



CMK CORPORATION
(Stock code: 6958)

FY 2016 Financial Results (presentation material)

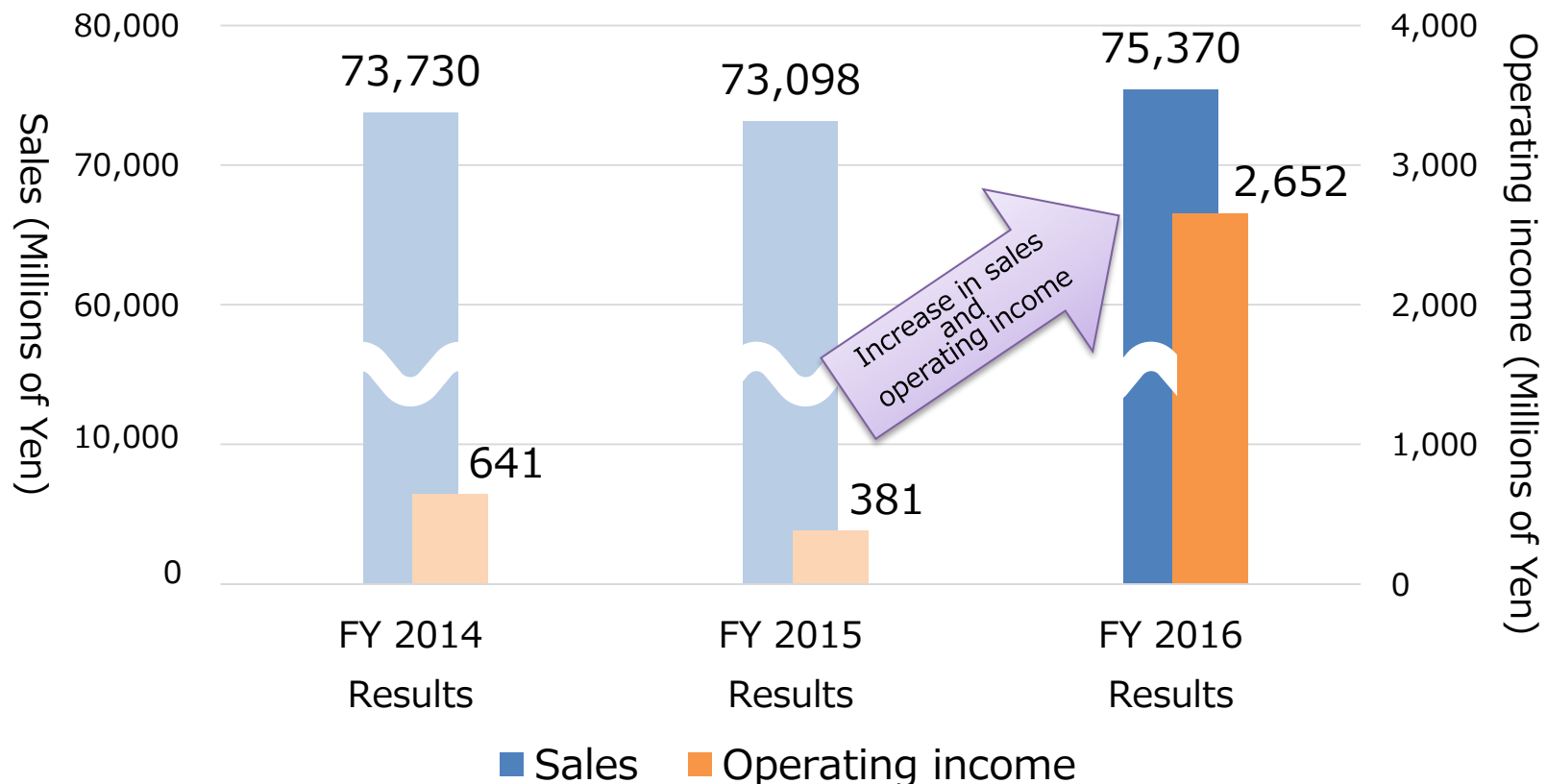
May 24, 2017
CMK CORPORATION

- 1 . Consolidated financial results for FY 2016
- 2 . Consolidated financial forecast for FY 2017
- 3 . Progress of Medium-Term Management plan
- 4 . Trends of Automotive PWB market and CMK's positioning in the market
- 5 . Supplementary material on financial results

1 . Consolidated financial results for FY 2016

① Key points of FY 2016 Financial results

- Sales of our major products for automotive use exceeded our plan
- Operating income improved significantly, reflecting the impact of streamlining of business operations in Japan and improvement of overseas profitability



