



**Business Report for**  
**FY2011**  
**From Apr. to Sep. 2011**

**SMK Corporation**  
**Oct , 2011**



**FY2011**

**Outline of 1H Financial Statement**

**Director and Executive Vice President  
Hajime Yamada**



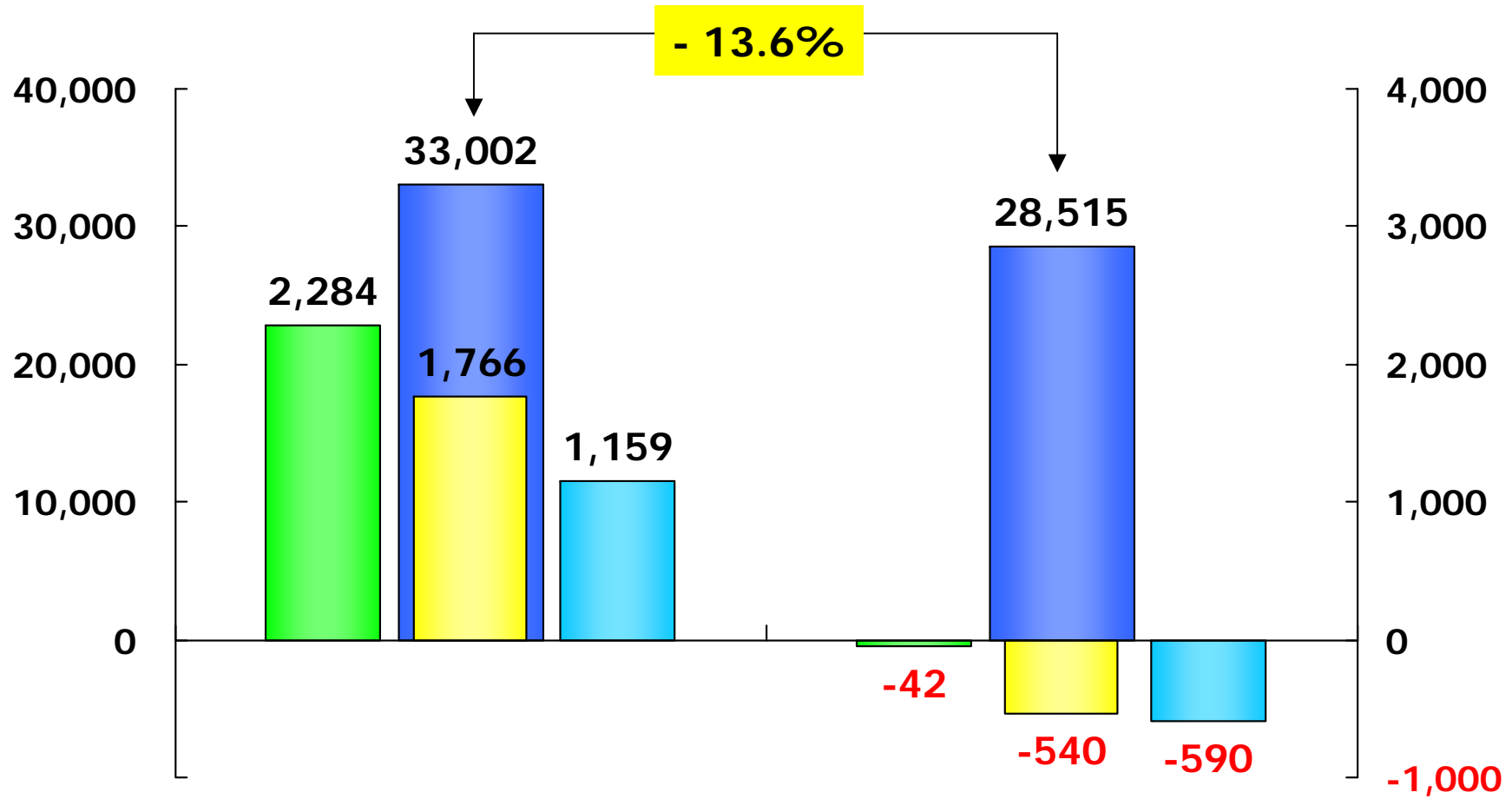
# <Consolidated> 1H Financial Result

Sales Amount :  
Million yen

FY2010  
Apr-Sep

FY2011  
Apr-Sep

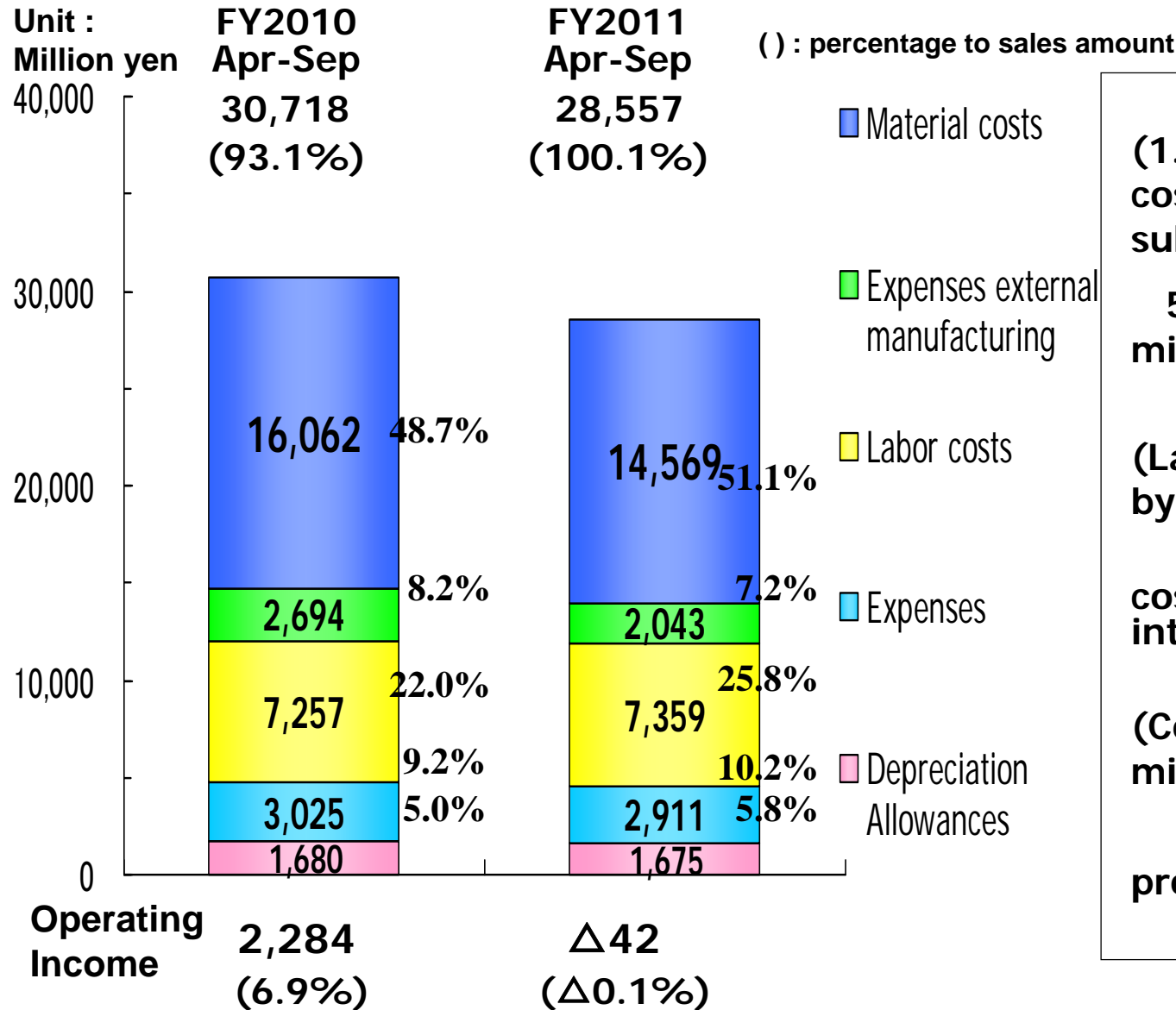
Income :  
Million yen



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



# <Consolidated> Sales Expenses



(1.4 increase (material costs + amount paid to subcontractors))  
56.9%→58.3% 409 million yen

(Labor costs increased by 102 million yen)  
Rising Chinese labor costs, promotion of internal production

(Costs reduced by 114 million yen)  
Curbed costs at production sites

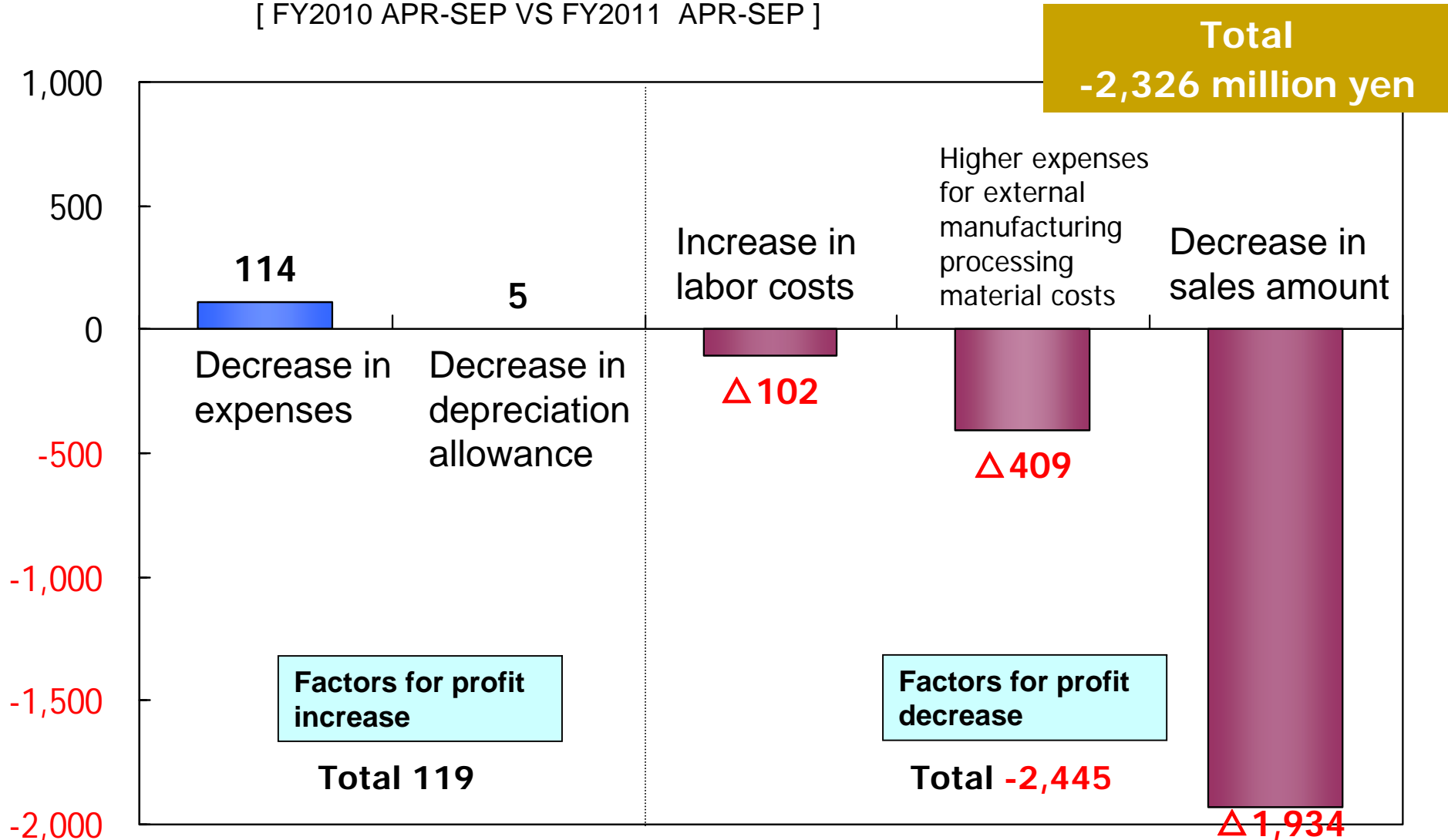


# <Consolidated> Analysis of sales expenses

Analysis of factors for increase/decrease of consolidated operating income

Unit : Million yen

[ FY2010 APR-SEP VS FY2011 APR-SEP ]





