

FY 2019

Full-Year Earnings Report



Daitron Co., Ltd.

Securities Code: 7609

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



Change in Full-Year Earnings



■ FY 2019 earnings

Net sales **¥61,621 mil.**

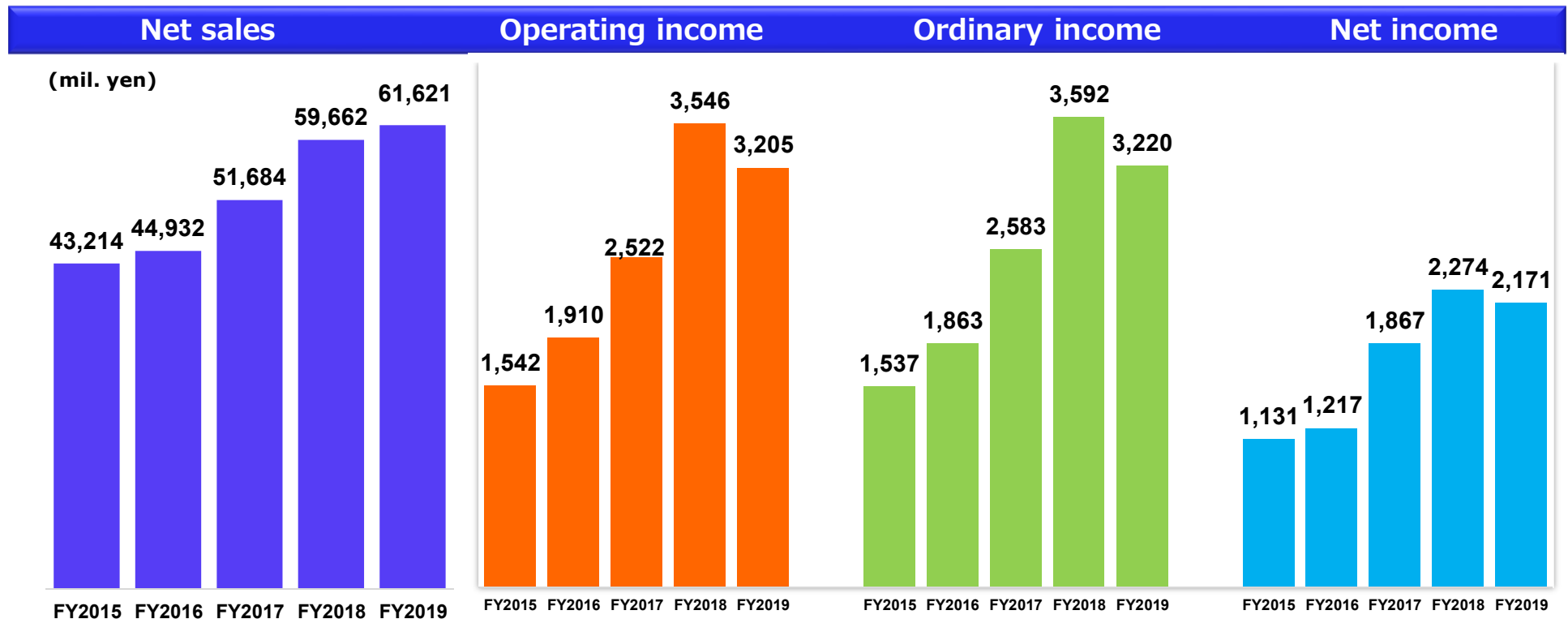
(103.3% y/y)

Change in full-year earnings

■ Operating income **¥3,205 mil.**
(90.4% y/y)

■ Ordinary income **¥3,220 mil.**
(89.6% y/y)

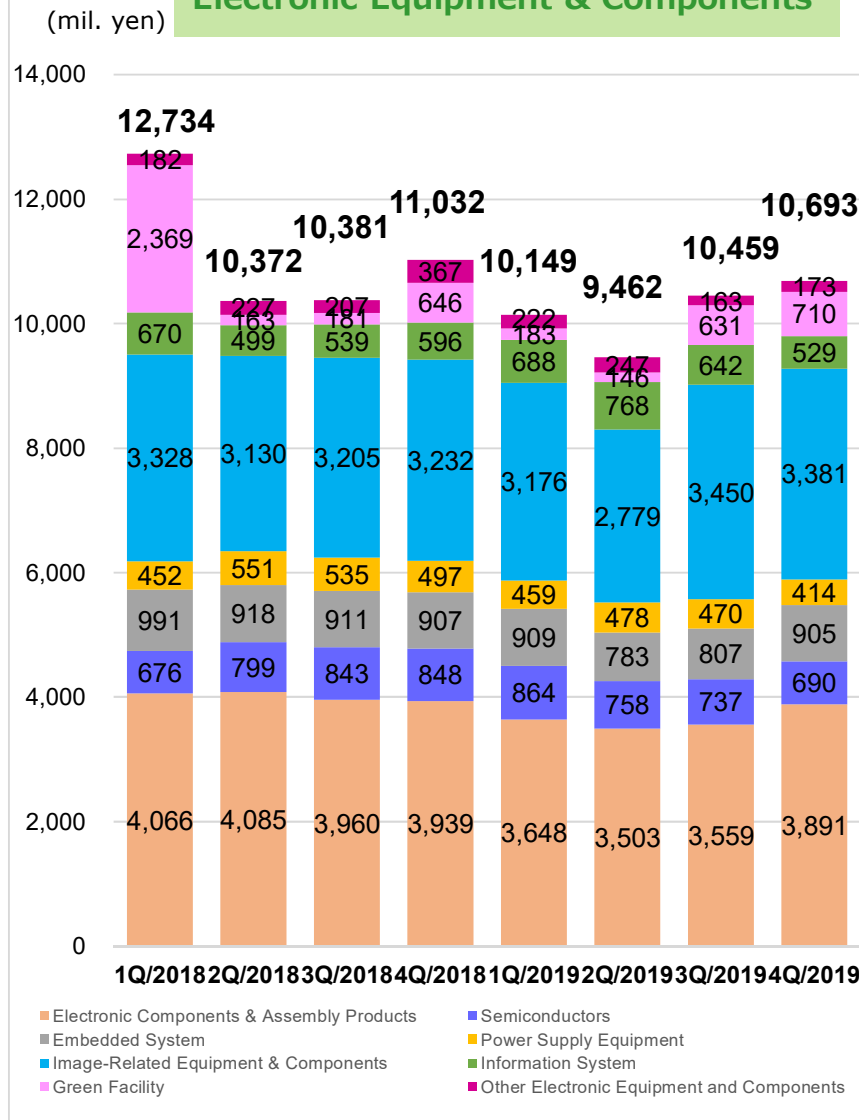
■ Net income **¥2,171 mil.**
(95.5% y/y)



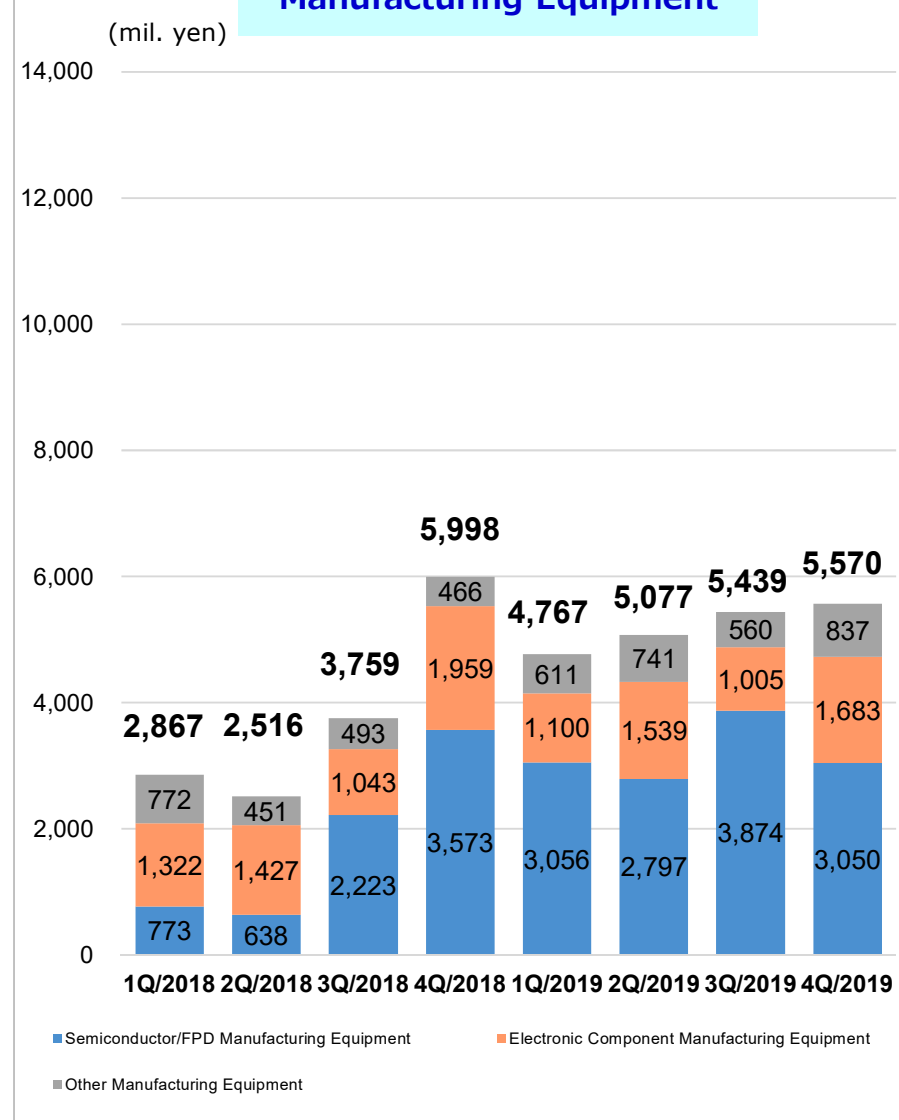
Product Segment Quarterly Performance Change



Electronic Equipment & Components



Manufacturing Equipment



Financial Position & Cash Flows in 2019



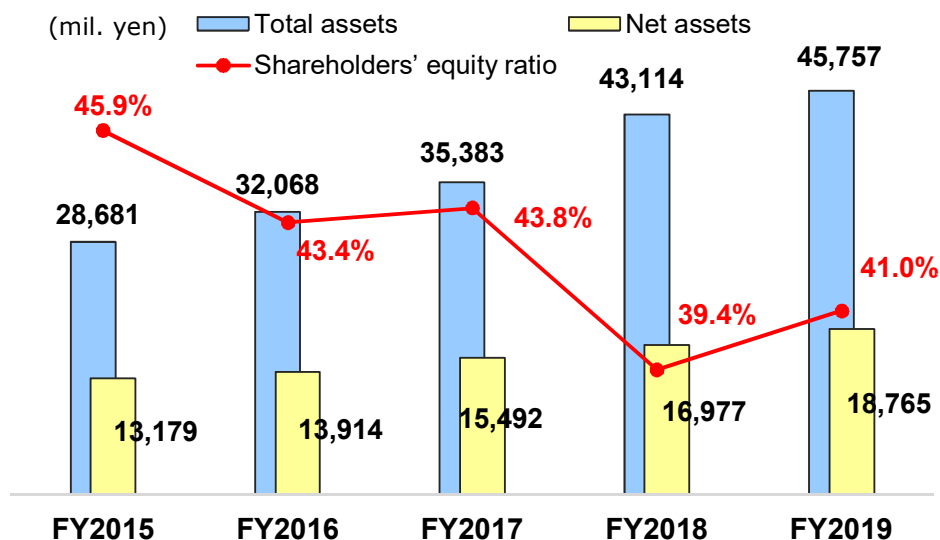
Consolidated financial position

Total assets
¥45,757 mil.
(up ¥2,643 mil.)