② Consolidated Income Statement

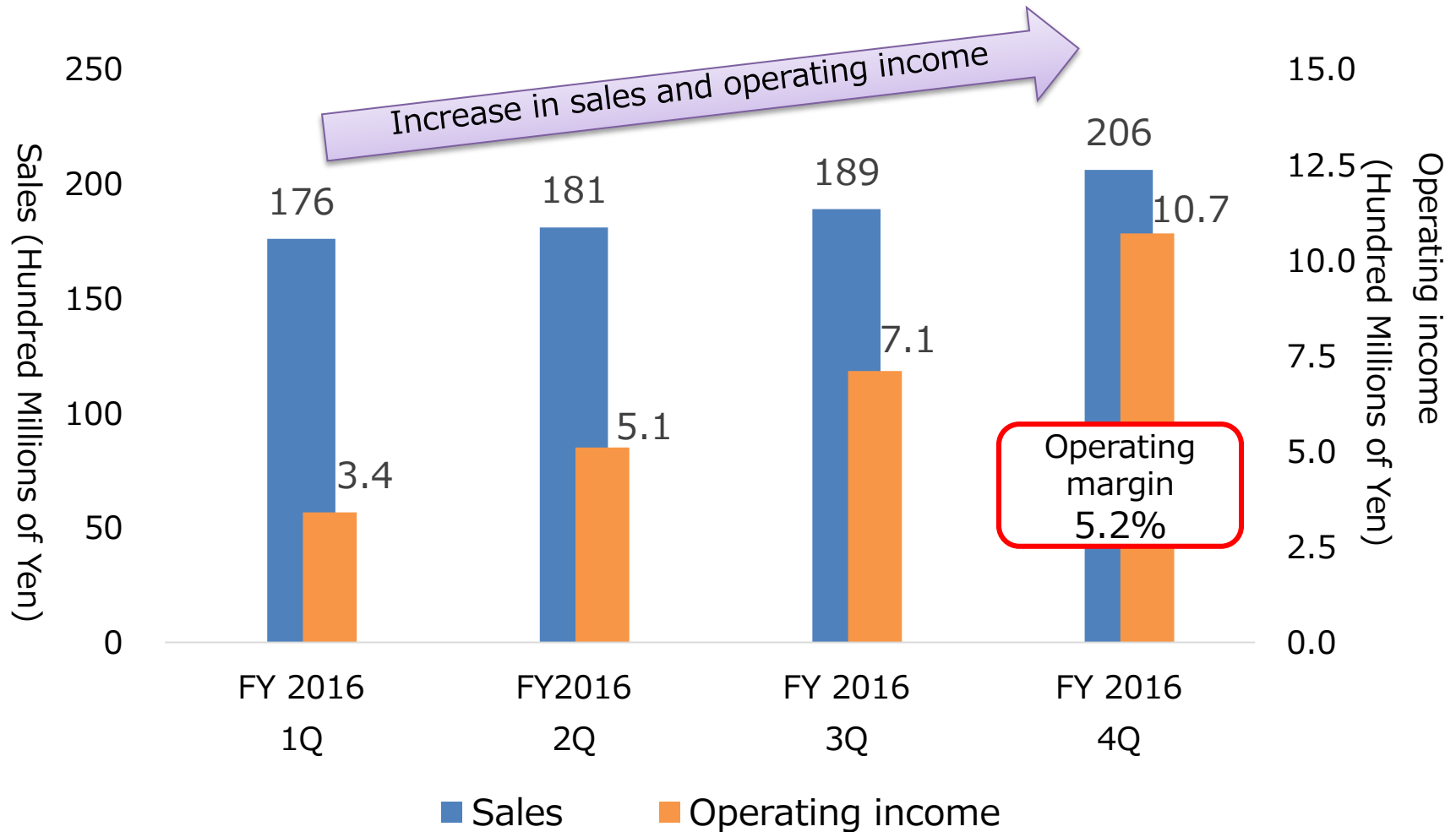


Results of the profit related items achieved as planned

(Millions of Yen)

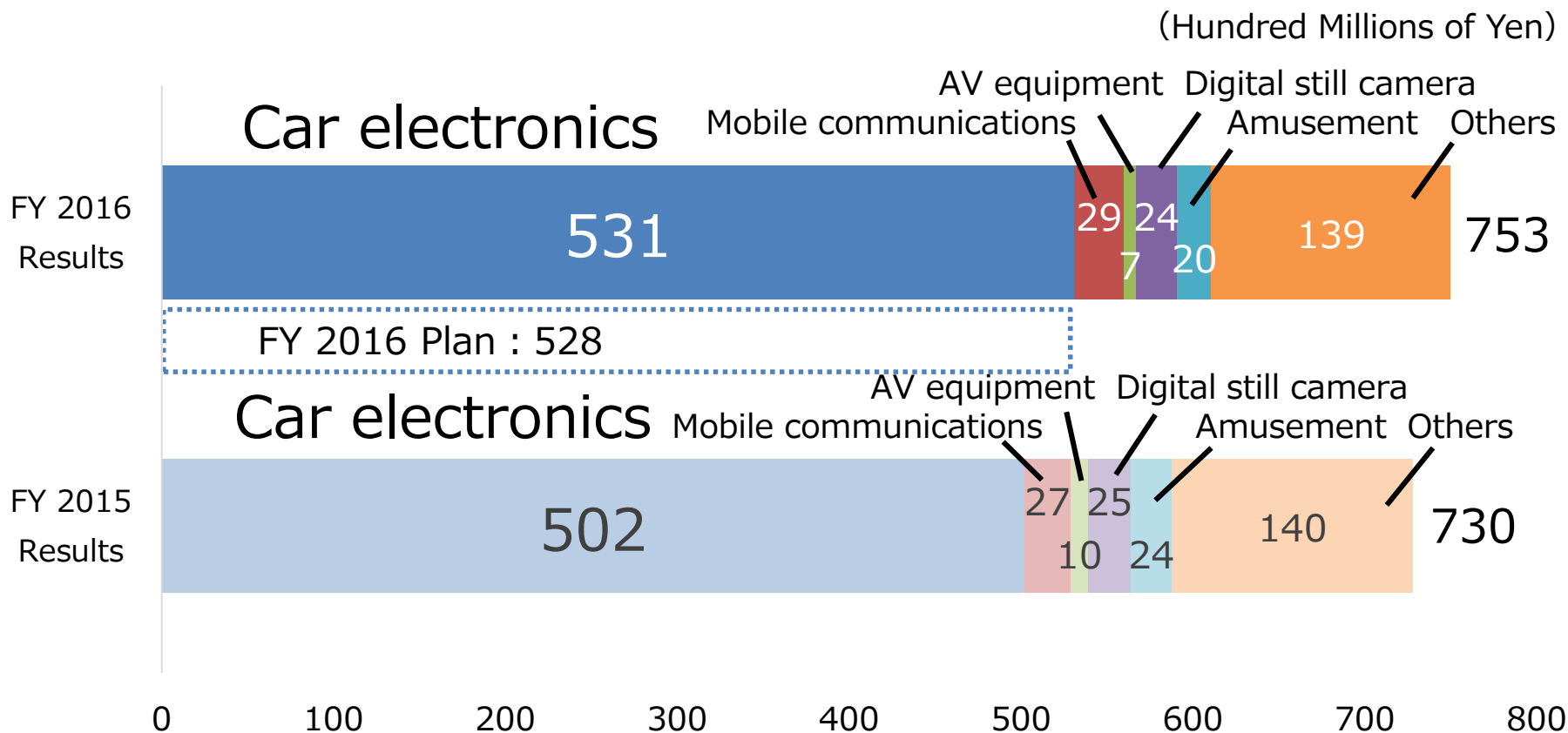
	FY 2015 Results	FY 2016 Results	YoY		Compared with plan	
			Change	%	Plan	Change
Net sales	73,098	75,370	+2,272	+3.1%	77,000	-1,629
Operating income	381	2,652	+2,270	+594.9%	2,500	+152
Operating margin	0.5%	3.5%	+3.0%		3.2%	+0.3%
Ordinary income	▲628	2,628	+3,257	—	2,100	+528
Profit attributable to owners of parent	▲8,122	2,153	+10,276	—	1,600	+553
Exchange rate (USD/JPY)	121.04	109.28	-11.76	-9.7%	115.00	-5.72

③ Changes in quarterly consolidated profit and loss



Profitability improved steadily, supported by streamlining measures and productivity enhancements as well as increase in sales mainly of products for automotive use

