



CMK CORPORATION
(Stock code : 6958)

1H FY2017 Financial Results (presentation material)

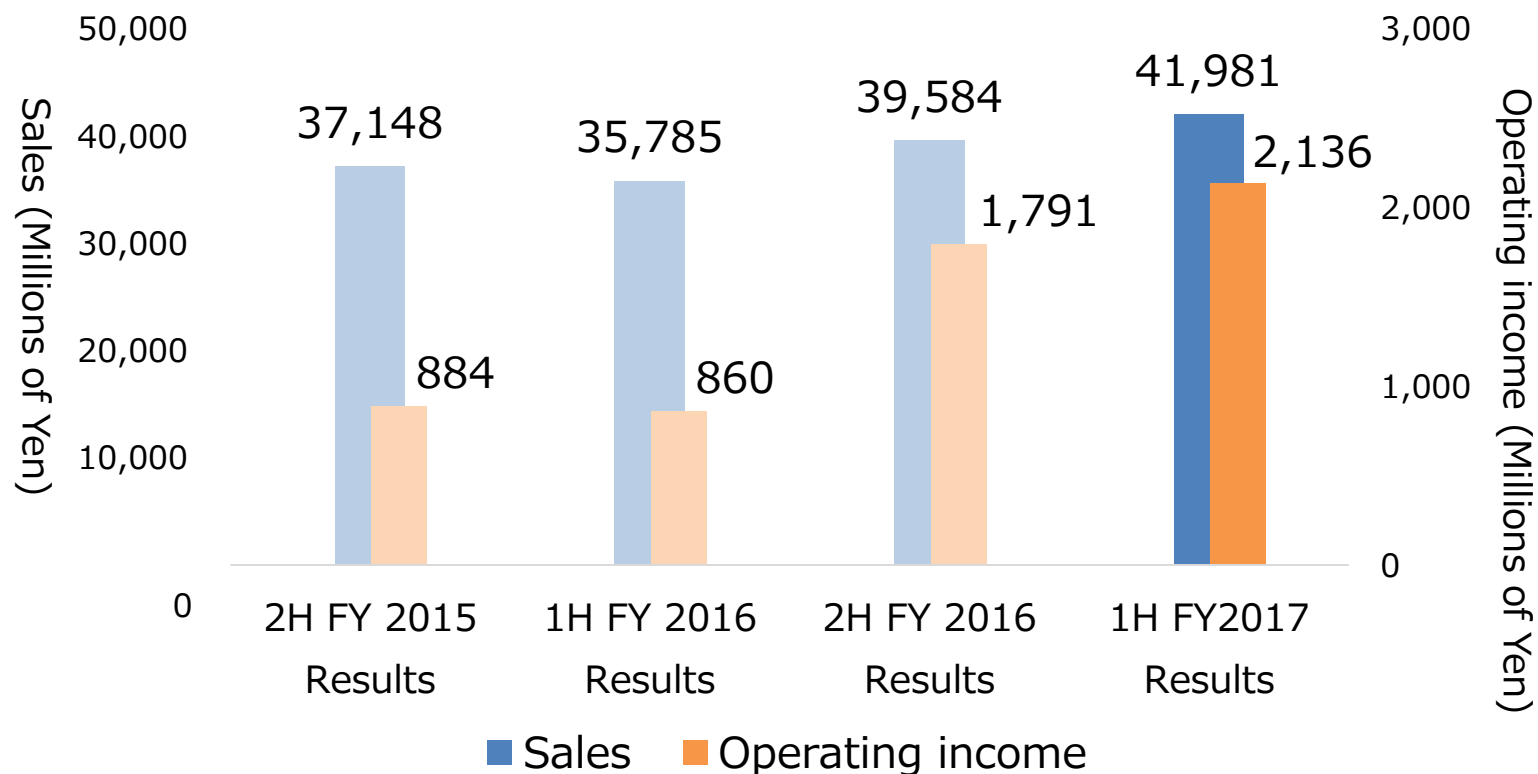
November 17, 2017
CMK CORPORATION

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1H FY2017
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1 . Consolidated financial results for 1H FY2017

① Key points of 1H FY 2017 Financial results

- Continued momentum in the increasing orders of our key products for automotive use
- Sales increased and profitability improved simultaneously, reflecting the impact of production capacity enhancements and productivity improvements

