



# UNIPRES CORPORATION

## FY2020 1<sup>st</sup> Quarter Financial Results



UNIPRES CORPORATION



**FY2020 1Q Financial Results**

**Forecast of FY2020**

**Mid-Term Business Activities**



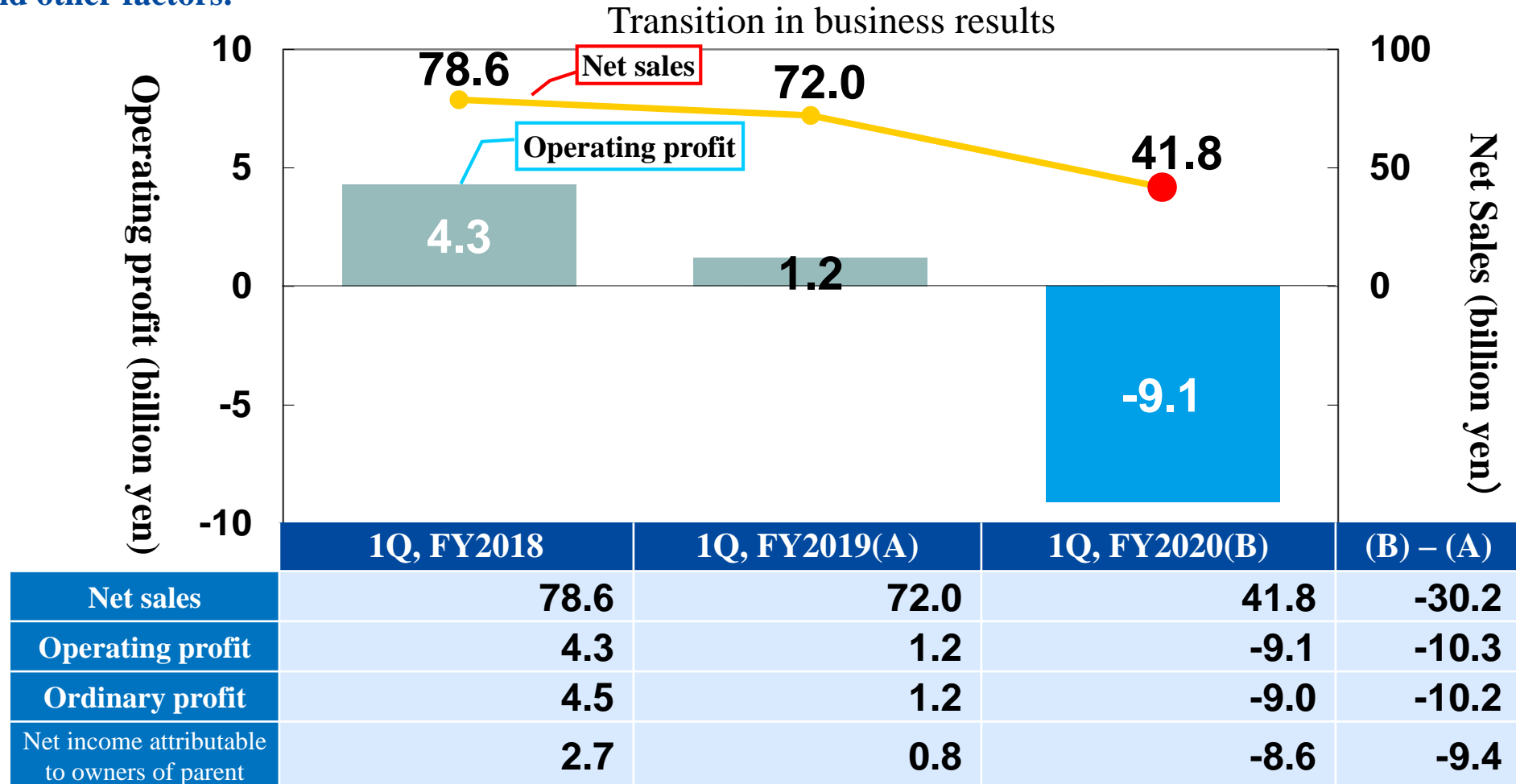
# FY2020 1Q Financial Results

## Key Highlights for Q1, FY2020 (consolidated-basis)

- 1. Net sales sharply decreased mainly due to the production cutbacks and shutdown of the operations associated with customers' reduced production that were caused by the global spread of corona virus (COVID-19) infection in addition to Forex impact.**
- 2. A loss in operating profit as fixed cost were not recovered because of a significant decline in net sales and other factors.**

# Summary of Q1, FY2020

- ※ Net sales decreased by 30.2 billion yen mainly due to the production cutbacks and shutdown of the operations associated with customers' reduced production that were caused by the global spread of corona virus (COVID-19) infection in addition to Forex impact.
- ※ Operating profit was lost by 9.1 billion yen as fixed cost were not recovered because of a significant decline in net sales and other factors.



# Consolidated Sales by Product Group

(billion yen)

	1Q, FY2019		1Q, FY2020		Variance	Variance %
	Sales	%	Sales	%		
<b>Car body press products</b>	<b>60.9</b>	<b>84.6%</b>	<b>35.7</b>	<b>85.4%</b>	<b>-25.2</b>	<b>+0.8%</b>
<b>Transmission products</b>	<b>9.8</b>	<b>13.6%</b>	<b>4.7</b>	<b>11.2%</b>	<b>-5.1</b>	<b>-2.4%</b>
<b>Plastic products</b>	<b>0.8</b>	<b>1.1%</b>	<b>0.4</b>	<b>1.0%</b>	<b>-0.4</b>	<b>-0.1%</b>
<b>Other</b>	<b>0.5</b>	<b>0.7%</b>	<b>1.0</b>	<b>2.4%</b>	<b>+0.5</b>	<b>+1.7%</b>
<b>Total</b>	<b>72.0</b>	<b>100%</b>	<b>41.8</b>	<b>100%</b>	<b>-30.2</b>	<b>—</b>

# Consolidated Sales by Customer (Nissan Motor-related Products)

※ The composition ratio decreased by 9.3% mainly due to significant sales decrease of Nissan North America and Dongfeng Motor Company Limited.

		1Q, FY2019		1Q, FY2020		Variance	(billion yen)
		Sales	%	Sales	%		
<b>Nissan Motor-related products</b>	<b>Sub-total</b>	<b>60.3</b>	<b>83.8%</b>	<b>31.1</b>	<b>74.5%</b>	<b>-9.3%</b>	
	Nissan Mexicana	8.8	12.2%	7.3	17.5%	+5.3%	
	Nissan Motor	9.8	13.6%	5.5	13.3%	-0.3%	
	Dongfeng Motor Company Limited	12.4	17.2%	5.2	12.6%	-4.6%	
	Nissan Europe	5.1	7.0%	3.6	8.7%	+1.7%	
	JATCO (Incl. overseas operations)	7.6	10.6%	3.4	8.3%	-2.3%	
	Nissan North America	10.4	14.4%	2.8	6.7%	-7.7%	
	NISSAN SHATAI	2.3	3.2%	0.9	2.3%	-0.9%	
	Nissan Thailand	0.6	0.8%	0.9	2.2%	+1.4%	
	Marelli Corporation. (Incl. overseas operations)	2.1	2.9%	0.6	1.5%	-1.4%	
	Renault Nissan India	0.4	0.6%	0.07	0.1%	-0.5%	
	Zhengzhou Nissan	0.08	0.1%	0.02	0.04%	-0.06%	
	Nissan Indonesia	0.07	0.09%	0.01	0.02%	-0.07%	

# Consolidated Sales by Customer (Other customers)

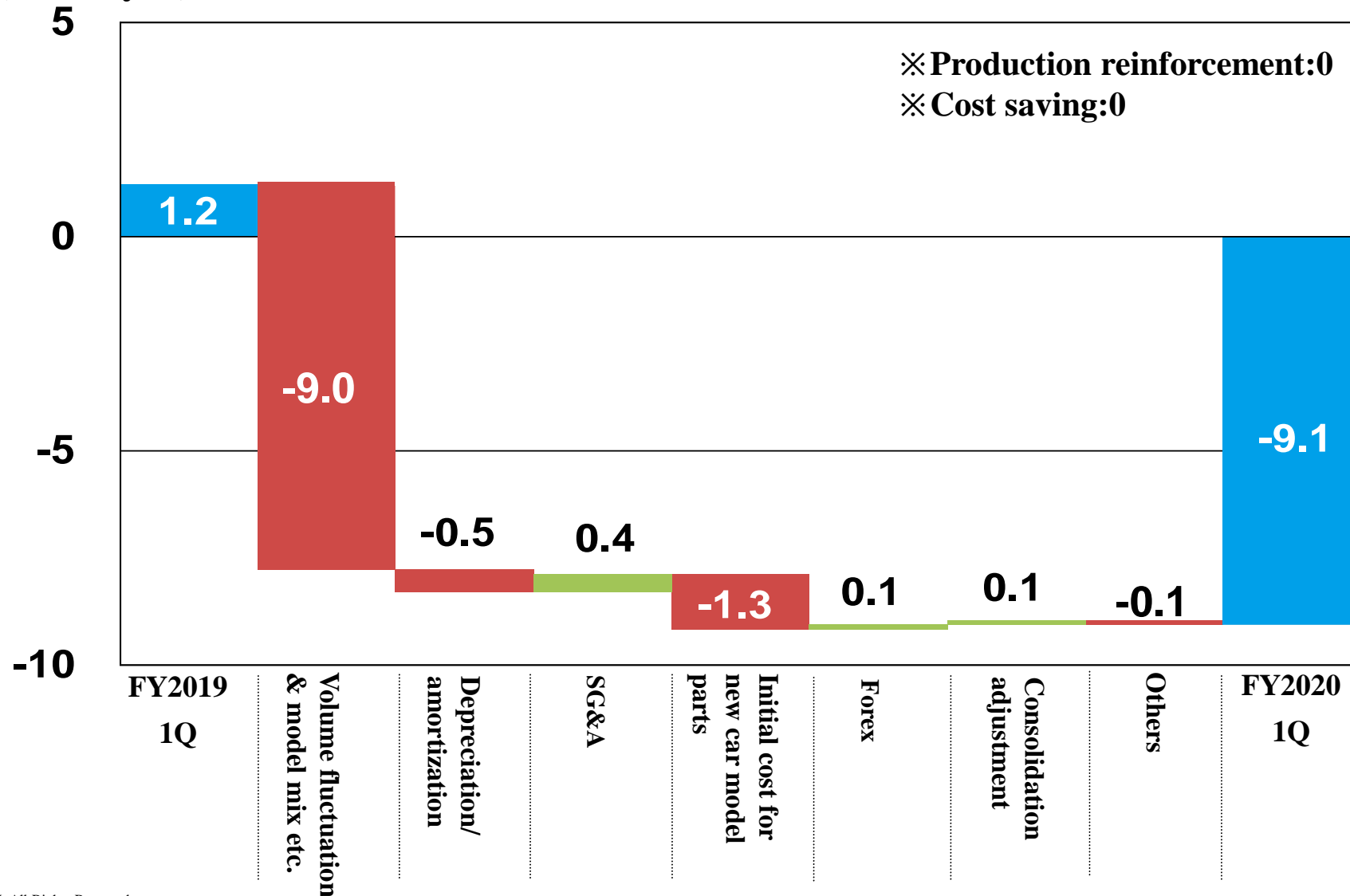
※ The composition ratio rose by 9.3% as a result of sales increase of Renault S.A.S. and Groupe PSA by making UM Corporation, SAS. a subsidiary.

