



For First Half, FY 2017

Business Results



- CONNECTING THE FUTURE -

2nd November, 2017

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 First Half FY2017 (Apr-Sep)

FY2017 First Half Results settled on (Apr – Sep)

Order **675.7** hundred million yen
(YoY **+15.6%**)

Sales **619.8** hundred million yen
(YoY **+8.4%**、 Over estimate **+3.3%**)

Recurring Profit **157.7** hundred million yen ※Profit Ratio **25.4%**
(YoY **+9.8%**、 Over estimate **+8.0%**)

Smartphone

Smartphone market sales had significantly increased and achieved +29% QoQ. However, due to the delay of the starting up in Chinese market at 1Q, the sales in 2Q (from Apr-Sep) resulted in same level as YoY.

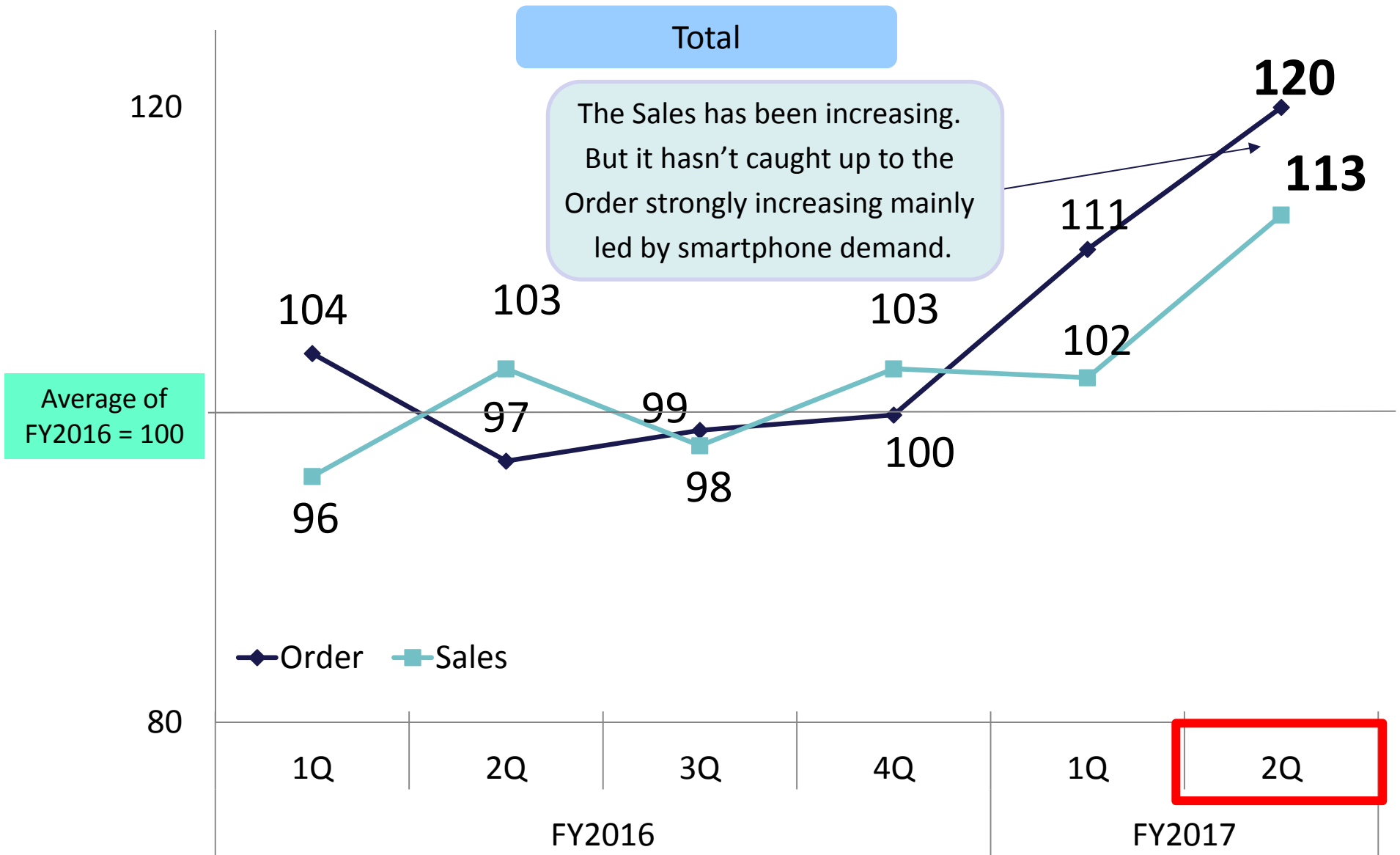
Industrial Market

Because of the good trend in FA related equipment and to distributor, the sales for industrial market keep the high level as same as 1Q.

