

# Financial Results for 1H of FY2013 and Prospects for FY2013

2013.11.6

6807 Japan Aviation Electronics Industry, Ltd.

## **I . Financial Results for 1H of FY2013**

- 1. Summary**
- 2. By Segment**
- 3. Capital Investments & Depreciation**

## **II . Prospects for 2H of FY2013 & FY2013**

- 1. Summary**
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# I . Financial Results for 1H of FY2013

# 1-1. Changes in Company Sales & Profits

( ) = Profit margin ratio of sales Yen in 100 millions

Major Items	1H/FY12	2H/FY12	1H/FY13	
				<i>% of Previous Year</i>
<b>Sales</b>	<b>604</b>	<b>692</b>	<b>731</b>	121%
<b>Operating Income</b>	<b>39.4</b> (6.5%)	<b>46.6</b> (6.7%)	<b>60.5</b> (8.3%)	154%
<b>Ordinary Income</b>	<b>36.4</b> (6.0%)	<b>41.0</b> (5.9%)	<b>55.4</b> (7.6%)	152%
<b>Net Income</b>	<b>25.3</b> (4.2%)	<b>25.3</b> (3.7%)	<b>38.8</b> (5.3%)	153%

Average Exchange Rate  
(JPY/USD)

**79.40**

**86.57**

**98.86**

# 1-2.Changes in Sales by Business Segment



( ) = Composition Ratio      Yen in 100 millions

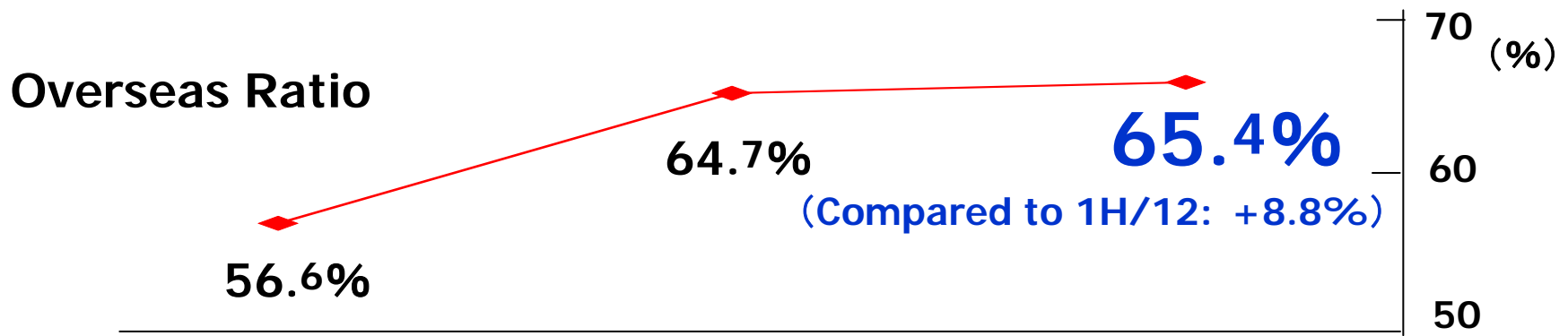
FY Business Segment	1H/FY12	2H/FY12	1H/FY13	% of Previous Year
	<b>Connector</b>	<b>507</b> (84%)	<b>591</b> (85%)	<b>640</b> (88%)
<b>UIS</b>	<b>29</b> (5%)	<b>21</b> (3%)	<b>21</b> (3%)	<b>72%</b>
<b>Aerospace</b>	<b>64</b> (11%)	<b>74</b> (11%)	<b>60</b> (8%)	<b>94%</b>
<b>Others</b> (Touch Sensor in parentheses)	<b>4(1)</b>	<b>6(1)</b>	<b>10(6)</b>	<b>250%</b>
<b>Total</b>	<b>604</b>	<b>692</b>	<b>731</b>	<b>121%</b>

