

Business Results of FY2015

Creative Links to World Electronic

May 10th , 2016

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.

Business Situation of 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.

[4Q FY2015 (Jan – Mar)]

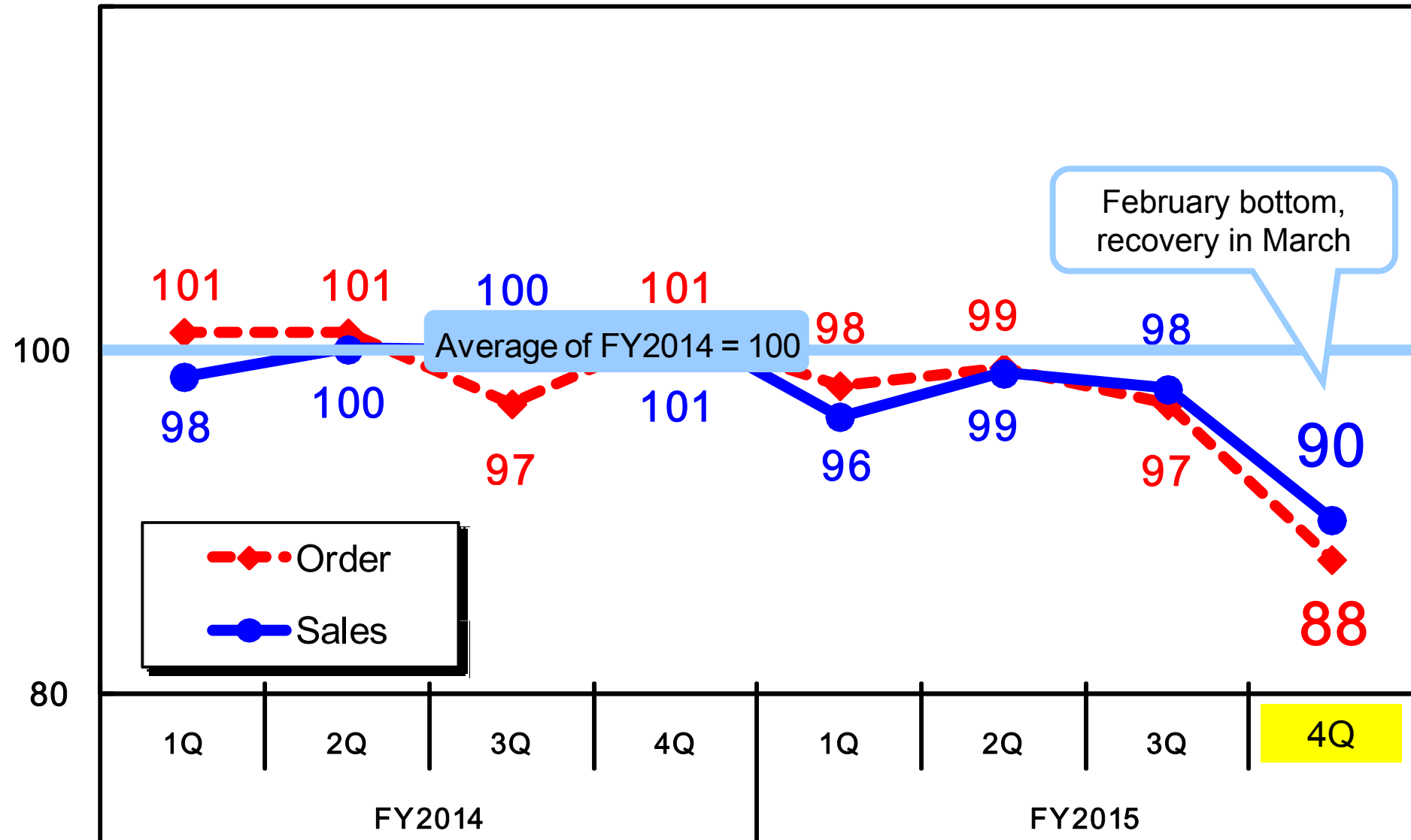
•Decrease continued in Smartphone market, such as Chinese market etc. Industrial market was still in adjustment phase, but partial recovery was seen in March. Automotive market continued the good trend.

[FY2015 Annual Total (Apr – Mar)]

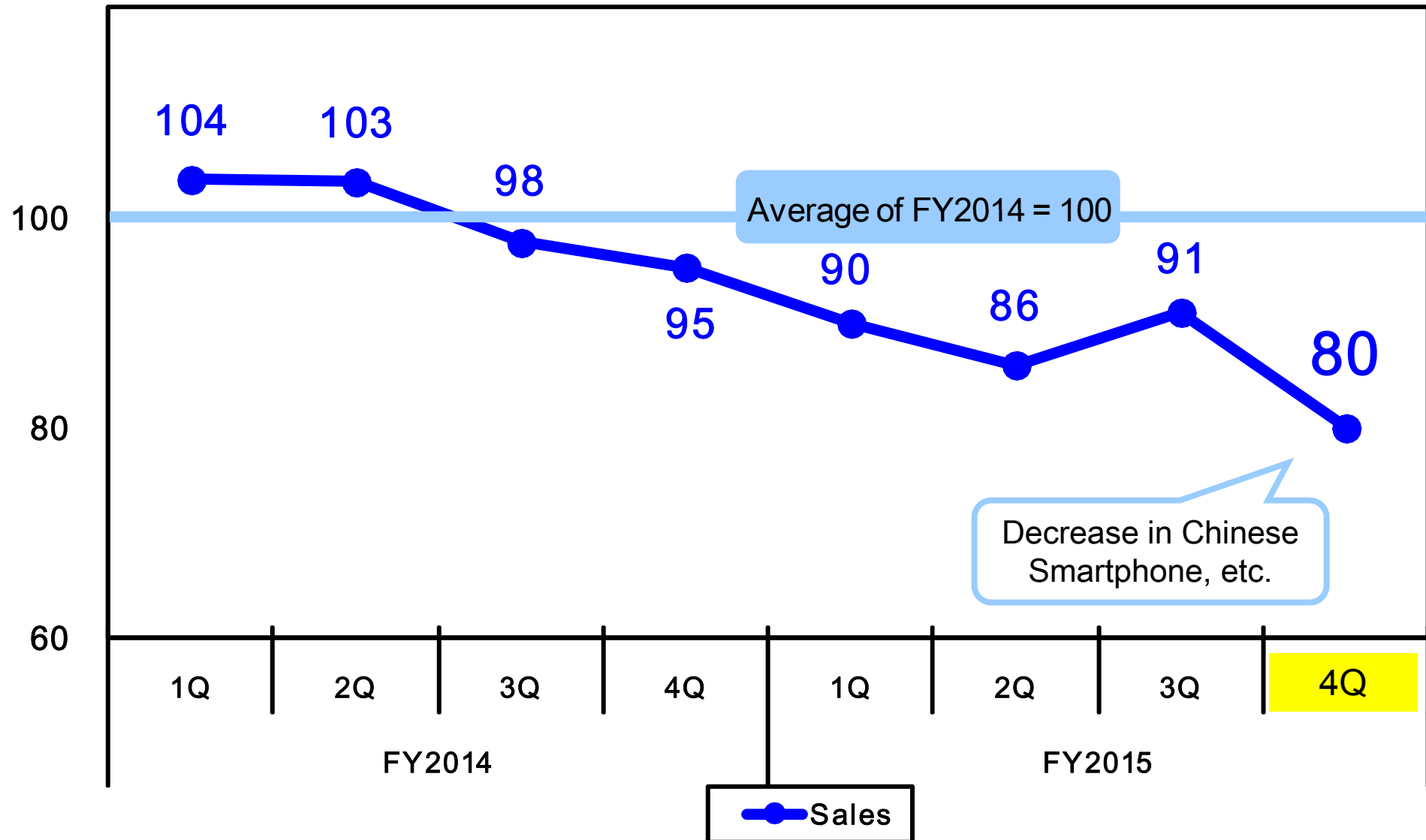
•Order 1,202.8 hundred million yen (-4.4% YoY), Sales 1,202.8 hundred million yen (-4.3% YoY), Recurring Profit 305.2 hundred million yen (Ratio 25.4%, -12.7% YoY).

