



Business Report for
FY2013

SMK Corporation

Oct , 2013



FY2013

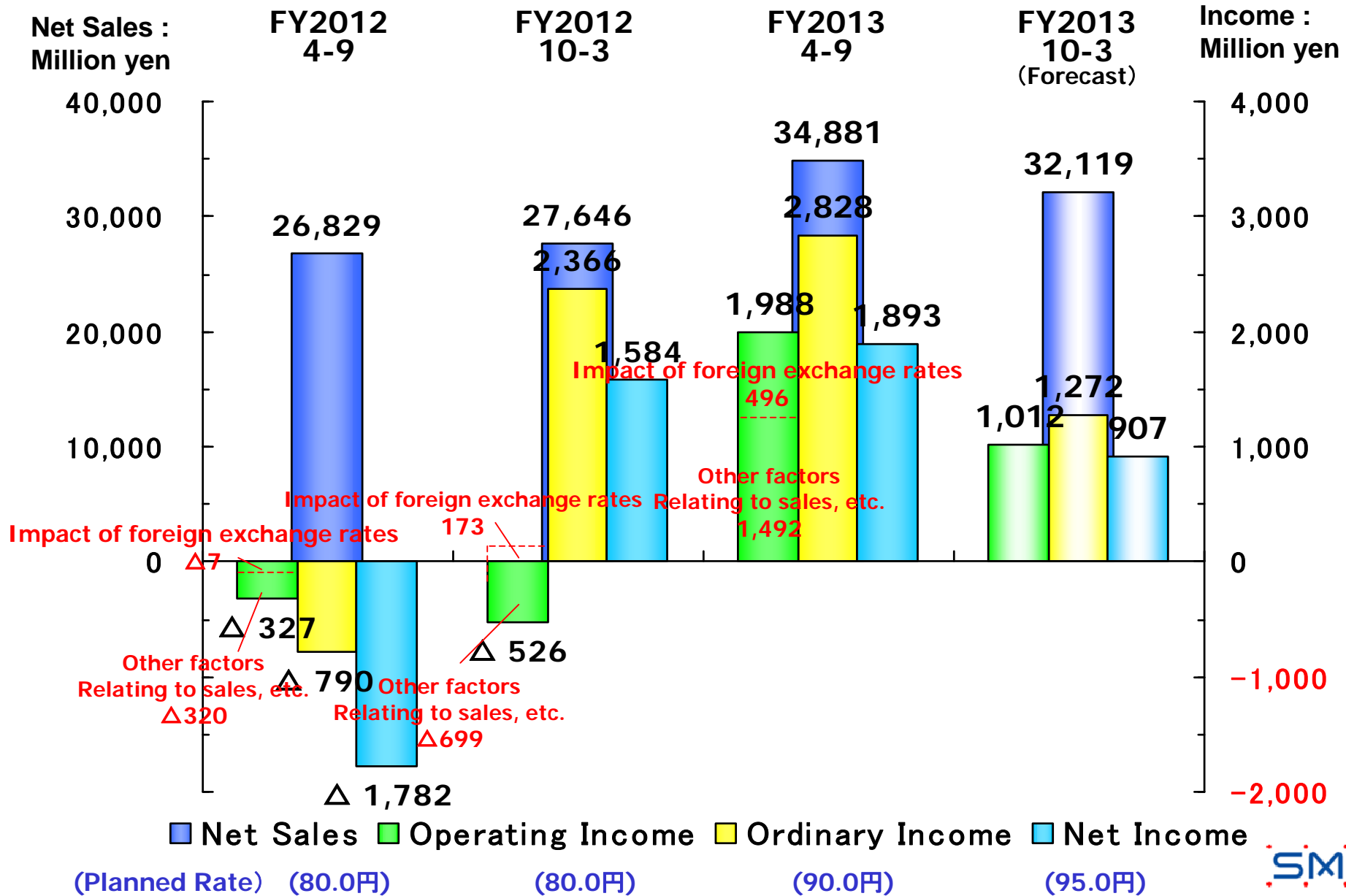
Outline of 1H Financial Statement

Executive Vice President

KOHEI OHGAKI



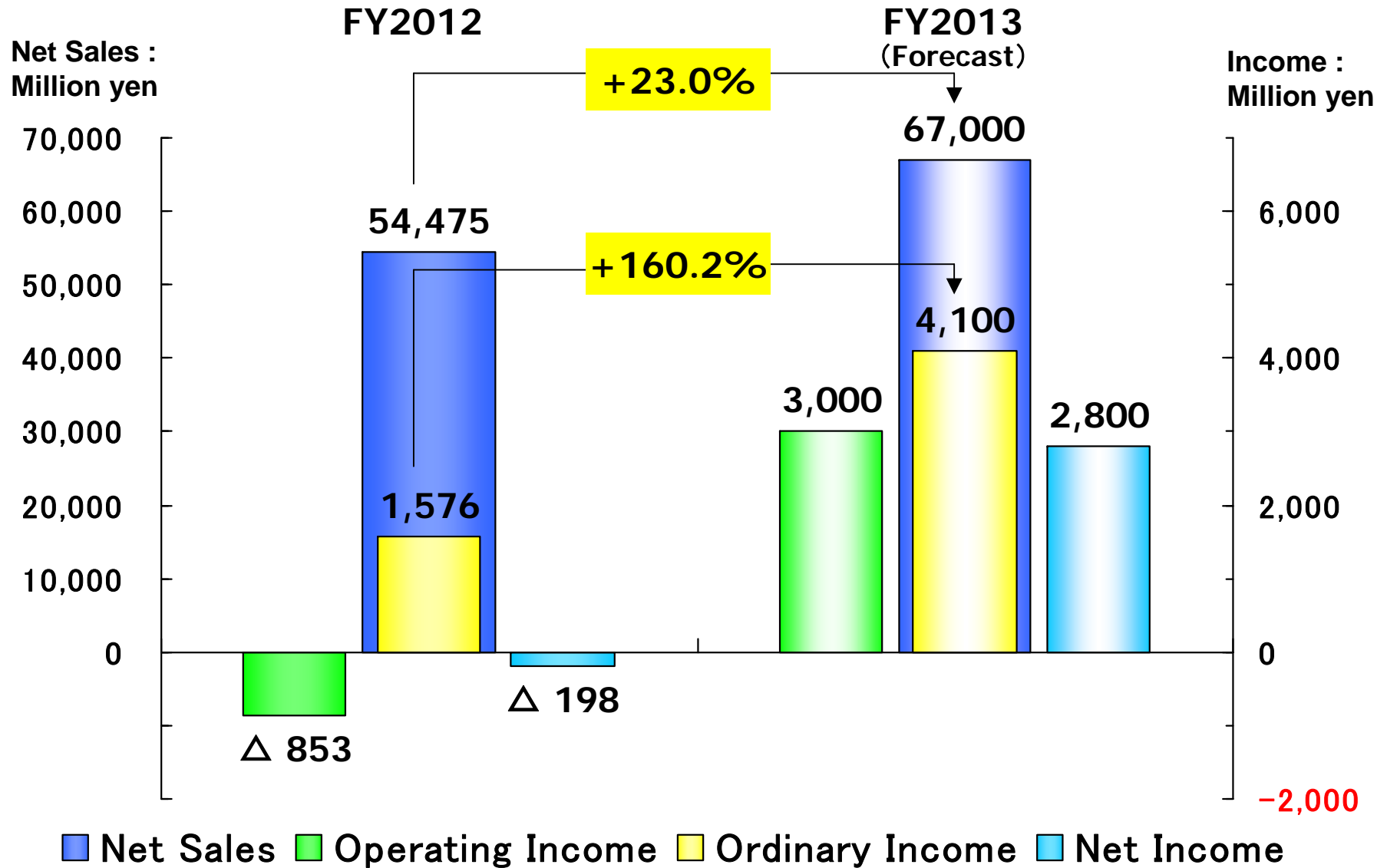
