



For Third Quarter, FY 2017

Business Results



- CONNECTING THE FUTURE -

31st January, 2018

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.

**FY2017 3Q
Results settled on
(Apr – Dec)**

Order **987.7** hundred million yen
(YoY **+12.9%**)

Sales **946.6** hundred million yen
(YoY **+10.7%**)

Recurring Profit **235.1** hundred million yen ※Profit Ratio **24.8%**
(YoY **+4.0%**)

Smartphone

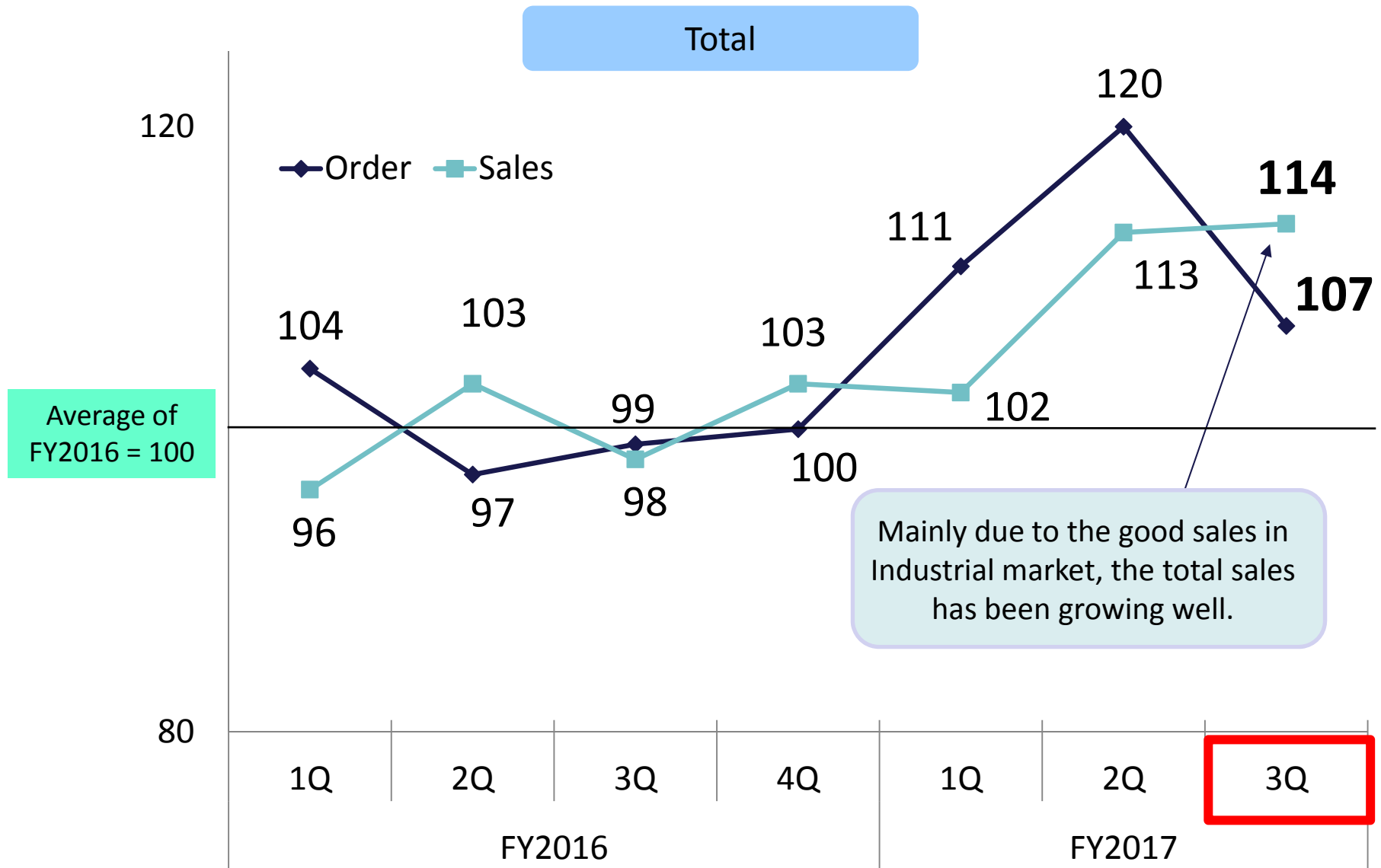
Smartphone market sales had slightly decreased and achieved -3% as QoQ. However, due to the continuous demand, the sales in 3Q (from Apr-Dec) resulted +8% as YoY.

