



Mid-term Management Plan

IRISO ELECTRONICS CO.,LTD.

May 9, 2017



Management Principles

Progress to the next stage, Strive toward true globalization.

Customer First
Become the
Industry Leader

~Utilize our knowledge and
experience to assist the customer~

Continue to employ the 3G6S management philosophy
Fusing the spirit of IRISO members from 13 countries

Mustering the Full Power of Team IRISO



Expansion and changes in the markets

- Gradual increase in automobile sales volume to 100 million units around 2020
- Progress of informatization (utilization of big data, IoT)
- Advancement of imaging technology (high-resolution 4K, 8K)
- Acceleration of infrastructure development in emerging countries
- Evolution of production systems through Industry 4.0, including robotization

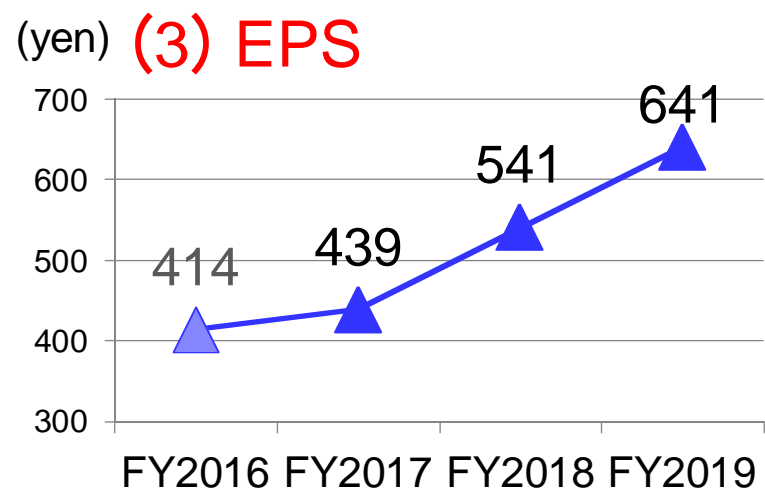
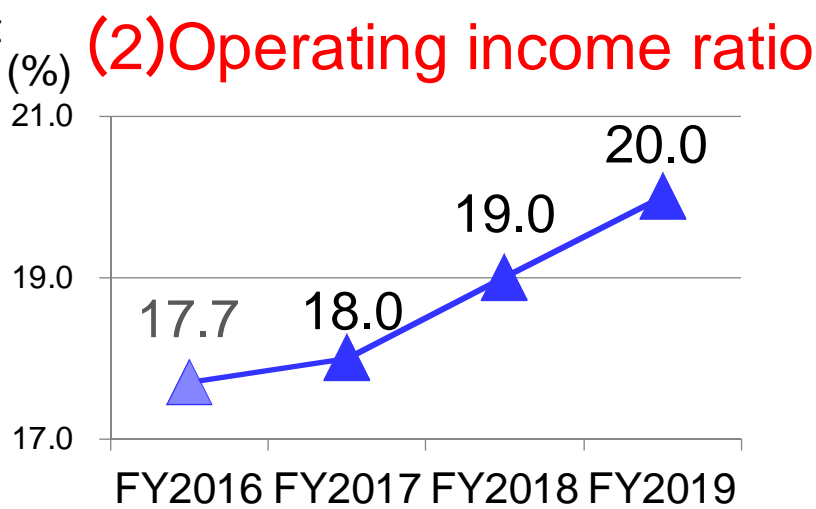
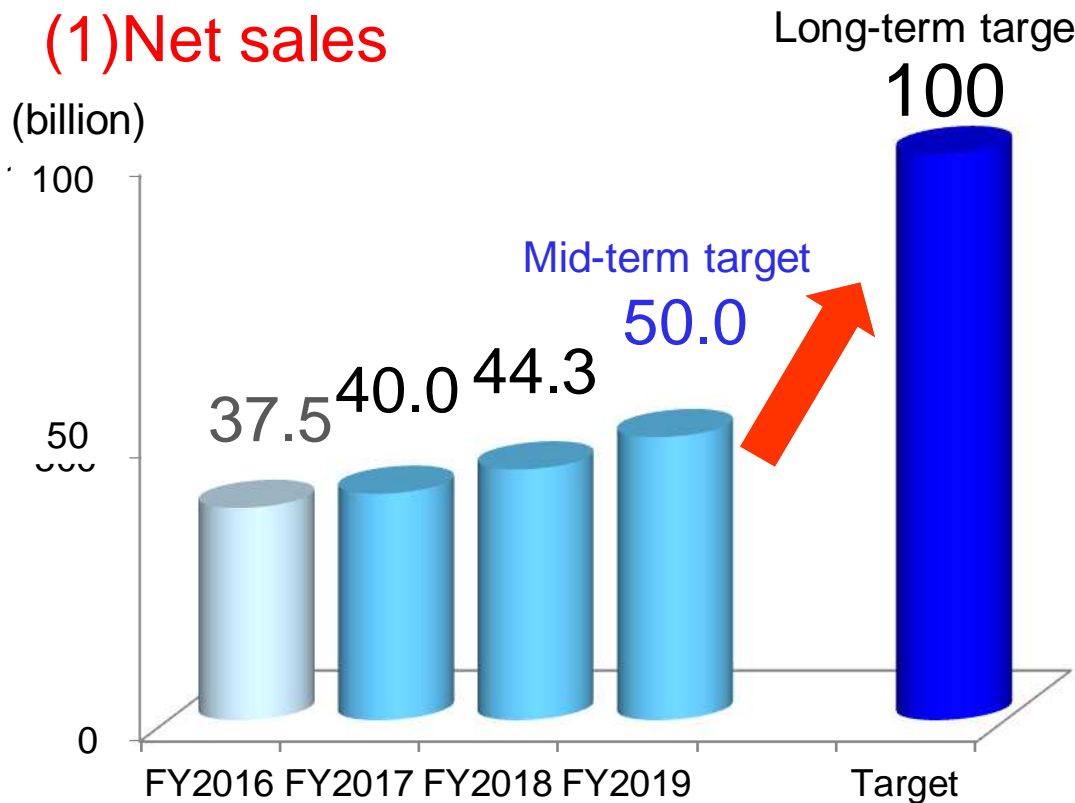
Expansion of the automotive market

