

FACT BOOK 2018

For the year ended March 31, 2018

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UMC Electronics Co., Ltd

Financial Highlights

UMC Electronics Co., Ltd. and Consolidated Subsidiaries

(Thousands of yen)

	2016/3	2017/3	2018/3
For the year:			
Net sales	110,051,722	111,915,564	125,676,610
(Plant output)	23,534,951	24,382,510	26,073,505
Gross profit	6,057,910	7,077,026	7,315,595
Selling, general and administrative expenses	3,719,794	4,203,955	4,772,315
Operating income	2,338,115	2,873,071	2,543,280
Profit attributable to owners of parent	1,814,492	1,306,148	1,518,026
Capital investment	3,008,584	4,634,069	5,835,445
Depreciation	2,308,787	2,227,204	2,525,000
Free cash flow	1,389,376	(2,178,145)	(6,013,896)
At year-end:			
Total assets	56,723,386	60,627,720	65,923,781
Total shareholders' equity	15,448,199	16,394,673	17,578,593
Total net assets	15,963,716	16,636,752	18,208,139
Per share (yen):			
Profit per share	139.30	81.16	94.30
Net assets per share	991.70	1,033.76	1,126.15
Cash dividends per share	22.30	22.30	30.00
Dividend payout ratio	16.00	27.50	31.80
Ratios (%):			
Operating profit/sales	2.1	2.6	2.0
ROE	13.3	8.0	8.7
ROA	3.3	2.2	2.4
Shareholders' Equity Ratio	28.1	27.4	27.5
Exchange rates into U.S. currency:			
At year-end	112.69	112.20	106.27
Average for the year	120.14	108.42	110.86
Number of shares issued:	8,356,140	8,356,140	16,743,080
Number of employees (at year-end):	8,811	10,862	10,495
Number of subsidiaries (at year-end):	11	11	12

Notes:

(1) Plant output = Net sales - Parts cost (Indicators in UMC Electronics)

(2) Dividend payout ratio = Cash dividend per share ÷ Basic earnings per share × 100

(3) ROE = Profit attributable to owners of parent ÷ Average shareholders' equity × 100

(4) ROA = Profit attributable to owners of parent ÷ Average total assets × 100

(5) Per share data are retroactively adjusted for a stock split at a ratio of 1:2 of common stock on June 1, 2017.

Operation Review

(1) Net Sales by Product Category

(Thousands of yen)

	2016/3	2017/3	2018/3
EMS business			
Automotive equipment	36,223,739	43,947,239	52,538,022
Share	32.9%	39.3%	41.8%
YoY		21.3%	19.5%
Industrial equipment	24,120,807	26,922,589	31,002,869
Share	21.9%	24.1%	24.7%
YoY		11.6%	15.2%
Office automation equipment	24,221,847	21,490,450	25,726,112
Share	22.0%	19.2%	20.5%
YoY		-11.3%	19.7%
Consumer equipment	12,564,935	8,364,055	6,889,164
Share	11.4%	7.5%	5.5%
YoY		-33.4%	-17.6%
Information equipment	9,193,641	6,894,136	4,534,770
Share	8.4%	6.2%	3.6%
YoY		-25.0%	-34.2%
Other EMS	3,305,376	3,797,099	4,575,782
Share	3.0%	3.4%	3.6%
YoY		14.9%	20.5%
Other business	421,374	499,994	409,888
Share	0.4%	0.4%	0.3%
YoY		18.7%	-18.0%
Total	110,051,722	111,915,564	125,676,610
YoY	-3.1%	1.7%	12.3%

Notes:

UMC Electronics reviews the criteria for each product category frequently for the purposes of its own accounts.

