

**Technology to Inspire Innovation**

# **Financial Results for 3Q FY2017**

**January 29, 2018**

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

# Net Sales and Incomes

(JPY in 100 millions)

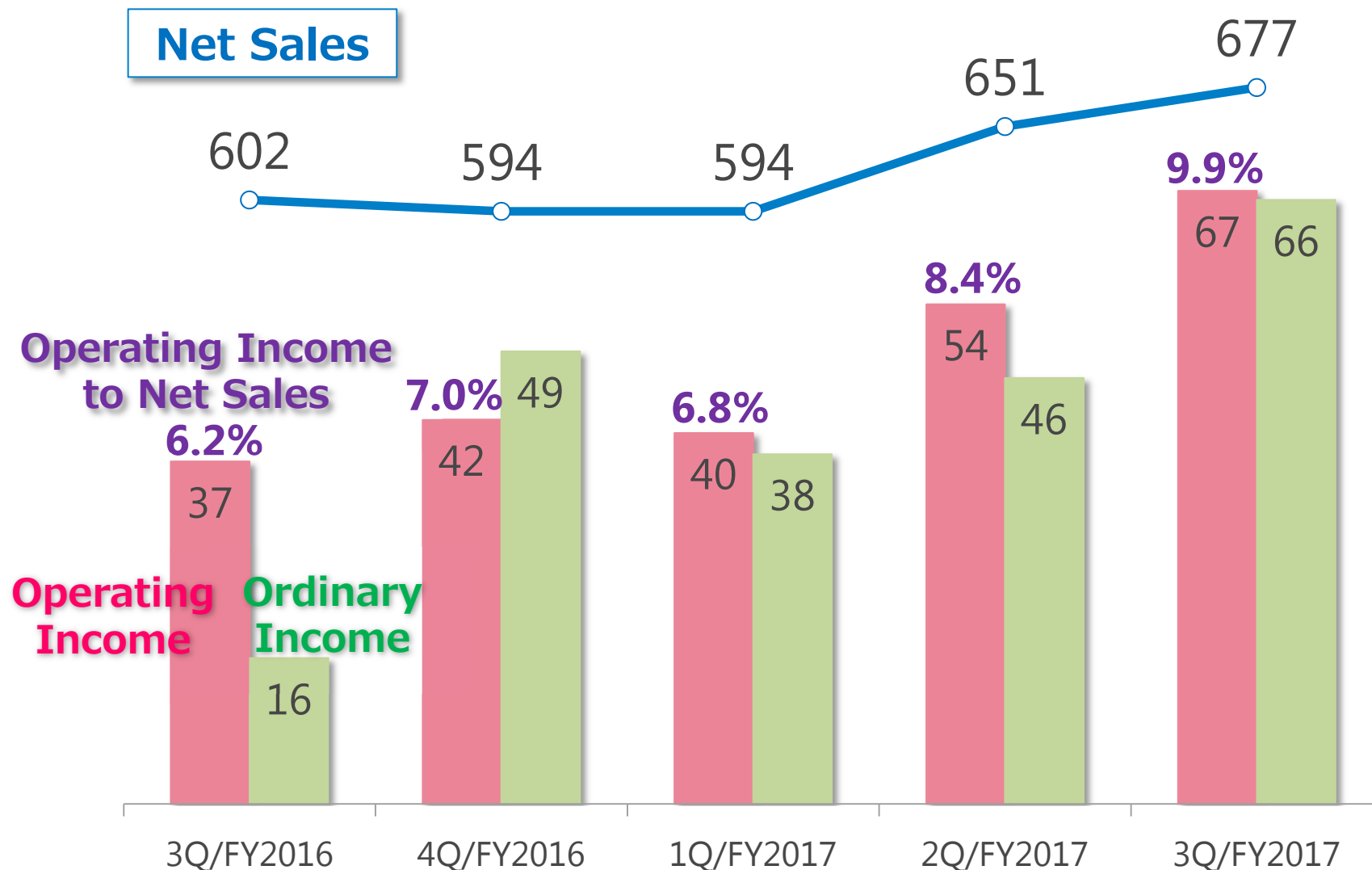
3 months ended	3Q FY2016 Dec 31, 2016	2Q FY2017 Sep 30, 2017	3Q FY2017 Dec 31, 2017	Year/Year Change 3QFY17/3QFY16		Sequential Change 3QFY17/2QFY17	
<b>Net Sales</b>	<b>602</b>	<b>651</b>	<b>677</b>	<b>75</b>	112%	<b>26</b>	104%
<b>Operating Income</b> to Net Sales	<b>37</b> 6.2%	<b>54</b> 8.4%	<b>67</b> 9.9%	<b>30</b>	179%	<b>12</b>	123%
<b>Ordinary Income</b> to Net Sales	<b>16</b> 2.6%	<b>46</b> 7.1%	<b>66</b> 9.7%	<b>50</b>	414%	<b>19</b>	142%
<b>Net Income</b> to Net Sales	<b>11</b> 1.8%	<b>34</b> 5.2%	<b>48</b> 7.0%	<b>37</b>	432%	<b>14</b>	140%

