

Financial Results Presentation

1st Half of Fiscal Year ending March 2019



Sanken Electric Co., Ltd.

November 5, 2018



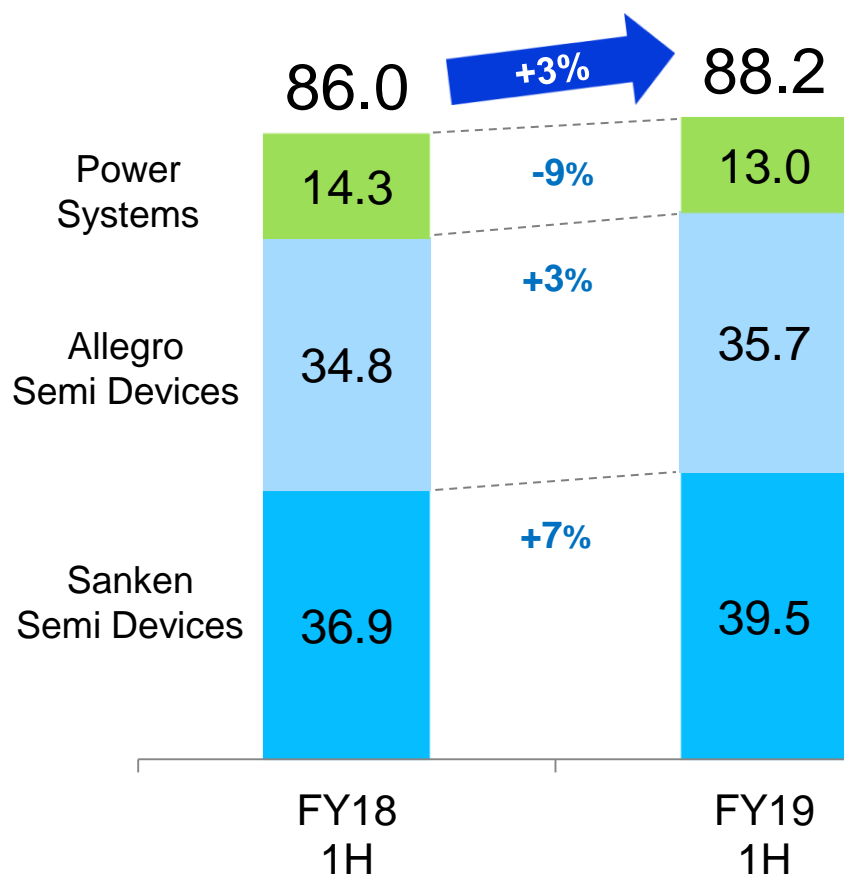
1. 1H Financial Results
2. Guidance for FY March 2019
3. Growth Strategies

1H Financial Results

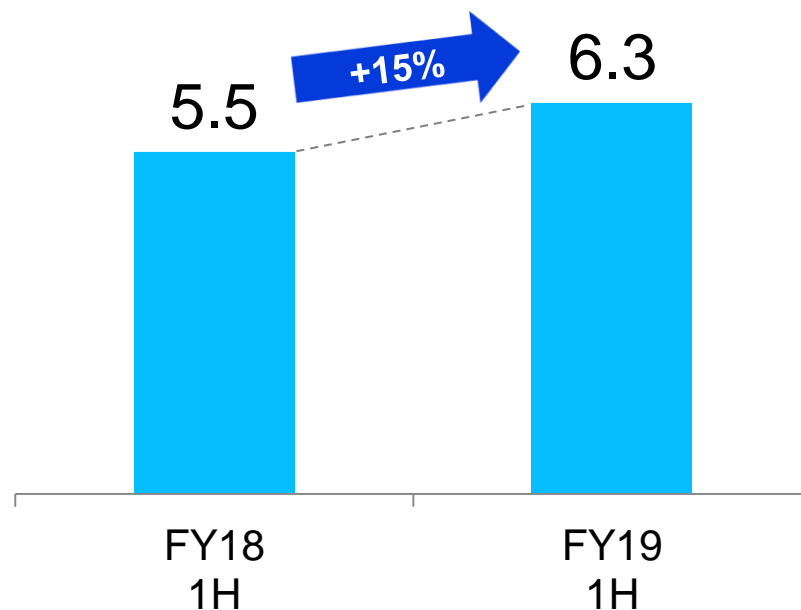
Summary of Results in 1H FY March 2019

Achieved increase in sales and profit boosted by Sanken's white goods and Allegro's auto businesses.

Sales (Billions of Yen)



Operating Profit (Billions of Yen)



