2016 FY2017 FY2018



(Unit:100 million yen)

## Changes in operating income

FY2016 FY2017 FY2018





# Segment Information (YoY)

- Electric Wire and Communication System operations recorded higher sales and lower profits. Magnet Wire operations recorded lower sales and profits.
- Energy System and Device operations recorded higher sales and profits

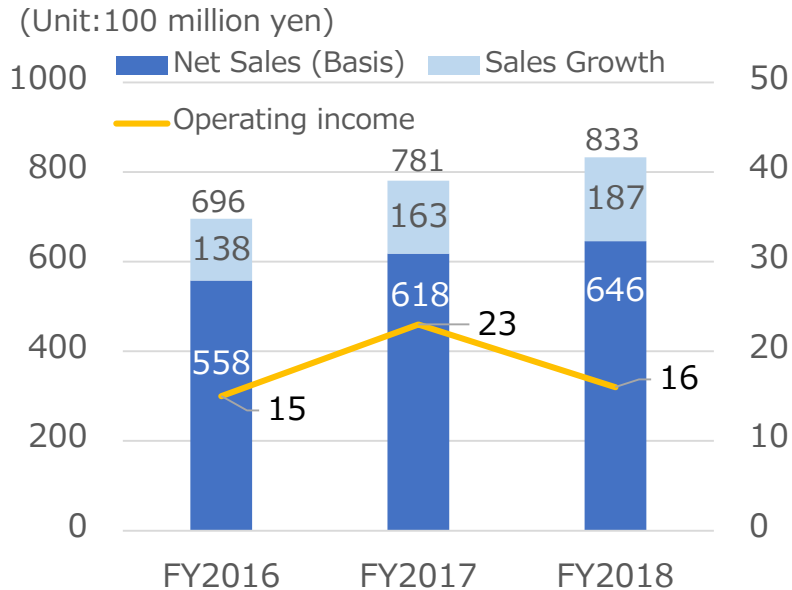
(Unit:100 million yen)

	FY2017		FY2018		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
<b>Electric Wire</b>	<b>781</b>	<b>23</b>	<b>833</b>	<b>16</b>	<b>+52</b>	<b>-7</b>
<b>Power System</b>	<b>263</b>	<b>17</b>	<b>289</b>	<b>25</b>	<b>+26</b>	<b>+8</b>
<b>Magnet Wire</b>	<b>212</b>	<b>2</b>	<b>202</b>	<b>2</b>	<b>-10</b>	<b>-0</b>
<b>Communication System</b>	<b>208</b>	<b>14</b>	<b>217</b>	<b>13</b>	<b>+9</b>	<b>-1</b>
<b>Device</b>	<b>202</b>	<b>11</b>	<b>212</b>	<b>16</b>	<b>+10</b>	<b>+5</b>
<b>Others</b>	<b>15</b>	<b>-5</b>	<b>18</b>	<b>-6</b>	<b>+3</b>	<b>-1</b>
<b>Total</b>	<b>1,681</b>	<b>62</b>	<b>1,771</b>	<b>66</b>	<b>+90</b>	<b>+4</b>

# FY2018 Performance by operation

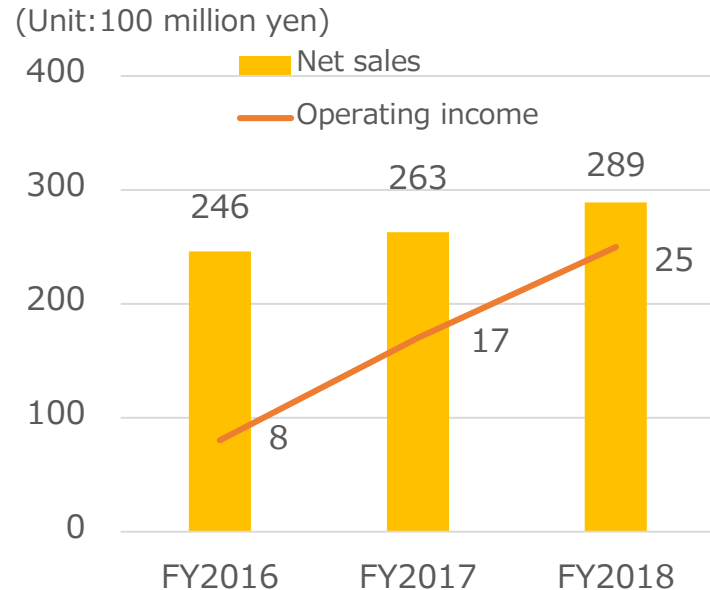
## <Electric Wire operations>

- Core: Operating income declined although demand for construction and electric power sales continues to be firm.
- Growth: Both sales and profits performed strongly in the high-performance wire rods, a growth field.



## <Power System operations>

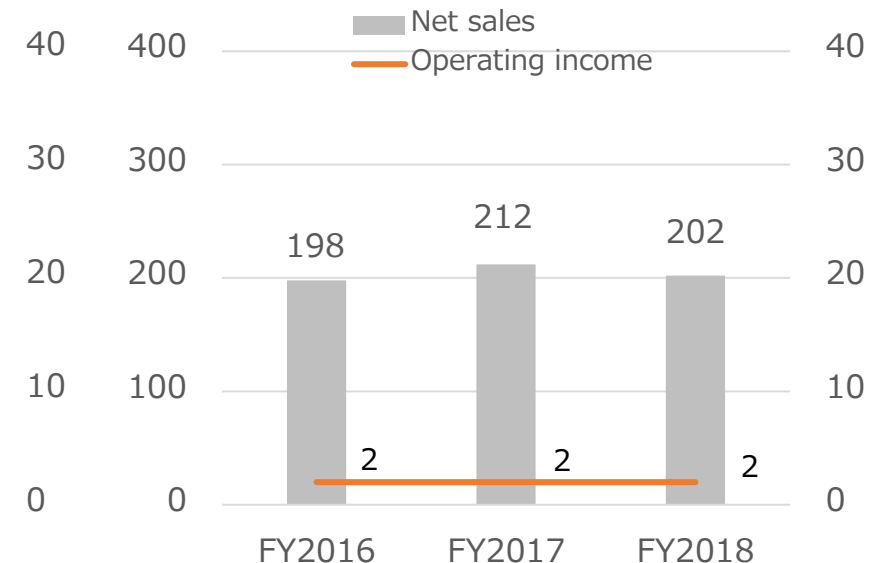
- Demand for electric power infrastructure is strong mainly for measures against aging of facilities and renewable energy.
- Higher demand for construction continued.



## <Magnet Wire operations>

- Although sales of products for electrical equipment were firm, demand is sluggish for domestic infrastructure and electronic components.
- Sales declined due to the impact of exclusion of consolidated subsidiaries in China.

(Unit: 100 million yen)

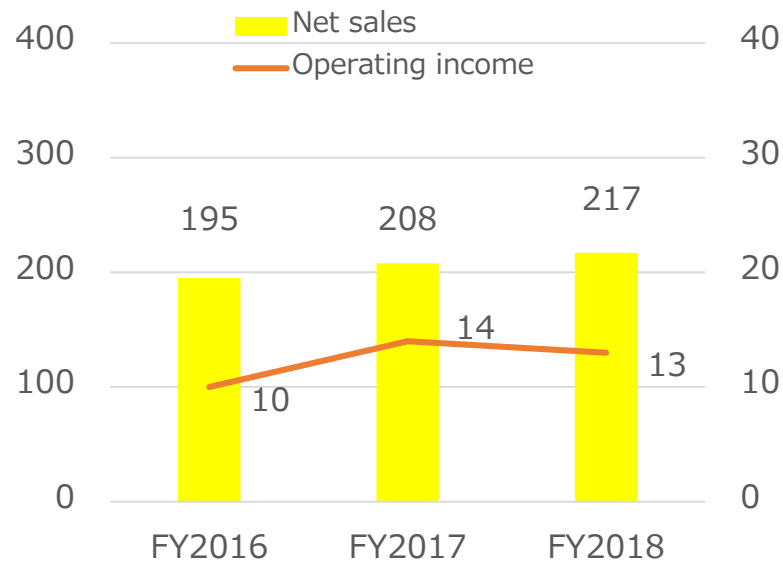


# FY2018 Performance by operation

## <Communication System operations>

- Domestic demand remained strong.
- Rapid deceleration in demand for optical fiber from overseas markets since the beginning of 4th quarter. Profits declined due to a sharp decline in prices of optical fiber for overseas markets and inventory write-downs.

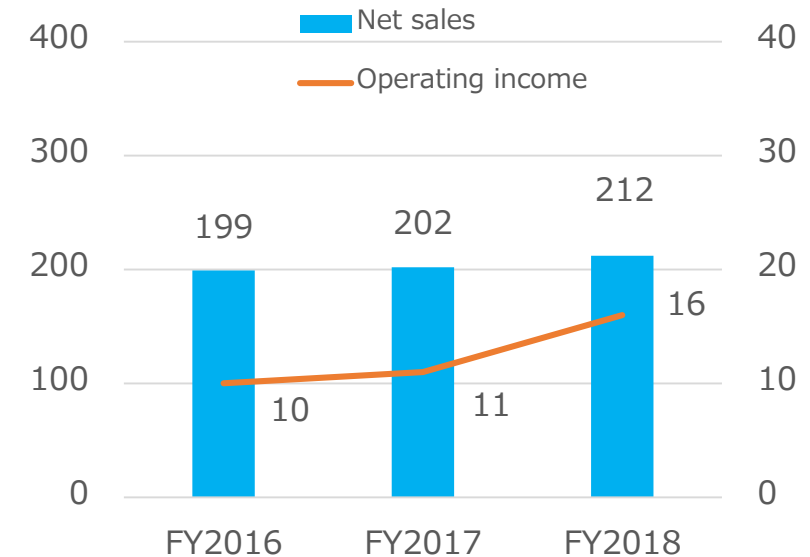
(Unit:100 million yen)



## <Device operations>

- Overseas demand for copying rollers and wiring harnesses is firm.
- The seismic isolation business was favorable, Profits increased by introducing high value-added products.