# <Consolidated> Non-operating profit and loss

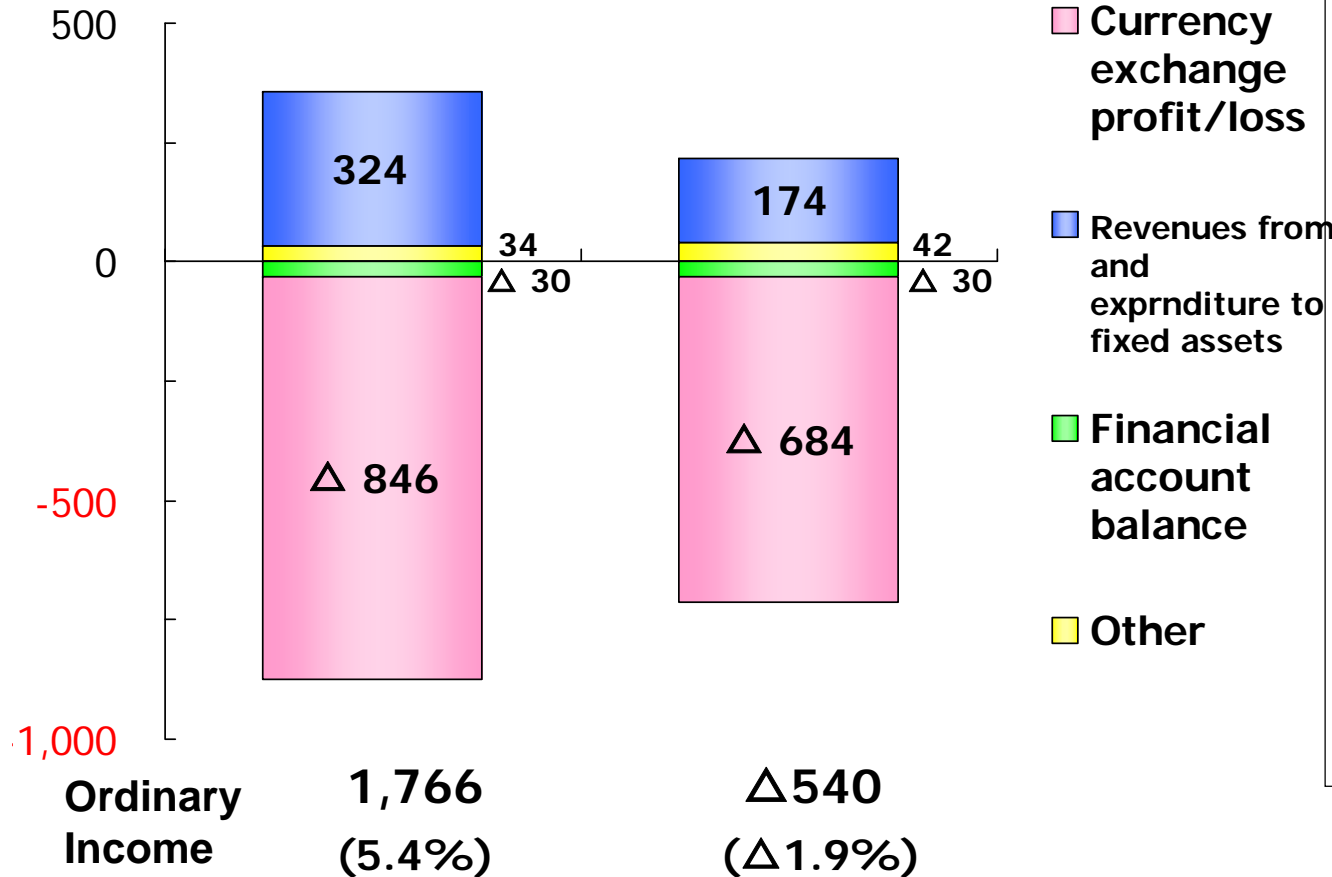
Unit :  
Million yen

FY2010  
Apr-Sep  
△518  
(△1.5%)

FY2011  
Apr-Sep  
△498  
(△1.8%)

( ) : percentage to  
sales amount

[Exchange loss → Decrease  
162 million yen]



1. FY2010 2<sup>nd</sup> Quarter  
2010/3 ¥ 93.04/\$  
2010/9 ¥ 83.82/\$  
Yen depreciated by 9.22 yen

2. FY2011 2<sup>nd</sup> Quarter  
2011/3 ¥ 83.15/\$  
2011/9 ¥ 76.65/\$  
Yen depreciated by 6.50 yen



# <Consolidated> Extraordinary gain or loss

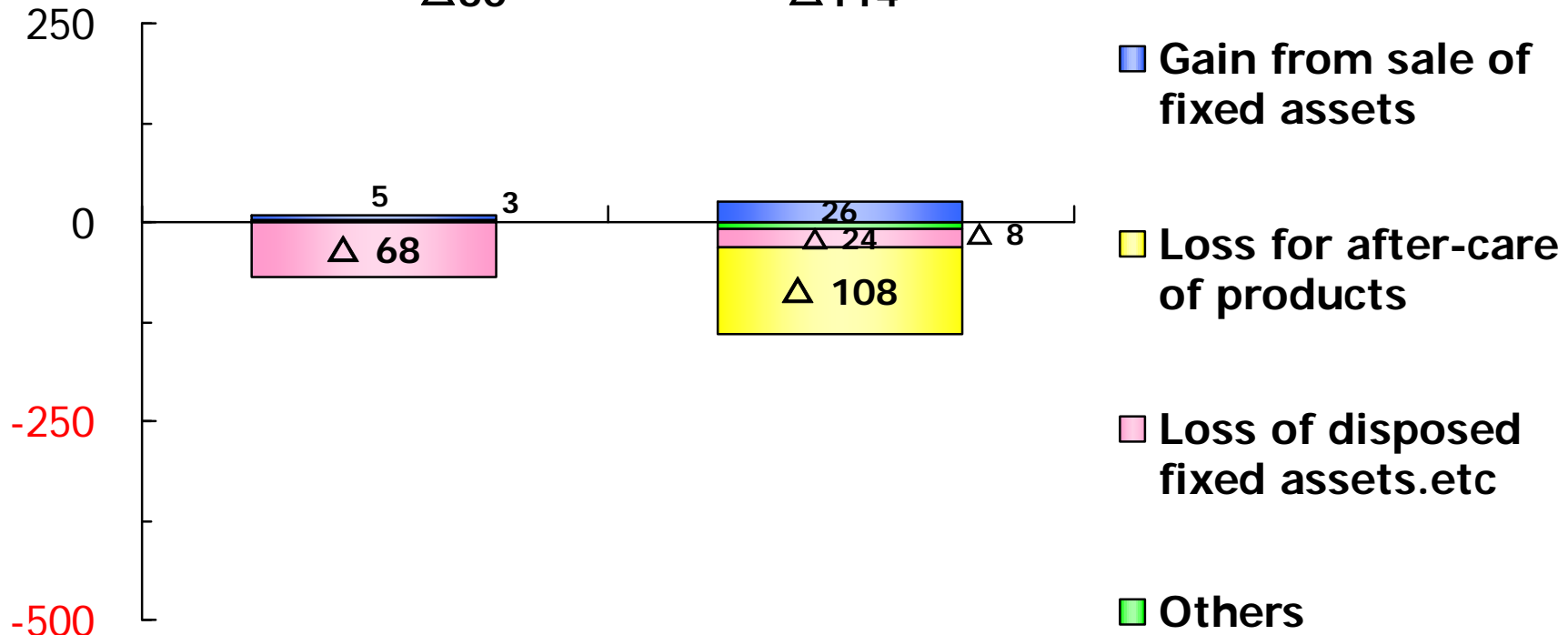
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Unit :  
Million yen

FY2010  
Apr-Sep  
△60

FY2011  
Apr-Sep  
△114

( ) : percentage to sales amount



Income before income taxes	1,706	△654
Income taxes (Current and deferred)	△547	64
Net income	1,159	△590
	(3.5%)	(△2.1%)



# <Consolidated> Financial Highlights (Quarterly) 8/46

Unit : Million yen

FY2011	1 <sup>st</sup> Half Term			2 <sup>nd</sup> Half Term		Fiscal Term
	1Q (11/4~6) [Result]	2Q (11/7~9) [Result]	TOTAL (11/4~9) [Result]	TOTAL (11/10~12/3) [Plan]		TOTAL (11/4~12/3) [Plan]
① Net Sales	14,111	14,404	28,515	32,285		60,800
② Operating Income	47	△89	△42	742		700
③ Ordinary Income	-106	△434	△540	840		300
④ Net Income	-161	△429	△590	990		400

FY2010 Result	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> 2Q Financial Result Compared with FY2011 1Q

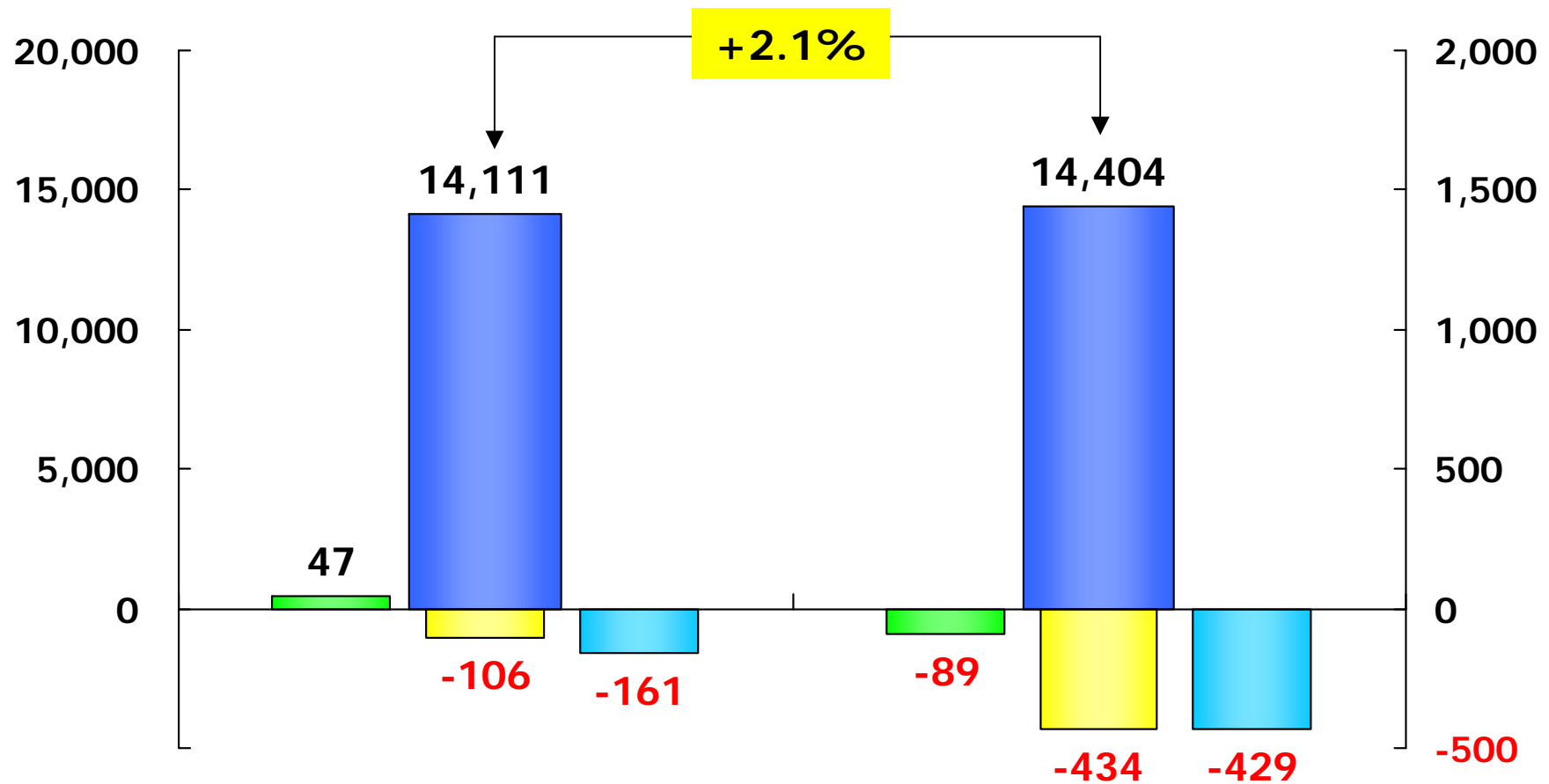
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Sales Amount :  
Million yen

