

For FY2018 Third Quarter

Business Results



- CONNECTING THE FUTURE -

February 7th, 2019

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. 3Q Results settled on (Apr – Dec)

Order **974.4** hundred million yen

(YoY **-1.3%**)

Sales **959.9** hundred million yen

(YoY **+0.9%**)

Operating profit **199.9** hundred million yen ※Profit Ratio **20.8** %

(YoY **-13.6%**)

Industrial market

The sales for General Industrial has been keeping the high level since last year, though some adjustments were made in FA related market.

The 3Q sales (Apr-Dec) resulted +4% YoY because of the weak economy affected by deterioration of US-China relations.

Smartphone

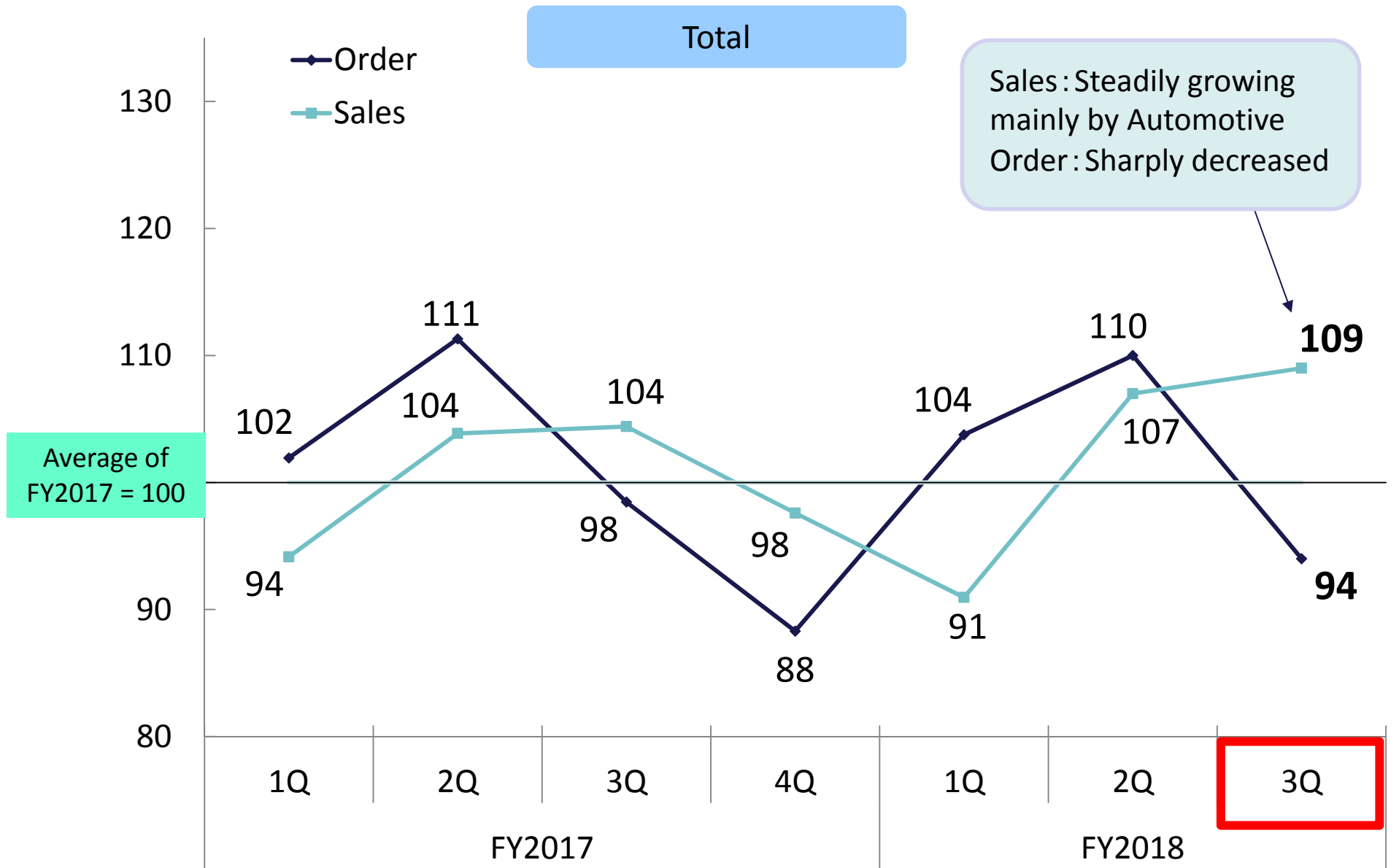
The sales for smartphone market went well until November due to the demands for new customer's products.

On the other hand, the sales dropped because of adjustment for some customer's products. As the result of that, the sales of the 3Q was -9% YoY.

