

FY 2018

2Q Financial Material



Daitron Co., Ltd.

Securities Code: 7609

Outline of Consolidated Accounts of Settlement (performance results and earnings forecasts)



Quarterly Performance Change



2Q cumulative performance

■ Net sales

¥28,491mil.

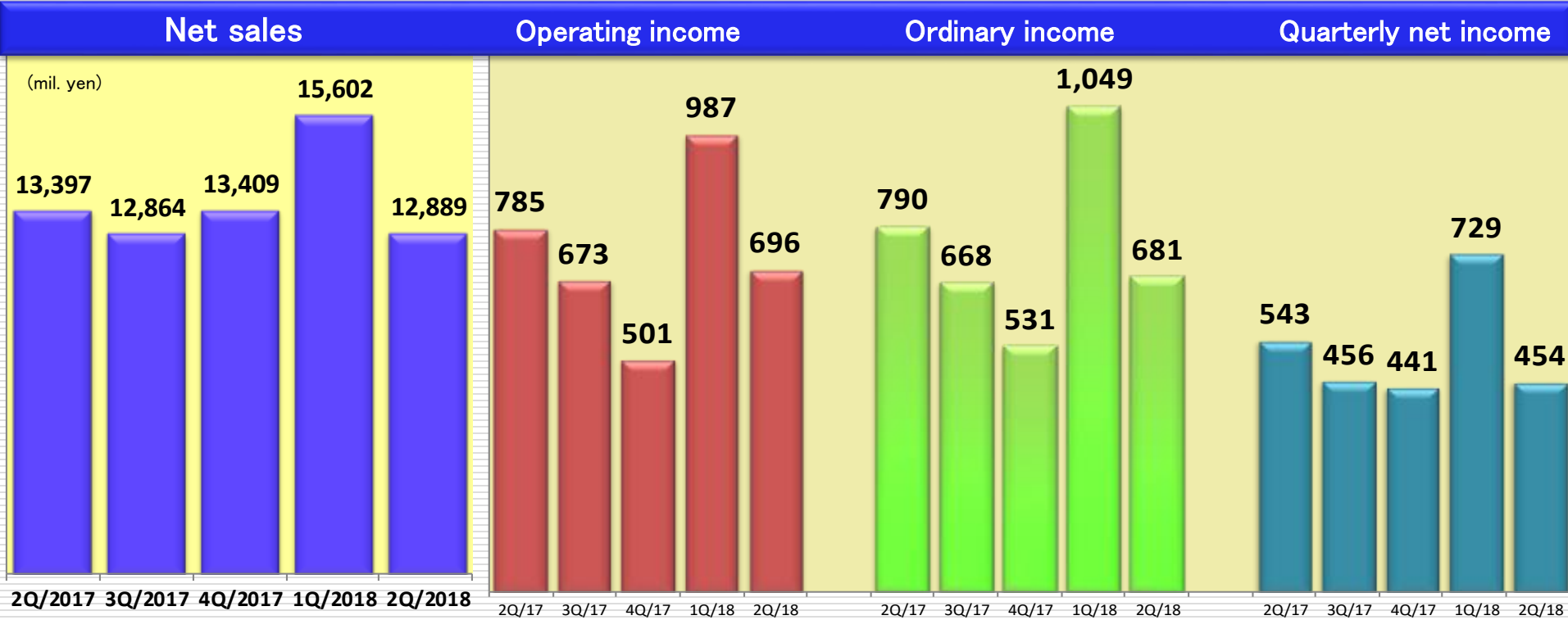
(y/y 112.1%)

■ Operating income **¥1,683mil.**
(y/y **125.0%**)

■ Ordinary income **¥1,730mil.**
(y/y **125.1%**)

■ Quarterly net income **¥1,183mil.**
(y/y **122.0%**)

Graph of quarterly performance change



Consolidated Performance Summary Comparison (y/y)

(mil. yen)	2Q/2017 cumulative	2Q/2018 cumulative	Difference amount	Difference (%)
Net sales	25,410	28,491	3,081	12.1
Operating income	1,347	1,683	336	25.0
Ordinary income	1,383	1,730	347	25.1
Quarterly net income	970	1,183	213	22.0

Consolidated Financial Position Comparison (y/y)

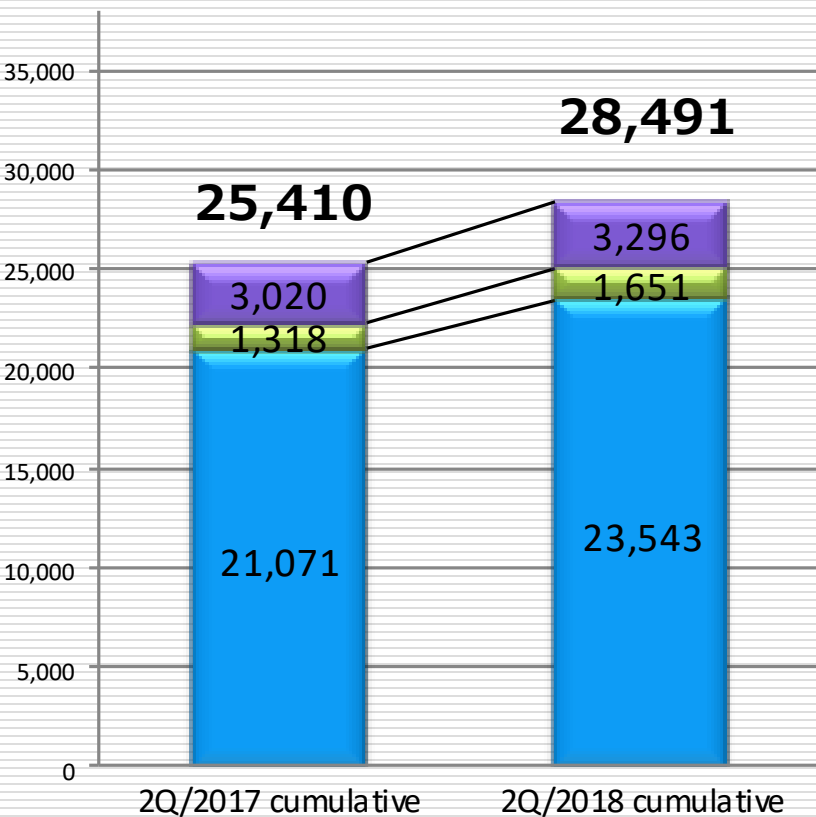


(mil. yen)	2Q/2017 cumulative	2Q/2018 cumulative	Difference amount
Total assets	35,383	35,850	467
Total liabilities	19,890	19,580	△310
Shareholders e q u i t y	15,236	16,106	870
Net assets	15,492	16,270	778
Equity ratio	43.8%	45.4%	+1.6Pt
Net asset per share (yen)	1,397.97	1,467.13	69.16

General Change by Report Segment

Net sales

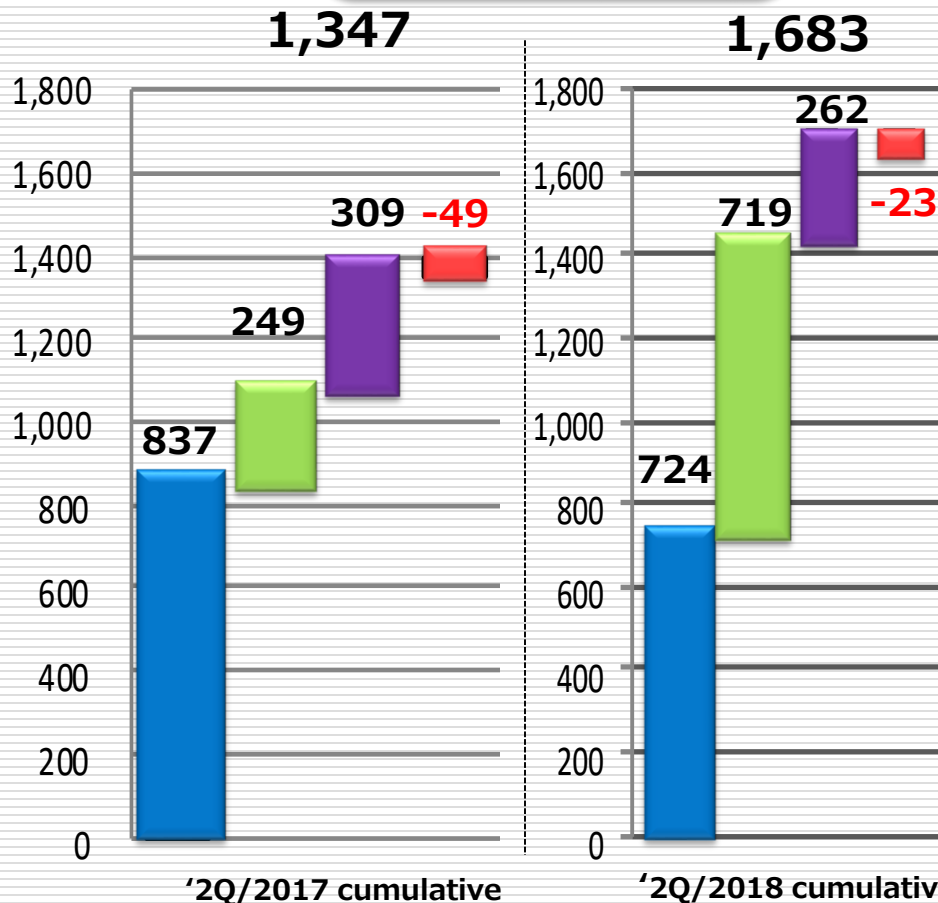
(mil. yen)



