

For FY2018 Second Quarter

# Business Results



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- CONNECTING THE FUTURE -

November 5<sup>th</sup>, 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.

### FY2018. First Half Results settled on (Apr – Sep)

Order **676.0** hundred million yen

( YoY  $\pm 0.0\%$ )

Sales **619.6** hundred million yen

(YoY  $-0.1\%$ 、 Over Estimate  $-1.7\%$ )

Operating profit **120.2** hundred million yen ※Profit Ratio **19.4 %**

(YoY  $-20.3\%$ 、 Over Estimate  $-7.5\%$ )

### 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.

The result of first half is +5% YoY.

### Smartphone

The sales in Smartphone market grew drastically and resulted +58% QoQ,

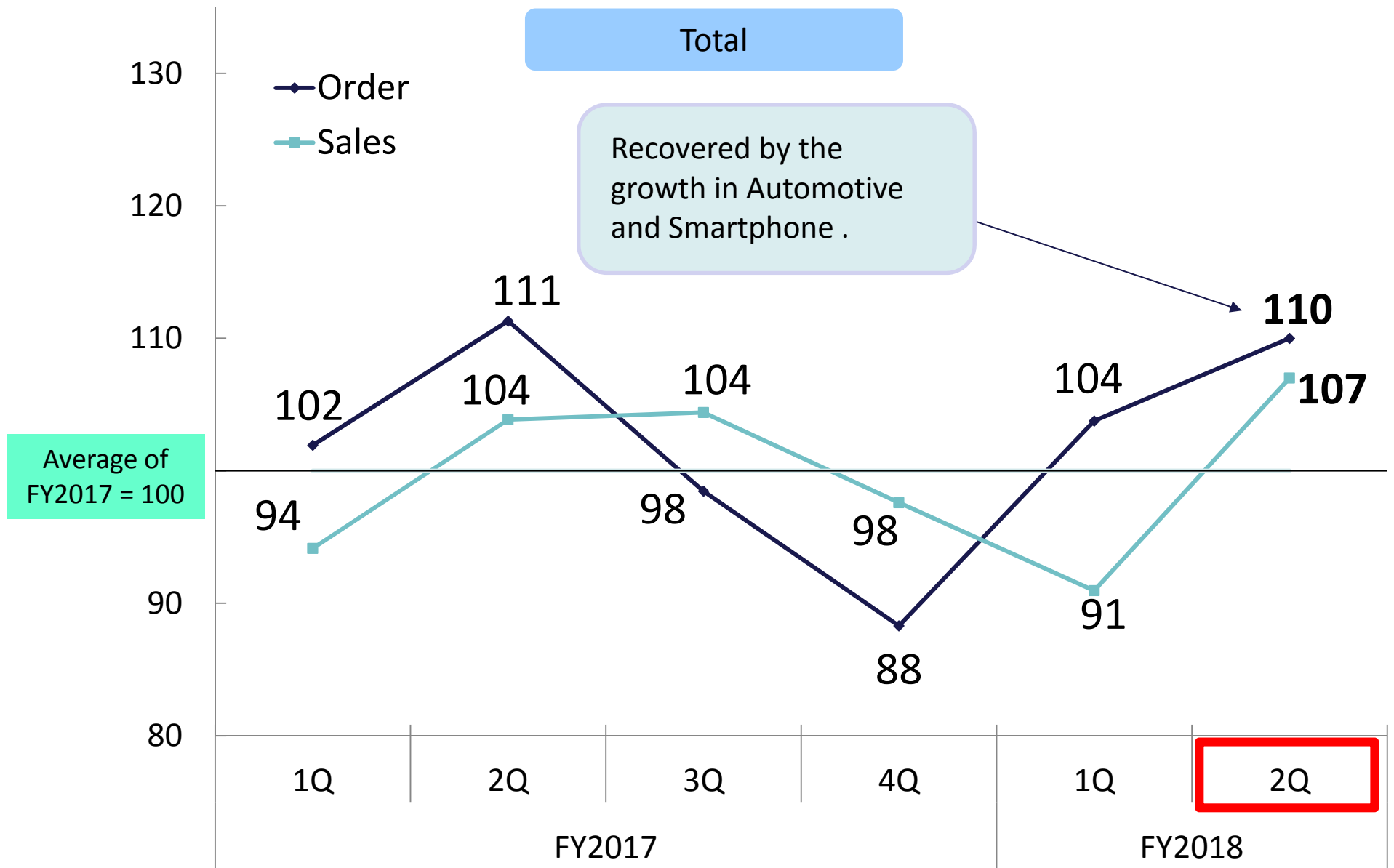
but it could not recover the loss in 1Q sales.

The sales in first half resulted -13% YoY.

