

*UMC ELECTRONICS, an EMS Specialist,
Supports Manufacturing in Japan!*

Financial Results for the First Quarter Ended June 30, 2017

UMC Electronics Co., Ltd.
(Securities Code: 6615)



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(Note) Monetary figures are rounded down to the nearest whole unit and ratios are rounded off to the first decimal place.



Summary of Consolidated Financial Results

(Millions of yen)	FY2016 1Q Result	FY2017 1Q Result	YoY	
			Change	Percentage change
Net Sales	25,138	30,016	+4,877	+19.4%
(Plant Output)* ¹	5,729 22.8%	6,479 21.6%	+749 (1.2pt)	+13.1% —
Gross Profit	1,662 6.6%	1,749 5.8%	+87 (0.8pt)	+5.3% —
Operating Income	675 2.7%	583 1.9%	(91) (0.8pt)	(13.6%) —
Ordinary income	348 1.4%	500 1.7%	+151 +0.3pt	+43.5% —
Net Income	(110)* —	340 1.1%	+451 —	— —
* Chinese business restructuring expenses of 331 million yen were recorded in 1Q.				
USD Rate (JPY)	Average 108.25 End of period 102.96	Average 111.10 End of period 112.00	+2.85 +9.04	

*1 Plant Output= Net sales - Parts cost

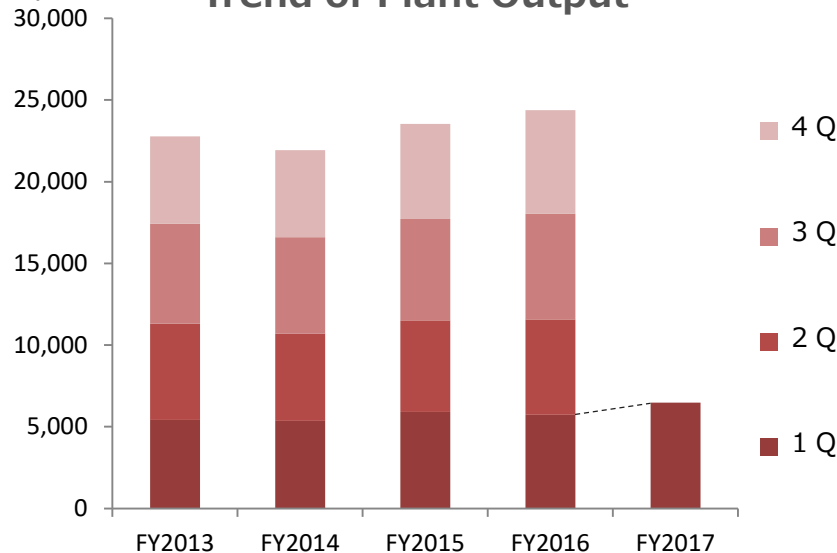
The net sales of an EMS company depends heavily on the product unit price and thus the Company discloses it as an indicator of "plant output," which shows the added value.



Performance Trends

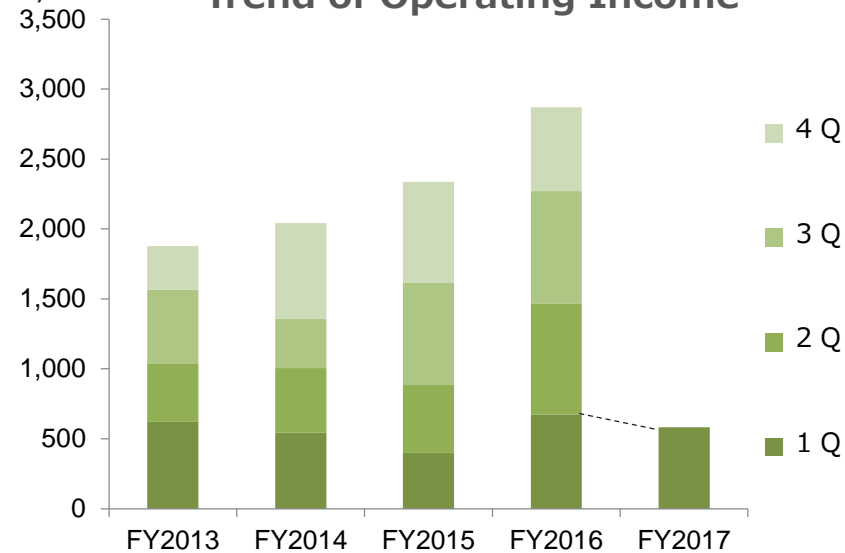
(Millions of yen)

Trend of Plant Output

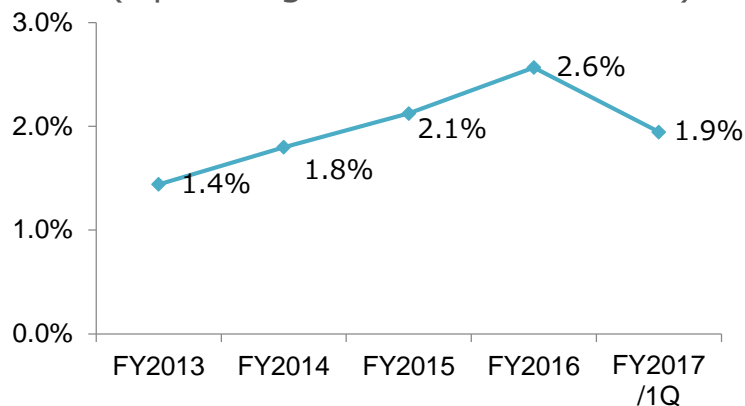


(Millions of yen)

