



Consolidated Financial Result of 1H, FY2019

SIIX Corporation

August 20, 2019

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Summary of 1H, FY2019

- **Financial Forecast of FY2019 has been revised in consideration of decrease in demand due to economic slowdown in China, which is triggered by US-China trade disputes.**
- **Plant operation in Mexico factory has been made steady improvement as planned initially.**
- **The amount of tariff between the US and China, which the tariff rate were risen since mid of May, is expected to remain the initial estimated amount in annual basis due to decrease in transaction amount and smooth transfer of production to ASEAN area from China.**
- **Order is increasing due to expanding demand related EV, increasing business with non-Japanese customers and diversification of components.**

Consolidated Financial Result of 1H, FY2019

Consolidated Financial Result

• Profit and Loss

	1H, FY2018		1H, FY2019		1H, FY2018 vs. 1H, FY2019		Impact of change in FX	1H, FY2018 vs. 1H, FY2019, net	
	(JPY in millions)	amount	%	amount	%	diff.		diff.(net)	%
Sales		119,928	100.0	113,743	100.0	(6,185)	(5.2)	(712)	(5,473) (4.6)
Gross Profit		10,227	8.5	9,175	8.1	(1,051)	(10.3)		
SGA		5,847	4.9	6,052	5.3	205	3.5		
Operating Income		4,379	3.7	3,123	2.7	(1,256)	(28.7)	0	(1,256) (28.7)
Ordinary Income		4,595	3.8	3,202	2.8	(1,393)	(30.3)		
Extraordinary Income & Loss		-	-	-	-	-	-		
Corporate tax		1,141	1.0	999	0.9	(143)	(12.5)		
Profit attributable to owners of parent		3,463	2.9	2,234	2.0	(1,230)	(35.5)		

Exchange Rate

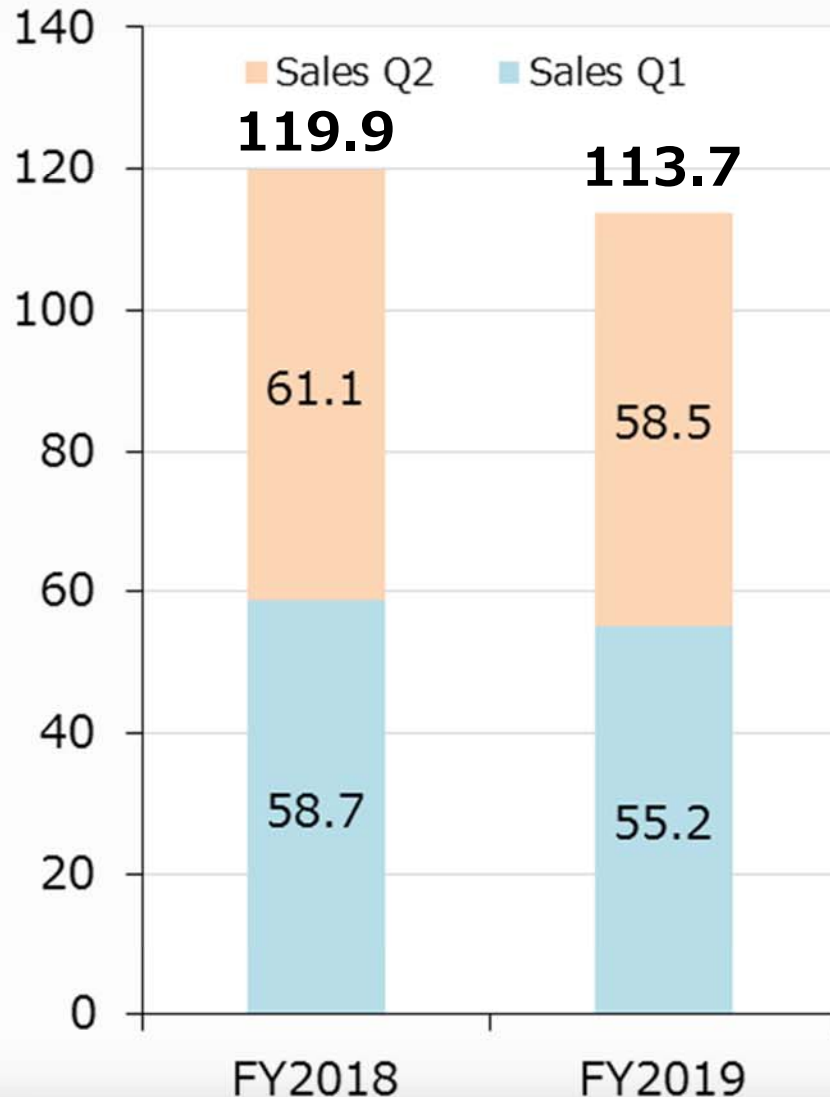
	1H, FY2018	1H, FY2019
USD	108.94	110.06
EUR	131.7	124.3
HKD	13.9	14.04
THB	3.43	3.48
RMB	17.09	16.19

• Scope of Consolidation

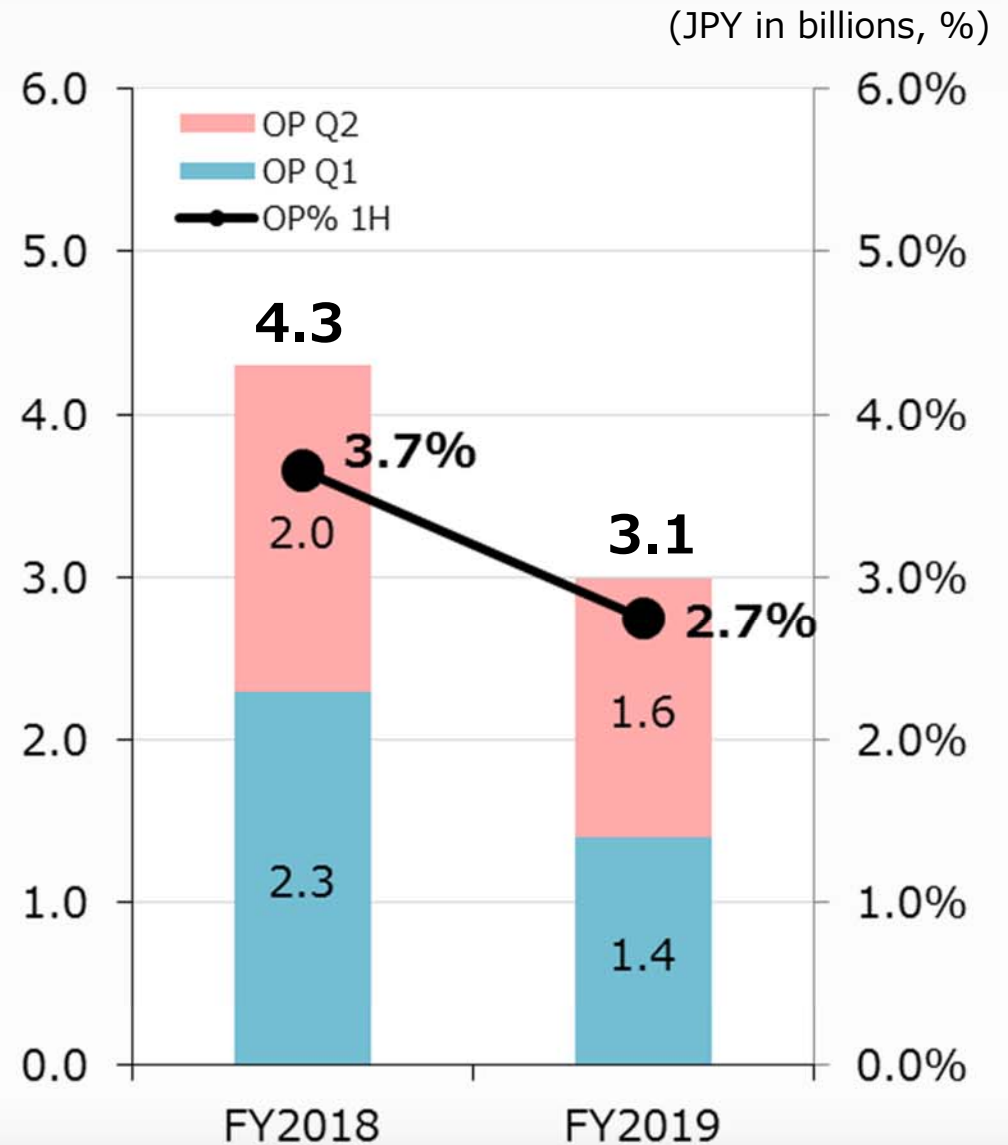
	End of 1H, FY2018	Changes		End of 1H, FY2019
		Increase	Decrease	
Consolidated Subsidiary	22	-	-	22
Equity Method Affiliate	2	-	-	2

