

# Business Results of Third Quarter, FY2011

*Creative Links to World Electronic*

Feb 2<sup>nd</sup> 2012

Hirose Electric  
Co., Ltd

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## 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 FY2011

## [1Q FY2011]

◎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 effect of rebound from ahead-of-schedule order in March and April, the lag in mobile and smartphone business in partial overseas big company and China, and the production decrease in automotive due to the earthquake. On the other hand, sales were fairly steady.

## [2Q FY2011]

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

## [3Q FY2011]

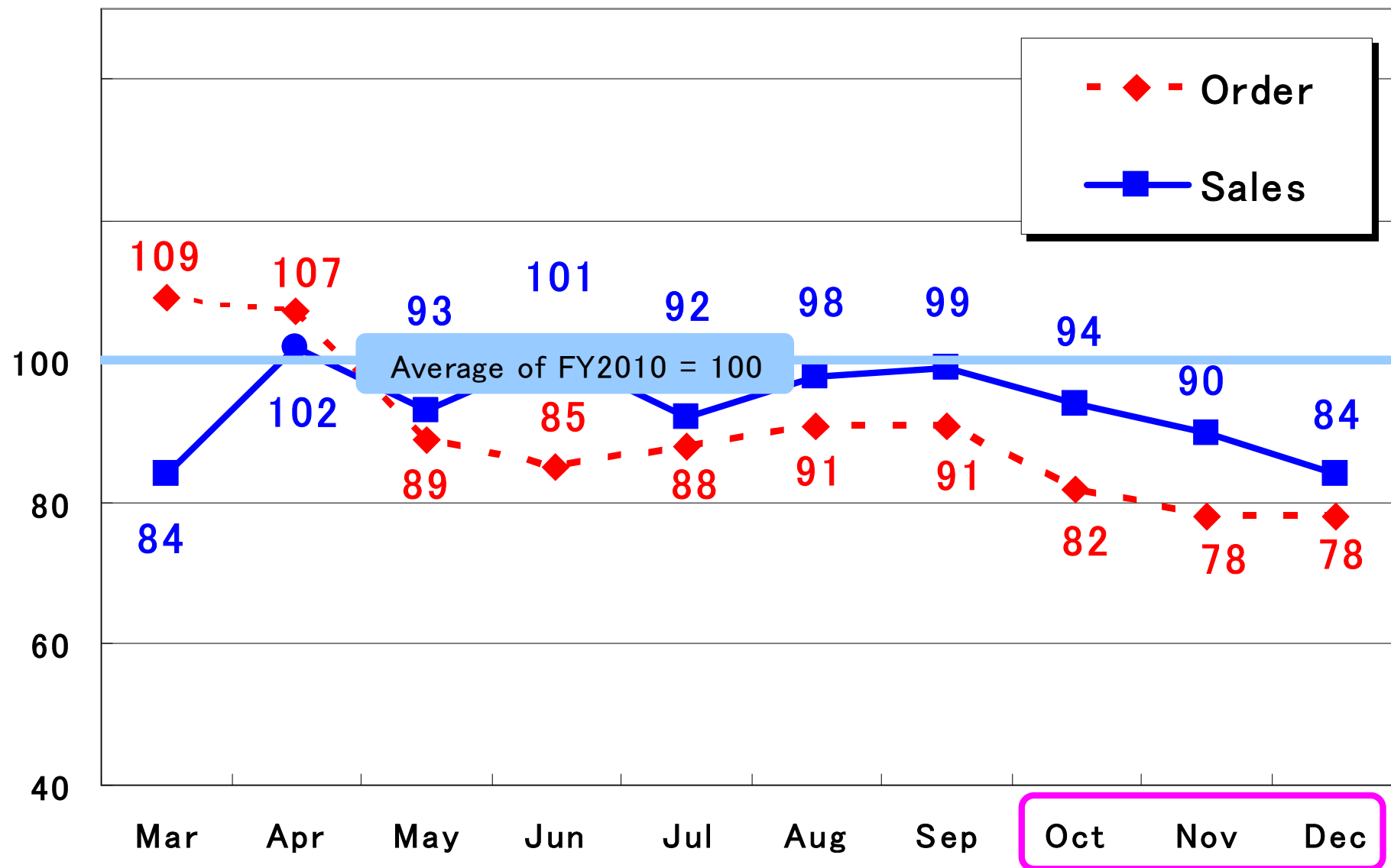
◎The order/sales levels of Mobile/Smartphone and Industrial market were low. Steady increase in the Automotive market order/sales. The order level for Digital consumer electronics were partially influenced by the Thai flood, but slight recovery seen in December.

◎3Q FY2011 settled on -0.2% YoY in order level (-4.7% over 2Q FY2011), 2.7% YoY in sales level (-5.1% over 2Q FY2011)

