

# FY2019 Financial Results Summary

## The Medium – Term Management Plan

May 29, 2020

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- Monetary amounts have been calculated and rounded down to the nearest indicated unit, while ratios are calculated and rounded off to the nearest decimal place.
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# Consolidated Statement of Income



FY2019 Financial Results Summary

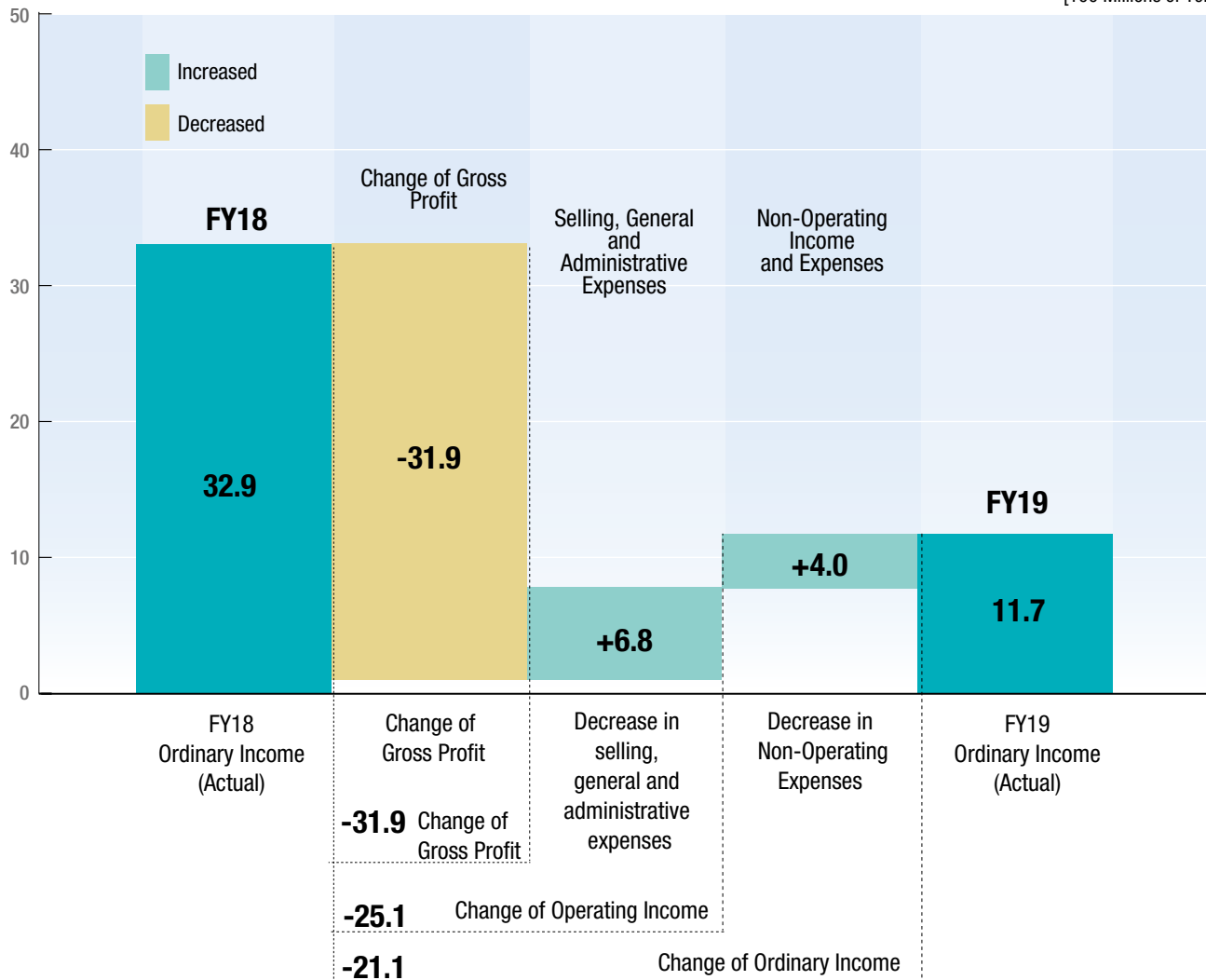
[ Million Yen ]

	FY18 (Actual)	FY19 (Plan)	FY19 (Actual)	Compared to Previous FY (Change)	Compared to Plan (Change)
<b>Net Sales</b>	84,068	92,600	91,535	7,467	(1,064)
<b>Gross Profit</b>	13,643	12,723	10,444	(3,198)	(2,278)
<b>Selling, General and Administrative Expenses</b>	9,321	9,796	8,636	(684)	(1,159)
<b>Operating Income</b>	4,321	2,900	1,807	(2,513)	(1,092)
<b>Non-Operating Income and Expenses</b>	(1,030)	(694)	(629)	401	64
<b>Ordinary Income</b>	3,290	2,200	1,178	(2,112)	(1,021)
<b>Extraordinary loss</b>	(263)	(251)	(279)	(16)	(28)
<b>Income Before Taxes</b>	3,026	1,982	898	(2,128)	(1,083)
<b>Net Income Attributable to Shareholders of Parent Company</b>	1,910	1,300	605	(1,304)	(694)
<b>Net Income Per Share (Yen)</b>	71.23	48.46	22.58	—	—
<b>Exchange Rate (Yen/US\$)</b>	109.74	107.07	109.34	—	—

(Note) " Plan" refers to the earnings forecast at the time of business result announcement on November 8, 2019.

