



**Consolidated Financial Results  
Briefing Materials  
For  
Fiscal Year Ending March 31, 2016**

**IRISO ELECTRONICS CO., LTD.  
*Stock Code: 6908*  
(May 6, 2016)**



## Summary for the full year

- Continued strength in car electronics and weakening of the yen increased the net sales to a record high.
- Despite cost reduction efforts to cover the unanticipated price down due to the depreciation of the yen, profits decreased because of the slowdown in demand in the automotive market mainly in China and the decline in gaming applications.

### 【By market】

- Consumer segment : declined in gaming applications and digital cameras.
- Automotive segment : despite the decline in AVN, the sales increased because of the sharp growth in safety applications such as cameras and radars in car electronics.

### 【By area】

- U.S.A. : increased significantly because of the strong automotive market as well as production transfer from Asia including China.
- China, Taiwan & South Korea : declined in consumer segment.

### 【Topics】

- Sales increased steadily in car safety related products (car-mounted cameras and radars).
- Started full-scale shipment of “Z-Move™”, a newly developed BtoB floating connector, which can be applied for drivetrain of a vehicle.

## Summary for the fourth quarter

- Business performance went according to the plan, but sales amount decreased due to yen' s appreciation

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



Unit: Millions of yen

	Year Ended March 31, 2015	Year Ending March 31, 2016	YoY change
Net sales	37,214	38,209	995 2.7%
Operating income	6,872	6,568	(304) (4.4)%
Ordinary income	6,909	6,602	(307) (4.4)%
Net income	5,068	4,045	(1,023) (20.2)%
EPS	442.87 yen	353.46 yen	
Average exchange rate during the period	USD 110.03 yen EURO 138.68 yen	120.00 yen 132.19 yen	9.97 yen (6.49) yen



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



Unit: Millions of yen

		Year Ending March 31, 2016	YoY change	Sales ratio	Factors for increase/decrease
<b>Automotive</b> (car-mounted products)		<b>32,257</b>	<b>5.6%</b>	<b>84.4%</b>	<ul style="list-style-type: none"> <li>Strong results primarily in U.S.A.</li> <li>Strong sales in safety products (radar&amp;camera) Increased by 70% YoY</li> </ul>
<b>Category</b>	<b>AVN</b> (Car audio, visual, navigation systems, etc.)	<b>17,545</b>	<b>(3.6)%</b>	<b>45.9%</b>	
	<b>Electronics</b> (Other electric components)	<b>14,712</b>	<b>19.1%</b>	<b>38.5%</b>	
<b>Consumer</b> (Digital cameras, cellular telephones, televisions, OA, game equipment, etc.)		<b>4,692</b>	<b>(14.2)%</b>	<b>12.3%</b>	<ul style="list-style-type: none"> <li>Declined in gaming applications and digital cameras</li> </ul>
<b>Industrial</b> (Industrial equipment, etc.)		<b>1,259</b>	<b>6.0%</b>	<b>3.3%</b>	<ul style="list-style-type: none"> <li>Increased in inverters and smart meters</li> </ul>
<b>Total</b>		<b>38,209</b>	<b>2.7%</b>	<b>100.0%</b>	<ul style="list-style-type: none"> <li>Marked a record high</li> <li>Overseas 81.7%</li> </ul>

