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# MegaChips Corporation

**Financial results for the  
third-quarter of fiscal year ending  
March 2018 (3Q FY2017)**

*<http://www.megachips.co.jp/english/index.html>*

# Contents

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<b>1. 3Q FY2017 Results</b>	.....	<b>3</b>
<b>2. FY2017 Forecasts</b>	.....	<b>7</b>

# 3Q FY2017 Results

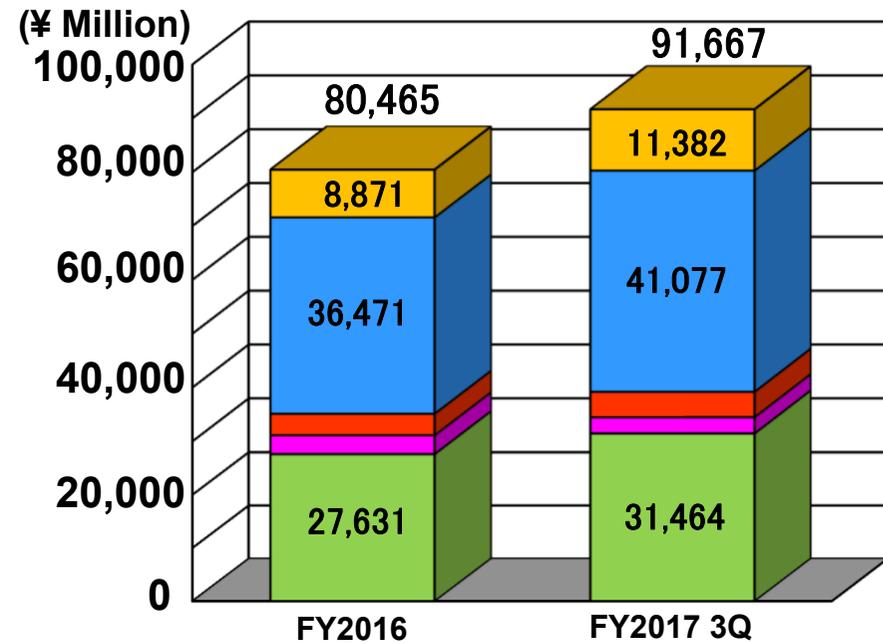
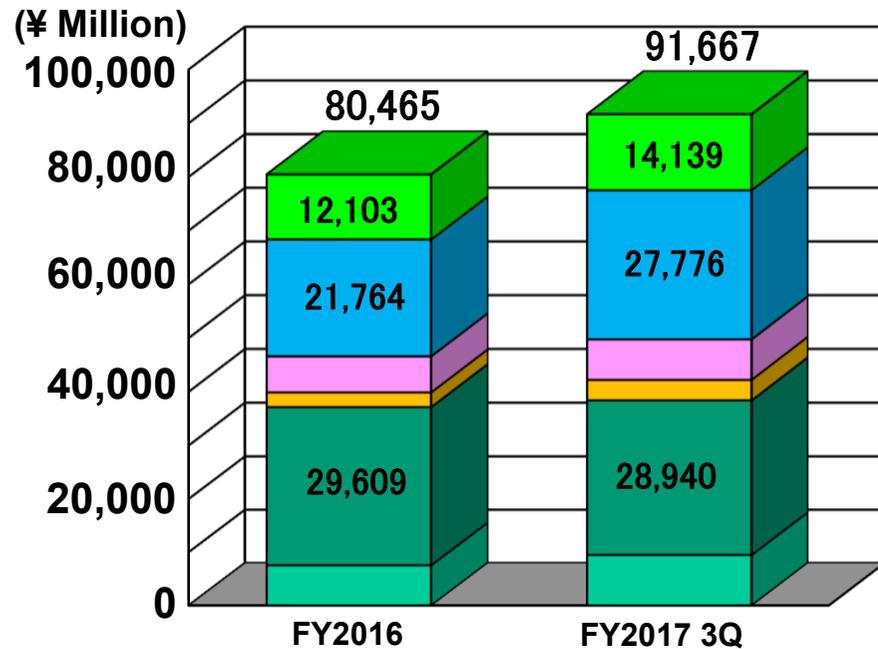
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# FY2017 3Q Consolidated Statement of Income (Summary)

(¥ Millions)		FY2017 3Q Accumulate results	FY2016 3Q Accumulate results
<b>Consolidated</b>	Net sales	67,369	48,779
	Operating income prior to ①	4,869	3,579
	①Amortization of goodwill etc.	2,113	2,001
	Operating income After ①	2,755	1,578
	Ordinary income	2,435	894
	Profit belonging to shareholders of parent company	1,853	- 1,069
	Net income per share (¥)	85.73	- 49.88

As for the consolidated business results for the first half of FY2017, both sales and operation income were higher than the same quarter a year ago due to the increased demand for the game software storage LSI (custom memory), Smart Connectivity (DisplayPort) and MEMS timing.

