

For FY2018 First Quarter

Business Results



- CONNECTING THE FUTURE -

August 6th, 2018

Hirose Electric Co., Ltd. [6806]

■ 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 FY2018.1Q (Apr – Jun,2018)

FY2018.1Q
Results settled on
(Apr – Jun)

Order **328.8** hundred million yen
(YoY **+1.8%**)

Sales **284.7** hundred million yen
(YoY **-3.6%**)

Operating profit **50.1** hundred million yen ✕ Profit Ratio **17.6 %**
(YoY **-27.9%**)

Industrial Market

The sales in industrial market has been keeping the high level since last year.

Although some products in FA related were made an adjustment, the demand in a wide range of field continues and resulted +4% YoY.

Automotive

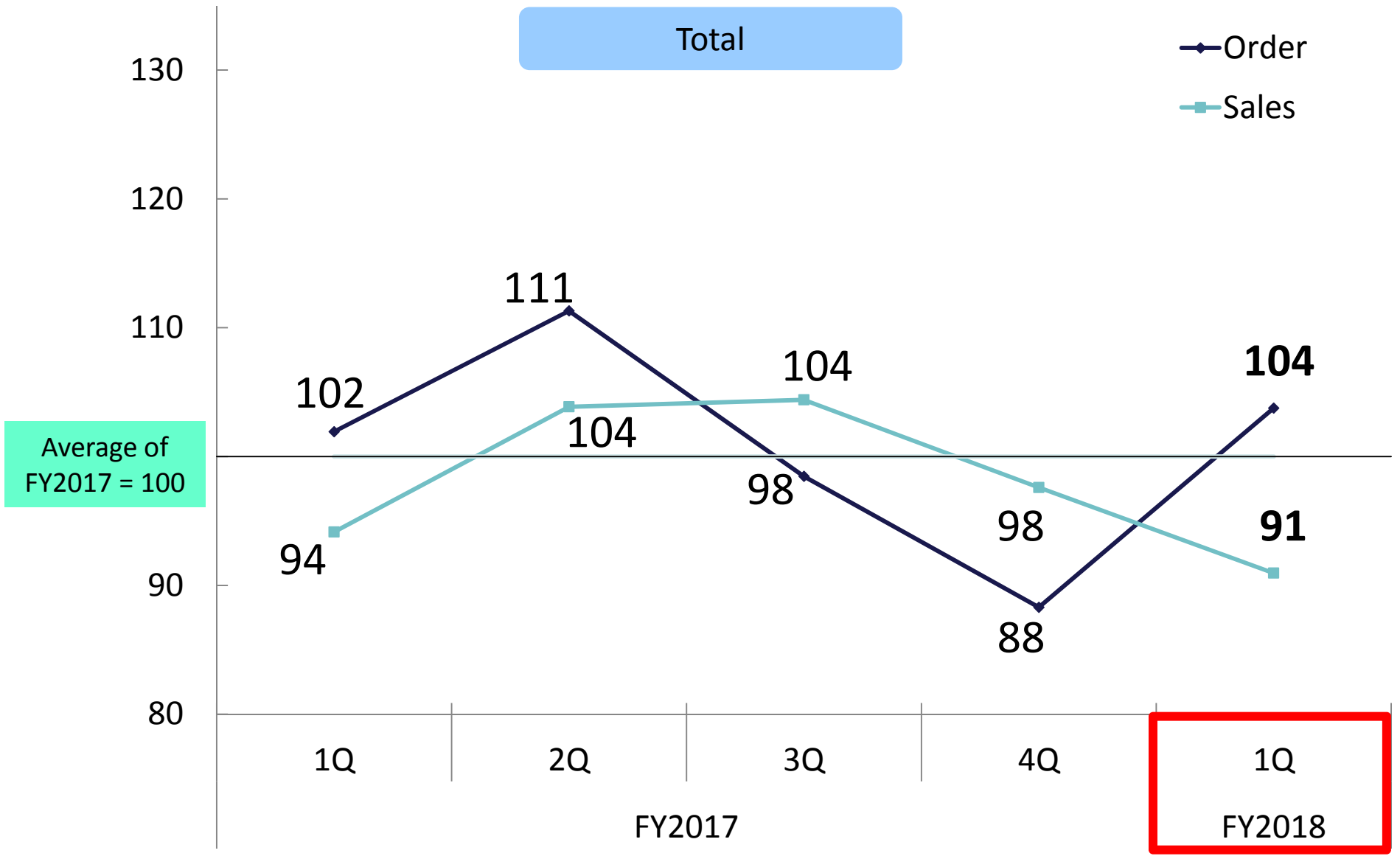
The sales for Automotive market has been steadily growing up to +8% YoY.

