

Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2016



November 2015

MARUBUN CORPORATION

(Securities Code : 7537 / TSE1st Section)

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1H FY3/16 Summary of Consolidated Financial Results

1H FY3/16 Summary of Consolidated Financial Results

Net sales increased by ¥24 billion (+19.9% YoY)

- **Electronic Devices Business** Increased 20.5% as a result of robust sales of Special-Use ICs for communication modules and other ICs for automobile and projector
- **Electronic Systems Business** Increased 15.9% as a result of inclusion a consolidated subsidiary and increase in Laser Equipment

Operating income increased by ¥492 million (+53.3% YoY)

Ordinary income increased by ¥924million (+162.6% YoY)

- Decrease in foreign exchange losses (402million)

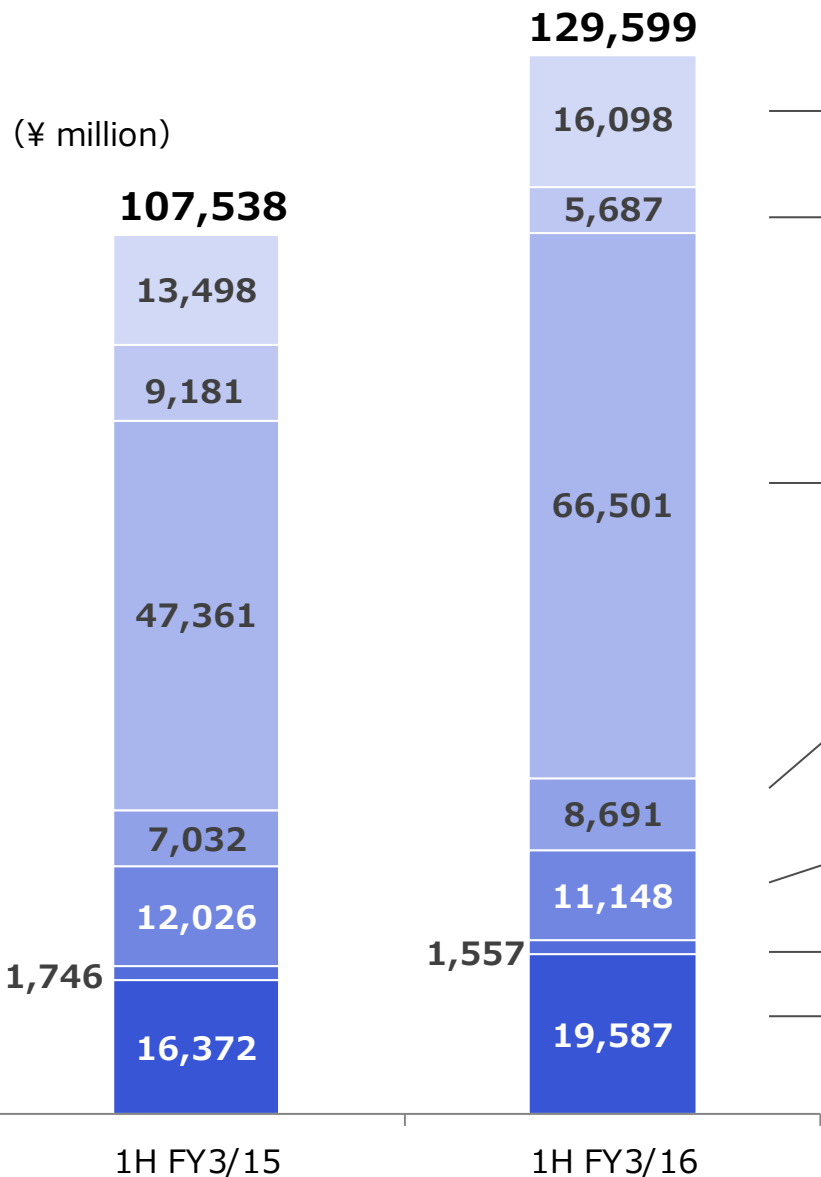
Net income Increased by ¥558 million (+206.5% YoY)

- **Extra Ordinary Income and Losses** Gain on sales of real estate for investment and Impairment loss

1H FY3/15 Summary of Financial Results

(¥ million)	1H FY3/15		1H FY3/16		YoY Changes		FY3/16 Initial Forecasts	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%	1H	Composition Ratio
Net sales	123,240	100.0%	147,803	100.0%	24,563	19.9%	137,000	100.0%
Electronic Devices	107,538	87.3%	129,599	87.7%	22,061	20.5%	118,700	86.6%
Electronic Systems	15,701	12.7%	18,203	12.3%	2,502	15.9%	18,300	13.4%
Gross profit	8,166	6.6%	8,948	6.1%	782	9.6%	8,700	6.4%
SG&A expenses	7,242	5.9%	7,533	5.1%	291	4.0%	7,650	5.6%
Personal expenses	4,485	3.6%	4,615	3.1%	130	2.9%	-	-
Other	2,757	2.2%	2,917	2.0%	160	5.8%	-	-
Operating income	923	0.7%	1,415	1.0%	492	53.3%	1,050	0.8%
Non-operating income	346	0.3%	374	0.3%	28	8.1%	-	-
Non-operating expenses	701	0.6%	297	0.2%	(404)	-57.6%	-	-
Ordinary income	568	0.5%	1,492	1.0%	924	162.6%	900	0.7%
Extraordinary income	-	-	693	0.5%	693	-	-	-
Extraordinary loss	4	0.0%	755	0.5%	751	18775%	-	-
Net income	269	0.2%	827	0.6%	558	206.5%	400	0.3%
No. of employees at term-end	1,260	-	1,282	-	22	1.7%	-	-

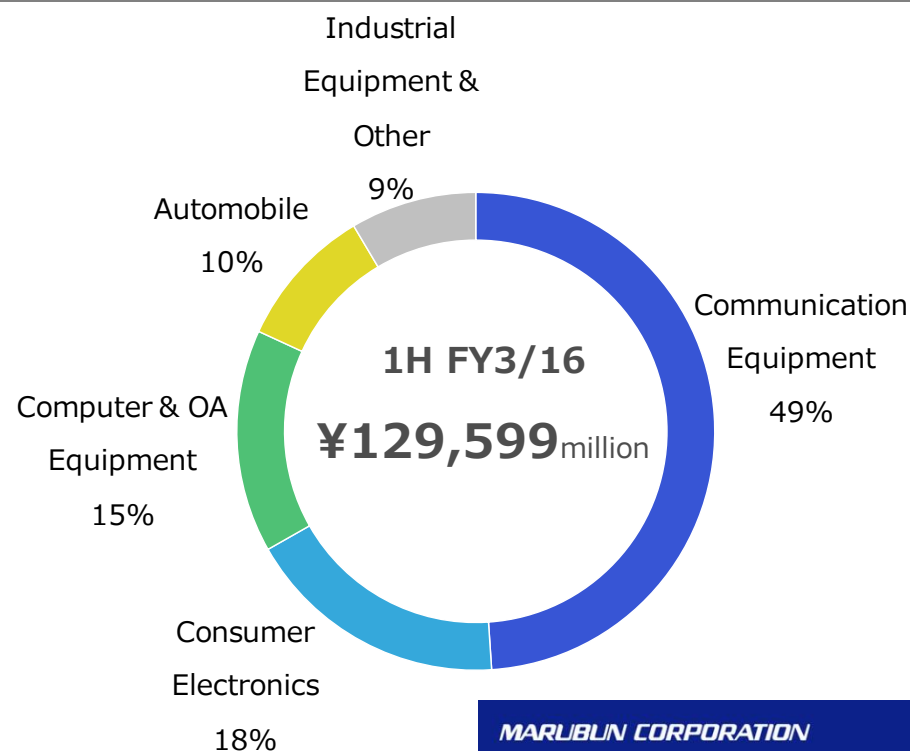
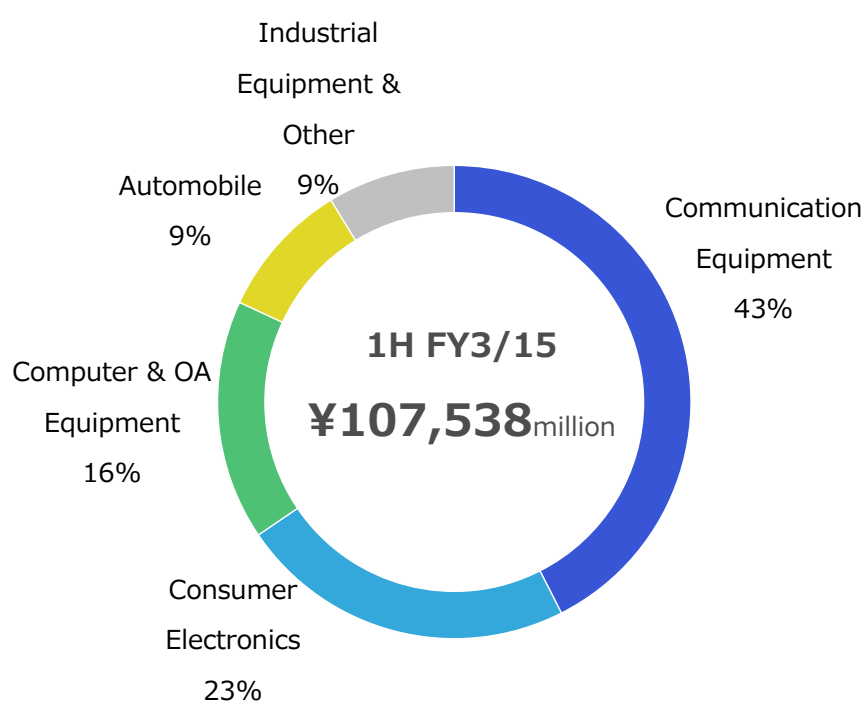
1H FY3/15 Electronic Devices Business Net Sales Breakdown by Product



- **Electronic Components**
Increase for TV , PC and smartphone
- **Custom IC**
Decrease in ICs for consumer electronics
- **Special-Use IC**
Increase in ICs for communication modules and projector
- **Micro-Processor**
Increase in ICs for automobile and communication infrastructure
- **Memory IC**
Decrease in ICs for PC
- **Standard Logic IC**
- **Analog IC**
Increase in ICs for automobile and communication modules

