



Consolidated Financial Results Briefing Materials for 3rd Quarter of FY 2017

IRISO ELECTRONICS CO., LTD.
Stock Code: 6908
(Feb 2, 2018)



1. Summary of Business Performance



Strong sales mainly in automotive market and record-setting sales and operating income

- Net sales increased by 13.9% year-on-year, and quarterly sales exceeded 10 billion yen for the third consecutive quarter. Accordingly, sales for the first three quarters have surpassed 30 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 19.6%, increasing by 3.5 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 fourth consecutive quarter and surpassed the sales in AVN segment.
- Industrial segment: Remained favorable and increased for PLCs, servo amplifiers, and inverters owing to rising demand for FA equipment mainly in China.

【By area】

- Japan: Increased in automotive and industrial markets.
- USA: Increased in both AVN and Electronics segments of the automotive market.
- China, Taiwan & South Korea: Increased mainly in Car-Electronics segment and industrial market.
- EU: Increased due to strong sales mainly of safety related products in automotive market.

【Topics】

- IRISO participated in the International Robot Exhibition 2017 and introduced our connector technologies for assembly automation to a wide range of visitors.



2. Consolidated Results for 3Q of FY 2017 (YoY Change)



Unit: Millions of yen

	3Q FY 2016	3Q FY 2017	YoY change
Net sales	27,775	31,641	3,866 13.9%
Operating income	4,479	6,196	1,717 38.3%
Ordinary income	4,687	6,087	1,399 29.8%
Net income	3,383	4,424	1,040 30.7%
EPS	144.07 yen	186.87 yen	
Average exchange rate during the period	USD 107.88 yen EURO 119.13 yen	111.82 yen 128.59 yen	3.94 yen 9.46 yen



3. Breakdown of Net Sales (by Market)



Unit: Millions of yen

		3Q FY 2017	YoY change	Sales ratio	Factors for increase/decrease
Automotive (car-mounted products)		26,687	14.2%	84.3%	<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 60% compared to the previous year.
Category	AVN (Car audio, visual, navigation systems, etc.)	12,912	5.0%	40.8%	
	Electronics (Other electric components including ADAS, Powertrain and switches.)	13,775	24.3%	43.5%	
Consumer (OA, game consoles, Digital cameras, cellular telephones, televisions, etc.)		3,309	2.4%	10.5%	<ul style="list-style-type: none"> Increased in sales for OA equipment including printers and MFPs.
Industrial (Industrial equipment, etc.)		1,645	40.6%	5.2%	<ul style="list-style-type: none"> Increased in sales for PLCs, servo amplifiers, inverters, etc.
Total		31,641	13.9%	100.0%	<ul style="list-style-type: none"> Overseas ratio was 78.7%.

