



---

**Business Report for**  
**FY2011**  
**From Apr. 2011 to Mar. 2012**

**SMK Corporation**

**Apr , 2012**



# **SMK attendant's introduction**

**Chairman and CEO**

**TETSUYA NAKAMURA**



# SMK Partial Organization: 1<sup>st</sup> APR & 25<sup>th</sup> APR

Purpose: ①Rejuvenate Organization ②Activation of group management

	Name	Before	New
Today's attendance	<b>Tetsuya Nakamura</b>	Representative Director, President	Representative Director, Chairman
	<b>Yasumitsu Ikeda</b>	Representative Director, Executive Deputy President	Representative Director, President
	<b>Kohei Ohgaki</b>	Vice President	Executive Vice President,
	<b>Masanobu Ikeo</b>	CS Division Deputy Senior GM	CS Division Senior GM
	<b>Mitsuyuki Masubuchi</b>	FC Division Deputy Senior GM	FC Division Senior GM
	<b>Shigechika Yanagi</b>	Vice President	Vice President
Previous attendance	Hajime Yamada	Director, Executive Vice President	Auditor (as of June 22 <sup>nd</sup> at Shareholders' meeting)
	Yoshiyuki Kaku	Executive Vice President	Director, Executive Vice President (as of June 22 <sup>nd</sup> at Shareholders' meeting)
	Mikio Wakabayashi	Vice President	Executive Vice President Sales Division Director



**FY2011**

**Outline of Financial Statement**

**Executive Vice President**

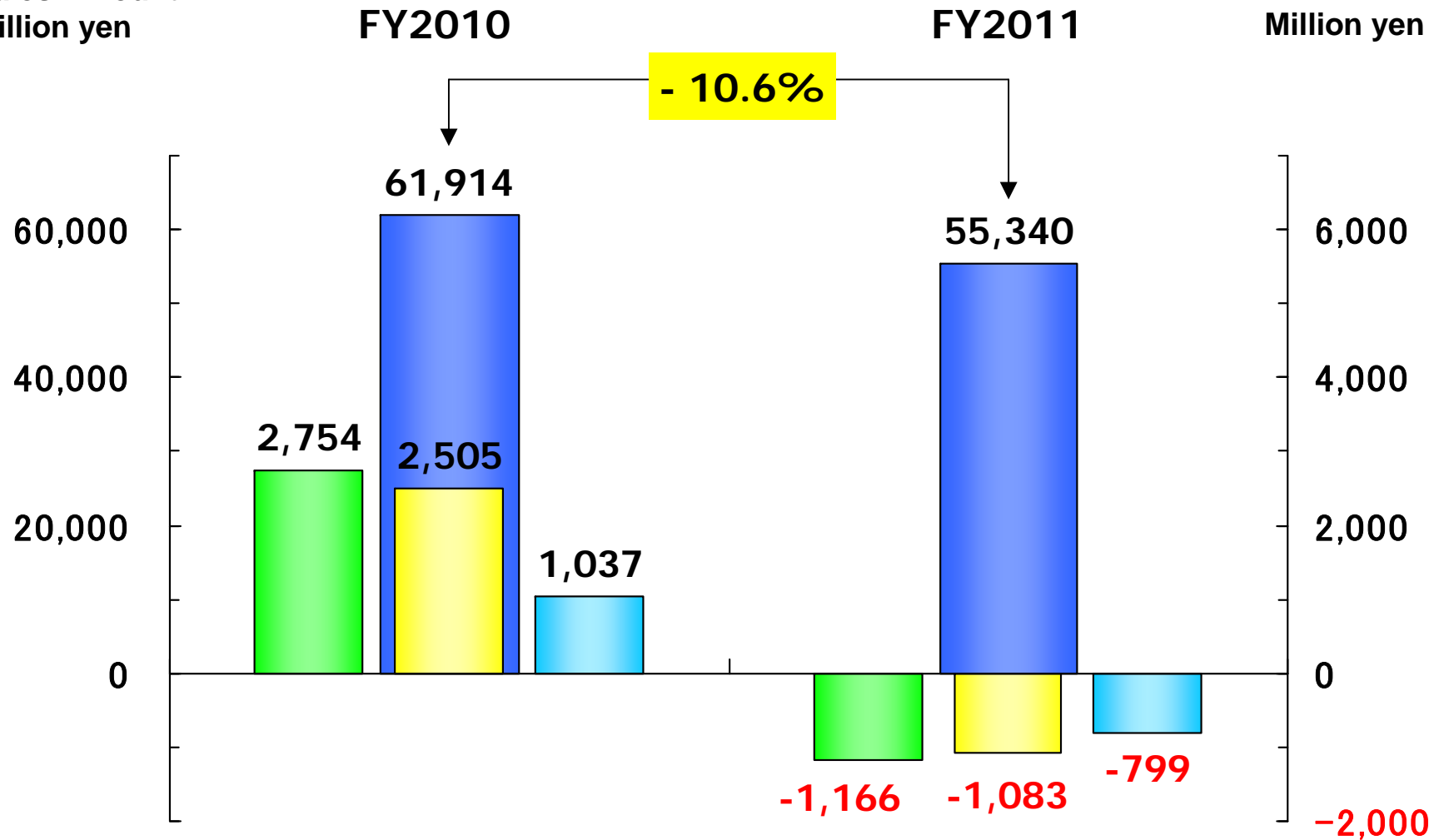
**KOHEI OHGAKI**



# <Consolidated> Financial Result

Sales Amount :  
Million yen

Income :  
Million yen



■ Net Sales   ■ Operating Income   ■ Ordinary Income   ■ Net Income



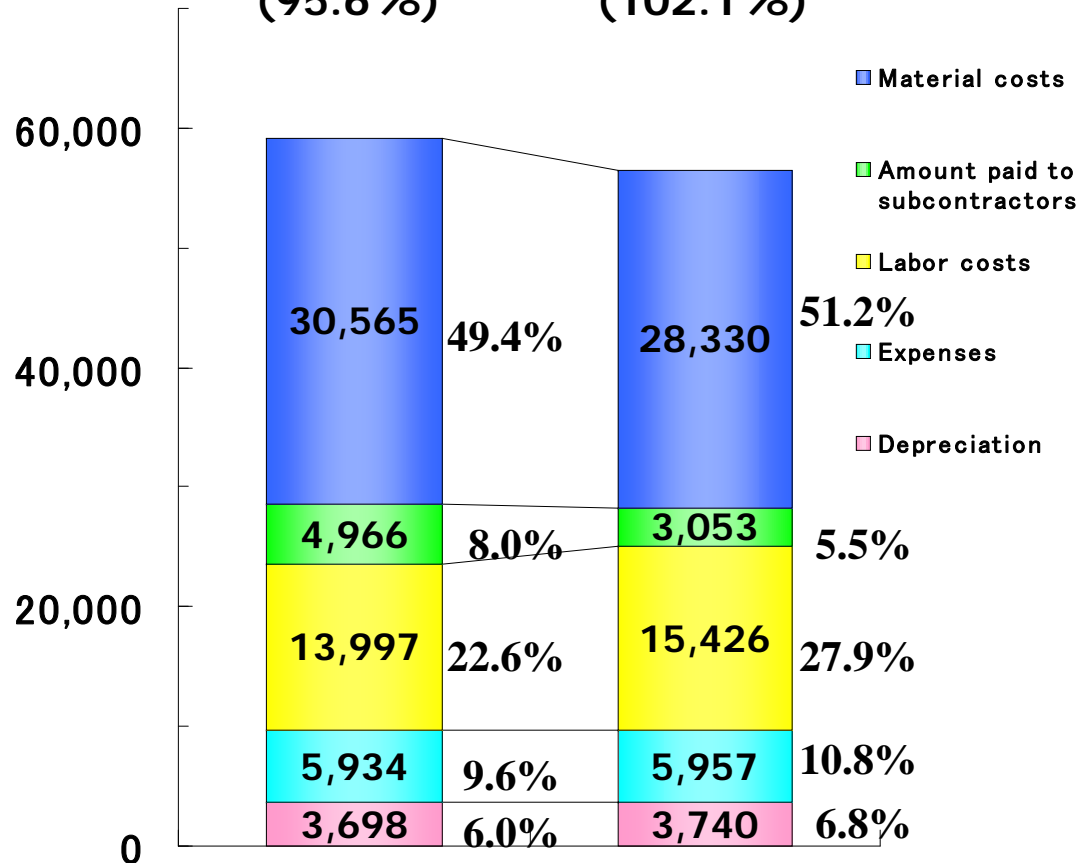
# <Consolidated> Operating Expenses

Unit :  
Million yen

FY2010  
59,160  
(95.6%)

FY2011  
56,506  
(102.1%)

( ):Sales ratio



(0.7% improvement in (material costs + amount paid to subcontractors))

57.4→56.7% Δ374 million yen

(labor costs increased by 1,429 million yen)

**Influence of Chinese subsidiary**

- Plant taking full ownership: Transfer funds from amount paid to subcontractors

- Increased labor costs due to increased internal production

**Business profit**

2,754  
(4.4%)

Δ1,166  
(Δ2.1%)

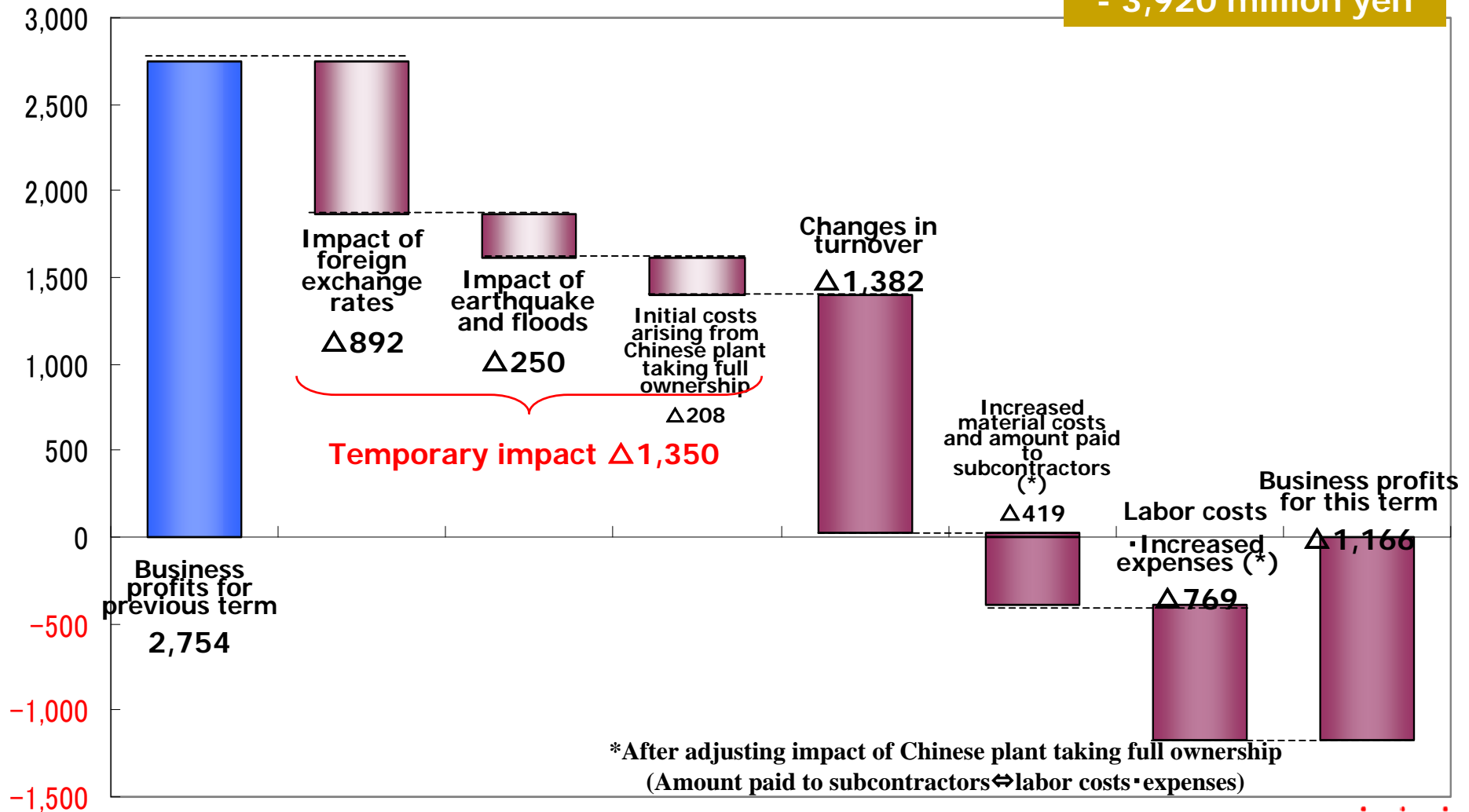


# <Consolidated> Analysis of operating expenses <sup>7/50</sup>

Unit : Million yen

Factorial analysis of reduced consolidated operating profit  
[ FY2010 against FY2011 ]