## Compared to Previous FY (-¥2.11 billion)

[100 Millions of Yen]



## Point

### Gross Profit

- Decrease due to the additional expenses owing to the response to inappropriate quality issues

### Selling, General and Administrative Expenses

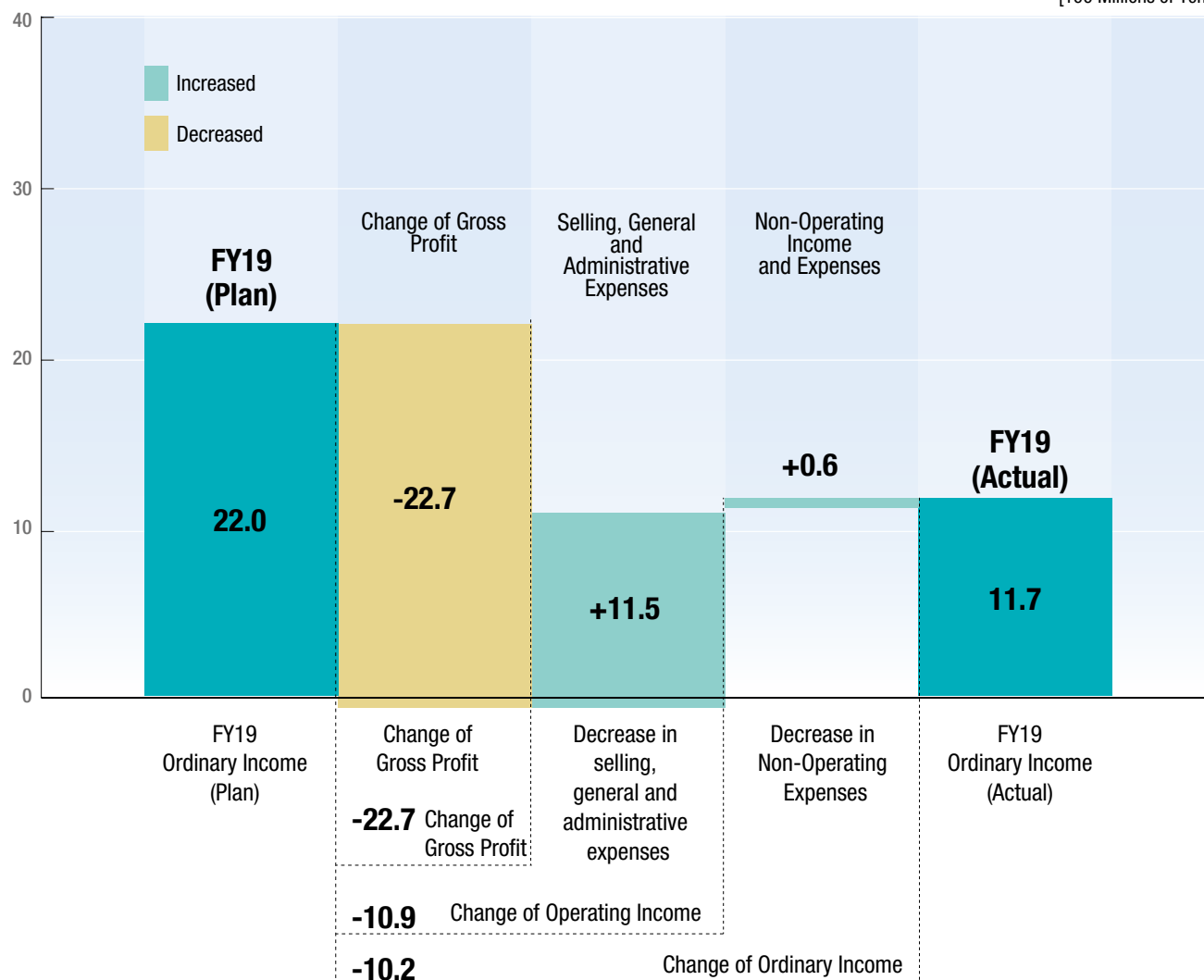
- Decrease in warranty repair costs (+¥540 million)
- Decrease in sales commission (+¥120 million)
- Others (+¥10 million)

### Non-Operating Income and Expenses

- Decrease in compensation expenses (+¥700 million)
- Worsening of foreign exchange gains and losses (-¥430 million)
- Others (+¥120 million)

## Compared to Plan (-¥1.02 billion)

[100 Millions of Yen]



## Point

### Gross Profit

- Net sales decreased due to the impact of the spread of COVID-19
- Decreased due to an increase in costs resulting from a delay in the improvement of productivity of some programs.

