

# Business Report for FY2019 1st Half



**FY2019 2Q**

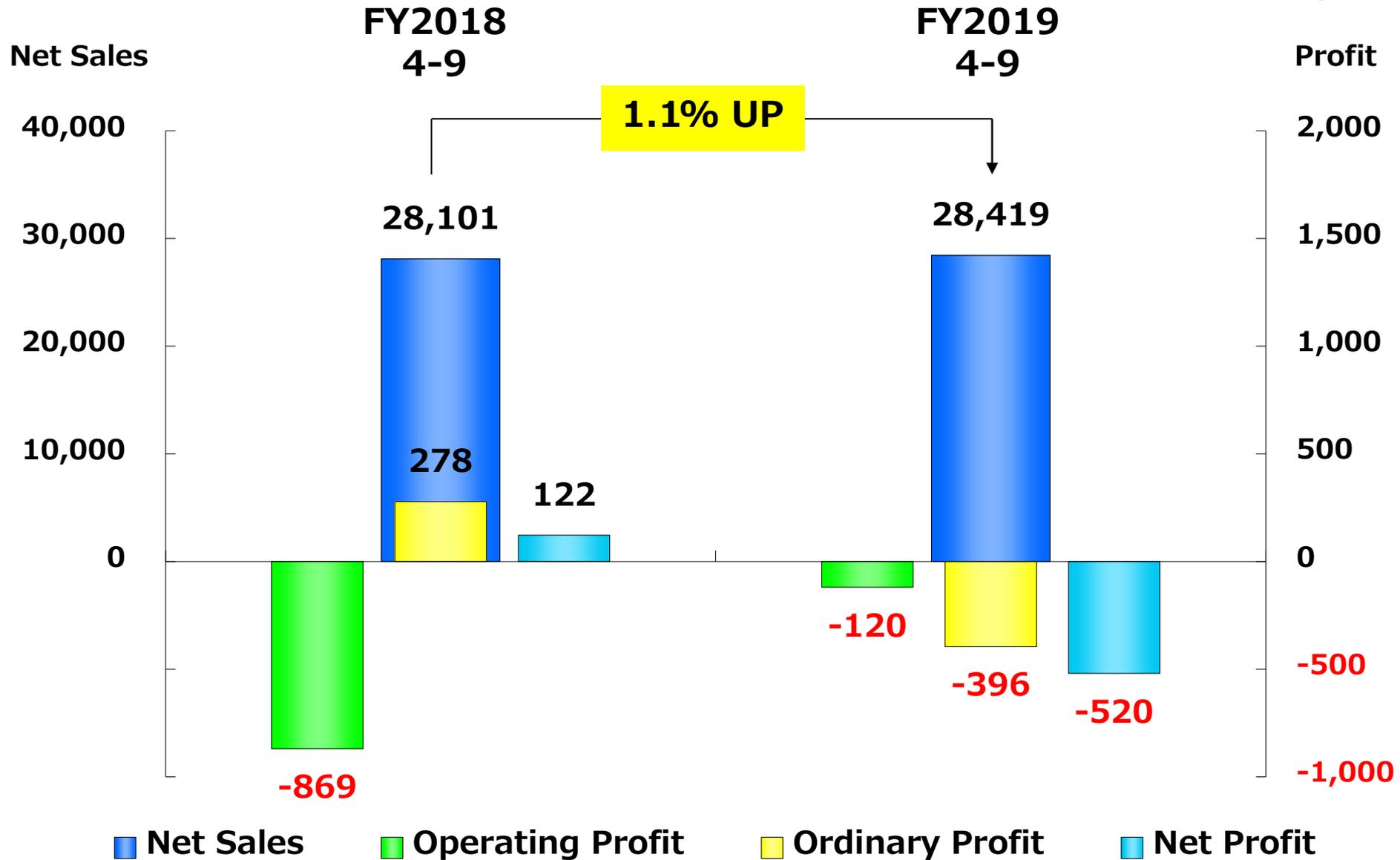
**Outline of Financial Statement**

**Executive Vice President and CFO**

**KOHEI OHGAKI**

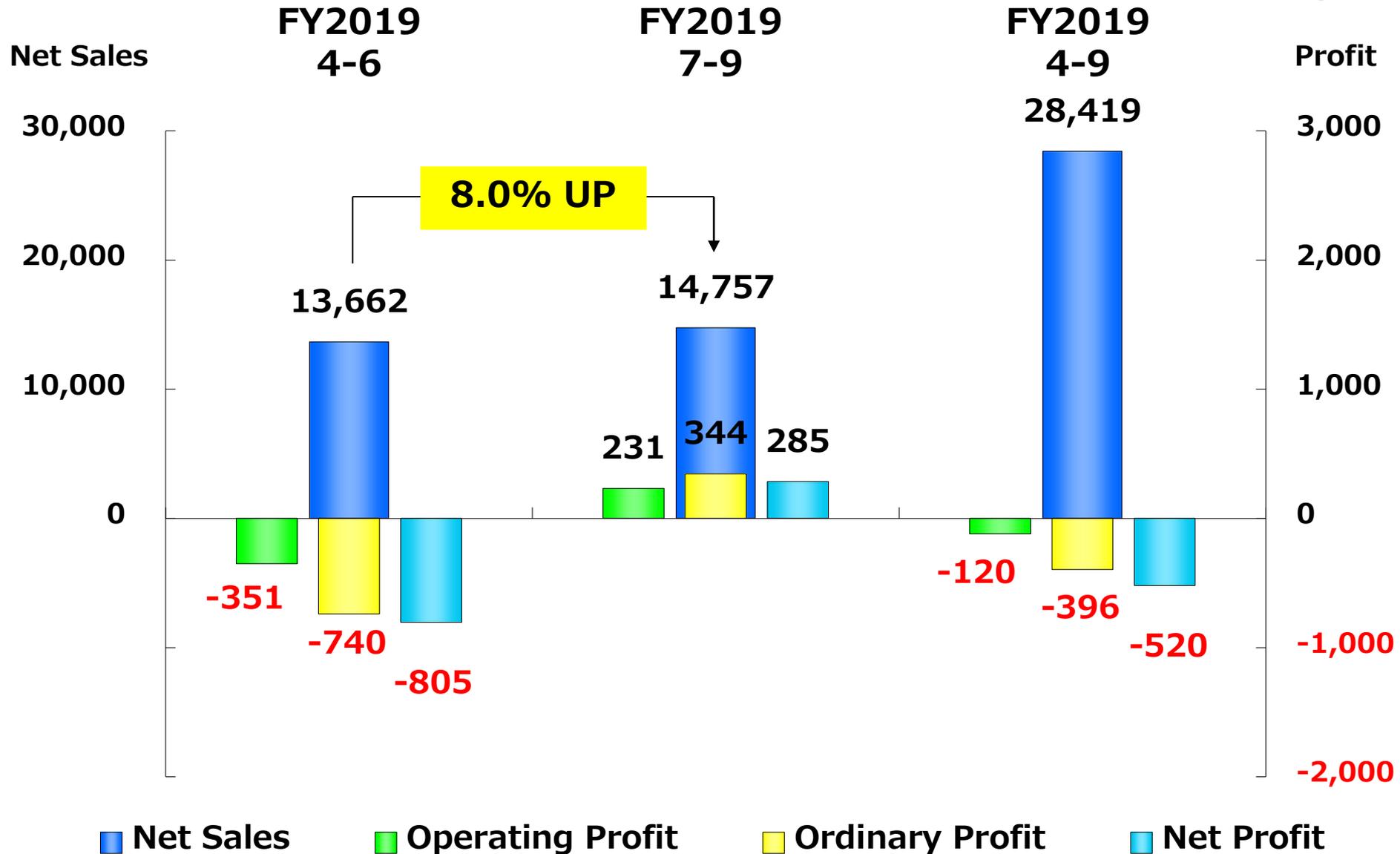
# <Consolidated> 2Q Financial Results

Unit: Million yen



# <Consolidated> 2Q Financial Results (by Quarter)

Unit: Million yen



# <Consolidated> Operating Expenses

Unit: Million yen

FY2018  
4-9FY2019  
4-9

