

Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2019

November 2018

MARUBUN CORPORATION

1H FY3/19 Summary of Consolidated Financial Results

1H FY3/19 Summary of Consolidated Financial Results

Net sales : **¥166.4 billion (-¥3.4 billion YoY)**

- **Electronic Devices Business** Decrease for TV and PC
- **Electronic Systems Business** Increase in Space and Defense Electronics, Medical Equipment

Operating income : **¥2.5 billion (+¥0.8billion YoY)**

- **Gross profit** Increase of the reversal in the fiscal year under review of inventory valuation losses of the goods purchased in foreign currency for sale recorded at the end of the previous fiscal year because of the continuing strong yen.

Ordinary income : **¥0.6 billion (-¥0.7 billion YoY)**

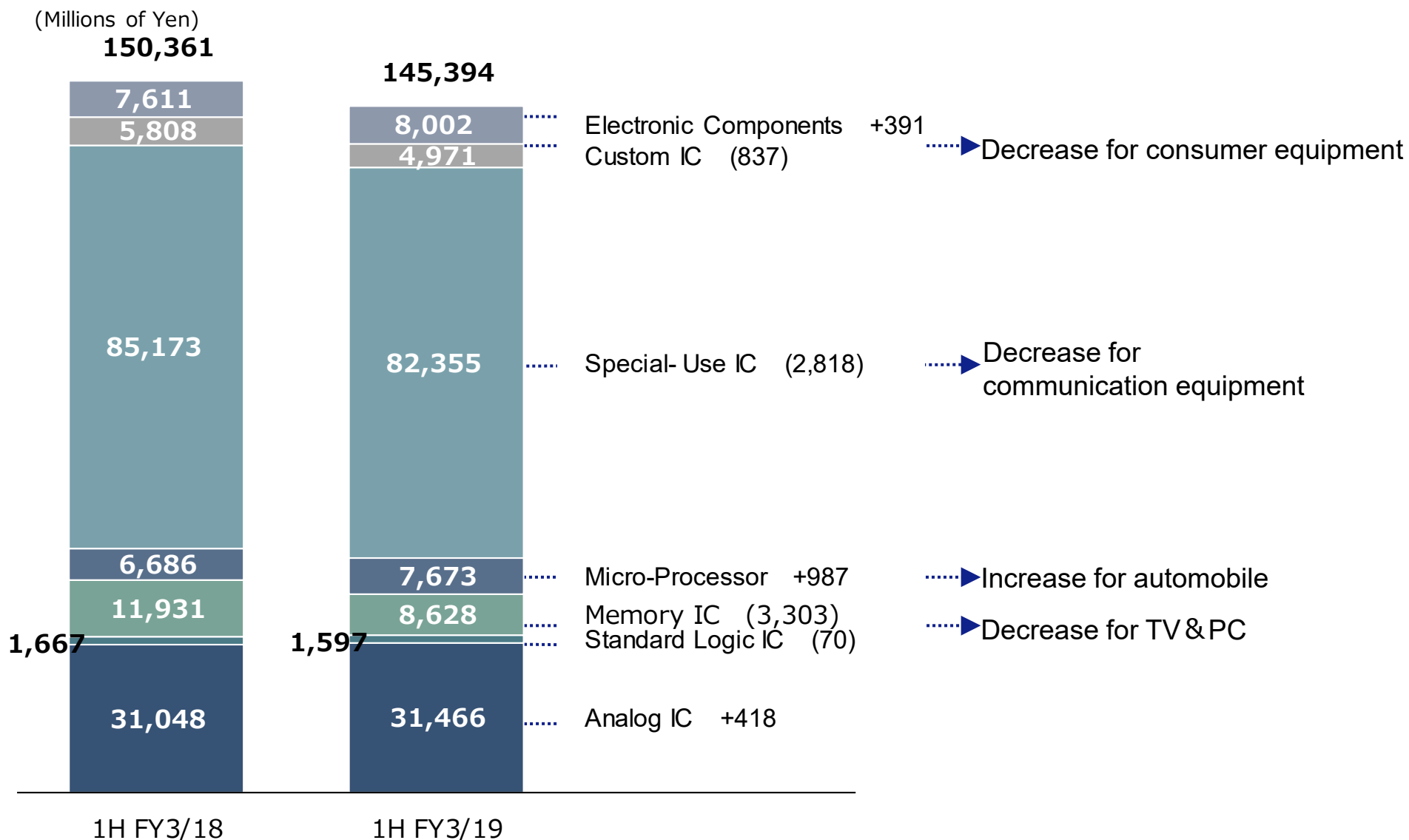
- **Non-operating expenses** Foreign exchange losses due to settlement and valuation of debts in foreign currency as a result of the weakening yen from the beginning of the fiscal year under review.

Net income : **¥0.1 billion (-¥0.2 billion YoY)**

1H FY3/19 Summary of Financial Results

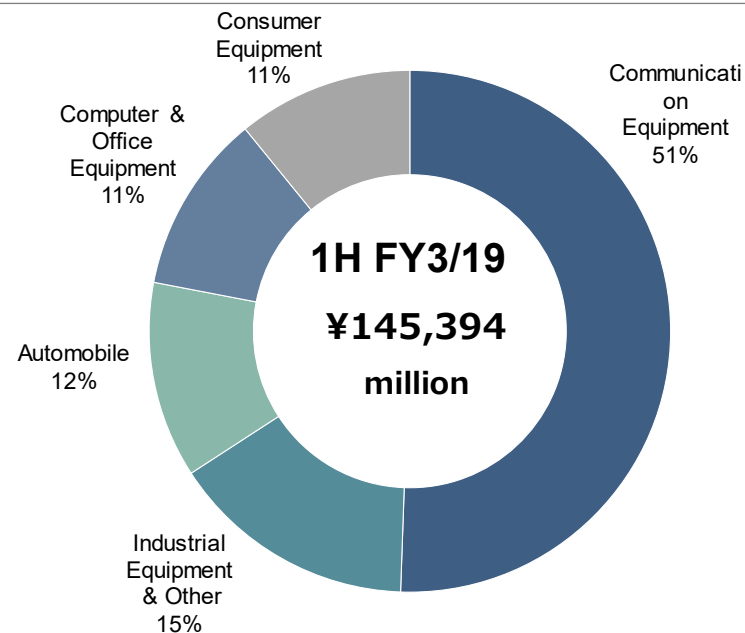
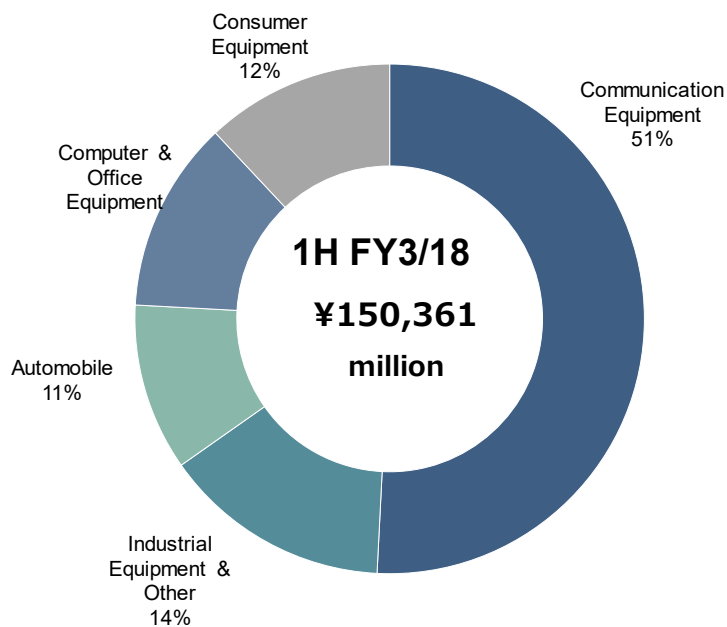
(Millions of Yen)	1H FY3/18		1H FY3/19			YoY Changes		Initial Forecasts vs Actual
	Actual	Composition Ratio	Initial Forecasts	Actual	Composition Ratio	Amount	%	
Net sales	169,875	100.0%	160,000	166,434	100.0%	(3,441)	-2.0%	6,434
Electronic Devices	150,361	88.5%	139,000	145,394	87.4%	(4,967)	-3.3%	6,394
Electronic Systems	19,513	11.5%	21,000	21,040	12.6%	1,527	7.8%	40
Gross profit	10,272	6.0%	10,200	11,382	6.8%	1,110	10.8%	1,182
SG&A expenses	8,518	5.0%	8,950	8,807	5.3%	289	3.4%	(143)
Personal expenses	5,159	3.0%	-	5,292	3.2%	133	2.6%	-
Other	3,358	2.0%	-	3,514	2.1%	156	4.6%	-
Operating income	1,753	1.0%	1,250	2,575	1.5%	822	46.9%	1,325
Non-operating income	319	0.2%	250	296	0.2%	(23)	-7.2%	46
Non-operating expenses	757	0.4%	480	2,254	1.4%	1,497	197.8%	1,774
Ordinary income	1,314	0.8%	1,020	617	0.4%	(697)	-53.0%	(403)
Extraordinary income	0	0.0%	0	23	0.0%	23	-	23
Extraordinary loss	211	0.1%	0	17	0.0%	(194)	-91.9%	17
Profit attributable to owners of parent	390	0.2%	465	133	0.1%	(257)	-65.9%	(332)
No. of employees	1,408	-	-	1,350	-	(58)	-4.1%	-

