

Financial Results for Fiscal Year Ended March 31, 2018

May 2018

MARUBUN CORPORATION

FY3/18 Summary of Consolidated Financial Results

FY3/18 Summary of Consolidated Financial Results (YoY Change)

Net sales : **¥347.5 billion (+¥76.8 billion YoY)**

- **Electronic Devices Business** Increase in semiconductors for communication modules
- **Electronic Systems Business** Increase in Laser equipment

Operating income : **¥3.7 billion (+¥0.8 billion YoY)**

- **Gross profit** Increase of sales
- **SG&A expenses** Decrease of Retirement benefit costs

Ordinary income : **¥4.2 billion (+¥1.5 billion YoY)**

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

Net income : **¥2.0 billion (+¥0.4 billion YoY)**

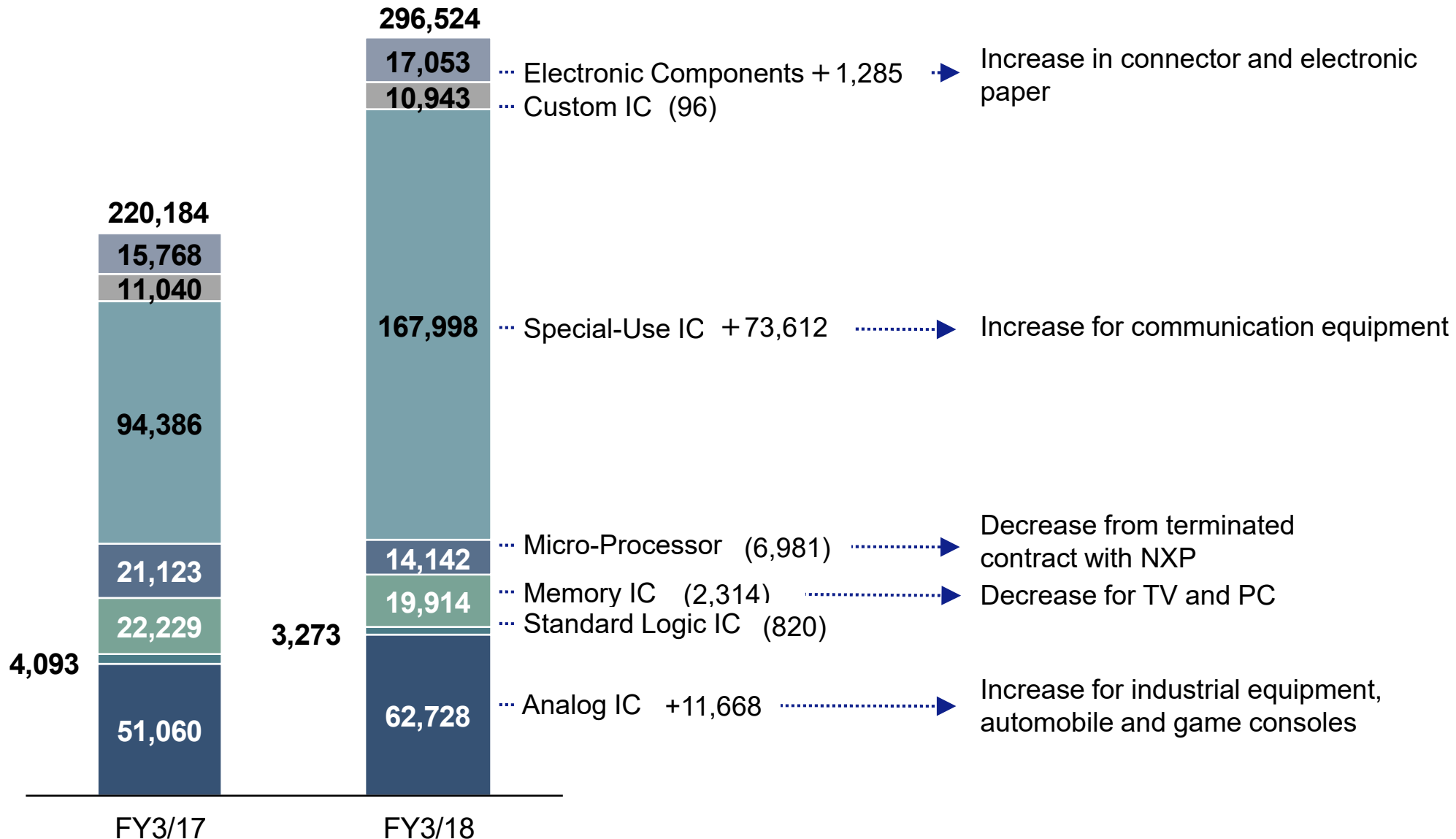
- **Extraordinary loss** Loss on valuation of investment securities

FY3/18 Summary of Financial Results

(Millions of Yen)	FY3/17		FY3/18		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%
Net sales	270,698	100.0%	347,508	100.0%	76,810	28.4%
Electronic Devices	220,184	81.3%	296,524	85.3%	76,340	34.7%
Electronic Systems	50,513	18.7%	50,983	14.7%	470	0.9%
Gross profit	20,612	7.6%	21,161	6.1%	549	2.7%
SG&A expenses	17,729	6.5%	17,390	5.0%	(339)	-1.9%
Personnel expenses	10,909	4.0%	10,490	3.0%	(419)	-3.8%
Other	6,819	2.5%	6,899	2.0%	80	1.2%
Operating income	2,883	1.1%	3,771	1.1%	888	30.8%
Non-operating income	705	0.3%	1,773	0.5%	1,068	151.5%
Non-operating expenses	937	0.3%	1,327	0.4%	390	41.6%
Ordinary income	2,651	1.0%	4,218	1.2%	1,567	59.1%
Extraordinary income	1	0.0%	6	0.0%	5	328.6%
Extraordinary loss	65	0.0%	311	0.1%	246	378.5%
Profit attributable to owners of parent	1,650	0.6%	2,077	0.6%	427	25.9%
No. of employees (year-end)	1,397	-	1,381	-	(16)	-1.1%

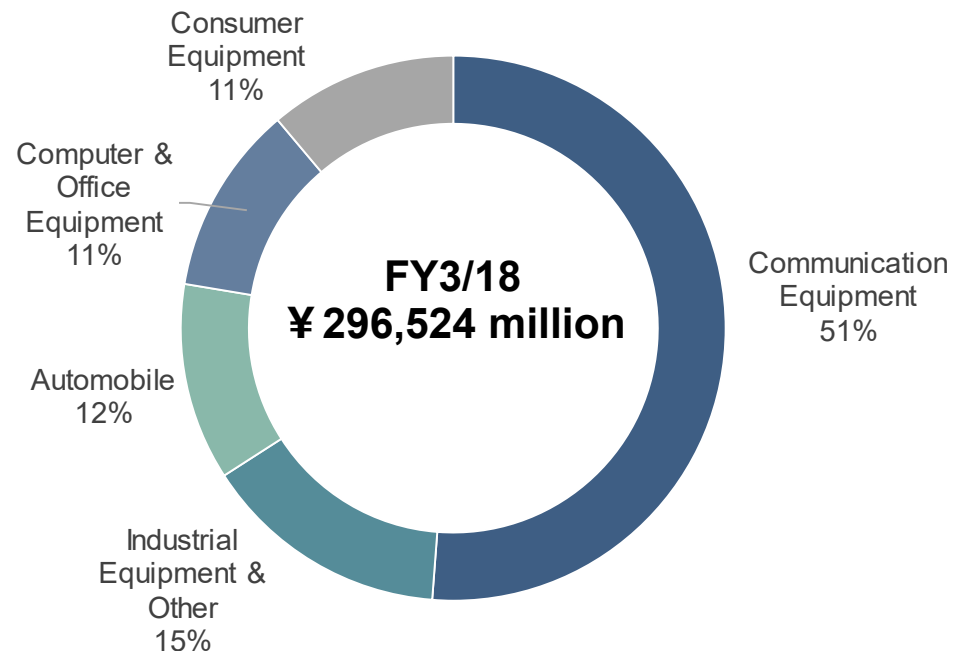
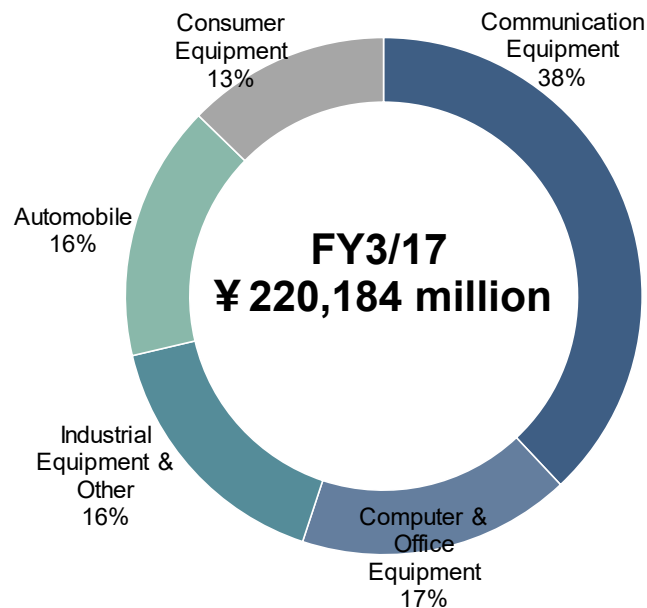
FY3/18 Electronic Devices Business Net Sales Breakdown by Product

(Millions of Yen)

