

# Business Results of Third Quarter, FY2015

*Creative Links to World Electronic*

Feb 1<sup>st</sup>, 2016

Hirose Electric Co.,Ltd

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## 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.

# Business Situation of 3Q FY2015

## [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.

## [3Q FY2015 (Oct – Dec)]

• Adjustment phase continues in Smartphone market and Industrial market. Automotive market trended steadily.

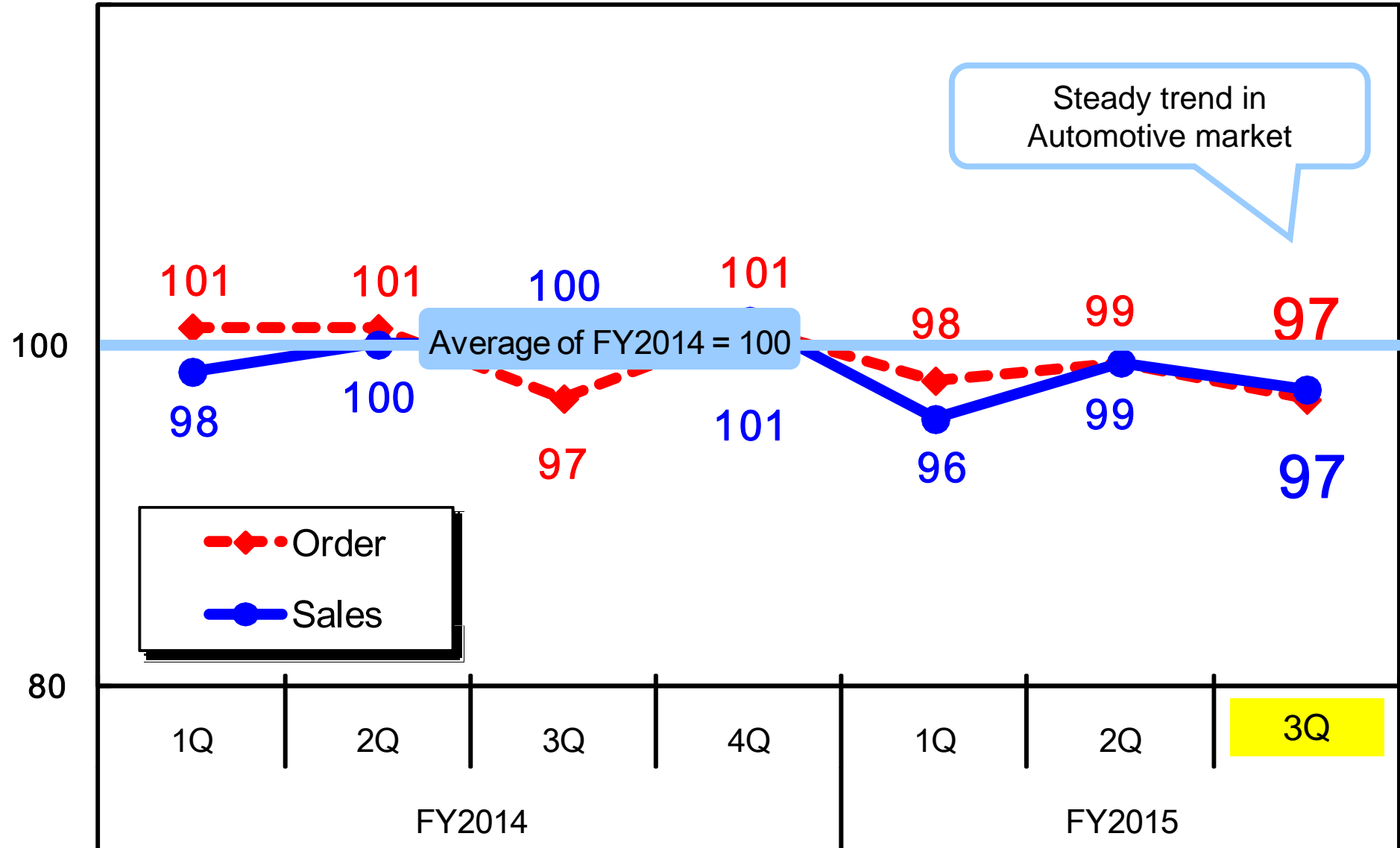
• 3Q FY2015 settled on -0.1% YoY in order level (-2.7% over 2Q FY2015), -2.3% YoY in sales level (-0.9% over 2Q FY2015)