# 1-3. Changes in Operating Income by Business Segment

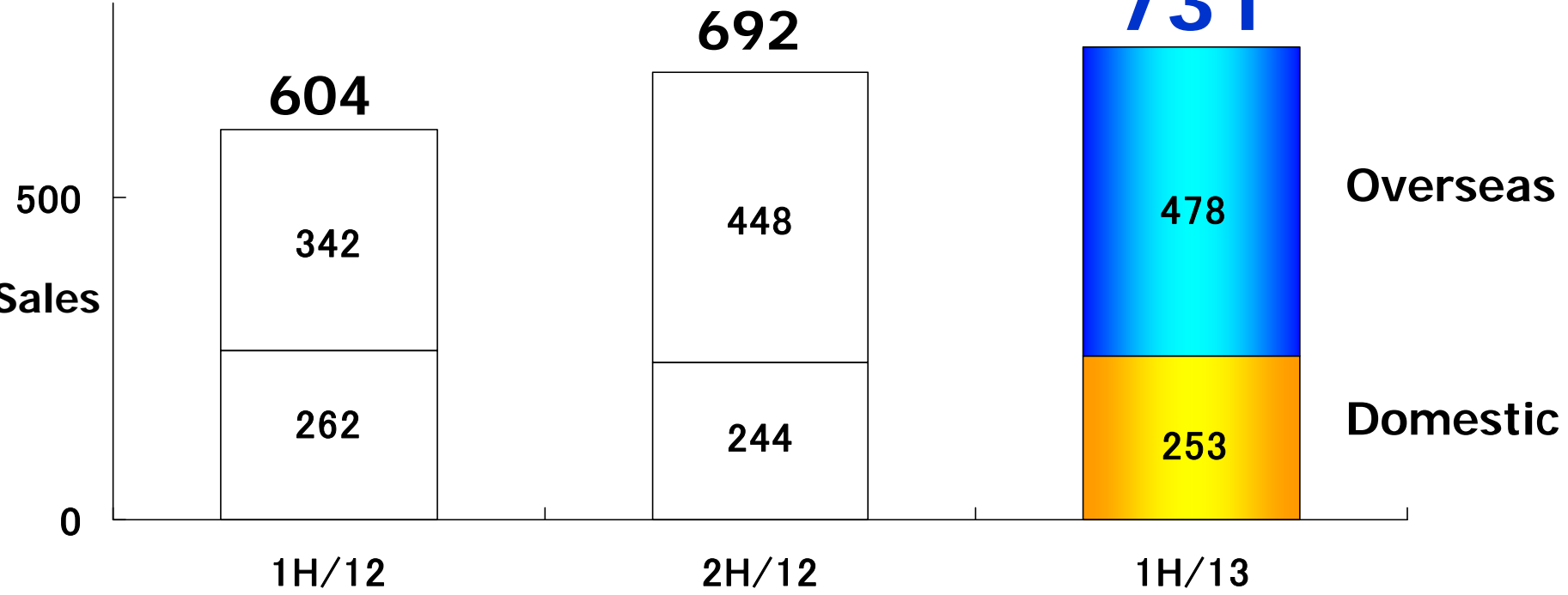
( ) = Profit margin ratio of sales

Business Segment	FY		FY	
	1H/FY12	2H/FY12	1H/FY13	% of Previous Year
Connector	49.4 (9.7%)	58.8 (9.9%)	78.6 (12.3%)	159%
UIS	Δ0.3 (Δ1.0%)	Δ1.9 (Δ9.0%)	Δ1.6 (Δ7.6%)	Δ1.3 million yen
Aerospace	9.9 (15.5%)	9.3 (12.6%)	2.8 (4.7%)	28%
Unallocatable Costs/Others	Δ19.6	Δ19.6	Δ19.3	—
<b>Total</b>	<b>39.4</b> (6.5%)	<b>46.6</b> (6.7%)	<b>60.5</b> (8.3%)	<b>154%</b>

