

Financial Results for 1H of FY2014 and Prospects for FY2014

(Year Ending March 31, 2015)

October 29, 2014

6807 Japan Aviation Electronics Industry, Ltd.

I . Financial Results for 1H of FY2014

II . Prospects for FY2014

I . Financial Results for 1H of FY2014

- **Sales, Operating Income, Ordinary Income and Net Income all achieved the highest record as the half-year result.**
- **Growth rates of all Incomes exceed by far the one of Sales against the previous year**
- **Net Income to Sales Ratio achieved the highest record as the half-year result**

1-2. Company Sales & Profits

(JPY in 100 millions)

	FY2013				FY2014		% of Previous Year	
	1H		2H		1H		2014(1H)/2013(1H)	
		margin (%)		margin (%)		margin (%)		growth (%)
Sales	731		867		889		+158	122%
Operating Income	61	8.3%	105	12.1%	106	11.9%	+46	175%
Ordinary Income	55	7.6%	99	11.4%	100	11.2%	+44	180%
Net Income	39	5.3%	67	7.8%	72	8.1%	+33	186%
Average Exchange Rate (JPY/USD)	98.86		101.53		103.01		—	

※ Amounts less than 100 million yen are rounded off.

- **Connector, UIS and Aerospace sales all grew more than 120% from the previous year**
- **By market, overseas Mobile largely contributed to sales expansion**
- **By region, overseas sales ratio expanded to about 70%**

2-2. Sales by Business Segment

(JPY in 100 millions)

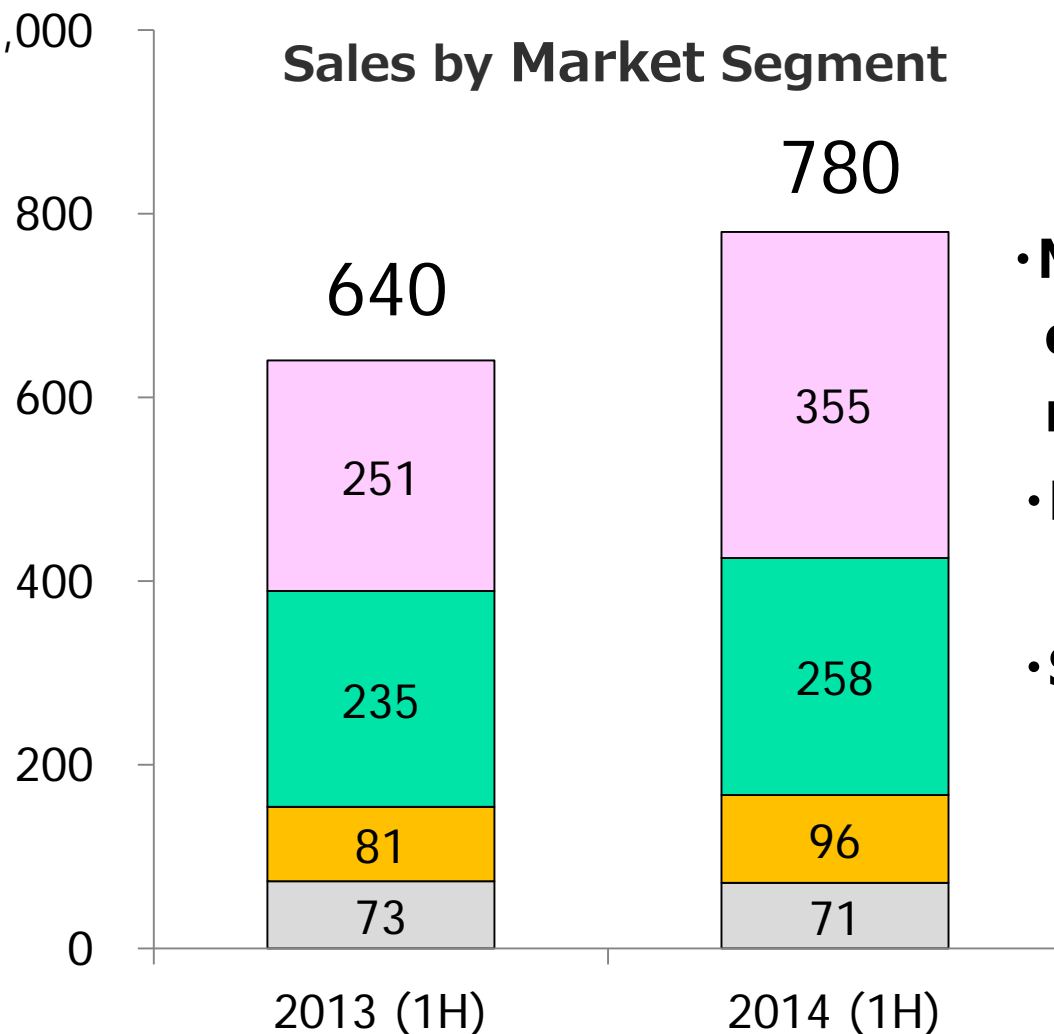
	FY2013				FY2014		% of Previous Year	
	1H		2H		1H		2014(1H)/2013(1H)	
		(%)		(%)		(%)		(%)
Connector	640	88%	741	85%	780	88%	+140	122%
UIS	27	4%	36	4%	33	4%	+6	121%
Aerospace	60	8%	86	10%	72	8%	+12	120%
Others	4	—	4	—	4	—	0	—
Total	731	100%	867	100%	889	100%	+158	122%