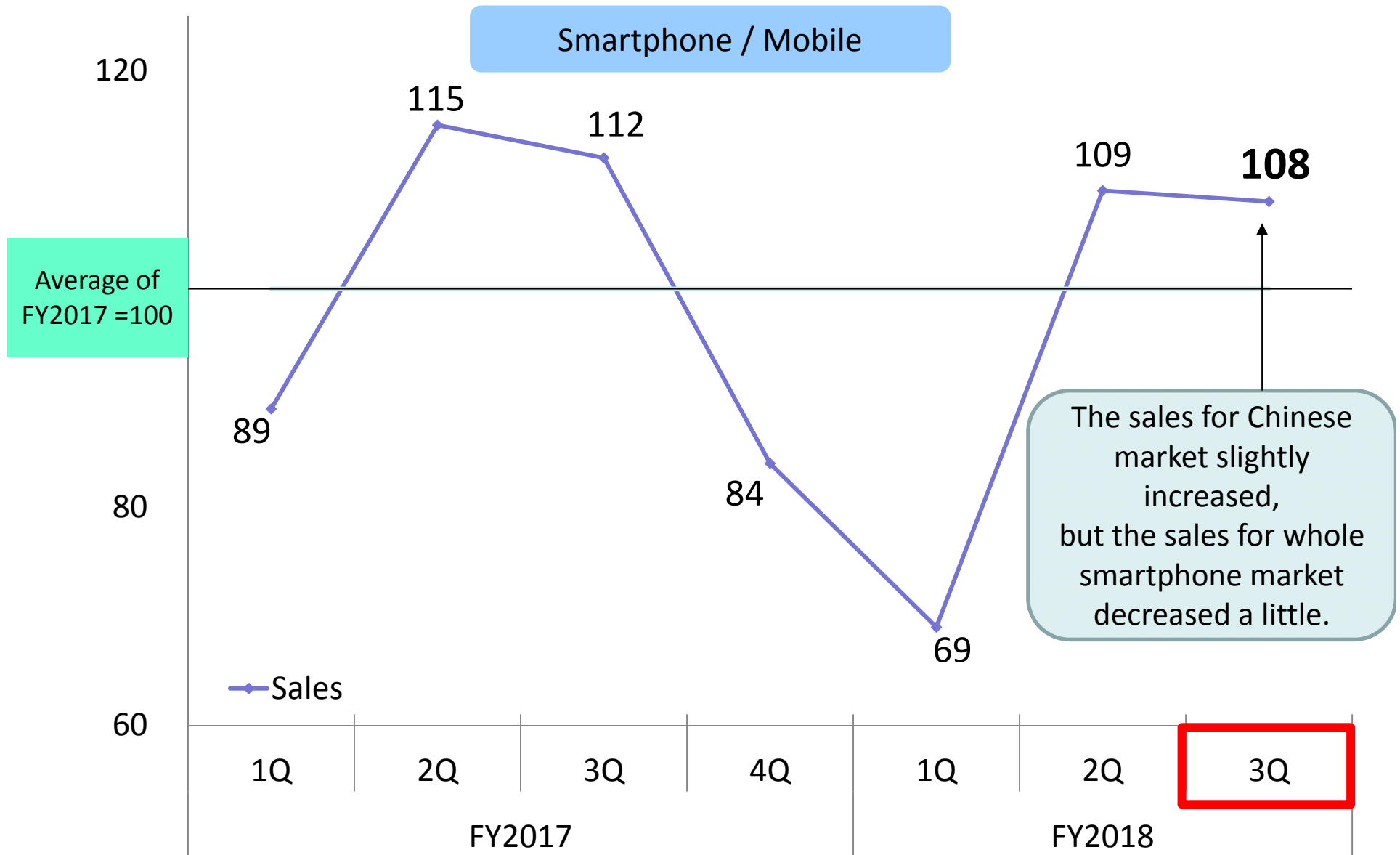
Automotive

The sales for Automotive has been steadily growing up and increased by 11% over last 3Q.