FY2011  
Apr-Jun

FY2011  
Jul-Sep

Income :  
Million yen



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

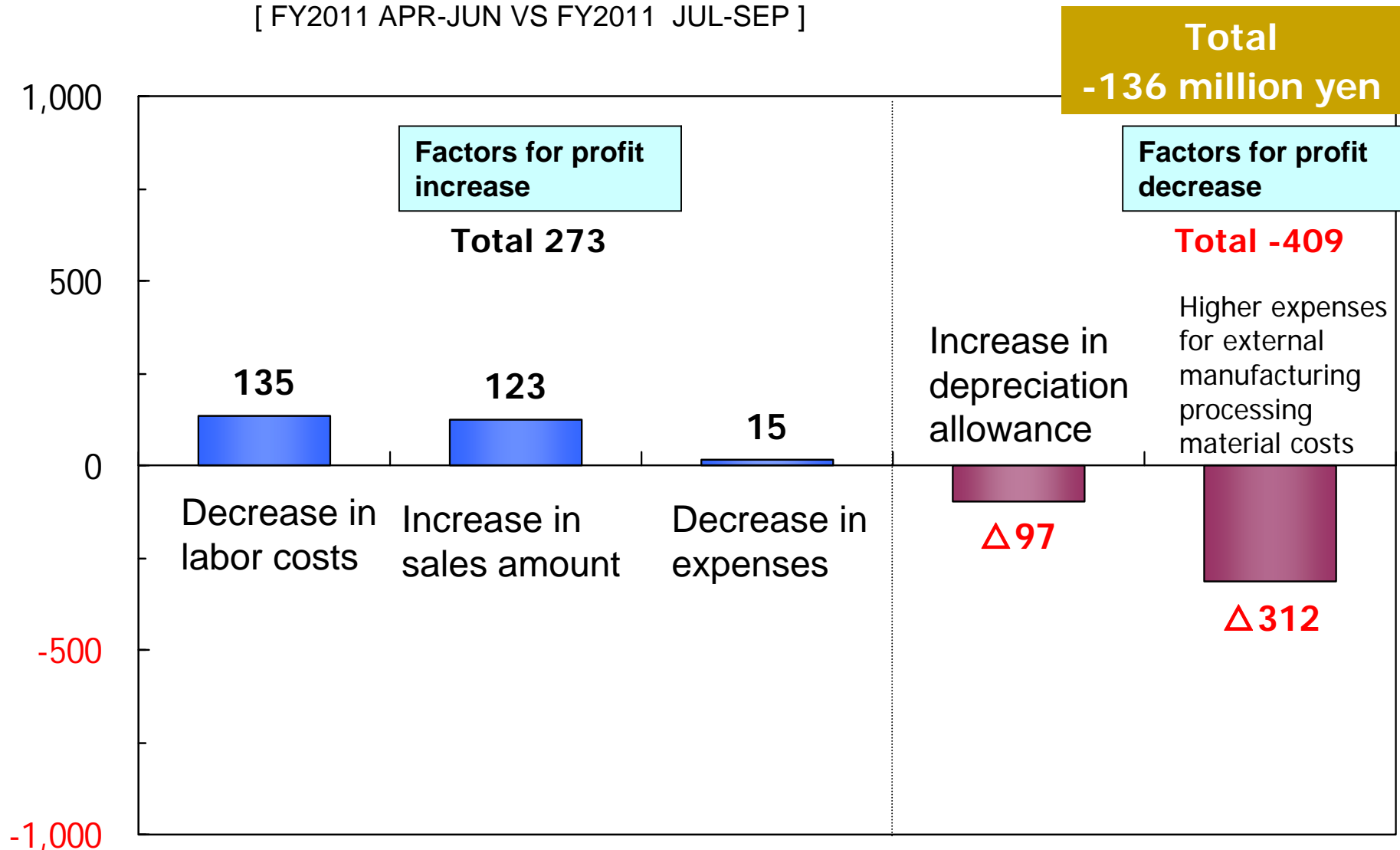


# <Consolidated> Analysis of sales expenses Compared with FY2011 1Q

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Analysis of factors for increase/decrease of consolidated operating income  
[ FY2011 APR-JUN VS FY2011 JUL-SEP ]

Unit : Million yen





## <Consolidated> Cash Position

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Unit : Million yen

	2011/3 (A)	2011/9 (B)	<i>Differential</i> (B-A)
<b>Assets</b>	<b>53,059</b>	<b>51,611</b>	<b>Δ1,448</b>
Cash and cash equivalents	7,442	6,810	Δ632
Accounts receivable	14,841	15,305	464
Inventories	5,672	5,556	Δ116
Fixed assets	21,205	20,366	Δ839
<b>Liabilities</b>	<b>23,197</b>	<b>23,545</b>	<b>348</b>
Accounts payable and accrued expenses	10,981	10,302	Δ679
Interest-bearing dept	8,926	10,393	1,467
<b>Net assets</b>	<b>29,862</b>	<b>28,066</b>	<b>Δ1,796</b>
Common stock	7,996	7,996	—
<b>Capital adequacy ratio</b>	<b>56.0%</b>	<b>54.1%</b>	<b>Δ1.9%</b>



## <Consolidated> Cash Flow Position

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Unit : Million yen

	FY2010 APR-SEP	FY2011 APR-SEP
<b>Cash Flow from operating activities</b>	<b>2,783</b>	<b>162</b>
Working capital	370	△980
Income before income taxes	1,706	△654
Depreciation	1,659	1,635
Others	△952	161
<b>Cash Flow from investing activities</b>	<b>△1,791</b>	<b>△1,887</b>
<b>Free Cash Flow</b>	<b>992</b>	<b>△1,725</b>
<b>Cash Flow from financing activities</b>	<b>△2,203</b>	<b>1,137</b>
Increase (decrease) in interest-bearing dept	△1,529	1,502
Purchases of treasury stock	△85	△75
Dividends paid	△589	△290
<b>Initial balance</b>	<b>8,749</b>	<b>7,382</b>
<b>Final balance</b>	<b>7,335</b>	<b>6,695</b>



# <Consolidated> Segment Information

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Unit : Million yen

FY2011 APR-SEP	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
Net Sales	10,919	12,324	5,162	28,405	110	28,515
Segment gain or loss (Operating Income)	△86	43	△35	△78	36	△42

FY2010 APR-SEP	Reporting Segment				Other(*)	TOTAL (Consolidated gain and loss exhibit)
	CS Div.	FC Div.	TP Div.	Total		
Net Sales	12,615	16,238	4,074	32,927	75	33,002
Segment gain or loss (Operating Income)	592	1,636	△7	2,221	63	2,284

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





# **FY2011 2Q Result and Prospect**

**President and COO Tetsuya Nakamura**

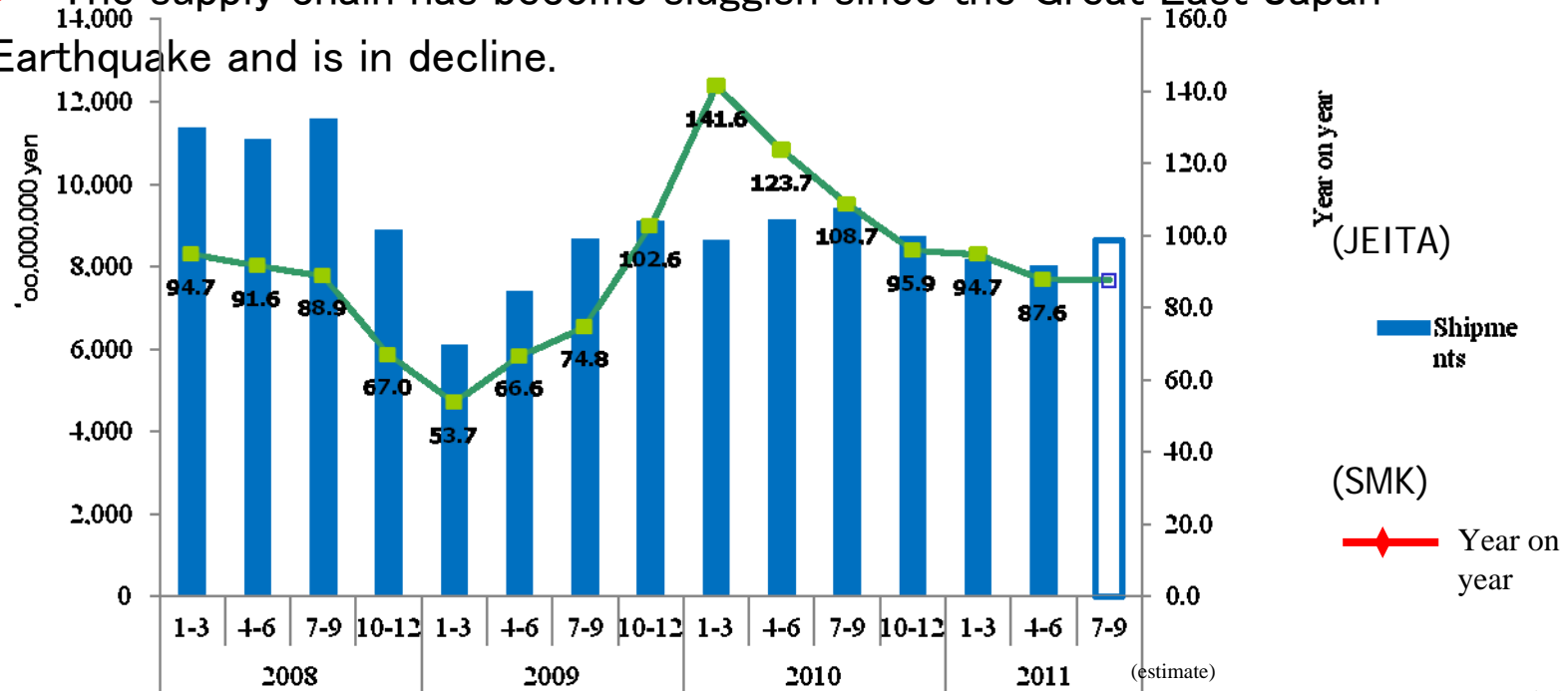


# Overview of Business Climate in the Electronics Industry (JEITA data)

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□ Despite expected recovery in second half of 2011, orders weakened and future prospects are unclear

- 2009 results: 3,128,700 million yen (72% of previous year)
- 2010 results: 3,616,900 million yen (116% of previous year; 72% of 2007)
- Flat-screen televisions and notebook computers etc. in a state of consolidation since late 2010.
- The supply chain has become sluggish since the Great East Japan Earthquake and is in decline.

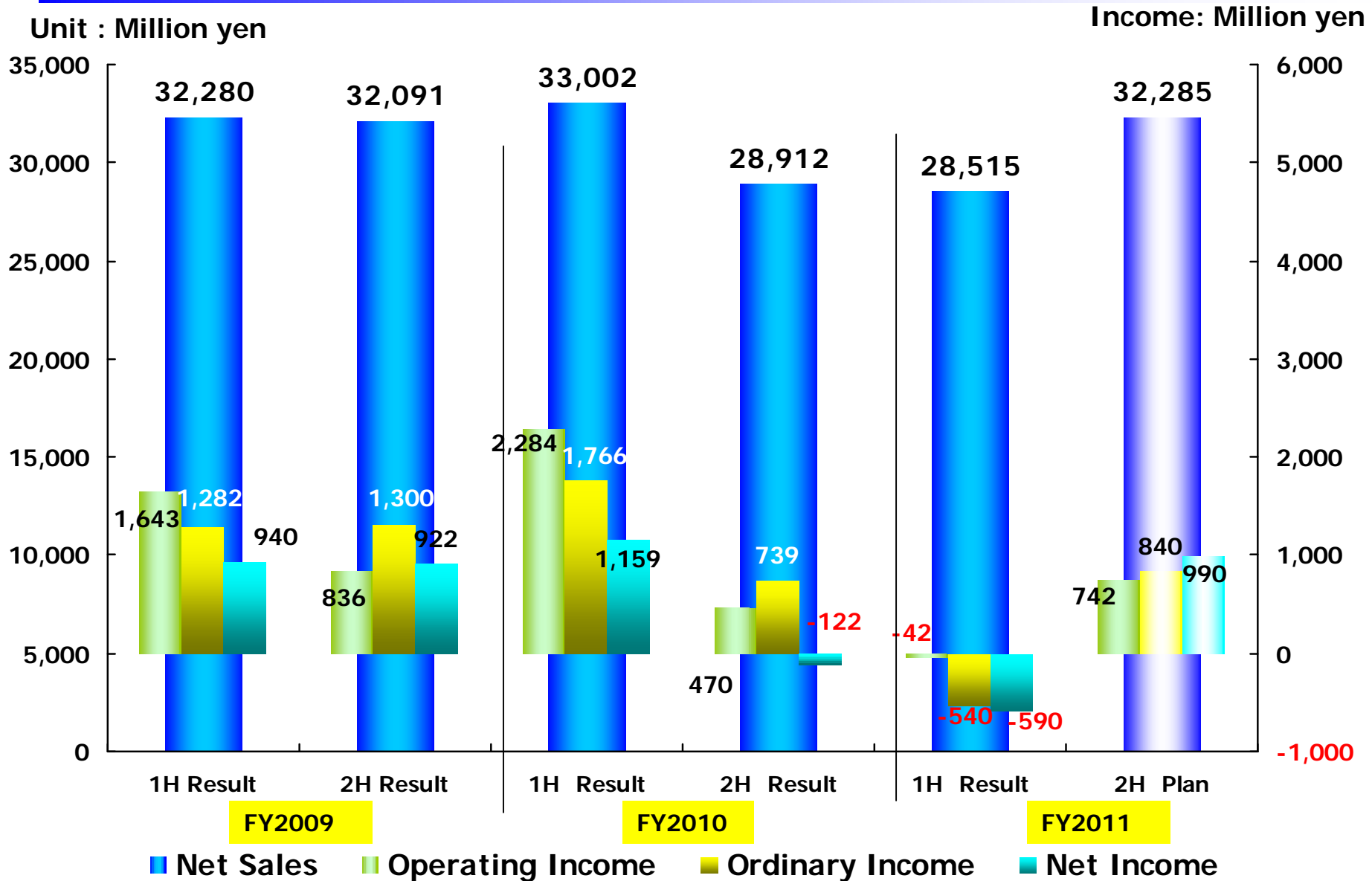


Source: JEITA

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# Half Fiscal Term Performance (FY2009-FY2011) 16/46