※ Amounts less than 100 million yen are rounded off.

2-3. Connector Business

(JPY in 100 millions)

Sales by Market Segment

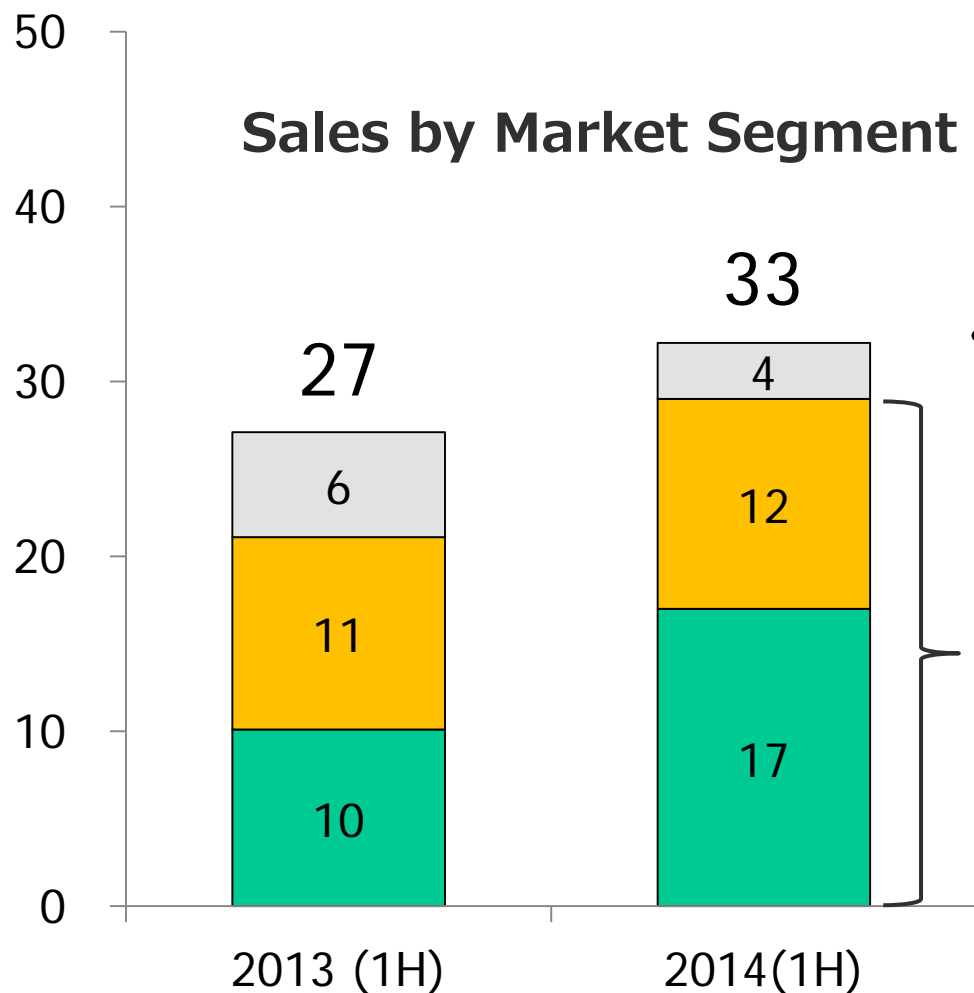


- Mobile growth driven by current customers and new Chinese customers
- Double-digit growth in Automotive
- Steady growth driven by FA and Railway in Industrial Machinery & Infrastructure

