



Business Results of Third Quarter, FY2016

Creative Links to World Electronic

Jan 31st, 2017

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 3Q FY2016

[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.

[2Q FY2016 (Jul – Sep)]

• Total increase in sales from 1Q. Smartphone market trended well in Chinese market, etc. Automotive market was sluggish in overseas but good in domestic market. Industrial market increased slightly.

[3Q FY2016 (Oct – Dec)]

• Although Automotive and Industrial market trended steadily, sales for Smartphone market decreased by approximately 20% compared to 2Q FY2016. Total sales decreased as well.

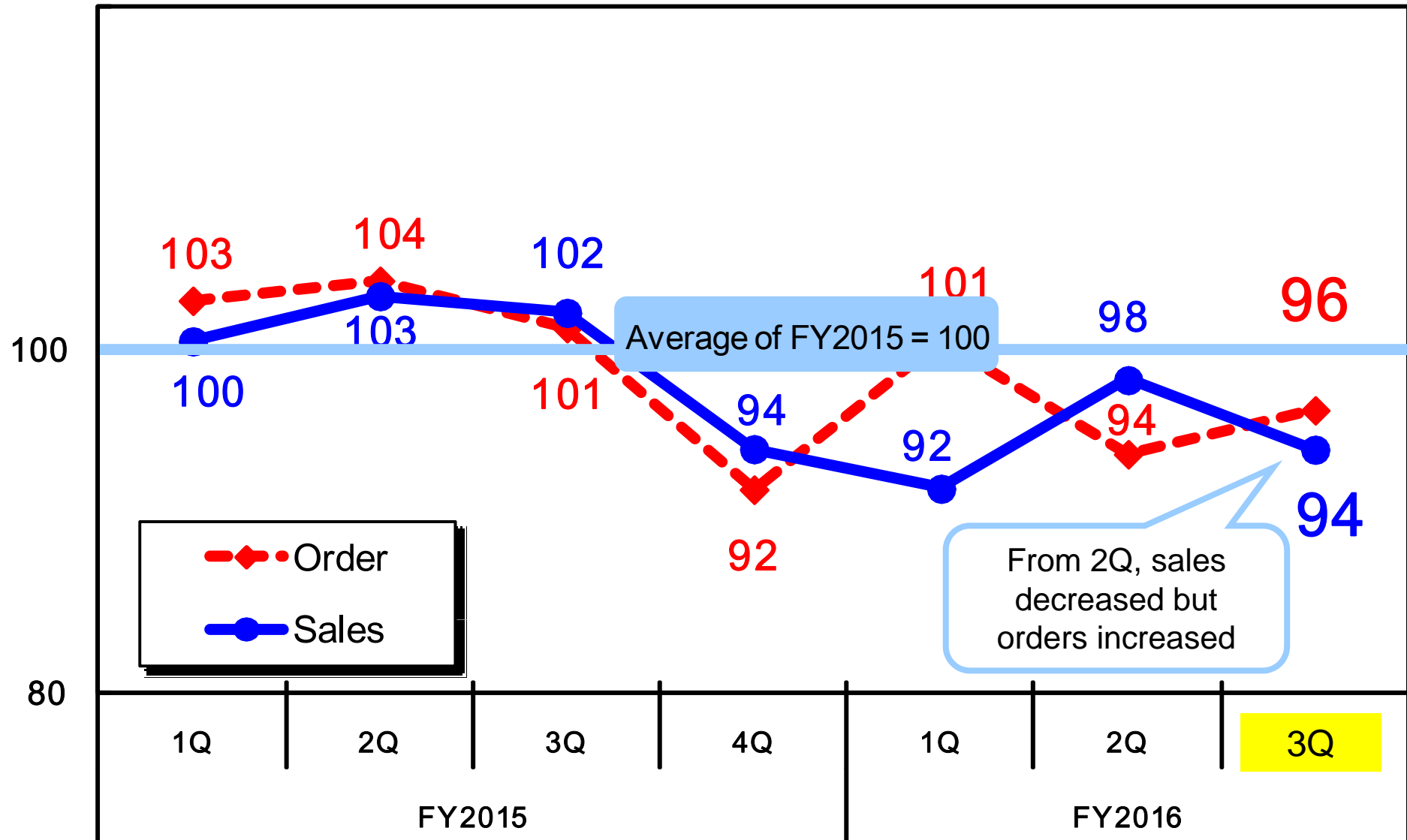
• 3Q FY2016 settled on -4.7 % YoY in order level (+2.7% over 2Q FY2016), -7.8% YoY in sales level (-4.1% over 2Q FY2016)

[1Q - 3Q FY2016 (Apr – Dec)]

