



# UKC Holdings Corporation Management Policy Presentation

---

Nov. 25, 2009

President & Representative Director  
Yukio Fukuju



**UKC Holdings Corporation**

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





# Content

---

## UKC Group

Surroundings of Electronic Trading Company..... 4

UKC Group..... 5

## Business Companies Outline & FY2009 1H Results

Outline of Business Companies..... 7

Financial results of Business Companies..... 8

USC 1H Result & Topics..... 9~12

KTS 1H Result & Topics.....13~16

## Management Integration and its Objectives / Synergy Effects

Position in the Industry (Electronics Trading Companies in Japan)..... 18

Objectives..... 19

Synergy Effects..... 20~23

Schedule for Management Integration..... 24

## UKC Holdings 2010/3 Forecast and Mid-term Target

UKC Holdings 2010/3 (March, 2010) Forecast..... 26~27

UKC Holdings Mid-term Target..... 28~29

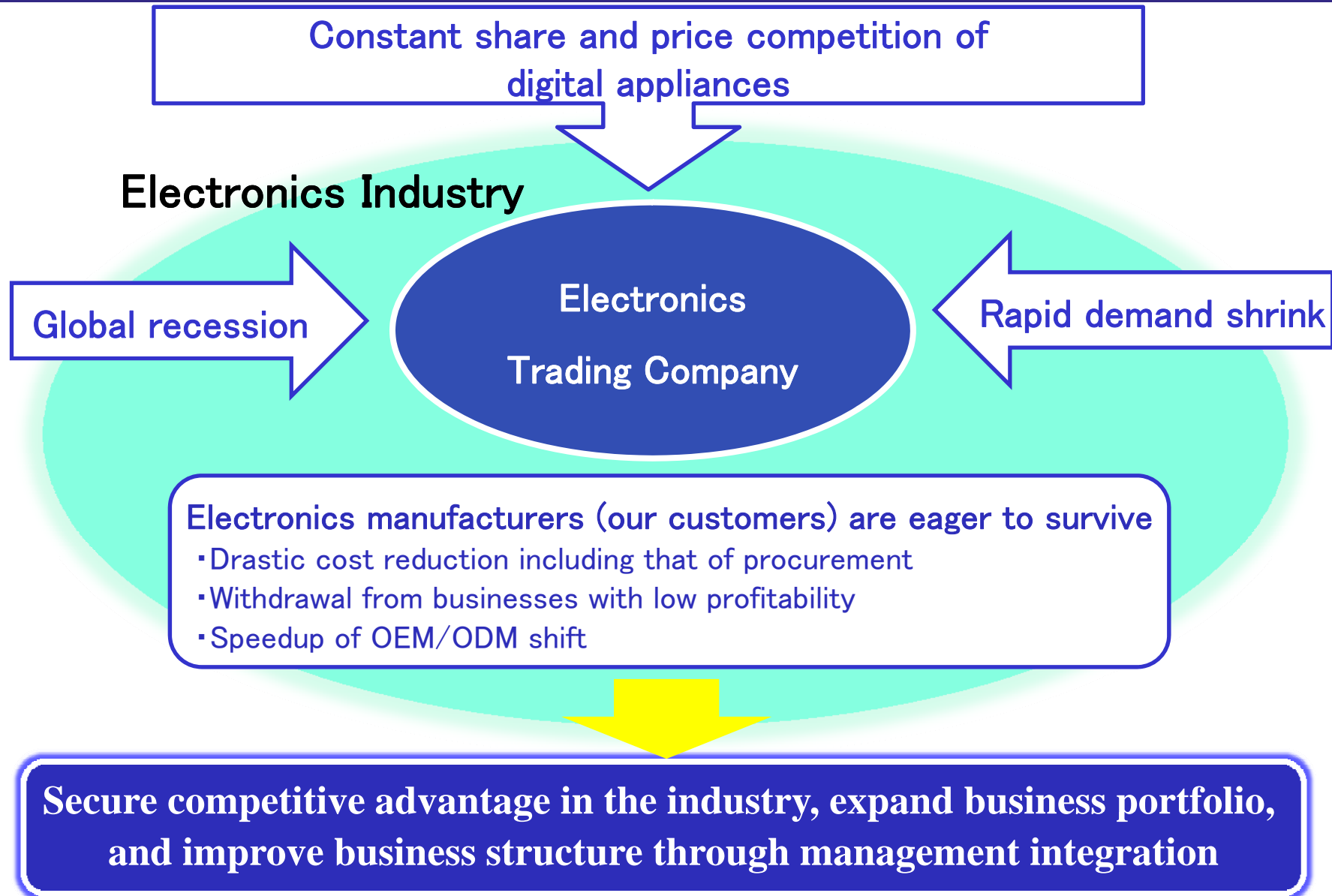


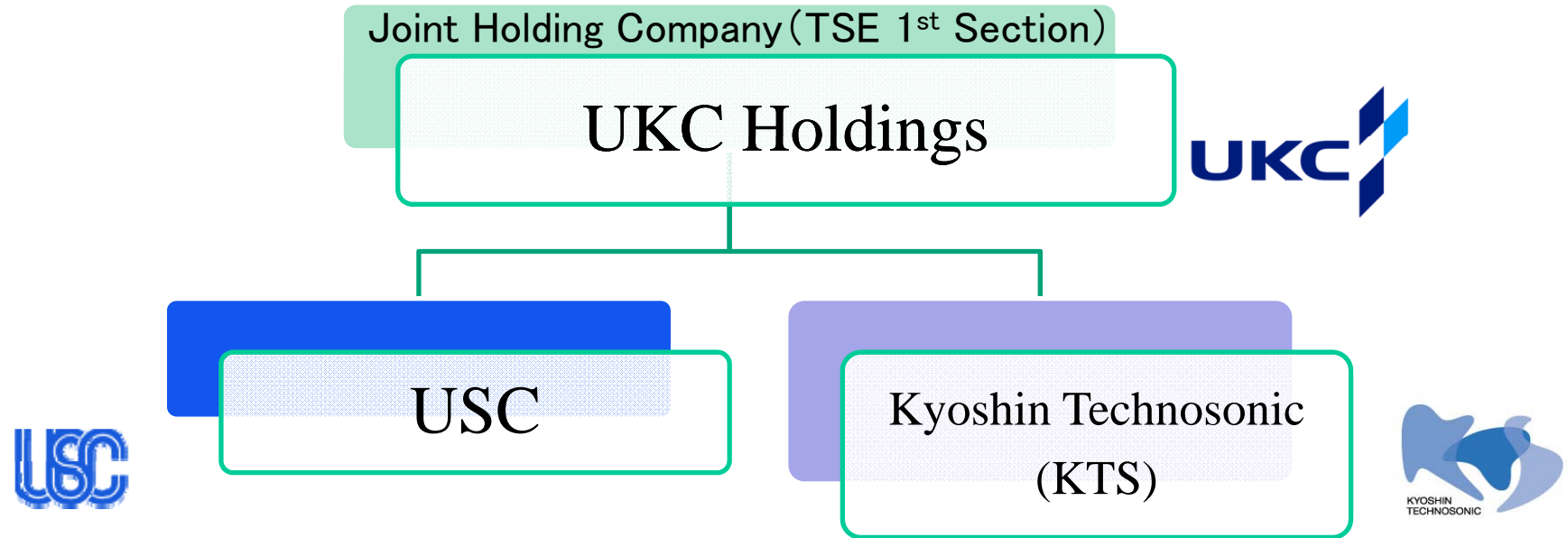


# UKC Group



# Surroundings of Electronic Trading Company





UNI DEVICE Corporation  
USC DigiArk Corporation

USC ELECTRONICS (Korea) CO.,LTD.  
USC ELECTRONICS (SHANGHAI) CO.,LTD.  
USC ELECTRONICS (CHINA) CO.,LTD.  
USC ELECTRONICS (H.K.) CO.,LTD.  
USC ELECTRONICS (S) PTE,LTD.  
USC ELECTRONICS (THAILAND) CO.,LTD.

U.S. UNI ELECTRONICS CORPORATION  
U.S. UNI DE MEXICO S.A. DE C.V.

Kyoshin Communications Co., Ltd.  
Infinitec Co., Ltd.  
Heiseido Co., Ltd.

KYOSHIN TECHNOSONIC (K) CO.,LTD.  
SHANGHAI KYOTEC ELECTRONIC TRADING CO.,LTD.  
KYOSHIN TECHNOSONIC (ASIA) LTD.  
KYOSHIN TECHNOSONIC (SHENZHEN) LTD.  
KYOSHIN TECHNOSONIC (S) PTE,LTD.