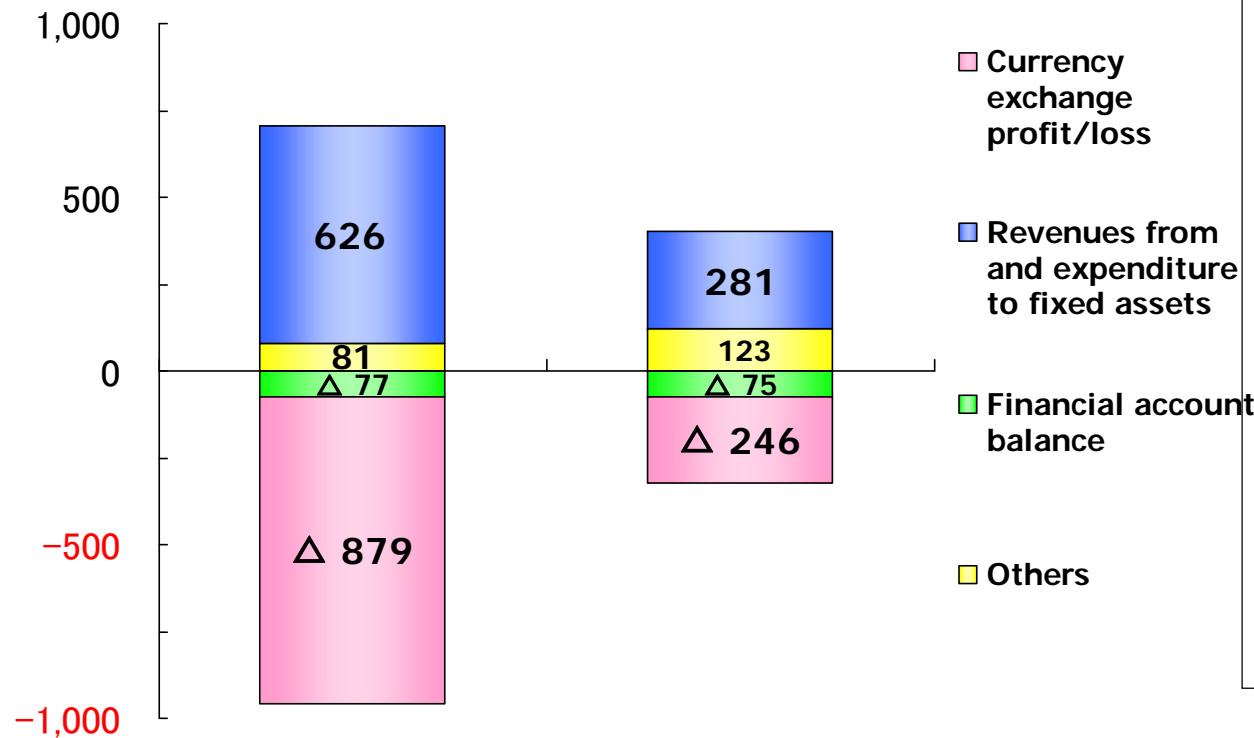
**Total**  
**- 3,920 million yen**





# <Consolidated> Non-operating profit and loss

Unit :	FY2010	FY2011	( ) : percentage to sales amount
Million yen	△249 (△0.4%)	83 (0.1%)	



[Exchange loss→  
Decrease 633 million yen]

- FY2010  
2010/Mar ¥ 93.04/\$  
2011/Mar ¥ 83.15/\$  
Yen appreciated by 9.89 yen
- FY2011  
2011/Mar ¥ 83.15/\$  
2012/Mar ¥ 82.19/\$  
Yen appreciated by 0.96 yen

Ordinary Income	2,505 (4.0%)	△1,083 (△2.0%)
-----------------	-----------------	-------------------





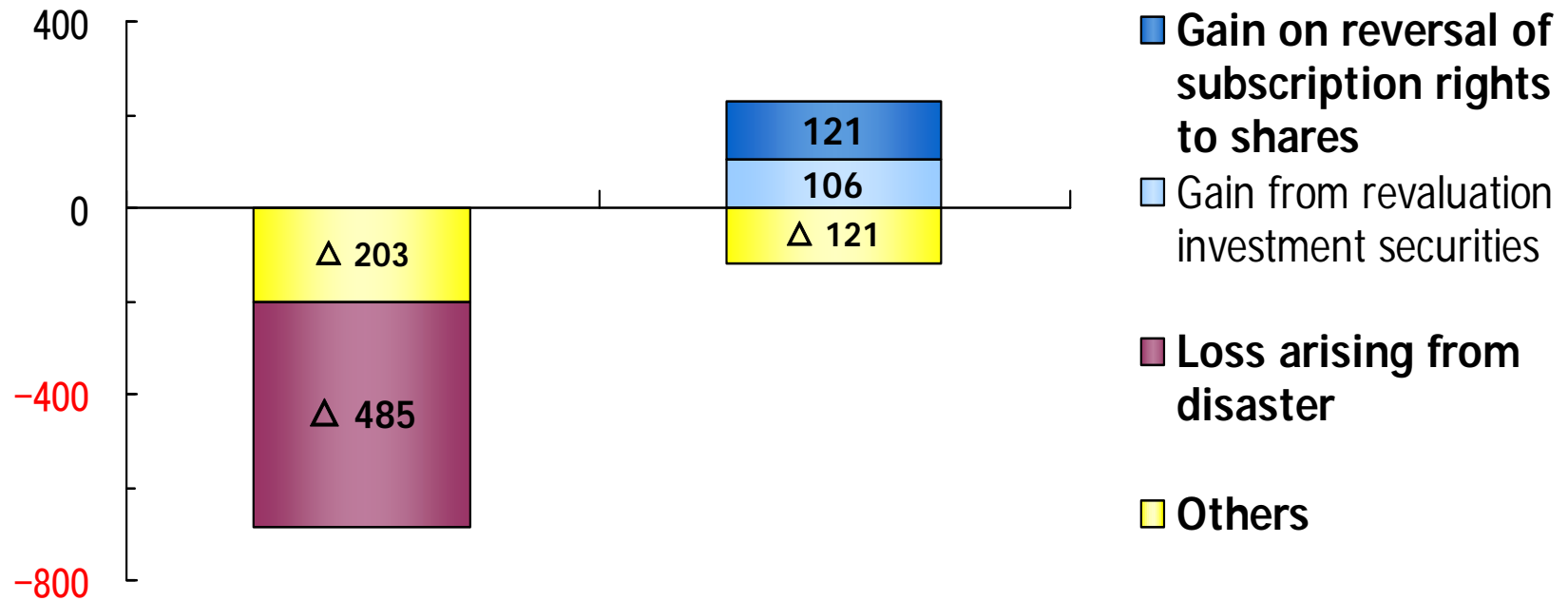
# <Consolidated> Extraordinary gain or loss

Unit :  
Million yen

FY2010  
△688

FY2011  
106

( ) : percentage to sales amount



Income before  
income taxes

1,817

△977

Income taxes  
(Current and deferred)

△780

178

Net income

1,037

△799

(1.7%)

(△1.4%)



# <Consolidated> Financial Highlights (Quarterly) <sup>10/50</sup>

Unit : Million yen

FY2011	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term			Fiscal Term
	1Q (11/4~6)	2Q (11/7~9)	TOTAL (11/4~9)	3Q (11/10~12)	4Q (12/1~3)	TOTAL (11/10~12/3)	TOTAL (11/4~12/3)
① Net Sales	14,111	14,404	28,515	13,104	13,721	26,825	55,340
② Operating Income	47	△89	△42	△506	△618	△1,124	△1,166
③ Ordinary Income	△106	△434	△540	△317	△226	△543	△1,083
④ Net Income	△161	△429	△590	△244	35	△209	△799

FY2010	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term			Fiscal Term
	1Q (10/4~6)	2Q (10/7~9)	TOTAL (10/4~9)	3Q (10/10~12)	4Q (11/1~3)	TOTAL (10/10~11/3)	TOTAL (10/4~11/3)
① Net Sales	16,056	16,946	33,002	14,732	14,180	28,912	61,914
② Operating Income	1,215	1,069	2,284	355	115	470	2,754
③ Ordinary Income	937	829	1,766	297	442	739	2,505
④ Net Income	628	531	1,159	51	△173	△122	1,037



## <Consolidated> Cash Position

11/50

Unit : Million yen

	2011/3 (A)	2012/3 (B)	<i>Differential</i> (B-A)
<b>Assets</b>	<b>53,059</b>	<b>53,883</b>	<b>824</b>
Cash and cash equivalents	7,442	8,472	1,030
Accounts receivable	14,841	15,223	382
Inventories	5,672	5,472	△200
Fixed assets	21,205	20,397	△808
<b>Liabilities</b>	<b>23,197</b>	<b>25,626</b>	<b>2,429</b>
Accounts payable and accrued expenses	10,981	10,800	△181
Interest-bearing dept	8,926	12,157	3,231
<b>Net assets</b>	<b>29,862</b>	<b>28,257</b>	<b>△1,605</b>
Common stock	7,996	7,996	—
<b>Capital adequacy ratio</b>	<b>56.0%</b>	<b>52.4%</b>	<b>△3.6%</b>



## <Consolidated> Cash Flow Position

12/50

Unit : Million yen

	FY2010	FY2011
<b>Cash Flow from operating activities</b>	<b>6,230</b>	<b>2,001</b>
<b>Working capital</b>	<b>1,233</b>	<b>△430</b>
<b>Income before income taxes</b>	<b>1,817</b>	<b>△977</b>
<b>Depreciation</b>	<b>3,652</b>	<b>3,664</b>
<b>Others</b>	<b>△472</b>	<b>△256</b>
<b>Cash Flow from investing activities</b>	<b>△4,001</b>	<b>△3,764</b>
<b>Free Cash Flow</b>	<b>2,229</b>	<b>△1,763</b>
<b>Cash Flow from financing activities</b>	<b>△3,347</b>	<b>2,686</b>
<b>Increase (decrease) in interest-bearing dept</b>	<b>△2,039</b>	<b>3,236</b>
<b>Purchases of treasury stock</b>	<b>△354</b>	<b>△259</b>
<b>Dividends paid</b>	<b>△954</b>	<b>△291</b>
<b>Initial balance</b>	<b>8,749</b>	<b>7,382</b>
<b>Final balance</b>	<b>7,382</b>	<b>8,389</b>



# <Consolidated> Segment Information

13/50

Unit : Million yen

FY2011	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
Net Sales	22,639	22,049	10,418	55,106	234	55,340
Segment gain or loss (Operating Income)	△312	△717	△154	△1,183	17	△1,166

FY2010	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
Net Sales	23,242	30,080	8,350	61,672	242	61,914
Segment gain or loss (Operating Income)	565	2,223	△143	2,645	109	2,754

(\*) Other : research and development, lease, real-estate rental, factoring





# <Consolidation> Business Forecast / Dividends 14/50

Unit : Million yen

## ▪ Consolidated Performance Forecast

(%:Compared to FY2011 ratio )

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
<b>FY2012</b>	<b>60,000</b>	<b>8.4</b>	<b>1,000</b>	<b>—</b>	<b>1,300</b>	<b>—</b>	<b>750</b>	<b>—</b>

## ▪ Annual dividend

	End of the second quarter	End of year	Annual
<b>FY2012 (Plan)</b>	<b>0.00 yen</b>	<b>6.00 yen</b>	<b>6.00 yen</b>
<b>FY2011</b>	<b>0.00 yen</b>	<b>6.00 yen</b>	<b>6.00 yen</b>

