

Business Results of FY2013

Creative Links to World Electronic

May 9th, 2014

**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 FY2013

[1Q FY2013 (Apr – Jun)]

•1Q : Good trend in Korean and Chinese Smartphone/Mobile market and Automotive market. And although the trend is not strong, Industrial market shows a sign of recovery.

[2Q FY2013 (Jul – Sep)]

• 2Q : Industrial and Automotive market had maintained the high level order that exceeds last year's level. Although there was an impact of inventory adjustment in Chinese market, order for Smartphone/Mobile had continued the good trend, especially in Korean market.

[3Q FY2013 (Oct – Dec)]

• 3Q : Strong order in Smartphone/Mobile market in Oct, followed by adjustment. Automotive and Industrial market steadily maintained a high order level.

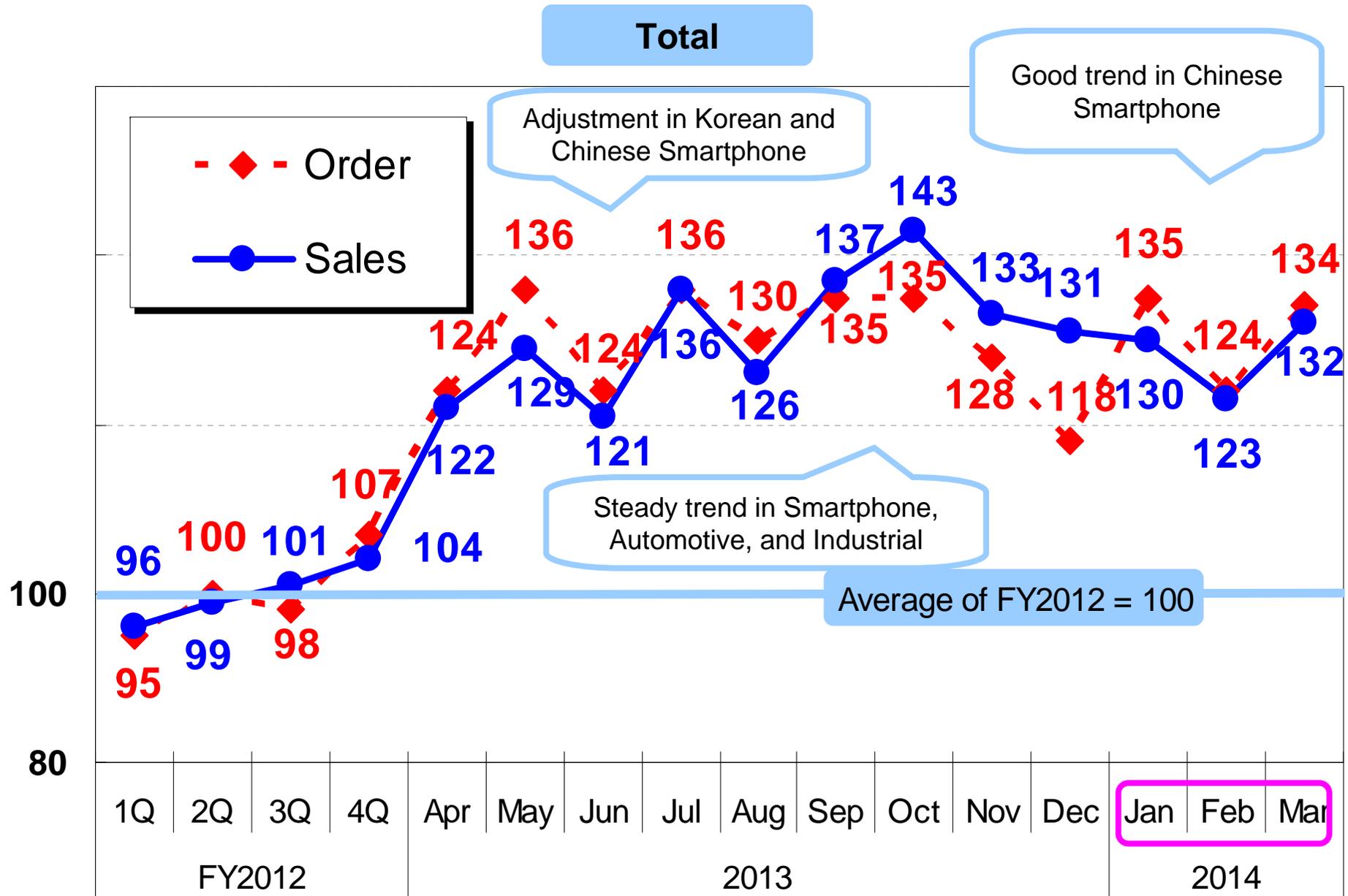
[4Q FY2013 (Jan – Mar)]

• 4Q : Although sluggish compared to 3Q, Smartphone/Mobile market trended steadily, with strong order especially in Chinese market. Automotive and Industrial market continued the high level in both order and sales.

