

Investor Meeting for the Year ended March 2017

May 24, 2017

 SANSHIN ELECTRONICS CO., LTD.

Toshiro Suzuki, Representative Director & COO

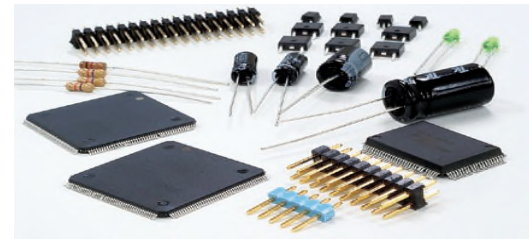
(Stock code: 8150)

As a general electronics trading company committed to being “customers’ best partner,” Sanshin Electronics runs two major businesses: device business and solution business.

Device Business

— Addressing diversified market needs through a wide product lineup —

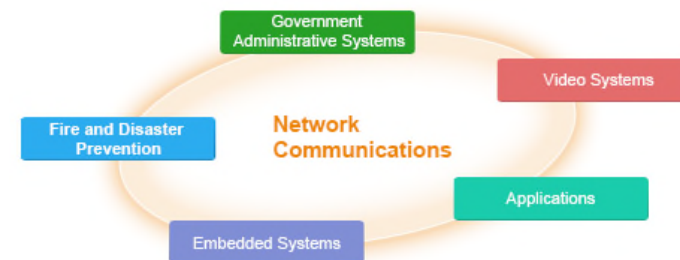
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ requests through a full lineup and detailed system of both domestic and overseas sales.



Solution Business

— Building up social infrastructures interconnected through ICT —

With information and telecommunications network at the core of our operations, we are committed to proposing and building up the optimal system to fit our customers’ needs. We provide our customers with a safe and reliable infrastructure through bundled services, including a support menu, after the system implementation.



I. Year Ended March 2017

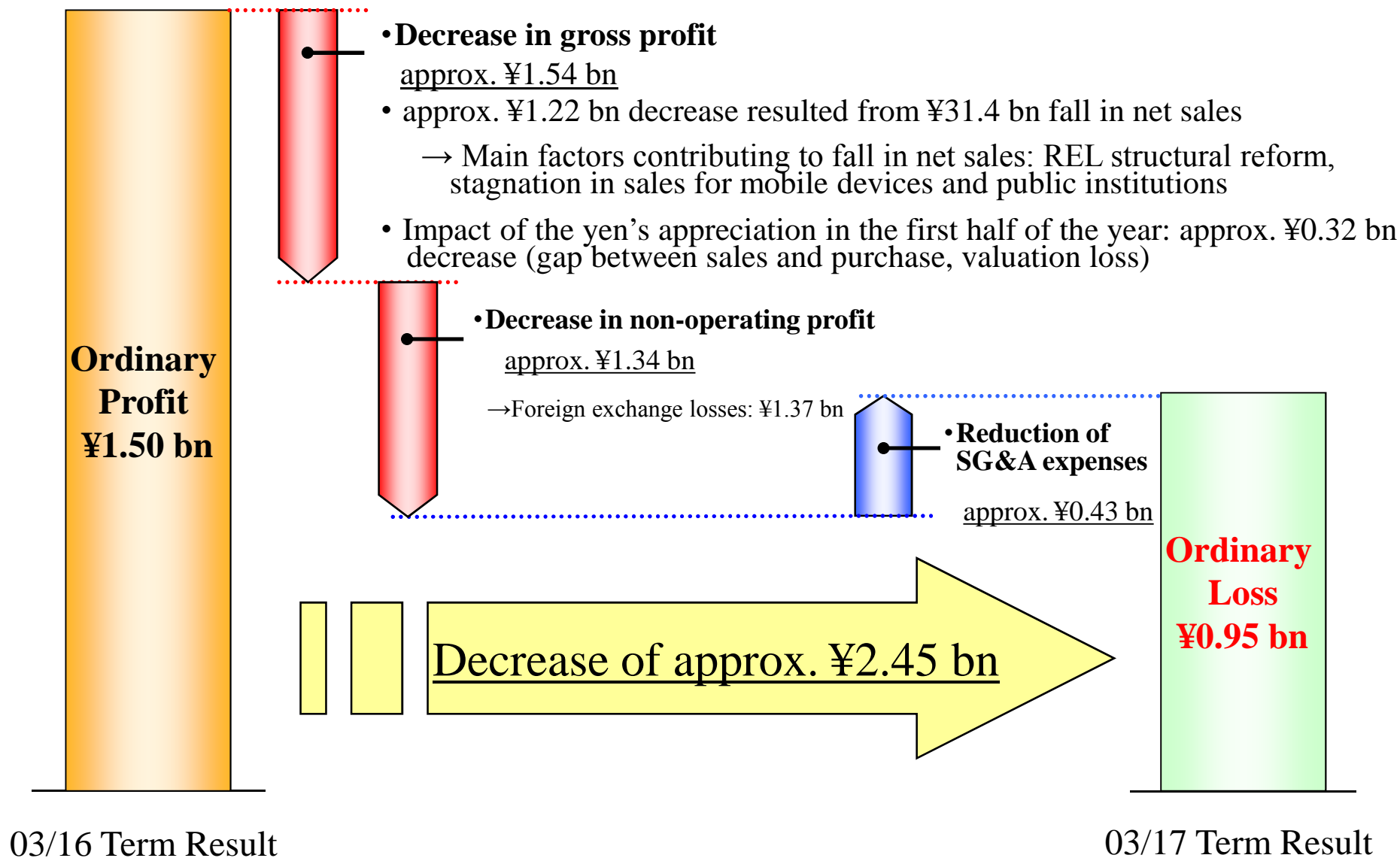
Performance Summary

- We recorded a significant profit loss, due to a decline in net sales and recording of foreign exchange losses caused by sharp exchange fluctuations.
- Net loss attributable to shareholders of parent company expanded to ¥1.58 bn, because of a reversal of deferred tax assets.

	03/16 Result	03/17 Result	YoY Change	Forecast*	Achievement Ratio
Net Sales	1,990.8	1,676.6	84%	1,646.0	102%
Gross Profit on Sales	6.1% 122.3	6.4% 106.9	87%	6.3% 103.1	104%
SG&A Expenses	5.2% 103.2	5.9% 98.8	96%	6.0% 99.6	99%
Operating Profit/Loss	1.0% 19.1	0.5% 8.0	42%	0.2% 3.5	230%
Ordinary Profit/Loss	0.8% 15.0	-0.6% -9.5	-24.5	-0.7% -11.5	+2.0
Net Profit/Loss Attributable to Shareholders of Parent Company	0.5% 9.8	-0.9% -15.8	-25.6	-1.0% -16.2	+0.4
ROE	1.5%	-2.5%	-4.0P	-2.6%	+0.1P
Annual Dividend Per Share	¥40.00	¥25.00	¥15.00	¥25.00	±¥0
Payout Ratio	115.3%	—	—	—	—
Exchange Rate (1 US dollar)	¥120.14	¥108.42	-¥11.72	¥105.00	+¥3.42

*1) Figures in the Forecast section were revised at the announcement on November 7, 2016 of the results for the Second Quarter of March 2017 Term.

*2) Figures in the YoY Change and Achievement Ratio sections for ordinary profit/loss, net profit/loss, ROE, annual dividend per share and exchange rate represent increases or decreases of amount.



■ Changes in the Business Environment

- Britain's exit from the European Union, national election in European countries, political management of the new administration in the U.S. and unstable exchange rates and stock market.
- The sluggish growth in the smartphone market reflecting price competition and the market's maturity, and the end of the digitalization of wireless communication for firefighting and emergency services.

■ Device Business

- Net sales remained strong for vehicle-mounted systems, but sales for other fields such as TOY, social infrastructure and mobile devices decreased as a whole.
- We recorded a ¥2 bn segment loss due to the decline in net sales and the foreign exchange losses resulting from the appreciation of the yen in the first half of the term.

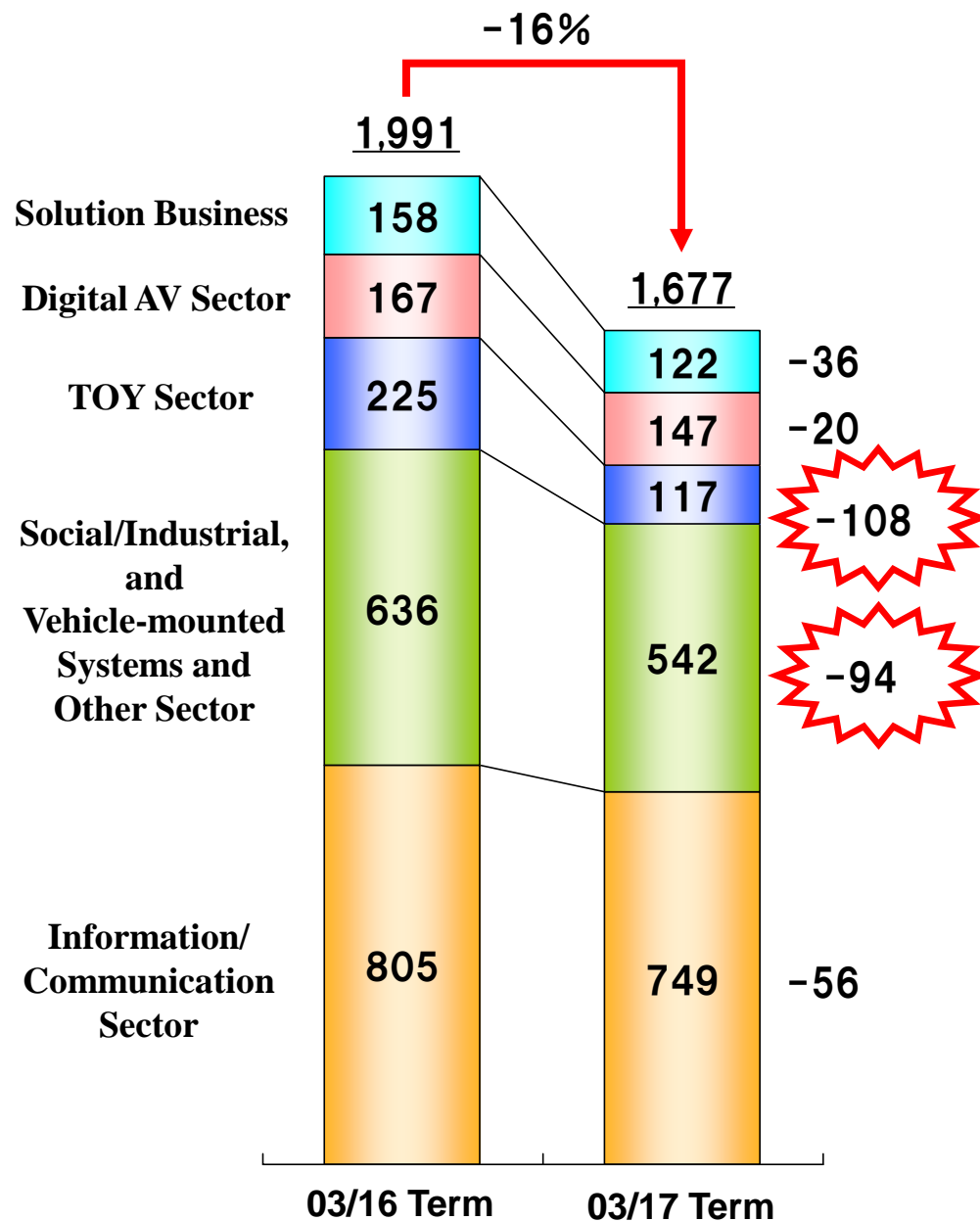
■ Solution Business

- Net sales of portable video transmitters remained strong, but those of other units such as embedded systems, public systems, etc. decreased as a whole.
- Segment profit decreased despite an enhancement in the gross profit margin, due to a decrease in net sales and an expansion of personnel with an aim to strengthen our business power.

