

# Financial Results for Fiscal Year Ending March 31, 2016

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May 11 2016

***MARUBUN CORPORATION***

# **FY3/16 Summary of Consolidated Financial Results**

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# FY3/16 Summary of Consolidated Financial Results

## Net sales increased by ¥5.8 billion (+2.2% YoY)

- **Electronic Devices Business** Increased in ICs for communication modules and automobile.  
Decreased in ICs for PC, TV and Game consoles
- **Electronic Systems Business** Increased sales of Medical Equipment and Laser Equipment

## Operating income decreased by ¥1,340 million (-29.4% YoY)

- **Gross profit** Decline of GP margin of Electronic Devices Business
- **SG&A expenses** Increased in consolidated subsidiaries

## Ordinary income decreased by ¥565 million (-14.5% YoY)

- **Non-operating expenses** Decrease of foreign exchange losses

## Net income decreased by ¥181 million (-9.1% YoY)

- **Extraordinary income/loss** Gain on sales of real estate for investment securities,  
investment and Impairment loss

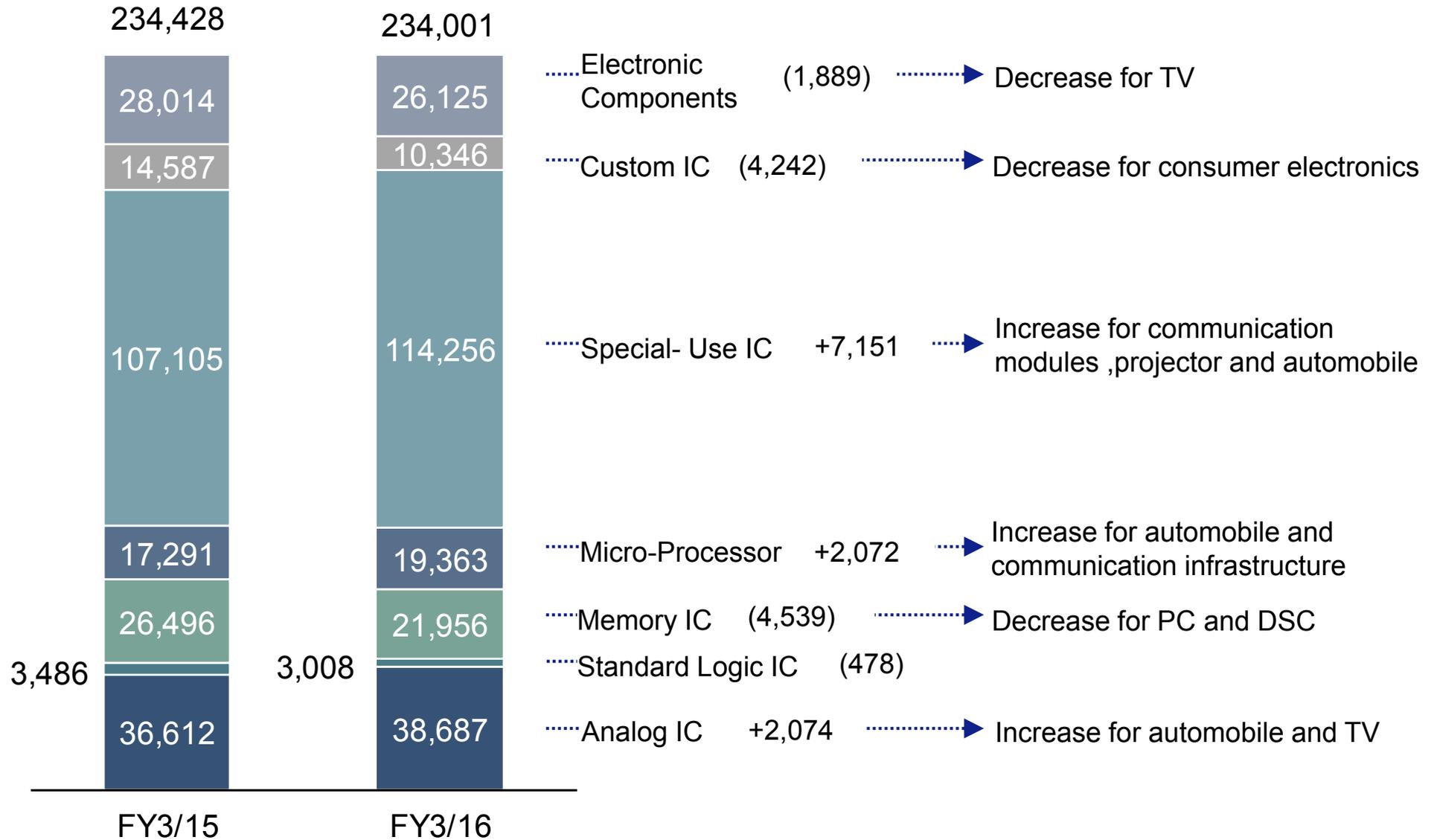
# FY3/16 Summary of Financial Results

(Millions of Yen)	FY3/15		FY3/16		YoY Changes		FY3/16 Initial Forecasts	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%	Oct.2015 Forecasts	Composition Ratio
<b>Net sales</b>	<b>273,683</b>	<b>100.0%</b>	<b>279,571</b>	<b>100.0%</b>	<b>5,888</b>	<b>2.2%</b>	<b>284,000</b>	<b>100.0%</b>
Electronic Devices	234,428	85.7%	234,001	83.7%	(427)	-0.2%	237,000	83.5%
Electronic Systems	39,254	14.3%	45,570	16.3%	6,316	16.1%	47,000	16.5%
<b>Gross profit</b>	<b>19,146</b>	<b>7.0%</b>	<b>18,319</b>	<b>6.6%</b>	<b>(826)</b>	<b>-4.3%</b>	<b>20,000</b>	<b>7.0%</b>
SG&A expenses	14,593	5.3%	15,106	5.4%	513	3.5%	15,450	5.4%
Personal expenses	9,051	3.3%	9,264	3.3%	213	2.4%	-	-
Other	5,542	2.0%	5,842	2.1%	300	5.4%	-	-
<b>Operating income</b>	<b>4,552</b>	<b>1.7%</b>	<b>3,212</b>	<b>1.2%</b>	<b>(1,339)</b>	<b>-29.4%</b>	<b>4,550</b>	<b>1.6%</b>
Non-operating income	751	0.3%	734	0.3%	(17)	-2.3%	600	0.2%
Non-operating expenses	1,418	0.5%	624	0.2%	(793)	-55.9%	650	0.2%
<b>Ordinary income</b>	<b>3,886</b>	<b>1.4%</b>	<b>3,321</b>	<b>1.2%</b>	<b>(564)</b>	<b>-14.5%</b>	<b>4,500</b>	<b>1.6%</b>
Extraordinary income	7	0.0%	870	0.3%	862	11176.0%	700	0.2%
Extraordinary loss	110	0.0%	893	0.3%	782	707%	750	0.3%
<b>Profit attributable to owners of parent</b>	<b>1990</b>	<b>0.7%</b>	<b>1,810</b>	<b>0.7%</b>	<b>(180)</b>	<b>-9.1%</b>	<b>2,550</b>	<b>0.9%</b>
<b>No. of employees</b>	<b>1,235</b>	<b>-</b>	<b>1,266</b>	<b>-</b>	<b>31</b>	<b>2.5%</b>	<b>-</b>	<b>-</b>