Industrial Market

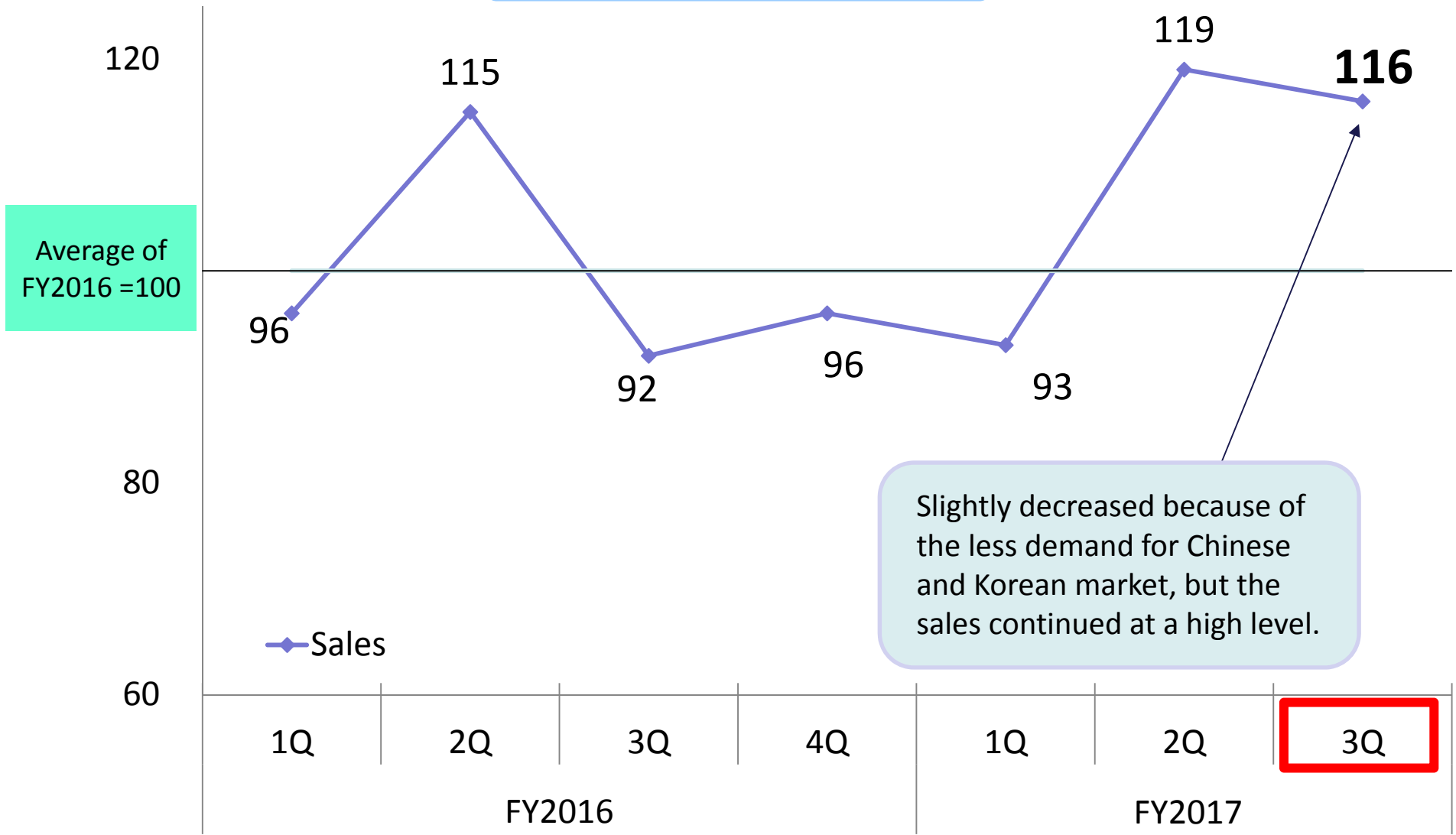
Because of the good trend in FA related equipment and to distributor, the sales for industrial market keep the high level.

Automotive

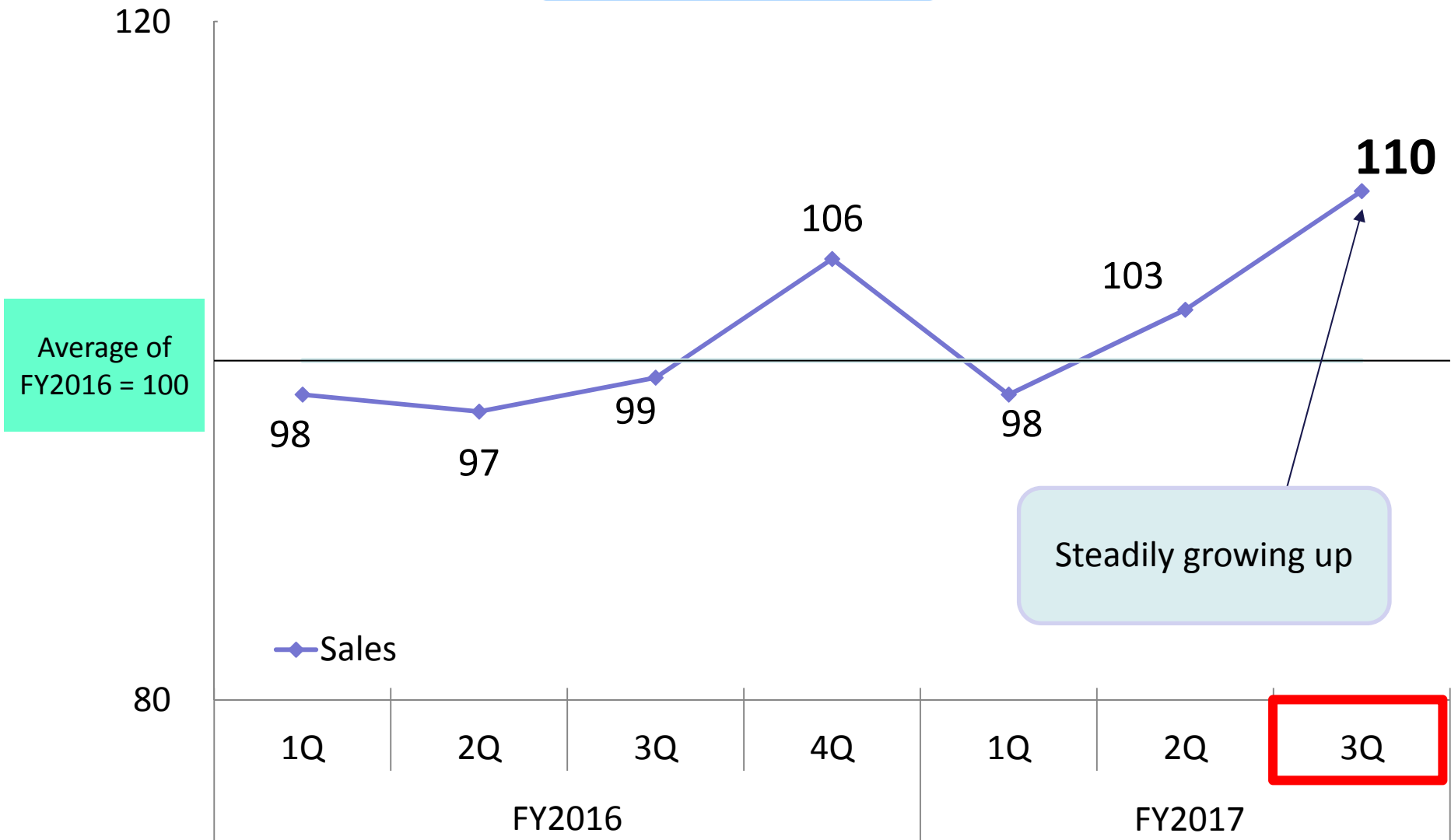
Automotive market had been steadily growing up and the sales in 3Q (Apr-Dec) resulted +6% as YoY.