		03/16 Term Result	03/17 Term Result	YoY Change	Forecast*	Achievement Ratio
Device Business	Net Sales	1,833.3	1,554.8	85%	1,520.0	102%
	Operating Profit/Loss	0.7% 13.0	0.4% 6.8	53%	0.2% 3.0	228%
	Segment Profit/Loss	-0.1% -1.0	-1.3% -20.3	-19.3	-1.5% -23.0	+2.7
Solution Business	Net Sales	157.5	121.7	77%	126.0	97%
	Operating Profit/Loss	11.3% 17.8	10.1% 12.4	69%	10.4% 13.1	94%
	Segment Profit/Loss	10.1% 16.0	8.8% 10.8	67%	9.1% 11.5	94%
Exchange rate (1 US dollar)		¥120.14	¥108.42	+¥11.72	¥105.00	+¥3.42

*1) Figures in the Forecast section were revised at the 2nd quarter investor meeting held on November 11, 2016.

*2) Figures in the YoY Change and Achievement Ratio sections for segment profit/loss and exchange rate for the Device Business represent increases or decreases.



【Year-to-Year Comparison of Fluctuations】

■ Solution Business

● Overall loss in embedded systems, public institutions, etc.

○ Sales of portable video transmitters remained strong

■ Digital AV Sector

● Those for TVs/BDs decreased

■ TOY Sector

● Those for gaming consoles decreased

■ Social/Industrial, and Vehicle-mounted Systems and Other Sector

● Those for social infrastructure decreased significantly

○ Those for vehicle-mounted systems remained solid

■ Information/Communication Sector

● Those for mobile devices decreased

II. Partial Revision and Additional Measures Relating to V70 Medium-Term Management Plan



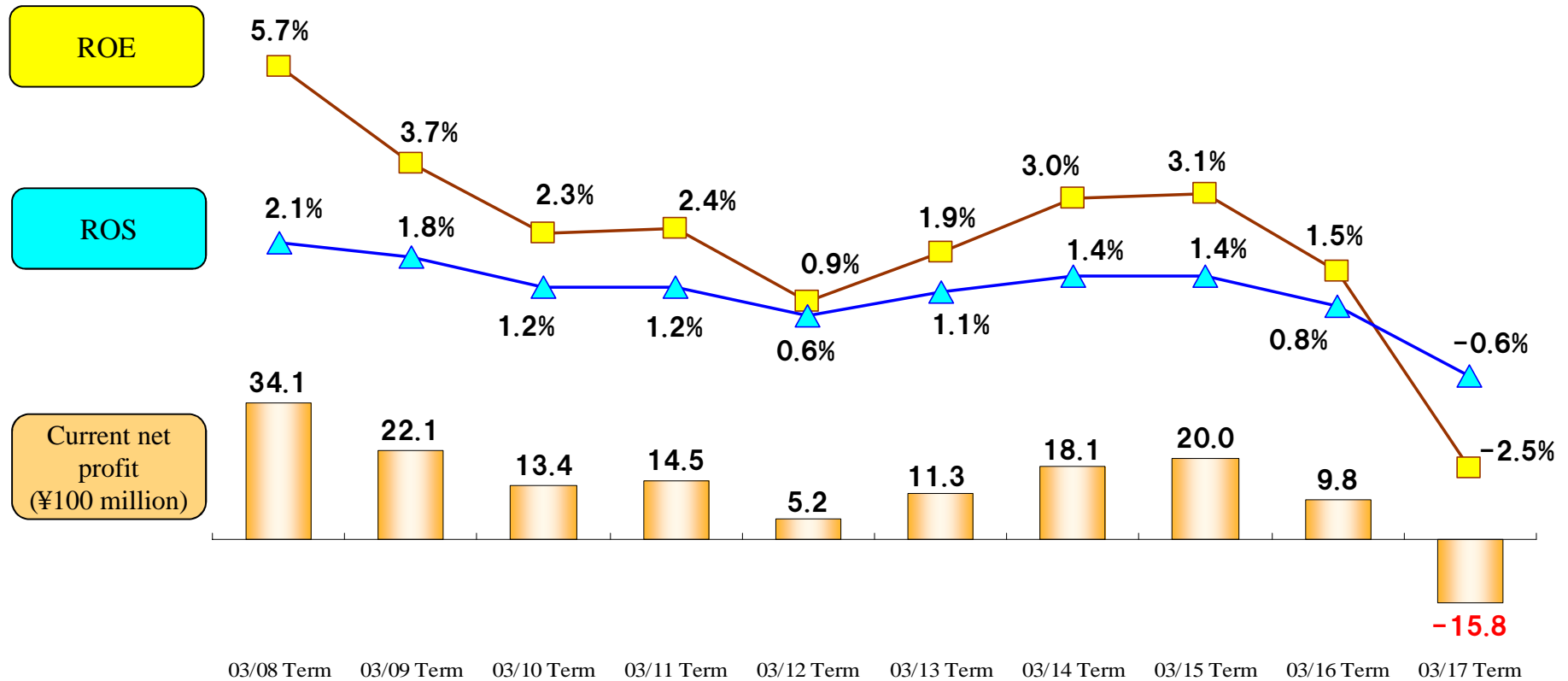
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Background of Partial Revision of V70 Medium-Term Management Plan

With aims to attain **ROE of 5%** and **return on sales of 2%**, the V70 Medium-Term Management Plan (to be concluded in the 70th Term) started in the last fiscal year.

However, the Company posted weak results for the first year of V70, mainly due to fluctuation of exchange rates. The Company reviewed the measures for strengthening of business capability and **enhancement in capital efficiency**.

Decision on partial revision and additional measures relating to V70



Dividend Per Share	¥38	¥38	¥20	¥20	¥20	¥20	¥20	¥40	¥40	¥25
Payout Ratio	35.5%	53.1%	45.2%	41.8%	117.0%	51.7%	31.4%	56.3%	115.3%	—
Equity Ratio	61.4%	72.1%	68.6%	64.5%	73.5%	72.3%	66.6%	64.5%	66.3%	65.4%

- Business environment
 - Instability in exchange rates/stock markets, customer/supplier/competitor's business acquisitions and sell-offs
 - Reduction of suppliers' products and termination of the digitalization of wireless communication for firefighting and emergency services
 - Rise of new business fields such as cloud computing/IoT

In order to provide compelling value to all of our stakeholders, including employees, customers, suppliers and shareholders, Sanshin Electronics will establish a strong revenue base that can overcome changes in the business environment

Strengthening of business capability

- ◆ Returning to profitability in the device business
- ◆ Strengthening of revenue base of the solution business
- ◆ Investment for strengthening of alliance

Enhancement in capital efficiency Addition

The following measures to be implemented in the 3 terms extending from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020

- ◆ Increase in dividend payout ratio to around 100%
- ◆ Acquisition of treasury stocks up to ¥20 billion (10 million shares) in total for the 3 terms

Strengthening of corporate governance

V70
quantitative
target

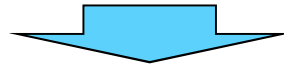
ROE of 5% by the final year (fiscal year ending March 31, 2021)

Consolidated ordinary profit of ¥3 billion in the final year

Revision

(Business environment)

- Due to structural changes in manufacturing in the electronics industry, price competition has become harsher, and the risk relating to fluctuating exchange rates and inventory has increased.
- Group's offering products decreased after change in product strategies by major suppliers.



Requiring to reform its revenue structure urgently, the Company strengthens the following measures:

1) Reform of business portfolio

Departure from dependence on low-growth and low-profitability business (increase in the ratio of high-growth and high-profitability business)

- Placing priority on the markets where growth is highly expected, such as IoT and automobiles
- Promotion of solution provider business through enhancement in Sier capability
- Investment for strengthening of alliance for creation of new business opportunities

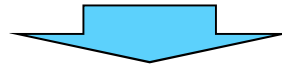
2) Enhancement in profitability of existing business

Enhancement in profitability of volume sale business, etc., which is currently our primary revenue source

- Maximization of effect of fixed cost reduction through reform of cost structure
- Strengthening of risk management relating to currency exchange rates and inventory

(Business environment)

- As the cloud service has become popular, utilization form of IT has changed (“possession” ⇒ “utilization”)
- Special demand toward the digitalization of wireless communication for firefighting and emergency services, which had been a main factor of the revenue increase in Company’s solution business since the fiscal year ended March 31, 2013, ceased.



The Company needs to find new revenue sources and implement measures allowing it to attain medium-to long-term growth.

1) Expansion of cloud service portfolio

Expansion of the portfolio of our cloud services covering IaaS, PaaS and SaaS in addition to the housing service

