

# ***Business Report for FY2014***

**SMK Corporation**

**30 Oct, 2014**

**FY2014**

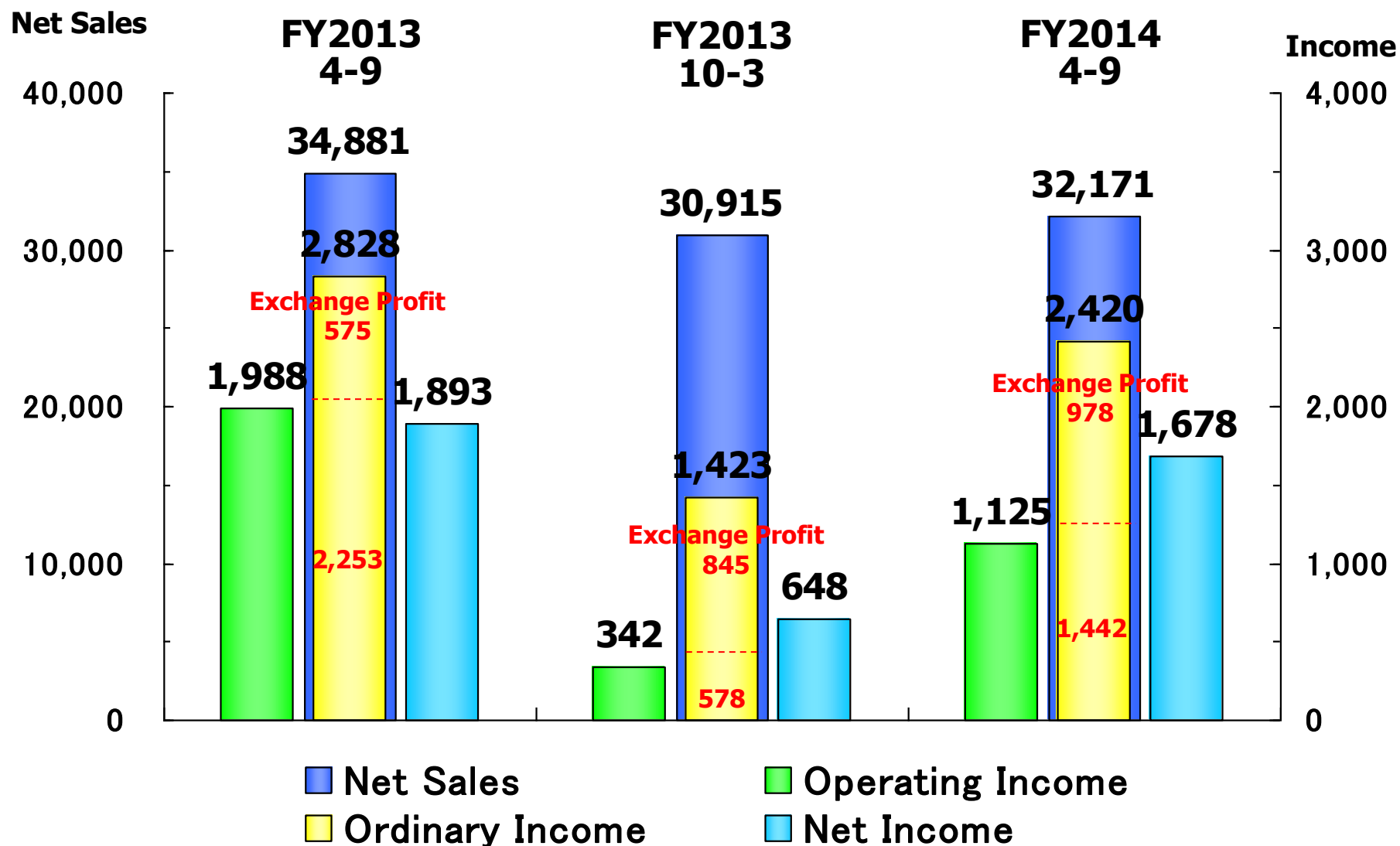
**Outline of 1H Financial Statement**

**Executive Vice President and CFO**

**Kohei Ogaki**

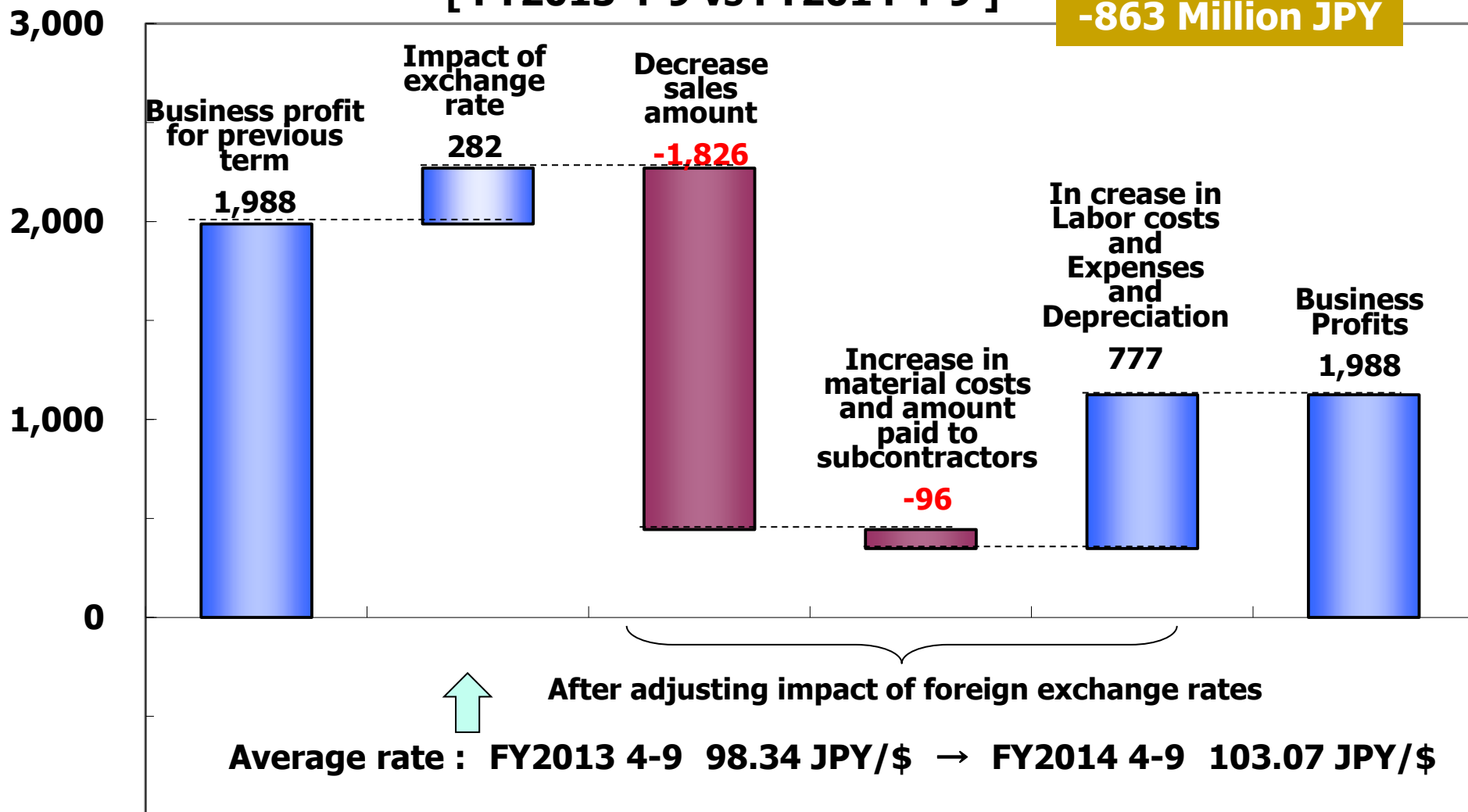
# <Consolidated> Financial Result

(Unit : Million JPY)



