

# Financial Results for Fiscal Year Ended March 31, 2019

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May 2019

***MARUBUN CORPORATION***

# Today's explanation point

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## **FY3/19 Summary of Financial Results**

Net sales : ¥326.6 billion ( -6.0% YoY)

Ordinary income : ¥3.0 billion ( -28.4% YoY)

## **FY3/20 Summary of Consolidated Financial Forecasts**

Net sales : ¥291.5 billion ( -10.8% YoY)

Ordinary income : ¥3.1 billion ( +4.3% YoY)

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

Not reach ROE target 8%. We aim to achieve the new medium-term management plan.

# **FY3/19 Summary of Consolidated Financial Results**

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# FY3/19 Summary of Financial Results

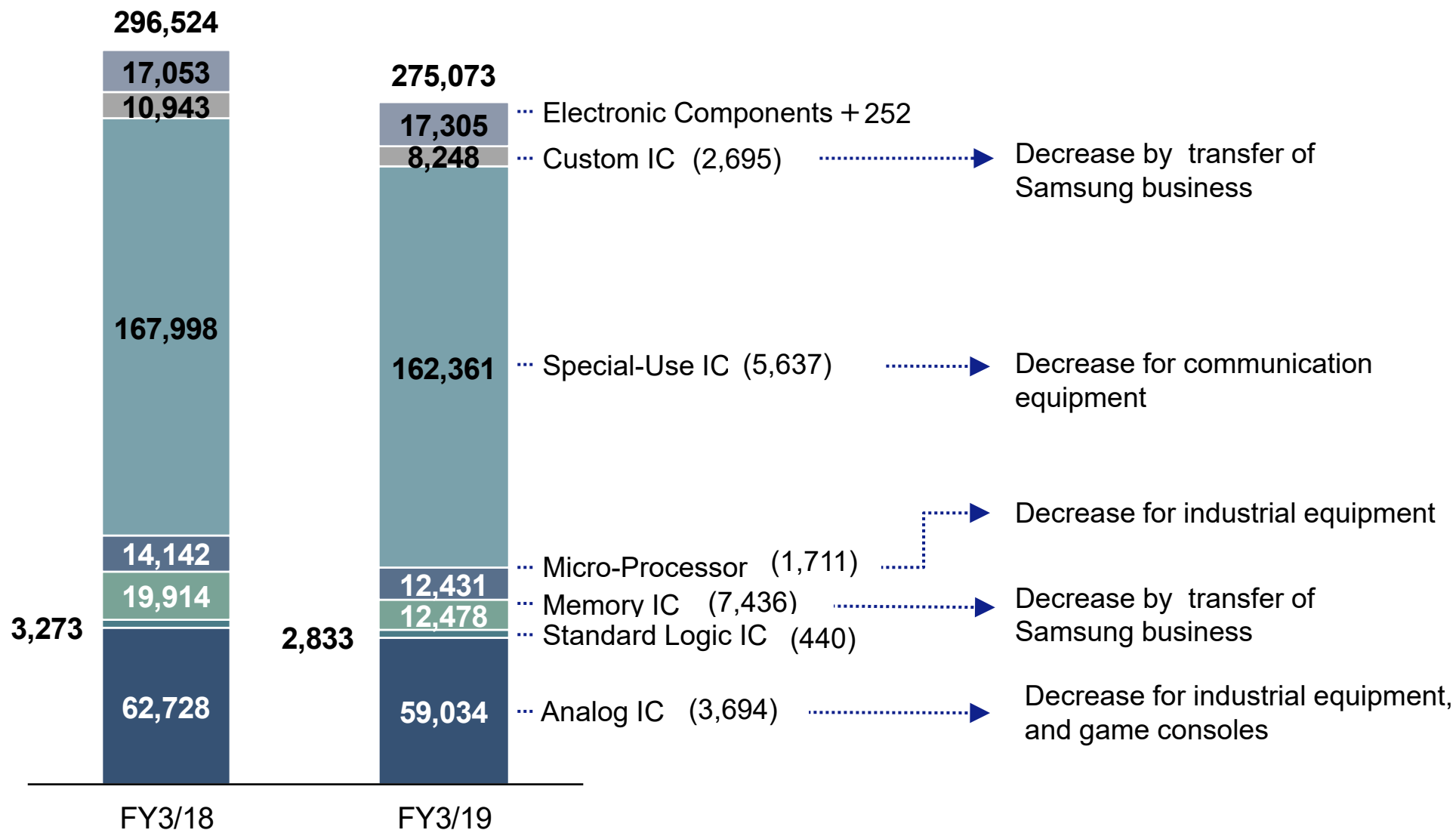
(Millions of Yen)	FY3/18		FY3/19		YoY Changes	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	%
<b>Net sales</b>	<b>347,508</b>	<b>100.0%</b>	<b>326,694</b>	<b>100.0%</b>	<b>(20,814)</b>	<b>-6.0%</b>
Electronic Devices	296,524	85.3%	275,073	84.2%	(21,451)	-7.2%
Electronic Systems	50,983	14.7%	51,621	15.8%	638	1.3%
<b>Gross profit</b>	<b>21,161</b>	<b>6.1%</b>	<b>22,767</b>	<b>7.0%</b>	<b>1,606</b>	<b>7.6%</b>
SG&A expenses	17,390	5.0%	17,719	5.4%	329	1.9%
<b>Operating income</b>	<b>3,771</b>	<b>1.1%</b>	<b>5,048</b>	<b>1.5%</b>	<b>1,277</b>	<b>33.9%</b>
Non-operating income	1,773	0.5%	568	0.2%	(1,205)	-68.0%
Non-operating expenses	1,327	0.4%	2,596	0.8%	1,269	95.6%
<b>Ordinary income</b>	<b>4,218</b>	<b>1.2%</b>	<b>3,020</b>	<b>0.9%</b>	<b>(1,198)</b>	<b>-28.4%</b>
Extraordinary income	6	0.0%	38	0.0%	32	533.3%
Extraordinary loss	311	0.1%	76	0.0%	(235)	-75.6%
<b>Profit attributable to owners of parent</b>	<b>2,077</b>	<b>0.6%</b>	<b>1,636</b>	<b>0.5%</b>	<b>(441)</b>	<b>-21.2%</b>

## Point

Net sales	Decreased by transfer of Samsung business. Decrease for communication equipment.
Gross profit	Increased due to the reversal of the posted valuation losses into this fiscal year on the inventory of products to be purchased and sold in foreign currencies as the yen appreciated further toward the end of the previous fiscal year and the increased exchange gains from business in foreign currencies due to the appreciation of the yen from the beginning of the fiscal year.
Operating income	Increased due to increase of Gross profit.
Ordinary income	Decreased by posting 1,196 million yen from the settlement of liabilities in foreign currencies and valuation losses due to the appreciation of the yen.

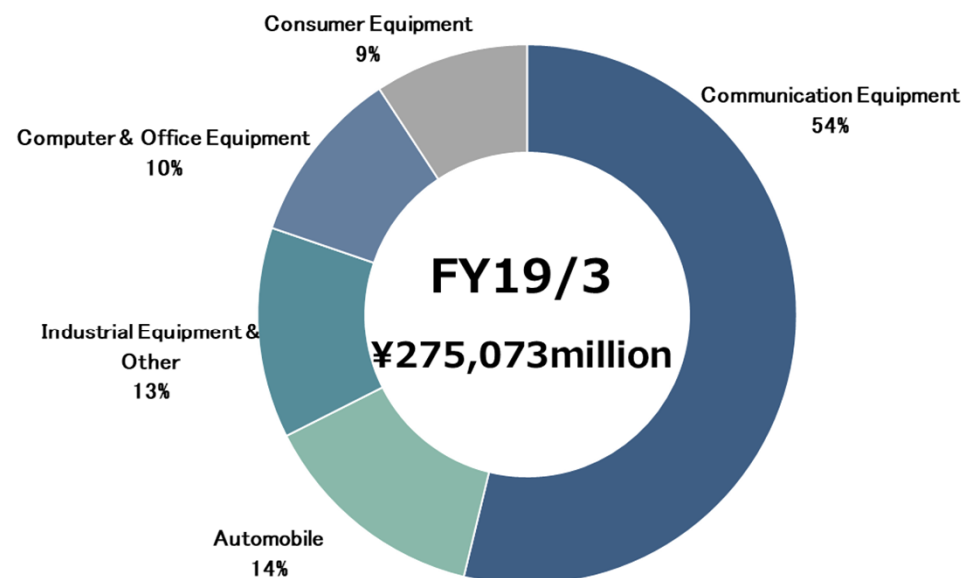
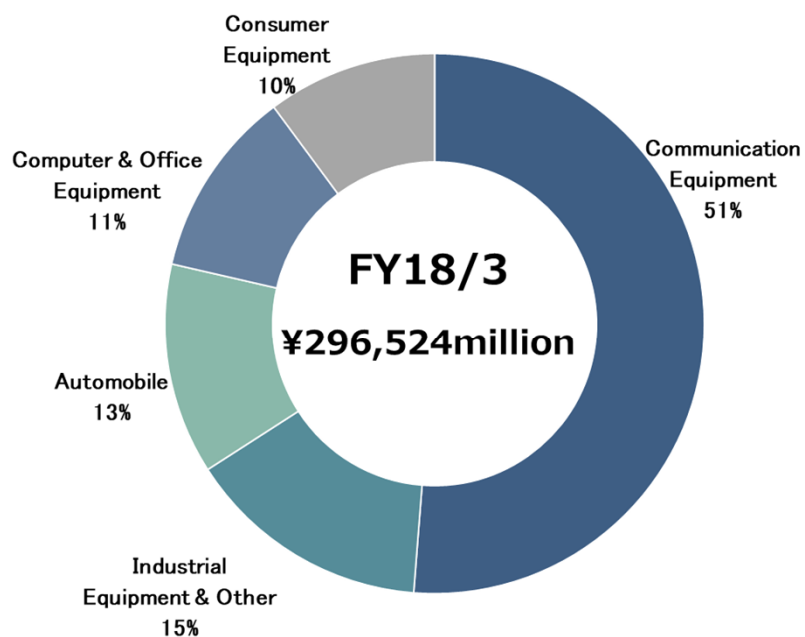
# FY3/19 Electronic Devices Business Net Sales Breakdown by Product