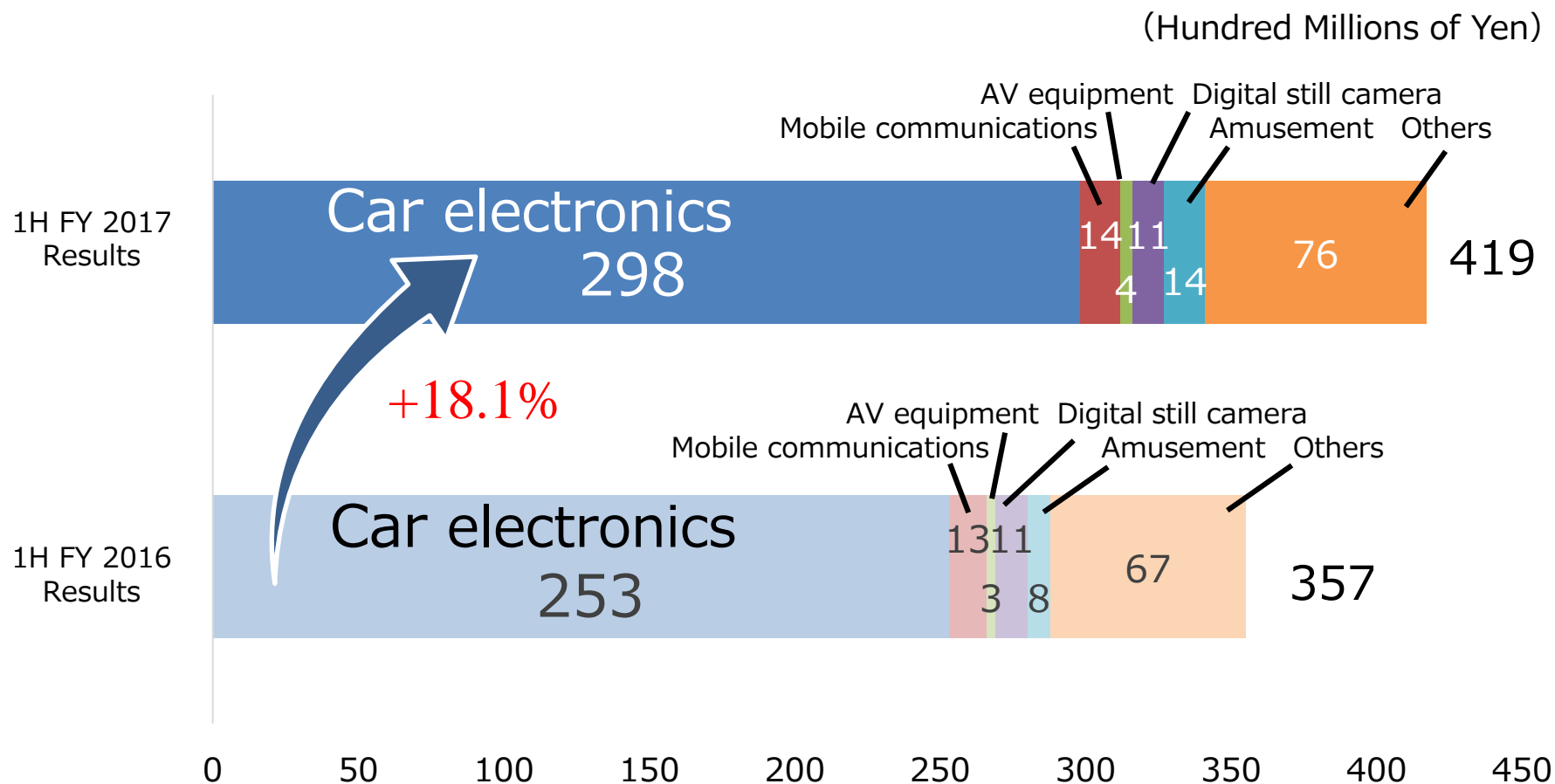


② Consolidated Income statement

Profits more than doubled compared with the previous fiscal year in all the profit related items (Millions of Yen)

	1H FY 2016 Results	1H FY 2017 Results	YoY	
			Change	%
Net sales	35,785	41,981	+6,195	+17.3%
Operating income	860	2,136	+1,276	+148.4%
Operating margin	2.4%	5.1%	+2.7%	
Ordinary income	776	1,984	+1,207	+155.5%
Profit attributable to owners of parent	802	1,630	+827	+103.1%
Exchange rate (USD/JPY)	111.47	112.12	+0.65	+0.6%

③ Sales by application



- Steady growth in sales of products for automotive use continued, driven by the progress of automotive electrification
- Among products for amusement use, sales for popular game equipment use increased

④ Enhancing overseas production capability



Thailand



CMK Corporation (THAILAND) co., Ltd.

(Double-sided PWBs, Multilayered PWBs, HDI PWBs)

- Order intake mainly of products for automotive use remains strong
- In the end of September, enhanced production capacity by 30% compared with the previous fiscal year (acceleration of the initial schedule)

China



CMK electronics (WUXI) co., Ltd.

(HDI PWBs)

- HDI PWBs adopted in products for automotive use increased
- In the end of June, enhanced production capacity by 30% compared with the previous fiscal year



CMKC (Dong Guan) Ltd.