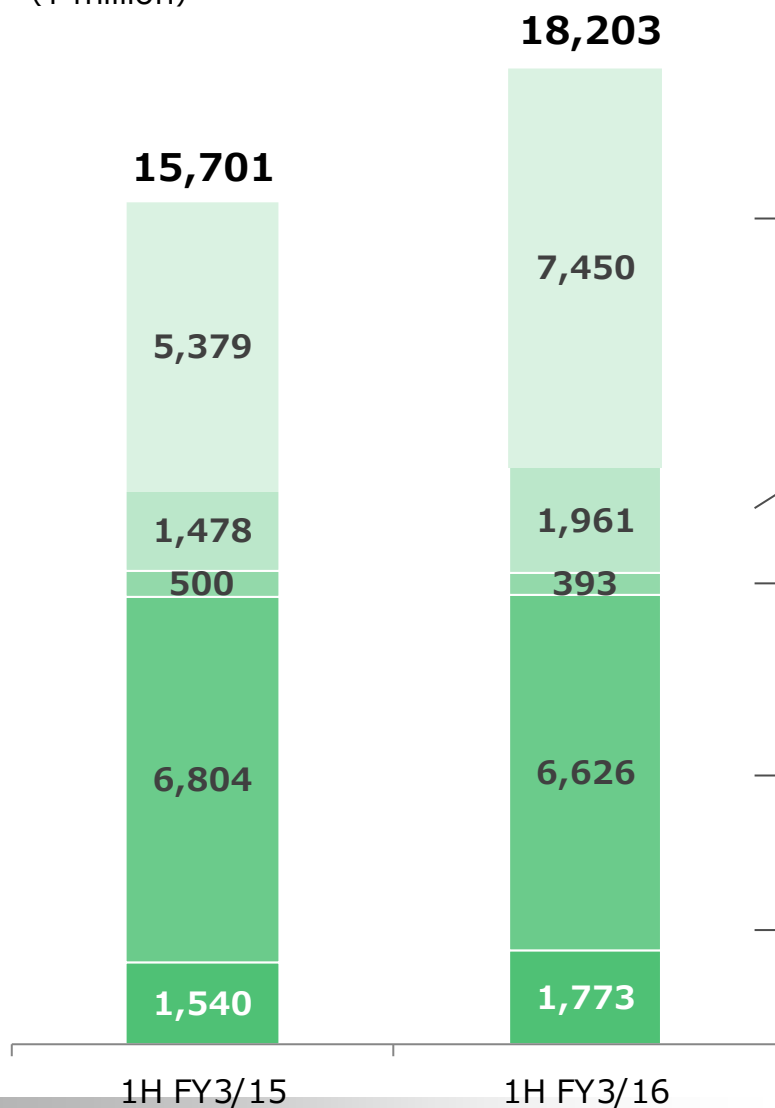
1H FY3/15 Electronic Devices Business Net Sales Breakdown by Product

Application		Market Trend
Communication Equipment		Increase in ICs for communication modules and infrastructure
Consumer Electronics		Decrease in ICs for game consoles and digital cameras
Computers & OA Equipment		Increase in ICs for projectors
Automobile		Increase in ICs for car navigation systems, wireless communication and engine controls
Industrial Equipment & Other		Increase in ICs for factory automation equipment



1H FY3/15 Electronic Systems Business Net Sales Breakdown by Product

(¥ million)



Medical Equipment

Increase as a result of inclusion a consolidated subsidiary

Laser Equipment

Increase in marking laser for industrial equipment

Scientific Equipment

Decrease in thin-film equipment for power semiconductor manufacturing

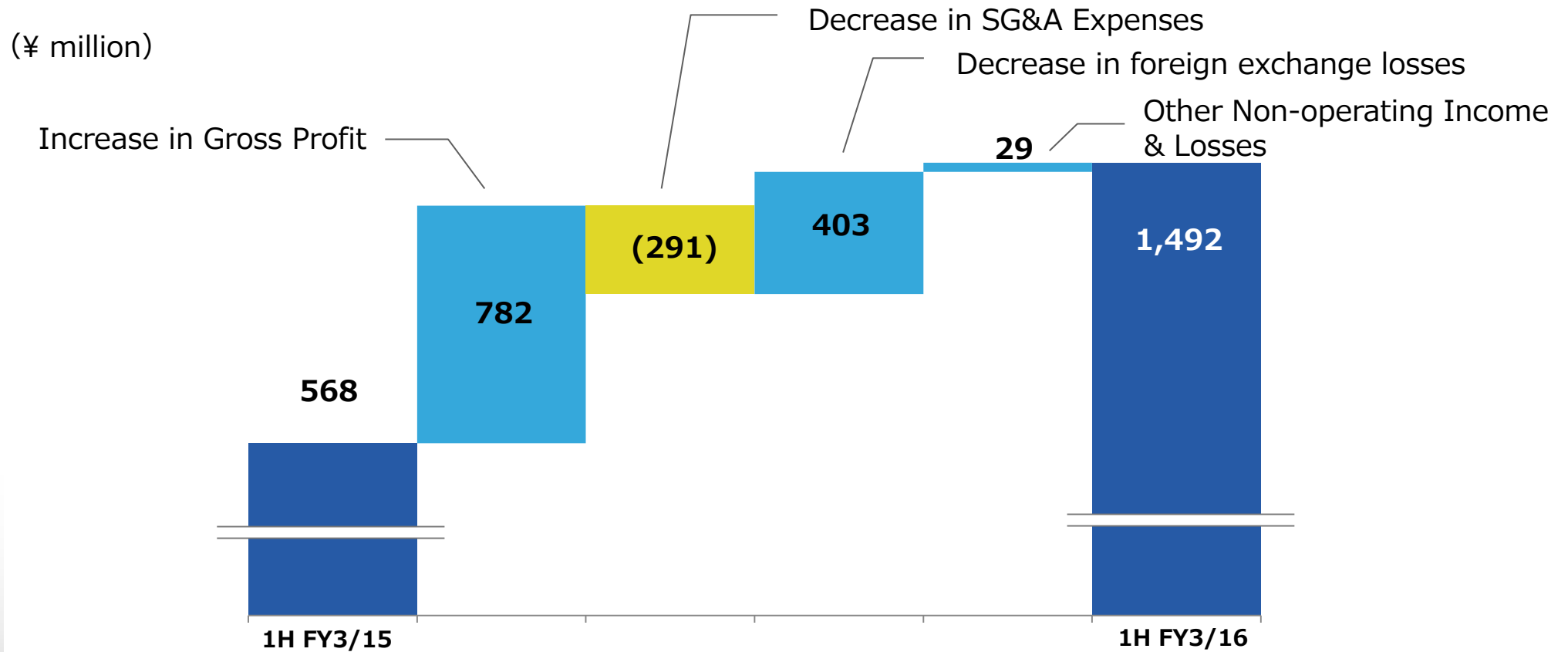
Measurement & Inspection Equipment

Decrease in electronic components inspection equipment

Space & Defense Electronics

Increase in High-reliability Components for satellite

1H FY3/15 Factors Affecting Ordinary Income



Gross Profit

Increase of Net sales

1H FY3/15: ¥8,166million(6.6%) ⇒ 1H FY3/16: ¥8,948million(6.1%)

Non-operating
Income/Loss

Decrease in foreign exchange losses

1H FY3/15: ¥453million ⇒ 1H FY3/16: ¥50million

End 1H FY3/15 Summary of Balance Sheets

(¥ million)	FY3/15 End Actual	1H FY3/16 End Actual	Changes in 6 m/s Amount
Current assets	117,084	113,483	(3,601)
Cash and deposits	21,725	14,459	(7,266)
Notes and accounts receivable-trade	63,393	63,900	507
Inventories	28,818	31,266	2,448
Other	3,147	3,857	710
Noncurrent assets	11,228	10,080	(1,148)
Property, plant and equipment	4,232	3,313	(919)
Intangible assets	448	395	(53)
Investments and other assets	6,548	6,371	(177)
Total assets	128,313	123,564	(4,749)
Current liabilities	72,594	67,779	(4,815)
Notes and accounts payable-trade	52,978	53,368	390
Short-term loans payable and other	15,300	9,605	(5,695)
Other	4,316	4,806	490
Noncurrent liabilities	9,416	9,175	(241)
Long-term loans payable and other	7,507	7,500	(7)
Net defined benefit liability	1,194	1,184	(10)
Other	714	490	(224)
Total liabilities	82,010	76,955	(5,055)
Total net assets	46,302	46,608	306
Total liabilities and net assets	128,313	123,564	(4,749)

1H FY3/15 Summary of Statements of Cash Flows

(¥ million)	1H FY3/15 Actual	1H FY3/16 Actual
Net cash provided by (used in) operating activities	8,123	(1,332)
Income before income taxes	564	1,431
Decrease (increase) in notes and accounts receivable-trade	4,078	493
Decrease (increase) in inventories	(6,135)	(2,691)
Increase (decrease) in notes and accounts payable-trade	11,132	(542)
Other	(1,515)	(22)
Net cash provided by (used in) investing activities	(52)	560
Free cash flow	8,071	(772)
Net cash provided by (used in) financing activities	(3,082)	(6,744)
Net increase (decrease) in cash and cash equivalents	5,529	(7,438)
Cash and cash equivalents at end of period	24,505	14,074

Medium-Term Vision Strategies and Key Initiatives

Summary of Medium-Term Vision

Vision

**Transforming into a robust company
that can realize sustainable growth**

Slogan

Think & Action (T & A)

**View structural changes as an opportunity,
accelerate management reforms,
and conduct positive management to make a breakthrough**

**Electronic Devices
Four T & A**

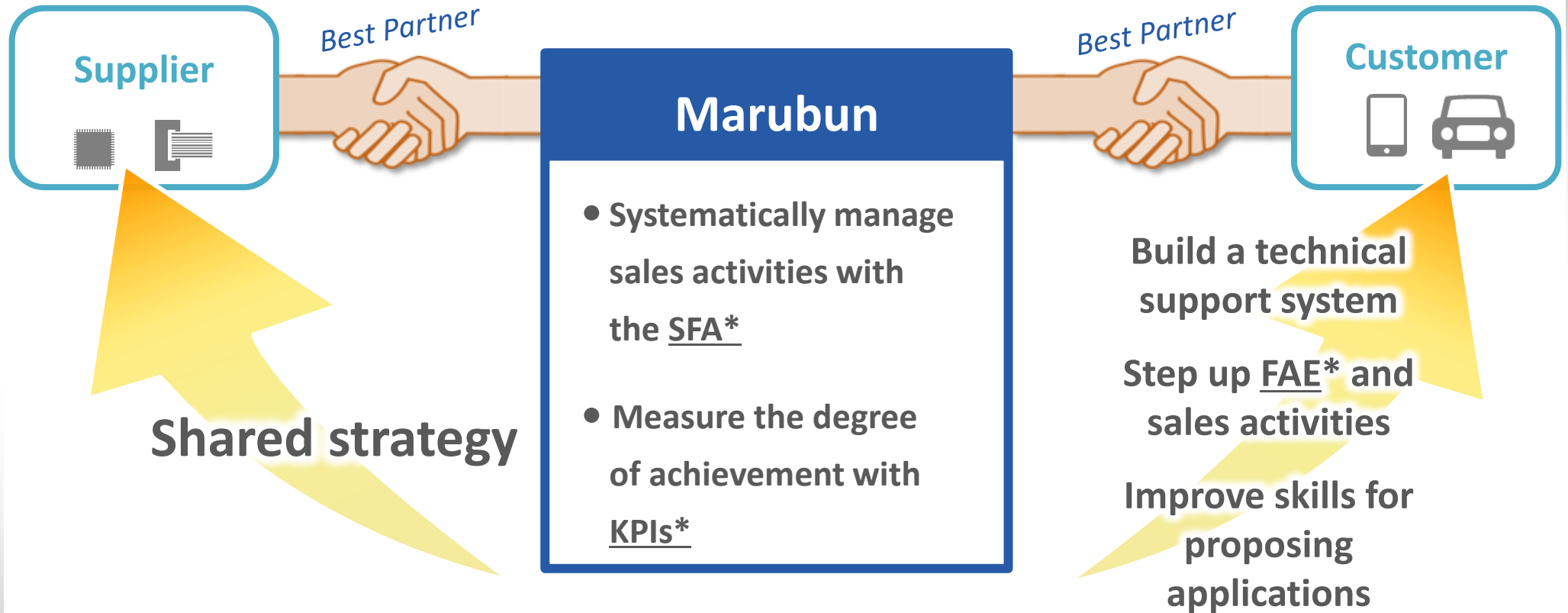
- (1) Expand the base business
- (2) Develop businesses in growing markets
- (3) Promote development of new products
- (4) Enhance global operations

