

Business Results for First Quarter, FY2016

Creative Links to World Electronic

Aug 1st, 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.**

[FY2015]

• 1Q : Smartphone was steady in Chinese market but sluggish in Korean market. Automotive enjoyed a stable trend in overseas market.

• 4Q : 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.

[1Q FY2016 (Apr-Jun)]

• **Smartphone market orders had slightly exceeded expectation for Chinese market, etc. Automotive market trend was stable. Industrial market sales started weak, but ended with an upward trend.**

• **1Q FY2016 results settled on**

Order : 302.3 hundred million yen (-2.3% YoY, 9.5% over 4Q FY2015)

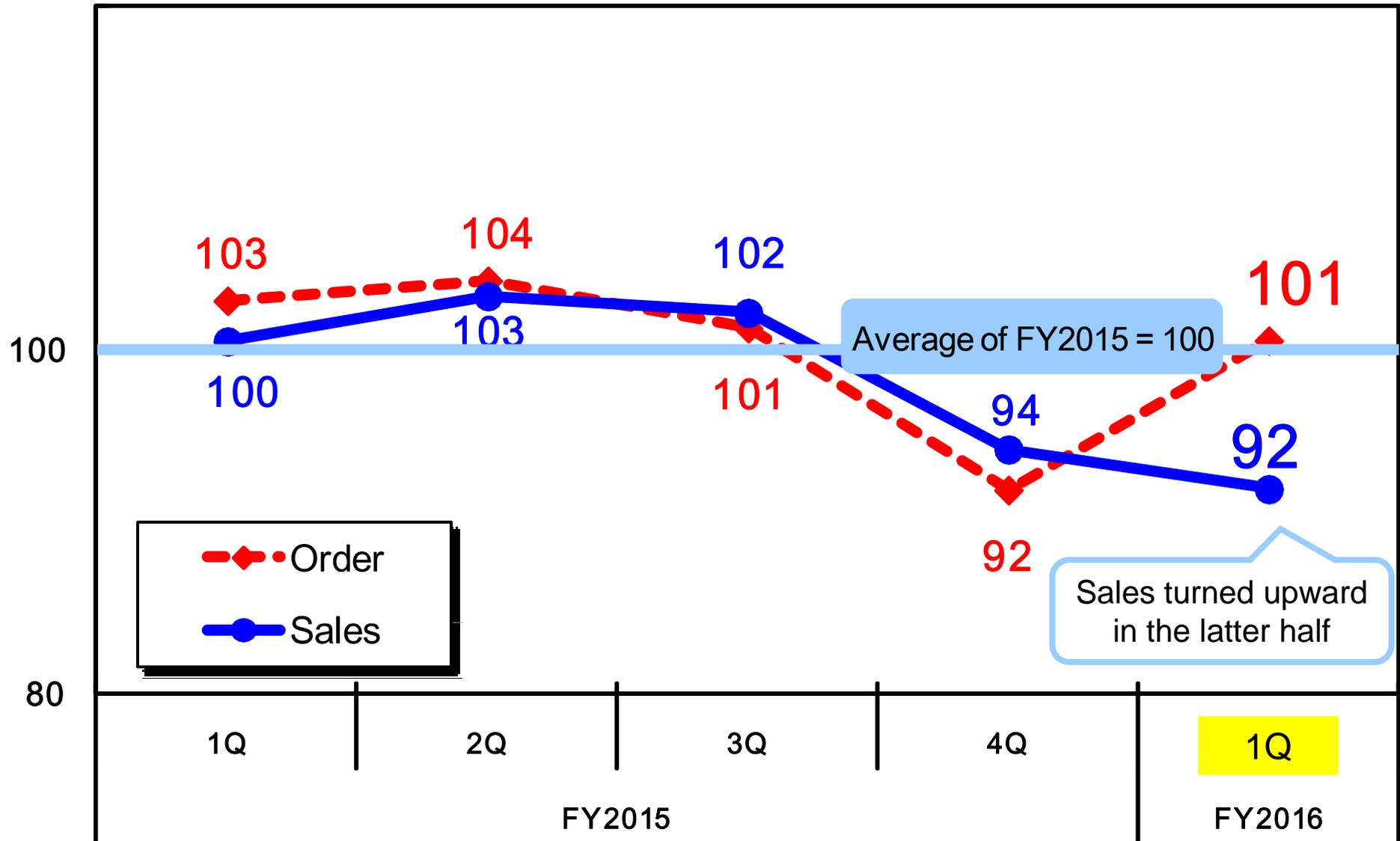
Sales: 276.4 hundred million yen (-8.5% YoY, -2.4% over 4Q FY2015)