Consolidated Sales & OP in quarterly basis

- Sales



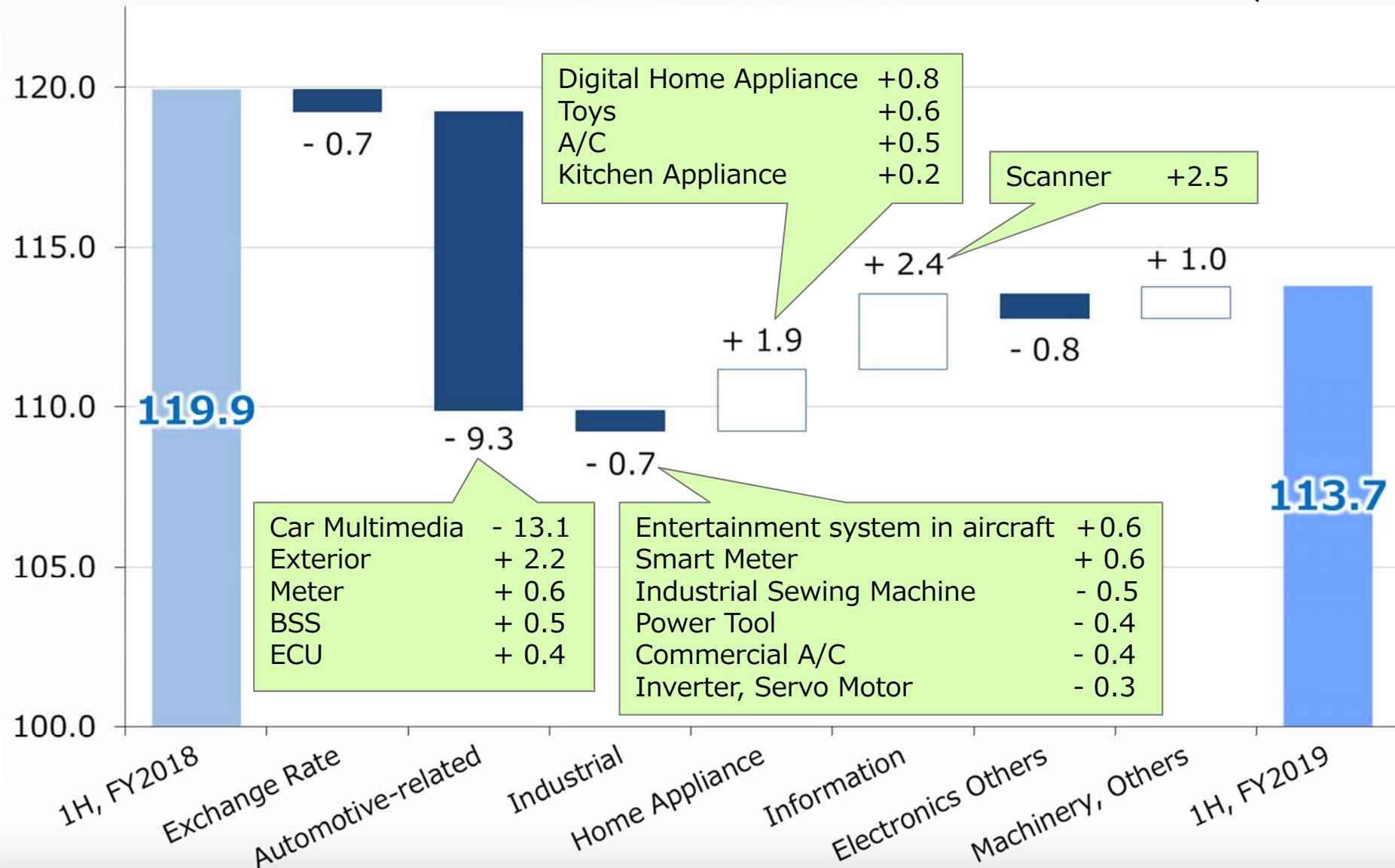
- Operating Profit



Consolidated Sales by Market Sector

- 1H, FY2018 (actual) vs. 1H, FY2019 (actual)

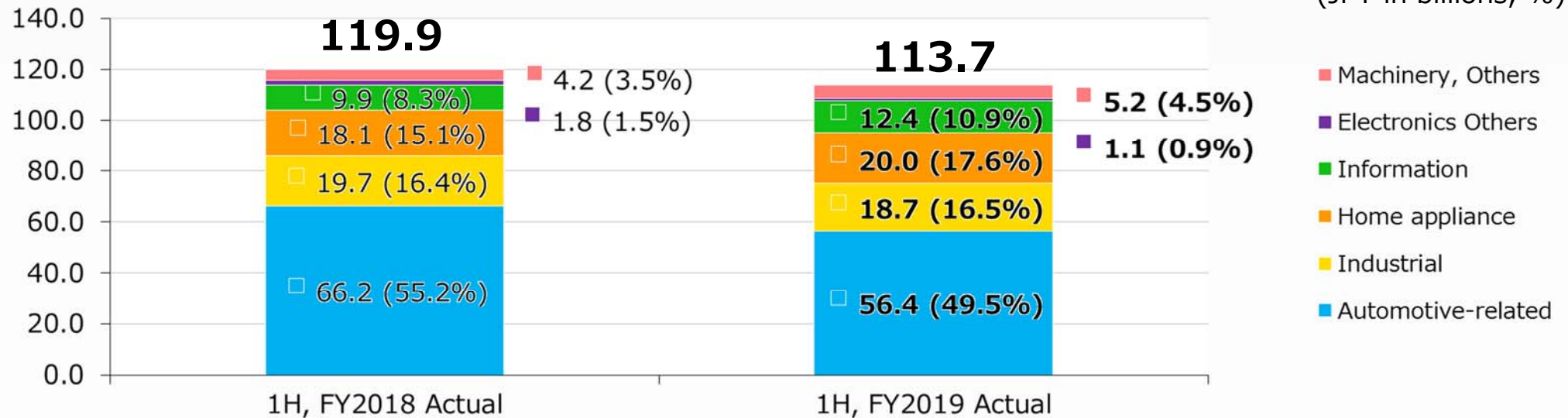
(JPY in billions, %)



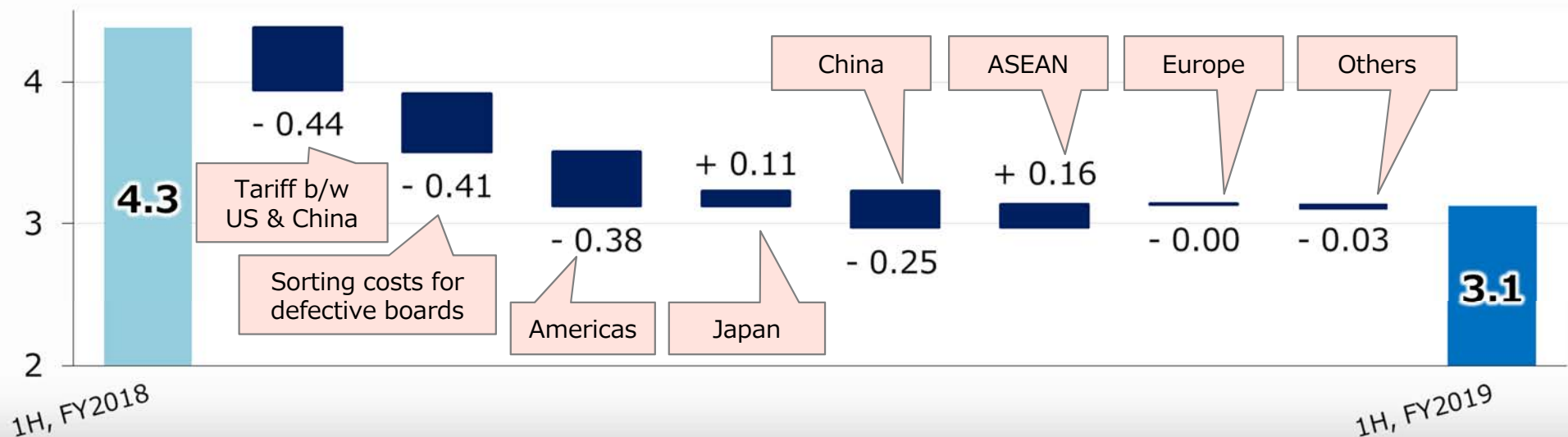
Analysis of Consolidated Sales & OP

• Sales by Market Sector (1H, FY2018_actual vs. 1H, FY2019_actual)

(JPY in billions, %)



• Operating Profit (1H, FY2018_actual vs. 1H, FY2019_actual)



Consolidated SGA

	1H, FY2018		1H, FY2019		Changes		
	(JPY in millions)	amount	%	amount	%	amount	%
Personnel expenses		3,176	2.6	3,296	2.9	119	3.8
Traveling and communication expenses		227	0.2	233	0.2	6	2.6
Freightage and packing expenses		659	0.5	619	0.5	(40)	(6.0)
Commission fee		365	0.3	372	0.3	6	1.7
Rent expenses on real estates		287	0.2	197	0.2	(91)	(31.5)
Depreciation		275	0.2	393	0.3	118	42.9
Other expense		855	0.7	941	0.8	86	10.0
Total		5,847	4.9	6,052	5.3	205	3.5

Consolidated Non Operating Profit and Loss

(JPY in millions)	1H, FY2018	1H, FY2019
Interest income	41	46
Dividends income	37	29
Equity in earnings of affiliates	135	59
Real estate rent	53	53
Other	410	422
Non-operating income	678	612
Interest expenses	128	238
Foreign exchange losses	230	123
Other	103	170
Non-operating loss	462	533
Non-operating income/loss	215	78