**Electronic Systems
Three T & A**

- (1) Enhance engineering services
- (2) Strengthen system integration capability
- (3) Enrich product line-up

Target of Ordinary Income FY3/17 ¥6billion

Electric Devices Business: Four T & A (1) Expand fundamental business



***SFA** Sales Force Automation

***KPI** Key Performance Indicator

***FAE** Field Application Engineer

A sales support system that makes effective use of information

Indices of significant business results for evaluation

Sales personnel with technical knowledge on products and solutions who are capable of making technical proposals

Electric Devices Business: Four T & A (2) Step up actions for growth markets

Focus Markets	Communications	<p>Focus attention on <u>IoT</u>*</p> <ul style="list-style-type: none"> - Develop original evaluation boards and present different solutions to move the cultivation of the market forward.
	Automobiles	<p>Step up efforts related to <u>ADAS</u>* and other next-gen technologies.</p> <ul style="list-style-type: none"> - Areas of differentiation, such as automotive navigation systems, meter panels, and engine controls contribute to business results. - Bolster efforts in North American market, Southeast Asian market, and other overseas markets.
	Industrial Equipment	<p>Focus energy on factory automation equipment.</p> <ul style="list-style-type: none"> - Brisk sales of products for servo motors and sequencers. - Broaden the array of sensors and other products.
	Medical Equipment	<p>Develop projects in areas related to endoscopes and advanced medical systems.</p> <ul style="list-style-type: none"> - Push ahead with project development in areas where Japan is a leader in hopes of accelerating their progress in the future.

*IoT *Internet of Things*




A technology for recognizing different things connected to the network, and how to control these things

*ADAS *Advanced Driving Assistant System*

A sophisticated system for automated driving and other forms of assisted driving

**Electric Devices Business:
Four T & A (3) Promote development of new products**

Offering the latest technologies and products in form of solutions to at least 50 companies based mainly in the United States, Taiwan, and China

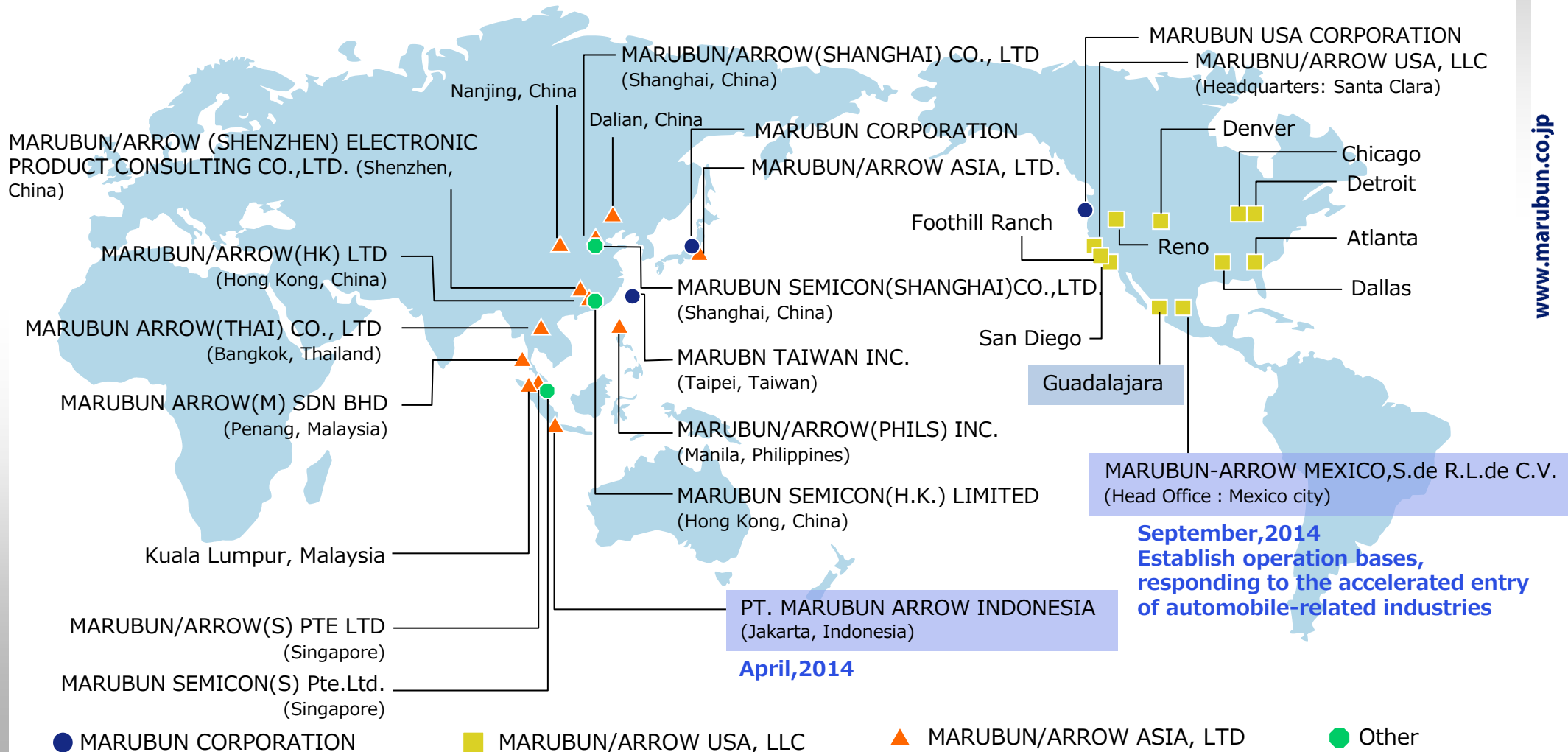
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Semi-conductor</p>	<ul style="list-style-type: none"> • OpenSilicon(ASIC) • Baysand(ASIC) • SanDisk(Flash/SSD) 	 <p style="text-align: center;">Baysand ASIC</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Electronic components</p>	<ul style="list-style-type: none"> • Eink(E-Paper) • Molex(Connector) • IDT(Clock IC) • CNI(Cover Glass) 	 <p style="text-align: center;">Eink E-Paper</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Ecology</p>	<ul style="list-style-type: none"> • Winaico (Photovoltaic panels) 	 <p style="text-align: center;">Solar Einou</p>

Electric Devices Business: Four T & A (4) Enhance global operations

Further build up overseas support capabilities through the use of Arrow's wide-ranging products, bases, and distribution data infrastructure

Marubun/Arrow 9 countries, 23 bases

Arrow Electronics 56 countries, 460 bases



September, 2014
Establish operation bases,
responding to the accelerated entry
of automobile-related industries

April, 2014

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Electric Systems Business: Three T & A

Market-In & Customer-In concept

Move ahead with differentiation by offering services and solutions that answer the varying needs of each individual customer

(1) Enhance engineering services

(2) Strengthen system integration capabilities

(3) Enrich product line-up



Medium-Term Vision

Progress of Business Strategies

FY3/16

Summary of Consolidated Financial Forecasts

FY3/16 Summary of Financial Forecasts

Net sales expected ¥284 billion (+3.8% YoY)

- **Electronic Devices Business** Increase in ICs for automobile , industrial equipment and telecommunications infrastructure
- **Electronic Systems Business** Increase in medical equipment , inclusion a consolidated subsidiary and increase in laser equipment

Operating income expected ¥4.5billion (-0.0% YoY)

- **Gross profit margin** Increase by expansion of net sales
- **SG&A expenses** inclusion a consolidated subsidiary

Ordinary income expected ¥4.5 billion (+15.8% YoY)