# FY3/16 Electronic Devices Business Net Sales Breakdown by Product

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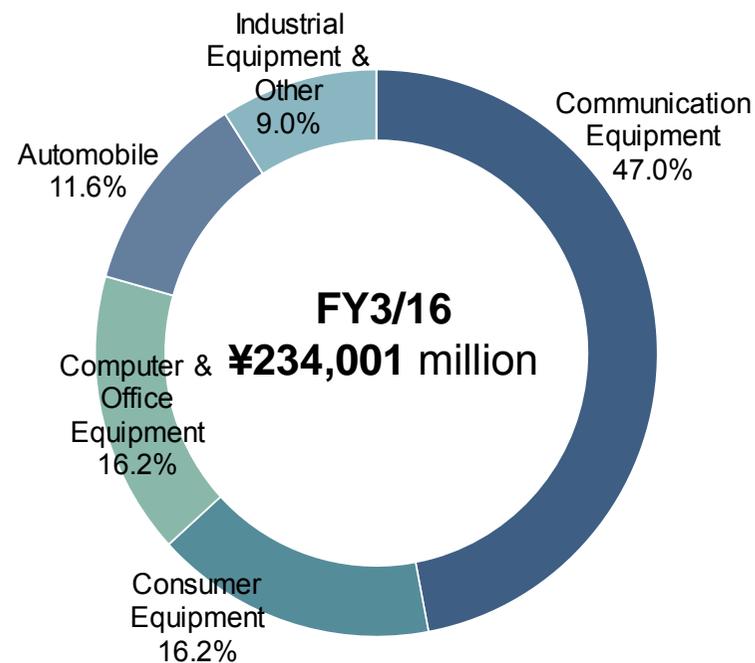
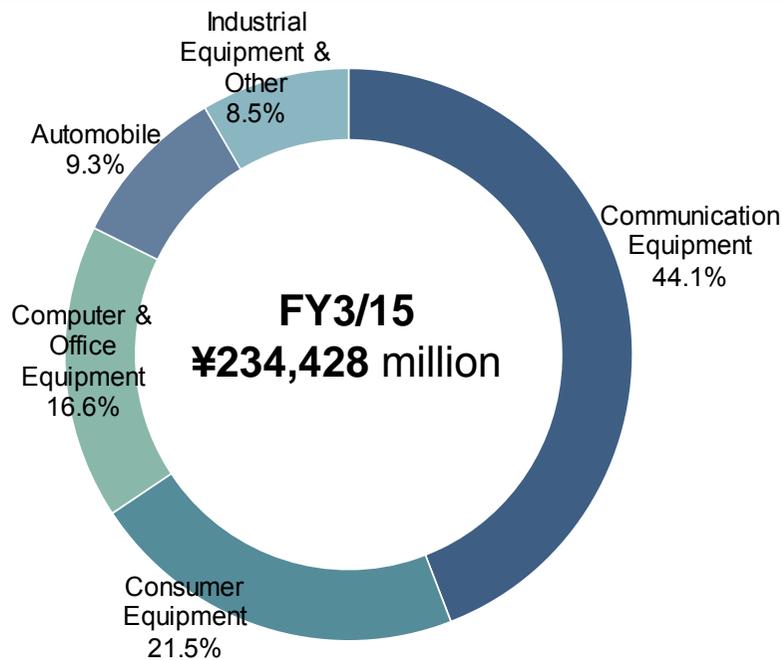
(Millions of Yen)



# FY3/16 Electronic Devices Business Market Trend by Application

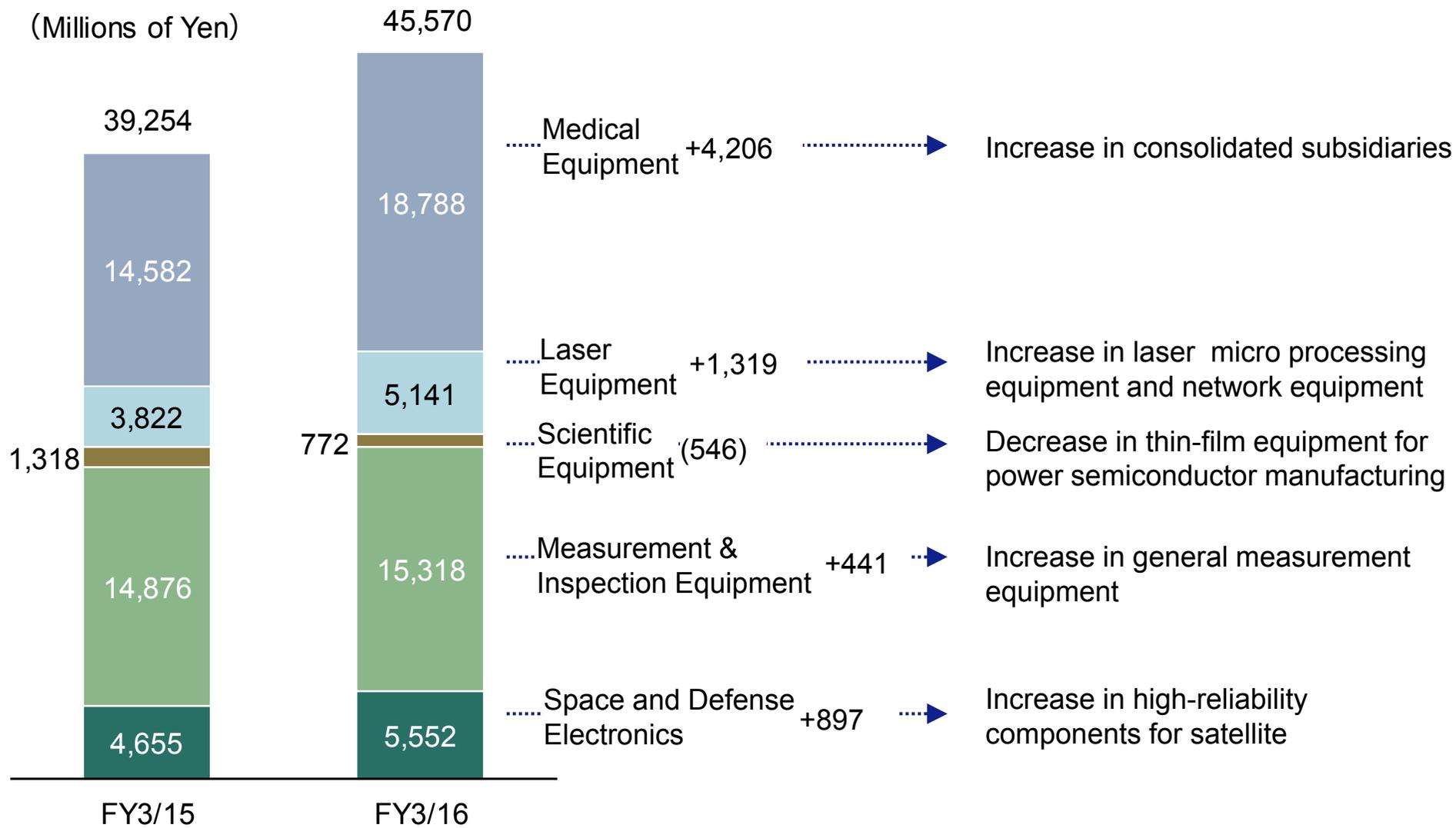
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Application	Market trend
Communication Equipment	Increase for communication modules and communications infrastructure
Consumer Equipment	Decrease for game consoles and DSC
Computer & Office Equipment	Decrease for PC
Automobile	Increase for car navigation , network in car , ECU
Industrial Equipment & Other	Increase for factory automation