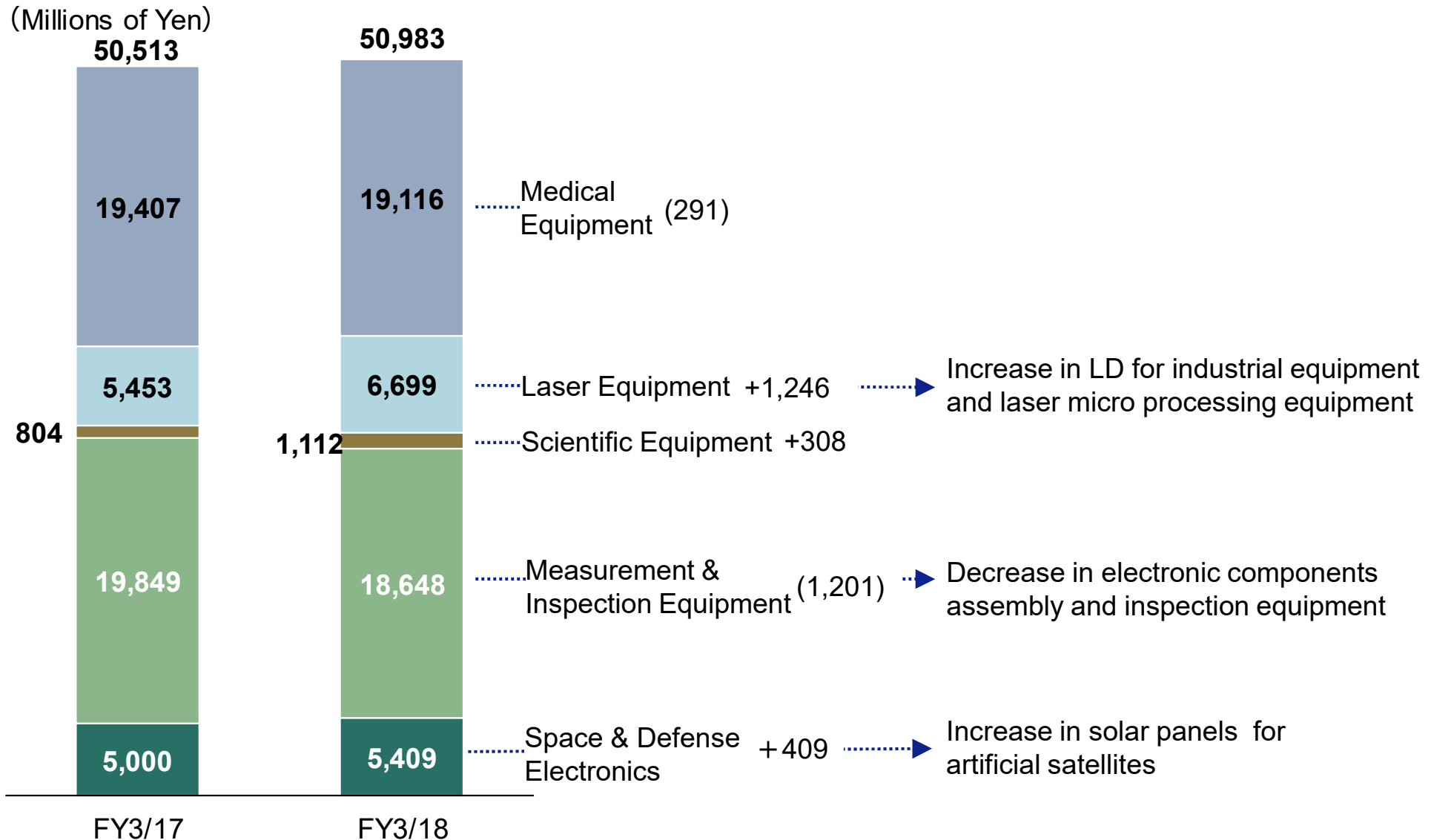


FY3/18 Electronic Devices Business Market Trend by Application

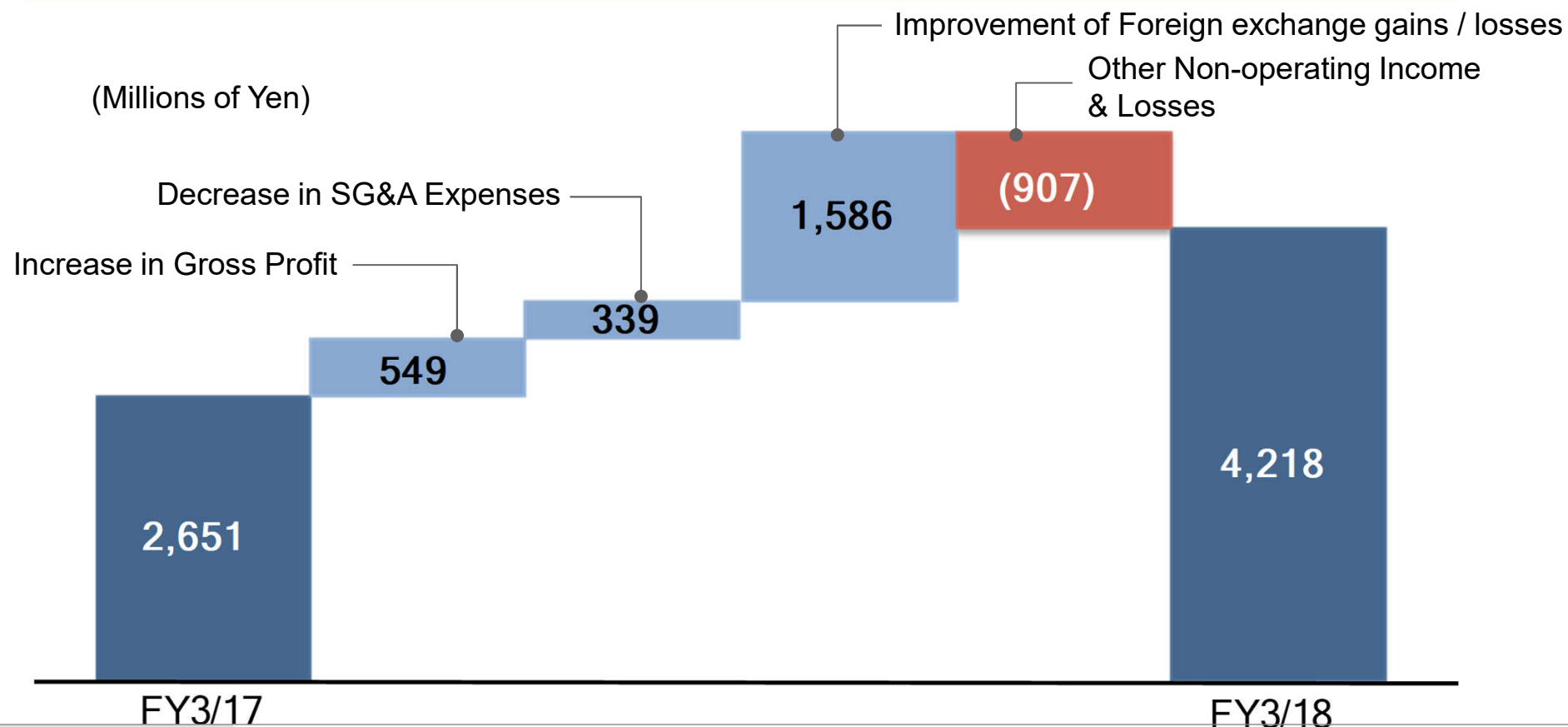
Application	Market Trend
Industrial Equipment & Other	➔ Increase for factory automation
Automobile	➔ Decrease from terminated contract with NXP ➔ Increase for connected car
Computer & Office Equipment	➔ Decrease for PC
Communication Equipment	➔ Increase for communication equipment
Consumer Equipment	➔ Increase for game consoles



FY3/18 Electronic Systems Business Net Sales Breakdown by Product



FY3/18 Factors Affecting Ordinary Income



Gross Profit	Increase in gross margin due to increased sales FY3/17 : ¥20.6 billion (7.6%) => FY3/18: ¥ 21.1 billion (6.1%)
SG&A Expenses	Decrease of retirement benefit expenses FY3/17: ¥17.7 billion => FY3/18: ¥ 17.4 billion
Non-operating Income/Loss	Improvement of foreign exchange gains / losses FY3/17: loss of ¥0.4 billion => FY3/18: gains of ¥1.1 billion

FY3/18 Summary of Balance Sheets

(Millions of Yen)	FY3/17 Actual	FY3/18 Actual	Changes Amount	Main Reason for Change	
Total assets	125,984	135,796	9,812	Cash and deposits	1,405
Current assets	113,711	123,322	9,611	Notes and accounts receivable-trade	(4,623)
Noncurrent assets	12,273	12,474	201	Merchandise and finished goods	15,602
Total liabilities	78,434	86,619	8,185	Notes and accounts payable-trade	(740)
Current liabilities	67,272	75,765	8,493	Short-term loans payable	9,610
Noncurrent liabilities	11,161	10,854	(307)		
				Shareholders' equity	1,453
Total net assets	47,550	49,177	1,627	Accumulated other comprehensive income	(124)
				Non-controlling interests	297

FY3/19 Summary of Consolidated Financial Forecasts

FY3/19 Summary of Consolidated Financial Forecasts

Net sales : ¥315 billion (- ¥32.5 billion YoY)

- **Electronic Devices Business** Decrease in semiconductors for communication equipment.
Decrease by transfer of Samsung business.
- **Electronic Systems Business** Increase in Space & Defense Electronics and Laser Equipment

Operating income : ¥4.7 billion (+ ¥0.9 billion YoY)

- **Gross profit** Improvement of GP margin
- **SG&A expenses** Increase in personal expenses

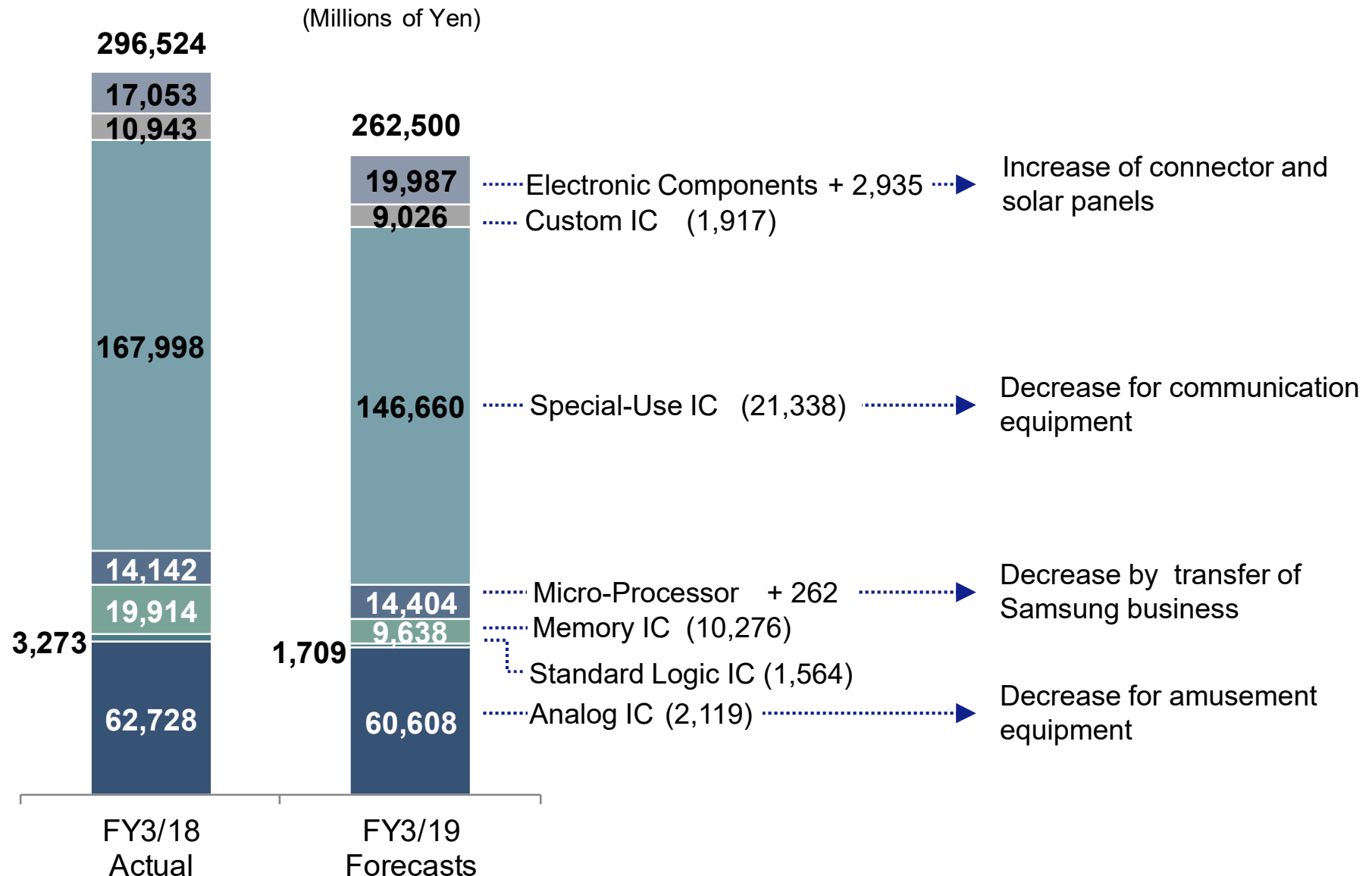
Ordinary income : ¥4.3 billion (Same level as last FY)

