



FY2020 2Q Financial Results and FY2020 Forecasts

November 19, 2020

Asahi Diamond Industrial Co., Ltd.



1. Introduction: Asahi Diamond's current circumstances

2. FY2020 2Q Financial Results

3. FY2020 Forecasts

4. Management policies for the future

5. Mid-term management plan progress

Impact of the COVID-19 pandemic

- Impact on performance decline
- Impact on sales decline in each industries and regions

For the first time since its listed, full-year operating loss is expected

【Countermeasures】

- Efficiency and labor savings in the manufacturing process, etc.
- Cost reduction (fixed and variable costs)

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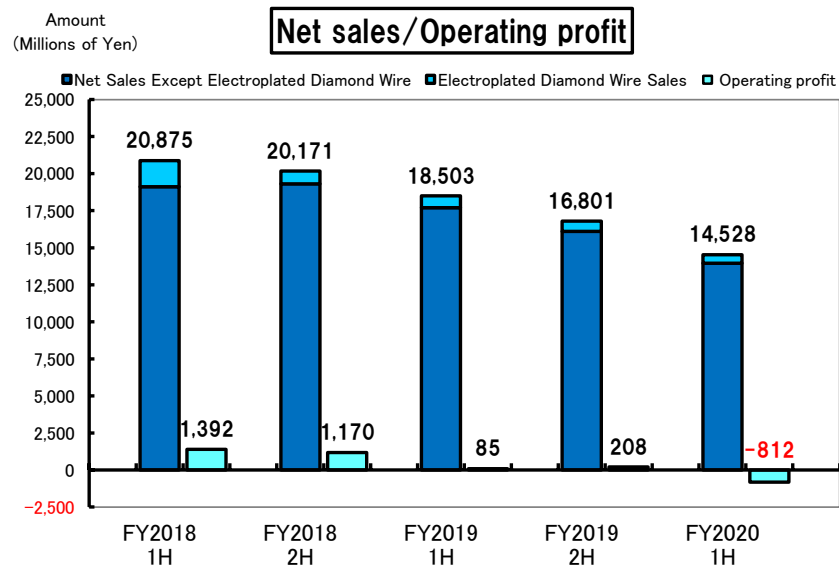
4. Management policies for the future

5. Mid-term management plan progress

Financial Results (Consolidated)

(Millions of Yen)

	FY2019		FY2020			
	1H Results '19/4-9	%	1H Results '20/4-9	%	YoY Change	YoY Change (%)
Net sales	18,503	100.0	14,528	100.0	-3,974	-21.5
Operating profit	85	0.5	-812	-5.6	-898	-
Ordinary profit	199	1.1	-664	-4.6	-864	-
Profit attributable to owners of parent	337	1.8	-815	-5.6	-1,152	-
Earning per share (Yen)	6.08	-	-14.68	-	-20.76	-



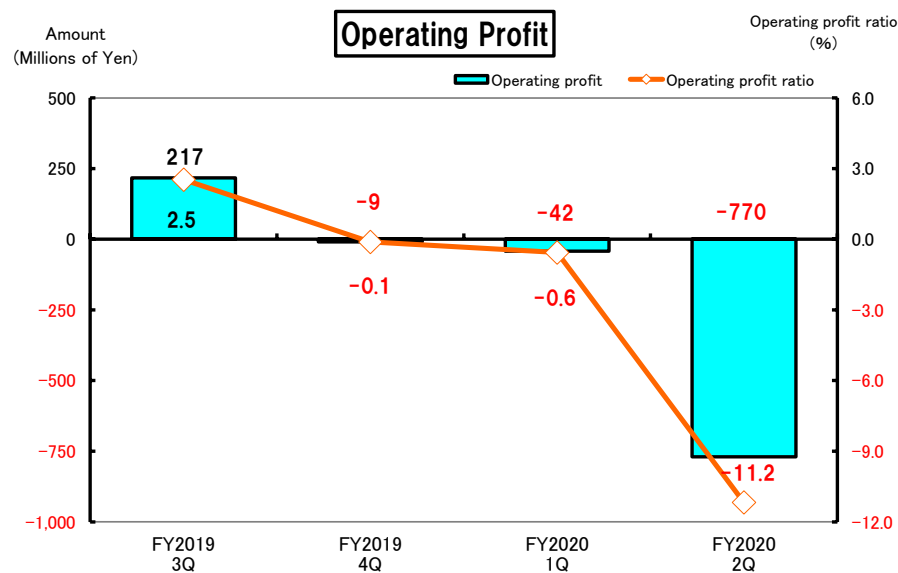
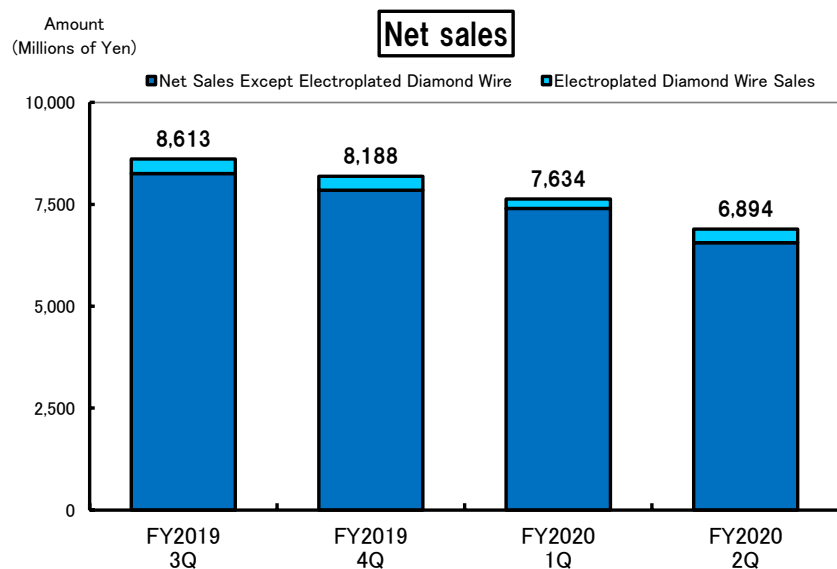
Operating profit (YoY change)