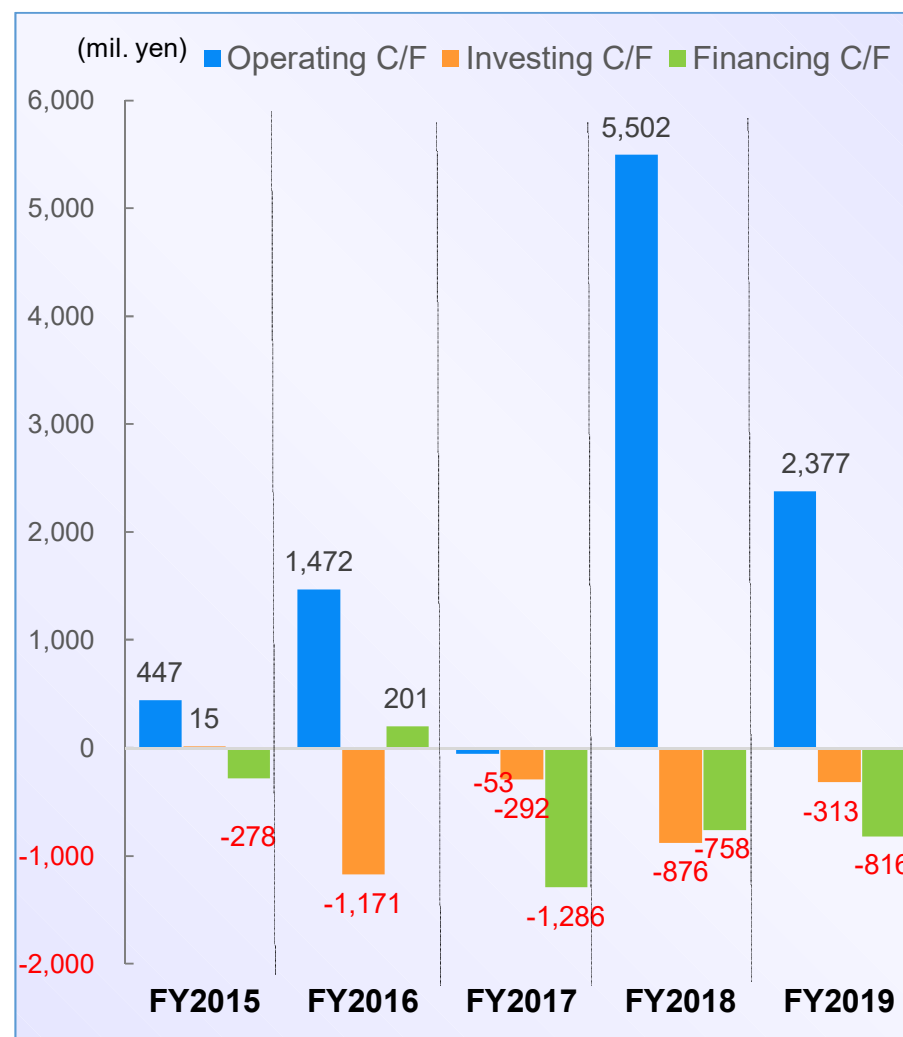
Liabilities
¥26,992 mil.
(up ¥854 mil.)

Net assets
¥18,765 mil.
(up ¥1,788 mil.)

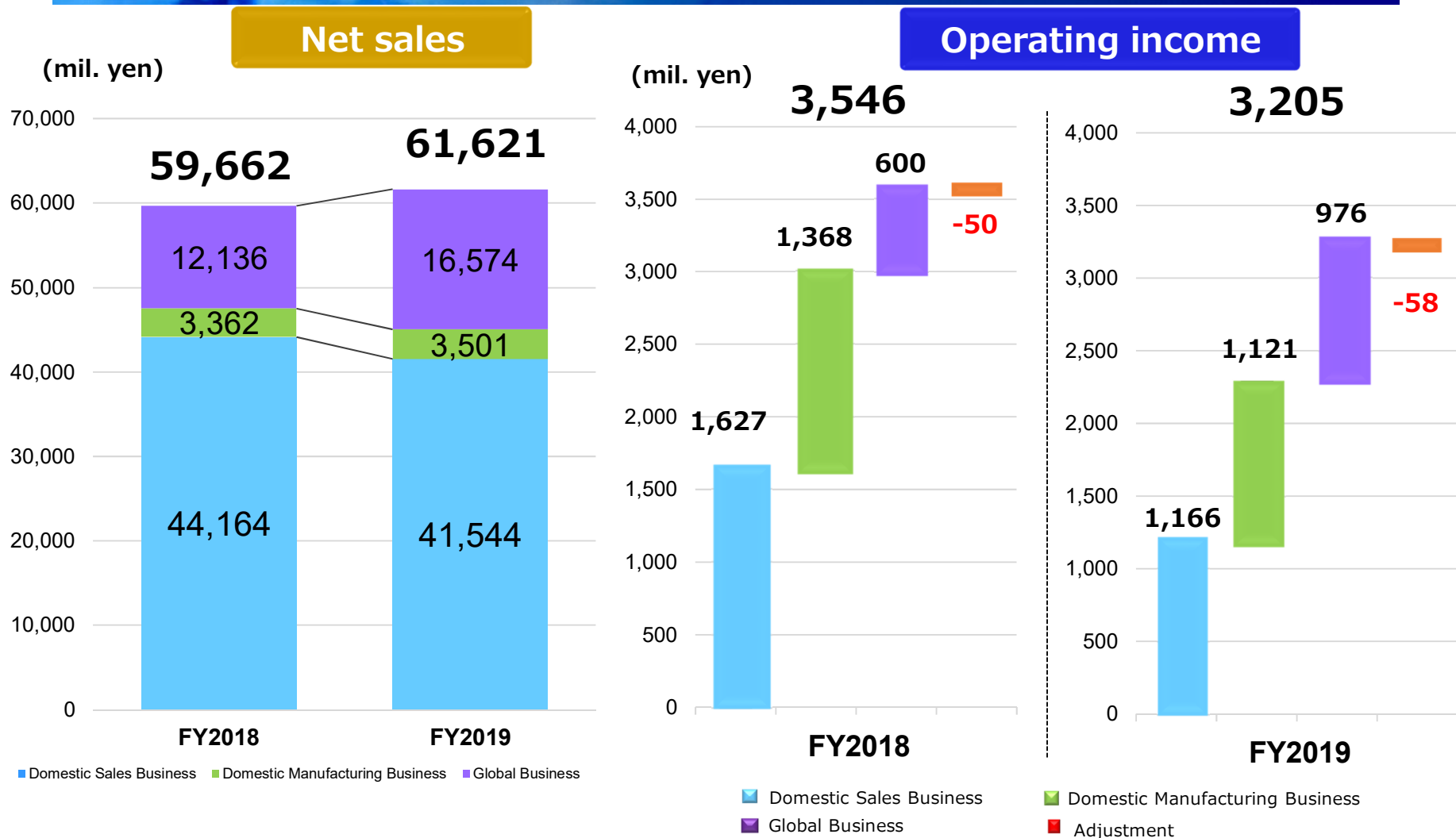
Total assets/Net assets/Shareholders' equity ratio



