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# Financial Results of FY2022 First-Quarter

From April 1, 2022 to June 30, 2022

**SHINKO ELECTRIC INDUSTRIES CO., LTD.**



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# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Financial Results

(Billions of yen)

	FY2021 1st-Quarter (Result)	FY2022 1st-Quarter (Result)	YoY	
			Amount	Ratio of Change
Net Sales	58.1	79.4	+21.3	+37%
Operating Profit (Ratio against Net Sales)	13.9 (+24%)	26.0 (+33%)	+12.1	+87%
Ordinary Profit (Ratio against Net Sales)	14.6 (+25%)	28.2 (+36%)	+13.6	+93%
Profit* (Ratio against Net Sales)	10.1 (+17%)	19.5 (+25%)	+9.5	+94%

\* Profit attributable to owners of parent

Earnings per Share	74.65 <sub>yen</sub>	144.71 <sub>yen</sub>
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# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Net Sales

- The semiconductor industry is facing increasing uncertainty due to the lockdown in China, the Russia-Ukraine conflict, the impact of ongoing global inflation, and concerns about a slowdown in demand for PCs and smartphones. On the other hand, the semiconductor market remained at high level on the back of expanding demand for automobiles and industrial equipment, etc.

Net sales increased 37% year on year due to the increase of the sales of flip-chip type packages, IC assembly, ceramic electrostatic chucks, leadframes, and other products in addition to the progress of significant yen depreciation in the exchange rate.

## Profit

- Profit increased 93% year on year by the expansion of net sales and the progress of significant yen depreciation in the exchange rate.

# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Net Sales and Ordinary Profit by Business Segment

(Billions of yen)

		FY2021 1st-Quarter (Result)		FY2022 1st-Quarter (Result)		Ratio of Change (YoY)	FY2021		
Net Sales *1			Represent % of Net Sales		Represent % of Net Sales			Represent % of Net Sales	
		Plastic Packages	35.5	[61%]	49.5	[62%]	+39%	169.4	[62%]
	Metal Packages	20.4	[35%]	27.3	[35%]	+34%	92.9	[34%]	
	Others	2.2	[4%]	2.6	[3%]	+17%	9.6	[4%]	
	<b>Total</b>	<b>58.1</b>	<b>[100%]</b>	<b>79.4</b>	<b>[100%]</b>	<b>+37%</b>	<b>271.9</b>	<b>[100%]</b>	
Ordinary Profit *2			Ratio against Net Sales		Ratio against Net Sales			Ratio against Net Sales	
		Plastic Packages	10.9	(+31%)	19.3	(+39%)	+77%	50.9	(+30%)
		Metal Packages	4.2	(+21%)	9.8	(+36%)	+134%	23.5	(+25%)
		Others/Adjustment	-0.6	/	-0.9	/	/	1.4	/
	<b>Total</b>	<b>14.6</b>	<b>(+25%)</b>	<b>28.2</b>	<b>(+36%)</b>	<b>+93%</b>	<b>75.8</b>	<b>(+28%)</b>	

\*1 Sales to external customers

\*2 Before inter-segment transaction adjustment

# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Financial Status, Capital Expenditure and Depreciation

(Billions of yen)

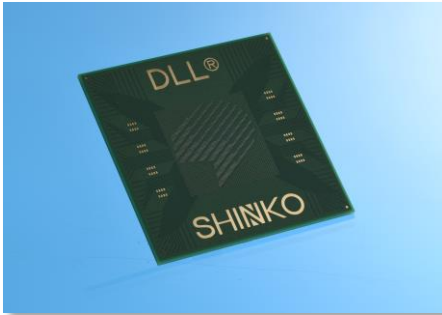
	FY2021 1st-Quarter	FY2022 1st-Quarter	FY2021
Total Assets	250.5	337.4	319.5
Net Assets	161.0	219.0	202.0
Equity Ratio	64%	65%	63%

Capital Expenditure*	3.0	8.5	57.5
Depreciation*	4.4	7.8	30.0
Research and Development	0.8	0.9	3.5
Exchange Rates (Yen/US dollar)	108	128	111