• 1H Exchange rate (Yen/US\$) : FY18 111.06 FY19 110.27



Consolidated Results: 1H of FY March 2019

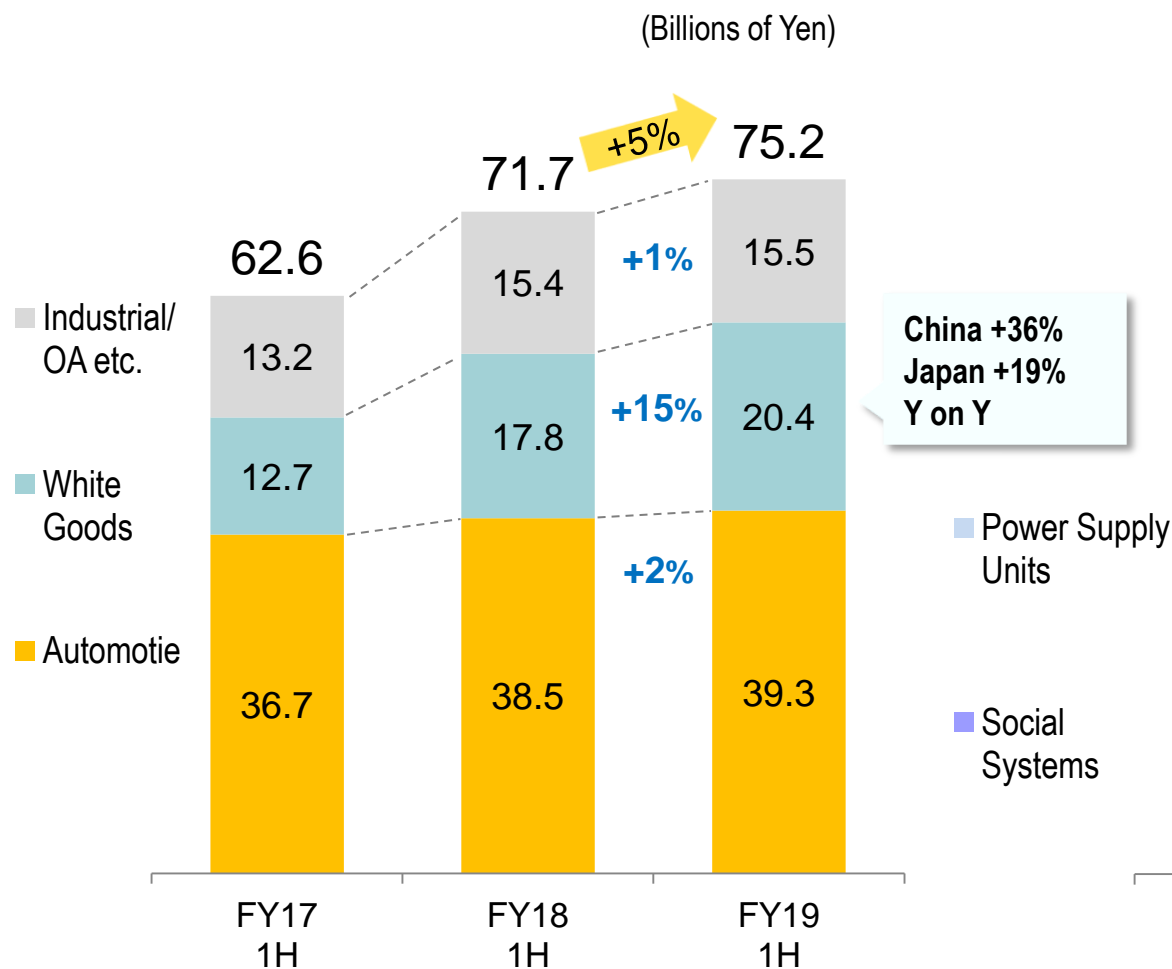
(Billions of Yen)

	FY18	FY19		1H on 1H Changes (%)	Guidance issued May 2018	Changes (%)	
	1H	1Q	2Q				1H
Sales	86.0	42.7	45.5	88.2	+2.6	87.2	+1.1
Semi. Devices	71.7	36.5	38.7	75.2	+4.9	75.8	-0.8
Power Systems	14.3	6.2	6.8	13.0	-9.1	11.4	+14.0
Operating Profit	5.5	2.5	3.8	6.3	+14.5	5.2	+21.2
Ordinary Profit	5.7	1.8	3.5	5.3	-0.7	4.4	+20.5
Extraordinary Income and losses	-16.5	0.0	0.0	0.0	—	-	-
NI attributable to controlling shareholder	-13.1	0.6	1.6	2.2	—	1.5	+46.7

• “1H on 1H Changes” are derived from the figures presented here expressed in billions of yen.

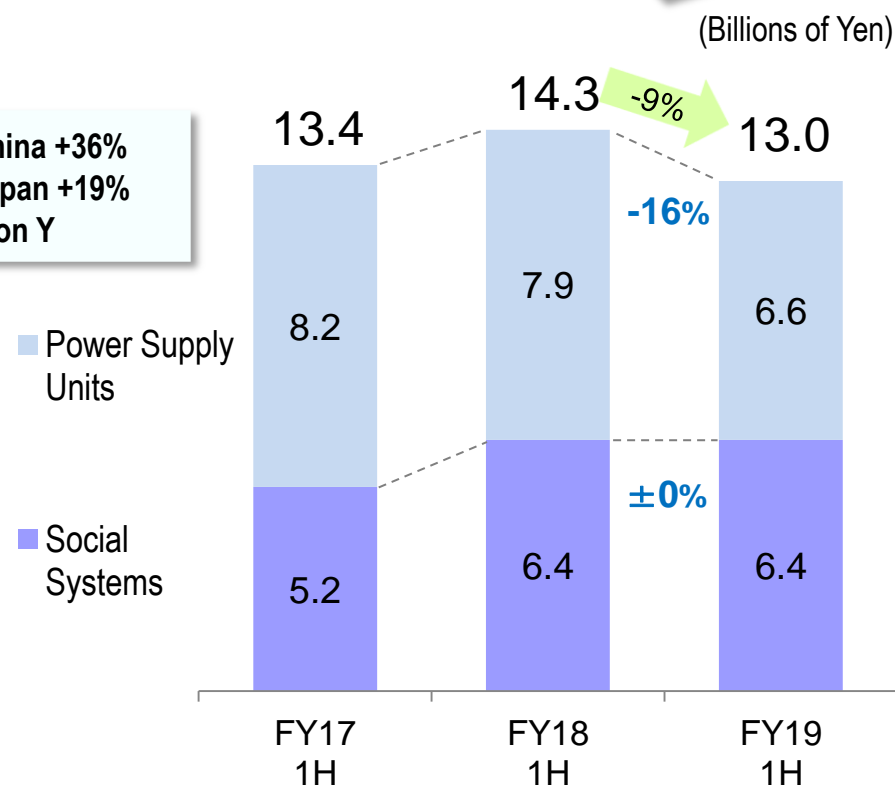
1H Consolidated Net Sales by Market

Semi Devices



Power Systems

Sales of power supply units decrease due to the PM business withdrawal.



