

**Technology to Inspire Innovation**

**Financial Results for  
3Q FY2016**

**January 25, 2017**

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

## Business Environment

- ▶ JPY rapidly depreciated against USD after mid-November
- ▶ Some Chinese Smartphone manufacturers kept growing despite the global market maturation
- ▶ Automotive manufacturing and sale grew differently by model and region
- ▶ Prolonged sluggish growth in Industrial and Infrastructure market

## Results

- ▶ Net sales significantly increased, especially in Connector in Mobile Devices market
- ▶ Operating income steadily improved over 2Q (but it decreased over 2Q FY2015 due to product mix and exchange rate factors)
- ▶ JPY sharp fluctuation resulted in exchange losses in late 3Q

**No change in the current projection for FY2016**

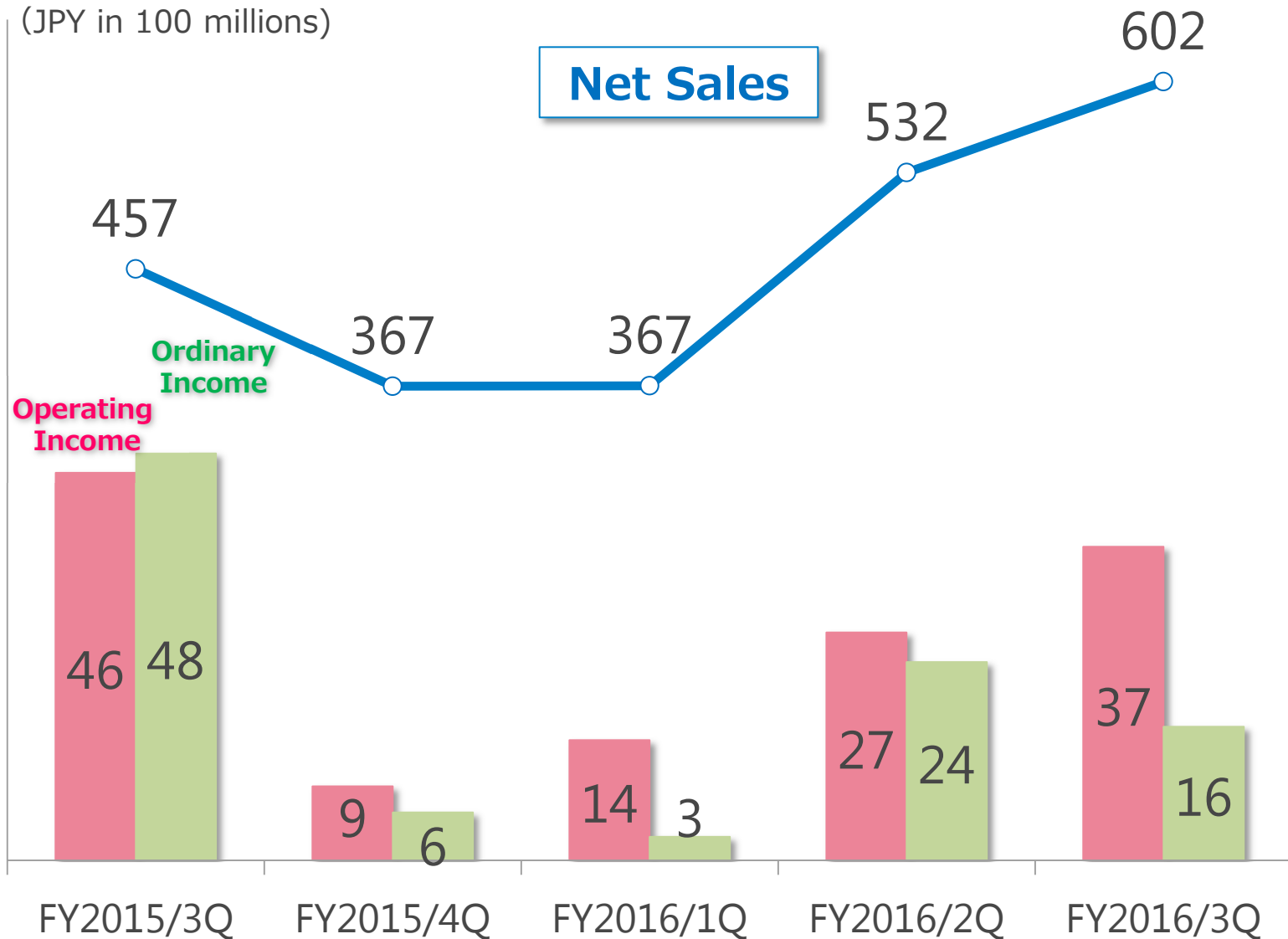
# Net Sales and Incomes

(JPY in 100millions)