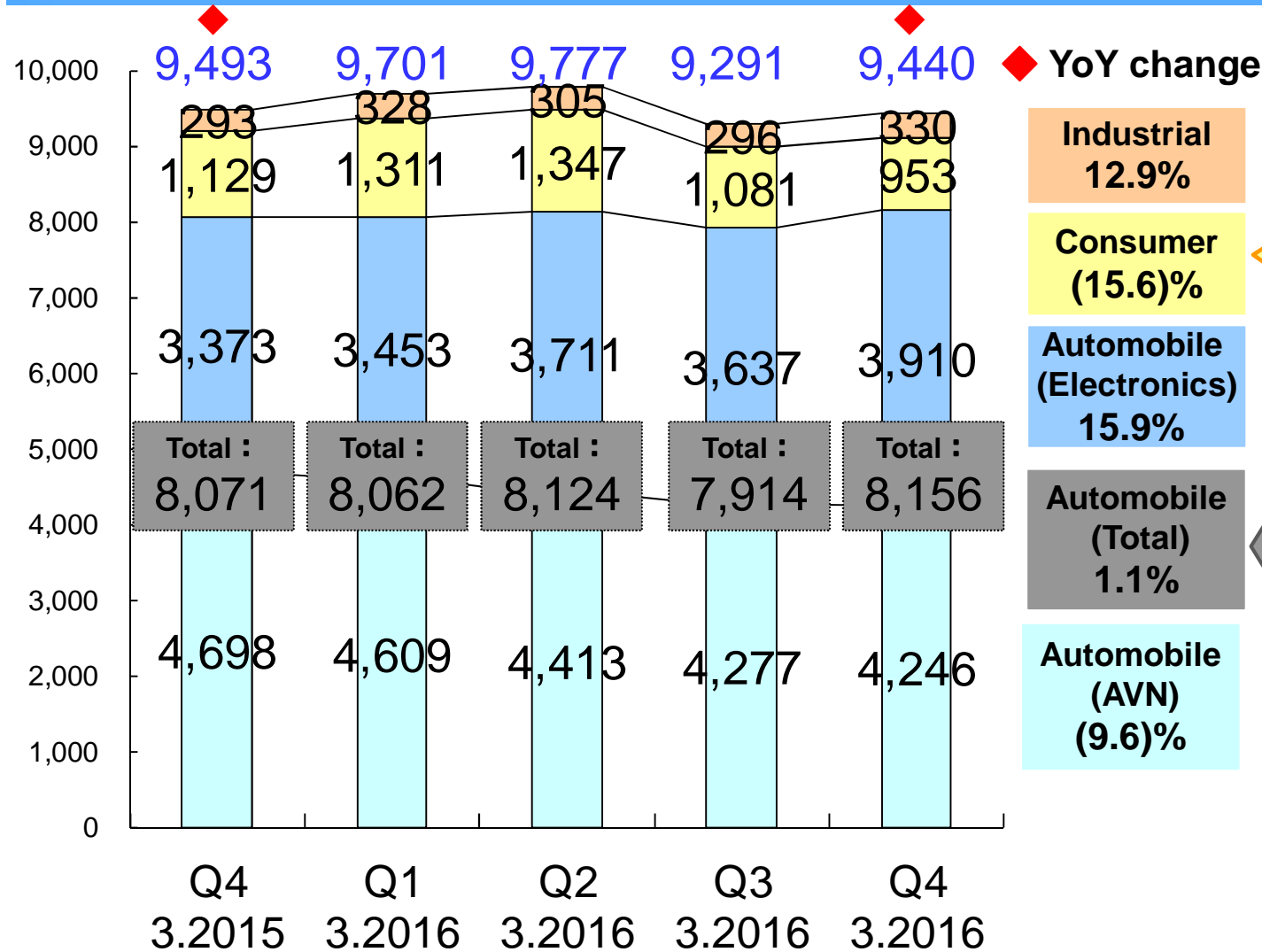
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



# 4. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen



Declined mainly in gaming applications and digital cameras both in Q4 and the full year.

Achieved record quarterly sales in Automotive totally.  
 Sharp growth in safety applications in Electronics covered the decline in AVN.  
 Despite the decline of production volume of vehicles equipped with our connectors, AVN made a recovery in EU compared with the previous quarter (Q3 of FY March, 2016)

