

# Information Meeting for Fiscal Year ended March 2013

May16, 2013

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# **Financial Highlights FY3/2013**

# Financial Highlights

## Segment information

(million yen)

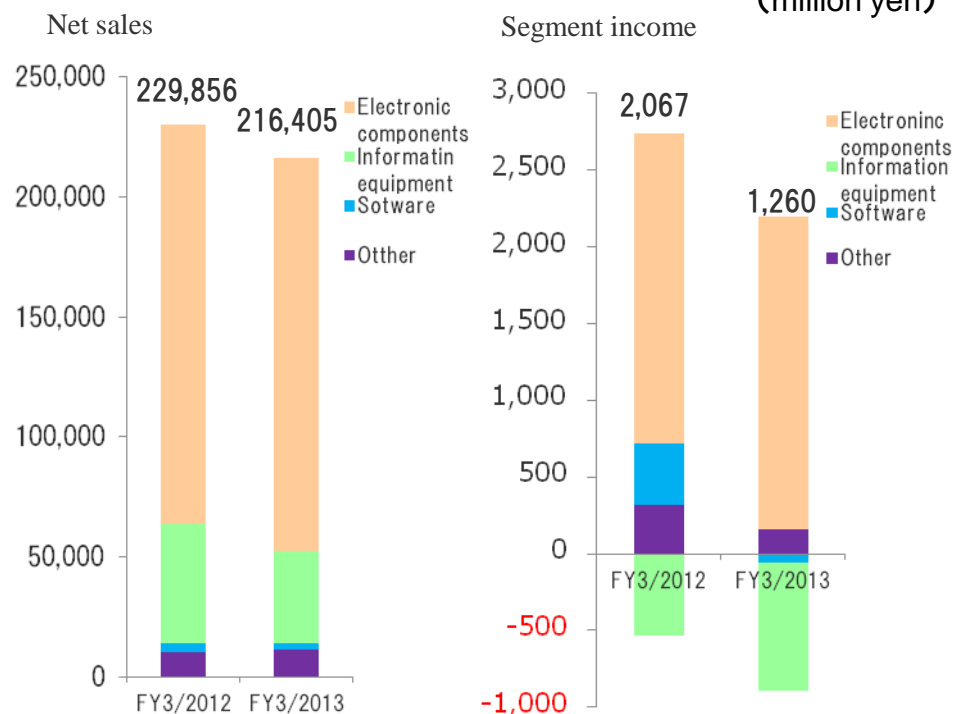
|                            | FY3/2012 |        | FY3/2013 |        | Changes |          |
|----------------------------|----------|--------|----------|--------|---------|----------|
|                            | Amount   | Pct.   | Amount   | Pct.   | Amount  | Pct.     |
| Net Sales                  | 229,856  | 100.0% | 216,405  | 100.0% | -13,451 | -5.9%    |
| Cost of sales              | 201,350  | 87.6%  | 188,943  | 87.3%  | -12,407 | -6.2%    |
| Gross profit               | 28,506   | 12.4%  | 27,462   | 12.7%  | -1,044  | -3.7%    |
| SG&A expenses              | 26,438   | 11.5%  | 26,202   | 12.1%  | -236    | -0.9%    |
| Operating income           | 2,067    | 0.9%   | 1,260    | 0.6%   | -807    | -39.0%   |
| Non-operating income       | 850      | 0.4%   | 955      | 0.4%   | 105     | 12.4%    |
| Non-operating expence      | 348      | 0.2%   | 284      | 0.1%   | -64     | -18.4%   |
| Ordinary income            | 2,569    | 1.1%   | 1,931    | 0.9%   | -638    | -24.8%   |
| Extraordinary items        | 233      | 0.1%   | 503      | 0.2%   | 270     | 115.9%   |
| Income before income taxes | 2,802    | 1.2%   | 2,434    | 1.1%   | -368    | -13.1%   |
| Income taxes               | 1,784    | 0.8%   | 1,594    | 0.7%   | -190    | -10.7%   |
| Income taxes-deferred      | 95       | 0.04%  | 559      | 0.3%   | 464     | 488.4%   |
| Minority interests         | 8        | 0.00%  | -164     | -0.1%  | -172    | -2150.0% |
| Net income                 | 914      | 0.4%   | 444      | 0.2%   | -470    | -51.4%   |

# ■連結事業部門別業績比較

(million yen)

|                       | FY3/2012       |        | FY3/2013       |        | Changes |         |
|-----------------------|----------------|--------|----------------|--------|---------|---------|
|                       | Net sales      | Pct.   | Net sales      | Pct.   | Amount  | Pct.    |
|                       | Segment income |        | Segment income |        |         |         |
| Electronic components | 166,468        | 72.4%  | 164,164        | 75.9%  | -2,304  | -1.4%   |
|                       | 2,021          | 97.8%  | 2,040          | 161.9% | 19      | 0.9%    |
| Information equipment | 49,360         | 21.5%  | 38,305         | 17.7%  | -11,055 | -22.4%  |
|                       | -533           | -25.8% | -836           | -66.3% | -303    | -       |
| Software              | 3,854          | 1.7%   | 2,874          | 1.3%   | -980    | -25.4%  |
|                       | 402            | 19.4%  | -61            | -4.8%  | -463    | -115.2% |
| Other                 | 10,173         | 4.4%   | 11,060         | 5.1%   | 887     | 8.7%    |
|                       | 319            | 15.4%  | 157            | 12.5%  | -162    | -50.8%  |
| Total                 | 229,856        | 100.0% | 216,405        | 100.0% | -13,451 | -5.9%   |
|                       | 2,067          | 100.0% | 1,260          | 100.0% | -807    | -39.0%  |

\* Figures of each segment income are not inter-segment adjusted other than total.



