

Investor Meeting for the Year ended March 2019

May 21, 2019

 SANSHIN ELECTRONICS CO., LTD.

Toshiro Suzuki, Representative Director, COO

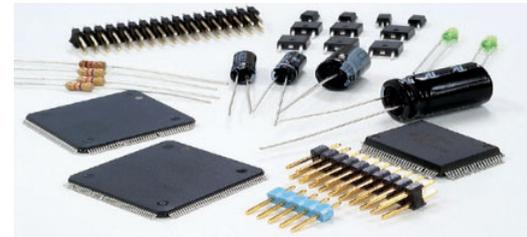
(Stock code: 8150)

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 —

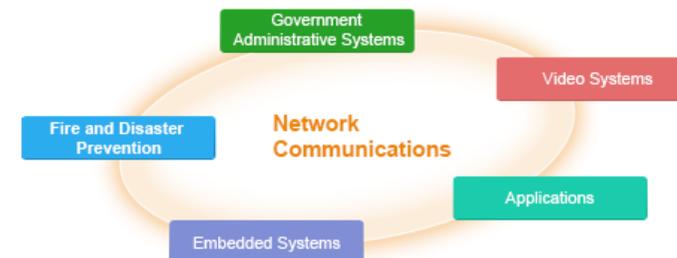
We cover a wide array of manufacturers, from both domestic and overseas major semiconductors/electronic parts makers all the way to emerging manufacturers that are currently developing products with excellent performance. In a time when market needs are constantly diversifying, we respond to our customers’ 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 2019 Performance Summary

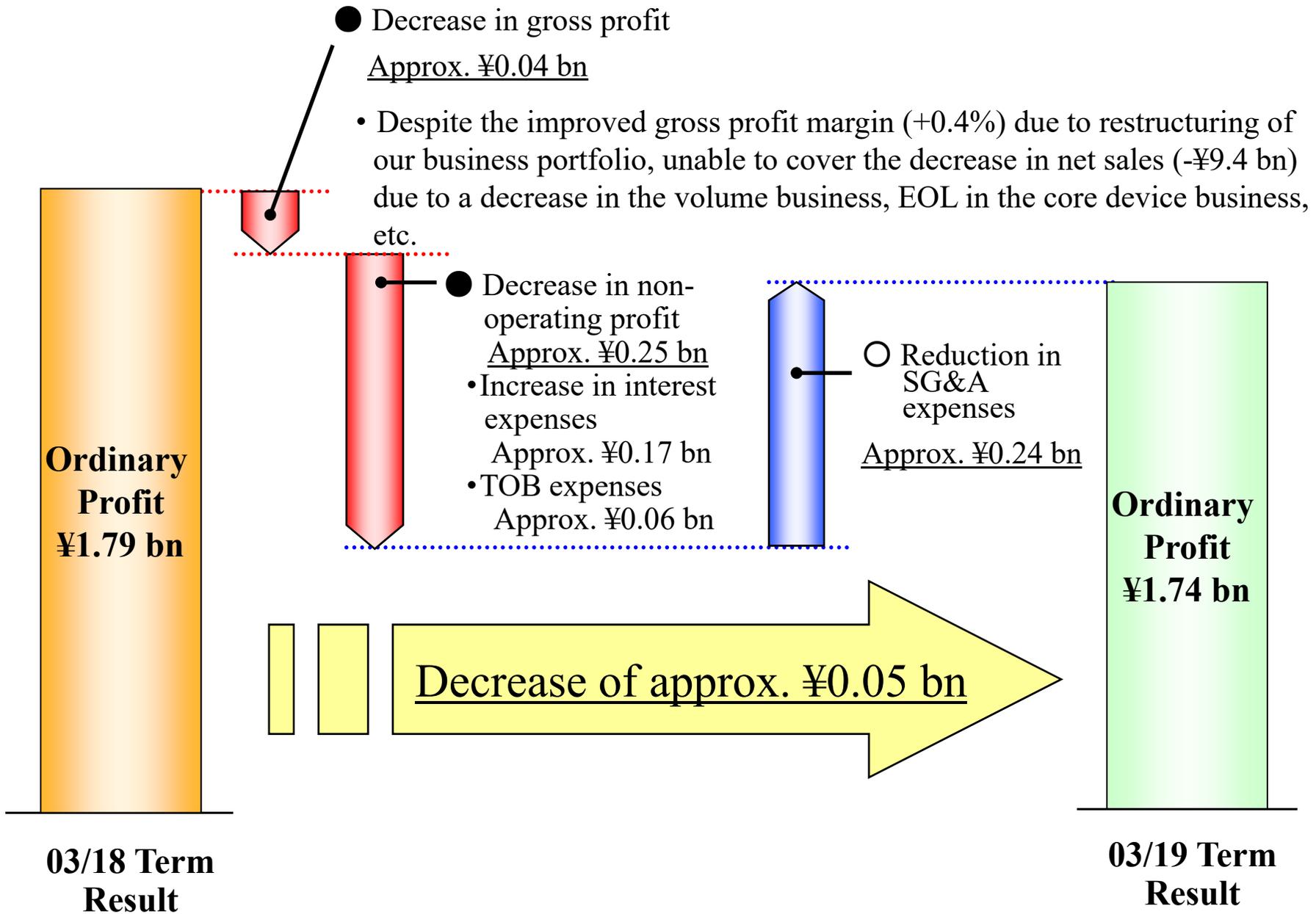
- Despite a decrease in net sales, operating profit increased due to improvement of the gross profit margin and a reduction in SG&A expenses
- Ordinary profit decreased due to an increase in interest expenses, recording of expenses for the acquisition of treasury stock, etc.
- Net profit increased due to extraordinary profits from gain on the sale of the Atsugi facility, etc.

	03/18 Result	03/19 Result	YoY Change	Forecast ^{*1)}	Achievement Ratio
Net Sales	1,572.6	1,478.8	94%	1,500.0	99%
Gross Profit on Sales	7.3% 114.5	7.7% 114.1	100%	Not announced	—
SG&A Expenses	6.2% 96.8	6.4% 94.4	98%	Not announced	—
Operating Profit	1.1% 17.6	1.3% 19.7	111%	1.2% 18.5	106%
Ordinary Profit	1.1% 17.9	1.2% 17.4	97%	1.1% 16.0	109%
Net Profit Attributable to Shareholders of Parent Company	0.6% 9.5	1.0% 14.5	153%	0.9% 13.5	107%
ROE	1.5%	2.8%	+1.3P	2.6%	+0.2P
Annual Dividend Per Share	¥33	¥70	+¥37	¥70	±¥0
Payout Ratio	98.2%	93.3%	-4.9P	99.4%	-6.1P
Exchange Rate (1 US dollar)	¥110.86	¥110.91	+¥0.05	Not announced	—

*1) Figures in the Forecast section were revised at the announcement on February 5, 2019 of the results for the Third Quarter of the fiscal year ended March 31, 2019.

*2) Figures in the YoY Change section and Achievement Ratio section for ROE, annual dividend per share, payout ratio and exchange rate represent increases or decreases.

*3) If the ROE for the fiscal year ended March 31, 2019 is calculated using equity as of March 31, 2019 instead for the average equity from the beginning to the end of the fiscal year, the ROE is 3.4%.



■ Changes in the Business Environment

- The overall global economy is strong and signs of a gradual recovery continue in the Japanese economy. However, there is increasing uncertainty for the future of the domestic and international economy.
- Growth of markets related to advanced driving support systems for automobiles, IoT, AI, M2M, etc.; steady growth of IT investment in cloud systems, etc.

