

# Restar Holdings Corporation

3<sup>rd</sup> Quarter FY 2019 (Apr – Dec 2019)

Consolidated Financial Presentation

February 12, 2020



3<sup>rd</sup> Quarter FY 2019 (Apr – Dec 2019)

## Consolidated Financial Results



# Financial Highlights

(Millions of Yen)	3Q FY 2018(*1)		3Q FY 2019		YoY	
	Amount	% of Net Sales	Amount	% of Net Sales	Growth	% Growth
Net Sales	301,389	—	294,618	—	△6,771	△2.2%
Gross Profit	20,876	6.9%	19,428	6.6%	△1,447	△6.9%
SGA	13,903	4.6%	14,450	4.9%	547	3.9%
Operating Income	6,973	2.3%	4,978	1.7%	△1,994	△28.6%
Ordinary Income	5,845	1.9%	7,154	2.4%	1,308	22.4%
Net Income Attributable to Owners of Parent	4,173	1.4%	5,571	1.9%	1,397	33.5%

Net Sales: Shrink due to income decrease of "Semiconductor/Electronic Component" in spite of steady growth of "Procurement", "Electronic Equipment" and "Environmental Energy".

Operating Income:

Appropriated 891 million yen (provisional amortization of goodwill in business integration) for SGA.

Shrink by 14 billion yen of collected allowance for doubtful accounts in previous year (reversal of SGA).

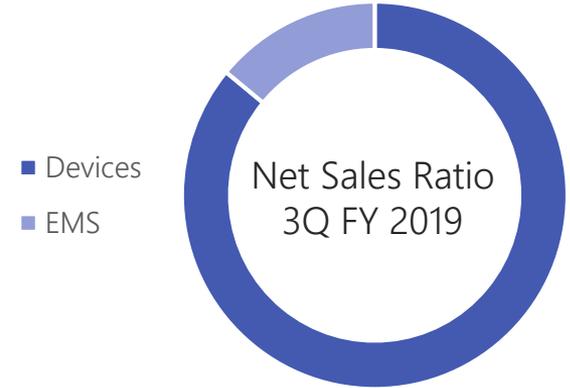
Ordinary Income/Net Income:

Investment gain on equity method (non-operating income). The news about "Stock acquisition (Application of the Equity method)" was released on May 13, 2019.



# Semiconductor/Electronic Component

(Millions of Yen)	3Q FY 2018(*2,3)	3Q FY 2019	YoY	
	Amount	Amount	Growth	% Growth
Net Sales	241,170	215,954	△25,215	△10.5%
Operating Income	6,019	3,890	△2,129	△35.4%



## ■ Devices

- Net Sales shrink due to decrease in demand of digital camera/computer related products and decrease in sales of consumer electronic components
- Developing new business demand by expanding suppliers and products line-up. Local offices integration and cost reduction. Improving transaction condition.
- Income reduction by decrease of collected allowance for doubtful accounts in previous year (reversal of SGA)
- Collaborations with our partners are going well (strengthen collaboration with PCI Holdings, Inc. even further)
  - Started up PRIVATECH Inc., which is a technology company both joint ventures merged

## ■ EMS

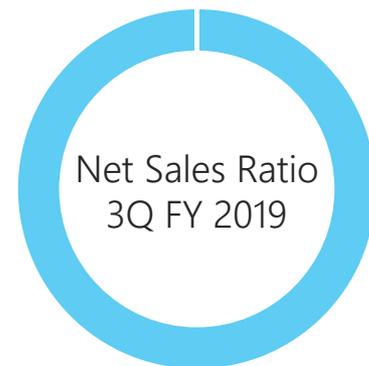
- Growth in demand of display material for information communication terminal for overseas market. Sales and profits increase in EMS business for developing new markets and improving factory operation ratio.



