

# Consolidated Financial Result of FY2017

SIIX Corporation

Stock Ticker Number: 7613

1<sup>st</sup> section of Tokyo Stock Exchanges

February, 2018

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# Consolidated Financial Result for FY 2017

## • Profit and Loss

	FY2016		FY2017		FY2016 vs. FY2017		Impact of change in FX	FY2016 vs. FY2017	
	(JPY in millions)	amount	%	amount	%	diff.		diff.(net)	%
Sales		212,768	100.0	<b>233,153</b>	<b>100.0</b>	20,385	9.6	7,110	13,274 6.2
Gross Profit		20,201	9.5	<b>22,627</b>	<b>9.7</b>	2,426	12.0		
SGA		11,067	5.2	<b>12,922</b>	<b>5.5</b>	1,855	16.8		
Operating Income		9,134	4.3	<b>9,705</b>	<b>4.2</b>	571	6.3	276	295 3.2
Ordinary Income		9,146	4.3	<b>10,513</b>	<b>4.5</b>	1,367	14.9		
Extraordinary Income & Loss		58	0.0	<b>-258</b>	<b>-</b>	-317	-		
Net Income		6,698	3.1	<b>7,093</b>	<b>3.0</b>	395	5.9		
<b>ROE</b>		<b>13.3</b>		<b>13.1</b>					

※SIIX COXON PRECISION PHILS., Inc., die and mold manufacturing subsidiary in Philippines, has been consolidated since the 1<sup>st</sup> quarter of current fiscal year.

# of consolidated subsidiary

The end of FY 2016: 18 (Sales: 10; Plant: 8) → The end of FY 2017: 19 (Sales: 10; Plant: 9)

### Exchange rate

	FY2016	FY2017
USD	108.92	112.34
THB	3.09	3.31
RMB	16.39	16.65
HKD	14.03	14.42
EUR	120.53	126.74

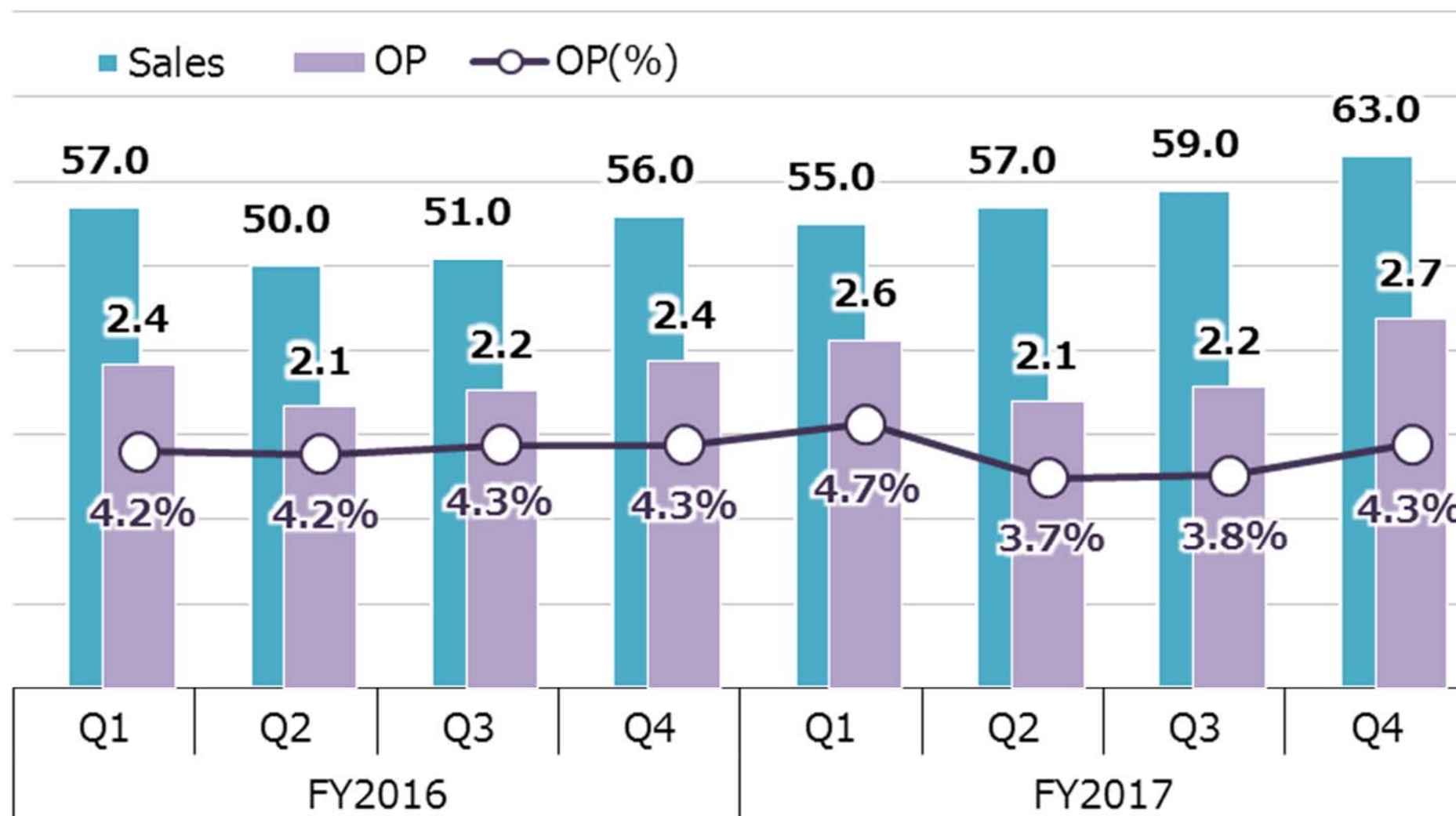
### Impact of Exchange rate to Sales (JPY in millions)

USD	EUR	HKD	THB	RMB
+2,019	+513	+444	+3,563	+539

# Consolidated Financial Result for FY 2017

- Sales and Operating Income on quarterly basis

(JPY in billions)

