

Business Report for

FY2013

SMK Corporation Oct , 2013





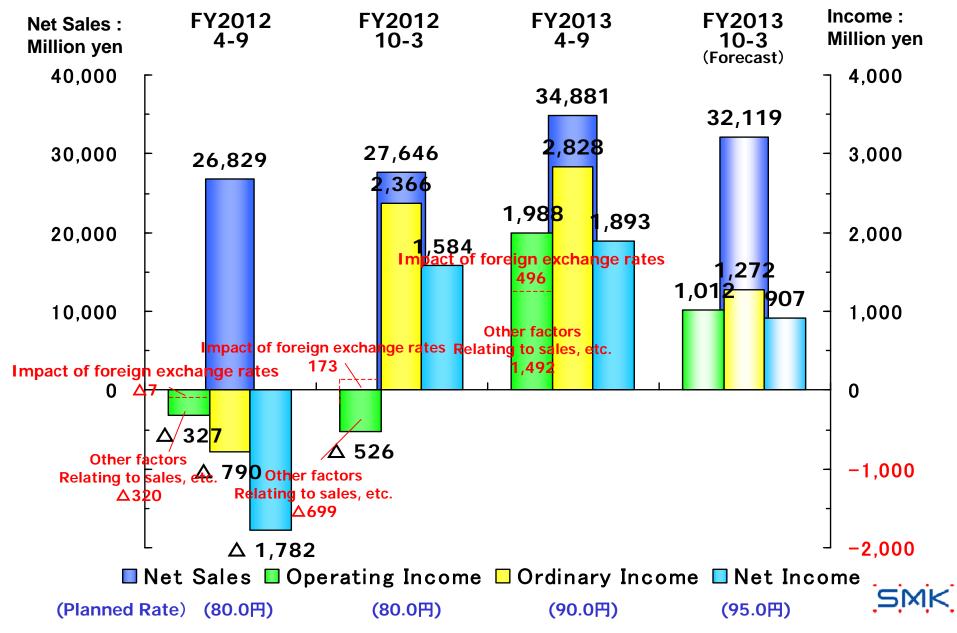
FY2013 Outline of 1H Financial Statement

Executive Vice President KOHEI OHGAKI



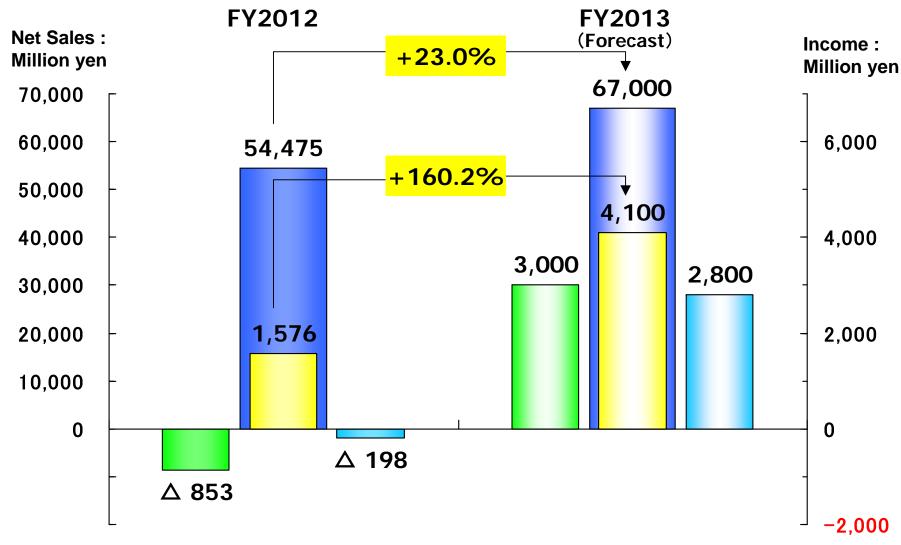


Consolidated>1H Financial Result



< Consolidated > Financial Result (Full Business Year)