- EVs/HEVs /PHEVs
- Safety (automatic brake, collision prevention system)
- Infotainment(cockpit style in which various functions are concentrated)

Growing connector markets

- FA equipment (robots, AI, PLC)
- Communication equipment (communication module, etc.)
- Medical equipment (healthcare)
- OA equipment (multifunctional printers, ATM)

**Our vision : Sales target of ¥100 billion
To be a global top 10 connector manufacture**



* Assumed exchange rate

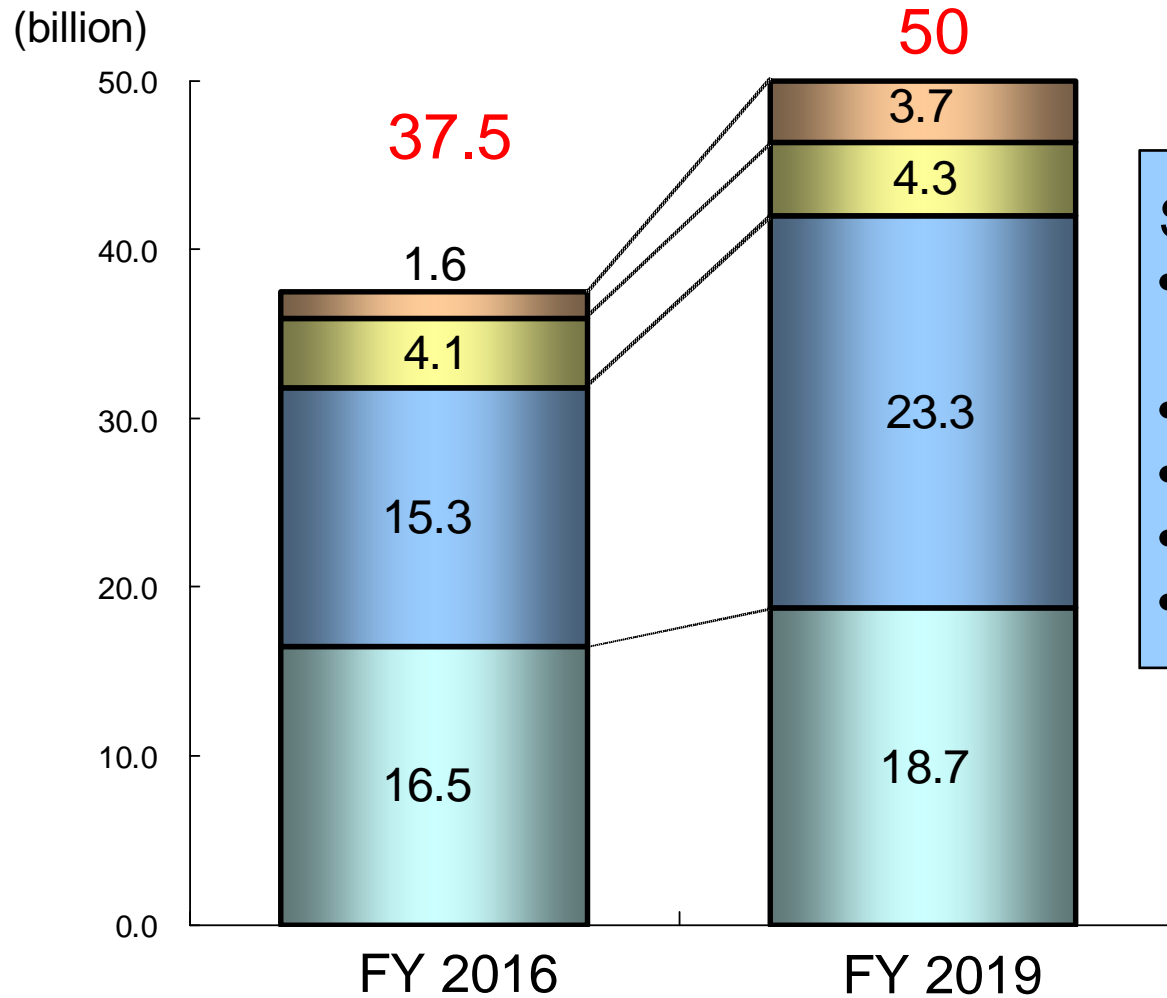
	FY 2016	FY 2017-2019
USD	109.03	110.00
EUR	119.37	120.00