(Millions of Yen)



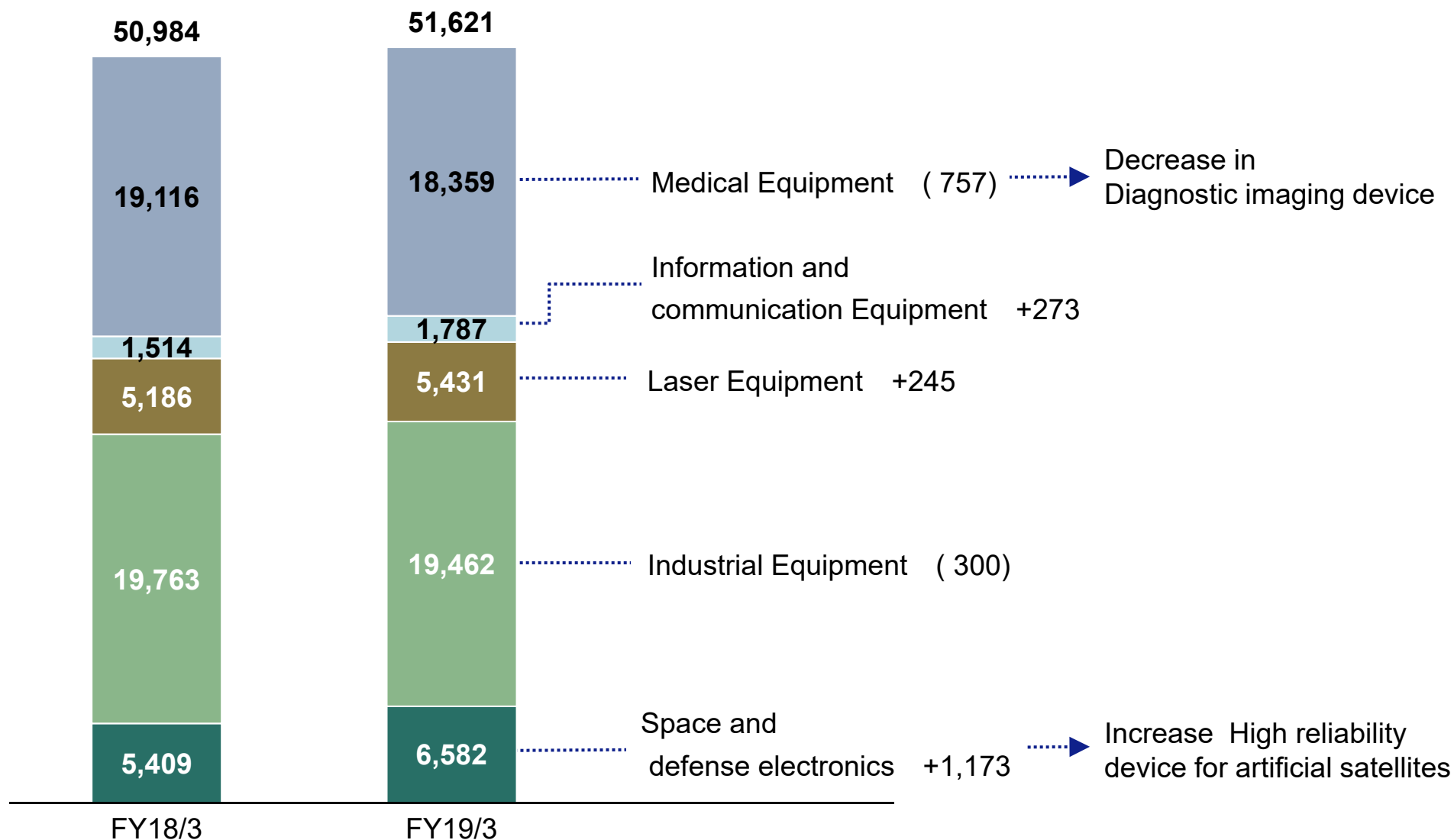
# FY3/19 Electronic Devices Business Market Trend by Application

Application	Market Trend
Automobile	Increase for In-vehicle communication
Industrial Equipment & Other	Decrease for factory automation
Communication Equipment	Decrease for communication equipment
Computer & Office Equipment	Decrease for PC
Consumer Equipment	Decrease for TV



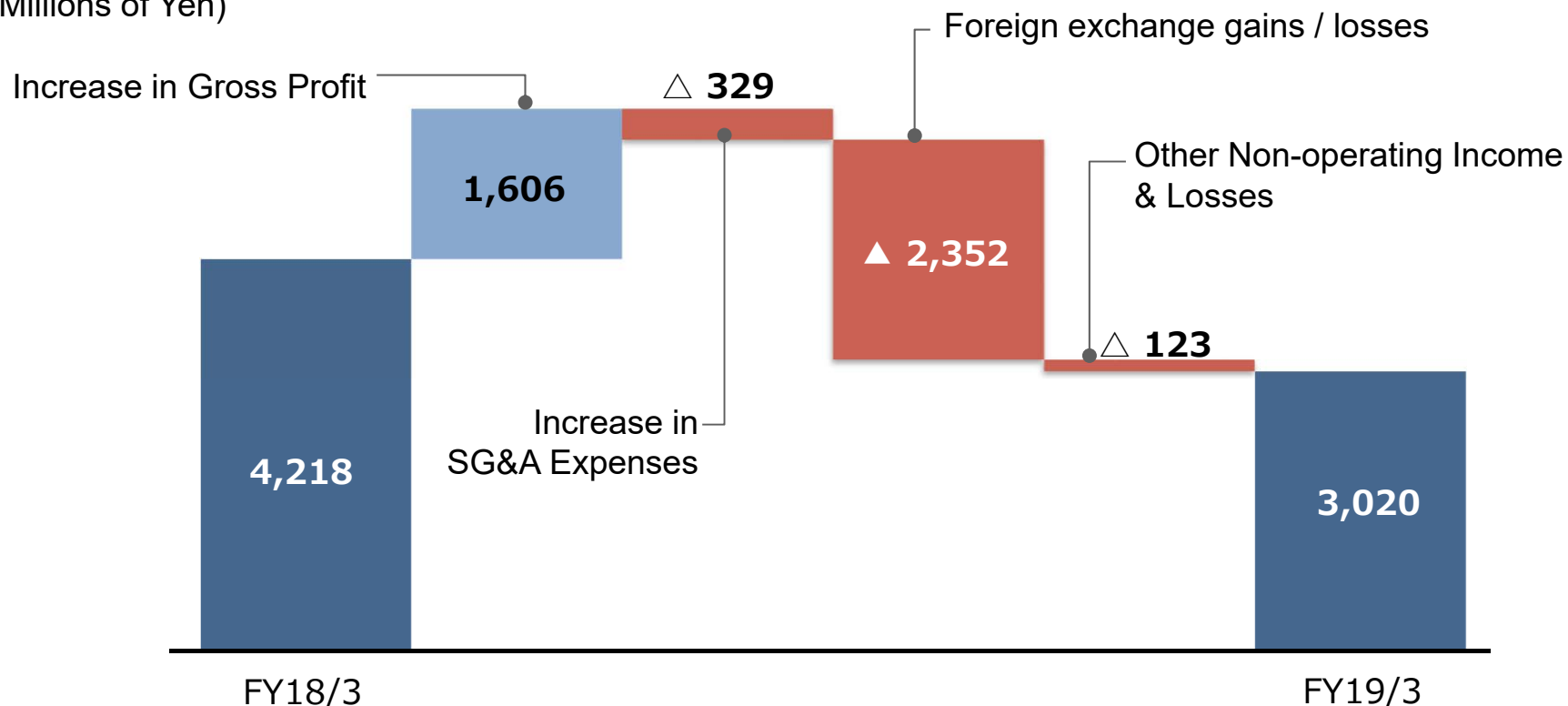
# FY3/19 Electronic Systems Business Net Sales Breakdown by Product

(Millions of Yen)



# FY3/19 Factors Affecting Ordinary Income

(Millions of Yen)



<b>Gross Profit</b>	<b>Increase in gross profit</b> FY3/18 : ¥21.1 billion (6.1%) => FY3/19: ¥ 22.7 billion (7.0%)
<b>SG&amp;A Expenses</b>	<b>Increase of Depreciation expense &amp; Business consignment expenses</b> FY3/18: ¥17.3 billion => FY3/19: ¥ 17.7 billion
<b>Non-operating Income/Loss</b>	<b>Foreign exchange gains / losses</b> FY3/18: gains of ¥1.1 billion => FY3/19: loss of ¥1.2 billion



# FY3/19 Summary of Balance Sheets

(Millions of Yen)	FY3/18 Actual	FY3/19 Actual	Changes Amount	Main Reason for Change
<b>Total assets</b>	<b>135,796</b>	<b>128,163</b>	<b>(7,633)</b>	
Current assets	123,322	113,985	(9,337)	Notes and accounts receivable-trade (7,954)
Noncurrent assets	12,474	14,177	1,703	
<b>Total liabilities</b>	<b>86,619</b>	<b>78,436</b>	<b>(8,183)</b>	
Current liabilities	75,765	75,623	(142)	Short-term loans payable 4,246
Noncurrent liabilities	10,854	2,813	(8,041)	Notes and accounts payable-trade (11,804)
<b>Total net assets</b>	<b>49,177</b>	<b>49,726</b>	<b>549</b>	