FY2014 1Q – FY2015 4Q Orders and Sales (Consolidated Basis, Index Number)

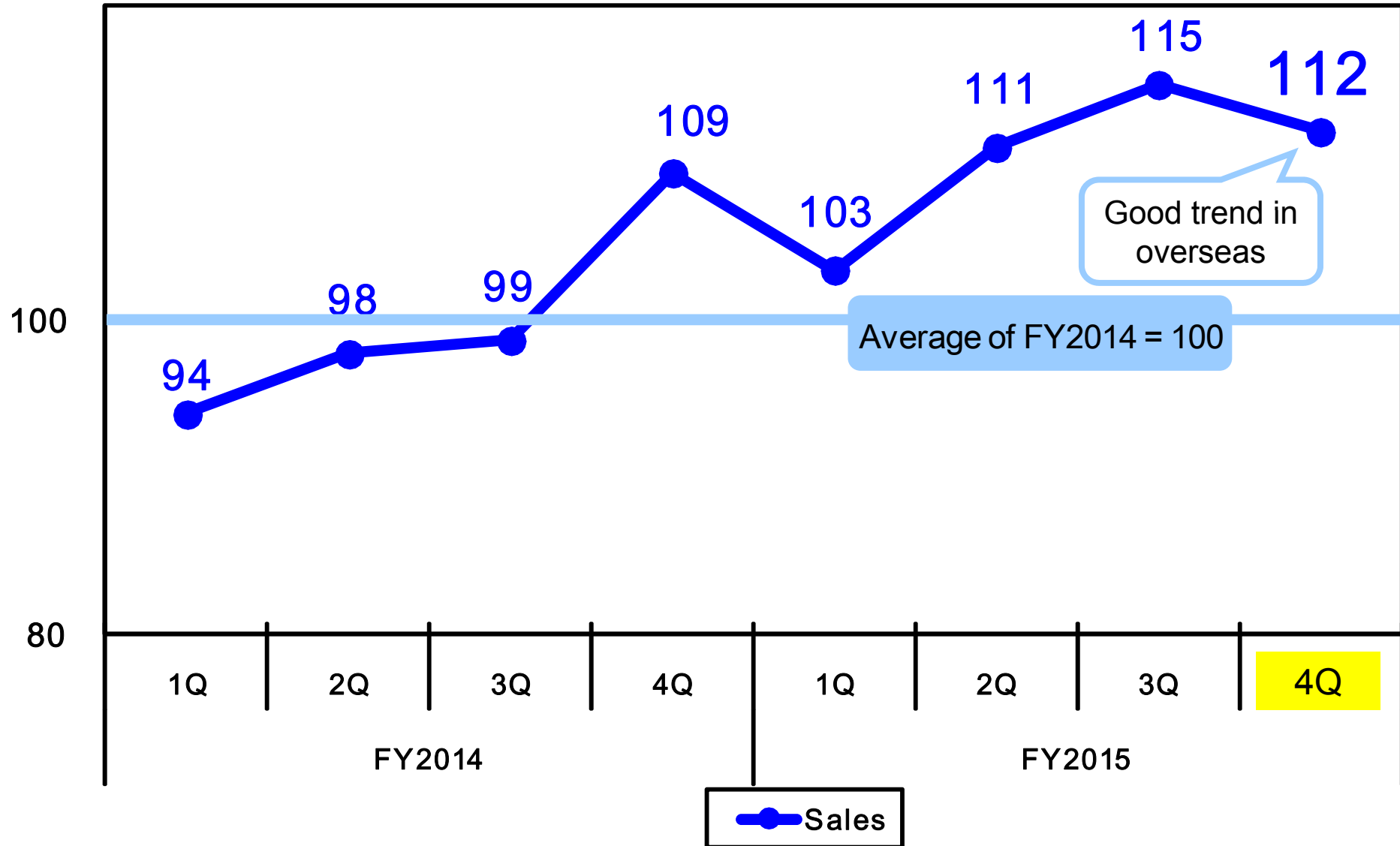
Total



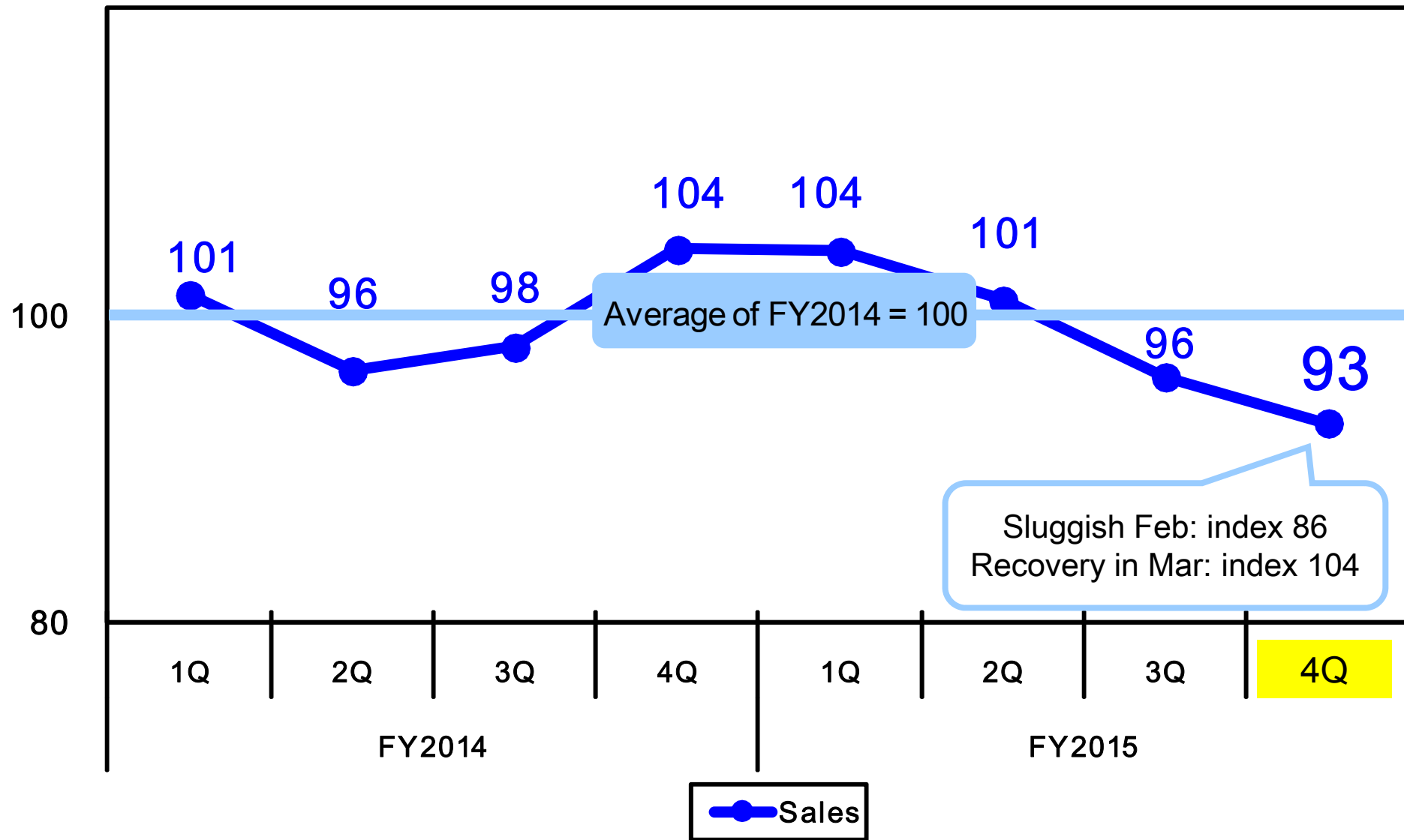
Smartphone / Mobile



Automotive



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



Business Results for FY2015

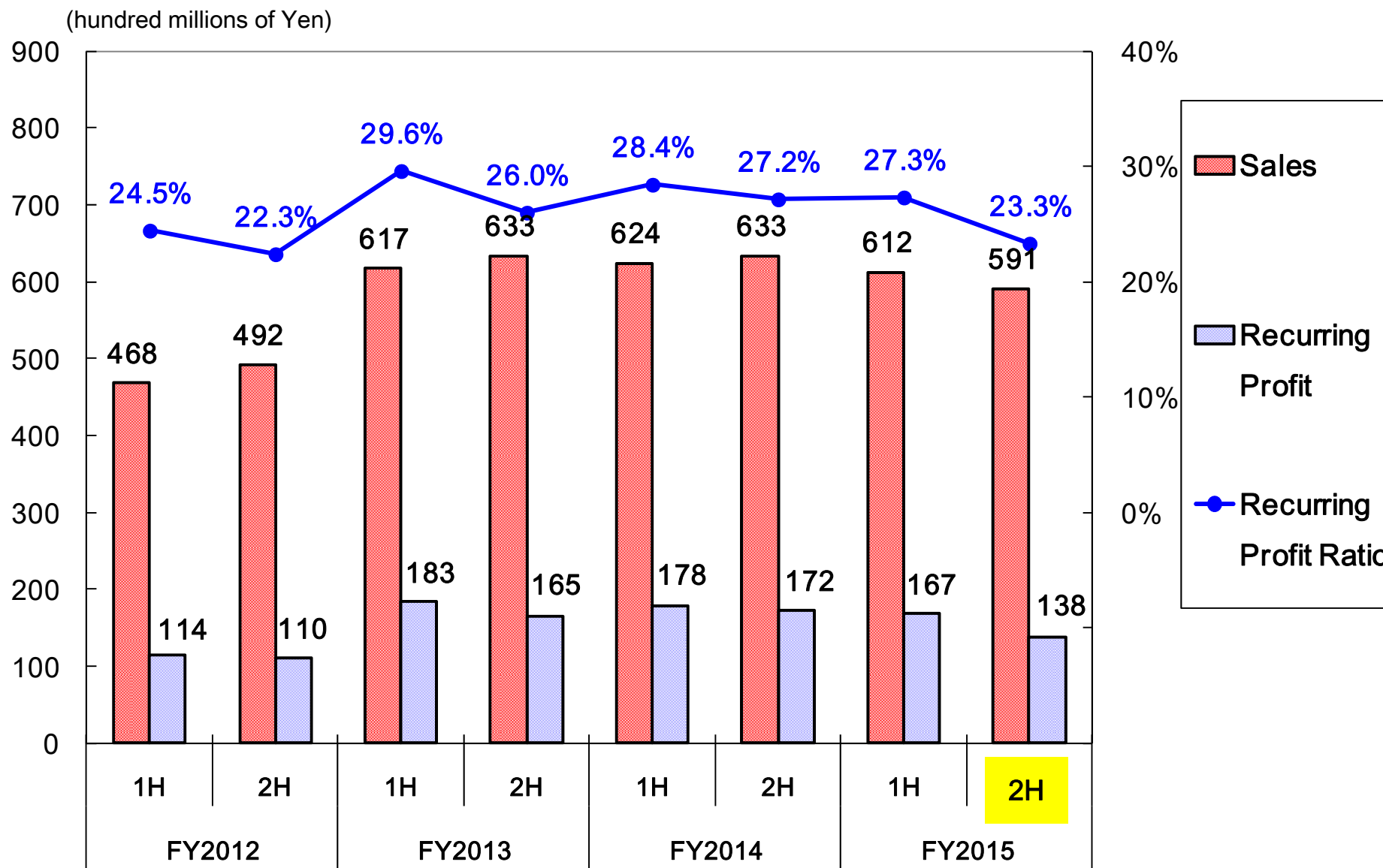
note) figures in green italics: data announced on Jan 2016 (hundred millions of Yen)

