

FY 2019

2Q Financial Material



Daitron Co., Ltd.

Securities Code: 7609

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



Quarterly Performance Change

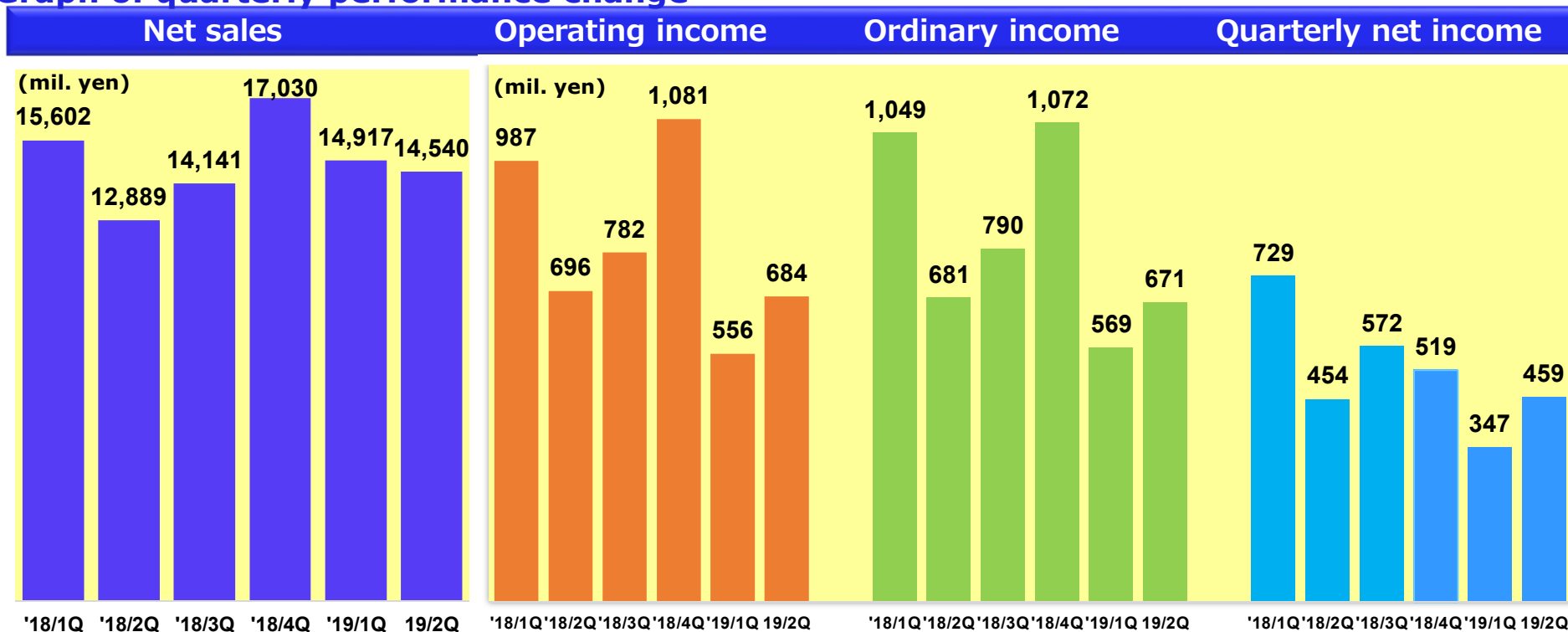


2Q cumulative performance

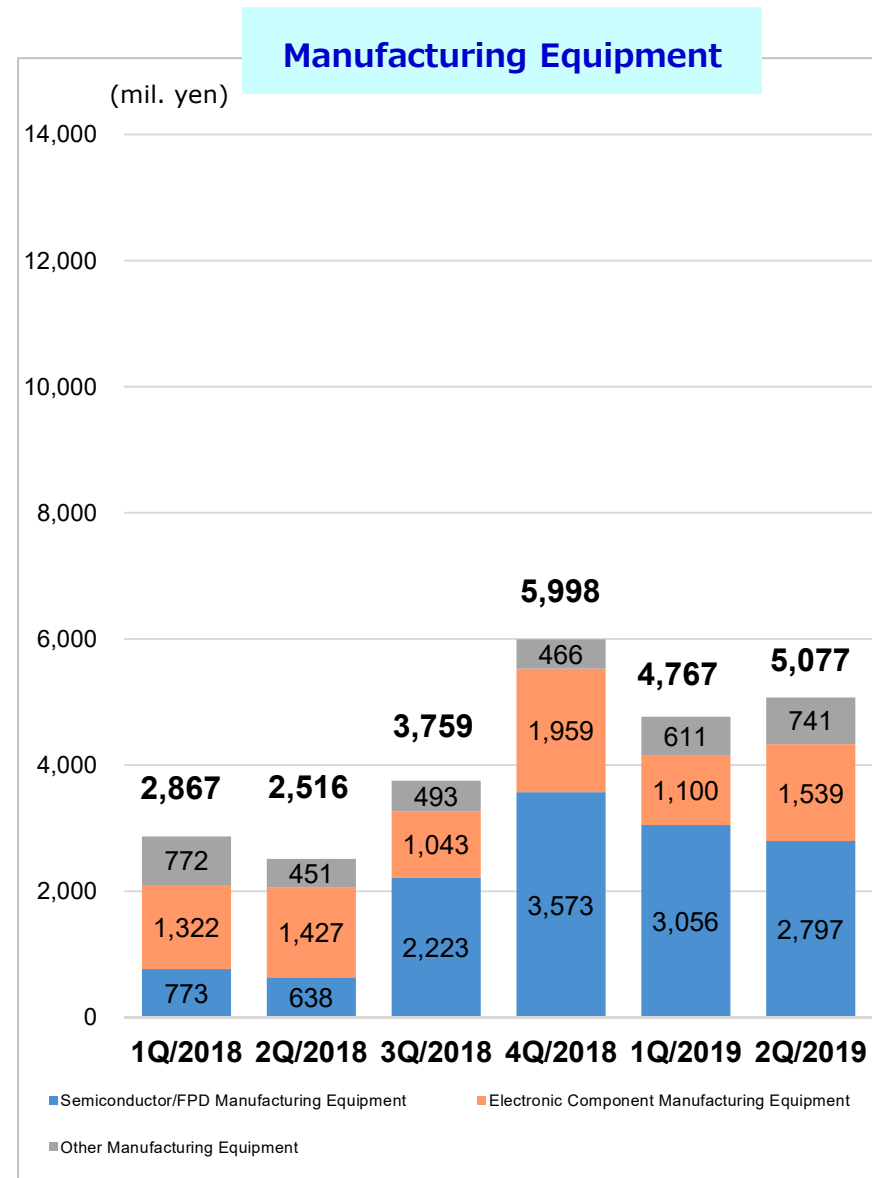
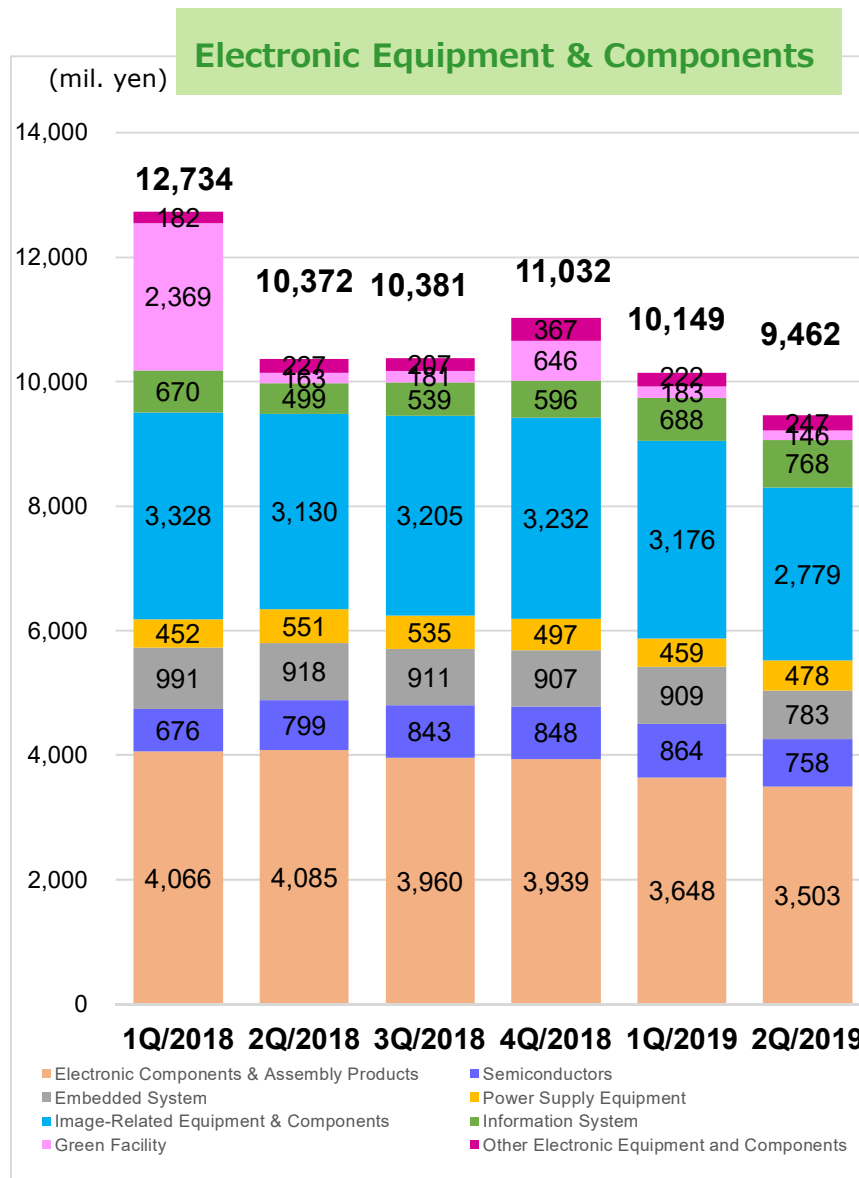
■ Net sales **¥29,457 mil.**
(103.4% y/y)

