



# Business Results for Nine Months ended December 31, 2016

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January 30, 2017

This is a summary in English from the original material in Japanese.  
In case of any discrepancy between the translation and the  
Japanese original, the latter shall prevail.



**UKC Holdings Corporation**

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# Consolidated Results for Nine Months ended December 31, 2016



# Business Segment



Business Segment		Major Products and Services	Major Market / Customer
Semiconductors / Electronic components business	Semiconductors	Image sensors, memory, microcomputers, system LSI, power, and other semiconductors	Electronics manufacturer
	Electronic components	LCD panels, batteries, optical pick-ups, Anisotropic Conductive Film (ACF)*, circuit boards, touch panels, composite parts, and other practical electronic components	
	EMS	Electronic Manufacturing Services	
	Environmental products	LED lighting, Solar Panel, DDS (Dust Detection System) Business*	Shop, Factory, Office Mega-solar, Home builder
Electronic equipment business	Electronic equipment	Various VTRs, cameras, video printers, and audio-visual related equipment	Broadcast station, Production, Enterprise, Education, Medical, Semiconductor production equipment manufacturer, System Integrator
	Recording media	Magnetic tapes, optical disks, and data memory disks	
	Products	System products that combine electronic equipment, and security-related products	
	Other	Electronic equipment repairs, audio-visual devices rentals, and educational software	
System equipment business	Contactless IC card terminal equipment	Contactless IC card (FeliCa, NFC) R/W module, electronic payment terminal, and access control terminal	e-Money industry, Digital signage industry, PC / Tablet manufacturer
	Other	Reliability assessment services and environmental material analysis services	Semiconductor / component manufacturer, Solar cell

\*DDS business consists of developing, designing, manufacturing, and selling equipment incorporating sensors that monitor energy loss resulting from dust on and temperature rise of solar panels, and data providing service on power generation efficiency.

