



CMK CORPORATION  
(Stock code: 6958)

# 1H FY2020 Financial Results (presentation material)

November 20, 2020

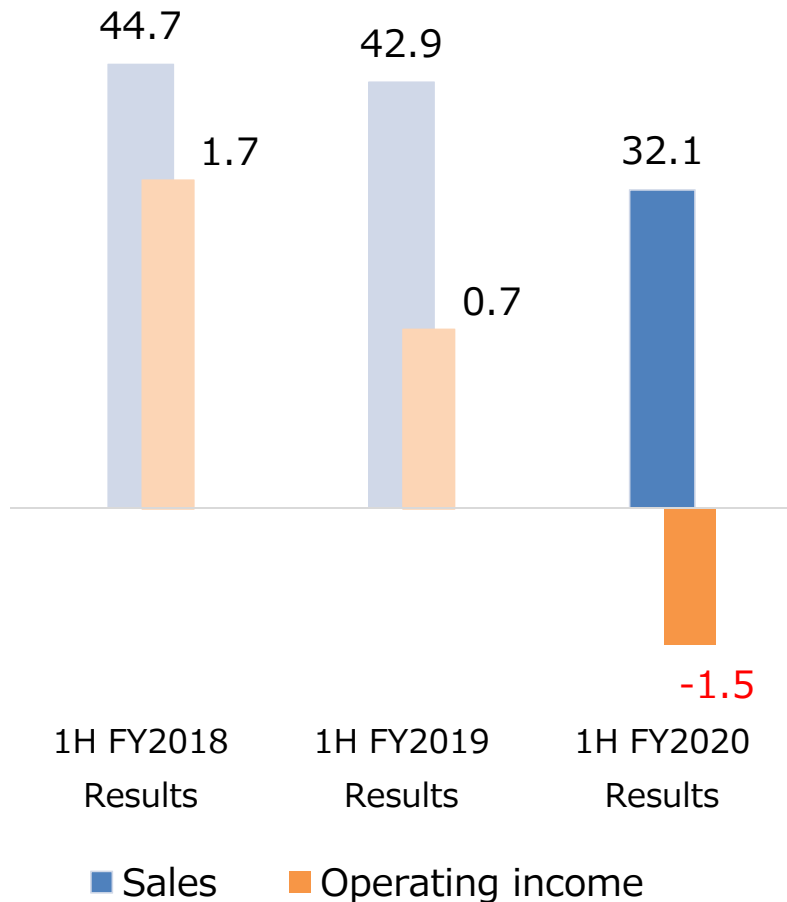
CMK CORPORATION

1. Consolidated financial results for 1H FY2020
2. Consolidated financial forecast for FY2020 and our initiatives
3. Supplementary information

# 1. Consolidated financial results for 1H FY2020

# ① Key points of 1H FY2020 Financial results

(Billions of yen)



- Net sales declined due to the decrease in global automobile production and sales by the impact of COVID-19.
- Despite efforts to reduce the fixed costs, operating income was negative due to the sales decrease.