		1Q, FY2019		1Q, FY2020		Variance	(billion yen)
		Sales	%	Sales	%		
<b>Other customers</b>	<b>Sub-total</b>	<b>11.7</b>	<b>16.2%</b>	<b>10.6</b>	<b>25.5%</b>	<b>+9.3%</b>	
Incl.)	Honda of The U.K. Manufacturing Ltd.	1.2	1.7%	0.7	1.7%	0.0%	
Honda	Honda of America Mfg., Inc.	1.6	2.3%	0.7	1.7%	-0.6%	
	Honda De Mexico, S.A. De C.V.	0.9	1.3%	0.5	1.3%	0.0%	
	Honda Motor Co., Ltd.	0.8	1.1%	0.5	1.3%	+0.2%	
	P.T. Honda Prospect Motor	0.2	0.3%	0.2	0.5%	+0.2%	
	Renault S.A.S.	1.1	1.6%	1.6	3.8%	+2.2%	
	Groupe PSA	-	-	1.0	2.5%	+2.5%	
	AISIN AW CO., LTD. (Incl. overseas operations)	0.6	0.8%	0.6	1.4%	+0.6%	
Mazda	Mazda Motor Corporation	0.5	0.8%	0.2	0.5%	-0.3%	
	Mazda Motor Manufacturing de Mexico, S.A. de C.V.	0.2	0.3%	0.2	0.4%	+0.1%	
	Dynax Corporation (Incl. overseas operations)	0.3	0.5%	0.2	0.4%	-0.1%	
	SUBARU CORPORATION	0.3	0.5%	0.1	0.2%	-0.3%	
	SUZUKI MOTOR CORPORATION (Incl. overseas operations)	0.3	0.5%	0.1	0.2%	-0.3%	
	NSK-Warner K.K.	0.1	0.1%	0.07	0.1%	0.0%	
	MITSUBISHI MOTORS CORPORATION (Incl. overseas operations)	0.3	0.5%	0.07	0.1%	-0.4%	
	Hino Motors, Ltd. (Incl. overseas operations)	0.07	0.09%	0.06	0.1%	0.01%	
	Daihatsu Motor Co., Ltd.	0.08	0.1%	0.05	0.1%	0.0%	
	Musashi Seimitsu Industry Co., Ltd.	0.05	0.06%	0.04	0.09%	+0.03%	
	UD Trucks Corporation	0.05	0.06%	0.03	0.07%	+0.01%	
	Isuzu Motors Limited (Incl. overseas operations)	0.03	0.04%	0.03	0.07%	+0.03%	



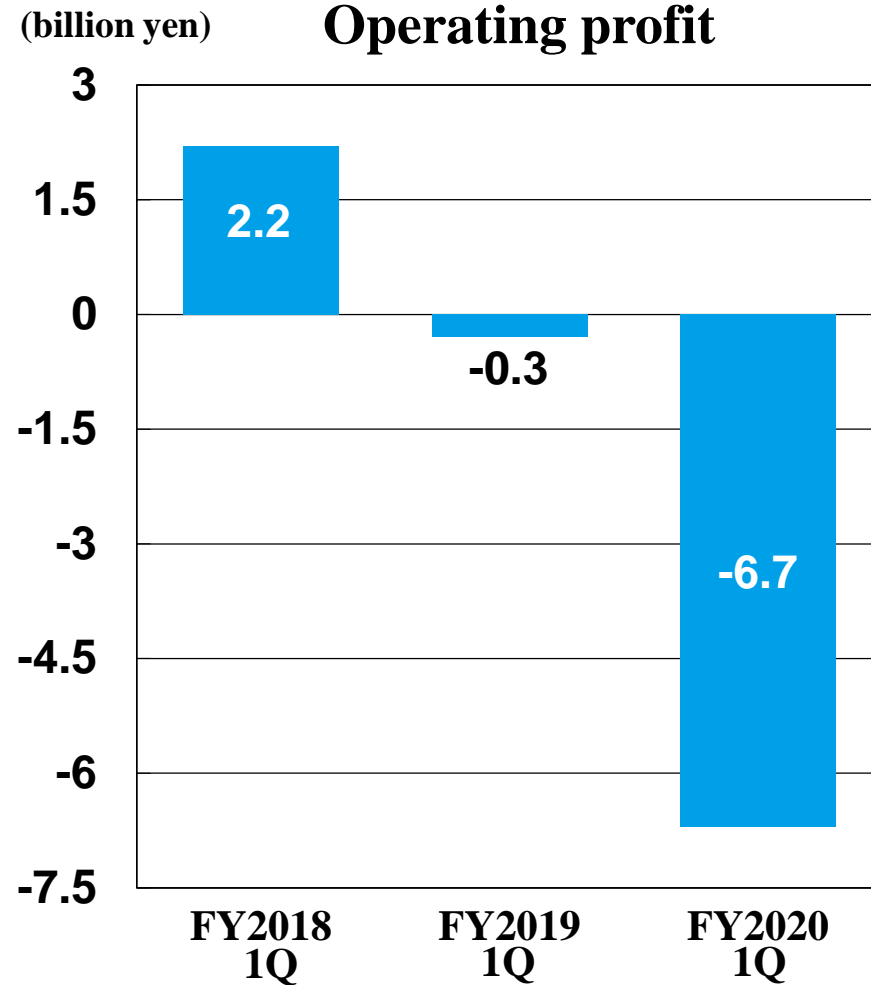
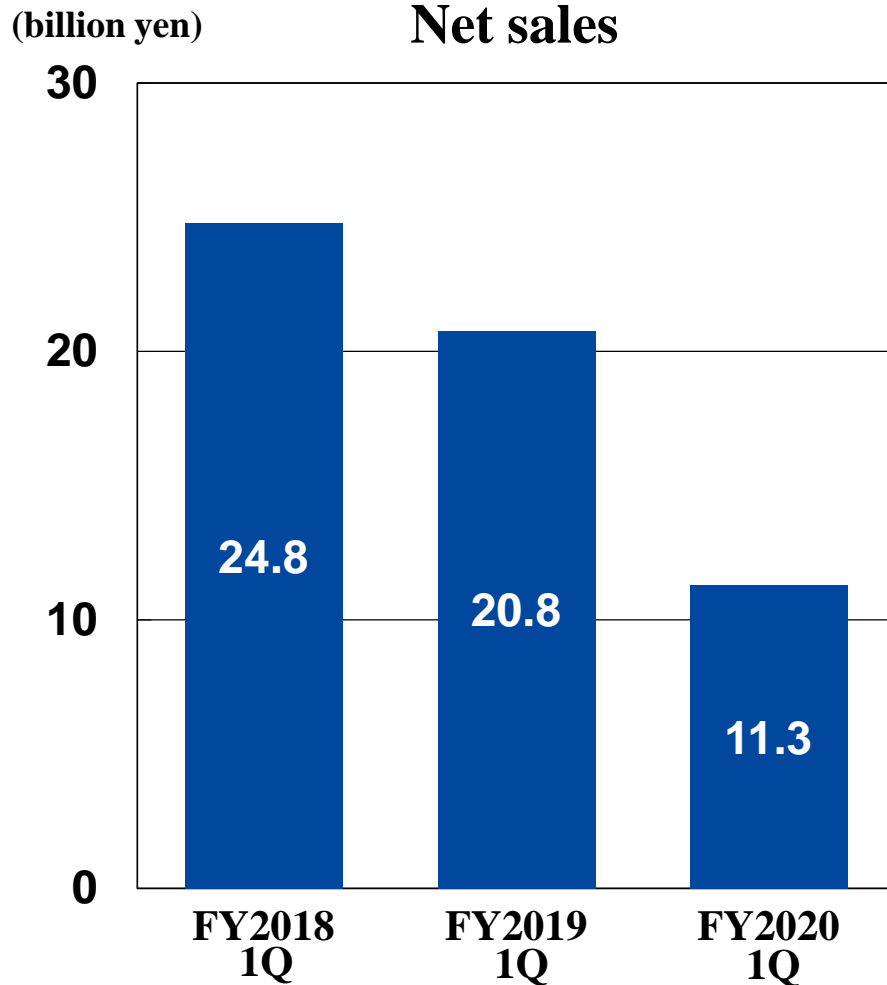
# Operating Profit Variance Analysis

(billion yen)



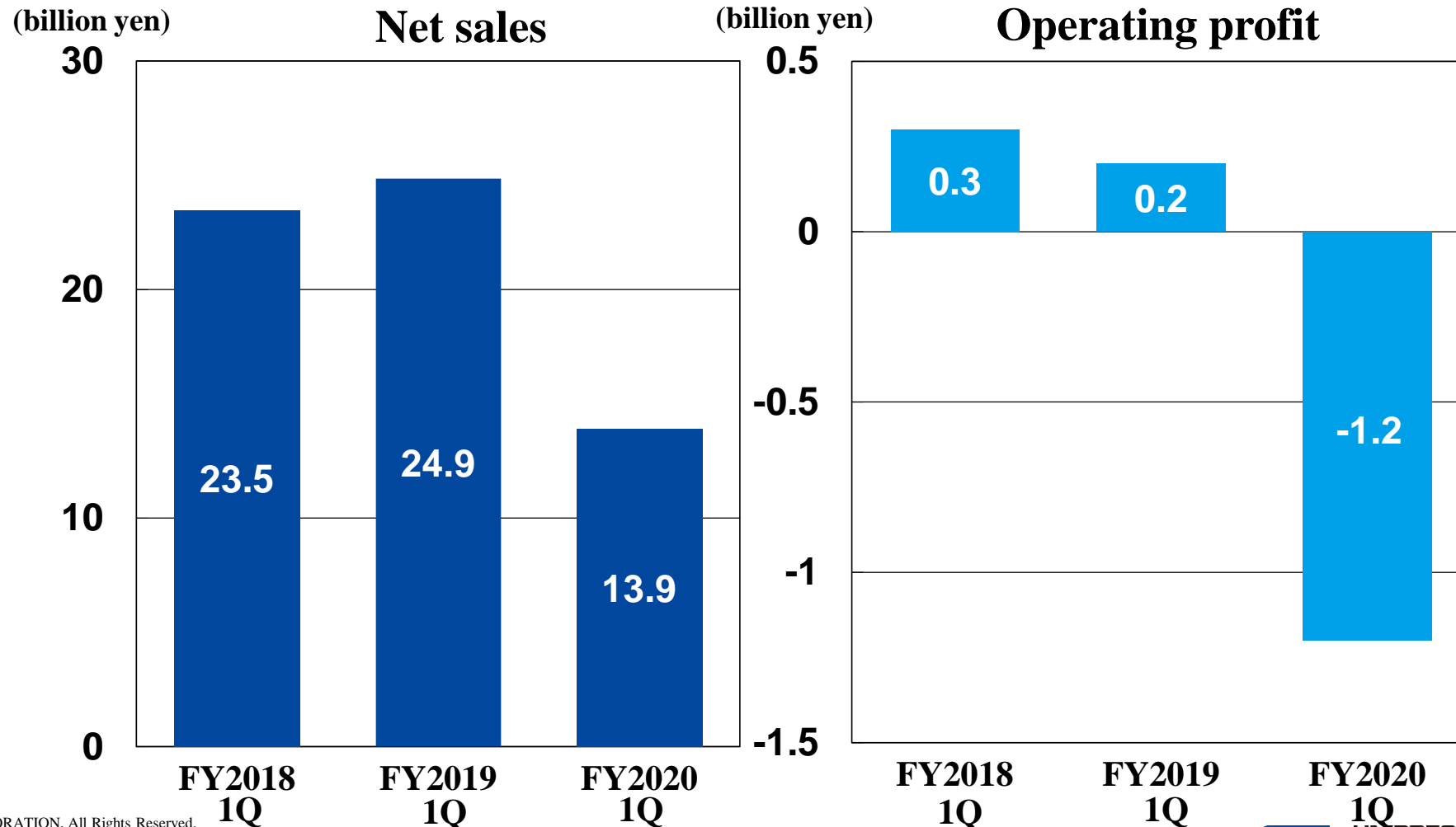
# Sales/Operating Profit by Region (Japan)

- ※ Net sales dropped by 45.6% mainly due to customers' reduced production caused by the spread of corona virus.
- ※ Operating profit was lost by 6.7 billion yen because of the increase of new model parts launching cost, etc.



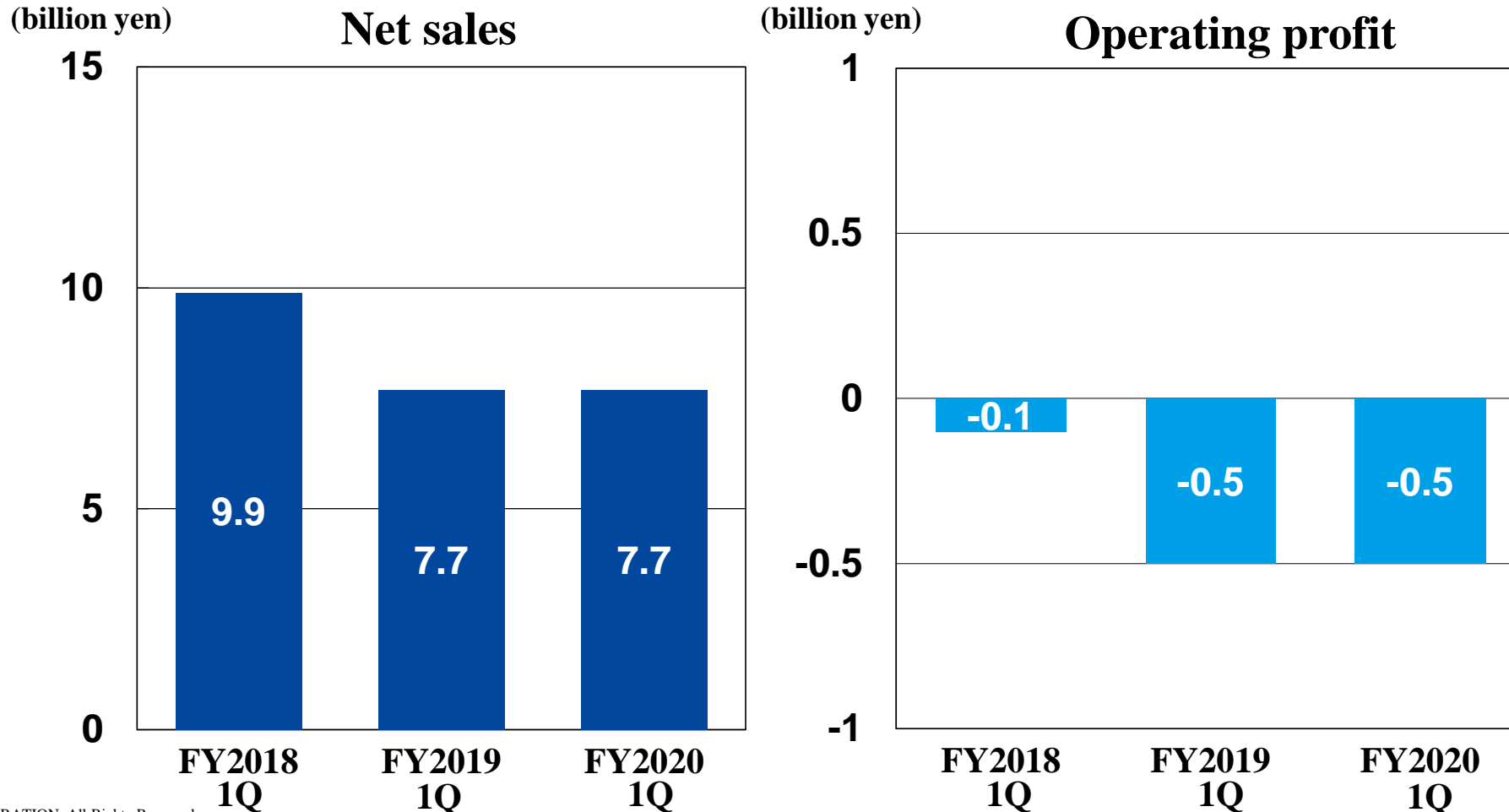
# Sales/Operating Profit by Region (The Americas)

- ※ Net sales dropped by 44.1% because of customers' reduced production and shutdown of the customers' operations in response to the stay-at-home order and movement control order that had been caused by the spread of corona virus.
- ※ Operating profit was lost by 1.2 billion yen as a result of a sharp decrease in net sales.