(Unit:100 million yen)



# Consolidated balance sheet (Comparison with the previous fiscal year-end)

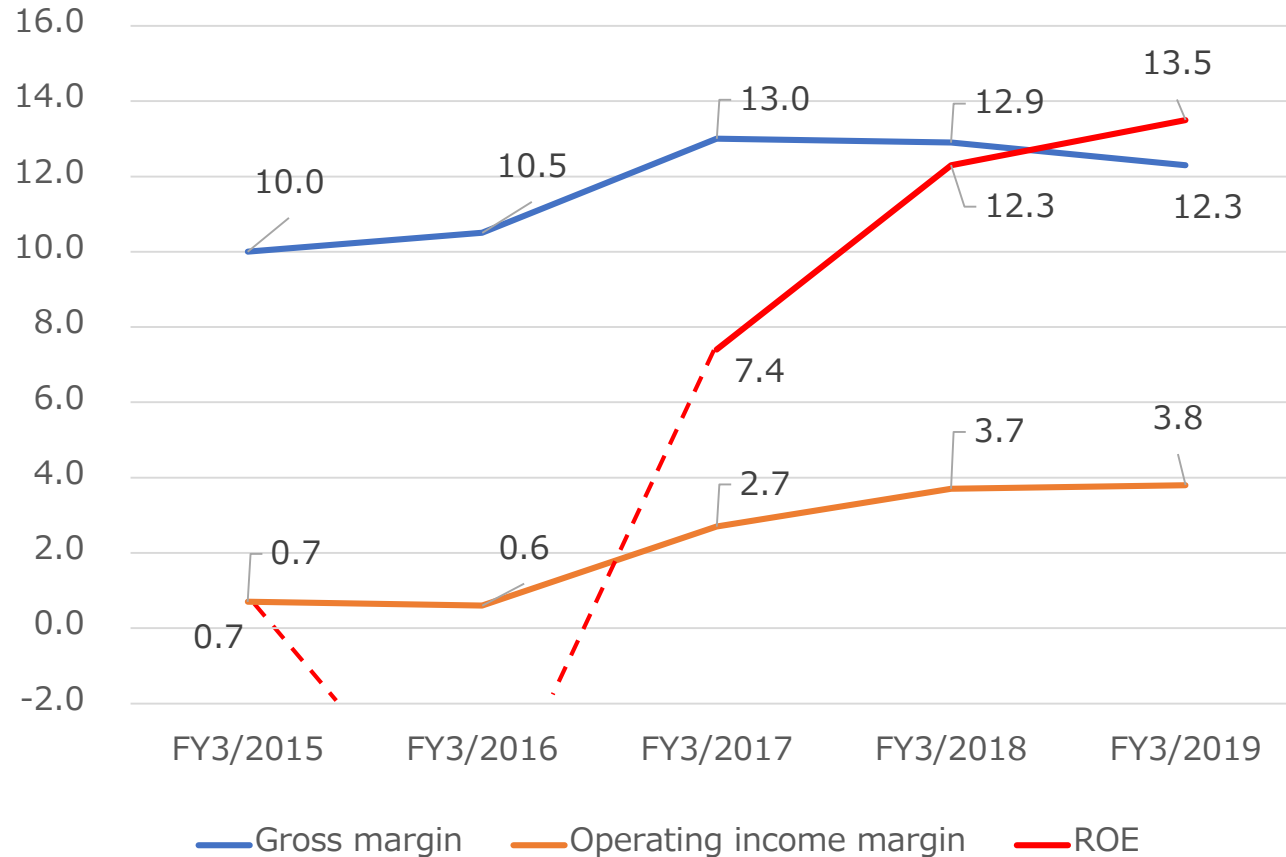
- Equity ratio was 28.1% (up 1.5 points from the end of the previous fiscal year) (Unit:100 million yen)

	18/3/31※	19/3/31	Change
Cash and deposits	47	49	+2
Accounts receivable and other receivables	397	434	+37
Inventories	219	213	-6
Others	46	45	-1
<b>Total current assets</b>	<b>709</b>	<b>741</b>	<b>+32</b>
Property, plant and equipment	396	392	-4
Intangible assets	15	12	-3
Investments and other assets	115	96	-19
Property, plant and equipment	526	500	-26
<b>Total assets</b>	<b>1,235</b>	<b>1,241</b>	<b>+6</b>

	18/3/31※	19/3/31	Change
Notes & accounts payable	219	212	-7
Short-term borrowings	344	335	-9
Others	136	150	+14
<b>Total current liabilities</b>	<b>699</b>	<b>697</b>	<b>-2</b>
Long-term debt	132	121	-11
Others	69	67	-2
<b>Total long-term liabilities</b>	<b>201</b>	<b>188</b>	<b>-13</b>
<b>Total liabilities</b>	<b>900</b>	<b>885</b>	<b>-15</b>
Capital stock	242	242	0
Capital surplus	55	55	0
Retained earnings	-35	10	+45
Others	73	49	-24
<b>Total net assets</b>	<b>335</b>	<b>356</b>	<b>+21</b>
<b>Total liabilities and net assets</b>	<b>1,235</b>	<b>1,241</b>	<b>+6</b>

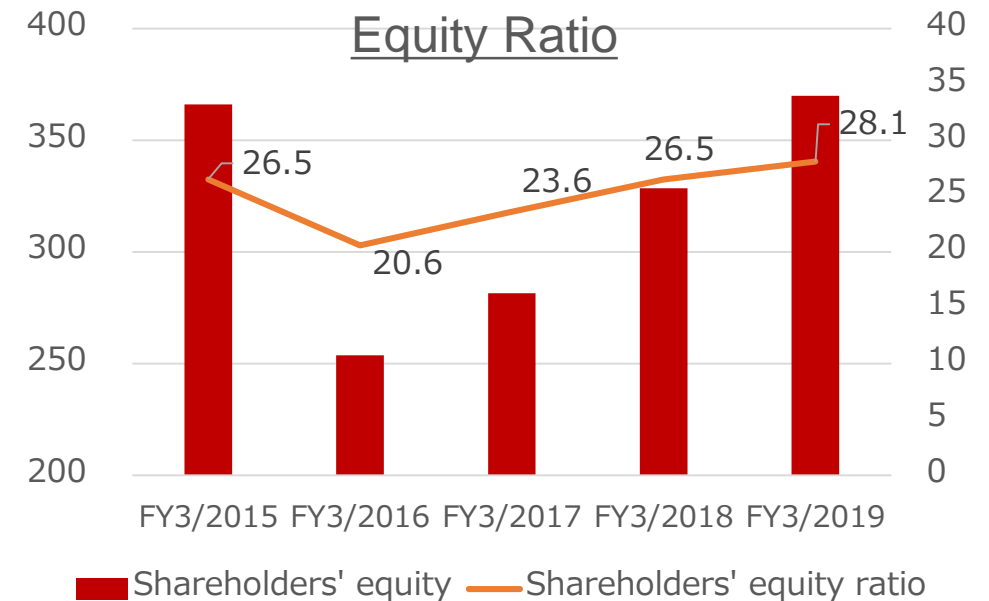
# Financial indicators

Gross margin/Operating income margin (%)



- Continually improve gross margin and operating income margin
- Maintain ROE at above 12%
- Strengthen the financial base with improving the equity ratio

Equity Ratio



# Investment Plan (Capital/Overseas Investment) & CF

FY2018 Forecast ¥3.6 billion	Capital investments	Japan and overseas: 3.2 billion yen	New: ¥400 million
	Depreciation expense	¥3.2 billion	

FY2018 Results ¥3.5 billion	Capital investments	Japan and overseas: 3.1 billion yen	New: ¥400 million
	Depreciation expense	¥3.0 billion	

## <Principal Investments in FY2018>

[Japan: 2.3 billion yen in Japan, Overseas: 0.8 billion yen]

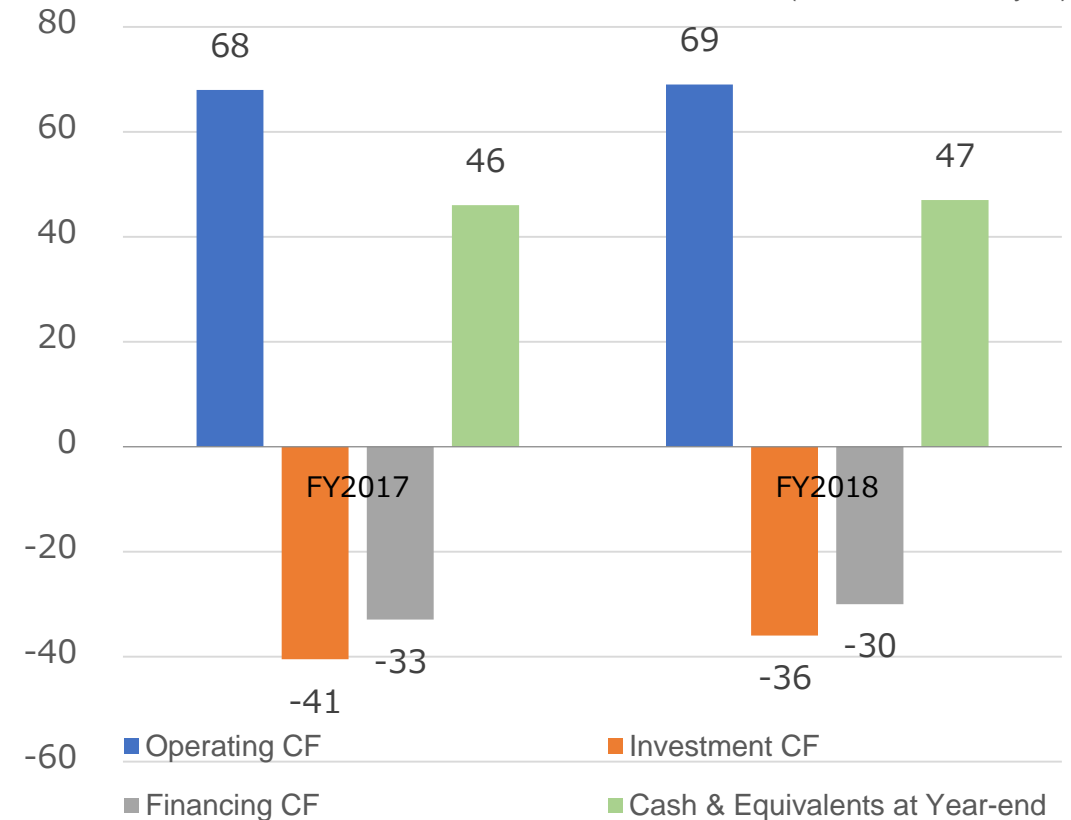
Facility upgrades, rationalization and labor saving, equity-method investments

[New]

- Capital investments in growth fields and new fields

## Consolidated Cash Flows

(Unit: 100 million yen)



# FY2018 Progress of Medium-Term Management Plan (Measures)

## Basic Policy of Medium-Term Management Plan 2022

- ③ New development of overseas business
- ② Create new businesses
- ① Strengthen business profitability

## Progress report of the measures



# FY2018 Progress of Medium-Term Management Plan (KPI)

(Unit:100 million yen)

	FY2017 Result	FY2018 Result	FY2018 Mid-Term Management Plan	VISION 2026
Net sales	1,681	1,771	1,950	1,950
Operating income	62	66	70	90
Ordinary income	48	56	64	86
Net income attributable to owners of parent	37	45	43	55
Operating income	3.7%	3.8%	3.6%	4.6%
Dividend/Dividend Payout Ratio	5 yen (4.0%)	7 yen (4.6%)	20 yen or more (approx. 20%)	50 yen or more (approx. 30%)
Interest-bearing liabilities	490	466	400 or less	300 or less
DE ratio ※	149%	134%	90% or less	50% or less
Net assets	334	356	470 or over	600 or over
Equity Ratio	26.5%	28.1%	35% or over	40% or over
ROIC	5.4%	5.6%	5.8% or over	6.0% or over

Reviewed the Medium-term plan in 1H FY2019

※ Debt-to-equity ratio is calculated based on shareholders' equity.