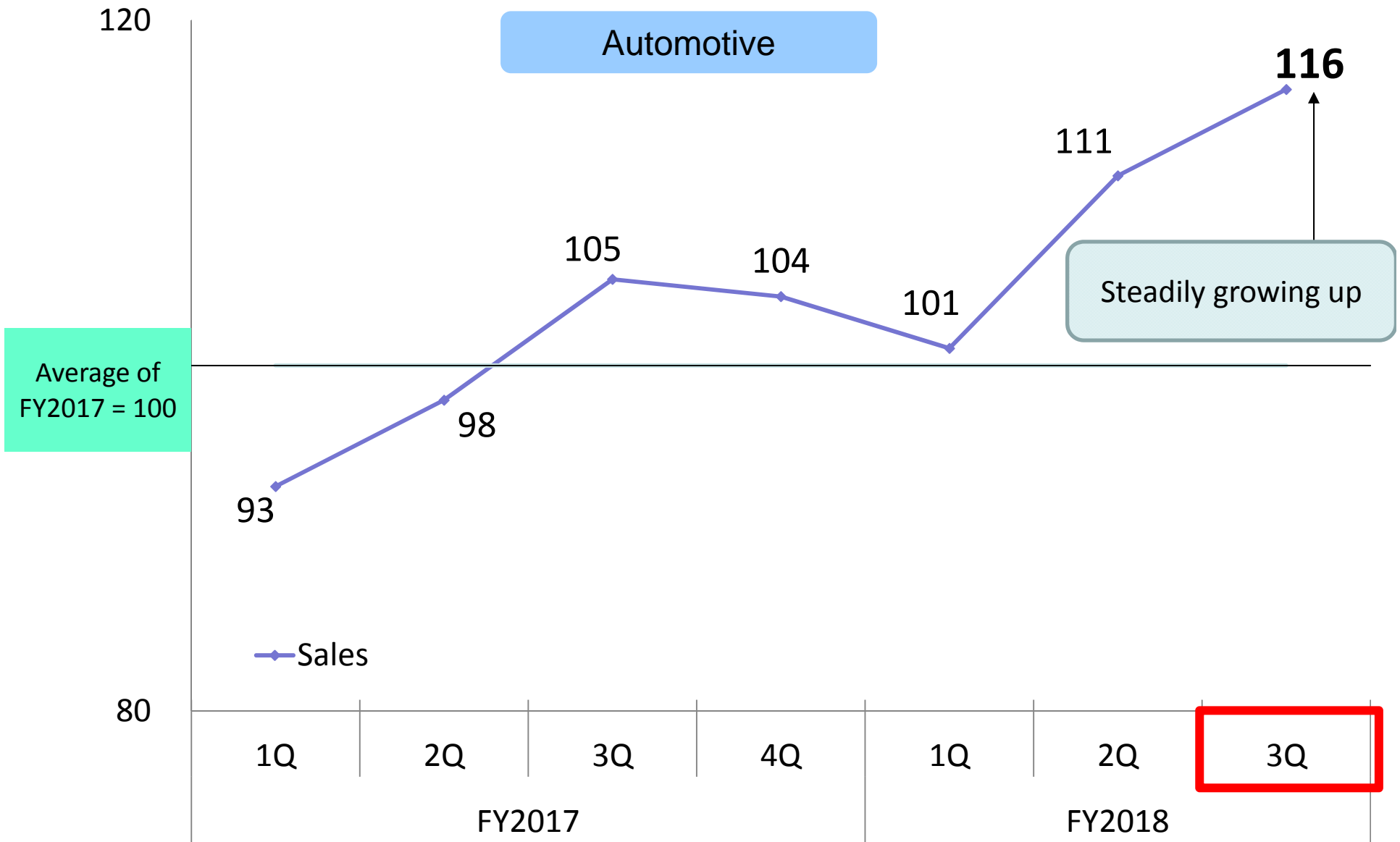
FY2017 1Q – FY2018 3Q Orders and Sales (Consolidated Basis, Index Number)



FY2017 1Q – FY2018 3Q Sales by Markets (Consolidated Basis, Index Number)



FY2017 1Q – FY2018 3Q Sales by Markets (Consolidated Basis, Index Number)