■ Device Business

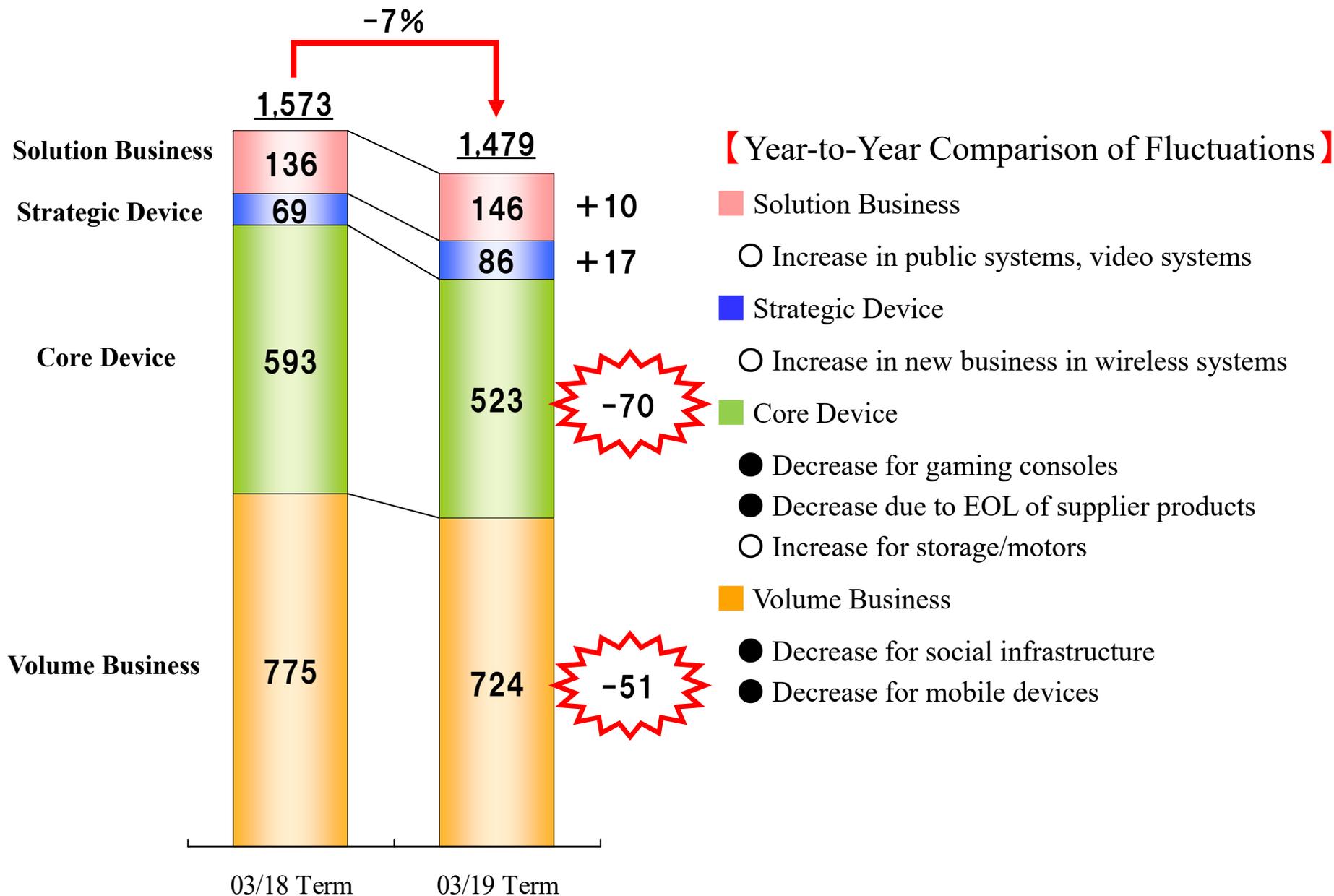
- Net sales decreased in the social/industrial sector and the toy sector.
- Despite efforts to improve the gross profit margin and to reduce SG&A expenses, segment profit decreased due to decreased net sales, increased interest expenses, etc.

■ Solution Business

- Net sales were strong in the public systems sector and the video systems sector.
- Despite an increase in SG&A expenses and company-wide common costs, segment profit increased due to an increase in net sales and an improved gross profit margin.

		03/18 Term Result	03/19 Term Result	YoY Change
Device Business	Net Sales	1,437.0	1,332.8	93%
	Operating Profit	1.1% 16.2	1.3% 17.1	105%
	Segment Profit	0.5% 7.2	0.3% 4.7	64%
Solution Business	Net Sales	135.6	146.0	108%
	Operating Profit	10.0% 13.6	11.3% 16.5	122%
	Segment Profit	7.8% 10.6	8.7% 12.7	120%
Exchange rate (1 US dollar)		¥110.86	¥110.91	+¥0.05

* The figure in the YoY Change section for exchange rate represent an increase or decrease in amount.



II. V70 Medium-Term Management Plan Progress

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

1. Strengthening of business capability

- ◆ Increase profitability by restructuring the business portfolio of the device business
- ◆ Strengthen the revenue base for the future of the solution business

2. Enhancement of capital efficiency

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

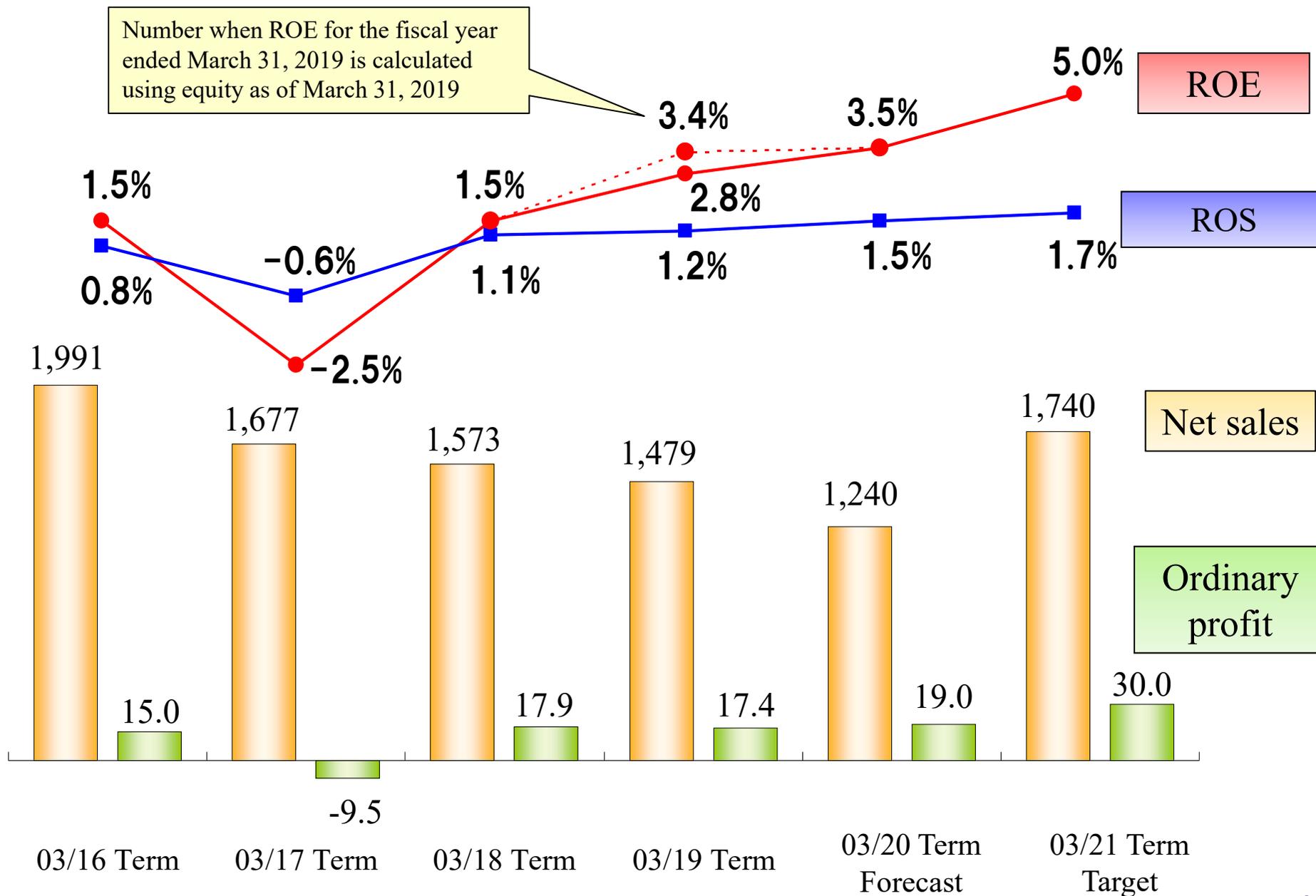
- ◆ Increase in dividend payout ratio to around 100% (in progress)
- ◆ Acquisition of treasury stock up to ¥20 billion (10 million shares) in total for the three terms (finished)

3. 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



Device Business	<p>Improve the profitability of existing businesses and expand new businesses</p> <ul style="list-style-type: none"> • Accelerate shift to core device business and strategic device business utilizing technological capability <ul style="list-style-type: none"> → Improve gross profit margin by expanding sales to vehicle-mounted and mass markets, and by creating added value → Enhance initiatives in the IoT, gaming console, NW, and wireless market through new merchandise → Deepen solution provision type businesses by cooperation with Siers
Solution Business	<p>Strengthen cloud business and expand customer base</p> <ul style="list-style-type: none"> • Provide new business in cloud systems, engage in reselling of other company's cloud services • Focus on increasing customers and expanding service area <ul style="list-style-type: none"> → Acquire new business triggered by expanded sales of AI/IoT → Engage in deep cultivation of customers and acquire new customers by promoting cross-selling and strengthening partnerships with external customers
Corporate Governance	<p>Further strengthening for the effectiveness of governance system</p> <ul style="list-style-type: none"> • Strengthen the function of the Board of Directors and External Directors <ul style="list-style-type: none"> → Strengthen priority discussions and supervisory function in regards to medium- and long-term items → Increase the effectiveness of monitoring function and advisory function • Continue the performance-based stock compensation plan <ul style="list-style-type: none"> → Share benefits and risks with shareholders

Enhance monitoring system for each item more than before and accelerate implementation of the PDCA cycle to ensure that the Medium-Term Management Plan is attained.