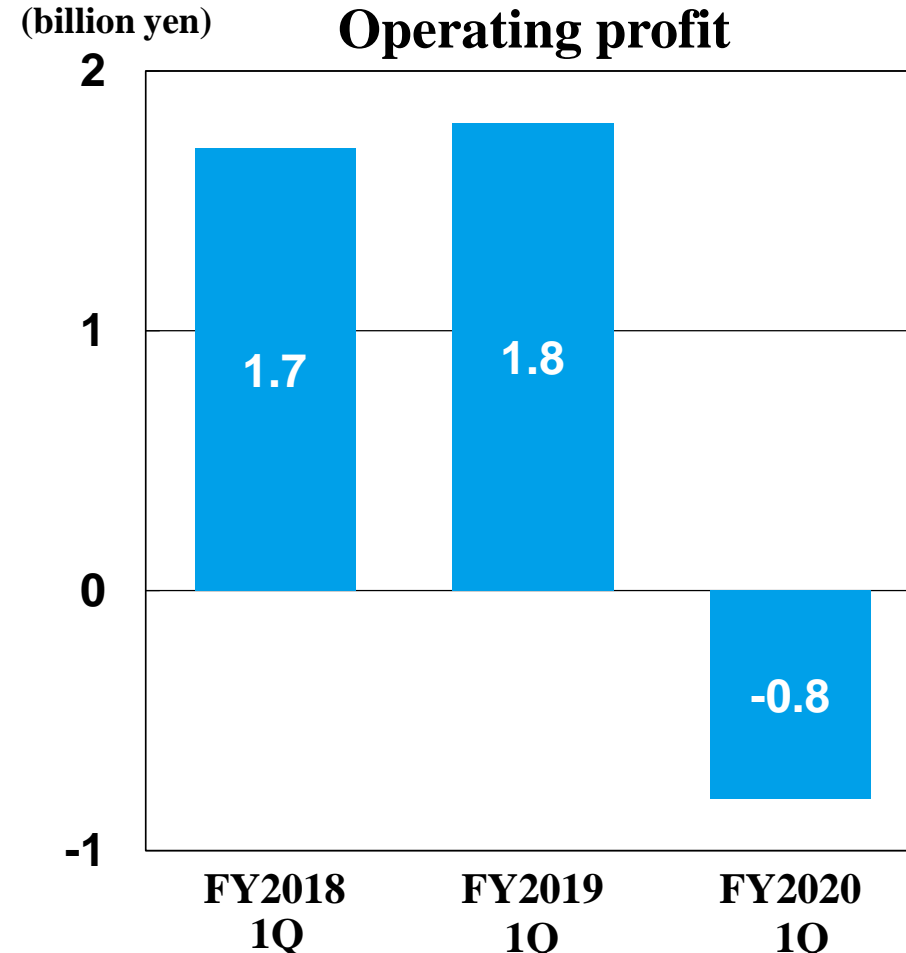
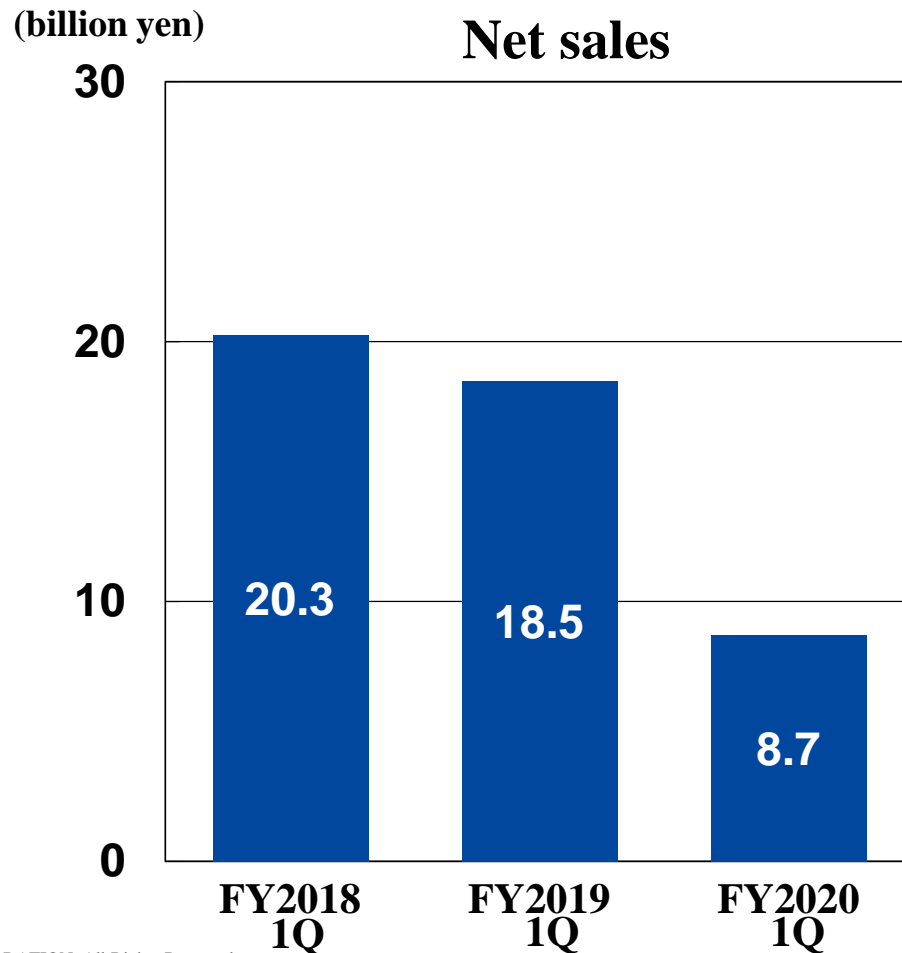
# Sales/Operating Profit by Region (Europe)

- ※ Despite the effect of making UM Corporation, SAS. a consolidated subsidiary, net sales was at the same level compared to the previous year due to customers' reduced production caused by the spread of corona virus in addition to Forex impact, etc.
- ※ Operating profit was lost by 0.5 billion yen.



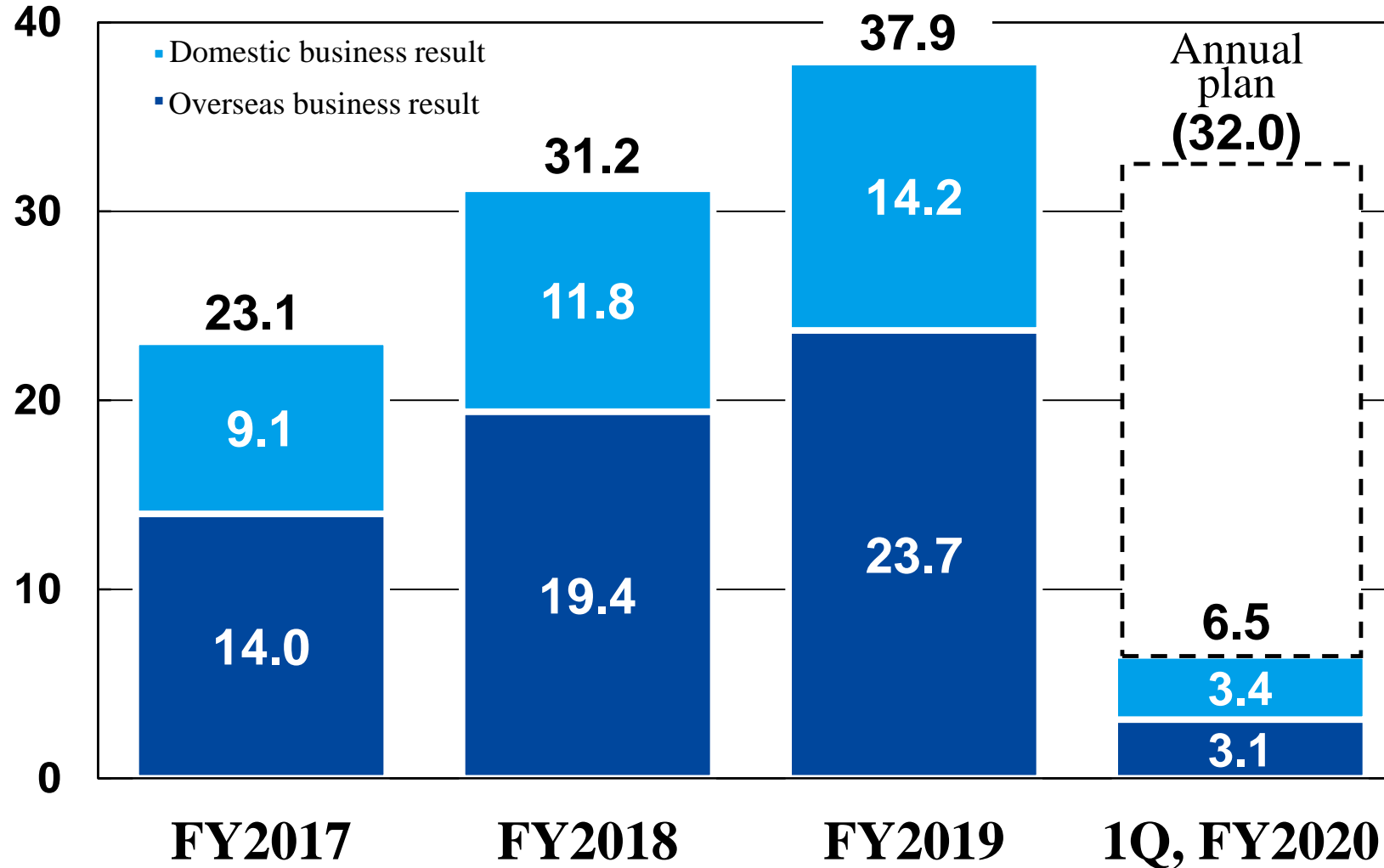
# Sales/Operating Profit by Region (Asia)

- ※ Net sales dropped by 52.9% because of customers' reduced production and shutdown of the customers' operations in response to the stay-at-home order and movement control order that had been caused by the spread of corona virus.
- ※ Operating profit was lost by 0.8 billion yen as a result of a sharp decrease in sales.