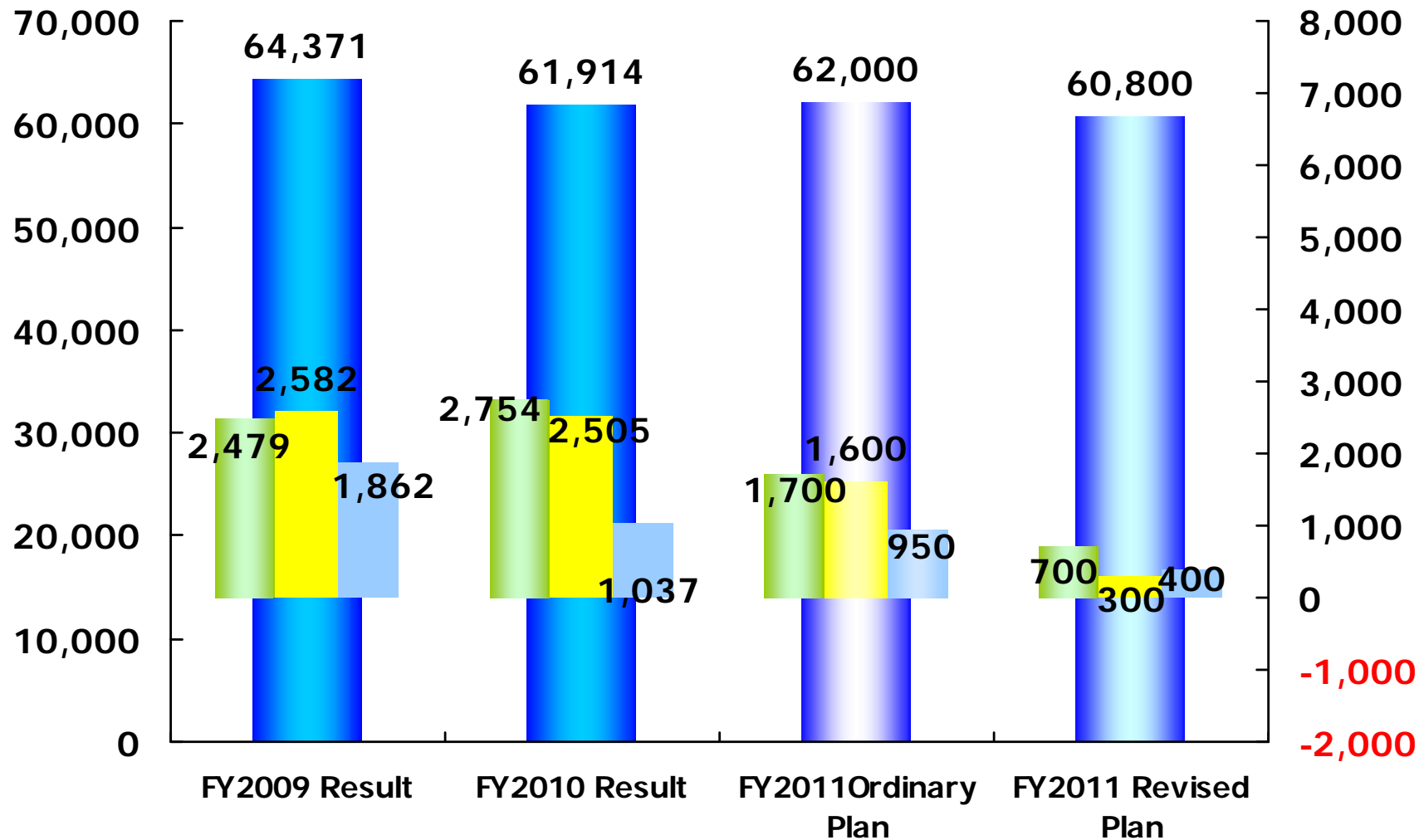




# Full Fiscal Term Performance (FY2009-FY2011) 17/46

Net Sales: Million yen

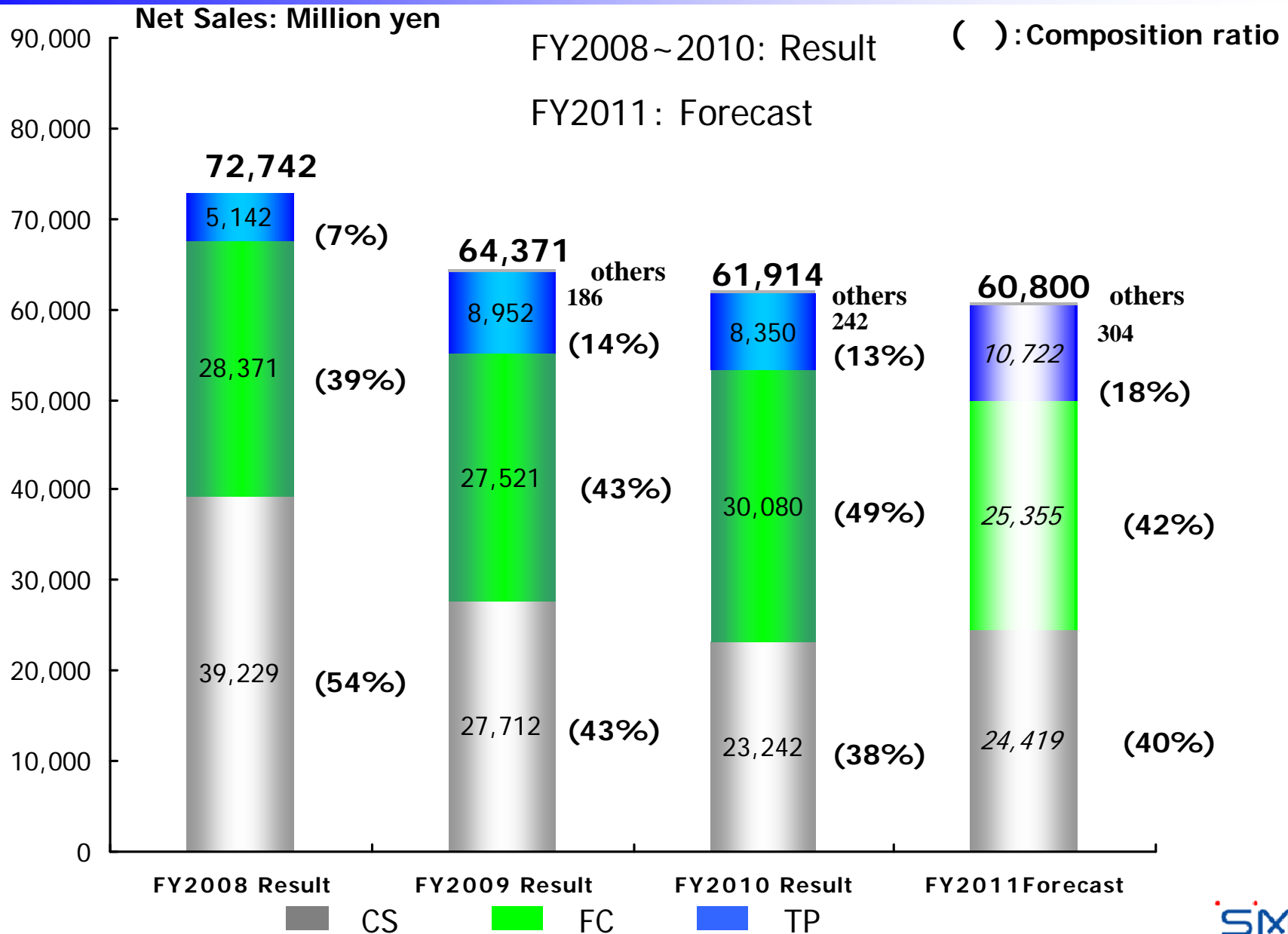
Income: Million yen



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



# Net Sales by Product Division (FY2008-FY2011) 18/46





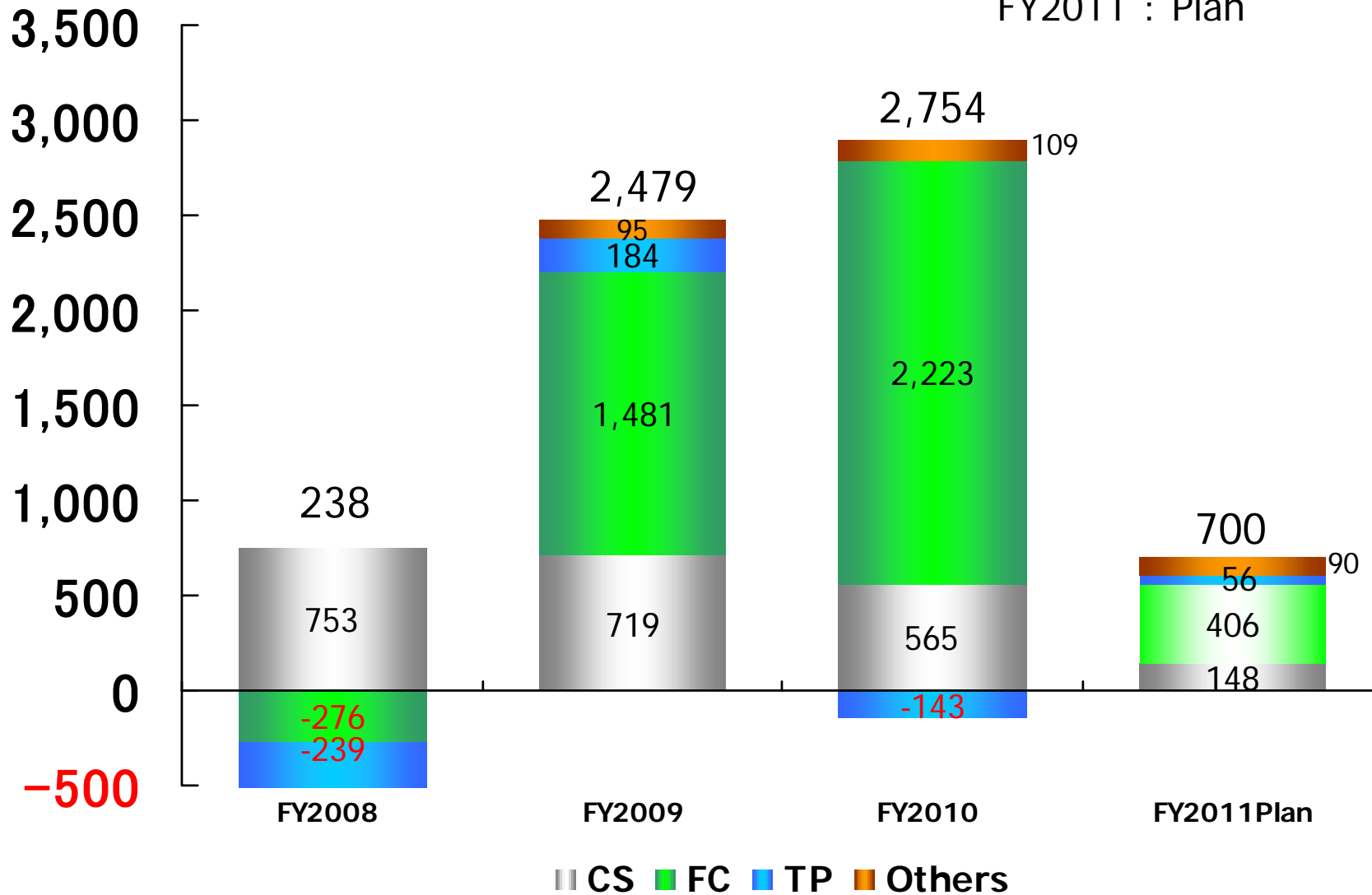
# Operating Income by Product Division (FY2008-FY2011)

