

Financial Results for the Fiscal Year Ended March 31, 2014 (Medium-Term Management Plan and Key Initiatives)



May 2014

MARUBUN CORPORATION

(Securities Code : 7537 / TSE1st Section)

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FY3/14

Summary of Consolidated Financial Results

FY3/14 Summary of Consolidated Financial Results

Net sales increased by ¥40,244 million (+18.3% YoY)

- **Electronic Devices Business** Increased 17.7% as a result of robust sales of Special-Use ICs for communication modules and Memory ICs for PCs and computer peripherals
- **Electronic Systems Business** Increased 21.7% as a result of increase in Medical Equipment, Measurement & Inspection Equipment, and inclusion of an equity method affiliate as a consolidated subsidiary

Operating income increased by ¥921 million (+30.8% YoY)

Ordinary income increased by ¥1,444 million (+57.8% YoY)

- Increase in equity in net income of affiliates (+116million)
- Decrease in foreign exchange losses (-276million)
- Increased profits for five years

Net income increased by ¥1,151 million (+134.3% YoY)

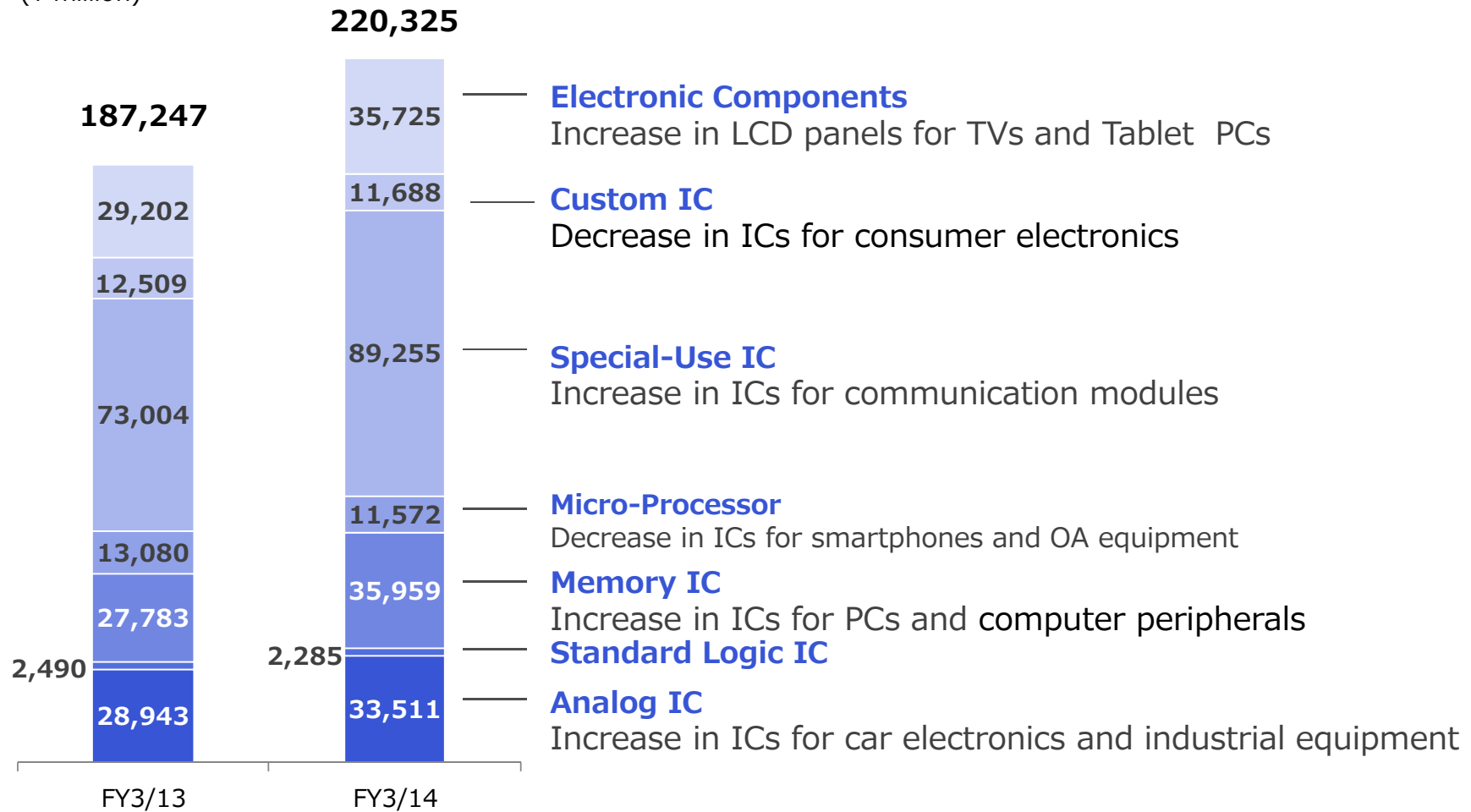
- Decrease in extraordinary loss posted during the previous term (-661million)

FY3/14 Summary of Financial Results

(¥ million)	FY3/13		FY3/14		YoY Changes		[Reference] FY3/14 Forecasts	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%	Oct.2013	Composition Ratio
Net sales	220,200	100.0%	260,424	100.0%	40,224	18.3%	253,000	100.0%
Electronic Devices	187,247	85.0%	220,325	84.6%	33,078	17.7%	214,800	84.9%
Electronic Systems	32,953	15.0%	40,098	15.4%	7,145	21.7%	38,200	15.1%
Gross profit	17,763	8.1%	18,842	7.2%	1,079	6.1%	18,250	7.2%
SG&A expenses	14,771	6.7%	14,930	5.7%	159	1.1%	14,750	5.8%
Personal expenses	9,317	4.2%	9,437	3.6%	120	1.3%	-	-
Other	5,454	2.5%	5,493	2.1%	39	0.7%	-	-
Operating income	2,991	1.4%	3,912	1.5%	921	30.8%	3,500	1.4%
Non-operating income	640	0.3%	708	0.3%	68	10.6%	-	-
Non-operating expenses	1,132	0.5%	675	0.3%	(457)	-40.4%	-	-
Ordinary income	2,500	1.1%	3,944	1.5%	1,444	57.8%	3,350	1.3%
Extraordinary income	124	0.1%	12	0.0%	(112)	-90.3%	-	-
Extraordinary loss	731	0.3%	70	0.0%	(661)	-90.4%	-	-
Net income	857	0.4%	2,008	0.8%	1,151	134.3%	1,675	0.7%
No. of employees at term-end	1,235	—	1,245	—	—	—	—	—

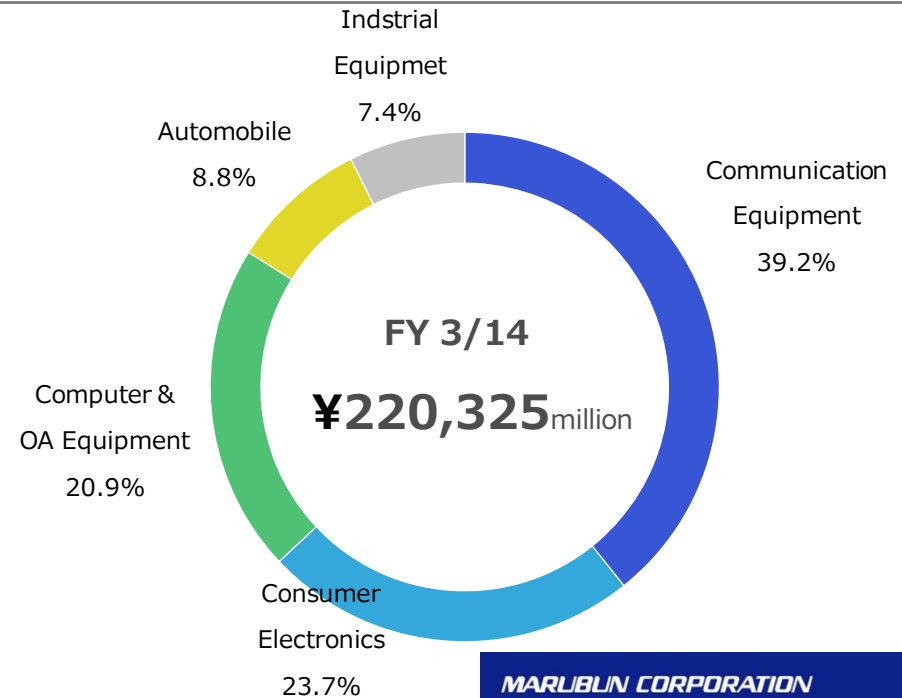
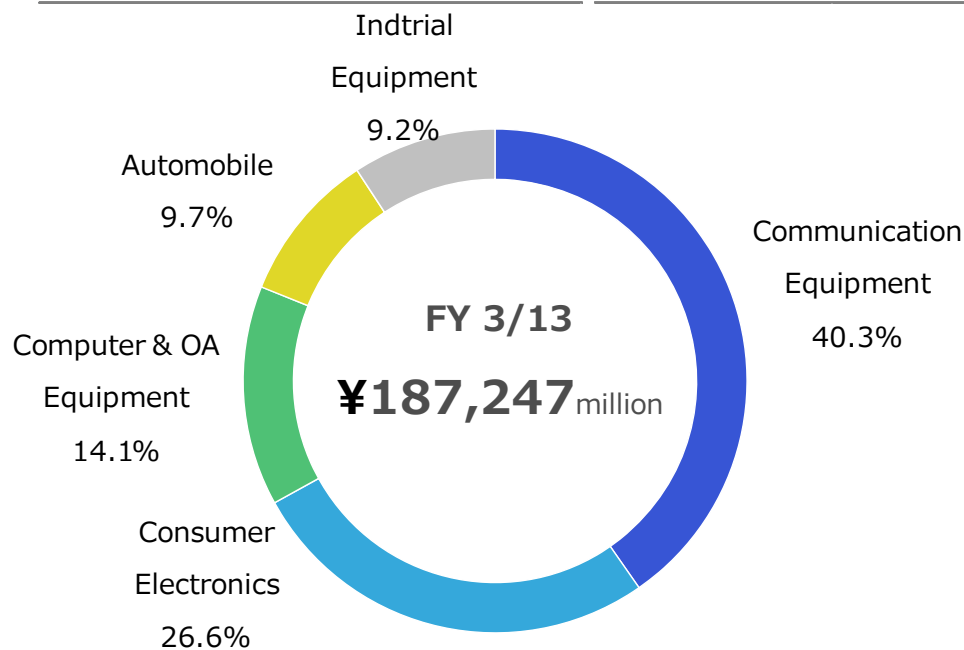
FY3/14 Electronic Devices Business Net Sales Breakdown by Product

(¥ million)



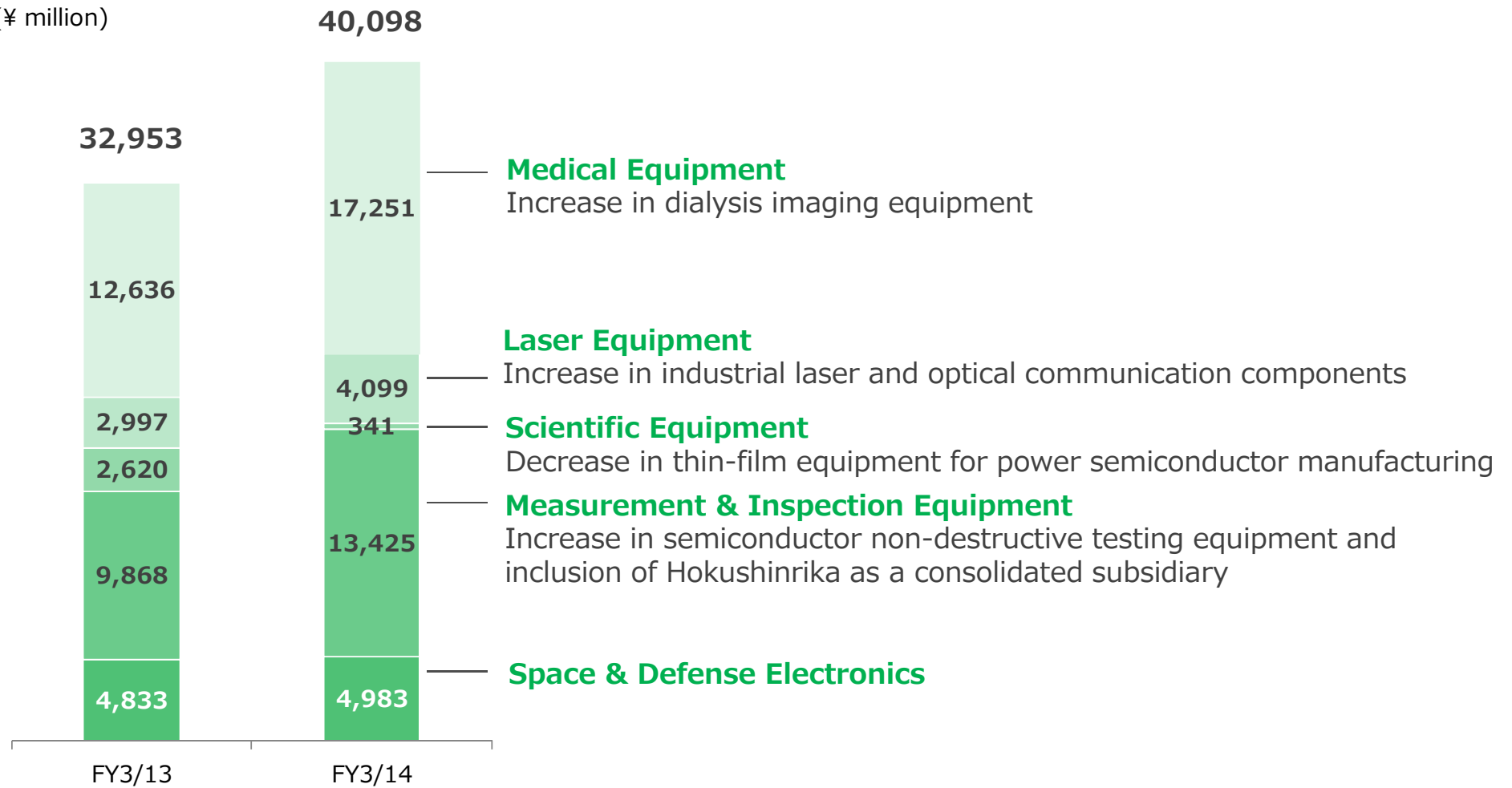
FY3/14 Electronic Devices Business Market Trend by Application