■ Domestic Sales Business
 ■ Domestic Manufacturing Business
 ■ Overseas Subsidiary

Operating income

(mil. yen)



■ Domestic Sales Business
 ■ Domestic Manufacturing Business
 ■ Overseas Subsidiary
 ■ Adjustments

(Note) Adjustments in segment income or loss include the inter-segmental transaction elimination and corporate allocation not allocated to each report segment. The main portion of corporate allocation is selling, general and administrative expenses not attributable to report segments.

General Change by Report Segment

Net sales

(mil. Yen)	2Q/2017 cumulative	2Q/2018 cumulative	Difference amount	Difference (%)
Domestic Sales Business	21,071	23,543	2,472	11.7
Domestic Manufacturing Business	1,318	1,651	333	25.3
Overseas Subsidiary	3,020	3,296	276	9.1

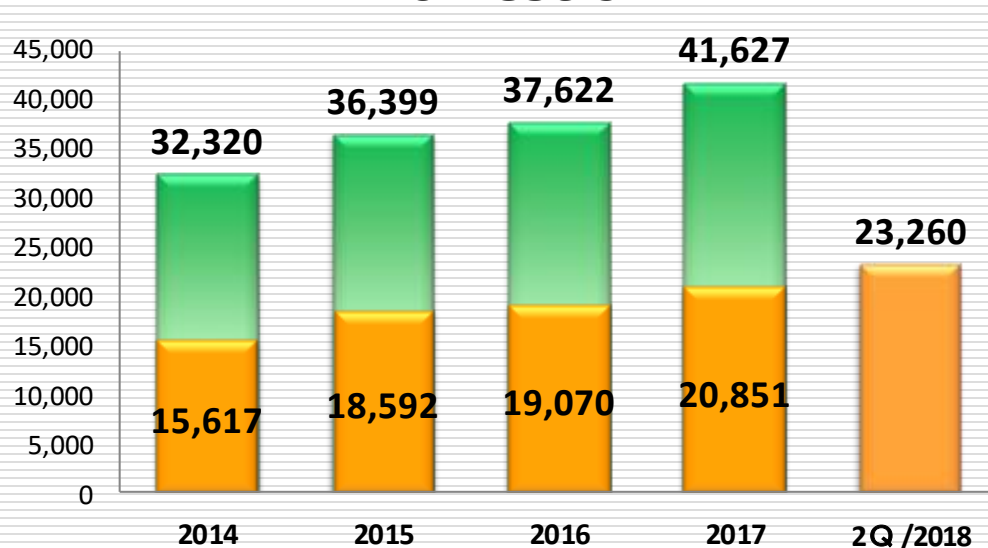
Operating income

(mil. yen)	2Q/2017 cumulative	2Q/2018 cumulative	Difference amount	Difference (%)
Domestic Sales Business	837	724	△113	△13.5
Domestic Manufacturing Business	249	719	470	188
Overseas Subsidiary	309	262	△47	△15.1
Adjustment	△49	△23	—	—

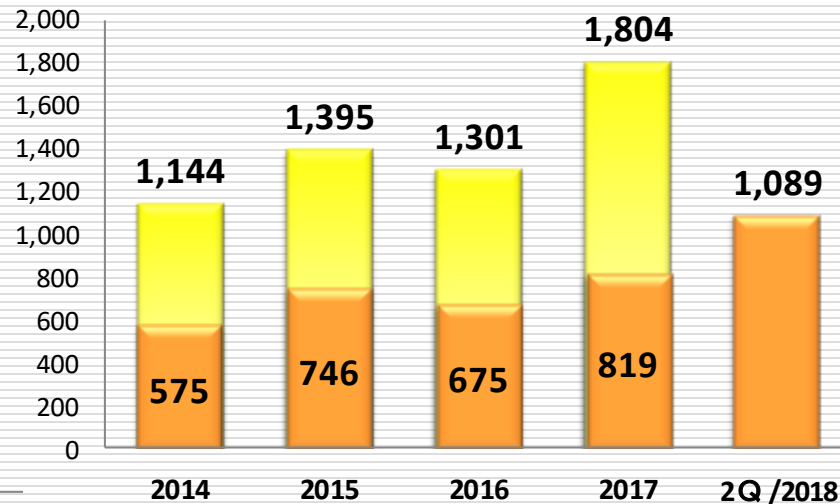
Net Sales Change by Area

(mil. yen)