# Procurement

(Millions of Yen)	3Q FY 2018(*4)	3Q FY 2019	YoY	
	Amount	Amount	Growth	% Growth
Net Sales	40,621	57,207	16,585	40.8%
Operating Income	366	417	50	13.8%

■ Procurement



## ■ Procurement

- Net sales increase by business expansion for major computer manufacturer in Hong Kong and growing the number of Automotive/Computer Equipment handling effected by strengthening collaboration with Panasonic Group
- Growth in segment operating income by sales increase
- Getting new business in outside sales. Beginning a new approach at developing new customers for cooperation with "Devices", and operating standard efficiently.

# Electronic Equipment

(Millions of Yen)	3Q FY 2018(*5)	3Q FY 2019	YoY	
	Amount	Amount	Growth	% Growth
Net Sales	13,956	15,498	1,541	11.0%
Operating Income	75	406	330	437.7%

■ Electronic  
 Eqp  
■ System  
 Eqp



## ■ Electronic Equipment

- Net sales growth by working on large-scale businesses for some companies/organizations/broadcasts and demand increase for replacing monitors to 4K equipment.
- Increase in operating income by expanded high added value business from planning/execution to maintenance and reviewing costs radically.

## ■ Measuring Equipment

- Steady growth in sales of measuring equipment for radio wave.

## ■ System Equipment

- Steady growth of cashless payment terminal, access control system and so on.
- Started up Restar Castec Corporation for "Cashless Terminal" business expansion, which is a joint venture with CANON ELECTRONICS INC. and Ai Holdings Corporation.

## ■ Growth in segment income effected by net sales increase and cost reduction.



# Environmental Energy

(Millions of Yen)	3Q FY 2018(*6)	3Q FY 2019	YoY	
	Amount	Amount	Growth	% Growth
Net Sales	7,445	8,114	668	9.0%
Operating Income	646	808	162	25.1%

■ Energy

■ PPS

■ Vegetable

Factory



## ■ Energy

- Net sales growth by rapid increase in panels/components sales for newly establishing solar power plants and steady growth in net sales of power generation by solar power.
- Established local corporation in Taiwan. Decided to enter the global "Energy" business actively.
- Driving a business in Solar-Wind Hybrid Renewable Energy System (a combination of 2 types of power generation systems).

## ■ Power Producer and Supplier

- Aim for profit stabilization by saving purchasing cost through reduction of dependency on JEPX (wholesale electricity market).
- Beginning to focus on a new power supply scheme of "Local Production and Consumption" after Feed-in Tariff payment period.

## ■ Vegetable Factory

- Establishing the largest size of supply system among Japan. Sales increase of B2B market such as convenience store chain by wide range of line up.
- Promoting turning to the characteristic product and newly developing ready-made meal market such as food-processing industry.



Notes:

- (1) Calculated as simply aggregated figures of UKC Holdings Corp. and Vitec Holdings Co., LTD for 3Q FY 2018.
- (2) Calculated as simply aggregated figures of UKC's "Semiconductor/Electronic Component" and "Quality and Reliability Test/Environmental Material Analysis Service" with Vitec's "Devices (except Measuring Equipment)" for 3Q FY 2018.
- (3) A parts of foreign subsidiaries' financial period are changed from December 31, 2018 to March 31, 2019: consolidated financial performance in 3Q FY 2019 includes these subsidiaries' between January and March. (Term change of the fiscal year affects 8,946 million yen as net sales and 249 million yen as segment operating income)
- (4) Figures are Vitec's "Procurement" for 3Q FY 2018.
- (5) Calculated as simply aggregated figures of UKC's "Electronic Equipment" and "Contactless IC card" with Vitec's "Measuring Equipment" for 3Q FY 2018.
- (6) Figures are Vitec's "Environmental Energy" for 3Q FY 2018.