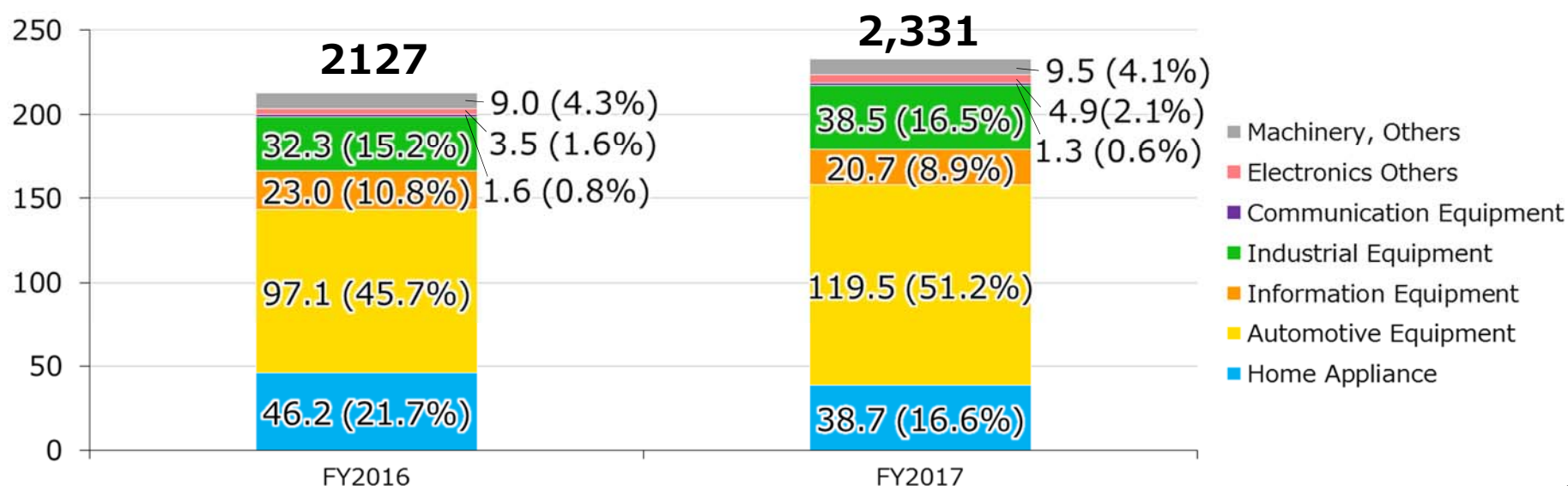
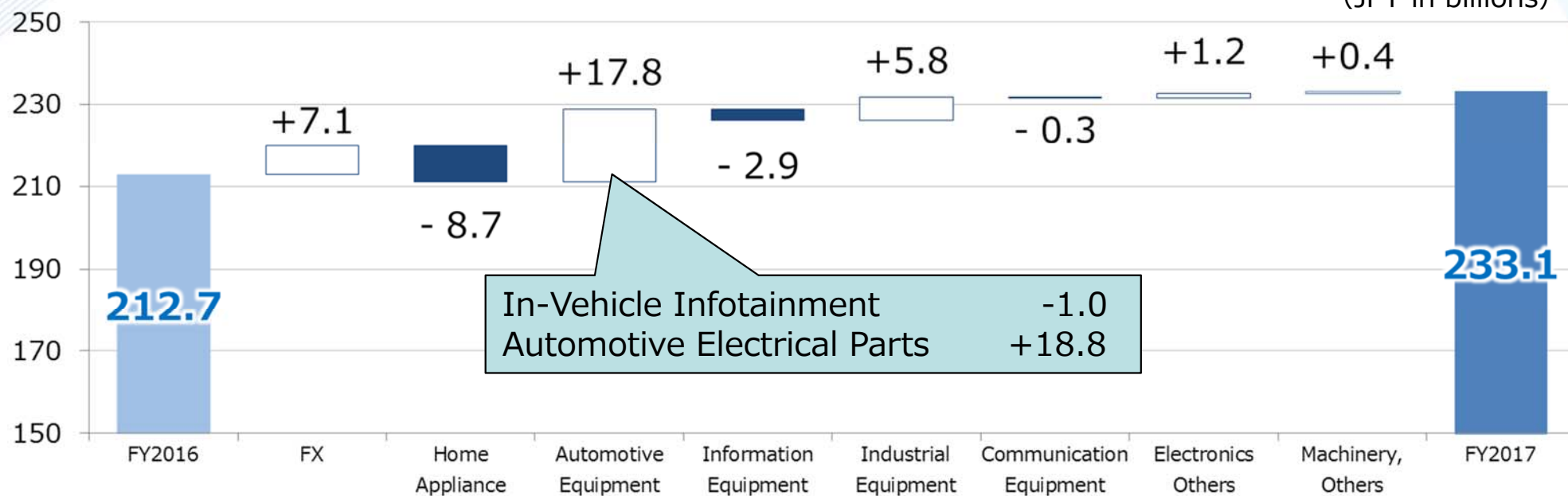




# Consolidated Financial Result for FY 2017

## • Sales by market sector (FY 2016 vs. FY 2017)

(JPY in billions)



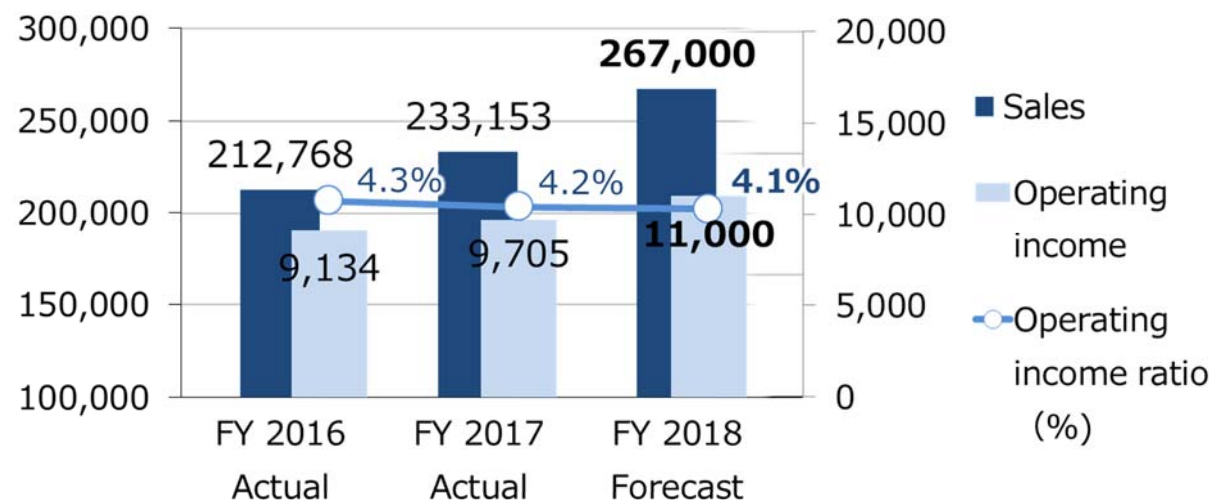
# Consolidated Financial Forecast for FY 2018

(JPY in millions)

(JPY in millions)	FY 2016 Actual	FY 2017 Actual	<b>FY 2018 Forecast</b>	FY2017 vs. FY 2018	
				diff.	%
Sales	212,768	233,153	<b>267,000</b>	33,847	14.5
Operating income	9,134	9,705	<b>11,000</b>	1,295	13.3
Ordinary income	9,146	10,513	<b>11,000</b>	487	4.6
Net income	6,698	7,093	<b>7,700</b>	607	8.6
Net income per share (JPY)	267.62	288.02	<b>※ 156.33</b>	-	-

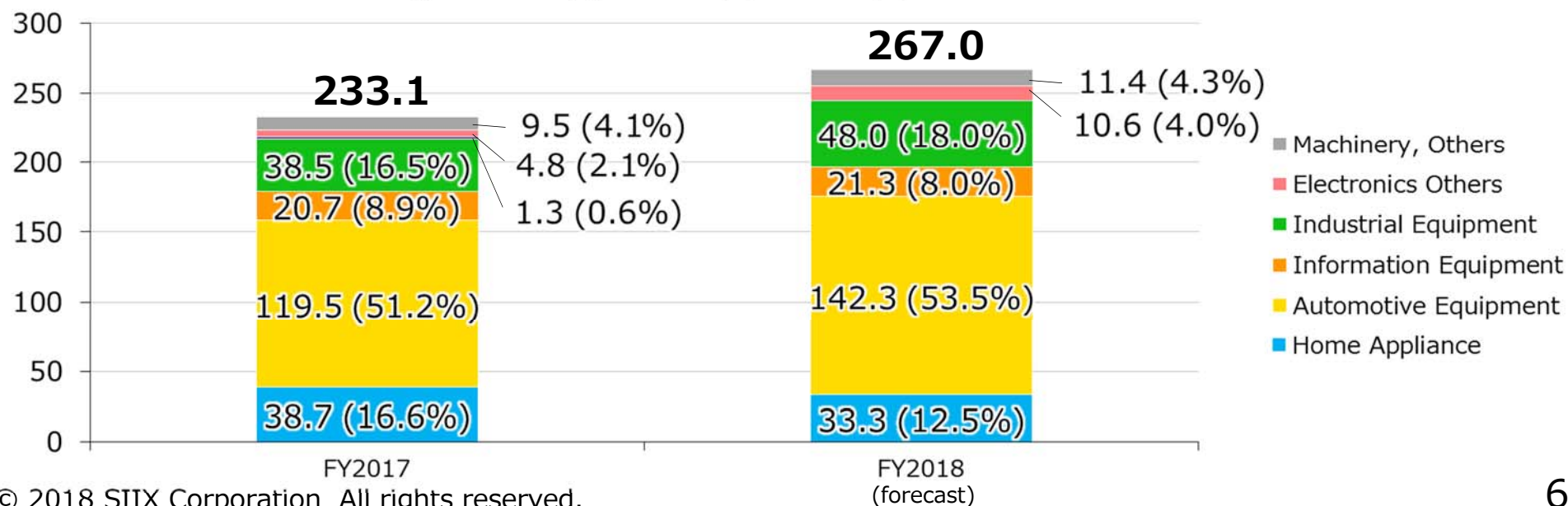
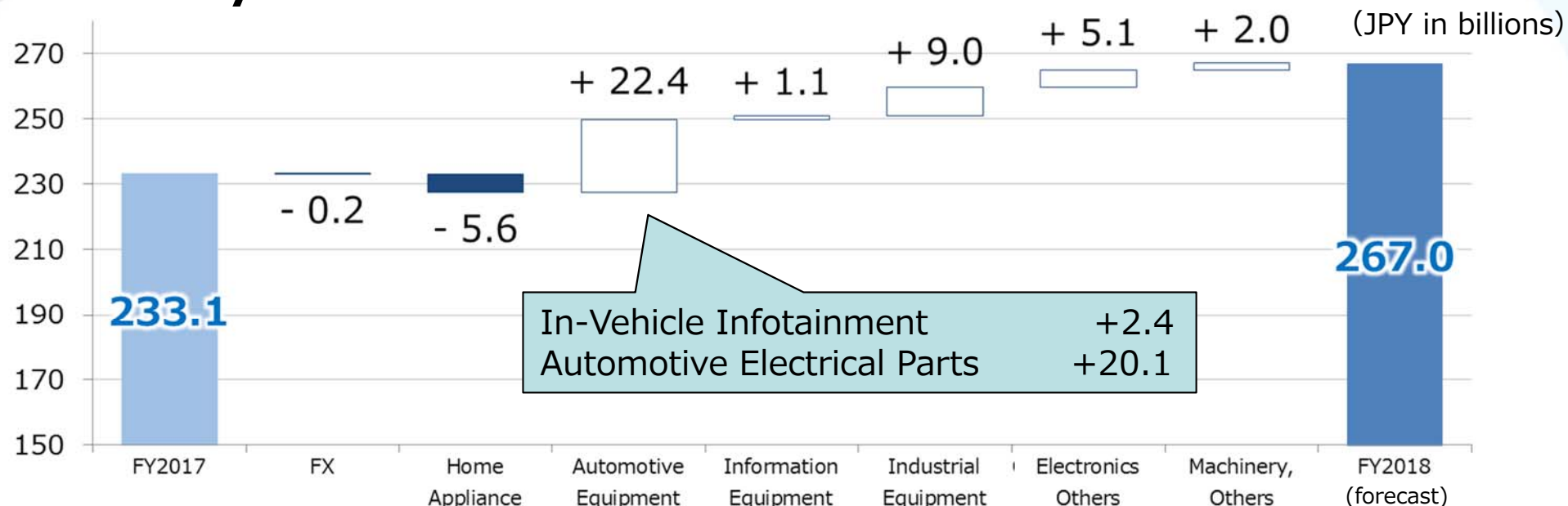
※A 2 for 1 stock split is conducted on March 31, 2018 as a base date,  
and as listed above, net income per share of FY 2018 is adjusted accordingly.

