



**Consolidated Financial Results
Briefing Materials
for 3rd Quarter of
Fiscal Year Ending March 31, 2017**

**IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Feb 3, 2017)**



1. Summary of Business Performance



Impact of exchange rate

Net sales: approx. minus 11%, Operating income: approx. minus 11%

- Sales volume increased. Therefore, when using the same rate as the previous year, 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 the stronger yen and a demand decline of vehicles equipped with our products in China, Taiwan & South Korea in H1 as well as 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. Consequently, operating income ratio was 16.1%.
- Sales in the Q3 showed growth owing to an increase of newly adopted products in Automotive segment and a rush demand before the expiration of the tax break in China.

(*Note: Operating income ratio was 15.1% in the Q1, 16.3% in the Q2 and 17.0% in the Q3)

【By market】

- Automotive segment : declined due to the stronger yen. However, the sales volume showed a steady increase mainly in products for safety applications including cameras and radars and also for powertrain using the floating B to B connector “Z-Move™”, which has a function to make movements to three directions.
- Consumer segment : declined due mainly to the stronger yen, a decrease in sales for game consoles, and also weak 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 strong yen and partly production adjustments caused by the earthquake in Kumamoto
- China, Taiwan & South Korea : decreased due to the yen's appreciation and a decline in consumer segment.
- EU: decreased due to the yen's appreciation, but some markets mainly for safety trended favorably.

2. Consolidated Results for 3Q Fiscal Year Ending March 31, 2017 (YoY Change)



Unit: Millions of yen

	3Q Year Ended March 31, 2016	3Q Year Ending March 31, 2017	YoY change
Net sales	28,769	27,775	(994) (3.5)%
Operating income	4,819	4,479	(340) (7.1)%
Ordinary income	5,019	4,687	(331) (6.6)%
Net income	3,630	3,383	(247) (6.8)%
EPS	317.23 yen	288.14 yen	
Average exchange rate during the period	USD 121.49 yen EURO 133.67 yen	107.88 yen 119.13 yen	(13.61) yen (14.54) yen



3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		3Q Year Ending March 31, 2017	YoY change	Sales ratio	Factors for increase/decrease
Automotive (car-mounted products)		23,372	(3.0)%	84.2%	<ul style="list-style-type: none"> • Down approx. 11% 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 by 25% year-on-year. • The Chinese market that had been sluggish recovered in the third quarter.
Category	AVN (Car audio, visual, navigation systems, etc.)	12,293	(7.6)%	44.3%	
	Electronics (Other electric components)	11,079	2.6%	39.9%	
Consumer (Digital cameras, cellular telephones, televisions, OA, game consoles, etc.)		3,232	(13.6)%	11.6%	<ul style="list-style-type: none"> • Down approx. 11% due to the strong yen • Declined for game consoles • Declined for digital cameras due to the earthquake in Kumamoto
Industrial (Industrial equipment, etc.)		1,170	24.9%	4.2%	<ul style="list-style-type: none"> • Increased for smart meters, PLC, etc.
Total		27,775	(3.5)%	100.0%	<ul style="list-style-type: none"> • Down approx. 11% due to the strong yen • Overseas ratio 78.6%