Establishment of the Management Foundation

To strengthen our business capability, with the aim of establishing a strong revenue base that can overcome changes in the business environment, contribution to a value increase of each business area from technical ability, human resources, and capital policy

Device Business

- (1) Strengthen our ability in applied technology with full knowledge of the development style unique to each customer
- (2) Acquire development technology for fully eliciting device features and enhance technical teams

Solution Business

- (1) Focus on the development of specialists that enable system provision in terminals as well as the cloud
- (2) Accelerate the development of field application engineers and project managers

Direction of capital policy

- (1) Optimize equity by setting dividends with a consolidated payout ratio of about 100% and by acquiring treasury stock via a TOB
- (2) Moving forward, consider an equity policy of acquiring treasury stock, etc., while maintaining an appropriate level of investment and a healthy financial condition against risk



Establishment of the Group's management system that contributes to the enhancement of corporate value

Examination of a management system based on the precondition of agile execution of M&A and efficiency increase of both businesses.



Further increase of effectiveness of the governance system

Strengthening of functions of Board of Directors and External Directors

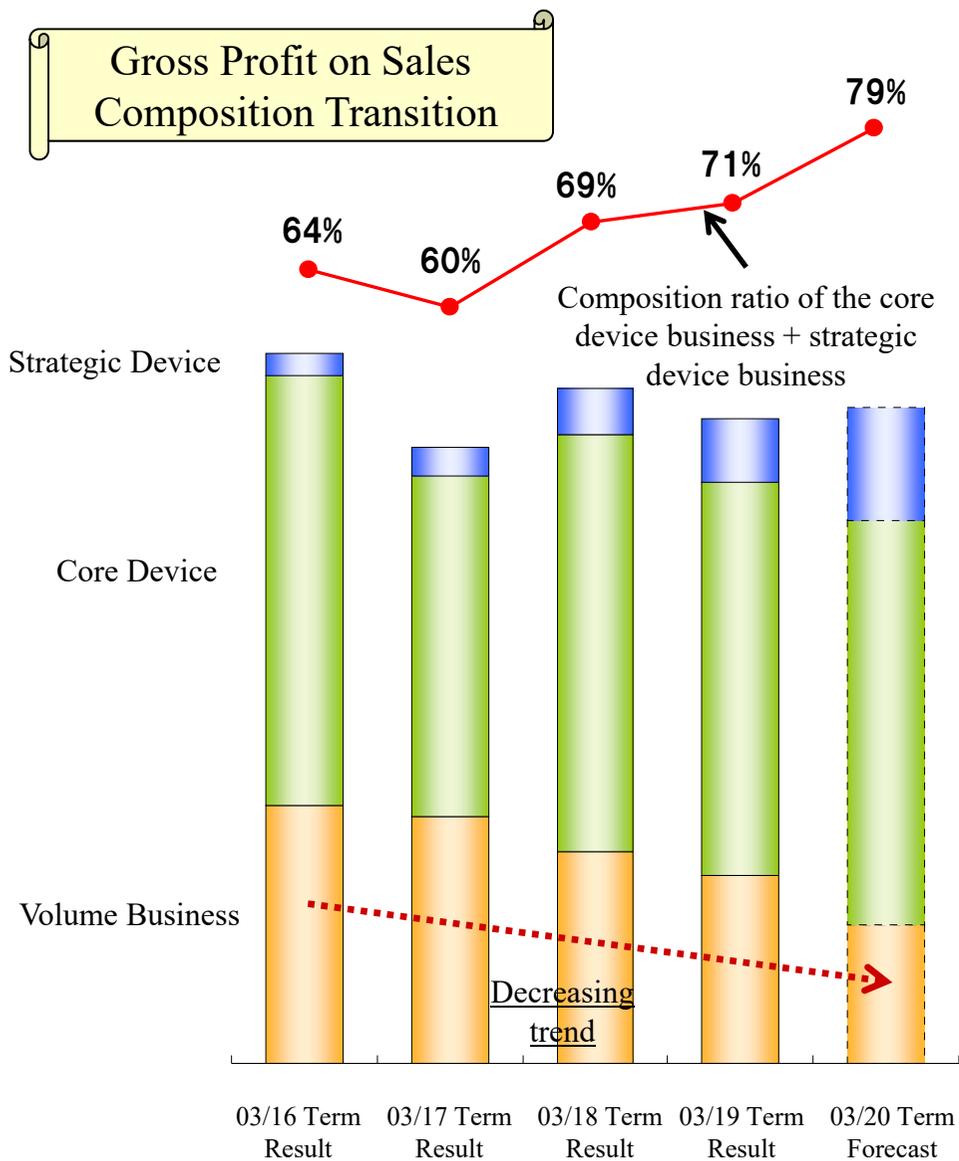
Operation of a performance-based compensation plan for Executive Directors

V70 Medium-Term Management Plan
List of Progress of Priority Measures

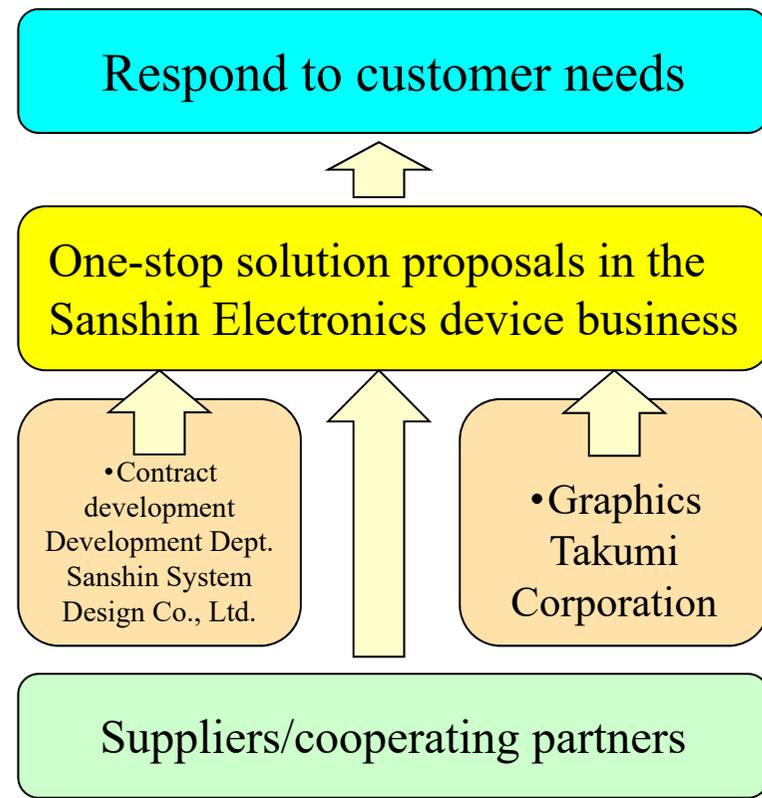
Medium-Term Management Plan measures		Progress	Assessment
I. Returning to profitability in the device business	Enhancement in profitability of existing business	Despite an increase in the gross profit margin due to restructuring of the business portfolio, issues remain for expanding the sales amount.	△
	Expansion of new businesses	Strong expansion of some new merchandise. For IoT-related businesses, there only a small increase in the number of projects and a small number of mass-production projects, so contribution to profits is limited.	△
II. Strengthening of revenue base of the solution business	Expansion of cloud service portfolio	Started implementation of new service menu. Sanshin data center business is expected to approach full-year profitability.	○
	Maximization of synergy effects between business units	Succeeded in deep cultivation of customers through cross-selling between businesses and units. Moving forward, will focus on expanding customer base.	○
III. Others	Cost structure reform	Optimized personnel, outsourced logistics functions (changed to variable costs), etc. Also responded to corporation pension financial risk.	○
	Enhancement of capital efficiency	Optimized equity by paying dividends with a consolidated payout ratio of about 100% and acquiring treasury stock through a TOB. Moving forward, will seek to improve capital efficiency by increasing profits while maintaining financial health.	○