Exchange rate (USD)	¥ 108.92	¥ 112.34	¥ 110.00
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# Consolidated Financial Forecast for FY 2018

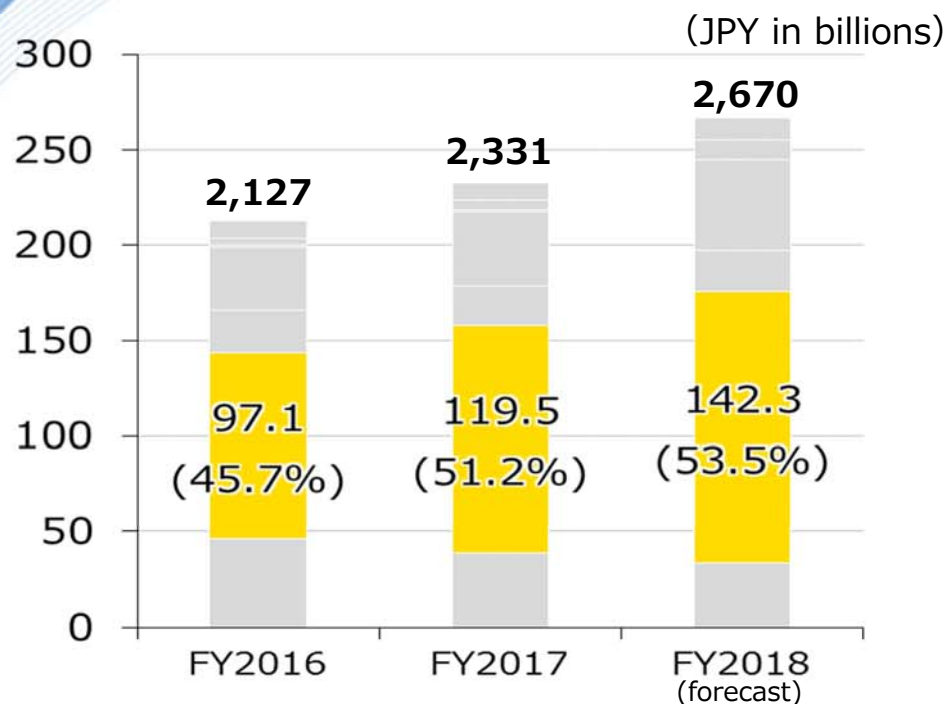
- Sales by market sector (FY 2017 actual vs. FY 2018 forecast)**





# Consolidated Financial Result for FY 2017

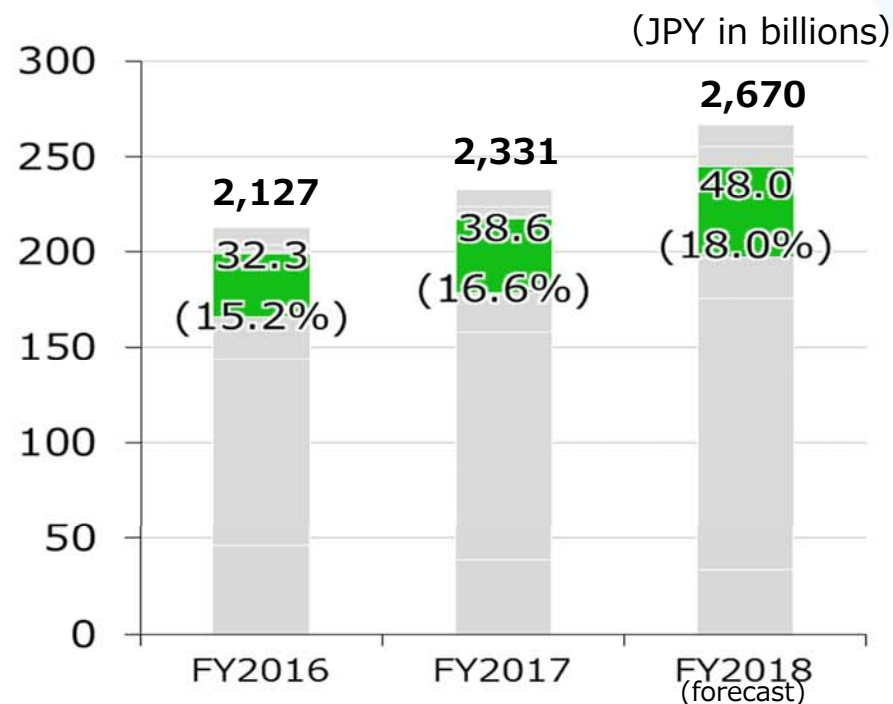
## Automotive-related Equipment



- ✓ **Yoy** **24.4 bil JPY increased**  
 FX: 4.6 bil. JPY increase  
 at constant currency: 17.8 bil. JPY increase
- ✓ **Vs. FY2018** **22.8 bil. JPY increase**  
 FX: 0.4 bil. JPY increase  
 at constant currency: 22.4 bil. JPY increase

Mostly, automotive electrical parts increased. Expanding electronization to new automotive parts, and new businesses will start in China, Mexico and Europe.

## Industrial Equipment



- ✓ **Yoy** **6.3 bil JPY increased**  
 FX: 0.6 bil. JPY increase  
 at constant currency: 5.8 bil. JPY increase
- ✓ **Vs. FY2018** **8.9 bil. JPY increase**  
 FX: 0.02 bil. JPY increase  
 at constant currency: 9.4 bil. JPY increase

Battery pack for power tool, commercial A/C and servo motor business increased. Sales ratio of industrial equipment will exceed of home appliance and become 2<sup>nd</sup> biggest sector of our business.



# Automotive-related Business

**Sales ratio of automotive-related business exceeded 50% for the first time.**

## Exterior

Expanded business in several area. Business with non-Japanese customers also expand. Business with new customers will start.

## EV・Hybrid

Battery sensor, electric oil pump, electric compressor, battery temperature control for EV

## ADAS

Quasi-mille wave radar, automotive camera

## Electronization

Shift lever, HUD, BCM

## Area

Central China: Hubei plant operation started and its customer acquisition expands.  
Central and South America: Alliance with local EMS.

# Industrial Business

**Battery packing business in Philippines started. It will develop in Mexico in future.**

## **Batter Pack**

Battery pack for power tools started in Philippines.  
This business will develop in Mexico in future.  
SIIX supports customers' manufacturing with multiple function; mounting, molding and packing. The battery will be used for various purpose.

