

# Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2020

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November 2019

***MARUBUN CORPORATION***

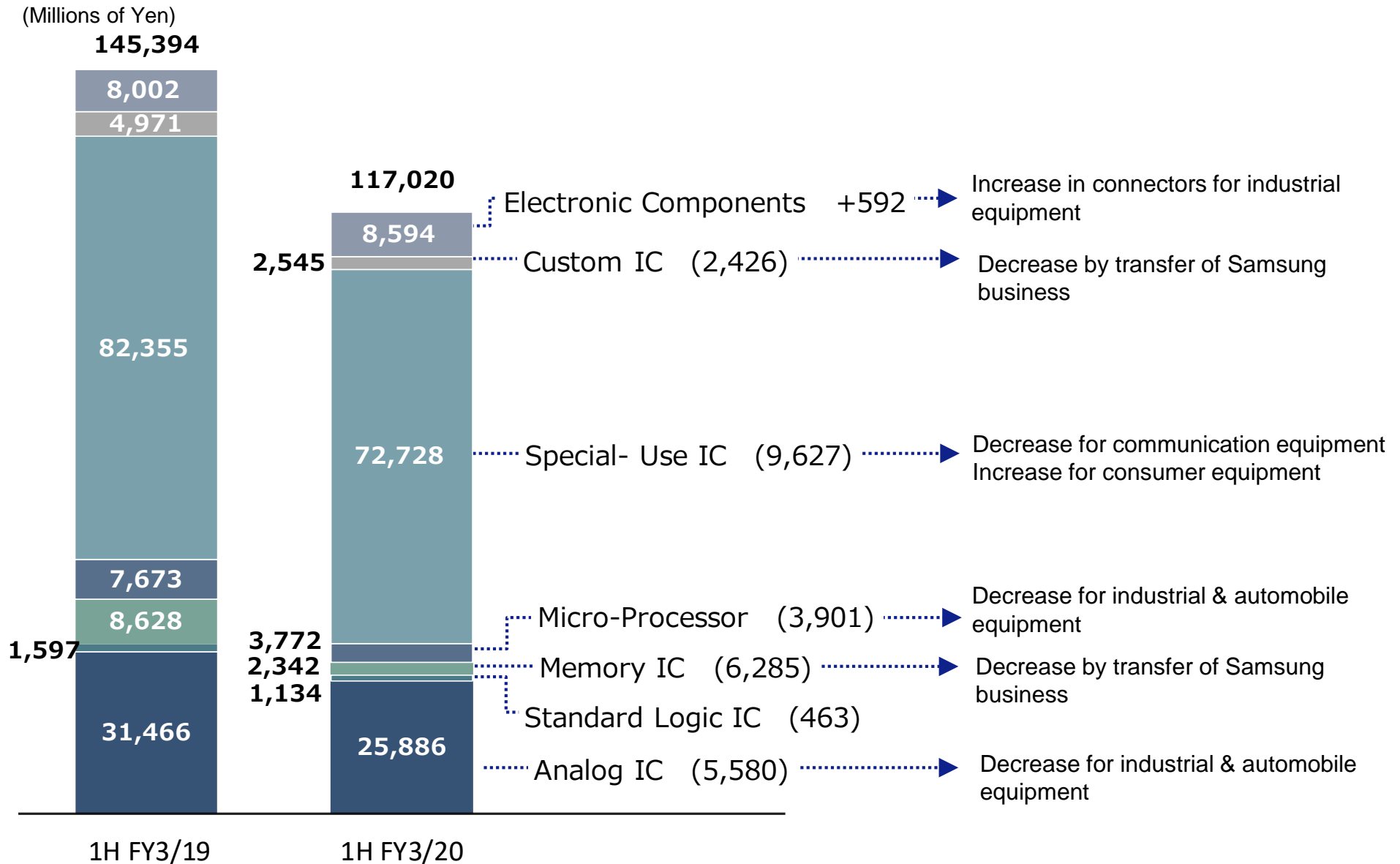
# **1H FY3/20 Summary of Consolidated Financial Results**

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# 1H FY3/20 Summary of Financial Results

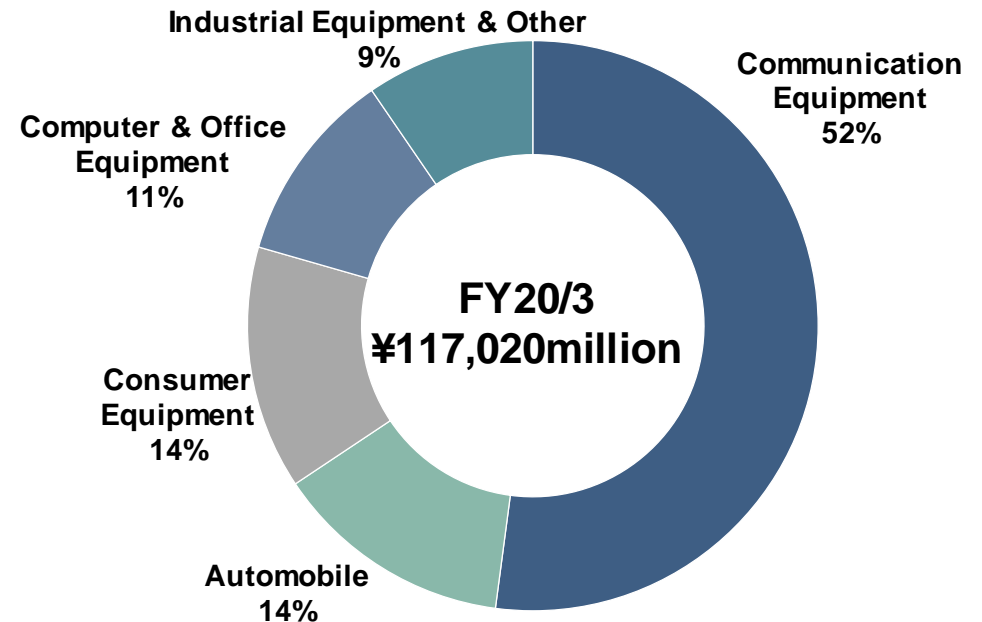
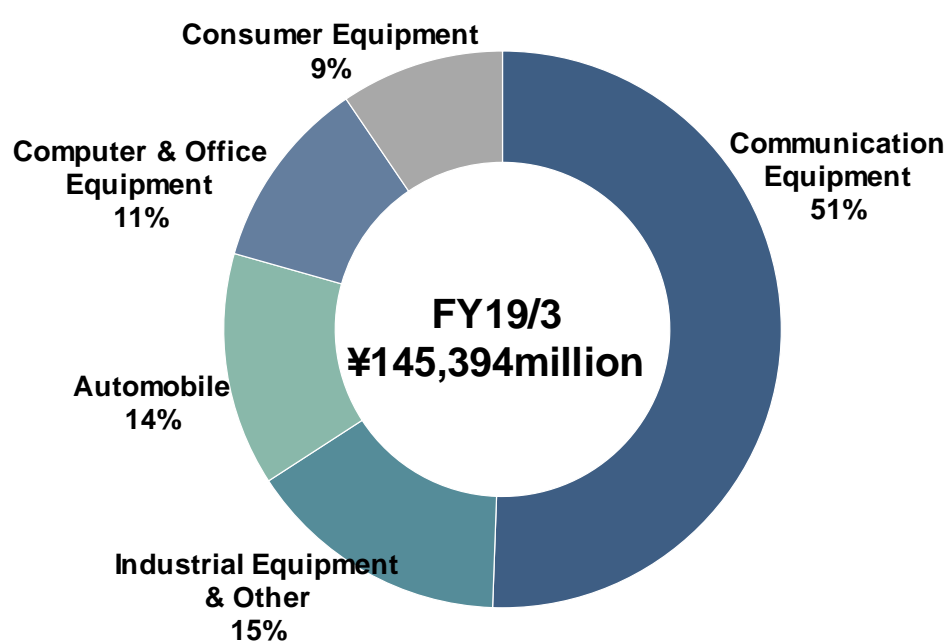
(Millions of Yen)	1H FY3/19		1H FY3/20			YoY Changes		Initial Forecasts vs Actual
	Actual	Composition Ratio	Initial Forecasts	Actual	Composition Ratio	Amount	%	
<b>Net sales</b>	<b>166,434</b>	<b>100.0%</b>	<b>140,000</b>	<b>138,703</b>	<b>100.0%</b>	<b>(27,731)</b>	<b>-16.7%</b>	<b>(1,297)</b>
Electronic Devices	145,394	87.4%	117,000	117,020	84.4%	(28,374)	-19.5%	20
Electronic Systems	21,040	12.6%	23,000	21,682	15.6%	642	3.1%	(1,318)
<b>Gross profit</b>	<b>11,382</b>	<b>6.8%</b>	<b>9,450</b>	<b>7,985</b>	<b>5.8%</b>	<b>(3,397)</b>	<b>-29.8%</b>	<b>(1,465)</b>
SG&A expenses	8,807	5.3%	8,800	8,057	5.8%	(750)	-8.5%	(743)
<b>Operating income</b>	<b>2,575</b>	<b>1.5%</b>	<b>650</b>	<b>(71)</b>	<b>-</b>	<b>(2,646)</b>	<b>-</b>	<b>(721)</b>
Non-operating income	296	0.2%	250	1,146	0.8%	850	287.2%	896
Non-operating expenses	2,254	1.4%	650	751	0.5%	(1,503)	-66.7%	101
<b>Ordinary income</b>	<b>617</b>	<b>0.4%</b>	<b>250</b>	<b>323</b>	<b>0.2%</b>	<b>(294)</b>	<b>-47.6%</b>	<b>73</b>
Extraordinary income	23	0.0%	0	4	0.0%	(19)	-82.6%	4
Extraordinary loss	17	0.0%	0	237	0.2%	220	1294.1%	237
<b>Profit attributable to owners of parent</b>	<b>133</b>	<b>0.1%</b>	<b>(185)</b>	<b>(110)</b>	<b>-</b>	<b>(243)</b>	<b>-</b>	<b>75</b>
<b>No. of employees</b>	<b>1,350</b>	<b>-</b>	<b>-</b>	<b>1,357</b>	<b>-</b>	<b>7</b>	<b>0.5%</b>	<b>-</b>

