

# Consolidated Financial Result of FY2018

SIIX Corporation

February 20, 2019



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# Consolidated Financial Result for FY 2018

## ● Profit and Loss

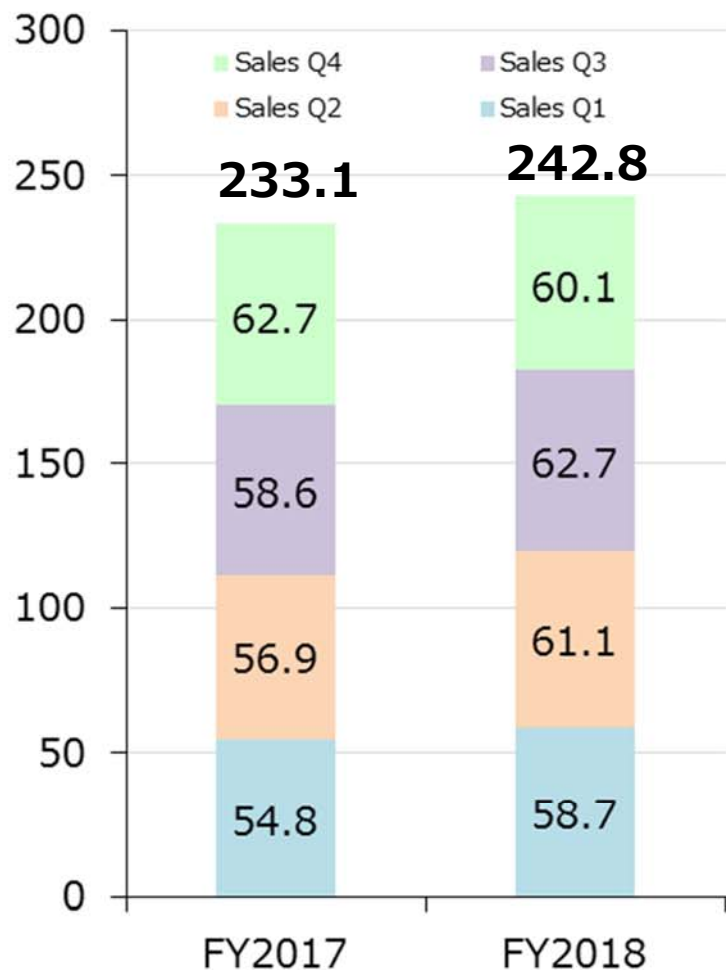
	FY2017		FY2018		FY2017 vs. FY2018		Impact of change in FX	FY2017 vs. FY2018, net		
	(JPY in millions)	amount	%	amount	%	diff.		%	diff.(net)	%
Sales		233,153	100.0	<b>242,804</b>	<b>100.0</b>	9,651	4.1	647	9,003	3.9
Gross Profit		22,627	9.7	<b>20,635</b>	<b>8.5</b>	-1,992	-8.8			
SGA		12,922	5.5	<b>12,010</b>	<b>4.9</b>	-912	-7.1			
Operating Income		9,705	4.2	<b>8,625</b>	<b>3.6</b>	-1,080	-11.1	9	-1,090	-11.2
Ordinary Income		10,513	4.5	<b>8,717</b>	<b>3.6</b>	-1,796	-17.1			
Extraordinary Income & Loss		-258	-0.1	<b>2</b>	<b>0.0</b>	261	-			
Corporate tax		3,269	1.4	<b>2,302</b>	<b>0.9</b>	-968	-29.6			
Profit attributable to owners of parent		7,093	3.0	<b>6,414</b>	<b>2.6</b>	-679	-9.6			
<b>EBITDA</b>		<b>13,941</b>		<b>12,861</b>						

## ● scope of consolidation

	End of	Changes		End of
	FY2017	Increase	Decrease	FY2018
Consolidated Subsidiary	19	3	-	22
Equity Method Affiliate	1	1	-	2

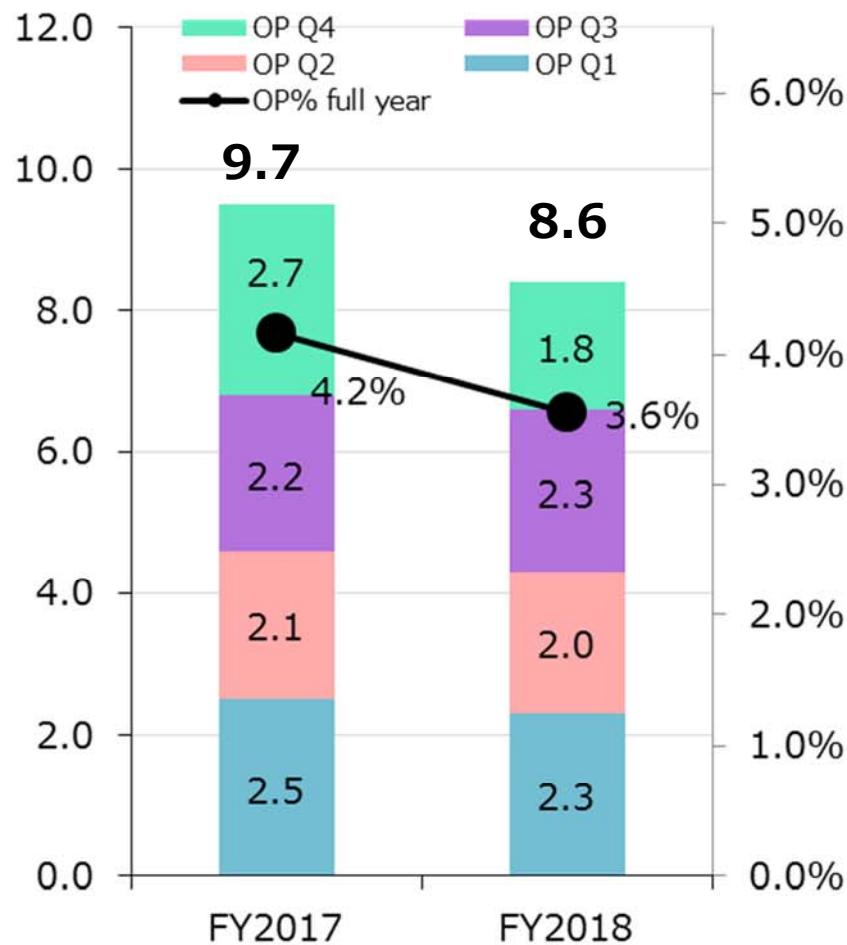
# Consolidated Sales and Operating income by quarter

## • SALES



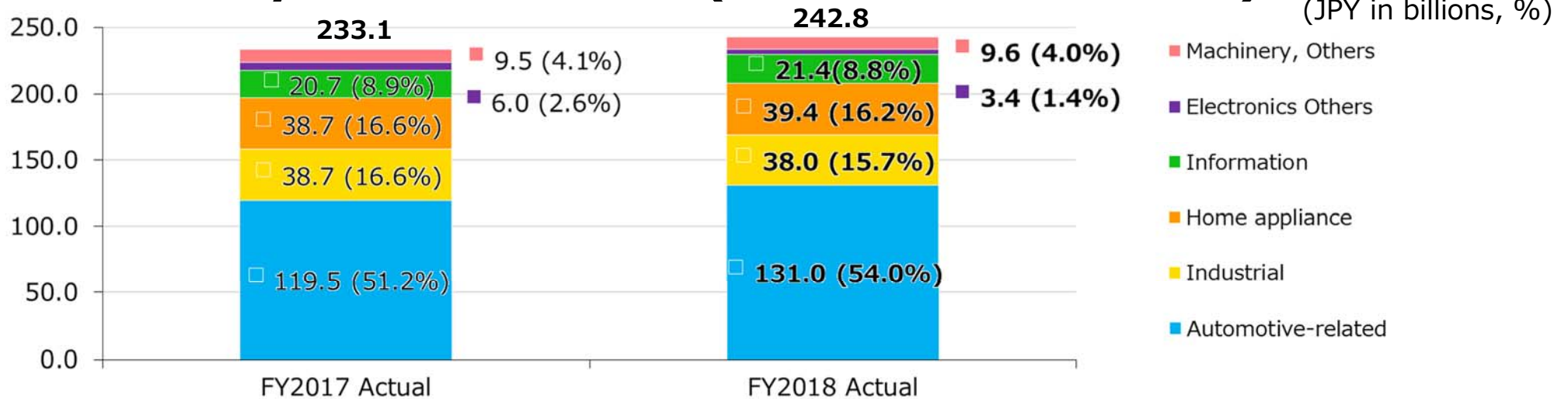
## • Operating Income

(JPY in billions, %)

