

Business Results for the year ended FY2012

Creative Links to World Electronic

May 9th 2012

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 FY2011

[FY2011 1Q]

◎ Order level of April were high because of the ahead-of-schedule order influence after the earthquake. However, order level of May and June were sluggish mainly due to the ahead-of-schedule order rebound, and the Automotive production have decrease due to the earthquake. On the other hand, sales were fairly steady.

[FY2011 2Q]

◎ Recovery seen in Mobile/Smartphone and Automotive market, which were sluggish in 1Q. Industrial is still influenced by the post-earthquake ahead-of-schedule order, and remains in low level. On the other hand, although the level is not high, sales were fairly steady.

[FY2011 3Q]

◎ The order/sales levels of Mobile/Smartphone and Industrial market were low. Steady increase in the Automotive market order/sales. The order level for Digital consumer electronics were partially influenced by the Thai flood, but slight recovery seen in December.

[4Q FY2011]

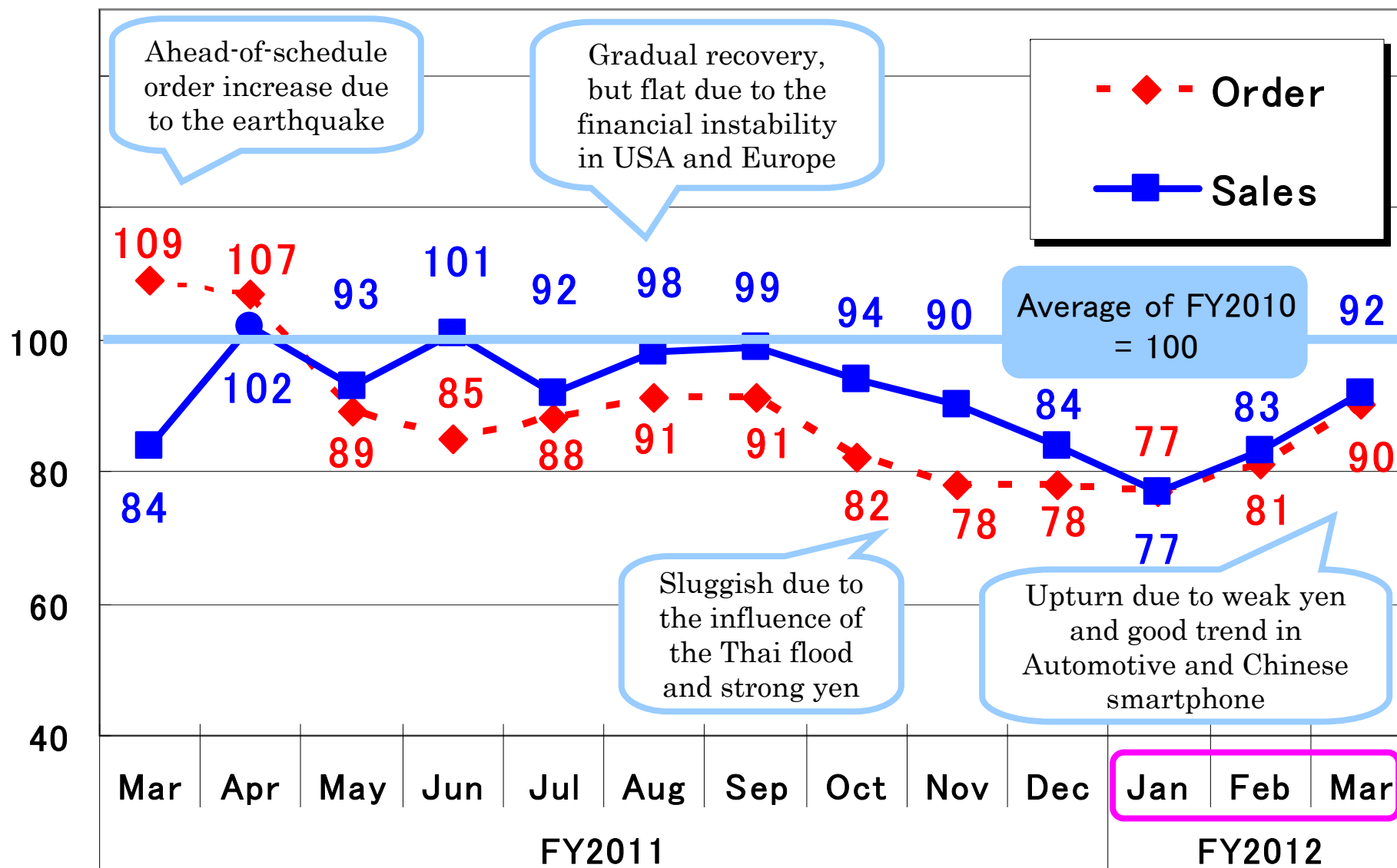
Although the order level of Digital consumer electronics is low, Automotive continues to keep the high level. In March, Chinese smartphone have increased rapidly, and a sign of recovery is seen in General industrial.

[FY2011 Annual Total]