# 1H FY3/20 Electronic Devices Business Net Sales Breakdown by Product



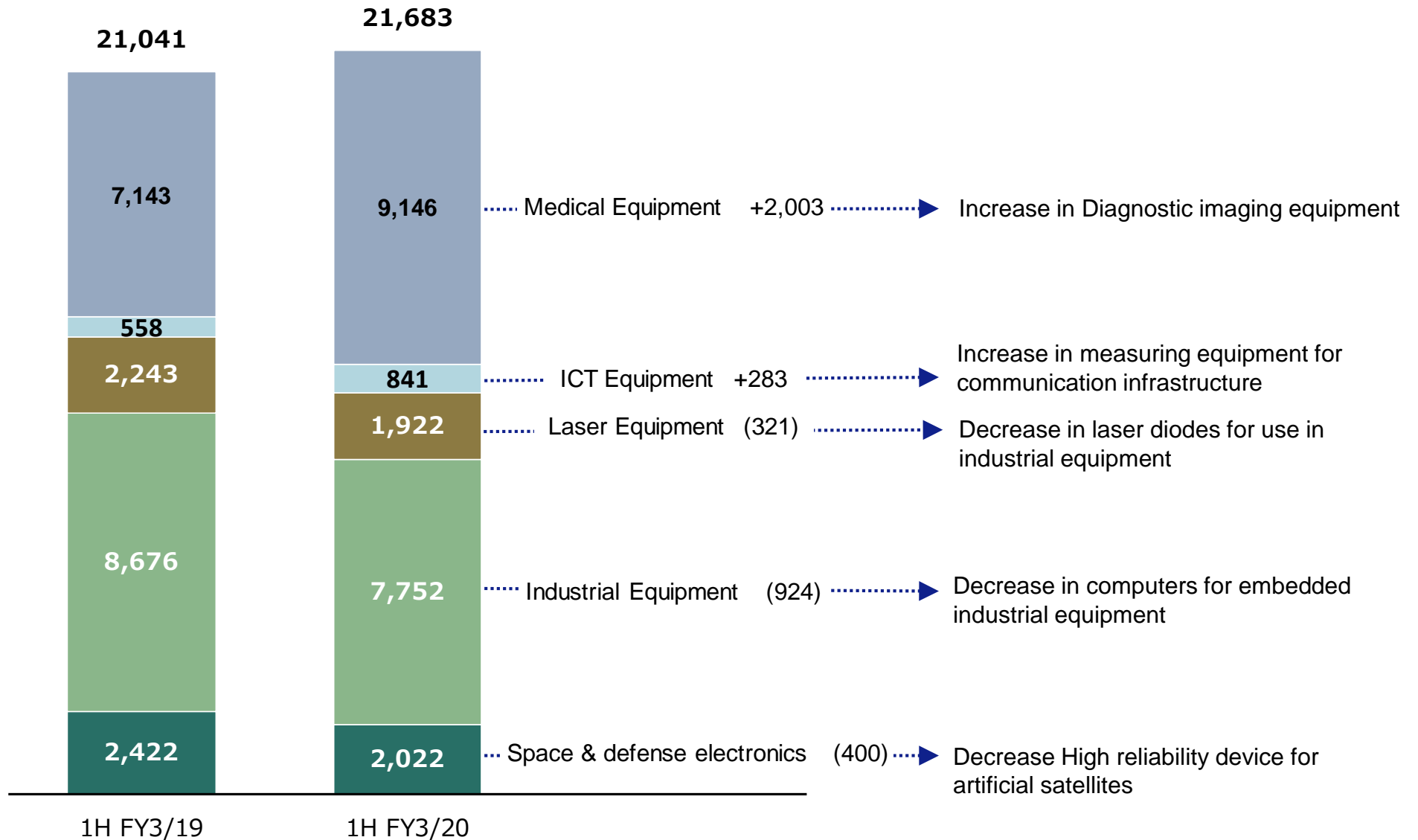
# 1H FY3/20 Electronic Devices Business Market Trend by Application

Application	Market Trend
Communication Equipment	Decrease for communication equipment
Automobile	Decrease for in-vehicle infotainment
Consumer Equipment	Contributing to the acquisition of new commercial rights
Computer & Office Equipment	Increase for PC, Decrease for Office Equipment
Industrial Equipment & Other	Decrease for factory automation

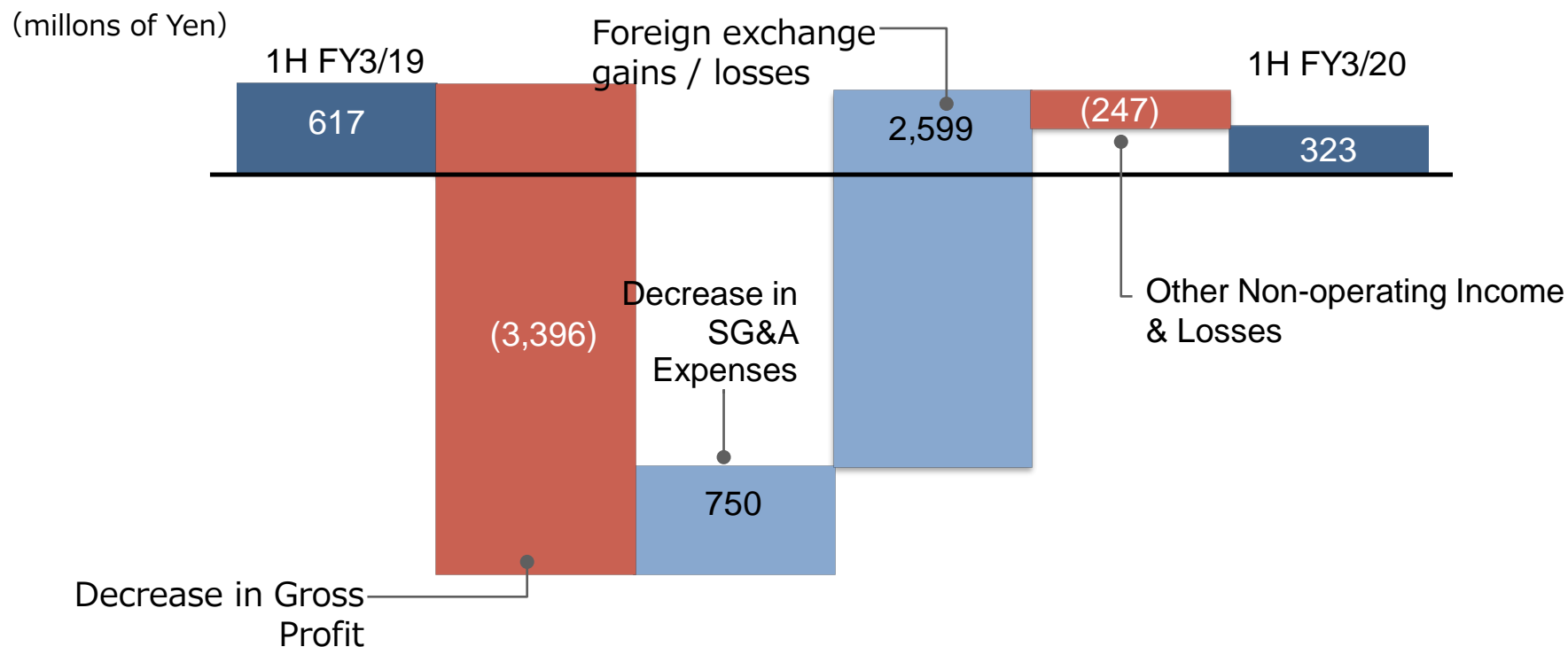


# 1H FY3/20 Electronic Systems Business Net Sales Breakdown by Product

(millions of Yen)



# 1H FY3/20 Factors Affecting Ordinary Income



<b>Gross Profit</b>	<b>Decrease in sales, Decrease in gross profit due to yen appreciation</b> Gross profit margin FY3/19: 6.8% → FY3/20: 5.8%
<b>SG&amp;A Expenses</b>	<b>Decrease in personnel expenses, selling expenses, rent, etc.</b> FY3/19: ¥8,807Millions → FY3/20: ¥8,057Millions
<b>Non-operating Income/Loss</b>	<b>Foreign exchange gains / losses</b> FY3/19: loss of ¥1,612Millions → FY3/20: gains of ¥987Millions

# 1H FY3/20 Summary of Balance Sheets

(Millions of Yen)	FY19/3 Actual	1H FY3/20 Actual	Changes Amount	Reason for change
<b>Total assets</b>	<b>128,163</b>	<b>123,182</b>	<b>(4,981)</b>	Cash and deposits 8,038
Current assets	113,985	109,167	(4,818)	Notes and accounts receivable-trade (3,547)
Noncurrent assets	14,177	14,014	(163)	Merchandise and finished goods (9,784)
<b>Total liabilities</b>	<b>78,436</b>	<b>74,485</b>	<b>(3,951)</b>	Short-term loans payable (4,572)
Current liabilities	75,623	71,847	(3,776)	
Noncurrent liabilities	2,813	2,637	(176)	
<b>Total net assets</b>	<b>49,726</b>	<b>48,696</b>	<b>(1,030)</b>	



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

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# Status of Business Initiatives 1

