

Business Results of FY2014

Creative Links to World Electronic

May 8th, 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 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 market. Industrial market flat, and Automotive market trended positively in overseas market.

[4Q FY2014 (Jan – Mar)]

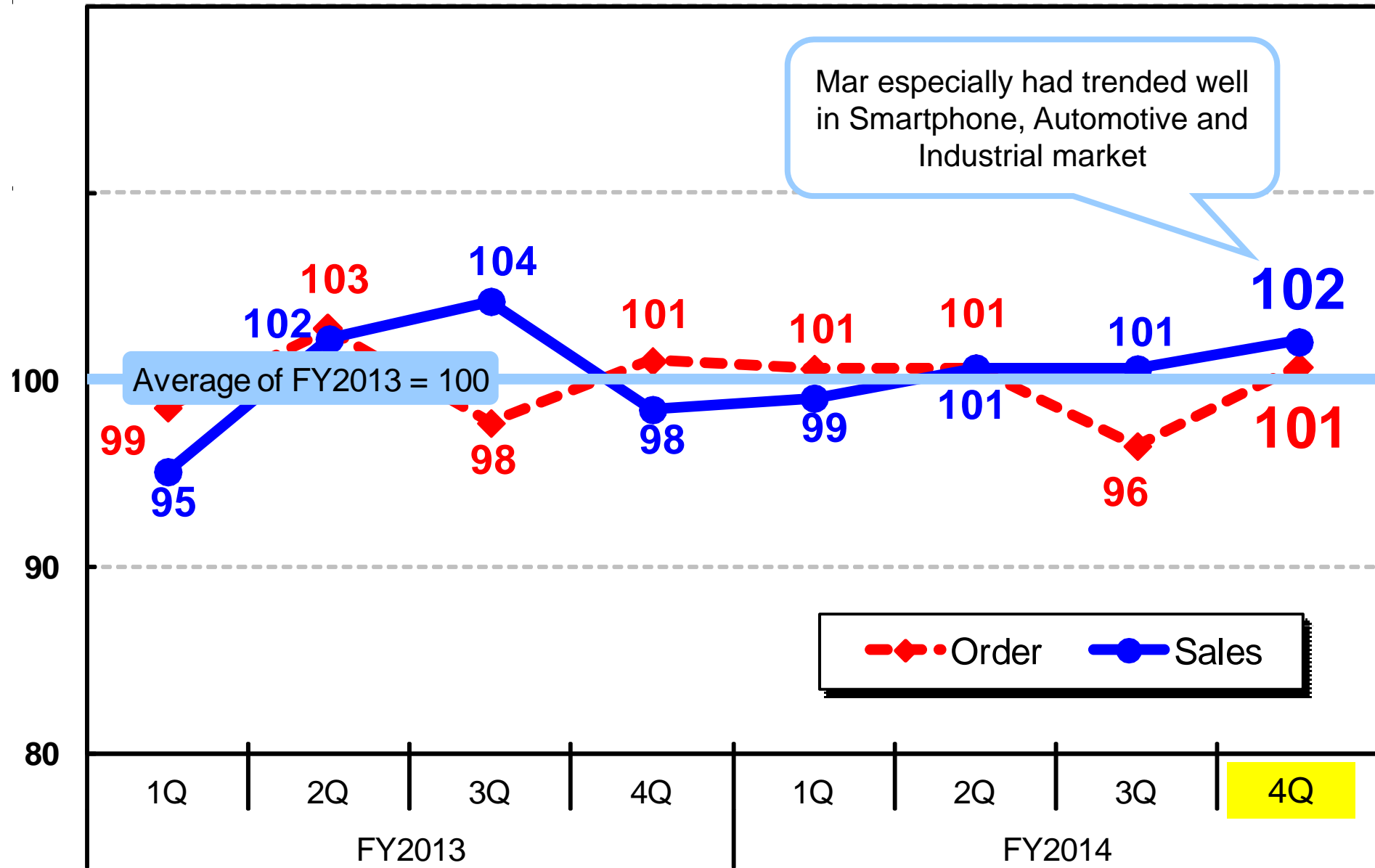
•Smartphone market had been slow in Jan-Feb, but large pick-up in Mar, especially in the Chinese market. Industrial market continued the steady trend.

[FY2014 Annual Total (Apr – Mar)]

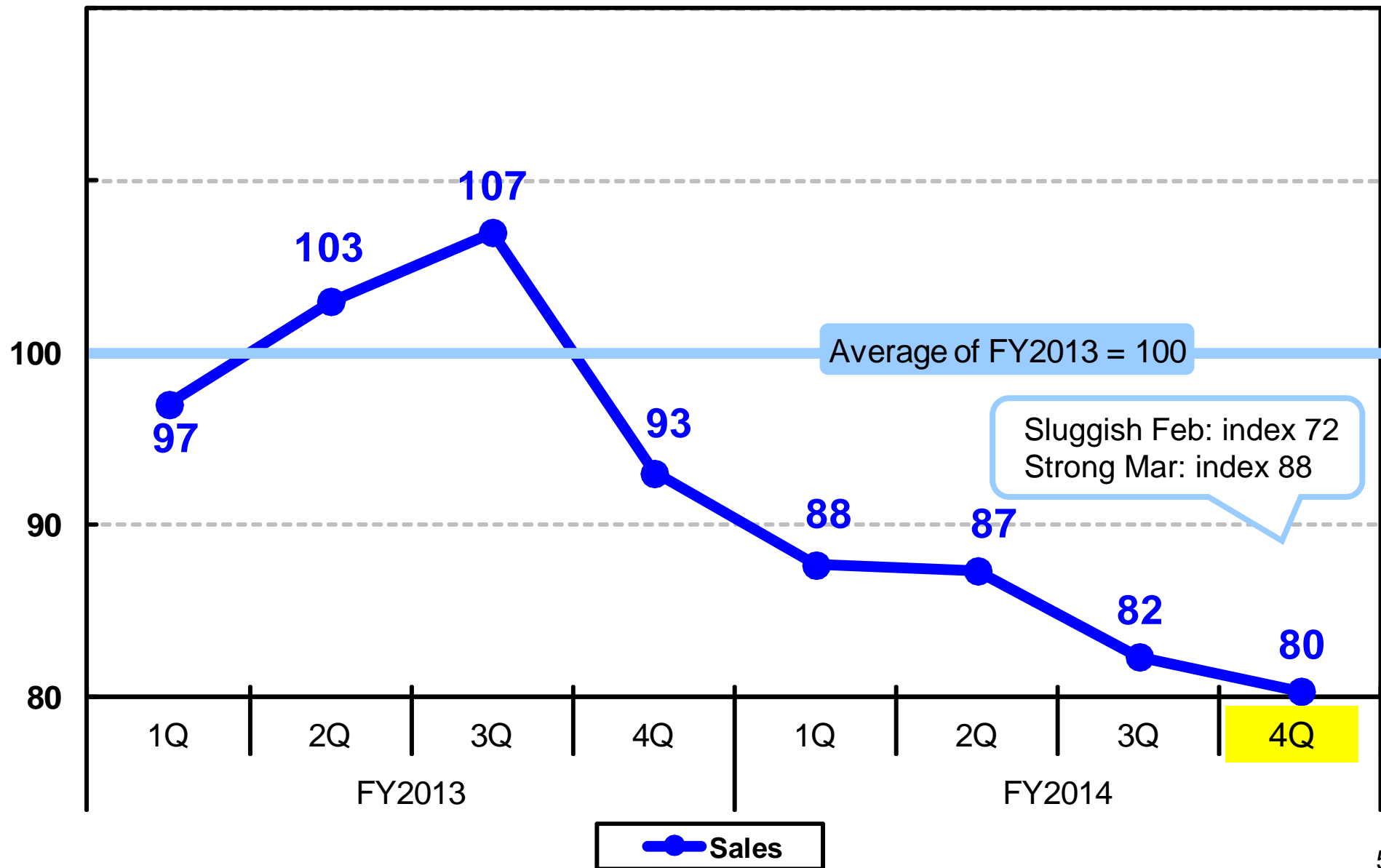
• **FY2014 Annual Total**
Order 1,258.0 hundred million yen (-0.4% YoY), Sales 1,257.3 hundred million yen (+0.6% YoY), Recurring Profit 349.6 hundred million yen (Ratio 27.8%, +0.6% YoY).