Recurring Profit: 72.3 hundred million yen

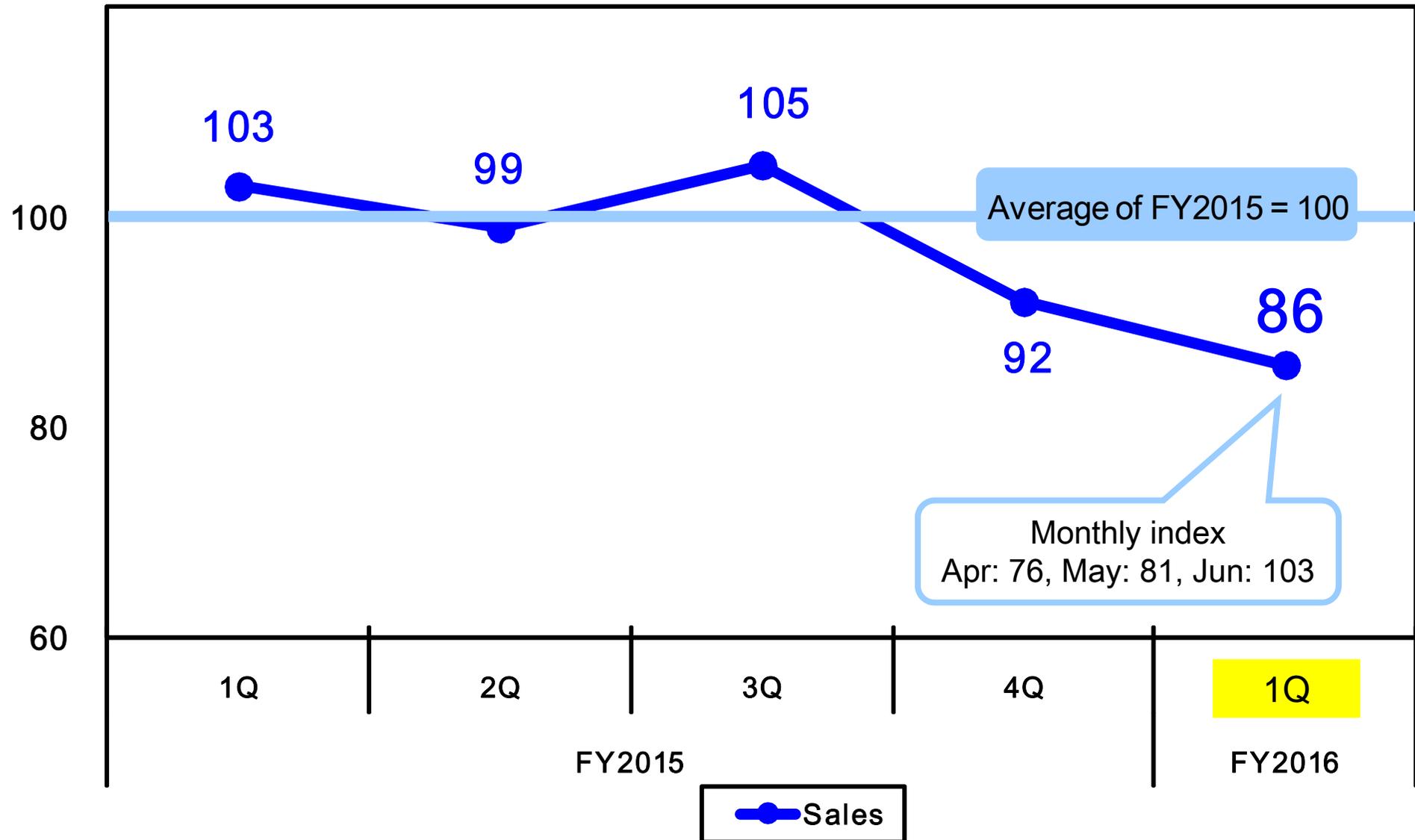
(Ratio 26.2%, -8.2%YoY, +28.6% over 4Q FY2015)

FY2015 1Q – FY2016 1Q Orders and Sales (Consolidated Basis, Index Number)