# **FY3/20 Summary of Consolidated Financial Forecasts**

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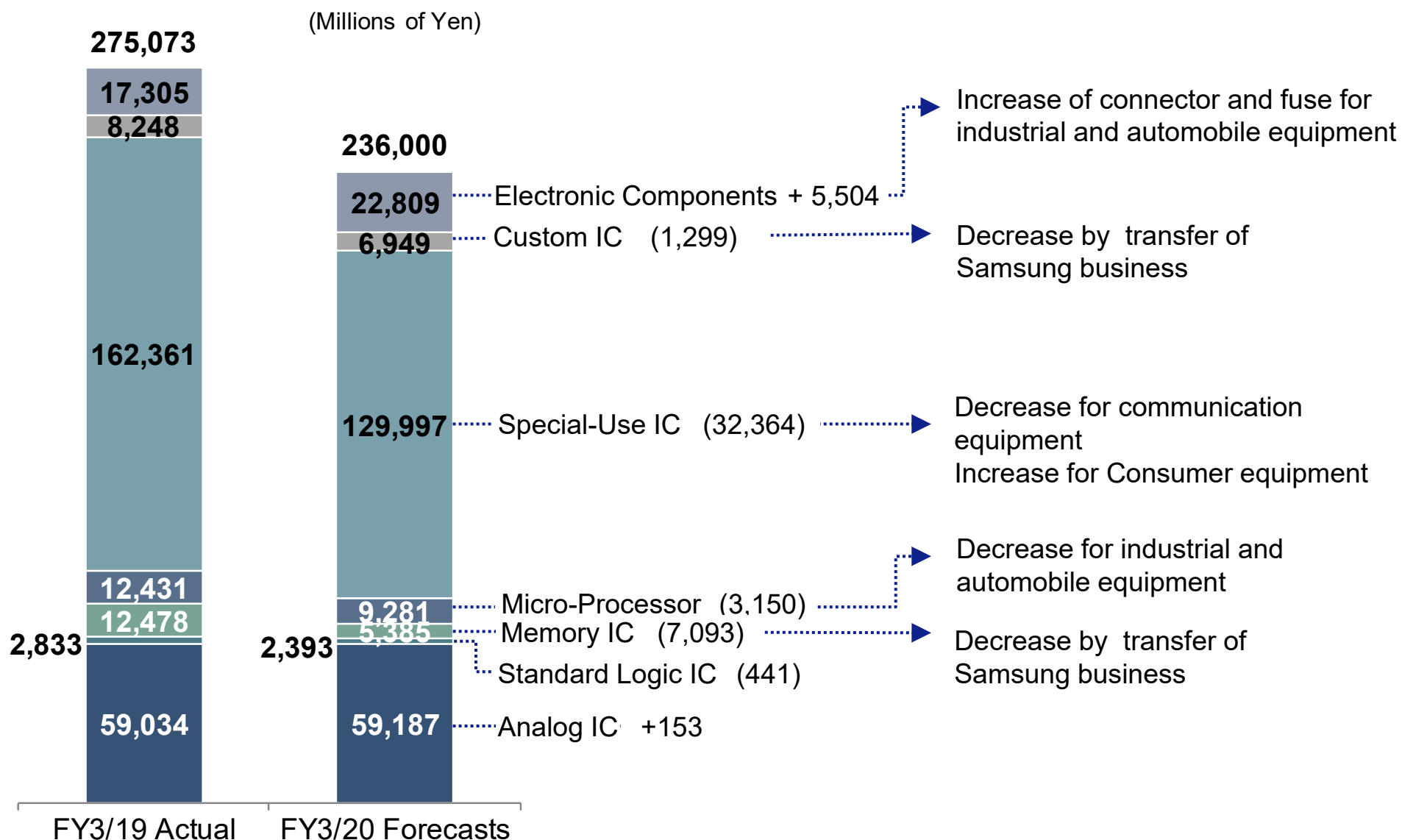
# FY3/19 Financial Forecasts

(Millions of Yen)	FY3/19		FY3/20		YoY Changes	
	FY3/19	Composition Ratio	Forecasts	Composition Ratio	Amount	%
<b>Net sales</b>	<b>326,694</b>	<b>100.0%</b>	<b>291,500</b>	<b>100.0%</b>	<b>(35,194)</b>	<b>-10.8%</b>
Electronic Devices	275,073	84.2%	236,000	81.0%	(39,073)	-14.2%
Electronic Systems	51,621	15.8%	55,500	19.0%	3,879	7.5%
<b>Gross profit</b>	<b>22,767</b>	<b>7.0%</b>	<b>21,500</b>	<b>7.4%</b>	<b>(1,267)</b>	<b>-5.6%</b>
SG&A expenses	17,719	5.4%	17,500	6.0%	(219)	-1.2%
<b>Operating income</b>	<b>5,048</b>	<b>1.5%</b>	<b>4,000</b>	<b>1.4%</b>	<b>(1,048)</b>	<b>-20.8%</b>
Non-operating income	568	0.2%	600	0.2%	32	5.6%
Non-operating expenses	2,596	0.8%	1,450	0.5%	(1,146)	-44.1%
<b>Ordinary income</b>	<b>3,020</b>	<b>0.9%</b>	<b>3,150</b>	<b>1.1%</b>	<b>130</b>	<b>4.3%</b>
Extraordinary income	38	0.0%	-	-	-	-
Extraordinary loss	76	0.0%	-	-	-	-
<b>Profit attributable to owners of parent</b>	<b>1,636</b>	<b>0.5%</b>	<b>1,750</b>	<b>0.6%</b>	<b>114</b>	<b>7.0%</b>

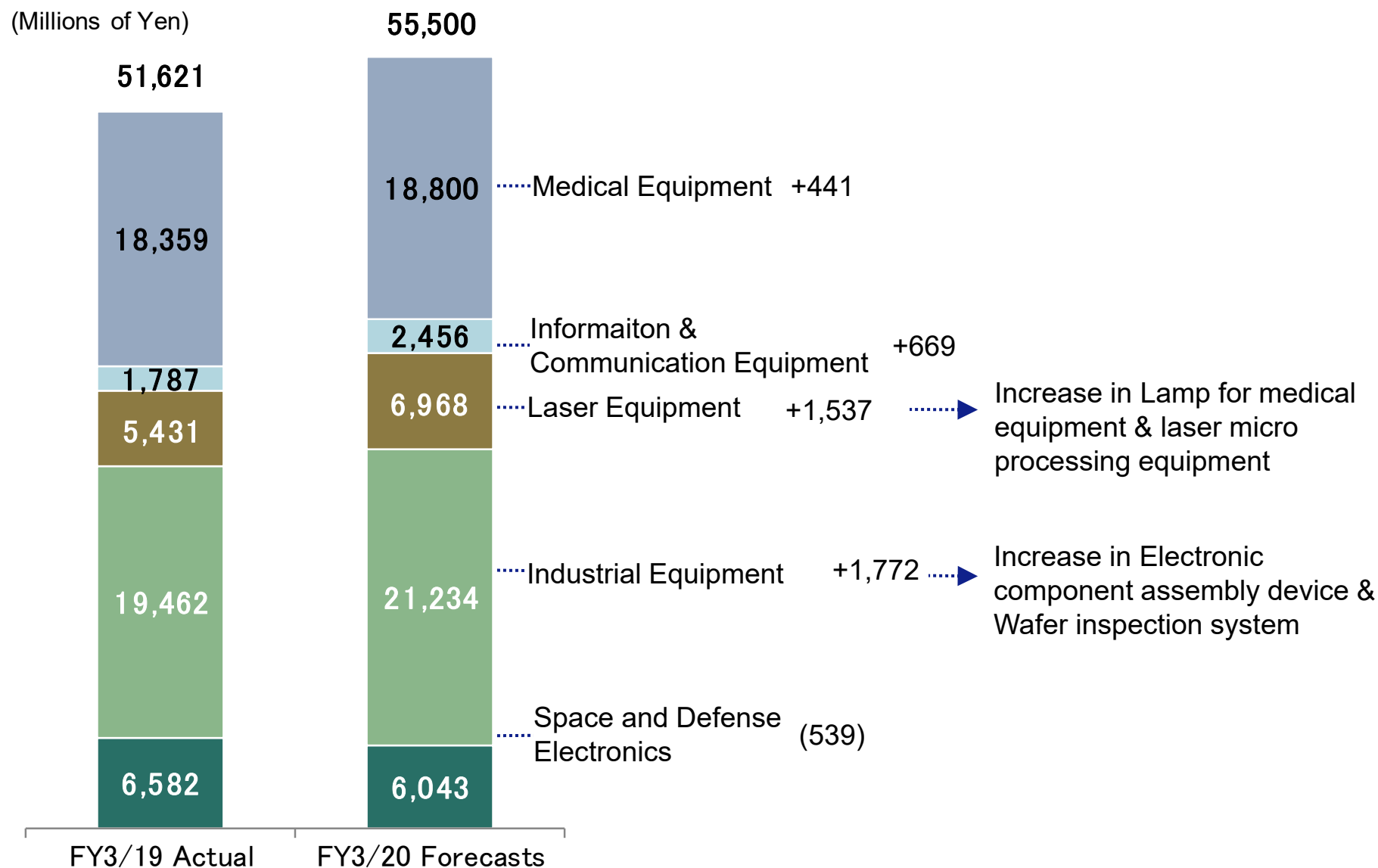
## Point

Net sales	Decrease by transfer of Samsung business. Decrease for communication equipment.
Gross profit	Decrease due to decrease of Net sales and reflection of the reversal of the posted valuation losses.
Operating income	Decrease due to increase of Gross profit.
Ordinary income	Increase by reflecting the improvement of the gross profit rate and the elimination of exchange losses.

