
MegaChips Corporation

Financial results for the FY2017 (ended in March 2018)

<http://www.megachips.co.jp/>

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Operation results for FY2017 (ended in March 2018)

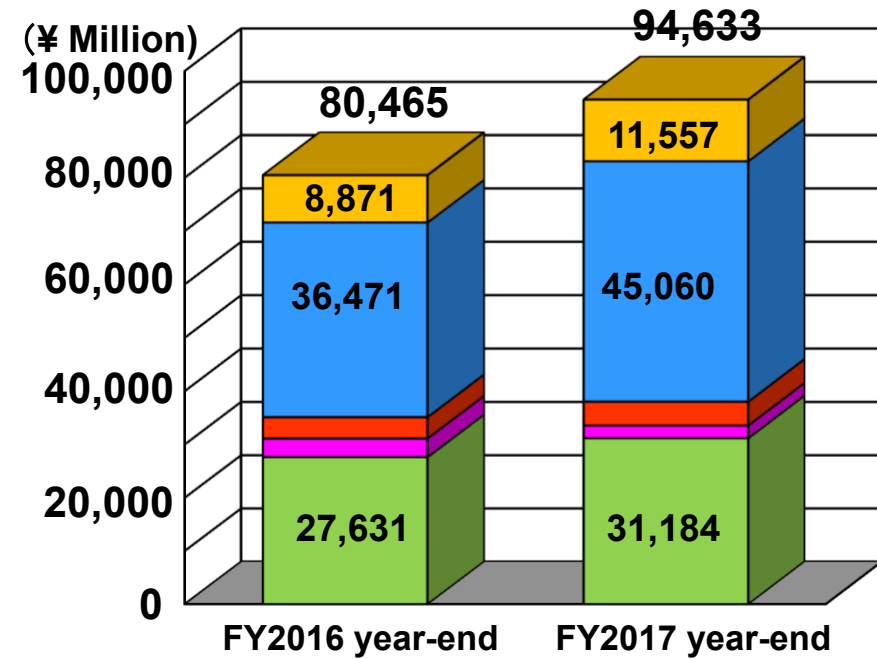
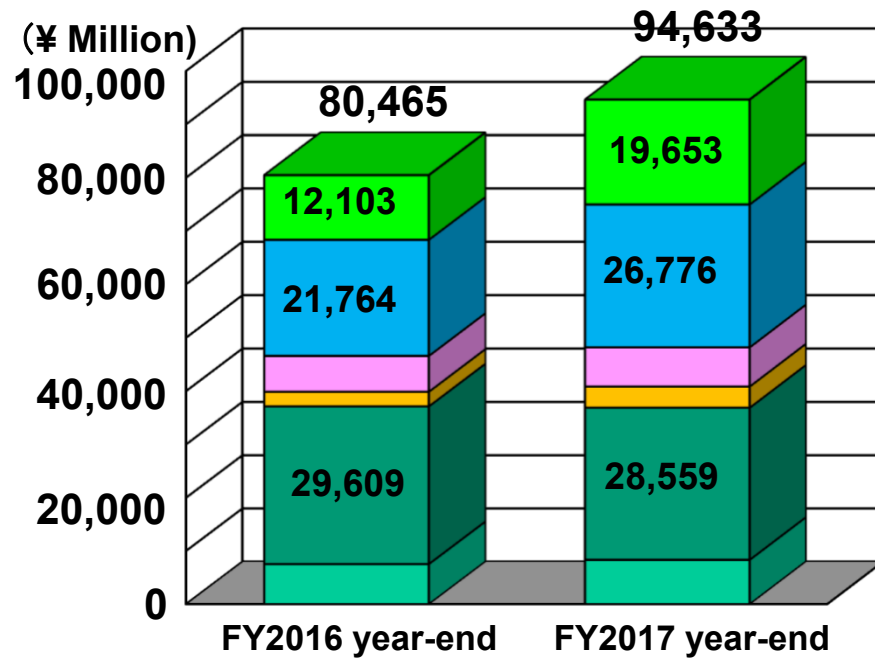
FY2017 Consolidated results (P/L) (Summary)