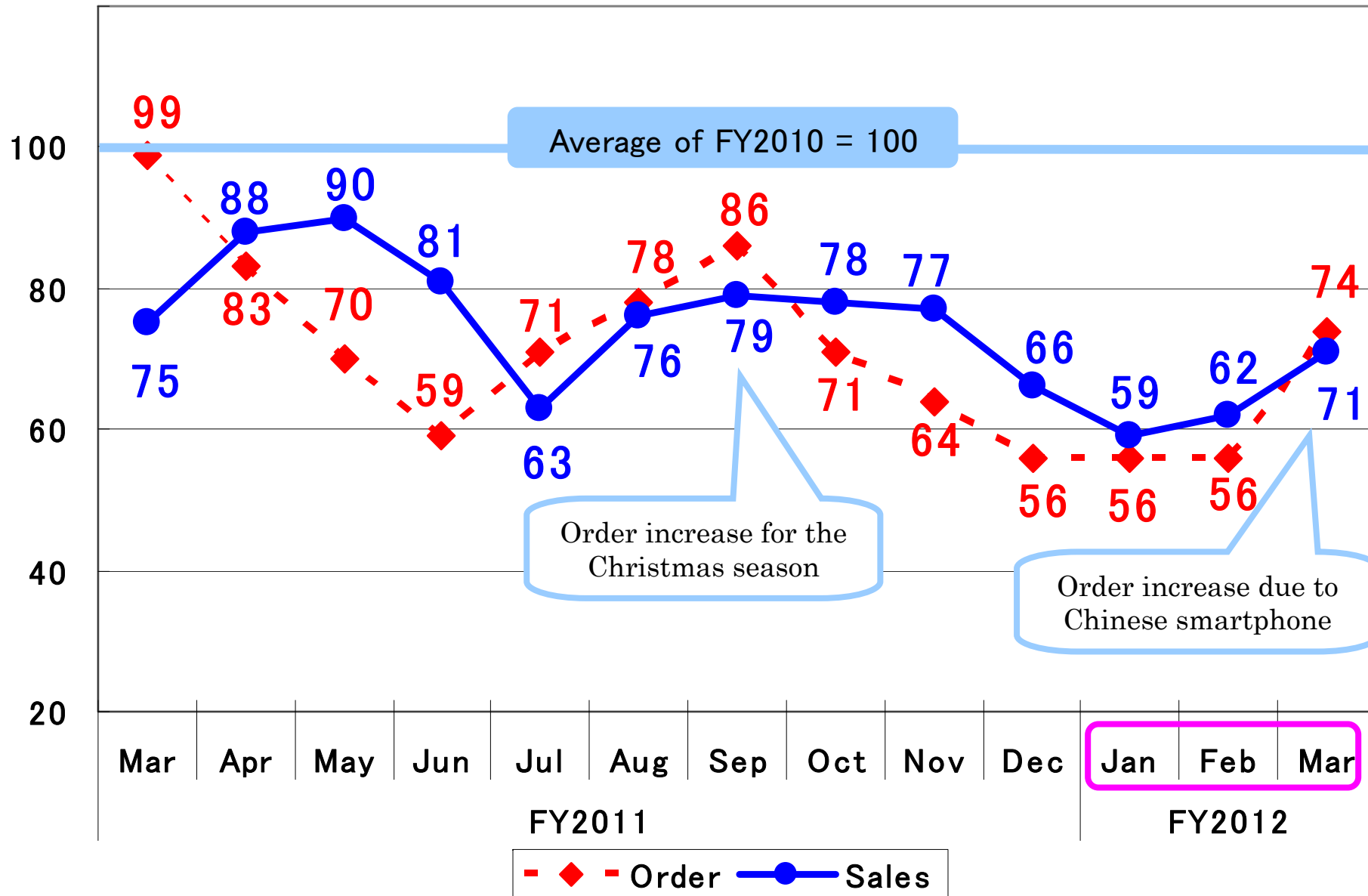
◎ FY2011 Annual Total

Order 919.2 hundred million yen (-2.9% YOY), Sales 947.9 hundred million yen (+2.5% YOY), Recurring Profit 209.2 hundred million yen (Ratio 22.1%, -8.0% YOY)

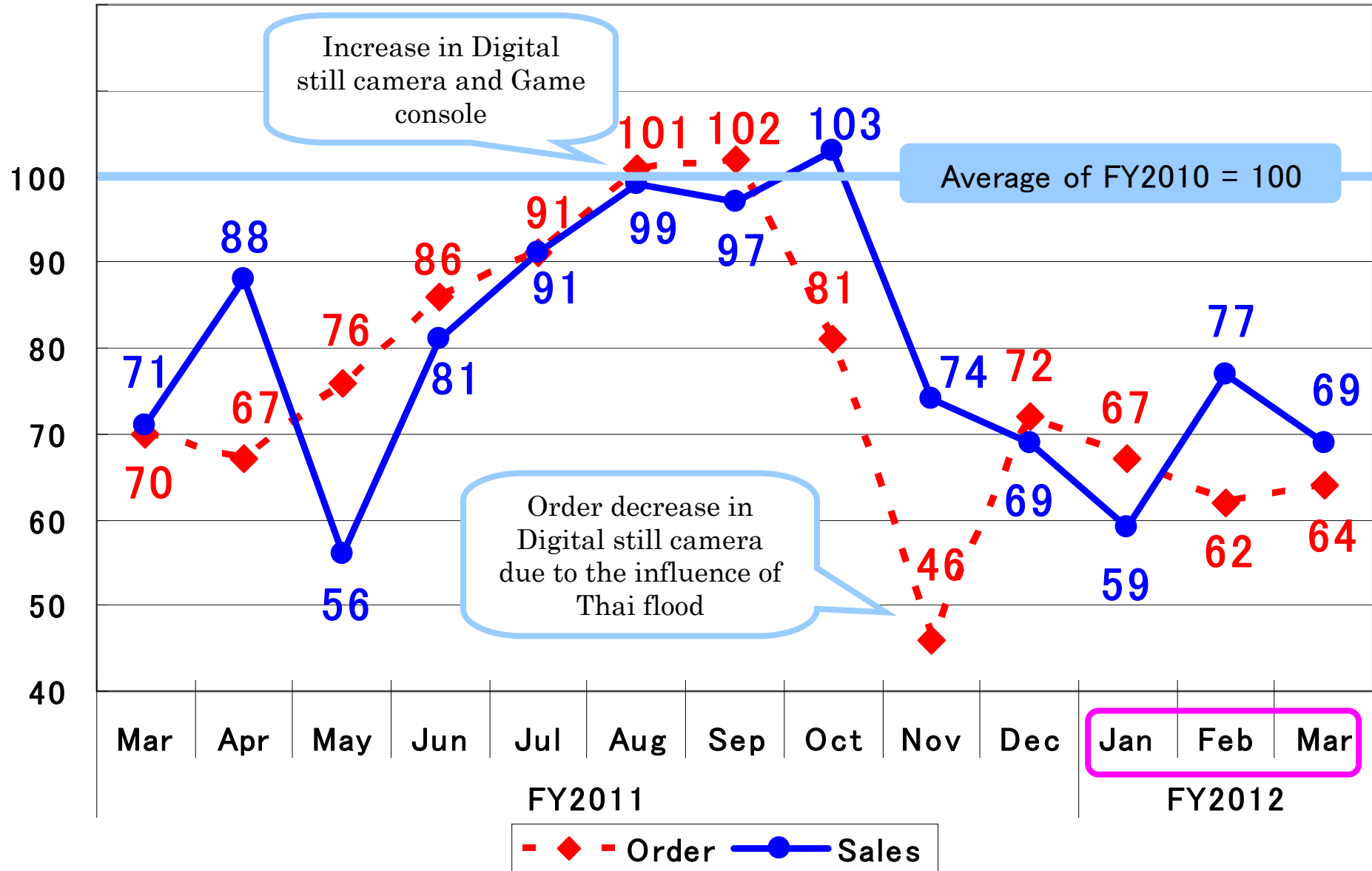
2011 Mar- 2012 Mar Orders and Sales Changes (Domestic Consolidation Basis, Index Number)