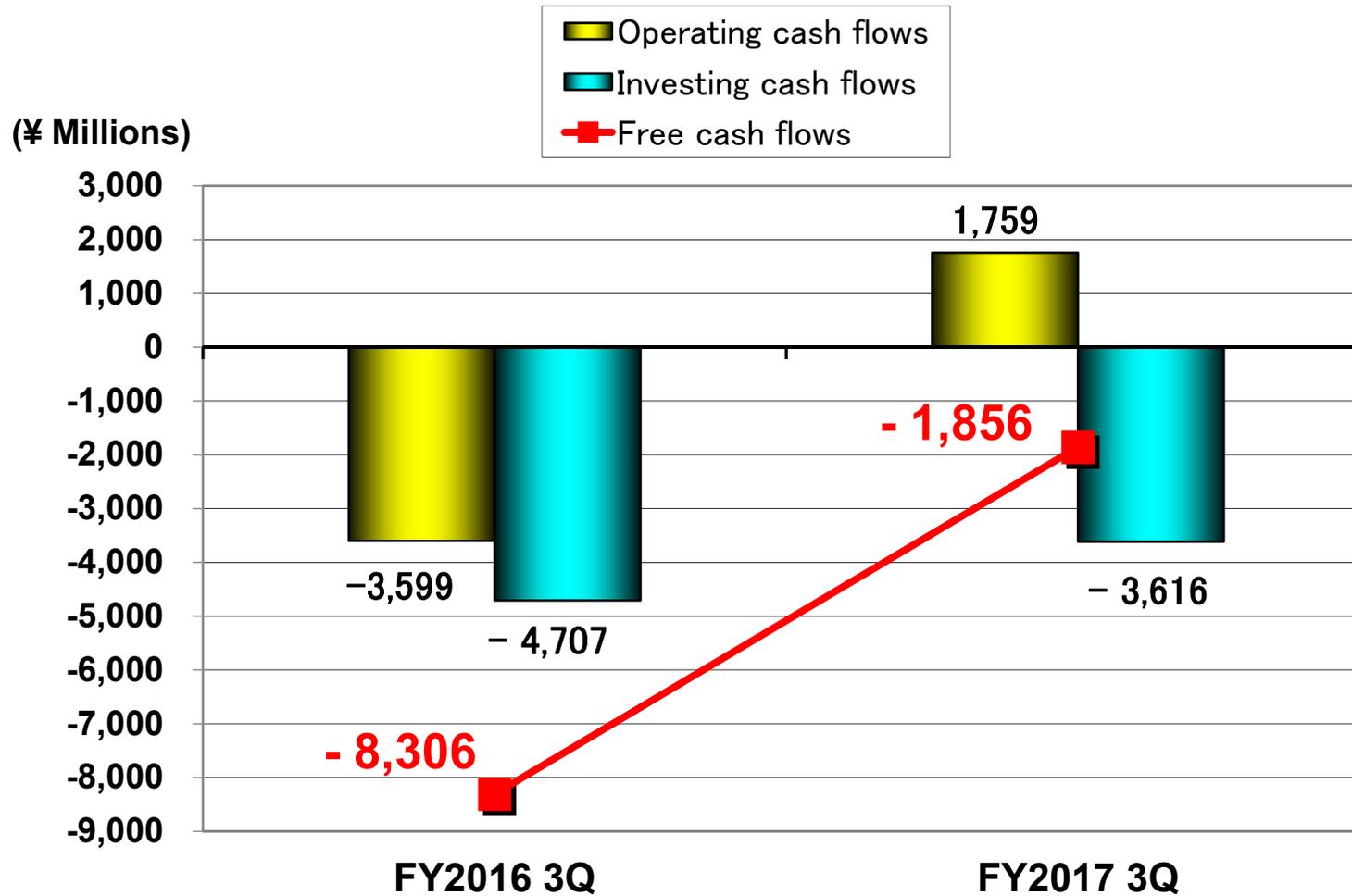
# FY2017 3Q Consolidated Financial Status



	FY2016	FY2017 3Q
 Cash and cash equivalents	12,103	14,139
 Accounts receivable	21,764	27,776
 Inventories	6,714	7,531
 Other current assets	2,736	3,822
 Tangible/intangible fixed assets	29,609	28,940
 Investments and other assets	7,539	9,459