Exchange Rate
(Yen/US\$)

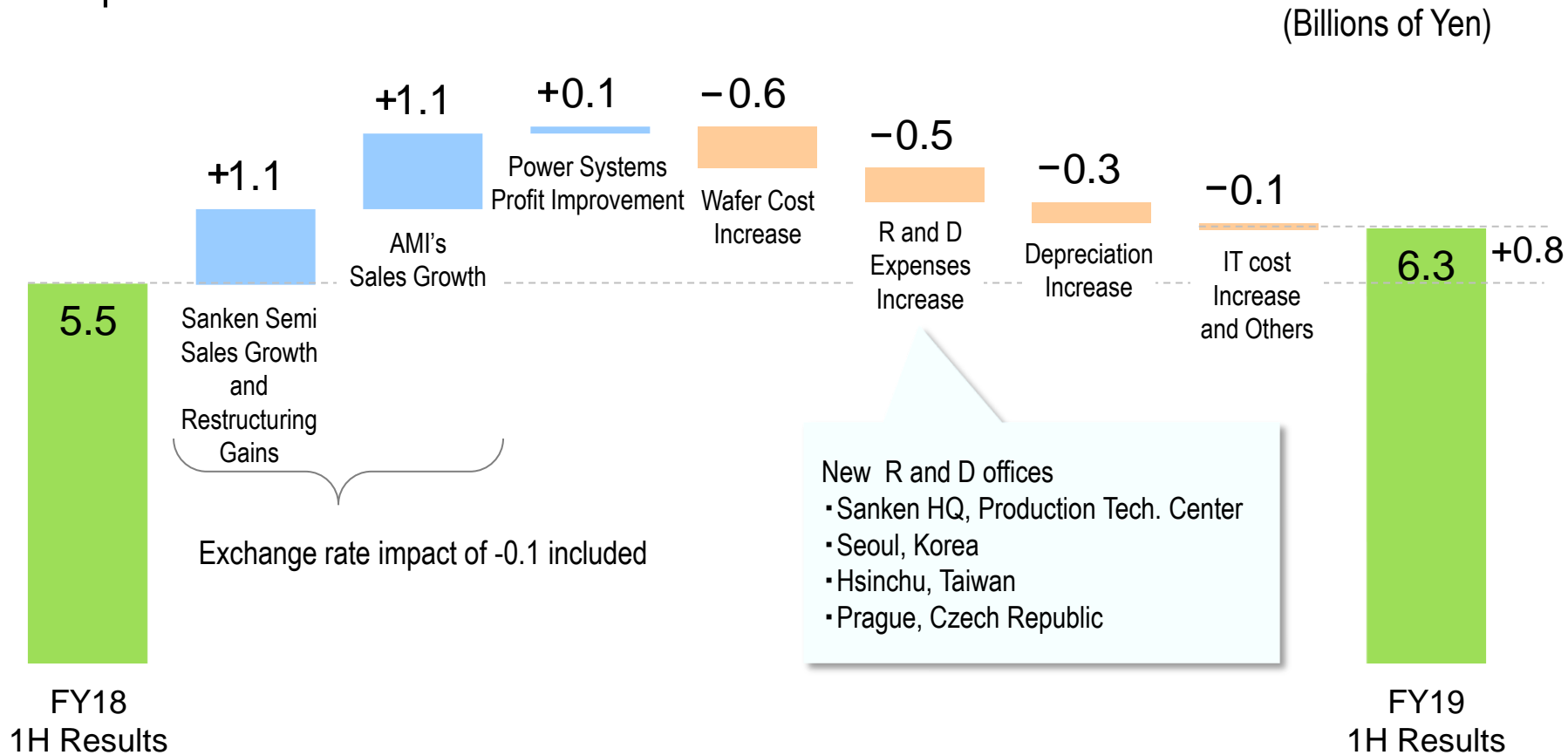
105.26

111.06

110.27

Factors of Change in 1H Operating Profit

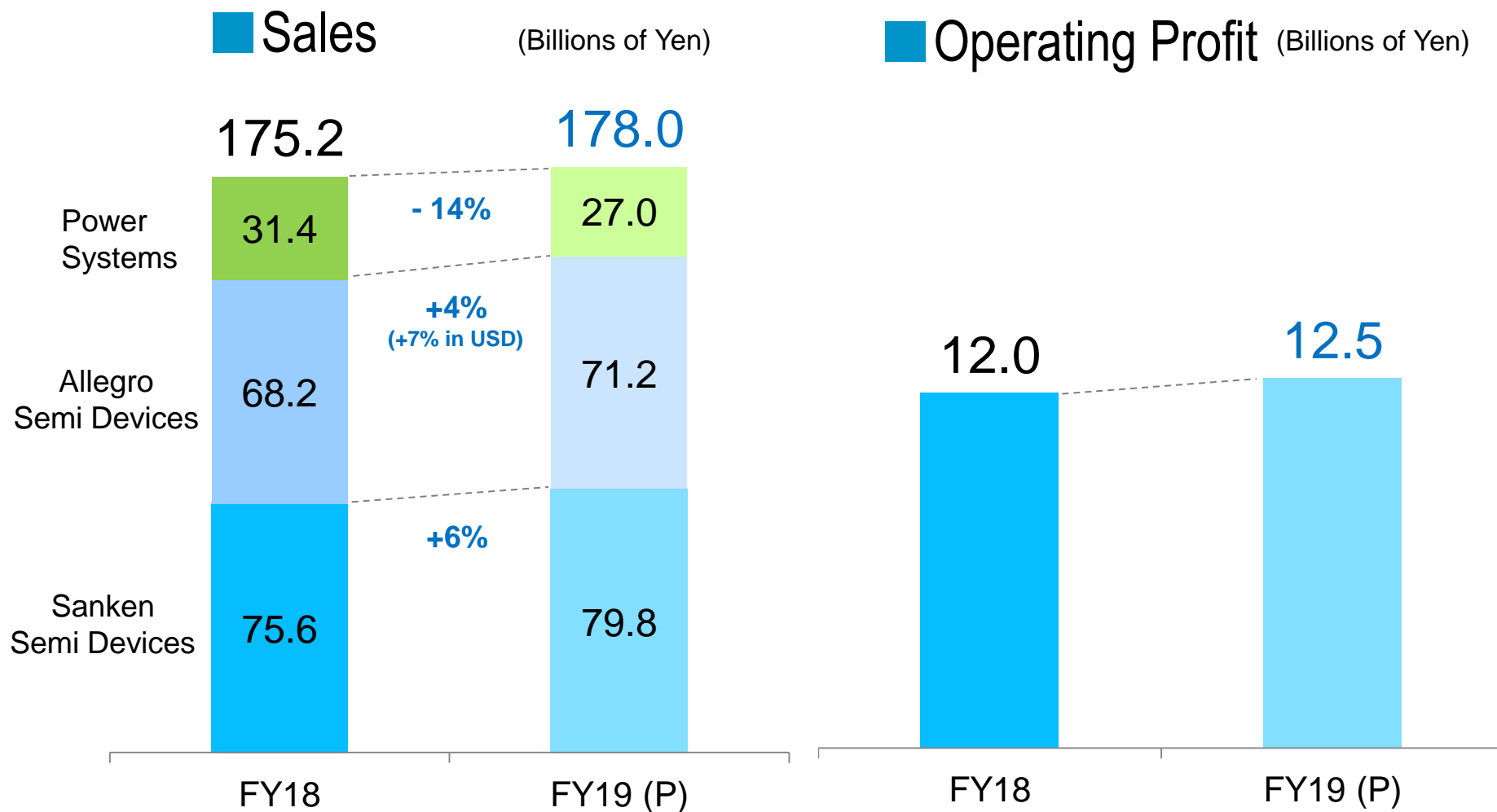
- The management executed strategic growth investments.
- Sales growth and restructuring gains covered cost increases such as wafer price hikes.



