



Consolidated Financial Results Briefing Materials For 2nd Quarter Of FY 2017

IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Nov 2, 2017)



1. Summary of Business Performance



Net sales and operating income set a record high

- Net sales increased by 13.9% year-on-year, and quarterly sales exceeded 10 billion yen for the two consecutive quarter. Accordingly, half-year sales have surpassed 20 billion yen for the first time. This was due to a steady growth in sales volume mainly in automotive segment in addition to the effect of yen depreciation.
- Operating income ratio was 19.0%, increasing by 3.3 percentage points year-on-year due to the sales increase, result of cost reduction efforts, and the effect of yen depreciation.

【By market】

- Automotive segment: Driven by strong sales of products for safety applications including cameras and radars, which are increasingly used in vehicles along with the development of ADAS, and also products for powertrain using the floating BtoB connector “Z-Move™”, which has a function to make movements in three directions. Sales in Car-Electronics segment rose to a record-high for the third consecutive quarter and surpassed the sales in AVN segment.
- Industrial segment: Increased for PLCs, servo amplifiers, and inverters owing to rising demand for FA equipment. Half-year sales exceeded one billion yen for the first time.

【By area】

- Japan: Increased in automotive and industrial markets.
- USA: Favorable sales in automotive market mainly for safety applications.
- China, Taiwan & South Korea: increased mainly in Car-Electronics segment and industrial markets.
- EU: Increased due to strong sales mainly of safety related products in automotive market.

【Topics】

- IRISO renovated the Ibaraki Plant and strengthened production capacity for high quality products with our expanded clean room facilities.



2. Consolidated Results for 2Q of FY 2017 (YoY Change)



Unit: Millions of yen

	2Q FY 2016	2Q FY 2017	YoY change
Net sales	18,159	20,687	2,528 13.9%
Operating income	2,845	3,930	1,085 38.1%
Ordinary income	2,638	3,867	1,229 46.6%
Net income	1,913	2,862	948 49.6%
EPS	81.81 yen	120.91 yen	
Average exchange rate during the period	USD 106.43 yen EURO 119.12 yen	111.42 yen 126.63 yen	4.99 yen 7.51 yen



3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		2Q FY 2017	YoY change	Sales ratio	Factors for increase/decrease
Automotive (car-mounted products)		17,337	14.3%	83.8%	<ul style="list-style-type: none"> Along with the advancement of ADAS and car electrification, the electronics segment has increased and exceeded the sales of AVN segment. Sales for ADAS related safety applications including car-mounted cameras and radars remained favorable and increased by 70% compared to the previous year.
Category	AVN (Car audio, visual, navigation systems, etc.)	8,442	5.2%	40.8%	
	Electronics (Other electric components including ADAS , Powertrain and switches.)	8,895	24.5%	43.0%	
Consumer (OA, game consoles, Digital cameras, cellular telephones, televisions, etc.)		2,263	0.7%	10.9%	<ul style="list-style-type: none"> Increased in sales for OA equipment including printers and MFPs.
Industrial (Industrial equipment, etc.)		1,087	45.8%	5.3%	<ul style="list-style-type: none"> Increased in sales for PLCs, servo amplifiers, inverters, etc. Sales exceeded 1 billion yen for the first time.
Total		20,687	13.9%	100.0%	<ul style="list-style-type: none"> Overseas ratio was 78.4%.