(2) Net Sales by Region

(Thousands of yen)

	2016/3	2017/3	2018/3
China	63,548,277	57,296,557	63,287,305
Vietnam	19,513,561	25,255,218	33,027,042
Japan	21,327,369	23,229,629	22,317,646
Thai	9,128,362	8,843,528	9,830,048
Other	26,371	55,107	43,110
Eliminations and adjustments	(3,492,218)	(2,764,476)	(2,828,542)
Total	110,051,722	111,915,564	125,676,610

Consolidated Balance Sheets

(Thousands of yen)

	2016/3	2017/3	2018/3
Assets			
Current assets			
Cash and deposits	13,074,194	9,880,829	6,093,104
Notes and accounts receivable-trade	17,274,633	18,765,190	21,289,774
Finished goods	1,537,126	2,183,259	1,666,147
Work in process	553,402	392,253	490,708
Raw materials and supplies	8,272,835	10,224,891	13,730,762
Income taxes receivable	64,420	2,722	—
Deferred tax assets	44,312	63,086	48,944
Other	1,107,020	1,626,955	1,720,493
Total current assets	41,927,944	43,139,186	45,039,935
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	9,303,507	9,239,625	9,790,367
Accumulated depreciation	(4,123,362)	(4,472,162)	(4,731,872)
Buildings and structures, net	5,180,145	4,767,463	5,058,495
Machinery, equipment and vehicles	16,413,477	16,407,114	18,334,186
Accumulated depreciation	(11,630,005)	(10,703,008)	(11,435,157)
Machinery, equipment and vehicles, net	4,783,471	5,704,105	6,899,028
Tools, furniture and fixtures	2,559,698	2,598,008	3,881,084
Accumulated depreciation	(1,564,385)	(1,579,692)	(2,414,174)
Tools, furniture and fixtures, net	995,312	1,018,315	1,466,909
Land	1,189,774	1,368,898	1,556,764
Leased assets	1,269,678	1,380,275	1,492,120
Accumulated depreciation	(312,299)	(459,343)	(610,122)
Leased assets, net	957,379	920,931	881,997
Construction in progress	47,487	1,039,598	2,774,952
Total property, plant and equipment	13,153,570	14,819,313	18,638,147
Intangible assets			
Software	445,641	373,556	413,346
Software in progress	5,963	186,862	206,964
Goodwill	40,969	—	—
Other	100	100	100
Total intangible assets	492,674	560,519	620,410
Investments and other assets			
Investment securities	238,780	1,113,534	1,164,104
Shares of subsidiaries and associates	—	53,407	—
Long-term prepaid expenses	532,468	678,280	238,331
Long-term time deposits	200,000	200,000	—
Deferred tax assets	119,832	2,475	170,002
Other	58,114	61,002	52,850
Total Investments and other assets	1,149,196	2,108,701	1,625,288
Total noncurrent assets	14,795,441	17,488,534	20,883,846
Total assets	56,723,386	60,627,720	65,923,781

(Thousands of yen)

	2016/3	2017/3	2018/3
Liabilities			
Current liabilities			
Notes and accounts payable - trade	16,583,893	19,336,652	20,786,842
Short-term loans payable	3,789,110	5,401,540	6,652,786
Current portion of long-term loans payable	5,547,406	5,115,844	5,438,076
Current portion of bonds	184,000	184,000	80,000
Lease obligations	188,837	171,320	290,987
Income taxes payable	594,574	751,400	935,226
Accounts payable - other	664,336	1,087,925	1,146,744
Accrued expenses	823,300	968,986	1,101,655
Provision for bonuses	178,341	190,142	200,903
Other	126,413	115,521	92,553
Total current liabilities	28,680,213	33,323,335	36,725,776
Noncurrent liabilities			
Bonds payable	264,000	80,000	—
Long-term loans payable	10,654,367	9,424,398	10,036,814
Lease obligations	902,880	780,282	585,805
Liabilities for retirement benefits	2,022	3,854	6,735
Deferred tax liabilities	235,685	365,520	339,783
Other	20,500	13,577	20,726
Total noncurrent liabilities	12,079,456	10,667,633	10,989,865
Total liabilities	40,759,669	43,990,968	47,715,642
Net assets			
Shareholders' equity			
Capital stock	1,334,000	1,334,000	1,345,935
Capital surplus	5,513,746	5,513,881	5,525,816
Retained earnings	8,744,610	9,690,950	10,851,086
Treasury stock	(144,158)	(144,158)	(144,244)
Total shareholders' equity	15,448,199	16,394,673	17,578,593
Accumulated comprehensive income			
Valuation difference on available-for-sale securities	(41,753)	133,991	164,272
Deferred gains or losses on hedges	(12,381)	(7,533)	(4,340)
Foreign currency translation adjustment	565,654	115,619	419,739
Total accumulated comprehensive income	511,518	242,078	579,671
Non-controlling interests	3,998	—	—
Share acquisition rights	—	—	49,875
Total net assets	15,963,716	16,636,752	18,208,139
Total liabilities and net assets	56,723,386	60,627,720	65,923,781