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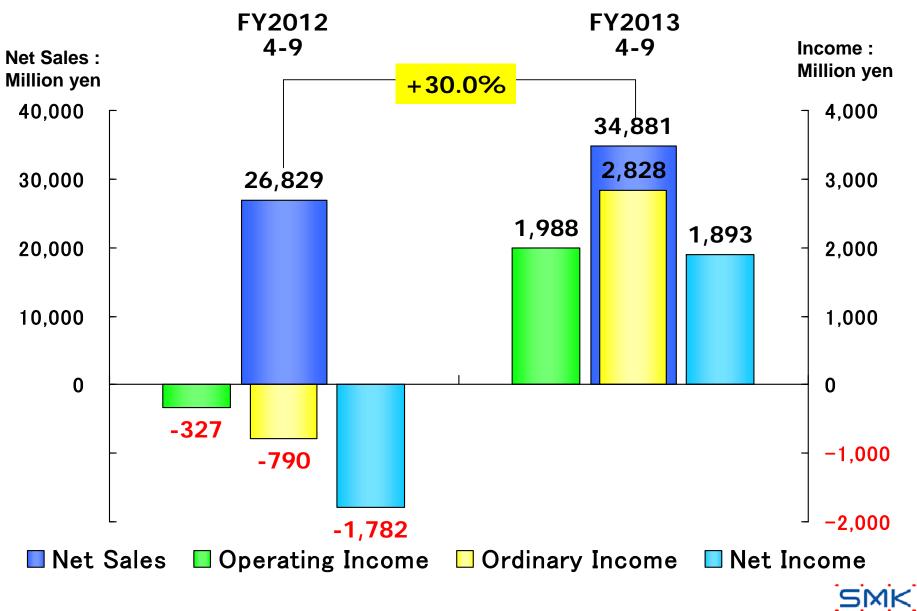


■ Net Sales
■ Operating Income
□ Ordinary Income
■ Net Income



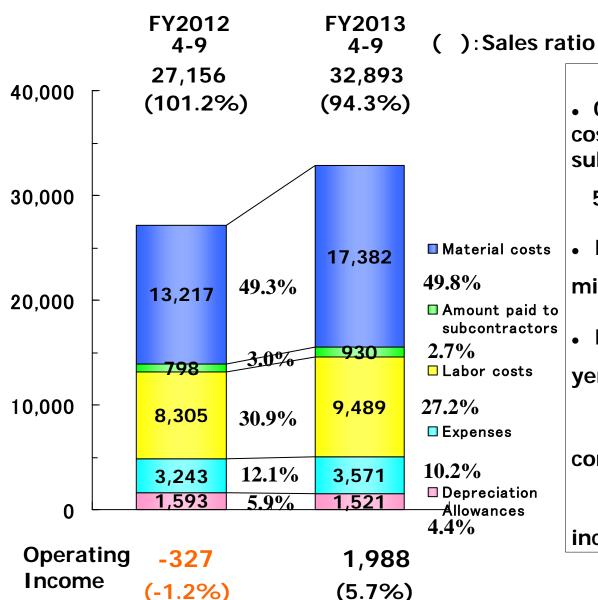


<Consolidated> Financial Result





< Consolidated > Sales Expenses



0.2% improvement in Material costs+Amount paid to subcontractors

52.3%→52.5% 90 Million yen

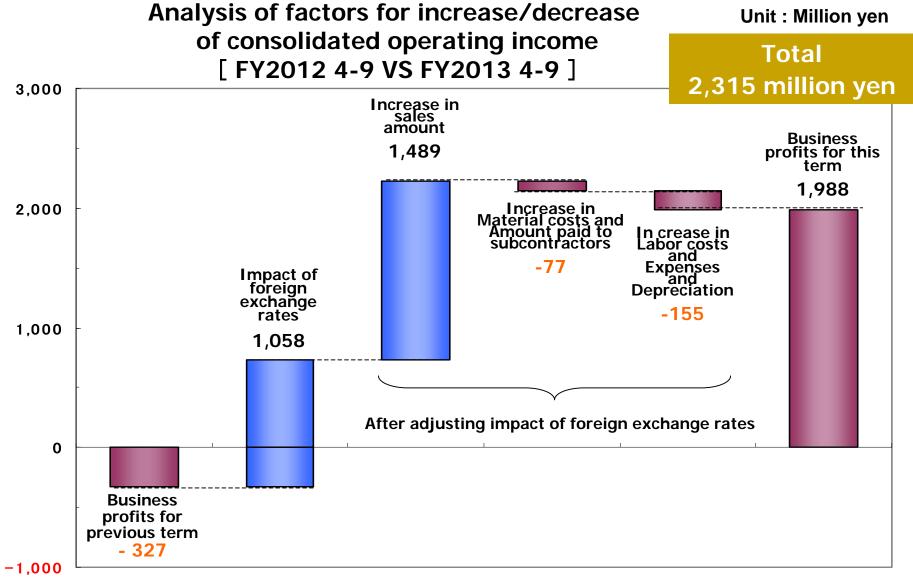
- Increase Labor costs 1,184
 million yen
- Increase Expenses 328 million yen
- ① Impact on exchange rate by correction of strong yen
- 2 Increased costs in line with increased production