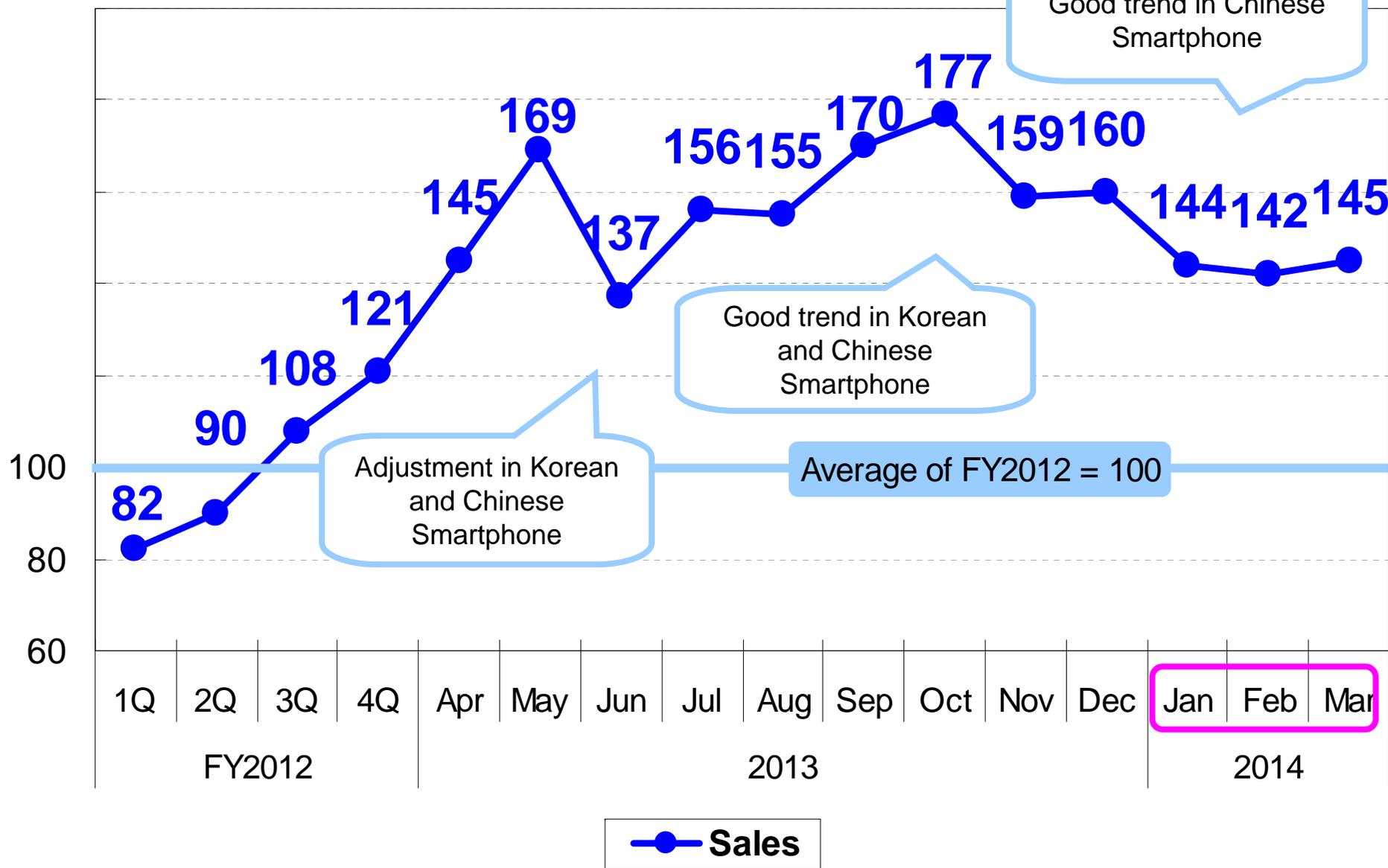
[FY2013 Annual Total (Apr – Mar)]

• **FY2013 Annual Total**
Order 1,263.3 hundred million yen (29.9% YoY), Sales 1,249.9 hundred million yen (30.3% YoY), Recurring Profit 347.5 hundred million yen (Ratio 27.8%, 55.2% YoY).

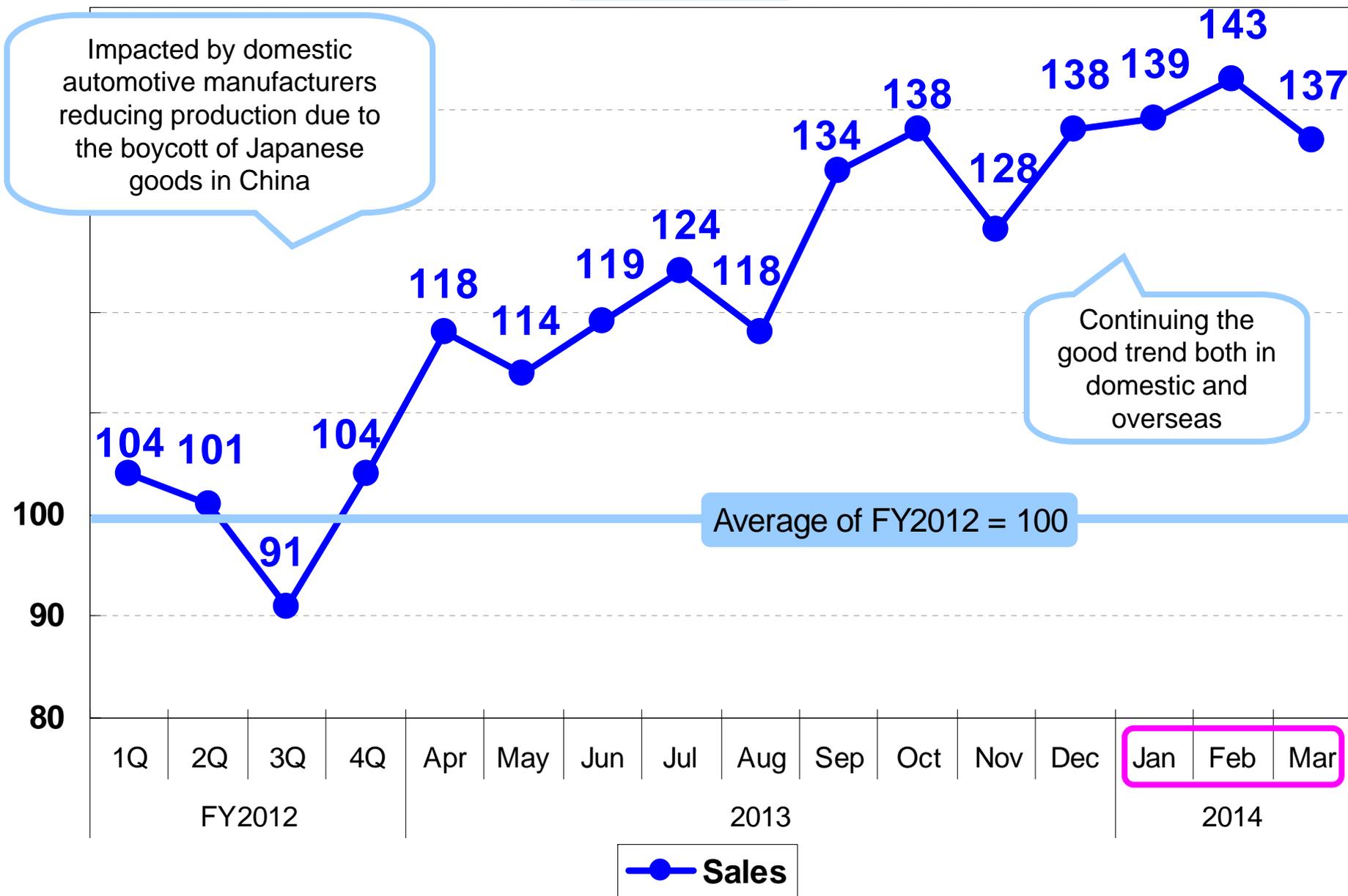
FY2012 1Q – 2014 Mar Orders and Sales (Consolidated Basis, Index Number)