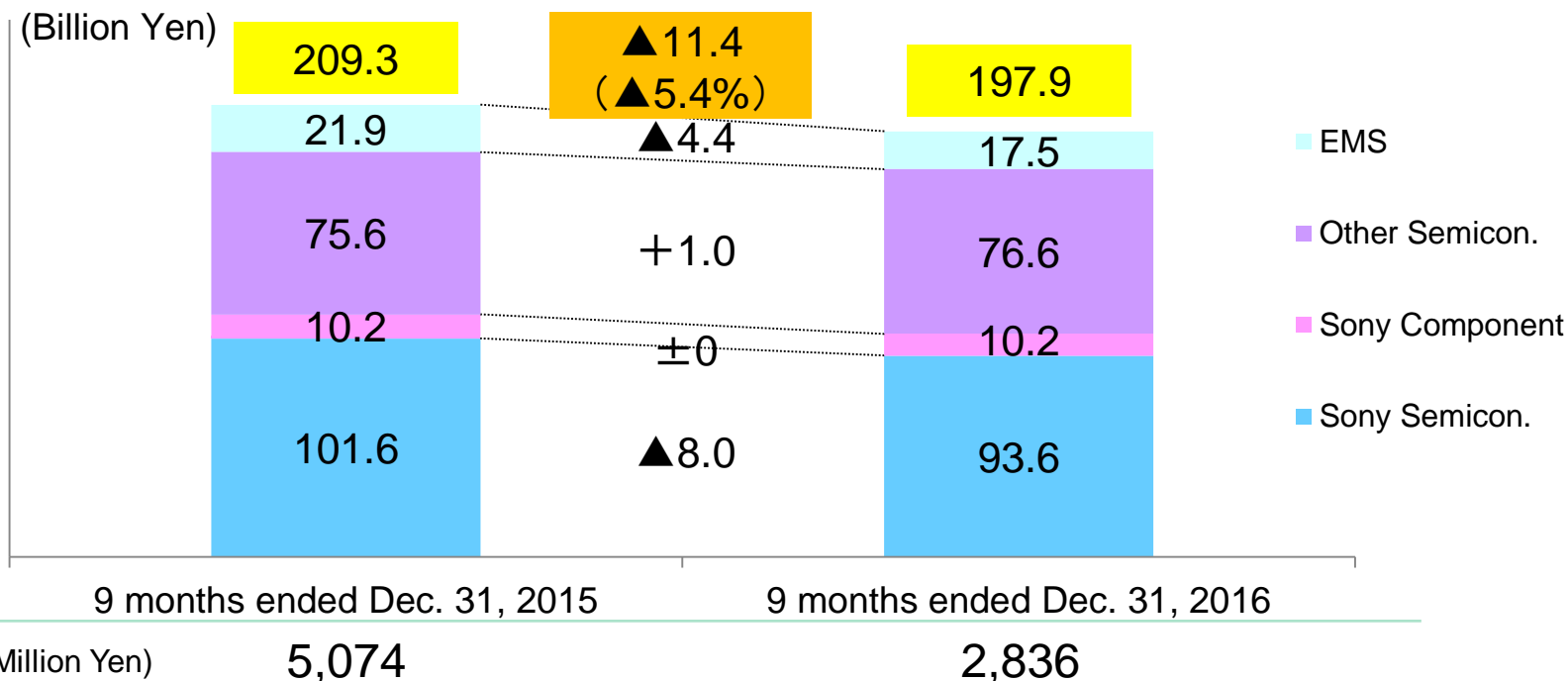


# Consolidated Results for Nine Months - Overview

(Million Yen)	9 Months ended Dec. 31, 2015		9 Months ended Dec. 31, 2016		Year on Year	
	Amount	%	Amount	%	Amount Change	% Change
Net Sales	221,128	100.0%	209,106	100.0%	▲ 12,021	▲ 5.4%
Gross Profit	13,640	6.2%	11,043	5.3%	▲ 2,596	▲ 19.0%
SGA	8,758	4.0%	8,434	4.0%	▲ 323	▲ 3.7%
Operating Income	4,882	2.2%	2,609	1.2%	▲ 2,273	▲ 46.6%
Ordinary Income	4,508	2.0%	2,421	1.2%	▲ 2,086	▲ 46.3%
Net income attributable to owners of parent	3,133	1.4%	1,575	0.8%	▲ 1,557	▲ 49.7%
EPS(Yen)	199.59		100.37			