## Summary

### ■Electronic components (Development, manufacture and sale of semiconductors, general electronic components and other products, electronic manufacturing service (EMS), and other activities)

There was growth in sales of electronic components and semiconductors for automotive devices and in EMS business sales, mainly for air conditioning equipment overseas. In Japan, sales of electronic components for amusement devices and of semiconductors and other products decreased. As a result segment sales were 164,164 million yen.

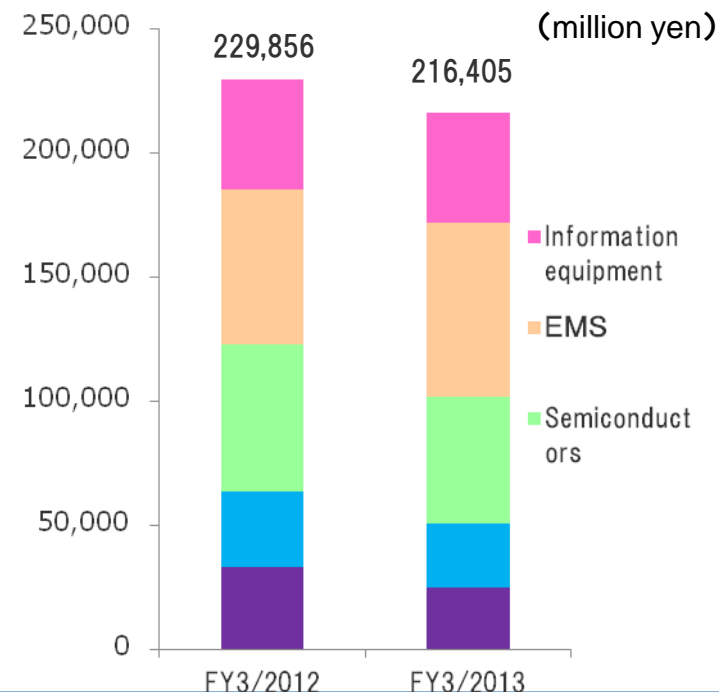
### ■Information equipment (Sales of PCs, PC peripherals, photograph and imaging products, original-brand products, and other products)

Personal computer sales decreased and there was a decline in sales of memory-card products caused by changes in sales and distribution channels for products sold at large consumer electronics stores and specialty shops. The result was segment sales of 38,305 million yen.

# Financial Highlights

(million yen)

|                               | FY3/2012 |        | FY3/2013 |        | Changes |        |
|-------------------------------|----------|--------|----------|--------|---------|--------|
|                               | Amount   | Pct.   | Amount   | Pct.   | Amount  | Pct.   |
| Information equipment         | 44,276   | 19.3%  | 44,147   | 20.4%  | -129    | -0.3%  |
| EMS                           | 62,655   | 27.3%  | 70,546   | 32.6%  | 7,891   | 12.6%  |
| Semiconductor                 | 59,303   | 25.8%  | 50,960   | 23.5%  | -8,343  | -14.1% |
| General electronics component | 30,356   | 13.2%  | 25,636   | 11.8%  | -4,720  | -15.5% |
| Others                        | 33,264   | 14.5%  | 25,113   | 11.6%  | -8,151  | -24.5% |
| Total                         | 229,856  | 100.0% | 216,405  | 100.0% | -13,451 | -5.9%  |



## Summary

### ■ Information equipment sales: Down 129 million yen (-0.3%)

Personal computer sales decreased and there was a decline in sales of memory-card products caused by changes in sales and distribution channels for products sold at large consumer electronics stores and specialty shops. The result was sales of 44,147 million yen.

### ■ EMS sales: Up 7,891 million yen (+12.6%)

Higher EMS orders, mainly overseas from Japanese manufacturers of air conditioning equipment, raised sales to 70,546 million yen.

### ■ Semiconductor sales: Down 8,343 million yen (-14.1%)

Sales decreased to 50,960 million yen mainly because of a decline in orders in Japan for semiconductors used in amusement devices.