Consolidated cash flows



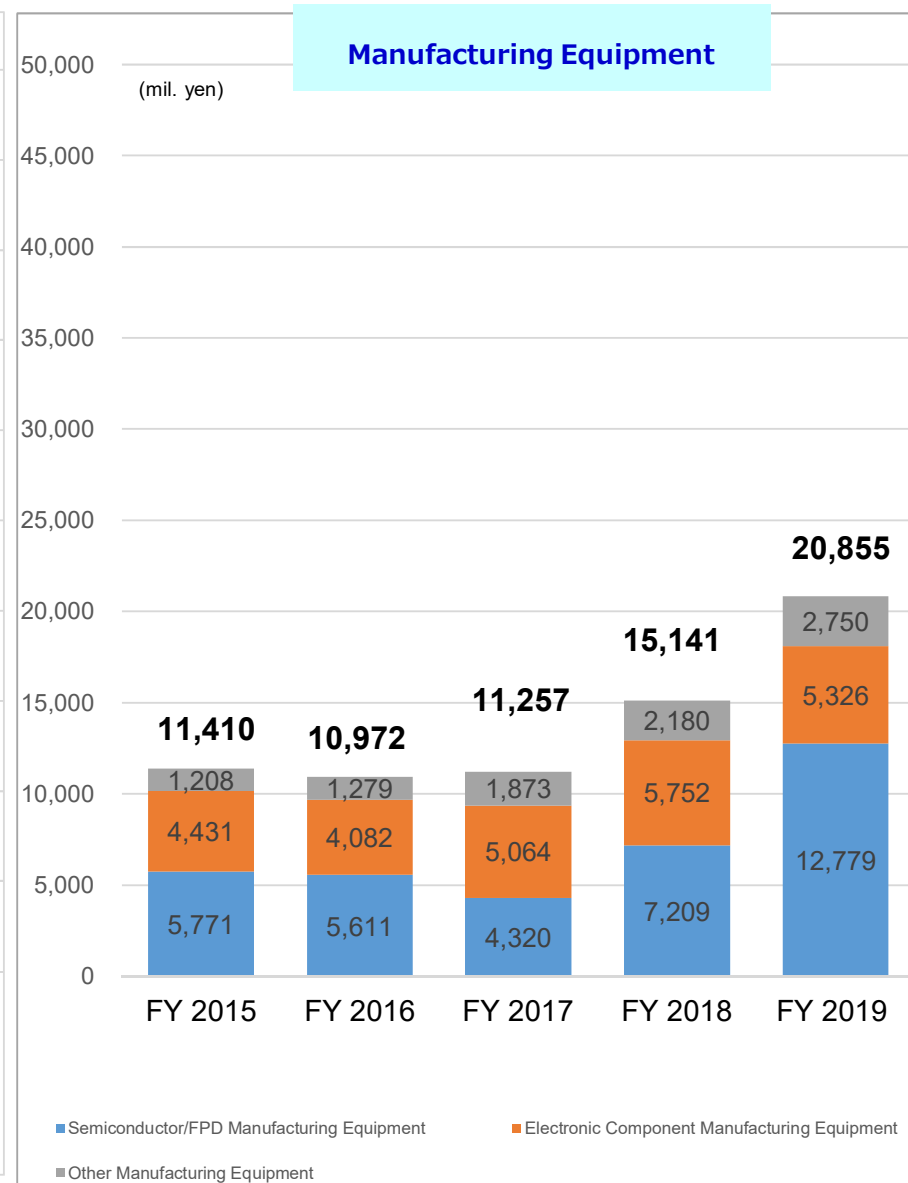
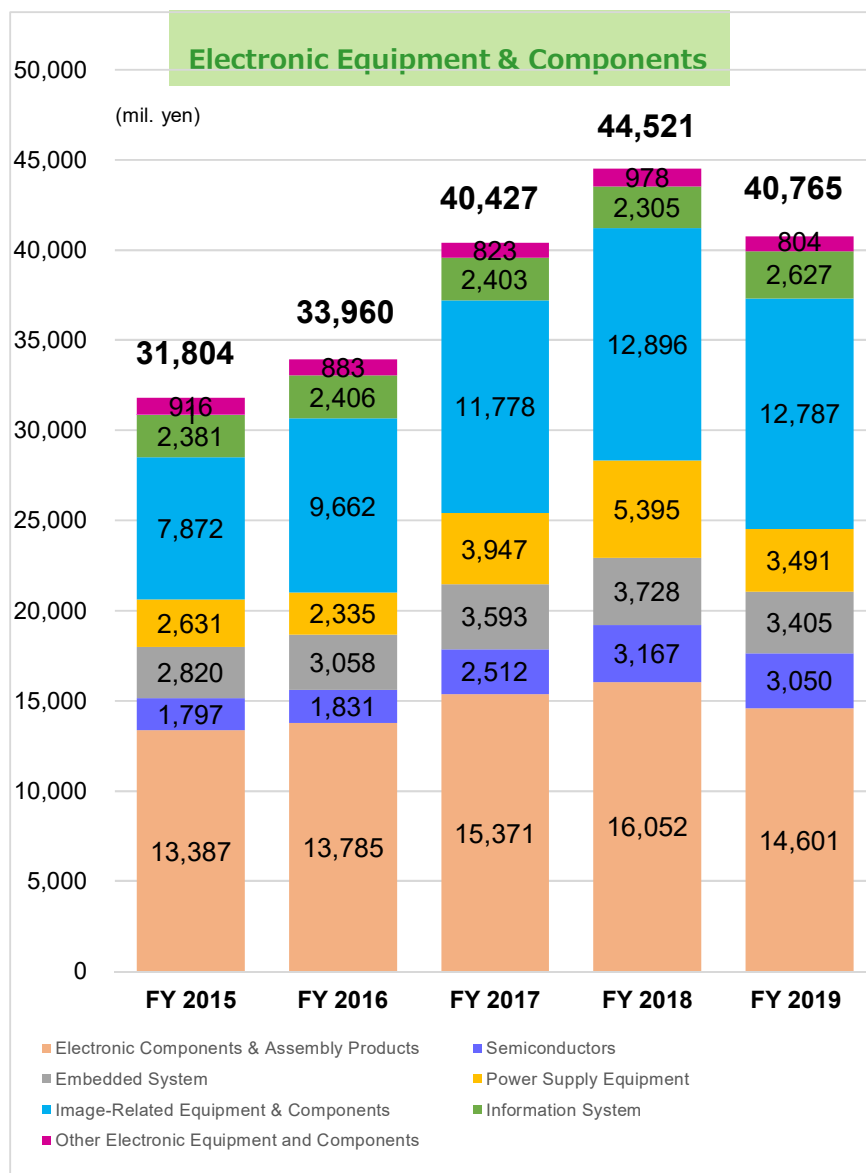
General Change by Report Segment



(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, the report segment category of the Global Business Operation 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.

Fiscal Performance Change by Product Segment



Business Structure of the Company 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	23.7% (27.0% 2018)	23.8% (24.7% 2018)	21.9% (26.0% 2018)	North America 2.1% (3.3% 2018)
	Semiconductors	4.9% (5.3% 2018)	18.7% (19.6% 2018)		
	Embedded System	5.5% (6.2% 2018)	14.2% (15.2% 2018)		
	Power Supply Equipment (including Green Facility)	5.7% (9.0% 2018)	28.8% (17.7% 2018)		Europe 0.8% (1.0% 2018)
	Image-Related Equipment & Components	20.8% (21.6% 2018)	14.8% (16.4% 2018)		
	Information System	4.3% (3.9% 2018)	23.8% (26.7% 2018)		
	Other Electronic Equipment and Components	1.3% (1.6% 2018)	6.2% (14.1% 2018)		
Manufacturing Equipment	Semiconductor/FPD Manufacturing Equipment	20.7% (12.1% 2018)	18.3% (17.8% 2018)	Asia 24.3% (17.3% 2018)	
	Electronic Component Manufacturing Equipment	8.6% (9.6% 2018)	30.2% (35.0% 2018)		
	Other Manufacturing Equipment	4.5% (3.7% 2018)	16.2% (24.9% 2018)		
Total		100.0%	20.3% (21.5% 2018)	21.9% (26.0% 2018)	27.1% (21.2% 2018)

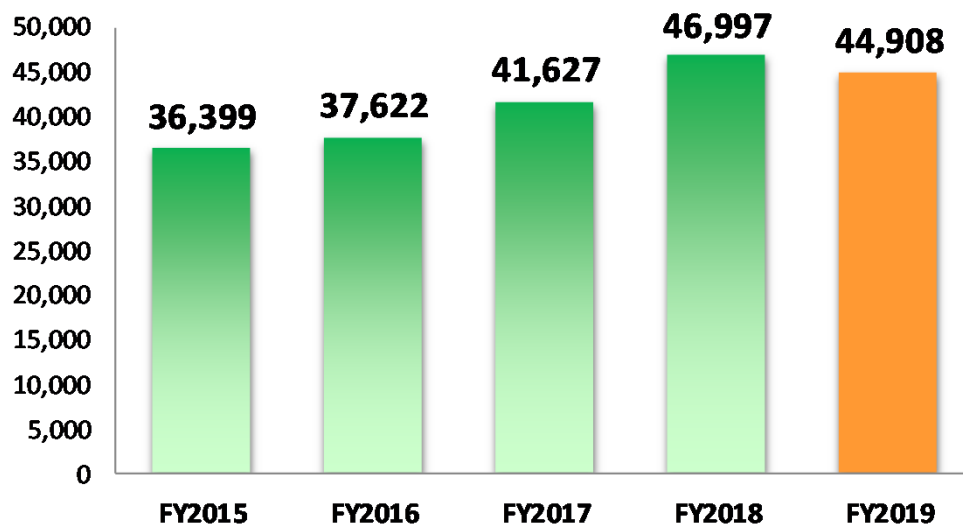
 shows the product segments including the Company's original products.

Sales Change by Area

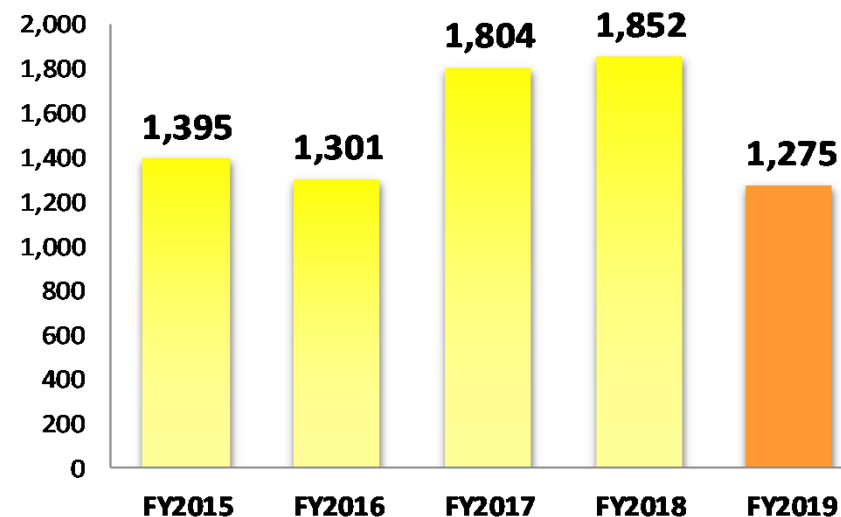


(mil. yen)

