
MegaChips Corporation

Results for the Fiscal Year Ended
March 31, 2015 (FY3/15)

<http://www.megachips.co.jp/english/index.html>

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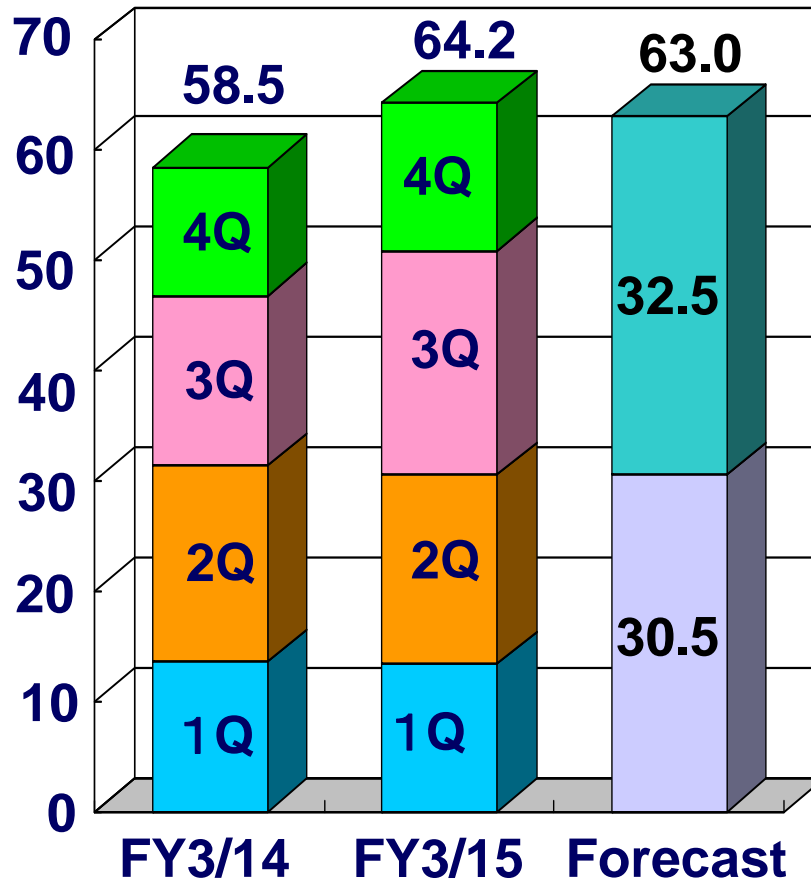
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FY3/15 Results

FY3/15 Consolidated Performance

Net Sales

(¥ Billion)

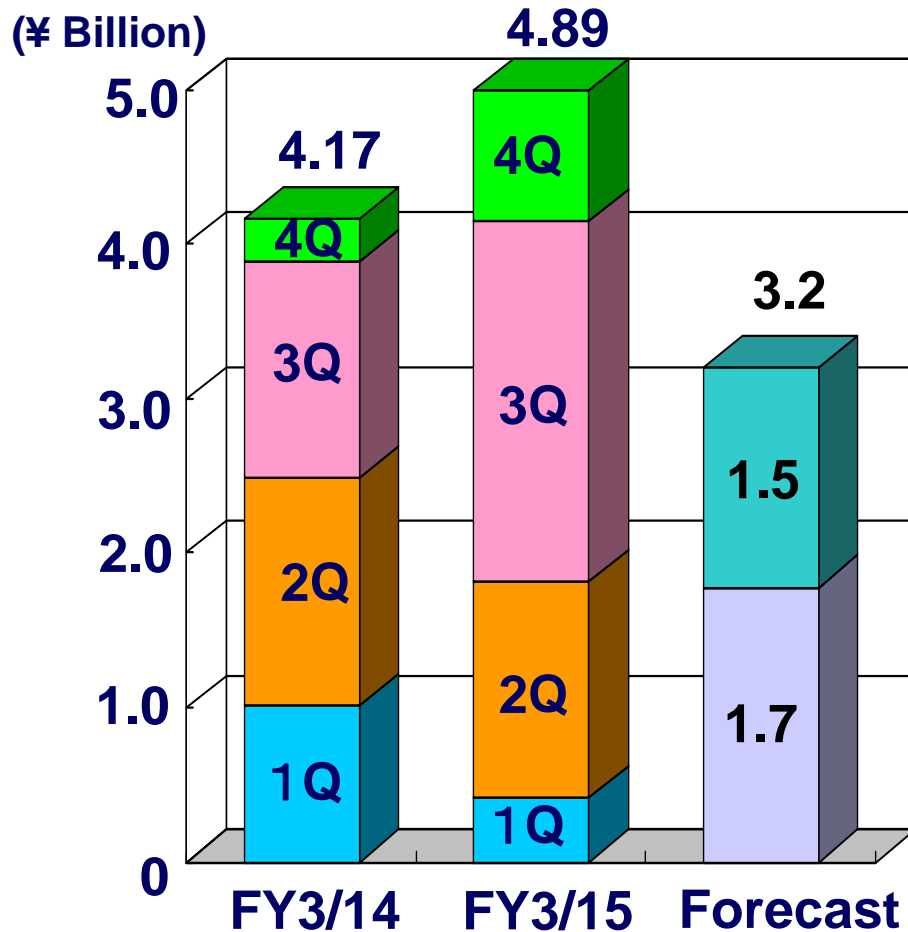


Net Sales: ¥64.2 billion
YoY basis: + 9.9%

The demand of LSIs for digital cameras rose due to the increase of the number of mounting models. The demand of LSIs for office equipment, communication and liquid crystal panel stayed steady. Also the demand of DisplayPort business was added.

