



**Consolidated Financial Results
Briefing Materials
for 2nd Quarter of
Fiscal Year Ending March 31, 2017**

**IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Nov 1, 2016)**



Summary for the first half

Impact of exchange rate

Net sales: approx. minus 12%, Operating income: approx. minus 12%

- Sales volume increased. Therefore, when using the same rate as the previous year, net sales increased compared to the previous year in all segments except for the consumer segment, mainly in the car electronics segment.
- Sales were lower than expected partly due to a demand decline of vehicles equipped with our products in China, Taiwan & South Korea, and also due to a sales decline in the automotive and consumer markets resulting from the decrease in customers' production because some semiconductor factories were struck by the earthquake in Kumamoto, in addition to the stronger yen. Consequently, operating income ratio was 15.7%.

(*Note: Operating income ratio was 15.1% in the 1st quarter, and 16.3% in the 2nd quarter)

【By market】

- Automotive segment : declined due to the stronger yen. However, the car electronics segment showed a steady increase in sales volume mainly of products for safety applications such as cameras and radars, and the floating B to B connector for powertrain, “Z-Move™”, which has a function to make movements to three directions.
- Consumer segment : declined due mainly to the stronger yen and a decrease in sales for digital cameras because of the earthquake in Kumamoto.

【By area】

- Japan: increased mainly for new vehicles and radars, and in the industrial segment.
- U.S.A.: decreased due to the yen's appreciation and partly production adjustments because of the earthquake in Kumamoto.
- China, Taiwan & South Korea : decreased due to the yen's appreciation, and declined in consumer segment.

2. Consolidated Results for 2Q Fiscal Year Ending March 31, 2017 (YoY Change)



Unit: Millions of yen

	2Q Year Ended March 31, 2016	2Q Year Ending March 31, 2017	YoY change
Net sales	19,478	18,159	(1,318) (6.8)%
Operating income	3,156	2,845	(311) (9.9)%
Ordinary income	3,319	2,638	(681) (20.5)%
Net income	2,343	1,913	(429) (81.7)%
EPS	204.76 yen	163.63 yen	
Average exchange rate during the period	USD 121.50 yen EURO 134.60 yen	106.43 yen 119.12 yen	(15.07) yen (15.48) yen



3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		2Q Year Ending March 31, 2017	YoY change	Sales ratio	Factors for increase/decrease
Automotive (car-mounted products)		15,166	(6.3)%	83.5%	<ul style="list-style-type: none"> • Down approx. 12% due to the strong yen • Partly affected by production adjustment because of the earthquake in Kumamoto • Safety related (car-mounted cameras and radars) continued strong and increased about 1.2 times year-on-year.
Category	AVN (Car audio, visual, navigation systems, etc.)	8,024	(11.1)%	44.2%	
	Electronics (Other electric components)	7,142	(0.3)%	39.3%	
Consumer (Digital cameras, cellular telephones, televisions, OA, game equipment, etc.)		2,247	(15.4)%	12.4%	<ul style="list-style-type: none"> • Down approx. 12% due to the strong yen • Declined for gaming applications • Declined for digital cameras due to the earthquake in Kumamoto
Industrial (Industrial equipment, etc.)		745	17.7%	4.1%	<ul style="list-style-type: none"> • Increased for smart meters, PLC, etc.
Total		18,159	(6.8)%	100.0%	<ul style="list-style-type: none"> • Down approx. 12% due to the strong yen • Overseas ratio 79.0%