- Operating income **¥ 1,240mil.**
(73.6% y/y)
- Ordinary income **¥1,240 mil.**
(71.7% y/y)
- Net income **¥806 mil.**
(68.1% y/y)

Graph of quarterly performance change



Product Segment Quarterly Performance Change



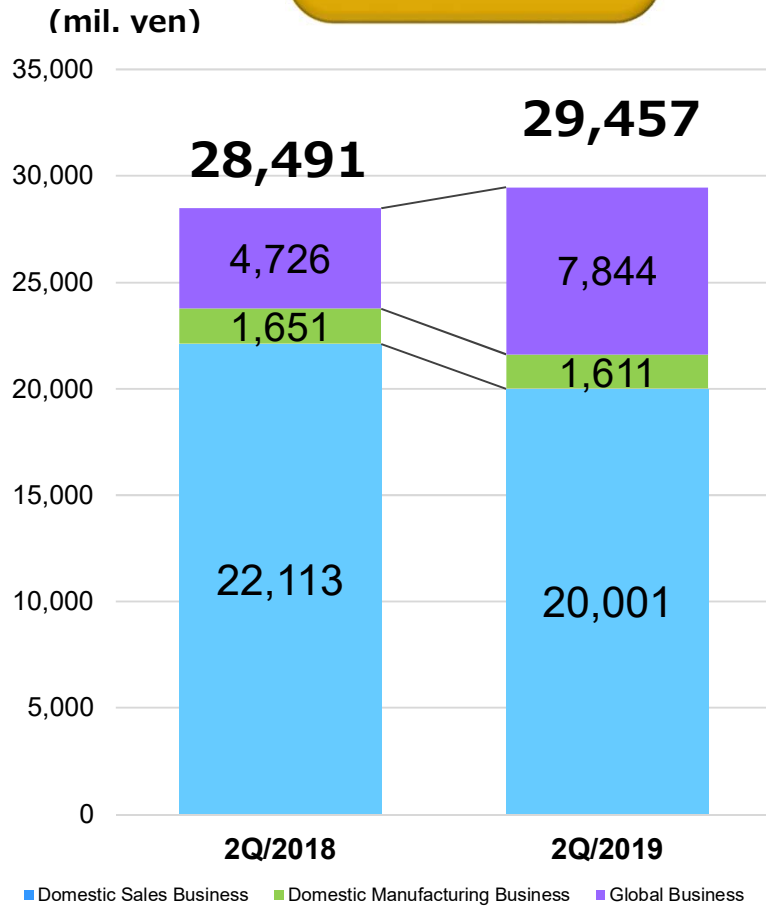
Consolidated Financial Position Comparison (y/y) **Daitron**

(mil. yen)	FY 2018	2Q/2019	Difference
Total assets	43,114	40,782	△2,332
Total liabilities	26,137	23,333	△2,804
Shareholders' equity	16,973	17,446	473
Net assets	16,977	17,449	472
Equity ratio	39.4	42.8	3.4pt
Net asset per share (yen)	1,530.94	1,573.12	42.18

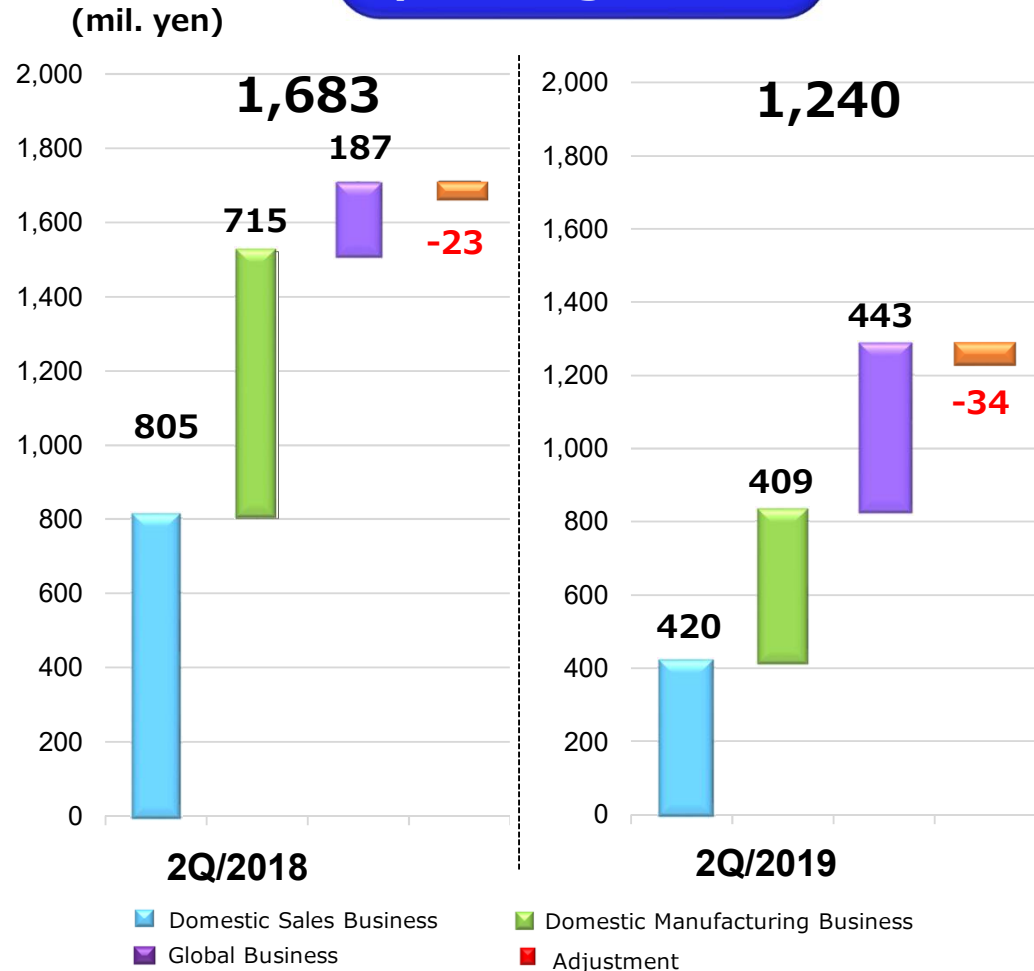
General Change by Report Segment



Net sales



Operating income



(Note) 1. 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.

2. From FY 2019 consolidated first quarter, the report segment category of the Global Business Division previously included in the Domestic Sales Business segment has been changed and integrated with the Overseas Subsidiaries segment into "Global Business."

In addition, the year-on-year comparison of the performance of each segment is represented by the figures reclassified into the report segment category after change.

Business Structure of the Company 2Q/2019 performance



Business	By product segment	Sales composition ratio	Gross profit margin	Original product ratio	Overseas sales ratio
Electronic Equipment & Components	Electronic Components & Assembly Products	24.3% (28.6% 2Q/2018)	24.3% (25.5% 2Q/2018)	20.4% (30.3% 2Q/2018)	North America 3.0% (3.8% 2Q/2018)
	Semiconductors	5.5% (5.2% 2Q/2018)	19.0% (20.5% 2Q/2018)		
	Embedded System	5.7% (6.7% 2Q/2018)	13.6% (14.7% 2Q/2018)		
	Power Supply Equipment (including Green Facility)	4.3% (12.4% 2Q/2018)	26.3% (14.2% 2Q/2018)		Europe 1.3% (1.4% 2Q/2018)
	Image-Related Equipment & Components	20.2% (22.7% 2Q/2018)	15.1% (16.7% 2Q/2018)		
	Information System	4.9% (4.1% 2Q/2018)	23.6% (27.4% 2Q/2018)		
	Other Electronic Equipment and Components	1.6% (1.4% 2Q/2018)	4.0% (11.5% 2Q/2018)		
Manufacturing Equipment	Semiconductor/FPD Manufacturing Equipment	19.9% (5.0% 2Q/2018)	16.7% (30.3% 2Q/2018)	Asia 22.9% (13.2% 2Q/2018)	
	Electronic Component Manufacturing Equipment	9.0% (9.7% 2Q/2018)	27.9% (34.7% 2Q/2018)		
	Other Manufacturing Equipment	4.6% (4.2% 2Q/2018)	18.0% (16.9% 2Q/2018)		
Total		100.0%	19.8% (21.7% 2Q/2018)	20.4% (30.3% 2Q/2018)	27.1% (18.4% 2Q/2018)