Application	Market Trend
Communication Equipment	➔ Increase in ICs for communication modules and smartphones
Consumer Electronics	➔ Increase in LCD panels for TVs
Computers & OA Equipment	➔ Increase in ICs for PCs , computer peripherals and Tablet PCs
Automobile	➔ Increase in ICs for car navigation systems and engine controls
Industrial Equipment & Other	➔ Decrease in ICs for industrial monitors

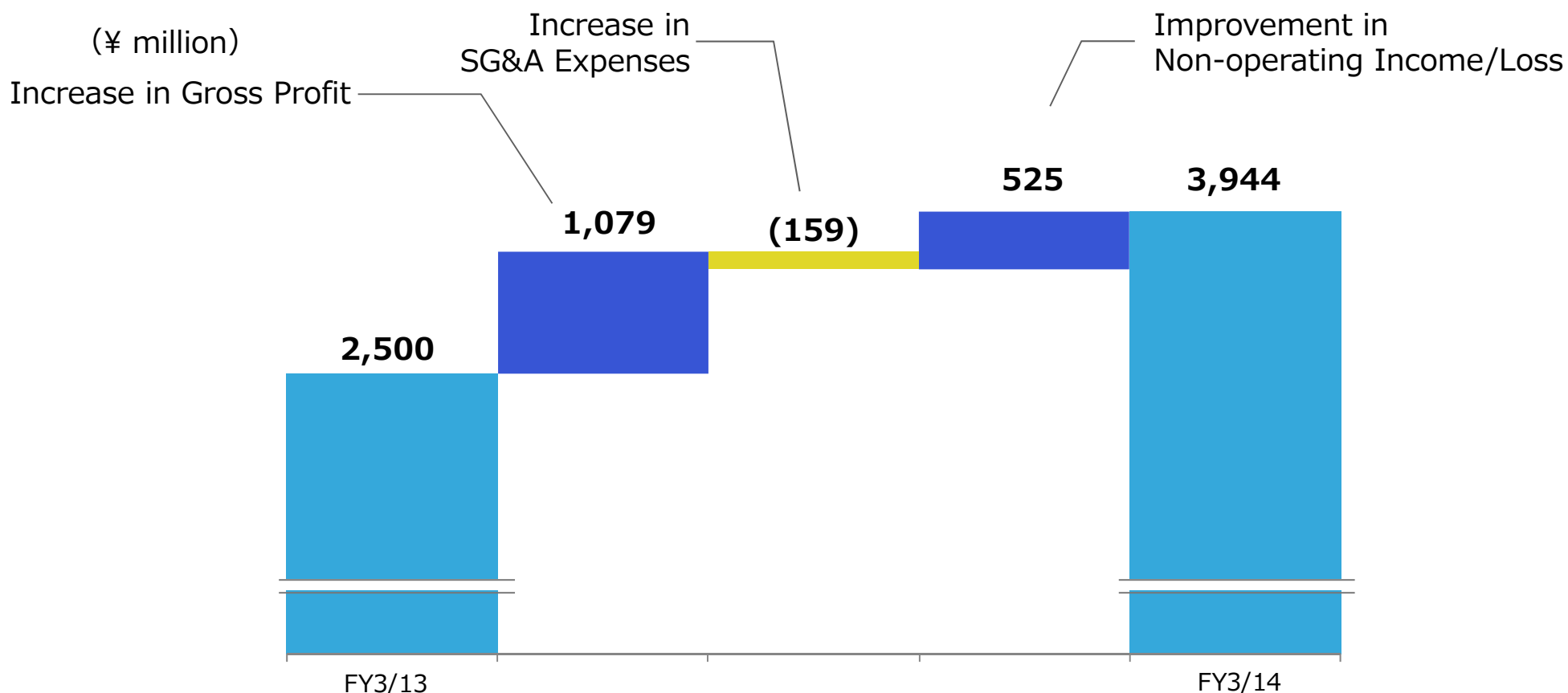


FY3/14 Electronic Systems Business Net Sales Breakdown by Product

(¥ million)



FY3/14 Factors Affecting Ordinary Income



Gross Profit

Increase due to net sales increase

FY3/13: ¥17.7 billion ⇒ FY3/14: ¥18.8 billion

SG&A Expenses

Increase in cost of retirement benefits

Personnel expenses +¥120 million; General expenses +¥39 million

Non-operating Income/Loss

Increase in equity in net income of affiliates, and decrease in foreign exchange losses

Equity in net income of affiliates +¥116 million; Foreign exchange losses -¥276 million

End FY3/14 Summary of Balance Sheets

(¥ million)	FY3/13 End Actual	FY3/14 End Actual	YoY Changes Amount
Current assets	93,799	99,510	5,711
Cash and deposits	17,440	19,151	1,711
Notes and accounts receivable-trade	48,299	60,944	12,645
Inventories	25,426	16,931	(8,495)
Other	2,633	2,484	(149)
Noncurrent assets	10,943	11,124	181
Property, plant and equipment	4,302	4,277	(25)
Intangible assets	406	402	(4)
Investments and other assets	6,234	6,445	211
Total assets	104,743	110,635	5,892
Current liabilities	49,042	65,114	16,072
Notes and accounts payable-trade	33,523	39,910	6,387
Short-term loans payable and other (*1)	11,743	22,143	10,400
Other	3,775	3,061	(714)
Noncurrent liabilities	18,153	3,050	(15,103)
Long-term loans payable and other (*2)	16,037	1,013	(15,024)
Other	2,115	2,037	(78)
Total liabilities	67,195	68,165	970
Total net assets	37,547	42,469	4,922
Total liabilities and net assets	104,743	110,635	5,892

Increase due to sales increase
Decrease due to inventories decrease in memory ICs

Increase due to purchase increase in Electronic Devices Business and Medical Equipment Business

*1 Short-term loans payable + Current portion of long-term loans payable + Current portion of bonds

*2 Bonds + Long-term loans payable

3/14 Summary of Statements of Cash Flows

(¥ million)	FY13/3 Actual	FY3/14 Actual	
Net cash provided by (used in) operating activities	8,301	5,999	
Income before income taxes	1,892	3,886	
Decrease (increase) in notes and accounts receivable-trade	19,256	(10,445)	Increase due to sales increase
Decrease (increase) in inventories	(2,255)	9,089	
Increase (decrease) in notes and accounts payable-trade	(9,678)	4,604	Increase in due to purchase increase in Electronic Devices Business and Medical Equipment Business
Other	(912)	(1,134)	
Net cash provided by (used in) investing activities	(406)	(162)	
Free cash flow	7,894	5,837	
Net cash provided by (used in) financing activities	(9,261)	(5,382)	Decrease in Short-term loans (4,726 million)
Net increase (decrease) in cash and cash equivalents	(512)	1,565	
Cash and cash equivalents at end of period	17,410	18,976	

Medium-Term Vision Progress of Business Strategies and Key Initiatives

Medium-Term Management Vision

Medium-Term Management Vision
**“Transforming into a robust
company that can realize
sustainable growth”**

Medium-Term Management Slogan
“Think & Action”

**Gain competitive advantage and
achieve differentiation by capturing opportunities
that emerge from the structural changes**

Structural Changes in the Operating Environment

Japan’s economic environment:

The economy is recovering on the back of improvement in corporate earnings and recovery in capital expenditures and consumer spending.

Areas driving the domestic electronics market:

Shifting from consumer electronics and communication equipment to automobile, industrial equipment, environmental equipment and medial equipment

Electronic Devices Business: Overview of Key Initiative ①

Expand the base business

Aim to increase the usage of our line card in respective projects

Enhance the Demand Creation (DC) function

Strengthen follow-up actions for clients' respective projects

Solution Proposals

Software

PCBs and connectors

Other semi-conductors and electronic components

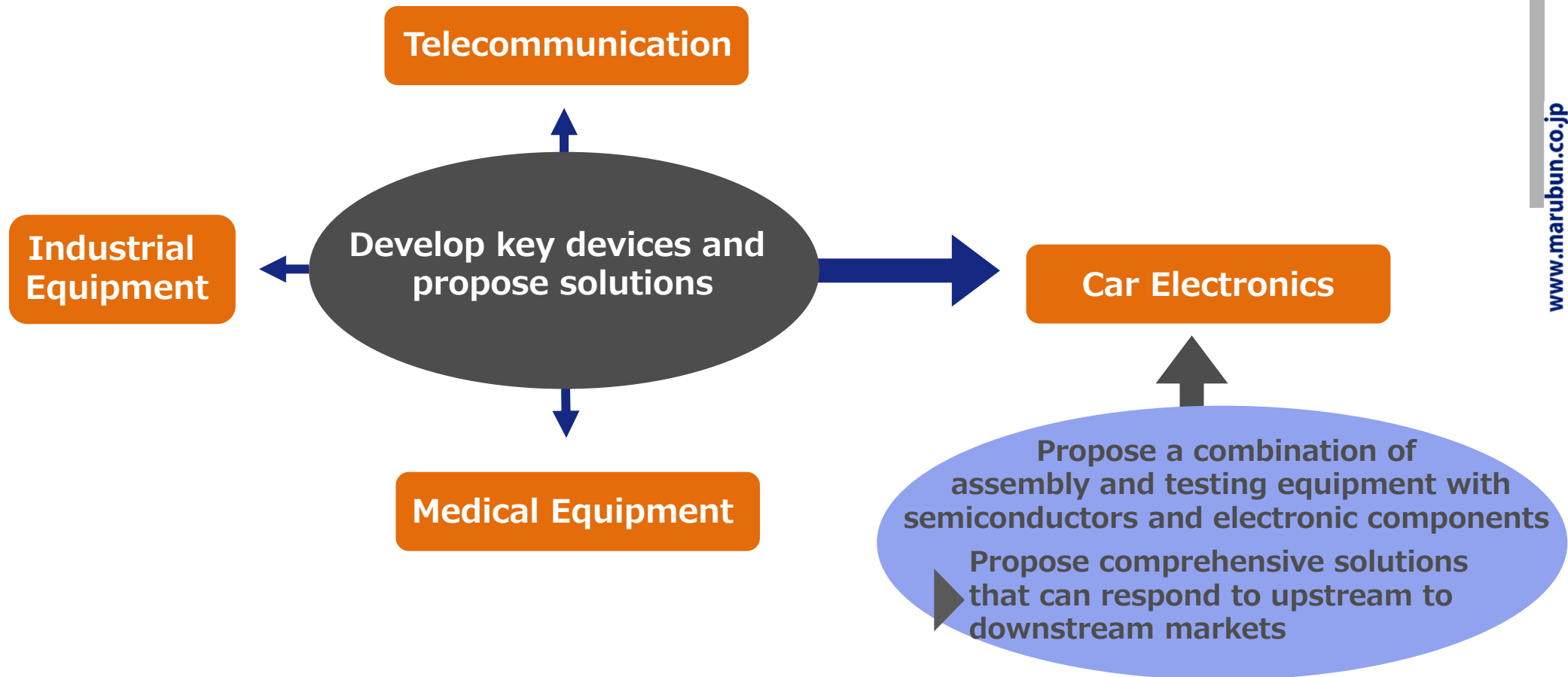
Extensive range of analog products

Owing to enhanced Demand Creation functions, the Company received multiple awards, including the Best Distributor Award



Electronic Devices Business: Overview of Key Initiative ②

Develop businesses in growing markets



Promote development of new products

- Semiconductors
 - Custom ICs
 - Promote orders received for ASICs of Open-Silicon, Inc. and BaySand, Inc.
 - Memory ICs
 - Launch sales of built-in flash memories and SSDs of SanDisk Corporation
- Environmental
 - Expand solar panel product lineups (ranging from thin-film to crystalline solar panels)
 - Boost sales and promotion of solar power facility for farming "*Solar Farming*"
- Excavate new products
 - Assign employees to work full-time in U.S. offices