## ■ Corporate philosophy

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

### **Medium-Term Vision**

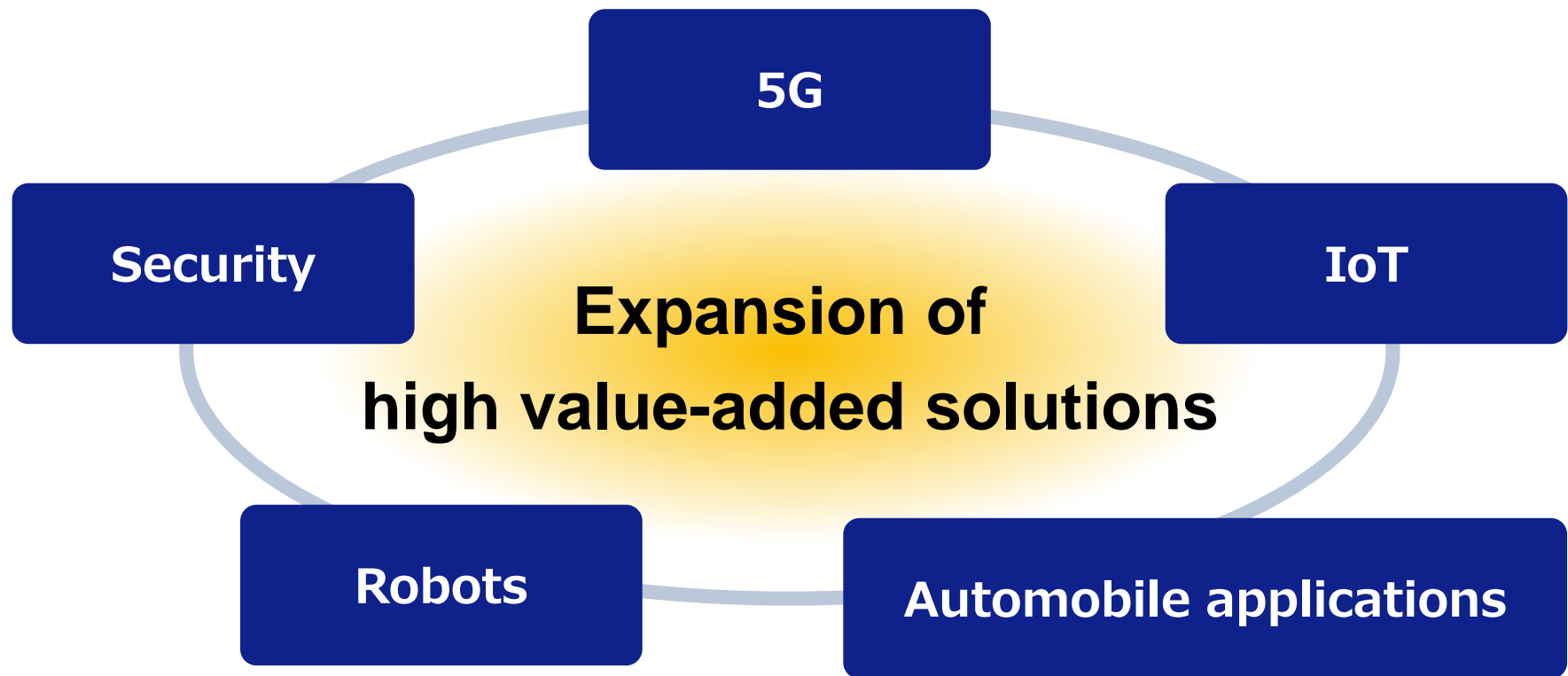
**Development of business models to create new value**

**Promotion of business development for growth markets**

**Stronger initiatives to contribute to a sustainable society**

## Status of Business Initiatives 2

Responding to changes in the market environment,  
and promoting the development and strengthening of business bases



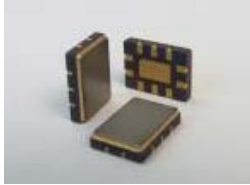


# Initiatives for Electronic Devices

## Deepening of existing line cards

- Increase our market share and acquire new commercial distribution
  - ➔ Expand customer bases with Cypress Semiconductor and ABLIC
- Develop new suppliers to boost and complement product lineups
  - ➔ e.g. Autotalks, GOWIN Semiconductor

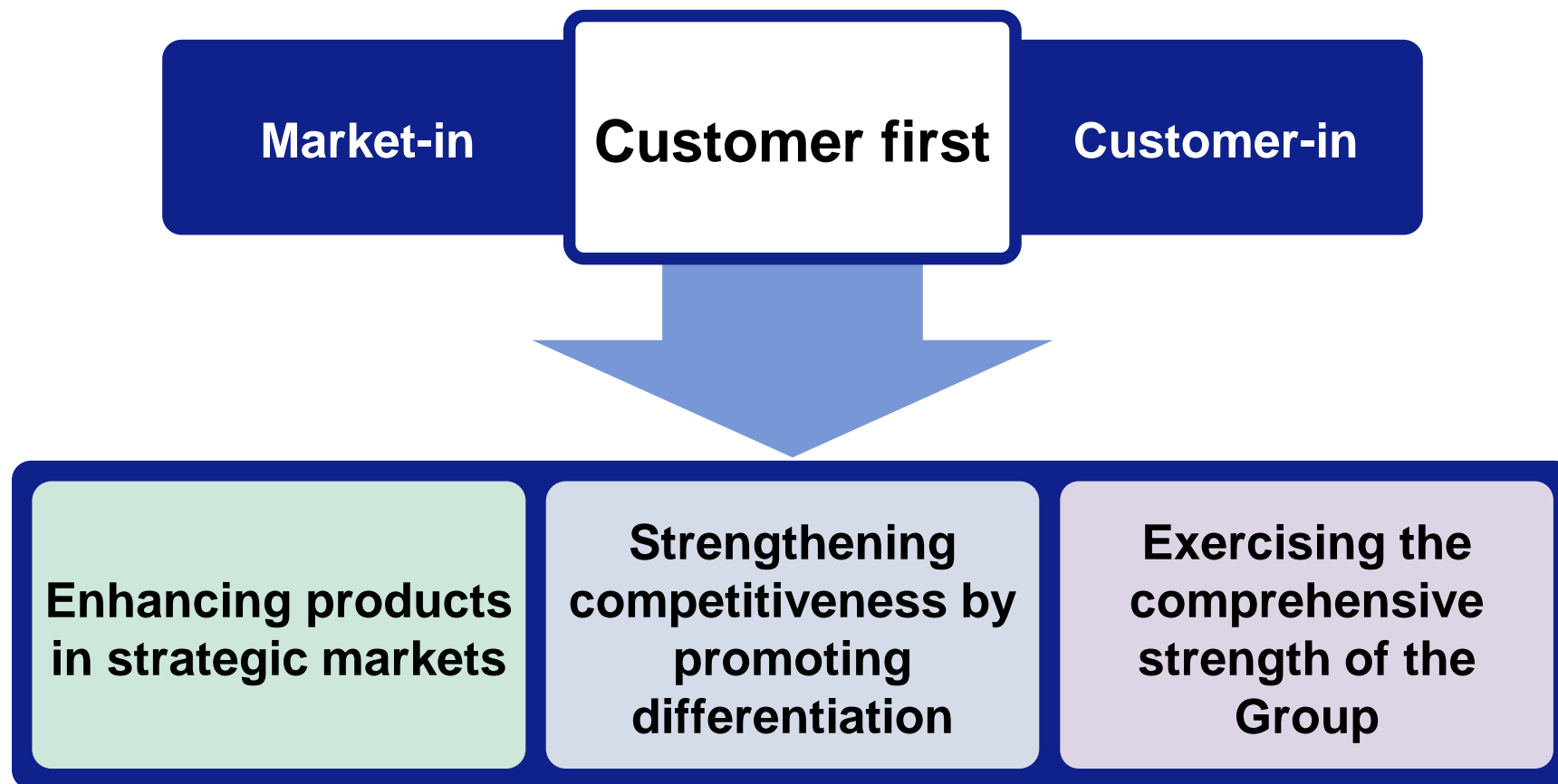
## Business expansion in growth markets

- Accelerate the start-up of new businesses
  - Robotics  
  
Aeolus Robotics
  - Small power electronics  
  
FINsix
  - Three-dimensional nano carbon technologies  
  
Nanoramic

## Enhancement of overseas networks

- Expand sales primarily of products for use in automobiles

# Initiatives for Electronic Systems



# Initiatives for Electronic Systems by Segment

## Space and defense electronics

- Promotion of applications for highly reliable parts in artificial satellites and antenna equipment for ground stations
- Development of automobile simulators and other new products

## Information and communication equipment

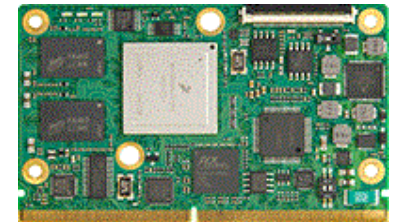
- Strong sales of 5G communications measurement equipment and simulators
- Enhanced promotion of GPS-related products for use in automated driving machinery



Septentrio high precision GPS receiver

## Industrial equipment

- Expansion of products for the semiconductor and electronic component manufacturing markets
- Increase in received orders for embedded computers



ADLINK computer for embedding

## Medical equipment

- Active investment in human resources to meet future growth
- Focus on the enhancement of service engineering technologies

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

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# FY3/20 Financial Forecasts

(Millions of Yen)	FY3/19		FY3/20			YoY Changes		Initial Forecasts vs Revised Forecasts
	Actual	Composition Ratio	Initial Forecasts	Revised Forecasts	Composition Ratio	Amount	%	
<b>Net sales</b>	<b>326,694</b>	<b>100.0%</b>	<b>291,500</b>	<b>285,000</b>	<b>100.0%</b>	<b>(41,694)</b>	<b>-12.8%</b>	<b>(6,500)</b>
Electronic Devices	275,073	84.2%	236,000	233,300	81.9%	(41,773)	-15.2%	(2,700)
Electronic Systems	51,621	15.8%	55,500	51,700	18.1%	79	0.2%	(3,800)
<b>Gross profit</b>	<b>22,767</b>	<b>7.0%</b>	<b>21,500</b>	<b>19,300</b>	<b>6.8%</b>	<b>(3,467)</b>	<b>-15.2%</b>	<b>(2,200)</b>
SG&A expenses	17,719	5.4%	17,500	16,400	5.8%	(1,319)	-7.4%	(1,100)
<b>Operating income</b>	<b>5,048</b>	<b>1.5%</b>	<b>4,000</b>	<b>2,900</b>	<b>1.0%</b>	<b>(2,148)</b>	<b>-42.6%</b>	<b>(1,100)</b>
Non-operating income	568	0.2%	600	1,300	0.5%	732	128.9%	700
Non-operating expenses	2,596	0.8%	1,450	1,400	0.5%	(1,196)	-46.1%	(50)
<b>Ordinary income</b>	<b>3,020</b>	<b>0.9%</b>	<b>3,150</b>	<b>2,800</b>	<b>1.0%</b>	<b>(220)</b>	<b>-7.3%</b>	<b>(350)</b>
<b>Profit attributable to owners of parent</b>	<b>1,636</b>	<b>0.5%</b>	<b>1,750</b>	<b>1,350</b>	<b>0.5%</b>	<b>(286)</b>	<b>-17.5%</b>	<b>(400)</b>