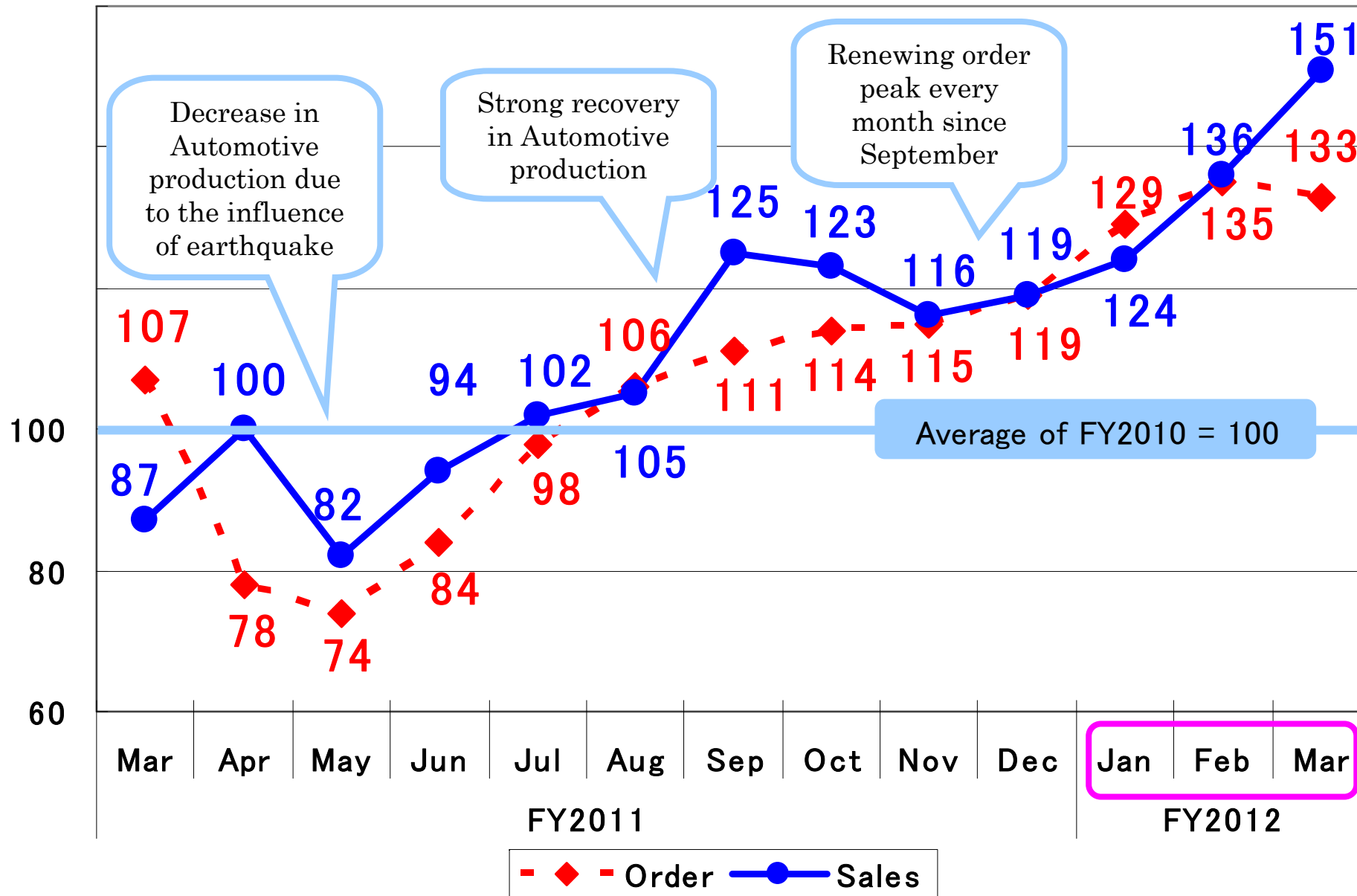
Mobile / Smartphone



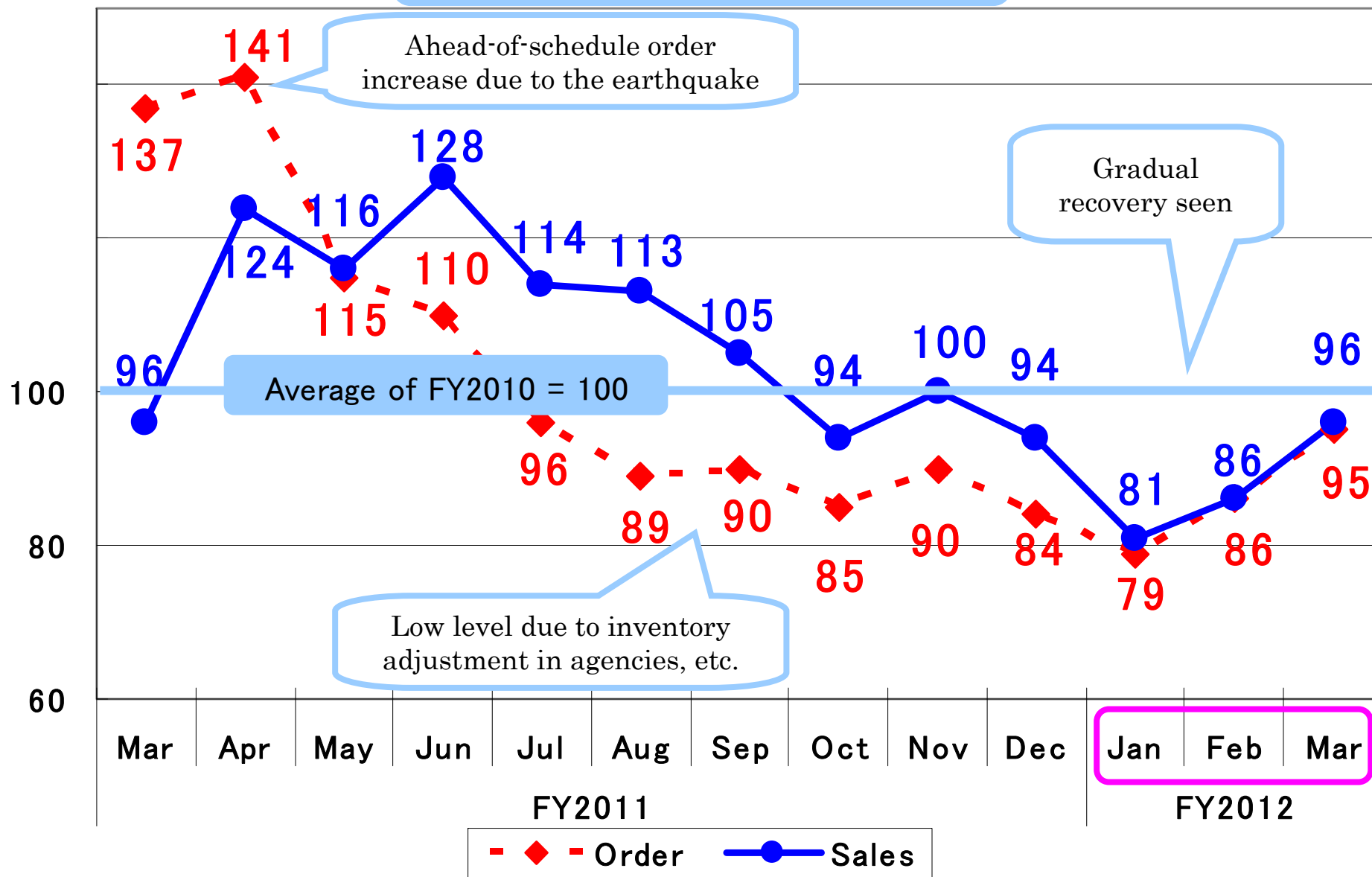
Digital Consumer Electronic



Automotive



Associated Electric Equipment, FA Controlling Device, and Others



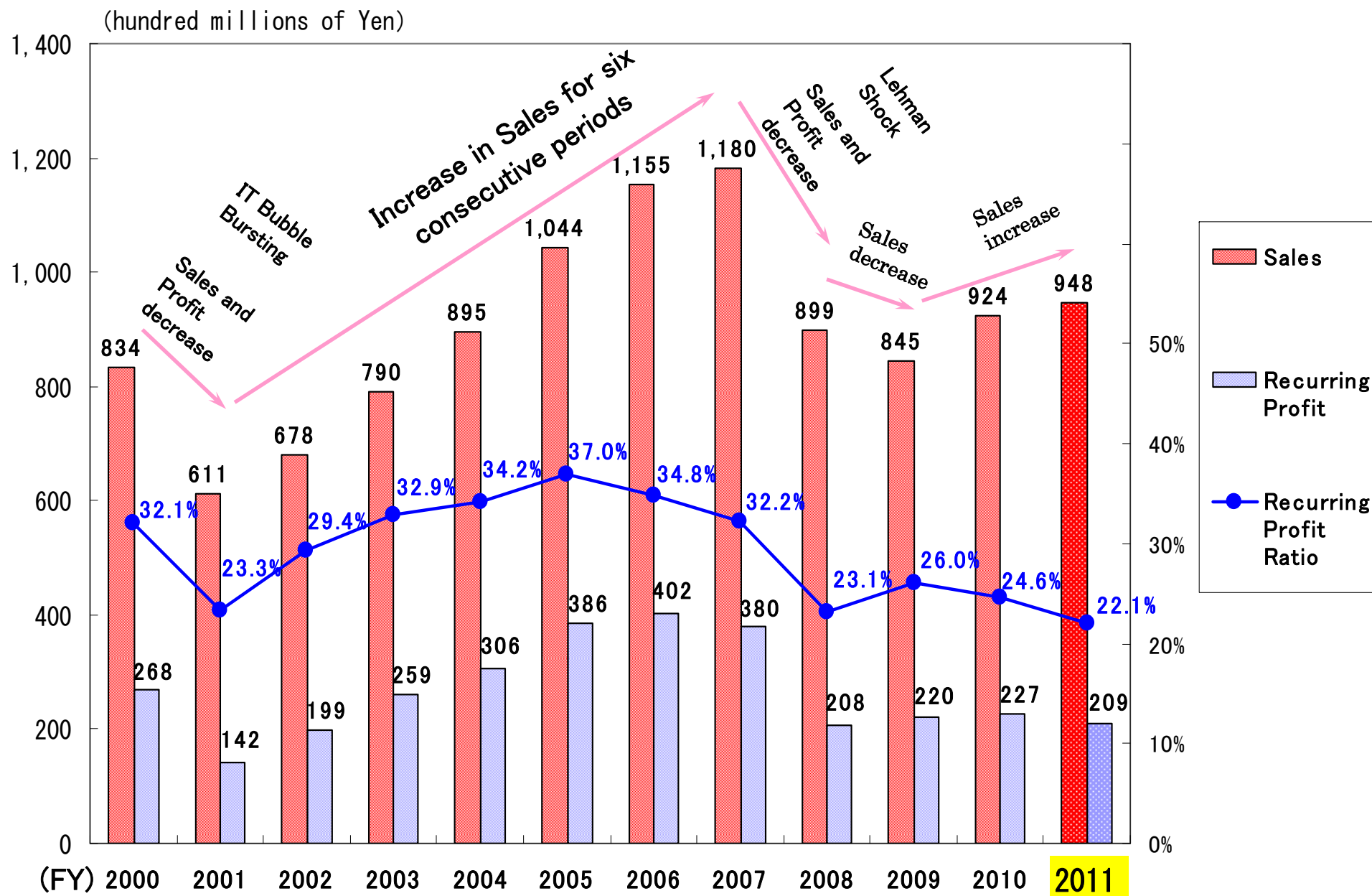
Business Results for FY2011

Note) Green Italics number: data announced on Nov 2011 (hundred millions of Yen)

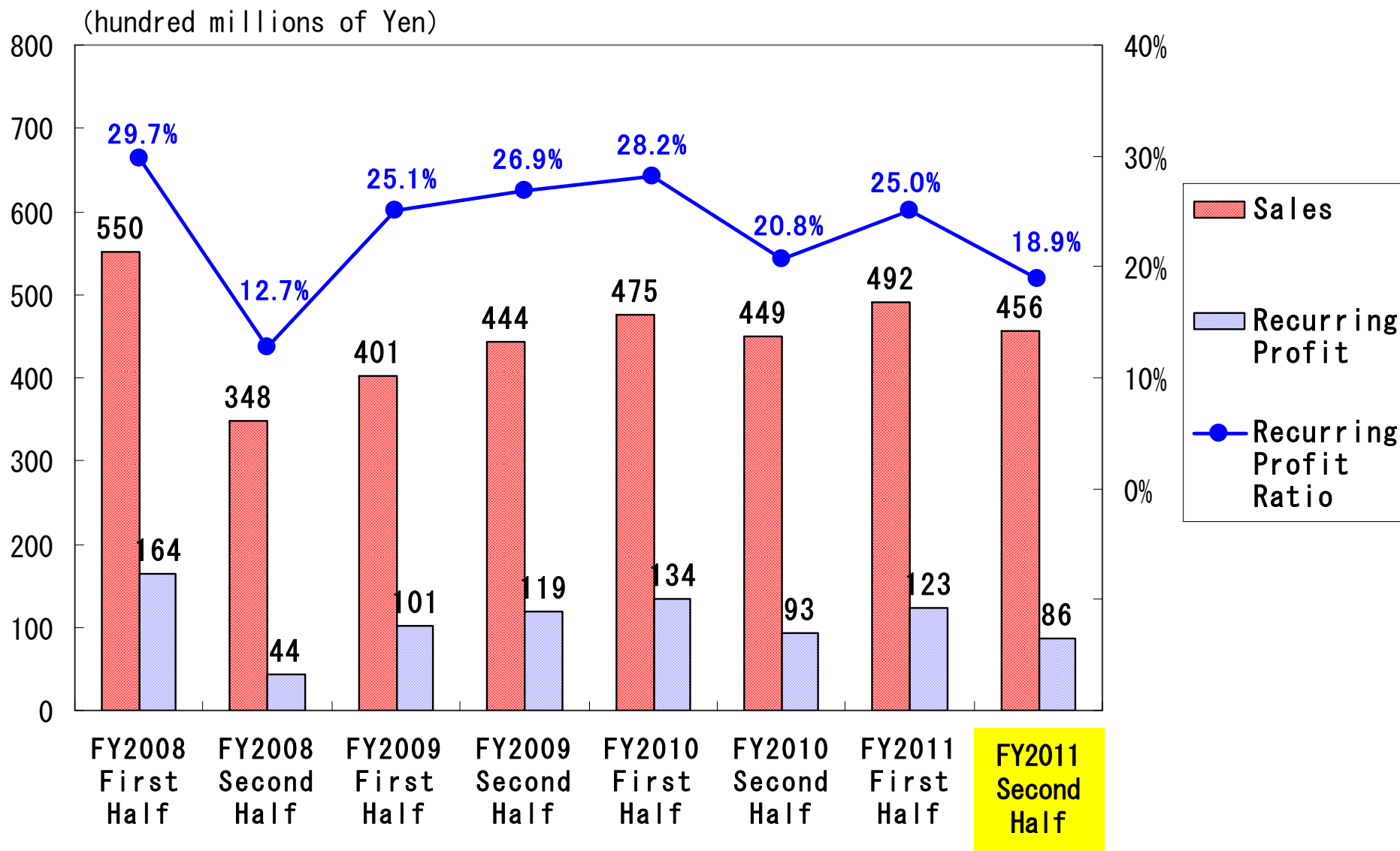
	(A)FY2010	(B)FY2011	(B)-(A)	(B)/(A)
Sales (COGS Ratio) (SGA Ratio)	924.4 <i>(56.9%)</i> <i>(19.3%)</i>	947.9 <i>935.0</i> <i>(59.3%)</i> <i>(20.1%)</i>	23.5 <i>(+2.4%)</i> <i>(+0.8%)</i>	2.5%
Operating Profit (%)	220.3 <i>23.8%</i>	195.5 <i>195.0</i> <i>20.6%</i>	-24.8 <i>(-3.2%)</i>	-11.2%
Recurring Profit (%)	227.4 <i>24.6%</i>	209.2 <i>200.0</i> <i>22.1%</i>	-18.2 <i>(-2.5%)</i>	-8.0%
Net Profit (%)	117.1 <i>12.7%</i>	128.2 <i>125.0</i> <i>13.5%</i>	11.1 <i>(+0.8%)</i>	9.5%
Total Assets	2,601.4	2,614.9	13.5	0.5%
Shareholders' Equity Ratio	90.3%	90.5%		
Income Per Share	330.23Yen	366.11Yen		
Dividend Per Share	150Yen	130Yen		
Consolidated Dividend Payout Ratio	45.4%	35.5%		