4. Mid-term Target (Sales by Market)



Our target: Annual sales of 50 billion yen by FY 2019



Sales increase in...

- Safety field (radars, cameras)
- Powertrain field
- Switches & cluster panels
- Infotainment
- FA equipment

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



To achieve ¥100 billion sales

Key strategies

Expanding business in the growing automotive markets

Developing industrial equipment area as our second core business

Strengthening the production capacity and cost competitiveness



Plans to achieve 50 billion yen sales (1)

- Sales expansion in growing automotive markets
 - 1) Expanding sales in the safety field including millimeter-wave radars and car-mounted cameras
 - Sales for camera housings
 - Promote sales of the world's smallest floating BtoB connectors which are effective to adapt in the camera modules
 - 2) Increasing sales in the powertrain field
 - Promote sales of our very unique products “Z-Move™”* for converter and inverter circuit board

*floating BtoB connector with vibration resistance in three directions
- Increasing our shares in existing markets
 - 1) Order Increase from key customers
 - Expanding sales to Japanese infotainment makers
 - Expanding sales of products for cluster panels and switches fields globally



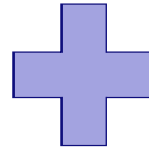
Plans to achieve 50 billion yen sales (2)

- **Increasing overseas sales**
 - 1) Strengthen of the sales power in the USA and EU
 - Reinforcement of sales engineers
 - Studying additional offices in EU and US west coast
 - 2) Increasing the ratio of local customers in the Chinese market
- **Expansion in key fields of the industrial market**
 - 1) Strengthening support for indirect sales in the USA and EU
 - 2) Acquiring orders for FA related equipment
 - PLC, servo, sensors related and inverter circuit
 - 3) Promoting business with emerging ICT customers
- **Sales increase in the industrial market by collaborating with other companies**
 - Expanding business for information and telecommunication equipment by complementing product lineup



Technical strategies toward ¥100billion sales

Enhancement of marketing activity
– Looking ahead at the growing markets



Advancement of Technology

- 1) Enhancing our product lineup with high performance and reliability
 - Wide variety of “Z-Move™”
 - With high transmission, high current and high voltage
- 2) Underlying technology development for the future

