

Technology to Inspire Innovation

Financial Results for 1Q FY2016
(Three months ended June 30, 2016)

July 27, 2016

6807 Japan Aviation Electronics Industry, Ltd.

Business Environment

- ▶ **Uncertainty of global economy grew; Rapid appreciation of the Japanese Yen in latter half of 1Q caused deterioration in the outlook for domestic economy**
- ▶ **In addition to slower growth in global smartphone market, domestic automotive production was partly soft, and sluggish business continued in industrial and infrastructure markets**

Results

- ▶ **Connector sales hit the bottom in 4Q FY2015 and recovered. UIS and Aerospace sales proceeded as planned.**
- ▶ **Both Net Sales and Operating Income were as projected, but foreign exchange losses were incurred due to JPY's sharp hike toward the end of 1Q.**
- ▶ **Revised 1H and full year forecast for FY2016. Will adjust assumed exchange rate for 2Q and on, in order to reflect the current situation.**

Net Sales and Incomes

(JPY in 100millions)

Three months ended	1Q FY2015	4Q FY2015	1Q FY2016	Year/Year Change		Sequential Change	
	June 30, 2015	March 31, 2016	June 30, 2016	1Q 2016/1Q 2015		1Q 2016/4Q 2015	
					(%)		(%)
Net Sales	486	367	367	-119	75%	0	100%
Operating Income (to Net Sales)	65 13.5%	9 2.4%	14 3.9%	-51	22%	6	164%
Ordinary Income (to Net Sales)	63 13.0%	6 1.5%	3 0.8%	-60	4%	-3	50%
Net Income (to Net Sales)	47 9.6%	4 1.1%	4 1.0%	-43	8%	-1	85%

※ Amounts less than 100million JPY are rounded off.

Average Exchange Rate (JPY/USD)	121.4	115.4	108.0	-13.4	-7.3
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Net Sales by Market Segment

(JPY in 100millions)

Three months ended	1Q FY2015		4Q FY2015		1Q FY2016		Year/Year Change		Sequential Change	
	June 30, 2015		March 31, 2016		June 30, 2016		1Q FY16/1Q FY15		1Q FY16/4Q FY15	
Mobile Devices	213	44%	96	26%	122	33%	-91	57%	26	127%
Automotive	163	34%	166	45%	158	43%	-5	97%	-9	95%
Industrial & Infrastructure	68	14%	62	17%	60	16%	-8	88%	-2	97%
Others	42	8%	42	11%	27	7%	-15	64%	-15	64%
Total	486	100%	367	100%	367	100%	-119	75%	0	100%

Domestic	129	27%	139	38%	125	34%	-3	97%	-14	90%
Overseas	357	73%	227	62%	242	66%	-116	68%	14	106%

※ Amounts less than 100 million yen are rounded off.

Net Sales by Business Segment

(JPY in 100millions)

Three months ended	1Q FY2015		4Q FY2015		1Q FY2016		Year/Year Charge		Sequential Change	
	June 30, 2015		March 31, 2016		June 30, 2016		1Q FY16/1Q FY15		1Q FY16/4Q FY15	
Connector	440	90%	306	83%	324	88%	-116	74%	18	106%
UIS	20	4%	18	5%	18	5%	-2	89%	-1	97%
Aerospace	24	5%	41	11%	24	6%	-0	98%	-17	59%
Others	2	0%	2	0%	2	0%	-1	71%	-0	85%
Total	486	100%	367	100%	367	100%	-119	75%	0	100%

※ Amounts less than 100 millions yen are rounded off.

Operating Income by Business Segment

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(JPY in 100millions)

Three months ended	1Q FY2015		4Q FY2015		1Q FY2016		Year/Yrar Change		Sequential Change	
	June 30, 2015		March 31, 2016		June 30, 2016		1QFY16/1QFY15		1Q FY16/4Q FY15	
Connector	77	17.5%	15	4.9%	26	8.1%	-50	34%	12	177%
UIS	3	14.2%	2	11.8%	2	11.6%	-1	73%	-0	95%
Aerospace	-3	-12.6%	-0	-0.8%	-3	-12.8%	0	-	-3	-
Unallocatable Costs/Others	-11	-	-8	-	-11	-	0	-	-3	-
Total	65	13.5%	9	2.4%	14	3.9%	-51	22%	6	164%