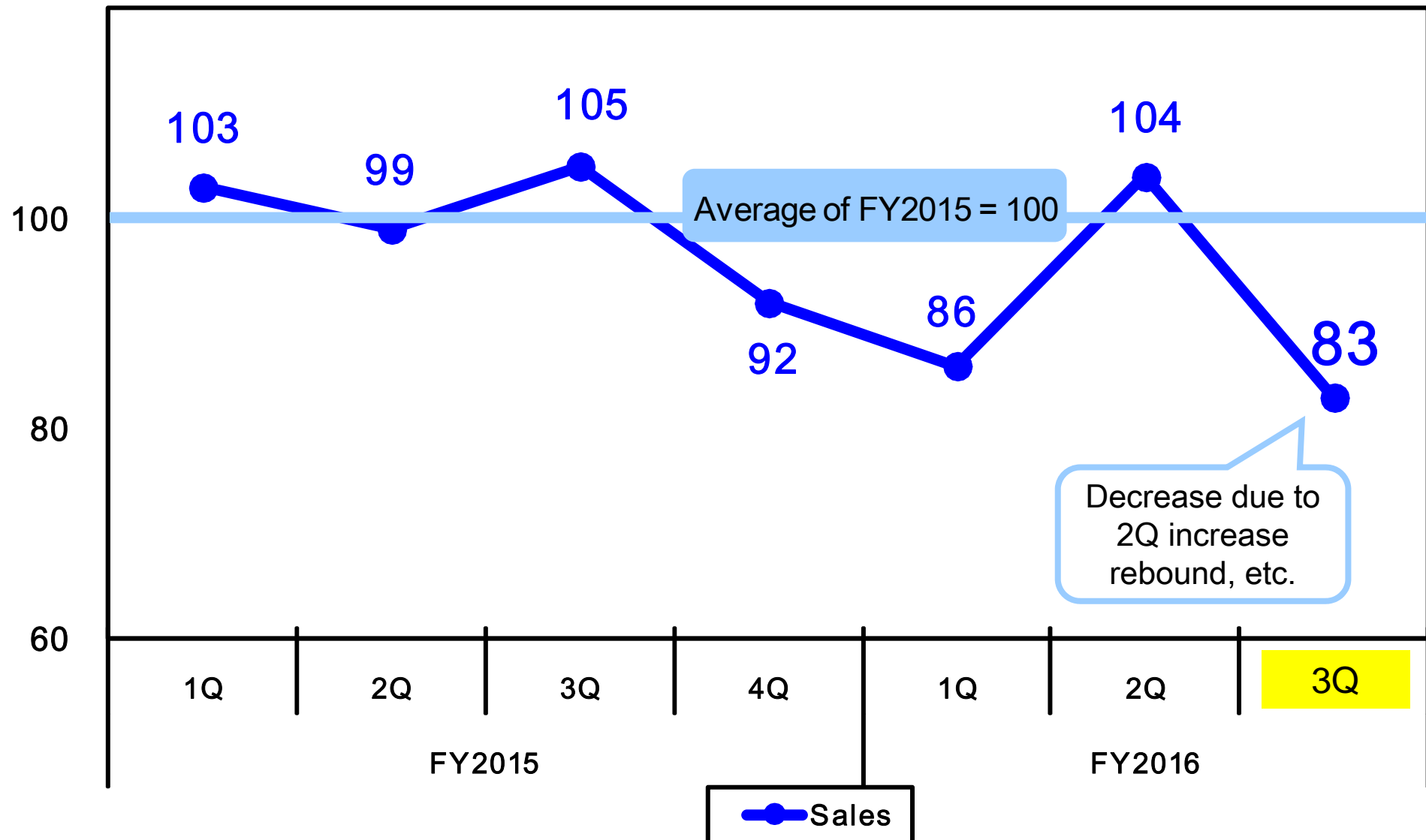
• 1Q - 3Q (total) FY2016 settled on 874.8 hundred million yen in order level (-5.6% YoY), 855.0 hundred million yen in sales level (-7.0% YoY), 226.2 hundred million yen in recurring profit (Ratio 26.4%, -9.2% YoY).

FY2015 1Q – FY2016 3Q Orders and Sales (Consolidated Basis, Index Number)