- ◆ Increase factor
 - Decrease in personnel expenses 559 Mill Yen
- ◆ Decrease factor
 - Decrease in sales 1,857 Mill Yen

Quarterly Results of Operation (Consolidated)

(Millions of Yen)

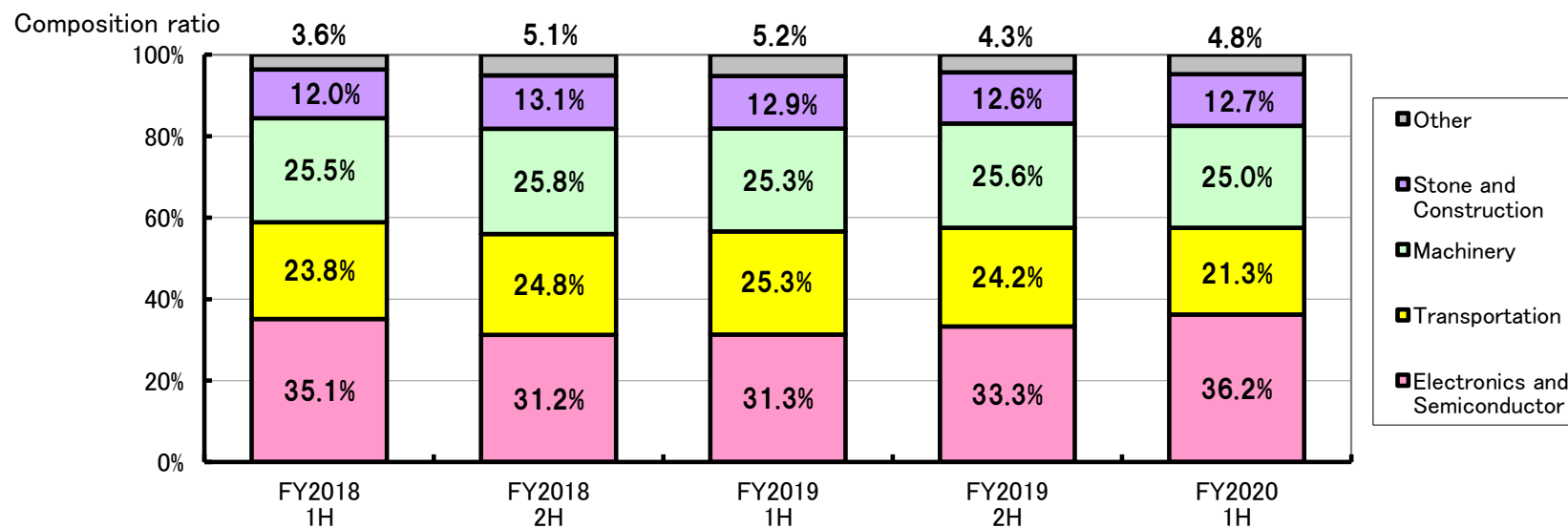
	FY2019				FY2020			
	3Q		4Q		1Q		2Q	
	Results	%	Results	%	Results	%	Results	%
Net sales	8,613	100.0	8,188	100.0	7,634	100.0	6,894	100.0
Operating profit	217	2.5	-9	-0.1	-42	-0.6	-770	-11.2
Ordinary profit	330	3.8	61	0.8	101	1.3	-765	-11.1
Profit attributable to owners of parent	363	4.2	-1,041	-12.7	78	1.0	-894	-13.0