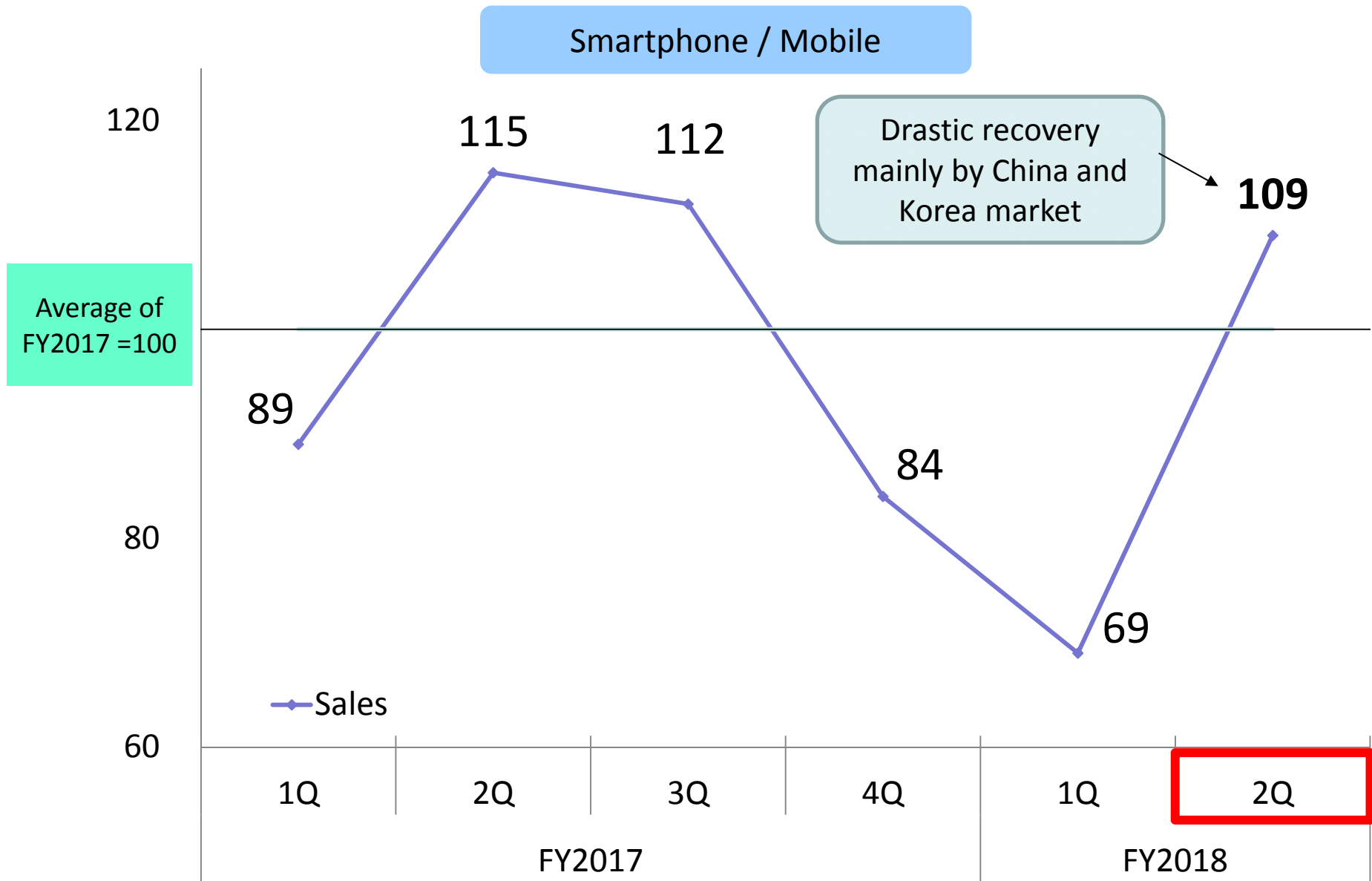
### Automotive

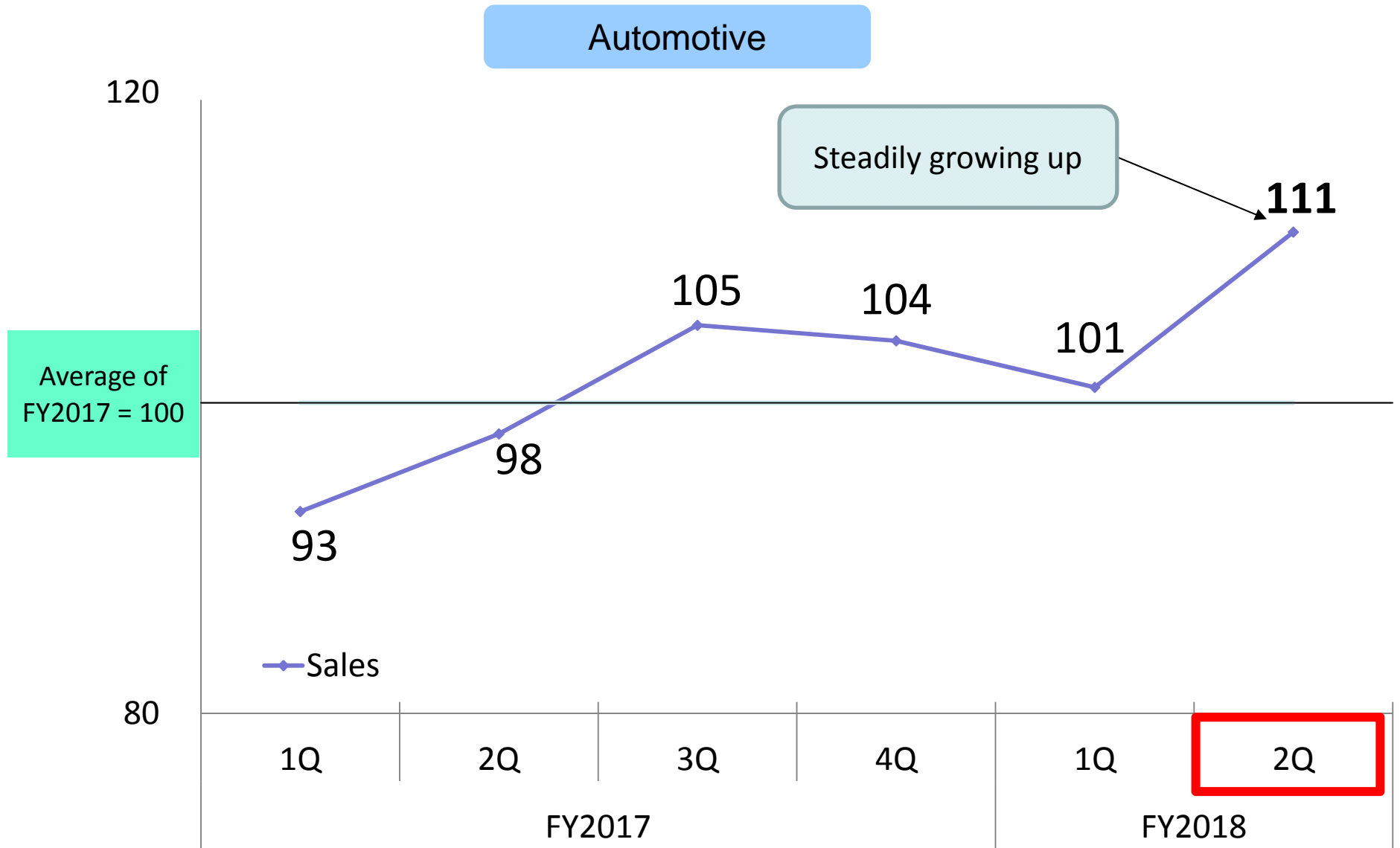
The sales in Automotive is growing steadily and increased +11% over last first half.