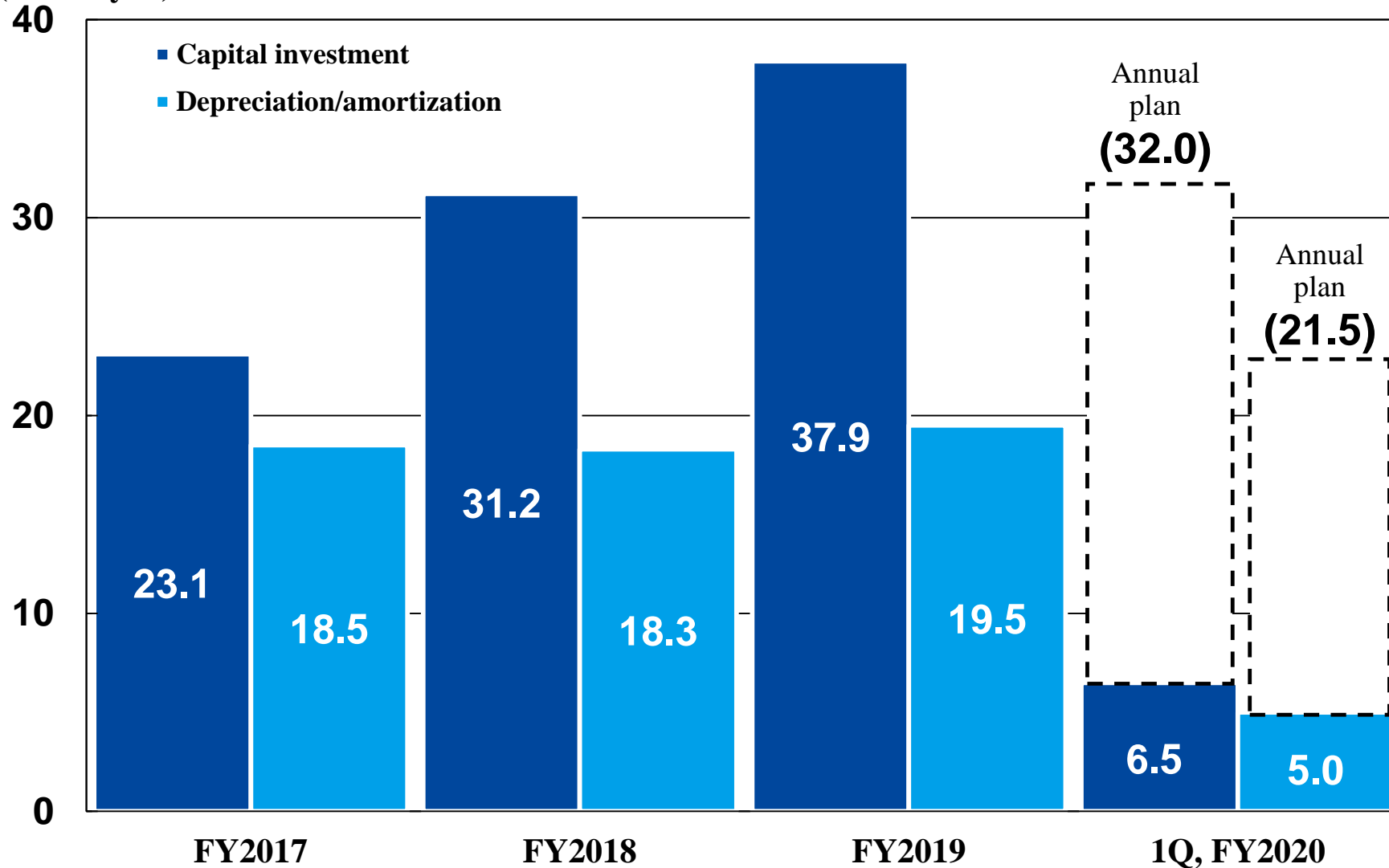
# Capital Investment

(billion yen)



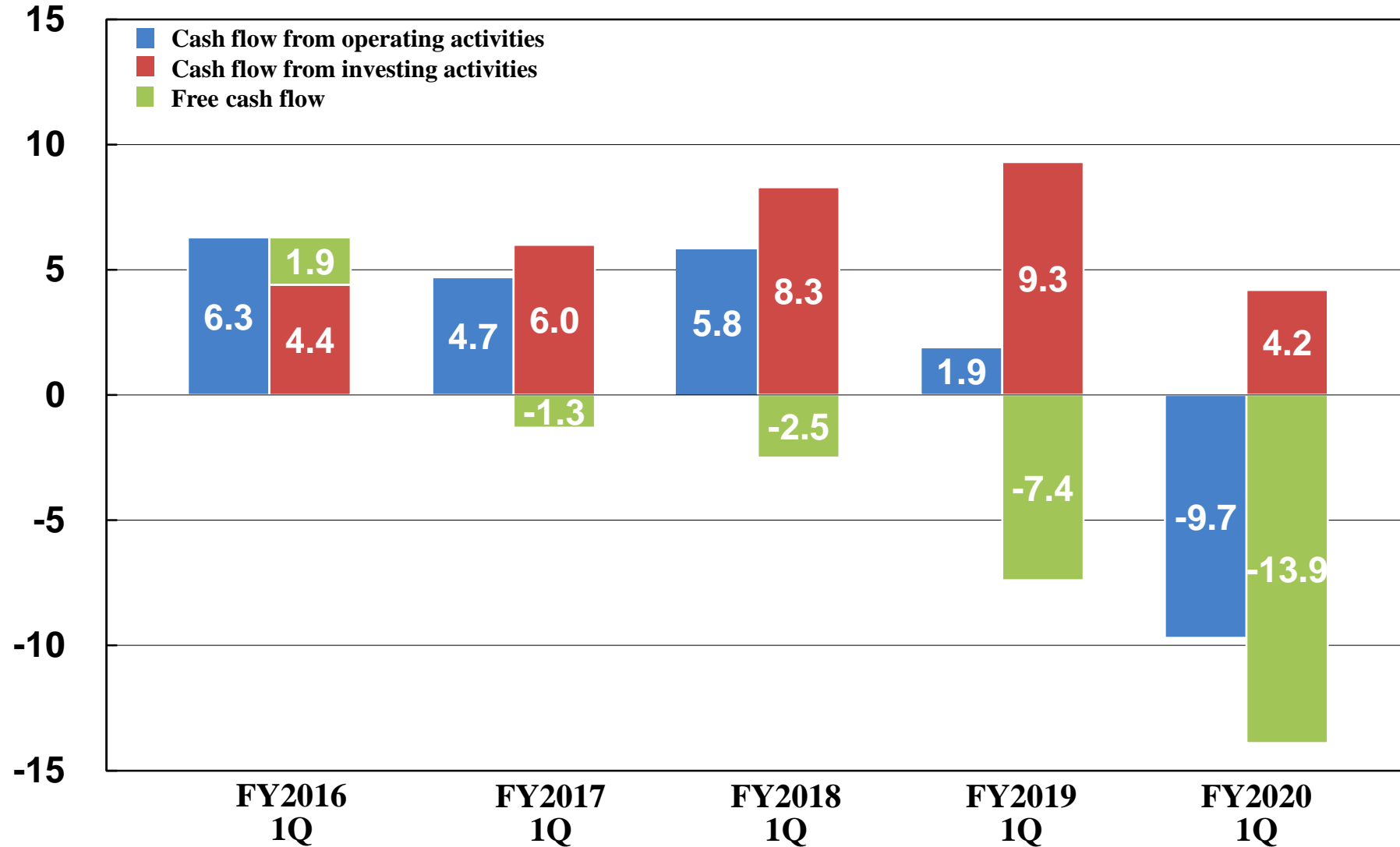
# Capital Investment & Depreciation/Amortization

(billion yen)



# Cash Flows

(billion yen)



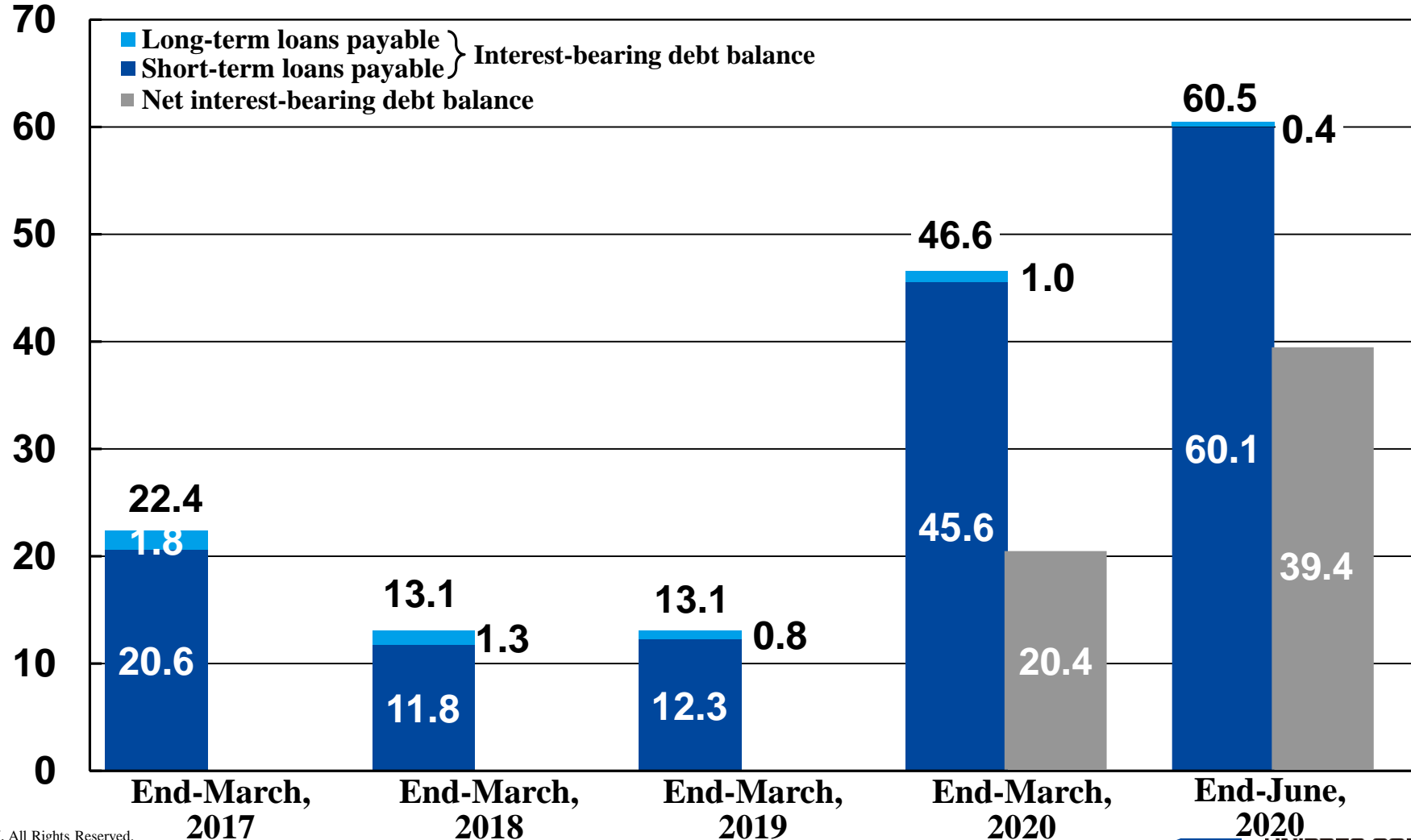


# Interest-bearing Debt & Net Interest-bearing Debt Balance

※ Interest-bearing debts increased by 13.9 billion yen compared with the end-March, 2020.

※ Net interest-bearing debts including cash and deposits was 19 billion yen.

(billion yen)





# Forecast of FY2020

# 2020 Consolidated Business Forecast Highlights

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- 1. Net sales forecast to decline mainly due to customers' production decreased and Forex impact.**
- 2. Operating profit forecast to decrease due to sales decline.**
- 3. Large capital investment is projected due to investment of model change including hot stamping.**

# Impact of COVID-19 Pandemic on Business Activities

※ While the Unipres group have been impacted by COVID-19 including a sharp decline in production units during a certain period in 2020, we expect to recover in the second half of FY2020.

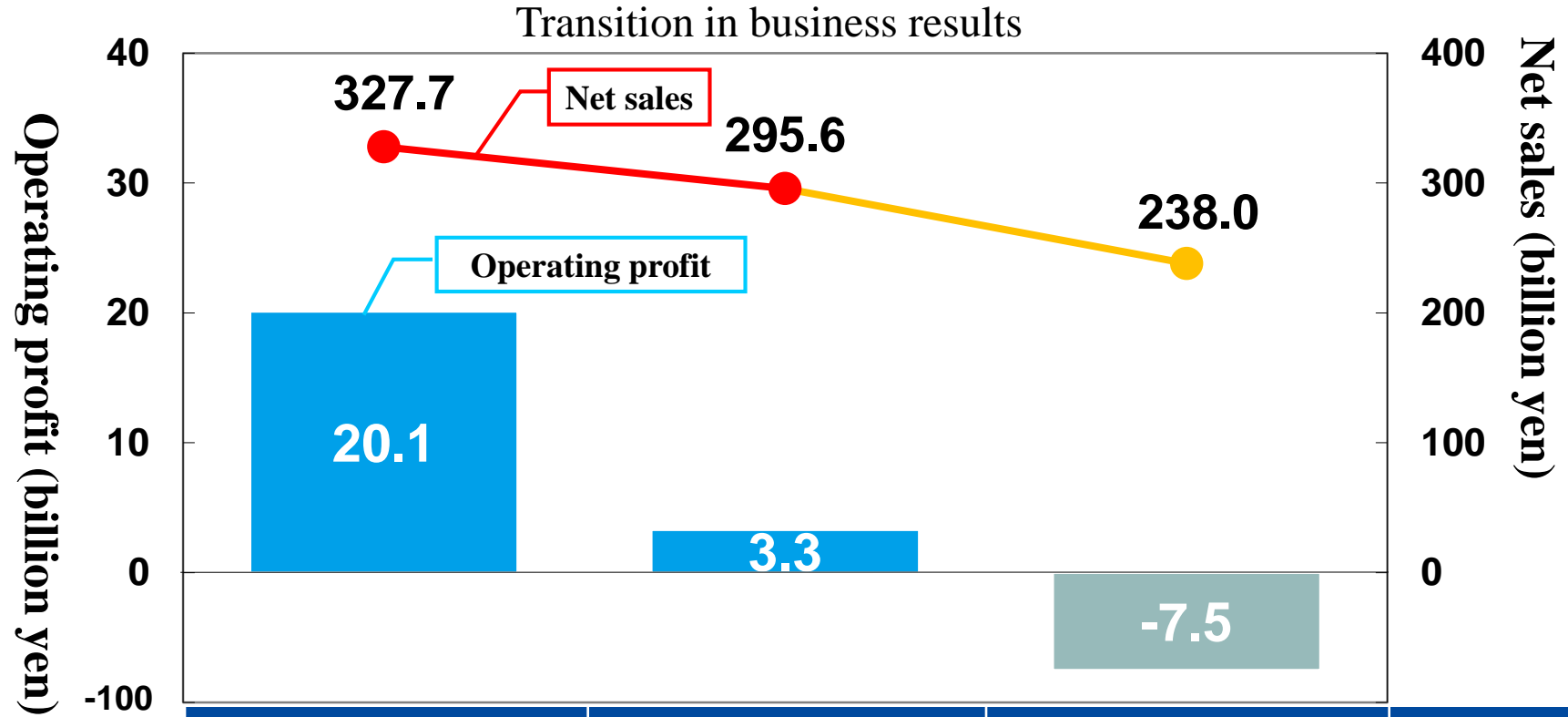
## < Variance ratio of production units (year on year) >

		1Q, FY2020 Results	2Q Forecast	The 2 <sup>nd</sup> half of FY2020 Forecast
Variance ratio of production units (year on year)	Japan	- 67%	- 47%	7%
	The Americas	- 47%	- 55%	7%
	Europe	- 5%	- 88%	12%
	Asia	- 52%	- 7%	11%
	Total	- 48%	- 38%	9%

## < Operation status of production (as of August, 2020) >

- ◆ **Japan**: Adjustments were made to production from mid-February and operations returned to normal since mid-August.
- ◆ **The Americas**: Operations suspended from mid-March, resumed from early June one after another and returned to normal since July.
- ◆ **Europe**: Operations suspended from mid-March (excluding some operations), resumed from early June one after another and returned to normal since July.
- ◆ **China**: All operations suspended from early February to late March then resumed one after another and returned to normal since April.
- ◆ **Asia (excluding China)**: Operations suspended from mid-March (excluding some operations) and resumed one after another from early June.

