

Business Results for Second Quarter, FY2015

Creative Links to World Electronic

Oct 30th, 2015

**Hirose Electric
Co.,Ltd**

Cautionary Statement

In this material, there are descriptions based on current estimation by Hirose Electric.

Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the *forward-looking statements. Thank you for your understanding.

***Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “expect,” “plans,” “strategy,” “prospects,” “forecast,” “estimate,” “project,” “anticipate,” “aim,” “may” or “might” and words of similar meaning in connection with a discussion of future operations, financial performance, events or conditions. These statements are based on management’s assumptions and beliefs in light of the information currently available to it.**

[1Q FY2015 (Apr – Jun)]

- Smartphone was steady in Chinese market but sluggish in Korean market. Automotive enjoyed a stable trend in overseas market.

[2Q FY2015 (Jul – Sep)]

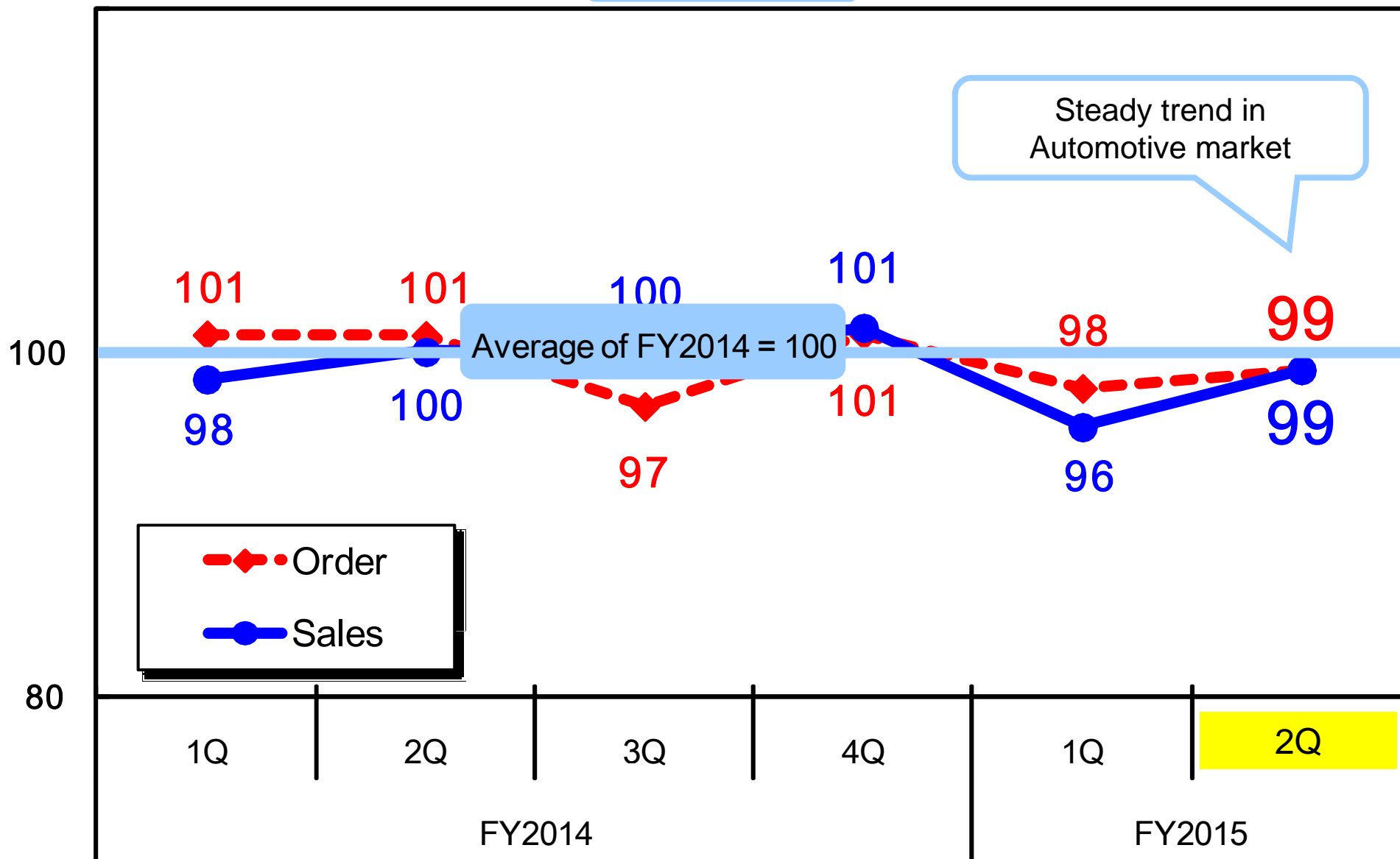
- **Korean Smartphone market in recovery trend, but Chinese Smartphone slight decrease from previous quarter due to adjustment, etc. Industrial market in adjustment phase, Automotive market continues the good trend.**

- **2Q FY2015 settled on -1.5% YoY in order level (1.1% over 1Q FY2015), -1.4% YoY in sales level (2.6% over 1Q FY2015)**