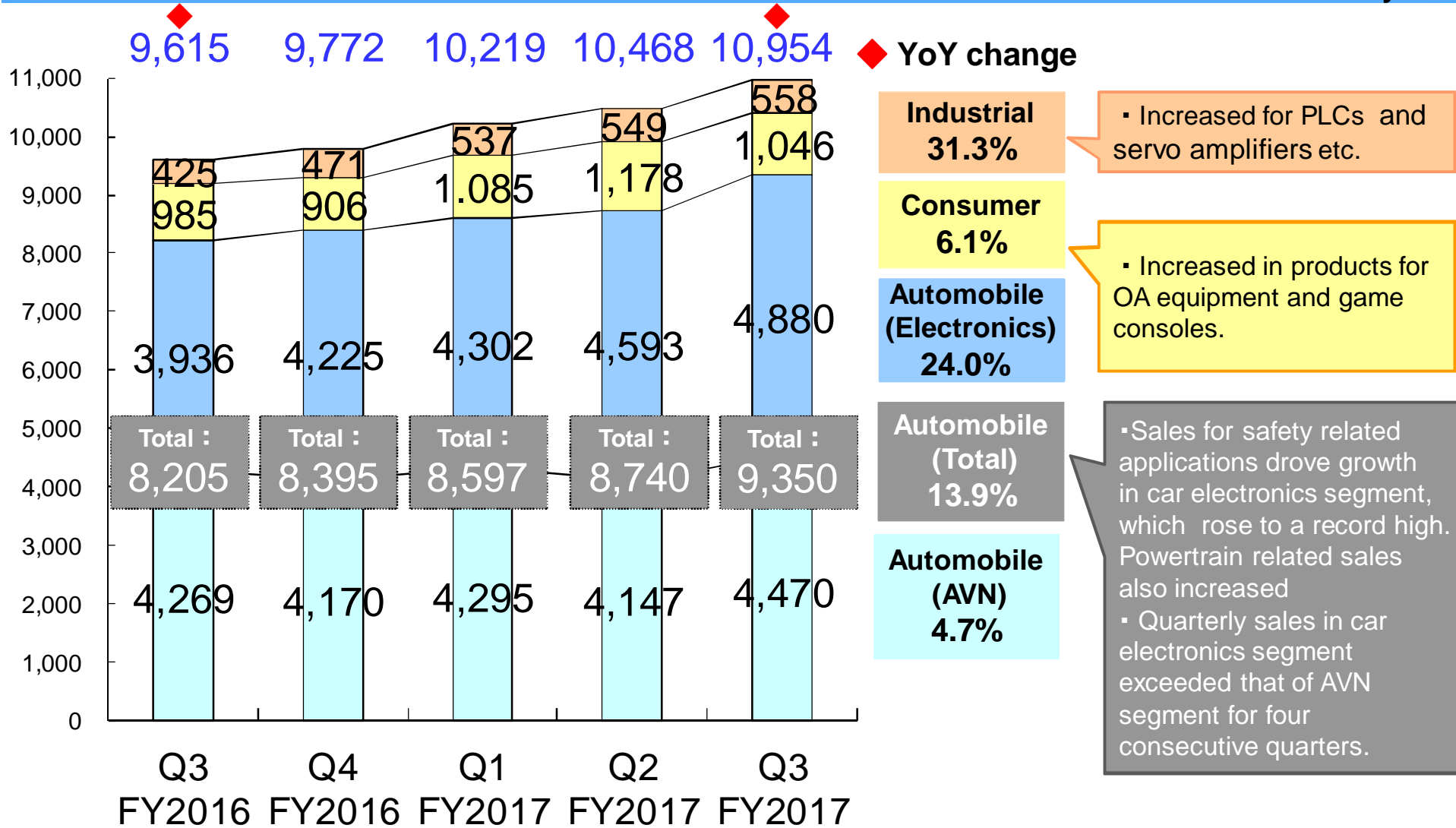
Note: AVN is an abbreviation of Audio Visual Navigator, and refers to general car audio equipment, navigation systems, etc.