3 months ended	3Q FY2015	2Q FY2016	3Q FY2016	Year/Year Change		Sequential Change	
	Dec 31, 2015	Sep 30, 2016	Dec 31, 2016	3QFY2016/3QFY2015		3QFY2016/2QFY2016	
					Growth Rate		Growth Rate
<b>Net Sales</b>	<b>457</b>	<b>532</b>	<b>602</b>	<b>145</b>	132%	<b>70</b>	113%
<b>Operating Income</b> (to Net Sales)	<b>46</b> 10.1%	<b>27</b> 5.1%	<b>37</b> 6.2%	<b>-9</b>	81%	<b>10</b>	138%
<b>Ordinary Income</b> (to Net Sales)	<b>48</b> 10.6%	<b>24</b> 4.4%	<b>16</b> 2.6%	<b>-33</b>	33%	<b>-8</b>	67%
<b>Net Income</b> (to Net Sales)	<b>36</b> 7.9%	<b>18</b> 3.3%	<b>11</b> 1.8%	<b>-25</b>	31%	<b>-6</b>	63%
<b>Average Exchange Rate (JPY/USD)</b>	121.5	102.4	109.4	-12.1		7.0	

※ Amounts less than 100 million JPY are rounded off.

# Quarterly Net Sales and Incomes



# Net Sales by Market Segment

(JPY in 100millions)

3 months ended	3QFY2015 Dec 31, 2015		2QFY2016 Sep 30, 2016		3QFY2016 Dec 31, 2016		Year/Year Change 3QFY2016/3QFY2015		Sequential Change 3QFY2016/2QFY16	
		Component Ratio		Component Ratio		Component Ratio		Growth Rate		Growth Rate
Mobile Devices	<b>185</b>	40%	<b>273</b>	51%	<b>342</b>	57%	<b>157</b>	185%	<b>69</b>	125%
Automotive	<b>177</b>	39%	<b>157</b>	30%	<b>169</b>	28%	<b>-8</b>	95%	<b>12</b>	108%
Industrial & Infrastructure	<b>57</b>	12%	<b>63</b>	12%	<b>61</b>	10%	<b>4</b>	107%	<b>-2</b>	97%
Others	<b>38</b>	8%	<b>38</b>	7%	<b>30</b>	5%	<b>-8</b>	80%	<b>-8</b>	80%
<b>Total</b>	<b>457</b>	100%	<b>532</b>	100%	<b>602</b>	100%	<b>145</b>	132%	<b>70</b>	113%
Domestic Sales	<b>131</b>	29%	<b>151</b>	28%	<b>139</b>	23%	<b>8</b>	106%	<b>-12</b>	92%
Overseas Sales	<b>326</b>	71%	<b>381</b>	72%	<b>463</b>	77%	<b>137</b>	142%	<b>83</b>	122%

※ Amounts less than 100 millions JPY are rounded off.

# Net Sales by Business Segment

(JPY in 100millions)

3 months ended	3Q FY2015 Dec 31, 2015		2QFY2016 Sep 30, 2016		3QFY2016 Dec 31, 2016		Year/Year Change 3QFY2016/3QFY2015		Sequential Change 3QFY2016/2QFY2016	
		Component Ratio		Component Ratio		Component Ratio		Growth Rate		Growth Rate
<b>Connector</b>	<b>408</b>	89%	<b>475</b>	89%	<b>557</b>	93%	<b>149</b>	137%	<b>82</b>	117%
<b>UIS</b>	<b>21</b>	5%	<b>20</b>	4%	<b>21</b>	4%	<b>0</b>	101%	<b>2</b>	108%
<b>Aerospace</b>	<b>27</b>	6%	<b>35</b>	7%	<b>22</b>	4%	<b>-5</b>	82%	<b>-13</b>	63%
<b>Others</b>	<b>2</b>	0%	<b>2</b>	0%	<b>2</b>	0%	<b>0</b>	105%	<b>0</b>	108%
<b>Total</b>	<b>457</b>	100%	<b>532</b>	100%	<b>602</b>	100%	<b>145</b>	132%	<b>70</b>	113%

※ Amounts less than 100 millions JPY are rounded off.