FY2017 1Q – FY2018 2Q Orders and Sales (Consolidated Basis, Index Number)



FY2017 1Q – FY2018 2Q Sales by Markets (Consolidated Basis, Index Number)



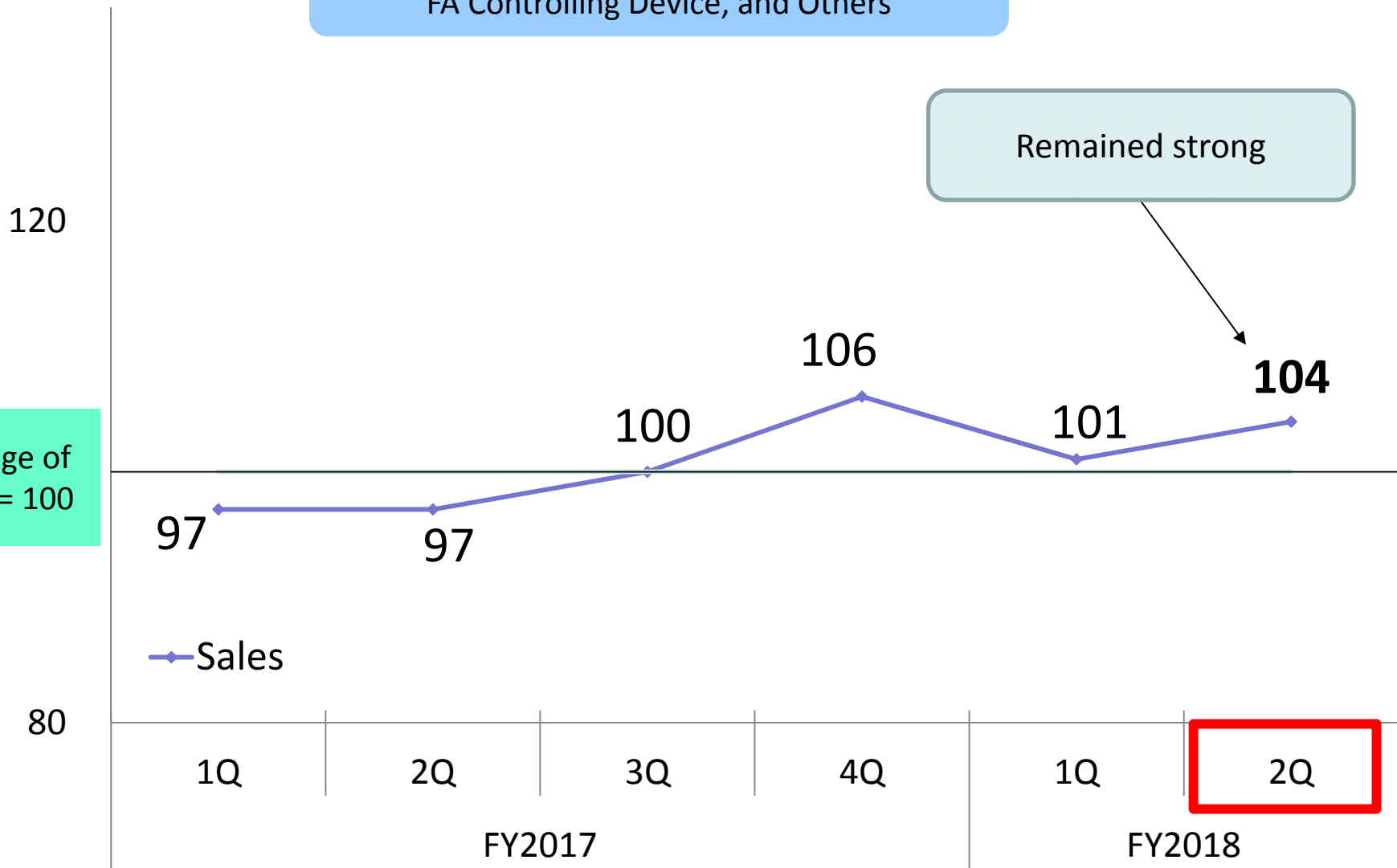


FY2017 1Q – FY2018 2Q Sales by Markets (Consolidated Basis, Index Number)

Associated Electric Equipment,  
FA Controlling Device, and Others

Remained strong

Average of  
2017 = 100



# Business Results for FY2018.2Q **【IFRS】**

(Unit : hundred millions of yen)

	FY2017.First Half (FY ended Sep30, 2017)	FY2018.First Half (FY ended Sep30, 2018)	FY2018.1H Estimate	Increase / Decrease (YoY)	Increase / Decrease Ratio (YoY)
<b>Sales</b>	<b>620.5</b>	<b>619.6</b>	<b>630.0</b>	<b>-0.9</b>	<b>-0.1%</b>
COGS Ratio	52.5%	55.6%	55.6%	+3.1	
SGA Ratio	22.9%	25.0%		+2.1	
<b>Operating Profit</b>	<b>150.9</b>	<b>120.2</b>	<b>130.0</b>	<b>-30.7</b>	<b>-20.3%</b>
(%)	24.3%	19.4%	20.6%	-4.9	
<b>Earnings before income tax</b>	<b>154.8</b>	<b>130.4</b>	<b>130.0</b>	<b>-24.4</b>	<b>-15.8%</b>
(%)	24.9%	21.0%	20.6%	-3.9	
<b>Net Profit</b>	<b>108.1</b>	<b>93.2</b>	<b>95.0</b>	<b>-14.9</b>	<b>-13.8%</b>
(%)	17.4%	15.0%	15.1%	-2.4	
Total Assets	<b>3,411.8</b>	<b>3,455.3</b>			
Shareholder's Equity Ratio	<b>89.3%</b>	<b>89.4%</b>			
Income Per Share	<b>310.69 yen</b>	<b>254.91 yen</b>			



## Major Changes over prior same period FY2018.2Q

Unit: hundred millions of Yen

### ■ Sales

**0.9** hundred million yen **decrease** (620.5 → 619.6)

Hirose : **+11.7**

Subsidiaries : **-12.6**

### ■ COGS Ratio

**3.1 point decrease** (52.5% → 55.6%)

Purchase Cost Ratio : 38.1% → **39.0%**

Depreciation Ratio : 7.2% → **8.2%**

### ■ SGA Ratio

**2.1 point decrease** (22.9% → 25.0%)

142 → 155 ( 13 hundred million yen Increase)

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

### ■ Financial revenue / expense

**6.3** hundred million yen **Increase** (3.9 → 10.2)

Foreign Exchange Gain / Loss : **-0.3** → **+5.1**

## FY2018.2Q YoY Variation analysis

( Unit : hundred millions of yen )

	Sales	Operating profit	(%)	Earnings before income tax	(%)
<b>FY2017.2Q Actual</b>	<b>620.5</b>	<b>150.9</b>	<b>24.3%</b>	<b>154.8</b>	<b>24.9%</b>
Exchange rate	3.6	-1.2		4.3	
Depreciation cost increase		-7.7		-7.7	
Labor cost increase		-6.8		-6.8	
Other SGA cost increase		-7.9		-7.9	
Decrease in the product, etc	-4.5	-7.1		-6.3	
Total amount of change	-0.9	-30.7		-24.4	
<b>FY2018.2Q Actual</b>	<b>619.6</b>	<b>120.2</b>	<b>19.4%</b>	<b>130.4</b>	<b>21.0%</b>