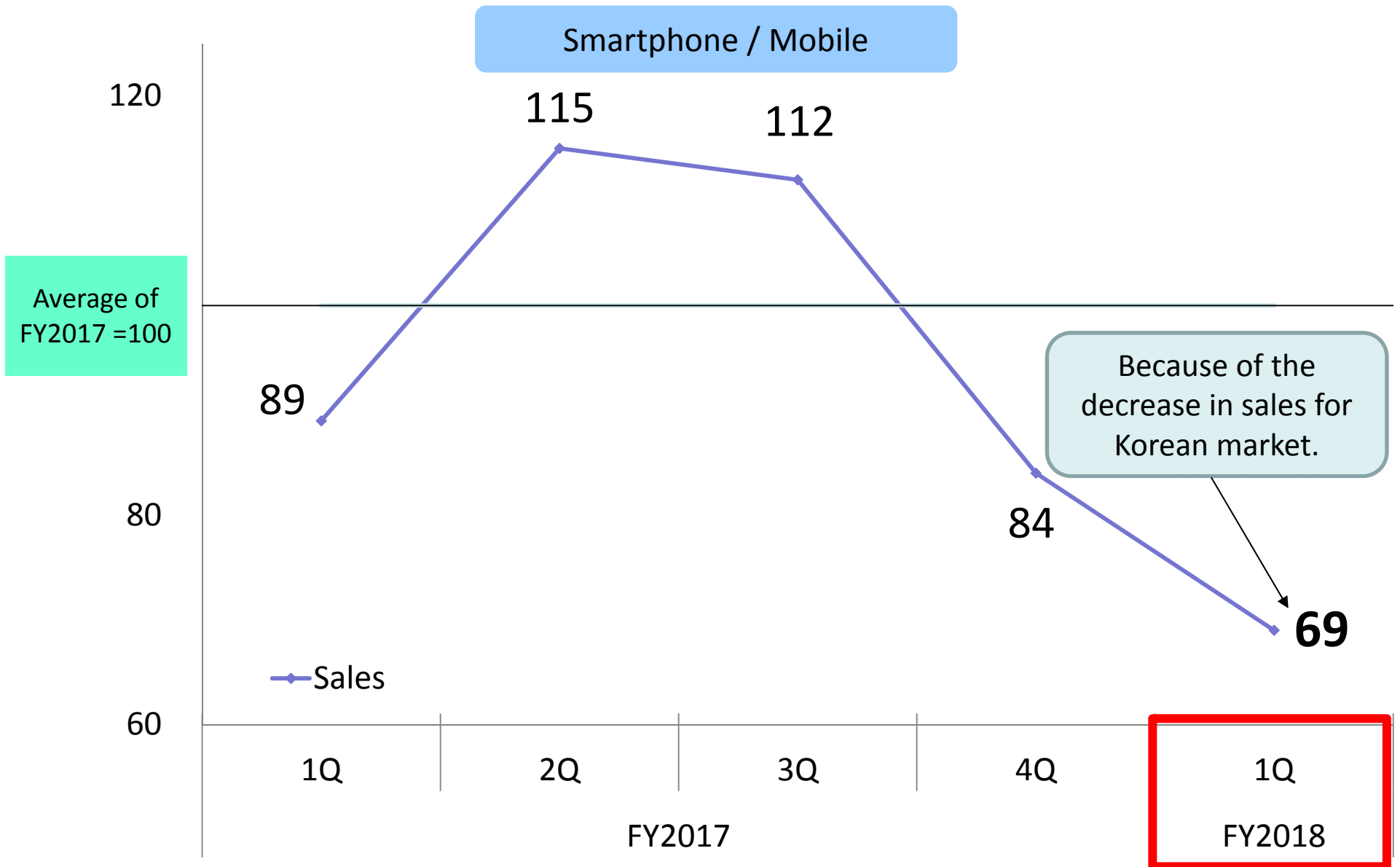
Smartphone

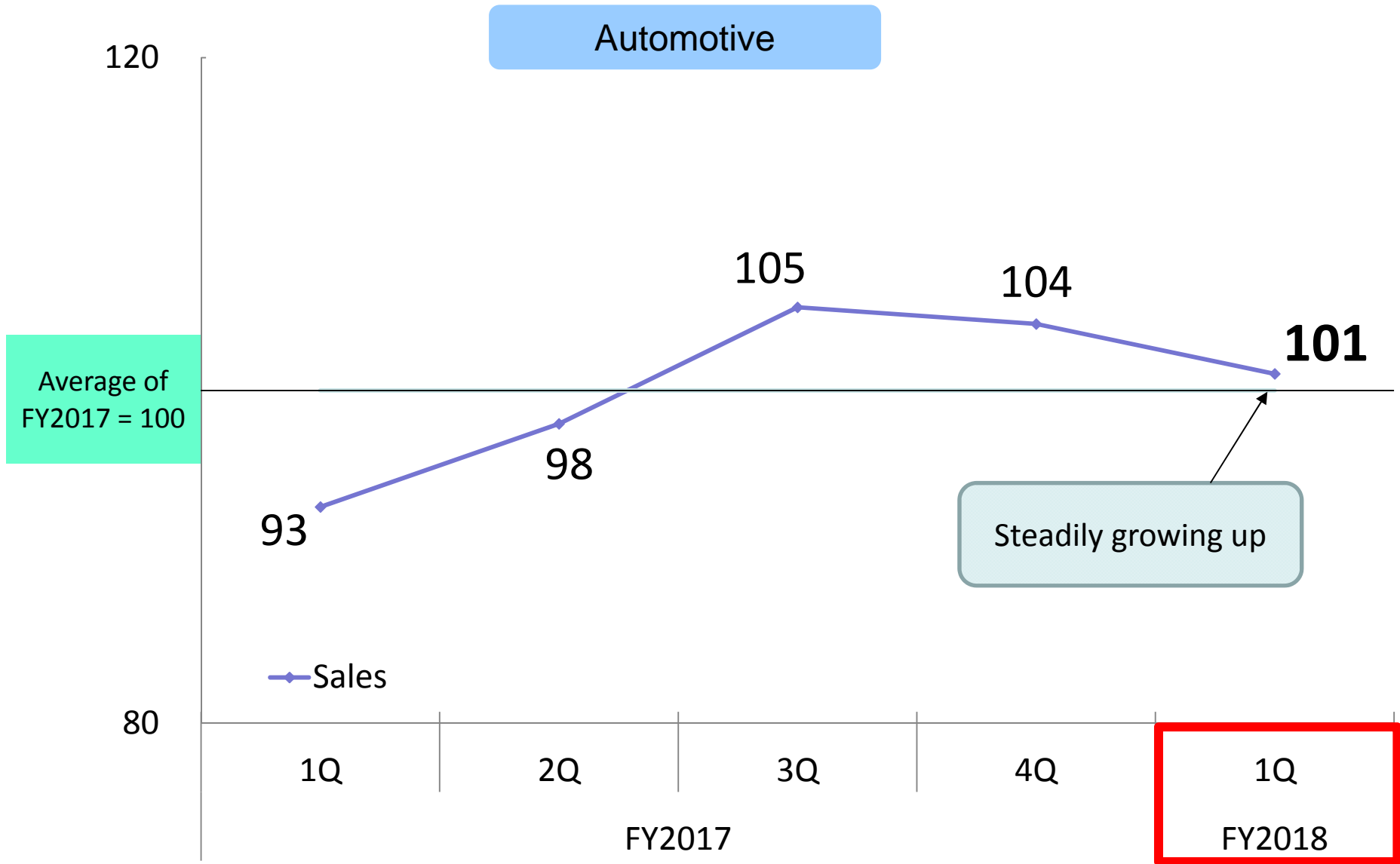
The demand in spring was weaker than our expectation and the quarterly sales in smartphone market resulted ▲23% YoY.

However future demand trends would remain as we expected and the demand will recover after 2Q.

FY2017 1Q – FY2018 1Q Orders and Sales (Consolidated Basis, Index Number)