# Operating Income by Business Segment **JAE**

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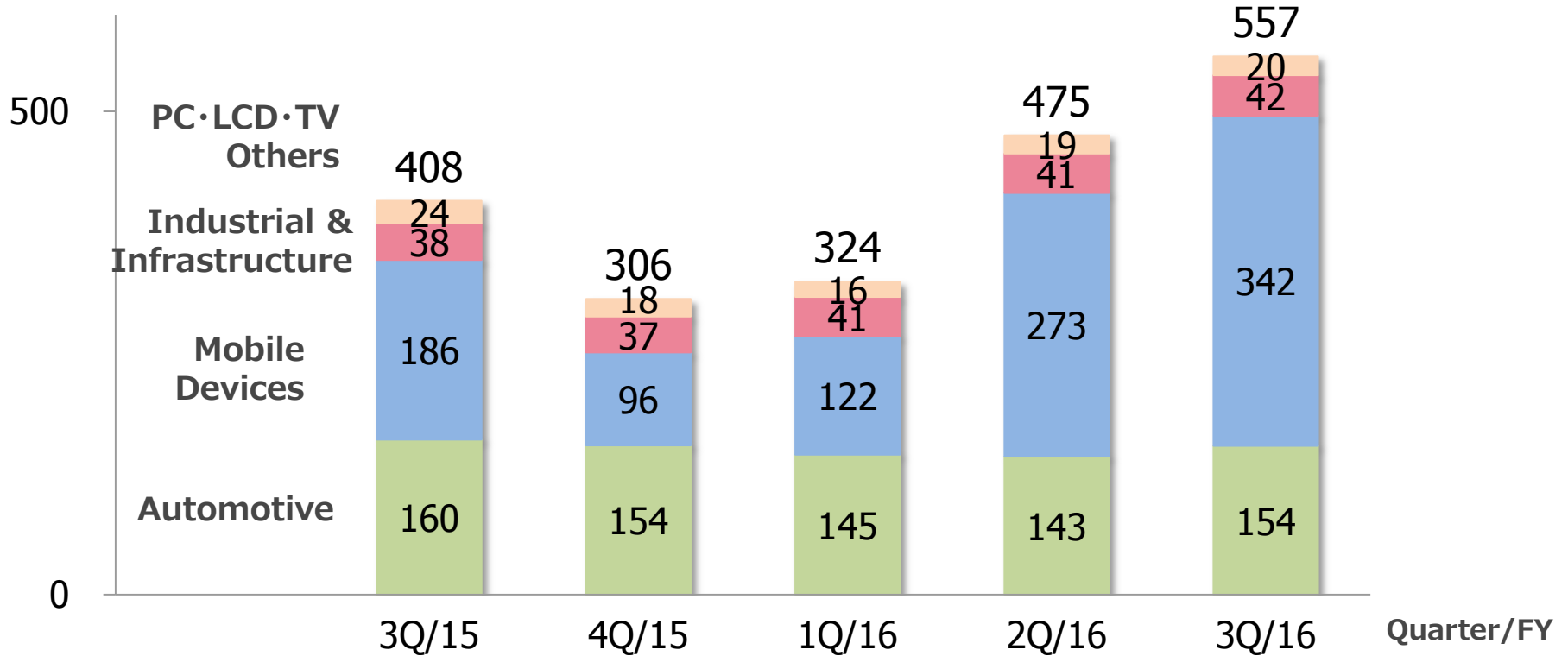
(JPY in 100millions)