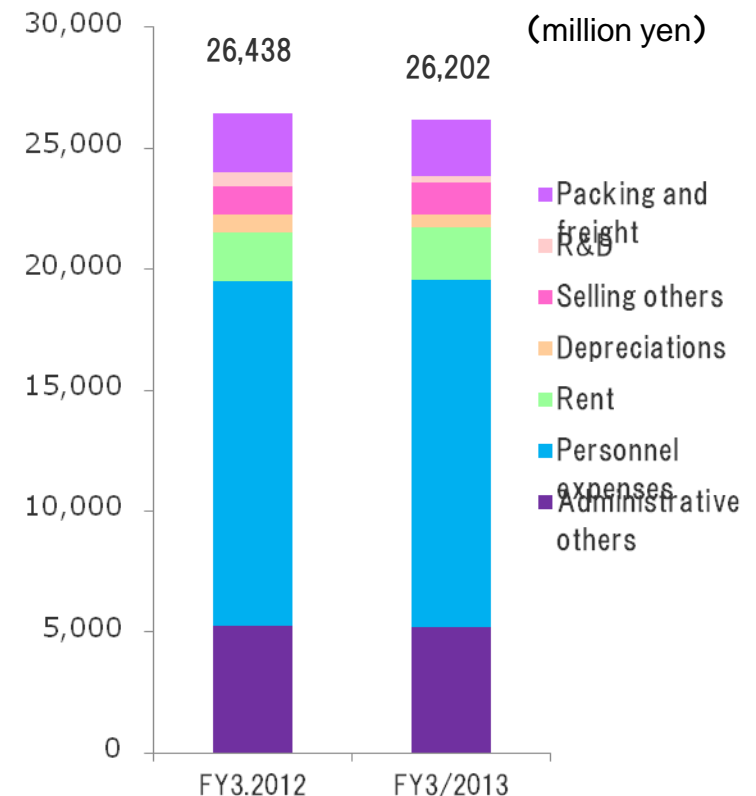
### ■ General electronic components sales: Down 4,720 million yen (-15.5%)

Sales decreased to 25,636 million yen because of lower orders for electronic components used at the overseas factories of Japanese manufacturers of digital consumer electronics products.

# ■ Selling, General and Administrative Expenses

(million yen)

|                        | FY3/2012 |        | FY3/2013 |        | Changes |        |
|------------------------|----------|--------|----------|--------|---------|--------|
|                        | Amount   | Pct.   | Amount   | Pct.   | Amount  | Pct.   |
| Packing and freight    | 2,450    | 9.3%   | 2,346    | 9.0%   | -104    | -4.2%  |
| R&D                    | 576      | 2.2%   | 265      | 1.0%   | -311    | -54.0% |
| Others                 | 1,159    | 4.4%   | 1,306    | 5.0%   | 147     | 12.7%  |
| Total selling expenses | 4,185    | 15.8%  | 3,917    | 14.9%  | -268    | -6.4%  |
| Depreciations          | 731      | 2.8%   | 543      | 2.1%   | -188    | -25.7% |
| Rent                   | 2,025    | 7.7%   | 2,160    | 8.2%   | 135     | 6.7%   |
| Personnel expenses     | 14,249   | 53.9%  | 14,363   | 54.8%  | 114     | 0.8%   |
| Others                 | 5,247    | 19.8%  | 5,217    | 19.9%  | -30     | -0.6%  |
| Total administrative   | 22,252   | 84.2%  | 22,283   | 85.0%  | 31      | 0.1%   |
| Total SG&A expenses    | 26,438   | 100.0% | 26,202   | 100.0% | -236    | -0.9%  |



## ■ 主な増減のポイント

### ■ Administrative expenses

Packing and freight: Down 104 million yen year-on-year because of lower sales

R&D: Down 311 million yen year-on-year mainly because of changes in schedules of development projects

# ■貸借対照表の業績比較

(million yen)

|                                    | End of<br>FY3.2012 | End of<br>FY3/2013 | Change |
|------------------------------------|--------------------|--------------------|--------|
| <b>Current assets</b>              | 94,374             | 89,945             | -4,429 |
| Cash and cash equivalents          | 9,775              | 12,258             | 2,483  |
| Notes and account receivable-trade | 55,979             | 54,580             | -1,399 |
| Merchandise and finished goods     | 17,104             | 14,075             | -3,029 |
| Goods in progress                  | 334                | 637                | 303    |
| Raw materials and other supplies   | 4,115              | 4,065              | -50    |
| Others                             | 7,067              | 4,330              | -2,737 |
|                                    |                    |                    |        |
|                                    |                    |                    |        |
|                                    |                    |                    |        |
| <b>Fixed assets</b>                | 20,340             | 21,943             | 1,603  |
| Property, plant and equipment      | 9,487              | 10,559             | 1,072  |
| Intangible assets                  | 2,245              | 2,226              | -19    |
| Investments and other assets       | 8,607              | 9,157              | 550    |
|                                    |                    |                    |        |
|                                    |                    |                    |        |
| <b>Total assets</b>                | 114,714            | 111,888            | -2,826 |

|   | End of<br>FY3/2011 | End of<br>FY3/2012 | Change |
|---|--------------------|--------------------|--------|
| <b>Current liabilities</b>              | 59,474             | 53,355             | -6,119 |
| Notes and accounts payable-trade        | 41,748             | 37,423             | -4,325 |
| Short-term bank loans                   | 11,084             | 9,567              | -1,517 |
| Others                                  | 6,640              | 6,365              | -275   |
| <b>Long-term liabilities</b>            | 7,303              | 9,726              | 2,423  |
| Long-term bank loans                    | 2,833              | 5,121              | 2,288  |
| Others                                  | 4,470              | 4,605              | 135    |
| <b>Total liabilities</b>                | 66,777             | 63,082             | -3,695 |
| <b>Shareholders' equity</b>             |                    |                    | 0      |
| Paid-in capital                         | 12,133             | 12,133             | 0      |
| Capital surplus                         | 13,912             | 13,912             | 0      |
| Retained earnings                       | 25,038             | 24,384             | -654   |
| Treasury stock                          | -1,333             | -535               | 798    |
| Valuation and translation adjustment    | -3,341             | -1,238             | 2,103  |
| <b>Minority interests</b>               | 1,526              | 149                | -1,377 |
| <b>Total net assets</b>                 | 47,936             | 48,806             | 870    |
| <b>Total liabilities and net assets</b> | 114,714            | 111,888            | -2,826 |