FY3/15 Consolidated Performance

Operating Income



Operating income: ¥4.89 billion
YoY basis: + 17.3 %

The profits were increased because the LSIs for digital cameras, office equipment, communication and liquid crystal panel stayed steady. Also, the exchanges have experienced depreciation of the Yen against the US and Taiwan dollars.

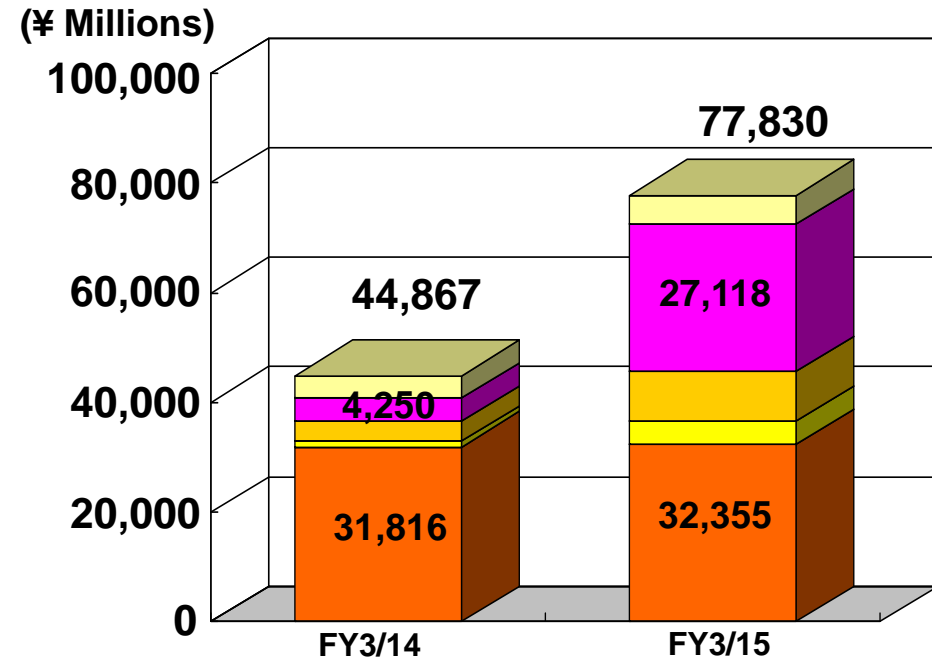
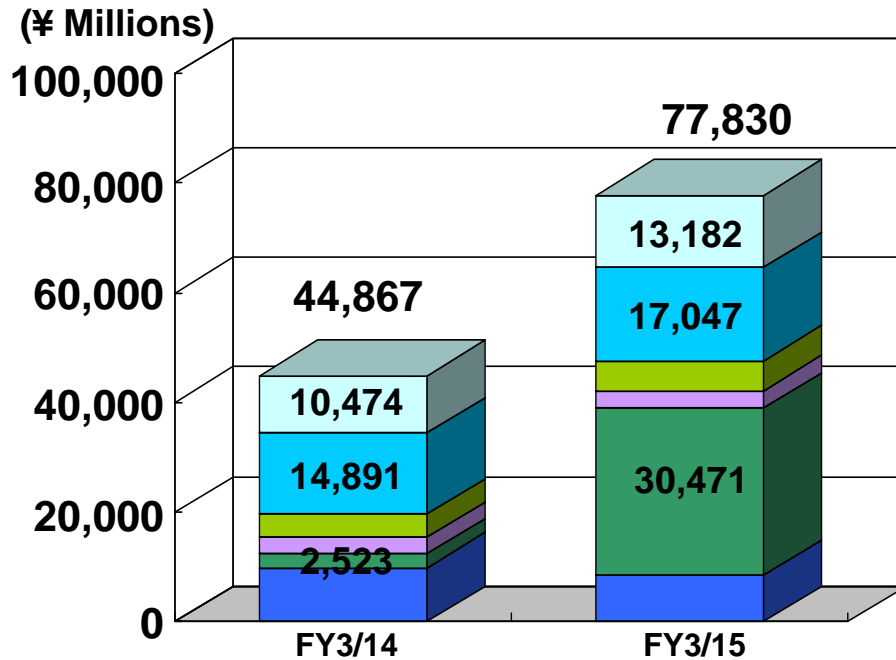
FY3/15 Consolidated Statement of Income (Summary)

(¥ Millions)		FY3/15 results	FY3/14 results	FY3/15 forecast	YoY change	Vs. forecast
Consolidated	Net sales	64,237	58,469	63,000	+ 9.9%	102.0%
	Operating income	4,895	4,173	3,200	+ 17.3%	154.2%
	Ordinary income	※ ¹ 3,400	4,277	3,100	- 20.5%	111.5%
	Net income	1,251	※ ² 4,725	1,700	- 73.5%	77.8%
	Net income per share (¥)	55.64	202.40	72.81	- 72.5%	76.4%

※¹ The operating income include the exchange gain through the consolidated financial settlement with overseas subsidiaries, the gain offset by the exchange gap is being reversed as the non-operating exchange losses.