4. Net Sales by Market (Quarterly Trends)



Unit: Millions of yen



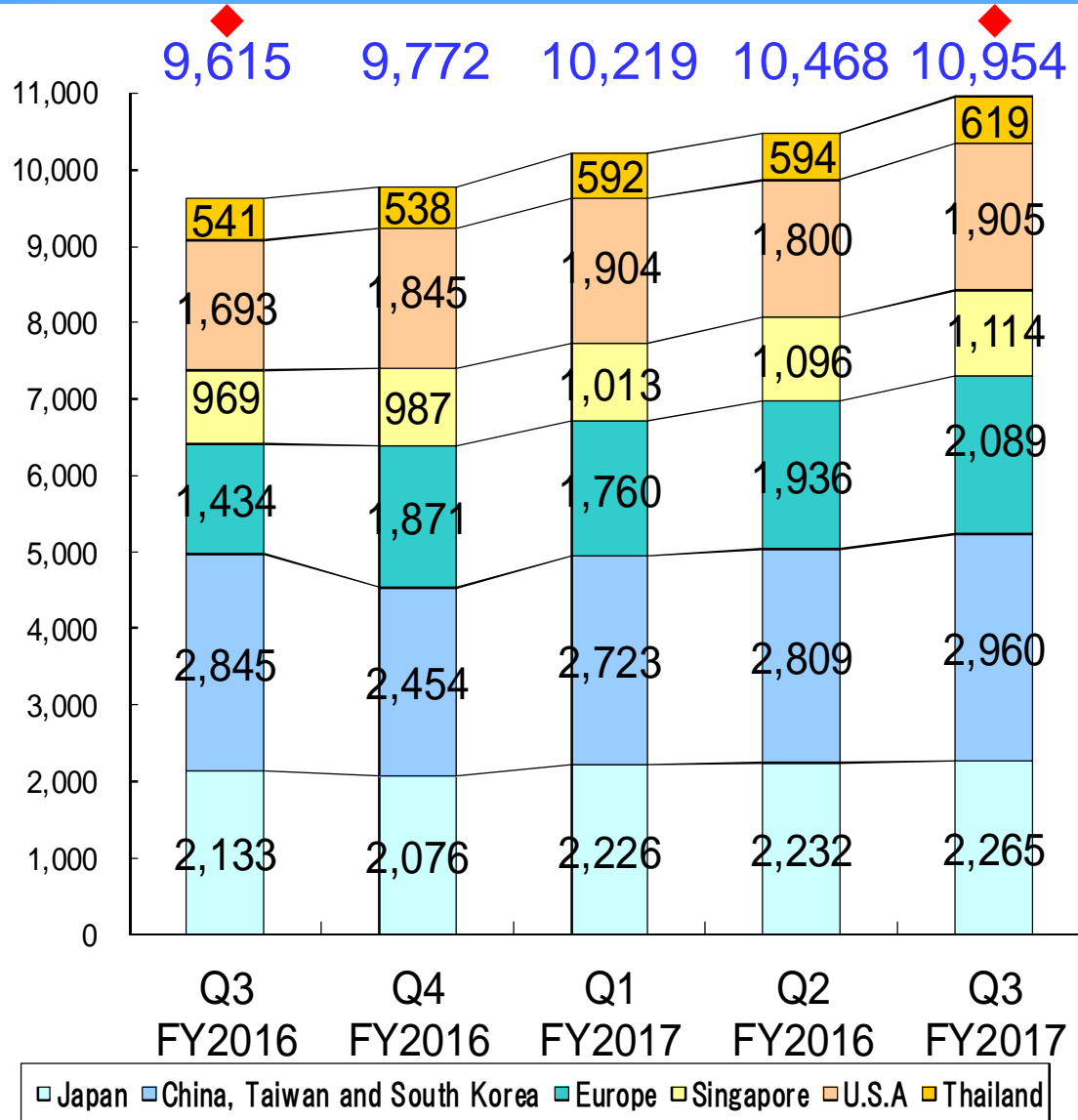
■ Automobile (AVN)
 ■ Automobile (Electronics)
 ■ Consumer
 ■ Industrial