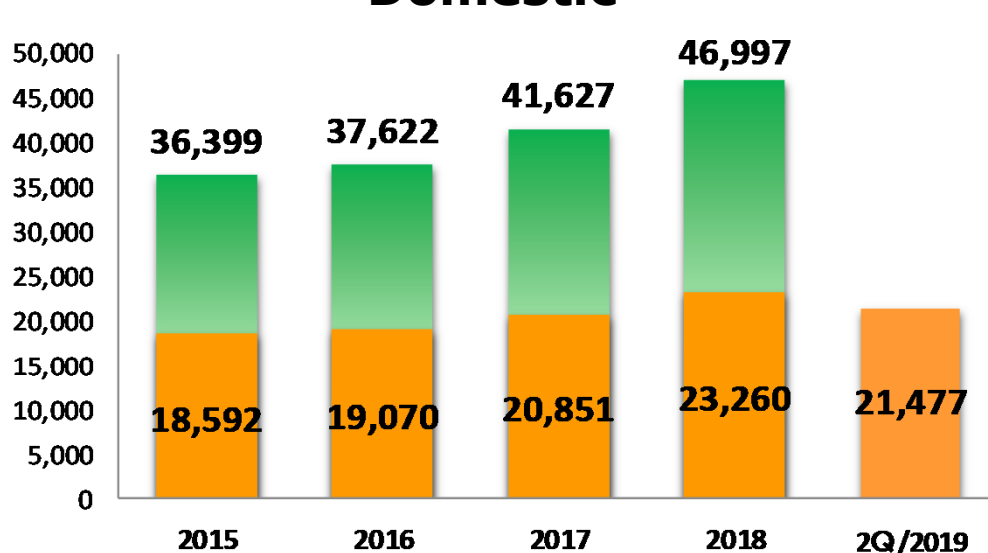
 shows the product segments including the Company's original products.

Net Sales Change by Area

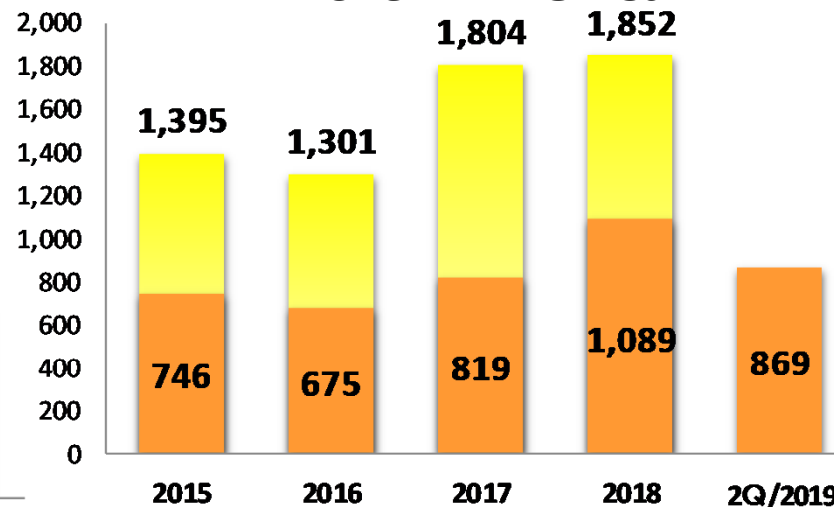


(mil. yen)

