（東証1部 3433）

溶射を中心とした各種表面改質の総合メーカー

IR Conference (FY Match 2020)

2020/5/14

TOCALO トーカロ株式会社

Index

1．Company Profile

Company Profile

TOCALO Co.,Ltd

Business : Surface Modification (Main tech.

:Thermal Spray Coating)

Head Office : Kobe City, Hyogo

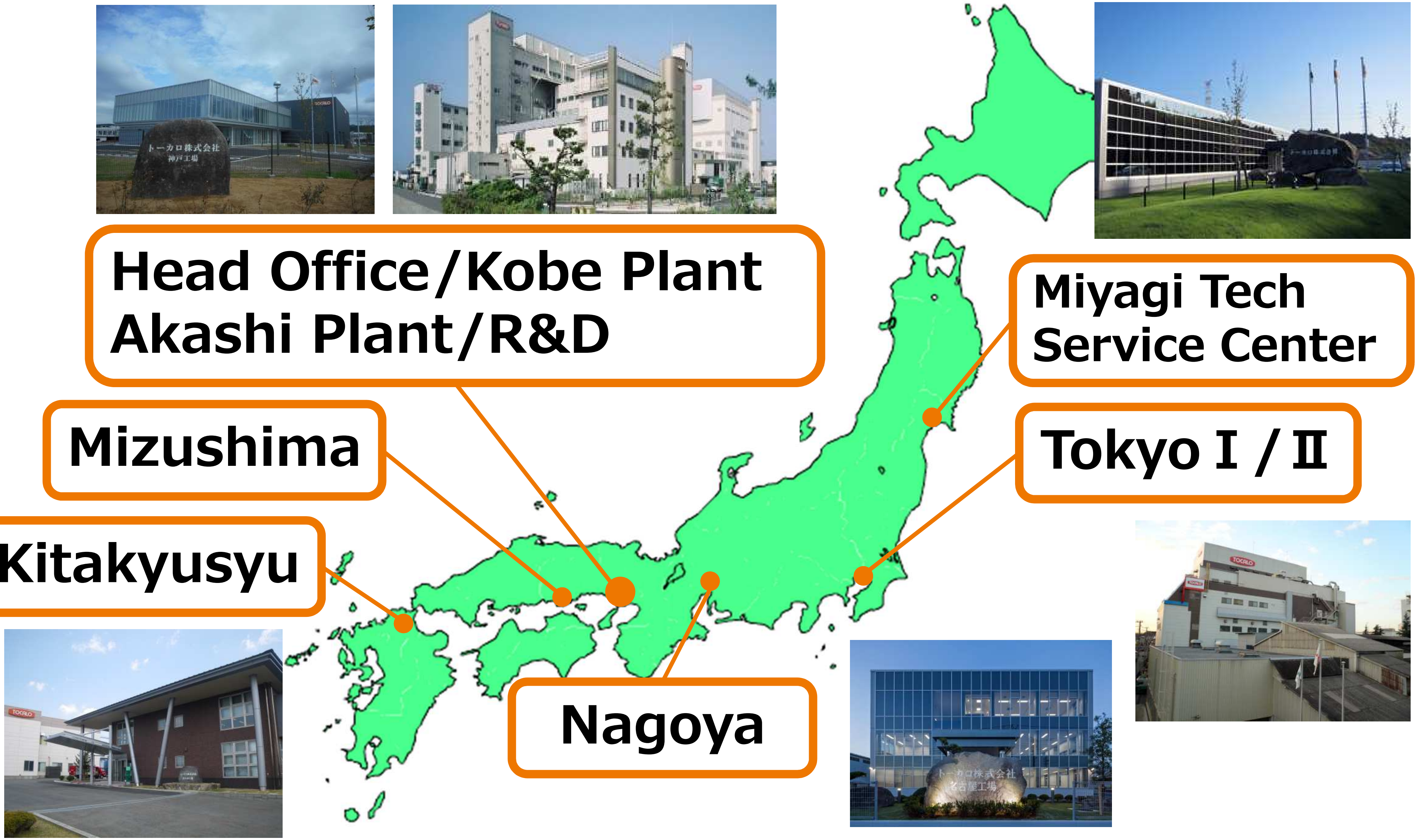
Established : July, 1951

Capital : JPY2,658,823,000

Consolidateed Revenue : JPY37,896million(FY2020)

Group Manpower : 1,060(As of Mar.31,2020)