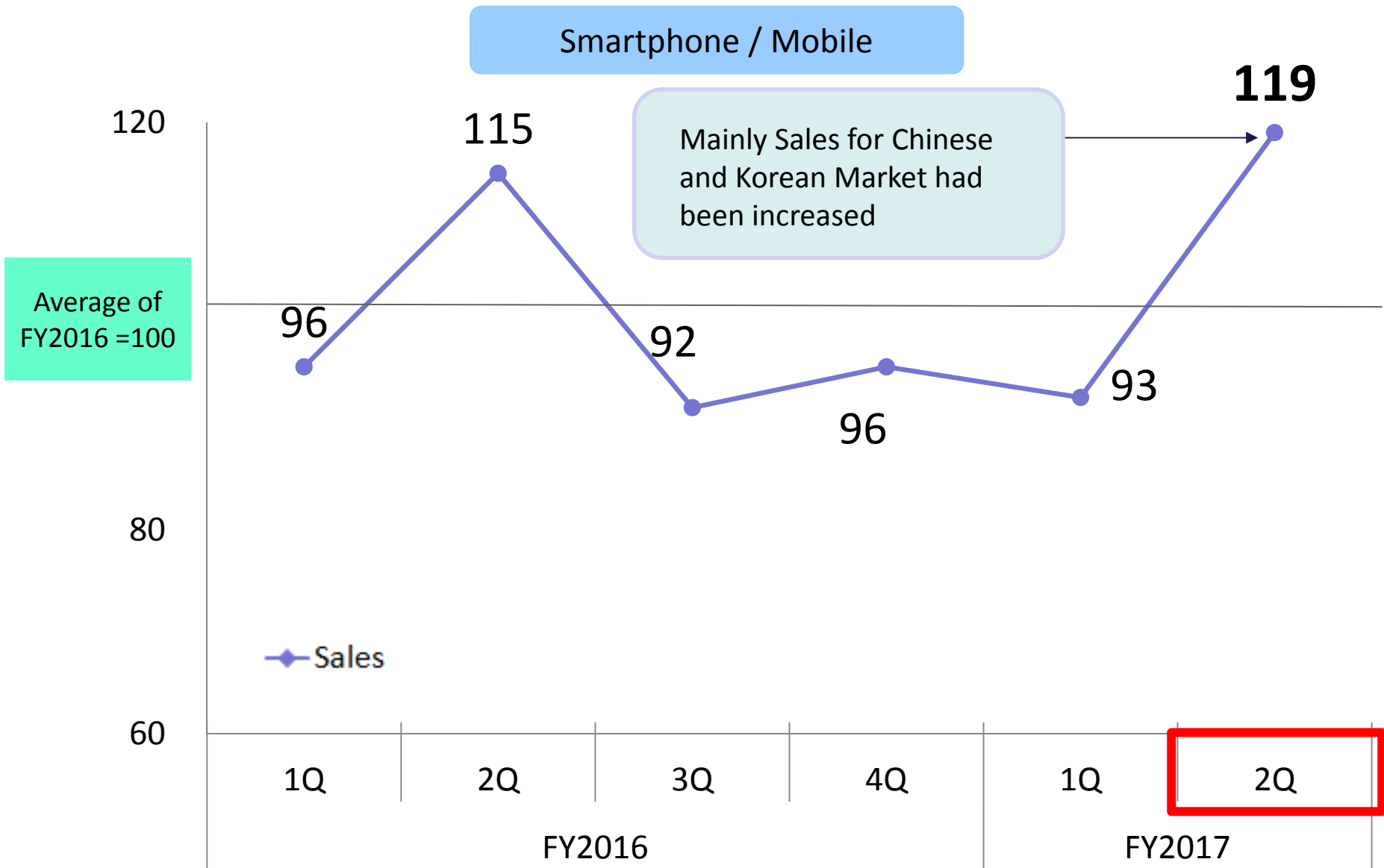
Automotive

Automotive market had been steadily growing up to +5% QoQ.

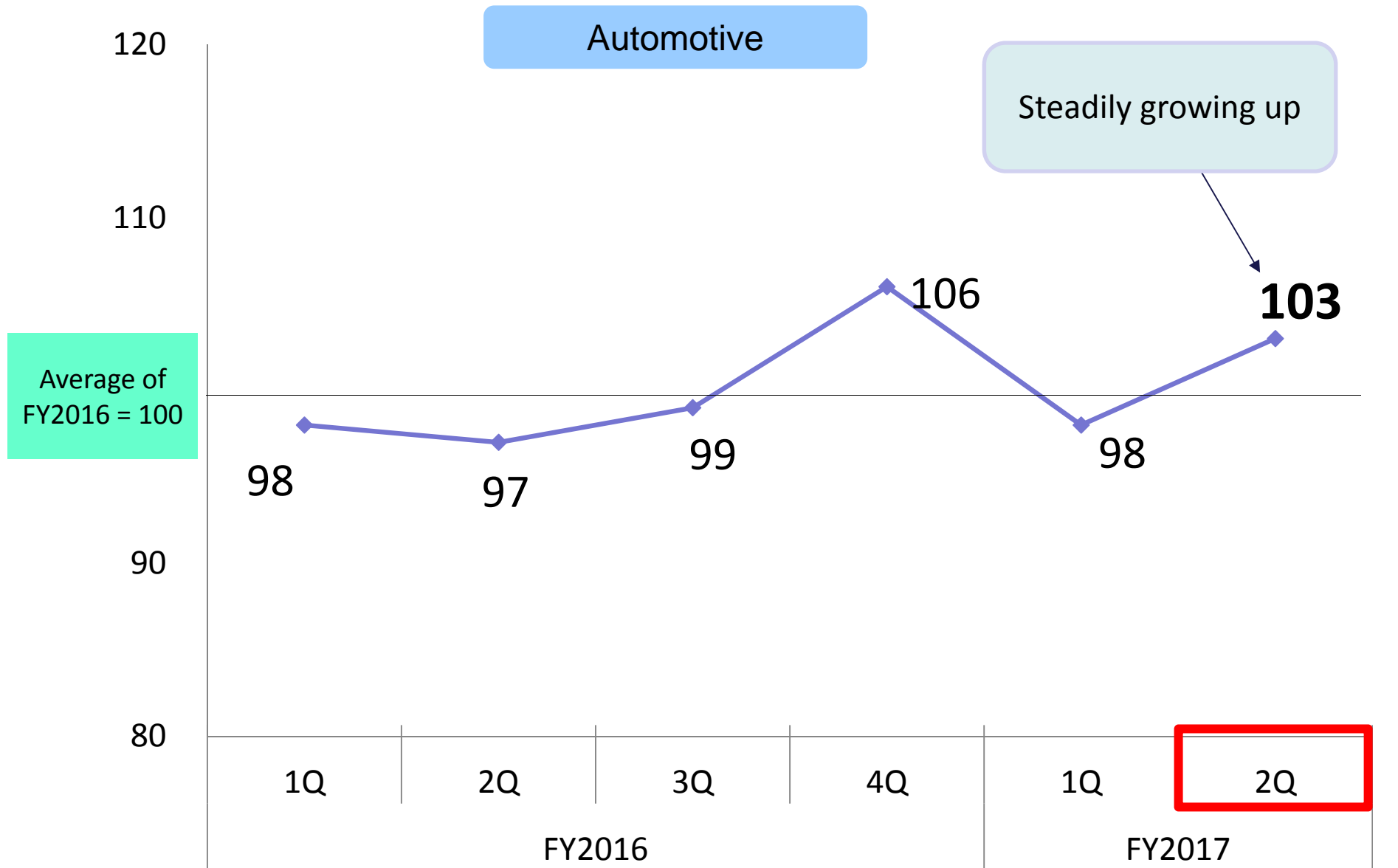
FY2016 1Q – FY2017 2Q Orders and Sales (Consolidated Basis, Index Number)



FY2016 1Q – FY2017 2Q Sales by Markets (Consolidated Basis, Index Number)