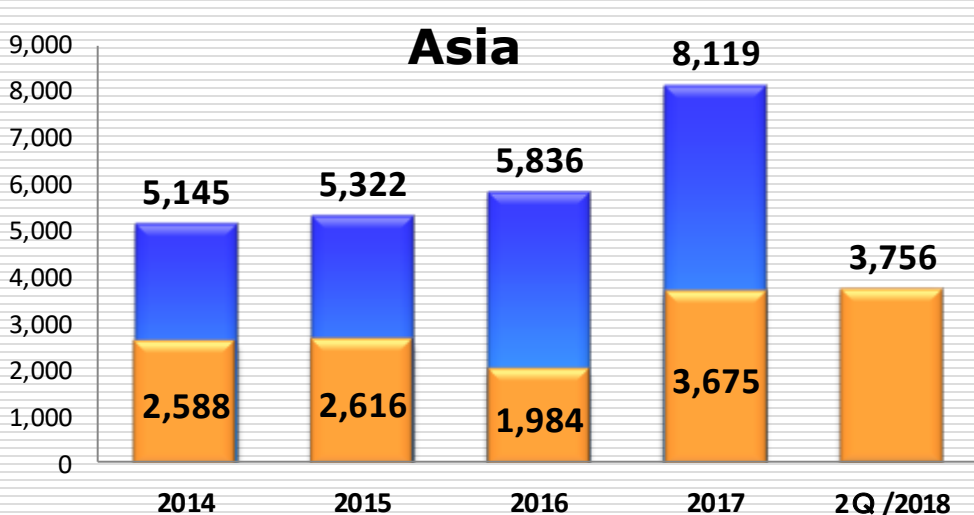
Domestic



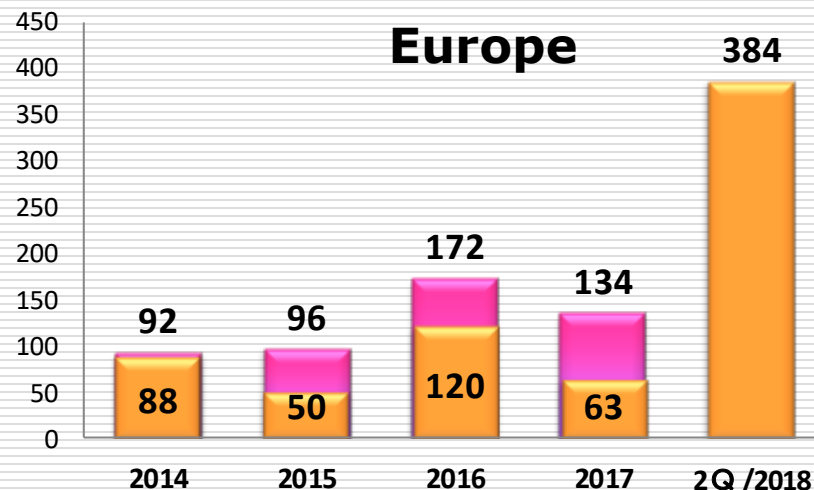
North America



Asia



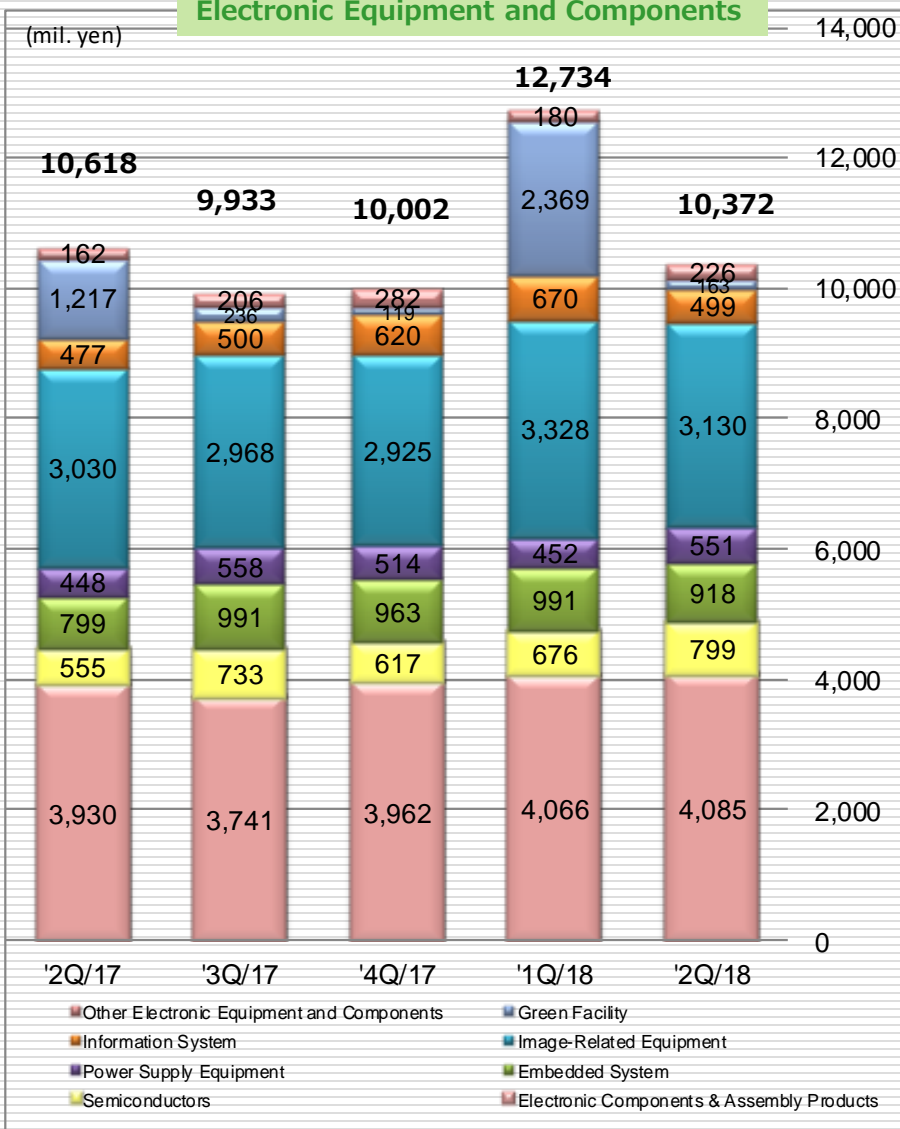
Europe



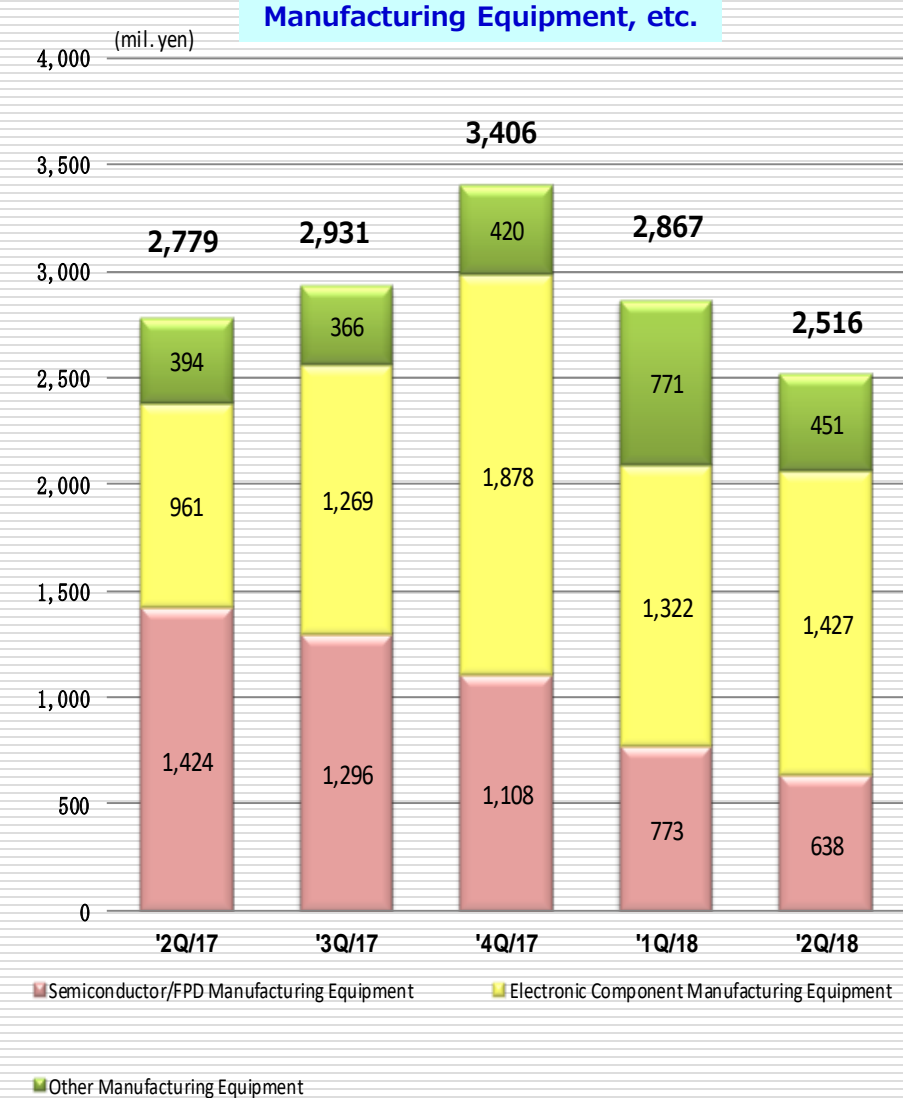
Product Segment Quarterly Performance Change



Electronic Equipment and Components



Manufacturing Equipment, etc.