# <Consolidated> Analysis of Sales Expenses 1

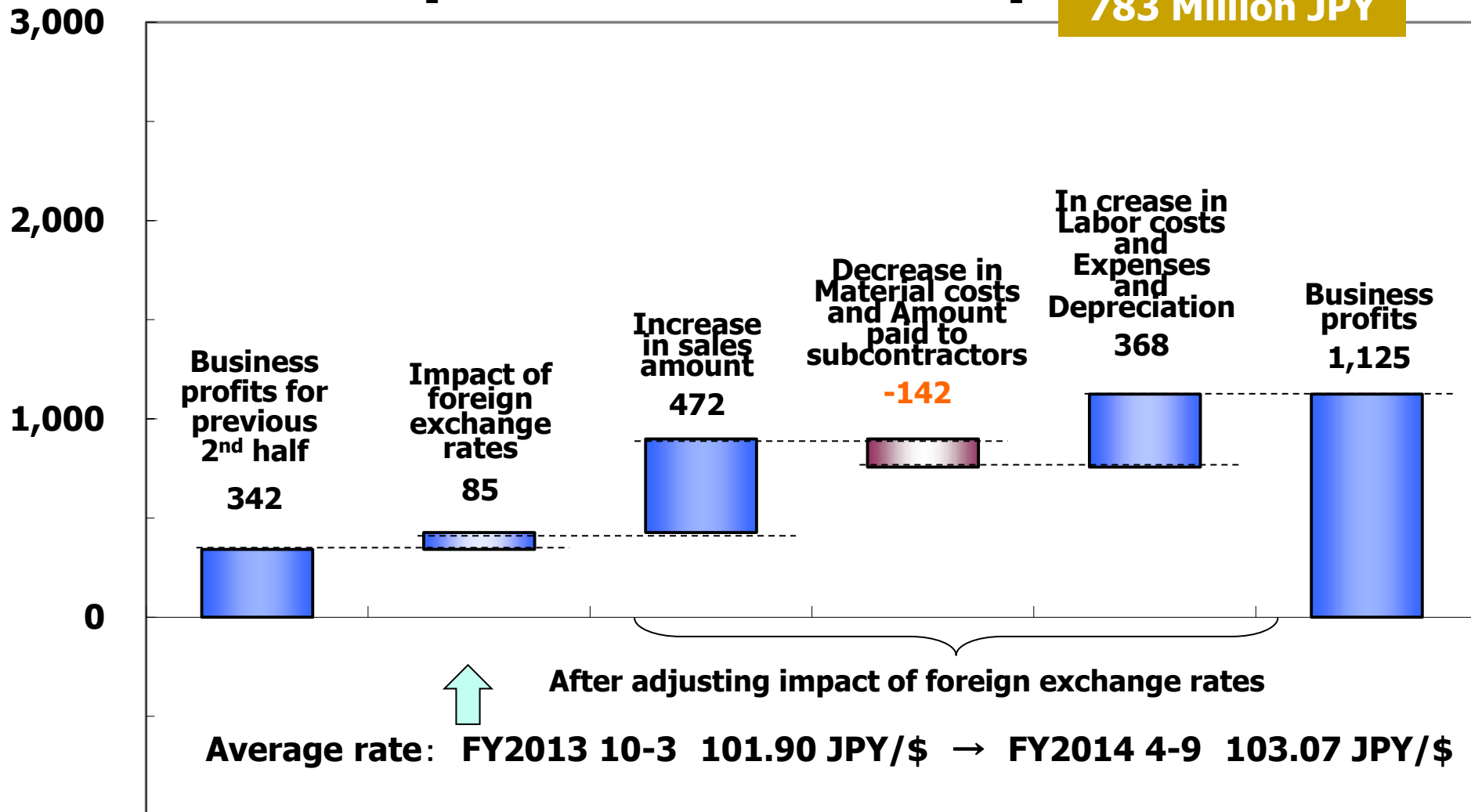
Analysis of factors for increase/decrease (Unit : Million JPY)  
of consolidated operating income  
[ FY2013 4-9 vs FY2014 4-9 ]



# <Consolidated> Analysis of Sales Expenses 2

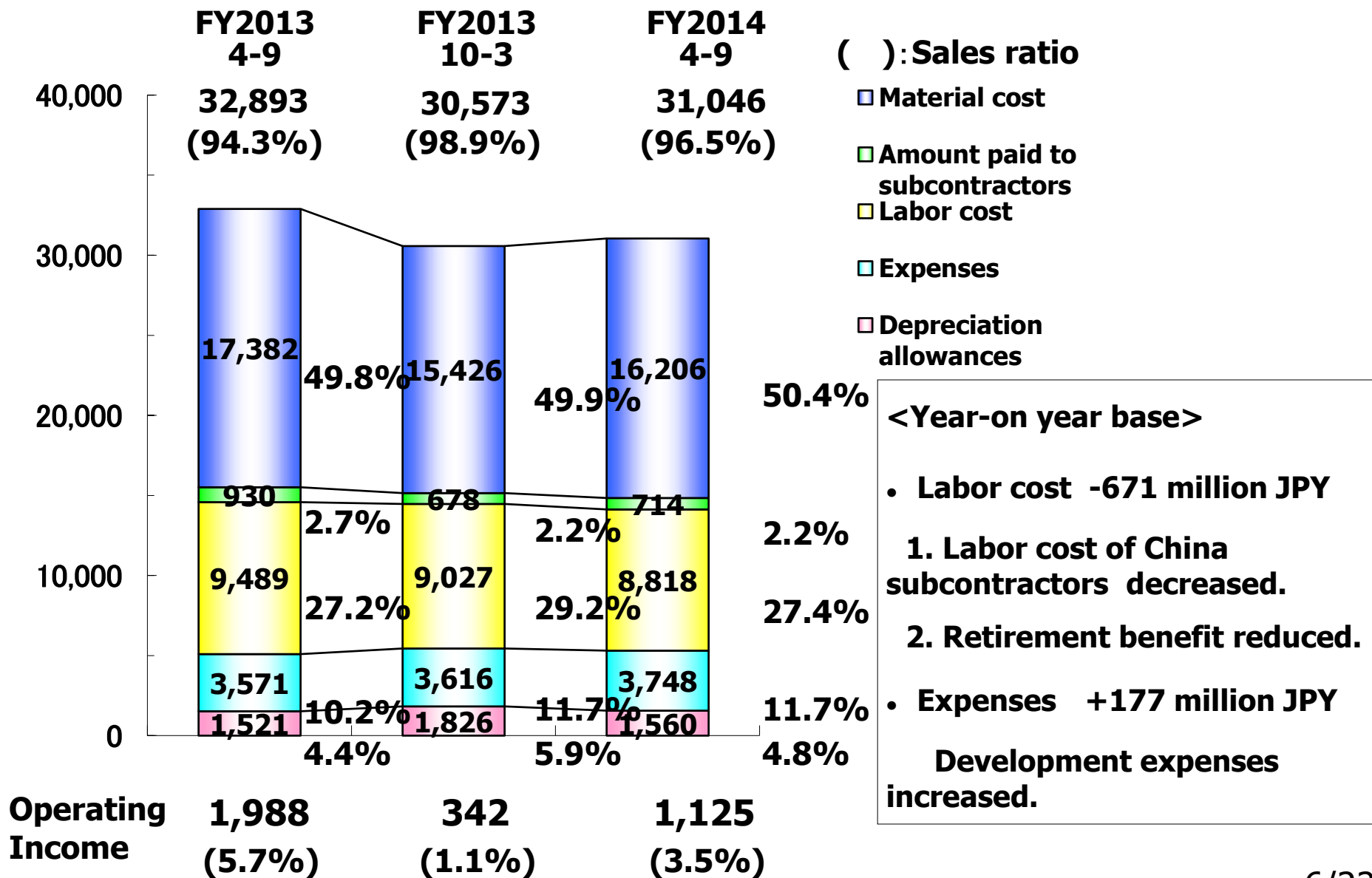
Analysis of factors for increase/decrease (Unit : Million JPY)  
of consolidated operating income  
[ FY2013 10-3 vs FY2014 4-9 ]

