



FY2020 Financial Results and FY2021 Forecasts

May 28, 2021

Asahi Diamond Industrial Co., Ltd.



1. FY2020 Financial Results

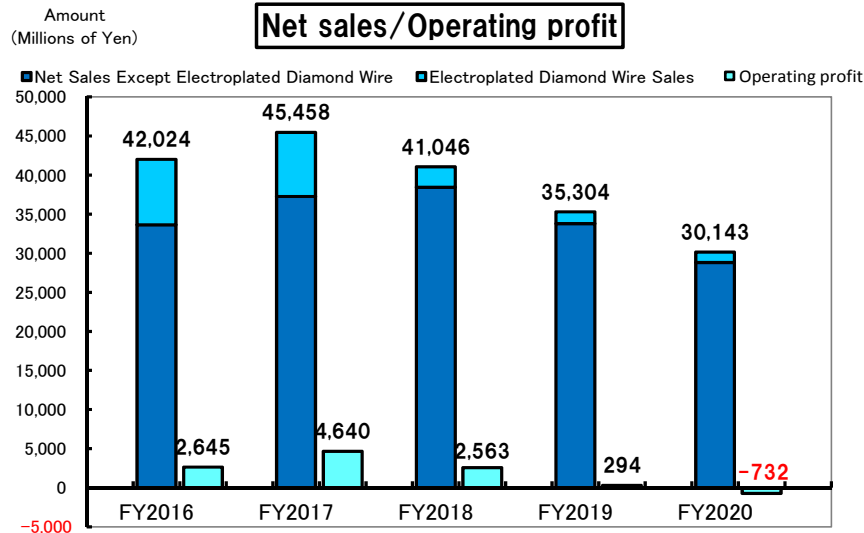
2. FY2021 Forecasts

3. Mid-term management plan progress

Financial Results (Consolidated)

(Millions of Yen)

	FY2019		FY2020			
	Results	%	Results	%	YoY Change	YoY Change (%)
Net sales	35,304	100.0	30,143	100.0	-5,161	-14.6
Operating profit	294	0.8	-732	-2.4	-1,027	-
Ordinary profit	591	1.7	-337	-1.1	-929	-
Profit attributable to owners of parent	-340	-1.0	-331	-1.1	+9	-
Earning per share (Yen)	-6.13	-	-5.97	-	+0.16	-



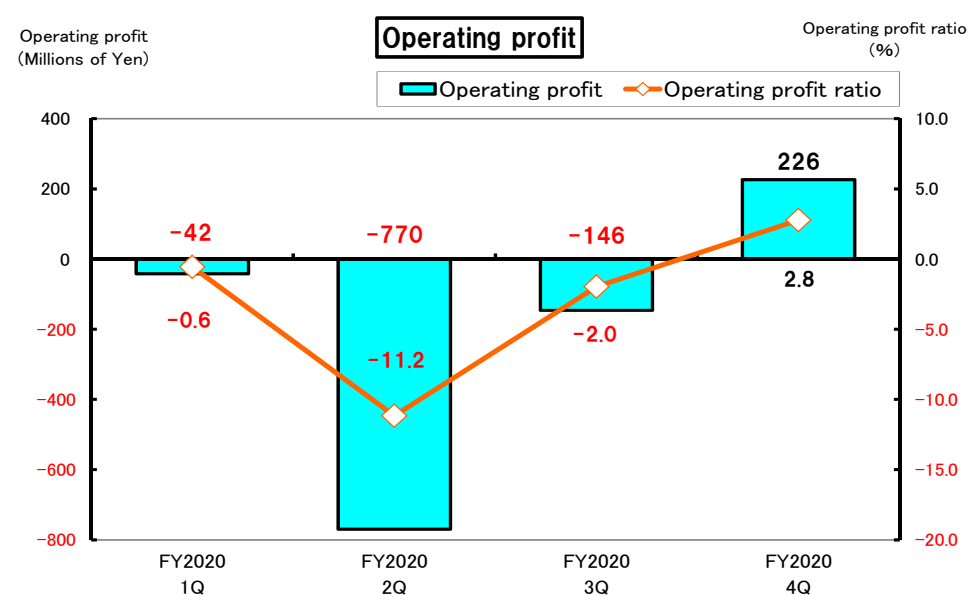
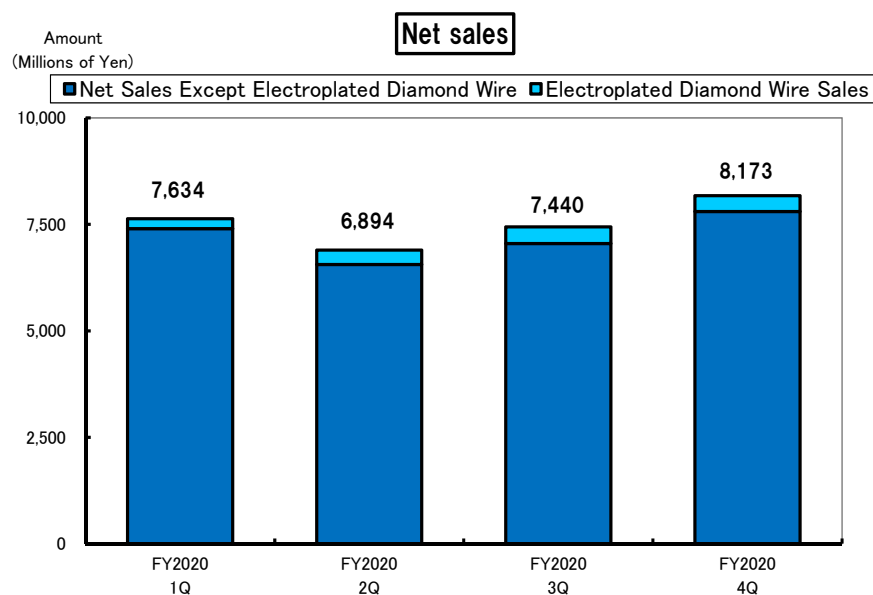
Operating profit (YoY change)