# 1-4. Changes in Sales by Overseas Ratio



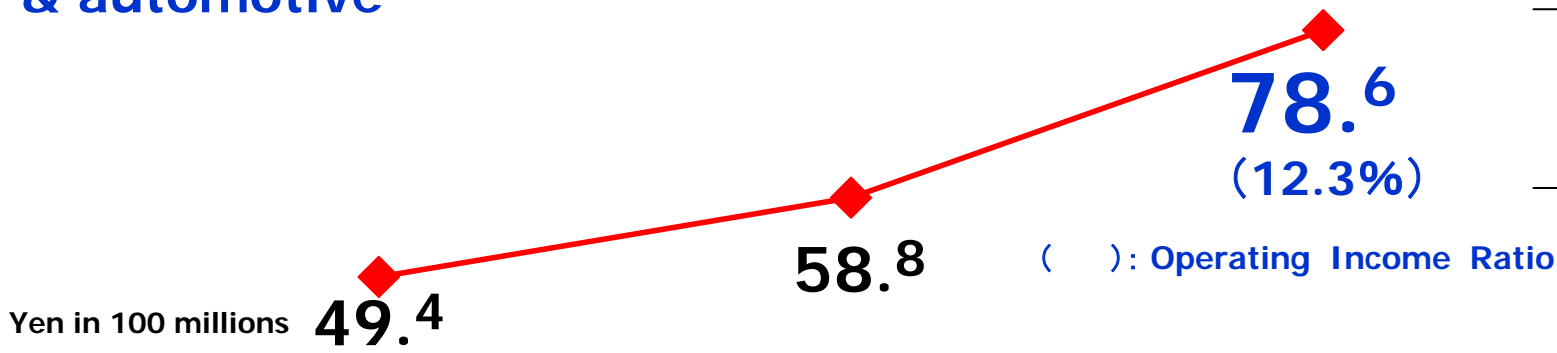
Unit: ¥100 millions



# 2-1. Connector Business

Very stable business for communications (smartphones) & automotive

Yen in 100 millions



80

Operating Income

60

40