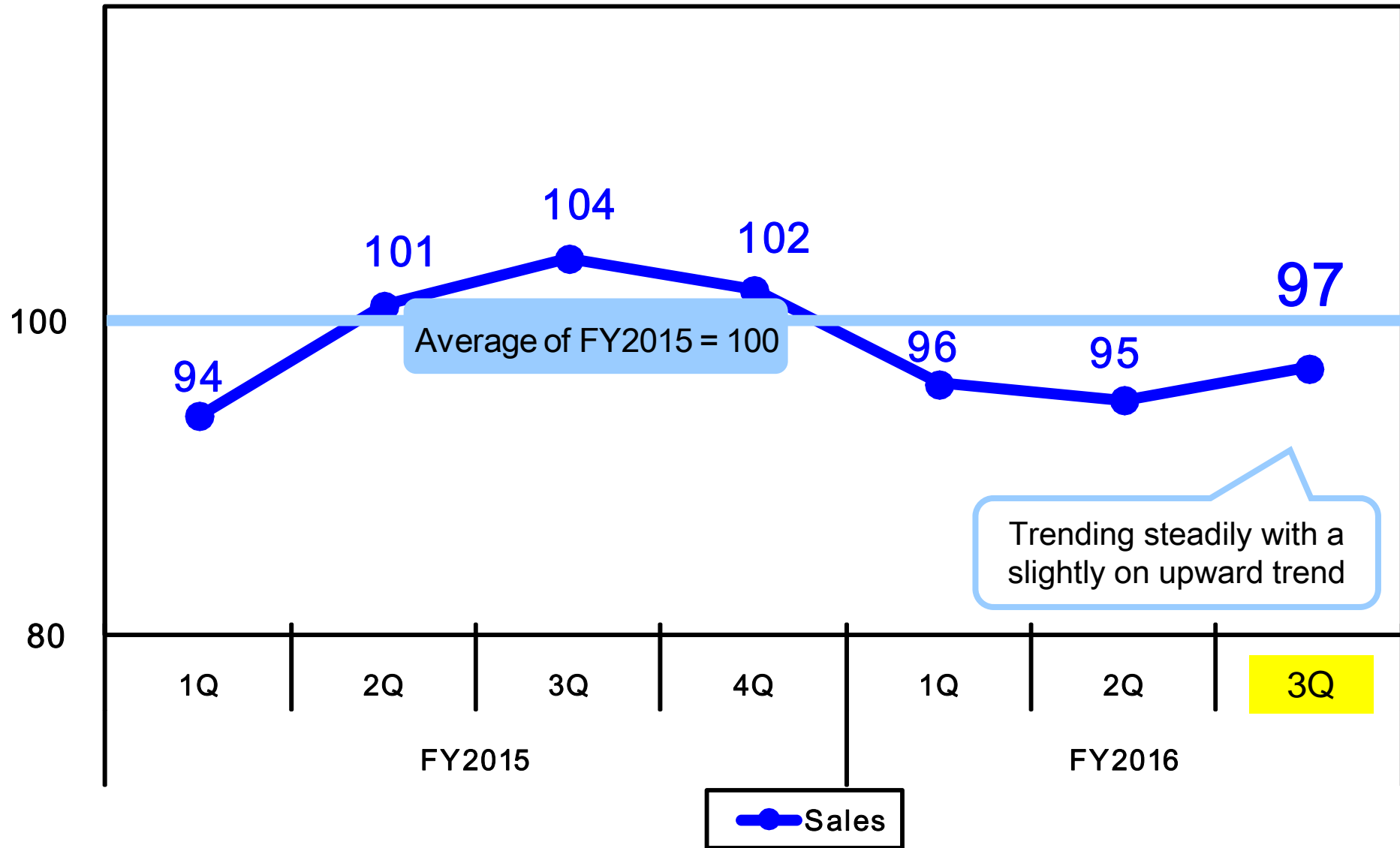
Total



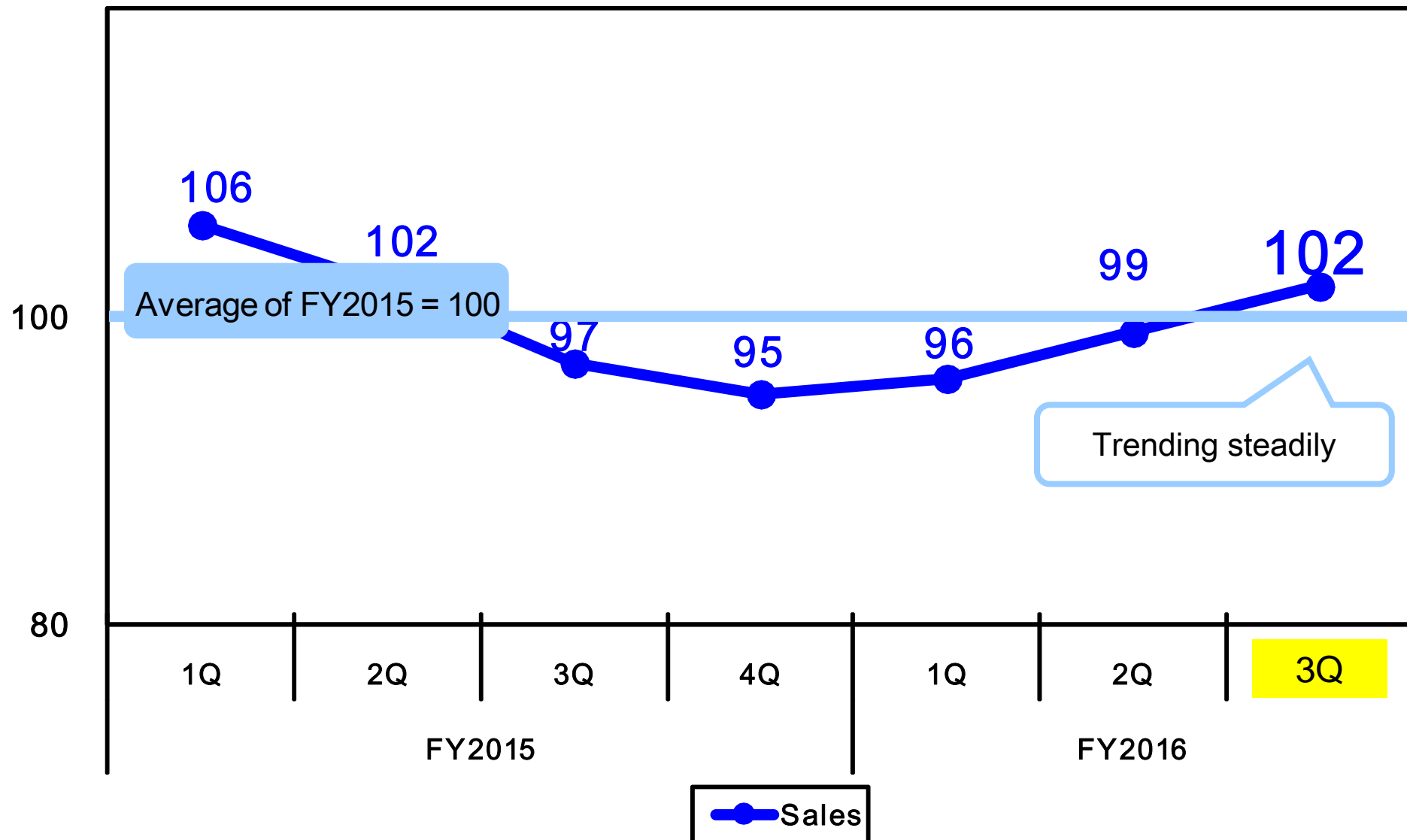
Smartphone / Mobile



Automotive



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



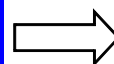
Business Results for 3Q FY2017

(unit: hundred millions of Yen)

