

# Financial Results for Fiscal Year Ended March 31, 2017

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May 2017

***MARUBUN CORPORATION***

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

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# FY3/17 Summary of Consolidated Financial Results

## Net sales income : ¥270.6 billion (-8.8 billion YoY)

- **Electronic Devices Business** Decrease in semiconductors for communication modules and LCD panels for TVs and PCs.
- **Electronic Systems Business** Increase in electronic components inspection equipment.

## Operating income : ¥2.8 billion (-0.3 billion YoY)

- **Gross profit** Increase of profitable products
- **SG&A expenses** Increase of retirement benefit expenses and consolidated subsidiaries.

## Ordinary income : ¥2.6 billion (-0.6 billion YoY)

- **Non-operating expenses** Increase of Foreign exchange losses

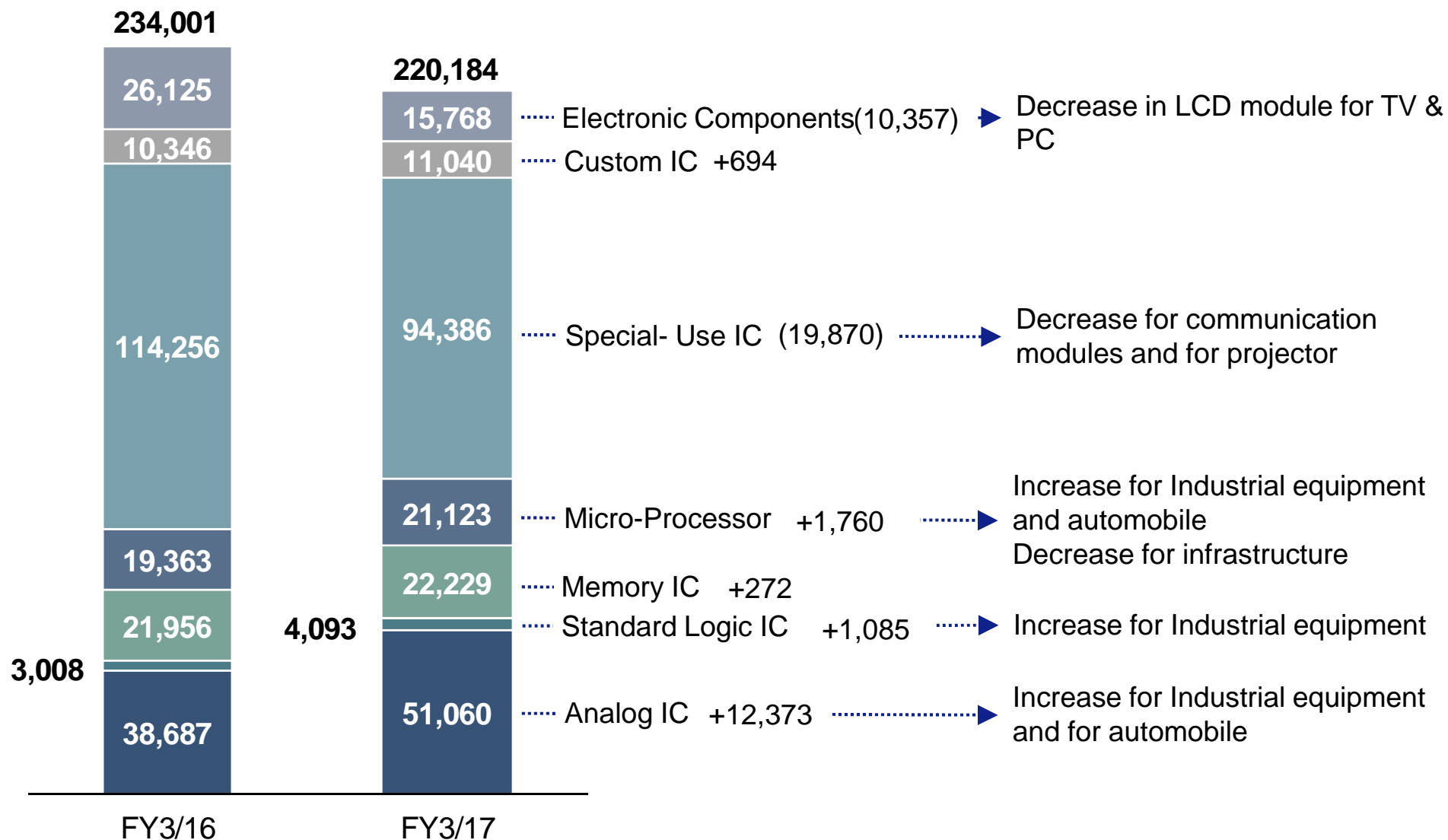
## Net income : ¥1.6 billion (-0.1 billion YoY)

# FY3/17 Summary of Financial Results

(Millions of Yen)	FY3/16		FY3/17		YoY Changes		FY3/17 Previous Forecasts	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%	Previous Forecasts	Composition Ratio
<b>Net sales</b>	<b>279,571</b>	<b>100.0%</b>	<b>270,698</b>	<b>100.0%</b>	<b>(8,873)</b>	<b>-3.2%</b>	<b>270,000</b>	<b>100.0%</b>
Electronic Devices	234,001	83.7%	220,184	81.3%	(13,817)	-5.9%	219,000	81.1%
Electronic Systems	45,570	16.3%	50,513	18.7%	4,943	10.8%	51,000	18.9%
<b>Gross profit</b>	<b>18,319</b>	<b>6.6%</b>	<b>20,612</b>	<b>7.6%</b>	<b>2,293</b>	<b>12.5%</b>	<b>20,000</b>	<b>7.4%</b>
SG&A expenses	15,106	5.4%	17,729	6.5%	2,623	17.4%	18,100	6.7%
Personal expenses	9,264	3.3%	10,909	4.0%	1,645	17.8%	-	-
Other	5,842	2.1%	6,819	2.5%	977	16.7%	-	-
<b>Operating income</b>	<b>3,212</b>	<b>1.1%</b>	<b>2,883</b>	<b>1.1%</b>	<b>(329)</b>	<b>-10.2%</b>	<b>1,900</b>	<b>0.7%</b>
Non-operating income	734	0.3%	705	0.3%	(29)	-4.0%	850	0.3%
Non-operating expenses	624	0.2%	937	0.3%	313	50.2%	750	0.3%
<b>Ordinary income</b>	<b>3,321</b>	<b>1.2%</b>	<b>2,651</b>	<b>1.0%</b>	<b>(670)</b>	<b>-20.2%</b>	<b>2,000</b>	<b>0.7%</b>
Extraordinary income	870	0.3%	1	0.0%	(869)	-99.8%	10	0.0%
Extraordinary loss	893	0.3%	65	0.0%	(828)	-92.7%	60	0.0%
<b>Profit attributable to owners of parent</b>	<b>1,810</b>	<b>0.6%</b>	<b>1,650</b>	<b>0.6%</b>	<b>(160)</b>	<b>-8.8%</b>	<b>900</b>	<b>0.3%</b>
<b>No. of employees</b>	1,266	-	1,397	-	131	10.3%	-	-

