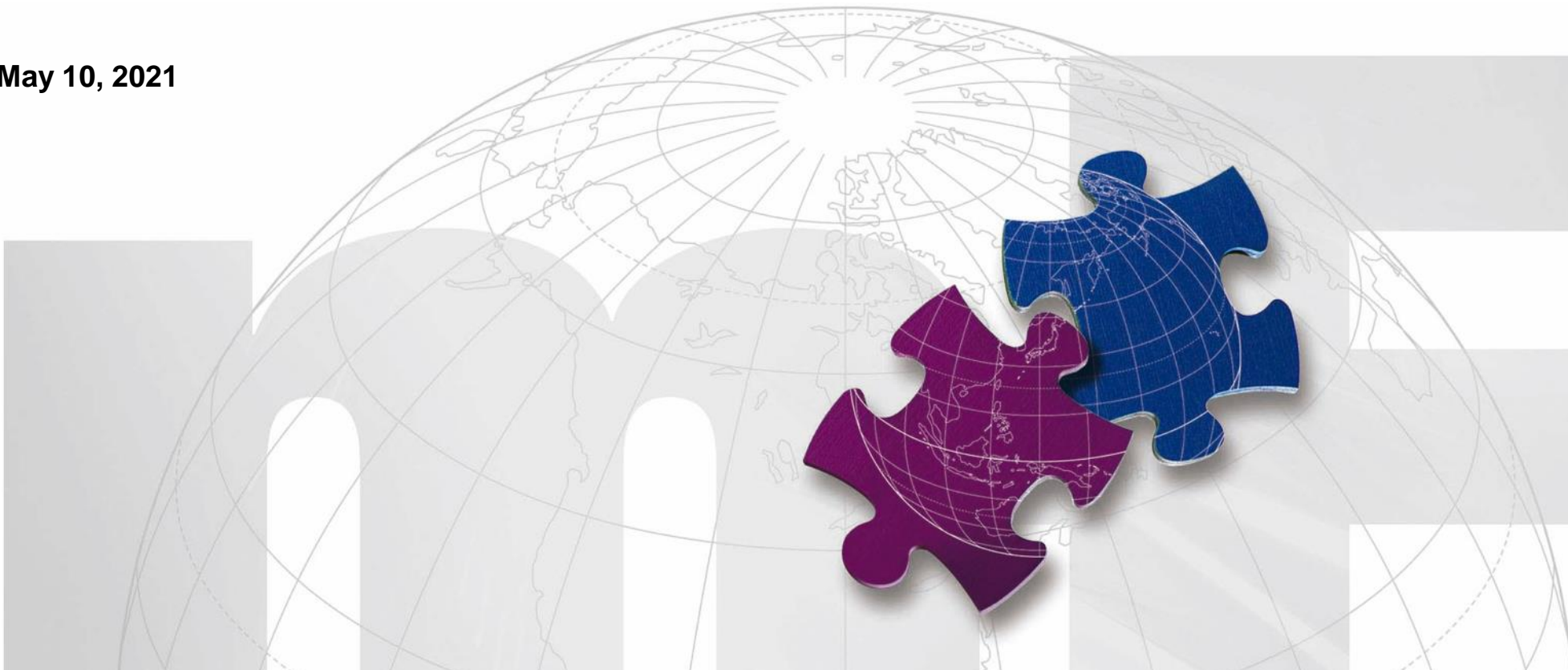


Macnica Fuji Electronics Holdings, Inc. Financial Results Briefing for FY2019 1H

October 28, 2019



Forward-looking statements, including projections, in this document are based on information that was available to management at the time of preparation, and assumptions which are considered to be reasonable. Such statements are not guarantees of future performance and actual results may differ materially due to various factors.

Part I

- I Results for FY2019 1H (Consolidated)**
- II Outlook for FY2019 (Consolidated)**
- III Shareholder Return**

Part II

- I Mid-Term Management Plan (FY2019-2021)**

Part I

I Results for FY2019 1H (Consolidated)

II Outlook for FY2019 (Consolidated)

III Shareholder Return

Part II

I Mid-Term Management Plan (FY2019-2021)

Consolidated Operating Results (Y/Y Change)



Billion yen	FY2018 1H Actual	FY2019 1H Actual	Difference	Y/Y Change	Variation Factors
Net Sales	261.7	254.4	▲7.3	▲2.8%	Inventory adjustments continued mainly in industrial equipment, although security related products grew
Gross Profit	30.5	29.5	▲1	▲3.5%	Due to a decrease in sales
Operating Income	8.5	6.7	▲1.8	▲21.4%	Due to decreases in net sales and gross profit
Ordinary Income	7.5	4.8	▲2.7	▲35.6%	Increase in financial costs; records equity in net loss of affiliates
Net Income Owners of Parent	5	3	▲2	▲40.5%	

Consolidated Operating Results (Actual vs Forecasts)



Billion yen	FY2019 1H Revised Forecast As of July 29	FY2019 1H Actual	Difference	Actual / Revised Forecast
Net Sales	247	254.4	7.4	3.0%
Gross Profit	28.5	29.5	1	3.5%
Operating Income	5.7	6.7	1	17.9%
Ordinary Income	4.1	4.8	0.7	17.8%
Net Income Owners of Parent	2.3	3	0.7	29.5%

Consolidated Balance Sheet



Billion yen	As of 3/31/19	As of 9/30/19	Major Factors
Current Assets	276.9	243.5	Receivables decreased ¥1.1 billion, inventories ¥18.5 billion, other current assets ¥13.9 billion
Fixed Assets	22.4	27.3	Increased securities investment by ¥4.8 billion due to acquisition of shares of affiliated companies
Total Assets	299.3	270.8	
Current Liabilities	149.5	121.5	Accounts payable decreased ¥8.0 billion and short-term loans ¥16.4 billion
Long-Term Liabilities	14.3	13.8	Decrease of ¥0.6 billion in provisions due to the termination of retirement benefit program for directors
Total Liabilities	163.9	135.4	
Total Net Assets	135.4	135.4	Despite a decrease in forex translation adjustment of ¥1.7 billion, retained earnings increased ¥1.4 billion, capital stock and capital surplus increased by ¥0.2 billion due to issuance of new shares as restricted stock compensation.
Total Liabilities & Net Assets	299.3	270.8	

Consolidated Statement of Cash Flows



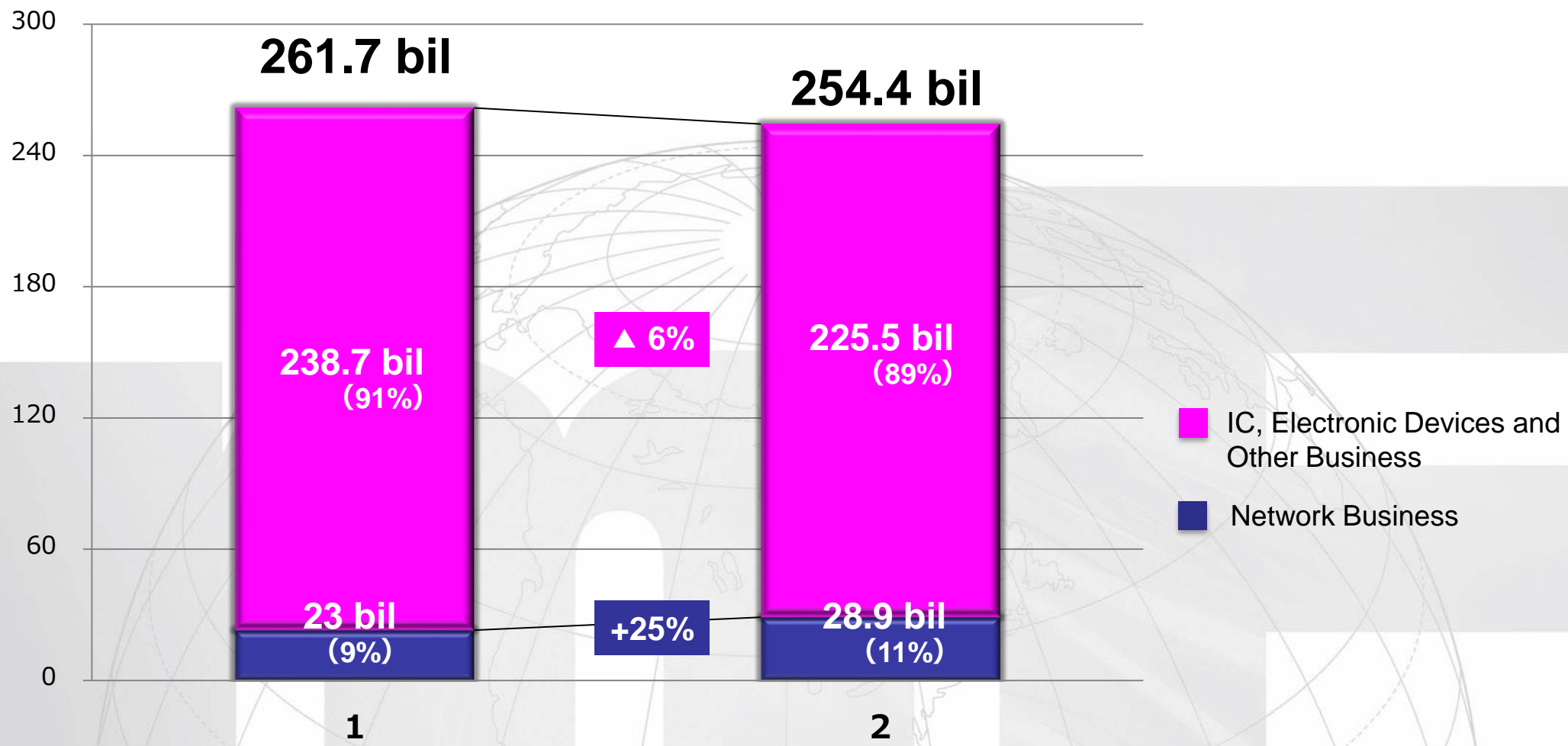
Billion yen	FY2018 1H	FY2019 1H	Major Factors
Cash Flow from Operating Activities	▲34.5	24	Decrease in trade payable; Increase ¥4.8 billion income before income taxes; Decrease in inventories, other
Cash Flow from Investing Activities	▲1.5	▲6.5	Purchases of shares of affiliates
Cash Flow from Financing Activities	21.2	▲16.8	Decrease in short-term loans, dividends paid out
Cash & Cash Equivalents at Year End	14.3	14.2	¥0.2 billion yen increase compared to ¥14 billion yen at the end of the previous consolidated fiscal year