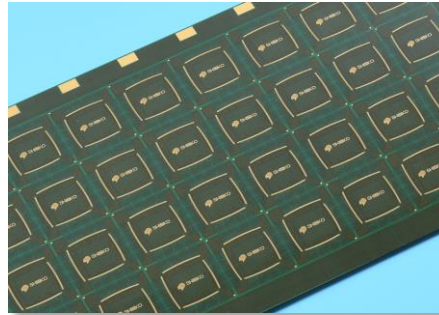
\* Except intangible assets

# Financial Results Overview of FY2022 First-Quarter (consolidated)

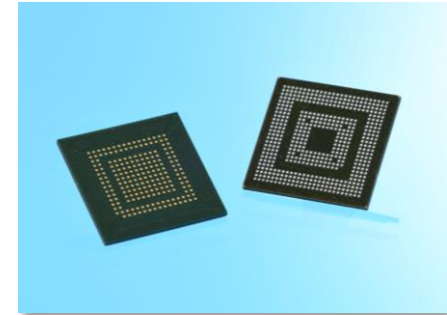
## Plastic Packages



**Flip-Chip Type  
Package**



**Plastic BGA  
Substrates**



**IC Assemblies**

### **【Applications】**

**PCs, Servers, Smartphones, Consumer Products, etc.**

# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Plastic Packages

(Billions of yen)

	FY2021 1st-Quarter (Result)	FY2022 1st-Quarter (Result)	YoY	
			Amount	Ratio of Change
Net Sales	35.5 [61%]* <sup>1</sup>	49.5 [62%]* <sup>1</sup>	+ 14.0	+ 39%
Ordinary Profit	10.9 (+31%)* <sup>2</sup>	19.3 (+39%)* <sup>2</sup>	+ 8.4	+ 77%

\*1 Represent % of Net Sales

\*2 Ratio against Net Sales

Net sales and ordinary profit both increased due to the increase in sales of each product and significant yen depreciation.

- **Flip-Chip Type Packages:**

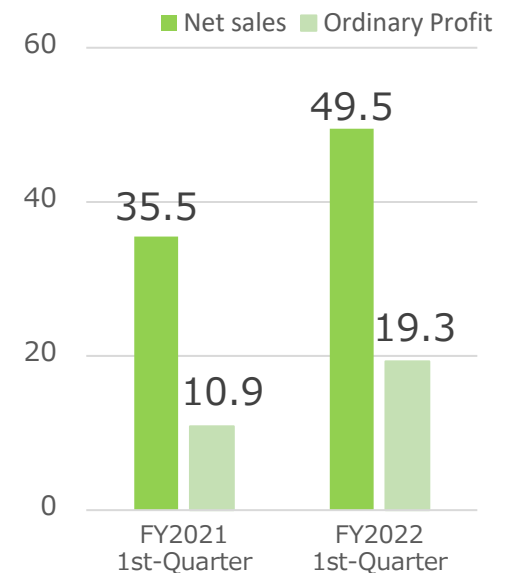
Sales for PCs, etc. remained at a high level.

- **IC Assemblies:**

Demand increased greatly for high-end smartphones.

- **Plastic BGA Substrates:**

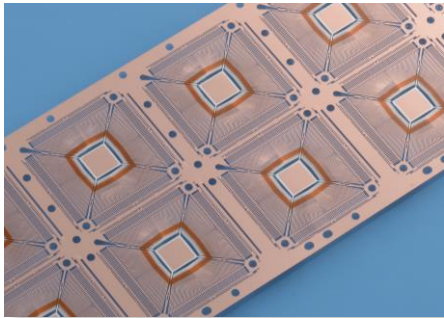
Profit increased thanks to increased orders for advanced memory.



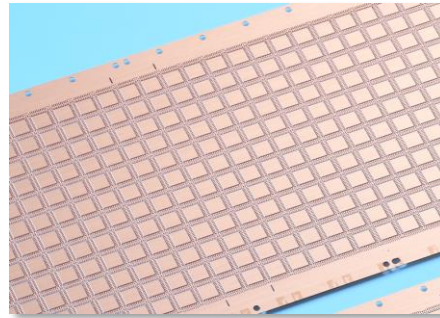


# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Metal Packages



Stamped Leadframes



Etched Leadframes  
(QFN-Type)



Ceramic Electrostatic  
Chuck



Glass-to-Metal Seals



Heat Spreaders

### 【Applications】

Automobiles, Smartphones, Consumer Products, Semiconductor Manufacturing Equipment, Communications Equipment etc.