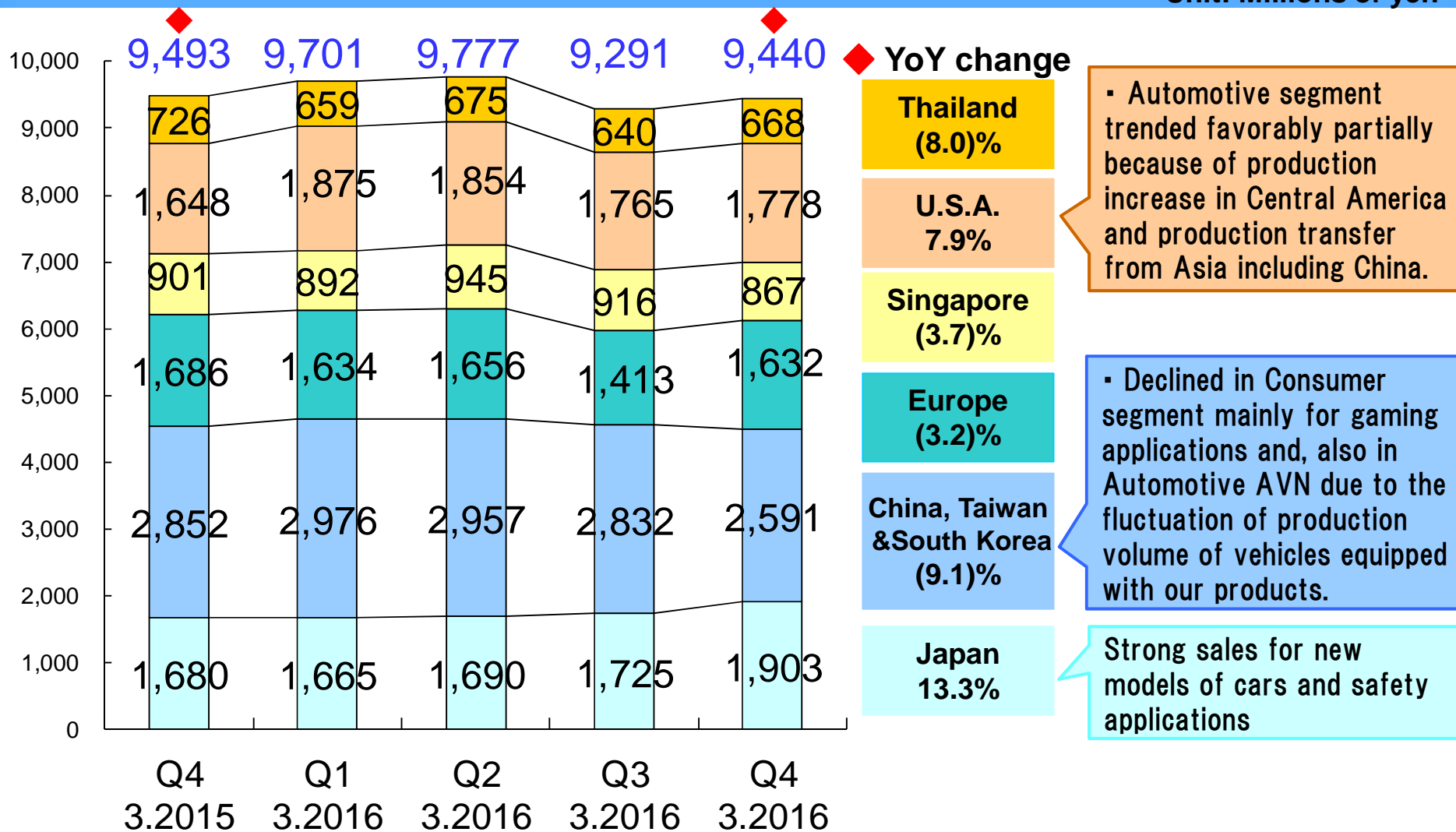
Automobile (AVN) Automobile (Electronics) Consumer Industrial



# 5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



Automotive segment trended favorably partially because of production increase in Central America and production transfer from Asia including China.

Declined in Consumer segment mainly for gaming applications and, also in Automotive AVN due to the fluctuation of production volume of vehicles equipped with our products.