Consolidated Net Sales by Segment

254.4 bil yen Y/Y Change ▲2.8%

Billion yen
(Component ratio)

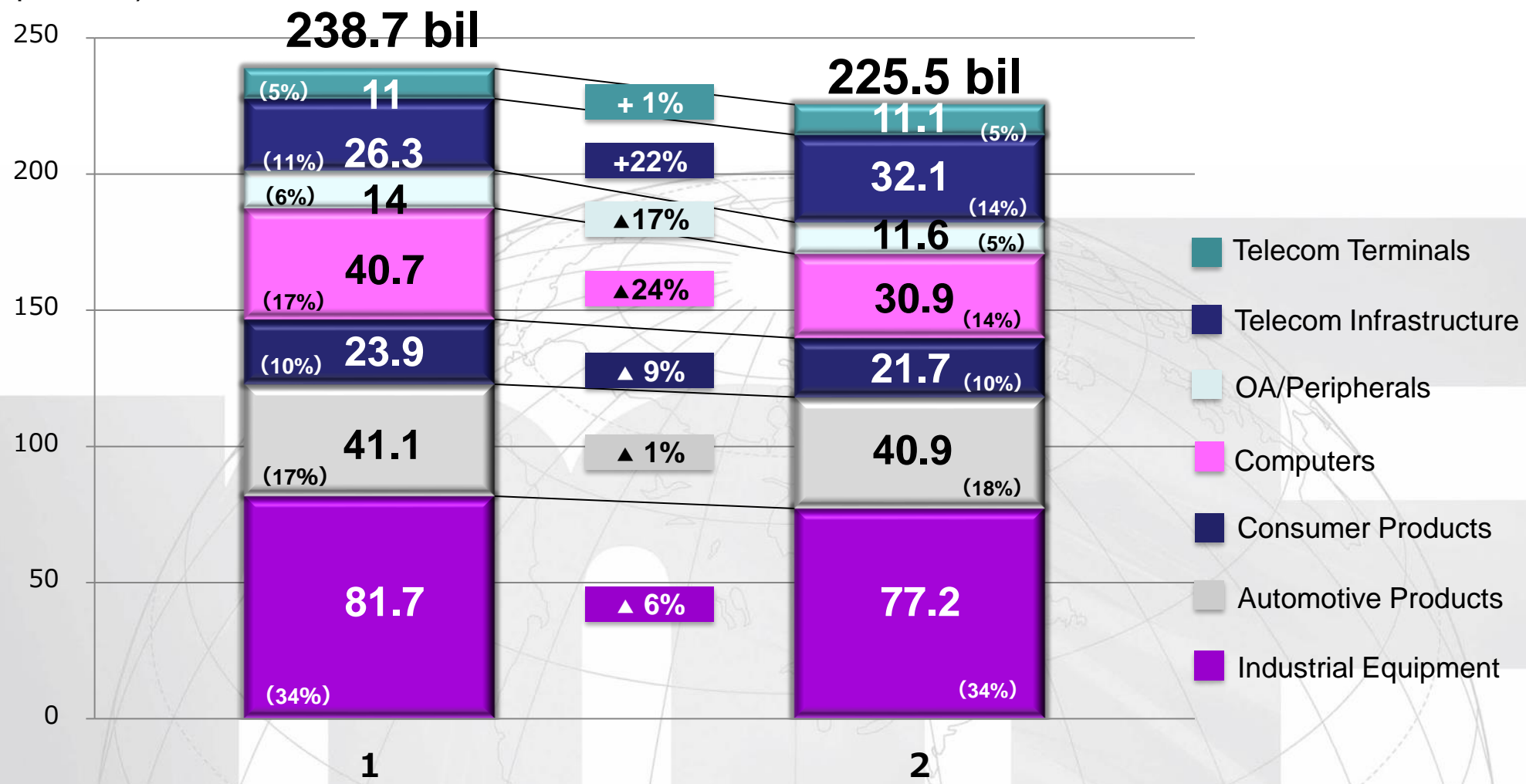


IC, Electronic Devices, Other Business (by Application)



225.5 bil yen Y/Y Change ▲5.5%

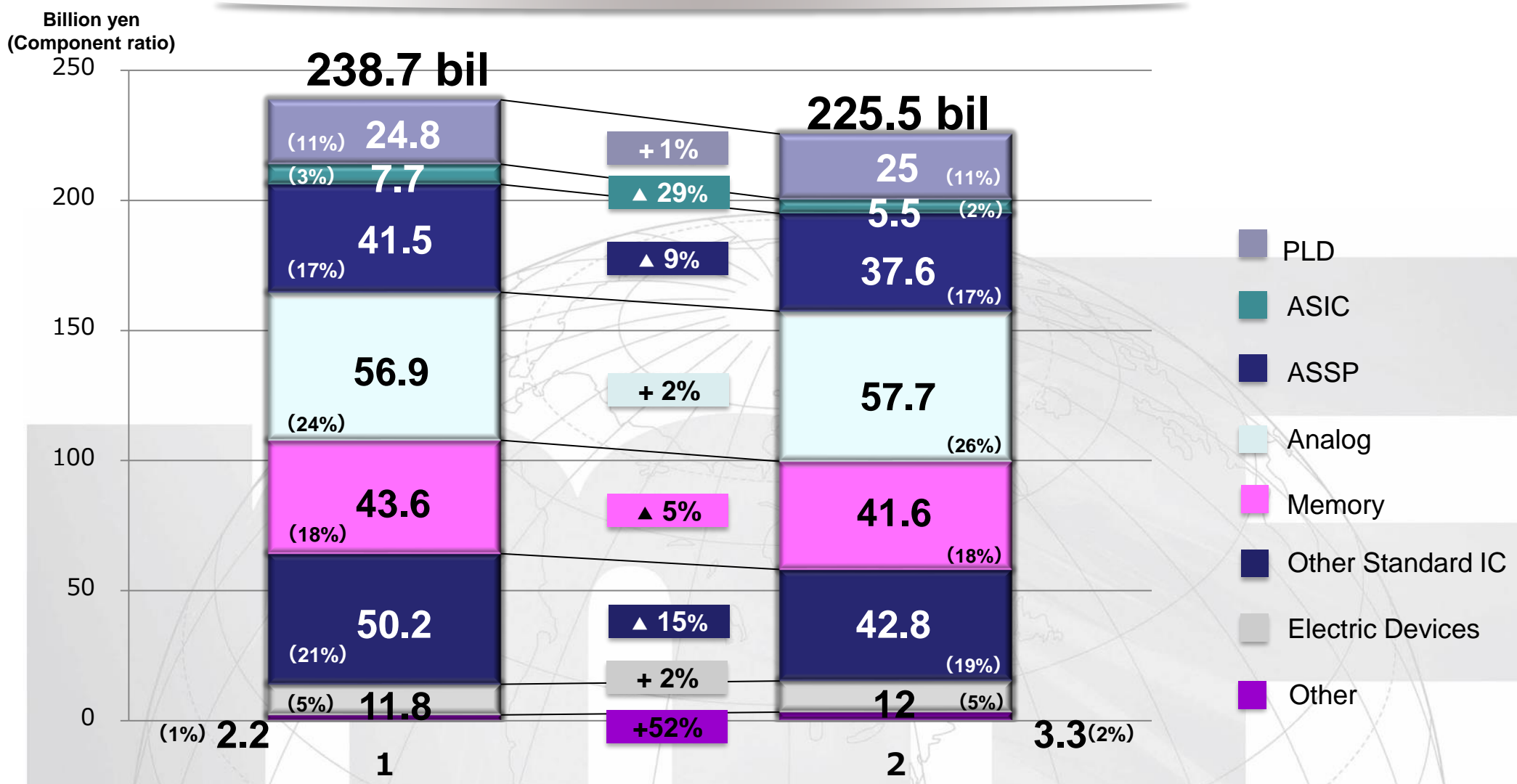
Billion yen
(Component ratio)