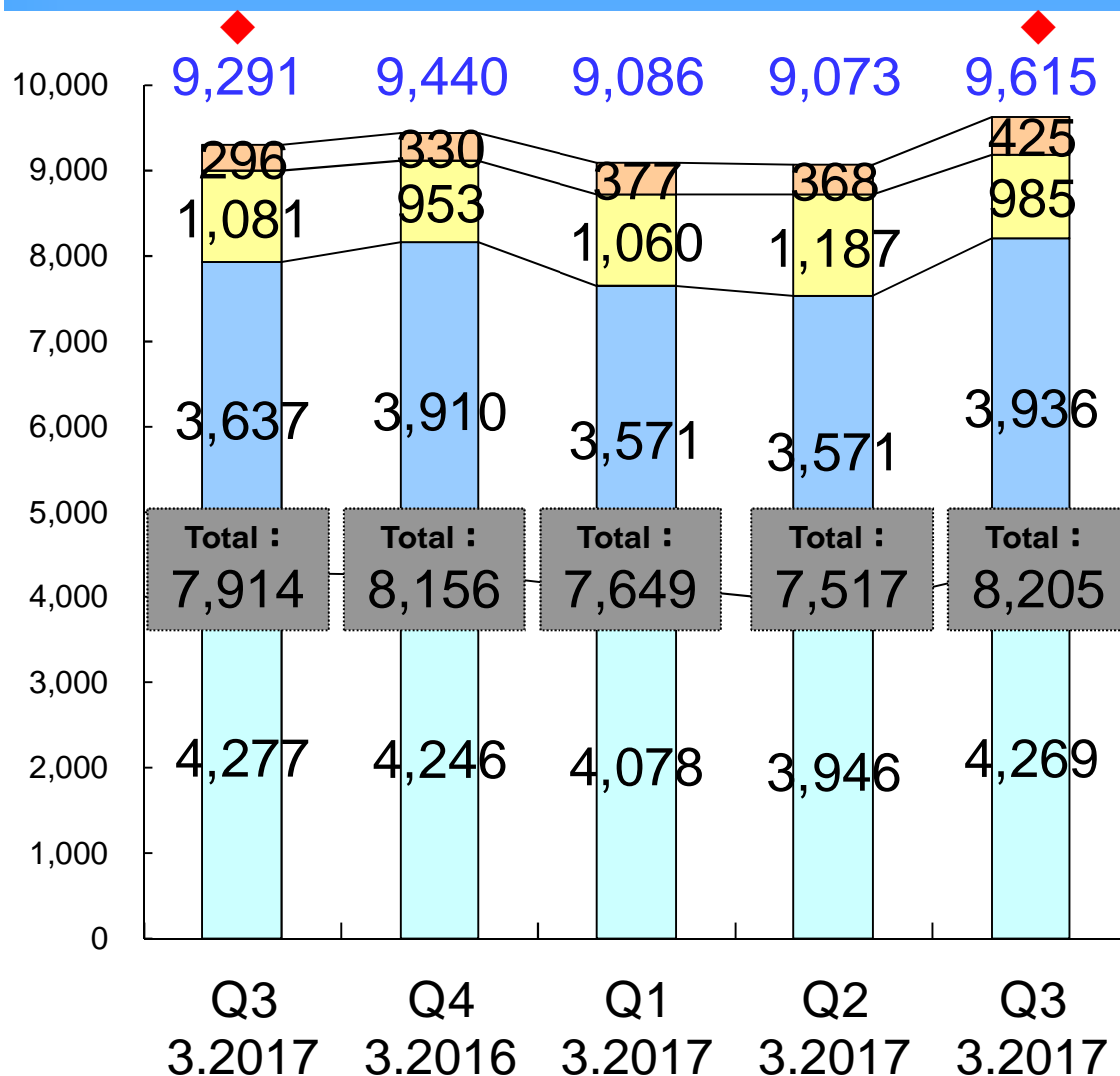
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



4. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen

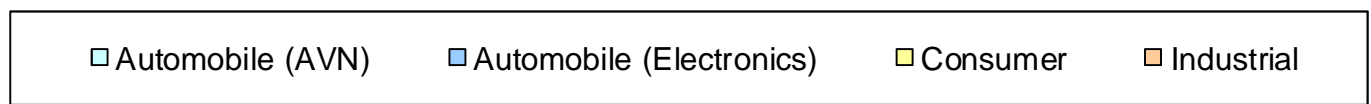


YoY change

- Industrial 43.6%
- Consumer (8.8)%
- Automobile (Electronics) 8.2%
- Automobile (Total) 3.7%
- Automobile (AVN) (0.2)%

- Increased for smart meters, etc.
- Achieved the quarterly sales of over 400M for the first time
- Decreased due to the strong yen and a decline mainly for game consoles.
- Despite the continued impact of the earthquake, sales for digital cameras rose compared to the Q2
- Strong sales for safety drove results in Electronics, and powertrain-related sales increased.
- In AVN segment, newly adopted products increased and the sales increased when excluding the impact of the strong yen and the earthquake in Kumamoto