# Consolidated Business Forecast for FY2020



	FY2018	FY2019(A)	FY2020 forecast(B)	(B)-(A)
Net sales	327.7	295.6	238.0	-57.6
Operating profit	20.1	3.3	-7.5	-10.8
Ordinary profit	20.9	3.4	-7.5	-10.9
Net income attributable to owners of parent	12.8	-3.9	-11.0	-7.1

# Consolidated Sales by Product Group

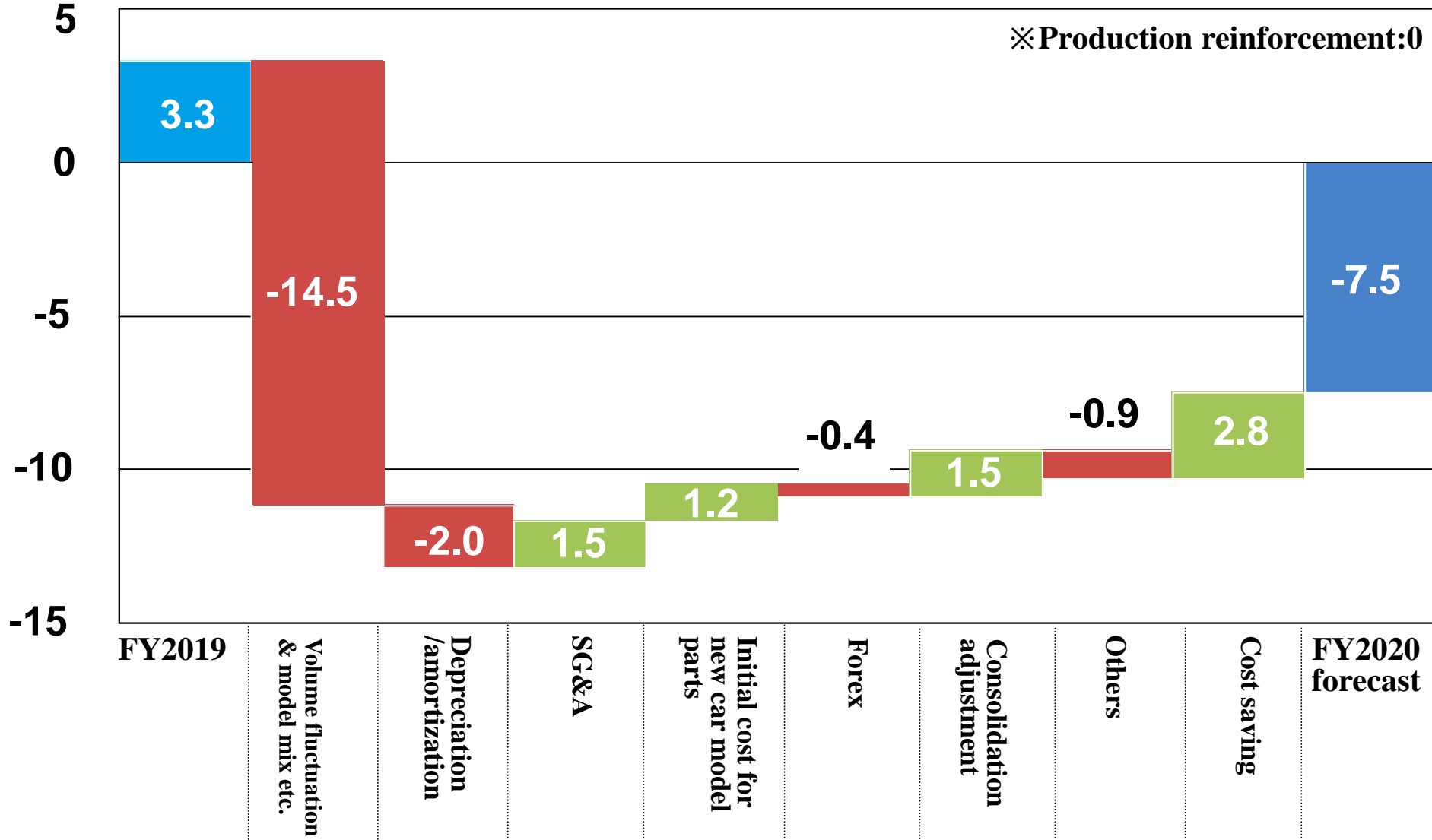
(billion yen)

	FY2019		FY2020		Variance	Variance %
	Sales	%	Sales	%		
<b>Car body press products</b>	<b>249.8</b>	<b>84.5%</b>	<b>200.7</b>	<b>84.3%</b>	<b>-49.1</b>	<b>-0.2%</b>
<b>Transmission products</b>	<b>40.3</b>	<b>13.6%</b>	<b>32.0</b>	<b>13.4%</b>	<b>-8.3</b>	<b>-0.2%</b>
<b>Plastic products</b>	<b>3.7</b>	<b>1.3%</b>	<b>3.2</b>	<b>1.4%</b>	<b>-0.5</b>	<b>+0.1%</b>
<b>Other</b>	<b>1.8</b>	<b>0.6%</b>	<b>2.1</b>	<b>0.9%</b>	<b>+0.3</b>	<b>+0.3%</b>
<b>Total</b>	<b>295.6</b>	<b>100%</b>	<b>238.0</b>	<b>100%</b>	<b>-57.6</b>	<b>—</b>



# Forecast of Operating Profit Variance Analysis

(billion yen)





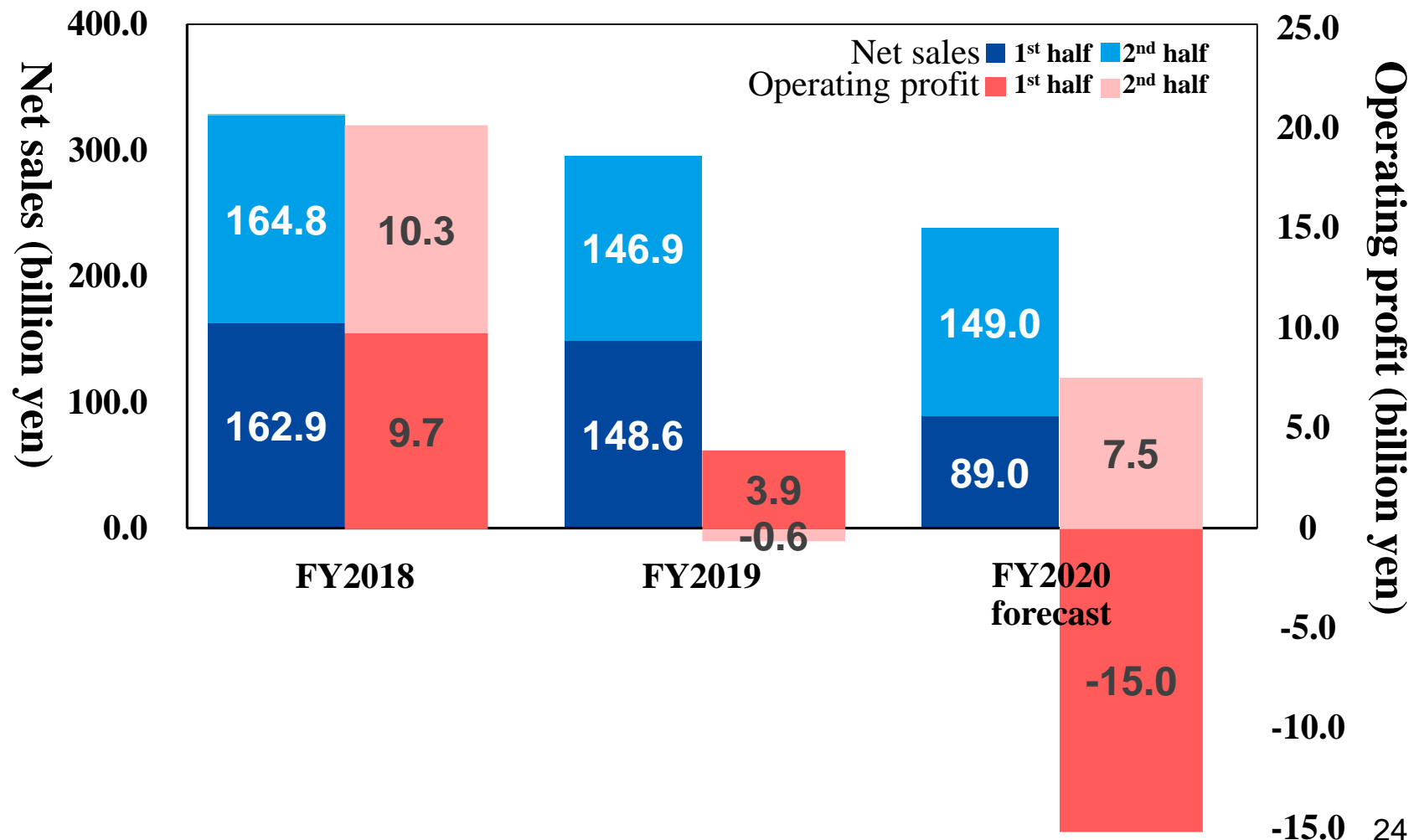
# Activities for Improvement of Profit

## ※ Taking measures to improve profit

### 【Transition in net sales/operating profit】

#### <Activities for improvement of profit>

- Labor cost reduction
  - personnel reduction
  - temporally business suspension
  - government grants
- Cost (SG&A) reduction
- Capital investment reduction
- Decrease of new model parts launching cost
- Increase of cost saving





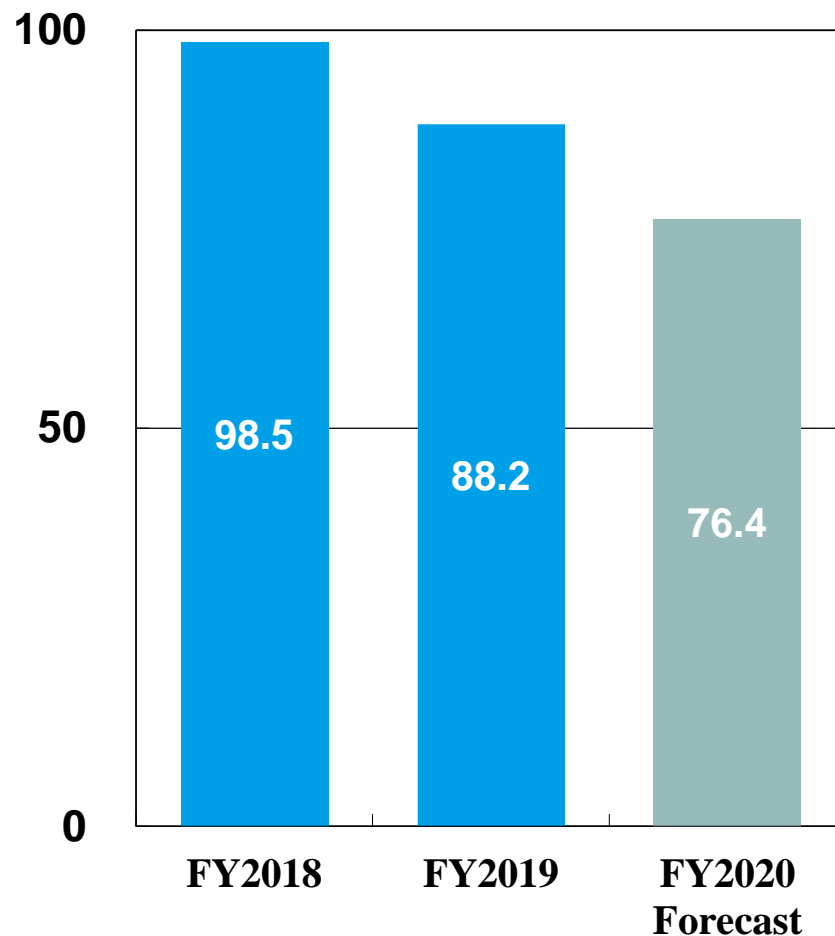


# Sales/Operating Profit by Region (Japan)

- ※ Net sales is expected to decrease because of production cut, etc.
- ※ Operating profit is expected to be lower due to the payment of price adjustment for transfer pricing taxation in addition to production cut by customer.