BaySand, Inc.
ASIC



SanDisk Corporation
SSD



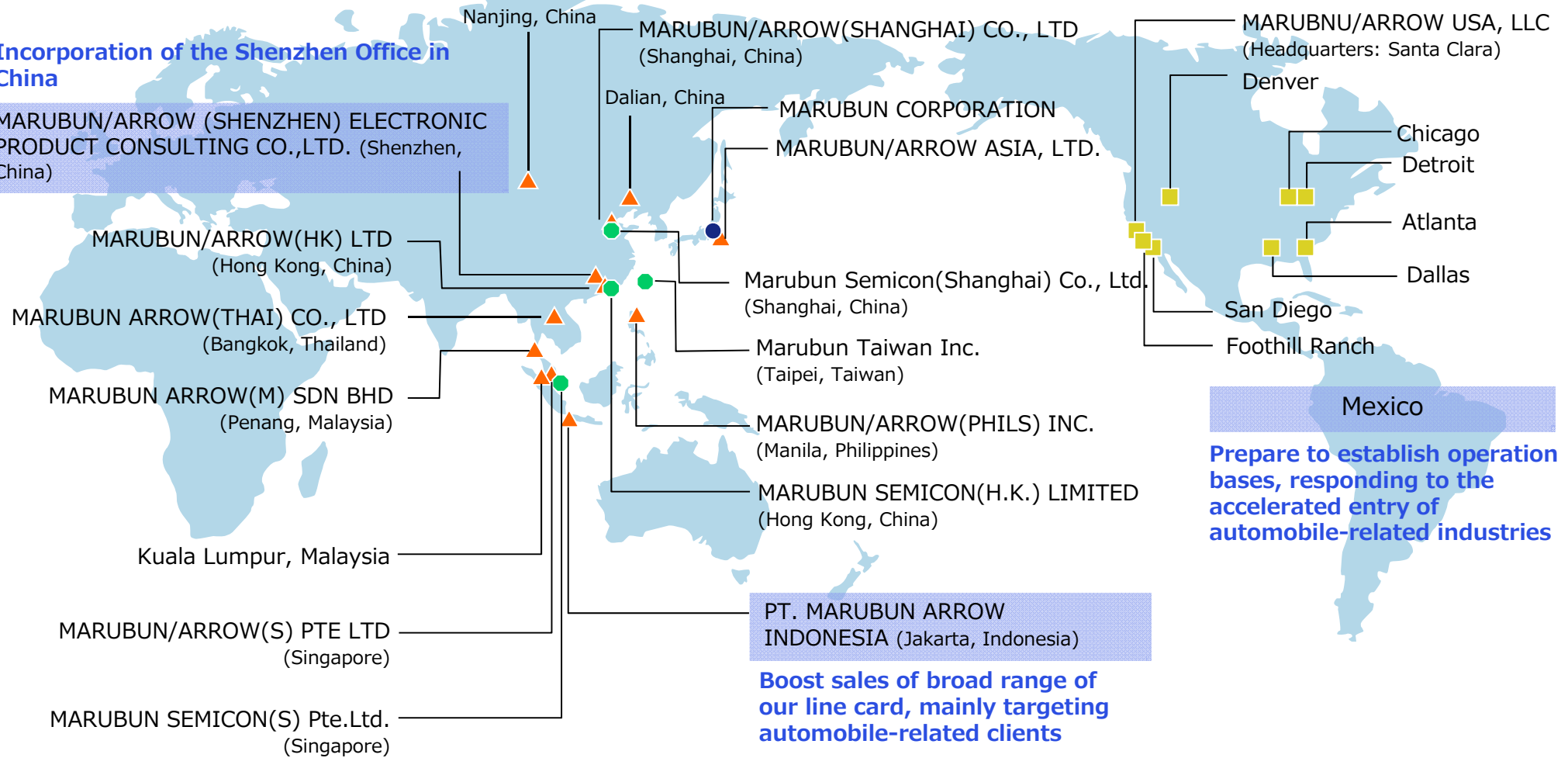
Solar Farming

Electronic Devices Business: Overview of Key Initiative ④

- Enhance global operations with a focus on regions where production sites for automobile-related industries are expanding

Incorporation of the Shenzhen Office in China

MARUBUN/ARROW (SHENZHEN) ELECTRONIC PRODUCT CONSULTING CO.,LTD. (Shenzhen, China)



● MARUBUN CORPORATION

■ MARUBUN/ARROW USA, LLC

▲ MARUBUN/ARROW ASIA, LTD

● Other

Electronic Systems Business: Overview of FY3/15 Strategies and Key Initiatives

Improve profitability and business stability
under the Company's "Customer-in" philosophy

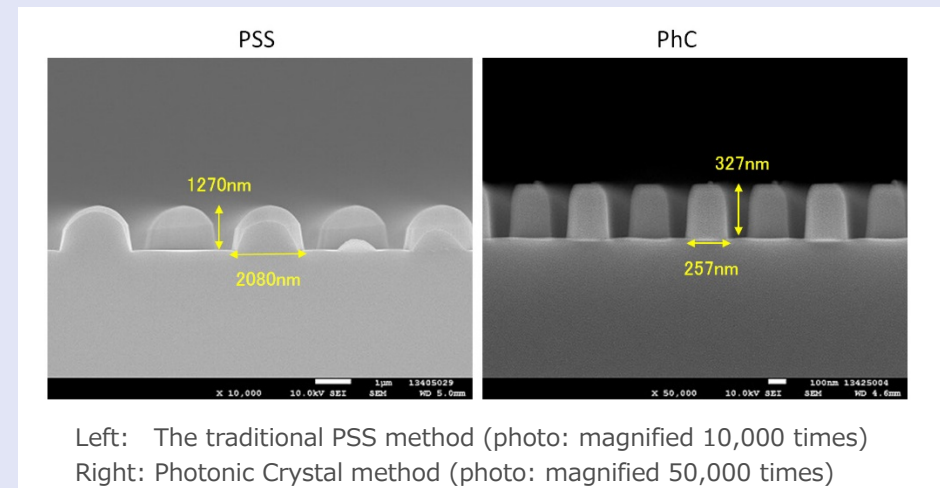


Laser and Telecommunication Equipment	<ul style="list-style-type: none"> • Boost sales of industrial lasers • Boost sales of original laser fine processing equipment
Measurement & Inspection and Scientific Equipment	<ul style="list-style-type: none"> • Boost sales of semiconductor non-destructive testing systems • Boost sales of photonic crystal process integration system
Medical Equipment	<ul style="list-style-type: none"> • Promote local sales activities • Strengthen capabilities in technical services and expand sales channels
Scientific Equipment	<ul style="list-style-type: none"> • Boost sales of MBE equipment as well as CVD equipment for power device manufacturing
Aerospace Electronics	<ul style="list-style-type: none"> • Expand client bases in aero and defense industries • Expand product line-ups of sensors and analyzers for automobiles and social infrastructure

Launched sales of a Photonic Crystal Process Integration System Significantly improved luminous efficiency by using crystal technology

Through a joint research with ULVAC, Inc., TOKYO OHKA KOGYO CO., LTD., TOSHIBA MACHINE CO., LTD., as well as The National Institute of Advanced Industrial Science and Technology (AIST) and RIKEN, we developed and released a system which significantly improves light extraction efficiency in the LED manufacturing process.

- **By using nanoimprinting and dry etching technologies**, a photonic crystal layer with a unique pattern is created in the sapphire substrate, which externally emits light during the last phase of LED manufacturing process.
- Light extraction efficiency, which is some 30% with the traditional PSS method, can be **improved to up to 80% by** using the new system.
- The pattern depth has been reduced to nearly one fifth, thereby reducing the time consumed in dry etching process and contributing to a significant cutback in manufacturing cost.



Left: The traditional PSS method (photo: magnified 10,000 times)
Right: Photonic Crystal method (photo: magnified 50,000 times)

The pattern depth has been reduced significantly in contrast to the traditional PSS method.

FY3/15

Summary of Consolidated Financial Forecasts

FY3/15 Summary of Financial Forecasts

Net sales expected ¥263 billion (+1.0% YoY)

- **Electronic Devices Business** Expecting an increase in Micro-Processor for tablet PCs and a decrease in Special-Use ICs for communication modules
- **Electronic Systems Business** Expecting a decrease in Medical Equipment

Operating income expected ¥4.1 billion (+4.8% YoY)

Ordinary income expected ¥4.0 billion (+1.4% YoY)

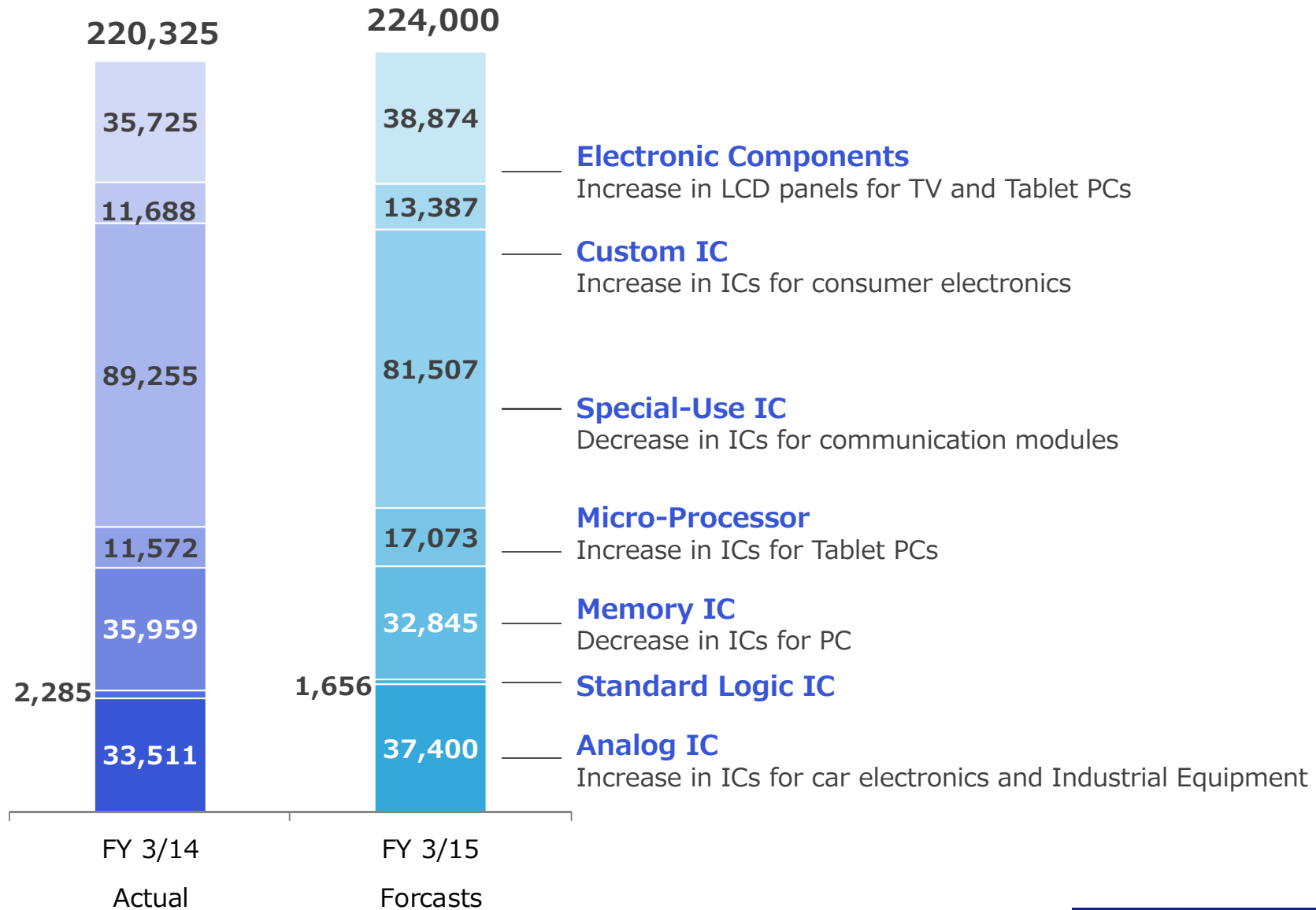
Net income expected ¥2.1 billion (+4.6% YoY)

FY3/15 Financial Forecasts

(¥ million)	FY3/14		FY3/15		YoY Changes	
	Actual	Composition Ratio	Forecast	Composition Ratio	Amount	%
Net sales	260,424	100.0%	263,000	100.0%	2,576	1.0%
Electronic Devices	220,325	84.6%	224,000	85.2%	3,675	1.7%
Electronic Systems	40,098	15.4%	39,000	14.8%	(1,098)	-2.7%
Gross profit	18,842	7.2%	19,100	7.3%	258	1.4%
SG&A expenses	14,930	5.7%	15,000	5.7%	70	0.5%
Operating income	3,912	1.5%	4,100	1.6%	188	4.8%
Non-operating income	708	0.3%	600	0.2%	(108)	-15.3%
Non-operating expenses	675	0.3%	700	0.3%	25	3.7%
Ordinary income	3,944	1.5%	4,000	1.5%	56	1.4%
Extraordinary income	12	0.0%	0	0.0%	(12)	-
Extraordinary loss	70	0.0%	50	0.0%	(20)	-28.6%
Net income	2,008	0.8%	2,100	0.8%	92	4.6%