## Currency Effect for FY2018.2Q

	FY2017.2Q	FY2018.2Q
Currency rate : US\$	111.06 Yen	110.26 Yen
Currency rate : €	126.29 Yen	129.85 Yen
Currency rate : 100won	9.84 Yen	10.04 Yen



( Unit: Hundred millions of Yen )

YoY Currency effect amount	
Sales	<b>+3.6</b>
Operating Profit	<b>-1.2</b>
Earnings before income tax	<b>+4.3</b>

## Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2018	Sep 30, 2018	Increase / Decrease	Remark
<b>A S S E T S</b>	Cash and Cash equivalents	<b>694.0</b>	<b>603.9</b>	<b>-90.1</b>	Payment of dividend,etc
	Trade receivables and other claim	<b>315.0</b>	<b>335.8</b>	<b>20.8</b>	
	Inventories	<b>121.9</b>	<b>136.3</b>	<b>14.4</b>	
	Other financial assets	<b>1,629.8</b>	<b>1,696.2</b>	<b>66.4</b>	
	Tangible fixed assets	<b>562.0</b>	<b>599.7</b>	<b>37.7</b>	Miyako (construction in progress accounts, machines and buildings) Headquarters (Molds and construction in progress accounts)
	Others	<b>89.1</b>	<b>83.4</b>	<b>-5.7</b>	
	<b>Total Assets</b>	<b>3,411.8</b>	<b>3,455.3</b>	<b>43.5</b>	

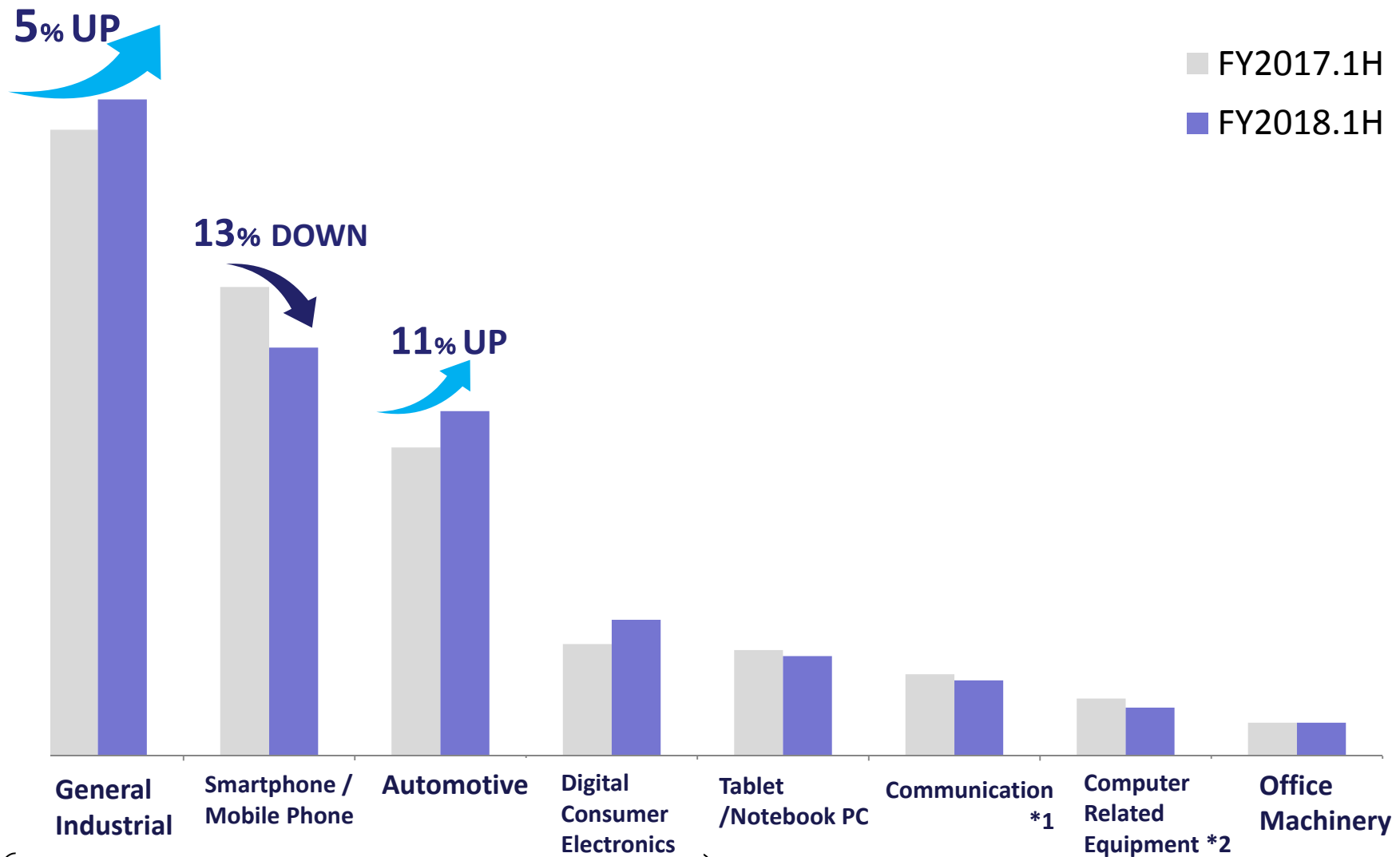
Total of cash in bank      **1,866.4**      **1,760.2**      **-106.2**

## Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2018	Sep 30, 2018	Increase / Decrease	Remark
Liabilities	Payables and other debt	195.3	199.7	4.4	
	Income Taxes Payable	49.5	36.2	-13.3	
	Others	119.8	130.3	10.5	
		364.6	366.2	1.6	
Shareholder's Equity	Capital stock and Capital surplus	210.8	207.2	-3.6	
	Retained Earnings	3,345.1	2,991.7	-353.3	Net Profit: 93.2 — 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	107.4	32.8	
	<b>Total</b>	<b>3,047.2</b>	<b>3,089.1</b>	<b>41.9</b>	
	<b>Total Liabilities and Shareholder's Equity</b>	<b>3,411.8</b>	<b>3,455.3</b>	<b>43.5</b>	