Smartphone / Mobile



Automotive

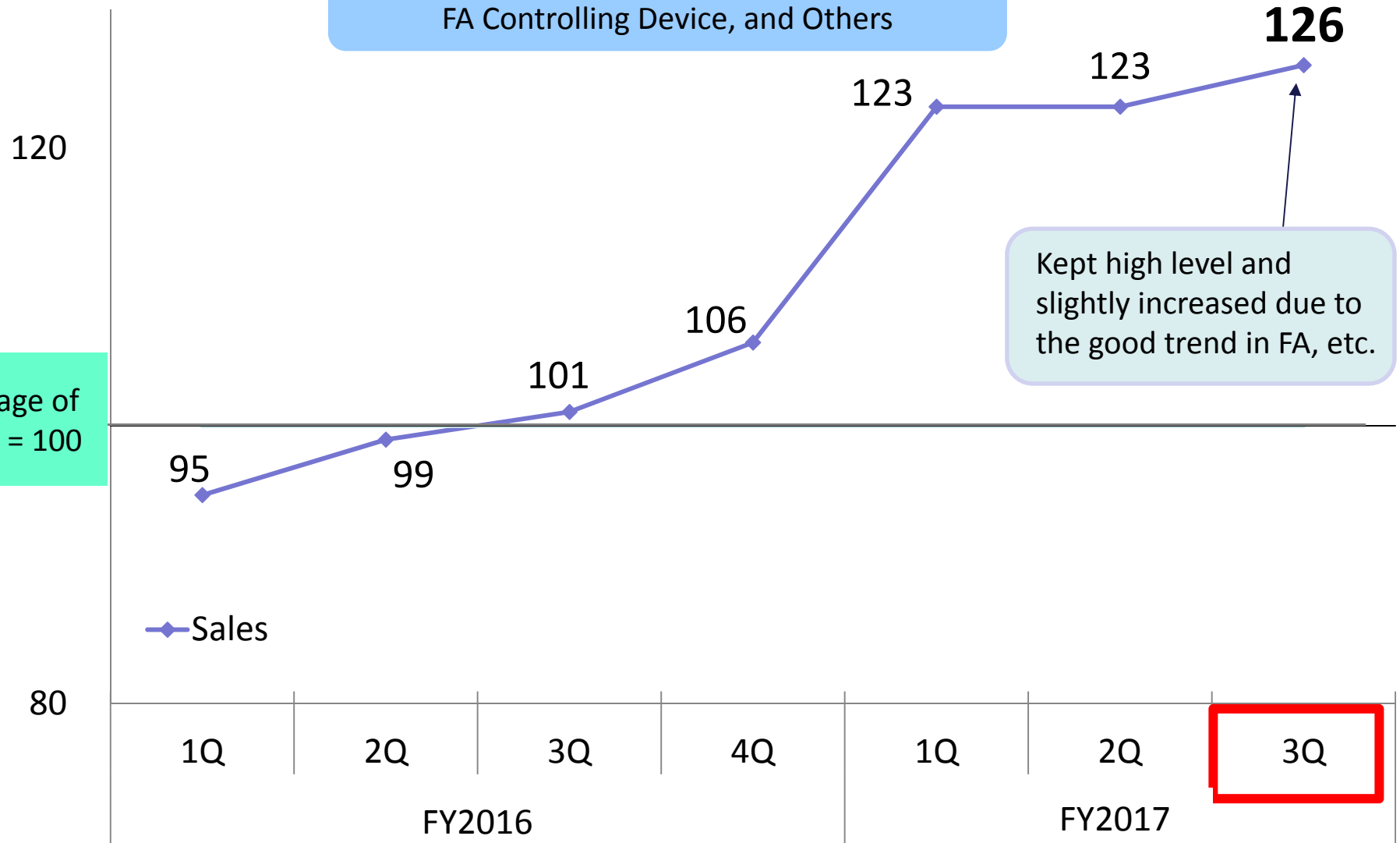


FY2016 1Q – FY2017 3Q Sales by Markets (Consolidated Basis, Index Number)



Associated Electric Equipment,
FA Controlling Device, and Others

Average of
2016 = 100



Kept high level and
slightly increased due to
the good trend in FA, etc.