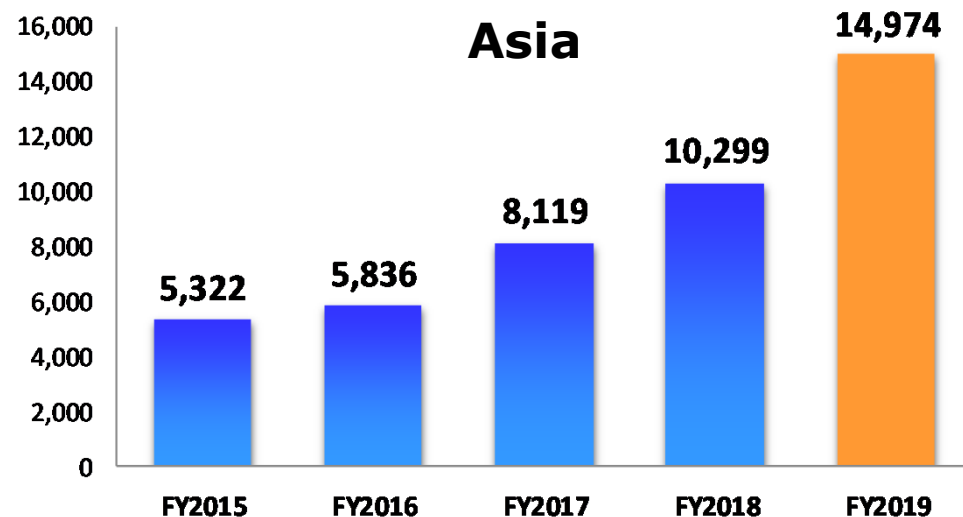
Domestic



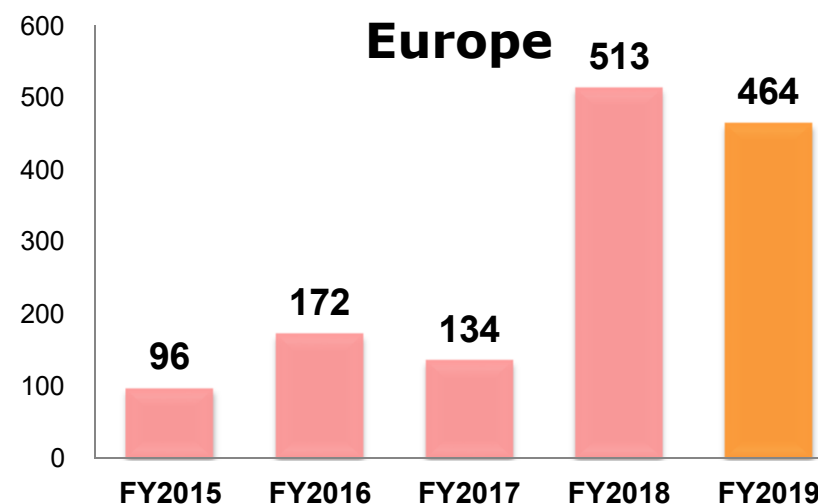
North America



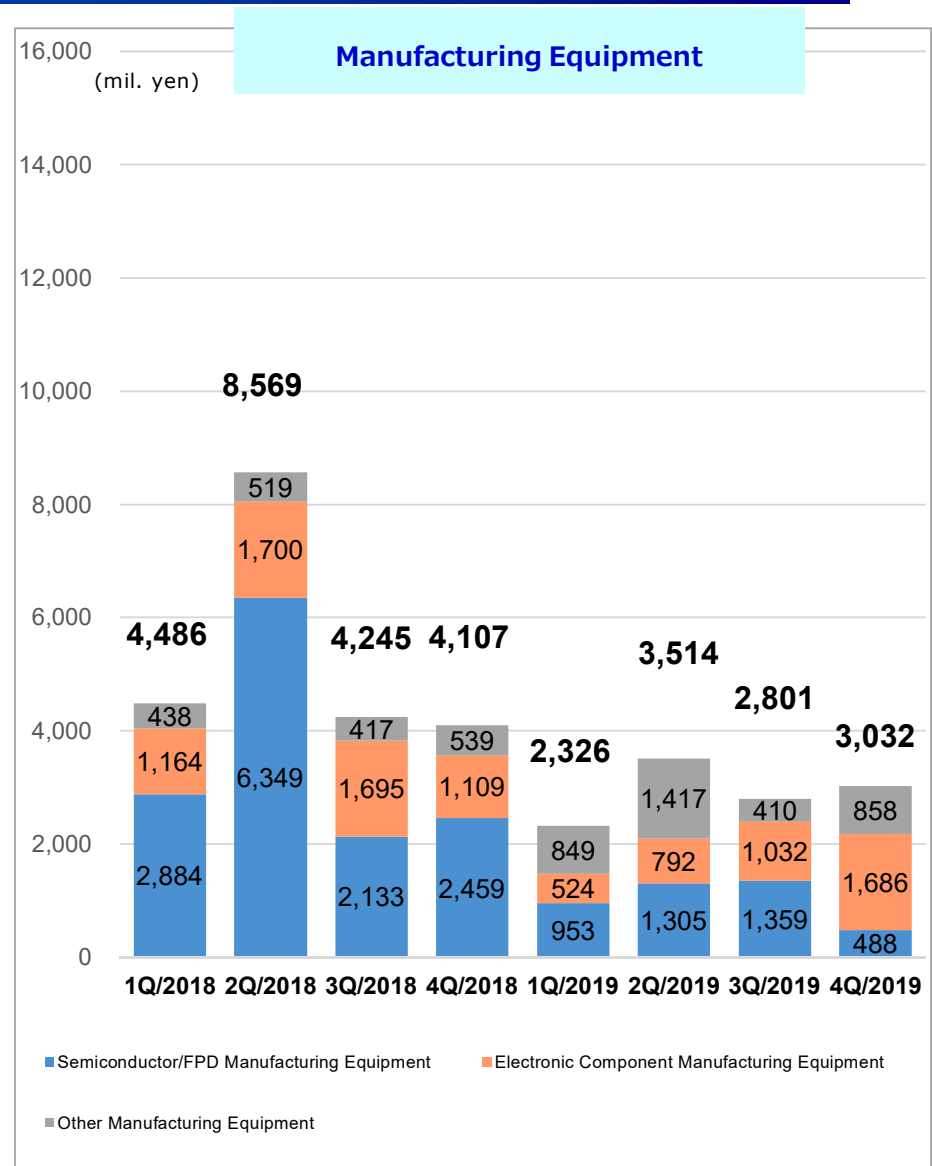
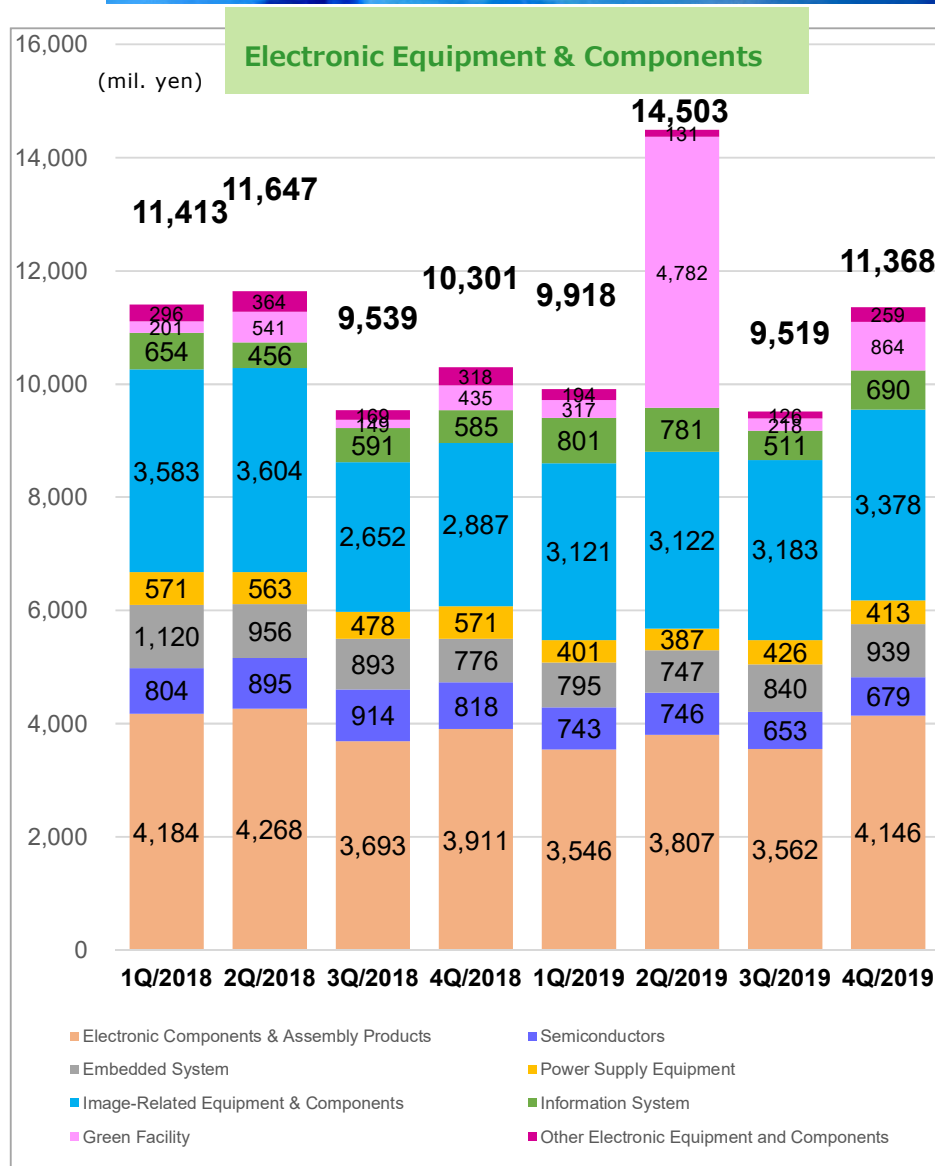
Asia