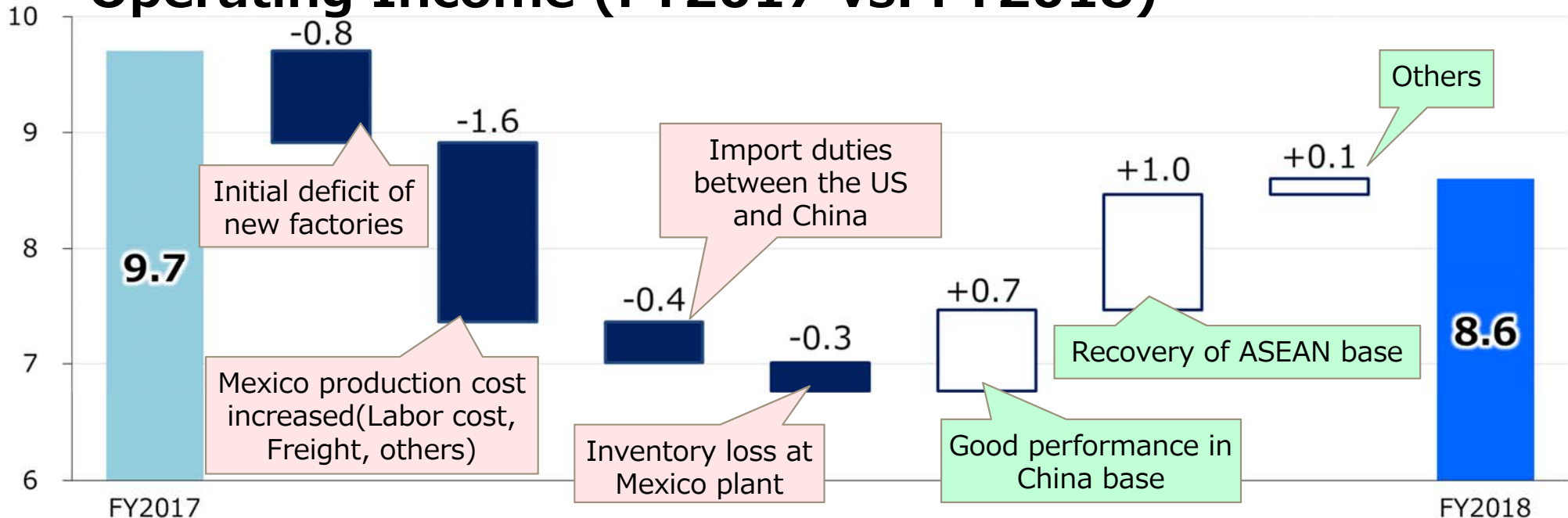


# Analysis of Sales & Operating Income FY2018

## • Sales by market sector (FY2017 vs. FY2018)



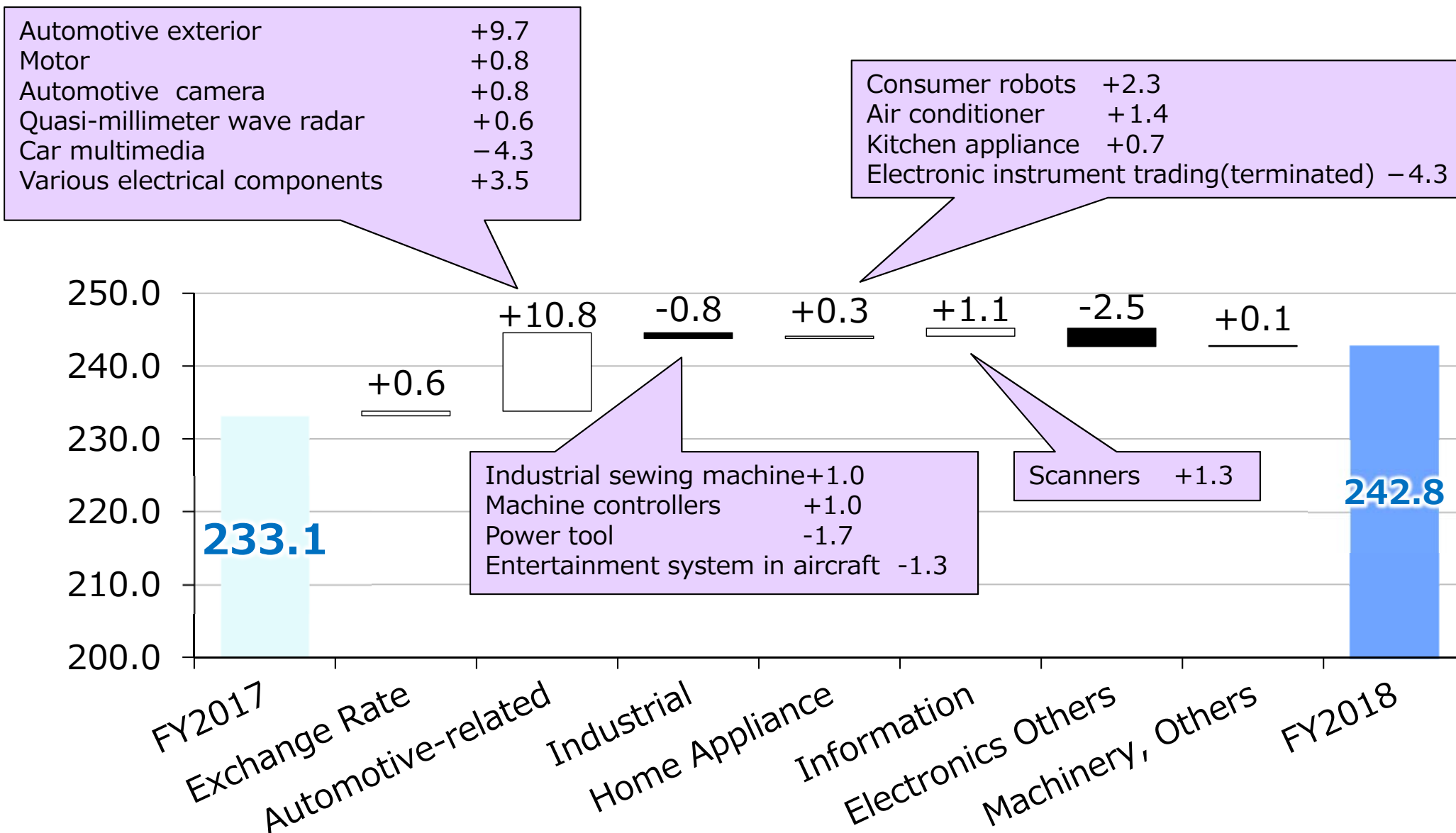
## • Operating Income (FY2017 vs. FY2018)



# Analysis of Sales FY2018

## • Sales by market sector (FY2017vs. FY2018)

(JPY in billions,)



# Consolidated SGA

	FY2017		FY2018		Changes		
	(JPY in millions)	amount	%	amount	%	amount	%
Personnel expenses		5,578	2.4	<b>6,105</b>	<b>2.5</b>	527	9.4
Traveling and communication expenses		452	0.2	<b>501</b>	<b>0.2</b>	49	10.9
Freightage and packing expenses		1,398	0.6	<b>1,410</b>	<b>0.6</b>	12	0.8
Commission fee		648	0.3	<b>751</b>	<b>0.3</b>	102	15.8
Rent expenses on real estates		538	0.2	<b>572</b>	<b>0.2</b>	33	6.2
Depreciation		813	0.3	<b>548</b>	<b>0.2</b>	-265	-32.6
Other expense		3,491	1.5	<b>2,120</b>	<b>0.9</b>	-1,370	-39.3
Total		12,922	5.5	<b>12,010</b>	<b>4.9</b>	-912	-7.1