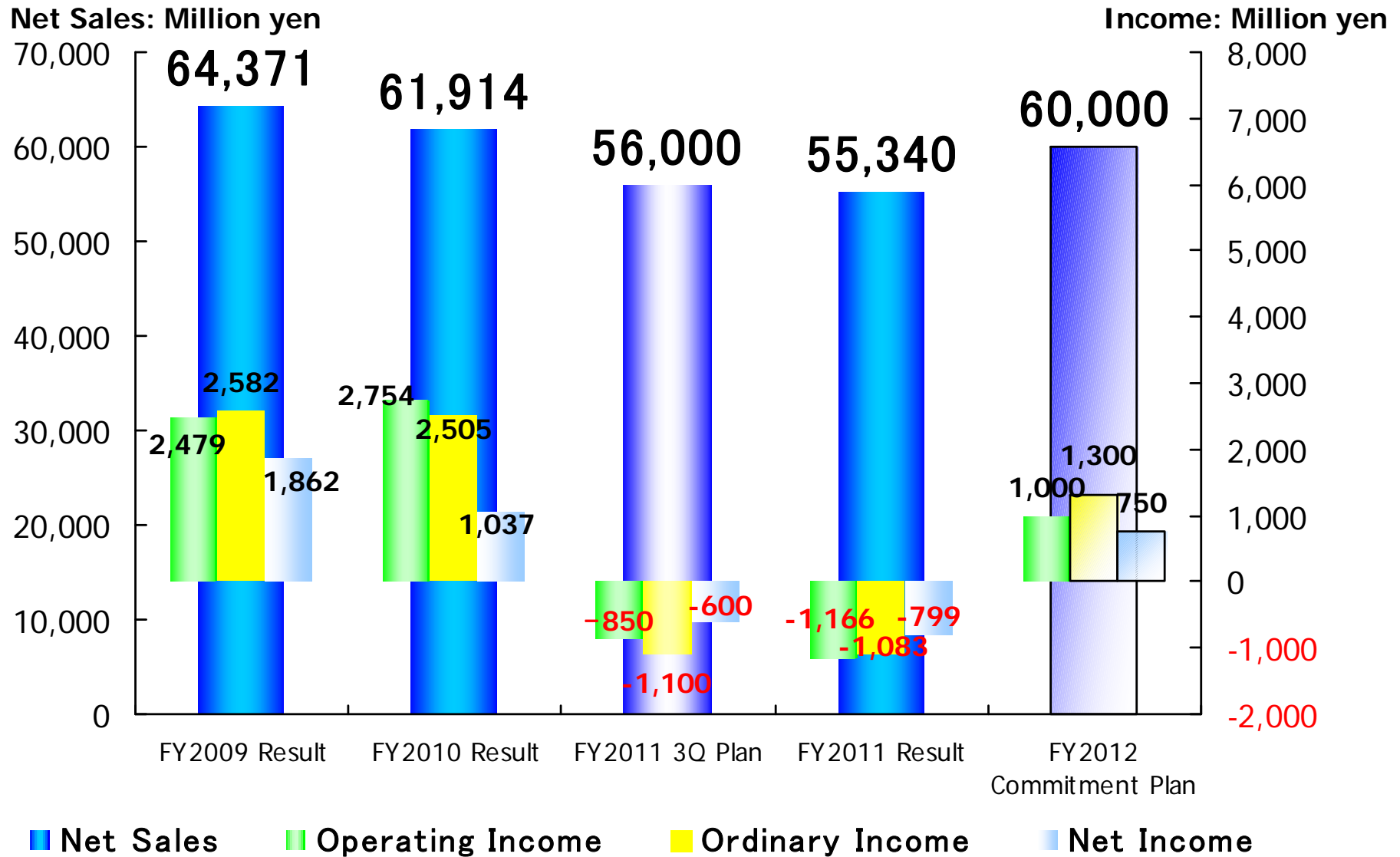


# **FY2011 Result and Prospect**

**President and COO Yasumitsu Ikeda**



# Full Fiscal Term Performance (FY2009- FY2012) <sup>16/50</sup>



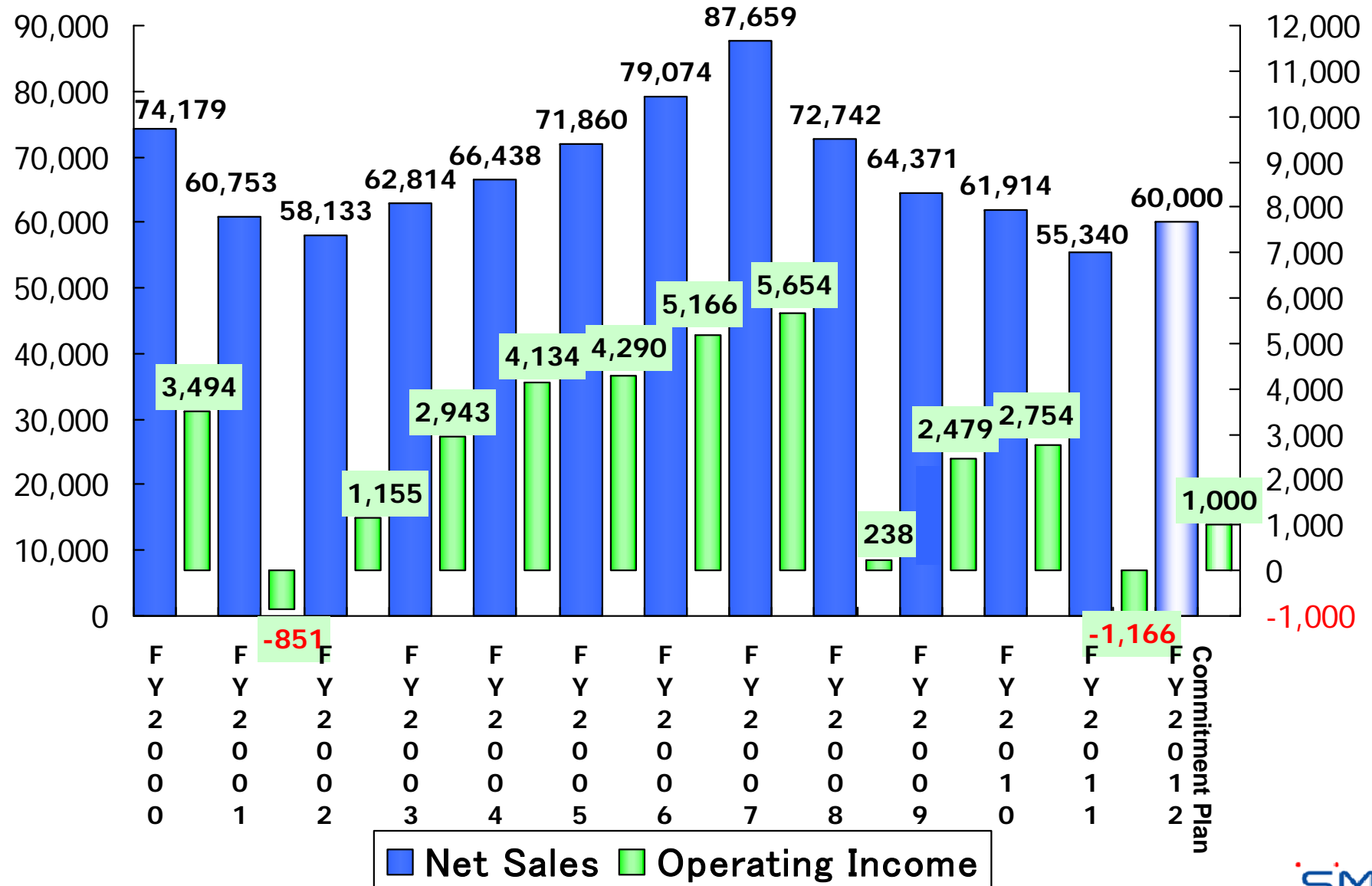




# Fiscal Term Sales & Operating Income Performance (FY2000~FY2012) 17/50

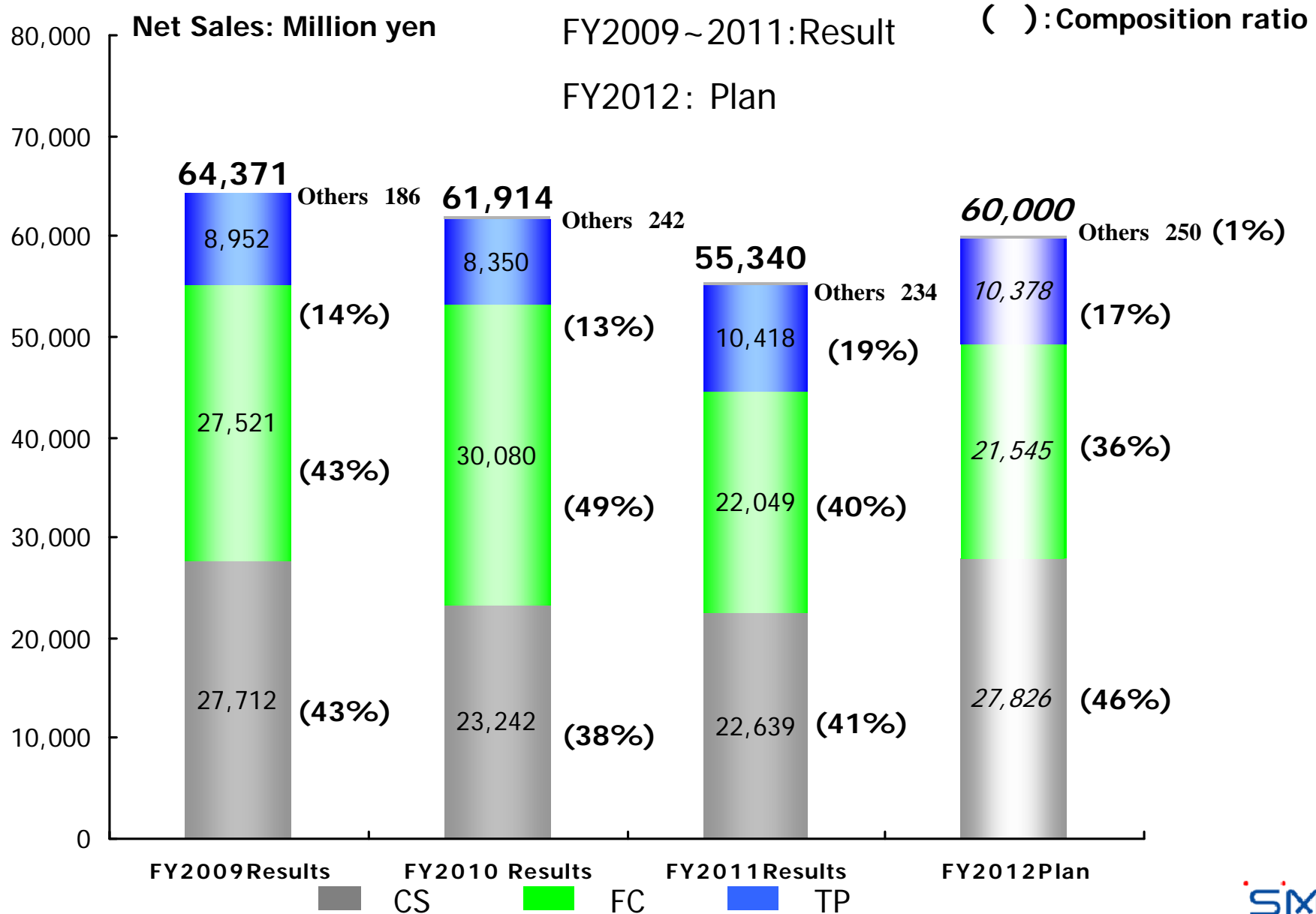
Net Sales: Million yen

Income: Million yen





# Net Sales by Product Division (FY2009-FY2012)





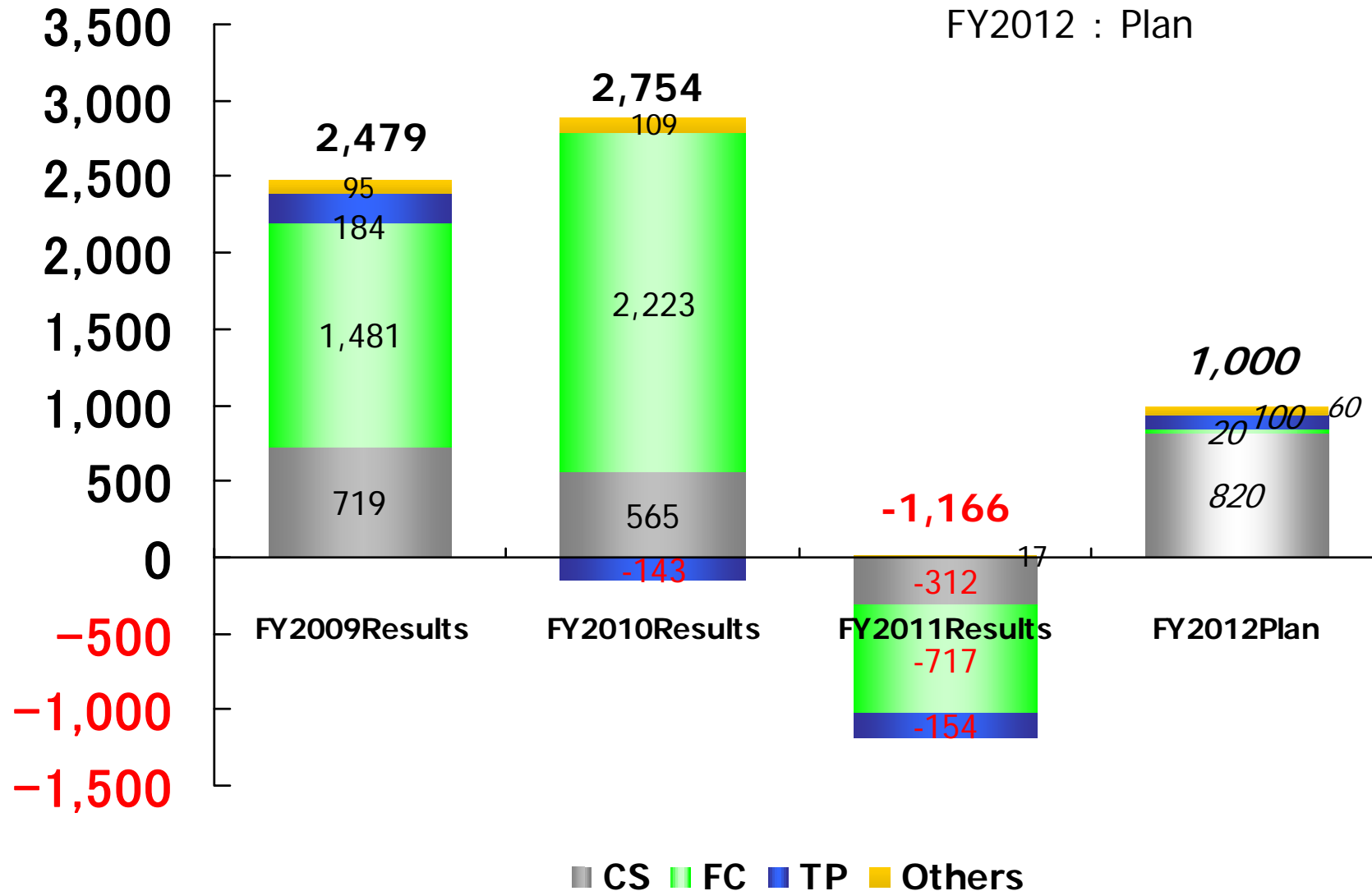
# Operating Income by Product Division (FY2009-FY2012)