Guidance for FY March 2019

Summary of Guidance for FY March 2019

The management kept full-year forecasts unchanged due to uncertainties in the Chinese market.



- Exchange rate (Yen/US\$) : FY18 110.86 FY19 1H 110.27, 2H 105.00 (assumed)

Guidance for FY March 2019

(Billions of Yen)

	FY18 Actual			FY19 Projection			Y on Y Changes	
	1H	2H	Full Year	1H	2H	Full Year	Amount	%
Sales	86.0	89.2	175.2	88.2	89.8	178.0	+2.8	+1.6
Semi. Devices	71.7	72.1	143.8	75.2	75.8	151.0	+7.2	+5.0
Power Systems	14.3	17.1	31.4	13.0	14.0	27.0	-4.4	-14.0
Operating Profit	5.5	6.5	12.0	6.3	6.2	12.5	+0.5	+4.2
Ordinary Profit	5.7	6.1	11.8	5.3	5.7	11.0	-0.8	-6.8
NI attributable to controlling shareholder	-13.1	1.7	-11.4	2.2	2.6	4.8	+16.2	-

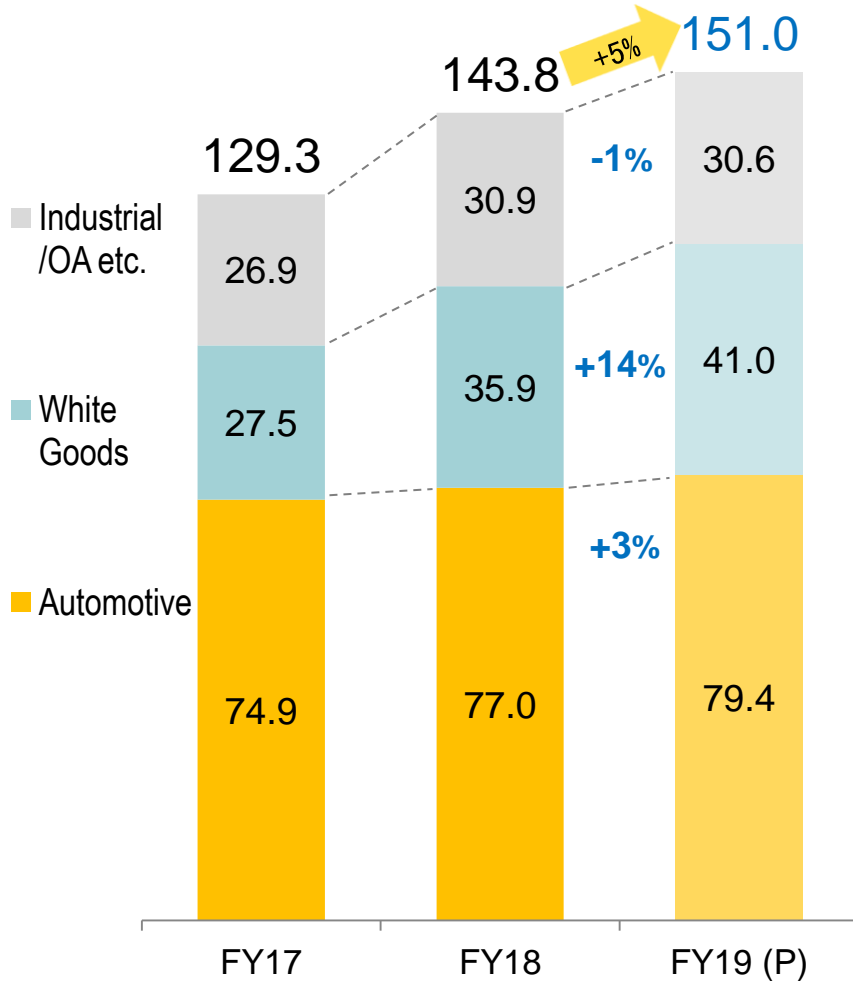
• Exchange rate: 105 Yen/US\$ (assumed for 2H FY19)

• “Y on Y changes” are derived from the figures presented here expressed in billions of yen.