# FY3/19 Electronic Devices Business Net Sales Forecasts by Product

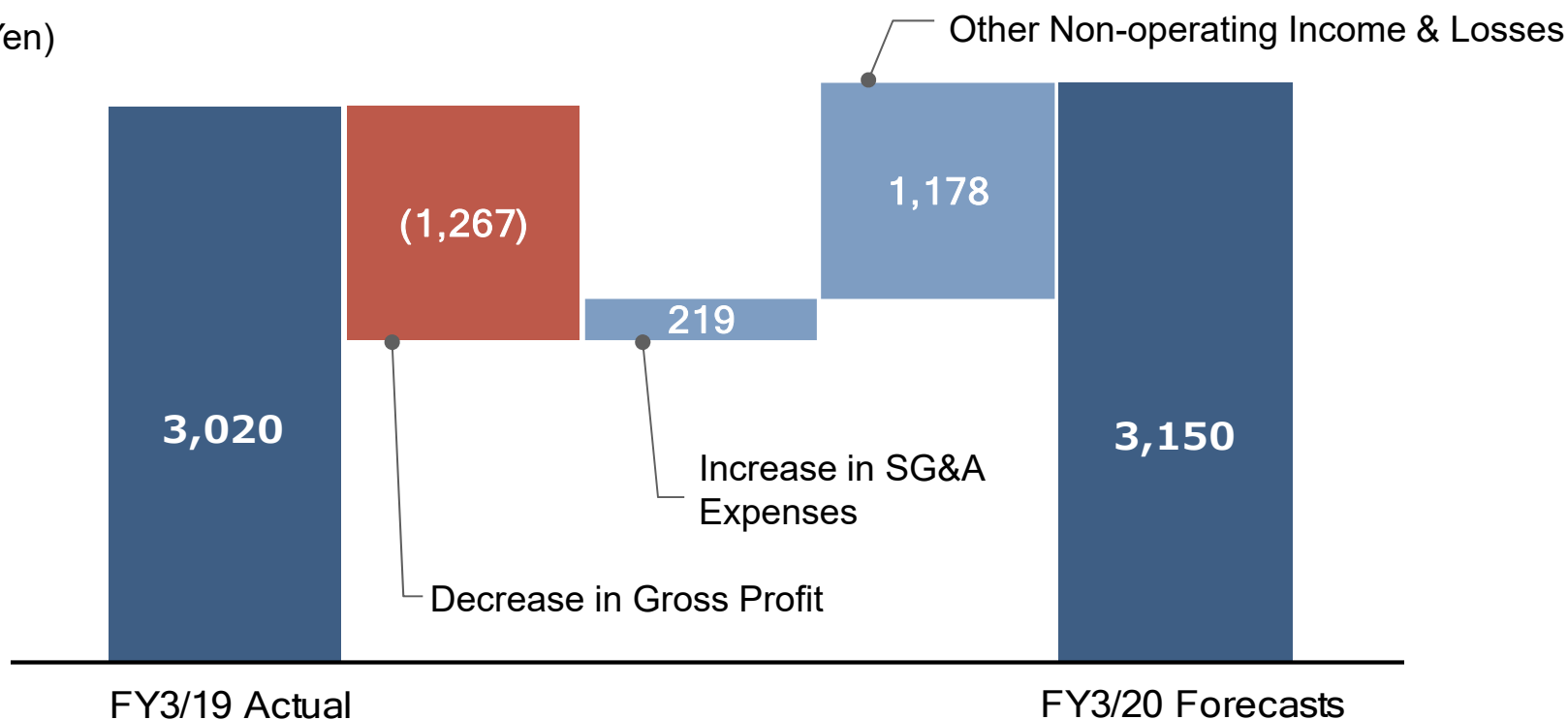


# FY3/19 Electronic Systems Business Net Sales Forecasts by Product



# FY3/20 Factors Affecting Ordinary Income (last FY vs forecasts)

(Millions of Yen)



<b>Gross Profit</b>	<p><b>Decrease due to decrease of Net sales and reflection of the reversal of the posted valuation losses.</b></p> <p>FY3/19:¥22.7billion(7.0%) → FY3/20:¥21.5billion(7.4%)</p>
<b>SG&amp;A Expenses</b>	<p><b>Same level as the last FY</b></p> <p>FY3/19:¥17.7billion → FY3/20:¥17.5billion</p>
<b>Non-operating Income &amp; Losses</b>	<p><b>Increase by reflecting the improvement of the gross profit rate and the elimination of exchange losses.</b></p> <p>FY3/19:loss of ¥1.4 billion</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)	FY3/19	FY3/20 (Forecast)
Annual Dividend Per Share	30.00	30.00
Interim Dividend	10.00	10.00
Year-End Dividend	20.00	20.00
Payout Ratio(%)	47.9	44.8



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

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# Review of Medium-Term Vision for FY2016 to FY2018

## Electronic Devices

- **Expansion of mainstay business**
  - ▶ Business for automobiles expanded
- **Development of businesses in growth markets**
  - ▶ Focused on medical and IoT areas
- **Rapid commercialization of new products**
  - ▶ Invested in companies with unique technology
- **Enhancement of global operations**
  - ▶ Business expanded in North America and opened a base in Europe

## Electronic Systems

- **Enhancement of engineering services**
- **Strengthening of system integration capability**



Differentiation through product enhancement in information and communication equipment

Securing of stable business and stronger earnings power with laser equipment and board PC

# Trends in Financial Results

	FY2016	FY2017	FY2018
<b>Net sales</b>	<b>¥270.6 billion</b>	<b>¥347.5 billion</b>	<b>¥326.6 billion</b>
<b>Electronic Devices</b>	¥220.1 billion	¥296.5 billion	¥275.0 billion
<b>Electronic Systems</b>	¥50.5 billion	¥50.9 billion	¥51.6 billion
<b>Ordinary income</b>	<b>¥2.6 billion</b>	<b>¥4.2 billion</b>	<b>¥3.0 billion</b>
<b>ROE</b>	<b>4.0%</b>	<b>4.9%</b>	<b>3.8%</b>

## Progress and challenges

### Electronic Devices

- Delay in start-up of new products
- Sluggish growth in existing line cards

### Electronic Systems

- Sales and profits increased firmly

**Groundwork for growth  
made progress.**

# New Medium-Term Vision for FY2019 to FY2021

## Corporate philosophy

**“We contribute to the development of a sustainable society by creating value for our customers by providing our solutions with professionalism.”**

**Spirit of being forward-looking and pre-emptive**

**New technologies are expanding that will change society.**

**IoT**

**AI**

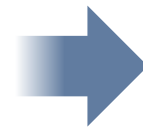
**Robotics**

**Capturing changes as opportunities**

# Three Policies in New Medium-Term Vision

## ① Development of business models to create new value

- Provide solutions with differentiated high value-added products and services

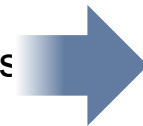


**Development of new business models**  
**Evolution of business portfolio**

## ② Promotion of business development for growth markets

- Small power electronics
- Medical, IoT
- Robotics

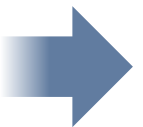
} Past investments



**Steady harvesting of new businesses in progress**  
**New investments, M&A and alliances**

## ③ Stronger initiatives to contribute to a sustainable society

- Enrich the future with cutting-edge technologies



**Stronger initiatives for ESG**  
**Contribute with our solutions**

**Work on structural reforms, aiming for**  
**8% ROE**

# Initiatives for Electronic Devices

## Deepening of existing line cards

- Propose solutions combined with line cards
- Capture potential customer needs through digital marketing

## Business expansion in growth markets

- Accelerate commercialization in areas where growth is expected

- Automobile



Silicon Mobility

- Medical



MC10

- Robotics

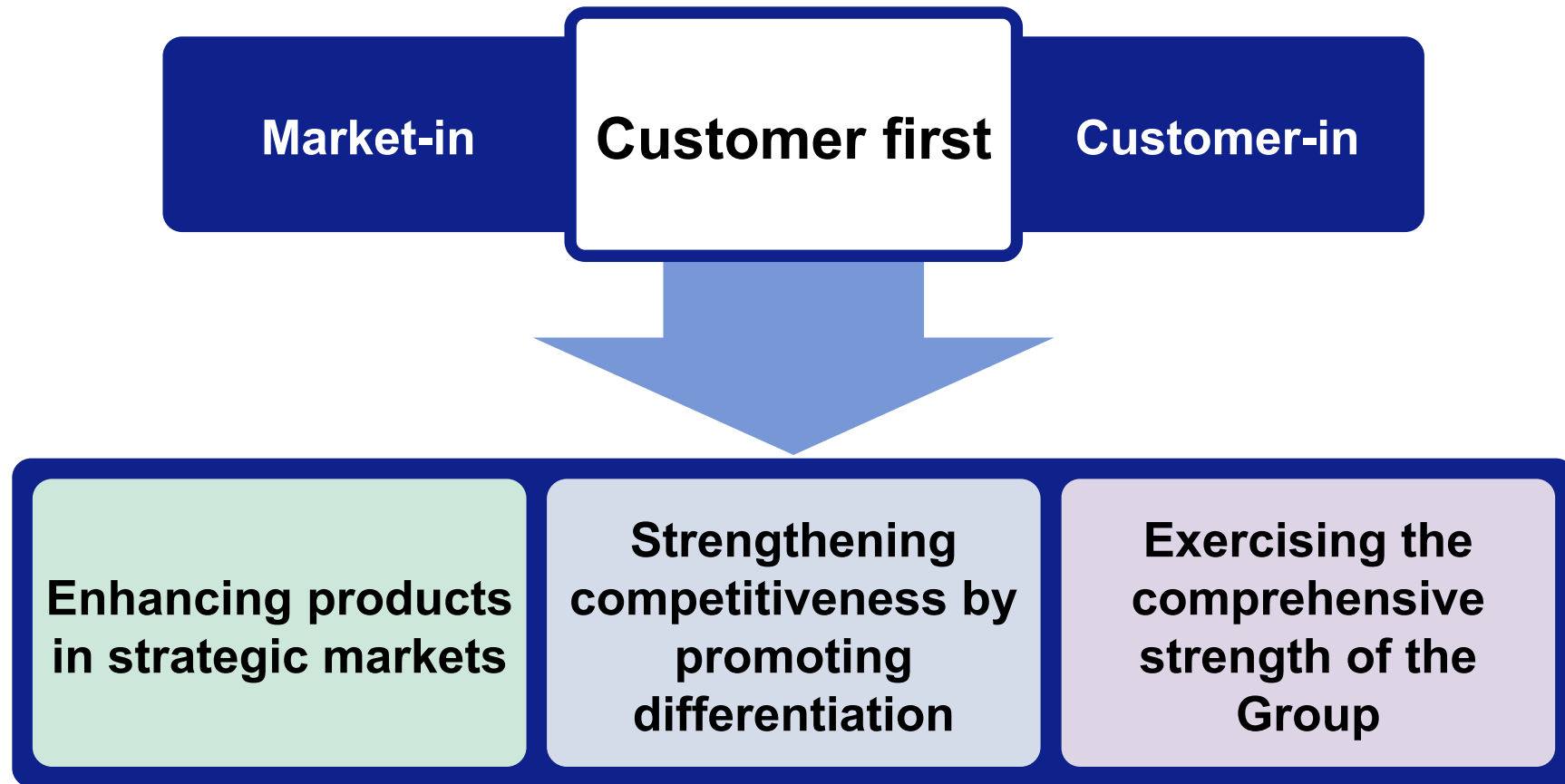


Aeolus Robotics

## Enhancement of overseas networks

- Maintain and expand growth in the North American market
- Accelerate the start of business in Europe