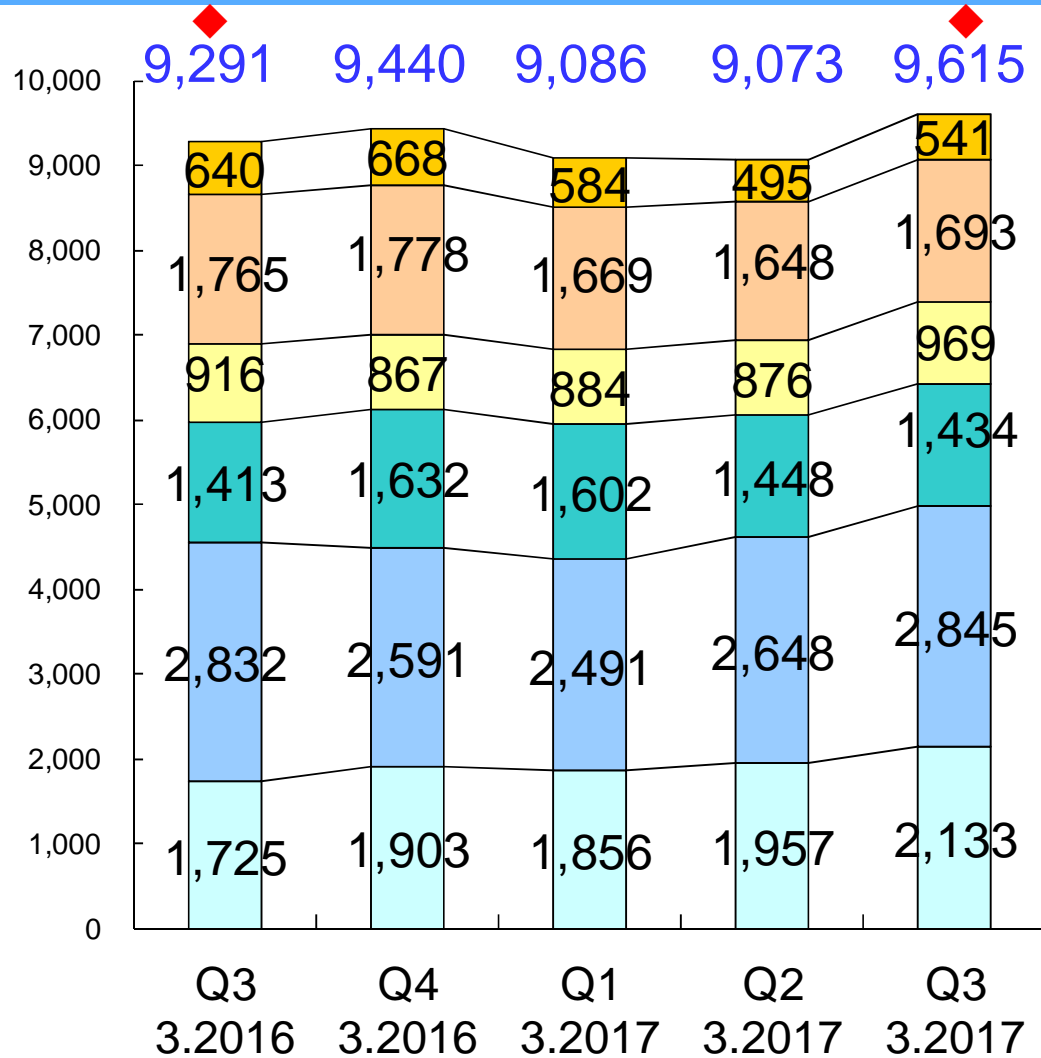
Impact of the strong yen
 Approx. minus 8%
 (vs. Q3 Mar. 2016)



5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



YoY change

- Thailand (15.5%)**
- U.S.A. (4.1%)**
- Singapore 5.8%**
- Europe 1.5%**
- China, Taiwan & South Korea 0.5%**
- Japan 23.7%**

Decreased due to the strong yen and the earthquake in Kumamoto

Decreased due to the strong yen

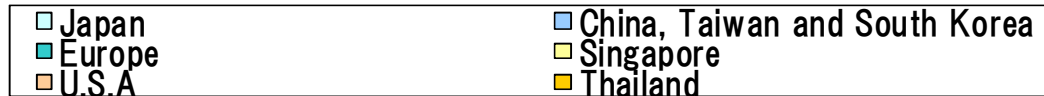
Safety related products trended favorably.

Despite the impact of the strong yen, safety related products trended favorably.

Despite the impact of the strong yen, automotive segment increased owing to a rush demand before the expiration of the tax break as well as growth of newly adopted products.

Increased for new vehicles and safety related app., and in Industrial segment.