Major changes over prior same period (unit: hundred millions of Yen)		
[Sales]	23.5 increase	
	Overseas	
Hirose	Subsidiaries	Hirose Korea
-65.8	-5.5	+96.9
[COGS Ratio]	2.4 point increase	
Purchase Cost Ratio	42.6% → 42.7%	
Depreciation Ratio	6.6% → 7.6%	
Labor Cost & Other Expense Ratio	7.7% → 9.0%	
[SGA Ratio]	0.8 point increase	
Increase in personnel & delivery expense, etc.		
[Non-Operating Expenses]		
Equity Method Profit	+4.7 → +0.5	
Interest Received & Dividend	8.5 → 9.1	
Foreign Exchange Gain or Loss	-7.5 → +0.3	
[Extraordinary Profit]		
	-22.7 → +6.4	
Last Fiscal Year		
Step-acquisition related losses	-19.0	
Calamity (Earthquake) related losses	-3.6	
This Fiscal Year		
Subsidy from Yokohama-shi	+9.2, etc.	

Sales and Profits



Sales and Profits by Half-Yearly



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

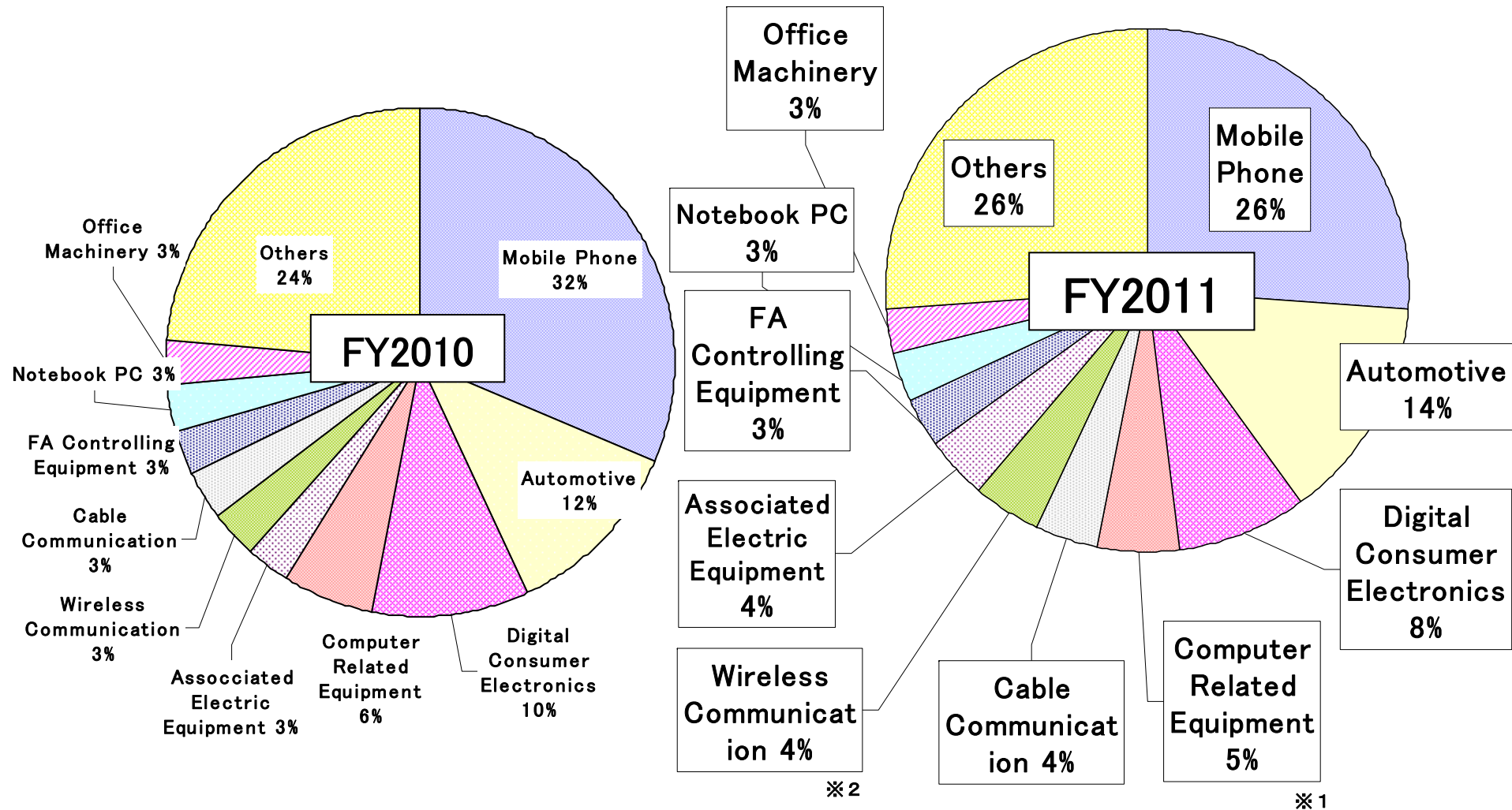
Account	(A) Mar 31, 2011	(B) Mar 31, 2012	(B) – (A)	Remark
Cash and Cash in Bank	1,094.2	1,077.0	-17.2	Decrease in Hirose's , etc.
Trade Receivables	230.6	233.4	2.8	
Inventories	72.7	71.9	-0.8	
Investment Securities	641.6	590.1	-51.5	Corporate bonds, shift to short-term bonds
Others	562.3	642.5	80.2	Tangible fixed assets +19.8, Marketable securities+53.2
Total Assets	2,601.4	2,614.9	13.5	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2011	(B) Mar 31, 2012	(B) - (A)	Remark
Notes Payable and Account Payable	109.4	104.2	-5.2	
Income Taxes Payable, etc	40.6	32.1	-8.5	
Others	75.7	82.6	6.9	
Total Liabilities	225.7	218.9	-6.8	
Retained Earnings	2,620.6	2,696.2	75.6	Net Income 128.2 - Dividend 52.6
Treasury Stocks	-493.2	-546.9	-53.7	Share buyback (709,300 shares)
Valuation Variance	21.2	23.9	2.7	Share price increase (closing price of Nikkei Average: 9,755 yen → 10,083 yen)
Translation Adjustment	-38.2	-45.0	-6.8	Due to strong yen
Others	265.3	267.8	2.5	
Total Shareholders' Equity	2,375.7	2,396.0	20.3	
Total Liabilities and Shareholders' Equity	2,601.4	2,614.9	13.5	