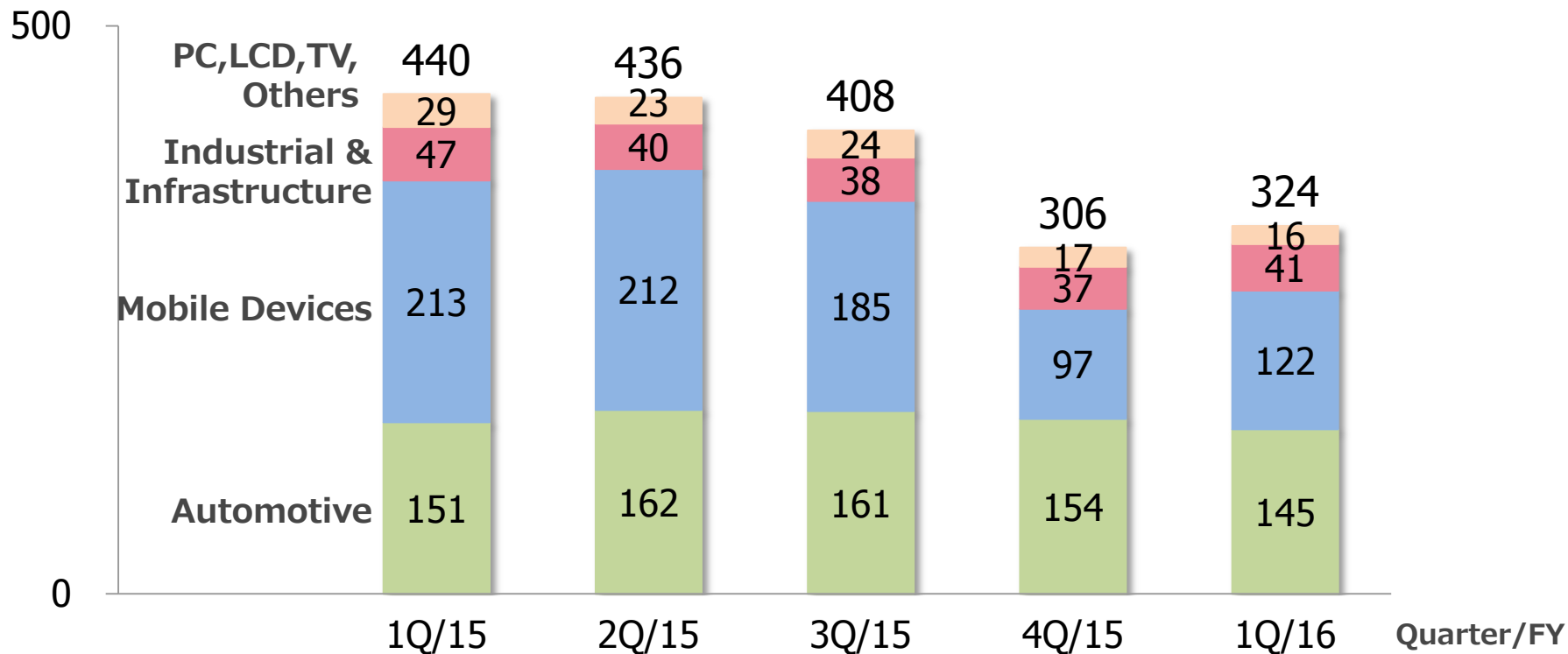
※ Percentages (%) for each quarter indicate Operating Income to Net Sales Ratios.

※ Percentages (%) of Year/Year Change and Sequential Change indicate growth rate.

※ Amounts less than 100 million yen are rounded off.