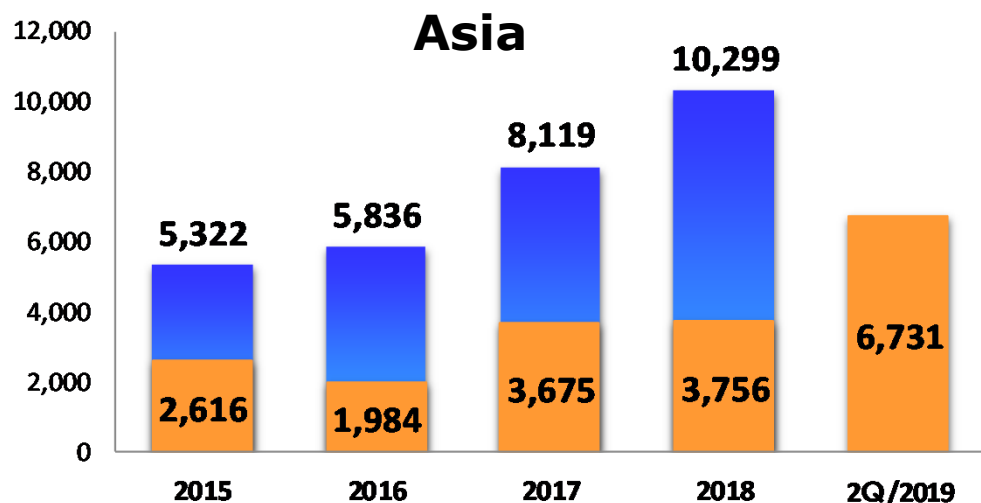
Domestic



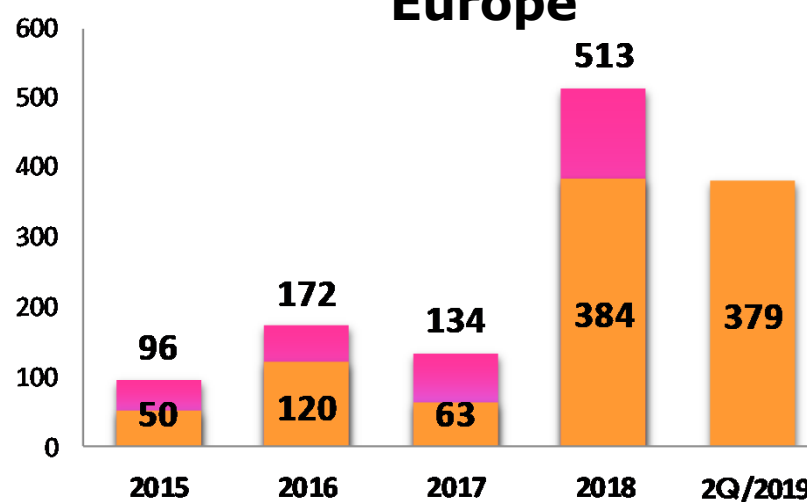
North America



Asia



Europe

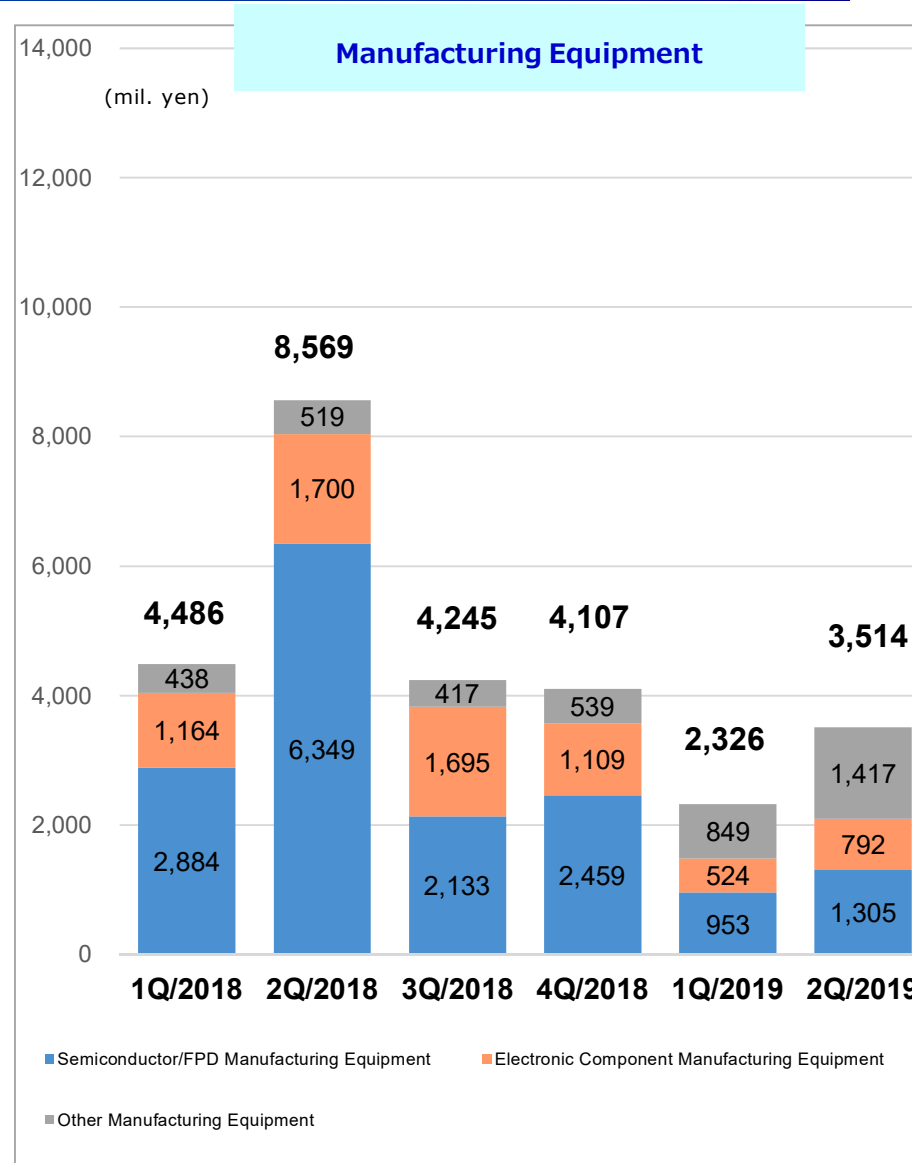
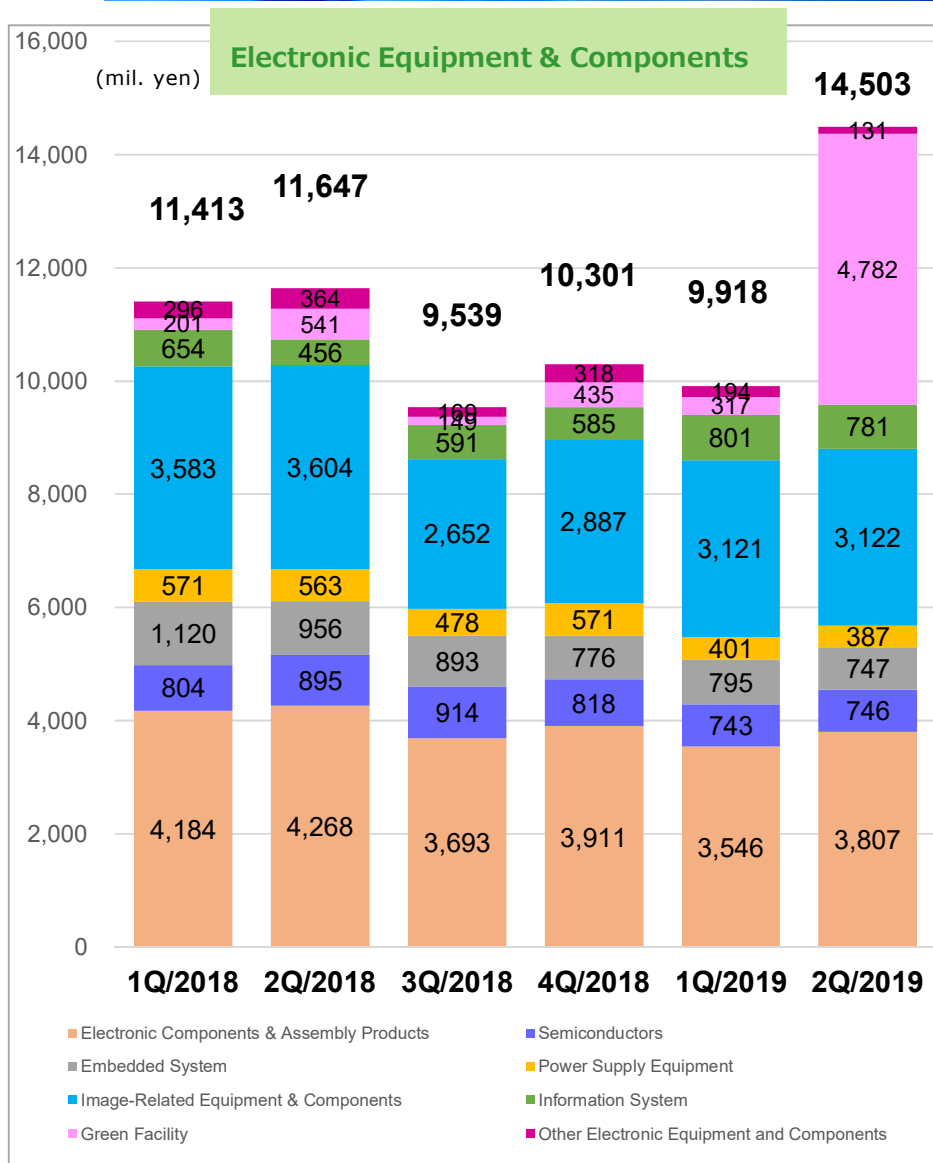


Year-on-year net sales by area

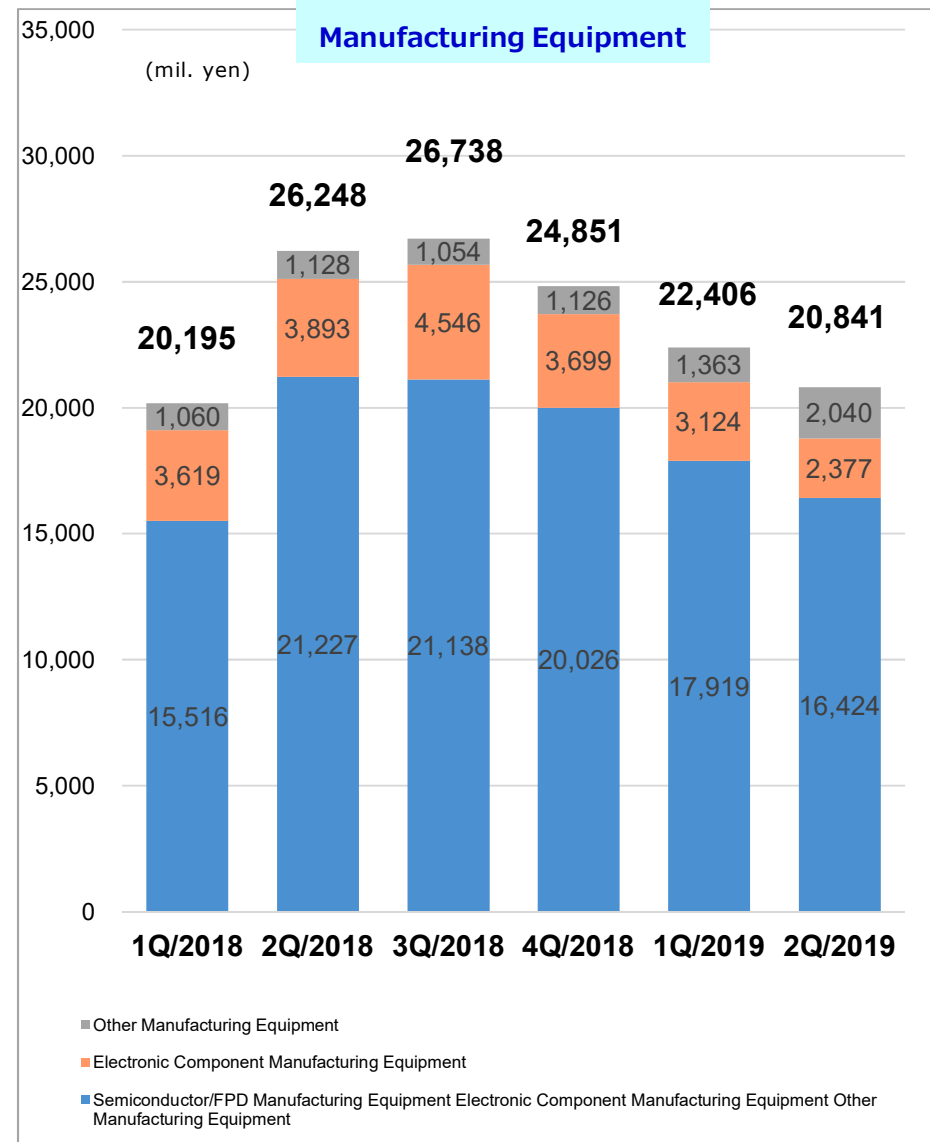
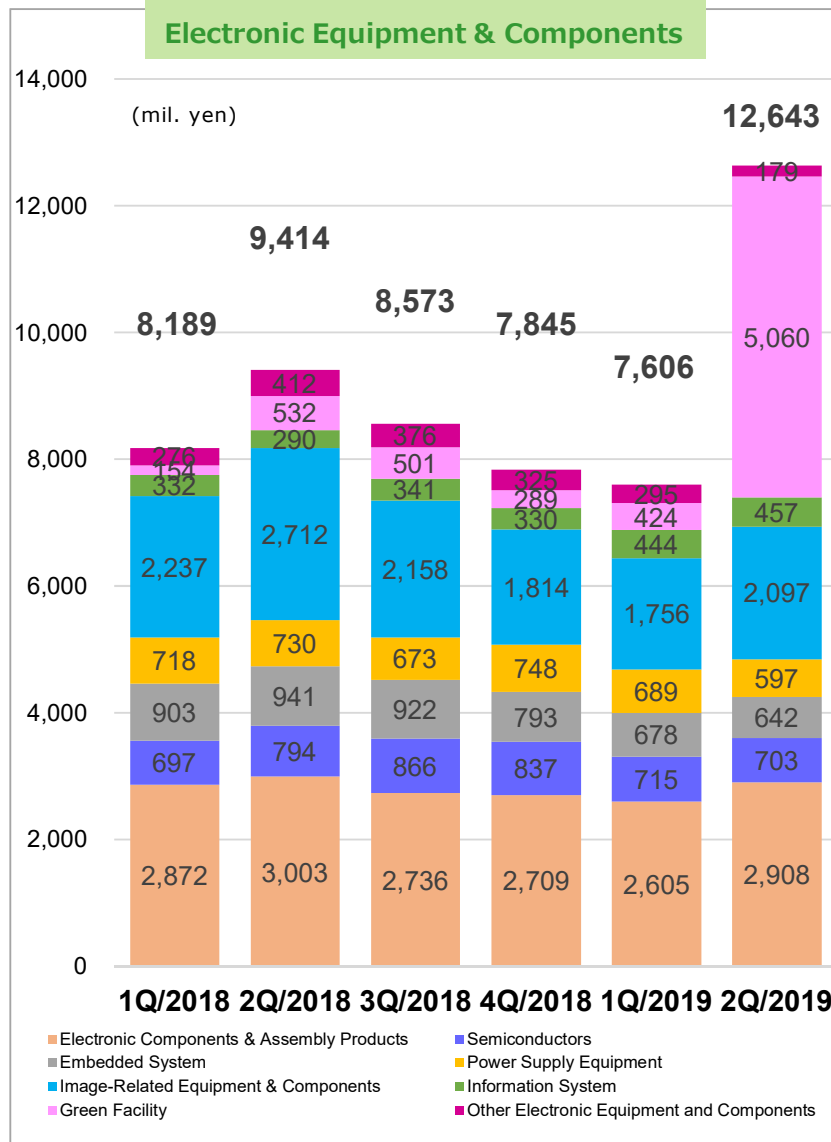