Sales by Market

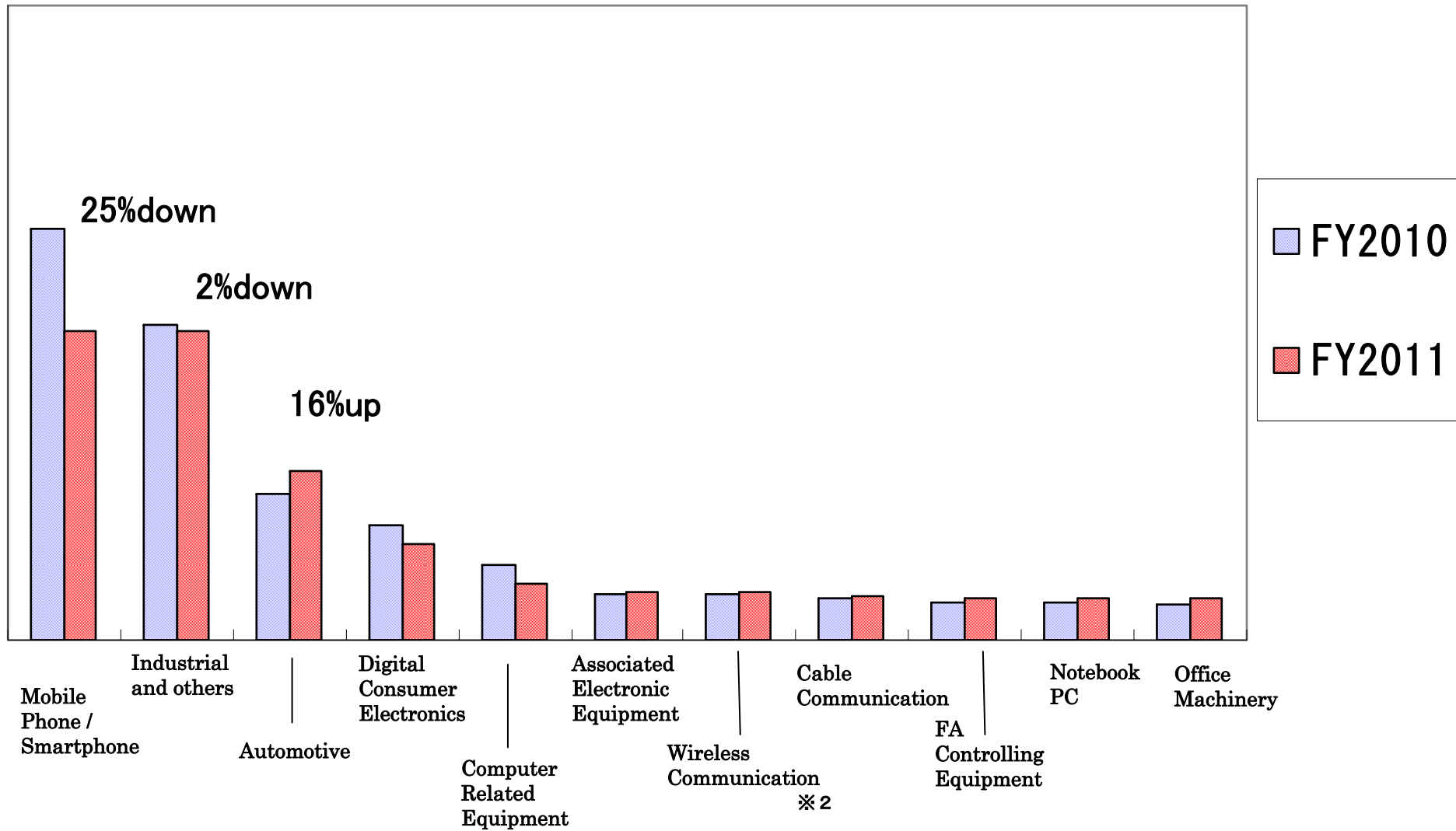


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

※1 Computer Related Equipment – Notebook PC not included.

※2 Wireless Communication – Mobile Phone not included.

Sales Changes by Markets (in round numbers)