1H FY3/1FY3/19 “Electronic Devices Business” Net Sales Breakdown by Product



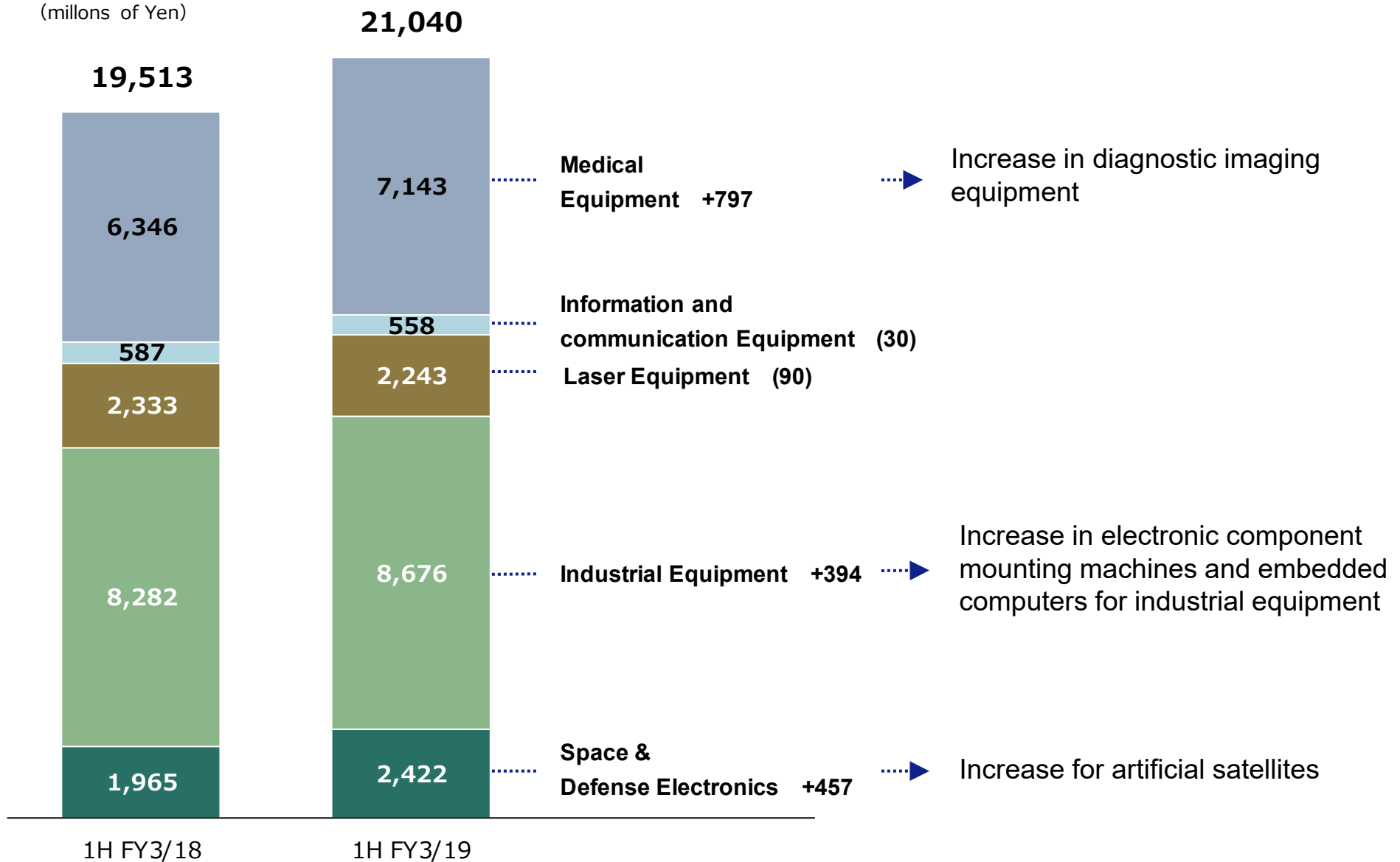
1H FY3/19 “Electronic Devices Business” Market Trend by Application

Application	Market Trend
Industrial Equipment & Other	➔ Increase for factory automation
Automobile	➔ Increase for connected car
Communication Equipment	➔ Decrease for communication equipment
Computer & Office Equipment	➔ Decrease for PC
Consumer Equipment	➔ Decrease for TV



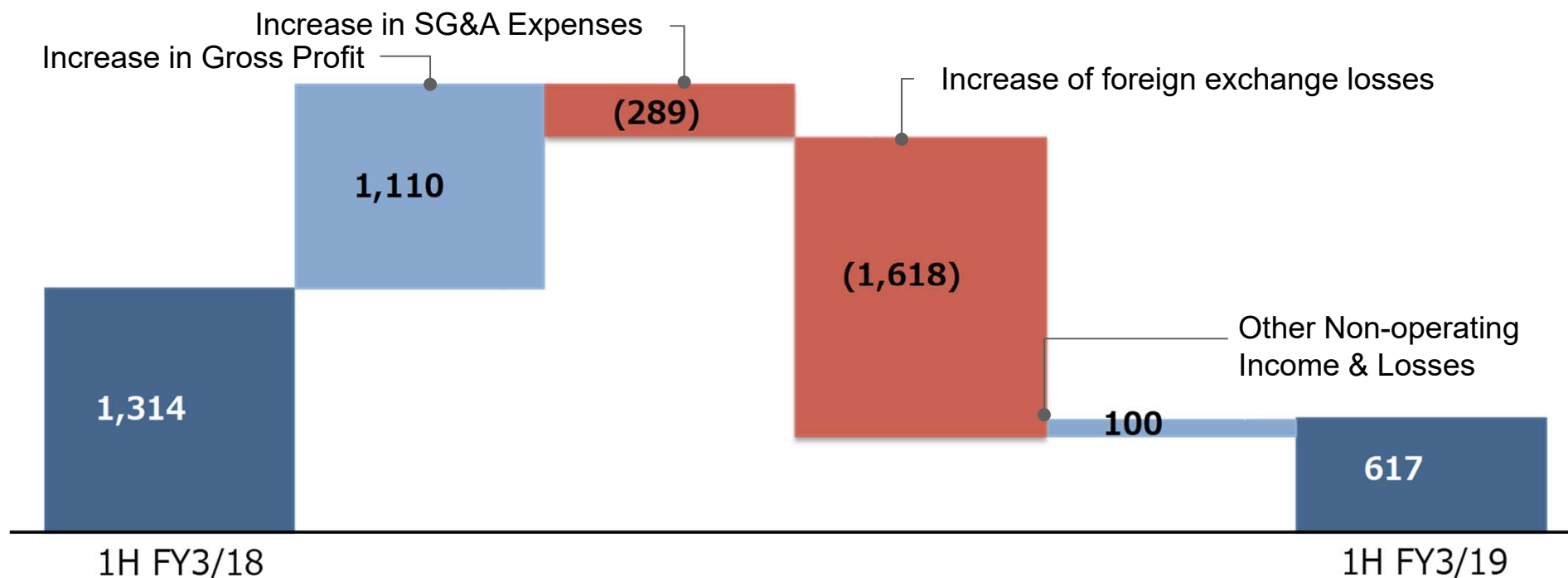
1H FY3/19 “Electronic Systems Business” Net Sales Breakdown by Product

(millions of Yen)



1H FY3/19 Factors Affecting Ordinary Income

(Millions of Yen)



Gross Profit	Increase in gross profit 1H FY3/18: ¥10.2 billion (6.0%) => 1H FY3/19: ¥11.3 billion (6.8%)
SG&A Expenses	Increase of personal expenses and outsourcing fee 1H FY3/18: ¥8.5 billion => 1H FY3/19: ¥8.8 billion
Non-operating Income/Loss	Increase of foreign exchange losses 1H FY3/18: gains of ¥6 million => 1H FY3/19: losses of ¥1.6 billion

1H FY3/19 Summary of Balance Sheets

(Millions of Yen)	FY18/3 Actual	1H FY3/19 Actual	Changes Amount	Reason for change	
Total assets	135,706	137,315	1,609	Notes and accounts receivable-trade	5,354
Current assets	122,297	123,569	1,272	Merchandise and finished goods	(6,943)
Noncurrent assets	13,408	13,746	338		
Total liabilities	86,529	88,669	2,140	Notes and accounts payable-trade	1,886
Current liabilities	75,765	78,220	2,455		
Noncurrent liabilities	10,763	10,448	(315)		
Total net assets	49,177	48,646	(531)		

Medium-Term Vision Business Strategies and Key Initiatives

Management Environment

Movements of industry reorganization

Semiconductor manufacturers

Expansion of M&A

Electronics trading company

Progress of business integration and M&A

Themes of semiconductor industry

AI/Robots/IoT technology

Promotion of usage

Entry by many players

Chaotic situations

Medium-Term Vision (2016-2018)

Medium-Term Vision (FY3/19)