---

# Business Companies

## Outline & FY2009 1H Results



# Outline of Business Companies

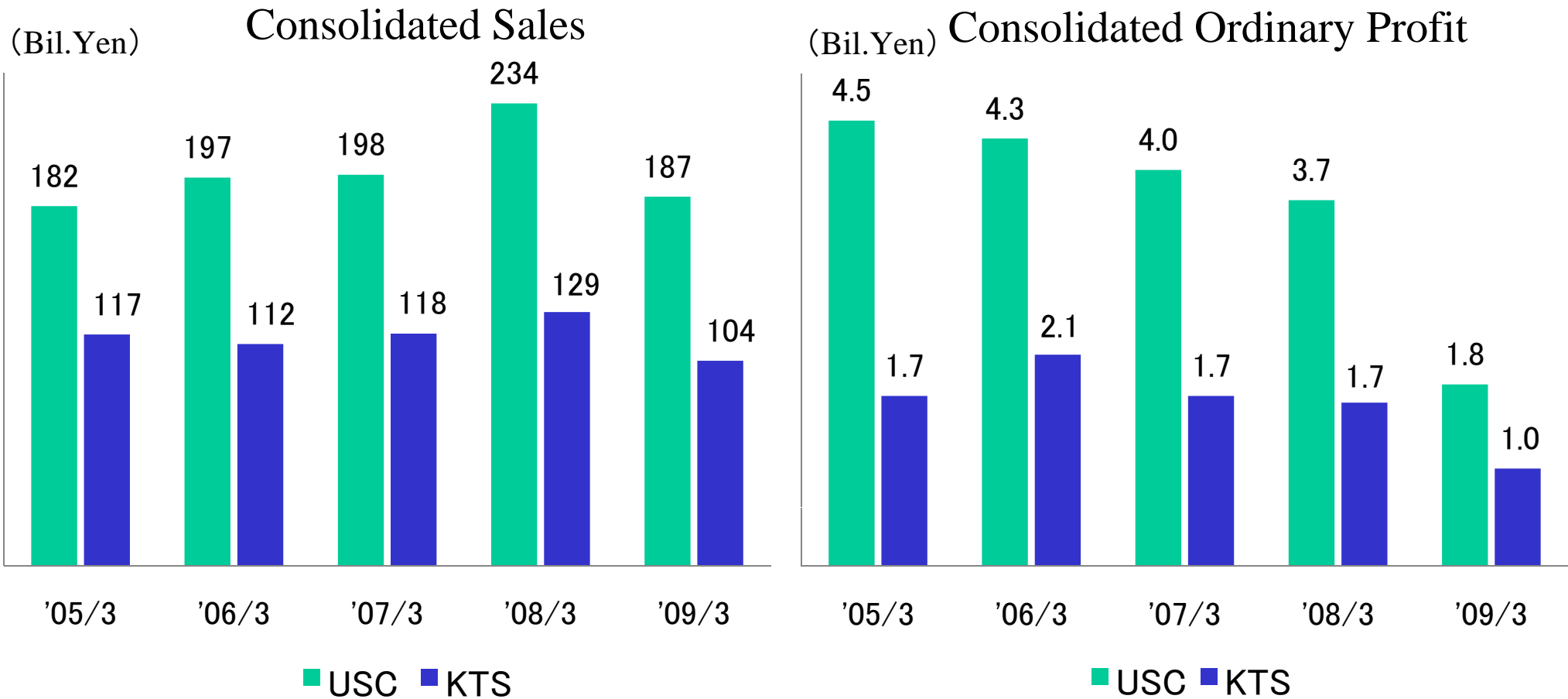


	USC	KTS																		
Business Field	<p>System Equipment Test Service EMS Semiconductors &amp; Electronic Components</p> <ul style="list-style-type: none"> <li>•EMS: Electronic Manufacturing Service</li> <li>•System Equipment: FeliCa Related Solutions</li> <li>•Test Service: Quality Inspection of semiconductors &amp; electronic components</li> </ul>	<p>ISS Software Electronic Equipment Semiconductors &amp; Electronic Components</p> <ul style="list-style-type: none"> <li>•Electronic Equipment: Broadcast &amp; Digital Network Solutions</li> <li>•ISS (Image Sensing Solutions): FA (factory automation) and security camera</li> <li>•Software: Educational Software, AV systems</li> </ul>																		
Major Customers of Semiconductors & Electronic Components	<table border="0"> <tr> <td>Nikon</td> <td>JVC</td> </tr> <tr> <td>Panasonic</td> <td>NEC</td> </tr> <tr> <td>Sony</td> <td>Funai Electric</td> </tr> <tr> <td>Samsung Electronics</td> <td>Epson</td> </tr> <tr> <td>Mitsubishi Electric</td> <td>Ricoh</td> </tr> </table>	Nikon	JVC	Panasonic	NEC	Sony	Funai Electric	Samsung Electronics	Epson	Mitsubishi Electric	Ricoh	<table border="0"> <tr> <td>Casio</td> <td>Olympus</td> </tr> <tr> <td>Hitachi</td> <td>Toshiba</td> </tr> <tr> <td>Fujitsu</td> <td>LG Electronics</td> </tr> <tr> <td>Sony</td> <td>Hoya (Pentax)</td> </tr> </table>	Casio	Olympus	Hitachi	Toshiba	Fujitsu	LG Electronics	Sony	Hoya (Pentax)
Nikon	JVC																			
Panasonic	NEC																			
Sony	Funai Electric																			
Samsung Electronics	Epson																			
Mitsubishi Electric	Ricoh																			
Casio	Olympus																			
Hitachi	Toshiba																			
Fujitsu	LG Electronics																			
Sony	Hoya (Pentax)																			