3 months ended	3Q FY2015 Dec 31, 2015		2Q FY2016 Sep 30, 2016		3Q FY2016 Dec 31, 2016		Year/Year Change 3QFY2016/3QFY2015		Sequential Change 3QFY2016/2QFY2016	
		Component Ratio		Component Ratio		Component Ratio		Growth Rate		Growth Rate
<b>Connector</b>	<b>56</b>	13.7%	<b>37</b>	7.8%	<b>48</b>	8.7%	<b>-7</b>	87%	<b>11</b>	130%
<b>UIS</b>	<b>3</b>	13.3%	<b>2</b>	8.2%	<b>2</b>	7.5%	<b>-1</b>	57%	<b>-0</b>	99%
<b>Aerospace</b>	<b>-2</b>	-7.1%	<b>-1</b>	-2.7%	<b>-3</b>	-14.1%	<b>-1</b>	-	<b>-2</b>	-
<b>Unallocatable Costs/Others</b>	<b>-10</b>	-	<b>-11</b>	-	<b>-10</b>	-	<b>1</b>	-	<b>1</b>	-
<b>Total</b>	<b>46</b>	10.1%	<b>27</b>	5.1%	<b>37</b>	6.2%	<b>-9</b>	81%	<b>10</b>	138%

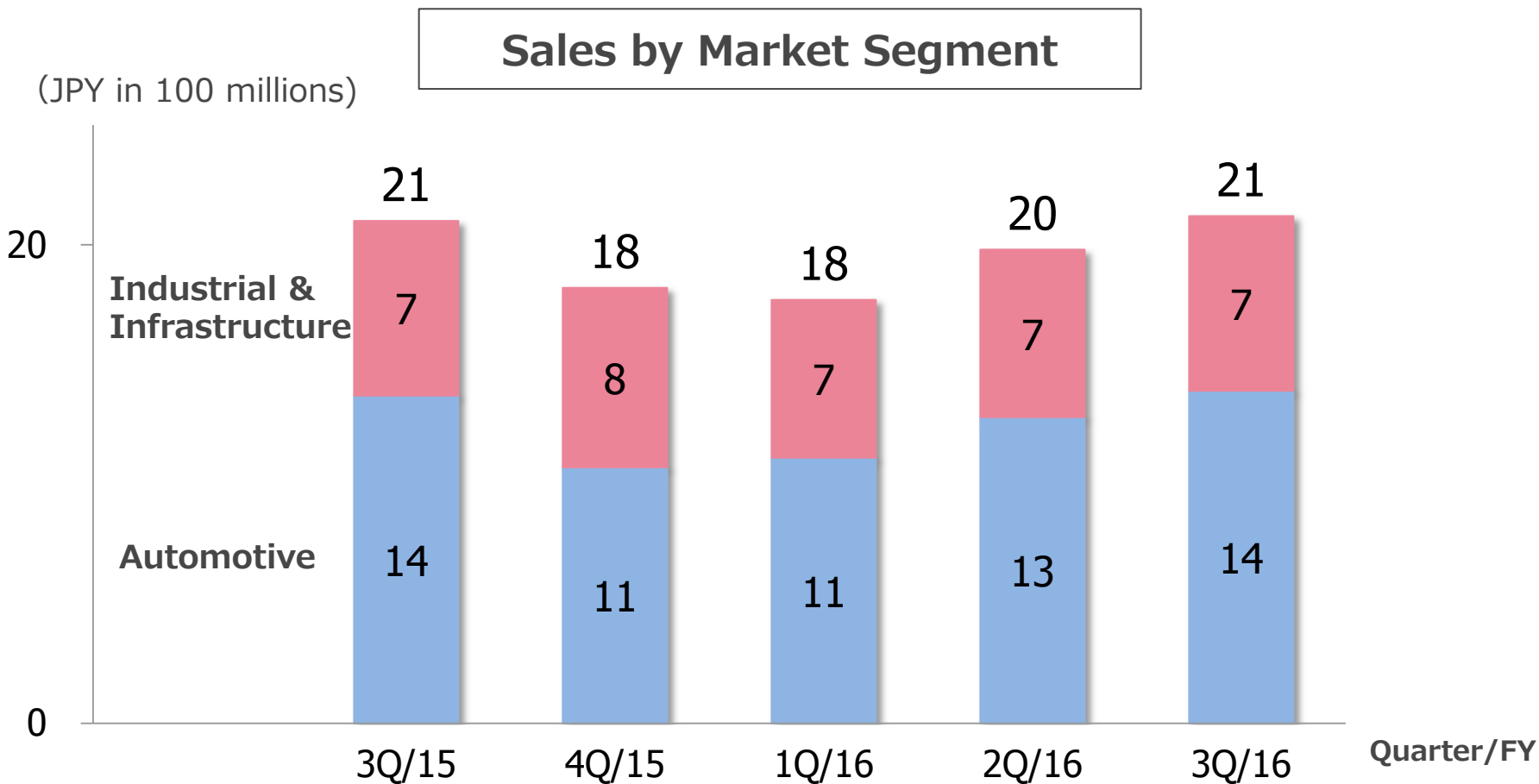
※ Amounts less than 100 millions JPY are rounded off.