# Consolidated non-operating profit and loss

(JPY in millions)	FY2017	FY2018
Interest income	61	<b>78</b>
Dividends income	73	<b>112</b>
Equity in earnings of affiliates	201	<b>221</b>
Real estate rent	110	<b>108</b>
Foreign exchange gains	235	-
Other	575	<b>769</b>
<b>Non-operating income</b>	<b>1,258</b>	<b>1,289</b>
Interest expenses	198	<b>318</b>
Foreign exchange losses	-	<b>464</b>
Other	252	<b>415</b>
<b>Non-operating loss</b>	<b>450</b>	<b>1,198</b>
<b>Non-operating income/loss</b>	<b>807</b>	<b>91</b>



# Consolidated balance sheet

(JPY in millions)	End of FY2017	End of FY2018	Changes (FY2017 vs. FY2018)	
			amount	%
Current assets	96,477	<b>101,939</b>	5,462	5.7
<i>Notes and accounts receivable-trade</i>	47,131	<b>38,936</b>	-8,195	-17.4
<i>Inventories</i>	34,430	<b>44,726</b>	10,296	29.9
Noncurrent assets	34,048	<b>35,538</b>	1,490	4.4
Total asset	130,526	<b>137,478</b>	6,952	5.3
Current liabilities	56,549	<b>63,595</b>	7,046	12.5
<i>Accounts payable-trade</i>	33,988	<b>29,130</b>	-4,858	-14.3
<i>Short-term loans payable</i>	13,383	<b>25,236</b>	11,853	88.6
Noncurrent liabilities	16,367	<b>17,865</b>	1,499	9.2
<i>Convertible Bond</i>	5,995	<b>5,948</b>	-47	-0.8
<i>Long-term loans payable</i>	5,819	<b>7,455</b>	1,636	28.1
Total liability	72,916	<b>81,461</b>	8,545	11.7
Net assets	57,609	<b>56,016</b>	-1,593	-2.8
Non-controlling interests	326	<b>308</b>	-17	-5.3
Total asset and liability	130,526	<b>137,478</b>	6,952	5.3

# Consolidated cash flow

(JPY in millions)	FY2014	FY2015	FY2016	FY2017	<b>FY2018</b>
Net cash from operating activities	2,374	7,996	6,333	4,536	<b>966</b>
Net cash from investing activities	-2,827	-5,113	-5,450	-9,211	<b>-6,515</b>
Net cash from financing activities	-1,286	3,352	-4,171	6,410	<b>7,991</b>
Cash and cash equivalents	6,497	12,473	8,776	10,574	<b>12,813</b>
Debt to annual cash flow ratio (years)	7.9	2.0	1.9	3.4	<b>27.2</b>
Interest coverage ratio (X)	12.1	61.8	85.9	20.1	<b>3.2</b>

# Consolidated Financial forecast for FY 2019

(JPY in millions)	FY 2017	FY 2018	FY 2019	FY2018 vs. FY 2019	
	Actual	Actual	Forecast	diff.	%
Sales	233,153	242,804	<b>244,000</b>	1,196	0.5
Operating income	9,705	8,625	<b>9,000</b>	375	4.3
Ordinary income	10,513	8,717	<b>9,200</b>	483	5.5
Profit attributable to owners of parent	7,093	6,414	<b>6,700</b>	285	4.5
Net income per share (JPY) ※1	288.02	131.45	<b>141.82</b>	10.37	7.9
EBITDA	13,170	12,861	<b>13,570</b>	709	5.5

※Net income per share of FY2018 and FY2019(forecast) indicate amounts calculated in consideration of stock split which had been carried out on April, 2018

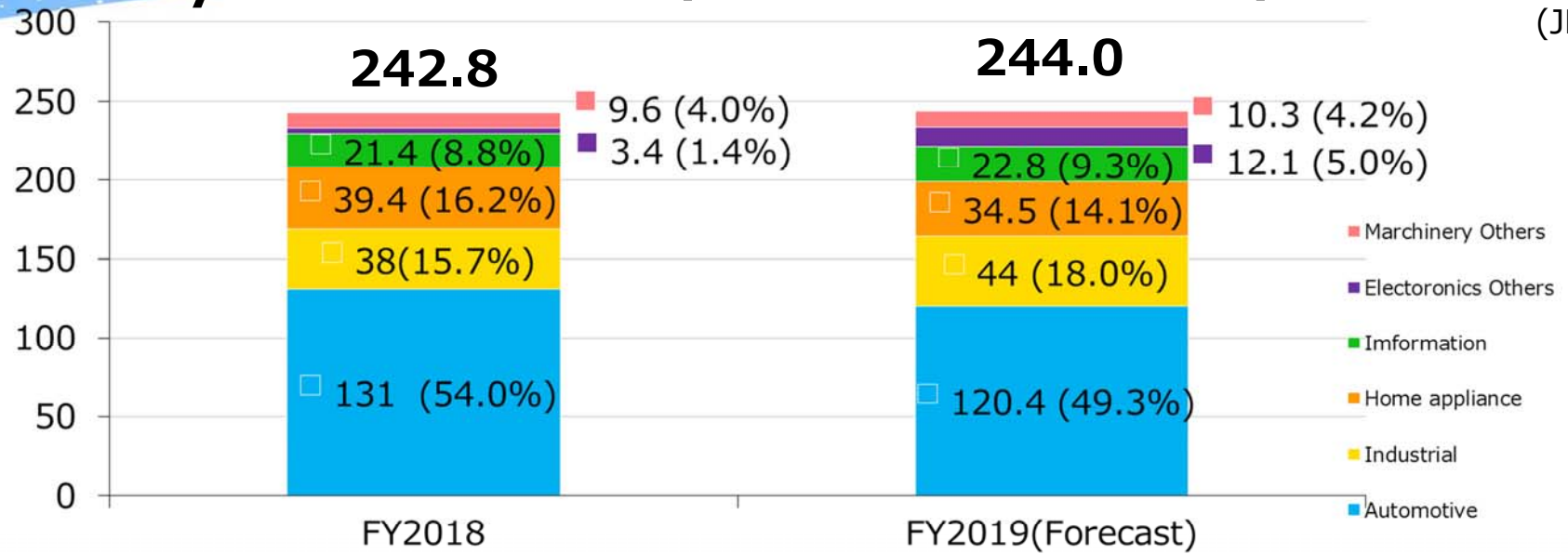
exchange rate(USD)	¥ 112.34	¥ 110.58	¥ 105.00
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# Analysis of Sales & Operating Income FY 2019(forecast)

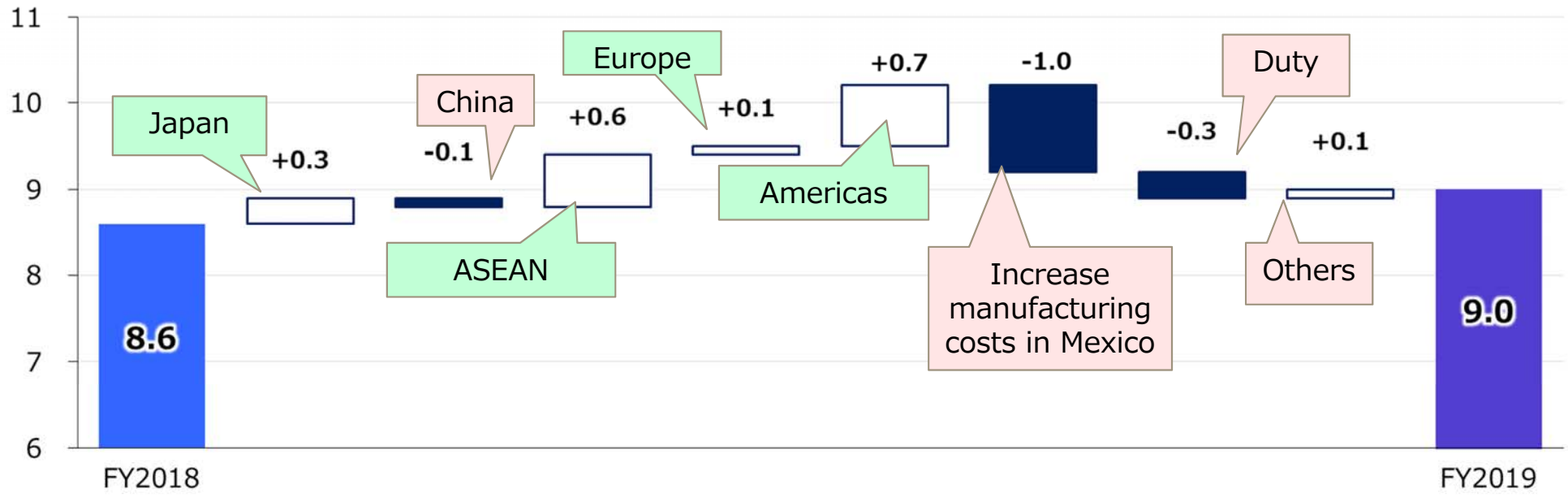


## • Sales by market sector (FY2018 vs. FY2019)

(JPY in billions)