FY2013 1Q – FY2014 4Q Orders and Sales (Consolidated Basis, Index Number)

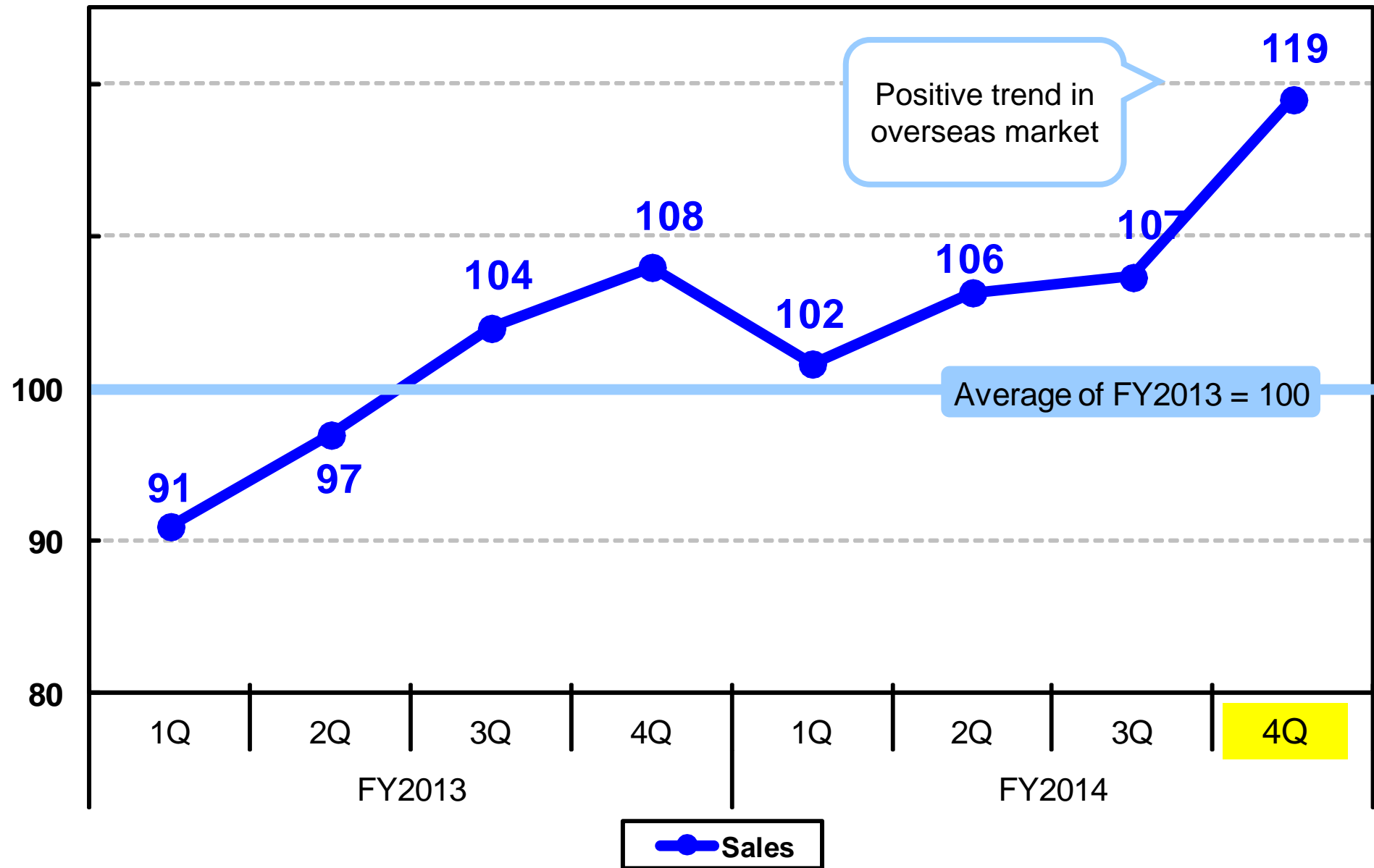
Total



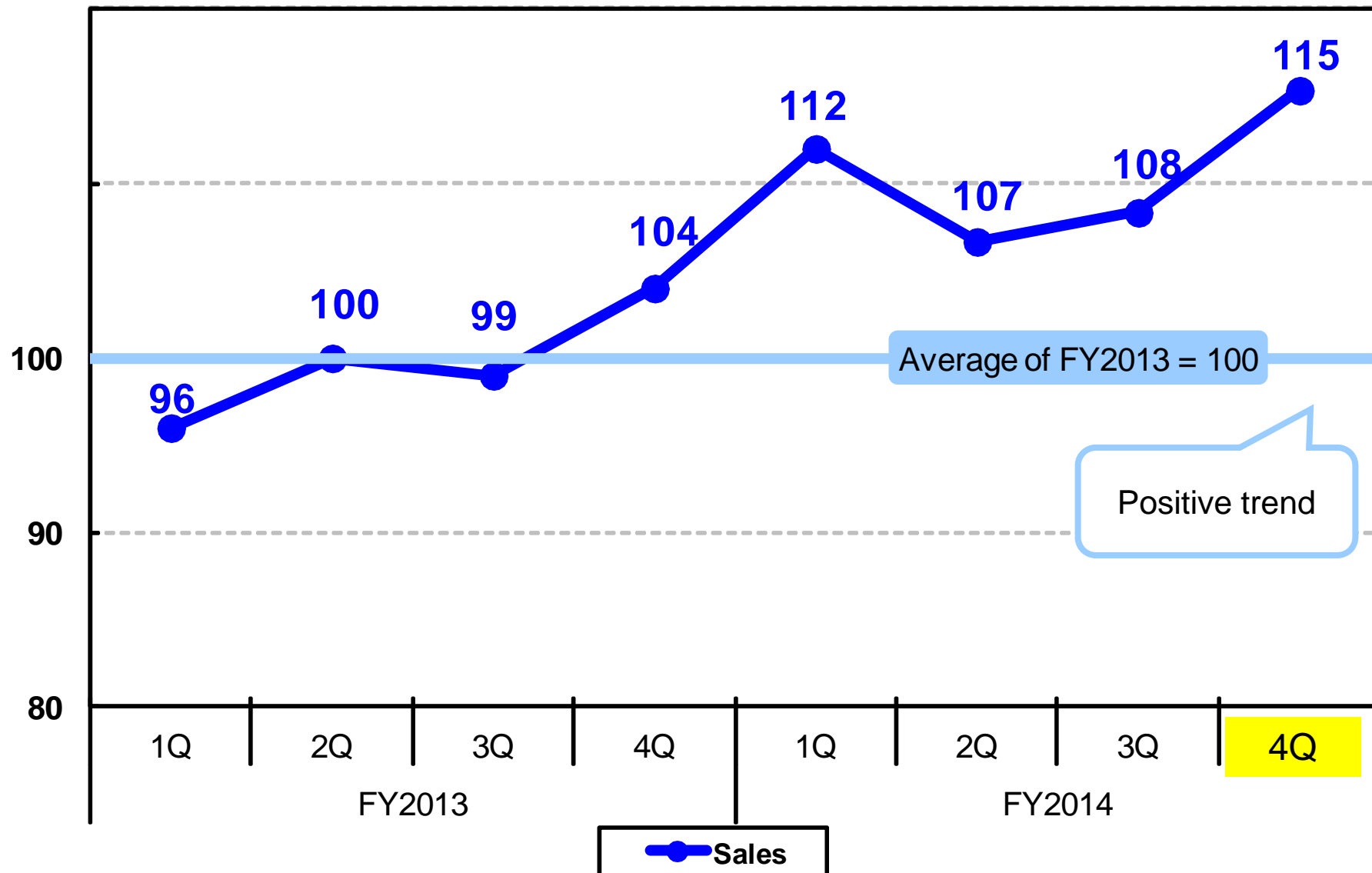
Smartphone / Mobile



Automotive



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



Business Results for FY2014

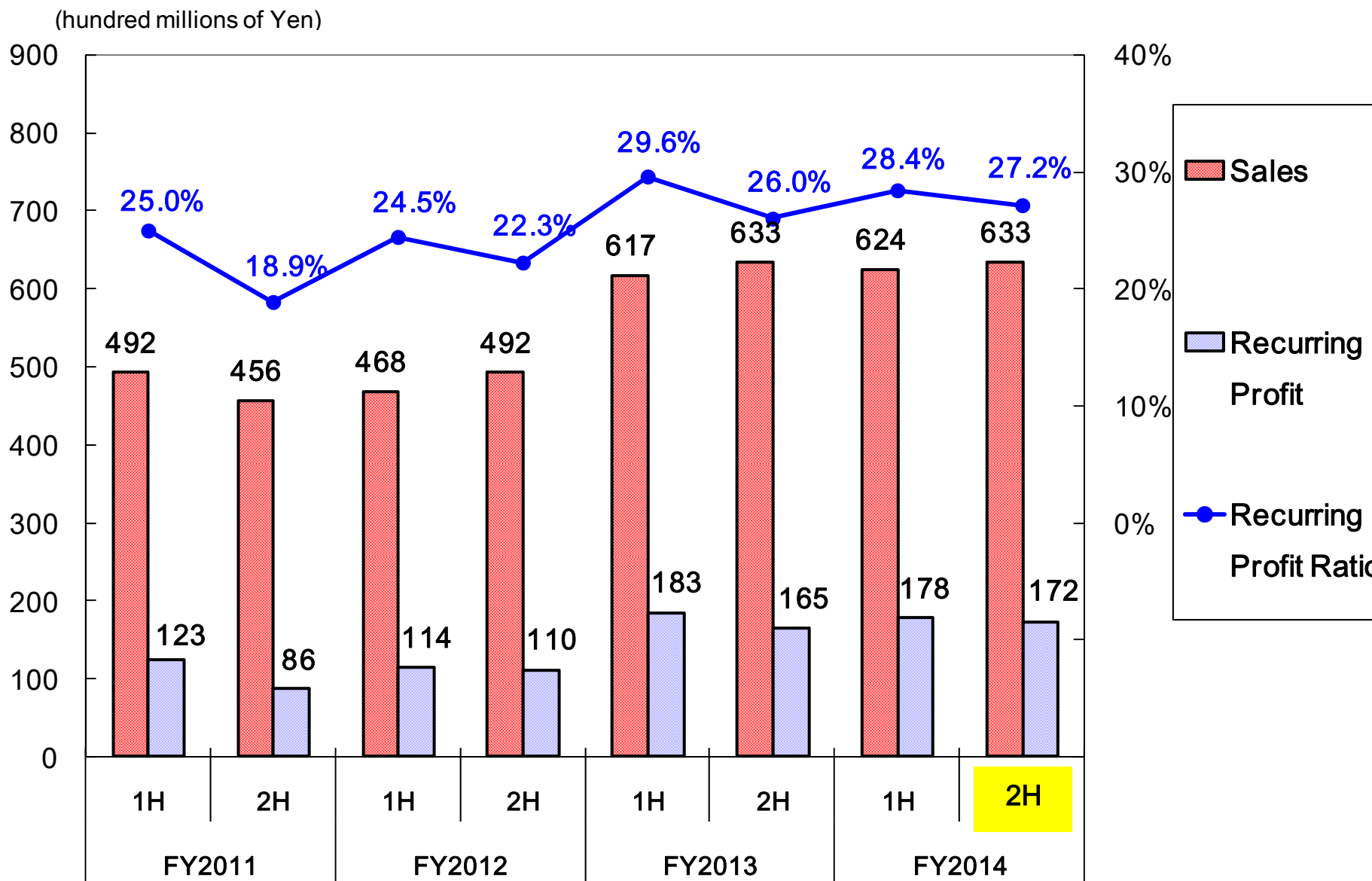
note) figures in green italics: data announced on Jan 2015 (hundred millions of Yen)

	(A)FY2013 (FY ended Mar31, 2014)	(B)FY2014 (FY ended Mar31, 2015)	(B)-(A)	(B)/(A)
Sales	1,249.9	1,257.3	7.4	0.6%
(COGS Ratio)	<i>(55.3%)</i>	<i>(55.0%)</i>	<i>(-0.3%)</i>	
(SGA Ratio)	<i>(18.3%)</i>	<i>(19.1%)</i>	<i>(+0.8%)</i>	
Operating Profit	330.0	325.9	-4.1	-1.3%
(%)	<i>26.4%</i>	<i>25.9%</i>	<i>(-0.5%)</i>	
Recurring Profit	347.5	349.6	2.1	0.6%
(%)	<i>27.8%</i>	<i>27.8%</i>	<i>(+0.0%)</i>	
Net Profit	224.4	229.5	5.1	2.3%
(%)	<i>18.0%</i>	<i>18.3%</i>	<i>(+0.3%)</i>	
Total Assets	3,007.5	3,196.7	189.2	6.3%
Shareholders' Equity Ratio	89.2%	90.1%		
Income Per Share	652.68Yen	674.25Yen		
Dividend Per Share	200Yen	230Yen		
Consolidated Dividend Payout Ratio	30.6%	34.2%		

Major changes over prior same period (unit: hundred millions of Yen)	
[Sales]	7.4 increase
Hirose	Subsidiaries
+44.1	-36.7
[COGS Ratio]	0.3 point decrease
Purchase Cost Ratio 37.7% → 37.3%	
[SGA Ratio]	0.8 point increase
Increase in personnel expenses etc.	
[Non-Operating Profit]	
Foreign Exchange Gain +0.9 → +9.1	