Net income : ¥2.5 billion (+ ¥0.4 billion YoY)

FY3/19 Financial Forecasts

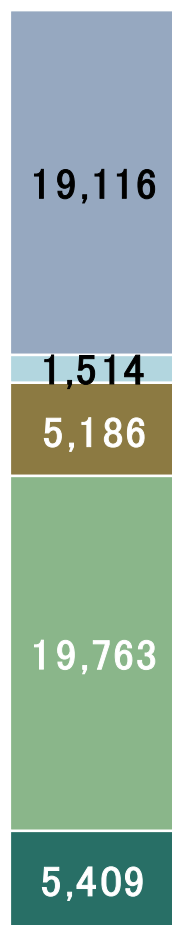
(Millions of Yen)	FY3/18		FY3/19		YoY Changes	
	Actual	Composition Ratio	Forecasts	Composition Ratio	Amount	%
Net sales	347,508	100.0%	315,000	100.0%	(32,508)	-9.4%
Electronic Devices	296,524	85.3%	262,500	83.3%	(34,024)	-11.5%
Electronic Systems	50,983	14.7%	52,500	16.7%	1,517	3.0%
Gross profit	21,161	6.1%	22,500	7.1%	1,339	6.3%
SG&A expenses	17,390	5.0%	17,800	5.7%	410	2.4%
Operating income	3,771	1.1%	4,700	1.5%	929	24.6%
Non-operating income	1,773	0.5%	550	0.2%	(1,223)	-69.0%
Non-operating expenses	1,327	0.4%	950	0.3%	(377)	-28.4%
Ordinary income	4,218	1.2%	4,300	1.4%	82	1.9%
Extraordinary income	6	0.0%	-	-	(6)	-
Extraordinary loss	311	0.1%	-	-	(311)	-
Profit attributable to owners of parent	2,077	0.6%	2,500	0.8%	423	20.4%

FY3/19 Electronic Devices Business Net Sales Forecasts by Product



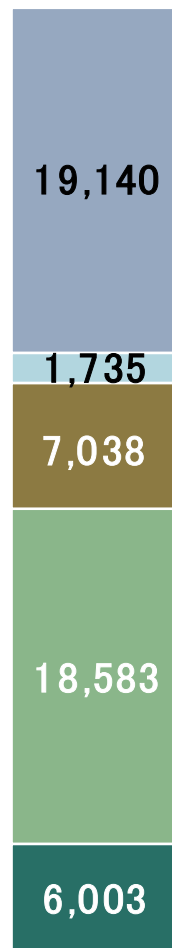
FY3/19 Electronic Systems Business Net Sales Forecasts by Product

(Millions of Yen)
50,983



FY3/18
Actual

52,500



FY3/19
Forecasts

.....Medical Equipment +24

.....Informaiton & Communication Equipment +222

.....Laser Equipment +1,853

.....Industrial Equipment (1,180)

.....Space and Defense Electronics +594

Change of product segment in Electronic Systems Business

We integrated Measurement & Inspection Equipment and Scientific Equipment to Industrial Equipment.

And we separated Information & Communication Equipment from Laser Equipment.

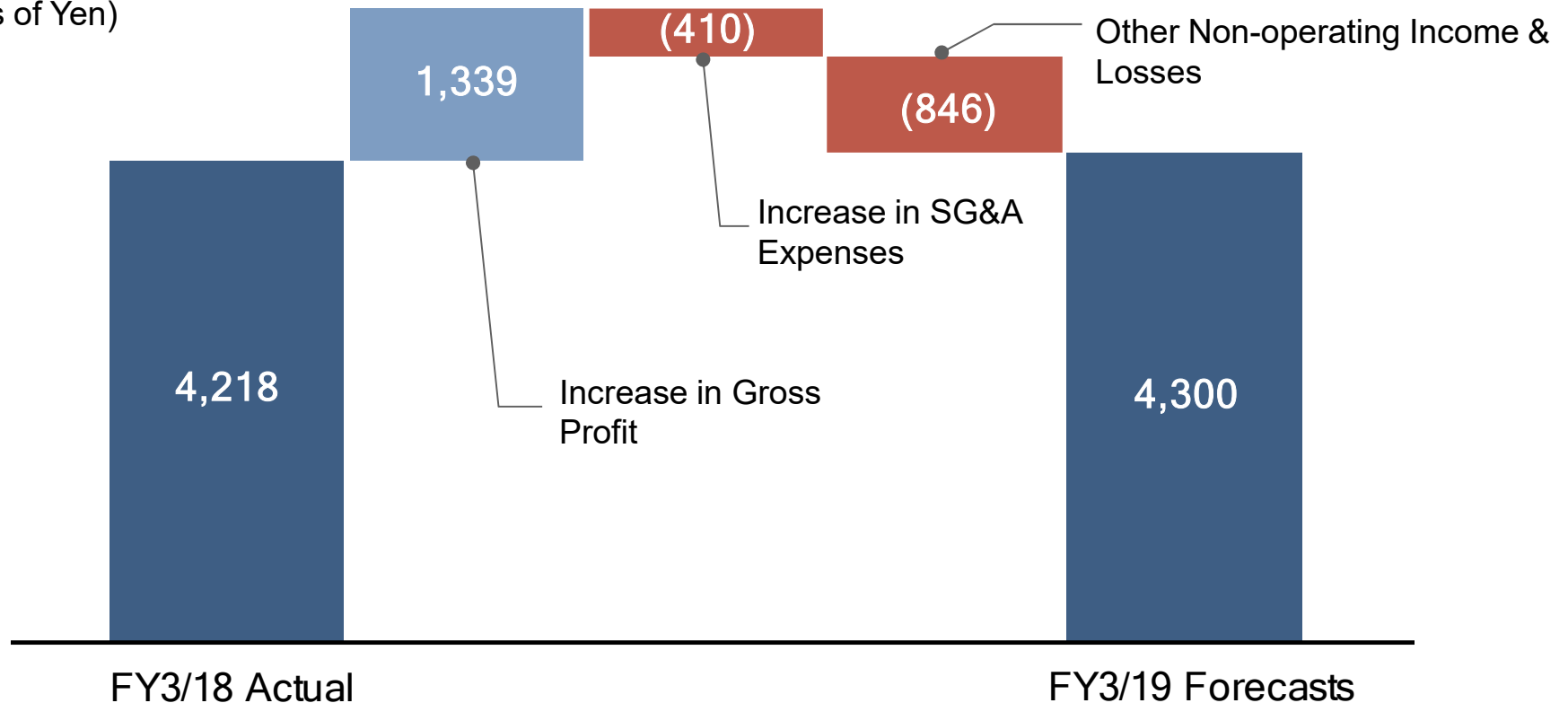
.....> Increase in LD for industrial equipment and laser micro processing equipment

.....> Decrease from terminated contract with Aixtron

.....> Increase in parts for artificial satellites

FY3/19 Factors Affecting Ordinary Income (last FY vs forecasts)

(Millions of Yen)



Gross Profit	Increase due to improvement in gross profit margin FY3/18:¥21.1billion(6.1%) → FY3/19:¥22.5billion(7.1%)
SG&A Expenses	Increase of personal expenses and other FY3/18:¥17.4billion → FY3/19:¥17.8billion
Non-operating Income & Losses	Decrease of foreign exchange gains FY3/18:¥1.1billion → FY3/19:¥0

Return to Shareholders

Return to Shareholders

Dividend Policy

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

(Yen)	FY3/18	FY3/19 (Forecast)
Annual Dividend Per Share	30.00	30.00
Interim Dividend	10.00	10.00
Year-End Dividend	20.00 including memorial dividend 5.00	20.00

Medium-Term Vision Business Strategies and Key Initiatives

Semiconductor manufacturers

Large M&As still attracts big attention

Overseas

- Expansion of M&As

Japan

- Sell of Toshiba Memory

Electronics Market

New market is expanding by technology innovation

- Evolution of integrated technology (ex. IoT)
- Development of automatic driving technology
- Spread of the use of robots and wearable devices

Medium-Term Vision

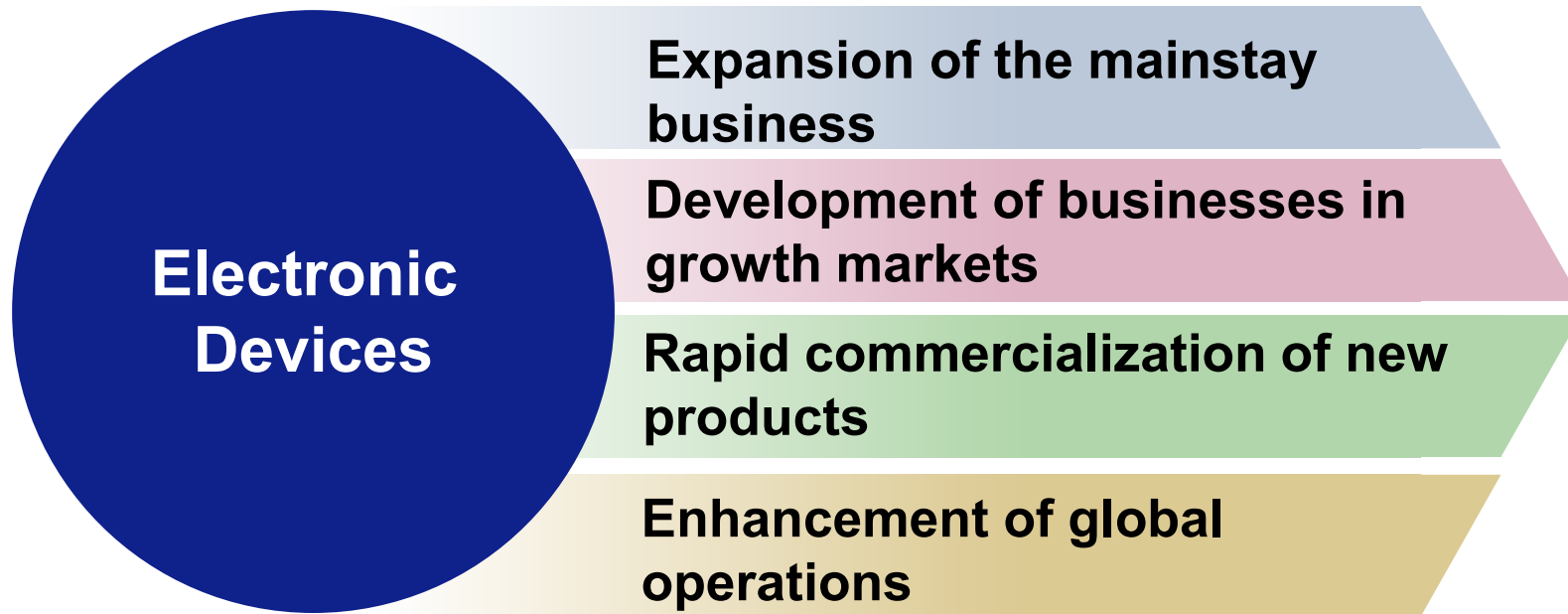
Medium-Term Vision (FY3/19)