< Consolidated > Analysis of Sales Expenses

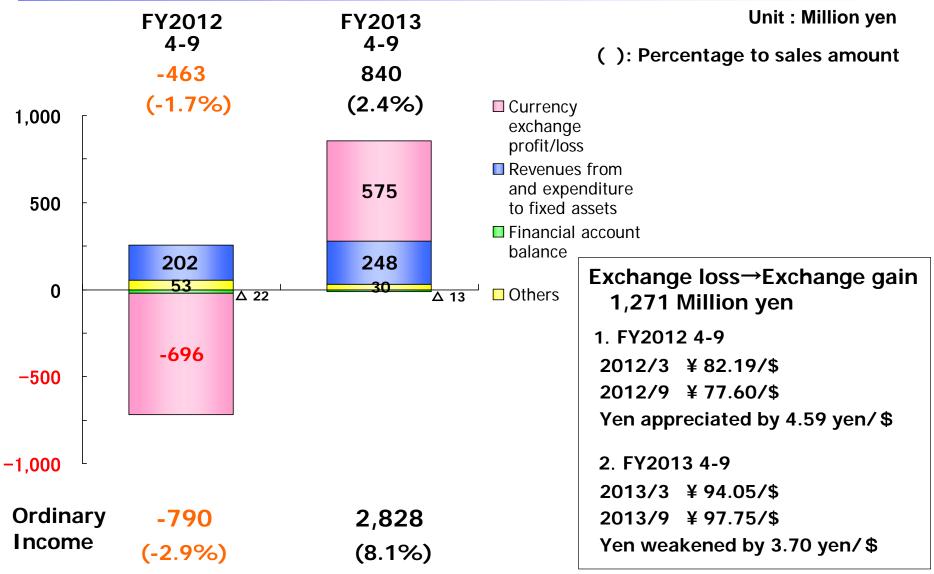
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< Consolidated > Non-Operating Profit and Loss









< Consolidated > Cash Position

,				Unit:
	2013/3	2013/9	Differential	Million yen
	(A)	(B)	(B-A)	
Assets	52,498	59,268	6,770	
Cash and cash equivalents	8,713	11,485	2,772	
Accounts receivable	14,551	16,976	2,425	
Inventories	5,466	5,752	286	
Fixed assets	19,864	20,839	975	
Liabilities	24,293	29,056	4,763	
Accounts payable and accrued expenses	9,851	12,424	2,573	
Interest-bearing dept	11,488	12,875	1,387	
Net assets	28,204	30,212	2,008	
Common stock	7,996	7,996	_	
Capital adequacy ratio	53.6%	50.8%	Δ2.8%	
				SMK



< Consolidated > Cash Flow Position

Unit: Million yen

	FY2012 4-9	FY2013 4-9
Cash Flow from Operating Activities	871	3,520
Working capital	-153	-384
Income before income taxes	-896	2,570
Depreciation	1,561	1,536
Others	359	-202
Cash Flow from Investing Activities	-1,859	-1,740
Free Cash Flow	-988	1,780
Cash Flow from Financing Activities	650	1,051
Increase (decrease) in interest- bearing dept	1,221	1,386
Purchases of treasury stock	-142	19
Dividends paid	-429	-354
Initial Balance	8,389	8,630
Final Balance	7,902	11,395





< Consolidated > Segment Information

FY2013 4-9 Unit : Million yen

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

FY2012 4-9

		TOTAL					
	CS Div.	FC Div.	TP Div.	Total	Other(*)	(Consolidated gain and loss exhibit)	
Net Sales	12,514	9,460	4,735	26,710	119	26,829	
Segment gain or loss (Operating Deficit)	383	-708	9	-317	-10	-327	