Portfolio Restructuring Initiatives (Device Business)

Heighten the ratio of the core device business + strategic device business; strengthen the profit structure

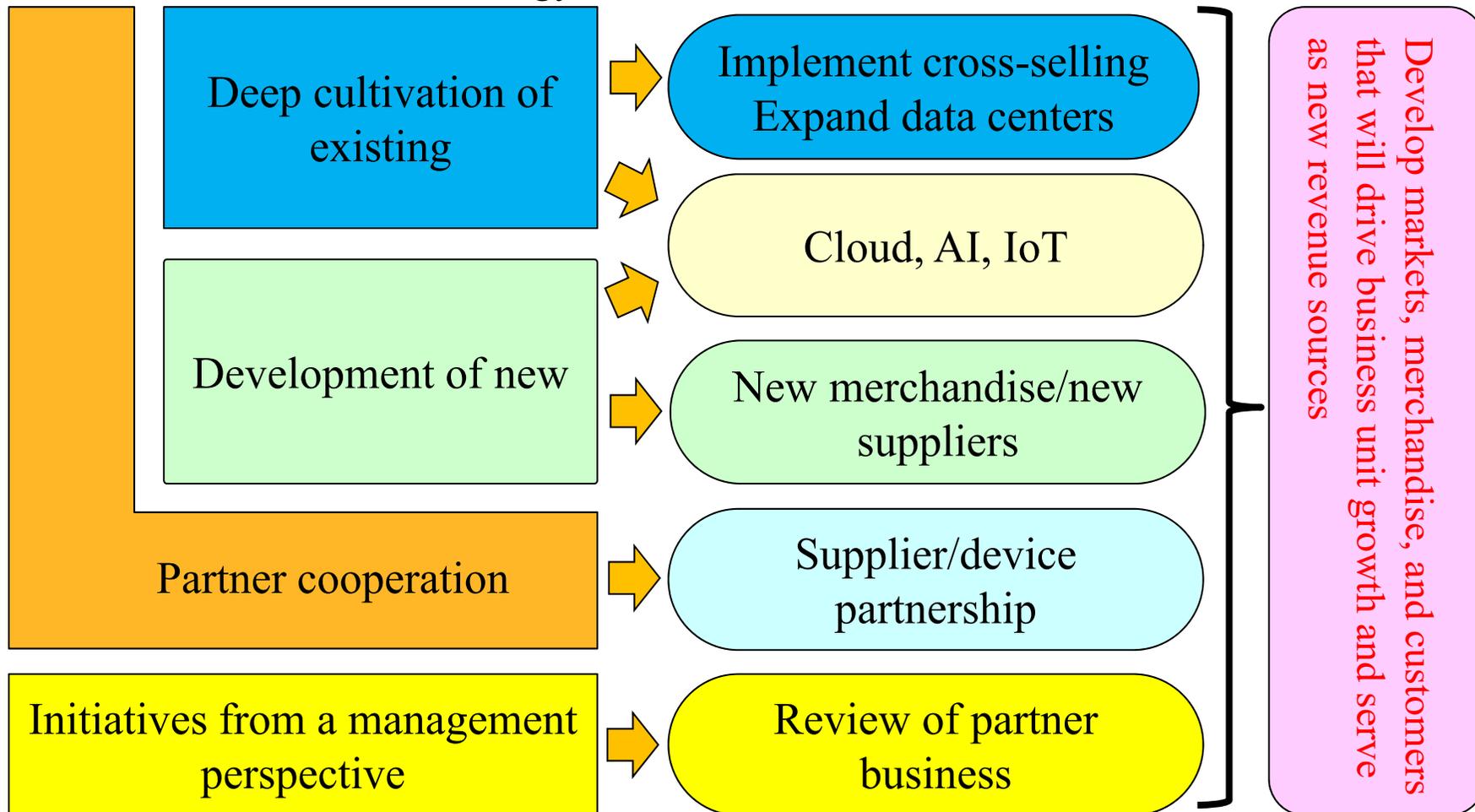


	Performance in 03/19 term (YoY)		
	Net sales	Gross profit	Gross profit margin
Core Device Business	-12%	-6%	+0.55P
Strategic Device Business	+25%	+39%	+0.93P



Expansion of business through maintenance/expansion of existing businesses and cultivation of new fields

⇒ Growth strategy for each unit and cross-unit activities



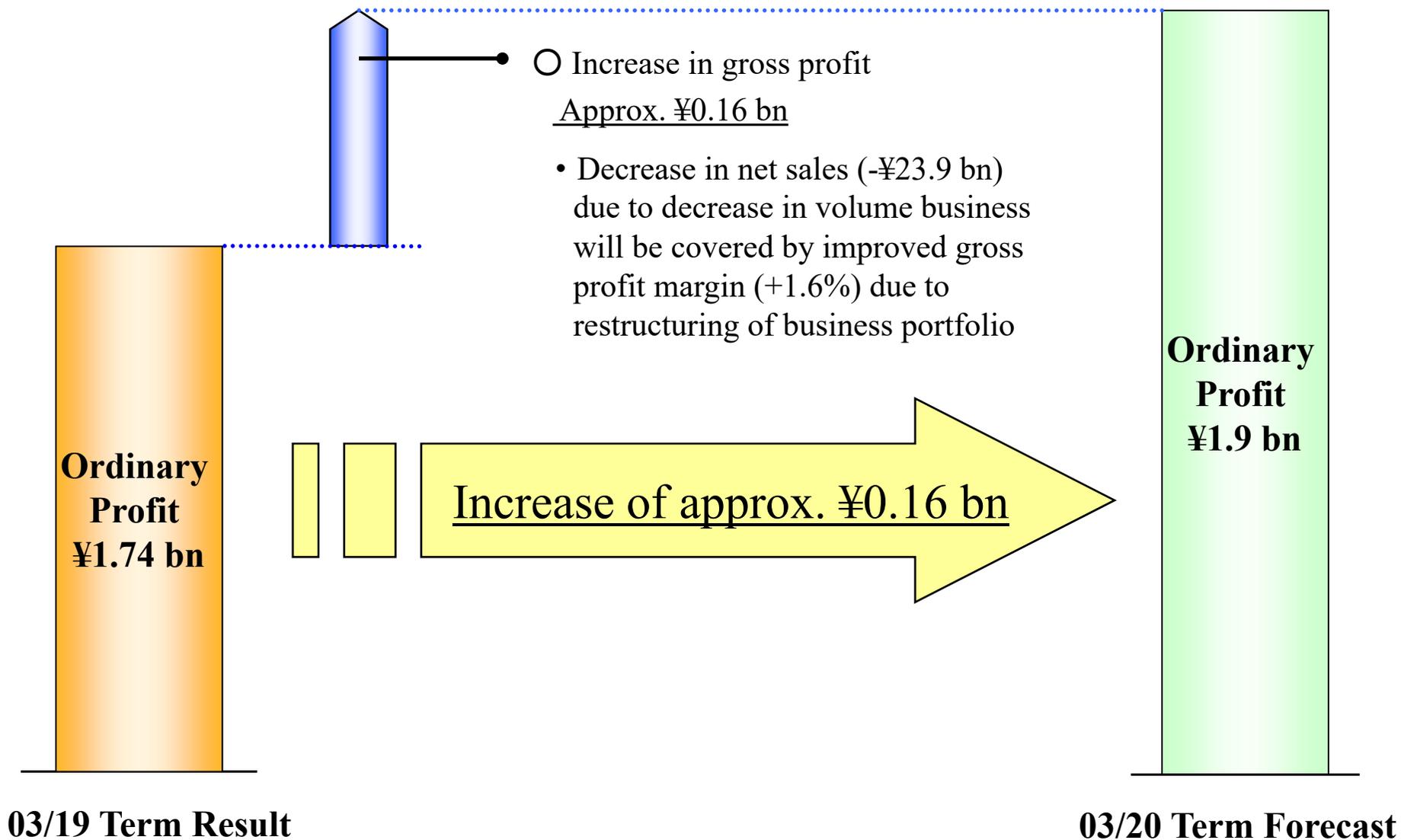
III. Year Ending March 2020

Full-Year Business Forecasts

- Despite forecasting decreased net sales, outlook for increased profit through improvement of gross profit margin