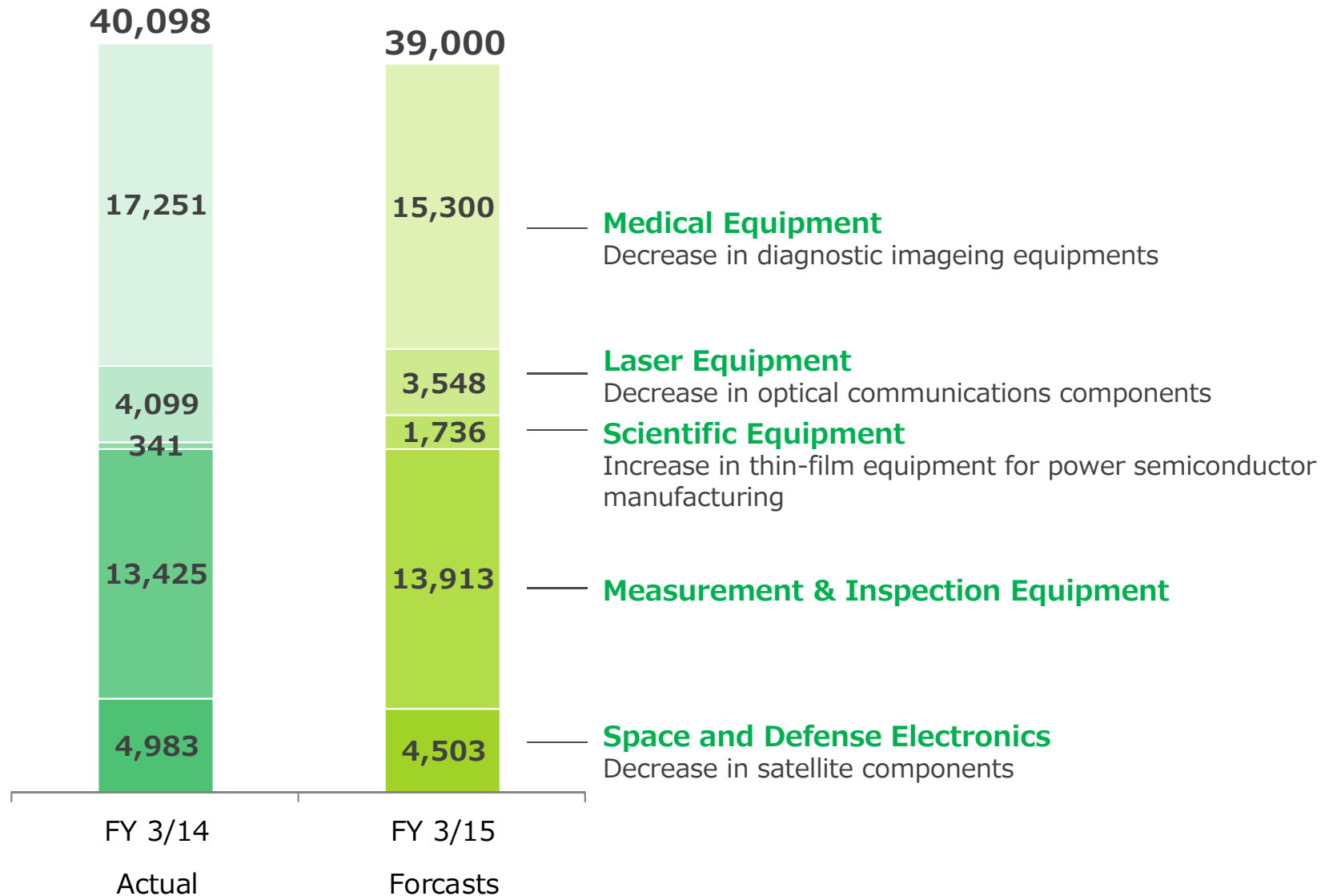
FY3/15 Electronic Devices Business Net Sales Forecasts by Product

(¥ million)

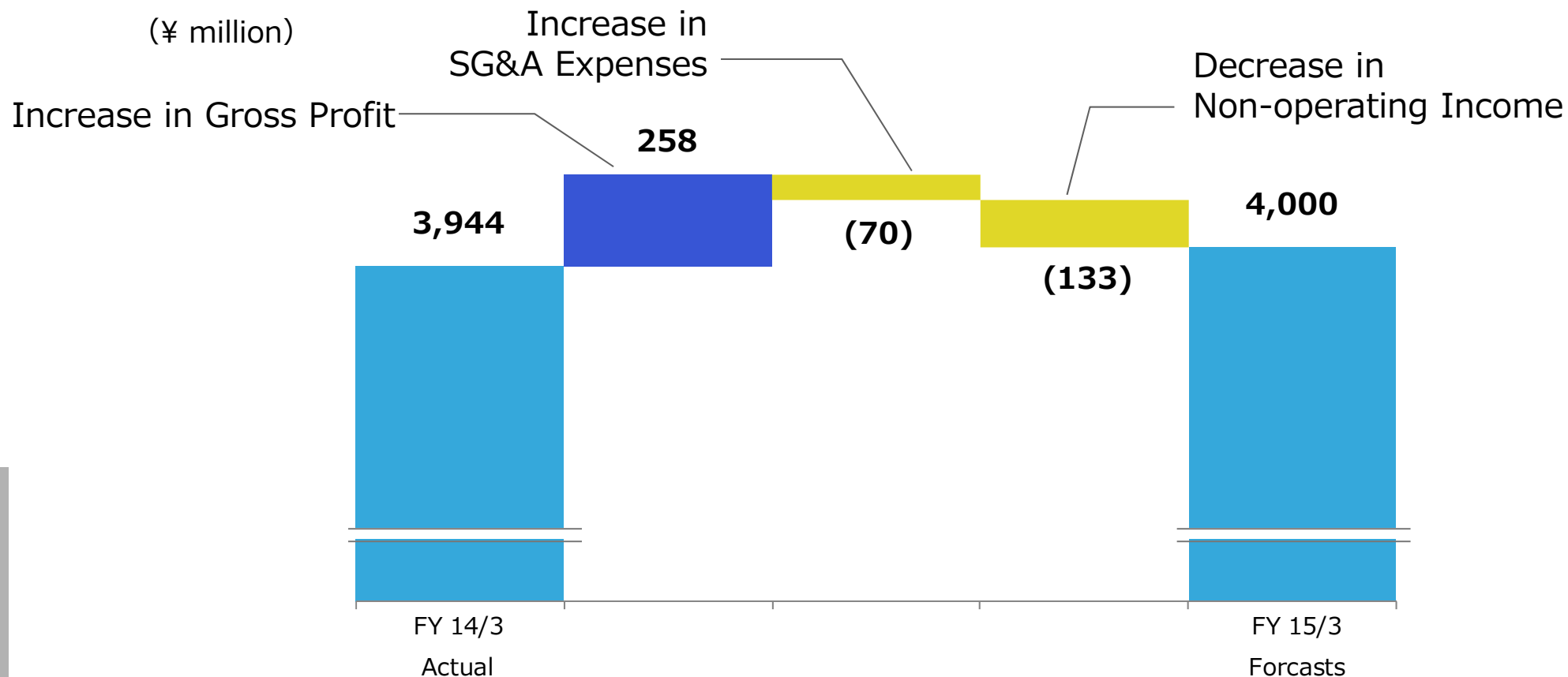


FY3/15 Electronic Systems Business Net Sales Forecasts by Product

(¥ million)



FY3/15 Factors Affecting Ordinary Income (Forecasts)



Gross Profit

Increase due to net sales increase

FY3/14: ¥18.8 billion ⇒ FY3/15: ¥19.1 billion

SG&A Expenses

Increase in cost of outsourcing

FY3/14: ¥14.9 billion ⇒ FY3/15: ¥15.0 billion

Non-operating Income/Loss

Decrease in equity in net income of affiliates

Non-operating Income -¥108 million ; Non-operating Loss +¥25 million

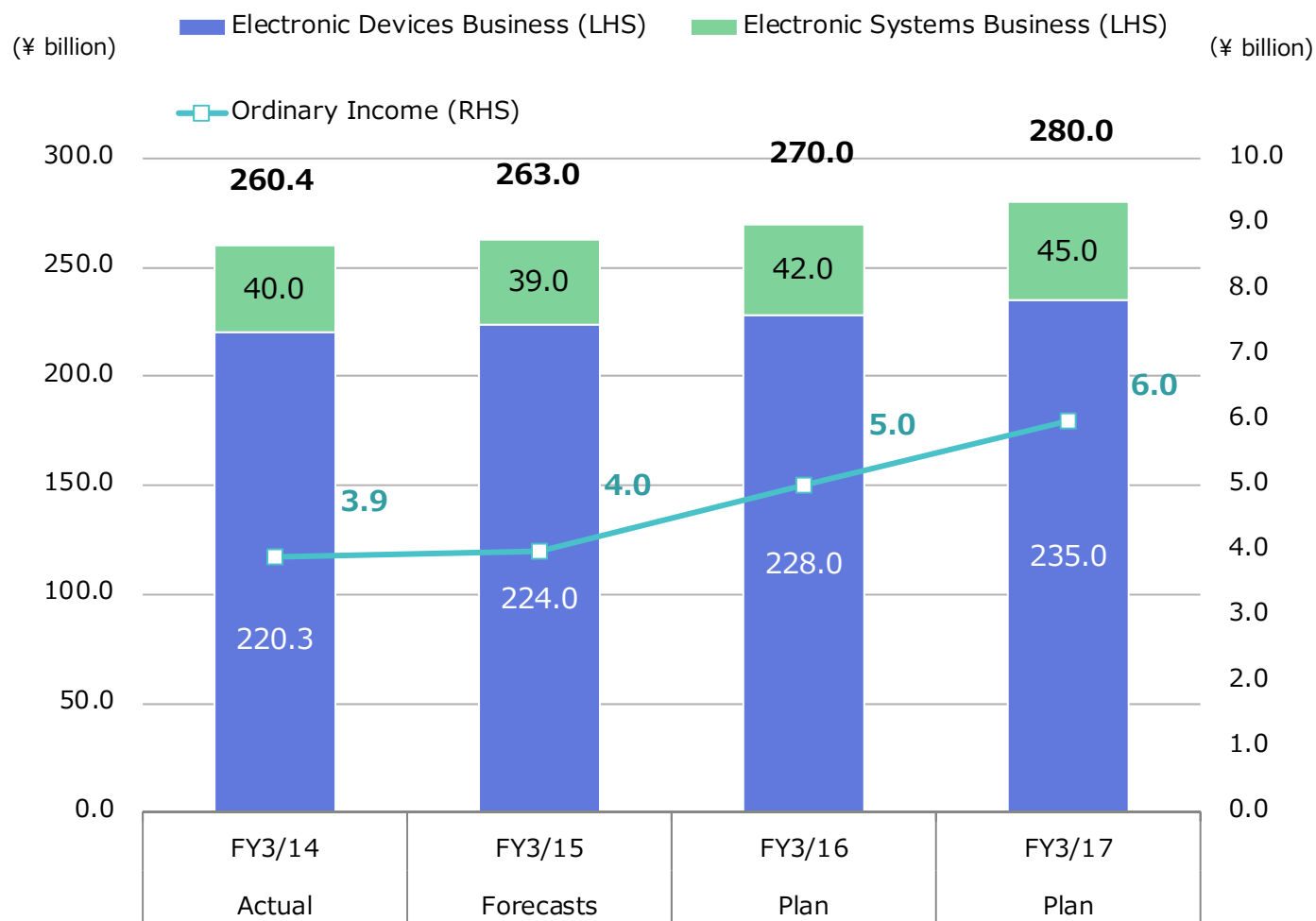
Return to Shareholders

- Dividends Forecast

(¥)	FY3/14	FY3/15 Forecasts
Annual Dividend per Share	19.00	20.00
Interim Dividend	6.00	7.00
Year-End Dividend	13.00	13.00

Medium-Term Quantitative Target (FY3/15-FY3/17)

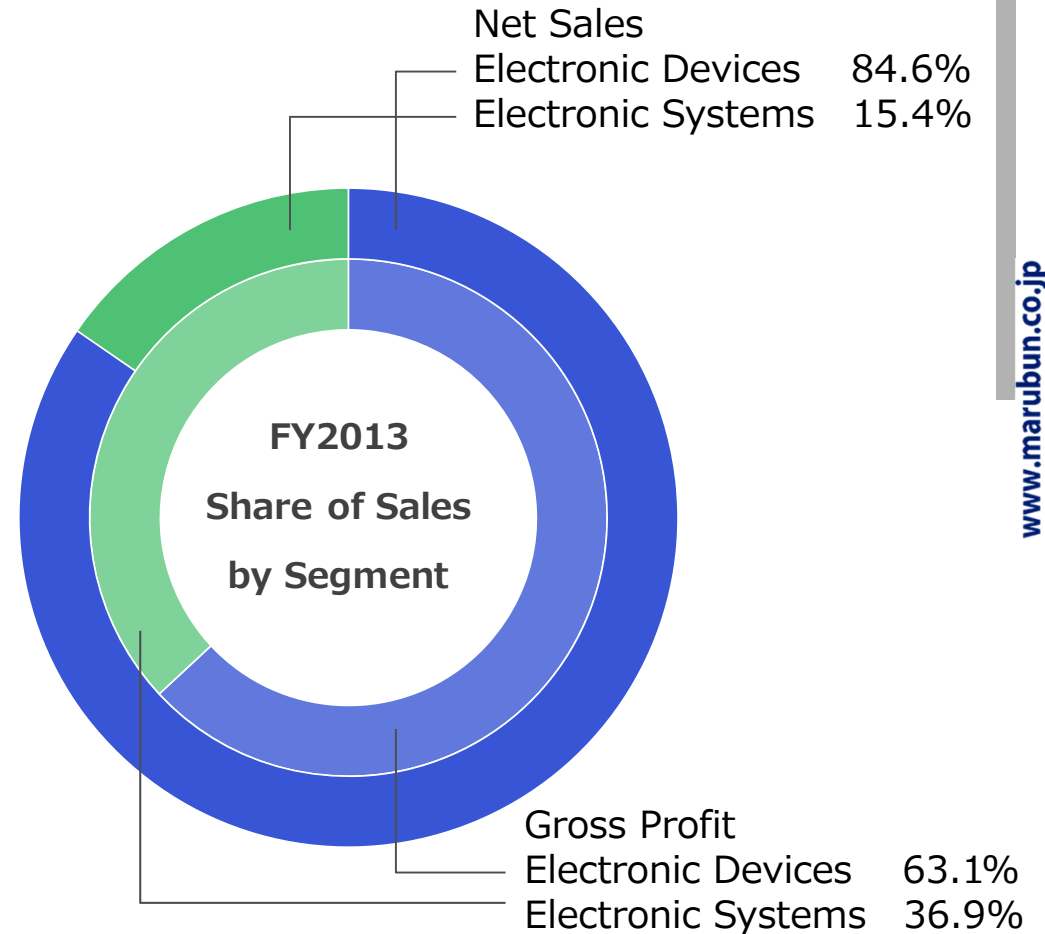
- Aim to achieve net sales of ¥280 billion and ordinary income of ¥6 billion in FY3/17 by aggressively implementing initiatives of the medium-term vision