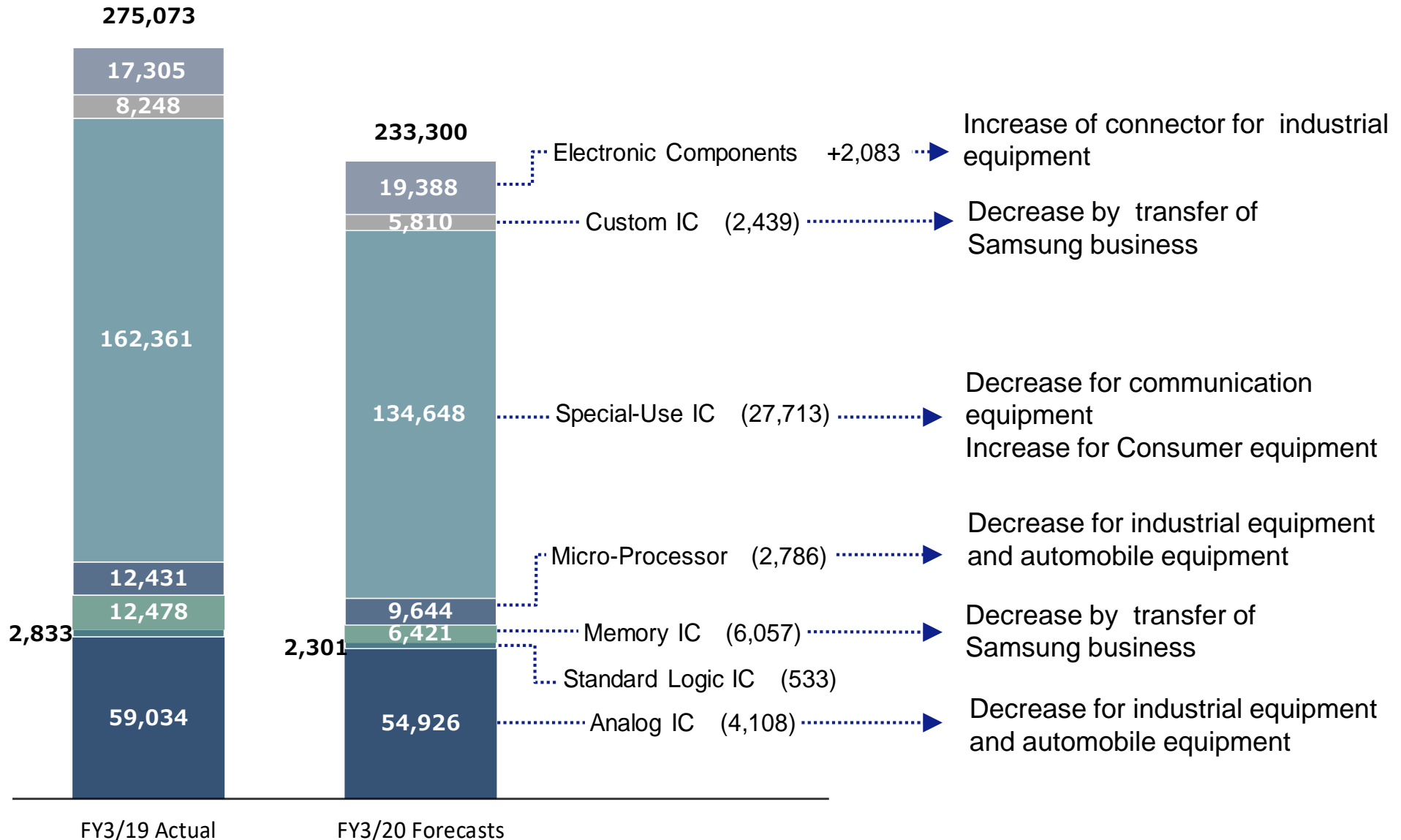
## Point

Net sales	Devices : Decrease by transfer of Samsung business. Decrease for communication and industrial equipment. Systems : Decrease in Space Electronics equipment and industrial equipment.
Gross profit	Decrease due to decrease of Net sales and exchange rate fluctuations in 1H.
Operating income	Expect to reduce SG & A expenses, but decrease due to lower gross profit.
Ordinary income	Increasing foreign exchange gains in the 1H but decreasing.



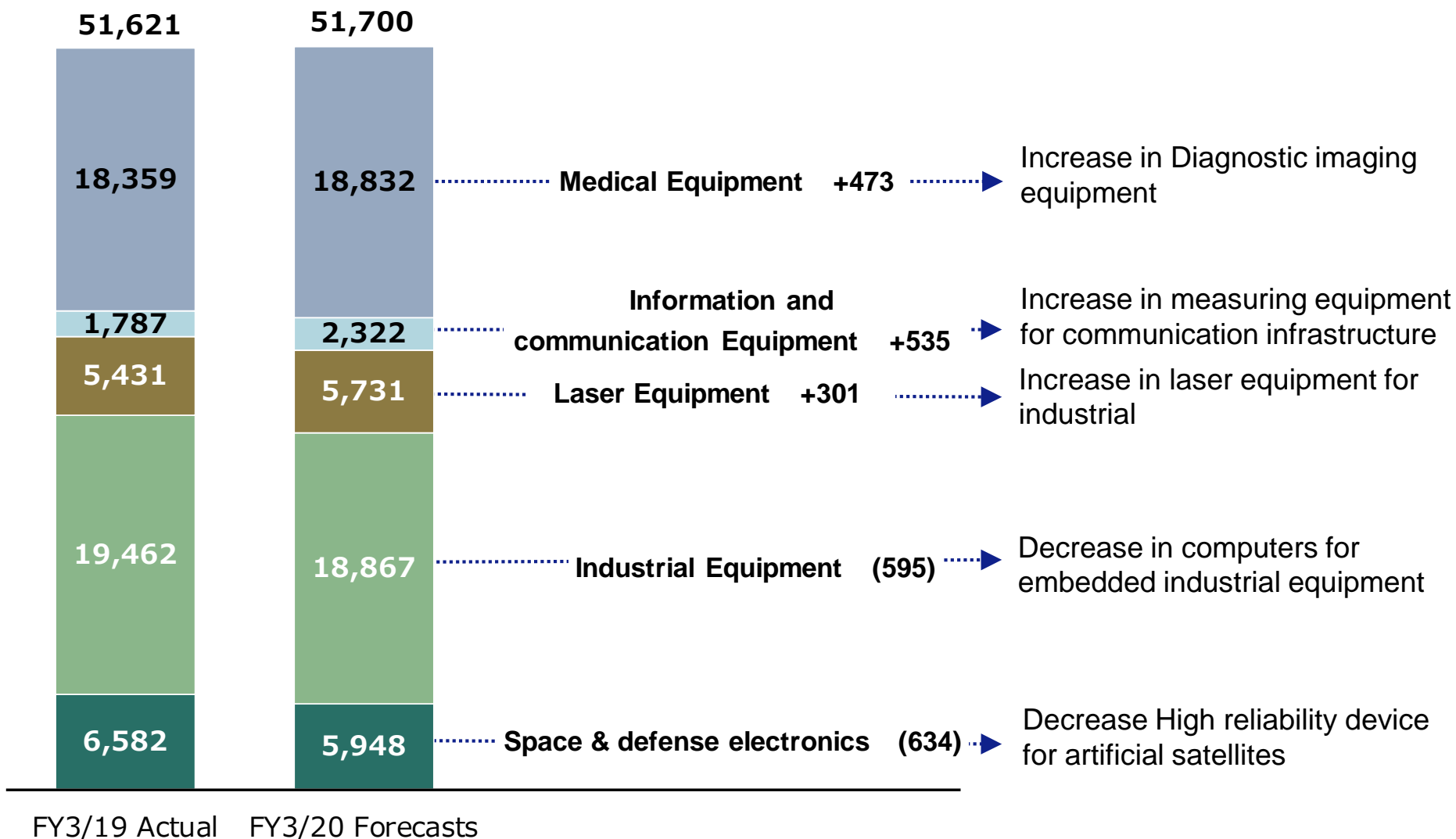
# FY3/20 Electronic Devices Business Net Sales Forecasts by Product

(Millions of Yen)