# Financial Results Overview of FY2022 First-Quarter (consolidated)

## Metal Packages

(Billions of yen)

	FY2021 1st-Quarter (Result)	FY2022 1st-Quarter (Result)	YoY	
			Amount	Ratio of Change
Net Sales	20.4 [35%]* <sup>1</sup>	27.3 [34%]* <sup>1</sup>	+7.0	+34%
Ordinary Profit	4.2 (+21%)* <sup>2</sup>	9.8 (+36%)* <sup>2</sup>	+5.6	+134%

\*<sup>1</sup> Represent % of Net Sales    \*<sup>2</sup> Ratio against Net Sales

Net sales and ordinary profit both increased due to the increase in sales of leadframes and ceramic electrostatic chucks as well as significant yen depreciation.

- **Leadframes:**

Revenue increased due to the increase in demand in automobile market.

- **Ceramic Electrostatic Chucks:**

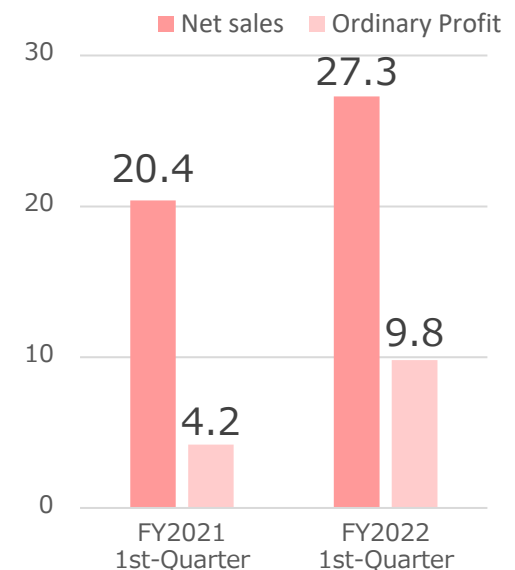
Sales increased greatly thanks to buoyant demand in semiconductor manufacturing equipment market.

- **Heat Spreaders for CPUs:**

Sales increased for servers.

- **Glass-to-Metal Seals :**

Revenue decreased due to sluggish sales for optical devices.



# Financial Results Overview of FY2022 First-Quarter (consolidated)

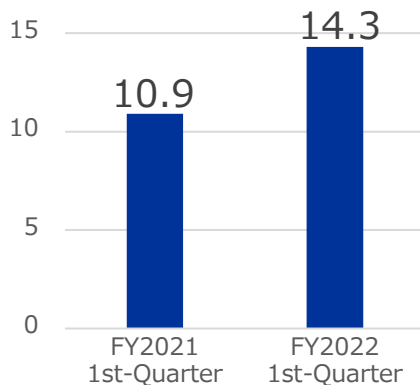
## Net Sales by Product Category

(Billions of yen)

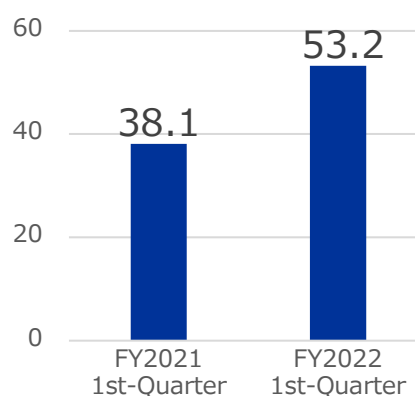
	FY2021 1st-Quarter (Result)	FY2022 1st-Quarter (Result)	YoY		FY2021 (Result)
			Amount	Ratio of Change	
IC Leadframes	10.9 [19%]*	14.3 [18%]*	+3.4	+31%	49.9[18%]*
IC Packages	38.1 [66%]*	53.2 [67%]*	+15.1	+40%	180.8[67%]*
Hermetic Seal Parts	9.0 [16%]*	11.8 [15%]*	+2.8	+31%	41.2[15%]*