## **FA**

Servo motor, PLC

## **BEMS/FEMS**

Controller

## **Medical Device**

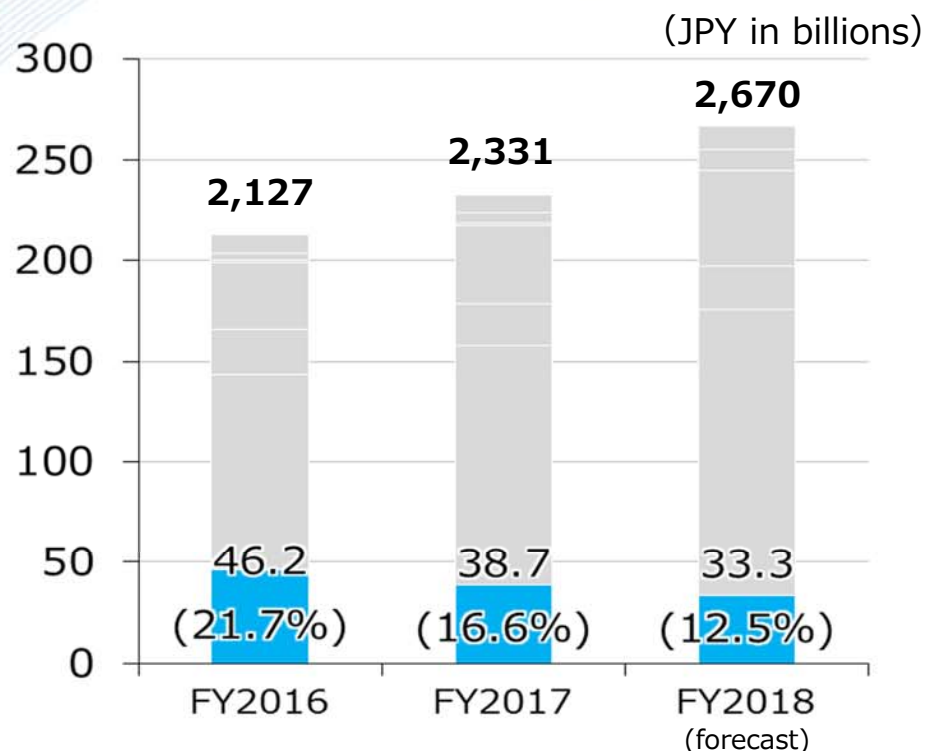
Medical device, Wireless power feeding module for a hearing aid

## **Others**

Breaker, Ionization smoke detector, Encoder for elevator

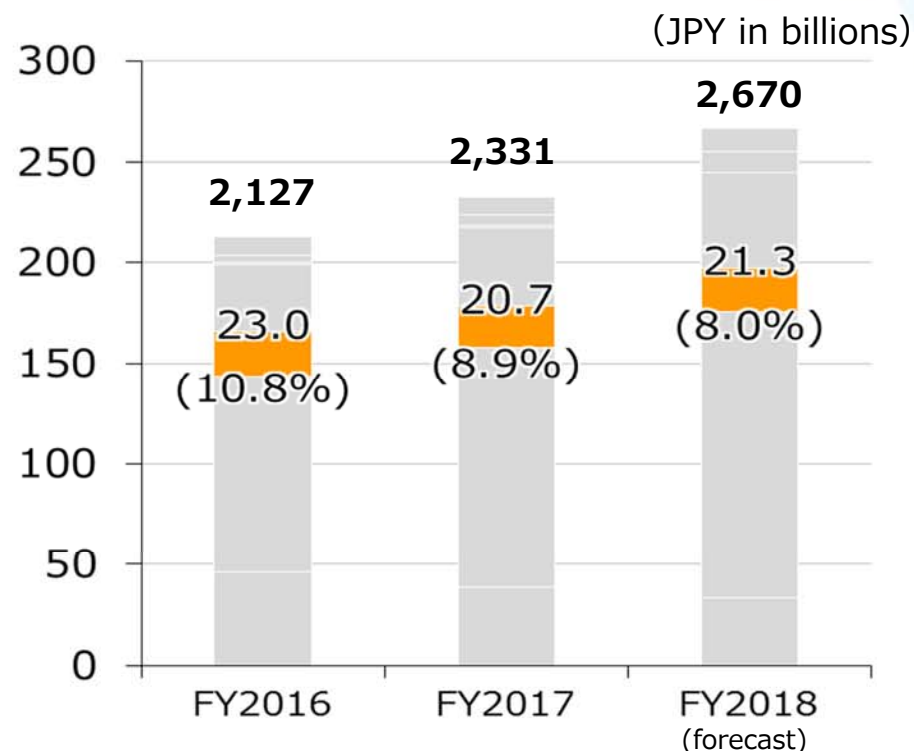
# Consolidated Financial Result for FY 2017

## • Home Appliance



- ✓ **Yoy** **7.4 bil JPY decreased**  
 FX: 1.3 bil. JPY increase  
 at constant currency: 8.7 bil. JPY decrease  
 Mainly digital home appliance and AV equipment business decreased.
- ✓ **Vs. FY2018** **5.5 bil. JPY decrease**  
 FX: 0.1 bil. JPY increase  
 at constant currency: 5.6 bil. JPY decrease  
 AV business decreased 4.2 bil. JPY due to its end.

## • Information Equipment

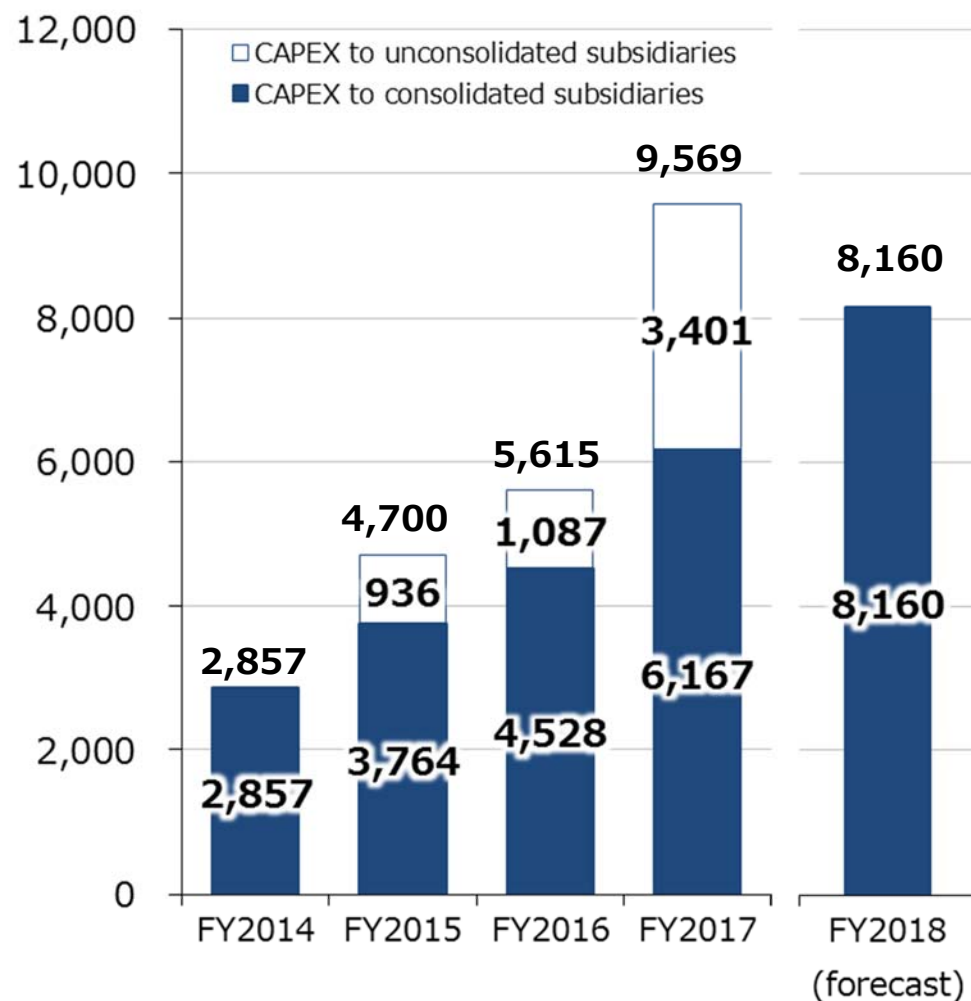


- ✓ **Yoy** **2.3 bil JPY decreased**  
 FX: 0.5 bil. JPY increase  
 at constant currency: 2.9 bil. JPY decrease
- ✓ **Vs. FY2018** **0.6 bil. JPY increase**  
 FX: 0.4 bil. JPY decrease  
 at constant currency: 1.0 bil. JPY increase  
 Scanner business bottomed out. It's expected to increase thanks to new model starting.