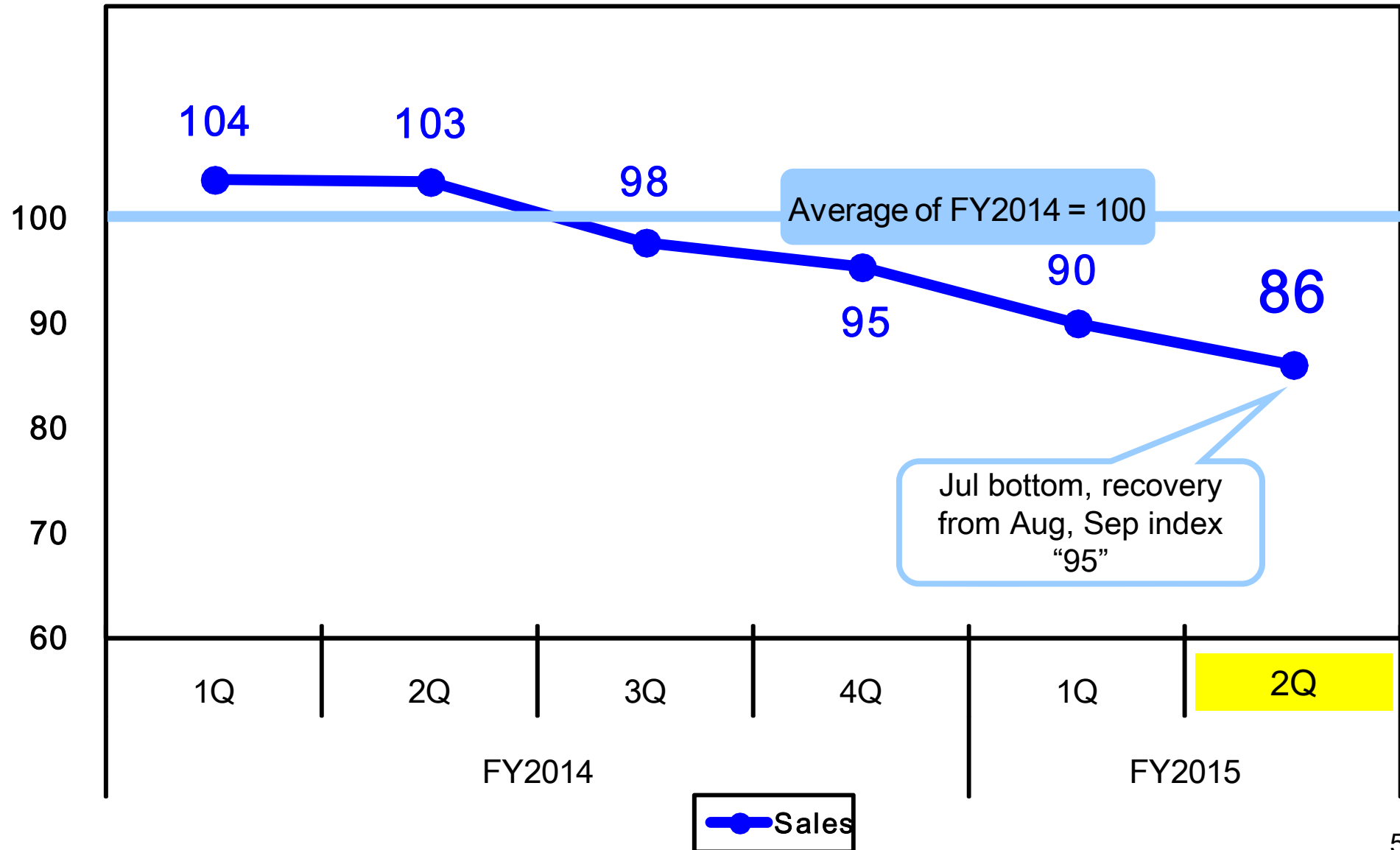
[1Q & 2Q FY2015 (Apr – Sep)]

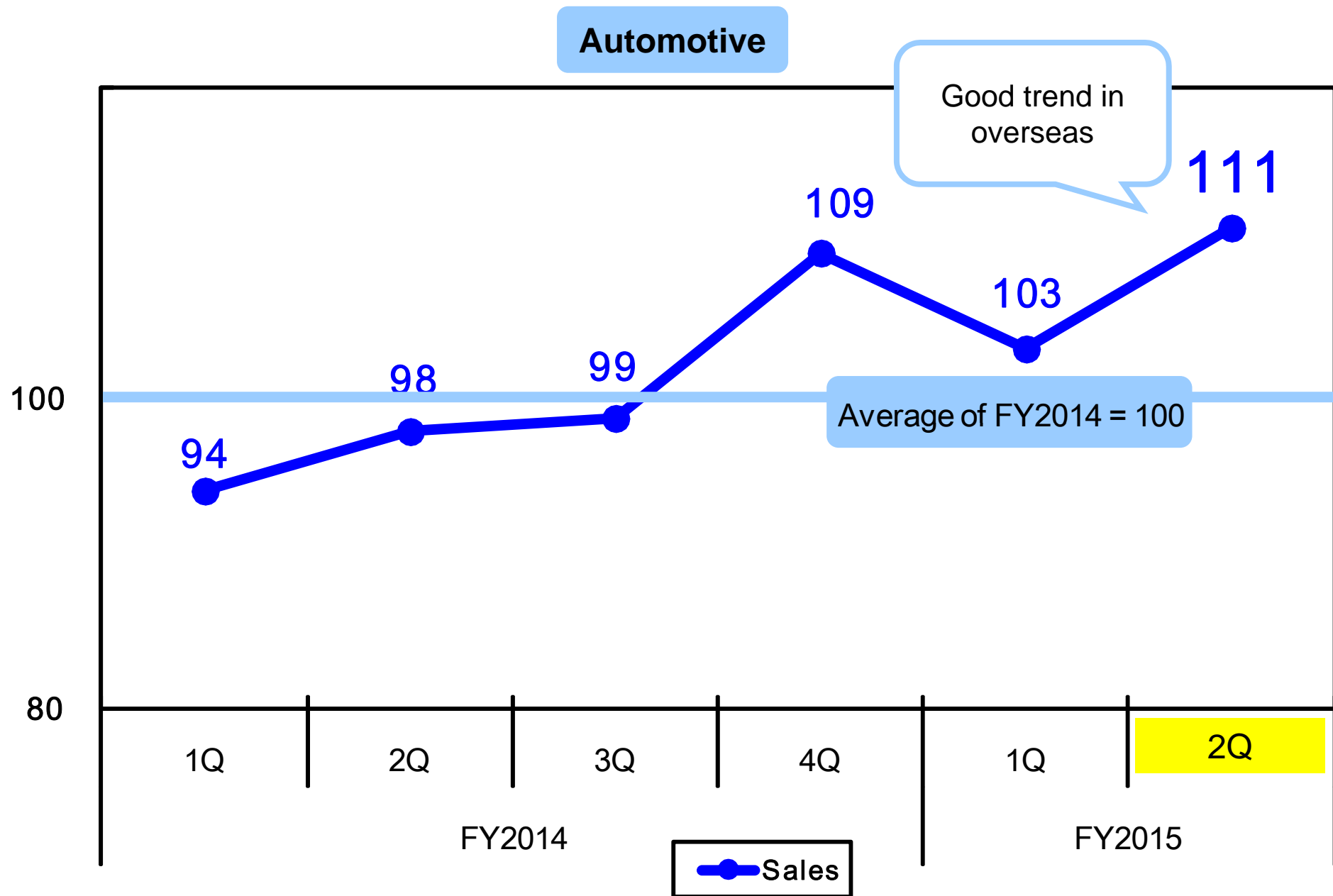
- **1Q & 2Q (total) FY2015 settled on 622.1 hundred million yen in order level (-2.1% YoY), 612.3 hundred million yen in sales level (-1.9% YoY), 167.4 hundred million yen in recurring profit (Ratio 27.3%, -5.7% YoY).**