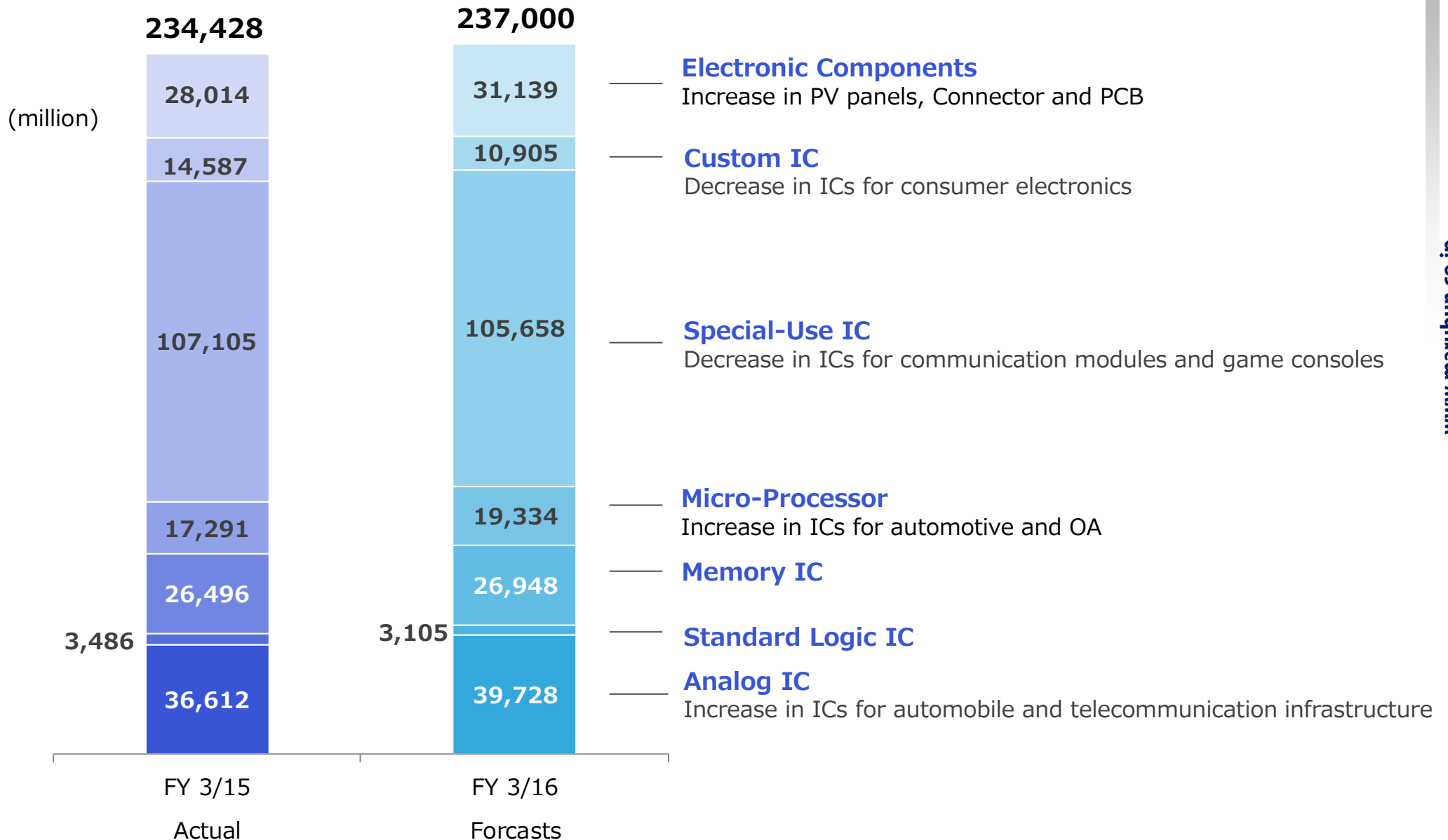
- **Foreign exchange losses** Decrease of foreign exchange losses of 900million yen in FY3/15

Net income expected ¥2.5 billion (+28.1% YoY)

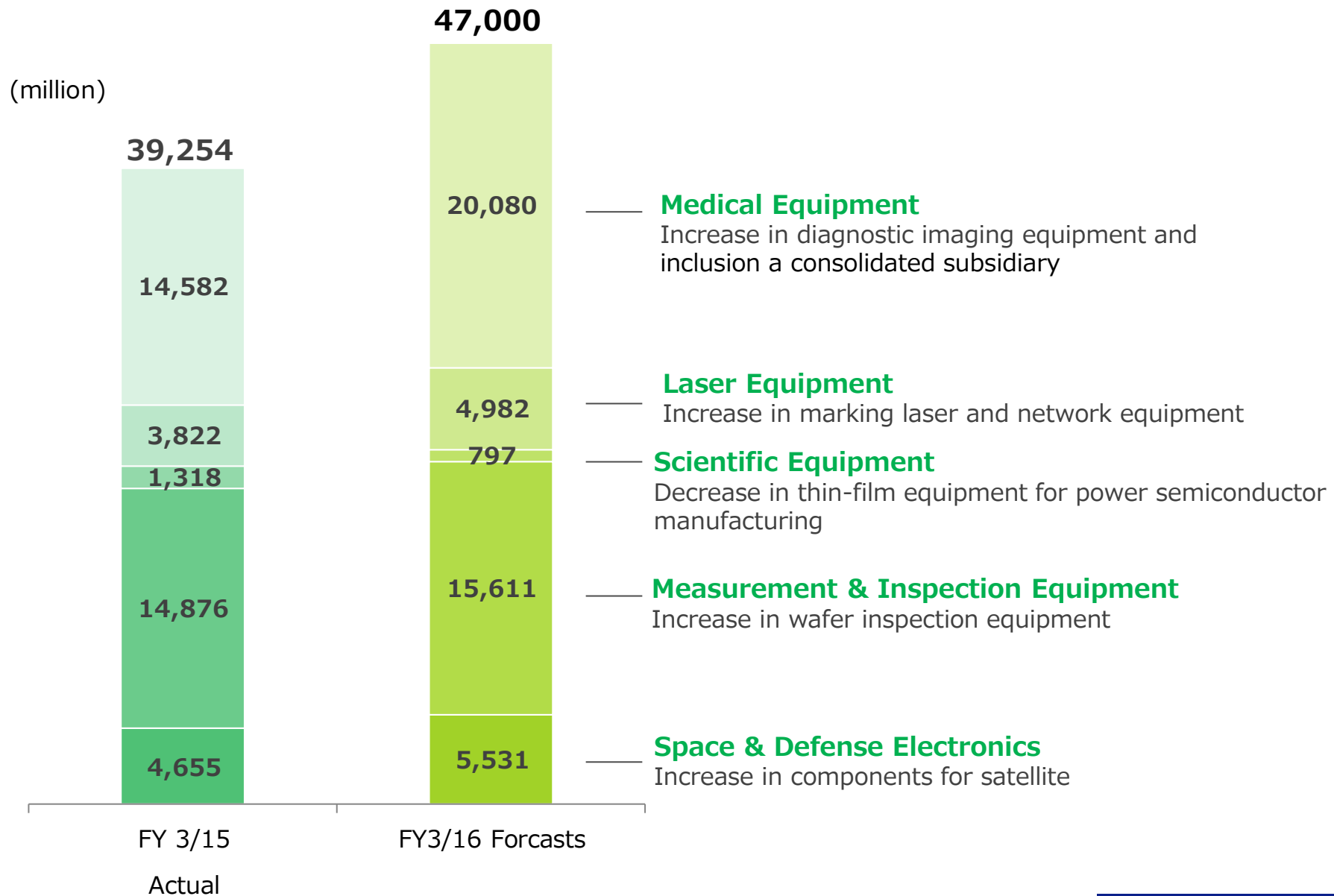
FY3/16 Financial Forecasts

(¥ million)	FY3/15		FY3/16		YoY Changes	
	Actual	Composition Ratio	Forecast	Composition Ratio	Amount	%
Net sales	273,683	100.0%	284,000	100.0%	10,317	3.8%
Electronic Devices	234,428	85.7%	237,000	83.5%	2,572	1.1%
Electronic Systems	39,254	14.3%	47,000	16.5%	7,746	19.7%
Gross profit	19,146	7.0%	20,000	7.0%	854	4.5%
SG&A expenses	14,593	5.3%	15,450	5.4%	857	5.9%
Operating income	4,552	1.7%	4,550	1.6%	(2)	0.0%
Non-operating income	751	0.3%	600	0.2%	(151)	-20.1%
Non-operating expenses	1,418	0.5%	650	0.2%	(768)	-54.2%
Ordinary income	3,886	1.4%	4,500	1.6%	614	15.8%
Extraordinary income	7	0.0%	700	0.2%	693	9900%
Extraordinary loss	110	0.0%	750	0.3%	640	582%
Net income	1,990	0.7%	2,550	0.9%	560	28.1%

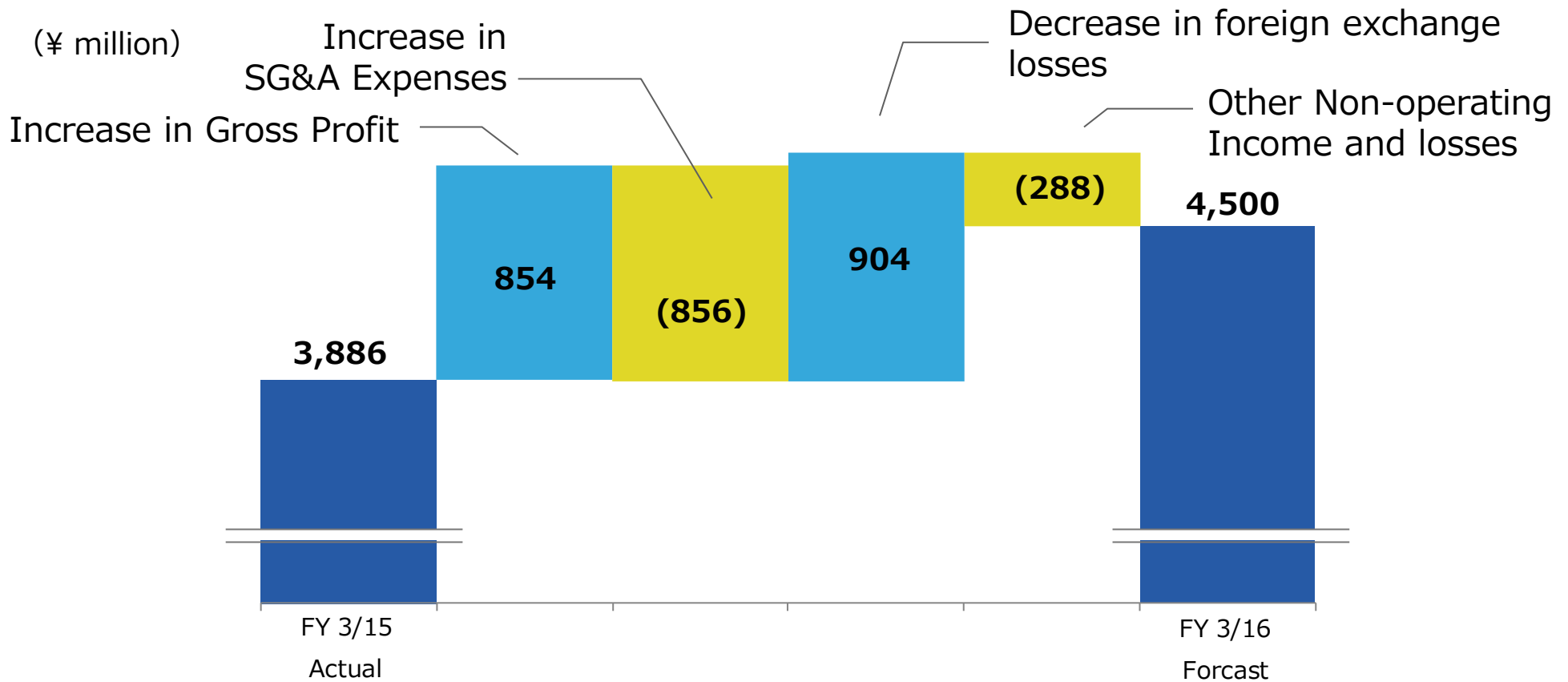
FY3/16 Electronic Devices Business Net Sales Forecasts by Product



FY3/16 Electronic Systems Business Net Sales Forecasts by Product



FY3/16 Factors Affecting Ordinary Income (Forecasts)