## ② Consolidated financial Results



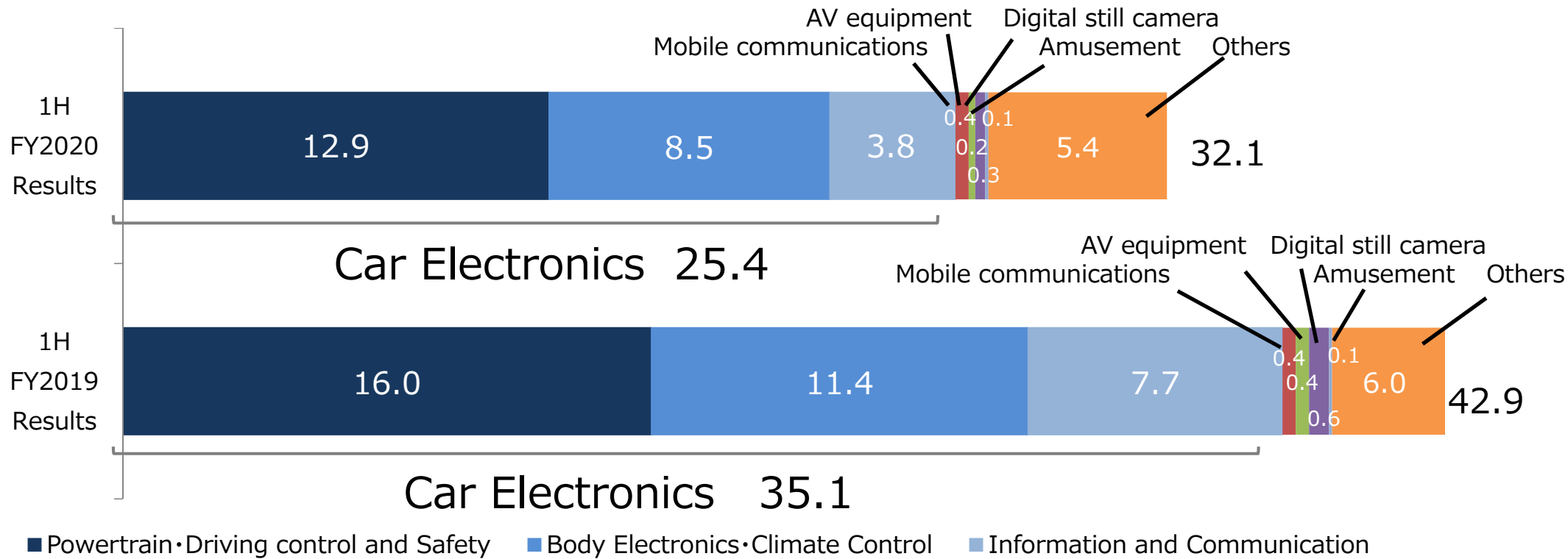
(Billions of yen)

	1H FY2019 Results	1H FY2020 Results	YoY	
			Change	%
Net sales	42.9	32.1	-10.8	-25.3%
Operating income	0.7	-1.5	-2.2	-
Operating margin	1.7%	-	-	-
Ordinary income	0.7	-1.4	-2.2	-
Profit attributable to owners of parent	0.2	-1.7	-2.0	-
Exchange rate (USD/JPY)	109.98	108.25	-1.73	-1.6%

### ③ Sales by product



(Billions of yen)