Smartphone / Mobile



Automotive



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



Business Results for FY2013

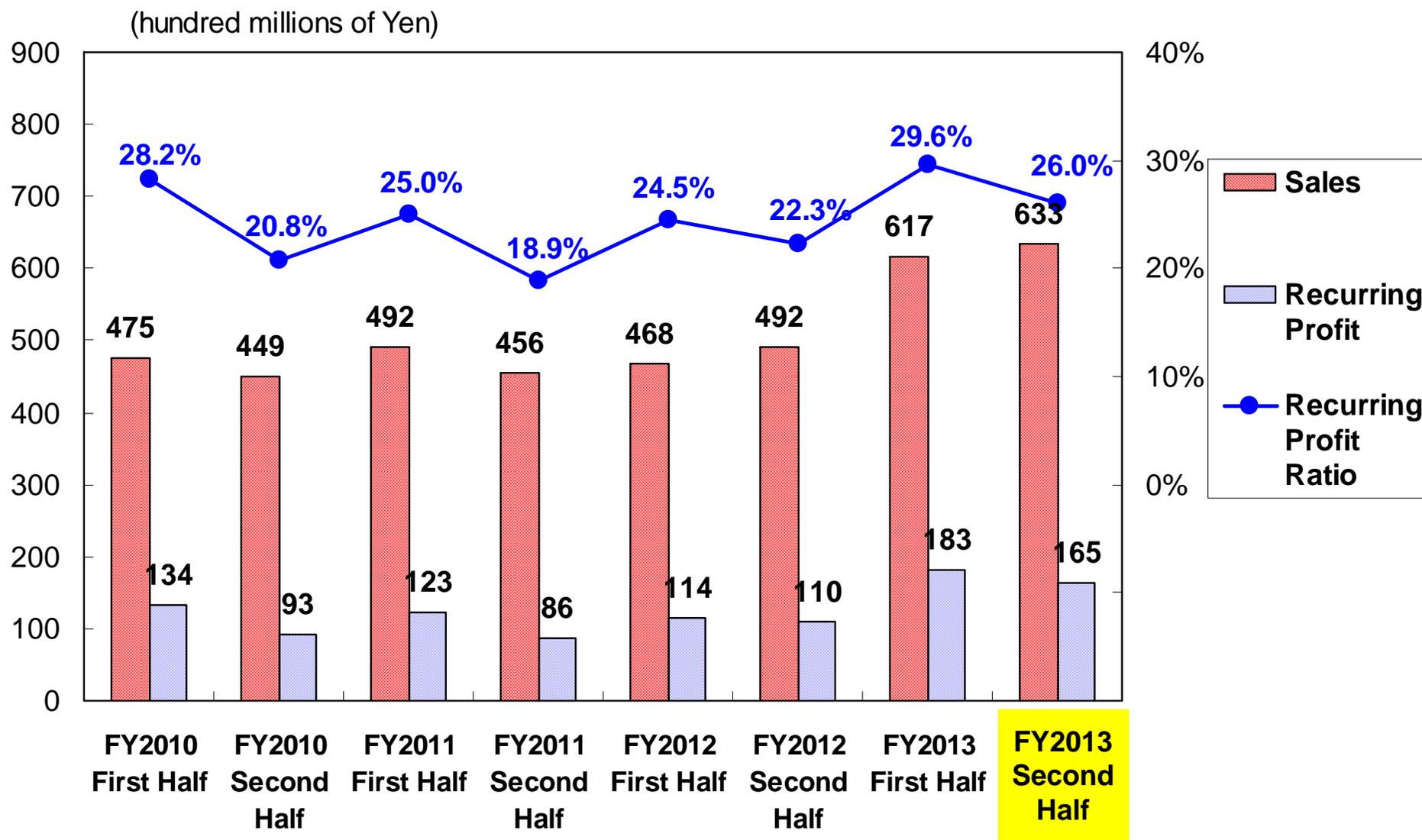
note) Green Italics number : data announced on January 2014 (hundred millions of Yen)

