

# **Financial Results for FY2013 and Prospects for FY2014**

**May 8, 2014**

**6807 Japan Aviation Electronics Industry, Ltd.**

# FY2013 Financial Results

(From April 1, 2013 to March 31, 2014)

Note : Amounts indicated less than 100 million yen are rounded off.

# 1. FY2013 Financial Results Overview

(JPY in 100 millions)

	FY2012	FY2013	% of Previous Year
Net Sales	1,296	1,598	123%
Operating Income (to Net Sales Ratio)	86 (6.6%)	165 (10.3%)	192%
Income before Income Tax (to Net Sales Ratio)	77 (6.0%)	155 (9.7%)	200%
Net Income (to Net Sales Ratio)	51 (3.9%)	106 (6.6%)	210%

**Average Exchange Rate:**

**82.91**

**100.17**

**(JPY/USD)**

# 1-1. Attainment of Management Reform Phase 3, Mid-term Financial Target

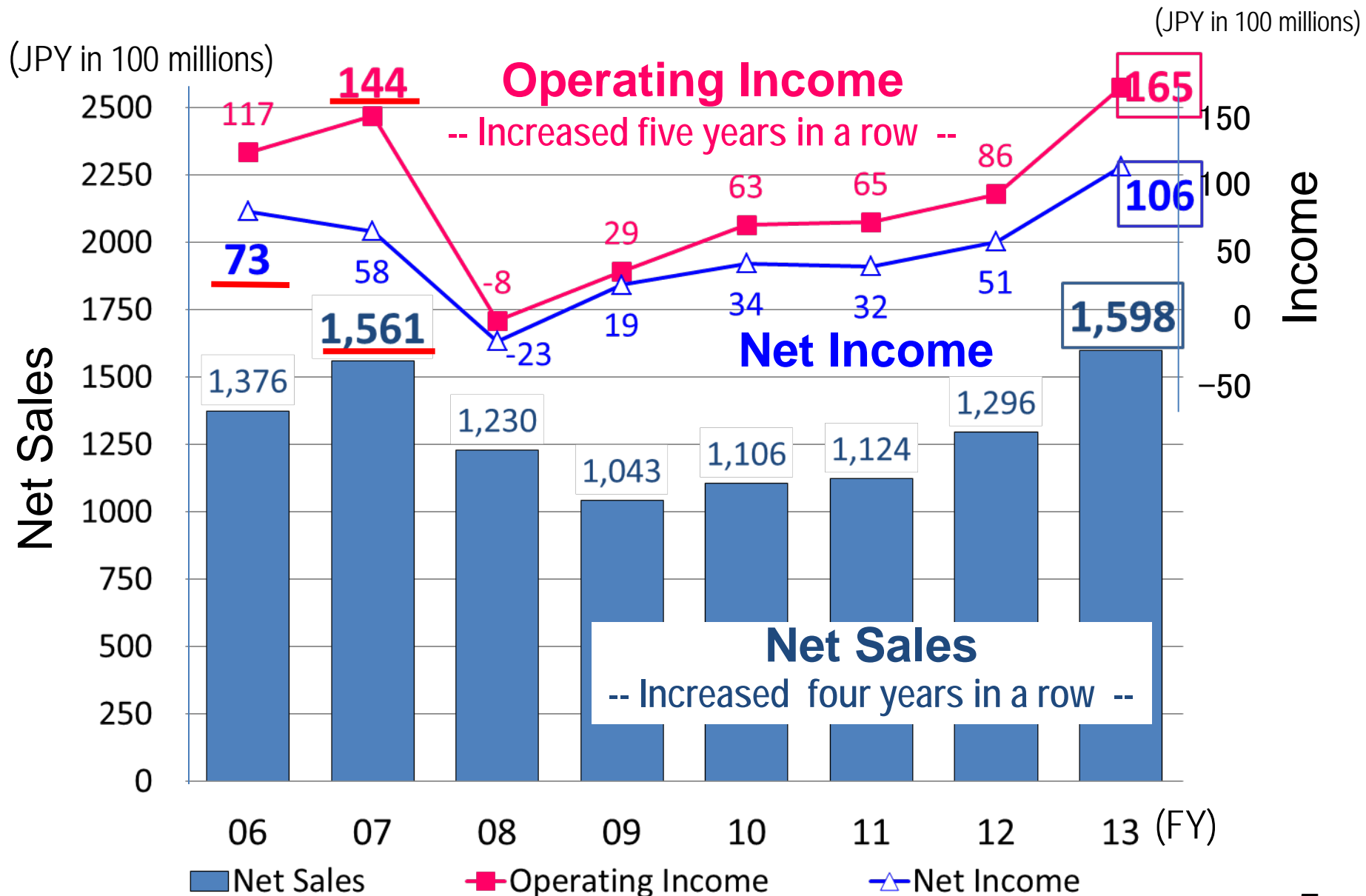
Mid-term financial target announced in May 2011

6. Management Reform Phase 3, Mid-Term Financial Target					
Unit: ¥100 million					
FY		07	10	11e	13e Target
JAE Group	Sales	1,562	1,106	1,145	1,500 <sup>Over</sup>
	Ordinary Income Ratio	7.8%	5.0%	5.5%	8% <sup>Over</sup>
Connector	Sales	1,199	854	895	1,200 <sup>Over</sup>
	Operating Income Ratio	13.6%	10.7%	10.3%	13% <sup>Over</sup>