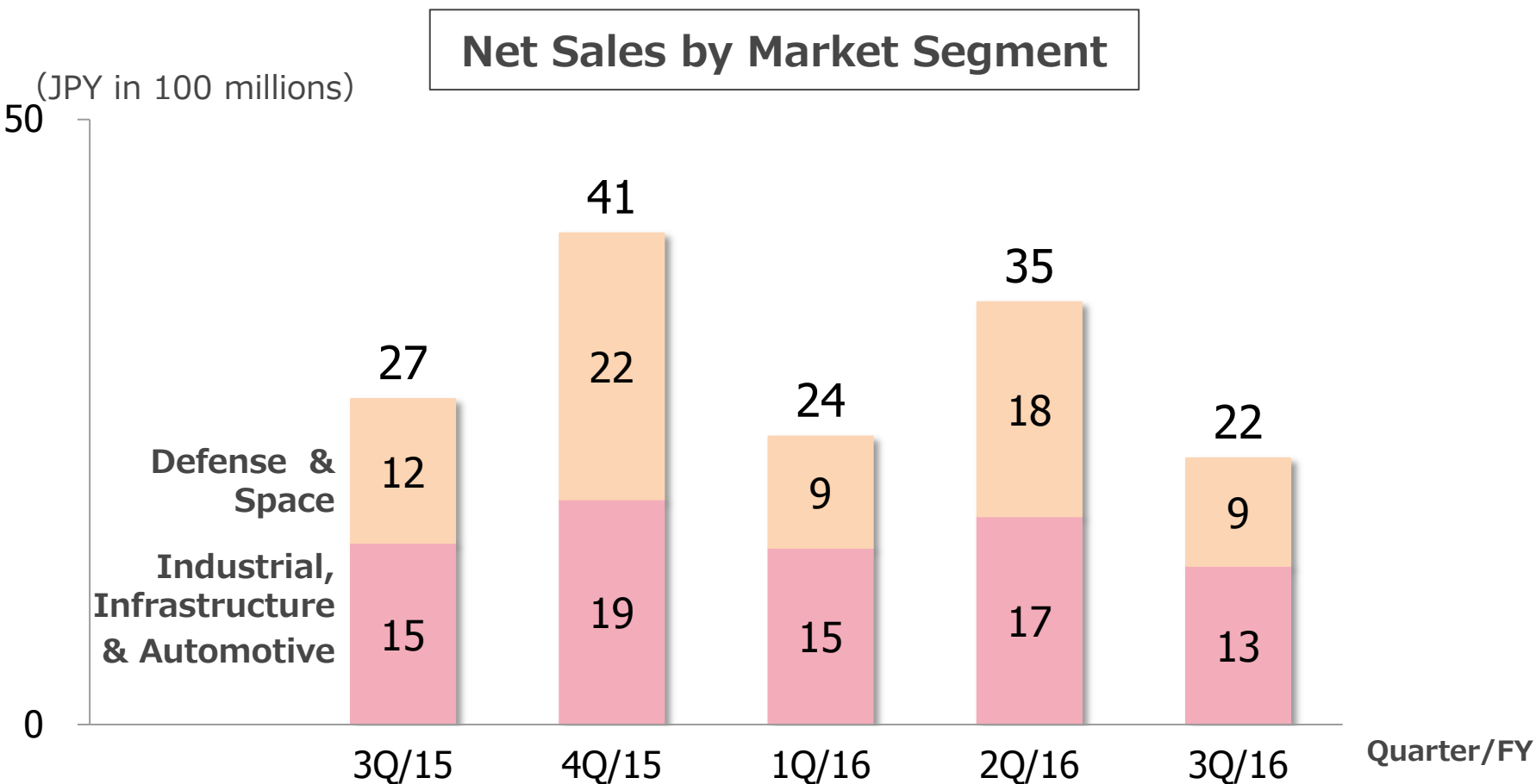
## Sales by Market Segment

(JPY in 100 millions)









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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 January 25, 2017, 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.