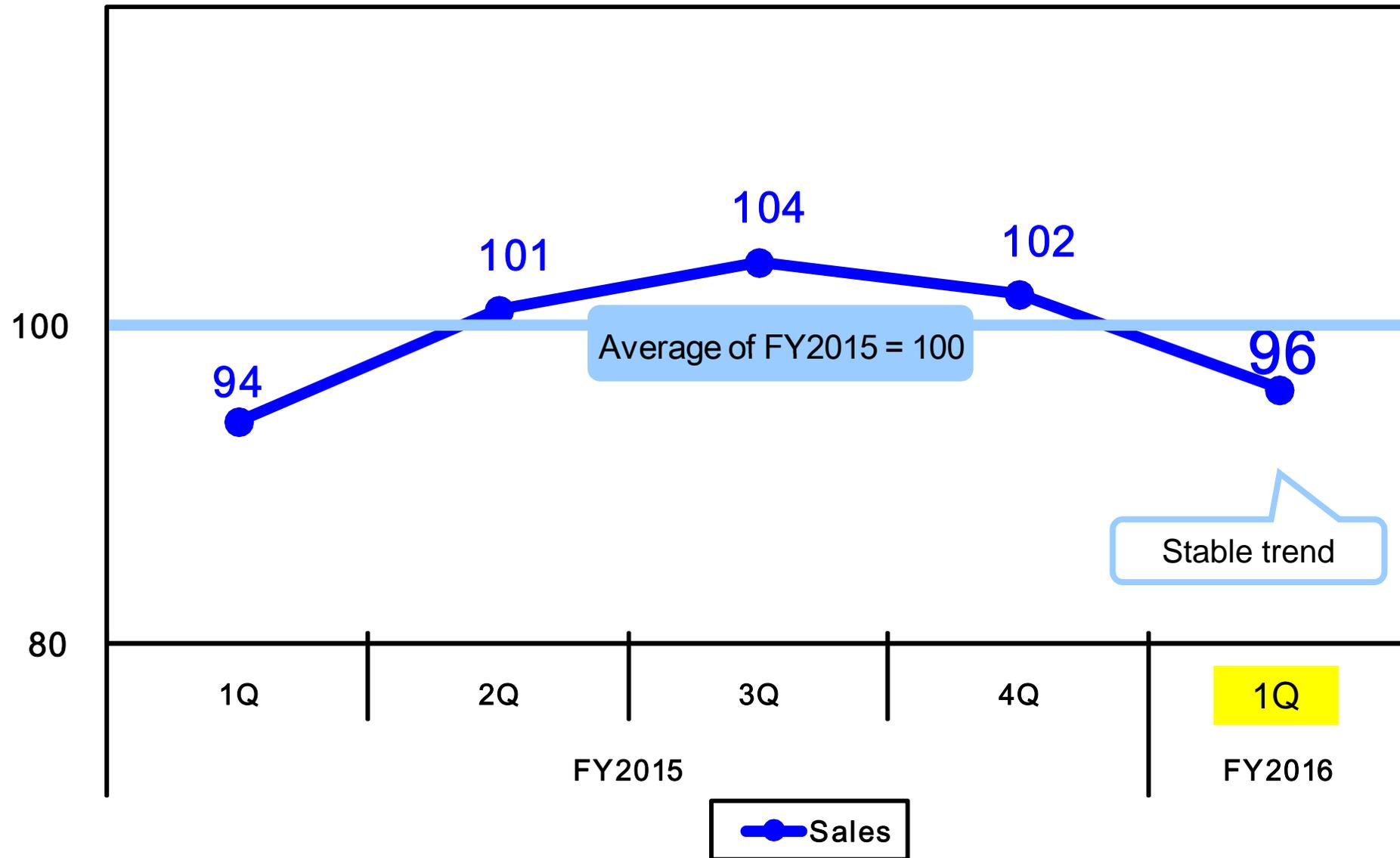
Total



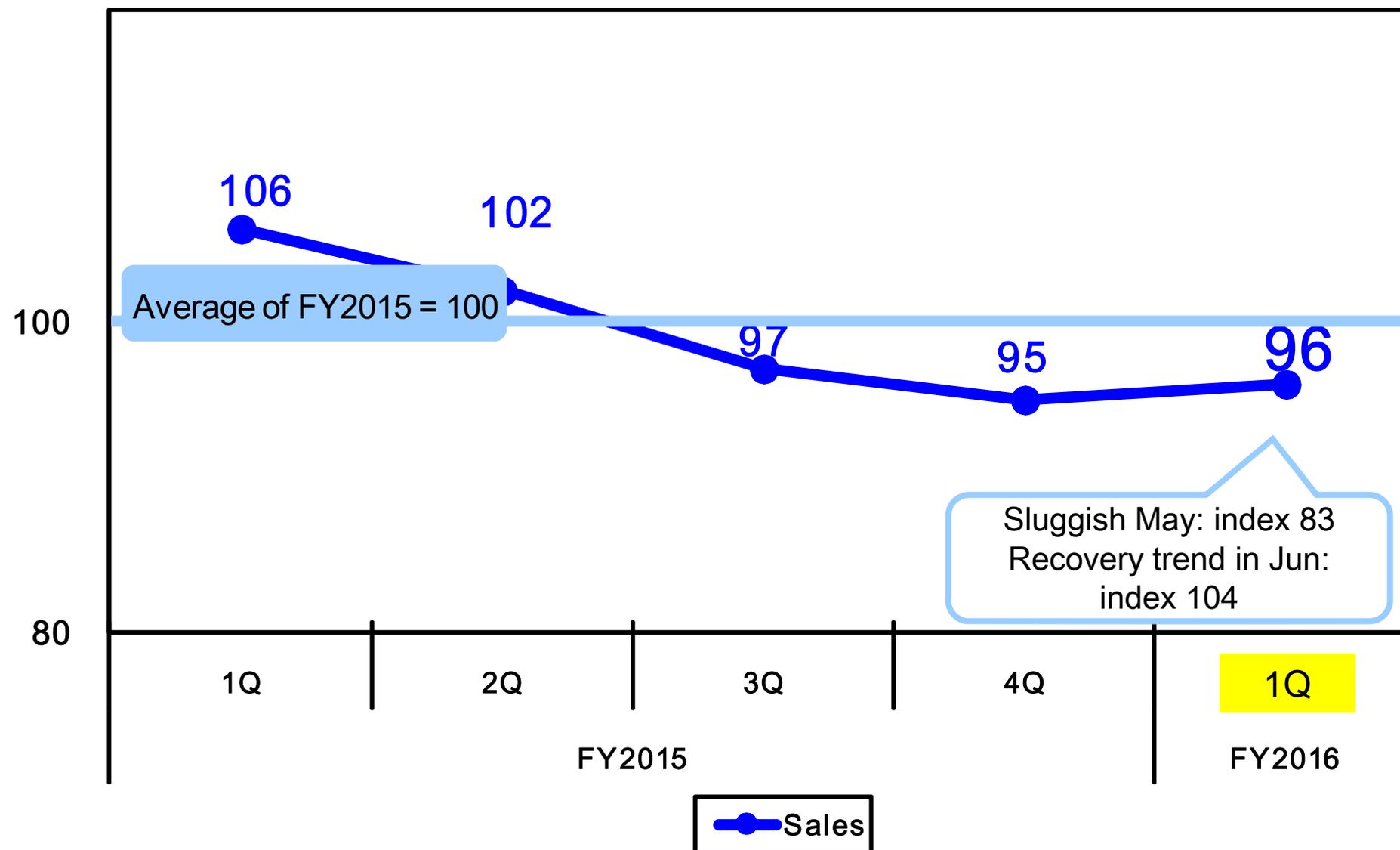
Smartphone / Mobile



Automotive



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



Business Results for 1Q, FY2016

(hundred millions of Yen)