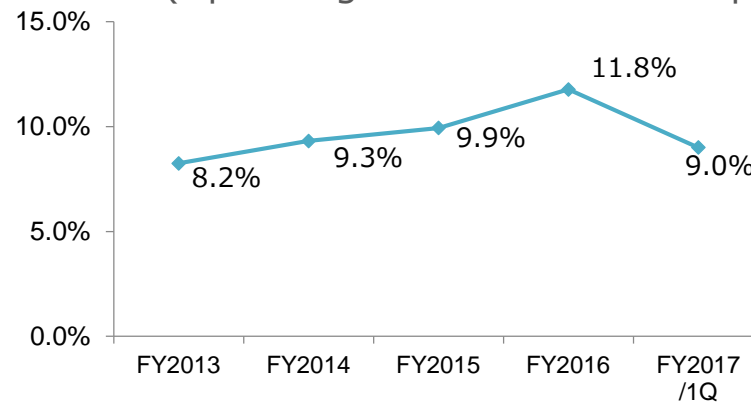
Trend of Operating Income



Trend of Operating Margin (Operating Income ÷ Net Sales)



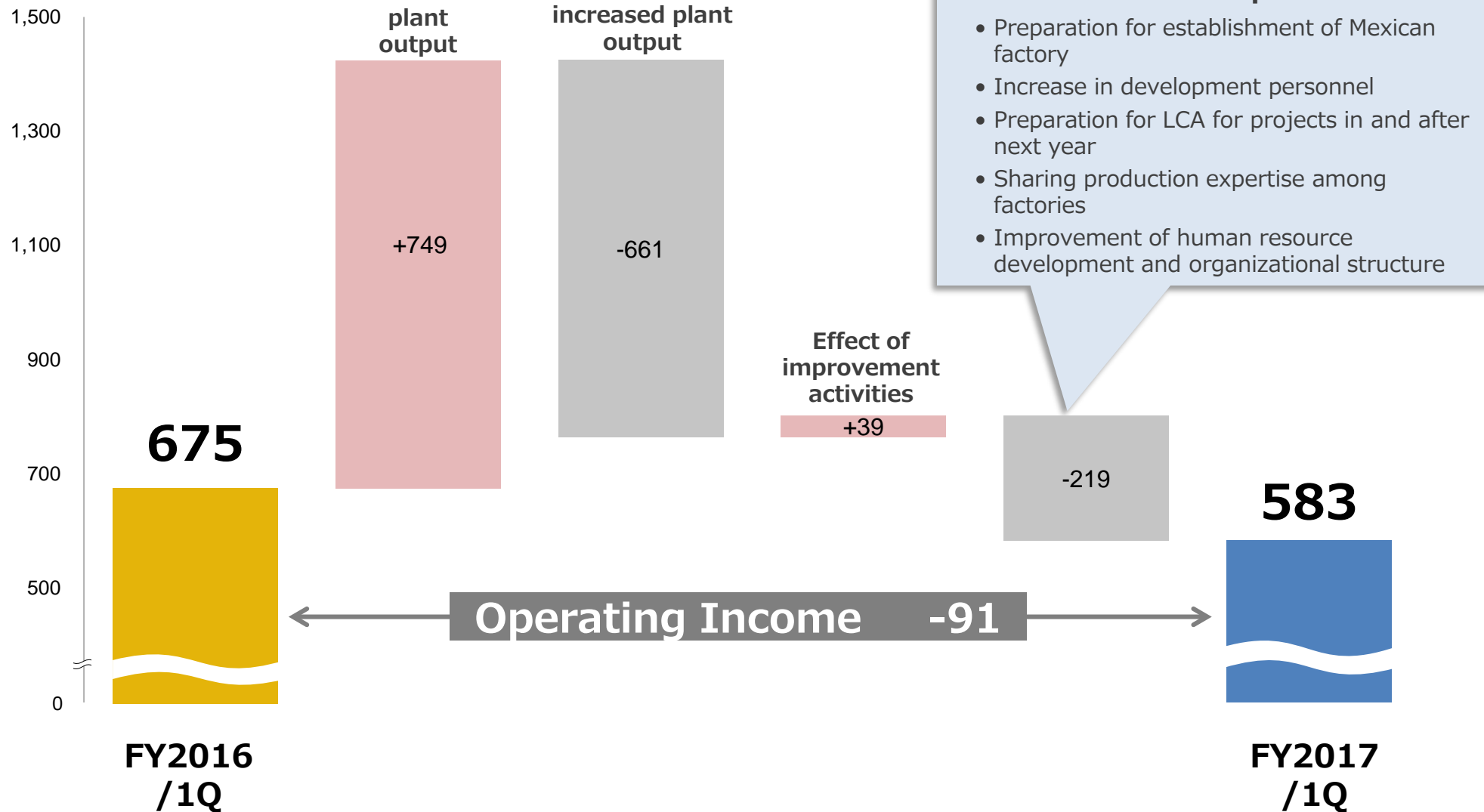
Trend of Operating Margin (Operating Income ÷ Plant Output)





Factors for Change in Consolidated Operating Income (FY2016/1Q vs. FY2017/1Q)