**Catching up with
industry
reorganization**

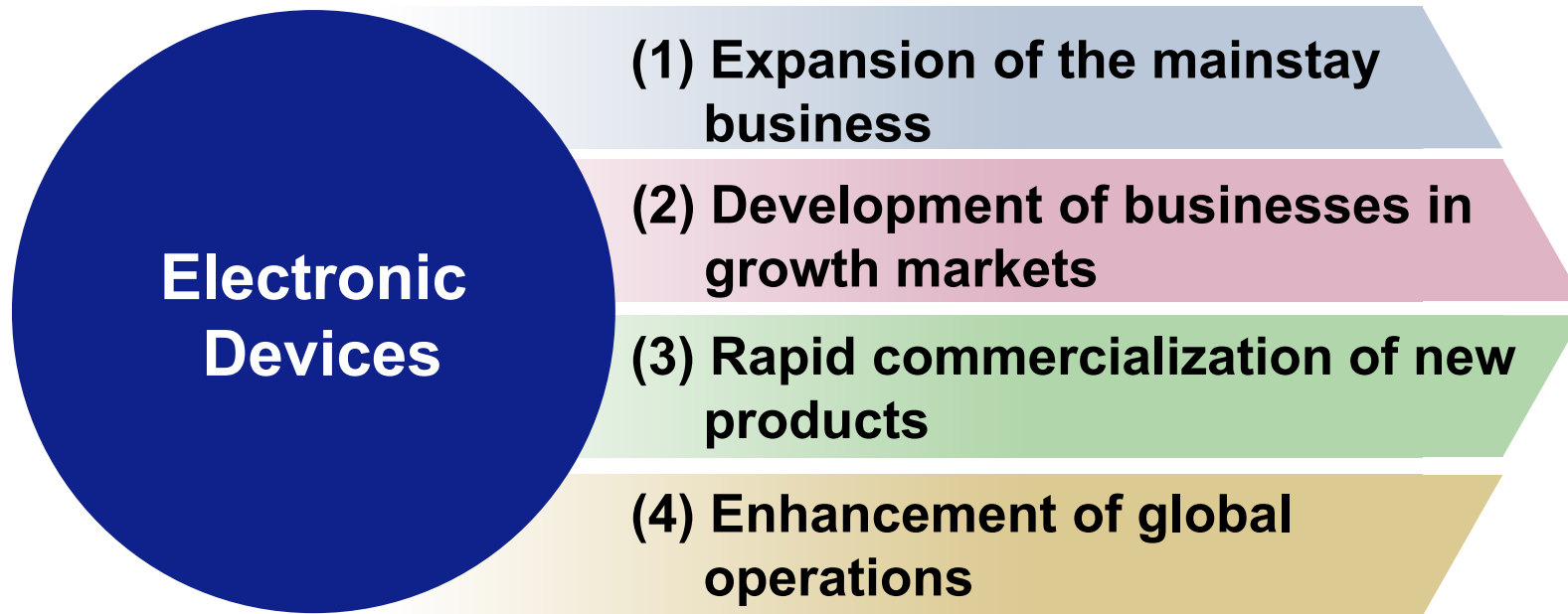
**Catching new
businesses
through
active investment**

**Improving
capital efficiency**



**Realization of
sustainable growth**

Four initiatives for Electronic Devices



(1) Expansion of the Mainstay Business

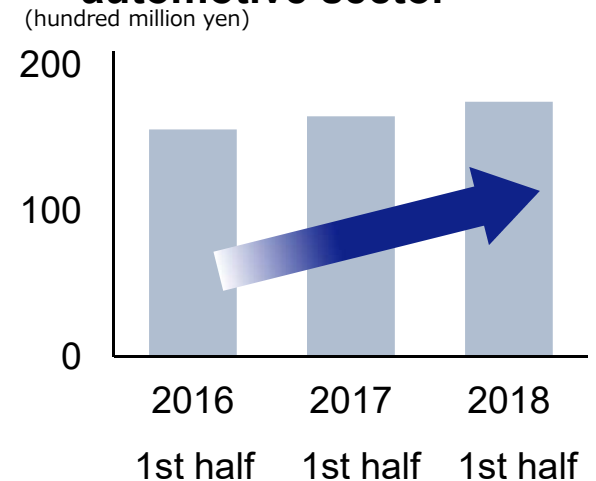
Promotion of demand creation activities

- Expansion of sales system for key devices such as analog and wireless

Enhancement of solutions in the automobile market

- Focus on automated driving/EV/hybrid/network
- Alliance with advanced suppliers
 - Start of handling of controller IC for motor control
- Conduct of proposal activities in terms of area, rather than point

Trends in sales to the automotive sector



Silicon Mobility
controller IC for motor control

(1) Expansion of the Mainstay Business

■ Initiatives for industrial equipment and the mass market

- Establishment of specialized organization
- Effective promotion by digital marketing

■ Strengthening of business foundation and realization of more efficient business management

- Integration of KTL Corp. into Marubun Corp.
- Transfer of the business of Marubun Semicon Corp. to TOMEN DEVICES Corp.

(2) Development of Businesses in Growth Markets

Medical/healthcare

MC10

■ Bio sensor

- Demonstration experiment for healthcare with various companies, including fitness and wear



IoT

Afero

■ IoT platform

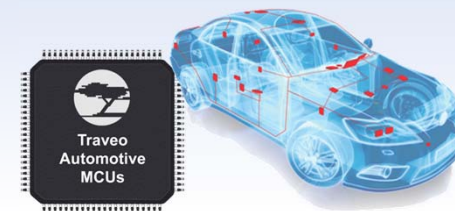
- Promotion of adoption with smart lock, etc.



Cypress

■ Wireless-related products for IoT

- Growing into the mainstay business



(3) Rapid Commercialization of New Products

Launch of new business model different from the conventional sales of semiconductors

FINsix

- **Joint development with Toyota Industries Corporation**
 - Inverter for automobiles

**Steady
progress**



Nanoramic Laboratories

- **Handling of nano carbon products**
 - High-quality head conductive materials
 - Small capacitor with excellent heat resistance and strength



(4) Enhancement of Global Operations

Europe

Smooth launch of
the business
for automobiles

Asia/North America

Strong performance of
the business for automobiles
Expectations of further growth

Marubun
Arrow Europe

Marubun
Arrow USA

Marubun
Arrow Asia

Initiatives of "Electronic Systems"



Market-in

**Customer
First**

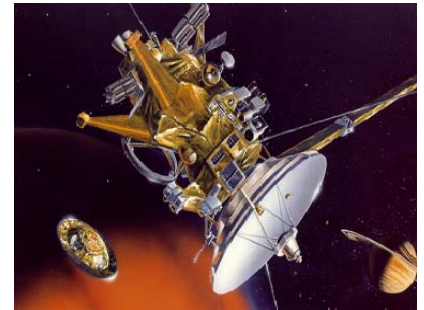
Customer-in

**Enhancing engineering services
Strengthening system integration capability**

Initiatives of "Electronic Systems" by Segment

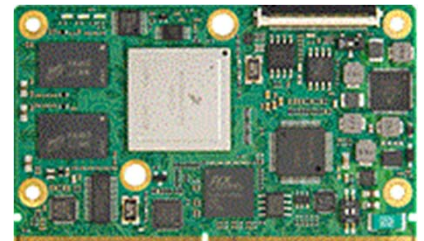
Space and defense electronics

- Focus on the capture of highly reliable parts and components for artificial satellites and robots



Industrial equipment

- Focus on sales of inspection equipment and failure analysis equipment for electronic parts for on-vehicle use/smartphones
- Sales expansion of embedded computers for industrial equipment



ADLINK
computer for embedding

Laser equipment

- Promotion of sales expansion of marking laser for industrial equipment and light source parts for medical equipment



nLight
laser diode

Initiatives of "Electronic Systems" by Segment

Information and Communication Equipment

- Active sales to carriers and communications infrastructure manufacturers ahead of commercialization of 5G mobile communications system
- Start of sales of high-precision GPS receiver of Septentrio for use in automated driving and agricultural machinery



Septentrio high-precision GPS receiver

Medical Equipment

- Development of products for advanced medical equipment
- Expansion and improvement of maintenance services by increasing the number of engineers



FY3/19 Summary of Consolidated Financial Forecasts

FY3/19 Summary of Consolidated Financial Forecasts

Net sales : ¥325 billion (- ¥22.5 billion YoY)

- **Electronic Devices Business** Decrease for communication equipment, TV and PC.
- **Electronic Systems Business** Increase in laser equipment , space & defense electronics, and Industrial Equipment.

Operating income : ¥5.8 billion (+ ¥2.0 billion YoY)

- **Gross profit** Increase of the reversal in the fiscal year under review of inventory valuation losses of the goods purchased in foreign currency for sale recorded at the end of the previous fiscal year because of the continuing strong yen.
Increase of profit because of weak yen in this half fiscal year.

Ordinary income : ¥3.4 billion (- ¥0.7 billion YoY)

- **Non operating expenses** Foreign exchange losses in this half fiscal year.