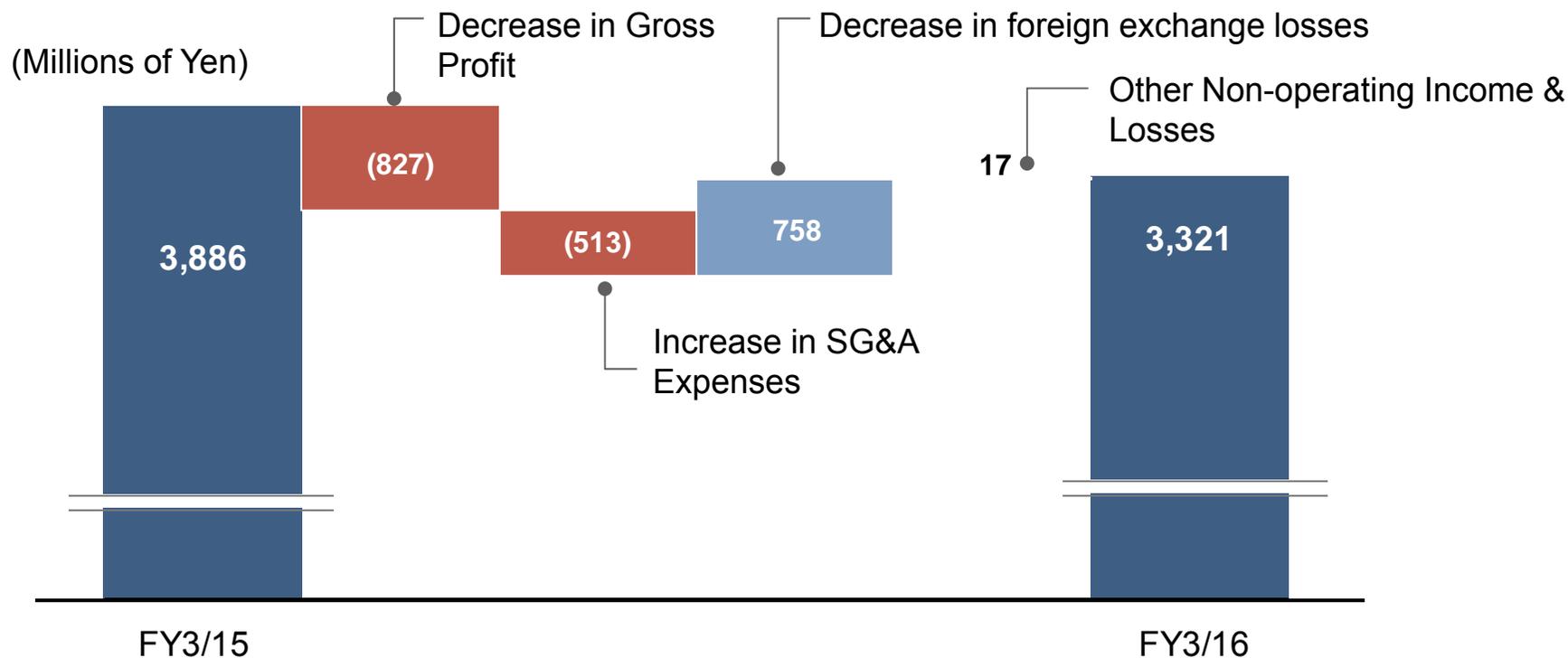


# FY3/16 Electronic Systems Business Net Sales Breakdown by Product

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# FY3/16 Factors Affecting Ordinary Income



<b>Gross Profit</b>	<b>Decrease of GP margin by tough competition and strong yen rate progress</b> FY3/15 : ¥19.1billion(7.0%) → FY3/16 : ¥18.3billion(6.6%)
<b>SG &amp; A Expenses</b>	<b>Increase of the personnel expenses and increase of the sales expenses with the increase of sales</b>
<b>Non-operating Income/Loss</b>	<b>Decrease in foreign exchange losses</b> FY3/15 : ¥904million → FY3/16 : ¥146million

# End FY3/16 Summary of Balance Sheets

(Millions of Yen)	FY3/15 Actual	FY3/16 Actual	Changes Amount	
Current assets	117,084	96,211	(20,873)	
Cash and deposits	21,725	14,096	(7,629)	Decrease by repayment of short-term loans
Notes and accounts receivable-trade	63,393	53,539	(9,854)	
Merchandise and finished goods	28,818	24,765	(4,053)	
Other	3,147	3,809	662	
Noncurrent assets	11,228	10,302	(926)	
Property, plant and equipment	4,232	3,079	(1,153)	Decrease by sell of real estates
Intangible assets	448	342	(106)	
Investments and other assets	6,548	6,880	332	
<b>Total assets</b>	<b>128,313</b>	<b>106,513</b>	<b>(21,800)</b>	
Current liabilities	72,594	49,481	(23,113)	
Notes and accounts payable-trade	52,978	35,921	(17,057)	Decrease in demand for semiconductors
Short-term loans payable and other	15,300	9,732	(5,568)	
Other	4,316	3,827	(489)	
Noncurrent liabilities	9,416	10,693	1,277	
Long-term loans payable	7,507	8,500	993	
Net defined benefit liability	1,194	1,718	524	
Other	714	475	(239)	
<b>Total liabilities</b>	<b>82,010</b>	<b>60,175</b>	<b>(21,835)</b>	
Shareholders' equity	38,068	39,255	1,187	
Accumulated other comprehensive income	2,382	1,135	(1,247)	
Non-controlling interests	5,851	5,977	126	
<b>Total net assets</b>	<b>46,302</b>	<b>46,338</b>	<b>36</b>	
<b>Total liabilities and net assets</b>	<b>128,313</b>	<b>106,513</b>	<b>(21,800)</b>	

# FY3/16 Summary of Statements of Cash Flows

(Millions of Yen)	FY3/15 Actual	FY3/16 Actual	
Net cash provided by (used in) operating activities	2,202	(1,204)	
Income before income taxes and minority interests	3,783	3,299	
Decrease (increase) in notes and accounts receivable-trade	(1,168)	10,647	Decrease in demand for semiconductor
Decrease (increase) in inventories	(11,639)	4,067	
Increase (decrease) in notes and accounts payable-trade	12,418	(17,811)	
Other	(1,189)	(1,406)	
Net cash provided by (used in) investing activities	(235)	493	Sales of real estates and investments to startup Companies
Free cash flow	1,967	(711)	
Net cash provided by (used in) financing activities	(1,515)	(6,724)	Repayment of short-term loans
Net increase (decrease) in cash and cash equivalents	2,536	(7,810)	
Cash and cash equivalents at end of period	21,512	13,702	

