Shinkawa

Interim Report 2018

For the Six Months of the Fiscal Year Ending March 31, 2019

SHINKAWA LTD.

Securities Code: 6274

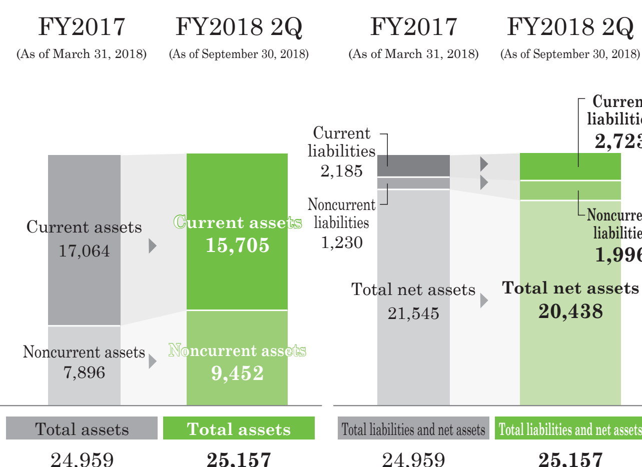
Top Message

Firstly, I would like to express my sincere gratitude for your continued support of the business operation of the SHINKAWA Group.
During the first six months of the fiscal year ending March 31, 2019, in the medium to long term outlook of the semiconductor industry after 2020, demand for automotive devices and data centers is expected to increase. In the short term, however, growth in the semiconductor market has slowed due to the sluggish smartphone market and a decline in memory prices. Furthermore, in memory manufacturers and the Chinese market, postponement and freezing of investment have been apparent.
Regarding the equipment models of the SHINKAWA Group, sales of wire bonders and factory automation equipment are expected to slow. This is due to a slump in mobile-related demand and a transition from wire bonders to flip chip bonders in manufacturing advanced packages, creating a trend of re-allocating surplus equipment to different production usages. Furthermore, trade friction between the United States and China as well as uncertainty about the future economic outlook is having an impact. The memory and logic related markets have fallen sharply since the second quarter of the current fiscal year. Capital investment has been focused mainly on LED devices and low-pin-count analog devices produced by medium-size manufacturers in China.
On the other hand, sales of die bonders remained steady thanks to stable demand for discrete devices as well as continued capital investment in NAND Flash. Capital investment in flip chip bonders increased along with the expansion of the analog market. In addition, qualification evaluation of TCB processes for advanced packages has progressed, but it has not yet contributed to sales.
By comprehensively considering business performance and financial position for the first six months, and future growth investment, the Group decided not to distribute interim dividends for the current fiscal year. We sincerely apologize to our shareholders for this decision.
Based on the medium-term management plan: "Challenge Shinkawa 2020" and its three basic strategies of "Growth in existing businesses," "Creating new business value," and "Activating organization and fostering human resources," the Group will continue to invest in cutting-edge R&D with a view to future market recovery and optimizing overall company operations. Furthermore, it will create synergies for expanding sales with PFA Corporation, which entered the Group this year in June, that will improve its future corporate value.
Again, thank you for your support and my sincere best wishes for your continued future success.

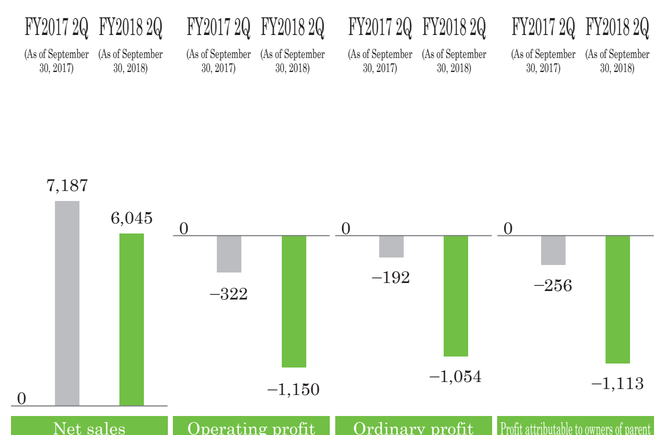
November 2018

Financial Data(Consolidated)

Financial Position (Millions of Yen)



Operating Results (Millions of Yen)



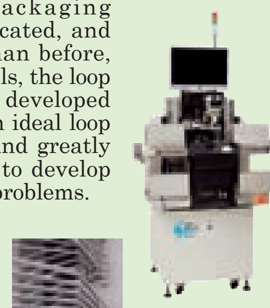
Interim Report Topics

Pursuing Synergies with PFA

To achieve synergy with PFA Corporation (former Pioneer FA), which became a subsidiary in June 2018, the SHINKAWA Group has established a subcommittee to accelerate collaboration.
The integration of sales networks including sharing of customer bases enabled the Group to extend mutual markets. The approach achieved early success such as selling bonding equipment to a major camera module manufacturer in the field of electronic components. The Group will continue to improve its corporate value by pursuing additional synergies to the fullest extent.