Consolidated Balance Sheet

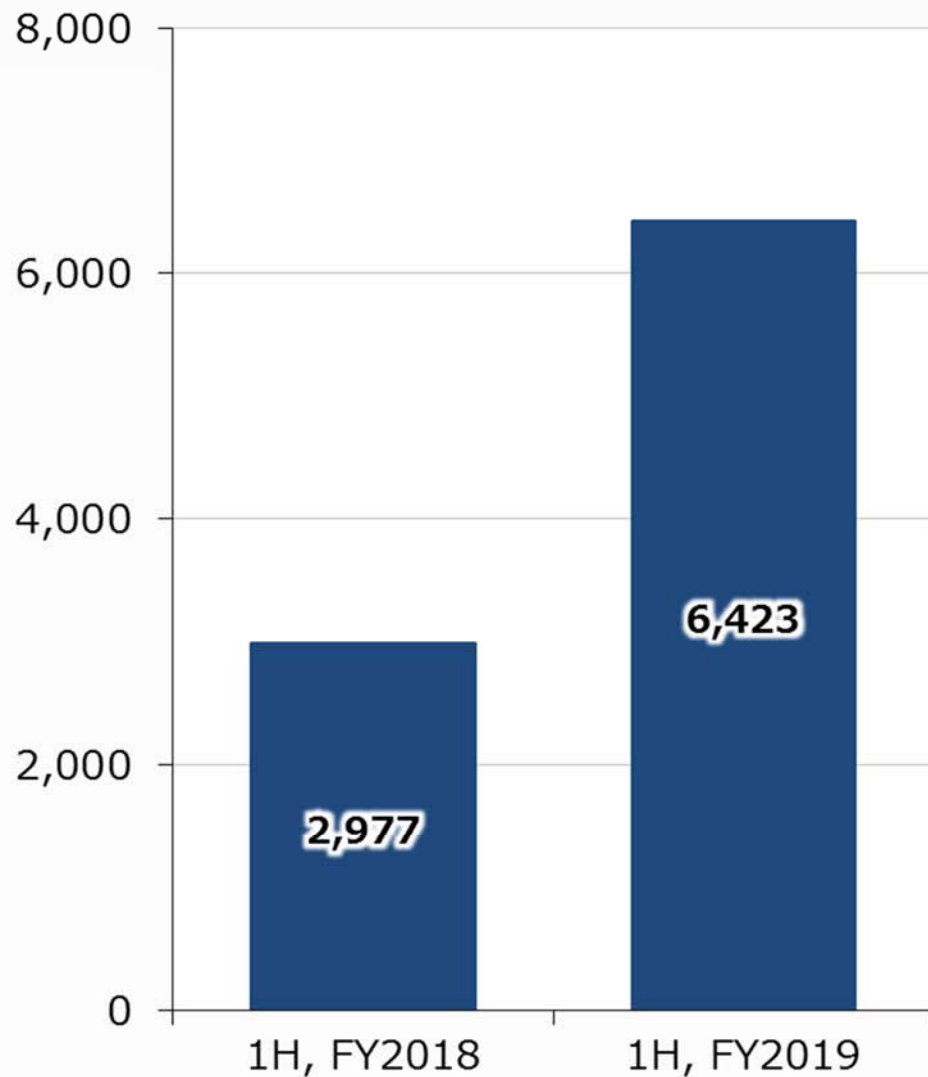
(JPY in millions)	End of 1H, FY2018	End of FY2018	End of 1H, FY2019	Changes (1H, FY2018 vs. 1H, FY2019)		Changes (FY2018 vs. 1H, FY2019)	
				amount	%	amount	%
Current assets	99,512	101,487	97,577	(1,935)	(1.9)	(3,910)	(3.9)
<i>Notes and accounts receivable-trade</i>	45,967	38,936	38,730	(7,237)	(15.7)	(205)	(0.5)
<i>Inventories</i>	40,516	44,726	43,650	3,134	7.7	(1,076)	(2.4)
Noncurrent assets	33,646	35,863	41,316	7,670	22.8	5,453	15.2
Total asset	133,158	137,350	138,893	5,735	4.3	1,542	1.1
Current liabilities	59,875	63,595	61,221	1,346	2.2	(2,374)	(3.7)
<i>Accounts payable-trade</i>	35,341	29,130	26,168	(9,173)	(26.0)	(2,962)	(10.2)
<i>Short-term loans payable</i>	16,391	25,236	24,408	8,017	48.9	(828)	(3.3)
Noncurrent liabilities	15,326	17,738	21,348	6,022	39.3	3,610	20.3
<i>Convertible Bond</i>	5,968	5,948	5,948	(20)	(0.3)	0	0.0
<i>Long-term loans payable</i>	5,444	7,455	9,564	4,120	75.7	2,109	28.3
Total liability	75,202	81,334	82,570	7,368	9.8	1,236	1.5
Net assets	57,956	56,016	56,323	(1,633)	(2.8)	307	0.5
Minority interests	303	308	268	(35)	(11.6)	(41)	(13.2)
Total asset and liability	133,158	137,350	138,893	5,735	4.3	1,542	1.1

Consolidated Cash Flow

(JPY in millions)	1H, FY2017	1H, FY2018	1H, FY2019	FY2017	FY2018
Net cash from operating activities	1,066	(1,135)	1,139	4,536	966
Net cash from investing activities	(4,771)	(2,880)	(5,845)	(9,211)	(6,515)
Net cash from financing activities	4,705	1,728	860	6,410	7,991
Cash and cash equivalents	9,685	8,229	8,848	10,574	12,813
Debt to annual cash flow ratio (years)	-	-	-	3.4	27.2
Interest coverage ratio (X)	12.1	-	5.9	20.1	3.2

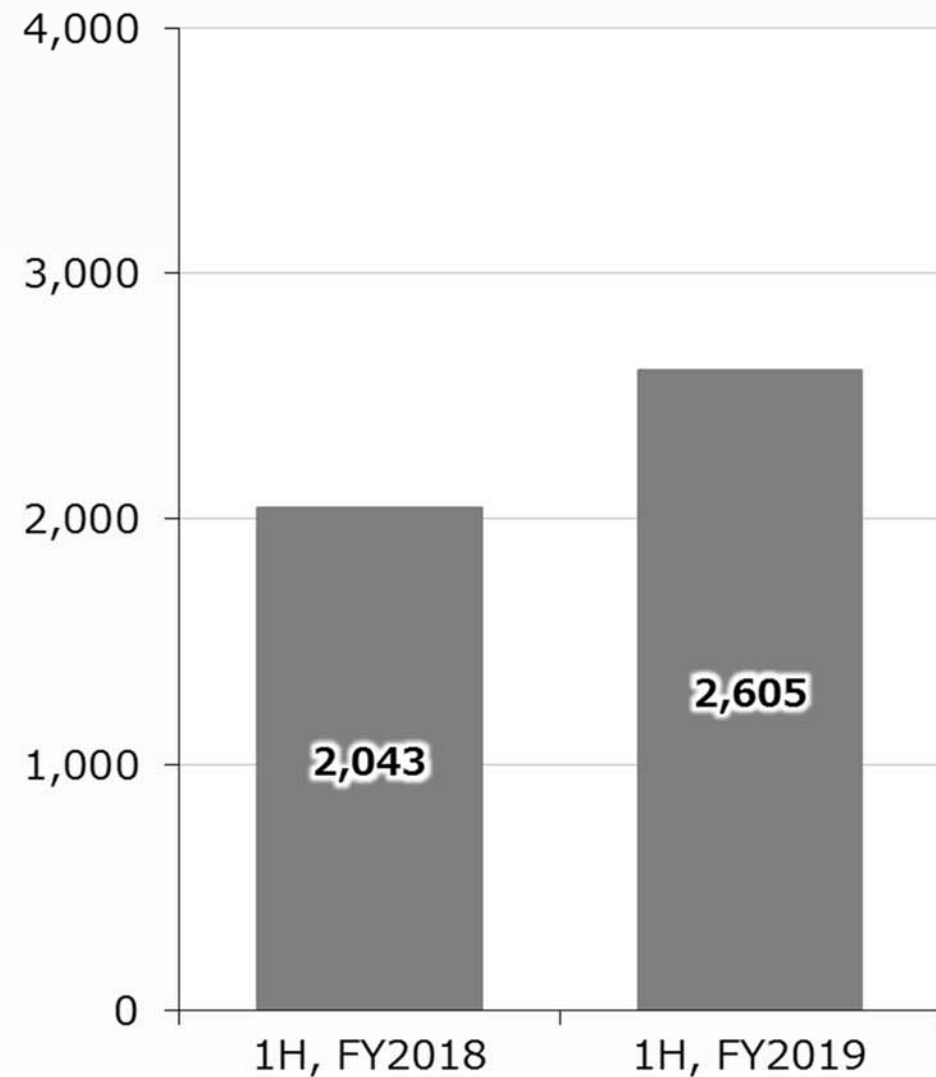
CAPEX & Depreciation

- CAPEX



- Depreciation

(JPY in millions)