Consolidated Statements of Income

(Thousands of yen)

	2016/3	2017/3	2018/3
Net sales	110,051,722	111,915,564	125,676,610
Cost of sales	103,993,811	104,838,538	118,361,014
Gross profit	6,057,910	7,077,026	7,315,595
Selling, general and administrative expenses	3,719,794	4,203,955	4,772,315
Operating income	2,338,115	2,873,071	2,543,280
Non-operating income			
Interest income	11,341	11,635	12,149
Dividends income	35,705	42,377	32,034
Insurance return	112,727	—	—
Other	42,779	40,530	49,052
Total non-operating income	202,553	94,543	93,236
Non-operating expenses			
Interest expenses	375,338	375,861	464,140
Share of loss of entities accounted for using equity method	—	4,743	5,571
Foreign exchange losses	26,762	407,816	50,476
Going public expenses	28,071	—	—
Other	4,879	18,701	40,679
Total non-operating expenses	435,051	807,123	560,868
Ordinary income	2,105,617	2,160,490	2,075,649
Extraordinary income			
Gain on sales of non-current assets	29,426	187	3,108
Gain on sales of investment securities	190,354	44,998	69,651
Gain on sales of shares of subsidiaries and associates	—	75,114	—
Subsidy income	133,640	—	—
Gain on change in equity	—	19,423	—
Total extraordinary income	353,422	139,724	72,759
Extraordinary losses			
Loss on sales of property, plant and equipment	—	—	6,097
Loss on retirement of non-current assets	4,183	19	6,738
Impairment loss	18	—	—
Gain on reversal of loss on valuation of investment securities	—	538	—
Business structure improvement expenses	—	322,692	—
Total extraordinary loss	4,201	323,249	12,835
Profit before income taxes	2,454,838	1,976,965	2,135,573
Income taxes-current	616,005	499,375	806,508
Income taxes-deferred	28,929	157,861	(188,961)
Total income taxes	644,934	657,236	617,547
Profit for the year	1,809,903	1,319,729	1,518,026
Profit attributable to non-controlling interests	(4,589)	13,580	—
Profit attributable to owners of parent	1,814,492	1,306,148	1,518,026

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	2016/3	2017/3	2018/3
Profit for the year	1,809,903	1,319,729	1,518,026
Other comprehensive income			
Valuation difference on available-for-sale securities	(311,855)	175,745	30,280
Deferred gains or losses on hedges	(437)	4,848	3,192
Foreign currency translation adjustment	(1,359,137)	(450,034)	304,120
Total other comprehensive income	(1,671,430)	(269,440)	337,593
Comprehensive income	138,473	1,050,288	1,855,619
(Content)			
Comprehensive income for the parent company's shareholders	143,062	1,036,708	1,855,619
Comprehensive income attributable to non-controlling interests	(4,589)	13,580	—

Consolidated Statements of Cash Flows

(Thousands of yen)