- ◆ Increase factor
 - Decrease in personnel expenses 716 Mill Yen
- ◆ Decrease factor
 - Decrease in sales 2,152 Mill Yen

Quarterly Results of Operation (Consolidated)

(Millions of Yen)

	FY2020							
	First quarter		Second quarter		Third quarter		Fourth quarter	
	Results	%	Results	%	Results	%	Results	%
Net sales	7,634	100.0	6,894	100.0	7,440	100.0	8,173	100.0
Operating profit	-42	-0.6	-770	-11.2	-146	-2.0	226	2.8
Ordinary profit	101	1.3	-765	-11.1	-15	-0.2	342	4.2
Profit attributable to owners of parent	78	1.0	-894	-13.0	-64	-0.9	548	6.7



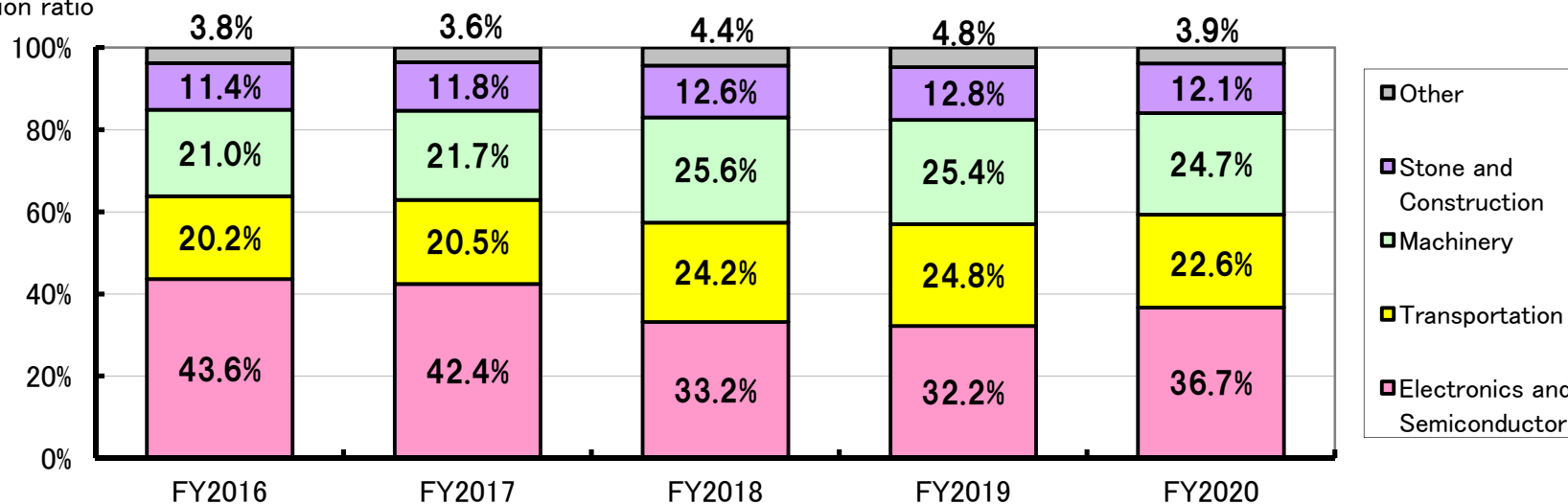
Net Sales and Composition by Industry (Consolidated)



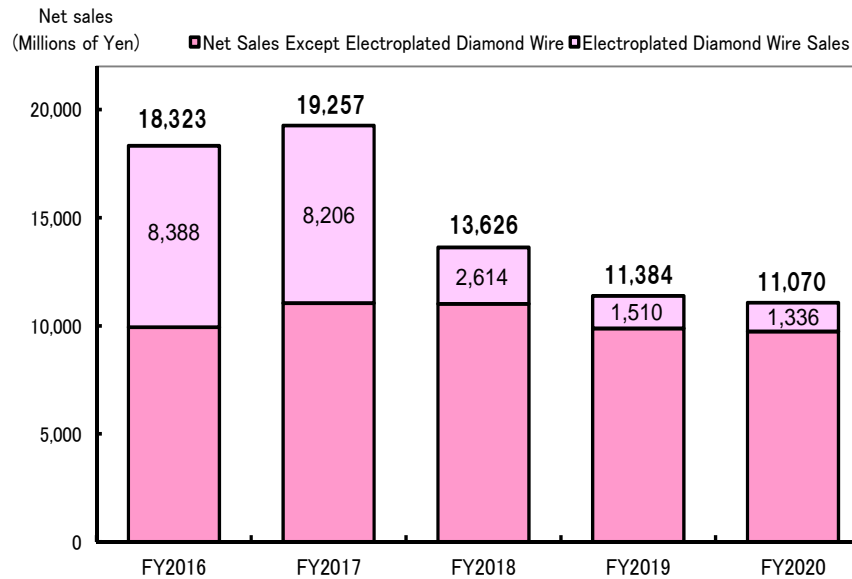
(Millions of Yen)