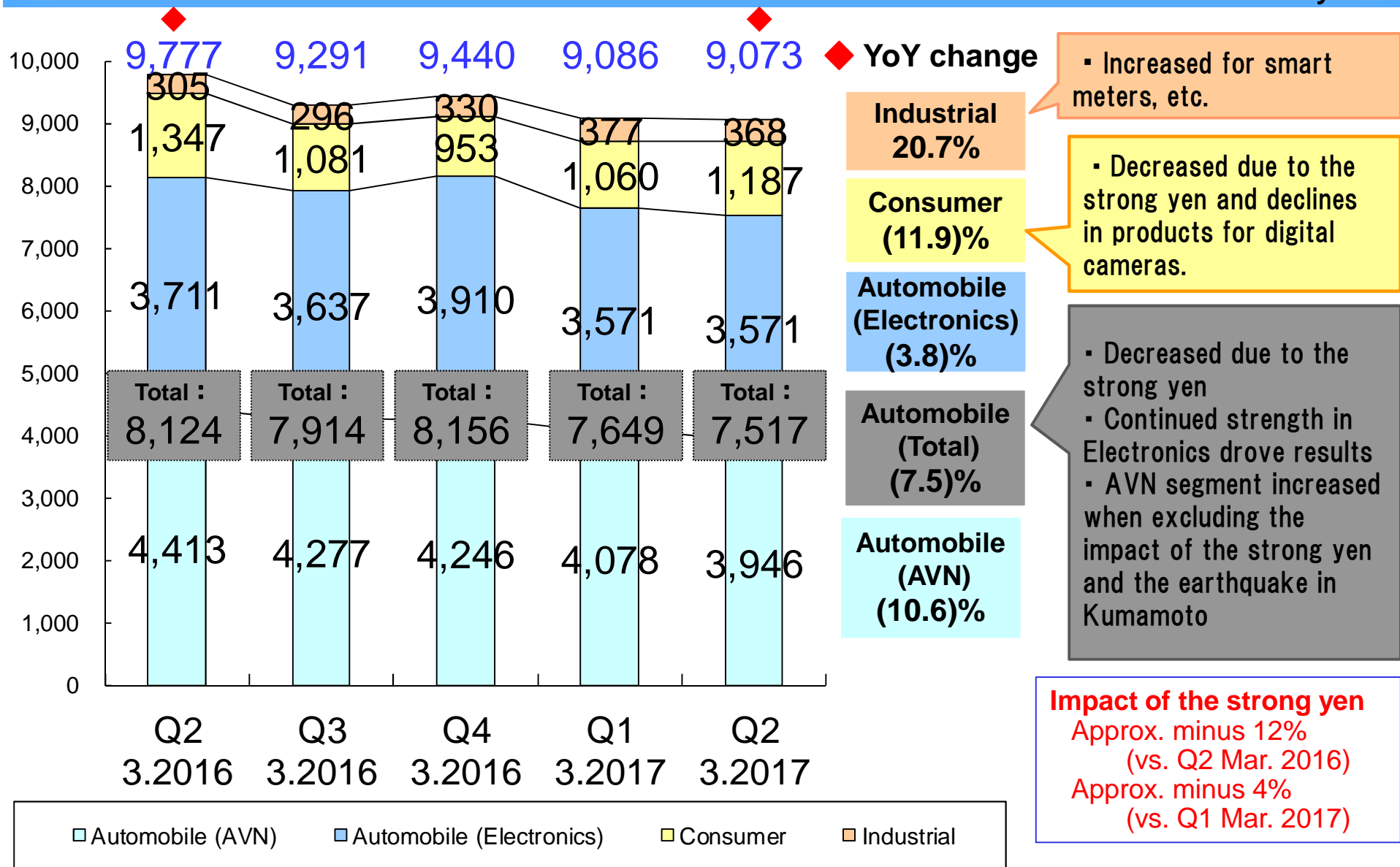
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