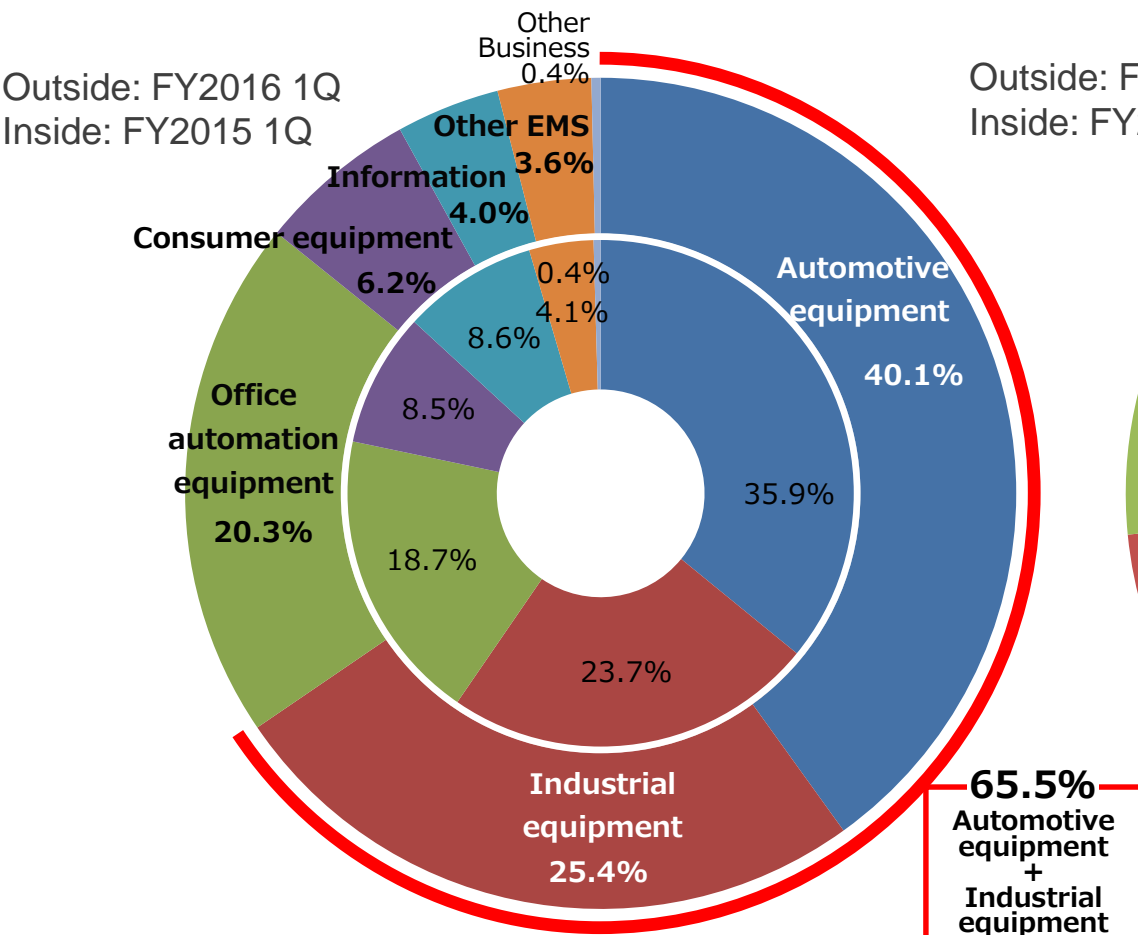
(Millions of yen)





Sales Breakdowns by Product Category and by Region

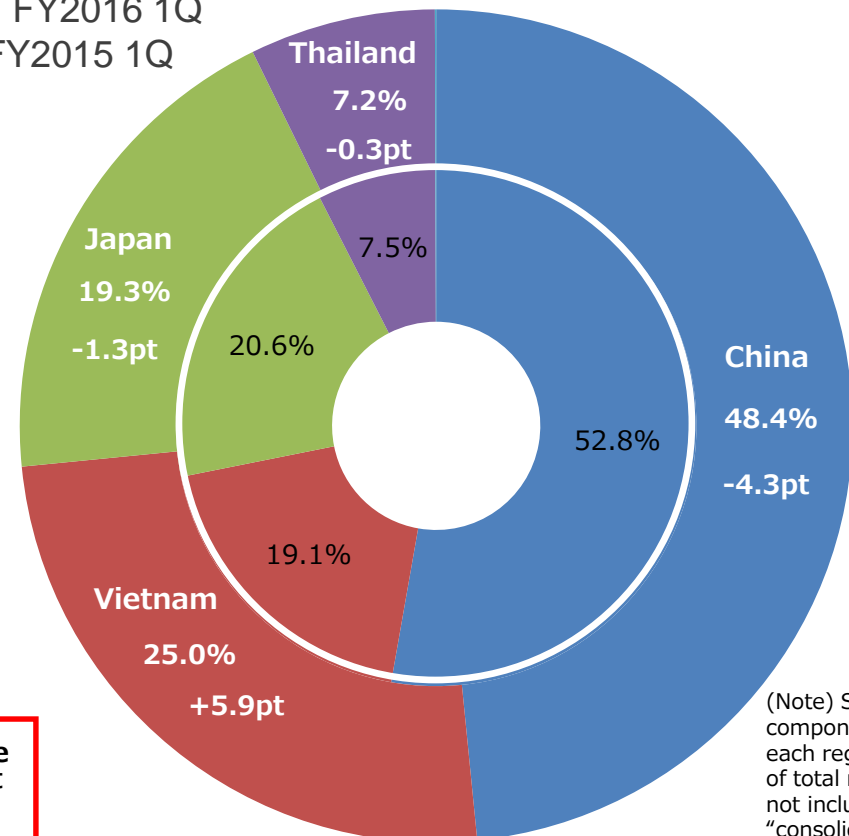
Net sales by product category



Ratio of automotive and industrial equipment sales rose 5.5% YoY

Net sales by region

Outside: FY2016 1Q
Inside: FY2015 1Q



(Note) Sales component ratio of each region is ratio of total net sales not including "consolidation adjustments".