Main Business Location in Japan

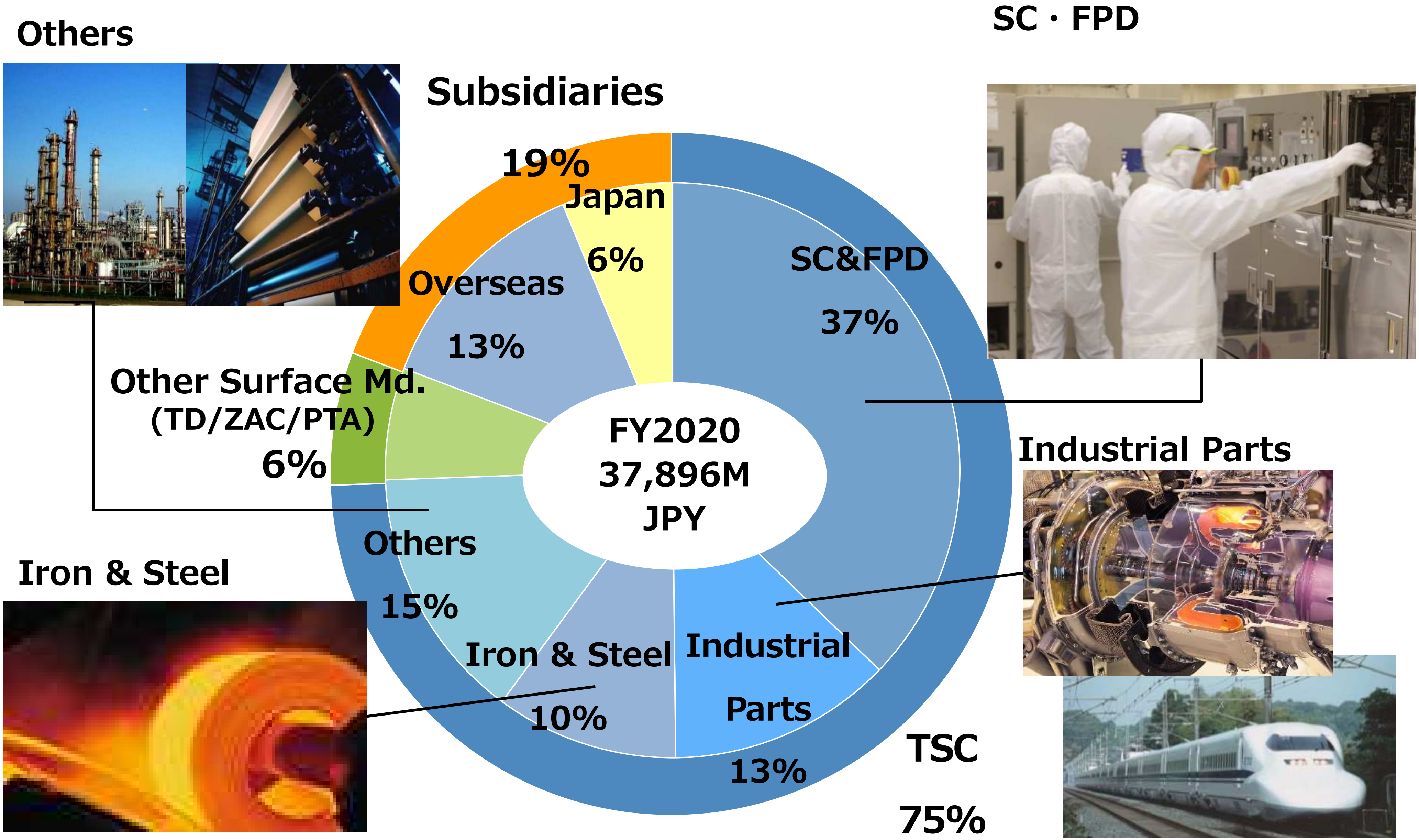


Group Companies

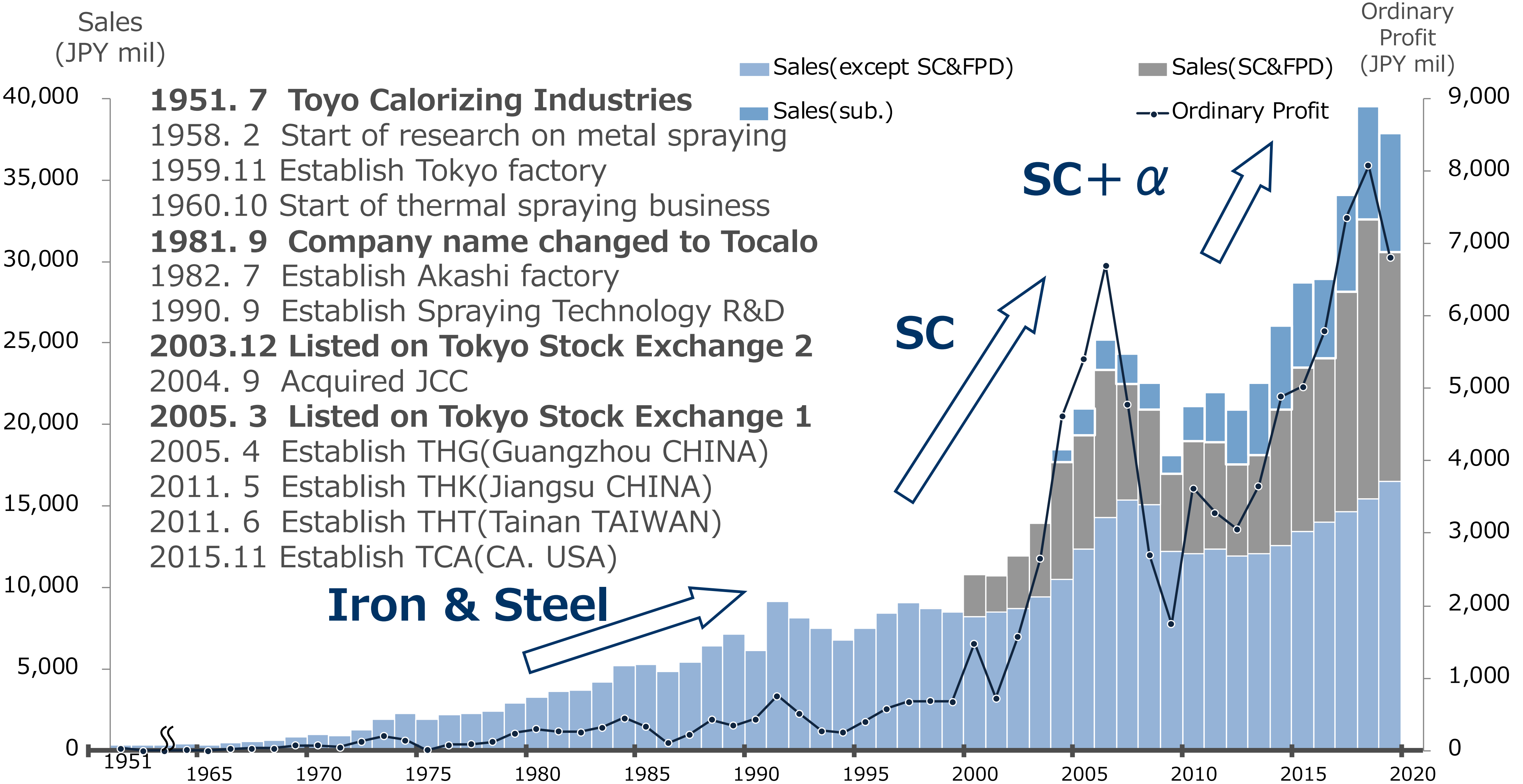
Company Name	Est. (Inv.)	HO	Controling Share	Business Field
Consolidated Subsidiaries			(TSC=Thermal Spraying Coating)	
JAPAN COATING CENTER CO.,LTD	1985	Kanagawa JAPAN	100%	PVD Coating
TOCALO&HAN TAI CO.,LTD	2005	Guangzhou CHINA	70%	TSC(Iron & Steel etc.)
TOCALO&HAN TAI KS CO.,LTD	2011	Jiangsu CHINA	90%	TSC(SC&FPD)
TOCALO&HAN TAI TW CO.,LTD	2011	Tainan TAIWAN	50%	TSC(SC & FPD)
TOCALO USA INC.	2015	CA.USA	100%	TSC(SC & FPD)
Affiliates				
NEIS&TOCALO(Thailand) CO.,LTD	2015	Chonburi TAILAND	49%	TSC(Iron & Steel etc.)
PT.TOCALO Surface Technology Indonesia	2016	Karawang INDONESIA	100%	TSC(Iron & Steel etc.)




Business fields in various industries



History of performance (1951~)



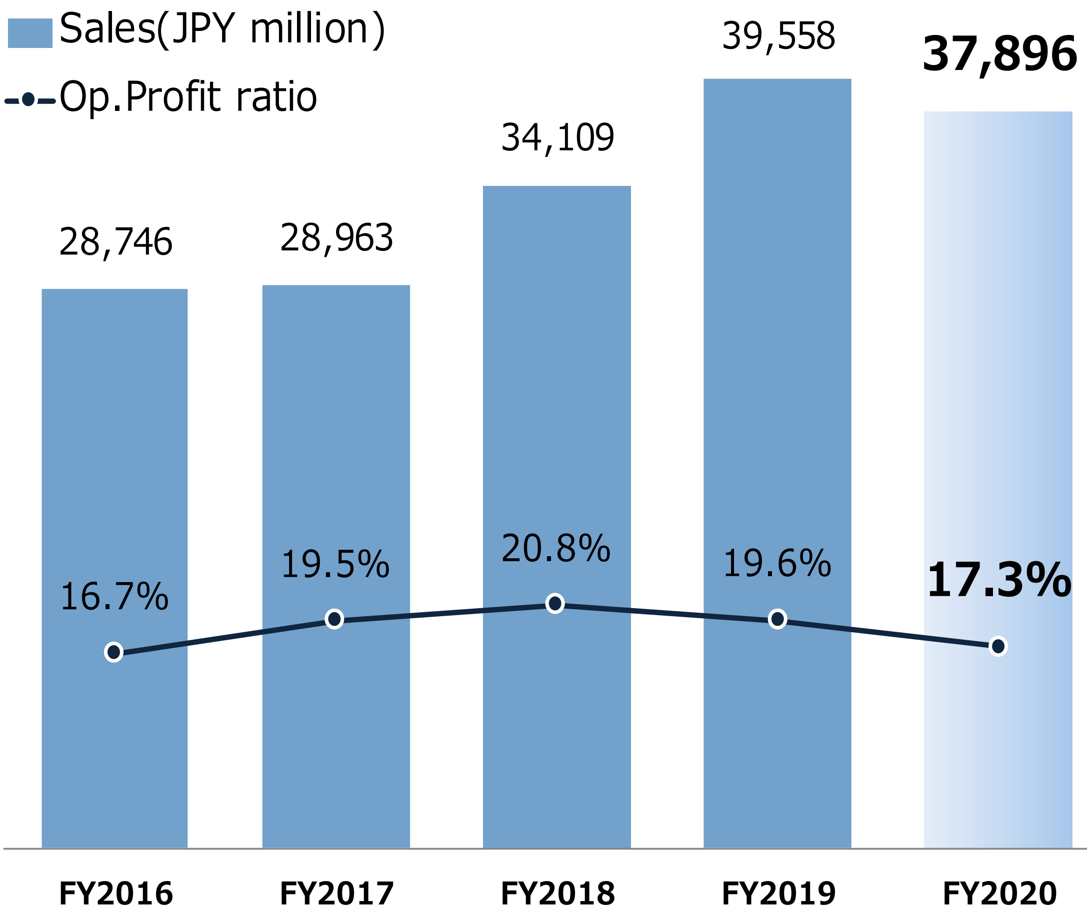
（注1） 1990年度は決算期変更のため9ヶ月決算
（注2） 2005年度から連結決算
（注3） 2020年度予想は未定