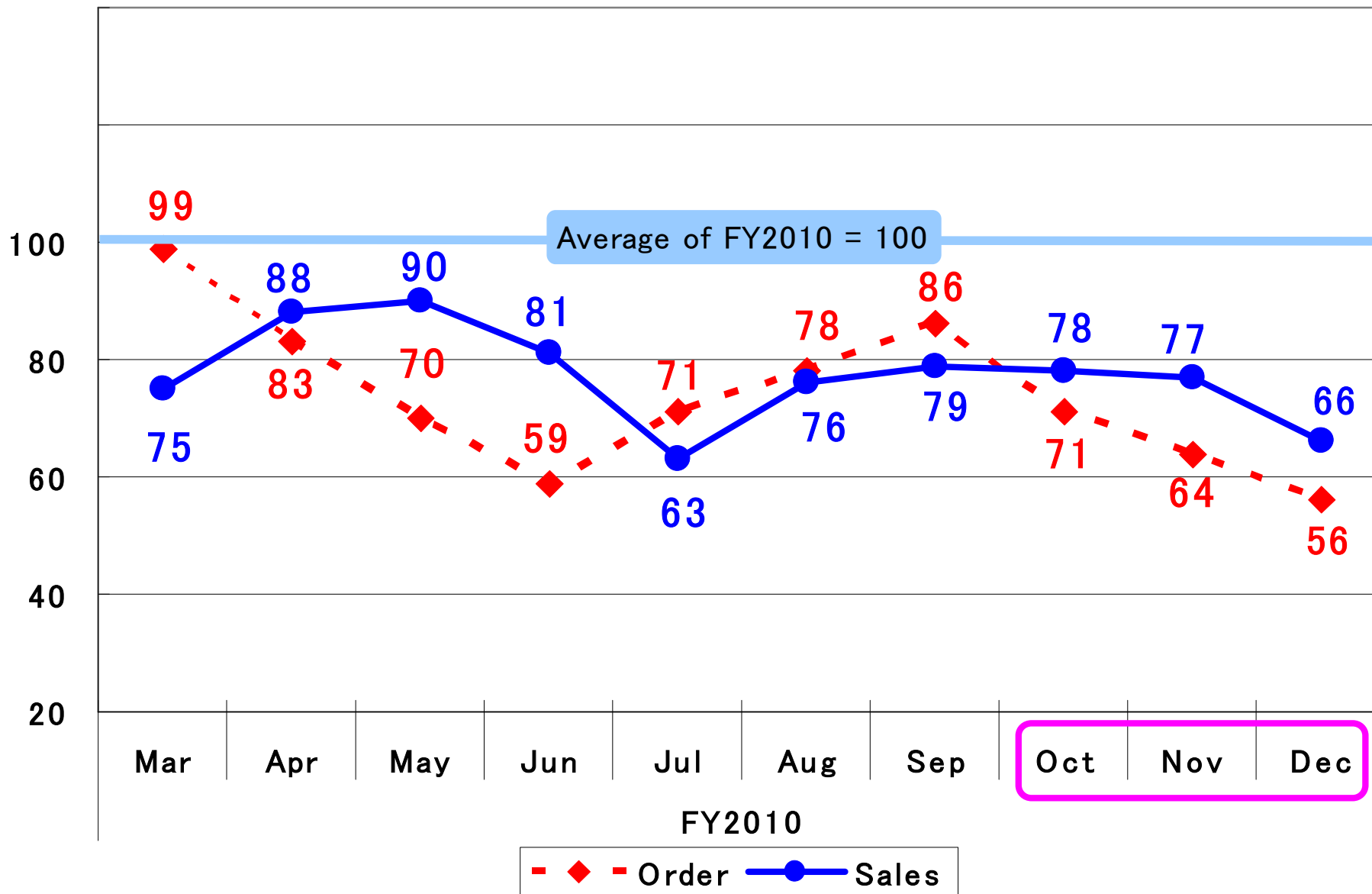
## [1Q-3Q FY2011]

◎1Q-3Q (total) FY2011 settled on 701.2 hundred million yen in order level, (0.7% YoY), 722.7 hundred million yen in sales level (3.2% YoY), 170.5 hundred million yen in recurring profit (-8.7% YoY).

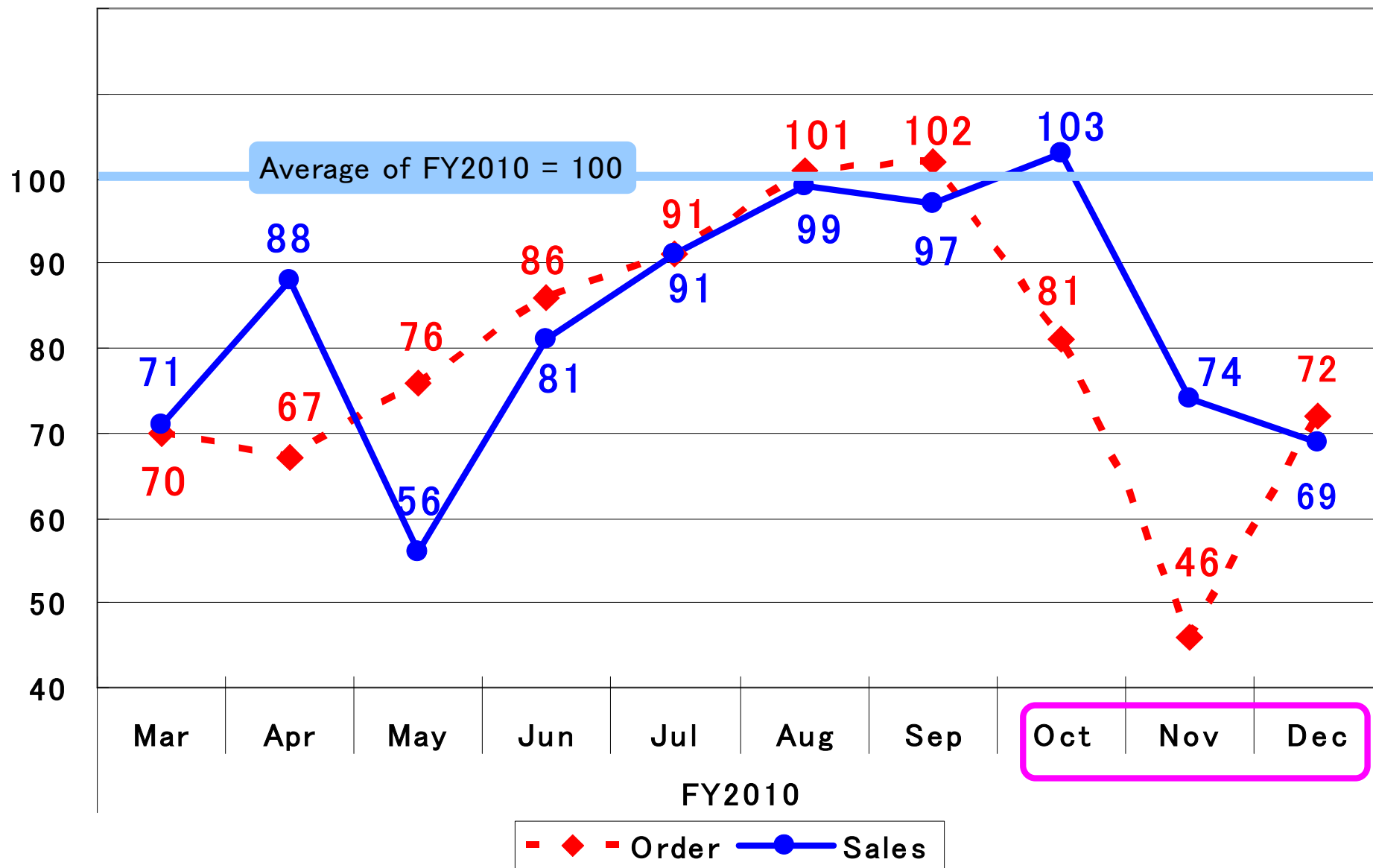
# FY2011 Mar-Dec Orders and Sales Changes (Domestic Consolidation Basis, Index Number)