Base in Vietnam was growth



Sales Breakdowns by Product Category

Break down of Automotive equipment

(Millions of Yen)

12,000

10,000

8,000

6,000

4,000

2,000

0

FY2015/1Q

FY2016/1Q

FY2017/1Q

7,132

9,022

12,025

Electrical equipment

Engine electrical system

Body

Speedmeters

Exterior

Body control/ Drive system

Door handles & locks

Other



Balance sheet and Cash flow

Balance Sheet

FY2016

(Millions of yen)

60,627

Current Assets	Liabilities
43,139	22,835
	Interest bearing Debt
	21,157
Noncurrent Assets	Net Assets
17,489	16,636

FY2017/1Q

63,942

Current Assets	Liabilities
45,455	26,390
	Interest bearing Debt
	20,641
Noncurrent Assets	Net Assets
18,486	16,910

Cash Conversion Cycle

Notes and accounts receivable -trade	Notes and accounts payable-trade		Notes and accounts receivable -trade	Notes and accounts payable-trade
18,765	19,322	0.05 months CCC reduction	20,377	22,821
Inventories	12,243		Inventories*	12,625
12,800			15,069	

* Built up safe inventories in response to the market environment for electronic parts.

Total Assets ¥60,627million
Equity Ratio 27.4%

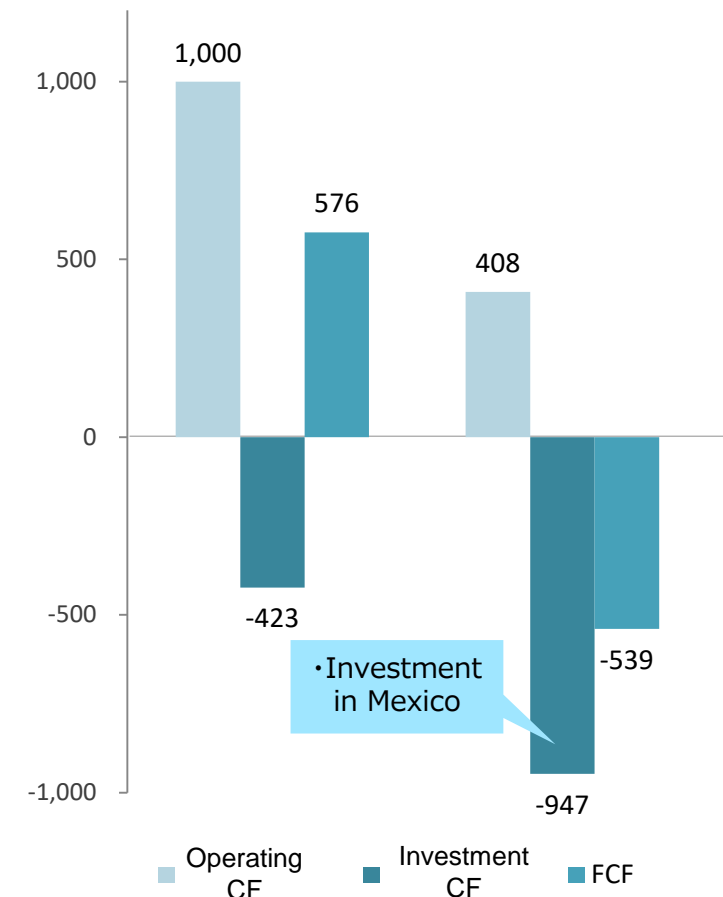
Total Assets ¥63,942million
Equity Ratio 26.4%

(Note) Interest-bearing debt is all liabilities recorded on the balance sheet on which the Company pays interest

Cash Flow (For Reference)

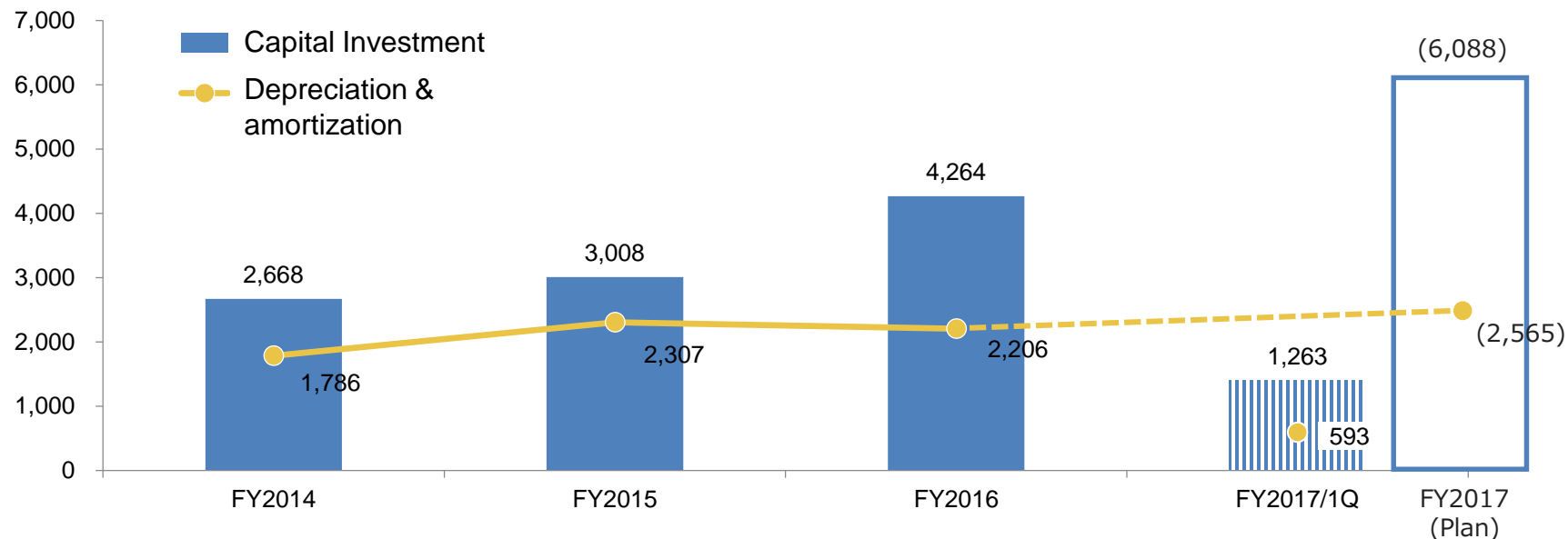
(Millions of yen)