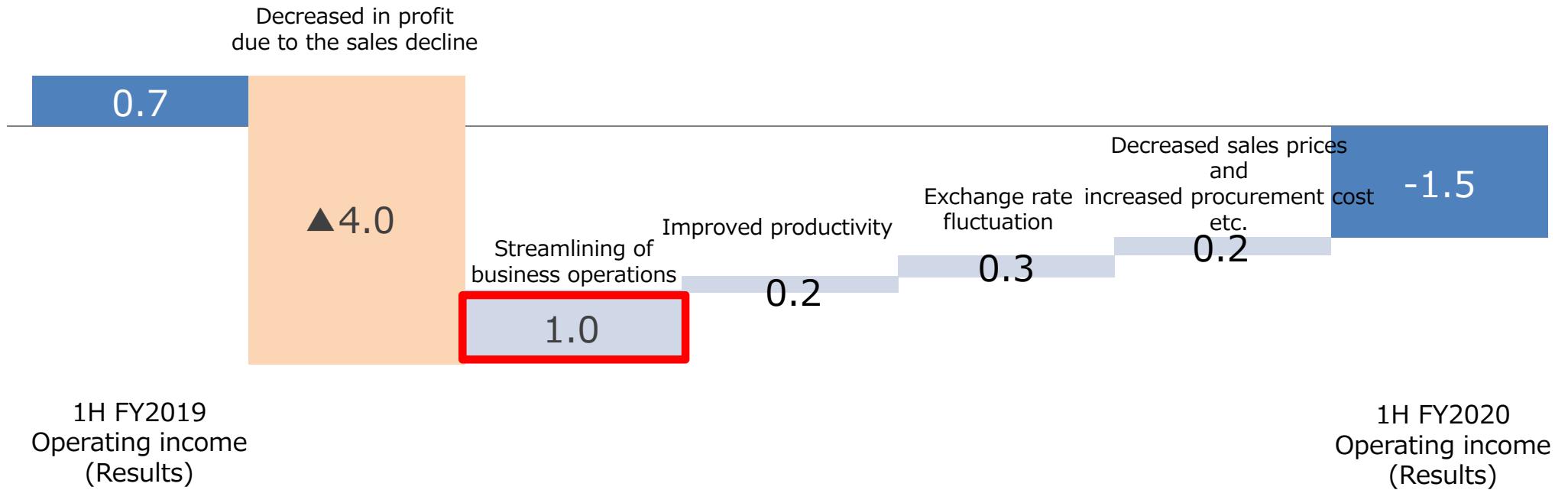


- Sales of products for automotive use declined 27.7% compared with the previous fiscal year due to a sharp drop in global automobile production and sales by the impact of COVID-19.

# ④ Analysis of changes in operating income



(Billions of yen)

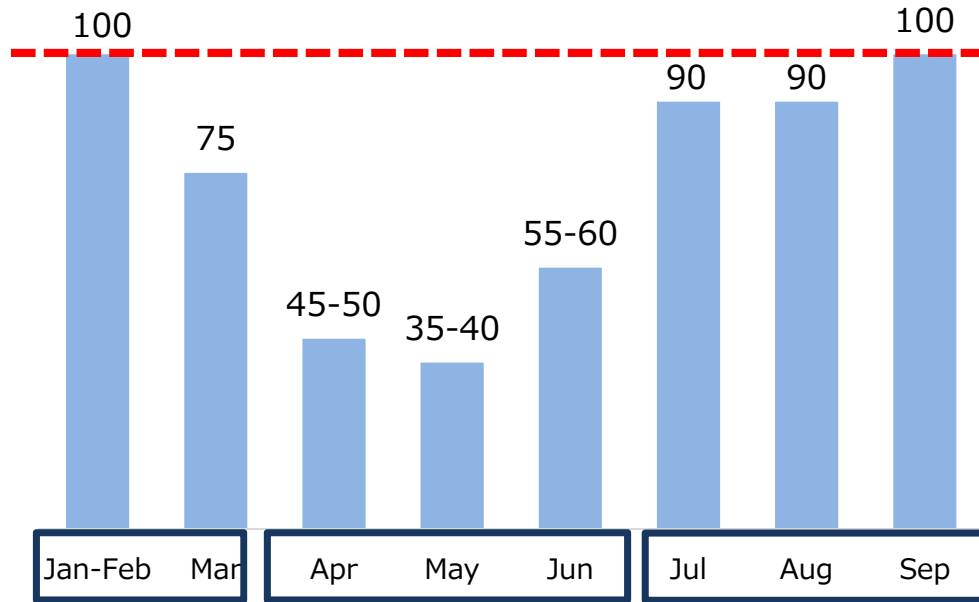


- Streamlining of business operation: Effort of the fixed cost reduction under the quantity booking decrease.

# ⑤ Booking trends in the first half

## The index of global booking

Booking is expressed as 100  
(Before COVID-19 from Jan to Feb)



## The impact on production due to a sharp drop in booking

Fiscal year

Consolidated	1Q			2Q			3Q		
	Apr-Jun			Jul-Sep			Oct-Dec		
Japan	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Overseas	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep

- Booking decreased from March 2020
- Decline in orders affects production from 1Q to 2Q in Japan, and from 2Q to 3Q in overseas.  
(Different term of quarter is consolidated. For example, 3rd quarter consolidation contains October to December results of Japanese firms and July to September results of Overseas firms.)