2. Overview of Consolidated result FY March 2020

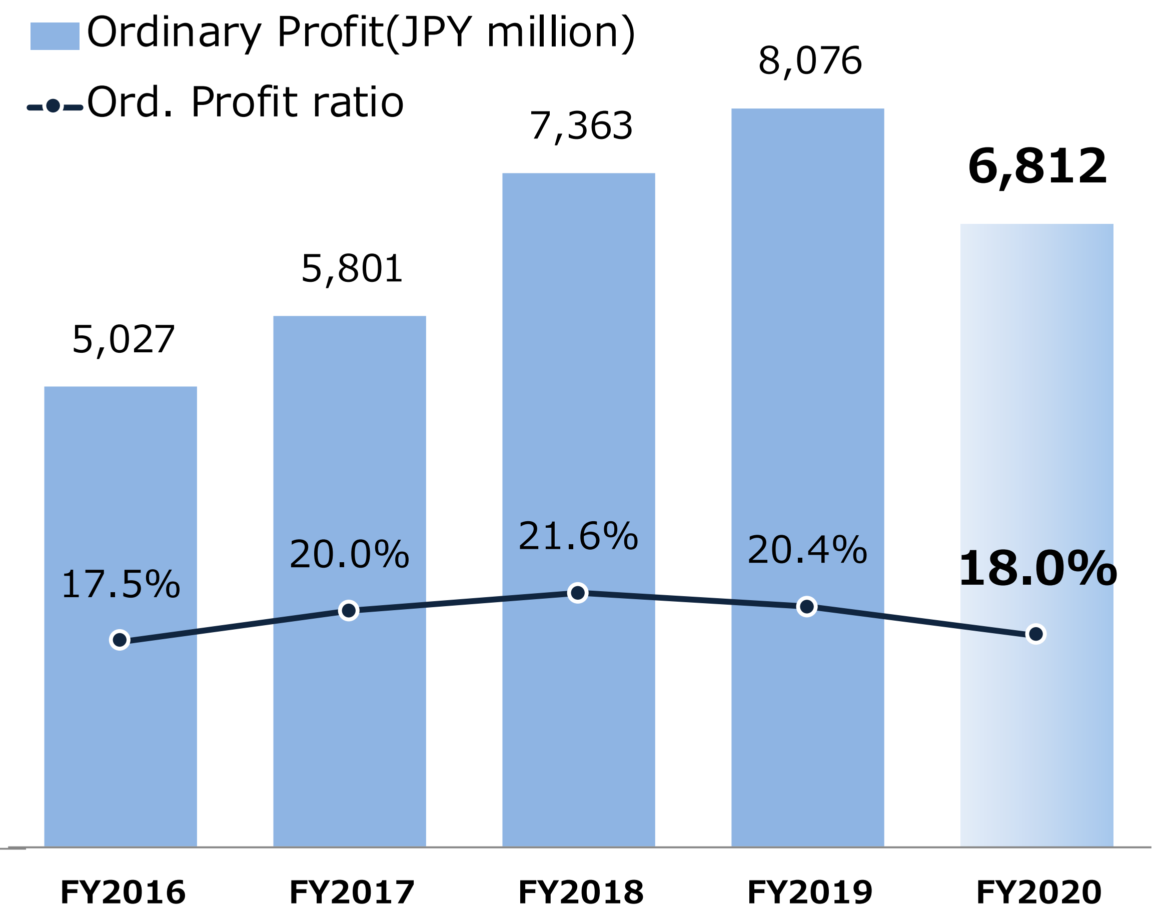
TOCALO トーカロ株式会社

Overview of Consolidated results FY2020

Sales and Operating margin

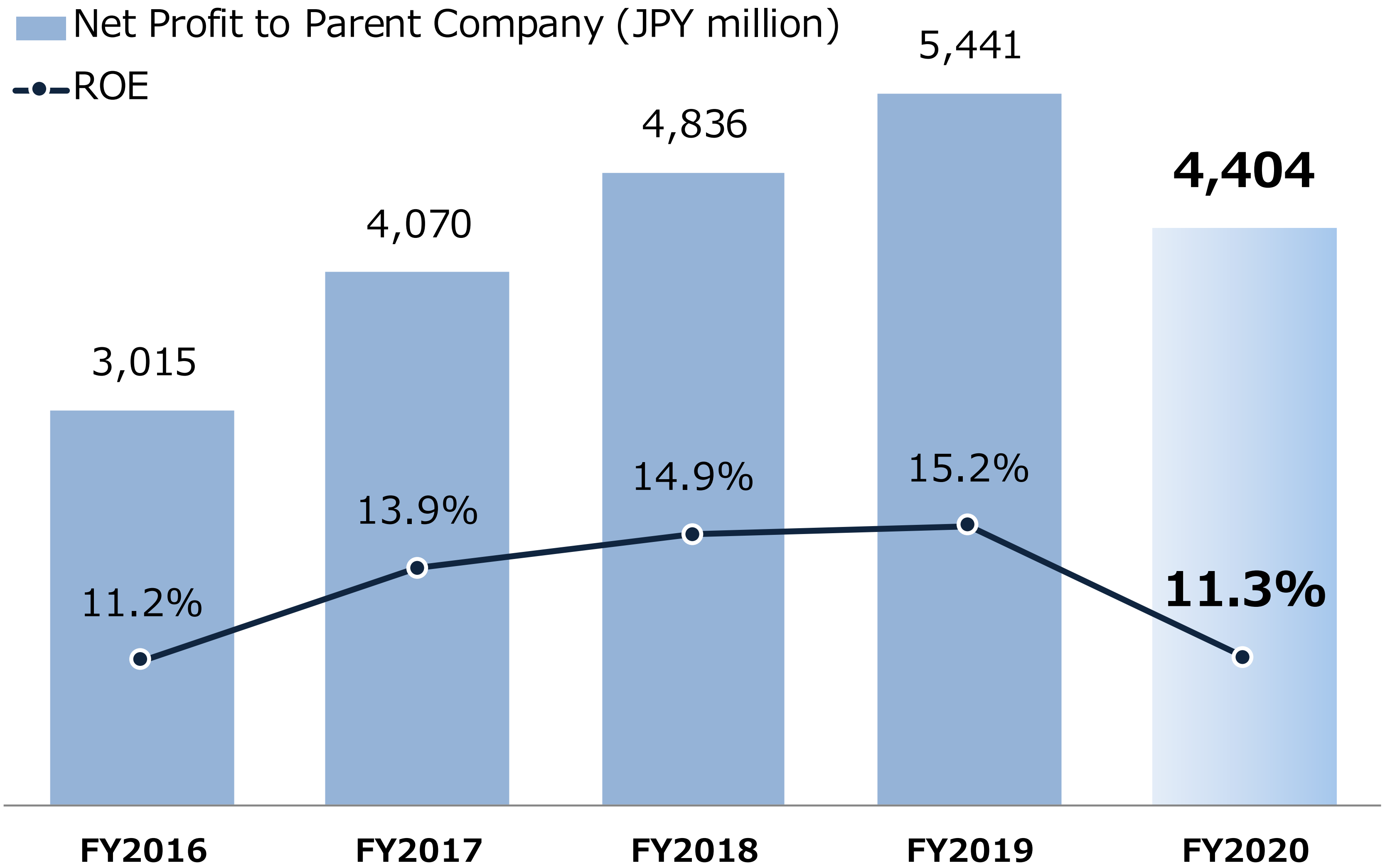


Ordinary Profit and Ordinary Profit ratio



Overview of Consolidated results FY2020

Net Profit attribute to Parent Company & ROE



Summary of result FY2020

Topics

(1) Sales and profit exceeded initial forecasts

Sales in the SC & FPD fields fell as expected

Industrial parts, steel, and other fields performed well

(In particular Energy, Petro Chemistry and Paper)

(2)Domestic subsidiaries decreased sales and profits, Overseas subsidiaries increased sales and decreased profits