# Financial Results of Business Companies





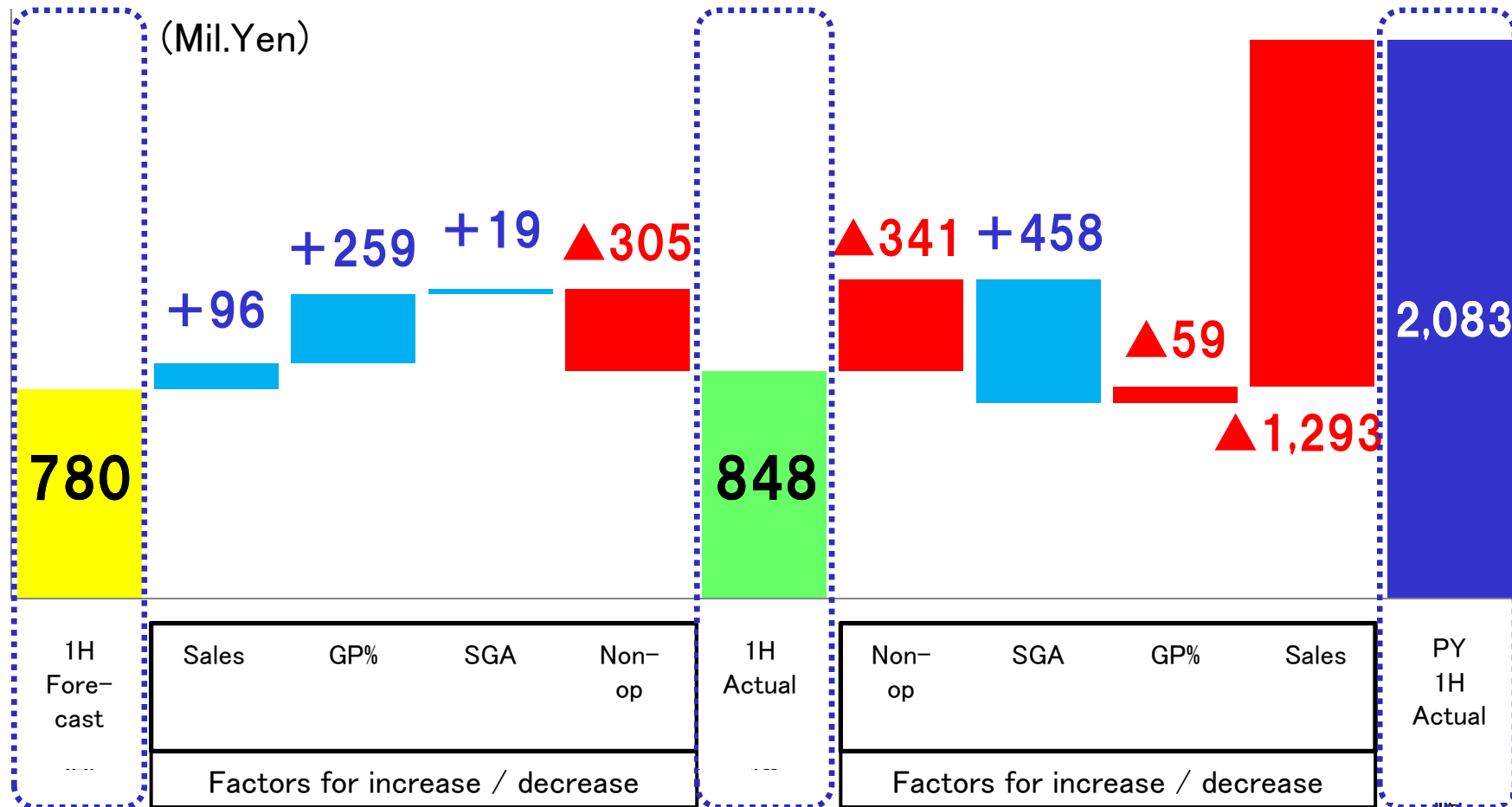
# USC 1H Result

(Bil.Yen)	FY2008 1H Actual		FY2009 1H Forecast		FY2009 1H Actual		PY%	Forecast%
	Amount	Ratio	Amount	Ratio	Amount	Ratio		
Sales	111.3	100.0%	82.0	100.0%	84.2 ①	100.0%	△24.4%	+2.7%
Gross Profit	5.3	4.8%	3.6	4.4%	4.0	4.7%	△25.5%	+9.9%
SGA	3.2	2.9%	2.8	3.4%	2.7	3.2%	△14.4%	△0.7%
Operating Profit	2.12	1.9%	0.85	1.0%	1.22 ②	1.5%	△42.2%	+43.9%
Ordinary Profit	2.08	1.9%	0.78	1.0%	0.85 ③	1.0%	△59.3%	+8.7%
Net Profit	0.92	0.8%	0.35	0.4%	0.29	0.3%	△68.5%	△17.4%

## (Year on Year)

- Sales decreased by 24% year on year due to sales price decline, although high-end DSC related sales was steady. ①
- Reduced SGA but operating profit worsened due to sales decrease ②  
Non-operating expenses worsened due to exchange loss ③  
Recorded restructuring cost of a subsidiary

# USC 1H Result (Ordinary Profit Analysis)



## 【Forecast】

Exceeded forecast though exchange loss partly offset the impact of increase in sales and GP

## 【PY】

Big impact of sales decrease and exchange loss despite SGA reduction



# USC 1H Topics ①

---

## ● Result of Sony devices sales promotion

- Image sensor : Steady demand for hi-end DSC  
Tried to maintain high share and get higher from 2010
- TFT : Adopted for some DSCs despite severe competition
- Blu-ray : Maintained high share for BD-Player /BD-Recorder
- Battery : Adopted for DVC and other applications
- Transfer Jet※<sup>1</sup> : Aggressively proposed for applications like DSC

※<sup>1</sup>: close proximity and high-speed wireless transfer technology developed by Sony

## ● Result of Samsung devices sales promotion

- TFT : Acquired new sales territory. Sales increased due to active TV demand attributable to economic stimulus (eco-point program).
- Memory/S-LSI : Sales decreased due to set sales slowdown and memory price drop.
- HDD : Sales decreased due to set sales slowdown and shift to SD card.



## USC 1H Topics ②



### <EMS>

Sales decreased due to demand shrink by economic slowdown and price decline.

### <System Equipment>

#### ● Non-contact IC Card (FeliCa) related

- Developed business for digital signage※1 market

※1: a form of electronic display that shows information, advertising and other messages

- Sales decreased due to sales decline of PCs with high-value added functions and sales shift to low-end notebook PCs.