# Full-Year Forecast and Progress Rate

(Millions of Yen)	3Q FY 2019	FY 2019 Full-Year Forecast	Progress Rate
	Amount	Amount	
Net Sales	294,618	410,000	71.9%
Operating Income	4,978	7,000	71.1%
Ordinary Income	7,154	8,000	89.4%
Net Income Attributable to Owners of Parent	5,571	5,500	101.3%

- No change in full-year forecast from the previous announcement.
- Appropriated 891 million yen (provisional amortization of goodwill in business integration) for SGA.
- Huge progress in all the profit accounts following the ordinary income for investment gain (non-operating income) by the appreciation of equity method this May.
- Trend of new coronavirus is unclear at this time. Including the other factors, we will make judgement on the affect and strive for appropriate information disclosure.

\*The fixed amount of provisional amortization of goodwill in business integration in 3Q FY 2019 will be disclosed once it is decided. The effect of supplier(CHUNGHWA PICTURE TUBES, LTD.)'s company reorganization procedure related on "Semiconductor/Electronic Component" is also the same.



# Consolidated Balance Sheet

(Millions of Yen)	FY 2018*	3Q FY 2019
<b>Assets</b>		
Current Assets	147,194	139,666
Fixed Assets	31,973	59,799
<b>Total Assets</b>	<b>179,166</b>	<b>199,465</b>
<b>Liabilities and Equity</b>		
Current Liabilities	102,982	106,385
Fixed Liabilities	18,656	19,059
Equity	57,529	74,020
<b>Total Liabilities and Equity</b>	<b>179,166</b>	<b>199,465</b>
Equity Ratio	–	35.6%
BPS (Yen)	–	2,362.58

\*Calculated as simply aggregated figures of UKC Holdings Corp. and Vitec Holdings Co., LTD. for FY 2018.



# Shareholder Return Policy

## Total Shareholder Return Ratio\*: 50% or More

\*(total dividend + total stock buybacks) / adjusted consolidated profit

- Keep stable and sustainable dividends payout in the medium term
- Work on strategic investment for our future growth to improve capital efficiency sustainably and expand profit even further

### ▼FY 2019 (Year-ended March 31, 2020) Dividend Forecast\*

	Dividend Per Share (Yen)		
Period	1 <sup>st</sup> Half	2 <sup>nd</sup> Half (Expected)	Annual (Expected)
FY 2019	35.00	45.00 (Ordinary dividends 35.00) (Memorable dividends 10.00)	80.00 (Ordinary dividends 70.00) (Memorable dividends 10.00)

\*No change from the previous announcement.



# TOPICS



# Electronic Equipment Business

At **Inter BEE2019**, Kyoshin Communications Co., Ltd. Exhibited

Kyoshin Communications creates added value through technologies of measurement, ICT, audio/video, and provides solutions to meet our customers needs



Nov 13 to 15, 2019 – Makuhari Messe – Kyoshin Communications Co., Ltd. exhibited at InterBEE2019, one of the biggest international exhibition for communication, video and audio equipment in Japan.



High-Definition  
4K LED Display  
For digital signage,  
showroom etc.



“DaAlps”  
Video analysis & Contents  
management system using AI  
For video data, lecture recording

[Here is the report about “Inter BEE2019”](#)

# [Part 1] Collaboration with Partners



- Semiconductor/Electronic Component
- EMS/Procurement
- Electronic Equipment
- System Equipment
- Energy/PPS
- Vegetable Factory