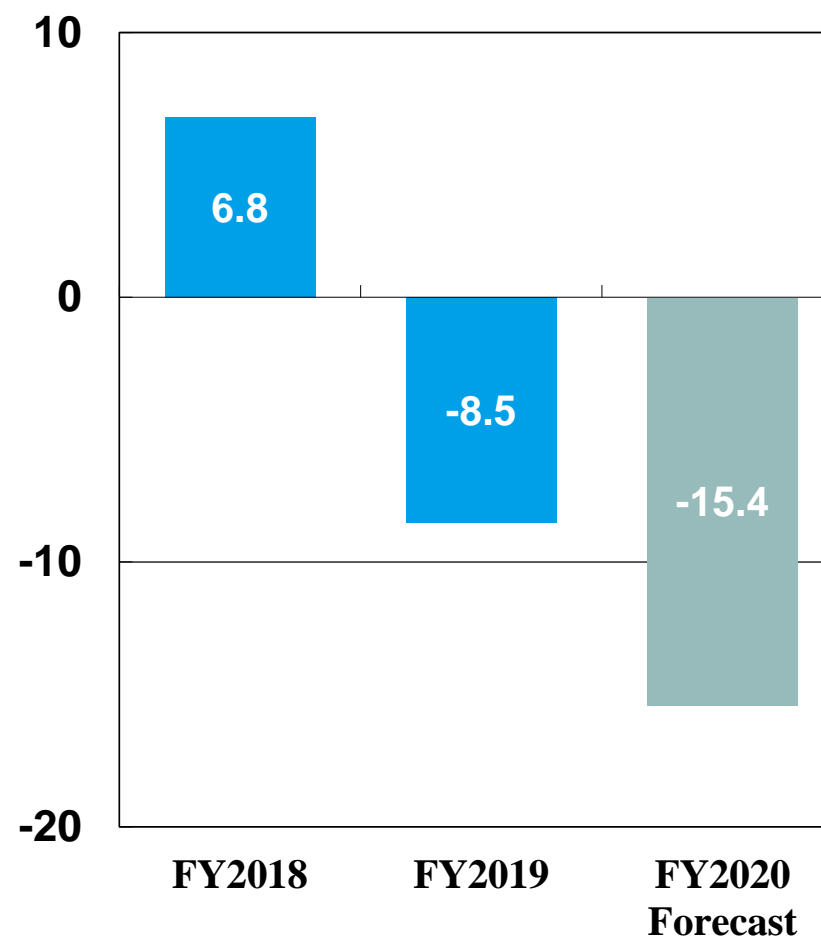
(billion yen)

### Net sales



(billion yen)

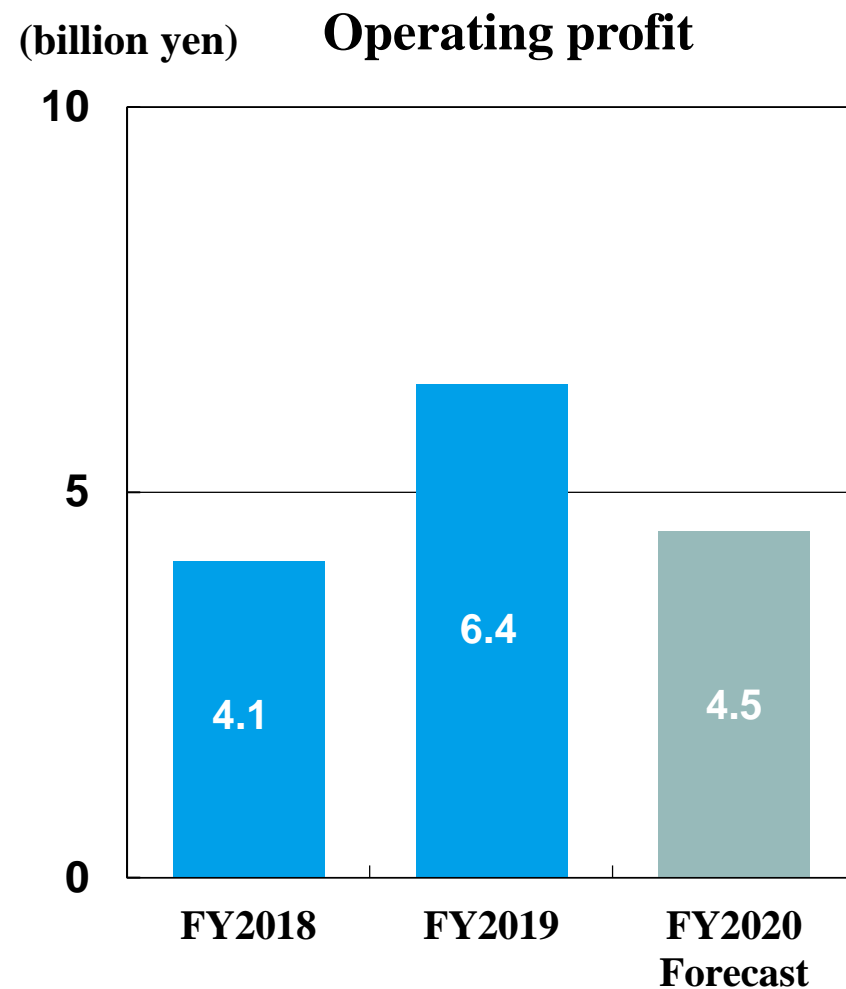
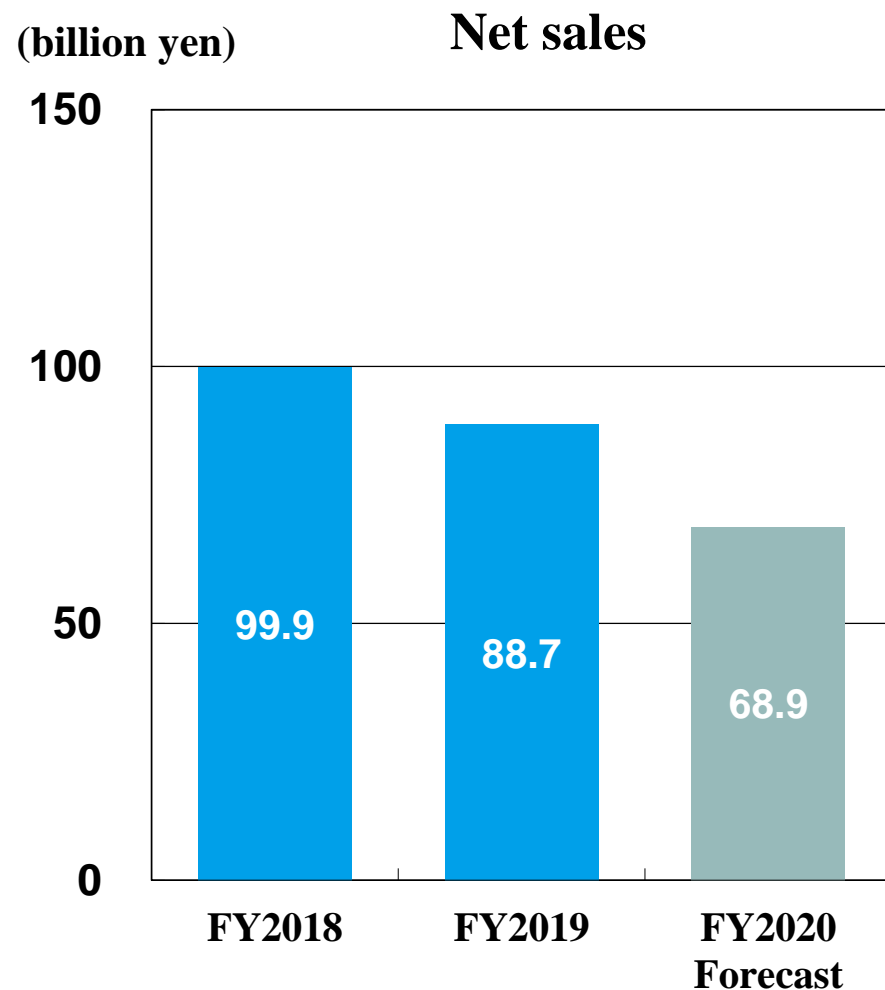
### Operating profit





# Sales/Operating Profit by Region (the Americas)

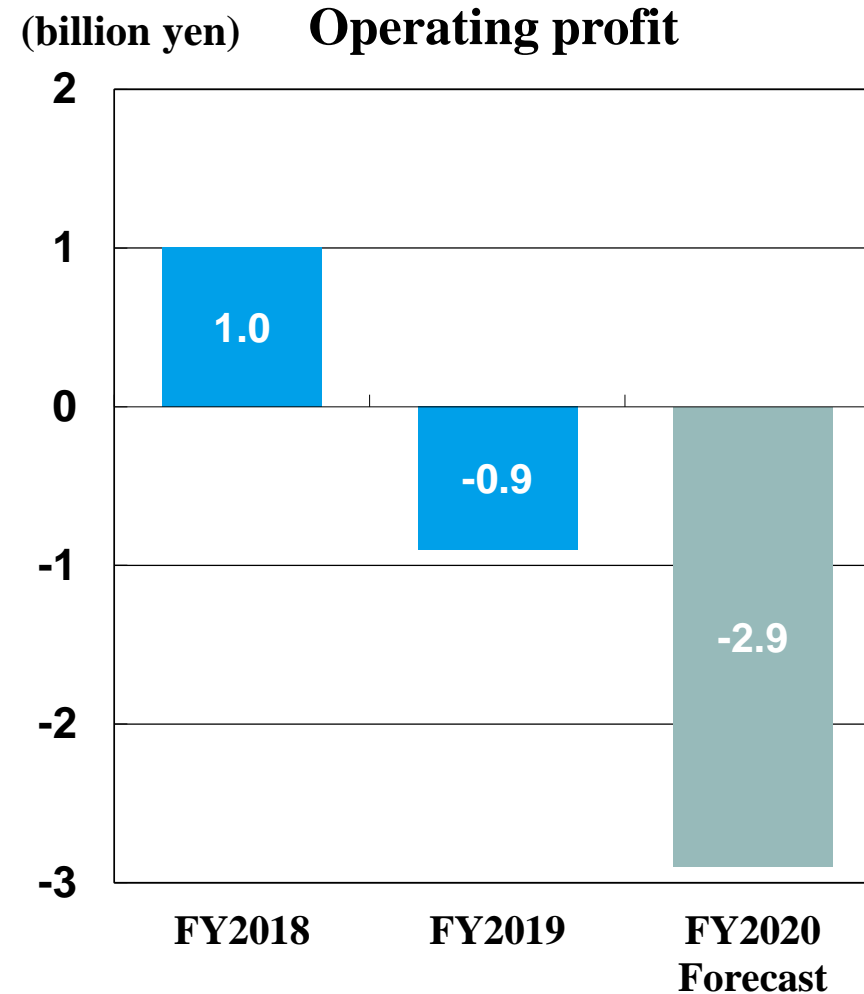
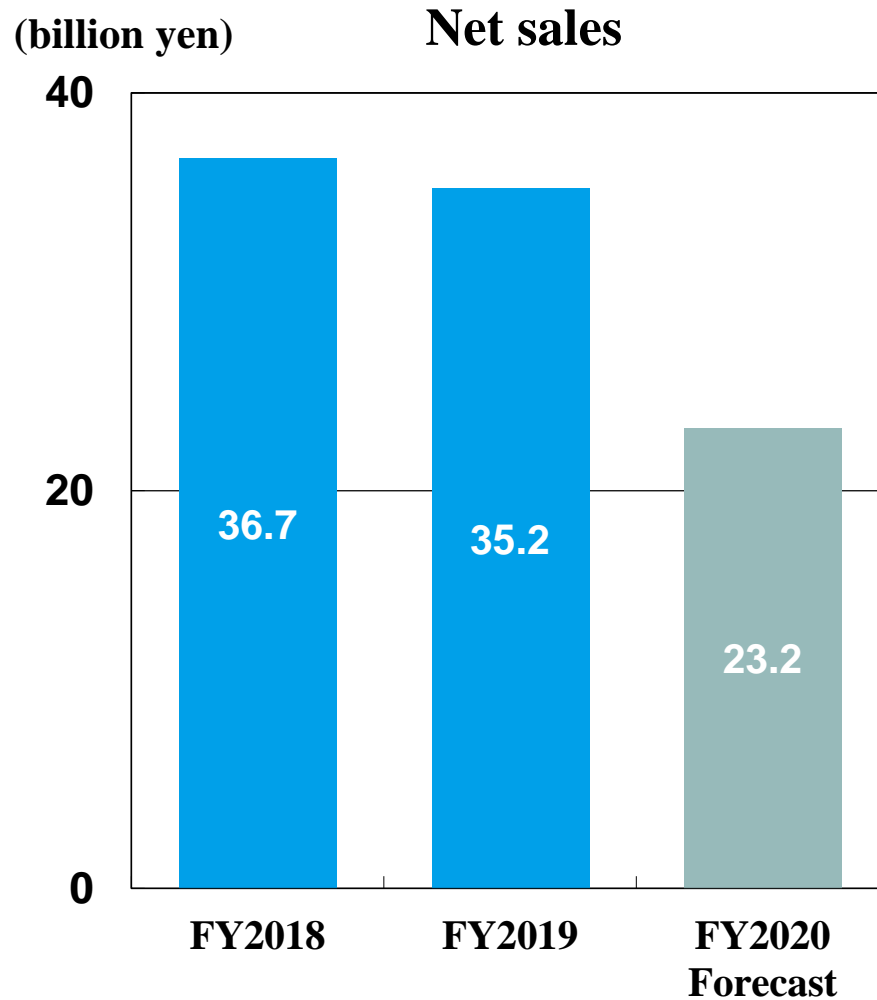
- ※ Net sales is expected to drop due to production cut and Forex impact, etc.
- ※ Despite the effect of the increase of price adjustment for transfer pricing taxation, operating profit is expected to be lower due to sales decrease.