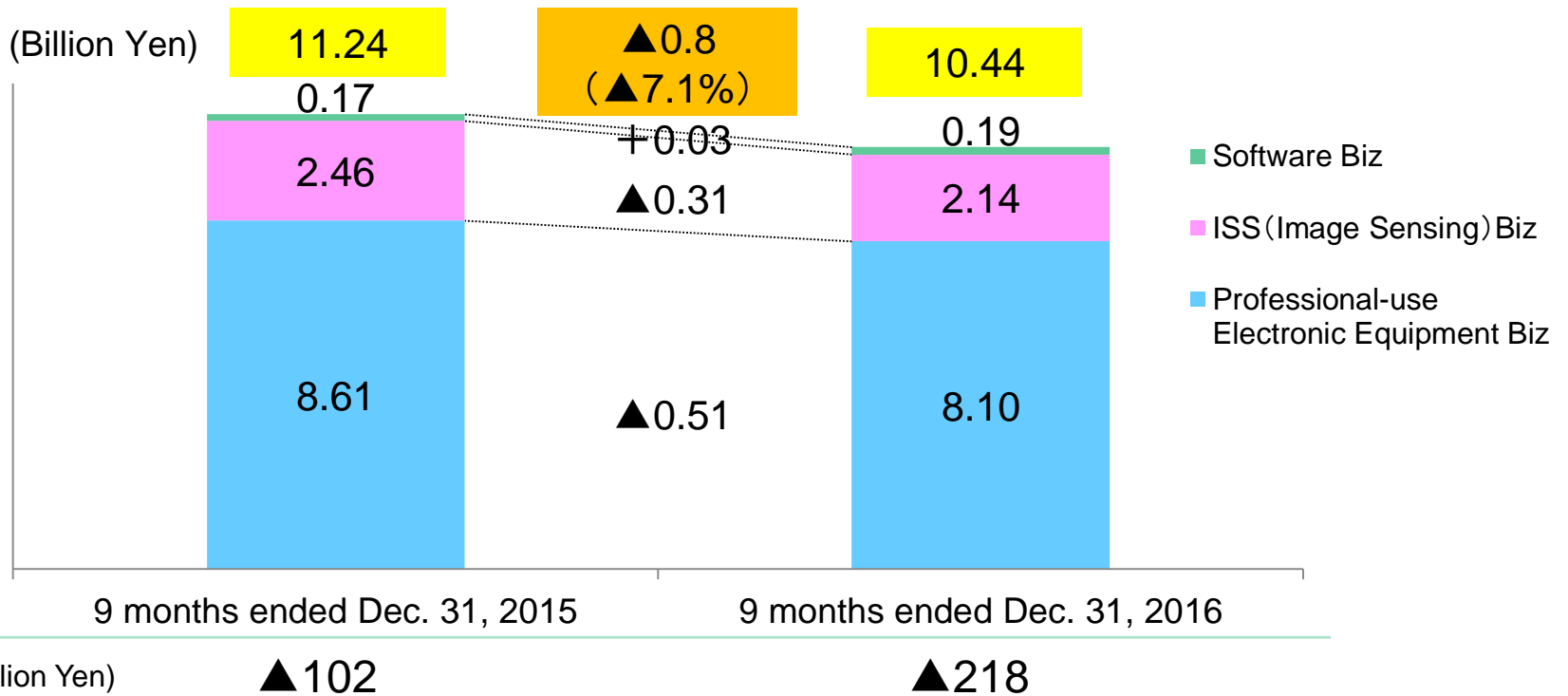
- Net Sales: YoY ▲12.0Bil. Yen (▲5.4%)  
Dropped due to a negative impact of the Kumamoto Earthquake (5Bil. Yen) in addition to the strong yen (20Bil. Yen)
- Gross profit: YoY ▲2.60Bil. Yen (Gross margin ▲0.9%)  
Significantly dropped due to negative impacts of yen's sharp appreciation in the first half such as a rise in the sales cost ratio caused by a timing difference of foreign exchange rate between purchases and sales for dollar-based transactions  
Positive impact on profit of weak yen since November is expected to be realized mainly in 4Q.
- Operating income: YoY ▲2.27Bil. Yen (▲46.6%)  
Significantly dropped because of a decrease in gross profit despite a decrease of 0.32Bil. Yen in SGA
- Ordinary income: YoY ▲2.09Bil. Yen (▲46.3%)  
Significantly dropped due to the decrease in operating income despite an improvement in foreign exchange (¥257M loss ⇒¥44M profit) attributable to weak yen since November
- Net income attributable to owners of parent: YoY ▲1.56Bil. Yen (▲49.7%)