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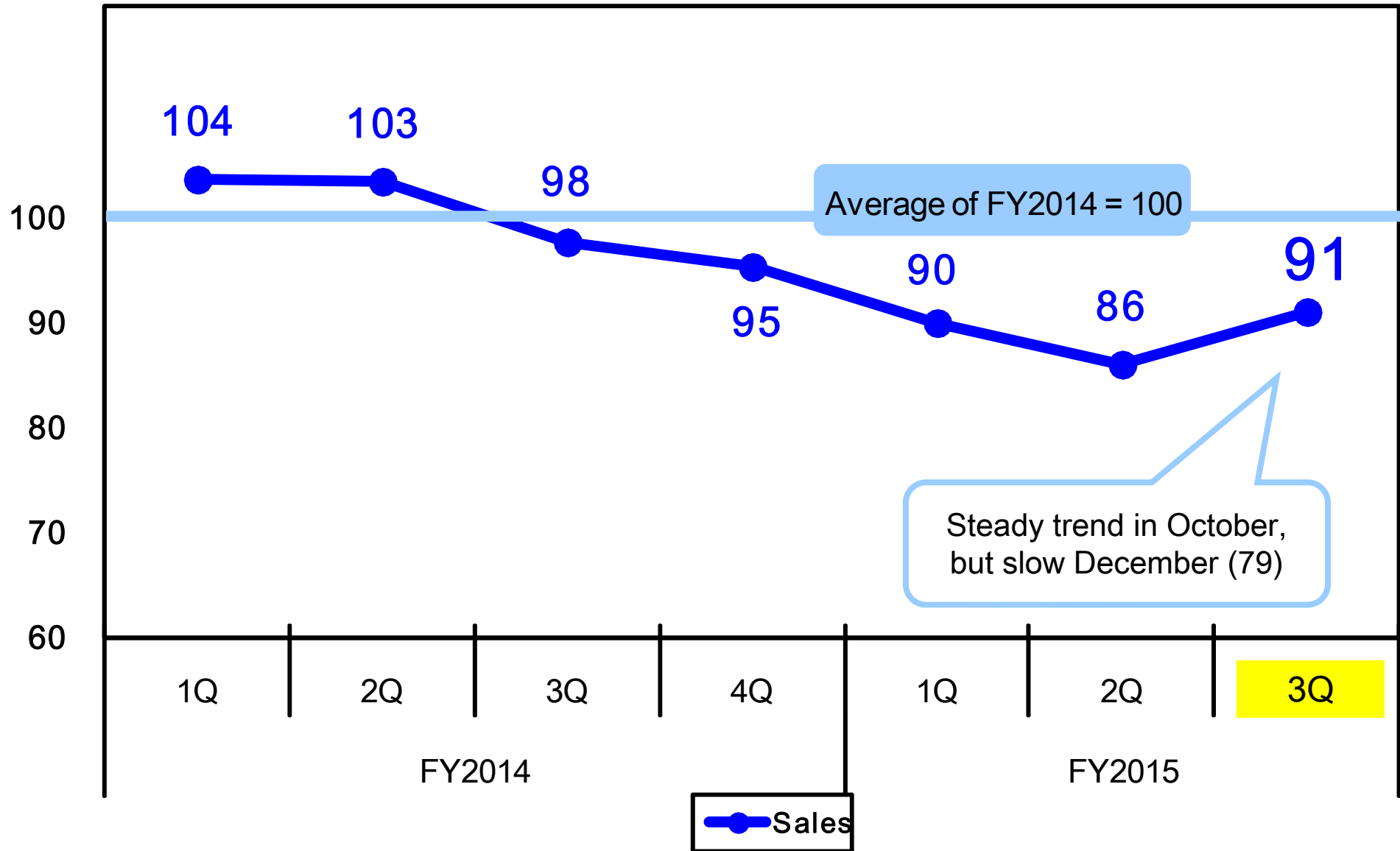
## [1Q - 3Q FY2015 (Apr – Dec)]

• 1Q - 3Q (total) FY2015 settled on 926.6 hundred million yen in order level (-1.4% YoY), 919.5 hundred million yen in sales level (-2.0% YoY), 248.9 hundred million yen in recurring profit (Ratio 27.1%, -6.8% YoY).