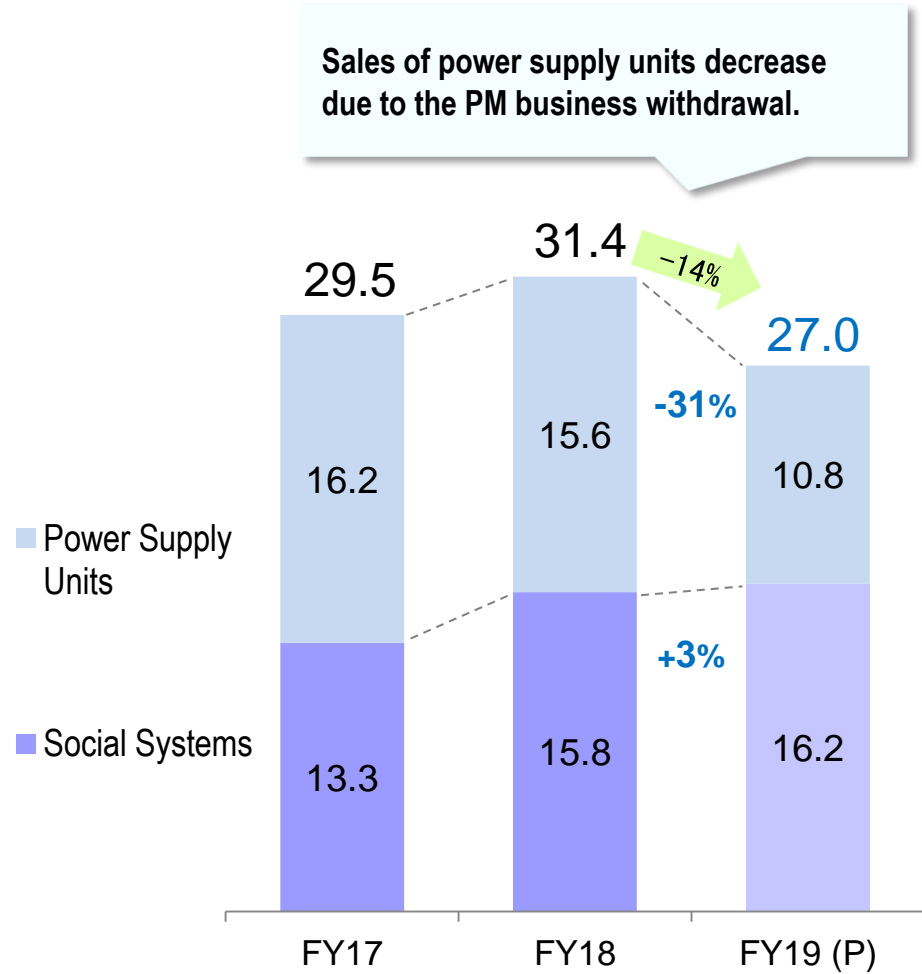


Guidance for Consolidated Net Sales by Market

Semi Devices (Billions of Yen)



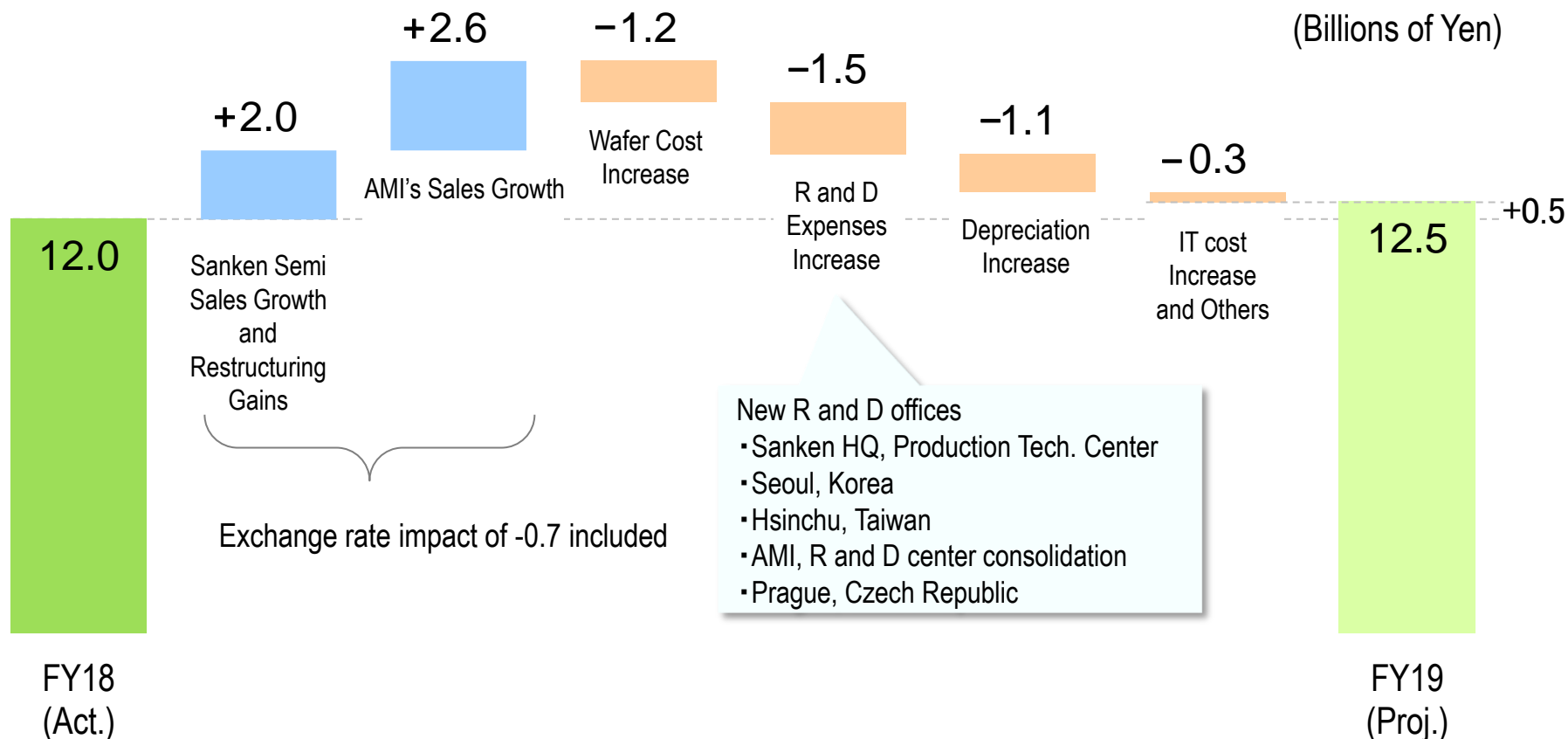
Power Systems (Billions of Yen)



Exchange Rate (Yen/US\$) FY17: 108.39 FY18: 110.86 FY19 (P): 1H: 110.27, 2H: 105.00

Factors of Change in Operating Profit

- The management steadily implements growth strategies despite uncertainty in the Chinese market.
- Strategic growth investment will negatively impact profits in 2H, but the target profit will be secured by sales increase and restructuring gains.