	03/16 Result	03/17 Result	03/18 Result	03/19 Result	03/20 Forecast	YoY Change
Net Sales	1,990.8	1,676.6	1,572.6	1,478.8	1,240.0	84%
Gross Profit on Sales	6.1% 122.3	6.4% 106.9	7.3% 114.5	7.7% 114.1	9.3% 115.7	101%
SG&A Expenses	5.2% 103.2	5.9% 98.8	6.2% 96.8	6.4% 94.4	7.6% 94.2	100%
Operating Profit	1.0% 19.1	0.5% 8.0	1.1% 17.6	1.3% 19.7	1.7% 21.5	109%
Ordinary Profit/Loss	0.8% 15.0	-0.6% -9.5	1.1% 17.9	1.2% 17.4	1.5% 19.0	109%
Net Profit/Loss Attributable to Shareholders of Parent	0.5% 9.8	-0.9% -15.8	0.6% 9.5	1.0% 14.5	1.2% 15.0	104%
ROE	1.5%	-2.5%	1.5%	2.8%	3.5%	+0.7P
Annual Dividend Per Share	¥40	¥25	¥33	¥70	¥70	±¥0
Payout Ratio	115.3%	—	98.2%	93.3%	90.1%	-3.2P
Exchange Rate (1 US dollar)	¥120.14	¥108.42	¥110.86	¥110.91	¥110.00	-¥0.91

*Figures in the YoY Change section for ROE, annual dividend per share, payout ratio and exchange rate represent increases or decreases.



■ Device Business

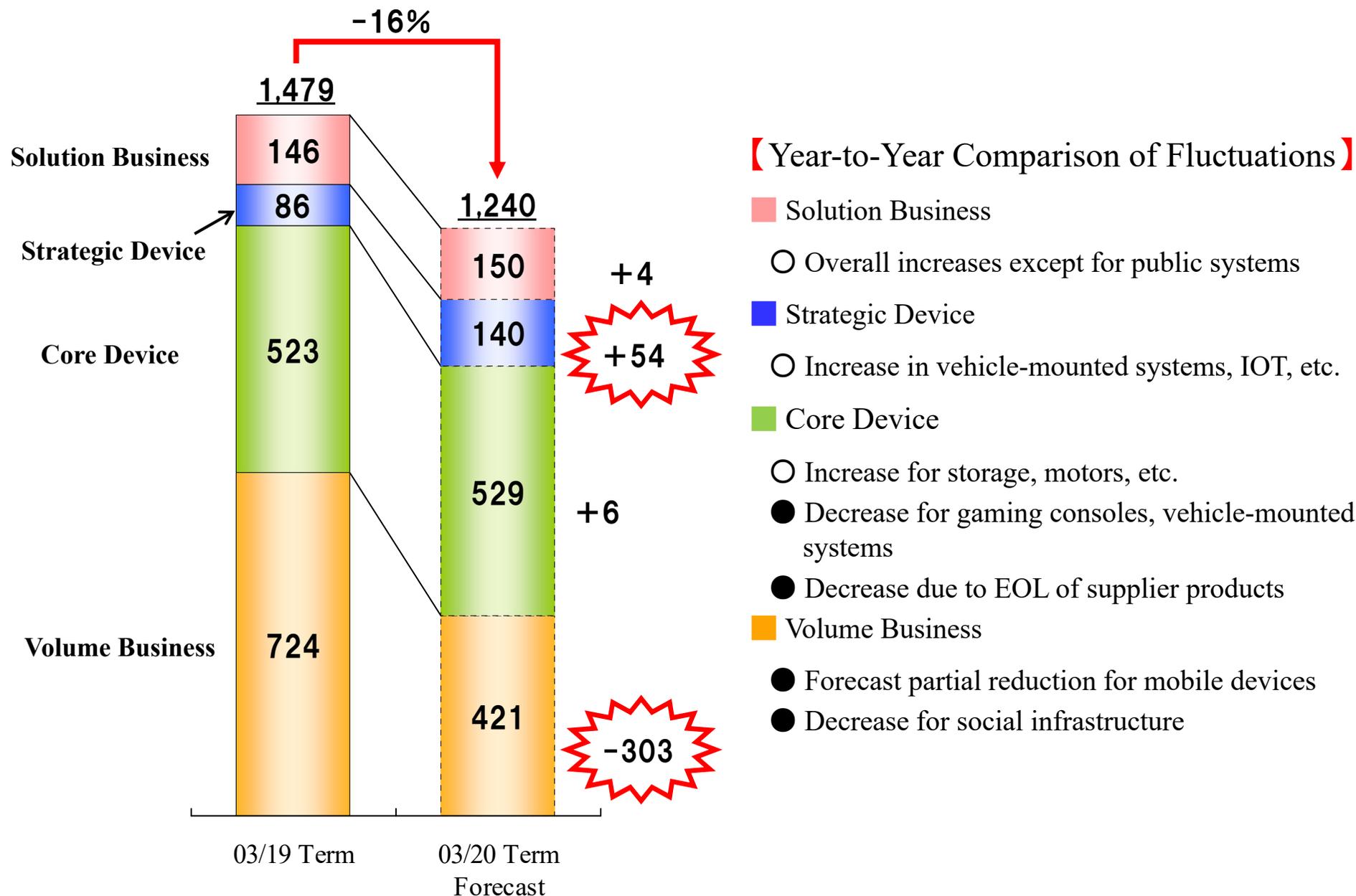
- Outlook for net sales decrease of -18% year-on-year and segment profit recovery due to improved gross profit margin and decreased SG&A expenses
- Plan for shrinking of volume business, expansion of strategy business centered on wireless systems IC/IoT

■ Solution Business

- Outlook for net sales and segment profit is same as for the previous fiscal year
- For public systems, outlook for transition period to fire fighting and disaster prevention, recovery of NW and embedded systems, and increase in video systems

		03/16 Result	03/17 Result	03/18 Result	03/19 Result	03/20 Forecast	YoY Change
Device Business	Net Sales	1,833.3	1,554.8	1,437.0	1,332.8	1,090.0	82%
	Operating Profit	0.7% 13.0	0.4% 6.8	1.1% 16.2	1.3% 17.1	1.8% 19.6	115%
	Segment Profit/Loss	-0.1% -1.0	-1.3% -20.3	0.5% 7.2	0.3% 4.7	0.6% 6.5	140%
Solution Business	Net Sales	157.5	121.7	135.6	146.0	150.0	103%
	Operating Profit	11.3% 17.8	10.1% 12.4	9.8% 13.4	11.3% 16.5	10.9% 16.3	99%
	Segment Profit/Loss	10.1% 16.0	8.8% 10.8	7.8% 10.6	8.7% 12.7	8.3% 12.5	98%
Exchange rate (1 US dollar)		¥120.14	¥108.42	¥110.86	¥110.91	¥110.00	-¥0.91

*The figure in the YoY Change section for exchange rate represents an increase or decrease in amount.



● 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.

● Profit distribution policy in V70 Medium-Term Management Plan

- Pay dividends with a consolidated payout ratio of about 100% for the three-year period from the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020
[Predicted Dividends for the Year Ending March 2020]
 - An annual dividend of ¥70 per share
 - ¥15 at midterm; ¥55 at term-end
 - Consolidated dividend payout ratio of 90.1%
 - Average consolidated dividend payout ratio from the term ended Mar. 2016 to the term ending Mar. 2020: 165.8%
- Acquire treasury stock with a total purchase upper limit of ¥20 billion (upper limit of 10 million total shares of acquired shares) during the total three-year period
 - In the fiscal year ended March 31, 2019, we already implemented a TOB for treasury stock (9 million ordinary shares, total purchase amount of ¥19.7 billion)

Shareholder Return History

	03/16 Term Result	03/17 Term Result	03/18 Term Result	03/19 Term Result	03/20 Term Forecast
1) Consolidated net profit	¥978 million	-¥1,575 million	¥947 million	¥1,449 million	¥1,500 million
2) Comprehensive profit	-¥1,106 million	-¥720 million	¥912 million	¥1,585 million	-
3) Consolidated equity ratio	66.3%	65.4%	65.7%	48.3%	57.7%
4) Total dividends (Dividend per share)	¥1,127 million (¥40)	¥704 million (¥25)	¥934 million (¥33)	¥1,352 million (¥70)	¥1,352 million (¥70)
5) Consolidated payout ratio	115.3%	-	98.2%	93.3%	90.1%
6) Value of treasury stock acquired (Number of shares acquired)	-	-	-	¥19.72 billion (9 million shares)	Suspense
7) Total payout ratio (4+6) ÷ 1	115.3%	-	98.2%	1,454.2%	Suspense
8) Cancellation of treasury stock	-	-	-	5,000 thousand shares	Suspense
9) Total number of shares issued (Excluding treasury stock)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	29,281 thousand shares (28,179 thousand shares)	24,281 thousand shares (19,178 thousand shares)	Suspense
10) Net profit per share	¥34.70	-¥55.90	¥33.62	¥67.48	¥78.21
11) Net assets per share	¥2,249.40	¥2,183.84	¥2,191.19	¥2,224.47	¥2,234.83

*1) Total dividends include the dividend amount for shares held by trusts related to the performance-based stock compensation plan for directors (excluding external directors).