% of Previous Year

126%

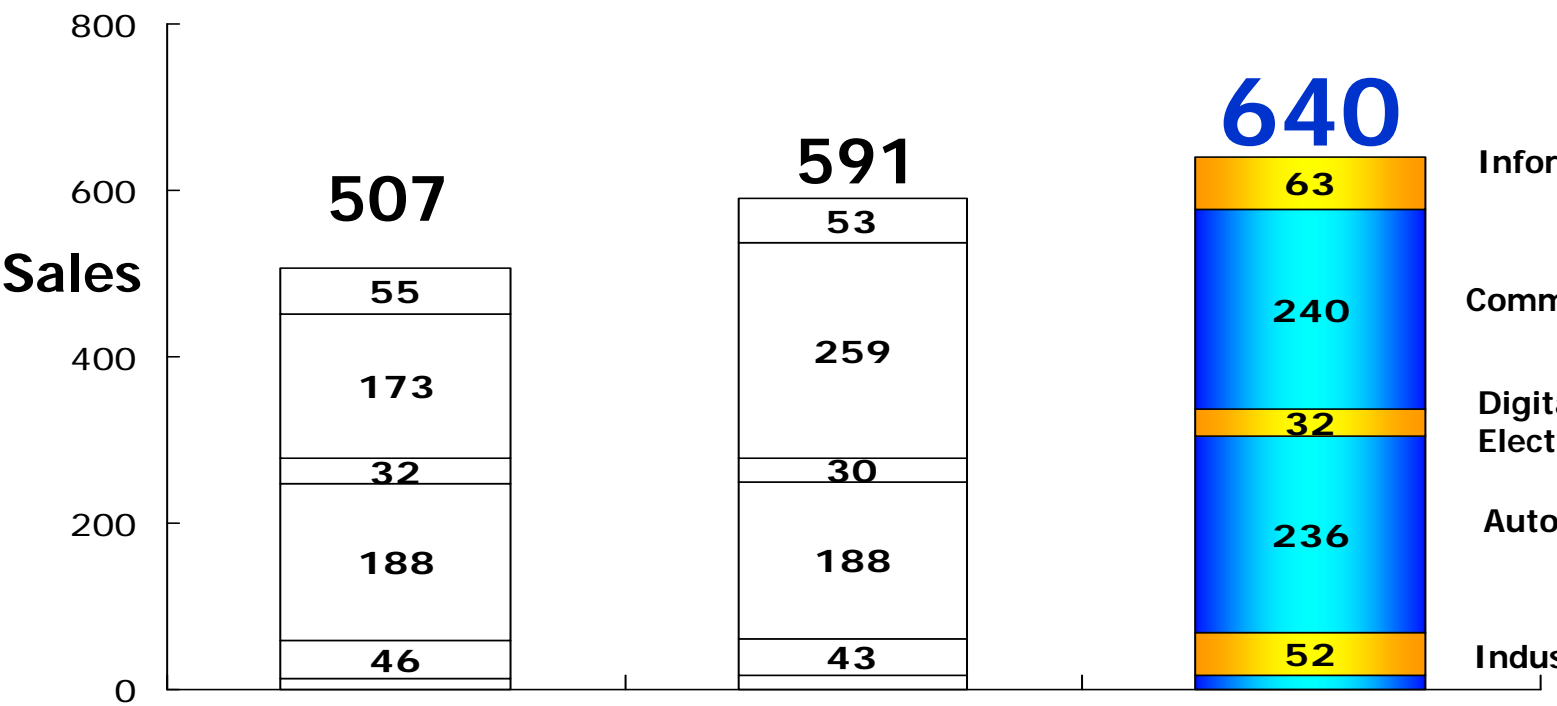
Information 115%

Communications 139%

Digital Home Electronics 100%

Automotive 126%

Industrial/ Others 113%



1H/12

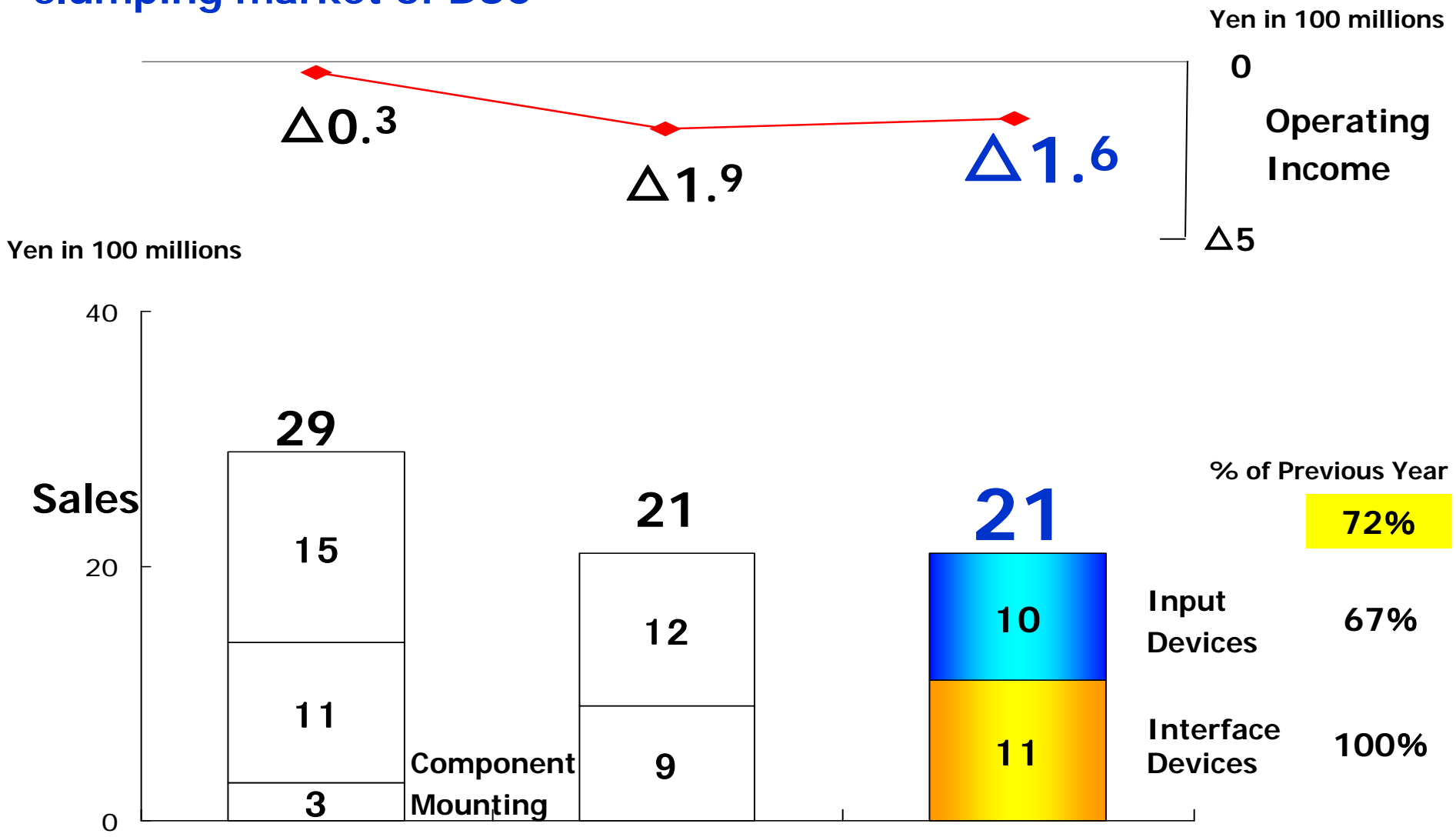
2H/12

1H/13



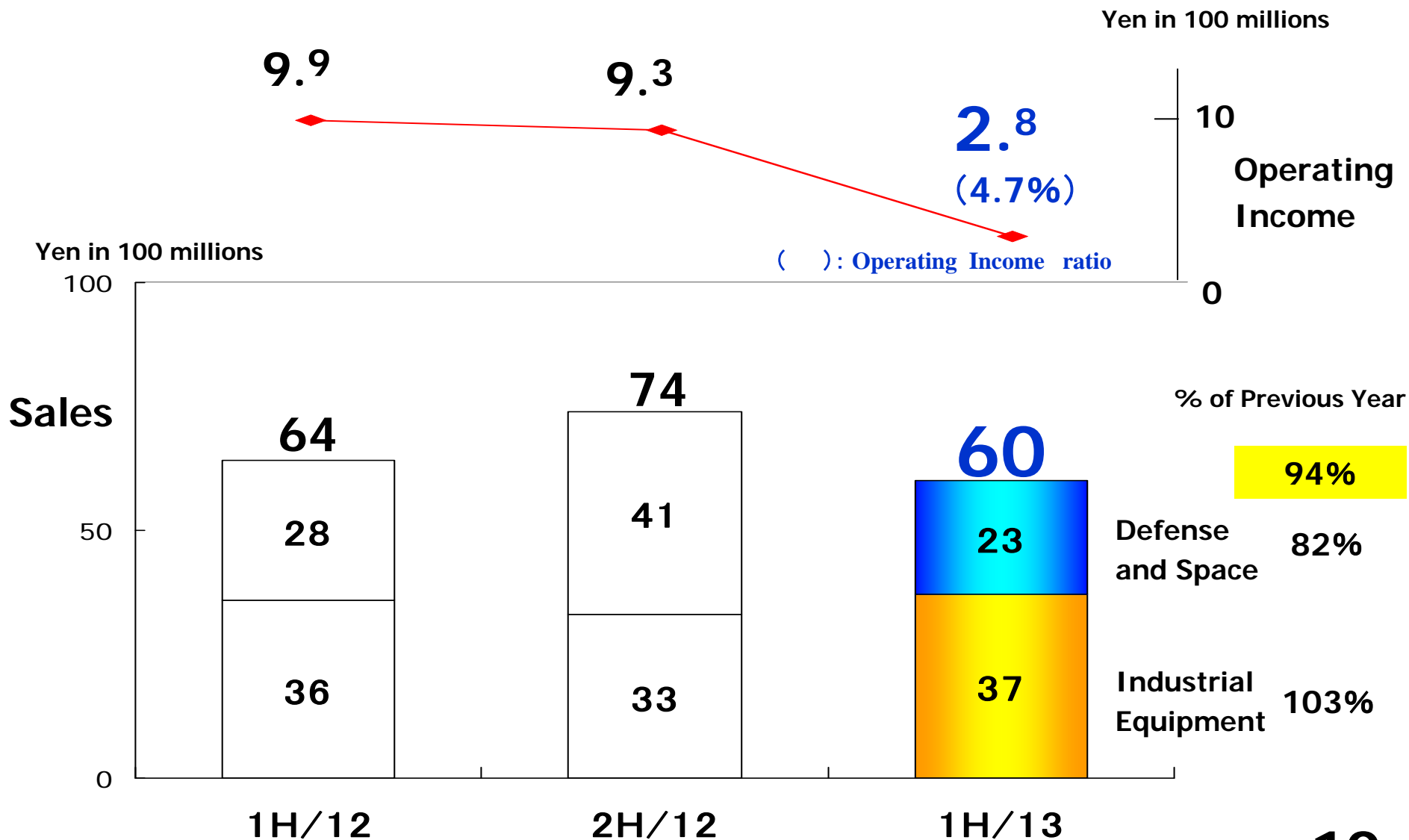
