

Business Results of Third Quarter, FY2014

Creative Links to World Electronic

Feb 2nd, 2015

**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 FY2014

[1Q FY2014 (Apr – Jun)]

- Korean Smartphone/Mobile phone market sluggish, and Chinese Smartphone/Mobile phone market in adjustment phase after bullish April order. Automotive and Industrial market continued the steady order.

[2Q FY2014 (Jul – Sep)]

- For Smartphone, Korean market picking up but Chinese market continued the adjustment phase. Automotive market continued the steady sales level.

[3Q FY2014 (Oct – Dec)]

- **Slow business in Smartphone / Mobile phone market. Industrial market flat, and Automotive market trended positively in overseas market.**

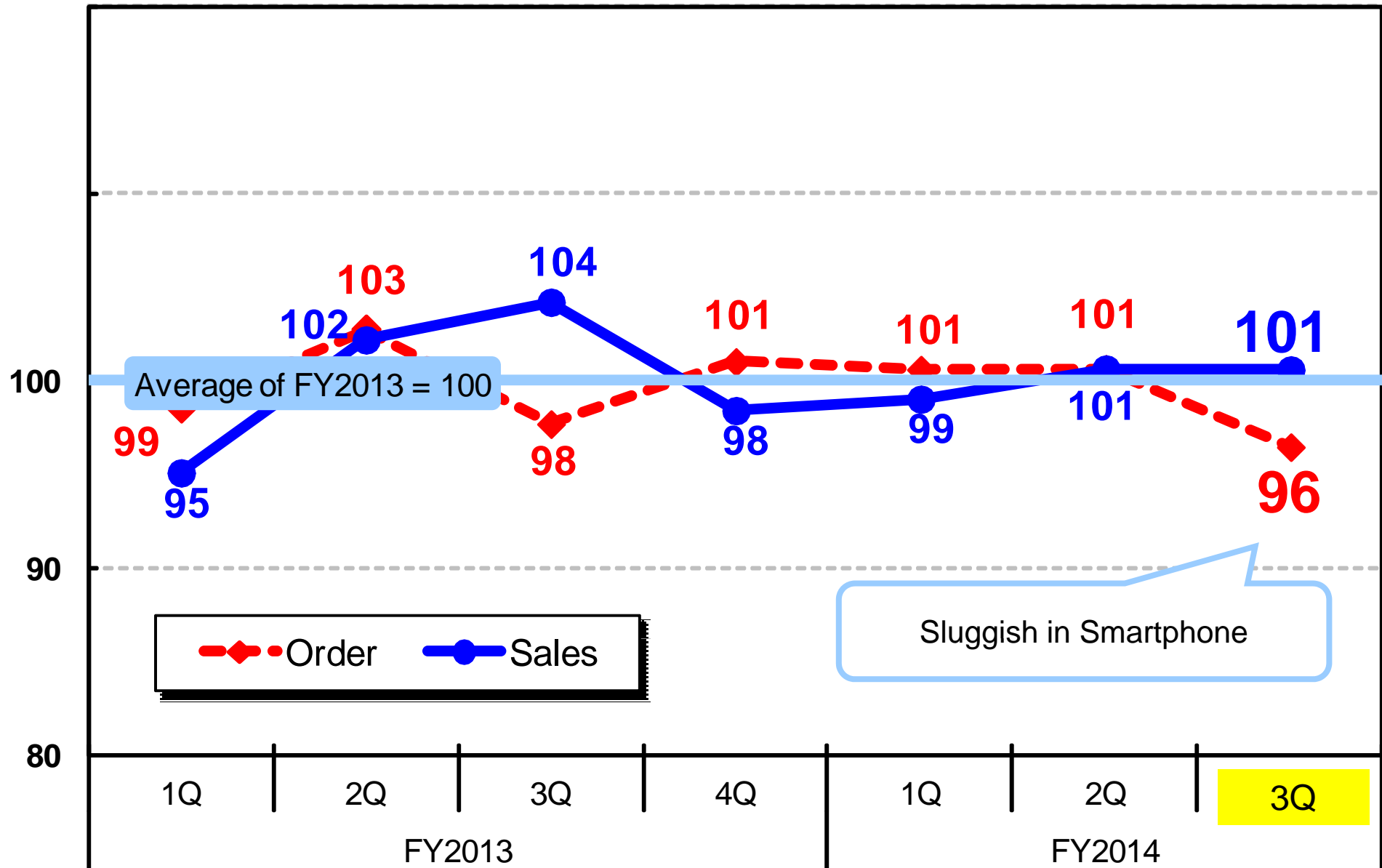
- **3Q FY2014 settled on -1.3% YoY in order level (-4.1% over 2Q FY2014), -3.5% YoY in sales level ($\pm 0\%$ over 2Q FY2014)**

[1Q - 3Q FY2014 (Apr – Dec)]