	(A)FY2014 (FY ended Mar31, 2015)	(B)FY2015 (FY ended Mar31, 2016)	(B)-(A)	(B)/(A)
Sales	1,257.3	<i>1,200.0</i> 1,202.8	-54.4	-4.3%
(COGS Ratio)	(55.0%)	(54.7%)	(-0.3%)	
(SGA Ratio)	(19.1%)	(21.3%)	(+2.2%)	
Operating Profit	325.9	<i>290.0</i> 287.9	-37.9	-11.6%
(%)	25.9%	23.9%	(-2.0%)	
Recurring Profit	349.6	<i>310.0</i> 305.2	-44.4	-12.7%
(%)	27.8%	25.4%	(-2.4%)	
Net Profit	229.5	<i>213.0</i> 211.0	-18.4	-8.0%
(%)	18.3%	17.5%	(-0.8%)	
Total Assets	3,196.7	3,165.9	-30.7	-1.0%
Shareholders' Equity Ratio	90.1%	90.2%		
Income Per Share	674.25Yen	596.31Yen		
Dividend Per Share	230Yen	240Yen		
Consolidated Dividend Payout Ratio	34.2%	40.2%		

Major changes over prior same period (unit: hundred millions of Yen)	
[Sales]	54.4 decrease
Subsidiary	
Hirose	-8.5 -45.9
[COGS Ratio]	0.3 point decrease
Purchase Cost Ratio	39.4% → 38.1%
Depreciation Ratio	6.7% → 7.0%
Labor Cost Ratio	5.0% → 5.6%
[SGA Ratio]	2.2 point increase
Increase in personnel expenses etc.	
[Non-Operating Profit]	
Foreign Exchange Gain	+9.1 → +2.3

[Currency Rate]	FY2014 Actual	FY2015 Actual
1US\$	109.93Yen	120.14Yen
1 €	138.77Yen	132.58Yen
100Won	10.37Yen	10.42Yen

Sales and Profits by Half-Year



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2015	(B) Mar 31, 2016	(B) - (A)	Remark
Cash and Cash in Bank	1,477.6	1,647.5	169.9	Increase due to government bond redemption, etc.
Trade Receivables	305.6	273.4	-32.2	Decrease due to sales decrease
Securities	260.2	272.1	11.9	
Inventories	91.4	81.5	-9.9	
Noncurrent Assets	376.9	380.4	3.5	Increase in machinery, equipment, and metal molds, etc.
Investment Securities	583.9	358.7	-225.2	Transfer to cash and cash in bank, etc.
Others	101.1	152.3	51.2	
Total Assets	3,196.7	3,165.9	-30.8	

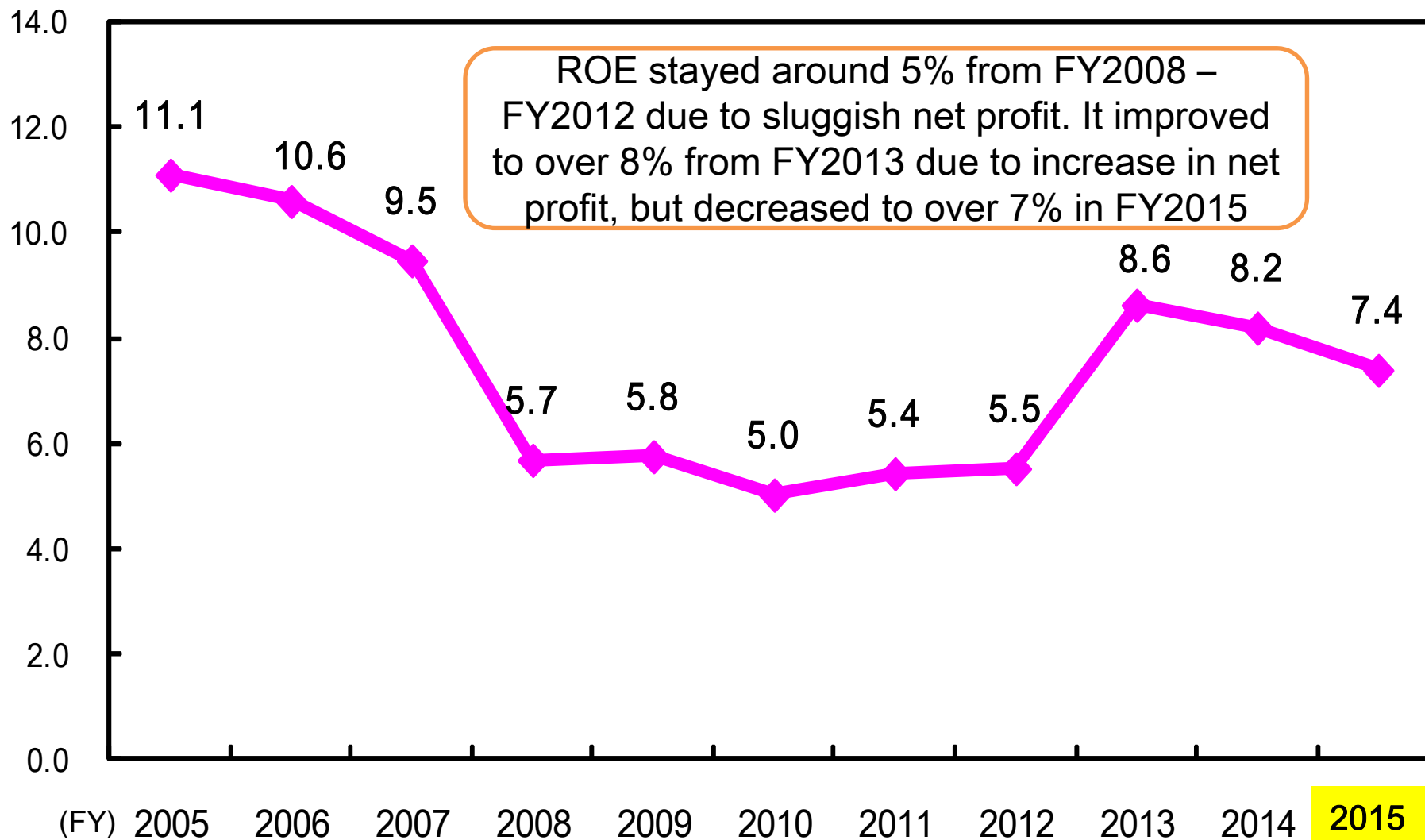
Changes in Consolidated Balance Sheet

(hundred millions of Yen)