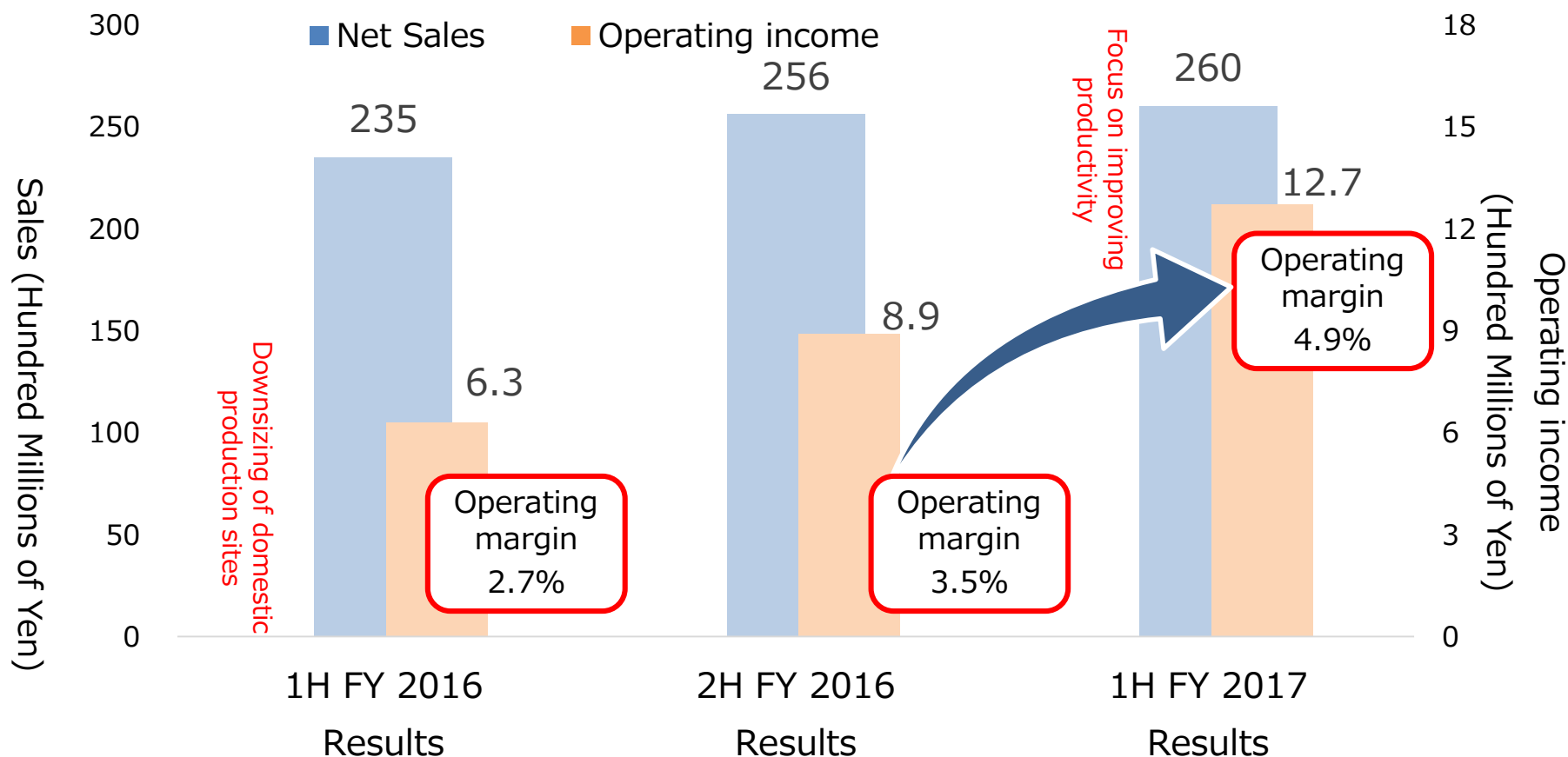
(Double-sided PWBs, HDI PWBs)

- The factory manufacturing products for automotive use being operated continuously at full capacity

As we are continuously at full production capacity in all factories, further production capacity enhancement is under consideration