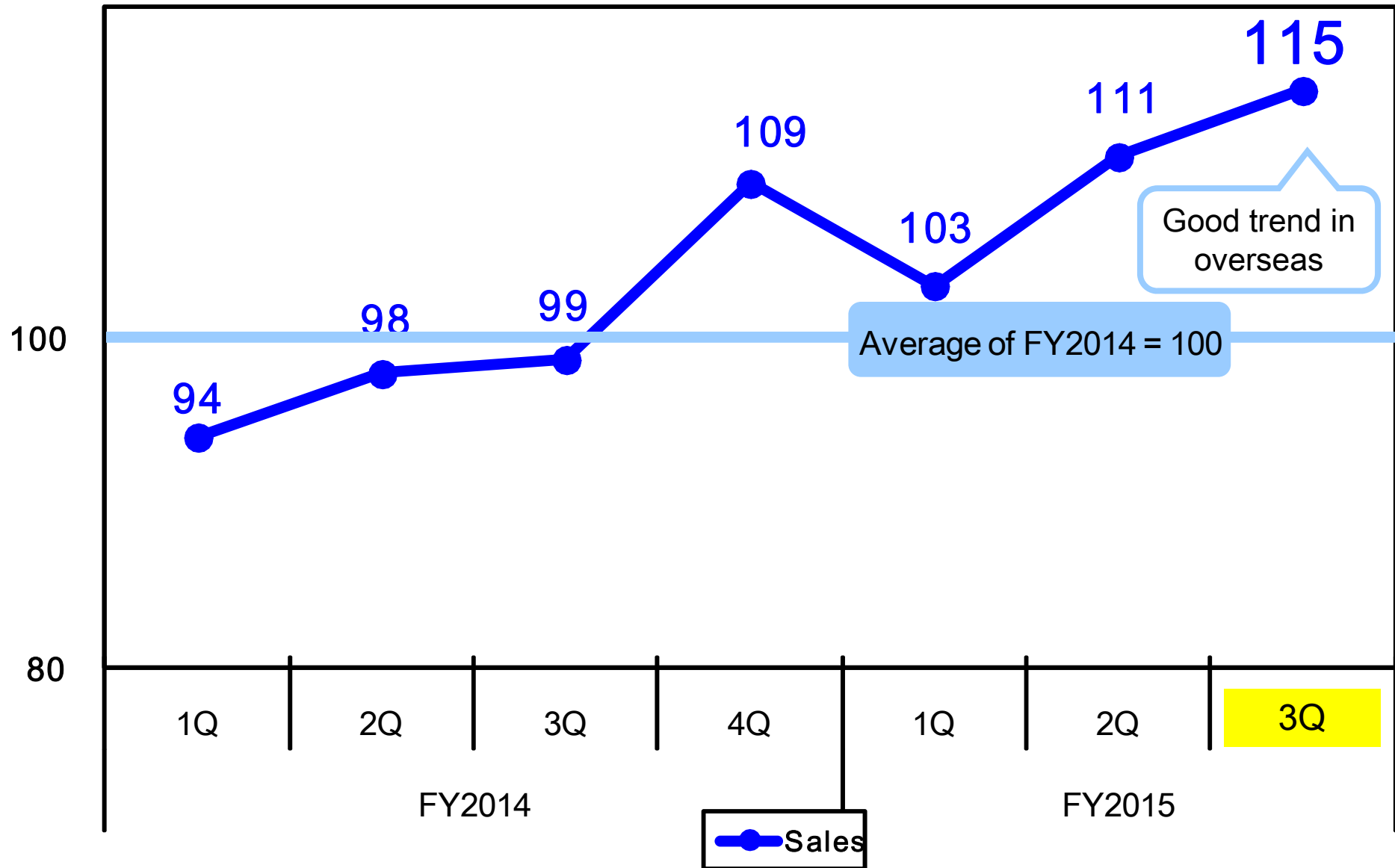
**Total**



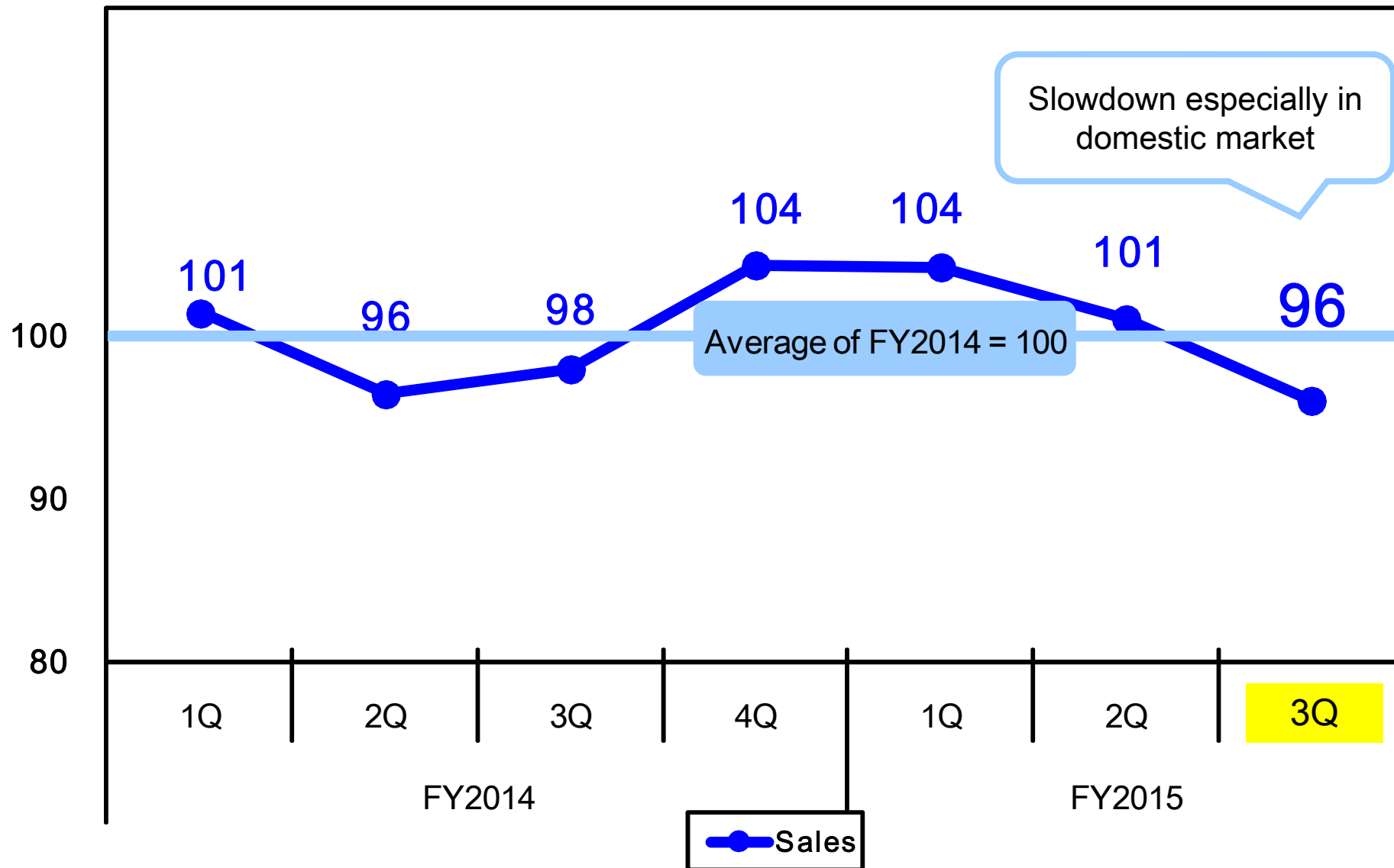
Smartphone / Mobile



Automotive



Associated Electric Equipment,  
FA Controlling Device, and Others



# Business Results for 3Q FY2015

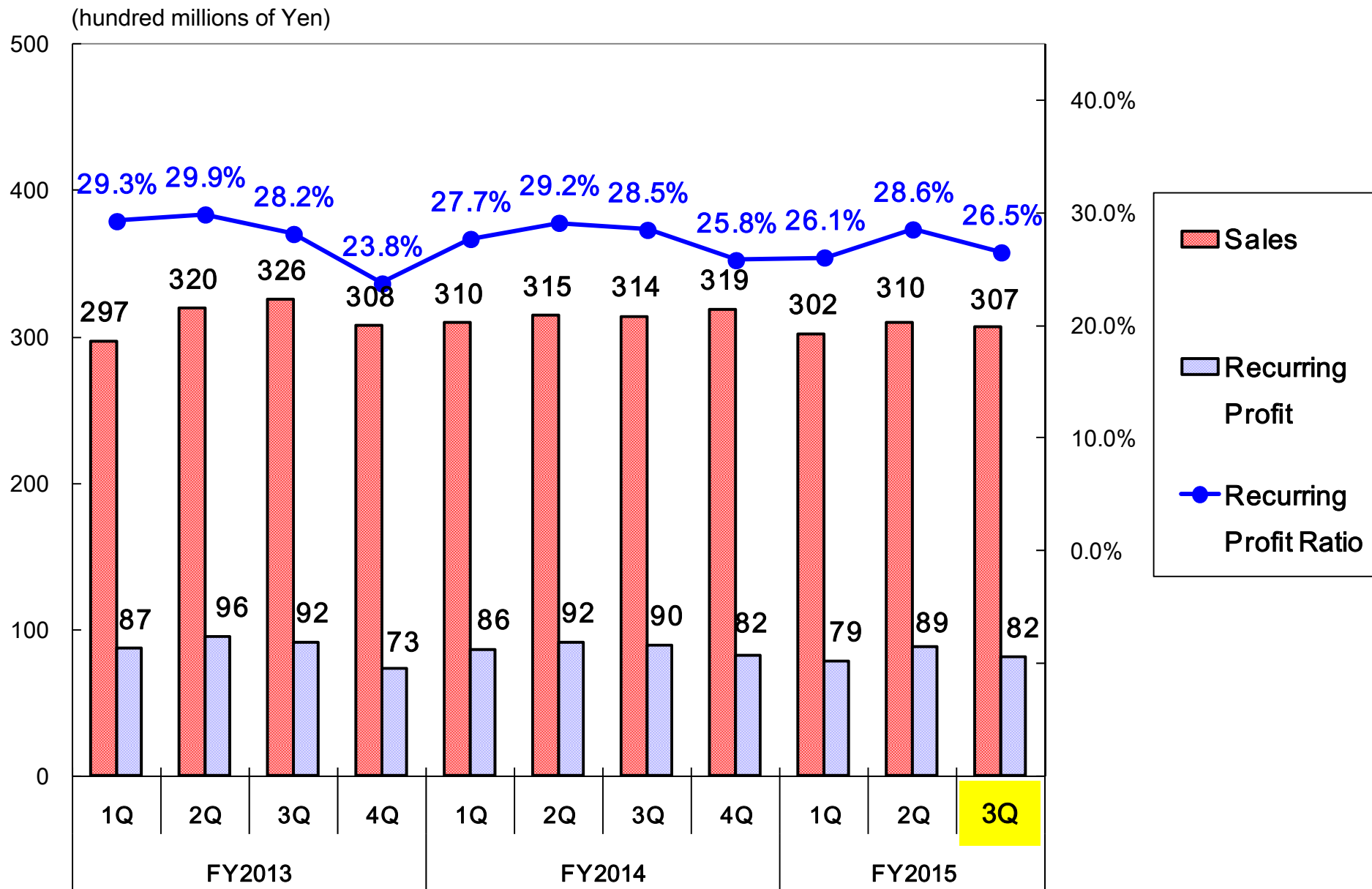
(unit: hundred millions of Yen)

	(A)FY2014 1Q-3Q	(B)FY2015 1Q-3Q	(B)-(A)	(B)/(A)	Major changes over prior same period (unit: hundred millions of Yen)
<b>Sales</b>	<b>938.4</b>	<b>919.5</b>	<b>-18.9</b>	<b>-2.0%</b>	[Sales] 18.9 decrease Hirose                      Subsidiaries +17.8                              -36.7
(COGS Ratio)	( 55.0% )	( 53.8% )	( -1.2% )		
(SGA Ratio)	( 18.8% )	( 21.2% )	( +2.4% )		