# Consolidated Cash Flows

(million yen)

|  | FY3/2012 | FY3/2013 | Changes |
|--|----------|----------|---------|
|  | 958      | 7,041    | 6,083   |
| Operating activities                             | -2,645   | -4,910   | -2,265  |
| Investing activities                             | -242     | -403     | -161    |
| Financials activities                            | -171     | 456      | 627     |
| Net change in cash and cash equivalents          | -2,100   | 2,183    | 4,283   |
| Increase (decrease) in cash and cash equivalents | 11,796   | 9,695    | -2,101  |
| Cash and cash equivalents at beginning of year   | 9,695    | 11,878   | 2,183   |

## Summary

■ **Operating activities**: Net cash provided was 7,041 million yen mainly due to a decrease in inventories.

■ **Investing activities**: Net cash used was 4,910 million yen mainly due to payments for the purchase of property, plant and equipment.

■ **Financing activities**: Net cash used was 403 million yen mainly due to dividend payments.



# Forecast for FY3/2014

## Consolidated Statement of Income

(million yen)

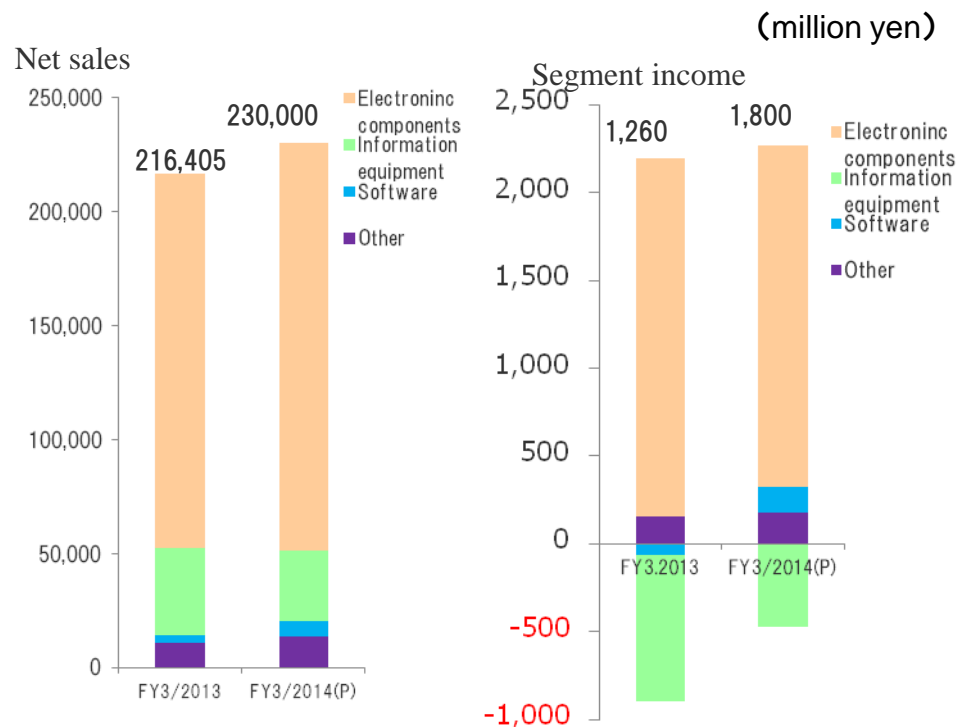
|                      | FY3/2013(Actual) |        | FY3/20124(Plan) |        | Changes |        |
|----------------------|------------------|--------|-----------------|--------|---------|--------|
|                      | Amount           | Pct.   | Amount          | Pct.   | Amonut  | Pct.   |
| Net Sales            | 216,405          | 100.0% | 230,000         | 100.0% | 13,595  | 6.3%   |
| Cost of sales        | 188,943          | 87.3%  | 201,000         | 87.4%  | 12,057  | 6.4%   |
| Gross profit         | 27,462           | 12.7%  | 29,000          | 12.6%  | 1,538   | 5.6%   |
| SG&A expenses        | 26,202           | 12.1%  | 27,200          | 11.8%  | 998     | 3.8%   |
| Operating income     | 1,260            | 0.6%   | 1,800           | 0.8%   | 540     | 42.9%  |
| Non-operating income | 671              | 0.3%   | 500             | 0.2%   | -171    | -25.5% |
| Ordinary income      | 1,931            | 0.9%   | 2,300           | 1.0%   | 369     | 19.1%  |
| Net income           | 444              | 0.2%   | 1,200           | 0.6%   | 756     | 170.3% |