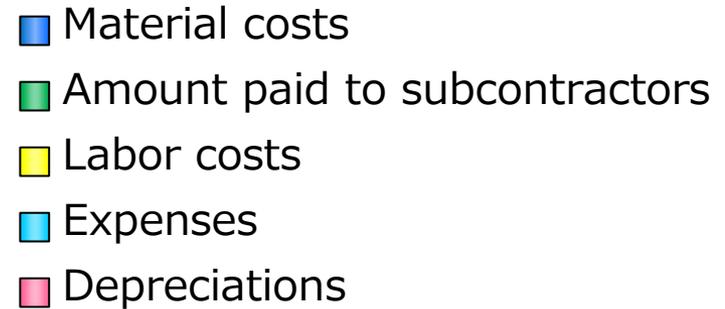
28,970

28,539

[ ]: Sales Ratio

[103.1%]

[100.4%]



- Rise by 1.7%  
in ratio of material costs &  
amount paid to subcontractors  
51.0% → 52.7%  
(The ratio of material costs  
worsened due to product mix)
- Improved by 3.9%  
in ratio of labor costs & expenses  
46.1% → 42.2%  
(Because of the reduction of  
fixed costs)

0

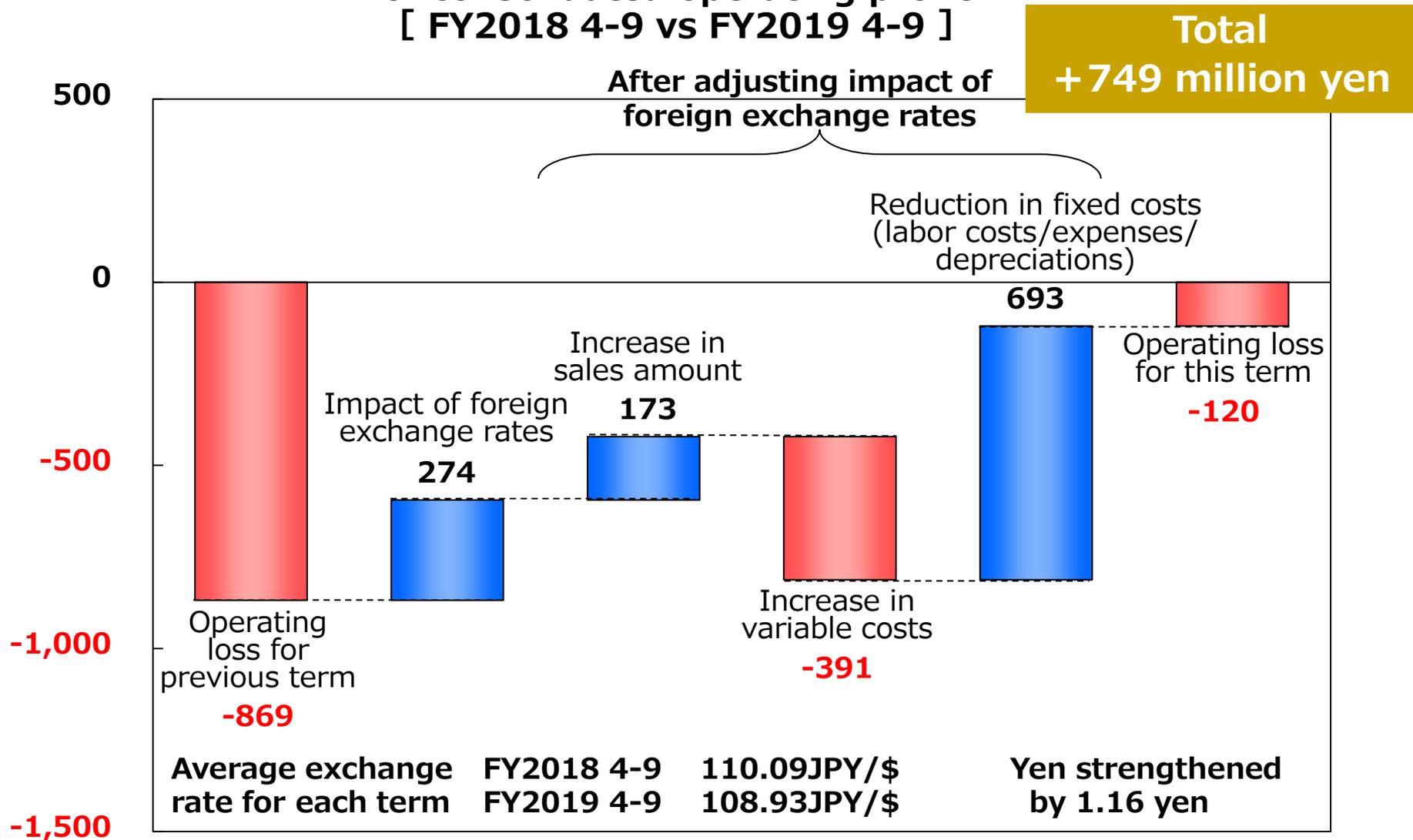
Operating Profit/Loss **-869**  
[-3.1%]