	(A)FY2015 1Q-3Q	(B)FY2016 1Q-3Q	(B)-(A)	(B)/(A)
Sales (COGS Ratio) (SGA Ratio)	919.5 <i>(53.8%)</i> <i>(21.2%)</i>	855.0 <i>(53.2%)</i> <i>(21.9%)</i>	-64.5 <i>(-0.8%)</i> <i>(+0.7%)</i>	-7.0%
Operating Profit (%)	229.6 <i>25.0%</i>	212.9 <i>24.9%</i>	-16.7 <i>(-0.1%)</i>	-7.2%
Recurring Profit (%)	248.9 <i>27.1%</i>	226.2 <i>26.4%</i>	-22.7 <i>(-0.7%)</i>	-9.2%
Net Profit (%)	171.2 <i>18.6%</i>	161.4 <i>18.9%</i>	-9.8 <i>(+0.3%)</i>	-5.7%
Total Assets	3,162.1	3,206.9	44.8	1.4%
Shareholders' Equity Ratio	90.1%	90.5%		
Income Per Share	481.9Yen	461.9Yen		

Major changes over prior same period (unit: hundred millions of Yen)	
[Sales]	64.5 decrease
Hirose	-34.5
Subsidiaries	-30.0
[COGS Ratio]	0.6 point decrease
Ourchase Cost Ratio	38.0% → 38.9%
Depreciation Ratio	6.5% → 4.8%
Labor Cost Ratio	5.6% → 5.5%
[SGA Ratio]	0.7 point increase
Decrease in expense (-7.6) but also decrease in sales	
[Non-Operating Profit]	
Foreign Exchange gain	+7.2 → +2.5
**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)	
	23.0

Exchange Rate:US\$	121.70Yen	106.63Yen
Exchange Rate:€	134.36Yen	118.02Yen
Exchange Rate:100Won	10.69Yen	9.30Yen