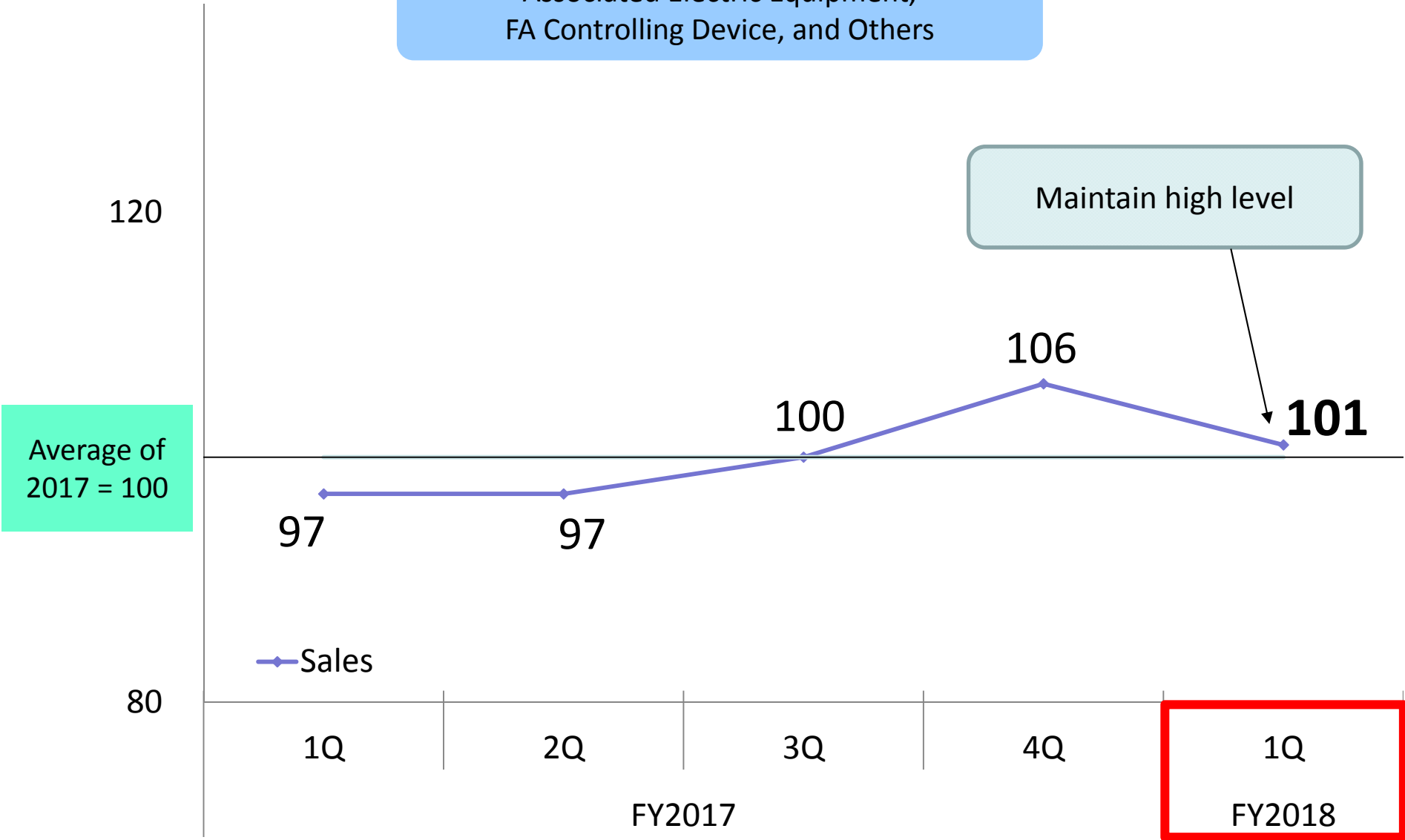




FY2017 1Q – FY2018 1Q Sales by Markets (Consolidated Basis, Index Number)



Associated Electric Equipment,
FA Controlling Device, and Others



Business Results for FY2018.1Q **[IFRS]**

(Unit : hundred millions of yen)

	FY2017.1Q (FY ended Jun30, 2017)	FY2018.1Q (FY ended Jun30, 2018)	Increase / Decrease (YoY)	Increase / Decrease Ratio (YoY)
Sales	295.4	284.7	-10.7	-3.6%
COGS Ratio	52.5%	55.8%	+3.3	
SGA Ratio	23.9%	27.1%	+3.2	
Operating Profit	69.5	50.1	-19.4	-27.9%
(%)	23.5%	17.6%	-5.9	
Earnings before income tax	71.7	57.0	-14.8	-20.6%
(%)	24.3%	20.0%	-4.3	
Net Profit	47.4	41.3	-6.1	-12.9%
(%)	16.1%	14.5%	-1.6	
Total Assets	3,312.8	3,367.8		
Shareholder's Equity Ratio	90.0%	89.3%		
Income Per Share	136.36 yen	113.01 yen		

Major Changes over prior same period FY2018.1Q

Unit: hundred millions of Yen

■ Sales

10.7 hundred million yen **decrease (295.4 → 284.7)**

Hirose : **-0.2**

Subsidiaries : **-10.5**

■ COGS Ratio

3.3 point decrease (52.5% → 55.8%)

Purchase Cost Ratio : 37.4% → **38.1%**

Depreciation Ratio : 5.2% → **7.5%**

Labor Cost Ratio : 5.7% → **6.4%**

■ SGA Ratio

3.2 point decrease (23.9% → 27.1%)

70.6 → 77.1 (6.5 hundred million yen Increase)

(Increase in delivery expense, depreciation cost,
research and development cost)

■ Financial revenue / expense

4.7 hundred million yen **Increase (2.2 → 6.9)**

Foreign Exchange Gain / Loss : **-0.5** → **+3.7**

FY2018.1Q YoY Variation analysis

(Unit : Hundred millions of yen)

	Sales	Operating profit	Operating profit ratio	Earnings before income tax	Earnings before income tax ratio
FY2017.1Q Actual	295.4	69.5	23.5%	71.7	24.3%
Exchange rate	2.8	-1.3		2.9	
Depreciation cost increase		-3.0		-3.0	
Labor cost increase		-1.7		-1.7	
Other SGA cost increase		-4.3		-4.3	
Decrease in the product, etc	-13.5	-9.1		-8.7	
Total amount of change	-10.7	-19.4		-14.8	
FY2018.1Q Actual	284.7	50.1	17.6%	57.0	20.0%