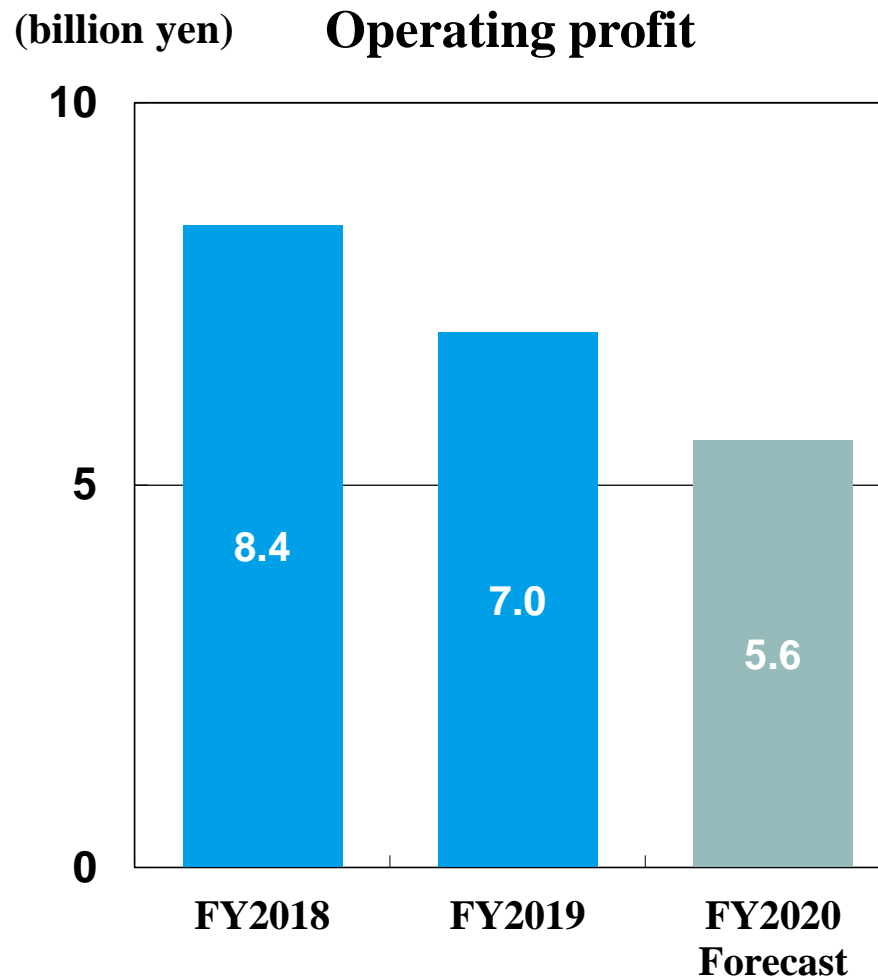
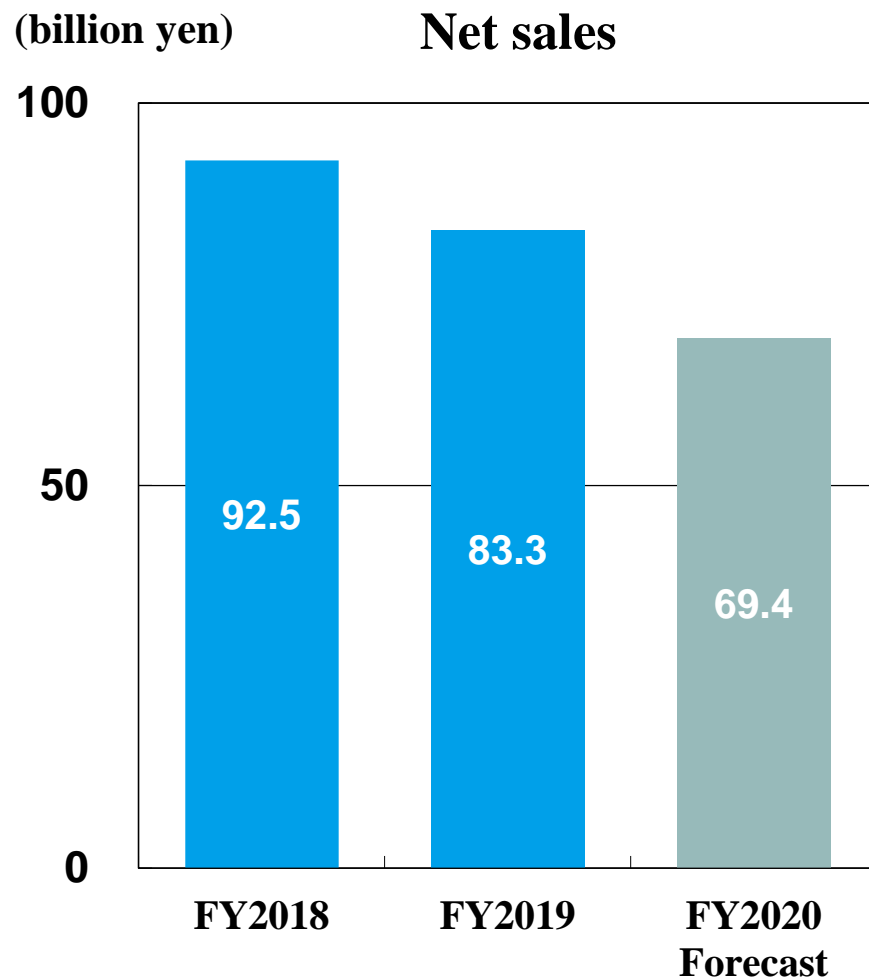
# Sales/Operating Profit by Region (Europe)

- ※ Net sales is expected to drop due to production cut and Forex impact, etc.
- ※ Operating profit is expected to be lower because of sales decrease.



# Sales/Operating Profit by Region (Asia)

- ※ Net sales is expected to drop because of production cut by customer and Forex impact, etc.
- ※ Operating profit is expected to be lower because of sales decrease.

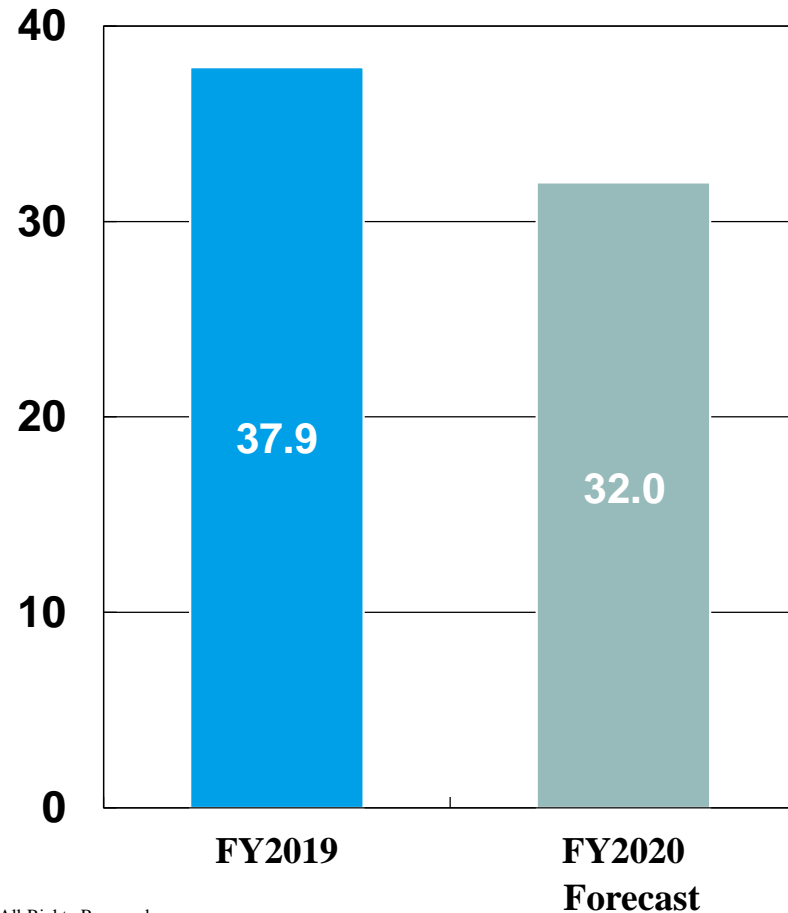


# Capital investment & Depreciation /Amortization plan

- ※ Although a high level capital investment will continue due to investment of model change including hot stamping, capital investment forecast to be lower in order to improve profit.
- ※ Depreciation / amortization is expected to rise by 2 billion yen.

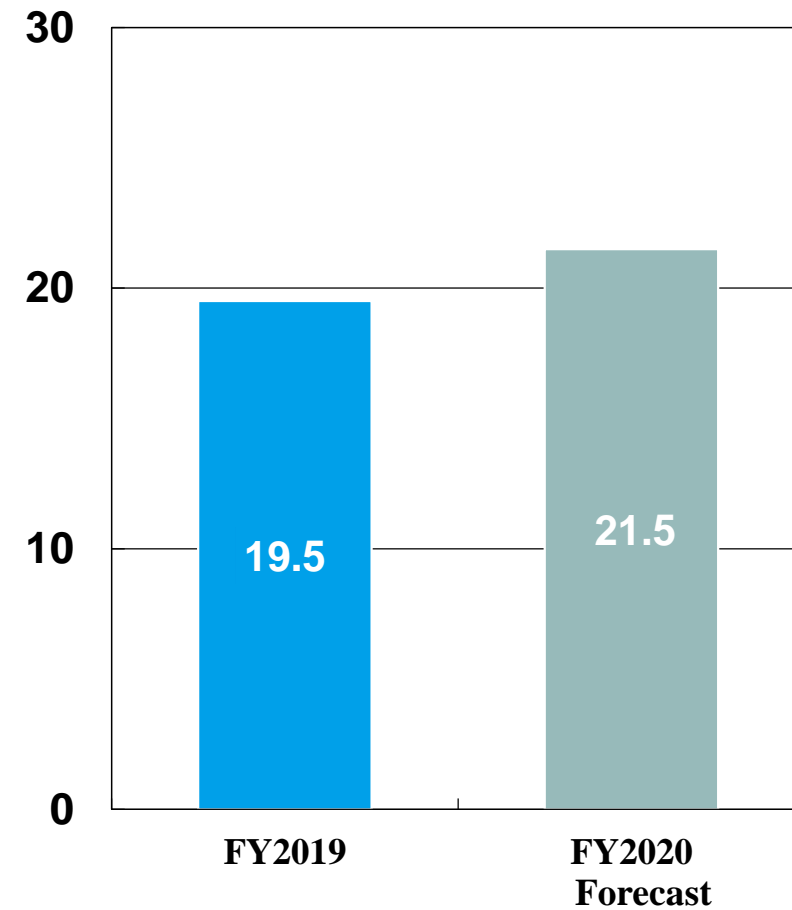
(billion yen)

**Capital investment**



(billion yen)

**Depreciation / amortization**



- Dividends at end of 2nd quarter ▪ ▪ ▪ As the business results for the second quarter of FY2020 ending March 31, 2021 is forecast to be significantly smaller, no interim dividend will be paid.
- Dividends at year end ▪ ▪ ▪ While the year end dividend remains undetermined at this point, we will consider it according the circumstances.

	FY2020 ending March 31, 2021	
	End of 2nd quarter	Year-end
Dividend per share	0.00 yen	Undetermined

# Financial Base and Capital Raising

Financial base is still at a sound level and capital raising is also not an issue

<b>【Financial base】</b>	<b>March 2019</b>	<b>June 2020</b>
<b>Interest-bearing debts (billion yen)</b>	13.1	<b>60.5</b>
<b>Cash and deposits (billion yen)</b>	31.6	<b>21.1</b>
<b>Net interest-bearing debts (billion yen)</b>	-	<b>39.4</b>
<b>Equity ratio (%)</b>	59.9	<b>46.9</b>
<b>Debt equity ratio (x)</b>	0.09	<b>0.50</b>

※ Although debt equity ratio is higher, we strive to maintain a strong financial base.