Gross Profit

Increase by expansion of net sales

FY3/15 : |¥19.1Billion ⇒ FY3/16 : ¥20Billion

SG&A Expenses

Increase by inclusion a consolidated subsidiary

FY3/15 : ¥14.5billion ⇒ FY3/16 : ¥15.4billion

Non-operating Income/Loss

Decrease in foreign exchange losses

FY3/15 : ¥903million ⇒ FY3/16 : Not Expect

Return to Shareholders

- **Change in a dividend policy**

Dividend
Payout Ratio

The greater, 25% or more(consolidated)
or 30% or more(non-consolidated)



30% or more(consolidated)

- **Dividends Forecast**

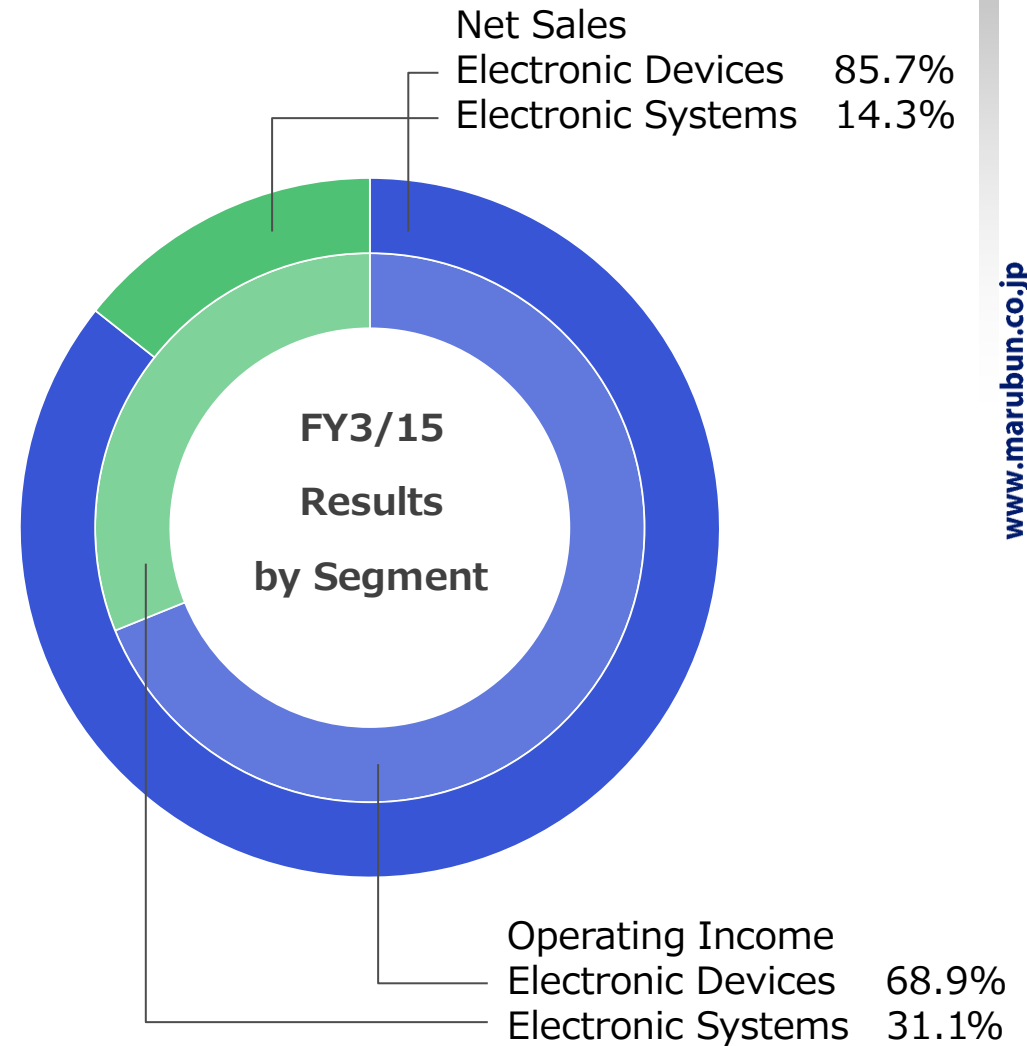
(¥)	FY 3/15	FY 3/16 (Forecasts)
Annual Dividend per Share	20.00	30.00
Interim Dividend	7.00	12.00
Year-End Dividend	13.00	18.00



Appendix

Corporate Outline

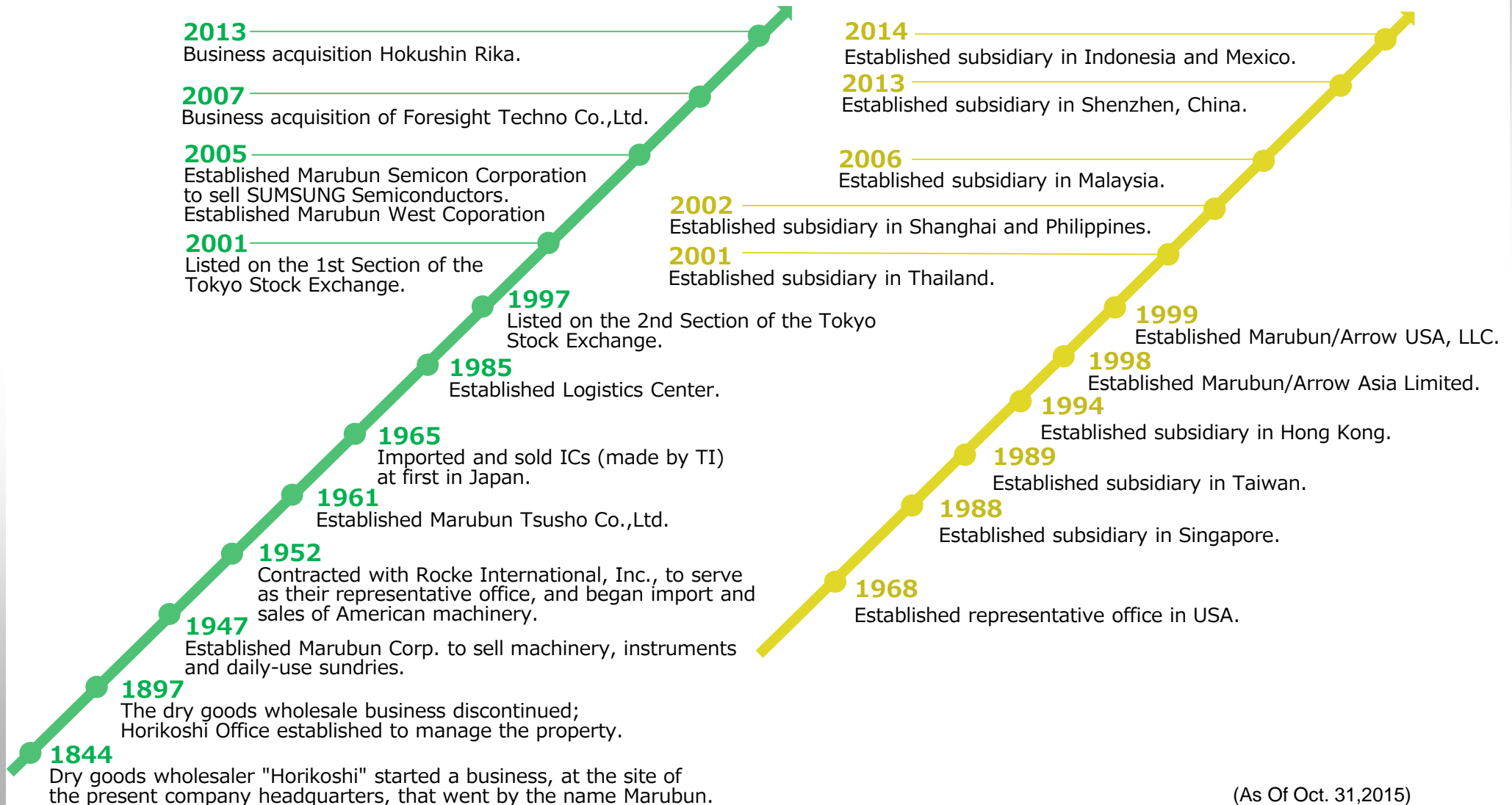
- Establishment July 1947
- Capital ¥6,214 million
- Activities Distribution of Cutting-edge Electronics Products
- Headquarters Chuo-ku, Tokyo
- Consolidated Net Sales 273,683 million yen(FY3/15)
- Numbers of Employees 1,236(As of March 31,2015)



History of Company Operations

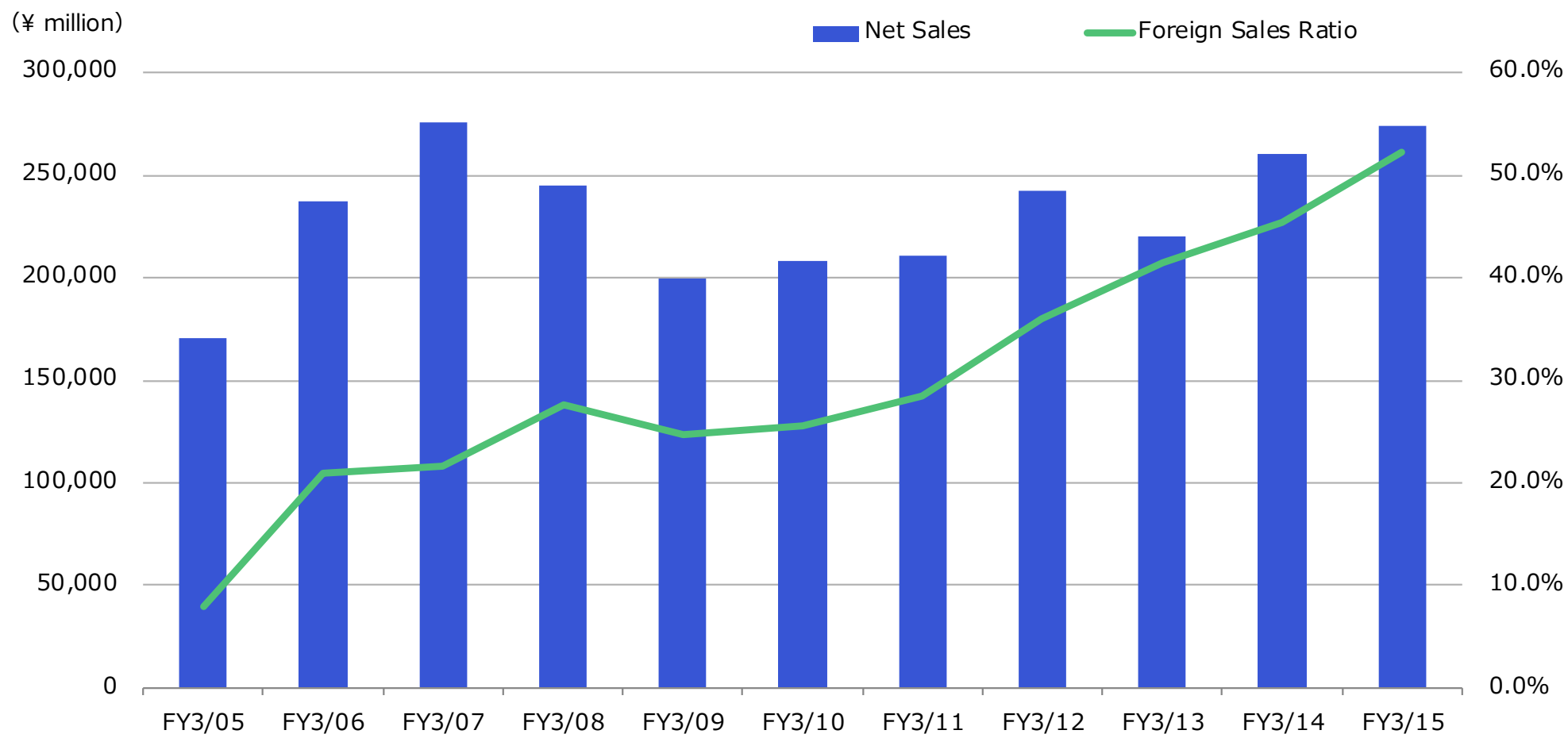
Japan

Over Seas



(As Of Oct. 31,2015)