# Comparison of Consolidated Sales by Business Category

(million yen)

|                       | FY3/2013<br>(Actual) |        | FY3/2014<br>(Plan) |        | Changes |        |
|-----------------------|----------------------|--------|--------------------|--------|---------|--------|
|                       | Net sales            | Pct.   | Net sales          | Pct.   | Amount  | Pct.   |
|                       | Segment income       |        | Segment income     |        |         |        |
| Electronic components | 164,164              | 75.9%  | 178,500            | 77.6%  | 14,336  | 8.7%   |
|                       | 2,040                | 161.9% | 1,950              | 108.3% | -90     | -4.4%  |
| Information equipment | 38,305               | 17.7%  | 31,000             | 13.5%  | -7,305  | -19.1% |
|                       | -836                 | -66.3% | -470               | -26.1% | 366     | -      |
| Software              | 2,874                | 1.3%   | 6,800              | 3.0%   | 3,926   | 136.6% |
|                       | -61                  | -4.8%  | 140                | 7.8%   | 201     | -      |
| Other                 | 11,060               | 5.1%   | 13,700             | 6.0%   | 2,640   | 23.9%  |
|                       | 157                  | 12.5%  | 180                | 10.0%  | 23      | 14.6%  |
| Total                 | 216,405              | 100.0% | 230,000            | 100.0% | 13,595  | 6.3%   |
|                       | 1,260                | 100.0% | 1,800              | 100.0% | 540     | 42.9%  |

\* Figures of each segment income are not inter-segment adjusted other than total.



## Summary

■ **Electronic components** (Development, manufacture and sale of semiconductors, general electronic components and other products, electronic manufacturing service (EMS), and other activities)

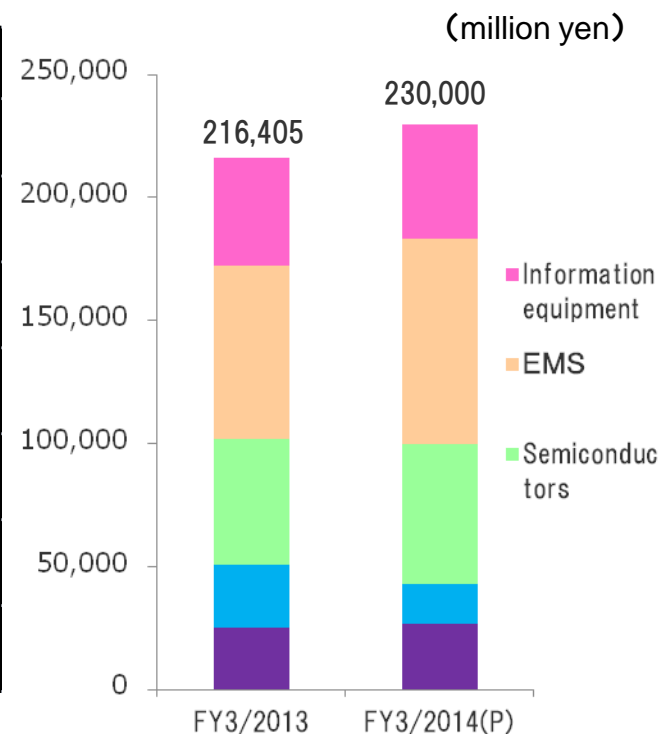
Forecast growth in sales mainly because of higher sales of electronic components and semiconductors for automotive devices and communication products and higher EMS sales overseas.

■ **Information equipment** (Sales of PCs, PC peripherals, photograph and imaging products, original-brand products, and other products)

Forecast sales that are lower than initially expected mainly because of declining demand for personal computers and other current products.

# ■【Reference】Comparison of Consolidated Sales by Business Category

|                               | FY3/2013(Actual) |        | FY3/2014(Plan) |        | Changes |        |
|-------------------------------|------------------|--------|----------------|--------|---------|--------|
|                               | Amount           | Pct.   | Amount         | Pct.   | Amount  | Pct.   |
| Information equipment         | 44,147           | 20.4%  | 46,500         | 20.2%  | 2,353   | 5.3%   |
| EMS                           | 70,546           | 32.6%  | 84,000         | 36.5%  | 13,454  | 19.1%  |
| Semiconductors                | 50,960           | 23.5%  | 56,500         | 24.6%  | 5,540   | 10.9%  |
| General electronic components | 25,636           | 11.8%  | 16,500         | 7.2%   | -9,136  | -35.6% |
| Others                        | 25,113           | 11.6%  | 26,500         | 11.5%  | 1,387   | 5.5%   |
| Total                         | 216,405          | 100.0% | 230,000        | 100.0% | 13,595  | 6.3%   |