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

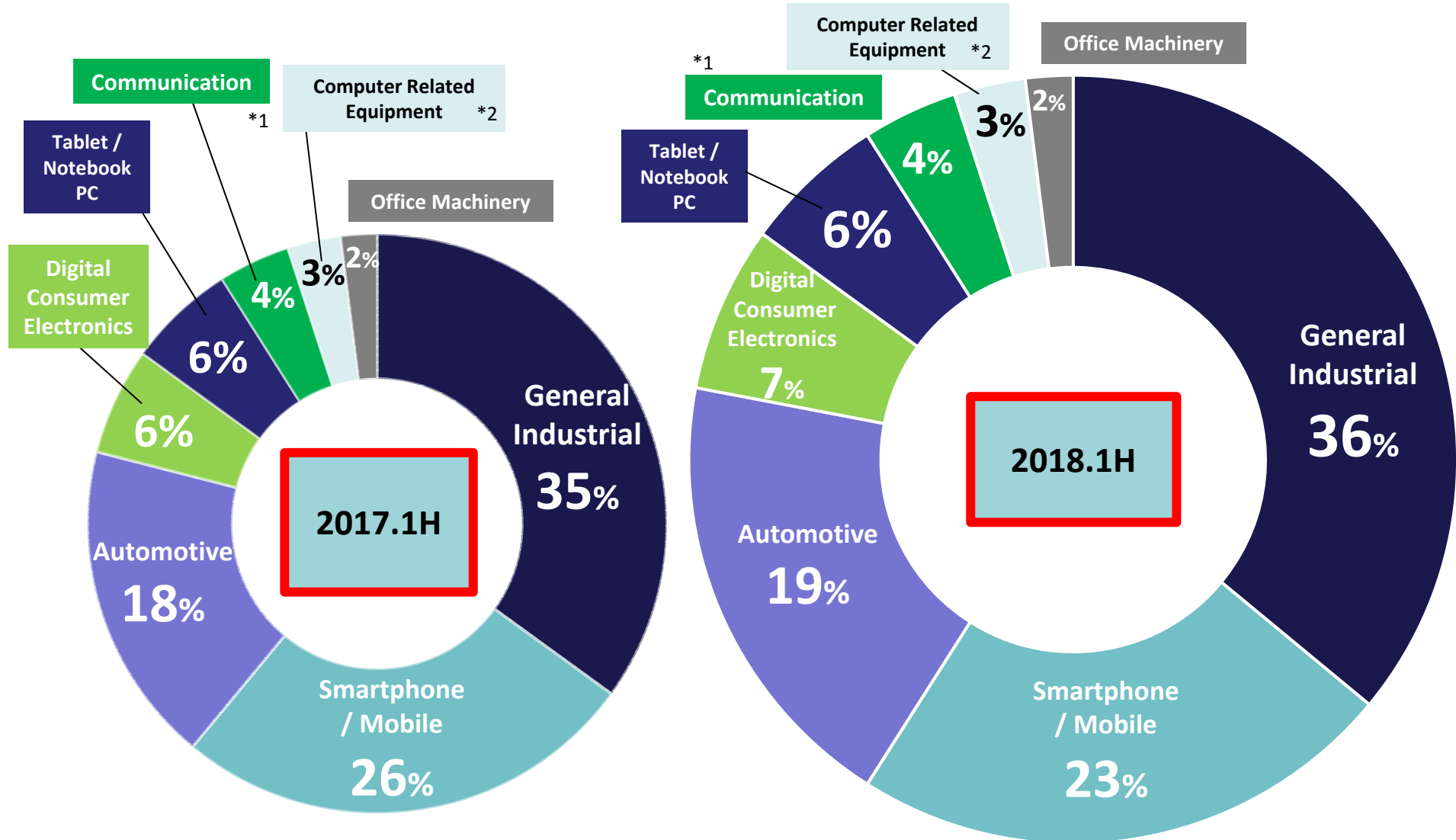


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

\*1 Communication - Smartphone / Mobile Phone not included

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

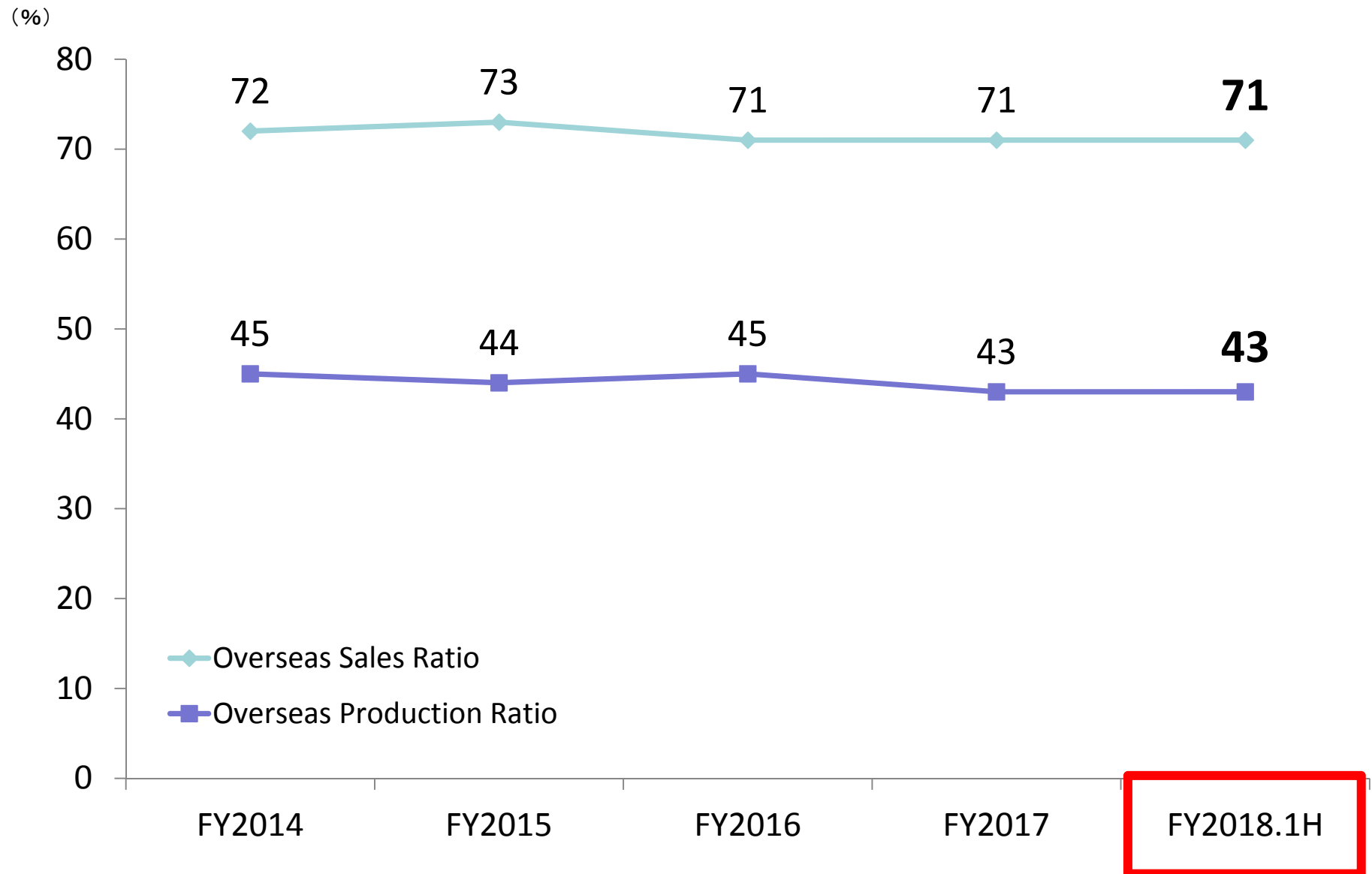
## Sales by Application (round number) (Consolidated Basis)