**【2 Joint Ventures】**

**PRIVATECH**  
• RestarHD : 50%  
• PCIHD : 50% (Consolidated)

VSE Inc. (a JV with PCIHD) and Syswave Corp. merged in Jan 2020

**Infinitec**  
• RestarHD : 25%  
• PCIHD : 75% (Consolidated)

Started up a JV in May 2019

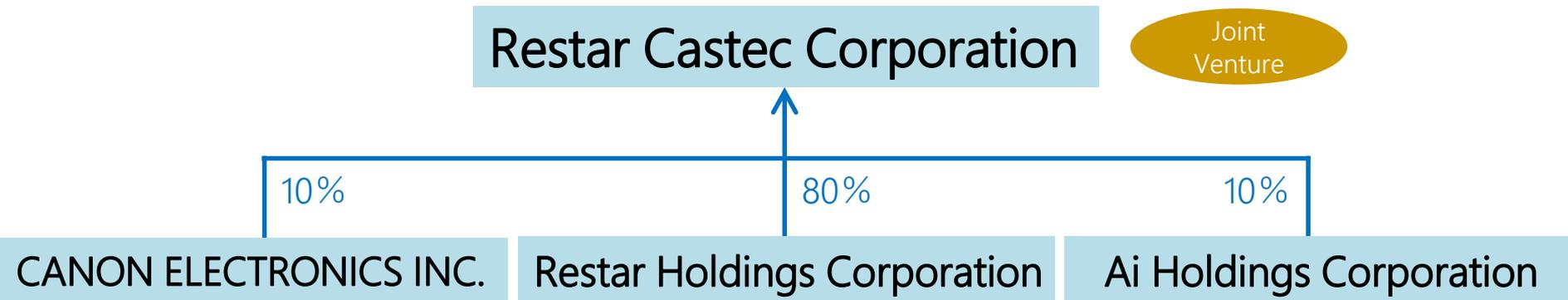
- Semiconductor Total Solution
- Embedded Solution
- Business Solution
- IoT / IoE Solution

To supply further technical solutions and develop new markets & customers.  
The Keywords: Technology & Information.



# [Part 2] Collaboration with Partners

Design, production and sales of Payment Terminal using NFC\* Technology such as FeliCa and Access Control System



- ✓ Cross selling for customers from each companies
- ✓ Enhance competence in product design and development by sharing technologies
- ✓ Improve manufacturing efficiency and capacity to compete

**Business Expansion** → Portable Data/Payment Terminal  
Security System Equipment • FinTech • Network Technology

\* Near Field Communication technology



# Energy Business



Contributing to realize “low-carbon and decentralized energy system society”, and solve the “Energy & Environmental Problem” through further utilizing and expansion of renewable energy.

- Started up “Solar-Wind Hybrid Renewable Energy System” in Hokkaido
- Global Expansion of “Solar-Power Business” in Taiwan