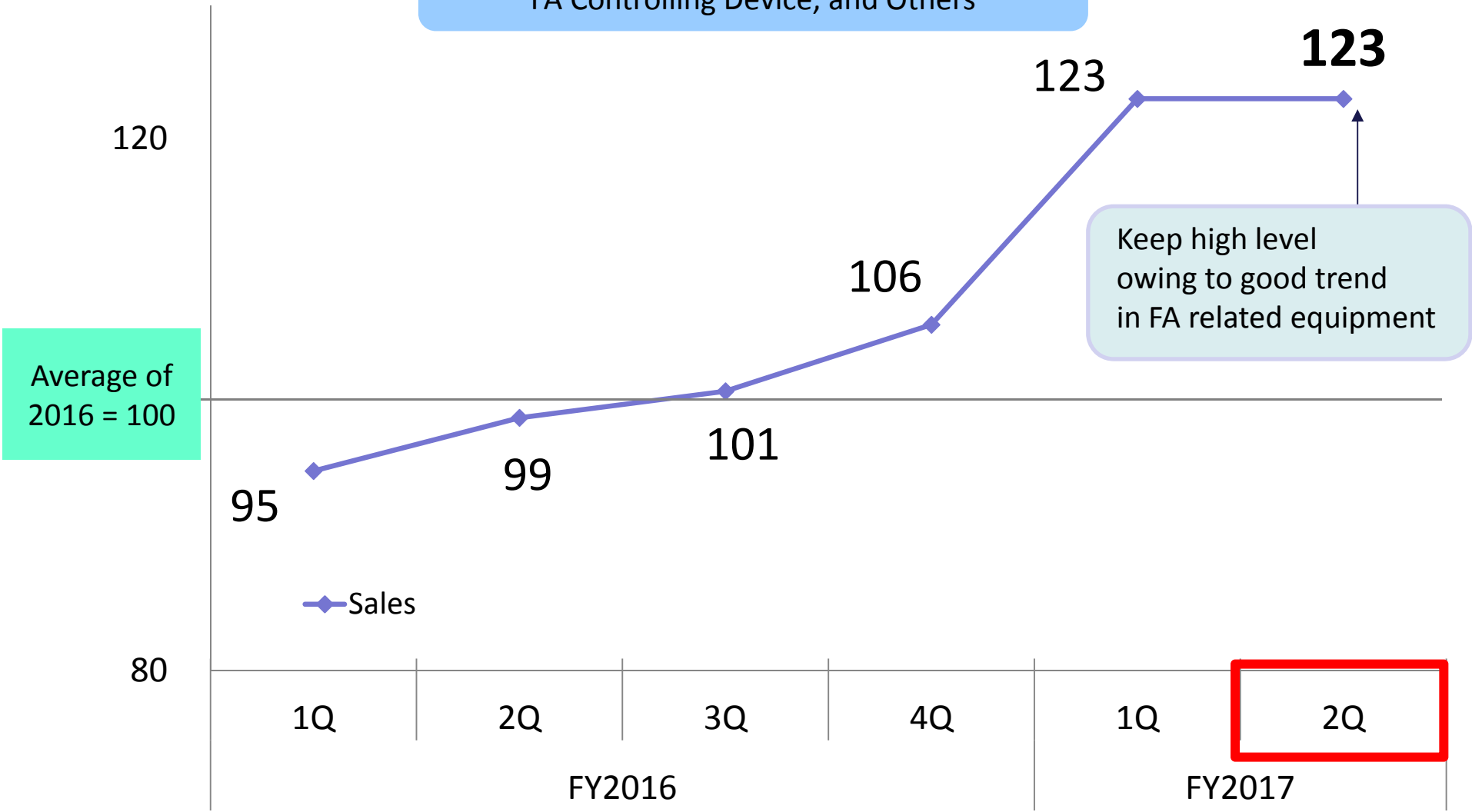
FY2016 1Q – FY2017 2Q Sales by Markets (Consolidated Basis, Index Number)



FY2016 1Q – FY2017 2Q Sales by Markets (Consolidated Basis, Index Number)



Associated Electric Equipment,
FA Controlling Device, and Others



Business Results for First Half, FY2017

Hundred millions of yen

	FY2016 First Half	FY2017 1H Estimate	FY2017 First Half	Increase / Decrease	Increase / Decrease Ratio
Sales	571.8	600.0	619.8	48.0	8.4%
COGS Ratio	53.4%	—	52.5%	-0.9%	
SGA Ratio	21.6%	—	23.1%	+1.5%	
Operating Profit	142.9	142.0	151.4	8.5	6.0%
(%)	25.0%	—	24.4%	-0.6%	
Recurring Profit	143.6	146.0	157.7	14.1	9.8%
(%)	25.1%	—	25.4%	+0.3%	
Net Profit	101.3	102.0	109.2	7.9	7.8%
(%)	17.7%	—	17.6%	-0.1%	
Total Assets	3,162.9		3,385.8	223.0	7.0%
Shareholder's Equity Ratio	90.0%		89.8%		
Income Per Share	289.69 Yen		313.66 Yen		

Major Changes over prior same period for First Half, FY2017

Unit: hundred millions of Yen

■ Sales

48.0 hundred million yen Increase

Hirose : **+ 51.0**

Subsidiaries : **- 3.0**

■ COGS Ratio

0.9 point Increase

Purchase Cost Ratio : 39.3% → **37.6%**

Depreciation Ratio : 4.4% → **5.3%**

■ SGA Ratio

1.5 point decrease

Due to the increase in personal expenses and depreciation, etc

■ Non-Operating Profit

5.5 hundred million yen Improved

Foreign Exchange Gain / Loss : **-5.8 → -0.3**

Currency Effect for First Half, FY2017

	FY2016 First Half	FY2017 First Half
Currency rate : US\$	105.29 Yen	111.06 Yen
Currency rate : €	118.15 Yen	126.29 Yen
Currency rate : 100won	9.23 Yen	9.84 Yen