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 | Hakusan Center |
| Fukui | Tokyo |
| Matsumoto | Kofu |
| Nagano | |

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

HOKUSHIN RIKA
(Head Office: Nagano)
Matsumoto
Kofu

Himeji Carelectronics Office
Kyushu Satellite Office (Fukuoka)
Hiroshima Satellite Office

West Japan Operations (Osaka)

Hokuriku

Tachikawa

Omiya

Utsunomiya Carelectronics Office

Minamisuna Technical Center

Minamisuna Logistics Center

East Japan Logistics Center

Tokyo Head Office

FORESIGHT TECHNO CO., LTD
(Head Office: Koto-ku, Tokyo)

MARUBUN SEMICON CORPORATION
(Head Office: Minato-ku, Tokyo)

Osaka
Nagoya

Central Japan Operations (Nagoya)

Mishima Satellite Office

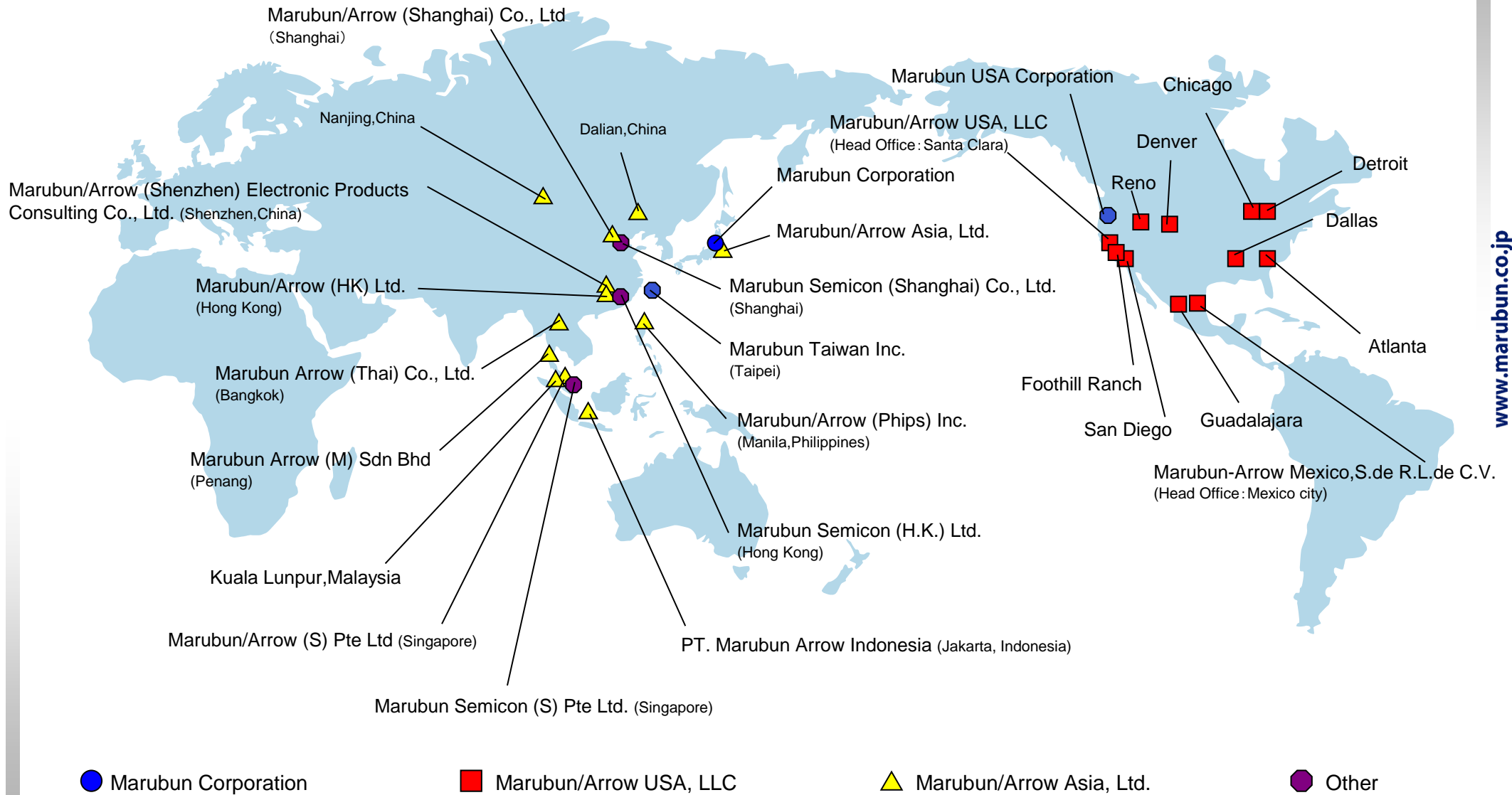
Nagano Satellite Office

Hamamatsu Satellite Office

MARUBUN WEST CORPORATION
(Head Office: Kobe)
Himeji

(As Of Oct. 31, 2015)

World-wide Sales Network



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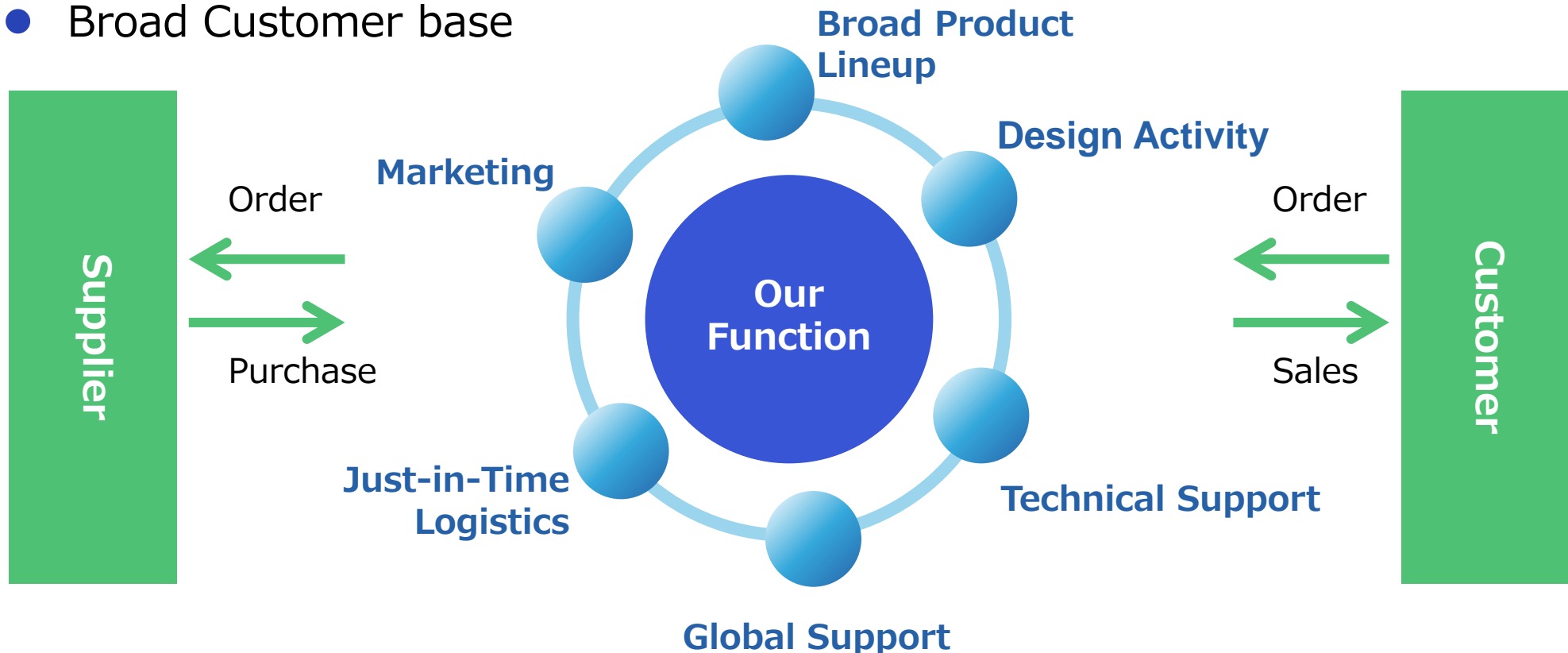
(As Of Oct. 31,2015)