# Segment Results - Semiconductors and Electronic Components



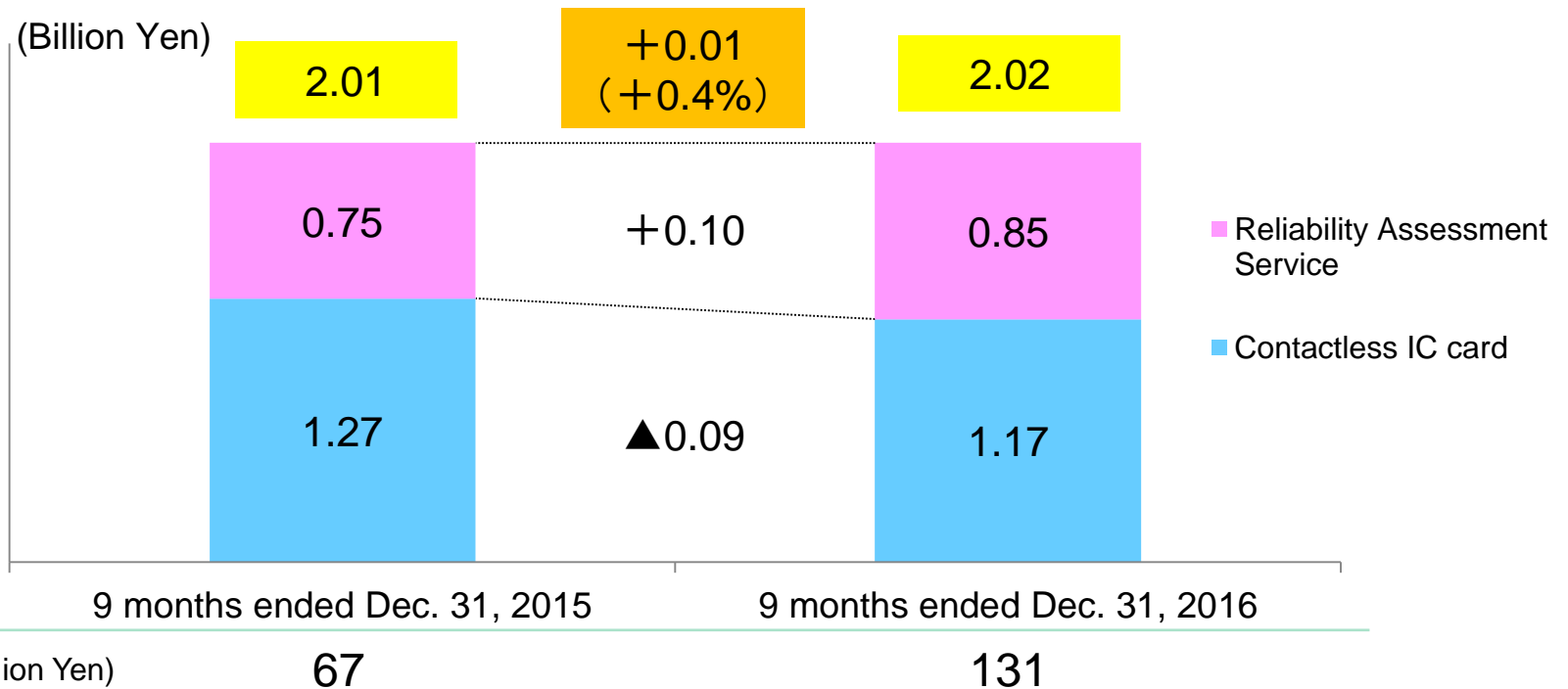
- Sony Semiconductor  
Net sales dropped due to a sales opportunity loss caused by the Kumamoto Earthquake in addition to a negative impact of the strong yen.
- Other semiconductor: Sales of products for industrial equipment grew.
- EMS  
Net sales dropped due to the strong yen and a rise in ratio of parts provided free from consigners in addition to a sales strip of 0.6Bil. Yen of fables EMS recorded last year despite steady demand in China. Business profitability improved year on year.
- Segment income significantly dropped due to negative impacts of yen's sharp appreciation in the first half such as a rise in the sales cost ratio caused by a timing difference of foreign exchange rate between purchases and sales for dollar-based transactions and a fierce market competition.

# Segment Results - Electronic Equipment



- Professional-use Electronic Equipment  
Although sales were almost as planned in the third quarter, net sales dropped compared with the same period last year in which large projects were concentrated in the third quarter.
- Image Sensing  
Net sales dropped due to a decrease in capital spending of some customer although the difficulty in procuring surveillance cameras caused by the Kumamoto Earthquake almost faded away in the third quarter.
- Segment loss deteriorated due to lower sales.
- Both net sales and income are planned to recover in the fourth quarter.

# Segment Results - System Equipment



- Contactless IC card business  
Net sales of contactless IC card business dropped although e-money and access control related business have been still active.
- Contracted reliability test and environmental material analysis service business  
Net sales grew thanks to an increase in orders related to automobiles and power semiconductors.
- Segment income grew with improved margin.