5. Net Sales by Area (Quarterly Trends)



Unit: Millions of yen



YoY change

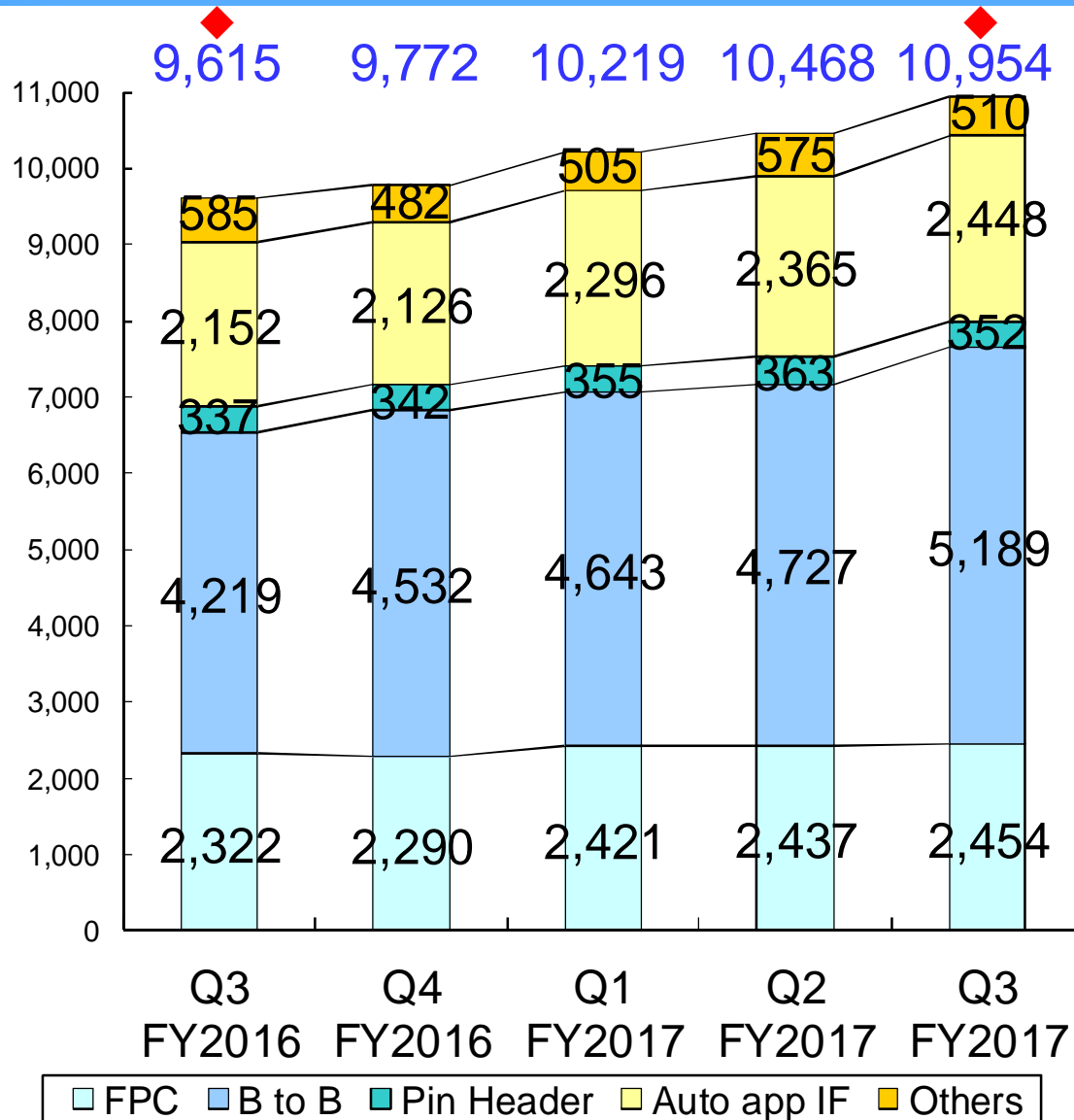
- Thailand 14.5%**
 - Sales for automotive market trended favorably.
- U.S.A. 12.6%**
 - Sales for safety related apps and AVN segment trended favorably.
- Singapore 14.9%**
 - Sales for automotive market trended favorably.
- Europe 45.6%**
 - Sales for safety related applications trended favorably.
- China, Taiwan & South Korea 4.0%**
 - Increased mainly in Car-Electronics segment.
- Japan 6.2%**
 - Sales for automotive and industrial markets trended favorably.



6. Net Sales by Product (Quarterly Trends)



Unit: Millions of yen



◆ YoY change

Others* (12.7%)

Automobile application IF 13.7%

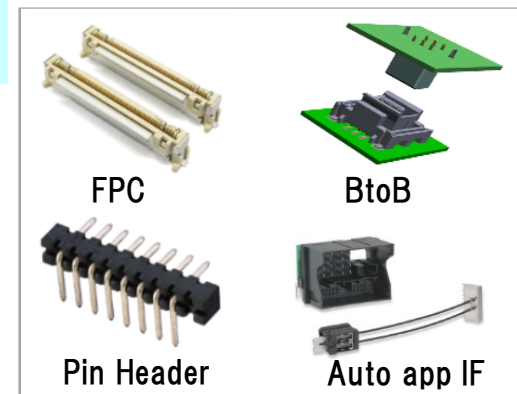
Pin Header 4.5%

BtoB connector 23.0%

FPC connector 5.7%

• Automotive segment trended favorably.

• Automotive segment trended favorably.



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



Unit: Millions of yen

	3Q FY 2016		3Q FY 2017		YoY change	
Net sales	27,775	100.0%	31,641	100.0%	3,866	13.9%
Cost of sales	17,976	64.7%	19,460	61.6%	1,514	8.4%
Gross profit	9,798	35.3%	12,150	38.4%	2,351	24.0%
SG & A	5,319	19.2%	5,953	18.8%	634	11.9%
Operating income	4,479	16.1%	6,196	19.6%	1,717	38.3%
Non-operating income	228	0.8%	74	0.2%	(153)	(67.3)%
Non-operating expenses	20	0.1%	184	0.6%	164	817.46
Ordinary income	4,687	16.9%	6,087	19.2%	1,399	29.8%
Extraordinary income (loss)	(15)	(0.1)%	(114)	(0.4)%	(99)	668.3%
Pretax income	4,673	16.8%	5,972	18.9%	1,299	27.8%
Net income	3,383	12.2%	4,424	14.0%	1,040	30.7%
EPS	144.07		186.87		—	
Exchange rate (USD/EURO)	107.88 Yen/		111.82 Yen/		3.94 Yen/	
	119.13Yen		128.59 Yen		9.46 Yen	