⑤ Improving domestic productivity

Changes in Japan profit and loss

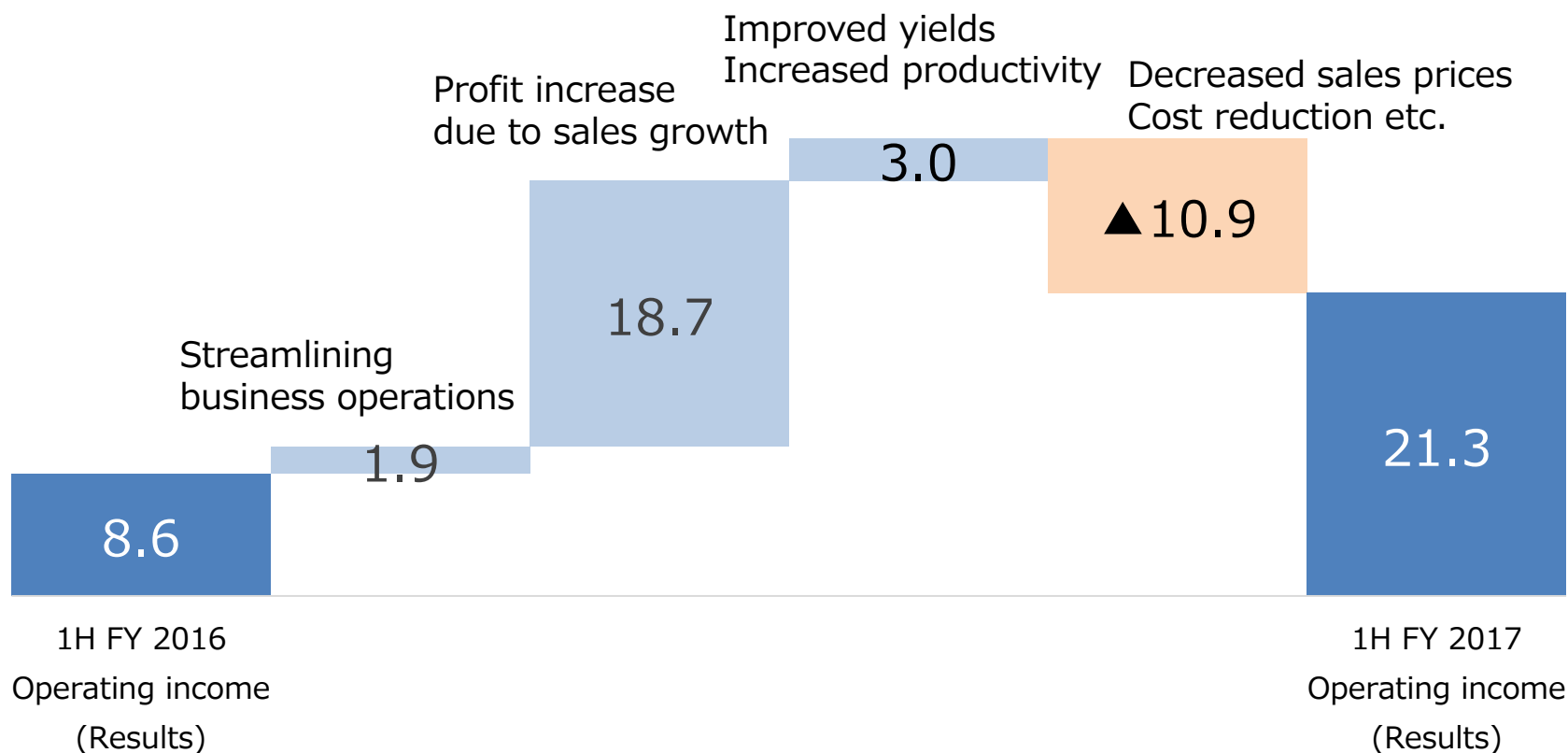


- Domestic operating margin increased by 1.4% as a result of our focus on productivity improvements mainly in Niigata factory
- Further improvement in profits expected in the second half

⑥ Analysis of changes in Operating income



(Hundred Millions of Yen)



On the momentum of continuing strong orders mainly of products for automotive use, financial results improved driven by profit growth through sales increase as a result of production capacity enhancements 9

⑦ Forecast of Consolidated Income statement 

(Millions of Yen)

	FY 2016 Results	FY 2017 Forecast	YoY	
			Change	%
Net sales	75,370	80,000	+4,629	+6.1%
Operating income	2,652	4,000	+1,347	+50.8%
Operating margin	3.5%	5.0%	+1.5%	
Ordinary income	2,628	3,700	+1,071	+40.7%
Profit attributable to owners of parent	2,153	3,000	+846	+39.3%
Exchange rate (USD/JPY)	109.28	110.00	+0.72	+0.7%

2 . Trends of Automotive PWB market and Sales performance of CMK

① Trends of Automotive market

1. Increase in the number of sales of new cars

- Strong sales of new cars continue globally
- The car ownership rate in China and India where maintain high economic growth rates still remains at a low level and the markets are expected to grow further

2. Growing popularity of environment friendly next generation automobiles (PHV/EV etc.)

- This year, regulations for fuel efficiency and emission control of automobiles are tightened in many countries around the world
- Automakers have switched over to the development of next generation automobiles which are expected to become more popular rapidly in future

3. Widespread adoption of the Advanced Driving Assistance System (ADAS)

- Adaption of ADAS increased rapidly, driven by growing needs for active safety and driving assistance
- Japanese government sets a target to increase the adaption rate of Emergency Brake Assist into new cars up to 90% or more by 2020

② Progress of automotive electrification

More use of ECU to meet demand for environment friendly and highly functional automobiles

(ECU with an annual growth of 10% and over between 2015~2021)

HV/PHV/EV/FCV ECU

- Battery monitoring
- Hybrid control
- DC-DC converter
- Motor drive
- Vehicle battery charger

Driving Control and Safety ECU Smart sensor/Actuator

- ADAS/Automatic operating system
- Radar sensor
- Car camera
- Power Window smart motor