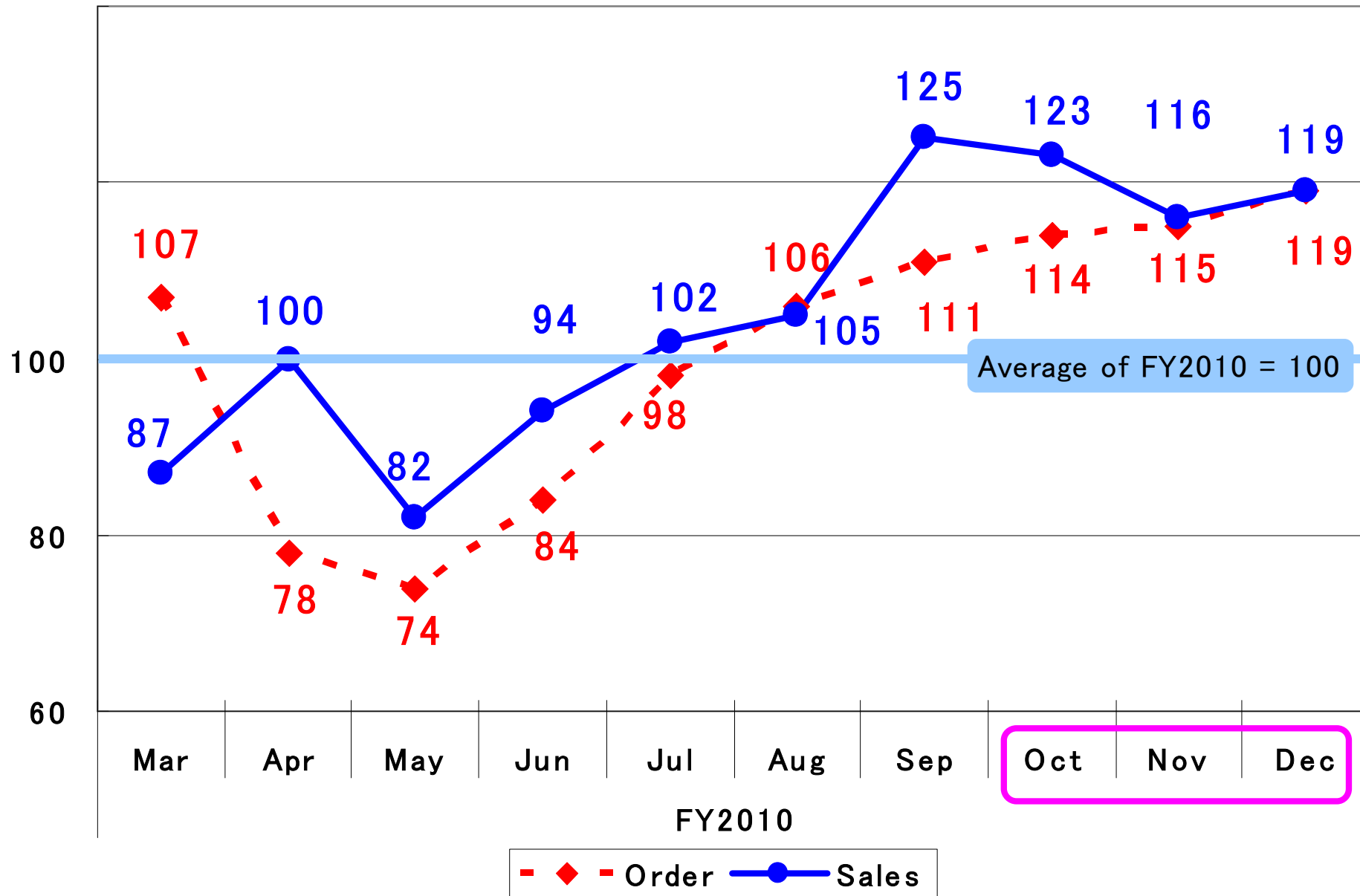
**Mobile / Smartphone**



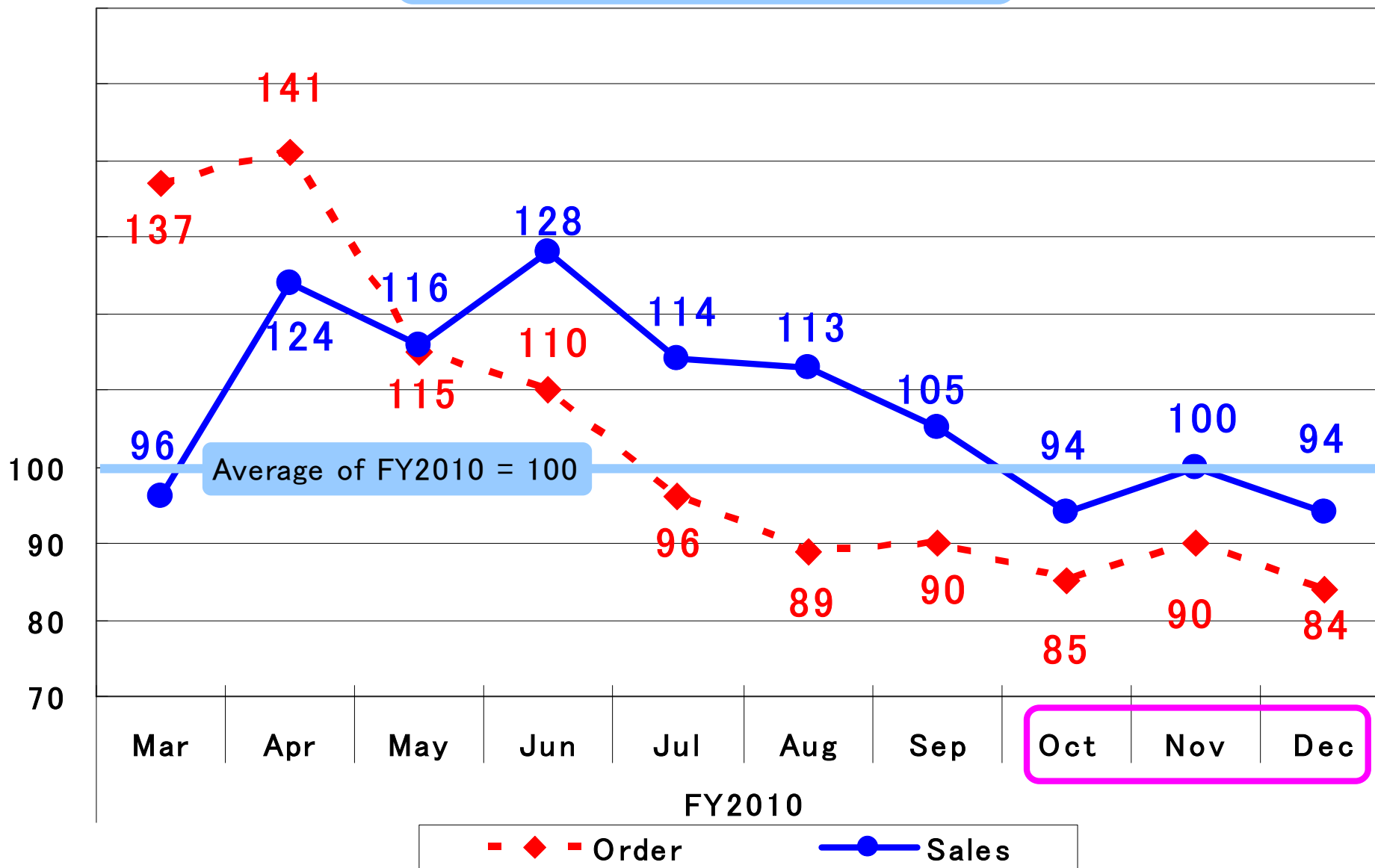