	2016/3	2017/3	2018/3
Net cash provided by (used in) operating activities			
Profit before income taxes	2,454,838	1,976,965	2,135,573
Depreciation and amortization	2,308,787	2,227,204	2,525,000
Impairment loss	18	—	—
Amortization of goodwill	8,186	7,229	—
Increase (decrease) in provision for bonuses	(19,050)	15,718	10,825
Interest and dividends income	(47,046)	(54,012)	(44,184)
Interest expenses	375,338	375,861	464,140
Share of (profit) loss of entities accounted for using equity method	—	4,743	5,571
Foreign exchange losses (gains)	(132,664)	(92,448)	513,077
Loss (gain) on sales of investment securities	(190,354)	(44,998)	(69,651)
Loss (gain) on sales of shares of subsidiaries and associates	—	(75,114)	—
Loss (gain) on valuation of investment securities	—	538	—
Loss (gain) on sales of property, plant and equipment	(29,426)	(187)	2,989
Loss on retirement of property, plant and equipment	4,183	19	6,738
Share-based compensation expenses	—	—	49,875
Gain on maturity of insurance contract	(112,727)	—	—
Subsidy income	(133,640)	(1,980)	—
Loss (gain) on change in equity	—	(19,423)	—
Decrease (increase) in notes and accounts receivable-trade	(346,593)	(2,065,403)	(2,452,966)
Decrease (increase) in inventories	(540,152)	(2,560,772)	(3,298,875)
Increase (decrease) in notes and accounts payable-trade	905,882	3,180,488	1,374,514
Increase (decrease) in accounts payable-other	151,596	227,654	(315,968)
Other	(340,133)	(350,192)	(101,322)
Subtotal	4,317,040	2,751,891	805,338
Interest and dividends income received	47,046	54,012	44,184
Interest expenses paid	(386,143)	(366,405)	(470,117)
Proceeds from subsidy income	133,640	1,980	—
Income taxes paid	(982,972)	(383,523)	(511,760)
Net cash provided by (used in) operating activities	3,128,611	2,057,954	(132,356)
Net cash provided by (used in) investment activities			
Payments into time deposits	(100,000)	—	—
Purchase of property, plant and equipment	(2,581,081)	(3,444,029)	(5,835,976)
Proceeds from sales of property, plant and equipment	223,955	187	20,567
Purchase of intangible assets	(61,701)	(243,092)	(185,077)
Purchase of investment securities	(50,728)	(689,896)	(3,231)
Proceeds from sales of investment securities	874,750	106,308	110,880
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	2,579	—	—
Purchase of investoments in subsidiaries resulting in change in scope of consolidation	(251,623)	—	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	39,020	—
Proceeds from cancellation of insurance funds	202,515	—	—
Other	2,098	(4,598)	11,296
Net cash provided by (used in) investment activities	(1,739,235)	(4,236,099)	(5,881,540)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	1,298,359	1,531,212	1,390,780
Proceeds from long-term loans payable	5,253,490	4,282,976	7,331,064
Repayment of long-term loans payable	(6,666,625)	(5,888,202)	(5,940,046)
Redemption of bonds	(184,000)	(184,000)	(184,000)
Proceeds from sales of treasury shares	4,524,465	—	—
Purchase of treasury shares	—	—	(86)
Repayments of lease obligations	(197,276)	(148,923)	(188,987)
Proceeds from share issuance to non-controlling shareholders	—	1,000	—
Cash dividends paid	(96,505)	(358,882)	(358,882)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	—	23,870
Net cash provided by (used in) financing activities	3,931,907	(764,819)	2,073,711
Effect of exchange rate change on cash and cash equivalents	(437,119)	(250,399)	(47,540)
Net increase (decrease) in cash and cash equivalents	4,884,164	(3,193,364)	(3,987,725)
Cash and cash equivalents at beginning of period	7,990,030	12,874,194	9,680,829
Cash and cash equivalents at end of period	12,874,194	9,680,829	5,693,104