**Catching up
with industry
reorganization**

**Creating new
businesses through
active investment**

**Improving
capital efficiency**

Four initiatives for Electronic Devices

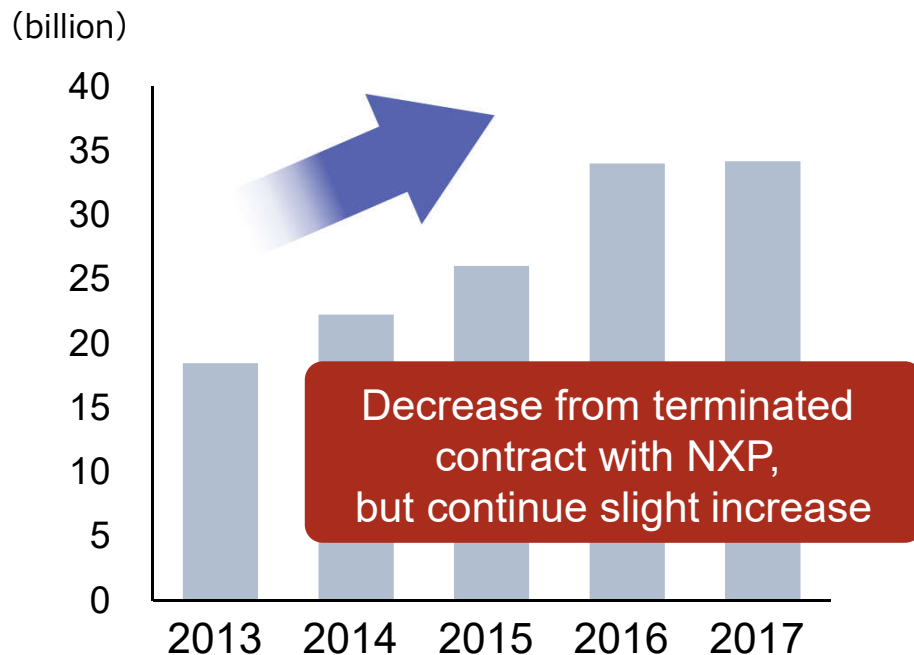


Expansion of the Mainstay Business 1

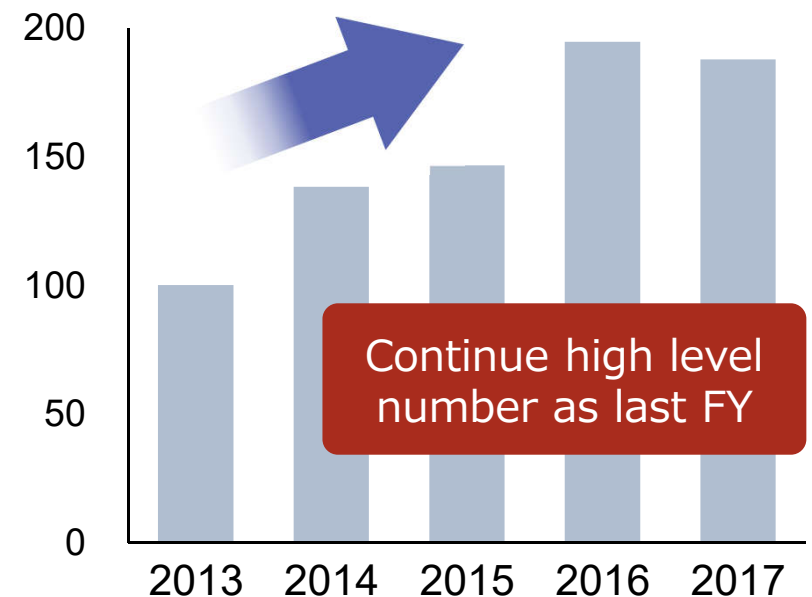
Expanding share in customers

- Enhancement of solution proposals in power supply, sensors, and automotive fields.
- Expansion of sales system for key devices such as analog and wireless

Business for automobile market



Number of new projects acquired (FY2013=100)



Expansion of the Mainstay Business 2

Strengthening sales structure towards mass market

- Establishment of specialized organization and develop new customers
- Effective promote by digital marketing

Business integration of Marubun and KTL

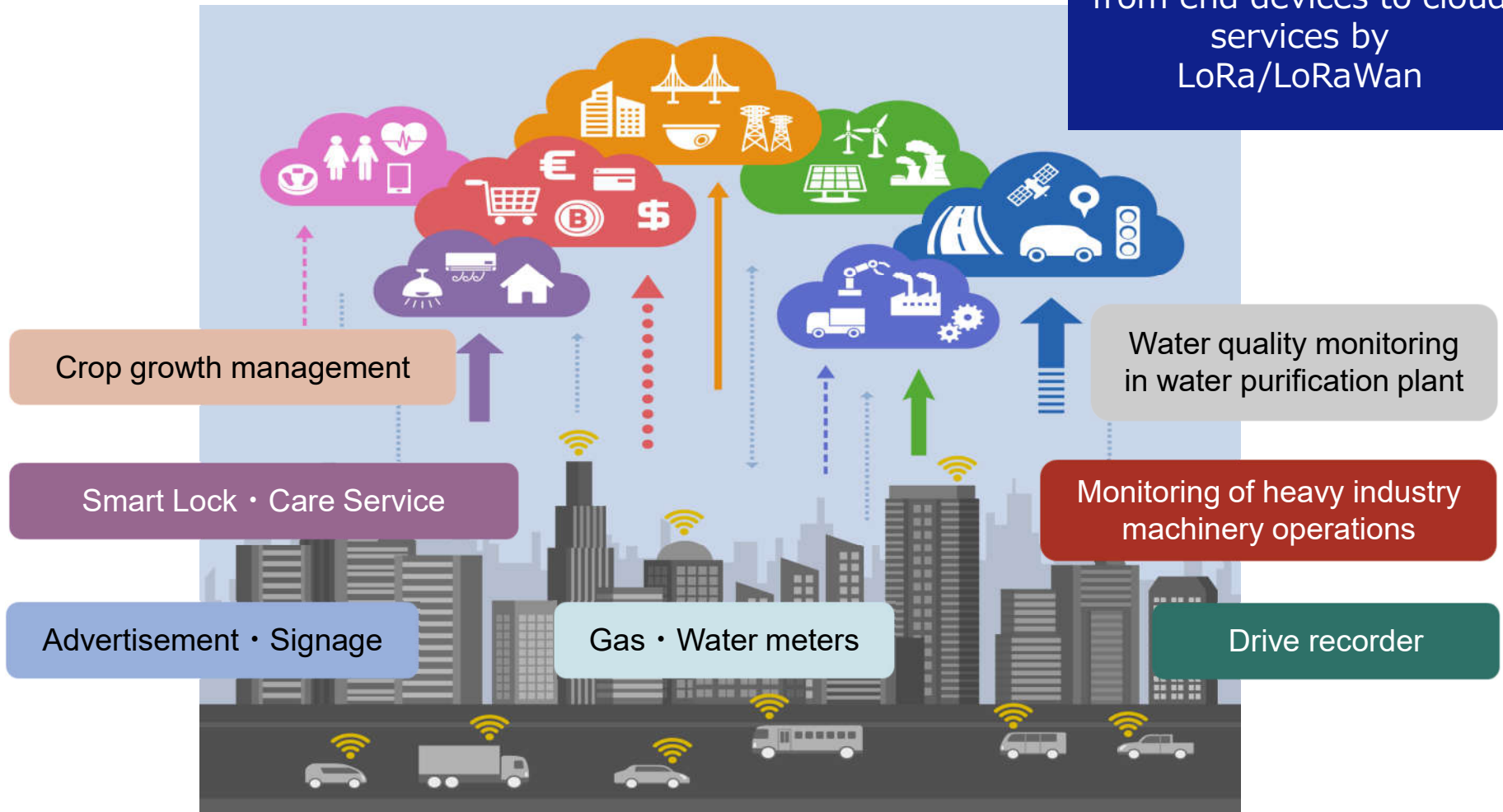
- Marubun integrate KTL at 2018.10.1
- Concentrate resources to industrial and automobile market
- Efficiency management

KTL × **MARUBUN CORPORATION**

Development of Businesses in Growth Markets 1

IoT Solution

We provide Eco-systems, from end devices to cloud services by LoRa/LoRaWan



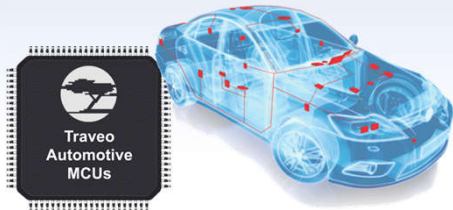
Development of Businesses in Growth Markets 2

IoT

Cypress

IoT

- Increase for automobile



Telit

Wireless communication IC

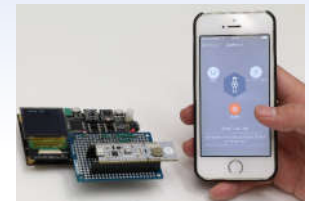
- Adopted for smart meter
- Expansion to infrastructure



Afero

IoT Platform

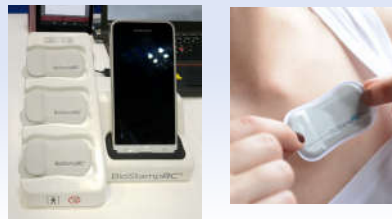
- Adapted for smart lock



Medical

MC10

Bio sensor



- Knee prosthesis for rehabilitation
- Promote joint research with university institutions

Rapid Commercialization of New Products

Aiming at the most advanced technologies

FINsix

■ New business start

- FINsix and Toyota Industries Corporation sign a development agreement
- Reduction in size, weight and improve efficiency of automotive power electronics module
- Development of wide range power electronics module