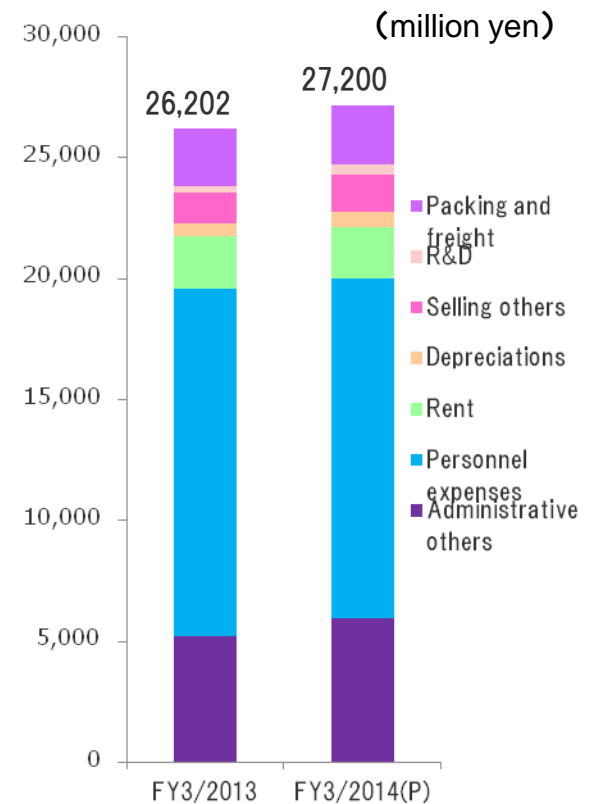
## Summary

- **Information equipment**: Sales up 2,353 million yen (+5.3%) due to expected growth in sales of current products and the addition of new products
- **EMS**: Sales up 13,454 million yen (+19.1%) due to EMS growth outside Japan for air conditioning and office equipment
- **Semiconductors**: Sales up 5,540 million yen (+10.9%) because of expected growth in orders for semiconductors for automotive devices and communication products
- **General electronic components**: Sales down 9,136 million yen (-35.6%) because of declining orders for electronic components used in digital consumer electronics products and amusement devices
- **Others**: Sales up 1,387 million yen (+5.5%) because of higher sales associated with the recycling business, the production of computer graphics and the sale of application software

# Forecast for FY3/2014

(million yen)

|                        | FY3/2013 |        | FY3/2014 |        | Changes |
|------------------------|----------|--------|----------|--------|---------|
|                        | Amount   | Pct.   | Amount   | Pct.   |         |
| Packing and freight    | 2,346    | 9.0%   | 2,446    | 9.0%   | 100     |
| R&D                    | 265      | 1.0%   | 422      | 1.6%   | 157     |
| Others                 | 1,306    | 5.0%   | 1,215    | 4.5%   | -91     |
| Total selling expenses | 3,917    | 14.9%  | 4,083    | 15.0%  | 166     |
| Depreciations          | 543      | 2.1%   | 569      | 2.1%   | 26      |
| Rent                   | 2,160    | 8.2%   | 2,186    | 8.0%   | 26      |
| Personnel expenses     | 14,363   | 54.8%  | 15,329   | 56.4%  | 966     |
| Others                 | 5,217    | 19.9%  | 5,033    | 18.5%  | -184    |
| Total administrative   | 22,283   | 85.0%  | 23,117   | 85.0%  | 834     |
| Total SG&A expenses    | 26,202   | 100.0% | 27,200   | 100.0% | 998     |



## Summary

### ■ Selling and administrative expenses

**Packing and freight:** Forecast a 100 million increase along with growth in sales

**R&D:** Forecast a 157 million yen increase because of higher R&D expenditures at KAGA ELECTRONICS, KAGA HIGHECH and SI ELECTRONICS

**Personnel:** Forecast a 966 million yen increase because of growth in personnel expenses at KAGA ELECTRONICS

# Topics

- ① Status of poorly performing subsidiaries
- ② Growth strategy for the KAGA ELECTRONICS Group
  - (1) Focus on growing markets
  - (2) Increase the speed of globalization
    - 1. Expand the EMS network
    - 2. Build a stronger base for increasing sales of electronic components
  - (3) New businesses

# ① Status of poorly performing subsidiaries



# ① Status of poorly performing subsidiaries

(million yen)

|                  | ①KAGA COMPONENTS<br>(simple tabulation )   |              |                     | ②KAGA HIGHTECH   |              |                     | ③ADM   |              |                     | ④SI ELECTRONICS  |              |                     | ⑤CyberFront  |              |                     |
|------------------|--|--------------|---------------------|--|--------------|---------------------|--|--------------|---------------------|--|--------------|---------------------|--|--------------|---------------------|
|                  | FY<br>3/2012   | FY<br>3/2013 | FY<br>3/2014<br>(P) | FY<br>3/2012   | FY<br>3/2013 | FY<br>3/2014<br>(P) | FY<br>3/2012   | FY<br>3/2013 | FY<br>3/2014<br>(P) | FY<br>3/2012   | FY<br>3/2013 | FY<br>3/2014<br>(P) | FY<br>3/2012   | FY<br>3/2013 | FY<br>3/2014<br>(P) |
| Net sales        | 16,702   | 16,201       | 17,794              | 40,449   | 28,280       | 28,000              | 10,416   | 9,225        | 10,001              | 2,459  | 2,087        | 3,680               | 1,189  | 843          | 986                 |
| Operating Income | -517   | -253         | -60                 | -489   | -1,154       | -296                | -41  | -279         | 110                 | -127   | 9            | 28                  | -66  | -480         | 64                  |
| Ordinary Income  | -529   | -175         | -57                 | -330   | -1,095       | -240                | -46  | -283         | 100                 | -144   | -9           | 10                  | -69  | -488         | 54                  |
| Net income       | -1,028   | -37          | -101                | -577   | -1,784       | -240                | -22  | -420         | 100                 | -145   | -9           | 10                  | -335   | -444         | 54                  |
| FY3/14 Actions   | Implement structural reforms<br>1. Downsize factories in Japan<br>2. Reduce the number of unprofitable products<br>3. Reduce the workforce |              |                     | Focus on improving operations and locating new products<br>1. Focus resources on key business activities<br>2. Reduce the workforce<br>3. Locate new suppliers |              |                     | Cut costs.and enter new markets<br>1. Make a wholly owned subsidiary; end the stock listings<br>2. Reduce the workforce<br>3. Increase sales associated with new vendors |              |                     | Sell more original products<br>1. Increase sales of original LSI products (Y3)<br>2. Increase sales associated with new vendors<br>3. Use collaboration with the technical section of KAGA ELECTRONICS |              |                     | Reform management and aim for profitability<br>1. Make a wholly owned subsidiary<br>2. Replace directors and corporate auditors<br>3. Focus resources on key business activities |              |                     |

The goal is to make these five companies profitable by continuing to focus on rebuilding poorly performing subsidiaries in this fiscal year.

