

# **Consolidated Financial Results Briefing Materials for 3rd Quarter of Fiscal Year Ending March 31, 2016**

**IRISO ELECTRONICS CO., LTD.  
*Stock Code: 6908*  
(February 5, 2016)**

## Summary for the first three quarters

Weakening of the yen helped to increase the net sales to a record high, but the income declined due to a decrease in production volume of high-class vehicles in China and other countries.

### 【By market】

Automotive AVN : sluggish sales due to the partial production adjustment mainly in China.

Automotive Electronics : grew strongly mainly for car-mounted cameras and radars.

Consumer : declined for gaming applications and digital cameras.

### 【By area】

The US : increased because of the strong automotive market as well as production transfer from Asia including China.

China, Taiwan & South Korea : declined in the automotive and consumer segments.

## Summary for the third quarter

- The net sales decreased year-on-year because of the production adjustment in the Chinese and EU car-AVN markets, and falling demand in Consumer segment.
- Cost reduction plan including additional measures has been promoted as planned.

### 【Topics】

Started full-scale shipment of “Z-Move” , a newly developed BtoB floating connector, which can be applied for drivetrain of a vehicle.

## 2. Consolidated Results for 3Q Fiscal Year Ending March 31, 2016 (YoY Change)



Unit: Millions of yen

	3Q Year Ended March 31, 2015	3Q Year Ending March 31, 2016	YoY change
Net sales	27,721	28,769	1,048 3.8%
Operating income	5,195	4,819	(376) (7.2)%
Ordinary income	5,484	5,019	(465) (8.5)%
Net income	4,004	3,630	(374) (9.3)%
EPS	349.85 yen	317.23 yen	
Average exchange rate during the period	USD 107.27 yen EURO 140.50 yen	121.49 yen 133.67 yen	14.22 yen (6.83) yen