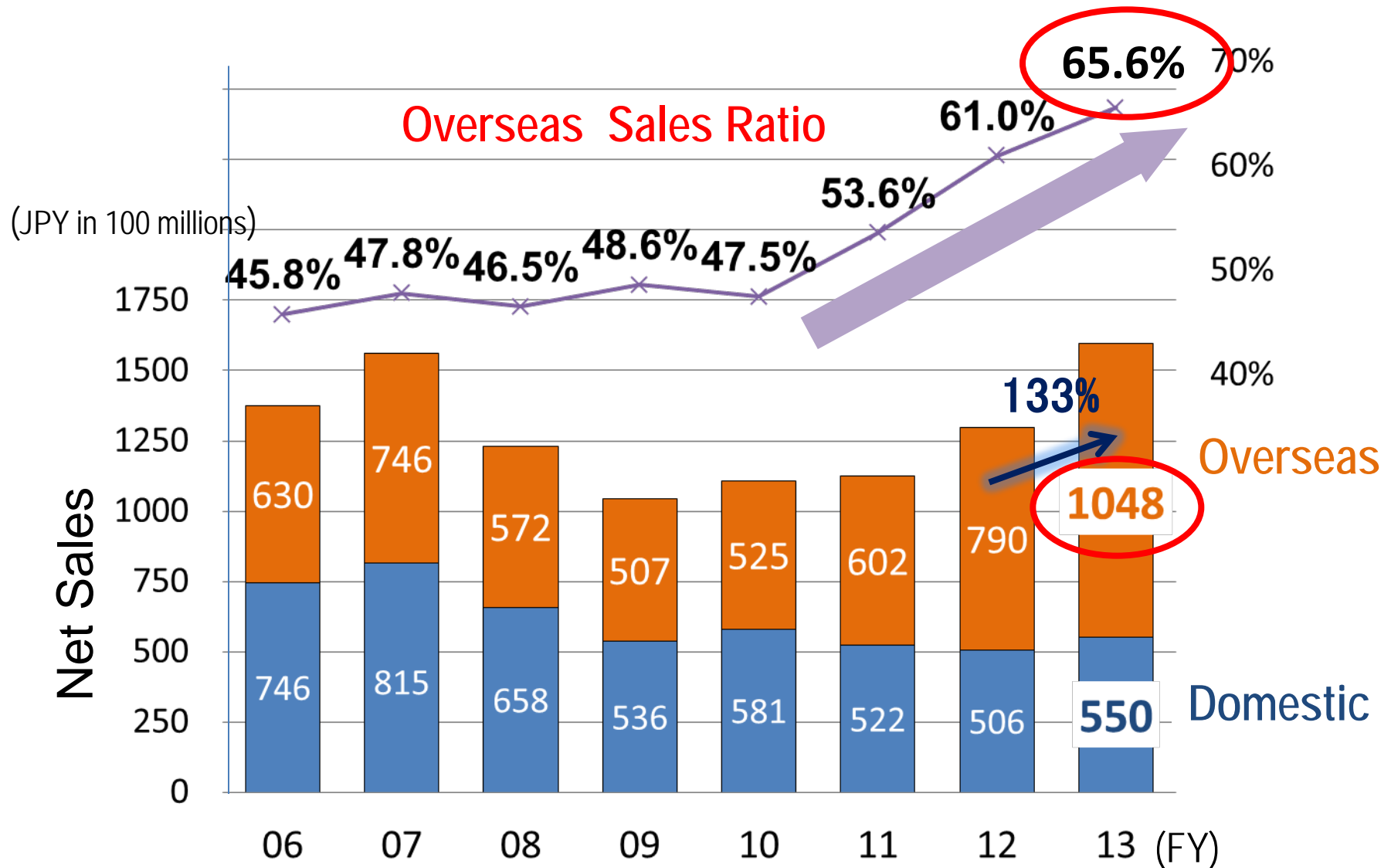
(JPY in 100 millions)

<b>13 Results</b>
1,598
9.7%
1,381
14.0%

# 1-2. Record High Net Sales & Income



# 1-3. Overseas was The Driver

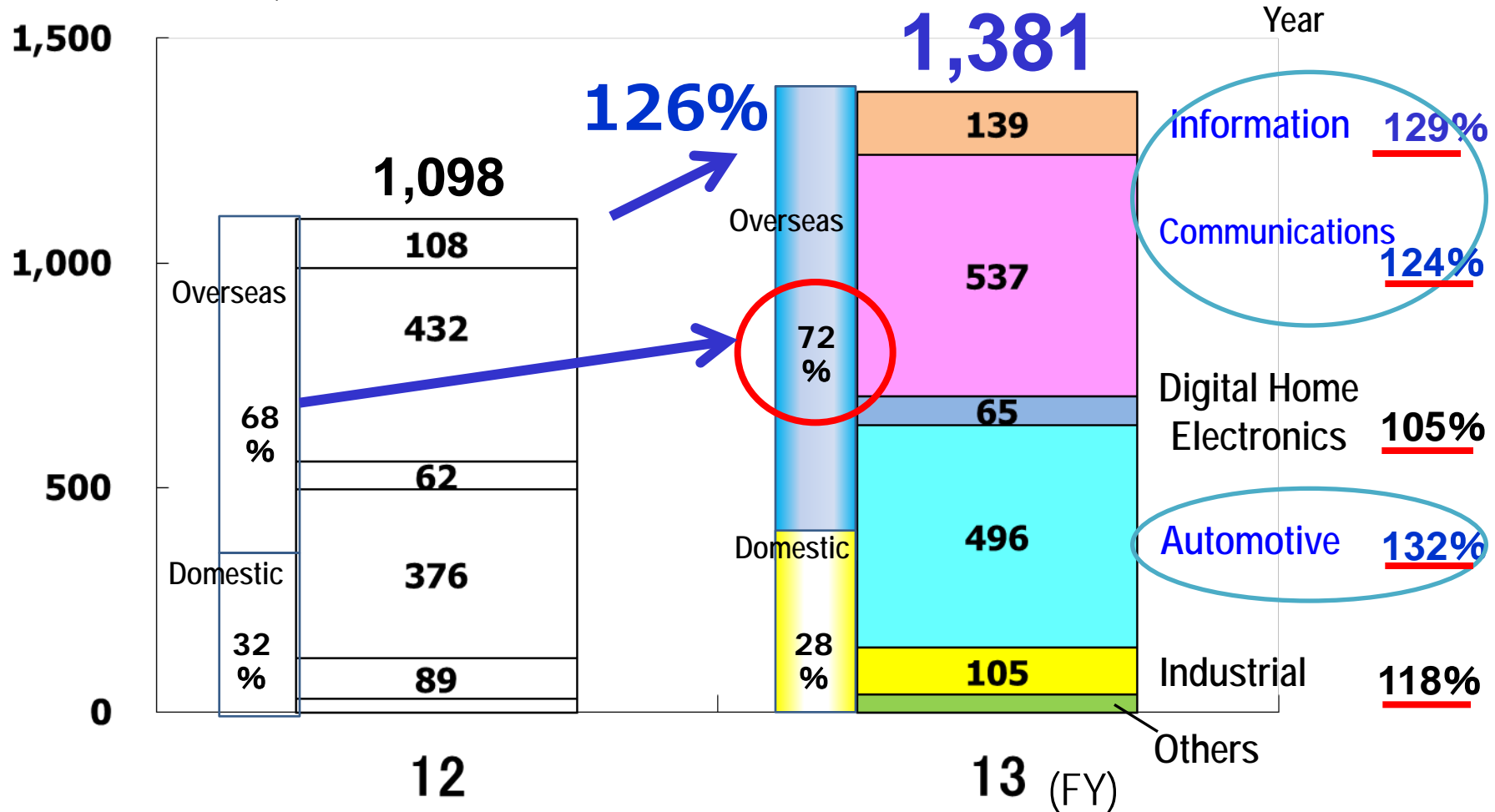


## 2. Sales & Operating Income by Business Segment for FY2013 (consolidated)

	Sales	% of Previous Year	Operating Income	% of Previous Year
Connector	1,381	126%	193 (14.0%)	178%
UIS	42	84%	Δ1 (Δ3.2%)	—
Aerospace	146	106%	9 (6.3%)	48%
Others	28	292%	Δ36	—
Total	1,598	123%	165 (10.3%)	192%

# 2-1. Record High Results for Connector Segment by Automotive, Comm. & Computer Growth

(JPY in 100 millions)