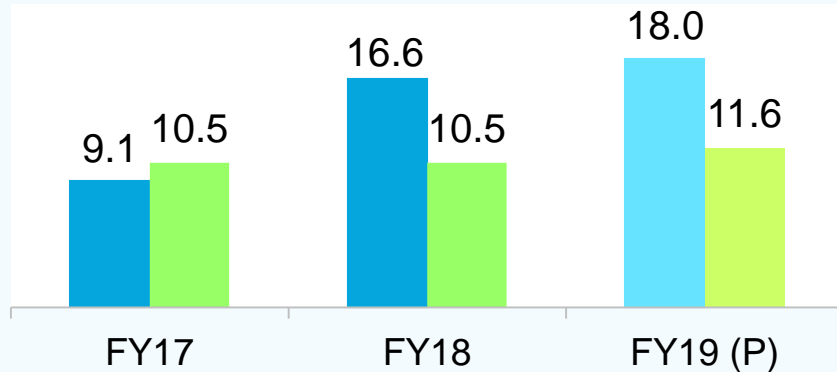


FY March 2019 Consolidated Financial Targets

Capital Expenditure and Depreciation

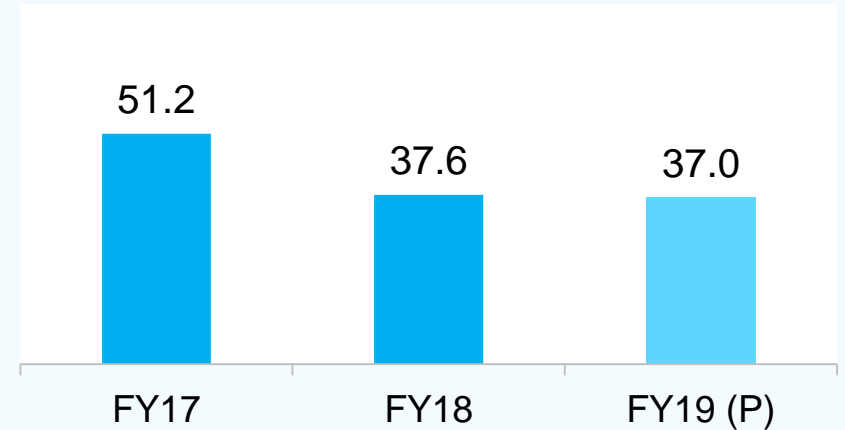
(Billions of Yen)

■ CapEx ■ Depreciation



(Billions of Yen)

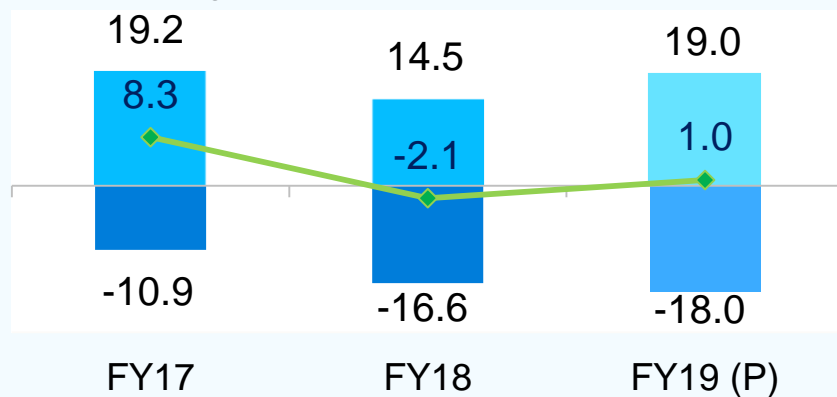
Inventory



(Billions of Yen)

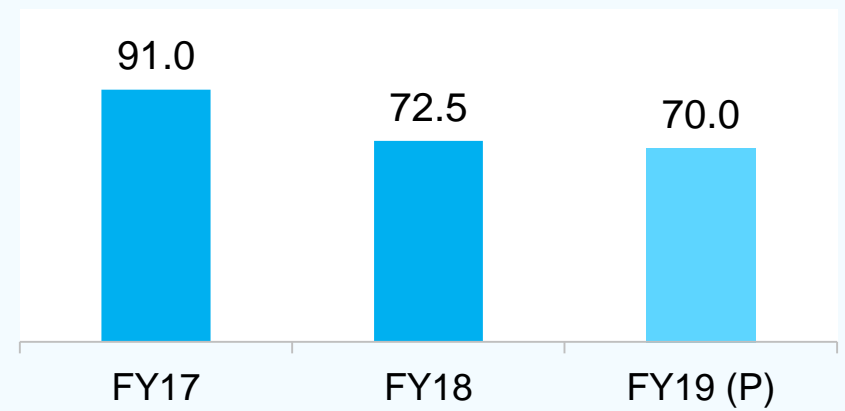
Cash Flows

■ Operating C/F ■ Investment C/F ◆ Free C/F



(Billions of Yen)