Consolidated Financial Forecast of FY2019

Consolidated Financial Forecast of FY2019

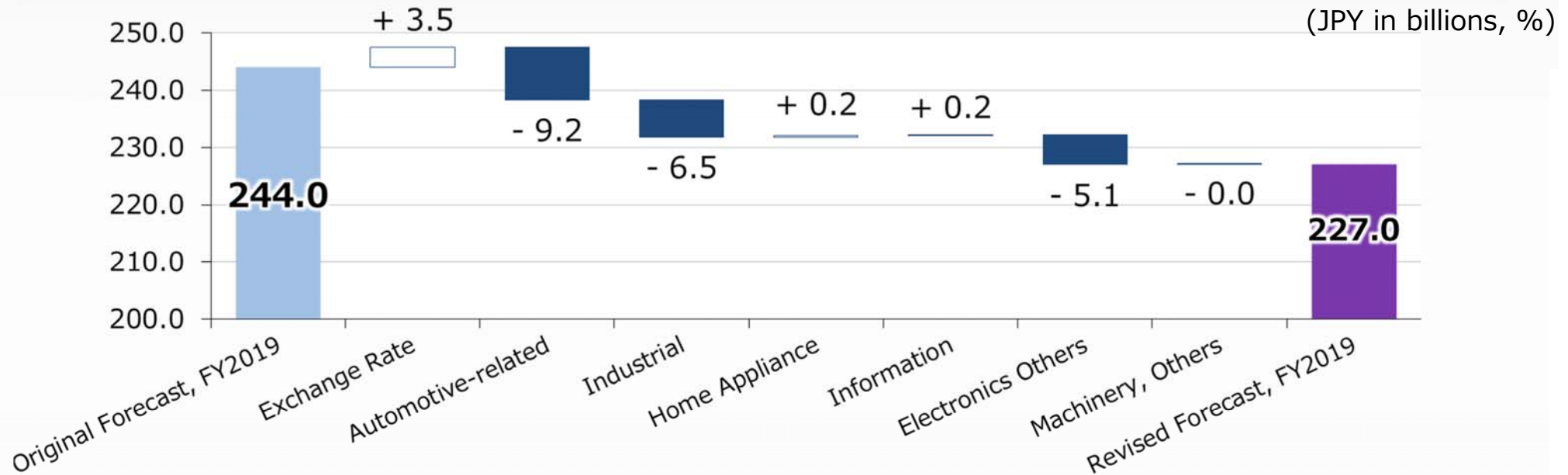
(JPY in millions)	FY 2017 Actual	FY 2018 Actual	FY 2019 Forecast	FY2018 vs. FY 2019	
				diff.	%
Sales	233,153	242,804	227,000	(15,804)	(6.5)
Operating income	9,705	8,625	6,800	(1,825)	(21.2)
Ordinary income	10,513	8,717	6,800	(1,917)	(22.0)
Profit attributable to owners of parent	7,093	6,414	4,800	(1,615)	(25.2)
Net income per share (JPY) ※	288.02	131.45	101.60	(29.85)	(22.7)

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

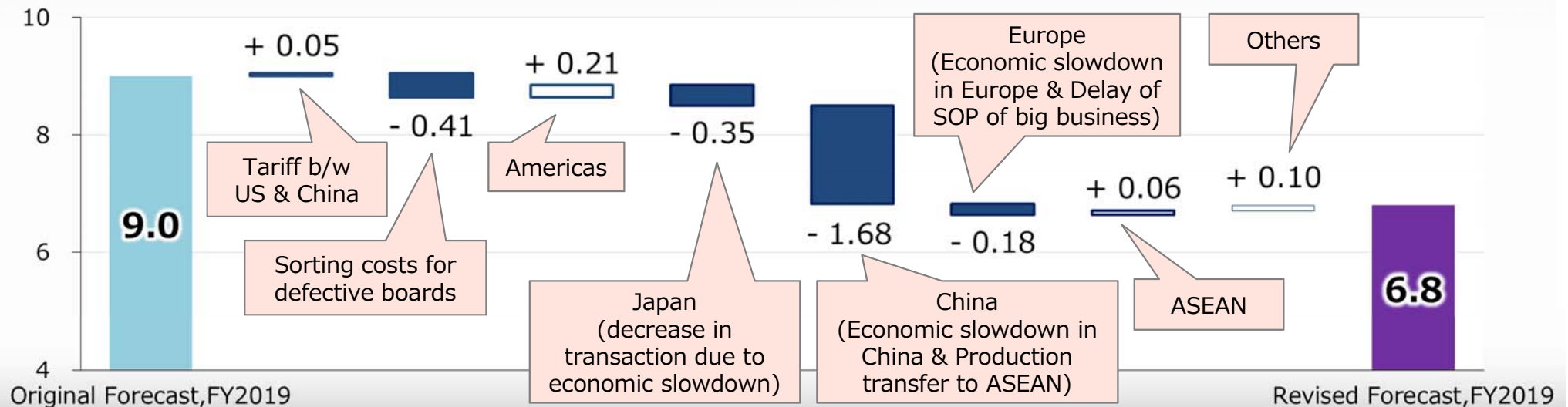
Exchange rate (USD)	¥ 112.34	¥ 110.58	¥ 107.00
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Analysis of Consolidated Sales & OP

- Sales of FY2019 (Original Forecast vs. Revised Forecast)**



- Operating Profit of FY2019 (Original Forecast vs. Revised Forecast)**



Progress of Midterm Management Plan

KPI	FY2018	1H, FY2019
<ul style="list-style-type: none"> ● <u>Acquiring net new customers</u> 100 new customer by 2020 ~Acquired steadily~ 	➡ 51	➡ 67
<ul style="list-style-type: none"> ● <u>Sales rate of non-Japanese company</u> 20% of consolidated sales by 2020 ~Received order from major non-Japanese company~ 	➡ 10.5%	➡ 11.0%
<ul style="list-style-type: none"> ● <u>Sales rate of Non-commodity field (automobile and industrial)</u> 80% of consolidated sales by 2020 ~Expanding business mainly related ADAS, EV & IoT~ 	➡ 69.6%	➡ 66.0%

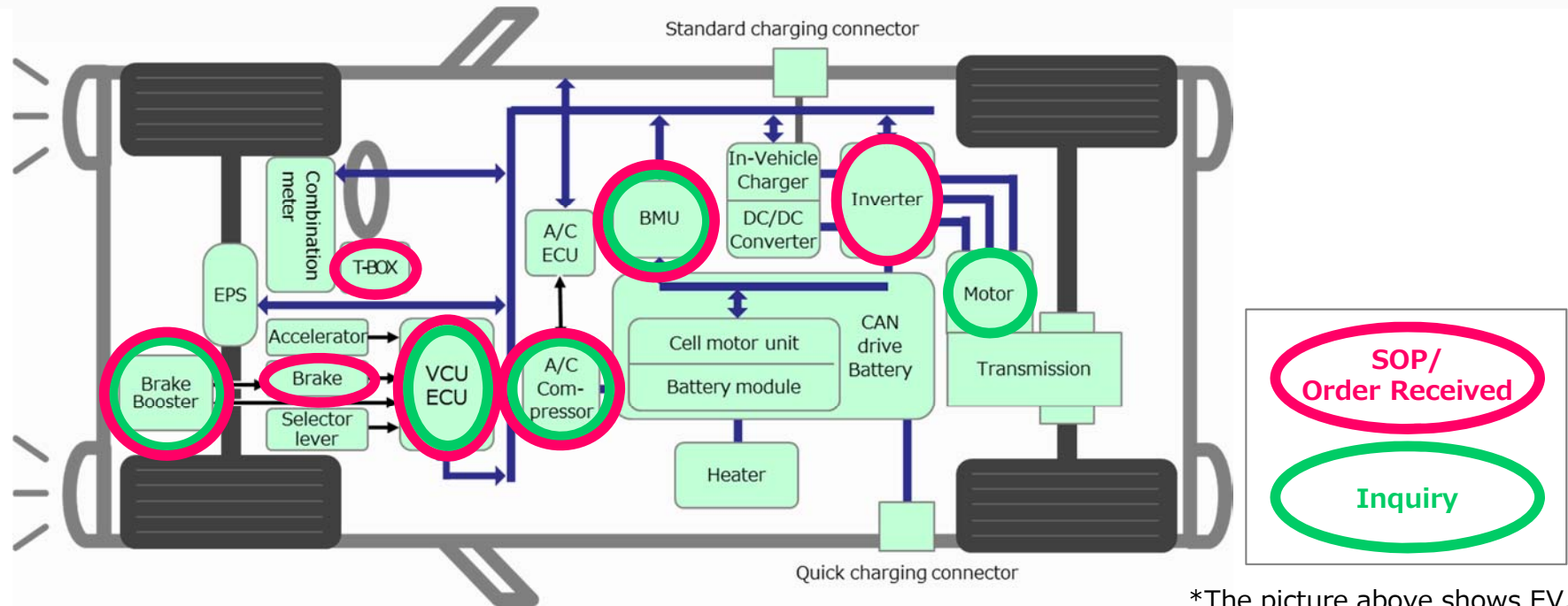
In 2020 **Sales :** **300 billion yen**
Operating Income : **14 billion yen**

*Planning to revise forecast of FY2020 in the end of this year.

Topics

NEV related business

Significant expansion of demand in the field of battery, connected car, ADAS and next-generation powertrain.



NEV related business has been started in various area.
We respond to the strong needs while keeping our eyes open
for change of involvers in automotive field.