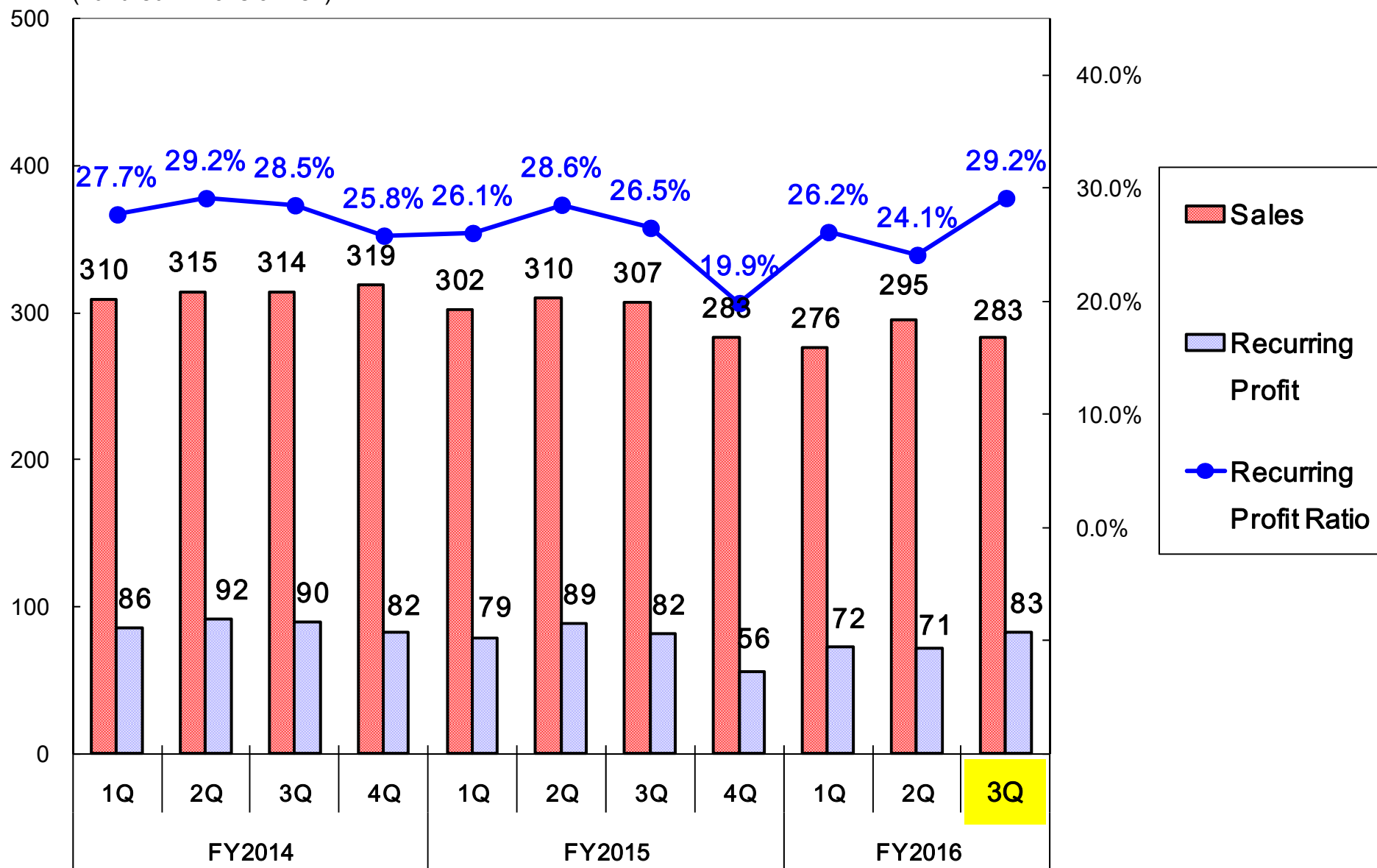


(unit: hundred millions of Yen)

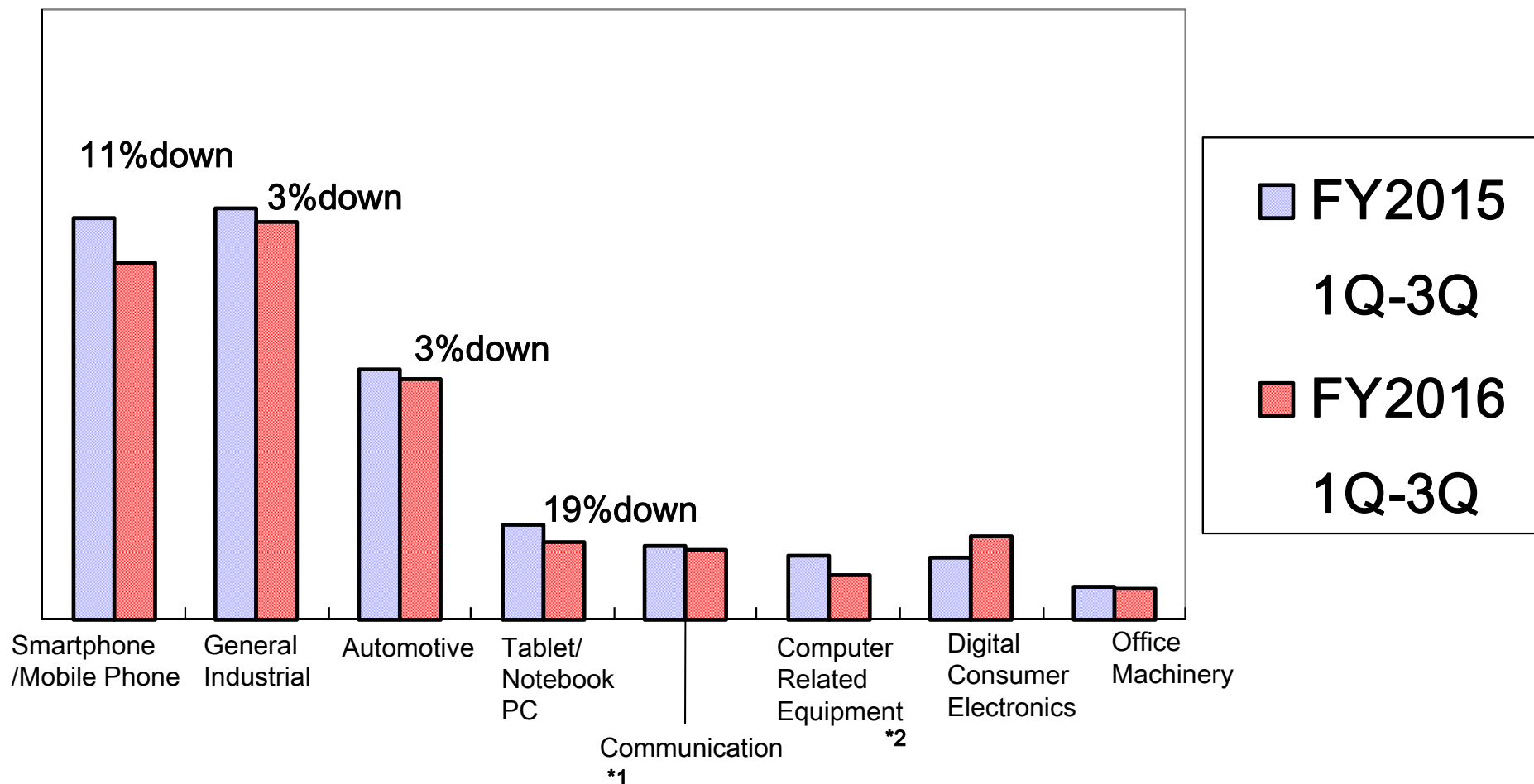
YoY Currency effect amount	
Sales	-90.3
Operating Profit	-55.2
Recurring Profit	-61.5

Quarterly Sales and Profits

(hundred millions of Yen)