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Income: Million yen

FY2008~2010 : Result

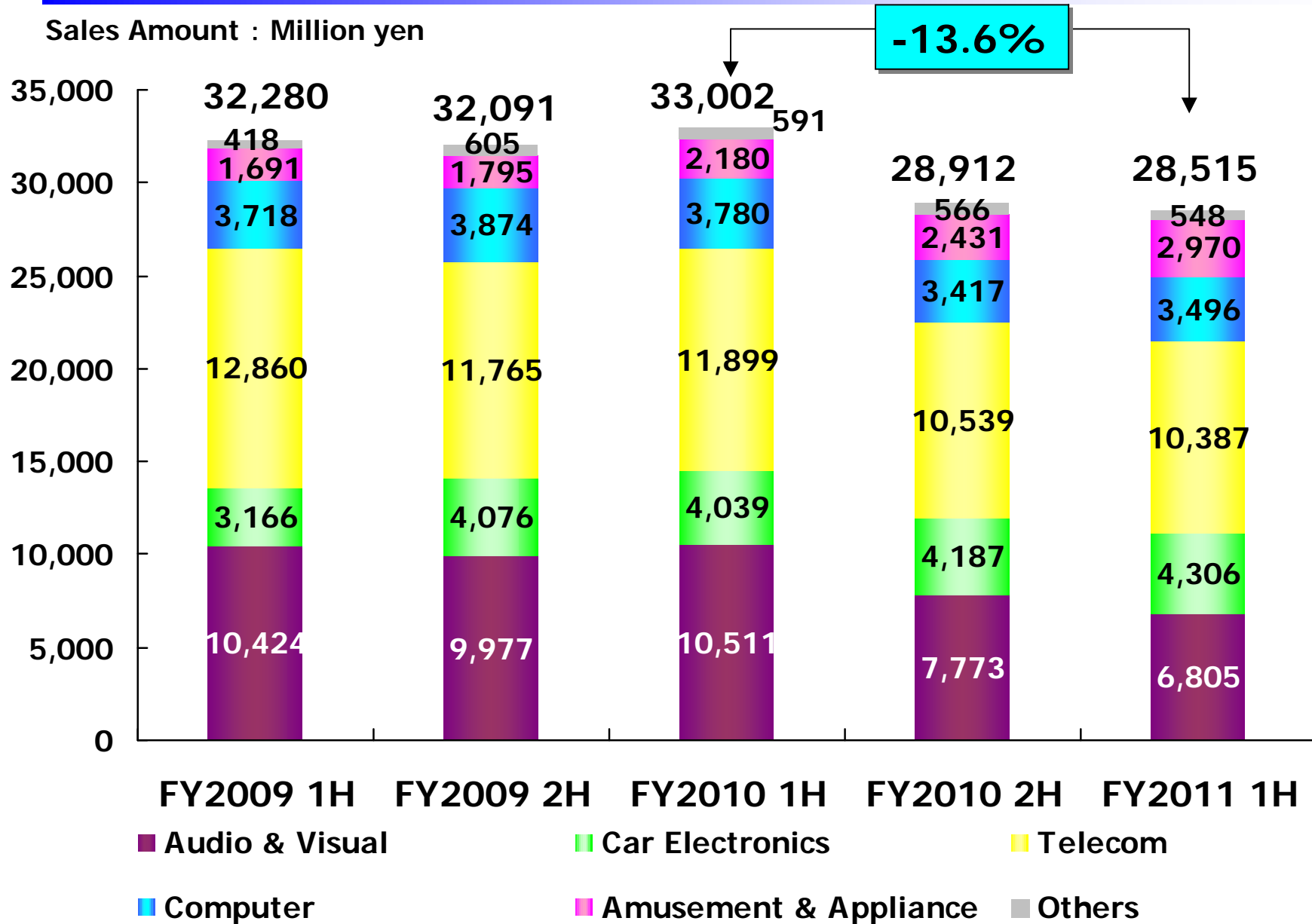
FY2011 : Plan





# Net Sales by Market (FY2009 – FY2011)

Sales Amount : Million yen





## We have to confront these negative factors:

- 東日本大震災の影響  
Harmful Impact of the Great East Japan Earthquake
- 電力供給不安  
Power supply anxiety
- 円高  
Yen appreciation
- 原材料の高止まり  
Continuing high raw material prices
- 各種の規制  
Various regulations
- 欧米経済・金融不安  
the economy in the US and Europe and financial instability

**Other companies are in the same situation.  
Nobody can help us.**



## Specific actions incl. countermeasures for yen rising 22/46

営業  
Sales

シェアー1%アップ作戦、標準品の拡販 他

Strategy for UP 1% of Share

Expand sales of standard products etc.

生産  
Production

現地通貨ベース調達強化、現場不良撲滅 他

Enhance procurement on a local currency basis

Eliminate defaults at the manufacturing site etc.

品質  
Quality

フロントローディング&DR強化、ZDのTN展開 他

Strengthen Front-loading and DR

TN wide activity for ZD etc.



管理  
Administration

事務効率の改善(新たに推進)／M&A

Improve efficiency of office work (Newly promote)

M&A



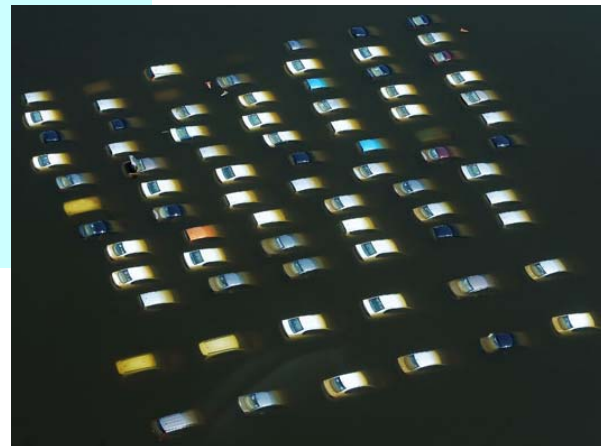
# Topics-1 Flood damage in Thailand



\* Many of Japanese companies are covered with water and closedown.

\* Almost with purchase no influence.

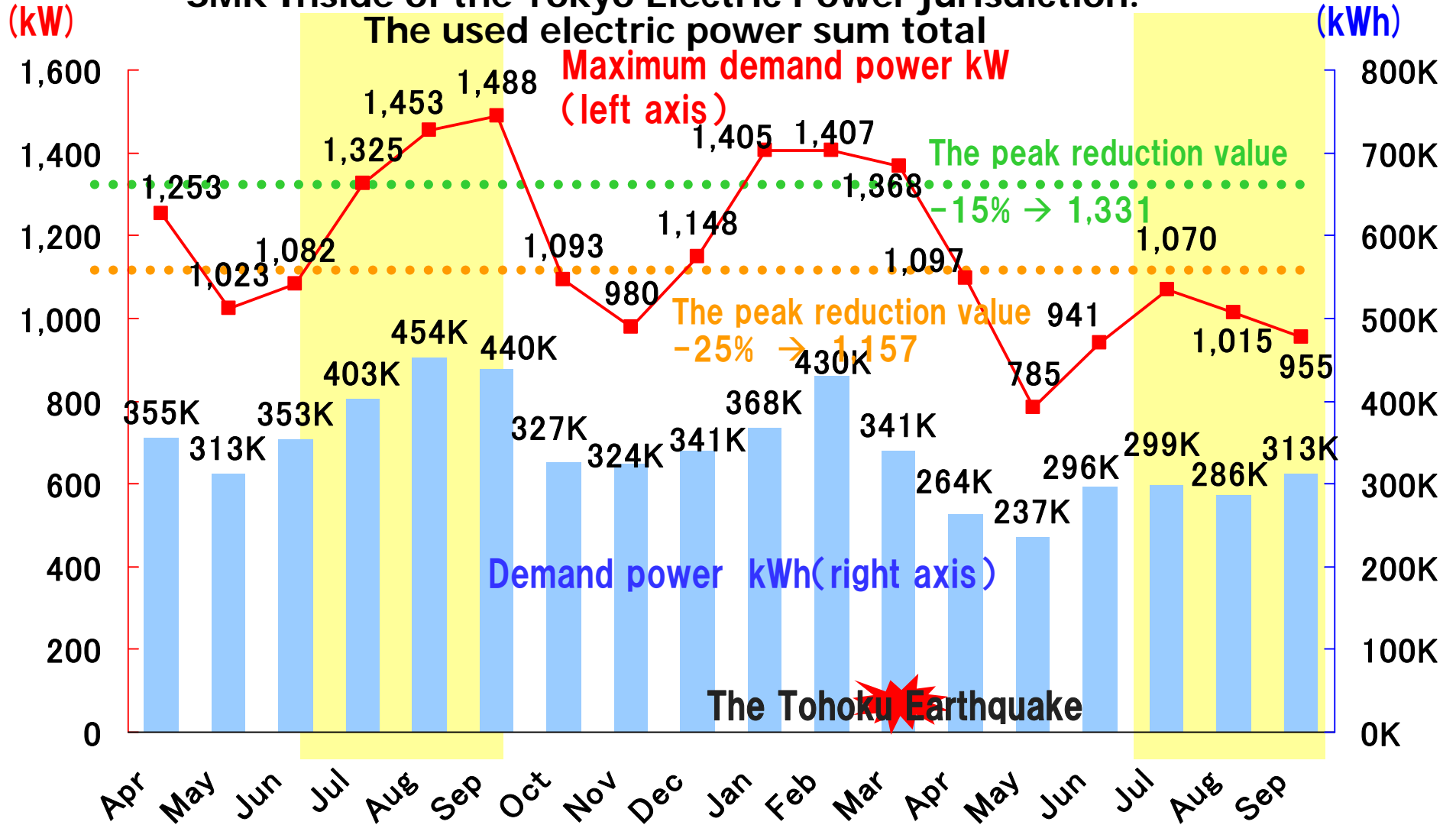
\* Sales influence.





# Topics-2 Power-saving track record

SMK Inside of the Tokyo Electric Power jurisdiction.



Counting business place : Head Office • Yamato • Hitachi • Ibaraki SMK • Ibaraki Plating







# **Topics-3 Schedule to be held in TEXPO2012**

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**SMK Private technology show**

**Date : 2012, Jun 6<sup>th</sup> ~ 8<sup>th</sup>**

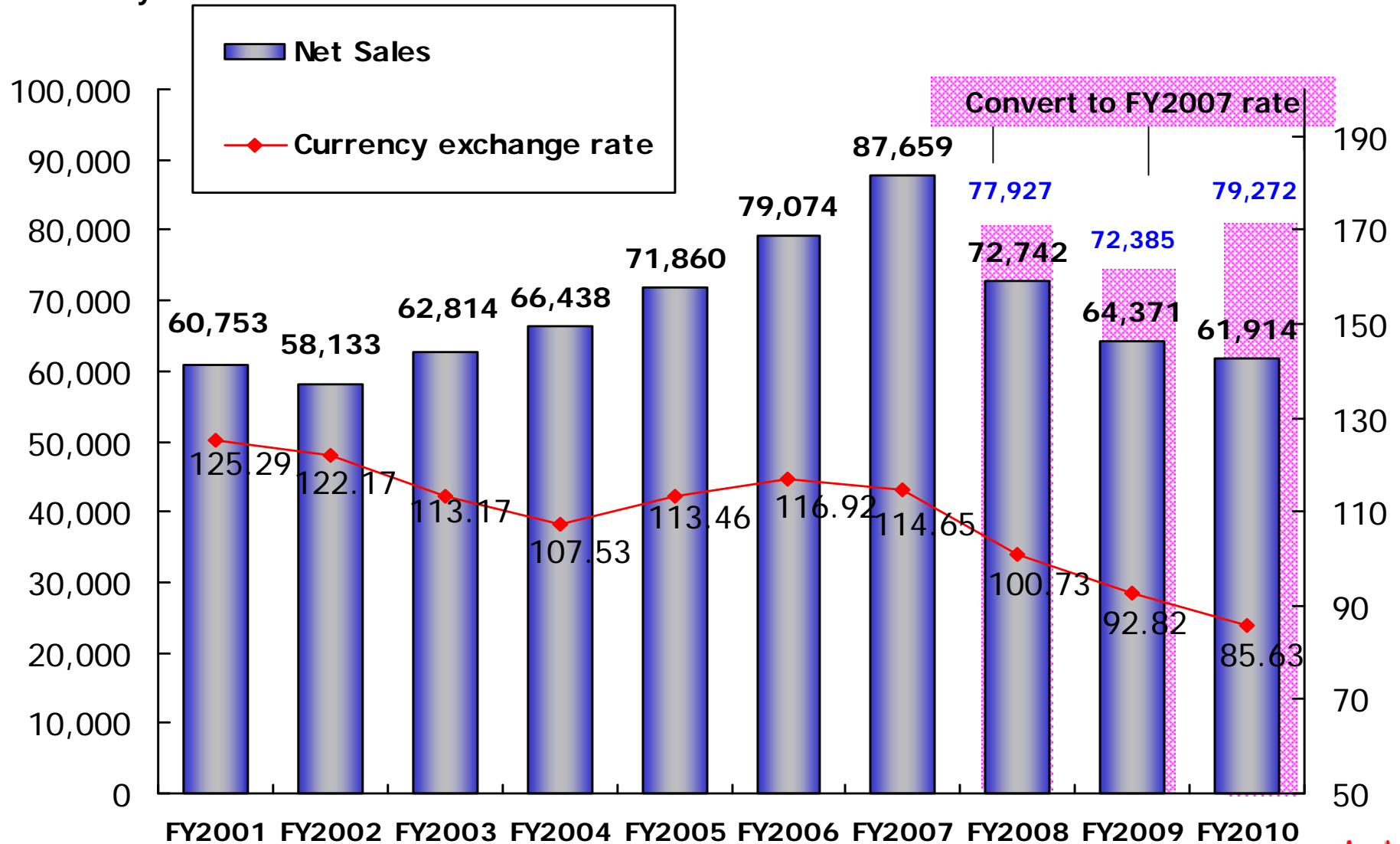
**Place : Garden city in Shinagawa**



# Net Sales (FY2001~FY2010)

Sales Amount :  
Million yen

Currency exchange rate :US dollar (yen)