④ Sales by application

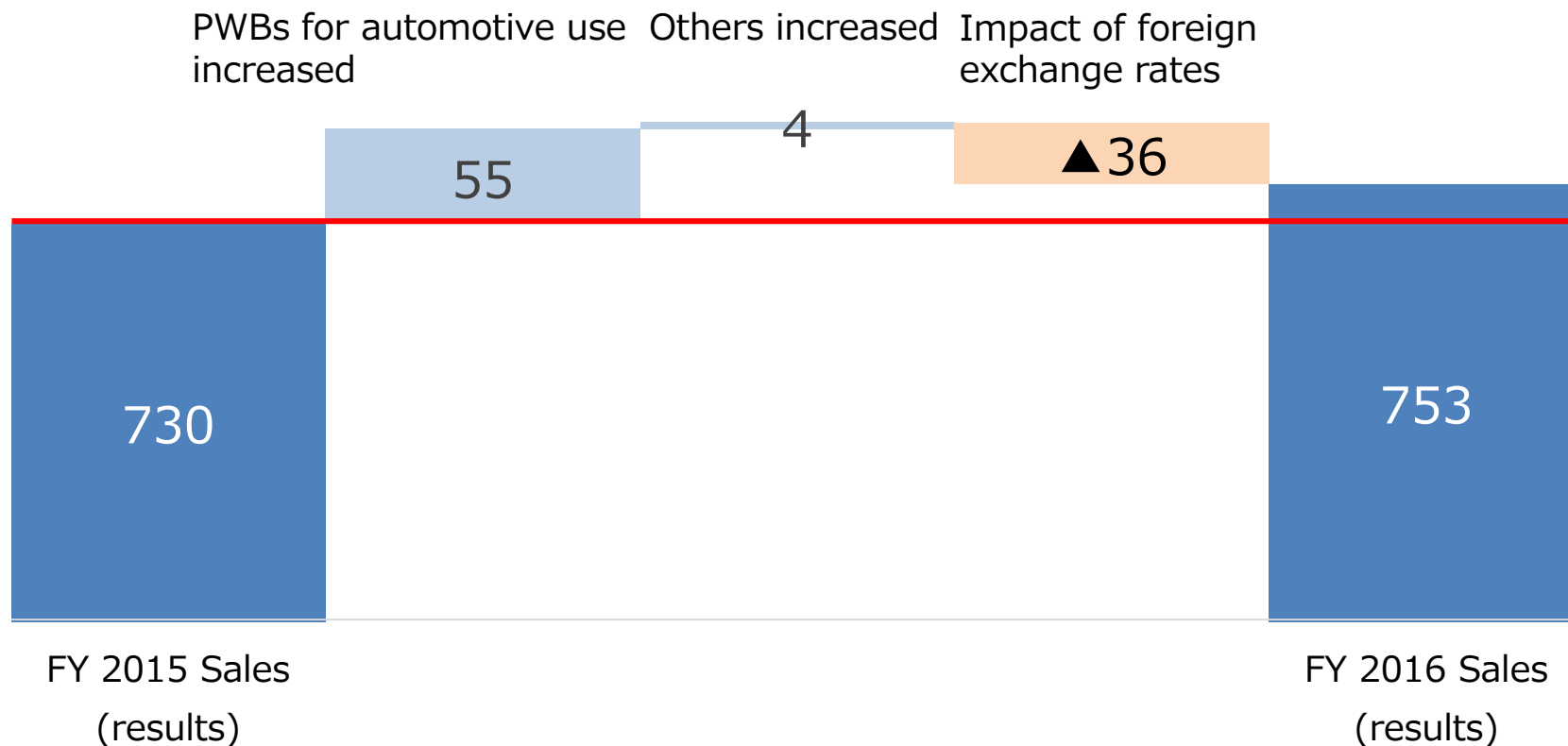


Despite decline in sales affected by a strong yen, sales of products for automotive use in strong demand increased exceeding our prospects and contributed to total sales growth

⑤ Analysis of changes in Net sales

【YoY Change】

(Hundred Millions of Yen)



Sales increased by 8.0% compared with the previous fiscal year in a local currency basis, our plan achieved

⑥ Streamlining business operations in Japan

■ Contents (Completed at the end of September, 2016)

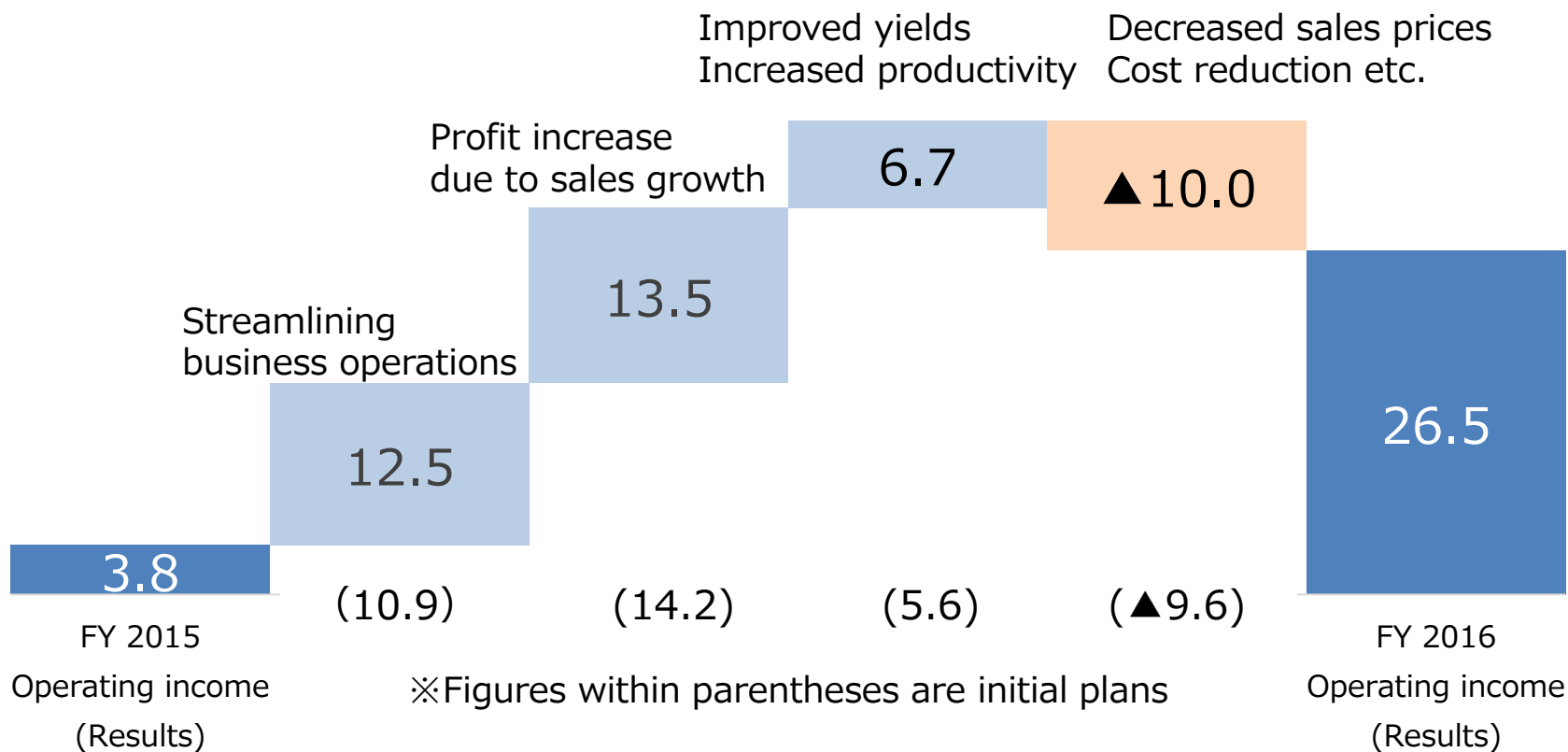
- ① Downsizing of domestic production sites
(Stop production of 2 factories in Gunma prefecture)
- ② Voluntary retirement program
(Number of applicants:247 employees)

■ Profit improvements (Comparison of status before and after the streamlining) (Hundred Millions of Yen)