	(A)FY2012 <small>(FY ended Mar 31, 2013)</small>	(B)FY2013 <small>(FY ended Mar 31, 2014)</small>	(B)-(A)	(B)/(A)
Sales	959.4	1,249.9	290.5	30.3%
(COGS Ratio)	<i>(57.8%)</i>	<i>(55.3%)</i>	<i>(-2.5%)</i>	
(SGA Ratio)	<i>(20.3%)</i>	<i>(18.3%)</i>	<i>(-2.0%)</i>	
Operating Profit	209.8	330.0	120.2	57.3%
(%)	<i>21.9%</i>	<i>26.4%</i>	<i>(+4.5%)</i>	
Recurring Profit	223.9	347.5	123.6	55.2%
(%)	<i>23.3%</i>	<i>27.8%</i>	<i>(+4.5%)</i>	
Net Profit	135.1	224.4	89.3	66.1%
(%)	<i>14.1%</i>	<i>18.0%</i>	<i>(+3.9%)</i>	
Total Assets	2,778.8	3,007.5	228.7	8.2%
Shareholders' Equity Ratio	90.5%	89.2%		
Income Per Share	390.48Yen	652.68Yen		
Dividend Per Share	140Yen	200Yen		
Consolidated Payout Ratio	35.9%	30.6%		

Major changes over prior same period (unit: hundred millions of Yen)	
[Sales]	290.5 increase
Hirose Japan	Subsidiaries
+153.9	+136.6
[COGS Ratio]	2.5 point decrease
Purchase Cost Ratio 40.3%	=> 37.3%
Depreciation Ratio 7.2%	=> 7.8%
[SGA Ratio]	2.0 point decrease
Ratio improvement due to sales increase	
[Non-Operating Expenses and Loss]	
Foreign Exchange Gain +0.2	=> +0.9
Equity in earnings of affiliates +0.9	=> +2.9

Exchange Rate: US\$	83.10Yen	100.24Yen
Exchange Rate: €	107.14Yen	134.37Yen
Exchange Rate: 100 Won	7.48Yen	9.21Yen

Sales and Profits by Half-Year



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

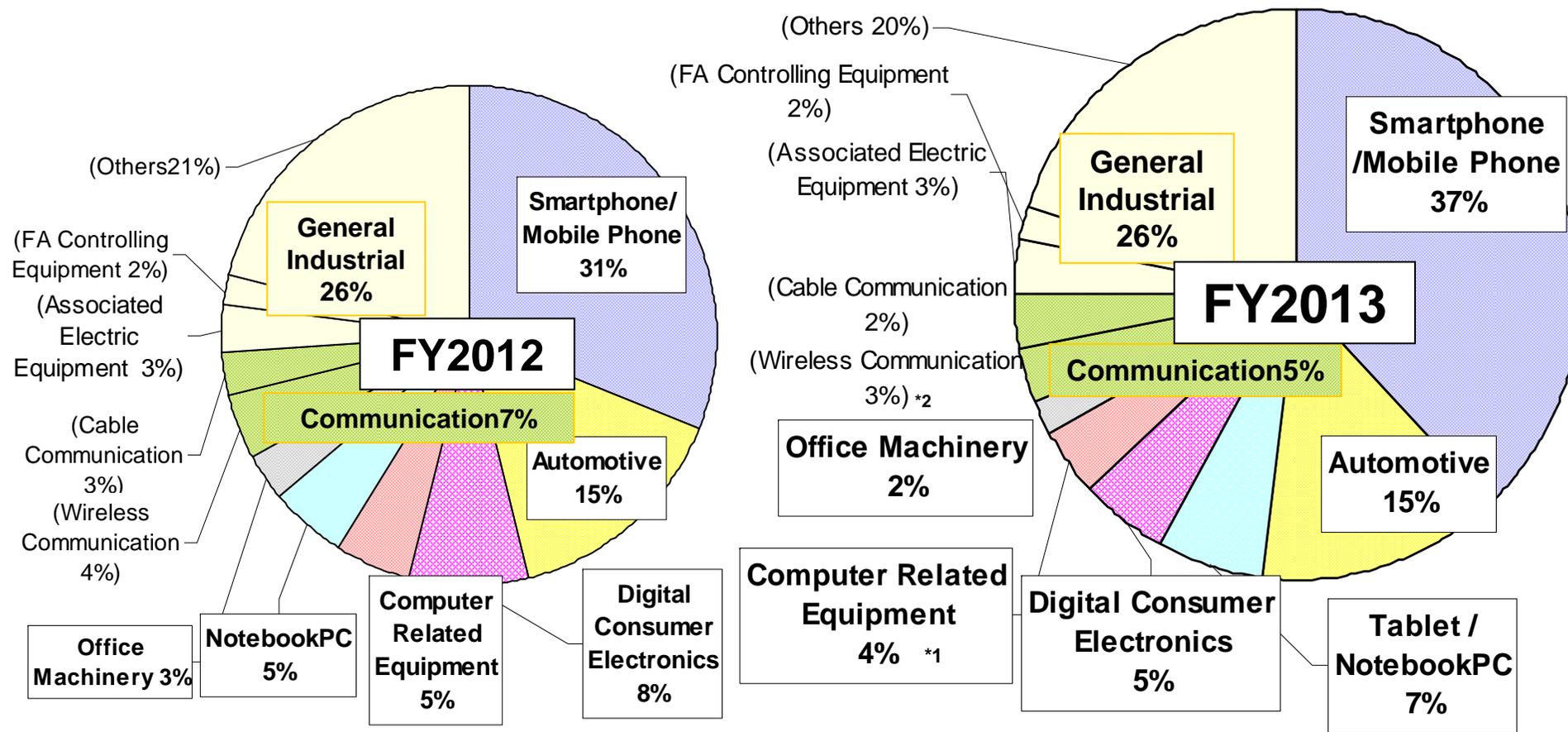
Account	(A) Mar 31, 2013	(B) Mar 31, 2014	(B) - (A)	Remark
Cash and Cash in Bank	1,157.0	1,262.4	105.4	Increase in overseas subsidiaries, etc (including impact of foreign currency rate change +28.5)
Trade Receivables	241.9	294.7	52.8	Increase due to sales increase
Inventories	79.1	84.0	4.9	
Noncurrent Assets	322.1	330.4	8.3	Increase in machinery, equipment, and metal molds, etc
Investment Securities	602.2	620.1	17.9	Stocks Market Valuation, etc
Others	376.5	415.9	39.4	
Total Assets	2,778.8	3,007.5	228.7	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2013	(B) Mar 31, 2014	(B) - (A)	Remark
Notes Payable and Account Payable	108.0	113.8	5.8	Increase due to production increase
Income Taxes Payable, etc	38.9	78.4	39.5	Increase in Deferred tax liabilities, etc.
Others	111.2	123.7	12.5	
Total Liabilities	258.1	315.9	57.8	
Retained Earnings	2,788.0	2,957.2	169.2	Net Profit 224.4 - Dividend 55.2
Treasury Stocks	-552.6	-617.7	-65.1	Share buyback (470,000 shares), etc.
Valuation Variance	33.8	47.5	13.7	Higher stock price(Nikkei closing price: 12,398Yen=>14,828Yen)
Translation Adjustment	7.7	57.2	49.5	Due to weak yen
Others	243.8	247.4	3.6	
Total Shareholders' Equity	2,520.7	2,691.6	170.9	
Total Liabilities & Shareholders' Equity	2,778.8	3,007.5	228.7	