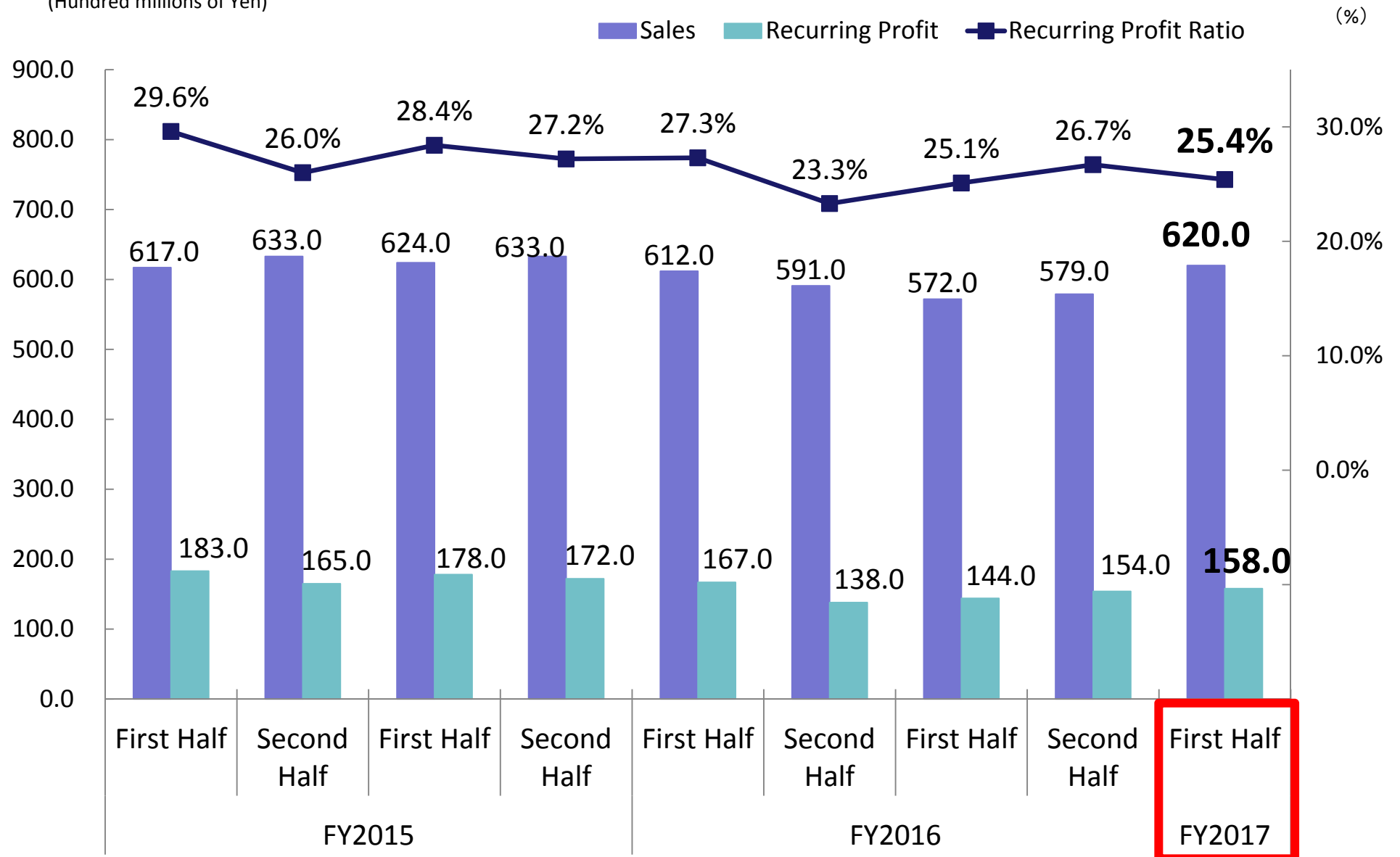


Unit : hundred millions of Yen

YoY Currency effect amount	
Sales	+25.5
Operating Profit	+11.2
Recurring Profit	+16.8

Quarterly Sales and Profits

(Hundred millions of Yen)



Changes in Consolidated Balance Sheet

Unit: hundred millions of yen

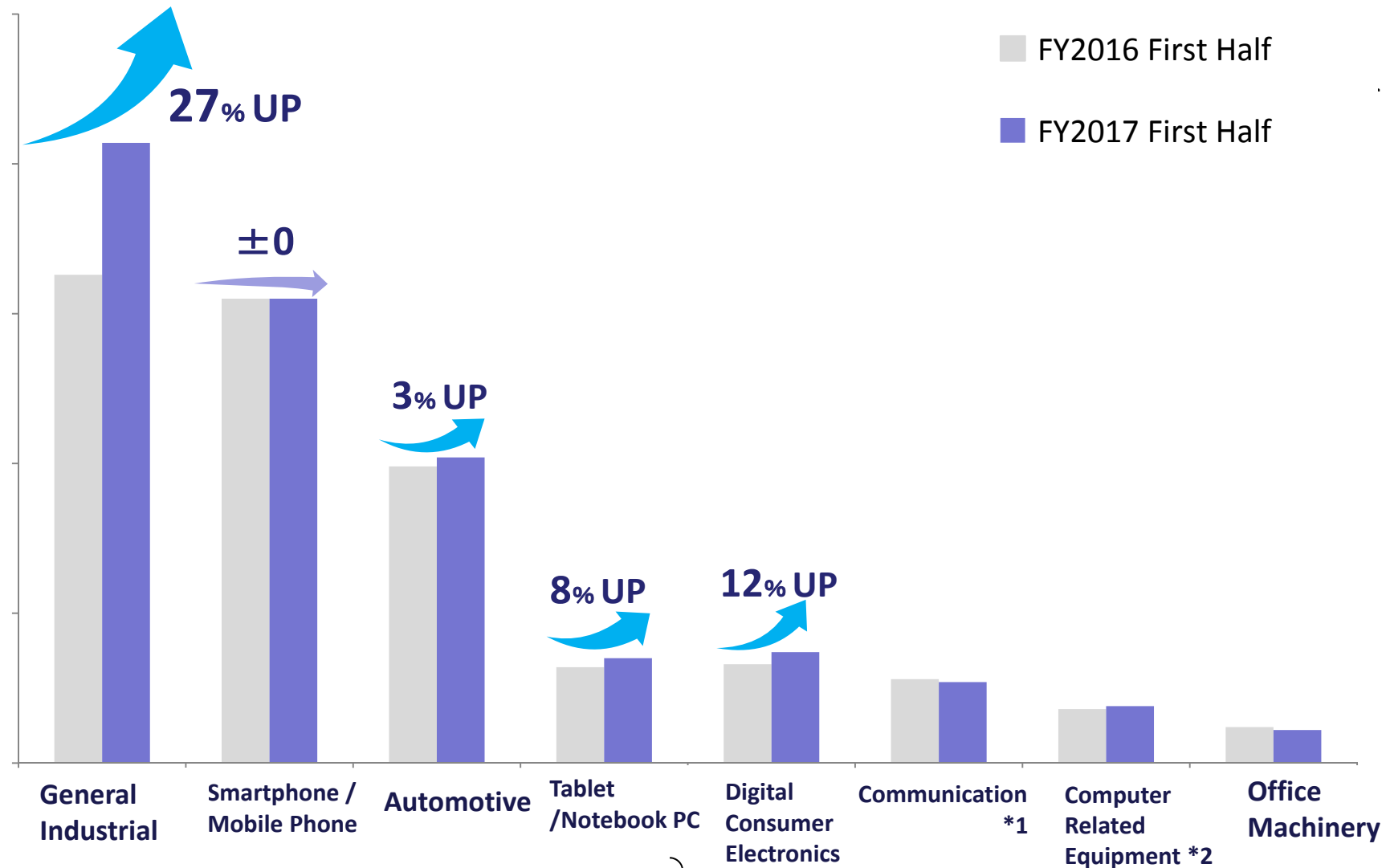
	Account	Mar 31, 2017	Sep 30, 2017	Increase / Decrease	Remark
A S S E T S	Cash and Cash in Bank	1,852.5	1,929.0	76.5	Increase due to government bond redemption, etc
	Trade Receivables	284.9	313.1	28.2	Increase in Sales
	Securities	218.9	142.6	-76.3	Decrease due to government bond redemption, etc
	Inventories	88.9	107.4	18.5	Increase in the products (would be reflected to 3Q Sales)
	Noncurrent Assets	455.9	497.8	41.9	Increase in machinery equipment and metal molds, etc
	Investment Securities	264.5	302.6	38.1	Increase in corporate bond, etc
	Others	101.4	93.3	-8.1	Decrease in other accounts receivable (tax refund), etc
	Total Assets	3,267.0	3,385.8	118.8	

Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2017	Sep 30, 2017	Increase / Decrease	Remark
Liabilities	Notes Payable and Account Payable	113.9	133.9	20.0	Increase in domestic plant
	Income Taxes Payable	37.6	42.6	5.0	
	Others	152.5	166.6	14.1	Increase in account payable
		304.0	343.1	39.1	
Shareholder's Equity	Retained Earnings	3,214.9	3,282.3	67.4	Net profit 109.2 — Dividend 41.8
	Treasury Stocks	- 589.0	- 587.3	1.7	
	Valuation Variance	73.7	76.0	2.3	
	Transaction Adjustment	53.1	61.5	8.4	
	Others	210.3	210.2	-0.1	
	Total	2,963.0	3,042.7	79.7	
	Total Liabilities and Shareholder's Equity	3,267.0	3,385.8	118.8	

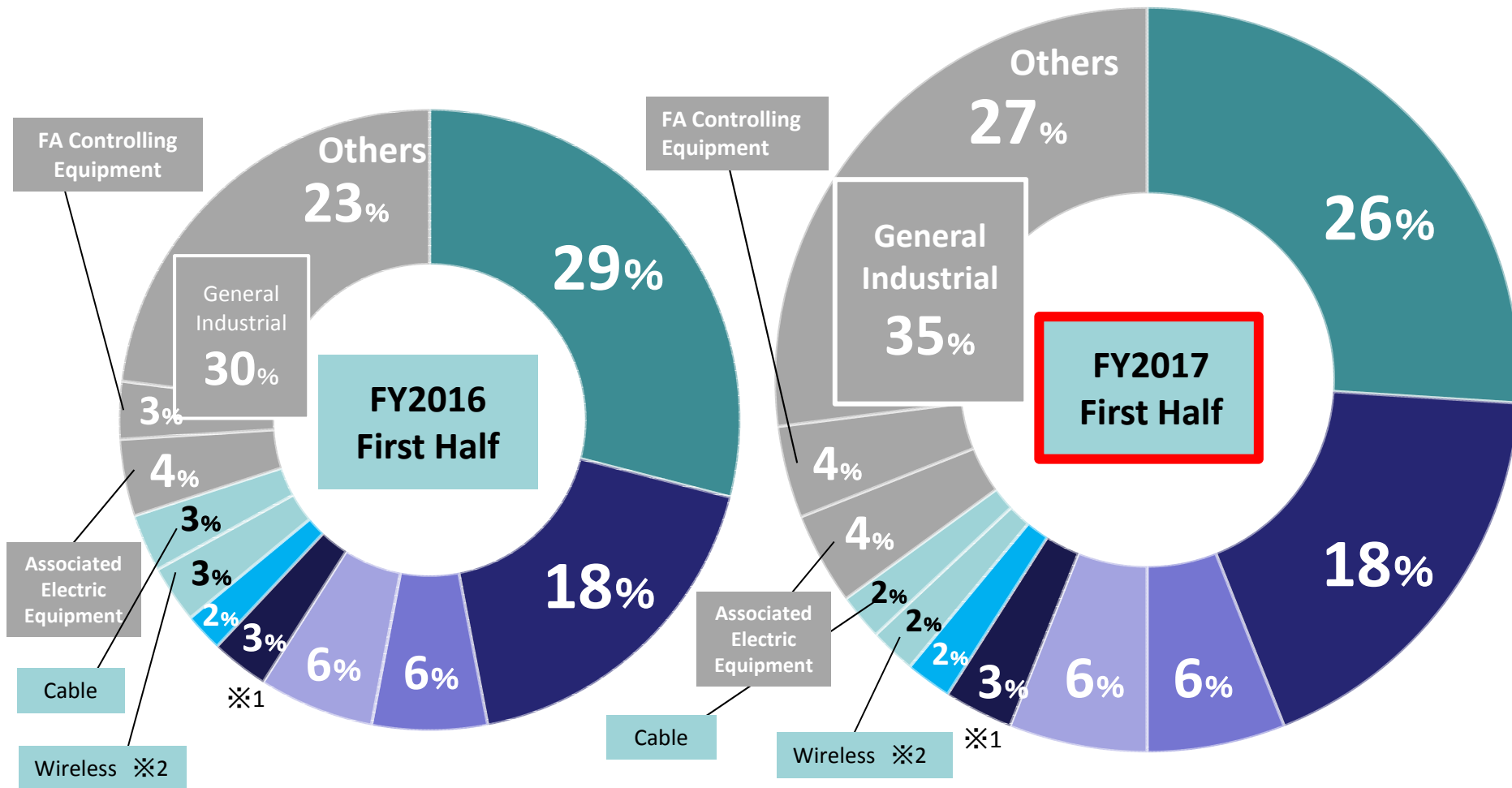
Sales Changes by Application (round number) 【Consolidated Basis】



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)