# **FY3/17 Summary of Consolidated Financial Forecasts**

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# FY3/17 Summary of Consolidated Financial Forecasts

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## Net sales expected ¥290 billion (+3.7% YoY)

- **Electronic Devices Business** Decrease in ICs for communication modules and Increase for industrial equipment and automobiles
- **Electronic Systems Business** Increase of electronic component inspection equipment and thin-film manufacturing equipment for power devices

## Operating income expected ¥3.2billion (+1.2% YoY)

- **GP margin** Increase sales of high margin products and increase of subsidiary
- **SG&A expenses** Increase in subsidiary and increase of retirement provision cost

## Ordinary income expected ¥3.2 billion (-2.2% YoY)

## Net income expected ¥1.7 billion (-3.3% YoY)

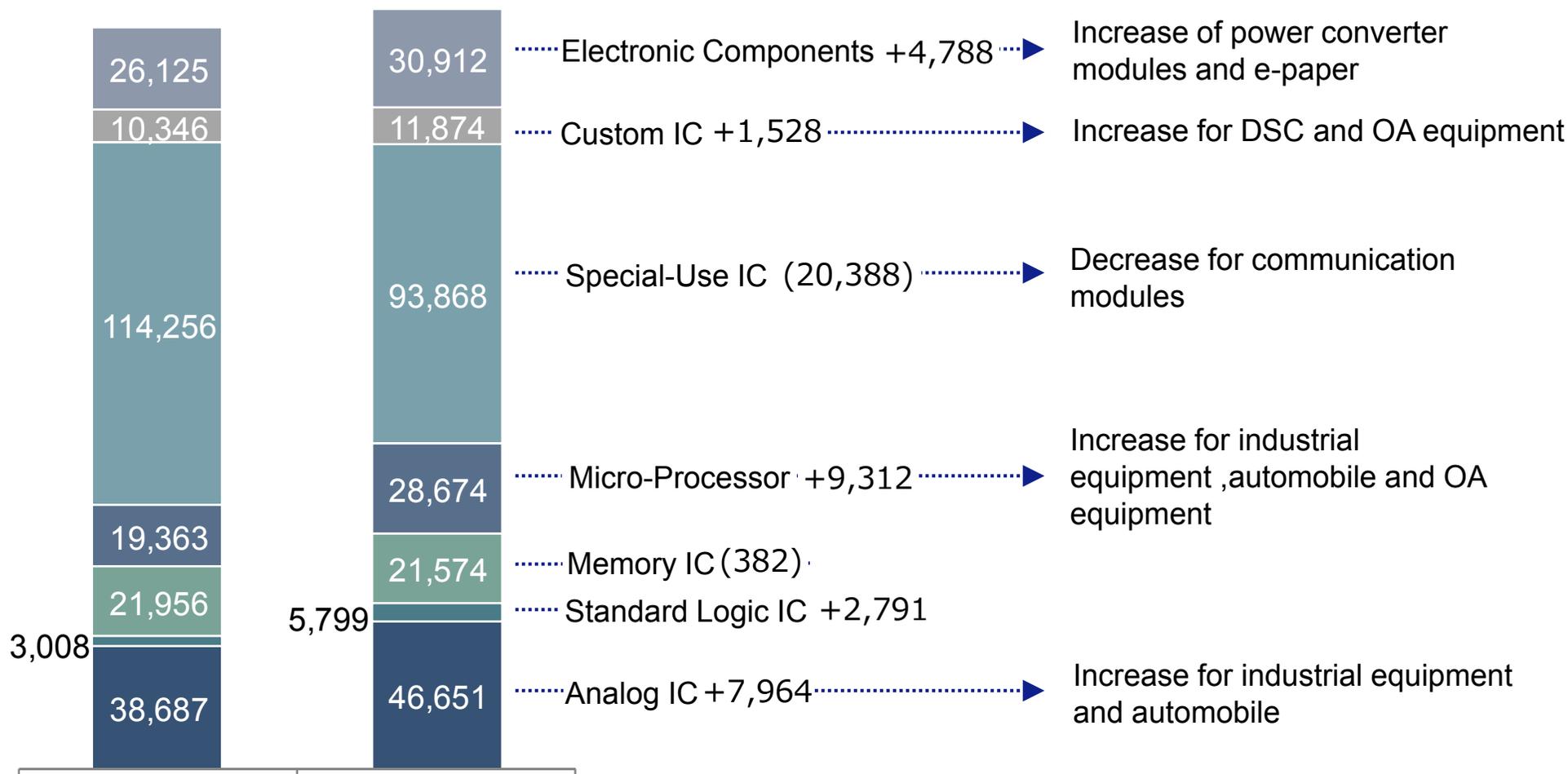
# FY3/17 Financial Forecasts

(Millions of Yen)	FY3/16		FY3/17		YoY Changes	
	Actual	Composition Ratio	Forecasts	Composition Ratio	Amount	%
<b>Net sales</b>	<b>279,571</b>	<b>100.0%</b>	<b>290,000</b>	<b>100.0%</b>	<b>10,429</b>	<b>3.7%</b>
Electronic Devices	234,001	83.7%	240,000	82.8%	5,999	2.6%
Electronic Systems	45,570	16.3%	50,000	17.2%	4,430	9.7%
<b>Gross profit</b>	<b>18,319</b>	<b>6.6%</b>	<b>21,800</b>	<b>7.5%</b>	<b>3,481</b>	<b>19.0%</b>
SG&A expenses	15,106	5.4%	18,550	6.4%	3,444	22.8%
<b>Operating income</b>	<b>3,212</b>	<b>1.1%</b>	<b>3,250</b>	<b>1.1%</b>	<b>38</b>	<b>1.2%</b>
Non-operating income	734	0.3%	600	0.2%	(134)	-18.3%
Non-operating expenses	624	0.2%	600	0.2%	(24)	-3.8%
<b>Ordinary income</b>	<b>3,321</b>	<b>1.2%</b>	<b>3,250</b>	<b>1.1%</b>	<b>(71)</b>	<b>-2.2%</b>
Extraordinary income	870	0.3%	0	0.0%	(870)	-
Extraordinary loss	893	0.3%	0	0.0%	(893)	-
<b>Profit attributable to owners of parent</b>	<b>1,810</b>	<b>0.6%</b>	<b>1,750</b>	<b>0.6%</b>	<b>(60)</b>	<b>-3.3%</b>