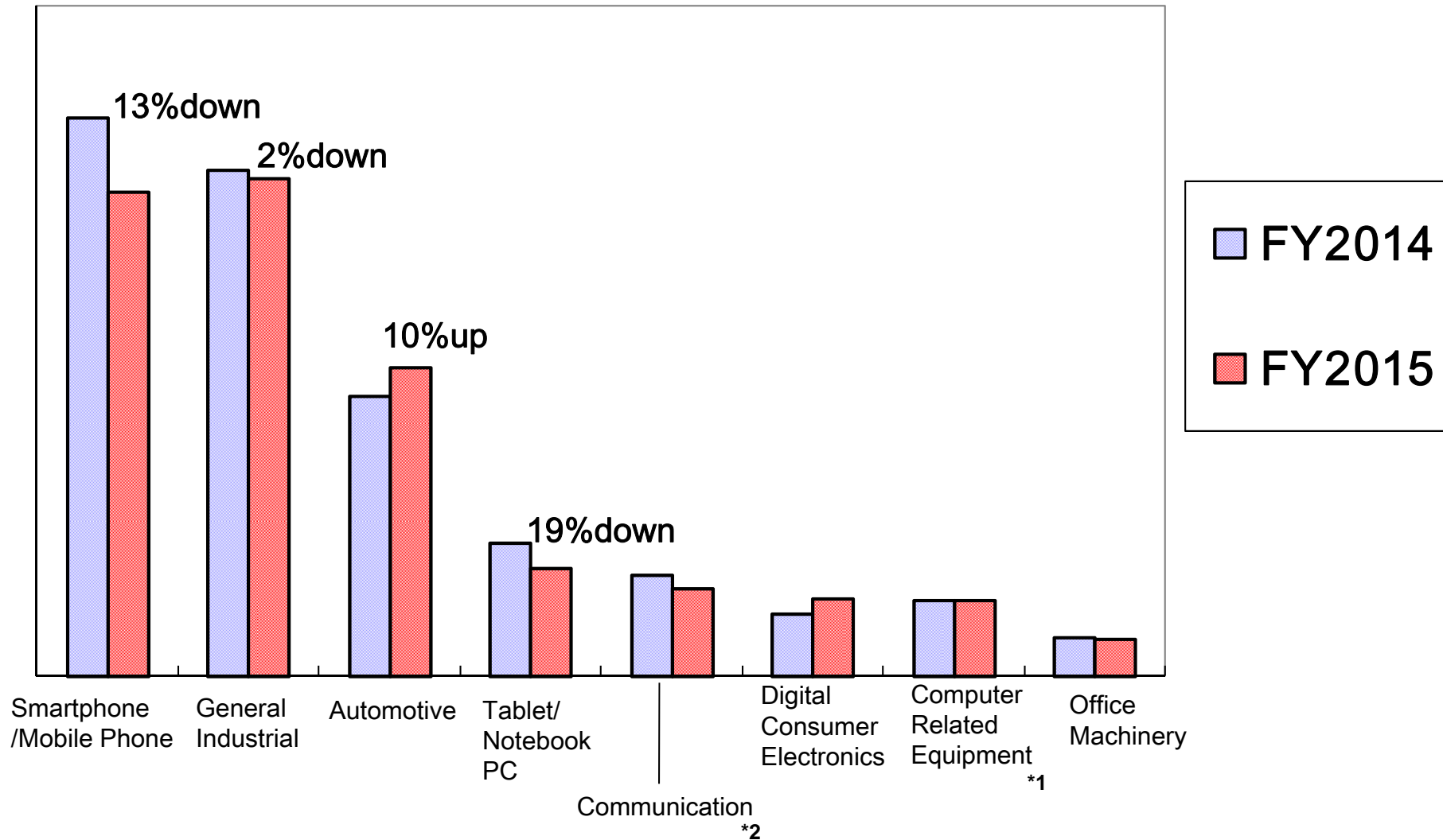
Account	(A) Mar 31, 2015	(B) Mar 31, 2016	(B) - (A)	Remark
Notes Payable and Account Payable	115.1	112.4	-2.7	
Income Taxes Payable	53.2	38.8	-14.4	Tax payment
Others	145.4	156.4	11.0	Increase in other accounts payable, etc.
Total Liabilities	313.7	307.6	-6.1	
Retained Earnings	3,110.4	3,085.3	-25.1	Net profit 211.0 - 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	73.4	3.6	
Translation Adjustment	119.2	56.9	-62.3	Due to strong yen
Others	229.8	207.2	-22.6	Decrease in capital surplus (Loss on disposal of treasury shares)
Total Shareholders' Equity	2,883.0	2,858.3	-24.7	
Total Liabilities and Shareholders' Equity	3,196.7	3,165.9	-30.7	

Change in ROE

ROE= Net Profit / Shareholders' Equity (Average of last fiscal year end and this fiscal year end)