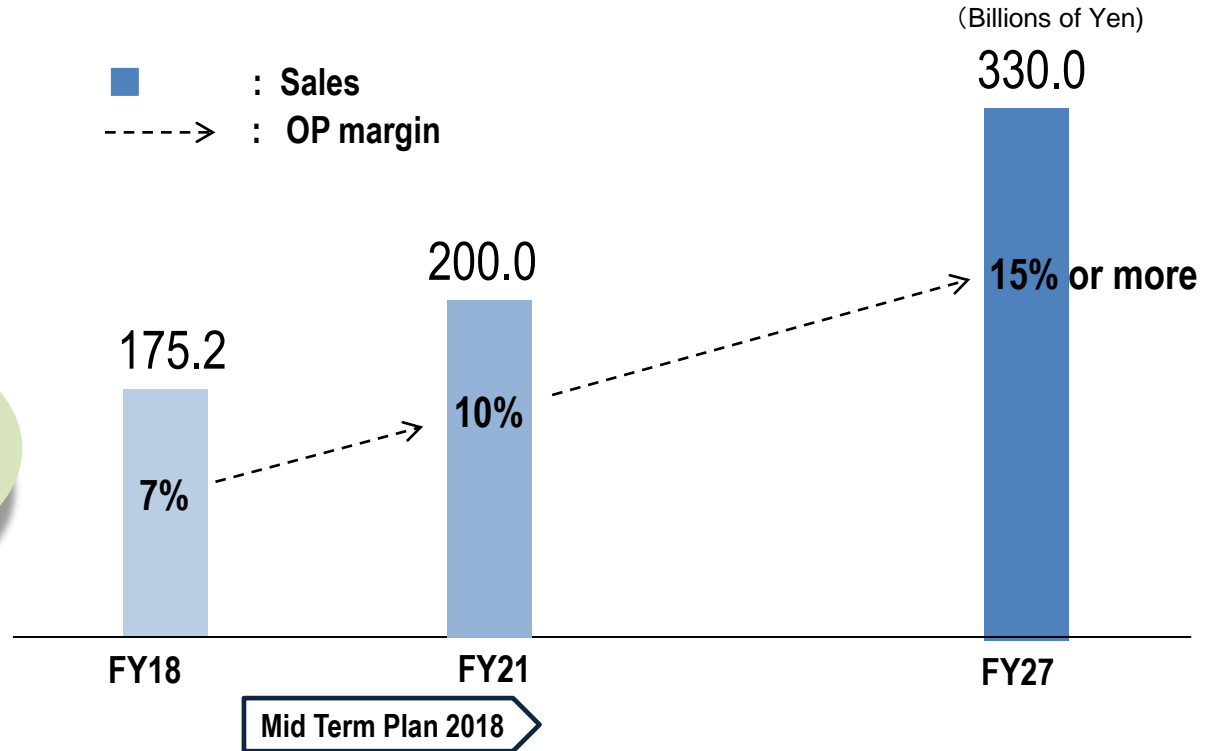
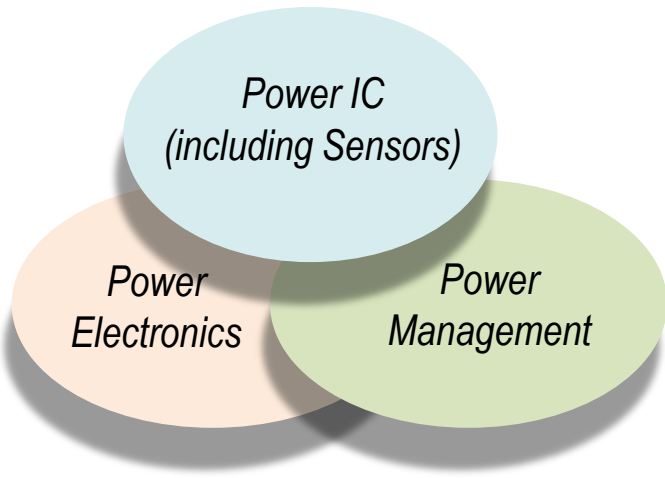
Debt Outstanding



Growth Strategies

To become a highly profitable company through unique set of technologies, and energized output from people and organizations.

■ Business Areas



To achieve

- Focus on strategic markets
- Strengthen technology development

■ Semiconductor development reform (measures for growth strategies)

Development flow	Measures	Target
Design Concept	Implement "the SPP" SanKen Power-electronics Platform	<ul style="list-style-type: none"> ▪ Semi Devices: platform design. ▪ Power Systems : modular design.
Process	Seoul Power-device Design Center	<ul style="list-style-type: none"> ▪ Develop quickly leading-edge technologies for power process.
Package	Seoul Package Design Center	<ul style="list-style-type: none"> ▪ Develop quickly the next-generation packages and required element technologies.
Software	Taiwan SanKen Design Center	<ul style="list-style-type: none"> ▪ Design firmware for digitally-controlled power ICs.
Production Line	Production Technology Center	<ul style="list-style-type: none"> ▪ Strengthen prod. technology. ▪ Serve as a pilot-line for factory automation, IoT, and AI.
Reliability Assessment	Semi Devices Reliability Evaluation Center	<ul style="list-style-type: none"> ▪ Shorten reliability evaluation cycle time. ▪ Improve efficiency and functions.

Seoul Power-device Design Center

Develop competitive, leading-edge technology for power processes.

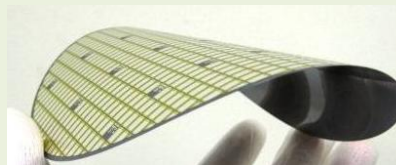


■ Location : Seoul, Korea

■ # of staff : Plan 50

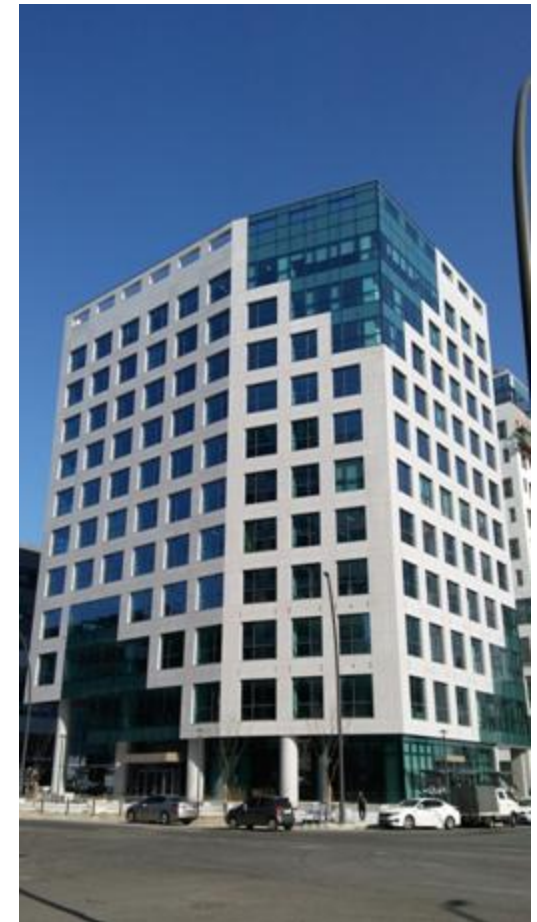
Hired 41

(as of the end of September)