※² On the merger of Kawasaki Microelectronics, Inc. (“KME”) as of April 1, 2013, the net operating loss carried forward in KME was assumed by our company. The part of such net operating loss, which is likely to be realized, was recorded as deferred tax assets. Accordingly, income taxes adjustment in the amount of △ 2,374 million Yen (“△” means profit) was recorded.

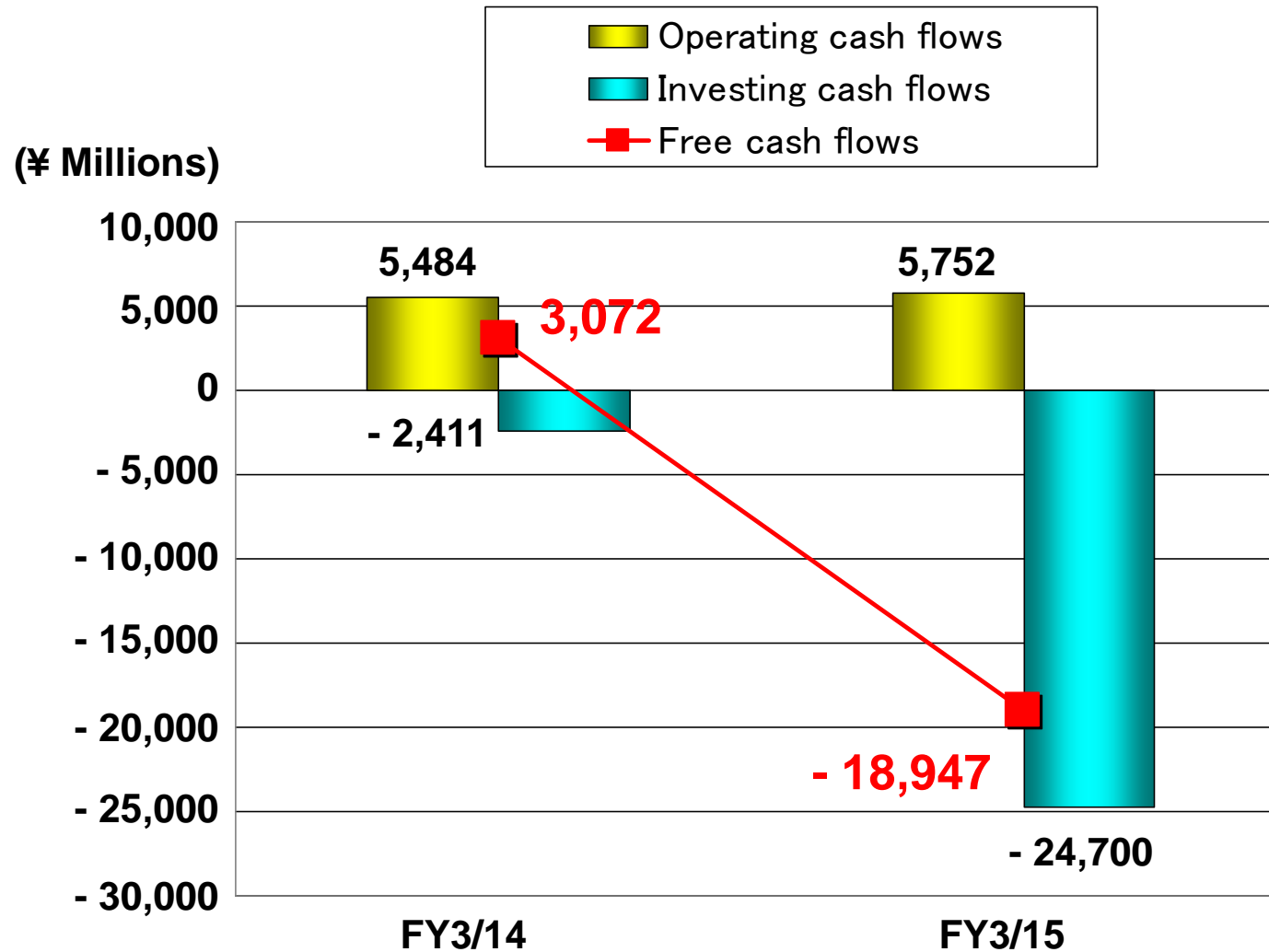
FY3/15 Consolidated Balance Sheets



	FY3/14	FY3/15
Cash and cash equivalents	10,474	13,182
Accounts receivable	14,891	17,047
Inventories	4,209	5,466
Other current assets	3,014	3,203
Tangible/intangible fixed assets	2,523	30,471
Investments and other assets	9,756	8,461

	FY3/14	FY3/15
Accounts payable	4,154	5,202
Interest-bearing debt	4,250	27,118
Other current liabilities	3,644	8,863
Other fixed liabilities	1,003	4,292
Net assets	31,816	32,355