# 2-2. UIS Business

Decreased business for input devices from the slumping market of DSC



# 2-3. Aerospace Business

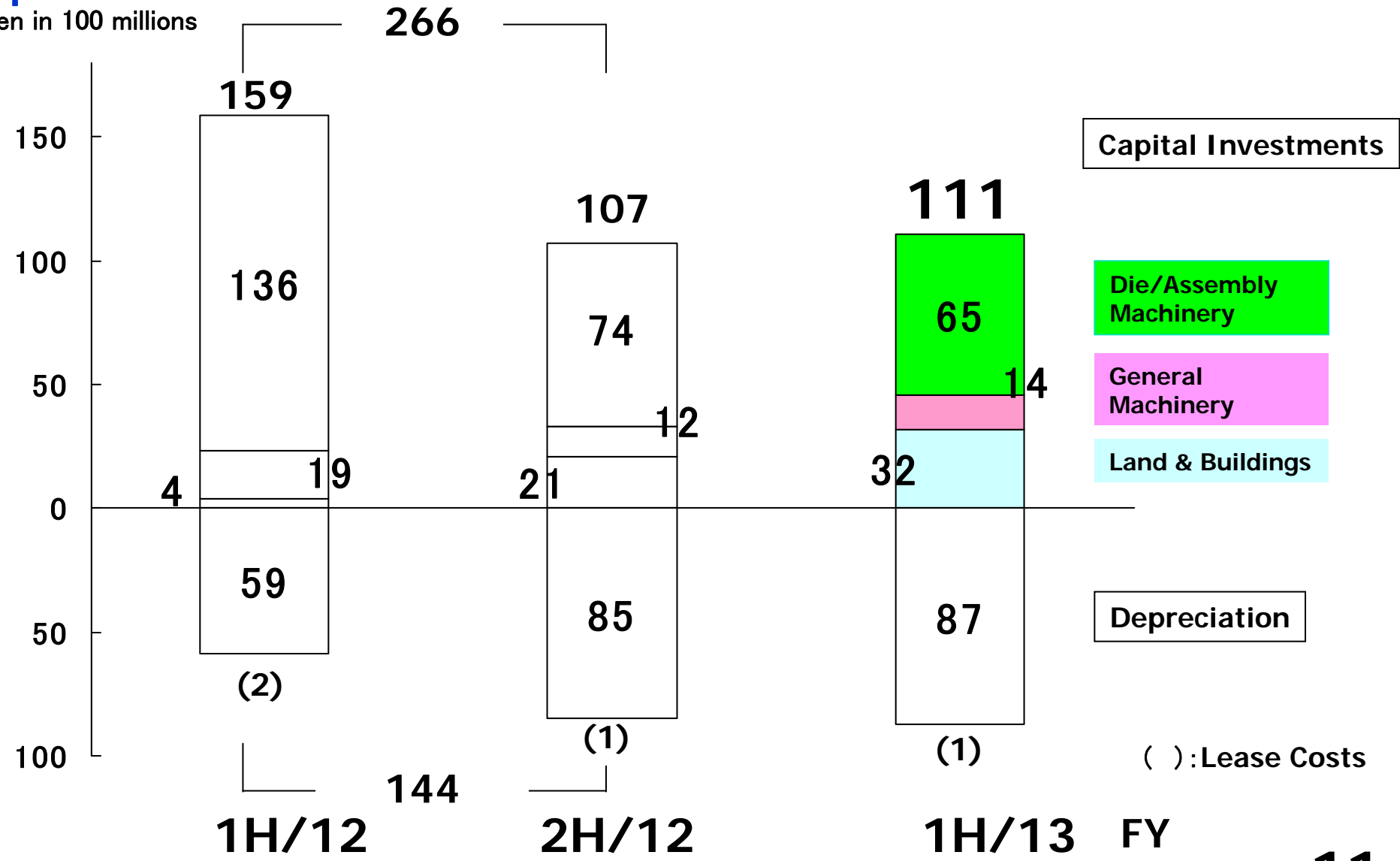
Decrease in sales & profits by the recovery delay of research and development expense, etc