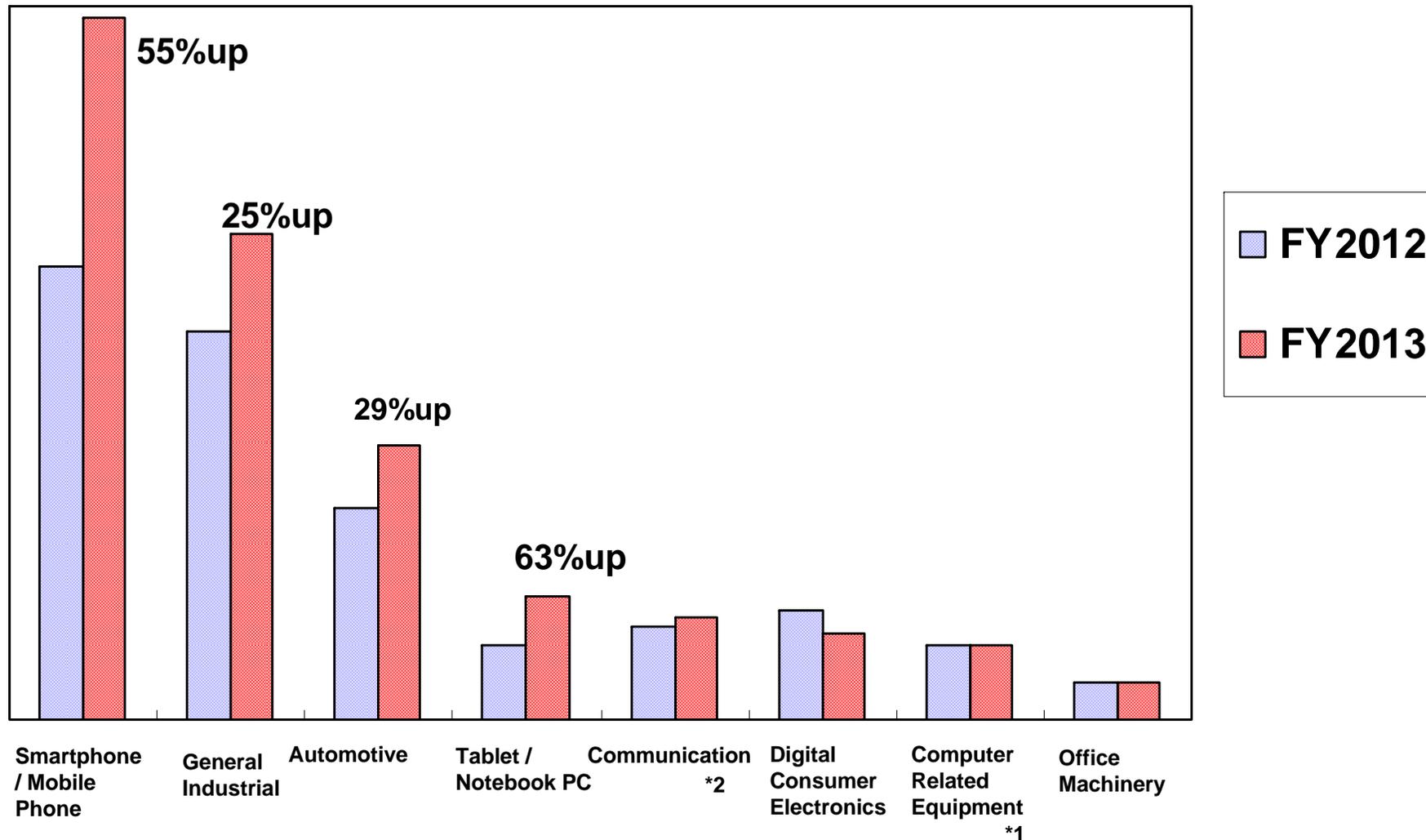
Sales by Market (Round Number)[Consolidated Basis]