[Assumed Exchange Rate]	FY2013 Actual	FY2014 Actual
Exchange Rate: US\$	100.24Yen	109.93Yen
Exchange Rate: €	134.37Yen	138.77Yen
Exchange Rate: 100Won	9.21Yen	10.37Yen

Sales and Profits by Half-Year



Changes in Consolidated Balance Sheet

(hundred millions of Yen)

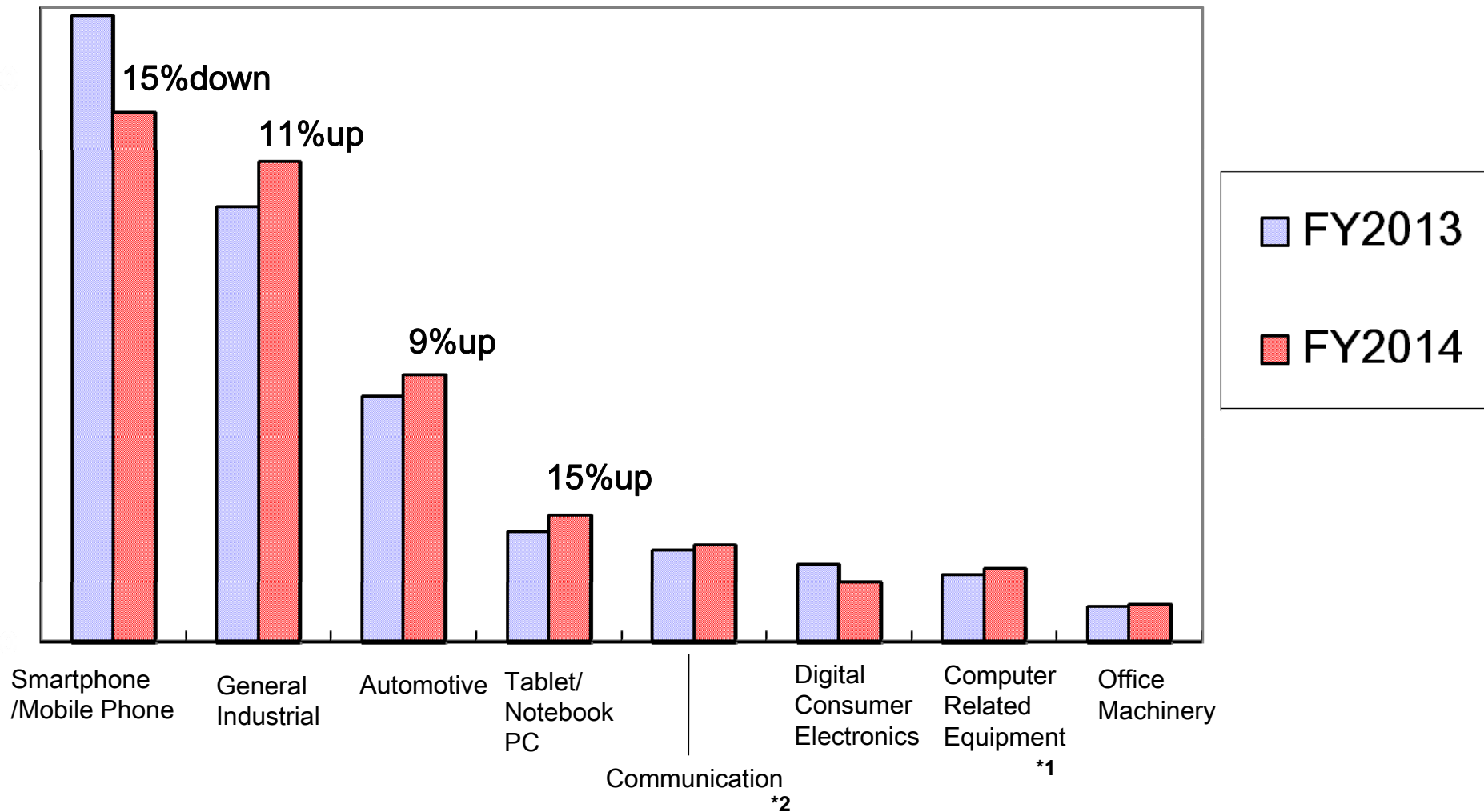
Account	(A) Mar 31, 2014	(B) Mar 31, 2015	(B) - (A)	Remark
Cash and Cash in Bank	1,262.4	1,477.6	215.2	Increase in Hirose and domestic/overseas subsidiaries (Currency effect 29.7)
Trade Receivables	294.7	305.6	10.9	
Securities	303.2	260.2	-43.0	Redemption, etc.
Inventories	84.0	91.4	7.4	
Noncurrent Assets	330.4	376.9	46.5	Increase in land, machinery, equipment, and metal molds, etc.
Investment Securities	620.1	583.9	-36.2	Redemption and stocks market evaluation, etc.
Others	112.7	101.1	-11.6	
Total Assets	3,007.5	3,196.7	189.2	

Changes in Consolidated Balance Sheet

(hundred millions of Yen)

Account	(A) Mar 31, 2014	(B) Mar 31, 2015	(B) - (A)	Remark
Notes Payable and Account Payable	113.8	115.1	1.3	Increase due to production increase
Income Taxes Payable	78.4	53.2	-25.2	
Others	123.7	145.4	21.7	Increase in deferred tax liabilities, etc.
Total Liabilities	315.9	313.7	-2.2	
Retained Earnings	2,957.2	3,110.4	153.2	Net profit 229.5 - Dividend 76.7
Treasury Stocks	-617.7	-646.2	-28.5	Share buyback 200,000 shares
Valuation Variance	47.5	69.8	22.3	Higher stock price (Nikkei closing price: 14,828 Yen => 19,207)
Translation Adjustment	57.2	119.2	62.0	Due to weak yen
Others	247.4	229.8	-17.6	
Total Shareholders' Equity	2,691.6	2,883.0	191.4	
Total Liabilities and Shareholders' Equity	3,007.5	3,196.7	189.2	