Total

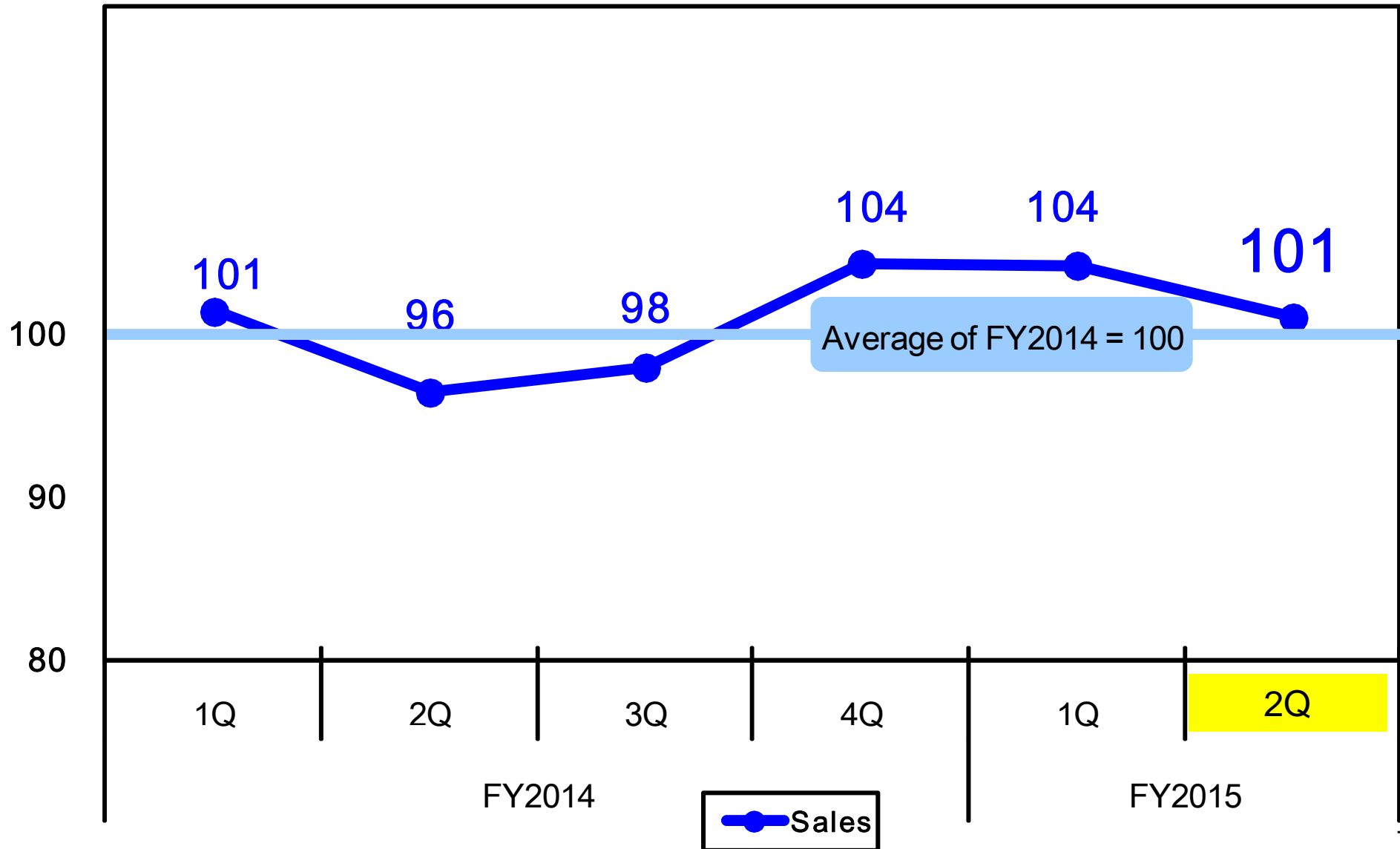


Smartphone / Mobile





**Associated Electric Equipment,
FA Controlling Device, and Others**



Business Results for 2Q, FY2015

note) figures in green italics : previously announced data on Jul 2015

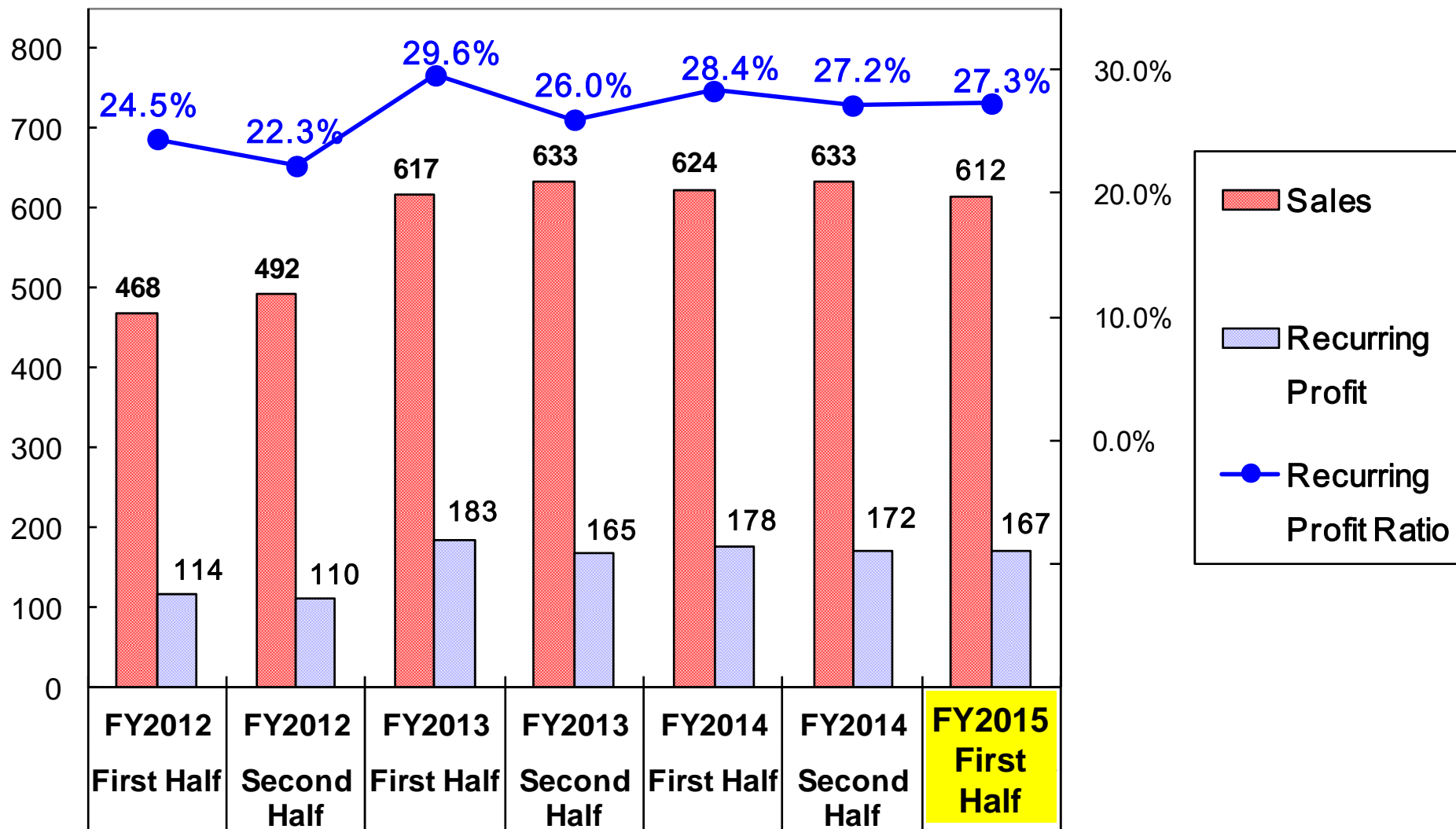
(unit: hundred millions of Yen)