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

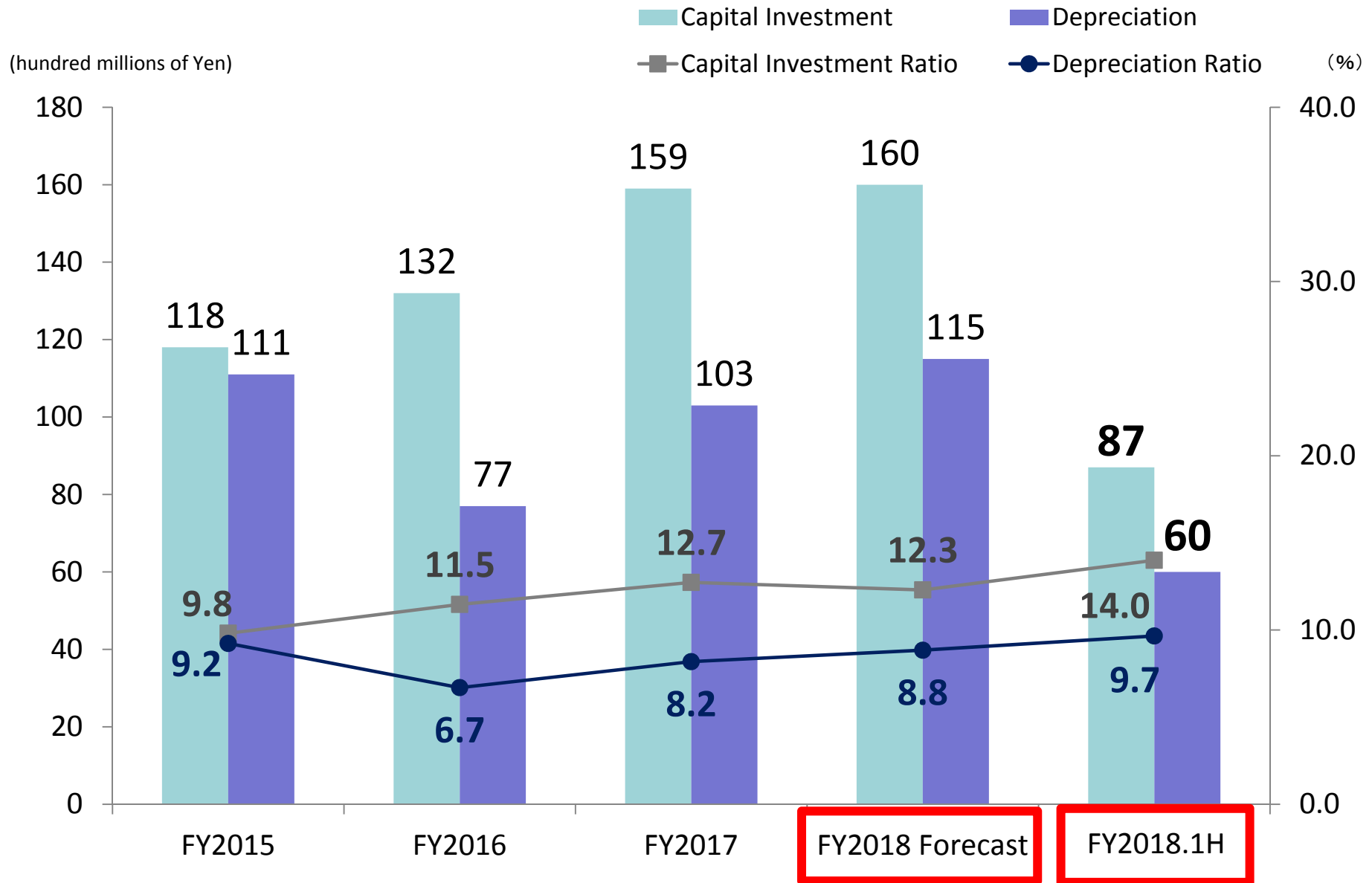
\*1 Communication - Smartphone / Mobile Phone not included  
 \*2 Computer Related Equipment – Tablet/Notebook PC not included.