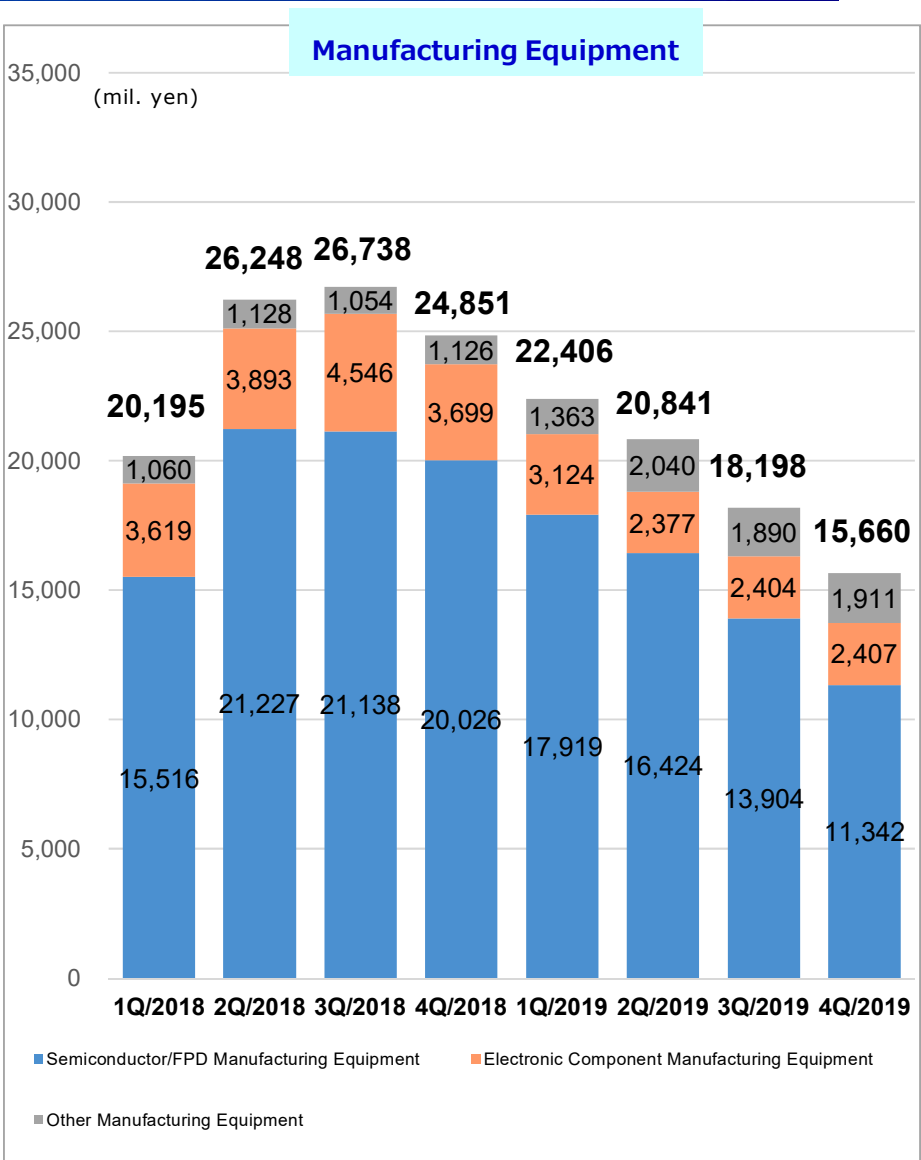
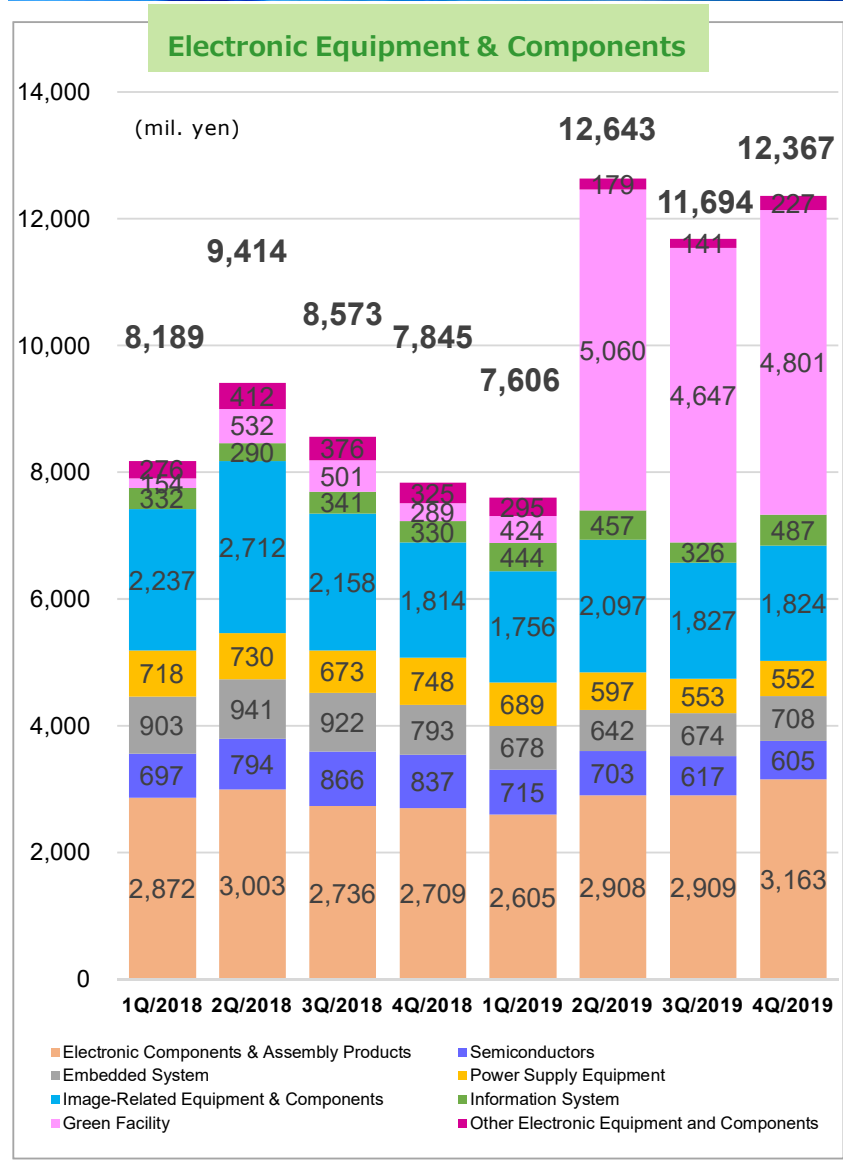
Europe



Quarterly Order Change (by product segment)



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



* Including backlogs of orders for delivery in or after 2021 of approximately 4,520 million yen in Electronic Equipment and Components, and approximately 2,504 million yen in Manufacturing Equipment.

Consolidated Performance Forecast (full-year)

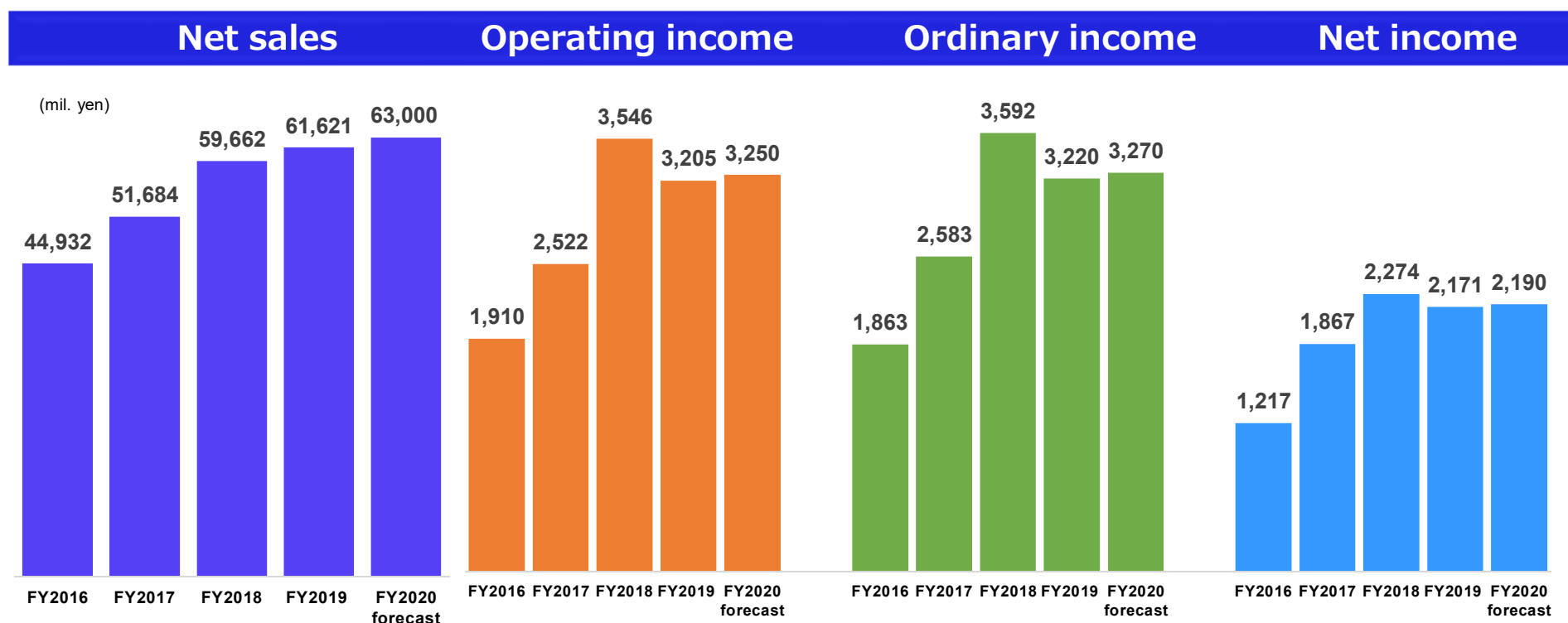


■ **Net sales** **¥63,000 mil.**
(102.2% y/y)