<Consolidated> 1H Financial Result





< Consolidated > Financial Result (Full Business Year)

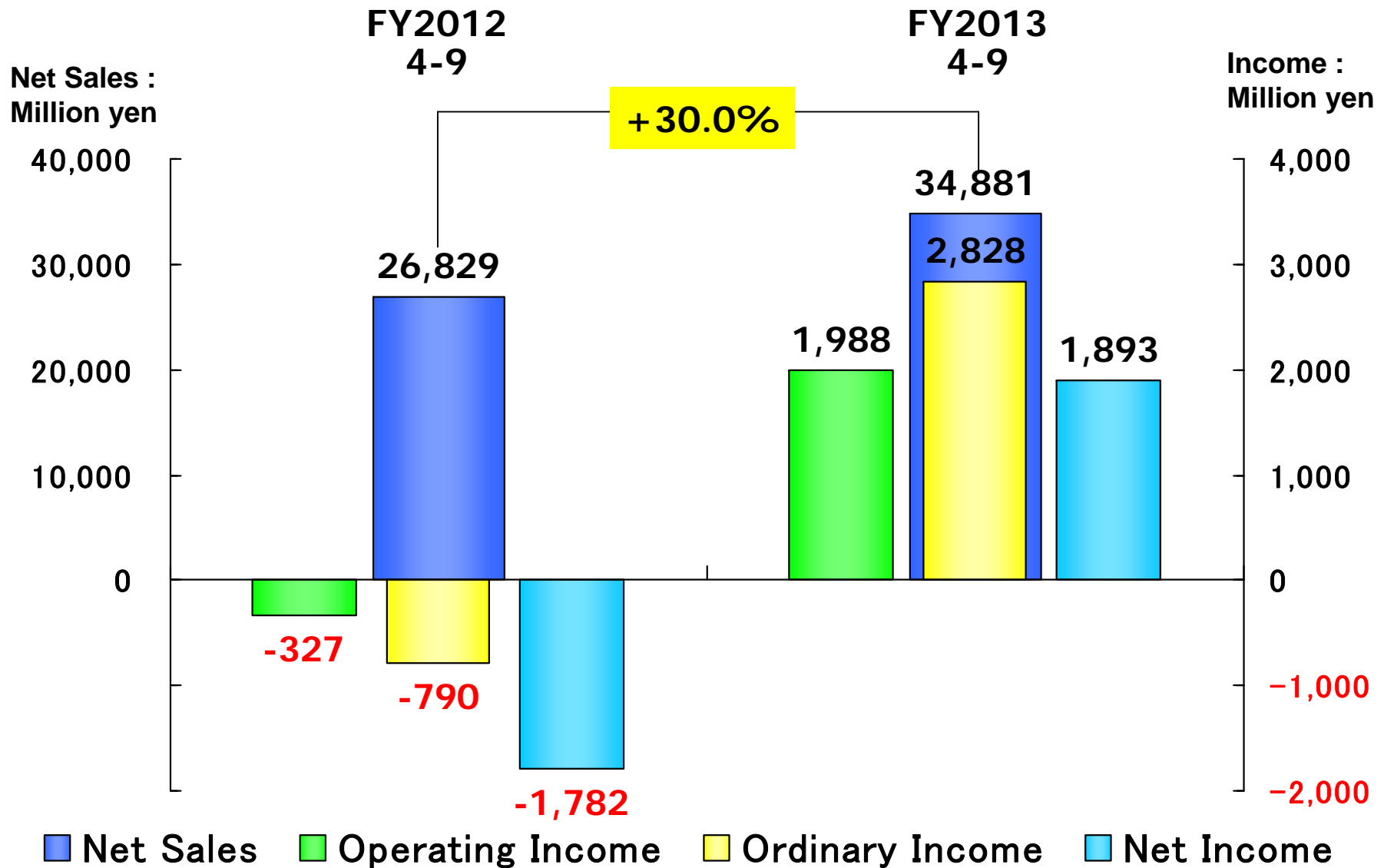
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<Consolidated> Financial Result