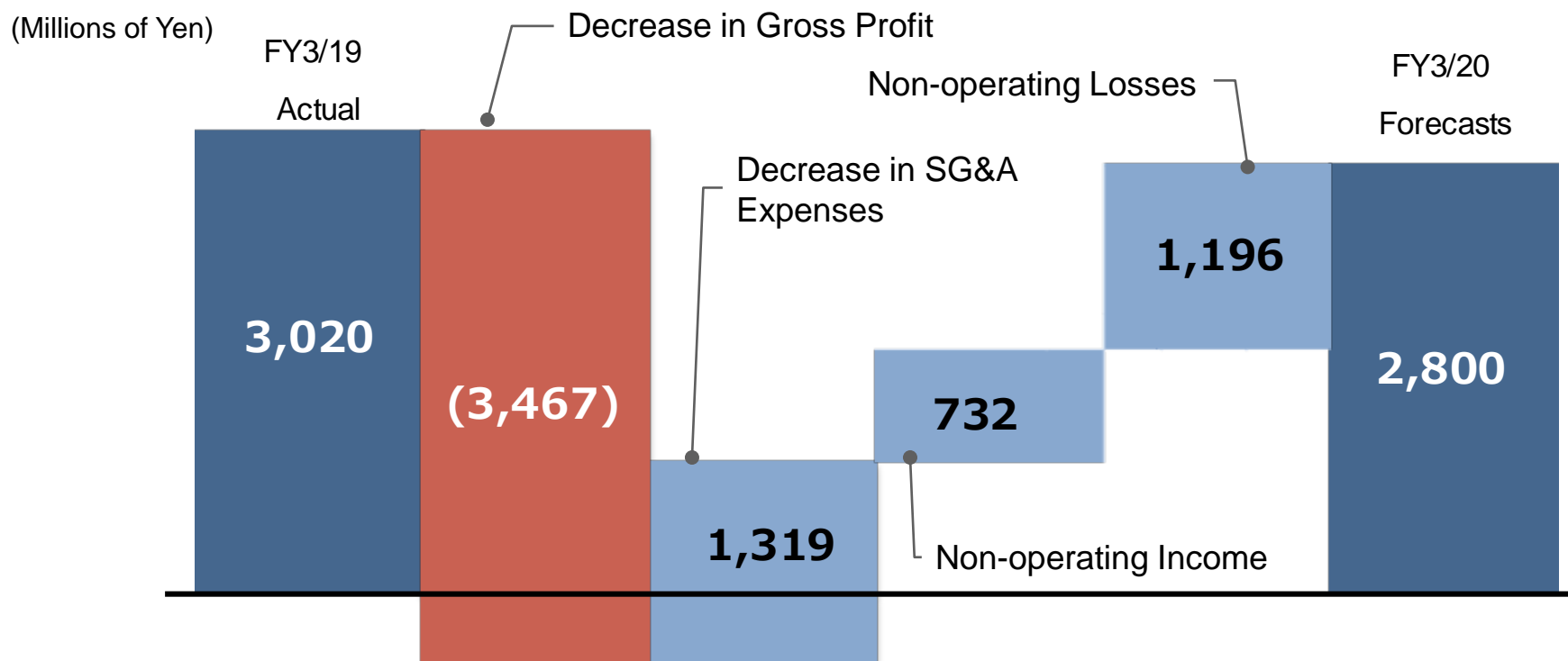


# FY3/20 Electronic Systems Business Net Sales Forecasts by Product

(Millions of Yen)



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



<b>Gross Profit</b>	<b>Decrease in sales, Decrease in gross profit due to yen appreciation.</b> FY3/19:¥22.7billion(7.0%) → FY3/20:¥19.3billion(6.8%)
<b>SG&amp;A Expenses</b>	<b>Decrease in personnel expenses, selling expenses, etc.</b> FY3/19:¥17.7billion → FY3/20:¥16.4billion
<b>Non-operating Income &amp; Losses</b>	<b>Foreign exchange gains / losses</b> FY3/19:losses ¥1.2 billion → FY3/20:gains ¥0.9billion

# Return to Shareholders

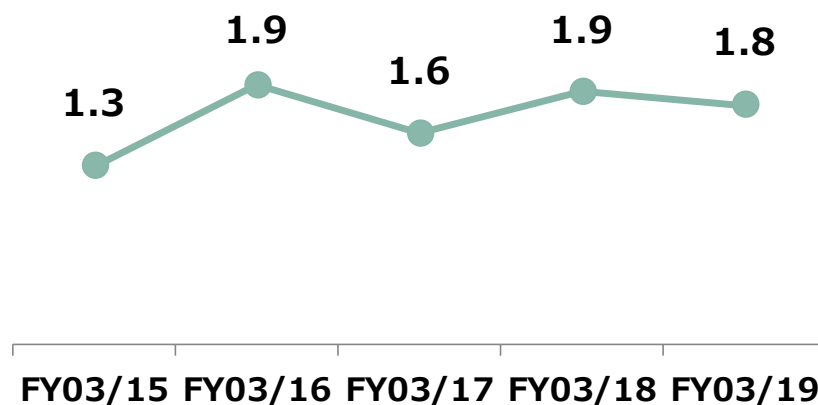
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# Return to Shareholders

## Dividend Policy

Dividend Payout Ratio	30% or more (consolidated)
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## Dividend on equity (%)



## 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	58.1

# About Marubun

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# Company Profile

## Profile

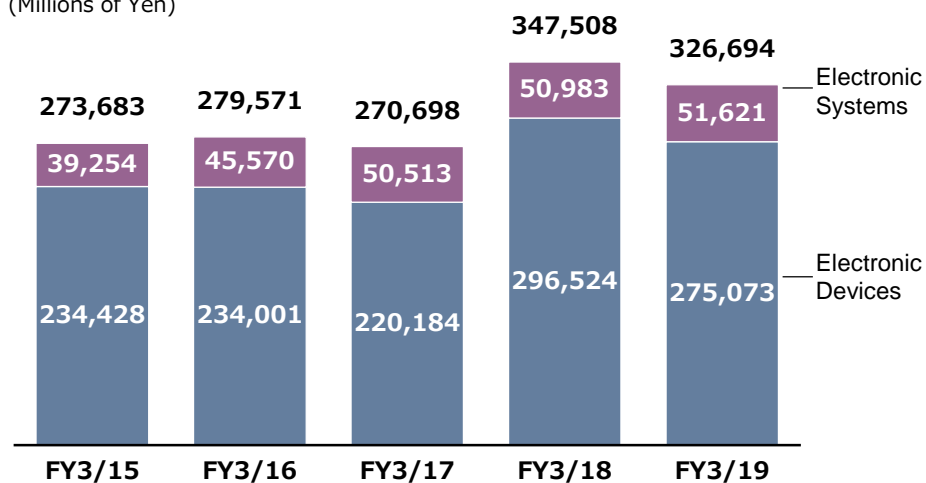
<b>Founded</b>	1844
<b>Incorporated</b>	July 1947
<b>Head Office</b>	8-1, Niihonbashi Odenmachi, Chuo-ku, Tokyo
<b>Capital</b>	¥6,214M
<b>Fiscal Year</b>	Apr.1-Mar.31
<b>CEO</b>	Shoji Mizuno
<b>Revenue</b>	Consolidated: ¥3,266M (FY3/19) Non-consolidated: ¥2,373M (FY3/19)
<b>Employees</b>	Consolidated: 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

Electronic Devices Business	Electronic Systems Business
<ul style="list-style-type: none"> <li>Semiconductors</li> <li>Electronic Components</li> </ul>	<ul style="list-style-type: none"> <li>Space &amp; Defense Electronics</li> <li>Industrial Equipment</li> <li>Laser Equipment</li> <li>Information &amp; Communication Equipment</li> <li>Medical Equipment</li> </ul>

## Revenue Trend (Consolidated)

(Millions of Yen)



# History of Company Operations

## Japan

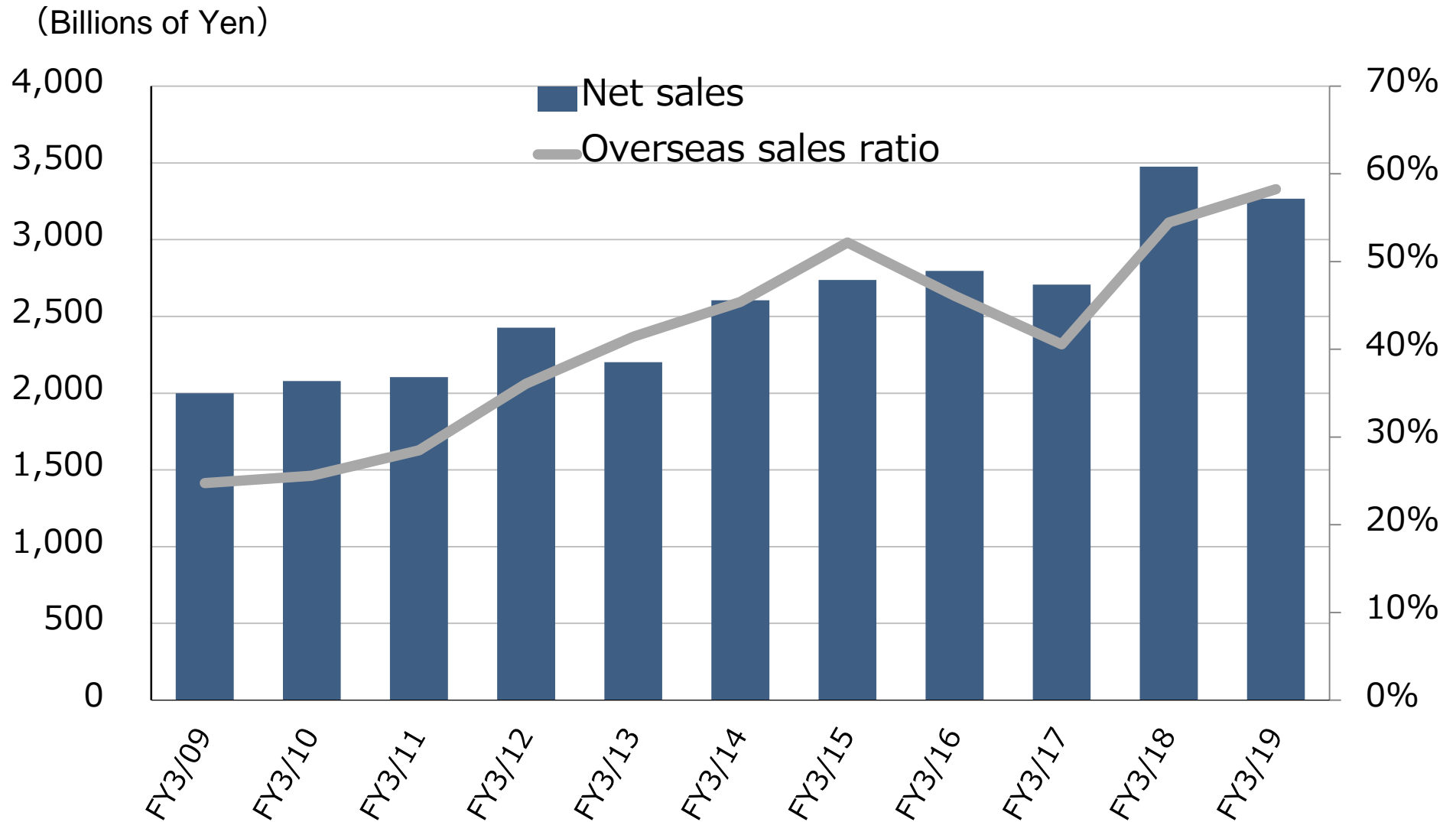
- 2019 — Hokushinrika merged with Marubun Tsusho
- 2018 — KTL Corporatioa merged with Marubun
- 2016 — Business acquisition of KTL Corporation
- 2015 — Business acquisition of Ikeda Iryou Denki
- 2013 — Business acquisition of Hokushinrika
- 2007 — Business acquisition of Foresight Techno Co., Ltd.
- 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