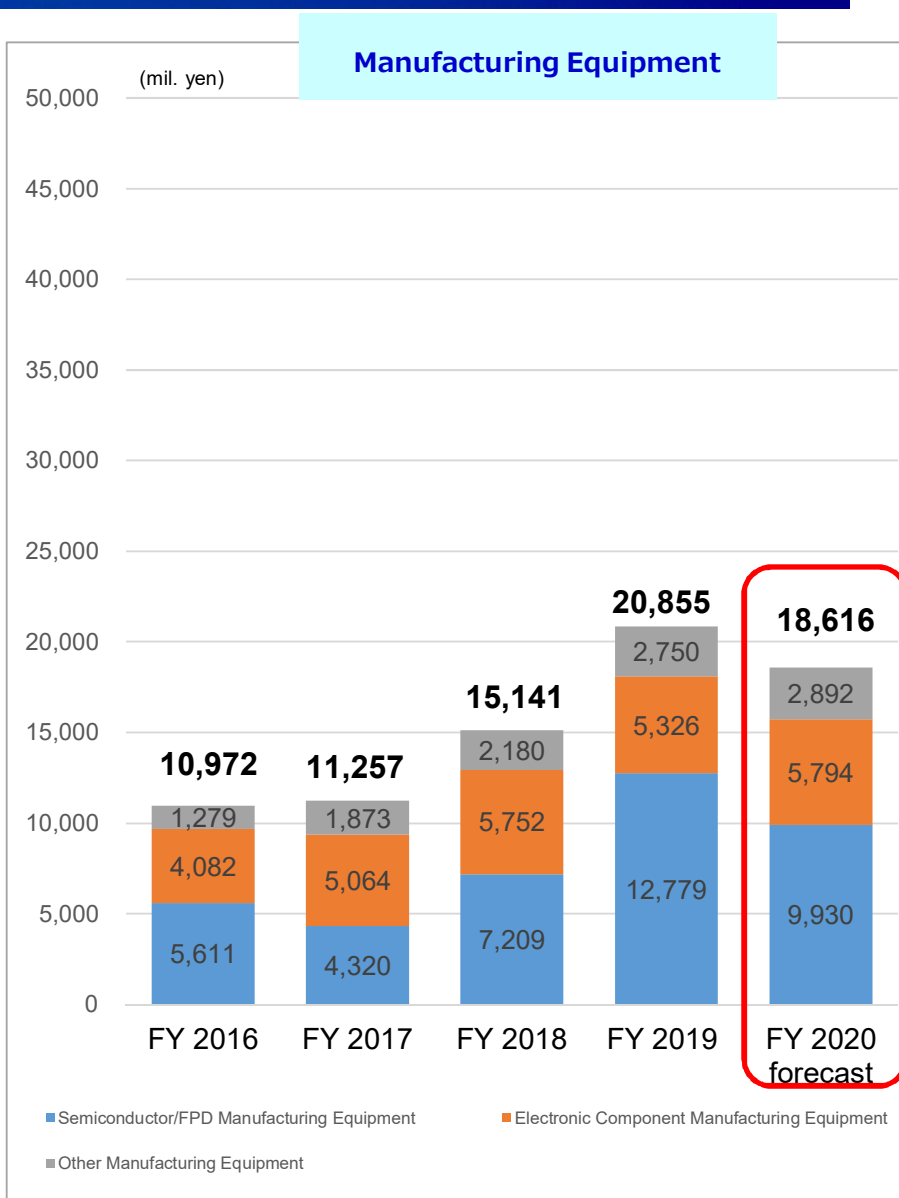
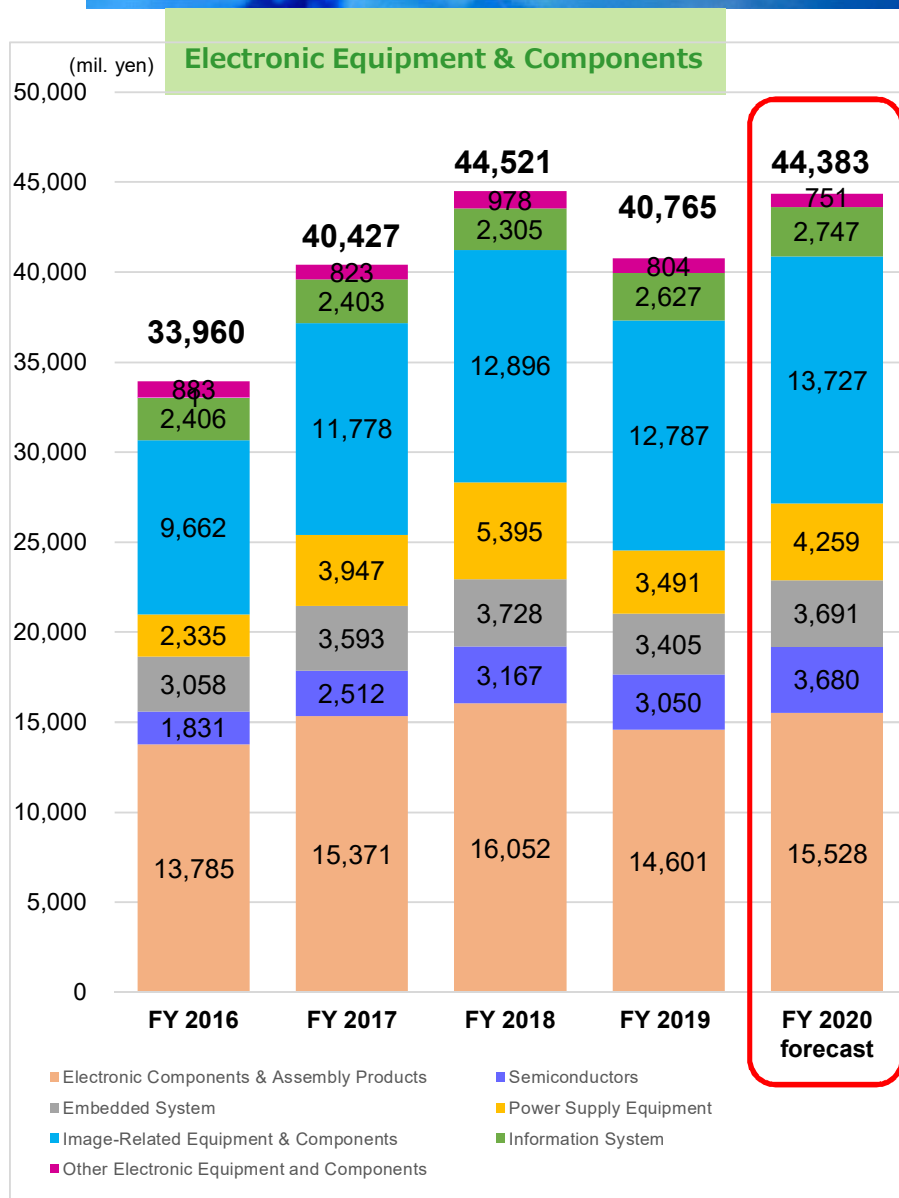
■ **Operating income** **¥3,250 mil.**
(101.4% y/y)

■ **Ordinary income** **¥3,270 mil.**
(101.6% y/y)

■ **Net income** **¥2,190 mil.**
(100.9% y/y)



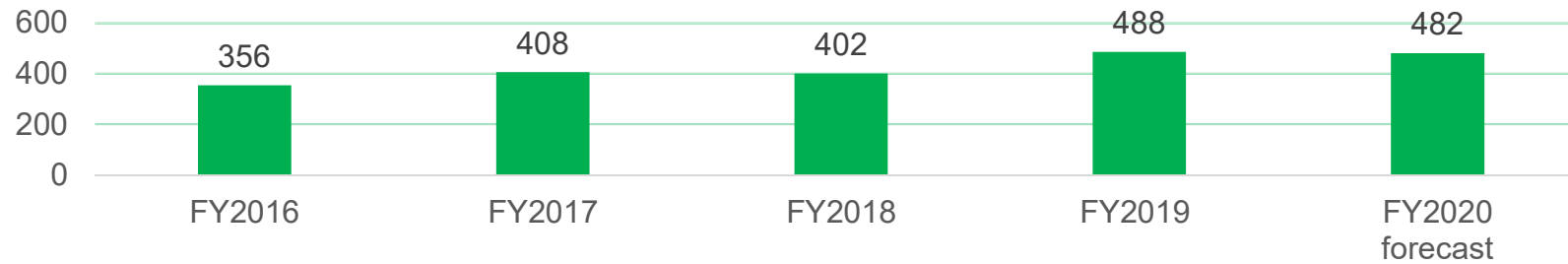
Performance Change and Forecast by Product Segment **Daitron**



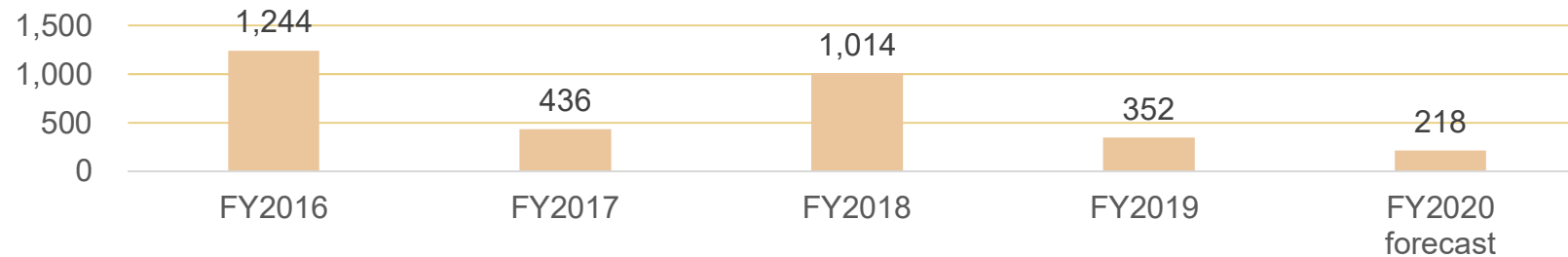
Change in Depreciations, Capital Investments, and R&D Expenses

(mil. yen)

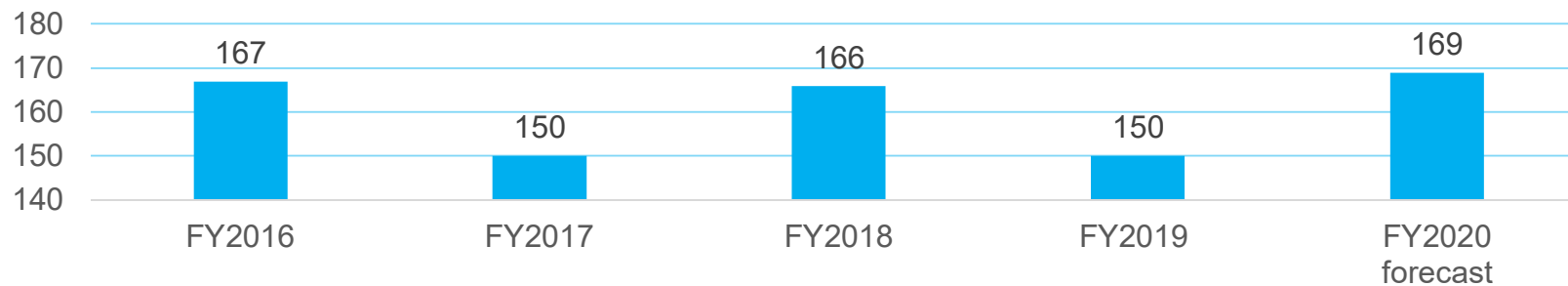
Depreciations



Capital investments



R&D expenses



Dividend



(yen)	2Q end (interim)	Period-end	Annual dividend (interim + period-end)	Initial forecast	Payout ratio
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	25	35	60	60	30.6%
FY 2020 forecast	25	35	60		30.4%