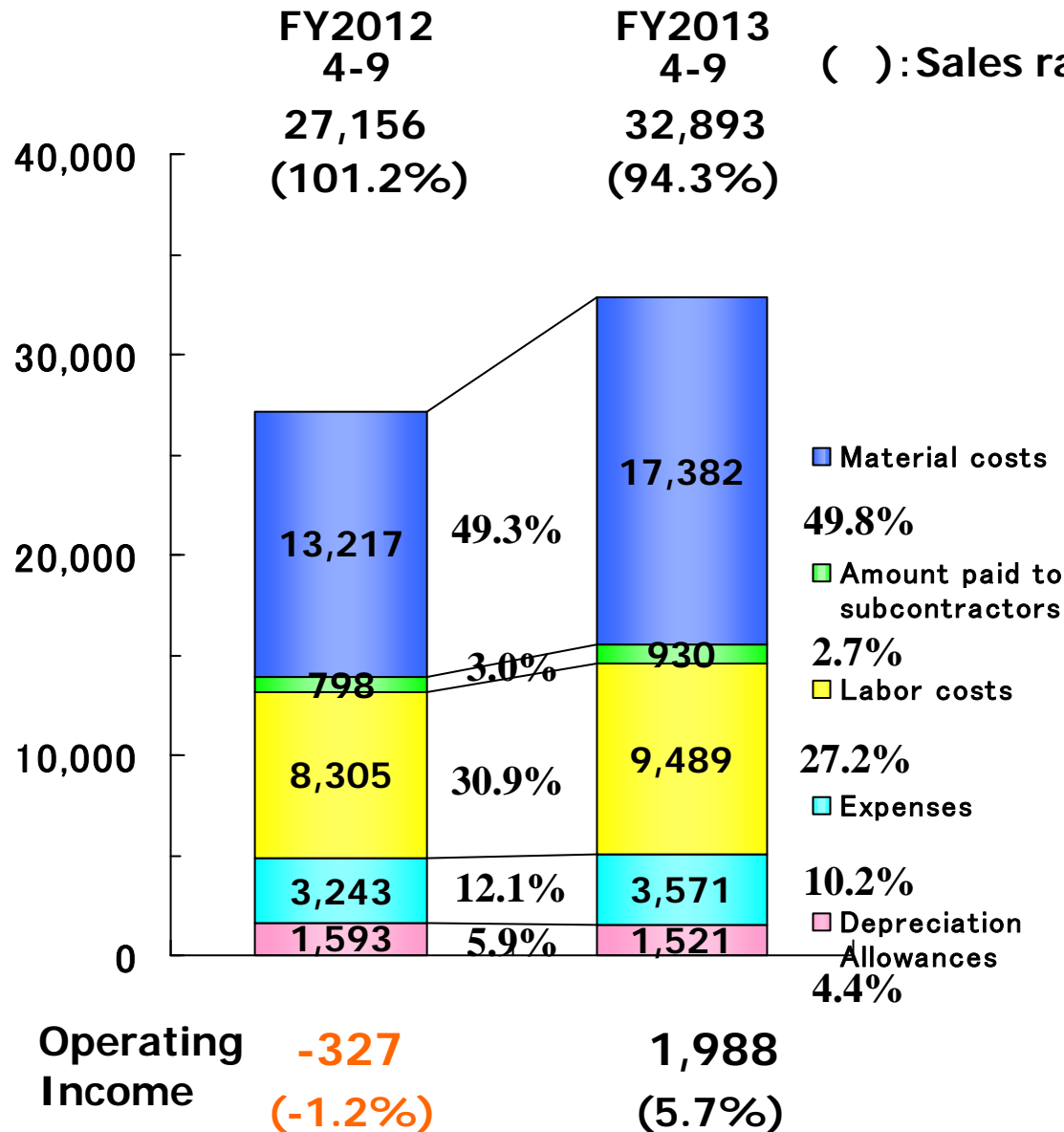
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< Consolidated > Sales Expenses

6/24



- 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



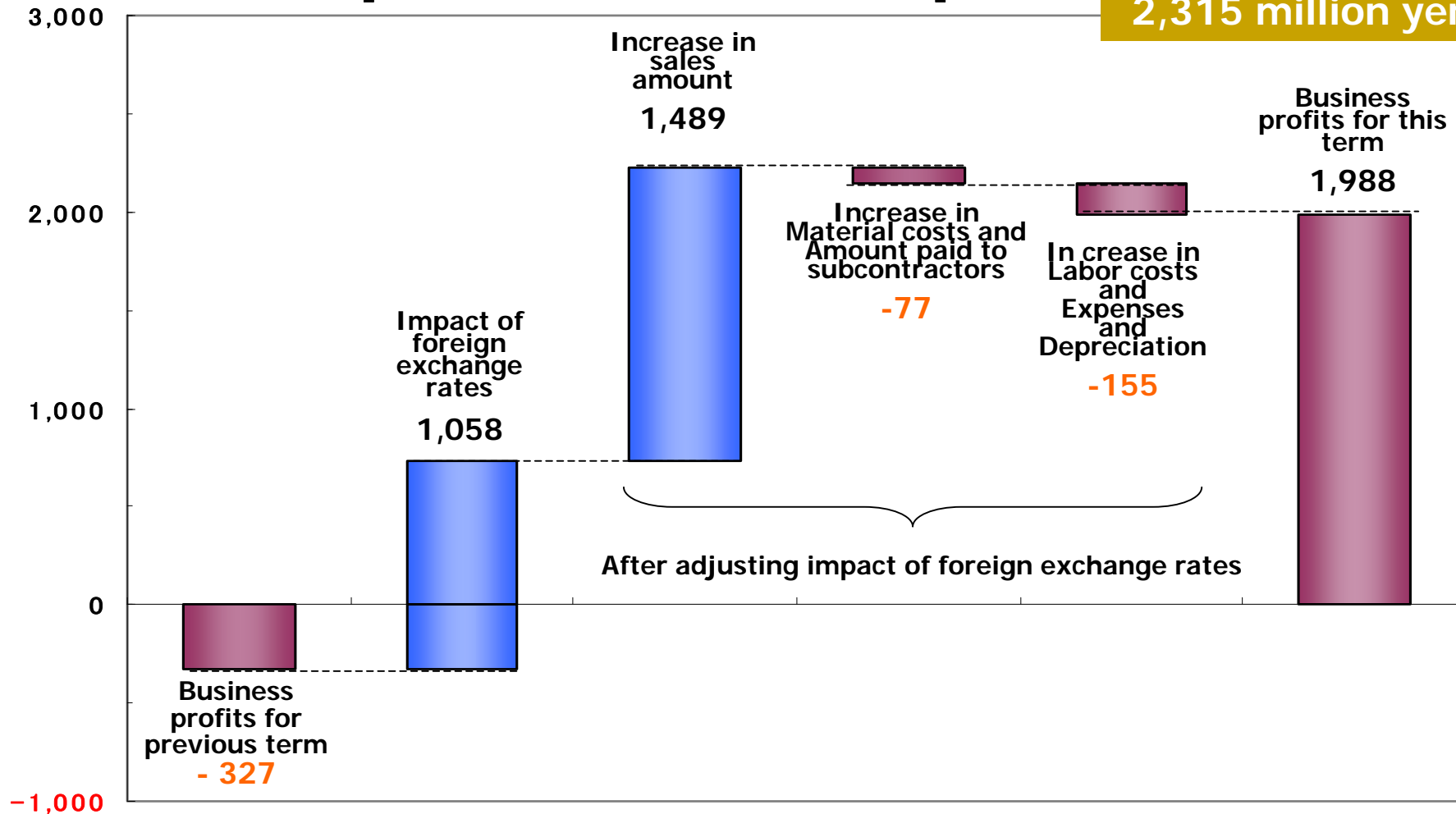
< Consolidated > Analysis of Sales Expenses