■ Ultra small adapter for PC 「Dart」

- Development of USB model (Type C)
- B2C Business expansion



Enhancement of Global Operations

Europe

New offices in Europe

Expanding new customers

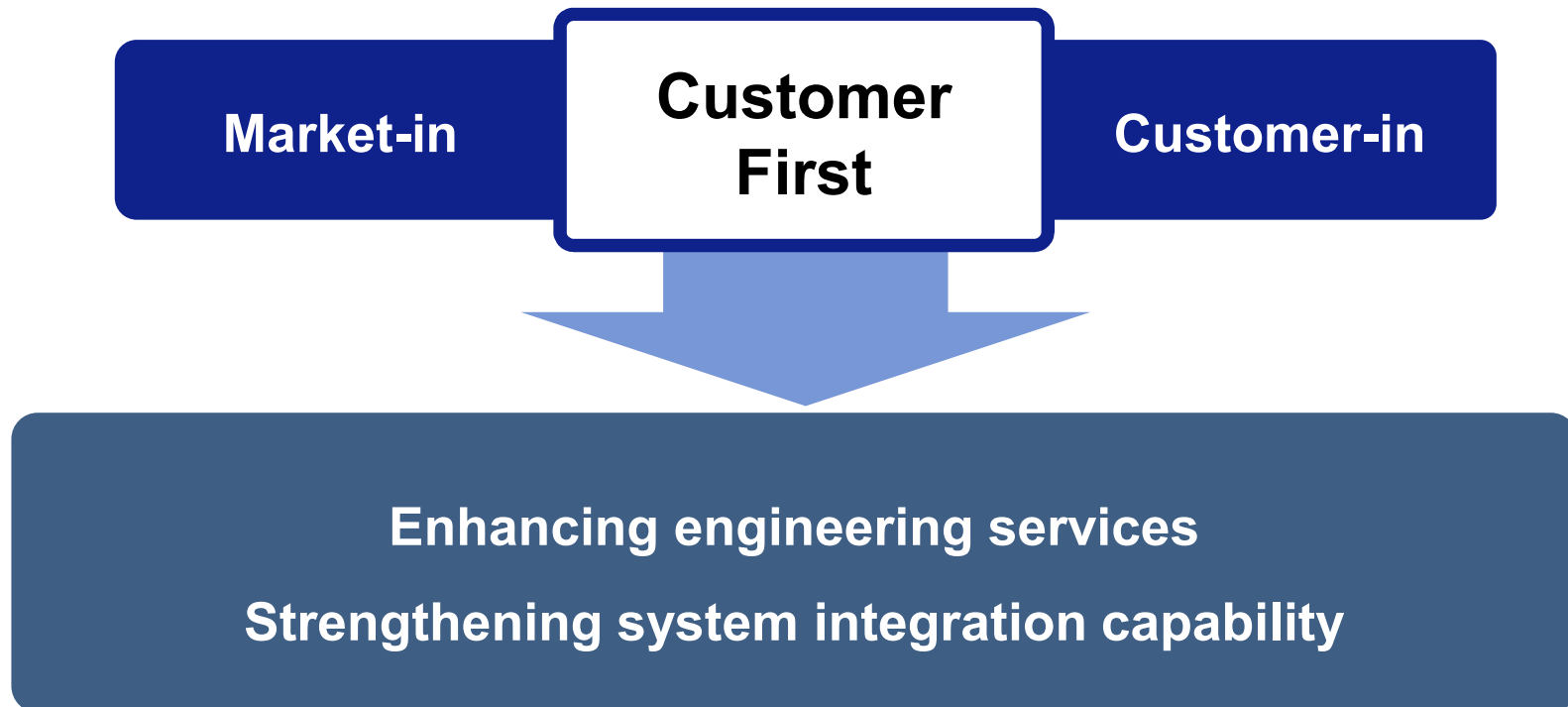
Early expansion of
business scale

Marubun Arrow
Europe Kft.

Asia / North America

Expand of net sales by open
Japanese factories in Mexico

Railway related
customer development



Initiatives for Electronic Systems 1

Space & Defense Equipment

- Concentrate for rocket, airplane and electronic power equipment
- Expansion of proofreading service of radar equipment and sensor



Laser Equipment

- Expansion of Marking laser for industrial equipment
- Expansion of Light source parts for medical equipment



nLight
Laser Diode

Initiatives for Electronic Systems 2

Information and Communication Equipment

- Expansion of investment in 5G communication and automatic driving technologies
 - Scanning receiver (PCTEL)
 - Network adapter (Napatech)
- Expansion of sales for network carrier and data center
 - Optical transceiver(Finsar)



PCTEL
Scanning receiver

Medical Equipment

- Expansion of product lineup of each suppliers
- Strengthening engineering services including maintenance



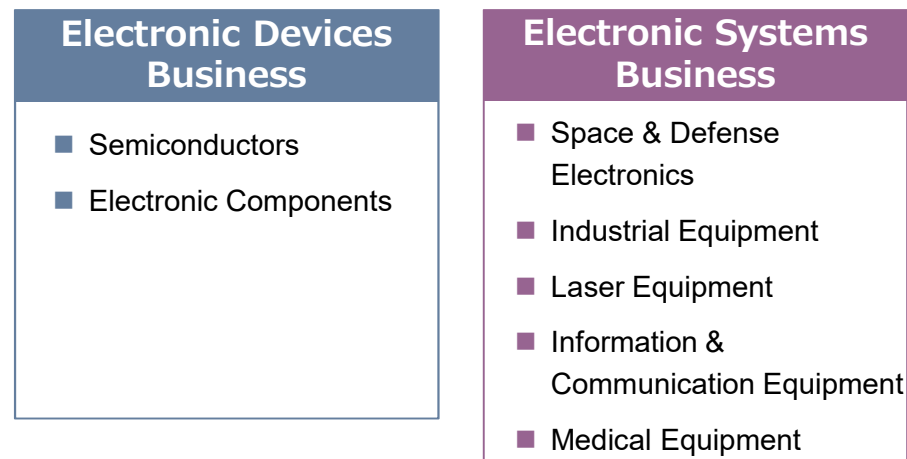
About Marubun

Company Profile

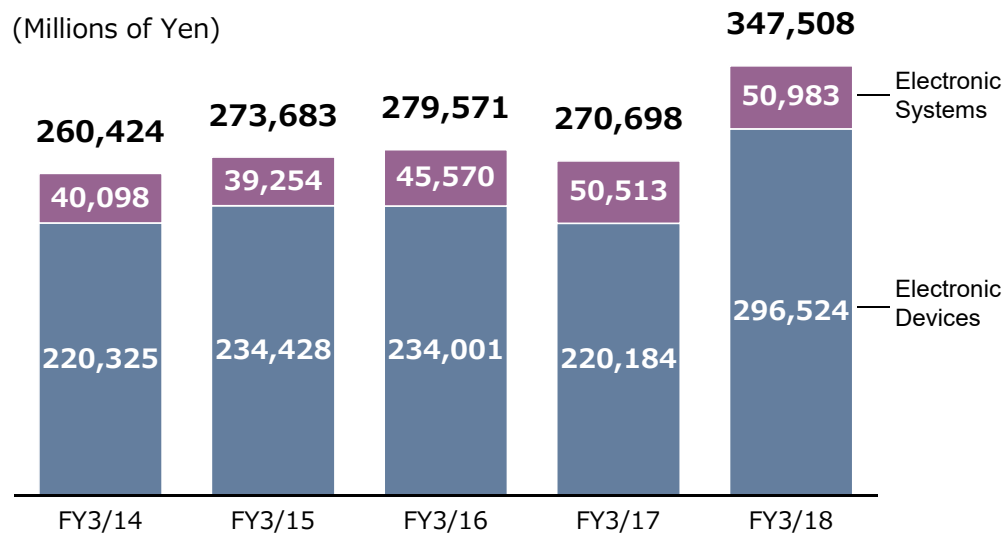
Profile

Founded	1844
Incorporated	July 1947
Head Office	8-1, Niihonbashi Odenmachi, Chuo-ku, Tokyo
Capital	¥6,214M
Fiscal Year	Apr.1-Mar.31
CEO	Shoji Mizuno
Revenue	Consolidated: \$3,475M (FY3/18) Non-consolidated: \$2,278M (FY3/18)
Employees	Consolidated: 1,381(end of Mar.2018) Non-consolidated: 670(end of Mar.2018)
Listed	The 1 st Section of the Tokyo Stock Exchange (7537)

Business Domains



Revenue Trend (Consolidated)



History of Company Operations

Japan

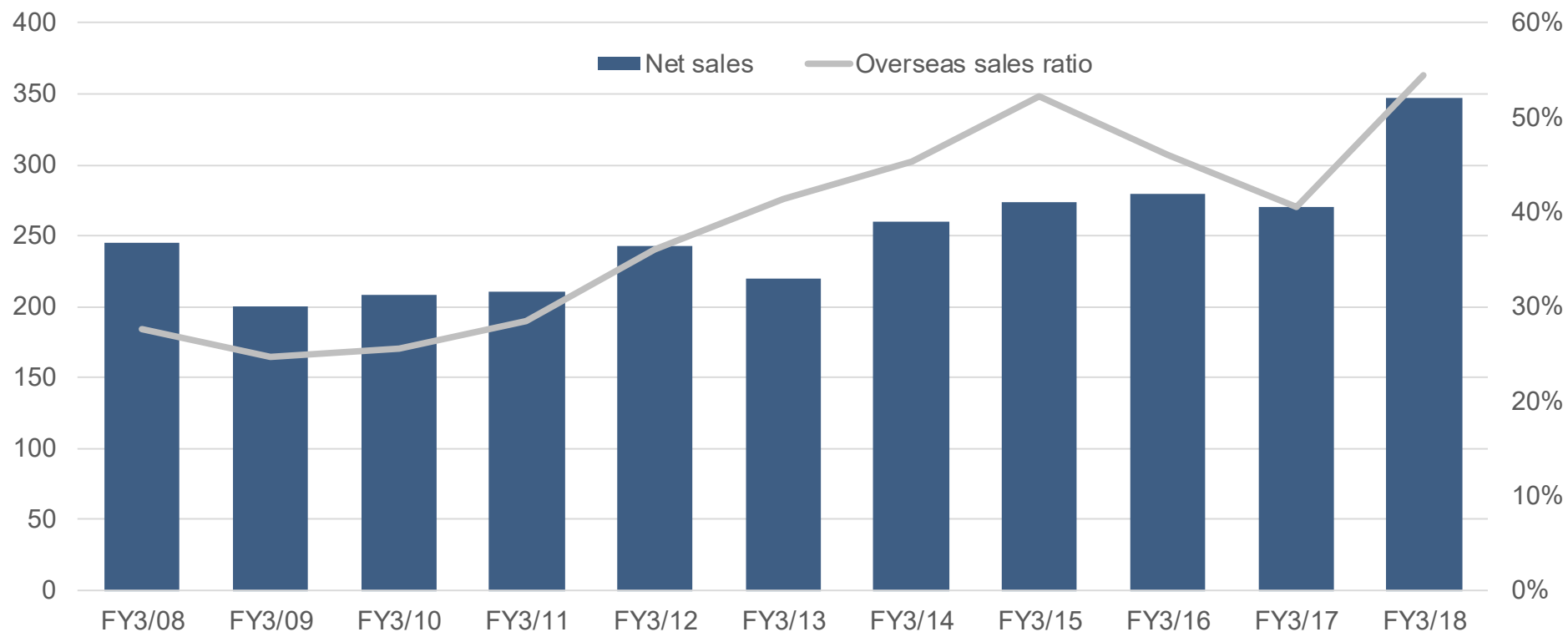
- 2017** Ikeda Iryou Denki merged with Marubun Tsusho
- 2016** Business acquisition of KTL Corporation
- 2015** Business acquisition of Ikeda Iryou Denki
- 2013** Business acquisition of Hokushinrika
- 2007** Business acquisition of Foresight Techno Co., Ltd.
- 2005** Acquired Marubun Semicon Corporation and established Marubun West Corporation
- 2001** Listed on the 1st Section of the Tokyo Stock Exchange
- 1997** Listed on the 2nd Section of the Tokyo Stock Exchange
- 1985** Established Logistics Center
- 1965** Imported and sold ICs manufactured by Texas Instruments for the 1st time in Japan
- 1961** Established Marubun Tsusho Co., Ltd.
- 1952** Contracted with Rocke International, Inc., to serve as its representative office, and began import and sales of US machinery.
- 1947** Established Marubun Corp. to sell machinery, instruments and daily-use sundries
- 1897** The dry goods wholesale business discontinued; Horikoshi Office established to manage property.
- 1844** Dry goods wholesaler "Horikoshi" started at the site of the present company headquarters, going by the name, Marubun