#### ● Semiconductor and electronic component reliability test and environmental assessment

Sales decreased as number of tests dropped in accordance with cutback in capital expenditure due to economic downturn.



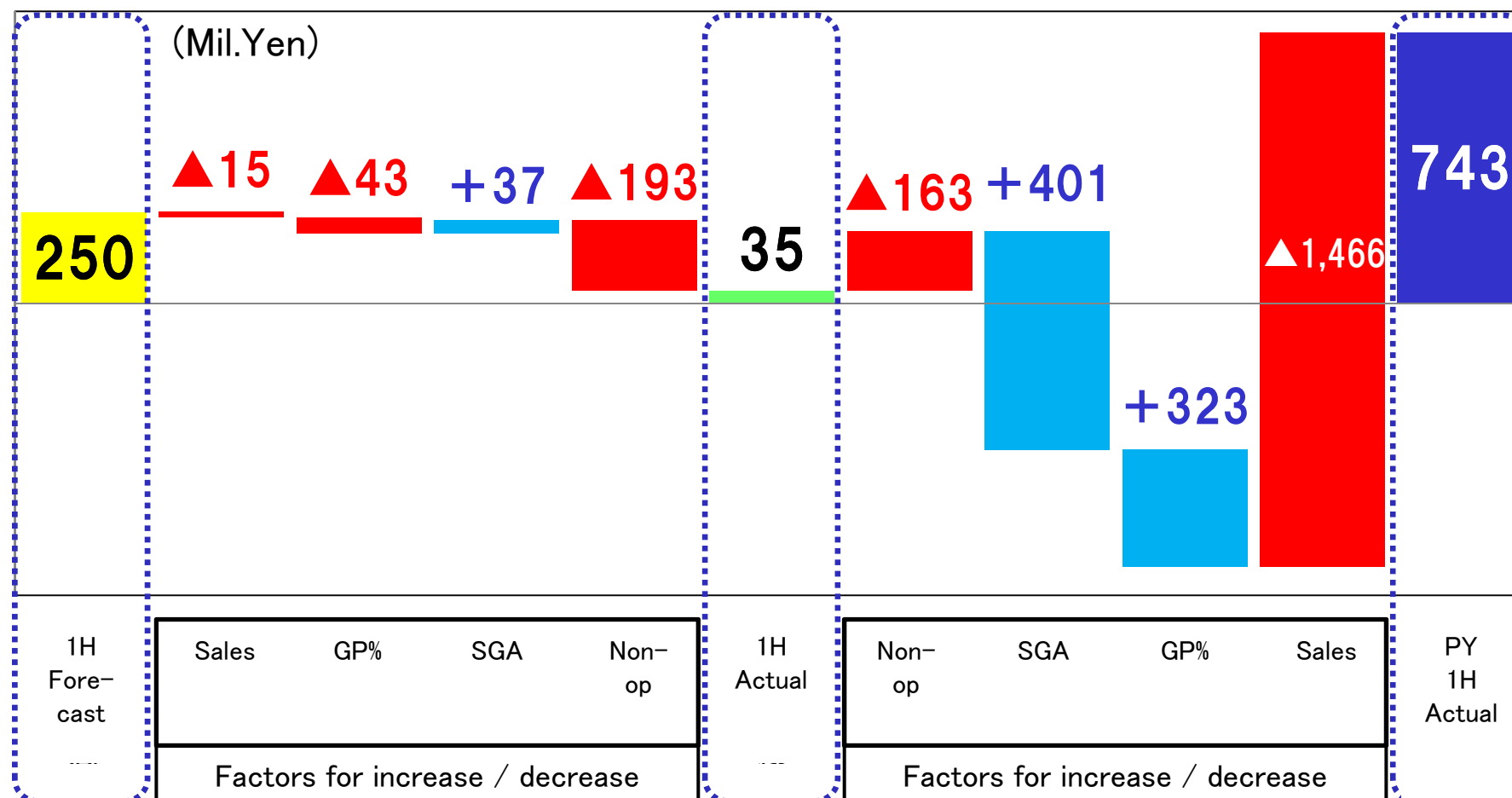
# KTS 1H Result

(Bil.Yen)	FY2008 1H Actual		FY2009 1H Forecast		FY2009 1H Actual		PY%	Forecast%
	Amount	Ratio	Amount	Ratio	Amount	Ratio		
Sales	57.1	100.0%	39.0	100.0%	38.8 ①	100.0%	△32.0%	△0.4%
Gross Profit	4.6	8.0%	3.5	9.0%	3.4	8.9%	△24.9%	△1.6%
SGA	3.8	6.6%	3.2	8.2%	3.2	8.1%	△16.0%	△1.1%
Operating Profit	0.83	1.5%	0.31	0.8%	0.29 ②	0.7%	△65.4%	△6.9%
Ordinary Profit	0.74	1.3%	0.25	0.6%	0.04 ③	0.1%	△95.2%	△85.8%
Net Profit	0.32	0.6%	0.03	0.1%	▲0.04	—	—	—