Strong sales for new models of cars and safety applications

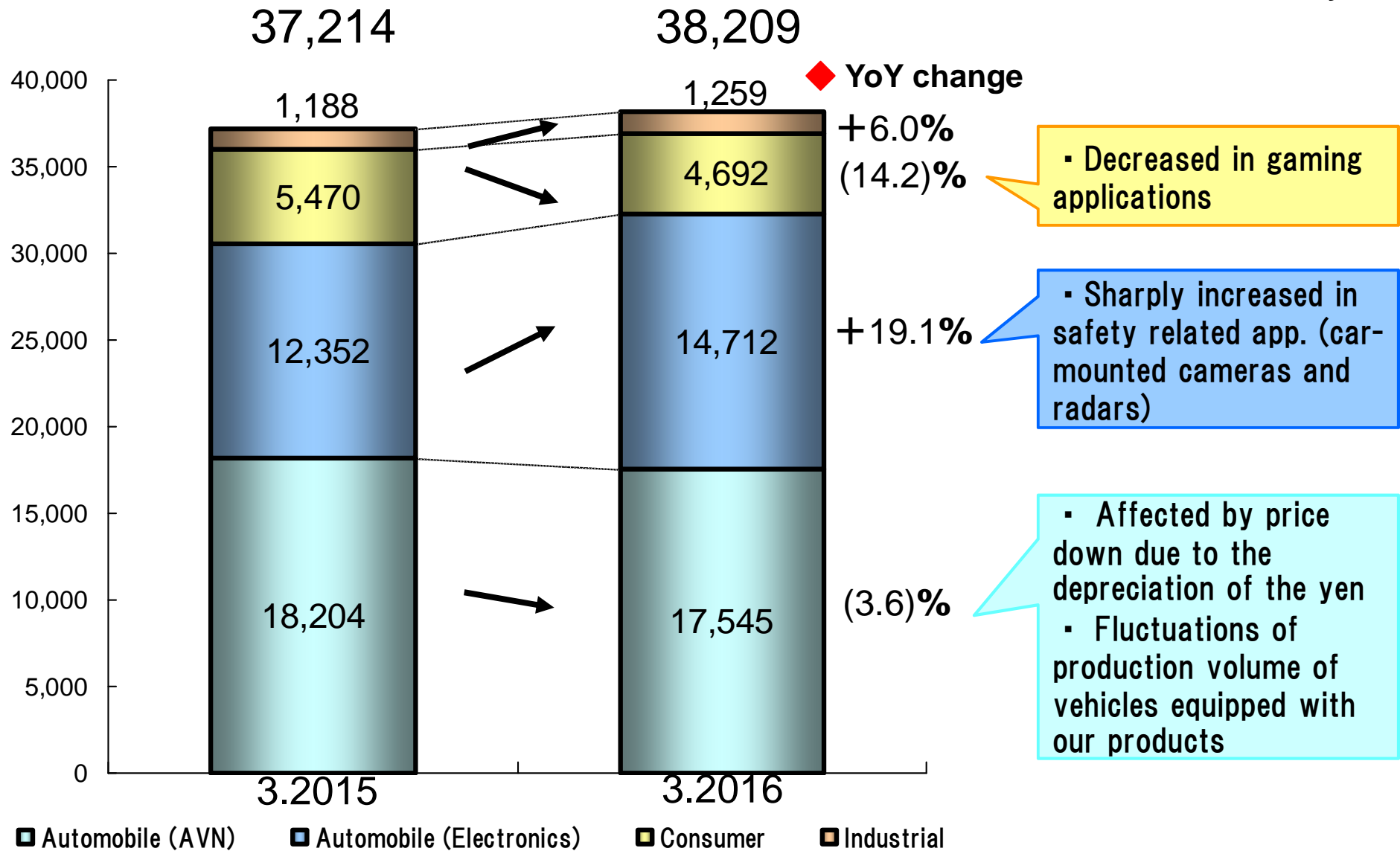




# 6. Net Sales by Market (Full Year)



Unit: Millions of yen

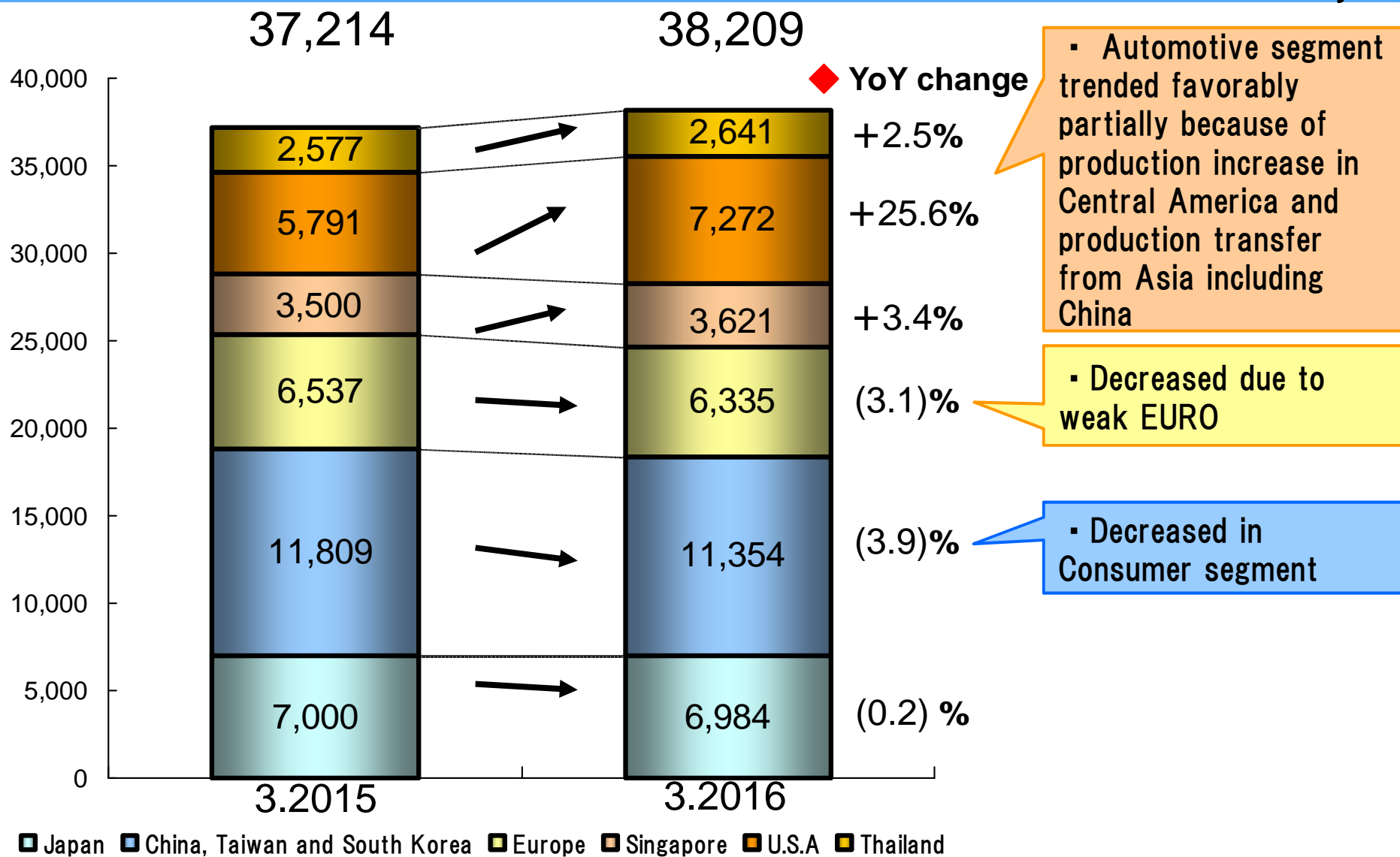




# 7. Net Sales by Area (Full Year)



Unit: Millions of yen



▪ Automotive segment trended favorably partially because of production increase in Central America and production transfer from Asia including China