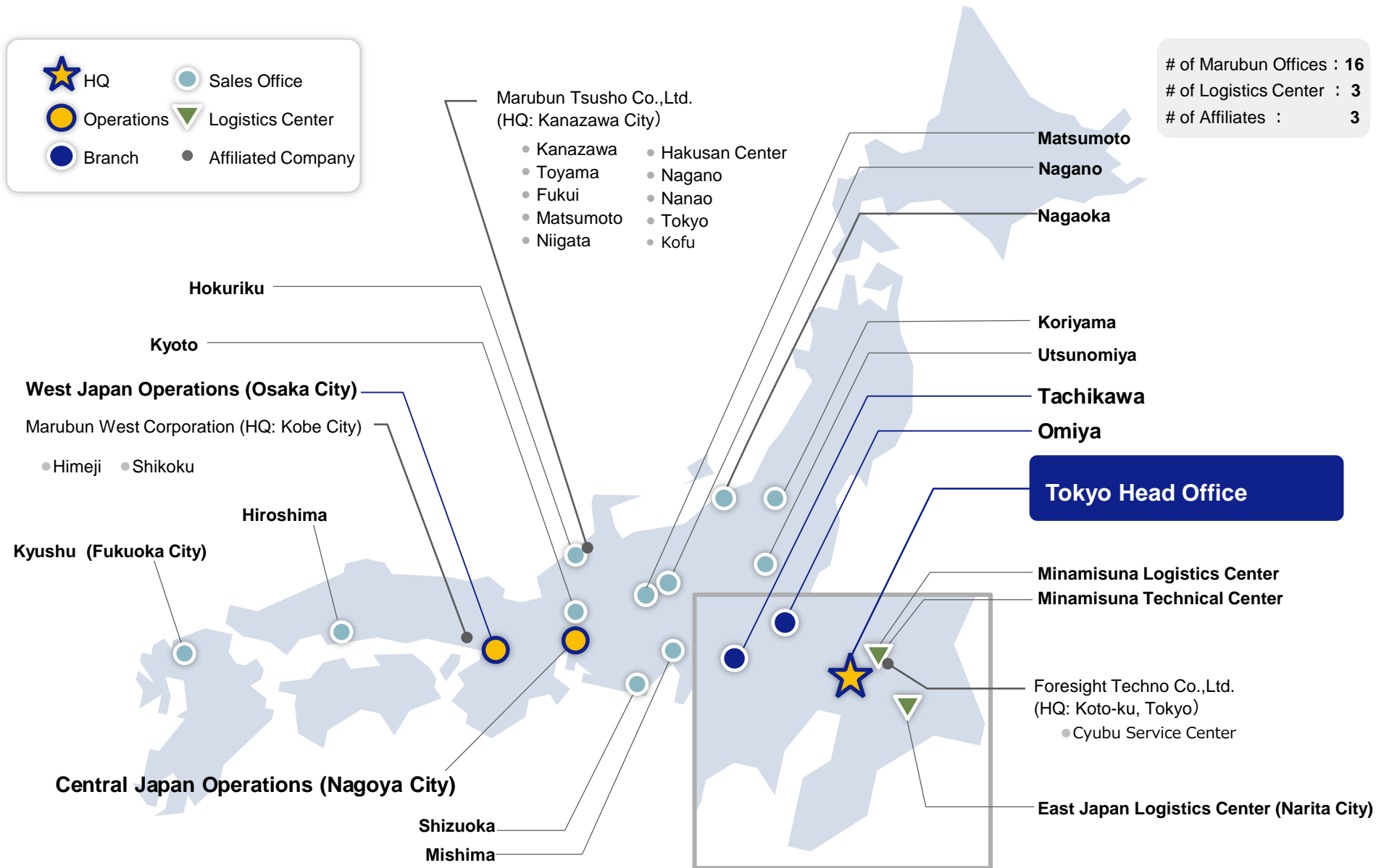
- 2017 — Established subsidiary in Hungary
- 2014 — Established subsidiary in Indonesia and Mexico
- 2013 — Established subsidiary in Shenzhen, China
- 2006 — Established subsidiary in Malaysia
- 2002 — Established subsidiaries in Shanghai and Phillipines
- 2001 — Established subsidiary in Thailand
-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