□ Others □ Industrial & Infra □ Automotive □ Mobiles

2-4. UIS Business

(JPY in 100 millions)



• Substantial decrease in Device due to sluggish digital camera market

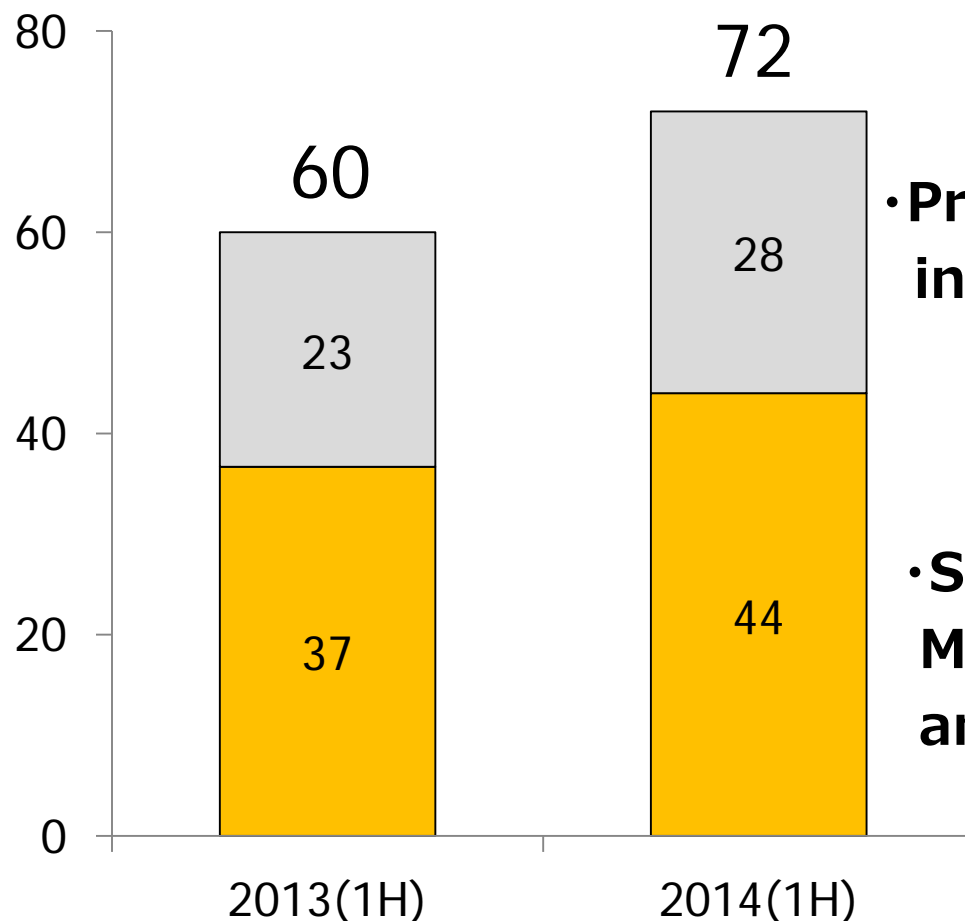
• Steady growth in Industrial Machinery & Infrastructure and Automotive