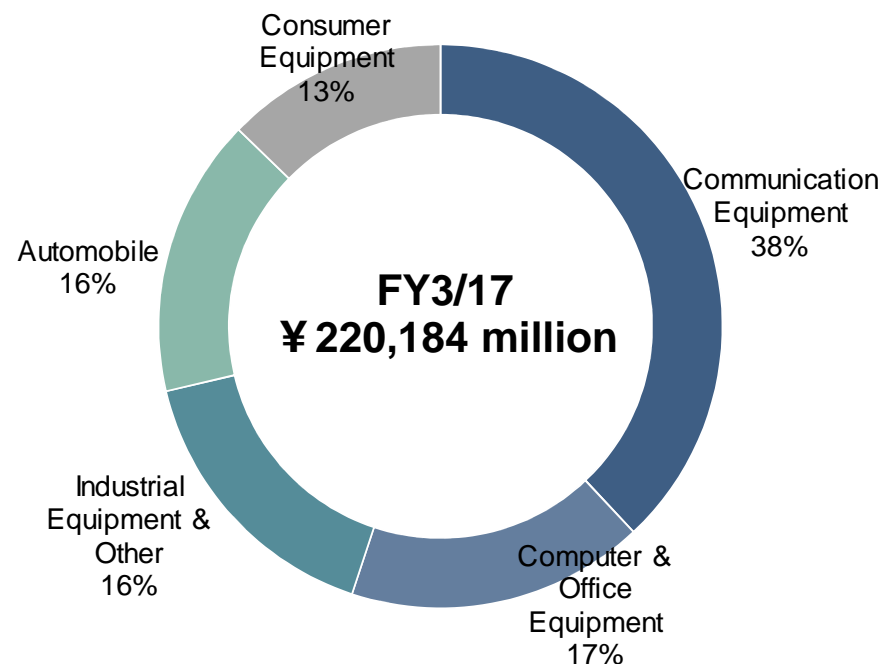
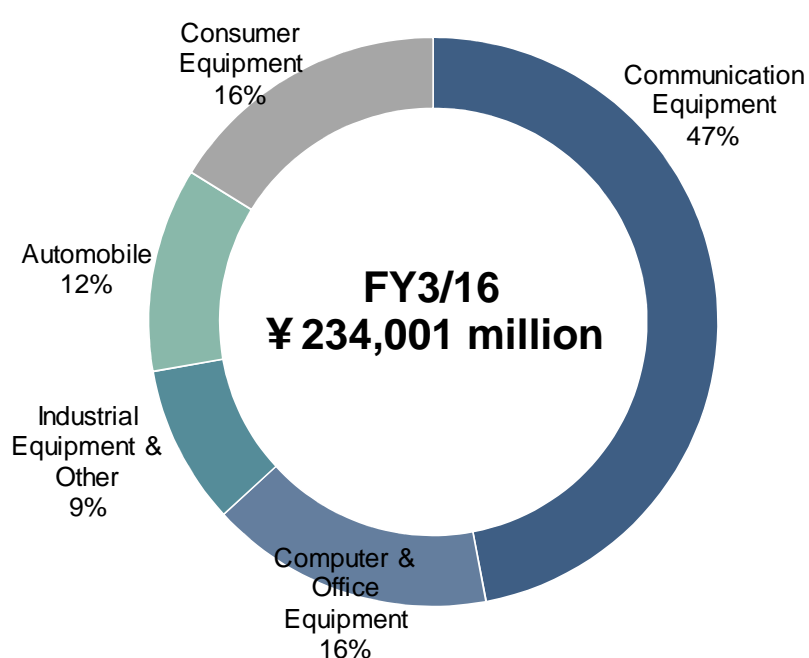
# FY3/17 Electronic Devices Business Net Sales Breakdown by Product

(Millions of Yen)