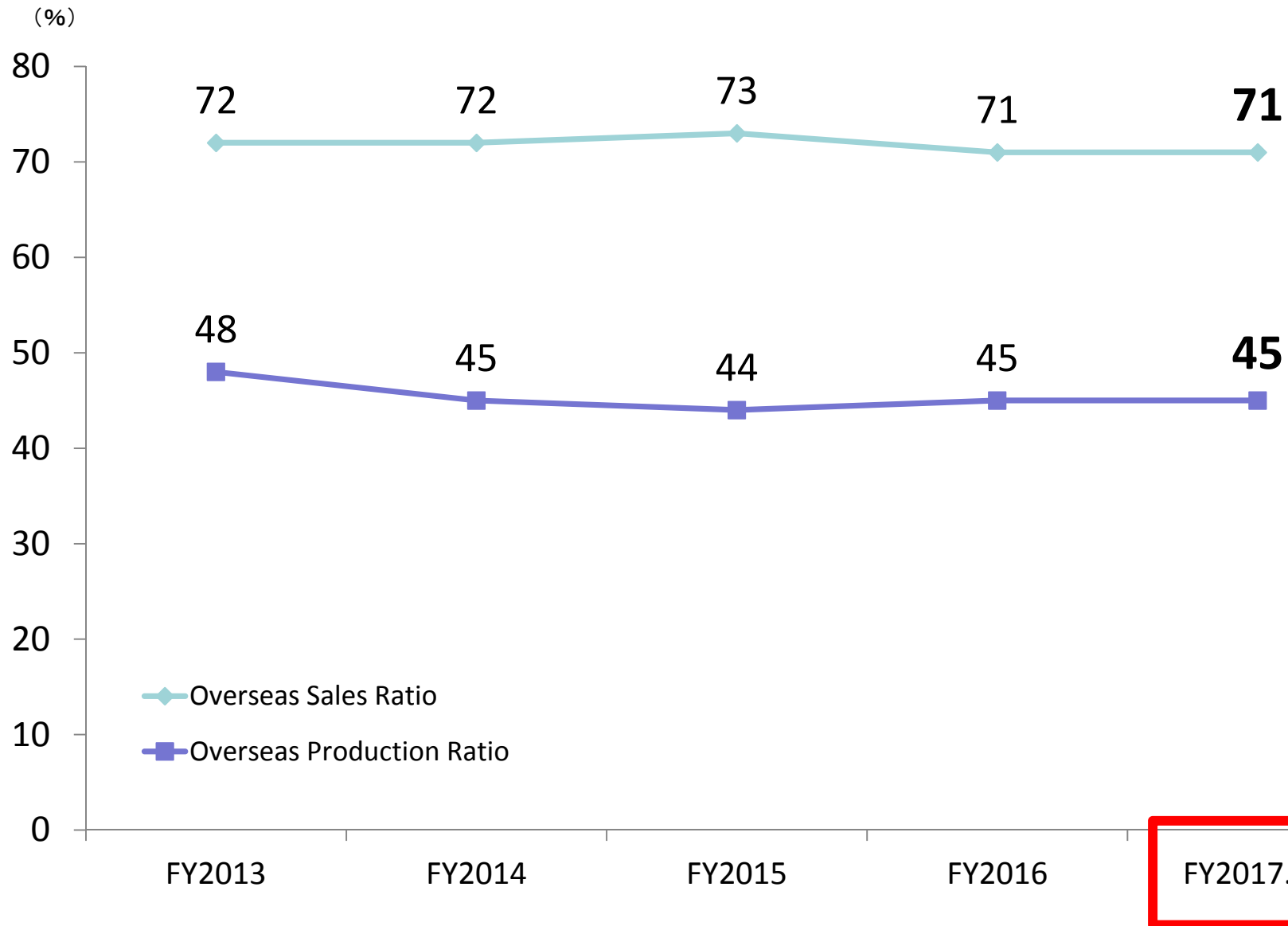


■ Smartphone / Mobile
 ■ Automotive
 ■ Tablet / Notebook PC
 ■ Digital Consumer Electronics
 ■ Computer Related Equipment
 ■ Office Machinery
 ■ Communication (Wireless / Cable)
 ■ General Industrial (Associated Electric Equipment / FA Controlling Equipment / Others)

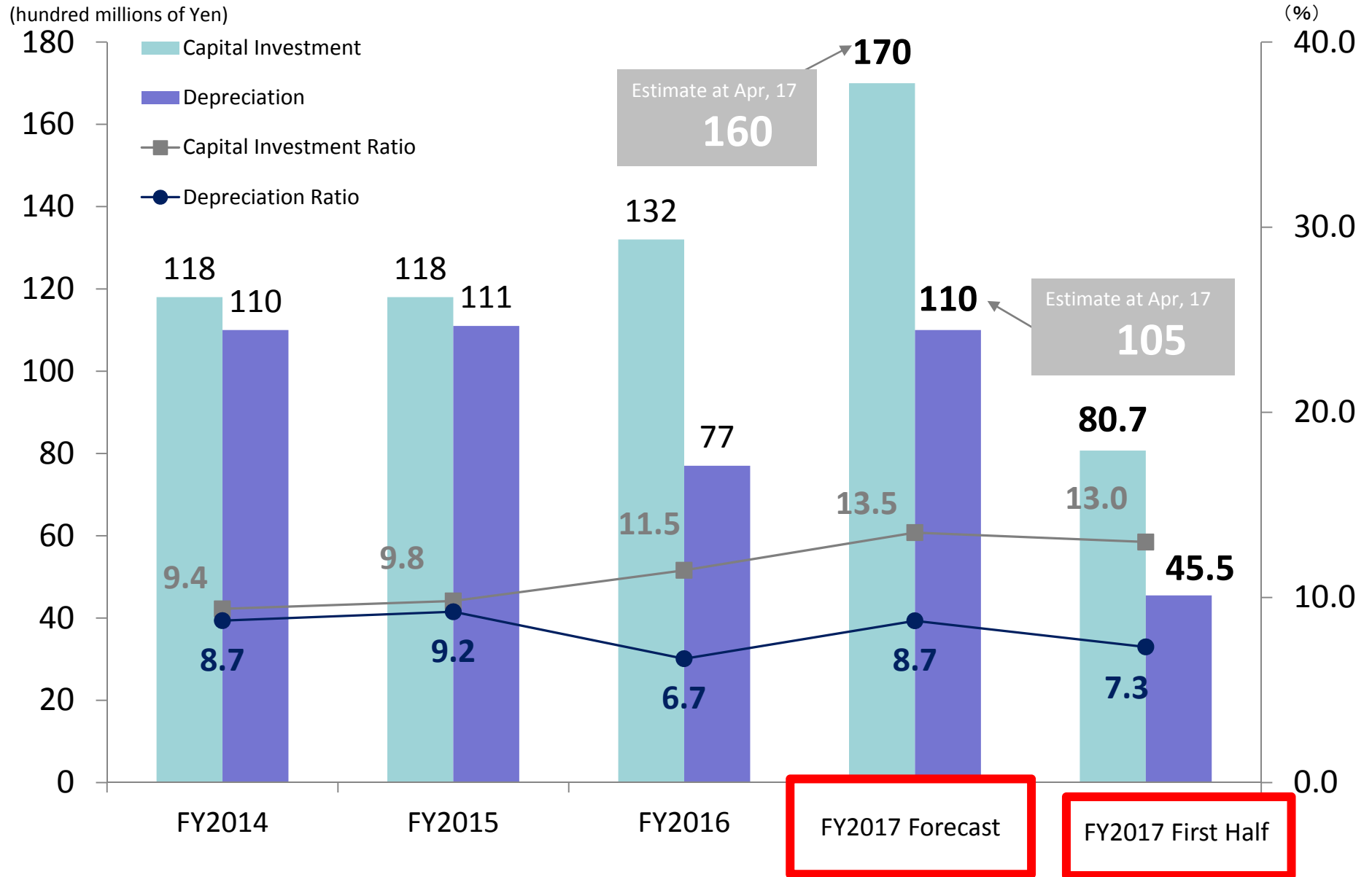
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*1 Computer Related Equipment – Tablet/Notebook PC not included.
 *2 Wireless Communication - Smartphone / Mobile Phone not included.