**Much experience of business with customers
in a wide range of business field without any limitation.**

Collaboration with technology partners

~We provide the optimal matching of needs~



Technology Partner

Technology partner in Singapore, India and Japan

(IR Sensor, Lens, Lens modules, Software development)



Introduction to major global customers

Home appliance

—— Iron of high-end model

Automotive equipment

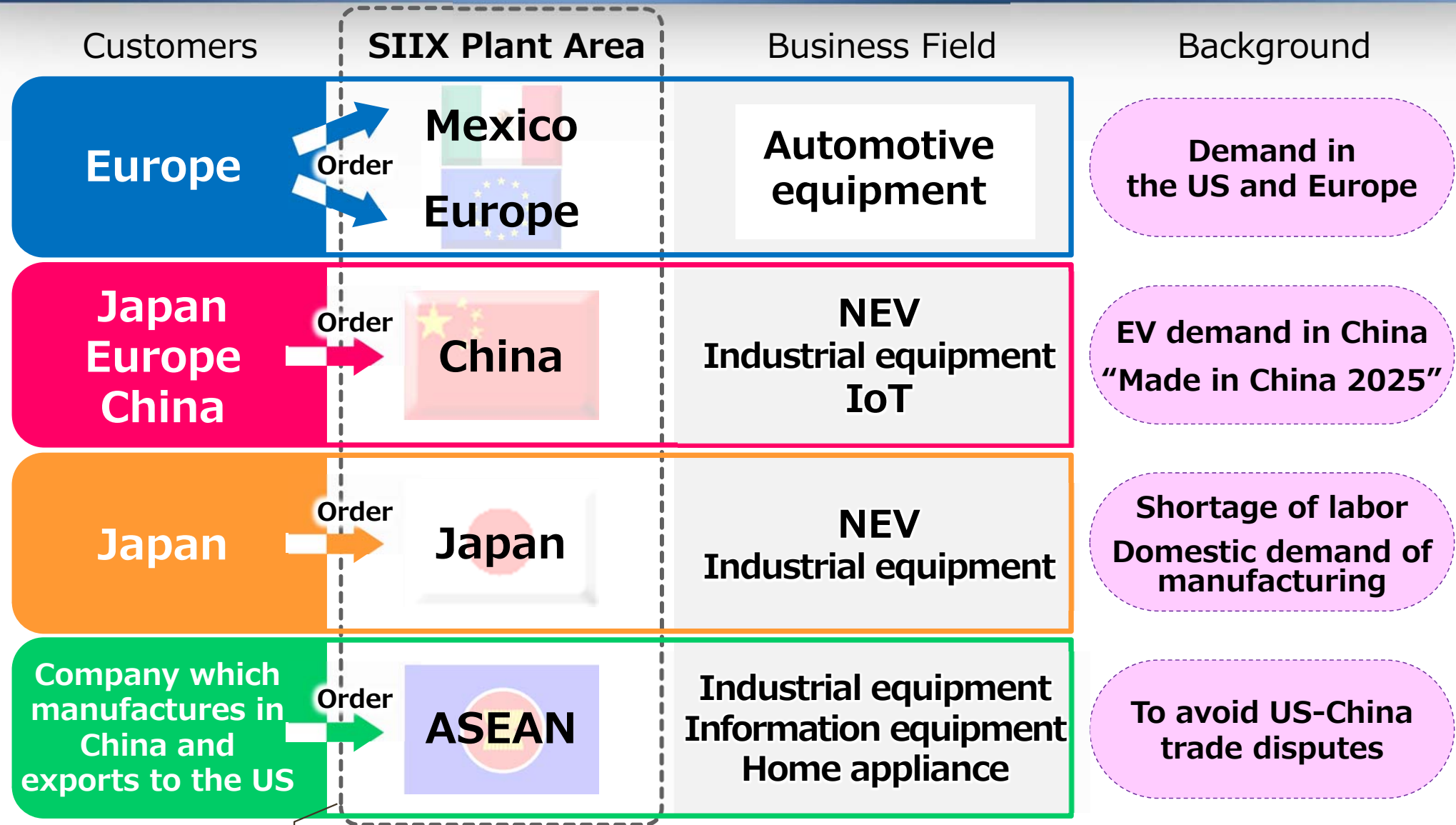
—— Camera module, Motion detector

Industrial equipment

—— Camera for reader

For bringing new technology throughout the world to new products

Order trends



While growing needs of dispersing of manufacturing area globally to avoid trade disputes, SIIX is going to take further advantage by utilizing our global network and much experience to meet customer demand of "local production for local consumption" and "worldwide simultaneous manufacturing".

Manufacturing Technology

4 themes of midterm management plan

Reliance

1. Profitability

(Keyword : Divergence)

- **Divergence in electronized field**

Customer's business field becomes borderless. SIIX focuses on customers' need more finely and regional peculiarity

2. Response

(Keyword : Modularization)

- **Developing non-EMS business**

Developing satellite field of electronized business such as secondary battery(LIB), molding business

3. High-quality Manufacturing

(Keyword : Technical Strength)

- **Improving and expanding manufacturing Platform and utilization of technical know-how**

Strengthening manufacturing technology and high quality manufacturing for customers' need

4. Organization

(Keyword : ESG)

- **Diversity, internal management**

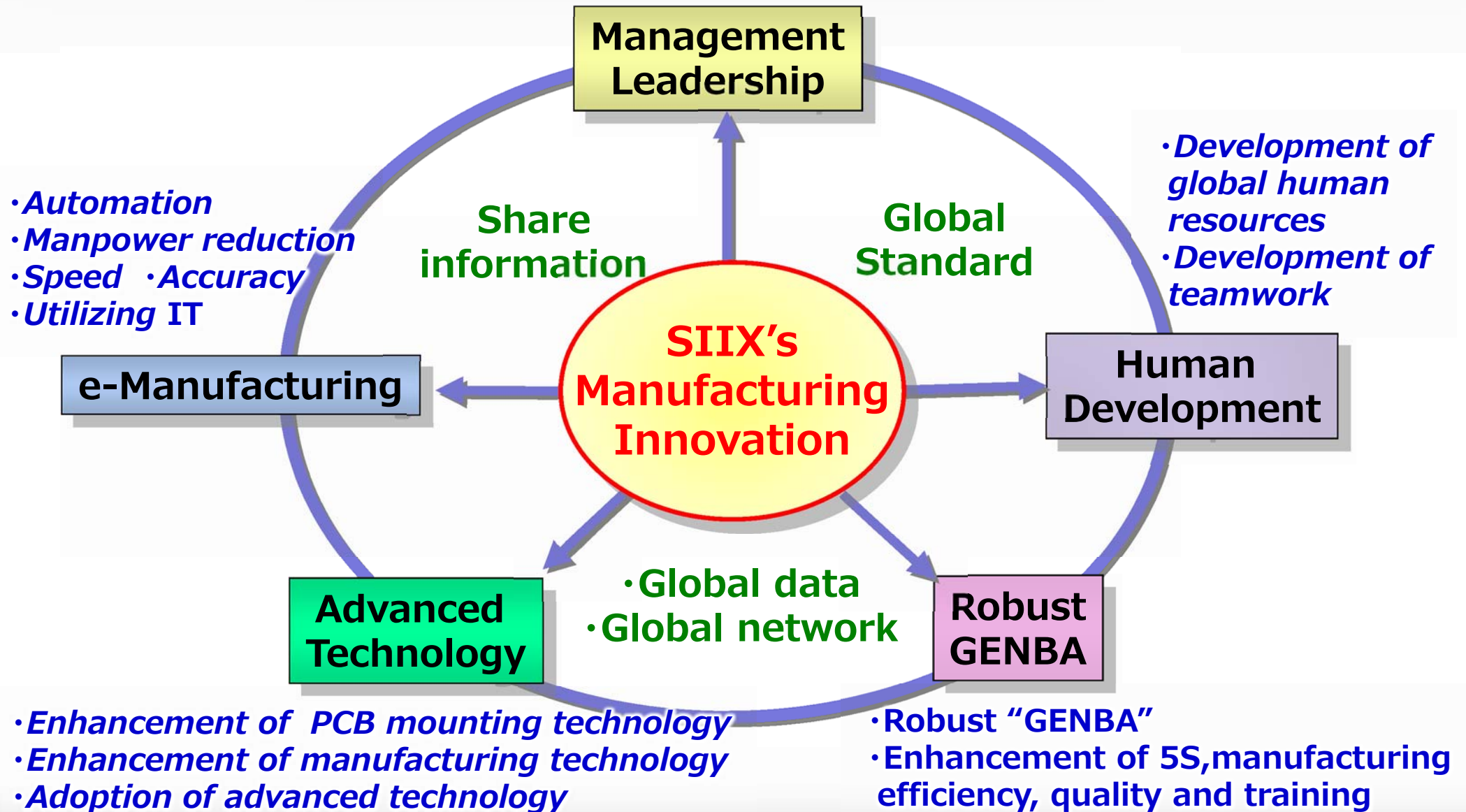
Localized management, utilizing women workforce, block management, yield loss reduction

High-Quality Manufacturing

- ✓ **Strengthening of manufacturing technology for multi-process**
 - ➡ •To respond to customers' need of every process of PCB mounting ~ Assembly ~ Molding
 - To respond to higher density and precision mounting needs
 - Enhancement and promotion of automation technology
- ✓ **Development and horizontal application of knowledge intensive platform of "Monozukuri"**
 - ➡ •To share information of manufacturing, technology and quality, and to enhance practical technology.
- ✓ **Quality enhancement and development of QCD technical expert**
 - ➡ •To develop and strengthen global human resources
 - To raise the level of EMS factory and skill levels of local human resources with SIIX's original audit program.