### 3. Breakdown of Net Sales (by Market)

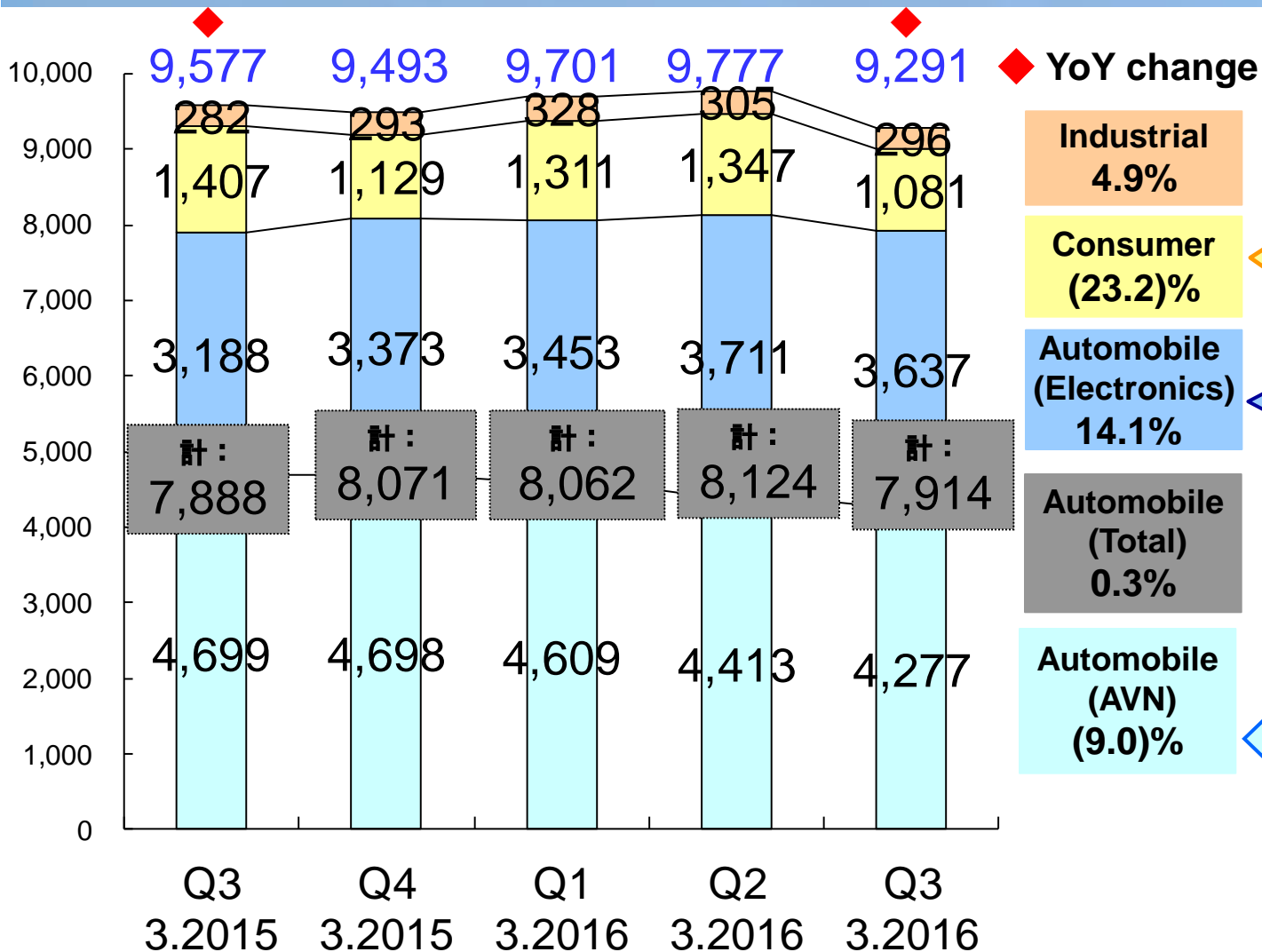
Unit: Millions of yen

		3Q Year Ending March 31, 2016	YoY change	Sales ratio	Factors for increase/decrease
<b>Automotive (Automobile)</b>		24,101	7.2%	83.8%	
<b>Category</b>	<b>AVN</b> (Car audio, visual, navigation systems, etc.)	13,299	(1.5)%	46.2%	<ul style="list-style-type: none"> <li>Overseas 83.2% YoY Change in sales 0.1 %</li> <li>Strong results primarily in U.S.A.</li> <li>Sales in safety products (radar&amp;camera)</li> </ul>
	<b>Electronics</b> (Other electric components)	10,802	20.3%	37.5%	YoY Change in sales about 70%
<b>Consumer</b> (Digital cameras, cellular telephones, televisions, OA, game equipment, etc.)		3,739	(13.9)%	13.0%	<ul style="list-style-type: none"> <li>Sales in the game equipment decreased that had been to wing the past two years.</li> </ul>
<b>Industrial</b> (Industrial equipment, etc.)		929	3.7%	3.2%	<ul style="list-style-type: none"> <li>Increase because of inverter, etc</li> </ul>
<b>Total</b>		28,769	3.8%	100.0%	<ul style="list-style-type: none"> <li>The highest past sales</li> </ul>

Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.

# 4. Net Sales by Market (Quarterly Trends)

Unit: Millions of yen



**Consumer (23.2%)**

- Declined mainly for gaming applications and digital cameras.
- Increased for OA applications in the nine months.

**Automobile (Electronics) 14.1%**

- Boosted by strong sales for safety equipment.
- Started full market launch for drivetrain of a vehicle.