▪ Decreased due to weak EURO

▪ Decreased in Consumer segment



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



Unit: Millions of yen

	Year Ended March 31, 2015		Year Ending March 31, 2016		YoY change	
<b>Net sales</b>	37,214	100.0%	38,209	100.0%	995	2.7%
<b>Cost of sales</b>	23,628	63.5%	24,642	64.5%	1,014	4.3%
<b>Gross profit</b>	13,586	36.5%	13,566	35.5%	(20)	(0.1)%
<b>SG &amp; A</b>	6,713	18.0%	6,997	18.3%	284	4.2%
<b>Operating income</b>	6,872	18.5%	6,568	17.2%	(304)	(4.4)%
<b>Non-operating income</b>	58	0.2%	75	0.2%	17	29.3%
<b>Non-operating expenses</b>	22	0.1%	41	0.1%	19	86.4%
<b>Ordinary income</b>	6,909	18.6%	6,602	17.3%	(307)	(4.4)%
<b>Extraordinary income (loss)</b>	(304)	(0.8)%	(61)	(0.2)%	243	—
<b>Pretax income</b>	6,605	17.7%	6,541	17.1%	(64)	(1.0)%
<b>Net income</b>	5,068	13.6%	4,045	10.6%	(1,023)	(20.2)%
<b>EPS</b>	442.87		353.46		—	
<b>Exchange rate (USD/EURO)</b>	110.03 Yen/		120.00 Yen/		9.97 Yen/	
	138.68 Yen		132.19 Yen		(6.49) Yen	

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



Unit: Millions of yen

	As of March 31, 2015		As of March 31, 2016		Compared to the end of the previous year	Factors for increase/decrease
<b>Current assets</b>	27,492	60.2%	28,439	59.8%	947	Cash and deposits 1,961 Notes and accounts receivable-trade (635)
<b>Noncurrent assets</b>	18,191	39.8%	19,116	40.2%	925	tangible property 1,163
<b>Total assets</b>	45,684	100.0%	47,556	100.0%	1,872	
<b>Current liabilities</b>	6,753	14.8%	7,471	15.7%	718	Income taxes payable 1,332 Notes and accounts payable-trade (416)
<b>Noncurrent liabilities</b>	932	2.0%	788	1.7%	(144)	Long-term loans payable (57)
<b>Total liabilities</b>	7,686	16.8%	8,259	17.4%	573	
<b>Shareholders' equity</b>	33,186	72.6%	36,544	76.8%	3,358	Retained earnings 3,359
<b>Valuation/translation difference</b>	4,699	10.3%	2,587	5.4%	(2,112)	Foreign currency translation adjustment (2,094)
<b>Minority interests</b>	111	0.2%	164	0.3%	53	
<b>Total net assets</b>	37,997	83.2%	39,296	82.6%	1,298	Net assets per share 3,418.96 yen (previous period 3,310.07 yen)
<b>Total liabilities and net assets</b>	45,684	100.0%	47,556	100.0%	1,872	