# 3. Capital Investments & Depreciation

Aggressive investments in product development and expansion of production bases

Yen in 100 millions



## **II . Prospects for 2H of FY2013 & FY2013**

# 1-1. Prospects for Fiscal 2013

( ) = Profit margin ratio of sales

Yen in 100 millions

Major Items	2 <sup>nd</sup> Half		Full Year		
		<i>Compared to 1<sup>st</sup> Half</i>	<i>% of Previous Year</i>		<i>% of Previous Year</i>
Sales	<b>819</b>	112%	118%	<b>1,550</b>	120%
Operating Income	<b>64.5</b> (7.9%)	107%	138%	<b>125</b> (8.1%)	145%
Ordinary Income	<b>59.6</b> (7.3%)	108%	145%	<b>115</b> (7.4%)	149%
Net Income	<b>41.2</b> (5.0%)	106%	163%	<b>80</b> (5.2%)	158%

※Estimated average exchange rate during 2H of 2013 : ¥95/US\$

# 1-2. Prospects for Sales by Business Segment and Region

( ) = Composition Ratio

Business Segment	FY2013 2 <sup>nd</sup> Half		Full Year		
		Compared to 1 <sup>st</sup> Half	% of Previous Year		% of Previous Year
Connector	<b>690</b> (84%)	108%	117%	<b>1,330</b> (86%)	121%
UIS	<b>26</b> (3%)	124%	124%	<b>47</b> (3%)	94%
Aerospace	<b>84</b> (10%)	140%	114%	<b>144</b> (9%)	104%
Others (Touch Sensor in parentheses)	<b>19</b> (14)	—	—	<b>29</b> (20)	—
<b>Total</b>	<b>819</b>	112%	118%	<b>1,550</b>	120%
Domestic	<b>285</b> (35%)	113%	117%	<b>538</b> (35%)	106%
Overseas	<b>534</b> (65%)	112%	119%	<b>1,012</b> (65%)	128%

# 1-3. Prospects for Operating Income by Business Segment

( ) : Profit margin ratio of sales

Yen in 100 millions

Business Segment	FY2013 2 <sup>nd</sup> Half		FY2013 Full Year		
		<i>Compared to 1<sup>st</sup> Half</i>	<i>% of Previous Year</i>	<i>% of Previous Year</i>	
Connector	<b>76.2</b> (11.0%)	<b>97%</b>	<b>130%</b>	<b>154.8</b> (11.6%)	<b>143%</b>
UIS	<b>0.1</b> (0.4%)	<b>+1.7</b> <i>million yen</i>	<b>+2</b> <i>million yen</i>	<b>Δ1.5</b> (Δ3.2%)	<b>+0.7</b> <i>million yen</i>
Aerospace	<b>6.0</b> (7.1%)	<b>214%</b>	<b>65%</b>	<b>8.8</b> (6.1%)	<b>46%</b>
Unallocatable Costs/Others	<b>Δ17.8</b>	—	—	<b>Δ37.1</b>	—
<b>Total</b>	<b>64.5</b> (7.9%)	<b>107%</b>	<b>138%</b>	<b>125</b> (8.1%)	<b>145%</b>

# 2-1. Prospects for Sales by Major Connector Market Segment

Market \ FY2013	2 <sup>nd</sup> Half		Full Year		
		<i>Compared to 1<sup>st</sup> Half</i>	<i>% of Previous Year</i>		<i>% of Previous Year</i>
Information	<b>65</b>	<b>103%</b>	<b>123%</b>	<b>128</b>	<b>119%</b>
Communications	<b>285</b>	<b>119%</b>	<b>110%</b>	<b>525</b>	<b>122%</b>
Digital Home Appliances	<b>35</b>	<b>109%</b>	<b>117%</b>	<b>67</b>	<b>108%</b>
Automotive	<b>240</b>	<b>102%</b>	<b>128%</b>	<b>476</b>	<b>127%</b>
Industrial	<b>50</b>	<b>96%</b>	<b>116%</b>	<b>102</b>	<b>115%</b>
Others	<b>15</b>	<b>88%</b>	<b>83%</b>	<b>32</b>	<b>103%</b>
Connector Total	<b>690</b>	<b>108%</b>	<b>117%</b>	<b>1,330</b>	<b>121%</b>
Domestic	<b>188</b>	<b>100%</b>	<b>114%</b>	<b>376</b>	<b>106%</b>
Overseas (Composition ratio in parentheses)	<b>502</b> <i>(73%)</i>	<b>111%</b> <i>(+2%)</i>	<b>118%</b> <i>(+1%)</i>	<b>954</b> <i>(72%)</i>	<b>128%</b> <i>(+4%)</i>