	FY2019		FY2020					
	Results	%	Revised forecasts	%	Results	%	YoY Change	YoY Change (%)
Electronics and Semiconductor	11,384	32.2	10,960	36.5	11,070	36.7	-314	-2.8
Transportation	8,757	24.8	6,800	22.7	6,800	22.6	-1,957	-22.4
Machinery	8,974	25.4	7,400	24.7	7,460	24.7	-1,513	-16.9
Stone and Construction	4,504	12.8	3,660	12.2	3,635	12.1	-868	-19.3
Other	1,683	4.8	1,180	3.9	1,176	3.9	-506	-30.1
Total	35,304	100.0	30,000	100.0	30,143	100.0	-5,161	-14.6

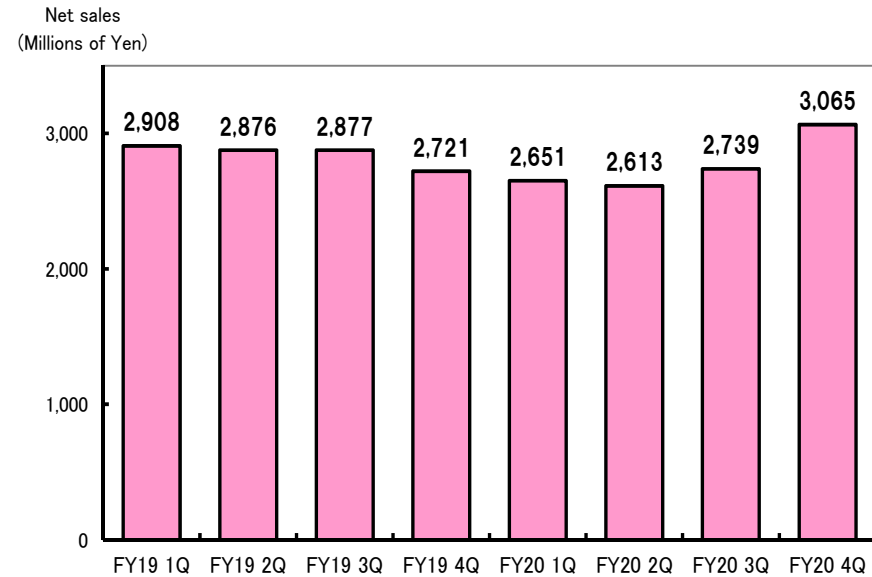
Composition ratio



【Full-year】



【Quarter】



◆ Semiconductor & Electronic Component

Sales of the related tools increased due to strong production of communication equipment by the spread of 5G.

◆ FPD

Sales of the related tools decreased due to some customer's closure of production.

◆ Wire Drawing Die

Sales of the dies for bonding wire and saw wire decreased.

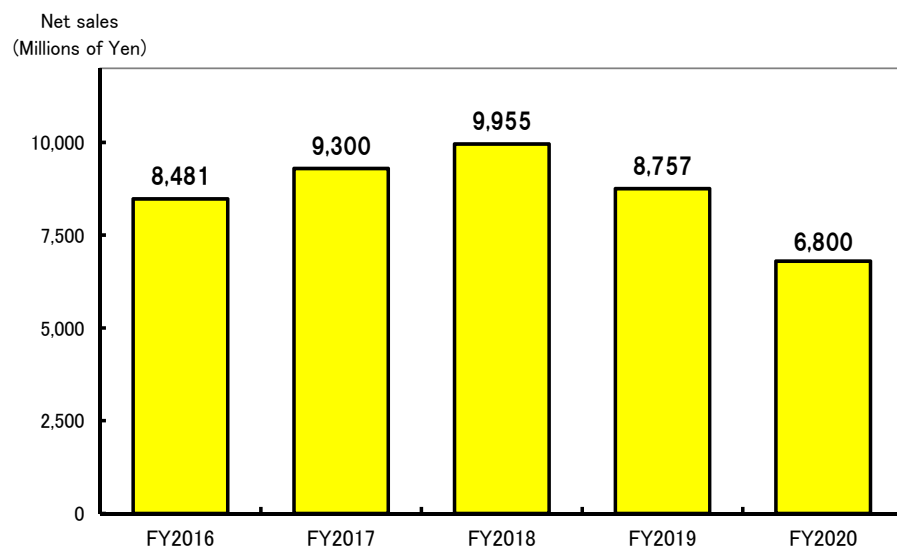
◆ Electroplated Diamond Wire

Although sales for semiconductors and magnetic materials were steady, overall sales decreased.

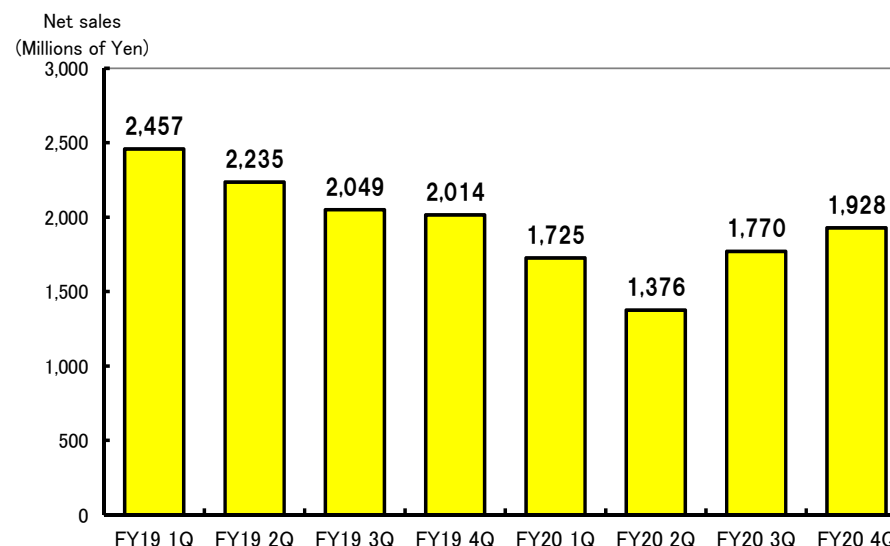


Net Sales Breakdown by Industry : 2. Transportation

【Full-year】



【Quarter】



◆ Automobile

Although production has been recovery trend from Q3, sales of related tools decreased for the full year.