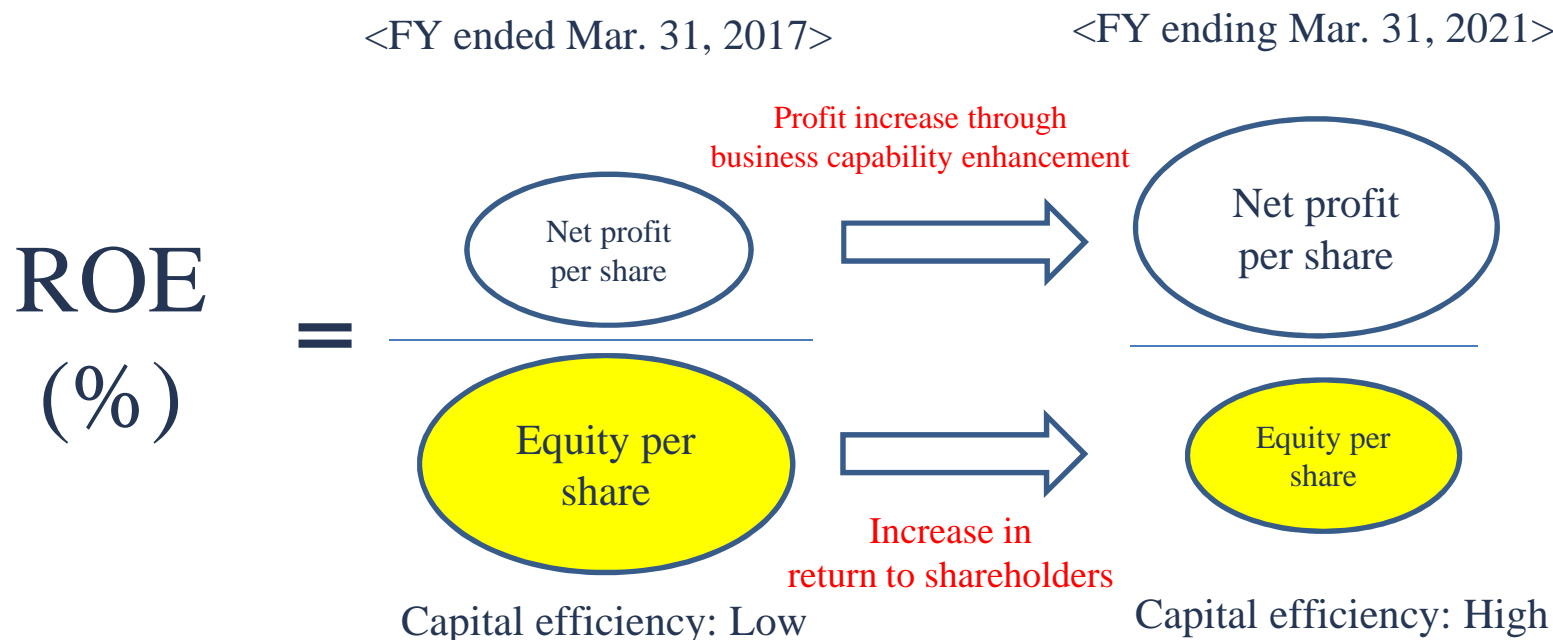
- Utilization of Sanshin Data Center and collaboration with other companies’ services
- Further enhancement in corporate value as an engineering organization through recruiting more skilled people and strengthening of alliance

2) Maximization of synergy effects between business units (BUs)

Enhancement in customer share and expansion of business domain of each BU

- Creation of synergy effect by utilizing strength of each BU (customer base, merchandises and services)

In order to attain one of the quantitative targets of V70, “return on equity (ROE) of 5%,” the Company will make efforts to enhance its capital efficiency by increasing the shareholder returns.



- The following measures to be implemented in the 3 terms extending from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020
 - The Company will increase the **consolidated dividend payout ratio to around 100%**.
 - In total for the 3 terms, the Company will acquire treasury stocks by setting the maximum acquisition cost at **¥20 billion** in total; provided, however, that the maximum number of shares to be acquired shall be **10 million shares** (ratio to the total number of issued shares: 34.15%).

As it is expected that business decision requiring to take risk would increase, the Company will make efforts to develop the environment to support such decision-making, in order to attain the goals of V70.

■ Strengthening of functions of External Directors

- Continuing to appoint multiple independent External Directors
- Main members of the Nominal and Remuneration Advisory Committees
- Continuing to hold the periodical meetings with Company's management

■ Introduction of new performance-based share plan for Directors

- Introduction of performance-based share compensation plan for Executive Directors

By sharing benefits and risk relating to rises and falls in the Company share price, Directors' awareness to Company's mid- and long-term performance and its corporate value will enhance.

* Please take note that shareholders' approval at the 66th Ordinary General Meeting of Shareholders to be held on June 23, 2017 is required for the introduction of the above plan. For details, please see the "Notice Regarding Introduction of Performance-Based Share Compensation Plan for Directors" announced on May 15, 2017.

- Establishment of performance-based bonus payment policy for Directors

By reflecting Company's business performance in the bonus to each Director, his or her management accountability in each fiscal year can be clarified.

Based on this policy, the Company will not pay Directors' bonus for the fiscal year ended March 31, 2017.

III. Year Ending March 2018

Full-Year Business Forecasts



SANSIN ELECTRONICS CO., LTD.

- We forecast that profit will be recorded thanks to a net sales increase. The effect of voluntary retirement is to be factored in (a decrease in SG&A expenses and recording of extraordinary losses).

	03/14 Result	03/15 Result	03/16 Result	03/17 Result	03/18 Forecast	YoY Change
Net Sales	1,922.4	2,190.9	1,990.8	1,676.6	1,850.0	110%
Gross Profit on Sales	6.4% 123.9	6.3% 137.2	6.1% 122.3	6.4% 106.9	6.1% 113.1	106%
SG&A Expenses	5.1% 98.7	4.8% 104.6	5.2% 103.2	5.9% 98.8	5.3% 97.6	99%
Operating Profit/Loss	1.3% 25.2	1.5% 32.6	1.0% 19.1	0.5% 8.0	0.8% 15.5	193%
Ordinary Profit/Loss	1.4% 26.6	1.4% 31.2	0.8% 15.0	-0.6% -9.5	0.7% 13.8	+23.3
Net Profit/Loss Attributable to Shareholders of Parent Company	0.9% 18.1	0.9% 20.0	0.5% 9.8	-0.9% -15.8	0.4% 7.0	+22.8
ROE	3.0%	3.1%	1.5%	-2.5%	1.1%	+3.6P
Annual Dividend Per Share	¥20	¥40	¥40	¥25	¥25	±¥0
Payout Ratio	31.4%	56.3%	115.3%	—	100.6%	—
Exchange Rate (1 US dollar)	¥100.23	¥109.93	¥120.14	¥108.42	¥110.00	+¥1.58

*1) Figures in the YoY Change section for ordinary profit/loss, net profit/loss, ROE, annual dividend per share, and exchange rate represent increases or decreases.

*2) Forecast for ROE in the fiscal year ending March 2018 does not factor in the impact of acquisition of treasury stocks..

■ **Device Business**

- We forecast that net sales will increase by 10% on a year-to-year comparison and that the segment profit will reach ¥0.3 bn by factoring in earnings improvement due to the effect of voluntary retirement.
- We expect an increase in sales of the products for mobile devices, continued strong sales of the products for vehicle-mounted system, and the launch of new businesses focusing on IoT.

■ **Solution Business**

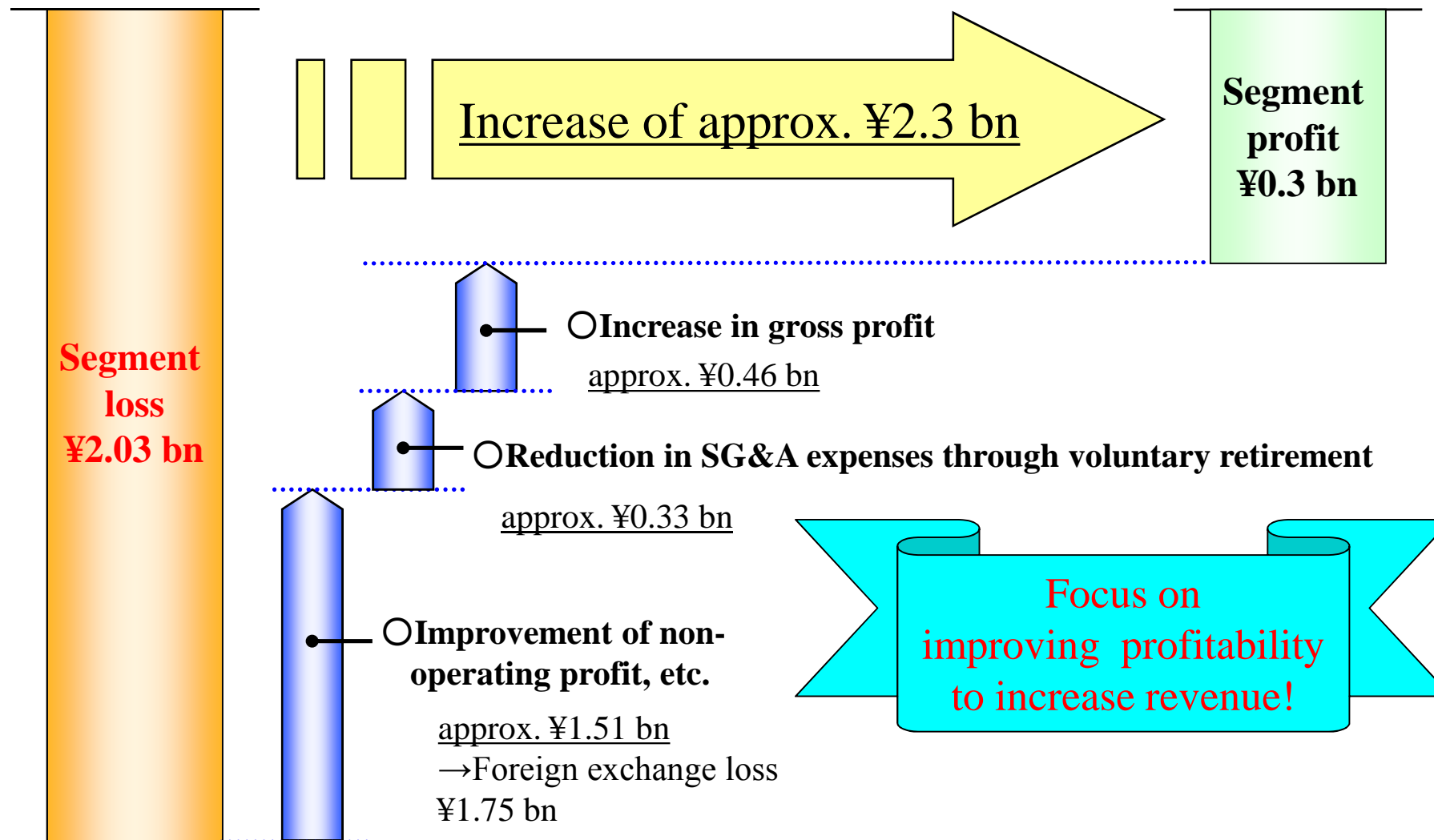
- We forecast that net sales will increase by 15% on a year-to-year comparison and that the segment profit will be ¥1.08 bn, almost the same level with the previous term.
- We expect that sales decline in the previous year can be compensated by increases in sales in the business units for public institutions, embedded systems and NW.