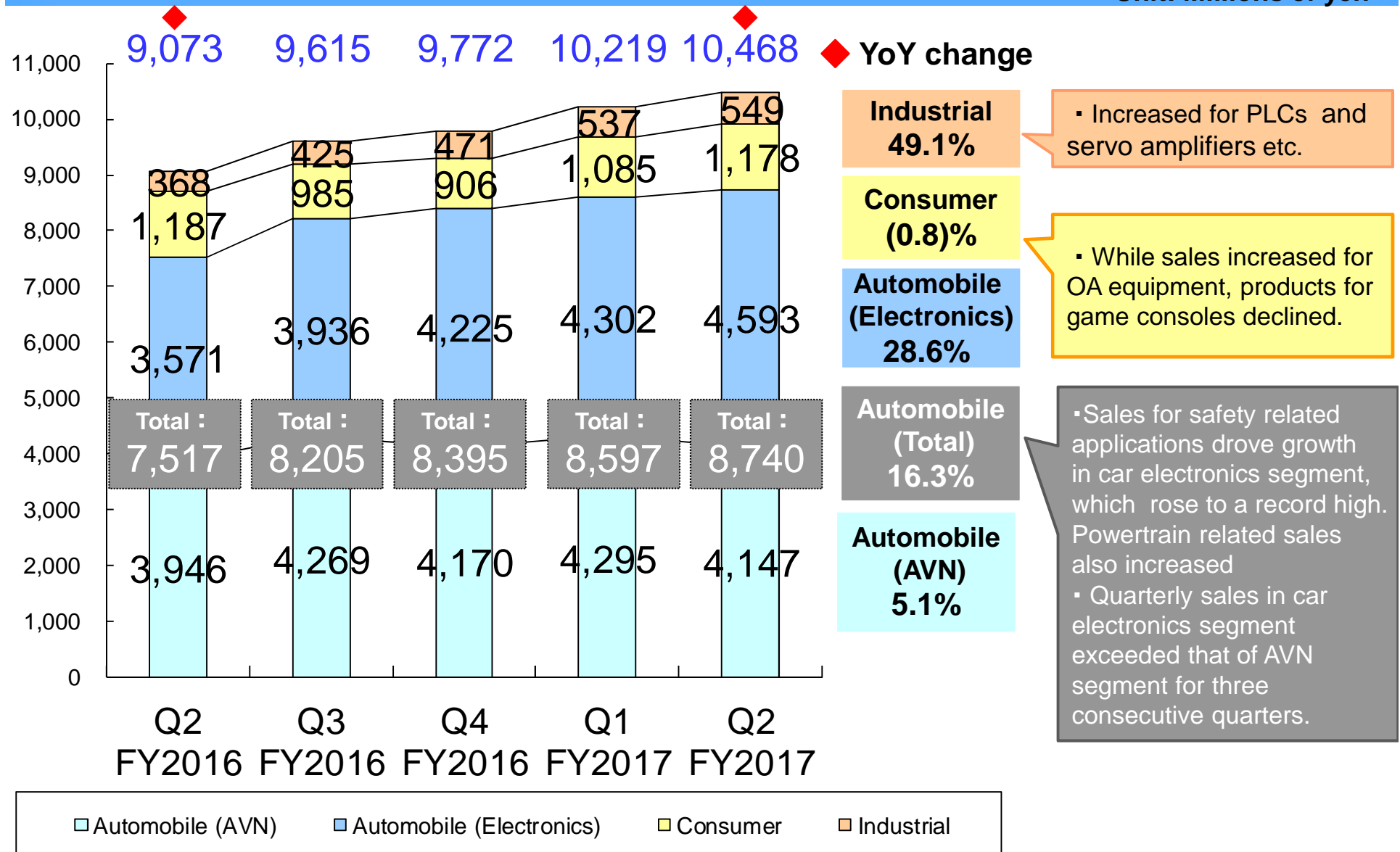
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



4. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen

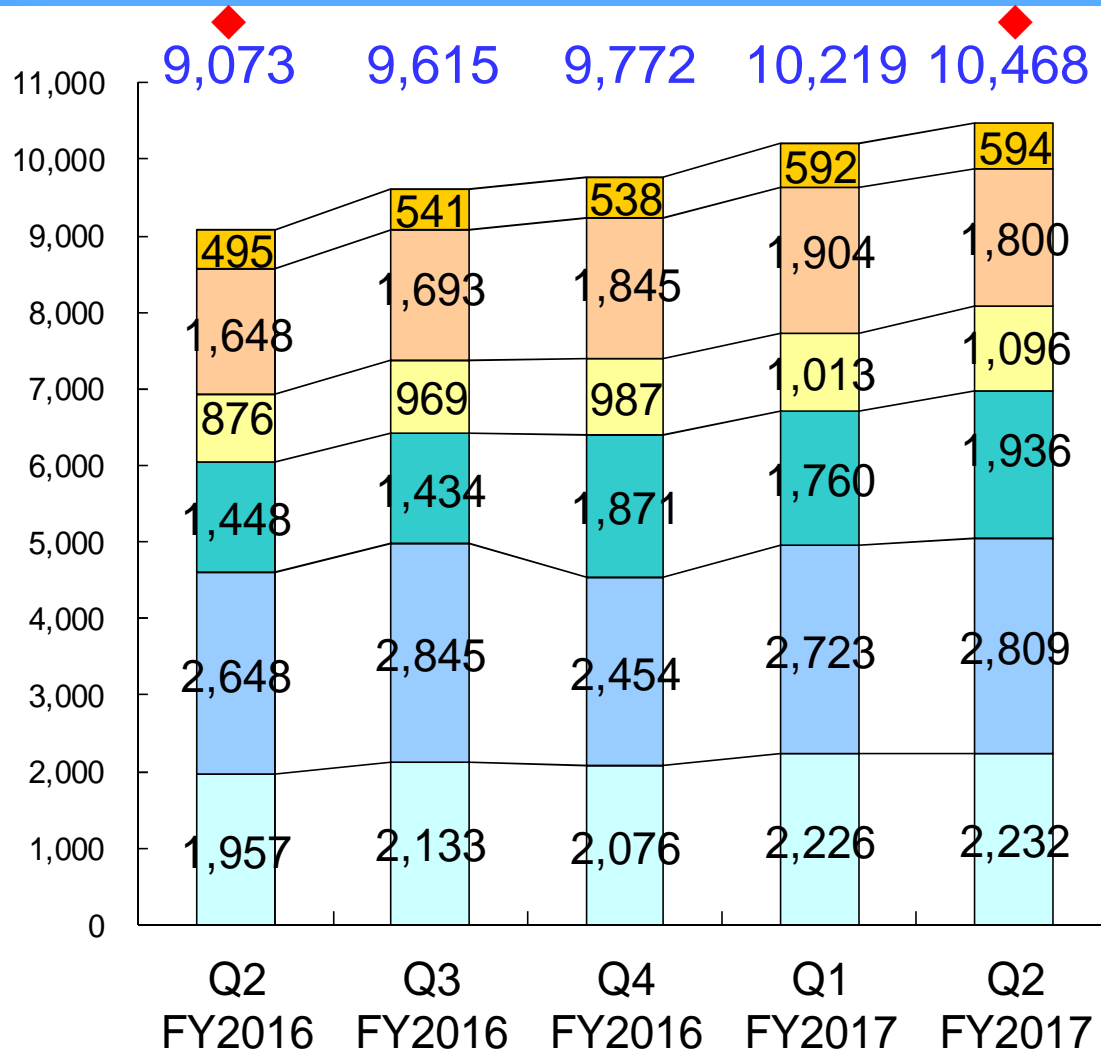




5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



YoY change

- Thailand 20.0%**
 - Increased in automotive and consumer markets
- U.S.A. 9.3%**
 - Sales for safety related apps trended favorably
- Singapore 25.1%**
 - Sales in automotive market trended favorably.
- Europe 33.7%**
 - Sales for safety related applications trended favorably.
- China, Taiwan & South Korea 6.1%**
 - Increased mainly in Car-Electronics segment.
- Japan 14.1%**
 - Increased in automotive and industrial markets.