SIIX's Strategic Policy for High-Quality Manufacturing

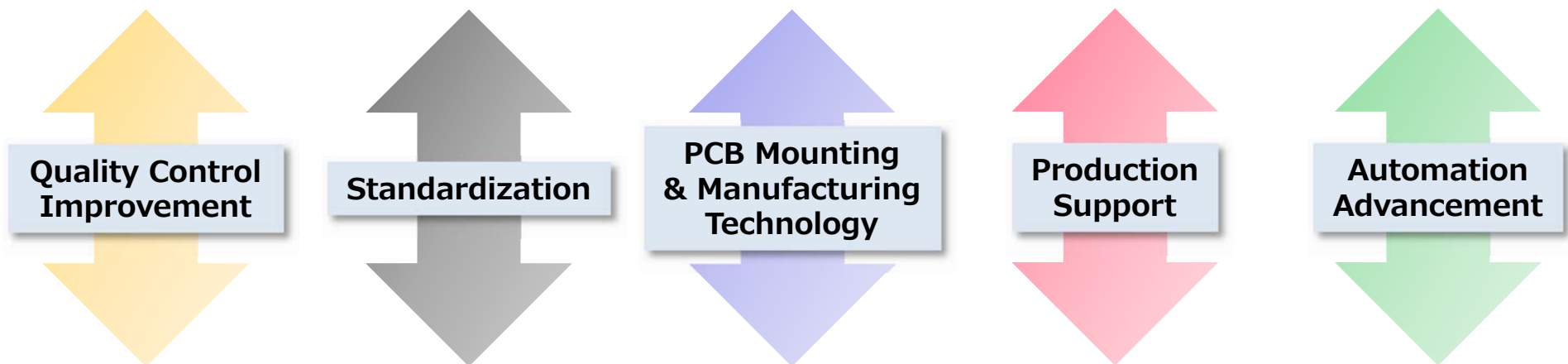
• Enhancement of Manufacturing Management



Role of Global Engineering Dept. to enhance manufacturing technology

SIIX Manufacturing Technology and Quality center

Global Engineering Dept. (@Sagamihara, JAPAN)



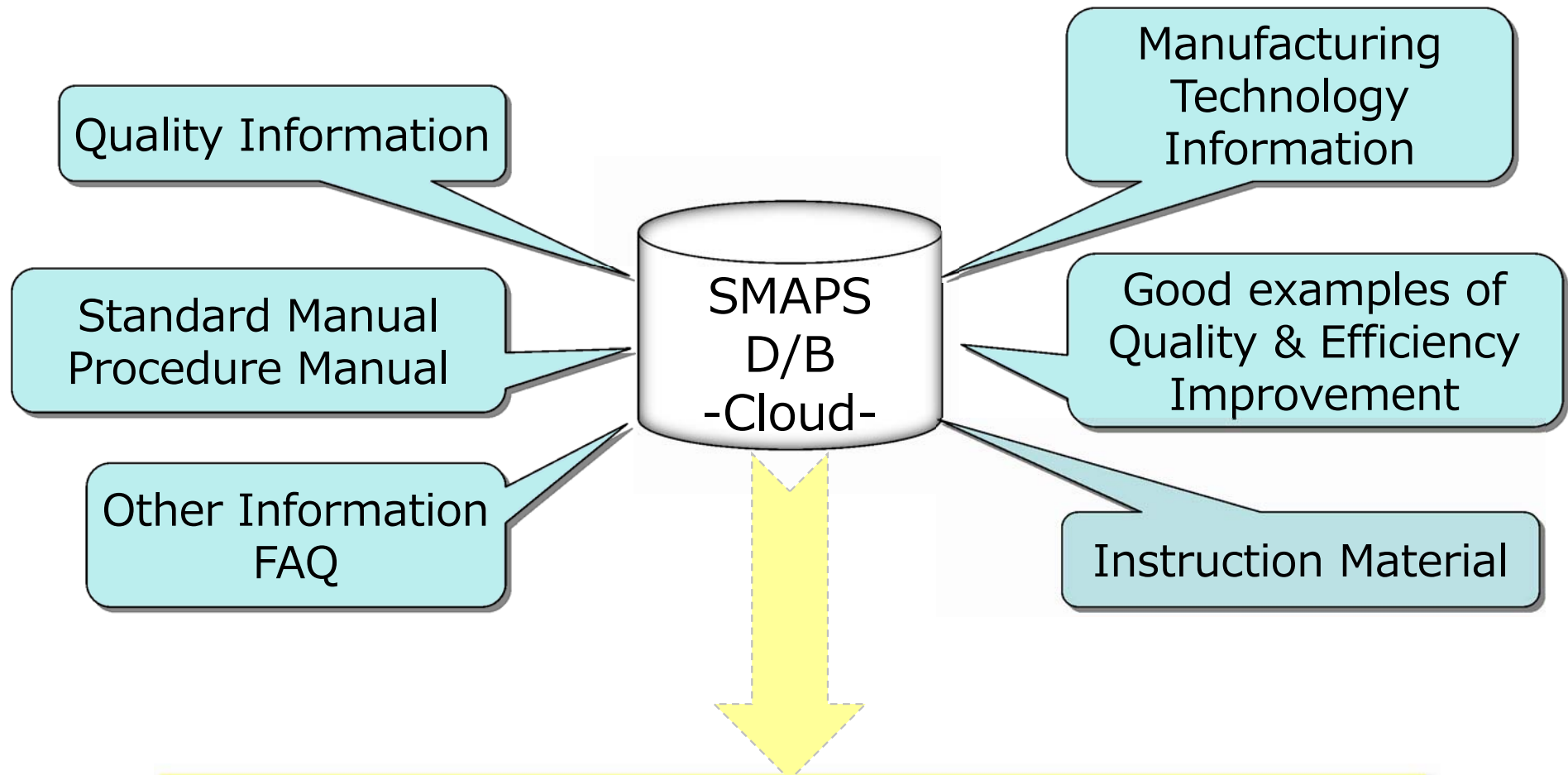
SIIX Manufacturing Plant



SMAPS

SMAPS (**SIIX Manufacturing Platform System**)

Since 2018



SMAPS enables us to utilize the real-time data of manufacturing technology at GENBA

Standardization and sharing of quality, technology, training knowhow

All SIIX global manufacturing meeting in Jan. & Jul. every year



in Osaka, Jan. 2019

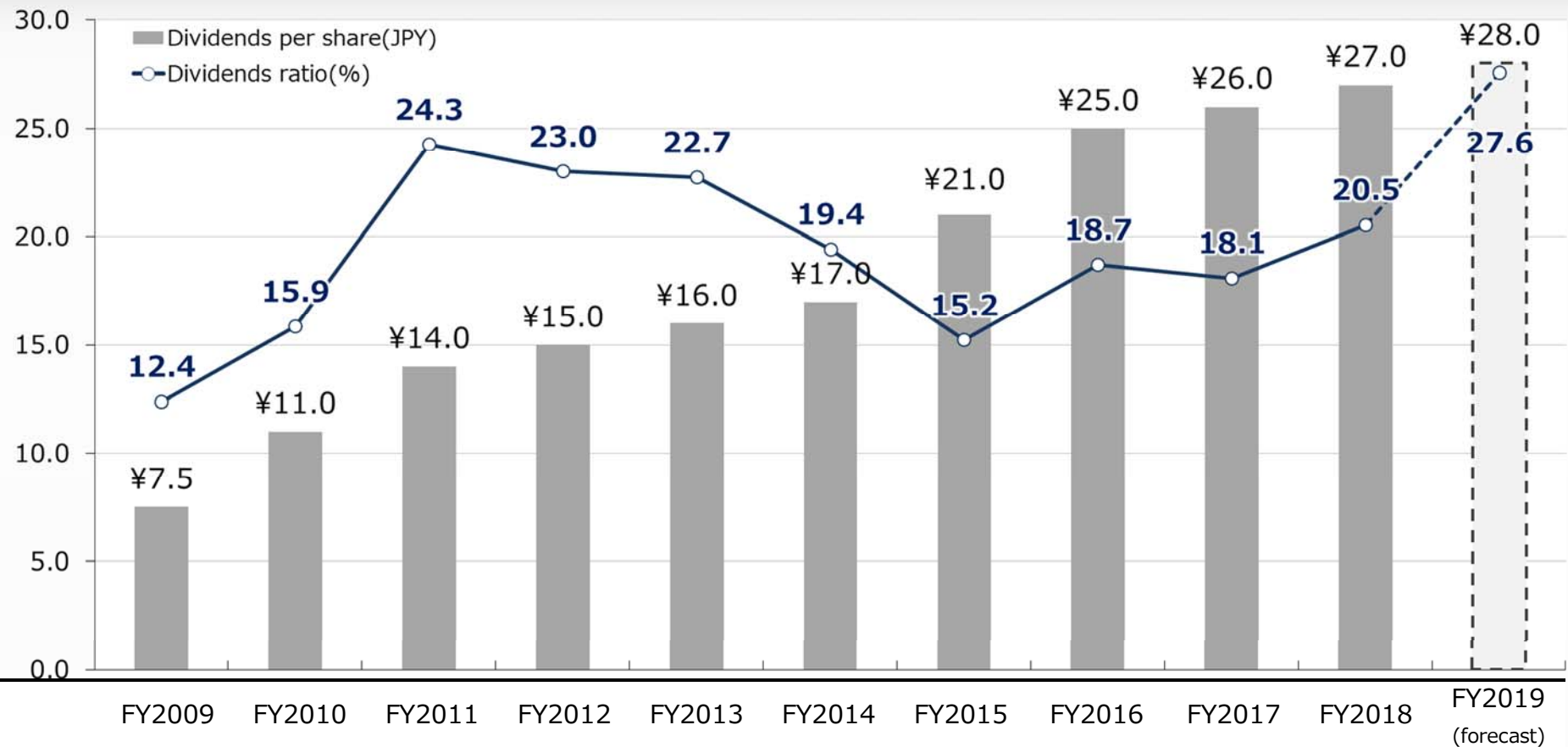


In Philippines, Jul. 2019

- Management staffs of manufacturing, technology dept. of all SIIX plant are gathered to have a discussion and information sharing about quality, manufacturing technology, process improvement, automation, training, and also to take a plant tour.
- Improving and developing local management staff through field audit and monthly quality meeting b/w Global Technology Dept. and each plant