**Digital Consumer Electronic**



**Automotive**



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



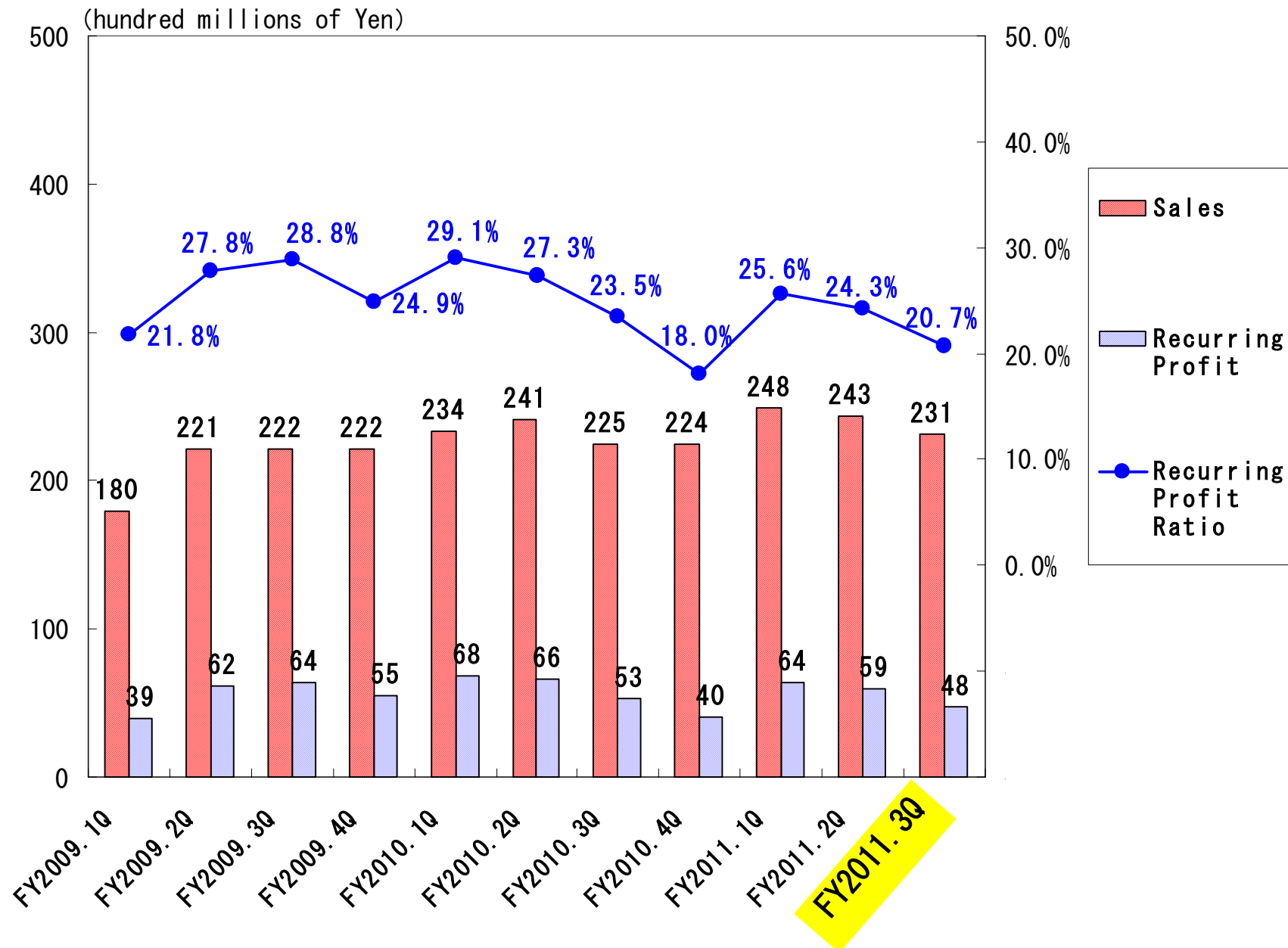