# [Reference] Net Sales and Incomes(9 months)

(JPY in 100millions)

9 months ended	3Q FY2015 Dec 31, 2015		3Q FY2016 Dec 31, 2016		Year/Year Change 3QFY2016/3QFY2015	
		Component Ratio		Component Ratio		Growth Rate
<b>Net Sales</b>	<b>1,428</b>		<b>1,501</b>		<b>72</b>	105%
<b>Operating Income</b>	<b>171</b>	11.9%	<b>79</b>	5.2%	<b>-92</b>	46%
<b>Ordinary Income</b>	<b>164</b>	11.5%	<b>42</b>	2.8%	<b>-122</b>	26%
<b>Net Income</b>	<b>121</b>	8.5%	<b>32</b>	2.1%	<b>-89</b>	27%
<b>Average Exchange Rate (JPY/USD)</b>	121.7		106.6		<b>-15.1</b>	

※ Amounts less than 100million JPY are rounded off.

# [Reference] Net Sales by Market Segment(9 months)

(JPY in 100millions)

9 months ended	3Q FY2015		3Q FY2016		Year/Year Change	
	Dec 31, 2015		Dec 31, 2016		3QFY2016/3QFY2015	
		Component Ratio		Component Ratio		Growth Rate
Mobile Devices	<b>610</b>	43%	<b>737</b>	49%	<b>127</b>	121%
Automotive	<b>519</b>	36%	<b>484</b>	32%	<b>-35</b>	93%
Industrial & Infrastructure	<b>184</b>	13%	<b>184</b>	12%	<b>0</b>	100%
Others	<b>115</b>	8%	<b>95</b>	7%	<b>-20</b>	83%
<b>Total</b>	<b>1,428</b>	100%	<b>1,501</b>	100%	<b>73</b>	105%

※ Amounts less than 100 million JPY are rounded off.

# [Reference] Net Sales by Business Segment(9 months)

(JPY in 100millions)

9 months ended	3Q FY2015 Dec 31, 2015		3Q FY2016 Dec 31, 2016		Year/Year Change 3QFY2016/3QFY2015	
		Component Ratio		Component Ratio		Growth Ratio
Connector	<b>1,283</b>	90%	<b>1,356</b>	90%	<b>73</b>	106%
UIS	<b>62</b>	4%	<b>59</b>	4%	<b>-3</b>	95%
Aerospace	<b>77</b>	5%	<b>81</b>	5%	<b>3</b>	104%
Others	<b>6</b>	0%	<b>5</b>	0%	<b>0</b>	86%
<b>Total</b>	<b>1,428</b>	100%	<b>1,501</b>	100%	<b>72</b>	105%

Domestic Sales	<b>388</b>	27%	<b>415</b>	28%	<b>27</b>	107%
Overseas Sales	<b>1,040</b>	73%	<b>1,085</b>	72%	<b>45</b>	104%

※ Amounts less than 100 million JPY are rounded off.

# [Reference] Income by Business Segment(9 months)

(JPY in 100millions)

9 months ended	3Q FY2015		3Q FY2016		Year/Year Change	
	Dec 31, 2015		Dec 31, 2016		3QFY2016/3QFY2015	
	Operating Income	%	Operating Income	%		Growth Rate
<b>Connector</b>	<b>206</b>	16.0%	<b>112</b>	8.2%	<b>-94</b>	54%
<b>UIS</b>	<b>8</b>	13.7%	<b>5</b>	9.0%	<b>-3</b>	62%
<b>Aerospace</b>	<b>-10</b>	-12.8%	<b>-7</b>	-8.8%	<b>3</b>	—
<b>Unallocatable cost/Others</b>	<b>-34</b>	—	<b>-31</b>	—	<b>3</b>	—
<b>Total</b>	<b>171</b>	11.9%	<b>79</b>	5.2%	<b>-92</b>	46%

※ Percentages (%) for 3Q FY2015 and 3Q FY2016 indicate Operating Income to Net Sales Ratios.

※ Amounts less than 100 million JPY are rounded off.