
MegaChips Corporation

**Financial results for the fiscal
third-quarter ending March 2019
(3Q FY2018)**

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

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3Q FY2018 Results

FY2018 3Q Summary of Consolidated Statement of Income (P/L)

(¥ Million)		FY2018 3Q (YTD) results	FY2017 3Q (YTD) results
Consolidated	Net sales	81,233	67,369
	Operating income Prior to ①	3,474	4,869
	①Amortization of goodwill etc.	1,975	2,113
	Operating income After ①	1,499	2,755
	Ordinary income	1,563	2,435
	Profit attributable to owners of parent	47	1,853
	Earnings per share (¥)	2.20	85.73

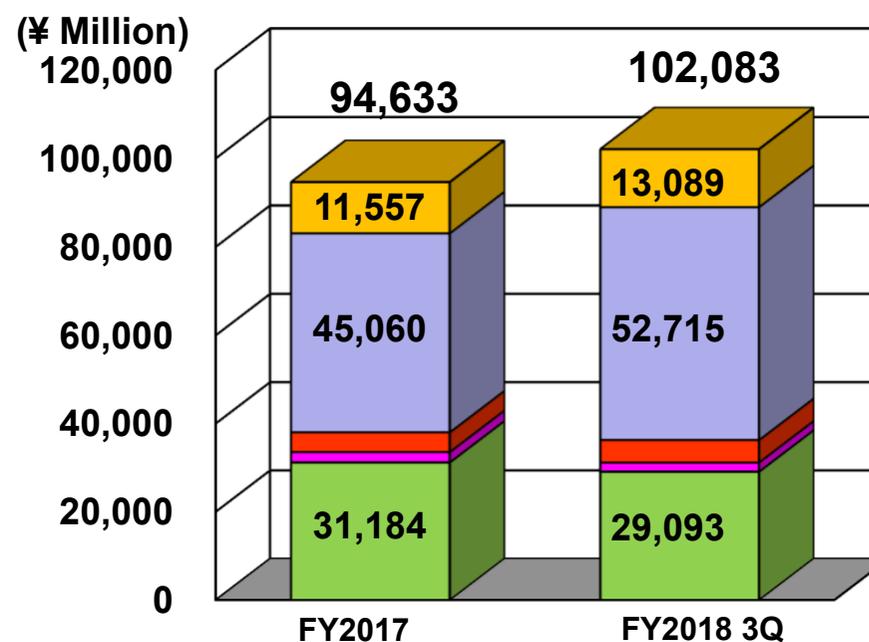
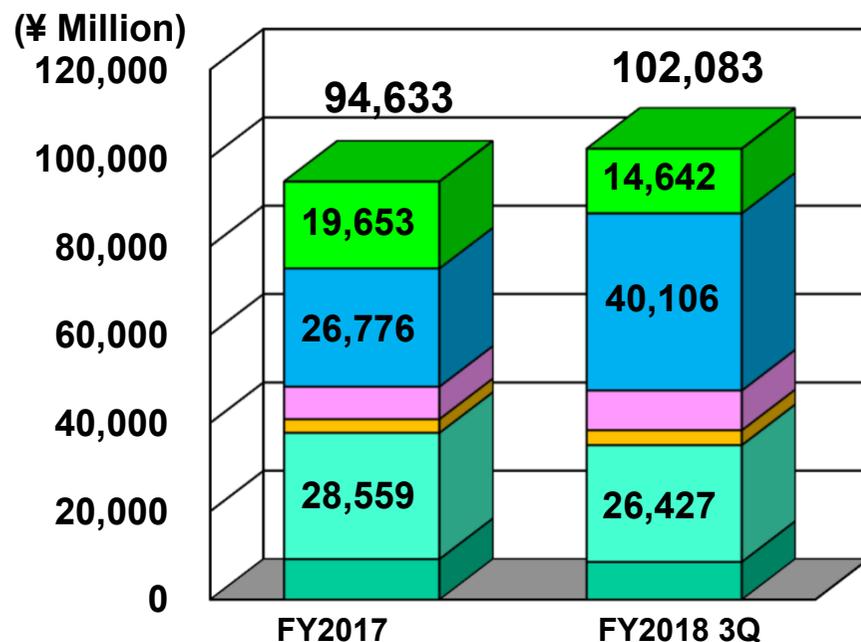
With respect to the consolidated earnings of the nine months (ended December 31, 2018) for fiscal year ending March 2019, the net sales exceeded on a year-on-year comparison, due to the increase in demand of the game software storage LSI (custom memory).

The operating income, ordinary income and profit attributable to owners of parent as well as EPS fell below on a year-on-year comparison because of the increases in R&D cost and future investments by 23.8% (¥ 5.7B).