	(A) FY2014 1Q & 2Q	(B) FY2015 1Q & 2Q	(B)-(A)	(B)/(A)	Major Changes over prior same period (unit: hundred millions of Yen)
Sales	624.0	<i>610.0</i> 612.3	-11.7	-1.9%	<p>[Sales] 11.7 decrease HRS Japan Subsidiary +13.7 -25.4</p> <p>[COGS Ratio] 1.0 point decrease</p> <p>Purchase Cost Ratio 40.5% → 37.5%</p> <p>Depreciation Ratio 5.7% → 6.3%</p> <p>Labor Cost Ratio 5.0% → 5.8%</p> <p>[SGA Ratio] 2.8 point increase</p> <p>Increase in Personnel expenses, etc.</p> <p>[Non-Operating Profit and Loss]</p> <p>Foreign Exchange Gain +2.4→ +7.2</p>
(COGS Ratio)	<i>(54.8%)</i>	<i>(53.9%)</i>	<i>(-0.9%)</i>		
(SGA Ratio)	<i>(18.4%)</i>	<i>(21.2%)</i>	<i>(+2.8%)</i>		
Operating Profit	167.4	<i>150.0</i> 152.6	-14.8	-8.8%	
(%)	<i>26.8%</i>	<i>24.9%</i>	<i>(-1.9%)</i>		
Recurring Profit	177.5	<i>160.0</i> 167.4	-10.1	-5.7%	
(%)	<i>28.4%</i>	<i>27.3%</i>	<i>(-1.1%)</i>		
Net Profit	113.0	<i>110.0</i> 116.9	3.9	3.5%	
(%)	<i>18.1%</i>	<i>19.1%</i>	<i>(+1.0%)</i>		
Total Assets	3,134.5	3,227.4	92.9	3.0%	
Shareholders' Equity Ratio	89.3%	90.2%			
Income Per Share	331.2Yen	328.5Yen			

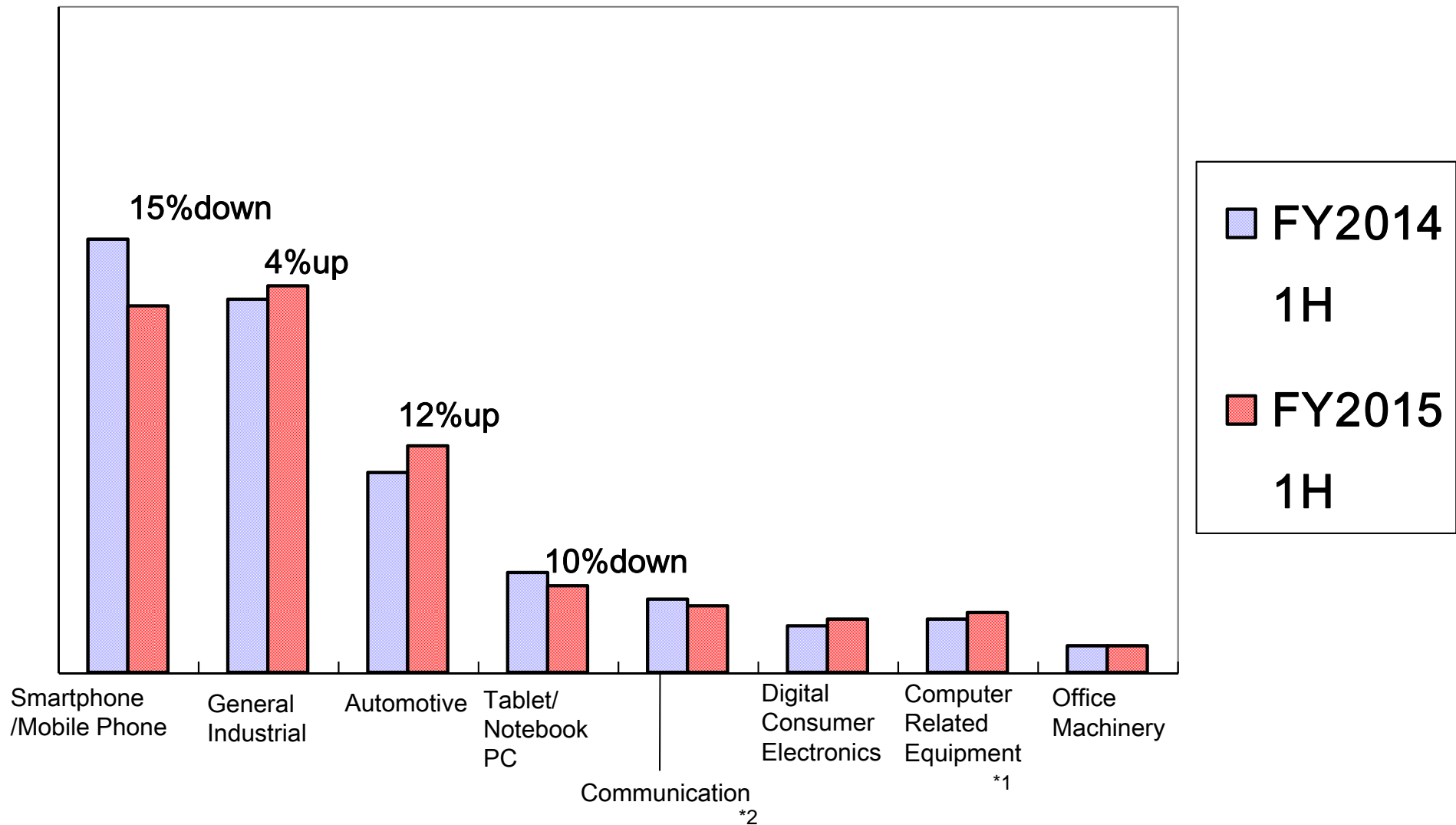
Exchange Rate: US\$	103.04Yen	121.80Yen
Exchange Rate: €	138.92Yen	135.07Yen
Exchange Rate: 100 Won	10.05Yen	10.77Yen