Net Sales Breakdown by Industry (Consolidated)

(Millions of Yen)

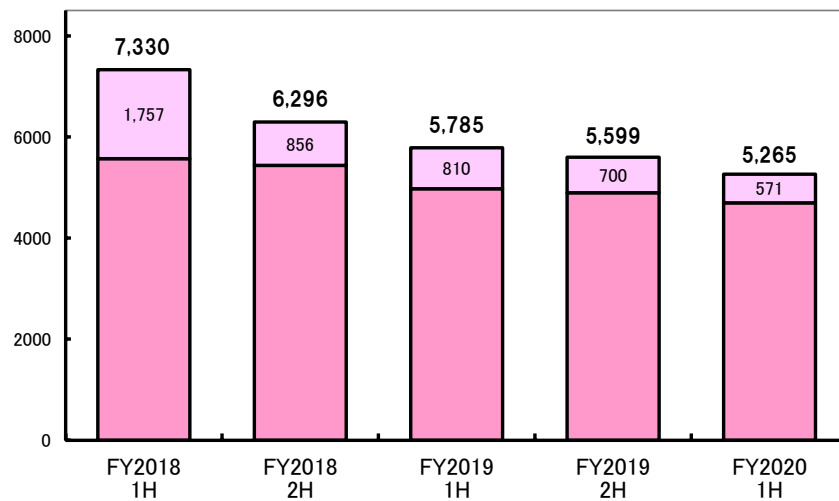
	FY2019				FY2020			
	1H Results '19/4-9	%	2H Results '19/10-20/3	%	1H Results '20/4-9	%	YoY Change	YoY Change (%)
Electronics and Semiconductor	5,785	31.3	5,599	33.3	5,265	36.2	-520	-9.0
Transportation	4,693	25.3	4,064	24.2	3,101	21.3	-1,591	-33.9
Machinery	4,675	25.3	4,299	25.6	3,630	25.0	-1,045	-22.4
Stone and Construction	2,388	12.9	2,115	12.6	1,839	12.7	-549	-23.0
Other	960	5.2	722	4.3	691	4.8	-268	-28.0
Total	18,503	100.0	16,801	100.0	14,528	100.0	-3,974	-21.5





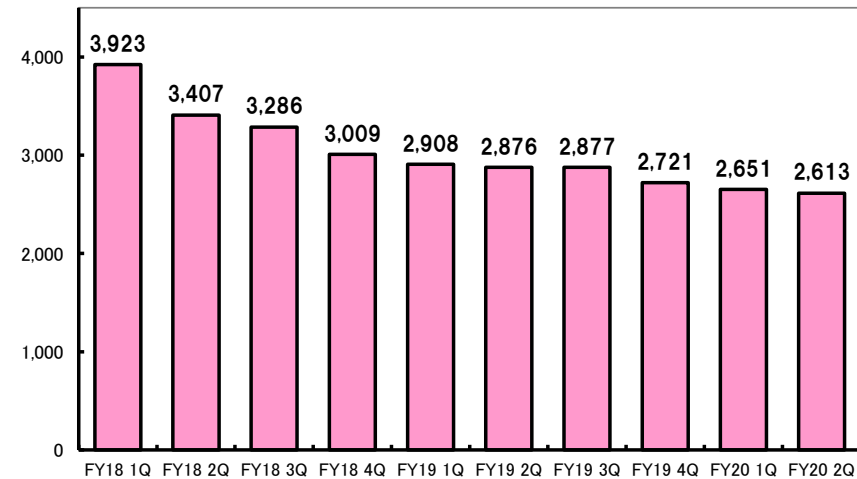
【Half-year】

Net sales (Millions of Yen) ■ Net Sales Except Electroplated Diamond Wire ■ Electroplated Diamond Wire Sales



【Quarter】

Net sales (Millions of Yen)



◆ Semiconductor & Electronic Component

Although production of memory and other products were sluggish, sales of related tools increased compared to the same period last year due to a increase in demand of 5G.

◆ F P D

Sales of the related tools decreased compared to the same period last year due to a decrease in production at major customers.

◆ Wire Drawing Die

Sales of the dies for bonding and saw wire decreased compared to the same period of the previous year.