2) Net profit per share is calculated based on the average number of issued shares (excluding treasury stock) during the period.

3) Net assets per share is calculated based on the total number of shares issued (excluding treasury stock) at fiscal year end.

4) The forecast for net profit per share and net assets per share for 03/20 term is calculated based on the total number of shares issued (excluding treasury stock) as of March 31, 2019.

5) The value of treasury stock acquired until 03/20 term is ¥25.75 billion (17,281 thousand shares, of which 12,252 shares were cancelled).

IV. Financial Situation

- Regarding the results of the fiscal year ended March 31, 2019, total assets were ¥88.3 bn (down ¥5.7 bn year-on-year) and the equity ratio was 48.3% (down 17.4% year-on-year)
 - Operating cash flow was ¥9.06 bn, financing cash flow was -¥11.03 bn due to acquisition of treasury stock, and cash and deposits were on the same level as the previous fiscal year
- Regarding the forecast for the fiscal year ending March 31, 2020, total assets will be ¥74.3 bn (down ¥13.96 bn year-on-year) and the equity ratio will be 57.7% (+9.3% year-on-year)
 - Forecast a decrease in BS due to a decrease in net sales, and operating cash flow of ¥8.6 bn; focus on reduction of interest-bearing liabilities

1) Balance Sheets

	FY ended Mar. 18 Result (A)	FY ended Mar. 19 Result (B)	B-A Increase/ Decrease	FY ending Mar. 20 Forecast (C)	C-A Increase/ Decrease
Cash and deposits	171.8	170.6	-1.1	160.0	-10.6
Accounts receivable	480.7	473.9	-6.8	362.0	-111.9
Inventories	168.9	147.2	-21.7	130.0	-17.2
Other assets	118.3	90.9	-27.4	91.0	0.1
Total assets	939.7	882.6	-57.1	743.0	-139.6
Accounts payable	156.3	184.6	28.3	124.0	-60.6
Interest bearing liabilities	138.1	240.7	102.6	160.0	-80.7
Other liabilities	27.4	30.1	2.7	30.4	0.3
Total net assets	617.9	427.1	-190.8	428.6	1.5
Total liabilities and net assets	939.7	882.6	-57.1	743.0	-139.6
Equity ratio	65.7%	48.3%	-17.4%	57.7%	9.4%

2) Cash Flows

	FY ended Mar. 18 Result	FY ended Mar. 19 Result	FY ending Mar. 20 Forecast
Decrease (increase) in accounts receivable-trade	33.6	17.0	111.9
Decrease (increase) in inventories	-57.8	24.0	17.2
Increase (decrease) in accounts payable-trade	-7.6	25.4	-60.6
Other	11.9	24.3	17.6
Operating C/F	-20.0	90.6	86.0
Investing C/F	-10.5	18.3	-2.0
Financing C/F	5.8	-110.3	-94.7
Foreign currency conversion adjustments		0.3	
Increase (decrease) in cash and deposits	-24.6	-1.1	-10.7
Increase in cash and deposits from newly consolidated subsidiary	0.4		
Balance of cash and deposits at term-end	171.8	170.6	160.0