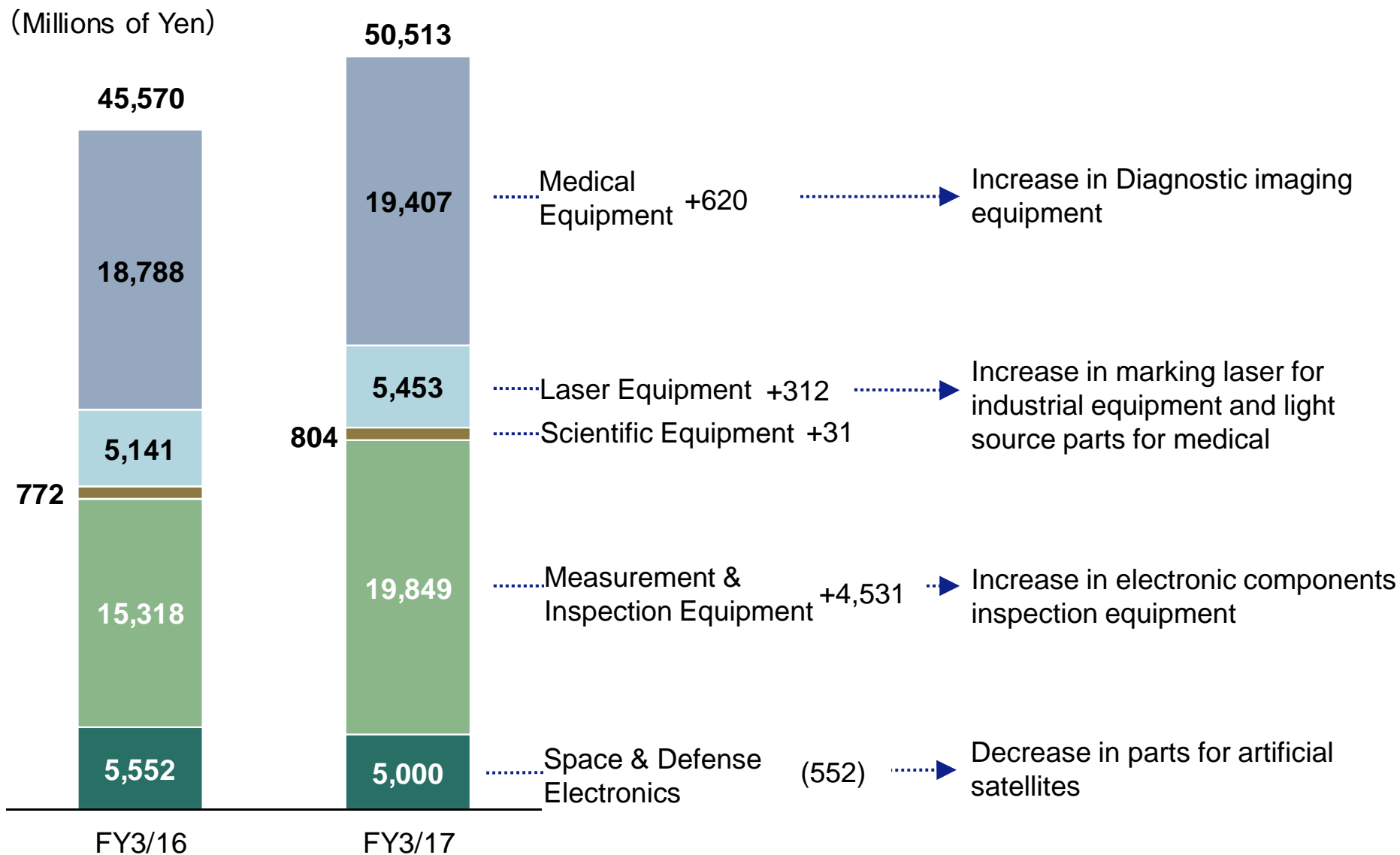


# FY3/17 Electronic Devices Business Market Trend by Application

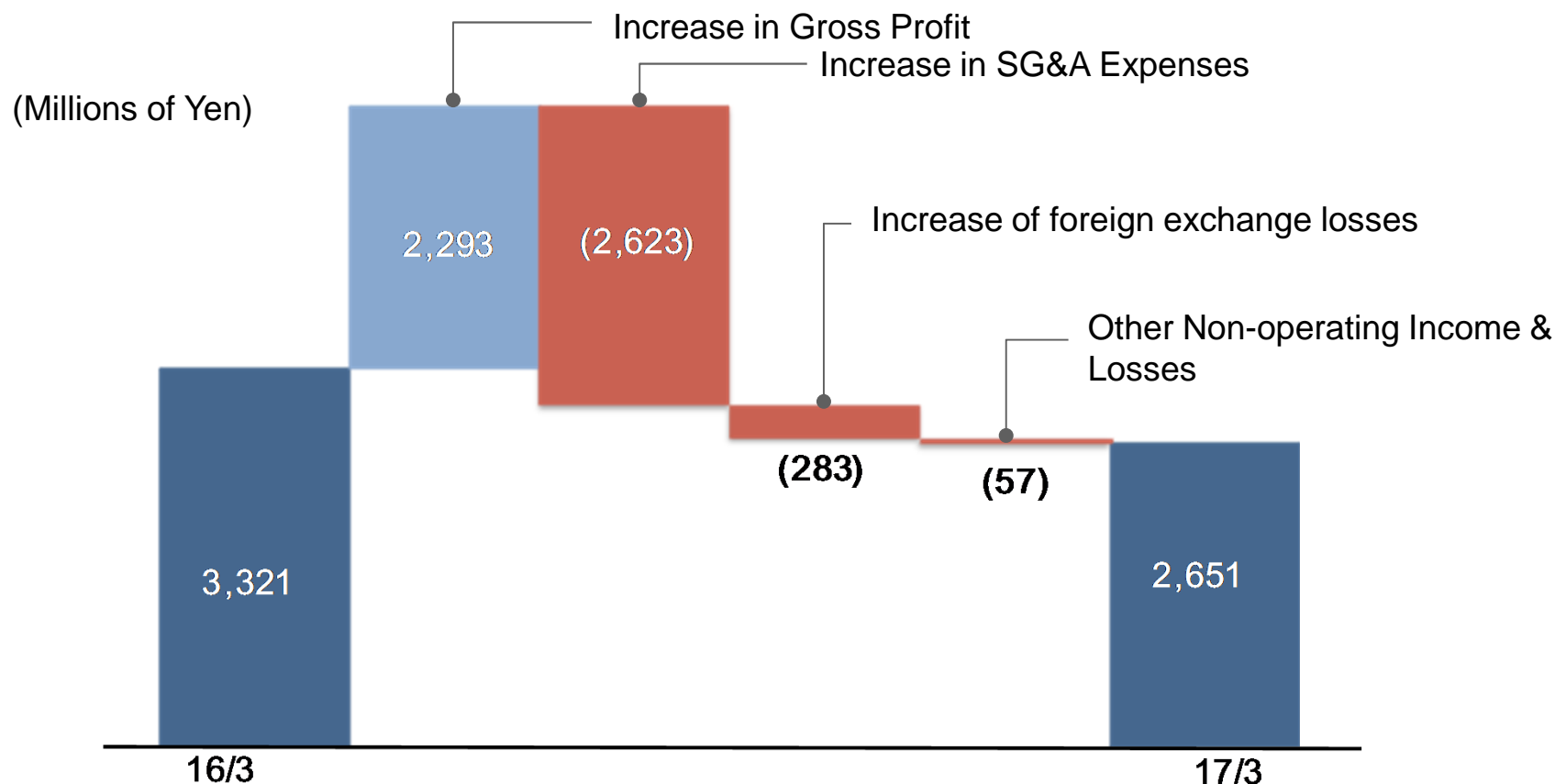
Application	Market trend
Industrial Equipment & Other	Increase for factory automation
Automobile	Increase for car navigation , network in car , ECU
Computer & Office Equipment	Increase for PC. Decrease for office equipment
Communication Equipment	Decrease for communication modules
Consumer Equipment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



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



# FY3/17 Factors Affecting Ordinary Income



<b>Gross Profit</b>	<b>Increase of profitable products</b> FY3/16 : ¥18.3 billion (6.6%) => FY3/17: ¥ 20.6 billion (7.6%)
<b>SG &amp; A Expenses</b>	<b>Increase of consolidated subsidiaries and retirement benefit expenses</b> FY3/16: ¥15.1 billion => FY3/17: ¥ 17.7 billion
<b>Non-operating Income/Loss</b>	<b>Increase of foreign exchange loss</b> FY3/16: loss of ¥0.1 billion => FY3/17: loss of ¥0.4 billion



## FY3/17 Summary of Balance Sheets

(Millions of Yen)	FY3/16 Actual	FY3/17 Actual	Changes Amount	Reason for change	
<b>Total assets</b>	<b>106,513</b>	<b>125,984</b>	<b>19,471</b>	Notes and accounts receivable-trade	11,904
Current assets	96,211	113,711	17,500	Merchandise and finished goods	4,620
Noncurrent assets	10,302	12,273	1,971		
<b>Total liabilities</b>	<b>60,175</b>	<b>78,434</b>	<b>18,259</b>	Notes and accounts payable-trade	2,066
Current liabilities	49,481	67,272	17,791	Short-term loans payable	15,345
Noncurrent liabilities	10,693	11,161	468		
<b>Total net assets</b>	<b>46,338</b>	<b>47,550</b>	<b>1,212</b>	Shareholders' equity	918
				Accumulated other comprehensive income	428
				Non-controlling interests	(134)

# FY3/17 Summary of Statements of Cash Flows

(Millions of Yen)	FY3/16 Actual	FY3/17 Actual	Reason for change	
			Income before income taxes and minority interests	2,587
Net cash provided by (used in) operating activities	(1,204)	(5,894)	Decrease (increase) in notes and accounts receivable-trade	(6,972)
			Decrease (increase) in inventories	(1,925)
			Increase (decrease) in notes and accounts payable-trade	1,450
Net cash provided by (used in) investing activities	493	(1,862)	Purchase of Noncurrent assets	(1,017)
			Purchase of shares of subsidiaries resulting in change in scope of consolidation	(286)
			Purchase of investment securities	(234)
Free cash flow	(711)	(7,756)		
Net cash provided by (used in) financing activities	(6,724)	6,282	Decrease (Increase) in short-term loans payable	7,456
Net increase (decrease) in cash and cash equivalents	(7,810)	(1,485)		
Cash and cash equivalents at end of period	13,702	12,216		

# **FY3/18 Summary of Consolidated Financial Forecasts**

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# FY3/18 Summary of Consolidated Financial Forecasts

**Net sales : ¥260 billion (-10.6 billion YoY)**

- **Electronic Devices Business** Decrease in semiconductors for communication modules.  
Decrease by termination contract with NXP.
- **Electronic Systems Business** Decrease in electronic component assembly and inspection equipment. Increase of light source parts for medical

**Operating income : ¥3.5 billion (+ 0.6 billion YoY)**

- **GP margin** Improvement of GP margin
- **SG&A expenses** Decrease in retirement benefit expenses

**Ordinary income : ¥3.3 billion (+ 0.6 billion YoY)**

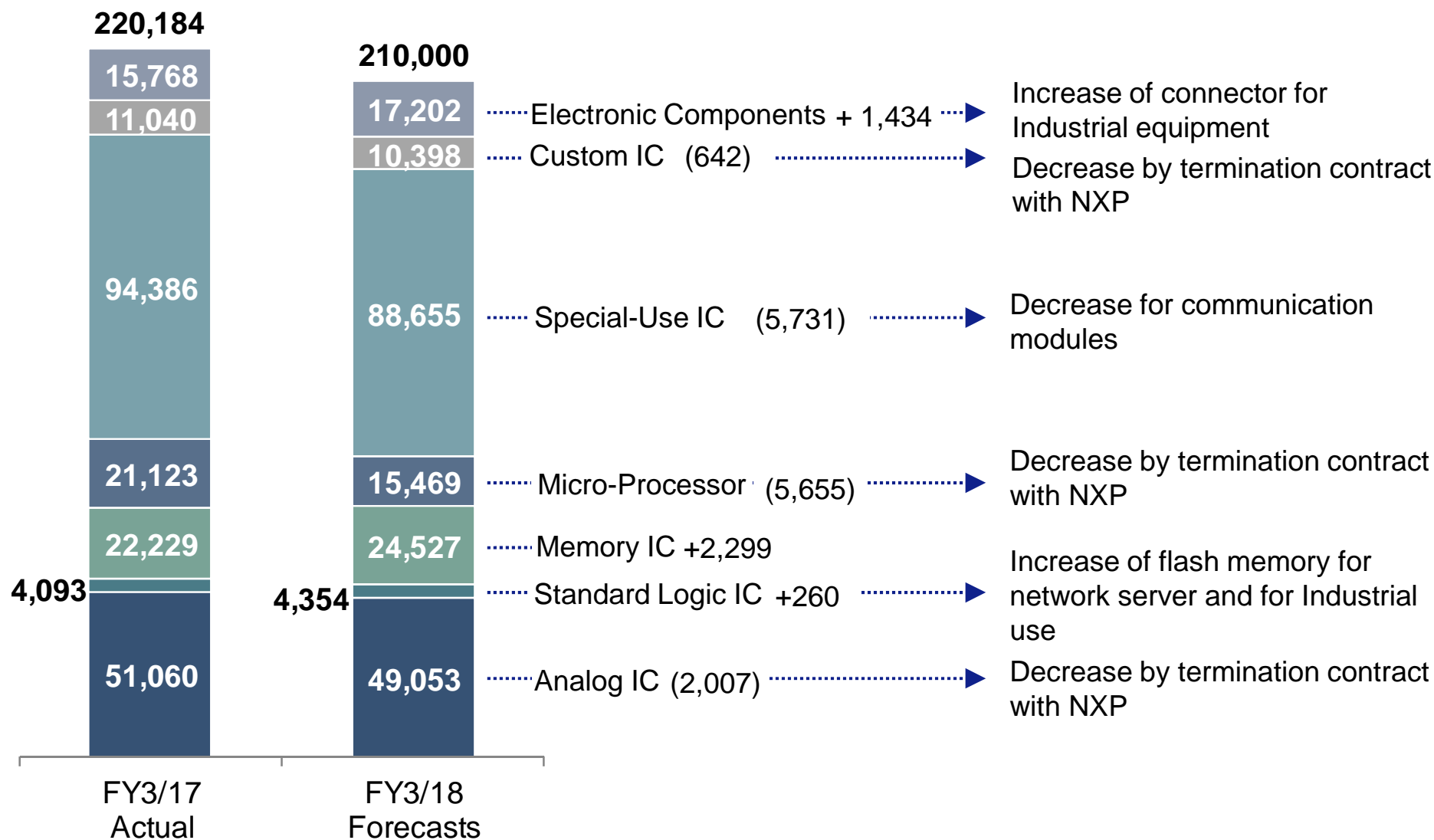
**Net income : ¥1.8 billion (+ 0.2 billion YoY)**