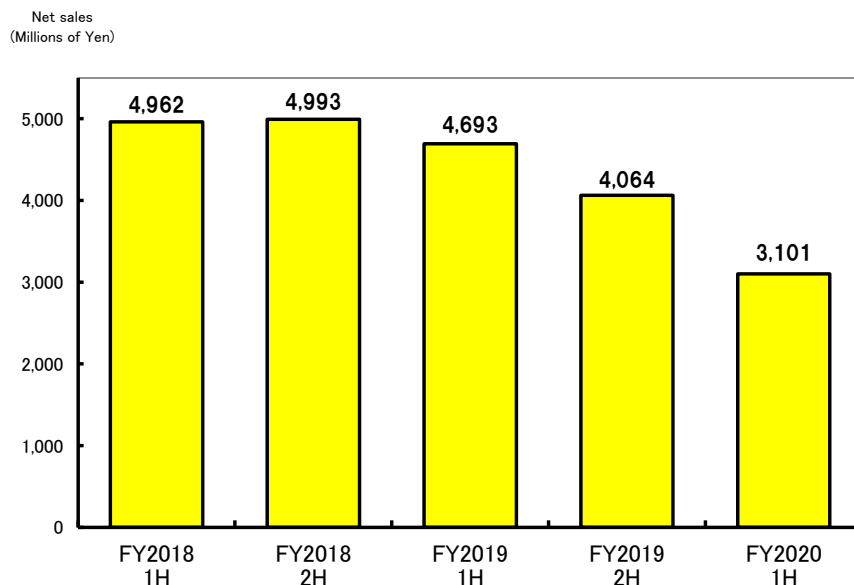
◆ Electroplated Diamond Wire

Although sales for semiconductors and magnetic materials were steady, overall sales decreased compared to the same period of the previous year.

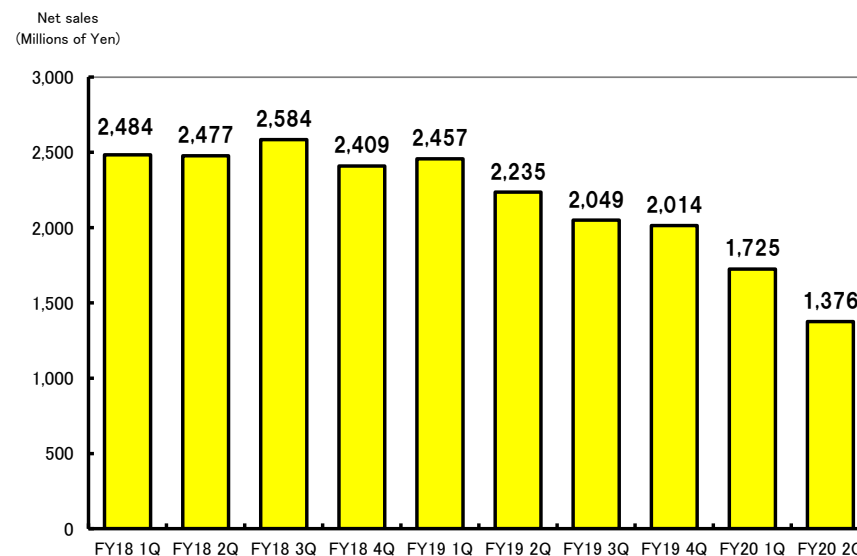


Net Sales Breakdown by Industry : 2. Transportation

【Half-year】



【Quarter】



◆ Automobile

Although production in each countries tended to recover from the 2Q, sales of related tools decreased, mainly due to continued inventory adjustments.

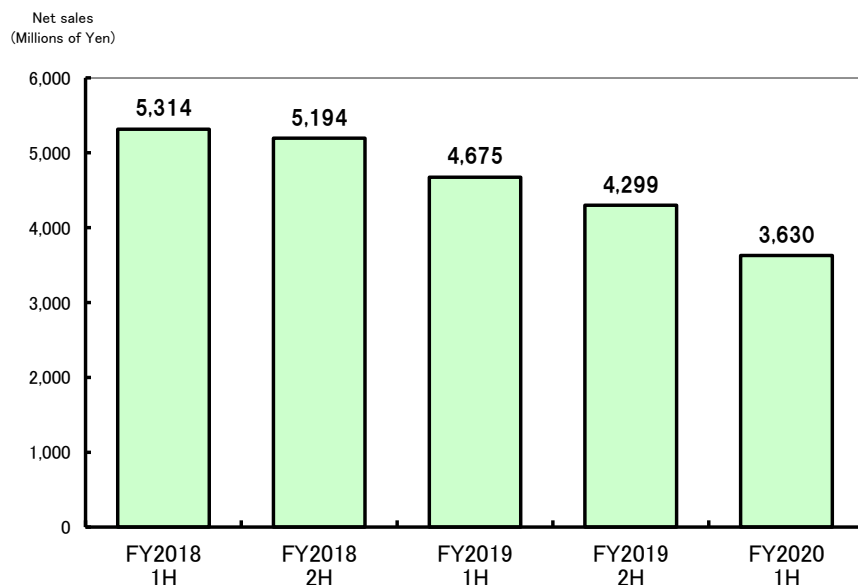
◆ Aircraft

Sales of the related tools decreased due to an decrease in production of aircraft.