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

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

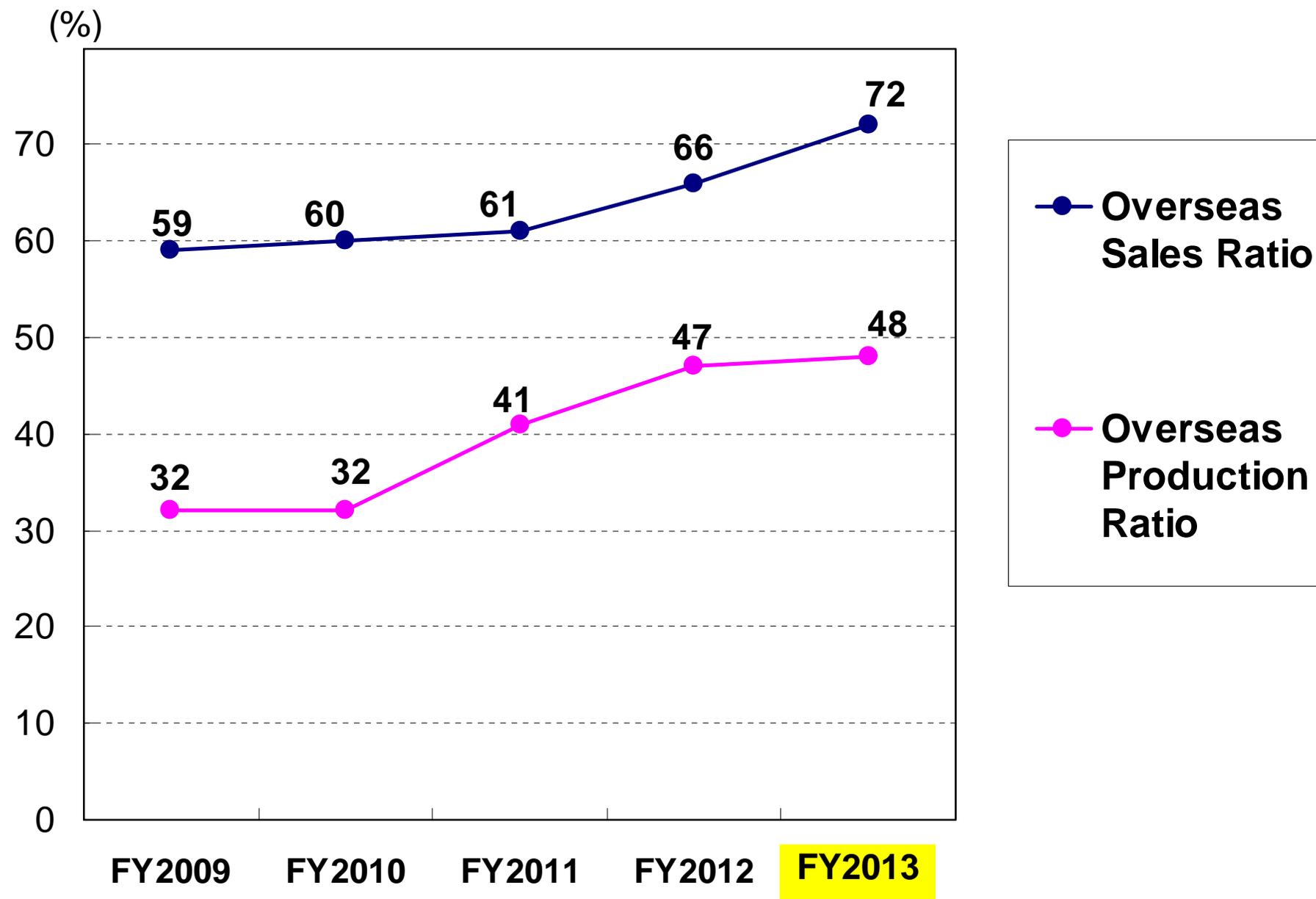
Sales Changes by Market (Round Number) [Consolidated Basis]



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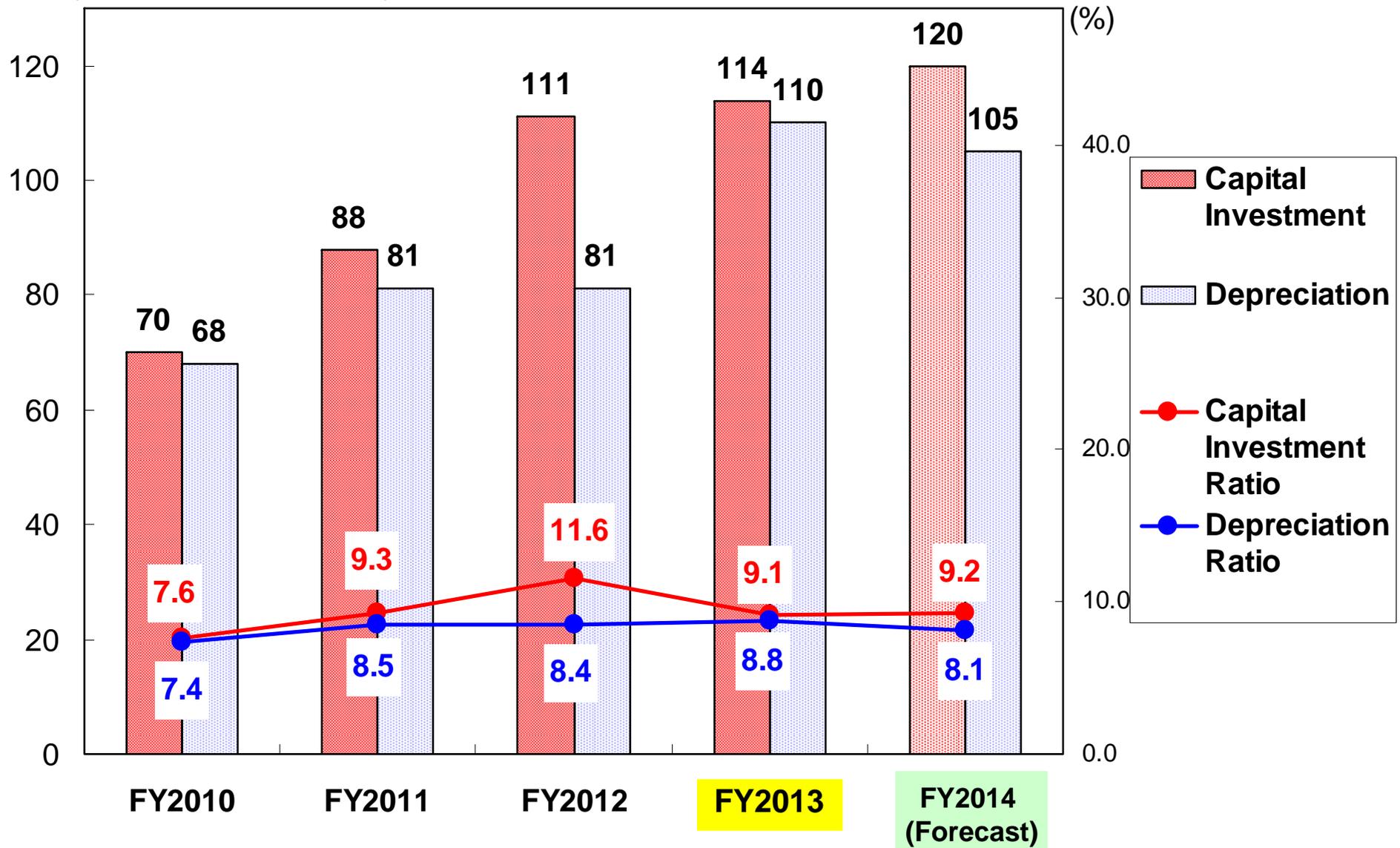
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Overseas Production and Sales Ratio