	(A) FY2015 1Q	(A) FY2016 1Q	(B)-(A)	(B)/(A)
Sales	302.2	276.4	-25.8	-8.5%
(COGS Ratio)	(54.4%)	(52.8%)	(-1.6%)	
(SGA Ratio)	(21.3%)	(21.5%)	(+0.2%)	
Operating Profit	73.5	71.0	-2.5	-3.4%
(%)	24.3%	25.7%	(+1.4%)	
Recurring Profit	78.8	72.3	-6.5	-8.2%
(%)	26.1%	26.2%	(+0.1%)	
Net Profit	52.2	52.9	0.7	1.4%
(%)	17.3%	19.1%	(+1.8%)	
Total Assets	3,219.2	3,102.6	-116.5	-3.6%
Shareholders' Equity Ratio	90.3%	90.1%		
Income Per Share	146.6Yen	151.32Yen		

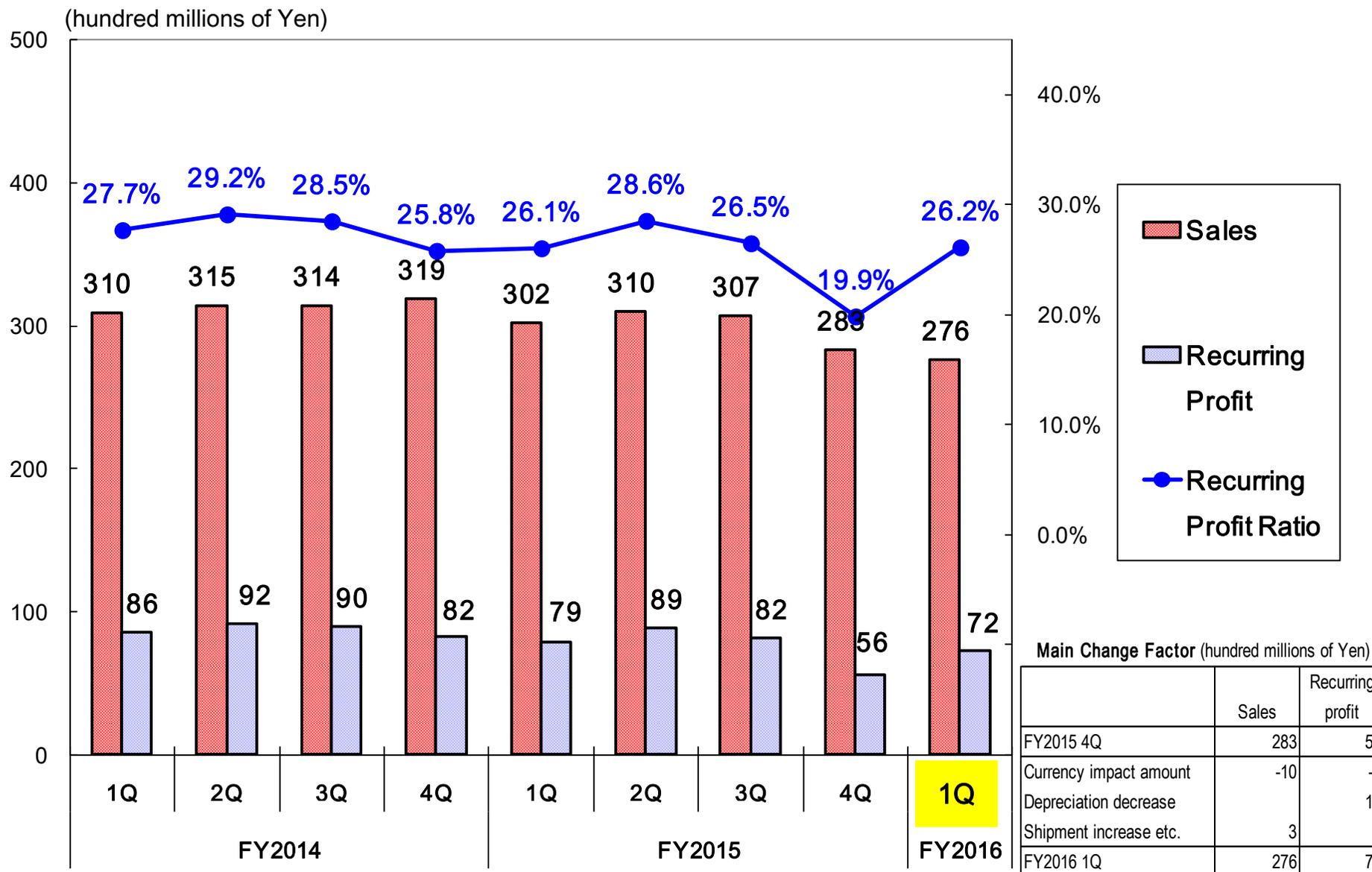
Major changes over prior same period (unit: hundred millions of Yen)	
[Sales]	25.8 Yen decrease Subsidiary Hirose -17.7 -8.1
[COGS Ratio]	1.6 point decrease
Depreciation ratio 6.1% → 4.2%	
[SGA Ratio]	0.2 point increase
Expense decreased (-5.0), but at the time decrease in sales	
[Non-Operating Profit/Loss]	Currency exchange gain/loss +1.2 → -2.4
[Income Taxes]	7.3 decrease 26.4 → 19.1
Tax effect on overseas subsidiaries retained earnings due to strong yen -4.3	
Domestic lower tax rate and margin amount decrease etc. -3.0	
**Impact on operating and recurring profit amount due to depreciation method change (fixed rate → straight-line) and partial change in useful life (increase amount in profit/loss)	
	5.0