# ESG Initiatives: 2018 CSR Report



- The Group will celebrate its 90th anniversary in 2026. As we reach this milestone, we are striving to fulfill our social mission and achieve stable growth, with the **goal of becoming a company that can change in accordance with the environment and maximize its corporate value.**

## E

- Contributing to environmental protection and sustainable development of society through company business
- Reduction of CO2 and VOC
- Effective use of resources
- Promoting the development and commercialization of environmentally-friendly products
- Actions for Biodiversity Conservation

## S

- Implementation of occupational health and safety activities
- Sustained improvement of quality management effectiveness
- Promoting Employee Work-Life Balance and Creating an Environmentally Friendly Work Environment
- Maintain and improve good communication with stakeholders

## G

- Thorough compliance
- Strengthening cyber security measures
- To manage and reduce important risks in business activities
- Improving Transparency through Information Disclosure

<http://www.swcc.co.jp/environment/report/pdf/2018/csr1800.pdf>

# Verification of CSR Activities in FY2018

- Achieved almost all targets in FY2018

Core subject		FY2018 Target	Goals
E	Environment	• Achievement of targets based on the Group's 6th Voluntary Action Plan for the Environment	○
		• Contribution with development and commercialization of environmentally-friendly products	○
		• Continuous actions for Biodiversity Conservation	○
S	Human rights and Labor practices	• Promoting activities and creating a comfortable working environment	○
		• Increasing the percentage of employees taking annual leave	○
		• Elimination of occupational accidents based on a spirit of "Safety first and foremost" (restructuring of on-site activities)	△
		• Continued investment in employee education	○
	Relationships with business partners	• Dissemination of CSR Procurement Guidelines (Promotion of Dialogue with Business Partners)	○
		• Revision of Our Guidelines for Green Procurement	○
	Relationship with Customers	• Expanding customer satisfaction surveys	△
		• Continuous efforts to improve quality (dissemination of quality cost thinking and reduction of failure cost by 10%)	△
Relationship with stakeholders	• Active disclosure of corporate information via the Web and dialogue with investors	○	
Local communication	• Active involvement with local communities and continued contributions to local communities	○	
G	Governance	• Thorough legal compliance and continuous education	○
		• Strengthening cyber security measures	○
		• Expanding risk management bases through BCM activities	○
		• Improving transparency through information disclosure (formulate and disclose information disclosure guidelines)	△



**FY2019 Business Strategy  
&  
FY3/19 Full-year Forecast**



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# FY2019: Group Management Policy

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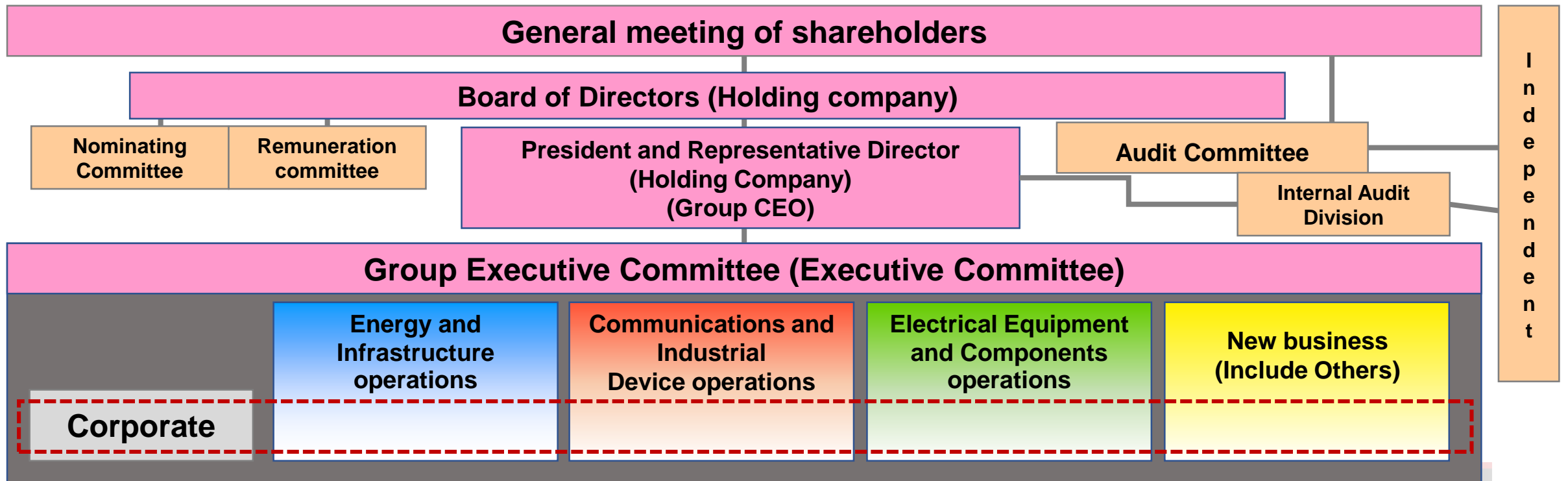
1. **Implement speedy decisions and measures to expand profits** by strengthening corporate functions and establishing a new business segment structure
2. Strengthen promotion of business management with an awareness of the cost of capital with **introducing a new concept of ROIC management**
3. **Promote new challenges and new initiatives** toward recovery of overseas business



# FY2019: Strengthening Corporate Governance

## ■ New organizational structure from April 1, 2019

- ① Transition to a Company with an Audit and Supervisory Committee (Transition after approval at the Ordinary General Meeting of Shareholders in June)
- ② Strengthening and expanding the Executive Officer System  
To strengthen and expand authority, clarify responsibilities, and ensure speedy and efficient business execution
- ③ Strengthening Group Management and Internal Controls



# Topics: Segment Change from FY2019

## ■ Change to segments based on the Group's strategy

Shift from a segment focused on traditional product lines to a segment based on business fields and business strategies, and promote restructuring of core businesses, growth businesses, and expansion of new businesses beyond the framework of group companies.

(New segment)

(Previous segments)

Electric Wire operations

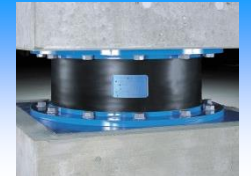
Power System operations

Magnet Wire operations

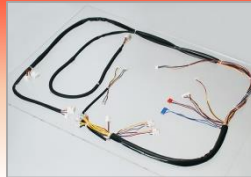
Communication System operation

Device operations

Energy and Infrastructure operations



Communication and Industrial Devices operations



Electronic Devices and Components operations



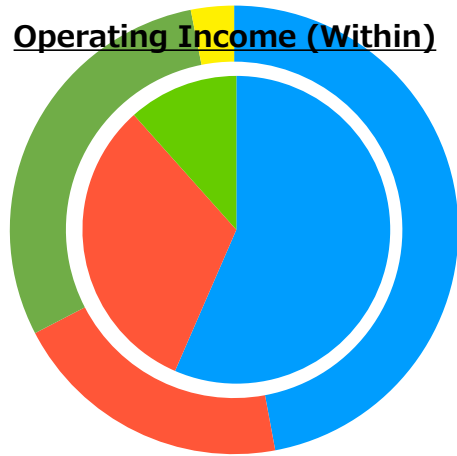
New Business operations (incl. others)



# Business and Product Introduction of New Segments

**- Holding company-  
SWCC SHOWA HOLDINGS**

FY2018: Sales (External)/  
Operating Income (Within)



**Energy and  
Infrastructure  
operations**

- ① Power cables and power equipment components connecting from power stations to houses
- ② Protecting people's lives and infrastructure from electrical wires used in buildings and disasters  
Electric wires and seismic isolation components

**Communication and  
Industrial  
Devices operations**

- ① High-speed, high-capacity communication cable
- ② Wire harnesses for equipment, home appliances, and electronic equipment parts for copiers
- ③ Copier components and vibration-damping and vibration-proof components

**Electronic Devices and  
Components operations**

- ① Oxygen free copper MiDIP® used in automotive parts and electronic equipment
- ② Copper alloys with superior strength, high conductivity, and flexion resistance
- ③ Magnet wires for various motors and coils

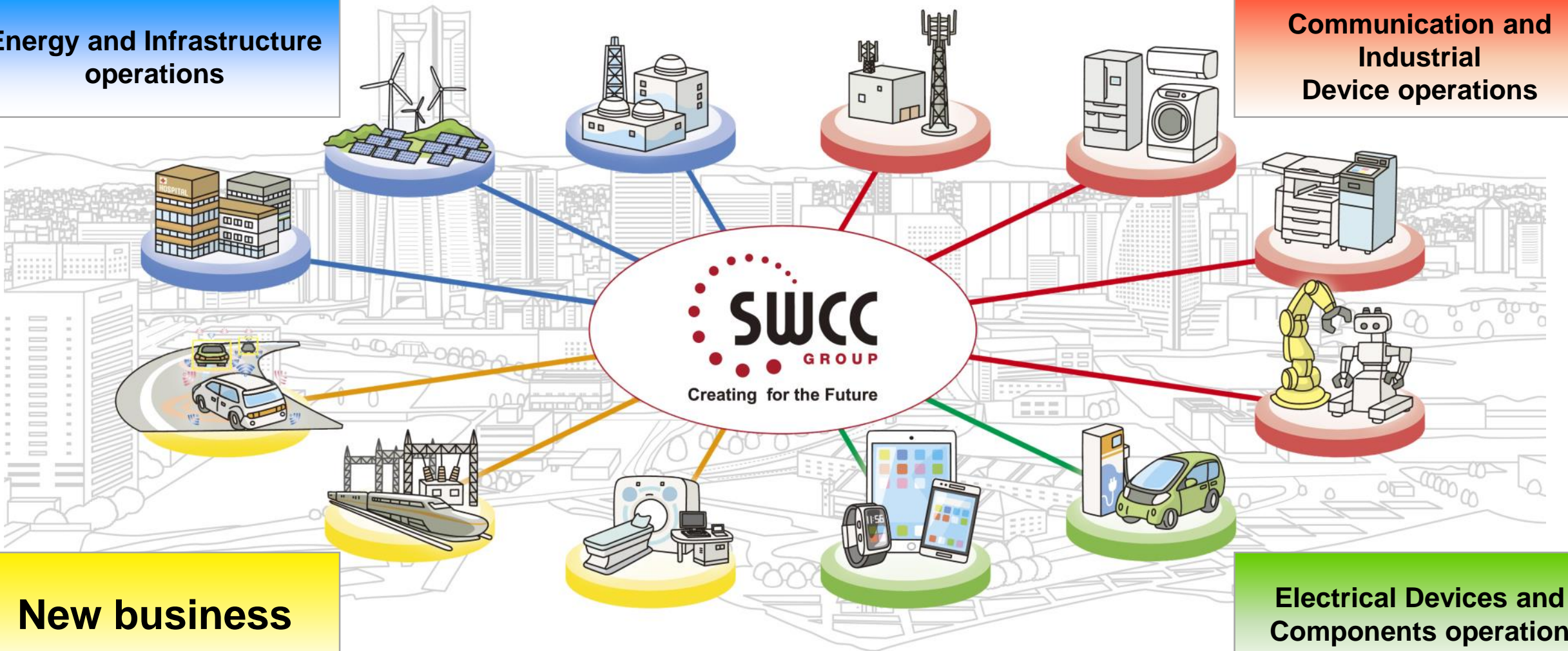
**New Business  
operations (incl. others)**

- ① Expand new products and technologies in the EV, automotive and mobility fields
- ② Develop new products and businesses in the fields of factory automation, medical care, and networks
- ③ Develop new business models in existing businesses

# Change to segments in line with growth areas

Energy and Infrastructure operations

Communication and Industrial Device operations



New business

Electrical Devices and Components operation



# Introduction of ROIC management (since FY2019)

By implementing management that is conscious of the sustainable creation of returns in excess of the cost of capital, we will lead to the enhancement of corporate value by formulating capital policies, reviewing our business portfolio, and allocating management resources.

$$\text{ROIC (Return on invested capital)} = \frac{\text{Operating income after tax excluded}}{\text{Invested capital}} > \text{WACC (Weighted-average cost of capital)}$$



# FY2019: External environmental awareness

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- Business opportunity

- **Steady demand for office buildings**, etc. and demand for upgrading and urban development of aging buildings in the 70s

- **Start of separation of power generation and transmission in 2020**

- **The 5th Basic Energy Plan will be launched** in the medium-to long-term (Cabinet decision in 2018):

Response to 2030 and 2050 Initiatives with the aim of sustainable and autonomous energy supply in Japan

Response to 2030 Initiatives (26% reduction in greenhouse gases, energy mix), response to 2050 (80% reduction, challenge for a carbon-free society)

- Introduction of **next-generation telecommunications systems 5G** in 2020

Start of **the 4th Industrial Revolution** (AI, IoT, robots, automatic driving, big data, etc.)