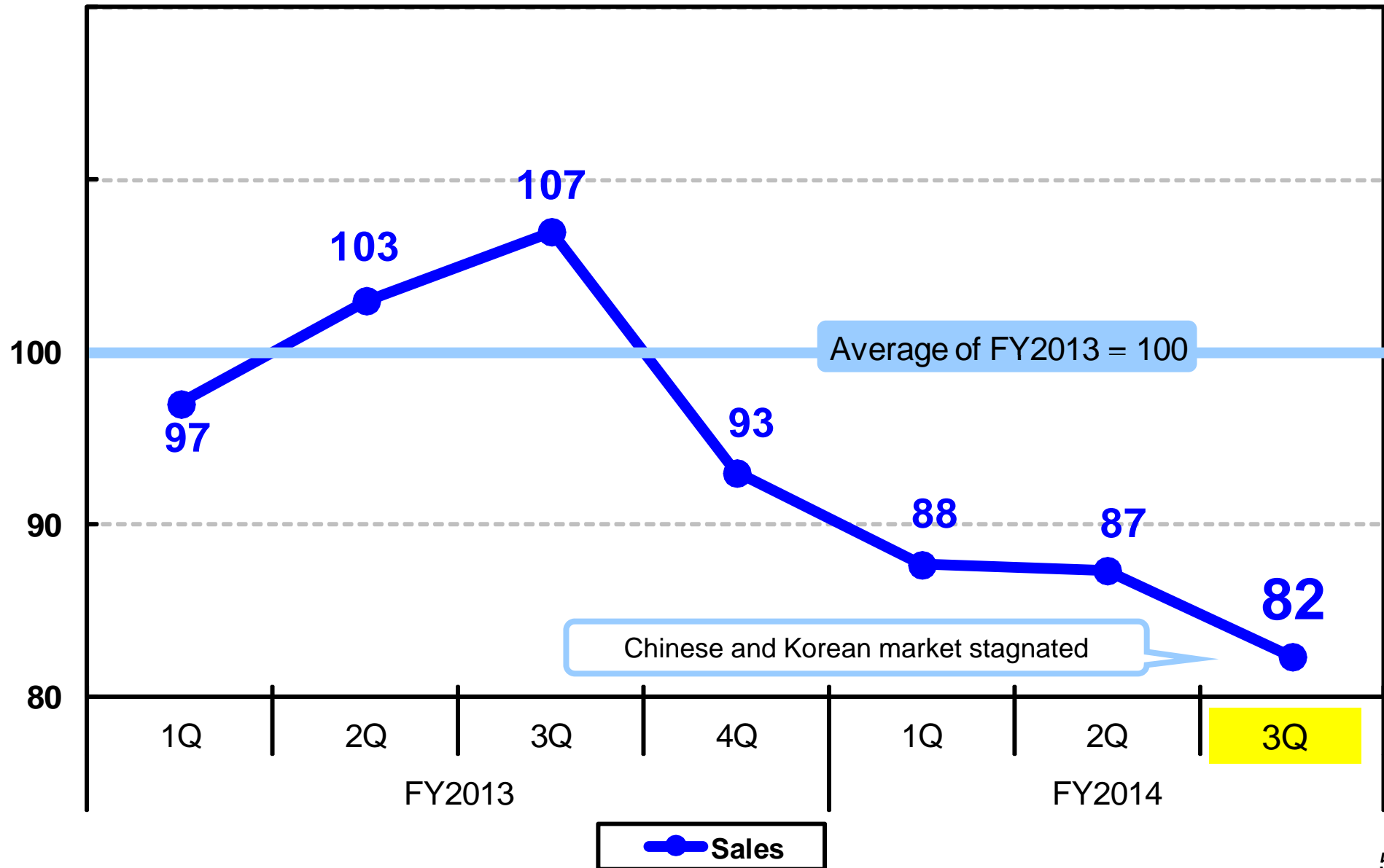
- **1Q - 3Q (total) FY2014 settled on 940.2 hundred million yen in order level (-0.4% YoY), 938.4 hundred million yen in sales level (-0.4% YoY), 267.2 hundred million yen in recurring profit (Ratio 28.5%, -2.6% YoY).**

FY2013 1Q – FY2014 3Q Orders and Sales (Consolidated Basis, Index Number)