(mil. yen)	2Q/2018	2Q/2019	Difference
D o m e s t i c	23,260	21,477	△1,783
O v e r s e a s The figures in parentheses are sales ratio	5,231 (18.4%)	7,980 (27.1%)	2,749 (8.7pt)
N o r t h A m e r i c a	1,089	869	△220
E u r o p e	384	379	△5
A s i a	3,756	6,731	2,975
T o t a l	28,491	29,457	966

Quarterly Order Change (by product segment)



Quarterly Order Backlog Change (by product segment) **Daitron**



* Including backlogs of orders for delivery in or after 2020 of approximately 4,312 million yen in Electronic Equipment and Components (including 4,029 million yen for Green Facility), and approximately 9,509 million yen in Manufacturing Equipment.

Consolidated Performance Forecast (full-year)

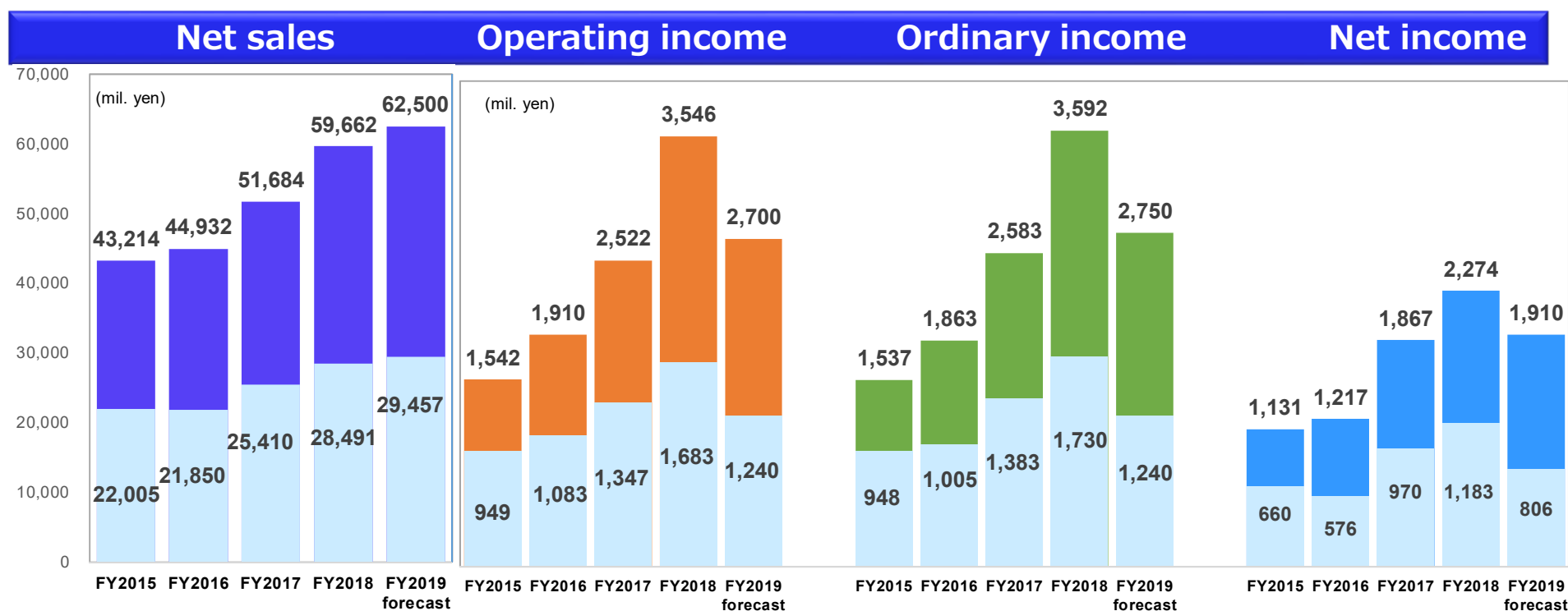


■ **Net sales** ¥62,500 mil.
 (104.8% y/y)

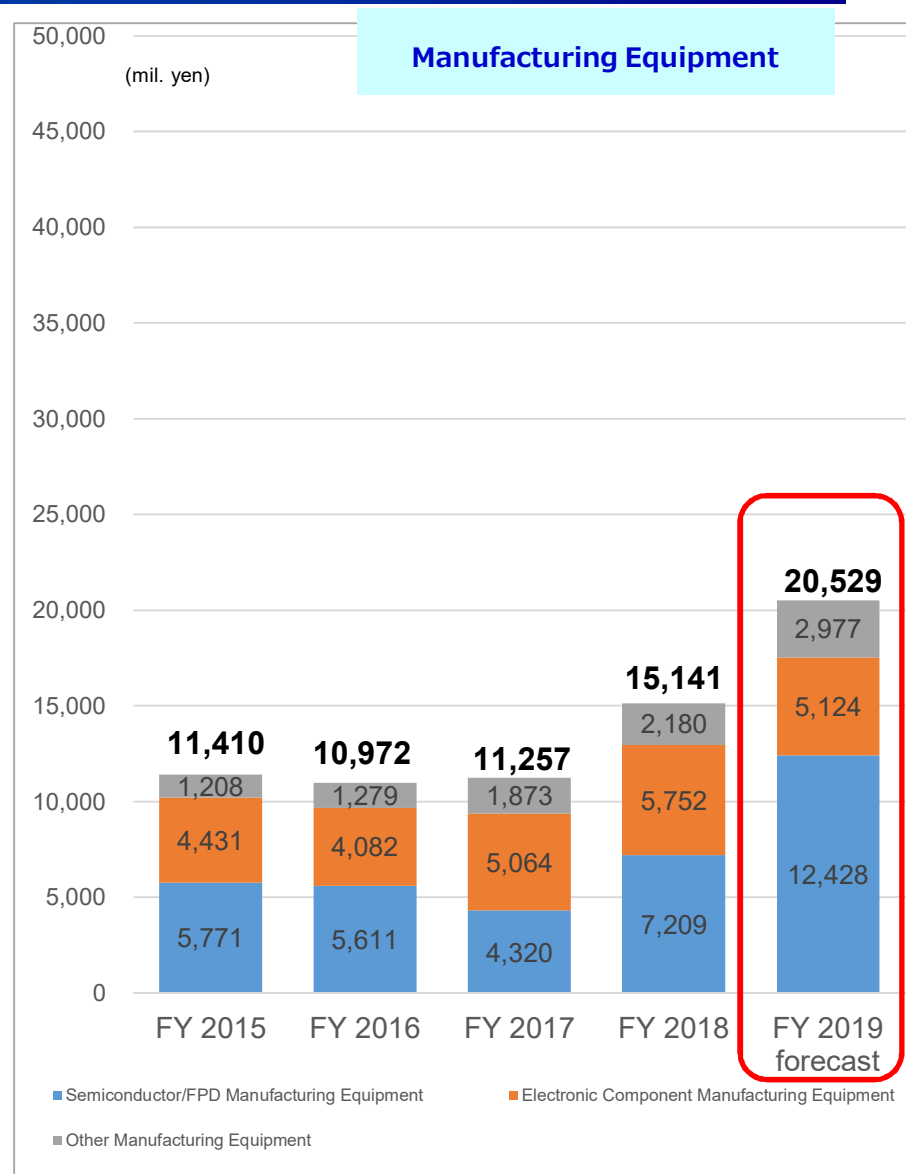
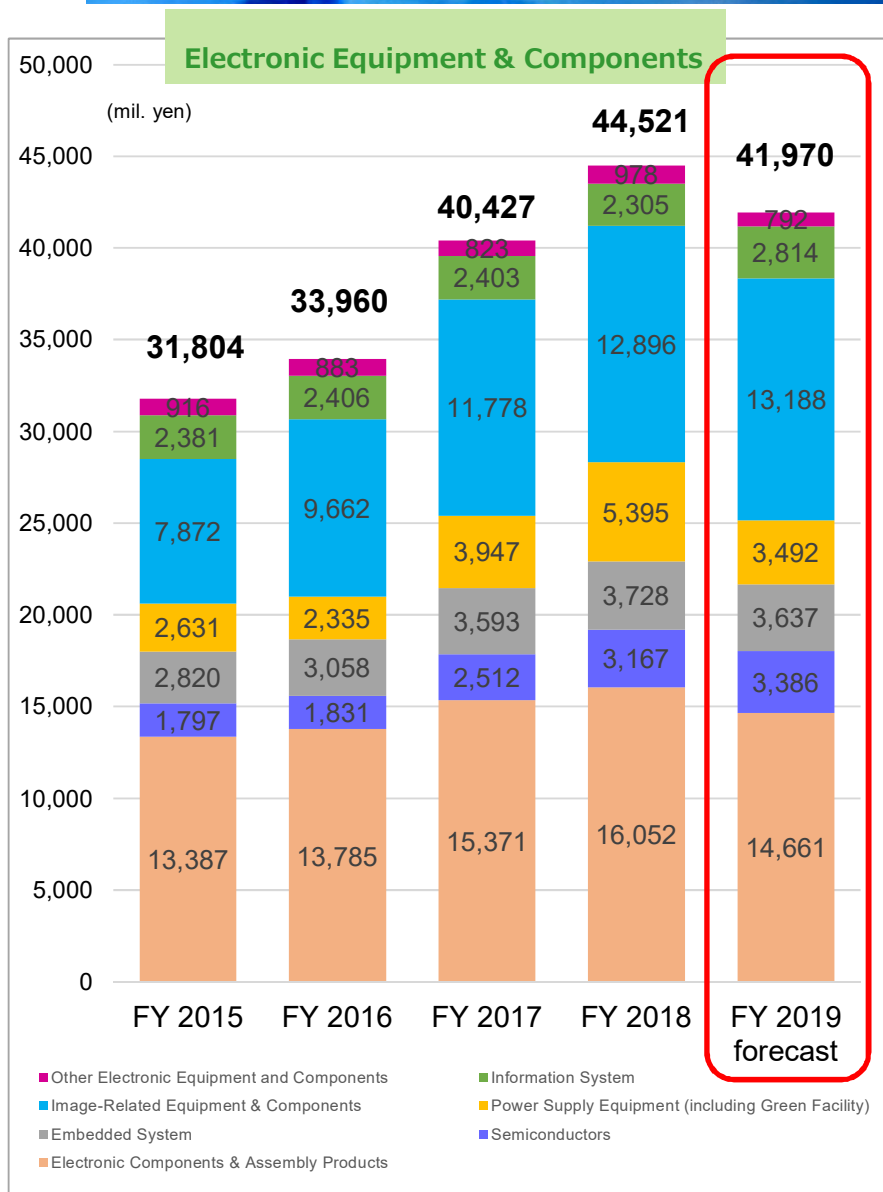
■ **Operating income** ¥ 2,700 mil.
 (76.1% y/y)