Impact of the strong yen
Approx. minus 8%
(vs. Q3 Mar. 2016)

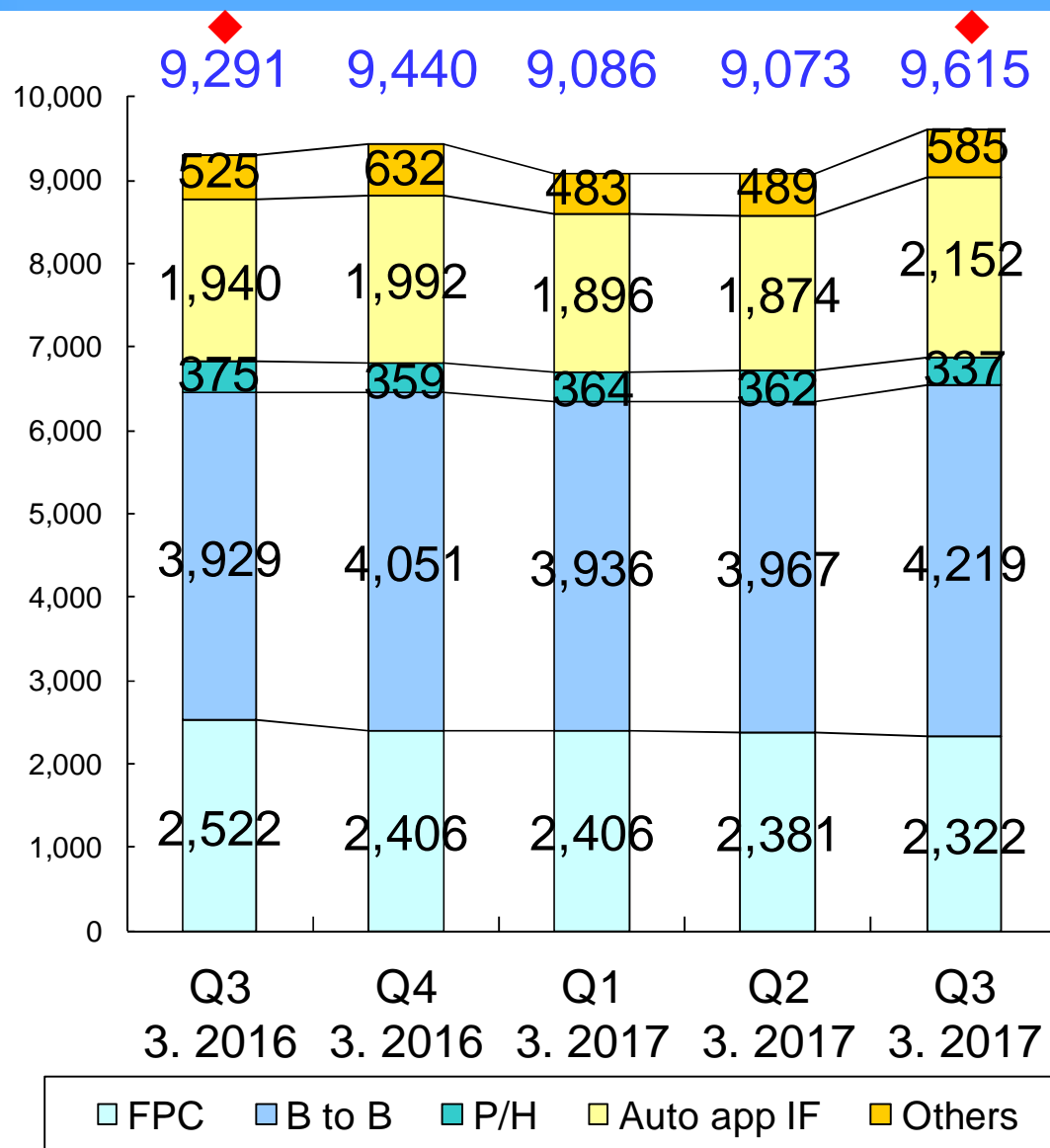




6. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen



◆ YoY change

Others*
11.4%

Automobile application IF
10.9%

P/H
(10.1)%

BtoB
7.4%

FPC
(7.9)%

Automotive segment trended favorably.

▪ Decreased due to the strong yen and a decline in consumer segment

Impact of the strong yen
Approx. minus 8%
(vs. Q3 Mar. 2016)