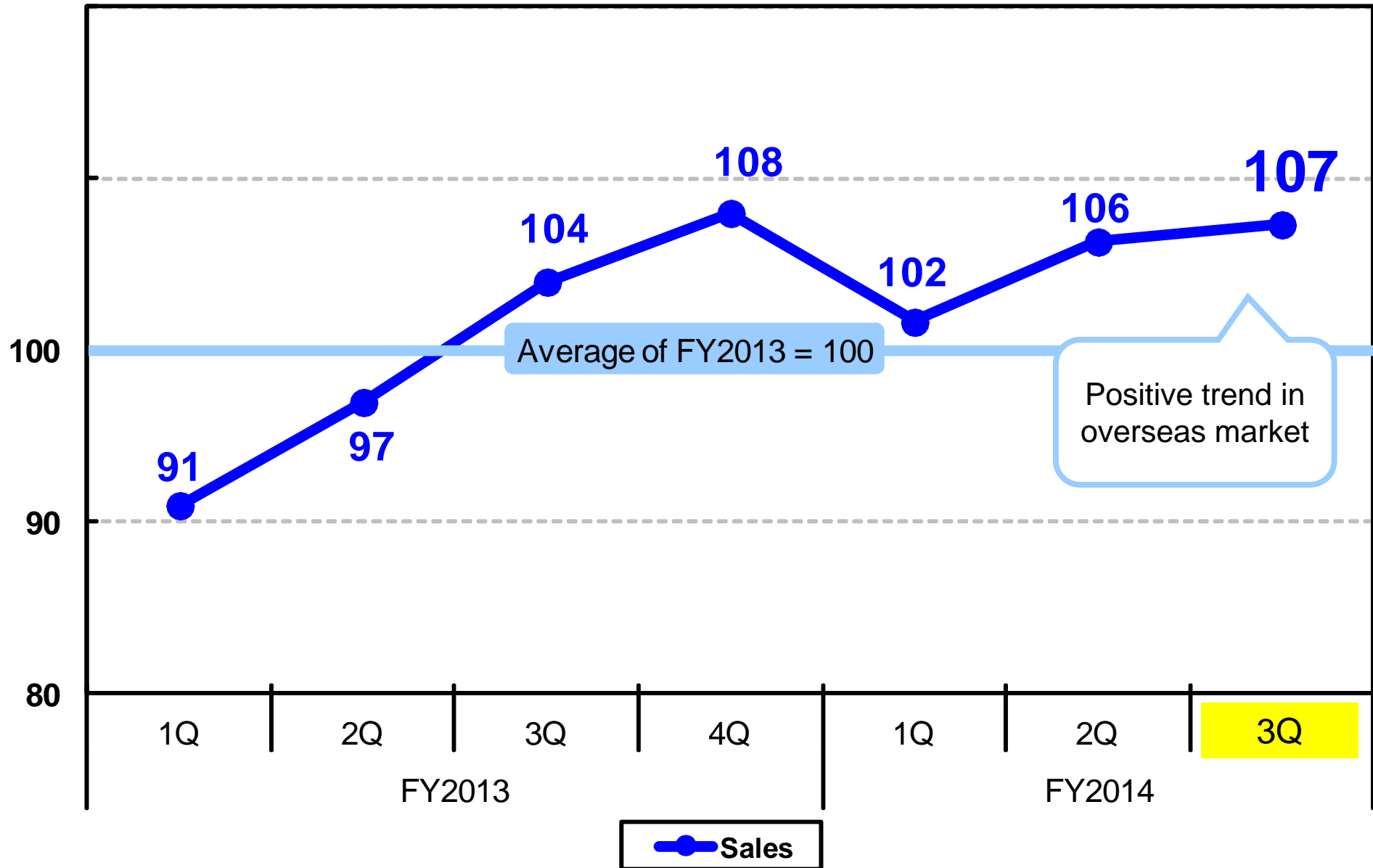
Total



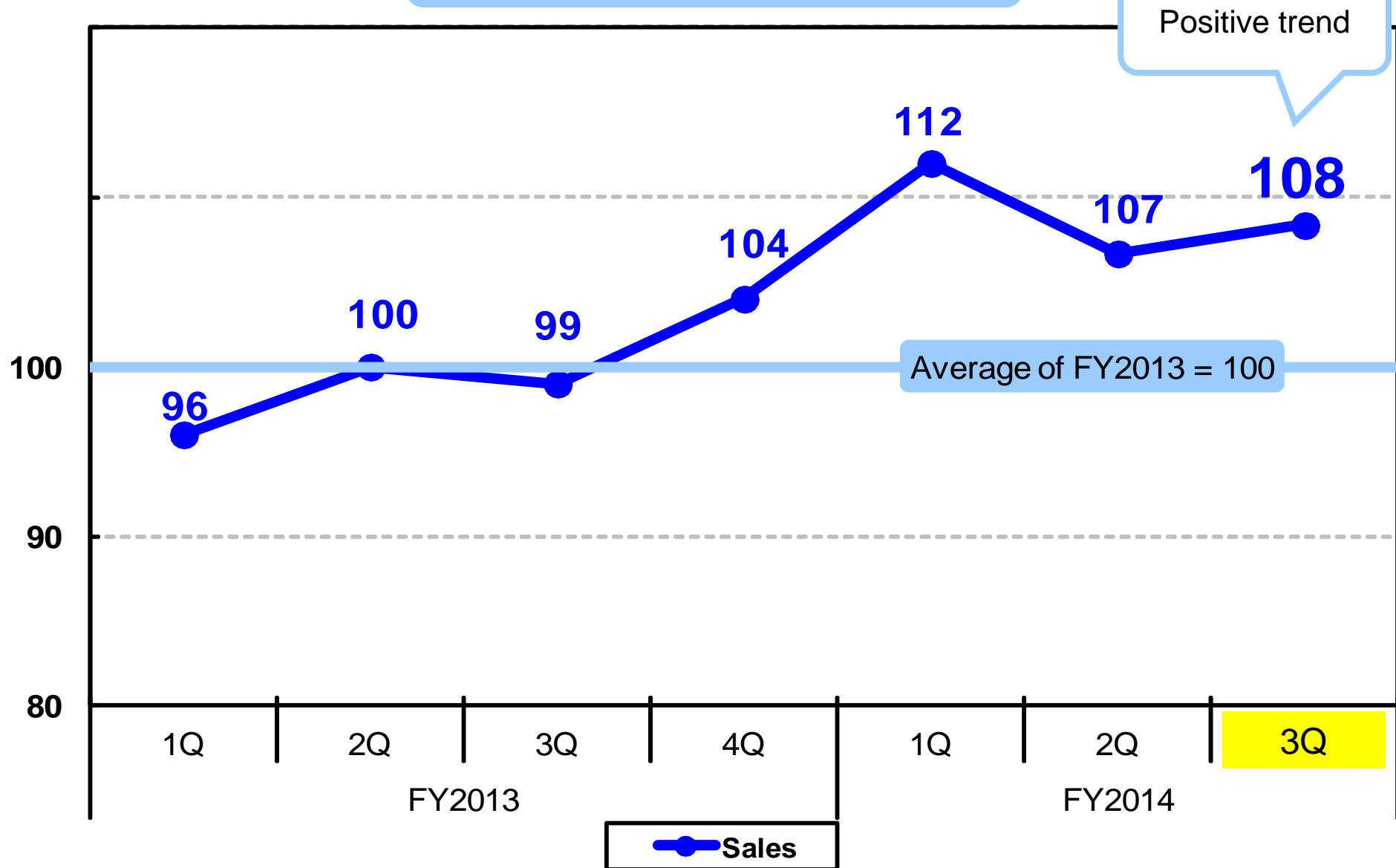
Smartphone / Mobile



Automotive



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



Business Results for 3Q FY2014

(unit: hundred millions of Yen)