Our Business Structure 2Q/2018 cumulative performance



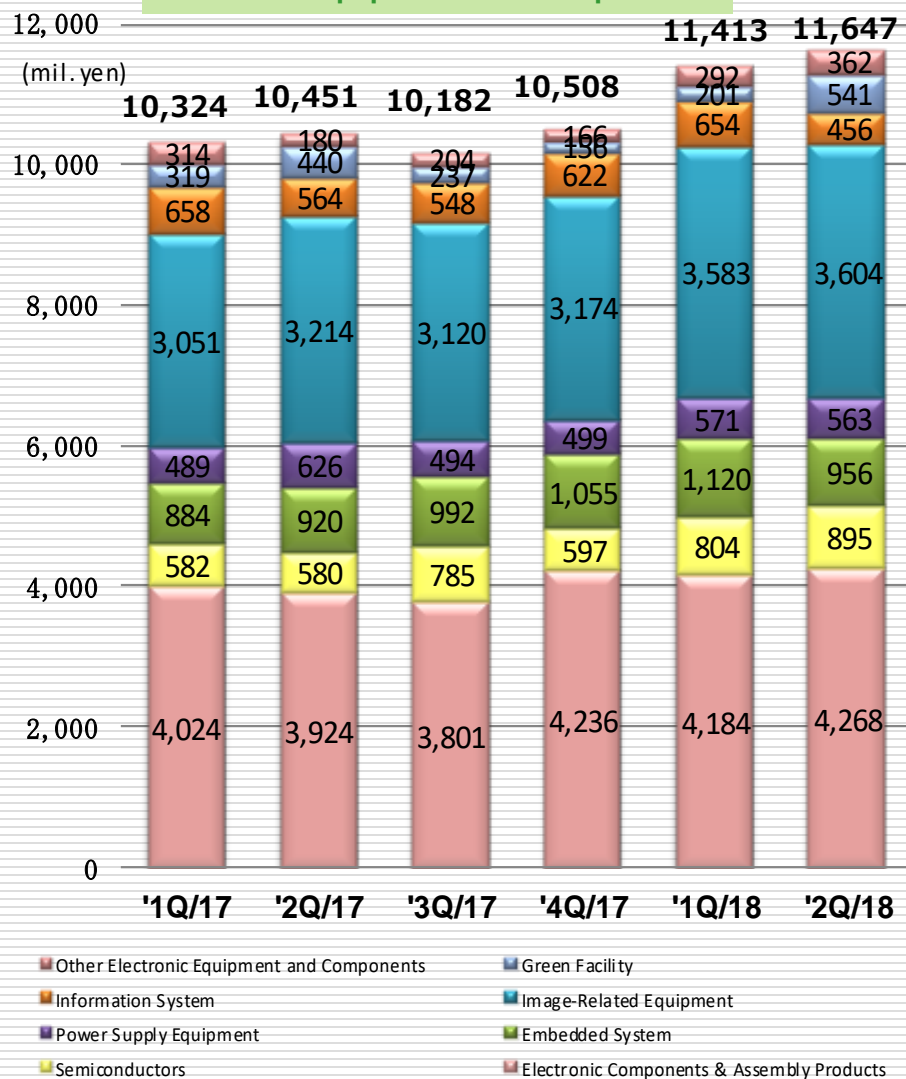
	By product segment	Sales composition ratio	Gross profit margin	Original product ratio	Overseas business ratio	
Electronic Equipment and Components	Electronic Components & Assembly Products	28.6%	25.5%	30.3% (2Q/2017 : 24.1%)	North America 3.8% (2Q/2017 : 3.2%)	
	Semiconductors	5.2%	20.5%			
	Embedded System	6.7%	14.7%			
	Power Supply Equipment (including Green Facility) By product segment	12.4%	14.2%		30.3% (2Q/2017 : 24.1%)	Europe 1.4% (2Q/2017 : 0.3%)
	Image-Related Equipment	22.7%	16.7%			
	Information System	4.1%	27.4%			
	Other Electronic Equipment and Components	1.4%	11.5%			
Manufacturing Equipment, etc.	Semiconductor/FPD Manufacturing Equipment	5.0%	30.3%	30.3% (2Q/2017 : 24.1%)	Asia 13.2% (2Q/2017 : 14.5%)	
	Electronic Component Manufacturing Equipment	9.7%	34.7%			
	Other Manufacturing Equipment	4.2%	16.9%			
Total		100.0%	21.7% (2Q/2017 : 22.3%)	30.3% (2Q/2017 : 24.1%)	18.4% (2Q/2017 : 17.9%)	

■ shows the product segments including the Company's original products.

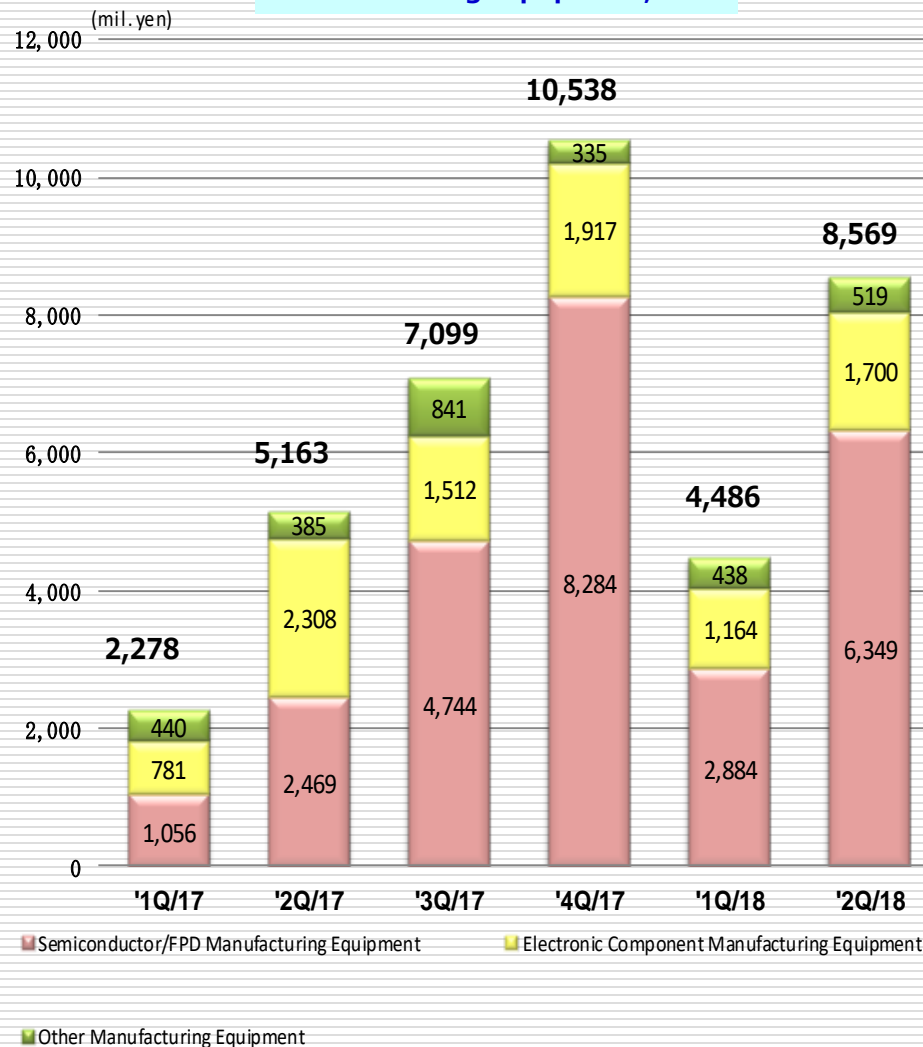
Quarterly Order Change (by segment)