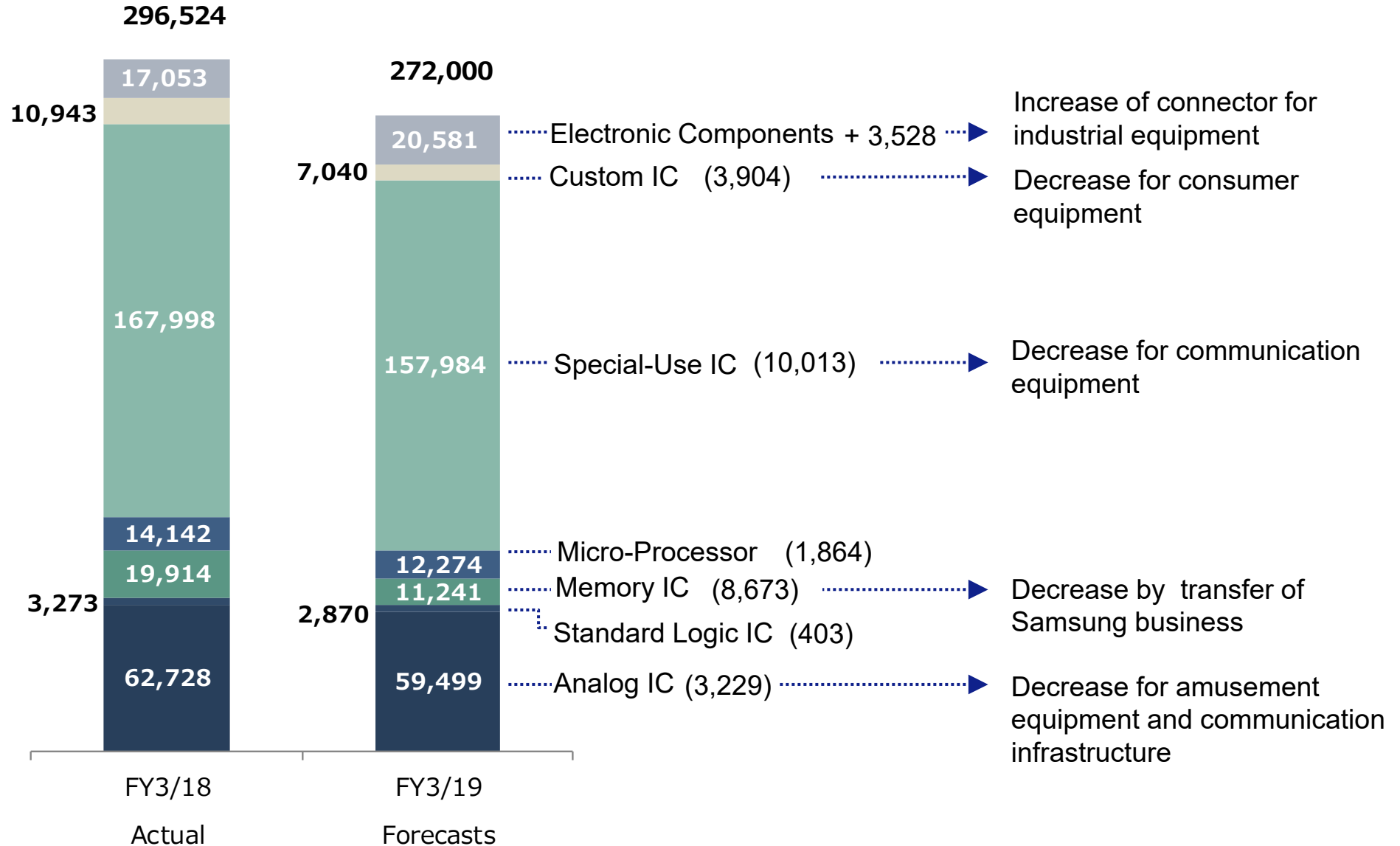
Net income : ¥1.8 billion (- ¥0.2 billion YoY)

FY3/19 Financial Forecasts

(Millions of Yen)	FY3/18		FY3/19			YoY Changes		Initial Forecasts vs Revised Forecasts
	Actual	Composition Ratio	Initial Forecasts	Revised Forecasts	Composition Ratio	Amount	%	
Net sales	347,508	100.0%	315,000	325,000	100.0%	(22,508)	-6.5%	10,000
Electronic Devices	296,524	85.3%	262,500	272,000	83.7%	(24,524)	-8.3%	9,500
Electronic Systems	50,983	14.7%	52,500	53,000	16.3%	2,017	4.0%	500
Gross profit	21,161	6.1%	22,500	23,300	7.2%	2,139	10.1%	800
SG&A expenses	17,390	5.0%	17,800	17,500	5.4%	110	0.6%	(300)
Operating income	3,771	1.1%	4,700	5,800	1.8%	2,029	53.8%	1,100
Non-operating income	1,773	0.5%	550	550	0.2%	(1,223)	-69.0%	0
Non-operating expenses	1,327	0.4%	950	2,900	0.9%	1,573	118.5%	1,950
Ordinary income	4,218	1.2%	4,300	3,450	1.1%	(768)	-18.2%	(850)
Extraordinary income	6	0.0%	-	25	0.0%	19	316.7%	25
Extraordinary loss	311	0.1%	-	25	0.0%	(286)	-92.0%	25
Profit attributable to owners of parent	2,077	0.6%	2,500	1,800	0.6%	(277)	-13.3%	(700)

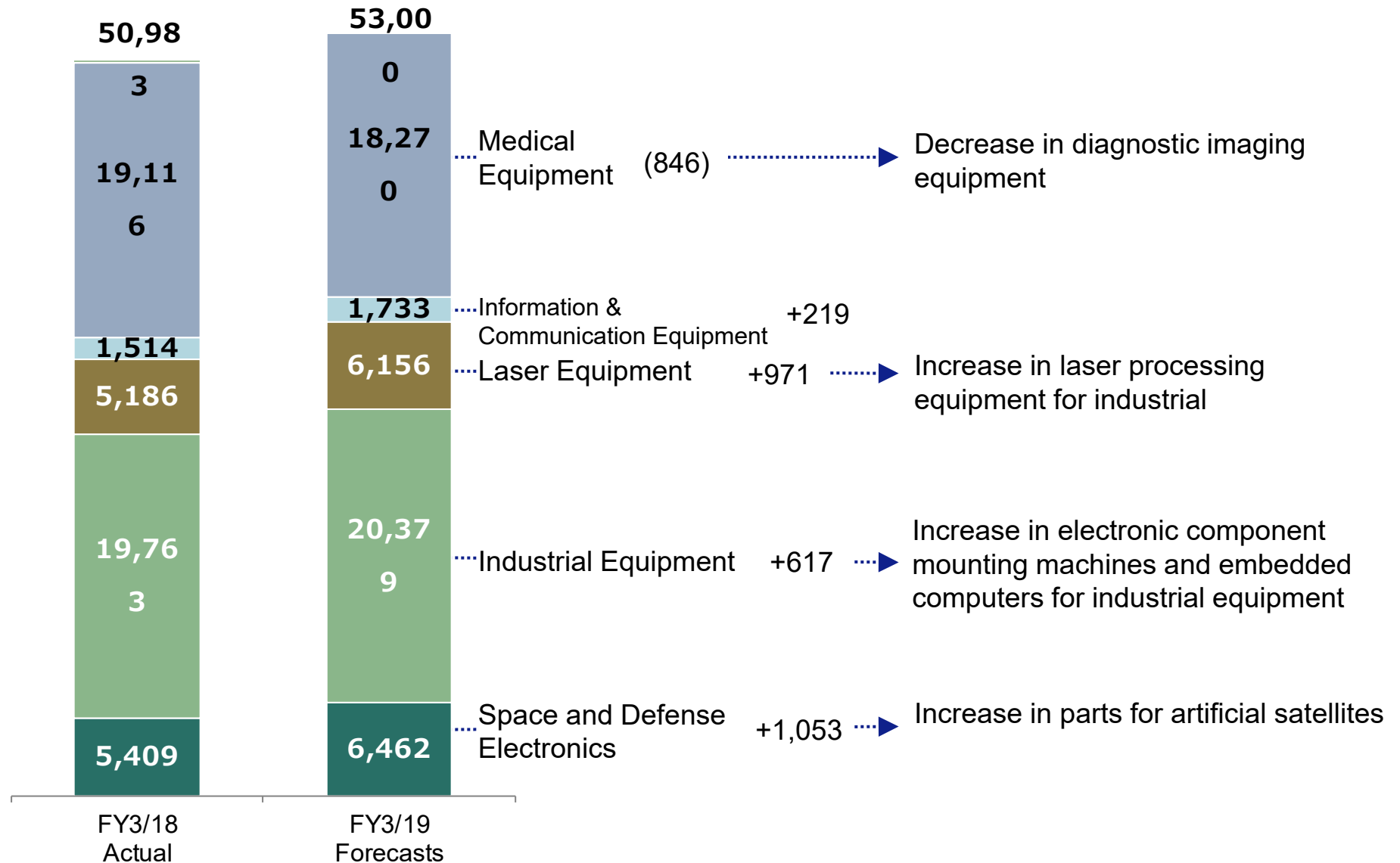
FY3/19 “Electronic Devices Business” Net Sales Forecasts by Product

(Millions of Yen)

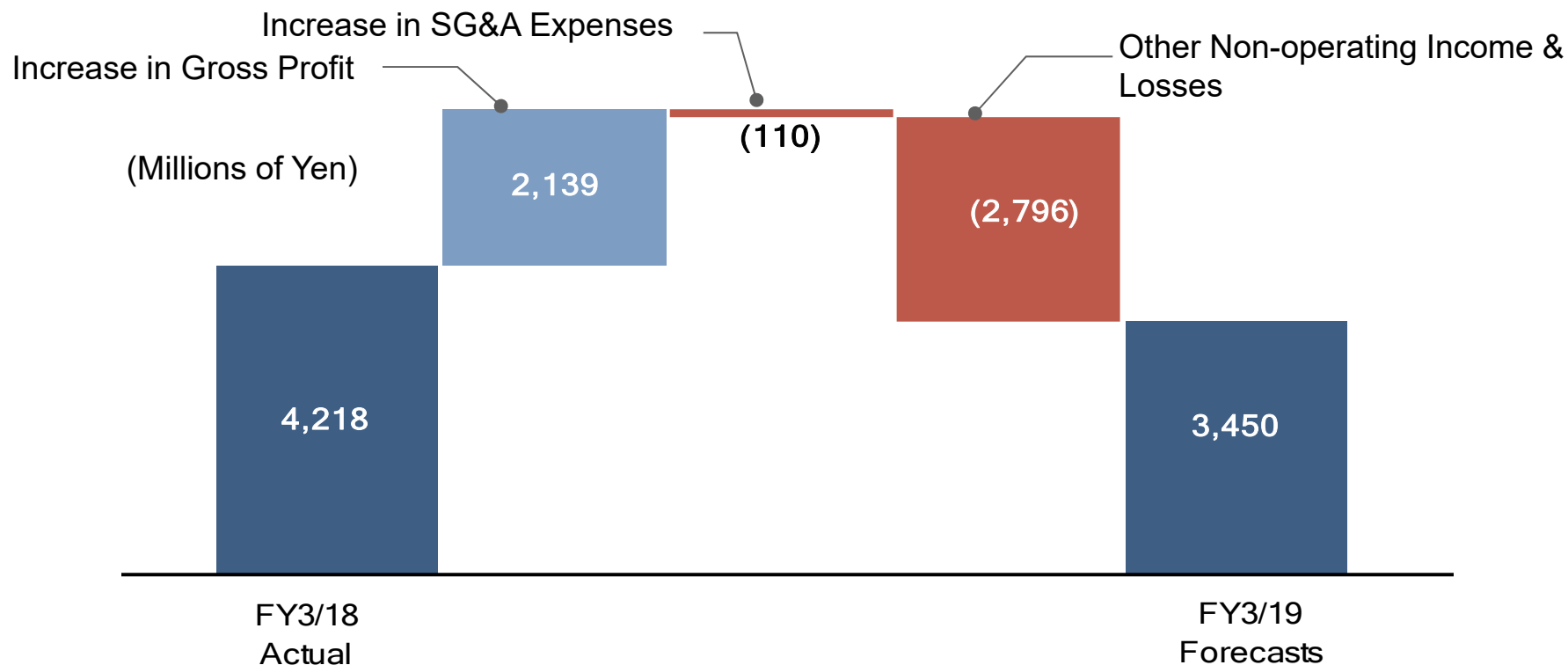


FY3/19 “Electronic Systems Business” Net Sales Forecasts by Product

(Millions of Yen)