(¥ Millions)		FY2017 Full-year Results	FY2017 Full-year Forecast	GAP Results vs Forecast	FY2016 Full-year Results	YOY
Consolidated	Sales	89,029	87,000	+ 2.3%	67,438	+ 32.0%
	operating profit before amortization of goodwill	5,520	4,900	+ 12.7%	4,922	+ 12.1%
	Amortization of goodwill etc.	2,811	2,800	+ 0.4%	2,996	—
	operating profit after amortization of goodwill	2,709	2,100	+ 29.0%	1,926	+ 40.6%
	Ordinary income	2,207	1,700	+ 29.9%	994	+ 121.9%
	Net income attributable to shareholders of parent	1,948	1,600	+ 21.8%	- 947	—
	EPS (¥)	90.05	73.78	+ 22.1%	- 44.14	—

For the consolidated results of FY2017 (ended in March 2018), both sales and incomes were greater than expectation due to increase in demand of game software storage LSI (custom memory), Smart Connectivity LSI and MEMS timing device. Also the sales and the operating profit before amortization of goodwill reached a highest level.

- ※ Exchange rate at the end of FY2016: USD ¥ 112.19, TWD ¥ 3.6955
- ※ Exchange rate at the end of FY2017 : USD ¥ 106.24 ,TWD ¥ 3.655
- ※ Forecasted exchange rate at the end of FY2017 : USD ¥ 110, TWD ¥3.7