	(A)FY2013 1Q-3Q	(B)FY2014 1Q-3Q	(B)-(A)	(B)/(A)
Sales	942.3	938.4	-3.9	-0.4%
(COGS Ratio)	(54.4%)	(55.0%)	(+0.6%)	
(SGA Ratio)	(18.0%)	(18.8%)	(+0.8%)	
Operating Profit	260.3	246.4	-13.9	-5.3%
(%)	27.6%	26.3%	(-1.3%)	
Recurring Profit	274.4	267.2	-7.2	-2.6%
(%)	29.1%	28.5%	(-0.6%)	
Net Profit	174.1	172.5	-1.6	-0.9%
(%)	18.5%	18.4%	(-0.1%)	
Total Assets	2,997.0	3,160.2	163.2	5.4%
Shareholders' Equity Ratio	89.5%	89.9%		
Income Per Share	505.5Yen	506.3Yen		

Exchange Rate:US\$	99.39Yen	106.87Yen
Exchange Rate:€	132.23Yen	140.30Yen
Exchange Rate:100Won	9.08Yen	10.22Yen

Major changes over prior same period (unit: hundred millions of Yen)

[Sales] 3.9 decrease
 Hirose +26.0
 Subsidiaries -29.9

[COGS Ratio] 0.6 point increase

Purchase Cost Ratio 37.1% → 37.7%

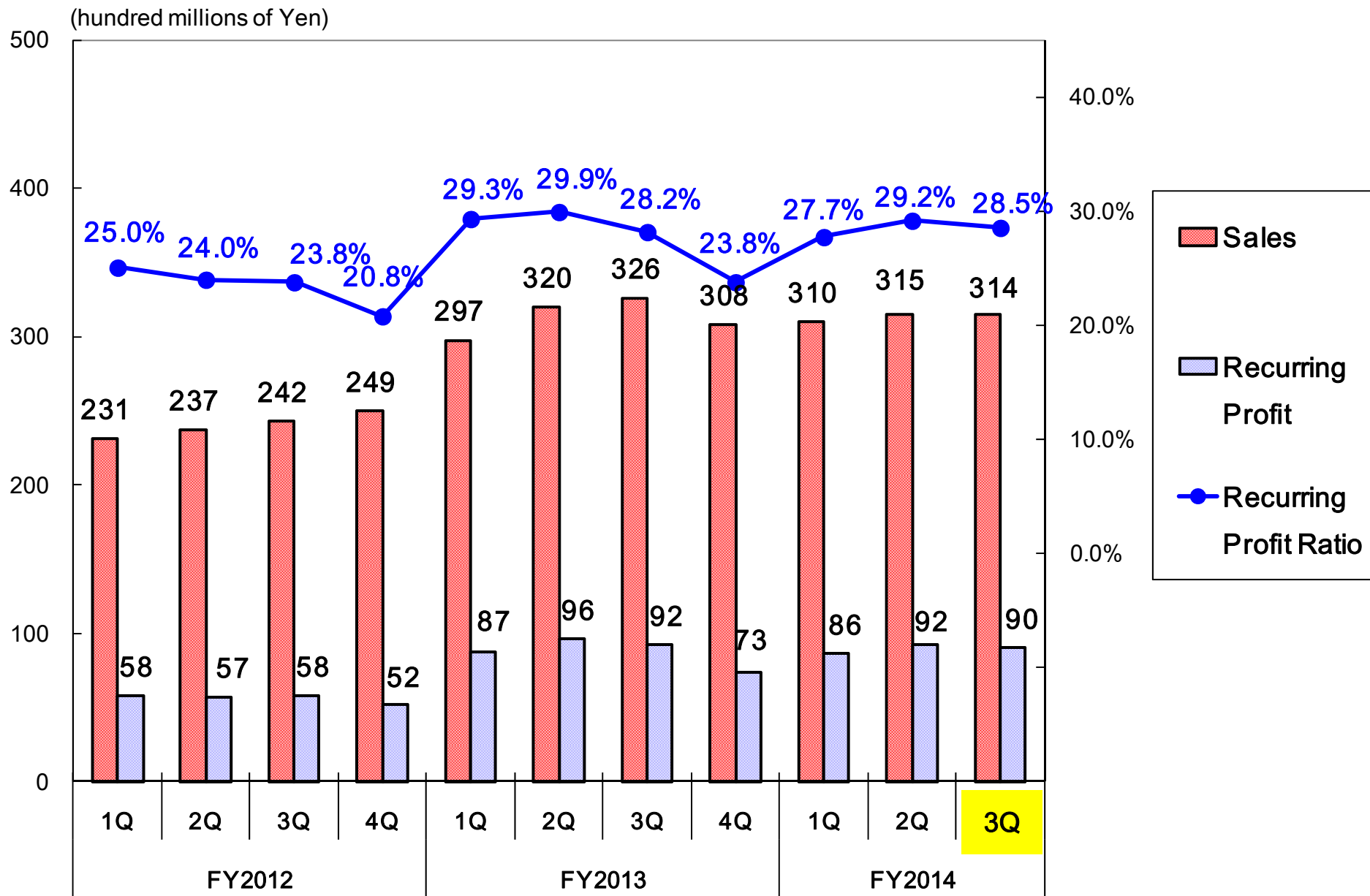
[SGA Ratio] 0.8 point increase

Increase in personnel expenses, etc.