**Total  
783 Million JPY**



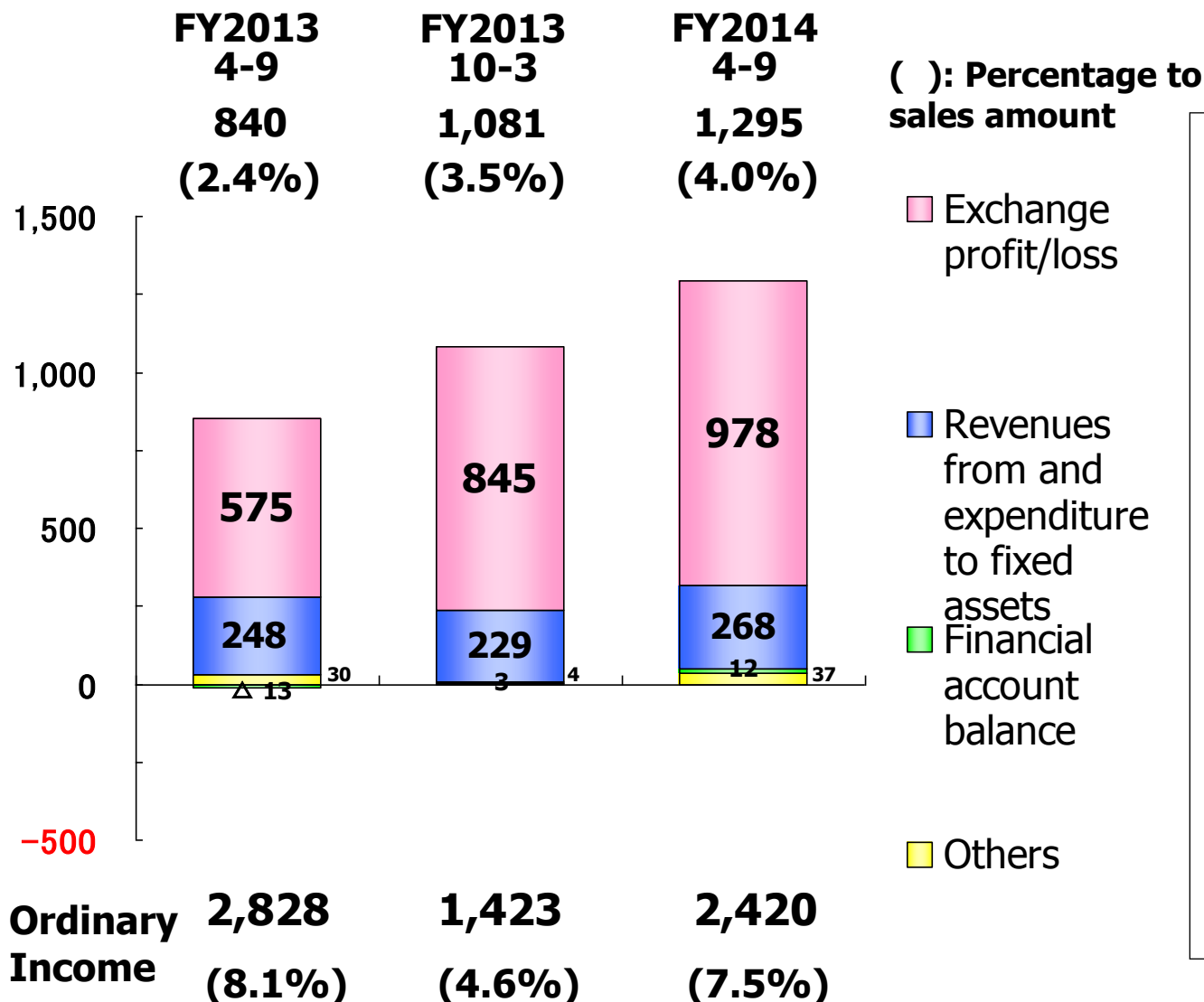
# <Consolidated> Sales Expenses

(Unit : Million JPY)