FY2016 1Q **FY2017 1Q**



Capital Investment and Depreciation & Amortization

(Millions of yen)



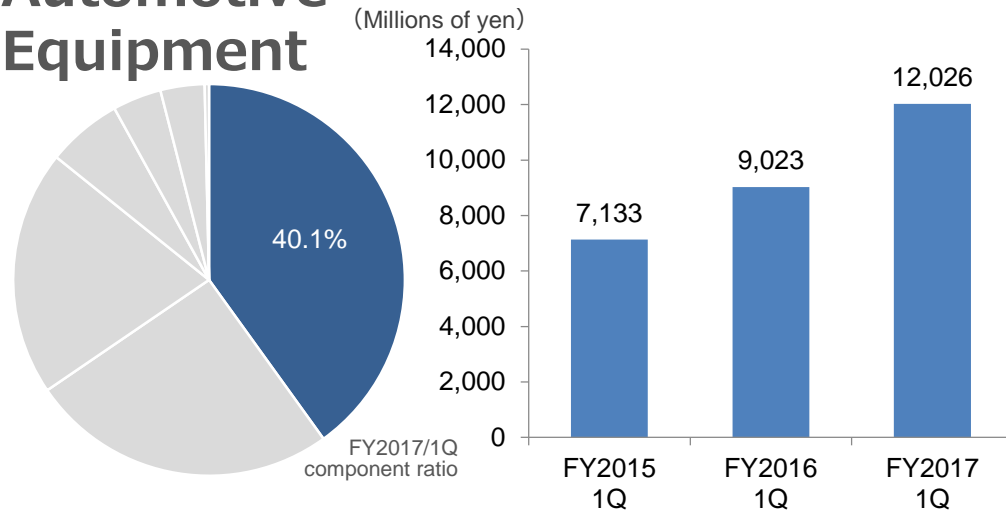
Breakdown of Capital Investment

(Millions of yen)	FY2014	FY2015	FY2016	FY2017 1Q Result
Japan	567	318	860	75
China	1,533	1,157	1,233	190
Vietnam	496	959	664	504
Thailand	72	574	423	125
Mexco	0	0	1,081	369
Total	2,668	3,008	4,264	1,263



Net Sales by Product Category

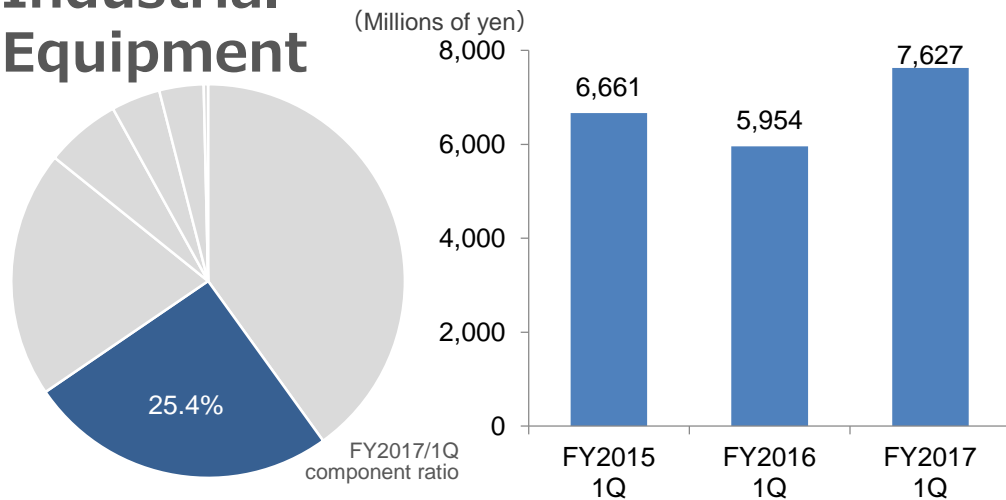
Automotive Equipment



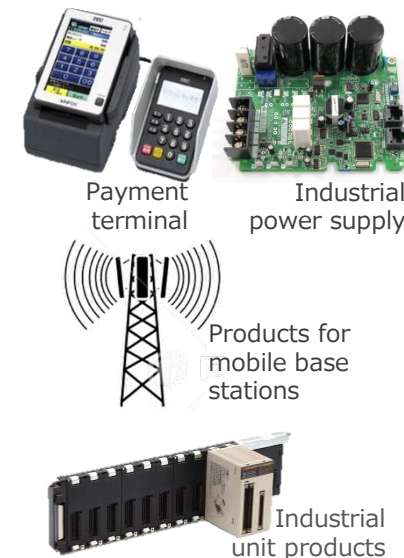
- ◆ Sales of critical safety parts such as power trains, control and drive systems were strong because our track record in domestically produced power control products continued to be recognized in China.
- ◆ New development of various electrical equipment for environmentally-friendly vehicles
- ◆ Expansion of transactions with customers with competitiveness in the market.



Industrial Equipment



- ◆ Sales of power supply systems, inverters and motor drivers of leading Japanese manufacturers recovered.
- ◆ Proposed business development in Vietnam, which is an export base with price competitiveness, to customers.
- ◆ In FY2017, the portfolio will be changed due to a shift to higher value-added products.
- ◆ Conceptualize LCA for power supply systems