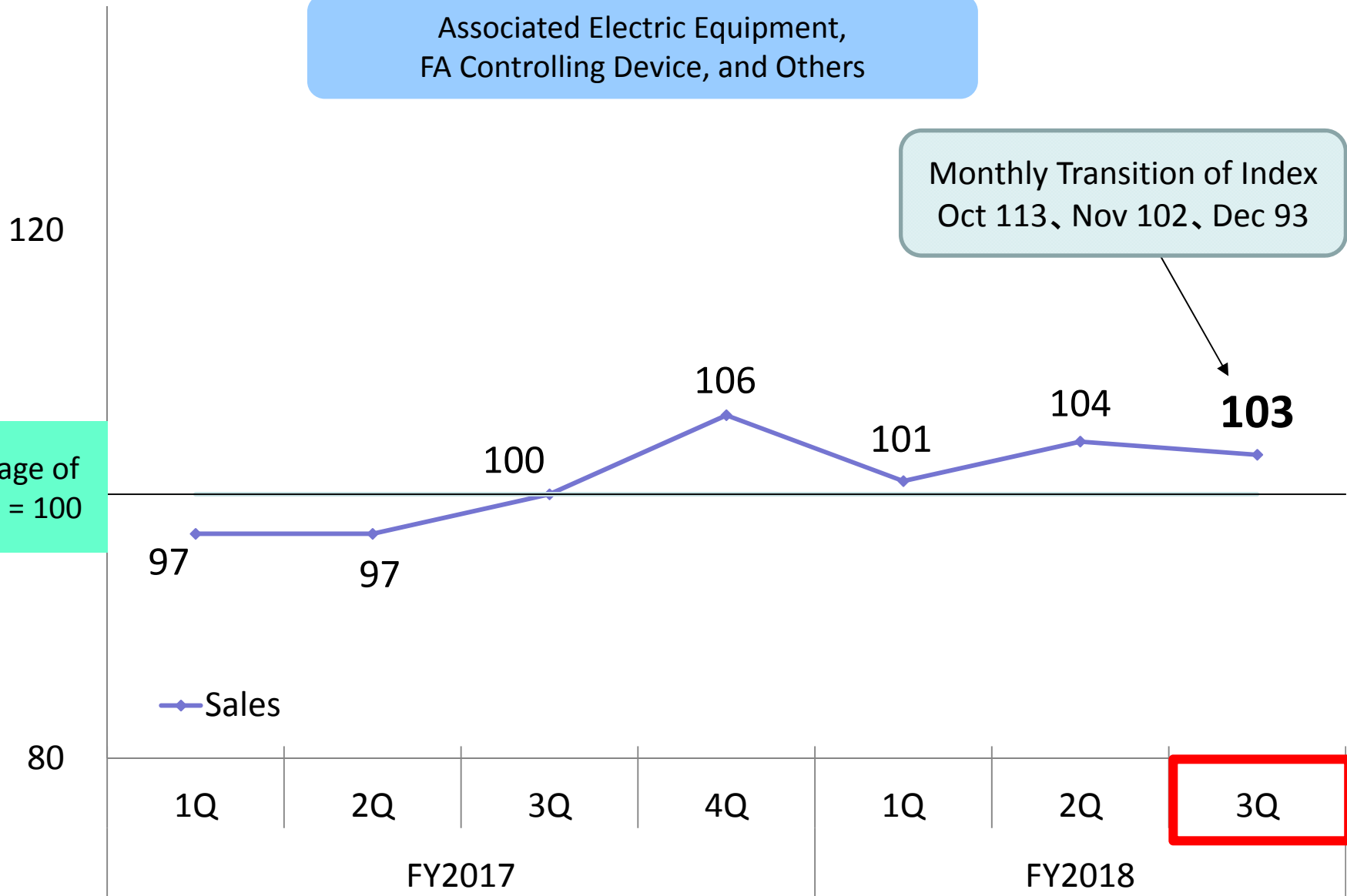
FY2017 1Q – FY2018 3Q Sales by Markets (Consolidated Basis, Index Number)



Associated Electric Equipment,
FA Controlling Device, and Others

Monthly Transition of Index
Oct 113、Nov 102、Dec 93

Average of
2017 = 100



Business Results for FY2018.3Q **【IFRS】**

(Unit : hundred millions of yen)

	FY2017.3Q (FY ended Dec31, 2017)	FY2018.3Q (FY ended Dec31, 2018)	Increase / Decrease (YoY)	Increase / Decrease Ratio (YoY)
Sales	951.7	959.9	+8.2	+0.9%
COGS Ratio	53.0%	55.1%	+2.1	
SGA Ratio	22.6%	24.1%	+1.5	
Operating Profit	231.2	199.9	-31.3	-13.6%
(%)	24.3%	20.8%	-3.5	
Earnings before income tax	234.8	212.4	-22.4	-9.5%
(%)	24.7%	22.1%	-2.6	
Net Profit	163.5	152.2	-11.3	-6.9%
(%)	17.2%	15.9%	-1.3	
Total Assets	3,426.9	3,396.9		
Shareholder's Equity Ratio	89.5%	90.0%		
Income Per Share	469.64 yen	416.08 yen		

Major Changes over prior same period FY2018.3Q

Unit: hundred millions of Yen

■ Sales

8.2 hundred million yen **Increase (951.7 → 959.9)**

Hirose : **+20.2**

Subsidiaries : **-12.0**

■ COGS Ratio

2.1 point Increase (53.0% → 55.1%)

Purchase Cost Ratio : 37.8% → **38.4%**

Depreciation Ratio : 6.5% → **8.2%**

■ SGA Ratio

1.5 point Increase (22.6% → 24.1%)

215 → 231 (16 hundred million yen Increase)

(Increase in delivery expense and depreciation cost)

■ Financial revenue / expense

8.9 hundred million yen **Increase (3.6 → 12.5)**

Foreign Exchange Gain / Loss : **-3.5** → **+3.6**

FY2018.3Q YoY Variation analysis

(Unit : hundred millions of yen)

	Sales	Operating profit	(%)	Earnings before income tax	(%)
FY2017.3Q Actual	951.7	231.2	24.3%	234.8	24.7%
Exchange rate	-0.5	-1.0		6.1	
Depreciation cost increase		-18.7		-18.7	
Labor cost increase		-7.0		-7.0	
Other SGA cost increase		-11.0		-11.0	
Decrease in the product, etc	8.7	6.4		8.2	
Total amount of change	8.2	-31.3		-22.4	
FY2018.3Q Actual	959.9	199.9	20.8%	212.4	22.1%