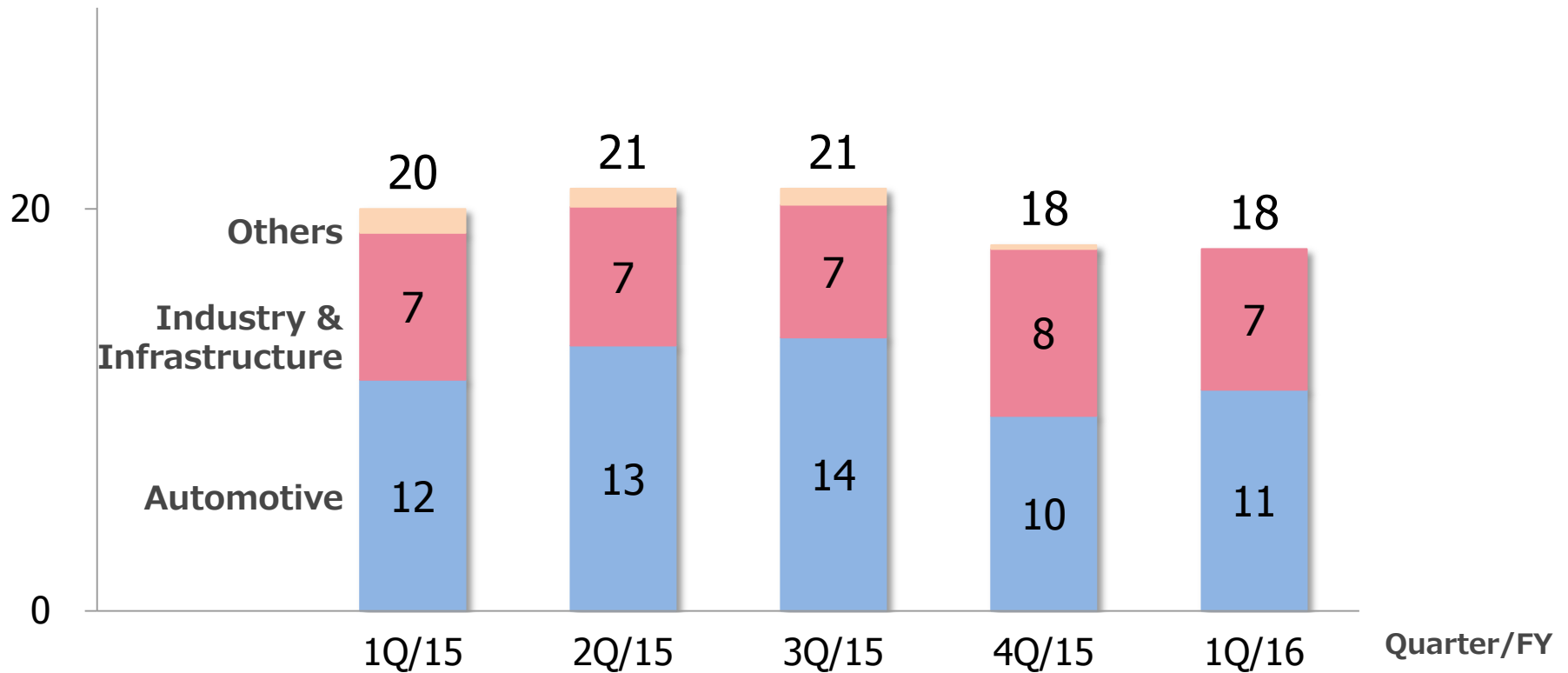
Net Sales by Market Segment

(JPY in 100 millions)