<b>Average Exchange Rate (JPY/USD)</b>	<b>109.4</b>	<b>111.0</b>	<b>113.0</b>
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※ Amounts less than 100 million JPY are rounded off.

# Quarterly Net Sales and Operating Income

(JPY in 100 millions)



# Net Sales by Market Segment

(JPY in 100 millions)

3 months ended	3QFY2016 Dec 31, 2016		2QFY2017 Sep 30, 2017		3QFY2017 Dec 31, 2017		Year/Year Change 3QFY17/3QFY16		Sequential Change 3QFY17/2QFY17	
		Component Ratio		Component Ratio		Component Ratio		Growth Rate		Growth Rate
Mobile Devices	342	57%	363	56%	385	57%	43	113%	22	106%
Automotive	169	28%	167	26%	181	27%	12	107%	14	108%
Industrial & Infrastructure	61	10%	81	12%	82	12%	21	134%	1	101%
Others	30	5%	40	6%	29	4%	-1	97%	-11	73%
Total	602	100%	651	100%	677	100%	75	112%	26	104%

Domestic Sales	139	23%	164	25%	165	24%	26	119%	1	100%
Overseas Sales	463	77%	487	75%	512	76%	49	111%	25	105%

※ Amounts less than 100 million JPY are rounded off.

# Net Sales by Business Segment

(JPY in 100 millions)

3 months ended	3QFY2016		2QFY2017		3QFY2017		Year/Year Change		Sequential Change	
	Dec 31, 2016		Sep 30, 2017		Dec 31, 2017		3QFY17/3QFY16		3QFY17/2QFY17	
		Component Ratio		Component Ratio		Component Ratio		Growth Rate		Growth Rate
Connector	557	93%	592	91%	627	93%	70	113%	34	106%
UIS	21	4%	20	3%	22	3%	1	105%	2	110%
Aerospace	22	4%	36	6%	26	4%	4	117%	-10	72%
Others	2	—	2	—	2	—	0	123%	0	110%
Total	602	100%	651	100%	677	100%	75	112%	26	104%

※ Amounts less than 100 millions JPY are rounded off.