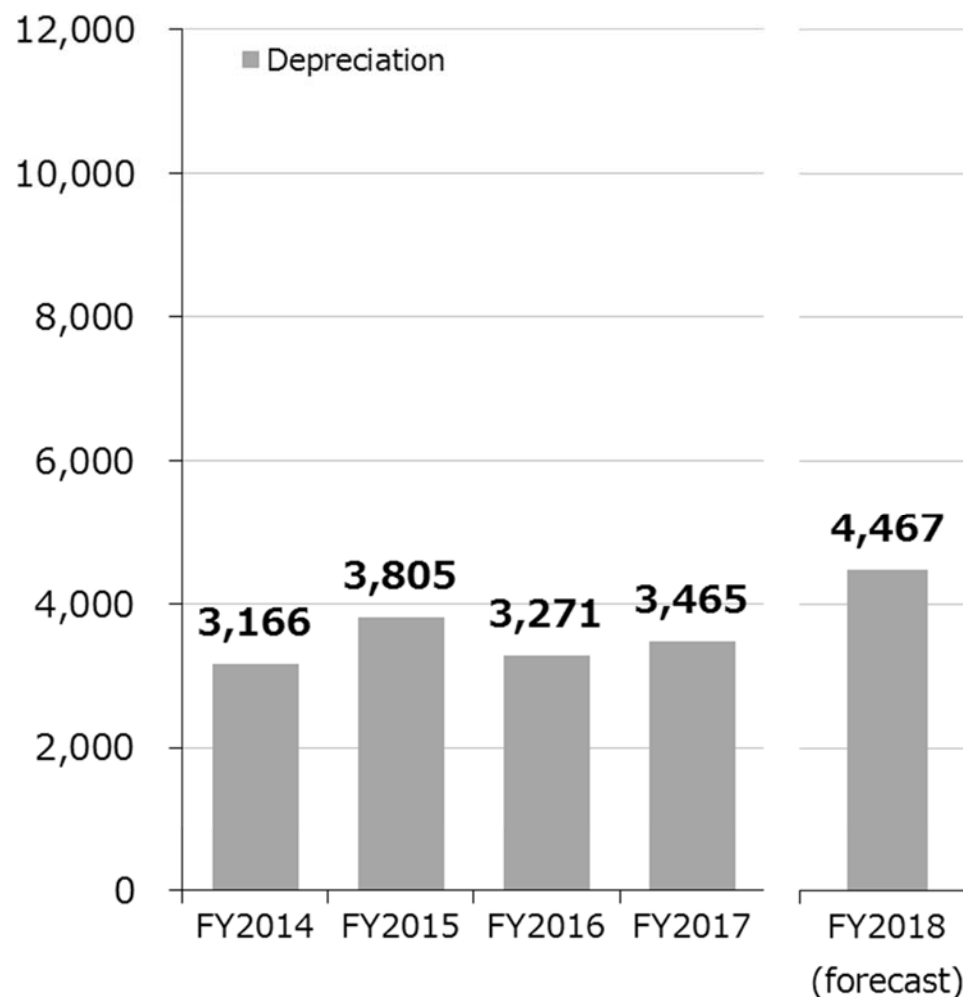
# Consolidated Financial Result for FY 2017

- CAPEX, Depreciation

(JPY in millions)



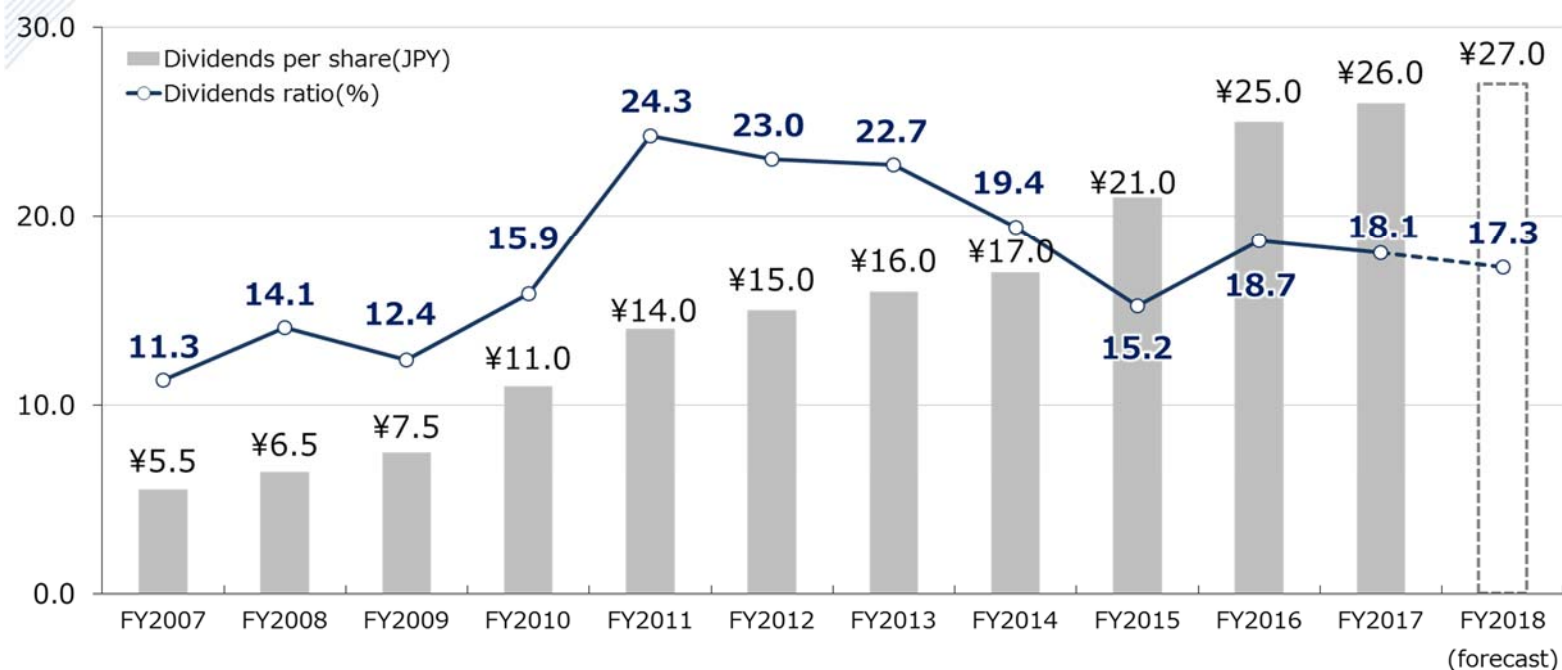
(JPY in millions)





# Shareholder Return

- Dividend, Dividend Payout Ratio, Stock Split



## Stock Split

SIIX conducts a 2 for 1 stock split on March 31, 2018 as a base date.