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

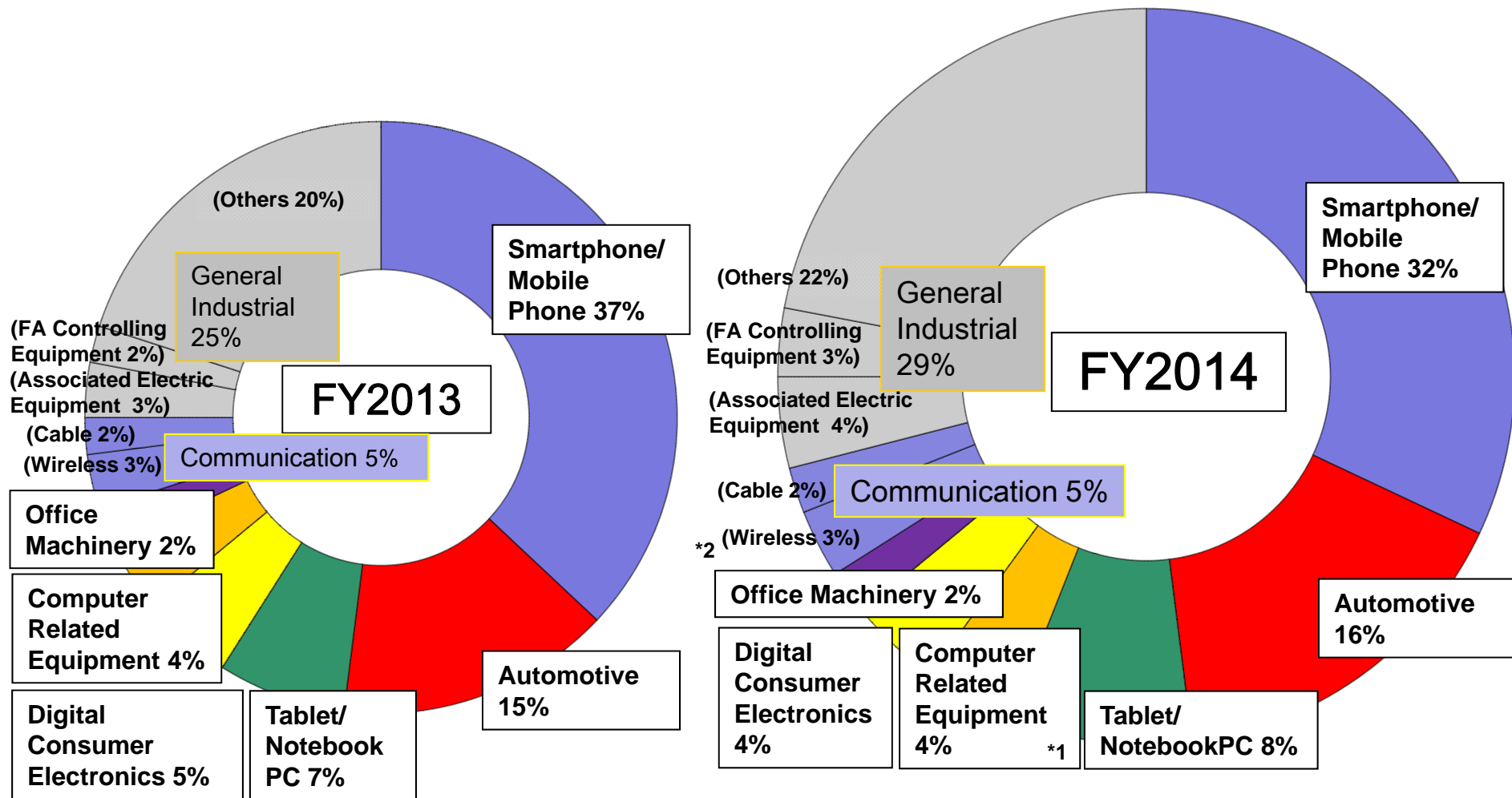


As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

*1 Computer Related Equipment – Notebook PC not included.

*2 Communication - Smartphone / Mobile Phone not included.

Sales by Application (round number) (Consolidated Basis)