New Release of Wire Bonders: UTC-5000Super and UTC-5000NeoCu Super

In October 2018, the SHINKAWA Group announced the high speed wire bonder UTC-5000 Super/UTC-5000 NeoCu Super equipped with a new function *SimLoop* as upgrade models of the main wire bonder UTC-5000/ UTC-5000 NeoCu.
Along with advances in semiconductor packaging technologies, loop shapes* become more complicated, and establishing initial parameters takes longer than before, which increases users' workload. In the new models, the loop shape is automatically optimized by the newly developed *SimLoop* function, making it possible to attain an ideal loop in two steps. This will reduce users' workload and greatly increase productivity. The Group will continue to develop products that will contribute to solving customer problems.



* The shape of metal fine wire that connects between an electrode on the semiconductor chip inside a semiconductor package and an electrode outside the package by wire bonding.

Corporate Information

Corporate Information (As of September 30, 2018)

Company Name	SHINKAWA LTD.
Head Office	Shinjuku Front Tower 32F, 2-21-1 Kitashinjuku, Shinjuku-ku, Tokyo 169-0074, Japan
West-Tokyo Office	2-51-1 Inadaira, Musashimurayama-shi, Tokyo 208-8585, Japan
Established	August 6, 1959
Paid-up Capital	8,360 million yen
Number of Employees	Group Total: 857 (As of September 30, 2018)
Business	Research, Development, Designing, Manufacturing, Sales and After-Sales Service of Semiconductor Manufacturing Equipment

Directors, Operating Officers and Auditors

President and CEO, Representative Director	Takashi Nagano
Chief Technical Officer, Executive Vice President	Norimasa Nagata
Chief Financial Officer, Director	Takuya Mori
Director	Ichiro Anjo
Director	Yuichi Kawakami
Senior Operating Officer	Noboru Fujino
Operating Officer	Hirotoshi Tashima
Operating Officer	Tetsuya Sakuma
Operating Officer	Fumihiko Ooka
Operating Officer	Lee Ho Seong
Operating Officer	Hiroshi Munakata
Operating Officer	Yasuhisa Miyata
Audit & Supervisory Board Member	Koji Sekiguchi
Audit & Supervisory Board Member	Masaki Yoshino
Audit & Supervisory Board Member	Mariko Mitsuya

Group Companies

PFA Corporation	(Saitama, Japan)
Shinkawa Technologies Ltd.	(Tokyo, Japan)
Shinkawa Korea Co., Ltd.	(Seoul, Korea)
Shinkawa Taiwan Co., Ltd.	(Taipei, Taiwan)
Shinkawa (Shanghai) Co., Ltd.	(Shanghai, China)
Shinkawa Philippines, Inc.	(Manila, Philippines)
Shinkawa Vietnam Co., Ltd.	(Ho Chi Minh, Vietnam)
Shinkawa Singapore Pte. Ltd.	(Singapore)
Shinkawa (Malaysia) Sdn. Bhd.	(Kuala Lumpur, Malaysia)
Shinkawa (Thailand) Co., Ltd.	(Pathumthani, Thailand)
Shinkawa Manufacturing Asia Co., Ltd.	(Pathumthani, Thailand)
Shinkawa U.S.A., Inc.	(Gilbert, AZ, U.S.A.)

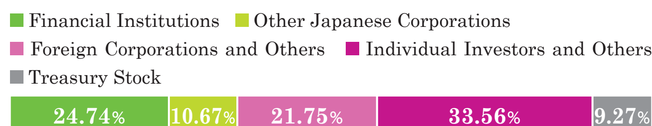
Investor Information (As of September 30, 2018)

Number of Shares Authorized	80,000,000 shares
Number of Shares Outstanding	20,047,500 shares
Number of Shareholders	8,149

Principal Shareholders

Name of Shareholder	Number of Shares Held (Thousand)	Percentage of Shares Held (%)
State Street Bank and Trust Company 505019	1,102	6.05
Goldman Sachs International	997	5.48
Trust & Custody Services Bank, Ltd. (Kiraboshi Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.)	900	4.95
Japan Trustee Services Bank, Ltd. (Trust Account)	812	4.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	656	3.60
The Bank of New York Mellon (International) Limited 131800	580	3.19
SHINKAWA Business Partners Share-Holding Association	580	3.19
I & E Corporation	499	2.74
Tokyo Kiraboshi Lease Co., Ltd.	405	2.22
State Street Bank and Trust Company 505001	359	1.97

Distribution of Shareholders



Shareholder Memo

Method of Public Notice	Electronic public notices posted on the following website: http://www.shinkawa.com However, in cases where an electronic public notice cannot be posted due to accidents or circumstances beyond our control, notices shall be given via publication in *The Nikkei newspaper*.
Transfer Agent and Registrar Special Account Management Institution	Mitsubishi UFJ Trust and Banking Corporation
Contact	Mitubishi UFJ Trust and Banking Corporation 1-1 Nikkocho Fuchu-shi, Tokyo Phone: 0120-232-711 (Toll free service form within Japan) Mailing Address Shin-Tokyo Post Office, PO box No.29, Tokyo 137-8081 Japan Mitubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department

IR website

For more IR news,
please visit our website at:
https://www.shinkawa.com/ir/