# FY3/18 Financial Forecasts

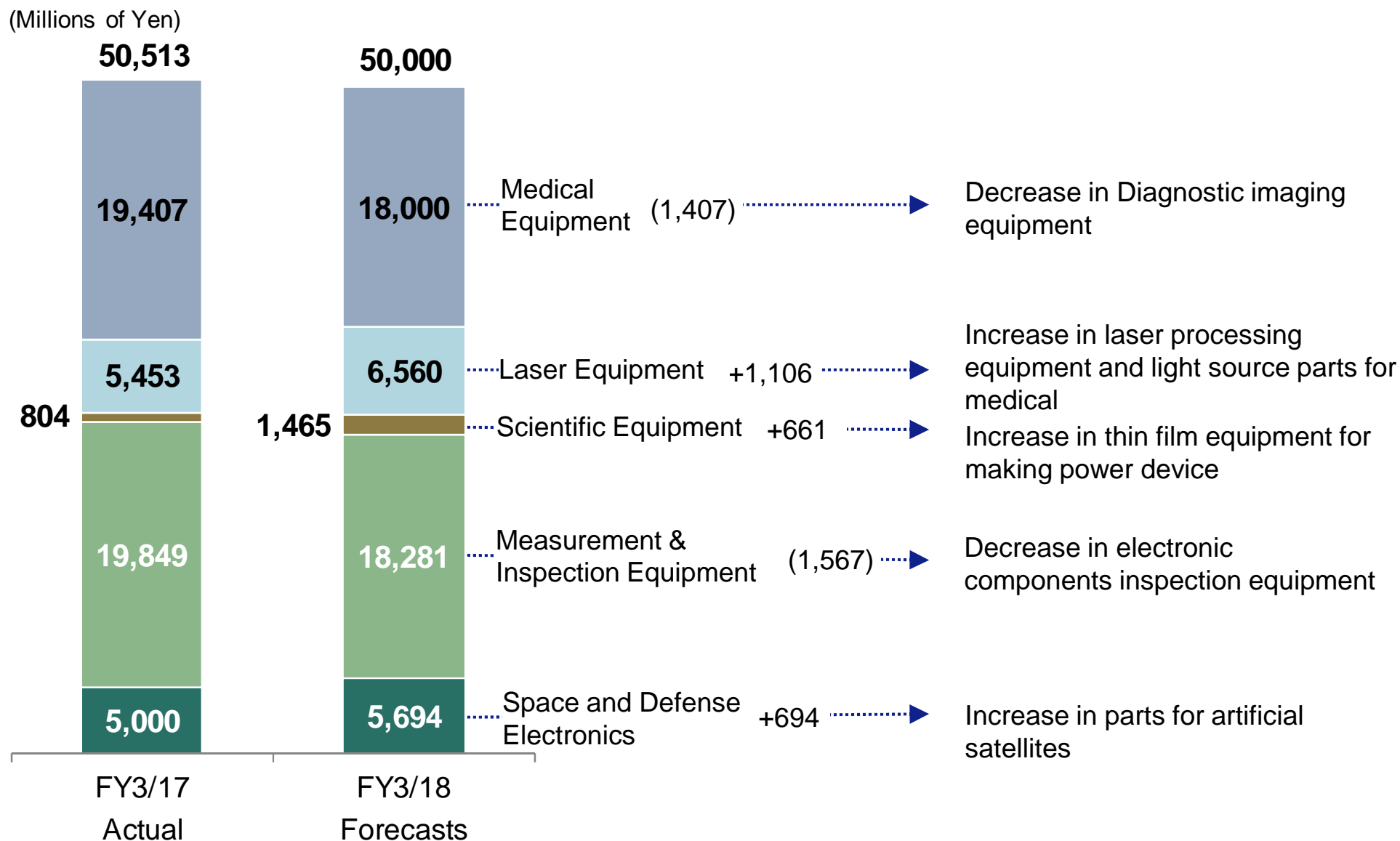
(Millions of Yen)	FY3/17		FY3/18		YoY Changes	
	Actual	Composition Ratio	Forecasts	Composition Ratio	Amount	%
<b>Net sales</b>	<b>270,698</b>	<b>100.0%</b>	<b>260,000</b>	<b>100.0%</b>	<b>(10,698)</b>	<b>-4.0%</b>
Electronic Devices	220,184	81.3%	210,000	80.8%	(10,184)	-4.6%
Electronic Systems	50,513	18.7%	50,000	19.2%	(513)	-1.0%
<b>Gross profit</b>	<b>20,612</b>	<b>7.6%</b>	<b>21,000</b>	<b>8.1%</b>	<b>388</b>	<b>1.9%</b>
SG&A expenses	17,729	6.5%	17,500	6.7%	(229)	-1.3%
<b>Operating income</b>	<b>2,883</b>	<b>1.1%</b>	<b>3,500</b>	<b>1.3%</b>	<b>617</b>	<b>21.4%</b>
Non-operating income	705	0.3%	450	0.2%	(255)	-36.2%
Non-operating expenses	937	0.3%	650	0.3%	(287)	-30.6%
<b>Ordinary income</b>	<b>2,651</b>	<b>1.0%</b>	<b>3,300</b>	<b>1.3%</b>	<b>649</b>	<b>24.5%</b>
Extraordinary income	1	0.0%	0	0.0%	(1)	-100.0%
Extraordinary loss	65	0.0%	50	0.0%	(15)	-23.1%
<b>Profit attributable to owners of parent</b>	<b>1,650</b>	<b>0.6%</b>	<b>1,850</b>	<b>0.7%</b>	<b>200</b>	<b>12.1%</b>