- Expanding technologies and decarbonization initiatives for the SDGs Community

- Business Risk

- **Global economy slowdown**: In April, the IMF lowered its global economic outlook to 3.3% from 3.5% in January. Expect to improve in the second half of 2019 and to recover to 3.6% by 2020 (U.S.-China trade friction, Brexit trends, emerging market risk, falling resource prices)

- **Recession risks** arising from the collapse of the asset bubble and financial failure due to continued monetary easing

# Domestic Electric Wire Market Environment and Policy for 2019

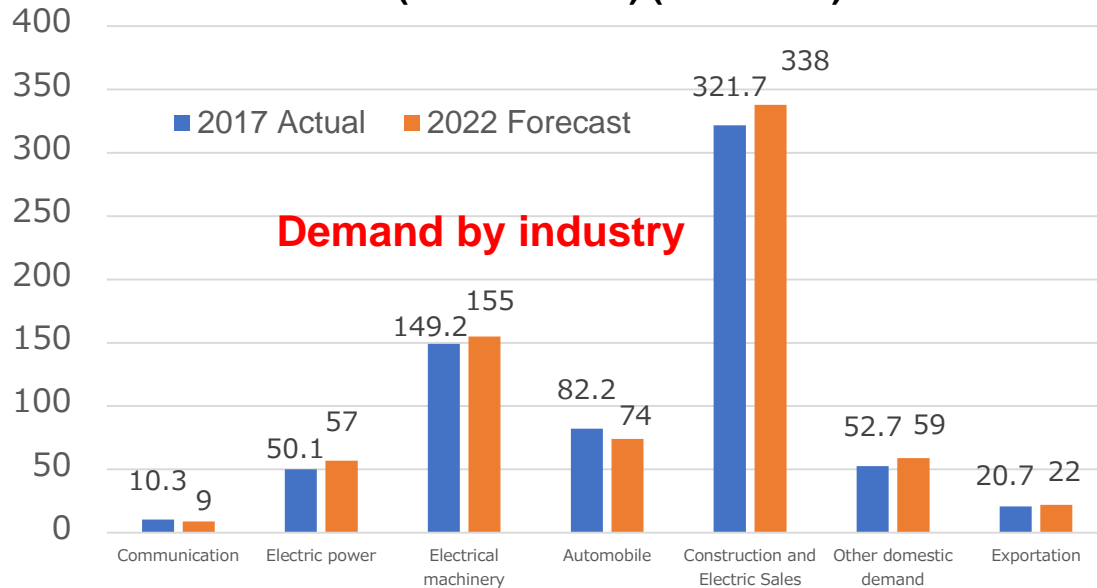
## (Energy and Infrastructure operations)



FY2017

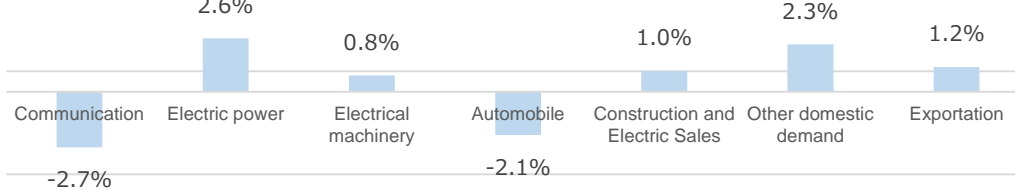
Forecast of Shipments by Demand Category  
(Electric wire) (Domestic)

(Unit: thousand tons)



**Demand by industry**

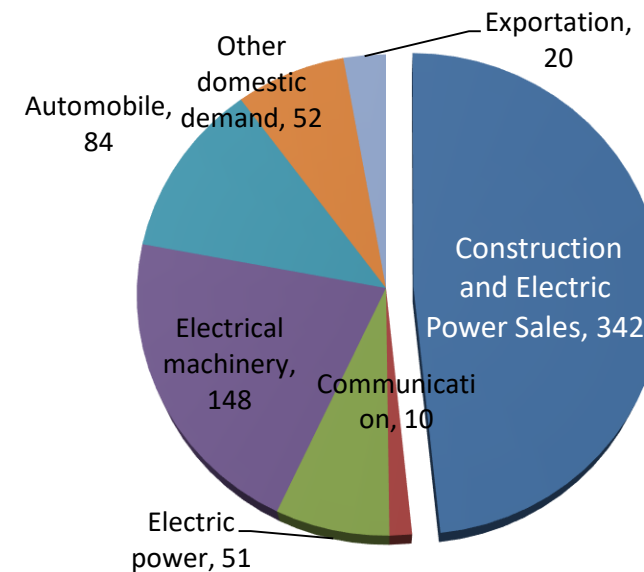
Average growth rate from 2017 to 2022



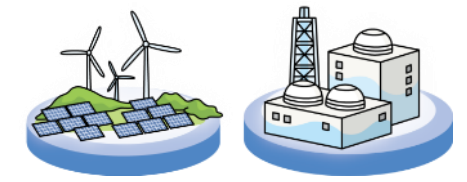
Source: Japan Electric Cable Manufacturers Association, 2018 Revision of Cable Demand Forecast and FY2022 Demand Forecast

- The construction market is firm, mainly in metropolitan areas.
- Electric Wire for Construction and Electric Power Sales: actively capture the Olympic and redevelopment demand, and aim to further improve profitability through appropriate price sales and cost reductions.

**Demand Prospects for FY2019 by Electric Wire  
Manufacturers Association**  
**FY2019: 342 thousand tons (+1.5% YoY)**

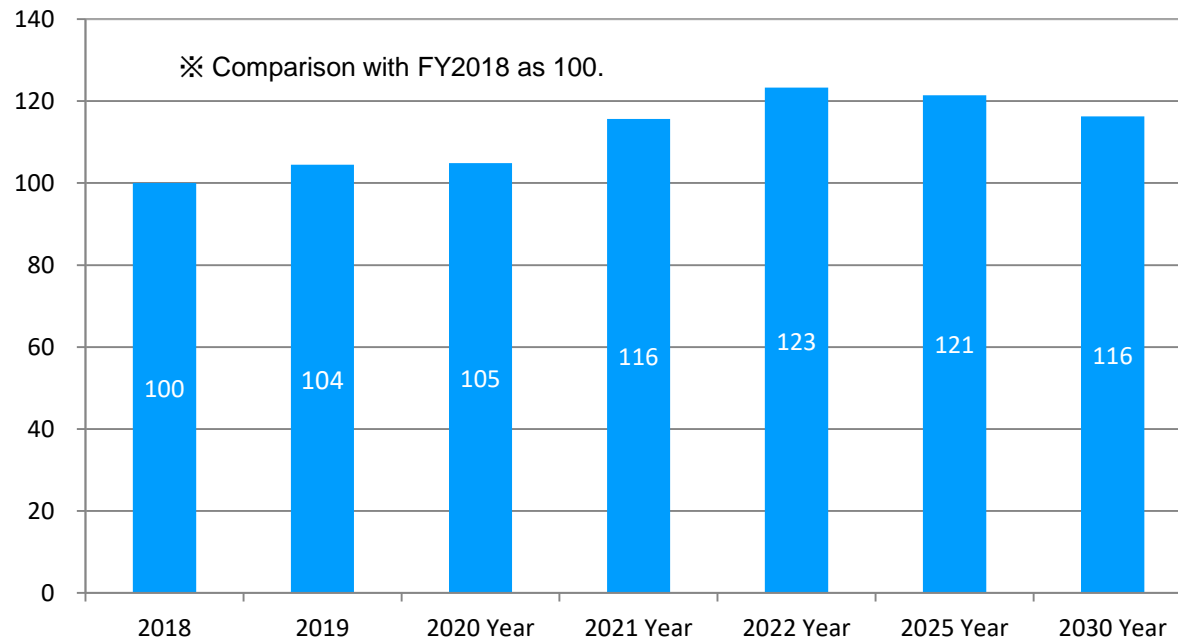


# Domestic Electric Power Market Environment and Policy for 2019 (Energy and Infrastructure operations)



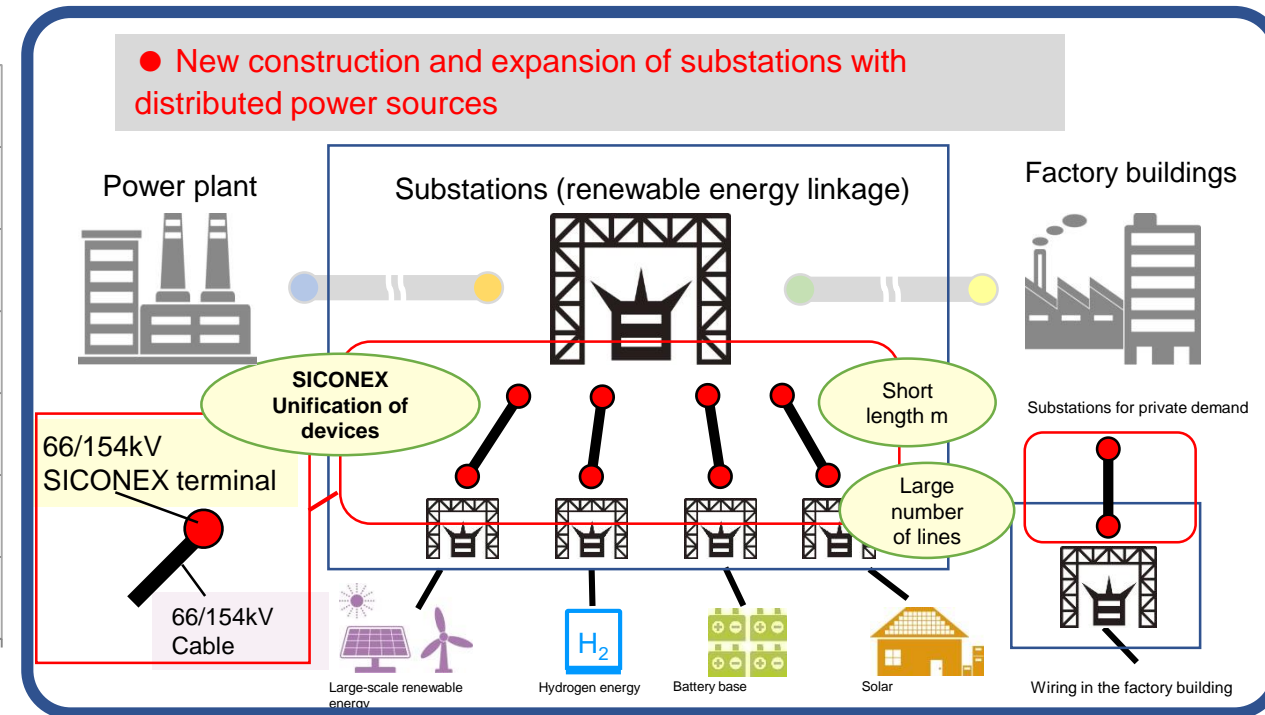
- Electric power-related market continues to expand.
- Capturing demand with a new business model for separation of power generation and transmission, renewable energy, and renewable power infrastructure renewal. Aiming for operating income margin higher than FY2018 through differentiated products and construction work.