### Selling, General and Administrative Expenses

- Decrease in R&D costs (+¥380 million)
- Decrease in sales commission (+¥280 million)
- Decrease in warranty repair costs (+¥100 million)
- Others (+¥370million)

### Non-Operating Income and Expenses

- Improve in foreign exchange gains (+¥160 million)
- Others (-¥100 million)

# Net Sales and Ordinary Income by Segment <sup>1</sup>

Compared to Previous FY  
Compared to Plan



FY2019 Financial Results Summary

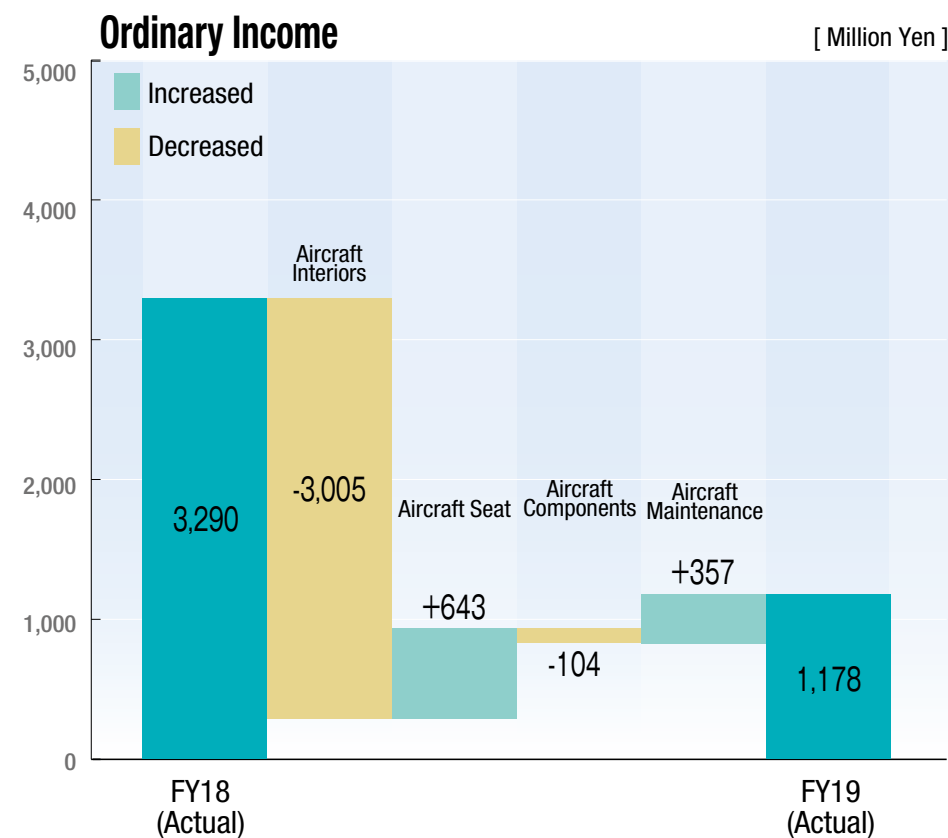
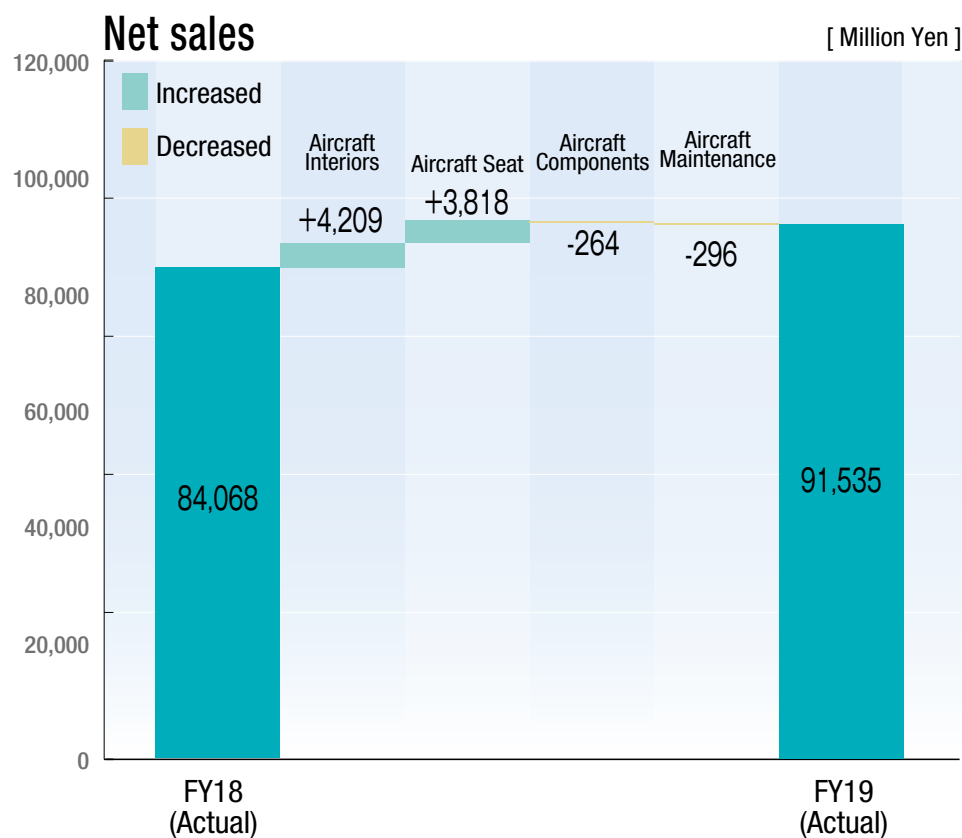
[ Million Yen ]