※ Exchange rate of FY2017 3Q (USD ¥ 113, TWD ¥ 3.8037

※ Exchange rate of FY2018 3Q (USD ¥ 111, TWD ¥ 3.6075

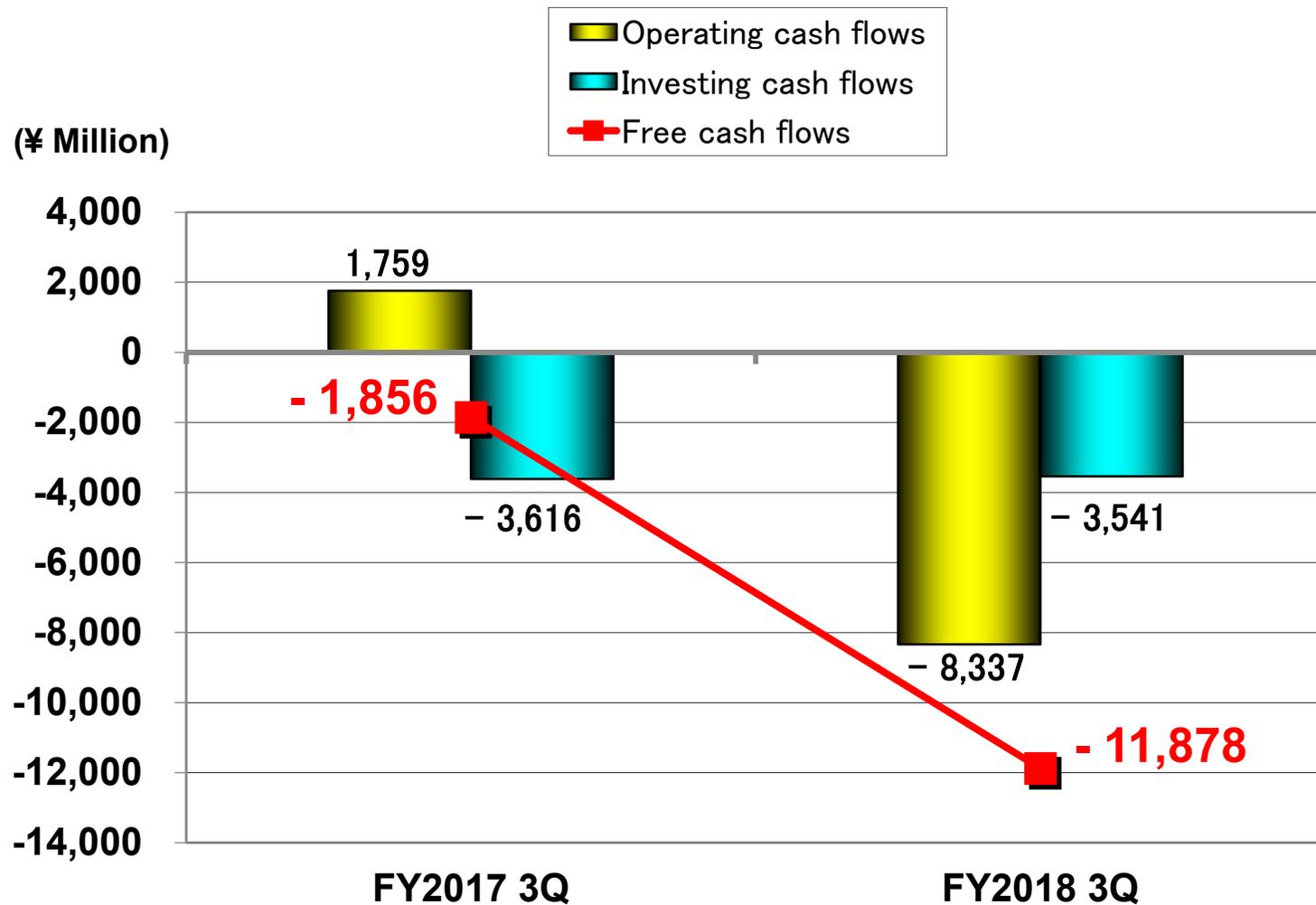
FY2018 3Q Consolidated Financial Status



	FY2017	FY2018 3Q
Cash and cash equivalents	19,653	14,642
Accounts receivable	26,776	40,106
Inventories	7,345	8,990
Other current assets	3,099	3,362
Tangible/intangible fixed assets	28,559	26,427
Investments and other assets	9,201	8,556

	FY2017	FY2018 3Q
Accounts payable	11,557	13,089
Interest-bearing debt	45,060	52,715
Other current liabilities	4,471	5,101
Other fixed liabilities	2,361	2,085
Net assets	31,184	29,093

FY2018 3Q Consolidated Cash Flows



FY2018 Full-year forecast

FY2018 Full-year forecast (vs. Initial Forecast)

FY2018 full-year forecast

(¥ Million)		Full-year forecast	FY2017 results
Consolidated	Net sales	100,000	89,029
	Operating income before ①	3,600	5,520
	①Amortization of goodwill etc.	2,700	2,811
	Operating income after ①	900	2,709
	Ordinary income	300	2,207
	Profit attributable to owners of parent	- 700	1,948
	Earnings per share (¥)	- 32.16	90.05

※The System Product business has been transferred to Sense Things Japan effective from January 1st, 2019.

※There has been no change from previous forecast (November 2nd, 2018).

※ Assumed exchange rate of FY2018 USD ¥ 110, TWD ¥ 3.6

※ Assumed exchange rate of FY2017 USD ¥ 106.24, TWD ¥ 3.655

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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