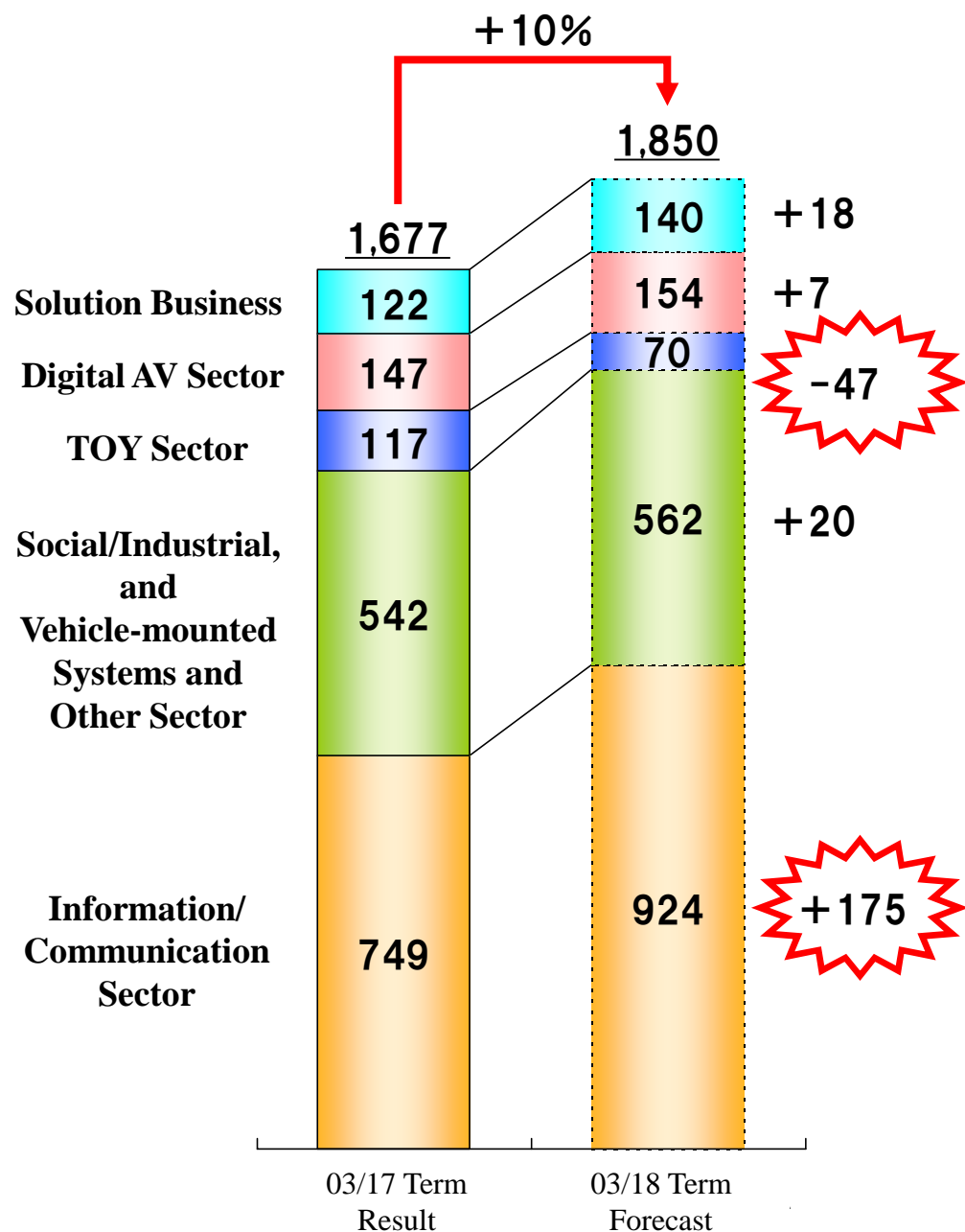
		03/14 Result	03/15 Result	03/16 Result	03/17 Result	03/18 Forecast	YoY Change
Device Business	Net Sales	1,760.5	2,024.5	1,833.3	1,554.8	1,710.0	110%
	Operating Profit/Loss	1.1% 19.9	1.3% 26.6	0.7% 13.0	0.4% 6.8	0.9% 14.7	216%
	Segment Profit/Loss	0.6% 10.8	0.7% 14.7	-0.1% -1.0	-1.3% -20.3	0.2% 3.0	+23.3
Solution Business	Net Sales	161.9	166.4	157.5	121.7	140.0	115%
	Operating Profit/Loss	10.8% 17.5	11.0% 18.3	11.3% 17.8	10.1% 12.4	10.3% 14.5	117%
	Segment Profit/Loss	9.8% 15.8	9.9% 16.5	10.1% 16.0	8.8% 10.8	7.7% 10.8	100%
Exchange rate (1 US dollar)		¥100.23	¥109.93	¥120.14	¥108.42	¥110.00	+¥1.58

*Figures in the YoY Change section for segment profit/loss and exchange rate for the Device Business represent increases or decreases of amount.

03/17 Result

03/18 Forecast





【Year-to-Year Comparison of Fluctuations】

■ Solution Business

○ Those for NW/public systems/embedded systems will increase

■ Digital AV Sector

○ Those for TVs/BDs will recover

■ TOY Sector

● Those for gaming consoles will decrease

■ Social/Industrial, and Vehicle-mounted Systems and Other Sector

● Those for social infrastructure will decrease

○ Those for vehicle-mounted systems will remain solid, and new businesses will be launched

■ Information/Communication Sector

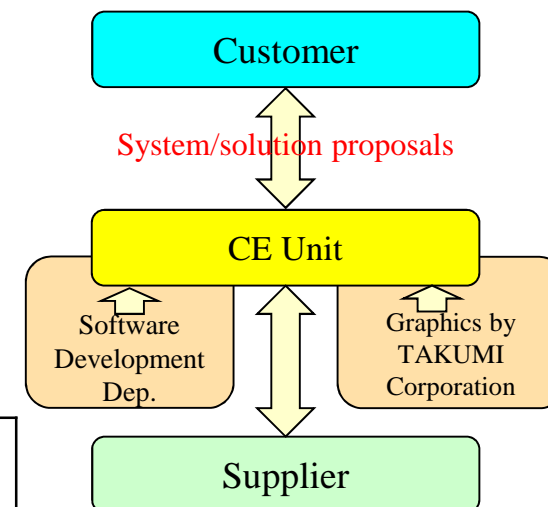
○ Those for mobile devices will increase

Measures in Device Business

1) Rebuilding of revenue base for existing businesses

- 1) Reorganize the special sales force for vehicle-mounted systems into CE Unit to strengthen and expand sales
- 2) Facilitate system/solution proposals through device support activities
 - Proposal and technical support for existing/new products through sales/sales promotion activities
 - Entrusted development of software by the Development Department, Sales Technology Unit
 - Technical support for graphics-related business by TAKUMI Corporation, a subsidiary of the Company
- 3) During the previous term, we acquired 5 new suppliers and 1 new customer.

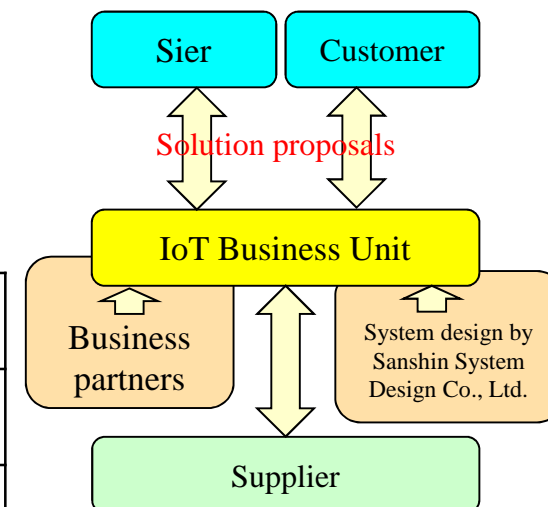
	03/16 Term Result	03/17 Term Result	03/18 Term Forecast	YoY Change
Net sales for vehicle-mounted systems	¥8.0 bn	¥8.5 bn	¥9.2 bn	108%



2) Enhancement of new business initiatives

- 1) Consolidate sales/sales promotion activities into IoT Business Unit by strengthening IoT-related business
- 2) Facilitate solution proposals to be provided by Sanshin System Design
- 3) During the previous term, we newly invested in 4 companies (approx. ¥0.7 bn) and maintained existing investment and alliance.

	03/16 Term Result	03/17 Term Result	03/18 Term Forecast	Scales of sales in 03/18 Term	Scales of sales in 03/19 Term
New business net sales	¥3.7 bn	¥4.4 bn	¥8.4 bn	¥12.0 bn	¥11.5 bn
IoT portion	—	¥0.04 bn	¥3.1 bn	¥7.0 bn	¥4.5 bn



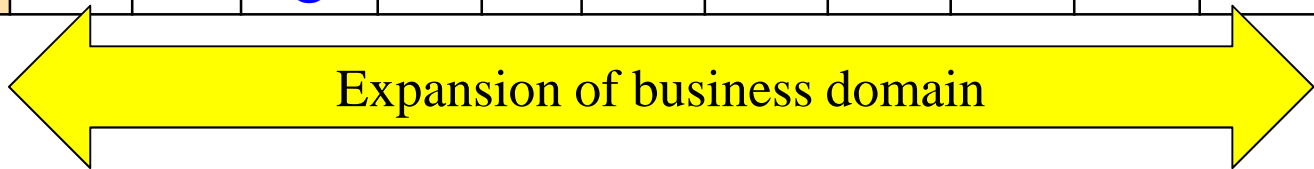
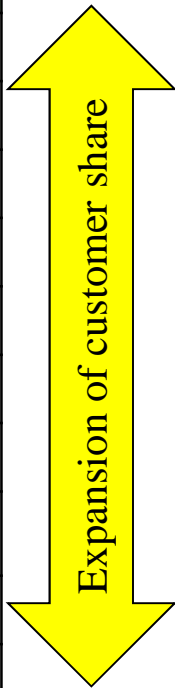
Measures in Solution Business

1) Maximization of synergy effects between Business Units (BUs)

- 1) Expand sales of merchandises and services that each BU has strength without relying on Customer BU
- 2) Promote cross sales of merchandises and services, of regions and of BUs

BU Merchandise/ service	BU										
	NW	Government agencies	Embedded Systems	Firefighting and Disaster Prevention		Video Systems	AP			Technology	
IT infrastructure	○	○								○	○
Communication	○	○					○	○	○	○	○
Application	★					★	○	○	○	○	○
Platform	○	○		○	○		○	○		○	○
Video System	★		★			○					
Live relay system		★				○					
Firefighting system				○	○						
Disaster prevention radio system				○	○						
BCR and substrate			○								
OEM			○								

○ ⇒ Main business of BU
 ★ ⇒ Currently in action (expanding the domain)



● Policy on Distribution of Profits

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis.

The Group is carrying out the V70 Medium-Term Management Plan to be closed in the 70th term (fiscal year ending March 31, 2021). Under this Management Plan, we will implement some measures for enhancement in capital efficiency, and will increase the consolidated dividend payout ratio to around 100% in the three consecutive terms extending from the fiscal year ending March 31, 2018 to the fiscal year ending March 31 2020. In addition, we plan to acquire treasury stocks by setting the maximum acquisition cost at ¥20 bn (or by setting the maximum number of acquired shares at 10 million) in the above three terms.