	Net Sales					Ordinary Income				
	FY18 (Actual)	FY19 (Plan)	FY19 (Actual)	Compared to Previous FY (Change)	Compared to Plan (Change)	FY18 (Actual)	FY19 (Plan)	FY19 (Actual)	Compared to Previous FY (Change)	Compared to Plan (Change)
<b>Aircraft Interiors</b>	56,869	62,200	61,078	4,209	(1,121)	6,113	3,200	3,107	(3,005)	(92)
<b>Aircraft Seat</b>	12,175	15,100	15,994	3,818	894	(3,143)	(1,500)	(2,499)	643	(999)
<b>Aircraft Components</b>	6,597	6,900	6,333	(264)	(566)	110	300	6	(104)	(293)
<b>Aircraft Maintenance</b>	8,426	8,200	8,129	(296)	(70)	210	200	567	357	367
<b>Others</b>	0	0	0	0	0	0	(10)	(4)	(3)	5
<b>Total</b>	84,068	92,600	91,535	7,467	(1,064)	3,290	2,200	1,178	(2,112)	(1,021)

(Note) "Others" include amounts for Orange JAMCO Corporation.

# Net Sales and Ordinary Income by Segment ② Compared to Previous FY

FY2019 Financial Results Summary



#### Point

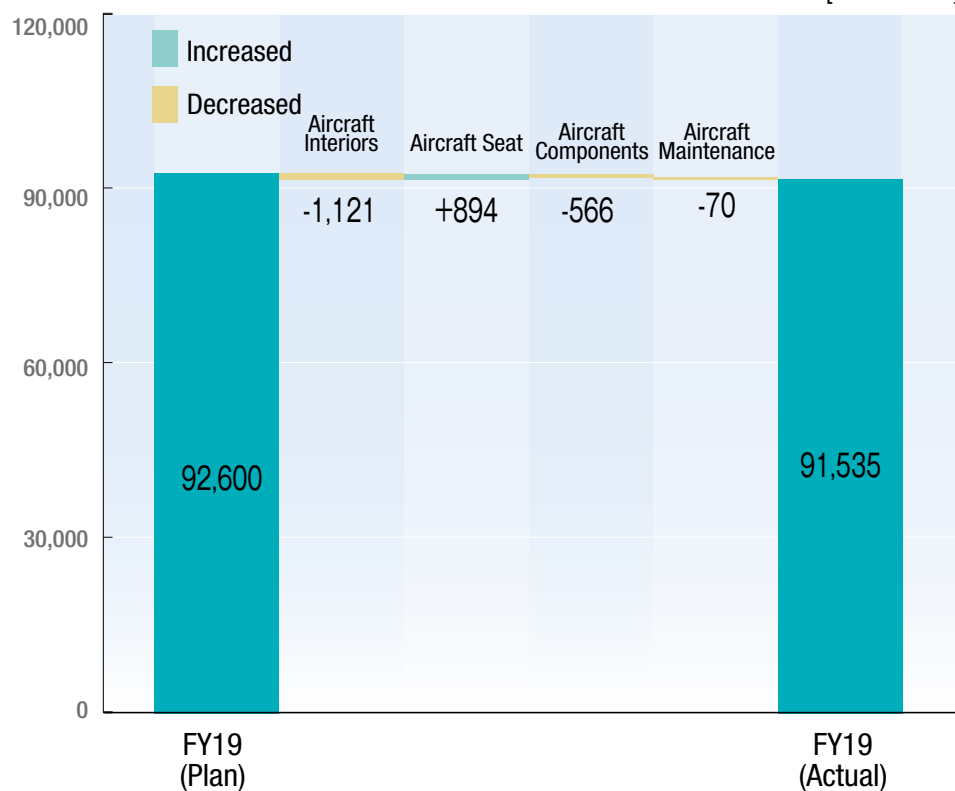
- Net sales for the aircraft interiors business rose as a result of progress in the shipment of products against the backdrop of demand for air transportation which had been robust until the global spread of COVID-19.
- Net sales for the aircraft seat business rose the shipment of the business class seat "Venture" which started in FY 2019.

#### Point

- Ordinary income for the aircraft interiors business fell due to reflecting a decline in the number of shipments of profitable programs compared with the favorable number in the previous fiscal year and foreign exchange losses, in addition to increases in additional expenses owing to the response to inappropriate quality issues.
- Ordinary income for the aircraft seat business rose due to the shipment of the business class seat "Venture" which started in FY 2019 and the increase in sales of spare parts.
- Ordinary income for the aircraft maintenance business rose due to improved profitability, reflecting a solid increase in performance of aircraft maintenance for airlines.