# FY3/18 Electronic Devices Business Net Sales Forecasts by Product

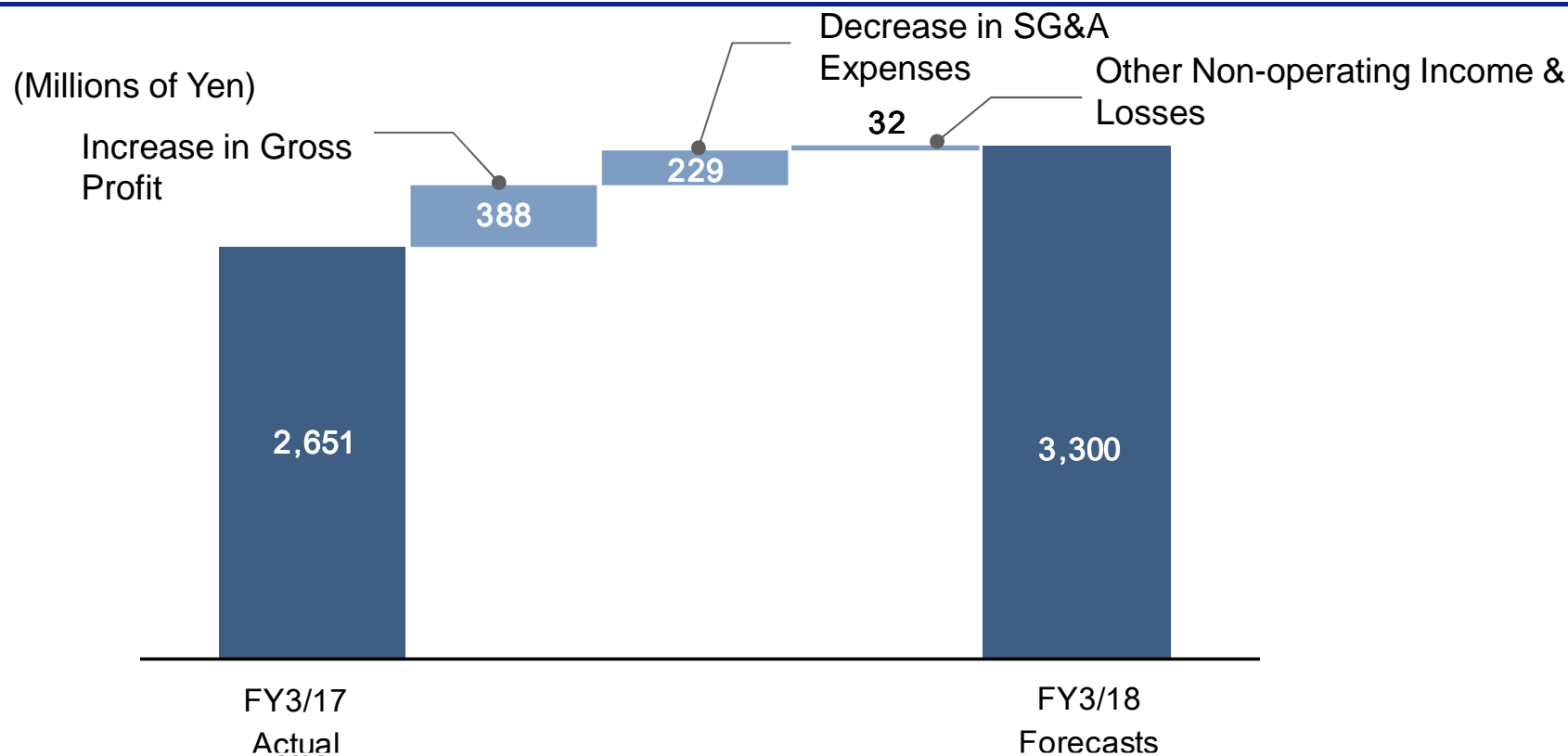
(Millions of Yen)



# FY3/18 Electronic Systems Business Net Sales Forecasts by Product



# FY3/18 Factors Affecting Ordinary Income(Forecasts)



Gross Profit	<b>Improvement of gross profit margin ratio</b> FY3/17:¥20.6Billion(7.6%) → FY3/18:¥21.0Billion(8.1%)
SG & A Expenses	<b>Decrease of retirement benefits expenses</b> FY3/17:¥17.7Billion → FY3/18:¥17.5Billion



# Return to Shareholders

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# Return to Shareholders

## Dividend policy

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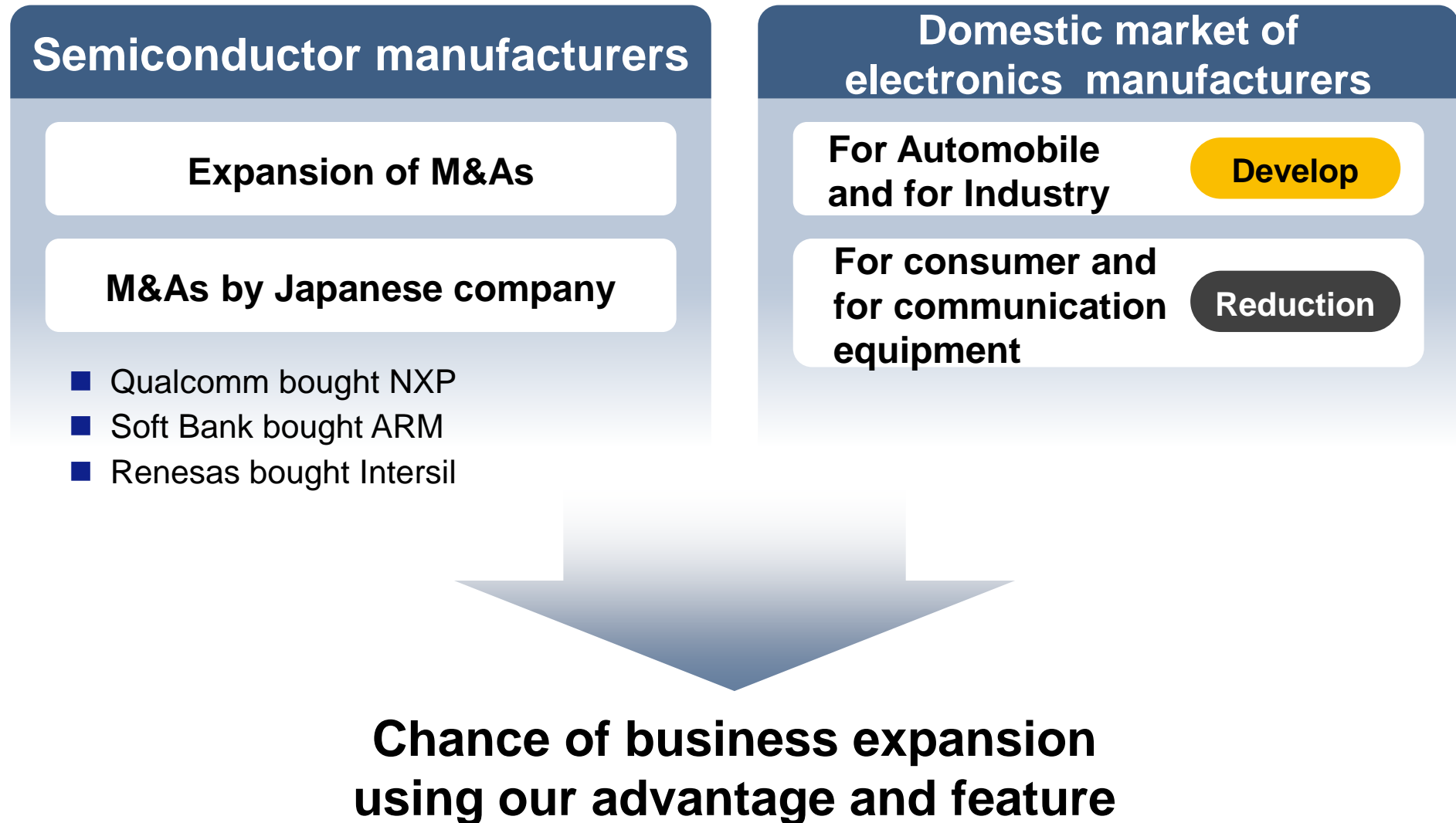
## Dividends Forecast

(Yen)	FY3/17	FY3/18 (Forecasts)
Annual Dividend per Share	25.00	25.00
Interim Dividend	10.00	10.00
Year-End Dividend	15.00	15.00

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

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# Management Environment and Business Outlook