[Non-Operating Profit]

Foreign Exchange Gain +1.2→ +9.0

Quarterly Sales and Profits



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

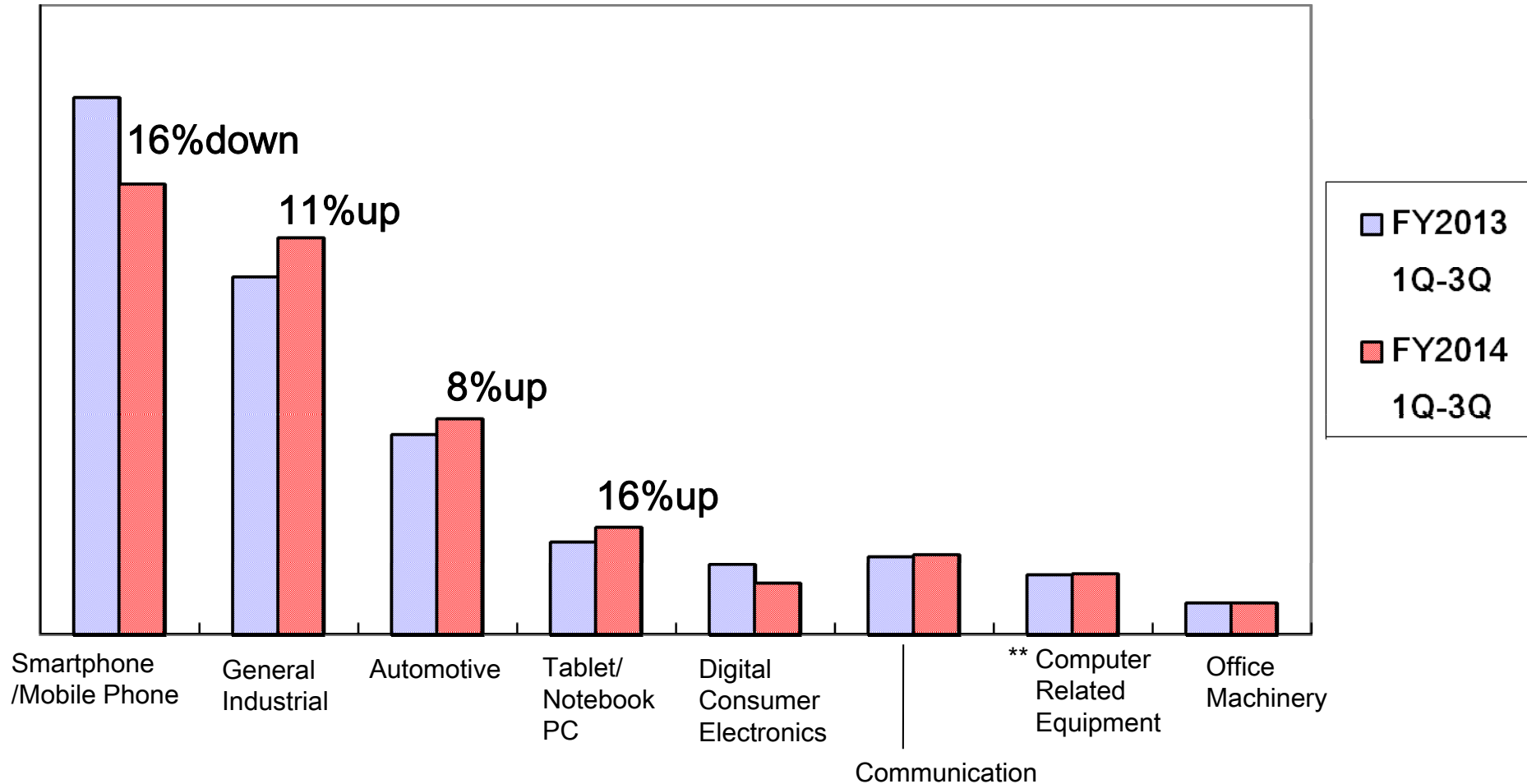
Account	(A) Mar 31, 2014	(B) Dec 31, 2014	(B) - (A)	Remark
Cash and Cash in Bank	1,262.4	1,372.1	109.7	Increase in domestic and overseas subsidiaries (Currency effect +35.8)
Trade Receivables	294.7	304.6	9.9	
Securities	303.2	288.9	-14.3	Redemption, etc.
Inventories	84.0	97.5	13.5	
Noncurrent Assets	330.4	386.2	55.8	Increase in land, machinery, equipment, and metal molds
Investment Securities	620.1	606.2	-13.9	Redemption and stocks market evaluation, etc.
Others	112.7	104.7	-8.0	
Total Assets	3,007.5	3,160.2	152.7	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2014	(B) Dec 31, 2014	(B) - (A)	Remark
Notes Payable and Account Payable	113.8	119.8	6.0	Increase due to production increase
Income Taxes Payable	78.4	41.6	-36.8	Tax payment
Others	123.7	146.6	22.9	Increase in deferred tax liabilities, etc.
Total Liabilities	315.9	308.0	-7.9	
Retained Earnings	2,957.2	3,053.4	96.2	Net profit 172.5 - Dividend 76.7
Treasury Stocks	-617.7	-646.2	-28.5	Share buyback 200,000 shares
Valuation Variance	47.5	61.2	13.7	Higher stock price(Nikkei closing price 14,828 yen -> 17,451 yen)
Translation Adjustment	57.2	133.6	76.4	Due to weak yen
Others	247.4	250.2	2.8	
Total Shareholders' Equity	2,691.6	2,852.2	160.6	
Total Liabilities and Shareholders' Equity	3,007.5	3,160.2	152.7	