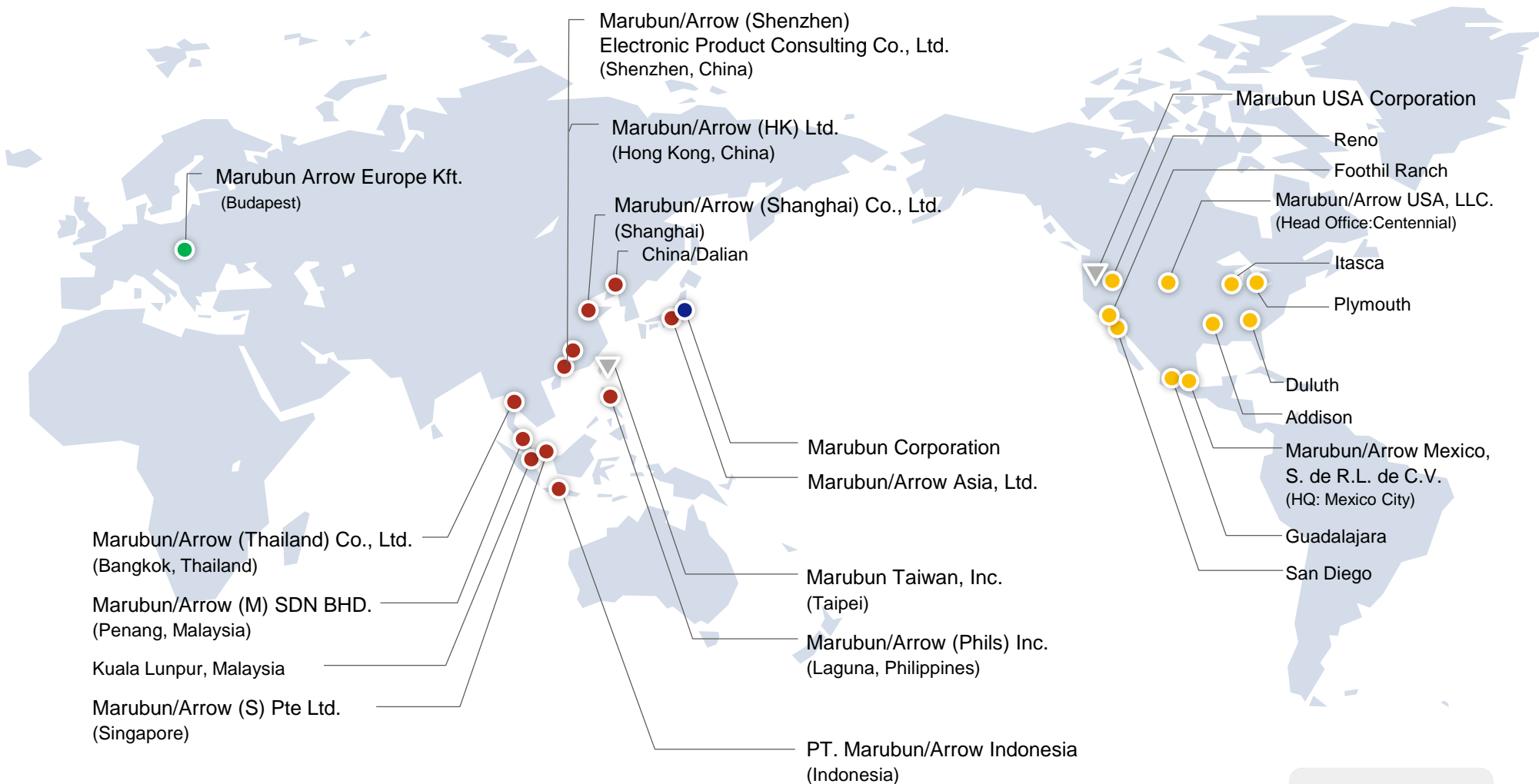
# Sales Trend for the Past 10 Years



# Domestic Offices



# Worldwide Sales Network

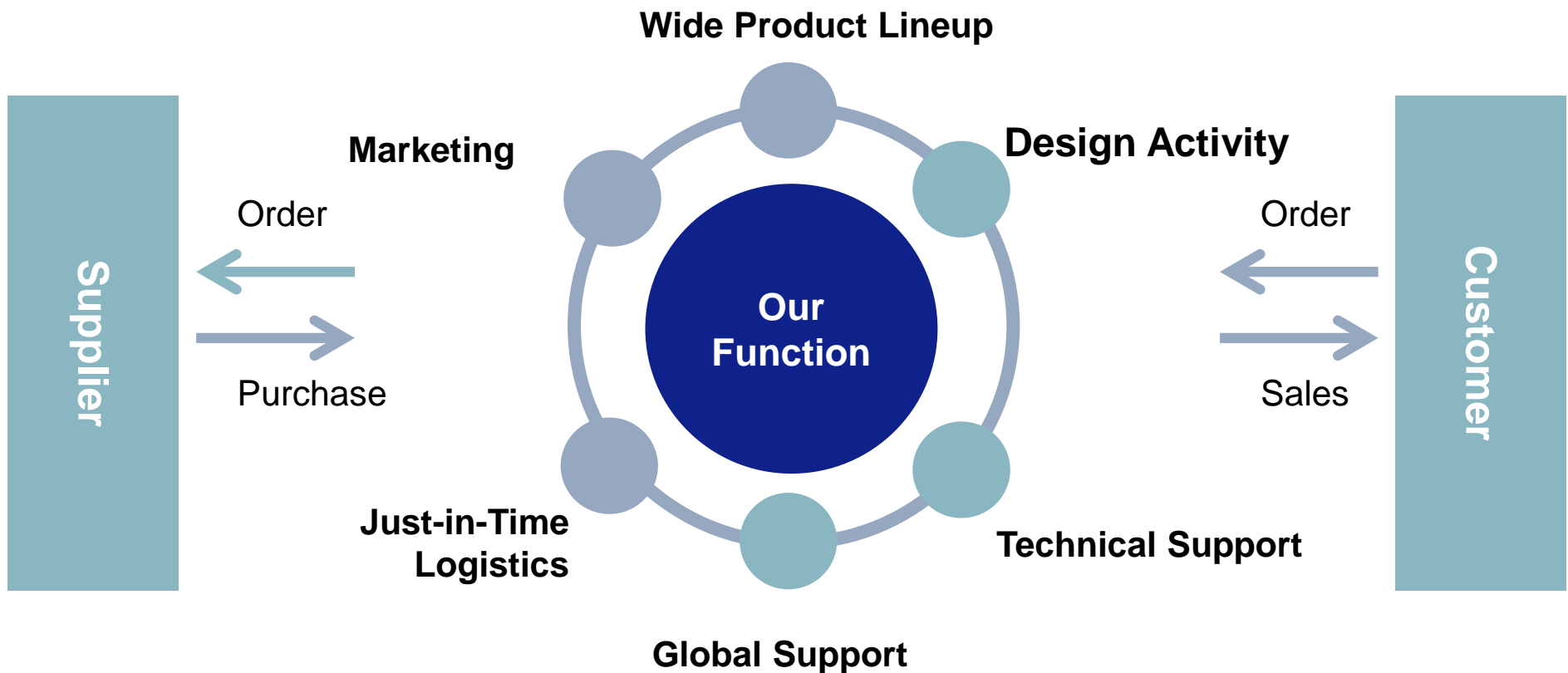


# of Asian Offices : 12  
 # of NA Office : 12  
 # of Europe Office : 1

(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-

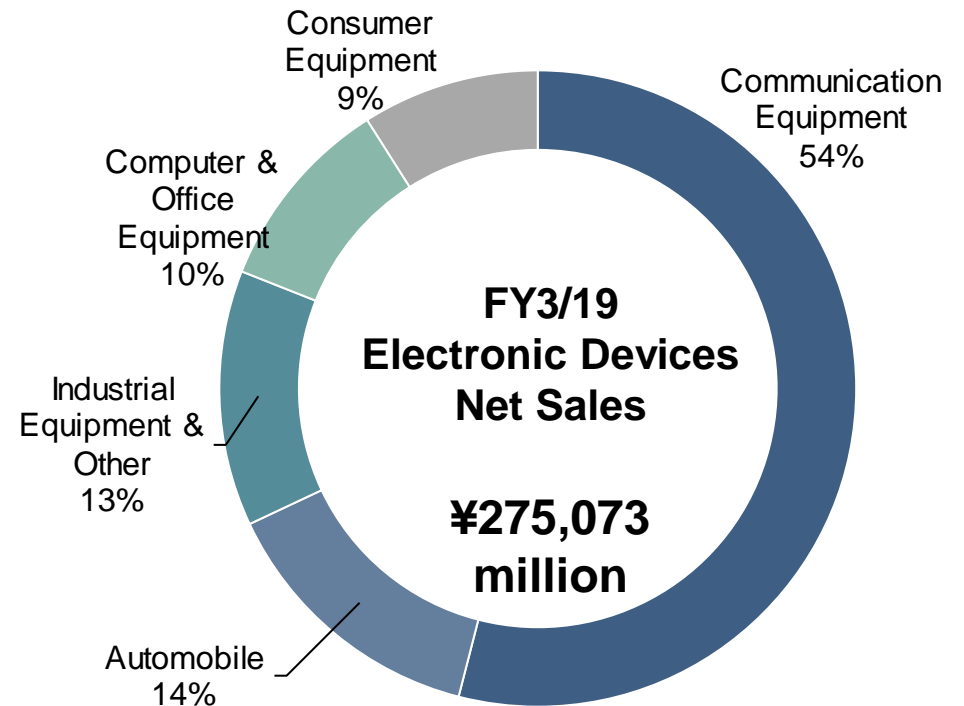
Company	Head Quarter	Establish	Share	Business
Marubun USA Corporation	California, U.S.A.	October 1983	100.0%	Holding company of Marubun/Arrow USA,LLC
Marubun Taiwan, Inc.	Taipei, Taiwan	November 1989	100.0%	Supply of semiconductors and electronic components made in Taiwan
Marubun/Arrow Asia, Ltd.	British 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%	

# Main Products(by Supplier) -Electronic Devices-

		Supplier														
		Asahikasei Electronics	Ablic	Broadcom	Cypress	Eink	FINsix	IDT	Littlefuse	Maxim	Molex	Qorvo	Sandisk	Seiko Epson 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,Switch,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)



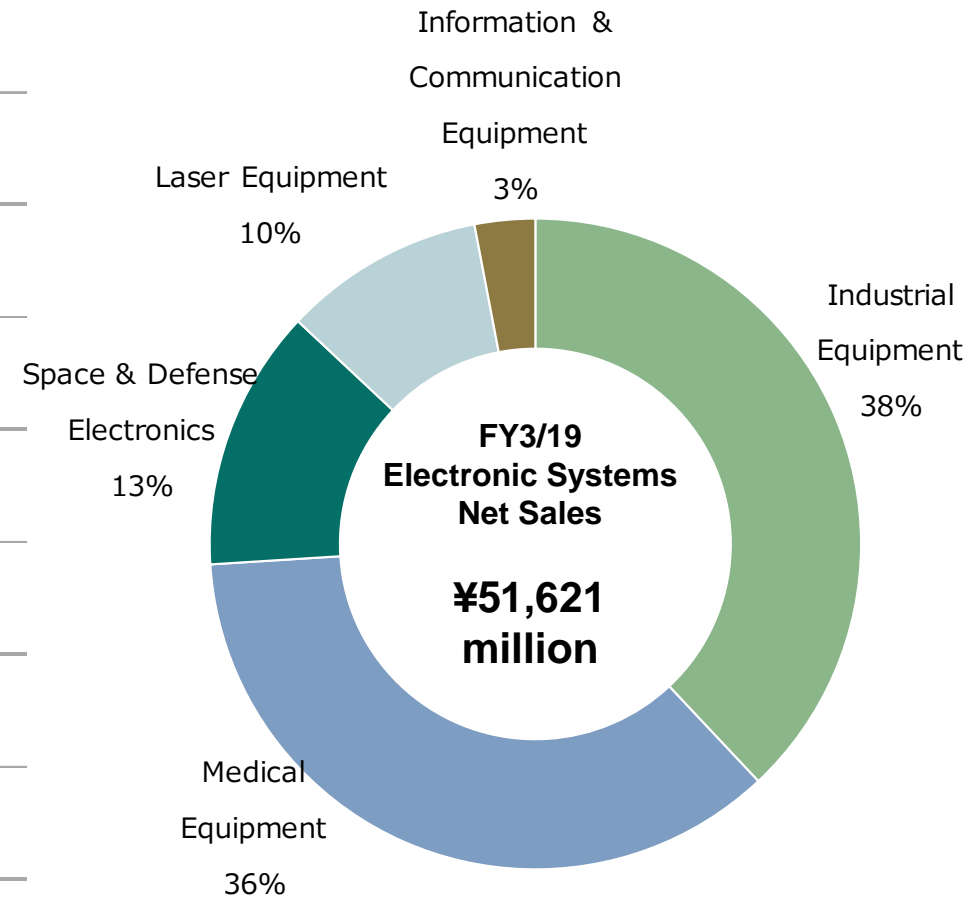


# Affiliations -Electronic Systems-

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
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 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