# 2-2. Prospects for Sales by UIS & Aerospace



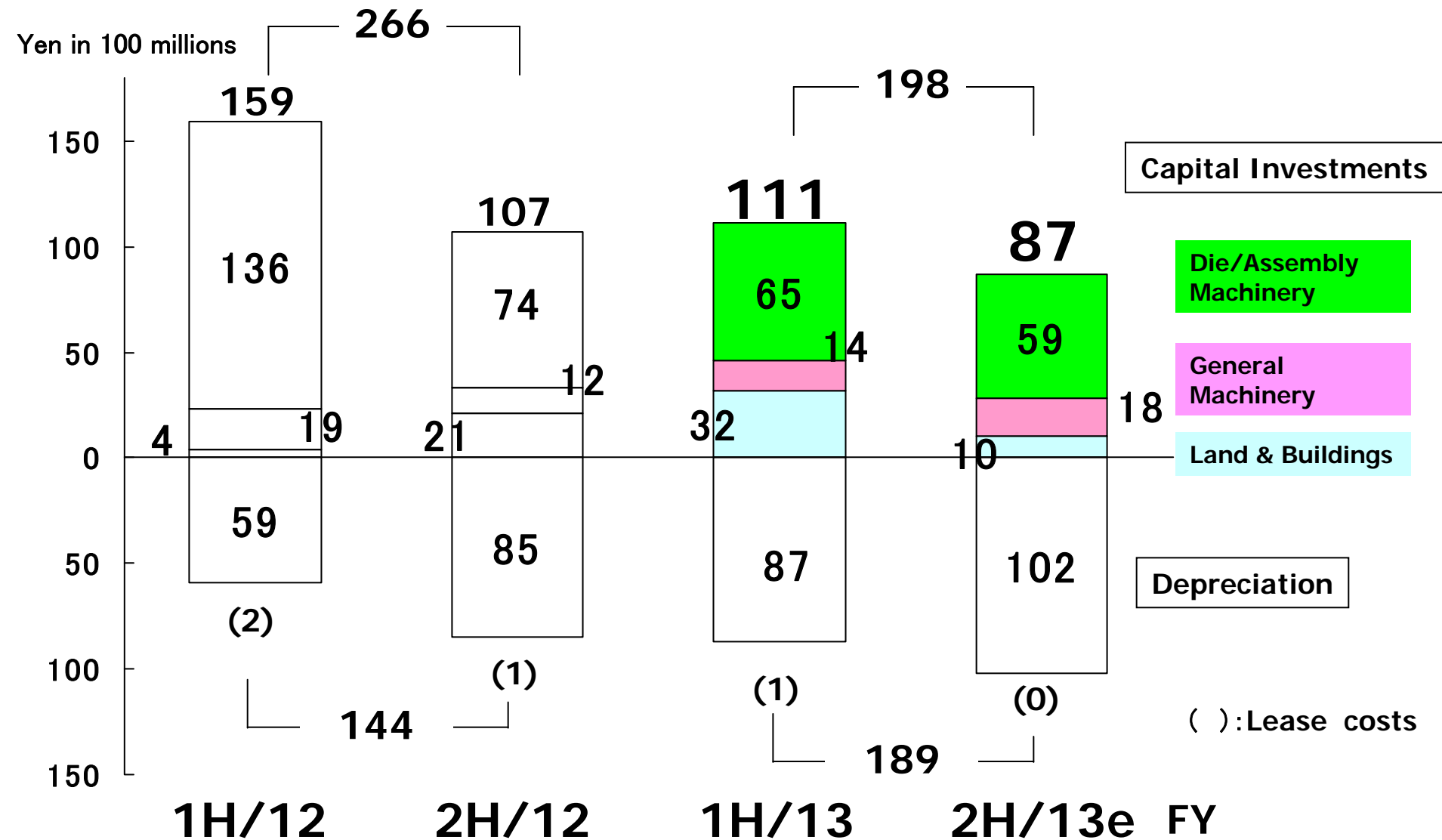
Yen in 100 millions

Market \ FY2013	2 <sup>nd</sup> Half			Full Year	
		<i>Compared to 1<sup>st</sup> Half</i>	<i>% of Previous Year</i>		<i>% of Previous Year</i>
Input Devices	<b>11</b>	<b>110%</b>	<b>92%</b>	<b>21</b>	<b>78%</b>
Interface Devices	<b>15</b>	<b>136%</b>	<b>167%</b>	<b>26</b>	<b>130%</b>
<b>UIS Total</b>	<b>26</b>	<b>124%</b>	<b>124%</b>	<b>47</b>	<b>94%</b>

Yen in 100 millions

Market \ FY2013	2 <sup>nd</sup> Half			Full Year	
		<i>Compared to 1<sup>st</sup> Half</i>	<i>% of Previous Year</i>		<i>% of Previous Year</i>
Defense & Space	<b>41</b>	<b>178%</b>	<b>100%</b>	<b>64</b>	<b>93%</b>
Industrial Equipment	<b>43</b>	<b>116%</b>	<b>130%</b>	<b>80</b>	<b>116%</b>
<b>Aerospace Total</b>	<b>84</b>	<b>140%</b>	<b>114%</b>	<b>144</b>	<b>104%</b>