<b>Operating Profit</b>	<b>246.4</b>	<b>229.6</b>	<b>-16.8</b>	<b>-6.8%</b>	[COGS Ratio] 1.2 point decrease Purchase Cost Ratio 39.9% → 38.0%
(%)	26.3%	25.0%	( -1.3% )		Depreciation Ratio 6.2% → 6.5%
<b>Recurring Profit</b>	<b>267.2</b>	<b>248.9</b>	<b>-18.3</b>	<b>-6.8%</b>	Labor Cost Ratio 5.1% → 5.6%
(%)	28.5%	27.1%	( -1.4% )		[SGA Ratio] 2.4 point increase Increase in personnel expense, etc.
<b>Net Profit</b>	<b>172.5</b>	<b>171.2</b>	<b>-1.3</b>	<b>-0.8%</b>	[Non-Operating Profit] Foreign Exchange gain +9.0 → +7.2
(%)	18.4%	18.6%	( +0.2% )		
<b>Total Assets</b>	<b>3,160.2</b>	<b>3,162.1</b>	<b>1.9</b>	<b>0.1%</b>	
<b>Shareholders' Equity Ratio</b>	<b>89.9%</b>	<b>90.1%</b>			
<b>Income Per Share</b>	<b>506.3Yen</b>	<b>481.9Yen</b>			