Creating products unique to IRISO and best in the world for the growing fields



Plans to achieve 100 billion yen sales

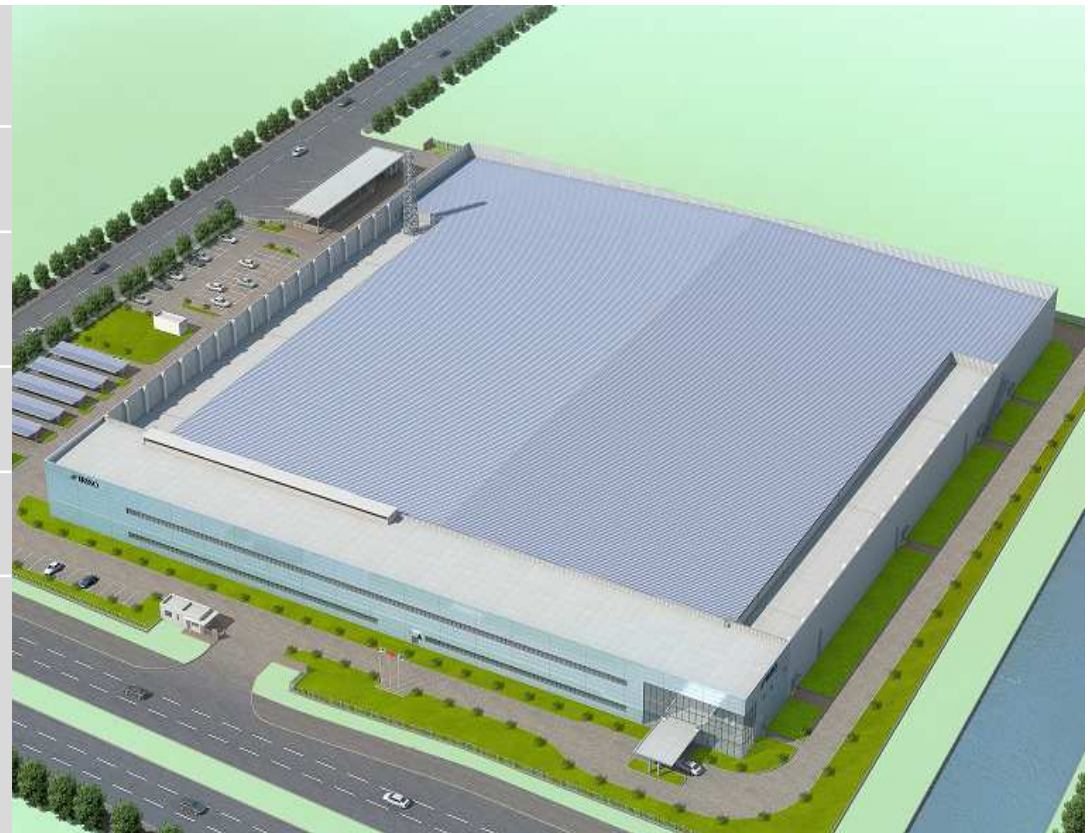
- Development and sales of products unique to IRISO for the growing field
 - 1) Strengthening of marketing activity
 - 2) Safety and powertrain field for automotive markets
 - 3) Robots and communication devices for non-automotive markets
- Expanding overseas sales
 - 1) Increase the sales ratio of non-Japanese customers to 50%+
 - 2) Setting up the Key Account Management system
- Developing industrial equipment area as our second core business
 - 1) Pursuing business with global big customers
 - 2) More solution services by collaborating with other companies
 - Widening product lineup, and sharing sales channels



New production sites to achieve ¥100billion sales

1. Nantong Factory

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



2. Mexico Factory

We purchased land in Feb 2017 and are watching situations to decide on construction.



TSCM innovation to strengthen the management foundation toward ¥100billion sales

- **Global PSI control system**
 - Strengthening global PSI control and systematizing maintenance of equipment and dies by using IoT
- **Enhancement of cost competitiveness**
 - 1) Standardization of product design
 - 2) Global centralized purchasing of raw materials
 - 3) Purchasing raw materials from abroad
- **Strengthening manufacturing technology**
 - 1) Standardization of equipment and dies
 - 2) Development of IRISO's Industry 4.0
- **Enhancement of Productivity**
 - New production system with IoT
<Smart factory>



Strengthening the management foundation

- Global human resources development
 - Promoting diversity management
 - Better work-life balance
- Compliance with corporate governance code
 - Additional appointment of outside directors
- Business operation based on the basics and ethics

13. Management Targets



	FY 2016 Results	FY 2017 Forecast	FY 2018 Target	FY 2019 Target
Net sales	¥37.5B	¥40.0B	¥44.3B	¥50.0B
Operating income	¥6.6B	¥7.2B	¥8.4B	¥10.0B
Operating income %	17.7%	18.0%	19.0%	20.0%
Net income	¥4.8B	¥5.2B	¥6.2B	¥7.3B
Total assets	¥52.3B	¥57.0B	¥63.0B	¥70.0B
Equity ratio	84.8%	84.7%	85.7%	85.8%
Capital investment	¥5.4B	¥7.5B	¥7.5B	¥7.5B
R&D	¥0.9B	¥1.2B	¥1.3B	¥1.5B
ROE	11.7%	11.3%	12.0%	12.8%
Exchange rate	109.03yen/ USD 119.37yen/EURO	110.00yen/ USD 120.00yen/EURO	110.00yen/ USD 120.00yen/EURO	110.00/ USD 120.00/EURO

➤ Shareholder return: We will be targeting 30% payout ratio

Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,489 (as of March 31, 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 (Hanoi)

The forecasts on this report have been prepared based on information available at the time this report was prepared. Actual business results may differ from the forecasts due to changes in various factors.

The Company strives proactively to disclose information that is important from an investor standpoint. However, investors are cautioned not to place undue reliance on these forecasts, nor to base an investment decision solely on the information contained herein.

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