<Supplemental Materials>

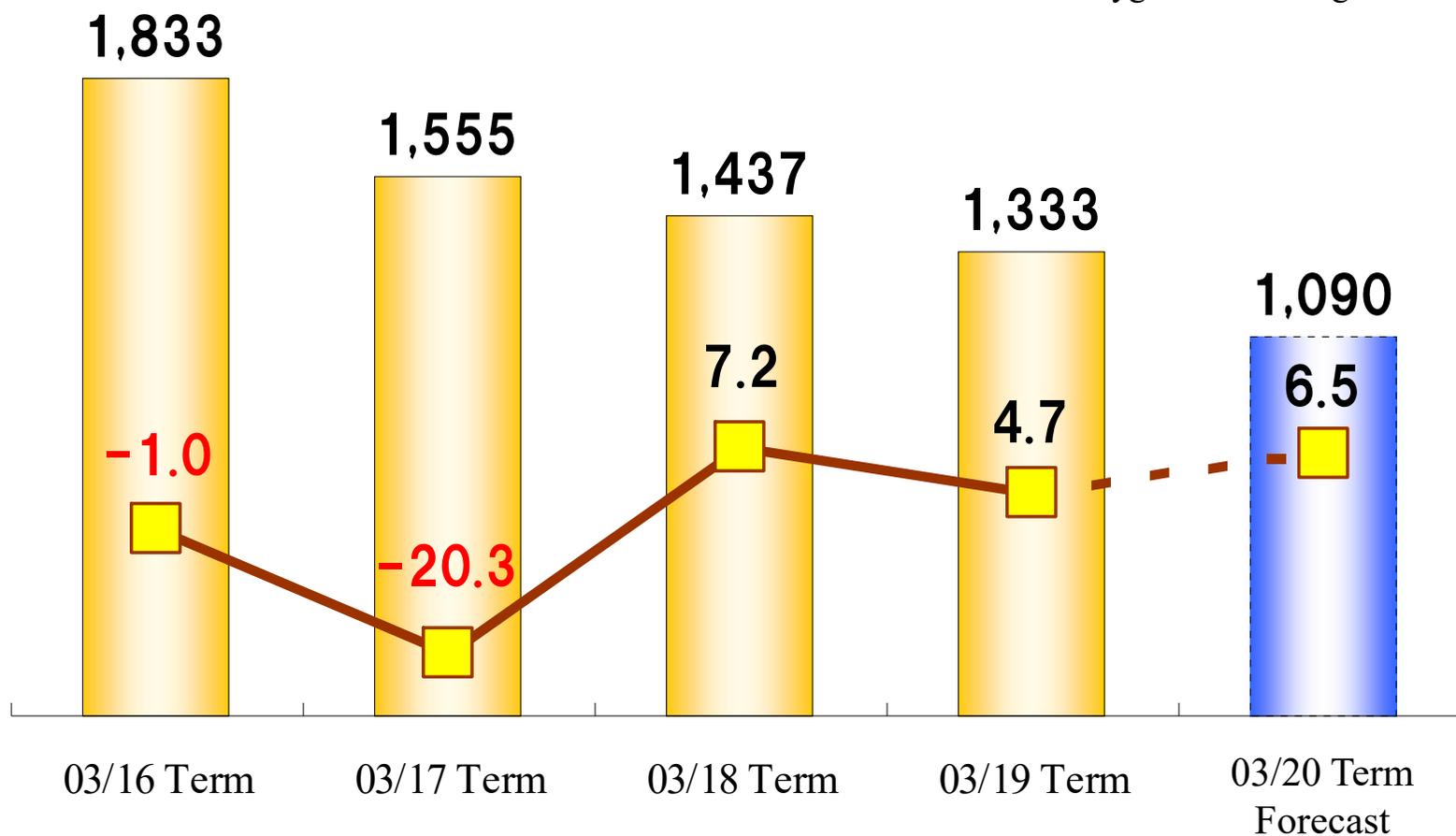
Year Ending March 2020

Device Business Forecasts

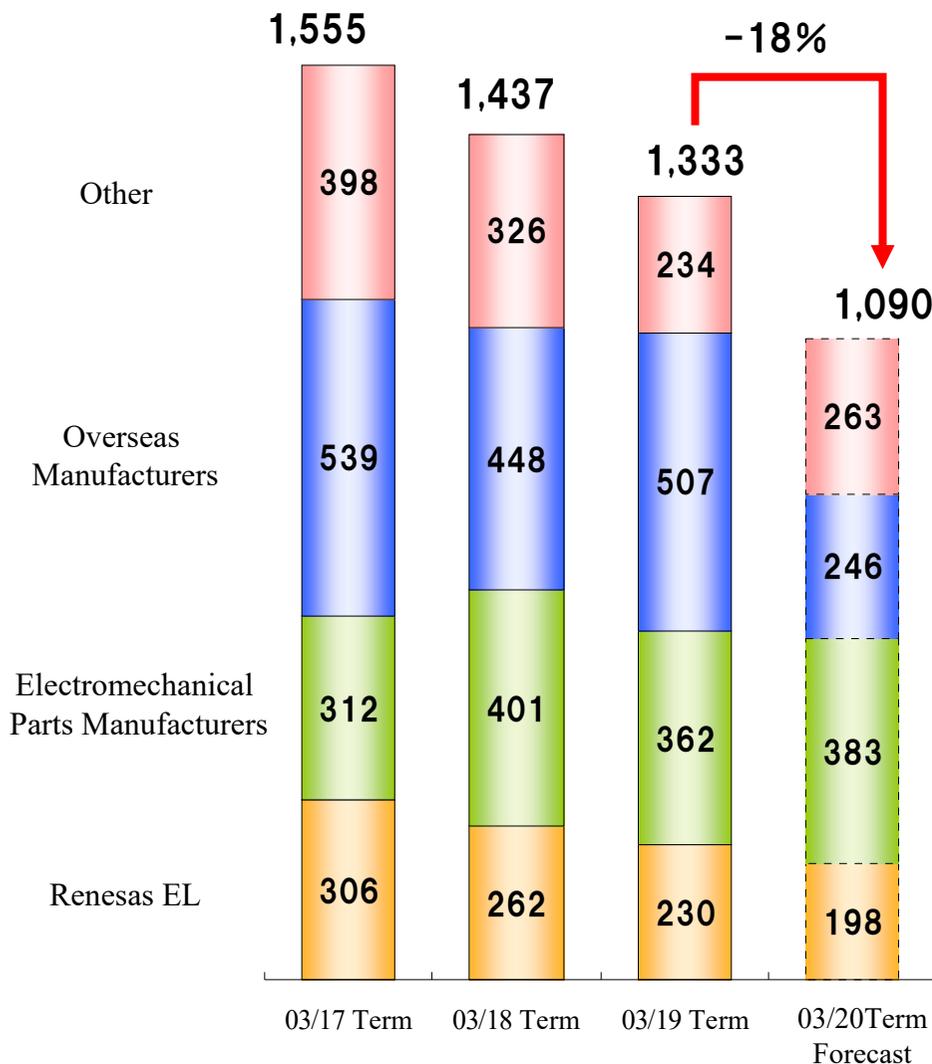
In order to shift to a high revenue stream, restructure the business portfolio and focus on recovery on profitability

Net Sales/Segment Profit

*Bar Graph: Net Sales
*Polygonal Line: Segment Profit



Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

■ Renesas EL

● Decrease for gaming consoles and vehicle-mounted systems

● Decrease due to EOL for supplier products

■ Electromechanical Parts Manufacturers

○ Increase for mobile devices, etc.

■ Overseas Manufacturers

● Forecast partial decrease for mobile devices

○ Increase for storage, motors, and vehicle-mounted systems

○ Increase in wireless system IC, etc.

■ Other

● Decrease for social infrastructure

○ Forecast new businesses including solution proposals for modules/finished products

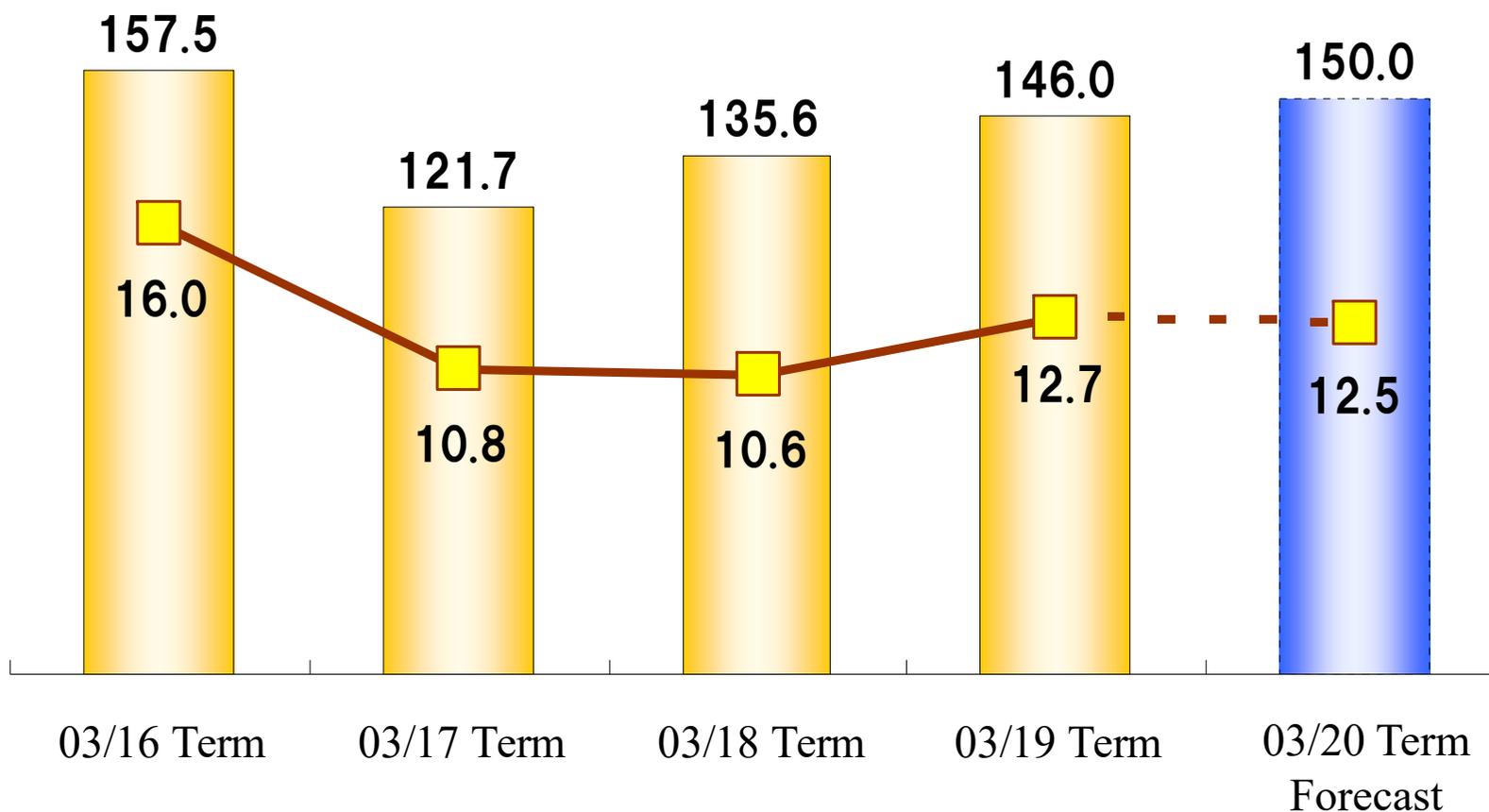
	YoY Change
Renesas EL	-14%
Electromechanical Parts Manufacturers	+6%
Overseas Manufacturers	-52%
Other	+12%

Year Ending March 2020 Solution Business Forecasts

After recording an increase in sales and an increase in profit, we forecast that, despite of an increase in sales, profit would remain at the same level with the previous term, but need to focus on strengthening the revenue base