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

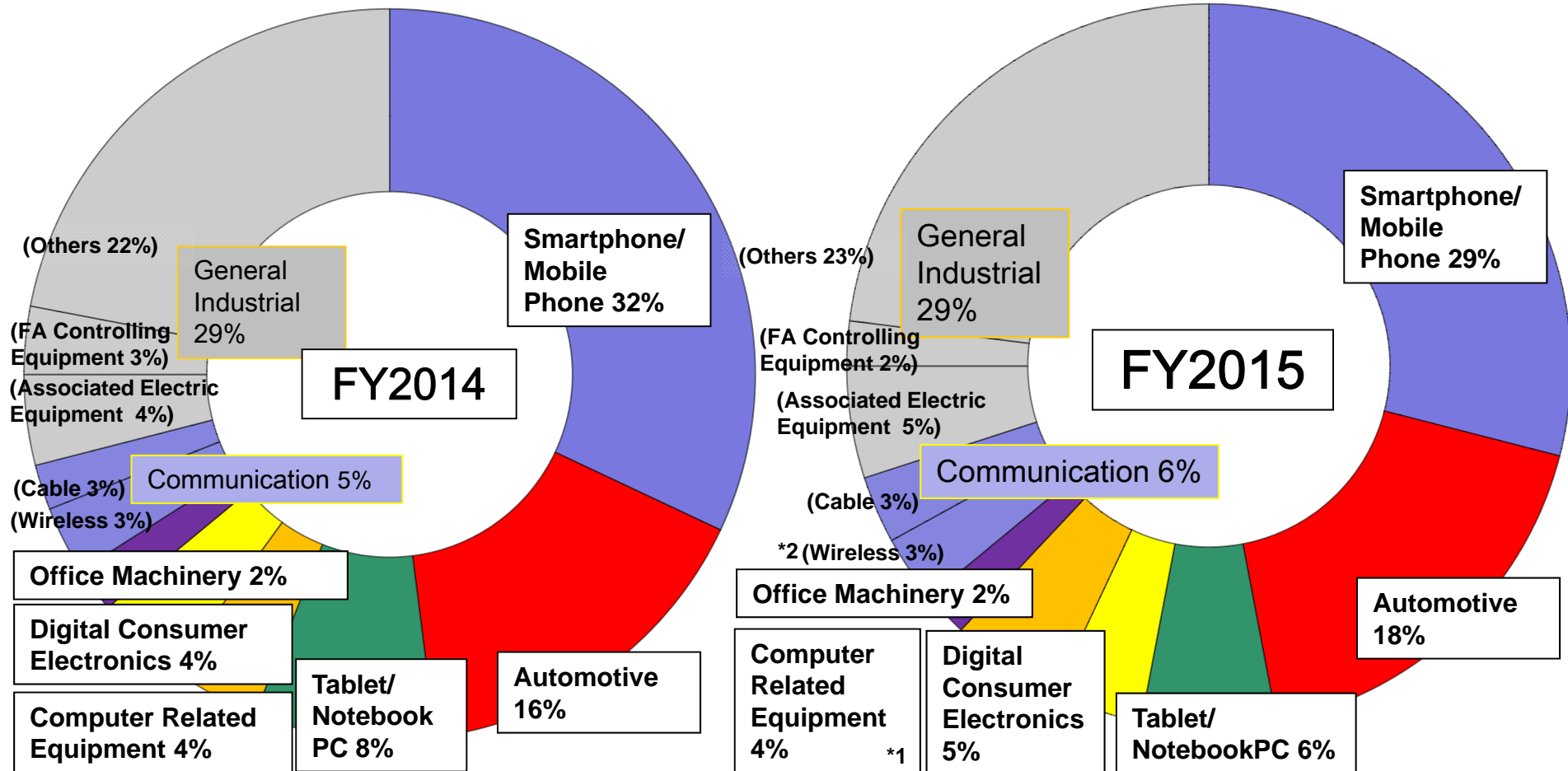


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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

*2 Communication - Smartphone / Mobile Phone not included.

Sales by Application (round number) (Consolidated Basis)