	FY 2015	FY 2016			FY 2016
	FY	1H	2H	FY	FY Plan
Reduction in labor costs	2.6	7.0	7.5	14.5	15.0
Reduction in depreciation expenses	2.8	2.2	2.2	4.4	4.4
Others (incl. additional costs)	▲0.7	▲2.6	0.9	▲1.8	▲3.8
Total	4.8	6.6	10.5	17.1	15.6

⑦ Analysis of changes in Operating income

(Hundred Millions of Yen)



Profitability improved significantly, reflecting fixed cost reduction through streamlining measures and profit increase as a result of sales growth

⑧ Cash dividends

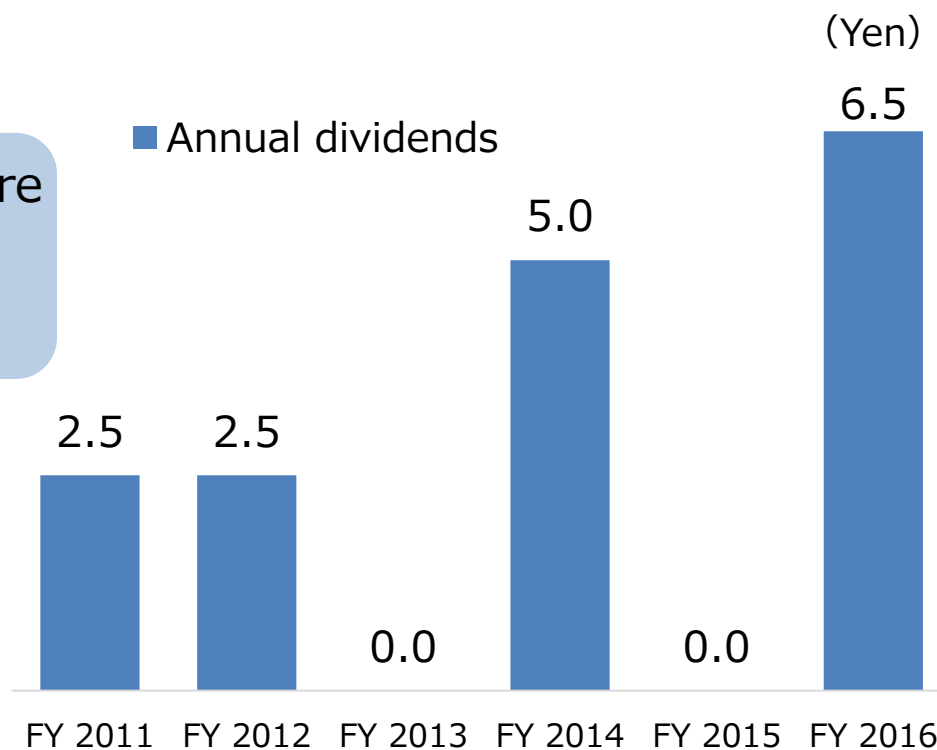
■ Basic policy

Continue to pay stable dividends in light of our financial results and performance, while securing sufficient internal reserves we need to reinforce our management structure and expand our business further

■ Cash dividends

FY 2016 Annual dividends per share

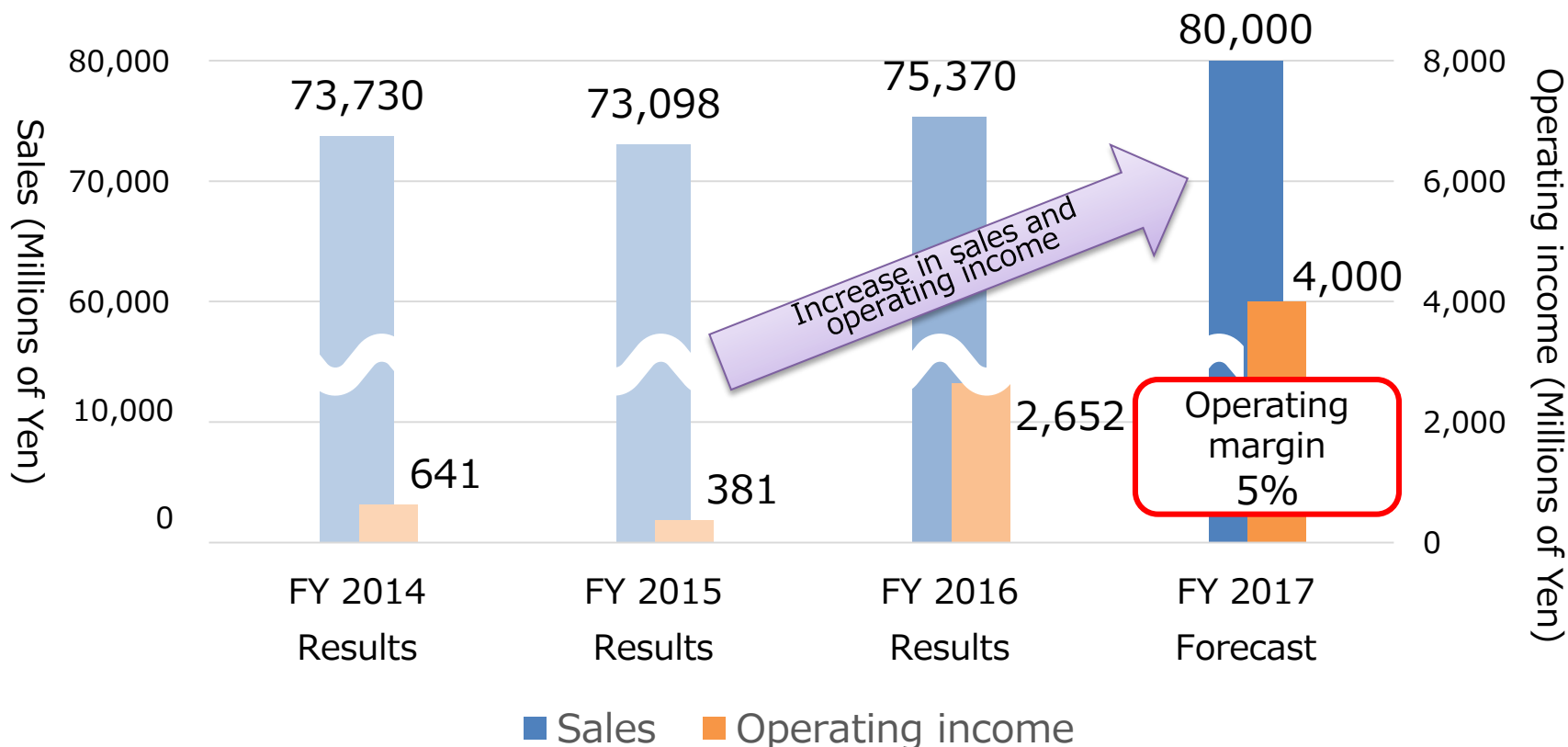
6.5Yen



2 . Consolidated financial forecast for FY2017

① Key points of FY 2017 forecast

- Further sales increase expected, mainly supported by strong sales of products for automotive use
- Operating margin of 5% expected by improving domestic productivity and enhancing overseas production capacity