Shareholder Return

Dividends



	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	27.6
# 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.	-

※includes commemorative dividend 1.00 yen

ESG, SDGs

ESG, SDGs



• ESG

E

RoHS (RoHS2) compliance

Progress of replacement of SIIX global base

As of Feb. 2019
96.1%



As of Jul. 2019
99.5%

SIIX, as one of the first runner in EMS industry, almost completed the replacement to RoHS2 promptly.
Also SIIX is going to set next KPI based on TCFD.

S

Proportion of local management staff

As of Sep. 2017
61.5%

As of Sep. 2018
59.7%

Target:
80% in 2020

The survey is done every Sep. and then the result is updated annually.

Proportion of female executive

As of Sep. 2017
42.4%

As of Sep. 2018
41.3%

Target:
50% in 2020

Also, as a female executive, SIIX actively involves in female staff promotion such as executive officer, and expatriate staff.

* 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

In the viewpoint of strengthening governance, SIIX elected 2 board members from administration department.

To prevent SIIX group regulation from losing substance, SIIX reviews application from global subsidiaries, understands the difference of the bribery law of each country, updates common beliefs of SIIX group, and then educate throughout all SIIX group.

ESG, SDGs



• SDGs (Solving issues through business activities)



Blood donation activity at Thai plant and Philippine plant

SIIX keeps contributing to reduction of exhaust gas and promotion of energy saving.



Expanding business related to
EV business
LED lighting
Electronization of power tools

Started working for sales of straws made of sugarcane bagasse and etc. in cooperation with Ju Tian Cleantech Co., Ltd (鉅田潔淨技術股份公司, Taiwan). Appearing it to restaurant, department store, supermarket.



Shift to the use of LED for factory lighting in Indonesia
➔Promotion of the use of clean energy



Provision of the emergency food to NPO
➔Reduction of food loss



Sales of straws and cutlery made of eco-friendly and returnable material
➔Protection of ocean resources



Participation to color running event for saving terraced rice field in Philippines
Protection activity of mangrove forest in Thailand
Tree planting activity in Shanghai



Source: Ju Tian Cleantech

Consolidated Financial Result of 1H, FY2019 (Appendix)



SIIX Corporation

August 20, 2019

Profit and Loss

(JPY in millions)	1H, FY2017	1H, FY2018	1H, FY2019	FY2017	FY2018
Net sales	111,790	119,928	113,743	233,153	242,804
Operating income	4,723	4,379	3,123	9,705	8,625
Operating income ratio (%)	4.2	3.7	2.7	4.2	3.6
Ordinary income	5,043	4,595	3,202	10,513	8,717
Ordinary income ratio (%)	4.5	3.8	2.8	4.5	3.6
Profit attributable to owners of parent	3,519	3,463	2,234	7,093	6,414
Profit attributable to owners of parent ratio(%)	3.1	2.9	2.0	3.0	2.6
# of Consolidated subsidiaries	19	22	22	19	22
# of Equity method affiliates	1	2	2	1	2
# of Employees	12,213	12,649	13,551	11,659	13,632

Management Indicators

		1H, FY2017	1H, FY2018	1H, FY2019	FY2017	FY2018
ROE	(%)	-	-	-	13.1	11.4
ROA	(%)	-	-	-	8.8	6.5
Total asset turnover		1.0	0.9	0.8	1.9	1.8
Net interest-bearing debts/Net asset	(%)	13.5	24.1	48.5	15.6	36.1
Current ratio	(%)	164.1	166.2	159.4	170.6	159.6
Accounts receivable turnover ratio	(day)	70.0	70.8	62.3	69.7	64.7
Inventory turnover ratio	(day)	48.3	57.0	70.9	49.3	59.5
PBR	(X)	2.1	2.1	1.1	2.1	1.2
PER	(X)	-	-	-	16.8	10.9

Capital Structure

(JPY in millions)	FY2015	FY2016	FY2017	FY2018	1H, FY2019
Total asset	109,957	109,695	130,526	137,350	138,893
Liability	60,217	58,121	72,916	81,334	82,570
interest-bearing debt	12,614	11,458	19,553	32,969	36,102
Net asset	49,739	51,573	57,609	56,016	56,323
Capital-to-asset ratio (%)	45.1	46.8	43.9	40.5	40.3
Closing stock price (JPY) ※	1,870	1,973	2,418	1,430	1,272
Capital-to-asset ratio at market value (%)	85.5	88.6	91.3	49.2	43.3
Issued stock (thousand) ※	50,400	50,400	50,400	50,400	50,400
BPS ※	986.35	1,042.20	1,162.33	1,178.04	1,185.29

※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

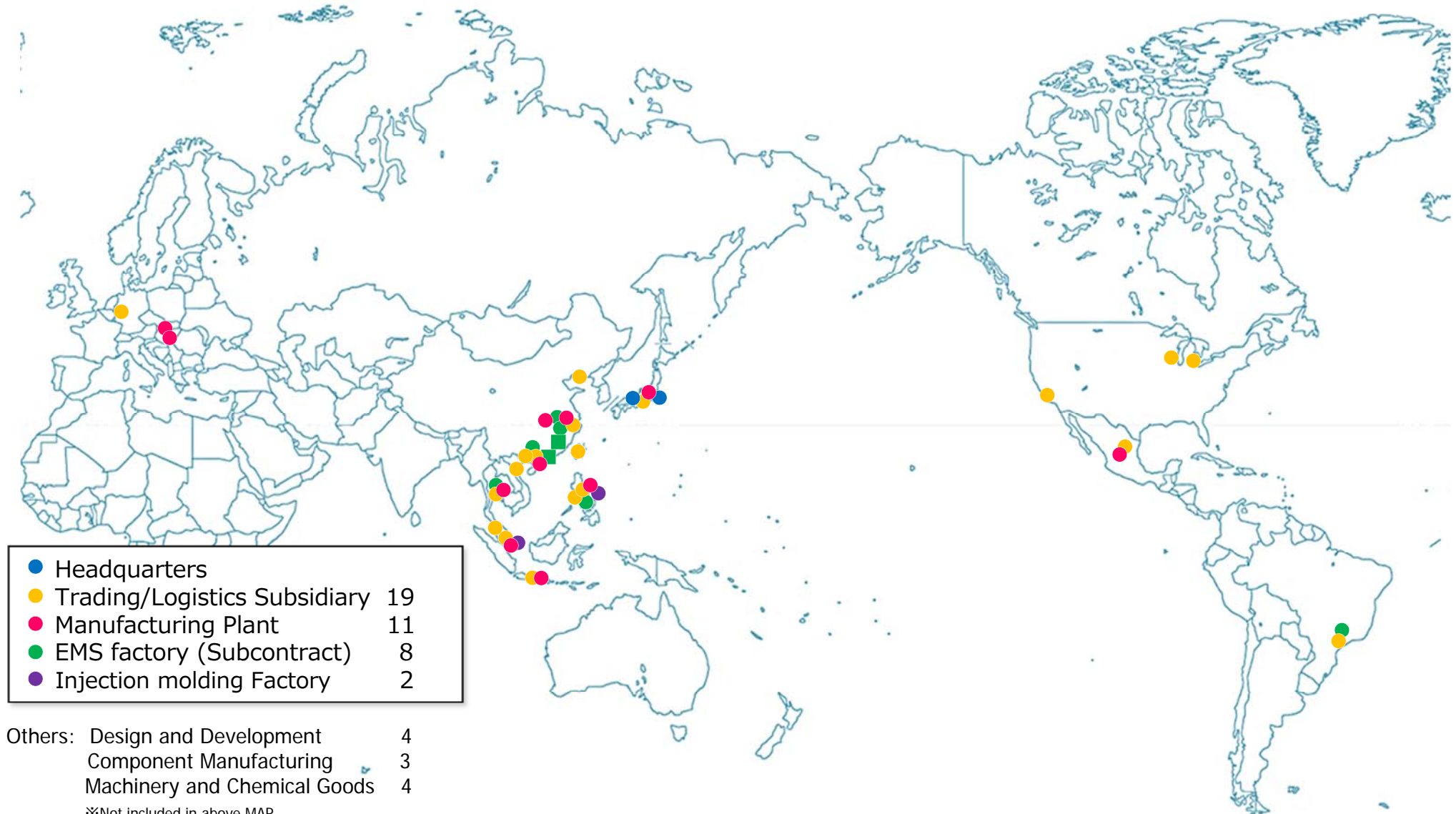
(JPY in millions, %)	1H, FY2017	1H, FY2018	1H, FY2019	FY2017		FY2018	
				full year	%	full year	%
Automotive-related equipments	54,630	66,192	56,358	119,488	51.2	130,996	54.0
Industrial equipments	18,610	19,671	18,733	38,719	16.6	38,017	15.7
Home appliances	19,917	18,143	20,035	38,737	16.6	39,366	16.2
Information equipments	10,616	9,911	12,399	20,686	8.9	21,397	8.8
Electronics others	3,182	1,841	1,058	6,050	2.6	3,429	1.4
Machinery and others	4,835	4,170	5,159	9,475	4.1	9,600	4.0
Total	111,790	119,928	113,744	233,153	100.0	242,804	100.0

Products by Market Sector

Automotive Equipment	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.)
Industrial Equipment	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.
Home Appliance	Digital home appliance, A/C, Refrigerator, Washing Machine, Toy, Rice cooker, Microwave Oven, Electric toothbrush, Healthcare appliance, LED Lighting, Electronic instrument, Electric lock etc.
Information Equipment	PC peripheral equipment, OA device, Scanner, Projector, Printer etc.
Machinery Others	Wire harness, Bicycle, Ink, Electric components etc.