Sales and Profit by Half-Year

(hundred millions of Yen)



Sales Changes by Application (round number) [Consolidated Basis]

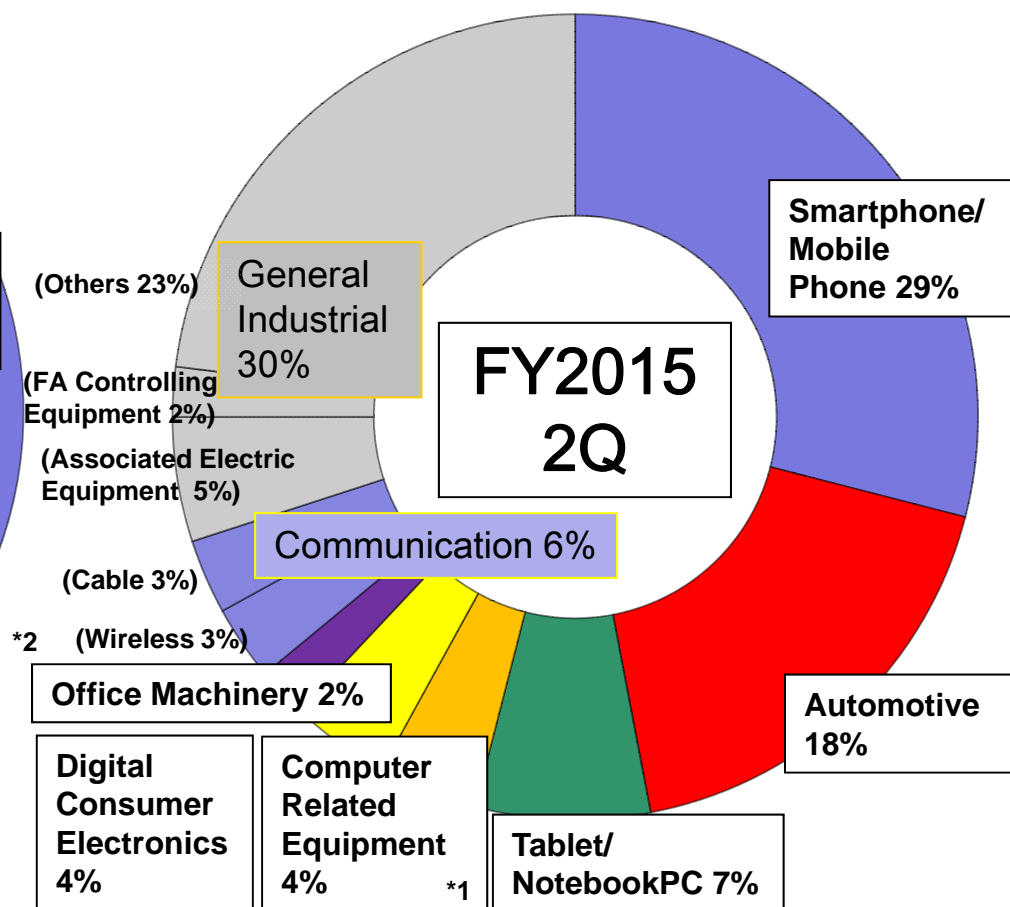
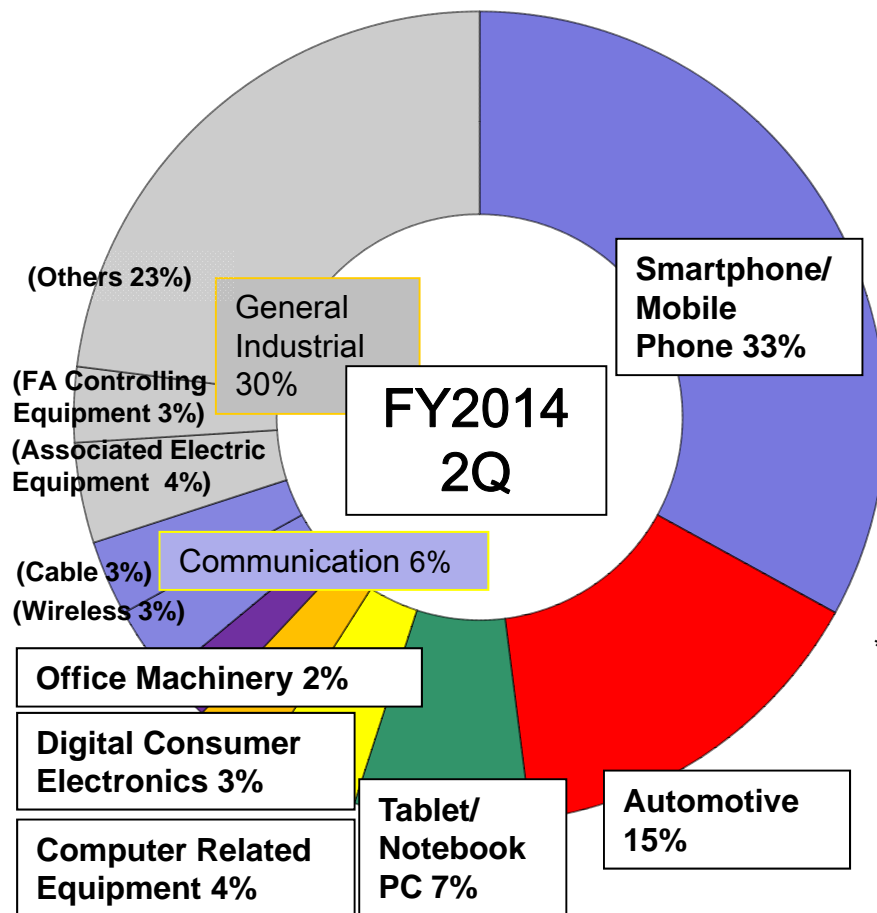


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

*1 Computer Related Equipment – Tablet/Notebook PC not included.

*2 Communication - Smartphone / Mobile Phone not included.