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Analysis of factors for increase/decrease
of consolidated operating income
[FY2012 4-9 VS FY2013 4-9]

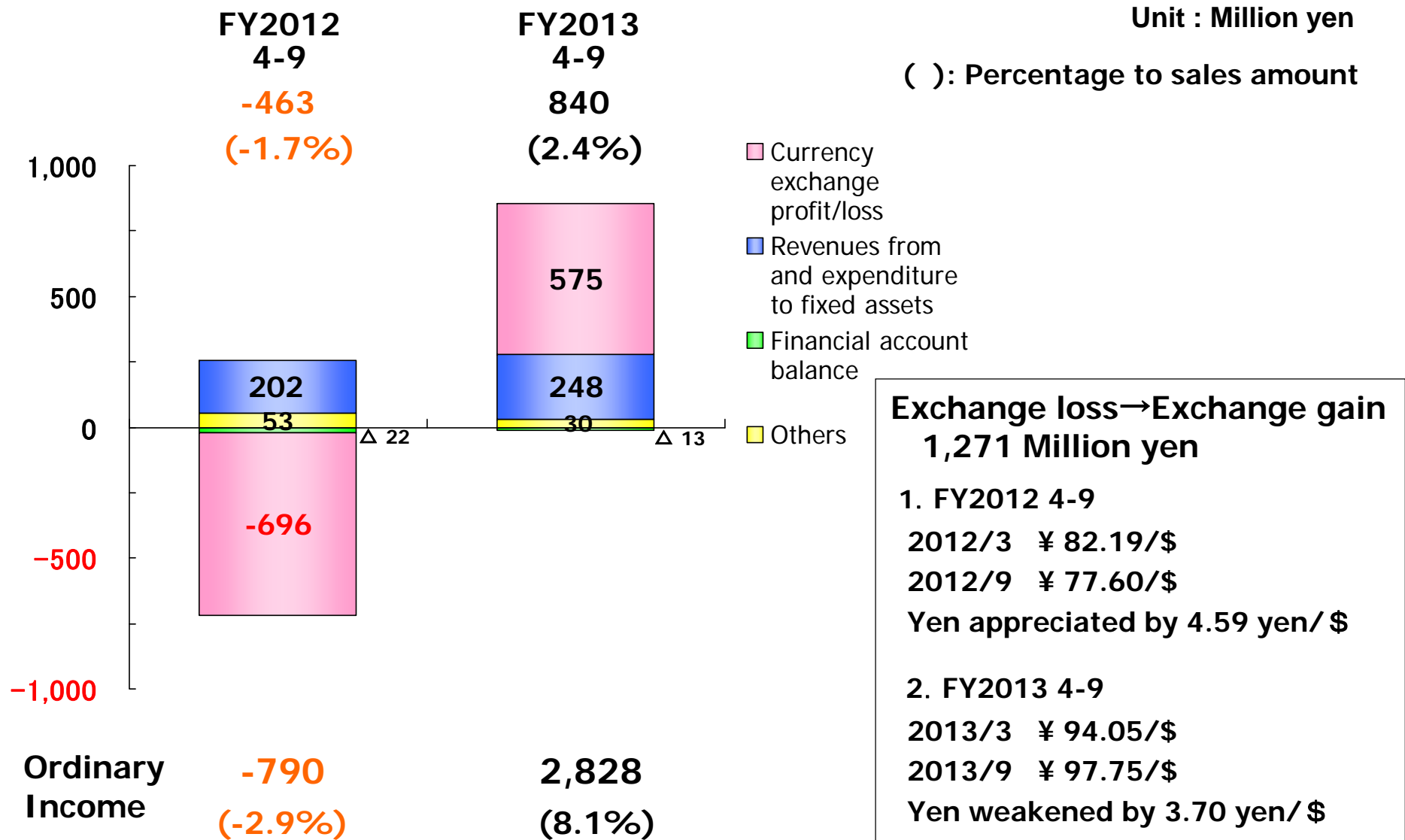
Unit : Million yen

Total
2,315 million yen





< Consolidated > Non-Operating Profit and Loss 8/24





< Consolidated > Cash Position

9/24

Unit :
Million yen

	2013/3 (A)	2013/9 (B)	Differential (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%	△2.8%



< Consolidated > Cash Flow Position

10/24

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

11/24

FY2013 4-9

Unit : Million yen

	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
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

	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
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 Sales		Operating Income		Ordinary Income		Net Income	
		Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2013 (Plan)	2013/10/24 (Revised Plan)	67,000	100.0 +23.0	3,000	4.5	4,100	6.1	2,800	4.2
	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