GLOBAL NETWORK

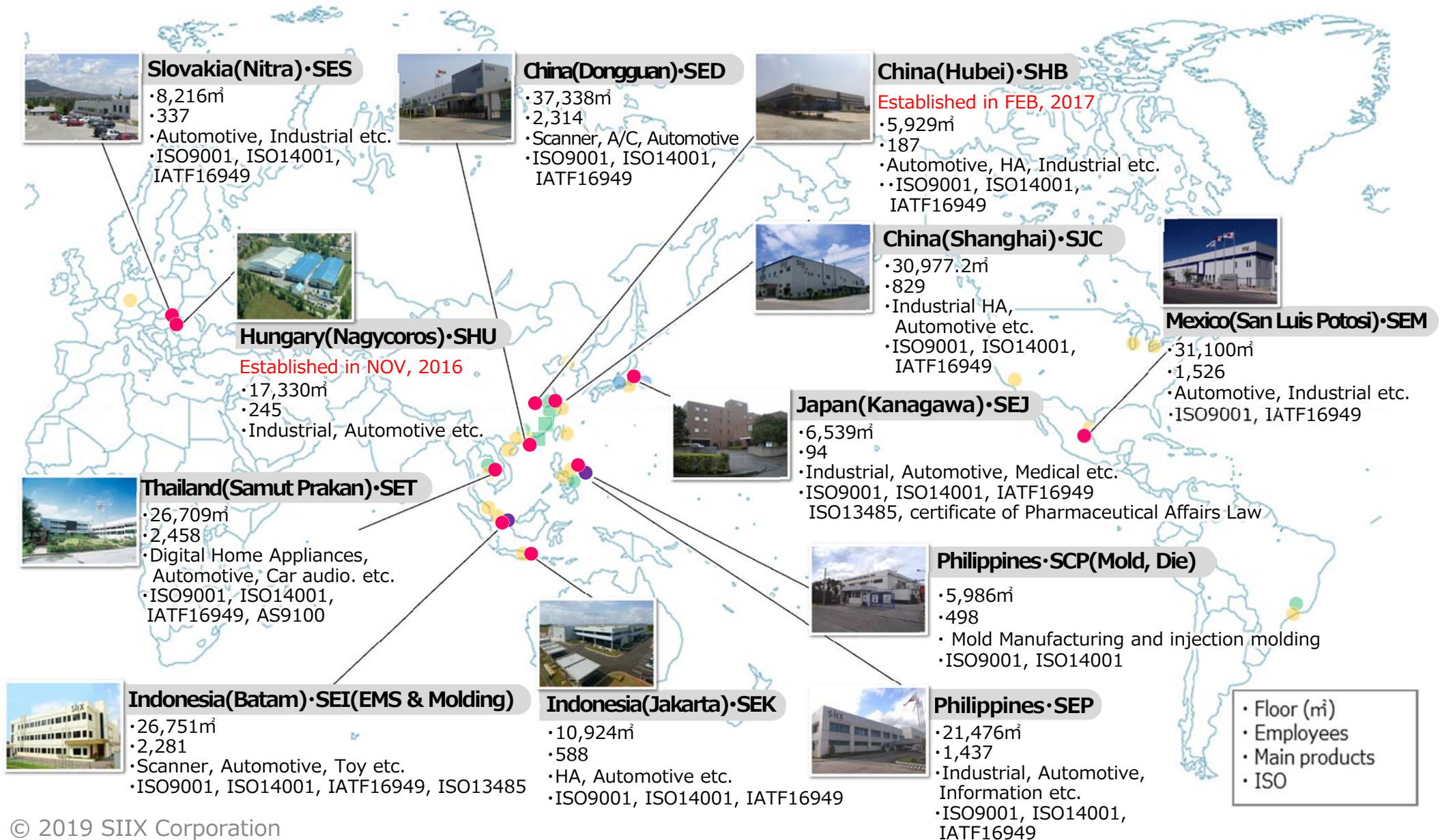
(as of end of June 2019)



GLOBAL NETWORK

Manufacturing Factory

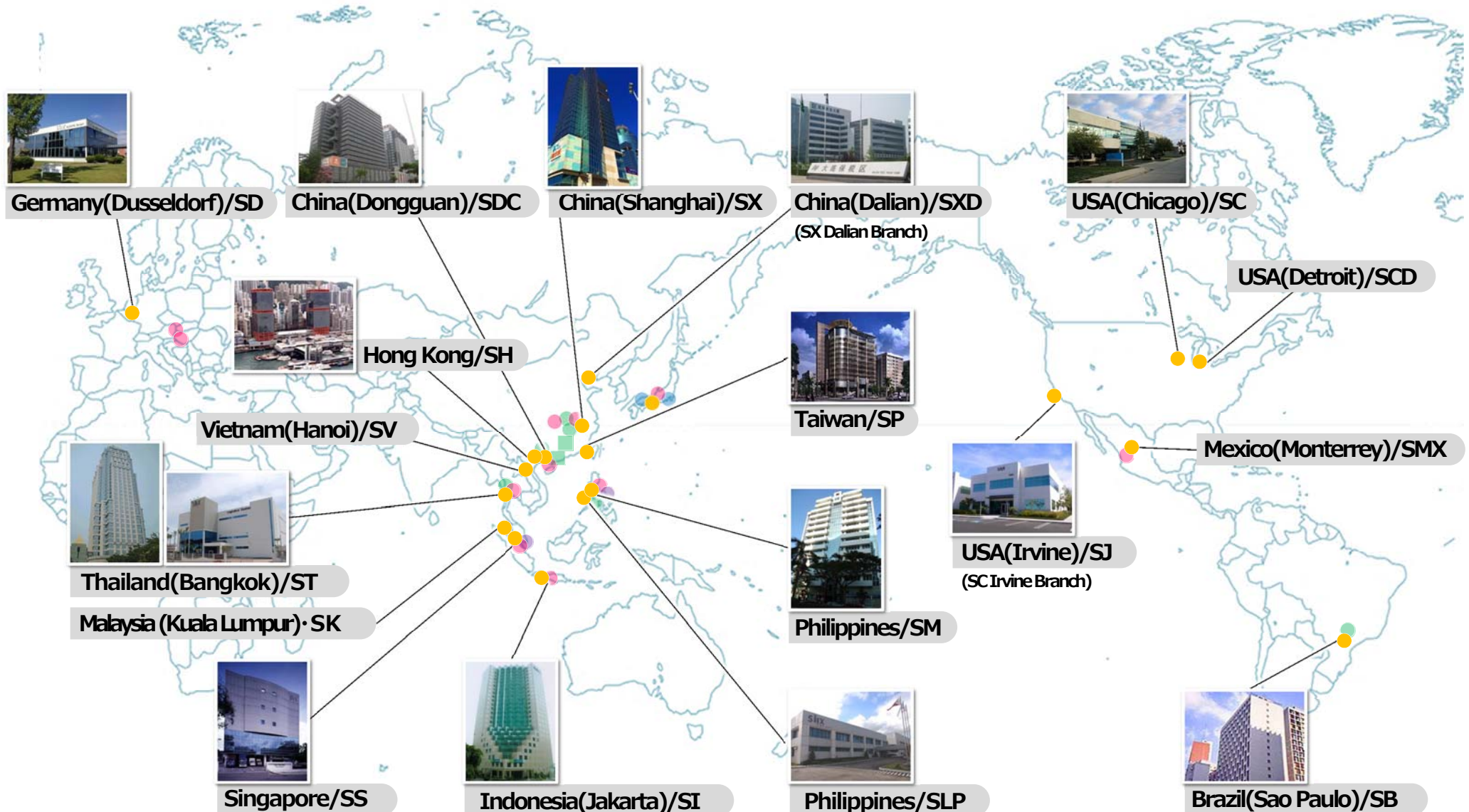
(as of end of June 2019)



GLOBAL NETWORK

Sales & Logistics

(as of end of June 2019)



GLOBAL NETWORK

Subcontract Factory & Affiliates

(as of end of June 2019)