Electronic Equipment and Components



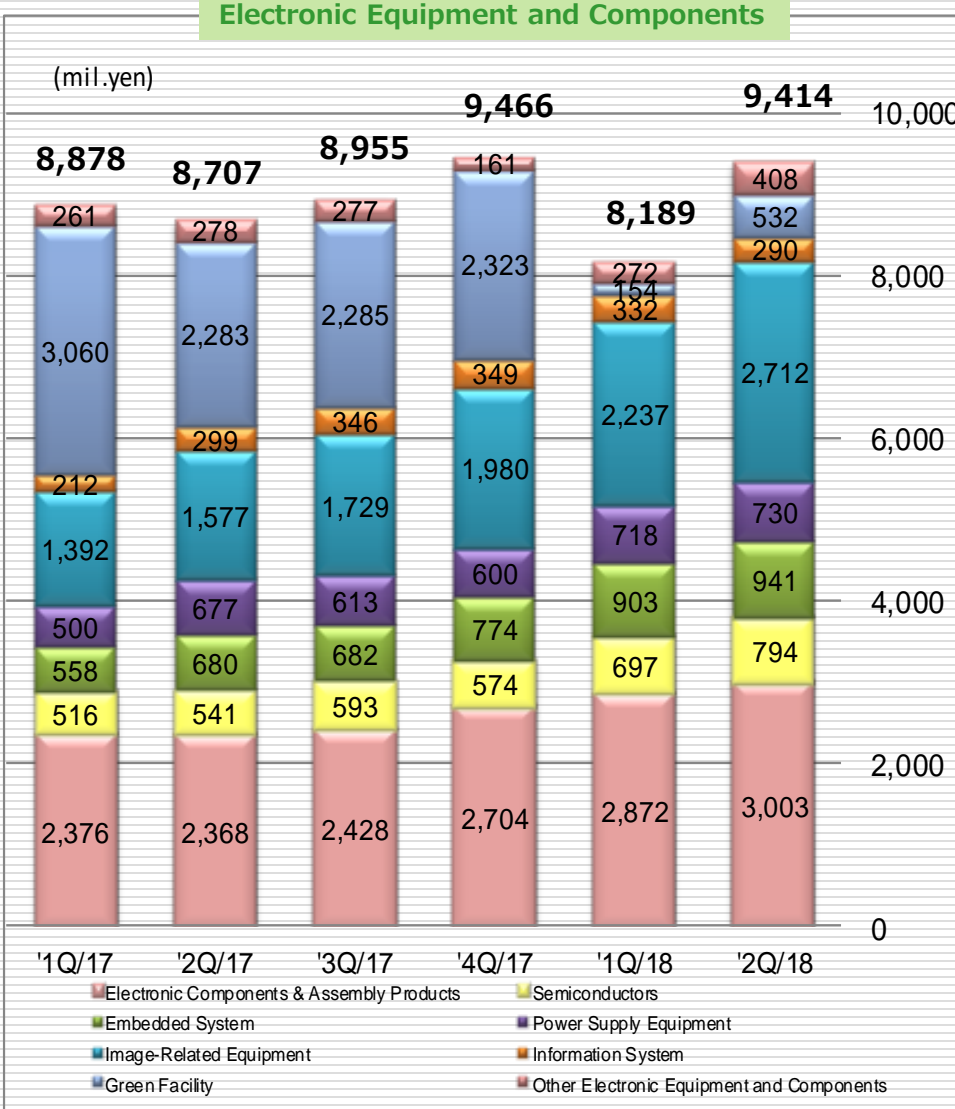
Manufacturing Equipment, etc.



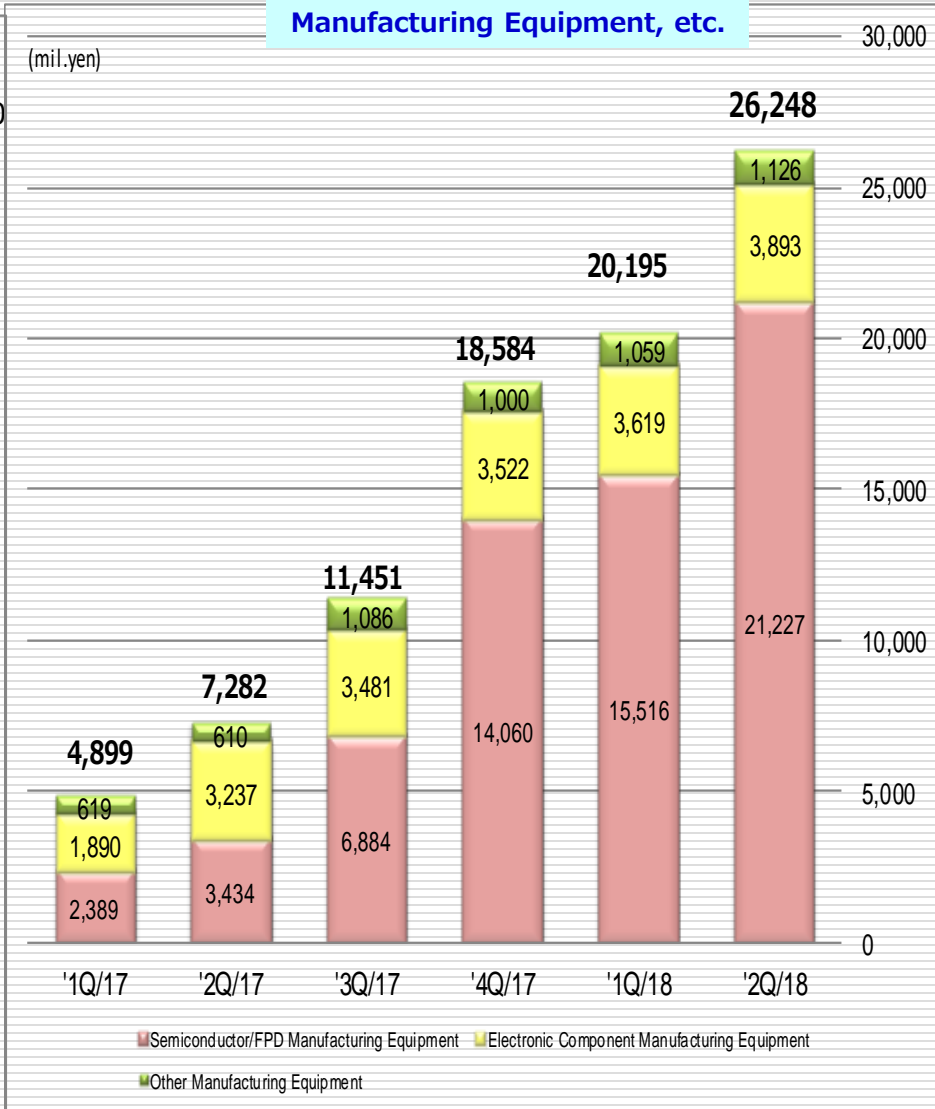
Quarterly Order Backlog Change (by segment)



Electronic Equipment and Components



Manufacturing Equipment, etc.



※ Including backlogs of orders for delivery in or after 2019 of approx. ¥480 mil. in Electronic Equipment and Components, and approx. ¥18,961 mil. in Manufacturing Equipment.

Consolidated Performance Forecast (full-year)



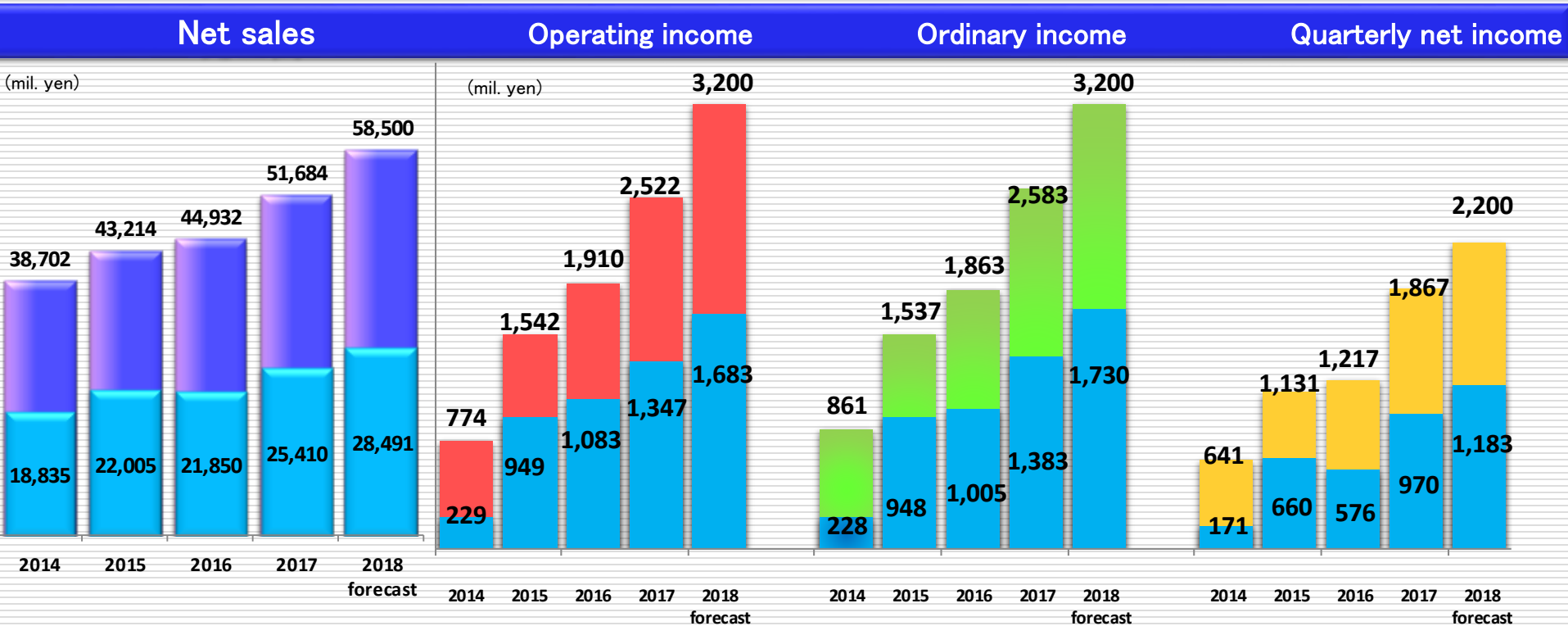
■ Net sales

¥58,500mil.
(y/y 113.2%)