Currency rate: US\$	121.36Yen	108.14Yen
Currency rate: €	134.16Yen	122.02Yen
Currency rate: 100won	11.07Yen	9.30Yen

(hundred millions of Yen)

YoY impact amount	
Sales	-29.3
Operating profit	-11.7
Recurring profit	-15.7

Quarterly Sales and Profits



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

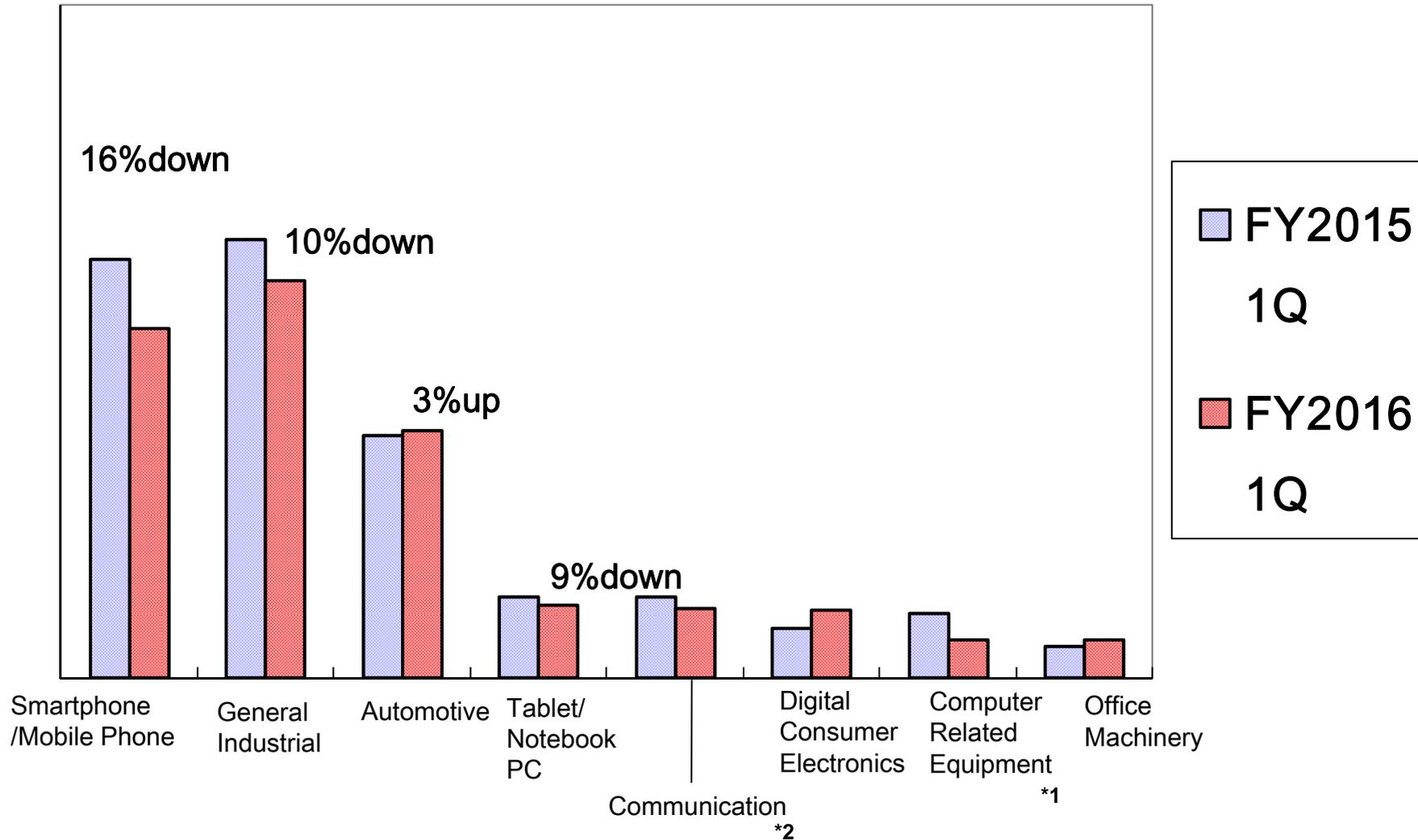
Account	(A) Mar 31, 2016	(B) Jun 30, 2016	(B) - (A)	Remark
Cash and Cash in Bank	1,647.5	1,684.9	37.4	Increase due to redemption of government bond, etc.
Trade Receivables	273.4	269.9	-3.5	Decrease due to sales decrease
Securities	272.1	275.9	3.8	
Inventories	81.5	78.8	-2.7	
Noncurrent Assets	380.4	387.8	7.4	Increase in machinery, equipment, and metal molds,
Investment Securities	358.7	303.0	-55.7	Transfer to cash, etc.
Others	152.3	102.3	-50.0	
Total Assets	3,165.9	3,102.6	-63.3	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2016	(B) Jun 30, 2016	(B) - (A)	Remark
Notes Payable and Account Payable	112.4	114.7	2.3	
Income Taxes Payable	38.8	26.2	-12.6	Tax payment
Others	156.4	162.3	5.9	Increase in other account payables, etc.
Total Liabilities	307.6	303.2	-4.4	
Retained Earnings	3,085.3	3,096.2	10.9	Net profit 52.9 - Dividend 42.0
Treasury Stocks	-564.5	-564.5	0.0	
Valuation Variance	73.4	71.9	-1.5	
Translation Adjustment	56.9	-12.3	-69.2	Due to strong Yen
Others	207.2	208.1	0.9	
Total Shareholders' Equity	2,858.3	2,799.4	-58.9	
Total Liabilities and Shareholders' Equity	3,165.9	3,102.6	-63.3	