Sales by Application (round number) (Consolidated Basis)

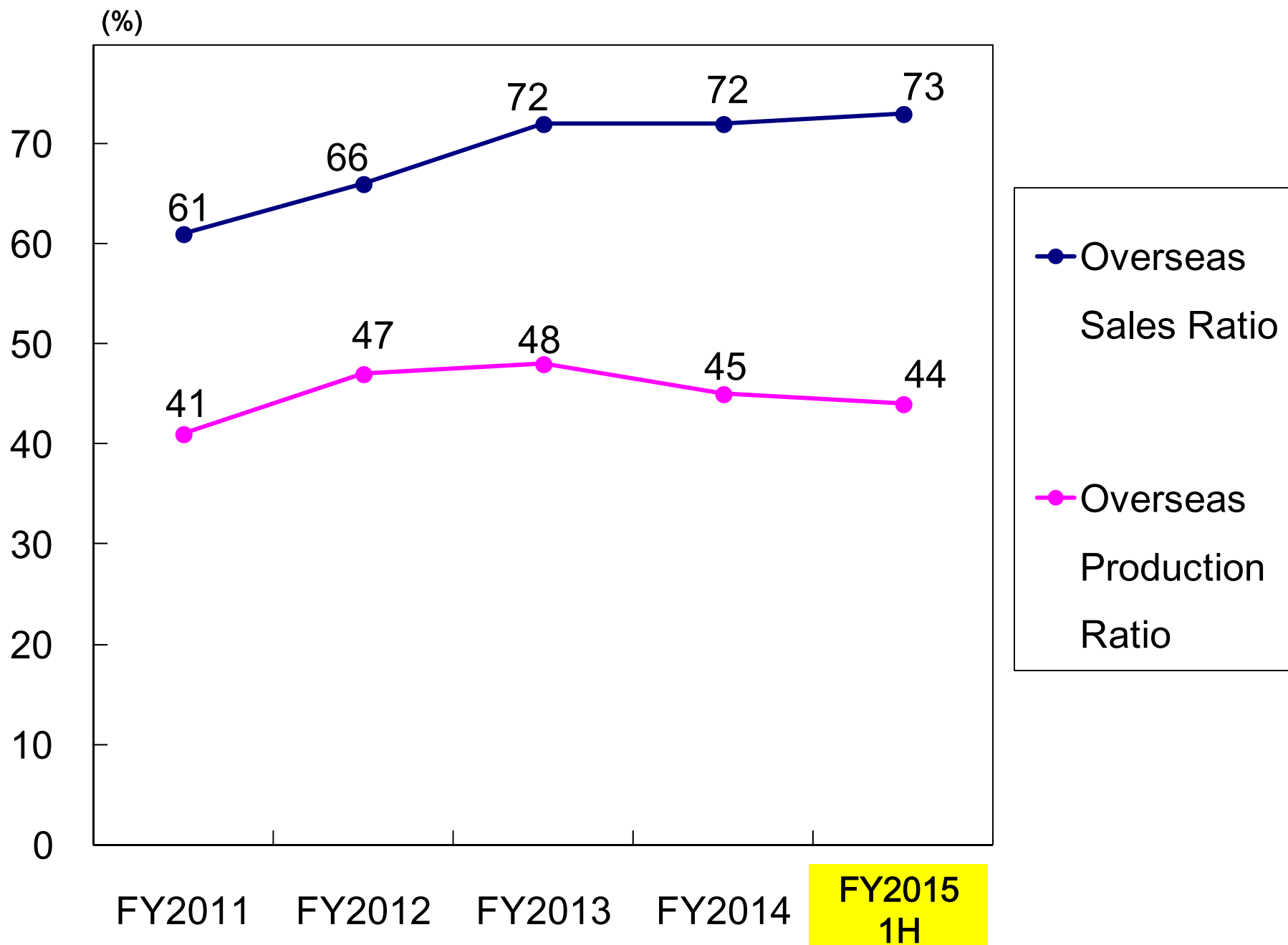


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*1 Computer Related Equipment – Tablet/Notebook PC not included.

*2 Wireless Communication - Smartphone / Mobile Phone not included.

Overseas Production and Sales Ratio



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

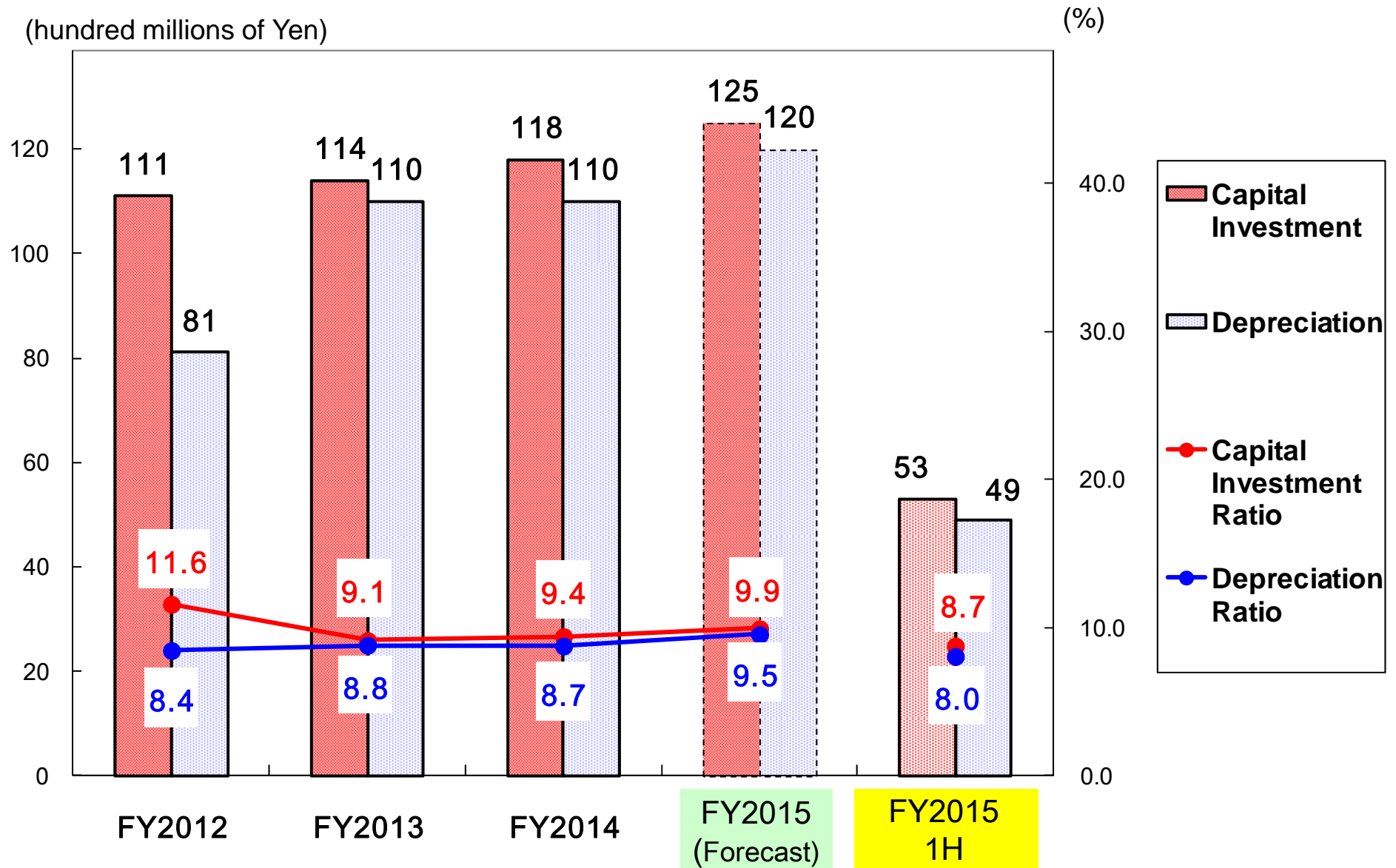
Account	(A) Mar 31, 2015	(B) Sep 30, 2015	(B) - (A)	Remark
Cash and Cash in Bank	1,477.6	1,620.2	142.6	Increase due to redemption of government bond, etc.
Trade Receivable	305.6	290.7	-14.9	Decrease due to sales decrease
Securities	260.2	269.1	8.9	
Inventories	91.4	83.9	-7.5	
Noncurrent Assets	376.9	369.0	-7.9	Decrease in machinery, equipment, and metal molds, etc.
Investment Securities	583.9	453.8	-130.1	Transfer to deposit, etc.
Others	101.1	140.7	39.6	
Total Assets	3,196.7	3,227.4	30.7	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