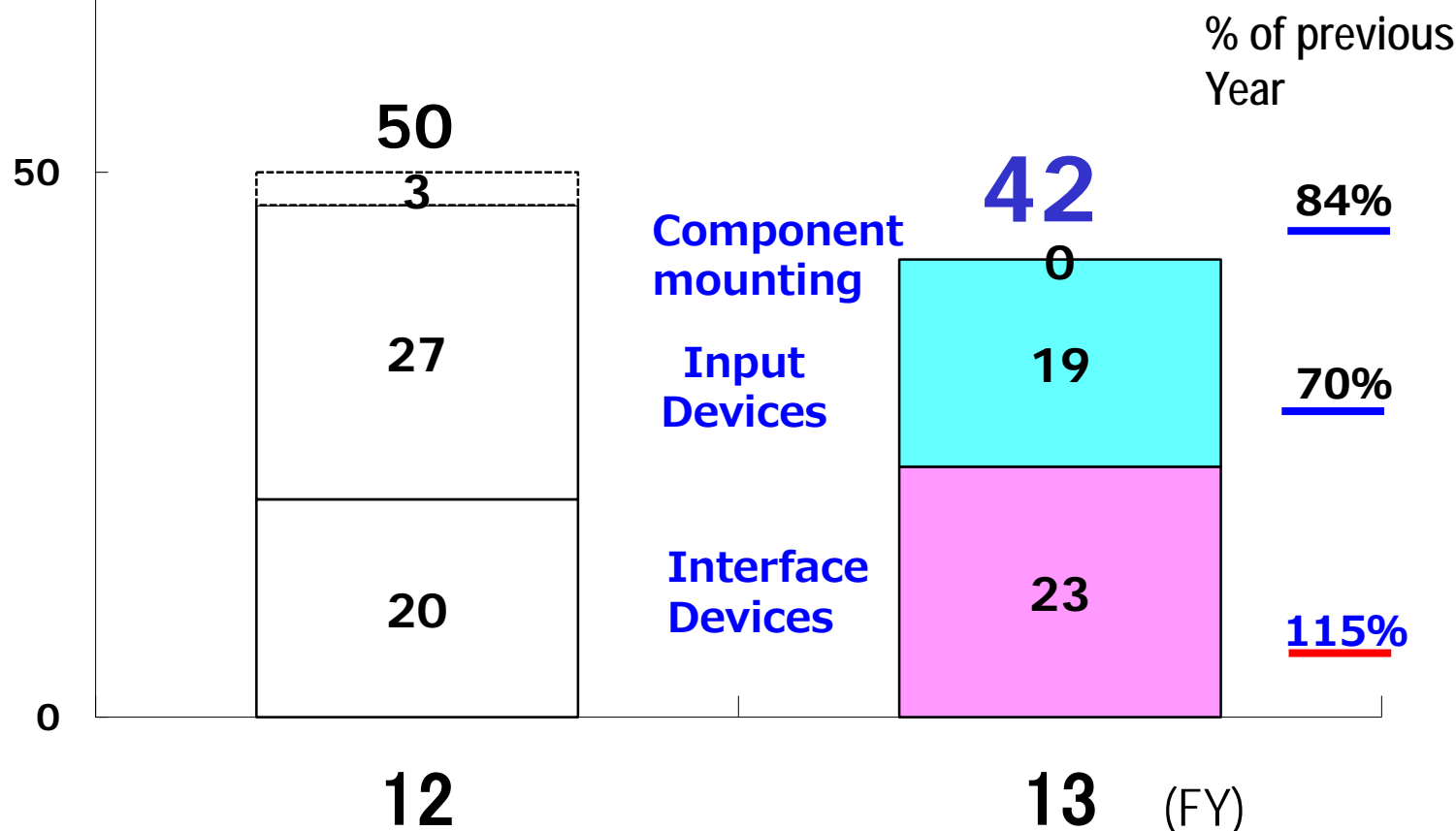


## 2-2. UIS Sales : Decline in revenue due to the decreased demand for cursor wheels for digital cameras



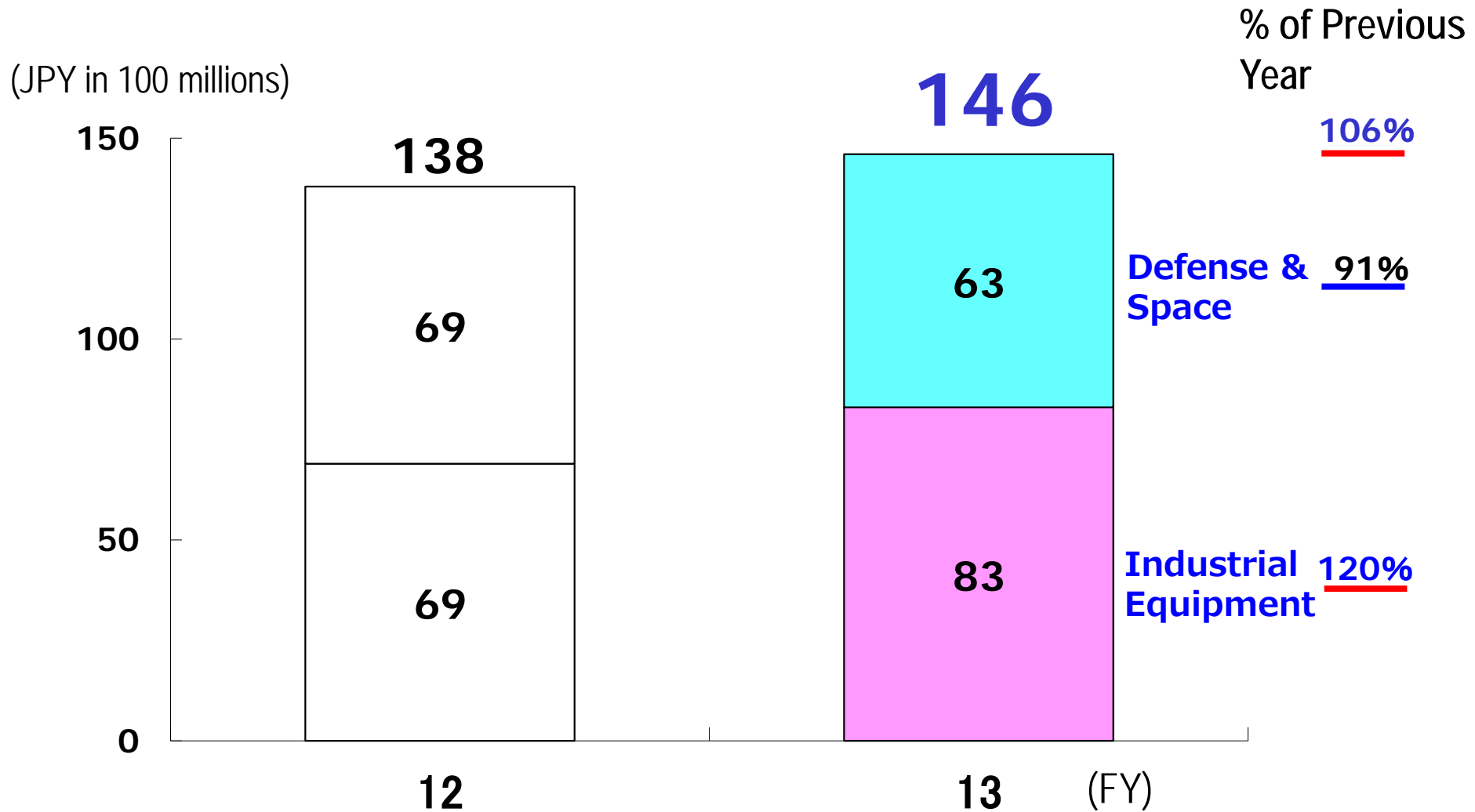
(JPY in 100 millions)