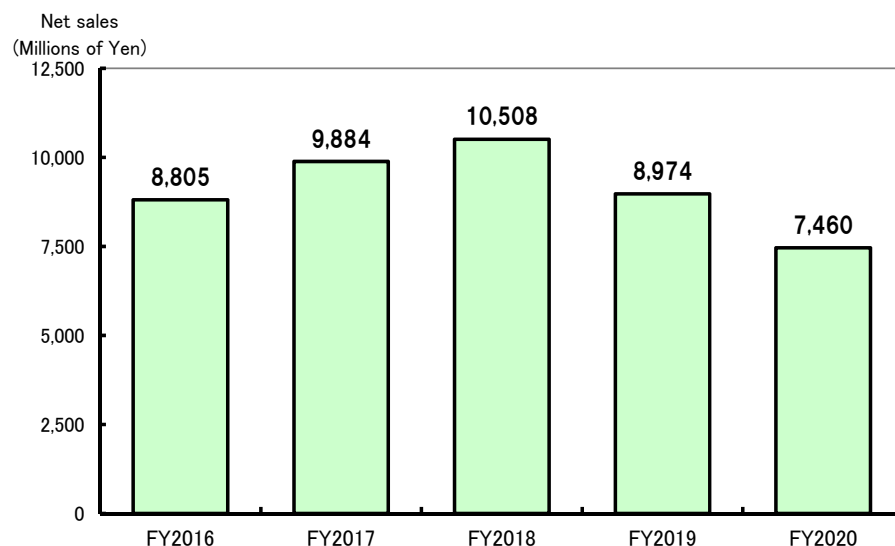
◆ Aircraft

Sales of related tools decreased due to sluggish demand for related equipment due to movement restrictions and other factors.

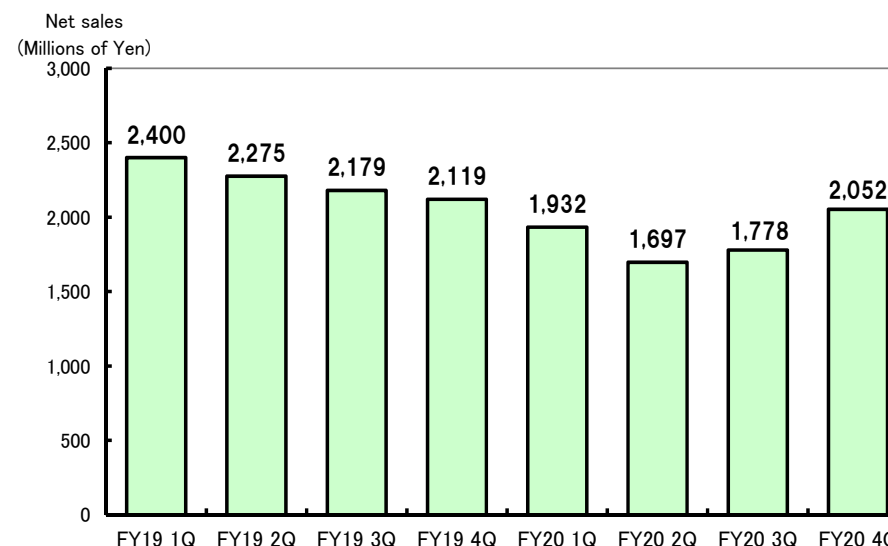


Net Sales Breakdown by Industry : 3. Machinery

【Full-year】



【Quarter】



◆ Bearing

Sales for Automobiles and Industrial Machinery decreased in the first half. Although production of transportation equipment recovered from Q3, Sales of related tools decreased.

◆ Cemented Carbide Tool

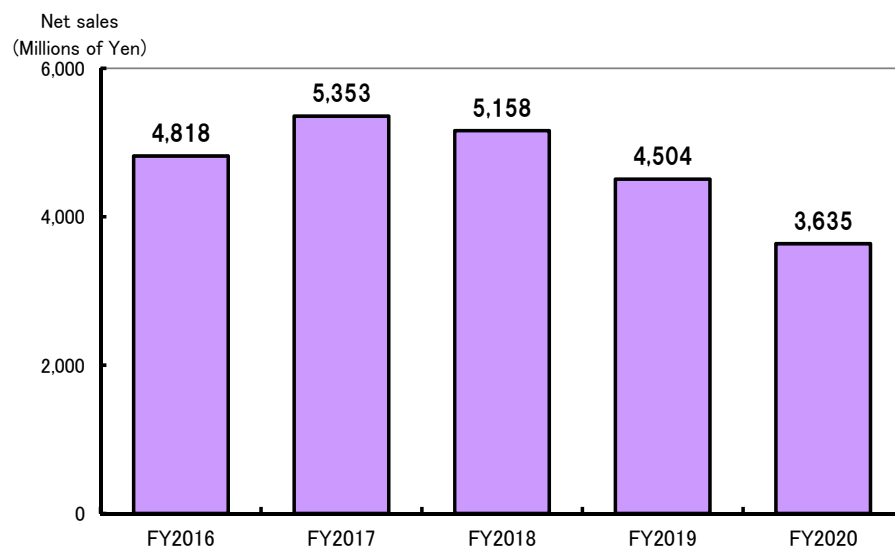
Sales decreased due to decreased demand for Automobiles and Mechanical parts. Although production for transportation equipment recovered from Q3, Sales of the related tools decreased.