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



Gross Profit	Increase in gross profit FY3/18:¥21.1billion(6.1%) => FY3/19:¥23.3billion(7.2%)
SG&A Expenses	Same as last fiscal year FY3/18:¥17.4billion =>FY3/19:¥17.5billion
Non-operating Income & Losses	Foreign exchange losses FY3/18:gains ¥1.1 billion => FY3/19: losses ¥1.6 billion

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
	20.00	
Year-End Dividend	(Year-end dividend 15.00) (Commemorative dividend 5.00)	20.00

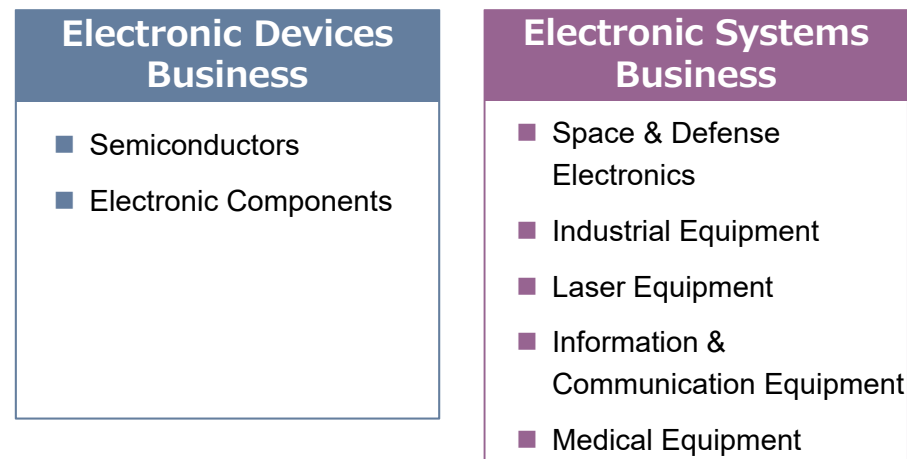
About Marubun

Company Profile

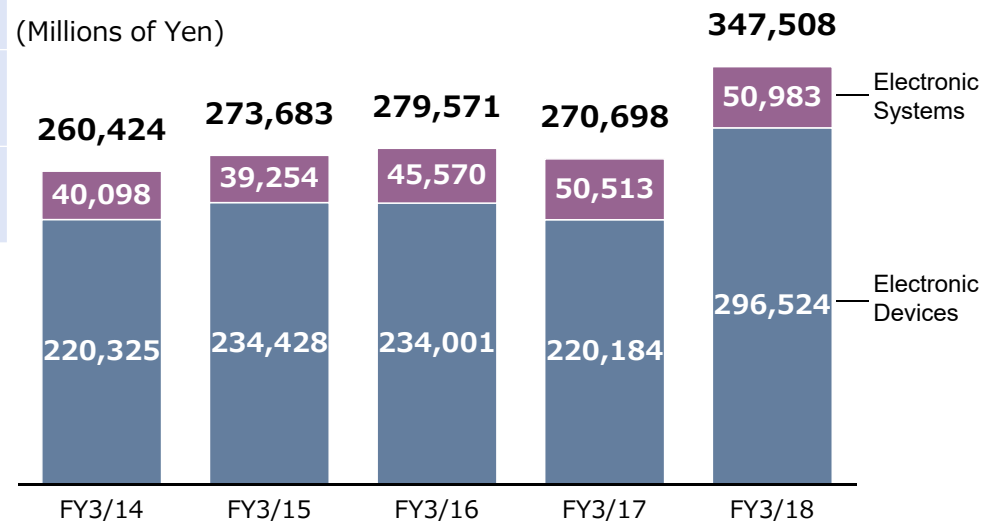
Profile

Founded	1844
Incorporated	July 1947
Head Office	8-1, Niihonbashi Odenmacho, 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

- 2018** — KTL Corporation merged with Marubun Corporation
- 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