Currency Effect for FY2018.3Q

	FY2017.3Q	FY2018.3Q
Currency rate : US\$	111.70 Yen	111.14 Yen
Currency rate : €	128.53 Yen	129.49 Yen
Currency rate : 100won	9.97 Yen	10.04 Yen



(Unit: Hundred millions of Yen)

YoY Currency effect amount	
Sales	-0.5
Operating Profit	-1.0
Earnings before income tax	+6.1

Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2018	Dec 31, 2018	Increase / Decrease	Remark
A S S E T S	Cash and Cash equivalents	694.0	516.8	-177.2	Payment of dividend, Corporate tax, etc
	Trade receivables and other claim	315.0	322.5	7.5	
	Inventories	121.9	139.0	17.1	
	Other financial assets	1,629.8	1,720.3	90.5	
	Tangible fixed assets	562.0	608.0	46.07	Miyako (machines and buildings) Headquarters (Molds and construction in progress accounts)
	Others	89.1	90.3	1.2	
	Total Assets	3,411.8	3,396.9	-14.9	

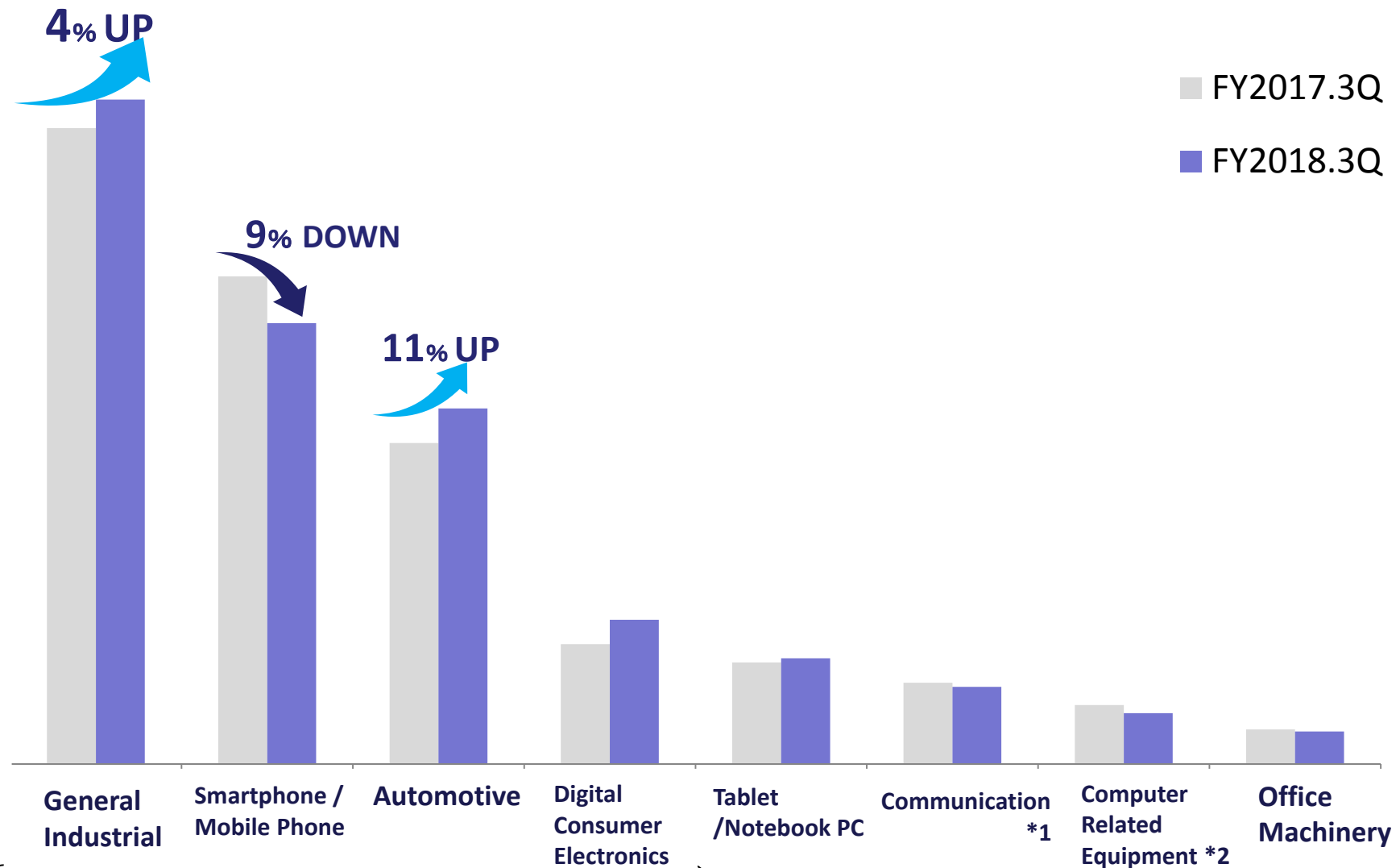
Total of cash in bank **1,866.4** **1,709.9** **-156.5**