IC, Electronic Devices, Other Business (by Product)

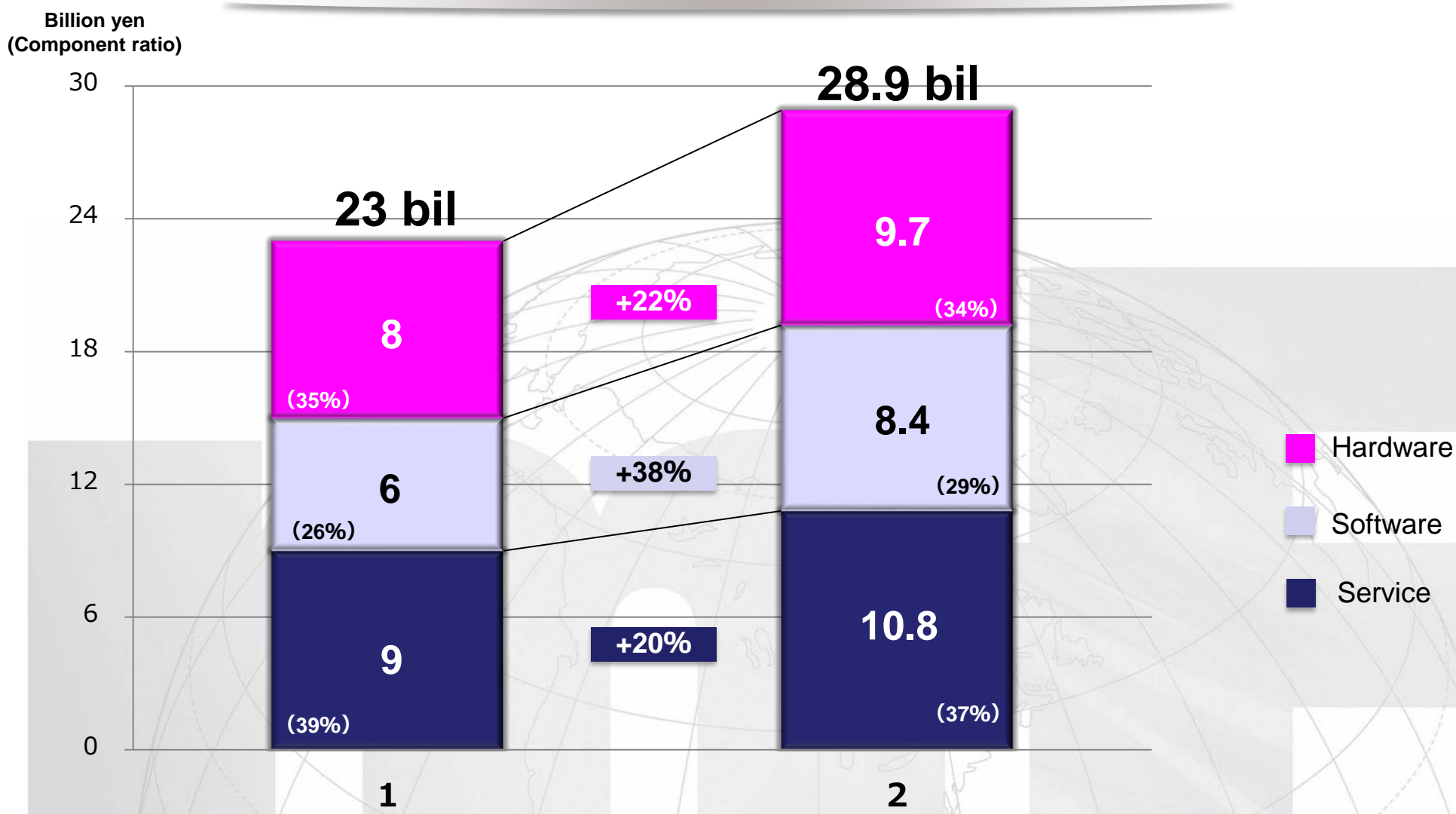
225.5 bil yen Y/Y Change▲5.5%





Network Business (by Product)

28.9 bil yen Y/Y Change +25.3%



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I Mid-Term Management Plan (FY2019-2021)

Consolidated Forecast Highlights



Billion yen	FY2018 Actual	FY2019			Y/Y Change
		1H Actual	2H Est.	Full Year Est.	
Net Sales	524.2	254.4	255.6	510	▲2.7%
IC, Electronic Devices and Other Business	470.3	225.5	226.9	452.4	▲3.8%
Network Business	53.9	28.9	28.7	57.6	6.9%
Gross Profit	61.1	29.5	29.9	59.4	▲2.8%
Operating Income	15.3	6.7	6.6	13.3	▲13.5%
Ordinary Income	13.1	4.8	5.7	10.5	▲19.9%
Net Income Owners of parent	8.9	3	3.4	6.4	▲28.0%

IC, Electronic Devices and Other Business



Uncertainty remains including intensifying US-China trade friction

- **The automotive market is likely to remain solid, with the launch of a new business, among others.**
- **In the industrial equipment market, recovery is expected to be delayed due to continued restraint in capital investment and inventory adjustments.**



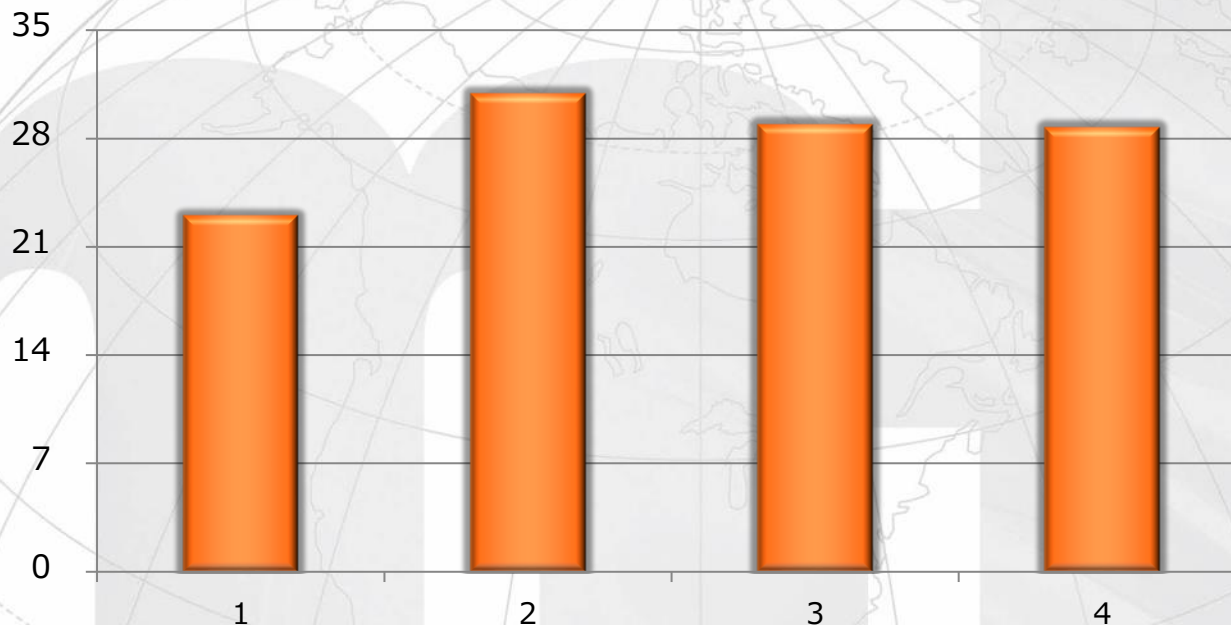
Network Business



Security related products continue to drive growth

- **Security related products, including countermeasures against advanced cyber-attacks and GDPR compliance products, will continue to drive growth.**
- **Mobile, cloud, and digital transformation (DX) related products are expected to grow.**

Billion yen



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I Mid-Term Management Plan (FY2019-2021)

Dividend



● Dividend Policy

The Group's basic policy is to ensure an internal reserve necessary for future business deployment and further enhancing and strengthening management, while at the same time returning the maximal profit to shareholders as well as paying stable and continuous dividends, taking into account various factors. In principle, the Group pays dividends twice a year: the first as the interim dividend and the second as the year-end dividend.