Characteristic and Strength -Electronic Devices-

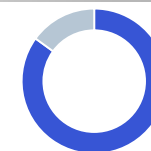


Electronic Devices

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



Affiliations -Electronic Devices-



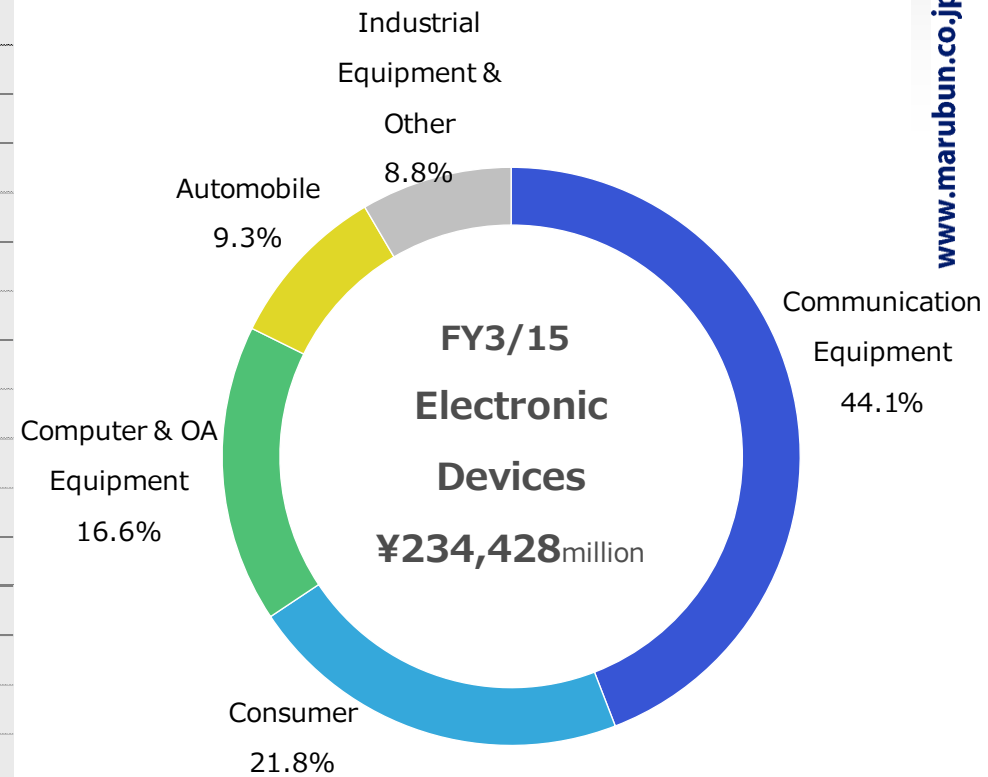
Company	Headquarters	Establishment	Shares	Principal Business
Marubun Semicon Corporation	Minato-ku, Tokyo	Mar. 2005	100.0%	Devices Business
Marubun Semicon (Shanghai) Co., Ltd.	Shanghai, China	Mar. 2005	100.0%	
Marubun Semicon (H.K.) Ltd.	Hong Kong, China	Jan. 2010	100.0%	
Marubun Semicon (S) Pte. Ltd.	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	Apr. 2013	50.0%	
Marubun/Arrow USA, LLC*	Delaware, U.S.A.	Nov. 1998	50.0%	
Marubun-Arrow Mexico, S. de R.L. de C.V.*	MexicoCity, Mexico	Sep. 2014	50.0%	

* Marubun/Arrow USA, Marubun-Arrow Mexico :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		●	●		●	●
Connector,Swich,PCB		●	●			



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Main Products(by Supplier) -Electronic Devices-



	Supplier															
	Asahi Kasei Microdevices	APCB	Baysand	Broadcom	Etron	Freescale	ISSI	Maxim	Molex	Open Silicon	Qorvo	Samsung	SanDisk	Seiko Epson	Texes Instruments	Unimicron
Semiconductor																
Analog IC	Analog	●				●		●			●					●
	Discrete					●										
Standard Logic IC																●
Memory IC	DRAM				●		●					●				
	Flash											●	●			
	Memory Card												●			
Micro-Processor	MPU,MCU					●								●	●	
	DSP	●				●									●	
	ASSP	●			●	●		●			●			●	●	
Special-Use IC	Display Driver											●		●	●	
	DMD														●	
	LED											●				
Custom IC	●		●							●			●	●	●	
Electronic Components																
LCD Panel												●				
OELD												●				
Crystal Device														●		
Connector,Swich									●							
PCB		●														●

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Characteristic and Strength -Electronic Systems-

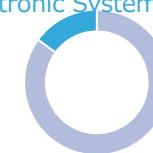


- Providing Unrivaled Products in High-end Markets
- Value-added Technical Support
(System Integration, Installation and Maintenance Services)



Affiliations -Electronic Systems-

Electronic Systems



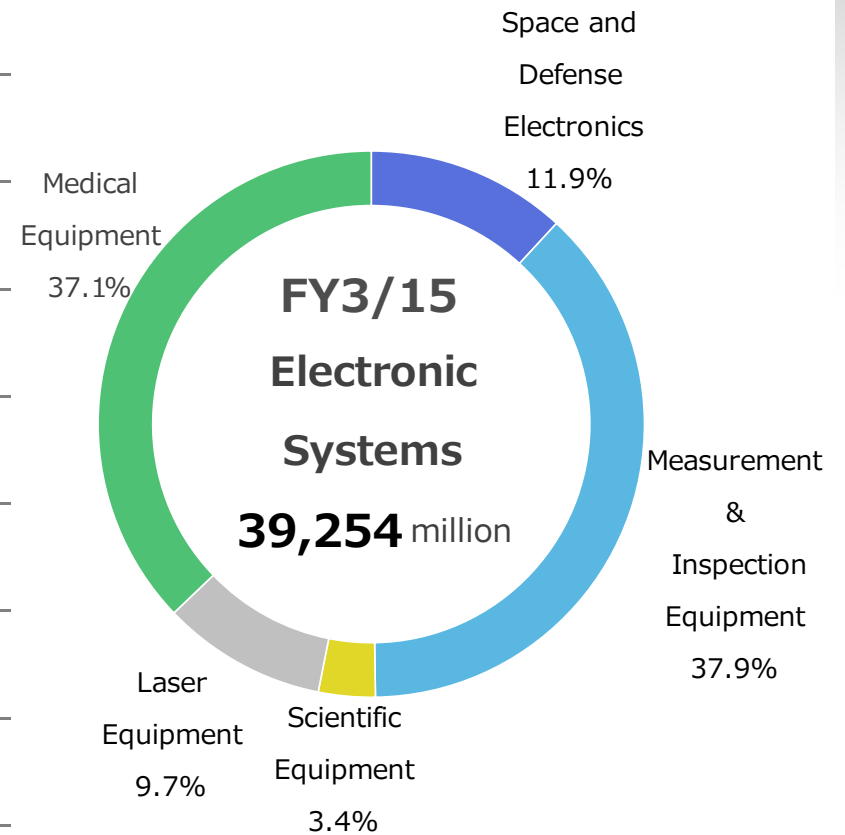
Company	Headquarters	Establishment	Shares	Principal Business
Marubun Tsusho Co.,Ltd.	Kanazawa, Ishikawa	Mar. 1961	100.0%	Systems Business
Hokushinrika	Nagano, Nagano	Nov. 1951	100.0%	Systems Business
Ikeda iryoudenki Co.,Ltd.	Niigata, Niigata	Aug. 1961	100.0%	Systems Business
Marubun West Corporation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

Main Products -Electronic Systems-

Electronic Systems



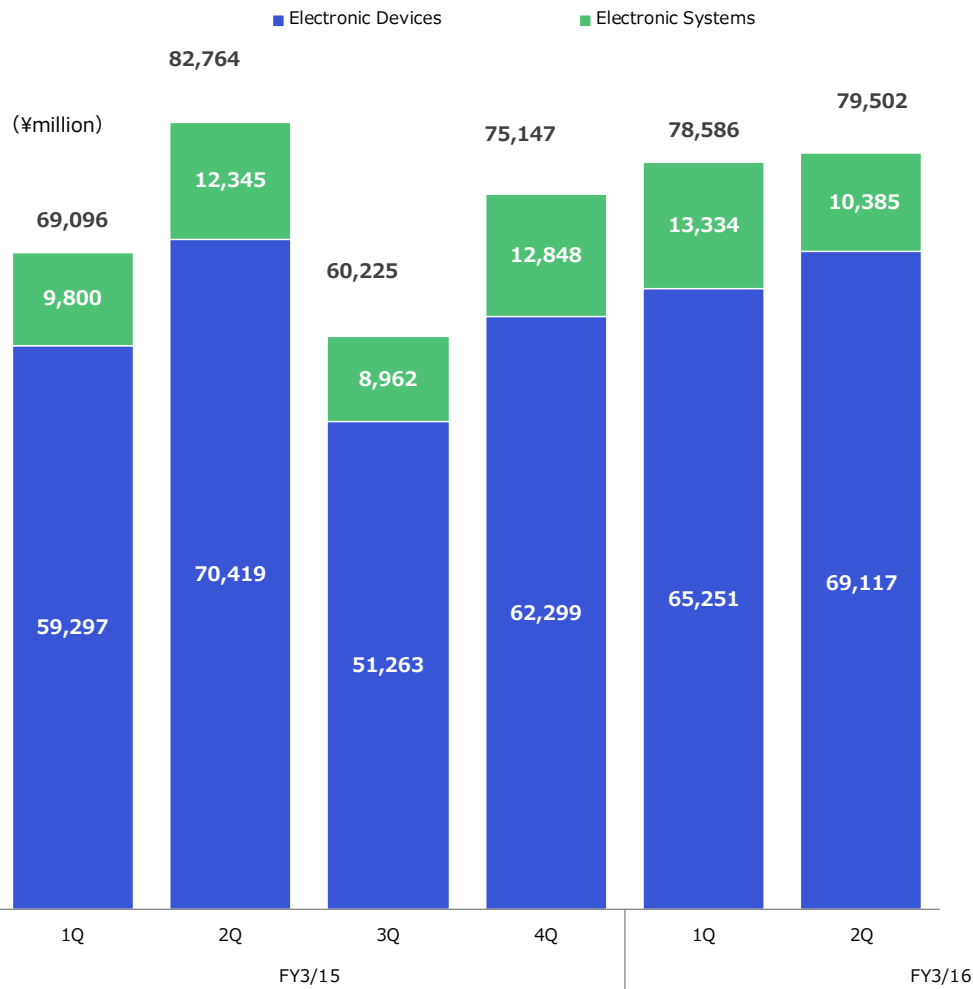
Segment	Main Products	Major Supplier
Space and Defense Electronics	High-reliability Components, Sensors	Tele Communication Systems, Plascore, Lavision
	Avionics Test System, Microwave Equipment	CPI, L3 Communications
Measurement & Inspection Equipment	Measurement & Inspection Equipment, Boad Computer	Akim, Shimadzu, Artesyn, ADLINK
	Manufacturing Equipment	Seiko Epson, Nippon Avionics
Scientific Equipment	MOCVD System, MBE Equipment	AIXTRON, Riber
Laser Equipment	Laser Oscillators & Processing Equipment	nLight, Laserline
	Network Equipment, Optical Components	Microsemi, Calnex Solutions, Excelitas Technologies
Medical Equipment	Diagnostic Imaging Equipment	Shimadzu, Siemens Japan, Konica Minolta Healthcare
	Hemo Dialysis Equipment	Nikkiso, Asahi Kasei Medical, Kaneka Medix