Orders in the FPD field were sluggish at subsidiary in Taiwan,

Subsidiary in China made strong performance

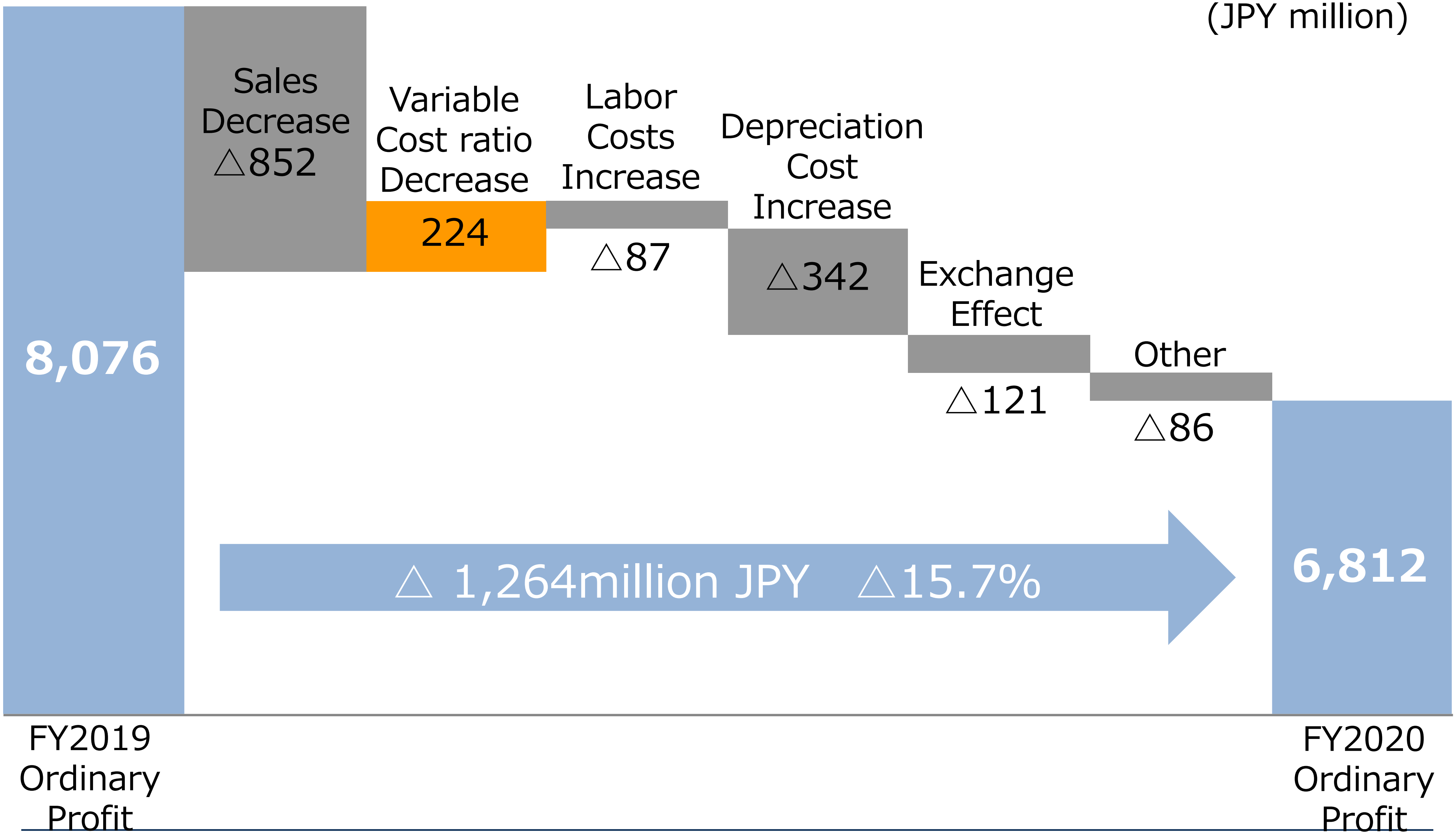
(In particular Iron, petroleum and gas)

Overview of Consolidated Results FY2020

(JPY milliion)	FY2019		FY2020		Change	
	Result	Ratio	Result	Ratio	Amount	Ratio
Turnover	**39,558**	**100.0%**	**37,896**	**100.0%**	**△ 1,662**	**-4.2%**
Thermal Spray	30,400	76.8%	28,221	74.5%	△ 2,178	-7.2%
Semi-con,FPD	17,134	43.3%	14,102	37.2%	△ 3,032	-17.7%
Industrial Parts	4,154	10.5%	4,782	12.6%	628	15.1%
Iron & Steel	3,662	9.3%	3,899	10.3%	237	6.5%
Others	5,449	13.7%	5,437	14.4%	△ 12	-0.2%
Other Surface Md.	2,204	5.6%	2,384	6.3%	179	8.1%
Domestic Sub.	2,493	6.3%	2,364	6.2%	△ 128	-5.2%
Overseas Sub.	4,460	11.3%	4,925	13.0%	465	10.4%
Operational Profit	**7,741**	**19.6%**	**6,550**	**17.3%**	**△ 1,191**	**-15.4%**
Ordinary Profit	**8,076**	**20.4%**	**6,812**	**18.0%**	**△ 1,264**	**-15.7%**
Net Profit attribute to Parent Company	**5,441**	**13.8%**	**4,404**	**11.6%**	**△ 1,036**	**-19.1%**

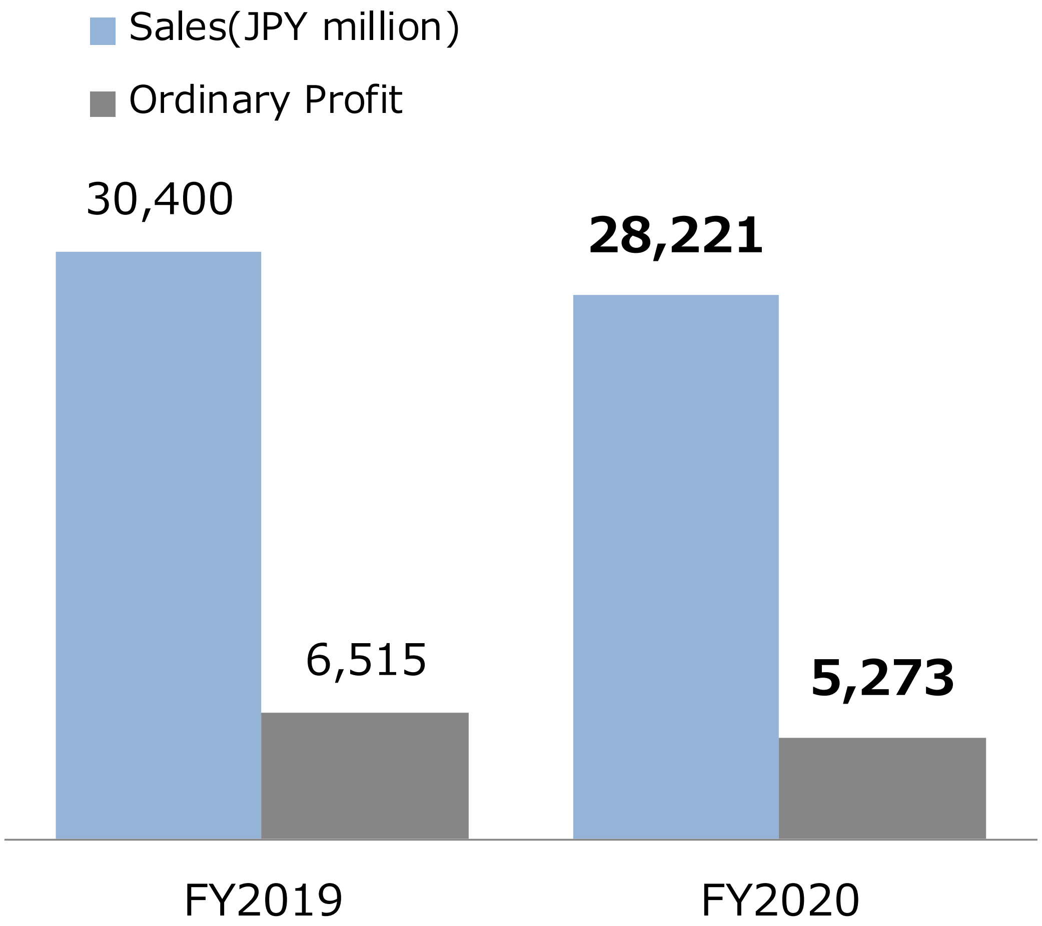
Analysis of Ordinary P/L Change

(JPY million)