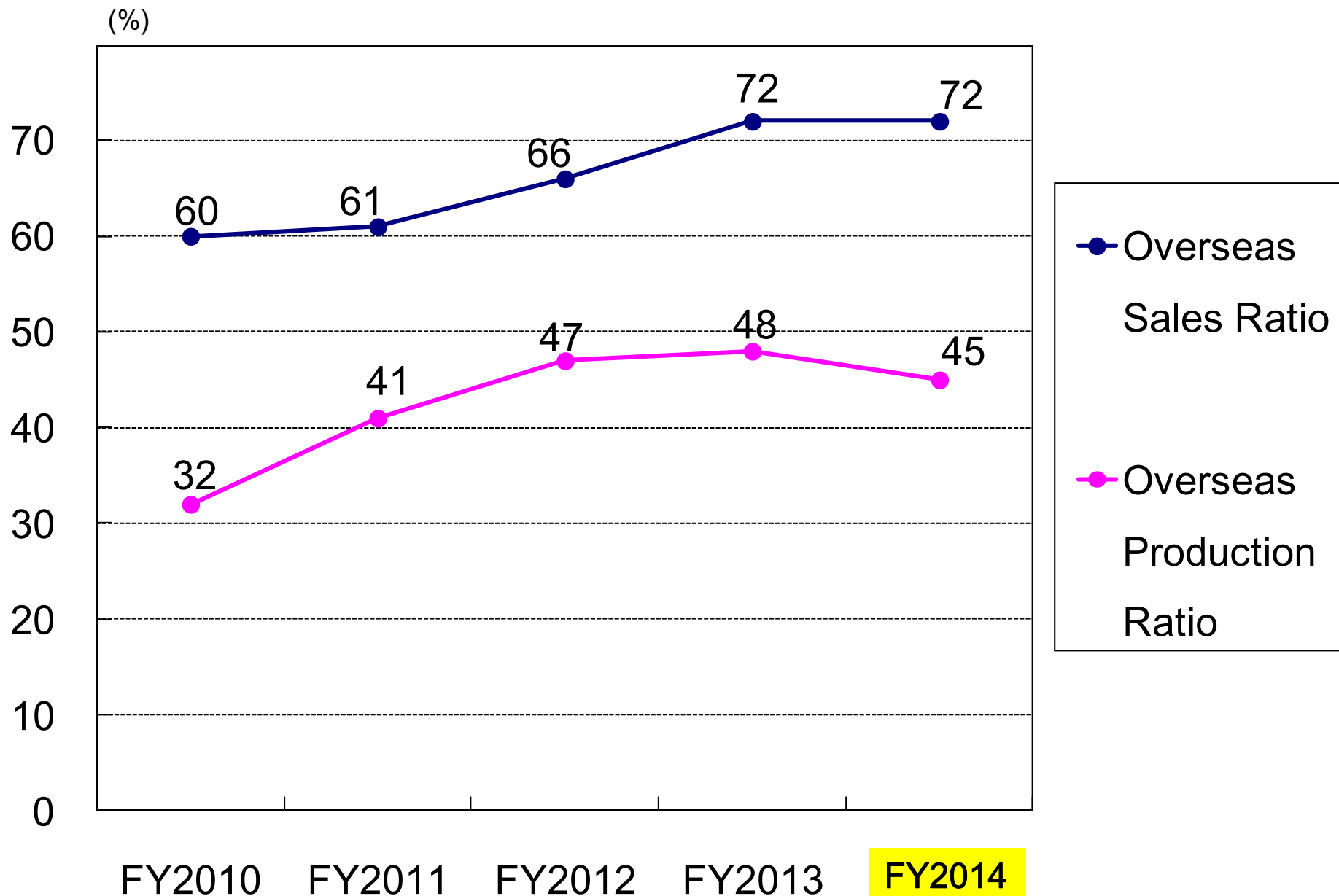


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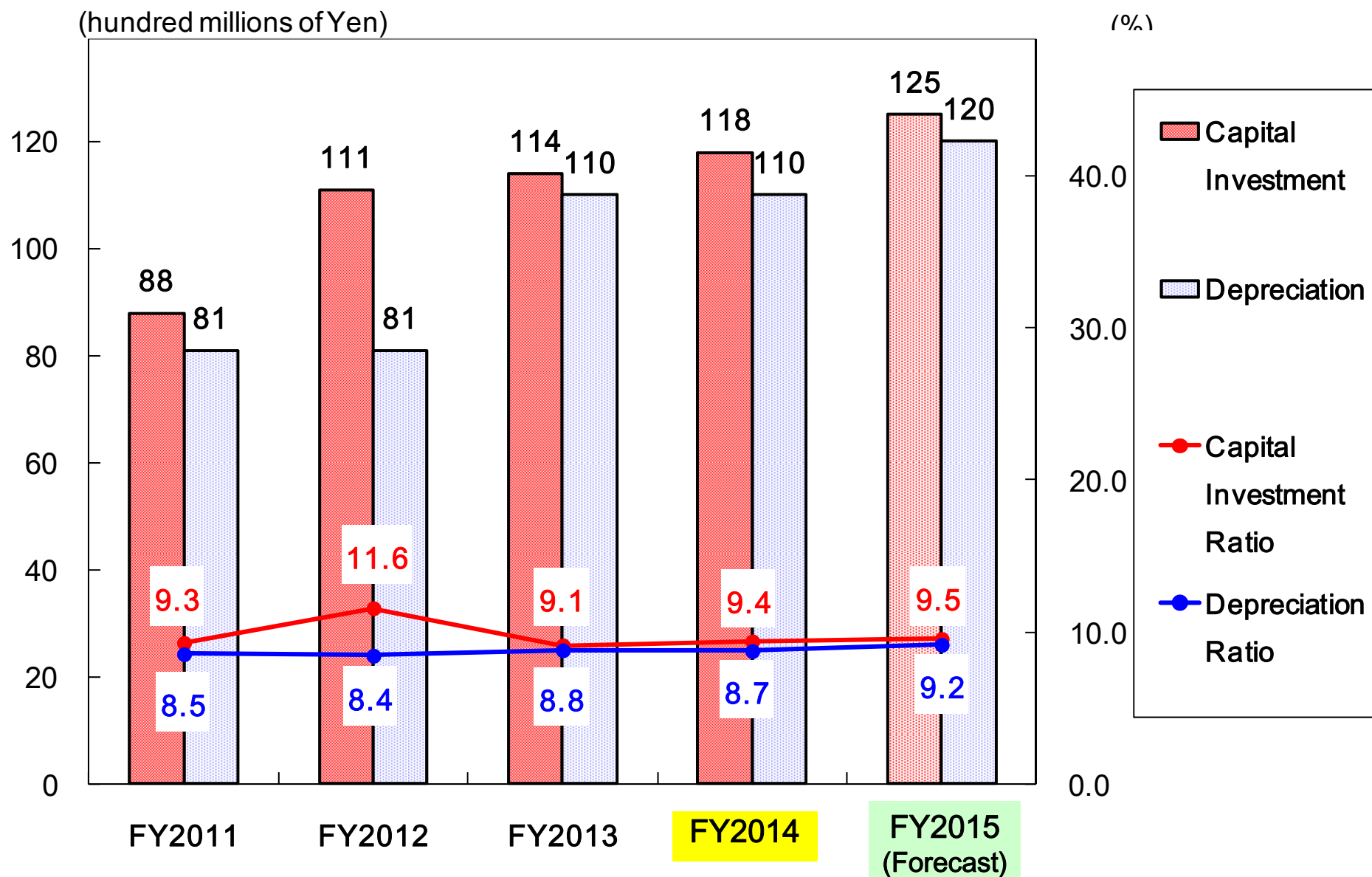
*1 Computer Related Equipment – Notebook PC not included.

*2 Wireless Communication - Smartphone / Mobile Phone not included.

Overseas Production and Sales Ratio

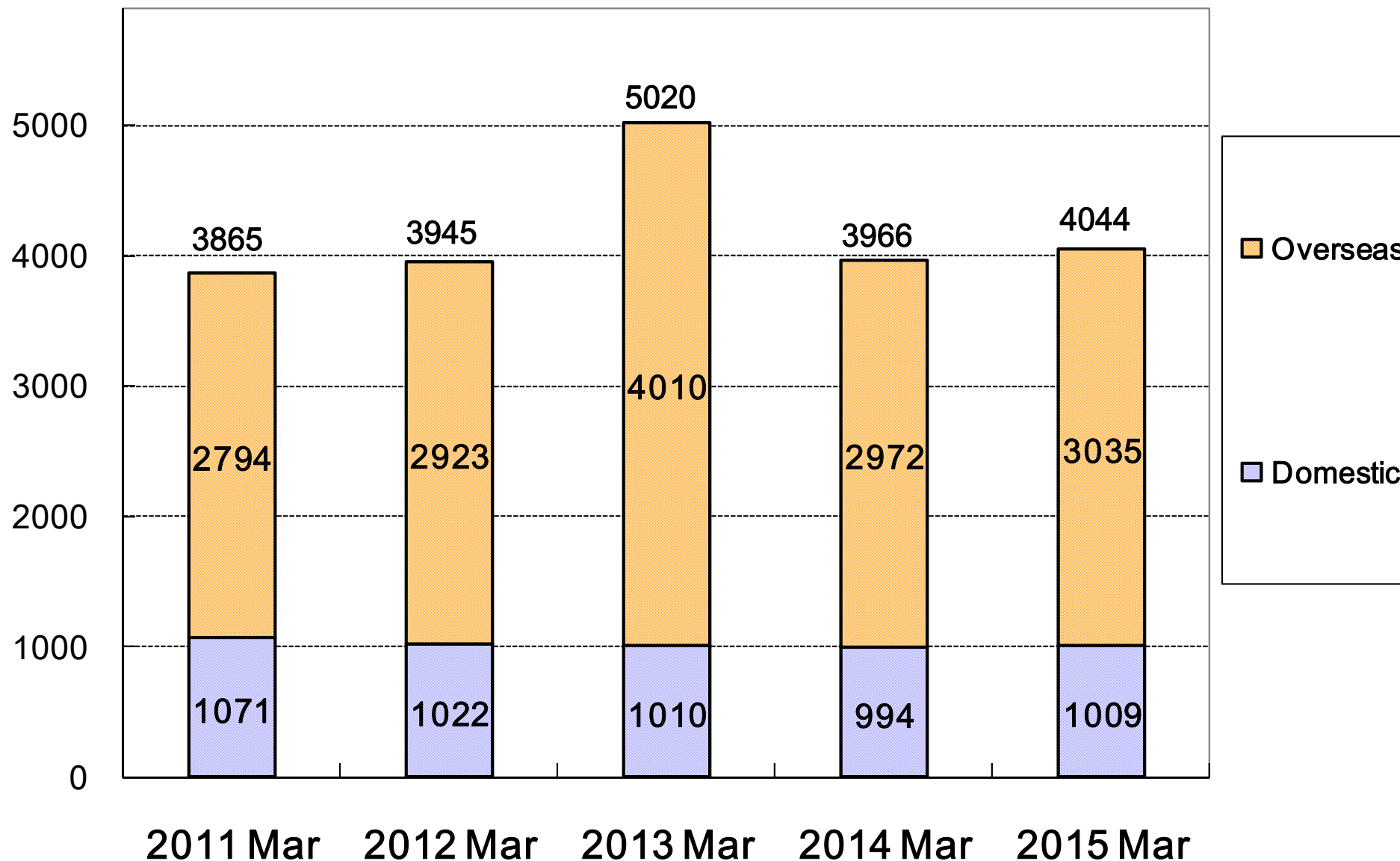


Capital Investment and Depreciation Change (Consolidated Basis)