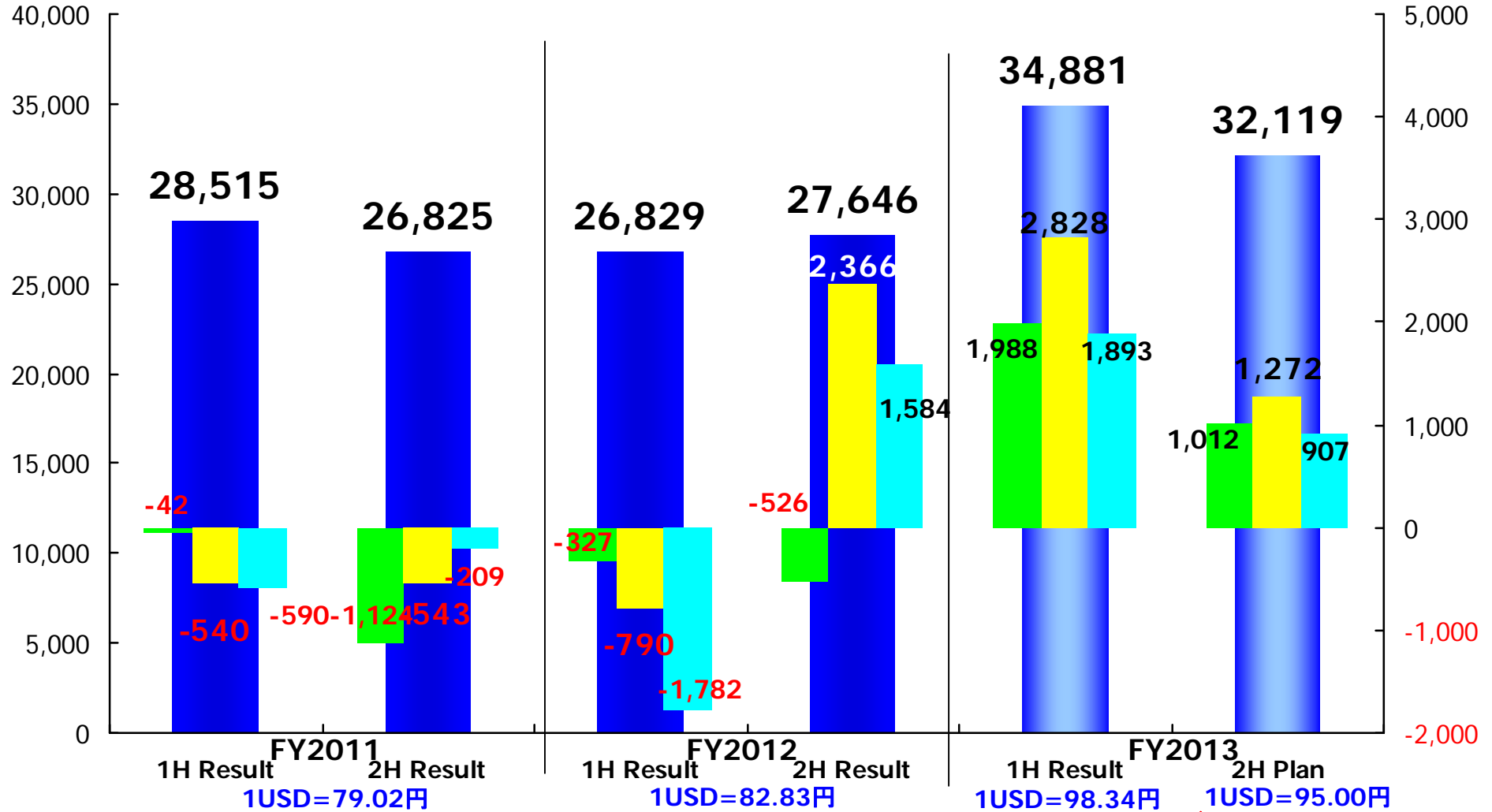
President and COO Yasumitsu Ikeda



Half Fiscal Term Performance (FY2011~FY2013)

Net Sales :
Million yen

Income :
Million yen



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

(Oct,24.2013 Revised Plan)