Capital Investment and Depreciation Change (Consolidated Basis)

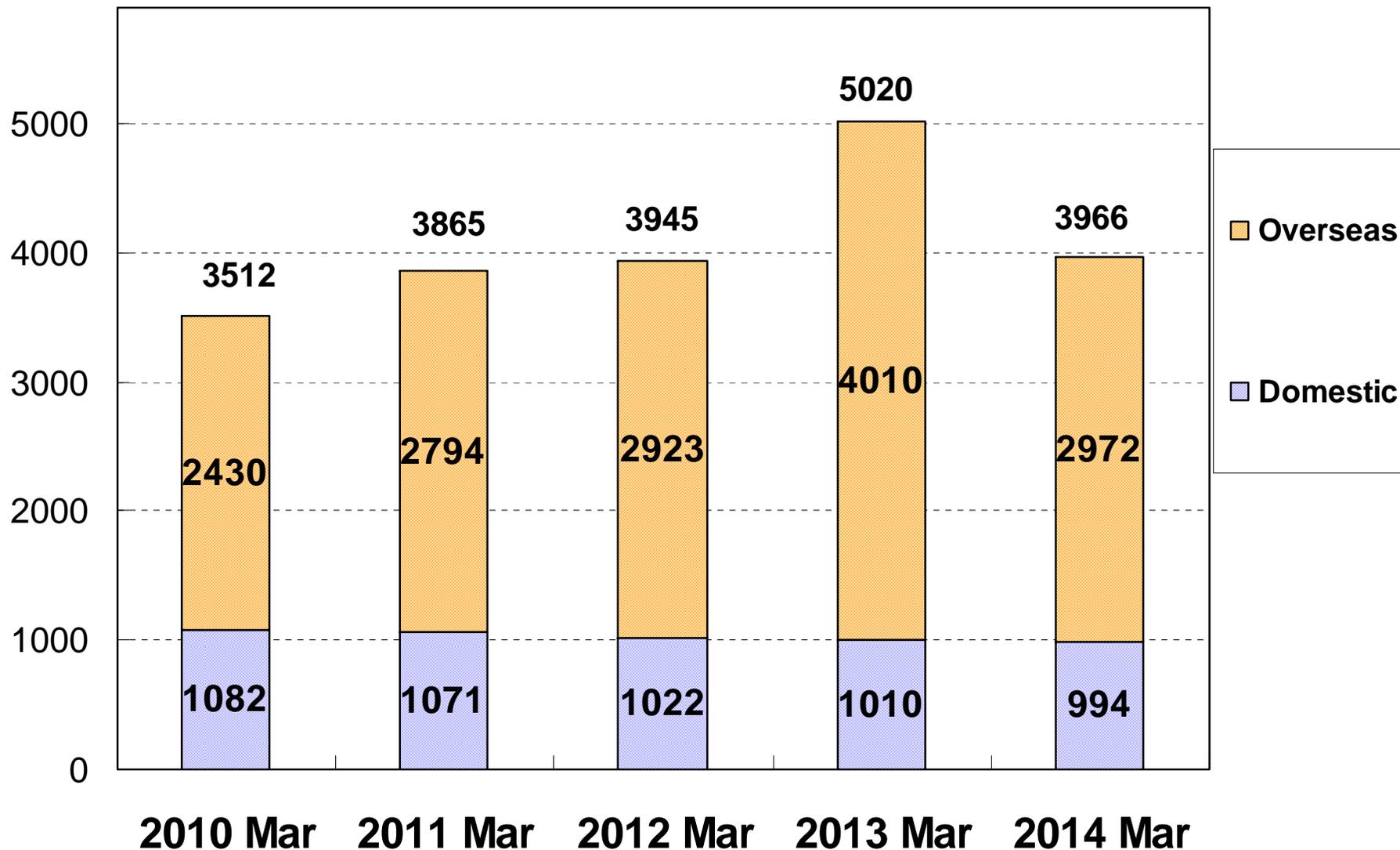
(hundred millions of Yen)