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



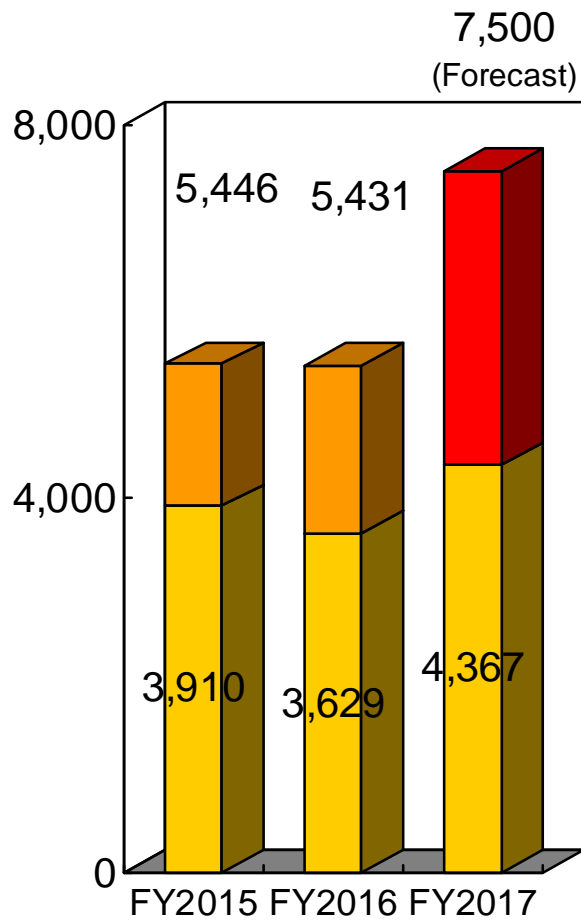
Unit: Millions of yen

	As of March 31, 2017		As of Dec 31, 2017		Increase /Decrease	Factors for increase/decrease
Current assets	31,828	60.8%	36,290	61.3%	4,461	Cash and deposits 1,652 Notes and accounts receivable-trade 1,458 Raw materials and supplies 498
Noncurrent assets	20,534	39.2%	22,939	38.7%	2,404	Tangible fixed assets 2,258
Total assets	52,363	100.0%	59,229	100.0%	6,866	
Current liabilities	7,000	13.4%	9,055	15.3%	2,054	Notes payable and accounts payable 1,283 Accounts payable 253 Equipment notes payable 215
Noncurrent liabilities	669	1.3%	694	1.2%	24	
Total liabilities	7,670	14.7%	9,749	16.5%	2,079	
Shareholders' equity	42,737	81.6%	46,458	78.4%	3,720	Retained earnings 3,721
Valuation/translation difference	1,715	3.3%	2,742	4.6%	1,026	Foreign currency translation adjustment 1,024
Minority interests	239	0.5%	278	0.5%	39	
Total net assets	44,692	85.4%	49,479	83.5%	4,787	Net assets per share 2,078.27 yen (previous period 1,877.72 yen)
Total liabilities and net assets	52,363	100.0%	59,229	100.0%	6,866	

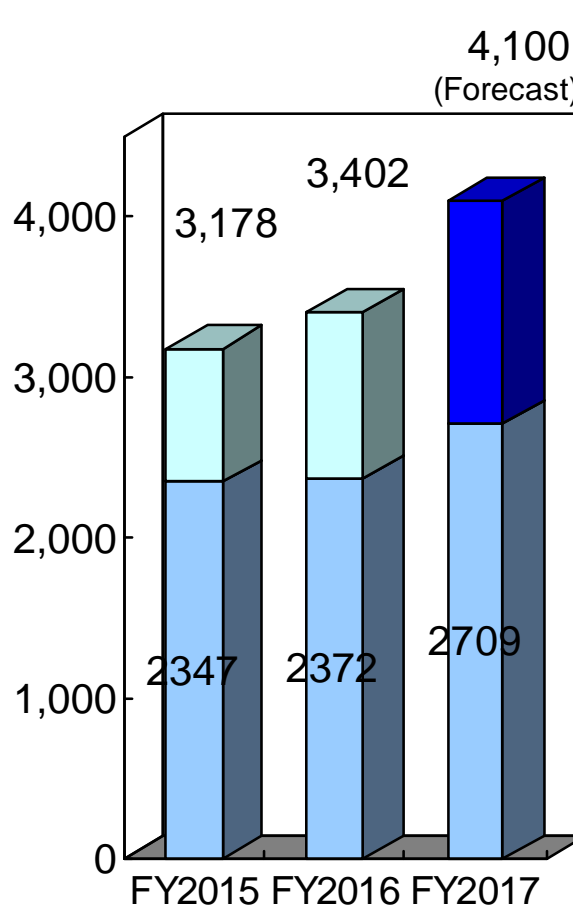
10. Capital Investment, Depreciation & Amortization, and Research & Development