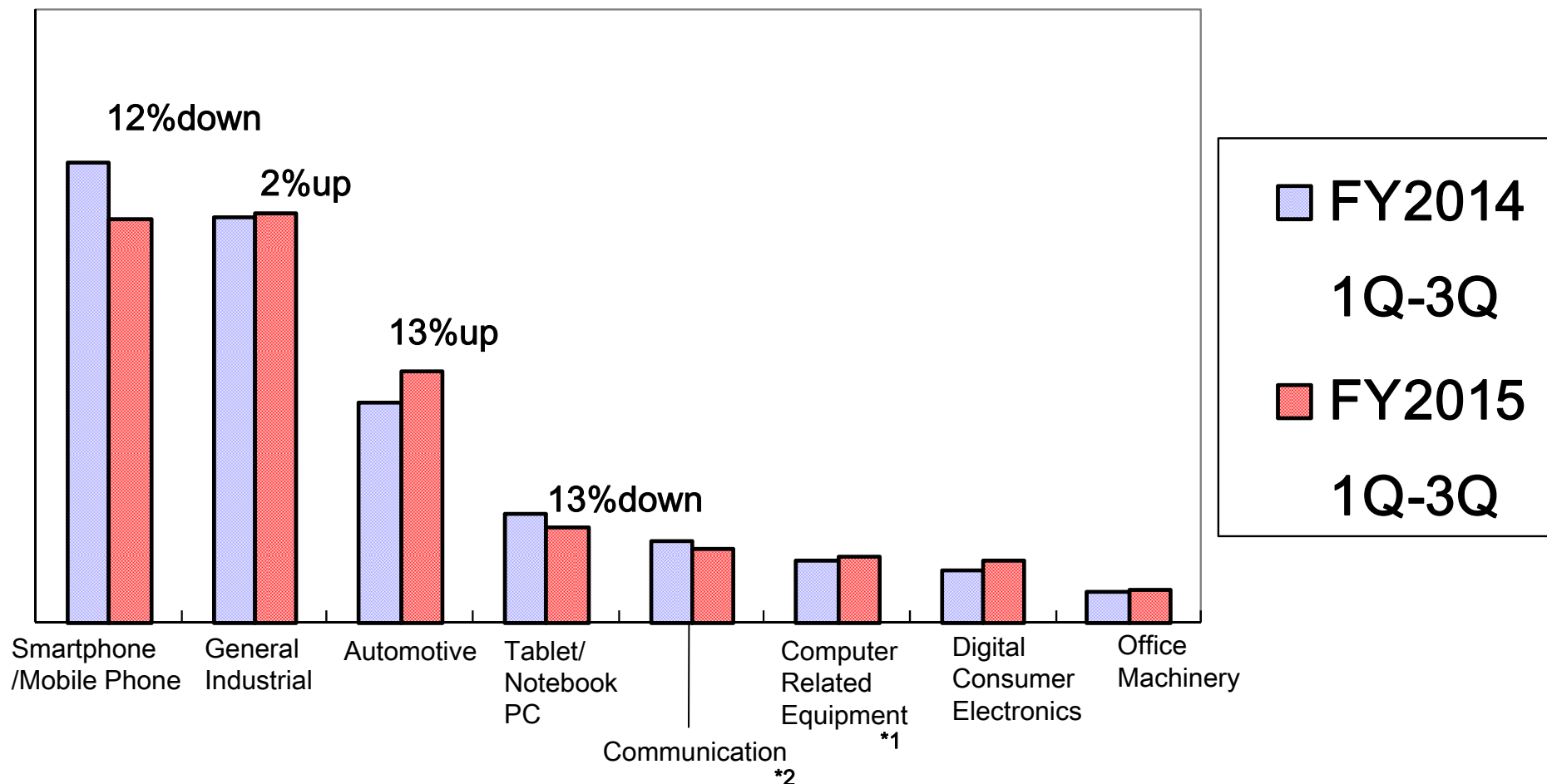
Exchange Rate:US\$	106.87Yen	121.70Yen
Exchange Rate:€	140.30Yen	134.36Yen
Exchange Rate:100Won	10.22Yen	10.69Yen