# Initiatives for Electronic Systems



# Initiatives for Electronic Systems by Segment

## Space and defense electronics

- Expansion of orders for highly reliable parts for artificial satellite-mounted modules
- Launch of new products



## Information and communication equipment

- Enhancement of a wide range of products from hardware to software
- Sophistication of expertise including consulting capability



Septentrio high precision GPS receiver

## Laser equipment

- Maintenance and expansion of businesses for embedded lasers for industrial equipment and medical equipment
- Development acceleration of new applications and strengthening of promotions



nLight semiconductor laser for embedding

## Industrial equipment

- Enhancement of cutting-edge products and strengthening of solutions
- Growth in embedded computers for industrial equipment and equipment for the automotive market



ADLINK computer for embedding

## Medical equipment

- Strengthening of engineering capability of diagnostic imaging equipment
- Enhancement of new products and further expansion of sales areas





# About Marubun

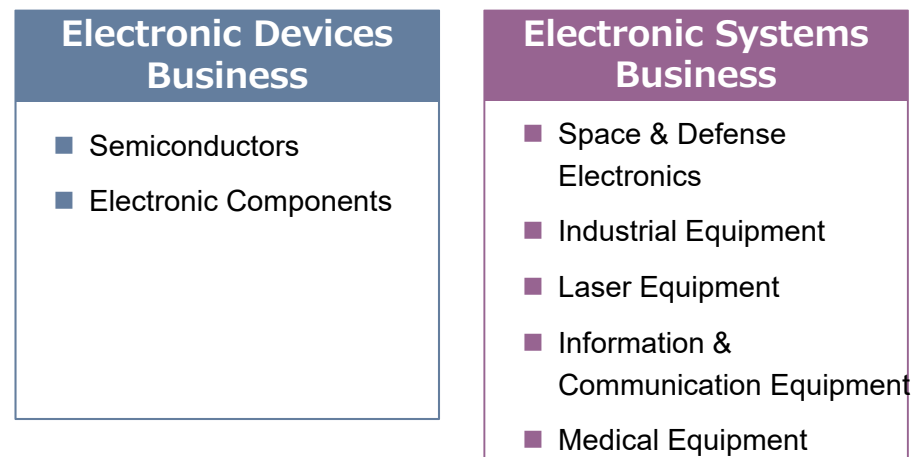
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# Company Profile

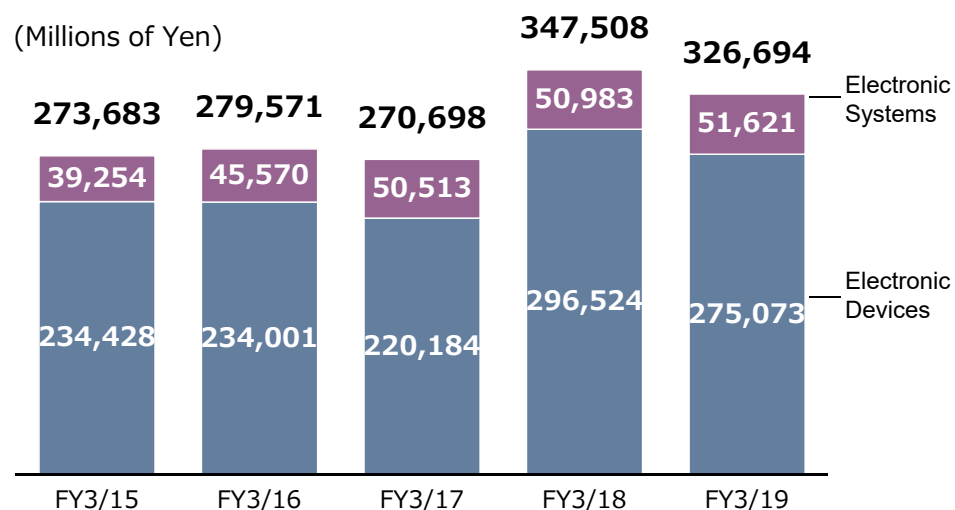
## Profile

<b>Founded</b>	1844
<b>Incorporated</b>	July 1947
<b>Head Office</b>	8-1, Niihonbashi Odenmachi, Chuo-ku, Tokyo
<b>Capital</b>	¥6,214M
<b>Fiscal Year</b>	Apr.1-Mar.31
<b>CEO</b>	Shoji Mizuno
<b>Revenue</b>	Consolidated: ¥ 3,266M (FY3/19) Non-consolidated: ¥ 2,373M (FY3/19)
<b>Employees</b>	Consolidated: 1,336(end of Mar.2019) Non-consolidated: 780(end of Mar.2019)
<b>Listed</b>	The 1 <sup>st</sup> Section of the Tokyo Stock Exchange (7537)

## Business Domains



## Revenue Trend (Consolidated)



# History of Company Operations

## Japan

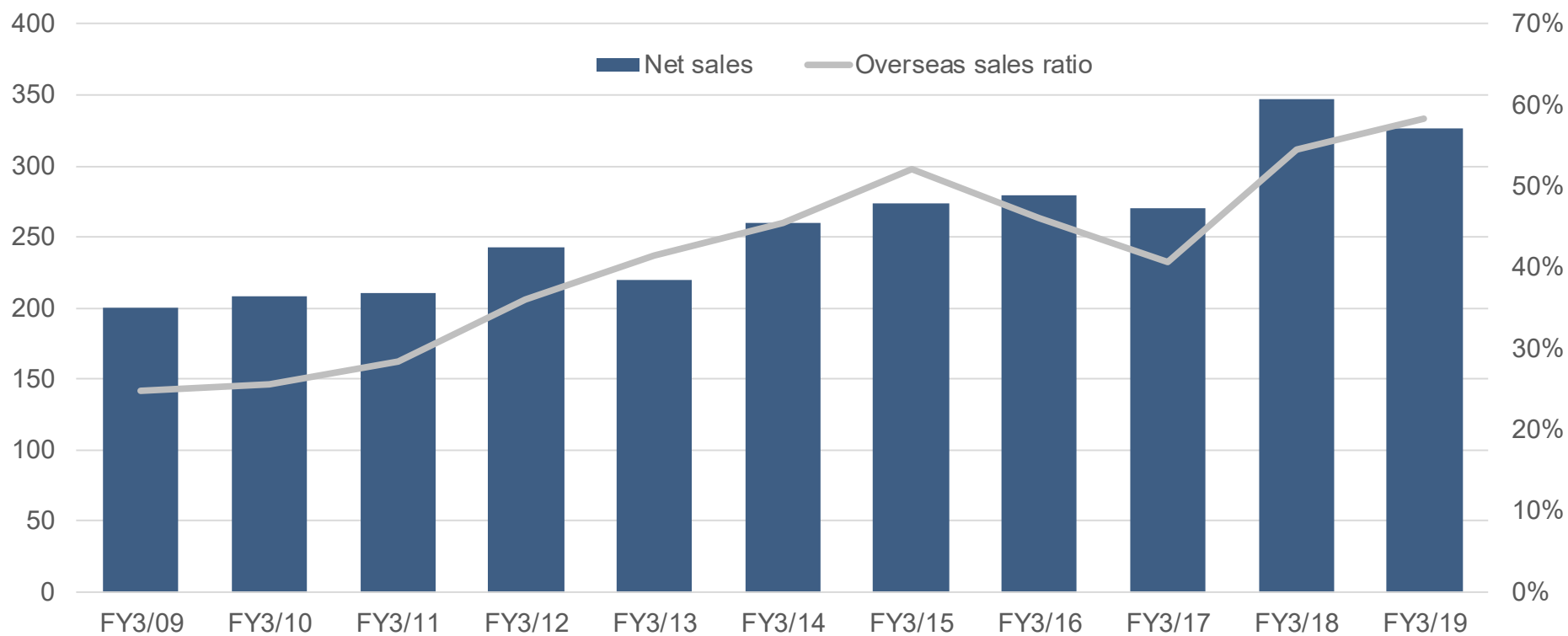
- 2019 — Hokushinrika merged with Marubun Tsusho
- 2018 — KTL Corporation merged with Marubun
- 2016 — Business acquisition of KTL Corporation
- 2015 — Business acquisition of Ikeda Iryou Denki
- 2013 — Business acquisition of Hokushinrika
- 2007 — Business acquisition of Foresight Techno Co., Ltd.
- 2005 — Established Marubun West Corporation
- 2001 — Listed on the 1<sup>st</sup> Section of the Tokyo Stock Exchange
- 1997 — Listed on the 2<sup>nd</sup> Section of the Tokyo Stock Exchange
- 1985 — Established Logistics Center
- 1965 — Imported and sold ICs manufactured by Texas Instruments for the 1<sup>st</sup> 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