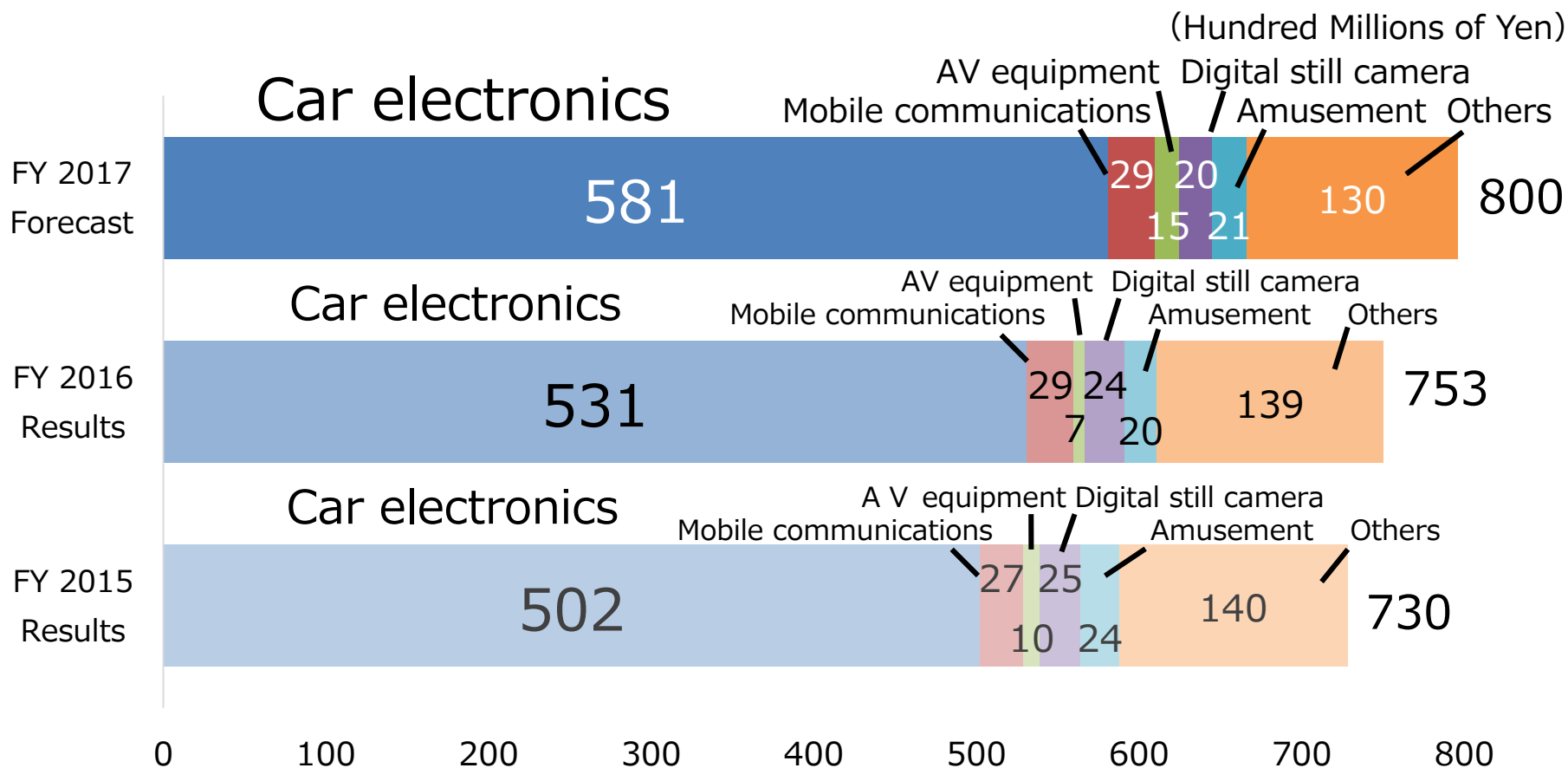
② Consolidated Income Statement

(Millions of Yen)

	FY 2015 Results	FY 2016 Results	FY 2017 Forecast	YoY	
				Change	%
Net sales	73,098	75,370	80,000	+4,629	+6.1%
Operating income	381	2,652	4,000	+1,347	+50.8%
Operating margin	0.5%	3.5%	5.0%	+1.5%	
Ordinary income	▲628	2,628	3,700	+1,071	+40.7%
Profit attributable to owners of parent	▲8,122	2,153	3,000	+846	+39.3%
Exchange rate (USD/JPY)	121.04	109.28	110.00	+0.72	+0.7%



③ Sales by application



Total sales growth expected, driven by continuous strong sales of products for automotive use

④ Our strategy for profit growth

-Enhancing overseas production capability-



Thailand



CMK Corporation(THAILAND) co., Ltd.

(Double-sided PWBs, Multilayered PWBs, HDI PWBs)

- Order intake mainly of products for automotive use remains strong
- In the FY 2016, enhanced production capacity by 30% compared with the previous fiscal year
- In the FY 2017, enhance production capacity by 30% (As of May 2017, enhance by 60%)

China



CMK electronics(WUXI) co., Ltd.

(HDI PWBs)

- HDI PWBs adopted in products for automotive use increased
- In the FY 2017, enhance production capacity by up to 30%



CMKC (Dong Guan) Ltd.

(Double-sided PWBs, HDI PWBs)

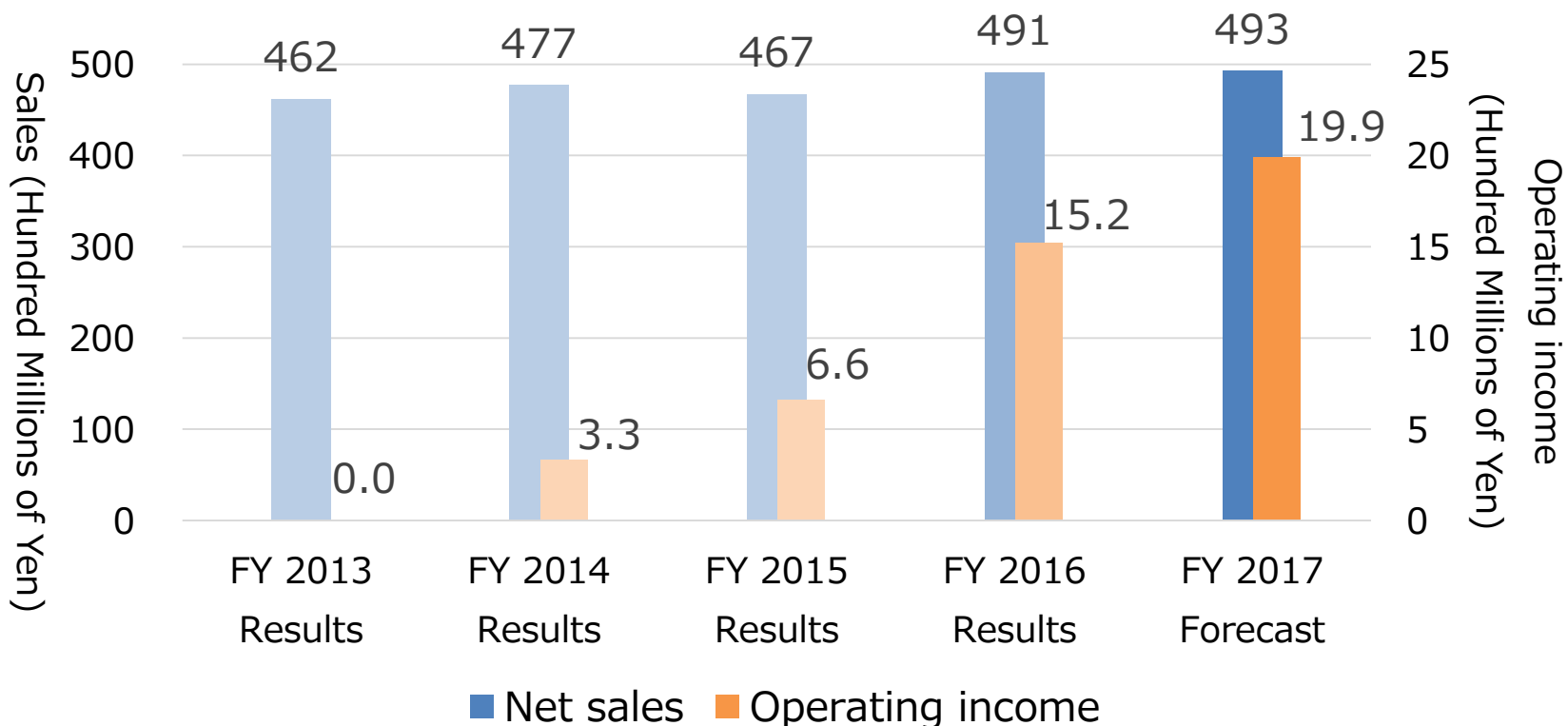
- The factory manufacturing products for automotive use being operated continuously at full capacity
- Volume of production expected to increase by investing in automated production and quality improvement