Currency Effect for FY2018.1Q

	FY2017.1Q	FY2018.1Q
Currency rate : US\$	111.09 Yen	109.07 Yen
Currency rate : €	122.19 Yen	130.06 Yen
Currency rate : 100won	9.85 Yen	10.12 Yen



(Unit: Hundred millions of Yen)

YoY Currency effect amount	
Sales	+2.8
Operating Profit	-1.3
Earnings before income tax	+2.9

Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2018	Jun 30, 2018	Increase / Decrease	Remark
A S S E T S	Cash and Cash equivalents	694.0	658.7	-35.3	Payment of dividend,etc
	Trade receivables and other claim	315.0	308.4	-6.6	
	Inventories	121.9	135.7	13.8	
	Other financial assets	1,629.8	1,612.5	-17.3	KOREA cash in bank over 3month transfered
	Tangible fixed assets	562.0	578.4	16.4	Miyako (construction in progress accounts, machines and buildings) Headquarters (Molds and construction in progress accounts)
	Others	89.1	76.9	-12.2	
	Total Assets	3,411.8	3,370.6	-41.2	

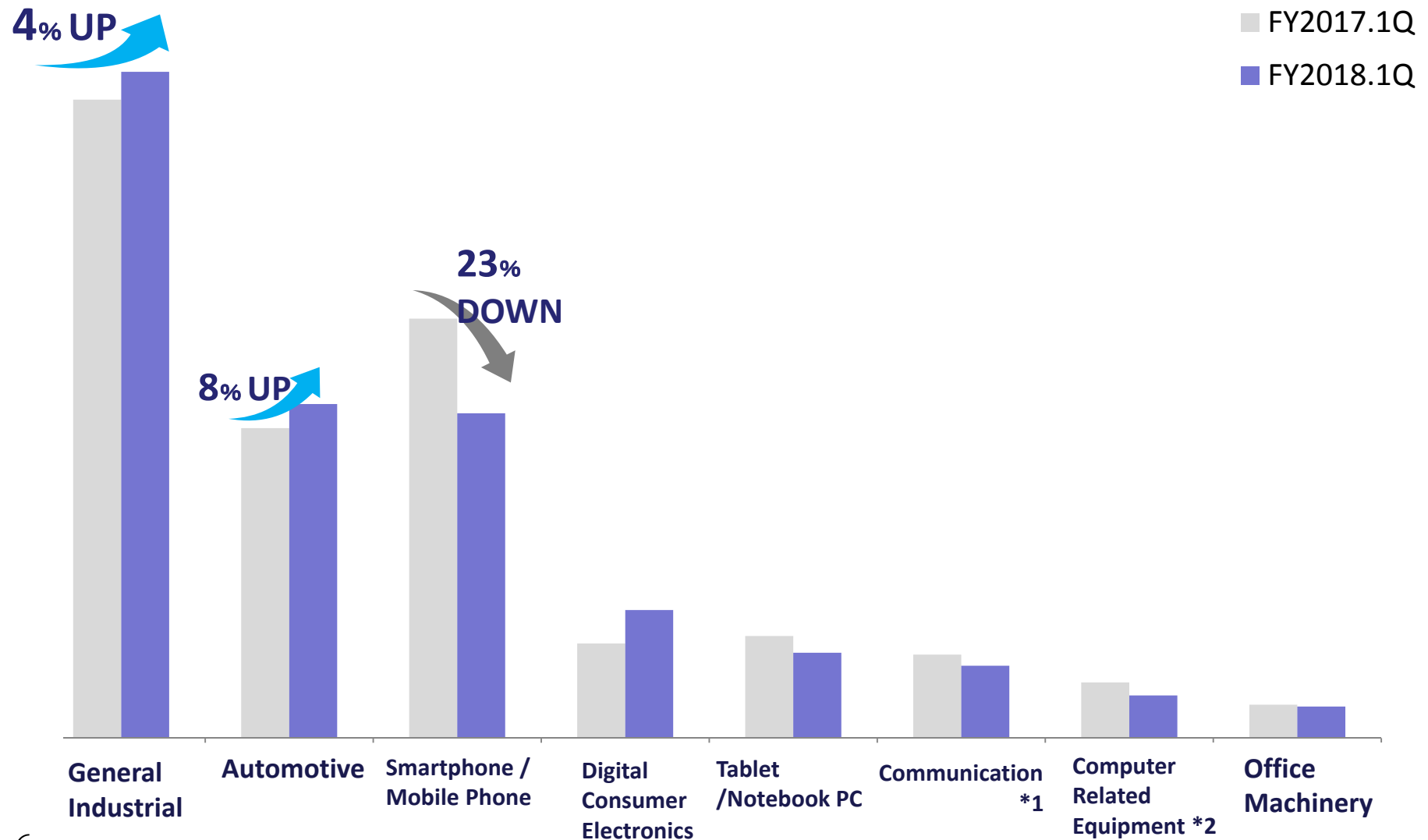
Total of cash in bank **1,866.4** **1,805.4** **-61.0**

Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2018	Jun 30, 2018	Increase / Decrease	Remark
Liabilities	Payables and other debt	195.3	211.5	16.2	
	Income Taxes Payable	49.5	31.9	-17.6	
	Others	119.8	118.2	-1.6	
		364.6	361.6	-3.0	
Shareholder's Equity	Capital stock and Capital surplus	210.8	207.2	-3.6	
	Retained Earnings	3,345.1	2,939.8	-405.3	Net Profit : 41.3 — Dividend : 83.6 — the Allotment of share and Cancellation : 363.0
	Treasury Stocks	-583.2	-217.2	366.0	The Allotment of share : +196.4 Cancellation of treasury stocks : +170.0
	Others	74.5	79.1	4.6	
	Total	3,047.2	3,009.0	-38.2	
	Total Liabilities and Shareholder's Equity	3,411.8	3,370.6	-41.2	

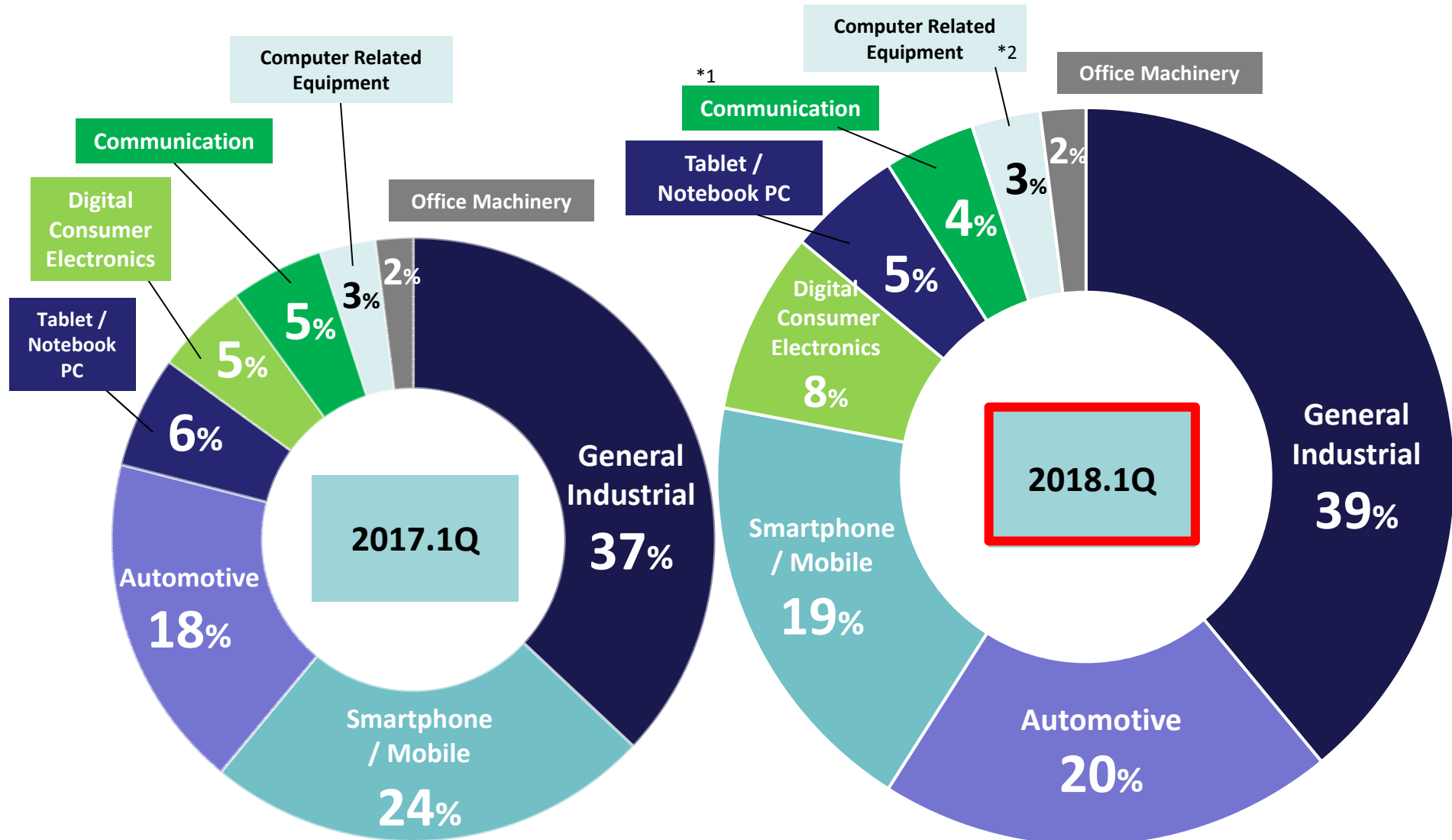
Sales Changes by Application (round number) 【Consolidated Basis】



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

*1 Communication - Smartphone / Mobile Phone not included
 *2 Computer Related Equipment – Tablet/Notebook PC not included.