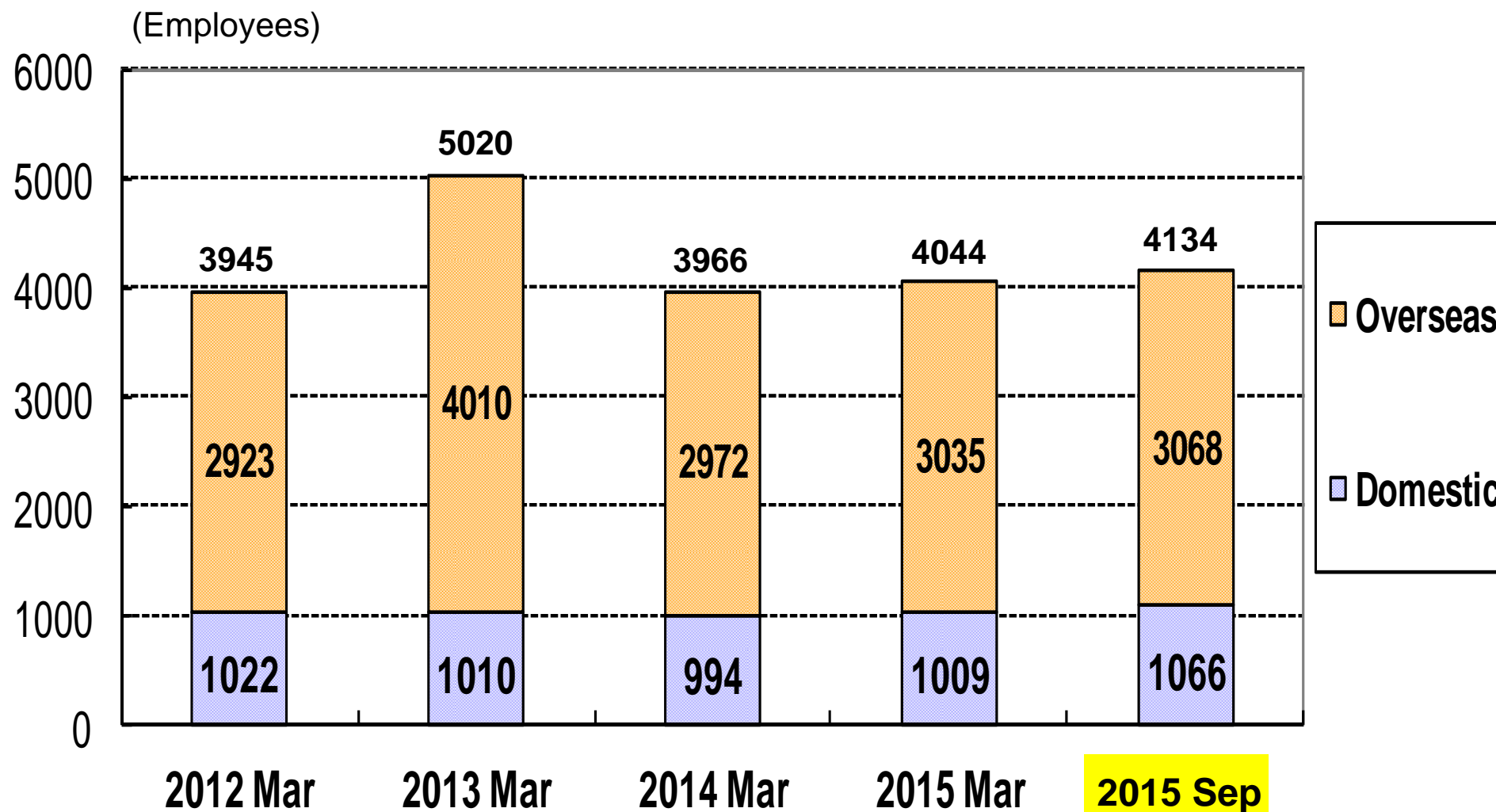
Account	(A) Mar 31, 2015	(B) Sep 30, 2015	(B) - (A)	Remarks
Notes Payable and Account Payable	115.1	111.0	-4.1	Decrease due to production decrease
Income Taxes Payable	53.2	50.3	-2.9	Tax payment
Others	145.4	149.0	3.6	Increase in provision, etc.
Total Liabilities	313.7	310.3	-3.4	
Retained Earnings	3,110.4	3,033.5	-76.9	Net Profit 116.9 - Dividend 39.0 - Allotment of share without contribution 154.9
Treasury Stocks	-646.2	-469.1	177.1	Allotment of share without contribution 179.4
Valuation Variance	69.8	63.7	-6.1	Lower stock price (Nikkei closing price: 19,207yen → 17,388yen)
Translation Adjustment	119.2	81.5	-37.7	Due to strong yen
Others	229.8	207.5	-22.3	Decrease in capital surplus (Due to Allotment of share without contribution)
Total Shareholders' Equity	2,883.0	2,917.1	34.1	
Total Liabilities and Shareholders' Equity	3,196.7	3,227.4	30.7	