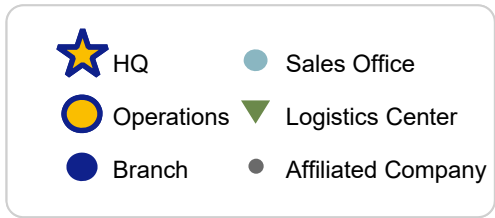
- 2017 — Established subsidiary in Hungary
- 2014 — Established subsidiary in Indonesia and Mexico
- 2013 — Established subsidiary in Shenzhen, China
- 2006 — Established subsidiary in Malaysia
- 2002 — Established subsidiaries in Shanghai and Phillipines
- 2001 — Established subsidiary in Thailand
-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

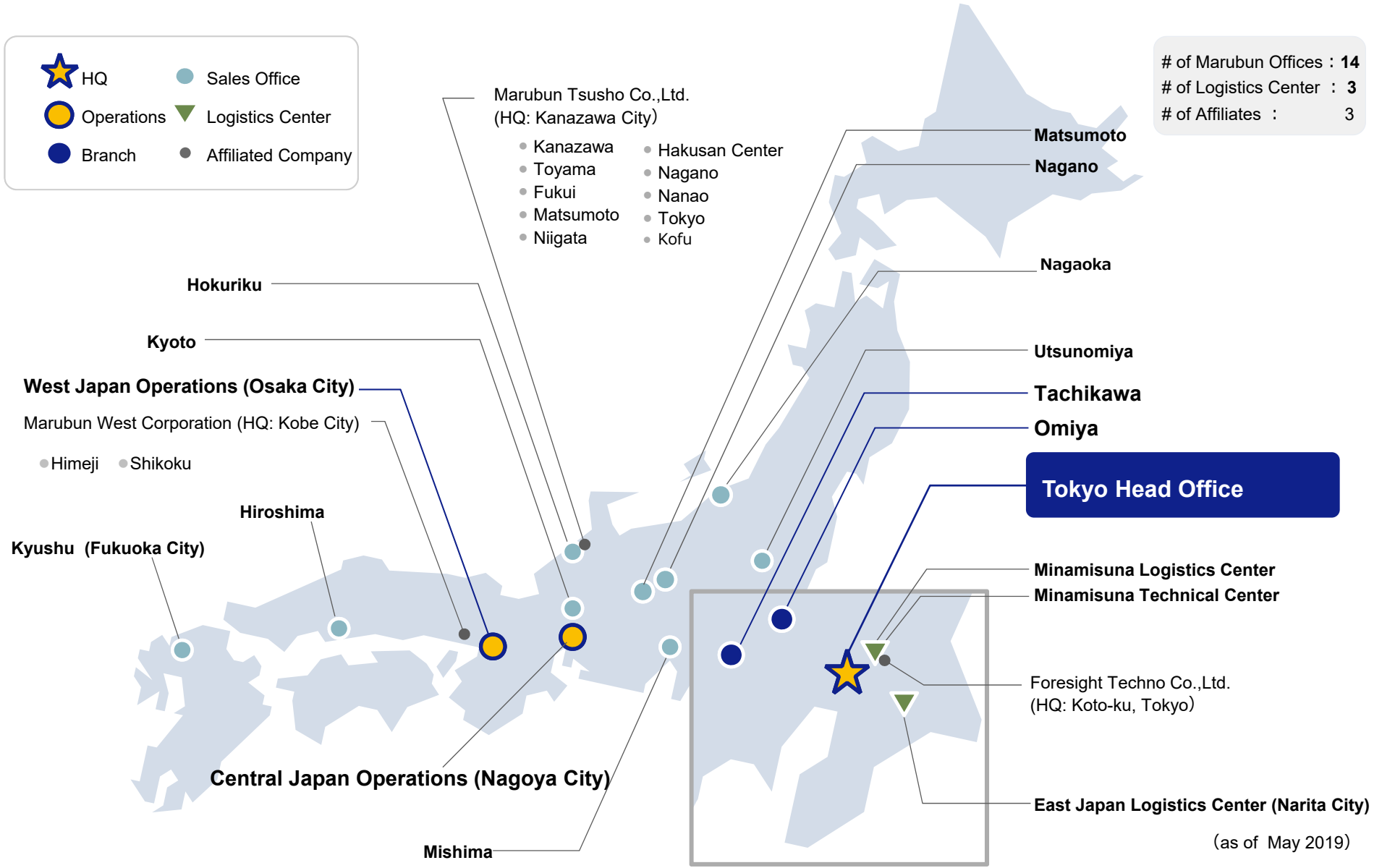
(Billions of Yen)



# Domestic Offices

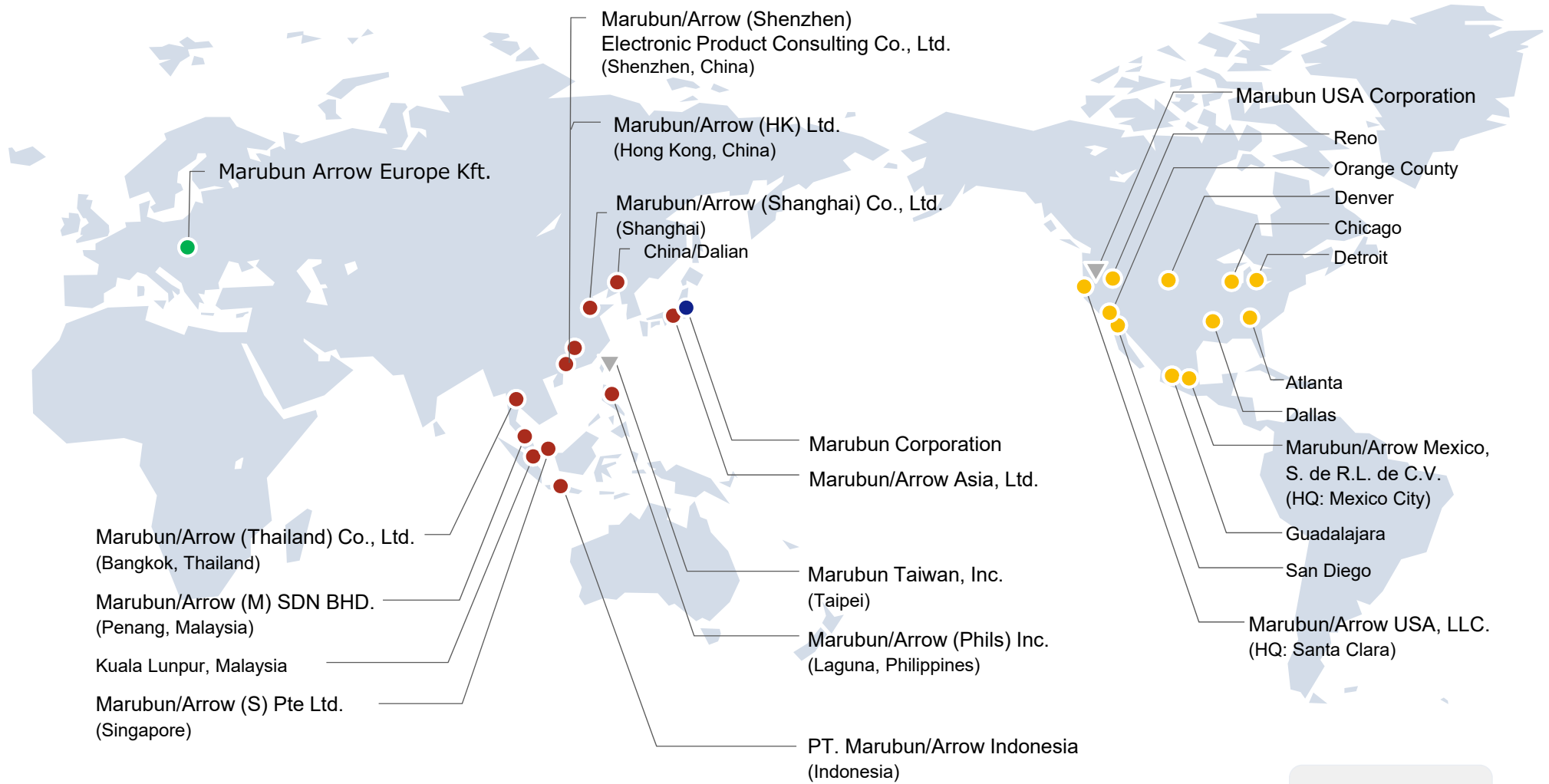


# of Marubun Offices : 14  
 # of Logistics Center : 3  
 # of Affiliates : 3



(as of May 2019)