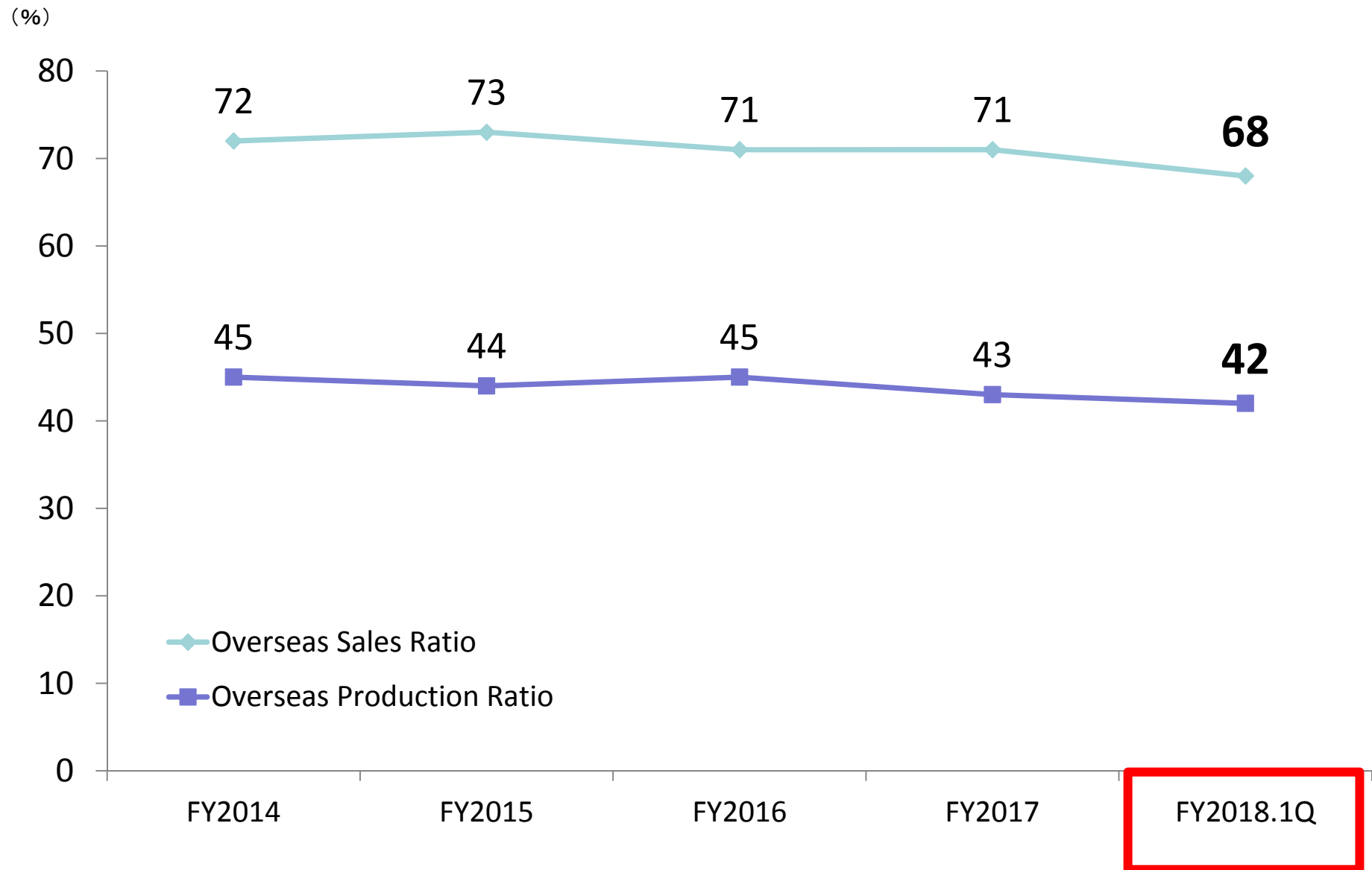
Sales by Application (round number) (Consolidated Basis)