Capital Investment and Depreciation Change (Consolidated Basis)

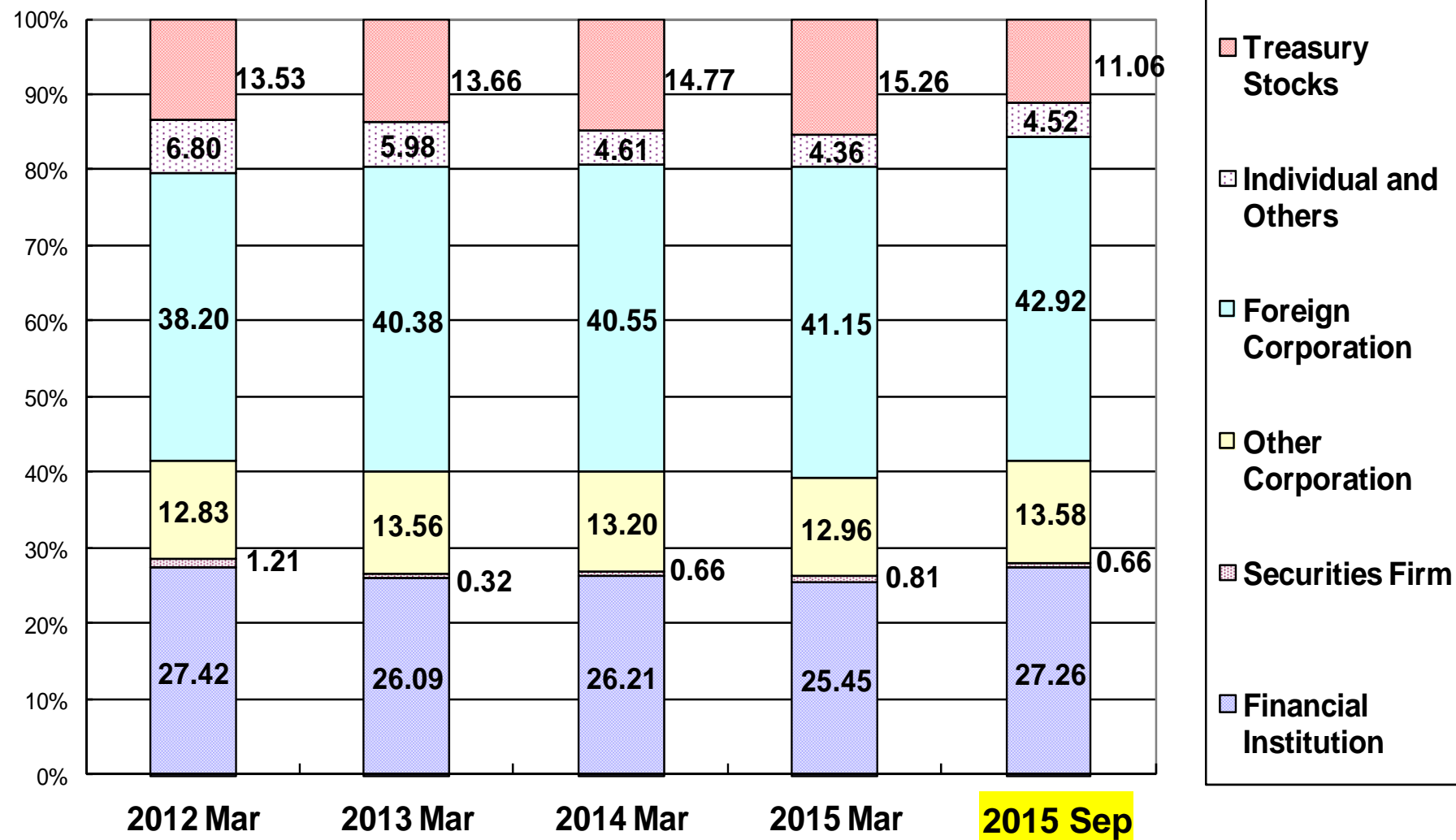


(*Excluded: Investment in land, building, software)

Number of Employees (Financial Report Basis)



Distribution of Shareholders



Business Forecast for the Year Ending March 31, 2016 (Consolidated)

No change from previously announced data on Jul 2015

(hundred millions of Yen)

*note) figures in green
italics : previously
announced data on Jul
2015*

	FY2014(FY ended Mar 31,2015) Actual		FY2015 (FY ending Mar 31,2016) Forecast		First Half Over the Prior Actual Amount		For the Year Over the Prior Actual Amount													
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%												
Sales (COGS Ratio)	624.0 <i>(54.8%)</i>	1,257.3 <i>(55.0%)</i>	612.3 <i>(53.9%)</i>	1,260.0 <i>(54.0%)</i>	-11.7	-1.9%	2.7	0.2%												
Operating Profit (%)	167.4 <i>26.8%</i>	325.9 <i>25.9%</i>	152.6 <i>24.9%</i>	330.0 <i>26.2%</i>	-14.8	-8.9%	4.1	1.3%												
Recurring Profit (%)	177.5 <i>28.4%</i>	349.6 <i>27.8%</i>	167.4 <i>27.3%</i>	350.0 <i>27.8%</i>	-10.1	-5.7%	0.4	0.1%												
Net Profit (%)	113.0 <i>18.1%</i>	229.5 <i>18.3%</i>	116.9 <i>19.1%</i>	230.0 <i>18.3%</i>	3.9	3.5%	0.5	0.2%												
Income Per Share	-	674.25Yen	-	646.16Yen	<table border="1"> <tr> <td>[Assumed Exchange Rate]</td> <td>Actual FY2014</td> <td>Forecast FY2015</td> </tr> <tr> <td>Exchange Rate: US\$</td> <td>109.93Yen</td> <td>120.40Yen</td> </tr> <tr> <td>Exchange Rate: €</td> <td>138.77Yen</td> <td>134.53Yen</td> </tr> <tr> <td>Exchange Rate: 100Won</td> <td>10.37Yen</td> <td>10.63Yen</td> </tr> </table>				[Assumed Exchange Rate]	Actual FY2014	Forecast FY2015	Exchange Rate: US\$	109.93Yen	120.40Yen	Exchange Rate: €	138.77Yen	134.53Yen	Exchange Rate: 100Won	10.37Yen	10.63Yen
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Dividend Per Share	115Yen	230Yen	120Yen	240Yen																
Consolidated Dividend Payout Ratio	-	34.2%	-	37.1%																