^(*) Other: research and development, lease, real-estate rental, factoring





< Consolidated > Performance Forecast/Dividend $^{12/24}$

Consolidated Performance Forecast

Upper section: Sales ratio

Lower section: Sales column:

Rate of change from FY2012

	Release Date	Net S	ales	Operat Incon		Ordina Incor	•	Net Incor	
	2013/10/24	Million yen	%	Million yen		Million yen	%	Million yen	
FY2013	(Revised Plan)	67,000	100.0 +23.0	3,000	4.5	4,100	6.1	2,800	4.2
(Plan)	2013/4/25 (Original Plan)	62,600	100.0 +14.9	1,200	1.9	2,000	3.2	1,400	2.2
FY2012	(Result)	54,475	100.0	-853	-1.6	1,576	2.9	-198	-0.4

Annual Dividend

	End of the Second Quarter	End of Year	Annual	
FY2013(Plan)	5.00 yen	5.00 yen	<u>10.00 yen</u>	
FY2012(Result)	0.00 yen	5.00 yen	5.00 yen	





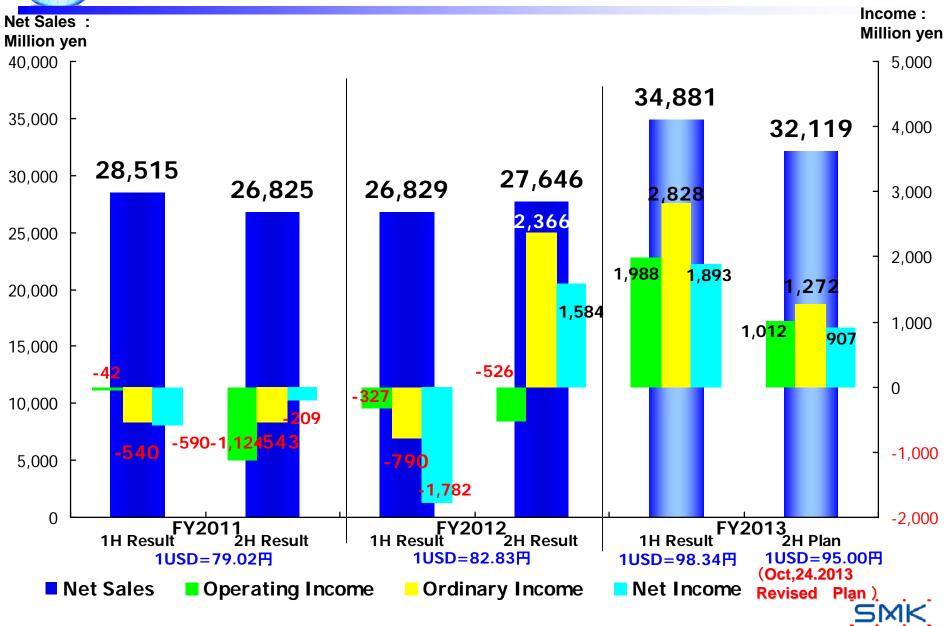
FY2012 1H Result and Prospect

President and COO Yasumitsu Ikeda



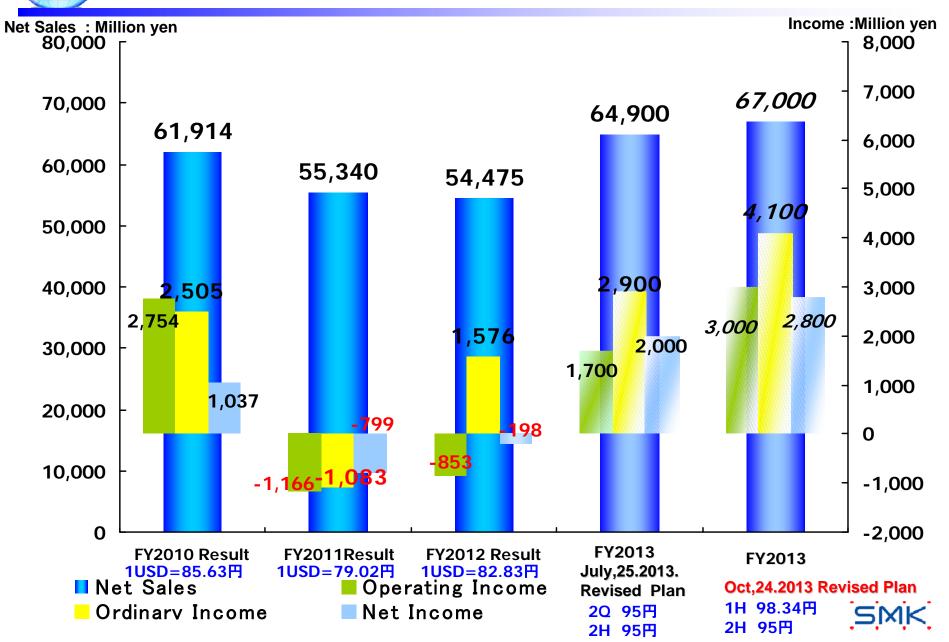


Half Fiscal Term Performance (FY2011~FY2013)



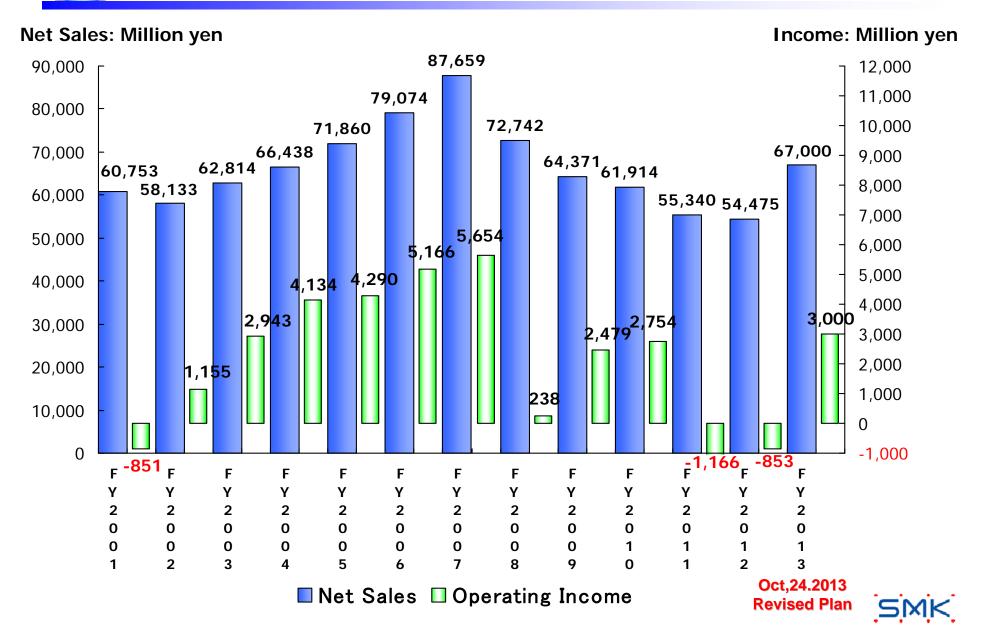


Full Fiscal Term Performance (FY2010~FY2013)



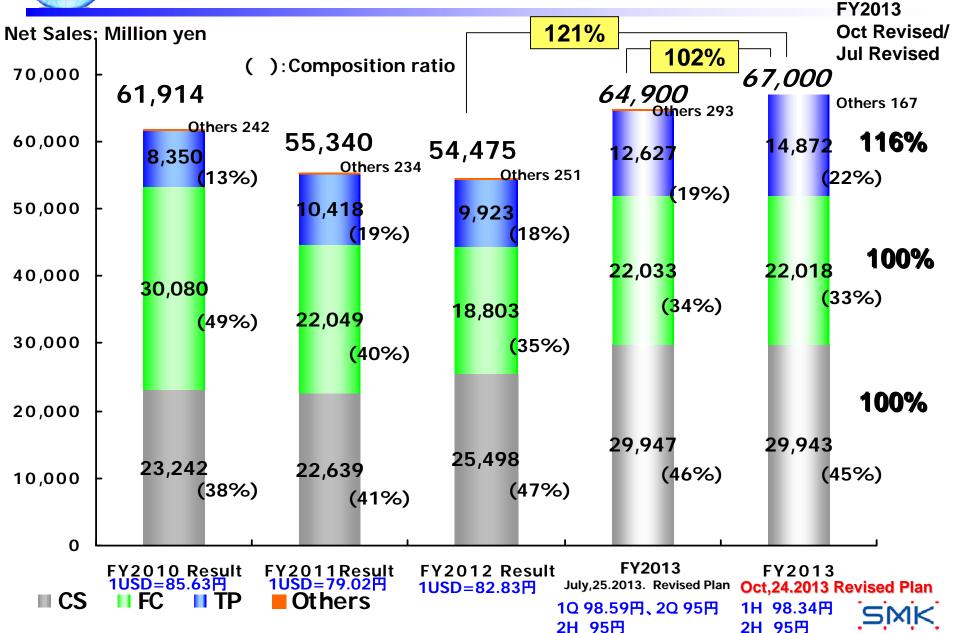
Fiscal Term Sales & Operating Income Performance (FY2001~FY2013)