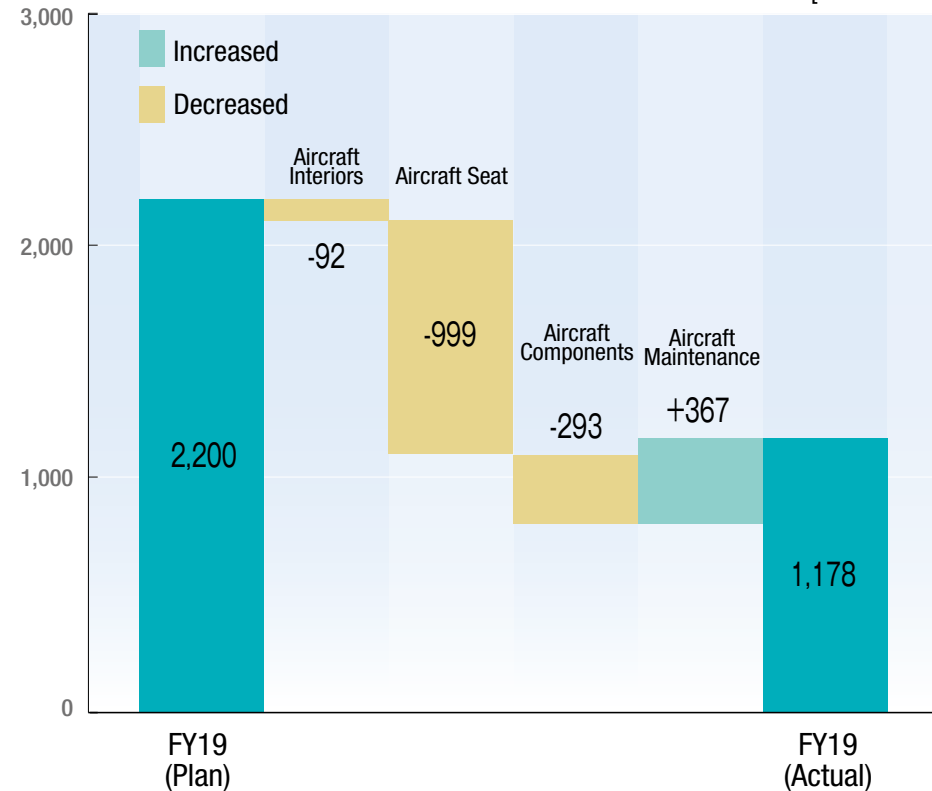
## Net sales

[ Million Yen ]



## Ordinary Income

[ Million Yen ]



## Point

- Net sales for the aircraft interiors business fell due to the postponement of shipments of some programs to the next fiscal year and thereafter reflecting of the spread of COVID-19
- Net sales for the aircraft seat business rose due to the front-loaded shipment in some programs
- Net sales for the aircraft components business fell due to the postponement of some shipments of heat exchangers and CFRP structure parts.

## Point

- Ordinary income for the aircraft seat business fell due to a delay in the improvement of productivity of some programs
- Ordinary income for the aircraft components interiors fell due to the decrease of net sales.
- Ordinary income for the aircraft maintenance business rose due to improved profitability, reflecting a solid increase in performance of aircraft maintenance for airlines.

## Consolidated Balance Sheets

FY2019 Financial Results Summary



[ Million Yen ]

Items of an Account	End of FY18 (As of March 31, 2019)	End of FY19 (As of March 31, 2020)	Change
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Deposits	5,822	8,690	2,868
Notes and Accounts Receivable - Trade	22,571	31,898	9,327
Inventories	48,727	52,251	3,524
Other Current Assets	3,480	4,890	1,409
<b>Total Current Assets</b>	<b>80,602</b>	<b>97,732</b>	<b>17,130</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13,988	13,766	(222)
Intangible Assets	1,750	1,999	248
Investments and Other Assets	6,640	6,686	46
<b>Total Non-Current Assets</b>	<b>22,378</b>	<b>22,451</b>	<b>73</b>
<b>Total Assets</b>	<b>102,980</b>	<b>120,184</b>	<b>17,203</b>

Items of an Account	End of FY18 (As of March 31, 2019)	End of FY19 (As of March 31, 2020)	Change
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Notes and Accounts Payable - Trade	8,821	11,394	2,573
Electronically Recorded Obligations - Operating	8,910	9,551	640
Short-Term Loans Payable	17,404	36,386	18,982
Current Portion of Long-Term Loans Payable	2,300	1,200	(1,100)
Advances Received	10,675	8,644	(2,030)
Provision for Loss on Construction Contracts	3,781	3,607	(173)
Other Current Liabilities	7,664	6,164	(1,499)
<b>Total Current Liabilities</b>	<b>59,556</b>	<b>76,949</b>	<b>17,393</b>
<b>Non-Current Liabilities</b>			
Long-Term Loans Payable	3,700	3,500	(200)
Other Non-Current Liabilities	9,008	9,361	352
<b>Total Non-Current Liabilities</b>	<b>12,708</b>	<b>12,861</b>	<b>152</b>
<b>Total Liabilities</b>	<b>72,265</b>	<b>89,811</b>	<b>17,545</b>
<b>NET ASSETS</b>			
<b>Total Net Assets</b>	<b>30,715</b>	<b>30,373</b>	<b>(341)</b>
<b>Total Liabilities and Net Assets</b>	<b>102,980</b>	<b>120,184</b>	<b>17,203</b>

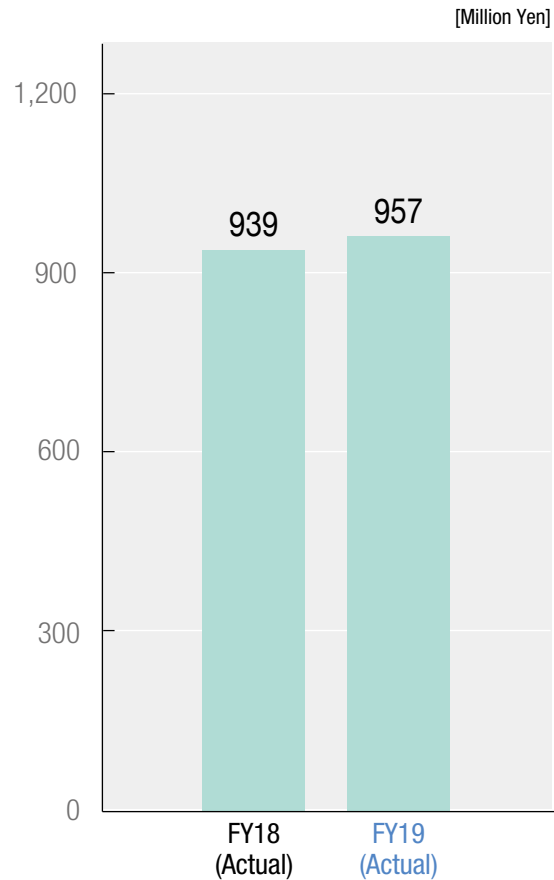
## Point

Notes and accounts receivable-trade, and inventories rose due to an increase of net sales for the aircraft interiors business.