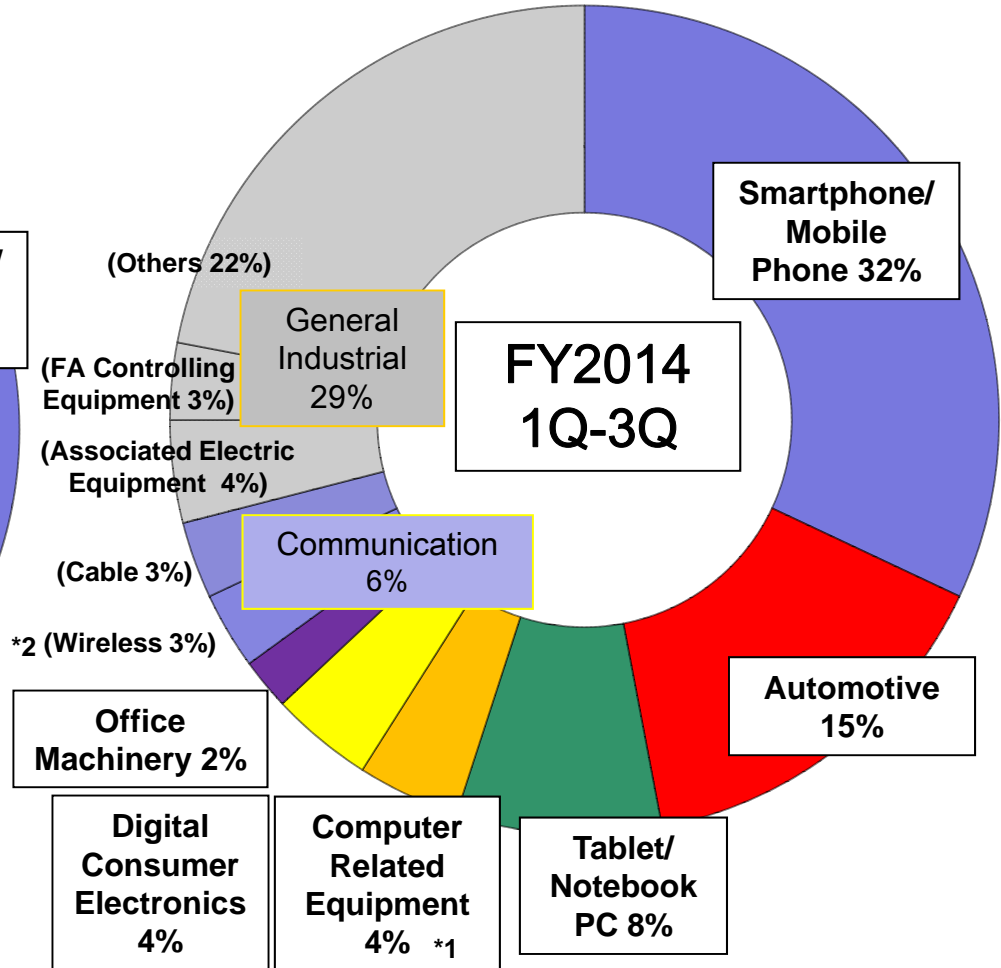
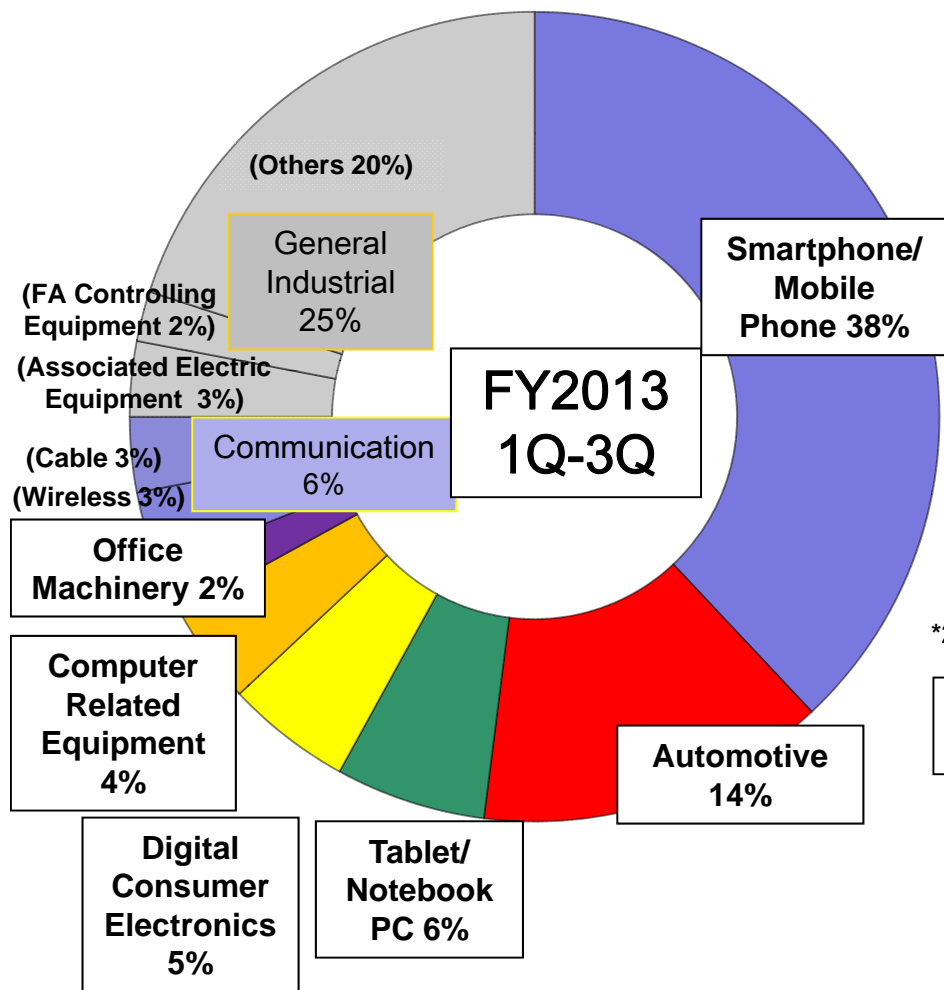
Sales Changes by Application (round number) [Consolidated Basis]