19/50

Income: Million yen

FY2009~2011 : Result

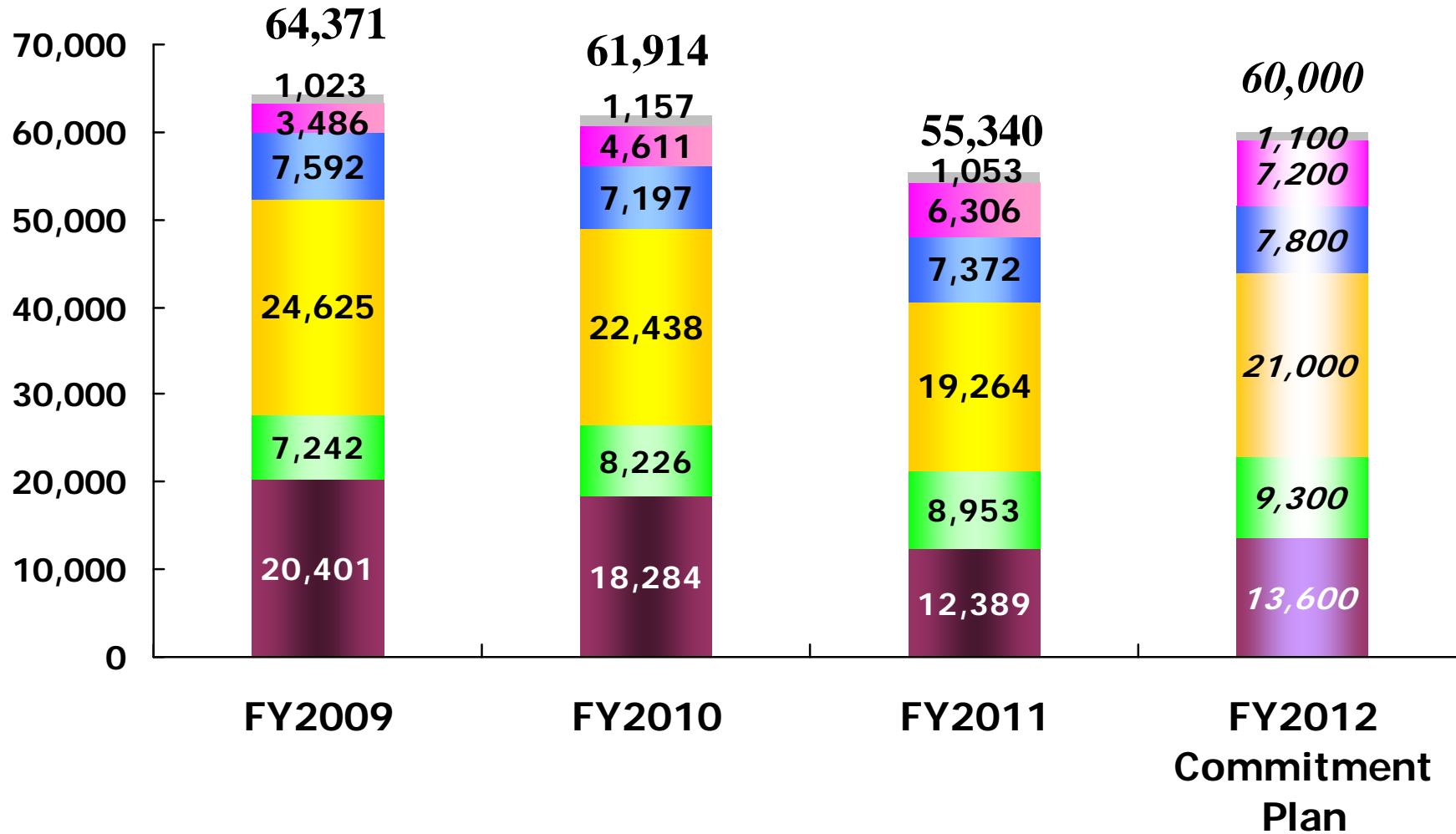
FY2012 : Plan





# Net Sales by Market (FY2009-FY2012)

Net Sales: Million yen



■ Audio & Visual ■ Car Electronics ■ Telecom ■ Computer ■ Amusement & Home Appliance ■ Others



# Look-back at FY2011 - 1

**Impact of the Great East Japan Earthquake**

✓ **Recovery**

✓ **Power saving**



**Hitachi Works**

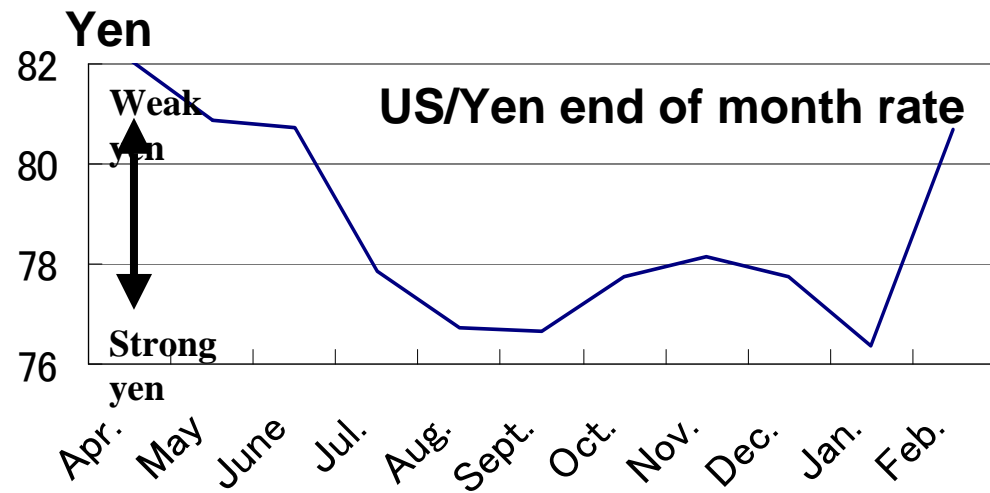
**Deteriorating business environment**

✓ **Increasingly strong yen**

✓ **Thai flood**



✓ **Depressed Japanese AV electronics industry**





# Look-back at FY2011 - 2

## Optimization of foreign networks

2nd Malaysian plant

- ✓ Bolstering and clearing debts of production sites
  - Establish second plant in Malaysia
  - Clear UK office's debts
  - Dongguan taking full ownership



## ✓ Expand sales bases

Establish Tsingtau office (March, 2012) ★

Establish Xi'an office (May, 2011) ★

Sales network in Greater China





## Positive aspects



✓ Revision of extremely strong yen? Recovery of demand following the Great East Japan Earthquake

✓ Increased demand from China and emerging nations / hopes for US economic turnaround

✓ Large-scale events (London Olympics, US presidential election, etc.)

## Negative aspects



✓ Increased European financial instability

✓ Intensified competition for natural resources

✓ Political and social risks rising to the surface in various countries



- **Improve profitability through enhanced business structure**
- **Improve workplace capabilities to differentiate ourselves from competitors**
- **Pioneer and create new sources of income**







# Operating Structure for New Markets

25/50

FY2011

Digital Entertainment Market Division

Car Electronics Market Division

Information Technology Market Division

Industry Market Division

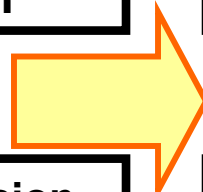
FY2012

Home Electronics Market Division

Car Electronics Market Division

Information Technology Market Division

Industry Market Division



## <Reorganization aims>

- 1) To arrange operating strength in developing and undeveloped markets
- 2) To reinforce sales strength in industrial equipment market



# TEXPO 2012

26/50



## Time

June 6<sup>th</sup>/2012 (Wed)~8th(Fri) 10:00~18:00  
3days

## Location

SHINAGAWA GOOS  
Garden city Shinagawa  
(formerly the Hotel Pacific Tokyo)



## Theme

*“Navigating smartly for the people,  
the future, and the environment”*



# CS Division



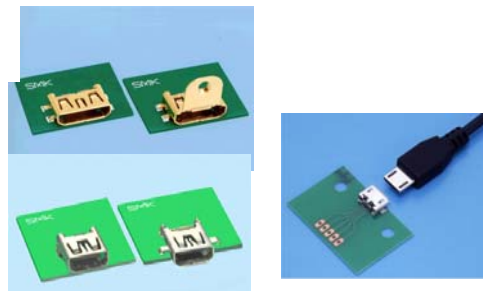
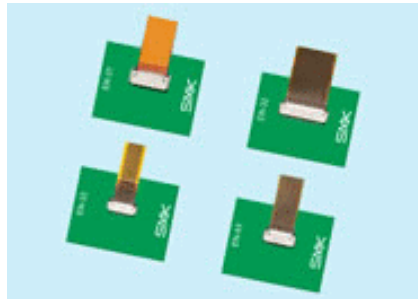
# CS Division