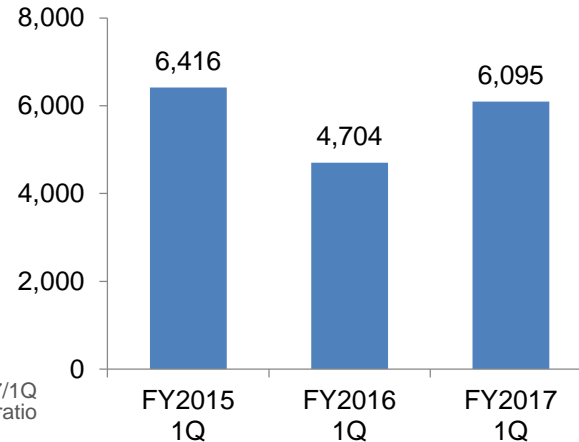
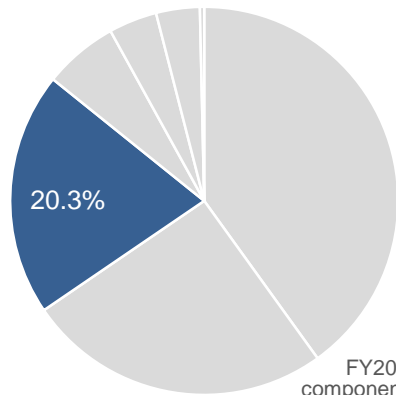




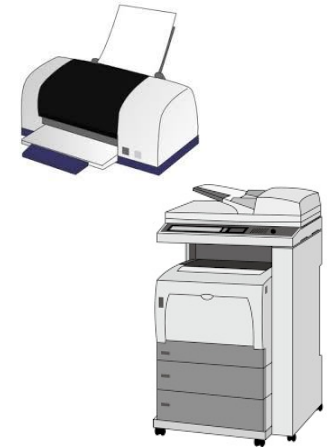
Net Sales by Product Category

Office Automation Equipment

(Millions of yen)



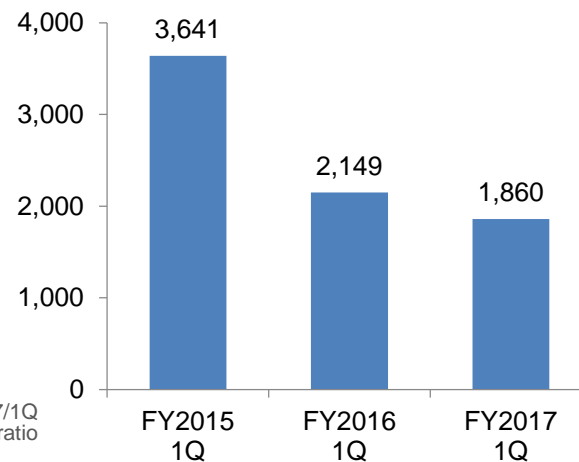
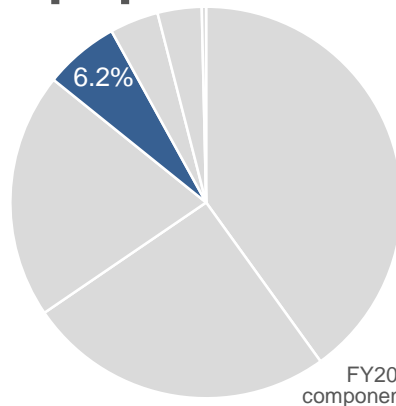
- ◆ The in-house share expanded due to the consolidation of vendors on the customers' side.
- ◆ Approach from the design stage, taking advantage of enhanced value chains.



Various circuit boards for leading printer manufacturers

Consumer Equipment

(Millions of yen)



- ◆ Price competition among brand manufacturers was fierce.
- ◆ Aiming at integrally manufactured products from the design stage through to finished products.



LED lighting

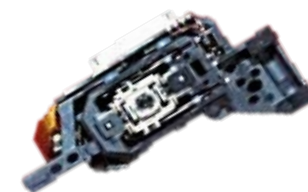
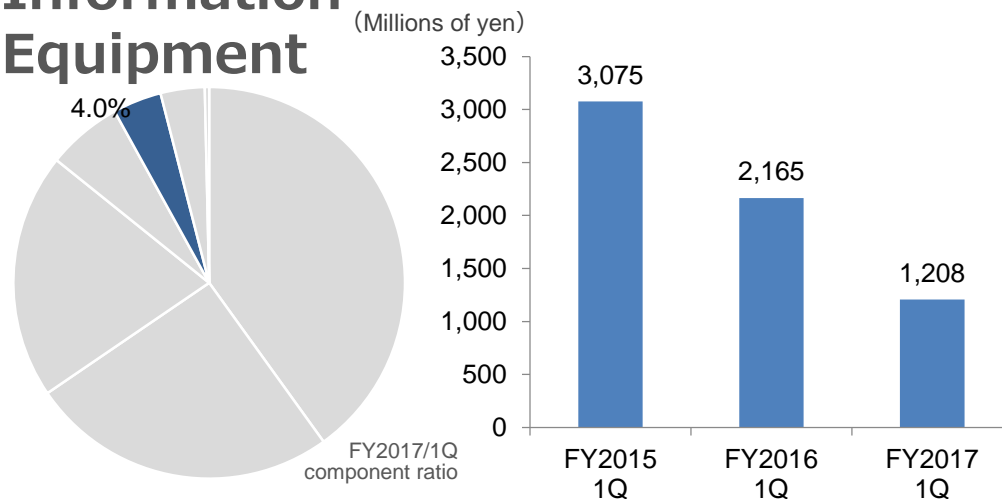


Circuit board for air purifier



Net Sales by Product Category

Information Equipment



Optical pickup



Projects to Establish New Offices/Factories and Increase Functions

March 2017 Establishment of Chicago office

Built a system to respond rapidly to the demands of automotive equipment suppliers in North America

From May 2016 Preparation for operation at Mexican factory

New Mexican factory handling board installation, molding, and finished products to meet demand for automotive equipment

June 2017 Establishment of Saga factory

Construction of a new factory in Kanzaki, Saga Pref. that mainly assembles automotive equipment. Together with the existing Miyazaki factory, the Saga factory allows the acceptance of contracts for the unified process from board installation to assembly and warehouse operation and increases UMC's production capacity in the Kyushu region.