Business Results for Third Quarter, FY2017

Hundred millions of yen

	FY2016 3Q	FY2017 3Q	Increase / Decrease	Increase / Decrease Ratio
Sales	855.0	946.6	91.6	10.7%
COGS Ratio	53.2%	53.1%	-0.1%	
SGA Ratio	21.9%	22.8%	+0.9%	
Operating Profit	212.9	227.6	14.7	7.0%
(%)	24.9%	24.0%	-0.9%	
Recurring Profit	226.2	235.1	8.9	4.0%
(%)	26.5%	24.8%	-1.7%	
Net Profit	161.4	162.2	0.8	0.5%
(%)	18.9%	17.1%	-1.8%	
Total Assets	3,206.9	3,402.5	195.6	6.1%
Shareholder's Equity Ratio	90.5%	89.6%		
Income Per Share	461.9 Yen	465.9 Yen		

Major Changes over prior same period for 3Q, FY2017

Unit: hundred millions of Yen

■ Sales

91.6 Increase (855.0 → 946.6)

Hirose : **+ 86.6**

Subsidiaries : **+ 5.0**

■ COGS Ratio

0.1 point Increase (53.2% → 53.1%)

Purchase Cost Ratio : 38.9% → **37.9%**

Depreciation Ratio : 4.8% → **5.6%**

Labor Cost Ratio : 5.5% → **5.6%**

■ SGA Ratio

0.9 point Increase (21.9% → 22.8%)

Due to the increase in labor cost and depreciation, etc

■ Non-Operating Profit

5.6 Decrease (13.2 → 7.6)

Foreign Exchange Gain / Loss : +2.5 → **-3.5**

Currency Effect for 3Q, FY2017

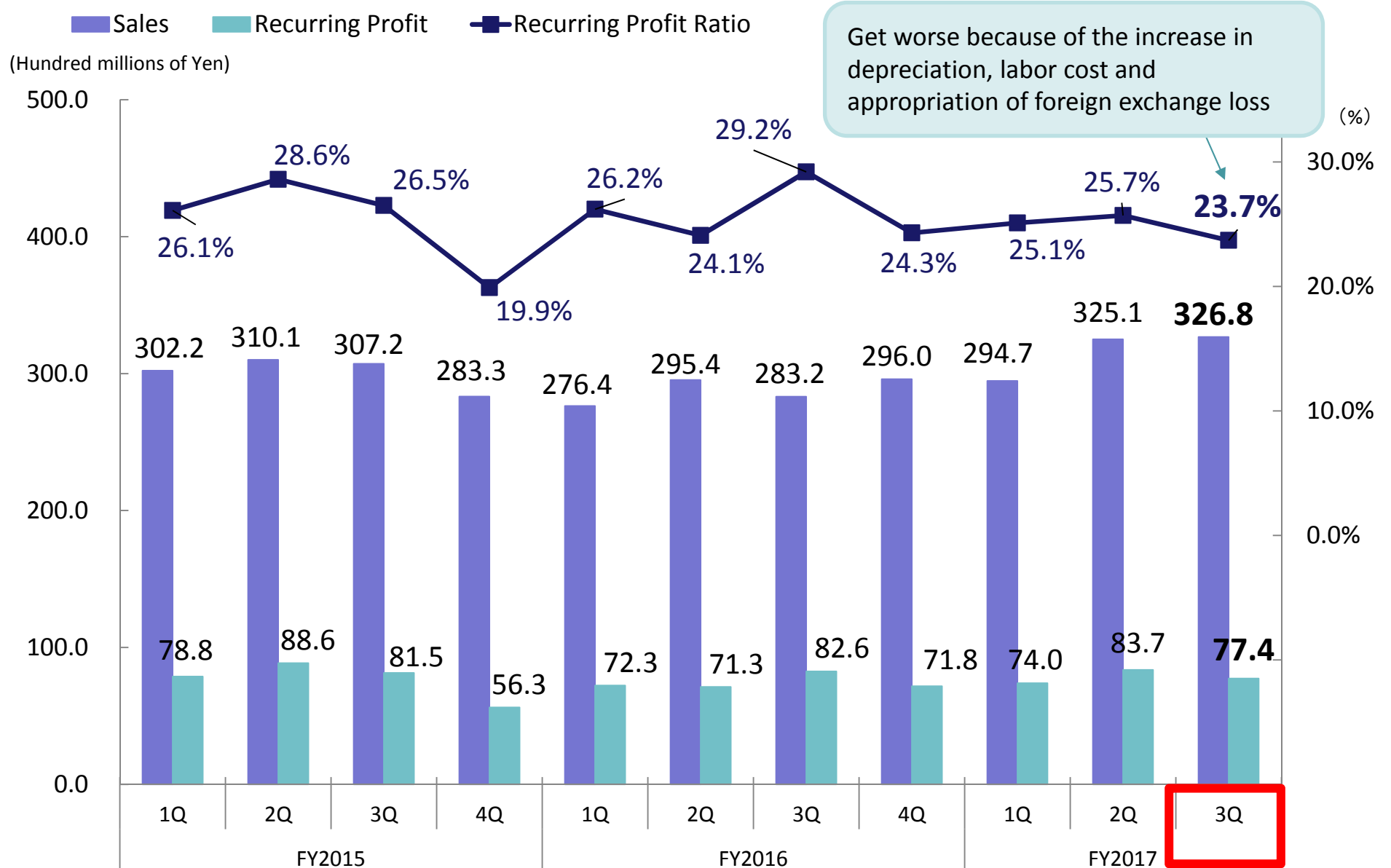
	FY2016 3Q	FY2017 3Q
Currency rate : US\$	106.63 Yen	111.70 Yen
Currency rate : €	118.02 Yen	128.53 Yen
Currency rate : 100won	9.30 Yen	9.97 Yen