Appendix

Corporate Outline

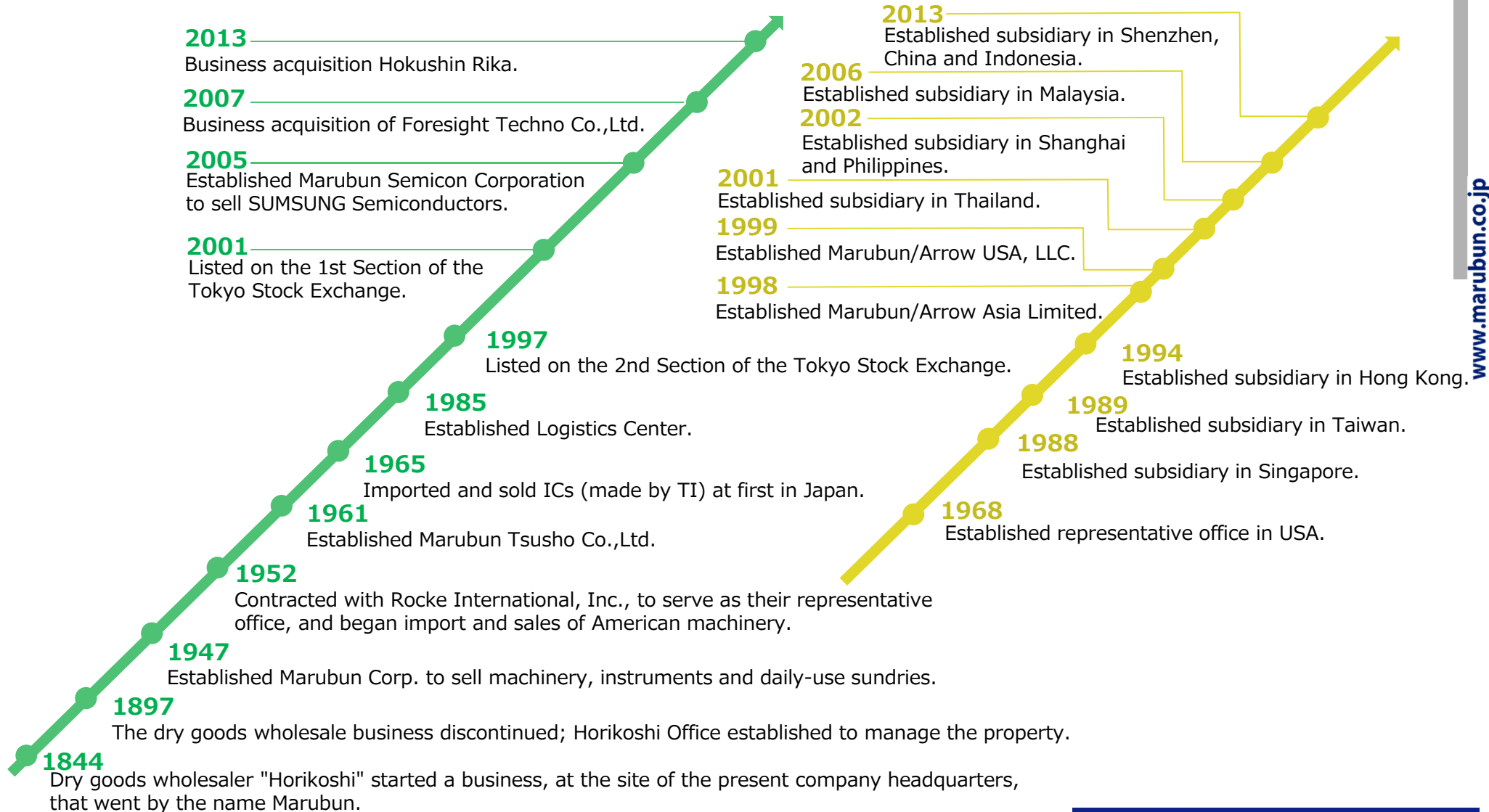
- Establishment July 1947
- Capital ¥6,214 million
- Activities Distribution of Cutting-edge Electronics Products
- Headquarters Chuo-ku, Tokyo
- Consolidated Net Sales 260,424 million yen(FY2013)
- Numbers of Employees 1,245(As of March,31 2014)



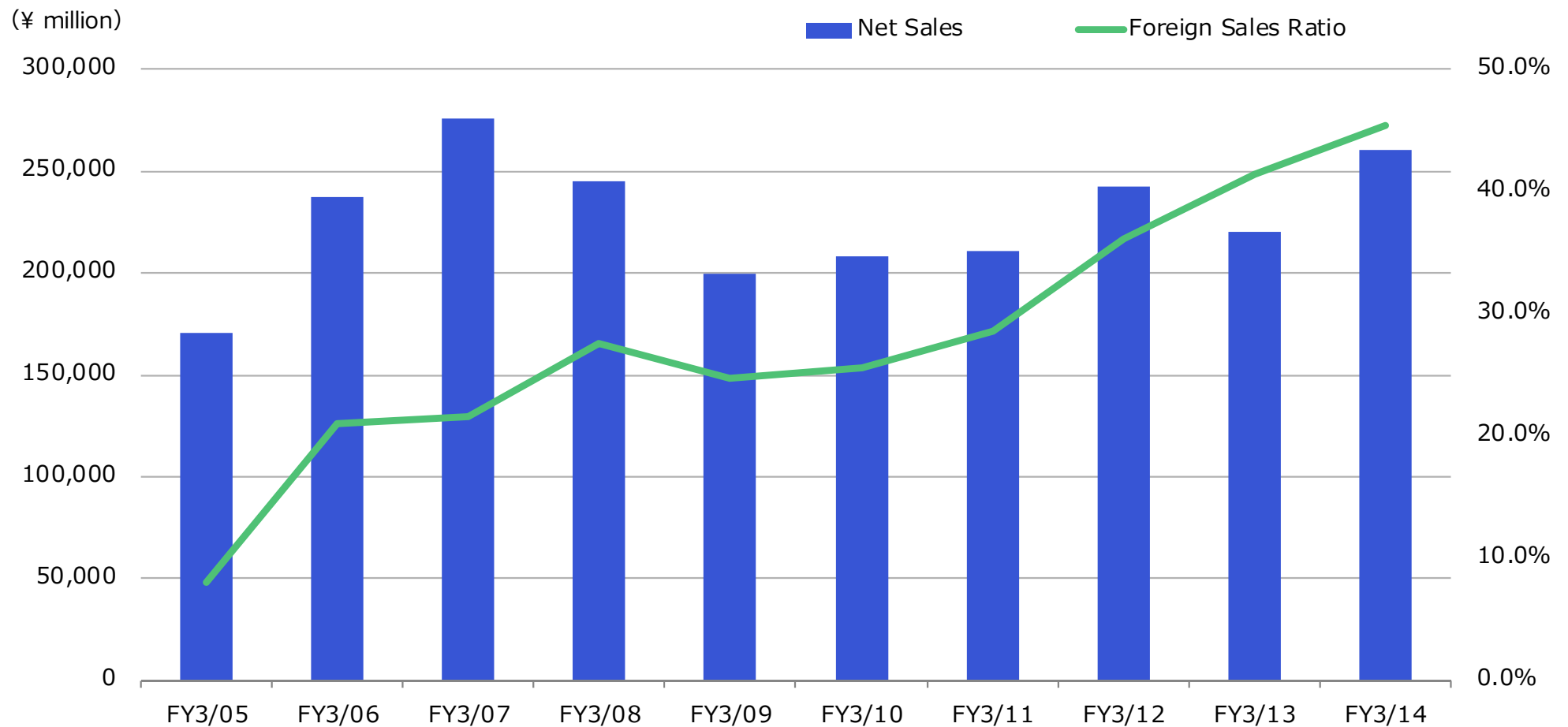
History of Company Operations

Japan

Over Seas



Trend of 10 years



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Domestic Offices

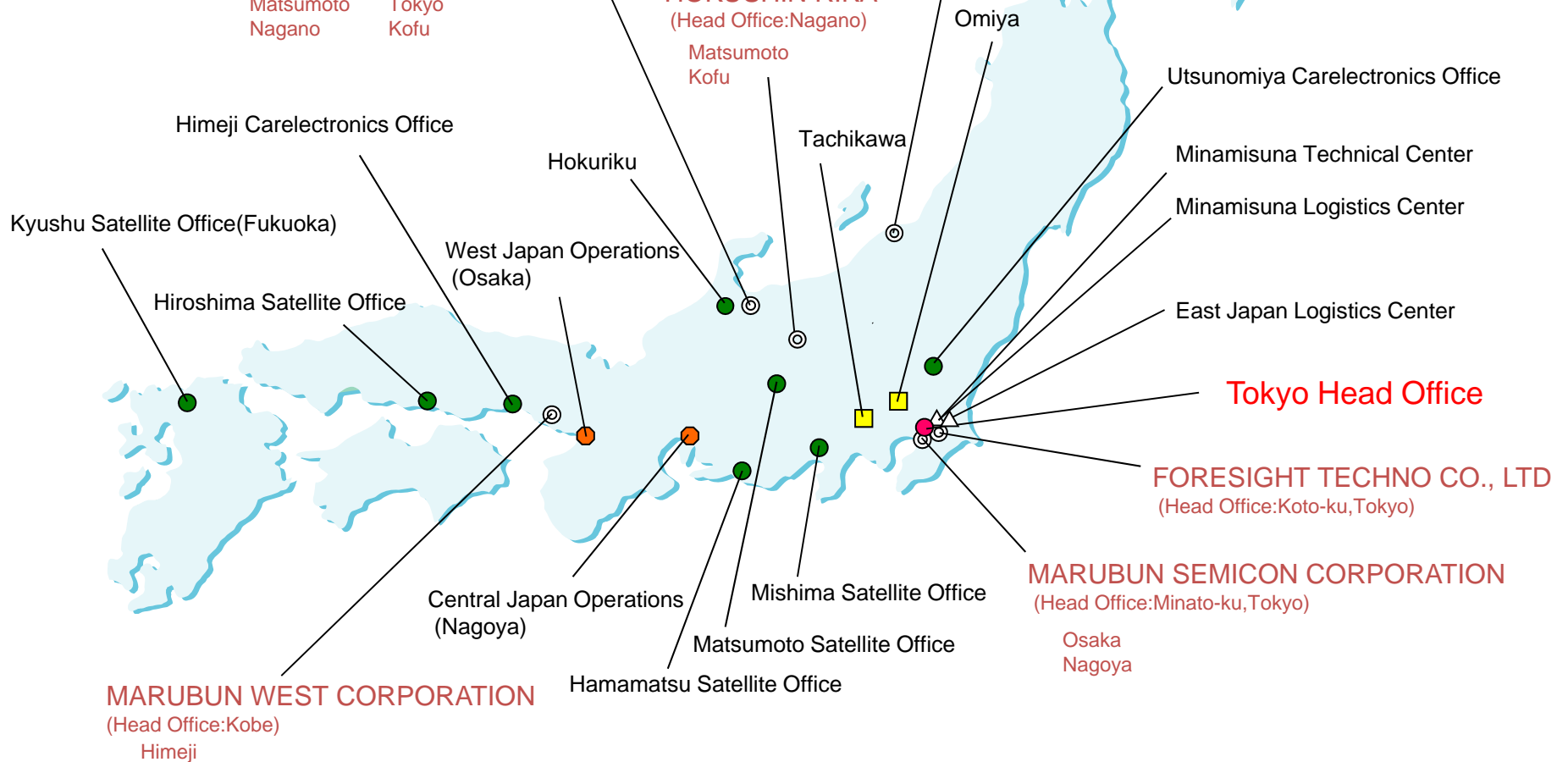
- Operations
- Branch
- Sales Office
- △ Logistics Center
- ⊙ Affiliated Company

MARUBUN TSUSHO CO., LTD. (Head Office: Kanazawa)

- | | |
|-----------|----------------|
| Kanazawa | Nanao |
| Toyama | Tama |
| Fukui | Hakusan Center |
| Matsumoto | Tokyo |
| Nagano | Kofu |