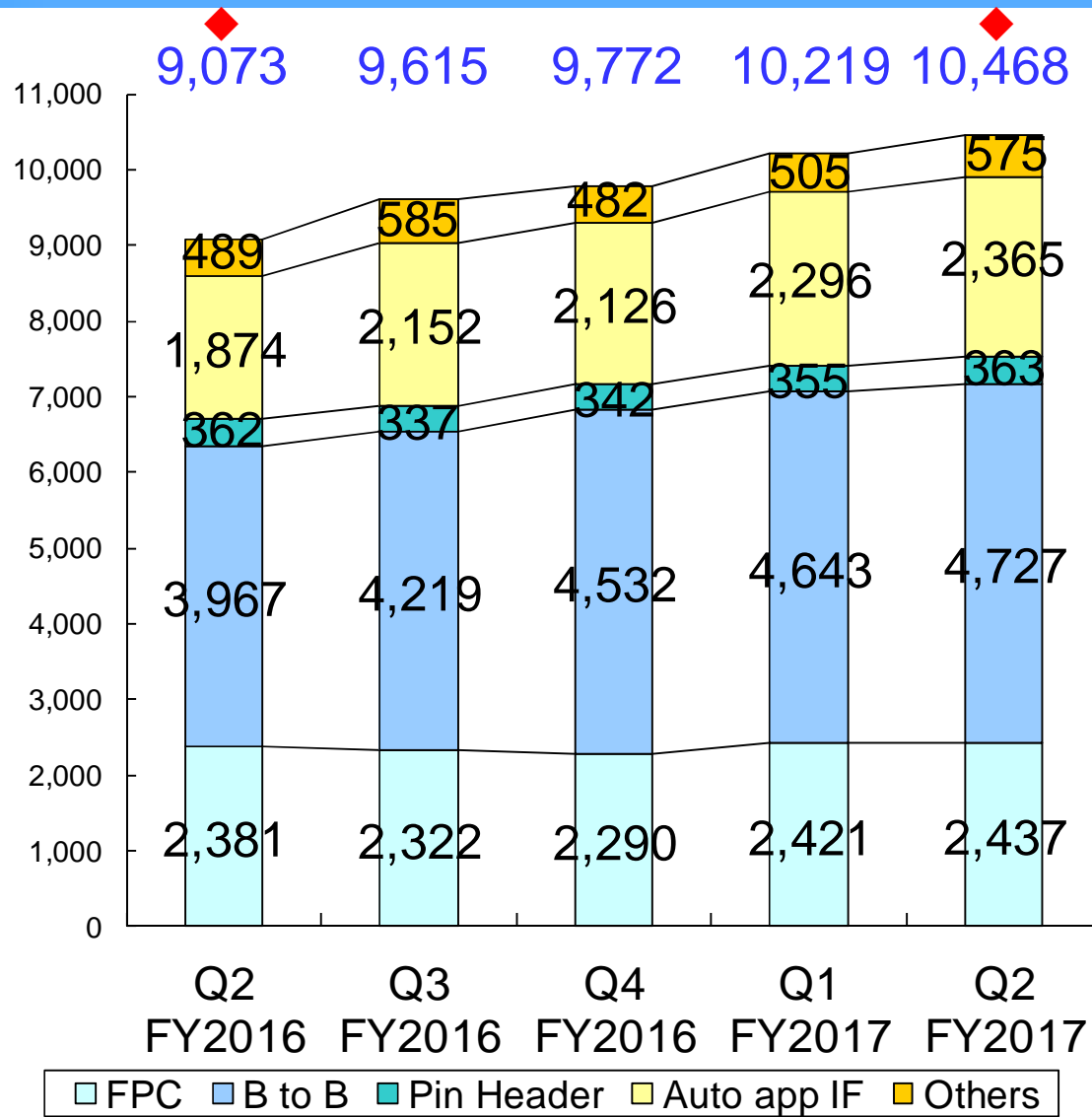
Legend: Japan (light blue), China, Taiwan and South Korea (medium blue), Europe (teal), Singapore (yellow), U.S.A. (orange), Thailand (dark orange)



6. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen



YoY change

Others* 17.8%

Automobile application IF 26.2%

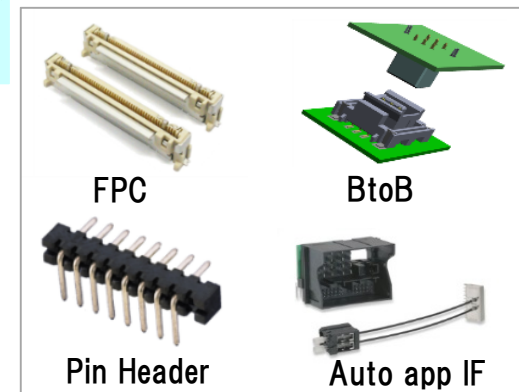
Pin Header 0.1%

BtoB connector 19.2%

FPC connector 2.4%

Automotive segment trended favorably.

Automotive segment trended favorably.



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



Unit: Millions of yen

	2Q FY 2016		2Q FY 2017		YoY change	
Net sales	18,159	100.0%	20,687	100.0%	2,528	13.9%
Cost of sales	11,827	65.1%	12,784	61.8%	956	8.1%
Gross profit	6,331	34.9%	7,902	38.2%	1,571	24.8%
SG & A	3,486	19.2%	3,972	19.2%	486	13.9%
Operating income	2,845	15.7%	3,930	19.0%	1,085	38.1%
Non-operating income	43	0.2%	37	0.2%	(5)	(14.7)%
Non-operating expenses	250	1.4%	100	0.5%	(149)	(60.1)%
Ordinary income	2,638	14.5%	3,867	18.7%	1,229	46.6%
Extraordinary income (loss)	(6)	(0.0)%	(49)	(0.2)%	(43)	—
Pretax income	2,631	14.5%	3,817	18.5%	1,185	45.0%
Net income	1,913	10.5%	2,862	13.8%	948	49.6%
EPS	81.81		120.91		—	
Exchange rate (USD/EURO)	106.43 Yen/		111.42 Yen/		4.99 Yen/	
	119.12 Yen		126.63 Yen		7.51 Yen	