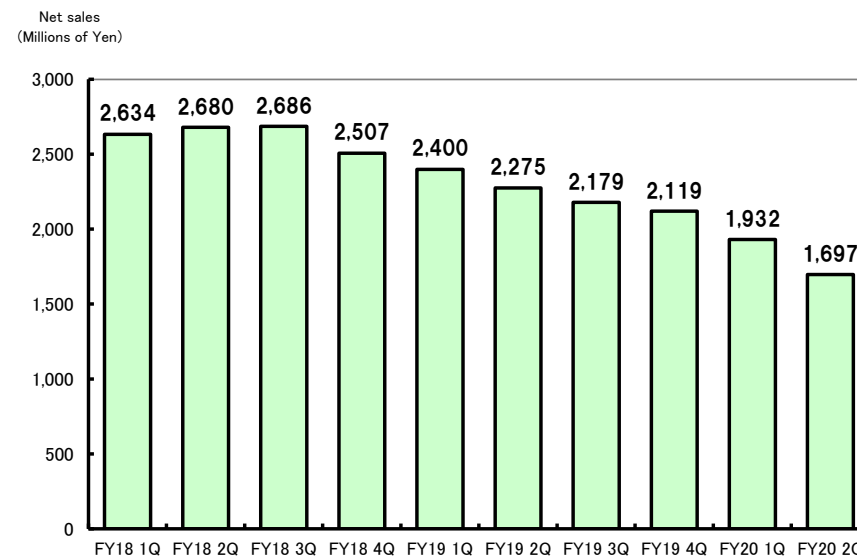


Net Sales Breakdown by Industry : 3. Machinery

【Half-year】



【Quarter】



◆ Bearing

Sales of the related tools decreased due to a decrease in global automobile production and a decrease in orders from the domestic machine tool industry.

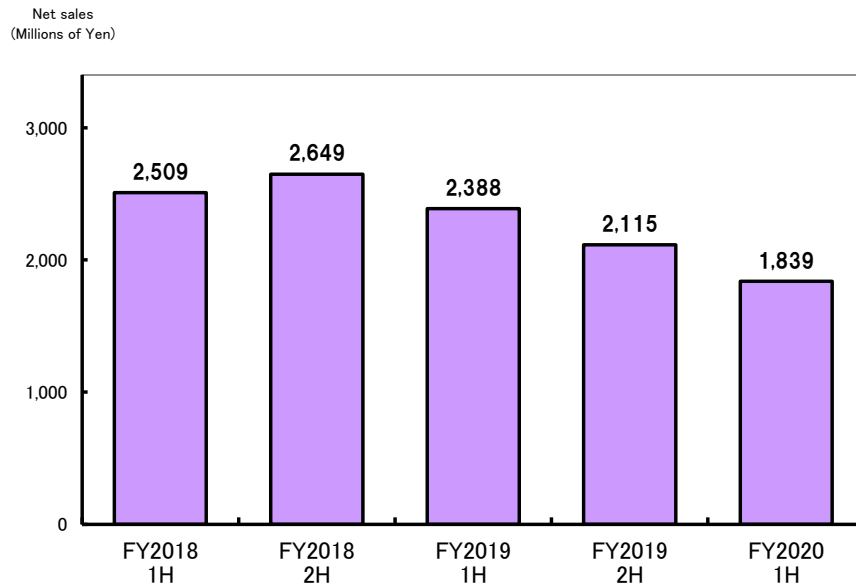
◆ Cemented Carbide Tool

Sales of the related tools decreased due to a decrease in production of domestic cemented carbide tools.