● Dividend Forecast

	Annual Dividends (yen)		
	Mid Term	End of Term	Total
FY2018	25.00	25.00	50.00
FY2019	25.00		
FY2019 (Forecast)		25.00	50.00

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I Mid-Term Management Plan (FY2019-2021)



Mid-Term Management Plan (FY2019-2021)

1. Growth Strategy

(1) Semiconductor

- Establishing a global position
- Value-added solutions applying semiconductor technology

(2) Network

- Security
- Digital Solutions
- Global Strategy

2. New Value-added Business Strategy

- macnica.ai
- IoT Solutions
- Automated Driving Solutions
- Service Robots

3. Operational, Asset Efficiency & Investment in Management System

4. Financial and Capital Policies



Net Sales : Over ¥650 billion -- Net Income : Over ¥13 billion -- ROE : Over 9.0%
Operating Cash Flow (Cumulative over 3 years) : More than ¥10 billion



1 Growth Strategy: (1) Semiconductor Business

■ Establishing a Global Position



Answer Technology Co., Ltd.	
Headquarters	Taiwan
Business Activities	Sales and distribution of semiconductor ICs and electronic components
Net Sales	4,122 (NT\$ millions)
Net Income	177 (NT\$ millions)
Number of Employees	Approx. 150



1 Growth Strategy: (1) Semiconductor Business

■ Value-added solutions using semiconductors

REVORN Co. Ltd. 'Technology for Visualizing Fragrances through AI Processing'



Medical
(Detection of Disease from bad breath)



Food & Manufacturing
(Degree of Fermentation and quality control)

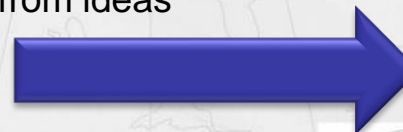


Livestock
(Health and Meat quality management)

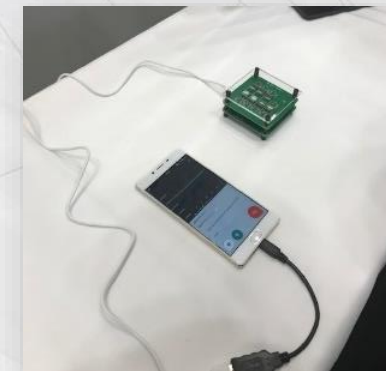
Customers from different industries or companies without 'Digital Design Departments' can use semiconductors to achieve 'Original Manufacturing' and 'In-house Production'



[Before] Prototype, Production from ideas



[After] Design, proposal for optimizing mass production partners (Improvement through realizing in-house production)

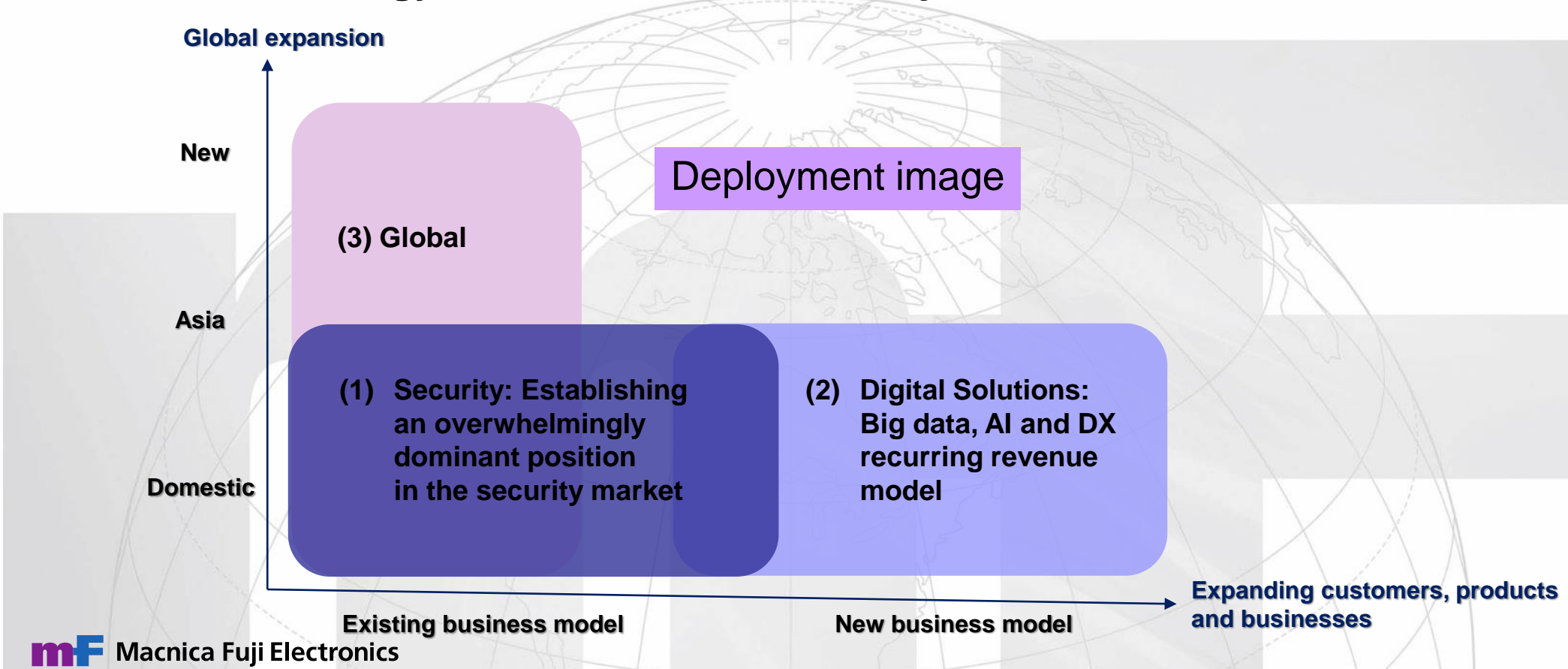




1 Growth Strategy: (2) Network Business

■ Business Development

- **Security: Establishing an overwhelmingly dominant position in the security market**
- **Digital Solutions: Launching DX solutions including big data analytics platform and AI**
- **Global Strategy: Growth in Asia's security business**