# <Consolidated> Non-Operating Profit and Loss

Unit : Million yen



( ): Percentage to sales amount

Exchange profit/loss

Revenues from and expenditure to fixed assets

Financial account balance

Others

## Increased exchange profit.

### 1. FY2013 4-9

2013/3 94.05 JPY/\$

2013/9 97.75 JPY/\$

Weak yen : 3.70 JPY

### 2. FY2013 10-3

2013/9 97.75 JPY/\$

2014/3 102.92 JPY/\$

Weak yen : 5.17 JPY

### 3. FY2014 4-9

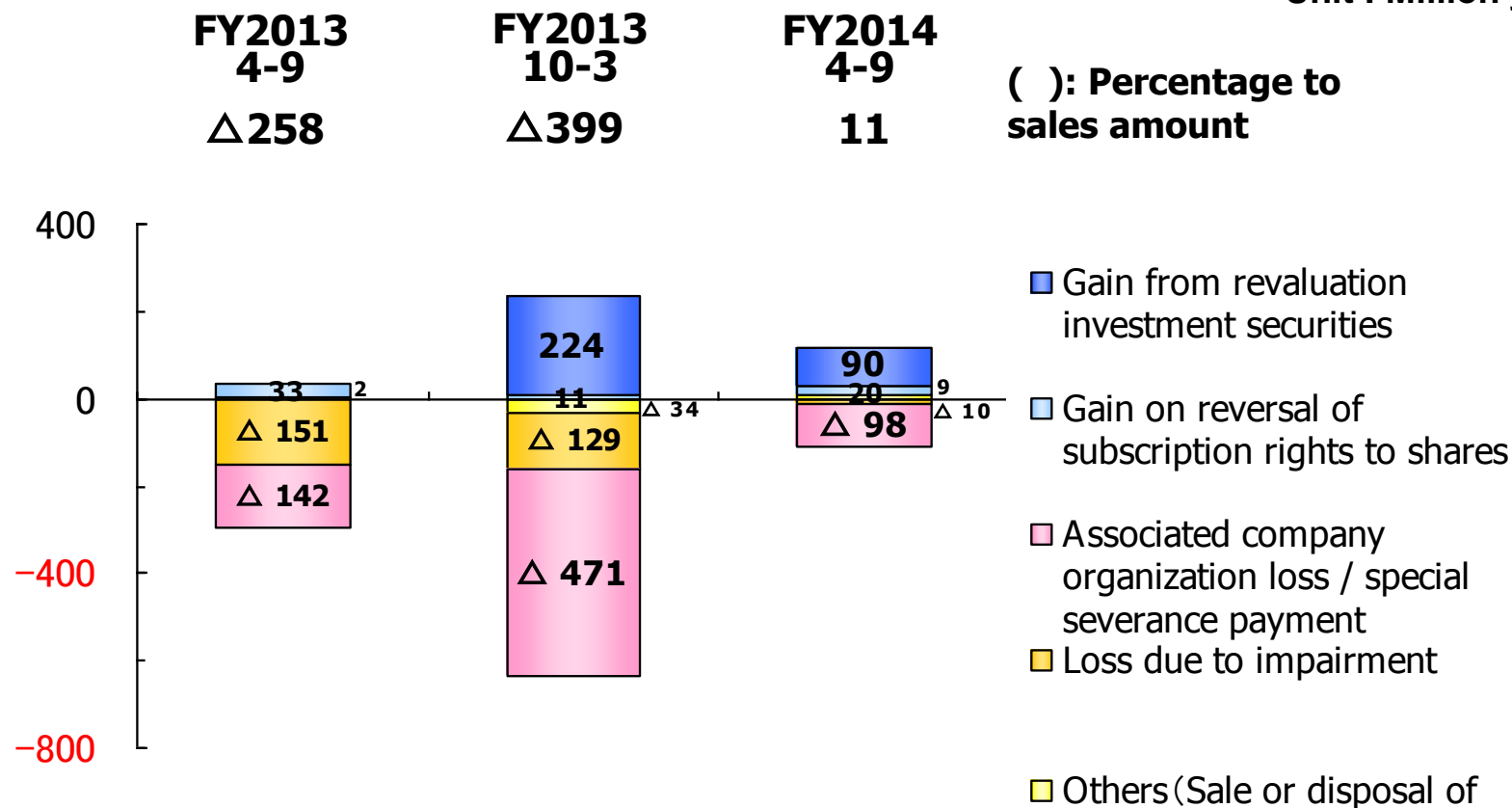
2014/3 ¥ 102.92/\$

2014/9 ¥109.45/\$

Weak yen : 6.53 JPY

# <Consolidated> Extraordinary Gain or Loss

Unit : Million yen



|  |               |               |               |
|--|---------------|---------------|---------------|
| <b>Income before income taxes</b>          | <b>2,570</b>  | <b>1,024</b>  | <b>2,431</b>  |
| <b>Income taxes (Current and deferred)</b> | <b>-677</b>   | <b>-376</b>   | <b>-753</b>   |
| <b>Net income</b>                          | <b>1,893</b>  | <b>648</b>    | <b>1,678</b>  |
|  | <b>(5.4%)</b> | <b>(2.1%)</b> | <b>(5.2%)</b> |



# < Consolidated > Segment Information

Unit : Million yen

**FY2014 4-9**

|   | Reporting Segment |               |              |               | Other(*)  | TOTAL<br>(Consolidated gain<br>and loss exhibit) |
|---|-------------------|---------------|--------------|---------------|-----------|--|
|   | CS Div.           | FC Div.       | TP Div.      | Total         |           |  |
| <b>Net Sales</b>                            | <b>13,043</b>     | <b>11,600</b> | <b>7,477</b> | <b>32,120</b> | <b>51</b> | <b>32,171</b>                                    |
| Segment gain or loss<br>(Operating Deficit) | <b>747</b>        | <b>-418</b>   | <b>792</b>   | <b>1,121</b>  | <b>4</b>  | <b>1,125</b>                                     |

**FY2013 10-3**

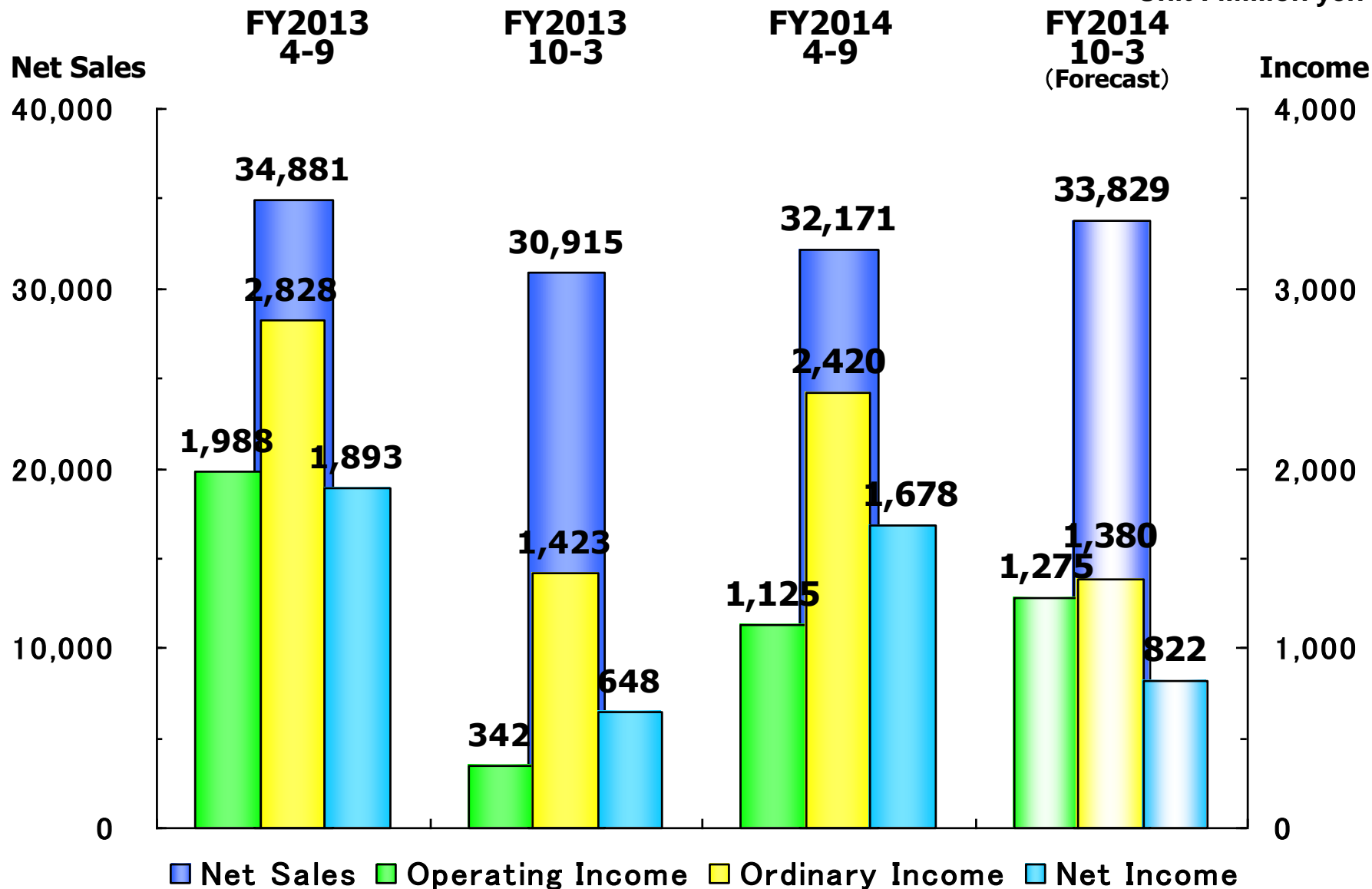
|   | Reporting Segment |               |              |               | Other(*)  | TOTAL<br>(Consolidated gain<br>and loss exhibit) |
|---|-------------------|---------------|--------------|---------------|-----------|--|
|   | CS Div.           | FC Div.       | TP Div.      | Total         |           |  |
| <b>Net Sales</b>                            | <b>11,919</b>     | <b>10,961</b> | <b>8,001</b> | <b>30,881</b> | <b>34</b> | <b>30,915</b>                                    |
| Segment gain or loss<br>(Operating Deficit) | <b>-189</b>       | <b>-571</b>   | <b>1,106</b> | <b>346</b>    | <b>-4</b> | <b>342</b>                                       |