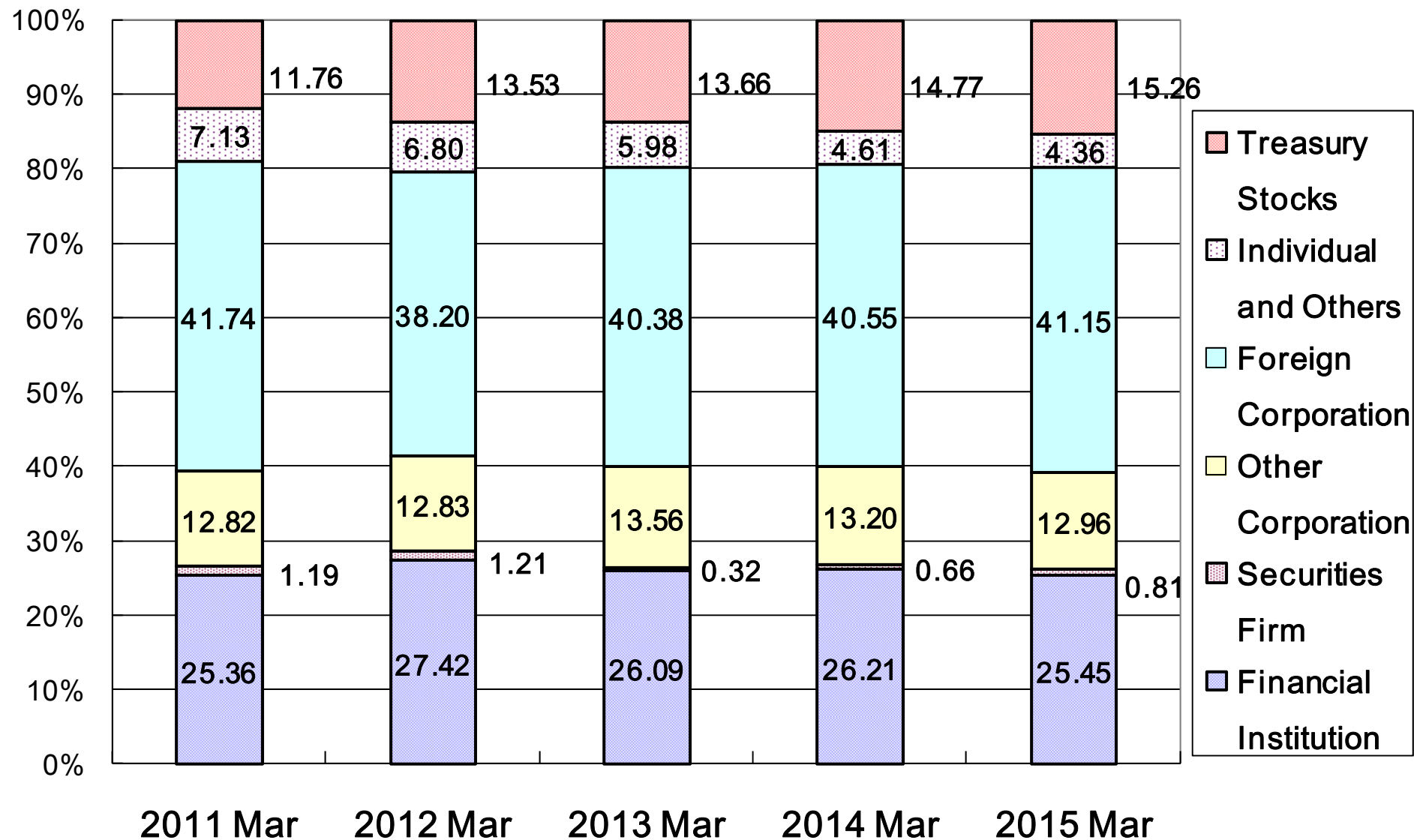


Number of Employees (Financial Report Basis)

(Employees)



Distribution of Shareholders



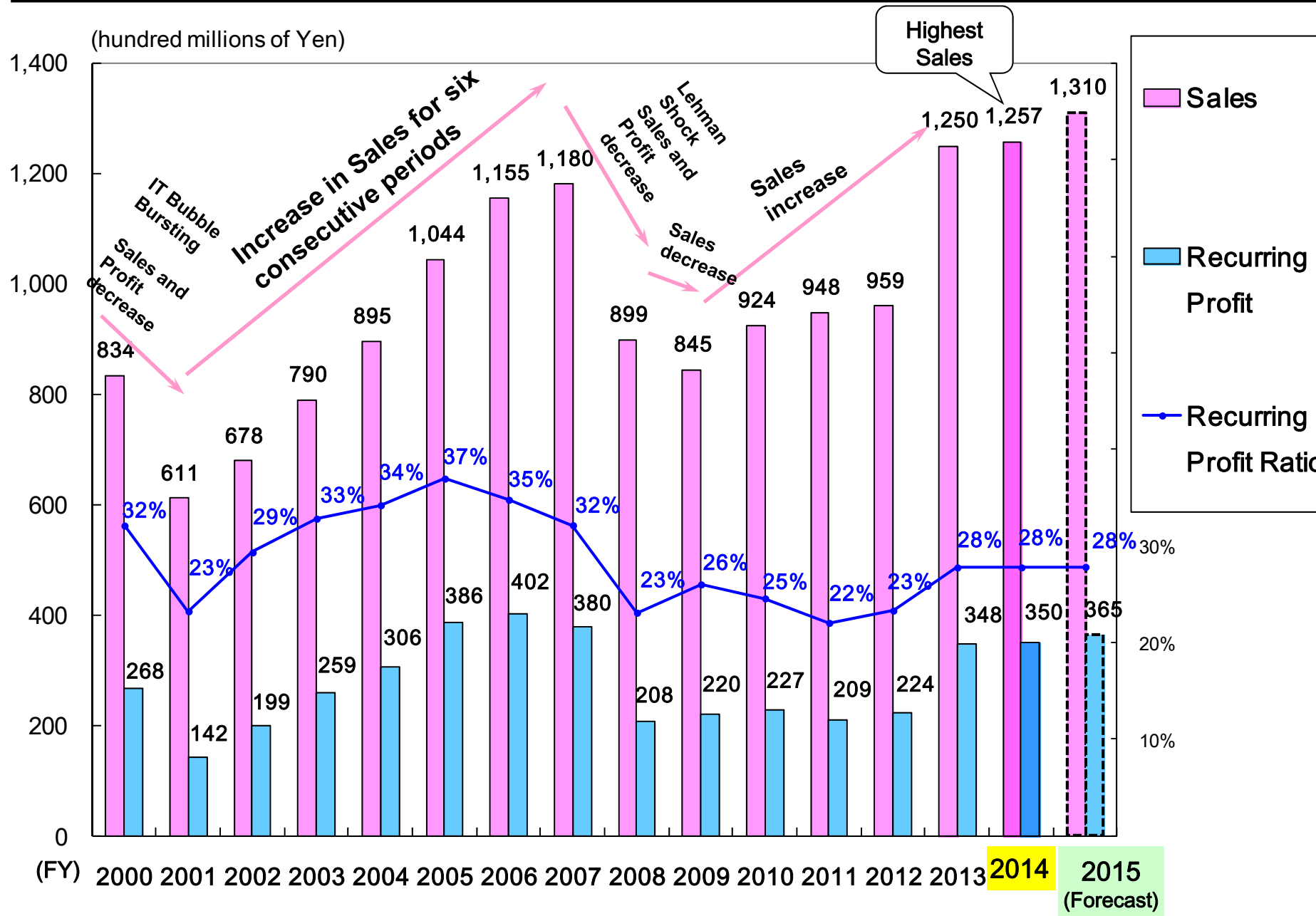
Business Forecast for the Year Ending March 31, 2016 (Consolidated)