■ Automotive ■ Industrial & Infra ■ Device

2-5. Aerospace Business

Sales by Market Segment

(JPY in 100 millions)



• Progress mostly as planned
in Defense and Space

• Sales increase in Industrial
Machinery & Infrastructure
and Automotive

■ Industrial & Infra, Automotive ■ Defense & Space

2-6. Sales by Market Segment

(JPY in 100 millions)

	FY 2 0 1 3				FY 2 0 1 4		% of Previous Year 20 1 4(1H)/2013(1H)	
	1H		2H		1H			
		(%)		(%)		(%)		(%)
Mobile	251	34%	322	37%	355	40%	+104	141%
Automotive	246	34%	279	32%	279	31%	+33	113%
Industrial & Infrastructure	128	18%	142	16%	149	17%	+21	116%
Others	106	14%	124	15%	106	12%	0	100%
Total	731	100%	867	100%	889	100%	+158	122%

※ Amounts less than 100 million yen are rounded off.

2-7. Sales by Region

(JPY in 100 millions)

	FY 2 0 1 3				FY 2 0 1 4		% of Previous Year	
	1H		2H		1H		2014(1H)/2013(1H)	
Domestics	253	(%) 35%	297	(%) 34%	274	(%) 31%	+21	(%) 108%
Overseas	478	65%	570	66%	615	69%	+137	129%
Total	731	100%	867	100%	889	100%	+158	122%

※ Amounts less than 100 million yen are rounded off.

- **Operating income for 1H of FY2014 grew 1.8 times from the previous year**
- **The income growth resulted from margin improvement brought by higher sales in Connector business**

3-2. Operating Income by Business Segment

(JPY in 100 millions)

	FY 2 0 1 3				FY 2 0 1 4		% of Previous Year	
	1H		2H		1H		2014(1H)/2013(1H)	
		(%)		(%)		(%)		(%)
Connector	79	12.3%	114	15.5%	121	15.6%	+43	154%
UIS	-2	-9.2%	2	6.0%	1	2.2%	+3	turnaround
Aerospace	3	4.7%	6	7.4%	3	3.8%	0	98%
Unallocatable Costs/Others	-19	—	-17	—	-19	—	0	—
Total	61	8.3%	105	12.1%	106	11.9%	+46	175%