\* Represent % of Net Sales

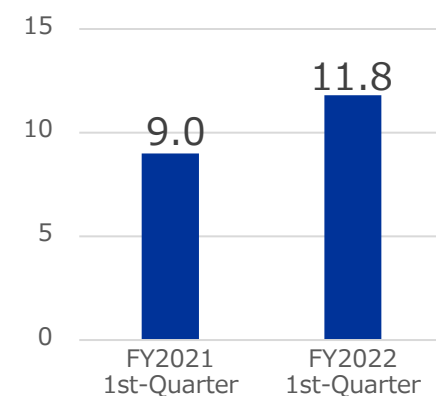
**Net Sales of  
IC Leadframes**



**Net Sales of  
IC Packages**



**Net Sales of  
Hermetic Seal Parts**



# Forecast of FY2022 First-Half and FY2022 (consolidated)

Revised Forecast of FY2022 First-Half and FY2022 (Announcement on July 29, 2022)  
(Billions of yen)

	FY2022 1st-Half				FY2022			
	Previous Forecast (4/28/2022)	Current Forecast (7/29/2022)	vs. Previous Forecast		Previous Forecast (4/28/2022)	Current Forecast (7/29/2022)	vs. Previous Forecast	
			Amount	Ratio of Change			Amount	Ratio of Change
Net Sales	152.0	159.0	+7.0	+5%	317.0	322.0	+5.0	+2%
Operating Profit	40.0	49.0	+9.0	+23%	85.0	93.0	+8.0	+9%
Ordinary Profit	40.0	53.0	+13.0	+33%	85.0	97.0	+12.0	+14%
Profit*	28.0	37.0	+9.0	+32%	59.0	67.0	+8.0	+14%
Earnings per Share	207.27yen	273.89yen	—	—	436.75yen	495.97yen	—	—

\* Profit attributable to owners of parent

# Forecast of FY2022 First-Half and FY2022 (consolidated)

## Revised Forecast of FY2022 First-Half and FY2022 (Announcement on July 29, 2022)

### Reasons for the Revision (Summary)

- In the first-quarter of the fiscal year under review, demand in flip-chip type packages for PCs, etc. increased, net sales of plastic BGA substrates for advanced memory increased and significant yen depreciation in the exchange rate market continued, against our assumption. As a result, the performance of FY2022 first-half is exceeding the expectation, especially in terms of profit, compared to our forecast of FY2022 first-half.
- From the second-quarter, economic uncertainty is expected to intensify due to the slowdown of the Chinese economy, global inflation, and the prolonged conflict in Russia and Ukraine. Regarding the semiconductor market, inventory adjustments are expected to occur due to the decline in demand for PCs and smartphones, etc.
- As for the business of Shinko Group, demand for flip-chip type packages are expected to decline for PCs and other applications, leadframes will be affected by inventory adjustments, and IC assembly will see a drop in demand for high-end smartphones.
- On the other hand, we have revised the exchange rate from 118 yen per dollar to 125 yen per dollar from the second-quarter in light of trends in the exchange market.
- With these reasons, we revised the forecast of FY2022 first-half and FY2022 released on April 28, 2022.

# Forecast of FY2022 First-Half and FY2022 (consolidated)

## Net Sales/Profit/Cash Dividend

(Billions of yen)

	FY2021 (Result)			FY2022 (Forecast)			YoY(Upper : Amount/Lower : Ratio of Change)		
	1st Half	2nd Half	FY 2021	1st Half	2nd Half	FY 2022	1st Half	2nd Half	Full Year
Net Sales	125.9	146.0	271.9	159.0	163.0	322.0	33.1 (+26%)	17.0 (+12%)	50.1 (+18%)
Operating Profit (Ratio against Net Sales)	30.1 (+24%)	41.3 (+28%)	71.4 (+26%)	49.0 (+31%)	44.0 (+27%)	93.0 (+29%)	18.9 (+63%)	2.7 (+6%)	21.6 (+30%)
Ordinary Profit (Ratio against Net Sales)	31.6 (+25%)	44.3 (+30%)	75.8 (+28%)	53.0 (+33%)	44.0 (+27%)	97.0 (+30%)	21.4 (+68%)	-0.3 (-1%)	21.2 (+28%)
Profit*1 (Ratio against Net Sales)	21.7 (+17%)	30.9 (+21%)	52.6 (+19%)	37.0 (+23%)	30.0 (+18%)	67.0 (+21%)	15.3 (+70%)	-0.9 (-3%)	14.4 (+27%)
Exchange Rates (Yen/US dollar)	111			128*2	125 (Assumption from FY2022 2Q-4Q)				