Overseas

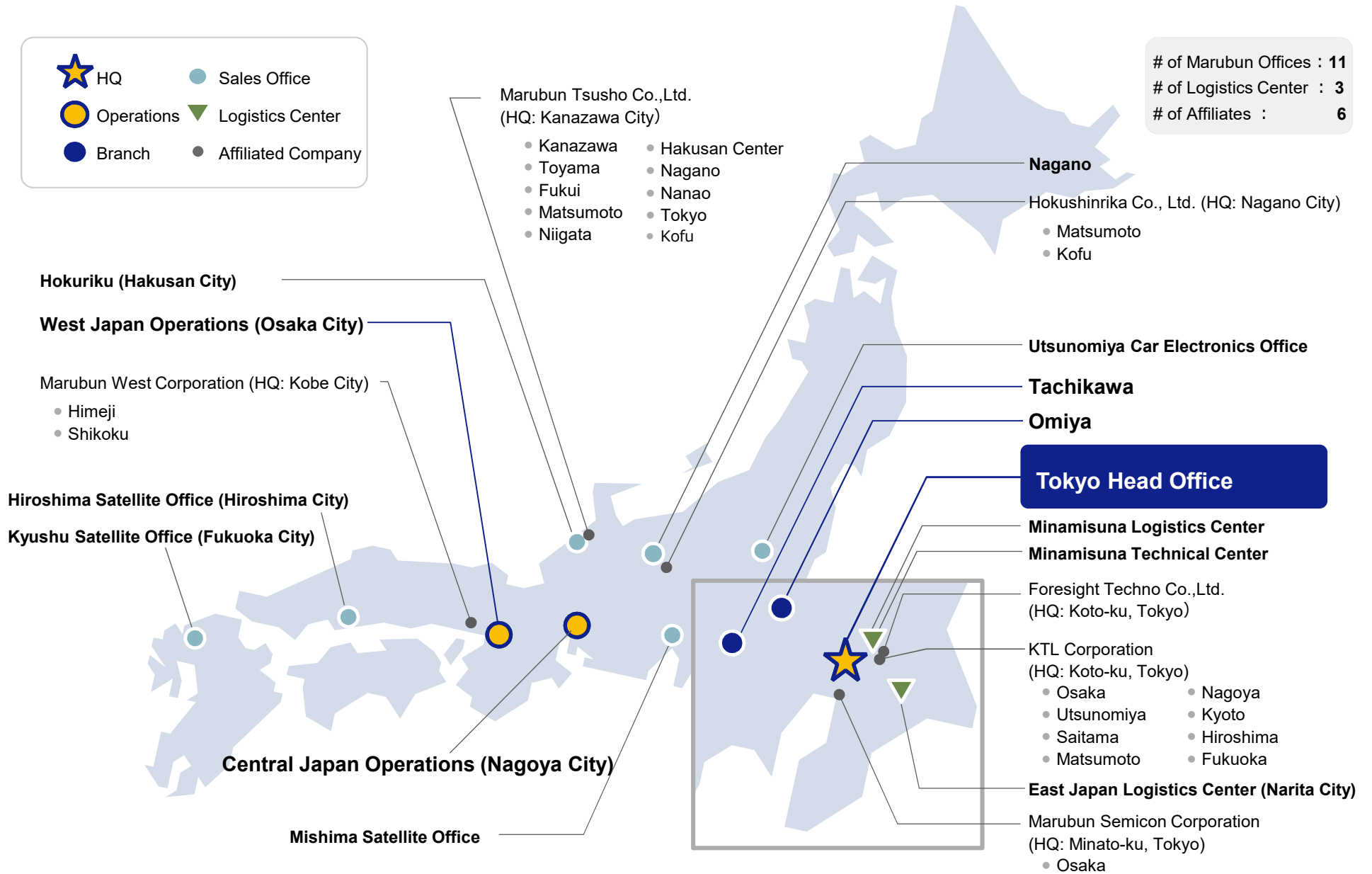
- 2017** Established subsidiary in Hungary
- 2014** Established subsidiary in Indonesia and Mexico
- 2013** Established subsidiary in Shenzhen, China
- 2006** Established subsidiary in Malaysia
- 2002** Established subsidiaries in Shanghai and Phillipines
- 2001** Established subsidiary in Thailand
- 1999** Established Marubun/Arrow USA, LLC.
- 1998** Established Marubun/Arrow Asia Limited
- 1994** Established subsidiary in Hong Kong
- 1989** Established subsidiary in Taiwan
- 1988** Established subsidiary in Singapore
- 1968** Established representative office in USA

Sales Trend for the Past 10 Years

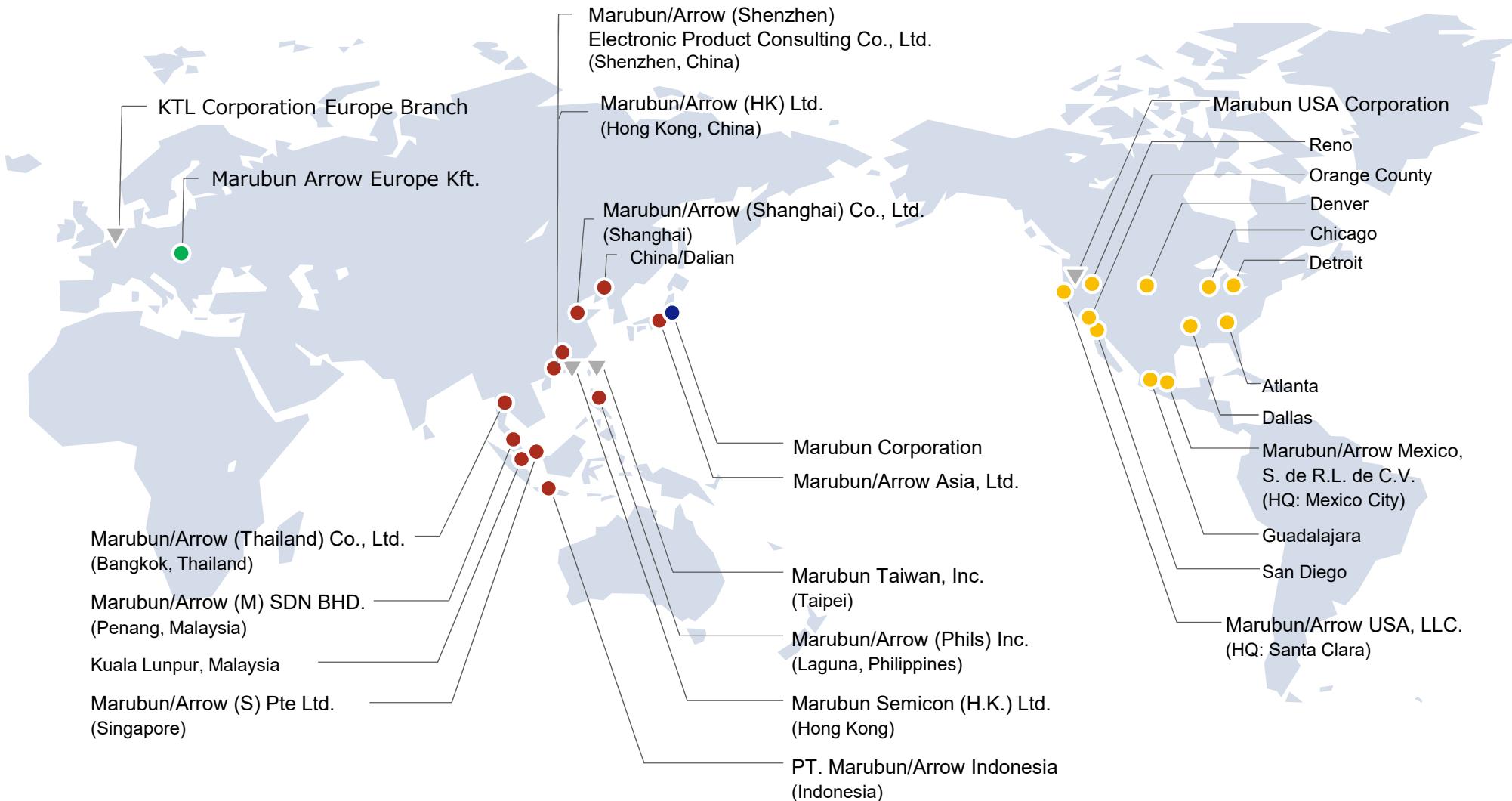
(Billions of Yen)



Domestic Offices



Worldwide Sales Network



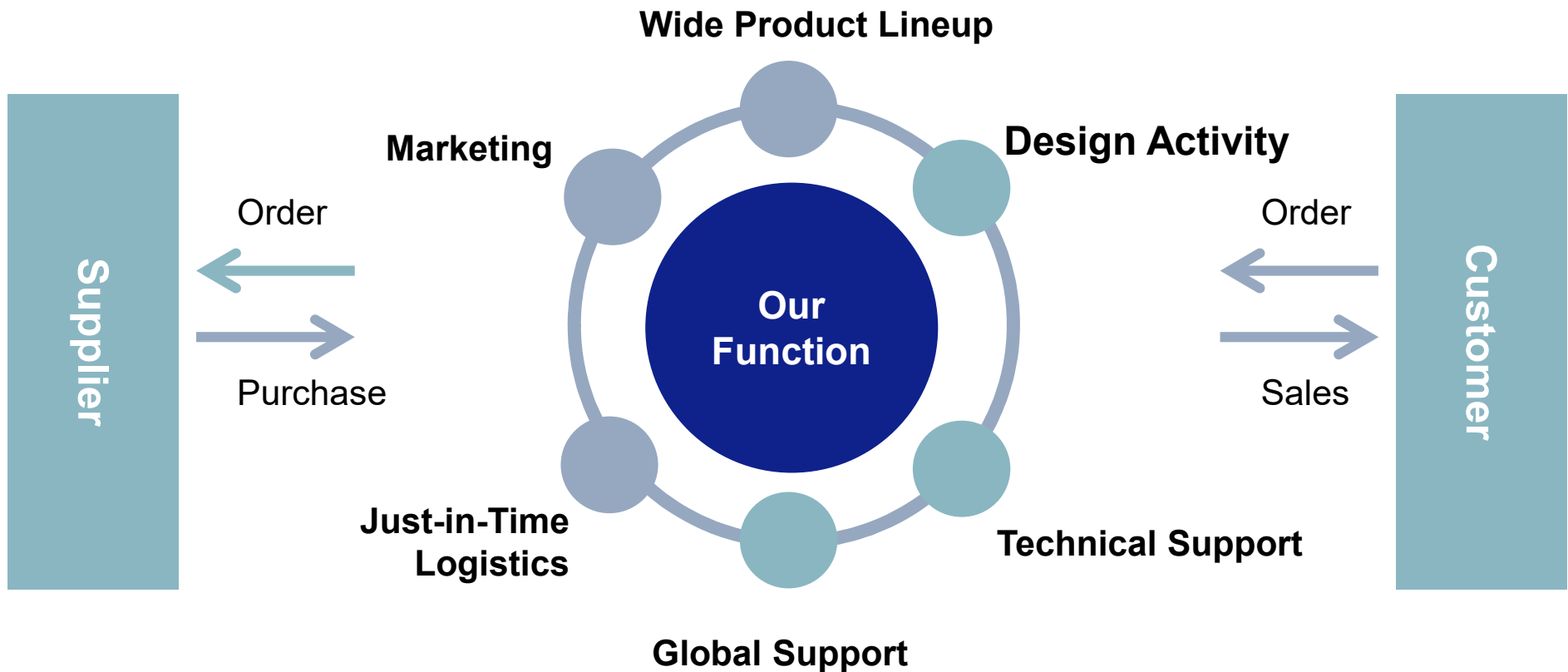
● Marubun Corporation ● Marubun/Arrow Asia, Ltd. ● Marubun/Arrow USA, LLC. ● Marubun Arrow Europe Kft. ▼ Other

of Asian Offices : 13
 # of NA Office : 12
 # of Europe Office : 2

(as of May. 2018)