Unit : hundred millions of Yen

YoY Currency effect amount	
Sales	+39.5
Operating Profit	+18.0
Recurring Profit	+12.6

Quarterly Sales and Profits



Changes in Consolidated Balance Sheet

Unit: hundred millions of yen

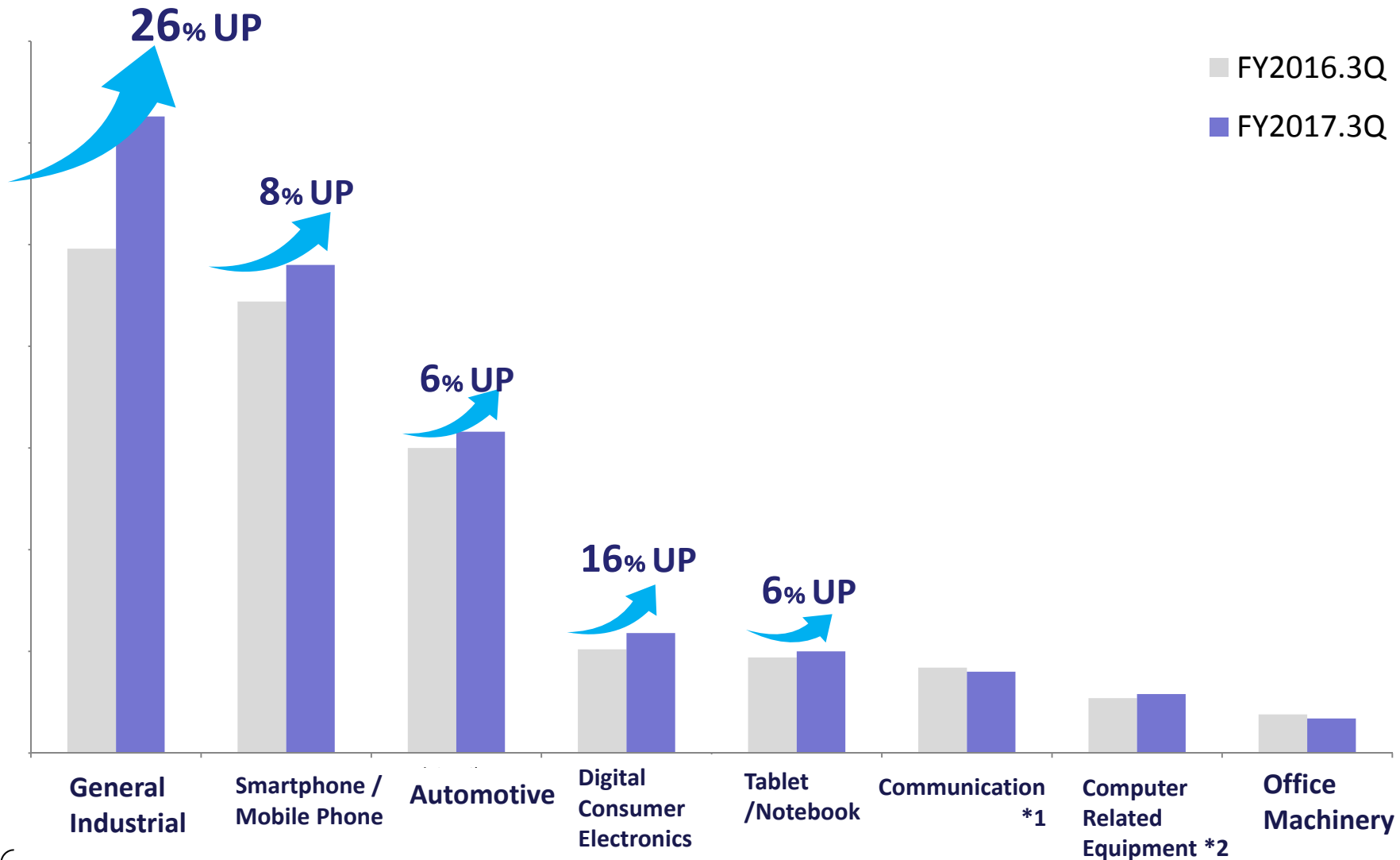
	Account	Mar 31, 2017	Dec 31, 2017	Increase / Decrease	Remark
A S S E T S	Cash and Cash in Bank	1,852.5	1,860.6	8.1	Slightly increased by offsetting dividend payout (125.4 hundred millions of yen) with government bond redemption.
	Trade Receivables	284.9	315.0	30.1	Increase in Sales
	Securities	218.9	149.0	-69.9	Decrease due to government bond redemption, etc
	Inventories	88.9	119.4	30.5	Increase in finished goods (would be reflected to 4Q Sales)
	Noncurrent Assets	455.9	530.7	74.8	Increase in machinery equipment and metal molds, etc
	Investment Securities	264.5	323.9	59.4	Increase in corporate bond, etc
	Others	101.4	103.9	2.5	
	Total Assets	3,267.0	3,402.5	135.5	