## ⑥ Changes in quarterly sales and operating income



### Changes in quarterly sales

(Billions of yen)

	FY2019 1Q	2Q	3Q	4Q	FY2020 1Q	2Q
Japan	12.5	12.7	12.0	11.0	9.4 (Apr-Jun)	10.7 (Jul-Sep)
Overseas	14.6	15.3	14.9	14.2	12.4 (Jan-Mar)	9.8 (Apr-Jun)
Total	27.3	27.9	26.9	25.3	22.0	20.4
Adjustment	▲6.0	▲6.2	▲6.5	▲6.1	▲5.5	▲4.8
Consolidated	21.3	21.6	20.4	19.3	16.4	15.7

### Changes in quarterly operating income

	FY2019 1Q	2Q	3Q	4Q	FY2020 1Q	2Q
Japan	0	0.2	-0	-0.2	-0.6 (Apr-Jun)	-0.6 (Jul-Sep)
Overseas	0.2	0.5	0.9	0.6	0.2 (Jan-Mar)	-0.2 (Apr-Jun)
Total	0.3	0.7	0.8	0.3	-0.3	-0.9
Adjustment	▲0.1	▲0.2	▲0.1	▲0.1	▲0.1	▲0.2
Consolidated	0.1	0.6	0.6	0.3	-0.5	-1.0

## 2. Consolidated financial forecast for FY2020 and our initiatives

# ① Consolidated financial Results



(Billions of yen)

	FY2019 Results	FY2020 Forecast	YoY	
			Change	%
Net sales	82.6	68.5	-14.1	-17.1%
Operating income	1.6	-1.5	-3.1	-
Operating margin	1.9%	-	-	-
Ordinary income	0.7	-1.4	-2.1	-
Profit attributable to owners of parent	-1.1	-2.1	-0.9	-
Exchange rate (USD/JPY)	109.25	104.00	-5.25	-4.8%

## ② Consolidated financial Results and Forecast



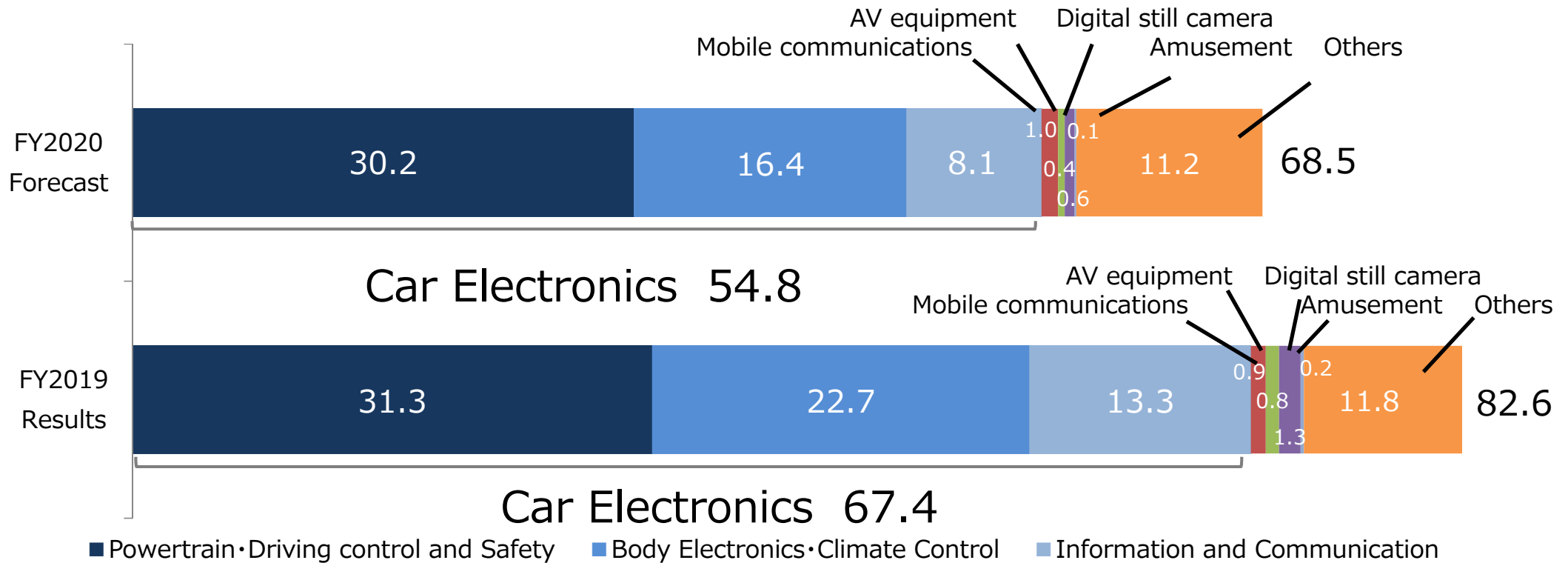
(Billions of yen)