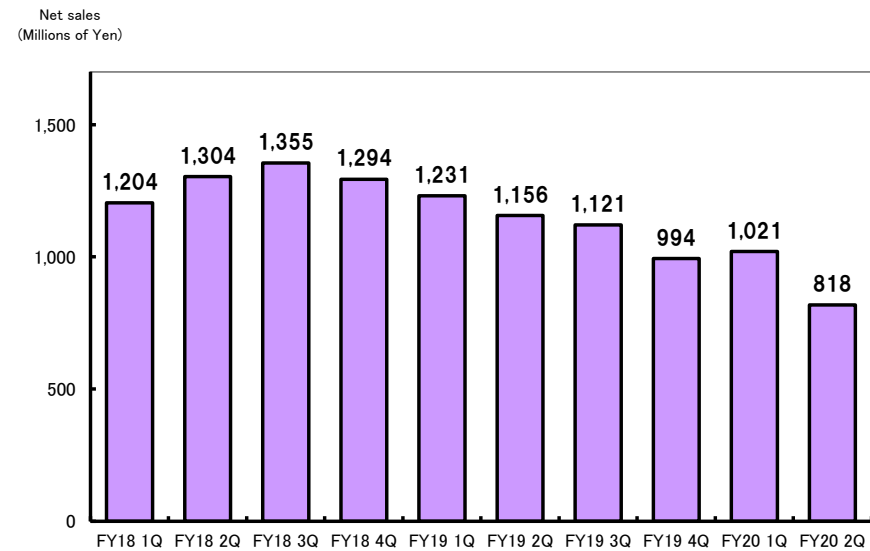


Net Sales Breakdown by Industry : 4. Stone and Construction

【Half-year】



【Quarter】



◆ Natural Resources Exploration

Although domestic sales were steady, sales of the related tools decreased due to overseas sales decreased.

◆ Construction in Japan

Although road-related public works was steady, sales of related tools decreased due to decreased in private works.

◆ Commercial Product (Portable Cutter)

Sales for the major overseas customers decreased.

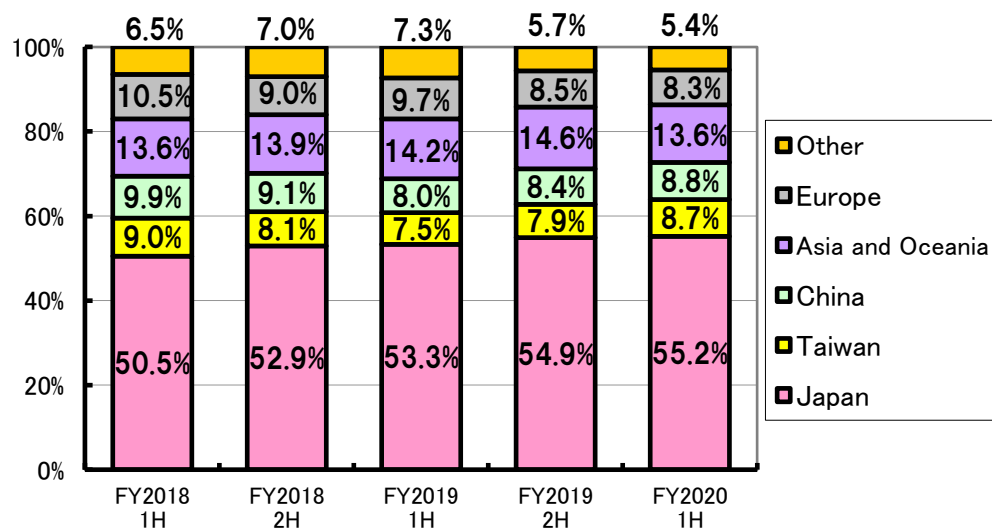


Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

	FY2019				FY2020			
	1H Results '19/4-9	%	2H Results '19/10-'20/3	%	1H Results '20/4-9	%	YoY Change	YoY Change (%)
Japan	9,866	53.3	9,231	54.9	8,016	55.2	-1,849	-18.8
Taiwan	1,395	7.5	1,327	7.9	1,263	8.7	-132	-9.5
China	1,477	8.0	1,405	8.4	1,279	8.8	-197	-13.4
Other Asia and Oceania	2,628	14.2	2,448	14.6	1,975	13.6	-653	-24.8
Europe	1,793	9.7	1,431	8.5	1,208	8.3	-584	-32.6
Other	1,342	7.3	957	5.7	785	5.4	-556	-41.5
Overseas total	8,636	46.7	7,569	45.1	6,512	44.8	-2,124	-24.6
Total	18,503	100.0	16,801	100.0	14,528	100.0	-3,974	-21.5

Composition ratio



- ◆ **Japan**
Decrease in sales in major industries.
- ◆ **Other Asia and Oceania**
Overall sales are sluggish.
- ◆ **Europe**
Overall sales are sluggish.