# Business Results for 3Q FY2011

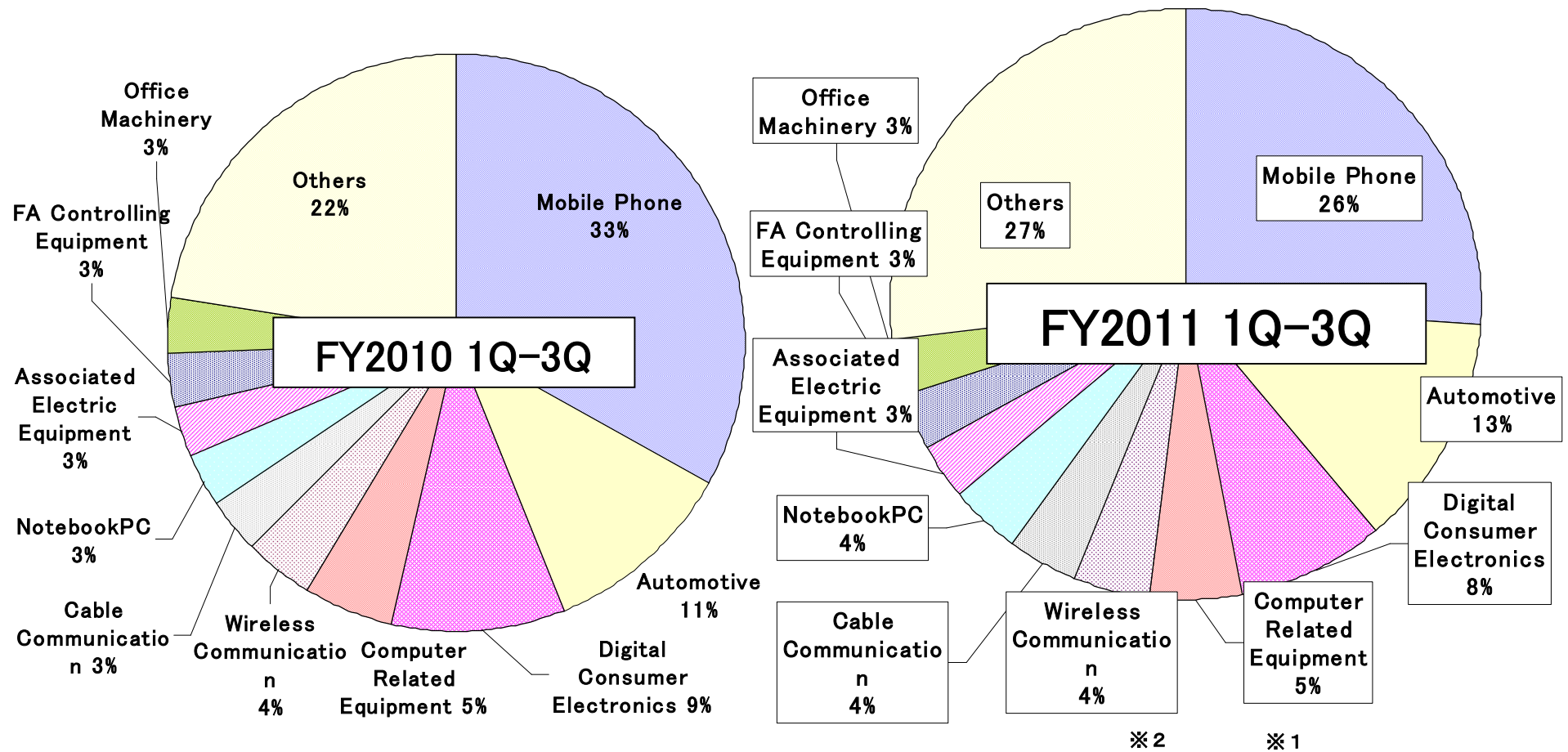
(hundred millions of Yen)