# Consolidated Balance Sheets

(Million Yen)	Mar-16	Dec-16
Cash & deposit	22,705	24,271
Accounts receivable*	72,225	82,528
Inventories	18,942	16,628
Other	5,454	11,466
<b>Current assets</b>	<b>119,328</b>	<b>134,895</b>
<b>Fixed assets</b>	<b>7,079</b>	<b>7,269</b>
<b>Total assets</b>	<b>126,408</b>	<b>142,165</b>
Accounts payable	34,945	36,275
Short-term borrowings	22,522	40,626
Current portion of long-term borrowings	2,825	1,430
Other	3,876	3,140
<b>Current liabilities</b>	<b>64,169</b>	<b>81,472</b>
Long-term borrowings	3,635	2,325
Other	874	971
<b>Fixed liabilities</b>	<b>4,509</b>	<b>3,296</b>
<b>Net assets</b>	<b>57,728</b>	<b>57,396</b>
<b>Net assets to total assets</b>	<b>45.3%</b>	<b>40.1%</b>
<b>BPS (Yen)</b>	<b>3,651.57</b>	<b>3,634.79</b>

	vs. '16/3E	Main Factors
Total assets	+15,757	<ul style="list-style-type: none"> <li>Notes and accounts receivable-trade +10,302</li> <li>Other current assets +6,012</li> <li>Cash and deposit +1,566</li> <li>Inventories ▲2,313</li> </ul>
Liabilities	+16,089	<ul style="list-style-type: none"> <li>Short-term borrowings +18,104</li> <li>Notes and accounts payable-trade +1,330</li> <li>Income taxes payable ▲176</li> <li>Long-term borrowings ▲1,310</li> <li>Current portion of long-term borrowings ▲1,394</li> </ul>
Net assets	▲332	<ul style="list-style-type: none"> <li>Net income attributable to owners of parent 1,575</li> <li>Dividends from retained earnings ▲863</li> <li>Change in accumulated other comprehensive income ▲959</li> </ul>
Net assets to total assets	▲5.2%	dropped due to an increase in total assets and a decrease in net assets mainly because of a decrease in foreign currency translation adjustments

\* Electronically recorded monetary claims-operating included





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# Consolidated Forecast for Fiscal Year 2016

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(Million Yen)	Fiscal 2015 Full Year		Nine Months ended December 31, 2016				Fiscal 2016 Full Year forecast (October 28, 2016)		
	Amount	%	Amount	%	YoY	Progress	Amount	%	YoY
Net Sales	288,684	100.0%	209,106	100.0%	▲5.4%	74.2%	282,000	100.0%	▲2.3%
Gross Profit	18,250	6.3%	11,043	5.3%	▲19.0%	69.0%	16,000	5.7%	▲12.3%
SGA	11,763	4.1%	8,434	4.0%	▲3.7%	76.7%	11,000	3.9%	▲6.5%
Operating Income	6,487	2.2%	2,609	1.2%	▲46.6%	52.2%	5,000	1.8%	▲22.9%
Ordinary Income	5,448	1.9%	2,421	1.2%	▲46.3%	56.3%	4,300	1.5%	▲21.1%
Net income attributable to owners of parent	3,200	1.1%	1,575	0.8%	▲49.7%	52.5%	3,000	1.1%	▲6.3%
EPS(Yen)	203.88		100.37				191.12		

- Incomes significantly dropped with the yen's sharp appreciation during the first half.
- 4Q sales are expected to grow mainly for foreign smartphones and exceed 1Q-3Q results. Positive impact on profit of weak yen since November is expected to be realized mainly in 4Q.
- Forecast of financial results for the full fiscal year remains unchanged from the revision disclosed on October 28, 2016.
- Dividend per share: Interim actual ¥30, Year-end forecast ¥30





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Data and forecasts in this presentation are based on judgments made in accordance with information available at the time this material was prepared. Actual results may differ significantly from these forecasts for a number of factors. Therefore, UKC Holdings Corporation does not guarantee the accuracy and completeness of the information in this material.