	FY2016	FY2017 3Q
 Accounts payable	8,871	11,382
 Interest-bearing debt	36,471	41,077
 Other current liabilities	4,005	4,725
 Other fixed liabilities	3,487	3,019
 Net assets	27,631	31,464

# FY2017 3Q Consolidated Cash Flows



# FY2017 Forecasts

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# Revised FY2017 Forecast (vs. Initial Forecast)

## FY2017 full-year Forecast

※FY2016 Exchange rate: USD ¥112.19, TWD ¥3.6955

※FY2017 Assumed exchange rate: USD ¥110, TWD ¥3.7

(¥ Million)		FY2017 forecast (revised)	FY2017 forecast (initial)	vs. initial forecast	FY2016 results
Consolidated	Sales	87,000	85,000	+ 2.4%	67,438
	Operating income before ①	4,900	4,500	+ 8.9%	4,922
	①Amortization of goodwill etc.	2,800	2,800	—	2,996
	Operating income after ①	2,100	1,700	+ 23.5%	1,926
	Ordinary income	1,700	1,500	+ 13.3%	994
	Profit belonging to shareholders of parent company	1,600	1,000	+ 60.0%	- 947
	Net income per share (¥)	73.78	46.19	+ 59.7%	- 44.14

### <Sales, Operating income, Ordinary income>

▪ The demand for the game software storage LSI (custom memory) was higher than our previous forecast.

### <Net income excluding non-controlling interest belonging to the minority shareholders>

▪ As a result of revaluation of the deferred tax assets and deferred tax liabilities based on the cut of US corporate tax rate by an enactment of US tax reform, we plan to post profit of income tax-deferred based on the reversal of deferred tax liabilities that occurs by the consolidated adjustment with subsidiary.

(Note) The major part of amortization of goodwill etc. is from acquisitions of overseas company and business including MEMS timing device (SiTime) and Smart Connectivity LSI. This is posted only on the consolidated financial statement, and there is no adjustment in corporate tax because it does not qualify as an expense.

# IR Policy

## >> Purposes of investor relations and basic policy

MegaChips bases investor relations activities on the principles of fairness, timeliness, accuracy and continuity. We provide information about strategies, finances and other items in order to increase the transparency of our operations. To earn the trust of shareholders, investors and securities analysts and receive a proper evaluation, senior management frequently participates in investor relations activities.

## >> Disclosure rules

MegaChips discloses information in accordance with the Financial Instruments and Exchange Law, Company Law and other laws and regulations (“laws and regulations” hereafter) and the Rules for Timely Disclosure of Corporate Information by Issuers of Listed Securities of the Tokyo Stock Exchange, where MegaChips shares are listed. Furthermore, even when not required by laws and regulations or disclosure standards in timely disclosure rules, we aggressively provide information that we believe has an effect on investment decisions by shareholders, investors and securities analysts and other information that we believe is useful to gain a better understanding of MegaChips.

## >> Disclosure method

MegaChips distributes information using the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange in accordance with timely disclosure rules. This includes information covered by the disclosure standards of the timely disclosure rules as well as information that we believe has an effect on investment decisions by shareholders, investors and securities analysts. In addition, we quickly post this information on the company Website.

We also provide other information that we believe is useful to gain a better understanding of MegaChips by issuing IR publications or news releases and posting this information on the company Website.

# IR Policy

## >> Forward-looking statements

The information MegaChips discloses may contain forward-looking statements. These statements are based on the judgments of management based on information available when the information was disclosed and thus embody uncertainties and risks (“risks” hereafter). Readers are cautioned to remember that actual results and other developments may differ from these forecasts for a number of reasons. Please refer to the “Cautionary Statement on Risks” section for more information.

## >> Investment decisions

MegaChips discloses information for the purpose of giving people a better understanding of the company and not for the purpose of soliciting investments in securities issued by the company. Investors are asked to reach investment decisions on their own.

## >> Provision of third-party information about MegaChips

Parties other than MegaChips, including securities analysts, the media and a variety of Internet information sites, announce information and forecasts about MegaChips. MegaChips is not in a position to comment on this information or express its support. However, if there is an obvious mistake in this third-party information that could cause a loss of trust in the company or prevent the company from receiving an appropriate evaluation, a correction will be announced and the proper information released.

## >> IR “Quiet Period”

To prevent leaks of information about earnings releases that could affect its stock price and to ensure fairness, MegaChips observes a quiet period during the five business days prior to the earnings announcement for each quarter. During this period, the Company will not make any comments involving financial performance. However, information covered by laws and regulations and timely disclosure rules will be disclosed even during this quiet period and management will respond to inquiries about this information.

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