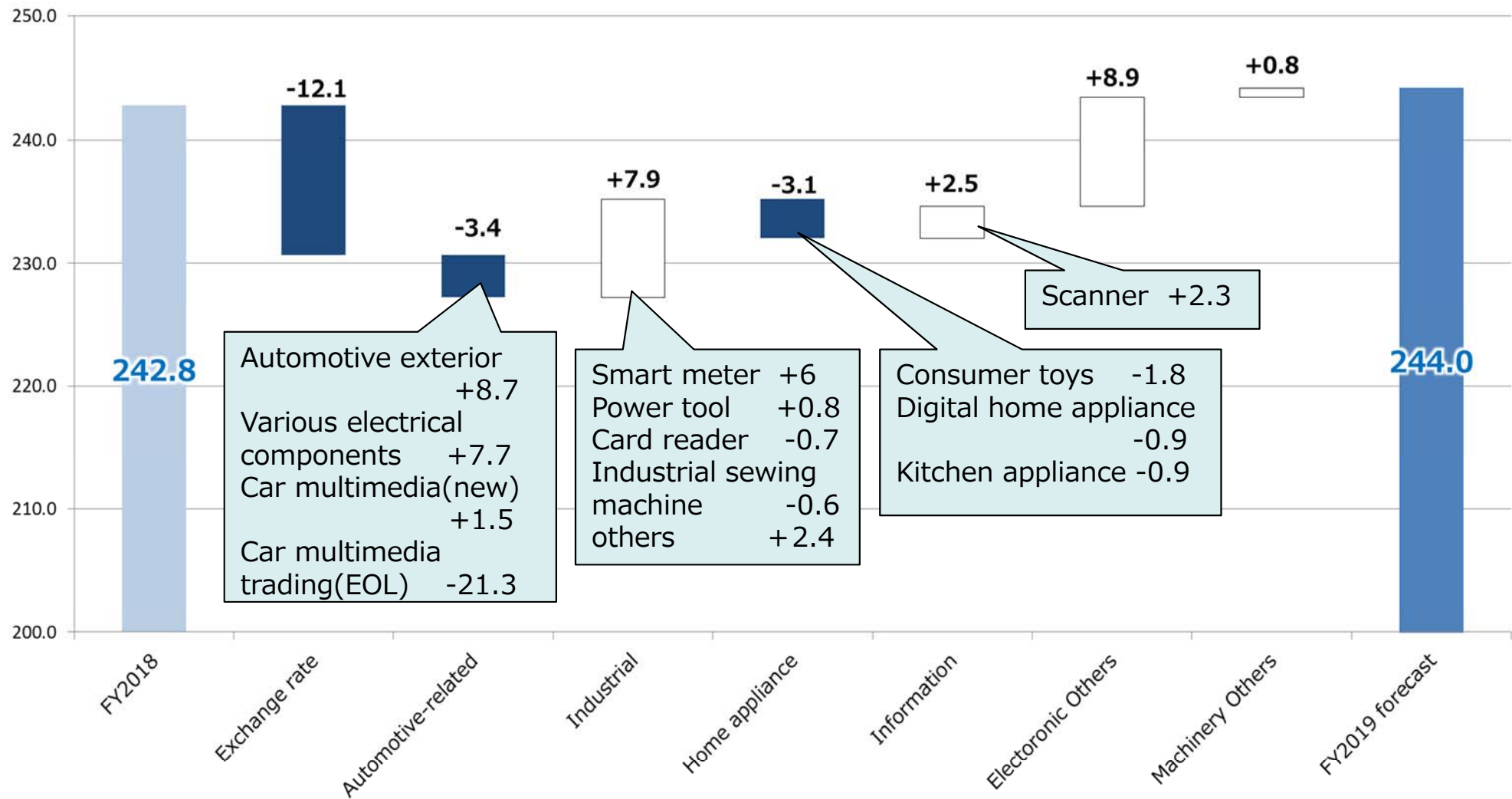
## • Operating Income (FY2018 vs. FY2019)



# Analysis of Sales FY 2019(forecast)

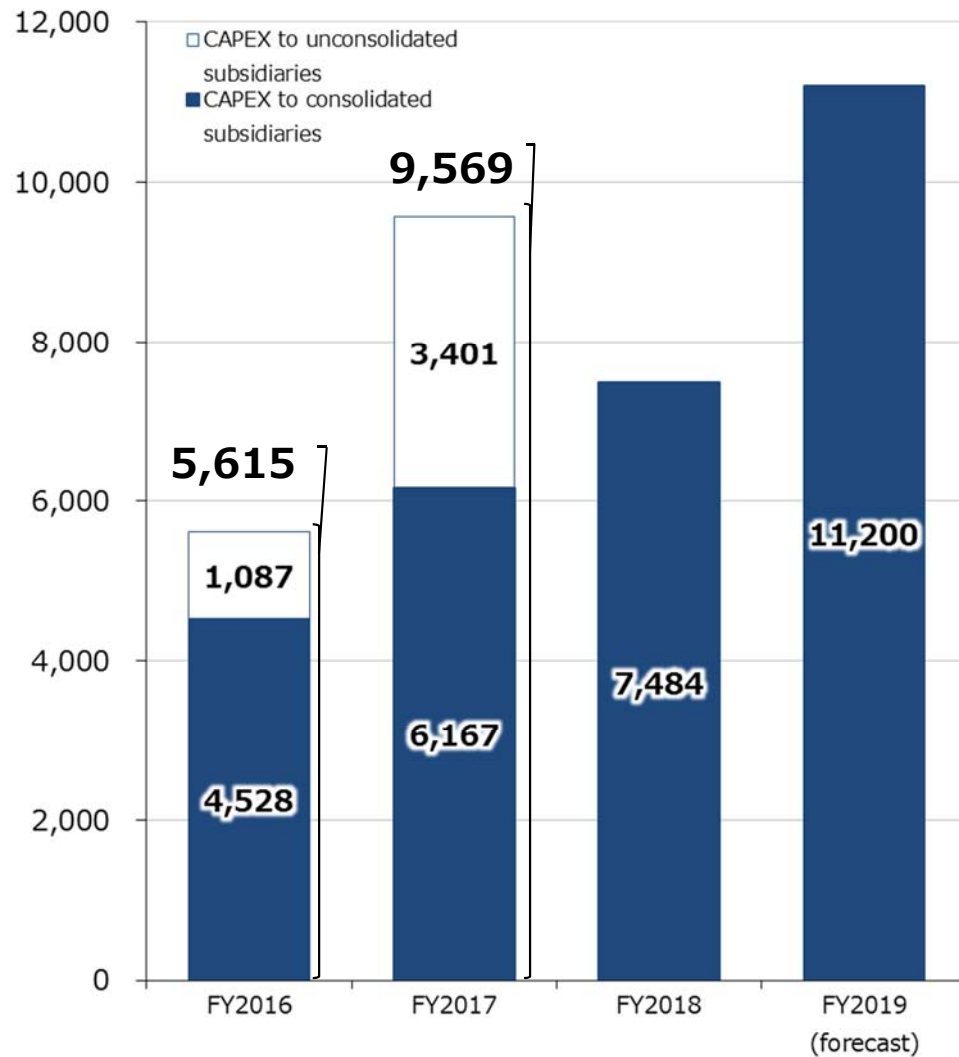
## • Sales by market sector (FY2018 vs. FY2019)