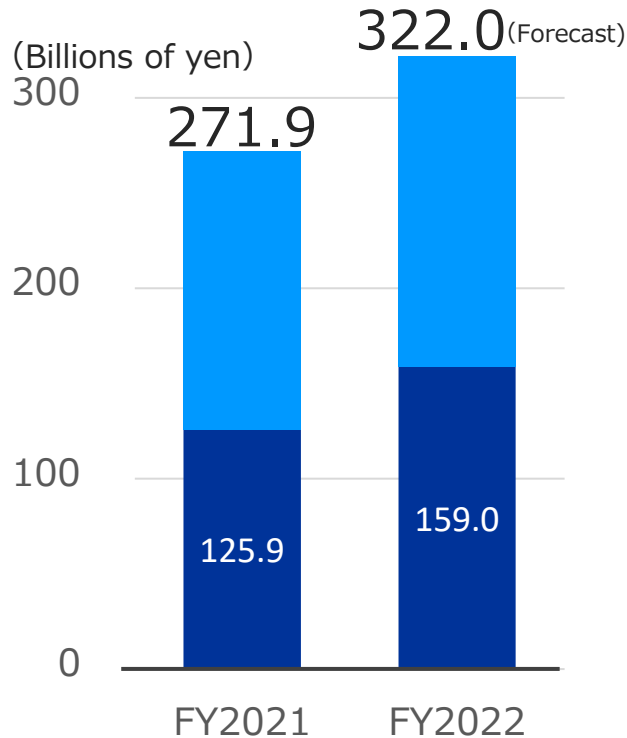
\*1 Profit attributable to owners of parent \* 2 Result of FY2022 1Q (Yen)

Cash Dividend per Share (Payout Ratio)	17.5 [Interim]	27.5 [Year-end]	45.0 (+11.6%)	25.0 [Interim]	25.0 [Year-end]	50.0 (+10.1%)
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# Forecast of FY2022 First-Half and FY2022 (consolidated)