FY3/15 Consolidated Cash Flows



FY3/16 Medium-Term Management Strategy

Fiscal year ending in March 2016

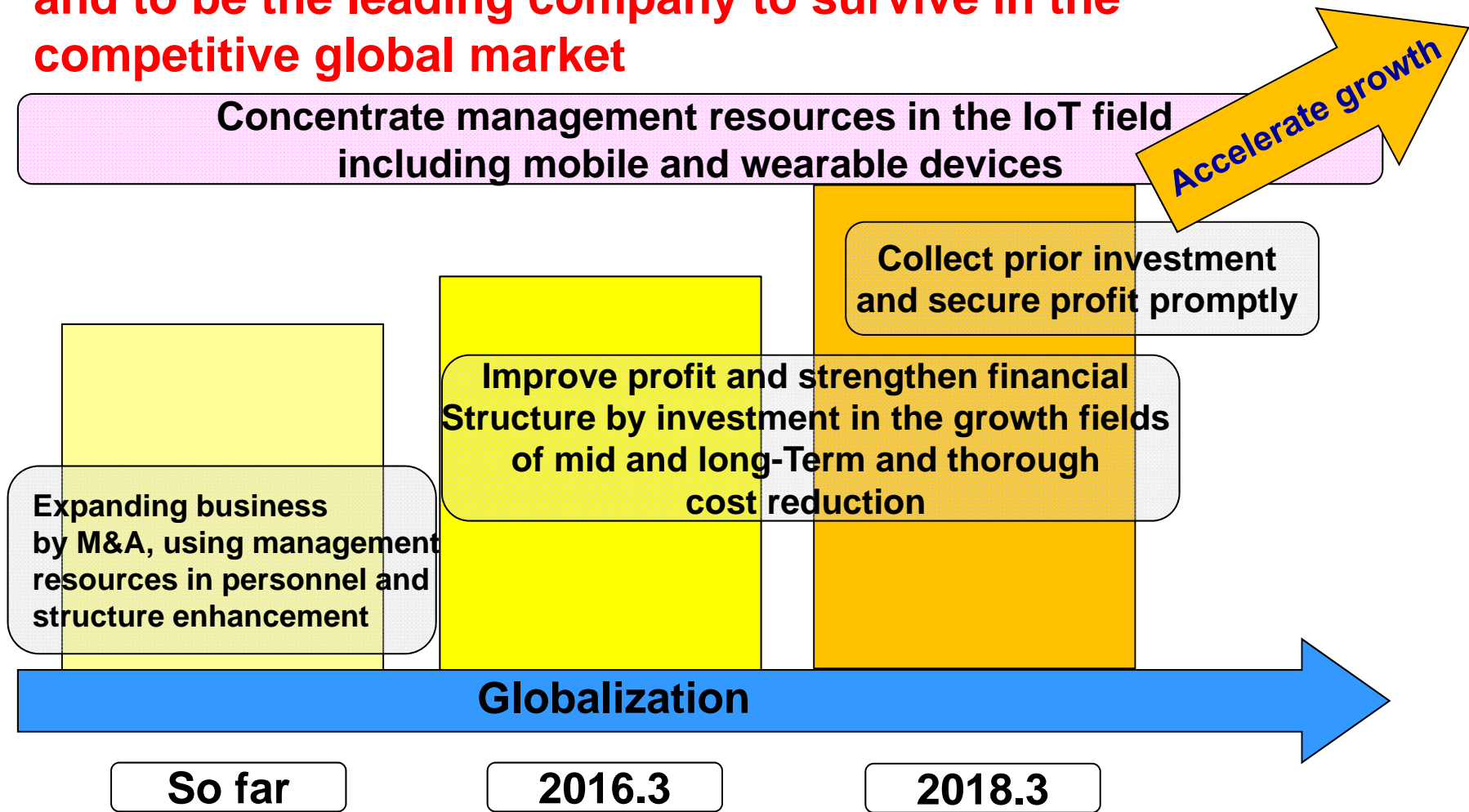
Mid-term management policy

We target at the growing device market, concentrate management resources in the businesses aimed at leading global customers and accelerate mid and long-term growth.

- ① Expand the lineup of products to construct platforms centering around ASSP products for IoT field including mobile and wearable devices.
- ② Build the stronger relations with leading global companies by enhancing application and marketing capabilities, and enriching the service to the customers.
- ③ Work on aggressively to achieve high profit return ratio considering the operation conditions, while increasing operating margins and pursuing changes to high growth and high profit constitution by strengthening the financial base.