## (Year on Year)

- While we observed a recovery of quantitative sales to some customers, total sales decreased by 32% year on year by the impact of continuing sales price decline. ①
- Reduced SGA but operating profit worsened due to sales decrease ②  
Ordinary profit decreased due to exchange loss ③  
Recorded extraordinary loss of 150 mil.yen for voluntary retirement program

# KTS 1H Result (Ordinary Profit Analysis)



## 【Forecast】

Big impact of exchange loss though SGA reduction offset the impact of decrease in sales and GP%

## 【PY】

Huge impact of sales decrease despite GP% improvement and SGA reduction



# KTS 1H Topics ①

## <Semiconductors & Electronic Parts>

### ● Result of Sony devices sales promotion

- Transfer Jet: Adopted for PC. Attempted to increase adoptions for DSC and other applications in anticipation of market expansion in 2010
- Battery: Steady business for DSC despite severe competition  
Studying business for PC

### ● Progress in New Business

- Asian new products: Synopex(touch module) adopted for mobile  
ChipSIP (Multichip module※1) adopted for DSC

※1:an electronic package where multiple ICs, semiconductor dies or other modules are packaged together

- General-purpose semiconductor: NXP adopted in several DSC manufacturers  
Richtek WLED※2 driver adopted for a portable video game machine

※2:White LED



## KTS 1H Topics ②



### <Electronic Equipment>

#### ● Next generation broadcasting system (File-based workflows※1)

※1: Seamless workflows from acquisition to transmission that exchange data files of audio-visual materials between network-connected platforms

- Adopted in TV Asahi, Disney TV, and two CATVs in 1H
- Exclusive dealer in Japan of Emmy® awarded file based Core with unique image processing technology (Exhibited in InterBEE 2009)

### <ISS (Image Sensing Solution)>

#### ● Recovery of Korean market

Markets of machine vision and surveillance system are active thanks to Korean won depreciation

#### ● New Market

Demands for solar-cell, LCD, and LED related manufacturing equipment are increasing.







---

# Management Integration and its Objectives / Synergy Effects



# Position in the Industry (Electronics Trading Companies in Japan)

Consolidated Sales (Mil. Yen)

<b>UKC Holdings</b>		<b>291,037</b>
1	Kaga Electronics	273,610
2	Sanshin Electronics	229,643
3	Ryosan	220,871
4	Satori Electric	210,967
5	Marubun	199,943
6	Ryoden Trading	190,896
7	USC	187,121
8	Kuroda Electric	157,336
9	Kanaden	144,639
10	Shinko Shoji	143,330
18	KTS	103,916

Consolidated Operating Profit (Mil. Yen) / Ratio (%)

1	Ryosan	6,145	2.8%
<b>UKC Holdings</b>		<b>4,541</b>	<b>1.6%</b>
2	Kuroda Electric	4,369	2.8%
3	Sanshin Electronics	3,711	1.6%
4	Satori Electric	3,611	1.7%
5	Ryoden Trading	3,508	1.8%
6	USC	3,008	1.6%
7	Kanaden	2,830	2.0%
8	Tachibana Eletech	2,601	2.2%
9	Fuji Electronics	2,559	6.3%
10	Tomen Devices	2,491	1.8%
18	KTS	1,533	1.5%





# Objectives

---

## 【Sales Synergy】

- Realize complement and enhancement of operation, and expansion of value chain  
Widened and deepened business by the management integration enables us to provide a strong customer network covering consumer electronics to with one stop service.

## 【Engineering Synergy】

- Strengthen technological lineup and readiness as a electronics trading company through integrating engineering function
  - Provide a wide variety of customers with tailor-made solutions
  - Improve customer satisfaction
  - Add on new businesses of established suppliers

## 【Cost Synergy】

- Streamlining common operations
  - Streamline indirect operations and infrastructures
  - Share distribution network
  - Integrate business locations in Japan and overseas

## 【Human Resources Synergy】

- Unite talented human resources, skills, and best practices of both companies

## 【Further Growth Opportunities】

- Make the most of widened and deepened business structure and management resources, and seek various measures including M&A for further growth



# Synergy Effects



## Synergy Effects

### Sales Synergy

- Sales Increase through Cross-selling
- Sales Increase through sharing / strengthening Engineering Function

### Cost Synergy

- Location Integration
- Streamlining Common Function

### Additional Value Creation

- New Products / New Business Areas
- M&A



# Effect (Sales Synergy)

## ➤ Sales Increase through Cross Selling

- Products: LCD Panel, Power Semiconductor, Touch Sensor etc.