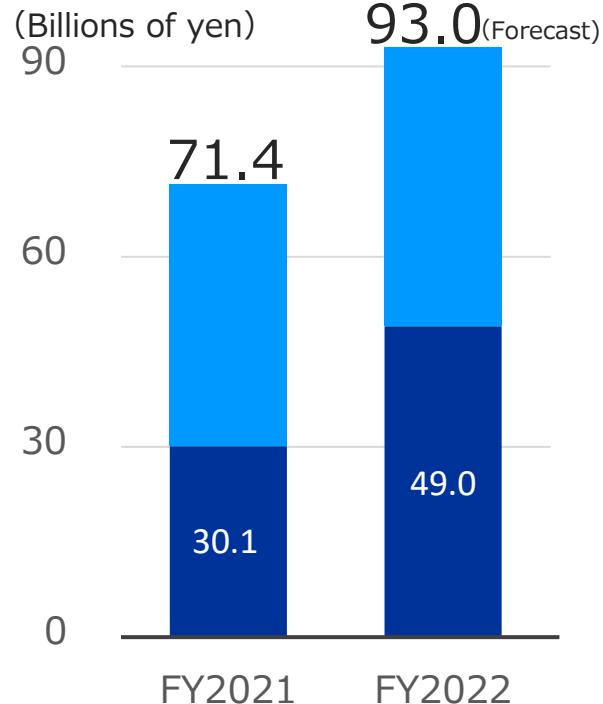
## Net Sales

■ 1st-Half ■ Full-year



## Operating Profit

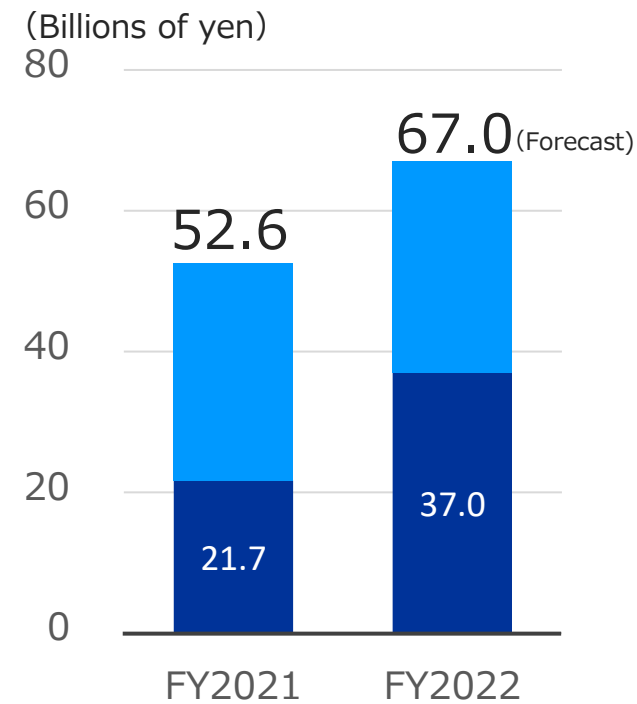
■ 1st-Half ■ Full-year



## Profit\*

\* Profit attributable to owners of parent

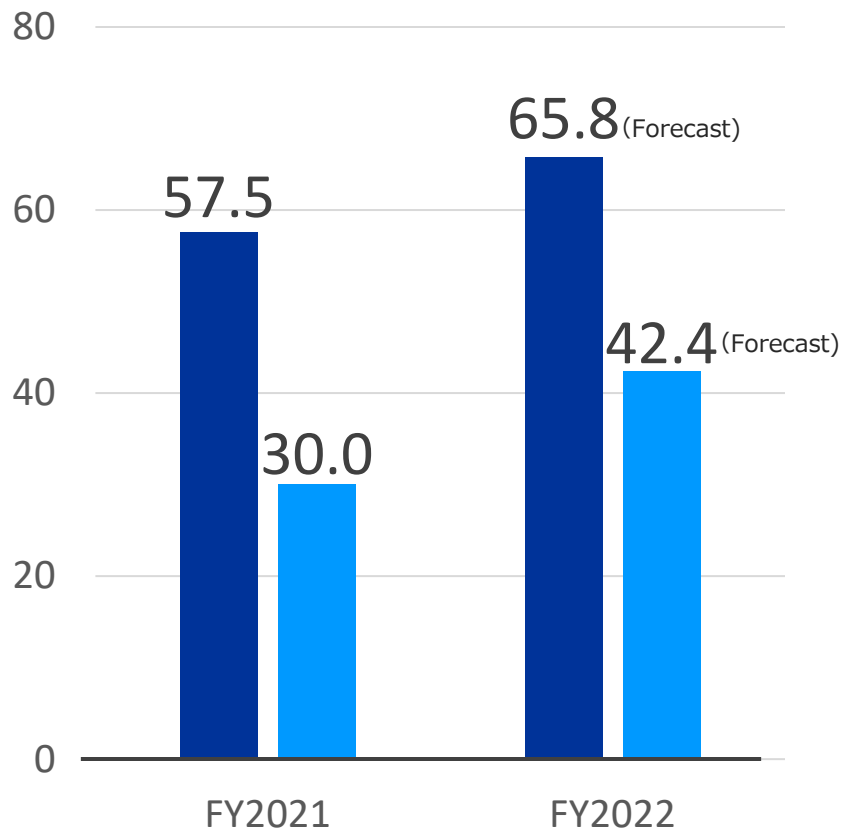
■ 1st-Half ■ Full-year



# Capital Expenditure, Depreciation and R&D of FY2022

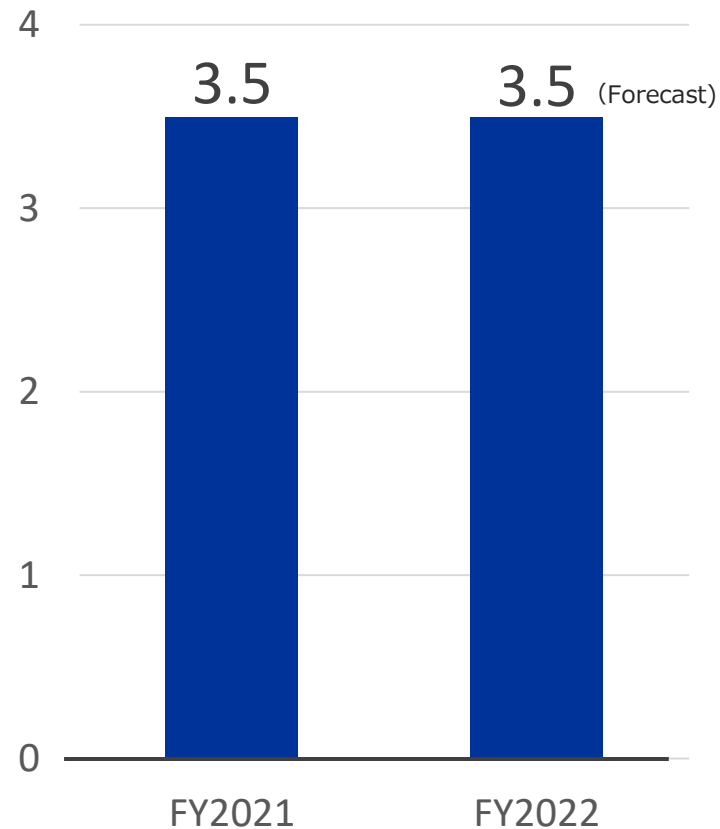
## Capital Expenditure/ Depreciation

(Billions of yen) ■ Capital Expenditure ■ Depreciation



## Research and Development

(Billions of yen)





# Increase Production Capacity of Plastic BGA Substrates for Semiconductor Memory

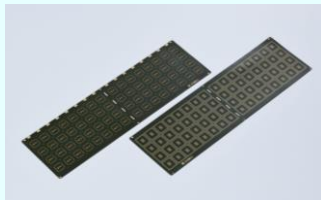
Announcement on July 29, 2022 (Summary)

In the near future, semiconductor memory will require higher speeds and higher capacities, so demand will increase, buoyed by the growing use of AI and IoT, the dramatic increase in data traffic due to the spread of 5G, etc., and the further electrification of automobiles, such as infotainment systems. In light of this situation, it is expected that the needs for even finer, thinner, and lower power semiconductor memory will increase. To respond to these needs, we have decided to construct a new building at our Arai Plant in Myoko City, Niigata Prefecture to increase the production capacity of plastic BGA substrates using the Modified Semi Additive Process (MSAP), a leading technology for finer line and thinning.

## Overview of capital investment, as planned

- |                        |  |
|------------------------|--|
| 1) Products            | Plastic BGA substrates for semiconductor memory  |
| 2) Investment amount   | 28 billion yen   |
| 3) Production capacity | This capital investment is expected to increase the production capacity of plastic BGA substrates for semiconductor memory compared with the current level approximately 2-fold, including the contribution from the new production line (scheduled to start operation in FY2023) that has already started making investment in the existing building. |