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

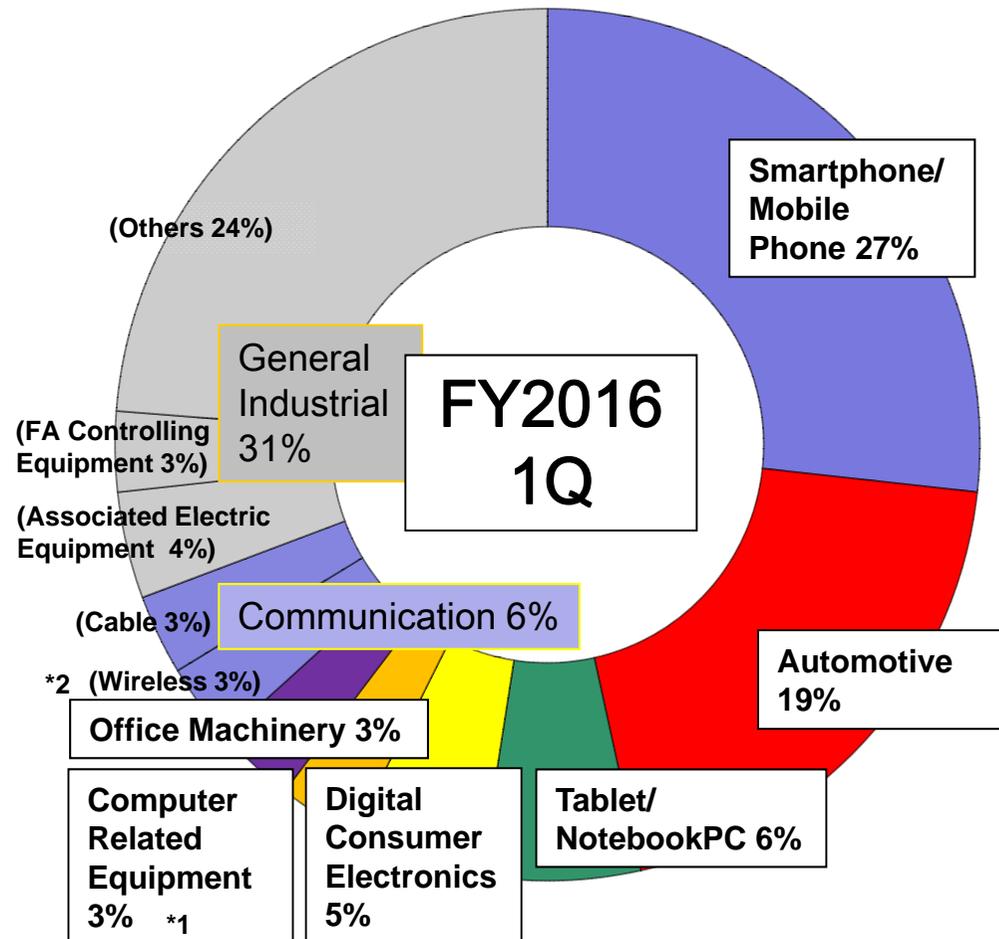
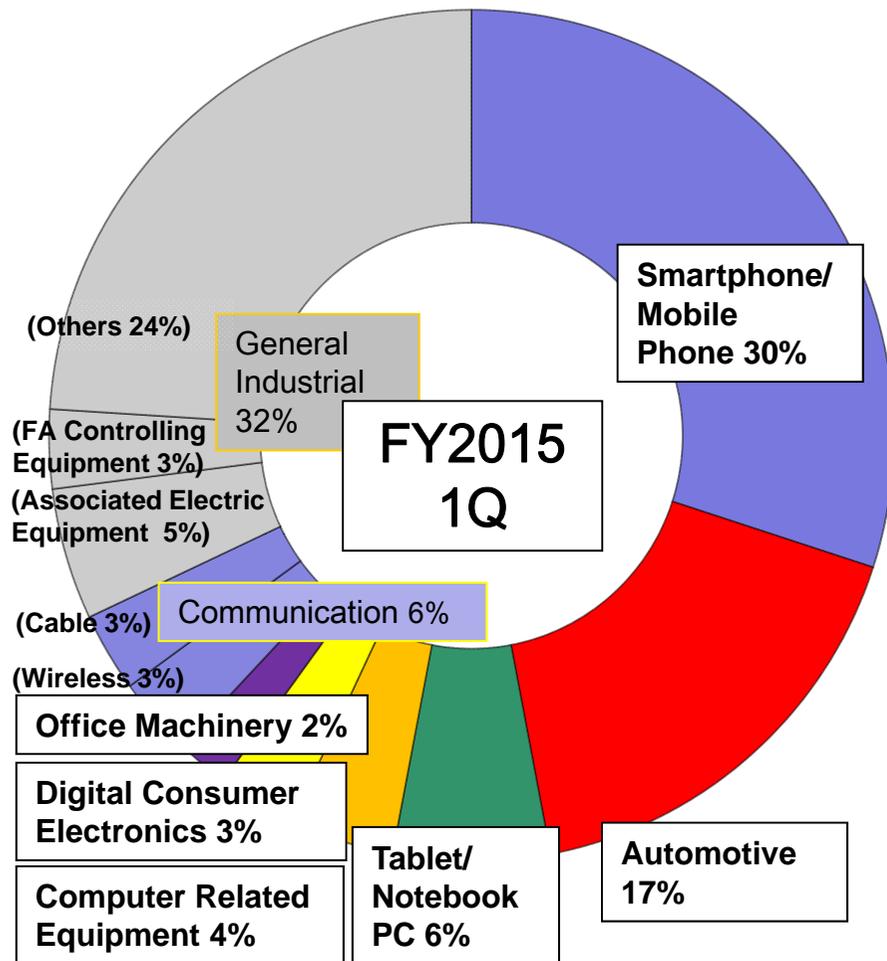


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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

*2 Communication - Smartphone / Mobile Phone not included.