Characteristics and Strengths -Electronic Devices-

- Wide Product Lineup through Overseas Suppliers
- Global Sales Network in Alliance with Arrow Electronics, Inc. (80 countries, 345 bases)
- Effective Solution Suggestion through High Technological Skill
- Strong Customer Base



Affiliations -Electronic Devices-

Company	Head Quarter	Establish	Share	Business
Marubun Semicon Corporation	Minatoku, Tokyo	March 2005	100.0%	Sales of Samsung semiconductors and electronic components
Marubun Semicon (H.K.) Ltd.	Hong Kong, China	January 2010	100.0%	
Marubun Semicon (S) Pte. Ltd.	Alexandra Road, Singapore	November 2013	100.0%	
Marubun USA Corporation	California, U.S.A.	October 1983	100.0%	Holding company of Marubun/Arrow USA,LLC
Marubun Taiwan, Inc.	Taipei, Taiwan	November 1989	100.0%	Supply of semiconductors and electronic components made in Taiwan
Marubun/Arrow Asia, Ltd.	British Virgin Islands	October 1998	50.0%	Holding company of Marubun/Arrow (S) Pte Ltd. and Marubun/Arrow (HK) Ltd.
Marubun/Arrow (S) Pte Ltd.	Anson Road, Singapore	March 1988	50.0%	Sales of semiconductors and electronic components to Japanese companies in overseas
Marubun/Arrow (HK) Ltd.	Hong Kong, China	August 1994	50.0%	
Marubun Arrow (Thailand) Co., Ltd.	Bangkok, Thailand	October 2000	50.0%	
Marubun/Arrow (Phils), Inc.	Laguna, Philippines	October 2001	50.0%	
Marubun Arrow (M) SDN BHD	Penang, Malaysia	June 2006	50.0%	
Marubun/Arrow (Shanghai) Co., Ltd.	Shanghai, China	September 2002	50.0%	
Marubun/Arrow (Shenzhen) Electronic Product Consulting Co.,Ltd.	Shenzhen, China	June 2013	50.0%	
PT. Marubun Arrow Indonesia	Jakarta, Indonesia	April 2014	50.0%	
Marubun/Arrow USA, LLC*	Delaware, U.S.A.	November 1998	50.0%	
Marubun-Arrow Mexico, S. de R.L. de C.V.*	MexicoCity, MEXICO	September 2014	50.0%	
KTL Corporation	Kotoku, Tokyo	November 1966	100.0%	Sales of semiconductors and electronic components

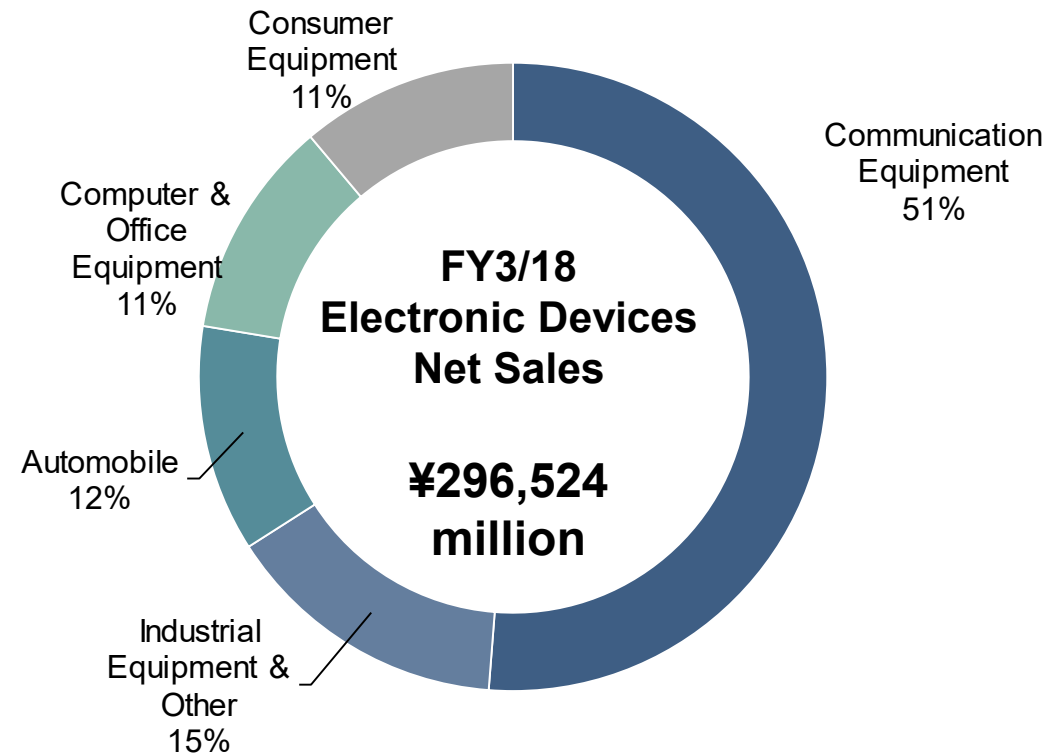
* Marubun/Arrow USA and Marubun-Arrow Mexico are equity method affiliates.

Main Products(by Supplier) -Electronic Devices-

		Supplier															
		Asahikasei Electronics	Broadcom	Cypress	Eink	FINsix	IDT	Littlefuse	Maxim	Molex	Quovo	Samsung	Sandisk	Seiko Epson	Seiko Instruments	Texas Instruments	
Semiconductors	Analog IC	●	●					●	●		●				●	●	
	Standard Logic IC															●	
	Memory IC	DRAM										●					
		Flash Memory										●	●				
		Other Memory						●				●	●		●		
	Micro-processor	MPU, MCU												●		●	●
		DSP	●													●	●
	Special-Use IC	ASSP	●	●	●			●		●	●			●		●	●
		Display Driver										●		●		●	●
		DMD															●
		LED										●					
	Custom IC	●									●		●				
Electronic Components	Display Devices				●						●						
	Crystal Devices						●						●	●			
	Connector, Switch, PCB								●								
	Module					●											

Main Products (by Application) -Electronic Devices-

		Applications				
		Communication Equipment	Consumer Equipment	Computer OA	Automobile	Industry Equipment
Semiconductor						
Analog IC		●	●	●	●	●
Standard Logic IC		●	●		●	●
Memory IC	DRAM	●	●	●	●	
	Flash Memory	●	●	●		
Micro-processor	MPU、MCU	●	●	●	●	●
	DSP	●	●		●	●
Special-Use IC	ASSP	●	●		●	
	Display Driver	●	●	●	●	
	DMD	●	●	●	●	●
	LED	●	●	●		
Custom IC		●	●	●	●	
Electronic Components						
Display Devices		●	●	●	●	●
Crystal Devices		●	●		●	●
Connector,Swich,PCB		●	●			
Module			●	●	●	



Characteristics and Strengths -Electronic Systems-

- Providing Technologically Competitive Products in High-End Markets
- Consistent, High-Level Technical Support
(from system integration, installation to maintenance services)