# FY3/17 Electronic Devices Business Net Sales Forecasts by Product

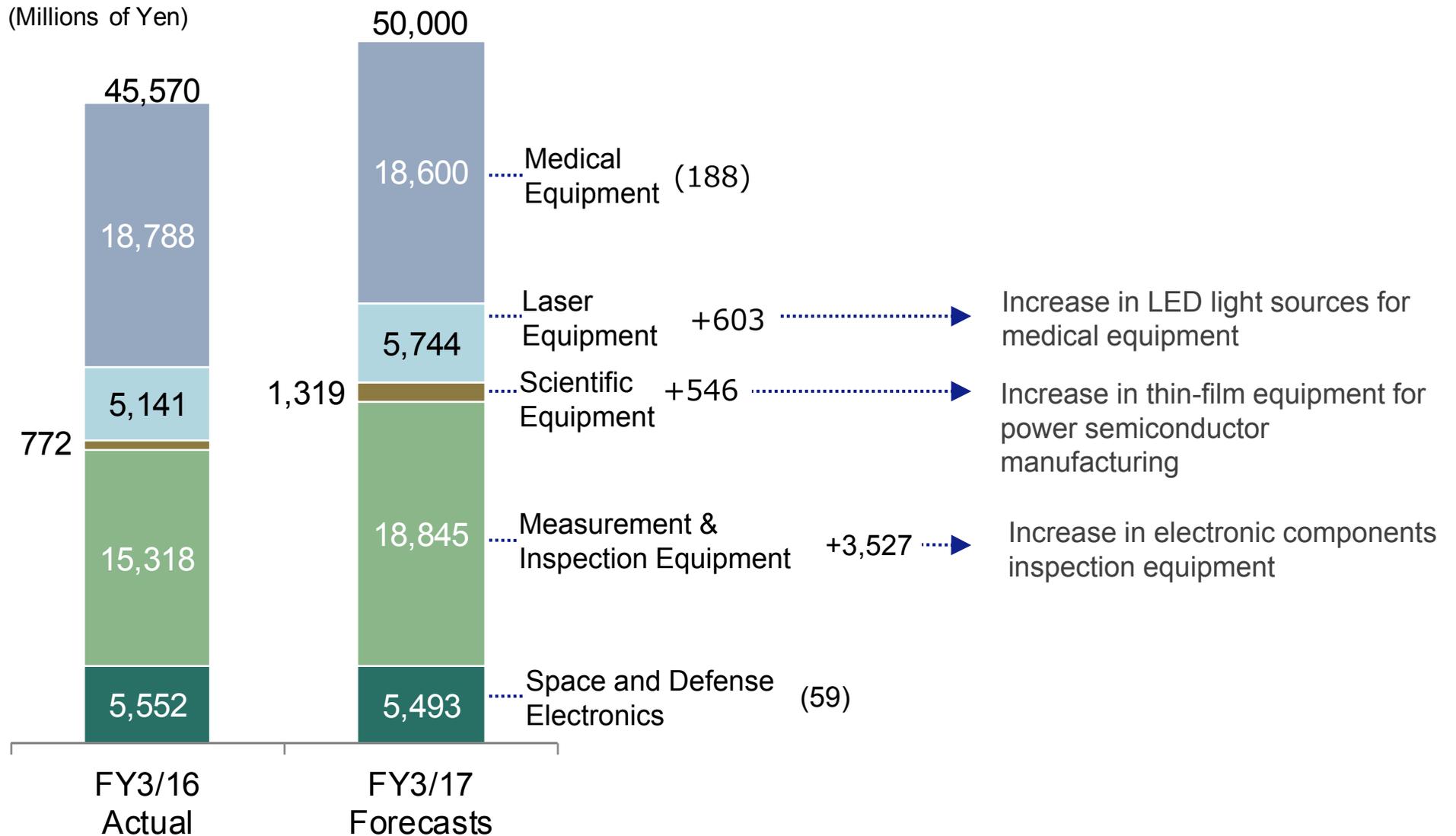
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(Millions of Yen)

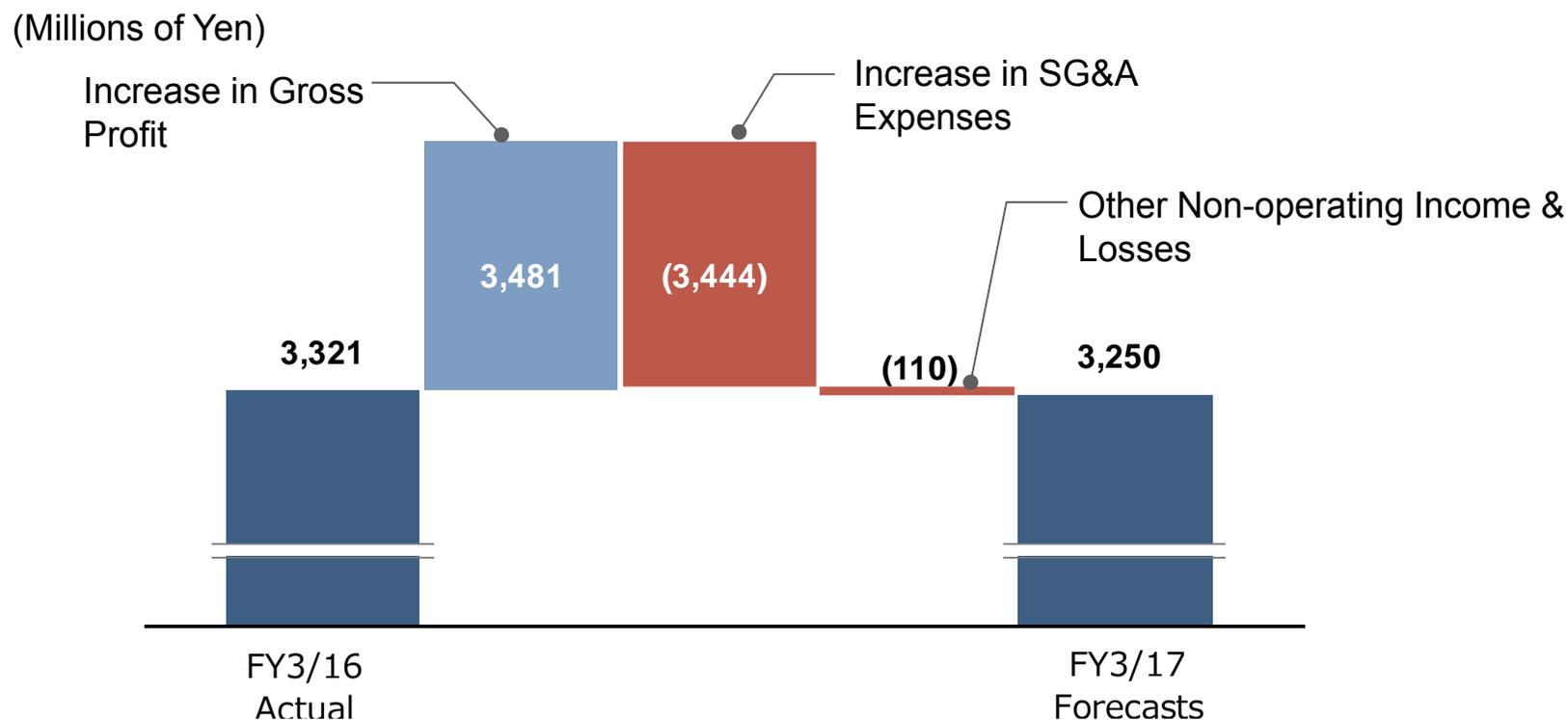


# FY3/17 Electronic Systems Business Net Sales Forecasts by Product

Confidential



# FY3/17 Factors Affecting Ordinary Income(Forecasts)



Gross Profit	<p><b>Improvement of gross profit margin ratio and increase of subsidiary company</b></p> <p>FY3/16:¥18.3Billion(6.6%) → FY3/17:¥21.8Billion(7.5%)</p>
SG & A Expenses	<p><b>Increase of subsidiary company and increase of provision for retirement benefits</b></p> <p>FY3/16:¥15.1Billion → FY3/17:¥18.5Billion</p>