	(A)FY2010 1Q - 3Q	(B)FY2011 1Q - 3Q	(B)-(A)	(B)/(A)	Major changes over prior same period (unit: hundred millions of Yen)
<b>Sales</b> (COGS Ratio) (SGA Ratio)	<b>700.2</b> (55.0%) (18.9%)	<b>722.7</b> (58.4%) (19.5%)	<b>22.5</b> (+3.4%) (+0.6%)	<b>3.2%</b>	[Sales] 22.5 increase Overseas Hirose      Subsidiaries      Hirose Korea -60.2      -5.4      +90.1
<b>Operating Profit</b> (%)	<b>182.2</b> 26.0%	<b>159.2</b> 22.0%	<b>-23.0</b> (-4.0%)	<b>-12.6%</b>	[COGS Ratio] 3.4 point increase Purchase Cost Ratio 42.2% →42.8% Depreciation Ratio 5.7% →6.9 % Labor Cost Ratio 4.0% →5.0%
<b>Recurring Profit</b> (%)	<b>187.0</b> 26.7%	<b>170.6</b> 23.6%	<b>-16.4</b> (-3.1%)	<b>-8.8%</b>	[SGA Ratio] 0.6 point increase Increase due to Hirose Korea and increase in delivery expense etc
<b>Net Profit</b> (%)	<b>94.3</b> 13.5%	<b>106.7</b> 14.8%	<b>12.4</b> (+2.3%)	<b>13.1%</b>	[Non-Operating Expenses] Equity Method Profit 4.7→0.5 Interest Received & Dividend 6.3→7.2 Foreign Exchange Loss -7.2→0.2
<b>Total Assets</b>	<b>2,569.6</b>	<b>2,584.6</b>	<b>15.0</b>	<b>0.6%</b>	[Extraordinary Profit] -18.6→+7.8
<b>Shareholders' Equity Ratio</b>	<b>90.0%</b>	<b>90.6%</b>			Last 3Q: Step acquisition-related losses 19
<b>Income Per Share</b>	<b>265.4</b>	<b>303.9Yen</b>			This 3Q: Subsidy from Yokohama -shi 9.4

# Quarterly Sales and Profits



# Sales by Market

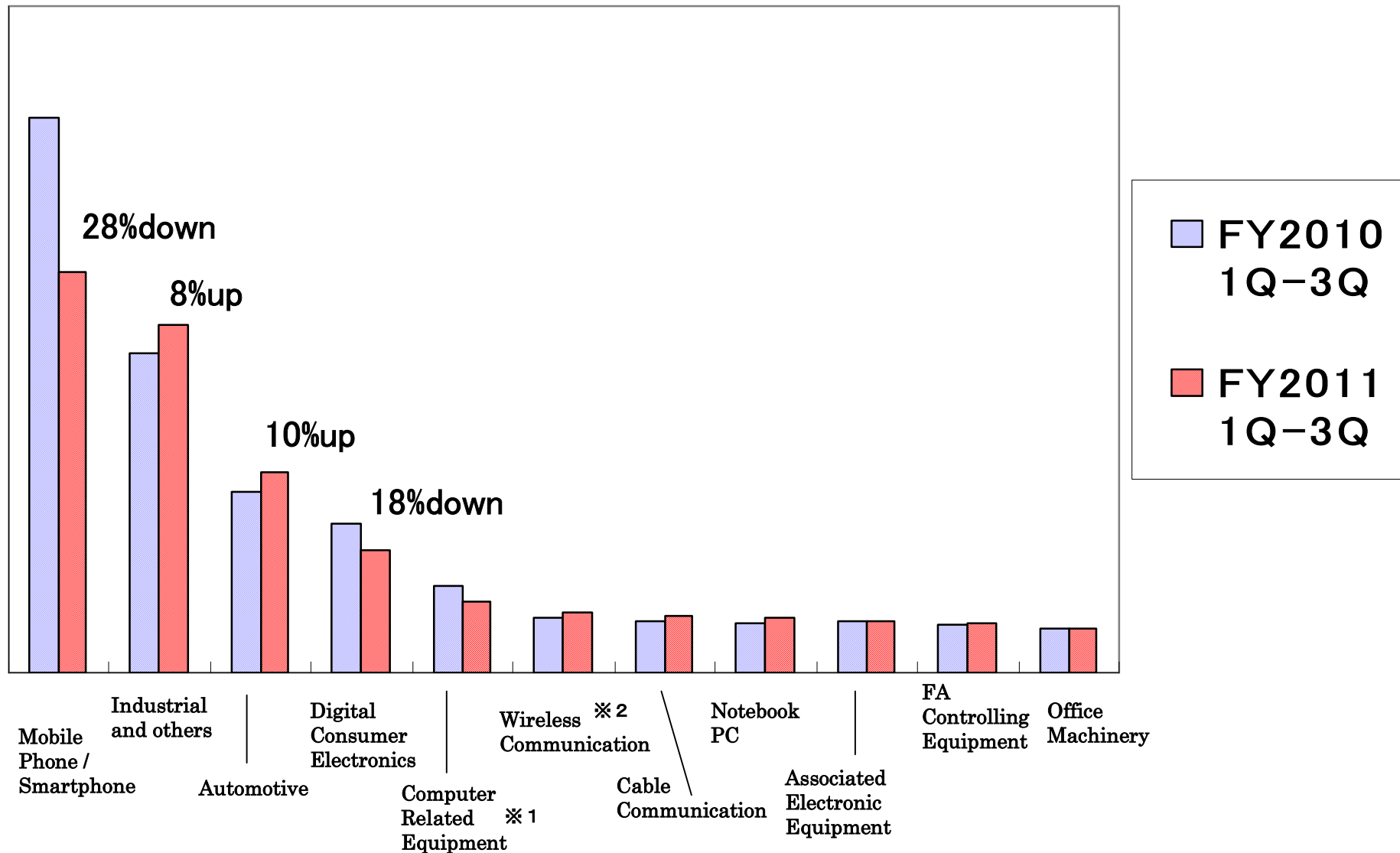


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

※1 Computer Related Equipment – Notebook PC not included.

※2 Wireless Communication – Mobile Phone not included.