Base date: Mar. 31, 2018  
Effective date: Apr. 1, 2018

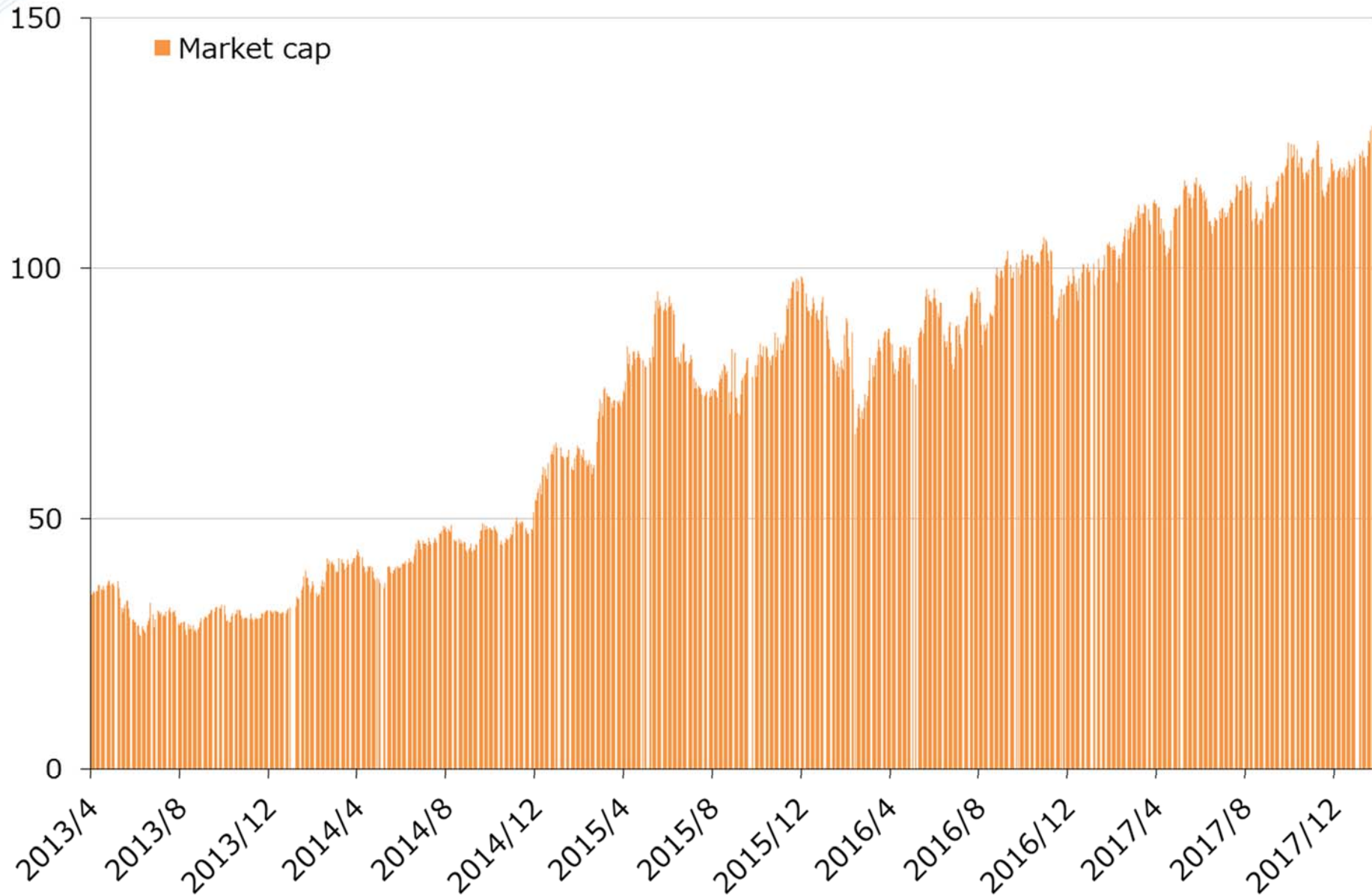
Dividend per share and treasury stock acquisition on the left graph and the table below are adjusted retroactively.

Also, conversion rate of convertible bonds are adjusted to JPY 2,010.3.

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (forecast)
Dividends per share(JPY)	5.5	6.5	7.5	11.0	14.0	15.0	16.0	17.0	21.0	※ 25.0	26.0	27.0
Dividends ratio(%)	11.3	14.1	12.4	15.9	24.3	23.0	22.7	19.4	15.2	18.7	18.1	17.3
# of Treasury Stock Acquisition	-	1,200,000	2,000,000	-	-	-	-	-	-	1,017,800	-	undecided
Amount of treasury stock acquisition (JPY)	-	280 mil.	400 mil.	-	-	-	-	-	-	2,000 mil.	-	-

# Market Cap

JPY in billions



# Alliance with MIDEA Group

- **Guangdong MIDEA-SIIX Electronics Co., Ltd.**

**PCB mounting of Commercial A/C for Commercial A/C division of MIDEA Group**

GMSE finished the black in 2016, the first fiscal year.

Also GMSE achieved greatly more sales and profit than the original budget.

GMSE and HMSE, new joint venture of MIDEA group and SIIX, will handle high-end model business from all division of MIDEA group since 2018.



**Newly established Hefei MIDEA-SIIX Electronics Co., Ltd., the 2nd joint venture, in Hefei, Anhui, CHINA.  
Preparing its business operation starting on April, 2018.**



# Manufacturing Subsidiary in Hubei, China

- **SIIX HUBEI Co., Ltd.**

Location : Xiaogan, Hubei  
Capital : 50 million RMB (approx. 0.8 billion JPY)  
Area : Land approx. 40,060m<sup>2</sup>  
Floor approx. 5,929m<sup>2</sup>  
Establishment : January 2017  
Main Products : Automotive, Home appliance, Industrial Equipment etc.  
CAPEX : approx. 2 billion JPY (2 years)  
# of SMT Lines: 2 (2017/12)  
# of headcounts : 148 (2017/12)



- Started trial production on March 2017 and mass production on October 2017
- Developing business of central China area customers in cooperation with Shanghai sales subsidiary.
- Got many business inquiry from Chinese automotive and industrial customers.



# Manufacturing Subsidiary in Hungary

- **SIIX Hungary Kft.**

Location : Nagycoros, Hungary  
Capital : €15million (approx. 2 billion JPY)  
Area : Land 49,546m<sup>2</sup> Floor 16,841m<sup>2</sup>  
Establishment : November 2016  
Main Products : Industrial equipment, Home appliance  
CAPEX : approx. 3 billion JPY  
# of SMT Lines : 3 (2017/12)  
# of headcounts: 157 (2017/12)



- Started trial production of industrial equipment on November 2017 and its mass production on January 2018.
- Handle manufacturing business in Europe area in cooperation with sales subsidiary in Germany and manufacturing subsidiary in Slovakia.

# Consolidated Financial results of FY 2017 <Appendix>



**SIIX Corporation**

Stock Ticker Number: 7613

1<sup>st</sup> section of Tokyo Stock Exchanges

**February 2018**

# Profit and Loss

(JPY in millions)	FY2013	FY2014	FY2015	FY2016	FY2017
Net sales	207,009	209,755	235,035	212,768	233,153
Operating income	5,011	6,233	8,913	9,134	9,705
Operating income ratio (%)	2.4	3.0	3.8	4.3	4.2
Ordinary income	5,427	6,460	9,002	9,146	10,513
Ordinary income ratio (%)	2.6	3.1	3.8	4.3	4.5
Profit attributable to owners of parent	3,321	4,131	6,717	6,698	7,093
Profit attributable to owners of parent ratio(%)	1.6	2.0	2.9	3.1	3.0
Consolidated subsidiaries	16	18	18	18	19
Equity method affiliates	1	1	1	1	1
Employees	8,641	9,545	10,352	10,820	11,659

# Manufacturing Cost

	FY2016		FY2017		Changes	
(JPY in millions)	amount	%	amount	%	amount	%
Marginal Profit	18,722	100.0	22,040	100.0	3,318	18.0
Labor cost	8,433	45.0	10,348	47.0	1,914	23.0
Depreciation	2,561	14.0	2,619	12.0	57	2.0
Other	3,872	21.0	5,212	24.0	1,340	35.0
Manufacturing cost	14,868	79.0	18,180	82.0	3,312	22.0
# of consolidated subsidiary facilities		8		9		



# SGA

	FY2016		FY2017		Changes	
(JPY in millions)	amount	%	amount	%	amount	%
Personnel expenses	5,086	2.4	5,578	2.4	492	9.7
Traveling and communication expenses	461	0.2	452	0.2	(8)	(1.8)
Freightage and packing expenses	1,012	0.5	1,398	0.6	386	38.2
Commission fee	565	0.3	648	0.3	83	14.7
Rent expenses on real estates	475	0.2	538	0.2	63	13.3
Depreciation	691	0.3	813	0.3	122	17.7
Other expense	2,775	1.3	3,491	1.5	716	25.8
Total	11,067	5.2	12,922	5.5	1,855	16.8

# Non-Operating Profit and Loss

(JPY in millions)	FY2016	FY2017
Interest income	84	61
Dividends income	133	73
Equity in earnings of affiliates	189	201
Real estate rent	105	110
Foreign exchange gains	-	235
Gain on sales of goods	0	0
Gain on sales of scraps	0	0
Other	472	575
Non-operating income	984	1,258
Interest expenses	111	198
Foreign exchange losses	665	-
Other	196	252
Non-operating loss	972	450
Non-operating income/loss	12	807