● Predicted Dividends for the Year Ending March 2018

- An annual dividend of ¥25 per share, the same amount of the previous fiscal year
 - ¥10 at midterm; ¥15 at term-end
 - Consolidated dividend payout ratio of 100.6%
- Average consolidated dividend payout ratio from the term ended Mar. 2014 to the term ending Mar. 2018: 108.0%

Forecast of Shareholder Returns

	03/14 Term Result	03/15 Term Result	03/16 Term Result	03/17 Term Result	03/18 Term Forecast
1) Consolidated net profit	¥1,806 million	¥2,003 million	¥978 million	-¥1,575 million	¥700 million
2) Comprehensive profit	¥3,385 million	¥3,993 million	-¥1,106 million	-¥720 million	-
3) Consolidated equity ratio	66.6%	64.5%	66.3%	65.4%	61.5%
4) Total dividend (Dividend per share)	¥563 million (¥20)	¥1,127 million (¥40)	¥1,127 million (¥40)	¥704 million (¥25)	¥704 million (¥25)
5) Consolidated payout ratio	31.4%	56.3%	115.3%	-	100.6%
6) Value of treasury stocks acquired (Number of shares acquired)	¥366 million (600 thousand shares)	-	-	-	Suspense
7) Total payout ratio (4+6) ÷ 1	51.4%	56.3%	115.3%	-	Suspense
8) Cancellation of treasury stocks	1,000 thousand shares	-	-	-	Suspense
9) Total number of shares issued (Excluding treasury stocks)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	Suspense
10) Net profit per share	¥63.78	¥71.11	¥34.70	-¥55.90	¥24.84
11) Net assets per share	¥2,209.24	¥2,328.64	¥2,249.40	¥2,183.84	¥2,183.66

- *1) Those acquired along with purchase requests for odd shares are not included in the number of treasury stocks acquired.
 *2) Net profit per share is calculated based on the average number of issued shares (shares other than treasury stocks) during the period.
 *3) Net assets per share is calculated based on the total number of shares issued (excluding treasury stocks) at fiscal year end.
 *4) The forecast for consolidated equity ratio, total dividend and consolidated payout ratio for 03/18 term does not factor in the impact of acquisition of treasury stocks.
 *5) The forecast for net profit per share and net assets per share for 03/18 term is calculated based on the total number of shares issued (excluding treasury stocks) as of March 31, 2017.
 *6) The value of treasury stocks acquired until 03/16 term is ¥6,035 million (8,281 thousand shares, of which 7,179 shares were cancelled).

IV. Financial Situation

- Regarding the results of the fiscal year ended March 31 2017, total assets were ¥94.1 bn; cash and deposits increased mainly due to a decrease in inventories; and an equity ratio was 65.4%
- Regarding the forecast for the fiscal year ending March 2018, total assets will increase to ¥100 bn; cash and deposits will decrease mainly due to an increase in accounts receivable; and an equity ratio will be 61.5%.

1) Balance Sheets

	FY ended Mar. 16 Result (A)	FY ended Mar. 17 Result (B)	B-A Increase/ Decrease	FY ending Mar. 18 Forecast (C)	C-B Increase/ Decrease
Cash and deposits	101.9	196.0	94.1	170.0	-26.0
Accounts receivable	551.3	526.1	-25.2	575.0	48.9
Inventories	184.1	113.3	-70.8	154.0	40.7
Other assets	118.6	106.1	-12.5	101.0	-5.1
Total assets	955.8	941.4	-14.4	1,000.0	58.6
Accounts payable	222.8	167.2	-55.7	185.0	17.8
Interest bearing liabilities	64.1	131.2	67.2	170.0	38.8
Other liabilities	35.0	27.7	-7.4	29.7	2.0
Total net assets	633.9	615.4	-18.5	615.3	-0.1
Total liabilities and net assets	955.8	941.4	-14.4	1,000.0	58.6
Equity ratio	66.3%	65.4%	-0.9P	61.5%	-3.9P

2) Cash Flows

	FY ended Mar. 16 Result	FY ended Mar. 17 Result	FY ending Mar. 18 Forecast
Decrease (increase) in accounts receivable-trade	31.1	27.8	-49.0
Decrease (increase) in inventories	-17.8	68.0	-40.9
Increase (decrease) in accounts payable-trade	-77.2	-52.6	17.8
Other	12.1	7.5	16.8
Operating C/F	-51.9	50.7	-55.2
Investing C/F	-4.1	-7.3	-2.0
Financing C/F	35.4	52.6	31.2
Foreign currency conversion adjustments	-3.5	-0.9	
Increase (decrease) in cash and deposits	-24.0	95.1	-26.0
Increase in cash and deposits from newly consolidated subsidiary			
Balance of cash and deposits at term-end	100.9	196.0	170.0

* Forecast for the fiscal year ending March 2018 does not factor in the impact of acquisition of treasury stocks.

Supplemental Materials

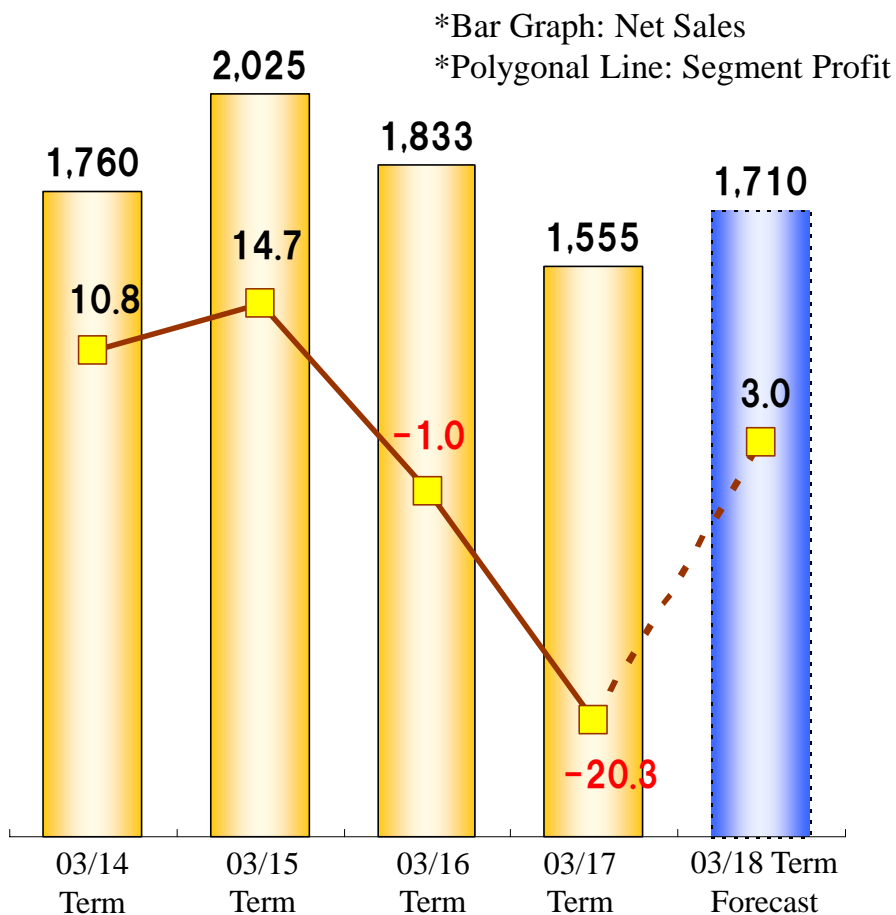
**Year Ending March 2018
Full-Year Forecasts by
Business Segment**

Year Ending March 2018

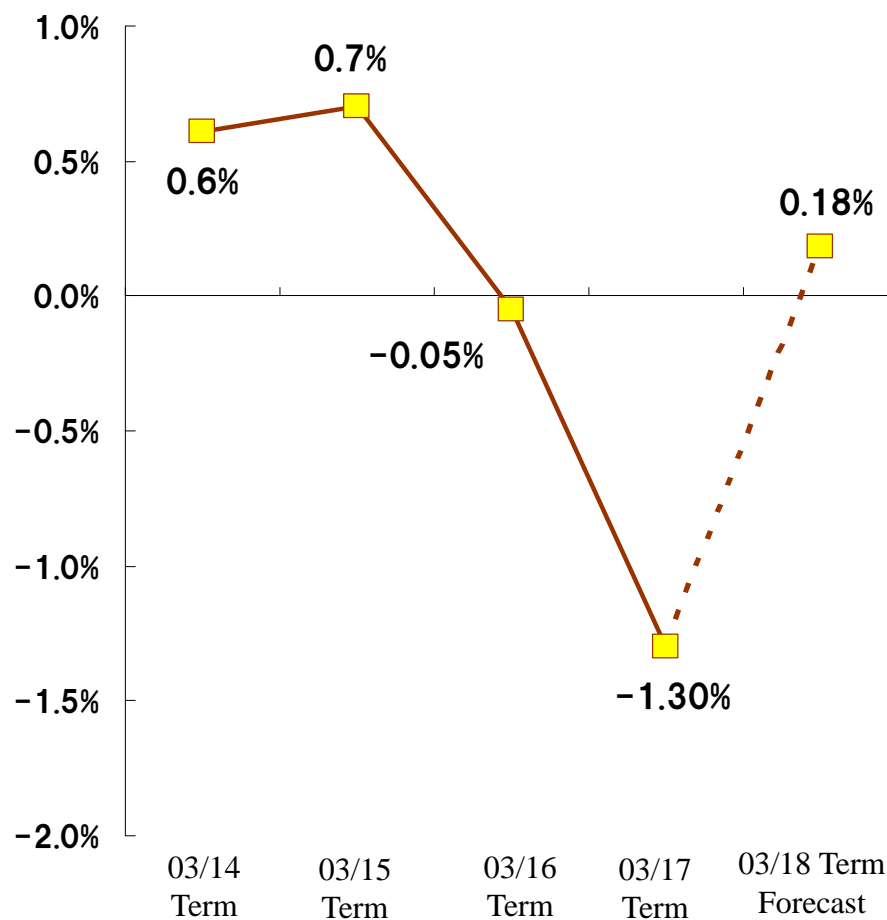
Device Business Forecasts

After recording segment loss for two consecutive fiscal years, we will focus on reform of our business portfolio to enhance profitability