16/24



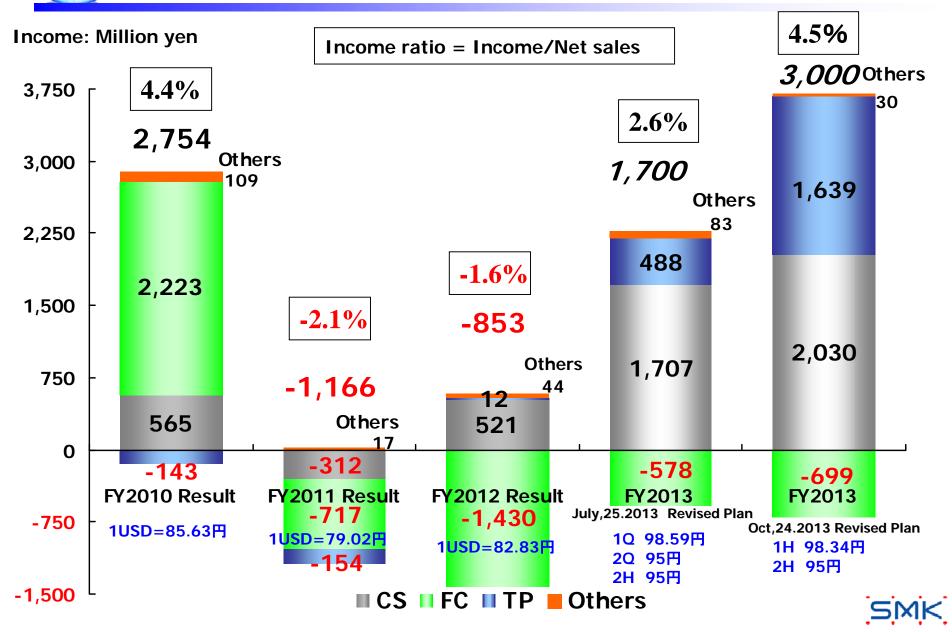


Net Sales by Product Division (FY2010~FY2013) 17/24



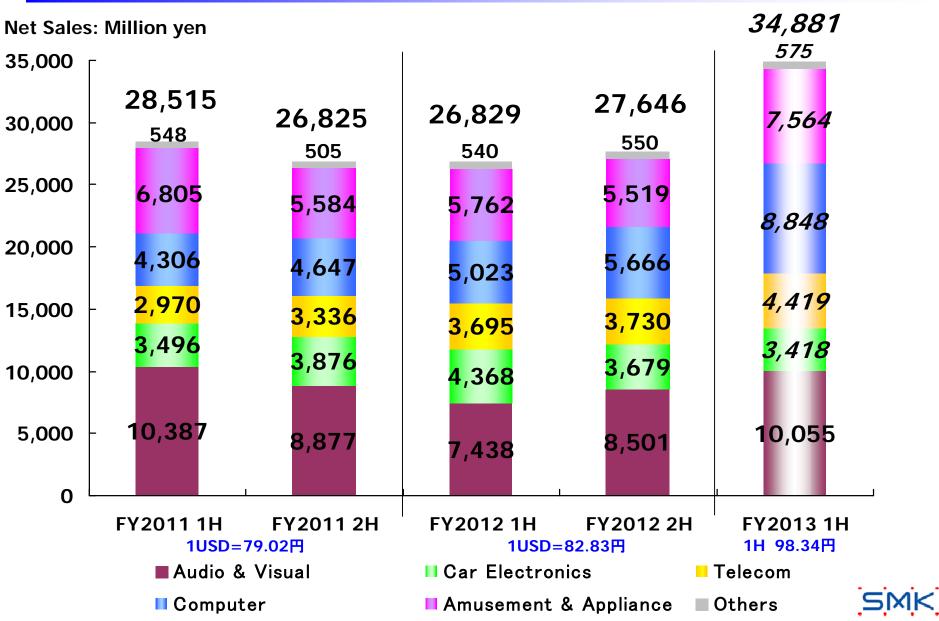
Operating Income by Product Division (FY2010~FY2013)