# Return to Shareholders

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# Return to Shareholders

## Dividend policy

Dividend Payout Ratio	30% or more(consolidated)
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## Dividends Forecast

(Yen)	FY3/15	FY3/16	FY3/17 (Forecasts)
<b>Annual Dividend per Share</b>	<b>20.00</b>	<b>30.00</b>	<b>25.00</b>
<b>Interim Dividend</b>	<b>7.00</b>	<b>12.00</b>	<b>10.00</b>
<b>Year-End Dividend</b>	<b>13.00</b>	<b>18.00</b>	<b>15.00</b>

# **Medium-Term Vision Progress of Business Strategies and Key Initiatives**

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# Management Environment and Business Outlook

## Semiconductor manufacturers

- Expansion of M&As
- Change in distributor policy

## Domestic manufacturers of electronics devices

- Decline in competitiveness
- Acceleration of business realignment

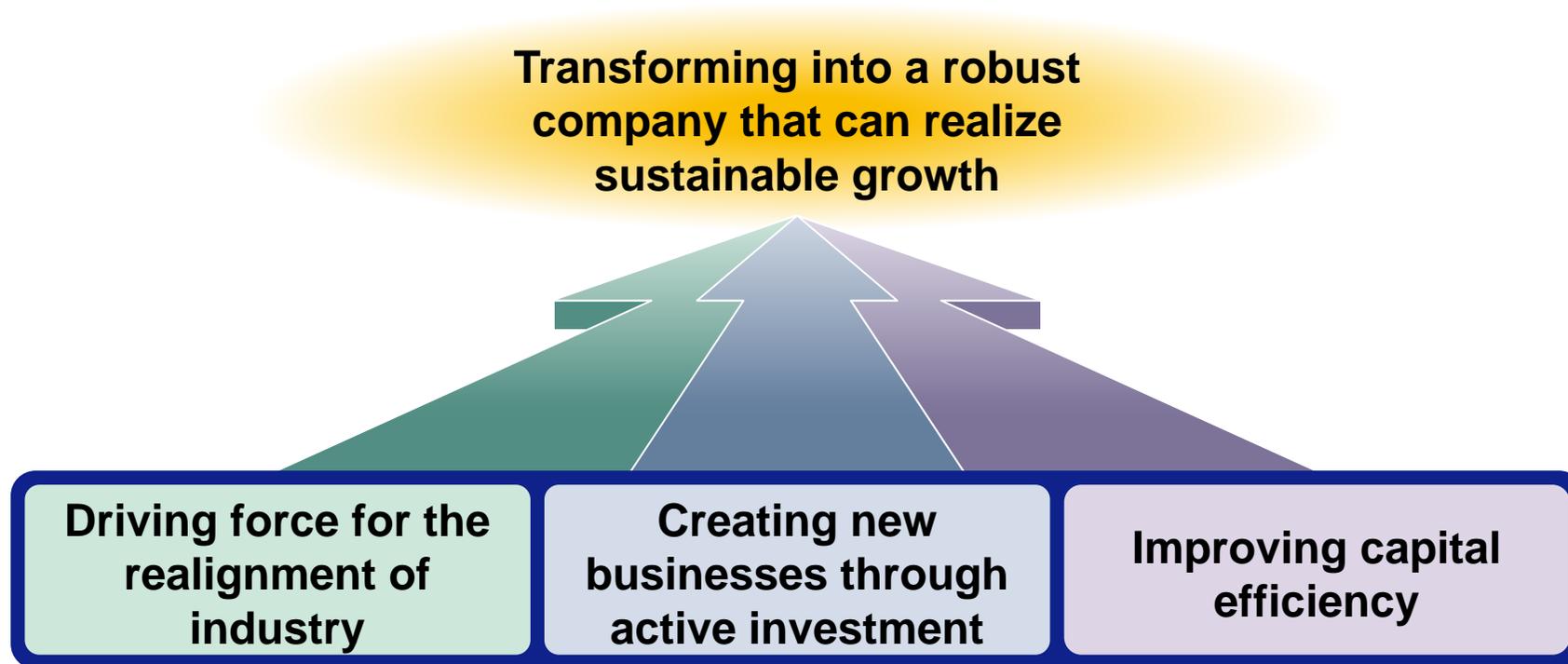
## Trading firms of electronics devices

- Securitization of commercial rights
- Management integration

## Mid-term management plan for FY2014 to FY2016

	Targets for FY3/17	Forecasts for FY3/17	Differences
<b>Net sales</b>	280 billion yen	290 billion yen	+ 10.0 billion yen
<b>Ordinary income</b>	6.0 billion yen	3.25 billion yen	- 2.75 yen

# New Mid-Term Plan



## Quantitative mid-term targets (FY3/19)

ROE	8.0% or above
Net sales	300 billion yen
Ordinary income	6.5 billion yen

# New Mid-Term Plan Key Measures by Segment

## Electronic Devices

- (i) Expansion of the base business**
- (ii) Rapid development of new products**
- (iii) Development of businesses in growth markets**
- (iv) Enhancement of global operations**