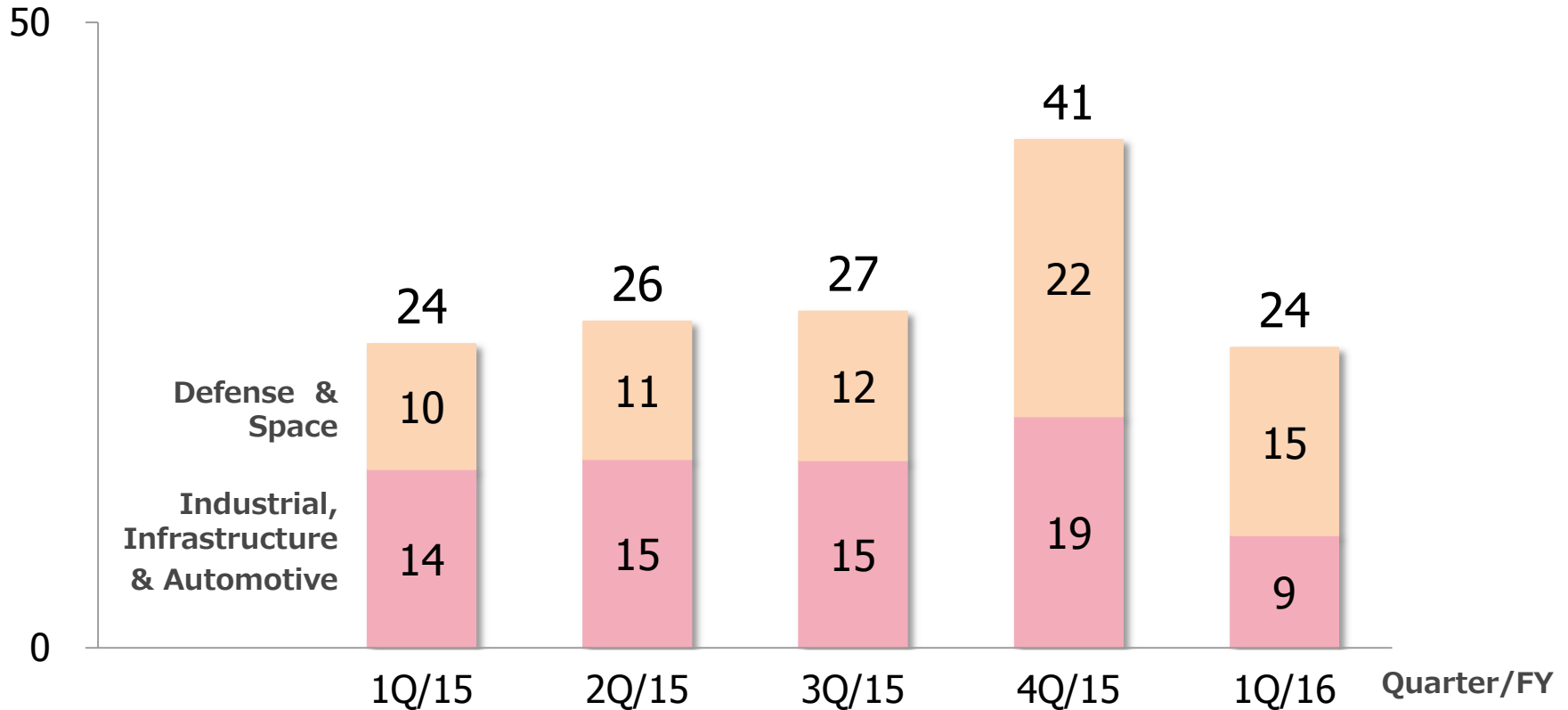
Net Sales by Market Segment

(JPY in 100 millions)



Net Sales by Market Segment

(JPY in 100 millions)



Revision of projections for FY2016

- ▶ Will revise assumed exchange rate for 2Q and 2H of FY2016 to JPY105/USD
- ▶ Will maintain projections of Net Sales almost same level as previously projected, due to strong demand despite of the exchange rate impact.
- ▶ Will revise projections of Operating Income, Ordinary Income and Net Income for 1H and full-year of FY2016

(JPY in 100millions)

	FY2015	Revised Projections for FY2016					
		1H	Year/Year Change		FY2016	Year/Year Change	
Net Sales	1,795	930	-41	96%	2,100	305	117%
Operating Income (to Net Sales)	179 10.0%	52 5.6%	-72	42%	160 7.6%	-19	89%
Ordinary Income (to Net Sales)	169 9.4%	36 3.9%	-79	31%	137 6.5%	-32	81%
Net Income (to Net Sales)	125 7.0%	27 2.9%	-58	32%	100 4.8%	-25	80%

FY2016 Projections (announced April 2016)	
1H	FY2016
932	2,100
68 7.3%	190 9.0%
60 6.4%	175 8.3%
44 4.7%	130 6.2%

※ Amounts less than 100 million JPY are rounded off.

Projections for Net Sales by Business Segment

(JPY in 100millions)

	FY2015	Revised Projections for FY2016					
		1H	Year/Year Change		FY2016	Year/Year Change	
Connector	1,589	826	-50	94%	1,874	285	118%
UIS	80	37	-4	90%	80	-0	100%
Aerospace	118	63	13	125%	138	20	117%
Others	8	4	0	96%	8	0	104%
Total	1,795	930	-41	96%	2,100	305	117%

FY2016 Projections (announced April 2016)	
1H	FY2016
826	1,870
38	82
64	140
4	8
932	2,100

※ Amounts less than 100 million JPY are rounded off.

Projections for Net Sales by Market Segment

(JPY in 100millions)

	FY2015	Revised Projections for FY2016					
		1H	Year/Year Change		FY2016	Year/Year Change	
Mobile Devices	707	400	-25	94%	940	233	133%
Automotive	684	330	-12	96%	700	16	102%
Industrial & Infrastructure	246	130	3	102%	300	54	122%
Others	158	70	-7	91%	160	2	101%
Total	1,795	930	-41	96%	2,100	305	117%

FY2016 Projections (announced April 2016)	
1H	FY2016
388	900
338	740
133	300
73	160
932	2,100

※ Amounts less than 100 million JPY are rounded off.

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JAE



<Cautionary Statement>

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 July 27, 2016, 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 transparency, 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.

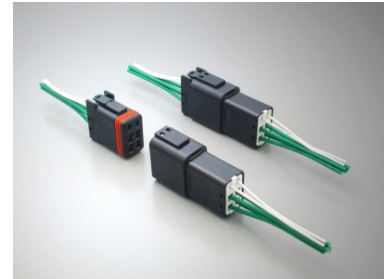
Although new risks and factors of uncertainty that occur at any anytime are evident, it is impossible to predict their occurrence or effects. In addition, details describing future predictions may not actually occur due to risk and uncertainties. Do not rely solely on these descriptions.

Industrial • Infrastructure

Development of “HB01 Series” Waterproof Cable-to-Cable Connector for Industrial Machinery

For robots and other industrial machines, demand is growing for compact, low-profile connectors that have waterproof performance as well as adaptability to the situation where board mounting is not possible.

“HB01 Series” save space by utilizing a hybrid structure that allow for wiring of both power and signal lines in one connector and feature a mechanical lock which withstands vibration and pulling. This connector also achieves high-waterproof performance (IP67).



Notification

Announcement of Expression of Opinion Concerning the (planned) Tender Offer Made by NEC Corporation for JAE Shares

For more details, please refer to the press release dated May 31, 2016.

URL) http://www.jae.com/en/ir/pdf/20160531_01.pdf