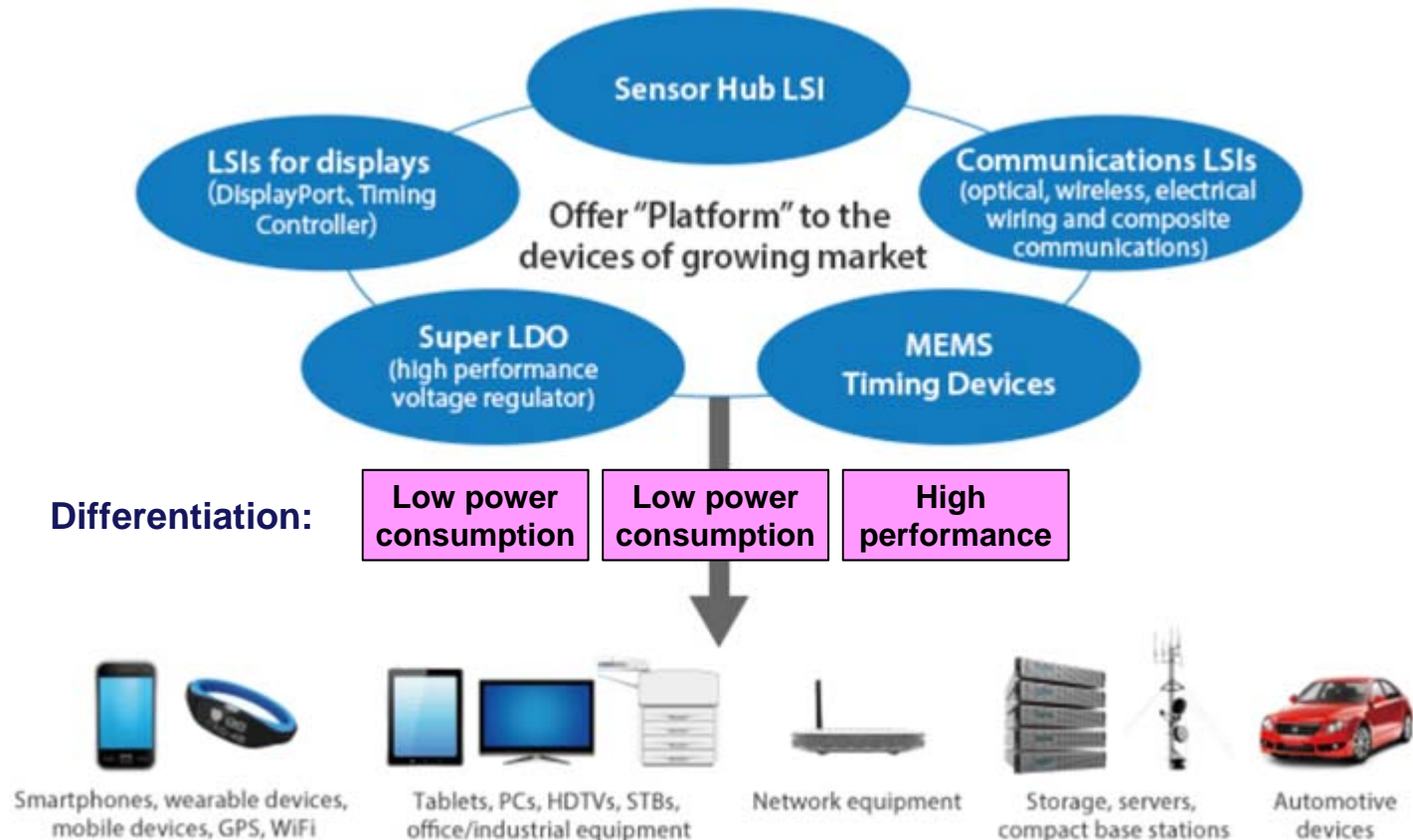
Mid-term management policy

**Aim to be profitable structure,
and to be the leading company to survive in the
competitive global market**



Mid-term management policy (1)

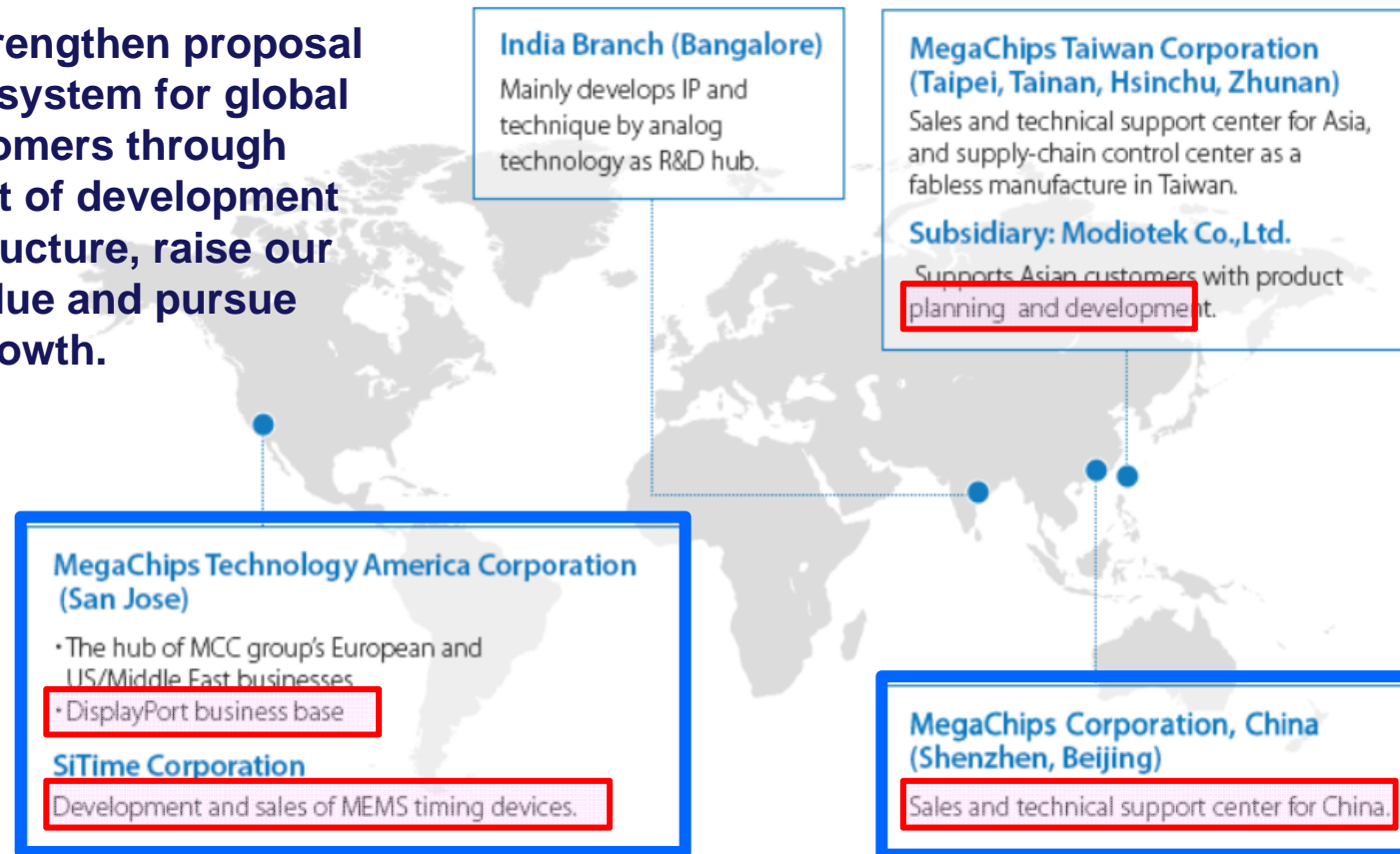
- ① Expand the lineup of products to construct platforms centering around ASSP products for IoT field including mobile and wearable devices.