	1H FY2020 Results	2H FY2020 Forecast	YoY	
			Change	%
Net sales	32.1	36.4	+4.3	+13.4%
Operating income	-1.5	0	+1.6	-
Operating margin	-	0.2%	-	-
Ordinary income	-1.4	0	+1.5	-
Profit attributable to owners of parent	-1.7	-0.3	+1.3	-

### ③ Sales by product



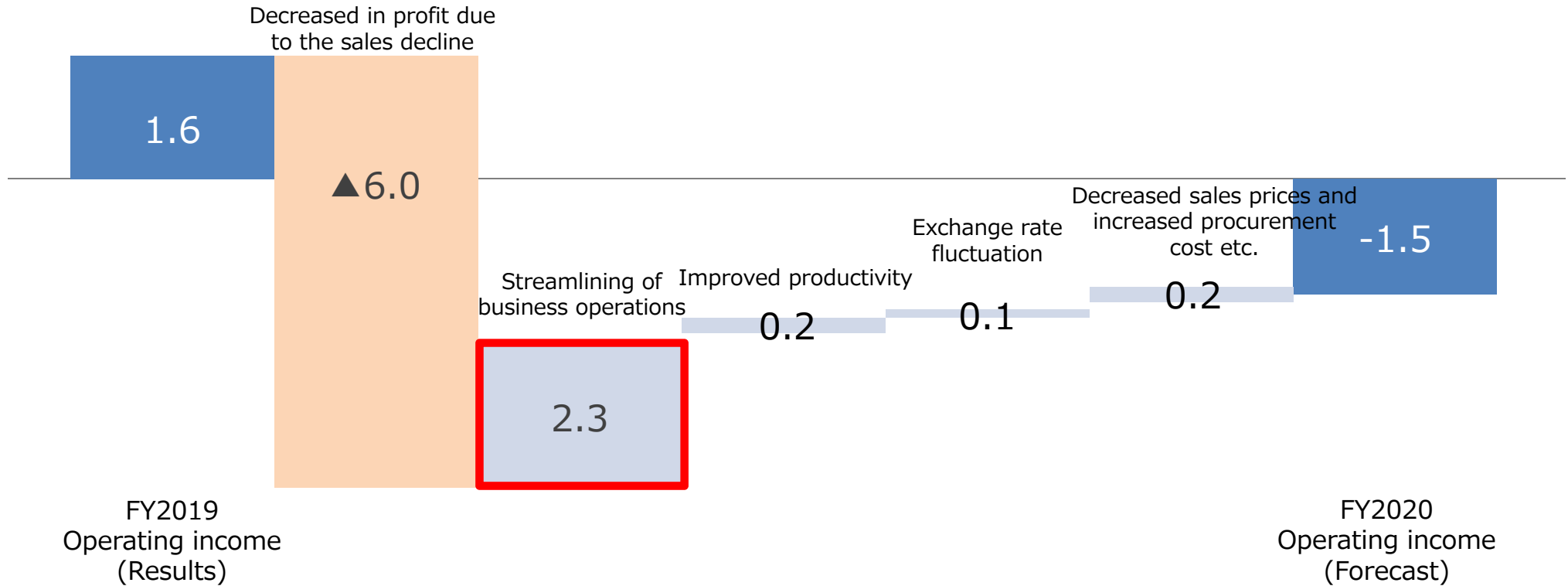
(Billions of yen)