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



Unit: Millions of yen

	As of March 31, 2017		As of Sep 30, 2017		Increase /Decrease	Factors for increase/decrease
Current assets	31,828	60.8%	34,209	60.4%	2,380	Cash and deposits 582 Notes and accounts receivable-trade 1,090
Noncurrent assets	20,534	39.2%	22,392	39.6%	1,858	Tangible fixed assets 1,821
Total assets	52,363	100.0%	56,602	100.0%	4,238	
Current liabilities	7,000	13.4%	8,319	14.7%	1,318	Notes payable and accounts payable 649 Provision for bonuses 196 Income taxes payable 138
Noncurrent liabilities	669	1.3%	695	1.2%	25	
Total liabilities	7,670	14.6%	9,014	15.9%	1,343	
Shareholders' equity	42,737	81.6%	44,896	79.3%	2,159	Retained earnings 2,159
Valuation/translation difference	1,715	3.3%	2,420	4.3%	705	Foreign currency translation adjustment 705
Minority interests	239	0.5%	270	0.5%	31	
Total net assets	44,692	85.4%	47,587	84.1%	2,895	Net assets per share 1,998.71 yen (previous period 1,877.72 yen)
Total liabilities and net assets	52,363	100.0%	56,602	100.0%	4,238	



9. Cash Flows



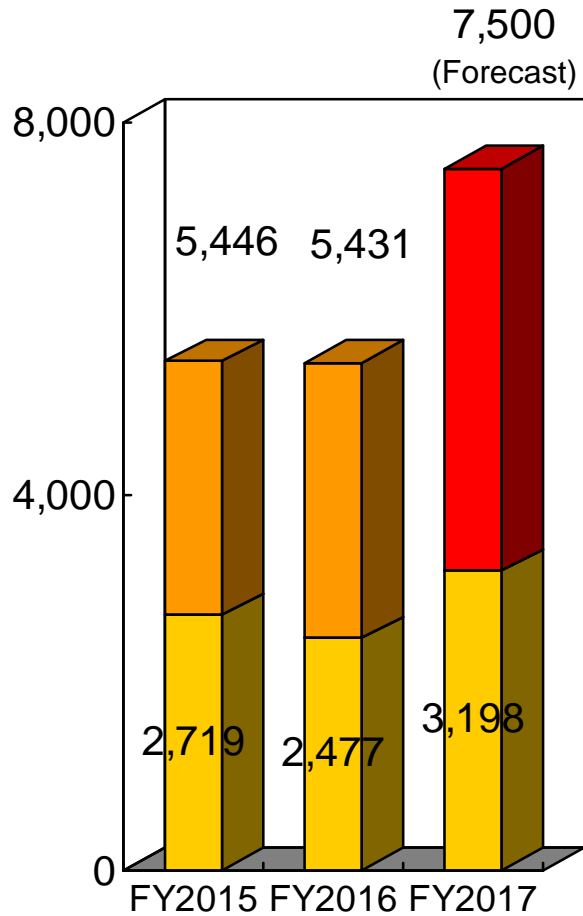
Unit: Millions of yen

	2Q FY 2016	2Q FY 2017	Increase /Decrease
Cash flows from operating activities	2,766	4,436	1,670
Decrease (increase) in notes and accounts receivable - trade	(1,151)	(723)	427
Increase (decrease) in notes and accounts payable - trade	1,189	307	(882)
Cash flows from investing activities	(2,460)	(3,275)	(814)
Purchase of property, plant and equipment	(2,477)	(3,198)	(721)
Purchase of intangible assets	(1)	(50)	(48)
Cash flows from financing activities	1,525	(743)	(2,269)
Net increase (decrease) in short-term loans payable	-	-	-
Proceeds from disposal of treasury stock	2,241	-	(2,241)
Net increase (decrease) in cash and cash equivalents	973	582	(391)
Cash and cash equivalents at end of period	14,024	15,825	1,800