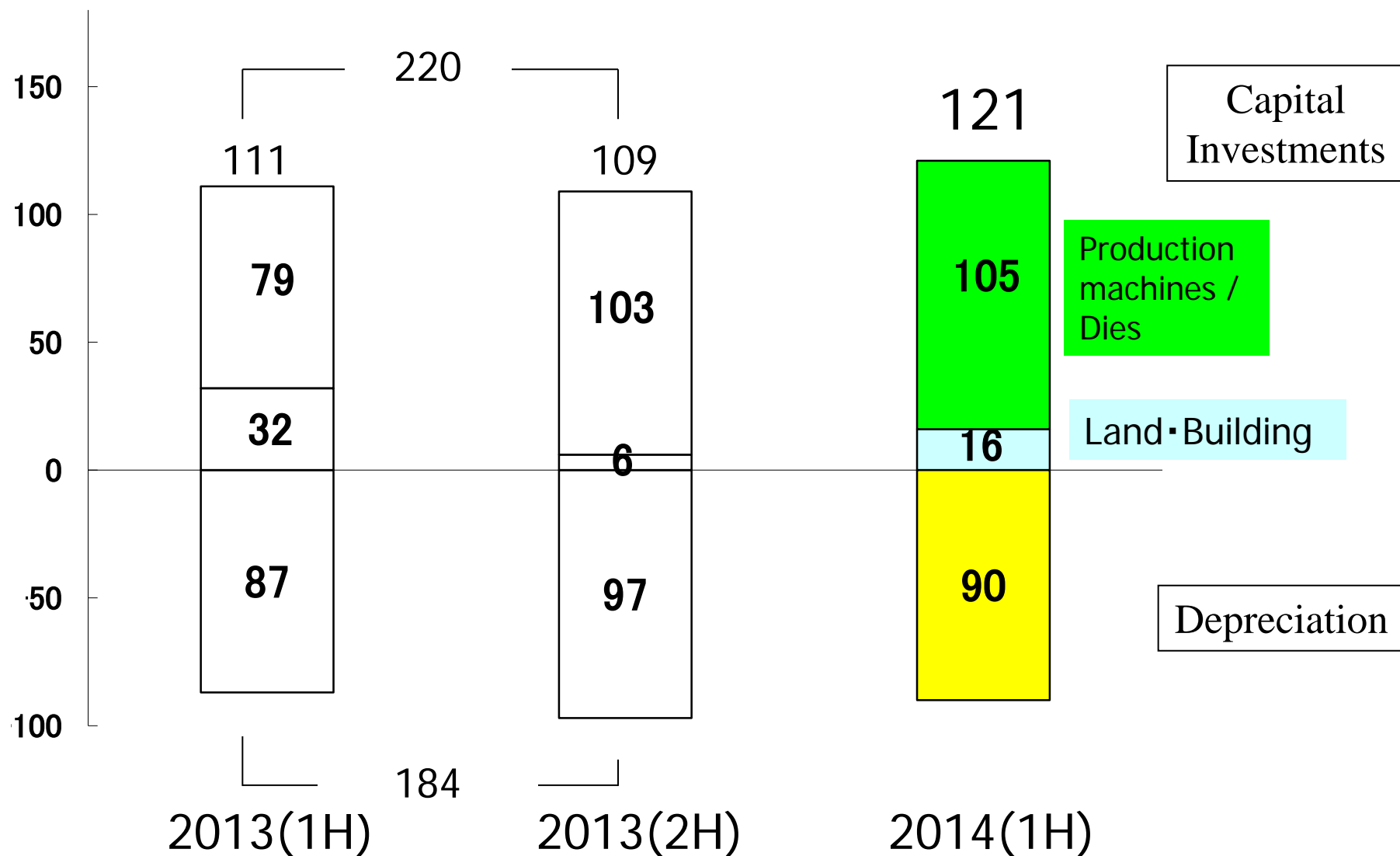
※ Percentages (%) for FY2013 and FY2014 indicate Operating Income to Sales Ratios

※ "Percentages (%) of Previous Year" indicate growth rates

※ Amounts less than 100 million yen are rounded off

4. Capital Investment & Depreciation

(JPY in 100 millions)



※Depreciation for 1H of FY2013 includes ¥100 million of lease fees

II. Prospects for FY2014

1-1. Key Initiatives for 2H of FY2014

- Gradual recovery of the world economy
 - But, uncertainty in politics and economy
- ⇒ **Continue to pursue for expansion of business and improvement of corporate strength for 2H of FY2014!**



- Continuous growth of smartphone and tablet PC demands to be led by Chinese market
- ⇒ **Promote sales expansion to Chinese smartphone manufacturers**
- Steady growth in Automotive demand
- ⇒ **Capture Japanese automotive business and exploit European automotive market**
- Expected demand growth, such as robot, in Industrial Machinery
- ⇒ **Promote key products to broader customers in Industrial Machinery & Infrastructure**

1-2. Key Product ① Smartphone for Chinese Market

New Product

microSIM
card connector



SF58 series

Industry's lowest-in-class Height
& Smallest-in-class Dimension



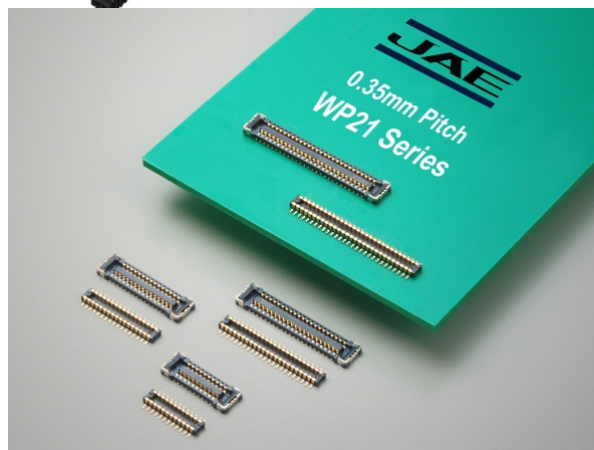
Low height · narrow pitch
Board-to-Board Connector