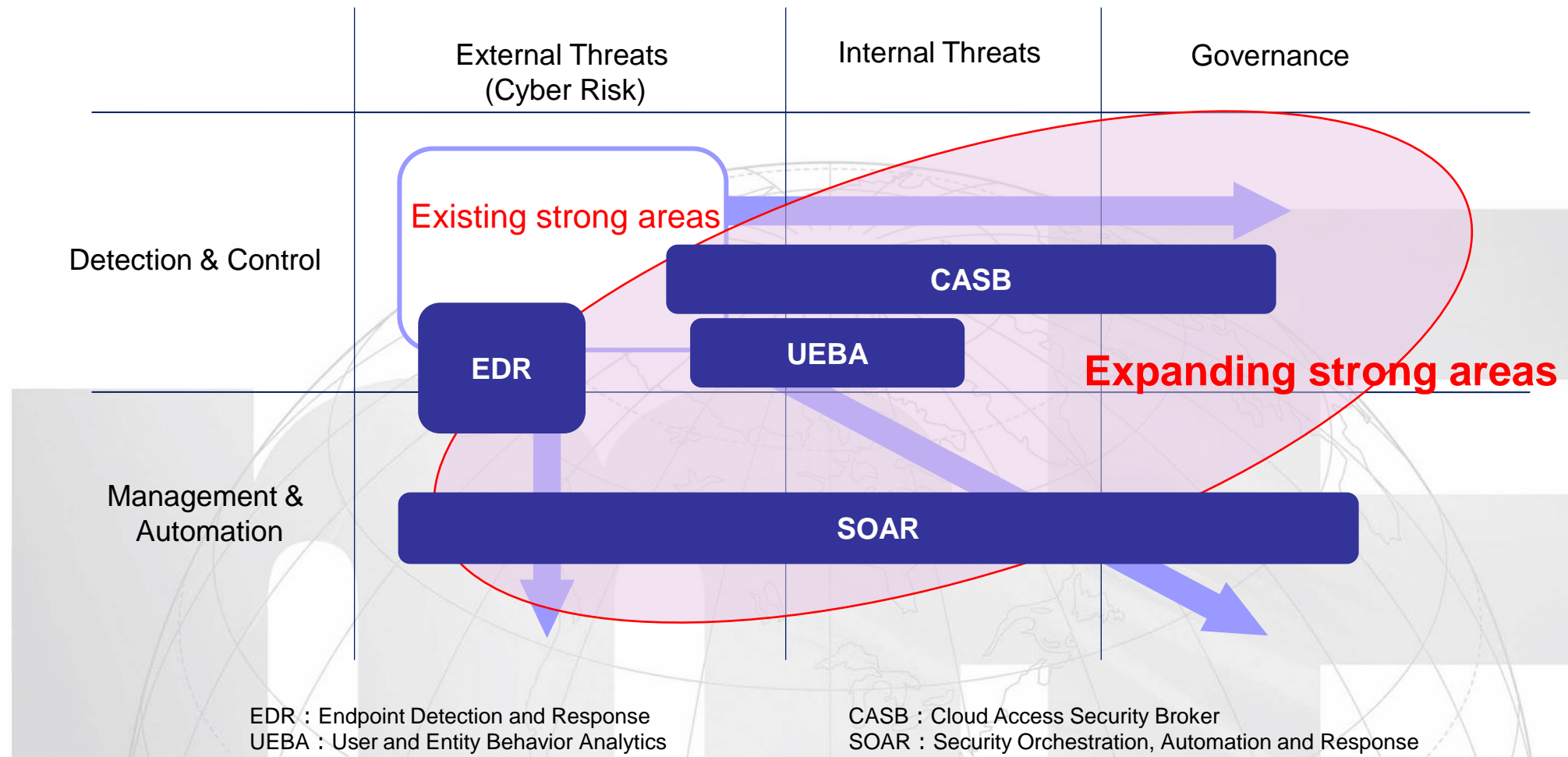




1 Growth Strategy: (2) Network Business

■ Security

Establishing an overwhelmingly dominant position in the security market





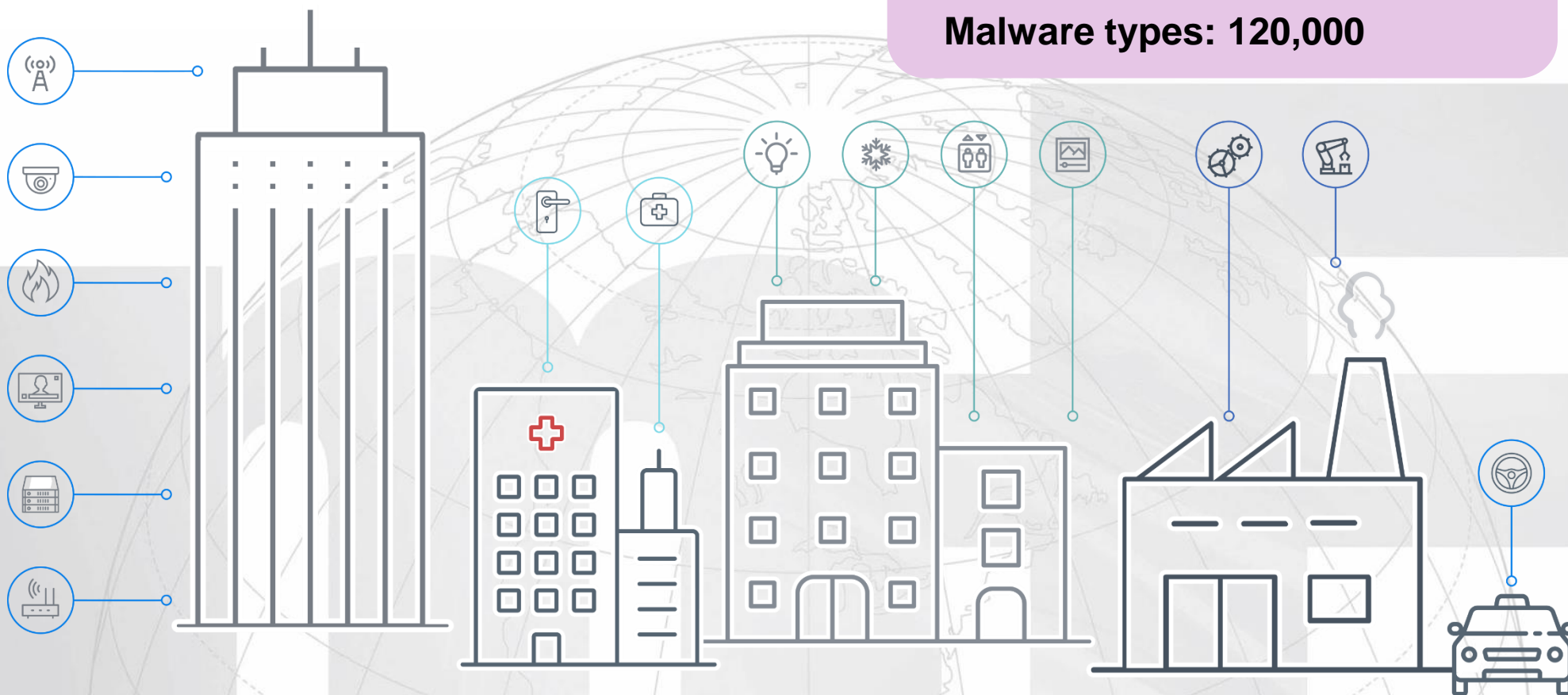
1 Growth Strategy: (2) Network Business

■ Security

Establishing an overwhelmingly dominant position in the security market

IoT Security Initiatives

2018
IoT devices: 23 million
Attacked IoT devices: 2.8 million
Malware types: 120,000



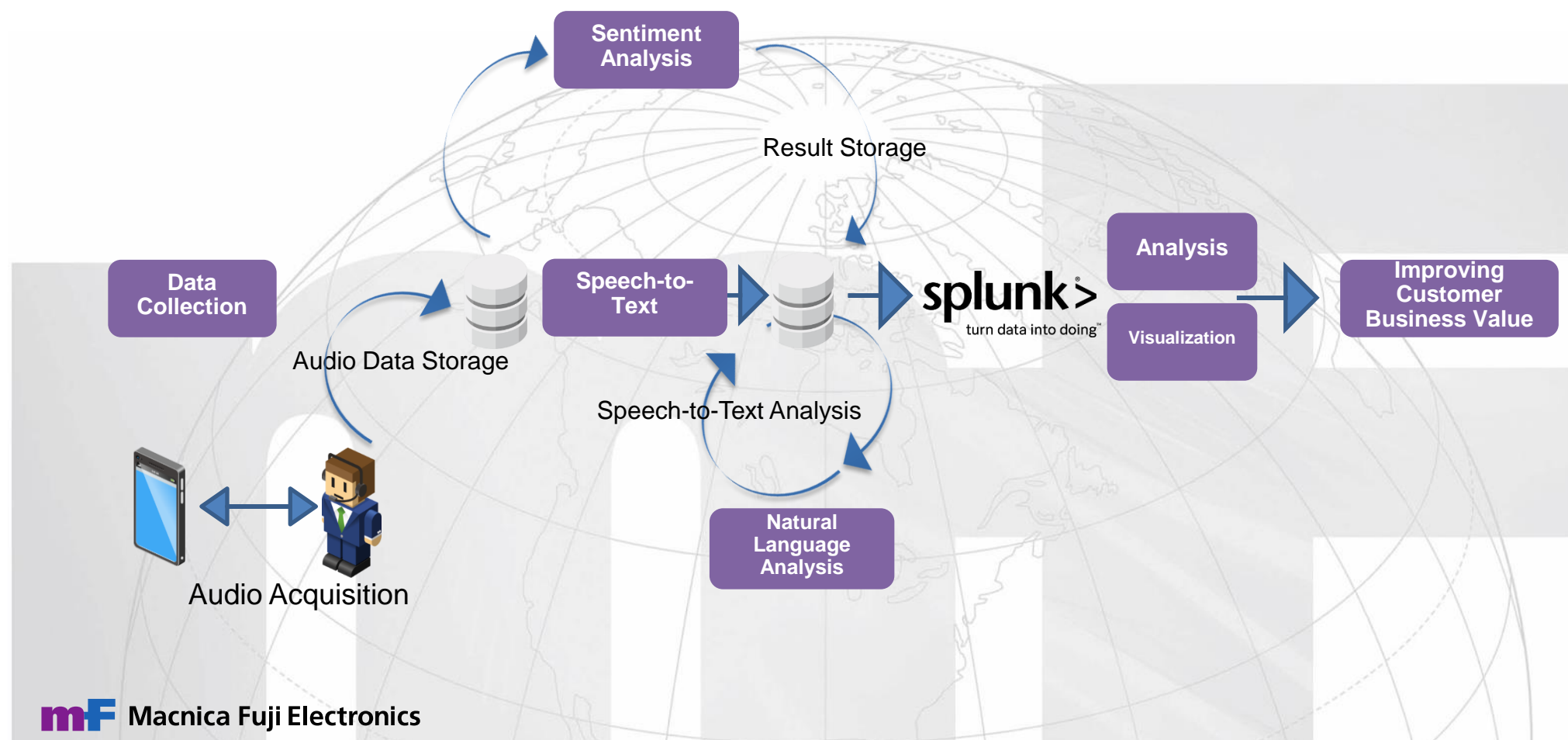


1 Growth Strategy: (2) Network Business

■ Digital Solutions