⑤ Our strategy for profit growth

-Improving domestic productivity-

- In the FY 2016, reduced fixed cost in all domestic factories through downsizing of production sites
- In the FY 2017, focus on the activities to improve efficiency of every major production line mainly in Niigata factory
 ⇒ In the future, the approach taken in Niigata factory will be transferred to other overseas factories

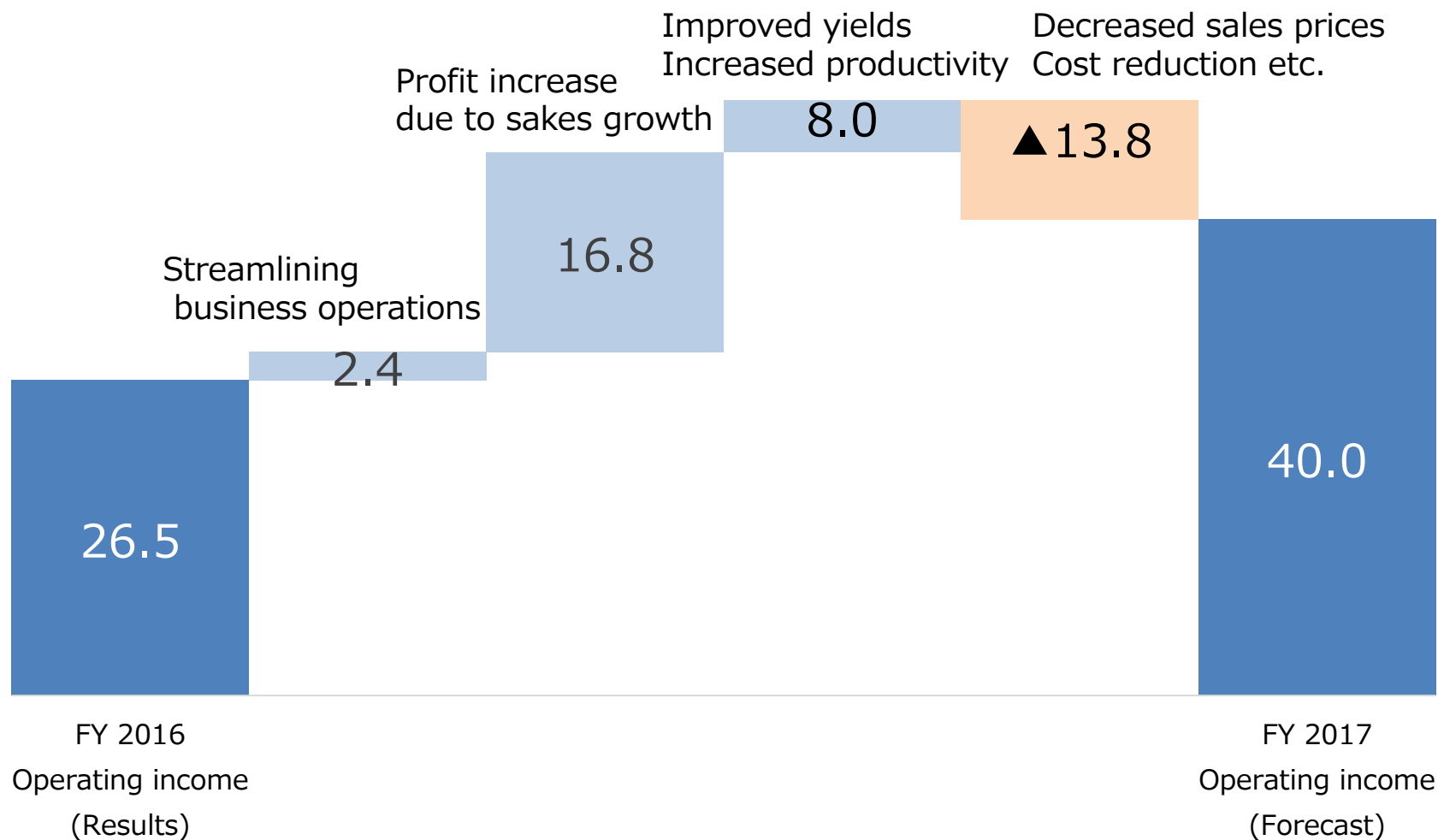
Changes in Japan profit and loss



⑥ Analysis of changes in operating income



(Hundred Millions of Yen)



3 . Progress of Medium-Term Management plan

■ Our Medium-Term strategy

- ◆ A growing CMK to deliver sustainable growth by transforming our solid business strategy
- ◆ Getting an advantage to better compete in the automotive PWB market

■ Key objectives

- ◆ Increase sales in the market for products for automotive and communication devices.
Growth in the overseas market.
- ◆ Enhance production capacity
- ◆ Strengthen cost competitiveness
- ◆ Enhance quality management

② Forecast of consolidated income statement

In the FY 2017, maintain operating margin set in the Medium-term management plan and the same level of net profit as this fiscal year.