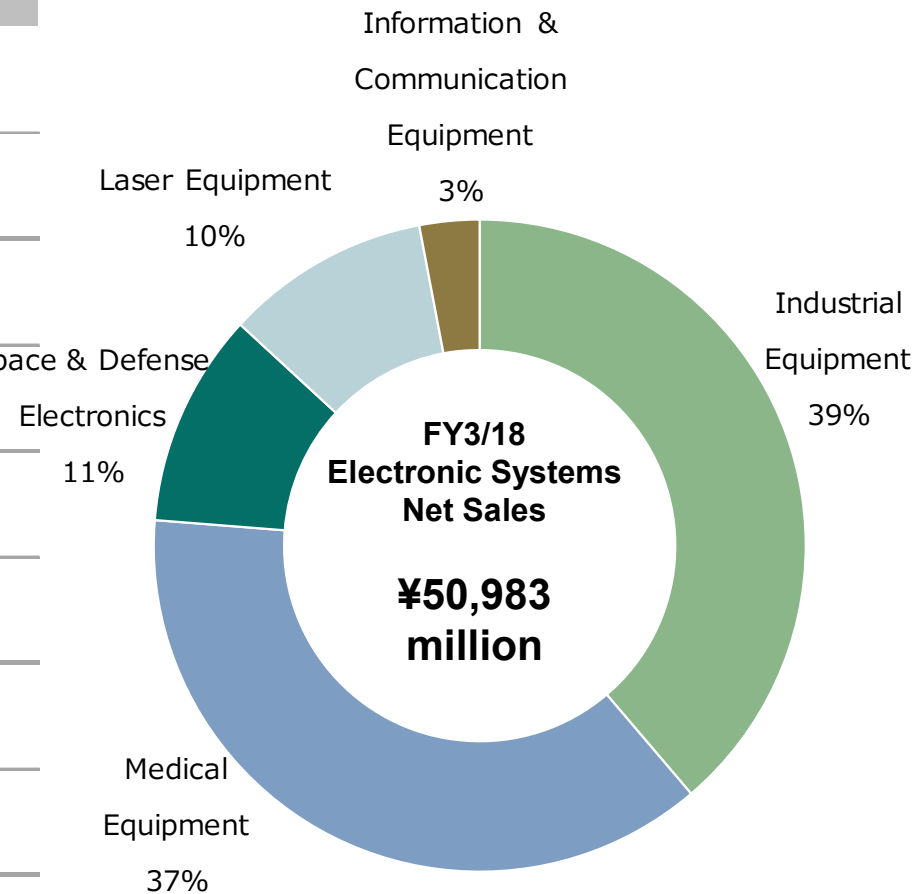


Affiliations -Electronic Systems-

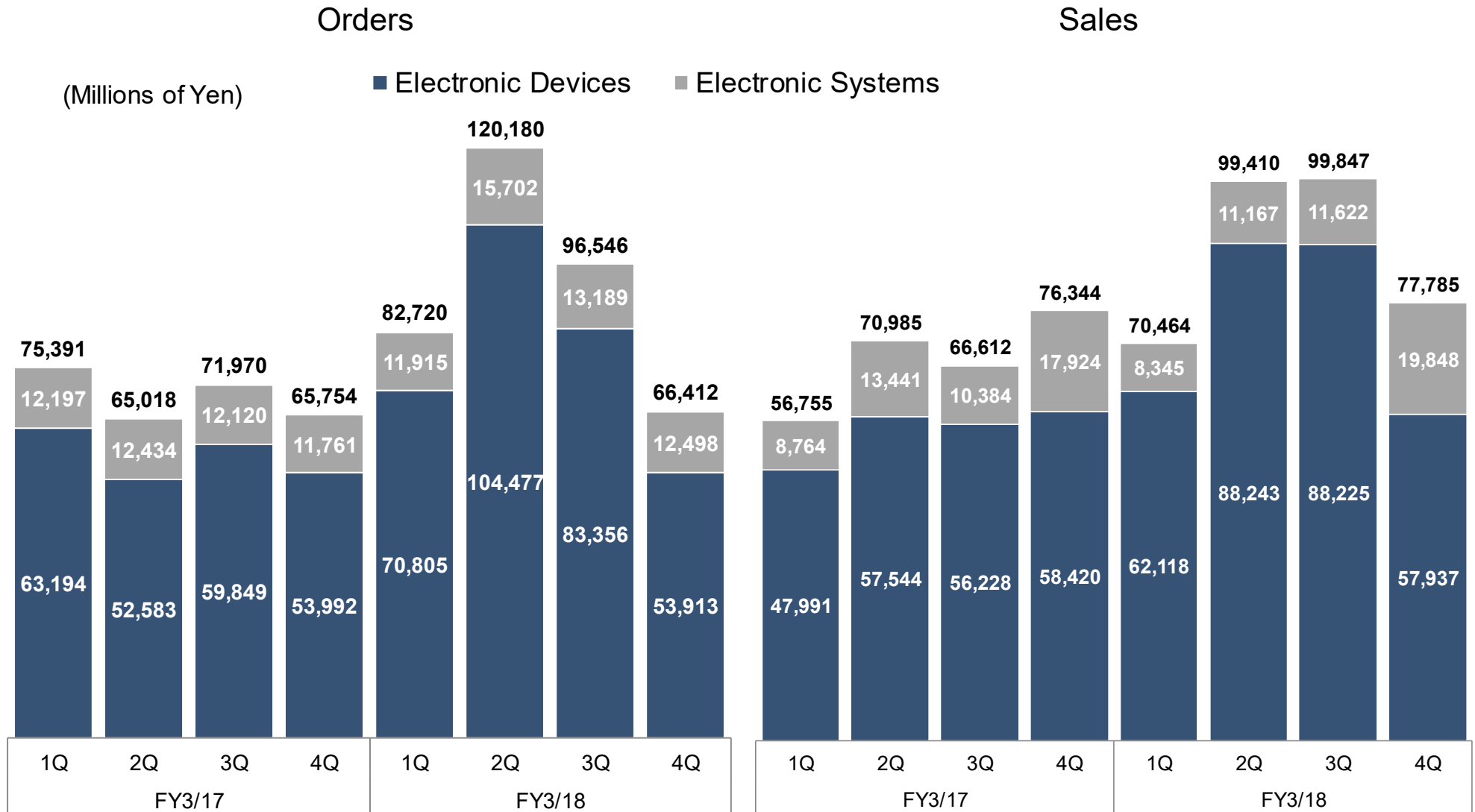
Company	Head Quarter	Establish	Share	Business
Marubun Tsusho Co.,Ltd.	Kanazawa City	March 1961	100.0%	Sales of medical equipment and measurement & inspection equipment
Marubun West Corporation	Kobe City	May 2005	100.0%	Sales of measurement & inspection equipment
Hokushinrika Co., Ltd.	Nagano City	November 1951	100.0%	Sales of measurement & inspection equipment
Foresight Techno Co.,Ltd.	Koto-ku Tokyo	March 1999	51.0%	High-Level Technical Support (system integration, installation to maintenance services)

Main Products -Electronic Systems- 1

	Products	Supplier
Industrial Equipment	Electronic Components Inspection Equipment	Akim, Unihite System, Seiko Epson, FEI, Shimadzu
	Embedded computer system	ARTESYN, Aitech, ADLINK, LayTec, Riber
Medical Equipment	Diagnostic Imaging Equipment	Siemens, Shimazu, Konica Minolta
	Hemo Dialysis Equipment	NIKKISO, Asahi Kasei Medical, Kaneka Medix
Laser Equipment	Laser Diode, Laser Processor	nLight, Laserline
	Network Solutions, Optical Components	Excelitas Technologies, Luminus Drives, First Sensor
Space & Defense Electronics	High-reliability Components, Measurement and Sensor Equipment	Tele Communication Systems, GE Sensing, Meggit, Plascore
	Avionics Test System & Simulator Equipment, Microwave Equipment	TEXTRON, L3 Technologies, CPI, Bird
Information & Communication Equipment	RF - Optical communication Equipment	PCTEL, Finisar, EXFO, Microsemi, Calnex, Spirent

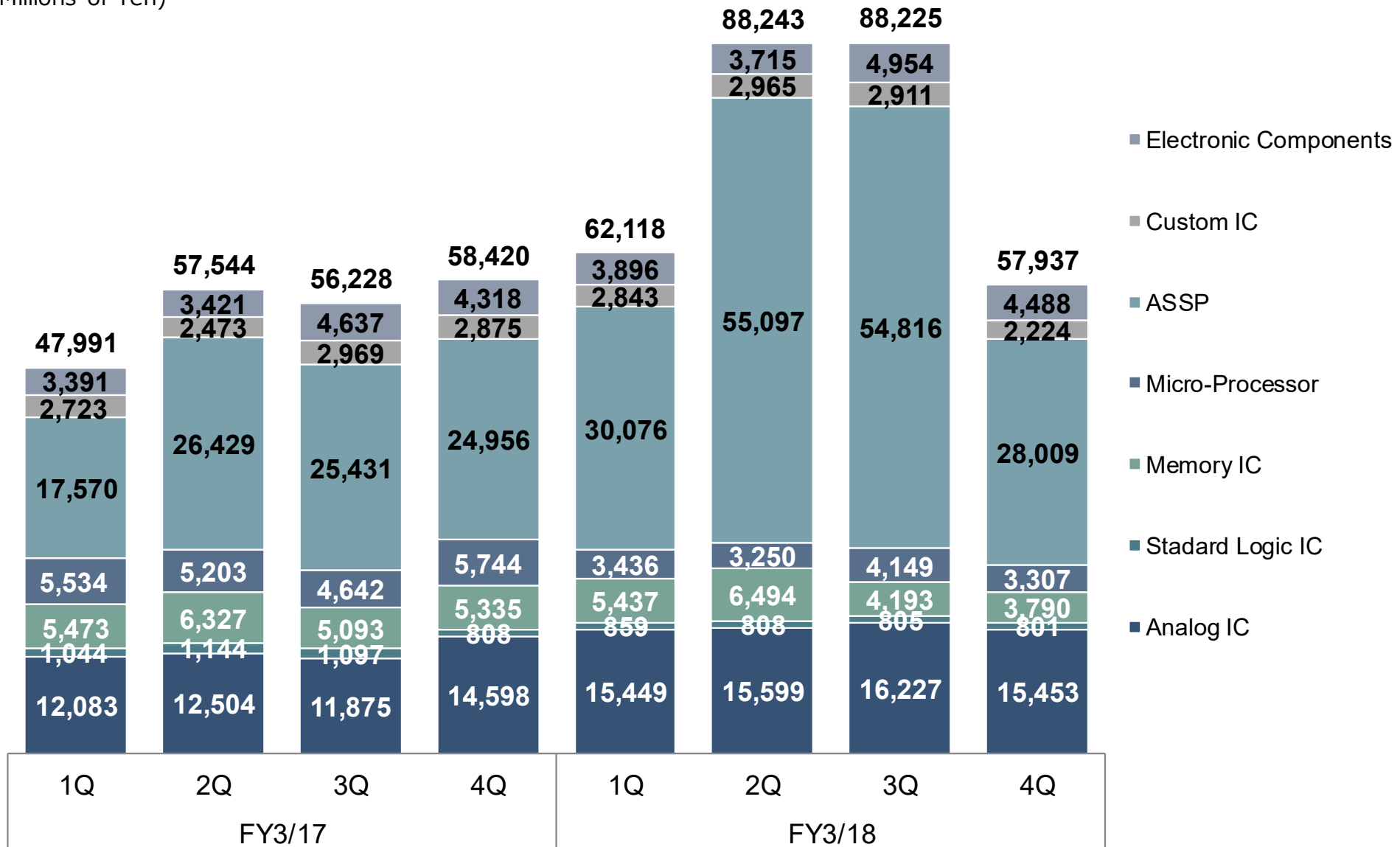


Quarterly Trend in Orders/Sales by Business

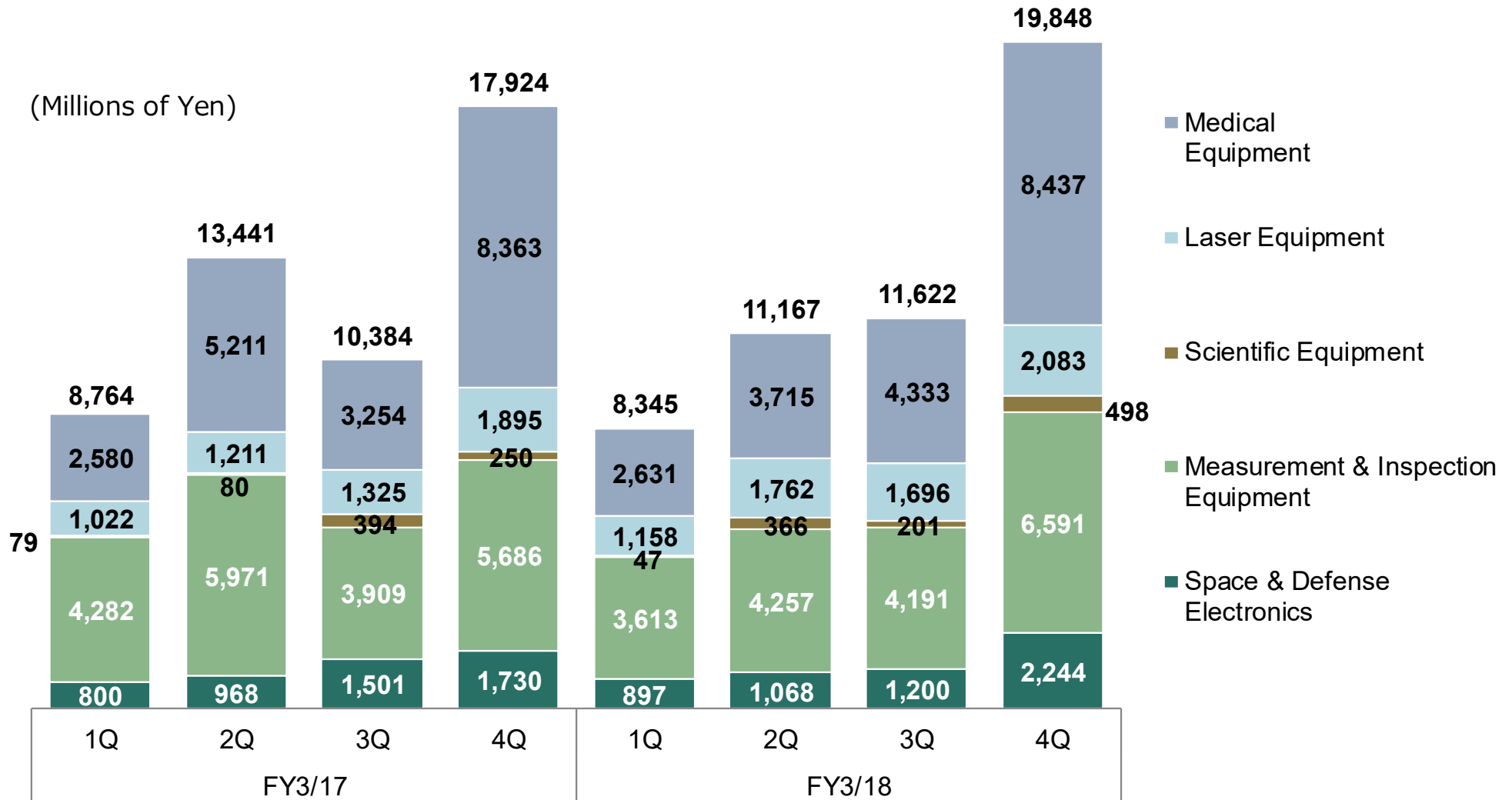


Quarterly Trend in Sales of Electronic Devices by Product

(Millions of Yen)



Trend in Sales of Electronic Systems



Cautionary Statement

Information on future performance contained within this presentation material, such as the results forecasts, is based on the data available and assumptions judged to be reasonable as of when the Company prepared this presentation material.

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