History

1968	Established in Kawasaki as Uchiyama Seisakusho Co. Ltd.
1976	Green System Co. established
1992	Ageo factory built Omiya head office built
1994	Head office factory built
1997	ISO 9002 certification acquired
1998	Green System Co. Kitakami Development Center new building built
2000	UMC Electronics Hong Kong Ltd. Established UMC Electronics China, Shenzhen Works built ISO 9001 certification acquired (Japan)
2001	ISO 9001 certification acquired (China)
2002	ISO 14001 certification acquired (Japan, China) OHSAS18001 certification acquired (China)
2003	QS9000 certification acquired (China)
2004	UMC Electronics (Shenzhen) Ltd. established UMC Just in Staff Co., Ltd. Established UMC Electronics China, Dongguan Works built UMC Electronics (Dongguan) Ltd. Established
2005	ISO/TS 16949 certification acquired (China) Miyazaki factory new premises built Logistics Center built in Ageo district
2006	UMC Electronics China, Dongguan Works moved to new Dongguan factory ISO/TS 16949 certification acquired (Japan) UMC Electronics Vietnam Limited established
2007	Vietnam factory started operations Sales and Procurement Dpartment, VCM Sales Department (Nagoya) established
2008	Sales and Procurement Dpartment, Spiral Up EMS Sales Department (Miyazaki) established ISO9001, ISO 14001 certification acquired (Vietnam)
2009	Sales and Procurement Dpartment, VAS Sales Department (Osaka) established
2010	Global Compact Japan Network joined UMC Electronics and Green System head offices moved to Ageo
2011	UMC Electronics (Thailand) Limited established
2013	Thailand factory started operations UMC Electronics Europe GmbH established (sales base for Germany/Europe)
2014	ISO 9001,ISO 14001 certification acquired (Thailand)
2015	UMC acquired UMC Dongguan Plastics Co., Ltd.
2016	UMC listed on the First Section of Tokyo Stock Exchange UMC Electronics Mexico, S.A. de C.V. established Merger and acquisition of Green System Co. UMC Electronics Manufacturing (Dongguan) Co., Ltd. Established ISO/TS 16949 certification acquired (Vietnam) ISO/TS 16949 certification acquired (Thailand) Sales and Procurement Dpartment, CRM Sales Department (Shizuoka) established
2017	Wuhan Sales Department established Chicago Sales Department established
2018	50th Anniversary Basic agreement with Hitachi, Ltd. on collaboration for strengthening manufacturing First public offering after IPO (Amount Raised: Approximately 8.3 billion yen)

Corporate Data, Stock Information

(As of March 31, 2018)

Corporate Data

Corporate name	UMC Electronics Co., Ltd
Main Business	EMS (Electric Manufacturing Service)
Established	January 5, 1968
Capital	¥1,345 million
Stock Exchange Listing	Tokyo Stock Exchange, First Section (Securities code: 6615)
President	Shigeki Uchiyama
Employees (As of March 31, 2018)	10,495 (consolidated)
Head office	721 Kawarabuki, Ageo-shi, Saitama 362-0022, Japan
Telephone	+81-048-724-0001

Share Data

Authorized Shares	54,000,000
Issued and outstanding	16,743,080
Shareholders (including holders of fractional shares)	1,891

Major Shareholders (Listing 10 by Shareholding)

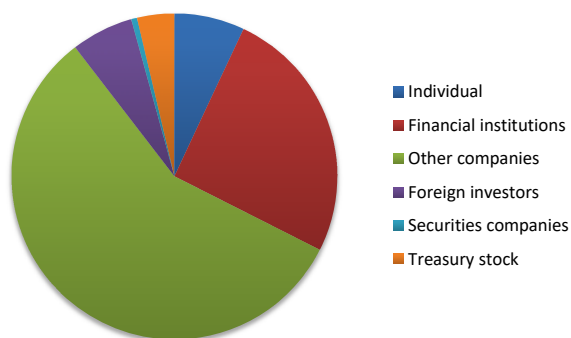
Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Total Shares Issued (%)
S Uchiyama Holdings, Ltd.	3,635	22.55
Tokyo Century Corporatain	1,721	10.68
H Uchiyama Holdings, Ltd.	1,512	9.38
O Uchiyama Holdings, Ltd.	1,283	7.96
The Master Trust Bank of Japan ,Ltd. (Trustee Account)	949	5.89
TOYOTA INDUSTRIES CORPORATION	676	4.19
NOK Corporation	640	3.97
Japan Trustee Services Bank, Ltd. (Trustee Account)	548	3.40
The Nomura Trust and Banking Co, Ltd. (Trust Account)	457	2.84
The Shoko Chukin Bank, Ltd	447	2.77

Note: Percentage is calculated excluding treasury stock (618,927 shares).

Shareholders by Category

	Number of Shares Held	Percentage of Total Shares Issued (%)
Individual	1,168,325	6.98
Financial institutions	4,263,400	25.46
Other companies	9,565,640	57.13
Foreign investors	1,033,499	6.17
Securities companies	93,469	0.56
Treasury stock	618,927	3.70

Note: Including holders of fractional shares



Stock Price Trend