## Electricity-related demand for 2019: +4% YoY



Source: Prepared by us based on our forecasts from various data

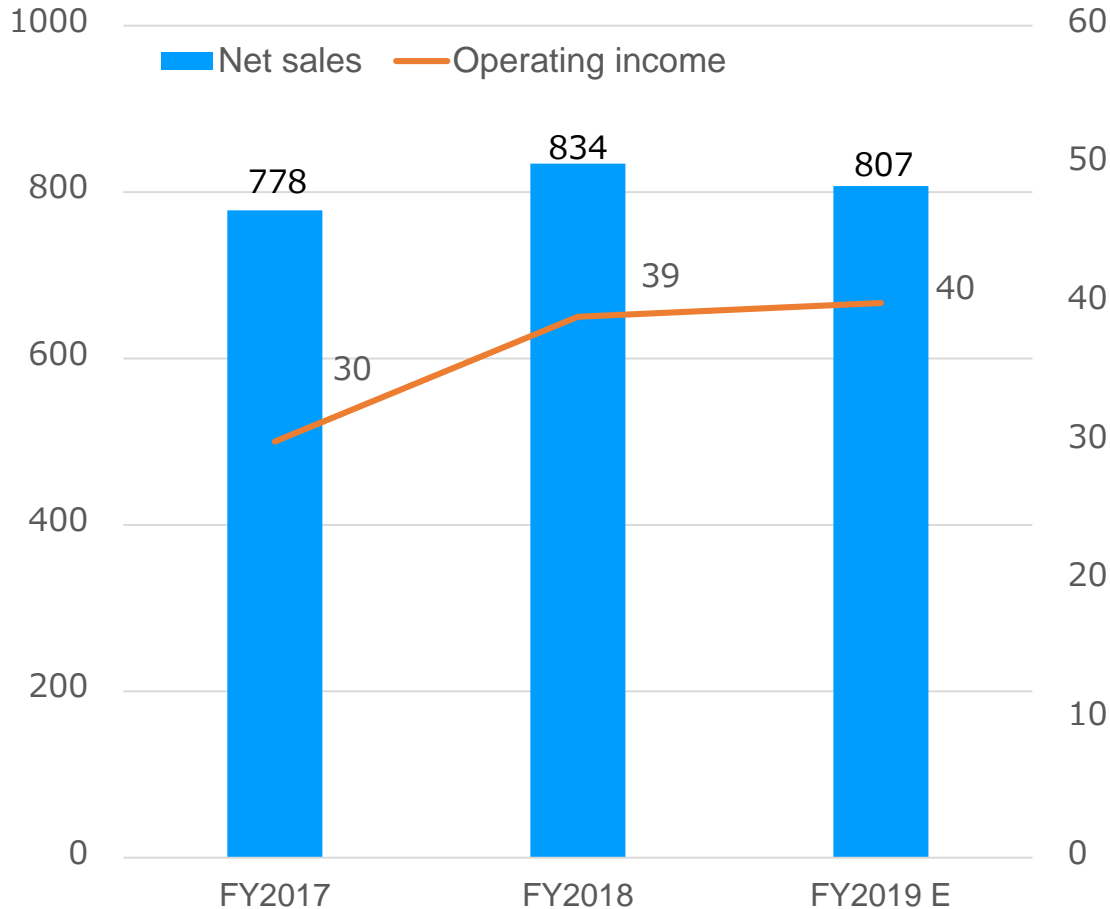
## "Connecting" new business models centered on "SICONEX®"



# Energy and Infrastructure operations



(Unit:100 million yen)



※ FY2017 is a reference value calculated by us in a simple manner.

## ■ Characteristics: Our Core Businesses

- ① Power cables connecting from power stations to houses
  - ② SICONEX®, our proprietary power device component
  - ③ Electric wires and seismic isolation components used in buildings
- ① Capturing demand for electricity for separation of power generation and transmission. Expand SICONEX® sales
  - ② Capture continued strong demand for Construction and Electric Power Sales.
- Strong sales of electric wires for domestic electric power and Construction and Electric Power Sales. Decreased by 2.7 billion yen YoY to 80.7 billion yen due to decrease in seismic isolation components and electrical equipment. Operating income is forecast to increase by 0.1 billion yen to 4 billion yen. Operating income margin: 5.0% (4.7% in the previous fiscal year)

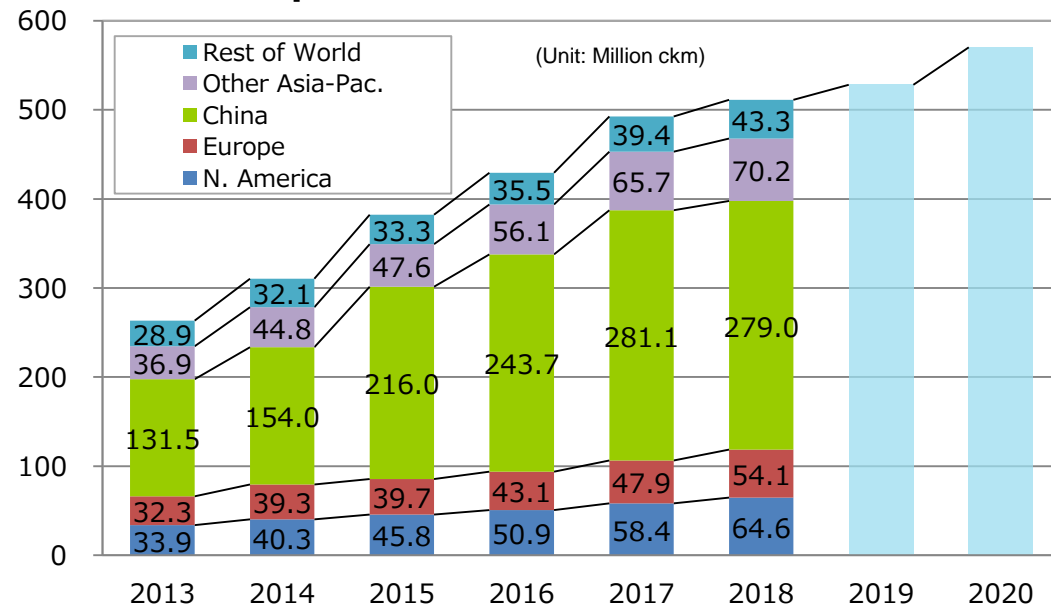
# Communications and Industrial Electric Wire Market Environment and Policy for 2019

## (Communications and Industrial Devices operations)



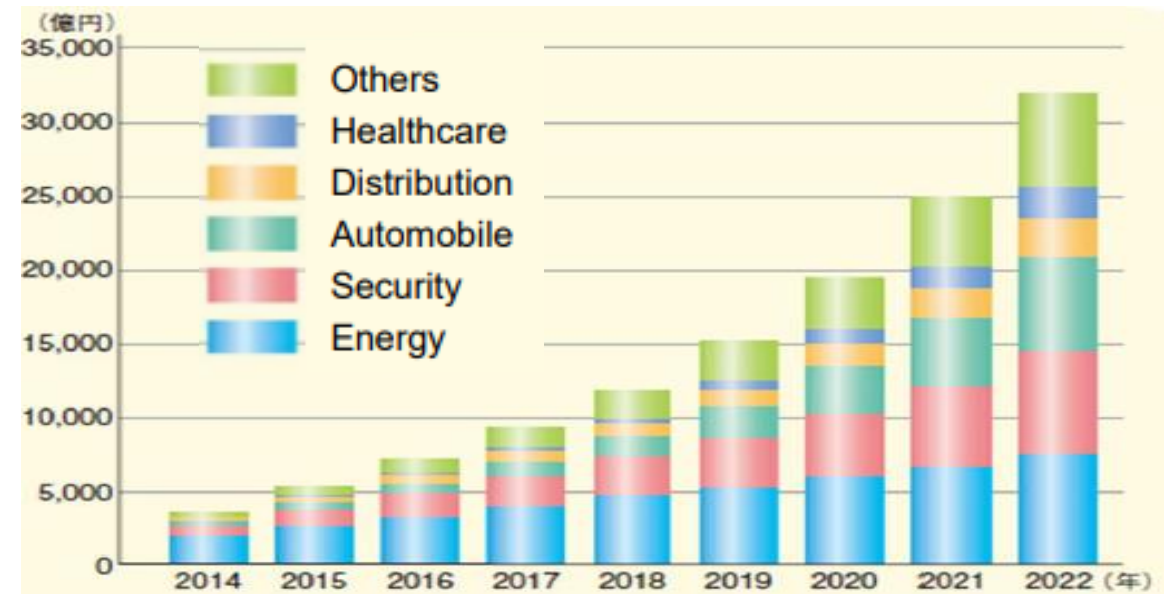
- Although demand for optical cables is expected to surge in 2020 due to the introduction of 5G in the Chinese and other markets worldwide, 2019 is a transitory period in the Chinese market. Global demand is expected to increase only 3% and oversupply is expected to continue.
- Demand for Ethernet-related cables and wire harnesses is growing as IoT advances steadily in various fields. Strengthen proposal capabilities and improve business efficiency by integrating the management of telecommunications wires and wires with processed goods.
- Copiers are on a gradual declining trend over the long term, but production volume is rising due to a strategy to expand market share.

### Optical Fiber Demand Outlook



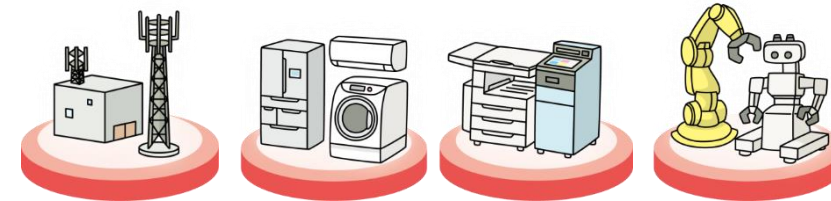
Resource: CRU Monitor Optical Fibre and Cable/ The Company's estimates

### Demand Outlook for the IoT Market

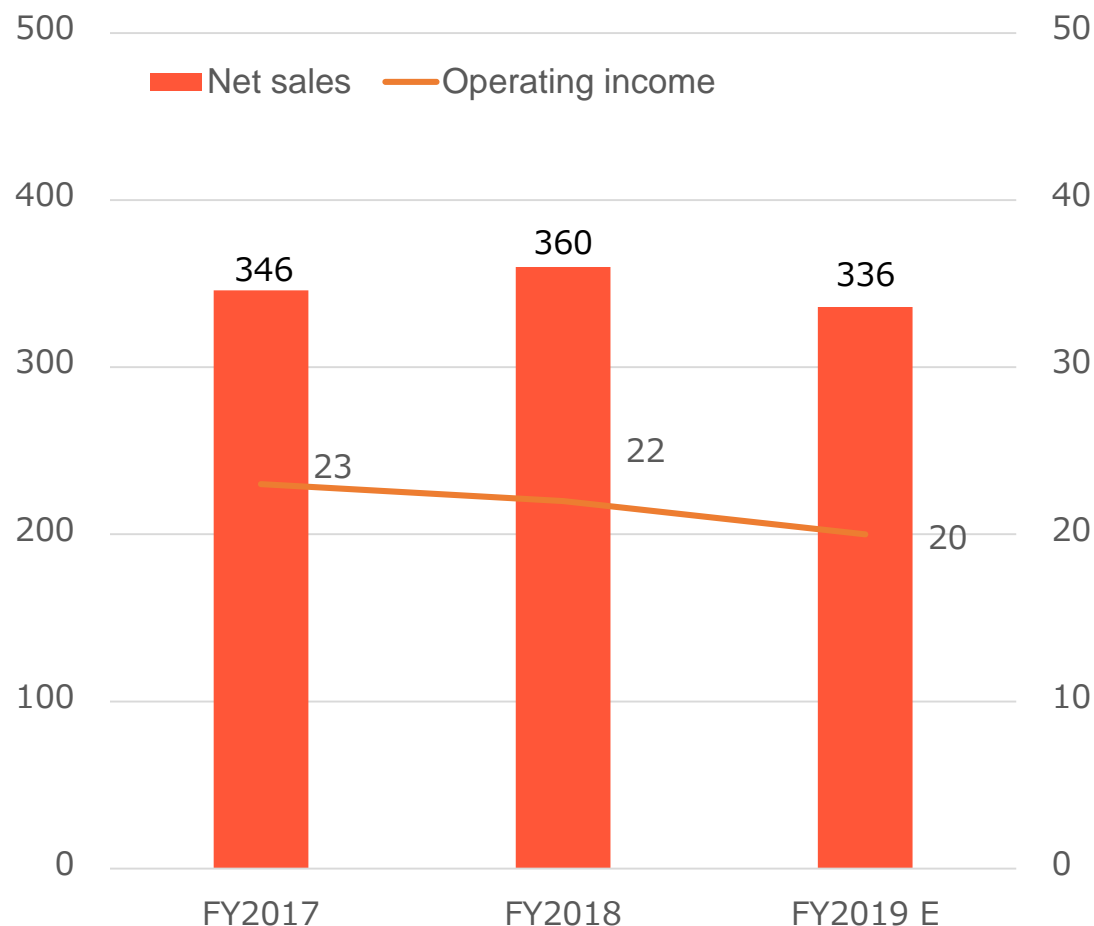


Resource: 2017 Nomura Research Institute  
[Expansion of the IoT market and utilization of IoT in Japan]