**FY2013 4-9**

|   | Reporting Segment |               |              |               | Other(*)   | TOTAL<br>(Consolidated gain<br>and loss exhibit) |
|---|-------------------|---------------|--------------|---------------|------------|--|
|   | CS Div.           | FC Div.       | TP Div.      | Total         |            |  |
| <b>Net Sales</b>                            | <b>15,497</b>     | <b>11,477</b> | <b>7,807</b> | <b>34,781</b> | <b>100</b> | <b>34,881</b>                                    |
| Segment gain or loss<br>(Operating Deficit) | <b>1,592</b>      | <b>-392</b>   | <b>760</b>   | <b>1,960</b>  | <b>28</b>  | <b>1,988</b>                                     |

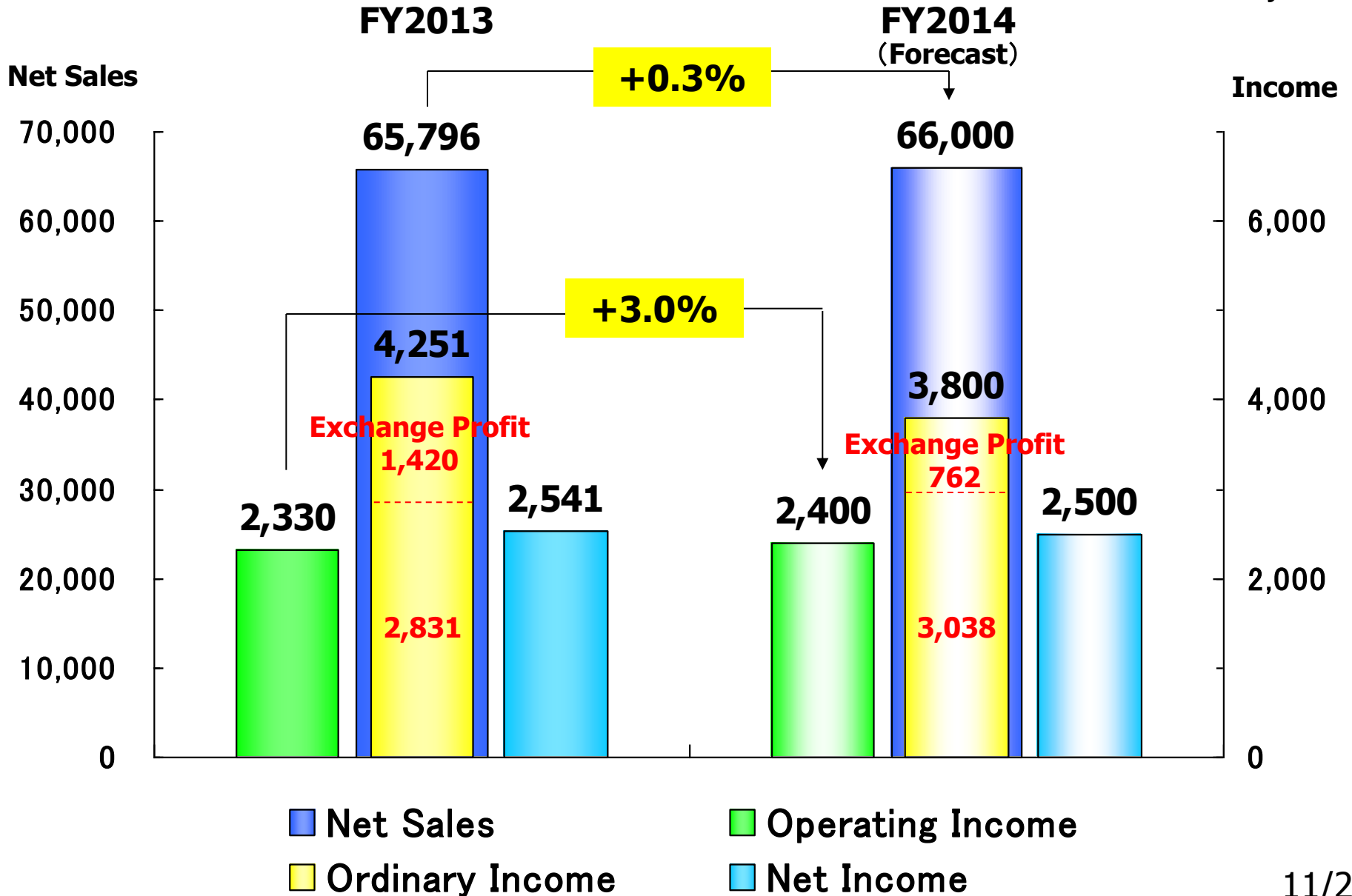
# <Consolidated> Half Term Performance

Unit : Million yen



# <Consolidated> Financial Result

Unit : Million yen



# < Consolidated > Cash Position

Unit : Million yen

|                               | 2014/3<br>(A) | 2014/9<br>(B) | Differential<br>(B-A) |
|-------------------------------|---------------|---------------|-----------------------|
| <b>Assets</b>                 | <b>56,235</b> | <b>57,896</b> | <b>1,661</b>          |
| Cash and cash equivalents     | <b>11,227</b> | <b>10,486</b> | <b>△741</b>           |
|                               | <b>14,681</b> | <b>16,088</b> | <b>1,407</b>          |
| Inventories                   | <b>5,904</b>  | <b>5,950</b>  | <b>46</b>             |
| Fixed assets                  | <b>21,010</b> | <b>21,532</b> | <b>522</b>            |
| <b>Liabilities</b>            | <b>24,759</b> | <b>25,180</b> | <b>421</b>            |
|                               | <b>9,660</b>  | <b>11,034</b> | <b>1,374</b>          |
| Interest-bearing dept.        | <b>10,566</b> | <b>10,187</b> | <b>△379</b>           |
| <b>Net assets</b>             | <b>31,476</b> | <b>32,715</b> | <b>1,239</b>          |
| Common stock                  | <b>7,996</b>  | <b>7,996</b>  | <b>—</b>              |
| <b>Capital adequacy ratio</b> | <b>55.9%</b>  | <b>56.4%</b>  | <b>0.5%</b>           |