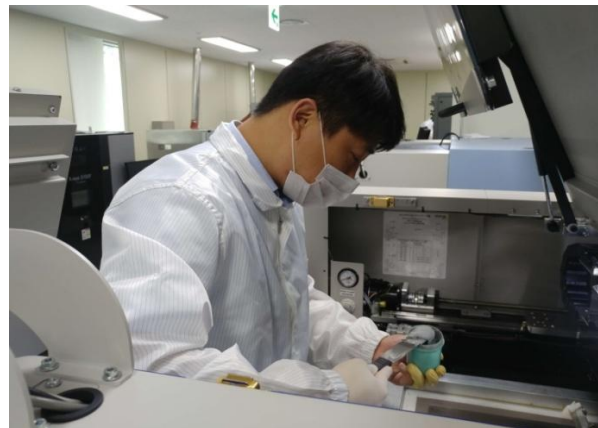


Seoul Package Design Center

Develop competitive element technology for assembly and package.

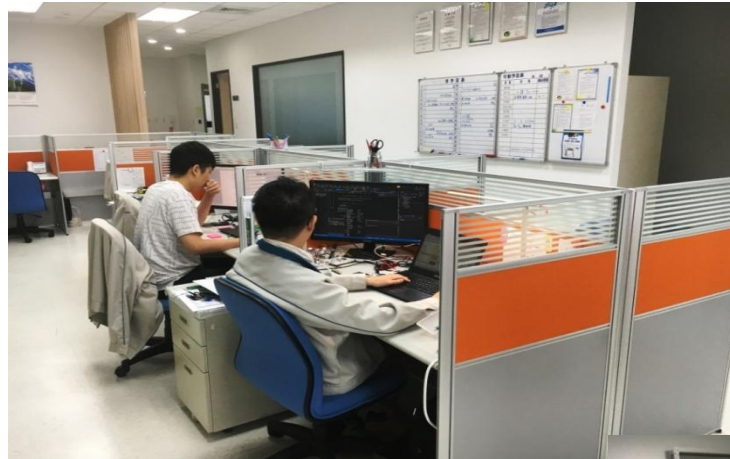


- Location : Seoul, Korea
- # of staff : Plan 20
Hired 18
(as of the end of September)



Taiwan SanKen Design Center

Design digitally-controlled IC for “Power IoT” and related firmware.



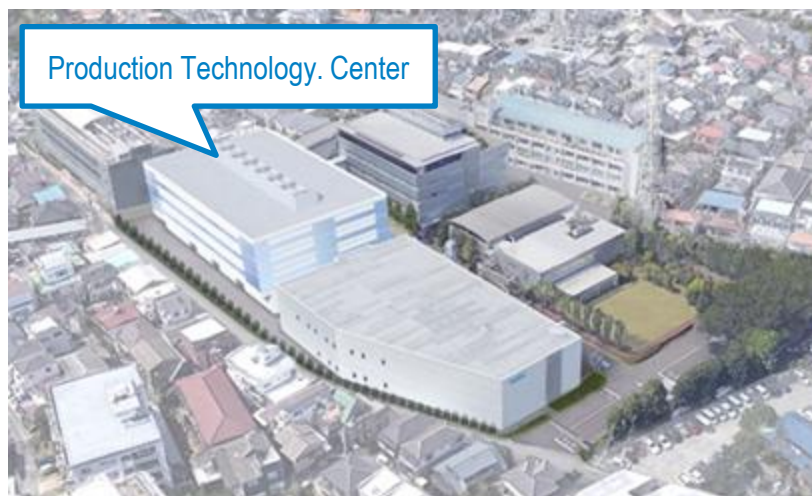
- Location : Hsinchu, Taiwan
- # of staff : Plan 13
Hired 11
(as of the end of September)



Production Technology Center

Enhance production technology, reduce costs, and set up a smart factory.

- Implement “the SPP” (Sanken Power-electronics Platform)
- Upgrade production technology, including elemental and material technology and production line design
- Improve productivity significantly through the use of automation technology, visual image examination, IoT, and AI



Data Center & Base Station

- Just In Time supply
- Synchronization of production / logistics information

Operation Control

- Prediction of facilities and quality anomaly
- Remote control, virtual factory

Product Design

- The SPP
- Platform and Modular Design



Production Line

- Intelligent automation line
- Flexible production

Environment, Energy

- Energy-saving factory
- Prediction of environment and safety anomaly

Logistics, SCM

- Unmanned warehouse

• 4-story building with floor space of 8,400m² • Demolition started in Aug, 2018 • Scheduled to be completed in Jan, 2021

Semi Devices Reliability Evaluation Center

Integrate semi evaluation functions, improve efficiency, and lower cost



- # of staff : 30
- Completion : March, 2019
- In operation : May, 2019
- Floor space : 1,690m²



Manchester headquarters

Consolidate headquarters and strengthen development functions.



- Extension of Manchester facility (1,400m²)
- Completed in Nov, 2018
- Floor space : 11,395m²



▪ Worcester to be sold

- IPM for white goods
 - Automotive IC, Sensors etc.
 - Strengthen development
- Capacity expansion at SanKen
 - Capacity expansion at SanKen, Allegro
 - Expansion of Allegro Philippines
 - Expansion of Allegro Manchester facility
 - Set up overseas design centers

		Japan				Overseas			
		Yamagata	Fukushima	Ishikawa	Kashima	Dalian	Polar	Allegro	Design Center
Capacity Expansion	Semiconductor chips	✓	✓				✓		
	Automotive Products		✓	✓	✓	✓		✓	
	IPM for white goods			✓		✓			
Improve productivity		✓		✓			✓		
Strengthen development								✓	✓



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