Loans payable rose due to increase notes and accounts receivable-trade, and inventories.

Equity ratio 29.3% → 24.8%

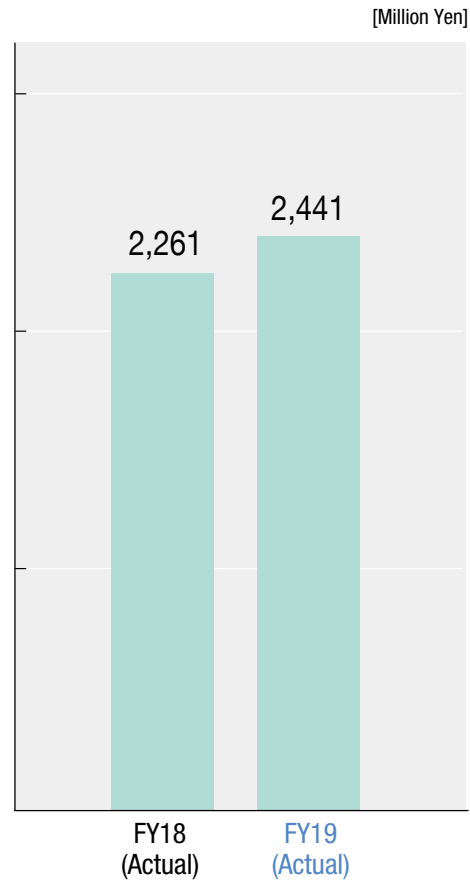


**Consolidated Research and Development**

Point

## ■ FY19 (Actual)

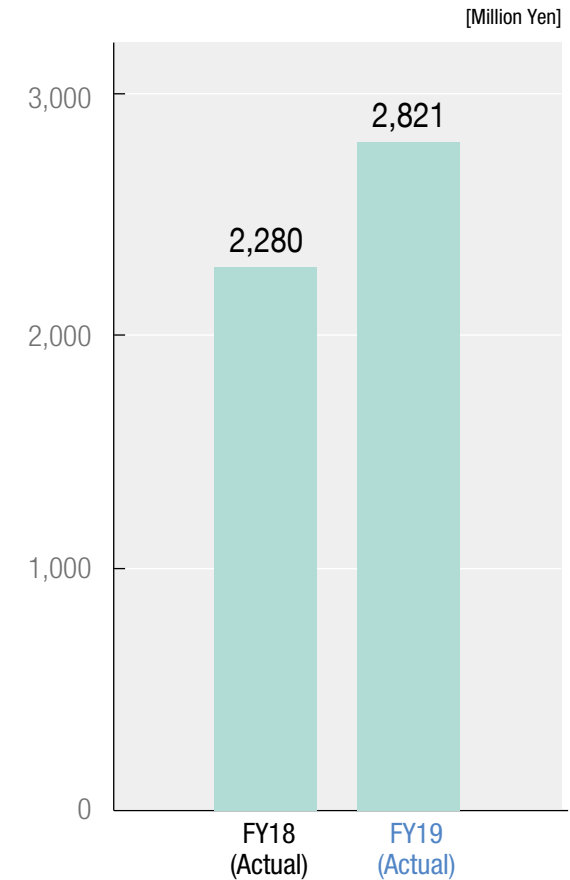
- Development of next premium seats, materials to reduce the weight of interior products
- Various testing of ADP

**Consolidated Investment in Plant and Equipment**

Point

## ■ FY19 (Actual)

- Investments made in IT for automation and software
- Dies for interior products construction

**Consolidated Depreciation**

[ Million Yen ]

	JAMCO	Niigata JAMCO	Miyazaki JAMCO	Nakajo JAMCO	JAMCO AMERICA, INC.	JAMCO AERO DESIGN & ENGINEERING PTE LTD.	JAMCO SINGAPORE PTE LTD.	JAMCO PHILIPPINES, INC.	JAMCO AERO MANUFACTURING CO., LTD.	Tokushima JAMCO	JAMCO AEROTECH CO., LTD.	Orange JAMCO
Net sales	83,528	4,049	1,203	1,205	21,971	1,528	1,501	807	1,083	720	404	109
Operating income	1,707	65	138	74	(507)	93	(166)	55	31	27	16	5
Ordinary income	1,580	80	155	71	(619)	132	(161)	46	31	31	16	5
Net income	1,039	63	33	48	(447)	111	(154)	18	20	20	10	3

(Note 1) Earnings worsened for JAMCO America accompanying a delay in the improvement of productivity of some programs.

(Note 2) Earnings worsened for JAMCO Singapore due to reduced sales.