**-120**  
[-0.4%]

# <Consolidated> Analysis of Changes in Operating Profit

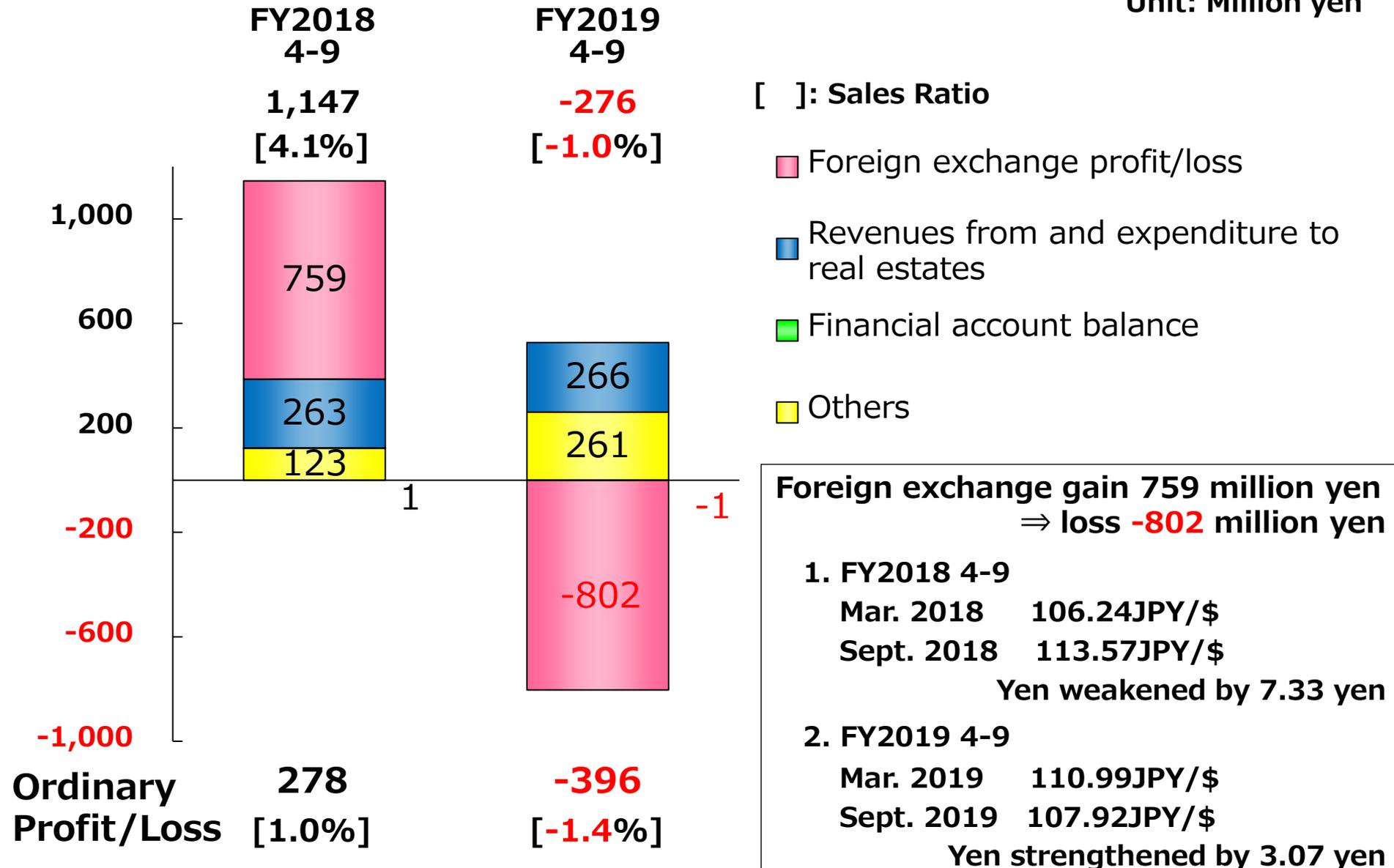
Analysis of factors for increase/decrease  
of consolidated operating profit  
[ FY2018 4-9 vs FY2019 4-9 ]

Unit: Million yen

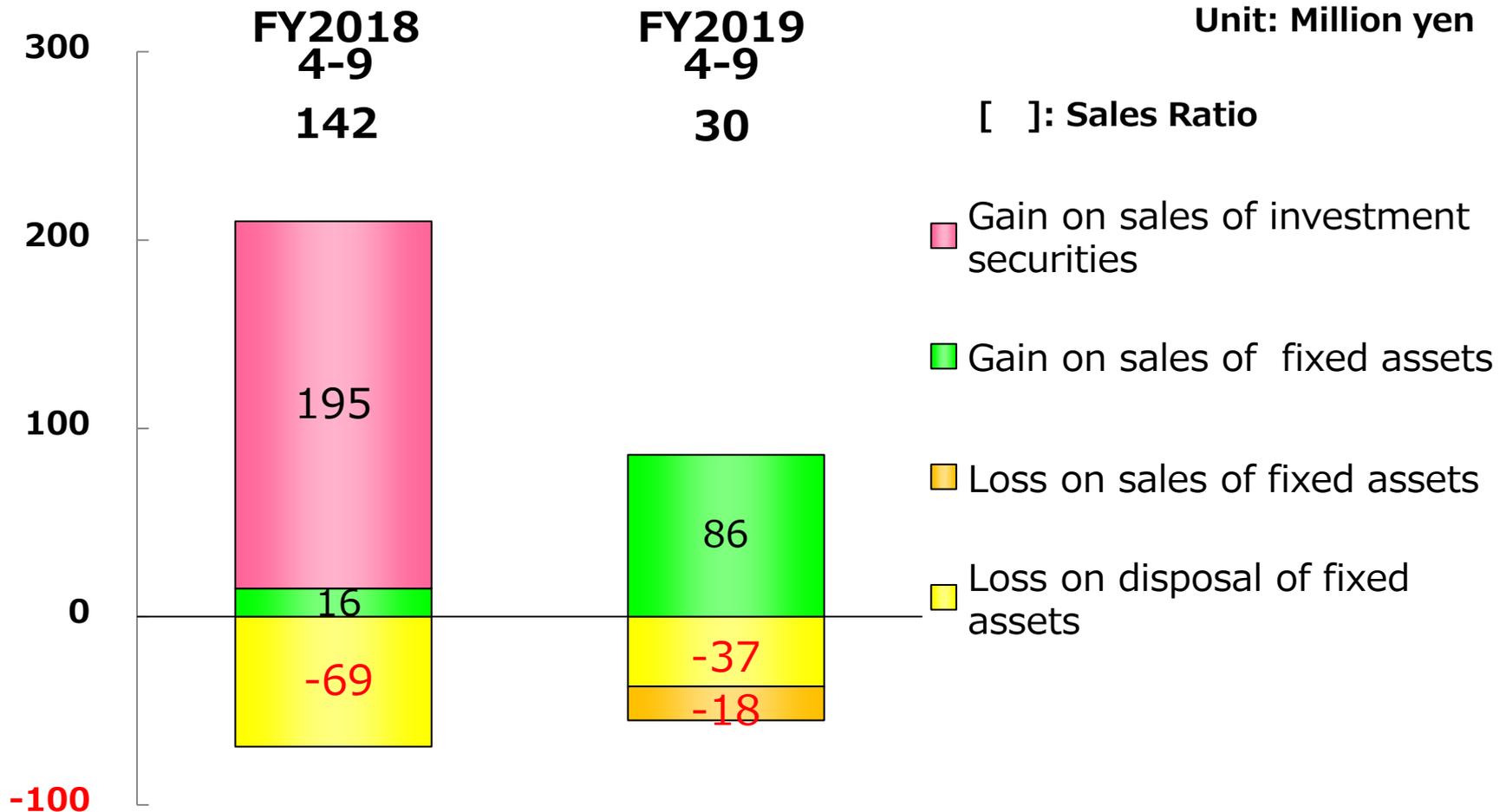


# <Consolidated> Non-operating Profit and Loss

Unit: Million yen



# <Consolidated> Extraordinary Profit and Loss



Profit before taxes	420	-366
Income taxes	-297	-154
Net Profit/Loss	122	-520
	[0.4%]	[-1.8%]