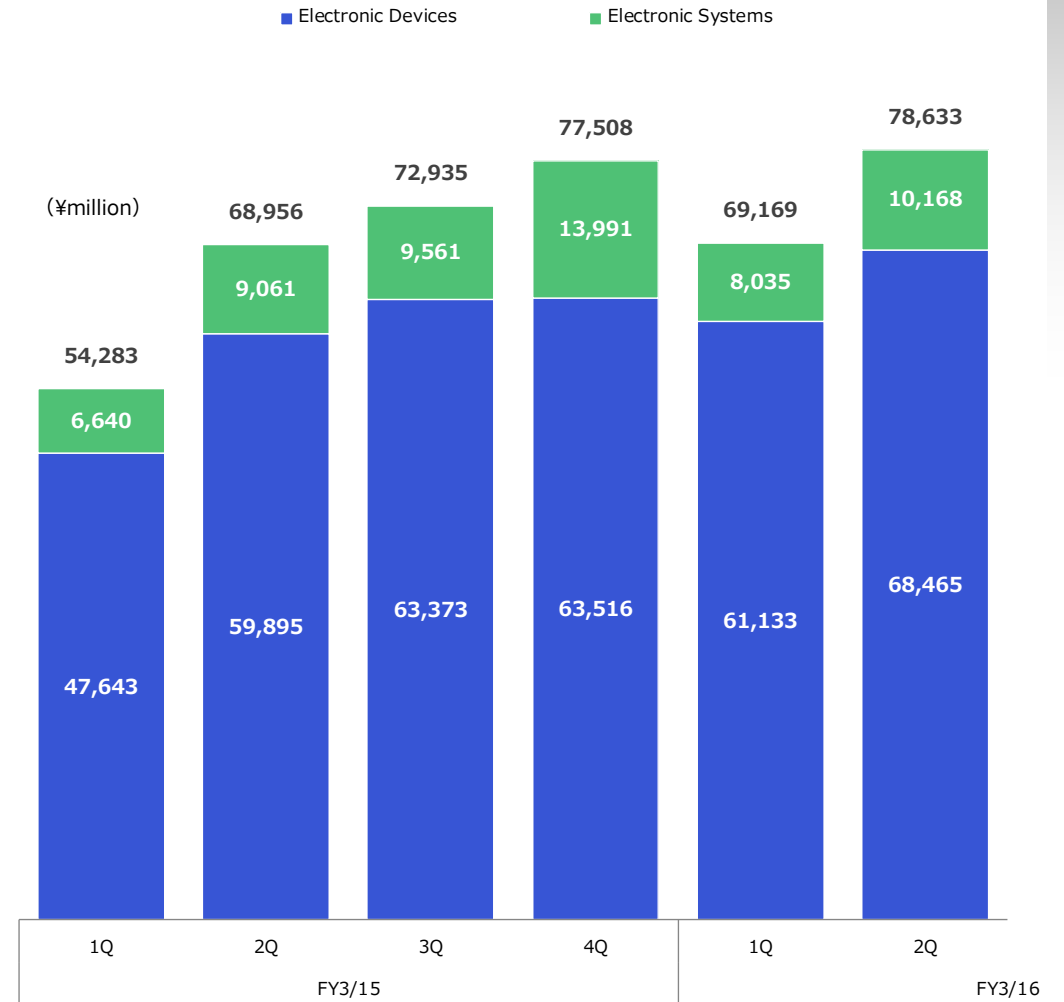
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Trend in Orders/Sales

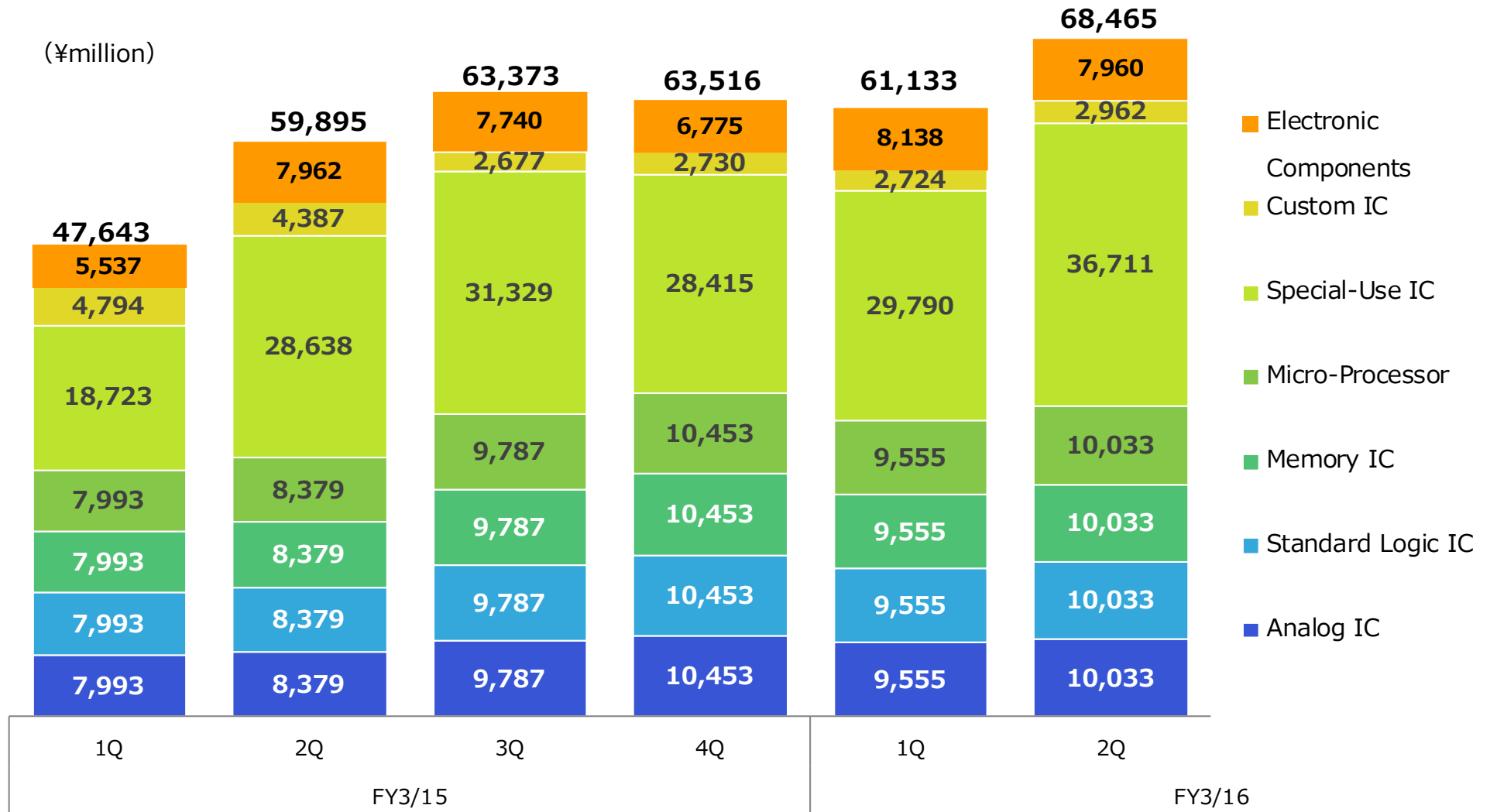
Orders



Sales

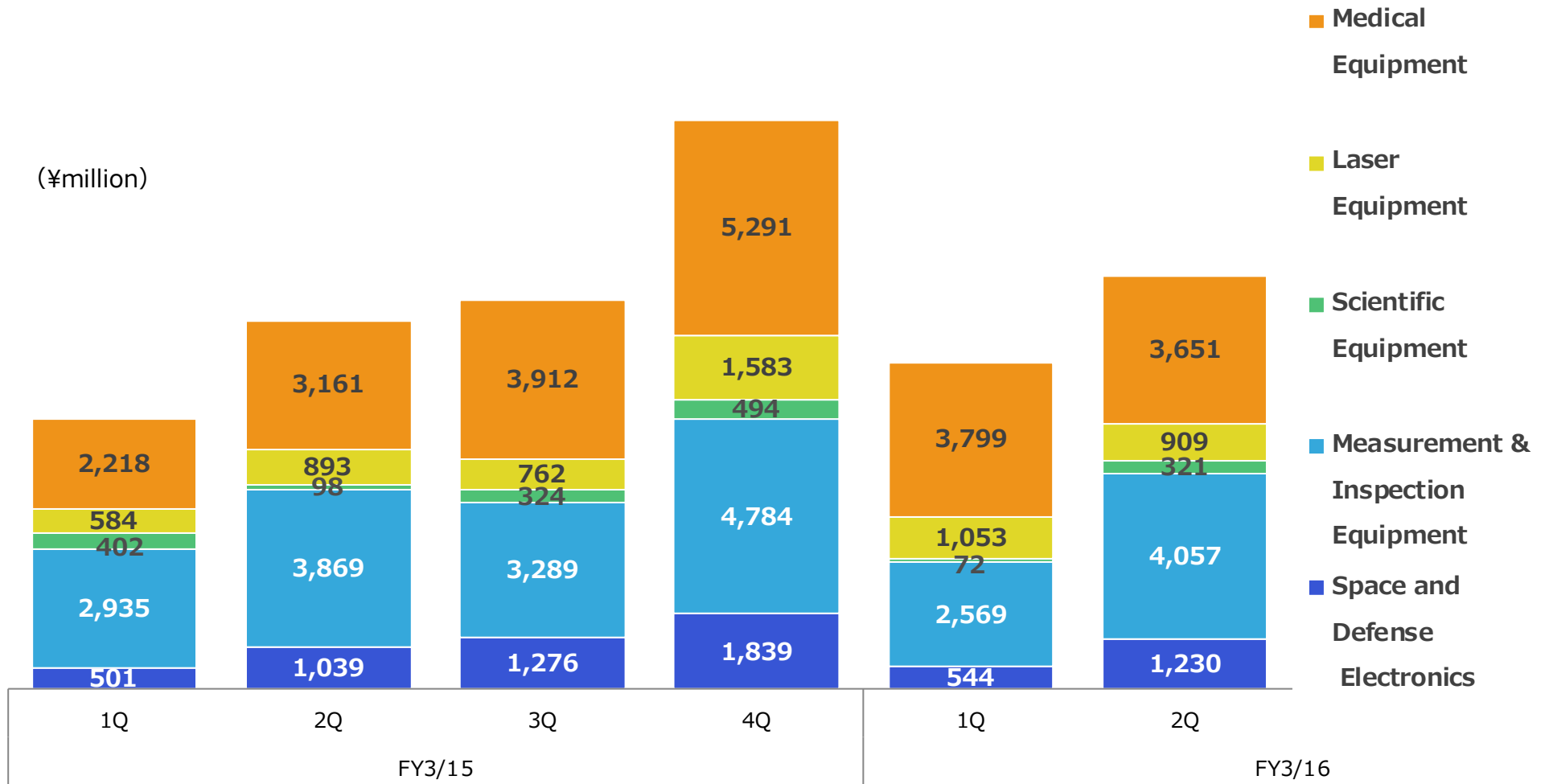


Trend in Sales of Electronic Devices by Products



Trend in Sales of Electronic Systems

(¥million)



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.

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