Integration of the electrostatic touch panel business from FY2014 onward



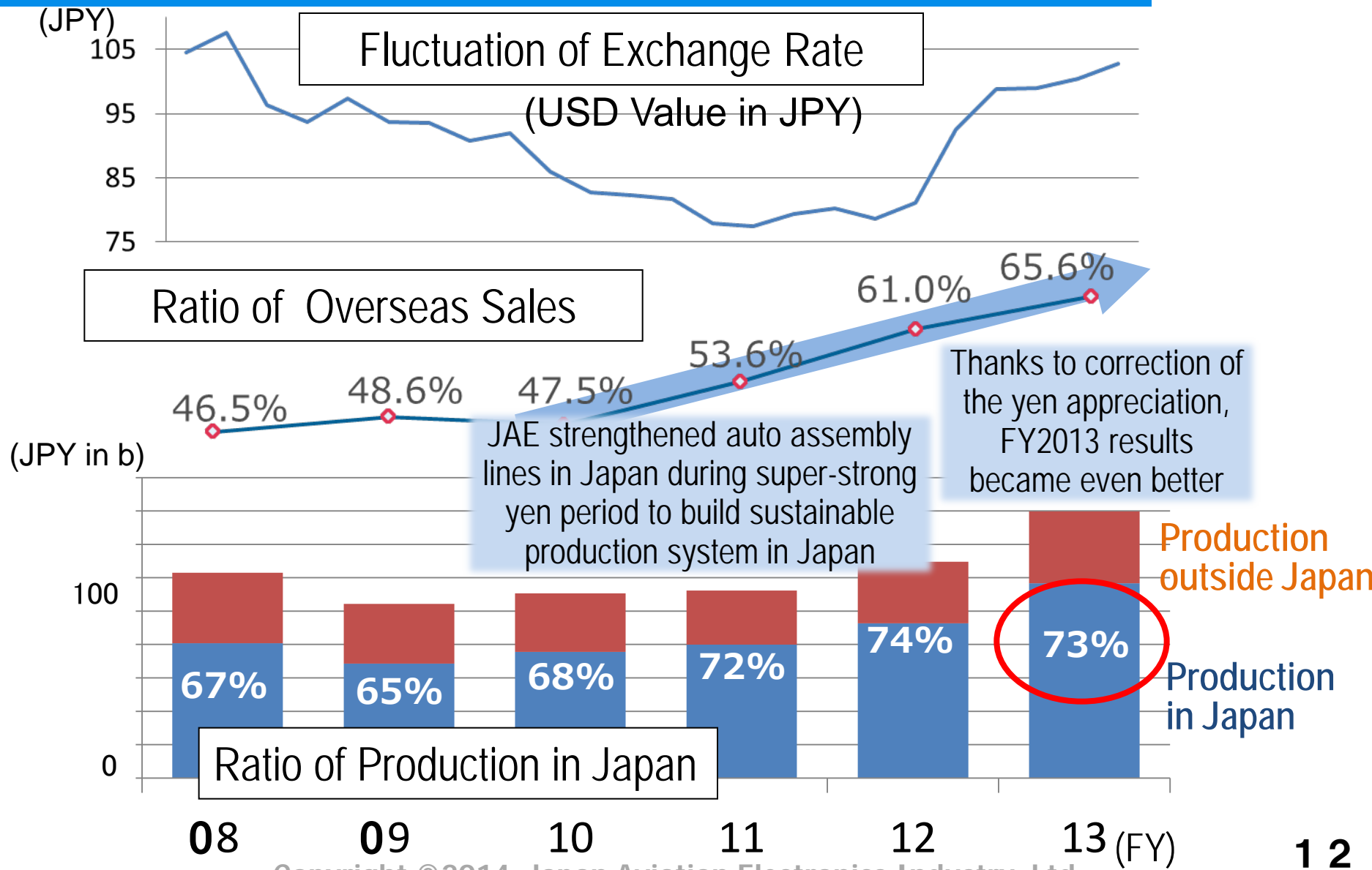
Note : The mounting business was terminated in May 2012

## 2-3. Aerospace Sales : Increase in revenue with focus on industrial machinery



1. By further promoting in-house production, automated assembly and better efficiency, JAE was able to establish its production system which is sustainable under the excessive fluctuation of exchange rate.
2. JAE continued aggressive investment in production systems, under the management philosophy which places emphasis on cash flow control.

# 3-1. Sustainable Production System under Excessive Exchange Rate Fluctuation



# 3-1(1) Tireless Effort for Speeding up of Production Processes



Development of manufacturing technology to cope with tough market situation

(Higher speed, Better Efficiency, More Automation/ Less Workers)

- Speed-up of Stamping, Molding and Plating Processes  
>>> 1.2 or 1.5 times faster
- Higher-speed Assembly  
>>> Two times faster