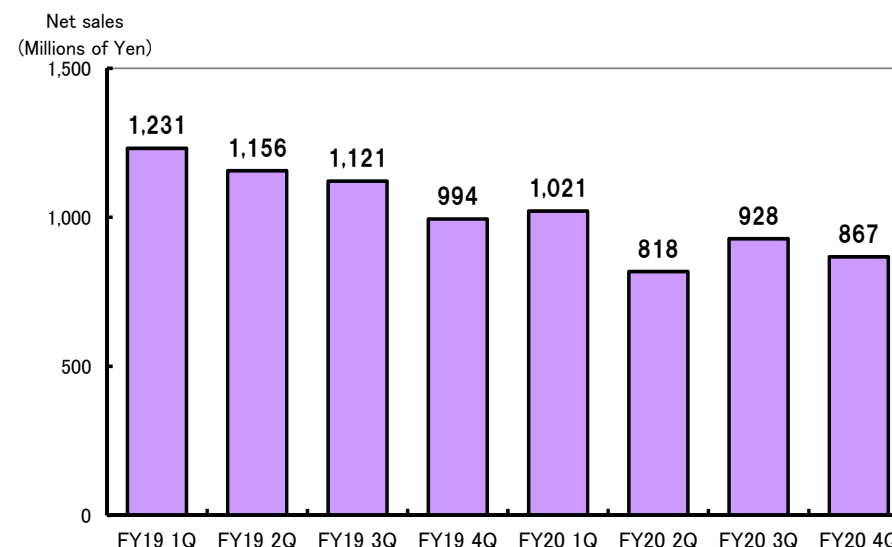
Net Sales Breakdown by Industry : 4. Stone and Construction



【Full-year】



【Quarter】



◆ Mineral Resources Exploration

Sale of related tools decreased due to stagnant overseas markets.

◆ Construction in Japan

Although road repair tools increased, Sales of related tools decreased due to a decrease in public and private construction work.

◆ Commercial Product (Portable Cutter)

Sales of major overseas customers decreased.



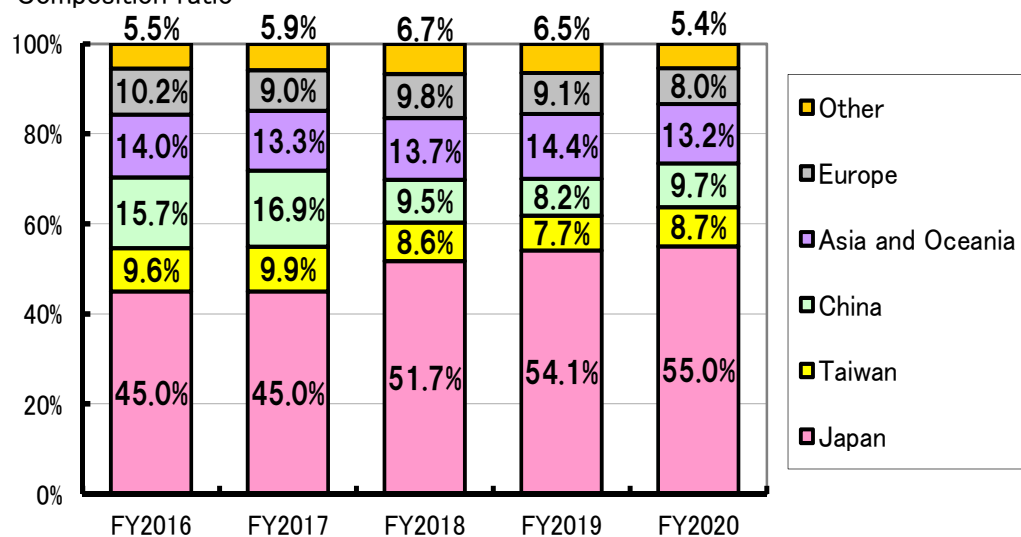
Net Sales Breakdown by Geographical Region (Consolidated)



(Millions of Yen)

	FY2019		FY2020			
	Results	%	Results	%	YoY Change	YoY Change (%)
Japan	19,098	54.1	16,566	55.0	-2,531	-13.3
Taiwan	2,722	7.7	2,610	8.7	-112	-4.1
China	2,883	8.2	2,933	9.7	+50	+1.7
Other Asia and Oceania	5,076	14.4	3,989	13.2	-1,087	-21.4
Europe	3,224	9.1	2,409	8.0	-815	-25.3
Other	2,299	6.5	1,634	5.4	-665	-28.9
Overseas total	16,206	45.9	13,577	45.0	-2,629	-16.2
Total	35,304	100.0	30,143	100.0	-5,161	-14.6

Composition ratio



◆ Japan

Sales of Electronics and Semiconductor slightly increased.

◆ China

Sales of Electronics and Semiconductor increased.

◆ Other Asia and Oceania

Sales of Stone and Construction. decreased.