## Medium-Term Vision

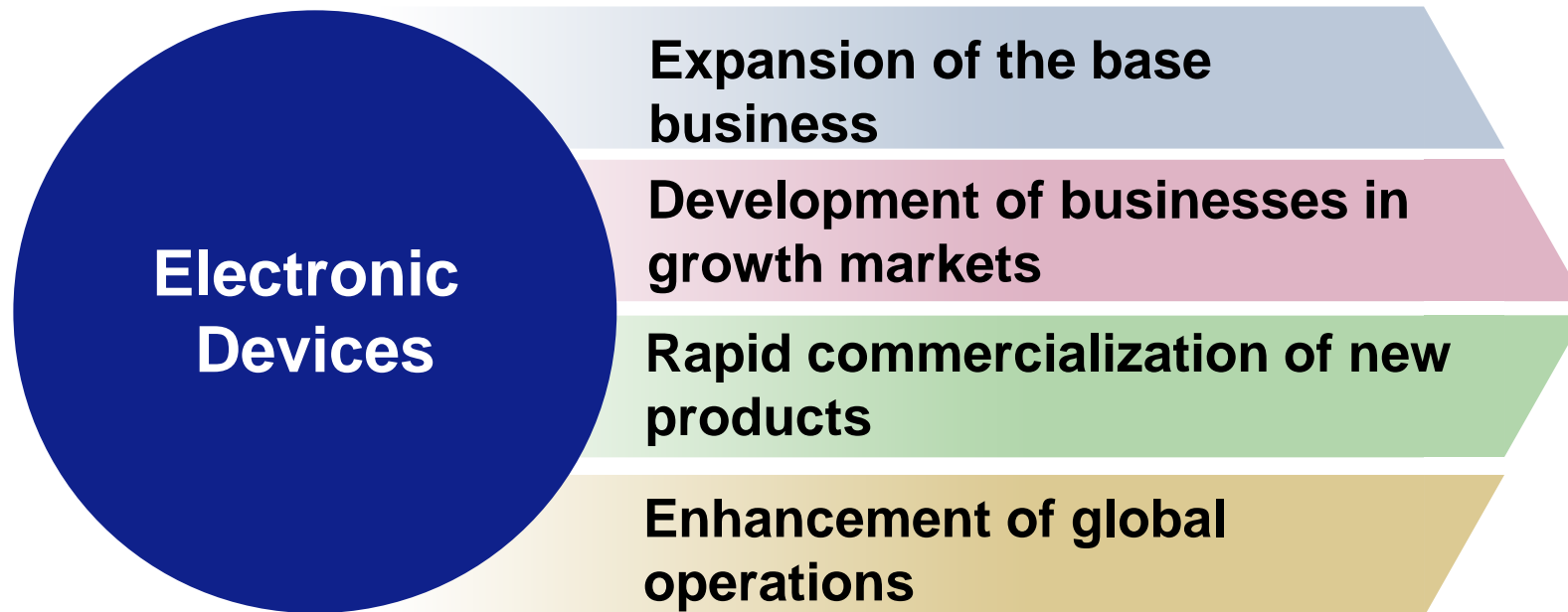
**Catch up  
realignment  
of industry**