Overseas Production and Sales Ratio

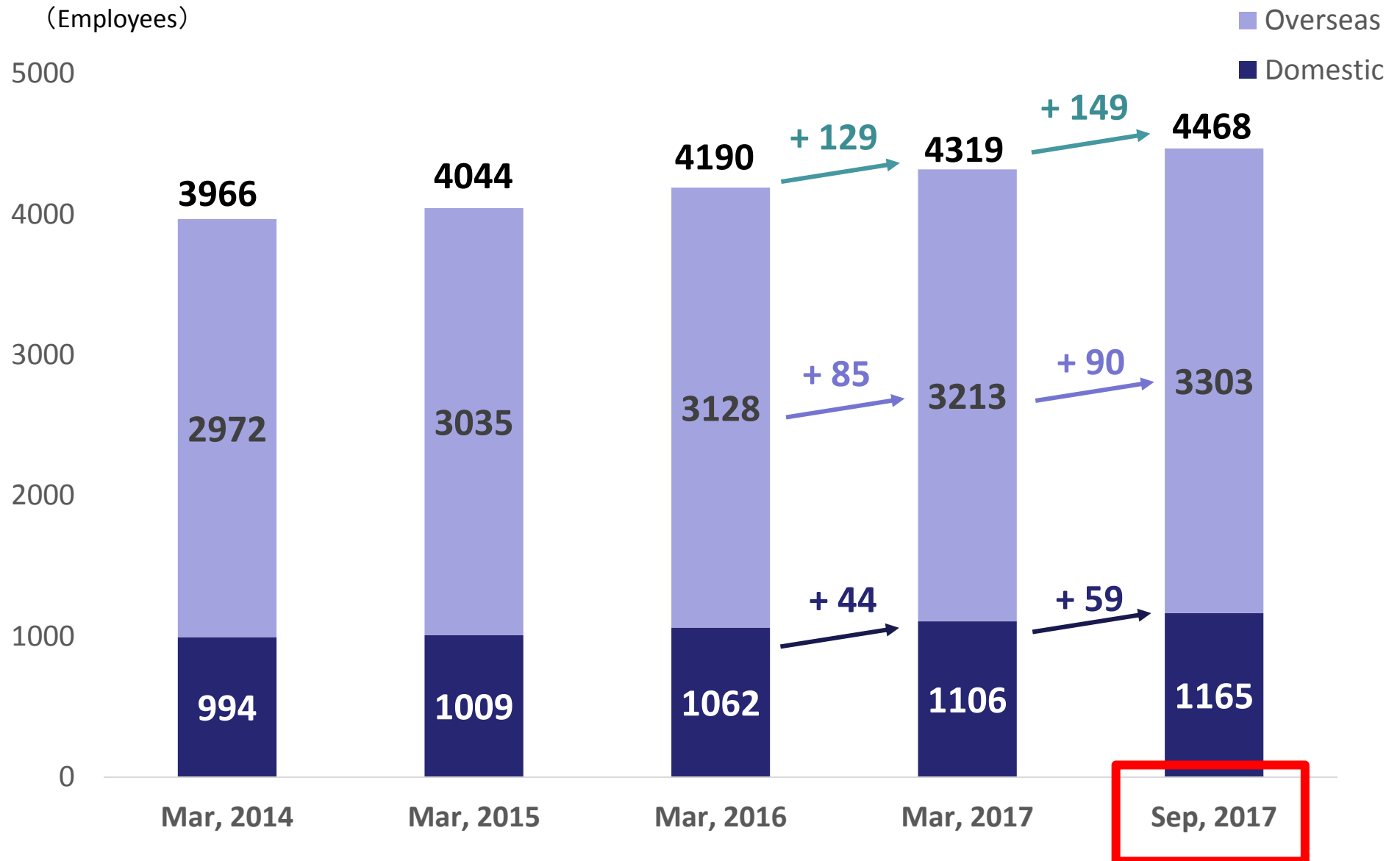


Capital Investment and Depreciation Change (Consolidated Basis)

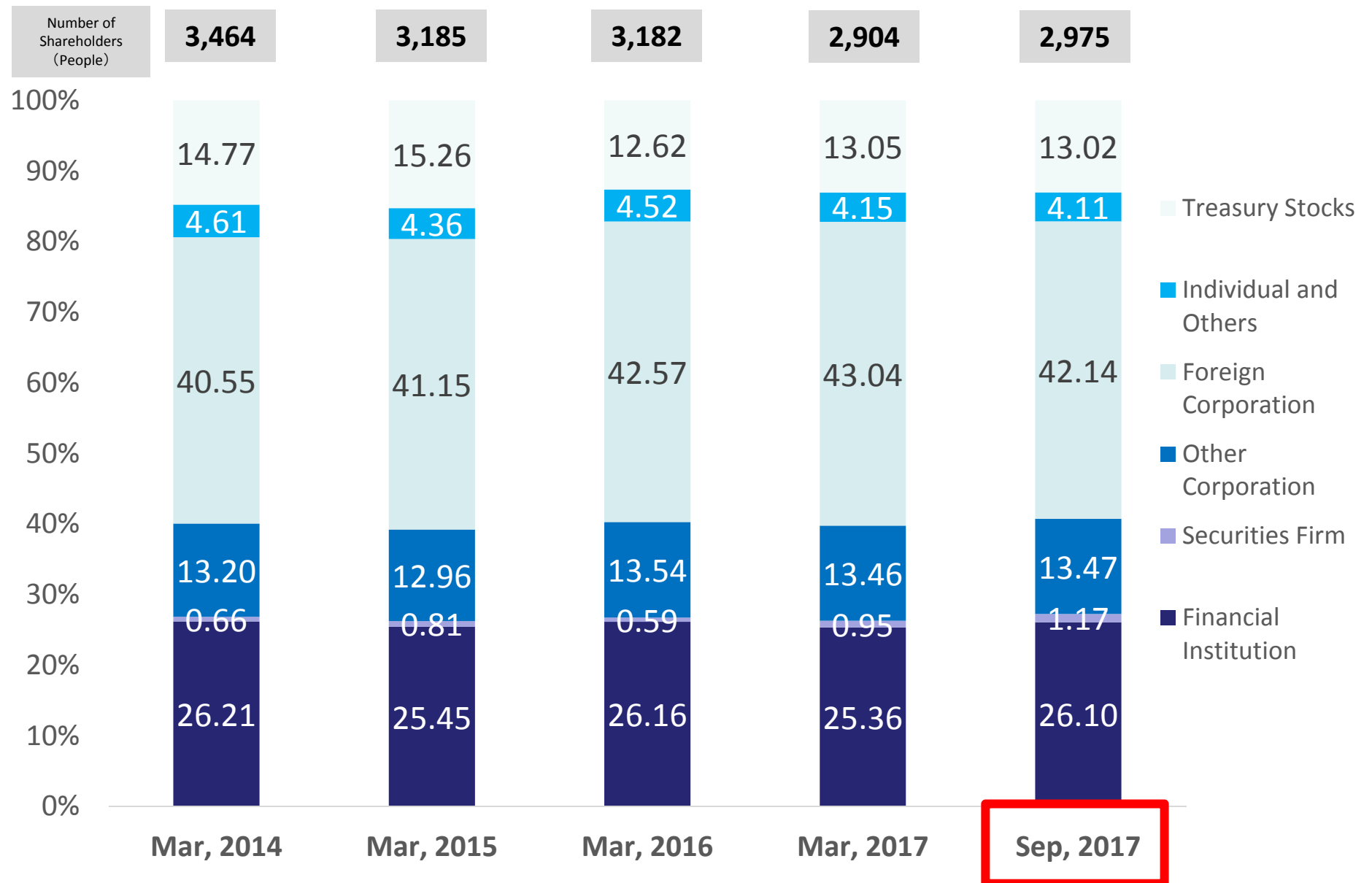


(*Excluded: Investment in land, building, software)

Number of Employees (Financial Report Basis)