## 10. Cash Flows



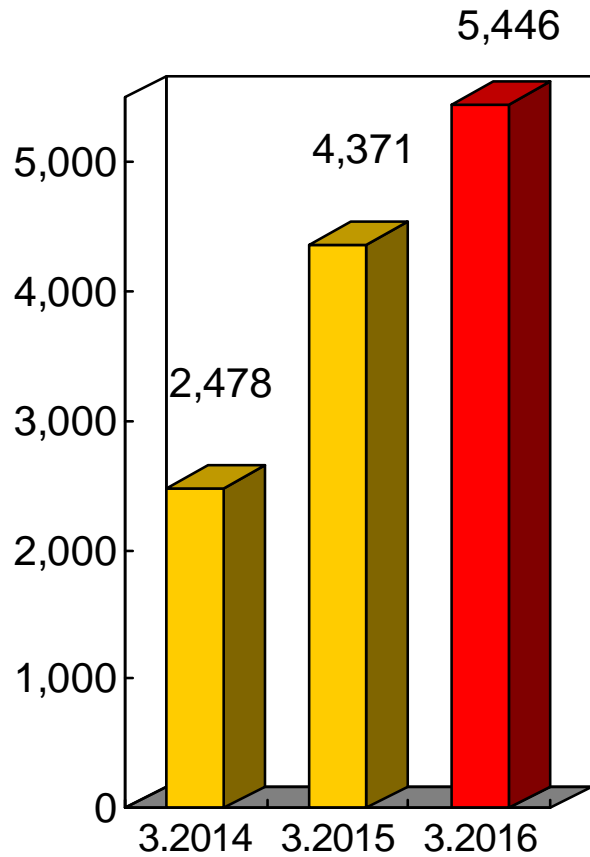
Unit: Millions of yen

	Year Ended March 31, 2015	Year Ending March 31, 2016	Increase /Decrease
<b>Cash flows from operating activities</b>	7,726	8,598	872
Decrease (increase) in notes and accounts receivable - trade	(40)	(323)	(283)
Increase (decrease) in notes and accounts payable - trade	(661)	173	834
<b>Cash flows from investing activities</b>	(4,287)	(5,370)	(1,083)
Purchase of property, plant and equipment	(4,270)	(5,444)	(1,174)
Purchase of intangible assets	(101)	(2)	99
<b>Cash flows from financing activities</b>	(610)	(744)	(134)
Net increase (decrease) in short- term loans payable	(93)	—	—
Purchase of treasury shares	—	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	3,455	1,961	1,494
<b>Cash and cash equivalents at end of period</b>	11,089	13,051	1,962

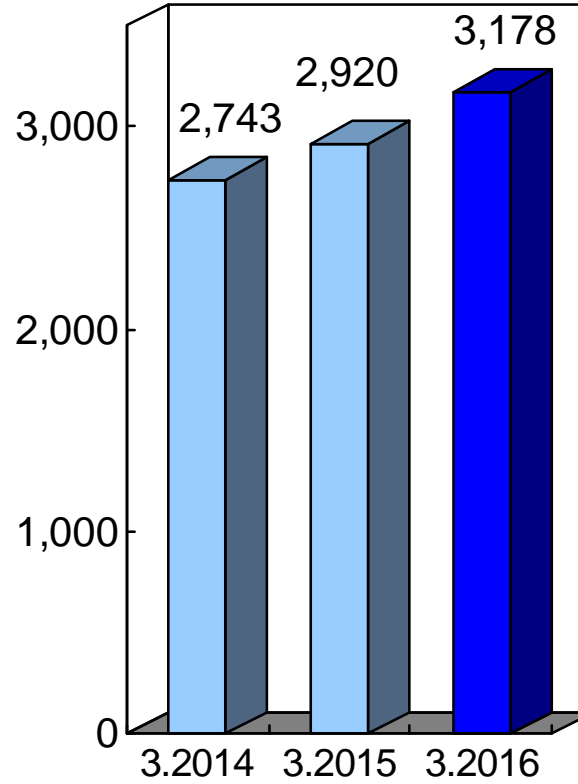
# 11. Capital Investment, Depreciation & Amortization and Research & Development