■ **Ordinary income** ¥ 2,750 mil.
 (76.5% y/y)

■ **Net income** ¥ 1,910 mil.
 (84.0% y/y)



Performance Change and Forecast by Product Segment **Daitron**



Dividend



(yen)	2Q end (interim)	Period-end	Annual dividend (interim + period-end)	Initial forecast	Payout ratio
FY 2015	0	25	25	15	24.5%
FY 2016	0	30	30	20	27.4%
FY 2017	15	30	45	30	26.6%
FY 2018	20	35	55	50	26.8%
FY 2019 forecast	25	35	60		34.8%

* 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

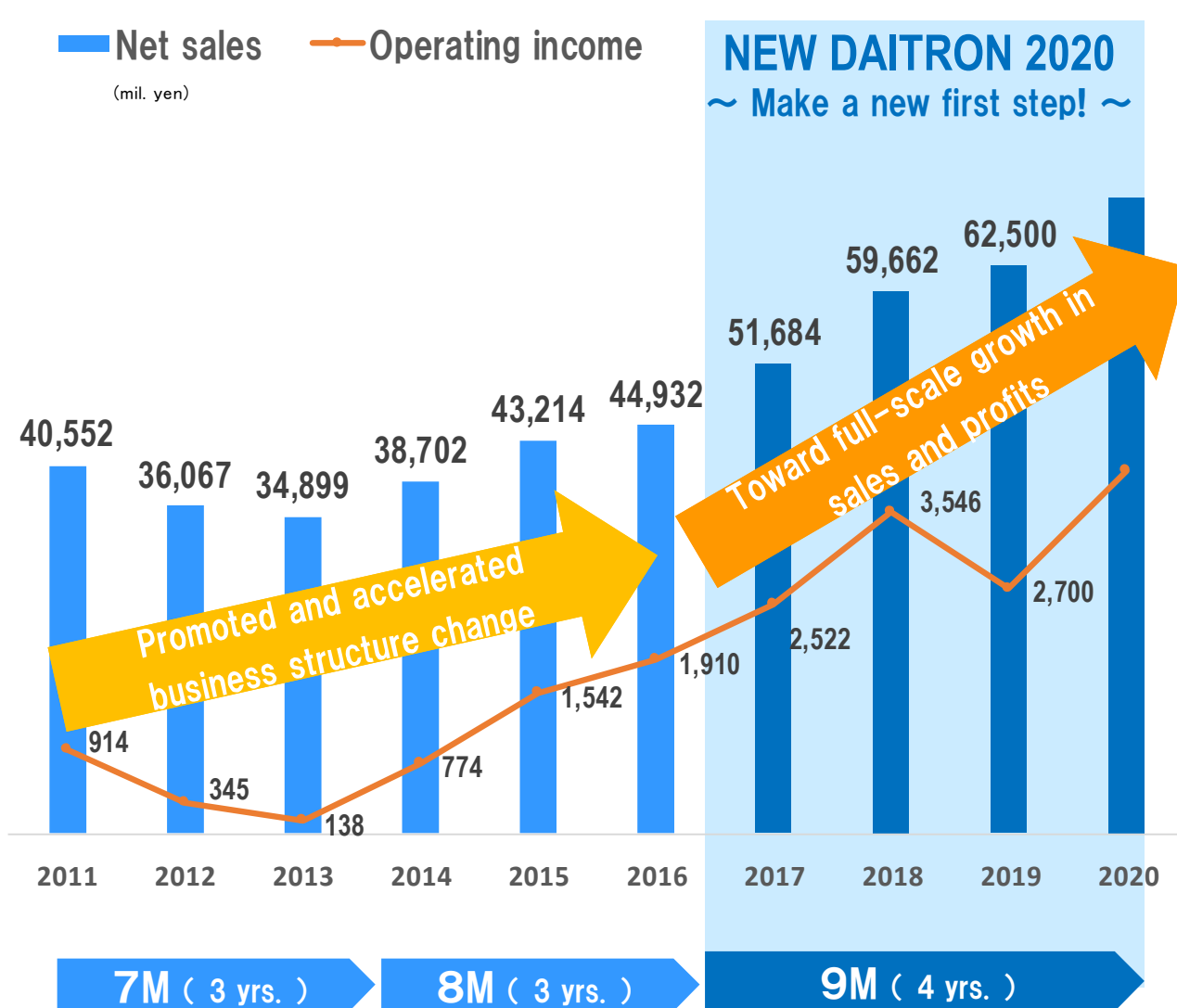
 - Having "dynamism" of a trader and "potentiality and soundness" of a manufacturer