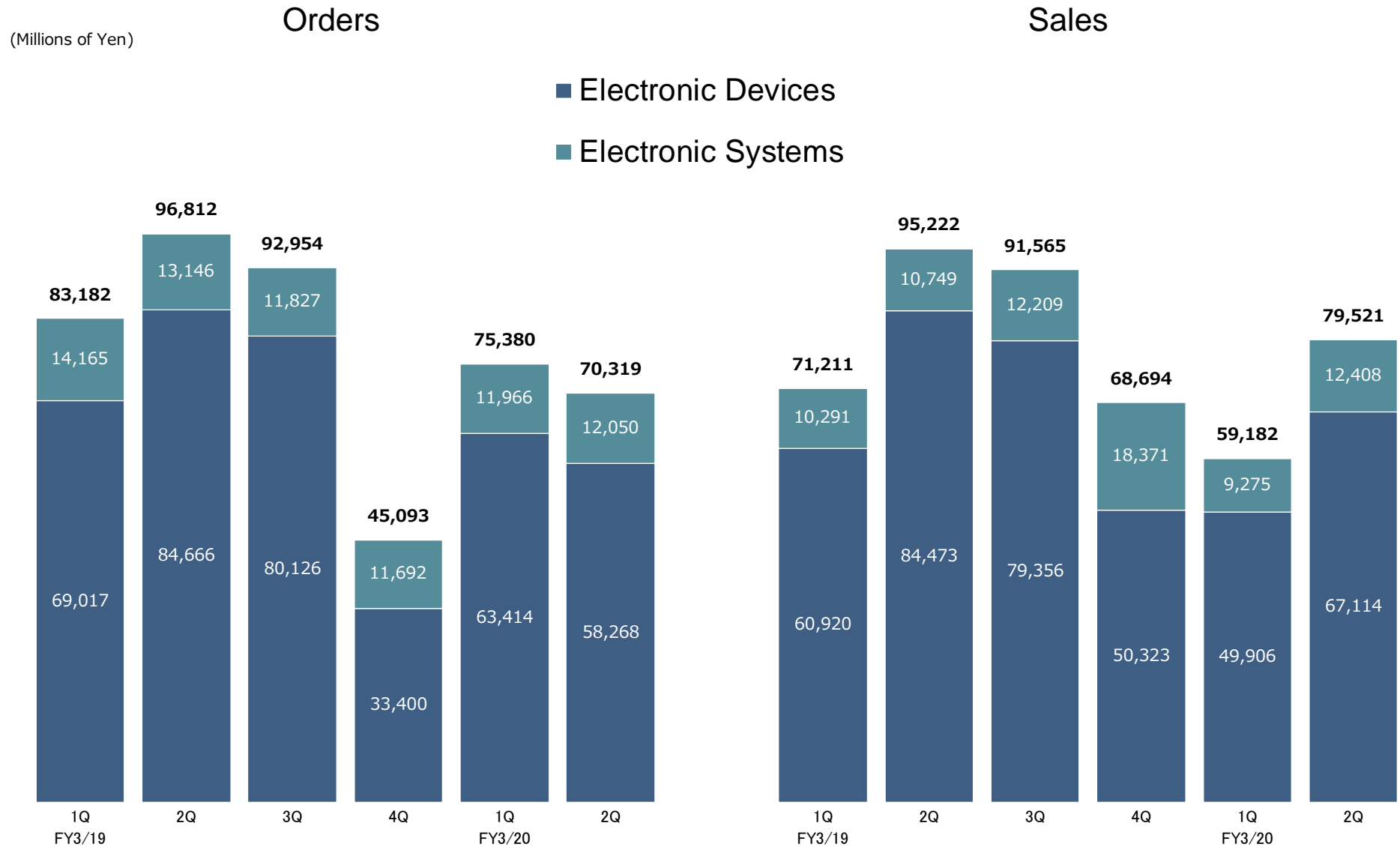
Spirent  
GNSS Simulator

## Medical Equipment



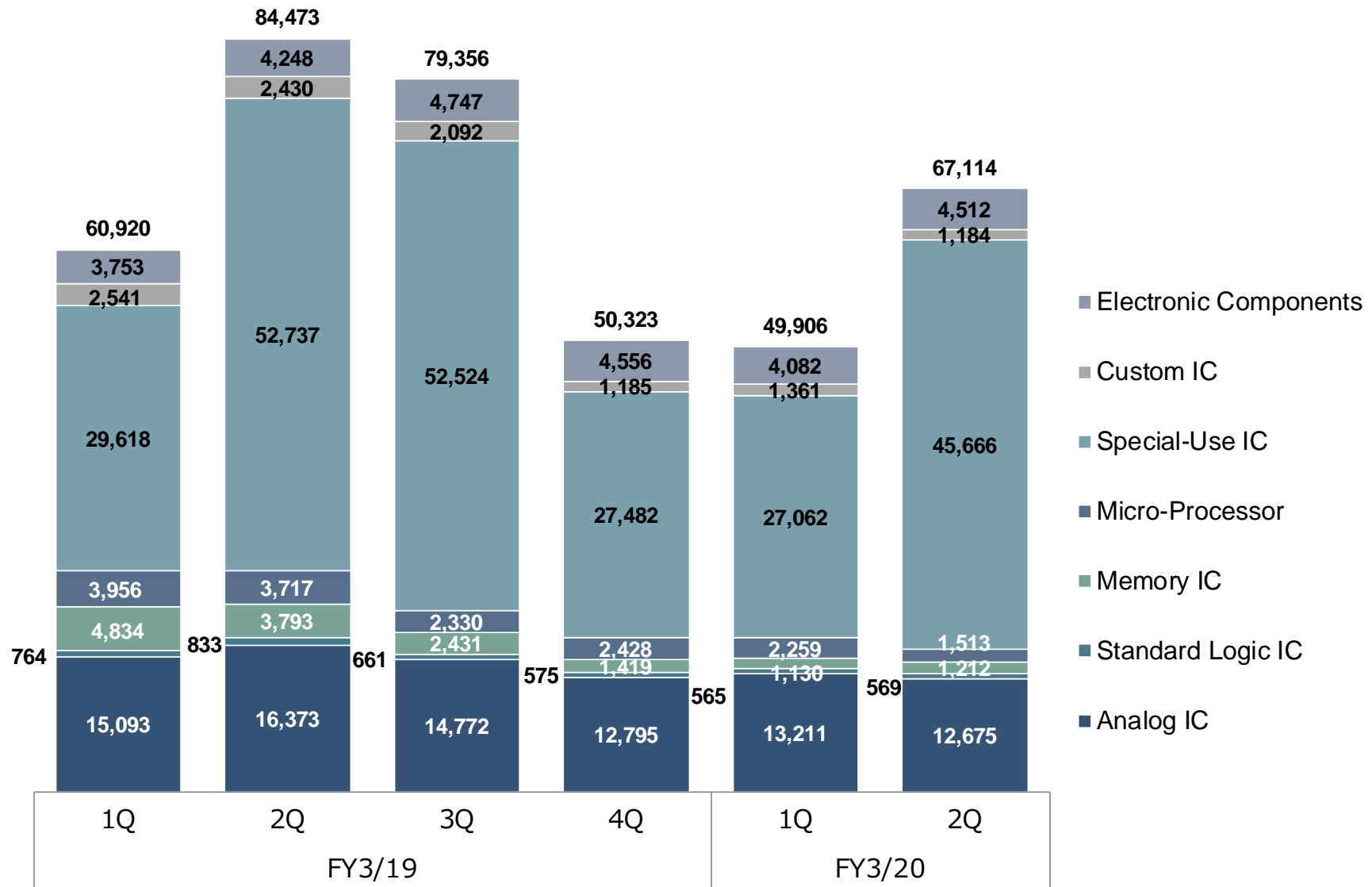
Siemens Japan  
Diagnostic Imaging  
Equipment

# Quarterly Trend in Orders/Sales by Business

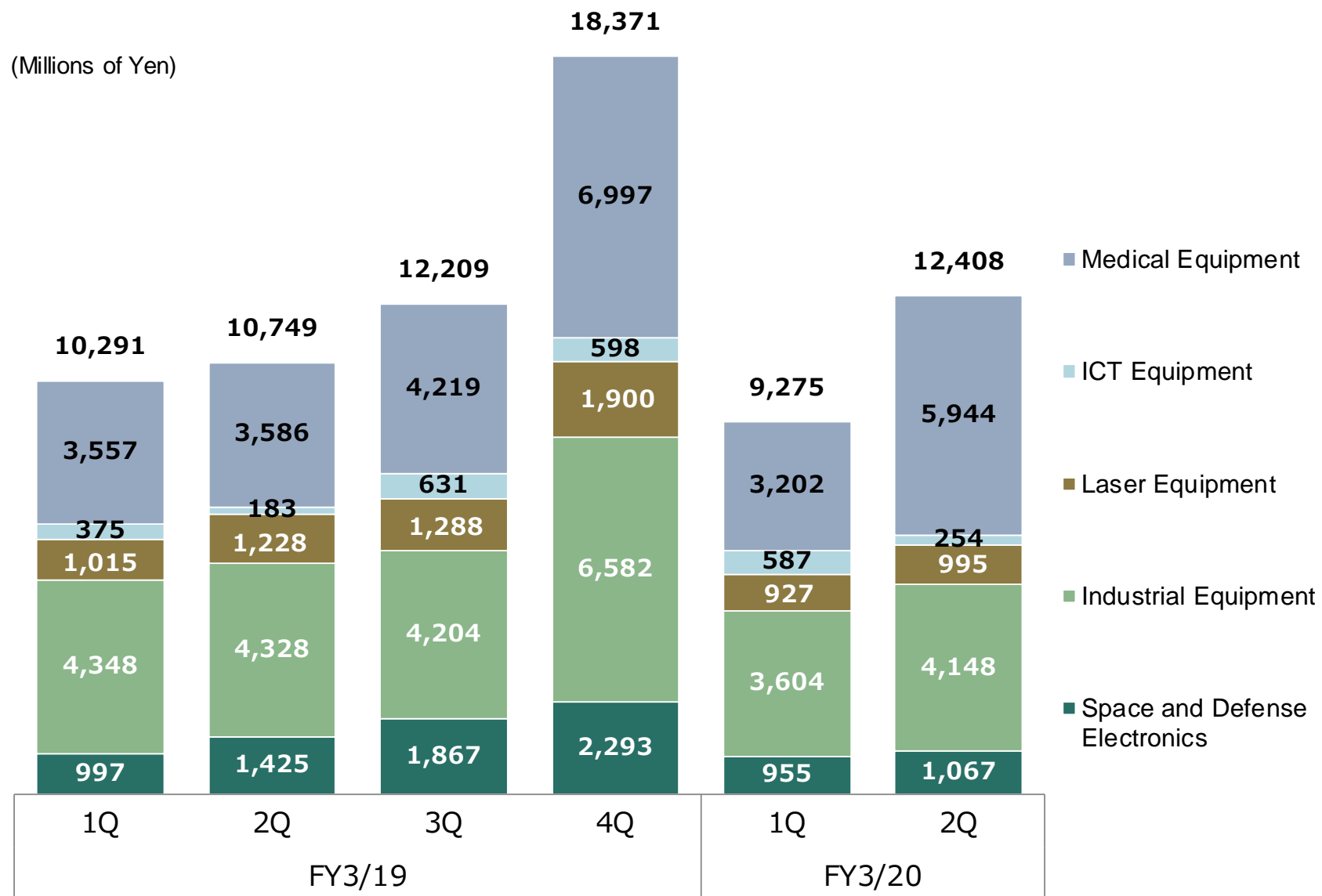


# Quarterly Trend in Sales of Electronic Devices by Product

(Millions of Yen)



# Trend in Sales of Electronic Systems



# Cautionary Statement

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

## Contact

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