# < Consolidated > Cash Flow Position

Unit : Million yen

|  | <b>FY2013 4-9</b> | <b>FY2014 4-9</b> |
|--|-------------------|-------------------|
| <b>Cash Flow from operating activities</b>           | <b>3,520</b>      | <b>1,937</b>      |
| <b>Working capital</b>                               | <b>△384</b>       | <b>△93</b>        |
| <b>Income before income taxes</b>                    | <b>2,570</b>      | <b>2,431</b>      |
| <b>Depreciation</b>                                  | <b>1,536</b>      | <b>1,609</b>      |
| <b>Others</b>  | <b>△202</b>       | <b>△2,010</b>     |
| <b>Cash Flow from investing activities</b>           | <b>△1,740</b>     | <b>△1,862</b>     |
| <b>Free Cash Flow</b>                                | <b>1,780</b>      | <b>75</b>         |
| <b>Cash Flow from financing activities</b>           | <b>1,051</b>      | <b>△797</b>       |
| <b>Increase (decrease) in interest-bearing dept.</b> | <b>1,386</b>      | <b>△444</b>       |
| <b>Purchases of treasury stock</b>                   | <b>19</b>         | <b>4</b>          |
| <b>Dividends paid</b>                                | <b>△354</b>       | <b>△357</b>       |
| <b>Initial balance</b>                               | <b>8,630</b>      | <b>11,134</b>     |
| <b>Final balance</b>                                 | <b>11,395</b>     | <b>10,386</b>     |

# Annual Dividend

**Commemorative dividend for our 90th anniversary.**

|                        | End of the second quarter | End of year   | Annual                  |
|------------------------|---------------------------|---|-------------------------|
| <b>FY2014 (Plan)</b>   | —                         | <b><u>7.00 JPY</u></b><br>(Dividend 5.00 JPY)<br>(Commemorative dividend <b><u>2.00 JPY</u></b> ) | <b><u>12.00 JPY</u></b> |
| <b>FY2014 (Result)</b> | <b>5.00 JPY</b>           | —   | —                       |
| <b>FY2013</b>          | <b>5.00 JPY</b>           | <b>5.00 JPY</b>   | <b>10.00 JPY</b>        |

# **FY2014 1H Result and Prospect**

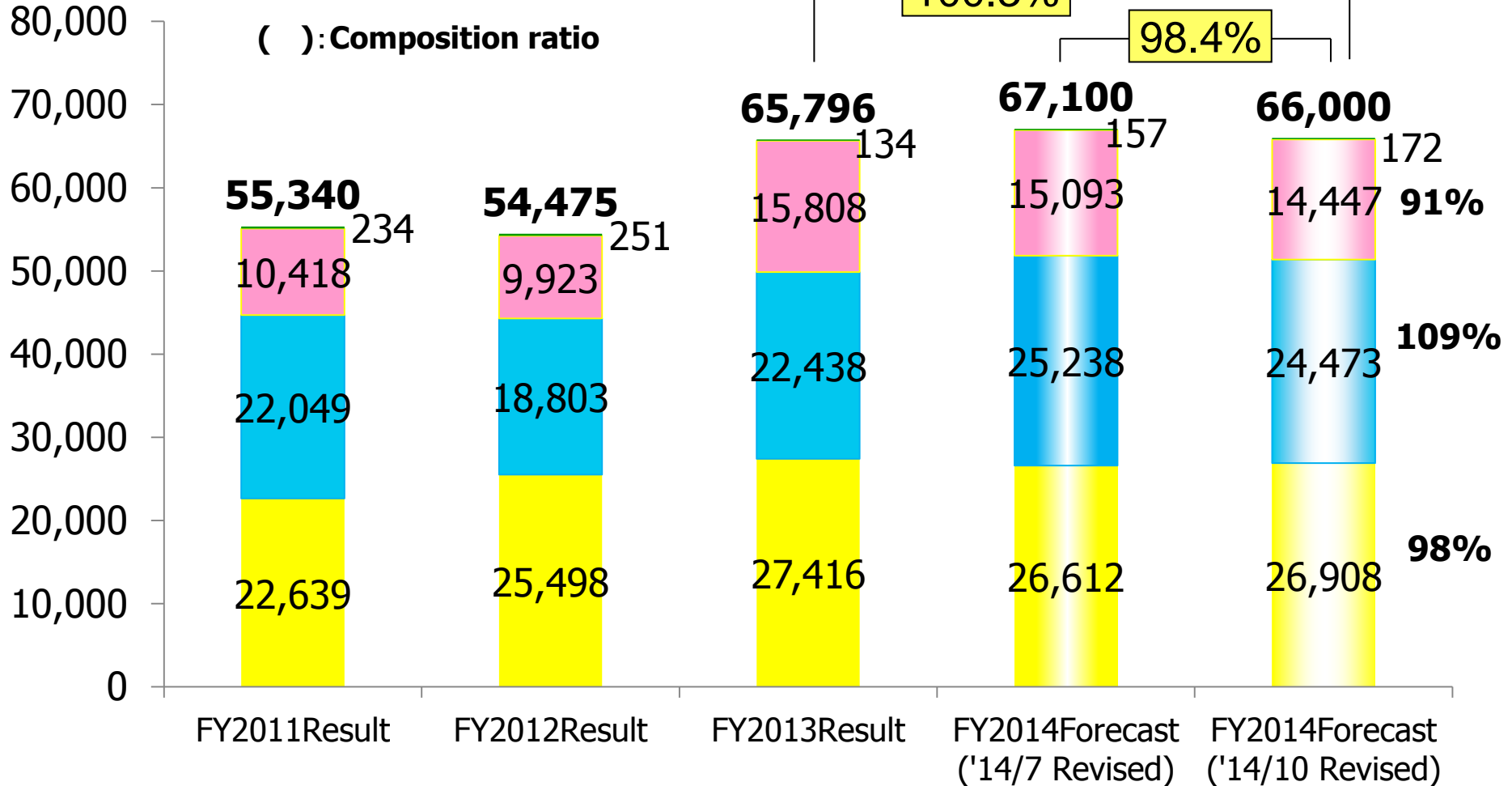
President and COO

**Yasumitsu Ikeda**

# Net Sales by Production Div. (FY2011~FY2014)

Unit : Million yen

( ): Composition ratio



Exchange Rate **1USD=79.02JPY**   **82.83JPY**   **100.12JPY**   **103JPY**   **1H:103.07JPY**  
**2H:108JPY**