*JAE Hirosaki -- In-house vertically integrated automated production factory*



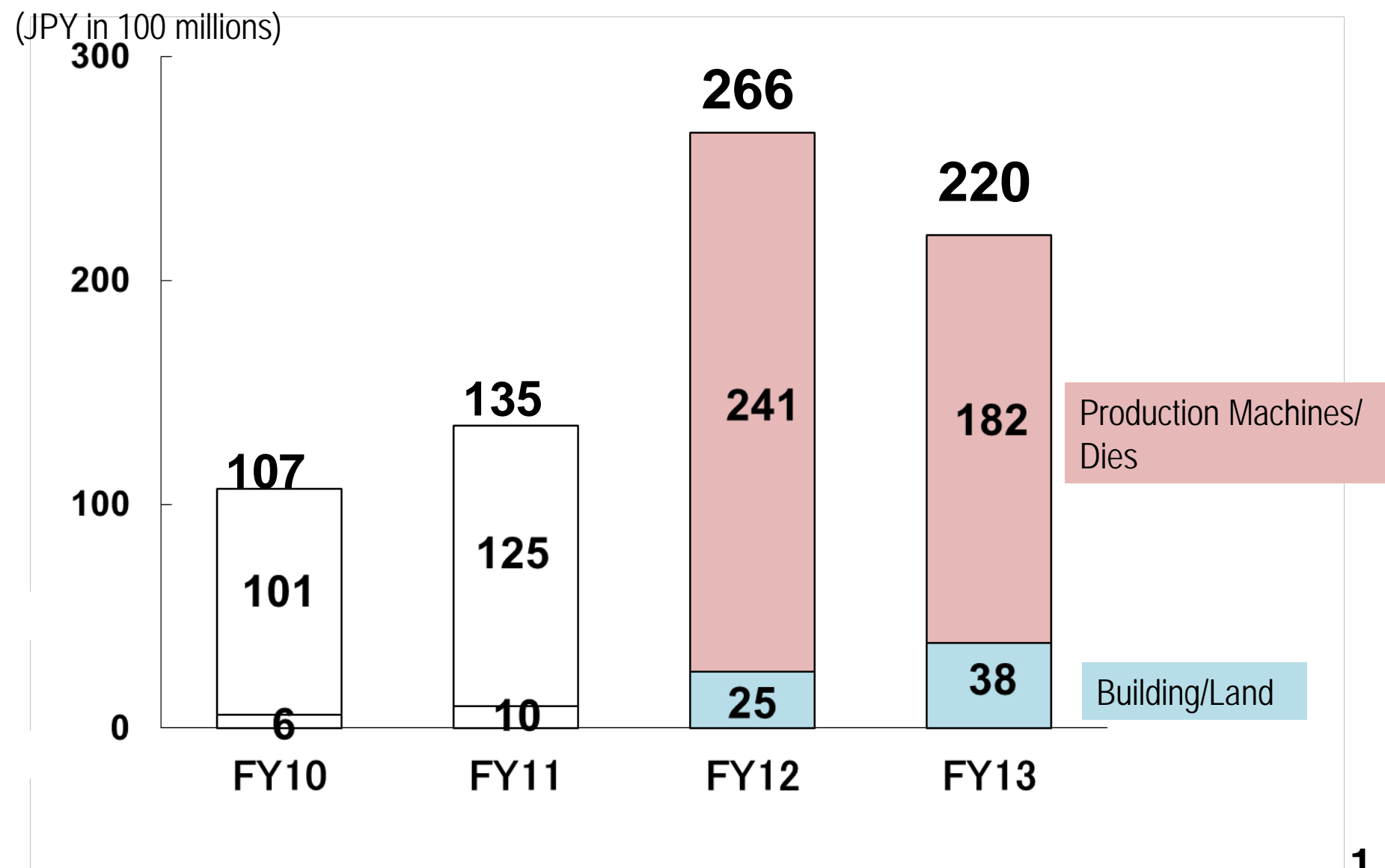
## 3-1(2) Enhancement of Production System Outside Japan for Automotive Business Expansion

For stronger demand of sub-harness for automotive use

- In June 2012, JAE Tijuana added 5<sup>th</sup> and 6<sup>th</sup> Factories
- In November 2013, 2<sup>nd</sup> Factory of JAE Philippines was completed

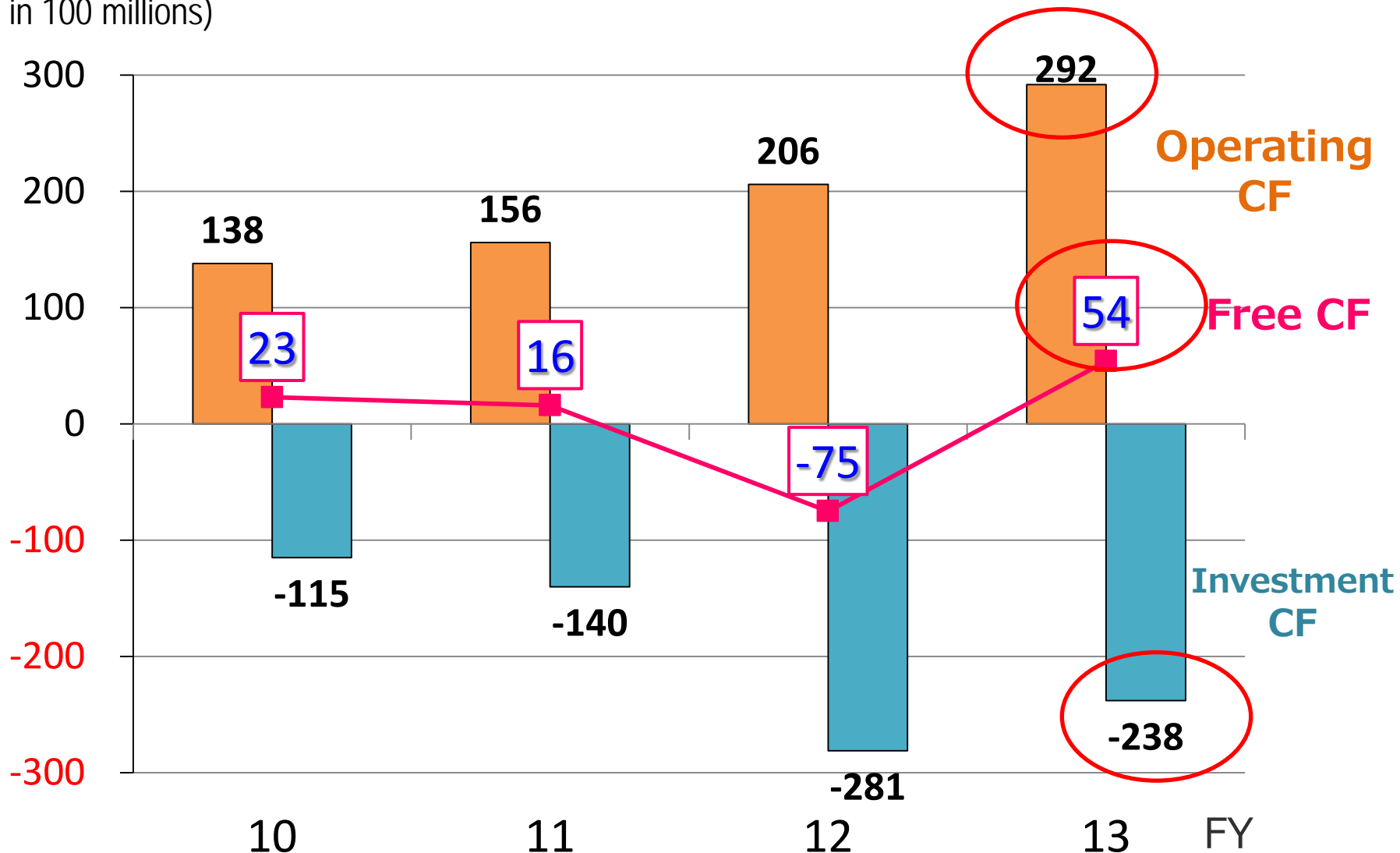


## 3-2. Continued Aggressive Investment in Production Facilities



### 3-3. Going into the black for FY2013 FCF, with the management of priority to C/F

(JPY in 100 millions)



# FY2014 Financial Projection

(From April 1, 2014 to March 31, 2015)

- Aiming to improve the record for volume of sales and profits
- Adherence to the basic policy
  1. Revenue increase through precise launching of strategic products based on reinforcement of global marketing and technology development capacities
  2. Reinforcement of earning power based on technology and production innovation centered around development of in-house production
  3. Continuation of further growth investments leading to increased profitability