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Net Sales by Market (FY2011 ∼FY2013)





FY2013 Business Environment

Positive
Continuation of fundamental idea of high yen correction aspects



- ✓ Demand for a recycled energy buyback system
- ✓ Recovery of the U.S. economy
- ✓ Expansion of smartphone, tablet PC and automobile markets
- ✓ Emergence of new markets

aspects

Positive ✓ Company reorganization in the smartphone industry



- ✓ Continued stagnation of Japanese-managed **AV** business
- ✓ Rising labor costs in China and ASEAN zone
- ✓ Increased pressure to lower prices





SMK-America 30th Anniversary **SMK-Mexico 25th Anniversary** (Sept, 2013 At Tijuana)

SMK-Mexico New factory Opening Ceremony (Sept, 2013 At Tijuana)



Visite FronterA.INFO



20 de septiembre del 2013

Celebran 25 años de la empresa SMK

iaponesa ha invertido 300 millones de dólares y generado más de 30 mil empleos

En 1988 la empresa japo nesa SMK, dedicada a la abricación de controle emotos para televisión modio, se instaló en Tiecha ha invertido 200 mi do más de 30 millempieos le los cuales alrededor de mil siguen vigentes.

ta ubicada en la avenida Uones de dólares a Estados guila Azteca del Parque ndustrial el Águila, ejeencabezados por el preal acontecimiento

En voz del gerente de pez Valadez, recordó que para la comunidad y pr ratégicas celebradas con social. stres niveles de Gobierno e ha logrado esta sinergia, ue ha generado un valor. La ciudad cuenta con 552.

Recordó que en 2012 ce-



Autoridades municipales y estatales acompañaron a inversionistas de la empresa SMK Electrónica en el corte de listón para la Inauguración de su nueva planta.

Al respecto, el presisidente en América, Tom dente de la asociación de Morikawa, el presidente en la Industria Maquiladora México, Tetsuva Nakamura (AlM), Federico Serrano autoridades, celebraron Bañuelos, destacóque para Tijuana es una satisfacción contar con empresas como planta, Marco Antonio Ló- SMK, que generan empleo: racias a las alianzas es- gramas de responsabilidad

"Actualmente la ir establecimientos manu factureros, que generan rraron con un crecimiento alrededor de 116 mil em-del 13% en el total de las pleos", apuntó Serrano



La inauguración fue encabezada por el gobernador del Estado,

Preocupa tema de Reforma Fiscal a inversionista

empresario laponés Tom Morikawa que las condiciones para invertir podrían cambiar

PORERNESTO ÁLVAREZ M. Norw Effonterainfo

nés Tom Morikawa, presidente de SMR en América es preocupante la incertipropuesta de Reforma Fis- nes de países como Japón o cal que aumentaría el IVA Estados Unidos en Méxic

de dicha empresa en Tijuación de controles remotos para televisión y radio, sceptó que las condicioes para invertir podrían

Aclaró que aun y con este pano rama, siente jun-

inversiones de paises México sigan siendo atractivos" ría entender exactament

"No sabemos si des

del 11 al 16% y gravaría las sigan siendo atractivas ra la condición de impues-En el marco del 25 ani- tos, el manejar márgenes versario de la instalación aceptables, la inversión puede ir y venir con más fuerza, aunque en impuestos el Gobierno mexicano nes puede que más trabai

de la reforma las inversio

expresó Morikawa. oportunidades, agregó, va





FY2013 1H Topics-2

Introduction and utilization of 3D printers (Japan/Dongguan)

In-house production of high precision samples at early stage of design and before manufacture

- Speed Up Sample production 2W⇒1day~3days
- Improved quality through design reviews
- Improved customer satisfaction and sales strengths
- Reduced outward flow of costs

For connectors

For remote controls and jigs









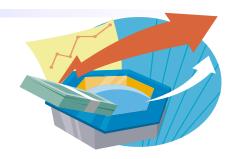








FY2013 Basic Policy



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





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/