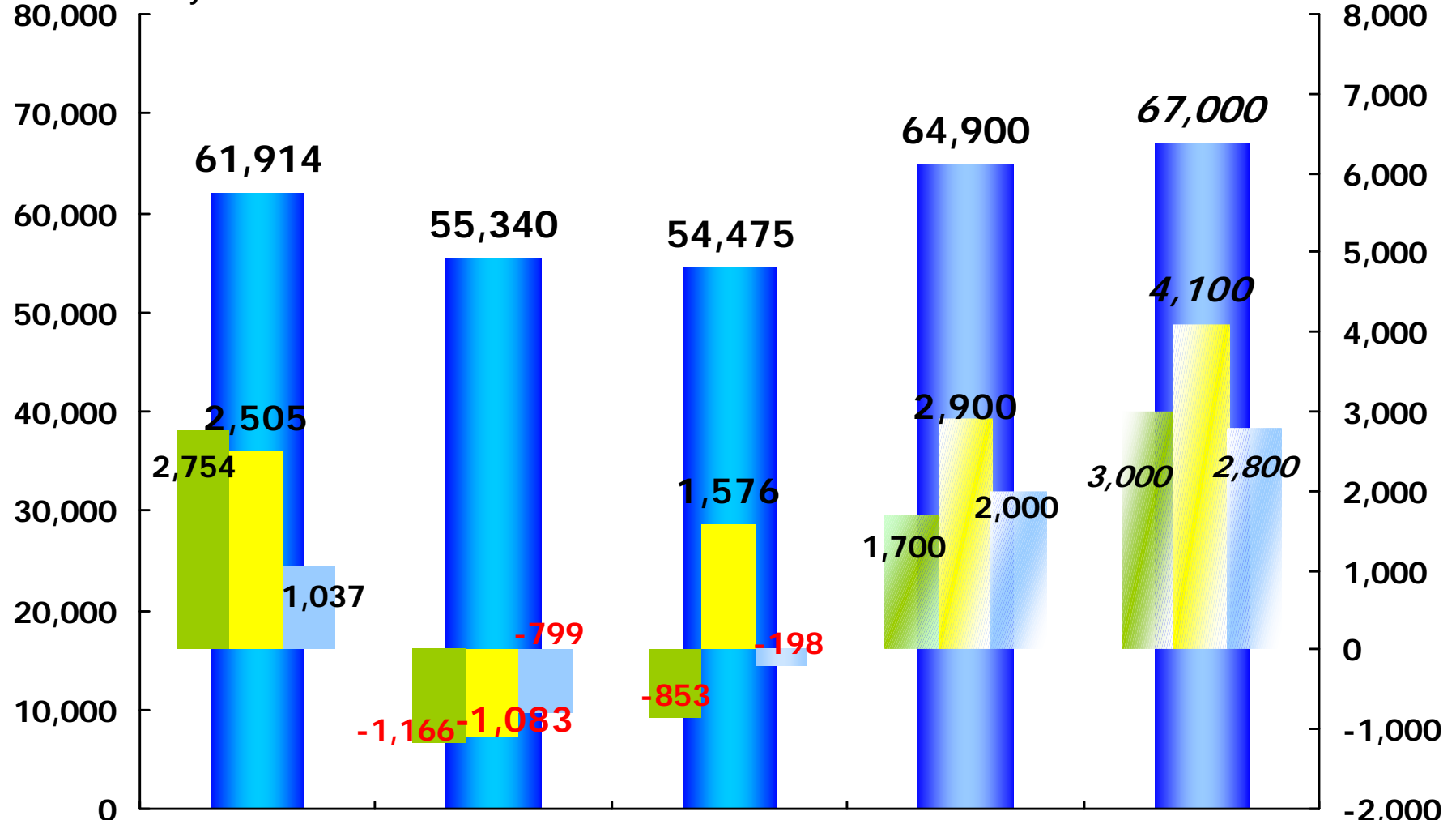




Full Fiscal Term Performance (FY2010~FY2013)

Net Sales : Million yen

Income : Million yen



FY2010 Result 1USD=85.63円
 FY2011 Result 1USD=79.02円
 FY2012 Result 1USD=82.83円
 FY2013 July,25.2013. Revised Plan 2Q 95円 2H 95円
 FY2013 Oct,24.2013 Revised Plan 1H 98.34円 2H 95円

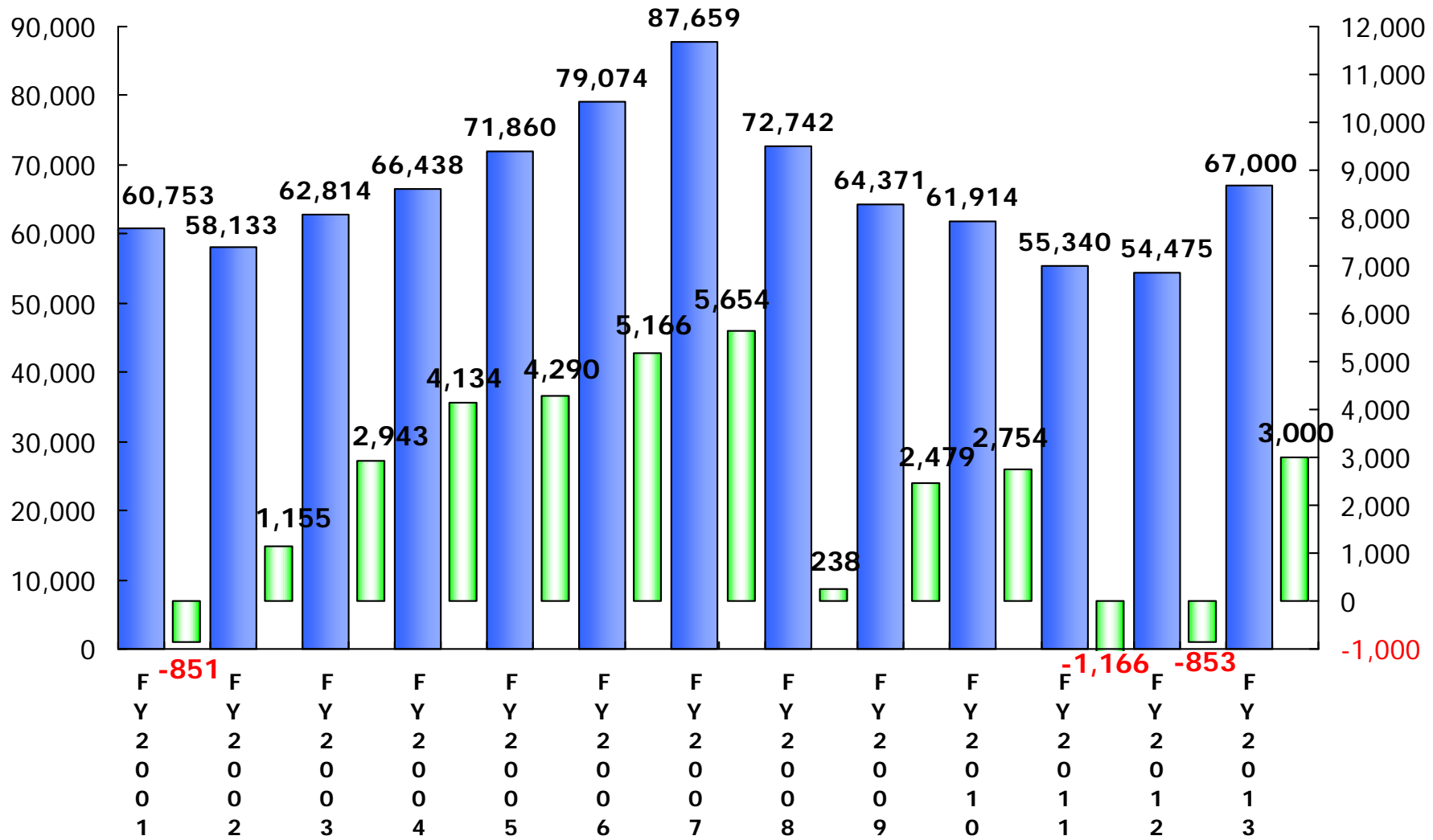




Fiscal Term Sales & Operating Income Performance (FY2001~FY2013)