# Communication and Industrial Devices operations



(Unit:100 million yen)



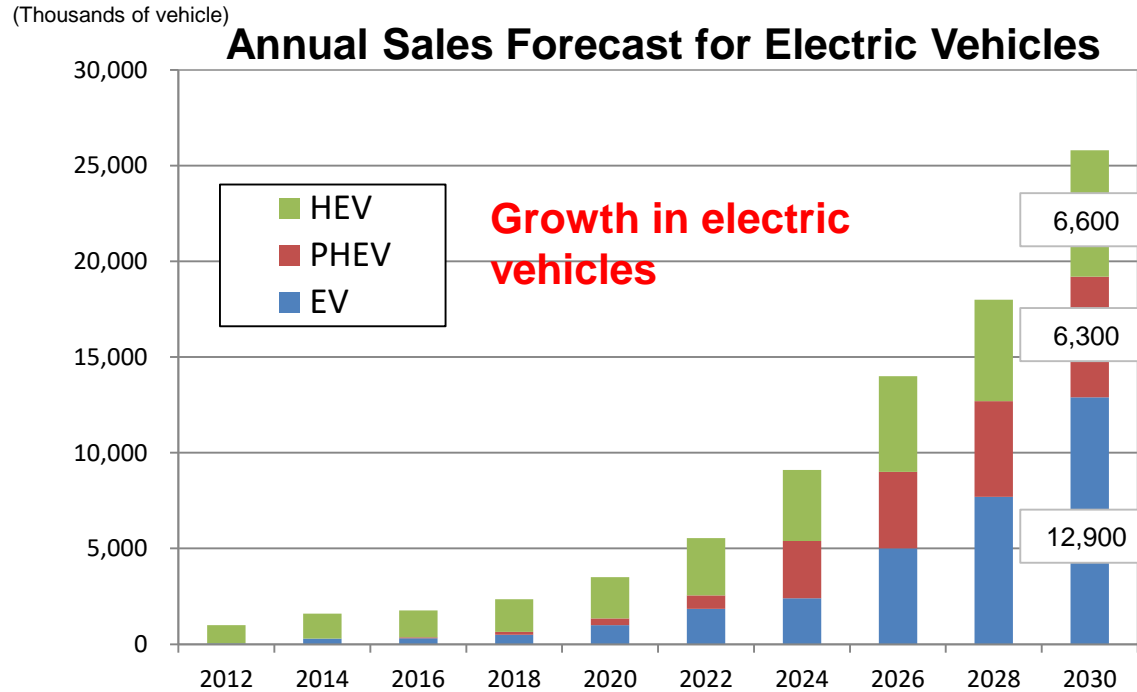
※ FY2017 is a reference value calculated by us in a simple manner.

- Characteristics: Providing communication cables for various markets and industrial devices on a global basis**
- Overseas demand for optical fiber is in a temporary downturn period.**  
 In the Industrial Devices segment, the company will restructure its business structure to strengthen its ability to respond to customers, propose products, and develop products for 5G use, which is expected to grow.
- Net sales are expected to decline by 2.4 billion yen from the previous fiscal year to 33.6 billion yen due to a temporary slowdown in the overseas optical fiber market, despite strong sales of telecommunications cables and industrial devices for the domestic market. Operating income is forecast to be 2 billion yen due to the impact of market conditions for optical fiber for overseas markets.**  
**Operating income margin: 5.8% (6.1% in the previous fiscal year)**

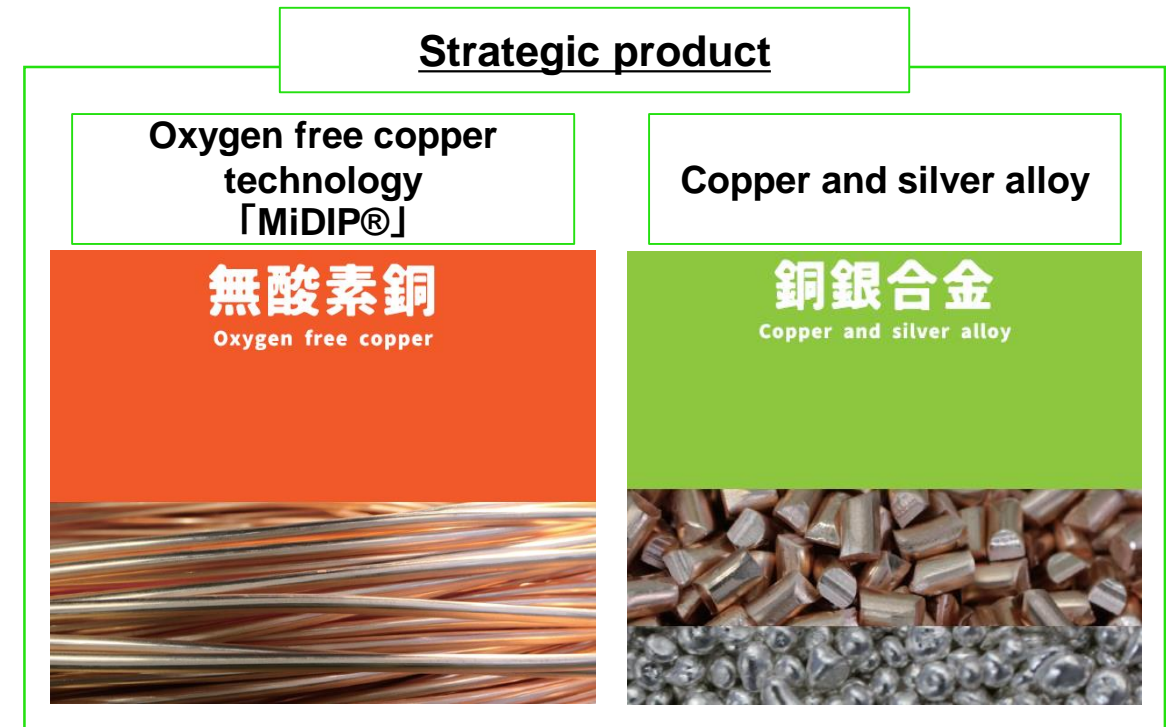
# Automotive Materials Market Environment and Policy for 2019 (Electronic Components operation)



- Demand for high-efficiency drive motors and other products continues to grow due to the motorization and automation of automobiles. High-grade wire rod materials. Respond to increased demand for magnet wires using a high-grade wire rod "Oxygen free copper MiDIP®". Continue to invest for increasing production and ensuring stable supply.
- Promote the rollout of Oxygen free copper MiDIP® in China and Southeast Asia.
- Review the product portfolio to increase profit margins and begin activities to capture downstream products.



Source: Preparation based on our forecasts from various data

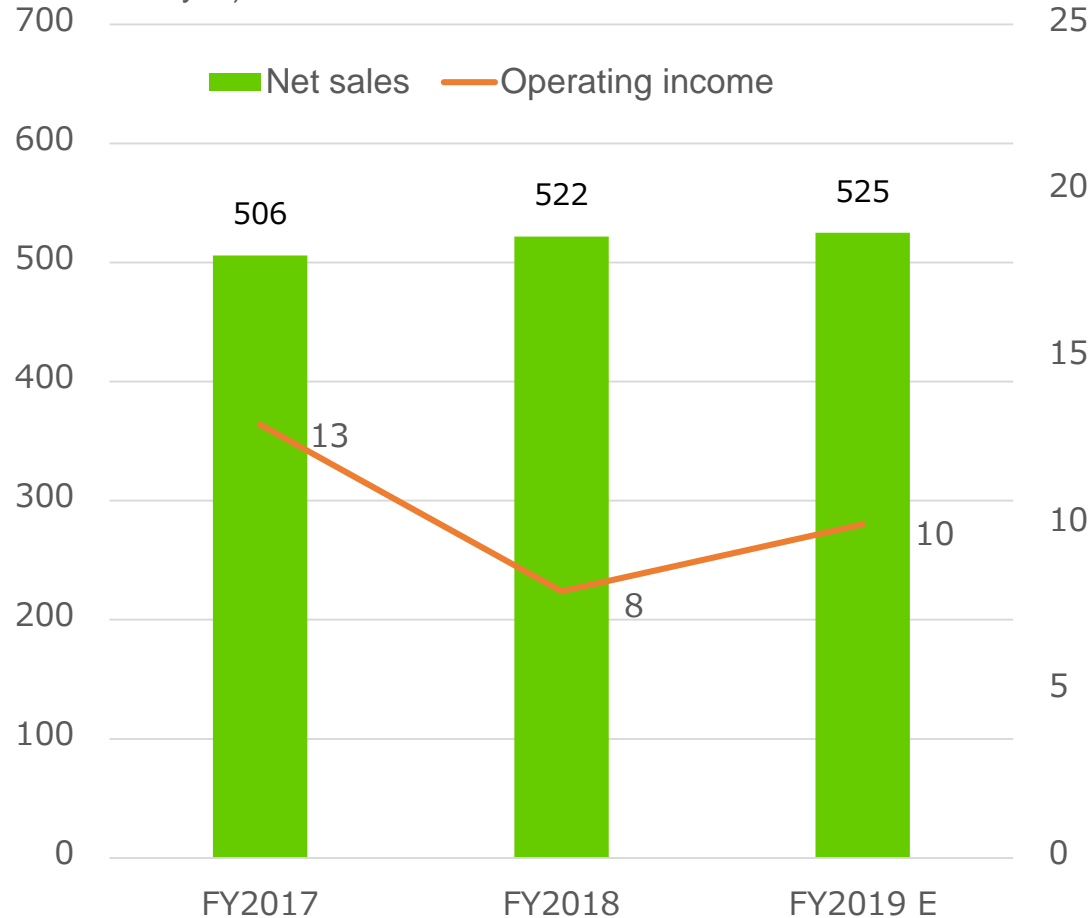




# Electrical Devices and Components operation



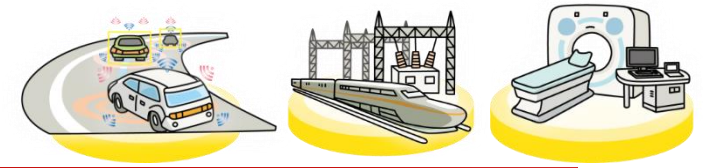
(Unit:100 million yen)



※ FY2017 is a reference value calculated by us in a simple manner.