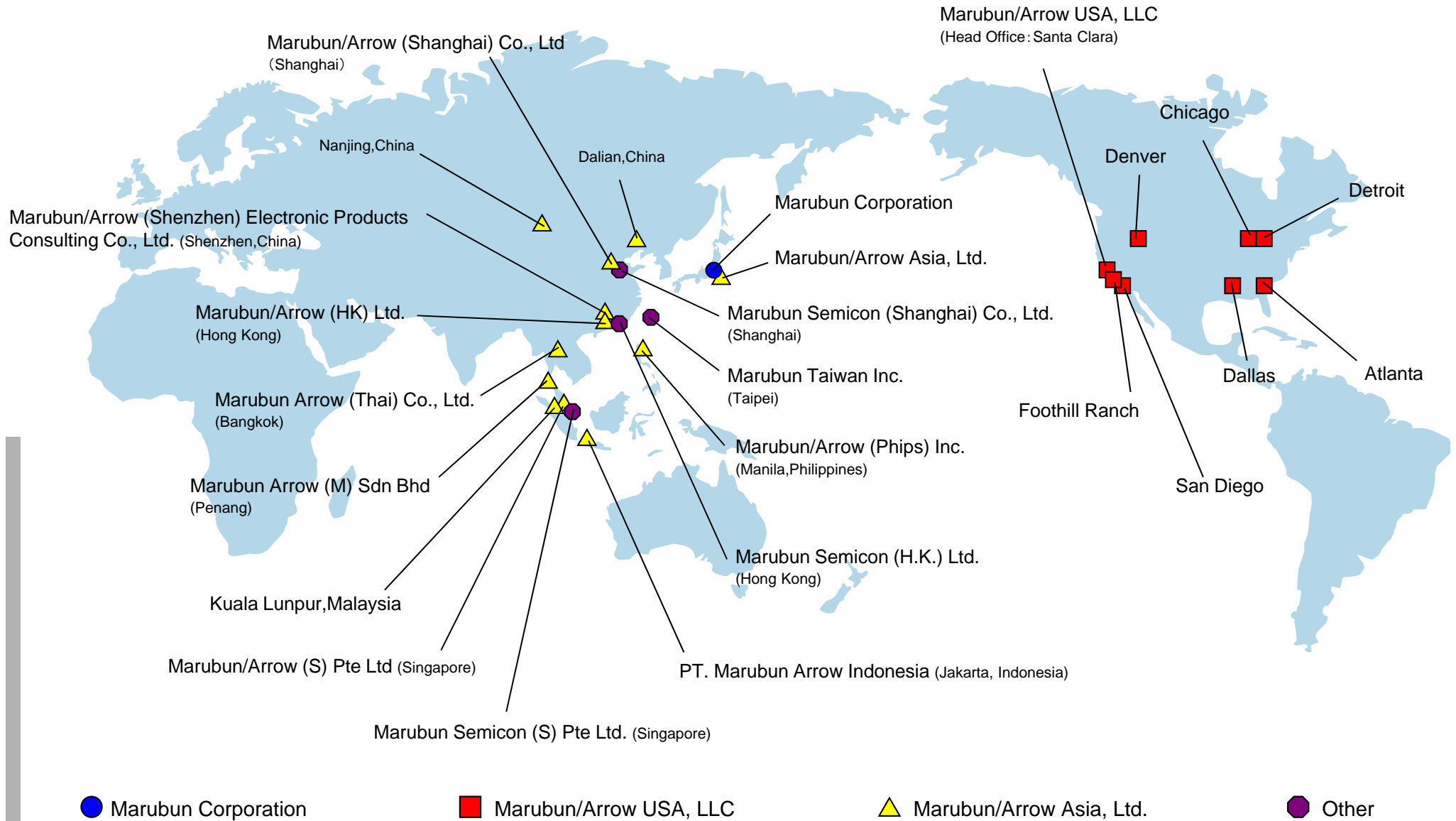
IKEDA IRYOUDENNKI CO., LTD
(Head Office: Niigata)

HOKUSHIN RIKA
(Head Office: Nagano)
Matsumoto
Kofu



(As Of March 31, 2014)

World-wide Sales Network



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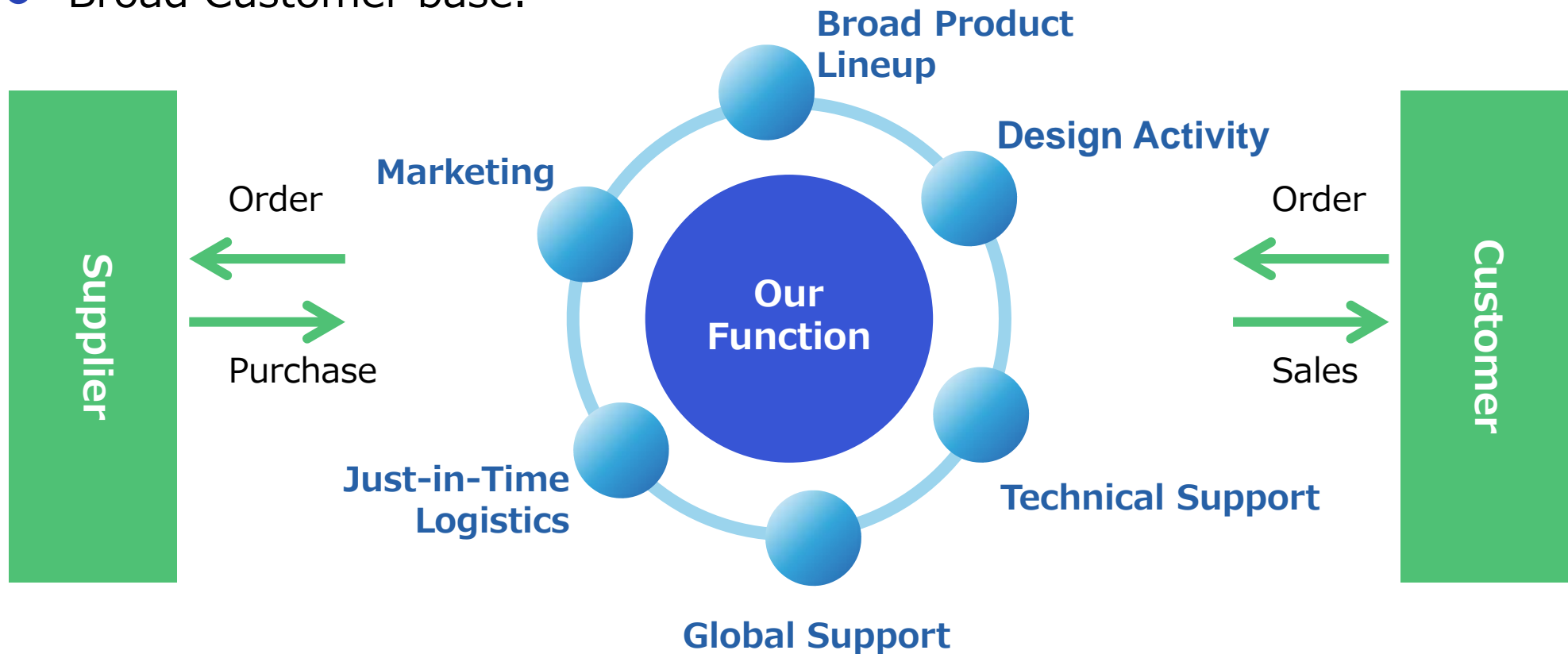
(As Of March31,2014)

Characteristic and Strength -Electronic Devices-

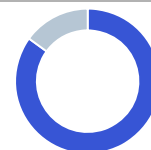


Electronic Devices

- Wide Range of Products made by Leading Semiconductor Manufacturers
- Global Sales Network in alliance with Arrow Electronics, Inc.
- Broad Customer base.



Affiliations -Electronic Devices-



Electronic Devices

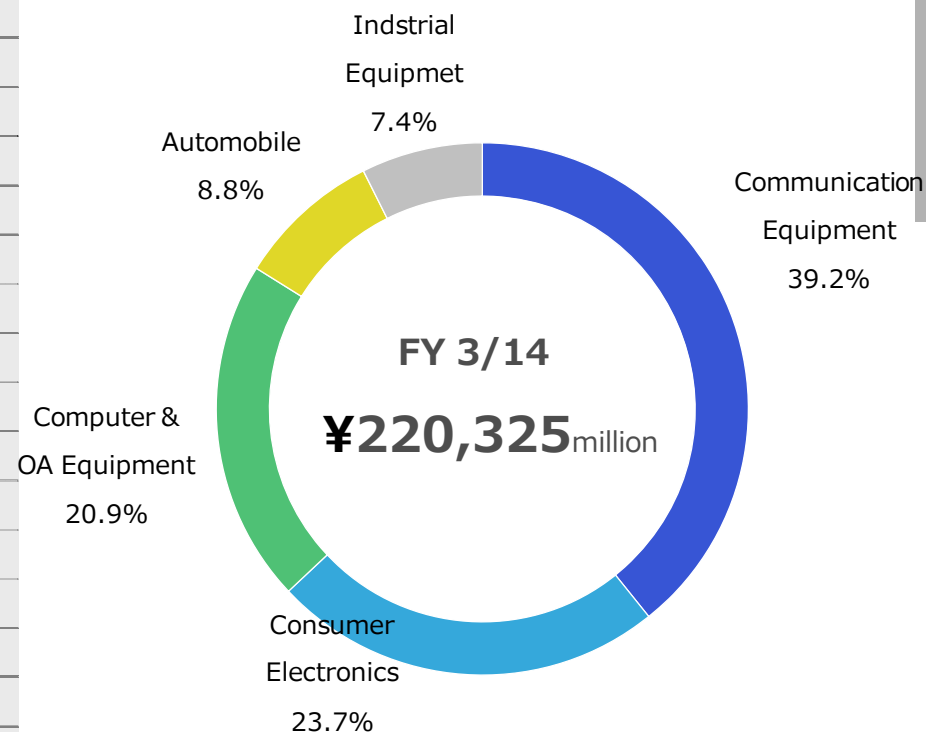
Company	Headquarters	Establishment	Shares	Principal Business
Marubun Semicon Corporation	Minato-ku, Tokyo	Mar. 2005	100.0%	Devices Business
Marubun Semicon (Shanghai) Co., Ltd.	Shanghai, China	Mar. 2005	100.0%	
Marubun Semicon (H.K.) Ltd.	Hong Kong, China	Jan. 2010	100.0%	
Marubun Semicon (S) Pte. Ltd.	Alexandra Road, Singapore	Nov.2013	100.0%	
Marubun USA Corporation	California, U.S.A.	Oct. 1983	100.0%	Devices Business/Holding Company
Marubun Taiwan, Inc.	Taipei, Taiwan	Nov. 1989	100.0%	Devices Business
Marubun/Arrow Asia, Ltd.	British Virgin Islands	Oct. 1998	50.0%	Devices Business/Holding Company
Marubun/Arrow (S) Pte Ltd.	Anson Road, Singapore	Mar. 1988	50.0%	Devices Business
Marubun/Arrow (HK) Ltd.	Hong Kong, China	Aug. 1994	50.0%	
Marubun Arrow (Thailand) Co., Ltd.	Bangkok, Thailand	Oct. 2000	50.0%	
Marubun/Arrow (Phils), Inc.	Laguna, Philippines	Oct. 2001	50.0%	
Marubun Arrow (M) SDN BHD	Penang, Malaysia	Jun. 2006	50.0%	
Marubun/Arrow (Shanghai) Co., Ltd.	Shanghai, China	Sep. 2002	50.0%	
Marubun/Arrow (Shenzhen) Electronic Product Consulting Co.,Ltd.	Shenzhen, China	Jun. 2013	50.0%	
PT. Marubun Arrow Indonesia	Jakarta, Indonesia	Aug. 2013	50.0%	
Marubun/Arrow USA, LLC*	Delaware, U.S.A.	Nov. 1998	50.0%	
Future Technology & Service Co., Ltd. *	Toshima-ku, Tokyo	Nov. 2006	29.3%	

* Marubun/Arrow USA, Future Technology & Service Co., Ltd. :Affiliate company

Main Products (by Application) -Electronic Devices-



		Application				
		Communication Equipment	Consumer Equipment	Computer & OA	Automobile	Industrial Equipment
Semiconductor						
Analog IC	Analog	●	●	●	●	●
	Discrete	●	●		●	●
Standard Logic IC		●	●	●	●	●
Memory IC	DRAM	●	●	●	●	
	Flash	●	●	●		
Micro-Processor	MPU,MCU	●	●	●	●	●
	DSP	●	●		●	●
	ASSP	●	●		●	
Special-Use IC	Display Driver	●	●	●		
	DMD		●	●		●
	LED		●			
Custom IC		●	●	●	●	
Electronic Components						
LCD Panel		●	●	●		●
OELD		●	●			
Crystal Device		●	●		●	●
Board Computer		●	●			



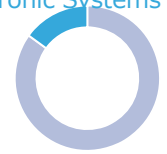
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Main Products(by Supplier) -Electronic Devices-



		Supplier									
		Asahi Kasei Microdevices	ISSI	International Rectifier	Samsung	Seiko Epson	Texas Instruments	Triquint	Freescale	Broadcom	Maxim
Semiconductor											
Analog IC	Analog	●					●	●	●	●	
	Discrete			●				●			
Standard Logic IC						●					
Memory IC	DRAM		●		●						
	Flash				●						
Micro- Processor	MPU,MCU					●	●	●			
	DSP	●					●	●			
Special-Use		●				●	●	●	●	●	
IC	ASSP	●				●	●	●	●	●	
	Display Driver				●	●	●				
	DMD						●				
Custom IC		●			●	●	●				
Electronic Components											
LCD Panel					●						
OELD					●						
Crystal Device						●					
Board Computer											●

Characteristic and Strength -Electronic Systems-



- Providing Unrivalled Products in High-end Markets
- Value-added Technical Support
(System Integration, Installation and Maintenance Services)



Affiliations -Electronic Systems-

Electronic Systems

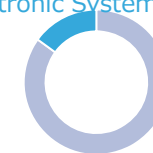


Company	Headquarters	Establishment	Shares	Principal Business
Marubun Tsusho Co.,Ltd.	Kanazawa, Ishikawa	Mar. 1961	100.0%	Systems Business
Hokushinrika	Nagano, Nagano	Nov. 1951	100.0%	Systems Business
Ikeda iryoudenki Co.,Ltd. *	Niigata, Niigata	Aug. 1961	41.0%	Systems Business
Marubun West Corporation	Kobe, Hyogo	May. 2005	100.0%	Systems Business
Foresight Techno Co.,Ltd.	Koto-ku, Tokyo	Mar. 1999	51.0%	Systems Business