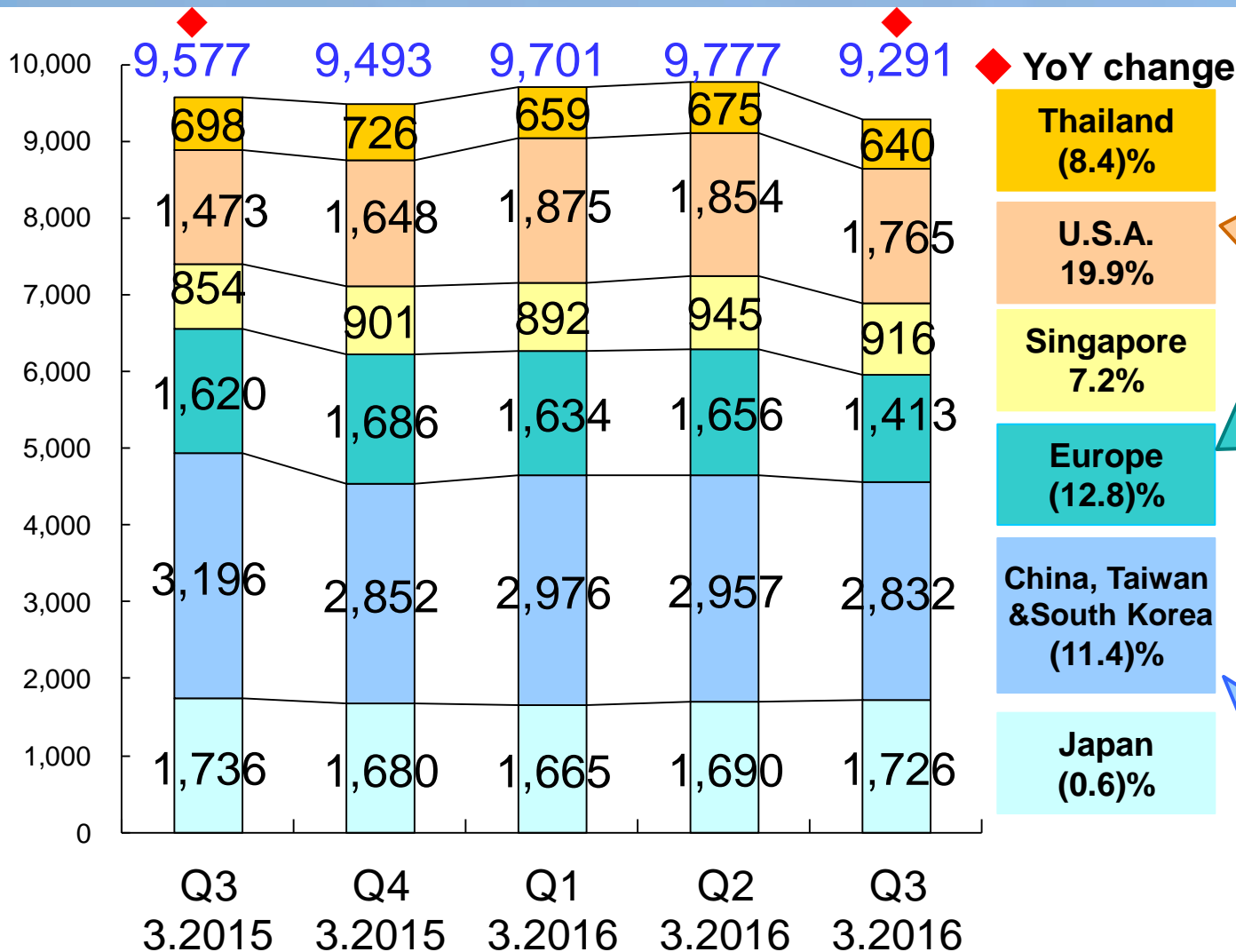
**Automobile (AVN) (9.0%)**

- Declined due to the production adjustment of high-class vehicles in China & EU.
- Increased for display audio applications in the nine months.
- Expected to recover in 4Q.

□ Automobile (AVN)    □ Automobile (Electronics)    □ Consumer    □ Industrial

# 5. Net Sales by Area (Quarterly Trends)

Unit: Millions of yen



**Thailand (8.4%)**

- Automotive segment trended favorably partially because of production increase in and production transfer to Central America.

**U.S.A. (19.9%)**

**Singapore (7.2%)**

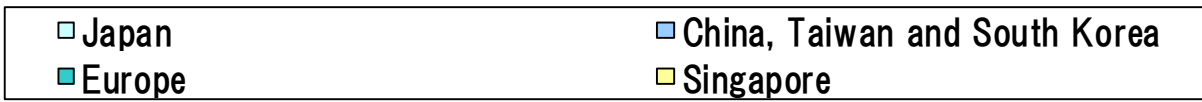
**Europe (12.8%)**

- Impact of the weak euro.
- Affected by seasonal factors
- Declined due to production adjustment in automotive AVN market.
- Expected to increase in quantity in 4Q.

**China, Taiwan & South Korea (11.4%)**

**Japan (0.6%)**

- Declined in automotive AVN and consumer segments, mainly for gaming applications.



## 6. Consolidated Statements of Income (Cumulative) (YoY Change)



Unit: Millions of yen

	3Q Year Ended March 31, 2015		3Q Year Ending March 31, 2016		YoY change	
<b>Net sales</b>	27,721	100.0%	28,769	100.0%	1,048	3.8%
<b>Cost of sales</b>	17,547	63.4%	18,667	64.9%	1,120	6.4%
<b>Gross profit</b>	10,174	36.6%	10,102	35.1%	(72)	(0.7)%
<b>SG &amp; A</b>	4,979	17.8%	5,282	18.4%	303	6.1%
<b>Operating income</b>	5,195	18.8%	4,819	16.8%	(376)	(7.2)%
<b>Non-operating income</b>	303	0.2%	227	0.8%	(76)	(25.1)%
<b>Non-operating expenses</b>	14	(0.1)%	27	0.1%	13	92.9%
<b>Ordinary income</b>	5,484	18.9%	5,019	17.4%	(465)	(8.5)%
<b>Extraordinary income (loss)</b>	(218)	(0.4)%	(50)	(0.2)%	168	—
<b>Pretax income</b>	5,265	18.5%	4,969	17.3%	(296)	(1.8)%
<b>Net income</b>	4,004	14.2%	3,630	12.6%	(374)	(9.3)%
<b>EPS</b>	349.85		317.23		—	
<b>Exchange rate (USD/EURO)</b>	107.27 Yen/		121.49 Yen/		14.22 Yen/	
	140.50 Yen		133.67 Yen		(6.83) Yen	