(JPY in billions)



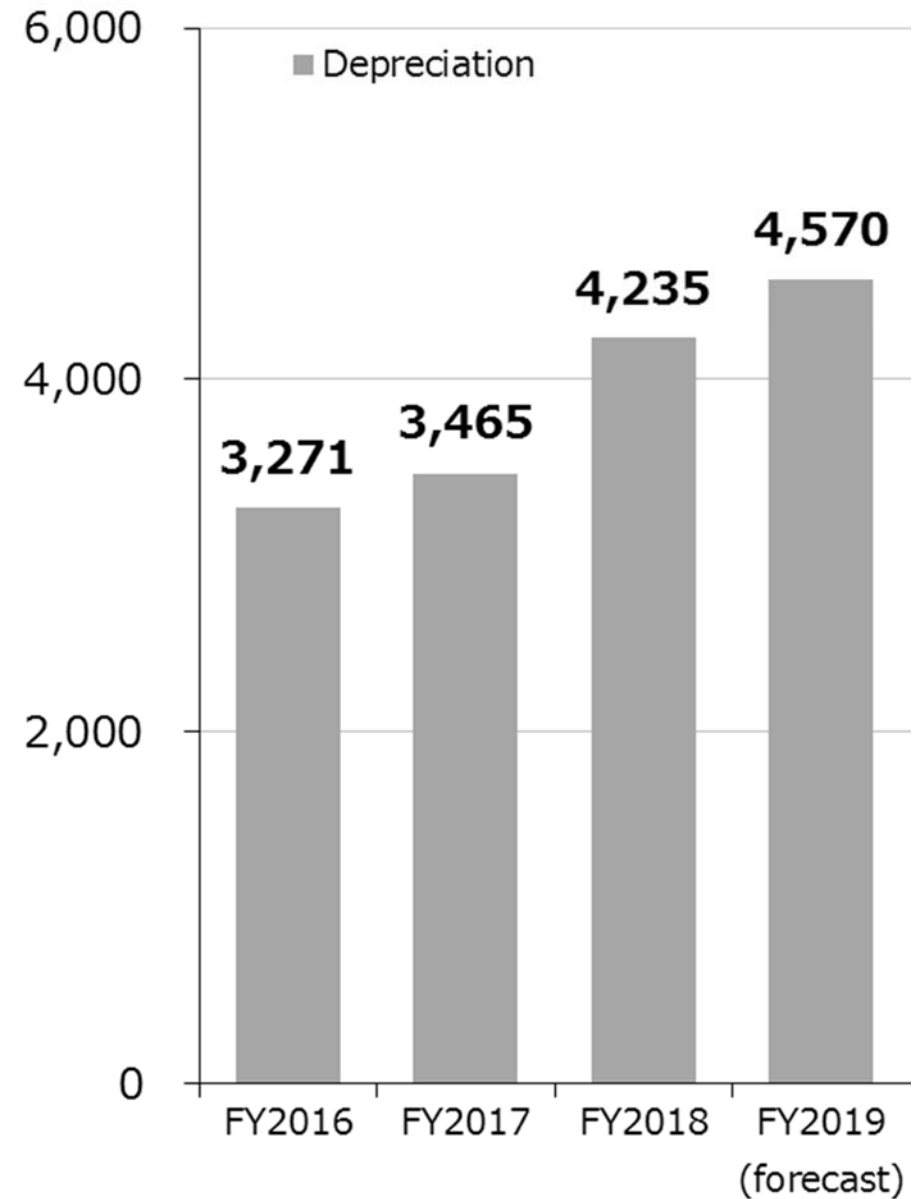
# CAPEX & Depreciation

## • CAPEX



## • Depreciation

(JPY in millions)



## FY2018

## 2019~2020

Decline in performance of Hubei, Hungary bases

Although Hubei and Hungary plants made a slower start than planned, they will become profitable in 2020 thanks to the launch of business with European major company and automotive business expansion in central China.

Confusion caused from rapid expansion of Mexico plant

Thanks to replacement of local top management and business support from around the world, operation in Mexico is recovering to proper condition in 1H, 2019. We're going to start new business with major Japanese and US companies, and we plan to become profitable in 2020.

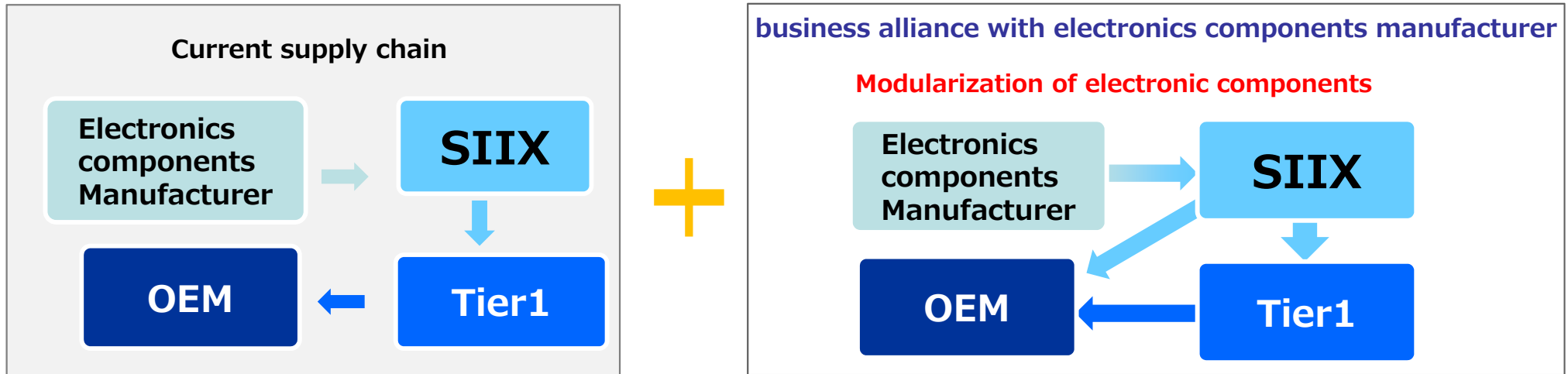
Duty increases due to US-China trade war

We are now preparing relocation of manufacturing of some project from China to another area in our global network in 2019. Also, some customers will change its supplier to SIIX to manufacture in ASEAN area.

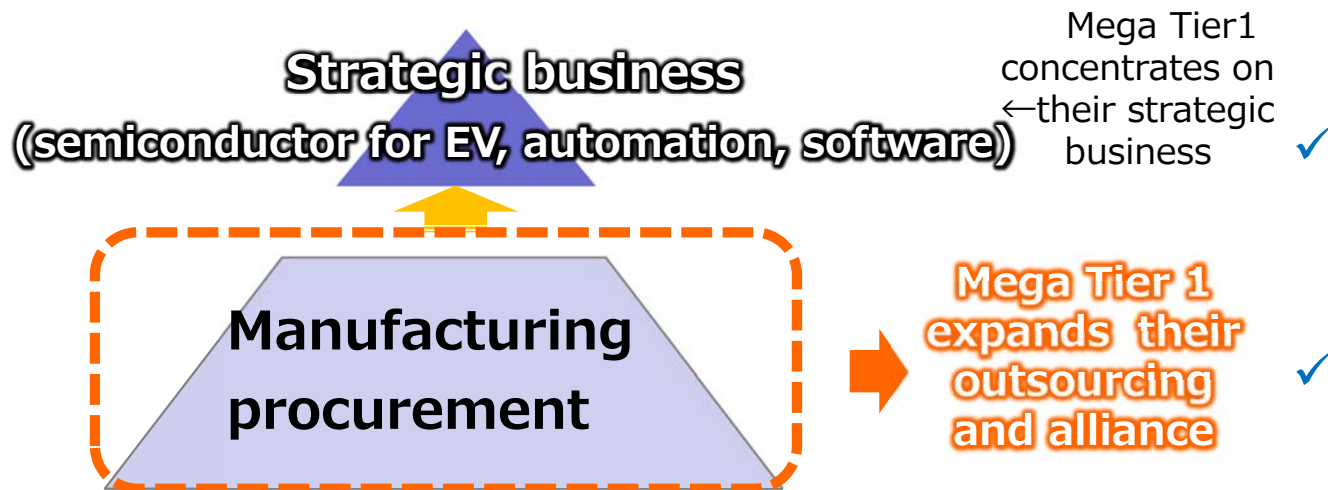
# Industry Outlook

- Paradigm shift in Automotive Field

Electronization and Automation change players who involve in automotive field, and their roles



- Horizontal specialization moves on to the next step



Mega Tier1 concentrates on ←their strategic business ✓

For correspondence to CASE, Mega Tier1 concentrates on their strategic business even more

As a result, they are starting to shift their manufacturing to outsourcing ✓



# Business Alliance with Europe major Tier1 company

## Agreement of business alliance with Robert Bosch GmbH for multiple years

- SIIX manufactures PCBA for car multimedia in Hungary plant for BOSCH.
- **Plan to start mass production From Q4, 2019. This business is going to expand to tens of billions JPY of business per year in next several years.**
- Not only BOSCH, we have many inquiries and orders from Japanese company, non-Japanese company, and many automotive related customers.