Location	3206-1 Kanzakimachi Motohori, Kanzaki, Saga Pref.
Size	Land area: 2,832 m ² Building area: 2,071 m ²
Schedule	Aug. 2017: Construction commenced Aug. 2018: Scheduled to begin mass production

February 2017 Establishment of Wuhan office

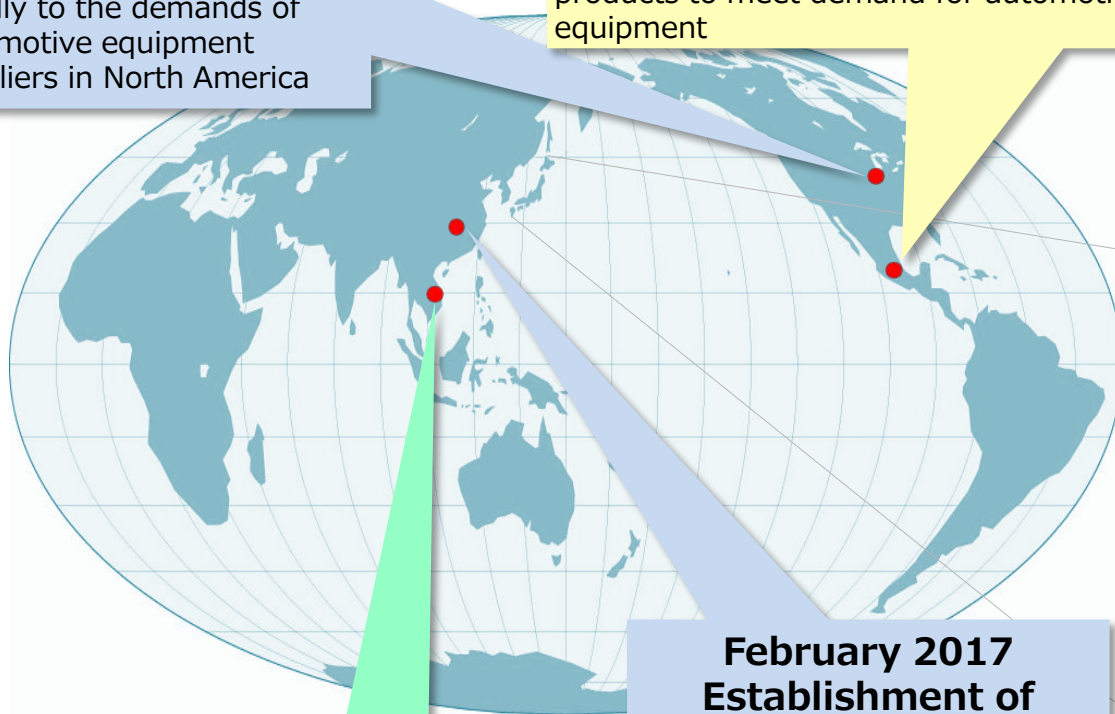
Meeting customer demand including Chinese automakers

Vietnam

Expanding LCA manufacturing facilities

Head Office factory

Building a global showroom





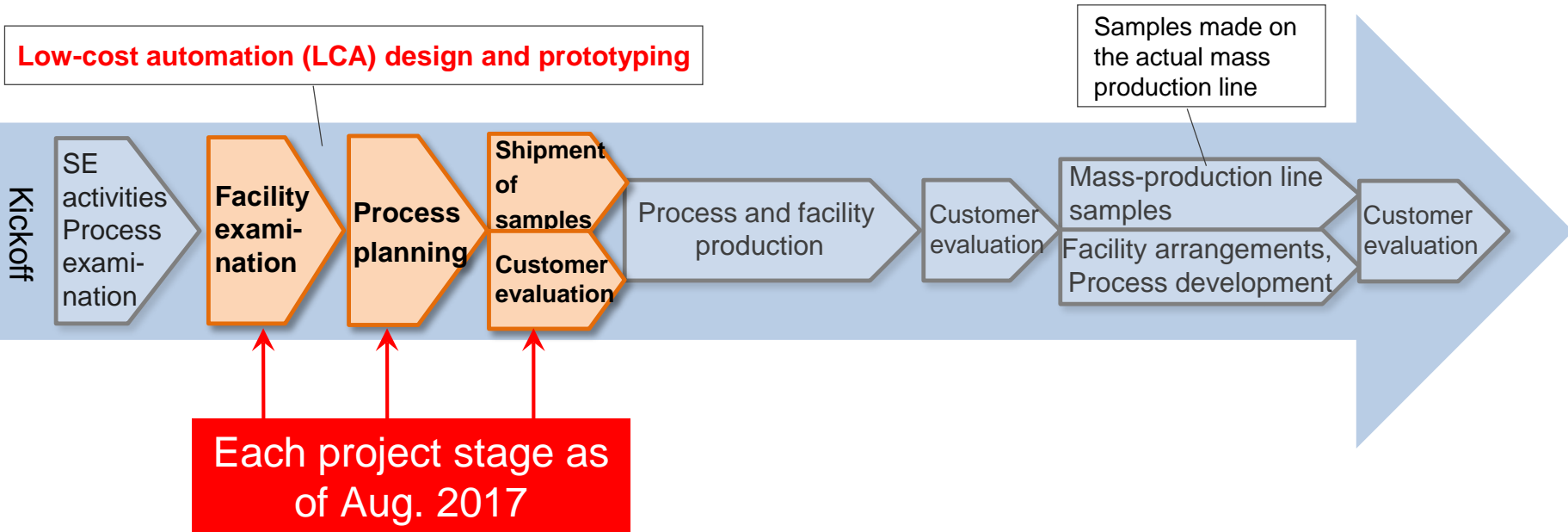
Progress of New Automotive Equipment Project