Solar-Wind Hybrid : From 2020

Expand into Taiwan : From 2019

Solar Energy in the Form of Farming : From Feb 2018

Mega Solar : From Mar 2013

Business Expansion

# PPS Business

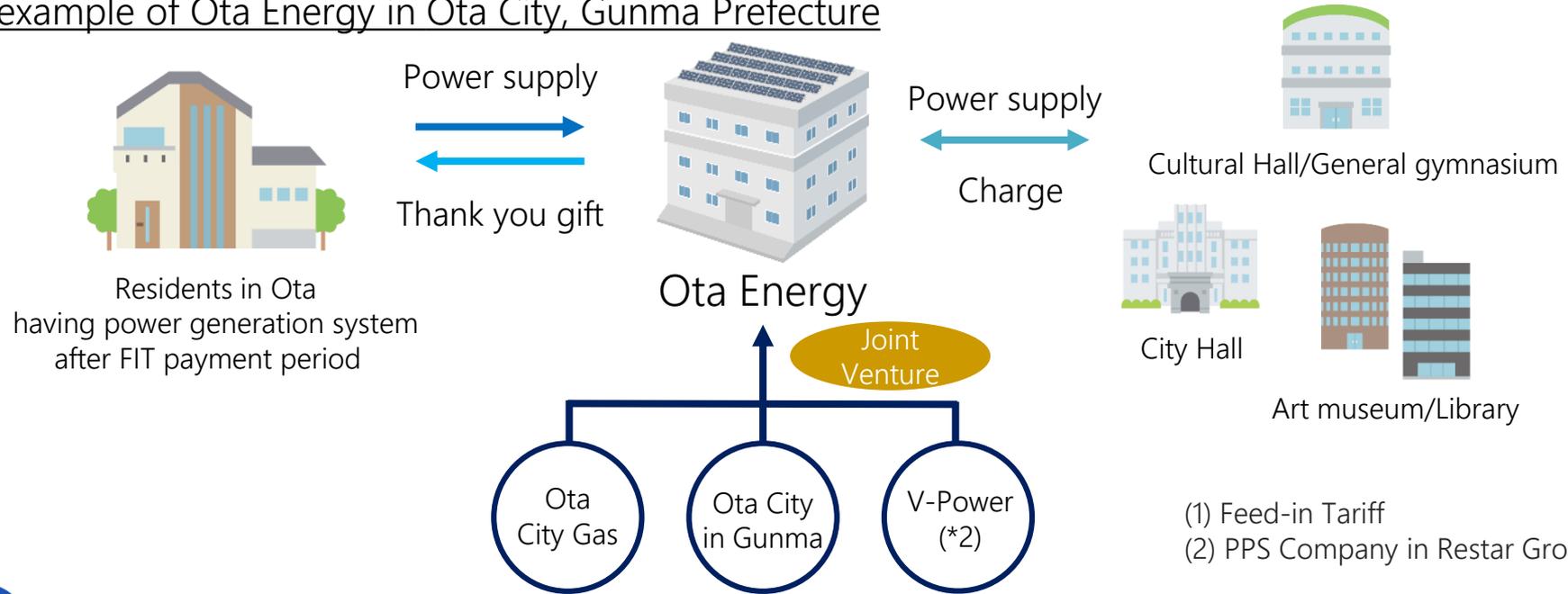


A new scheme of "Local Production and Consumption" utilizing renewable energy generated after FIT(\*1) payment period.

Contributing to Local Development

Understanding our Customers Needs  
(Put Importance on Price/Environment/Stable Supply)

An example of Ota Energy in Ota City, Gunma Prefecture



(1) Feed-in Tariff  
(2) PPS Company in Restar Group

# APPENDIX



# Business Overview

Semiconductor/  
Electronic  
Component

## Semiconductor/Electronic Component

- Deal in “cutting-edge” and energy/environmental devices from worldwide
- Offer unique solutions by wide range of products, high level technological support

Semiconductor/  
Electronic  
Component

## Quality and reliability test/ environmental material analysis service

- Variety of quality evaluations and hazardous substances test for devices and electronic components

Semiconductor/  
Electronic  
Component

## System Engineering

- LSI designing, evaluation and test services for semiconductors, especially for image sensors



# Business Overview

Semiconductor/  
Electronic  
Component

## EMS

- Electronic component mounting for OEL panel in our group's factory, and comprehensive purchase, production control and quality assurance function

Procurement

## Procurement

- Offer global procurement and trading services to meet customer needs
- Offer “unique contract and fringe” services of procurement as outsourcing



# Business Overview

Electronic  
Equipment

## Electronic Equipment

- Total solution from design, execution to maintenance of equipment for communication, audio, video and broadcast
- Offer solutions by cutting-edge technologies of data processing, audio and video

Electronic  
Equipment

## Measuring Equipment

- Offer unique applications of measuring, usage, system, and designing
- Support services of repair, measurement calibration for research, development, and sales

Electronic  
Equipment

## System Equipment

- Development, production and sales of NFC (Near Field Communication) technologies including Felica



# Business Overview

Environmental  
Energy

## Renewable Energy

- Introduce solar and wind power generation as renewable energy, to promote operation management services with local partners

Environmental  
Energy

## Power Producer and Supplier

- Comprehensive energy management by consulting, power supply, broker focused on renewable energy