Powertrain ECU

- Idle reduction
- DI engine



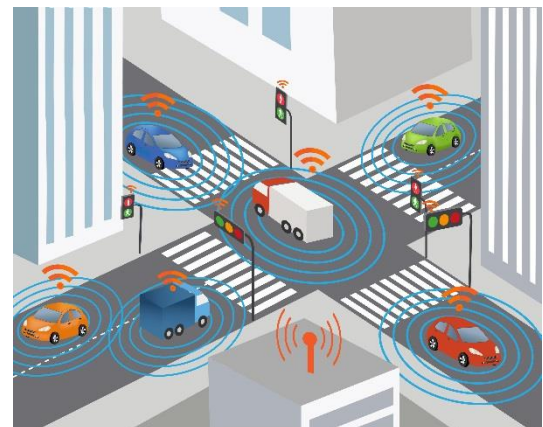
Body electronics ECU

- Power management
- Head lamp



Information and Communication ECU

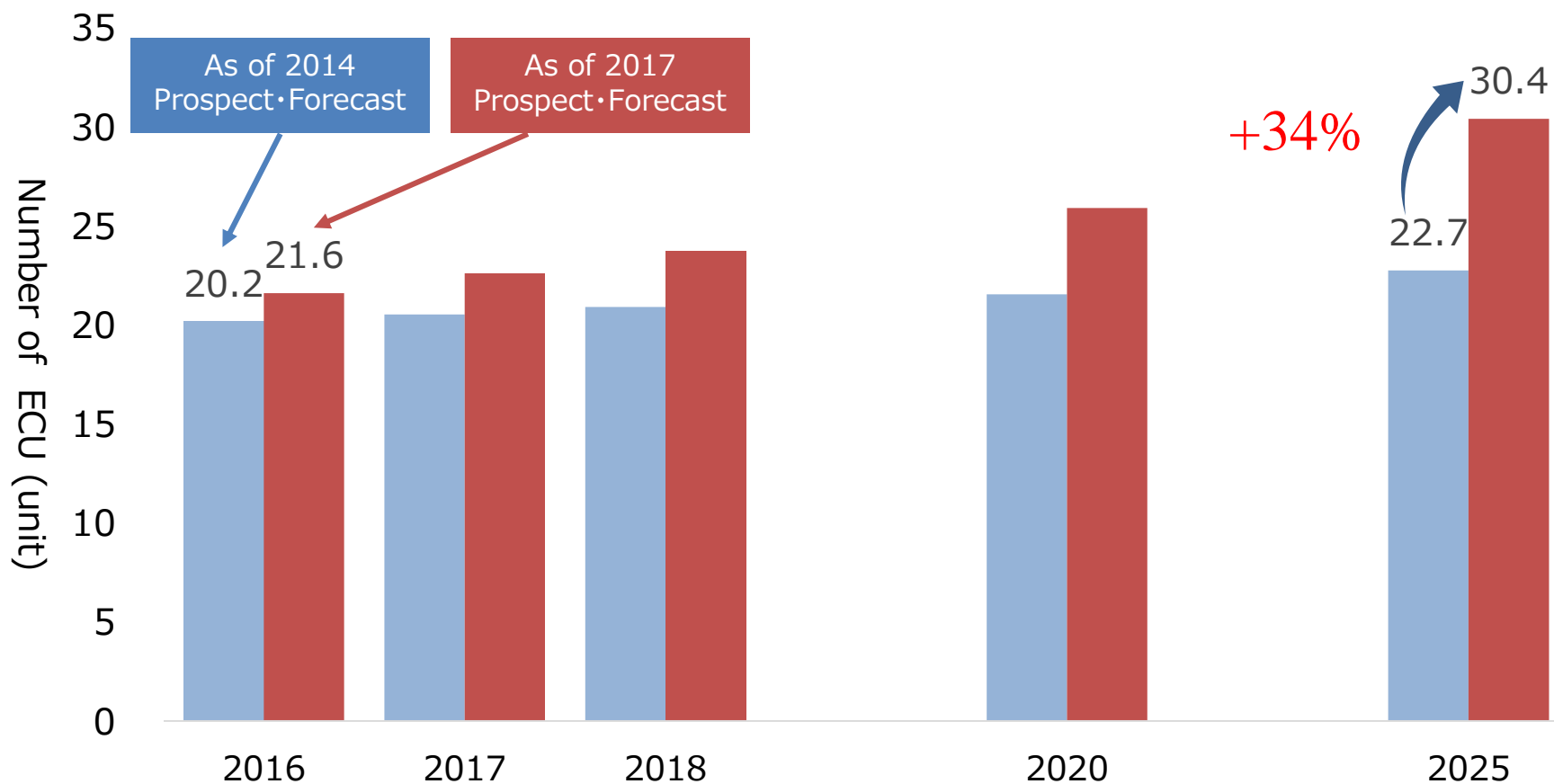
- IVI system
- Telematics



The number of ECU embedded in automobiles increased dramatically, driven by widespread use of next generation automobiles and ADAS