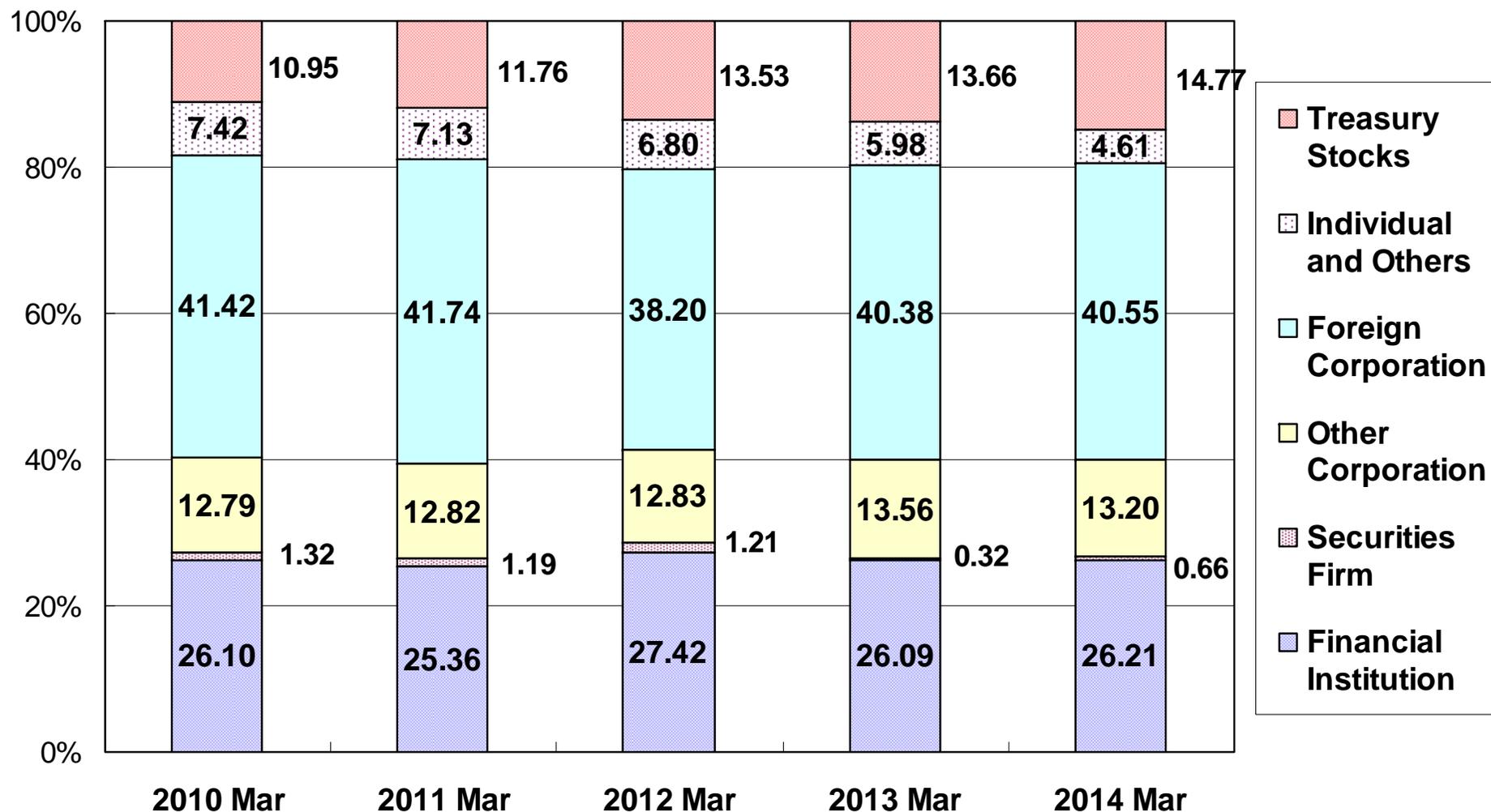
(*Excluded: Building of Yokohama Center and Software investment)

Number of Employees (Financial Report Basis)

(Employees)



Distribution of Shareholders



Business Forecast for the Year Ended March 31, 2015 (Consolidated)



(hundred millions of Yen)

	FY2013(FY ended Mar 31,2014) Actual		FY2014 (FY ended Mar 31,2015) 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 (COGS)	616.7 (54.0%)	1,249.9 (55.2%)	650.0 (54.0%)	1,300.0 (54.2%)	33.3	5.4%	50.1	4.0%											
Operating Profit (%)	174.5 28.3%	330.0 26.4%	180.0 27.7%	360.0 27.7%	5.5	3.1%	30.0	9.1%												
Recurring Profit (%)	182.7 29.6%	347.5 27.8%	185.0 28.5%	370.0 28.5%	2.3	1.3%	22.5	6.5%												
Net Profit (%)	116.1 18.8%	224.4 18.0%	117.0 18.0%	240.0 18.5%	0.9	0.8%	15.6	7.0%												
Income Per Share	-	652.68Yen	-	703.61Yen	<table border="1"> <thead> <tr> <th>[Assumed Exchange Rate]</th> <th>FY2013 Actual</th> <th>FY2014 Forecast</th> </tr> </thead> <tbody> <tr> <td>Exchange Rate: US\$</td> <td>100.24Yen</td> <td>102.0Yen</td> </tr> <tr> <td>Exchange Rate:€</td> <td>134.37Yen</td> <td>140.0Yen</td> </tr> <tr> <td>Exchange Rate: 100 Won</td> <td>9.21Yen</td> <td>9.50Yen</td> </tr> </tbody> </table>				[Assumed Exchange Rate]	FY2013 Actual	FY2014 Forecast	Exchange Rate: US\$	100.24Yen	102.0Yen	Exchange Rate:€	134.37Yen	140.0Yen	Exchange Rate: 100 Won	9.21Yen	9.50Yen
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Dividend Per Share	90Yen	200Yen	115Yen	230Yen																
Consolidated Dividend Payout Ratio	-	30.6%	-	32.7%																

Sales and Profit, Actual Change and Forecast