4. Net Sales by Market (Quarterly Trends)



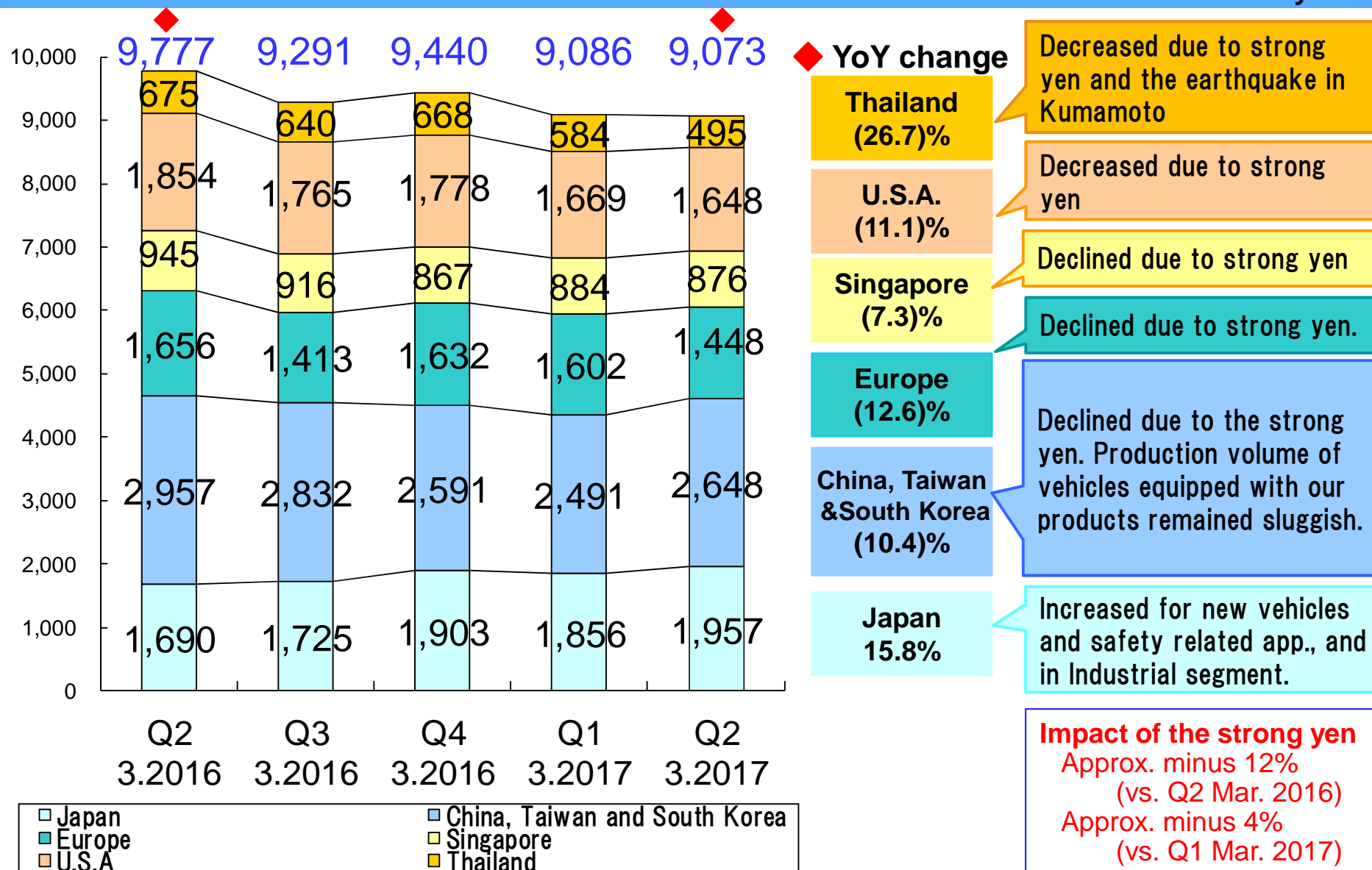
Unit: Millions of yen



5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