③ Change in the number of ECU used in automobiles

Number of ECU per an automobile

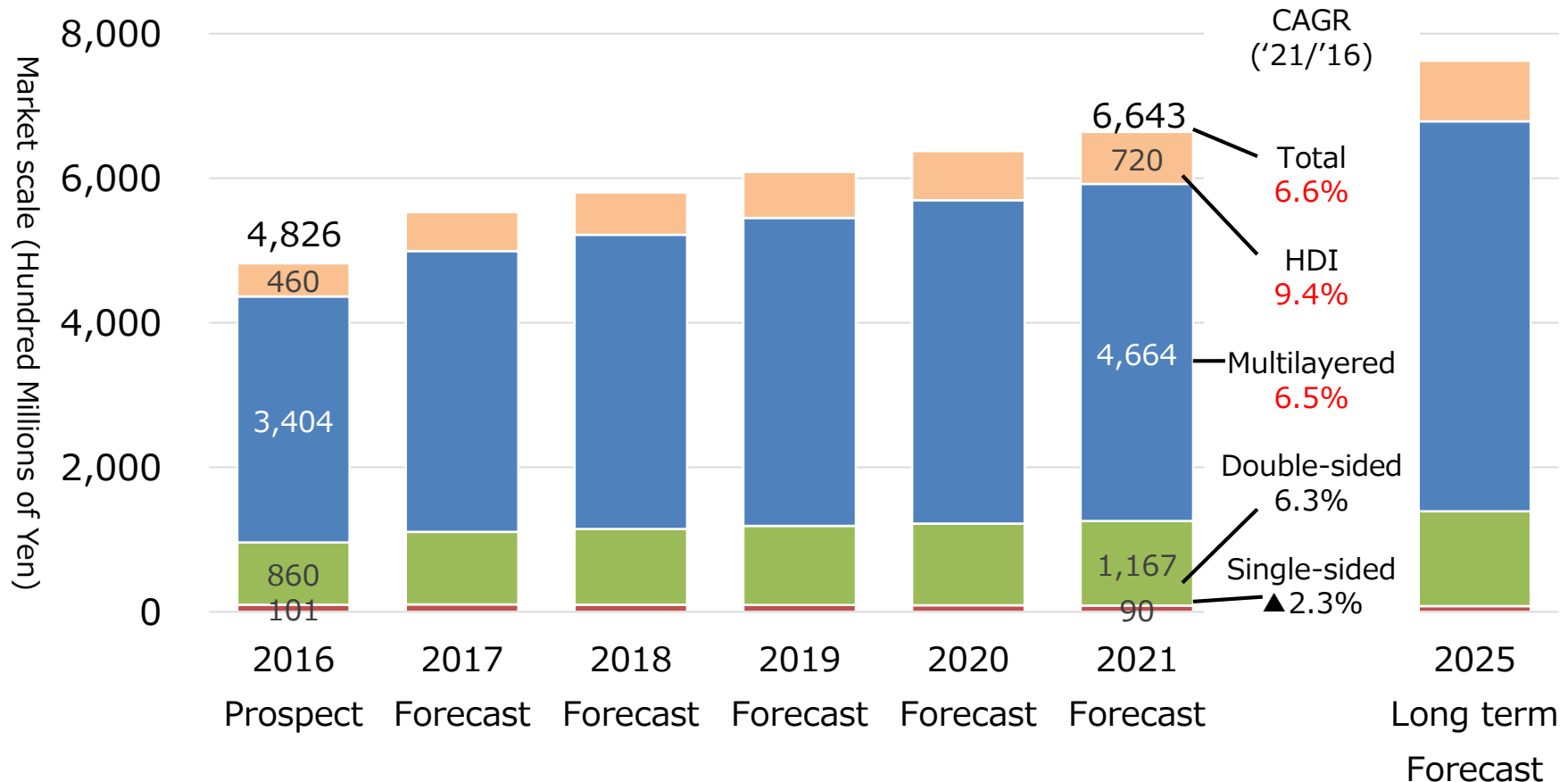


The number of ECU embedded in automobiles increased ahead of the forecast in 2014, reflecting the accelerated progress of automotive electrification

※Source : prepared by CMK reference to Fuji Chimera Research [Present situation and future prospect of the automotive ECU market in 2014], [Comprehensive Study of In-Vehicle Electronic Devices & Components 2017]

④ Scale of the automotive PWB market

Market scale forecast of rigid PWBs for automotive use



Automotive PWB market is expected to grow surpassing the sales increase of new cars, driven by the progress of automotive electrification