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

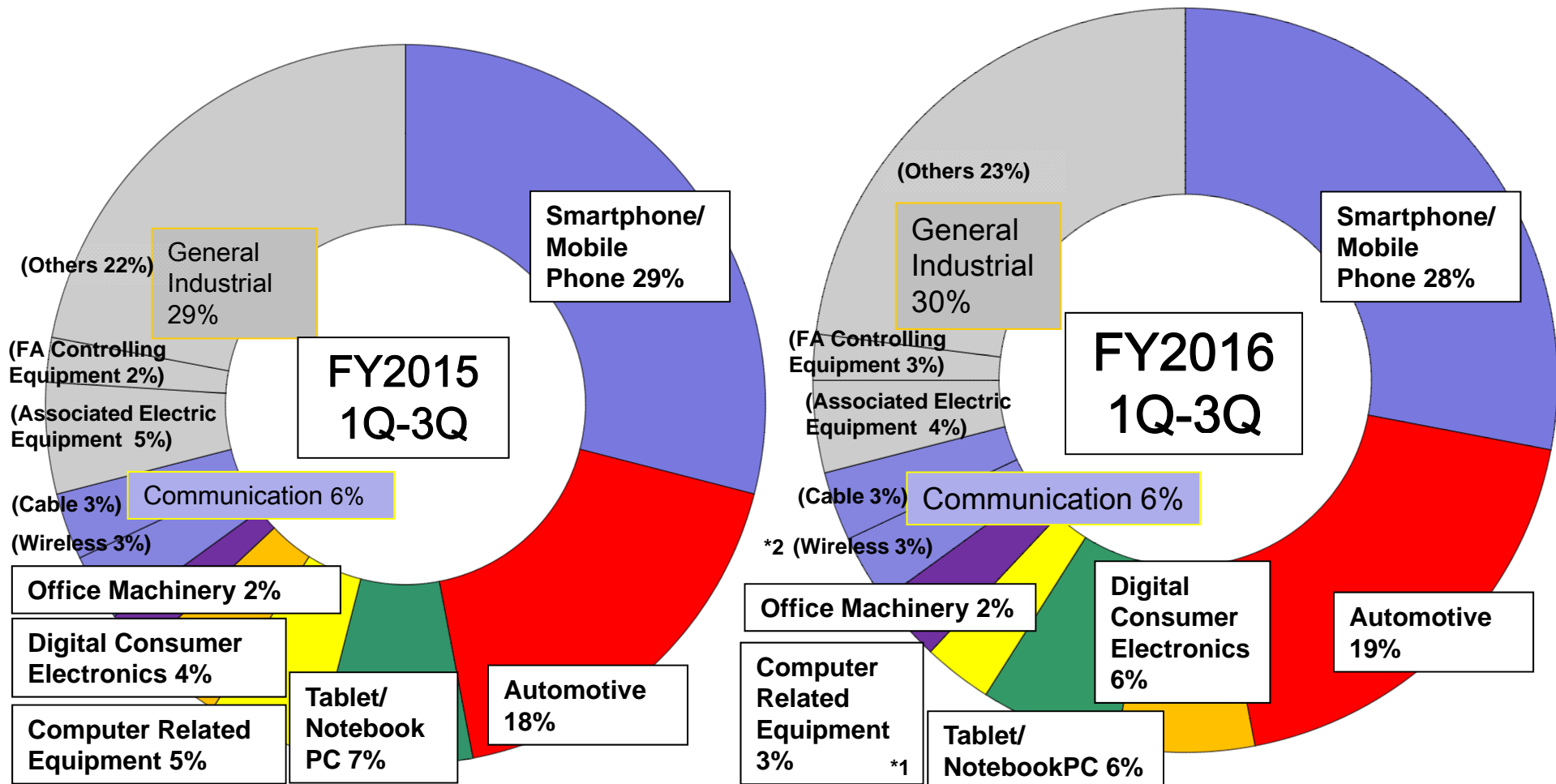


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

*1 Communication - Smartphone / Mobile Phone not included.