Consolidated Balance Sheets

(Millions of Yen)

	2020/3	2020/9	Change		2020/3	2020/9	Change
Assets				Liabilities			
Cash and deposits	14,038	11,945	-2,093	Notes and accounts payable-trade	1,317	1,054	-263
Notes and accounts receivable-trade	9,325	7,945	-1,379	Income taxes payable	171	81	-89
Inventories	5,978	5,996	+17	Net defined benefit liability	7,527	7,561	+33
Property, plant and equipment	23,644	27,138	+3,493	Other	4,101	4,624	+466
Intangible assets	195	208	+12	Total liabilities	13,174	13,321	+147
Investment securities	10,301	10,211	-89	Net assets			
Other	6,523	5,590	-932	Total net assets	56,833	55,714	-1,118
Total assets	70,007	69,035	-971	Total liabilities and net assets	70,007	69,035	-971



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3. *FY2020 Forecasts*

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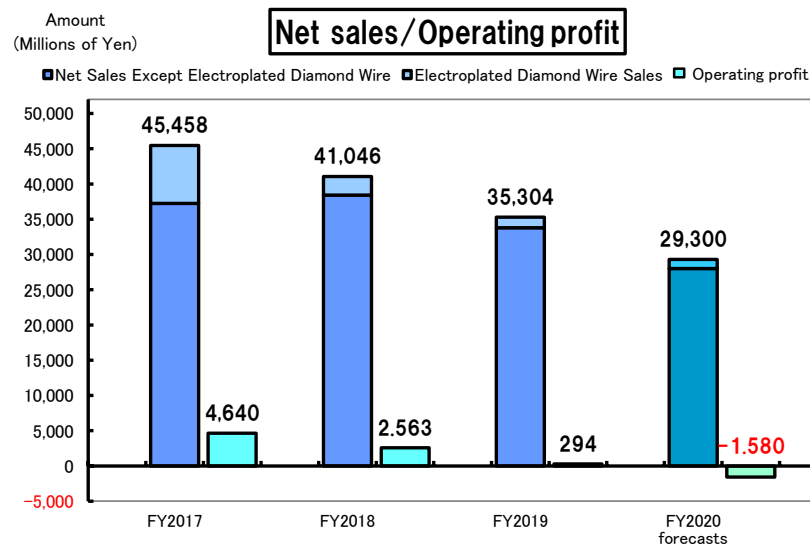
5. Mid-term management plan progress

Outline of Forecasts (Consolidated)

(Millions of Yen)

	FY2019 Full-Yr Results	%	FY2020 Full-Yr Forecasts*	%	YoY Change (%)
Net sales	35,304	100.0	29,300	100.0	-17.0
Operating profit	294	0.8	-1,580	-5.4	-
Ordinary profit	591	1.7	-1,310	-4.5	-
Profit attributable to owners of parent	-340	-1.0	-1,350	-4.6	-

*Forecasts figures were announced on November 6, 2020.



Operating profit (YoY change)

◆ Increase factor

- Decrease in personnel expenses 808Mill Yen

◆ Decrease factor

- Decrease in sales 2,843 Mill Yen



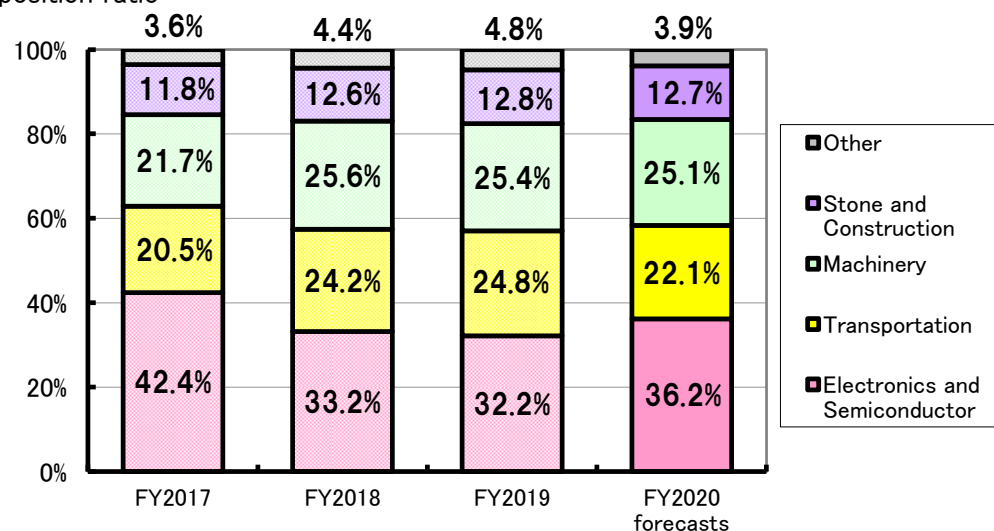
Forecasts for Net Sales and Composition by Industry (Consolidated)

(Millions of Yen)

	FY2019 Full-Yr Results	%	FY2020 Full-Yr Forecasts*	%	YoY Change (%)
Electronics and Semiconductor	11,384	32.2	10,600	36.2	-6.9
Transportation	8,757	24.8	6,480	22.1	-26.0
Machinery	8,974	25.4	7,370	25.1	-17.9
Stone and Construction	4,504	12.8	3,720	12.7	-17.4
Other	1,683	4.8	1,130	3.9	-32.9
Total	35,304	100.0	29,300	100.0	-17.0

*Forecasts figures were announced on November 6, 2020.