28/50

CS=Connection System

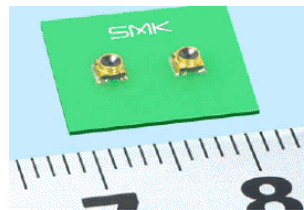
【Major Products】 : Connector/Jack

## ■ Connector

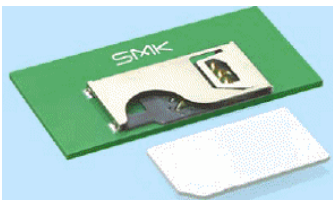


Interface Connector

FPC Connector



Coaxial Connector



Card Connector

## ■ Jack

DC Power Supply Jacks  
Headphone Jacks



Pin Jack  
Jack box

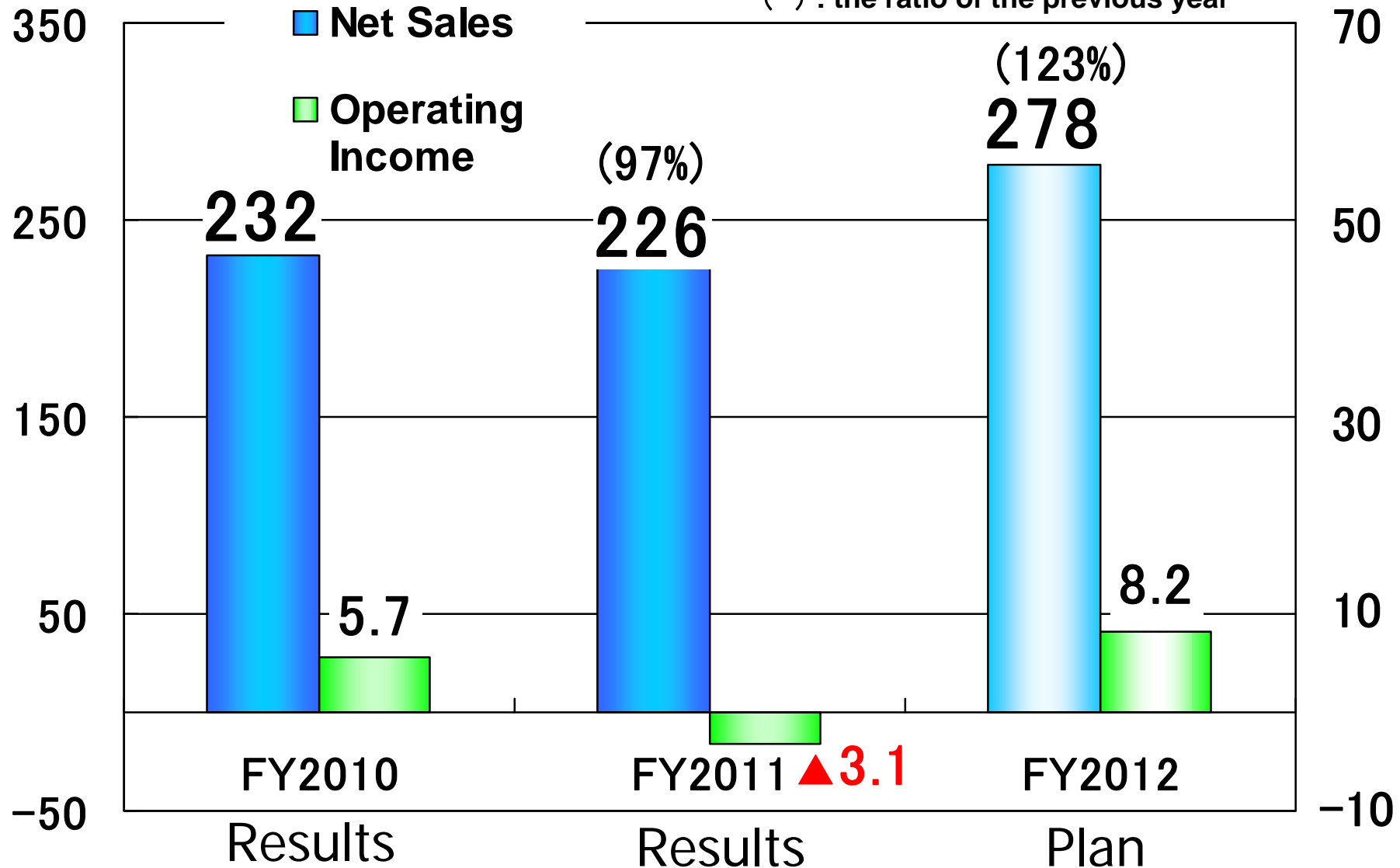




# CS Division Net Sales, Operating Income (Consolidated)

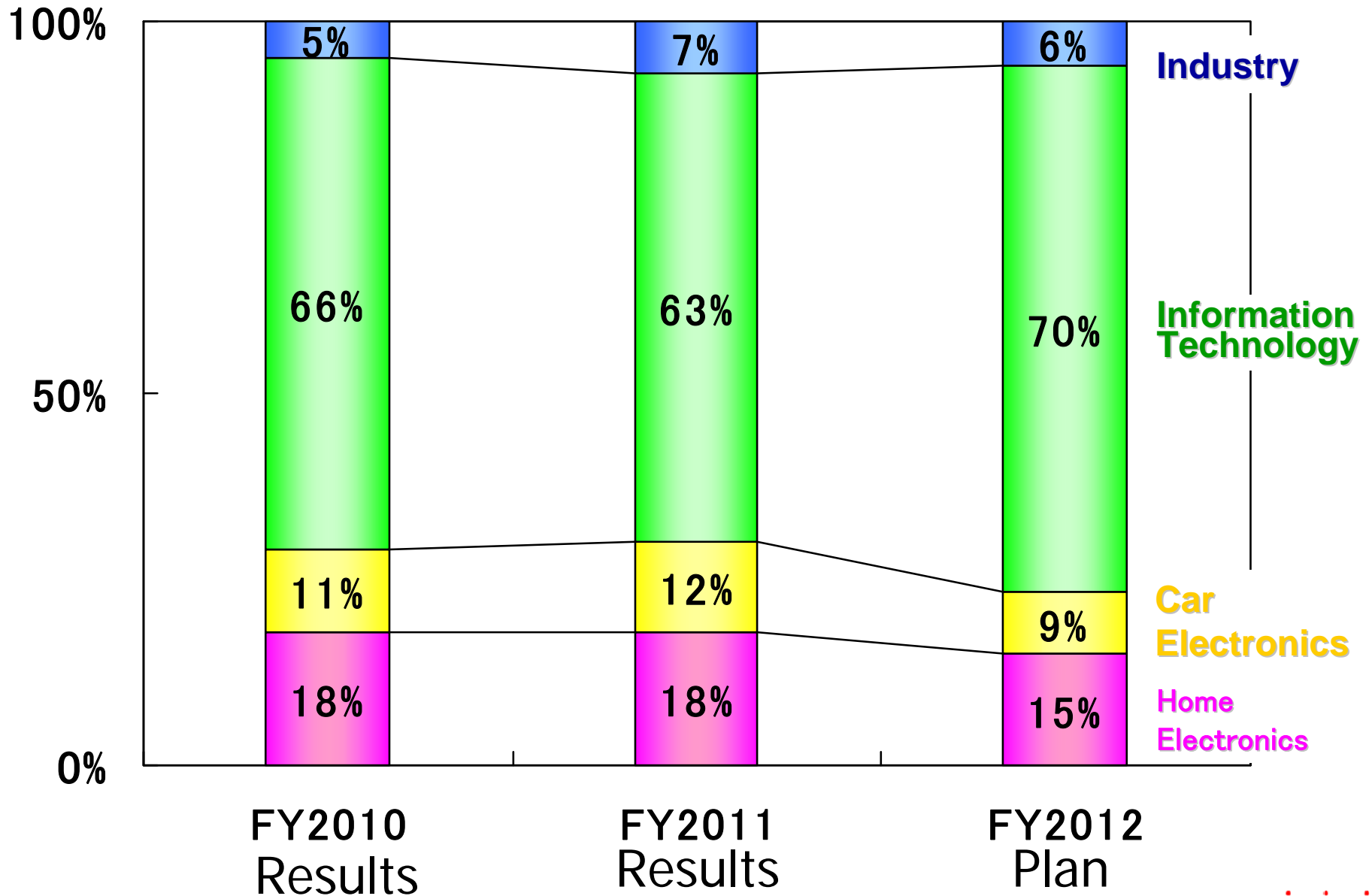
Sales Amount : 100 Million yen

Operating Income : 100 Million yen  
( ) : the ratio of the previous year





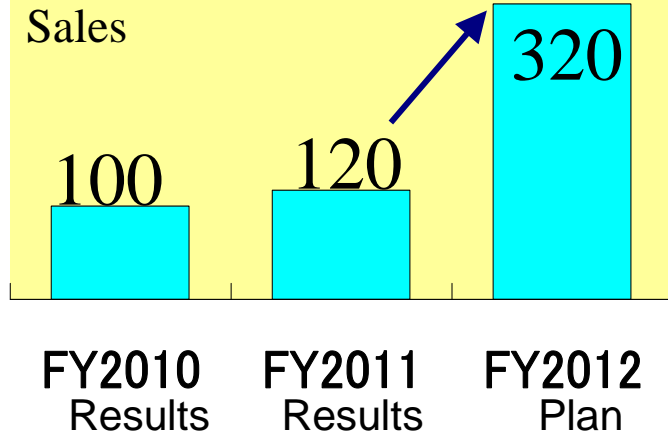
# CS Division Transition of market-specific sales 30/50 (Consolidated)





### 0.4mm pitch Board to Board Connector

FY2010 results are set at index of 100



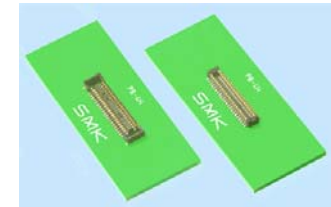
▪ **PB-4F series**

Low mating height/High mating strength

▪ **PB-4H series**

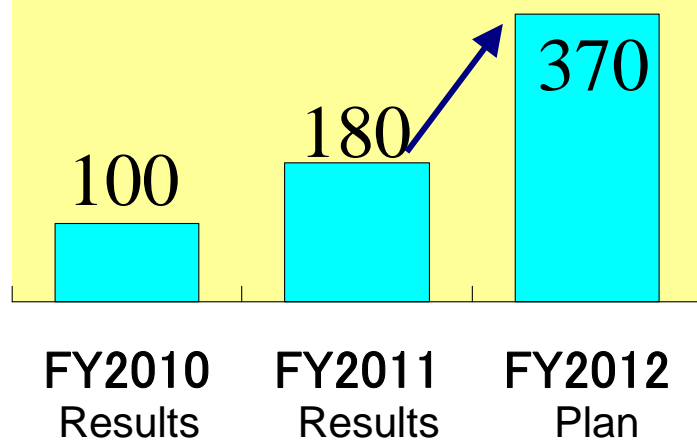
Industry's smallest class space-saving design.

Varying heights the board pattern.



### Board to Wire Connector

FY2010 results are set at index of 100



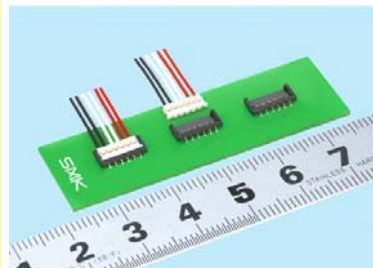
▪ **CPL-1.2 series**

Supporting a current rating of 2A

▪ 1.2mm pitch, supports a current rating of 2A

▪ Low mating height ▪ High mating strength

▪ Some pin models are available

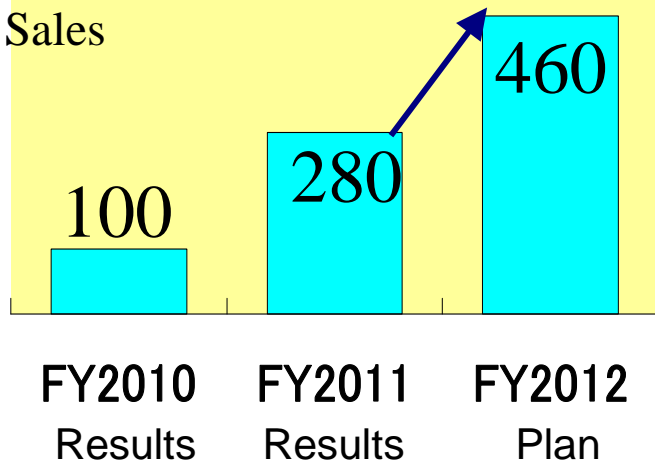




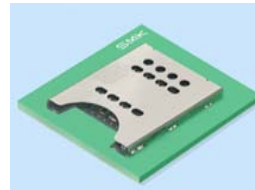
**Memory card connectors**

FY2010 results are set at index of 100

Sales



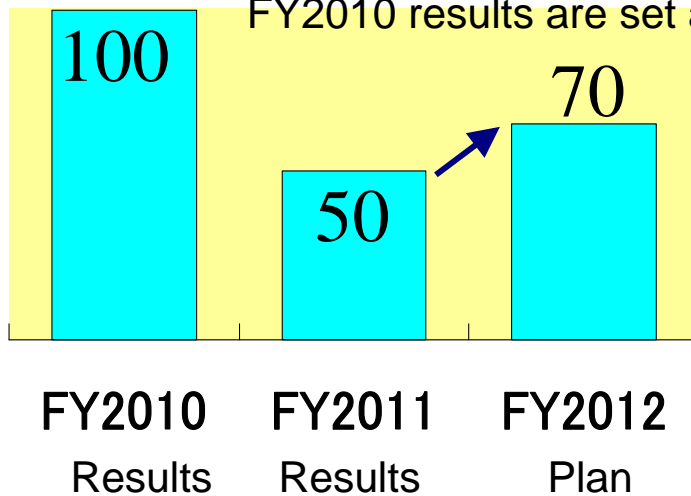
- micro SIM
- SIM
- microSD™



- Increased variety
- Floating
- Waterproof structure

**Increase added value of jack products**

FY2010 results are set at index of 100



- Waterproof types
- Design
- Advanced structure / used materials

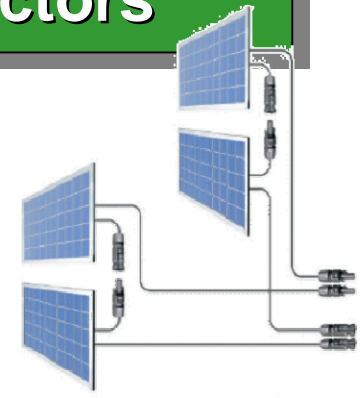
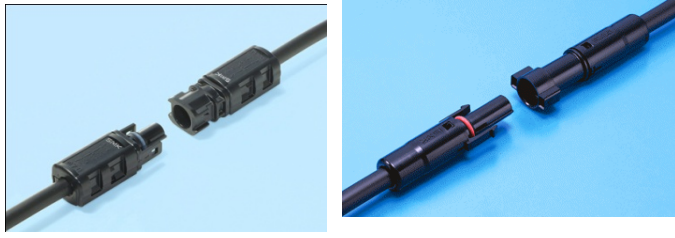




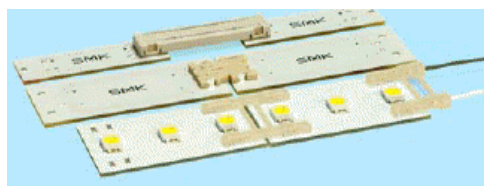


## PV Series of Photovoltaic Cell Module Connectors

- Improved business performance**
- Industry's smallest class connectors
  - Easy to manufacture
  - Waterproof, weatherproof, and flame-retardant



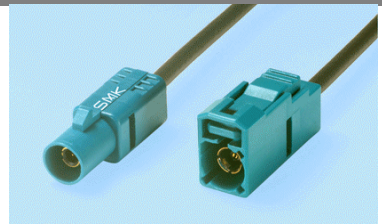
## LED Lighting Connectors



- Base lights
- Light bulbs
- Wider variety

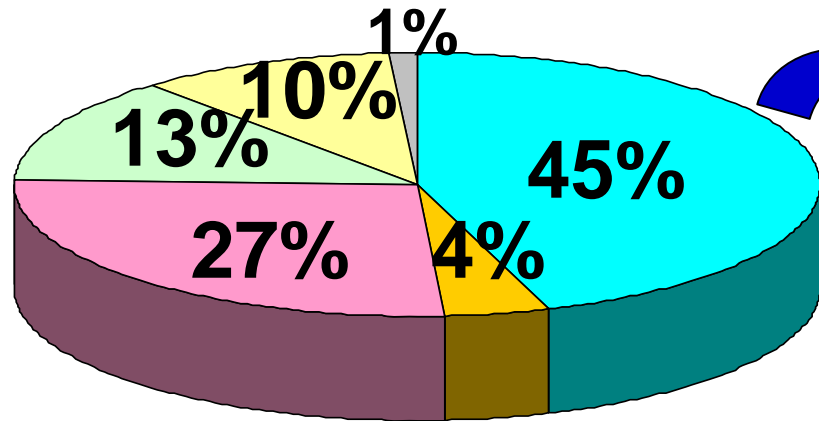
## VC-2 Series of Automotive SMB Coaxial Connectors

- Molded locking**  
**Antenna and rear camera connection**  
 Demand from US and Europe