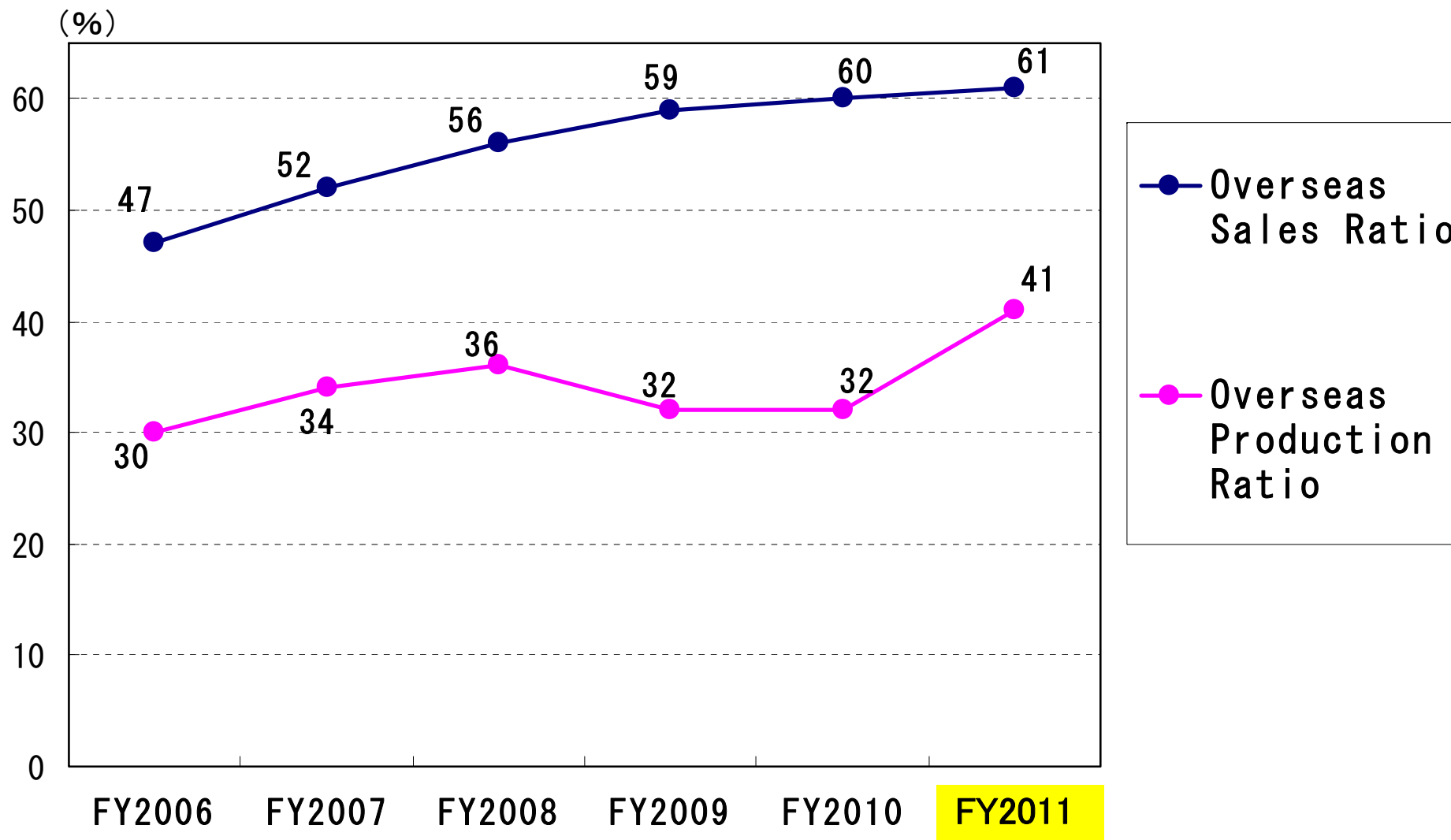


※ 1

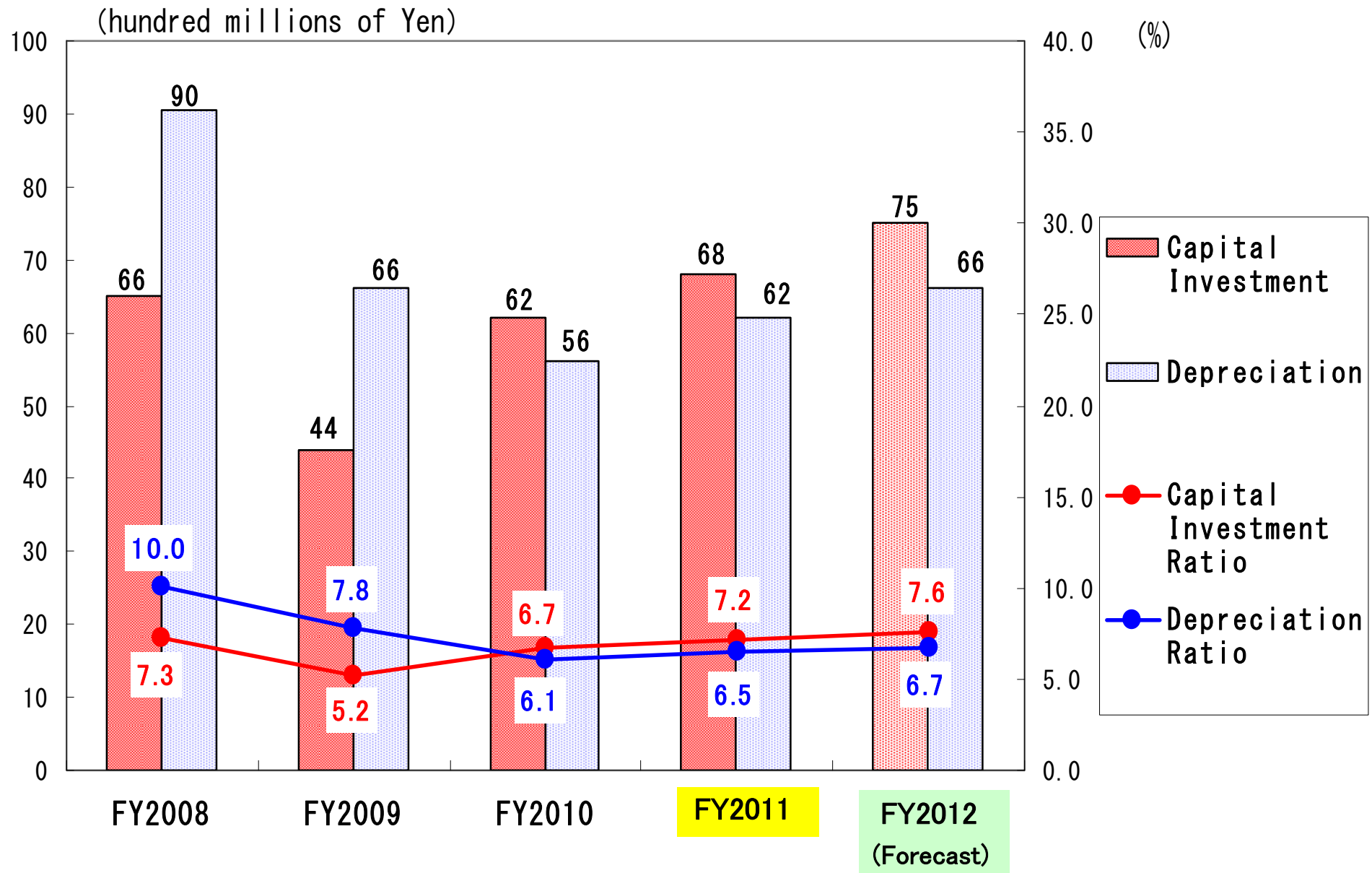
※1 Computer Related Equipment – Notebook PC not included.

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Overseas Production and Sales Ratio