# Balance Sheet

(JPY in millions)	End of FY2016	End of FY2017	Changes (FY2016 vs. FY2017)	
			amount	%
Current assets	82,164	96,477	14,314	17.4
Notes and accounts receivable-trade	41,873	47,131	5,258	12.6
Inventories	28,517	34,430	5,913	20.7
Noncurrent assets	27,531	34,048	6,517	23.7
Total asset	109,695	130,526	20,831	19.0
Current liabilities	46,605	56,549	9,944	21.3
Accounts payable-trade	30,752	33,988	3,236	10.5
Short-term loans payable	9,569	13,383	3,814	39.9
Noncurrent liabilities	11,516	16,367	4,851	42.1
Convertible Bond	6,000	5,995	(5)	(0.1)
Long-term loans payable	1,602	5,819	4,217	263.1
Total liability	58,121	72,916	14,795	25.5
Net assets	51,573	57,609	6,035	11.7
Minority interests	241	326	85	35.0
Total asset and liability	109,695	130,526	20,831	19.0

# Cash Flow

(JPY in millions)	FY2013	FY2014	FY2015	FY2016	FY2017
Net cash from operating activities	3,438	2,374	7,996	6,333	4,536
Net cash from investing activities	(3,216)	(2,827)	(5,113)	(5,450)	(9,211)
Net cash from financing activities	(105)	(1,286)	3,352	(4,171)	6,410
Cash and cash equivalents	7,518	6,497	12,473	8,776	10,574
Debt to annual cash flow ratio (years)	5.1	7.9	2.0	1.9	3.4
Interest coverage ratio (X)	15.6	12.1	61.8	85.9	20.1

Interest-bearing debts are not including JPY 6,000 million of convertible bonds, which is zero coupon bonds, in 2015 and 2016.

Interest-bearing debts are not including JPY 5,995 million of convertible bonds, which is zero coupon bonds, in 2017.



# Management Benchmark

		FY2013	FY2014	FY2015	FY2016	FY2017
ROE	( % )	11.4	11.1	14.8	13.3	13.1
ROA	calculated using ordinary income ( % )	6.6	6.7	8.4	8.3	8.8
Total asset turnover		2.5	2.2	2.2	1.9	1.9
Net interest-bearing debts/Net asset	( % )	33.2	30.5	0.2	5.2	15.6
Current ratio	( % )	141.9	147.7	179.7	176.3	170.6
Accounts receivable turnover ratio	(day)	63.4	73.1	68.6	73.5	69.7
Inventory turnover ratio	(day)	30.0	38.4	40.0	46.8	49.3
PBR	(X)	0.9	1.5	1.9	1.9	2.1
PER	(X)	9.1	14.6	13.6	14.7	16.8

# Capital Structure

(JPY in millions)	FY2013	FY2014	FY2015	FY2016	FY2017
Total asset	89,204	103,429	109,957	109,695	130,526
Liability	56,019	61,932	60,217	58,121	72,916
interest-bearing debt	18,546	19,128	12,614	11,458	19,553
Net asset	33,185	41,497	49,739	51,573	57,609
Capital-to-asset ratio (%)	37.0	39.9	45.1	46.8	43.9
Closing stock price (JPY)	1,277	2,549	3,740	3,945	4,835
Capital-to-asset ratio at market value (%)	33.8	58.2	85.5	88.6	91.3
Issued stock (thousand)	25,200	25,200	25,200	25,200	25,200
BPS	1,397.73	1,750.47	1,972.70	2,084.39	2,324.67

# Products by Market Sector

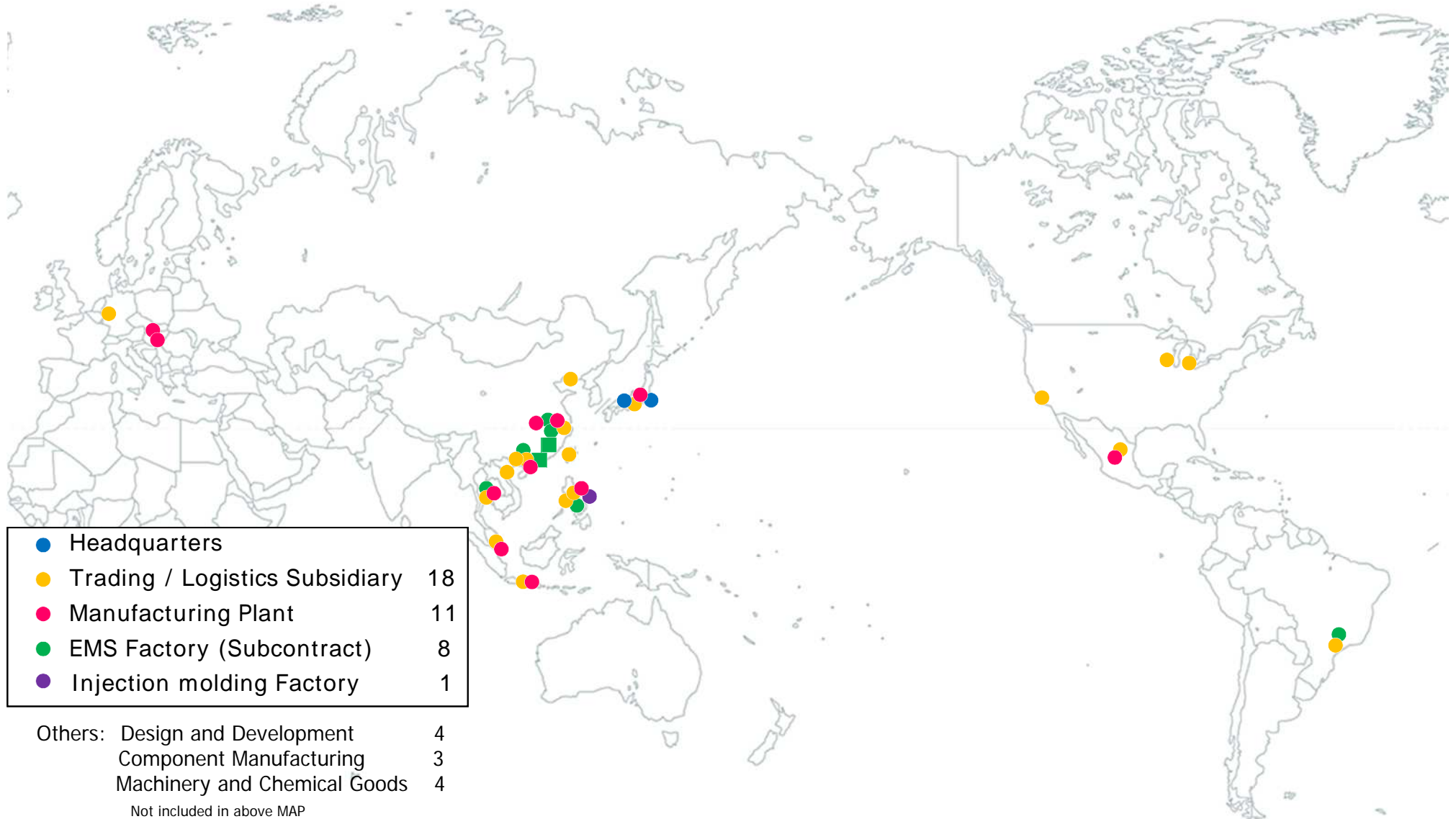
Automotive Equipment	Automotive AV (Audio, Navigation system etc.), Parts (Meter, Exterior, ECU, Sunroof, Power window, Switch, ABS, Camera, Heat Controller, OHC, Outside Door handle, Mille-wave radar etc.)
Home Appliance	Digital home appliance, A/C, Refrigerator, Washing Machine, Toy, Rice cooker, Microwave Oven, Electric toothbrush, Healthcare appliance, LED Lighting, Audio Equipment, Electric lock etc.
Information Equipment	PC peripheral equipment, OA device, Scanner, Projector, Printer etc.
Industrial Equipment	Igniter for power tool, Battery packing, Flight entertainment device, Power tool, Inverter, Coin acceptor for vending machine, Medical equipment, Smart meter, Industrial sewing machine, Security, Optical instruments etc.
Communication Equipment	Base station of mobile phone etc.
Machinery Others	Wire harness, Bicycle, Ink, Electric components etc.