- Characteristics: Strategic products of Oxygen free copper MiDIP® and copper-silver alloys manufactured by the Japan's only dip forming systems**
  - Capture robust demand for automobile-related products.** Aim to establish a comprehensive materials business by reviewing our product portfolio and integrating wire materials, magnet wire, and processing.
  - Net sales are forecast to increase by 0.3 billion yen to 52.5 billion yen.** Expect operating income of 1 billion yen due to increased sales of strategic products for oxygen free copper and copper-silver alloys and improved profitability from high-grade magnet wires.
- Operating income margin: 1.8% (1.6% in the previous fiscal year)**

# FY2019 Policy for New Businesses



## EVs, automobiles, Mobility field

- **Promote the expansion of new products and technologies**
  - Commercialization of high-speed image transmission cable for automobiles
  - Expand industrial applications for wireless power supply products
  - Next-generation bicycle components products

## FA, Healthcare, Network field

- **Develop new products and businesses linked to new businesses**
  - Expand FA network and sensor network-related products
  - Expand IDM (certification technology) and work style innovation products (RPA)
  - Create new medical device products through medical-engineering collaboration

## Development of existing fields

- **Develop new business models in existing businesses**
  - Develop high-voltage construction simple joints and robotization of construction (Technology Development for the Third Phase of the Electricity Business Reform)
  - Enter and expand sales of high-voltage products for next-generation Shinkansen
  - Accelerate initiatives for commercialization of superconducting

# FY3/20 Full-year Forecast

- FY2019 results are assumed to be at the same level as FY2018.

(Unit: 100 million yen)

	FY2018 Result	Composition %	FY2019 Plan	Composition %
<b>Net sales</b>	<b>1,771</b>	-	<b>1,730</b>	-
<b>Gross profit</b>	<b>217</b>	<b>12.3%</b>	-	-
<b>Operating income</b>	<b>66</b>	<b>3.8%</b>	<b>65</b>	<b>3.8%</b>
<b>Ordinary income</b>	<b>56</b>	<b>3.2%</b>	<b>58</b>	<b>3.4%</b>
<b>Net income attributable to owners of parent</b>	<b>45</b>	<b>2.6%</b>	<b>45</b>	<b>2.7%</b>

# Segment Information (YoY)

- New Segment Plan

(Unit:100 million yen)

	FY2018 Result		FY2019 Plan	
	Net sales	Operating income (Profit ratio %)	Net sales	Operating income (Profit ratio %)
<b>Energy Infrastructure Business</b>	<b>834</b>	<b>39</b> (4.7%)	<b>807</b>	<b>40</b> (5.0%)
<b>Communication and Industrial Devices operations</b>	<b>360</b>	<b>22</b> (6.1%)	<b>336</b>	<b>20</b> (5.8%)
<b>Electrical Components Business</b>	<b>522</b>	<b>8</b> (1.6%)	<b>525</b>	<b>10</b> (1.8%)
<b>Other (new businesses)</b>	<b>55</b> <b>(36)</b>	<b>-3</b> <b>(1)</b>	<b>62</b> <b>(44)</b>	<b>-5</b> <b>(1)</b>
<b>Total</b>	<b>1,771</b>	<b>66 (3.8%)</b>	<b>1,730</b>	<b>65 (3.8%)</b>

# Investment Plan (Capital/Overseas Investment) & CF Plan

FY2018 Results ¥3.5 billion	Capital investments	3.1 billion yen in Japan and overseas	New ¥400 million
	Depreciation expense	¥3.0 billion	

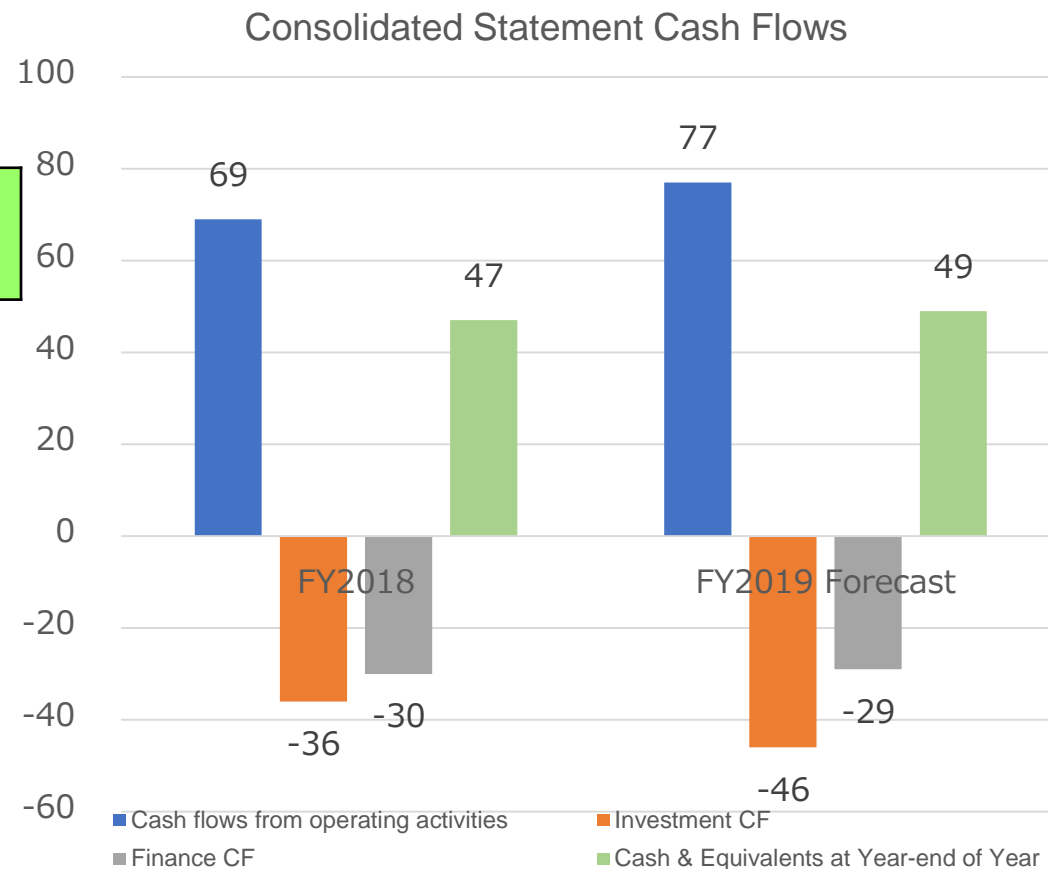
FY2019 Forecasts ¥4.5 billion	Capital investments	Domestic and overseas 4.2 billion yen	New ¥300 million
	Depreciation expense	¥3.4 billion	

## < Major Investment Plans for FY2019 >

【Japan and overseas】 Renewal of facilities, rationalization and labor saving

【New】 Growth Fields, New Fields, Research and Development

(Unit:100 million yen)



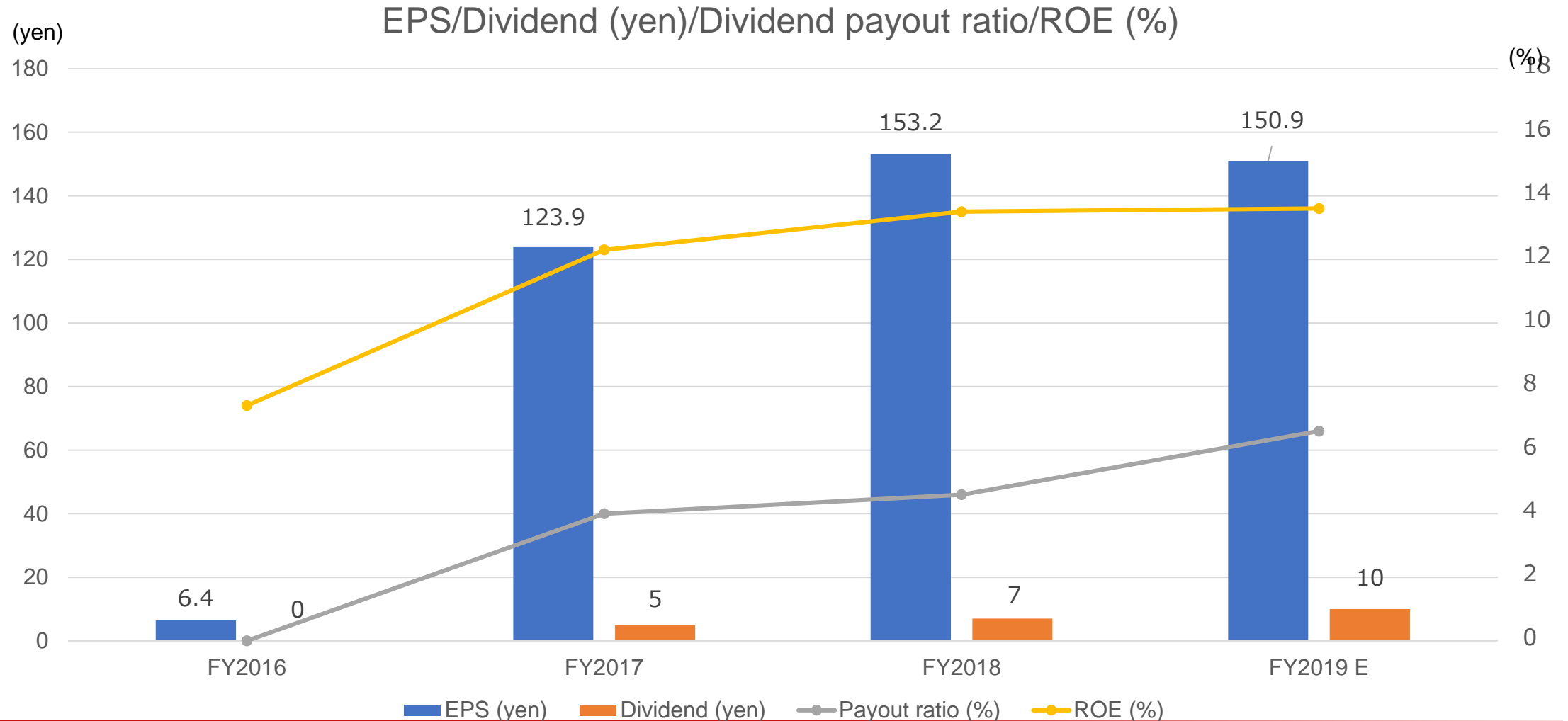
# FY2019 Coefficient Target: KPI

(Unit: 100 million yen)

	FY2018 Result	FY2019 Forecast
Net sales	1,771	1,730
Operating income	66	65
Ordinary income	56	58
Net income attributable to owners of parent	45	45
Operating income margin	3.8%	3.8%
Dividend/Payout ratio	7 yen (4.6%)	10 yen (6.6%)
Interest-bearing liabilities	466	440
DE ratio ※	134%	112%
Net assets	356	399
Equity Ratio	28.1%	31.3%
ROIC	5.6%	5.5%

Reviewed the medium-term plan and formed a rolling plan in the 1H of FY2019  
The KPI was also reviewed.