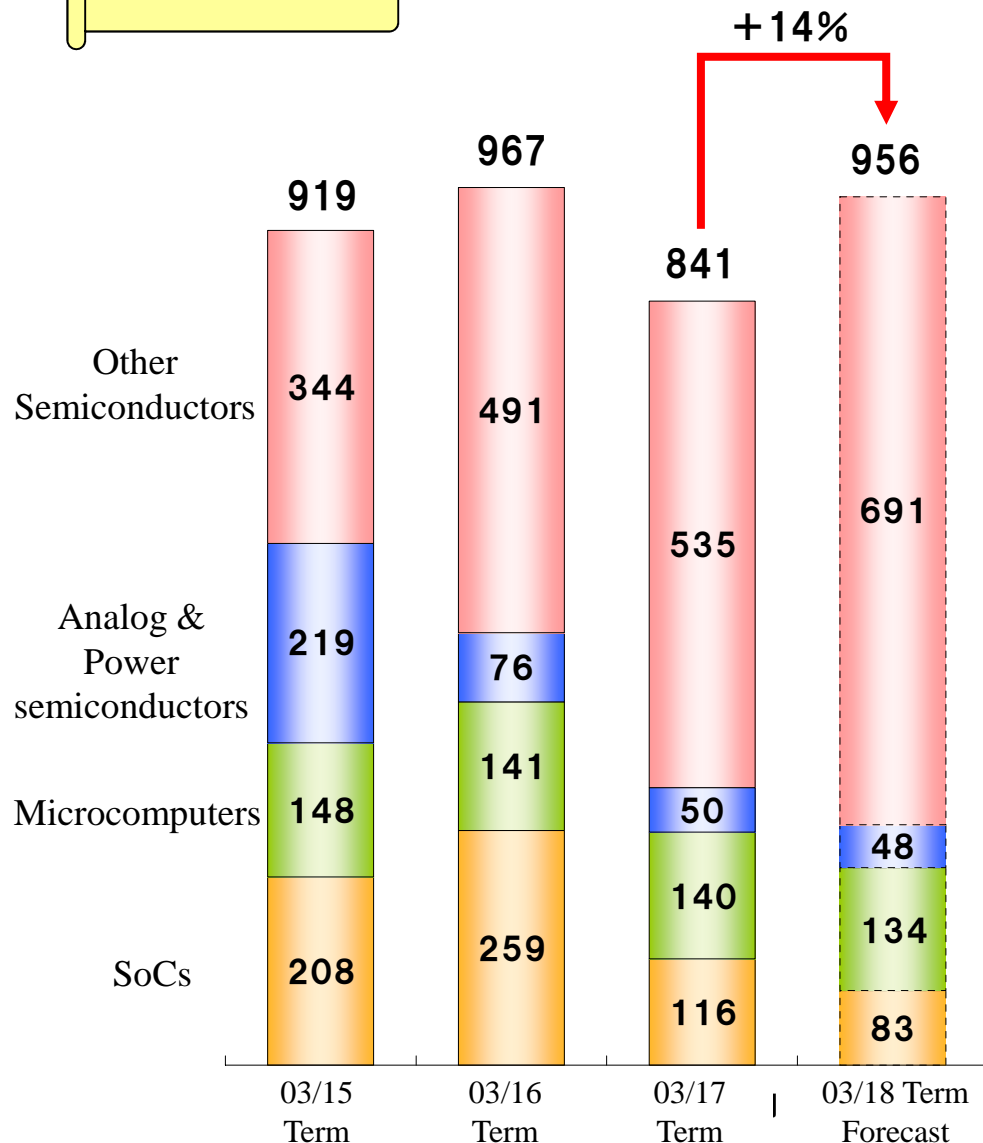
Net Sales/Segment Profit



Segment Profit Ratio



Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

SoCs (System LSIs)

● Those for gaming consoles will decrease

Microcomputers

● Those for gaming consoles will decrease

○ Those for vehicle-mounted systems/household electrical appliances will remain solid

Analog & Power Semiconductors

● A decrease is expected due to planned production cease at a supplier

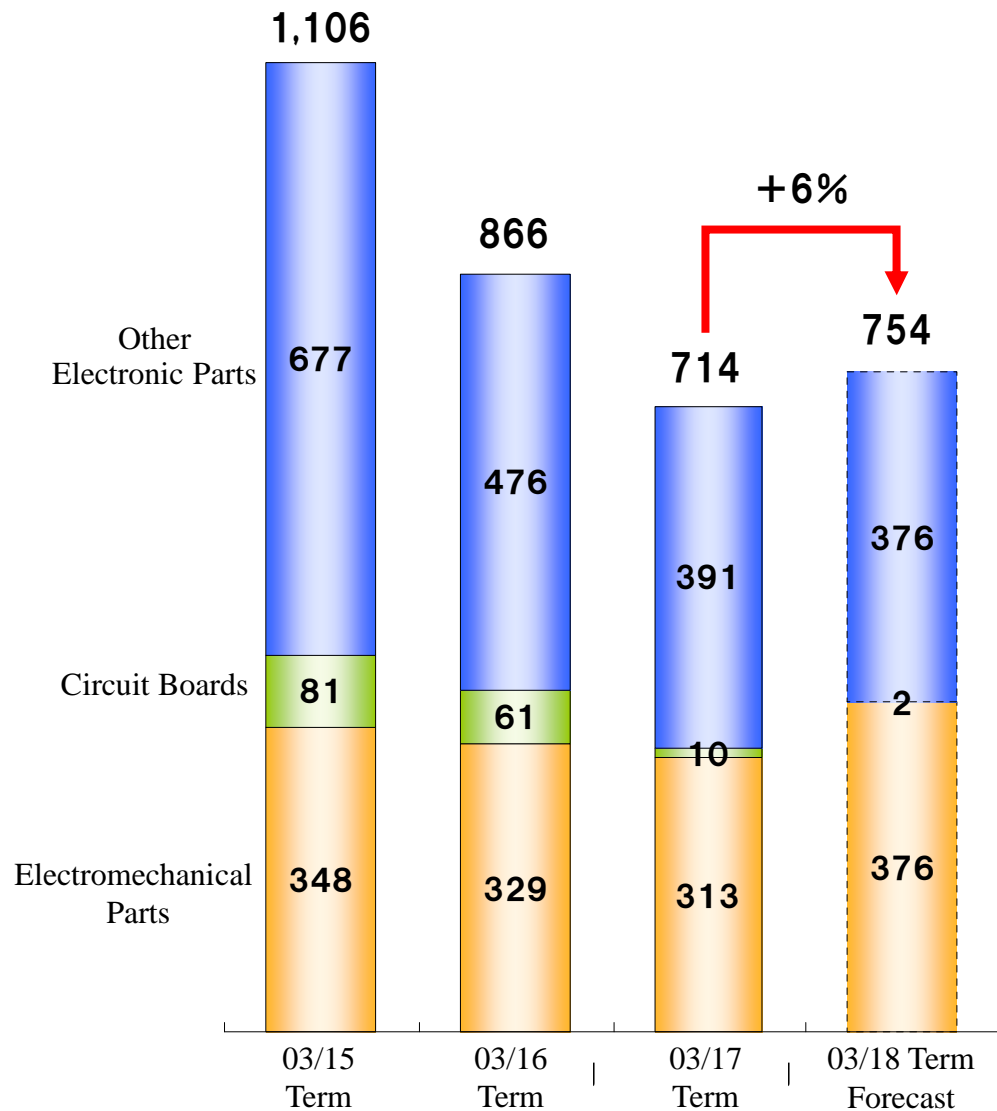
Other Semiconductors

○ Those for mobile devices, mass storages, motors and vehicle-mounted systems will increase

○ An increase in sales of new businesses such as wireless ICs is expected

	YoY Change
SoCs	-29%
Microcomputers	-4%
Analog & Power Semiconductors	-3%
Other Semiconductors	+29%

Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

■ Electromechanical Parts

○ Those for mobile devices will increase

■ Circuit Boards

● Those for mobile devices will decrease

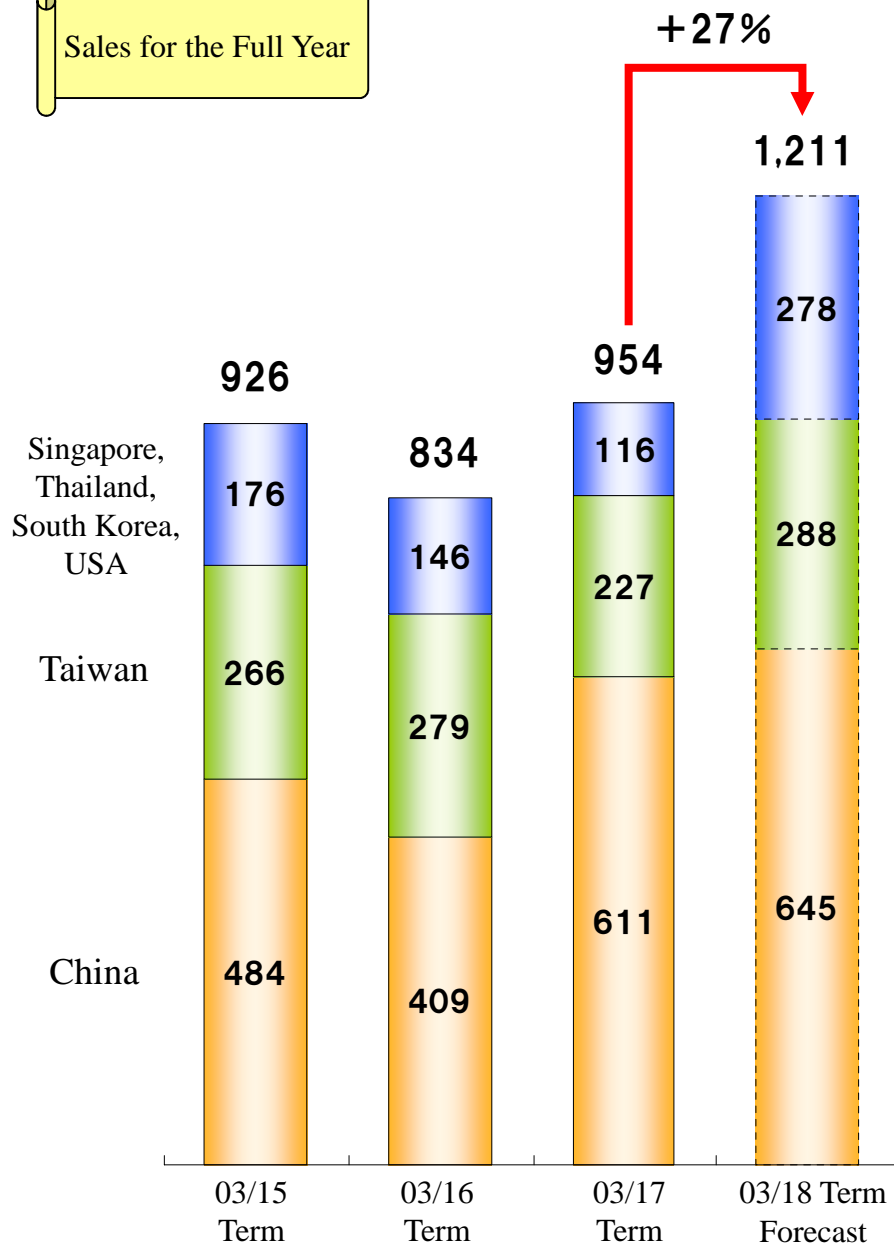
■ Other Electronic Parts

● Those for social infrastructure will decrease

○ We expect new businesses including solution proposals for modules/finished products

	YoY Change
Electromechanical Parts	+20%
Circuit Boards	-80%
Other	-4%

Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

- China
 - Those for mobile devices will regain strength and new businesses will be started.
- Taiwan
 - Those for mobile devices will increase and new businesses will be started.
 - Those for gaming consoles will decrease
- Singapore
 - Those for mobile devices and mass storages will increase.
- Thailand
 - Those for vehicle-mounted systems/household electrical appliances will decrease
- South Korea
 - Those for mobile devices will decrease
- USA
 - Those for vehicle-mounted systems will increase and new businesses will be started.