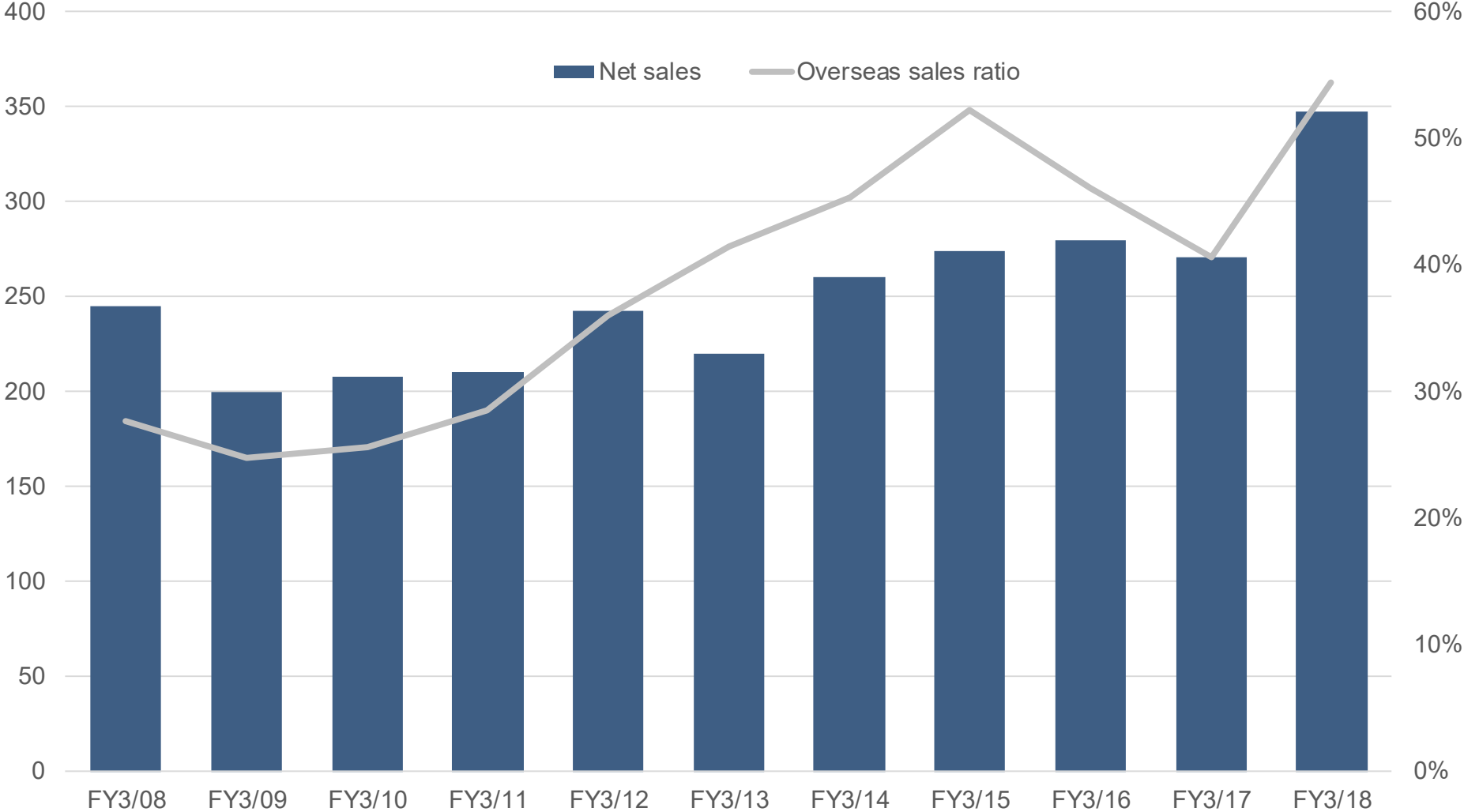
MARUBUN CORPORATION

Overseas

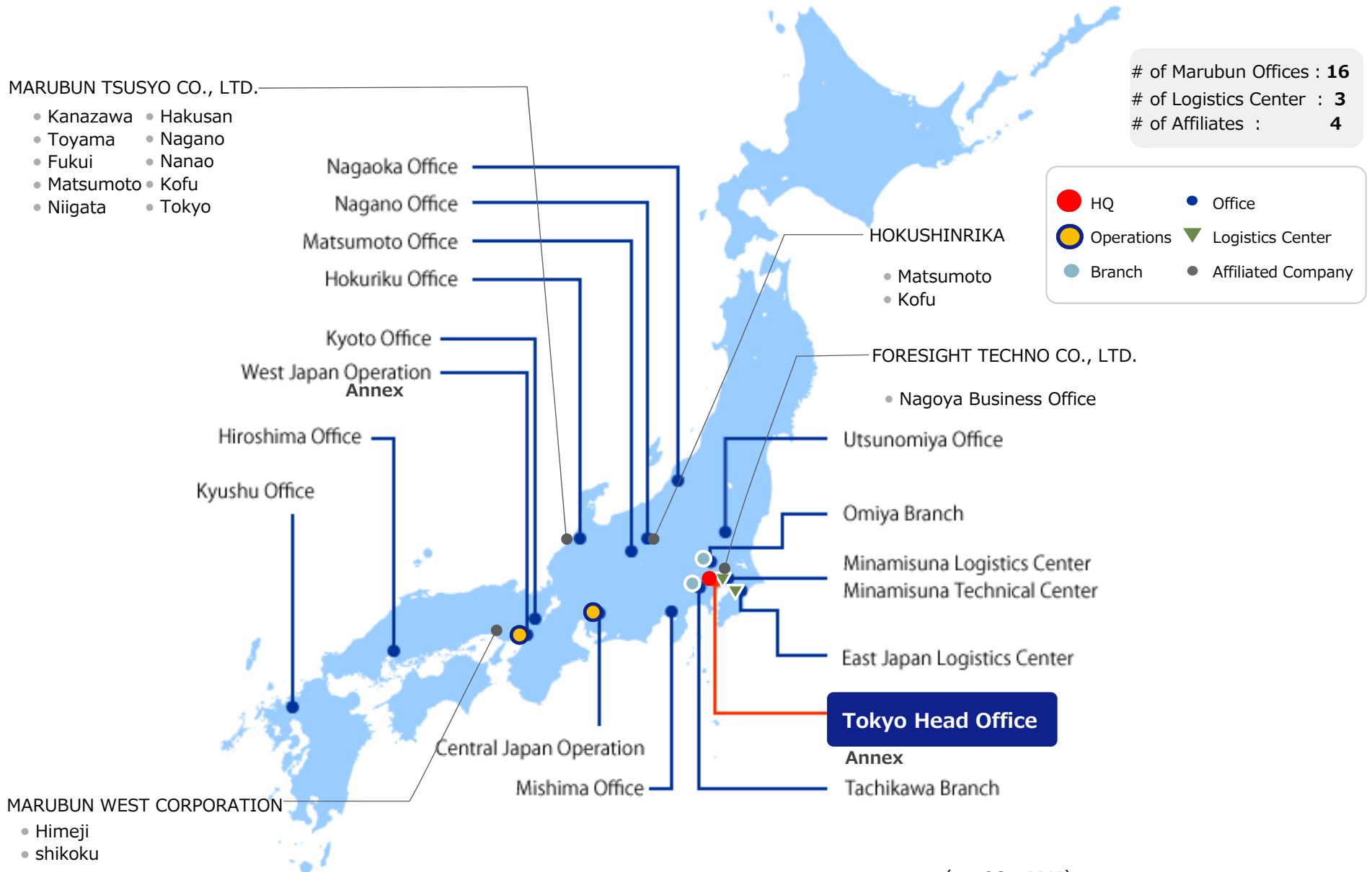
- 2017** — Established subsidiary in Hungary
- 2014** — Established subsidiary in Indonesia and Mexico
- 2013** — Established subsidiary in Shenzhen, China
- 2006** — Established subsidiary in Malaysia
- 2002** — Established subsidiaries in Shanghai and Philippines
- 2001** — Established subsidiary in 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)

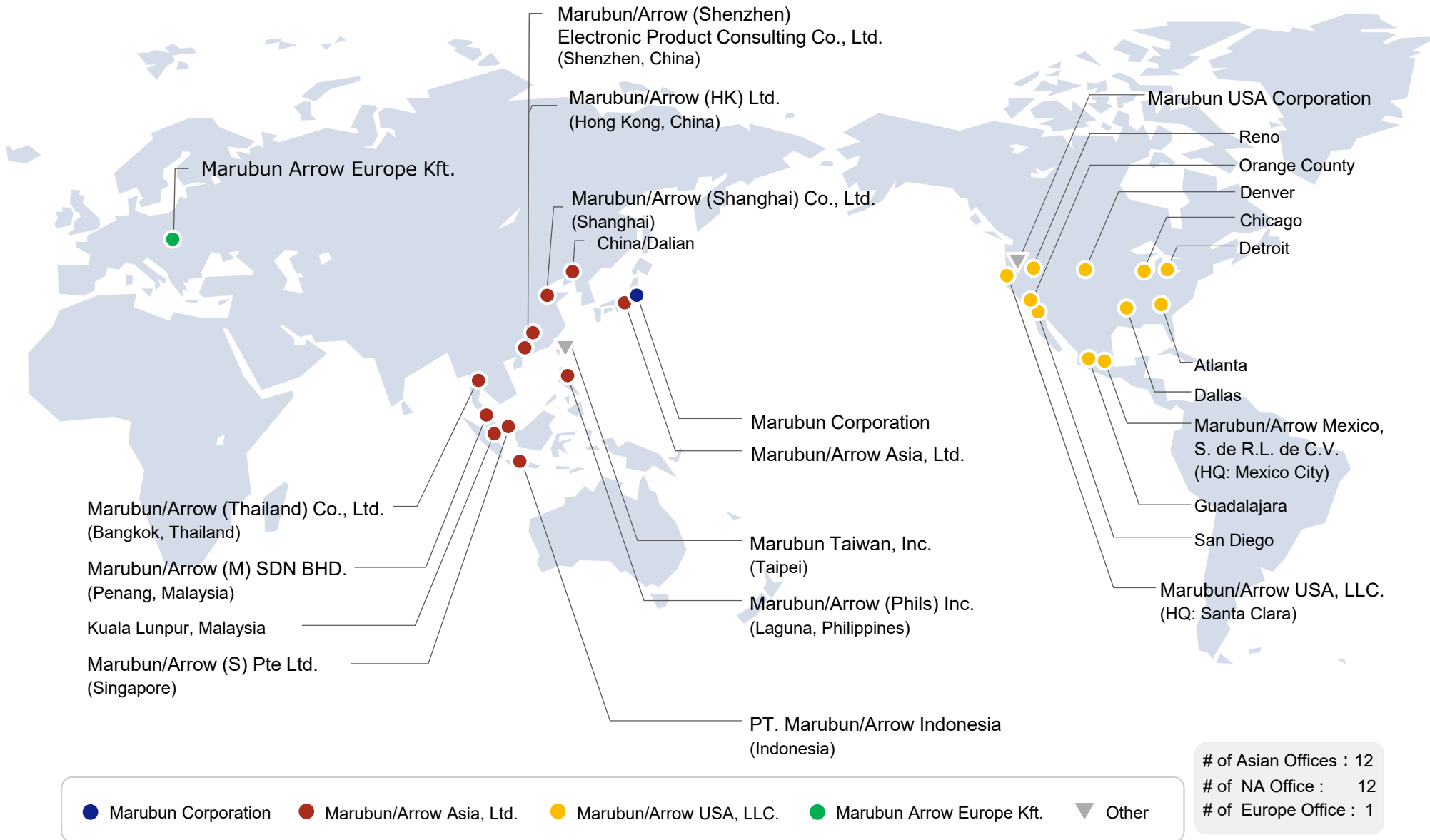


Domestic Offices



(as of Oct 2018)

Worldwide Sales Network

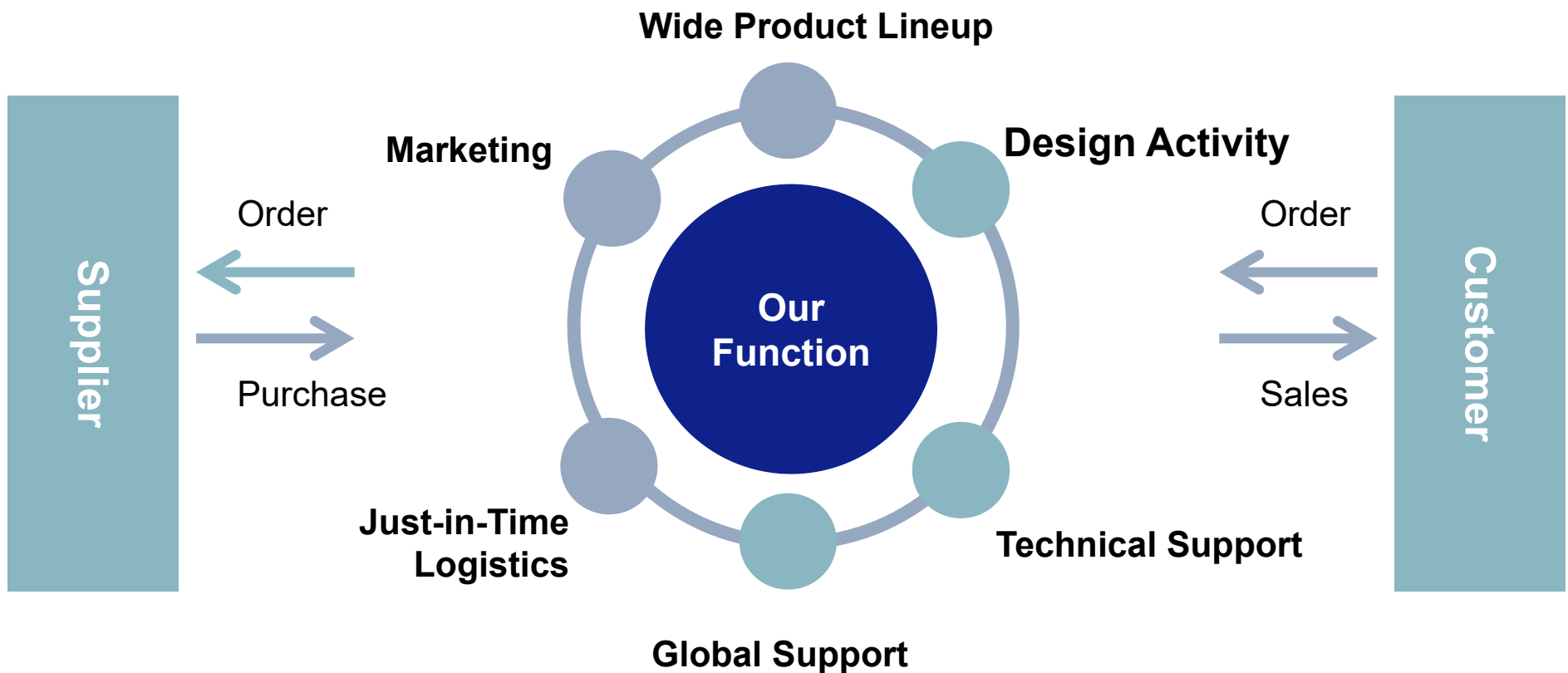


of Asian Offices : 12
 # of NA Office : 12
 # of Europe Office : 1

(as of Oct. 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 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%	
Marubun Arrow Europe Kft.*	Budapest, Hungary	November 2017	50.0%	