**We are highly appreciated by BOSCH because of high quality mounting technique which were cultivated with many years of experience of automotive business.**

### ★Capital investment for BOSCH business★

#### Production equipment

Now : 3 lines ➔ **Adding 2 line on 2019 and plan to add 7more in future**

#### Building

Now : 2 buildings ➔ **starting renovation construction of third building from Q4, 2019**

### Our aims ▶▶▶

- Business expansion with BOSCH in an area other than Europe area
- Progress and business expansion for non-Japanese major Tier1 company

# progress of medium-term management plan



## KPI

**FY2018**

Acquiring net new customers

**100 new customer by 2020**

~Acquired half of target number of new customers in the 1st year~



**51**

Sales rate of non-Japanese company

**20% of consolidated sales by 2020**

~Plan to start business with major non-Japanese company~



**10.5%**

Sales rate of Non-commodity field  
(automobile and industrial)

**80% of consolidated sales by 2020**

~Expanding mainly related ADAS, EV and IoT~



**69.6%**

In 2020

**Sales 300billion yen**

**Operating Income 14billion yen**



# Effort of ESG and SDGs

## • ESG

### E RoHS(RoHS2) compliance

RoHS2 (from Jul. 2019) added 4 hazardous substances to 6 have restricted already

#### Progress rate of replacement of SIIX global base

Feb,2019 **96.1%** → **by Jul,2019 100%**

### S Proportion of local management staff

Sep,2017 **61.5%** → Sep,2018 **59.7%** → **by 2020 80%**

#### Proportion of female executive

Sep,2017 **42.4%** → Sep,2018 **41.3%** → **by 2020 50%**

\* executive = manager + assistant manager  
 \* as far as manager level goes, the ratio of females has risen from 35.4% to 38.5%

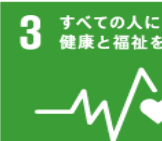
### G Organizational Structure

From the viewpoint of strengthening governance we are considering election of directors in the management department

## • SDGs



• Tokyo head office is donating stockpile food to volunteer groups



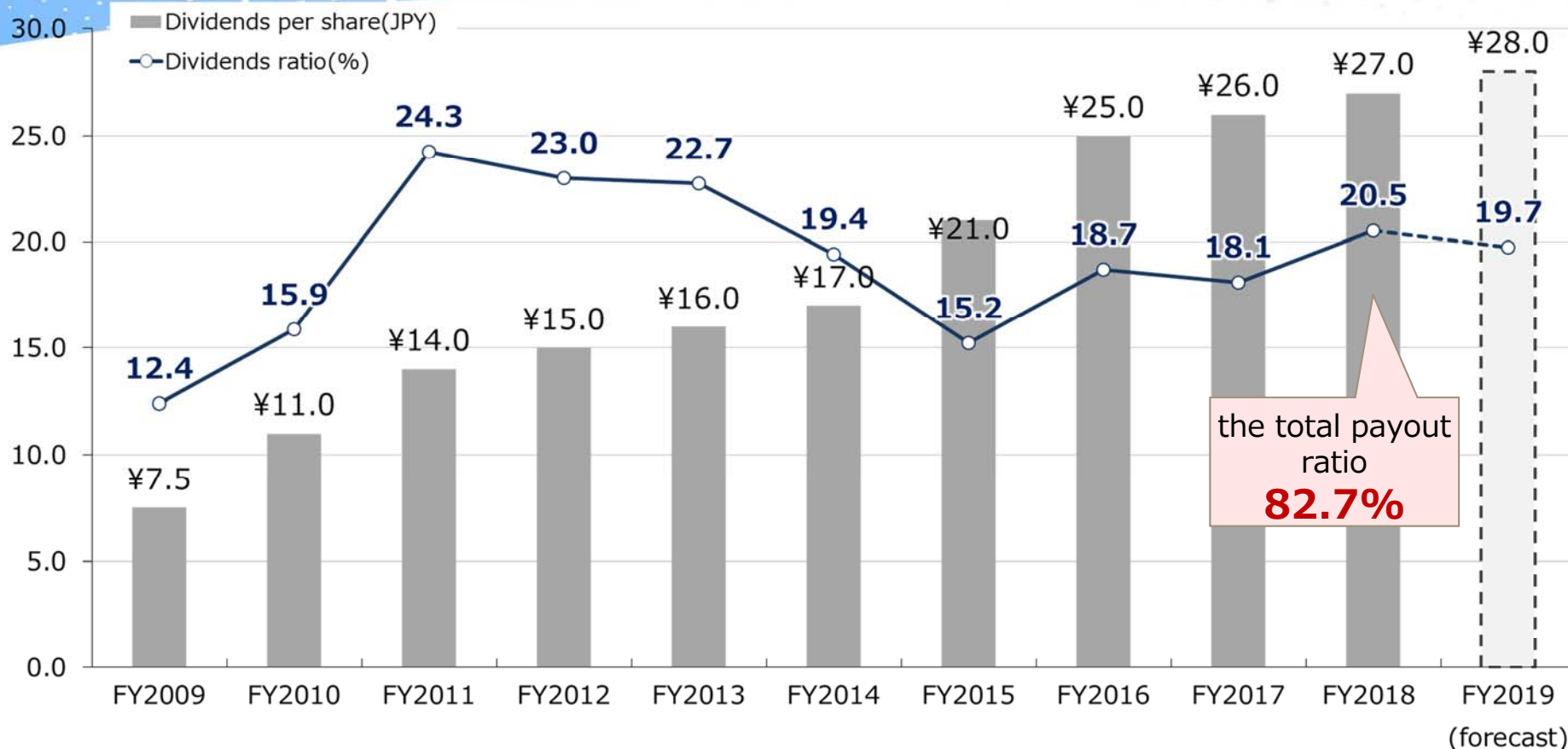
• Blood donation activity in Thai plant and Philippine plant



• The color run for protection of rice terrace in Philippine area  
 • Protection activity of Mangrove forest in Thai plant  
 • Tree planting activities in Shanghai



# Shareholder return



	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (forecast)
Dividends per share(JPY)	7.5	11.0	14.0	15.0	16.0	17.0	21.0	25.0	26.0	27.0	28.0
Dividends ratio(%)	12.4	15.9	24.3	23.0	22.7	19.4	15.2	18.7	18.1	20.5	19.7
# of Treasury Stock Acquisition	1,000,000	-	-	-	-	-	-	508,900	-	2,035,700	-
Amount of treasury stock acquisition (JPY)	400 mil.	-	-	-	-	-	-	2,000 mil.	-	4,000 mil.	-

# **Consolidated Financial Result of FY2018 (Appendix)**

**SIIX Corporation**

**FEBRUARY 20, 2019**

# Profit and Loss

(JPY in millions)	FY2014	FY2015	FY2016	FY2017	FY2018
Net sales	209,755	235,035	212,768	233,153	242,804
Operating income	6,233	8,913	9,134	9,705	8,625
Operating income ratio (%)	3.0	3.8	4.3	4.2	3.6
Ordinary income	6,460	9,002	9,146	10,513	8,717
Ordinary income ratio (%)	3.1	3.8	4.3	4.5	3.6
Profit attributable to owners of parent	4,131	6,717	6,698	7,093	6,414
Profit attributable to owners of parent ratio(%)	2.0	2.9	3.1	3.0	2.6
Consolidated subsidiaries	18	18	18	19	22
Equity method affiliates	1	1	1	1	2
Employees	9,545	10,352	10,820	11,659	13,632