Changes in Consolidated Balance Sheet

Unit : hundred millions of yen

	Account	Mar 31, 2018	Dec 31, 2018	Increase / Decrease	Remark
Liabilities	Payables and other debt	195.3	194.8	-0.5	
	Income Taxes Payable	49.5	22.4	-27.1	
	Others	119.8	121.1	1.3	
		364.6	338.3	-26.3	
Shareholder's Equity	Capital stock and Capital surplus	210.8	207.2	-3.6	
	Retained Earnings	3,345.1	3,006.8	-338.3	Net Profit: 152.2 — Dividend: 127.5 — the Allotment of share and Cancellation: 363.0
	Treasury Stocks	-583.2	-226.2	357.0	The Allotment of share : +196.7 Cancellation of treasury stocks : +170.0 Share buy-back : Δ9.7
	Others	74.5	70.8	-3.7	
	Total	3,047.2	3,058.6	11.4	
	Total Liabilities and Shareholder's Equity	3,411.8	3,396.9	-14.9	

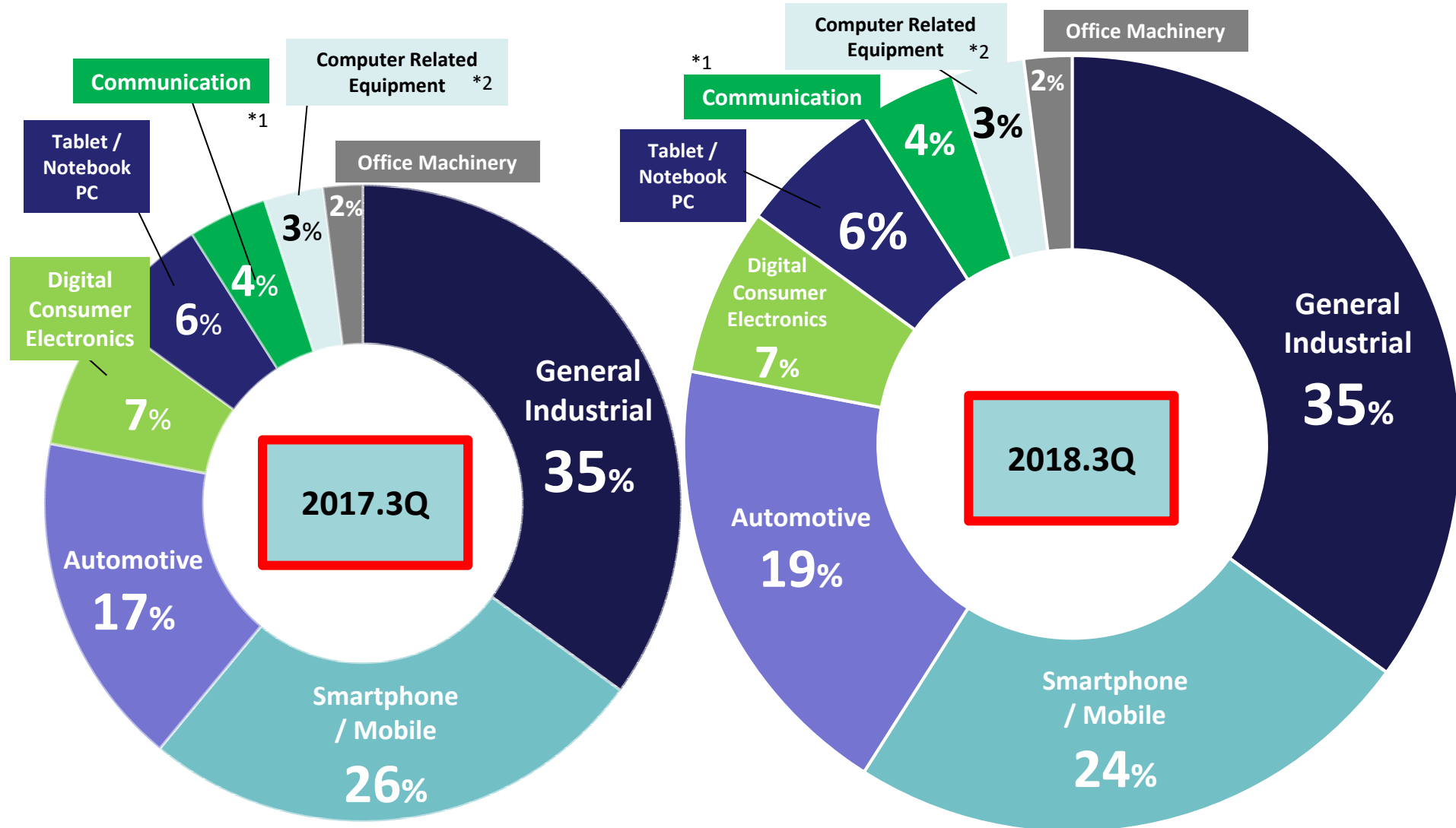
Sales Changes by Application (round number) 【Consolidated Basis】



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.