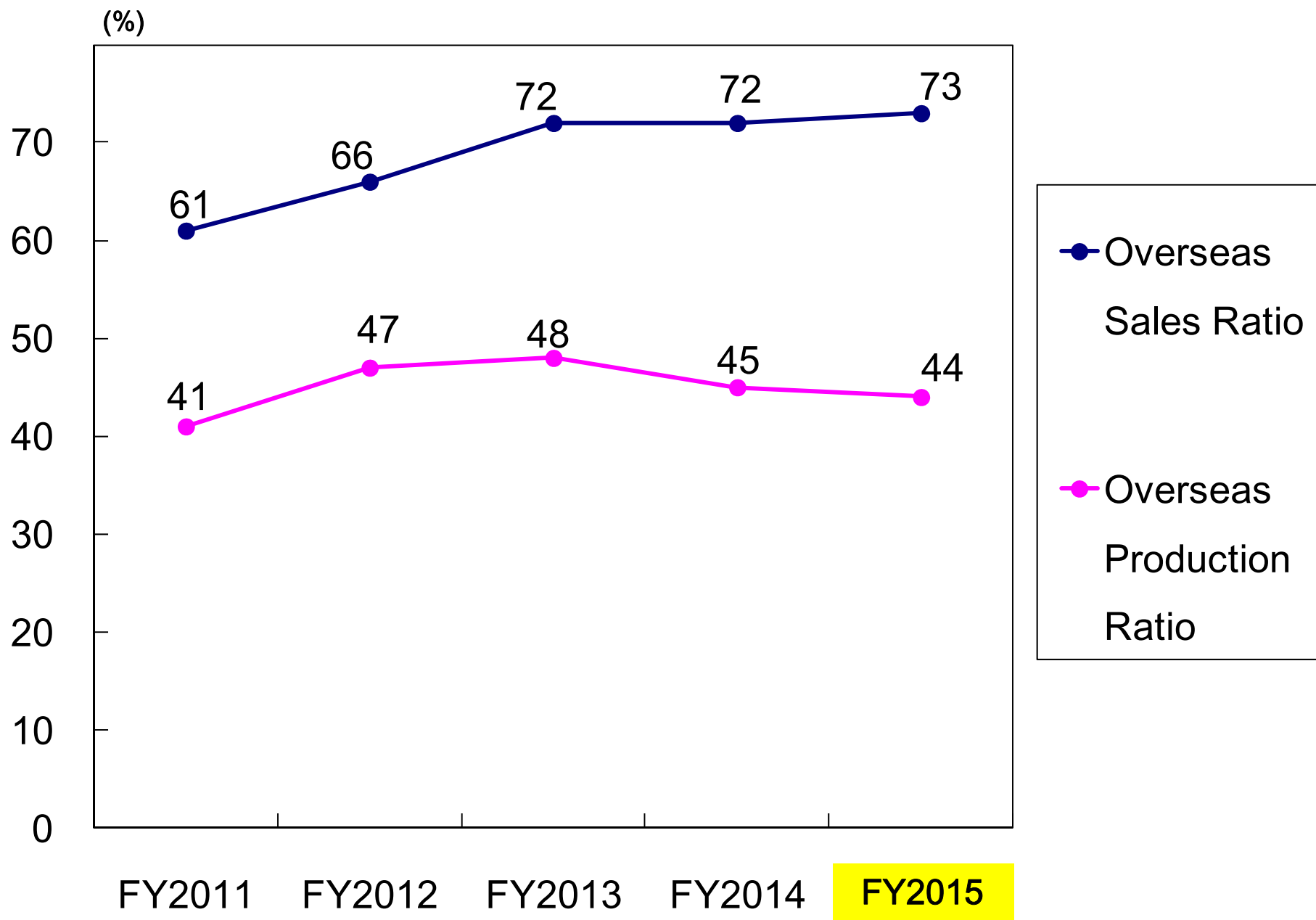


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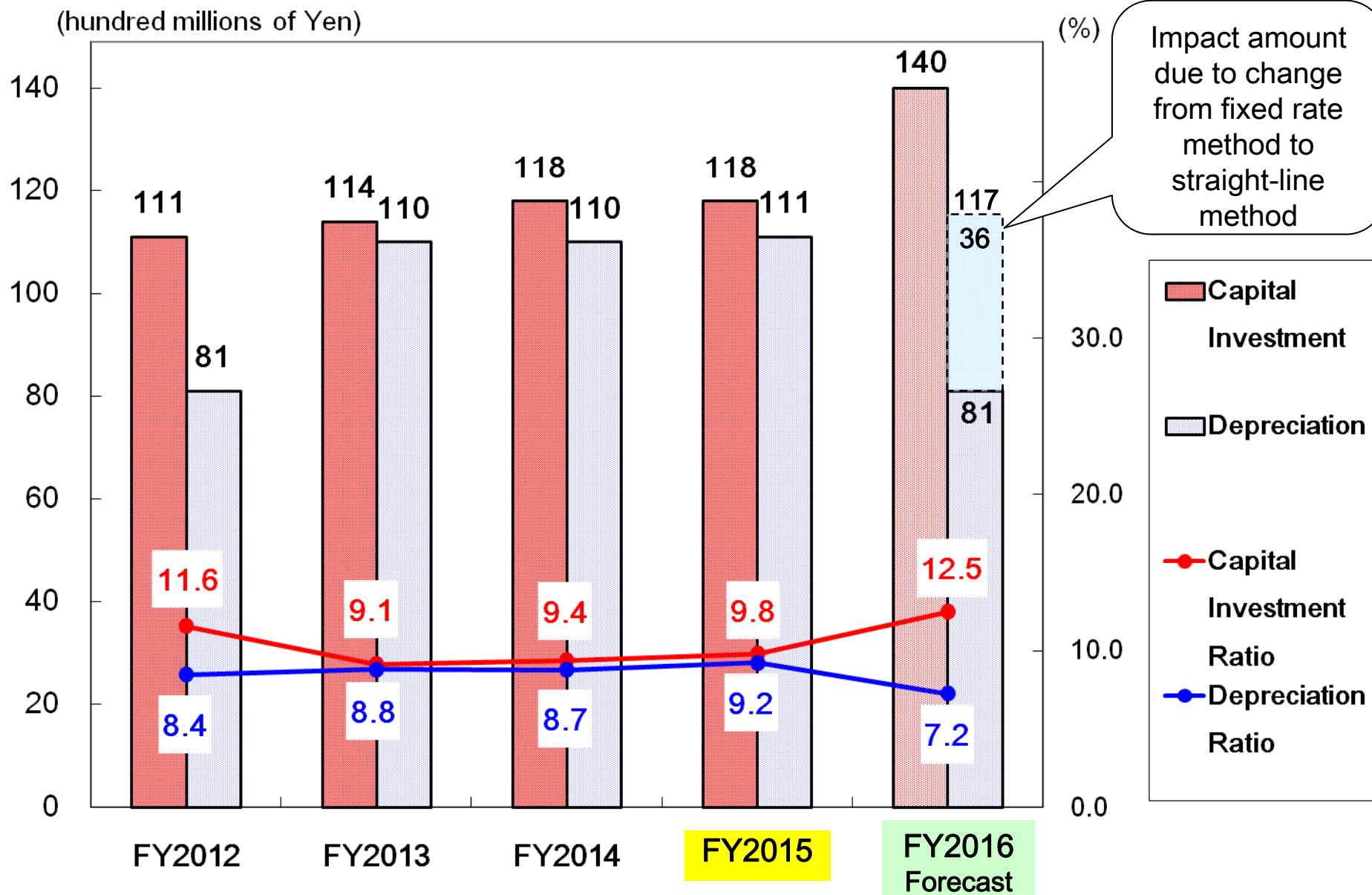
*1 Computer Related Equipment – Tablet/Notebook PC not included.