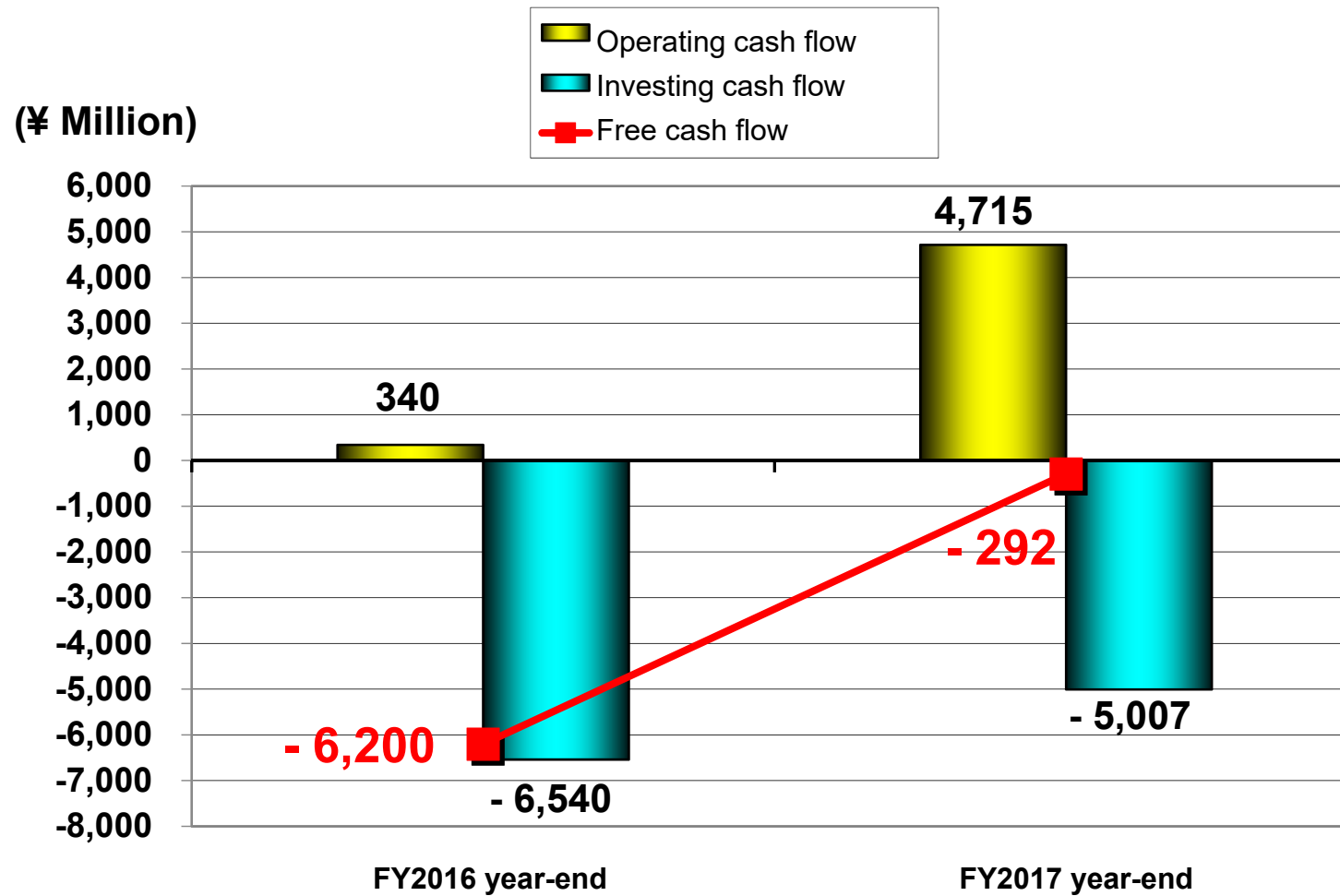
FY2017 Financial Status



	2017.3/ year-end	2018.3/ year-end
Cash/cash equivalents	12,103	19,653
Notes/accounts receivables	21,764	26,776
Inventories	6,714	7,345
Other current assets	2,736	3,968
Tangible/intangible assets	29,609	28,559
Investment and other assets	7,539	8,332

	2017.3/ year-end	2018.3/ year-end
Notes/account payables	8,871	11,557
Interest-bearing debt	36,471	45,060
Other current liabilities	4,005	4,471
Other fixed liabilities	3,487	2,361
Net assets	27,631	31,184

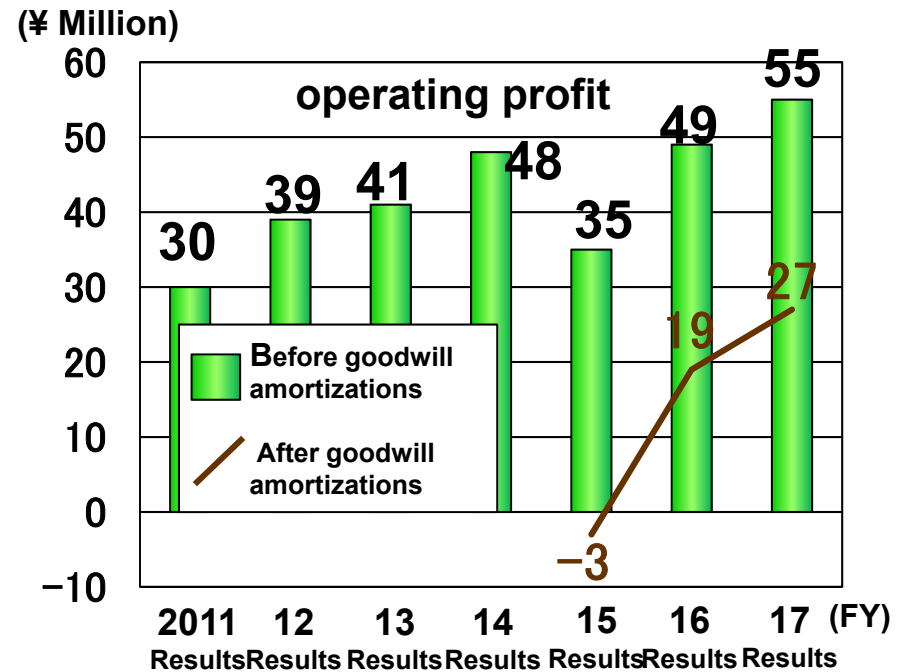
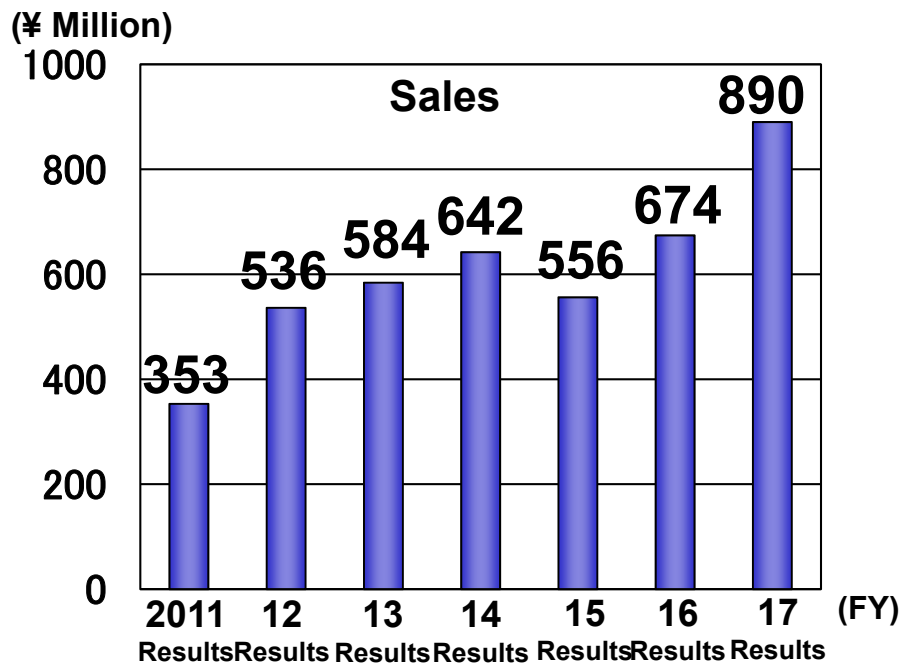
FY2017 Cash flow