Mid-term management policy (2)

② Build the stronger relations with leading global companies by enhancing application and marketing capabilities, and enriching the service to the customers.

We aim to strengthen proposal and support system for global leading customers through enhancement of development and sales structure, raise our corporate value and pursue continued growth.



Enhanced customer support system

Regions to expand businesses

Mid-term management policy (3)

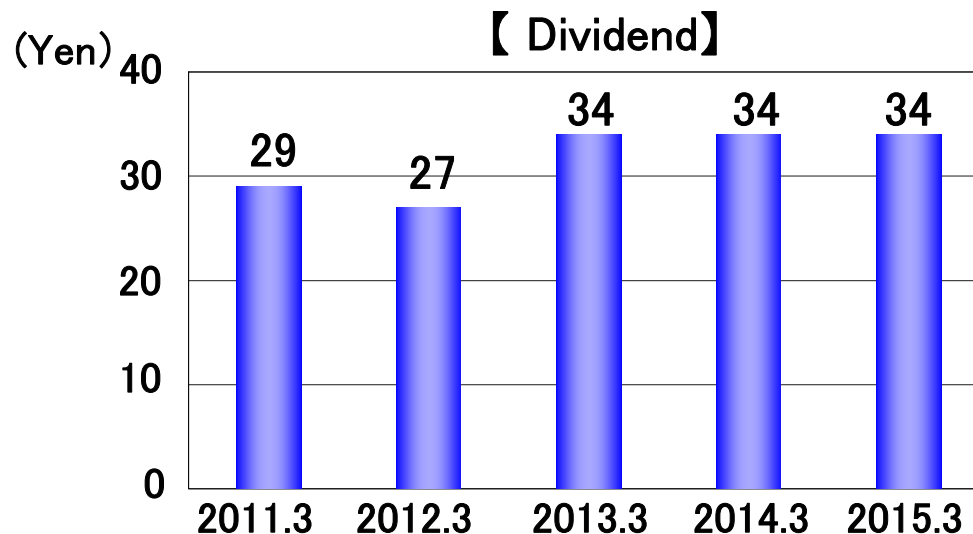
③ Returns to Shareholders

【Dividend Policy】

■ The Company shall determine the amount of retained earnings for distribution by adopting an amount equivalent to 30% or more of consolidated net income (The amount may be increased or decreased when there is special accounting, settlements or tax factors.) as the aggregate amount of dividends and dividing this aggregate amount by the number of outstanding shares at the end of the period, which is obtained by deducting the number of shares held by the Company at the end of the period, taking into consideration medium-term business forecasts.

■ In order to continuously improve its value as a company, the Company shall give consideration to the securing of appropriate funds for activities towards achieving medium- to long-term growth, such as basic research for creating innovative new technologies, the development of original products, the actualization of a reasonable business portfolio and the recruitment of capable individuals, as well as the maintenance of a sound financial position which enables the company to withstand changes in business conditions.

■ For improving capital efficiency, the Company shall work to acquire its own shares expeditiously and return profits to its shareholders, taking into consideration factors, such as market conditions, share price trends and its financial position.