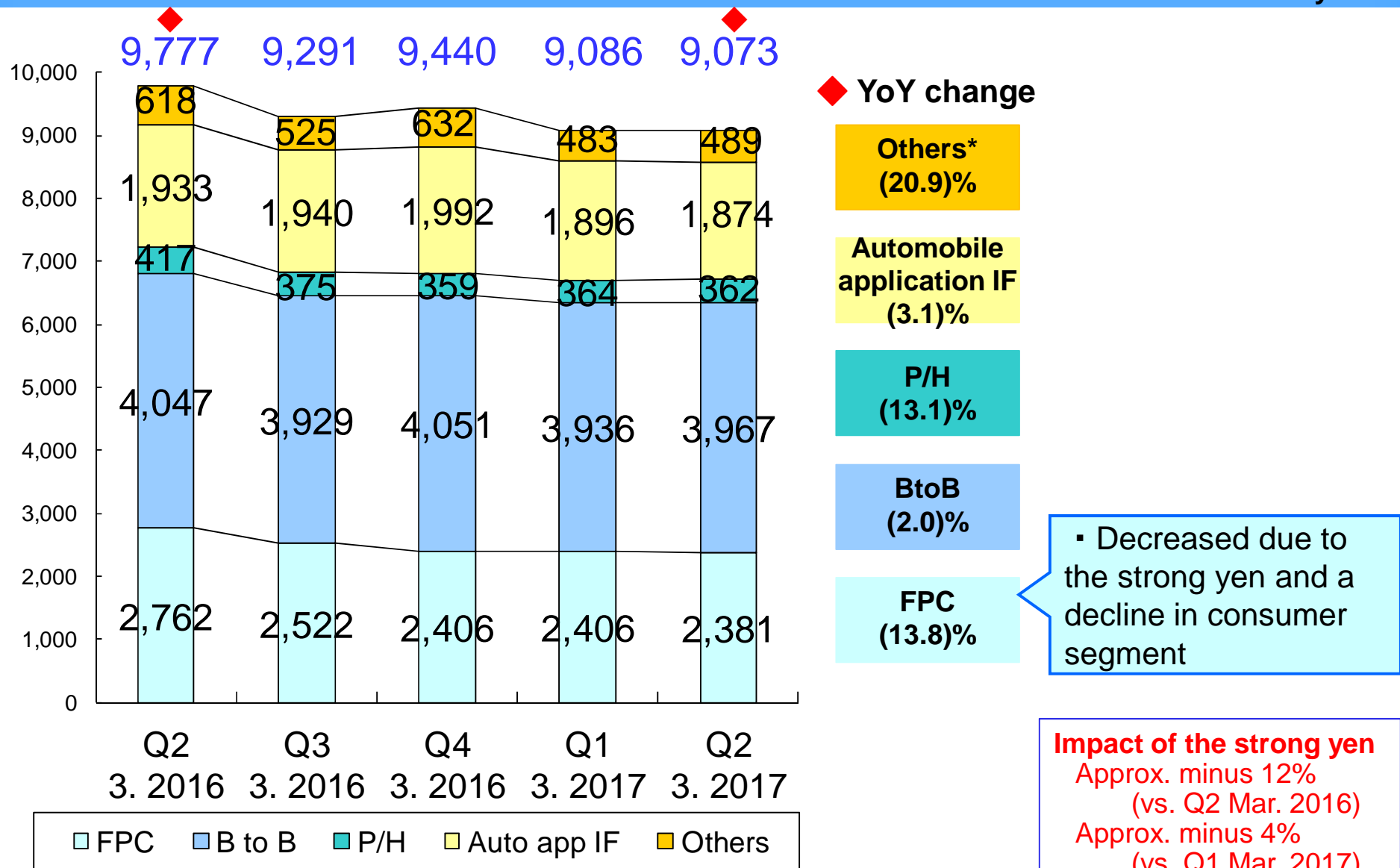
Impact of the strong yen
 Approx. minus 12%
 (vs. Q2 Mar. 2016)
 Approx. minus 4%
 (vs. Q1 Mar. 2017)



6. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen



7. Consolidated Statements of Income (Cumulative) (YoY Change)



Unit: Millions of yen

	2Q Year Ended March 31, 2016		2Q Year Ending March 31, 2017		YoY change	
Net sales	19,478	100.0%	18,159	100.0%	(1,318)	(6.8)%
Cost of sales	12,757	65.5%	11,827	65.1%	(929)	(7.3)%
Gross profit	6,720	34.5%	6,331	34.9%	(389)	(5.8)%
SG & A	3,563	18.3%	3,486	19.2%	(77)	(2.2)%
Operating income	3,156	16.2%	2,845	15.7%	(310)	(9.9)%
Non-operating income	186	1.0%	43	0.2%	(142)	(76.7)%
Non-operating expenses	23	0.1%	250	1.4%	227	988.5%
Ordinary income	3,319	17.0%	2,638	14.5%	(681)	(20.5)%
Extraordinary income (loss)	(29)	(0.2)%	(6)	(0.0)%	23	—
Pretax income	3,290	16.9%	2,631	14.5%	(658)	(20.0)%
Net income	2,343	12.0%	1,913	10.5%	(429)	(18.3)%
EPS	204.76		163.63		—	
Exchange rate (USD/EURO)	121.50 Yen/		106.43 Yen/		(15.07) Yen/	
	134.60 Yen		119.12 Yen		(15.48) Yen	

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



Unit: Millions of yen

	As of March 31, 2016		As of June 30, 2016		Compared to the end of the previous year	Factors for increase/decrease
Current assets	28,439	59.8%	28,688	61.4%	249	Cash and deposits 973 Merchandise and finished goods(716)
Noncurrent assets	19,116	40.2%	18,018	38.6%	(1,098)	tangible property(1,020)
Total assets	47,556	100.0%	46,707	100.0%	(849)	
Current liabilities	7,471	15.7%	6,159	13.2%	(1,312)	Income taxes payable(1,123)
Noncurrent liabilities	788	1.7%	710	1.5%	(78)	
Total liabilities	8,259	17.4%	6,870	14.7%	(1,389)	
Shareholders' equity	36,544	76.8%	39,994	85.6%	3,450	Capital surplus ^{1,962} Retained earnings 1,208 Treasury shares (278)
Valuation/translation difference	2,587	5.4%	(346)	—	(2,933)	Foreign currency translation adjustment (2,926)
Minority interests	164	0.3%	188	0.4%	24	
Total net assets	39,296	82.6%	39,836	85.3%	539	Net assets per share 3,349.51yen (previous period 3,418.96 yen)
Total liabilities and net assets	47,556	100.0%	46,707	100.0%	(849)	