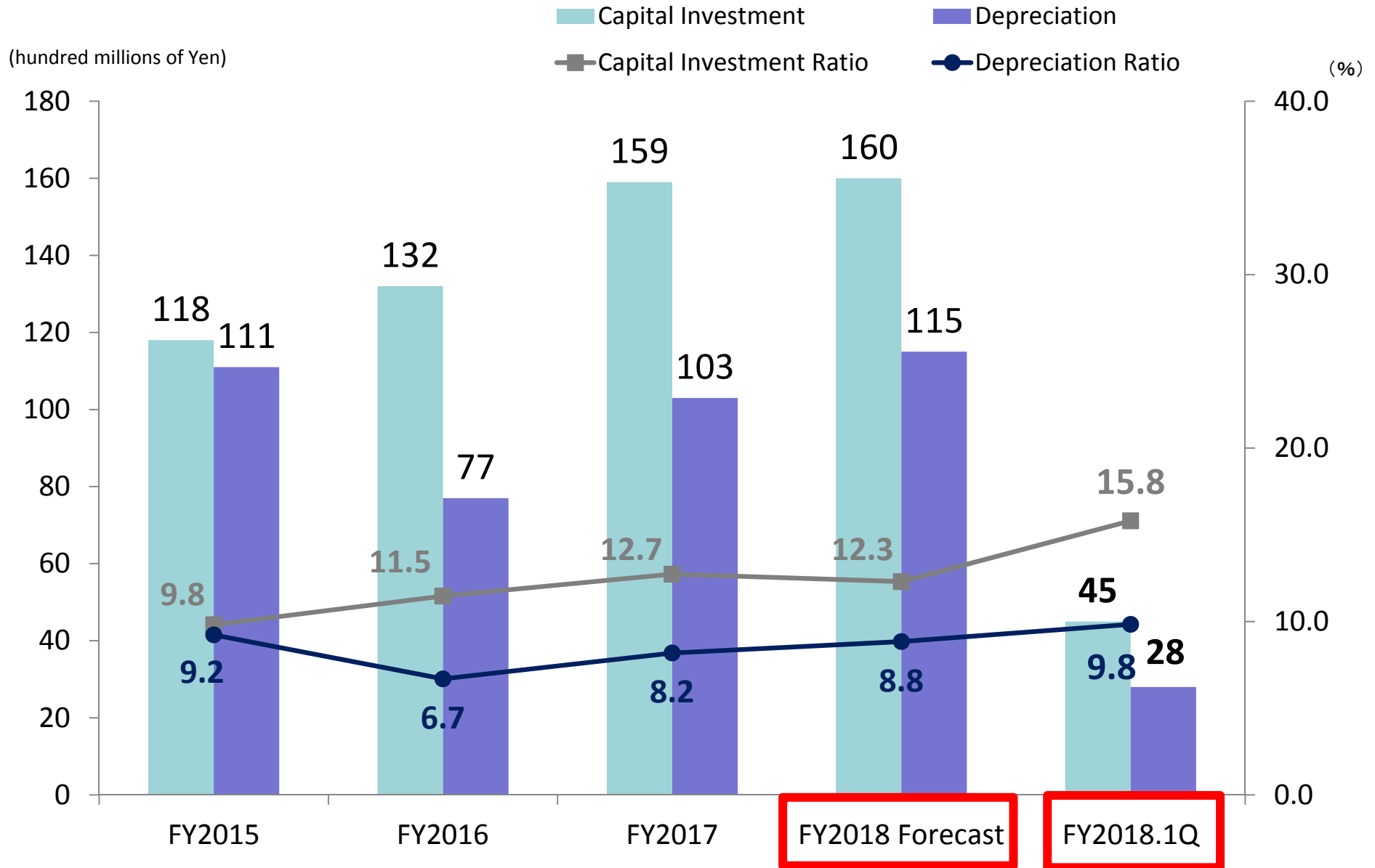
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Overseas Production and Sales Ratio



Capital Investment and Depreciation Change (Consolidated Basis)



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

Business Forecast for the Year Ending March 31, 2019 (Consolidated)

There is no change from previous figures (May, 2018)

(Unit : Hundred millions of yen)

	FY2017 (FY ended Mar31, 2018) Actual		FY2018 (FY ended Mar31, 2019) 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	%
Sales	620.5	1,251.4	630.0	1,300.0	9.5	1.5%	48.6	3.9%
COGS Ratio	52.5%	53.8%	55.6%	55.4%				
Operating Profit	150.9	280.6	130.0	273.0	-20.9	-13.9%	-7.6	-2.7%
(%)	24.3%	22.4%	20.6%	21.0%				
Earnings before income tax	154.8	280.1	130.0	283.0	-24.8	-16.0%	2.9	1.0%
(%)	24.9%	22.4%	20.6%	21.8%				
Net Profit	108.1	191.1	95.0	200.0	-13.1	-12.1%	8.9	4.7%
(%)	17.4%	15.3%	15.1%	15.4%				
Income Per Share	—	548.80 yen	—	546.58 yen				
Dividend Per Share	240 yen	480 yen	120 yen	240 yen				
Consolidated Dividend Payout Ratio	—	87.5%	—	43.9%				
					Currency Rate	FY2017 Actual	FY2018 Forecast	(As of May, 2018)
					1US\$	110.85 yen	106.02 yen	(105.00 yen)
					1€	129.70 yen	130.02 yen	(130.00 yen)
					100won	10.00 yen	10.03 yen	(10.00 yen)