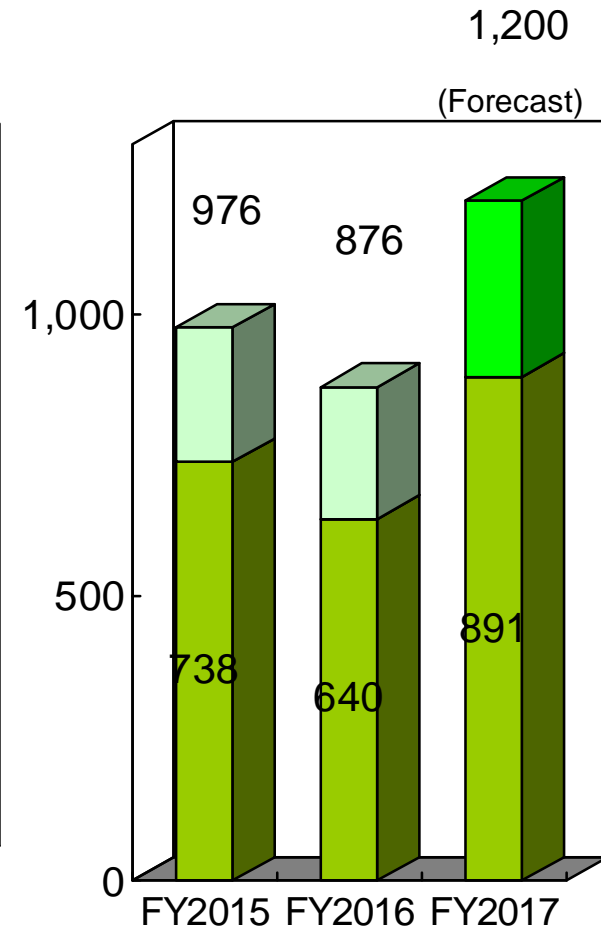
Unit: Millions of yen



Capital Investment



Depreciation & Amortization



Research & Development

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

11. Revised Plan for FY 2017 (Announced on 30th Oct. 2017)



Unit: Millions of yen

*Considering the result of 1st half and foreign exchange rates, we revised our initial forecast on October 30, 2017. (Forecasted 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



IRISO participated in the International Robot Exhibition 2017.

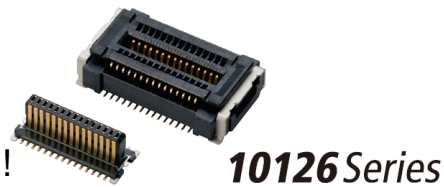
The Exhibition was held from 29th Nov. to 2nd Dec., 2017 with more than 130,000 visitors.

We exhibited three product series of our robot compliant connectors that feature our technologies of floating function, Auto I-Lock™, and two-point contact system. We also presented demonstration of assembly automation.

3 technologies for achieving assembly automation

Floating Technology

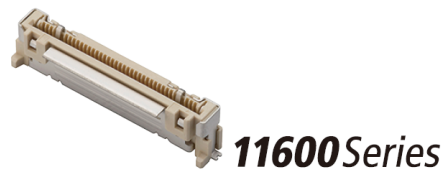
Its movable connecting port absorbs PCB misalignment and offsets the mating positional error. Greatest advantage for reliable assembly automation!



10126 Series

Auto I-Lock™

FPC/FFC is automatically locked when inserted. It contributes to efficient robot assembly and inspection process!



11600 Series

Two-point Contact Connector

Its wiping function removes foreign materials. It ensures greater yield ratio and productivity!



9984 Series





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 September 30, 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)