- **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

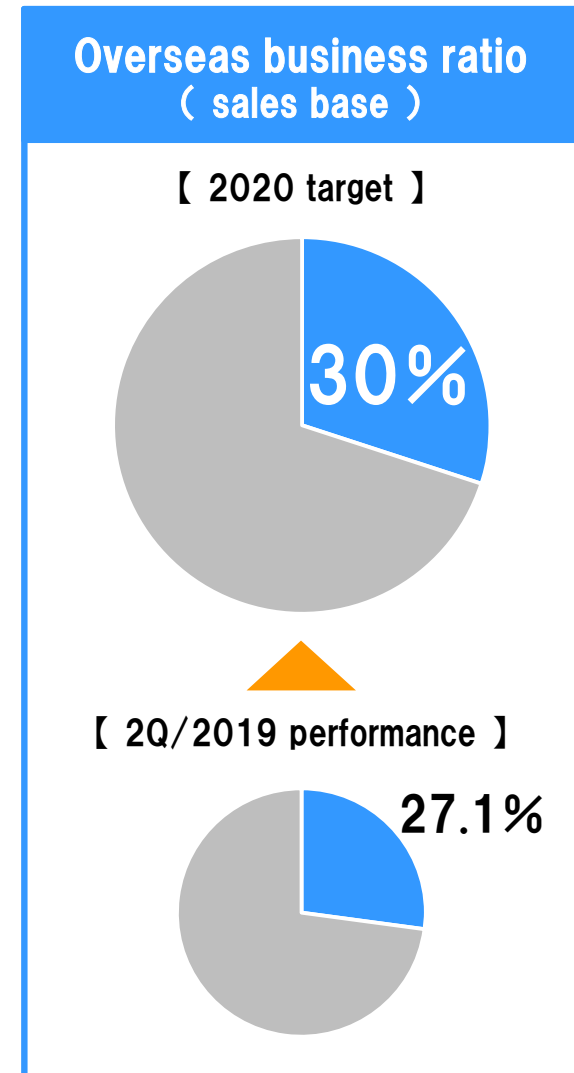
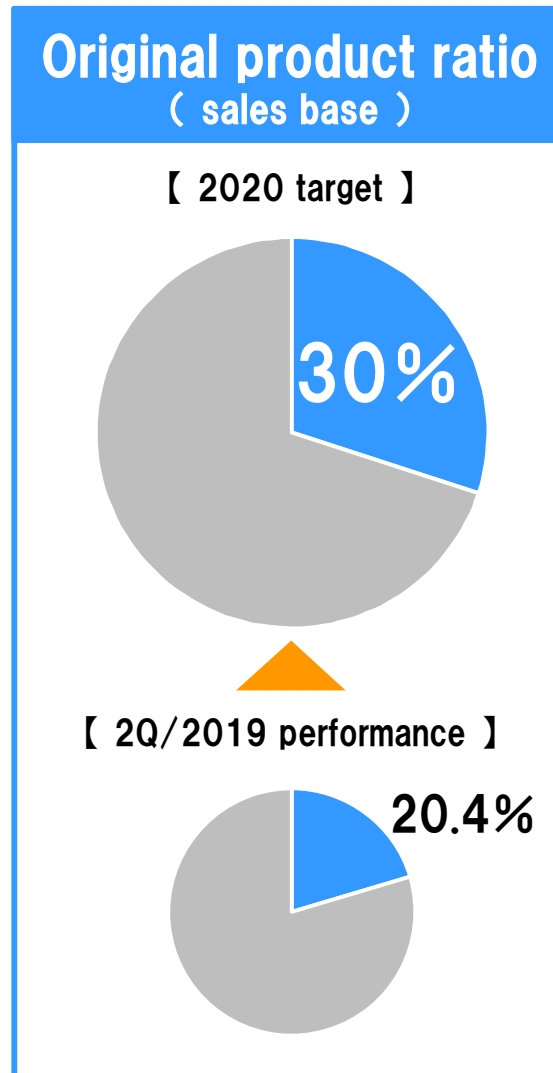
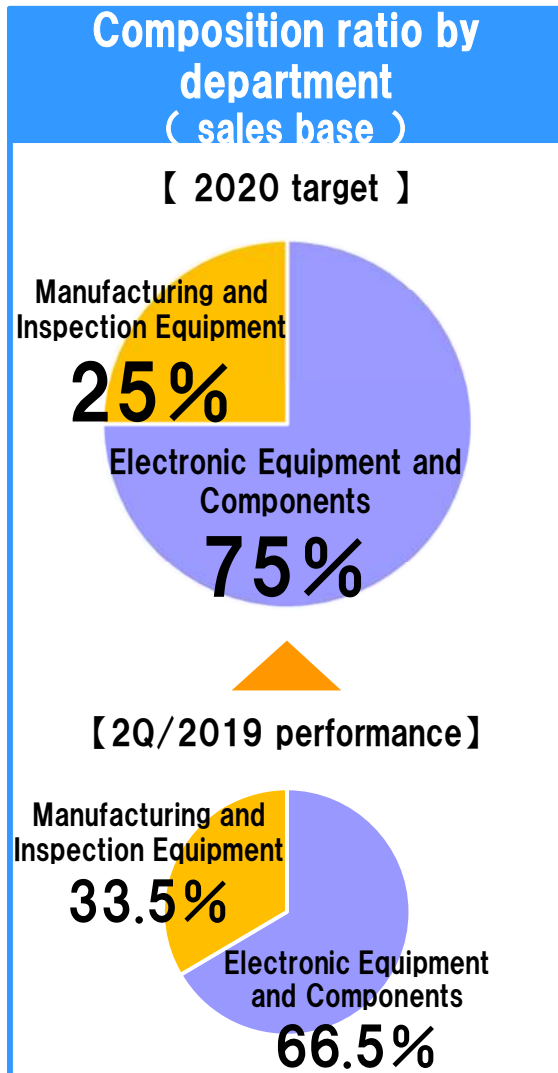
50%

ROA

4% or above

ROE

8% or above



【Basic Policy】

To seek the maximized effect (synergy) of three-company merger under the new frame based on the combined manufacturing and sales policy toward the realization of its long-term vision (basic idea)



【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**

Point of basic strategy in 2019 (9M 3rd 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) Reinforcement of new products development (new fields)
- (3) Enhancement of quasi-original lines by reinforced coordination with suppliers

3. Enhancement of overseas operations

- (1) Expansion of networks
- (2) Enhancement of product lines

Point of basic strategy in 2019 (9M 3rd year) – 2

4. Improvement in marketing and sales capabilities

- (1) Expansion of sales networks
- (2) Increase in added value by complex (system) sales

5. Strengthened integration of production divisions

- (1) Improvement in earning power of Equipment Factory & Specialized Equipment Factory
- (2) Reinforcement of production functions of Group companies
- (3) Operation of Chubu Second Factory

6. Reinforcement of organizational and personnel strengths

- (1) Seek personnel development and revitalization through job rotation and career path system
- (2) Strengthen risk management
- (3) Operation of new personnel system

【Basic strategy - 1】

Promote reconstruction of businesses with high-growth potential **Daitron**

Develop markets
regarded as promising



Automotive



Medical



Infrastructure



Robotics



Aerospace

Promotion of
business
reconstruction

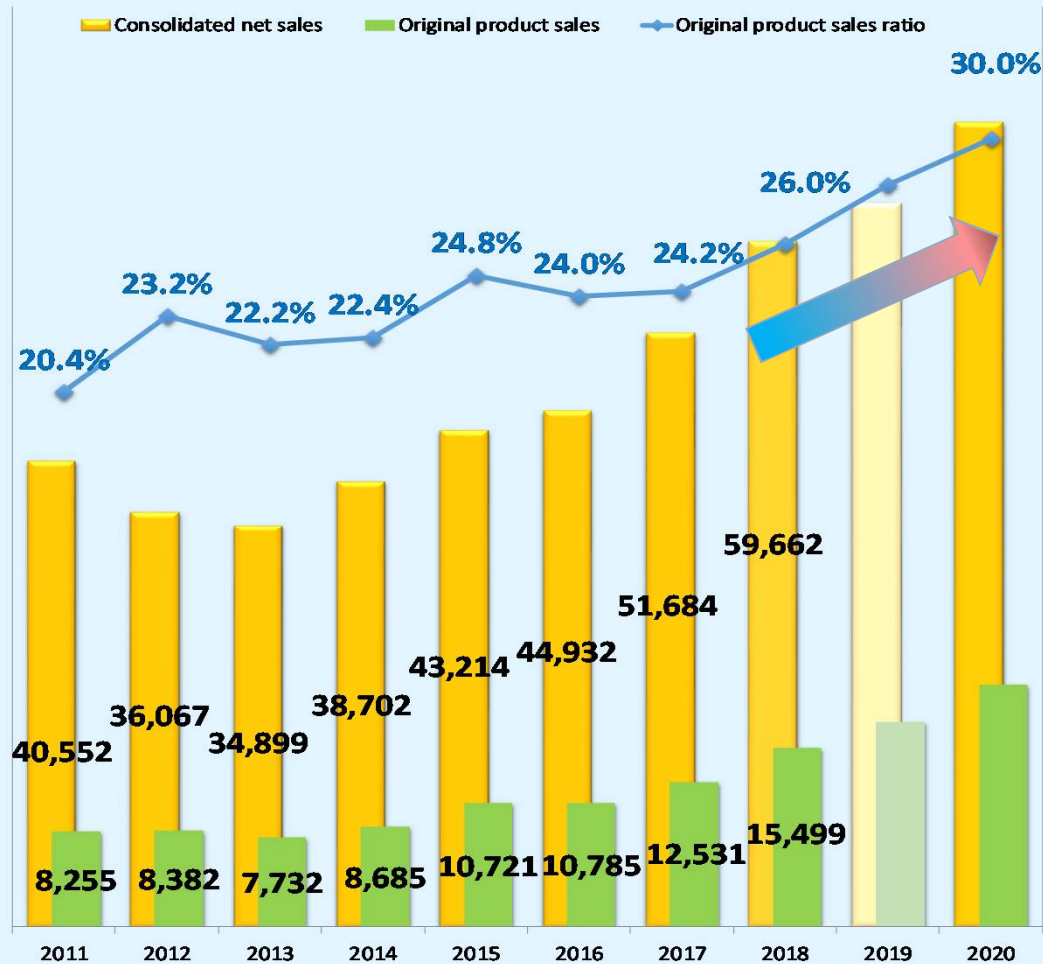
**Stable
growth
foundation**

【Basic strategy - 2】

Reinforcement of original product development



(mil. yen)