* 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

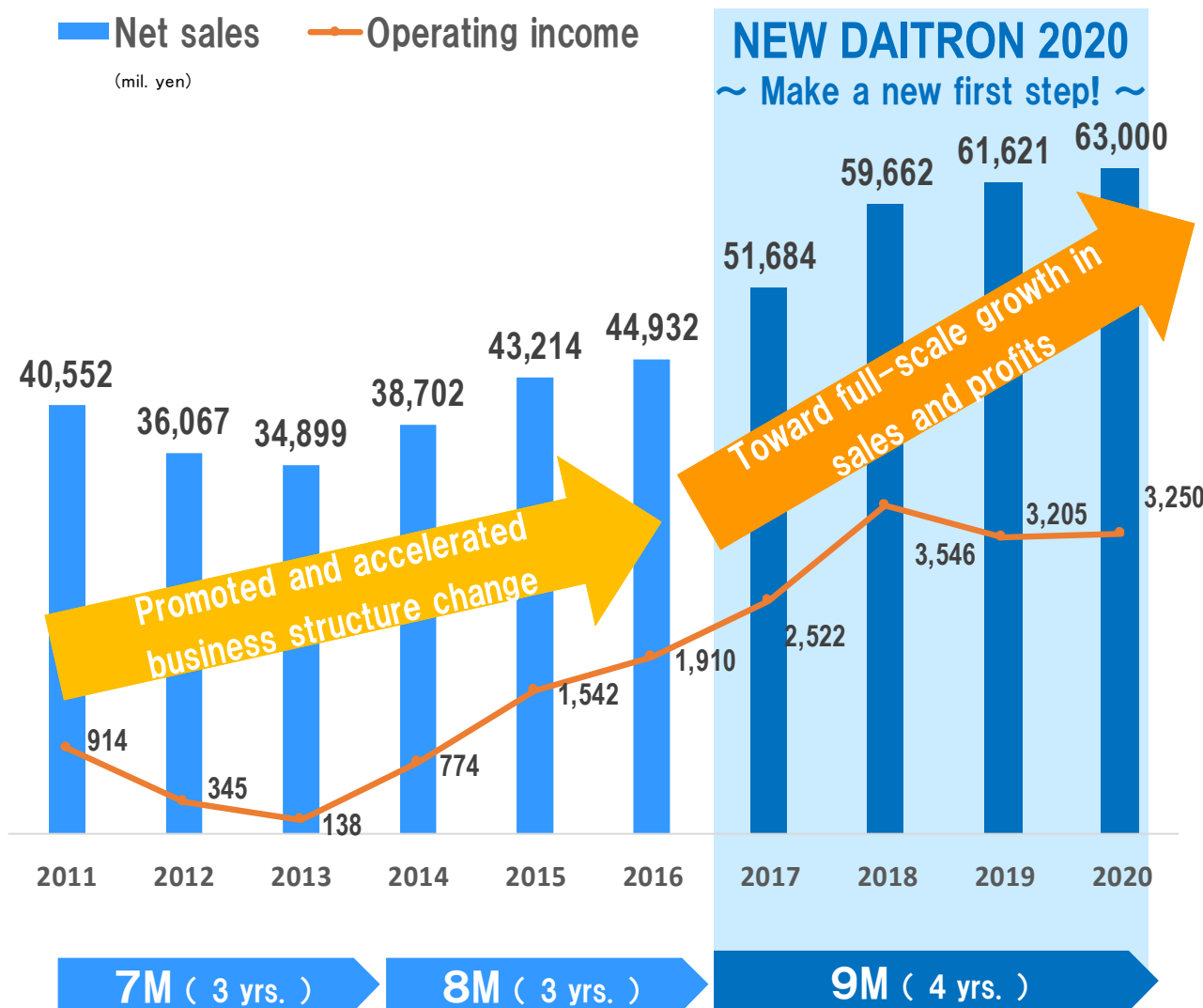
 - Having "dynamism" of a trader and "potentiality and soundness" of a manufacturer

- **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%

(41% :2019)

ROA

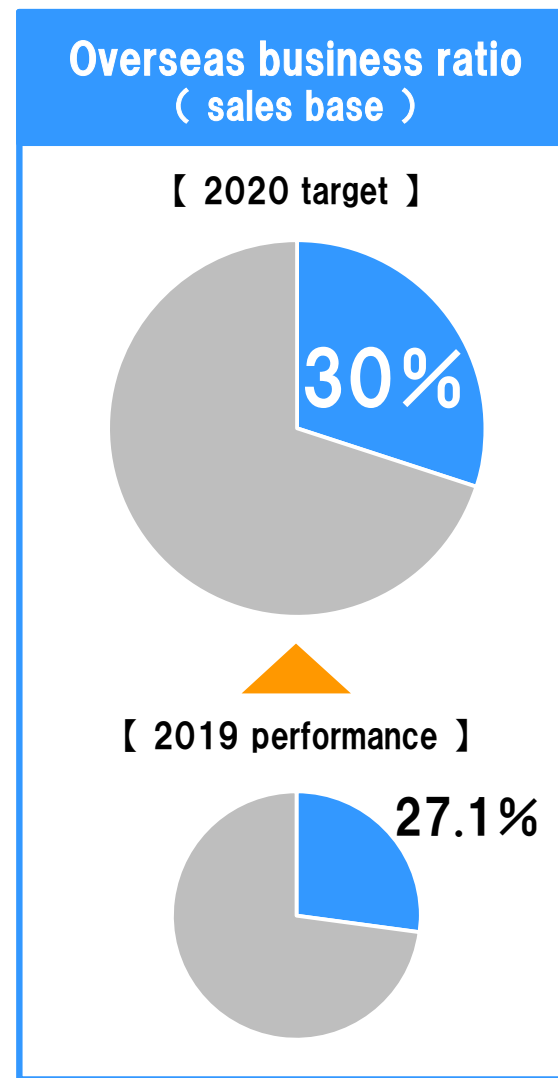
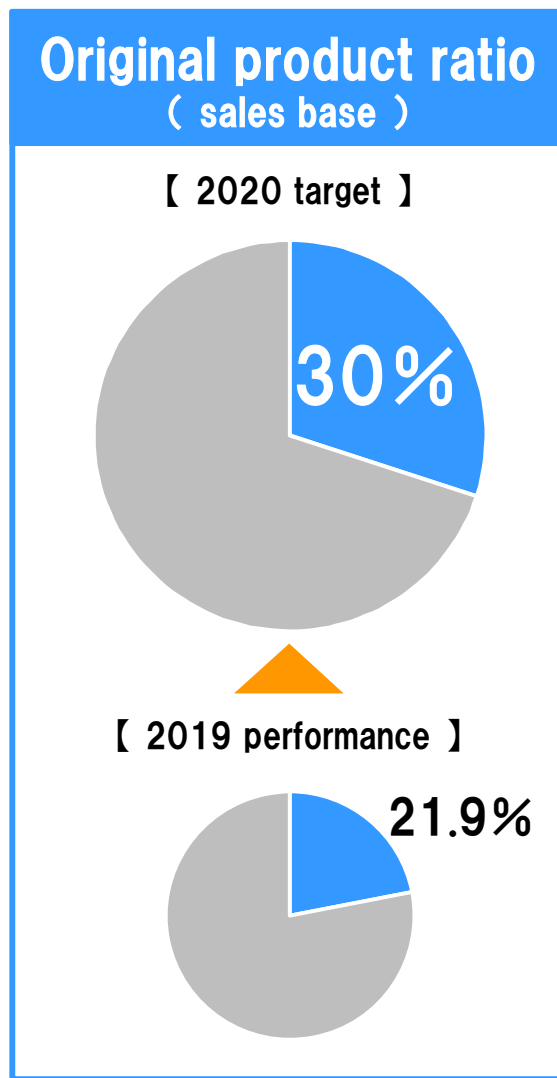
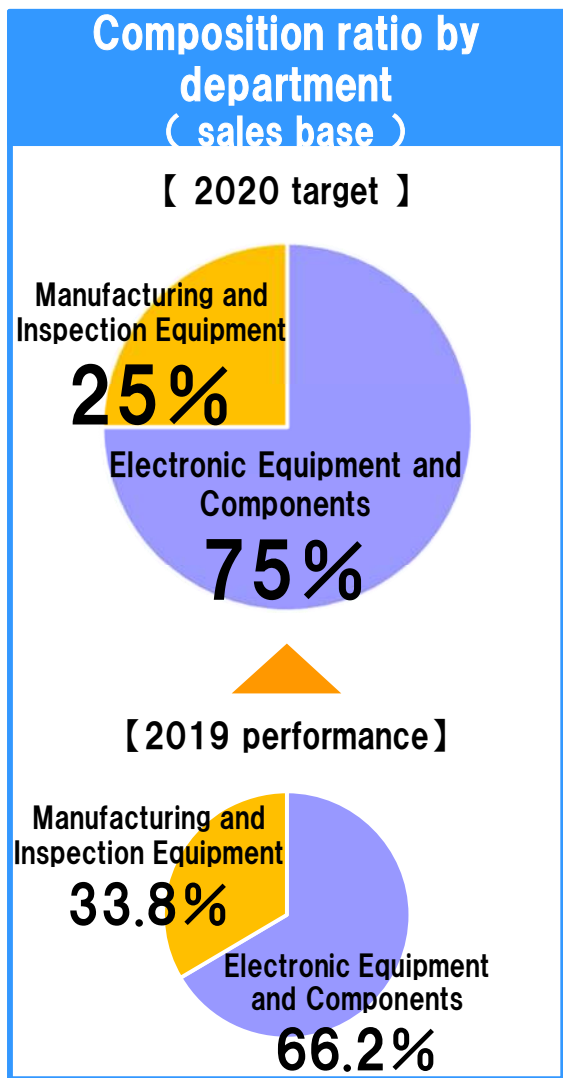
4% or above

(4.9% :2019)

ROE

8% or above

(12.2% :2019)



【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 2020 (9M final 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: Sales promotion to diversifying ROB
(service, nursing care, agriculture, etc.)

2. Reinforcement of original product development

- (1) Brushing up of the original technology/current lines: Added Value
- (2) Reinforcement of new product development (new field)
→ Productive activities of D&P Product Development Div.
- (3) Enhancement of quasi-original lines by reinforced coordination with suppliers

3. Enhancement of overseas operations

- (1) Expansion of parts business
- (2) Development of business unique to respective localities
- (3) Reinforcement of business cooperation between overseas bases

Point of basic strategy in 2020 (9M final year) - 2

4. Improvement in marketing and sales capabilities

- (1) Improvement in profit ratio by developing competitive suppliers (products)
- (2) Strengthening of relations by selling customers' products
- (3) Increase in added value by complex (system) sales

5. Reinforcement of the manufacturing function of group companies

- (1) Improvement in earning power of Equipment Factory & Specialized Equipment Factory
- (2) Reinforcement of production functions of Group companies
- (3) Increase in added value by improved productivity(improvement in profit ratio)

6. Reinforcement of organizational and personnel strengths

- (1) Efforts at personnel development and revitalization through job rotation and career path system
- (2) Strengthen risk management
- (3) Introduction of new personnel system → 65-year retirement, enhancement of evaluation system, sophistication of education