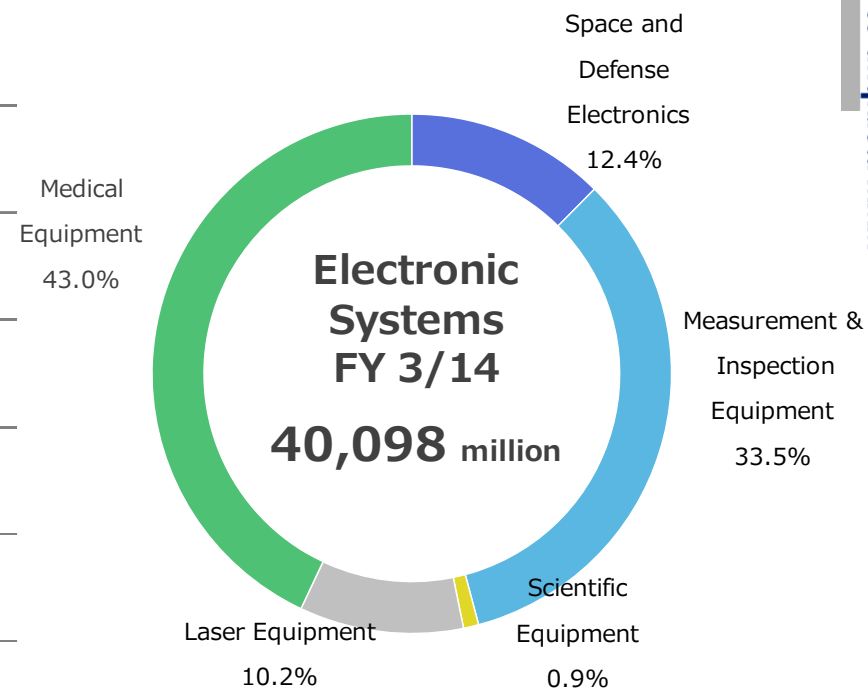
*Ikeda iryoudenki :Affiliate company

Main Products -Electronic Systems-

Electronic Systems

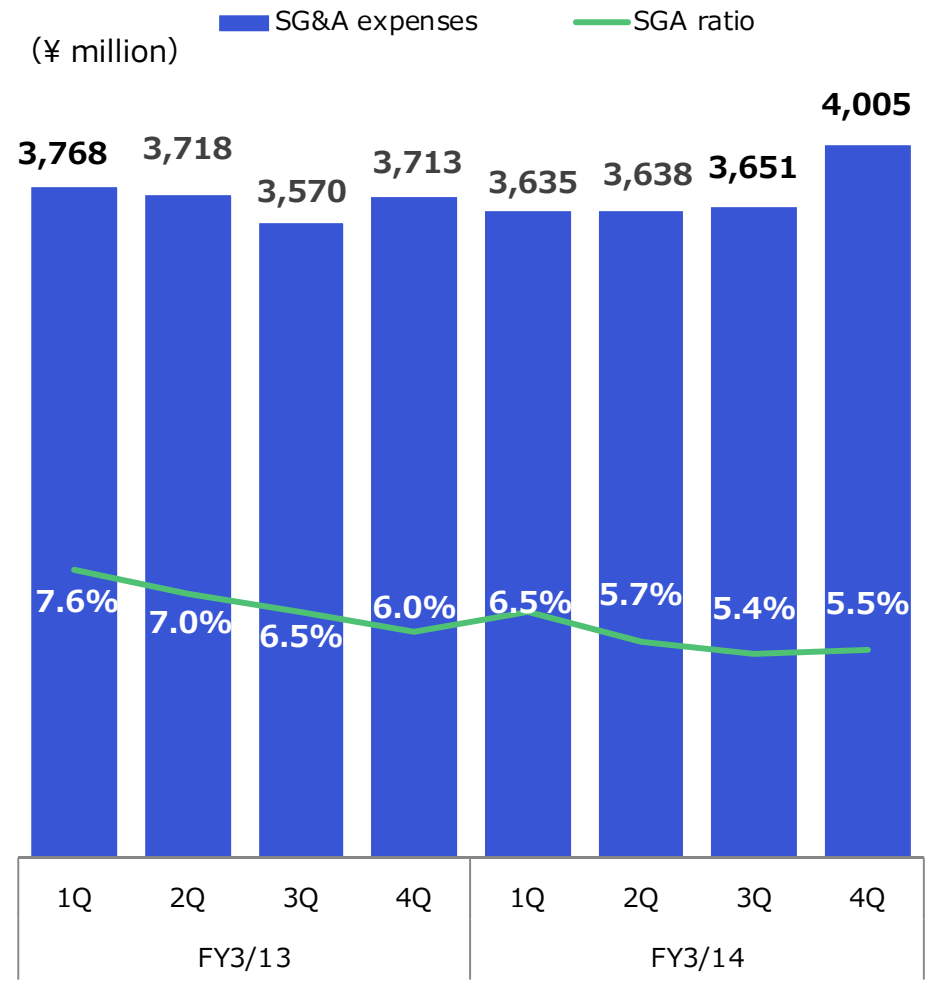
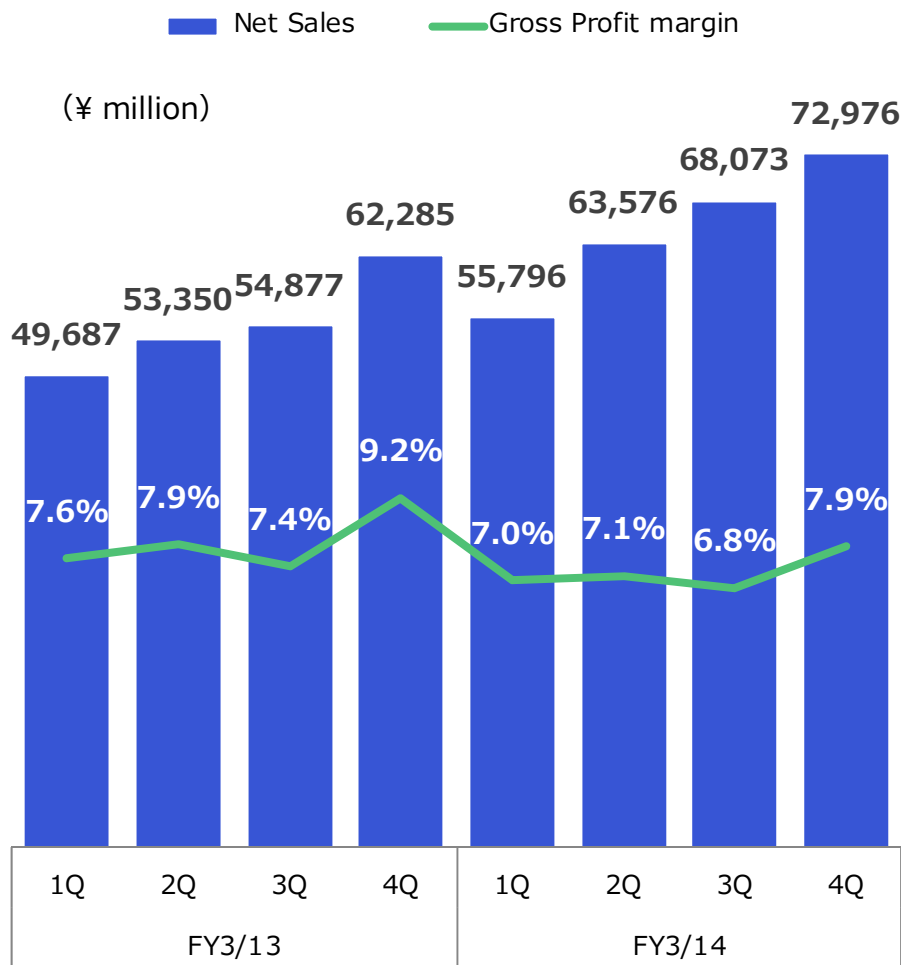


Segment	Main Products	Major Supplier
Space and Defense Electronics	High-reliability Components, Sensors	Tele Communication Systems, Plascore, Lavision
	Avionics Test System, Microwave Equipment	AAI, CPI, L3 Communications
Measurement & Inspection Equipment	Measurement & Inspection Equipment	Uni-Hite System, Akim, DCG systems, HIMEC
	Manufacturing Equipment	Seiko Epson, Nippon Avionics
Scientific Equipment	MOCVD System, in-situ monitoring system	AIXTRON, LayTec
Laser Equipment	Laser Oscillators & Processing Equipment	Laserline, nLight
	Network Equipment, Optical Components	Microsemi, Calnex Solutions, EXFO, Excelitas Technologies
Medical Equipment	Diagnostic Imaging Equipment	Shimadzu, Siemens Japan, Konica Minolta Healthcare
	Hemo Dialysis Equipment	Nikkiso, Asahi Kasei Medical, Kaneka Medix



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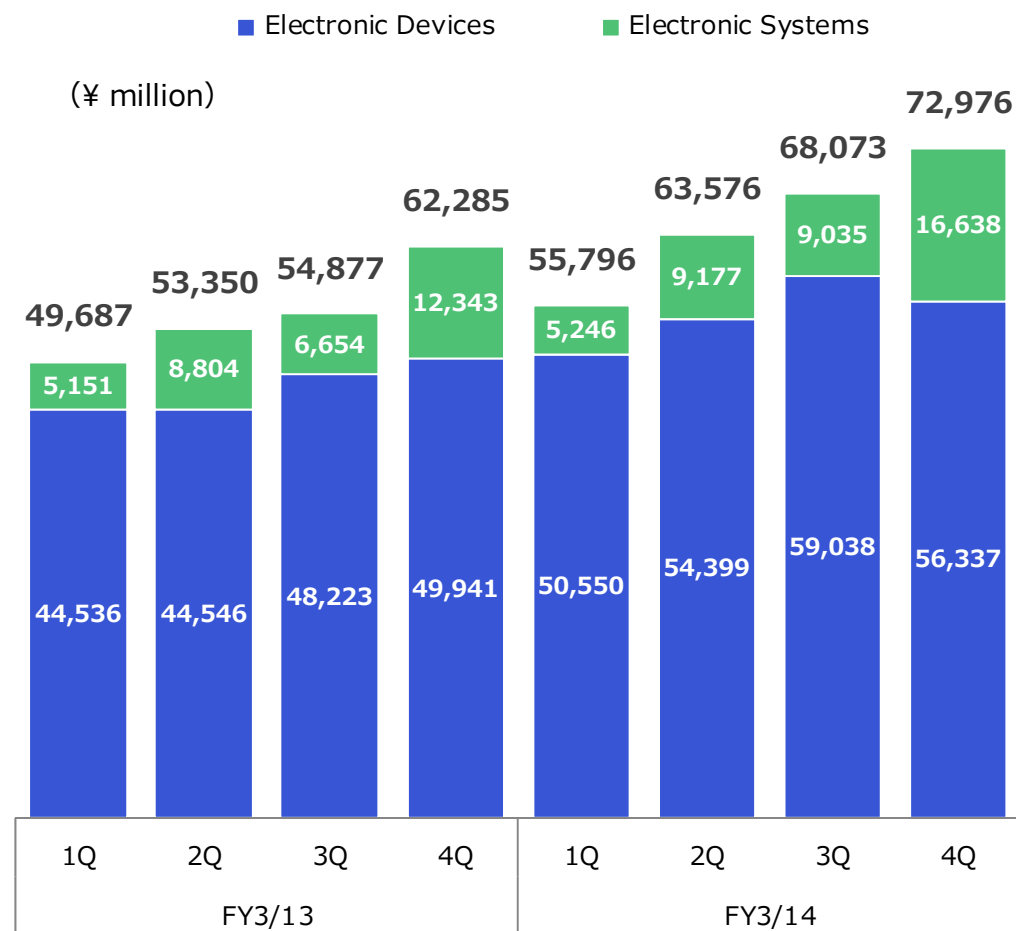
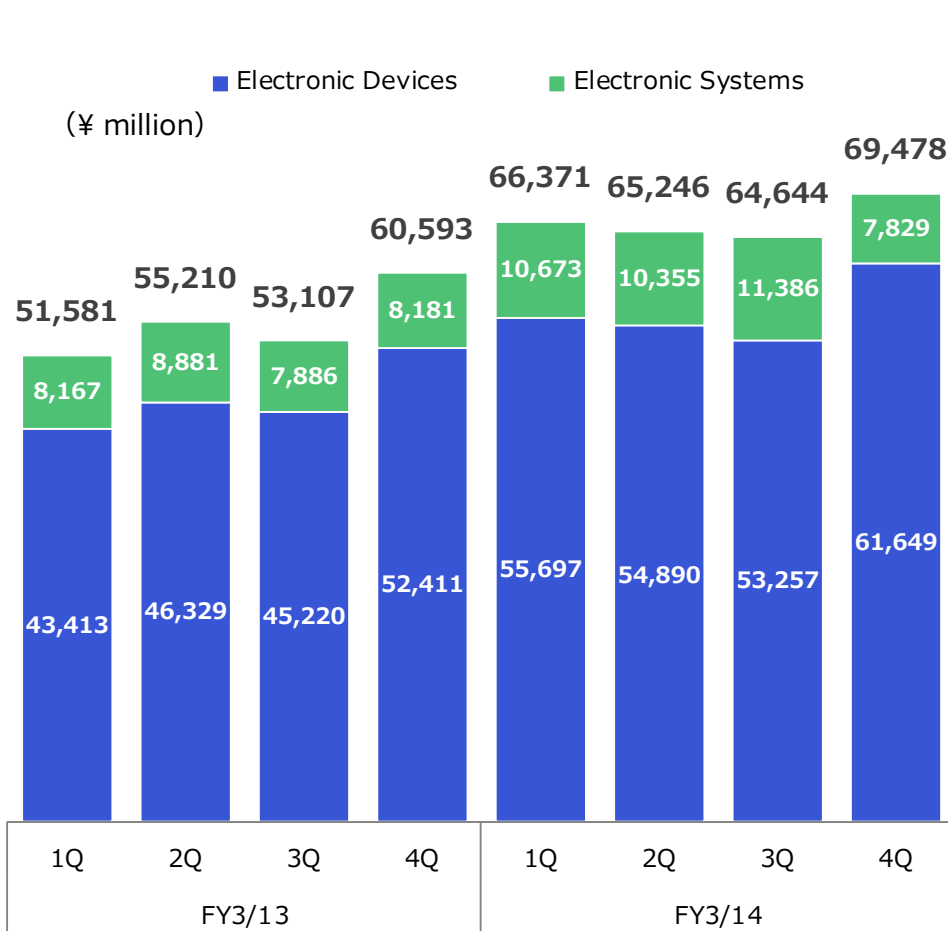
Trend in Net Sales/Gross Profit/SG&A expenses