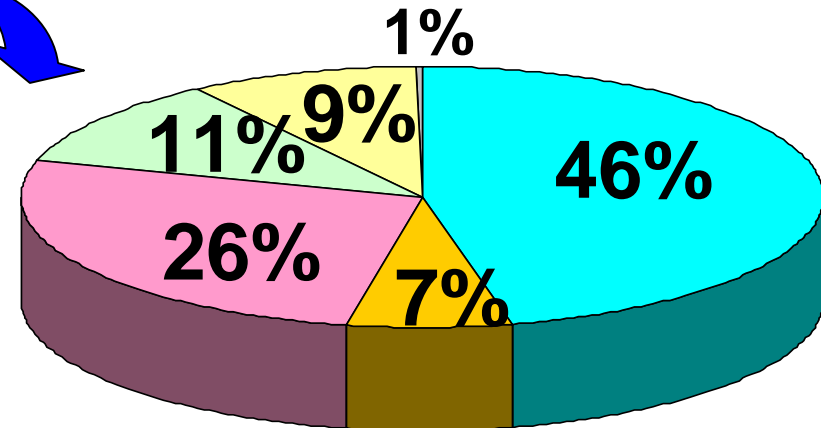




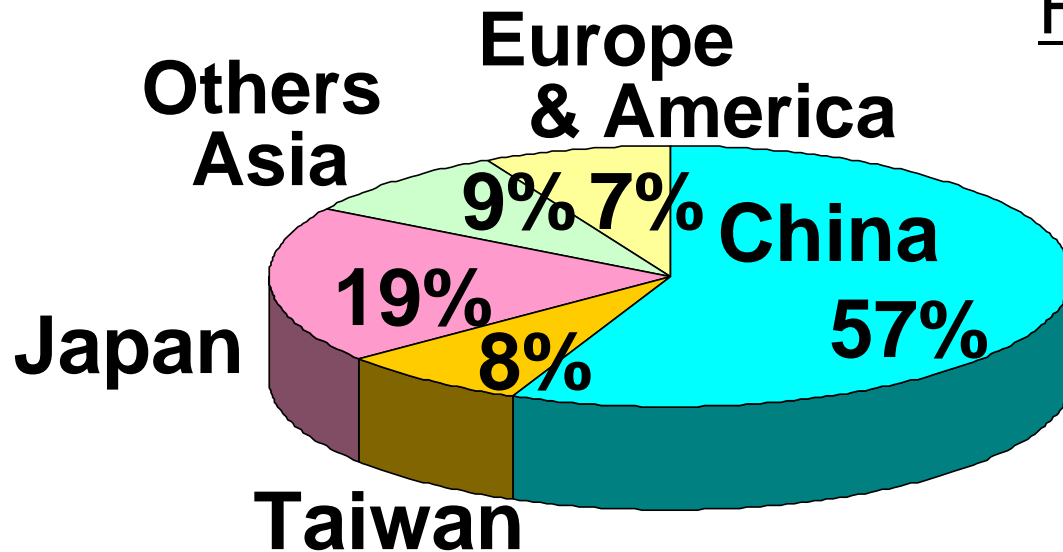
# CS Division Sales by destination



FY 2010 Results



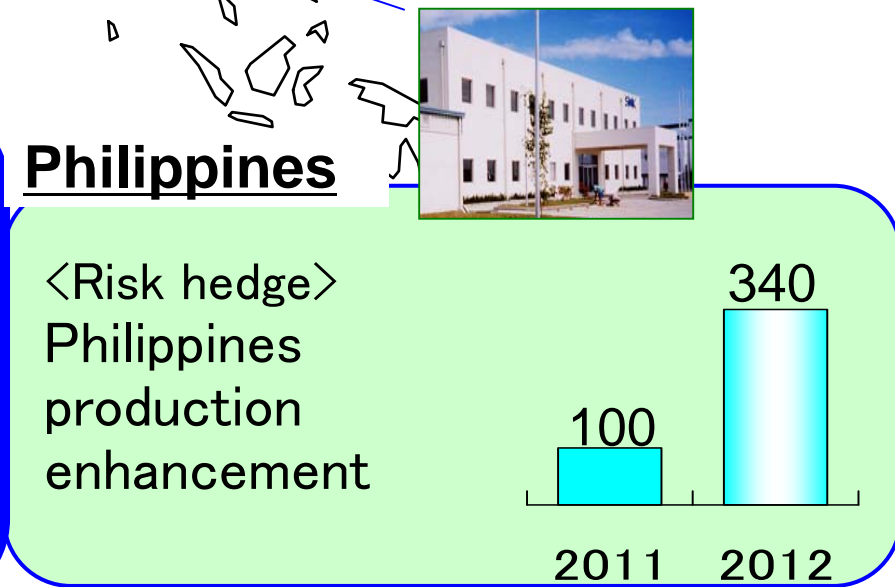
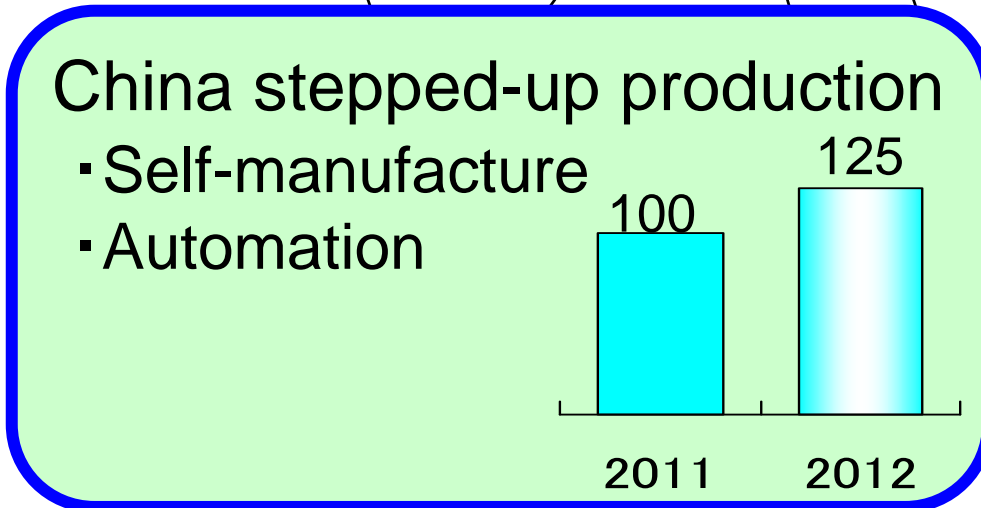
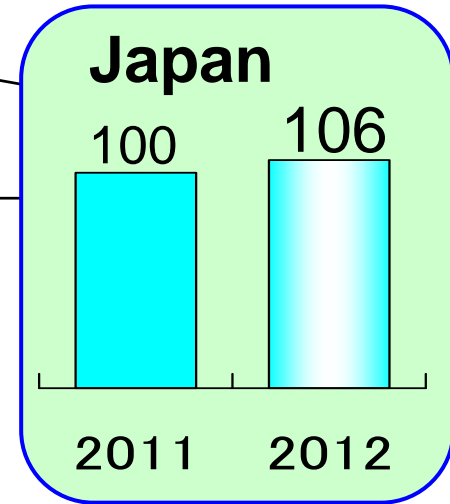
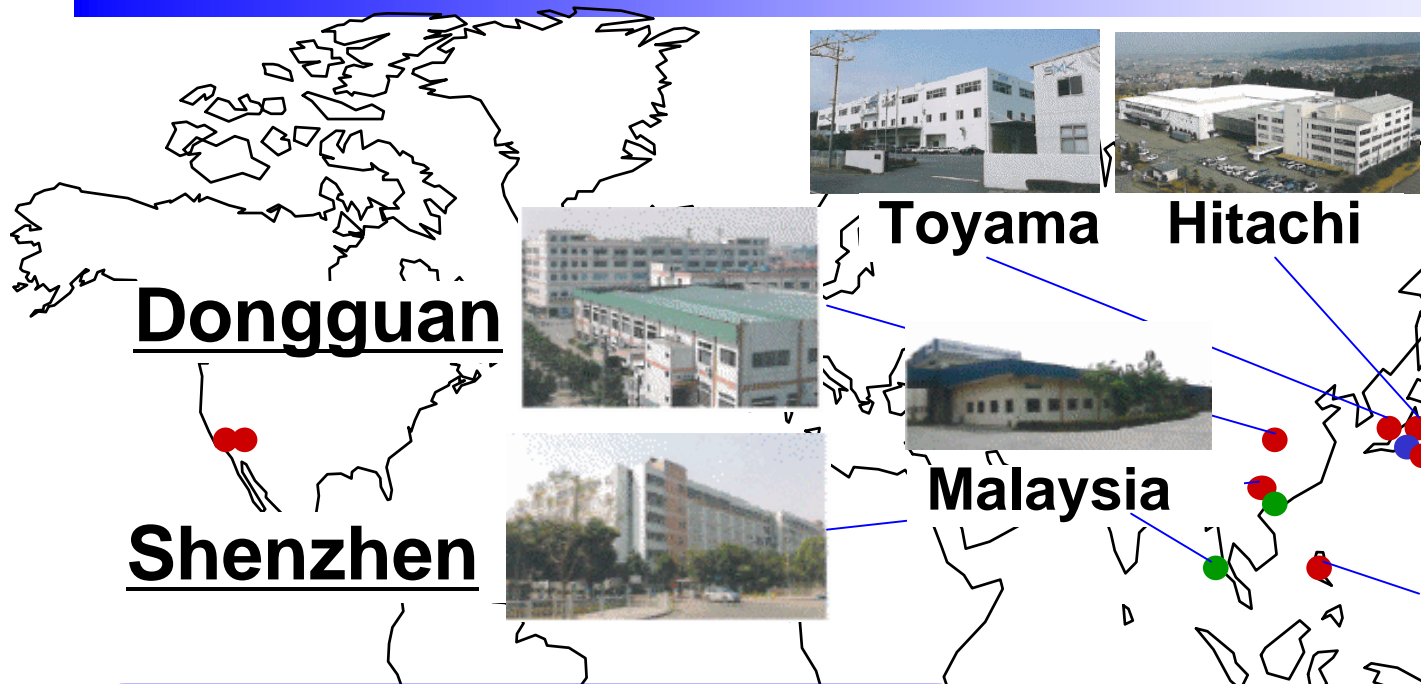
FY 2011 Results



FY 2012 Plan



# CS Division Global production site





# CS Division FY 2012 Policy

36/50

**1. Strengthen development capability**

- New products
- Selected and concentrated

**2. Pursue efficiency**

- Profit creation
- Overall product quality

**3. Increase competitiveness**

- Manufacturing
- Marketing ability

**Restart on road to growth**



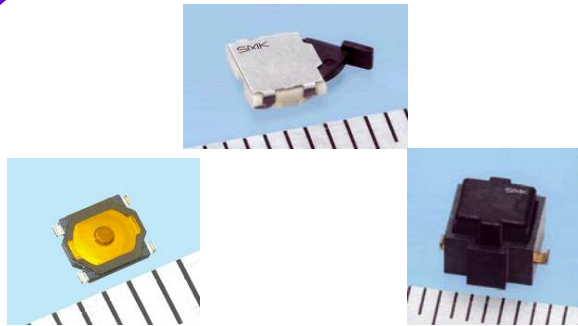
# FC Division



# FC Division

## FC=Functional Components 【Major Products】

### ■ SW (Switch)



Various types of switches

### ■ RC (Remote Control)



Various types of remote controls

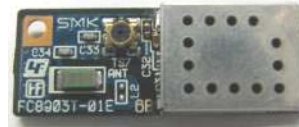
### ■ CU (Composite Unit)