Changes in Consolidated Balance Sheet

Unit: hundred millions of yen

	Account	Mar 31, 2017	Dec 31, 2017	Increase / Decrease	Remark
Liabilities	Notes Payable and Account Payable	113.9	135.5	21.6	Increase in domestic factories
	Income Taxes Payable	37.6	30.6	-7.0	Interim Payment
	Others	152.5	185.0	32.5	Increase in account payable
		304.0	351.1	47.1	
Shareholder's Equity	Retained Earnings	3,214.9	3,251.8	36.9	Net profit 162.2 - Dividend 125.4
	Treasury Stocks	- 589.0	-583.7	5.3	The exercise of stock options
	Valuation Variance	73.7	76.3	2.6	
	Foreign Currency Transaction Adjustments	53.1	96.2	43.1	Because of weaker yen
	Others	210.3	210.8	0.5	
	Total	2,963.0	3,051.4	88.4	
Total Liabilities and Shareholder's Equity		3,267.0	3,402.5	135.5	Equity Ratio : 89.6%

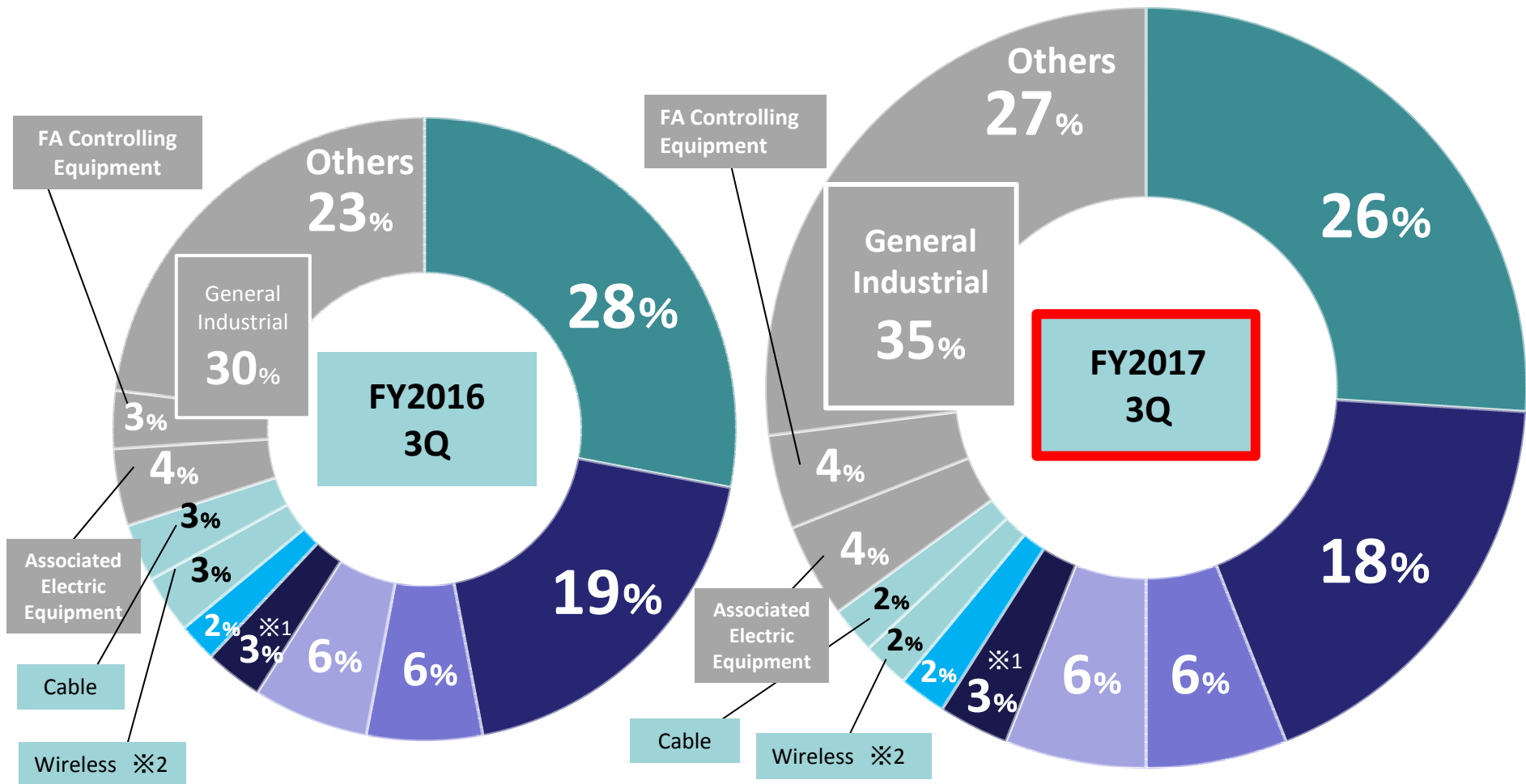
Sales Changes by Application (round number) 【Consolidated Basis】



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

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

Sales by Application (round number) (Consolidated Basis)