Project roadmap for mass production from 2018 to 2020

2018 - 2020

Mass production begins

Low-cost automation (LCA) design and prototyping



Input a large amount of resources by simultaneously implementing 10 new orders received (critical safety parts for “running, turning, and stopping”)



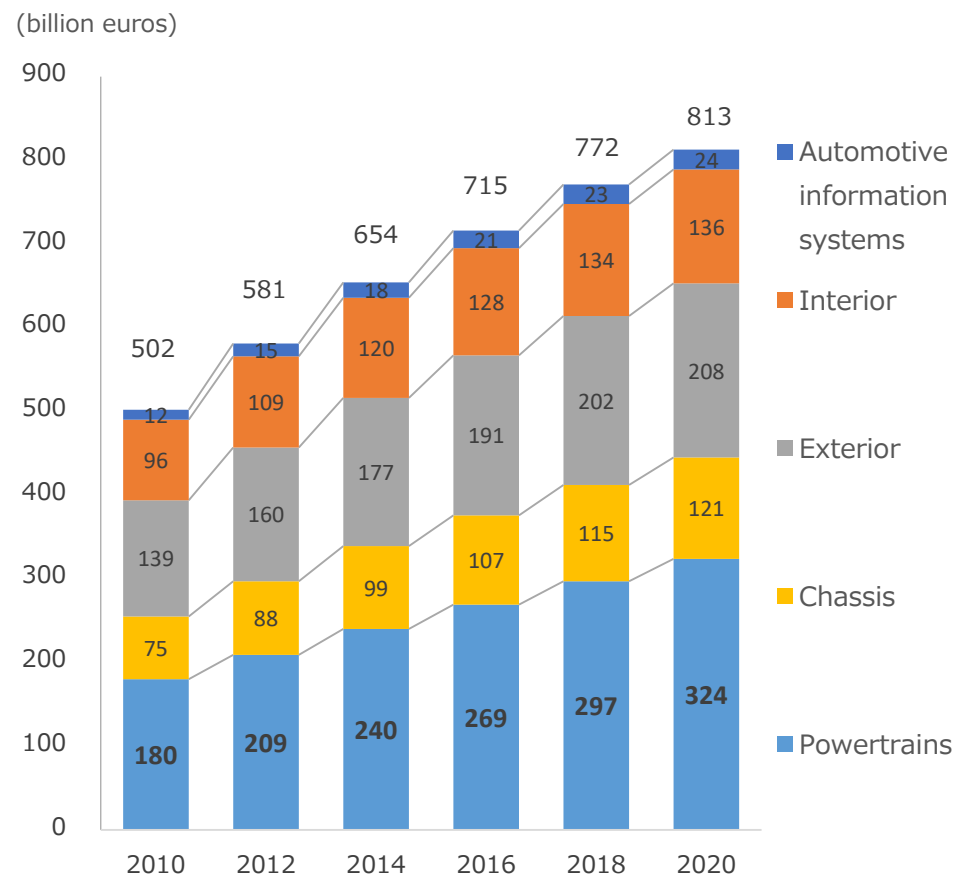
Changes Expected to Occur through Electronic Control of Automobiles and Diffusion of IoT

Growing demand for electronic control units (ECU) for automobiles

System	Major Item	Results for 2012 (trillion yen)	Forecast for 2020 (trillion yen)	Avg. Yearly Growth Rate
Safety Systems	Advanced driver-assistance systems (ADAS), parking assistance, airbags	1.9	3.6	7.9%
Information Systems	Electronic instrument panels, HUD, navigation systems, car audios	3.9	6.6	6.8%
Body Systems	Air-conditioning, electric seats, electric windows	4.1	6.1	5.1%
Drive Systems	Engine control, transmissions, brakes	8.2	13.5	6.5%
Total		18.1	29.7	6.4%

Source: Development Bank of Japan Research Report No. 231-1

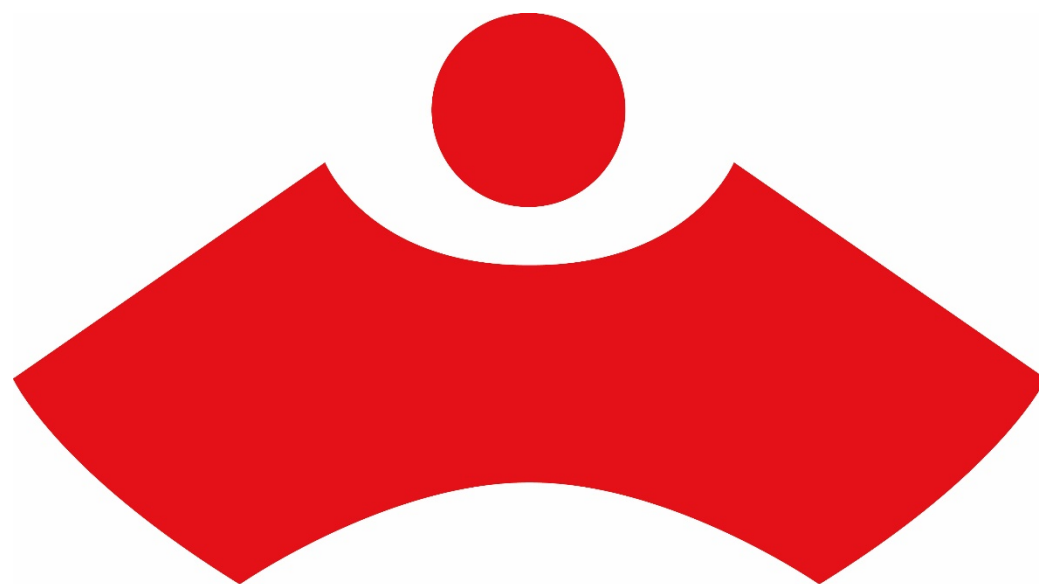
Growth of auto parts market



Source: Roland Berger "Auto Parts Business Environment"

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