# Quarterly Sales and Profits



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

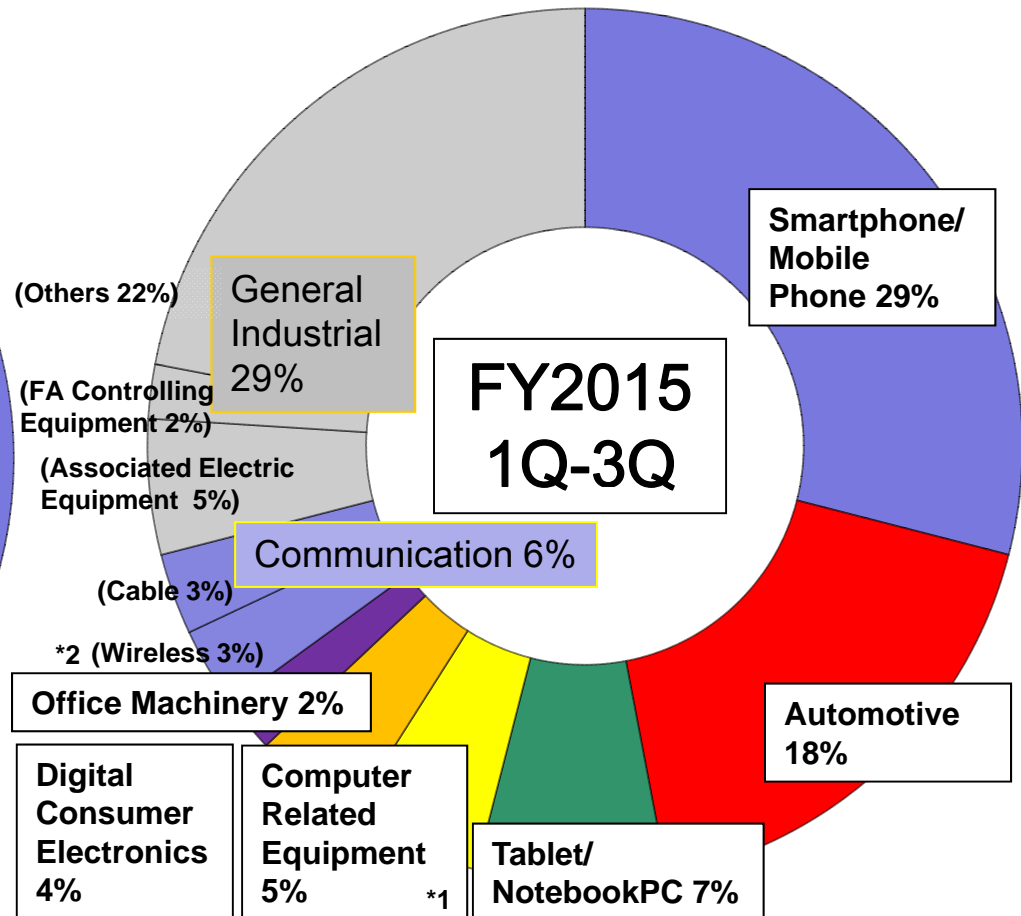
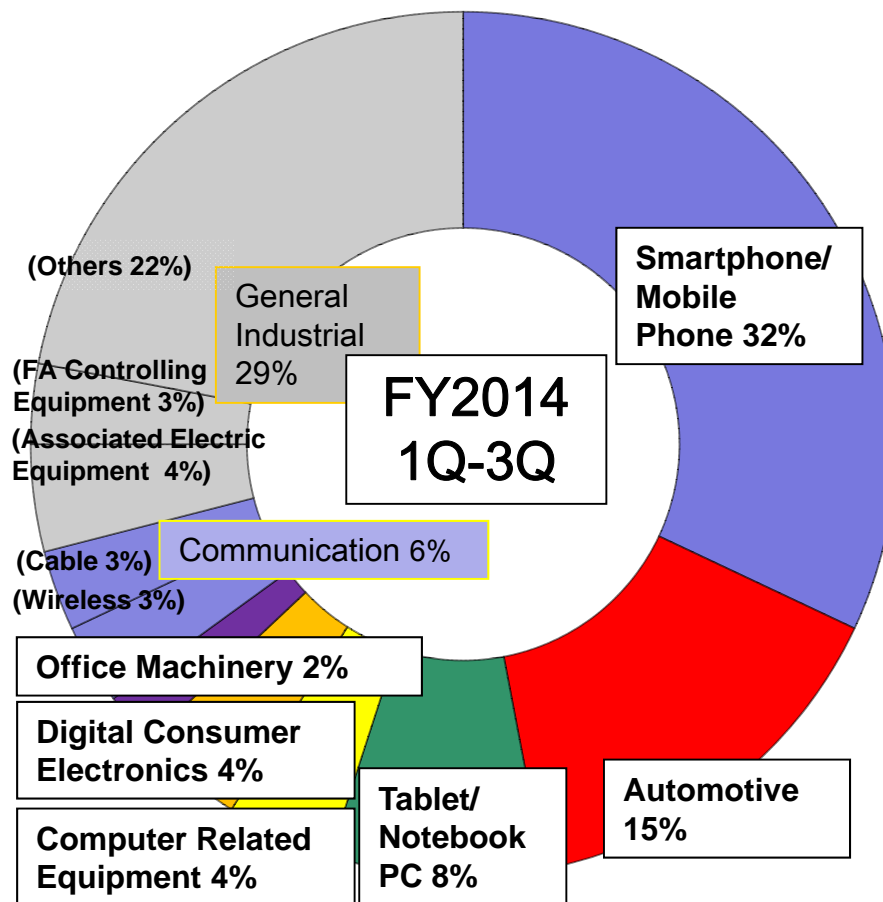


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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