# Worldwide Sales Network

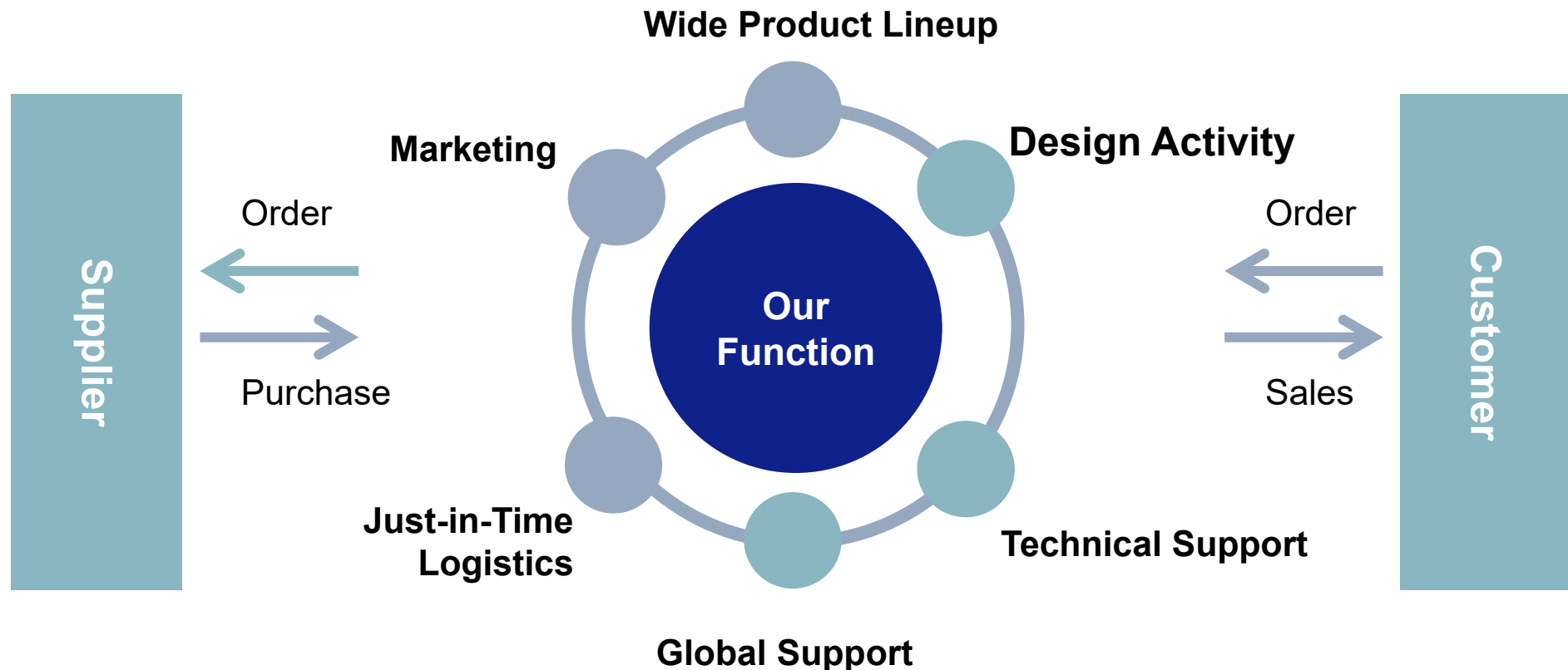


# of Asian Offices : 12  
 # of NA Office : 12  
 # of Europe Office : 1

(as of May. 2019)

# 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%	
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%	Sales of semiconductors and electronic components to Japanese companies in overseas
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 and Marubun Arrow EUROPE KFT are equity method affiliates.

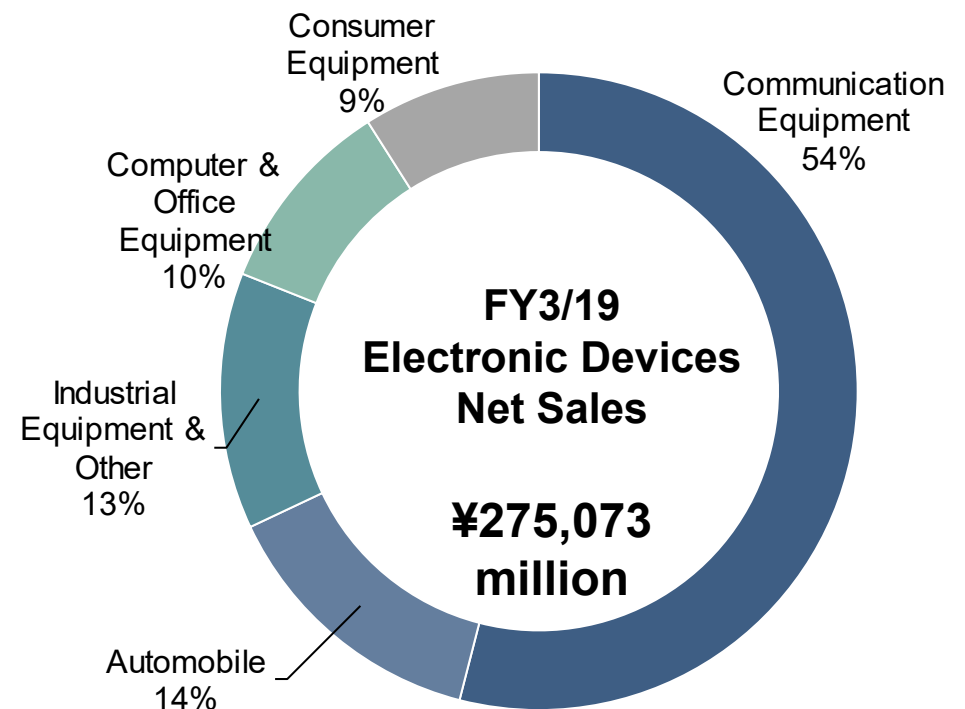


# Main Products(by Supplier) -Electronic Devices-

		Supplier														
		Asahikasei Electronics	Ablic	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
<b>Semiconductor</b>						
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		●	●	●	●	
<b>Electronic Components</b>						
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)

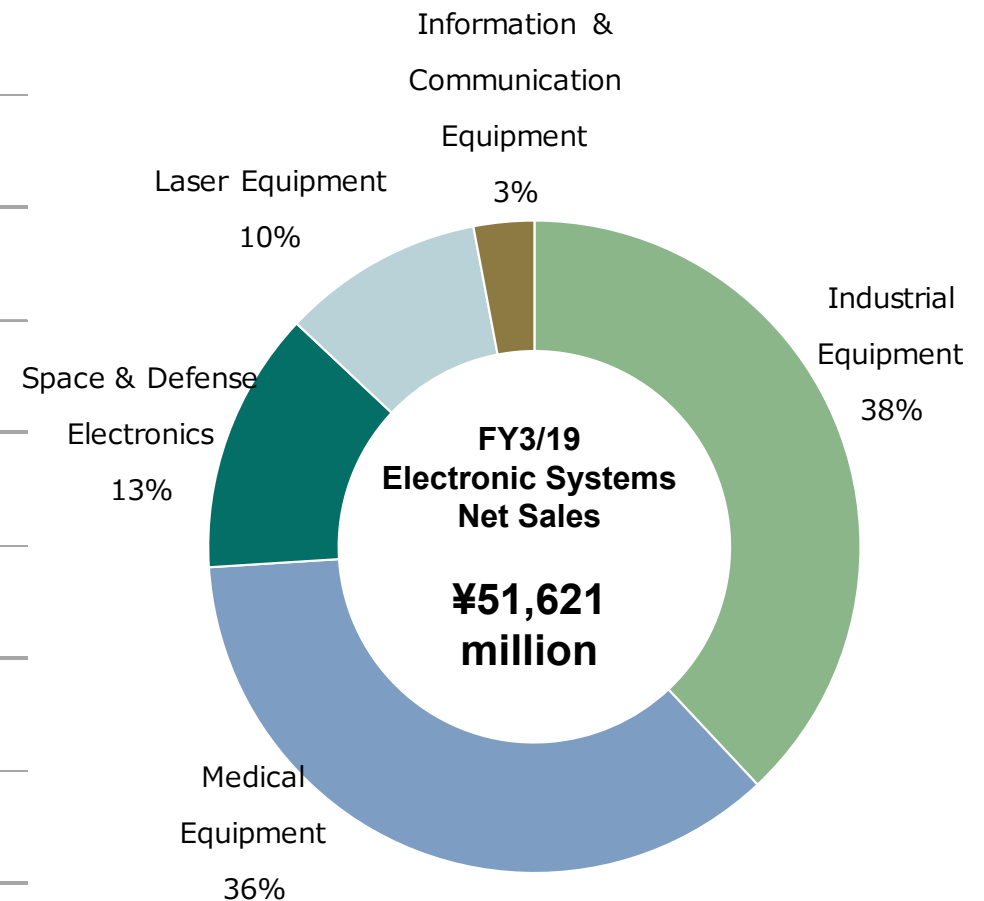


# Affiliations -Electronic Systems-

Comnany	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
Foresight Techno Co.,Ltd.	Koto-ku Tokyo	March 1999	51.0%	High-Leve 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 Dvices,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
Informaiton & Communication Equipment	RF - Optical communication Equipment	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 CORPORATION  
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