Mid-term management policy for FY2018 (ending in March 2019)

FY2017 Achievement

- Record-high sales, record-high operating profit
(before amortization of goodwill)
- Expansion in amusement field
- Expansion in number of products adopted in MEMS timing market
- Strategic move to mid-term growth
- Enhance product line-up in the core business (MEMS timing area)
- Win multiple new orders in automotive and industrial device market



FY2017 Mid-term management policy

We will create new application and aim to achieve continuous growth as a global company to provide system solution .

①ASIC business

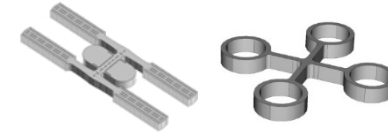
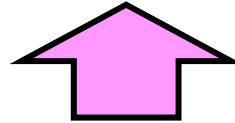
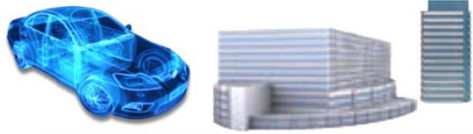
Expand application areas and acquire domestic and international leading customers in the automotive and the industrial equipment fields including FA and robotics, with our core high-speed communication technology.

②ASSP business

With core technology of MEMS timing device, enhance business relationships with global leading customers, and in medium to long term, develop business in the network infrastructure and High-speed communication market.

Mid-term management policy

Aim mid-to-long term continuous growth



Develop business in automotive/industrial equipment/network infrastructure based on high-speed wired communication technology

Expand global business centering on MEMS timing device.