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



Unit: Millions of yen

	3Q Year Ended March 31, 2016		3Q Year Ending March 31, 2017		YoY change	
Net sales	28,769	100.0%	27,775	100.0%	(994)	(3.5)%
Cost of sales	18,667	64.9%	17,976	64.7%	(690)	(3.7)%
Gross profit	10,120	35.1%	9,798	35.3%	(303)	(3.0)%
SG & A	5,282	18.4%	5,319	19.2%	(36)	100.7%
Operating income	4,819	16.8%	4,479	16.1%	(340)	(7.1)%
Non-operating income	227	0.8%	228	0.8%	1	100.6%
Non-operating expenses	27	0.1%	20	0.1%	(7)	72.9%
Ordinary income	5,019	17.4%	4,687	16.9%	(331)	(6.6)%
Extraordinary income (loss)	(50)	(0.2)%	(15)	(0.1)%	35	—
Pretax income	4,969	17.3%	4,673	16.8%	(296)	(6.0)%
Net income	3,630	12.6%	3,383	12.2%	(247)	(6.8)%
EPS	317.23		288.14		—	
Exchange rate (USD/EURO)	121.49 Yen/		107.88 Yen/		(13.61) Yen/	
	133.67 Yen		119.13 Yen		(14.54) Yen	

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



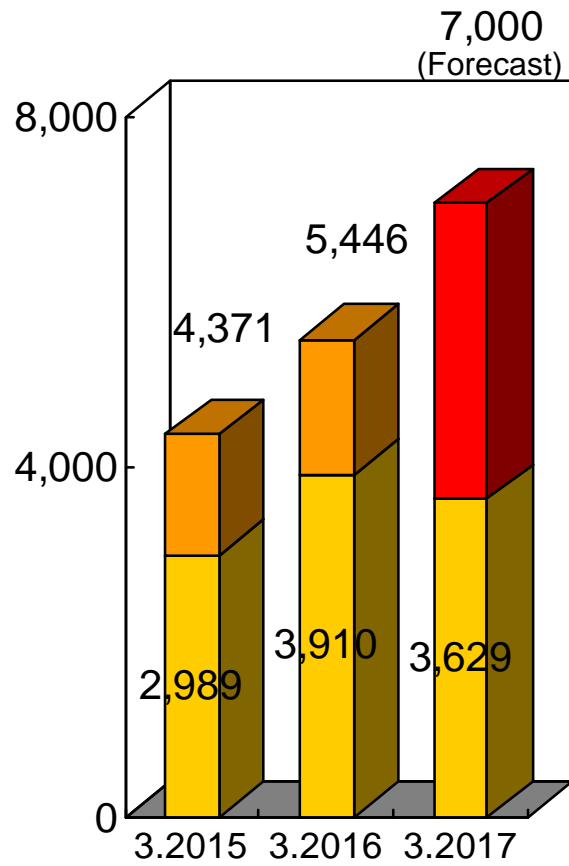
Unit: Millions of yen

	As of March 31, 2016		As of December 31, 2016		Compared to the end of the previous year	Factors for increase/decrease
Current assets	28,439	59.8%	32,274	61.9%	3,835	Cash and deposits 2,452 Notes and accounts receivable-trade 1,061 Raw materials and supplies 356
Noncurrent assets	19,116	40.2%	19,877	38.1%	761	tangible property ⁸²⁰
Total assets	47,556	100.0%	52,151	100.0%	4,595	
Current liabilities	7,471	15.7%	7,496	14.4%	25	Note and accounts Payable-trade ^{1,070} Income taxes payable ⁽⁹⁵⁸⁾
Noncurrent liabilities	788	1.7%	683	1.3%	(105)	
Total liabilities	8,259	17.4%	8,180	15.7%	(79)	
Shareholders' equity	36,544	76.8%	41,246	79.1%	4,702	Capital surplus ^{1,962} Retained earnings 2,460 Treasury shares (278)
Valuation/translation difference	2,587	5.4%	2,495	4.8%	(92)	Foreign currency translation adjustment (101)
Minority interests	164	0.3%	229	0.4%	65	
Total net assets	39,296	82.6%	43,971	84.3%	4,674	Net assets per share 3,695.40yen (previous period 3,418.96 yen)
Total liabilities and net assets	47,556	100.0%	52,151	100.0%	4,595	