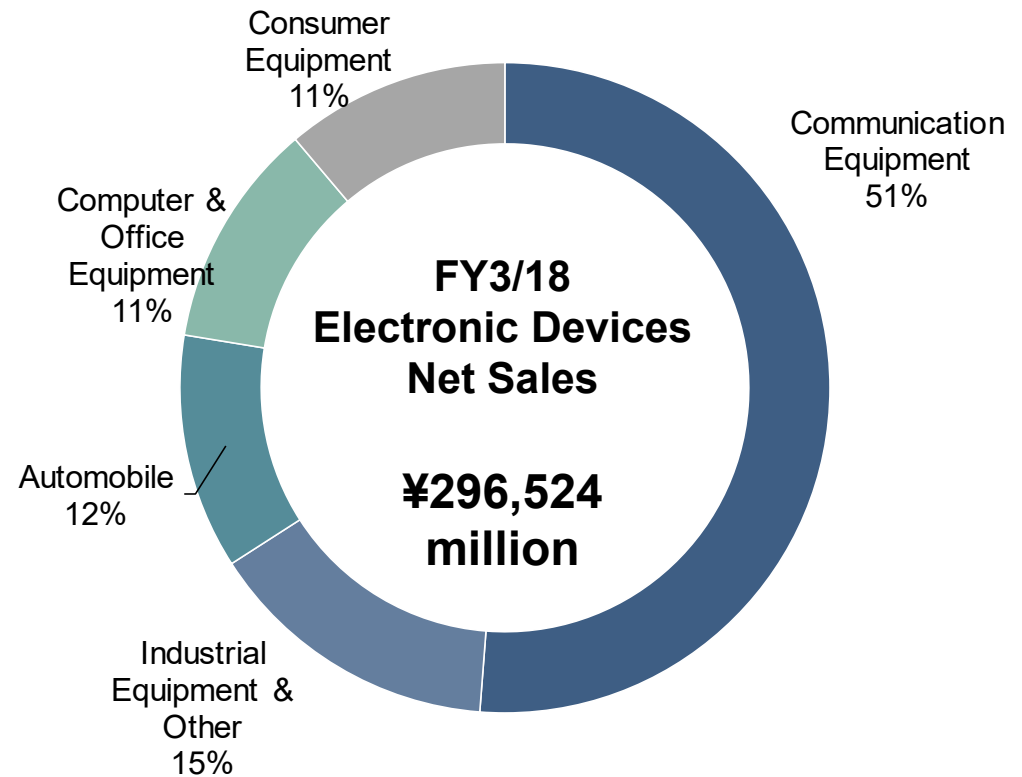
* Marubun/Arrow USA, Marubun-Arrow Mexico, Marubun Arrow Europe Kft. are equity method affiliates.

Main Products(by Supplier) -Electronic Devices-

		Supplier														
		ABLIC	Asahikasei Electronics	Broadcom	Cypress	Eink	FINsix	IDT	Littlefuse	Maxim	Molex	Qurio	Sandisk	Seiko Epson	Texas Instruments	Other
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,Swich,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)

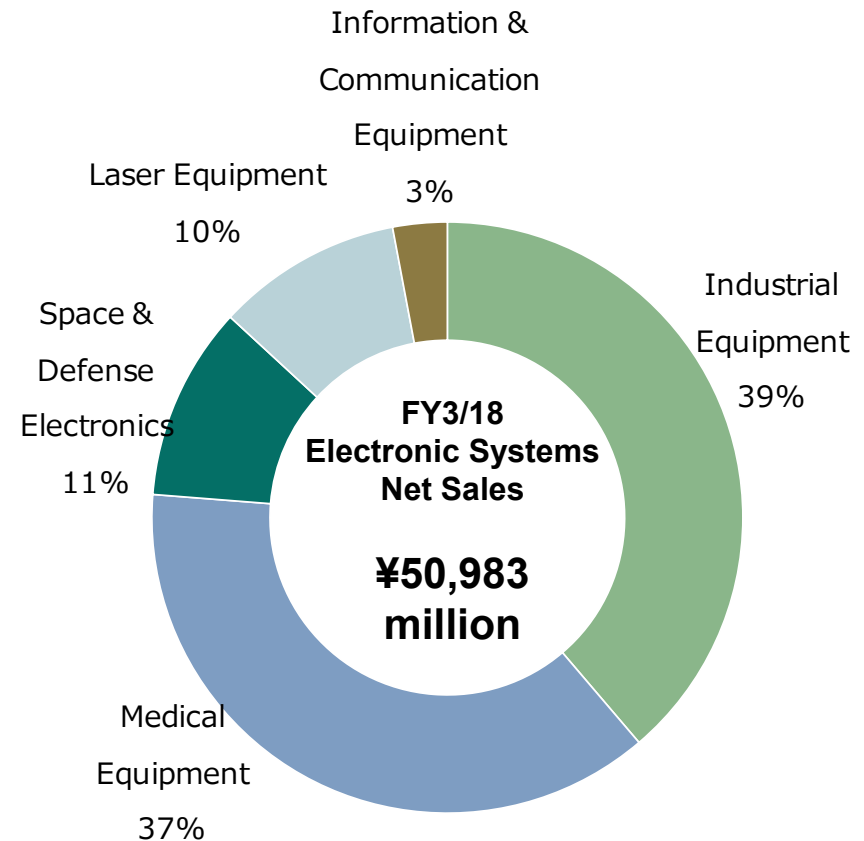


Affiliations -Electronic Systems-

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, Uihite 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 Drvices, 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	PCTEL, Finisar, EXFO, Microsemi, Calnex, Spirent