## 7. Consolidated Balance Sheets (compared to the end of the previous year)



Unit: Millions of yen

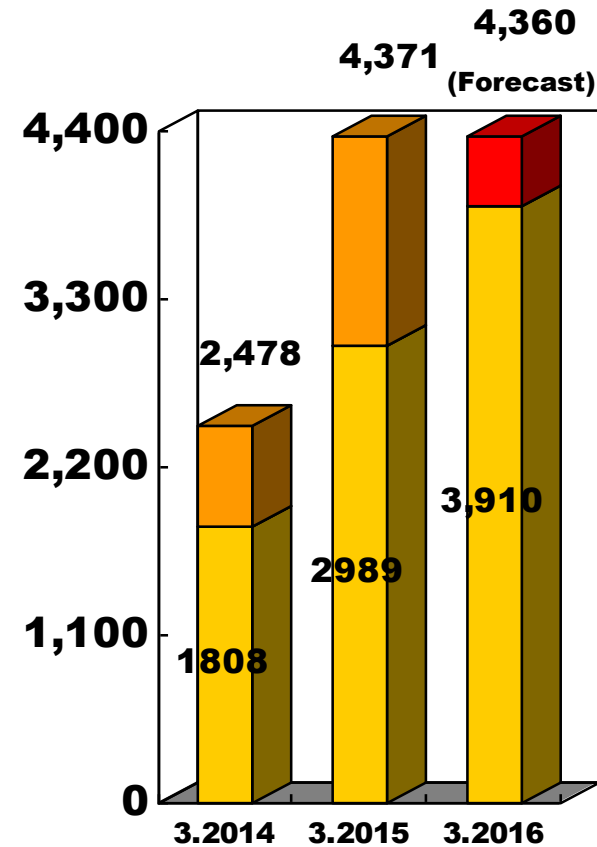
	As of March 31, 2015		As of December 31, 2016		Compared to the end of the previous year	Factors for increase/decrease
<b>Current assets</b>	27,492	60.2%	29,306	59.9%	1,814	Cash and deposits 2,226 Products <sup>241</sup> Notes and accounts receivable-trade (452) tangible property 1,569
<b>Noncurrent assets</b>	18,191	39.8%	19,598	40.1%	1,407	
<b>Total assets</b>	45,684	100.0%	48,905	100.0%	3,221	
<b>Current liabilities</b>	6,753	14.8%	7,714	15.8%	961	Other accounts payable <sup>394</sup> Notes and accounts payable-trade <sup>278</sup>
<b>Noncurrent liabilities</b>	932	2.0%	808	1.7%	(124)	Long-term loans payable(43)
<b>Total liabilities</b>	7,686	16.8%	8,522	17.4%	836	
<b>Shareholders' equity</b>	33,186	72.6%	36,130	73.9%	2,944	Retained earnings 2,944
<b>Valuation/translation difference</b>	4,699	10.3%	4,104	8.4%	(595)	Foreign currency translation adjustment (610)
<b>Minority interests</b>	111	0.2%	148	0.3%	37	
<b>Total net assets</b>	37,997	83.2%	40,383	82.6%	2,385	Net assets per share 3,515.31 yen (previous period 3,310.07 yen)
<b>Total liabilities and net assets</b>	45,684	100.0%	48,905	100.0%	3,221	