9. Cash Flows



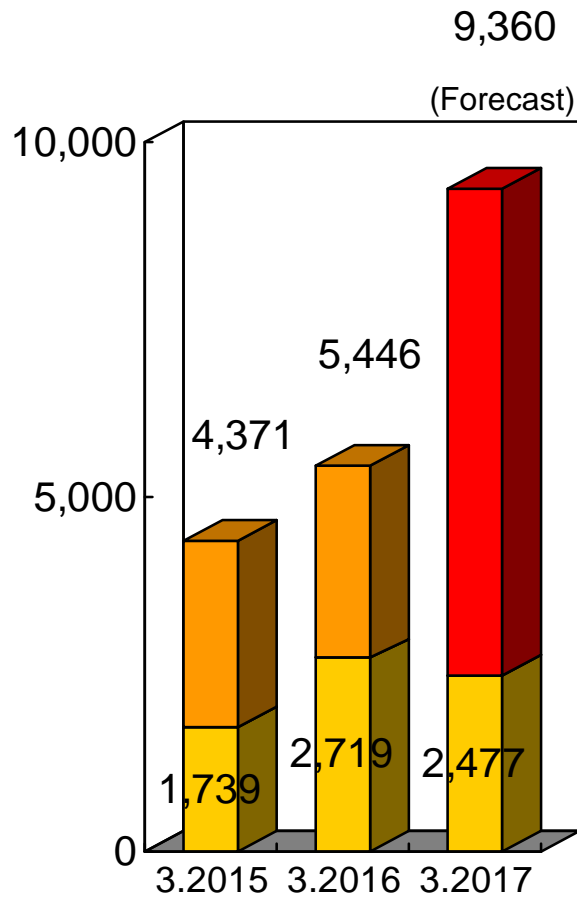
Unit: Millions of yen

	2Q Year Ended March 31, 2016	2Q Year Ending March 31, 2017	Increase /Decrease
Cash flows from operating activities	4,537	2,766	(1,770)
Decrease (increase) in notes and accounts receivable - trade	85	(1,151)	(1,236)
Increase (decrease) in notes and accounts payable - trade	(151)	1,189	1,340
Cash flows from investing activities	(2,736)	(2,460)	276
Purchase of property, plant and equipment	(2,719)	(2,477)	242
Purchase of intangible assets	0	△1	(1)
Cash flows from financing activities	(715)	1,525	2,240
Net increase (decrease) in short- term loans payable	-	-	-
Proceeds from diposal of treasury stock	-	2,241	2,241
Net increase (decrease) in cash and cash equivalents	800	973	173
Cash and cash equivalents at end of period	11,890	14,024	2,134

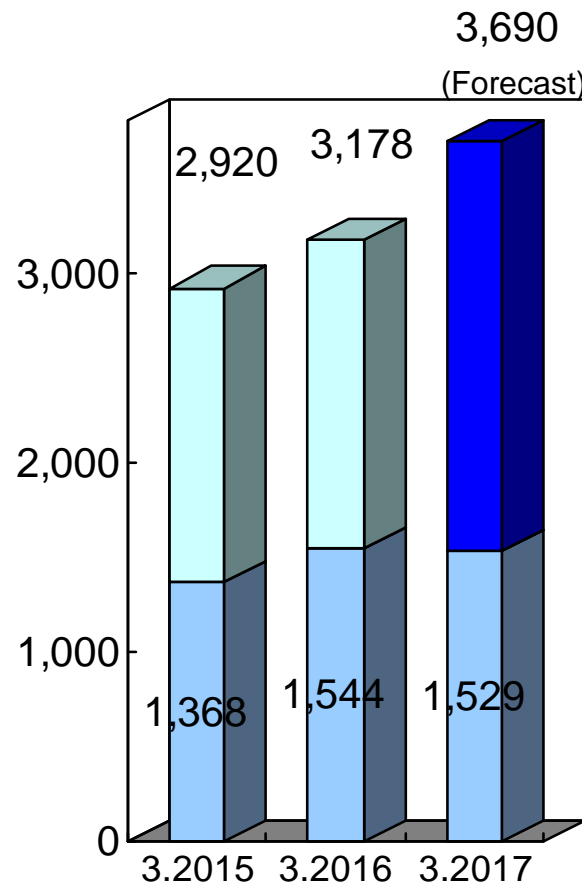
10. Capital Investment, Depreciation & Amortization and Research & Development