WP7 series

0.4mm pitch

Stacking height 0.7mm



New Product

WP21 series

0.35mm pitch

Stacking height 0.6mm

1-3. Key Product ② Automotive

New Product

Automotive Digital Camera Connector



MX55 series

Digital Camera Module for ADAS
(Automotive Driver Assistance System)
Sensing Application



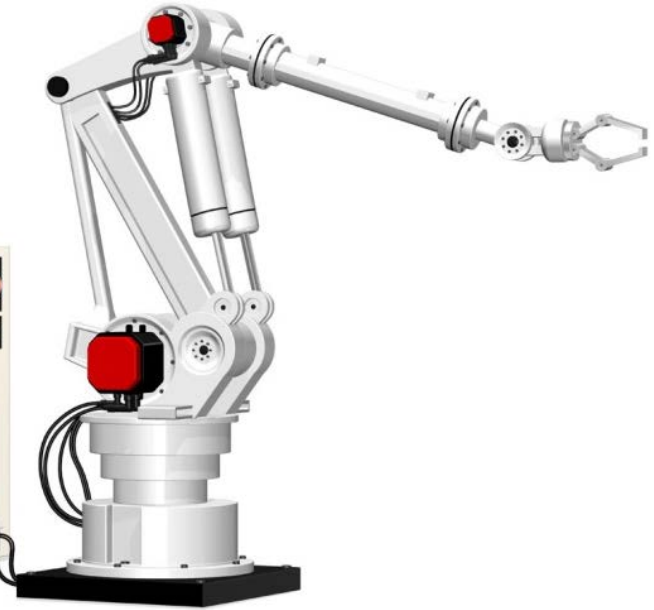
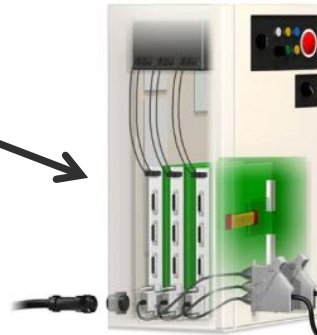
1-4. Key Product ③ Industrial & Infrastructure

New Product

One-touch Locking Circular Waterproof Connector



JL10 series
Superior Operability &
Compatibility with Screw Mating



New Product

High-current In-line Connector



DW05 series
150A compatible

2-1. Prospects for FY2014

(JPY in 100 millions)

	FY2014						Compared to the previous year		Previous FY2014 Projections (July 2014)	
	1H Results		2H Projections		FY2014 Projections		FY2014/FY2013			
		margin (%)		margin (%)		margin (%)		growth (%)		change
Sales	889		911		1,800		+202	113%	1,740	+60
Operating Income	106	11.9%	111	12.2%	217	12.1%	+52	132%	203	+14
Ordinary Income	100	11.2%	100	11.0%	200	11.1%	+45	129%	190	+10
Net Income	72	8.1%	73	8.0%	145	8.1%	+39	137%	135	+10
Dividend	(yen/share)		(yen/share)		(yen/share)					
	10		10		20					

※ Amounts less than 100 million yen are rounded off

※ Estimated average exchange rate during 2H of FY2014 : ¥105/US\$

※ Financial projections for 2H of FY2014 is obtained by subtracting the results of 1H of FY2014 from the full-year projections of FY2014

2-2. Prospects for Sales by Business Segment

(JPY in 100 millions)