- **The global economy faced extremely difficult conditions due to the impact of the spread of COVID-19, resulting the travel restriction and the suspension of operations.  
As for exchange fluctuations, there are concerns regarding the risk of sharp exchange fluctuations due to rate cut in the U.S., trends in the economic policies of each country, and mounting geopolitical risks.**
- **In response to the sharp decline in passenger demand, flights on international and domestic routes were suspended or reduced, which caused enormous losses to the airlines.**
- **For FY2019, Boeing posted first annual loss in 22 years because of the 737 MAX crisis. Results reflected lower 737 MAX deliveries and additional charge related to estimated potential concessions and other considerations to customers related to the 737 MAX grounding. On the other hand, Airbus delivered a strong underlying financial performance driven mainly by their commercial aircraft deliveries.  
The impact of 737 MAX crisis on our company is expected to be insignificant.  
In the medium to large-sized aircraft market such as the Boeing 787, 777X and the Airbus A350, both Boeing and Airbus plan to substantially reduce production due to the sharp decline in demand for air transportation.  
Although the demand for spare parts on Airlines will be expected to decline sharply, we expect it will improve gradually after resumption of economic activities of each country.**

## Medium - Term Vision

- **JAMCO will become a leading aircraft interiors company as a specialist in the field of aviation that makes aircraft interiors its primary business, while utilizing its component manufacturing and aircraft maintenance capabilities.**

## Medium - Term Management Index

- **Profitability indicator: Consolidated ordinary income ratio of 7% or more.**
- **Efficiency indicator: Consolidated ROA of 7% or more.**
- **Dividend policy; Consolidated dividend payout ratio of 20-30% will be set as a guideline.**

## The Medium-Term Management Plan

The business environment is expected to remain challenging for some time, with no clear forecast for when COVID-19 will be brought under control. JAMCO will promote greater efficiency of its production systems, eliminating unreasonable requirements, waste, and inconsistencies (known respectively in Japanese as muri, muda, mura) operations, in preparation for a future recovery in aviation demand.

The worldwide downturn in demand for air transportation is expected to impact all of JAMCO's businesses significantly, and we aim to enhance quality as well as profitability by promoting operational process reform at a company-wide level, including quality, production, finance, human resources and IT strategy.

**Aircraft Interiors Segment**

- ① Strive to regain customer trust, through measures to strengthen quality management systems through reliable implementation of SMS (safety management systems) and review of QMS (quality management systems).
- ② Engage in strategic reorganization of production sites in Japan and overseas, to strengthen competitiveness and reduce foreign exchange risk, as well as in response to changes in the global competitive environment.
- ③ Further enhance QCD (quality, cost and delivery), steadily engage in new design and development, actively invest in seeds of growth (new fields, new technologies and new materials) for the next stage of the interiors business, and promote stronger competitiveness, as a technology and quality oriented company.

**Aircraft Seat Segment**

- ① Delivery of the custom-made seats for which orders were previously received is expected to conclude during fiscal year 2021, despite the lingering impact of excessive initial development and manufacturing costs. We will work to expand sales of the Venture business class seat, which utilizes a standardized platform, in order to recover profit and build a stable revenue base.
- ② Enhance management capability and cooperation through the Group supply chain, and build a structure to supply the next generation premium seat utilizing a standardized platform.
- ③ Continually implement growth strategy, by not only working to expand sales of the Venture business class seat, but also developing the next generation premium seat utilizing a standardized platform.

**Aircraft Components Segment**

- ① In addition to enhancing design and manufacturing capabilities, leveraging our NADCAP-certified special processing technologies to strengthen competitiveness, and promoting orders of products with high technological added value, we will endeavor to select and concentrate order items according to added value and competitiveness.
- ② In the ADP business, we will engage in restructuring the business model, including new product development, alliances with other companies, and expansion into new fields.
- ③ Apply our technological capabilities in device manufacturing to the aircraft interiors business and seat business, enhancing synergies.

**Aircraft Maintenance Segment**

- ① Promote transition to MRO (maintenance, repair & over-haul) providing high added value through selection and focus, and aim to construct a business foundation that enables the generation of stable revenue.
- ② Relay the information gained through the maintenance business back to the interiors, seat and components businesses, and work to enhance synergies within the JAMCO Group

### 787 Production Status

- As of the end of March 2020, 968 aircraft have been delivered
- As of the end of March 2020, 542 aircraft are on order
- 787 production rate reduced to 10 per month in 2020, gradually reduced to 7 per month by 2022

### 777X Development Status

- Delivery of the first aircraft scheduled for 2021
- As of the end of March 2020, 309 aircraft are on order
- 777/777X combined production rate reduced to 3 per month in 2021

### 737MAX Production Status

- As of the end of March 2020, 387 aircraft have been delivered
- As of the end of March 2020, 4,246 aircraft are on order
- Slower than planned production rate ramp following production restart. Gradual increase to 31 per month during 2021 with further gradual increases to correspond with market demand.