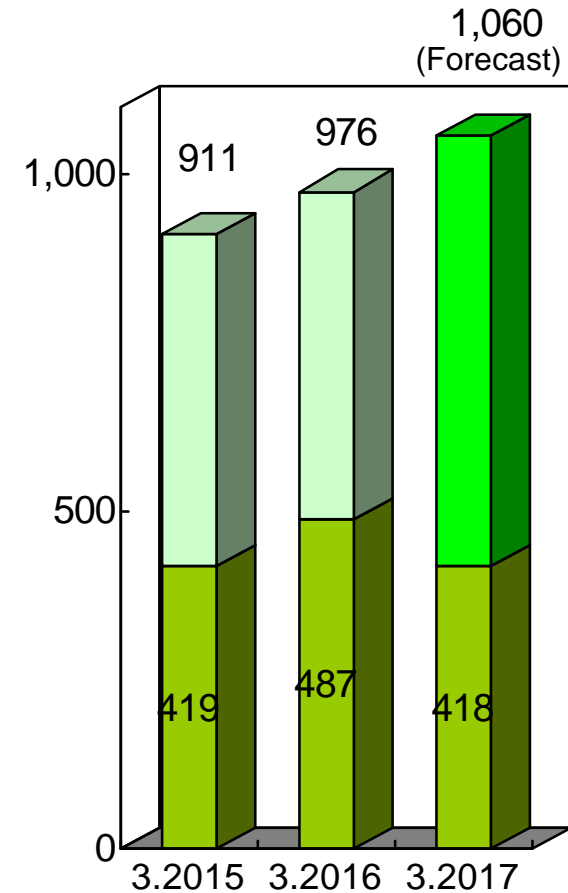
Unit: Millions of yen



Capital Investment



Depreciation & Amortization



Research & Development

Note: Each figure at the foot of bars shows the actual amount for the first quarter, and those at the top are for full year.

11. Revised Plan for Fiscal Year Ending March 31, 2017



Unit: Millions of yen

*Considering the situation of foreign exchange rates, we revised our initial forecast.
 Assumed exchange rate for the 2nd half: USD 105.00 yen, EURO 115.00 yen
 for the full year: USD 105.77 yen, EURO 117.22 yen

	Results of FY Mar. 2016	Initial plan for FY Mar. 2017	Revised plan for FY Mar. 2017
Net sales	38,209	38,300	36,400
Operating income	6,568 (17.2%)	6,900 (18.0%)	6,550 (18.0%)
Ordinary income	6,602 (17.3%)	6,900 (18.0%)	6,100 (16.8%)
Net income	4,045 (10.6%)	5,100 (13.3%)	4,400 (12.1%)
EPS	353.46 yen	445.48 yen	376.17 yen
Average exchange rate during the period	USD 120.00 yen EURO 132.19 yen	110.00 yen 120.00 yen	105.77 yen 117.22 yen

12. Key Points of Revised Plan for Fiscal Year Ending March 31, 2017



Unit: Millions of yen

*Considering the situation of foreign exchange rates, we revised our initial forecast.
Assumed exchange rate for the 2nd half: USD 105.00 yen, EURO 115.00 yen
for the full year: USD 105.77 yen, EURO 117.22 yen

Sales

- Sales for safety and powertrain applications are increasing steadily.
- Considering the appreciation of the yen, we revised our assumed exchange rate. Additionally, we revised net sales forecast in consideration of the demand fluctuation of vehicles equipped with our products mainly in China, and sales decline due to the decrease in customers' production because some semiconductor factories were struck by the earthquake in Kumamoto.
- We are planning to increase sales volume by about 8% from the previous year.

Income

Operating income ratio of 18.0%, remaining unchanged from the initial forecast.

- Though the impact of the strong yen remains a concern, we are planning additional material cost reduction, production rationalization, and expense reduction, in addition to initially planned cost reduction effort that will have larger effect in the second half than in the first half. Therefore, we are targeting operating income at the same level as the previous year and operating income ratio of 18.0% as planned at the beginning of the FY, higher than in the previous year. We aim to achieve higher net income than in the previous year.



Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,595 (as of March 31, 2016)
Capital	5,640 million yen (as of March 31, 2016)
Headquarters	2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Operations	
Domestic	Headquarters, Iwate, Ibaraki, Aichi, Osaka
Overseas	Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou), Malaysia, Taiwan, India
Research & development	Headquarters (IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&D Center
Manufacturing plants	Ibaraki, China (Shanghai), Philippines, Vietnam (Hanoi)