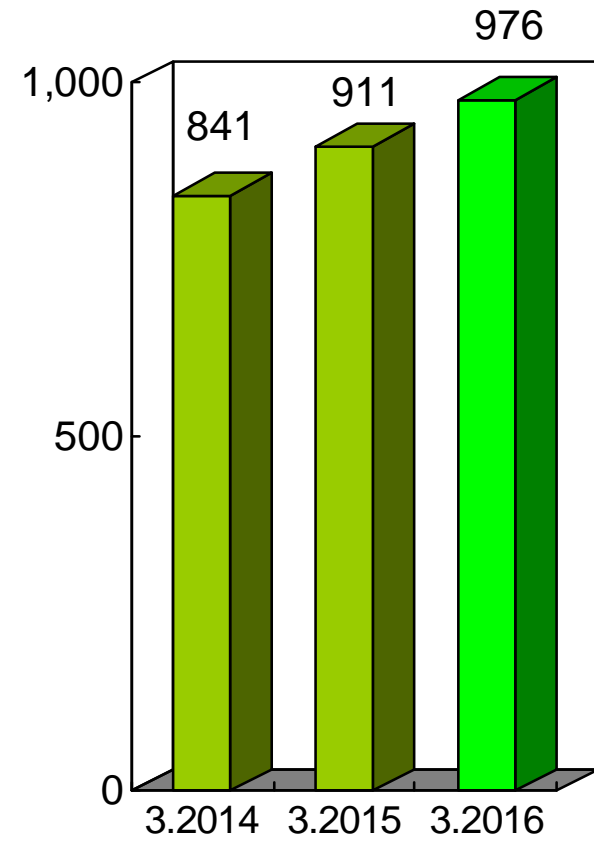
Unit: Millions of yen



**Capital Investment**



**Depreciation & Amortization**



**Research & Development**

## 12. Full-Year Targets for Fiscal Year Ending March 31, 2017 (YoY Change)



Unit: Millions of yen

	As of March 31, 2016	Full Year targets of March 31, 2017	YoY change
Net sales	38,209	38,300	91 0.2%
Operating income	6,568 (17.2%)	6,900 (18.0%)	332 5.0%
Ordinary income	6,602 (17.3%)	6,900 (18.0%)	298 4.6%
Net income	4,045 (10.6%)	5,100 (13.3%)	1,055 26.1%
EPS	353.46 yen	445.48 yen	
Average exchange rate during the period	USD 120.00 yen EURO 132.19 yen	110.00 yen 120.00 yen	

13. Full-Year Targets for Fiscal Year Ending March 31, 2017 (Assumptions for the forecasts)



Items	Assumptions
	USD ¥110.0 / \$
Exchange rate	EUR ¥120.0 / €
	RMB ¥16.50 / RMB
Capital investment	¥9,360M
Depreciation & Amortization	¥3,690M
Research & Development	¥1,060M

## 14. Key Points of Forecasts for Fiscal Year Ending March 31, 2017



### (1) Sales forecast 38,300 million yen (+ ¥91M)

- The amount in yen is expected to remain almost same as the previous year due to the strong yen.
- We are planning to increase sales volume mainly in car-electronics market in USA and EU by about 10% YoY.





### (2) Operating income forecast 6,900 million yen (+ ¥318M)

- It is expected to increase by reducing cost through automation and rationalization efforts, and promoting in-house production of key processes to improve cost rate.

### (3) Net income forecast 5,100 million yen (+ ¥1,055M)

- There will be a decrease in corporate income tax.

## ( IRISO Business Trends by Market)

Market	Key Point	Trend
Automotive (AVN)	Advanced functionality→ supporting high-speed transmission, providing multipole BtoB connector, expanding market share	
Automotive (Electronics)	Advanced safety technology→ increasing in camera and radar Growth of EV/HEV/FCV→ expanding sales of <b>Z-Move™</b>	
Consumer	Development of cost competitive connectors Strengthening our product lineup for Auto I-Lock connectors	
Industrial	IoT & Industry4.0→ Providing solution services with connectors for automatic assembly by robots, and expanding indirect sales	

※Z-Move™ is the world first BtoB connector which allows for movements in three directions

### (1) PA25 (Projects of Automobile Application 5)

Focusing on five applications expected to change and expand in the future, we will develop new products, and commit to sales and marketing globally, in order to expand sales significantly in the automotive market including safety field.

### (2) Developing sales activities globally and concurrently for products unique to IRISO including Z-Move™

Aiming to acquire new customers and increase our share of purchase amount by each customer, we will strengthen overseas sales capabilities.



We will make an unprecedented investments based on our business plan (almost double the average)

### (1) Investment for new product development

- Sales and Engineering departments collaborate to accelerate development of new products that anticipate customers' needs in growing markets.

### (2) Enhancement of cost competitiveness

- Investing in proactive rationalization mainly in Shanghai Plant
- Increasing in-house production ratio in the key processes including molding, pressing, plating

### (3) Preparation for production increase

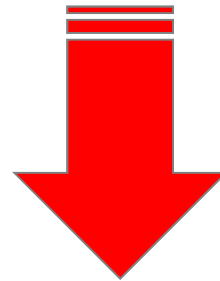
- Strengthening manufacturing facilities to prepare for sales expansion in and after 2018, targeting the Europe and the US market



**Sales Expansion**

**Unrivalled product  
development**

**Stronger Cost  
Competitiveness**



**Create a higher profitable business structure**



<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>3,595 (as of March 31, 2016)</b>
<b>Capital</b>	<b>5,640 million yen (as of March 31, 2016)</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>