- Total sales of products for automotive use declined by 19% compared with the previous fiscal year, however, sales for our key business sector of Powertrain and Driving control and Safety remain roughly the same as last year.
- Mobile communications increase 20% compared with the previous fiscal year.

# ④ Analysis of changes in operating income

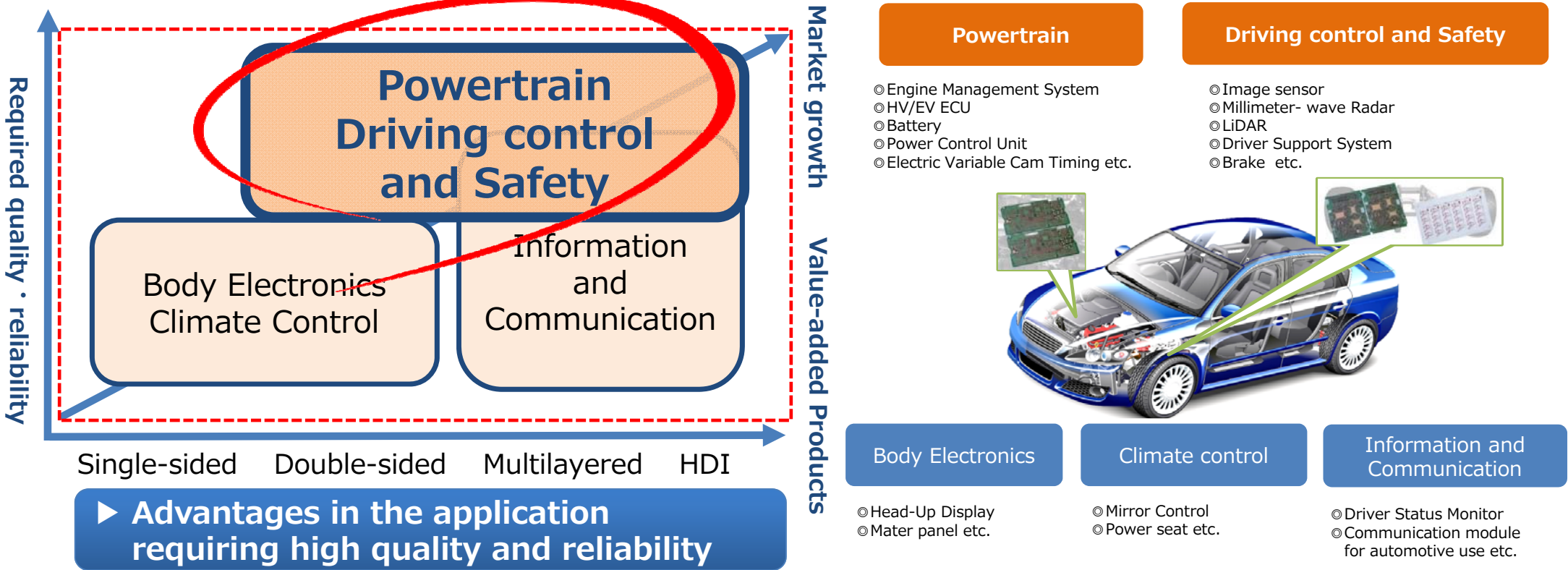
(Billions of yen)



- Streamlining of business operation: Effort of the fixed cost reduction under the quantity booking decrease.  
⇒The positive effects will continue in the next fiscal year and beyond.