# CS Division



# CS Division

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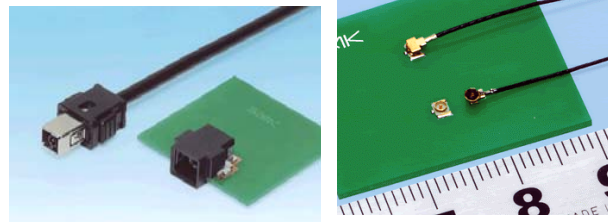
CS=Connection System

【Major Products】 : Connector/Jack

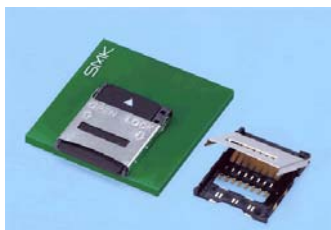
## ■ Connector



FPC Connector



Coaxial Connector



Card Connector



Interface Connector

## ■ Jack

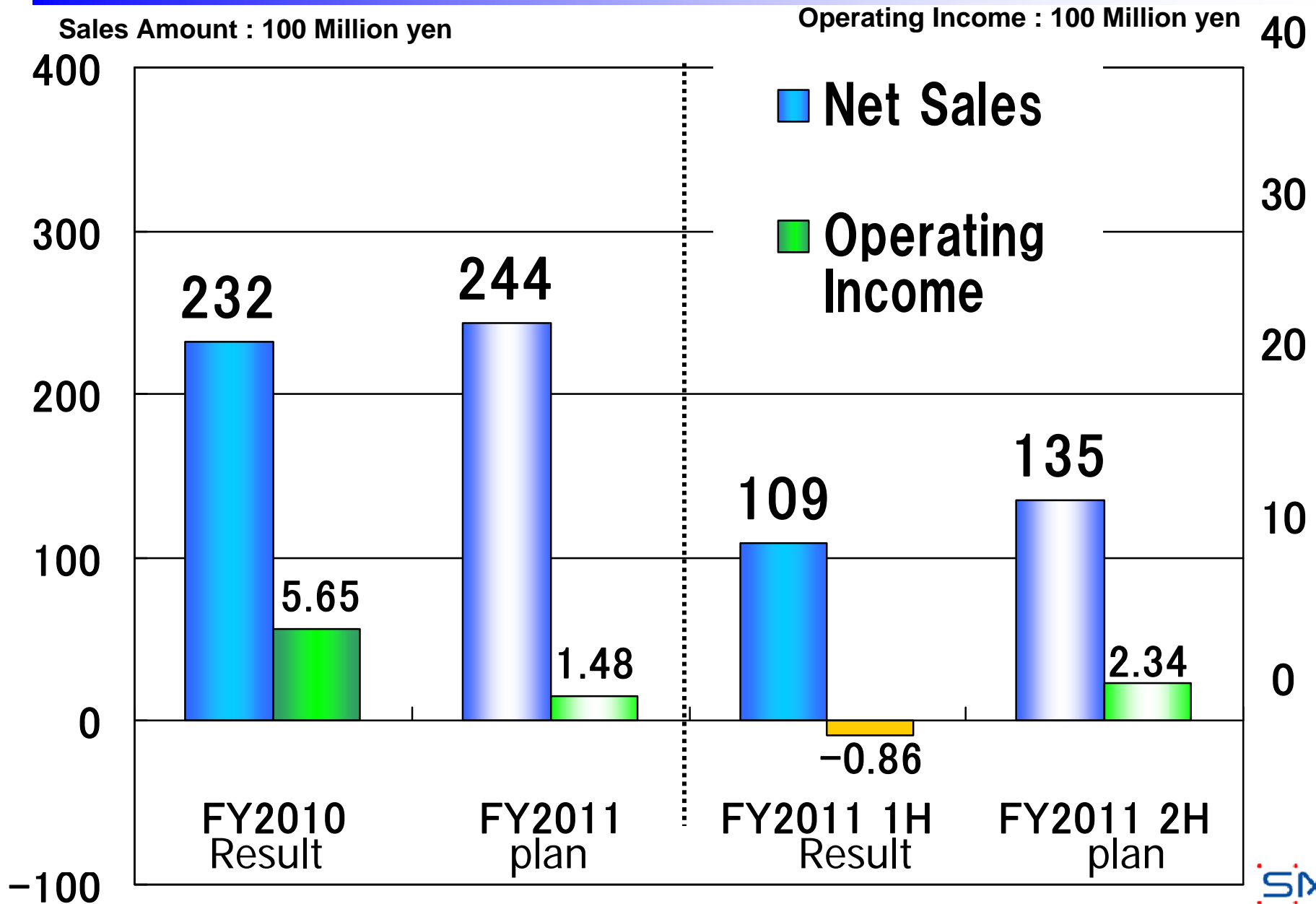
Pin Jack  
Jack box



DC Power Supply Jacks  
Headphone Jacks

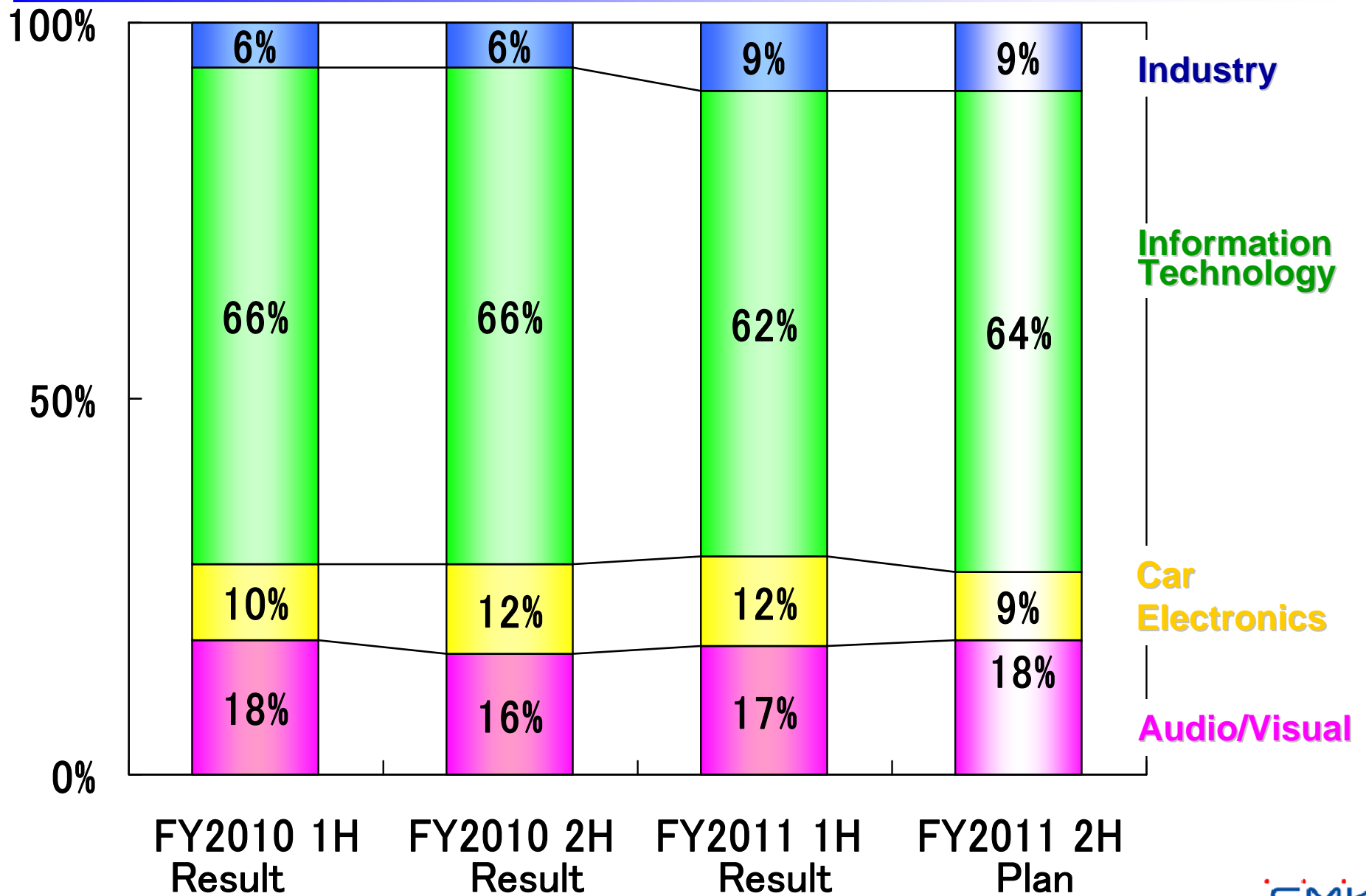


# CS Division Net Sales, Operating Income (Consolidated)





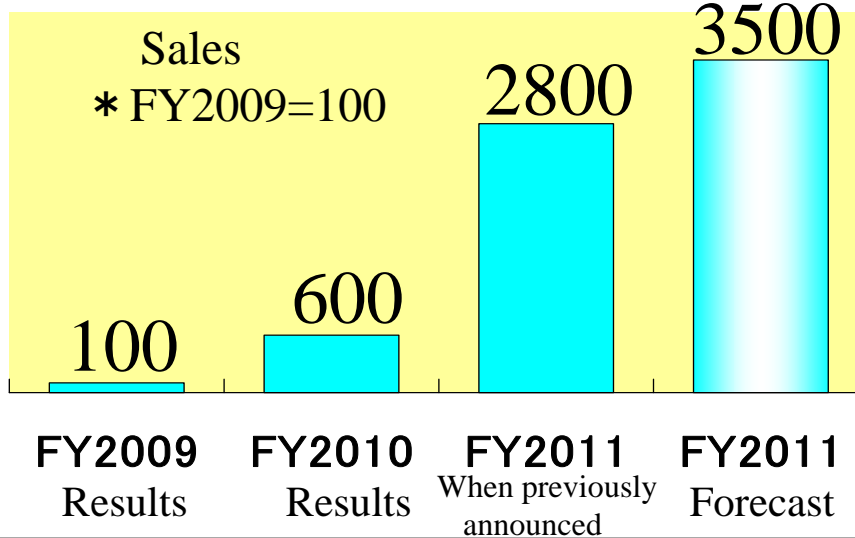
# CS Division Transition of market-specific sales (Consolidated) 30/46





# CS Division - Product Strategy ~ Increased sales through enhanced functionality and new technological ideas

## Solar connectors: PV Series



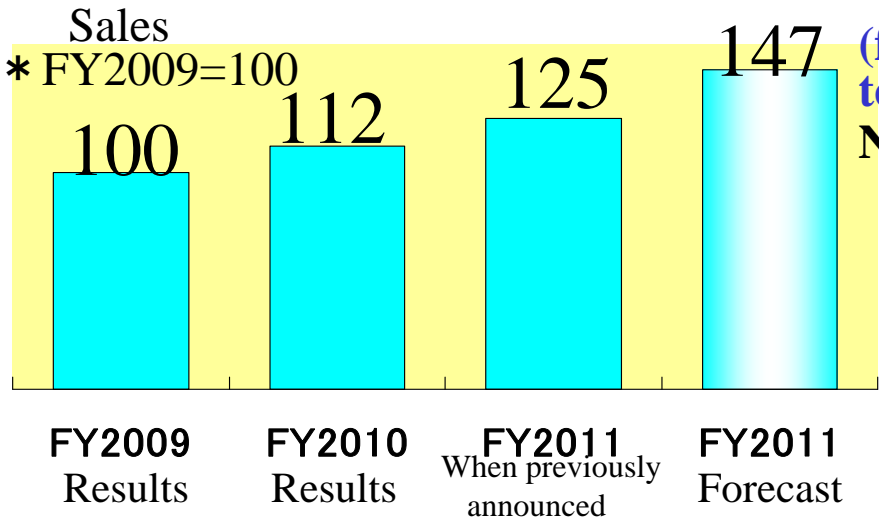
Green energy

Market expansion

- ◆ Industry's smallest class
- ◆ Easy to manufacture
- ◆ Waterproof, weatherproof, and flame-retardant

Increased varieties

## Battery connector: New "High Performance Logo" product



(for small devices: smartphones, and mobile telephones)

New structure "High Performance Logo"



- ◆ Smaller and lower profile
- ◆ High contact reliability
- ◆ Impact resistant



# CS Division Technical expansion into growing and new markets

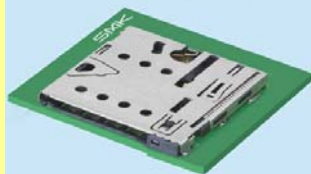
## Smartphone/Mobile Phone and Tablet PC Market

Crimp and pressure connectors

Multipole and arrangement into series

ID Series - lowest profile class

microSIM card



Low profile/space-saving  
Greater variation



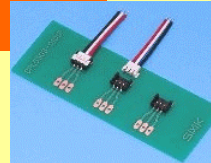
FPC connectors

Space-saving/low-profile

EN series



High speed transmission  
Original new type



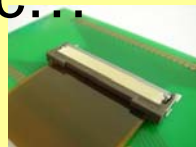
## Ecology Market

Connectors for LED lighting

Long-lasting  
Environmentally-friendly



## Car Electronics Market For in car camera etc...



## Healthcare Market

Connectors for medical equipment  
Interface connectors  
Sensor connectors





# CS Division FY2011 Policy

## Return to Growth

### 1. Proactive technological and product development

Concentrate on and speedily enter growing markets

Work to create high-value added products

Develop "only 1"

Aim for "No.1"

### 2. Seek greater efficiency

Proactive and efficient development

Investment

Production

Design

Sales expansion

Support

### 3. Increased competitiveness

Self-manufacture and automation in China

Usability

Performance

Quality

Price

Delivery deadline

VA/CD

Attractive products!