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

Overseas Production and Sales Ratio



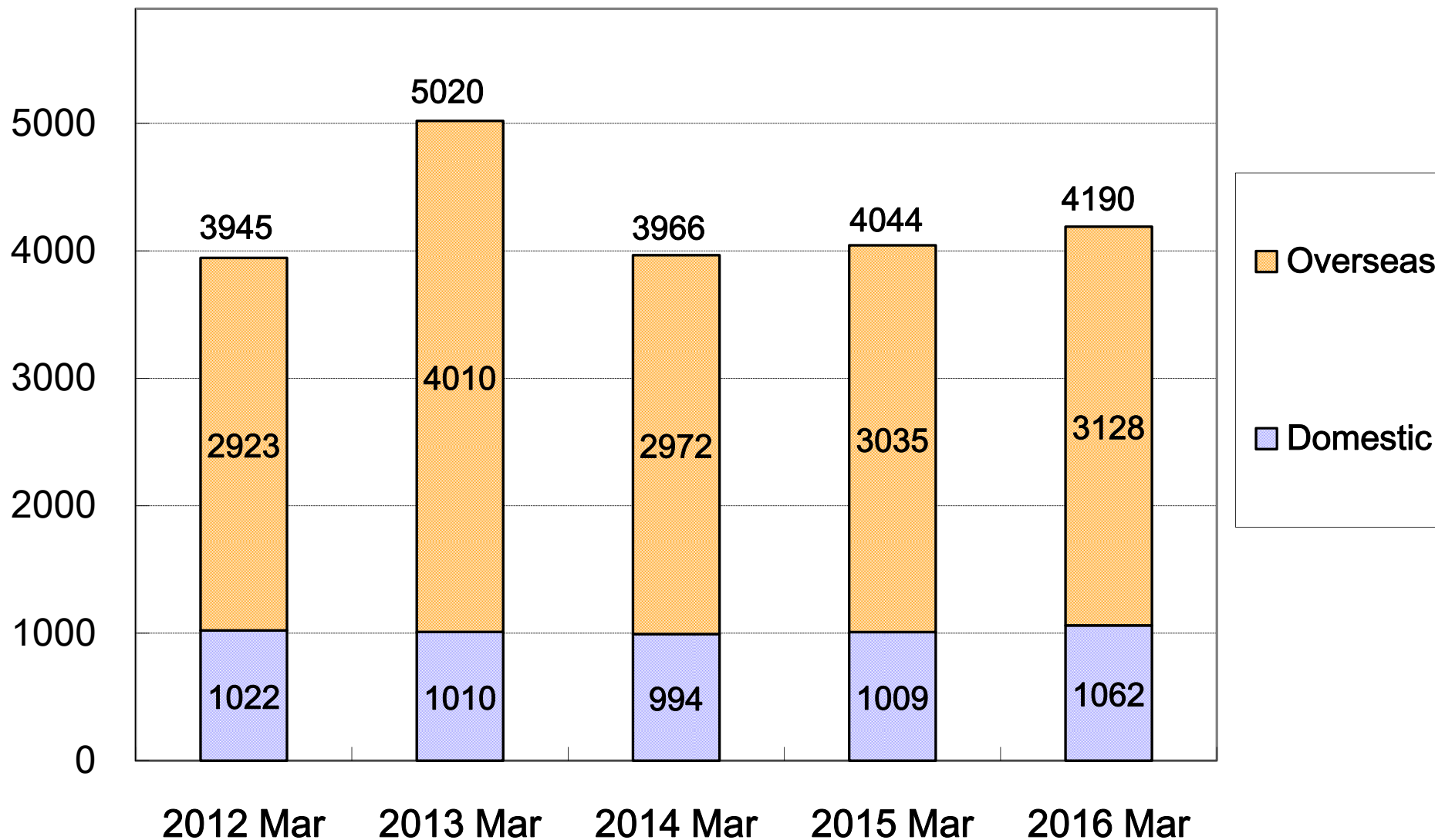
Capital Investment and Depreciation Change (Consolidated Basis)