LTE Antenna



AC adapters



Wireless modules



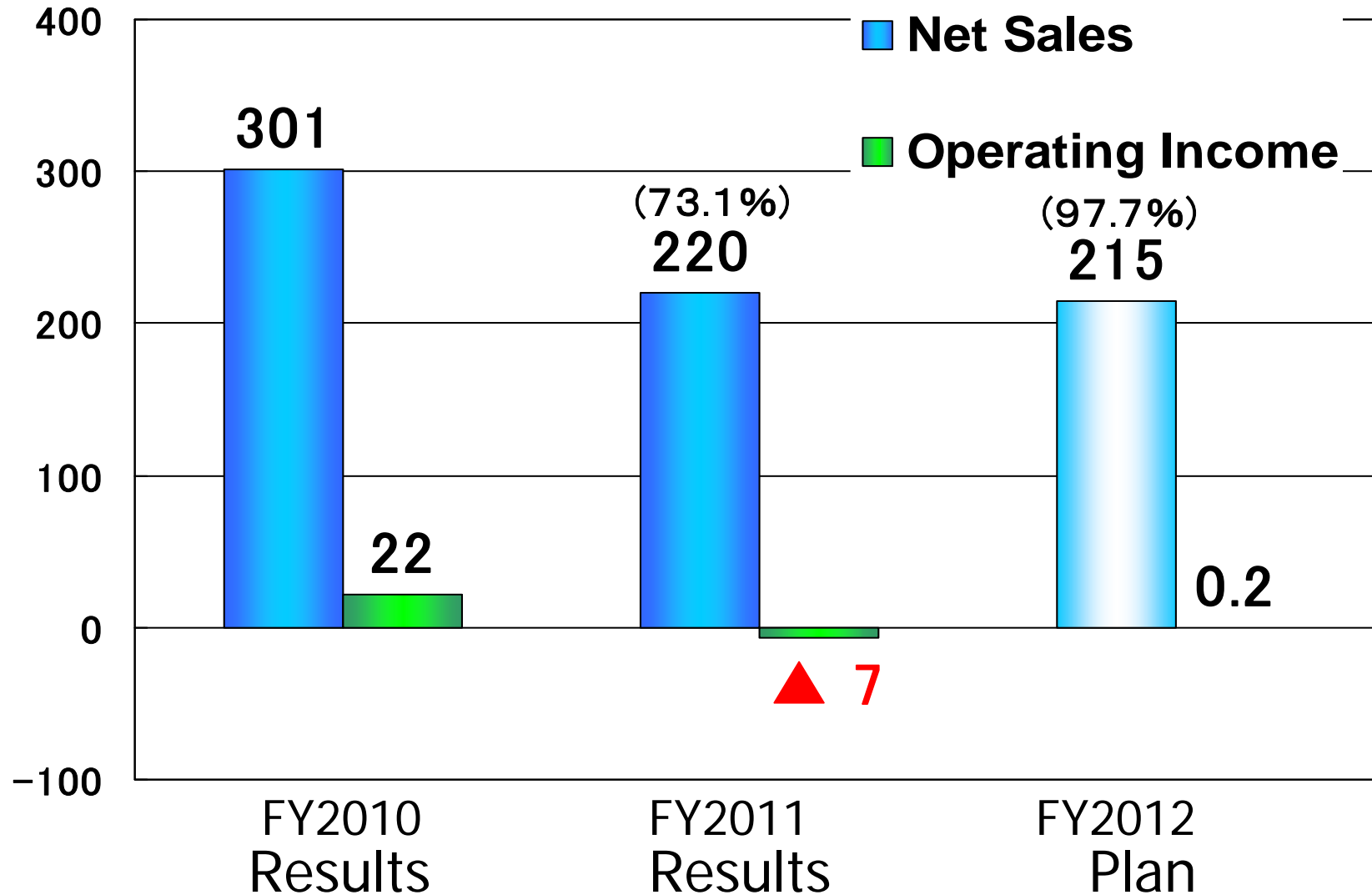
Camera Modules



# FC Division Net Sales, Operating Income (Consolidated)

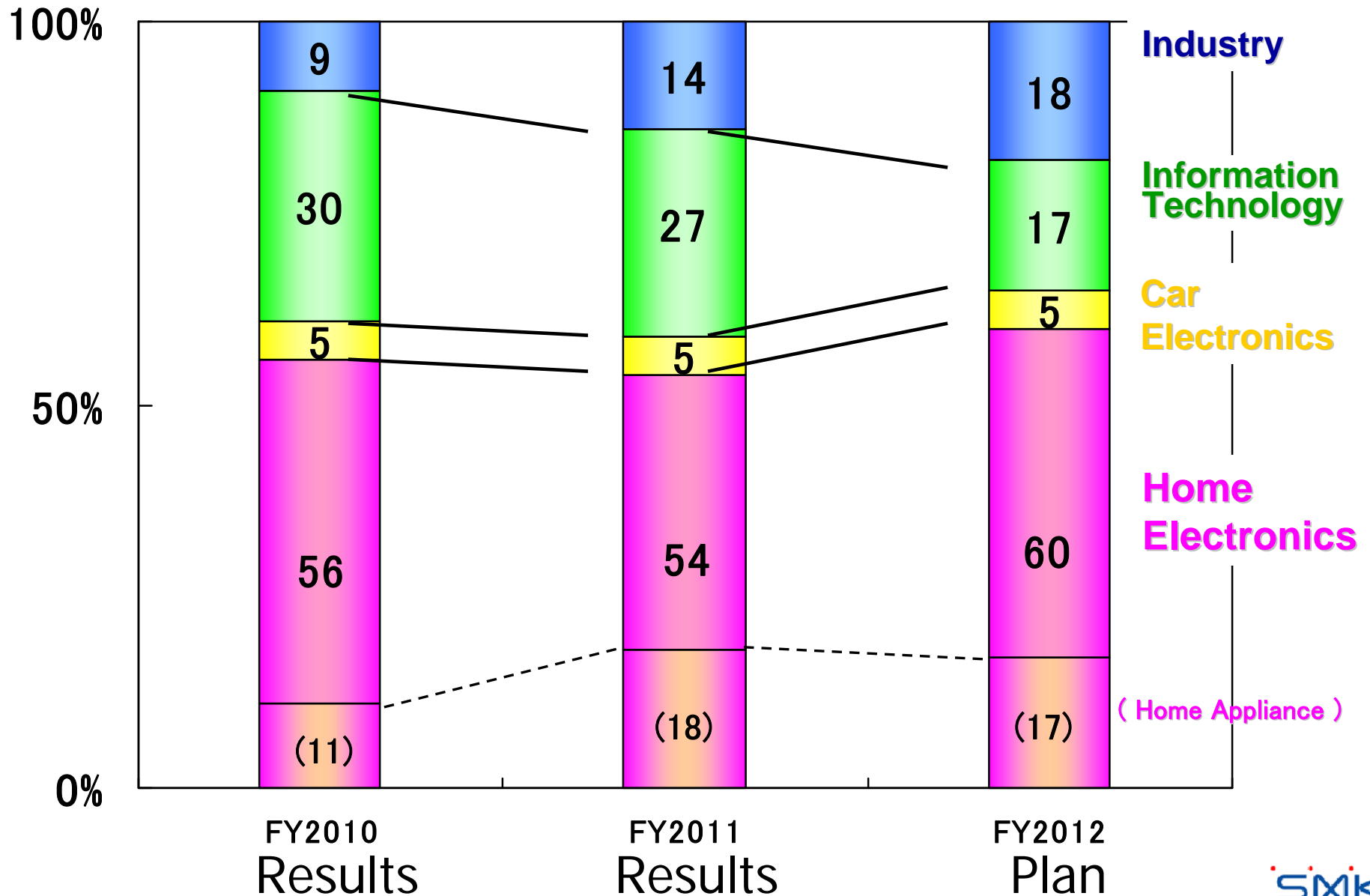
Sales Amount : 100 Million yen

Operating Income : 100 Million yen  
( ) : the ratio of the previous year





# FC Division Transition of market-specific sales 40/50 (Consolidated)



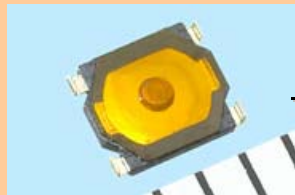




# FC Division Priority Approach Market, Priority Product

41/50

## Smart Phone Tablet



Top-push switches



Double dome switches



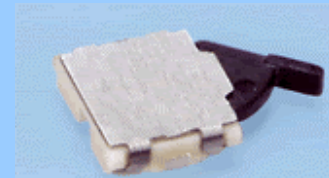
Mini one dome switches



Multifunction remote Controls



## Audio & Visual



Detector switches



High load push switches



Long Stroke Push switches



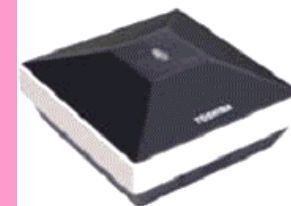
Camera Modules



Remote control for automotive applications



Remote controls for air conditioner



Voice controller



Power monitors

## Car Electronics

## Home Appliance



# FC Division - Product Strategy

42/50

Expansion of sophisticated remote controls loaded in new input devices



【Optical sensors】

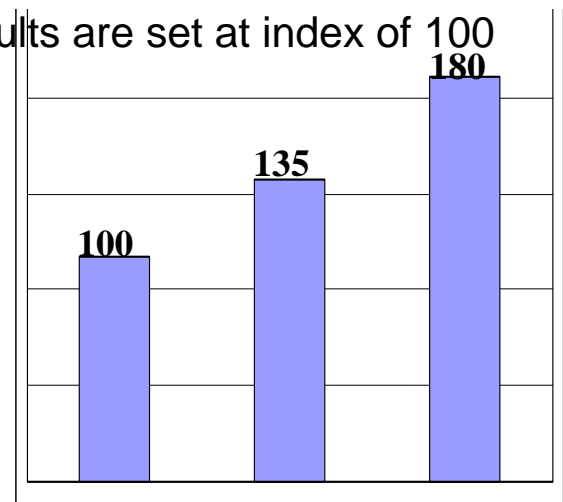
【Electrostatic pads】

【Electrostatic switches】

【Motion sensors】

RF remote control sales index

FY2011 results are set at index of 100



## RF module lineup

Bluetooth	ZigBee RF4CE		Standard
	USB	Module	

Promptly meeting diverse needs through the combination of new input devices and various kinds of RF technology



**Renew challenge to achieve growth**

**Enhanced technological development**  
Pass down manufacturing skills /  
pioneer new technology

**Strengthen organizational capability**  
Rearrange resources to be the right man  
for the right job

**Strive to create profit**  
(cut variable costs + decrease fixed costs)

**Strengthen marketing**  
Capture local market

**Review business process**  
Completely remove uselessness,  
inconsistency and unreasonableness

**Towards sustainable development**



# TP Division



# TP Division

TP=Touch Panel

## 【Main products】 Touch Panel

Resistance Sensitive Touch Panel

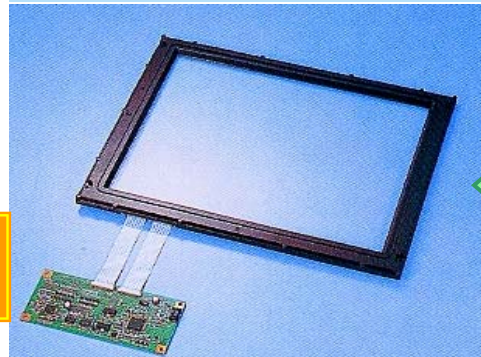
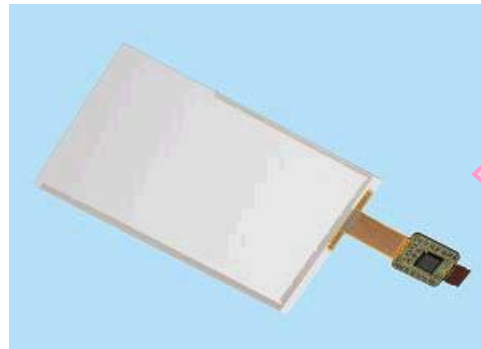
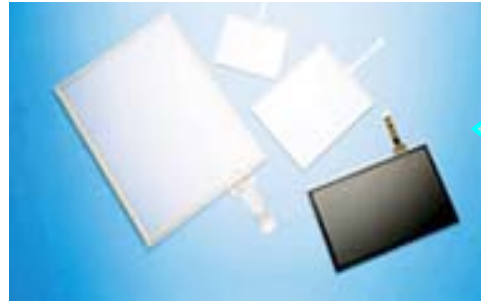
+FFB function

Capacitive Touch Panel

+FFB function

Optical Touch Panel

+FFB function



## 【Main applications】



※FFB function = Force Feed Back、function



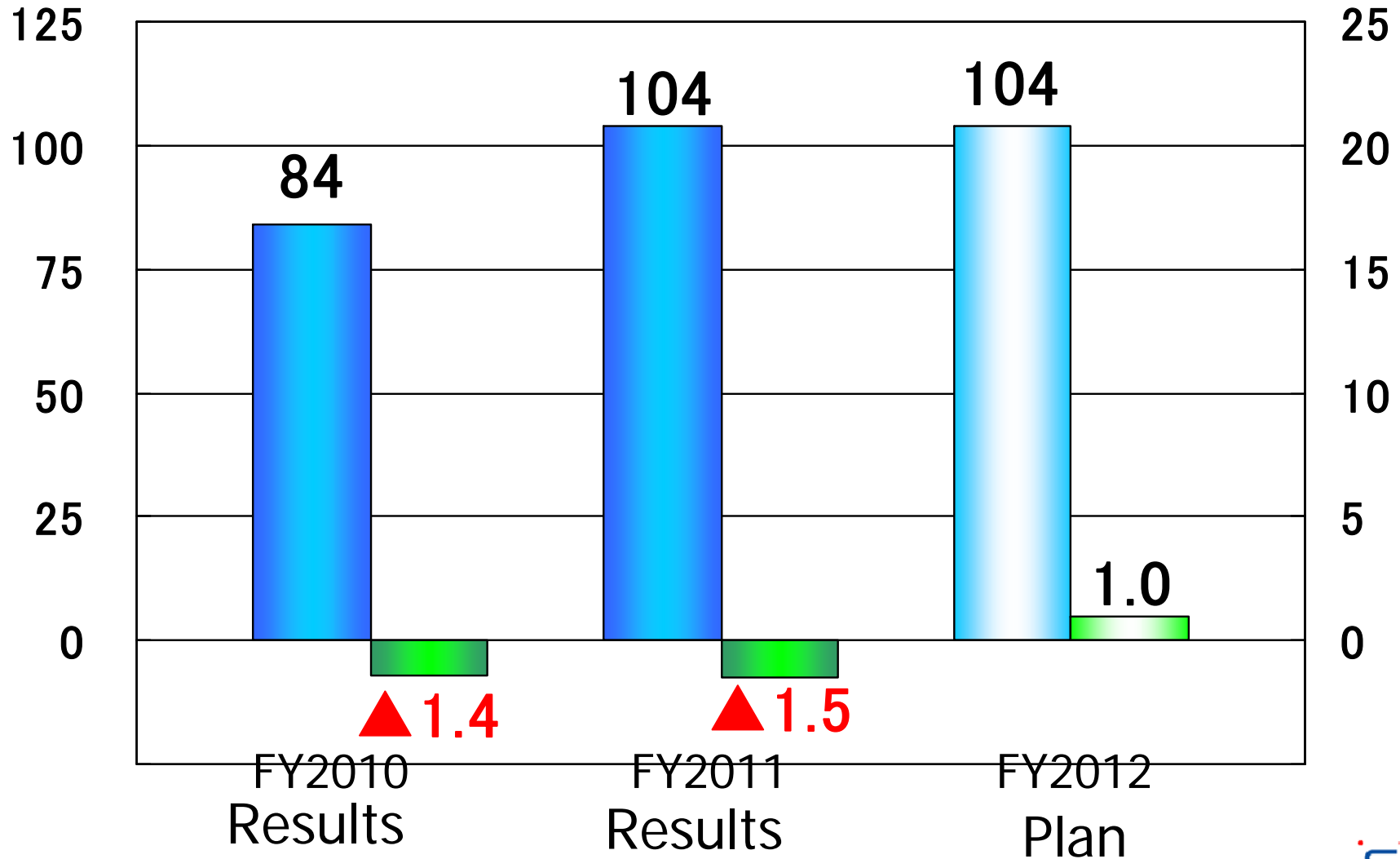
# TP Division Net Sales, Operating Income (Consolidated)