Launching DX solutions including big data analytics platform and AI

Example: Next-Generation Contact Centers



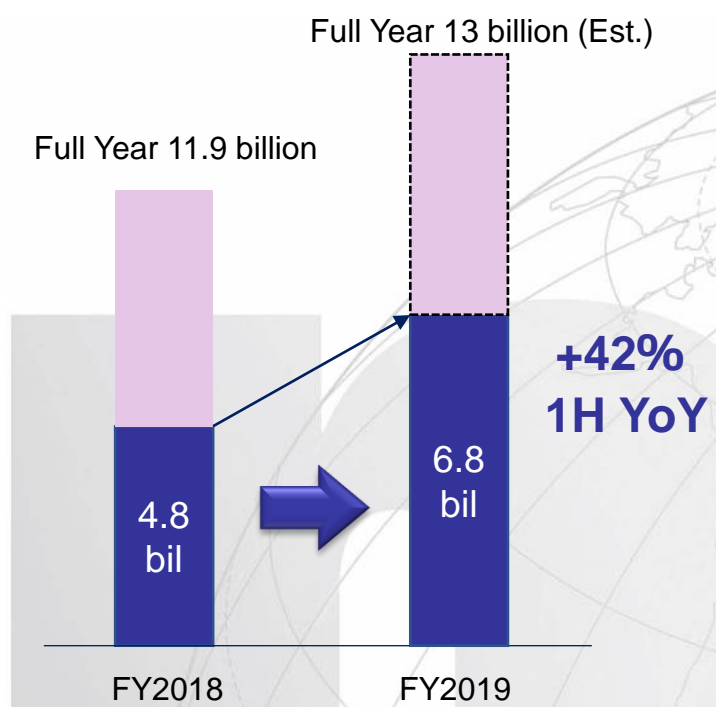


1 Growth Strategy: (2) Network Business

■ Global Strategy

Growth in Asia's security business

Netpoeon Sales



Expanding bases from ASEAN to India and Australia

'SkillsFuture Employer Awards' from Singapore's Ministry of Education

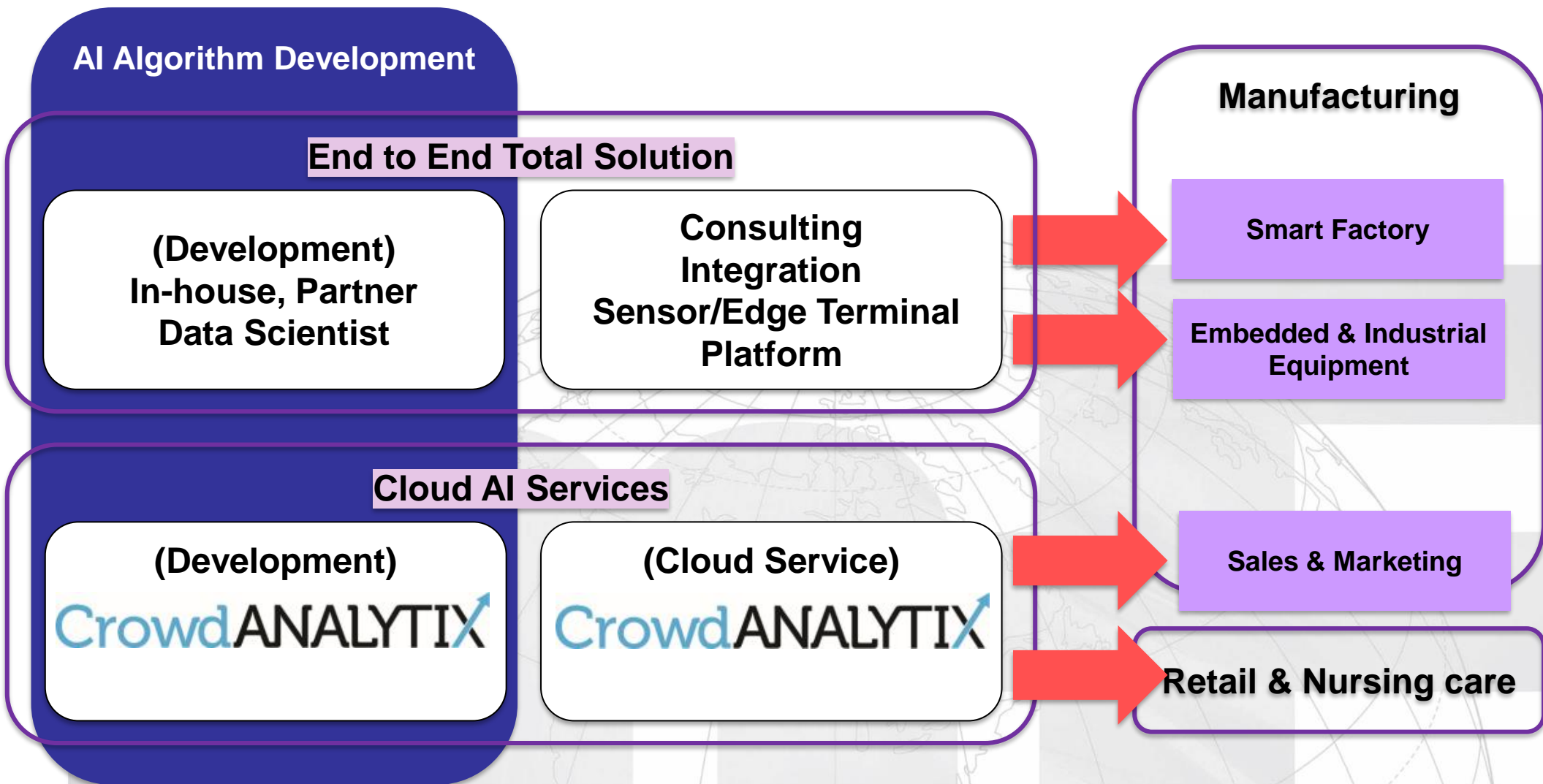
Netpoleon Solution Day held in Asia to raise awareness of security technology (Indonesia, Malaysia, Thailand, Philippines, Vietnam)