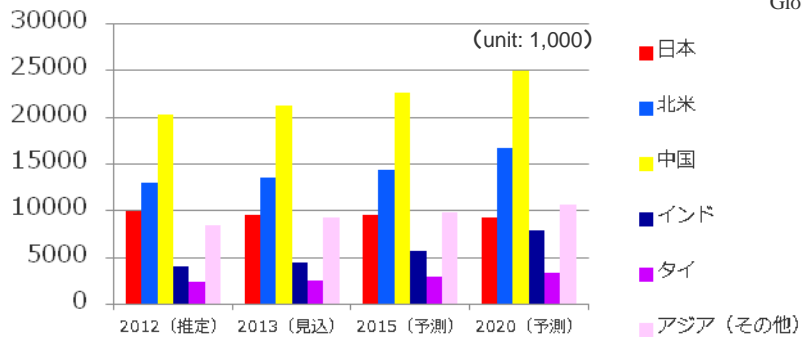
- ② Growth strategy for the KAGA ELECTRONICS Group
  - (1) Focus on growing markets
  - (2) Increase the speed of globalization
    - 1. Expand the EMS network
    - 2. Build a stronger base for increasing sales of electronic components
  - (3) New businesses

# (1) Focus on growing markets

## 1. Automotive Devices

- Japanese automobile and automotive device manufacturers = Expanding production in Asia
- Rising demand associated with hybrid cars and safety = More growth of the car electronics market

World car output prediction (the source:) General Giken Co., Ltd.)



Global market change of car output and the target electronics (Fuji chimera research institute)



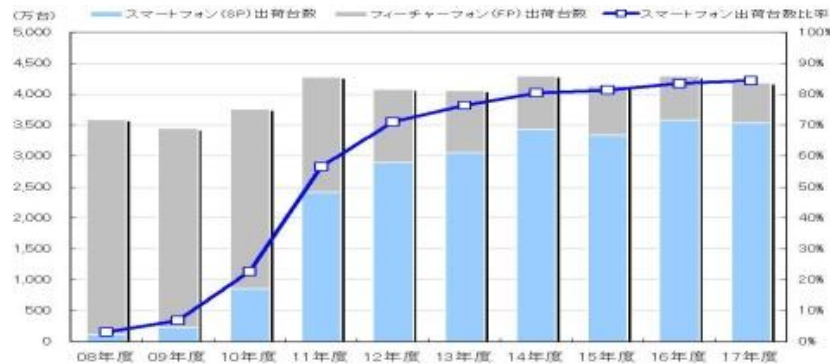
### <KAGA ELECTRONICS Group initiatives>

- AD DEVICE, Toshiba's semiconductor trading company, absorbed AS DEVICE (July 2012)  
Established AD DEVICE (Thailand) (February 2013)
  - ⇒ Increasing sales of Toshiba semiconductors for automotive devices
  - ⇒ Enlarging value-added services for activities extending from the procurement of electronic components and semiconductors to EMS operations (collaboration with KAGA ELECTRONICS (THAILAND))
- Supply a broader range of products for hybrid vehicles and vehicle safety (power semiconductors, automotive camera modules, LCD panels, etc.)
  - ⇒ Diversify the automotive device business from the current primary focus on car navigation system HDDs

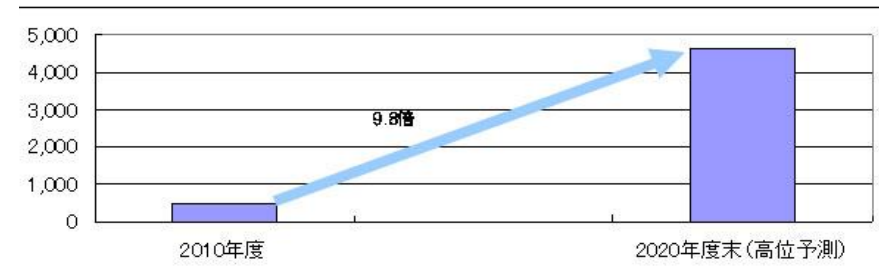
## 2. Wireless and other communications

- It is shifted to a smartphone tablet by a cell-phone
- Demand spreads in environment, a car, various fields including the medical equipment

A change, a prediction (March, 2013 plan) of the smartphone shipment number (exhibition:MM research)



Number of domestic cell-phone module terminal market contracts prediction (unit: ten thousand)  
(Exhibition: Seed plannin)



(シード・プランニング作成)

### <KAGA ELECTRONICS Group initiatives>

- Co-operation with the communications carrier
  - ⇒ The business suggestion that I included to service / contents
- Entry to wireless and other communications, the communication market in the Environmental Products field
  - ⇒ Sensor sale for smart meters
- In addition, (including the tablet navigator)
  - ⇒ In LTE mobile router, LTE module, USB module, STB, it is expanded sales of the communication module



## 3. Environmental Products

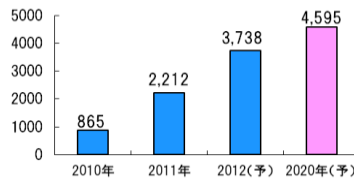
### ➤LED lighting products

Demand for LED lighting is increasing to cut electricity use in residences, offices, factories and other locations.