## Electronic Systems

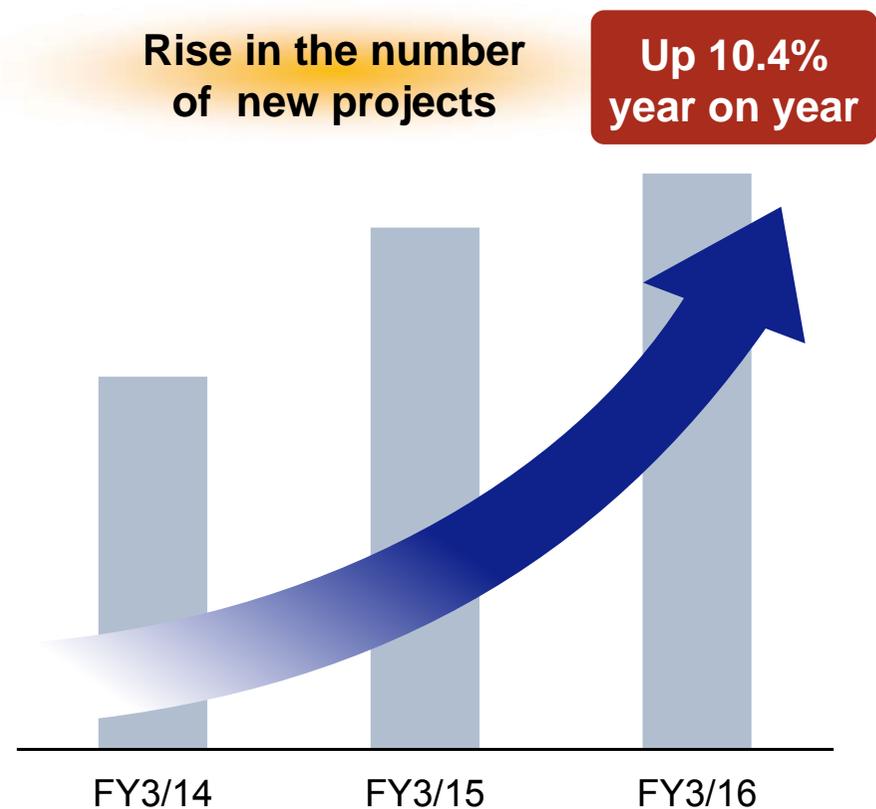
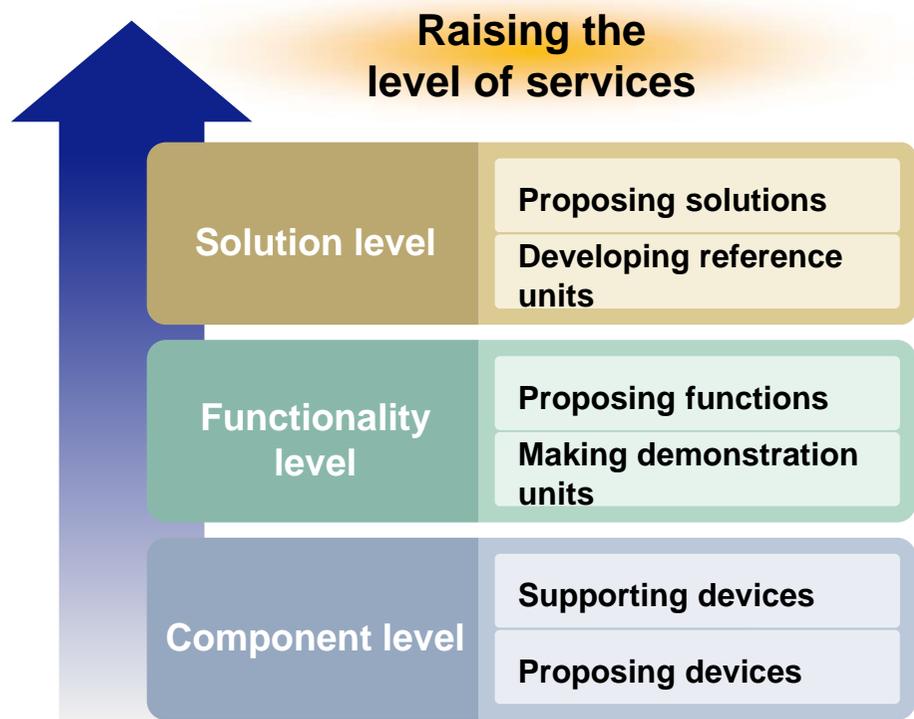
- (i) Enhancement of engineering services**
- (ii) Strengthening of system integration capability**
- (iii) Expansion of product line-up**

# Expansion of the Base Business

## Strengthening design-in functionality

Introducing an in-house company system

## Improving the ability to provide solutions



# Rapid Development of New Products

- ▶ Development of new and unique technologies
- ▶ Establishment of a new organization specializing in the development of new products
- ▶ Nurturing of suppliers through the provisioning of capital and human resources

■ Promoting solutions leveraging the latest technologies and products of over 50 companies, centered on those in the United States



Very small AC adapter from  
FINsix



BioStamp from  
MC10



# Development of Businesses in Growth Markets

- Focusing on automobiles, industrial equipment, medical equipment and the IoT

- Acquiring all shares in KTL Corporation to form a subsidiary

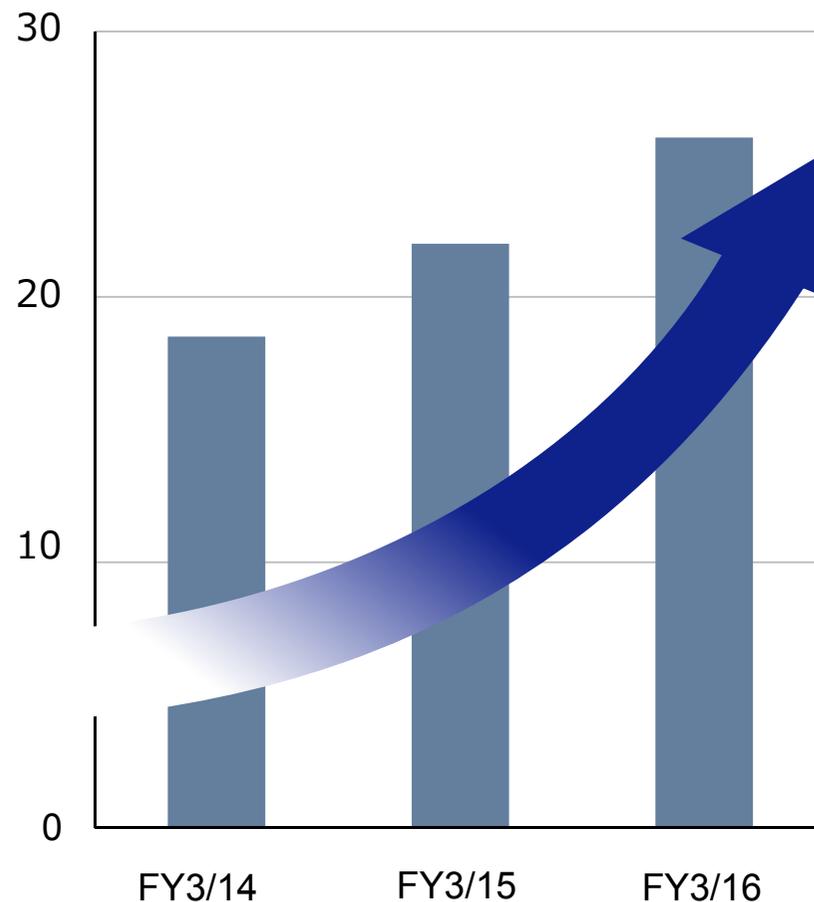
- Strengthening the customer base for automobiles and industrial equipment