Consolidated Balance Sheets

(Millions of Yen)

	2020/3	2021/3	Change		2020/3	2021/3	Change
Assets				Liabilities			
Cash and deposits	14,038	10,649	-3,389	Notes and accounts payable-trade	1,317	1,293	-23
Notes and accounts receivable-trade	9,325	9,148	-176	Income taxes payable	171	70	-100
Inventories	5,978	6,298	+320	Net defined benefit liability	7,527	5,375	-2,151
Property, plant and equipment	23,644	26,535	+2,890	Other	4,157	4,106	-51
Intangible assets	195	228	+32	Total liabilities	13,174	10,847	-2,327
Investment securities	10,301	11,581	+1,279	Net assets			
Other	6,523	3,702	-2,820	Total net assets	56,833	57,297	+463
Total assets	70,007	68,144	-1,863	Total liabilities and net assets	70,007	68,144	-1,863



Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2019	FY2020	Change
Profit (loss) before income taxes	86	-381	-467
Depreciation	2,641	2,847	+205
Increase (decrease) in net defined benefit liability	-240	-1,938	-1,697
Decrease (increase) in notes and accounts receivable - trade	1,906	183	-1,723
Decrease (increase) in inventories	639	-340	-979
Income taxes paid	-245	-130	+115
Other	17	-330	-348
Net cash provided by (used in) operating activities	4,805	-90	-4,896
Purchase or sales of property, plant and equipment	-5,556	-6,454	-897
Purchase or sales of investment securities	708	405	-303
Other	-142	1,759	+1,901
Net cash provided by (used in) investing activities	-4,990	-4,289	700
Purchase or sales of treasury shares	5	0	-6
Cash dividends paid	-675	-502	+172
Other	-62	-100	-38
Net cash provided by (used in) financing activities	-732	-604	+128
Cash and cash equivalents at end of period	15,685	10,649	-5,035



1. FY2020 Financial Results

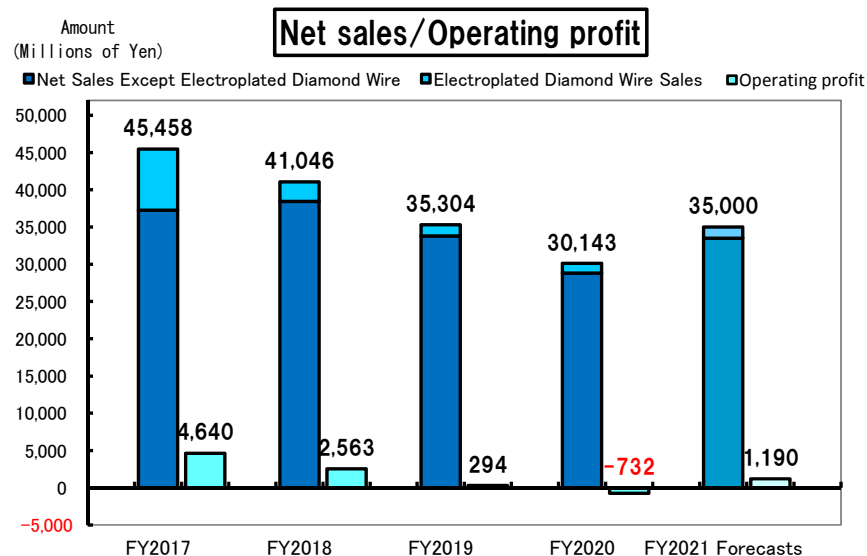
2. FY2021 Forecasts

3. Mid-term management plan progress

Outline of Forecasts (Consolidated)

(Millions of Yen)

	FY2020 First half results	%	FY2021 First half forecasts	%	YoY Change	YoY Change (%)	FY2020 Full-year results	%	FY2021 Full-year forecasts	%	YoY Change	YoY Change (%)
Net sales	14,528	100.0	16,800	100.0	+2,271	+15.6	30,143	100.0	35,000	100.0	+4,856	+16.1
Operating profit	-812	-5.6	370	2.2	+1,182	-	-732	-2.4	1,190	3.4	+1,922	-
Ordinary profit	-664	-4.6	410	2.4	+1,074	-	-337	-1.1	1,290	3.7	+1,627	-
Profit attributable to owners of parent	-815	-5.6	580	3.5	+1,395	-	-331	-1.1	1,140	3.3	+1,471	-
Exchange rate	JPY/USD						106.6	-	108.0			
	JPY/EUR						121.9	-	129.0			
	JPY/CNY						15.4	-	16.7			



Operating profit (YoY change)

- ◆ Increase factor
 - Increase in sales 3,160 Mill Yen
- ◆ Decrease factor
 - Increase in personnel expenses 187 Mill Yen

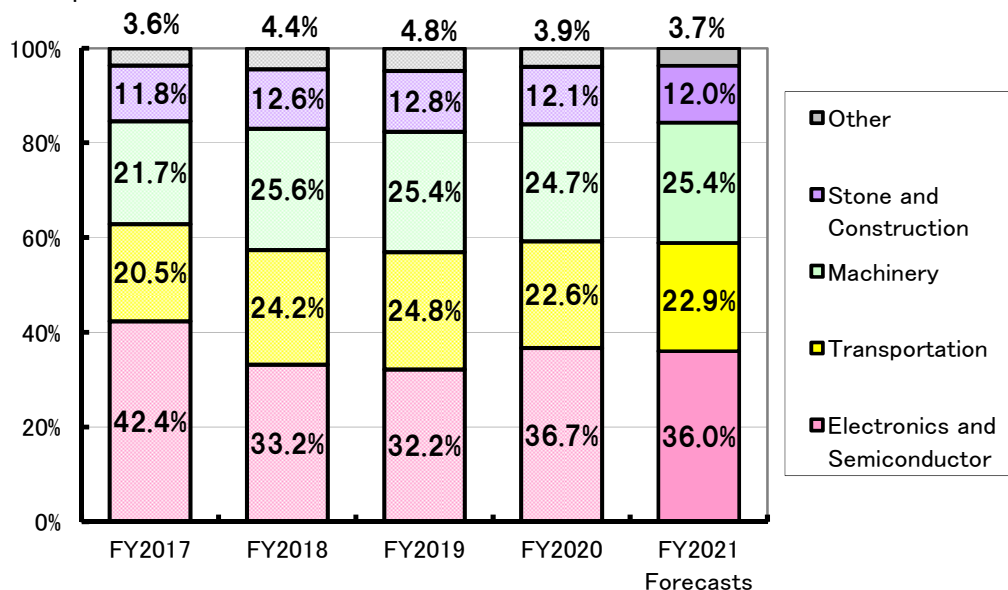
Forecasts for Net Sales and Composition by Industry (Consolidated)