FY3/16 Medium-Term Business Plan

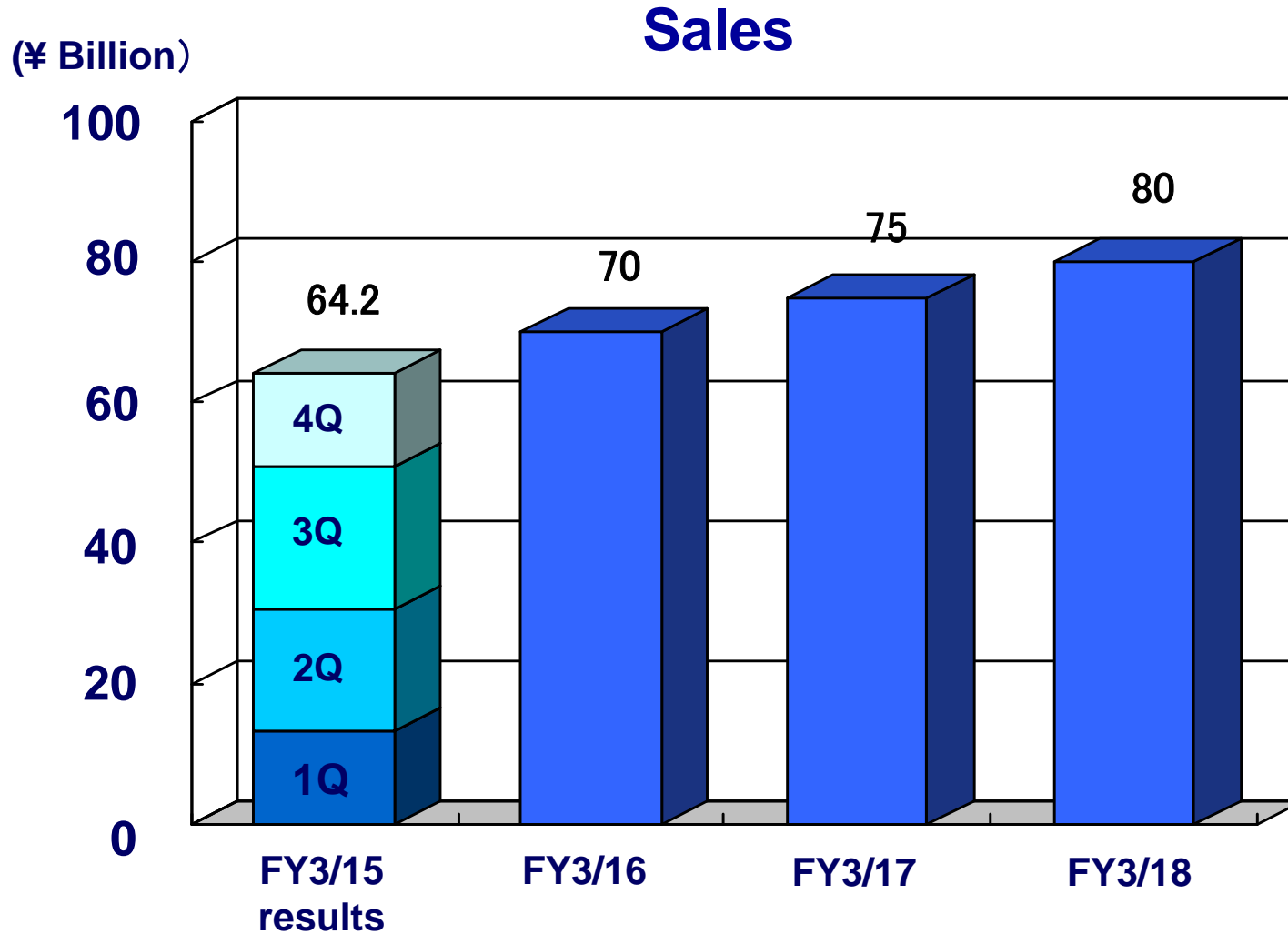
Business Plan for FY3/16

(¥ Million)		FY3/16 First-half forecast	FY3/16 Full-year forecast	FY3/15 First-half results	FY3/15 Full-year results	YoY change (First- half)	YoY change (Full-year)
Consolidated	Net sales	32,000	70,000	30,492	64,237	+ 4.9%	+ 9.0%
	Operating income prior to ①	1,850	6,700	1,786	4,895	+ 3.5%	+ 36.9%
	①Amortization of goodwill	1,750	3,500	—	—	—	—
	Operating income After ①	100	3,200	1,786	4,895	- 94.4%	- 34.6%
	Ordinary income	0	3,000	1,406	※1 3,400	- 100.0%	- 11.8%
	Net income	- 600	1,000	674	1,251	—	- 20.1%
	Net income per share (¥)	- 26.85	44.74	29.80	55.64	—	- 19.6%

※1 The operating income include the exchange gain through the consolidated financial settlement with overseas subsidiaries, the gain offset by the exchange gap is being reversed as the non-operating exchange losses.