(hundred millions of Yen)

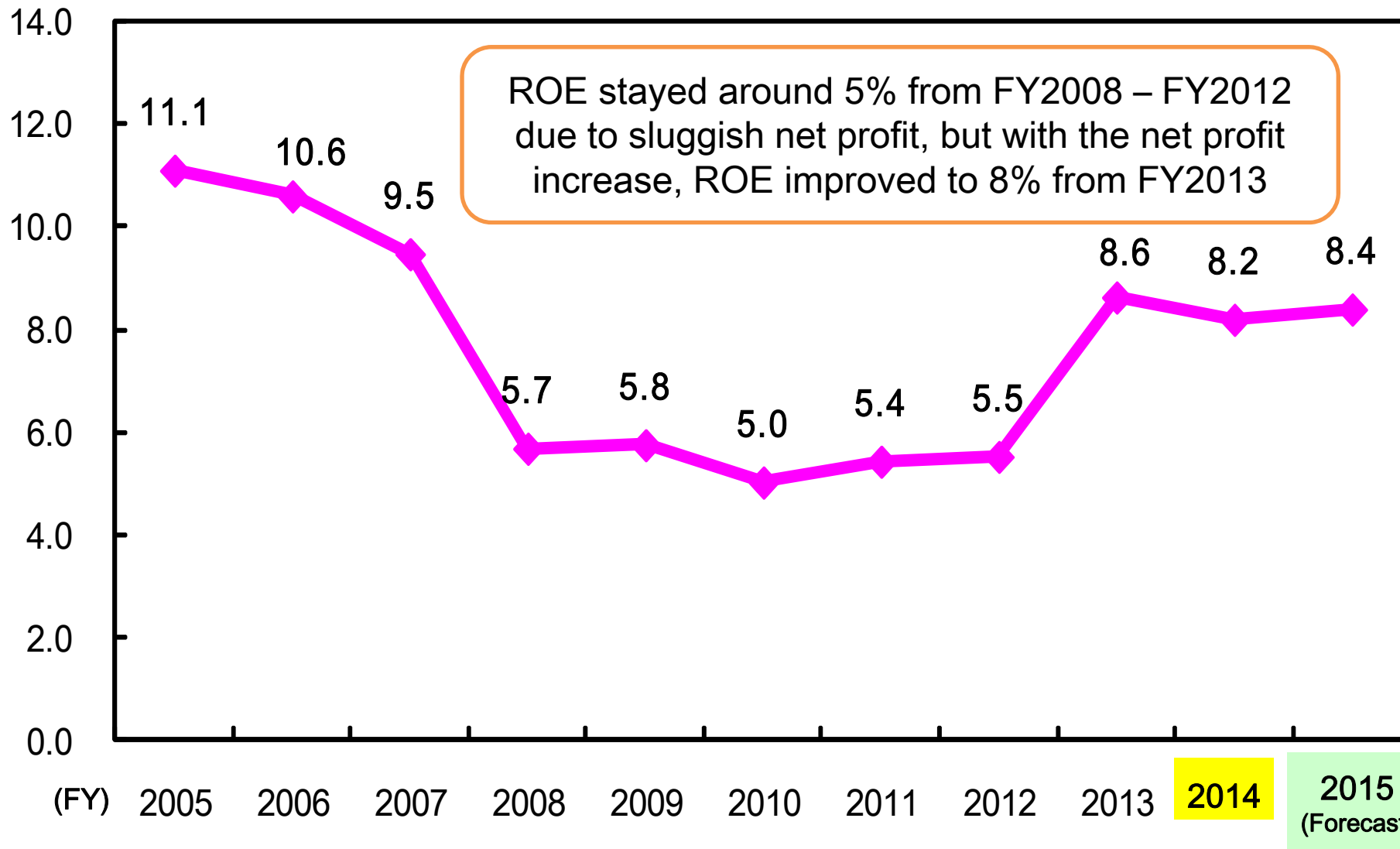
	FY2014 (FY ended Mar31, 2015) Actual		FY2015 (FY ending Mar31, 2016) Forecast		First Half Over the Previous Actual Amount		For the Year Over the Previous Actual Amount	
	First Half	For the Year	First Half	For the Year	Amount Change	%	Amount Change	%
Sales (COGS)	624.0 (54.8%)	1,257.3 (55.0%)	655.0 (52.2%)	1,310.0 (53.2%)	31.0	5.0%	52.7	4.2%
Operating Profit (%)	167.4 <i>26.8%</i>	325.9 <i>25.9%</i>	185.0 <i>28.2%</i>	355.0 <i>27.1%</i>	17.6	10.5%	29.1	8.8%
Recurring Profit (%)	177.5 <i>28.4%</i>	349.6 <i>27.8%</i>	190.0 <i>29.0%</i>	365.0 <i>27.9%</i>	12.5	7.0%	15.4	4.4%
Net Profit (%)	113.0 <i>18.1%</i>	229.5 <i>18.3%</i>	130.0 <i>19.8%</i>	245.0 <i>18.7%</i>	17.0	15.0%	15.5	6.8%
Income Per Share	-	674.25Yen	-	688.03Yen	[Assumed Exchange Rate]	FY2014 Actual	FY2015 Forecast	
Dividend Per Share	115Yen	230Yen	120Yen	240Yen	Exchange Rate: US\$	109.93Yen	118.00Yen	
					Exchange Rate: €	138.77Yen	125.00Yen	
Consolidated Dividend Payout Ratio	-	34.2%	-	34.9%	Exchange Rate: 100Won	10.37Yen	10.70Yen	

Sales and Profit, Actual Change and Forecast



Change in ROE

ROE= Net Profit / Shareholders' Equity (Average of last fiscal year end and this fiscal year end)



Change in Personnel (Scheduled on Jun 26th, 2015)

1. Directors

Title	Name
Supreme Advisor and Director	Tatsuro Nakamura
President and Representative Director	Kazunori Ishii
Managing Director, General Manager, Engineering Div.	Mitsuo Nakamura
Managing Director, General Manager, Sales&Marketing Div.	Makoto Kondo
Director, General Manager, Production Div.	Kazuhisa Nikaido
Director, General Manager, Administration Div.	Kazuyuki Iizuka
Director, Deputy General Manager, Engineering Div.	Hiroaki Okano
Outside Director	Kensuke Hotta

** Sakae Kushida will retire from Vice Chairman and Representative Director and will be appointed as Special Adviser.

** Yoshikazu Yoshimura will retire from Senior Managing Director.

2. Auditor

Title	Name
Full-time Corporate Auditor	Yoshikazu Chiba
Outside Corporate Auditor	Terukazu Sugishima
Outside Corporate Auditor	Akira Seshimo
Outside Corporate Auditor	Kentaro Miura

** Toshio Matsubara will retire from Auditor and will be appointed as Senior Adviser.