# ⑤ Initiatives in Existing Business Areas

Business area with competitive advantage in the application of automotive products :

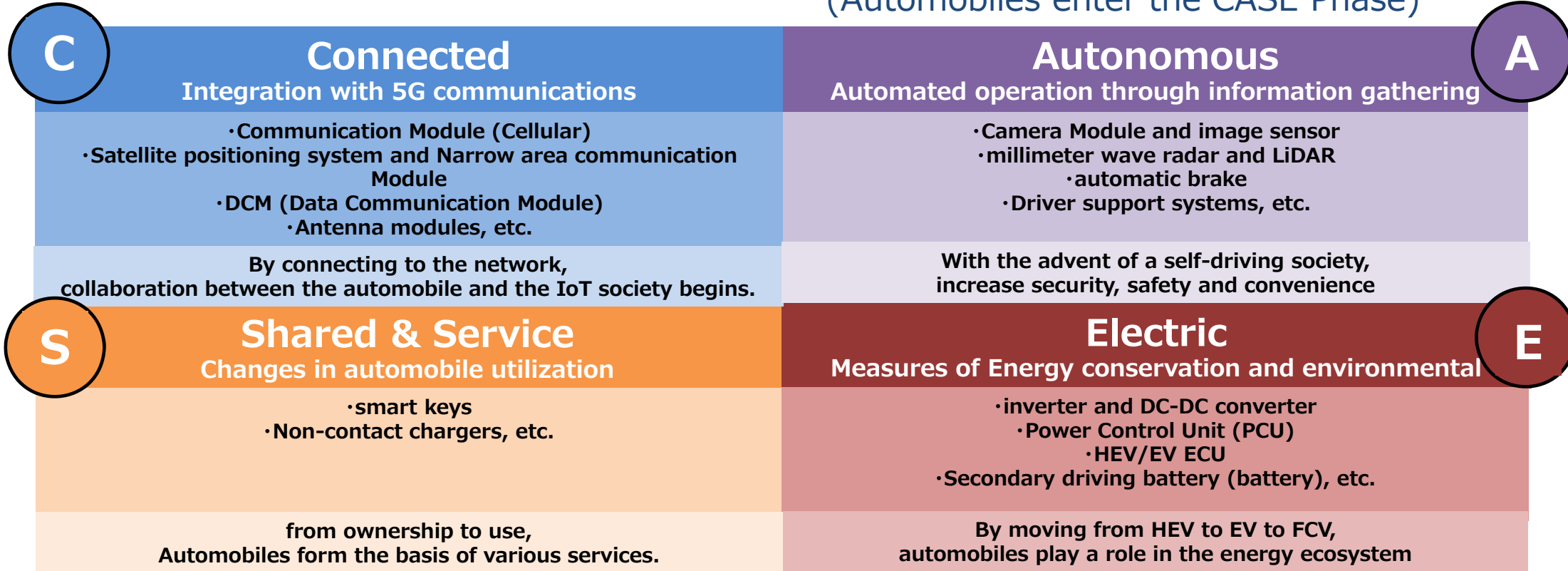


(Reprinted from Medium-Term Management Plan 2019)

- Continue to focus on powertrain and driving control and safety as a our key business sector of existing business areas
- The trend of electrification of automobiles accelerated with the progress of CASE.

# ⑥ Expansion from existing business areas

(Automobiles enter the CASE Phase)



- The more 5G penetrate, the connection of automobile and communication will be closer.
- We will launch the 5G related products by developing our technology.



## ⑦ Investment in new business areas

### 【investment summary】

Objective: To establish the component technologies required for high speed large capacity PCB under the circumstances of 5G penetration.

Amount : Approximately 2.0 billions of yen ( Initial investment)

Site : Niigata factory

Action : • Consolidation of dispersed R&D divisions to Niigata plant to strengthen the development.  
• Establishment of small quantity and high variety production.