# Shareholder Return (Dividend Policy) & ROE





Creating for the Future

**SWCC SHOWA HOLDINGS CO., LTD.**  
**(TSE 1: 5805)**

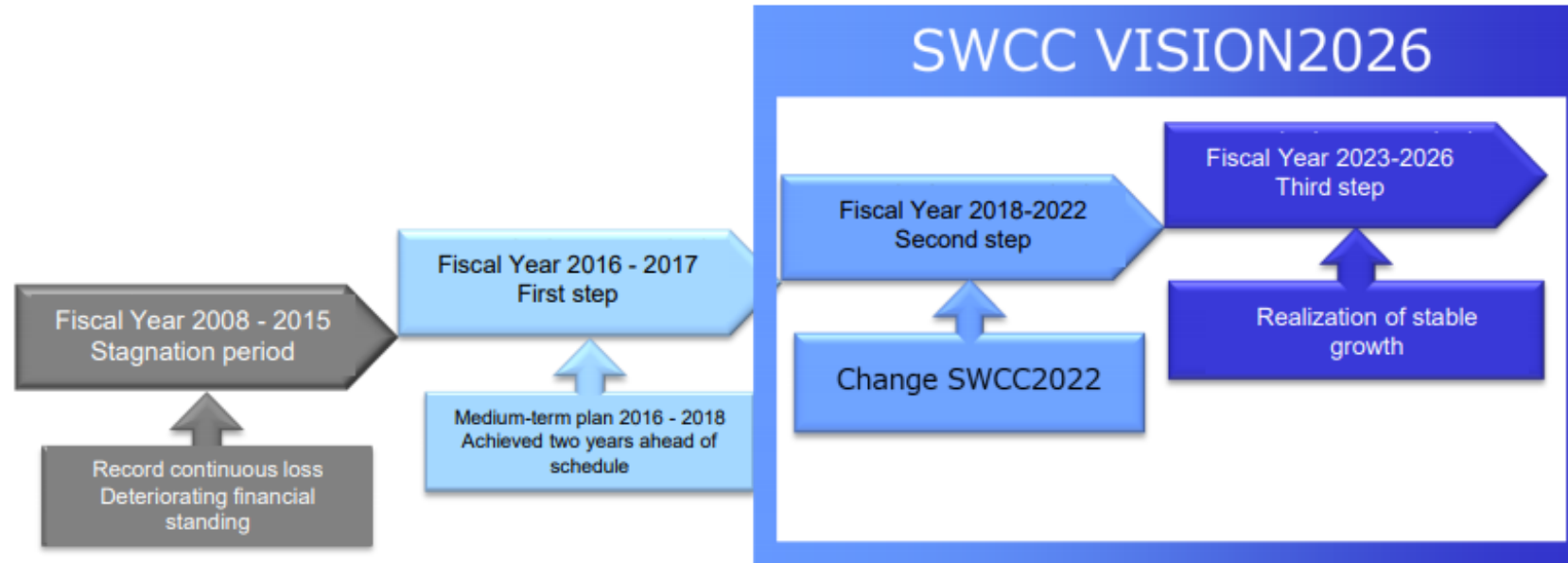
# Mid-Term Management Plan

<http://www.swcc.co.jp/>



# Vision "SWCC VISION2026"

## Medium-Term Management Plan "Change SWCC2022"



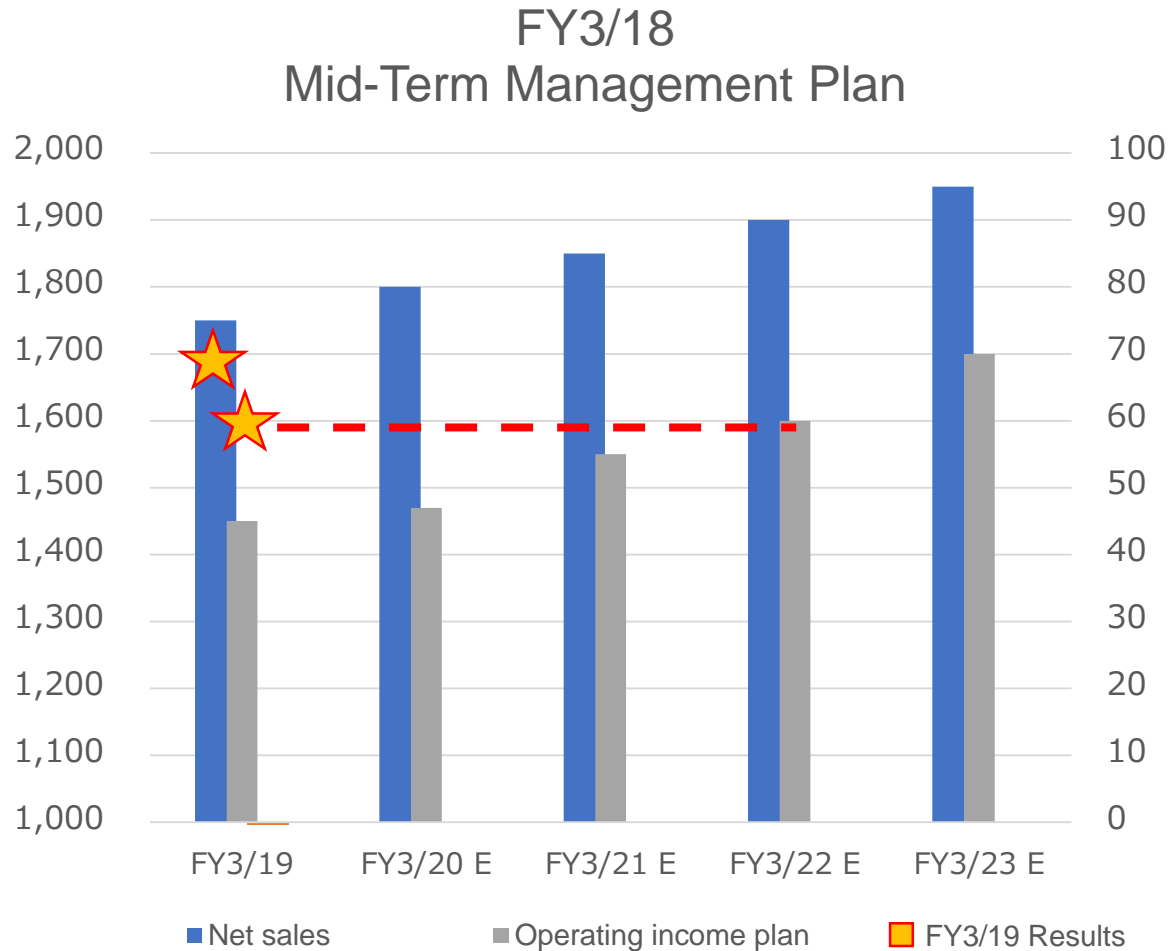
Company that can change according to the environment and maximize its corporate value

**First Step (Fiscal Year 2016 - 2017)**  
 Mid-Term Plan 2016 - 2018 【Structural Reform, Recovery of Trust and Establishment of Existing Business】

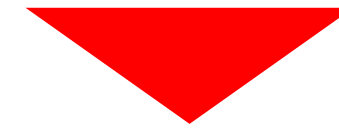
**Second Step (FY 2018 - 2022)**  
 Change SWCC 2022 【Structural Reform, Growth Strategy】

**To fulfill our social mission while achieving stable growth**

# Plan to disclose new Medium-Term Management Plan during 2019



■ Achieved the profit targets of in the medium-term management plan announced last year  
**3 years** ahead of schedule!



**Medium-Term  
Management Plan:  
Scheduled to be announced with the FY2019 2Q  
results**

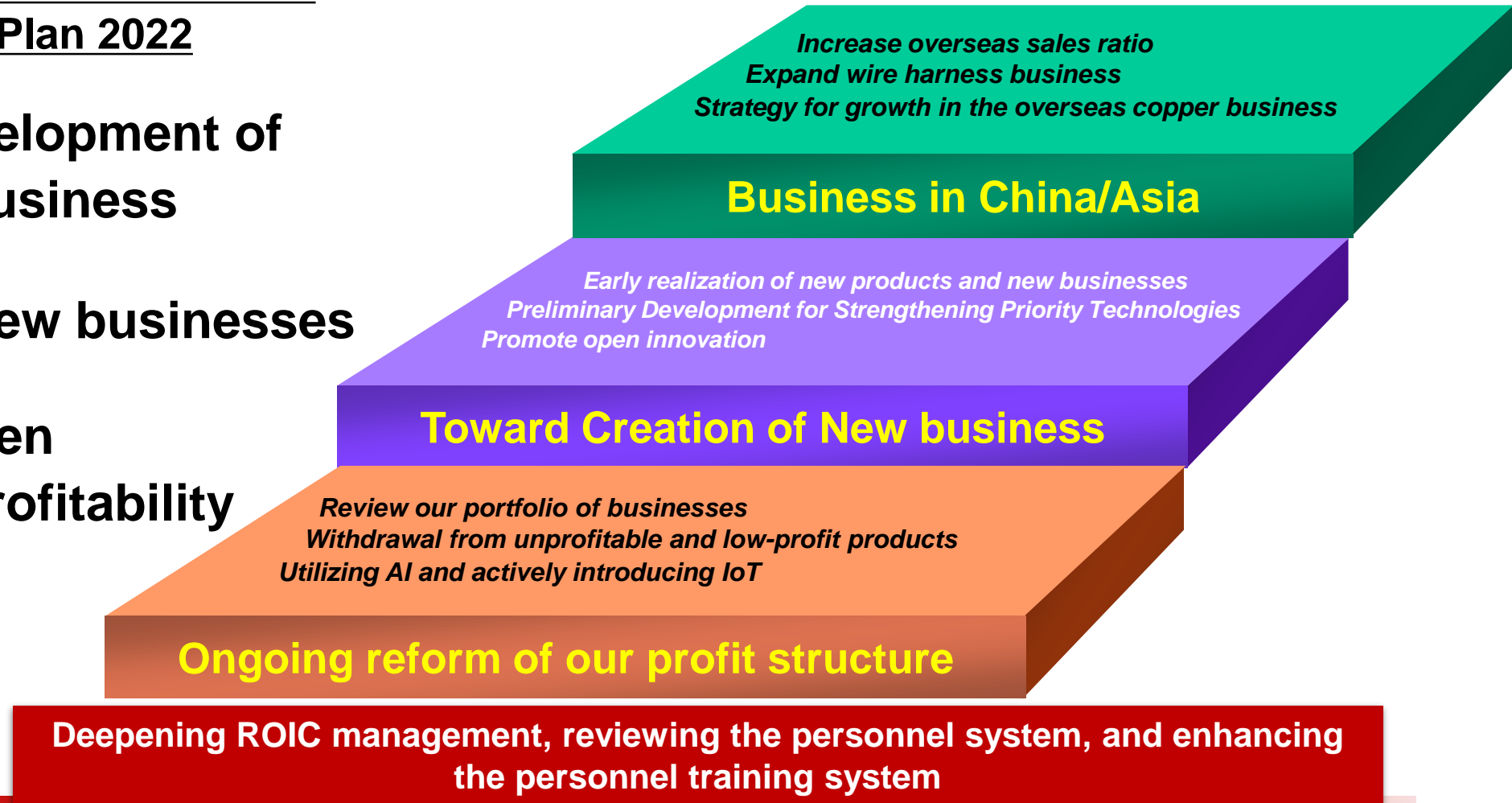
# Main Points of Medium-Term Management Plan Rolling

## Basic Policy of Medium-Term Management Plan 2022

③ New development of overseas business

② Create new businesses

① Strengthen business profitability



# SDGs Initiatives



In September 2015, the 2030 Agenda for Sustainable Development was unanimously adopted at the UN Summit.

The agenda consists of 17 goals and 169 targets. This goal is defined not only as a company, but also as an effort by industrialized countries, developing countries, governments, schools, and individuals.

Based on the philosophy of "no one is left behind," by 2030, we will work to resolve social issues such as poverty, hunger, education, and health. At the same time, we will take comprehensive measures to address a wide range of issues, including climate change countermeasures and environmental protection, in order to realize a sustainable society.

The SWCC Group will also promote SDGs initiatives.



Creating for the Future

**SWCC SHOWA HOLDINGS CO., LTD.**  
**(TSE 1: 5805)**

### **Contact**

SWCC SHOWA HOLDINGS CO., LTD.  
Corporate Planning Department, Business  
Strategy Division  
TEL:044-223-0520  
E-mail:kouho@hd.swcc.co.jp

Forward-looking statements in this document are based on information available at the time of publication and contain potential risks and uncertainties.

Therefore, actual results may differ materially from those projected in the forward-looking statements as a result of various factors

Factors that could influence actual results include economic conditions, demand trends, raw material prices, and exchange rate fluctuations, as well as other items not limited to the above.

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