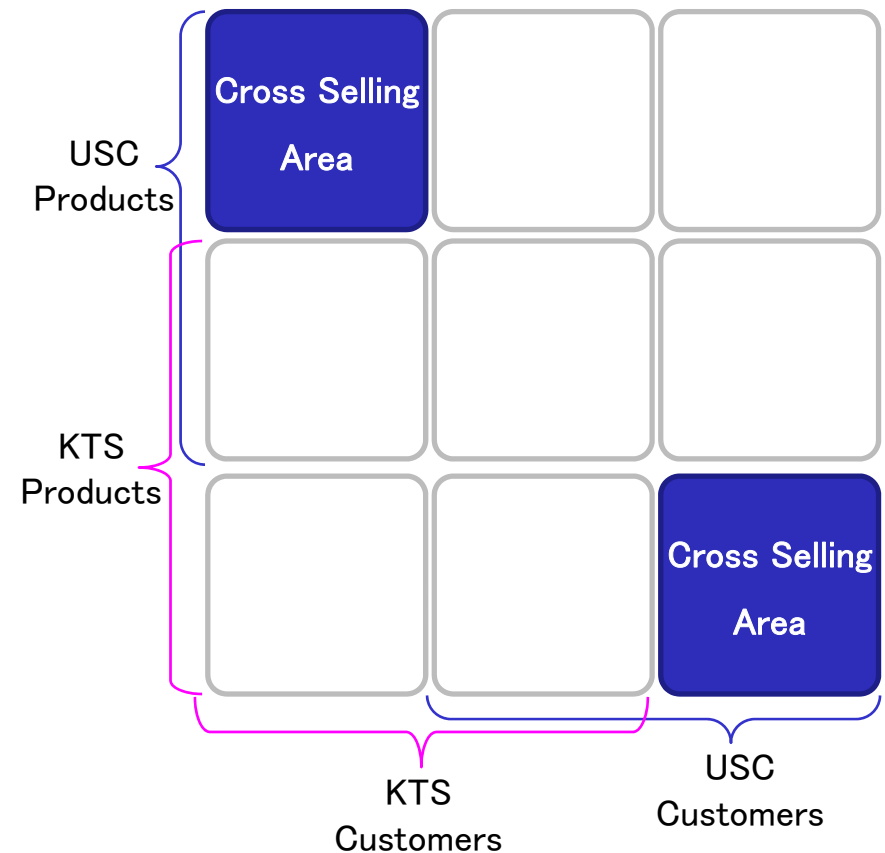
## ➤ Sales Increase through sharing / strengthening Engineering Function

- Strengthen technological competitiveness of products

## ➤ Expectation

2011/3 5Bil.Yen

2012/3 10Bil.Yen





# Effect (Cost Synergy)

## ➤ Location Integration

- Integrate Domestic Sales Office (in Osaka) Location

FY2009 4Q

- Integrate HQ Office Location (UKC holdings & Subsidiaries HQ <USC, KTS>) FY2010 2Q

- Decide and implement integration policy of overseas locations depending on their characteristics

## ➤ Streamline Common Operations

- Logistics Center Integration FY2010 2Q

- Streamline HQ/Indirect Functions FY2011 1Q

Cost  
Reduction  
500 Mil.Yen





# Effect (Additional Value Creation)

---

## ➤ New Products / New Area

- Strengthening Marketing Function
- Growing Market (Solar cell, LED Related etc.)
- Blue Ocean Area

## ➤ M&A

- Search for potential targets that complement our business in terms of products, technology, and customers
- Respond to customers' production shift and OEM/OEM shift





# Schedule for Management Integration

FY2009 4Q	➤ Integrate Domestic Sales Office (in Osaka) Location
April, 2010	➤ Transfer stocks of subsidiaries of business companies to UKC Holdings through divestiture scheme (Decide and implement integration policy of overseas locations depending on their characteristics)
FY2010 2Q	➤ Integrate HQ Office Location (UKC holdings & Subsidiaries HQ <USC, KTS>) ➤ Integrate Domestic Logistics Center Location
FY2010 3Q	➤ Financial / Managerial Accounting System Integration (Also try to realize business process standardization and ERP system integration as early as possible)
April, 2011	➤ Reorganize Business Companies ➤ Introduce new Personnel System







---

# UKC Holdings

## 2010/3 Forecast and Mid-term Target



# UKC 2010/3 Forecast Assumption

- Global economy got out of drastic recession since Autumn, 2008 but is still severe and uncertain on the whole.
- Full-scale recovery of personal spending in Japan, US, and EU is expected after next fiscal year although export to emerging countries is active.
- Customers are conservative for 4Q production plan despite the completion of inventory adjustment in the market.
- Sales price decline of digital appliances and market share increase of low price products continues.
  - ⇒ sales price decline of semiconductors and electronic parts
- Cutbacks in corporate spending continues.



- ◆ Make conservative business plan for FY2009 2H
- ◆ Concentrate on securing sales opportunities, developing and promoting new products, and reducing cost in preparation for economic recovery next year and beyond

# UKC Holdings 2010/3 (March, 2010) Forecast

(Bil. Yen)	2009/3 (Ref.) ① USC + KTS		2010/3 Forecast ②		2010/3 (Ref.) ③ USC (1H)+KTS (1H)+UKC (2H)		③/① PY%
	Amount	Ratio	Amount	Ratio	Amount	Ratio	
Sales	2,910.4	100.0%	2,030.0	100.0%	2,418.3	100.0%	△17%
Gross Profit	178.4	6.1%	105.0	5.2%	139.4	5.8%	△22%
SGA	133.0	4.6%	87.5	4.3%	119.0	4.9%	△11%
Operating Profit	45.4	1.6%	17.5	0.9%	20.4	0.8%	△55%
Ordinary Profit	28.4	1.0%	17.0	0.8%	17.4	0.7%	△39%
Net Profit	6.6	0.2%	48.0	2.4%	47.6	2.0%	+620%

① Simply combining the results of USC Corporation and Kyoshin Technosonic Co., Ltd. for the fiscal year ended March 2009

② Based on the accounting standard for business combinations, this forecast combines the consolidated business performance of USC Corporation from April 1, 2009 to March 31, 2010 and that of Kyoshin Technosonic Co., Ltd. from October 1, 2009 to March 31, 2010. One-time gain from "negative goodwill" (about four billion yen) is included in the extraordinary profit.