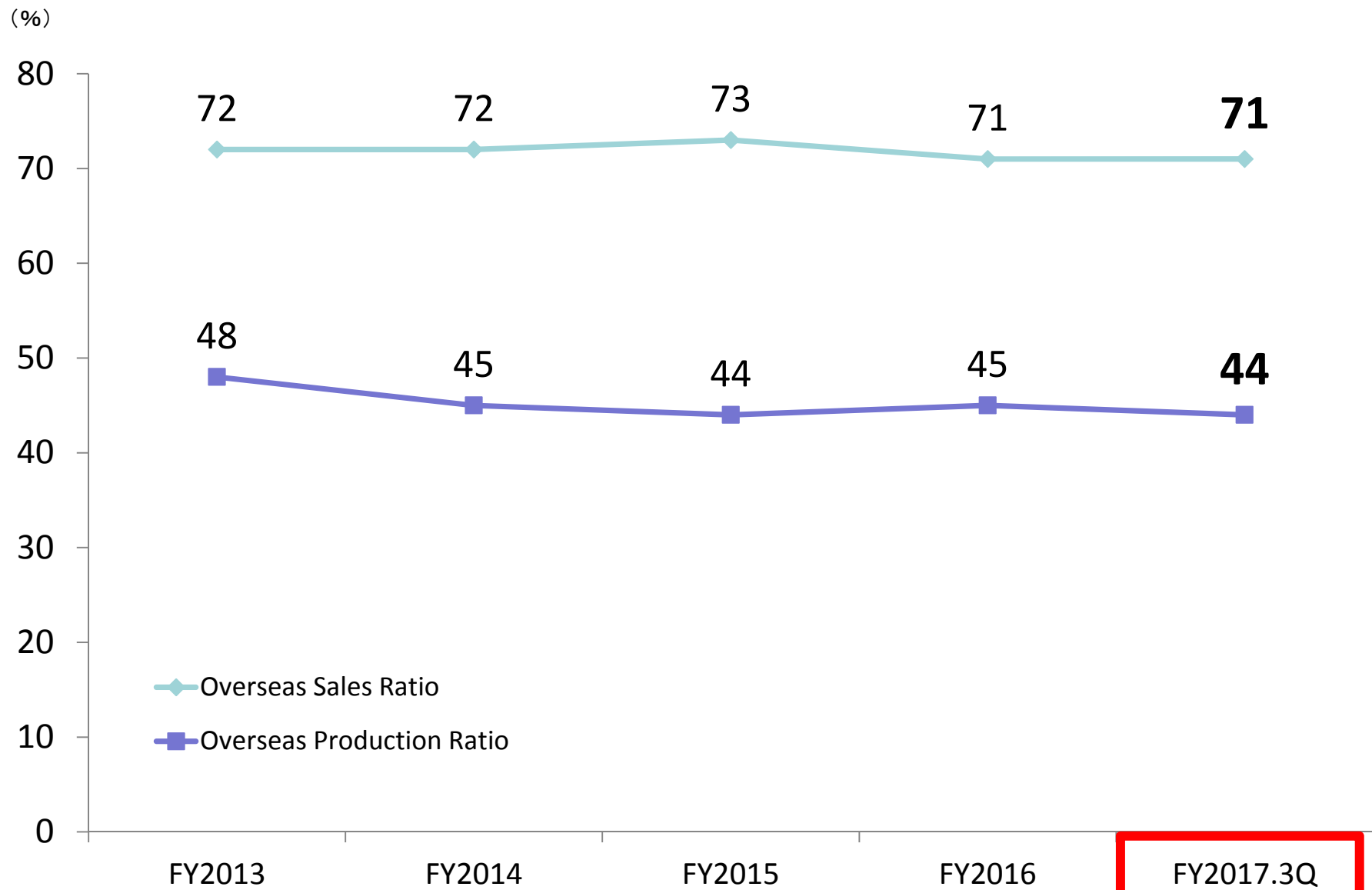


■ Smartphone / Mobile
 ■ Automotive
 ■ Digital Consumer Electronics
 ■ Tablet / Notebook PC
 ■ Computer Related Equipment
■ Office Machinery
 ■ Communication (Wireless / Cable)
 ■ General Industrial (Associated Electric Equipment / FA Controlling Equipment / Others)