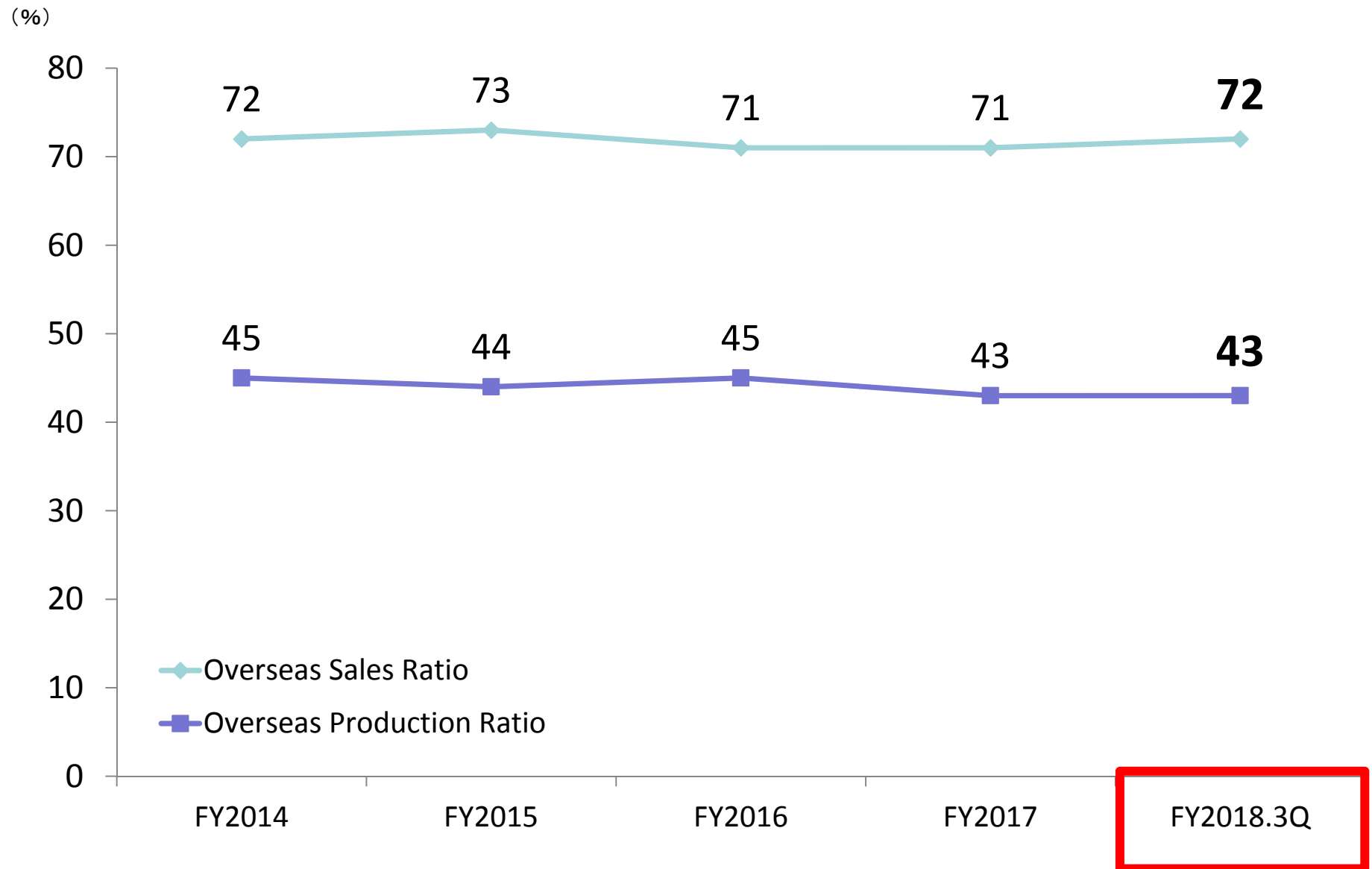
Sales by Application (round number) (Consolidated Basis)