# 3. Capital Investments & Depreciation



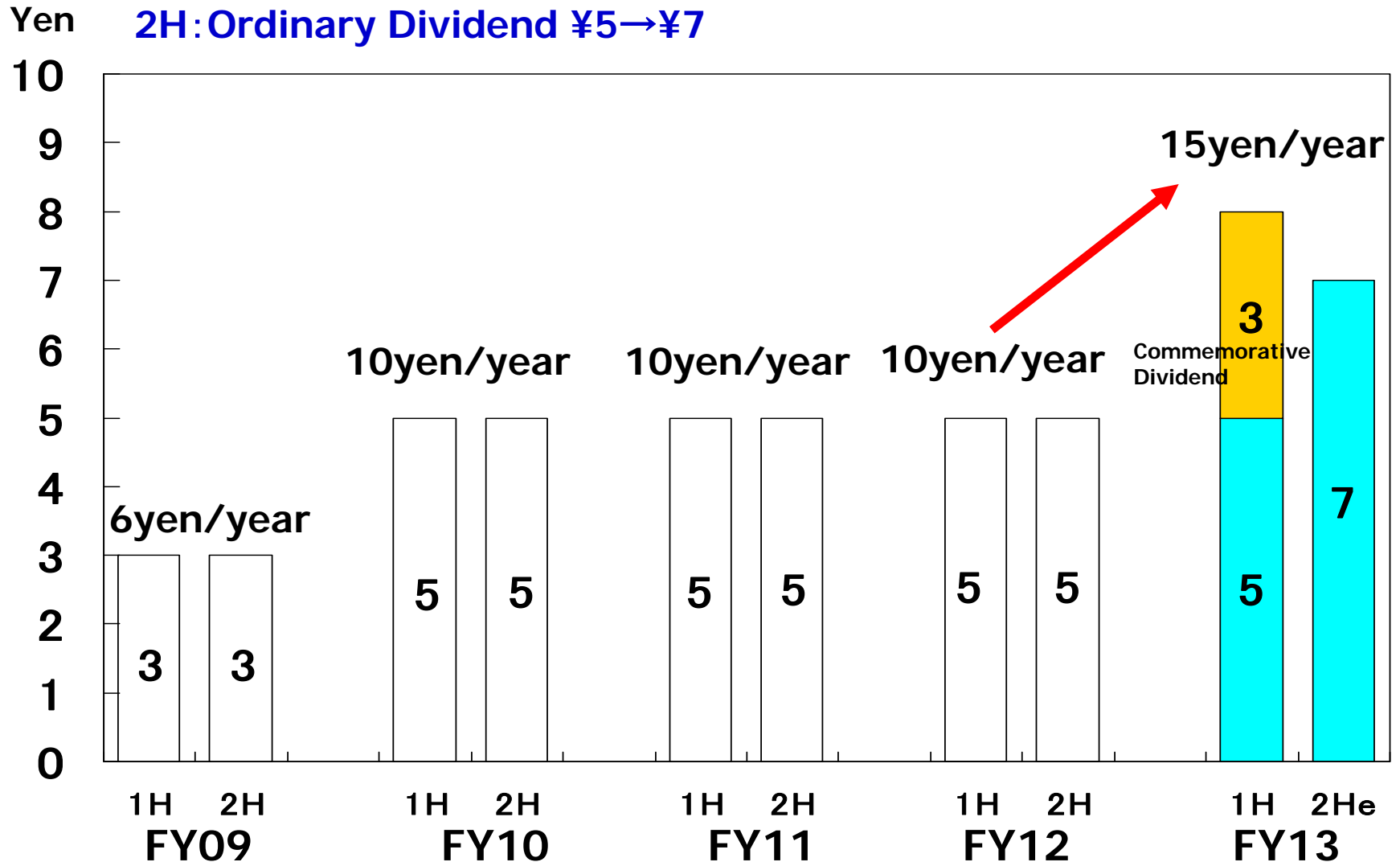
# III. Dividend



## Increase of dividend for full fiscal year in 2013

1H: Ordinary Dividend ¥5 + Commemorative Dividend ¥3

2H: Ordinary Dividend ¥5 → ¥7



Yen in 100 millions

# IV. Mid-Term Financial Target in Management Reform Phase 3

FY		10	11	12	13e	13e Target
JAE Group	Sales	1,106	1,124	1,296	1,550	Over 1,500
	Ordinary Income Ratio	5.0%	5.1%	6.0%	7.4%	Over 8%
Connector	Sales	854	878	1,098	1,330	Over 1,200
	Operating Income Ratio	10.7%	9.5%	9.9%	11.6%	Over 13%

<General Notes>

The plans, strategies & results forecasts and targets for our company and our consolidated affiliates (hereinafter JAE) noted in these materials are forecasts and targets as of November 6, 2013, and include risks and uncertainties.

The targets noted in these materials are not projections, and do not reflect current projections by the management team with regards to future results. Rather, these are targets to be attained by the management team through implementing business strategies.

Note that actual results may differ greatly from forecasts and targets, etc. based on various factors. Major factors that affect actual business results, etc. are the political and economic situations in Japan, the US, Asia and so forth that involve regions where JAE conducts business operations, demand fluctuations for JAE products (including software products) in the market, deflationary pressures caused by severe competition, the ability to continue supplying over our competitors, the ability to expand business operations in overseas markets, changes to the laws and regulations concerning business activities, and their opacity, potential legal responsibilities, exchange rates, etc, and there may be other factors beyond the ones listed here. Actual results may differ from management targets and other forecasts due to a worsening global economy and the global financial situation, stagnation in the domestic and overseas stock markets, etc. Note that descriptions concerning projections are current as of that day.

Although new risks and factors of uncertainty that occur at any anytime are evident, it is impossible to predict their occurrence or effects. In addition, details describing future predictions may not actually occur due to risk and uncertainties. Do not rely solely on these descriptions.