Net Sales/Segment Profit

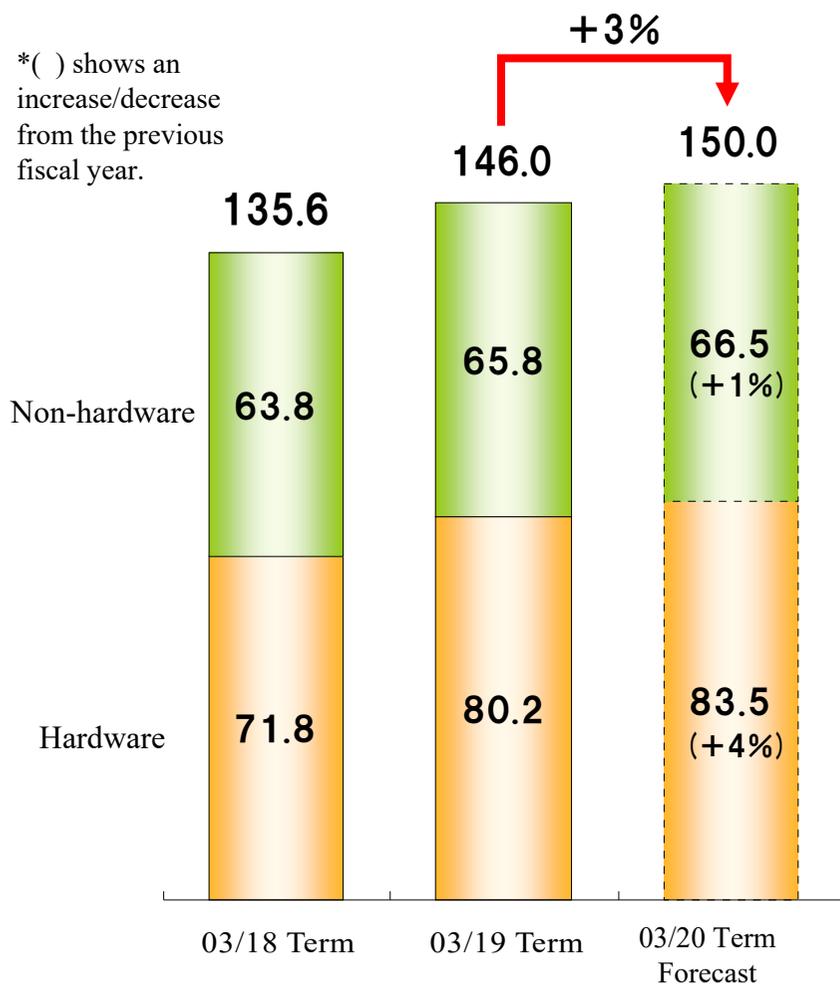
*Bar Graph: Net Sales
*Polygonal Line: Segment Profit



Changes in Net Sales by Product

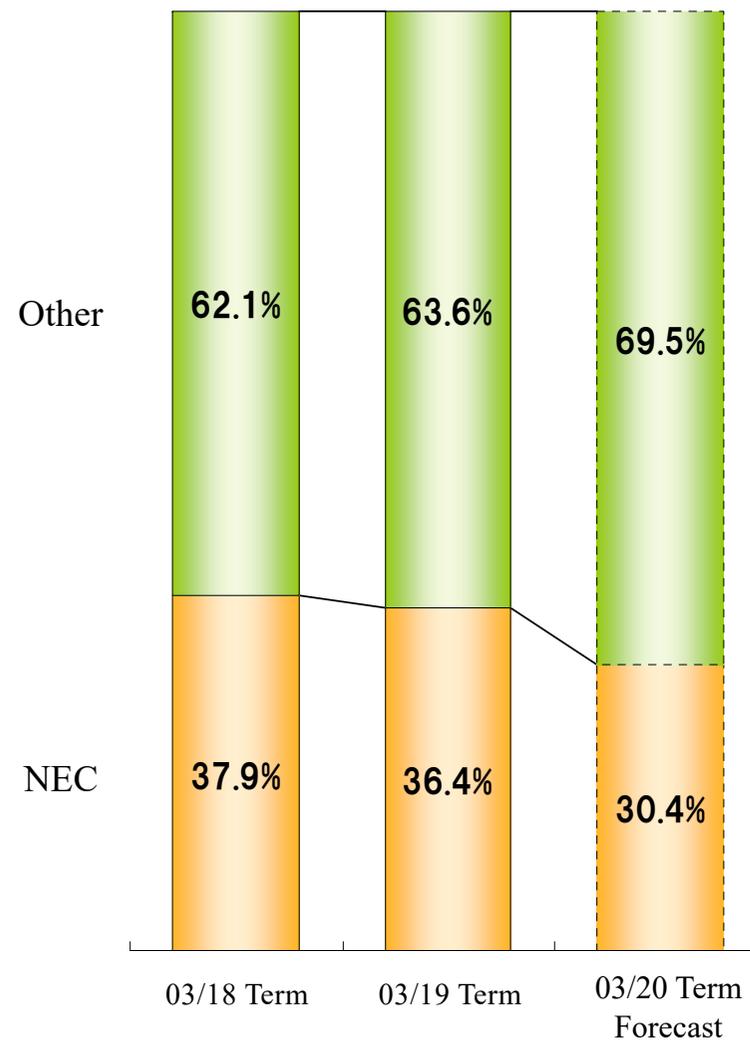
- Hardware: NW/video systems/embedded systems will increase
- Non-hardware: Maintain about the same year-on-year despite decrease for public systems

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

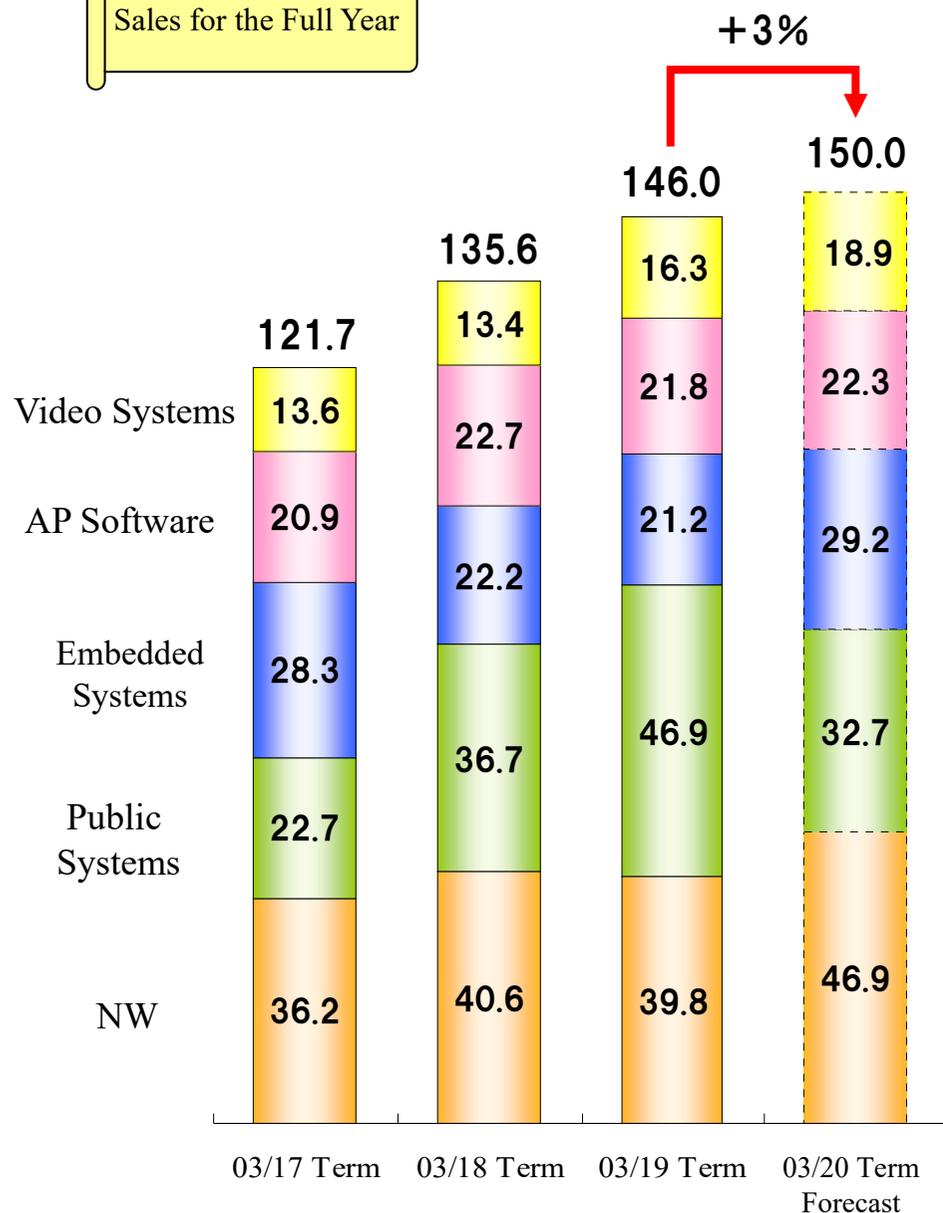


Sales Composition Ratio by Supplier

- Proportion taken by NEC will be maintained at 30%-38%; collaboration will be strengthened



Sales for the Full Year



【Year-to-Year Comparison of Fluctuations】

- NW
 - Increase in infrastructure-related business for private sector
- Public Systems (fire stations & government agencies)
 - Decrease in firefighting, disaster prevention, infrastructure, etc.
- Embedded Systems
 - Increase in server/RAID/IoT technology, etc.
- AP Software
 - Slight increase in production/sales management, etc.
- Video Systems
 - Increase in transmitter systems/IPTV, etc.

	YoY Change
NW	+18%
Public Systems	-30%
Embedded Systems	+38%
AP Software	+2%
Video Systems	+6%

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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