Segment Information

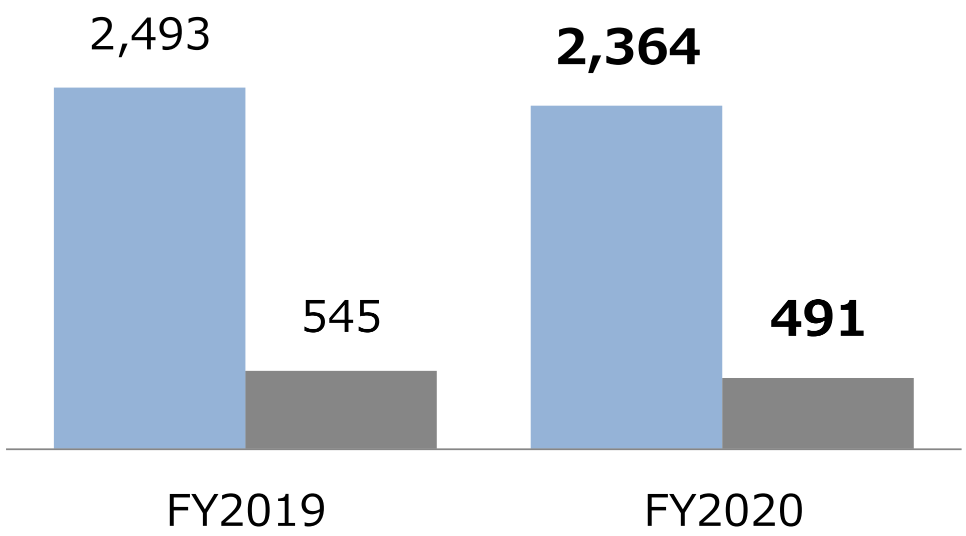
Thermal Spraying Tocalo



Industrial parts and Iron were well

Order in the SC & FPD decreased

Domestic Subsidiary



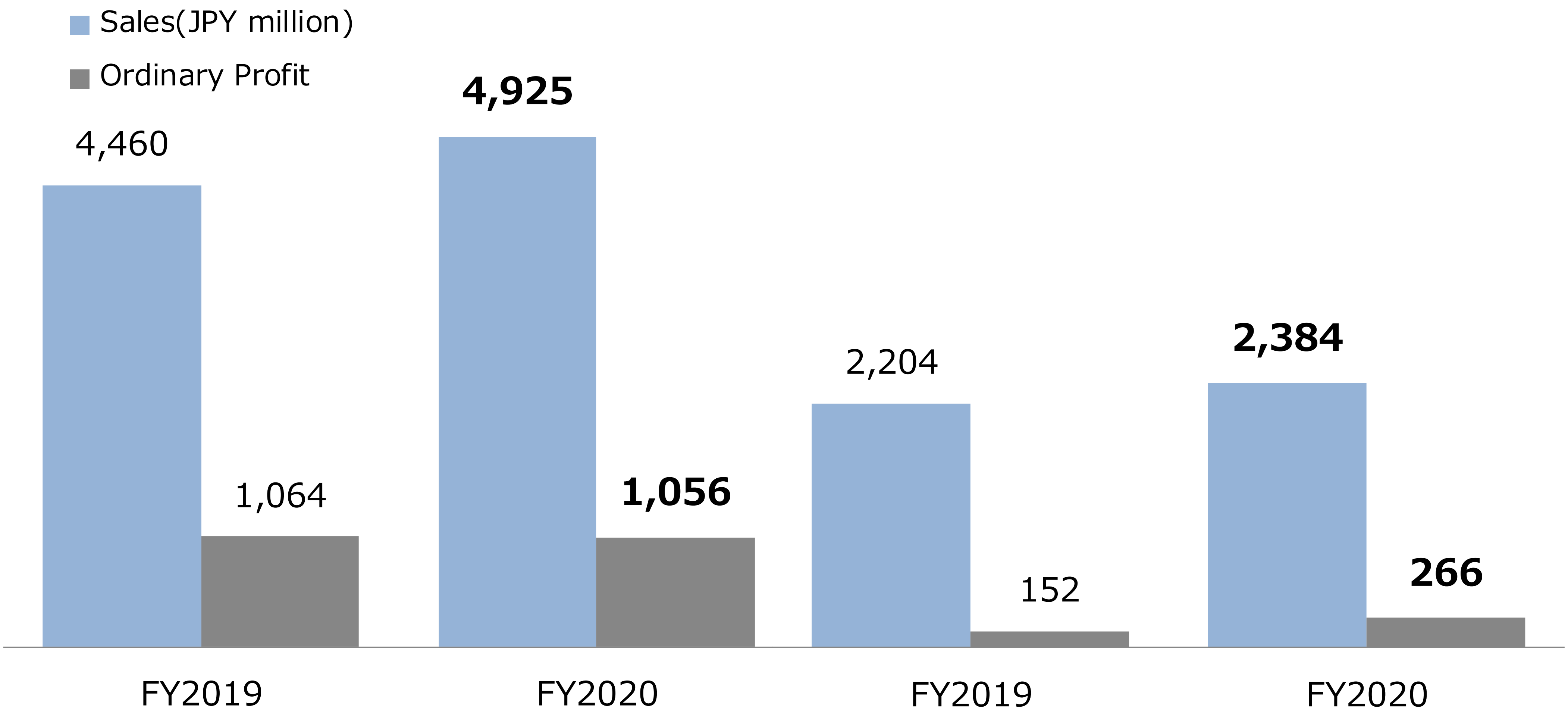
Cutting tool for automobile parts

processing were sluggish

Segment Information

Overseas Subsidiary

Other Surface Modification



In Taiwan:sales and profits decreased

In China:sales increase and profit decreased

Sales and profit increased due to steady sales of processing for agricultural machinery parts

Segment Information

(JPY million)	FY2019		FY2020		Change			
					Turnover		Segment P/L	
	Turnover	P/L	Turnover	P/L	Amount	Ratio	Amount	Ratio
Ther Spray TOCALO	30,400	6,515	28,221	5,273	△ 2,178	-7.2%	△ 1,242	-19.1%
Domestic Sub.	2,493	545	2,364	491	△ 128	-5.2%	△ 54	-10.0%
Overseas Sub.	4,460	1,064	4,925	1,056	465	10.4%	△ 7	-0.7%
Other Surface Modifi.	2,204	152	2,384	266	179	8.1%	113	74.5%
Total	39,558	8,278	37,896	7,087	△ 1,662	-4.2%	△ 1,190	-14.4%

(注) セグメント利益は、連結損益計算書の経常利益と調整を行っております。

Financial

(JPY million)	2019/03 4Q	2020/03 4Q
Total Asset	**57,278**	**61,122**
Net Worth	**37,559**	**40,263**
Capital	**65.6%**	**65.9%**
Int-bearing Debt Outstanding	**4,478**	**8,145**

・In order to secure liquidity on hand, made a long-term debt of 3 billion yen at the end of the term.

⇒ Total assets increased by 3,843 million yen from the end of the previous term （Increased in current assets 4,087 million yen）

Interest-bearing debt increased by 3,667 million yen from the end of the previous term

・Equity ratio rose 0.3 points to 65.9% from the end of the previous term

Cash Flow

(JPY million)	FY2019	FY2020
Operating CF	**8,044**	**6,621**
Investment CF	**△ 4,617**	**△ 4,217**
Financial CF	**40**	**1,871**
Cash Balance	**12,213**	**16,496**

・Free cash flow (operating CF + investment CF) is positive

・Investment CF /Acquisition of tangible fixed assets

Previous term : △6,900million　This term : △3,600million

Securities redemption income（Net）Previous term : +2,000million　This term : None

・Financial CF / Income by the long-term debt

Previous term : +2,900million　This term : +5,100million

Capital investment

2020/3 Result

Capital investment amount 2,313million（※Initial plan amount 3,600million）

TOCALO　1,714million

Postponing or reducing part of the investment plan in light of the order environment in the SC field

Continue to introduce new equipment to support increased production (Akashi Harima plant etc.)