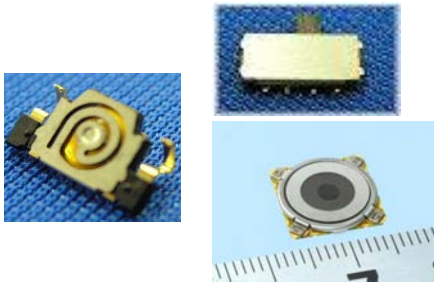
# FC Division



# FC Division

## FC=Functional Components 【Major Products】

### ■ SW (Switch)



Various types of switches

### ■ RC (Remote Control)



### ■ CU (Composite Unit)



Transfer Jet™  
Antenna Coupler



AC adapters



Control Panel



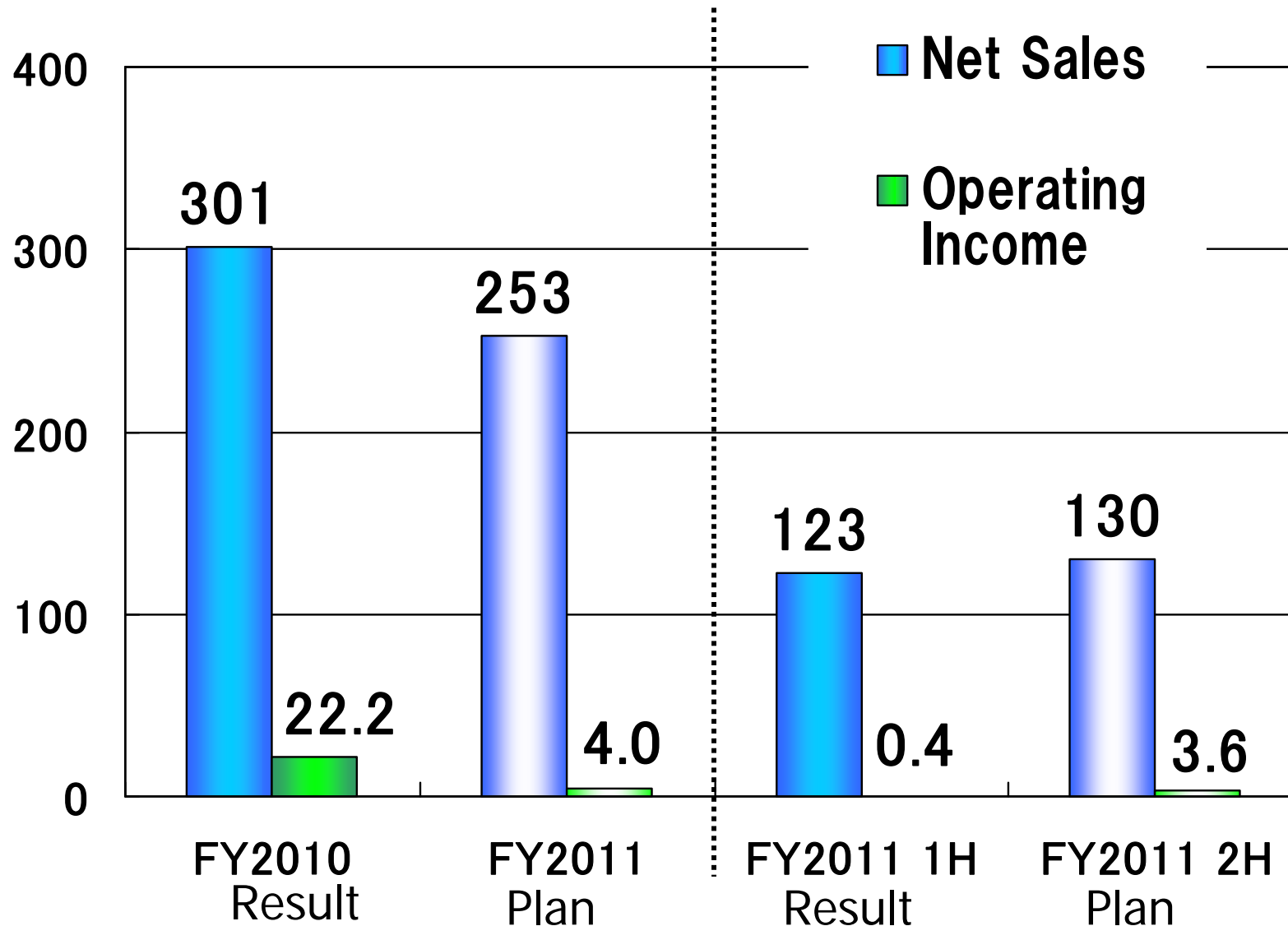
Camera  
Module



# FC Division Net Sales, Operating Income (Consolidated)

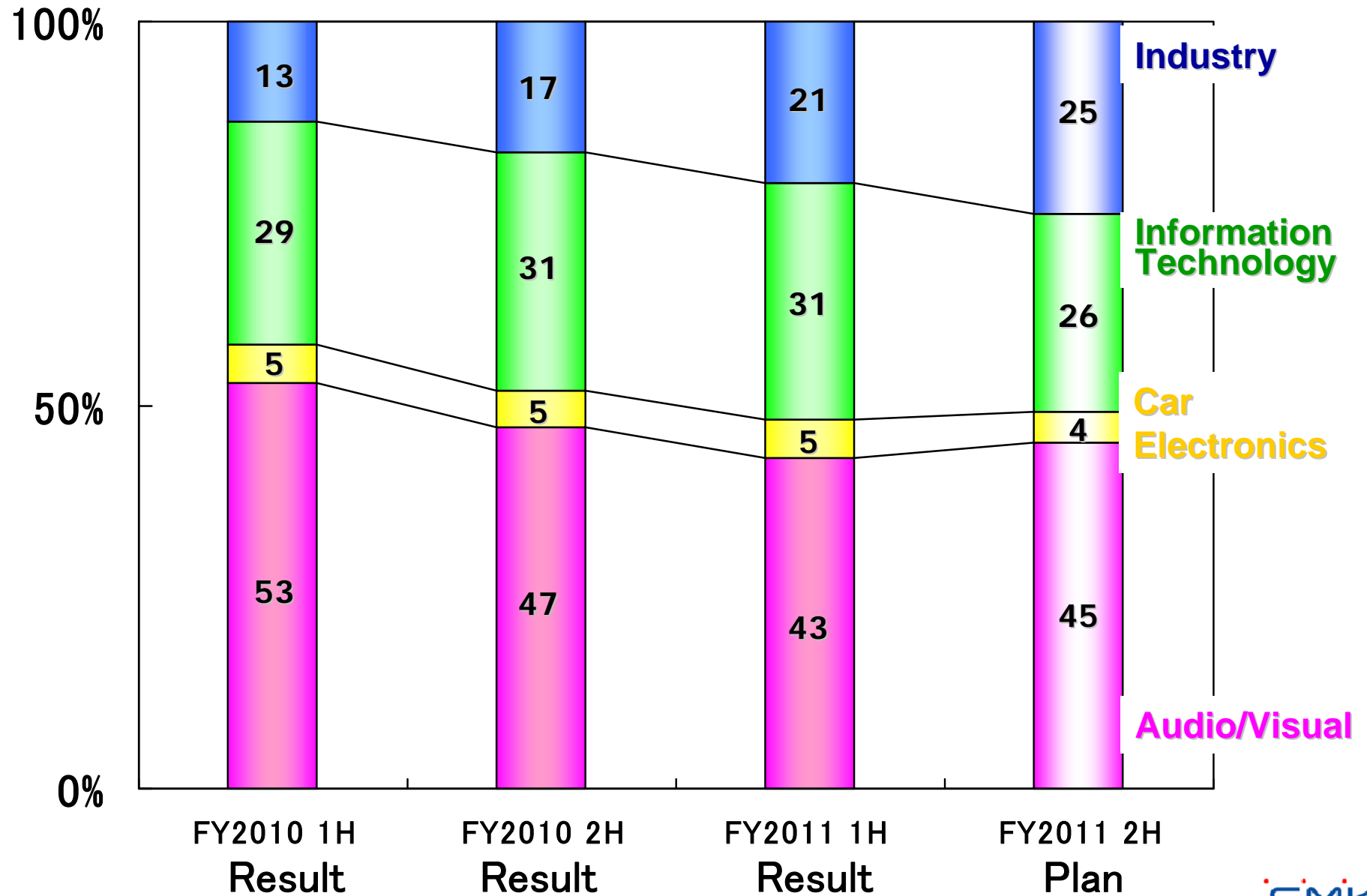
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





# FC Division Transition of market-specific sales (Consolidated) 37/46





# FC Division Priority Approach Market, Priority Product

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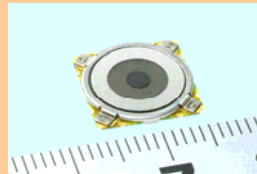
## Smart Phone



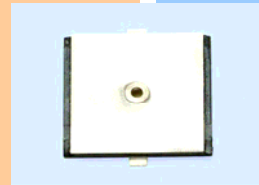
1-dome switch



Thin Horizontal switch



Featuring a capacitive type switch

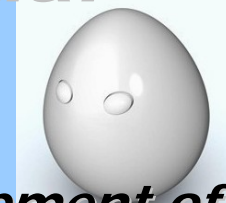


antenna coupler

## Audio & Visual



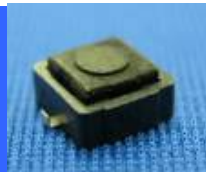
RF Remote Control



Development of Remote Control with Motion Control Sensor



Remote control for automotive applications



Rubber single-key switch

## Car Electronics



Camera Module



Remote control for Air conditioner



Remote control for Sanitary

## Home Appliance

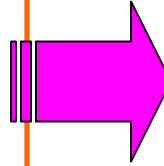


# FC Division FY2011 Policy

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## Business Environment

- Cooling down of the global economy
- Strong yen
- High price of raw materials
- Disasters (supply chain fragmentation)



## Efforts

### 1. Strengthen sales promotion activities

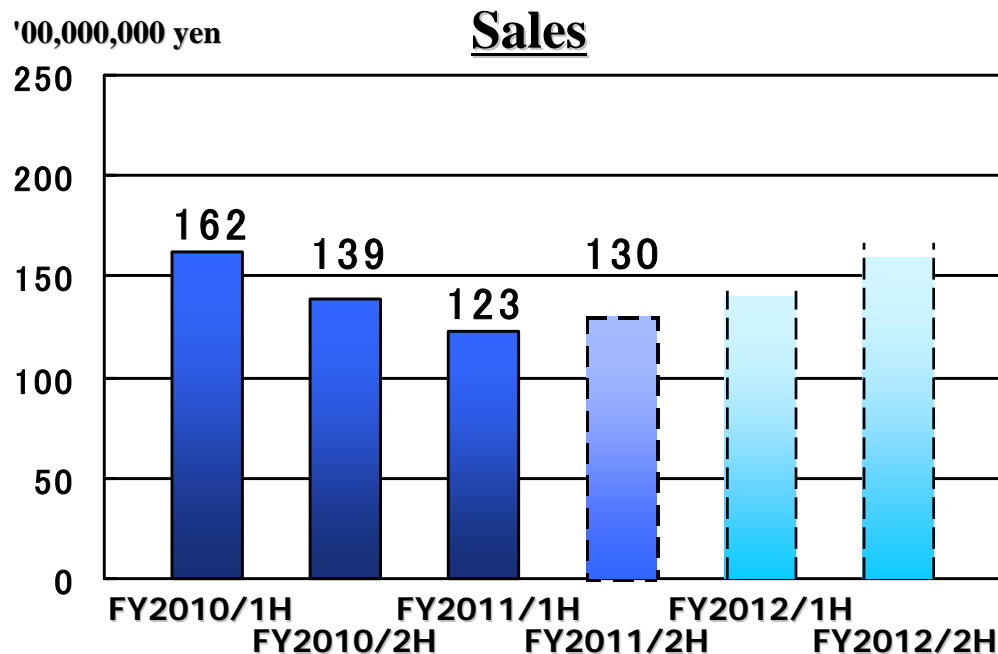
- Develop new customers
- Increase share of existing customers