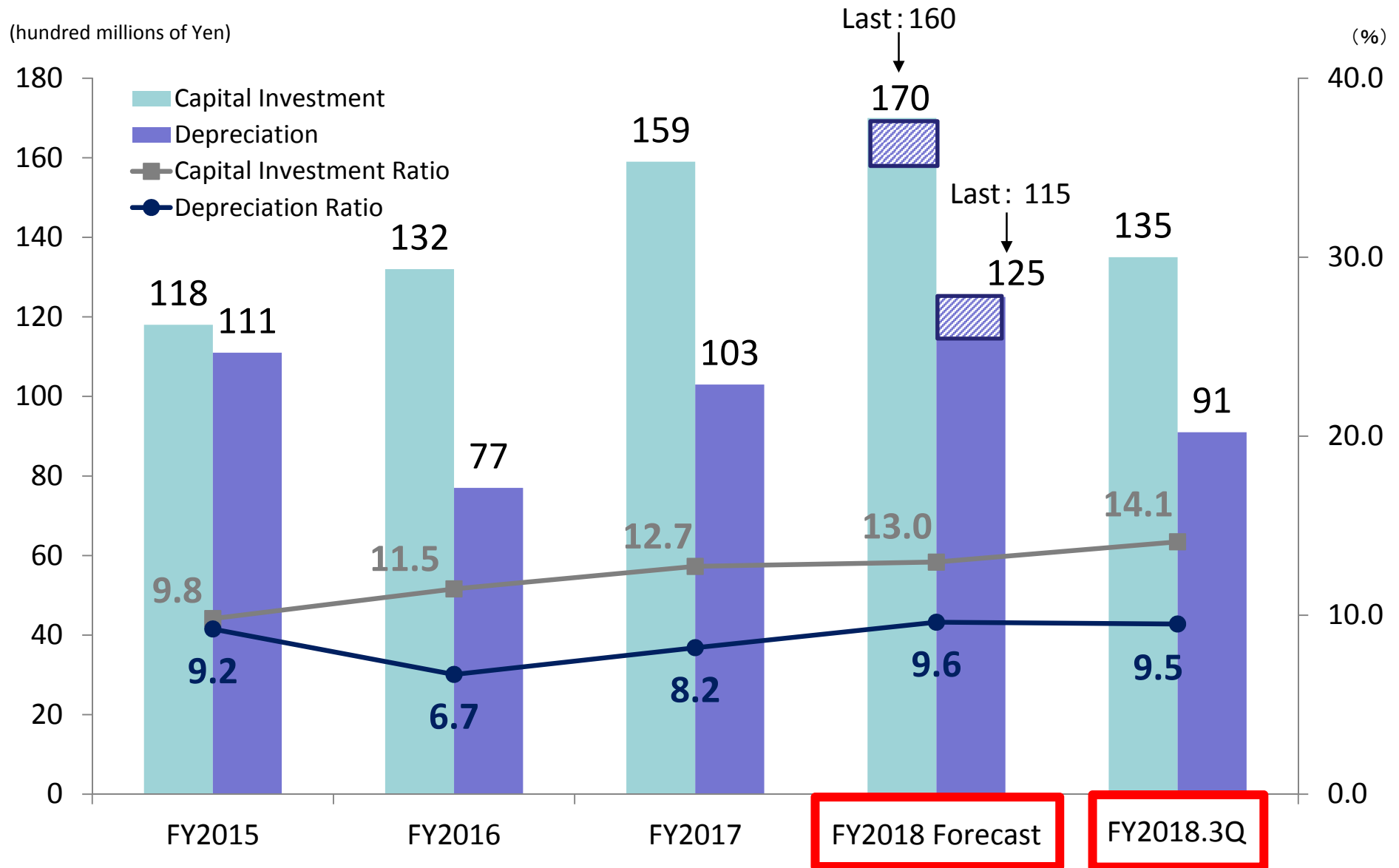
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Overseas Production and Sales Ratio



Capital Investment and Depreciation Change (Consolidated Basis)



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

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

We revised down our forecast announced in May, 2018 because of the weak smartphone market and the world economic slowdown.

(Unit: Hundred millions of yen)

	FY2017 (FY ended Mar31, 2018) Actual		FY2018 (FY ended Mar31, 2019)			2018.3Q Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	3Q (Apr-Dec)	For the Year	3Q (Apr-Dec) Actual	Forecast As of May, 2018	For the Year Forecast	Amount Change	%	Amount Change	%
Sales	951.7	1,251.4	959.9	1,300.0	1,240.0	+8.2	0.9%	-11.4	-0.9%
COGS Ratio	53.0%	53.8%	55.1%		55.8%				
Operating Profit	231.2	280.6	199.9	273.0	240.0	-31.3	-13.5%	-40.6	-14.5%
(%)	24.3%	22.4%	20.8%		19.4%				
Earnings before income tax	234.8	280.1	212.4	283.0	254.0	-22.4	-9.5%	-26.1	-9.3%
(%)	24.7%	22.4%	22.1%		20.5%				
Net Profit	163.5	191.1	152.2	200.0	183.0	-11.3	-6.9%	-8.1	-4.2%
(%)	17.2%	15.3%	15.9%		14.8%				
Income Per Share	—	548.80 yen	—	546.58 yen	500.60 yen				
Dividend Per Share	240 yen	480 yen	120 yen	240 yen	240 yen				
Consolidated Dividend Payout Ratio	—	87.5%	—	43.9%	47.9%				

Currency Rate	FY2017 Actual	FY2018 Forecast
1US\$	110.85 yen	109.86 yen
1€	129.70 yen	128.12 yen
100won	10.00 yen	9.93 yen