Investment in next-generation coating

to develop equipment

Domestic subsidiary

Production capacity improvement　138million

Overseas subsidiaries

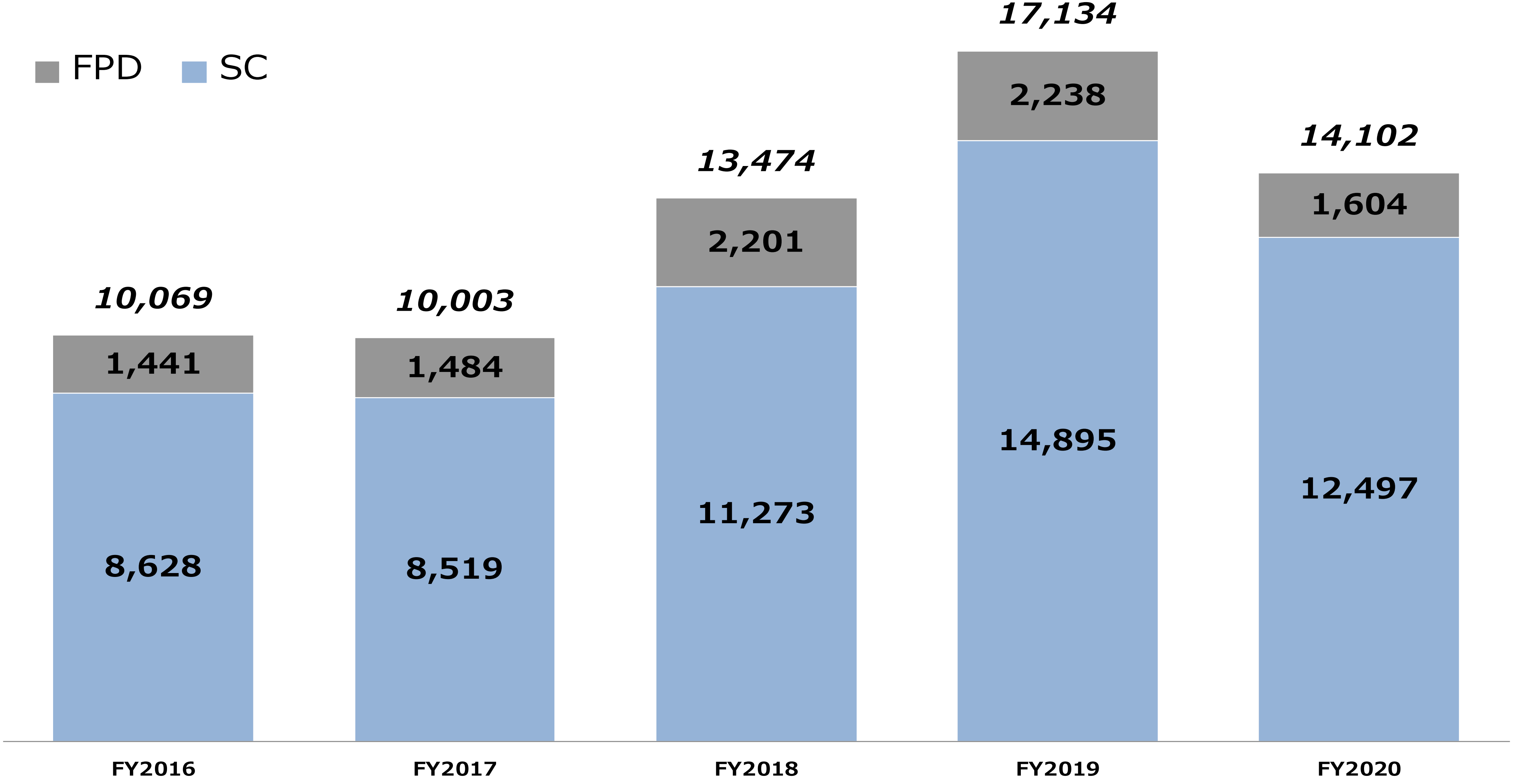
Mainly SC & FPD fields　460million

Akashi Harima plant

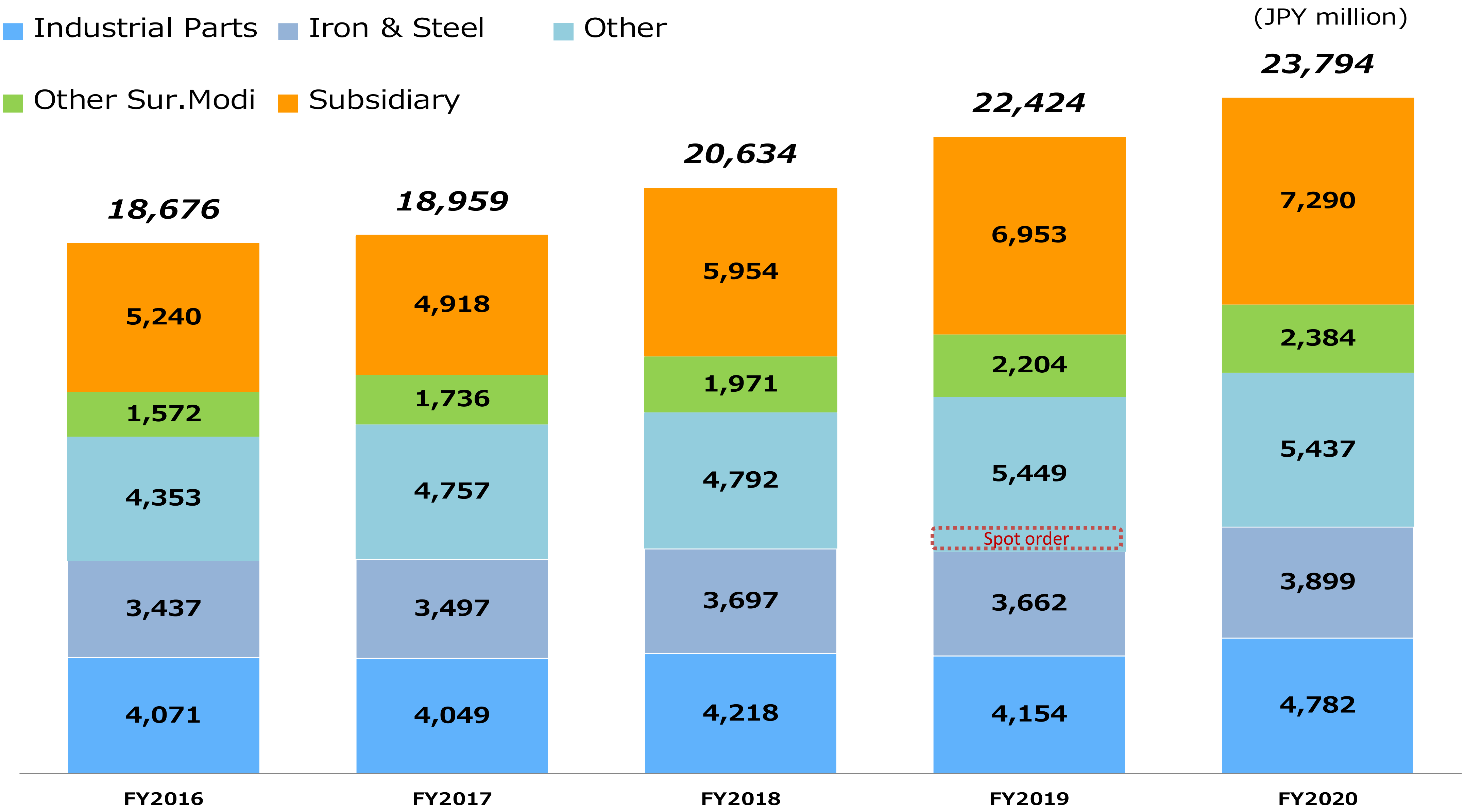
SC & FPD Turnover

Thermal Spray (TOCALO)