# <Consolidated> Segment Information

FY2019 4-9

Unit: Million yen

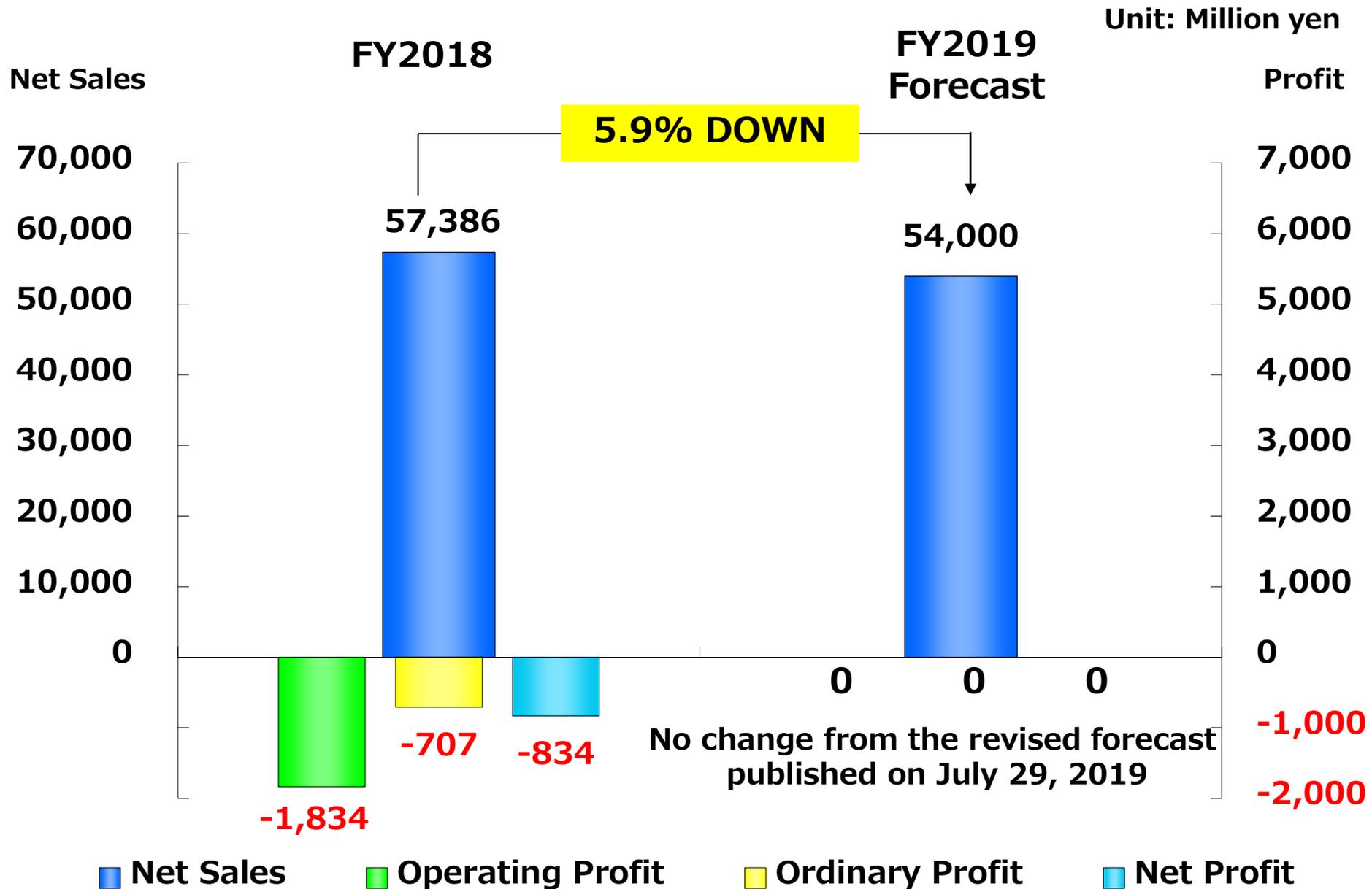
	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
<b>Net Sales</b>	<b>9,629</b>	<b>18,616</b>	<b>139</b>	<b>28,385</b>	<b>34</b>	<b>28,419</b>
<b>Operating Profit (Loss)</b>	<b>(28)</b>	<b>80</b>	<b>(154)</b>	<b>(101)</b>	<b>(19)</b>	<b>(120)</b>

FY2018 4-9

	Reporting Segment				Others*	TOTAL
	CS Division	SCI Division	R&D Center	Total		
<b>Net Sales</b>	<b>11,436</b>	<b>16,468</b>	<b>188</b>	<b>28,092</b>	<b>8</b>	<b>28,101</b>
<b>Operating Profit (Loss)</b>	<b>145</b>	<b>(719)</b>	<b>(189)</b>	<b>(764)</b>	<b>(104)</b>	<b>(869)</b>