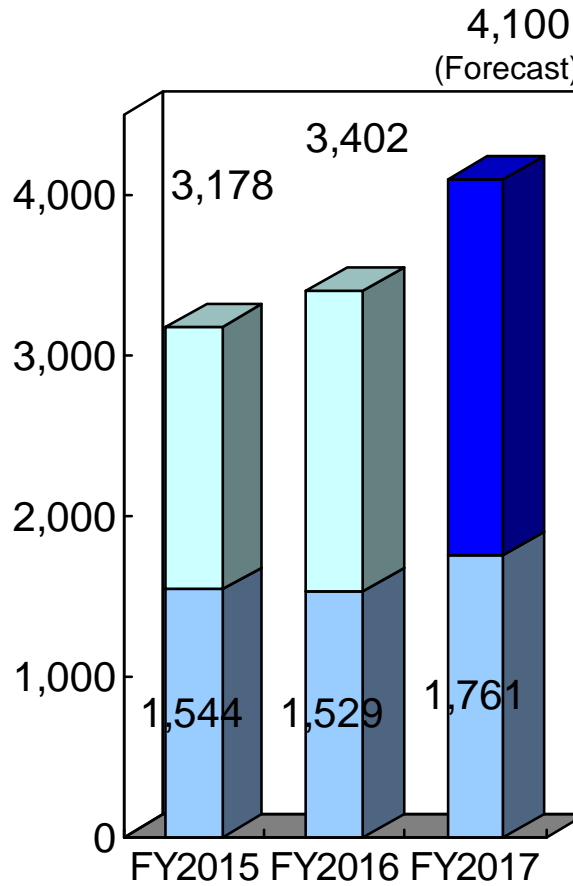
10. Capital Investment, Depreciation & Amortization, and Research & Development



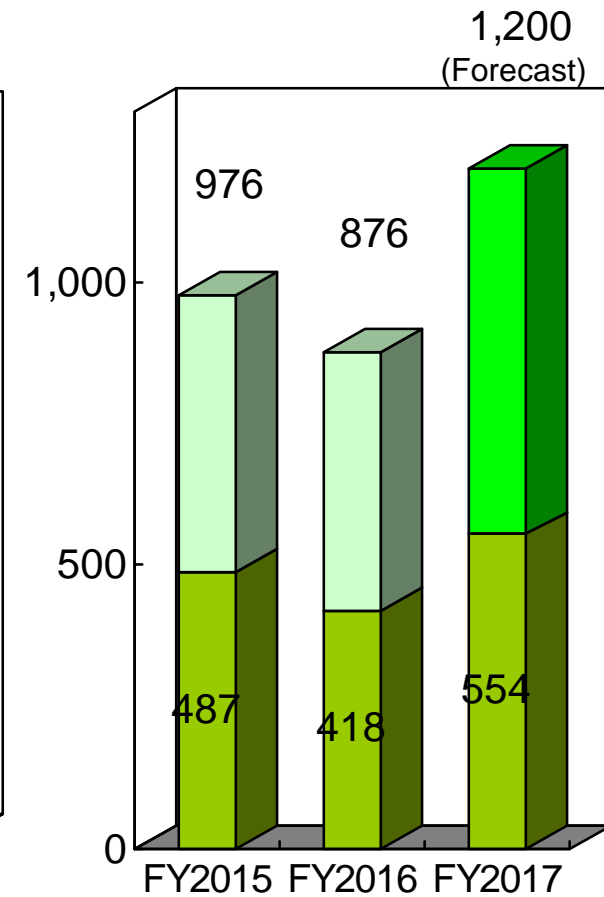
Unit: Millions of yen



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 FY 2017







Unit: Millions of yen

*Considering the result of 1st half and foreign exchange rates, we revised our initial forecast.
(Forecasted exchange rates for the 2nd half: 110.00yen/USD, 125.00yen/Euro, 16.80yen/RMB)

	Results of FY 2016	Initial plan for FY 2017	Revised plan for FY 2017
Net sales	37,547	40,000	41,500
Operating income	6,661 (17.7%)	7,200 (18.0%)	7,900 (19.0%)
Ordinary income	6,750 (18.0%)	7,200 (18.0%)	7,800 (18.8%)
Net income	4,875 (13.0%)	5,200 (13.3%)	5,800 (14.0%)
EPS	207.16 yen	219.65 yen	245.00 yen
Average exchange rate during the period	USD 109.03 yen EURO 119.37 yen RMB 16.20 yen	110.00 yen 120.00 yen 15.80 yen	110.76 yen 125.88 yen 16.62 yen



The construction is on course for completion in December 2017

City	Nantong, Jiangsu		
Land area	About 36,000m ²		
Building area	About 26,000m ² (our largest plant)		
Ship to	China		
Completion	In Dec. 2017		
Start of operation	In Mar. 2018		
Feature	Smart factory with new production system through IoT		



Renovation of Ibaraki Plant

- Purpose: Establishment of production system to ensure higher quality to respond increasing demand for our connectors to be used for powertrain of vehicles
- Improvement: Expansion of clean room facilities in assembly process





Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,324 (as of September 30, 2017)
Capital	5,640 million yen (as of March 31, 2017)
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 (Hai Duong)