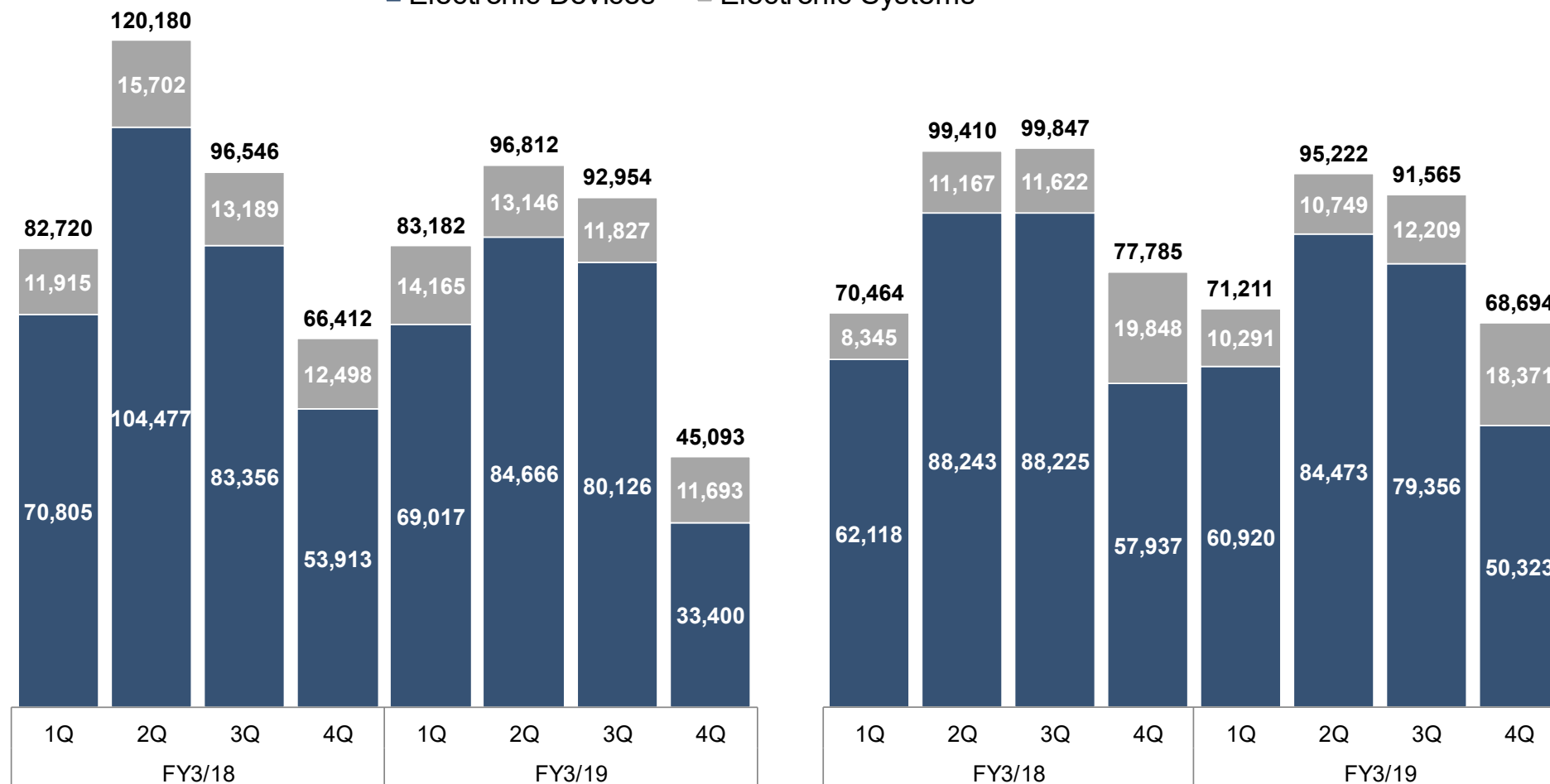
# Quarterly Trend in Orders/Sales by Business

## Orders

## Sales

(Millions of Yen)

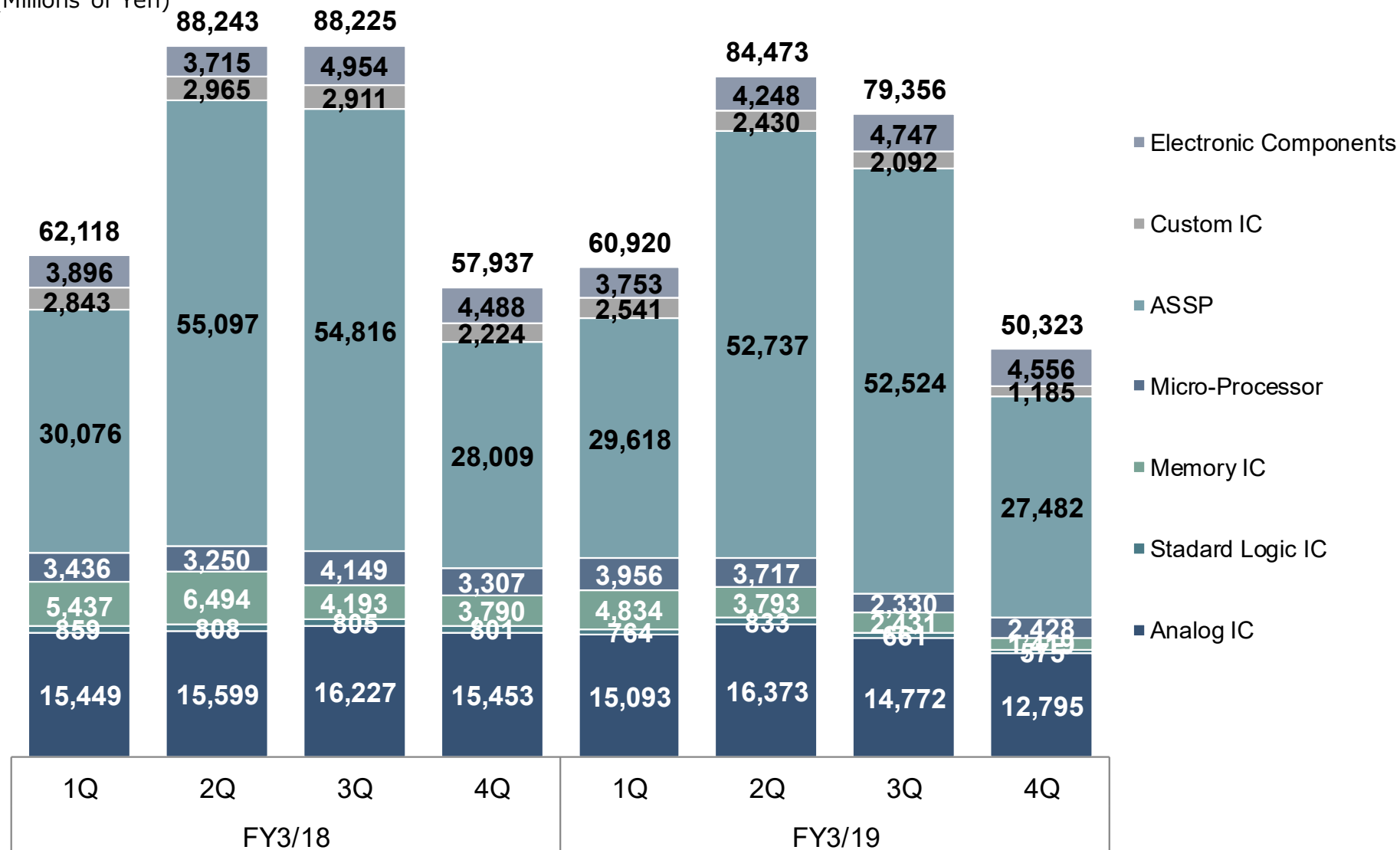
■ Electronic Devices   ■ Electronic Systems



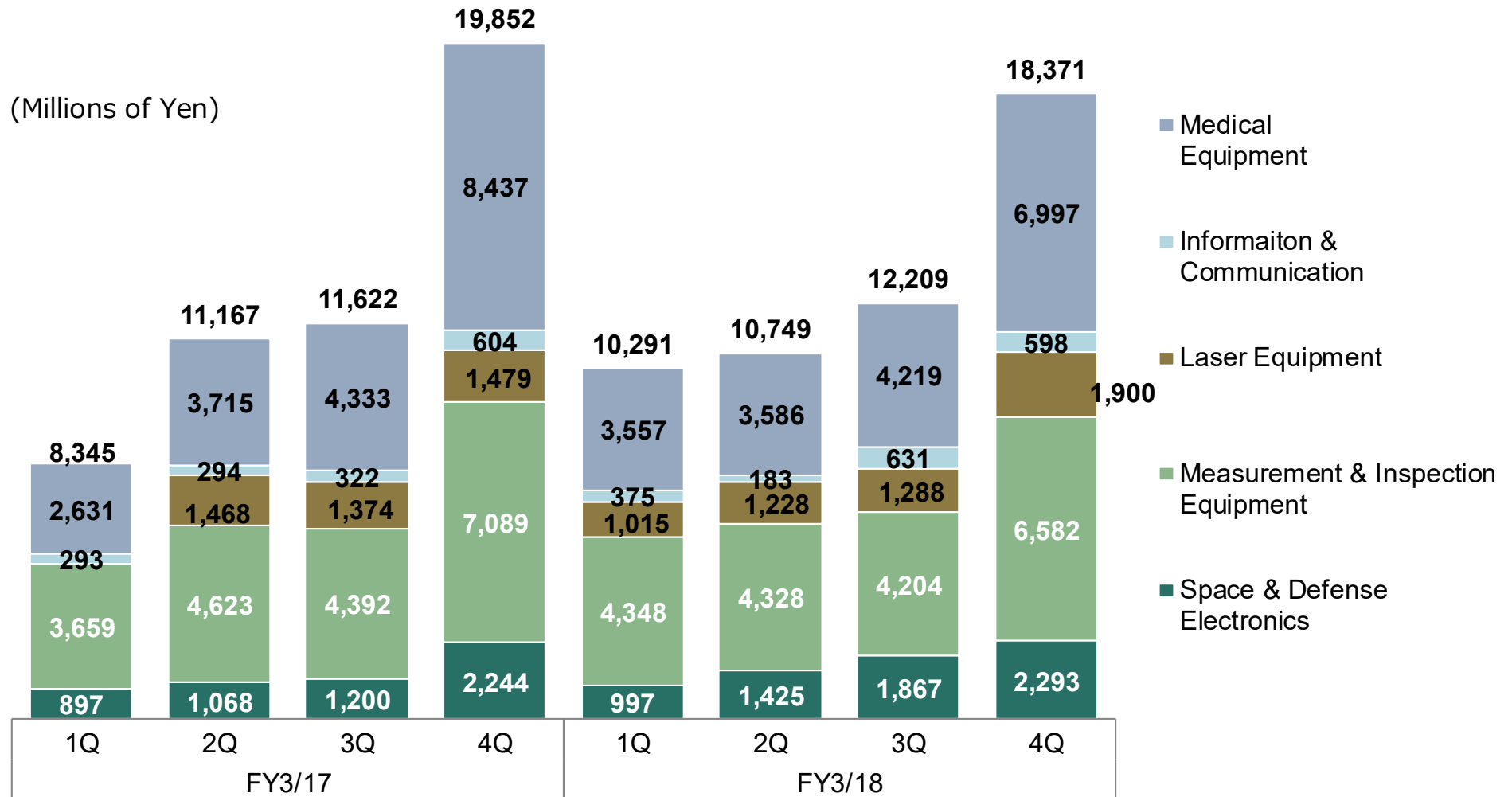


# Quarterly Trend in Sales of Electronic Devices by Product

(Millions of Yen)



# Trend in Sales of Electronic Systems





# Cautionary Statement

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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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