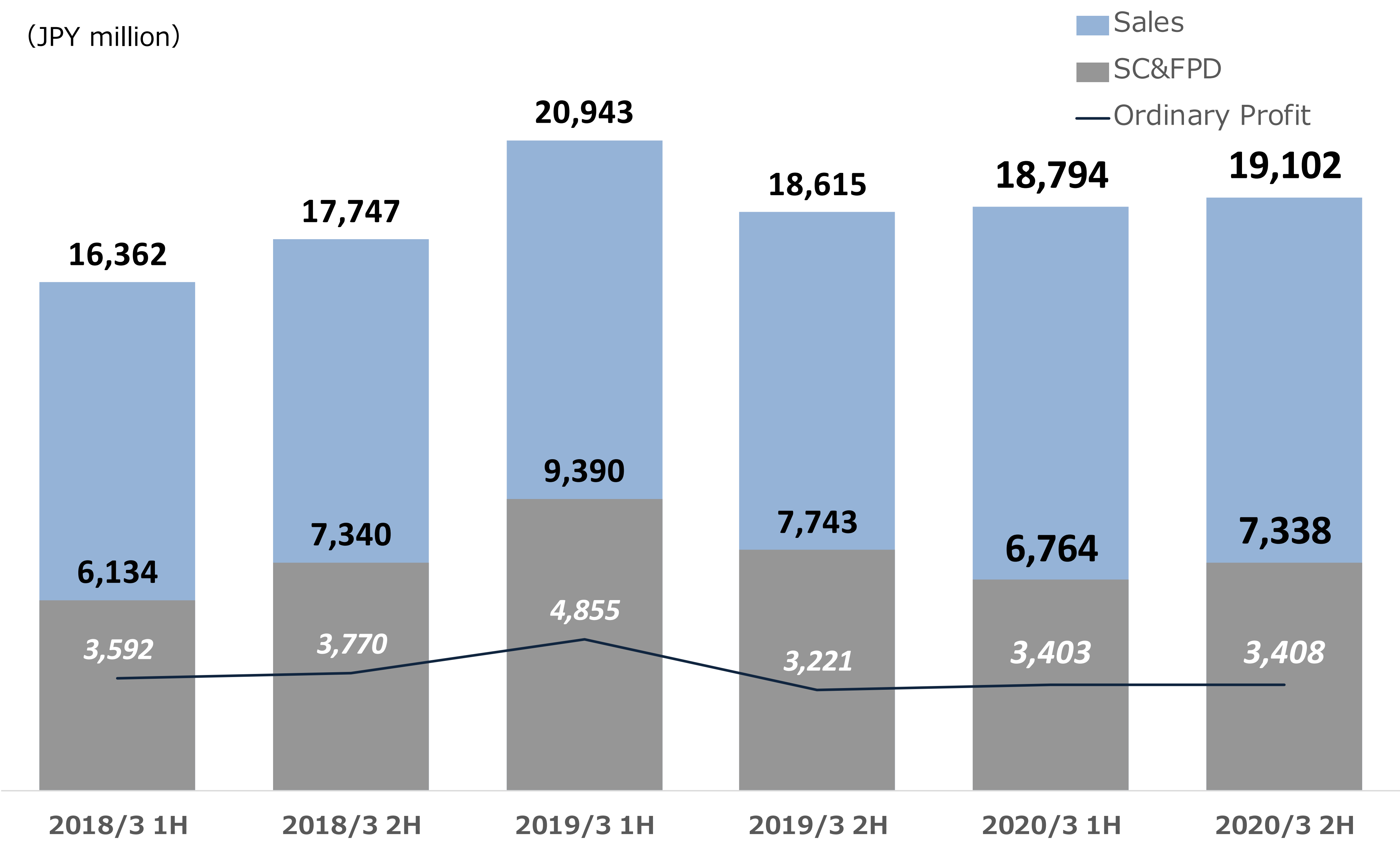
(JPY million)



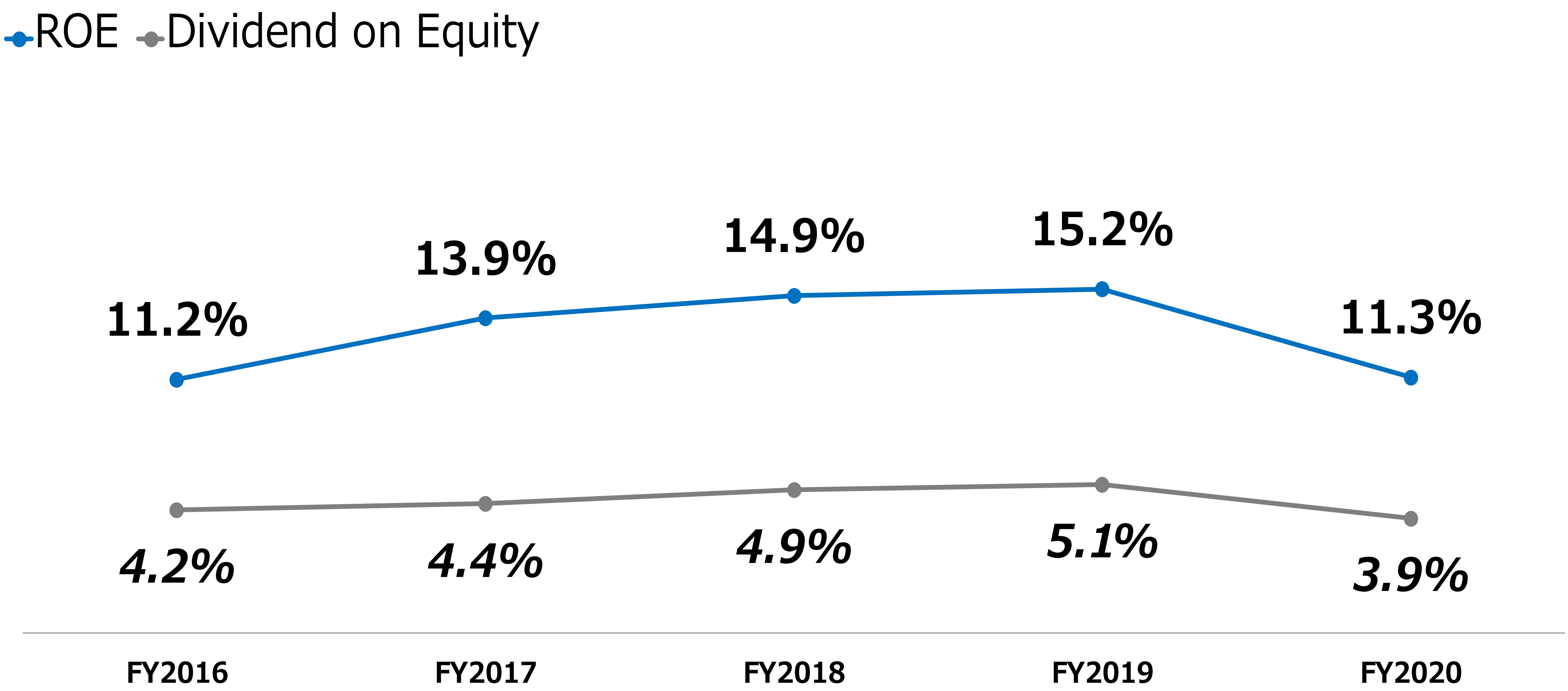
Non-SC & FPD Turnover



Change of Sales and Ordinary profit



ROE・Dividend on Equity



3. Forecast of FY March 2021

トーカロ株式会社

Forecast Consolidated FY2021

Influence of spread of COVID-19

- Negative concerns about our order activities due to stagnant economic activity

  Signs of postponement of orders in the steel and industrial part fields

  No impact on semiconductor / FPD field

- Domestic subsidiary has a big influence of suspension of car production

- Chinese subsidiary temporarily suspended operations in the first quarter, but recovered to almost normal production after April

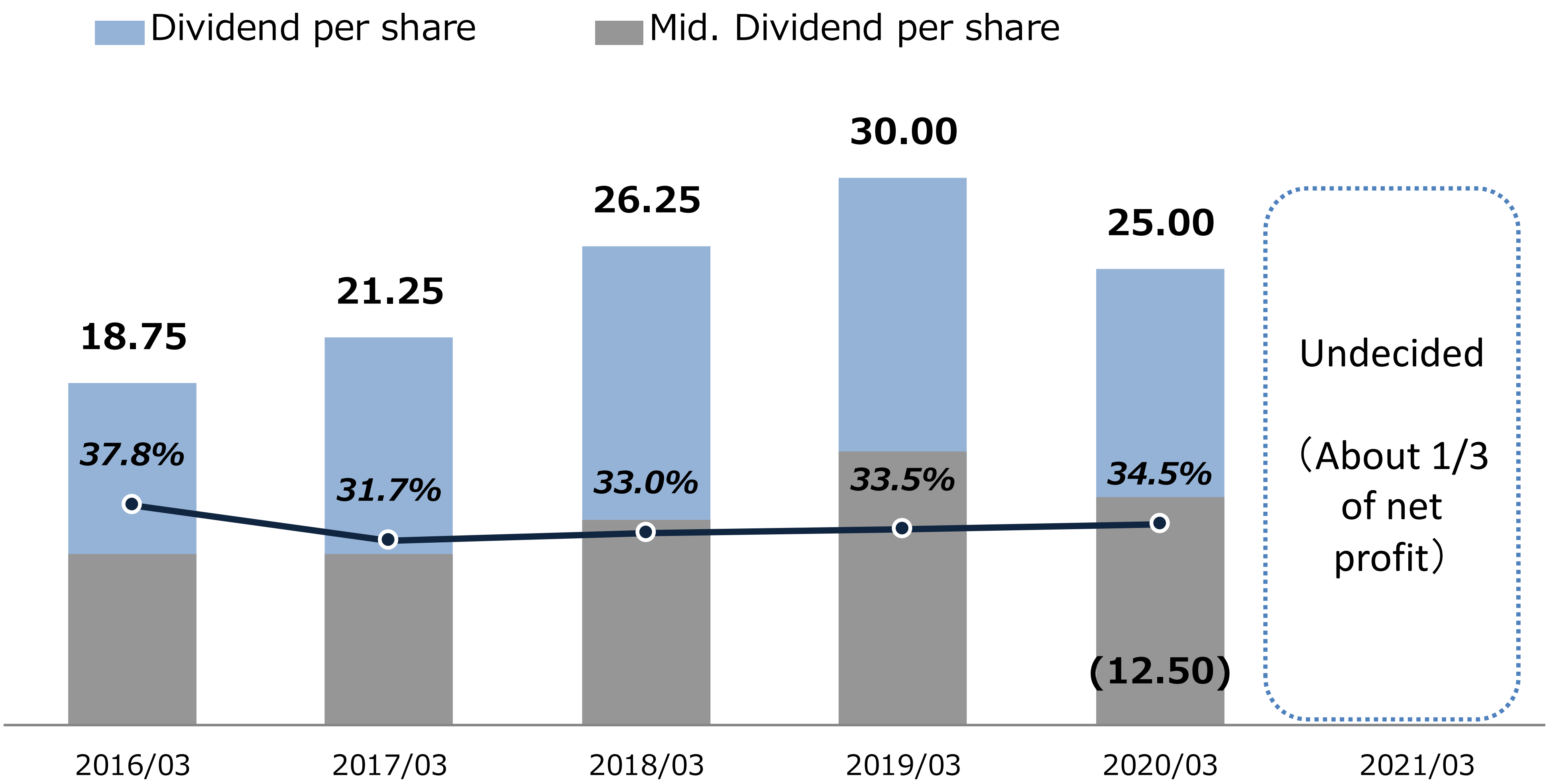
- Small influence on Taiwan and US subsidiaries