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

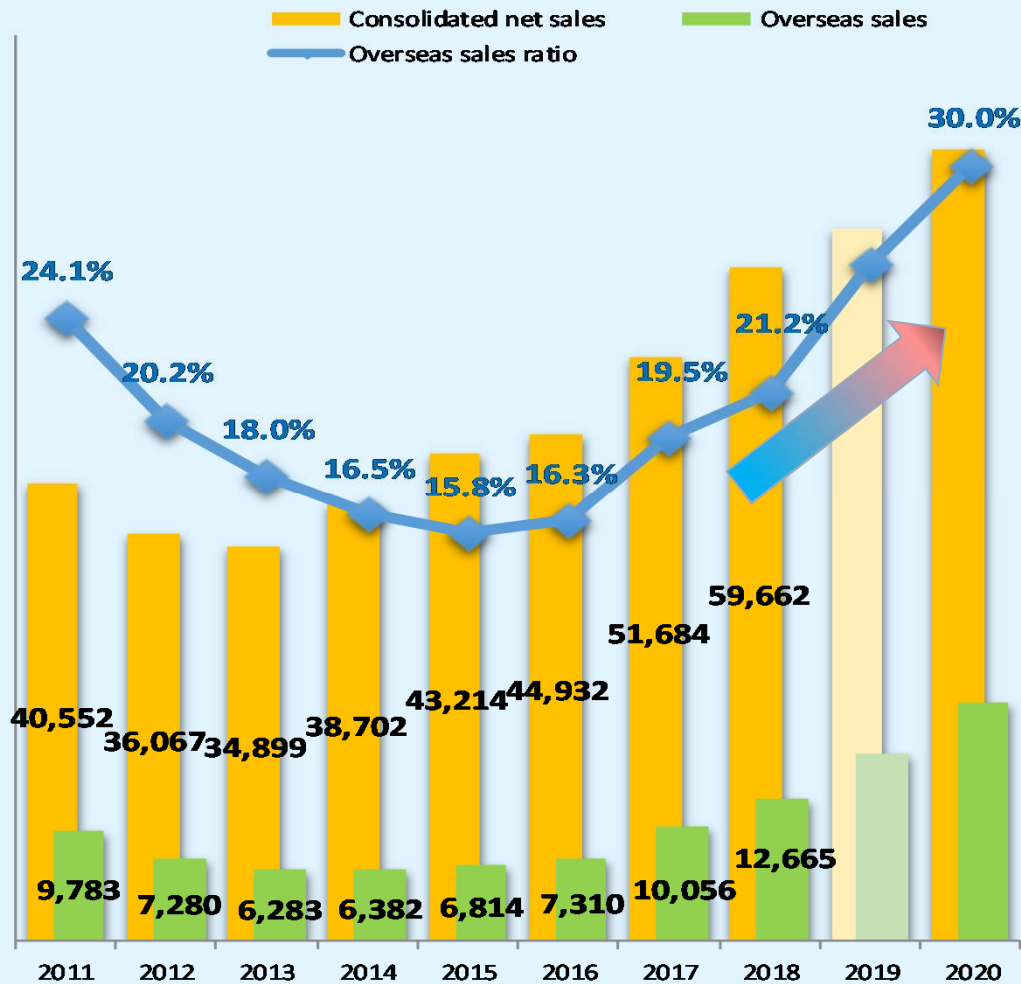
Strategic point

- Brush-up of original technologies & present product lines
- Reinforcement of new products development (new field)
- Enhancement of quasi-original lines by reinforced coordination with suppliers

[Basic strategy - 3] Enhancement of overseas operations



(mil. yen)



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



Strategic point

- Expansion of business with local companies
- Expansion of electronic parts business
- Expansion of business of selling products by overseas manufacturers to overseas customers
- Promotion of business unique to respective localities
- Enhancement of network

【Basic strategy - 4】

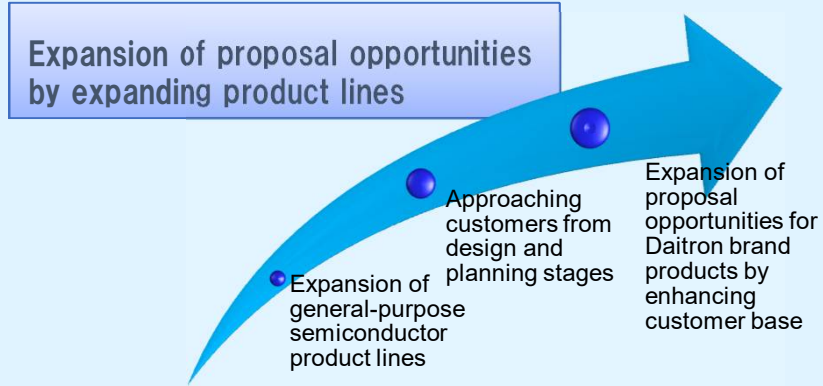
Improvement in marketing and sales capabilities



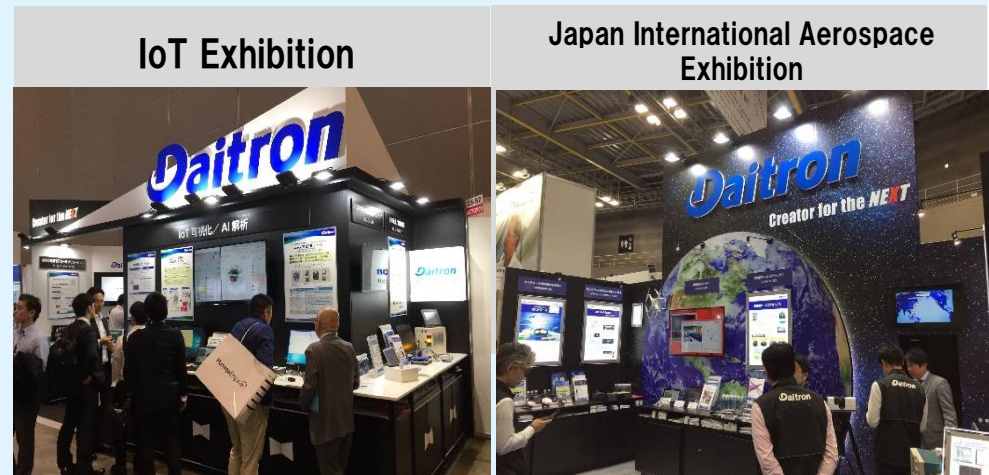
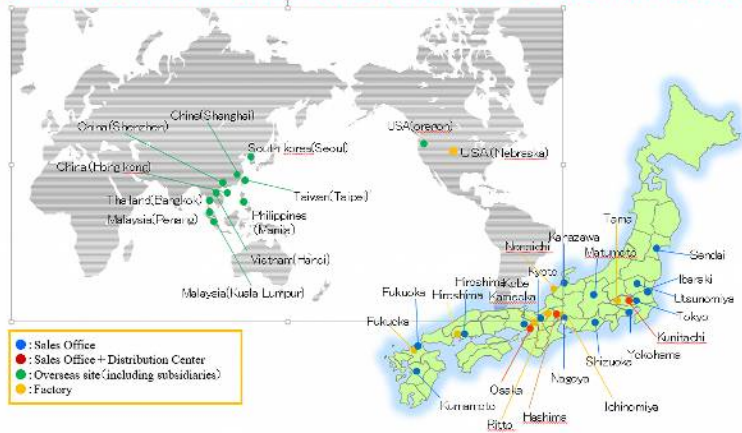
Strategic point 1 Expansion of domestic and overseas sales networks

- 【 Japan 】 - Tohoku District: Sendai (newly established as of January 1, 2019)
- Shikoku District
- 【 Overseas 】 - Hanoi, Vietnam (newly established as of May 1, 2019)
- India - Europe, etc.

Strategic point 2 Strengthening of presence in the existing markets



24 domestic locations (incl.8factories)&12 overseas locations (incl.1factory)



【Basic strategy - 5】

Strengthened integration of production divisions



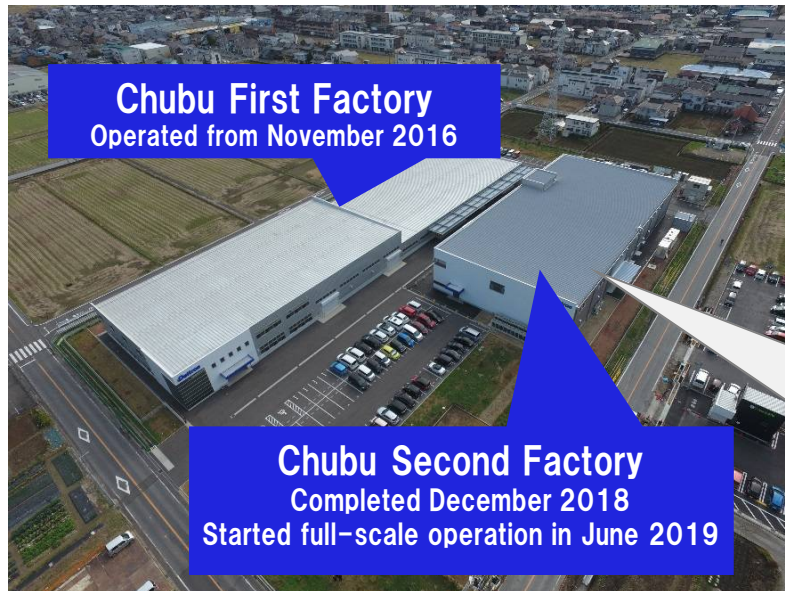
Chubu Factories

(Ichinomiva city, Aichi)

Newly established as a core factory of Daitron Group



Toward core manufacturing and development site



- (1) Production expansion in business at Chubu First Factory (power supply business, aircraft/vehicle harness business, auto related business)
- (2) Completion/operation of Chubu Second Factory



Photo of completed Chubu Second Factory

【 First Factory 】

For electronic equipment and components production

>> Operated from November 2016

【 Second Factory 】

For manufacturing equipment related production

>> Started full-scale operation in June 2019

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>>

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