# Prospects for FY2014 (consolidated)



Aiming to improve the record for volume of sales and profits

(JPY in 100 millions)

	1 <sup>st</sup> Half	% of Previous Period	% of Previous Year	Full Year	% of Previous Year
<b>Sales</b>	<b>800</b>	92%	109%	<b>1,680</b>	105%
<b>Operating Income</b>	<b>75</b> (9.4%)	72%	124%	<b>180</b> (10.7%)	109%
<b>Ordinary Income</b>	<b>65</b> (8.1%)	66%	117%	<b>160</b> (9.5%)	104%
<b>Net Income</b>	<b>44</b> (5.5%)	65%	114%	<b>112</b> (6.7%)	105%

※Estimated exchange rate during 2014:¥100/\$

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# Sales by Business Segment for FY2014

(consolidated)



(JPY in 100 millions)

Estimated	1 <sup>st</sup> Half			Full Year	% of Previous Year
		% of Previous Period	% of Previous Year		
Connector	700	94%	109%	1,460	106%
UIS ※	35	98%	129%	75	119%
Aerospace	63	73%	105%	140	96%
Others	2	—	—	5	—
Total	800	92%	109%	1,680	105%

※Integration of the electrostatic touch panel business into the UIS Line

# 8. Sales Expansion in Three Major Market Segments

FY2014 90% of the volume of sales for the entire company

(JPY in 100 millions)

	FY2013	FY2014p	Y/Y
Handhelds	589	624	106%
<i>Mainly Connector</i>			
Automotive	525	591	113%
<i>Connector, UIS &amp; Aerospace</i>			
Industrial & Infrastructure (I&I)	265	286	108%

*Connector, UIS & Aerospace*

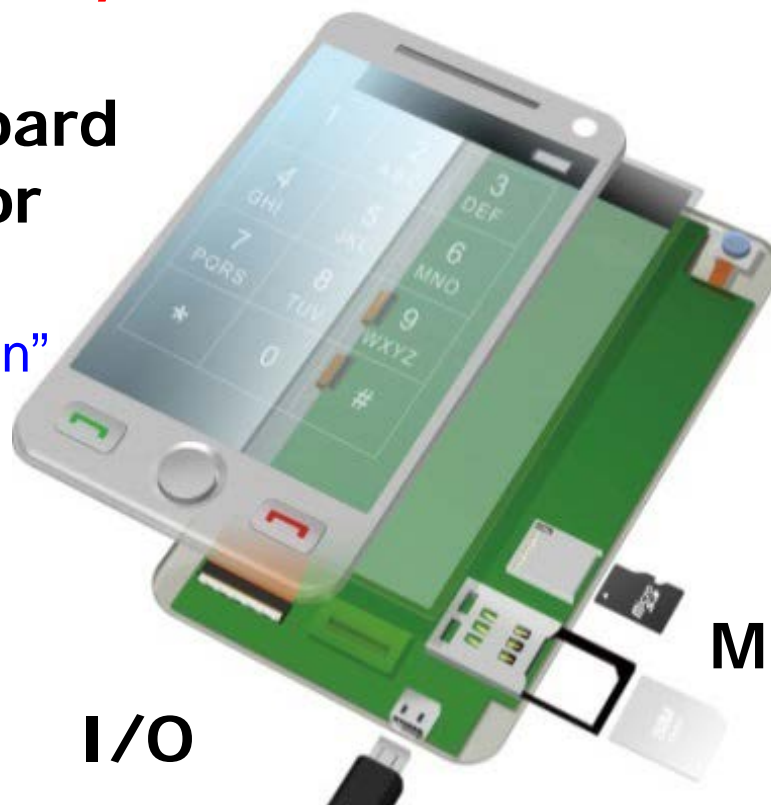
## Handhelds

(JPY in 100 millions)

**FY2013 ¥58,900 ⇒ FY2014 ¥62,400**  
(Estimated)

**Board to Board  
Connector**

“Shield Structure”  
“Noise Suppression”



**Micro SIM  
CARD  
Connector**

**Micro SD CARD  
Connector**

**I/O**

# Development of local smartphone markets in China

Strengthening of systems with the objective of realizing steady growth and further expansion

Trends in acceptance for local smartphone market in China

Acceptance of orders:  
2.3times increase  
compared to FY2012

## Strengthening of sales bases

### South China

- ...JAE Hong Kong
- ...JAE Hong Kong

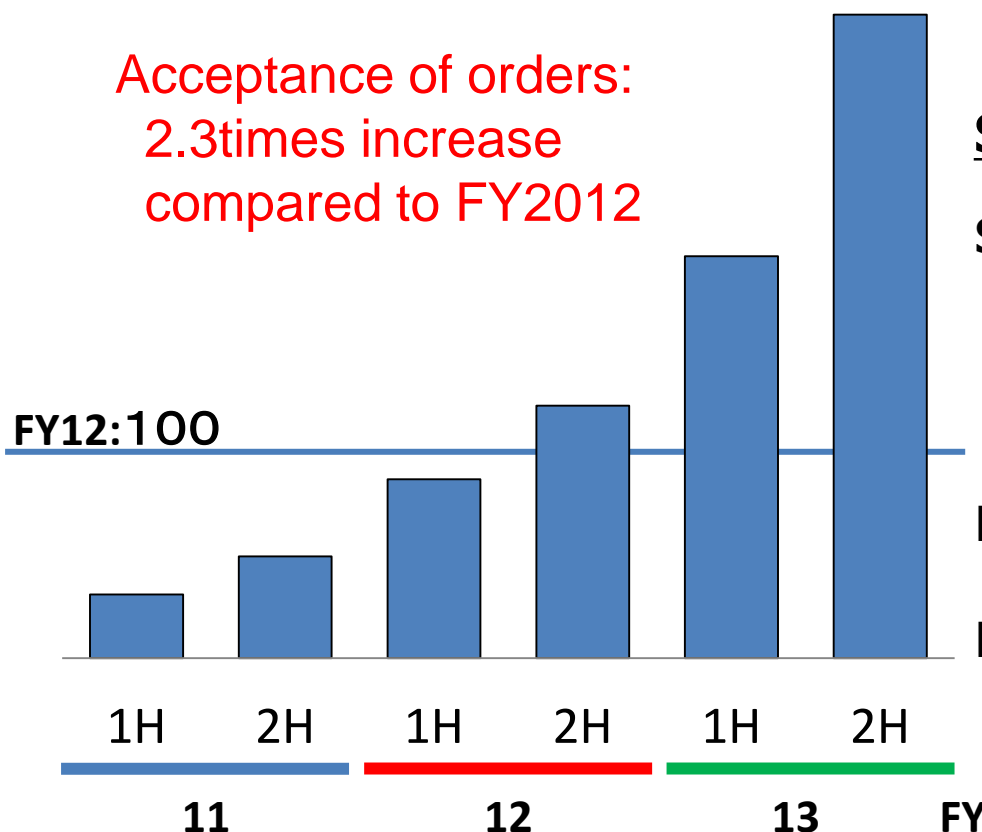
Shenzhen Rep office  
(March 14:office expansion)