Composition ratio



◆ Electronics and semiconductor

Decrease in sales across the industry.

◆ Transportation

Decrease in sales of related tools mainly for automobile.

◆ Machinery

Decrease in sales of related tools for Cemented Carbide Tool.

Decrease in sales of related tools for Bearing decrease.

◆ Stone and Construction

Decrease in sales in Japan.

Decrease in overseas commercial products.



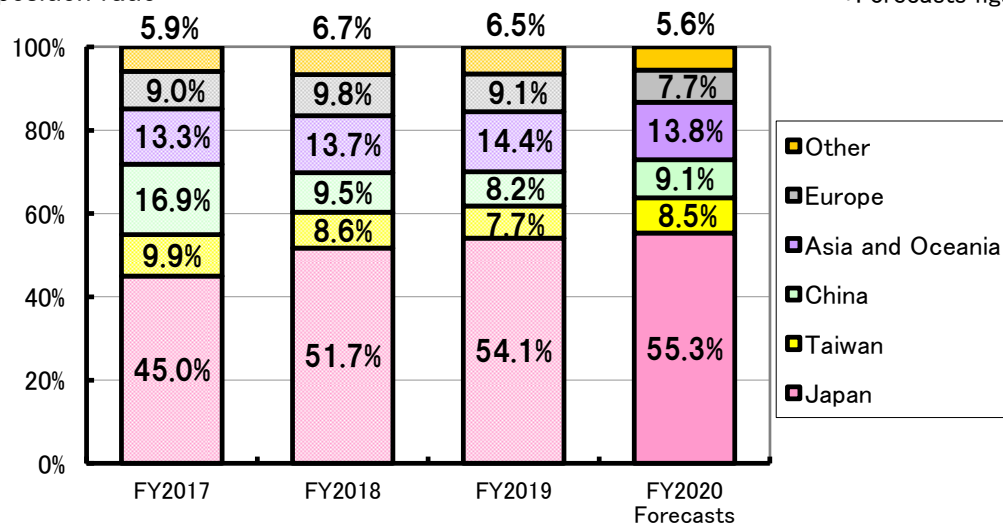
Forecasts for Net Sales and Composition by Geographical Region (Consolidated)

(Millions of Yen)

	FY2019 Full-Yr Results	%	FY2020 Full-Yr Forecasts*	%	YoY Change (%)
Japan	19,098	54.1	16,200	55.3	-15.2
Taiwan	2,722	7.7	2,500	8.5	-8.2
China	2,883	8.2	2,650	9.1	-8.1
Other Asia and Oceania	5,076	14.4	4,050	13.8	-20.2
Europe	3,224	9.1	2,250	7.7	-30.2
Other	2,299	6.5	1,650	5.6	-28.3
Overseas total	16,206	45.9	13,100	44.7	-19.2
Total	35,304	100.0	29,300	100.0	-17.0

Composition ratio

*Forecasts figures were announced on November 6, 2020.



◆ In each regions, the business environment deterioration is expected. Therefore, sales are expected to be negative compared to the original forecast and the previous year.

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Offensive Management

- Construction and operation of the Chiba factory.
- New demand development through business alliances with Tyrolit and others.
- Product development projects.
- Reorganization of domestic and overseas sites.

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① Integrated response to highly specialized customer needs
⇒ Organizational reform by establishing a cross departmental section in vertical organizations.

② Optimize and accelerate global expansion
⇒ Reorganization of overseas sites and business alliance with Tyrolit.

③ Strengthening management infrastructure and management systems
⇒ Restructuring of personnel system and renovation of IT systems.



Manufacturing excitement through innovation

Stand Alone

We are at the vanguard of world change, and shall use our groundbreaking technology and global organizational strength to continue providing products and solutions that only we can make possible.

Eternal Growth

In order to make growth sustainable we establish ourselves as the most trustworthy choice for customers engaged in manufacturing across the globe.

Job Satisfaction

We strive to be an efficient company, by linking job satisfaction with individual growth while fostering character.

This presentation contains forward-looking statements and plans, which based on current available information and assumptions we believe to be reasonable. These forward-looking statements involve various factors, and Asahi Diamond's actual results could be materially different from those mentioned on these forward-looking statements.