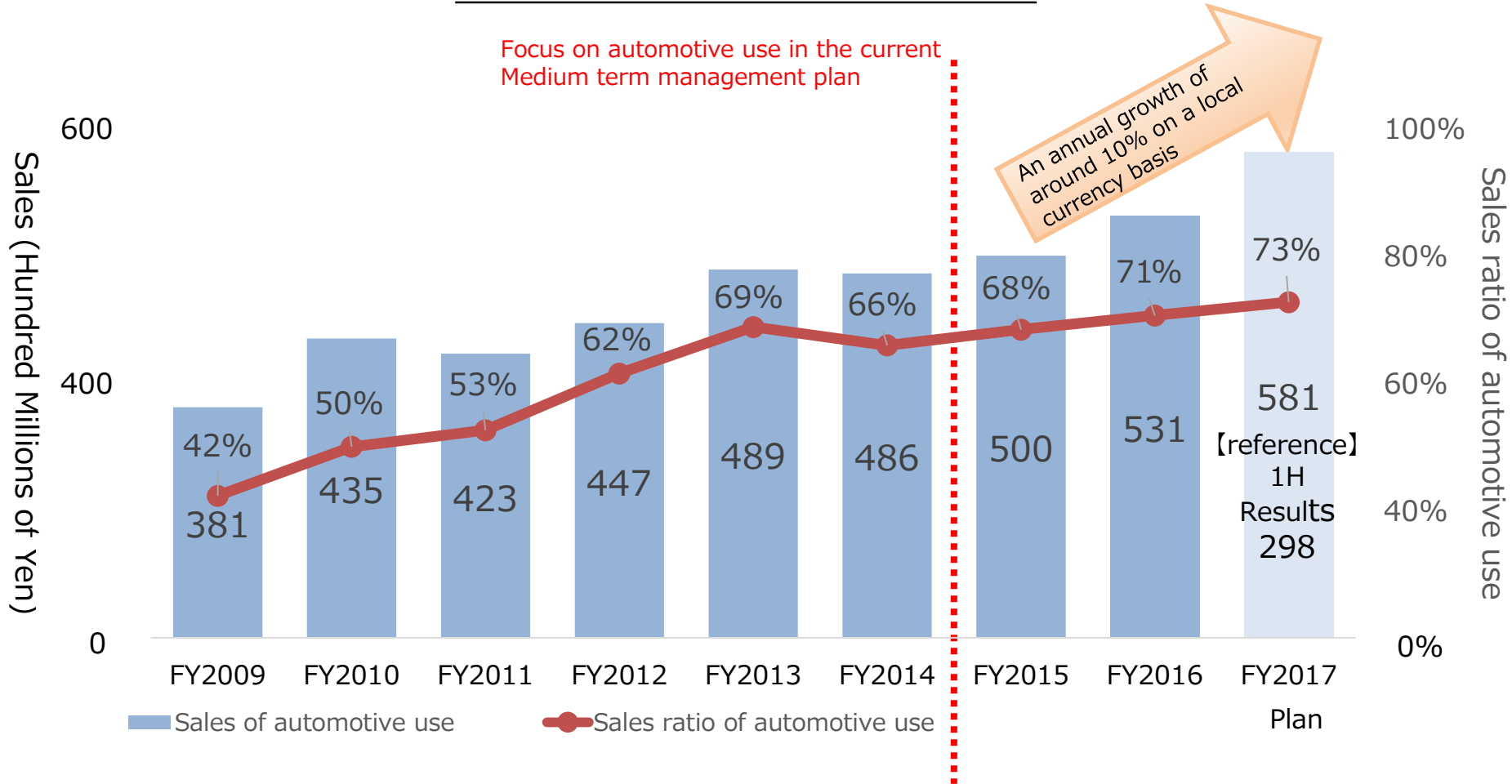
※CAGR(Compound Average Growth Rate)

※Source : prepared by CMK reference to Fuji Chimera Research [Comprehensive Study of In-Vehicle Electronic Devices & Components 2017]