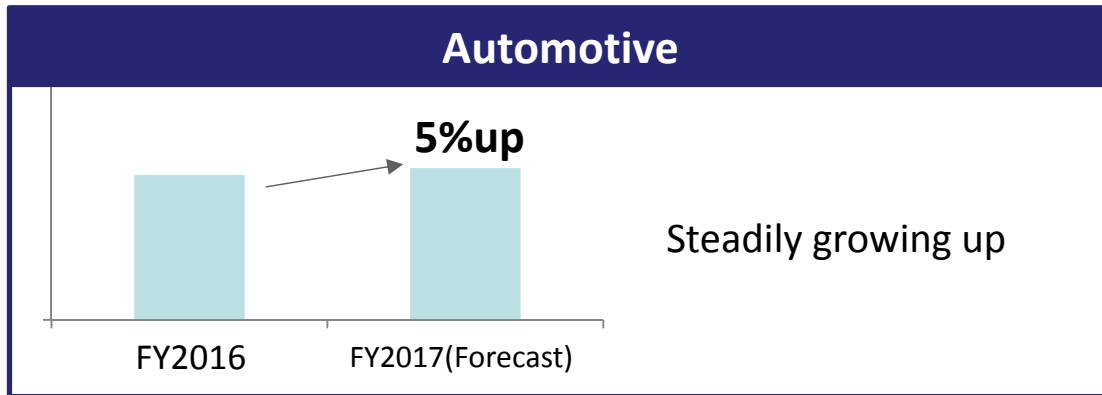
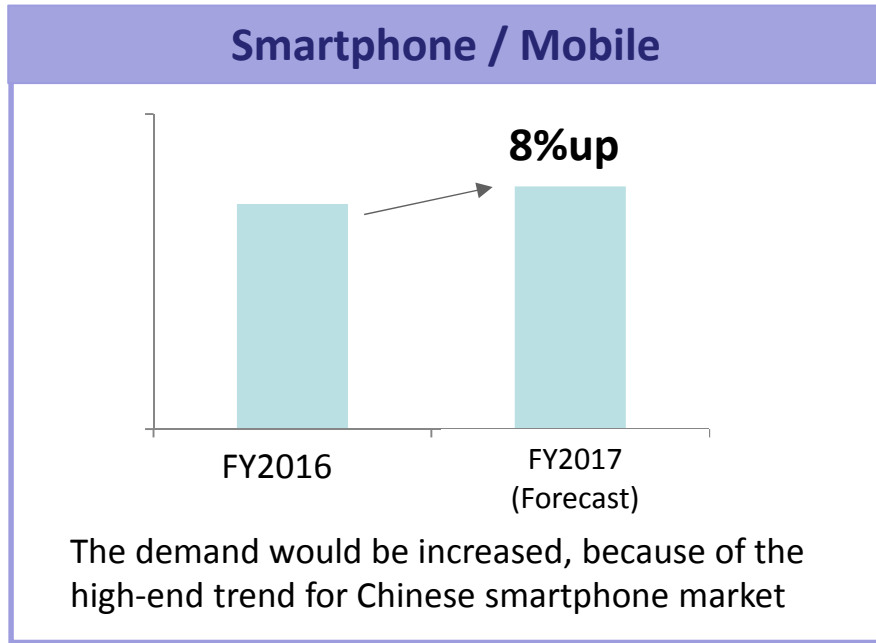
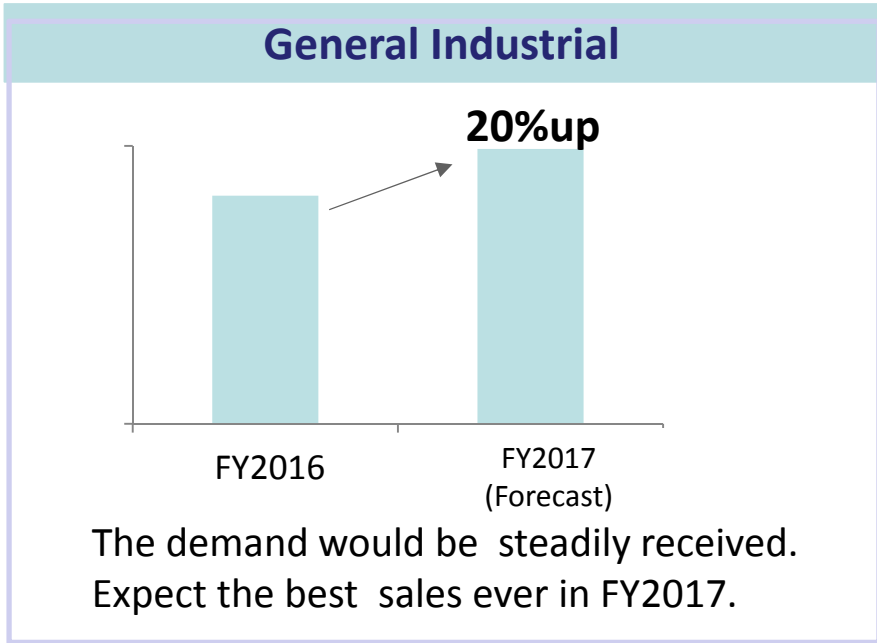


Distribution of Shareholders



FY2017 Attitude to each applications (Forecast)

Expect the increase of demand by economic recovery, etc.



Business Forecast for the Year Ending March 31, 2018 (Consolidated)



We have revised up our financial estimate Apr, FY2017 ⇒ **The best sales amount ever**

Unit: hundred millions of Yen

	FY2016(FY ended Mar 31, 2017) Actual		FY2017(FY ended Mar 31, 2018) 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 (estimate Apr, 2017)	For the Year (Sep, 2017)	Amount Change	%	Amount Change	%
Sales	571.8	1,151.0	619.8	1,200	1,260.0	48.0	8.4%	109.0	9.5%
COGS	53.4%	53.1%	52.5%		53.8%				
Operating Profit	142.9	284.8	151.4	283	292.0	8.5	6.0%	7.2	2.5%
(%)	25.0%	24.7%	24.4%		23.2%				
Recurring Profit	143.6	298.0	157.7	293	303.0	14.1	9.8%	5.0	1.7%
(%)	25.1%	25.9%	25.4%		24.0%				
Net Profit	101.3	213.6	109.2	205	214.0	7.9	7.8%	0.4	0.2%
(%)	17.7%	18.6%	17.6%		17.0%				
Income Per Share	—	611.81Yen	—		614.73Yen				
Dividend Per Share	120 Yen	240 Yen	240 Yen		480 Yen				
Consolidated Dividend Payout Ratio	—	39.2%	—		78.1%				

Currency Ratio	FY2016 Actual	FY 2017 Forecast	(Forecast as of April, 2017)
1US\$	108.38 Yen	110.53 Yen	(110.00 Yen)
1€	118.79 Yen	125.64 Yen	(120.00 Yen)
100won	9.45 Yen	9.82Yen	(9.80 Yen)

**HRS's 80th anniversary commemorative dividend (240 yen/share annually) is included in FY2017 Dividend Per Share



Becoming a corporate group that
contributes to realize an affluent society...
By connecting wisdom and producing high
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