Environmental  
Energy

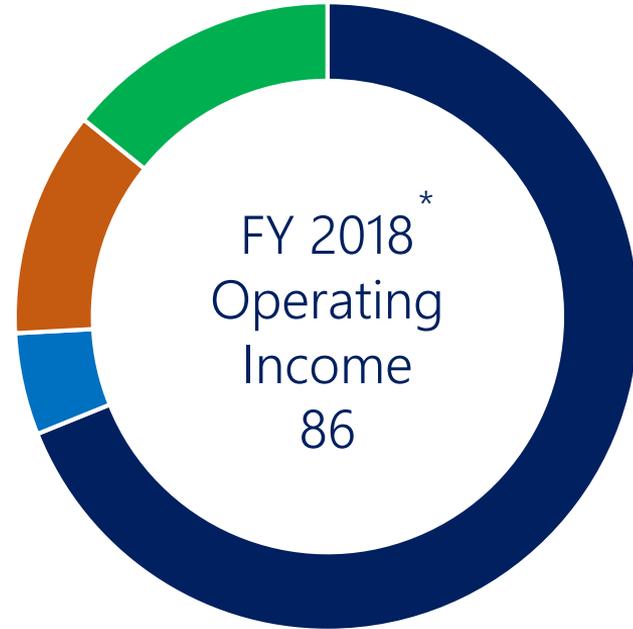
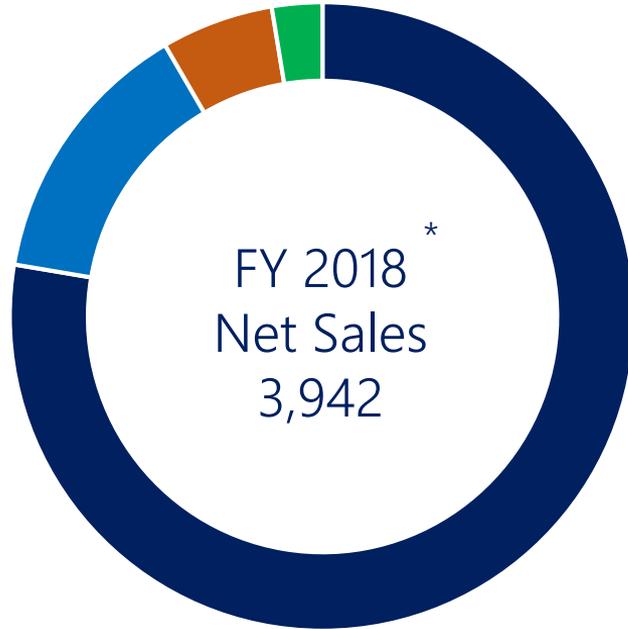
## Vegetable Factory

- Production and sales of vegetables in completely closed factories for B2B market such as convenience stores and restaurant chains



# Net Sales of % by segments

(One hundred billions of yen)