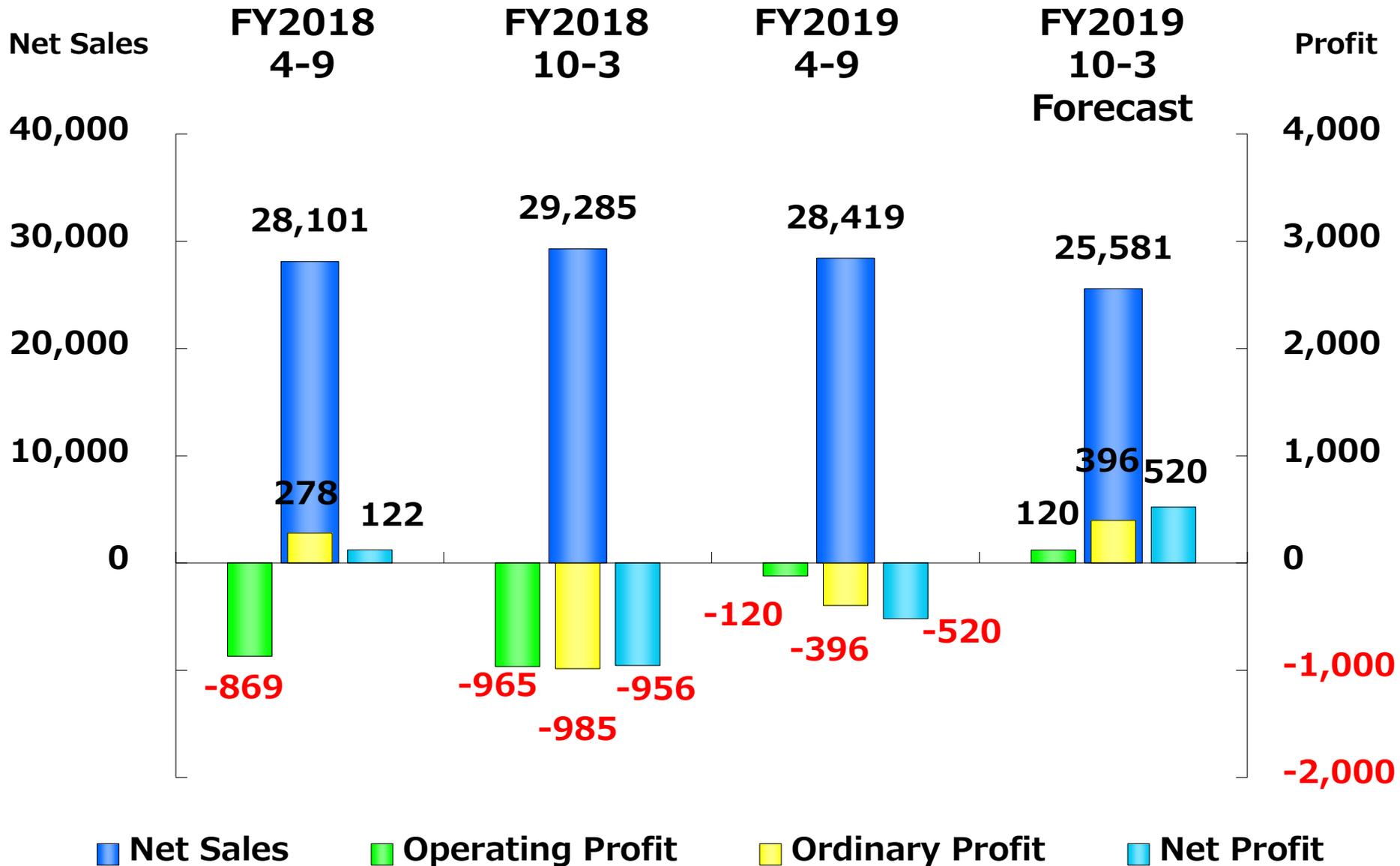
\*Others: Other components business, lease, real-estate rental, and worker dispatching undertaking

# <Consolidated> Changes in Financial Results (Full-year)



# <Consolidated> Changes in Financial Results (Half year)

Unit: Million yen



# <Consolidated> Cash Position

Unit: Million yen

	Mar. 2019 (A)	Sept. 2019 (B)	Differential (B - A)
<b>Assets</b>	<b>58,713</b>	<b>55,718</b>	<b>(2,995)</b>
Cash and cash equivalents	10,889	9,614	(1,274)
Accounts receivable	14,496	15,004	507
Inventories	8,071	6,427	(1,643)
Fixed assets	24,430	23,971	(458)
<b>Liabilities</b>	<b>30,101</b>	<b>28,307</b>	<b>(1,793)</b>
Accounts payable and accrued expenses	6,792	6,896	103
Interest-bearing debt	18,865	17,154	(1,710)
<b>Net assets</b>	<b>28,612</b>	<b>27,410</b>	<b>(1,201)</b>
Common stock	7,996	7,996	-
<b>Capital adequacy ratio</b>	<b>48.7%</b>	<b>49.2%</b>	<b>0.5%</b>

# <Consolidated> Cash Flow Position

Unit: Million yen

	FY2018 4-9	FY2019 4-9
<b>Cash flow from operating activities</b>	<b>66</b>	<b>2,407</b>
Working capital	(1,689)	1,613
Profit before taxes	420	(366)
Depreciation	1,791	1,656
Others	(456)	(496)
<b>Cash flow from investing activities</b>	<b>(2,335)</b>	<b>(1,543)</b>
<b>Free cash flow</b>	<b>(2,269)</b>	<b>864</b>
<b>Cash flow from financing activities</b>	<b>1,150</b>	<b>(2,146)</b>
Increase/decrease in interest-bearing debt	1,424	(1,704)
Increase/decrease in treasury stock	(6)	(113)
Dividends paid	(263)	(324)
Others	(4)	(5)
<b>Initial balance</b>	<b>10,482</b>	<b>10,776</b>
<b>Final balance</b>	<b>9,014</b>	<b>9,511</b>

# Annual Dividend

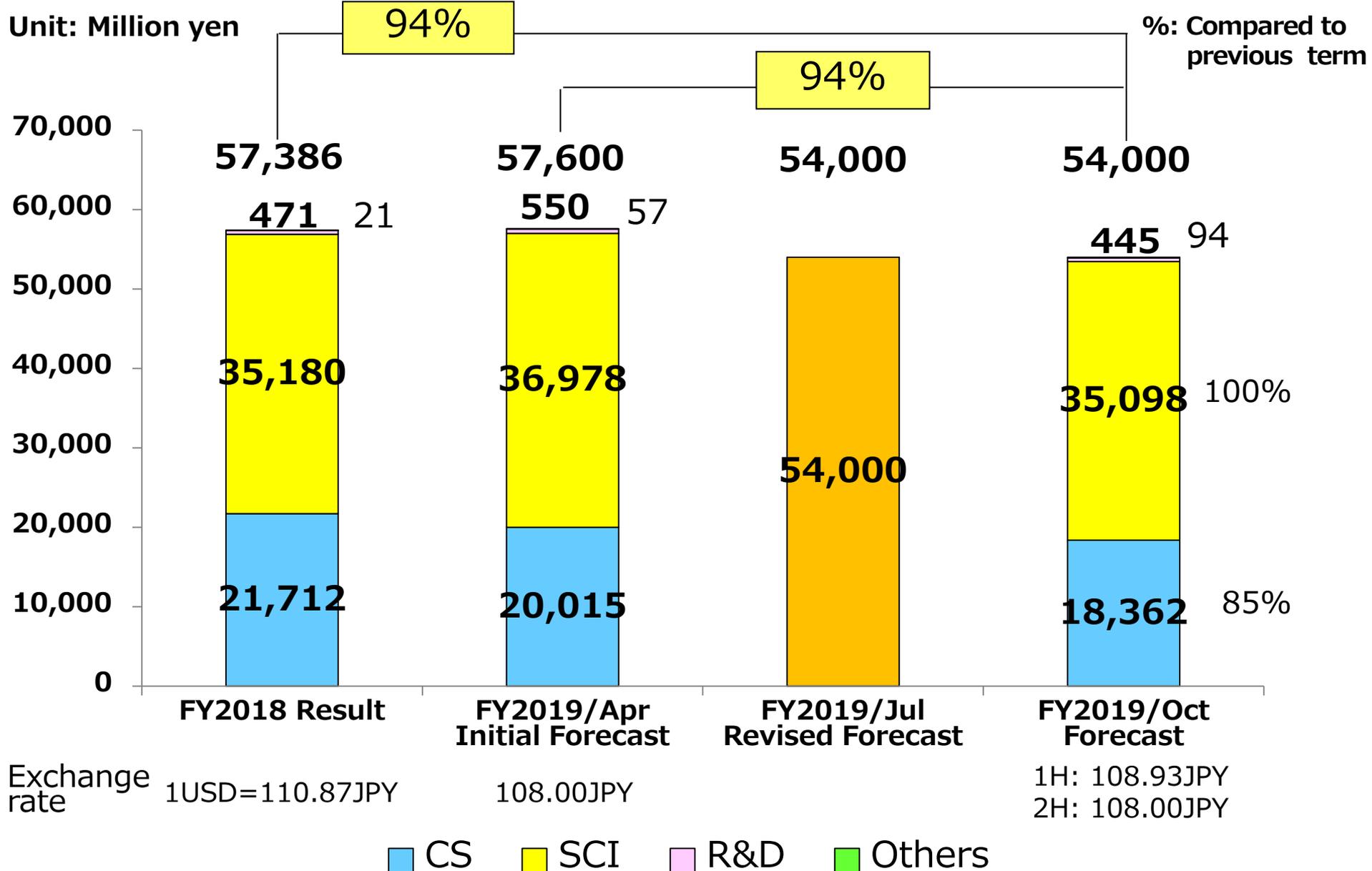
	<b>At second quarter end</b>	<b>At fiscal year end</b>	<b>Annual</b>
<b>FY2018 Result</b>	<b>0.00 yen</b>	<b>50.00 yen</b>	<b>50.00 yen</b>
<b>FY2019 Result</b>	<u><b>0.00 yen</b></u>	—	—
<b>FY2019 Forecast</b>	—	<u><b>50.00 yen</b></u>	<u><b>50.00 yen</b></u>