## Overseas Production and Sales Ratio



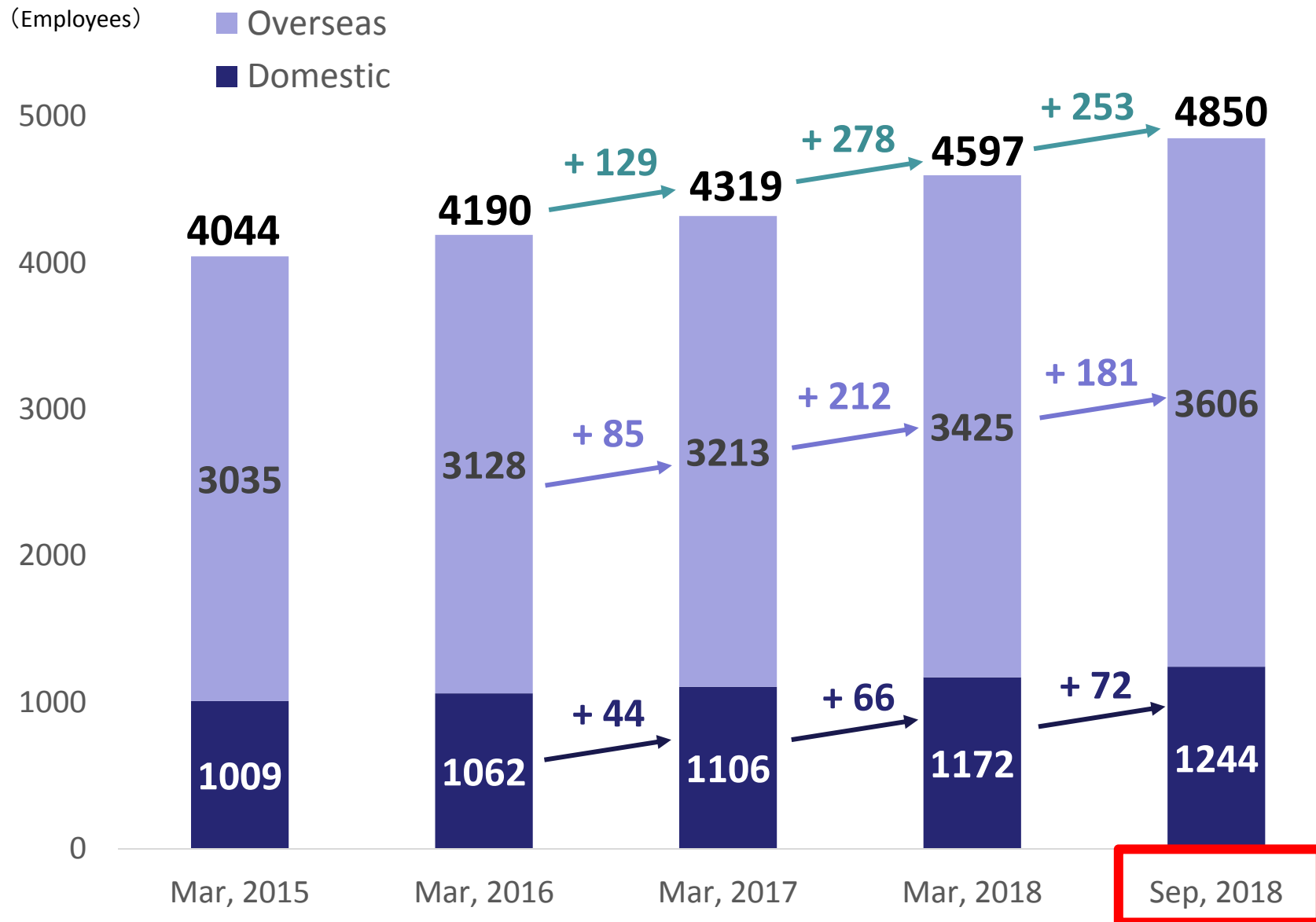


# Capital Investment and Depreciation Change (Consolidated Basis)

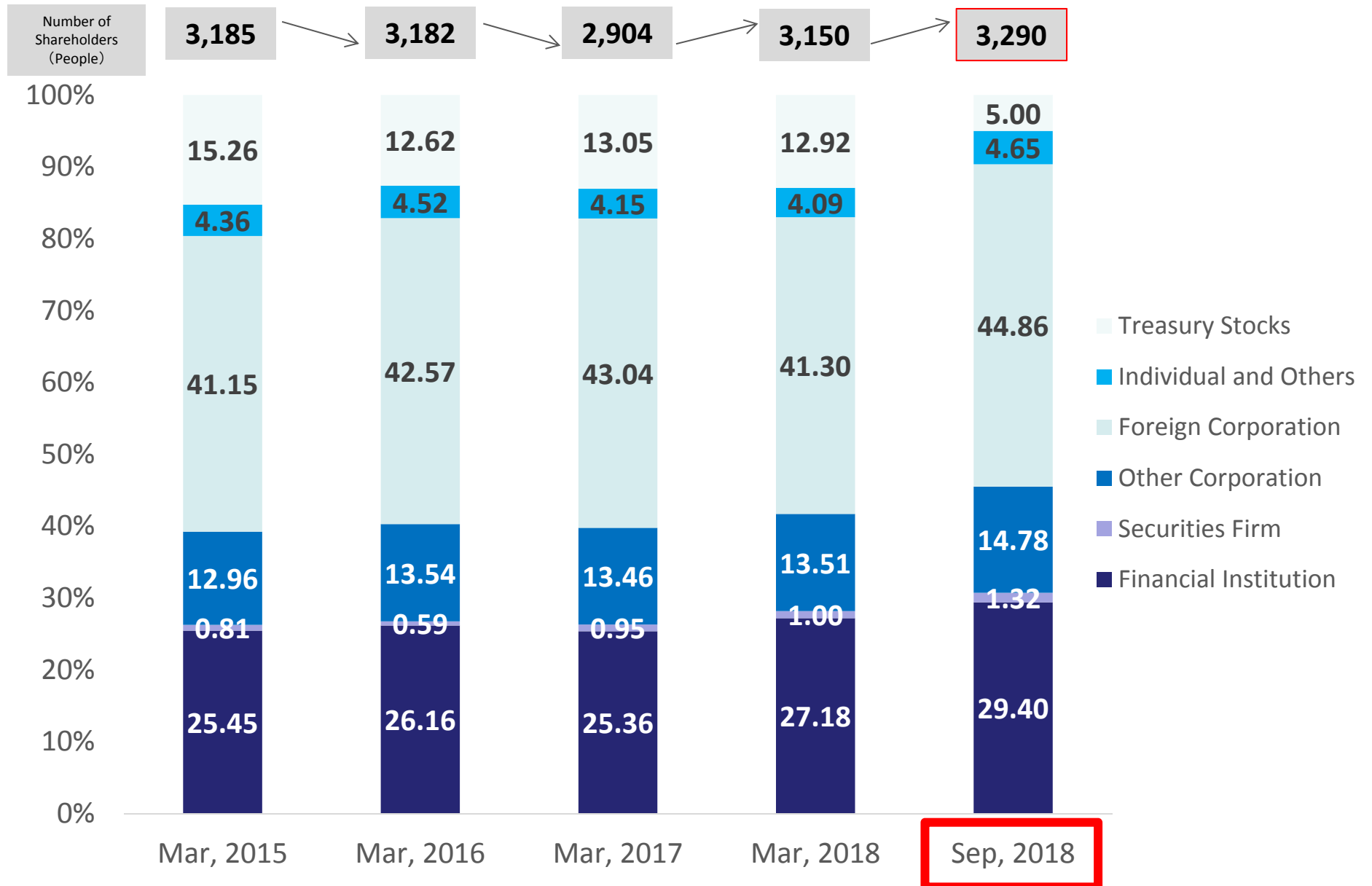


(\*Excluded: Investment in land, building, software)