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

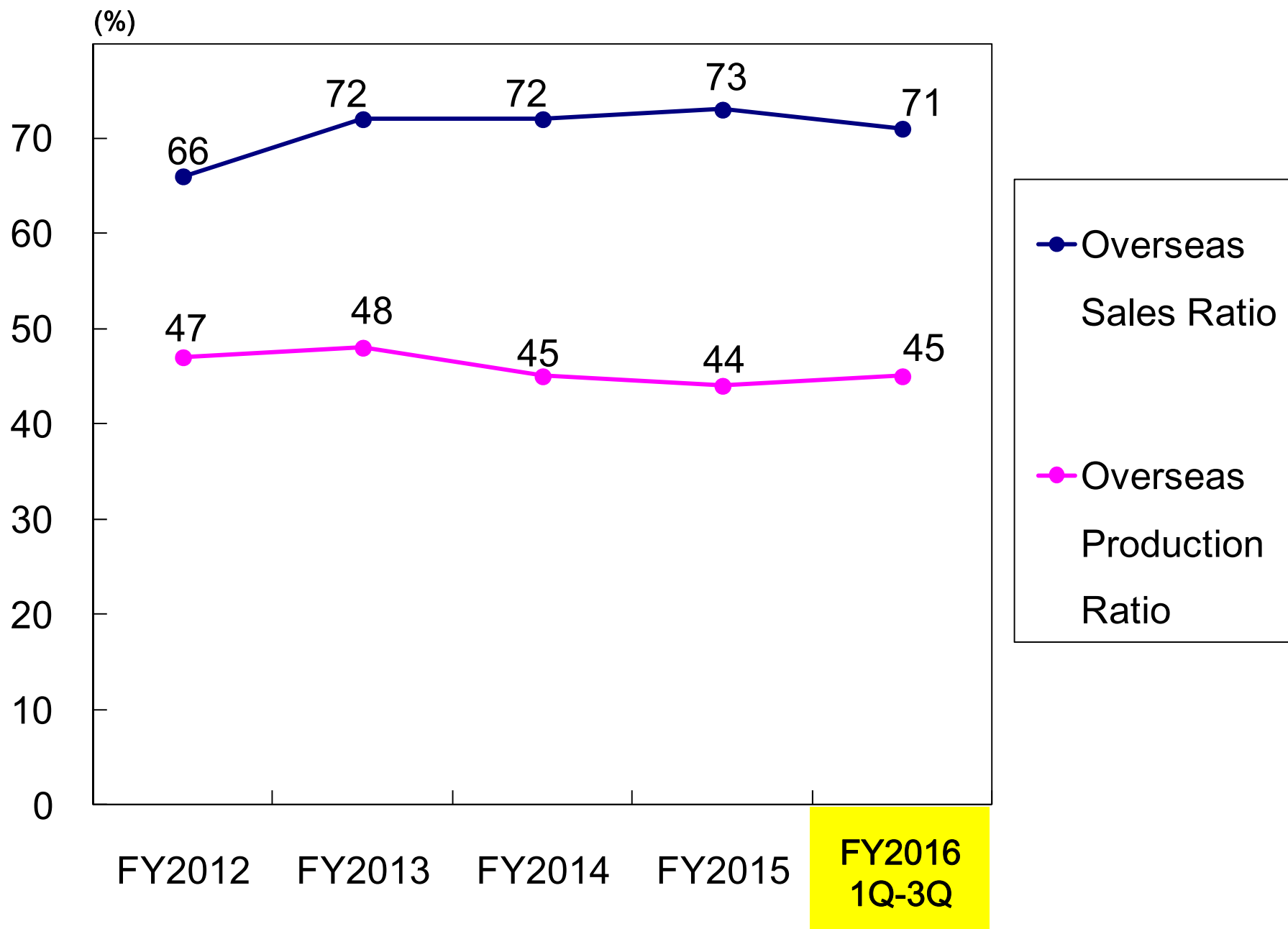
Sales by Application (round number) (Consolidated Basis)



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)