46/50

Sales Amount : 100 Million yen

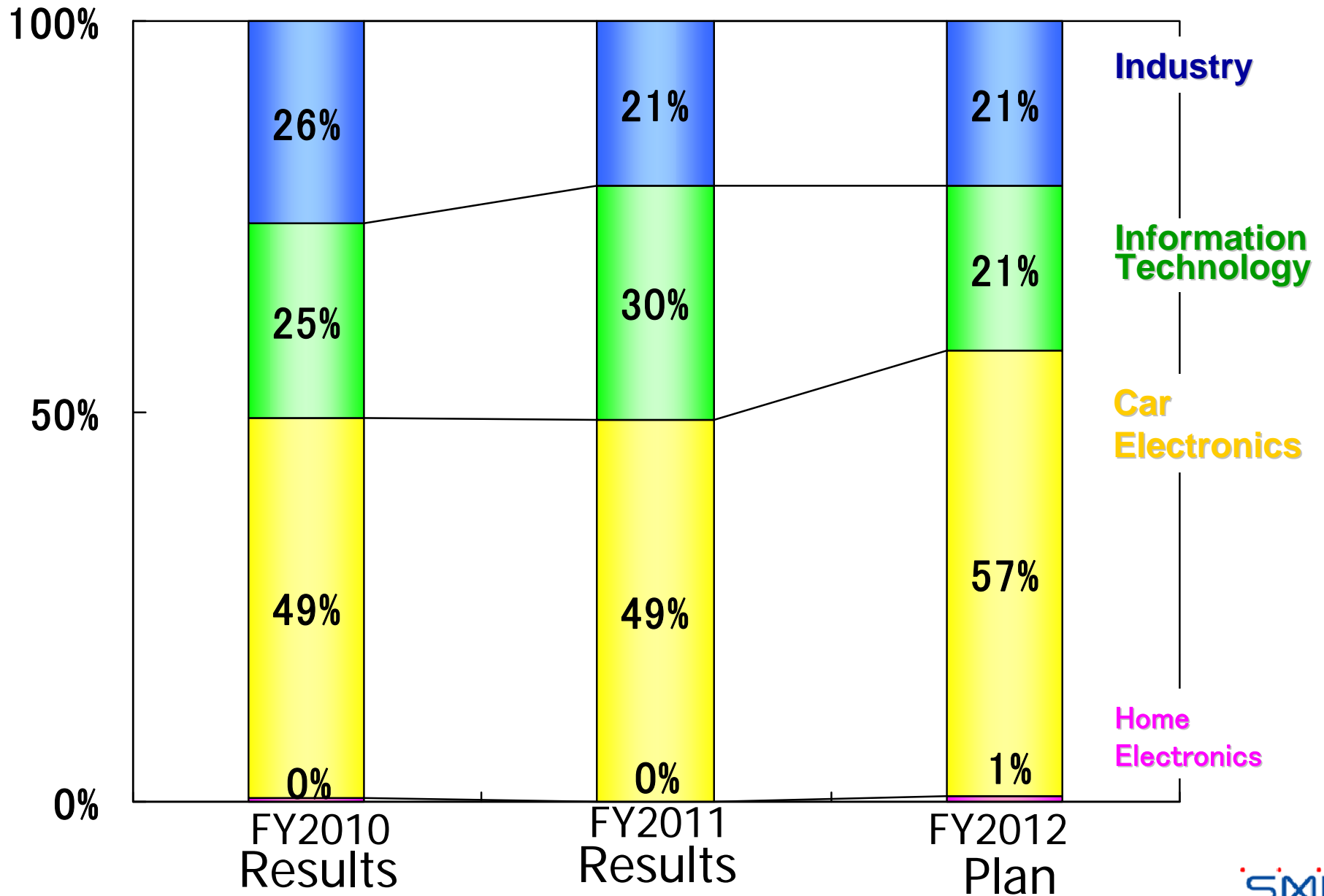
Operating Income : 100 Million yen

■ Net Sales ■ Operating Income ( ) : the ratio of the previous year





# TP Division Transition of market-specific sales (Consolidated) 47/50





# TP Division Prioritized products and markets

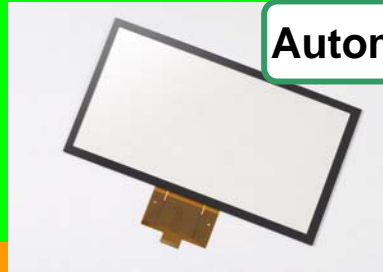
Increase share

Expand Sales of New Products

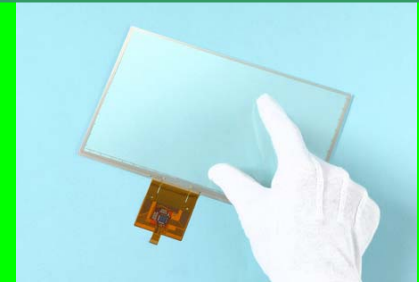
Medium-sized capacitive system



Telecommunication Markets



Automotive capacitive system



Differentiated products

With Force Feed Back function

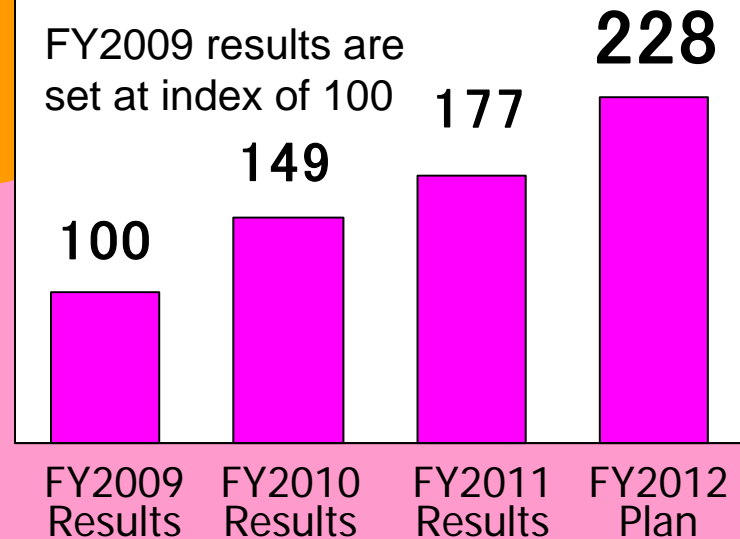


Car Electronics Markets

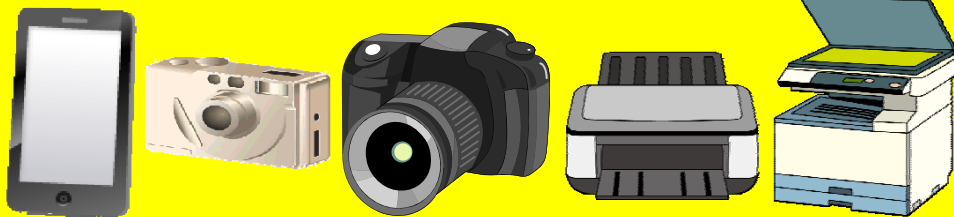


Overseas Markets

FY2009 results are set at index of 100



Expand into new applications

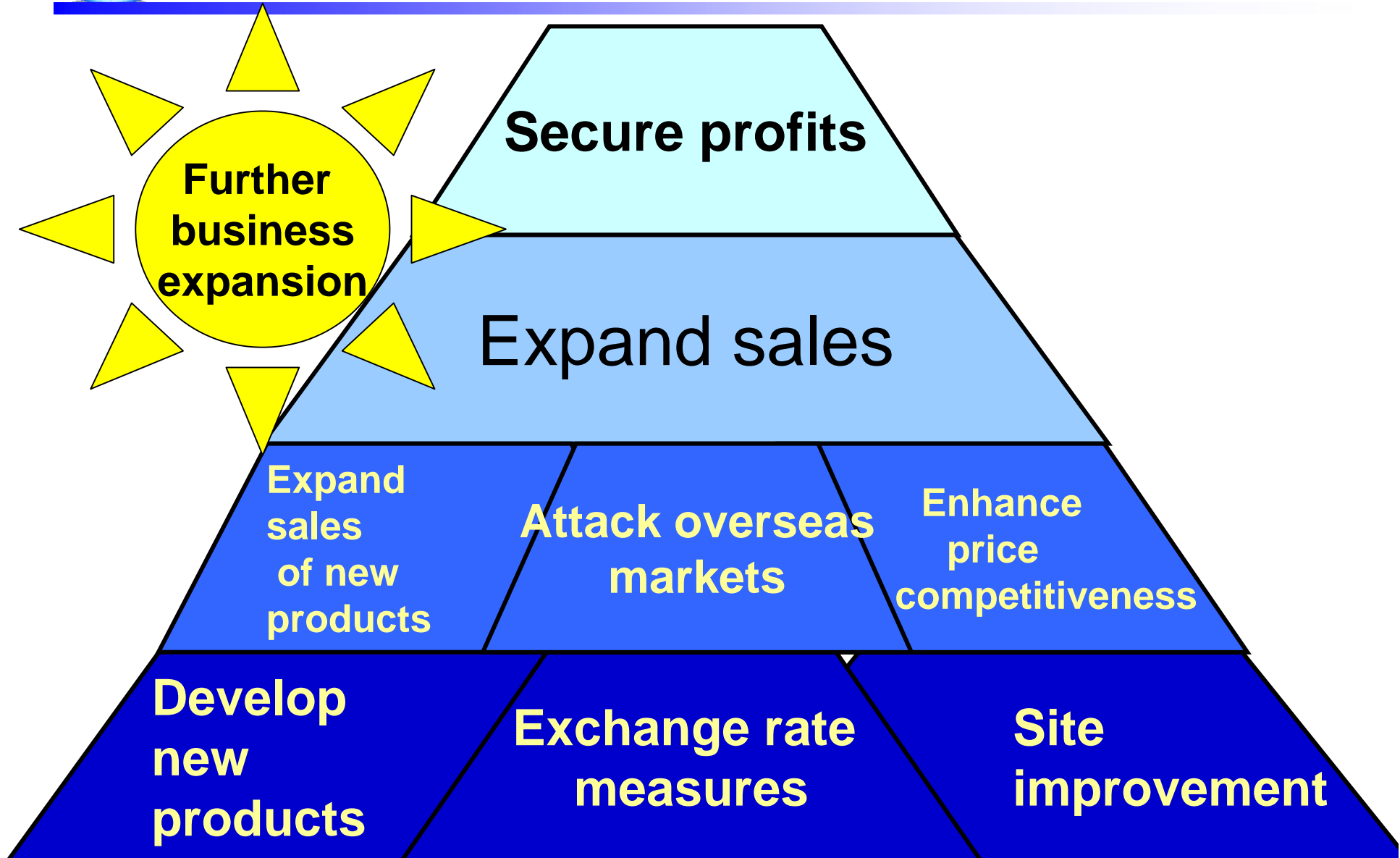






# TP Division FY 2012 Policy

49/50





## Notice

50/50

All information in this material concerning the forecast of business achievements, projections of general business conditions and our business strategies is dependent on our conclusion made to a normally foreseeable extent applying information reasonably accessible to us at the time of preparation of this material. However, the reality is that it contains risks and uncertainties which may cause result to materially differ from business projections, stated or implied, due to situations which are unforeseeable under normal conditions, or of results which are beyond a reasonably foreseeable outcome at that time.

Despite our active efforts to disclose information which is considered to be important to investors of our company, total dependence on the business projections in this material, stated or implied, must be refrained from when decisions of any kind are made regarding our company.

\*The materials for this presentation to our investors is available on the IR Information Section of our Web site, <http://www.smk.co.jp/>