# ⑧ Technology roadmaps

**In response to CASE, including 5G communications, the use of multilayer/high multilayer HDI will advance, and demands for high functionality and high reliability will increase.**

Application for automotive use	Main products	Market needs	PCB requirement	2020	2021	After 2022
Electric motorization	Inverter HEV/EV ECU and PCU etc.	<ul style="list-style-type: none"> <li>Down-sized unit</li> <li>Requests of high withstand voltage (EV has higher voltage than 10x voltage for gasoline vehicle)</li> <li>Requests of high heat resistance (More than 1.5x conductive reliabilities of consumer products)</li> <li>High current PCB for PHV or EV (coil etc.)</li> <li>Requests of heat radiation</li> </ul>	Down-sizing / Next generation	Mass-produced	Trial	Mass-production
			Heavy copper	Trial	Mass-production	
ADAS Autonomous ↓ ↓ Connected (Integration with 5G)	Millimeter wave radar sensor	<ul style="list-style-type: none"> <li>Requests of more down-sizing and more accuracy improvement</li> <li>Application of low loss materials</li> </ul>	HDI	Mass-produced		
			MSAP	Trial	Mass-production	
	Sensing camera	Correspondence of in-vehicle camera ,thick rigid flex wiring board	Thick RF PCB	Development	Trial	Mass-production
	Communication module (DCM etc.)	Fine and high multilayer multi-pin processors	High HDI	Development	Trial	
	Image control	High-density support for next-generation models	Fine pattern Impedance	Mass-produced	Development	Trial
	Integrated ECU	Fine and high multilayer multi-pin processors	High HDI	Development	Trial	
5G	Antenna module	Modules for Communication Equipment (5G Infrastructure/Local -5 G Included)	Low loss High aspect	Trial	Mass-production	

# 3 . Supplementary information

# ① Sales by product



(Billions of yen)

	1H FY2019 Results	1H FY2020 Results	YoY Change	FY2020 Forecast
Car electronics	35.1	25.4	-9.7	54.8
Mobile communications	0.4	0.4	-0	1.0
AV equipment	0.4	0.2	-0.2	0.4
Digital still camera	0.6	0.3	-0.3	0.6
Amusement	0.1	0.1	-0	0.1
Others	6.0	5.4	-0.5	11.2
<b>Total</b>	<b>42.9</b>	<b>32.1</b>	<b>-10.8</b>	<b>68.5</b>

## ② Sales by type of PWBs



(Billions of yen)

	1H FY2019 Results	1H FY2020 Results	YoY Change	FY2020 Forecast
HDI PWBs	11.3	8.3	-2.9	17.8
Multilayered PWBs	22.0	16.3	-5.7	34.7
Double-sided PWBs	6.7	4.7	-2.0	9.9
Others	2.8	2.6	-0.1	6.0
<b>Total</b>	<b>42.9</b>	<b>32.1</b>	<b>-10.8</b>	<b>68.5</b>

## ③ Financial results by region



(Billions of yen)

	1H FY2019 Results		1H FY2020 Results		YoY Change		FY2020 Forecast	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Japan	25.2	0.2	20.1	-1.2	-5.1	-1.5	43.3	-0.9
China	14.5	0.7	10.7	0.3	-3.7	-0.4	22.9	0.6
Southeast Asia	12.2	-0.1	9.7	-0.3	-2.4	-0.2	18.0	-0.5
Europe & North America	3.2	0.1	1.8	0	-1.3	-0	3.7	0.1
Total	55.2	1.0	42.4	-1.2	-12.7	-2.2	88.0	-0.7
Adjustment	▲12.2	▲0.3	▲10.3	▲0.3	+1.8	-0	▲19.5	▲0.7
Consolidated	42.9	0.7	32.1	-1.5	-10.8	-2.2	68.5	-1.5

## ④ Capital investment



(Billions of yen)

	1H FY2019 Results	1H FY2020 Results	YoY Change	FY2020 Forecast
Japan	0.5	0.3	-0.2	2.1
Overseas	5.1	0.9	-4.1	2.0
Consolidated	5.7	1.3	-4.3	4.2
Depreciation cost	2.2	2.2	-0	4.5



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**