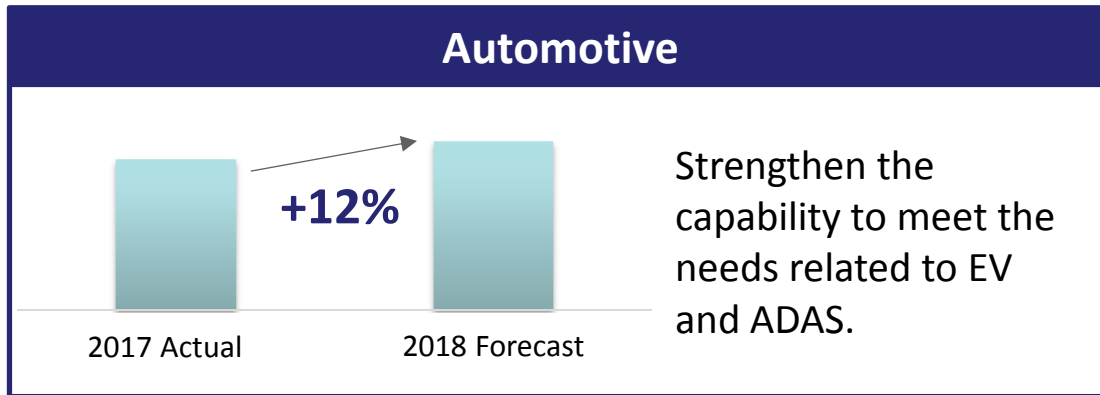
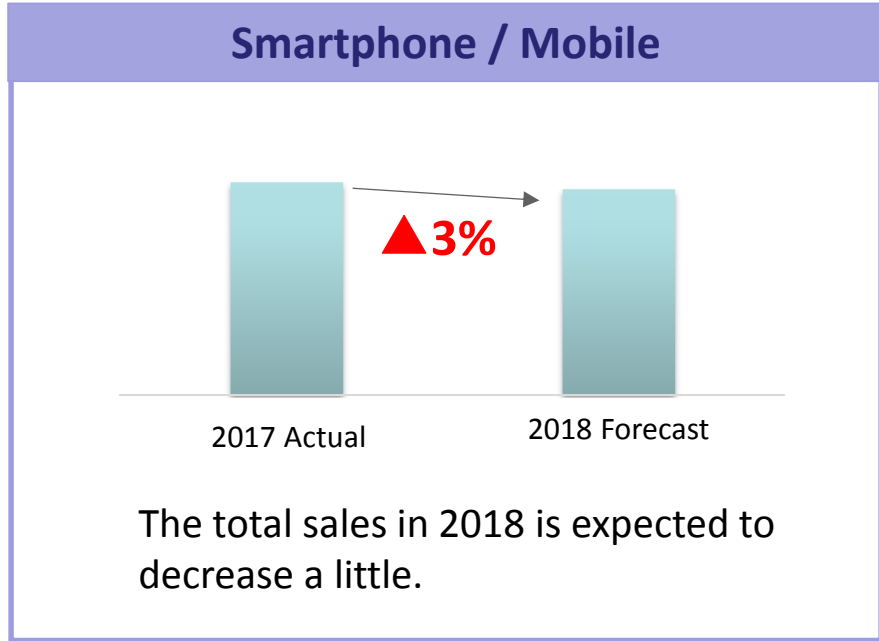
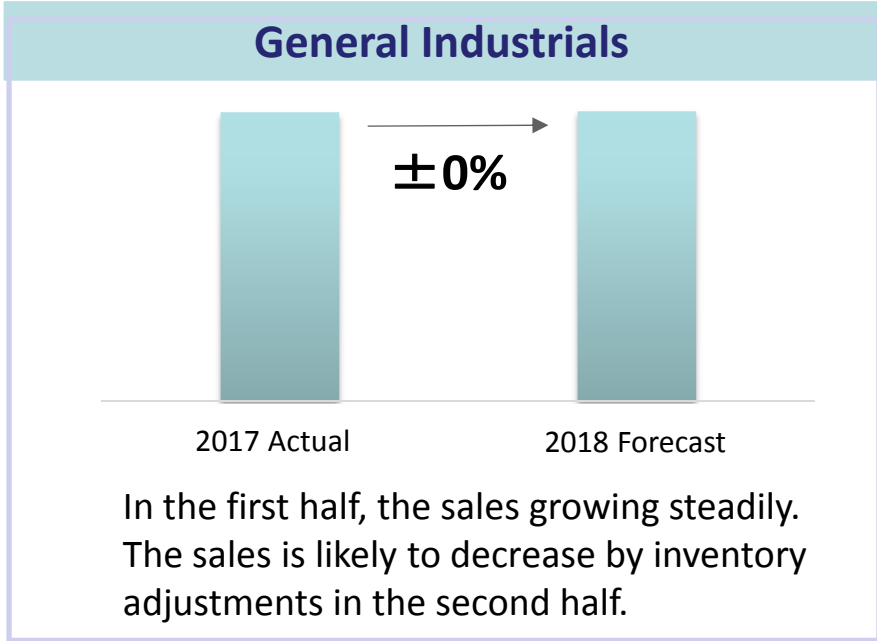
## Number of Employees ( Financial Report Basis )



## Distribution of Shareholders



## Expect the growth in Automotive market.



# Business Forecast for the Year Ending March 31, 2019 (Consolidated) [IFRS]



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

(Unit: Hundred millions of yen)

	FY2017 (FY ended Mar31, 2018) Actual		FY2018 (FY ended Mar31, 2019)		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half Actual	For the Year Forecast	Amount Change	%	Amount Change	%
<b>Sales</b>	620.5	1,251.4	<b>619.6</b>	<b>1,300.0</b>	-0.9	0.1%	48.6	3.9%
<b>COGS Ratio</b>	52.5%	53.8%	55.6%	55.4%				
<b>Operating Profit</b>	150.9	280.6	<b>120.2</b>	<b>273.0</b>	-30.7	-20.3%	-7.6	-2.7%
(%)	24.3%	22.4%	19.4%	21.0%				
<b>Earnings before income tax</b>	154.8	280.1	<b>130.4</b>	<b>283.0</b>	-24.4	-15.8%	2.9	1.0%
(%)	24.9%	22.4%	21.0%	21.8%				
<b>Net Profit</b>	108.1	191.1	<b>93.2</b>	<b>200.0</b>	-14.9	-13.8%	8.9	4.7%
(%)	17.4%	15.3%	15.0%	15.4%				
<b>Income Per Share</b>	—	<b>548.80 yen</b>	—	<b>546.58 yen</b>				
<b>Dividend Per Share</b>	<b>240 yen</b>	<b>480 yen</b>	<b>120 yen</b>	<b>240 yen</b>				
<b>Consolidated Dividend Payout Ratio</b>	—	87.5%	—	<b>43.9%</b>				

Currency Rate	FY2017 Actual	FY2018 Forecast
1US\$	110.85 yen	108.88 yen
1€	129.70 yen	129.92 yen
100won	10.00 yen	9.97 yen