### East China

- ...JAE Shanghai

### North China

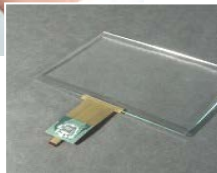
- ...JAE Shanghai
- Beijing branch office



**Automotive (incl. EV/HEV)**

(JPY in 100 millions)

**FY2013 ¥52,500 ⇒ FY2014 ¥59,100**  
**(Estimated)**



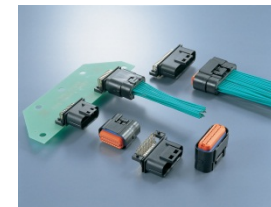
Capacitive Touch Panel



Resolver



RD Converter



Connector for  
Power Train System



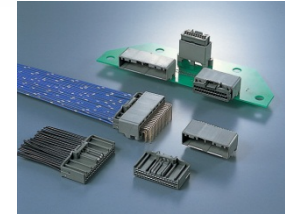
Connector/Sub-harness for  
Car Information/communication



Connector for  
Safety System



Connector for  
Body/Chassis System



# Efforts oriented to the European Automotive Markets

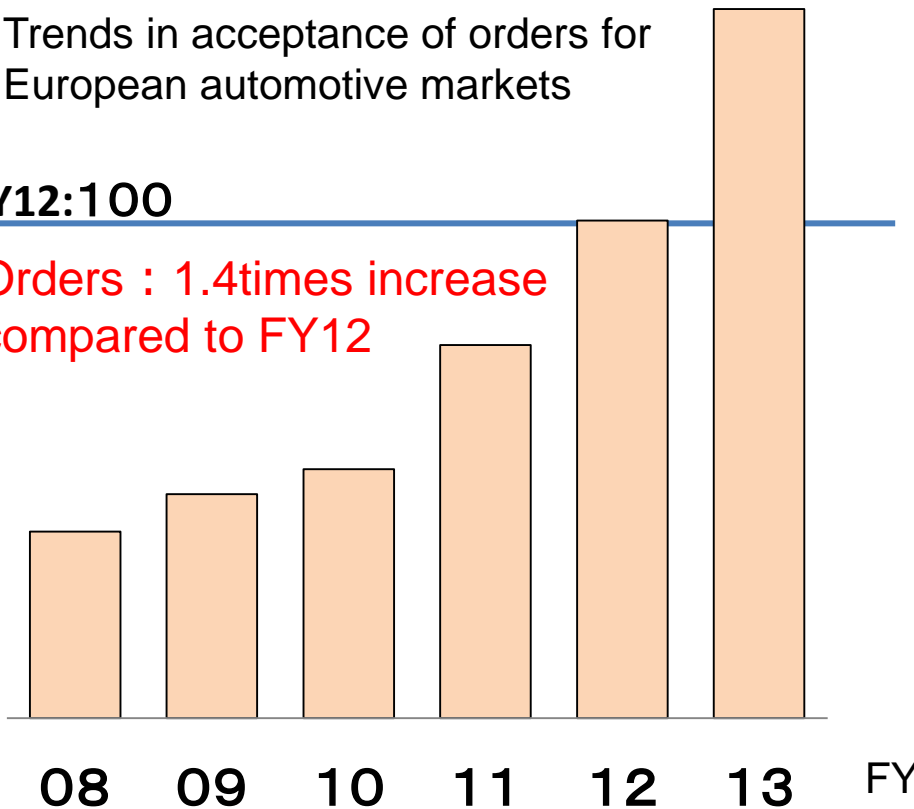
## Inauguration of the European Automotive Project

Strengthening of customer-oriented technology support that utilizes the capacities of JAE Oregon

Trends in acceptance of orders for European automotive markets

FY12:100

Orders : 1.4times increase compared to FY12



# For Industrial & Infrastructure

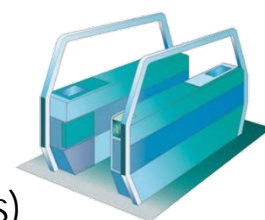
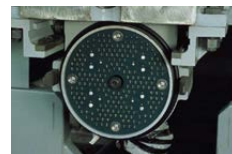
# JAE

Aiming to establish as the third pillar of JAE Business

## Factory Automation



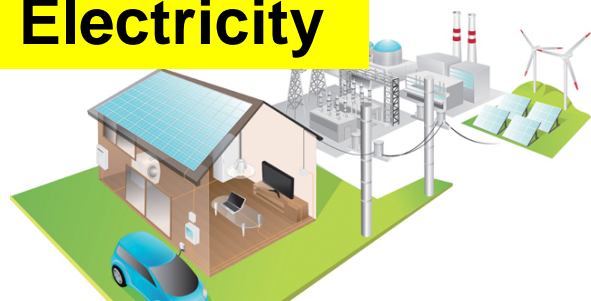
## Railway



(JPY in 100 millions)