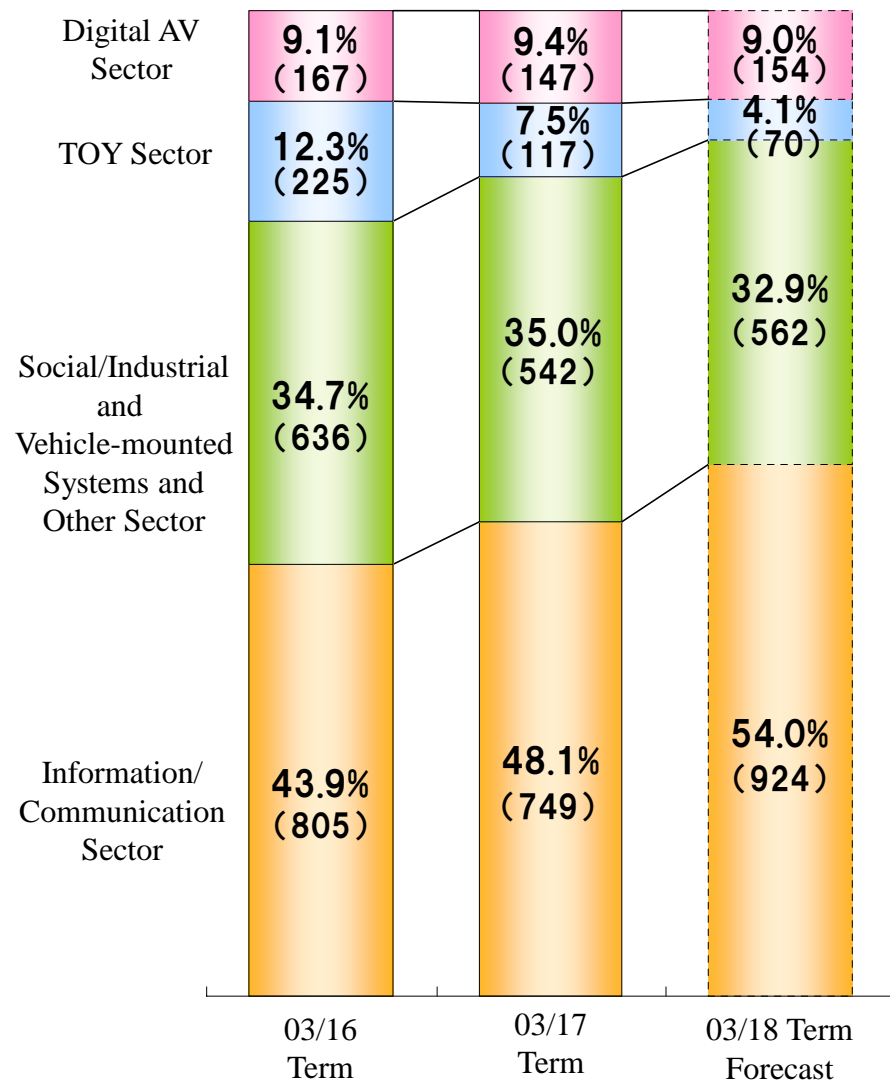
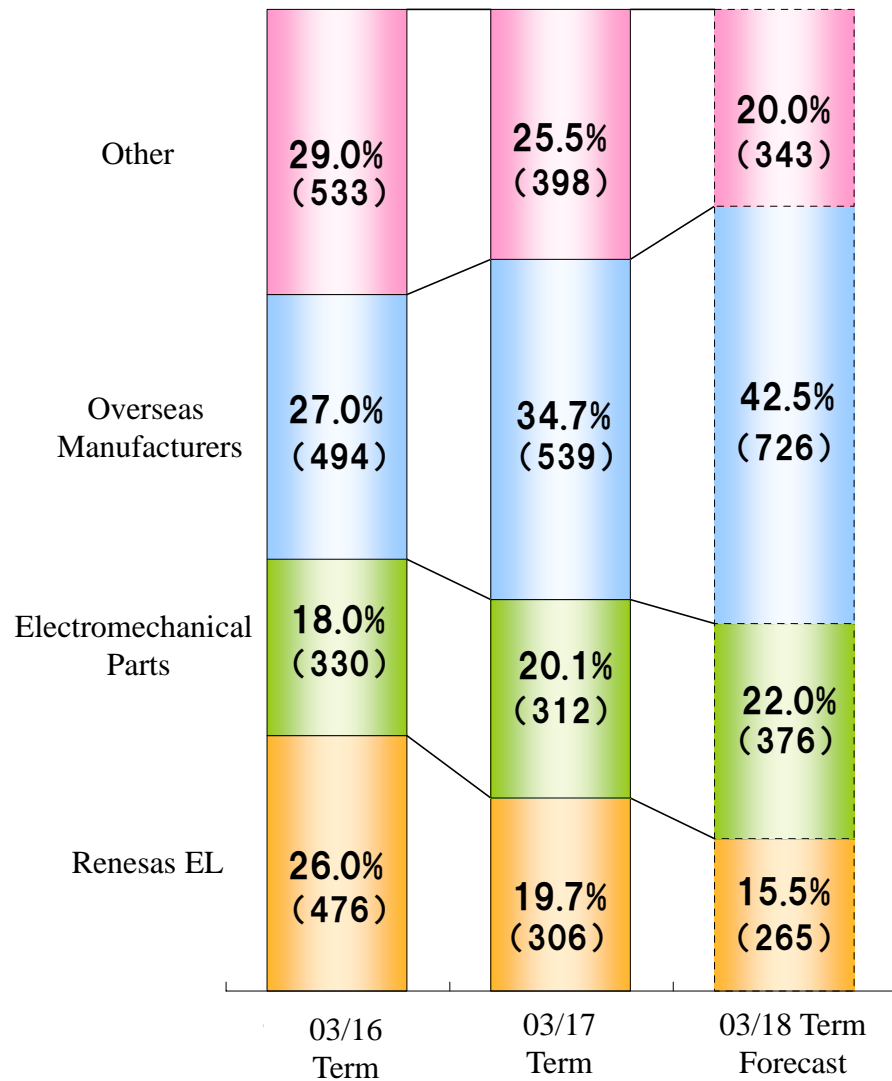
	YoY Change
China	+6%
Taiwan	+27%
Singapore	+265%
Thailand	-5%
South Korea	-1%
USA	+69%

Sales Composition Ratio for Device Business

Sales Composition Ratio by Supplier

* Figures in brackets represent net sales (unit: ¥100 million)

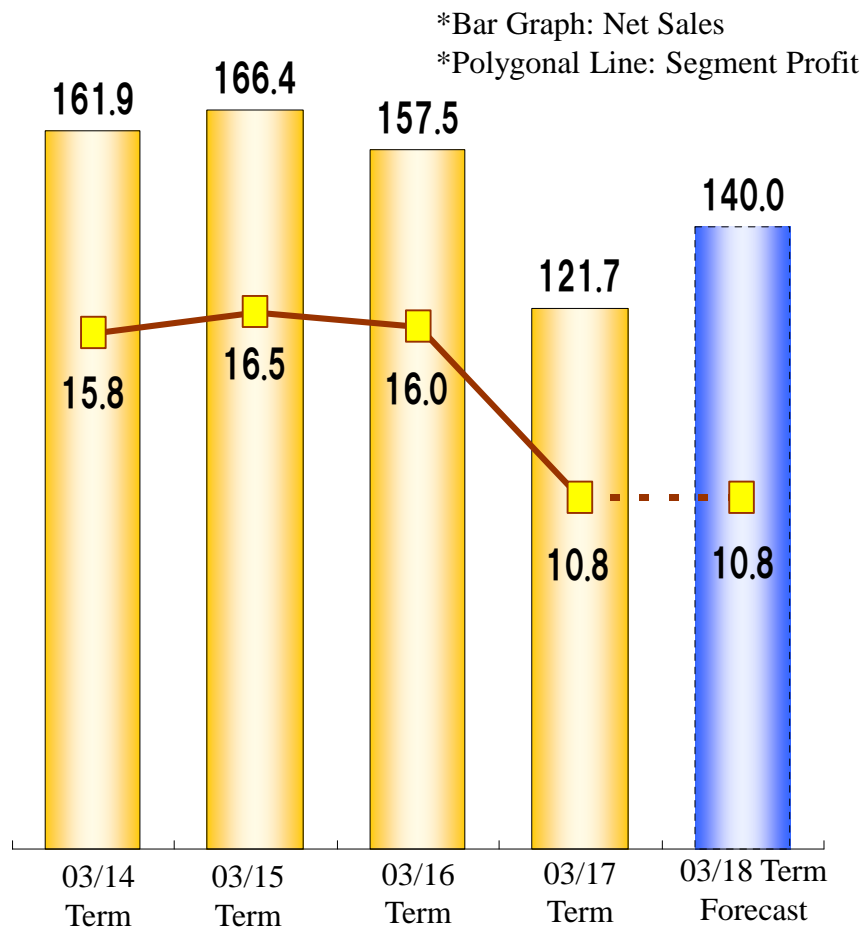
Sales Composition Ratio by Sector



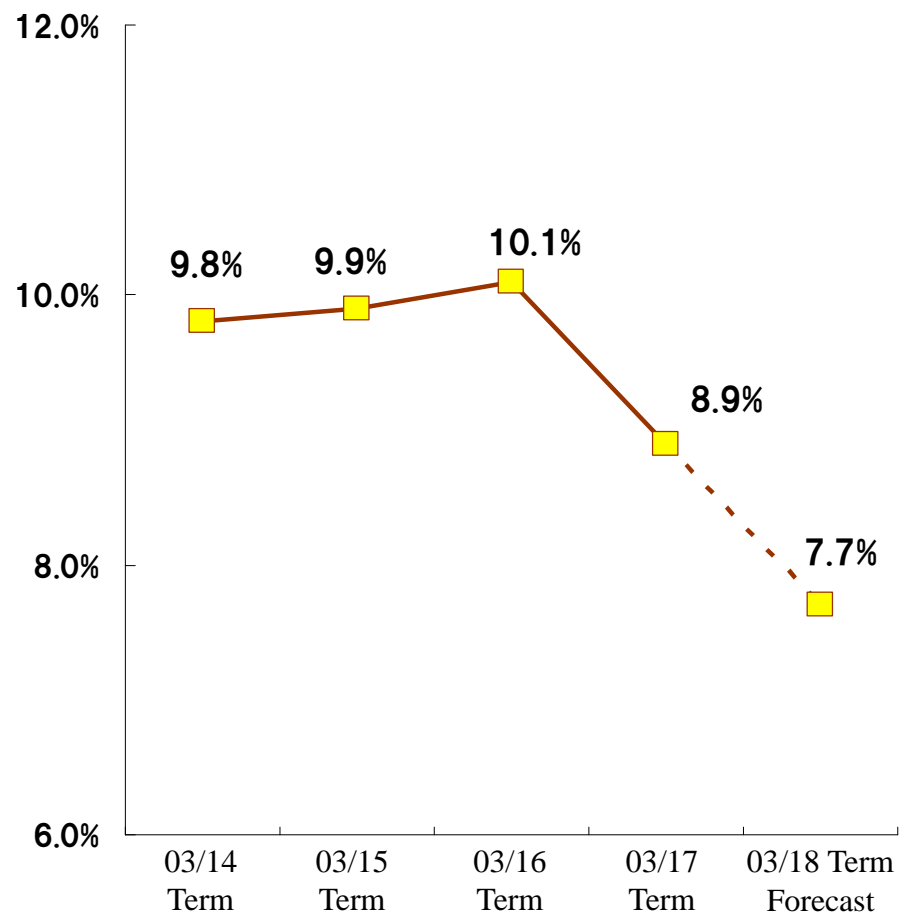
Year Ending March 2018 Solution Business Forecasts

After recording decreases in both sales and profit, we forecast that, despite of an increase in sales, profit would remain at the same level with the current term, but need to focus on building a highly profitable revenue base.