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

# Sales by Application (round number) (Consolidated Basis)

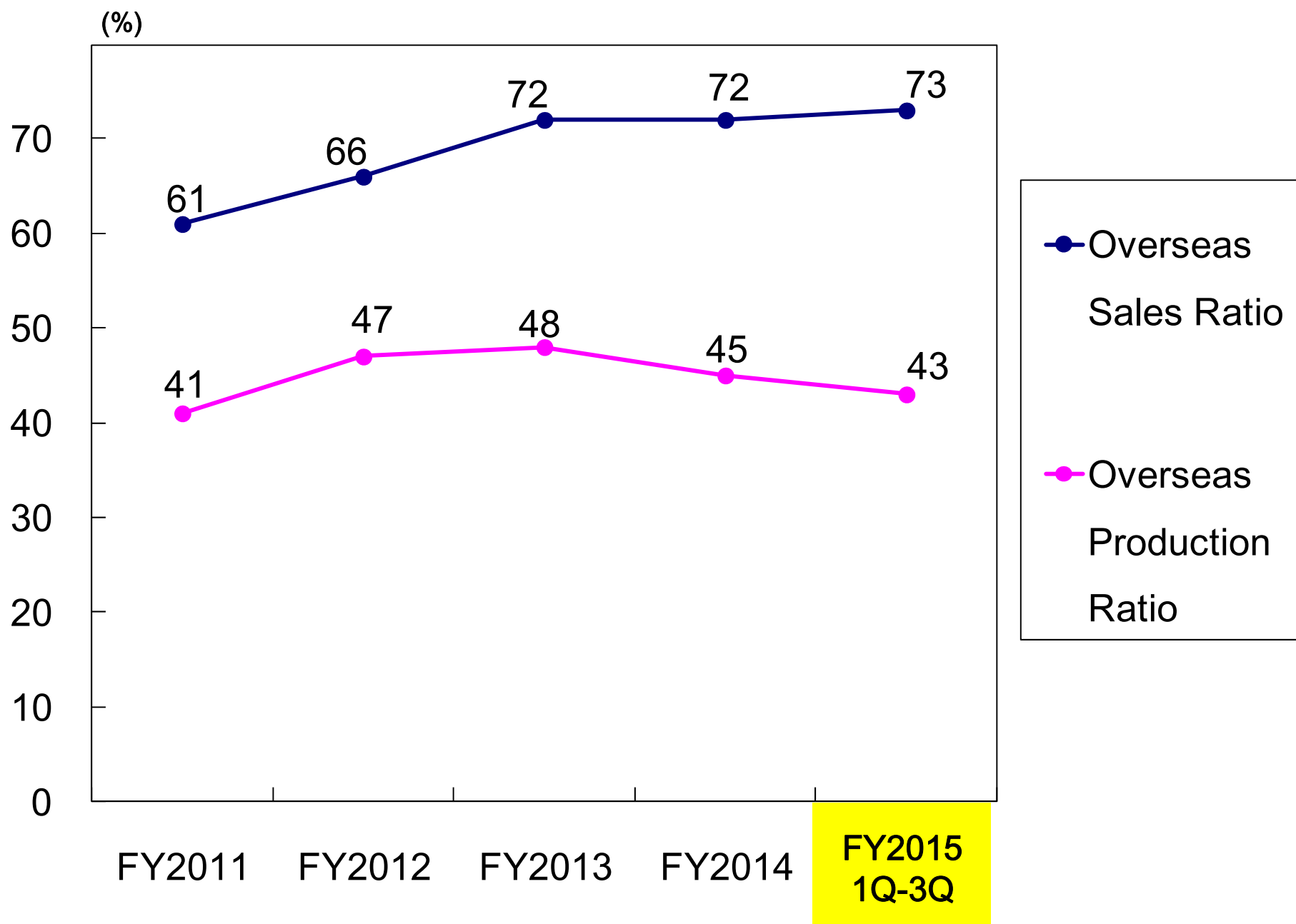


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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

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

# Overseas Production and Sales Ratio



# Changes in Consolidated Balance Sheet

(hundred millions of Yen)

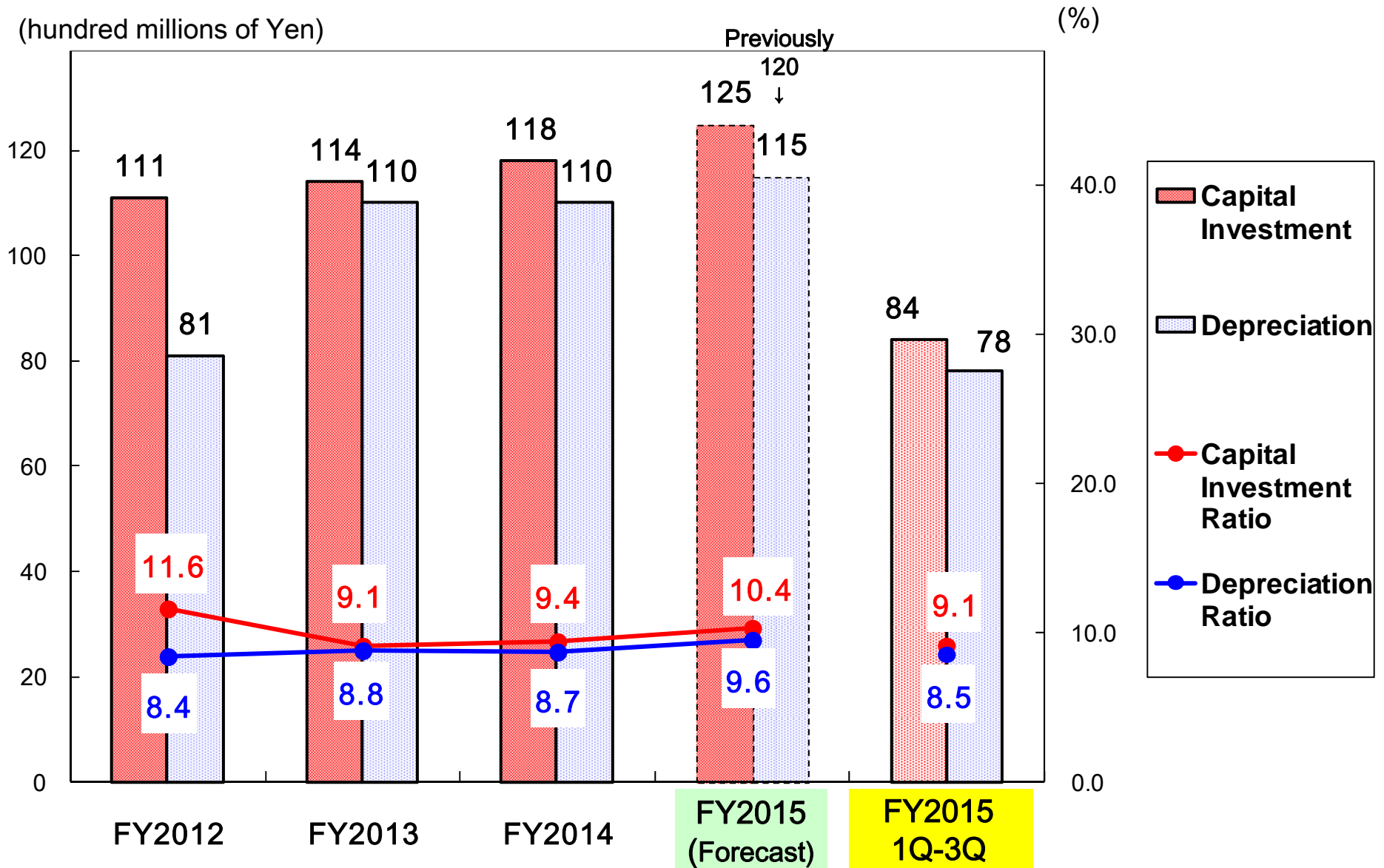
Account	(A) Mar 31, 2015	(B) Dec 31, 2015	(B) - (A)	Remark
Cash and Cash in Bank	1,477.6	1,554.4	76.8	Increase due to redemption of government bond, etc.
Trade Receivables	305.6	290.7	-14.9	Decrease due to sales decrease
Securities	260.2	272.8	12.6	
Inventories	91.4	86.5	-4.9	
Noncurrent Assets	376.9	380.6	3.7	Increase in machinery, equipment, and metal molds, etc.
Investment Securities	583.9	418.6	-165.3	Transfer to cash and cash in bank, etc.
Others	101.1	158.5	57.4	
<b>Total Assets</b>	<b>3,196.7</b>	<b>3,162.1</b>	<b>-34.6</b>	

# Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2015	(B) Dec 31, 2015	(B) - (A)	Remark
Notes Payable and Account Payable	115.1	115.5	0.4	
Income Taxes Payable	53.2	30.0	-23.2	Tax payment
Others	145.4	162.5	17.1	Increase in other accounts payable, etc.
<b>Total Liabilities</b>	<b>313.7</b>	<b>308.0</b>	<b>-5.7</b>	
Retained Earnings	3,110.4	3,045.5	-64.9	Net profit 171.2 - Dividend 81.7 - Allotment of share without contribution 154.4
Treasury Stocks	-646.2	-564.5	81.7	Allotment of share without contribution 179.4 - Share buyback 95.9
Valuation Variance	69.8	75.1	5.3	
Translation Adjustment	119.2	89.7	-29.5	Due to strong yen
Others	229.8	208.2	-21.6	Decrease in capital surplus (Loss on disposal of treasury shares)
<b>Total Shareholders' Equity</b>	<b>2,883.0</b>	<b>2,854.0</b>	<b>-29.0</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,196.7</b>	<b>3,162.1</b>	<b>-34.6</b>	

# Capital Investment and Depreciation Change (Consolidated Basis)



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

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

We revised the business forecast announced on Jul 2015

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

(hundred millions of Yen)

	FY2014 (FY ended Mar 31, 2015) Actual		FY2015 (FY ending Mar 31, 2016) Forecast		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount													
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%												
<b>Sales</b> (COGS)	624.0 ( 54.8% )	1,257.3 ( 55.0% )	612.3 ( 53.9% )	1,200.0 ( 54.3% )	-11.7	-1.9%	-57.3	-4.6%												
<b>Operating Profit</b> (%)	167.4 26.8%	325.9 25.9%	152.6 24.9%	290.0 24.2%	-14.8	-8.9%	-35.9	-11.0%												
<b>Recurring Profit</b> (%)	177.5 28.4%	349.6 27.8%	167.4 27.3%	310.0 25.8%	-10.1	-5.7%	-39.6	-11.3%												
<b>Net Profit</b> (%)	113.0 18.1%	229.5 18.3%	116.9 19.1%	213.0 17.8%	3.9	3.5%	-16.5	-7.2%												
Income Per Share	-	674.25Yen	-	609.09Yen	<table border="1"> <tr> <td>[Assumed Exchange Rate]</td> <td>FY2014 Actual</td> <td>FY2015 Forecast</td> </tr> <tr> <td>Exchange Rate:US\$</td> <td>109.93Yen</td> <td>120.52Yen</td> </tr> <tr> <td>Exchange Rate:€</td> <td>138.77Yen</td> <td>132.52Yen</td> </tr> <tr> <td>Exchange Rate:100W</td> <td>10.37Yen</td> <td>10.39Yen</td> </tr> </table>				[Assumed Exchange Rate]	FY2014 Actual	FY2015 Forecast	Exchange Rate:US\$	109.93Yen	120.52Yen	Exchange Rate:€	138.77Yen	132.52Yen	Exchange Rate:100W	10.37Yen	10.39Yen
[Assumed Exchange Rate]	FY2014 Actual	FY2015 Forecast																		
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Exchange Rate:100W	10.37Yen	10.39Yen																		
Dividend Per Share	115Yen	230Yen	120Yen	240Yen																
Consolidated Dividend Payout Ratio	-	34.2%	-	39.4%																