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

** Computer Related Equipment – Notebook PC not included.

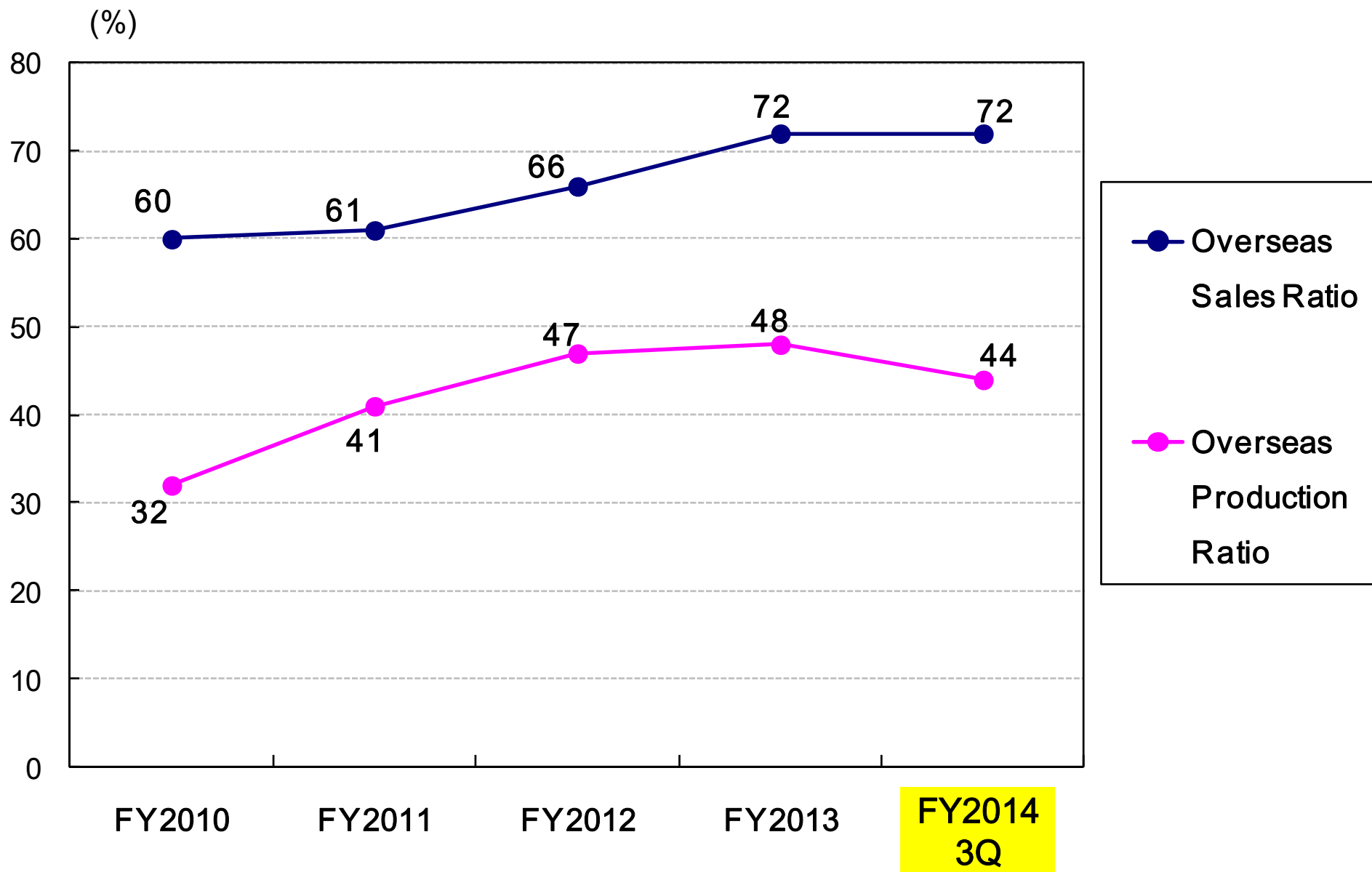
Sales by Application (round number) [Consolidated Basis]