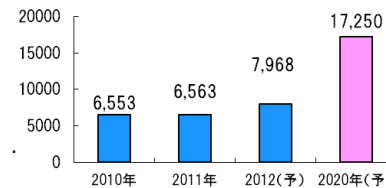
### ➤ Solar power systems

The solar power market in Japan has been growing since the July 2012 start of the feed-in tariff system for purchasing all electricity from renewable energy sources.

Domestic LED light market size  
(the source: Fuji Economic Research Institute)



Domestic PV system market size  
(exhibition:)Yano Economic Research Institute)



## <KAGA ELECTRONICS Group initiatives>

➤Established a facility project section in the current fiscal year with the aim of shifting away from an environmental business with emphasis on selling products. The group is starting a value-added business with one-stop convenience that goes from installation and maintenance work to communication services. Another goal is capturing orders for large projects such as for LED projectors and mega-solar power facilities.



## **(2) Increase the speed of globalization**

**1. Enlarge the EMS network**

**2. Build a stronger base for increasing sales of electronic components**



# 1. Enlarge the EMS network

## ■ China

To create a base for sales in inland China, established the second factory of Shenzhen in the province of Hubei. The new location will work with the current EMS bases in Shenzhen and Suzhou in order to become more efficient and increase sales.



## ■ Thailand

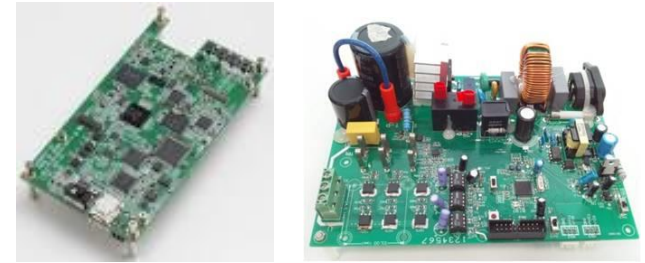
A new factory was established in Amata Nakorn in February 2012 following the widespread flooding of October 2011. Plan to increase capacity in response to requests from customers. Now considering the addition of another EMS base in Thailand to meet the growing demand for EMS services



## ■ Indonesia

Now studying opportunities for sales of parts as well as for the EMS business. Many Japanese automotive device manufacturers are operating in Indonesia, indicating that this country may become the next growing market in Asia following Thailand.

## 2. Build a stronger base for increasing sales of electronic components



### ■ China

#### ▪ Shanghai

Assigned factory automation engineers to Shanghai starting in April 2013 to reinforce technical support

Aiming to increase sales by providing microprocessor software support for local manufacturers of kitchen appliances, automobiles, motors and other products as well as by offering proposals that use reference boards

#### ▪ Qingdao

Opened a KAGA (DALIAN) ELECTRONICS office in Qingdao that will focus on increasing sales of microprocessors and power semiconductors to large Chinese home appliance manufacturers for their refrigerators and air conditioners

#### ▪ Hong Kong

The goal is to establish relationships with the local companies. Sales include microprocessors, LCDs, NFL (e-payment) antennas, specialty molded parts and other products for kitchen appliances, smartphones and tablets.

#### ▪ Other activities

KAGA ELECTRONICS plans to establish partnerships with trading companies in China.



### ■ Thailand

KAGA ELECTRONICS (THAILAND), where the EMS has been the core business, established a sales department in April 2013 for electronic components and semiconductors. The new department is working with the EMS business to start selling electronic components and semiconductors to Japanese manufacturers of automotive devices and office equipment.



### ■ Malaysia

Opened a KAGA (SINGAPORE) ELECTRONICS liaison office in April 2013

- Increase sales to Malaysian companies
  - ⇒ The new office sells electronic components and semiconductors (sensors, etc.) to automakers and conducts other activities.
- Increase sales to Japanese companies in Malaysia
  - ⇒ Many Japanese manufacturers of home appliances, automotive devices and other products have moved their design and production operations to Malaysia. Sales activities centered on kitting will be used in order to increase sales by selling parts as well as by operating value-added businesses.



### ■ India

KAGA ELECTRONICS sells semiconductors for air conditioners and refrigerators that are made in India. In addition, KAGA ELECTRONICS is the sales agent of a major Indian manufacturer of control components and has sent people from Japan to specialize in selling these components. (Previously, European companies dominated the control components.)



### ■ United States

- Considering the establishment of a Detroit sales office to strengthen relationships with Japanese and U.S. manufacturers of automotive devices. Another goal is to make kitting a contributor to sales growth.
- Using a cooperation with KAGA (TAIWAN) ELECTRONICS to start sales activities targeting U.S. manufacturers of communication products and servers



### ■ Europe/Russia

- Opened a representative office in Germany in October 2012. Focusing on sales of components for automotive devices and industrial equipment. Sales activities target Japanese manufacturers in this region as well as local companies.  
In Russia, using a license to sell raw materials for LEDs in order to conduct sales activities targeting local companies.



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