2 New Value-added Business Strategy



AI

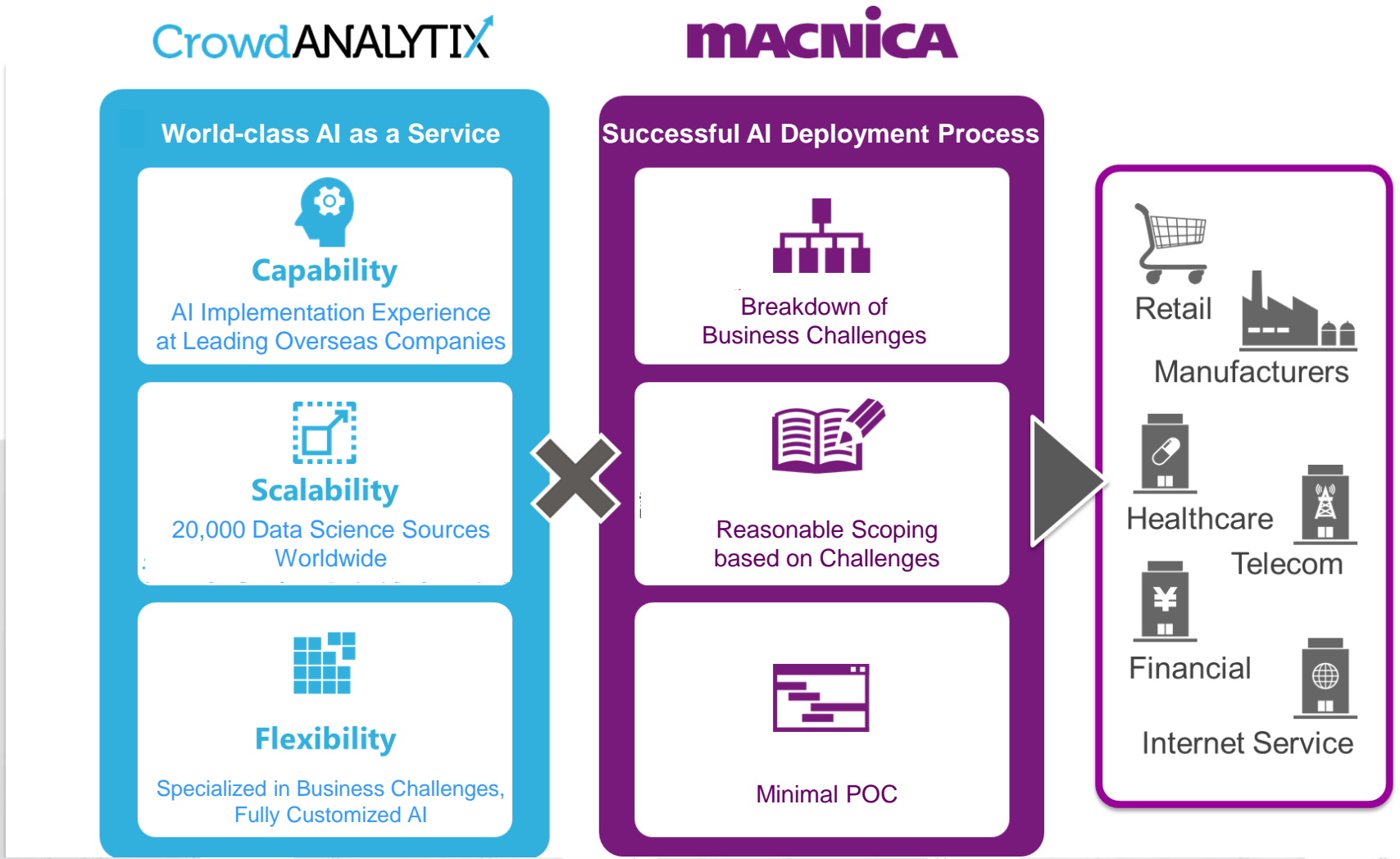




2 New Value-added Business Strategy

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CrowdANALYTIX Business Strategy





2 New Value-added Business Strategy

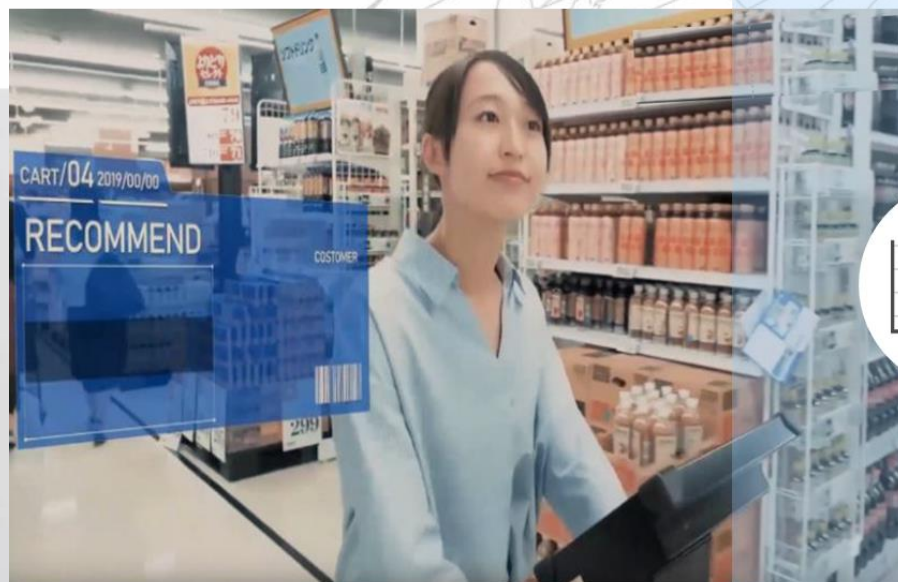
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● Project Case Study 1

TRIAL

Trial Holdings ,Inc.

AI offers the best discount price



Bananas



Eggs



Tissues



Canola oil



Chocolates

2 New Value-added Business Strategy



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● Project Case Study 2

UNIMAT Retirement Community Co., Ltd.