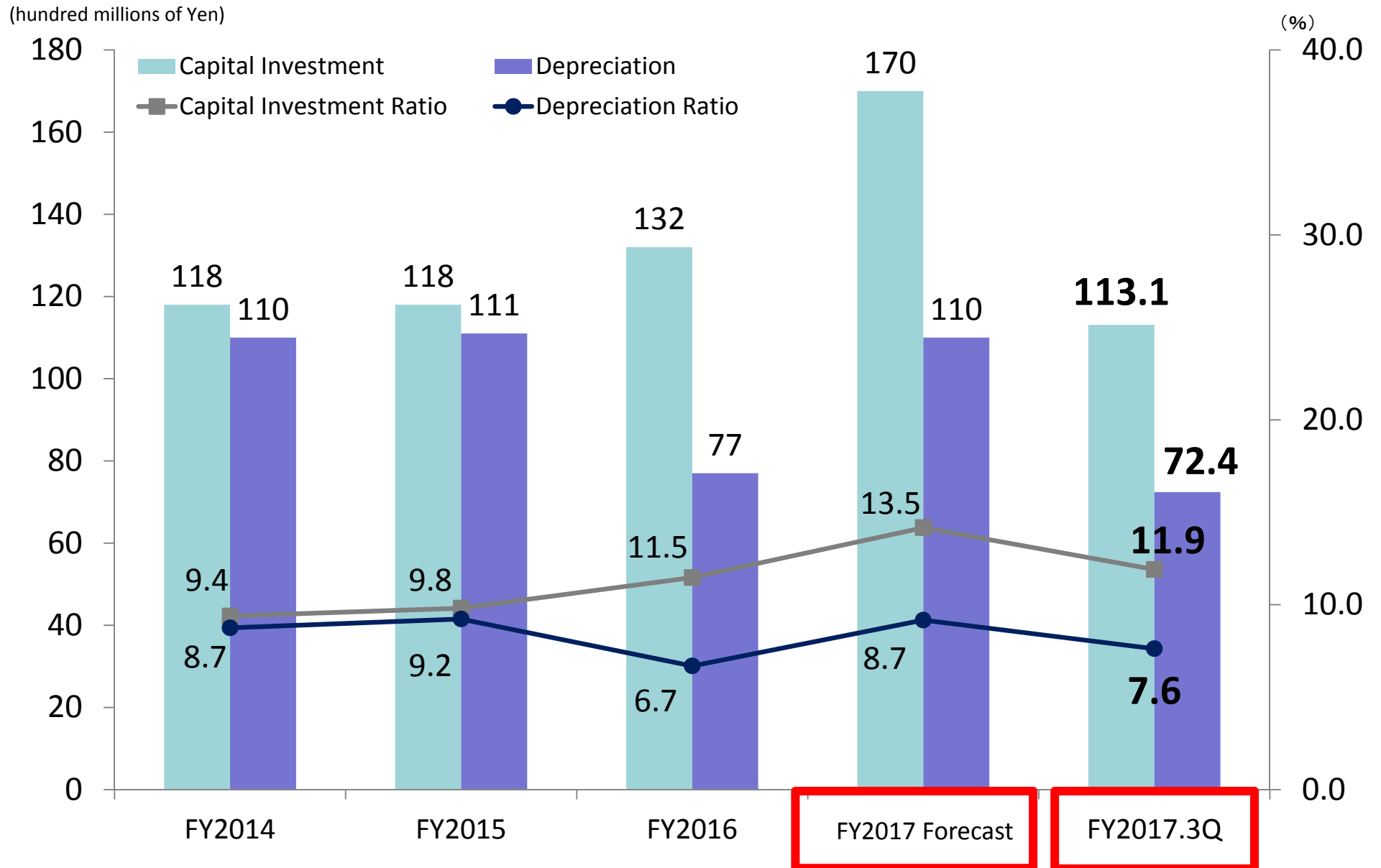
As this is in round number, please be noted that some ratio difference may occur. Thank you for your understanding.

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

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, 2018 (Consolidated)



After Jan, 2018	Currency Rate
1\$ = 110 yen	
1€ = 130 yen	
100won = 10 yen	

There is no change from previous figures (October, 2017)

Unit : hundred millions of Yen

	FY2016(FY ended Mar 31, 2017) Actual		FY2017(FY ended Mar 31, 2018) 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	571.8	1,151.0	619.8	1,260.0	48.0	8.4%	109.0	9.5%
COGS	53.4%	53.1%	52.5%	53.8%				
Operating Profit	142.9	284.8	151.4	292.0	8.5	6.0%	7.2	2.5%
(%)	25.0%	24.7%	24.4%	23.2%				
Recurring Profit	143.6	298.0	157.7	303.0	14.1	9.8%	5.0	1.7%
(%)	25.1%	25.9%	25.4%	24.0%				
Net Profit	101.3	213.6	109.2	214.0	7.9	7.8%	0.4	0.2%
(%)	17.7%	18.6%	17.6%	17.0%				
Income Per Share	—	611.81Yen	—	614.73Yen				
Dividend Per Share	120 Yen	240 Yen	240 Yen	480 Yen				
Consolidated Dividend Payout Ratio	—	39.2%	—	78.1%				

Currency Ratio	FY2016 Actual	FY 2017 Forecast	(Forecast as of October, 2017)
1US\$	108.38 Yen	111.28 Yen	(110.53 Yen)
1€	118.79 Yen	128.90 Yen	(125.64 Yen)
100won	9.45 Yen	9.97 Yen	(9.82 Yen)

**HRS's 80th anniversary commemorative dividend (240 yen/share annually) is included in FY2017 Dividend Per Share

1. About the Allotment of Share without Contribution

Purpose : To enhance shareholder return and increase share liquidity.

Outline : Hirose's treasury stock (about 1.7 million shares) will be allotted without contribution with the ratio of 0.05 common share per each common share owned by shareholders listed or recorded in the final registry as of March 31, 2018.
[Effective date : April 1, 2018]

2. About "The Basic Policy for holding and cancellation of treasury stocks"

Purpose : To dispel the concern that the release of treasury stocks in the future might cause the dilution of stocks.

Outline : The maximum amount of treasury stocks which could be secured has been set as about 5% of total issued stocks.
At this time, the treasury stock which remains after "the allotment share without contribution" is conducted will be subject to the cancellation.
(except for 5% of total issued stocks which could be secured as above)
The cancellation of treasury stocks (about 1.5 million shares) will be performed by the end of June, 2018.



Becoming a corporate group that
contributes to realize an affluent society...
By connecting wisdom and producing high
value-added products.

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