■ Operating income **¥3,200mil.**
(y/y 126.9%)

■ Ordinary income **¥3,200mil.**
(y/y 123.9%)

■ Net income **¥2,200mil.**
(y/y 117.8%)



Dividend

(yen)	2Q end (interim)	Period- end	Annual dividend (interim + period-end)	Initial forecast	Payout ratio
2014	0	15	15	5	26.0%
2015	0	25	25	15	24.5%
2016	0	30	30	20	27.4%
2017	15	30	45	30	26.6%
2018 forecast	20	30	50	50	25.2%

※ Started paying interim dividends from FY 2017

The 9th Mid-Term Management Plan (9M)



1 New Group Statement

Creator for the **NEXT**

An expression of determination to create new values capitalizing on the Group network as a company leading the electronics industry

External message

「An expression of intent to “grasp markets from a global viewpoint to create and provide values one step ahead of customer needs”」

Internal message

「An expression of a spirit of “always creating a next proposal and seeking a stage for further growth”」

N : Network

E : Engineering

X : (Synergy)

T : Trading

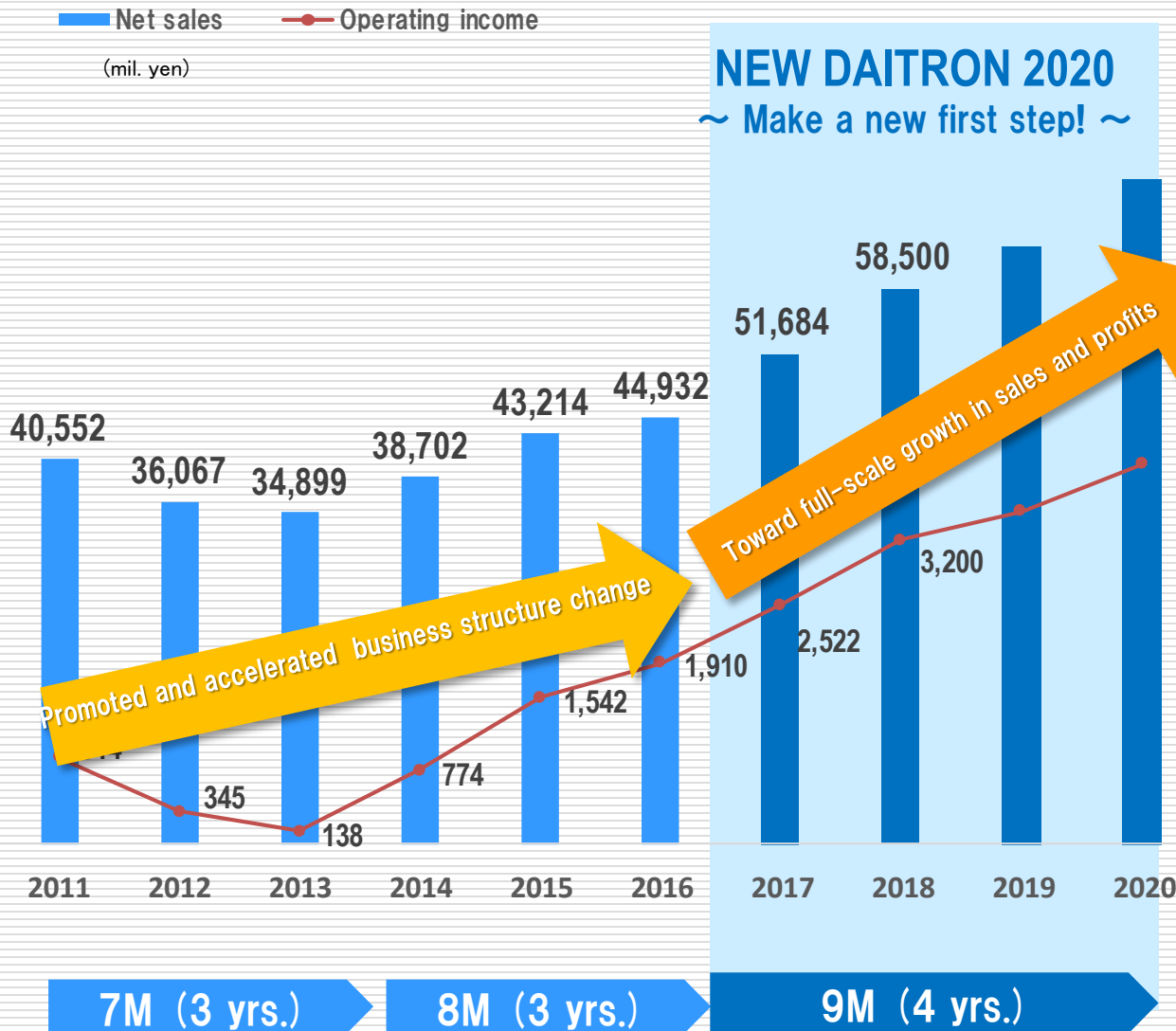
2 9M slogan

**Toward further growth
under the “combined
manufacturing and
sales policy.”**

3 Ideal

- **Unique company with manufacturing and sales functions combined**
 - Being "reliable" for customers and offering a "sense of security" to suppliers
 - Having "dynamism" of a trader and "potentiality and soundness" of a manufacturer
- **Company with distinctive technologies and products indispensable to the industry**
- **Company whose employees feel job satisfaction and are proud of working for it**
- **Organization which has united strength and moves autonomously and actively**

1) Numerical targets (consolidated)



【2020 numerical targets】

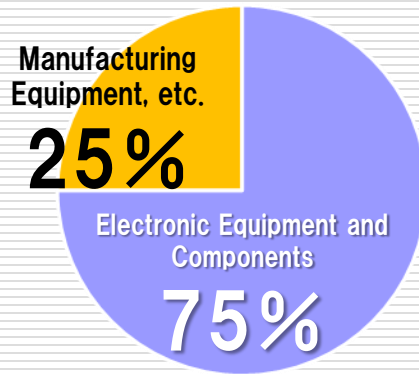
Aim at further continued growth beyond record performance both in sales and profits by achieving sustainable growth

【Target management indexes】

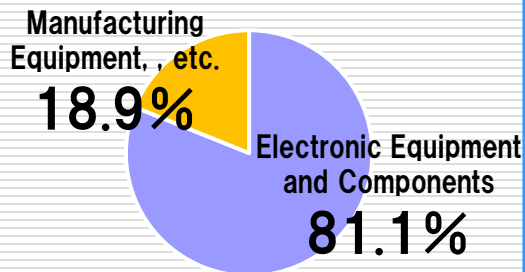
- Equity ratio**
50%
- ROA**
ROA 4% or above
- ROE**
ROE 8% or above

Composition ratio by department (sales base)

【2020 target】

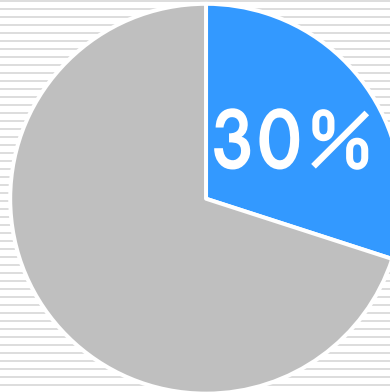


▲
【At 2Q/2018】

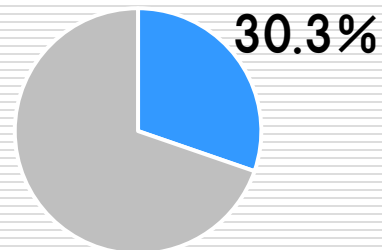


Original product ratio (sales base)