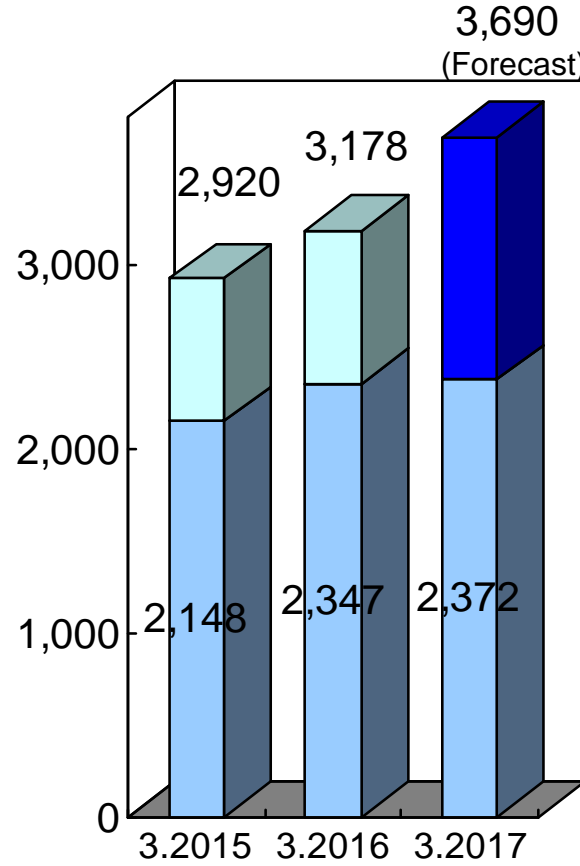
9. Capital Investment, Depreciation & Amortization and Research & Development



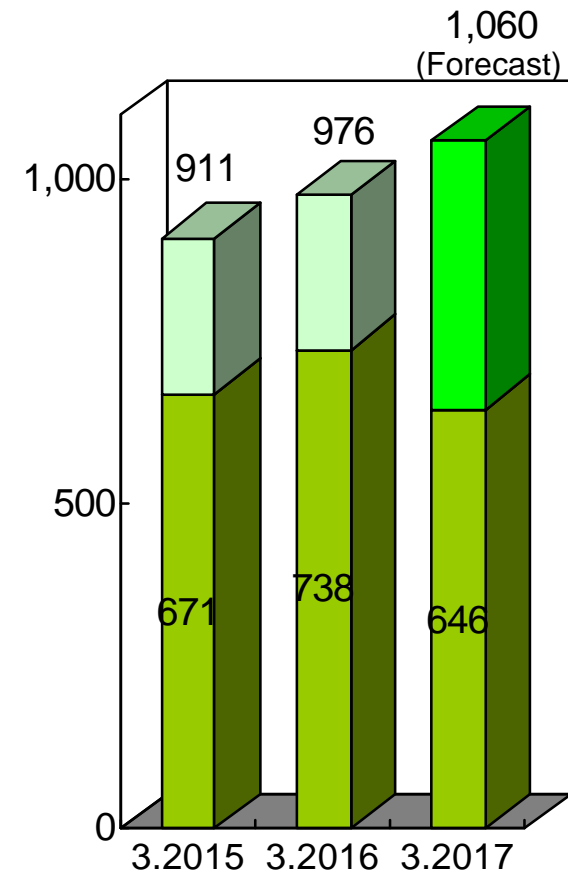
Unit: Millions of yen



Capital Investment



Depreciation & Amortization



Research & Development

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



10. 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 on Nov. 1 2016.
 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



11. Topics 1 - Establishment of New Production Plants

We will establish a new factory each in Mexico and China.

Our aim – Preparing for sales expansion, we will operate new factories under the policy of local production for local consumption so that we can sharpen our cost competitiveness and strengthen quality as well as the production capacity.

	Mexico	China
City	Leon, Guanajuato	Nantong, Jiangsu
Land area	About 54,000m ²	About 36,000m ²
Ship to	U.S.A. and EU	China
Progress	Local company has been established. Land purchase contract has been concluded as of January 24.	Local company has been established. Leasehold interest has been acquired.
Start of operation	We will carefully deliberate the time to start construction and operation, watching political policies of new U.S. President Trump.	In 2017

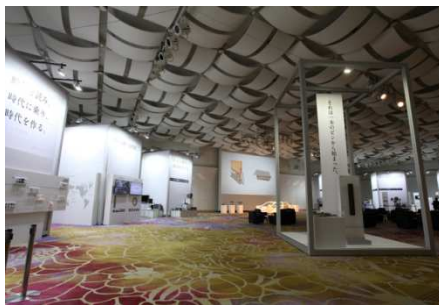
12. Topics 2 - Commemorative Event for the 50th Anniversary



We held the “Technology Exhibition” in commemoration of our 50th anniversary of the foundation.

Concept of the event [Our Gratitude and Dream] – “Connect” our passion

The exhibition introduced the 50 year “history of our technology” and ever-evolving “latest technology”.



In order to meet the expectations of our shareholders, we commit to further efforts based on the theme of becoming a “100 year company creating customer value”.



つなぐ・Connect



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)