# Sales Changes by Markets (in round numbers)

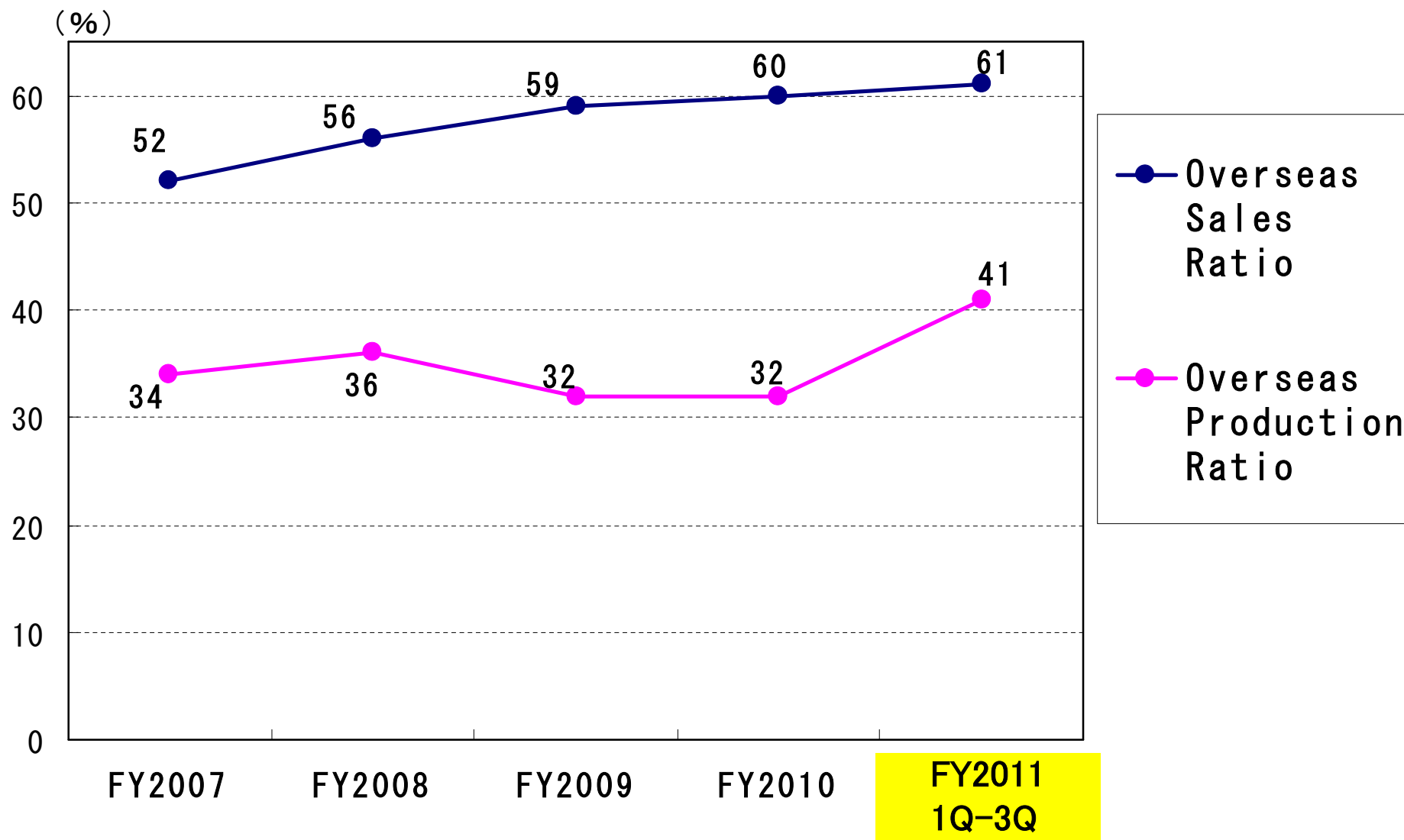


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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※2 Wireless Communication – Mobile Phone not included.

# Overseas Production and Sales Ratio



# Changes in Consolidated Balance Sheet

(hundred millions of Yen)