Sales by Application (round number) (Consolidated Basis)

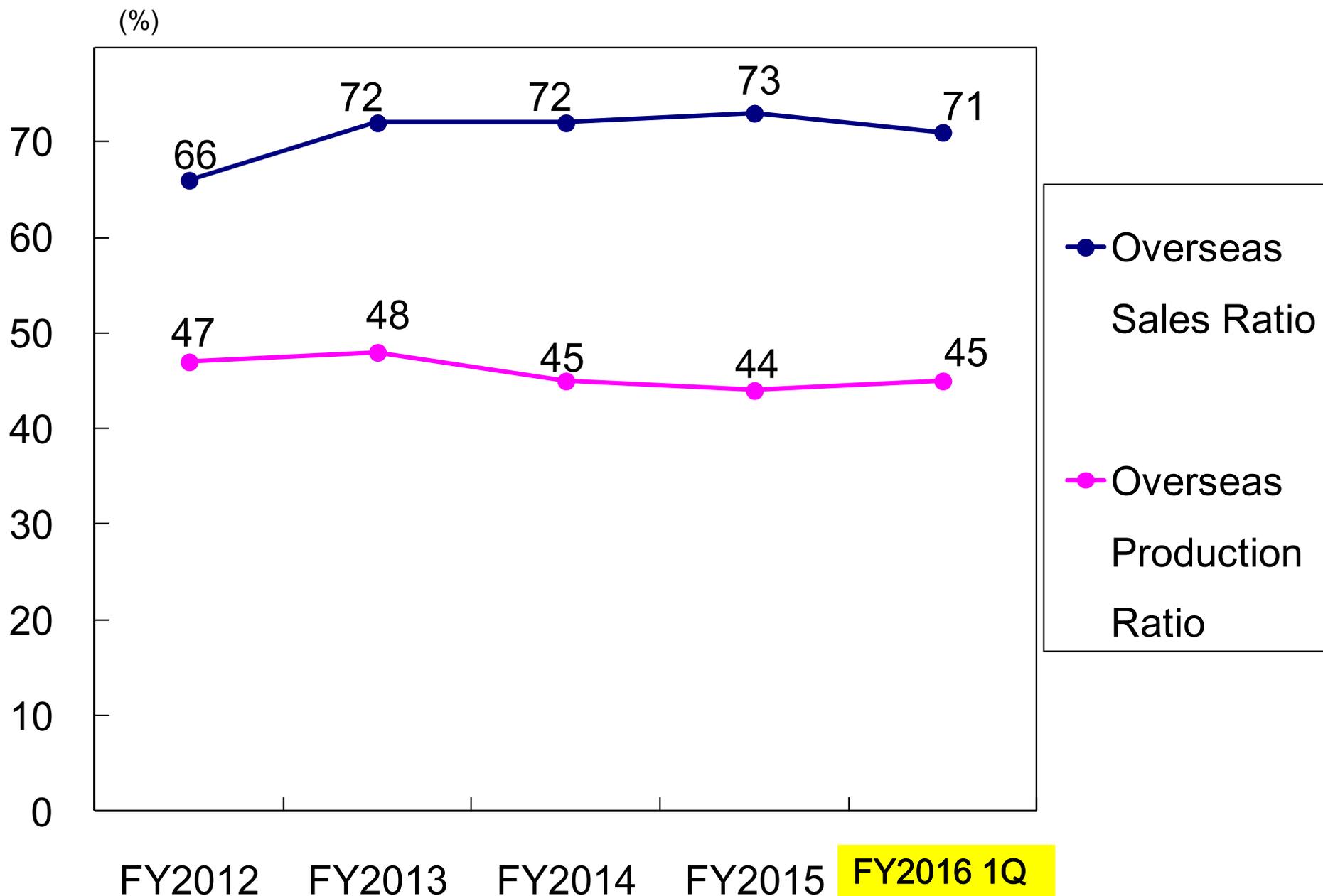


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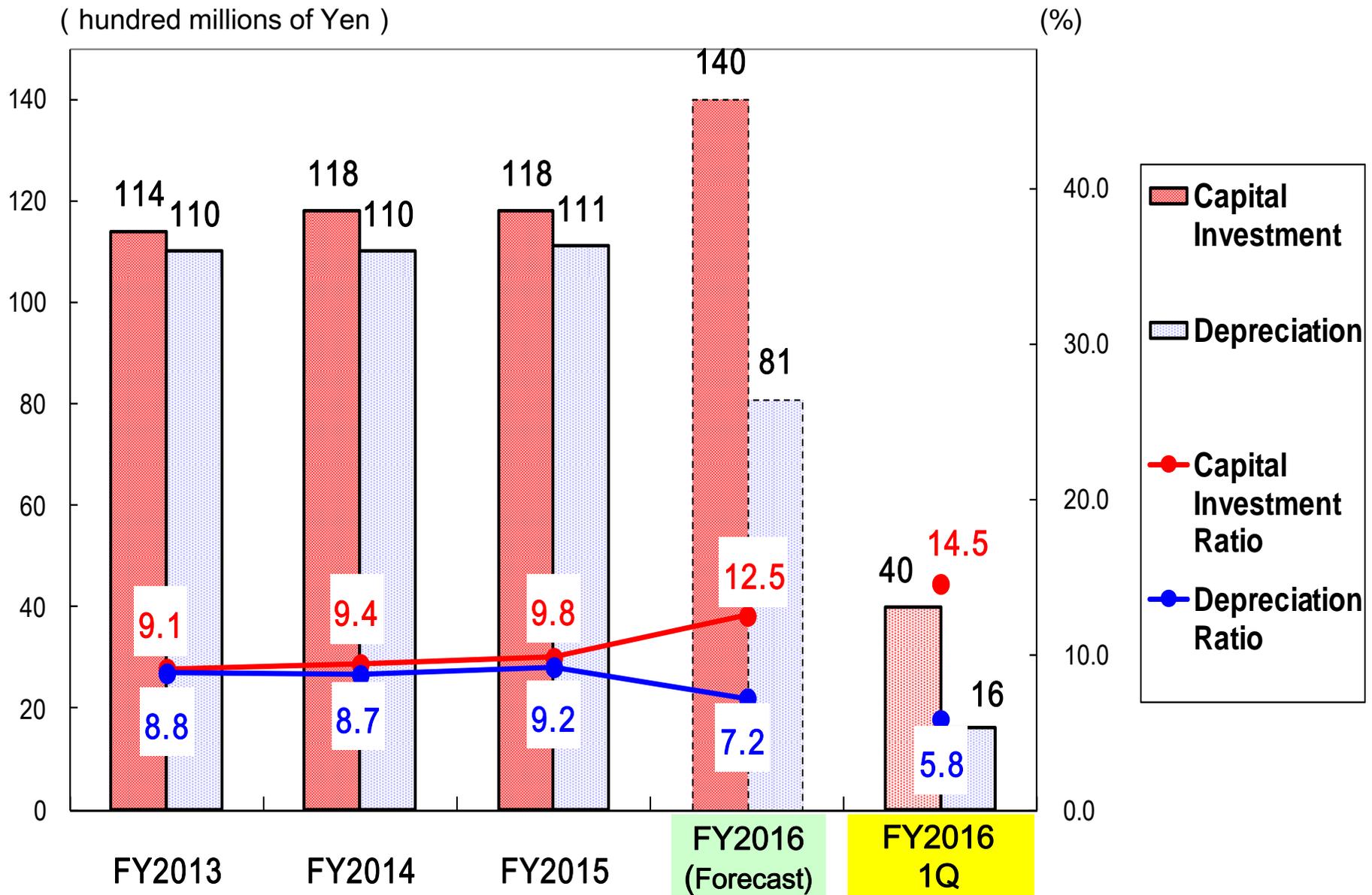
*1 Computer Related Equipment – Tablet/Notebook PC not included.

*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)

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

We revised the currency rate on and after 2Q to 1US\$=105Yen (from 108Yen), 1€=115Yen (from 120Yen), 100Won=9.20Yen (from 9.30Yen). However, due to estimated sales increase in Chinese smartphone market etc., we will hold the forecast announced on April 28th

(hundred millions of Yen)

	FY2015 (FY ended Mar 31, 2016) Actual		FY2016 (FY ending Mar 31, 2017) 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) Operating Profit (%) Recurring Profit (%) Net Profit (%)	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%															
	152.6 <i>24.9%</i>	287.9 <i>23.9%</i>	140.0 <i>25.0%</i>	270.0 <i>24.1%</i>	-12.6	-8.4%	-17.9	-6.2%																