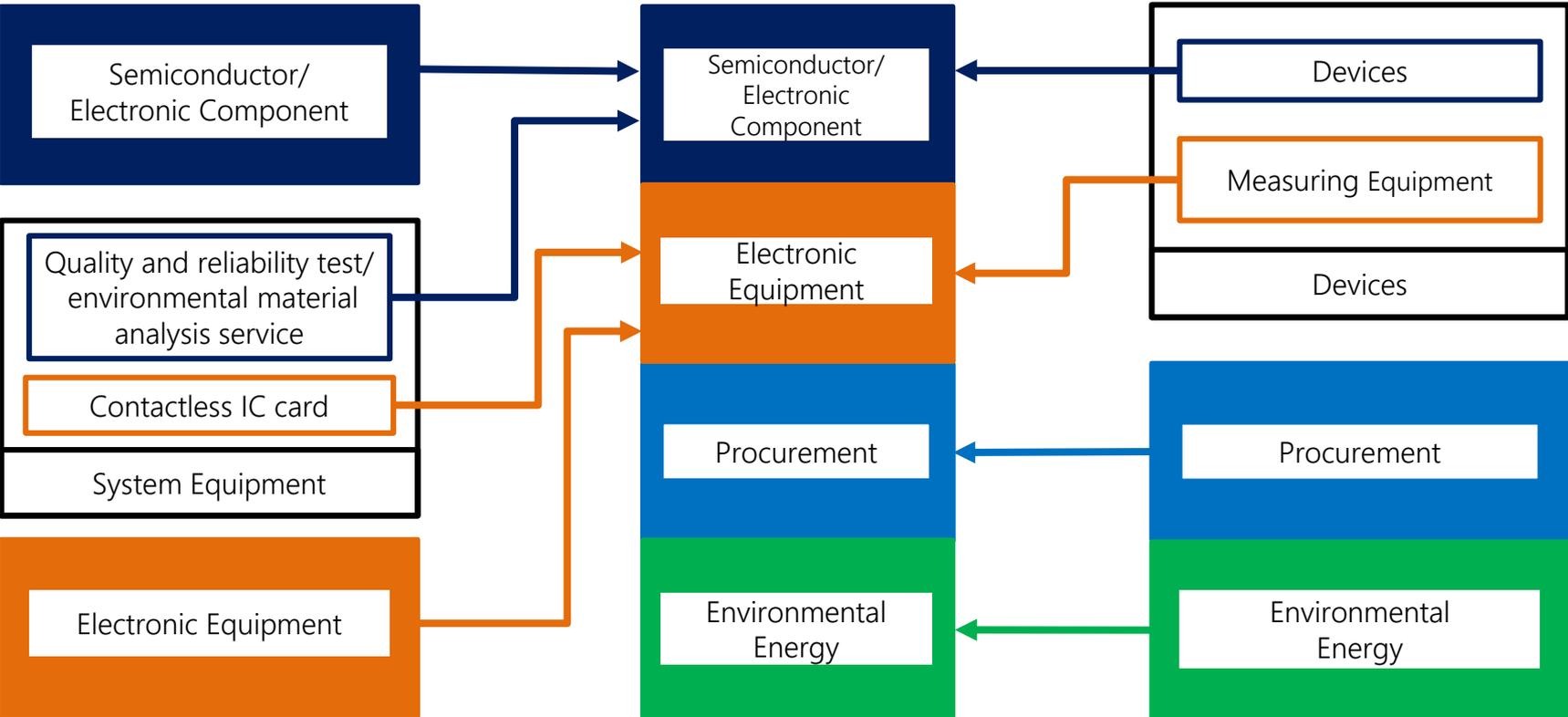


\*Rearranged segments and calculated as simply aggregated figures of UKC Holdings Corp. and Vitec Holdings Co., LTD. for FY 2018.

■ Semiconductor/Electronic Component   ■ Procurement   ■ Electronic Equipment   ■ Environmental Energy



# Segment Changes



UKC

Restar

Vitec



# Net Sales History and Forecasts

(Millions of Yen)

	FY 2016	FY 2017	FY 2018*	Restar FY 2019 Full-year Forecasts
UKC	273,752	301,449	205,771	410,000
Vitec	138,841	185,883	188,519	
Total	412,593	487,332	394,290	

\*Calculated as simply aggregated figures of UKC Holdings Corp. and Vitec Holdings Co., LTD..



# Consolidated Progress & Loss (Till FY 2018)

## ▽ UKC Holdings Corp.

	FY 2017 Apr 2017- Mar 2018	FY 2018 Apr 2018- Mar 2019	YoY
Net Sales	301,449	205,771	▲ 95,678
Operating Income	4,384	4,508	124
Ordinary Income	3,908	4,198	290
Net Income Attributable to Ownerns Parent	2,129	2,192	63

## ▽ Vitec Holdings Co., LTD.

	FY 2017 Apr 2017- Mar 2018	FY 2018 Apr 2018- Mar 2019	YoY
Net Sales	185,883	188,519	2,636
Operating Income	3,130	4,137	1,006
Ordinary Income	2,573	2,789	226
Net Income Attributable to Ownerns Parent	1,840	1,761	▲ 79

# Management Principles of the Restar Group

## Mission

We help society evolve by leveraging information and technology to create and deliver new value and services.

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Vision We aim to be a comprehensive electronics trading company that accommodates all manner of stakeholder needs.

“Global (in view and scale)” “ Social Contribution”  
“Collaboration and Innovation”

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Value

- Through collaboration, we reflect diverse points of view as we create new cultures and values.
- Through innovative ideas and passion, we take on challenges and aim for higher targets.
- By expanding our business arena to encompass the entire world, we contribute to sustainable social evolution.



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### Disclaimer

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