【2020 target】

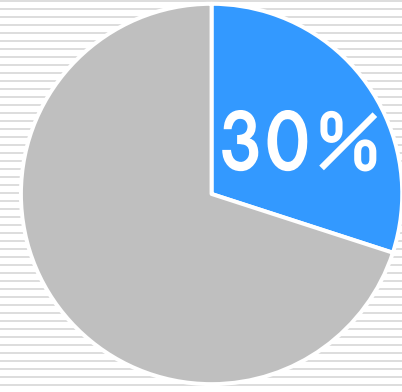


▲
【At 2Q/2018】

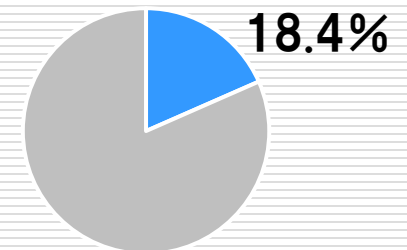


Overseas business ratio (sales base)

【2020 target】



▲
【At 2Q/2018】



【Basic Policy】

To produce the maximum synergy from the three-company merger under a new framework toward the "combined manufacturing and sales policy" to realize the Long-Term Vision



【Basic Strategies】

- ① Promotion of growth-focused business reconstruction**
- ② Reinforcement of original product development**
- ③ Enhancement of overseas operations**
- ④ Improvement in marketing and sales capabilities**
- ⑤ Strengthened integration of production divisions**
- ⑥ Reinforcement of organizational and personnel strengths**

Points of each basic strategy in 2018 (9M 2nd year) - 1

1. Promotion of growth-focused business reconstruction

- (1) Automotive: ADAS & EV related business expansion
- (2) Medical: Pharmaceutical industry & consumables related business expansion
- (3) Robotics: Response to expanding and globalized market

2. Reinforcement of original product development

- (1) Brush-up on original technologies and existing product lines
- (2) Enhancement of product lines by strengthened cooperation with suppliers
- (3) Launch of Daito-Tec Co., Ltd.

3. Enhancement of overseas operations

- (1) Further promotion of globalization by establishing Global Business Division
(independent organization)

Points of basic strategies in 2018 (9M 2nd year) - 2

4. Improvement in marketing and sales capabilities

- (1) Increase proposal opportunities for all the products handled by Daitron by expanding general-purpose semiconductor product lines and approaching customers from planning and design stages for expanding sales size and customer base**

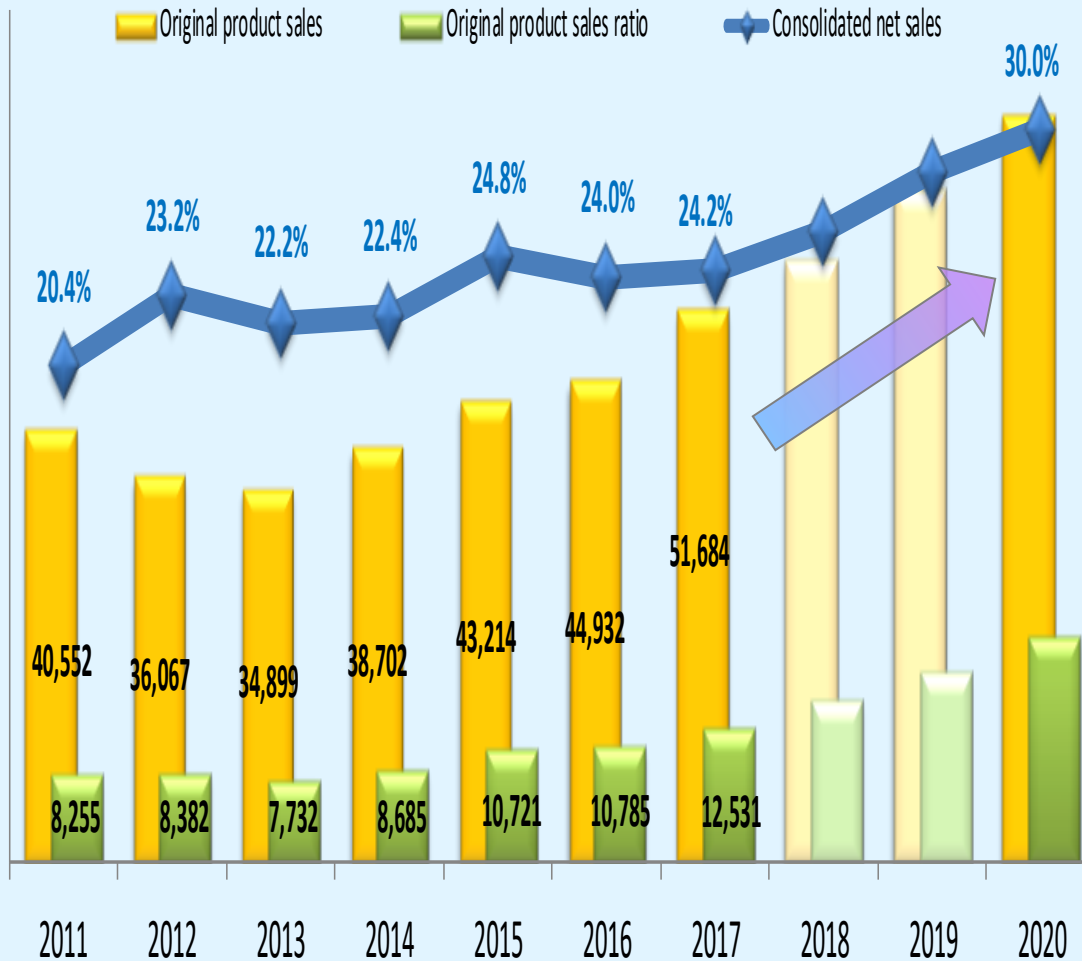
5. Strengthened integration of production divisions

- (1) Production expansion of Chubu Factory No.1 businesses
(power supply, aircraft, vehicle, automotive)**
- (2) Completion and operation of Chubu Factory No.2 (targeted within 2018)**

6. Reinforcement of organizational and personnel strengths

- (1) Seek personnel development and revitalization through job rotation and career path system**
- (2) Strengthen risk management**

(mil. yen)