③ Simply adding the 1H result of Kyoshin Technosonic Co., Ltd. to UKC Holdings 2010/3 Forecast

# UKC Mid-term Target Assumption

- World Semiconductor Market regains steadily in CY2010 and 2011.  
(WSTS 2009Autumn Forecast<PY%>: CY2010 : +12.2%, CY2011 : +9.3%)
- Emerging countries maintain high growth rate.
- US, EU, and Japan achieve economic recovery mildly but steadily.
- Personal & corporate spending regain from FY2010 2H .

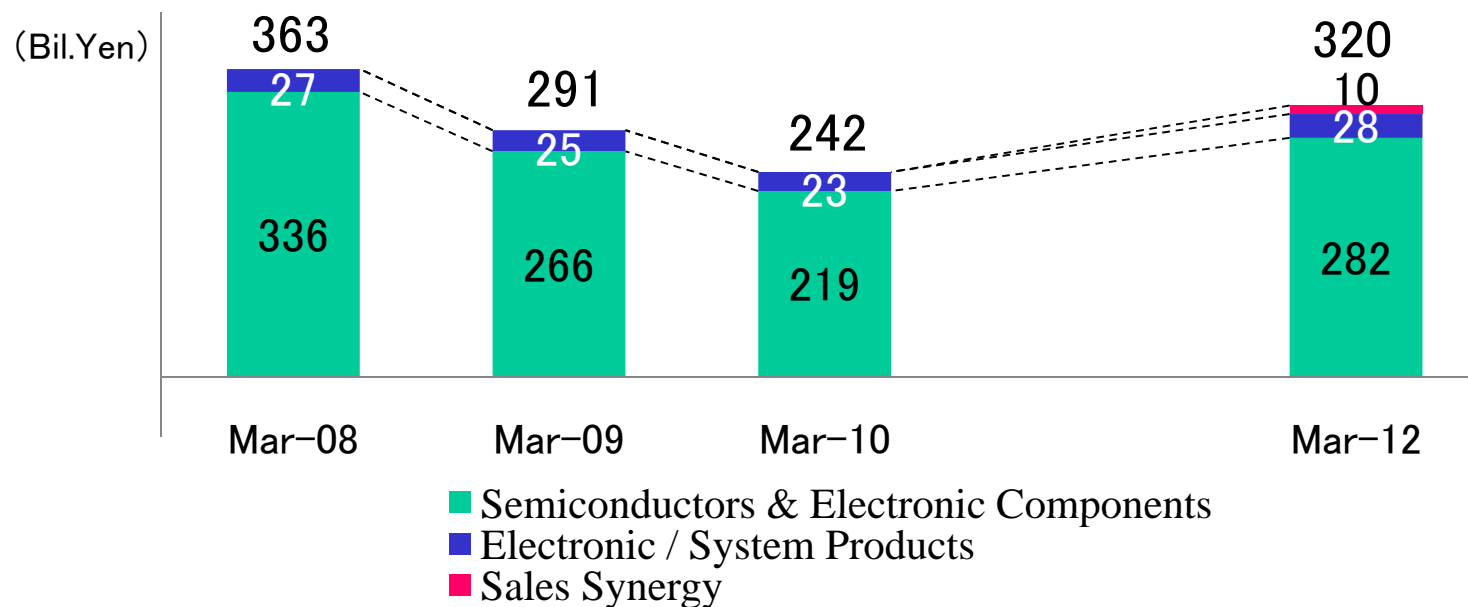


- ◆ Current businesses grow in line with the growth of semiconductor market.
- ◆ Sales synergy realized from FY2010 (FY2011 Expectation: 10 Bil.Yen)
- ◆ Equipment business regains and grows in accordance with recovery of corporate spending.
- ◆ Realize cost synergy from FY2010 by integration of locations and indirect divisions



# UKC Holdings Mid-term Target

(Bil. Yen)	2009/3 (Ref.) USC + KTS		2010/3 (Ref.) USC (1H)+KTS (1H)+UKC (2H)		2012/3 (Target)		CAGR (2010/3~ 2012/3)
	Amount	Ratio	Amount	Ratio	Amount	Ratio	
Sales	291.0	100.0%	241.8	100.0%	320.0	100.0%	+15%
Gross Profit	17.8	6.1%	13.9	5.8%	18.0	5.6%	+14%
SGA	13.3	4.6%	11.9	4.9%	12.5	3.9%	+2%
Operating Profit	4.5	1.6%	2.0	0.8%	5.5	1.7%	+64%
Ordinary Profit	2.8	1.0%	1.7	0.7%	5.3	1.7%	+75%
Net Profit	0.7	0.2%	4.8	2.0%	2.8	0.9%	△23%





**UKC Holdings Corporation**

<Inquiries>

Group Business Planning Division T.Osawa

Mail to: [ir@ukcgroup.com](mailto:ir@ukcgroup.com)

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.