Mid-term performance forecast

Sales

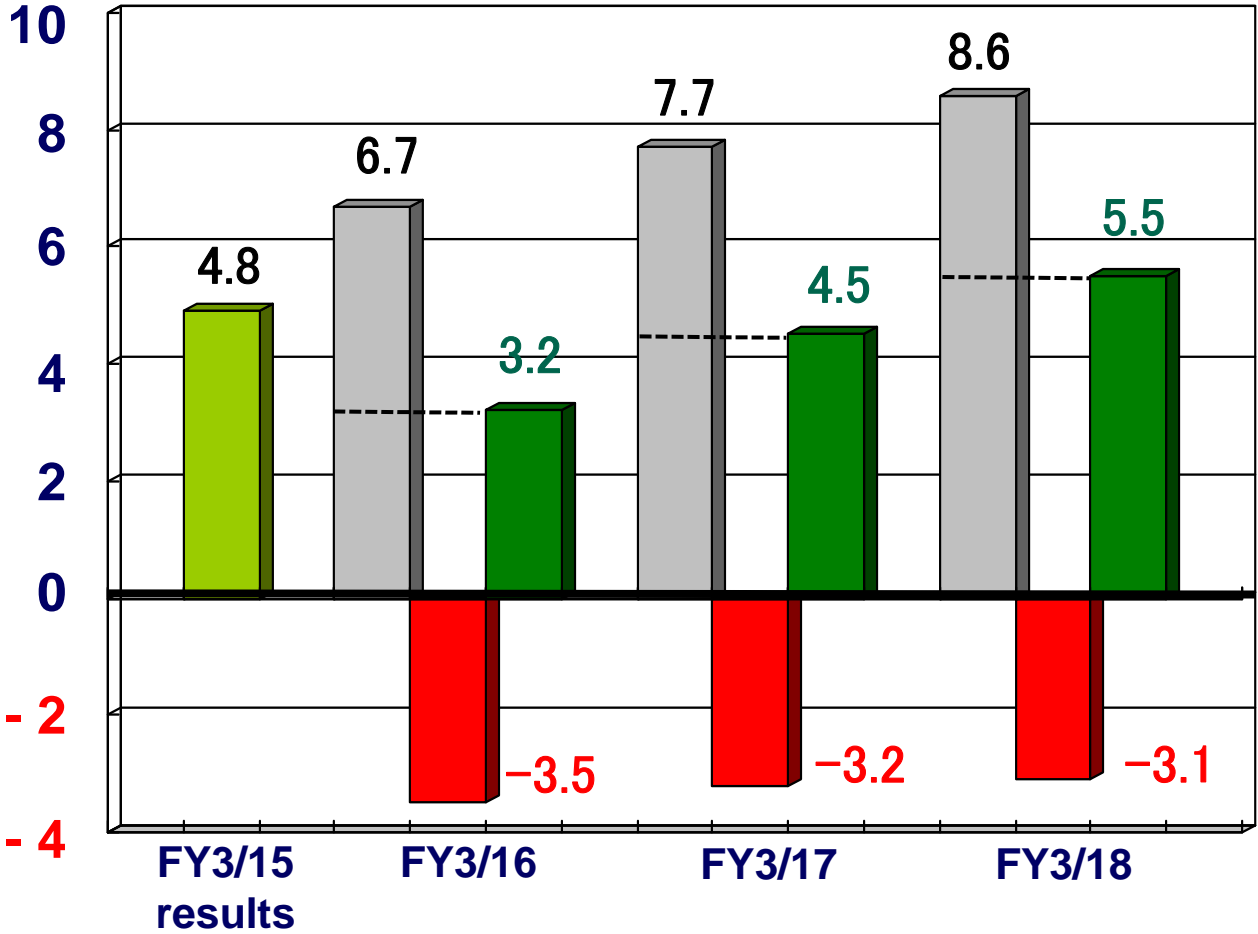


Mid-term performance forecast

Operating income

(¥ Billion)

Operating income



Operating income prior to amortization of goodwill



Amortization of goodwill



Operating income after amortization of goodwill

IR Policy

>> Purposes of investor relations and basic policy

MegaChips bases investor relations activities on the principles of fairness, timeliness, accuracy and continuity. We provide information about strategies, finances and other items in order to increase the transparency of our operations. To earn the trust of shareholders, investors and securities analysts and receive a proper evaluation, senior management frequently participates in investor relations activities.

>> Disclosure rules

MegaChips discloses information in accordance with the Financial Instruments and Exchange Law, Company Law and other laws and regulations (“laws and regulations” hereafter) and the Rules for Timely Disclosure of Corporate Information by Issuers of Listed Securities of the Tokyo Stock Exchange, where MegaChips shares are listed. Furthermore, even when not required by laws and regulations or disclosure standards in timely disclosure rules, we aggressively provide information that we believe has an effect on investment decisions by shareholders, investors and securities analysts and other information that we believe is useful to gain a better understanding of MegaChips.

>> Disclosure method

MegaChips distributes information using the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange in accordance with timely disclosure rules. This includes information covered by the disclosure standards of the timely disclosure rules as well as information that we believe has an effect on investment decisions by shareholders, investors and securities analysts. In addition, we quickly post this information on the company Website.

We also provide other information that we believe is useful to gain a better understanding of MegaChips by issuing IR publications or news releases and posting this information on the company Website.

IR Policy

>> Forward-looking statements

The information MegaChips discloses may contain forward-looking statements. These statements are based on the judgments of management based on information available when the information was disclosed and thus embody uncertainties and risks (“risks” hereafter). Readers are cautioned to remember that actual results and other developments may differ from these forecasts for a number of reasons. Please refer to the “Cautionary Statement on Risks” section for more information.

>> Investment decisions

MegaChips discloses information for the purpose of giving people a better understanding of the company and not for the purpose of soliciting investments in securities issued by the company. Investors are asked to reach investment decisions on their own.

>> Provision of third-party information about MegaChips

Parties other than MegaChips, including securities analysts, the media and a variety of Internet information sites, announce information and forecasts about MegaChips. MegaChips is not in a position to comment on this information or express its support. However, if there is an obvious mistake in this third-party information that could cause a loss of trust in the company or prevent the company from receiving an appropriate evaluation, a correction will be announced and the proper information released.

>> IR “Quiet Period”

To prevent leaks of information about earnings releases that could affect its stock price and to ensure fairness, MegaChips observes a quiet period during the five business days prior to the earnings announcement for each quarter. During this period, the Company will not make any comments involving financial performance. However, information covered by laws and regulations and timely disclosure rules will be disclosed even during this quiet period and management will respond to inquiries about this information.

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