(Hundred Millions of Yen)

	Medium-Term management plan (May 25, 2015 release)			Results and Forecast (As of May 24, 2017)		
	FY 2015	FY 2016	FY 2017	FY 2015 Results	FY 2016 Results	FY 2017 Forecast
Net sales	750	820	900	730	753	800
Operating income	15	25	45	3	26	40
Operating margin	2.0%	3.0%	5.0%	0.5%	3.5%	5.0%
Profit attributable to owners of parent	7	16	30	▲81	21	30
ROE	1.2%	2.9%	5.0%	▲15.9%	4.5%	6.1%
Exchange rate (USD/JPY)	115.00	115.00	115.00	121.04	109.28	110.00

4 . Trends of Automotive PWB market and CMK's positioning in the market

① Medium-term trends of the Automotive PWB Market (CMK's view)

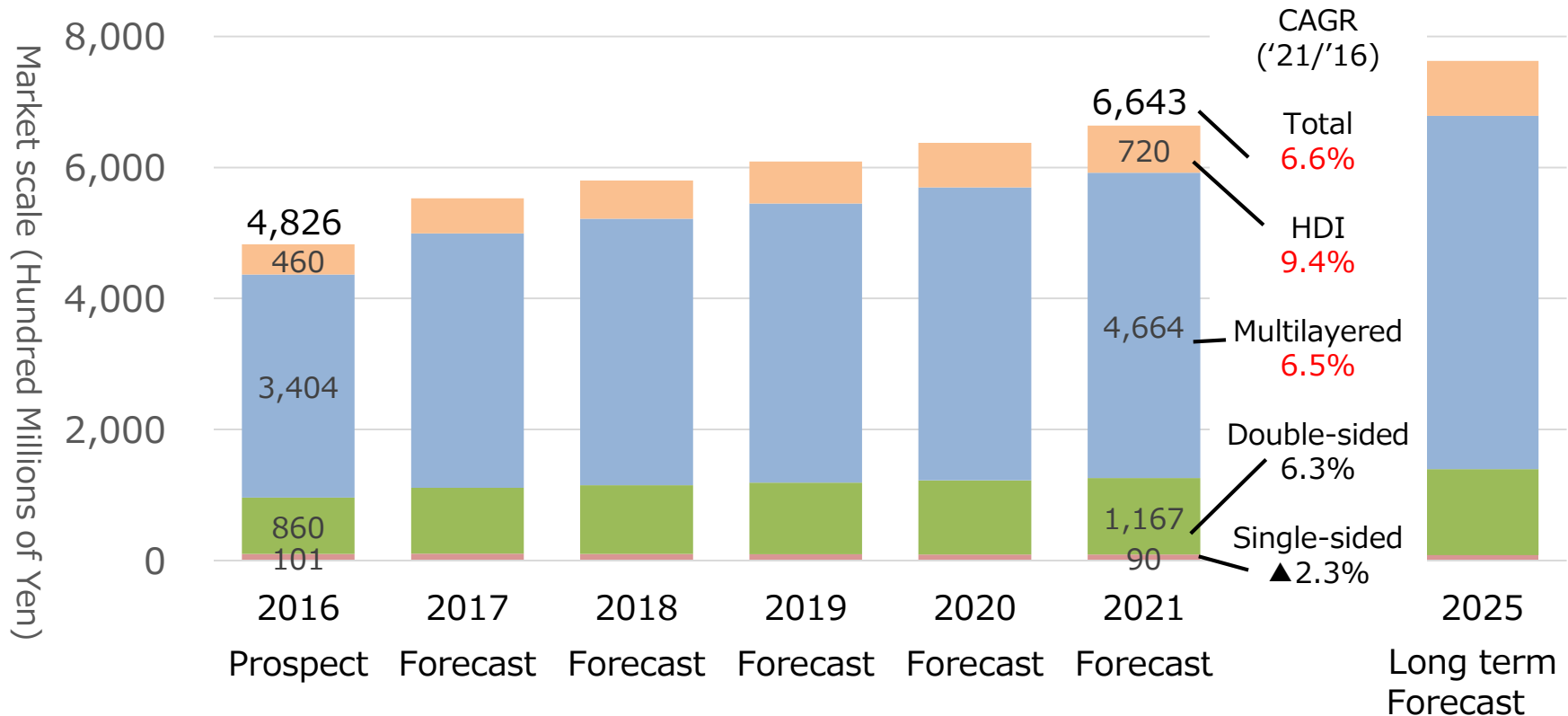


1. Increase in the number of sales of new cars
 - Since 2010, the number of sales of new cars steadily increased
 - The market continues to expand further, supported by demands in emerging countries
2. Growing popularity of environment friendly next generation automobiles
 - EU, the United States and other countries continue to tighten regulations for fuel efficiency of automobiles
 - Shift to next generation automobiles such as PHV and EV is expected
3. Widespread adoption of the Advanced Driving Assistance System (ADAS)
 - Demands for ADAS continues to increase, driven by growing needs for active safety and driving assistance
 - Shift to automated driving expected in the future

The automotive PWB market continues to grow further, supported by increasing sales of new cars and strong demand for PWBs

② Market scale forecast

Market scale forecast of rigid PWBs for automotive use



The automotive PWB market is expected to grow, beyond the impact of increasing sales of new cars, driven by active demand for high value-added products such as Multilayered PWBs and HDI PWBs

※CAGR(Compound Average Growth Rate)

※Source : prepared by CMK reference to Fuji Chimera Research [Comprehensive Study of In-Vehicle Electronic Devices & Components 2017]

③ Prospect of ECU market and various use of automotive PWBs

ECU market (Trillion Yen)

	2016 Prospect	2021 Forecast	CAGR
Body Electronics ECU	2.6	3.2	4.8%
Information and Communication ECU	1.7	2.2	5.1%
Powertrain ECU	0.9	1.3	7.0%
HV/PHV/EV/FCV ECU	0.1	0.3	19.7%
Driving Control and Safety ECU	1.9	2.7	6.7%
Smart sensor/Actuator	0.6	1.3	13.8%

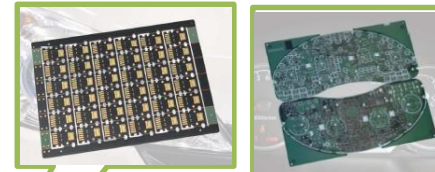
Information and Communication

Car navigation, View monitor, Intelligent Transport Systems etc.



Body Electronics

Headlamp, mater panel etc.



Climate Control

Air conditioner, Mirror Control, Power seat, Sunroof etc.



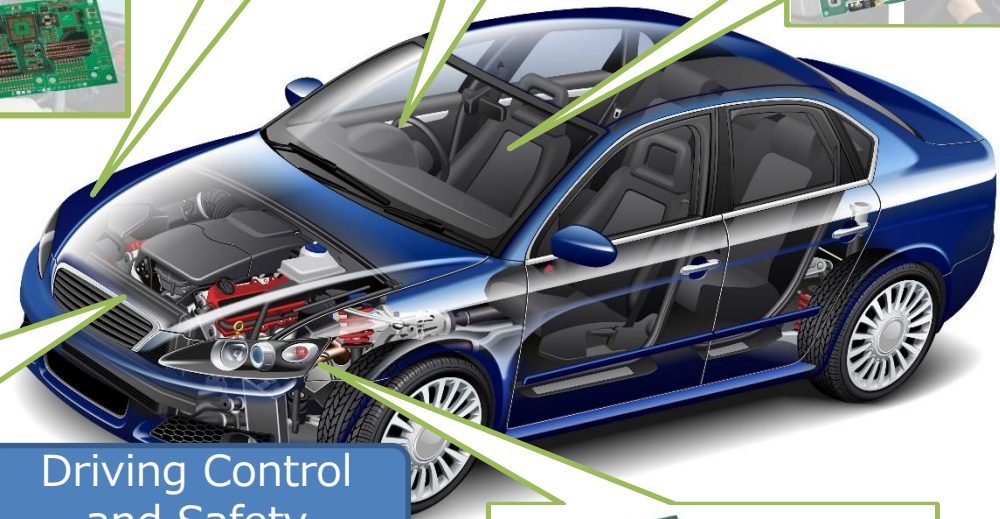
Powertrain

Engine Management System, Inverter etc.