	FY2014						Compared to the previous year		Previous FY2014 Projections (July 2014)	
	1H Results		2H Projections		FY2014 Projections		FY2014/FY2013			
		(%)		(%)		(%)		(%)		change
Connector	780	88%	792	87%	1,572	87%	+191	114%	1,514	+58
UIS	33	4%	37	4%	70	4%	+7	111%	72	-2
Aerospace	72	8%	78	9%	150	8%	+4	103%	147	+3
Others	4	–	4	–	8	–	0	–	7	+1
Total	889	100%	911	100%	1,800	100%	+202	113%	1,740	+60

※ Amounts less than 100 million yen are rounded off

※ Financial projections for 2H of FY2014 is obtained by subtracting the results of 1H of FY2014 from the full-year projections of FY2014

2-3. Prospects for Sales by Market Segment

(JPY in 100 millions)

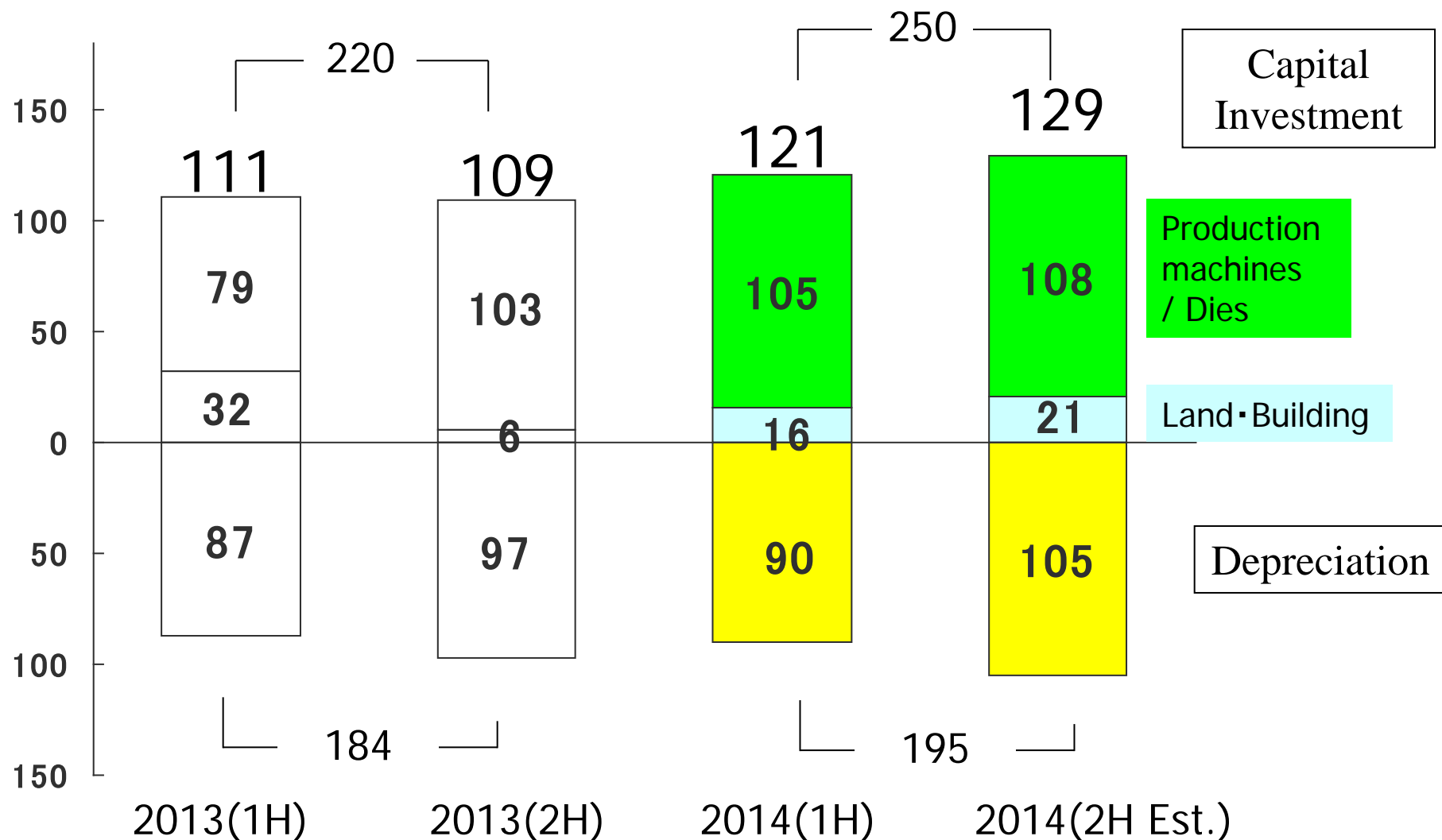
	FY2014						Compared to the previous year FY2014/FY2013		Previous FY2014 Projections (July 2014)	
	1H Results		2H Projections		2014 Projections					
		(%)		(%)		(%)		(%)		
Mobile	355	40%	349	38%	704	39%	+131	123%	648	+56
Automotive	279	31%	301	33%	580	32%	+55	110%	582	-2
Industrial & Infrastructure	149	17%	162	18%	311	17%	+41	115%	305	+6
Others	106	12%	99	11%	205	12%	-25	89%	205	0
Total	889	100%	911	100%	1,800	100%	+202	113%	1,740	+60