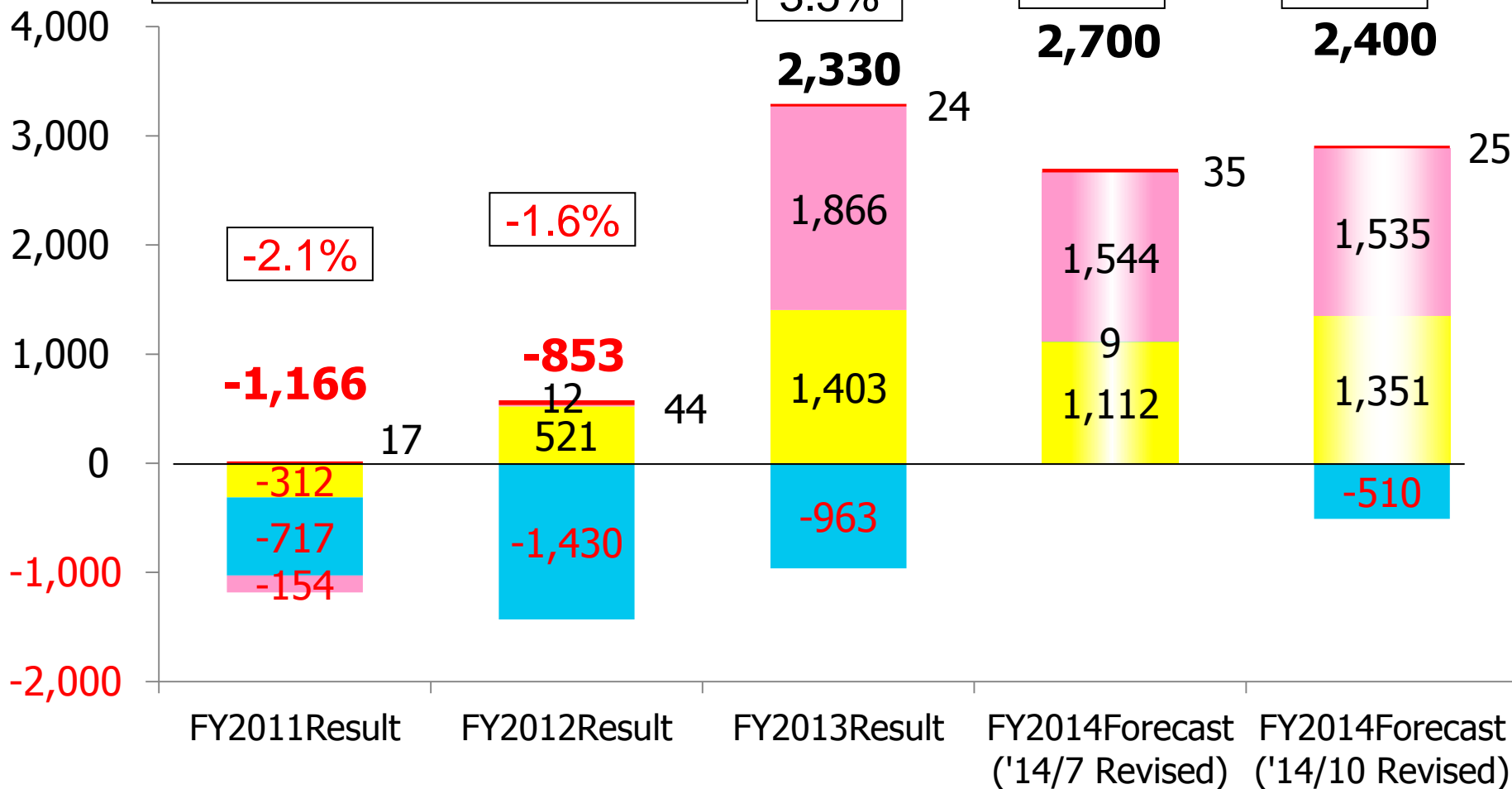
CS   FC   TP   Others



# Operating Income by Production Div. (FY2011~FY2014)

Unit : Million yen

Income ratio = Income/Net sales



Exchange Rate **1USD=79.02JPY**

**82.83JPY**

**100.12JPY**

**103JPY**

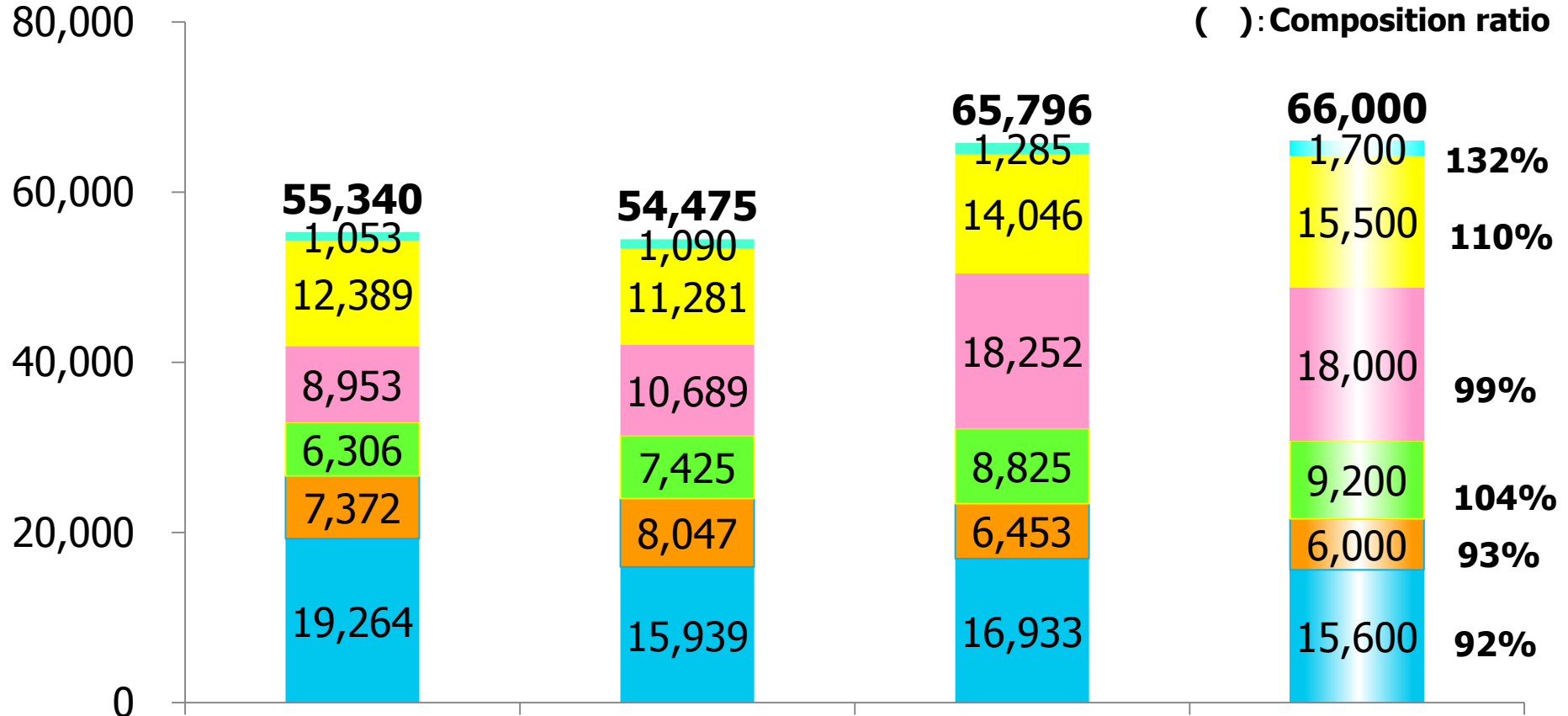
**1H:103.07JPY**  
**2H:108JPY**

■ CS ■ FC ■ TP ■ Others

# Reference : Net Sales by Market (FY2011 ~ FY2014)

Net Sales: Million yen

( ): Composition ratio



|               |                      |                 |                  |   |
|---------------|----------------------|-----------------|------------------|---|
| Exchange Rate | <b>1USD=79.02JPY</b> | <b>82.83JPY</b> | <b>100.12JPY</b> | <b>1H:103.07JPY</b><br><b>2H:108JPY</b> |
|---------------|----------------------|-----------------|------------------|---|