Trend in Orders/Sales

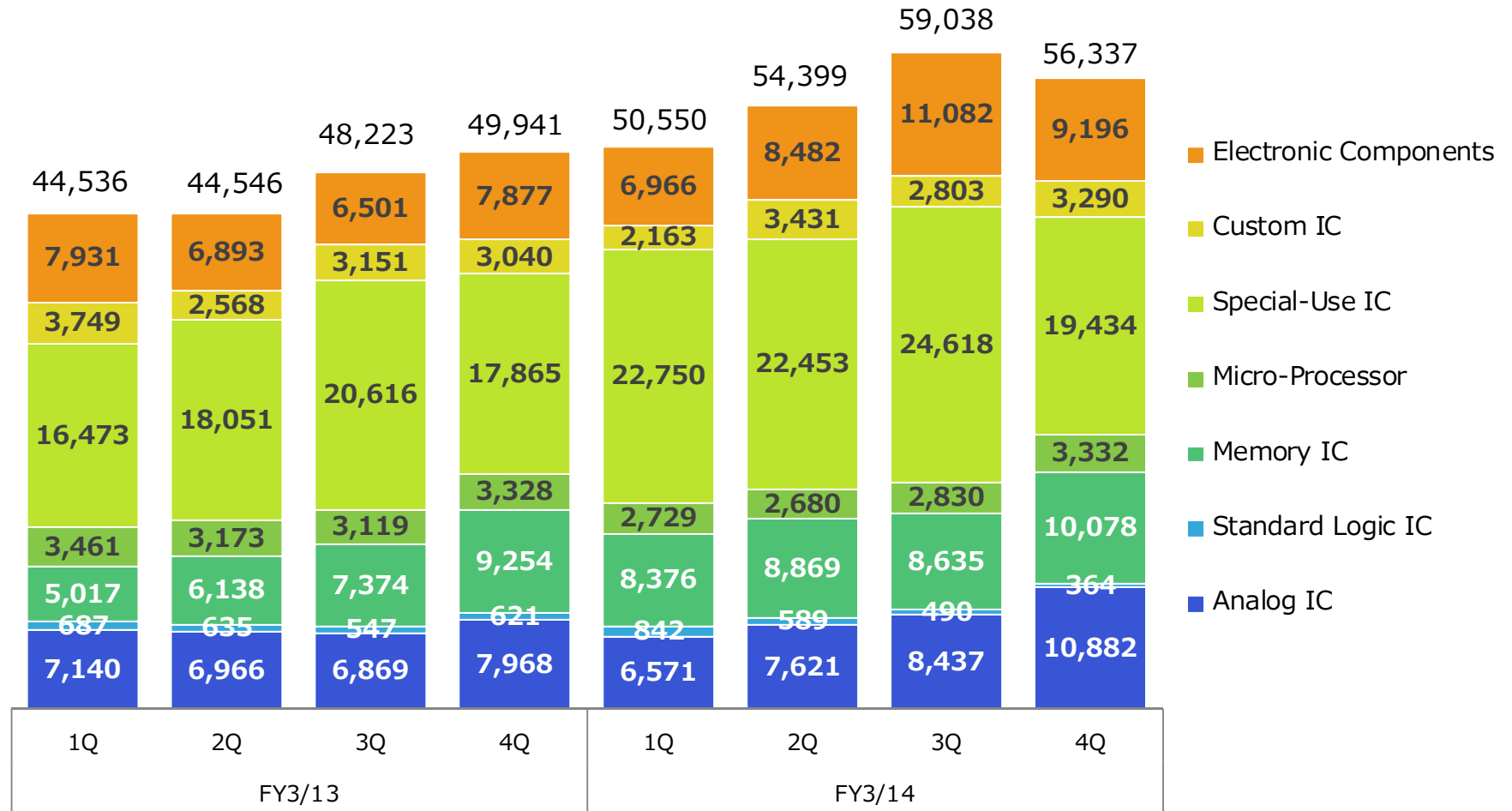
Orders

Sales

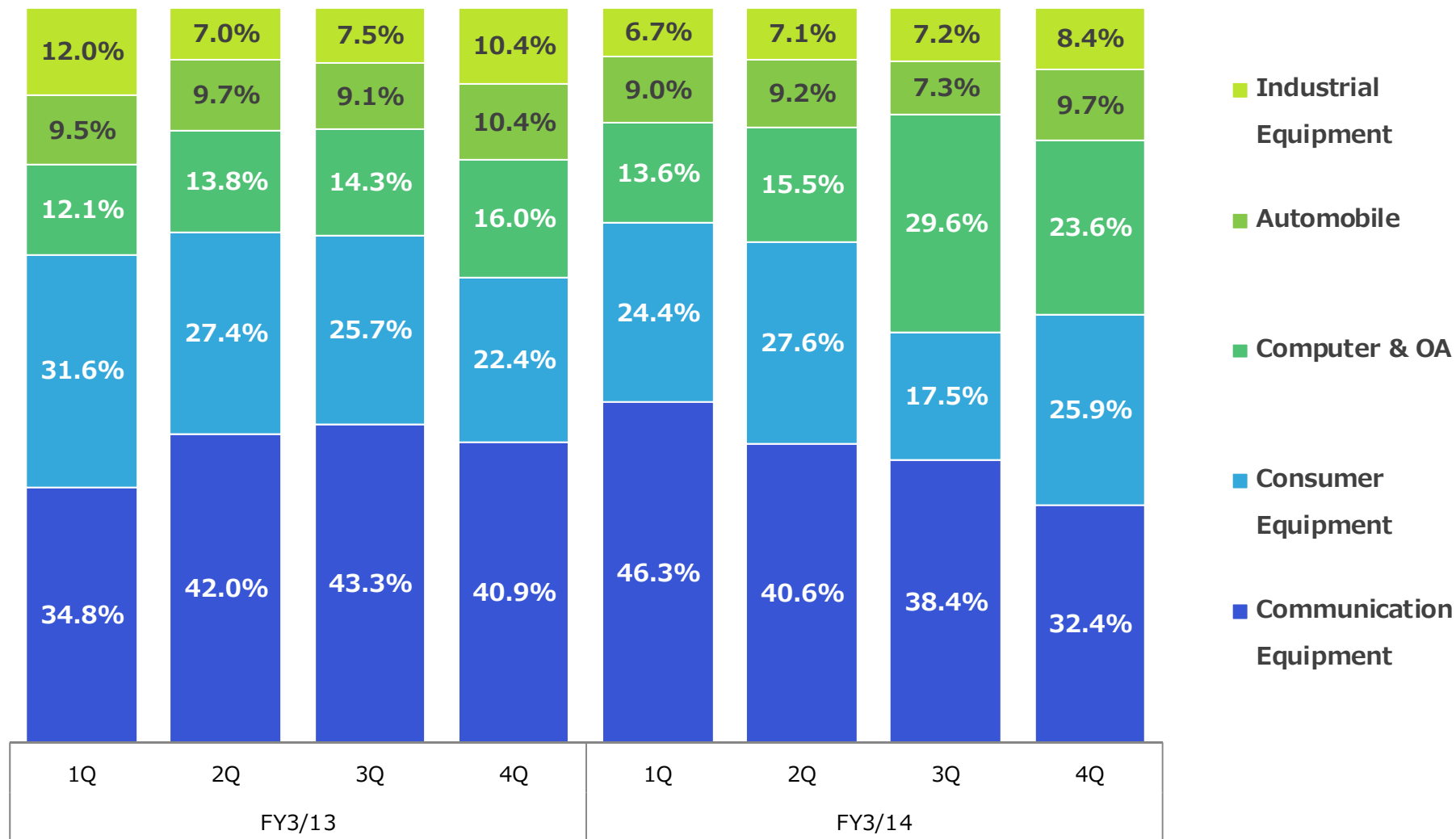


Trend in Sales of Electronic Devices by Products

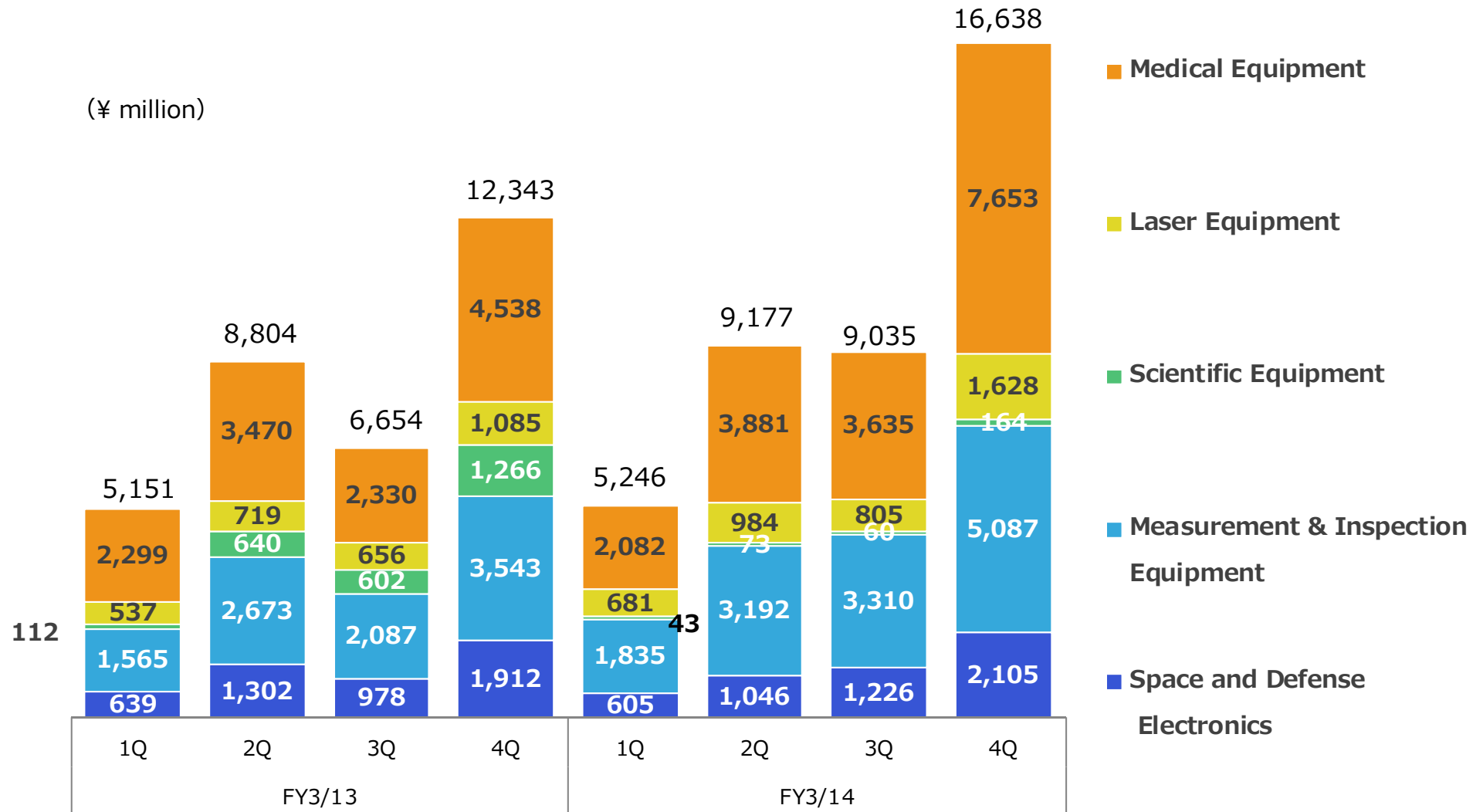
(¥ million)



Trend in Sales of Electronic Devices by Applications



Trend in Sales of Electronic Systems



Cautionary Statement

Within the presentation, information on the future performance such as results forecasts is based on the data available at the time this presentation was prepared that the Company assumes reasonable. Actual performance depends on various important factors and may differ significantly from the estimates contained herein.

Contact

MARUBUN CORPORATION
CORPORATE PLANNING Dept.
PHONE +81-3-3639-3010
E-mail ir@marubun.co.jp