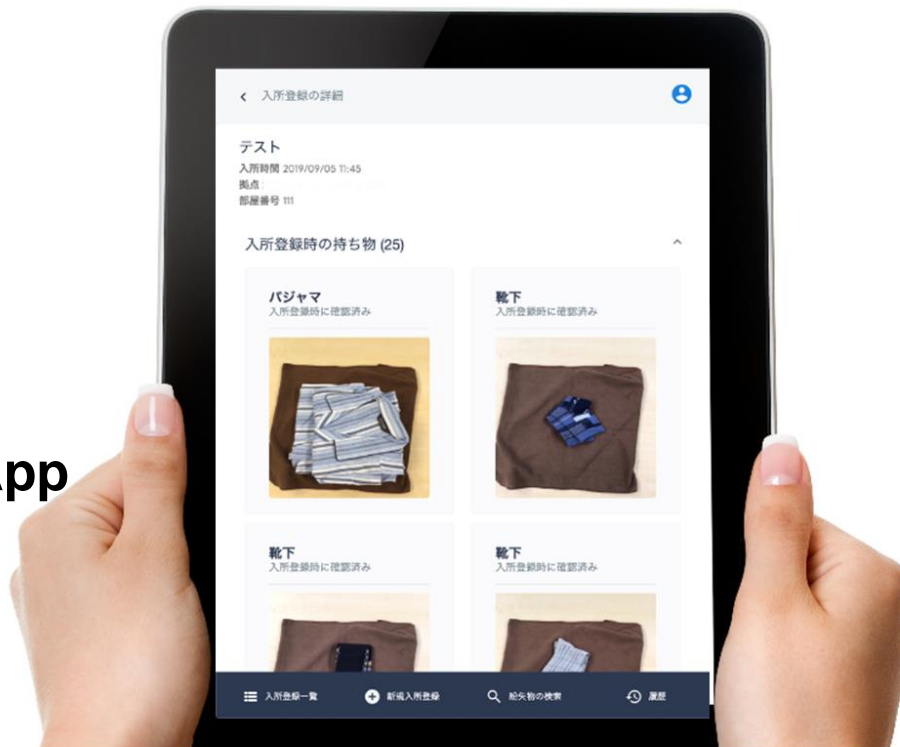
Personal Belongings Inspection App

- Accurate and fast
- Easy to use for everyone



Vacancy Reservation App

- Selecting a room that suits users' needs
- Increased operating rate

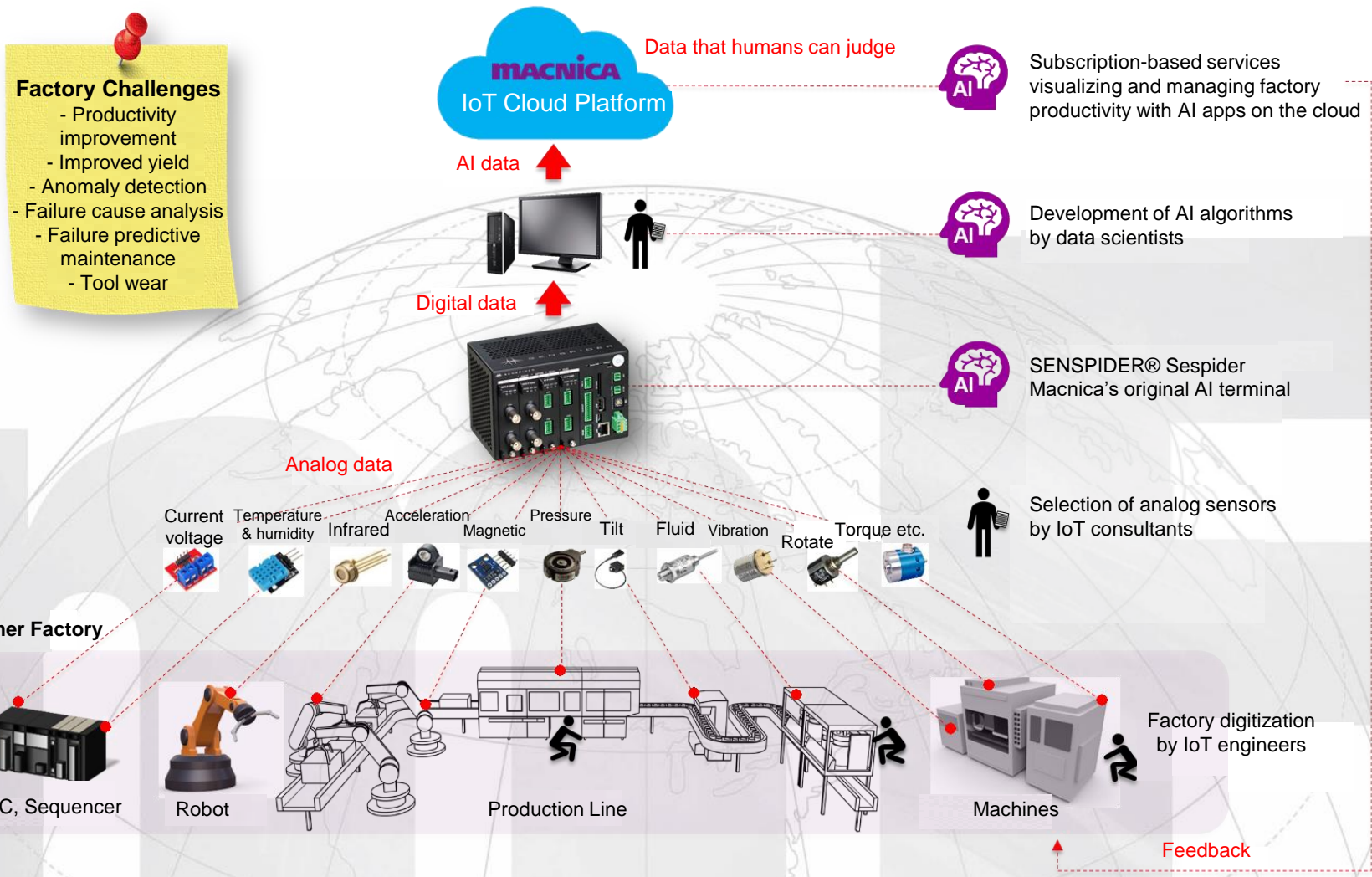


2 New Value-added Business Strategy



IoT Solutions

AI x IoT Solutions for Smart Factory





2 New Value-added Business Strategy

■ Automated Driving Solutions

Sell and integrate demonstration vehicles and sell environmental data to manufacturers, local governments, closed roads, service providers and others intending to enter the autonomous driving market



2 New Value-added Business Strategy



■ Automated Driving Solutions

● Partnership with Kudan Inc.

Jointly develop AI-integrated mobility solutions enabling automatic detection of pedestrians and features, as well as ultra-high-precision map data required for automated driving.

Artificial Perception

Autonomous Cars,
Sensor Integration



2 New Value-added Business Strategy



■ Service Robots

● Project Case Study

SOTETSU KIGYO Co.,Ltd.



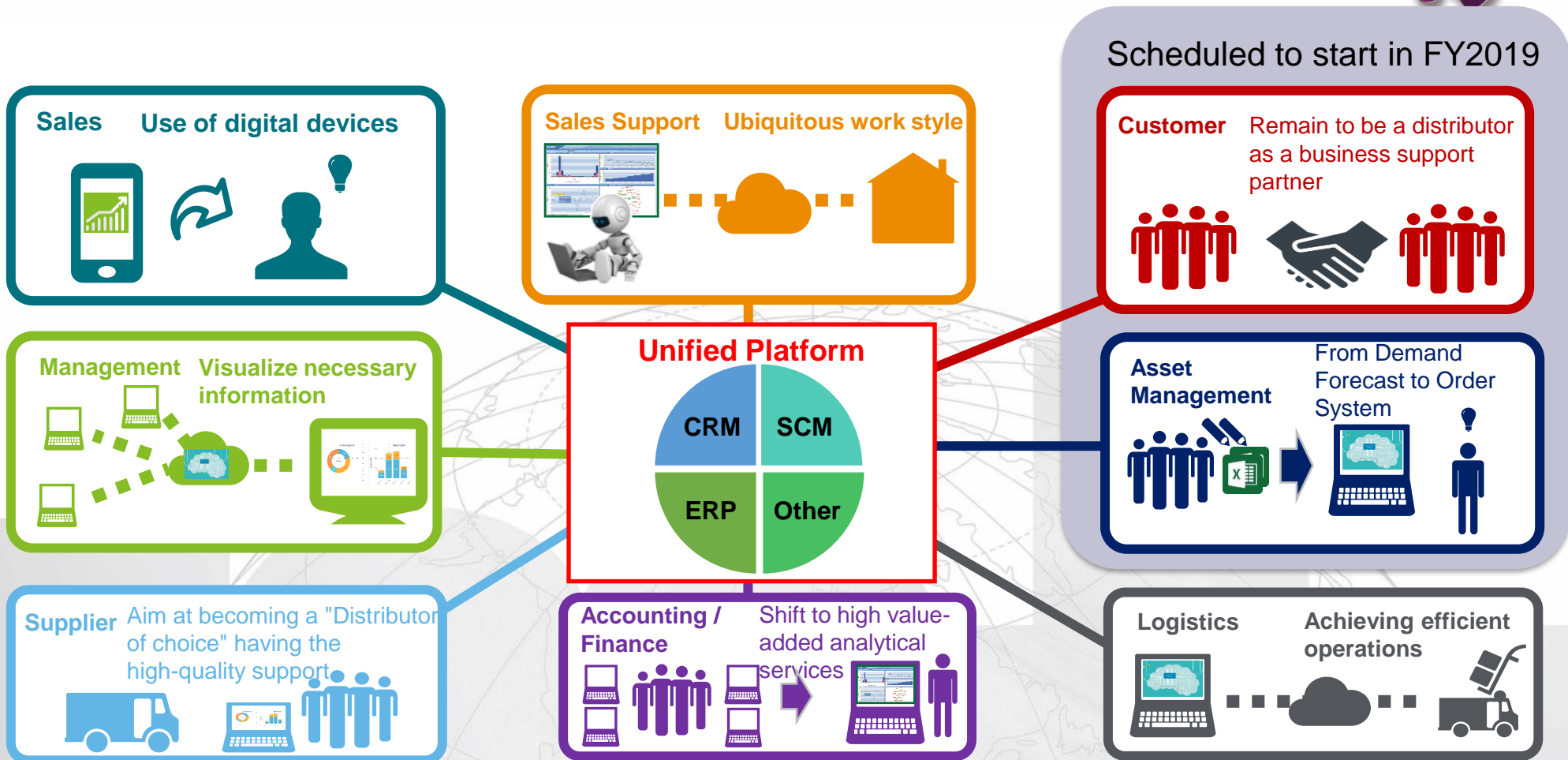
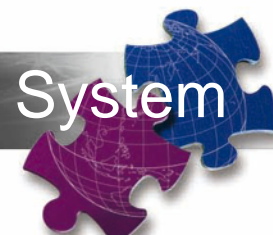
Neo
Autonomous floor scrubbing robot

Shinjuku Washington Hotel Main



Relay
Delivery service robot

3 Operational, Asset Efficiency & Investment in Management System



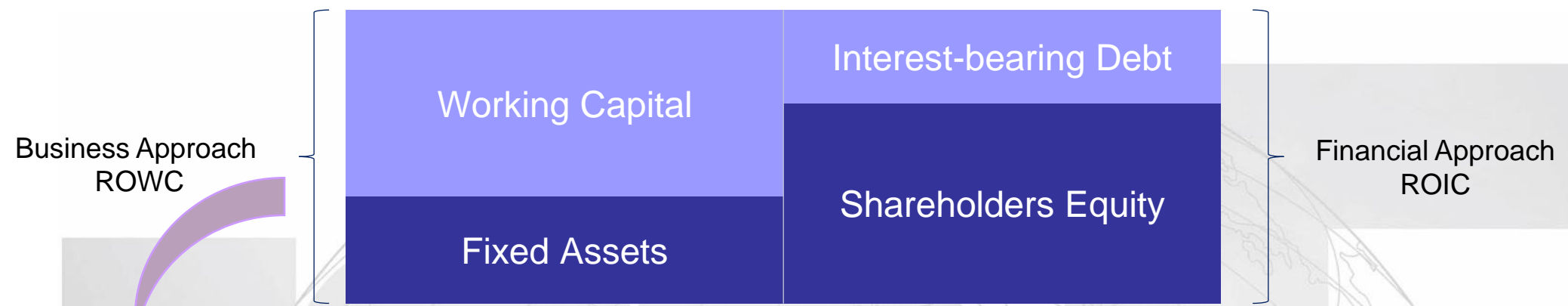


4 Financial and Capital Policies

■ Creation of Operating Cash Flow

Capital Cost Conscious Management / Improved ROE

Improved ROIC → Improved ROE



In the semiconductor business, we set the ROWC hurdle rate for each supplier and started monitoring each month, as well as strengthening management of inventory and receivables to compress working capital.

Quantitative Targets



	FY2021 Target
Consolidated Net Sales	Over ¥650 billion
Consolidated Net Income	Over ¥13 billion
Consolidated ROE	Over 9.0%
Operating Cash Flow	Over ¥10 billion Accumulated over 3 years