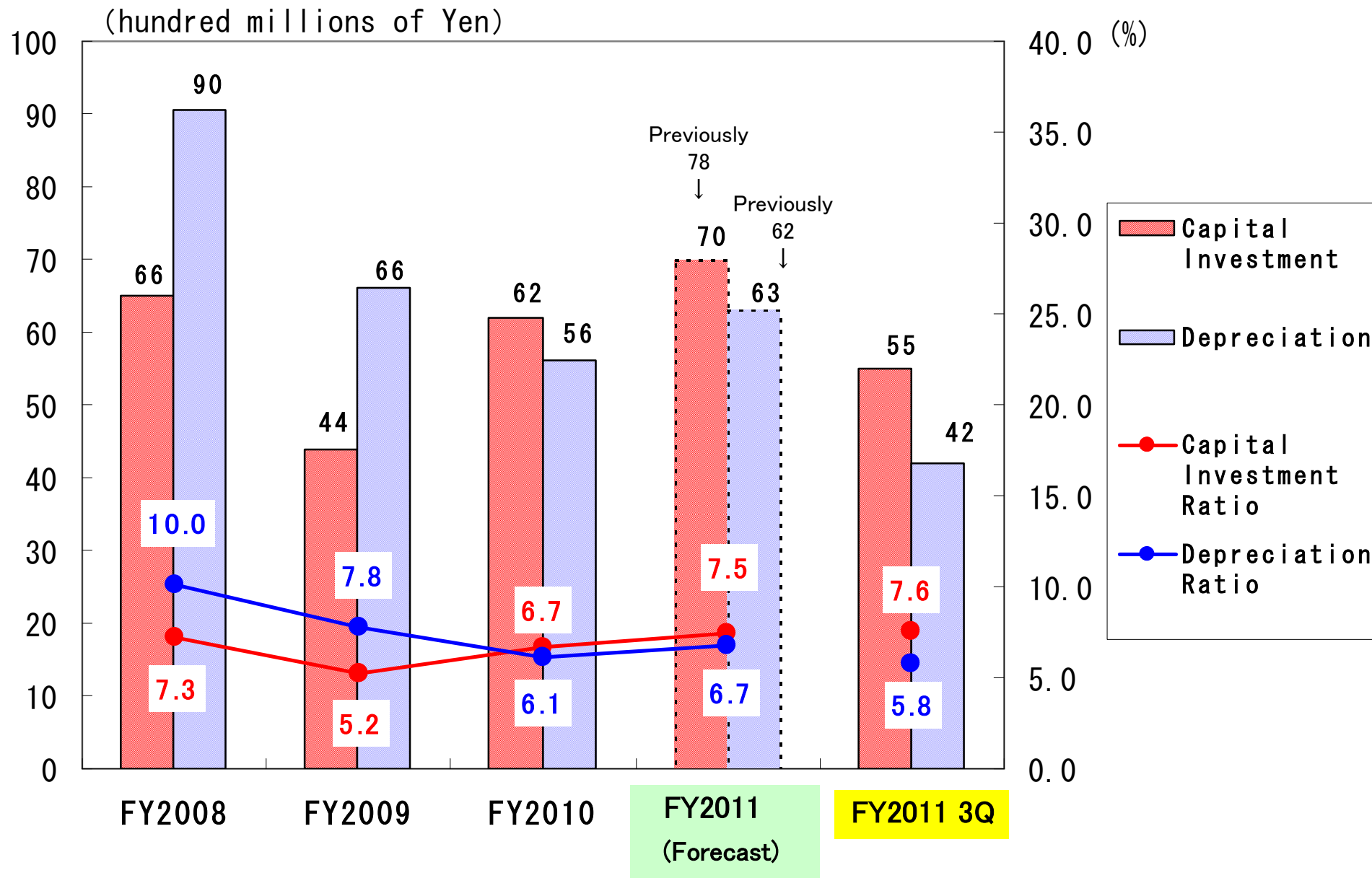
Account	(A) Mar 31, 2011	(B) Dec 31, 2011	(B) - (A)	Remark
Cash and Cash in Bank	<b>1,094.2</b>	<b>1,037.7</b>	<b>-56.5</b>	Dividend, Share buyback, Yokohama Center Payment, etc.
Trade Receivables	<b>230.6</b>	<b>242.6</b>	<b>12.0</b>	Due to sales increase (FY2010/4Q: 224.2→FY2011/3Q: 230.3 +7.1), etc.
Inventories	<b>72.7</b>	<b>75.0</b>	<b>2.3</b>	
Investment Securities	<b>641.6</b>	<b>597.9</b>	<b>-43.7</b>	Decrease in corporate bond (Shift to short-term bond)
Others	<b>562.3</b>	<b>631.4</b>	<b>69.1</b>	Increase in fixed assets, etc.
<b>Total Assets</b>	<b>2,601.4</b>	<b>2,584.6</b>	<b>-16.8</b>	

# Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2011	(B) Dec 31, 2011	(B) - (A)	Remark
Notes Payable and Account Payable	<b>109.4</b>	<b>114.6</b>	<b>5.2</b>	Purchase increase due to production increase
Income Taxes Payable, etc	<b>40.6</b>	<b>26.0</b>	<b>-14.6</b>	Due to tax payment
Others	<b>75.7</b>	<b>75.8</b>	<b>0.1</b>	
<b>Total Liabilities</b>	<b>225.7</b>	<b>216.4</b>	<b>-9.3</b>	
Retained Earnings	<b>2,620.6</b>	<b>2,674.7</b>	<b>54.1</b>	Net income 106.7 - Dividend 52.6
Treasury Stocks	<b>-493.2</b>	<b>-526.9</b>	<b>-33.7</b>	Share buyback
Valuation Variance	<b>21.2</b>	<b>20.3</b>	<b>-0.9</b>	
Translation Adjustment	<b>-38.2</b>	<b>-64.9</b>	<b>-26.7</b>	Due to strong yen
Others	<b>265.3</b>	<b>265.0</b>	<b>-0.3</b>	
<b>Total Shareholders' Equity</b>	<b>2,375.7</b>	<b>2,368.2</b>	<b>-7.5</b>	
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,601.4</b>	<b>2,584.6</b>	<b>-16.8</b>	

# Capital Investment and Depreciation Change (Domestic Consolidated Basis)





# Business Forecast for the Year Ended March 31, 2012

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

(unit: hundred millions of Yen)

	FY2010 (Actual)		FY2011 (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)	<b>475.4</b> (54.0%)	<b>924.4</b> (56.9%)	<b>491.8</b> (57.4%)	<b>935.0</b> (58.8%)	16.4	3.4%	10.6	1.1%
Operating Profit (%)	<b>131.1</b> <i>27.6%</i>	<b>220.3</b> <i>23.8%</i>	<b>116.1</b> <i>23.6%</i>	<b>195.0</b> <i>20.9%</i>	-15.0	-11.4%	-25.3	-11.5%
Recurring Profit (%)	<b>134.1</b> <i>28.2%</i>	<b>227.4</b> <i>24.6%</i>	<b>123.0</b> <i>25.0%</i>	<b>200.0</b> <i>21.4%</i>	-11.1	-8.3%	-27.4	-12.0%
Net Profit (%)	<b>83.3</b> <i>17.5%</i>	<b>117.1</b> <i>12.7%</i>	<b>73.9</b> <i>15.0%</i>	<b>125.0</b> <i>13.4%</i>	-9.4	-11.3%	7.9	6.7%
Income Per Share	–	330.23Yen	–	358.60Yen	<div style="border: 1px solid black; padding: 5px;">                     There are no revision from the                      previously announced data on                      Nov. 2011                 </div>			
Dividend Per Share	75Yen	150Yen	75Yen	130Yen				
Dividend Payout Ratio	–	45.4%	–	36.3%				