### 4) Overview of the new building



Plastic BGA substrates

- |                     |   |        |
|---------------------|---|--------|
| Location:           | Arai Plant (Myoko City, Niigata Prefecture)           |        |
| Building structure: | Three-story steel frame structure (Partly four-story) |        |
| Total floor area:   | 14,000 m <sup>2</sup>                                 |        |
| Schedule:           | Start of construction                                 | FY2024 |
|                     | Completion of construction                            | FY2025 |
|                     | Start of operations                                   | FY2026 |

- The impact of the above capital investment plan on consolidated financial results for the fiscal year ended March 31, 2023 will be negligible.
- Please see our news release, “SHINKO ELECTRIC INDUSTRIES CO., LTD. to Increase Production Capacity of Plastic BGA Substrates for Semiconductor Memory” announced on July 29, 2022 for details of this capital investment.  
[https://www.shinko.co.jp/english/news/docs/20220729\\_02\\_e.pdf](https://www.shinko.co.jp/english/news/docs/20220729_02_e.pdf)



Notes to projected financial results:

The above projections were prepared based on estimates using information currently available. Actual results may differ from the projections. Also, many numerical values are shown in units of a billion yen as a general outline of business performance in this material. Because original values, which are managed in units of a million yen, are round off, the totals, difference, etc. shown in these materials may appear inaccurate. For assumptions and the other information regarding the projections, please refer to “the Financial Results” on IR library of our corporate website.