# FY2019 Prospect

**President, CEO and COO**

**YASUMITSU IKEDA**

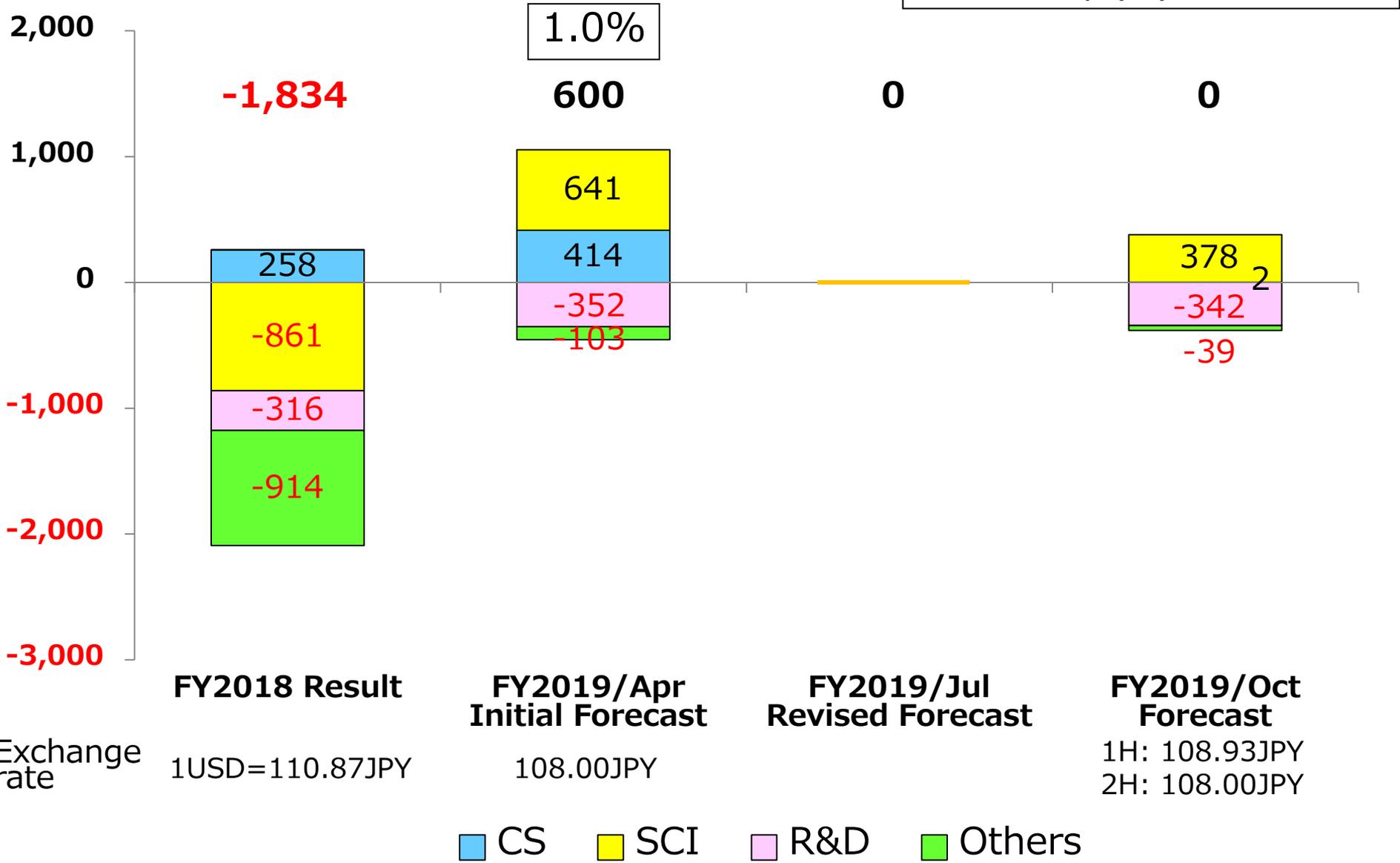
# Net Sales by Product Div. (FY2018-FY2019)