**FY2013 ¥26,500 ⇒ FY2014 ¥28,600 (Estimated)**

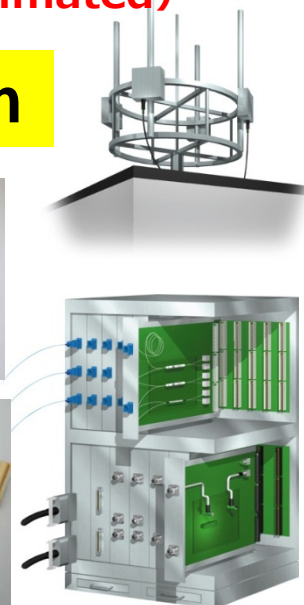
## Electricity



## Medical



## Telecom

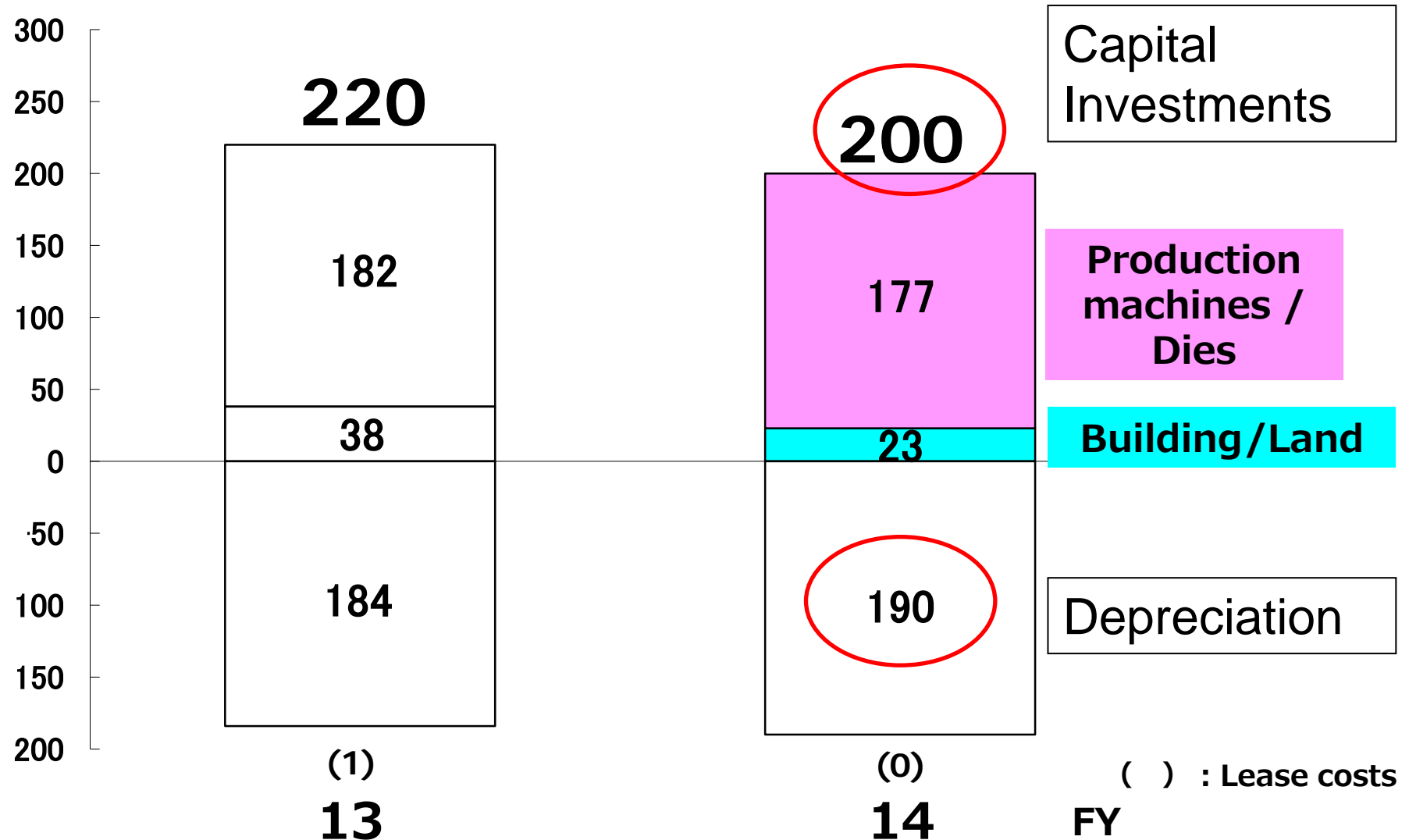


- Reforms in manufacturing of connectors for the industrial machinery and infrastructure markets
- Substantial improvement in the operational time of NC machining equipment through utilization of robots (approximately double the conventional ratio)

# Continuation of proactive capital investments



(JPY in 100 millions)



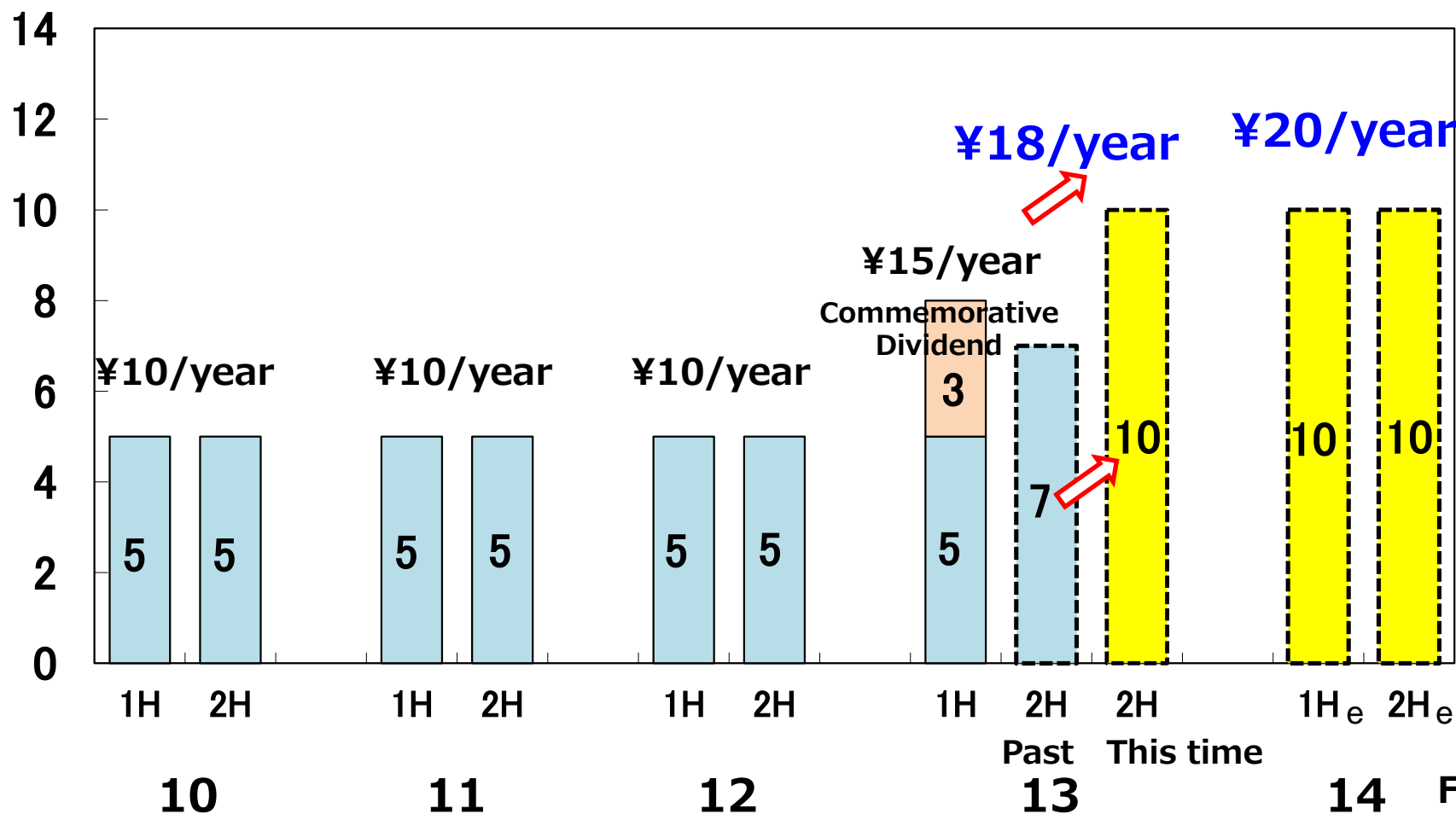
# 10. Mid-Term Financial Target

- 1 Nets Sales 2,000JPY in 100 millions or more
- 2 Income before  
Income Tax 200 JPY in 100millions or more

**FY13 : Year-end dividend(Estimated) ¥ 7⇒¥10  
¥18/year**

**FY14(Estimated) : ¥20/year**

(Unit: YEN)



#### <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 May 8, 2014, 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.