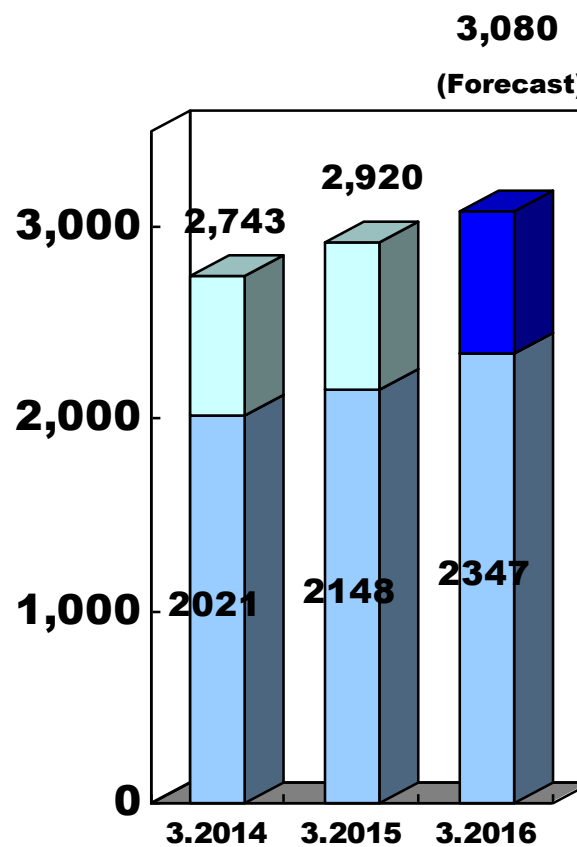
# 8. Capital Investment, Depreciation & Amortization and Research & Development



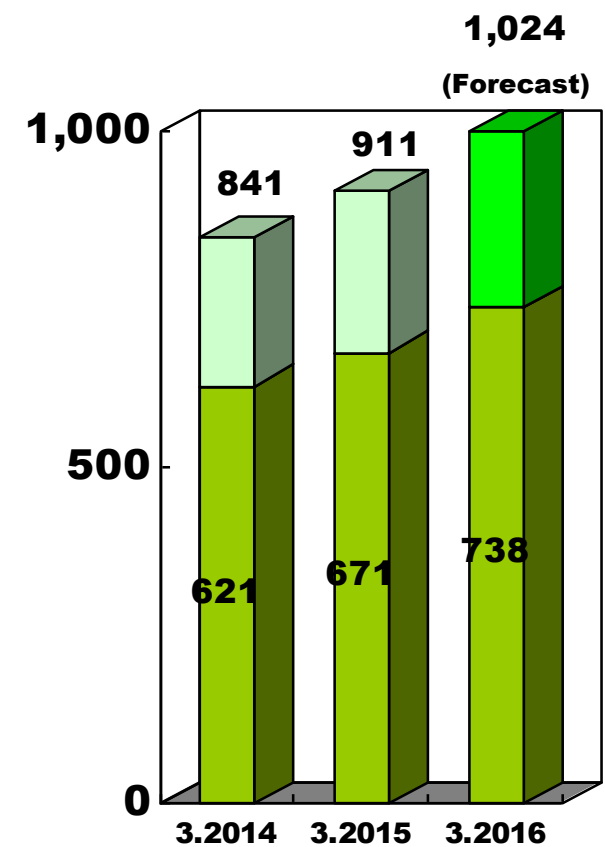
Unit: Millions of yen



**Capital Investment**



**Depreciation & Amortization**



**Research & Development**

**Note: The middle section of the chart is the results of the third-quarter total. And the upper section is the third-quarter full-year results, but 3.2016 is forecast.**

## 9. Full-Year Targets (YoY change)

Unit: Millions of yen

	As of March 31, 2015	Full Year targets	YoY change
Net sales	37,214	40,000	2,786 7.5%
Operating income	6,872	7,200	328 4.8%
Ordinary income	6,909	7,200	291 4.2%
Net income	5,068	5,200	132 2.6%
Average exchange rate during the period	USD 110.03 yen EURO 138.68 yen	120.00 yen 130.00 yen	

<b>Company name</b>	<b>IRISO ELECTRONICS CO., LTD.</b>
<b>Business description</b>	<b>Manufacture and sales of various types of connectors</b>
<b>Establishment</b>	<b>December 1966</b>
<b>Number of employees</b>	<b>Domestic 344; overseas 3,630 (as of March 31, 2015)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2015)</b>
<b>Headquarters</b>	<b>2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa</b>
<b>Operations</b>	
<b>Domestic</b>	<b>Headquarters, Iwate, Ibaraki, Aichi, Osaka</b>
<b>Overseas</b>	<b>Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou), Malaysia, Taiwan, India</b>
<b>Research &amp; development</b>	<b>Headquarters (IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&amp;D Center</b>
<b>Manufacturing plants</b>	<b>Ibaraki, China (Shanghai), Philippines, Vietnam (Hanoi)</b>