### A380 Production Status

- As of the end of March 2020, 251 aircraft have been delivered
- As of the end of March 2020, 9 aircraft are on order
- Stop production in 2021

### A350XWB Production Status

- As of the end of March 2020, 361 aircraft have been delivered
- As of the end of March 2020, 569 aircraft are on order

### A330neo Production Status

- As of the end of March 2020, 46 aircraft have been delivered
- As of the end of March 2020, 287 aircraft are on order

### A320 Family neo Production Status

- As of the end of March 2020, 1,277 aircraft have been delivered
- As of the end of March 2020, 6,159 aircraft are on order

Source: Boeing Home Page and Airbus Home Page

(Jan. 2019~Dec. 2019)

	Orders	Deliveries	Order backlog
<b>Total</b>	(81)	380	5,630
<b>747</b>	0	7	17
<b>777X</b>	(17)	0	309
<b>777</b>	19	45	79
<b>787</b>	74	158	547
<b>767</b>	26	43	94
<b>737</b>	(183)	127	4,584

(Note 1)    colored models indicate wide-body aircraft

(Note 2) Orders indicate net orders

Source: Boeing Home Page

(Jan. 2019~Dec. 2019)

	Orders	Deliveries	Order backlog
<b>Total</b>	768	863	7,482
<b>A380</b>	(70)	8	9
<b>A350</b>	32	112	579
<b>A330/A340</b>	89	53	331
<b>A320 family</b>	654	642	6,068
<b>A220 family</b>	63	48	495

(Note 1)      colored models indicate wide-body aircraft

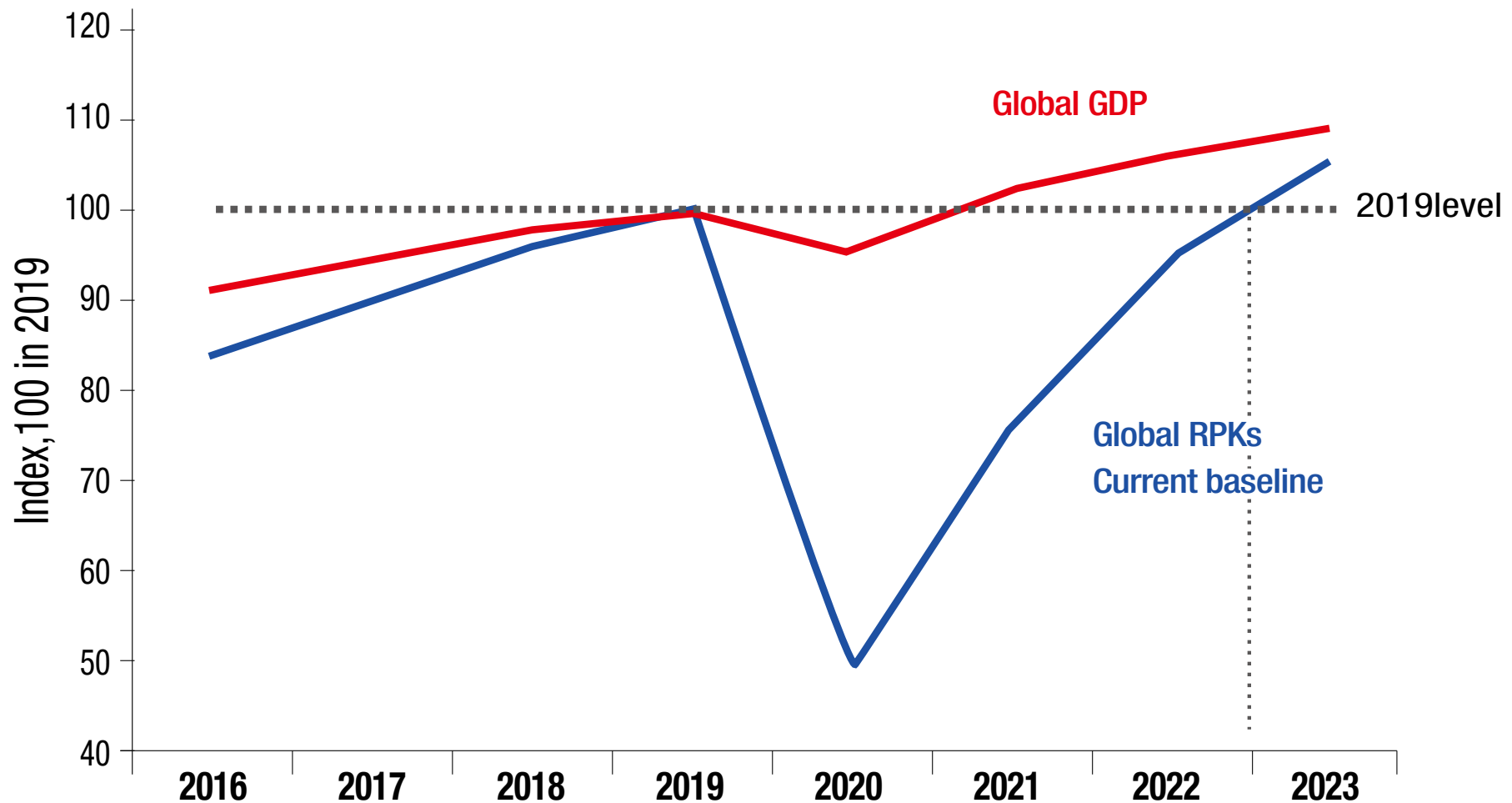
(Note 2) Orders indicate net orders

Source: Airbus Home Page



## Global RPKs recover 2019 levels in 2023

Global GDP and global RPKs, indexed to equal 100 in 2019



出典：IATA, 「COVID-19 Outlook for air travel in the next 5 years 13th May 2020」

技術を翼に世界の空へ

 **Jamco**  
ALWAYS FLY TOGETHER



*Always Fly Together*