# Management indicators

		FY2014	FY2015	FY2016	FY2017	FY2018
ROE	(%)	11.1	14.8	13.3	13.1	11.4
ROA	(%)	6.7	8.4	8.3	8.8	6.5
Total asset turnover		2.2	2.2	1.9	1.9	1.8
Net interest-bearing debts/Net asset	(%)	30.5	0.2	5.2	15.6	36.1
Current ratio	(%)	147.7	179.7	176.3	170.6	160.3
Accounts receivable turnover ratio	(day)	73.1	68.6	73.5	69.7	64.7
Inventory turnover ratio	(day)	38.4	40.0	46.8	49.3	59.5
PBR	(X)	1.5	1.9	1.9	2.1	1.2
PER	(X)	14.6	13.6	14.7	16.8	10.9

# Capital Structure

(JPY in millions)	FY2014	FY2015	FY2016	FY2017	FY2018
Total asset	103,429	109,957	109,695	130,526	137,478
Liability	61,932	60,217	58,121	72,916	81,461
interest-bearing debt	19,128	12,614	11,458	19,553	32,969
Net asset	41,497	49,739	51,573	57,609	56,016
Capital-to-asset ratio (%)	39.9	45.1	46.8	43.9	40.5
Closing stock price (JPY) ※	1,275	1,870	1,973	2,418	1,430
Capital-to-asset ratio at market value (%)	58.2	85.5	88.6	91.3	49.1
Issued stock (thousand) ※	50,400	50,400	50,400	50,400	50,400
BPS ※	875.24	986.35	1,042.20	1,162.33	1,178.04

※The Company conducted a two-for-one stock split of its common stock on April 1, 2018 and adjusted it retroactivity



# Sales by market sector

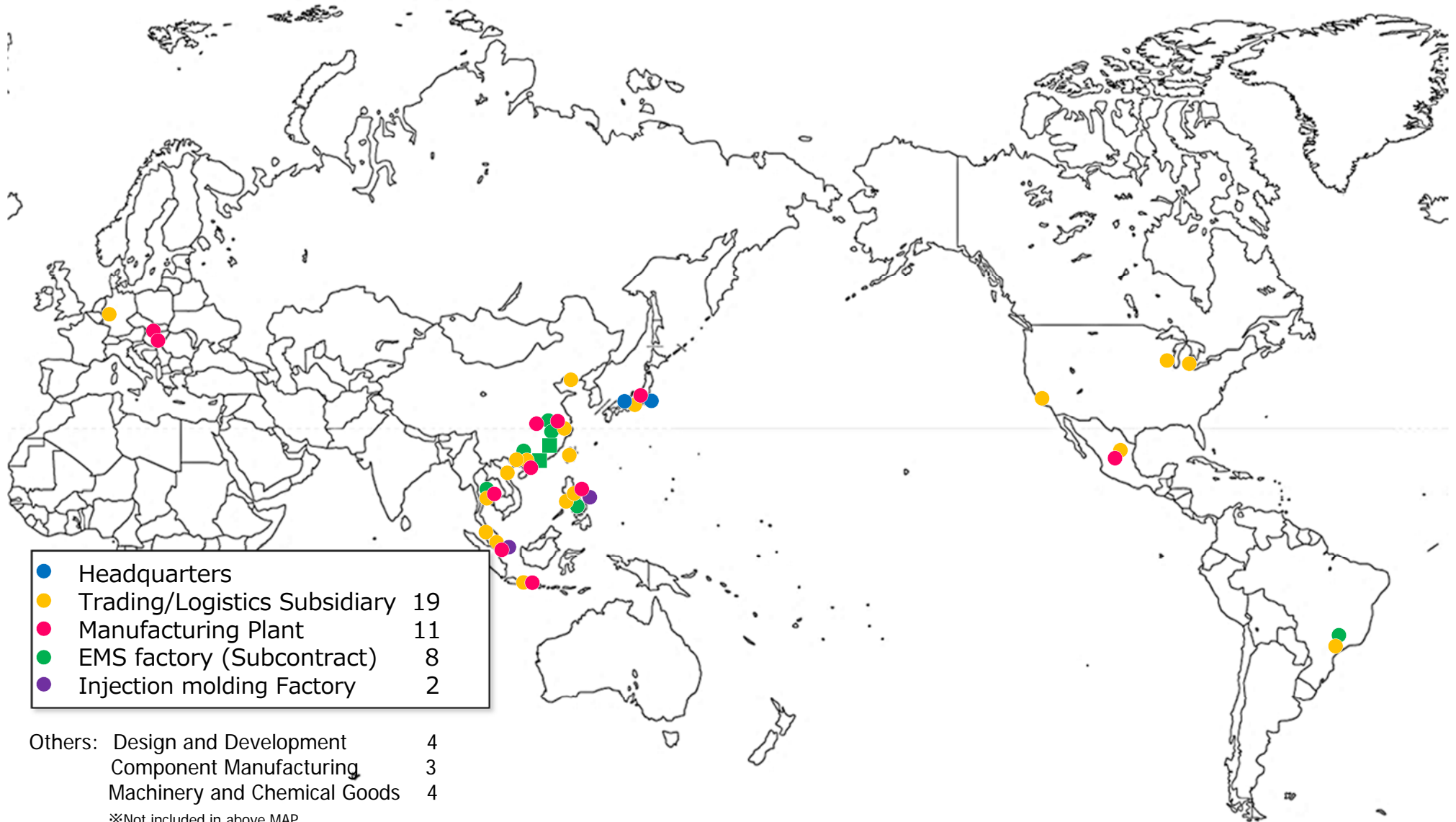
(JPY in millions, %)	FY2017				FY2018			
	1H	2H	full year	%	1H	2H	full year	%
Automotive-related equipments	54,630	64,858	119,488	51.2	<b>66,192</b>	<b>64,804</b>	<b>130,996</b>	<b>54.0</b>
Industrial equipments	18,610	20,108	38,719	16.6	<b>19,671</b>	<b>18,346</b>	<b>38,017</b>	<b>15.7</b>
Home appliances	19,917	18,820	38,737	16.6	<b>18,143</b>	<b>21,223</b>	<b>39,366</b>	<b>16.2</b>
Information equipments	10,616	10,070	20,686	8.9	<b>9,911</b>	<b>11,486</b>	<b>21,397</b>	<b>8.8</b>
Electronics others	3,182	2,867	6,050	2.6	<b>1,841</b>	<b>1,587</b>	<b>3,429</b>	<b>1.4</b>
Machinery and others	4,835	4,639	9,475	4.1	<b>4,170</b>	<b>5,430</b>	<b>9,600</b>	<b>4.0</b>
Total	111,790	121,362	233,153	100.0	<b>119,928</b>	<b>122,875</b>	<b>242,804</b>	<b>100.0</b>

※ The sector “Communication equipment” has eliminated since 2018 and adjust it retroactively.  
“Communication sector” will be withdrawn from FY2018 because several appliance and devices in various fields are electronized with internet function.

# Products by Market Sector

<b>Automotive Equipment</b>	Car multimedia, Automotive Parts (Meter, Exterior, ECU, Sunroof, Power window, Switch, ABS, Camera, Heat Controller, OHC, Outside Door handle, Mille-wave radar, Antenna, Battery Sensor etc.)
<b>Industrial Equipment</b>	Igniter for power tool, Battery packing, In-flight entertainment device, Power tool, Inverter, Coin accepter for vending machine, Medical equipment, Smart meter, Industrial sewing machine, Security, Tags for livestock management, Commercial AC etc.
<b>Home Appliance</b>	Digital home appliance, A/C, Refrigerator, Washing Machine, Toy, Rice cooker, Microwave Oven, Electric toothbrush, Healthcare appliance, LED Lighting, Electronic instrument, Electric lock etc.
<b>Information Equipment</b>	PC peripheral equipment, OA device, Scanner, Projector, Printer etc.
<b>Machinery Others</b>	Wire harness, Bicycle, Ink, Electric components etc.