Forecast Consolidated FY2021

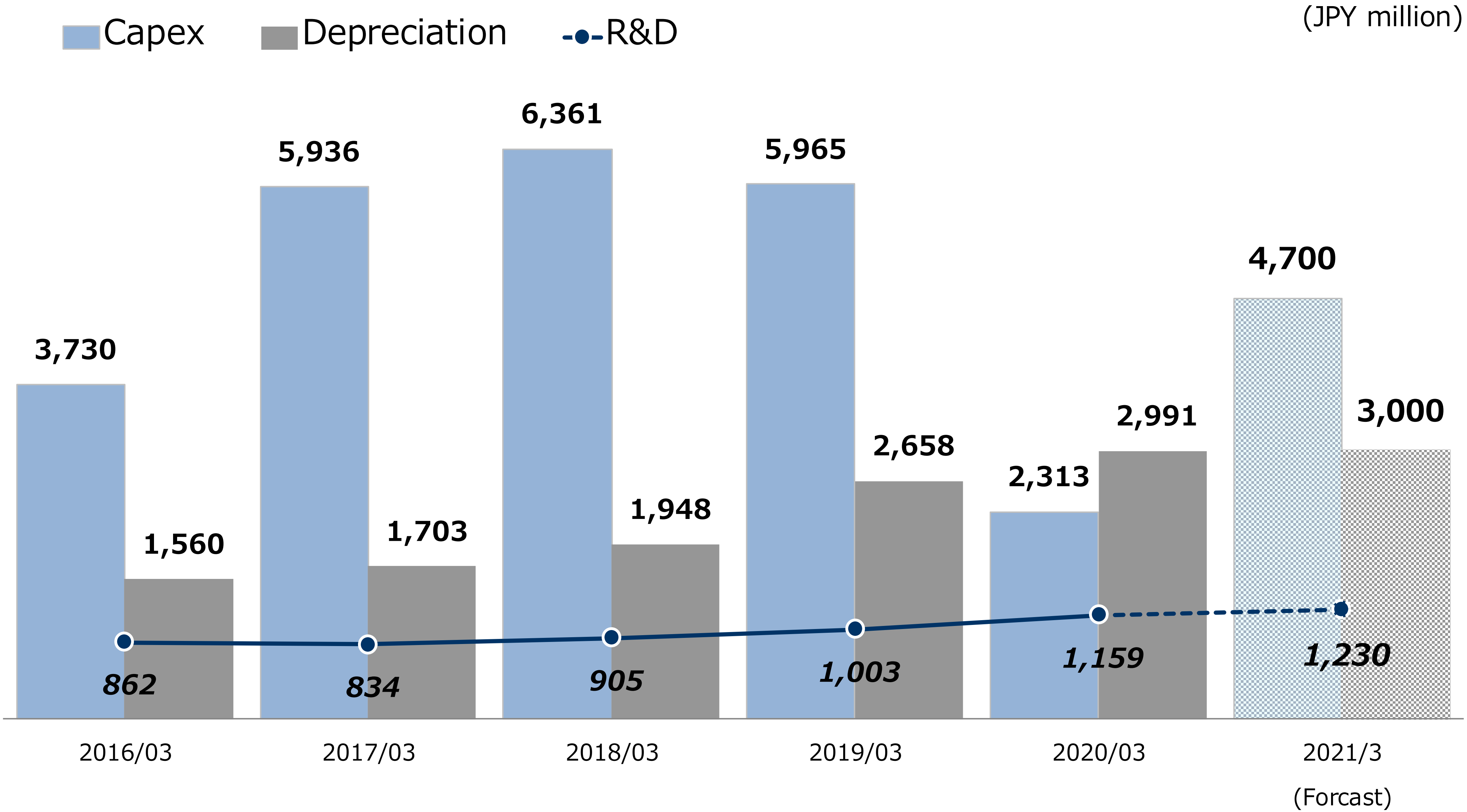
Postponed announcement of consolidated earnings forecast

- Because difficult to calculate a rational forecast, we will not publish the consolidated forecast for the fiscal year ending March 2021
- Expect to be disclosed promptly when it can be calculated reasonably
- Dividend forecast for the fiscal year ending March 2021 is undecided and will be disclosed at the same time as the consolidated earnings forecast
- The year end dividend for the year ending March 2020 is 12.50 yen as planned

Dividend per share



Capex・Depreciation・R&D



Capital investment plan

TOCALO

2021/3　Estimated amount 4,700million

TOCALO　3,500million

- Tokyo plant new building construction 1,000million
- Akashi　Harima plant Introduction of SC related equipment 500million
  Introduction of next-generation coating to develop equipment

Subsidiary

- New factory construction in Chubu 900million

Overseas Subsidiary

- Mainly SC & FPD fields 300million

JCC／New Factory in Chubu (completion scheduled for March, 2021)

4． To Achieve Sustainable Growth

Strategy for future growth

GROWTH of TOCALO

＝

Develop new coating application and Create new market

5 R&D main fields

1.Semiconductor & FPD

2.New materials

3.Energy and Environment

4.Transportation

High-speed trains, Aerospace etc.

5.Medical

Create new market

Global sales expansion

<Strengthen the Maintenance business>

- **Localize (Subsidiaries, Affiliates)**
- **License business**

Manegement index

(JPY million)	2016/03 Result	2017/03 Result	2018/03 Result	2019/03 Result	2020/03 Result
Orders received	28,343	29,506	36,851	38,915	38,011
Backlog	3,440	3,983	6,725	6,081	6,195
Turnover	28,746	28,963	34,109	39,558	37,896
Operating Profit	4,805	5,645	7,110	7,741	6,550
Ordinary Profit	5,027	5,801	7,363	8,076	6,812
Ordinary Profit ratio	17.5%	20.0%	21.6%	20.4%	18.0%
Net Profit attribute to Parent Company	3,015	4,070	4,836	5,441	4,404
Earning per share	49.60	66.95	79.56	89.51	72.45
Total asset	37,992	44,331	52,664	57,278	61,122
Net worth	27,778	30,647	34,174	37,559	40,263
Capital adequency ratio	73.1%	69.1%	64.9%	65.6%	65.9%
Return on Equity	11.2%	13.9%	14.9%	15.2%	11.3%
Ordinary Profit on asset	13.5%	14.1%	15.2%	14.7%	11.5%

Notes

Earnings forecast includes projections based on assumptions, forecasts, and plans concerning the future as of the publication date of this material.

Actual results may differ from forecast figures due to various factors in the future.

Contact

TOCALO Co.,LTD

Corporate Planning Division

TEL: 81-078-303-3433