# Sale by Market Sector

(JPY in millions, %)	FY2016				FY2017			
	1H	2H	full year	%	1H	2H	full year	%
Automotive-related equipments	47,850	49,288	97,138	45.7	54,630	64,858	119,488	51.2
Home appliances	23,368	22,789	46,157	21.7	19,917	18,805	38,722	16.6
Industrial equipments	16,341	15,966	32,307	15.2	18,475	20,010	38,485	16.5
Information equipments	12,284	10,743	23,027	10.8	10,616	10,070	20,686	8.9
Communication equipments	701	901	1,602	0.8	835	514	1,349	0.6
Electronics others	1,289	2,199	3,488	1.6	2,483	2,467	4,950	2.1
Machinery and others	4,530	4,519	9,050	4.3	4,835	4,639	9,475	4.1
Total	106,362	106,407	212,769	100.0	111,791	121,363	233,154	100.0



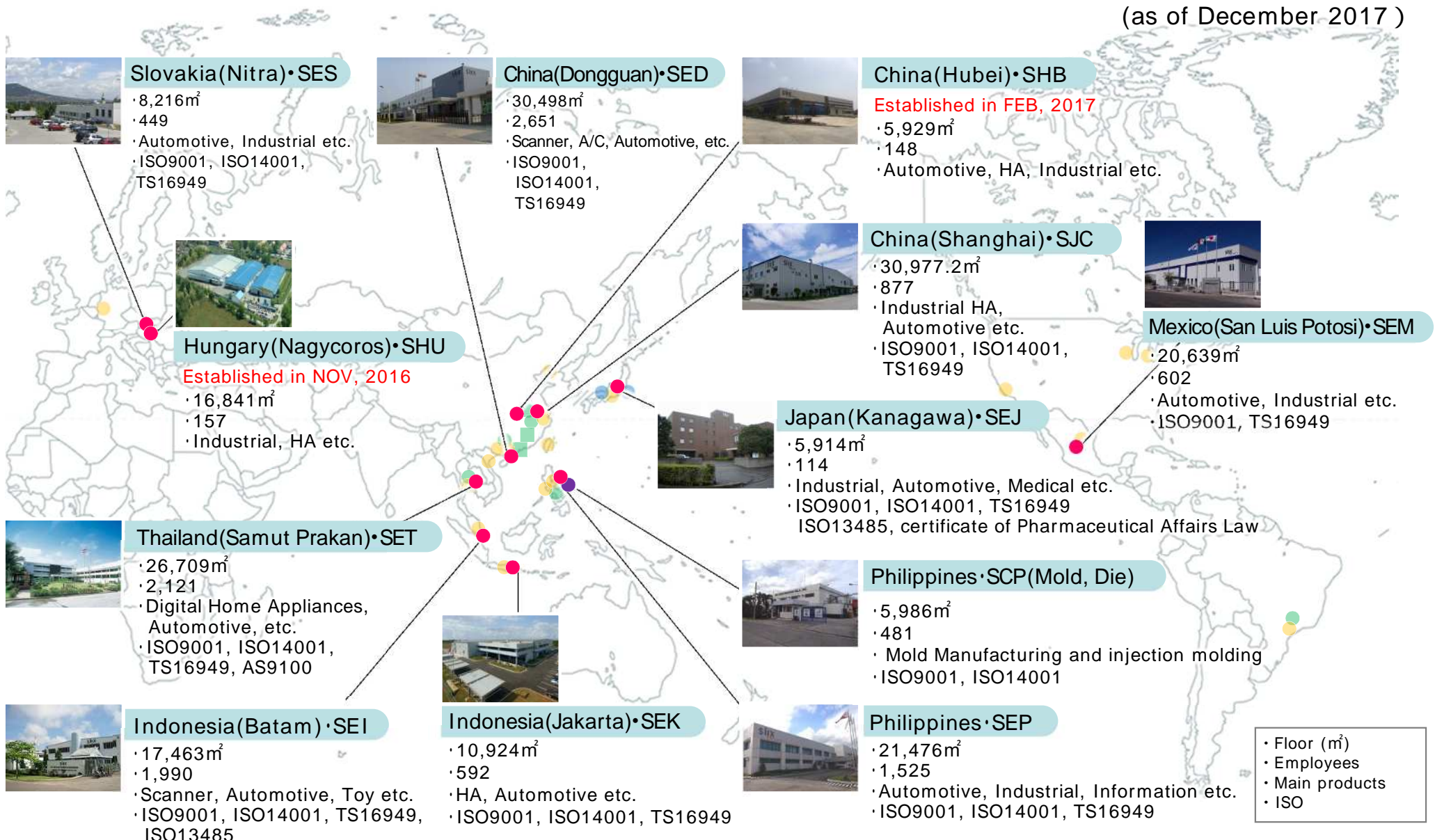
# GLOBAL NETWORK



# GLOBAL NETWORK

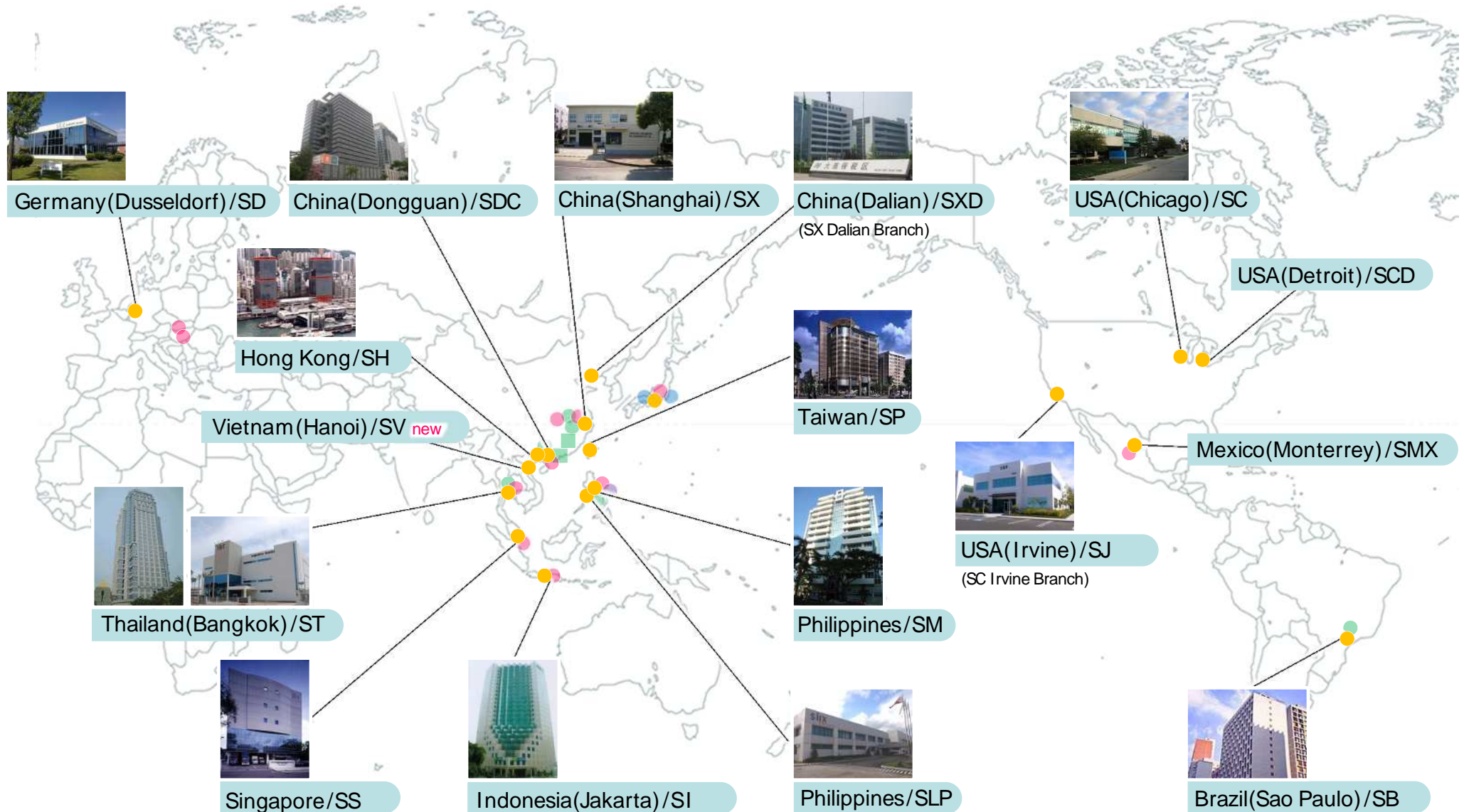
## • Manufacturing Factory

(as of December 2017)



# GLOBAL NETWORK

- Sales & Logistics





# GLOBAL NETWORK

- Subcontract Factory & Affiliates