Main Products -Electronic Systems- 2

Space & Defense Electronics



BEI Sensors
High-reliability
Components



CPI
Microwave Equipment

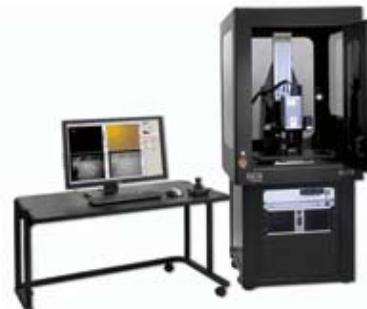
Measurement & Inspection Equipment



Shimadzu
Gas Chromatography



Akim
Electronic Components
Inspection Equipment



FEI
Infrared Inspection
Equipment



FUJI
Ultra High Density Atmospheric
Pressure Plasma Device

Main Products -Electronic Systems- 3

Laser Equipment



nLIGHT
Laser Diode



Laserline
Laser Processor

Informaiton & Communication



Microsemi
Network Timeserver



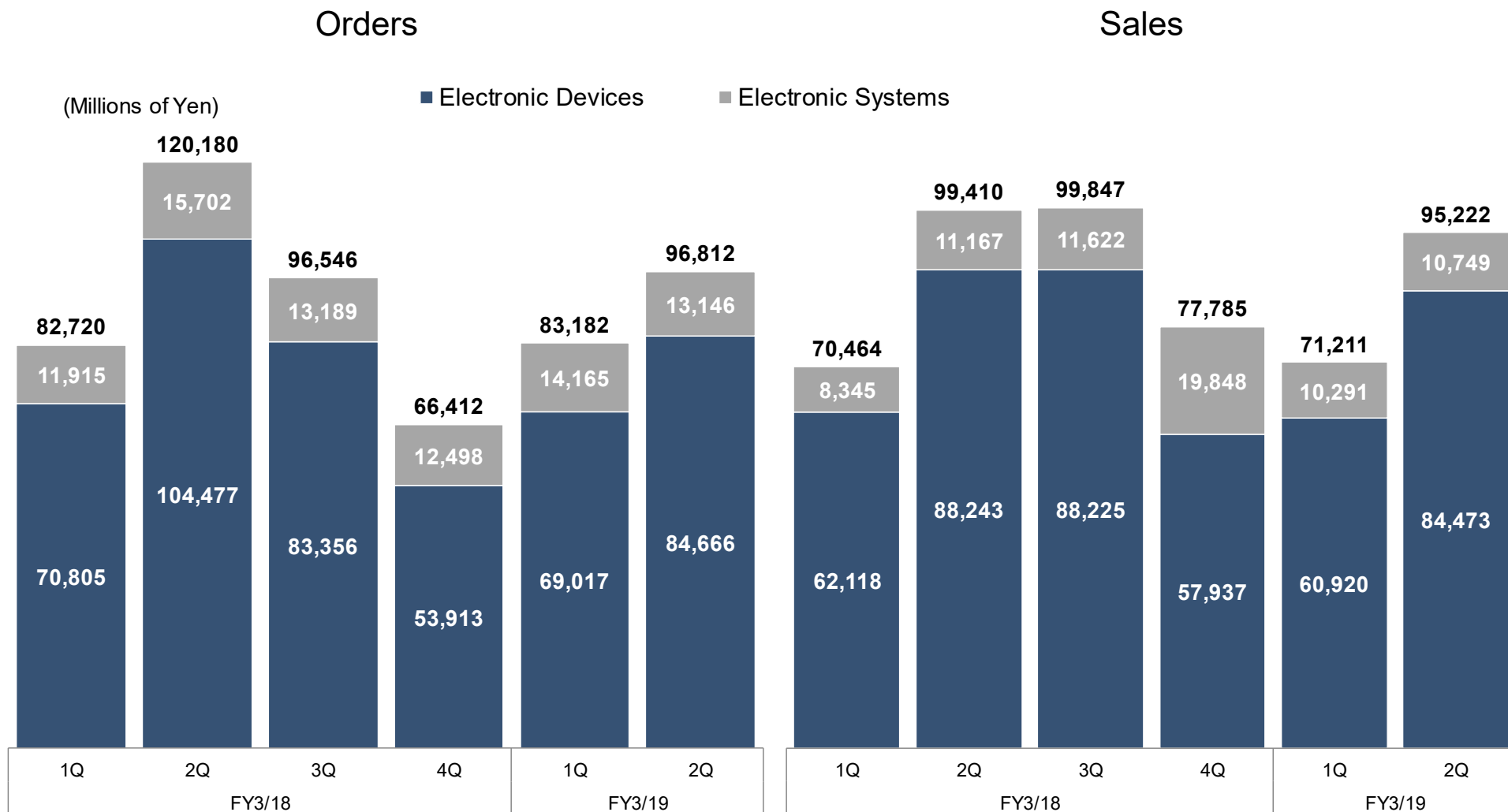
Spirent
GNSS Simulator

Medical Equipment

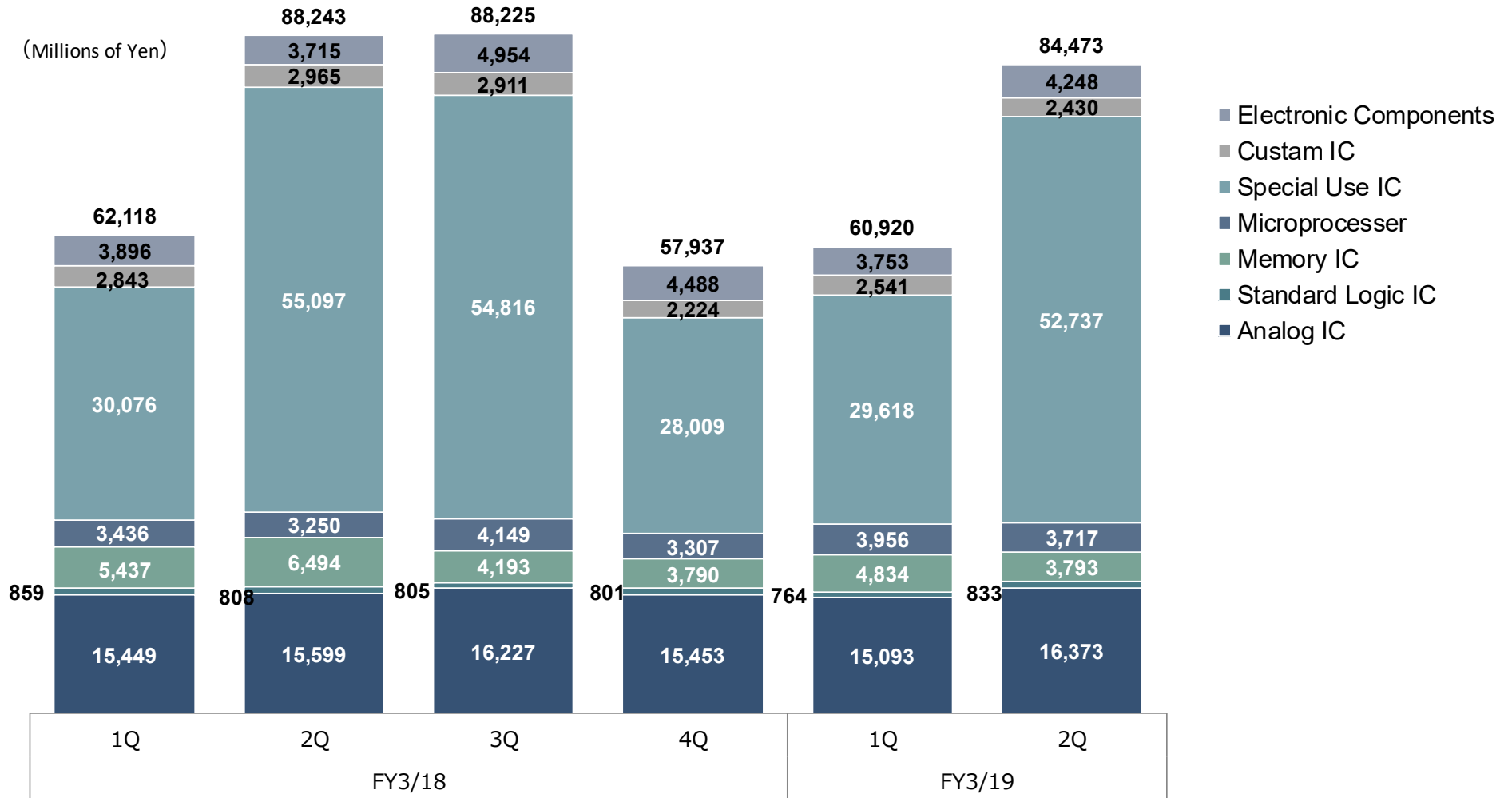


Siemens Japan
Diagnostic Imaging Equipment

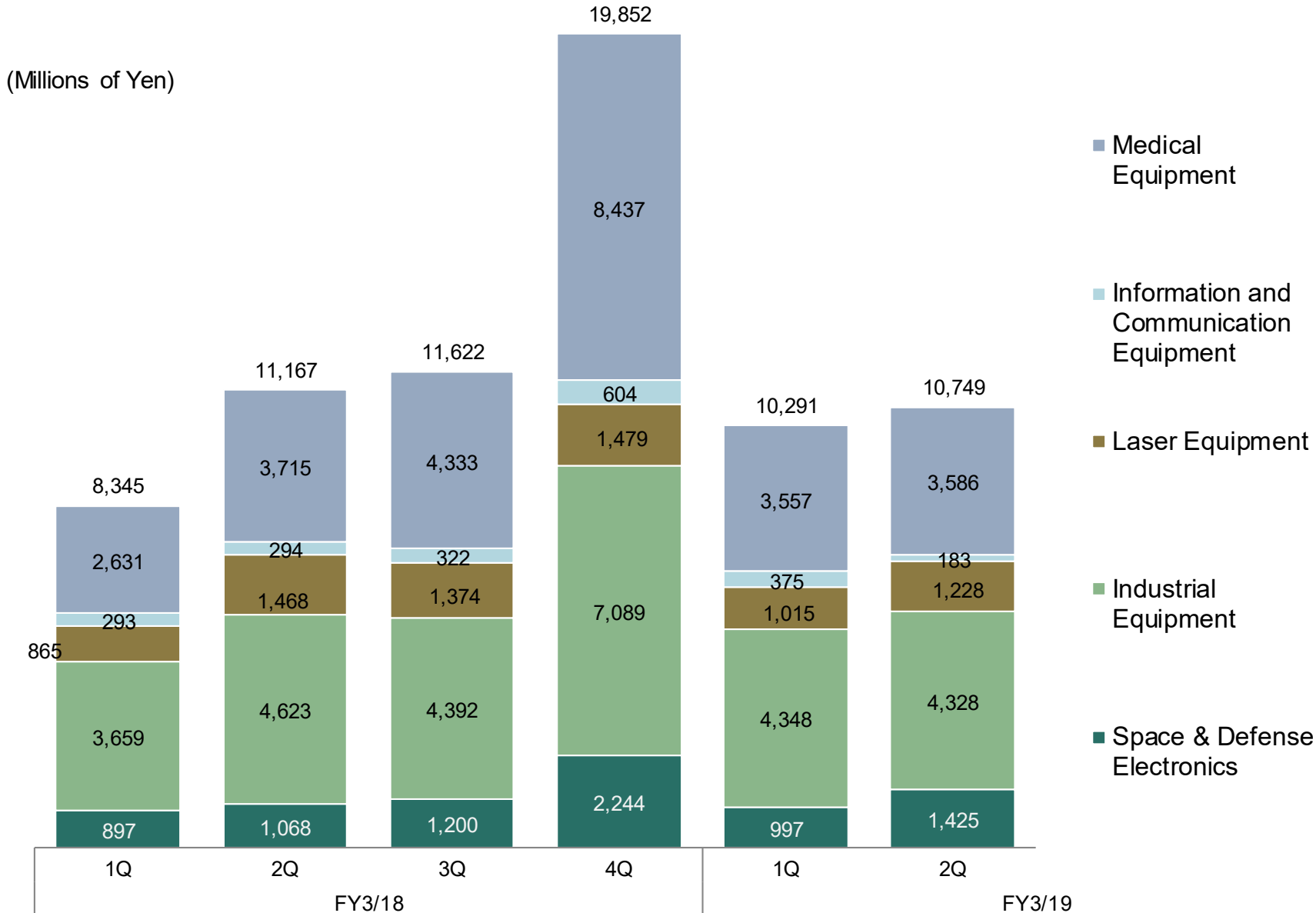
Quarterly Trend in Orders/Sales by Business



Quarterly Trend in Sales of Electronic Devices by Product



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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