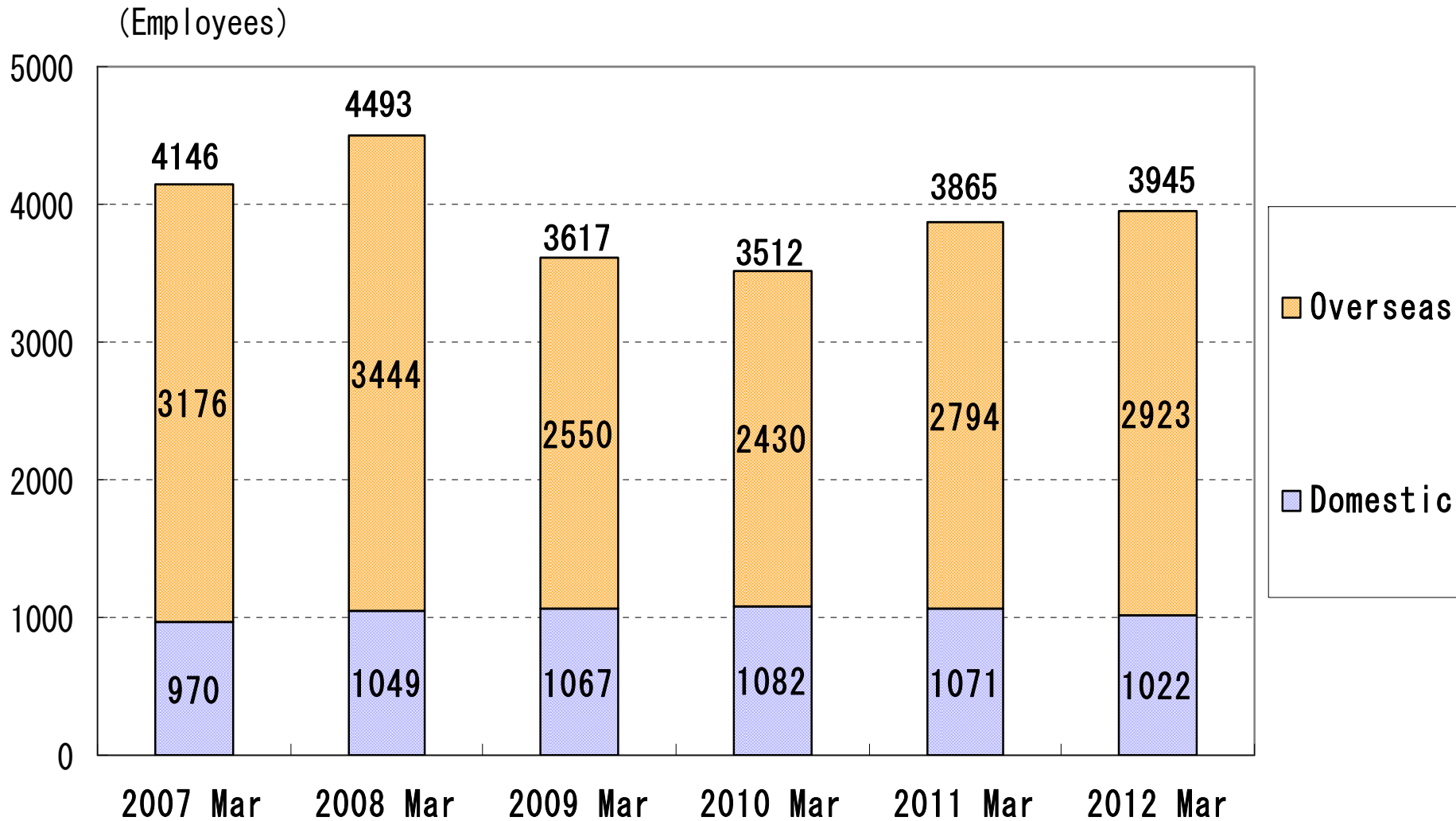


Capital Investment and Depreciation Change

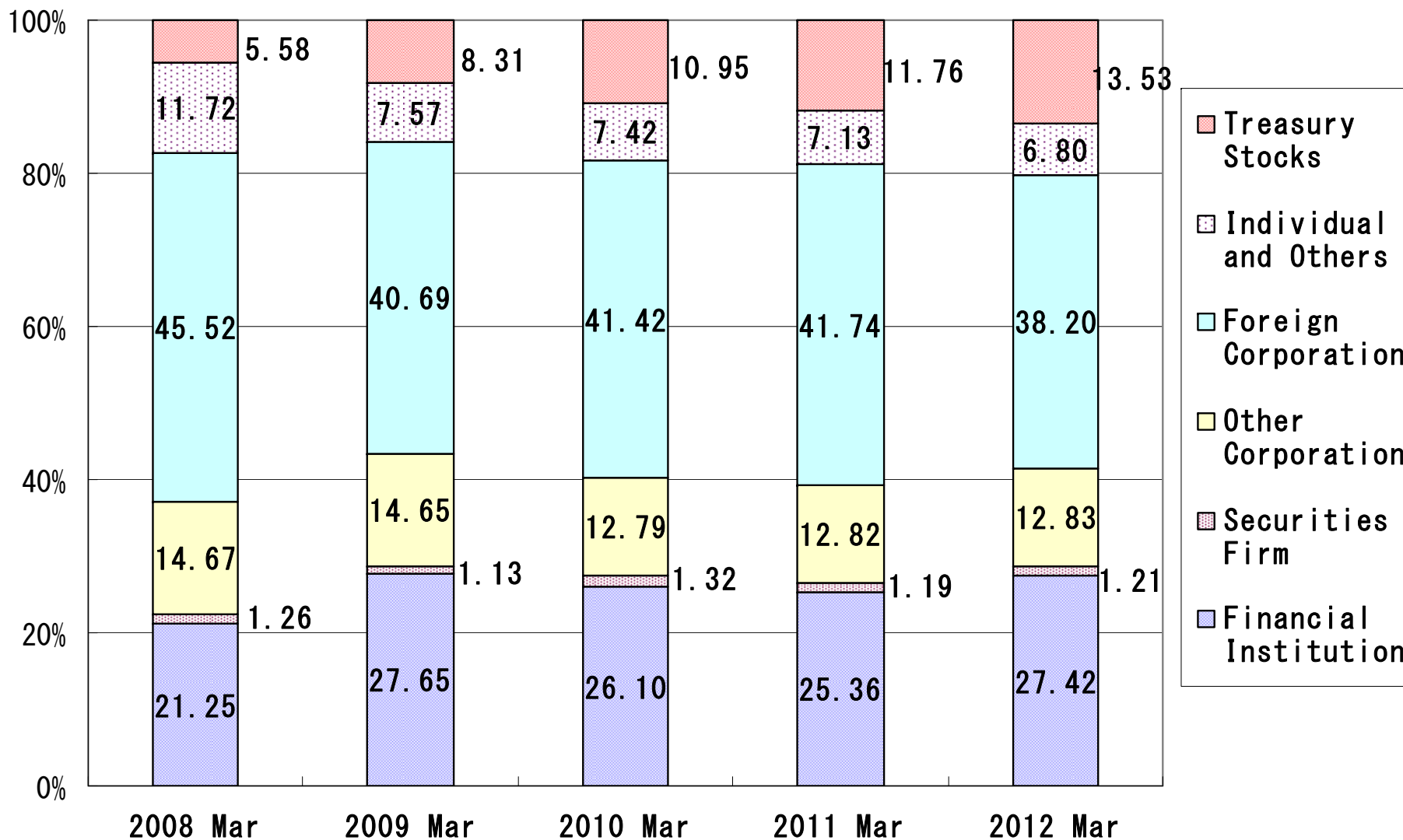


(※Excluded: Building investment for Yokohama Center) 17

Number of Employees (financial report basis)



Distribution of Shareholders



Business Forecast of the Year Ended March 31, 2013

note) First Half – 1Q & 2Q, Second Half – 3Q & 4Q

(hundred millions of Yen)

	FY2011 (Actual)			FY2012 (Forecast)			First Half <small>Over the Previous Actual Amount</small>		Second Half <small>Over the Previous Actual Amount</small>		For the Year <small>Over the Previous Actual Amount</small>	
	First Half	Second Half	For the Year	First Half	Second Half	For the Year	Amount Change	% Change	Amount Change	% Change	Amount Change	% Change
Sales (COGS Ratio)	491.8 (57.4%)	456.1 (61.3%)	947.9 (59.3%)	470.0 (59.2%)	515.0 (58.7%)	985.0 (58.9%)	-21.8	-4.4%	58.9	12.9%	37.1	3.9%
Operating Profit (%)	116.1 <i>23.6%</i>	79.4 <i>17.4%</i>	195.5 <i>20.6%</i>	95.0 <i>20.2%</i>	115.0 <i>22.3%</i>	210.0 <i>21.3%</i>	-21.1	-18.2%	35.6	44.8%	14.5	7.4%
Recurring Profit (%)	123.0 <i>25.0%</i>	86.2 <i>18.9%</i>	209.2 <i>22.1%</i>	100.0 <i>21.3%</i>	120.0 <i>23.3%</i>	220.0 <i>22.3%</i>	-23.0	-18.7%	33.8	39.2%	10.8	5.2%
Net Profit (%)	73.9 <i>15.0%</i>	54.3 <i>11.9%</i>	128.2 <i>13.5%</i>	65.0 <i>13.8%</i>	75.0 <i>14.6%</i>	140.0 <i>14.2%</i>	-8.9	-12.0%	20.7	38.1%	11.8	9.2%
Income Per Share	–	–	366.11Yen	–	–	404.57Yen						
Dividend Per Share	75Yen	55Yen	130Yen	70Yen	70Yen	140Yen						
Dividend Payout Ratio	–	–	35.5%	–	–	34.6%						

1. Purpose of the New Management Team

With the new management team, we aim for a stronger management foundation.

2. New Management Team

Title	Name
Chairman and Representative Director	Tatsuro Nakamura
Vice Chairman and Representative Director	Sakae Kushida
President and Representative Director	Kazunori Ishii
Managing Director, General Manager, Engineering Div.	Yoshikazu Yoshimura
Director, General Manager, Production Div.	Kazuhisa Nikaido
Director, General Manager, Administration Div.	Kazuyuki Iizuka
Director, General Manager, Sales&Marketing Div.	Makoto Kondo
Director, Deputy General Manager, Engineering Div.	Mitsuo Nakamura
Outside Director	Kensuke Hotta

Brief History of The New President and Representative Director, Kazunori Ishii

(to be appointed on FY2012 June 28th)



Brief History	
Born: 1960, January 4th Age: 52	
1982 Apr	Entered Hirose
2007 Jul	Deputy General Manager, Engineering Div.
2008 Nov	Deputy General Manager, Sales&Marketing Div.
2009 Jun	Operating Officer, Deputy General Manager, Sales&Marketing Div.
2009 Nov	Operating Officer, Deputy of General Manager, Sales&Marketing Div.
2010 Jun	Director, General Manager, Corporate Innovation Office
2011 Jun	Senior Managing Director, General Manager of Sales&Marketing and Corporate Innovation Office (Present title)