	167.4 <i>27.3%</i>	305.2 <i>25.4%</i>	140.0 <i>25.0%</i>	280.0 <i>25.0%</i>	-27.4	-16.4%	-25.2	-8.3%																
	116.9 <i>19.1%</i>	211.0 <i>17.5%</i>	100.0 <i>17.9%</i>	195.0 <i>17.4%</i>	-16.9	-14.5%	-16.0	-7.6%																
Income Per Share	-	596.31Yen	-	557.62Yen	<table border="1"> <tr> <th>[Currency rate]</th> <th>FY2015 Actual</th> <th>FY2016 Forecast</th> <th>Previous</th> </tr> <tr> <td>1US\$</td> <td>120.14Yen</td> <td>105.79Yen</td> <td>108.0Yen</td> </tr> <tr> <td>1€</td> <td>132.58Yen</td> <td>116.75Yen</td> <td>120.00Yen</td> </tr> <tr> <td>100Won</td> <td>10.42Yen</td> <td>9.23Yen</td> <td>9.30Yen</td> </tr> </table>				[Currency rate]	FY2015 Actual	FY2016 Forecast	Previous	1US\$	120.14Yen	105.79Yen	108.0Yen	1€	132.58Yen	116.75Yen	120.00Yen	100Won	10.42Yen	9.23Yen	9.30Yen
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1€	132.58Yen	116.75Yen	120.00Yen																					
100Won	10.42Yen	9.23Yen	9.30Yen																					
Dividend Per Share	120Yen	240Yen	120Yen	240Yen																				
Consolidated Dividend Payout Ratio	-	40.2%	-	43.0%																				