Original sensor solution evaluation board for IoT

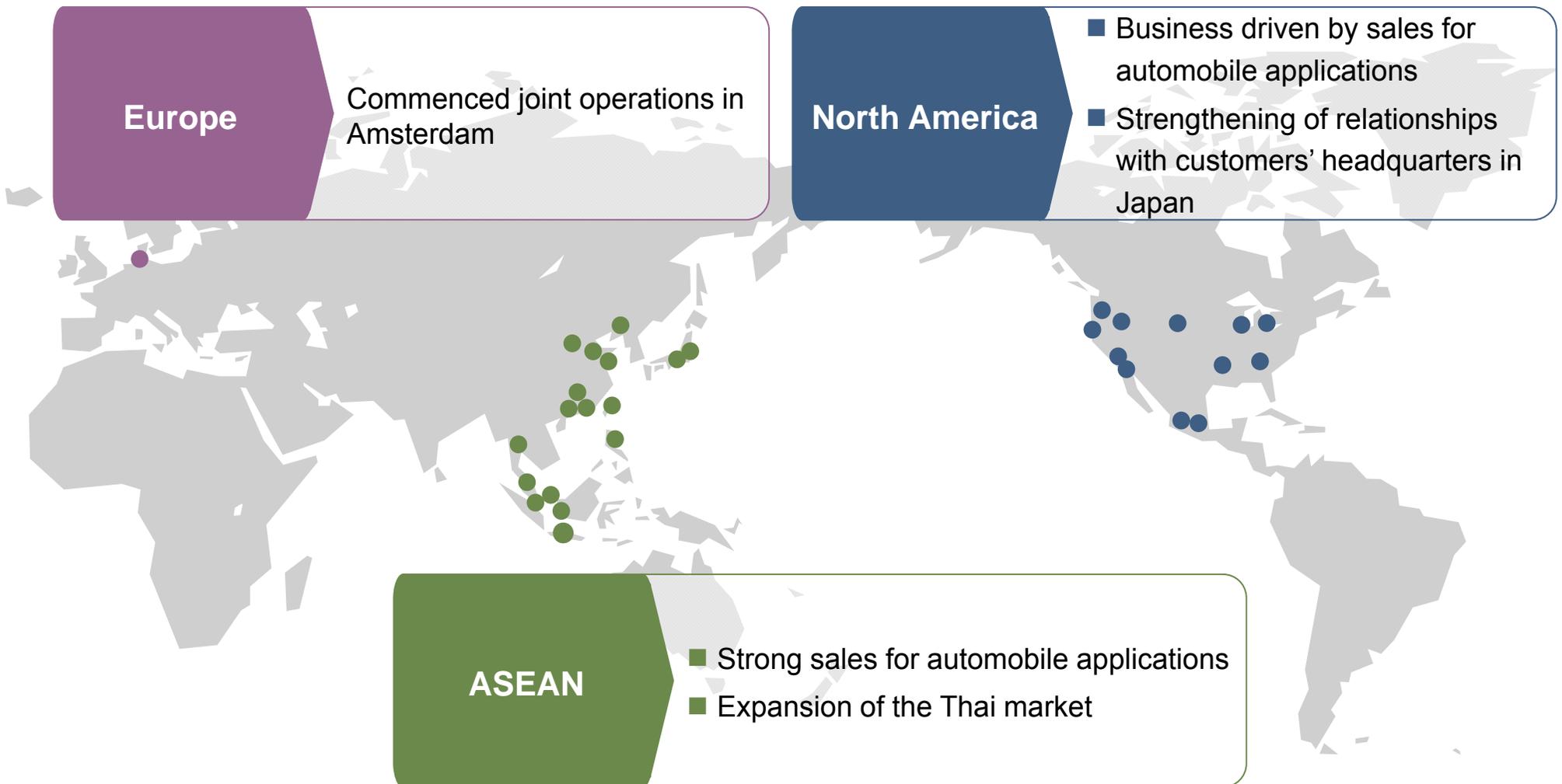
## Trends of sales to the automotive sector

(Billion yen)

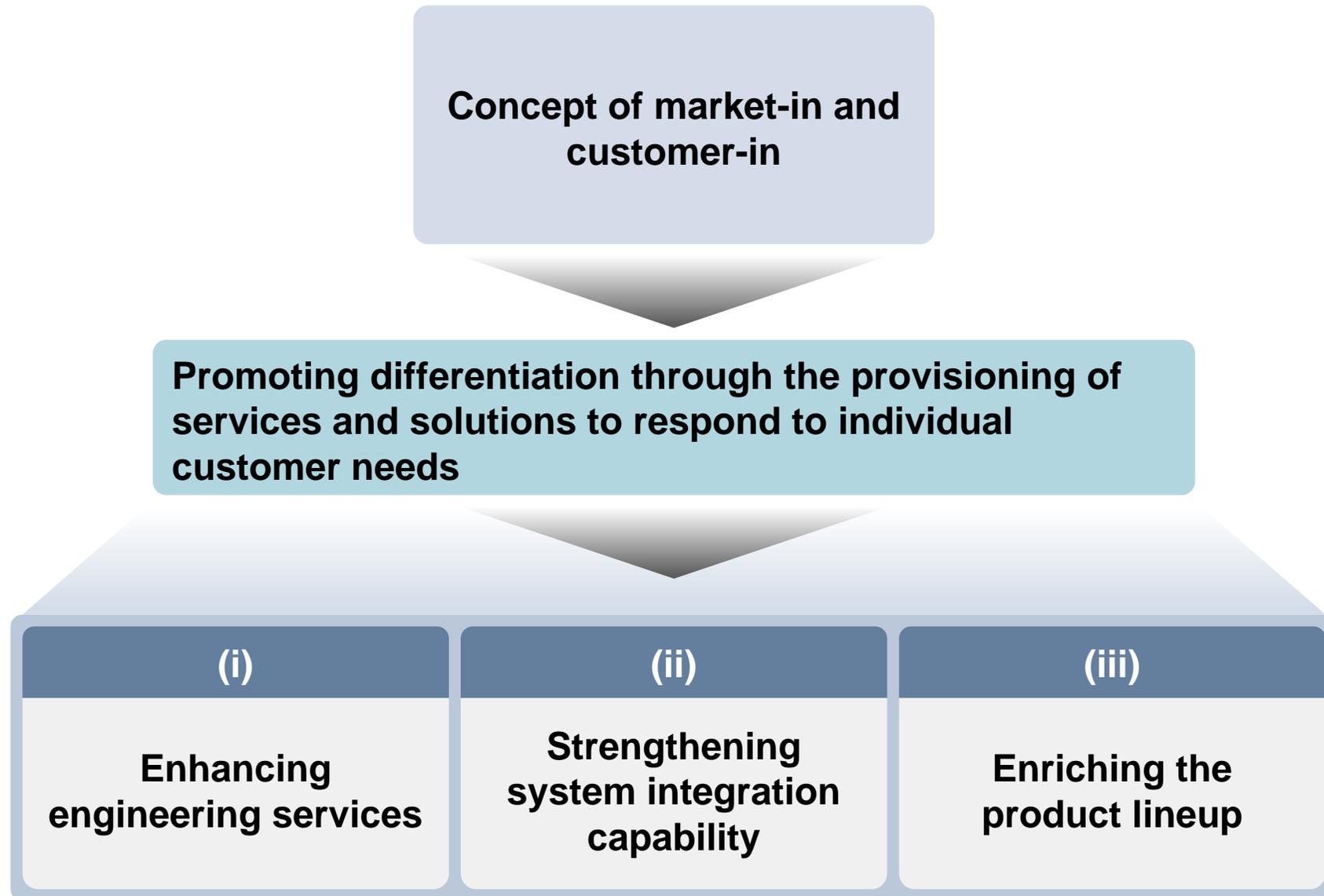


# Enhancement of Global Operations

## Harnessing the broad range of suppliers and facilities of Arrow Electronics



# Electronic Systems Key Measures



# Electronic Systems Efforts in Product Areas

## Industrial equipment

- Proposing products with the latest technologies
  - UVC LED manufacturing devices/Atmospheric pressure plasma generating machines

## Lasers

- Finding applications for semiconductor lasers with industrial equipment
- Enhancing the LED lineup for medical equipment
- Focusing sales on infrastructure markets targeting the Tokyo Olympic Games

## Medical equipment

- Strengthening engineering services, including maintenance  
Improving profitability and retaining repeat customers through the expansion of service areas

# 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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