【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

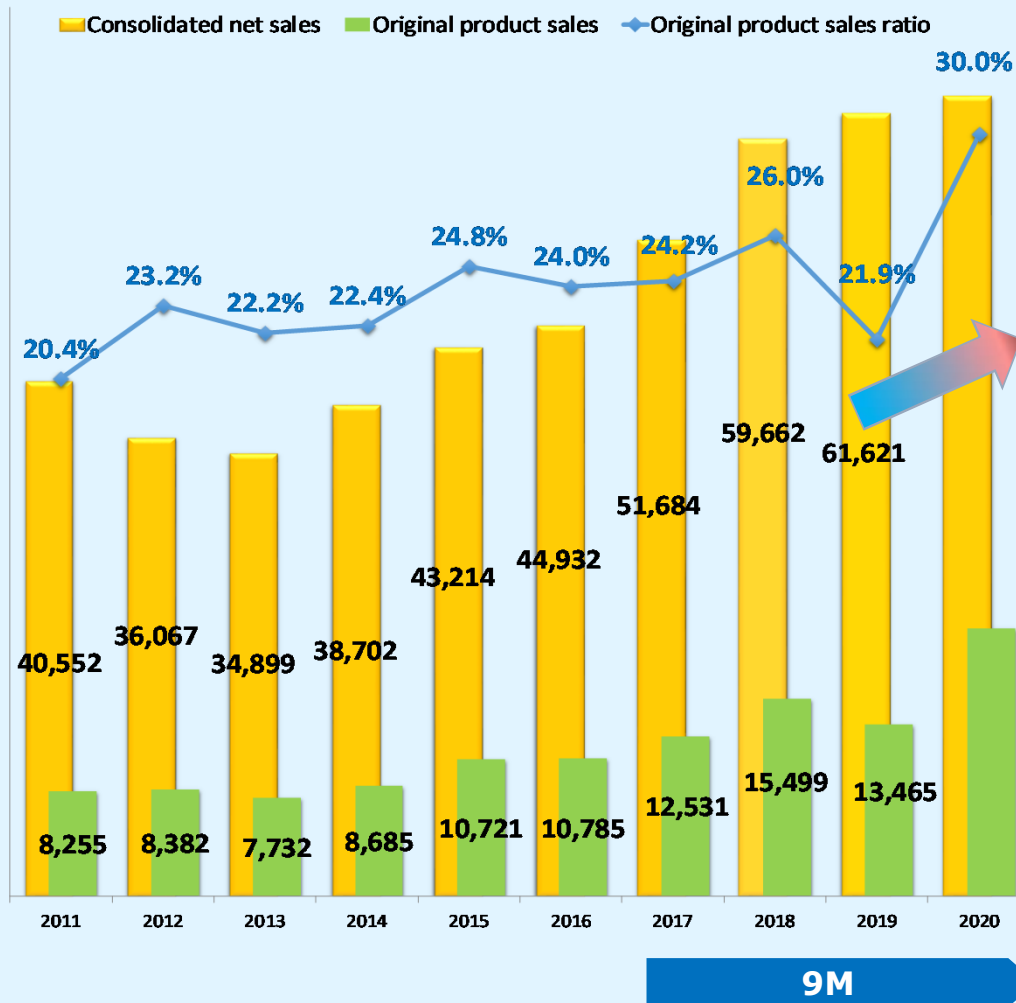
**Stable
growth
foundation**

【Basic strategy - 2】

Reinforcement of original product development



(mil. yen)



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

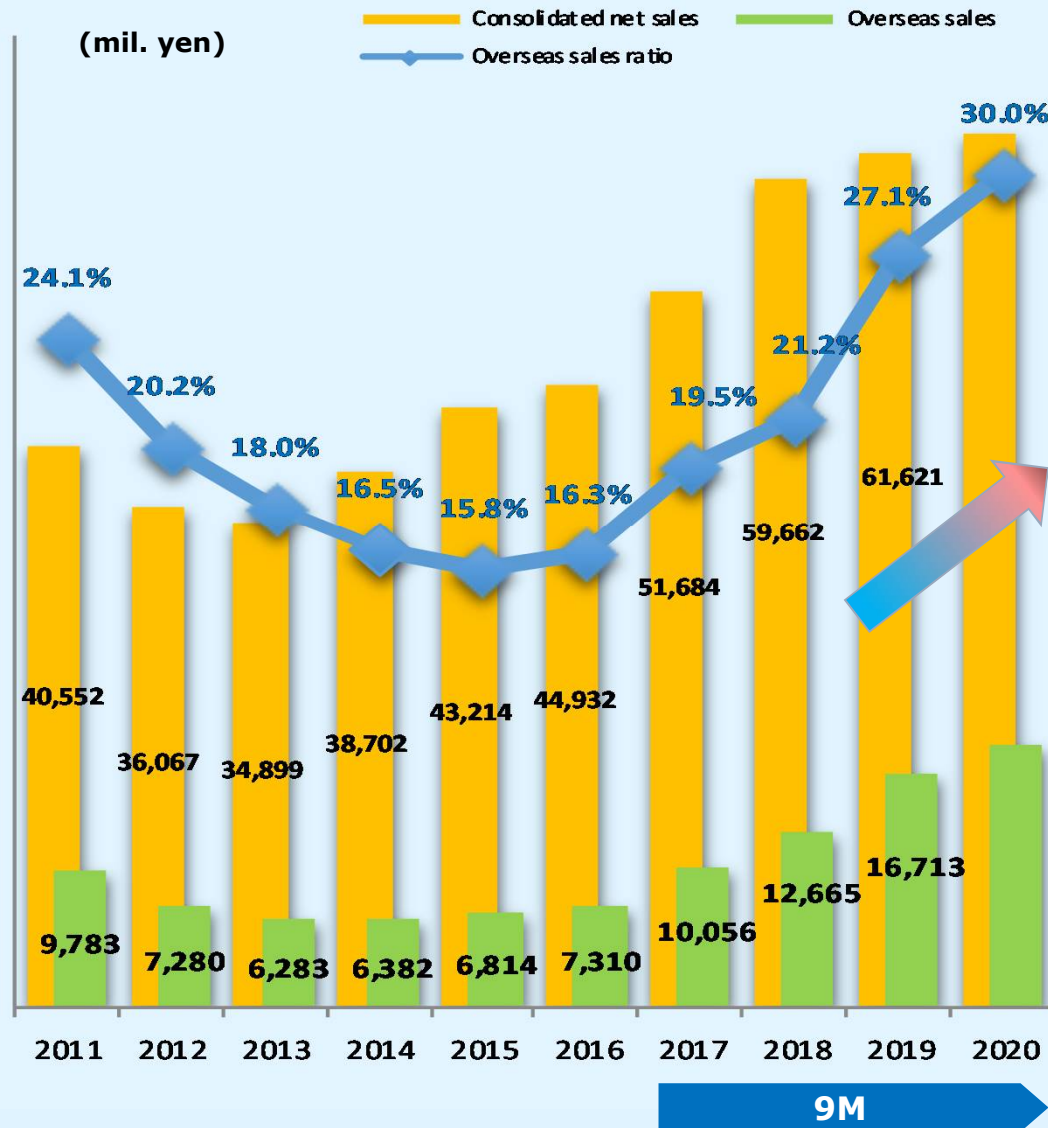
Strategic point

- 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



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

Strategic point

- Expansion of business with local companies

- Expansion of electronic parts business

- Reinforcement of business cooperation between overseas bases (expansion of out-out business)

- Promotion of business unique to respective localities

- Enhancement of network

【Basic strategy - 4】

Improvement in marketing and sales capabilities

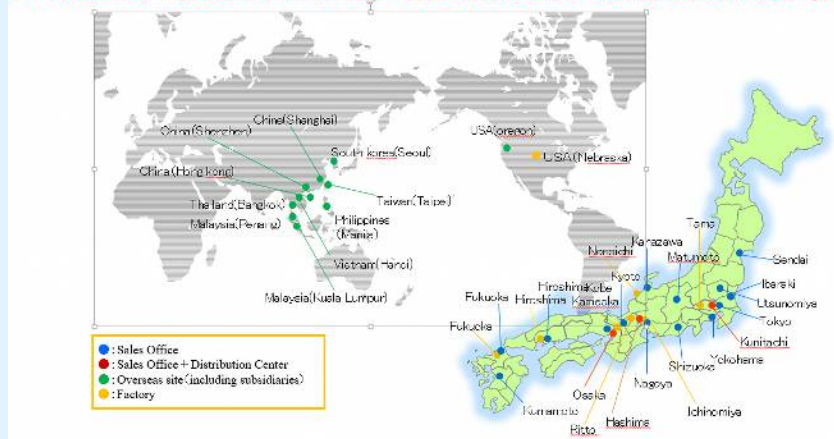


Strategic point 1 Expansion of domestic and overseas sales networks

【 Japan 】 - Tohoku District: Sendai (established January 1, 2019)
- Shikoku District (under investigation)

【 Overseas 】 - Hanoi, Vietnam (established May 1, 2019)
- India (under investigation)
- Europe (under investigation)

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



Strategic point 2 Strengthening of presence in the existing markets

- Efforts aiming for complex business relationships with customers



【Basic strategy - 5】

Strengthened integration of production divisions



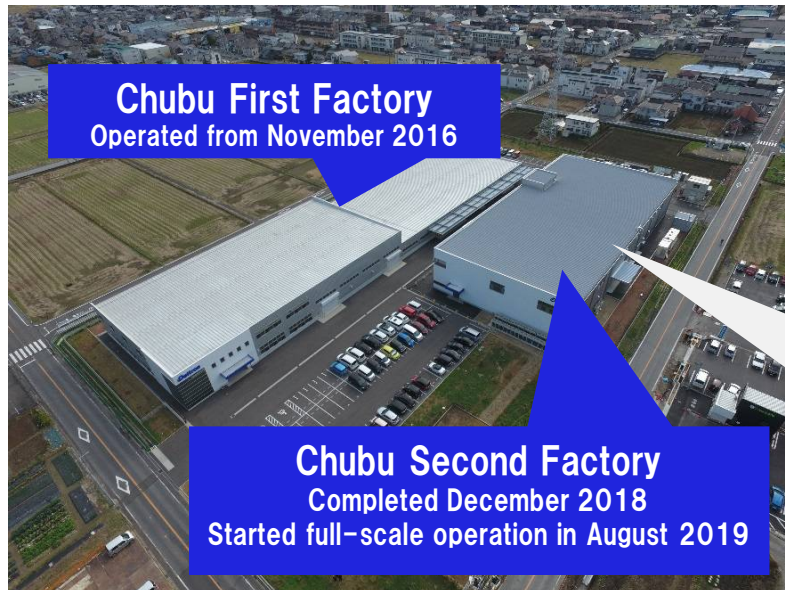
Chubu Factories

(Ichinomiva city, Aichi)

Newly established as a core factory of Daitron Group



Toward core manufacturing and development site



- Profitability increased by improved productivity
⇒ Concentration & promotion of efficiency of production systems (Chubu Factory)
⇒ Introduction of production control
- Reinforcement of production functions of group companies



【 First Factory 】

For electronic equipment and components production

>> Operated from November 2016

【 Second Factory 】

For manufacturing equipment related production

>> Started full-scale operation in August 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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