### 2. Improve new product development

- Products employing new technology
- Proactive technological proposals

### 3. Cost reduction

- Proactive promotion of automation and labor saving
- Improve internal production efficiency
- Improve resource-saving in product design
- Reduce fixed costs





# TP Division





# TP Division

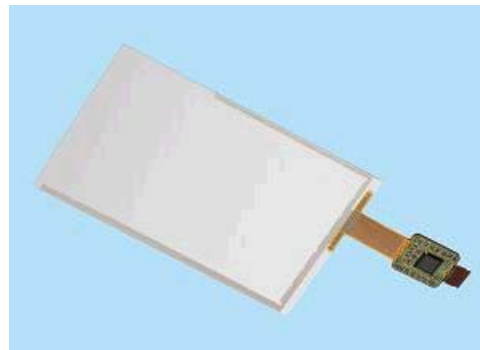
TP=Touch Panel

【Main products】 Touch Panel 【Main applications】

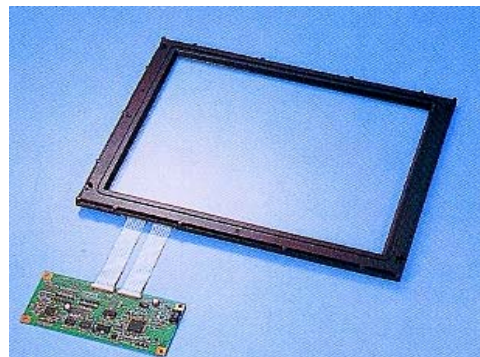
Resistance Sensitive Touch Panel



Capacitive Touch Panel



Optical Touch Panel



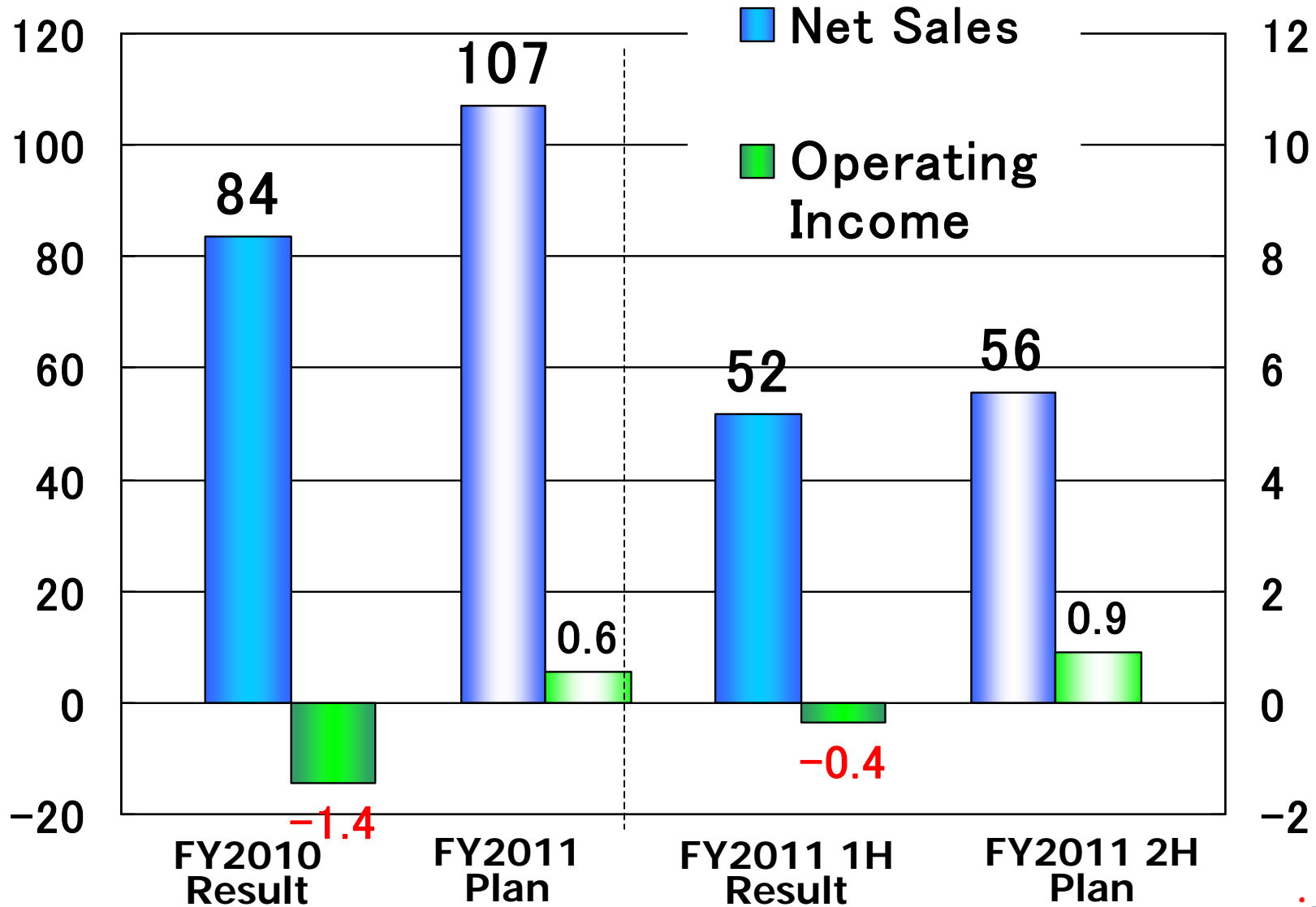


# TP Division Net Sales, Operating Income (Consolidated)

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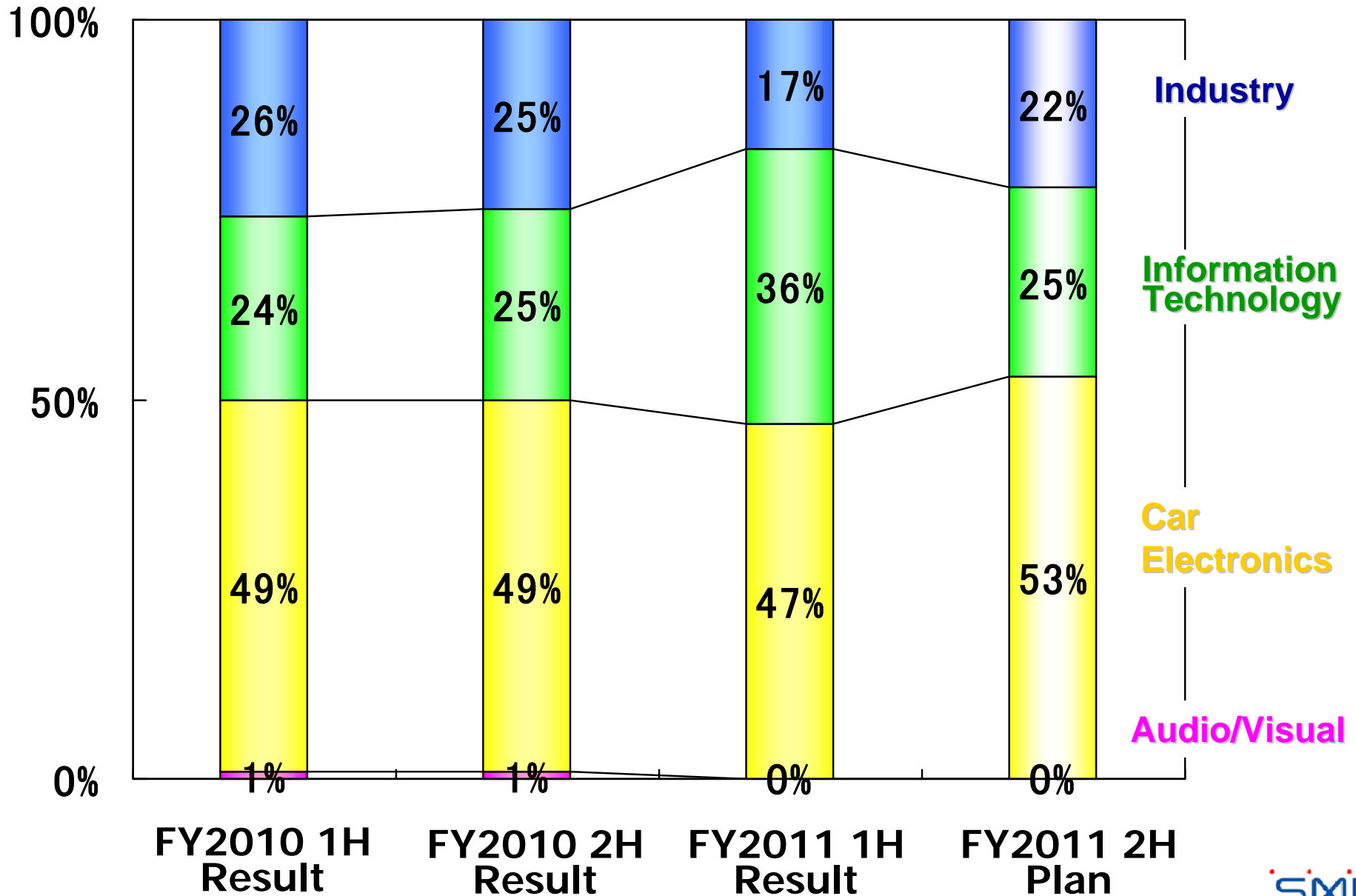
Sales Amount : 100 Million yen

Operating Income : 100 Million yen





# TP Division Transition of market-specific sales (Consolidated) 43/46





# TP Division Prioritized products and markets

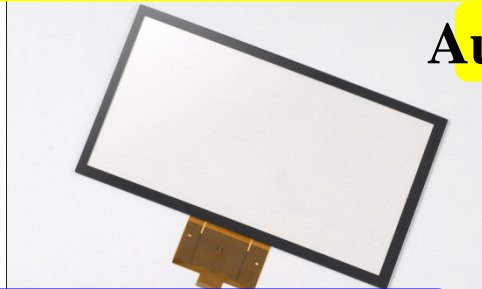
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**Expand Sales of New Products**

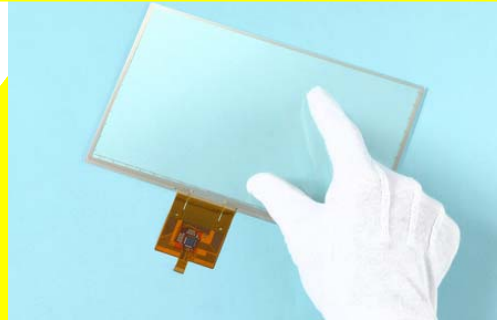
**ITO-less resistance sensitive system**

**Medium-sized capacitive system**

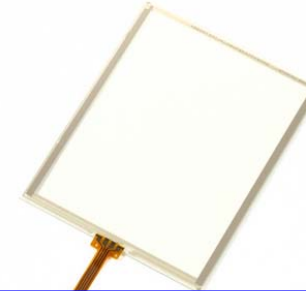
**Automotive capacitive system**



**Size: 7 to 11.6 inches**  
**Applications: Tablet terminals etc.**  
**Features: Thinness, lightness, and robustness**



**Size: Up to 8 inches**  
**Applications: Automotive (compatible with standard automotive specifications), etc.**  
**Features: Input while wearing gloves is possible, full-flat structure**  
**Maximum of 10 input points**



**Size: 2 to 15 inches (film/glass type)**  
**Applications: Mobile equipment, all kinds of office equipment, FA equipment, etc.**  
**Features: Durability and flexibility**



**Expand into new applications**



**Increase share**

These 3 new products were exhibited at the flat panel display integrated "FPD International 2011" exhibition held from 26th October.

Demonstration: Medium-sized capacitive system TP; automotive capacitive system TP Displayed: ITO-less resistance sensitive system TP





# TP Division FY2011 Policy

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## Expand operations

**1** Capture foreign market

**2** Secure profits

**Develop new products**

**Site improvement**

Focus on PH plant  
"out-out" products

**Exchange rate measures**

- Weak dollar response -  
Production base shift

Purchase US dollars / expand adoption  
of overseas materials



## Notice

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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/>