Net Sales/Segment Profit



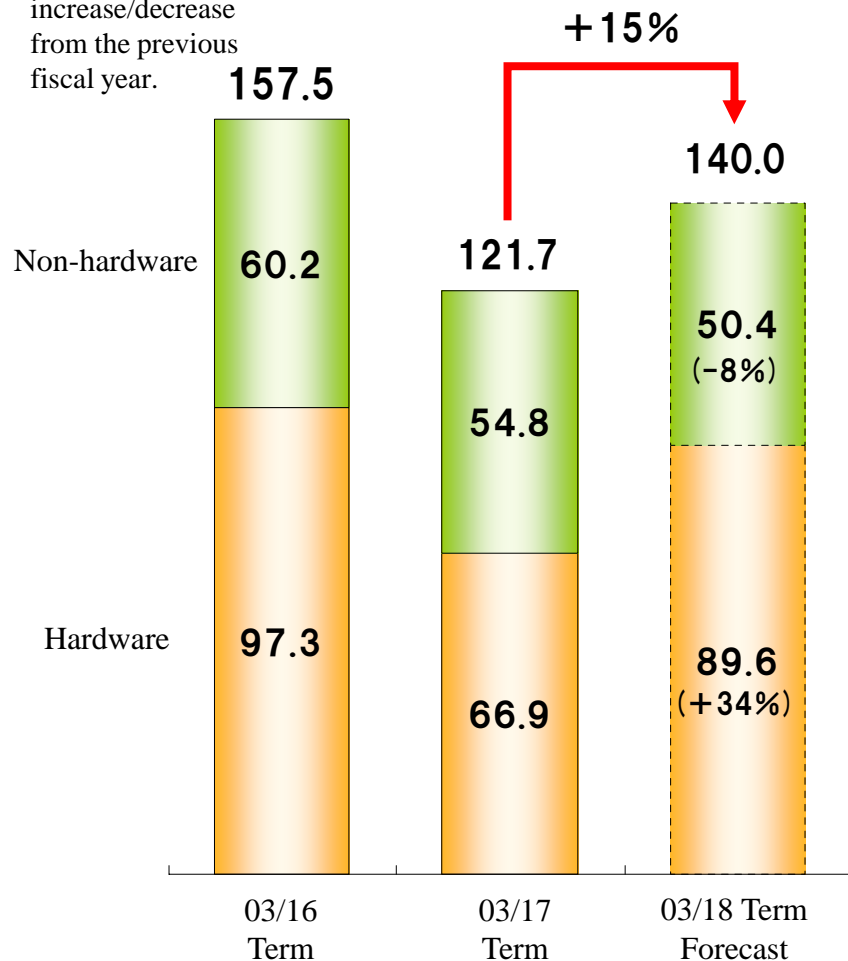
Segment Profit Ratio



Changes in Net Sales by Product

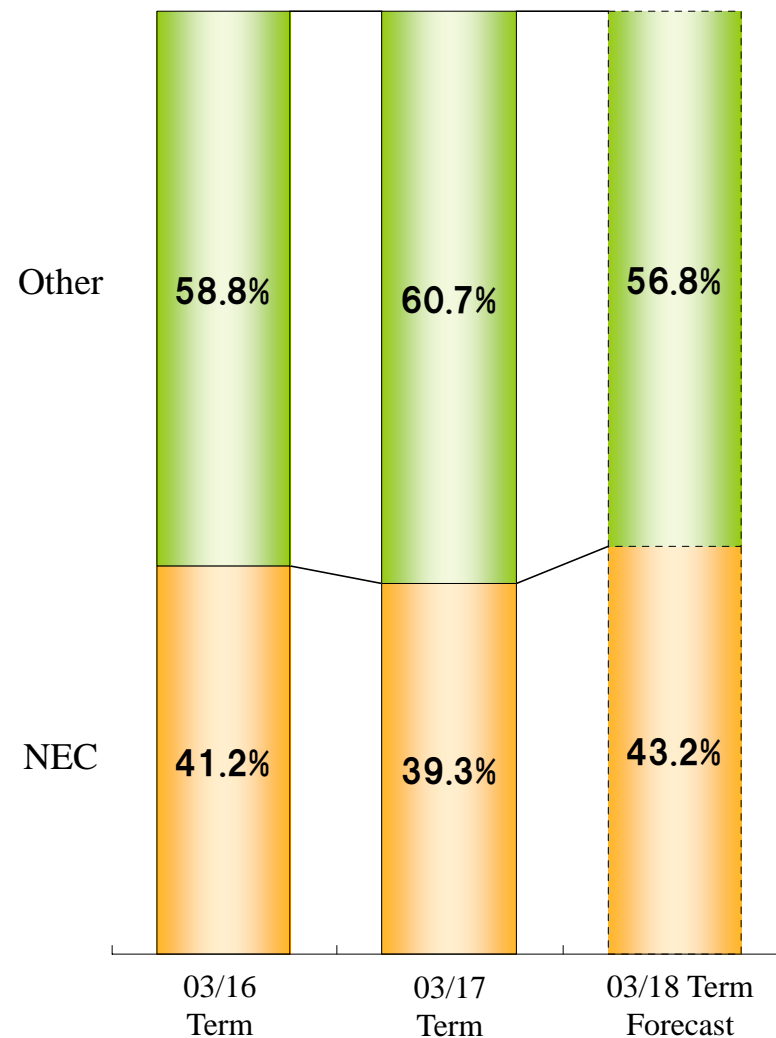
- Hardware: NW/public systems/embedded systems will increase
- Non-hardware: Spots for NW/AP will decrease

*() shows an increase/decrease from the previous fiscal year.

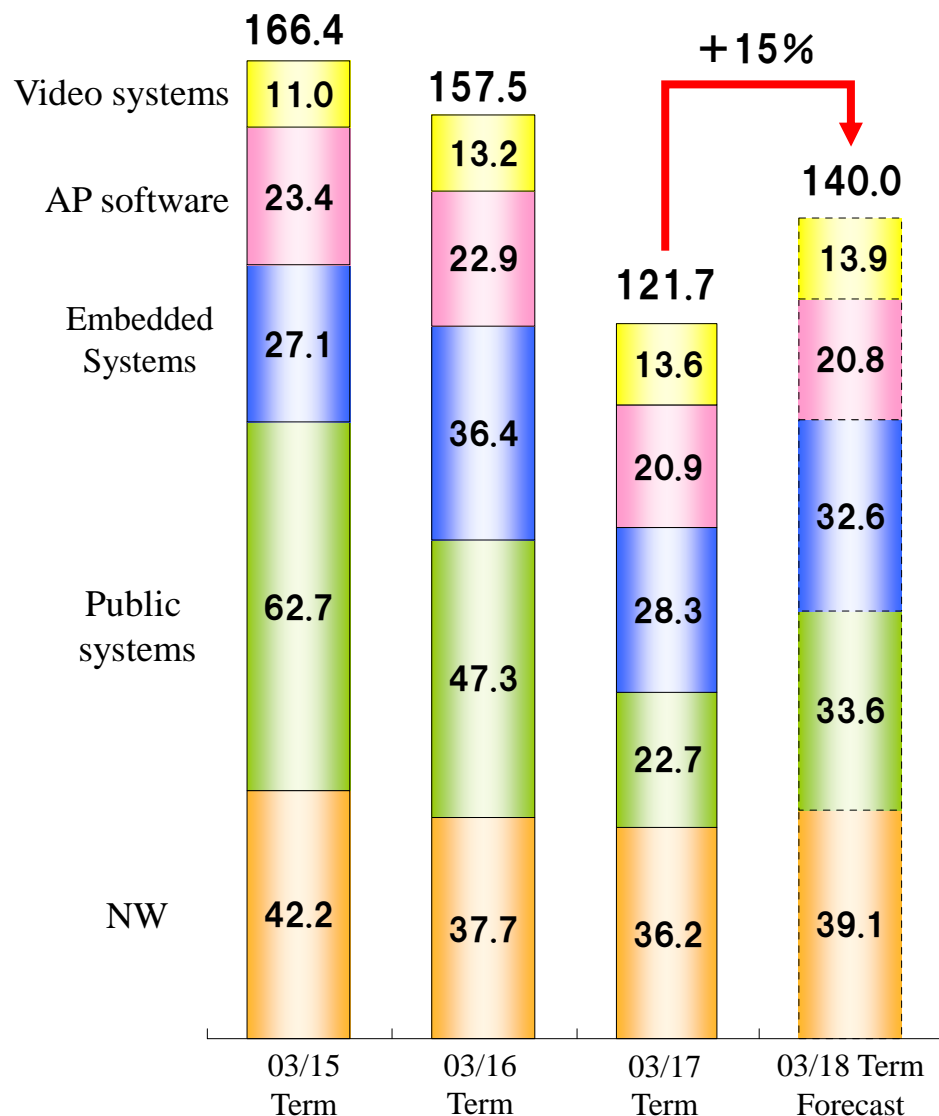


Sales Composition Ratio by Supplier

- Proportion taken by NEC is expected to expand in the fiscal year ending March 2018



Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

- NW
 - Infrastructure-related business for private sector will increase
- Public Systems (fire stations & government agencies)
 - Sales relating to firefighting, disaster prevention and infrastructure will increase.
- Embedded Systems
 - LTO and RAID technologies will increase
- AP Software
 - Production/SG&A expenses, etc. will decrease
- Video Systems
 - Portable video transmitters/IPTV systems and other products will increase

	YoY Change
NW	+8%
Public systems	+47%
Embedded systems	+15%
AP software	-1%
Video systems	+2%

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TRUST

*Business cannot
succeed without trust.
It begins and ends
with trust.*

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PRINCIPLES

*Do not just pursue
profit. But act based
on principles, which
can be realized
through self-
discipline.*

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SINCERITY

*Always act sincerely.
Rise to the challenge
head-on.*

Thank you for your attention.

***Note for Use of This Reference Material**

Business forecasts and other statements contained in this reference material regarding the future are predictions based on information available at the time of writing and are not intended as a promise of performance on the part of the Company. Due to various factors, actual results may differ from assessment figures. Major factors affecting actual results are mainly those listed below.

- Economic conditions and consumption trends in Japan, North America and Asia
- Purchaser's production trends and product development
- Supplier's supply situation and product development
- Price drops due to intensifying competition
- Significant fluctuations in exchange rates