(Millions of Yen)

	FY2020 First Half Results	%	FY2021 First Half Forecasts	%	YoY Change	YoY Change (%)	FY2020 Full-Year Results	%	FY2021 Full-Year Forecasts	%	YoY Change	YoY Change (%)
Electronics and Semiconductor	5,265	36.2	5,970	35.5	+704	+13.4	11,070	36.7	12,600	36.0	+1,529	+13.8
Transportation	3,101	21.3	3,850	22.9	+748	+24.1	6,800	22.6	8,000	22.9	+1,199	+17.6
Machinery	3,630	25.0	4,260	25.4	+629	+17.4	7,460	24.7	8,900	25.4	+1,439	+19.3
Stone and Construction	1,839	12.7	2,040	12.1	+200	+10.9	3,635	12.1	4,200	12.0	+564	+15.5
Other	691	4.8	680	4.1	-11	-1.7	1,176	3.9	1,300	3.7	+123	+10.5
Total	14,528	100.0	16,800	100.0	+2,271	+15.6	30,143	100.0	35,000	100.0	+4,856	+16.1

Composition ratio



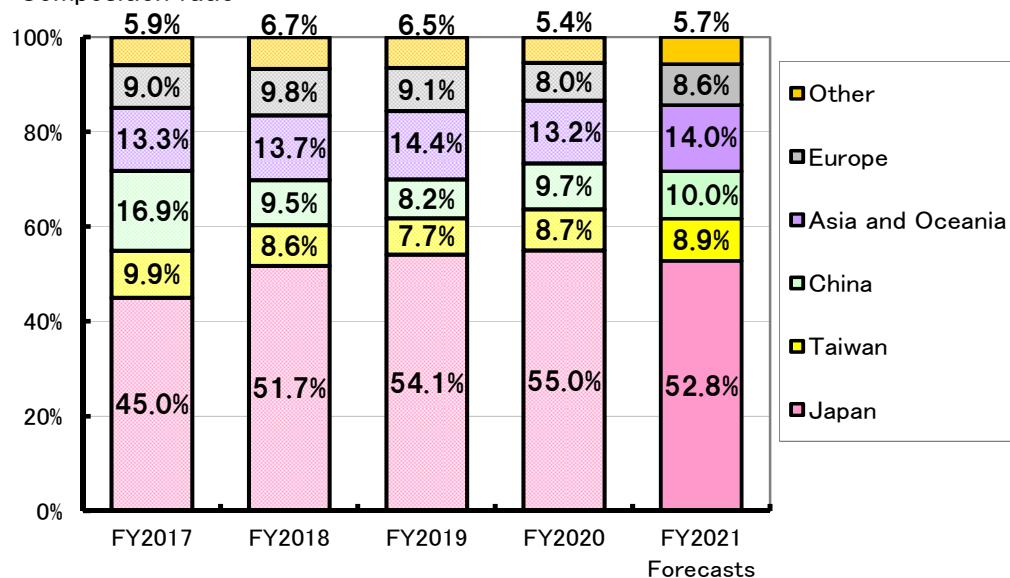
- ◆ **Electronics and semiconductor**
Sales increase mainly for Semiconductors.
- ◆ **Transportation**
Sales increase mainly for Automobile.
- ◆ **Machinery**
Sales increase mainly for Cemented Carbide Tool and Bearing.
- ◆ **Stone and Construction**
Sales increase mainly for Mineral Resources Exploration.

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

(Millions of Yen)

	FY2020 First Half Results	%	FY2021 First Half Forecasts	%	YoY Change	YoY Change (%)	FY2020 Full-Year Results	%	FY2021 Full-Year Forecasts	%	YoY Change	YoY Change (%)
Japan	8,016	55.2	8,800	52.4	+783	+9.8	16,566	55.0	18,500	52.8	+1,933	+11.7
Taiwan	1,263	8.7	1,500	8.9	+236	+18.8	2,610	8.7	3,100	8.9	+489	+18.8
China	1,279	8.8	1,700	10.1	+420	+32.8	2,933	9.7	3,500	10.0	+566	+19.3
Other Asia and Oceania	1,975	13.6	2,300	13.7	+324	+16.4	3,989	13.2	4,900	14.0	+910	+22.8
Europe	1,208	8.3	1,500	8.9	+291	+24.2	2,409	8.0	3,000	8.6	+590	+24.5
Other	785	5.4	1,000	6.0	+214	+27.2	1,634	5.4	2,000	5.7	+365	+22.4
Overseas total	6,512	44.8	8,000	47.6	+1,487	+22.8	13,577	45.0	16,500	47.2	+2,922	+21.5
Total	14,528	100.0	16,800	100.0	+2,271	+15.6	30,143	100.0	35,000	100.0	+4,856	+16.1