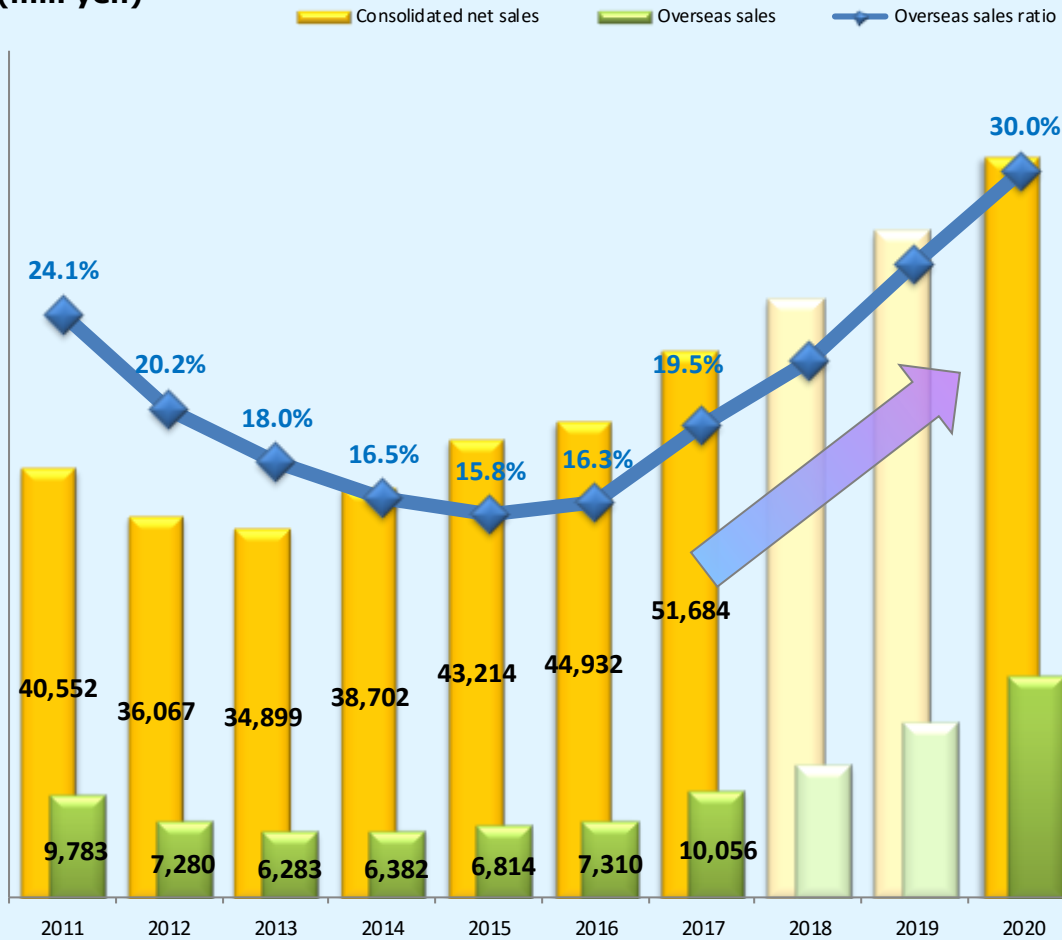


**Original product ratio
(sales base)
Aim at 30% in 2020**

Strategic point

- ① Improvement in original technologies and current product lines
- ② Enhancement of lines by reinforced cooperation with suppliers
- ③ Launch of Daito-Tec Co., Ltd.

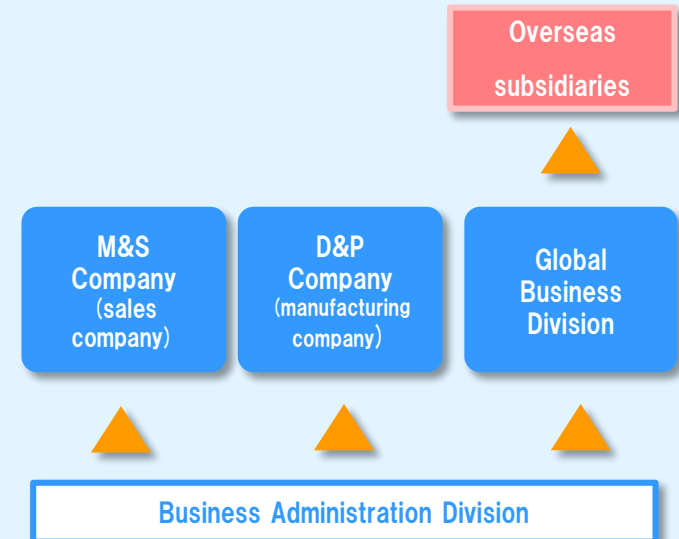
(mil. yen)



Overseas sales ratio
(sales base)
Aim at 30% in 2020

Strategic point

• Further propelling global operations by establishing the Global Business Division (independent organization)



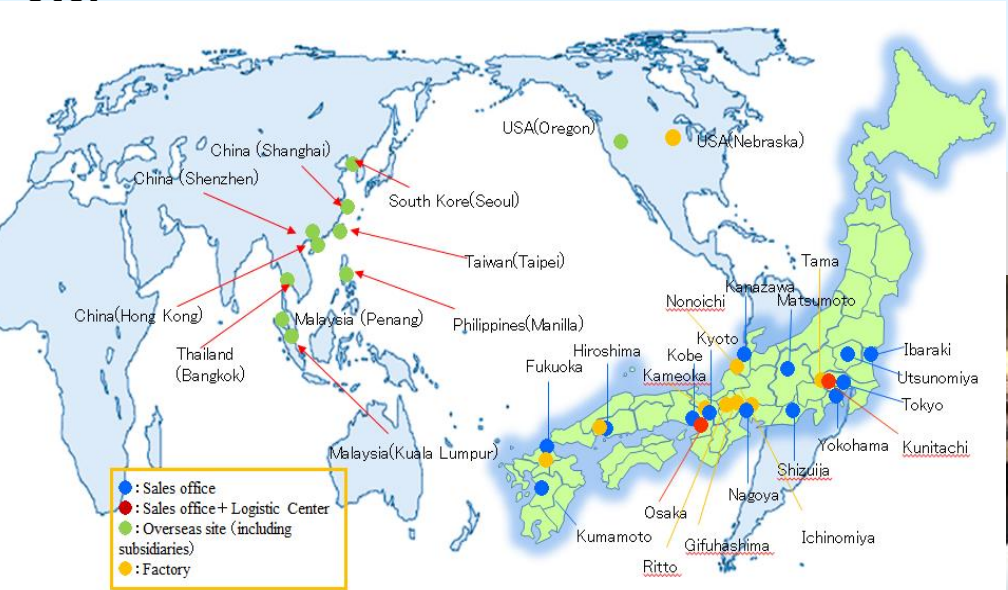
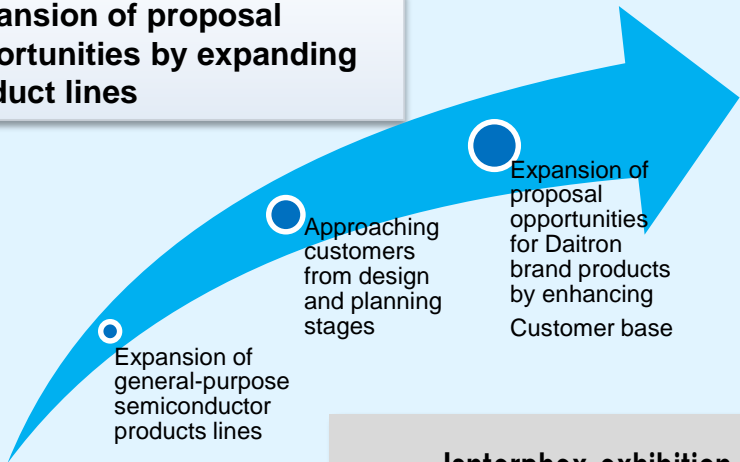
Strategic point 1 Expansion of domestic and overseas sales networks

Strategic point 2 Strengthening of presence in the existing markets

【Domestic】 ● Tohoku area ● Shikoku area, etc.

【Overseas】 ● Vietnam ● India ● Europe, etc.

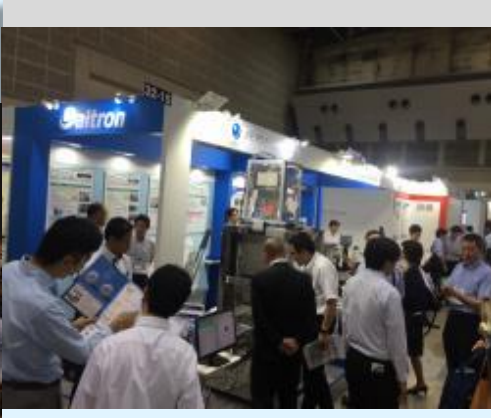
Expansion of proposal opportunities by expanding product lines



Car Electronics Technology exhibition



Isnterphex exhibition



Chubu Factories
(Ichinomiya, Aichi)

Newly established as a core factory of Daitron Group

Toward core manufacturing and development site



- (1) Production expansion of Chubu Factory No.1 businesses (power supply, aircraft, vehicle, automotive)**
- (2) Completion and operation of Chubu Factory No.2**

【Factory No.1】 Electronic Equipment and Components related production system
⇒ Nov. 2016 – Start of operation

【Factory No.2】 Equipment related production system
⇒ Aiming to start operation within 2018

Toward a technology-based company

New Daitron Group is going to seek original evolution by the maximized effect of three-company merger as a technology-based company in the electronics industry under the combined manufacturing and sales policy.

The Company's earnings forecasts stated in this material are prepared based on the information currently available to us.

In the electronic equipment/parts industry and the manufacturing equipment industry, which the Company belongs to, technologies change very rapidly and competition is intense.

In addition, there are various external factors that may affect directly or indirectly the performance of the Company such as the economic conditions of North America and Asian countries.

Please note that, therefore, the Company's earnings forecasts may vary from those in this material.

“<<For inquiry concerning this material and our IR activities>>PR & IR team,
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