# Operating Profit by Product Div. (FY2018-FY2019)

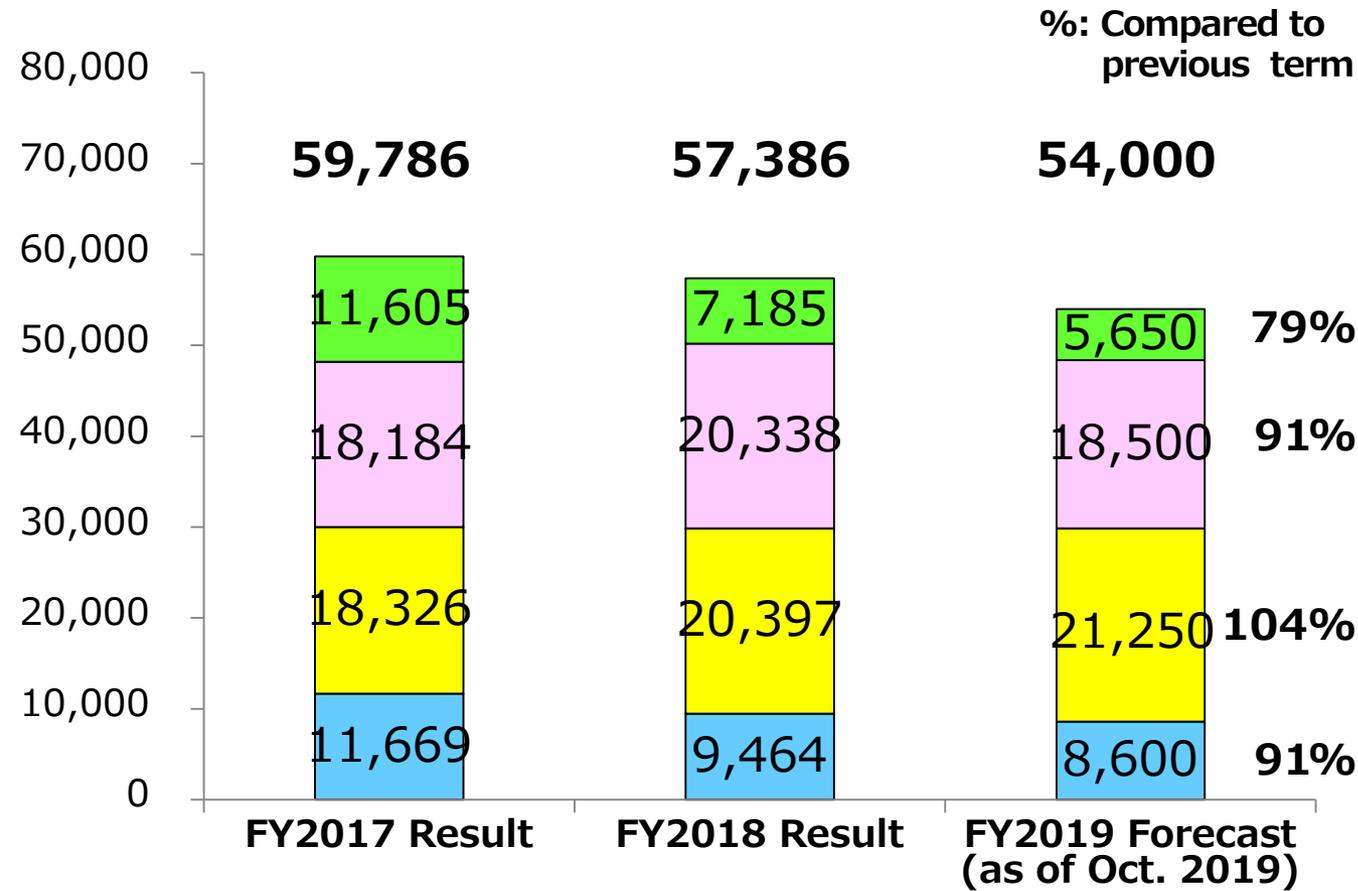
Unit: Million yen

Profitability (%)=Profit/Sales



# Reference: Net Sales by Market (FY2017-FY2019)

Unit: Million yen



## Target Markets

**Industry/ Others**

- LPWA
- Healthcare
- Printer
- Renewable energy

**Car Elec- tronics**

- CASE
- ADAS
- V2X
- EV/PHEV

**Home Appliance**

- Smart appliance
- Set-top box
- Home equipment

**ICT**

- 5G
- Wearable
- VICs in China and the U.S.

Exchange rate 1USD=110.94JPY

110.87JPY

1H: 108.93JPY  
2H: 108.00JPY

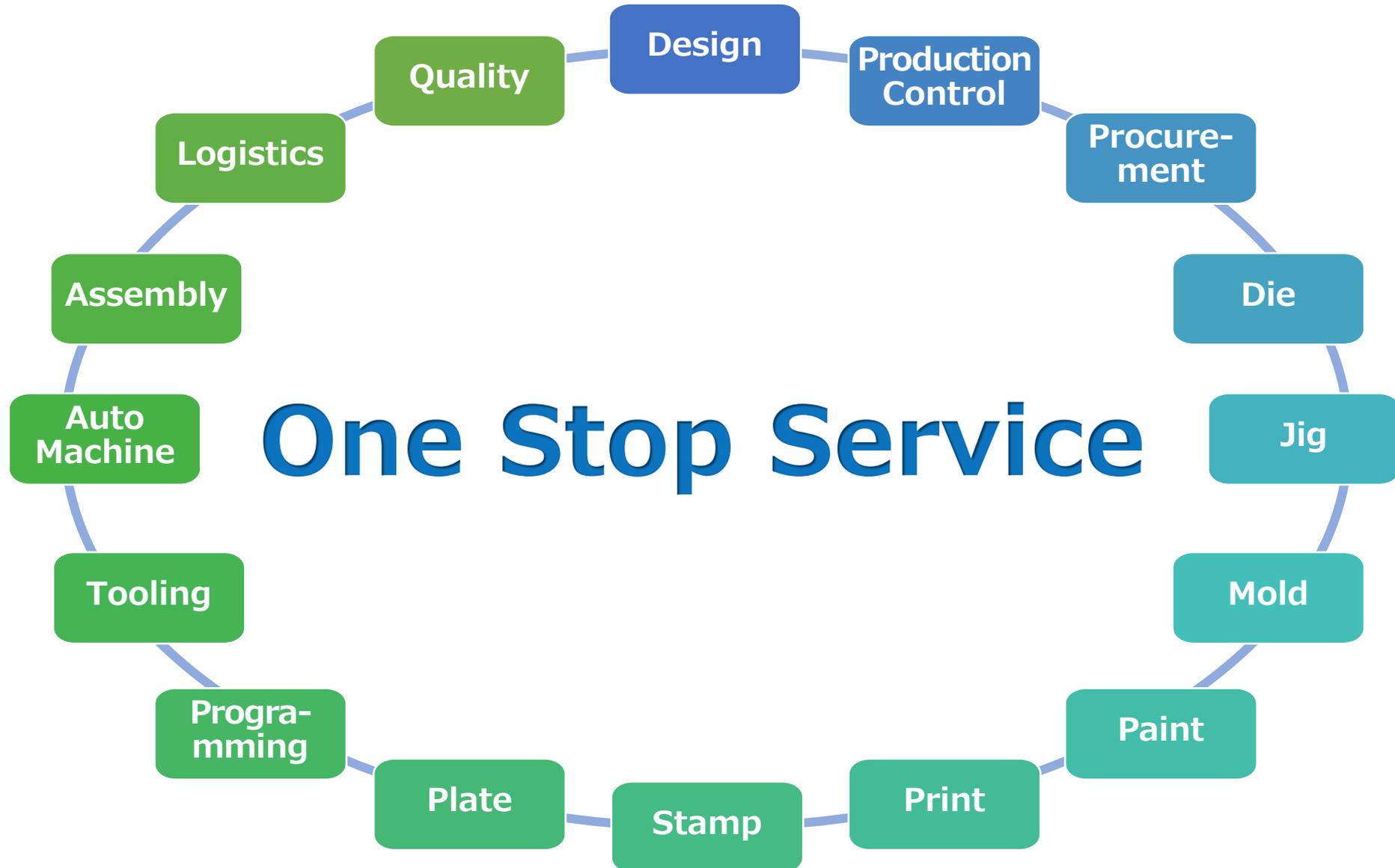
- ICT
- Home Appliance
- Car Electronics
- Industry/Others