## **【Capital raising】**

<b>Commitment Line (billion yen)</b>	<b>98.0</b>
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※ The commitment line is sufficient for our cash flow for the present.

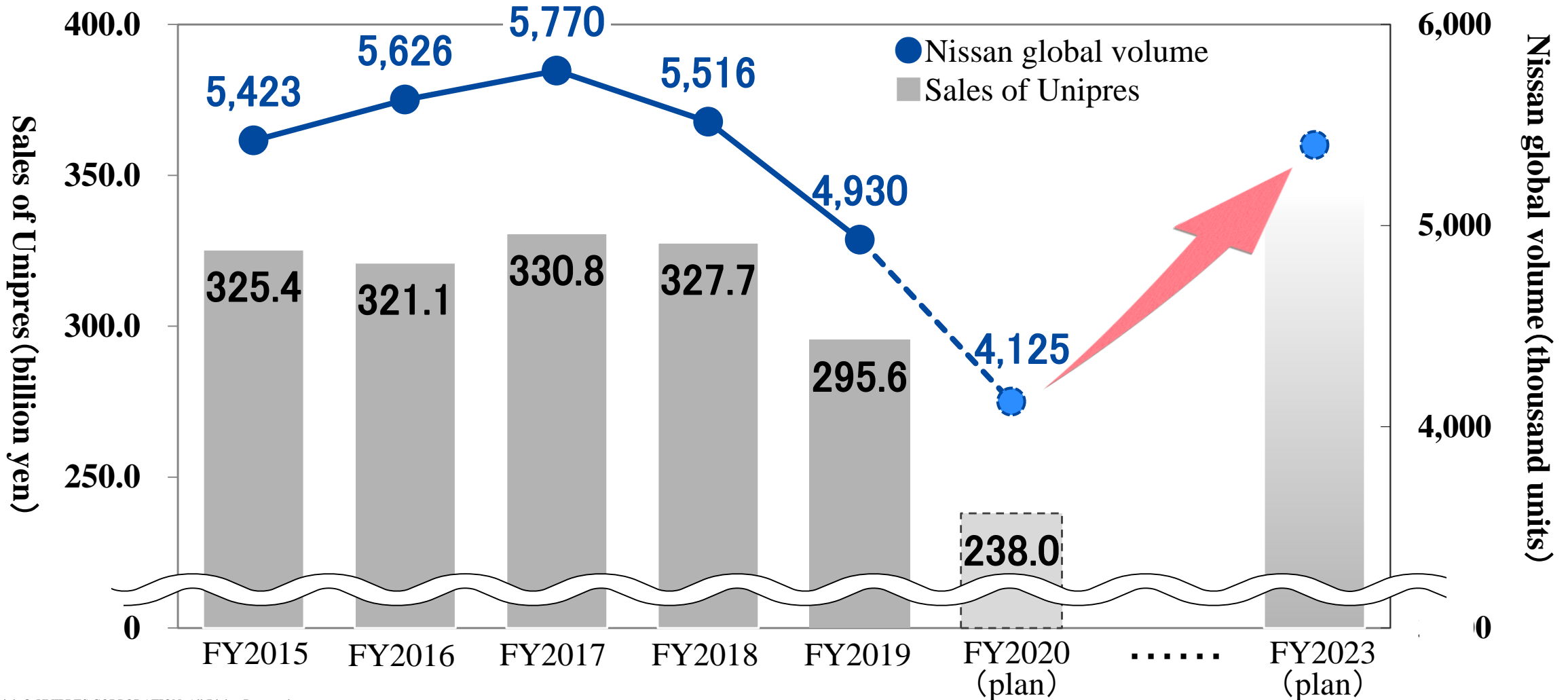


# Mid-Term Business Activities



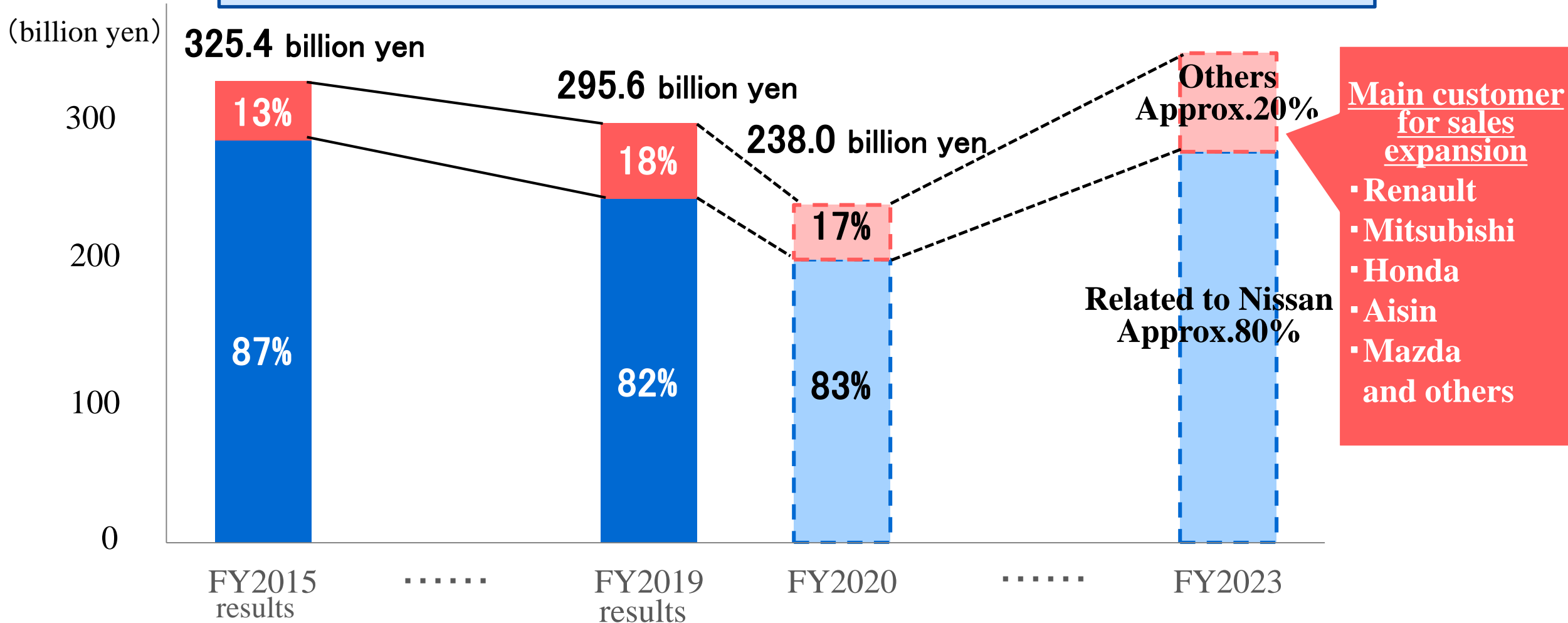
# Nissan Global Volume and Sales of Unipres

Nissan projects to recover volume of FY2023 to the almost same level of FY2015



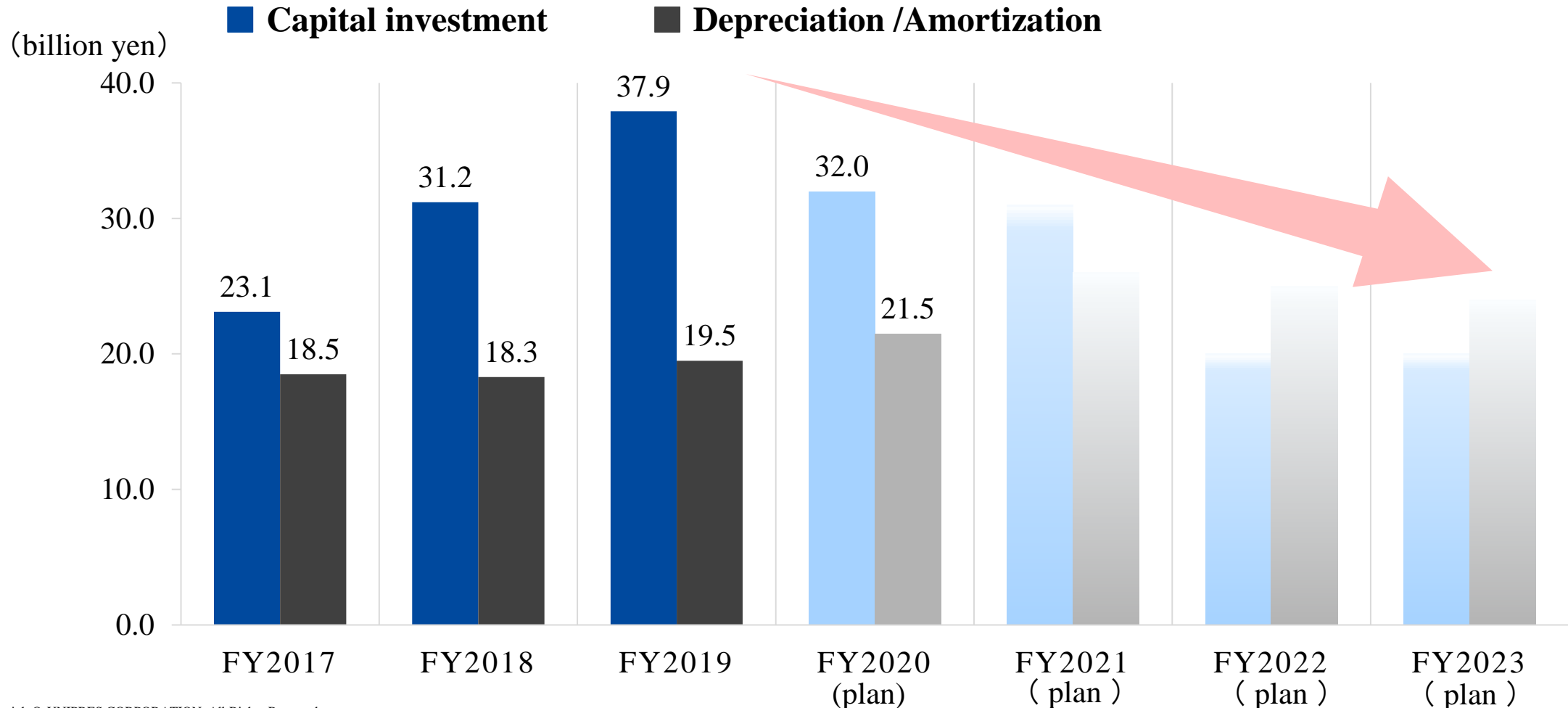
# Sales of Unipres by Customer

As a result of sales expansion, we expect to expand sales with focus on Renault, Mitsubishi and Aisin in FY2023.



# Capital investment & Depreciation /Amortization

**Model change investment including hot stamping will get through a certain phase in FY2021 and decrease gradually after reaching a peak in FY2019.**



# 4 Critical Management Challenges and Initiatives

## 1. Utilizing and strengthening global production foundation

- **Expansion of business**
  - Expanding global sales (Renault, Mitsubishi, Honda, Aisin)
  - Responding to the transformation of automobile industry
- **17 bases in 9 countries**
  - Further strengthening production foundation

## 2. Promotion of technology development

- **Development of New products and New Technologies**
  - Technologies supporting UltraHigh Tensile Strength Steel / Hot Stamp / transition to aluminum
  - Technologies supporting electrification
  - Innovation of production technology
- **Expansion of joint Research with External Resources**
  - Steel mills, car manufacturers

## 3. Top level competitiveness in the industry

- **Enhancement of Cost Competitiveness**
  - Further improvement in UPS activity  
-15KPI  
※Key Performance Indicator
- **Improvement in Quality**
  - Promotion of automation / application of AI

## 4. CSR activity considering SDGs issue



**UNIPRES**

	1Q, FY2019		1Q, FY2020		Preconditions of FY2020 forecast
	Average for the period	term end	Average for the period	term end	
US \$	109.66	107.75	107.38	107.74	105.60
STG £	145.19	144.99	139.16	133.46	132.00
EURO	125.28	124.56	120.09	119.65	119.70
MEX \$	5.75	5.74	5.33	4.57	4.85
RMB	16.44	16.48	15.52	15.30	15.16
INR	1.58	1.56	1.42	1.43	1.44
THB	3.50	3.49	3.44	3.34	3.41
IDR	0.0078	0.0078	0.0075	0.0067	0.0074

(yen)

# Precautions for treatment of material

The future outlook of the Company mentioned in this presentation material was prepared based on information available to the Company that point in time.

This is absolutely an expectation about the future at this point in time, which contains risks and uncertain factors, and therefore, may vary widely from actual results.

The main factors out of these uncertain factors include, but are not limited to, the following:

- Economic conditions of the main markets (Japan, Americas, Europe and Asia etc.), consumer trends, rapid fluctuations in supply and demand for products in connection with business conditions and strategies of our customers in the automobile industry etc.
- Impact on production costs of our products in connection with sharp price increases in oil and steel materials
- Large fluctuations in exchange rates
- Changes in interest rates in the money and capital markets