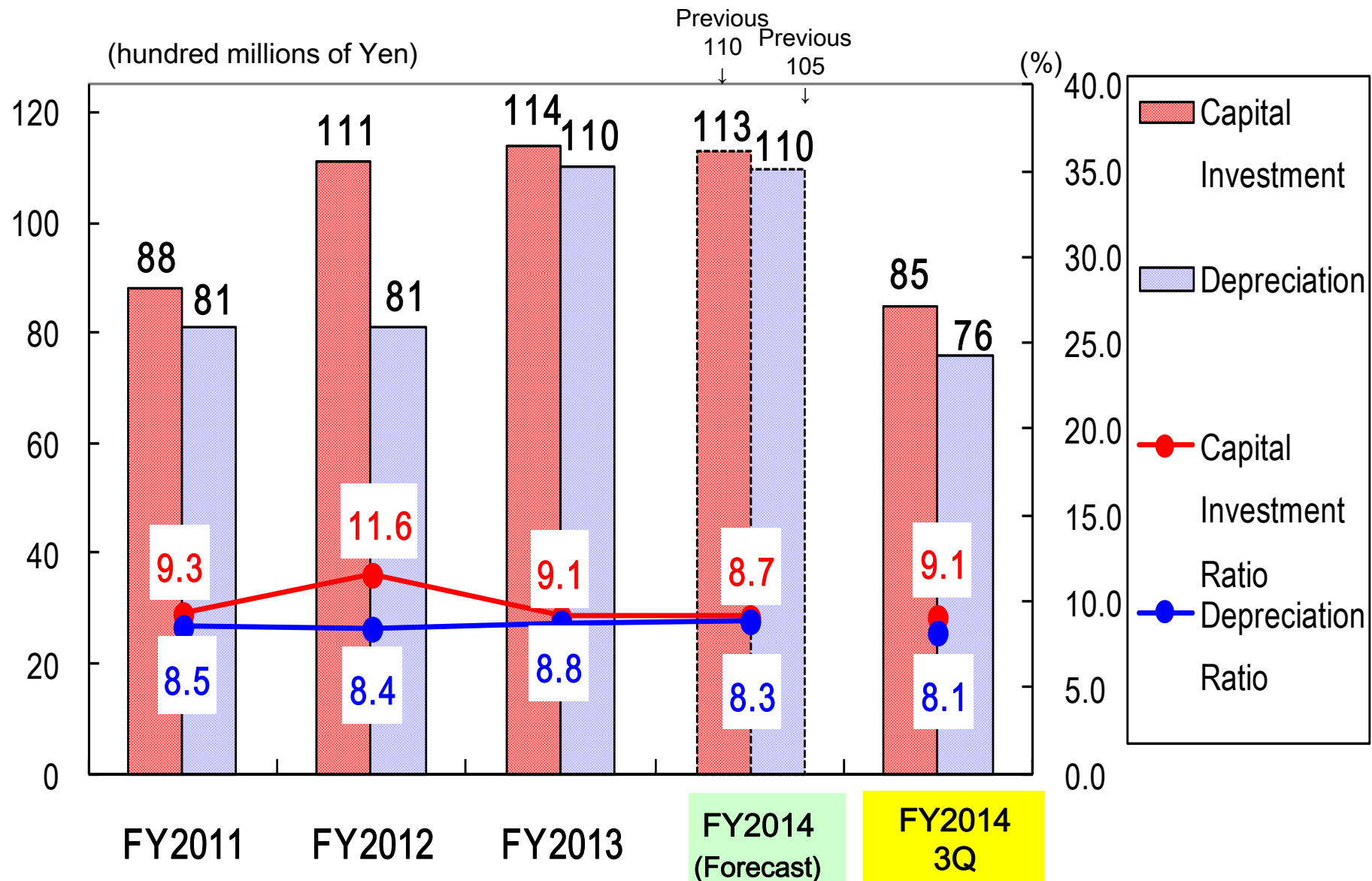
As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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

Overseas Production and Sales Ratio



Capital Investment and Depreciation Change (Consolidated Basis)



Business Forecast for the Year Ending March 31, 2015 (Consolidated)

We revised the business forecast due to slow business in some Smartphone. Dividend per share is unchanged.

note) figures in green italics : previously announced data on Oct 2014

(hundred millions of Yen)

	FY2013 (FY ended Mar 31, 2014) Actual		FY2014 (FY ending Mar 31, 2015) 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)	616.7 (54.0%)	1,249.9 (55.2%)	624.0 (54.8%)	<i>1,270.0</i> 1,240.0 (55.4%)	7.3	1.2%	<i>-30.0</i> -9.9	<i>-2.4%</i> -0.8%
Operating Profit (%)	174.5 <i>28.3%</i>	330.0 <i>26.4%</i>	167.4 <i>26.8%</i>	<i>331.0</i> 315.0 <i>25.4%</i>	-7.1	-4.1%	<i>-16.0</i> -15.0	<i>-4.8%</i> -4.6%
Recurring Profit (%)	182.7 <i>29.6%</i>	347.5 <i>27.8%</i>	177.5 <i>28.4%</i>	<i>348.0</i> 335.0 <i>27.0%</i>	-5.2	-2.8%	<i>-13.0</i> -12.5	<i>-3.7%</i> -3.6%
Net Profit (%)	116.1 <i>18.8%</i>	224.4 <i>18.0%</i>	113.0 <i>18.1%</i>	<i>225.0</i> 215.0 <i>17.3%</i>	-3.1	-2.7%	<i>-10.0</i> -9.4	<i>-4.4%</i> -4.2%
Income Per Share	-	652.68Yen	-	633.97Yen	[Assumed Exchange Rate]			
Dividend Per Share	90Yen	200Yen	115Yen	230Yen	Exchange Rate:US\$	FY2013 Actual	FY2014 Forecast	
Consolidated Dividend Payout Ratio	-	30.6%	-	36.3%	Exchange Rate:€	100.24Yen	109.14Yen	
					Exchange Rate:¥	134.37Yen	139.26Yen	
					Exchange Rate:100Won	9.21Yen	10.35Yen	