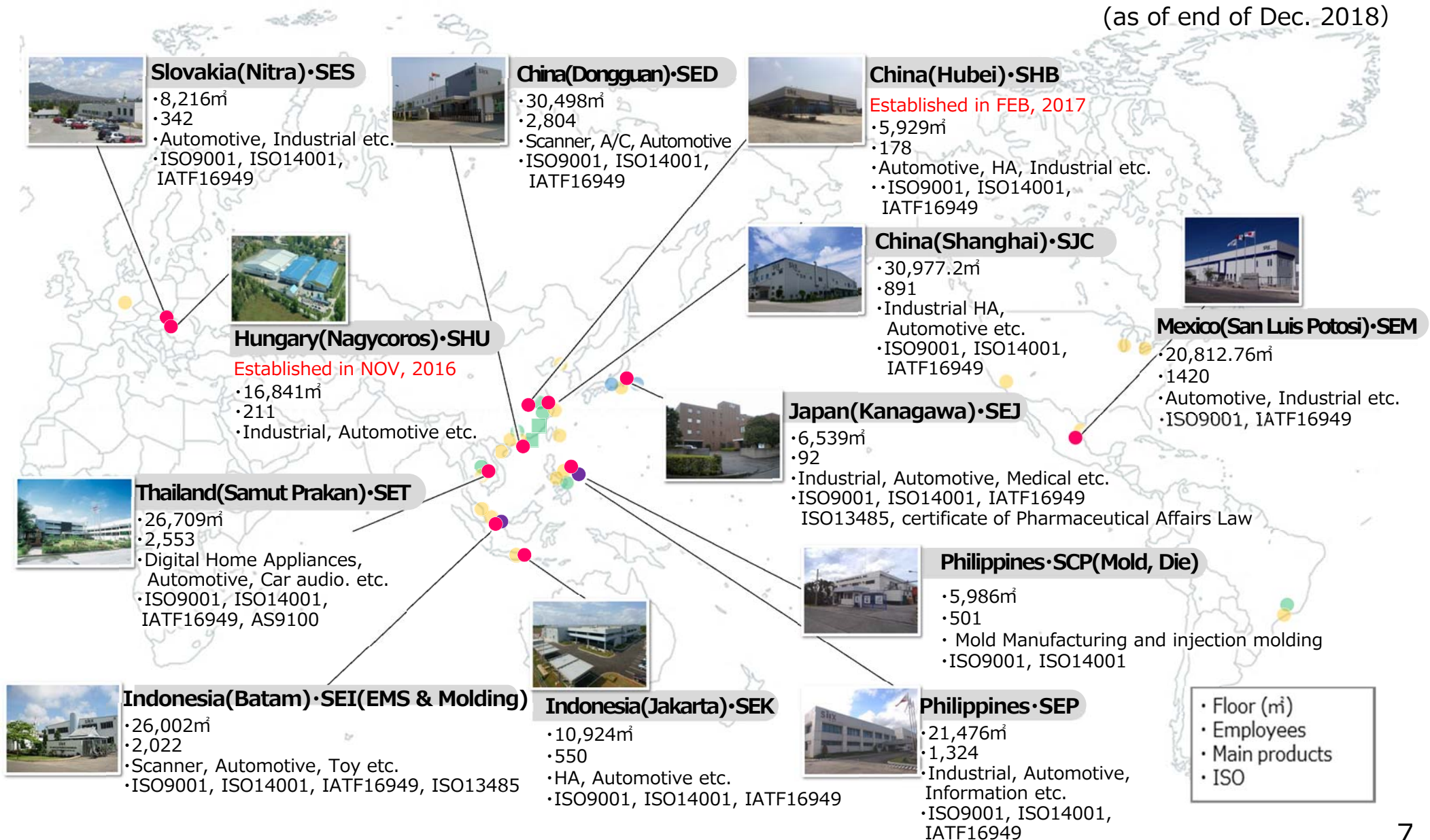
# GLOBAL NETWORK



# GLOBAL NETWORK

## Manufacturing Factory

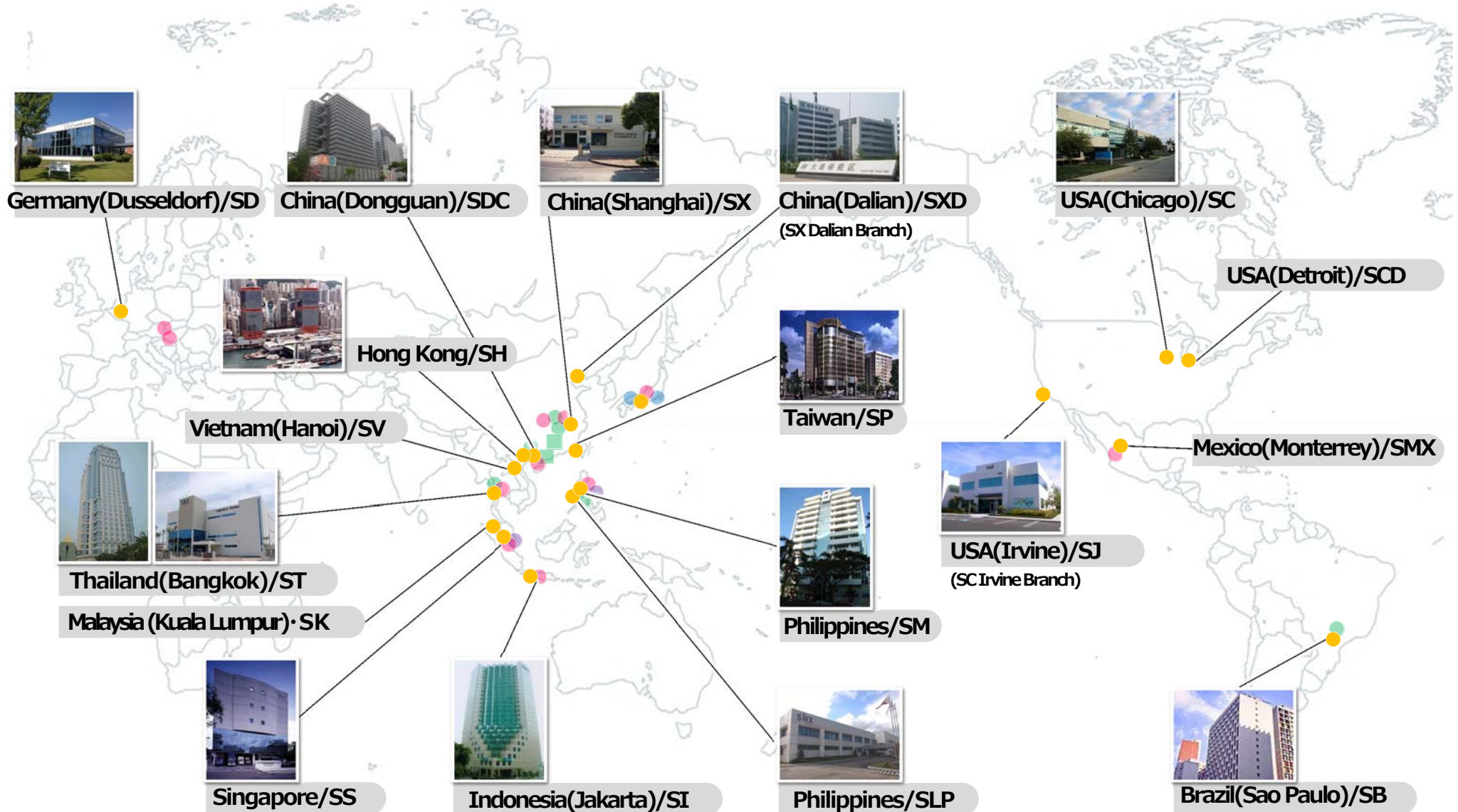
(as of end of Dec. 2018)



• Floor (㎡)  
• Employees  
• Main products  
• ISO

# GLOBAL NETWORK

- Sales & Logistics



# GLOBAL NETWORK

- **Subcontract Factory & Affiliates**