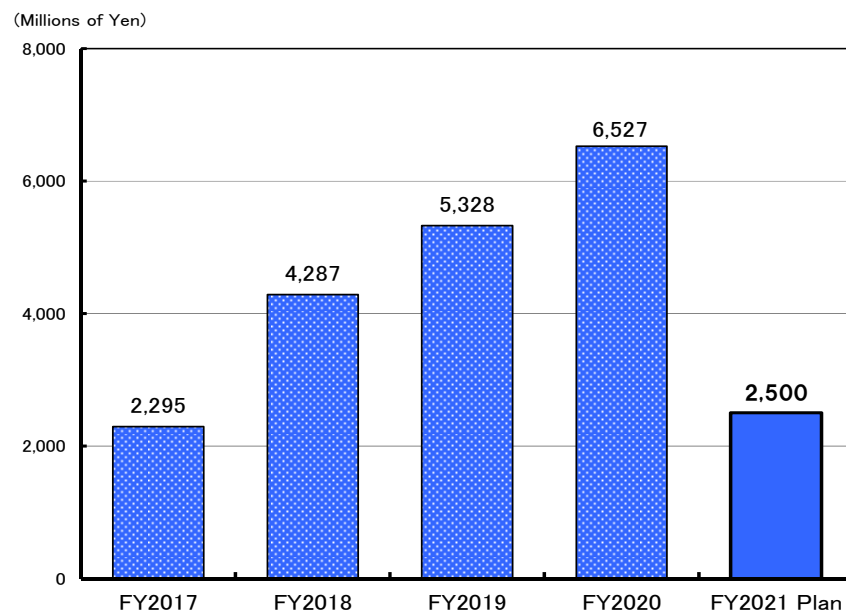
Composition ratio



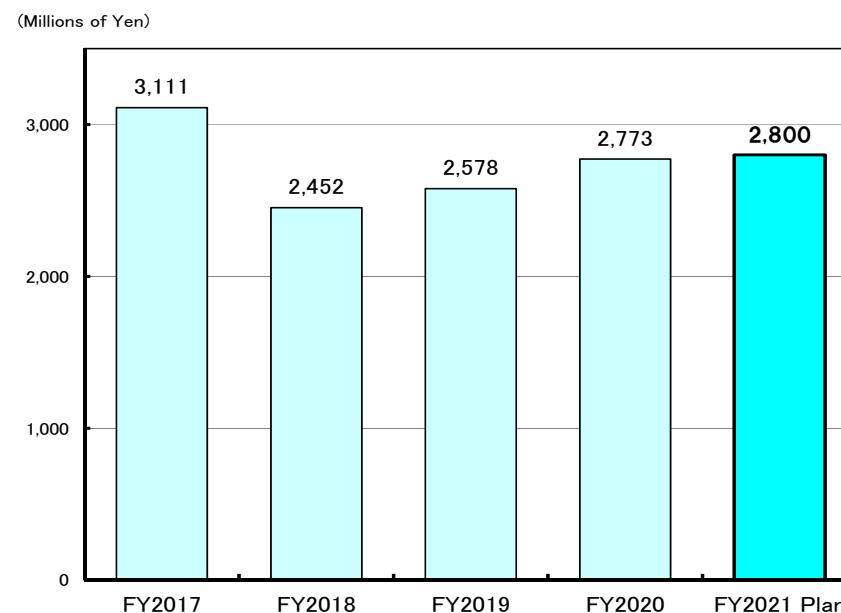
- ◆ **Japan**
Sales increase in major industries such as “Electronics and Semiconductor”.
- ◆ **China**
Sales increase mainly for “Electronics and Semiconductor”.
- ◆ **Other Asia and Oceania**
Sales increase mainly for “Stone and Construction”

Capital Expenditures 「Results and Plan」

Capital expenditure



Depreciation



◆ Investment amount in plant and equipment

FY2020 includes construction costs for Chiba factory.

FY2021 update of ordinary equipment.



1. FY2020 Financial Results

2. FY2021 Forecasts

3. Mid-term management plan progress



① Integrated response to highly specialized customer needs

4 development projects are in progress mainly relate to Electronic and Semiconductor.

⇒FY 2020 sales of the target product are about 5 billion yen.

⇒Set development goals for each project and strengthen the products.

Established Engineering and Development Center

⇒Make the production engineering department of each factory under of the Engineering Development Center, and promote the improvement of production technology and product development.

Established a cross-sectional organization in the sales Division

⇒Sales Engineering Group: Strengthening response to technical requests from customers.

⇒Semiconductor Group: Strengthening response to the Semiconductor industry.



② Optimize and accelerate global expansion

Strengthen sales structure in Europe.

⇒ Established sales management functions of European region in Germany.

⇒ Strengthening sales in Germany and Eastern Europe.

Business Alliance with Tyrolit .

⇒ Progress of mutual supply of products (for Semiconductor , Bearing industry , etc.).

⇒ Aiming to mutual supply of products on the scale of hundreds of millions of yen in FY2021

⇒ Expanding alliance volume by extending alliance area and products.





③ Strengthening management infrastructure and management systems.

Update of core computer system.

⇒ Established the preparation team(IT Promotion Office),work to strengthen IT functions.

Established Corporate Governance Section in Administration Division.

Established Group Companies Management Division to strengthen management of domestic and overseas subsidiaries.

⇒ Promoting of the strength governance of all group companies.

Reconstruction of personnel system

⇒ Promote consideration of revision of senior personnel system,etc.





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.