**Creating new  
businesses through  
active investment**

**Improving  
capital efficiency**

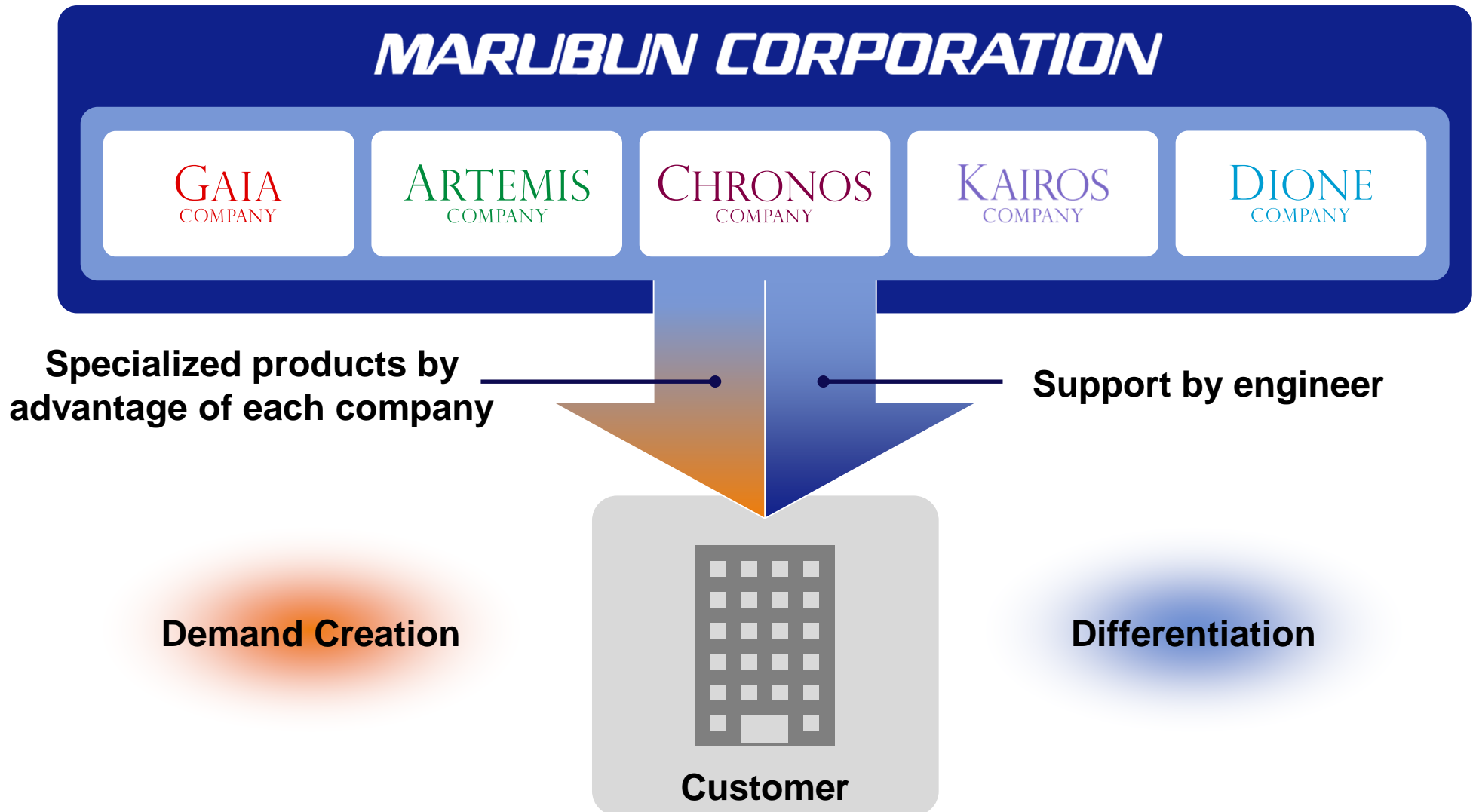
**ROE 8.0% or above**

## 4 initiatives of Electronic Devices



# Expansion of the base business 1

## Introducing division companies

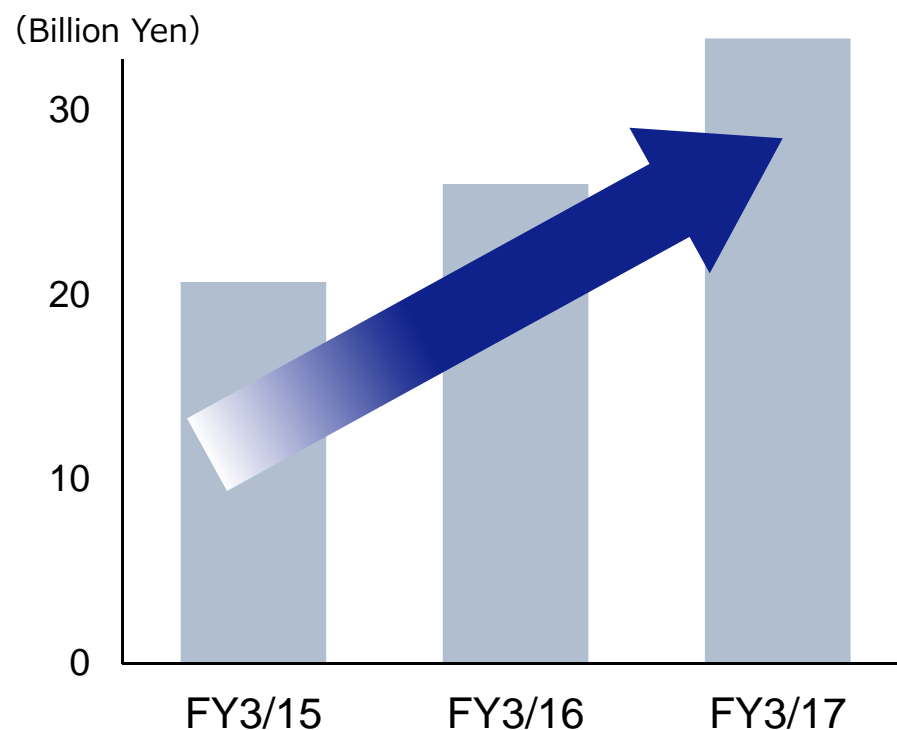


## Expansion of the base business 2

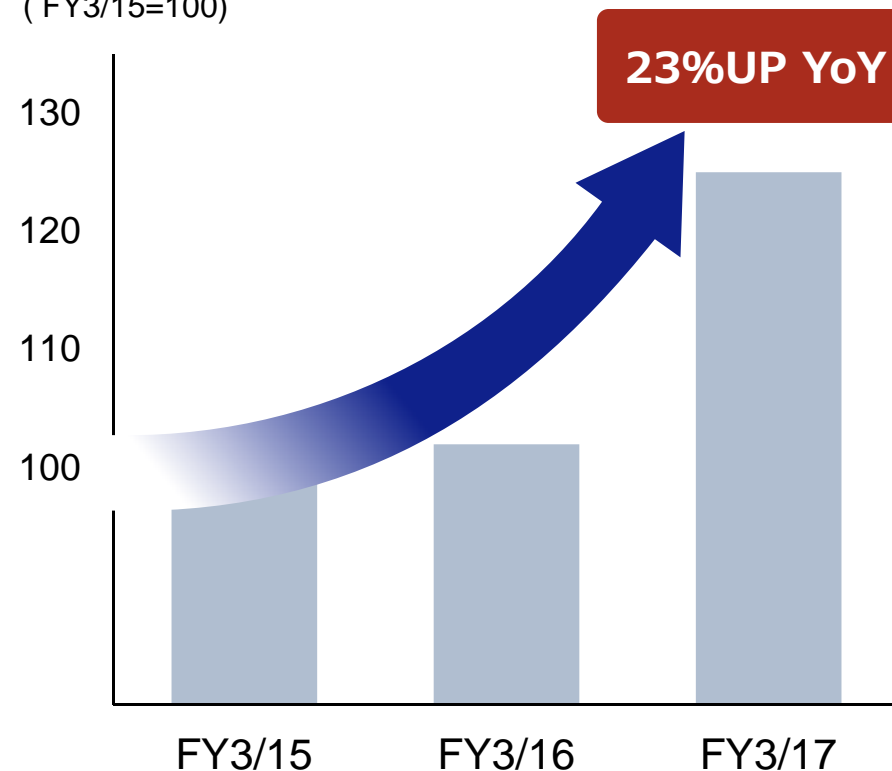
### Focusing on automobiles, industrial equipment

- Concentrating resources and developing markets
- Acquiring all shares in KTL Corporation to form a subsidiary

Trends of sales to the automotive sector



Rise in the number of new projects  
(FY3/15=100)





# Development of businesses in growth markets

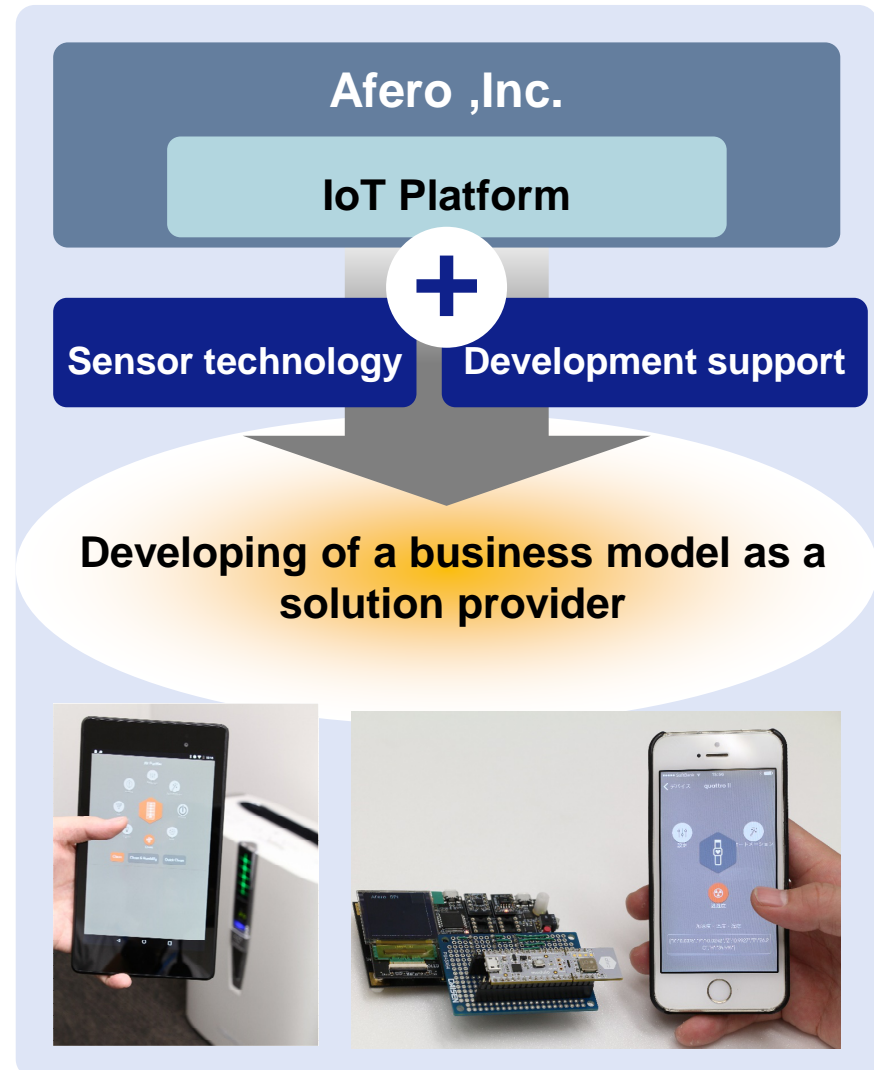
## Medical

- ▶ Adding new products
- ▶ Having a license under the Pharmaceutical and Medical Devices Act
- ▶ Establishing a quality control section

MC10, Inc. Bio sensor



## IoT



# Rapid commercialization of new products

Aiming at the next generation and the most advanced technology

Pioneering and upbringing of a venture business

Reinforcement on product line and development of the new business domain

## Cypress Semiconductor

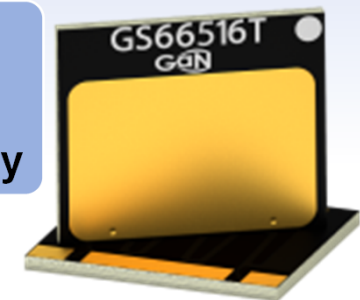
- Rapid commercialization of IoT products