Win global ASIC business and intensive invest in R&D in growing market

Strategic move to future growth

Accelerate business expansion

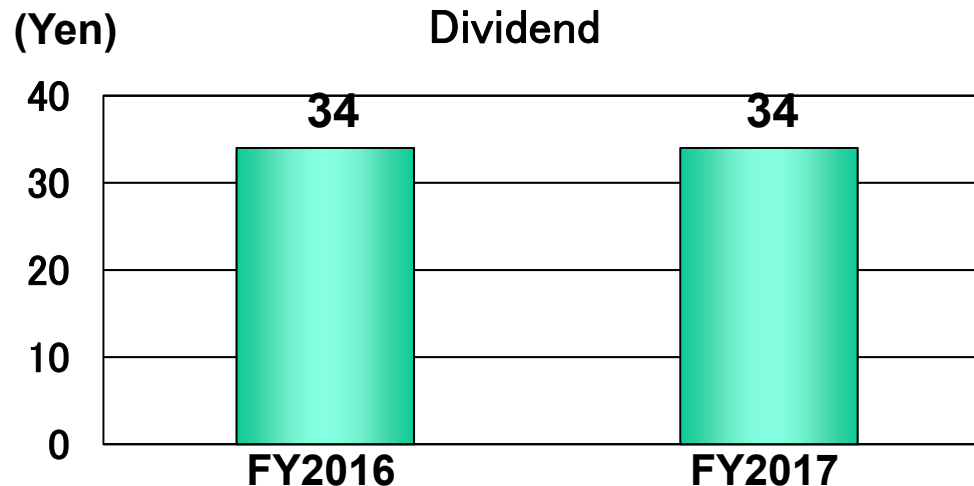
Enhance competitive power and profitability

- Rapid expansion of information and communication technology
- Diversifying needs of semiconductor products, the key device of electronic equipment

Mid-term management policy

Basic policy in profit distribution

- ①The Company shall determine the amount of retained earnings for distribution by adopting an amount equivalent to 30% or more of consolidated net income (The amount may be increased or decreased when there is special accounting, settlements or tax factors.) as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period, which is obtained by deducting the number of shares held by the Company at the end of the period, taking into consideration medium-term business forecasts.
- ②In order to continuously improve its value as a company, the Company shall give consideration to the securing of appropriate funds for activities towards achieving medium- to long-term growth, such as basic research for creating innovative new technologies, the development of original products, the actualization of a reasonable business portfolio and the recruitment of capable individuals, as well as the maintenance of a sound financial position which enables the company to withstand changes in business conditions.
- ③For improving capital efficiency, the Company shall work to acquire its own shares expeditiously and return profits to its shareholders, taking into consideration factors, such as market conditions, share price trends and its financial position.



Mid-term forecast for FY2018 (ending in March 2019)

FY2018 Mid-term forecast

(¥ Millions)		FY3/19 Full-year forecast	FY3/20 Full-year forecast	YoY change	FY3/21 Full-year forecast	YoY change
Consolidated	Net sales	95,000	100,000	+ 5.3%	115,000	+ 15.0%
	operating profit prior to ①	5,000	5,700	+ 14.0%	9,200	+ 61.4%
	①Amortization of goodwill etc.	2,700	2,700	—	2,700	—
	operating profit After ①	2,300	3,000	+ 30.4%	6,500	+116.7%

※FY3/19—FY3/21 Assumed exchange rate: USD ¥105, TWD ¥3.6

Aim mid-to-long term continuous growth

■ Sales

- Over ¥100B in FY2018 (ending in March 2019).
- Expand both ASIC and ASSP business.

■ Profit

- Project increase in R&D investment for mid-to-long term growth.
- operating profit margin of over 8% before amortization of goodwill, etc., in FY2020 (ending in March 2021).

FY2018 Operating forecast

(¥ Millions)		FY3/19 Full-year forecast	FY3/18 Full-year results	YoY change (Full-year)
Consolidated	Net sales	95,000	89,029	+ 6.7%
	Operating income prior to ①	5,000	5,520	- 9.4%
	①Amortization of goodwill etc.	2,700	2,811	—
	operating profit After ①	2,300	2,709	- 15.1%
	Ordinary income	1,800	2,207	- 18.5%
	Net profit attributable to shareholders of parent	1,000	1,948	- 48.7%
	Net income per share (¥)	46.03	90.05	—

※ Exchange rate at the end of FY2017 : USD ¥ 106.24 ,TWD ¥ 3.655

※ Forecasted exchange rate at the end of FY2018 : USD ¥ 105, TWD ¥3.6

>> 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.

>> 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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