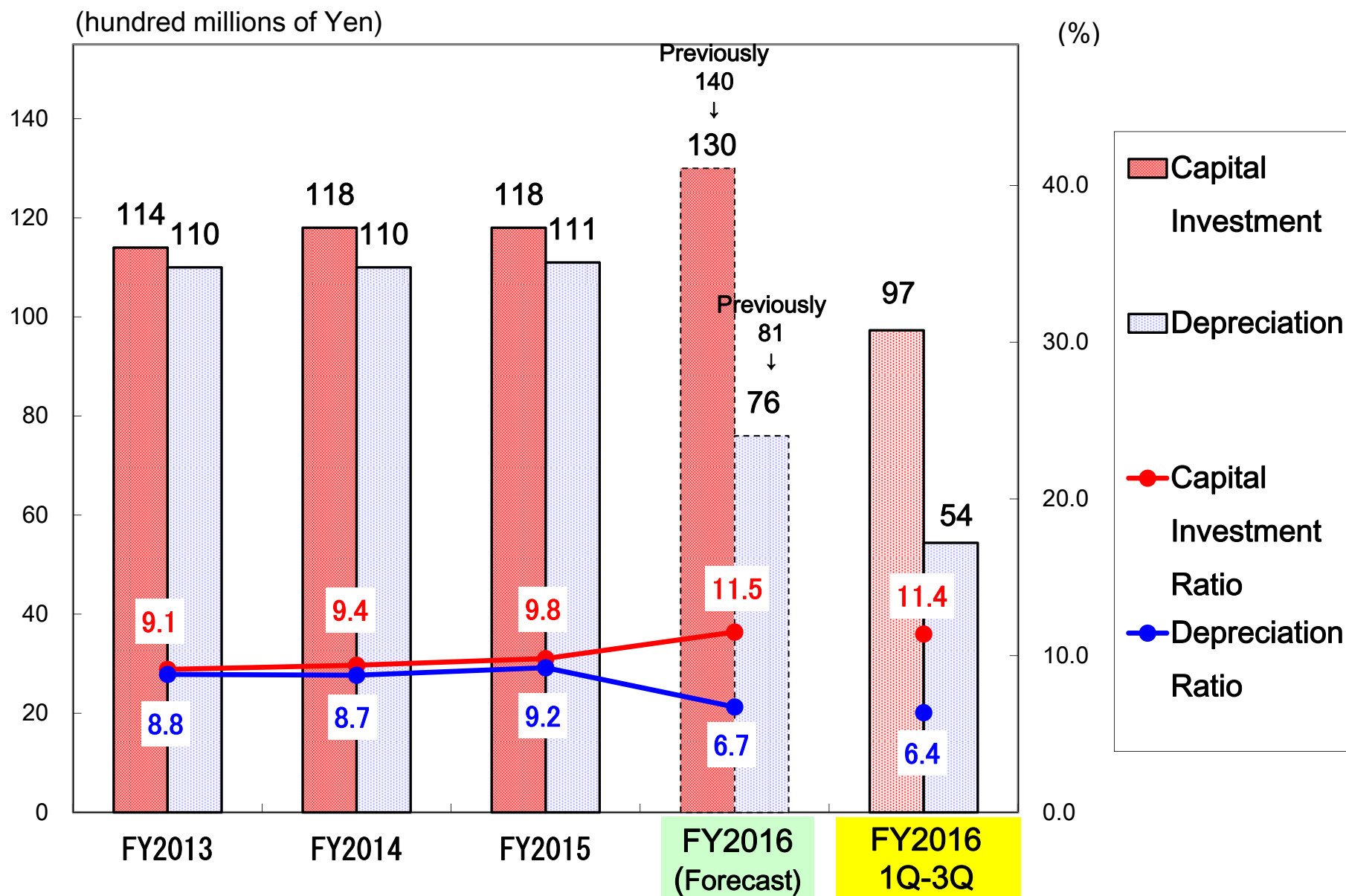
Account	(A) Mar 31, 2016	(B) Dec 31, 2016	(B) - (A)	Remark
Cash and Cash in Bank	1,647.5	1,793.6	146.1	Increase due to redemption of government bond, etc.
Trade Receivables	273.4	297.5	24.1	Increase due to sales increase in Dec 2016
Securities	272.1	246.8	-25.3	
Inventories	81.5	86.6	5.1	
Noncurrent Assets	380.4	437.7	57.3	Increase in machinery, equipment, and metal molds, etc.
Investment Securities	358.7	244.8	-113.9	Transfer to securities (short-term), etc.
Others	152.3	99.9	-52.4	
Total Assets	3,165.9	3,206.9	41.0	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2016	(B) Dec 31, 2016	(B) - (A)	Remark
Notes Payable and Account Payable	112.4	111.1	-1.3	
Income Taxes Payable	38.8	28.1	-10.7	Tax payment
Others	156.4	161.5	5.1	
Total Liabilities	307.6	300.7	-6.9	
Retained Earnings	3,085.3	3,162.8	77.5	Net profit 161.4 - Dividend 83.9
Treasury Stocks	-564.5	-590.8	-26.3	Share Buyback 200,000 shares
Valuation Variance	73.4	74.8	1.4	
Translation Adjustment	56.9	50.2	-6.7	Due to strong yen
Others	207.2	209.2	2.0	
Total Shareholders' Equity	2,858.3	2,906.2	47.9	
Total Liabilities and Shareholders' Equity	3,165.9	3,206.9	41.0	

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 business forecast announced on Apr 28th 2016

4Q currency rate: 1 US\$ = 112.0 yen (Previous 102.5 yen), 1 € = 120.0 yen (Previous 113.5 yen), 100 won = 9.50 yen (previous 9.10 yen)

note) figures in green italics : previously announced data on Apr 2016

(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) <i>(53.9%)</i>	612.3	1,202.8 <i>(54.7%)</i>	571.8 <i>(53.4%)</i>	1,120.0 <i>(53.4%)</i>	-40.5	-6.6%	-72.8	-6.1%																			
Operating Profit (%) <i>24.9%</i>	152.6 <i>24.9%</i>	287.9 <i>23.9%</i>	142.9 <i>25.0%</i>	273.0 <i>24.2%</i>	-9.7	-6.3%	-14.9	-5.2%																				
Recurring Profit (%) <i>27.3%</i>	167.4 <i>27.3%</i>	305.2 <i>25.4%</i>	143.6 <i>25.1%</i>	285.0 <i>25.2%</i>	-23.8	-14.2%	-20.2	-6.6%																				
Net Profit (%) <i>19.1%</i>	116.9 <i>19.1%</i>	211.0 <i>17.5%</i>	101.3 <i>17.7%</i>	205.0 <i>18.1%</i>	-15.6	-13.4%	-6.0	-2.8%																				
Income Per Share	-	596.31Yen	-	589.41Yen	<table border="1"> <tr> <td></td> <td>FY2015 Actual</td> <td>FY2016 Forecast(New)</td> <td>On Oct/16</td> <td>On Apr/16</td> </tr> <tr> <td>1US\$</td> <td>120.14Yen</td> <td>107.97Yen</td> <td>103.89Yen</td> <td>108.00Yen</td> </tr> <tr> <td>1€</td> <td>132.58Yen</td> <td>118.52Yen</td> <td>115.82Yen</td> <td>120.00Yen</td> </tr> <tr> <td>100Won</td> <td>10.42Yen</td> <td>9.35Yen</td> <td>9.16Yen</td> <td>9.30Yen</td> </tr> </table>					FY2015 Actual	FY2016 Forecast(New)	On Oct/16	On Apr/16	1US\$	120.14Yen	107.97Yen	103.89Yen	108.00Yen	1€	132.58Yen	118.52Yen	115.82Yen	120.00Yen	100Won	10.42Yen	9.35Yen	9.16Yen	9.30Yen
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Dividend Per Share	120Yen	240Yen	120Yen	240Yen																								
Consolidated Dividend Payout Ratio	-	40.2%	-	40.7%																								