## GaN Systems

- Leading company of power devices

Merchandising to automotive and the generating electricity



# Enhancement of global operations

## Europe

Amsterdam office

Planning new office

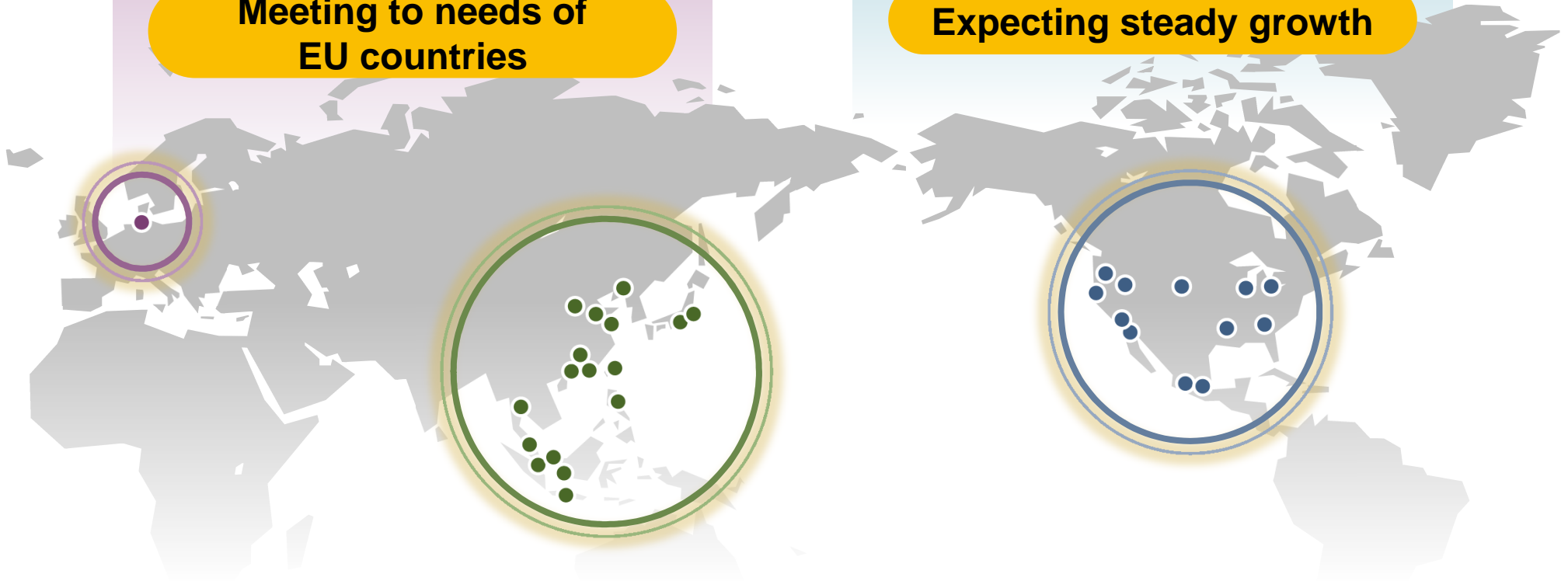
Meeting to needs of  
EU countries

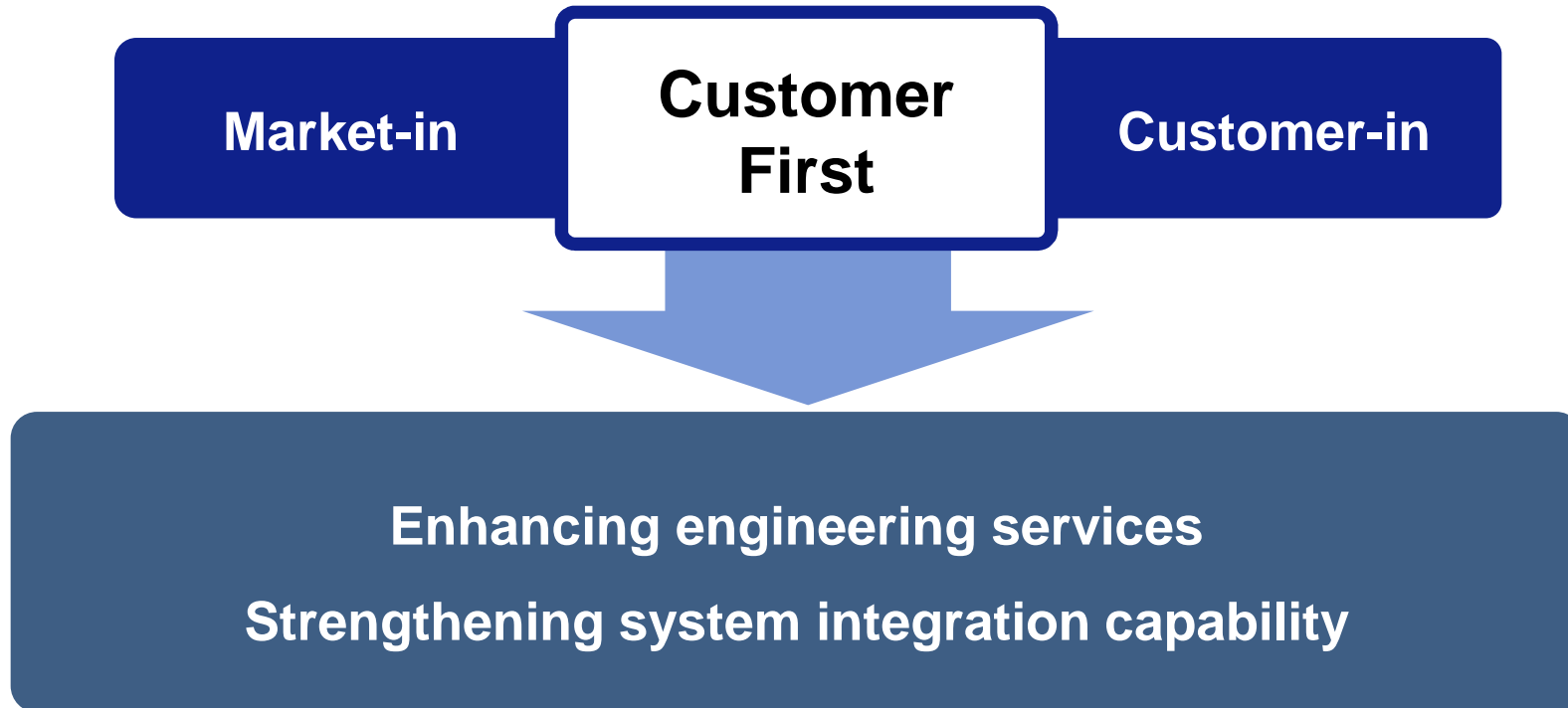
## Asia / North America

Strong sales for  
automobile applications

Strengthening of relationships with  
customers' headquarters in Japan

Expecting steady growth



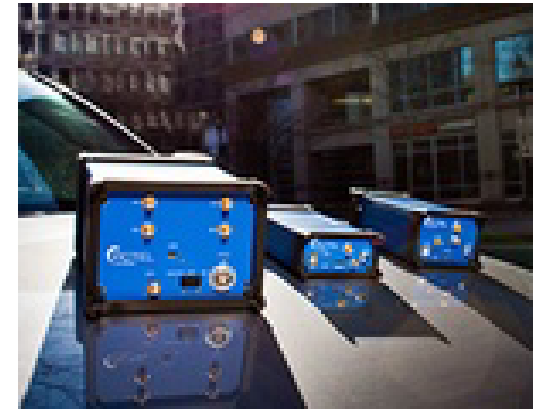


**Expansion of customers**  
**Increase of repeat customers**

# Initiatives of Electronic Systems 1

## Information and Communication

- Operating by independent and specialized section
- Expanding product line
  - Time server (Microsemi)
  - GPS simulator (Spirent)
  - RF measurements equipment (PCTEL)
- Advanced consulting



RF measurements equipment (PCTEL)

## Laser Equipment

- Marking laser for industrial equipment
  - Expanding customer for automobile and industrial market
  - Expanding product line
- Light sources parts for medical equipment

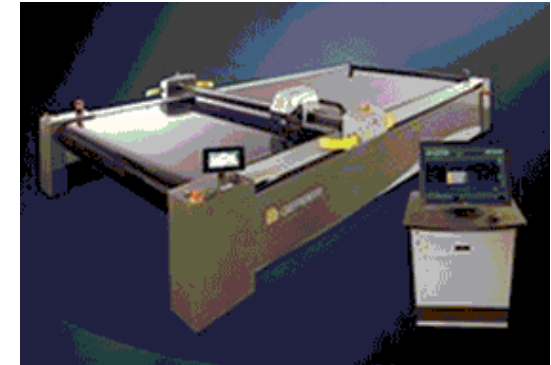


LED light source (Luminus devices)

# Initiatives of Electronic Systems 2

## Measurement & Inspection Equipment

- Electronic components inspection equipment
  - Promoting for automobile market
- Cutting machines (Gerber Technology)
  - Developing replacement demand for apparel market
  - Promoting for automotive and industrial market



Cutting Machine  
(Gerber Technology)

## Medical Equipment

- Marubun Tsusho merged Ikeda Iryou Denki
- Expanding product line
- Strengthening engineering services including maintenance



# Cautionary Statement

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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

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