## FY2019 Priority Matters

- 1. Restore profitability  
by reducing break-even point.**
- 2. Expand business  
by enhancing cooperation  
between new system of  
Product & Sales Div.**
- 3. Create new business  
through open innovation.**

# SMK Dongguan Factory's One Stop Service

<for Improved Productivity and Acquisition of New Orders>



# Approach to Car Electronics Market

2018

2020

2025

Autonomous  
Driving LevelLevel  
2Level  
3Level  
4

C

Connected

A

Auto-  
nomous

S

Shared

E

Electric

## Target Markets

- ADAS
- V2X
- EV/PHEV

### Connected

Multi Coaxial  
Connector  
"MH-1 Series"

10P High-Speed  
Connector (5Gbps)

Floating Board to  
Board Coaxial  
Connector

### Autonomous

Ethernet  
Connector

Camera Module

Contactless  
Occupancy  
Detection/  
Biometric Sensor

### Safety

Wireless Module

Small Coaxial  
Connector for  
Camera Module

### Electric/ Entertainment

2 Piece Type  
FPC Connector

Capacitive Touch  
Panel with Large  
Curved Cover Panel

3D Shape  
Switch Panel

## Website Renewal

SMKのCASEへの取り組み

クルマは、「接続」「自動運転」「安全」「電子化(エンタテインメント)」という大きな技術テーマを抱え、これらのニーズに応えるため、エレクトロニクス化・電子制御化が急速に進んでいます。

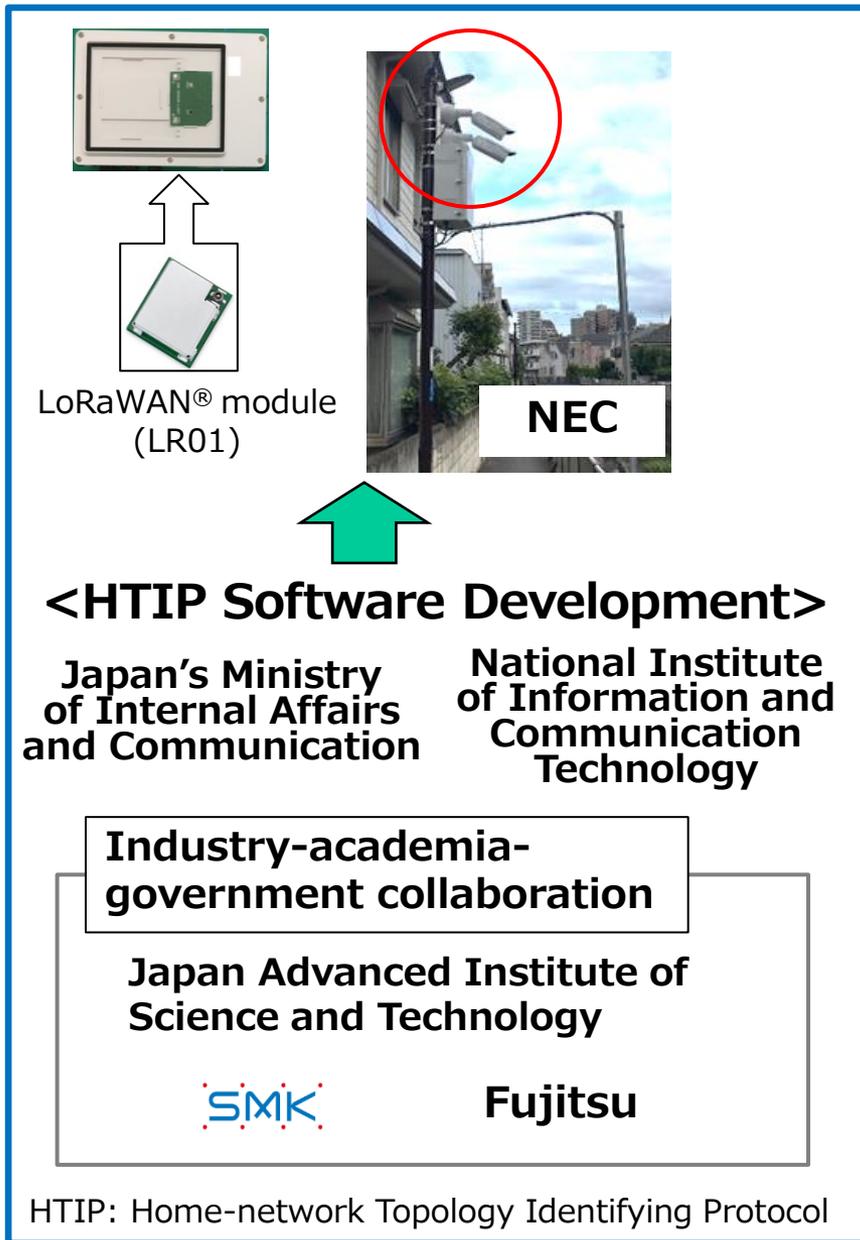
SMKではこれらのニーズに応える車載仕様に準拠した製品開発を推進しており、タッチパネル、コネクタ、リモコン、モジュール製品の商品カテゴリーにおいてさまざまなソリューションの提案を行っています。

「Connected」、「Autonomous」、「Safety」、「Electric/Entertainment」のテーマに沿った製品を以下のリンクよりご紹介させていただきます。

ご興味をもたれる製品がございましたら、お気軽にお問い合わせください。



# R&D Center's Approach to Open Innovation



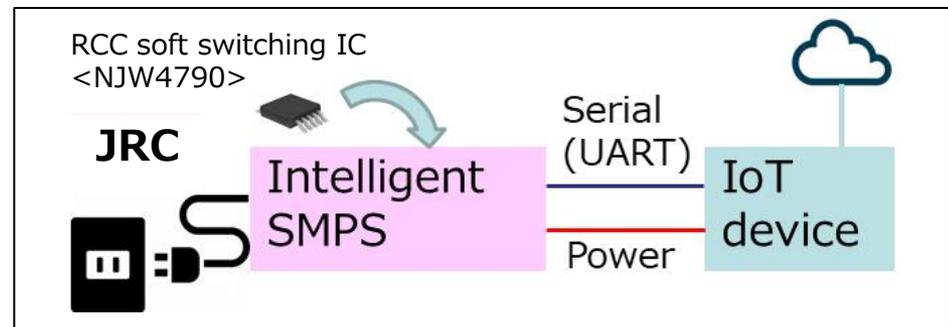
NEC commenced the demonstration experiment of the smart street lighting employing SMK's wireless module in Sugunami Ward, Tokyo.

Schedule	2019	2020	2021
Power supply module	Demo	Pilot	Mass Production
HTIP Software	Demo	Pilot	Mass Production
Intelligent SMPS		Demo	Pilot

## <Next Proposal>

### Intelligent SMPS for IoT Devices

13% improvement in electrical efficiency compared to the conventionals, even at 10 to 20% light load operation.



# Notice

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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.

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