- Telecom
- Computer
- Amusement & Appliance
- Car electronics
- Audio & Visual
- Others

# Challenges of the 2<sup>nd</sup> HF in FY2014

- Ensure the sales in major markets
- Enhance the sales into new markets
- Proceed cost reduction activities
- Strengthen the product development capabilities

# Activities for Wearables

<Watch>



<Eyeglass>



<Bracelet>



<Head-mount Display>

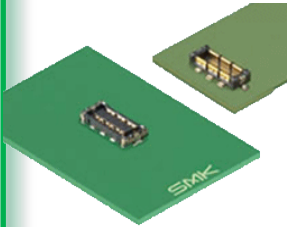


<Movie Camera>



## Internal Connector

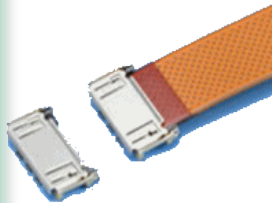
B to B Connector



High Performance Pogo<sup>®</sup> Terminal



FPC Connector



Board to Wire Connector



## I/O Connector

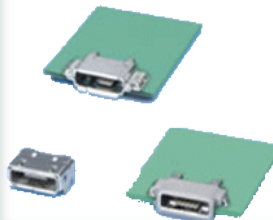
Battery Connector



Power Jack



Interface Connector



Small Jack



## Wireless Module

Bluetooth<sup>®</sup> Smart Module BTS01 Series



## Input Device

Touch Panel      Push Switch

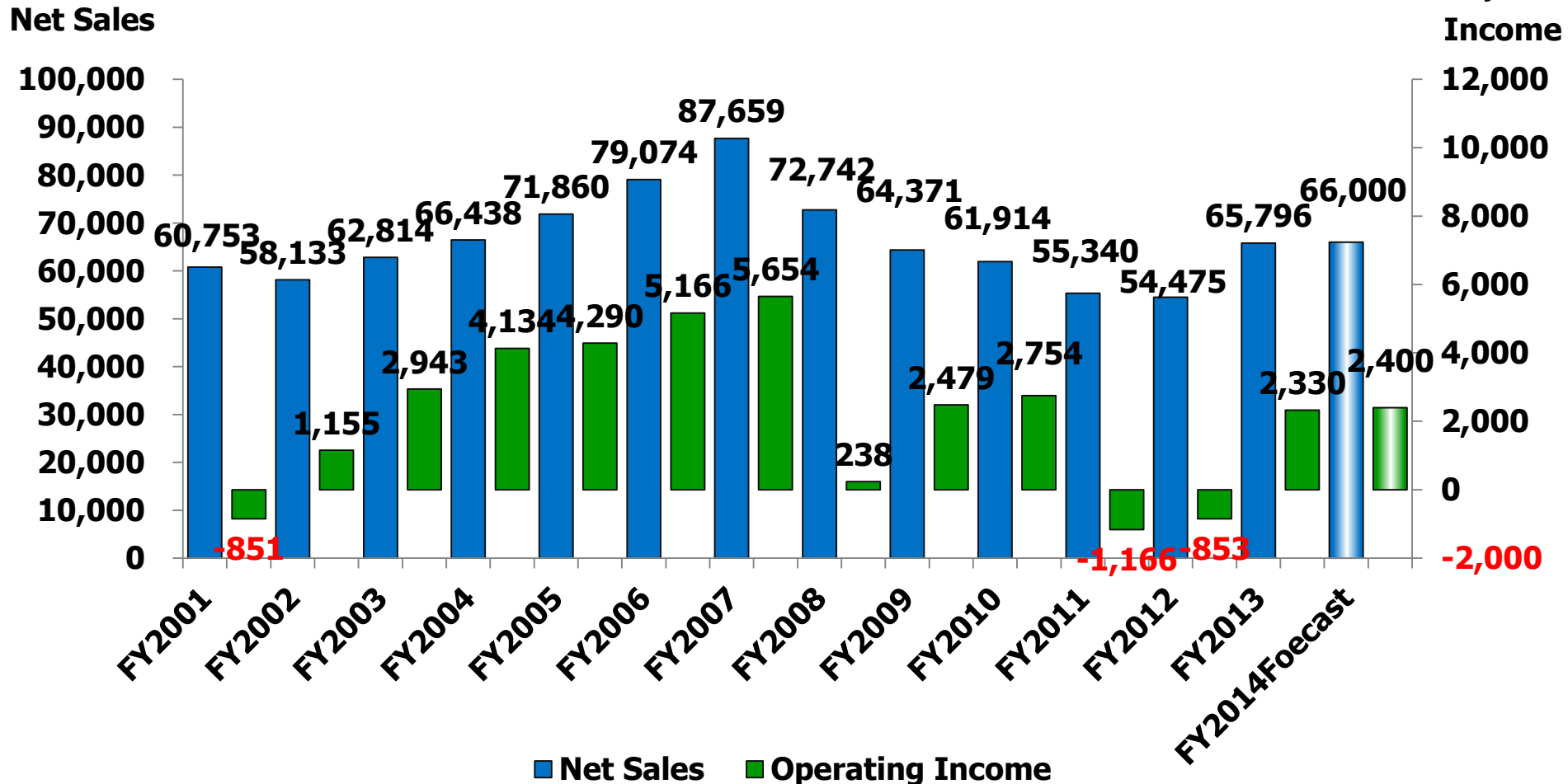


Capacitive Touch Panel



# Fiscal Term Sales & Operating Income Performance (FY2001 ~ FY2014)

Unit : Million yen



<Basic Policy>

Implement New Growth Strategy and  
Build Corporate Systems to Cope with Changing Markets

# Notice

All information in this material concerning the forecast of business achievements, projections of general business conditions and our business strategies is dependent on our conclusion made to a normally foreseeable extent applying information reasonably accessible to us at the time of preparation of this material. However, the reality is that it contains risks and uncertainties which may cause result to materially differ from business projections, stated or implied, due to situations which are unforeseeable under normal conditions, or of results which are beyond a reasonably foreseeable outcome at that time.

Despite our active efforts to disclose information which is considered to be important to investors of our company, total dependence on the business projections in this material, stated or implied, must be refrained from when decisions of any kind are made regarding our company.

\*The materials for this presentation to our investors is available on the IR Information Section of our Web site, <http://www.smk.co.jp/>