Driving Control and Safety

Brake Control System, Electric Stability Control, airbag, Millimeter-Wave Radar, Car camera, Tire Pressure Monitoring System etc.

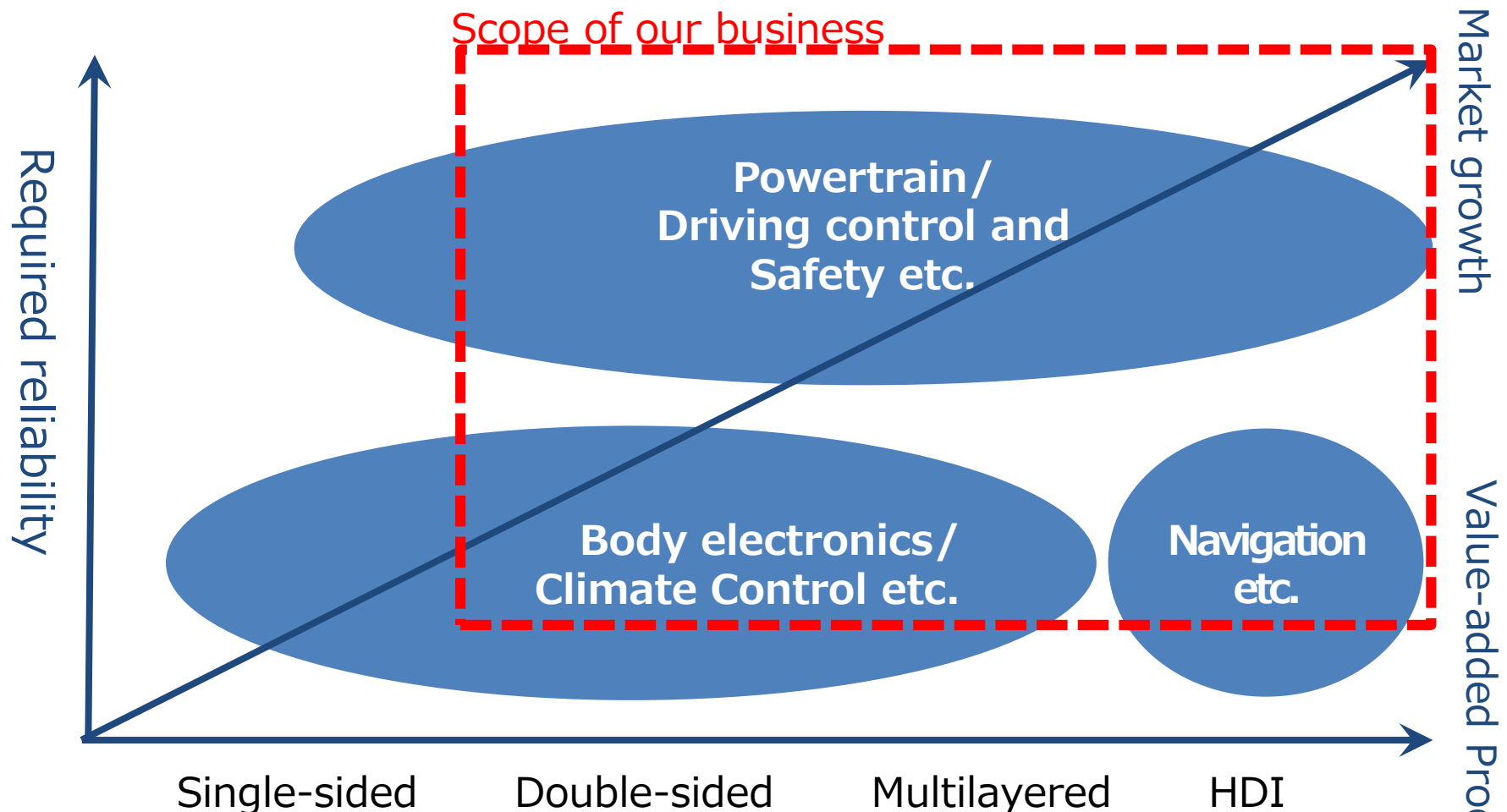


The powertrain/Driving Control and safety ECU market is expected to grow further

※CAGR(Compound Average Growth Rate)

※Source : prepared by CMK reference to Fuji Chimera Research [Comprehensive Study of In-Vehicle Electronic Devices & Components 2017]

④ CMK's positioning in the Automotive PWB market



- CMK stays ahead of the competition in the area of highly reliable and value-added products
- Further sales increase is expected, driven by growing demand in the area through widespread use of next generation automobiles and ADAS

5. Supplementary material on financial results

① Sales by type of PWBs

(Hundred Millions of Yen)

	FY 2015 Results	FY 2016 Results	YoY Change	FY 2017 Forecast	YoY Change
HDI PWBs	207	218	+11	235	+16
Multilayered PWBs	296	319	+23	357	+38
Double-sided PWBs	141	142	+1	129	-13
Others	86	72	-13	76	+4
Total	730	753	+22	800	+46

② Financial results by region

(Hundred Millions of Yen)

	FY 2015 Results		FY 2016 Results		YoY	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Japan	467	6.6	491	15.2	+24	+8.6
China	225	▲0.9	227	9.9	+2	+10.8
Southeast Asia	160	0.0	169	4.3	+9	+4.3
Europe & North America	55	2.3	53	2.4	-2	+0.0
Total	908	8.1	942	32.0	+34	+23.8
Adjustment	▲177	▲4.3	▲189	▲5.5	-11	-1.1
Consolidated	730	3.8	753	26.5	+22	+22.7

FY 2017 Forecast		YoY	
Sales	Operating income	Sales	Operating income
493	19.9	+1	+4.6
277	16.8	+49	+6.9
210	6.7	+40	+2.4
54	3.1	+0	+0.7
1,034	46.7	+92	+14.7
▲234	▲6.7	-45	-1.2
800	40.0	+46	+13.4

③ Capital investment

(Hundred Millions of Yen)

	FY 2015 Results	FY 2016 Results	YoY Change
Japan	12	17	+5
Overseas	18	28	+9
Consolidated	31	46	+14

	FY 2017 Forecast	YoY Change
Japan	21	+3
Overseas	38	+10
Consolidated	60	+13

Depreciation cost	49	41	-7
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	42	+0
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Future-related information and descriptions in this material are just forward-looking statements and not guarantees for future achievements

(Amounts are rounded, and % is rounded to one decimal place.)

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