※ Amounts less than 100 million yen are rounded off

※ Financial projections for 2H of FY2014 is obtained by subtracting the results of 1H of FY2014 from the full-year projections of FY2014

3. Prospects for Capital Investment and Depreciation

(JPY in 100 millions)



※Depreciation for 1H of FY2013 includes ¥100 million of lease fees

4. Topics

Successful launch of three new factories built last year to achieve further growth



New Factory Building (JAE Hirosaki)



New Factory Building (JAE Yamagata)



**Second Factory Building
(JAE Philippines)**

- **The suspension of business nomination from the Ministry of Defense was released on July 3, 2014.**
- **As for the repayment of the expense that we overcharged to the Ministry, the assessment has still being underway. Since it has not yet been determined , we do not take it into account for the current financial projections.**
- **We will disclose the repayment amount upon it is determined.**

<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 October 29, 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.

【Reference】Prospects for Sales by Region

(JPY in 100 millions)

	FY 2 0 1 4						Compared to the previous year FY2014／FY2013		Previous FY2014 Projections (July 2014)	
	1H Results		2H Projections		FY2014 Projections					
		(%)		(%)		(%)		(%)		change
Domestic	274	31%	291	32%	565	31%	+15	103%	560	+5
Overseas	615	69%	620	68%	1,235	69%	+187	118%	1,180	+55
Total	889	100%	911	100%	1,800	100%	+202	113%	1,740	+60

※ Amounts less than 100 million yen are rounded off

※ Financial projections for 2H of FY2014 is obtained by subtracting the results of 1H of FY2014 from the full-year projections of FY2014

【Reference】Prospects for Operating Income by Business Segment

(JPY in 100 millions)

	FY 2 0 1 4						Compared to the previous year		Previous FY2014 Projections (July 2014)	
	1H Results		2H Projections		FY2014 Projections		FY2014／FY2013			
		(%)		(%)		(%)		(%)		change
Connector	121	15.6%	123	15.6%	245	15.6%	+52	127%	236	+9
UIS	1	2.2%	1	2.9%	2	2.6%	+2	turnaround	1	+1
Aerospace	3	3.8%	5	6.5%	8	5.2%	-1	86%	6	+2
Unallocatable Costs /Others	-19	—	-19	—	-37	—	-1	—	-41	+3
Total	106	11.9%	111	12.2%	217	12.1%	+52	132%	203	+14

※ Amounts less than 100 million yen are rounded off

※ Financial Projections for 2H of FY2014 is obtained by subtracting the results of 1H of FY2014 from the full-year projections of FY2014

※ Percentages (%) for FY2014 indicate Operating Income to Sales Ratios

※ Percentages of "Compared to the previous year" indicate growth rates from the previous year