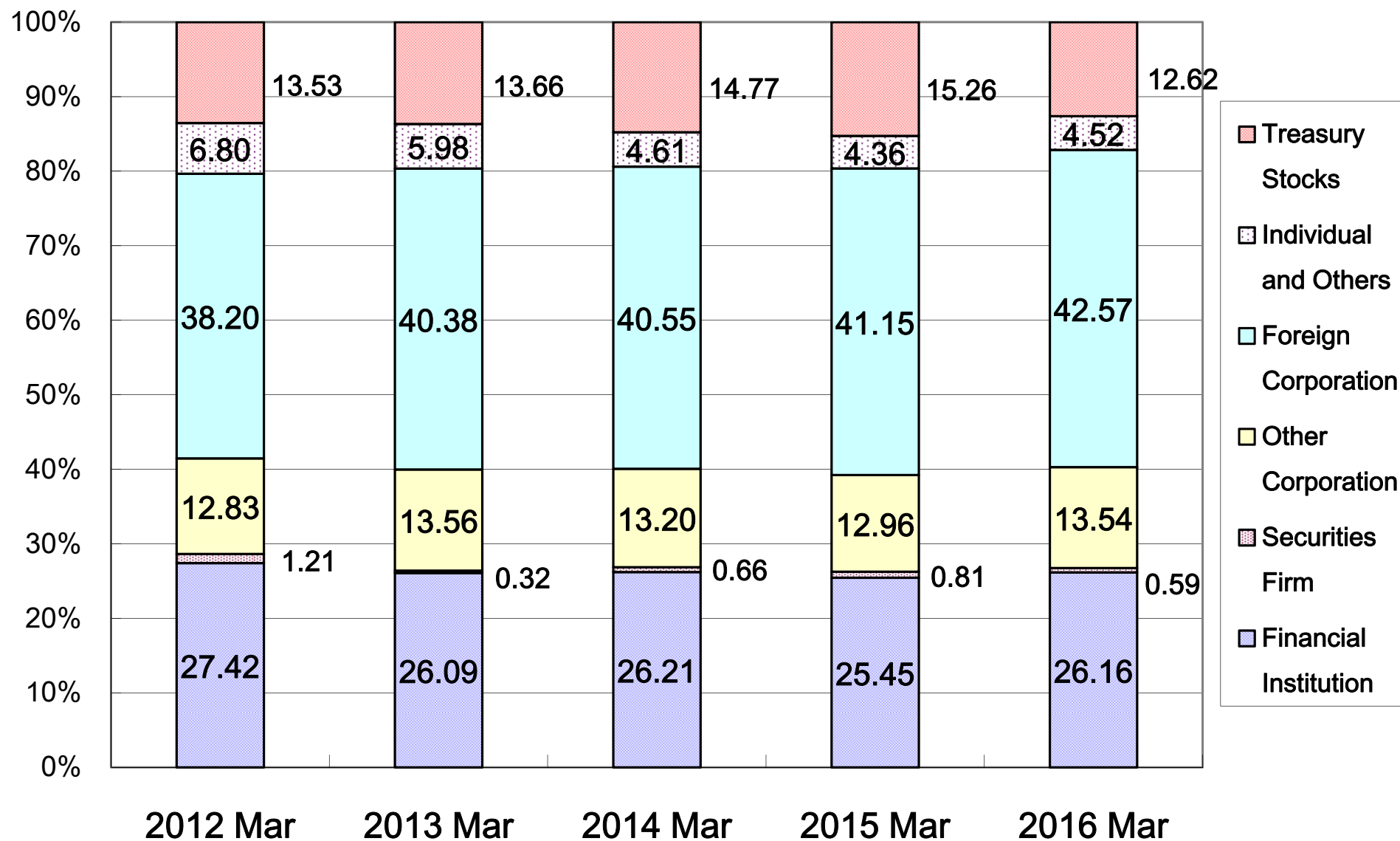
(*Excluded: Investment in land, building, software)

Number of Employees (Financial Report Basis)

(Employees)



Distribution of Shareholders



Business Forecast for the Year Ending March 31, 2017 (Consolidated)



(hundred millions of Yen)

	FY2015 (FY ended Mar31, 2016) Actual		FY2016 (FY ending Mar31, 2017) Forecast		First Half Over the Previous Actual Amount		For the Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales (COGS)	612.3 (53.9%)	1,202.8 (54.7%)	560.0 (53.3%)	1,120.0 (53.7%)	-52.3	-8.5%	-82.8	-6.9%
Operating Profit (%)	152.6 24.9%	287.9 23.9%	140.0 25.0%	270.0 24.1%	-12.6	-8.4%	-17.9	-6.2%
Recurring Profit (%)	167.4 27.3%	305.2 25.4%	140.0 25.0%	280.0 25.0%	-27.4	-16.4%	-25.2	-8.3%
Net Profit (%)	116.9 19.1%	211.0 17.5%	100.0 17.9%	195.0 17.4%	-16.9	-14.5%	-16.0	-7.6%
Income Per Share	-	596.31Yen	-	557.62Yen	[Currency Rate]	FY2015 Actual	FY2016 Forecast	
Dividend Per Share	120Yen	240Yen	120Yen	240Yen	1US\$	120.14Yen	108.0Yen	
					1€	132.58Yen	120.00Yen	
Consolidated Dividend Payout Ratio	-	40.2%	-	43.0%	100 Won	10.42Yen	9.30Yen	

Change: Hirose Japan and partial consolidated subsidiaries

<p>1. Depreciation method change in Property, plant and equipment</p>	<p>[Before] → [2016 and after] Fixed rate method → Straight-line method</p>
<p>2. Reason of Change</p>	<p>With the increasingly generalized equipment, we decided to allocate cost that reflects the actual state of asset usage more, and comply to the balance even more</p>
<p>3. Duration Period:</p>	<p>From FY2016, the duration period of mold for connectors mainly used for automotive and industrial market will be 4 years (currently 2 years)</p>
<p>4. Impact Amount due to this Change</p>	<p>Impact (profit increase) on FY2016's operating profit and recurring profit is approximately 36 hundred million yen</p>

Change in Personnel (Scheduled on Jun 22nd, 2016)

1. Directors

Title	Name
President and Representative Director Managing Director, General Manager, Engineering Div. and in charge of Production Div. Managing Director, General Manager, Sales&Marketing Div. Director, General Manager, Production Div. and in charge of Quality Control dept. Production Div. Director, General Manager, Administration Div. Director, Deputy General Manager, Engineering Div. Outside Director	Kazunori Ishii Mitsuo Nakamura Makoto Kondo Yukio Kiriya (newly appointed) Kazuyuki Iizuka Hiroaki Okano Kensuke Hotta

** Tatsuro Nakamura will retire from Director but will remain as Supreme Advisor.

2. Auditor

Title	Name
Full-time Corporate Auditor	Yoshikazu Chiba
Outside Corporate Auditor	Terukazu Sugishima (Reappointed)
Outside Corporate Auditor	Akira Seshimo (Reappointed)
Outside Corporate Auditor	Kentaro Miura