Net Sales: Million yen

Income: Million yen



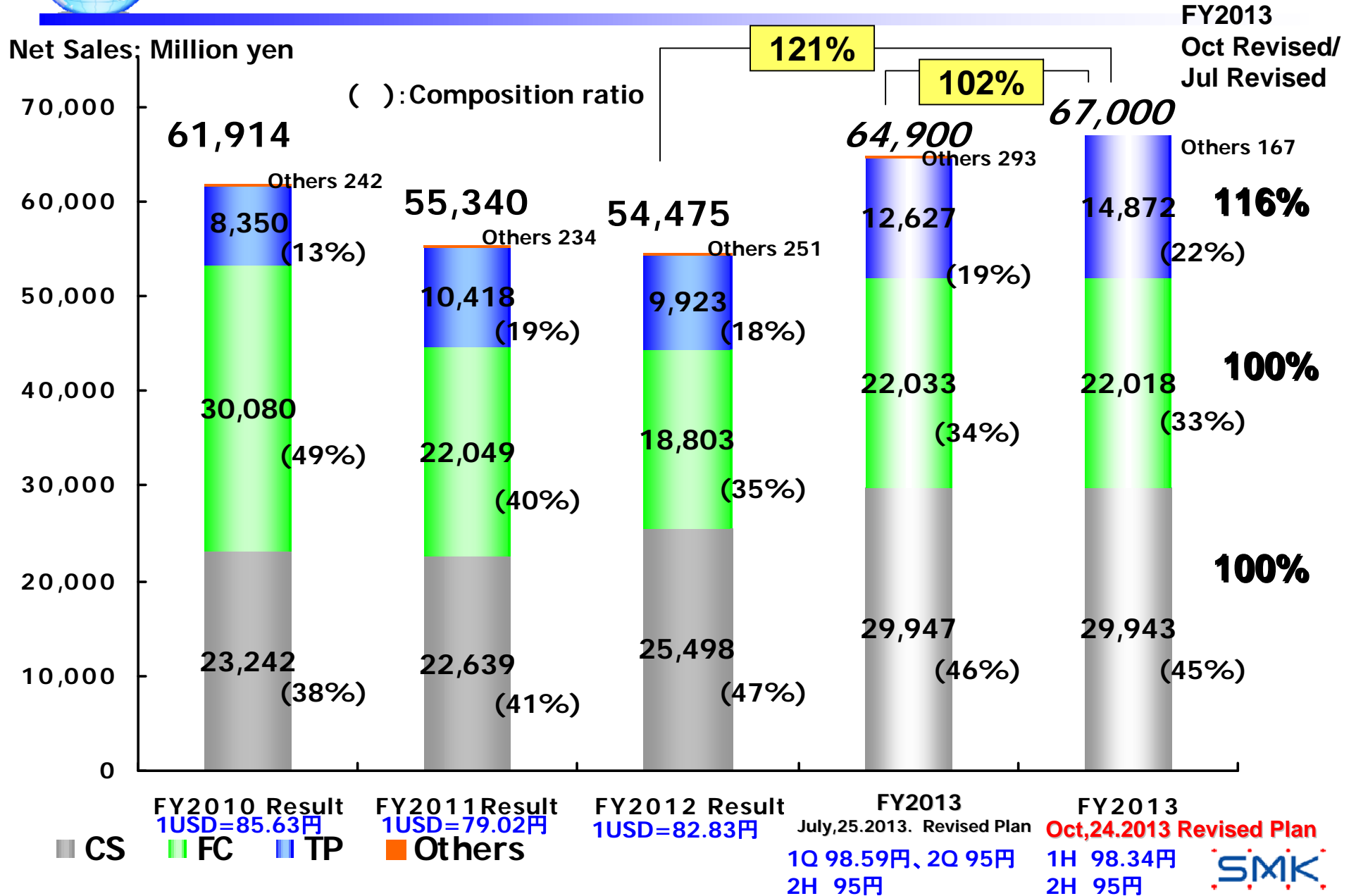
■ Net Sales ■ Operating Income

Oct,24,2013
Revised Plan





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

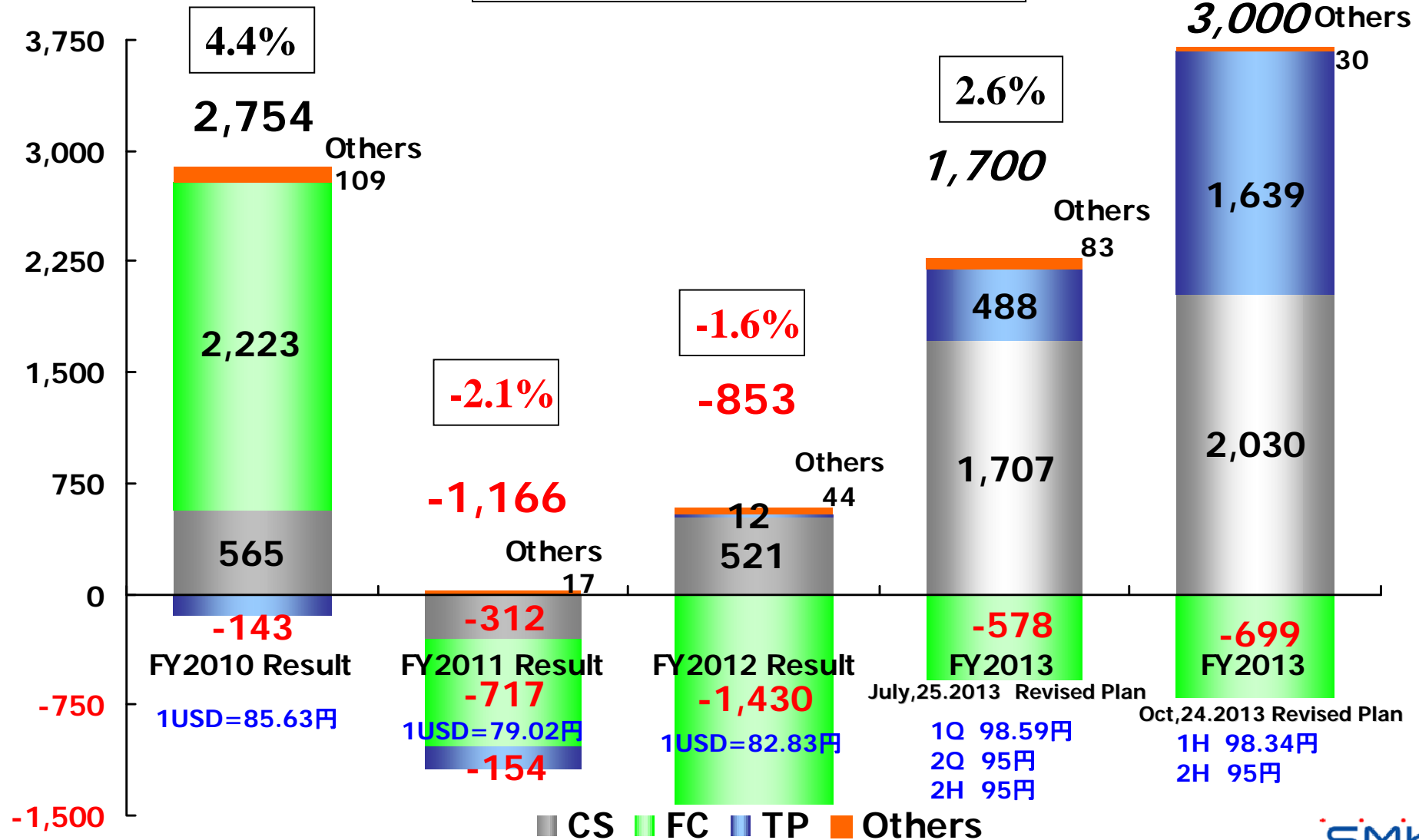




Operating Income by Product Division (FY2010~FY2013)

Income: Million yen

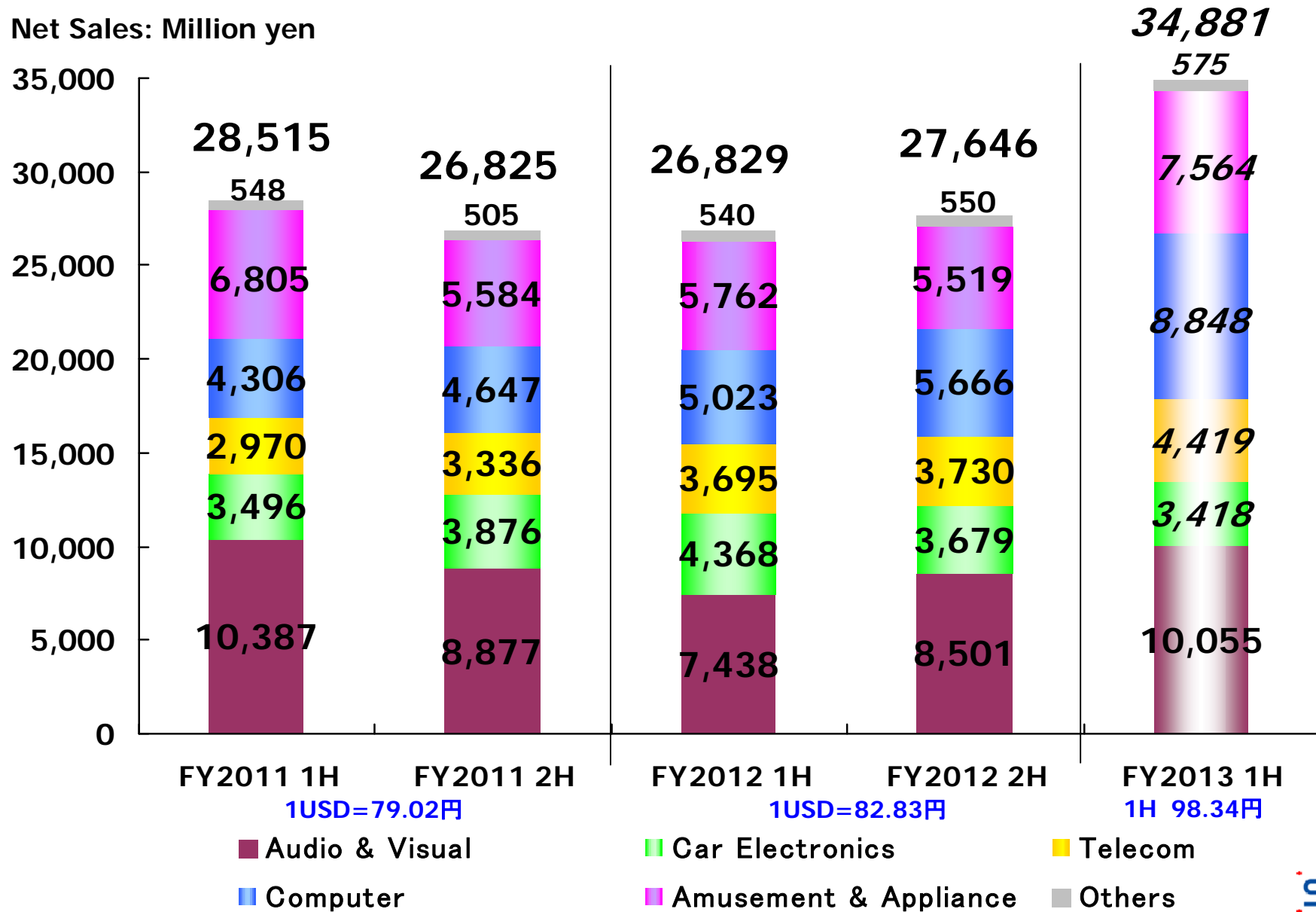
Income ratio = Income/Net sales





Net Sales by Market (FY2011 ~ FY2013)

Net Sales: Million yen





FY2013 Business Environment

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Positive aspects ✓ Continuation of fundamental idea of high yen correction



✓ 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

Positive aspects ✓ 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



FY2013 1H Topics-2

22/24

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 \Rightarrow 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

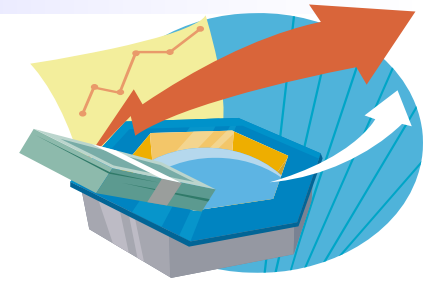
Japan



Dongguan



SMK



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



Notice

24/24

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/>