⑤ Sales growth trend of our products for automotive use

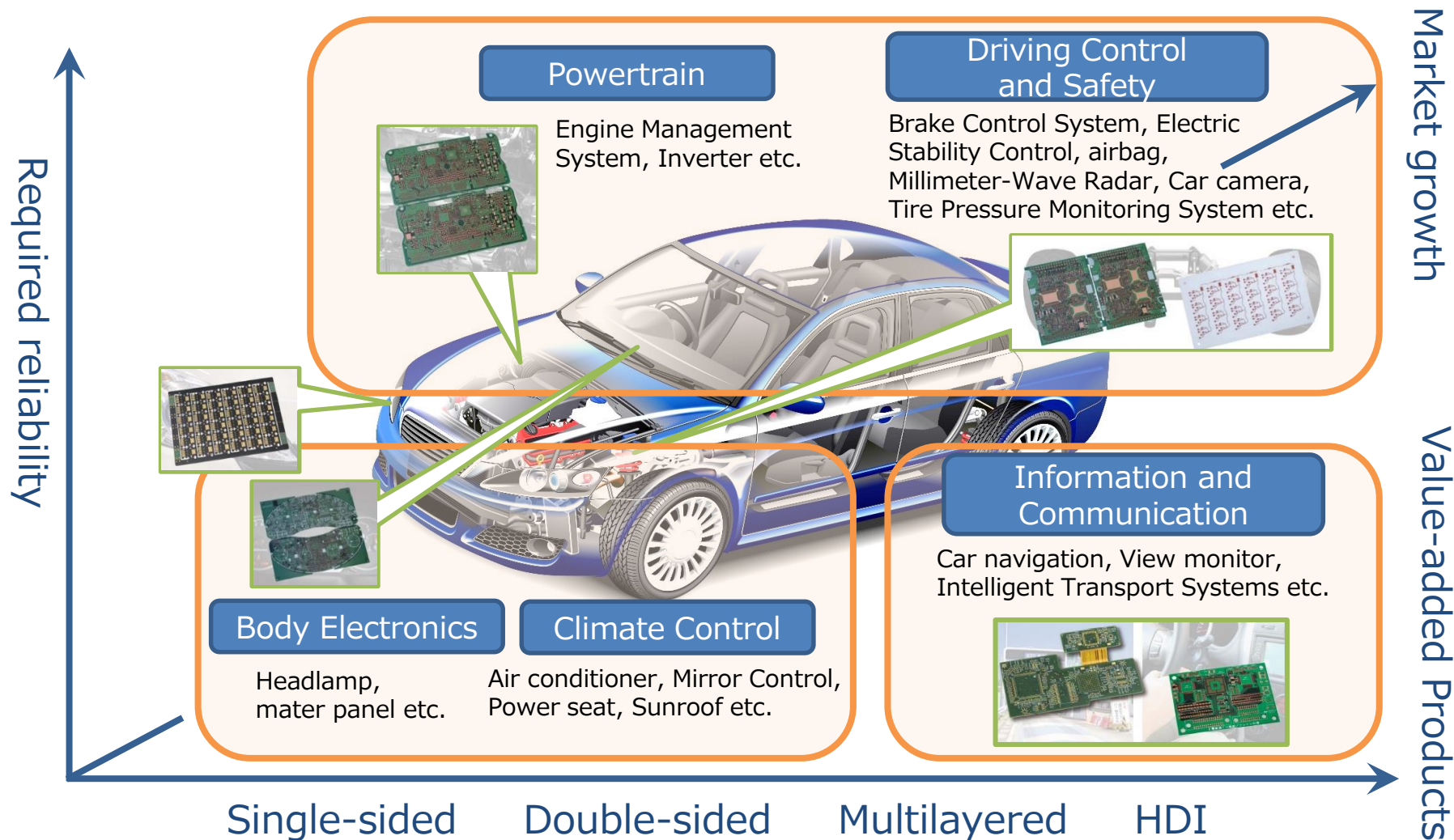


Our sales of automotive use



Our focus on products for automotive use in the current Medium-term management plan contributed to sales increase in products for automotive use, achieving an annual growth of around 10% on a local currency basis 16

⑥ Applications of PWBs and CMK's positioning



Our focus on potential market growth, added value to products and highly reliable business areas contributed to increase sales of PWBs for Powertrain/Driving Control and Safety, and HDI PWBs every year

⑦ Sales promotion for foreign customers

- 'Overseas sales expansion' is set as one of our key strategies in the current Medium-term management plan to strengthen sales activity targeting foreign customers

【Progress status】

- Orders of products for automotive use from major foreign customers increased steadily as originally planned
- CMKC (Dong Guan) in China achieved more than doubled ratio of sales to foreign customers in the first half of this fiscal year compared with the previous fiscal year
- CMK Thailand expects to increase sales to foreign customers significantly

CMK stays ahead of the competition in automotive PWB market by expanding sales to foreign customers as well as focusing on growing areas

3 . Supplementary material on financial results

① Sales by application

(Hundred Millions of yen)

	1H FY2016 Results	1H FY2017 Results	YoY Change	FY2017 Forecast
Car electronics	253	298	+45	581
Mobile communications	13	14	+1	29
AV equipment	3	4	+0	15
Digital still camera	11	11	-0	20
Amusement	8	14	+5	21
Others	67	76	+8	130
Total	357	419	+61	800

② Sales by type of PWBs

(Hundred Millions of yen)

	1H FY2016 Results	1H FY2017 Results	YoY Change	FY2017 Forecast
HDI PWBs	101	129	+27	235
Multilayered PWBs	152	177	+25	357
Double-sided PWBs	69	76	+6	129
Others	34	36	+2	76
Total	357	419	+61	800

③ Financial results by region



(Hundred Millions of yen)

	1H FY2016 Results		1H FY2017 Results		YoY Change		FY2017 Forecast	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Japan	235	6.3	260	12.7	+24	+6.4	493	19.9
China	104	3.0	141	6.3	+36	+3.2	277	16.8
Southeast Asia	78	1.3	99	2.2	+21	+0.8	210	6.7
Europe & North America	27	1.2	29	1.8	+2	+0.5	54	3.1
Total	446	12.0	531	23.1	+85	+11.1	1,034	46.7
Adjustment	▲88	▲3.4	▲111	▲1.8	▲23	+1.6	▲234	▲6.7
Consolidated	357	8.6	419	21.3	+61	+12.7	800	40.0

④ Capital investment

(Hundred Millions of yen)

	1H FY2016 Results	1H FY2017 Results	YoY Change	FY2017 Forecast
Japan	13	7	-6	21
Overseas	10	33	+23	38
Consolidated	24	40	+16	60
Depreciation cost	21	19	-1	42

Future-related information and descriptions in this material are just forward-looking statements and not guarantees for future achievements

(Amounts are rounded, and % is rounded to one decimal place.)

END