# Operating Income by Business Segment

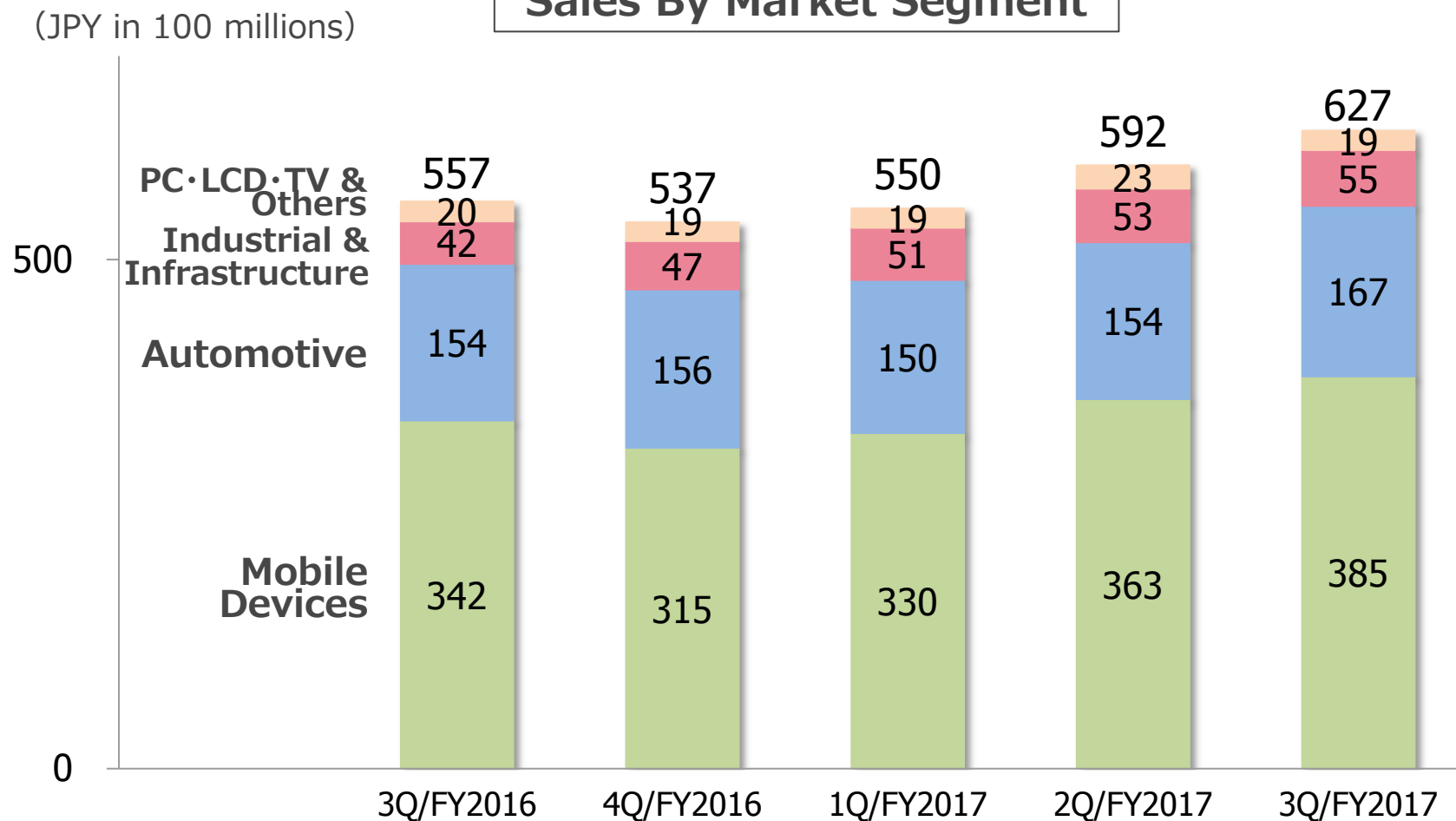
(JPY in 100 millions)

	3QFY2016	2QFY2017	3QFY2017	Year/Year Change	Sequential Change
3 months ended	Dec 31, 2016	Sep 30, 2017	Dec 31, 2017	3QFY17/3QFY16	3QFY17/2QFY17
Connector	48 8.7%	62 10.4%	75 11.9%	26	13
UIS	2 7.5%	2 7.8%	2 10.9%	1	1
Aerospace	-3 -14.1%	3 7.2%	0 0.7%	3	-2
Unallocatable costs/Others	-10	-11	-10	-1	1
Total	37 6.2%	54 8.4%	67 9.9%	30	12

※ Percentages(%) for 3QFY2016, 2Q,3QFY2017 indicate Operating Income to Net Sales Ratios.

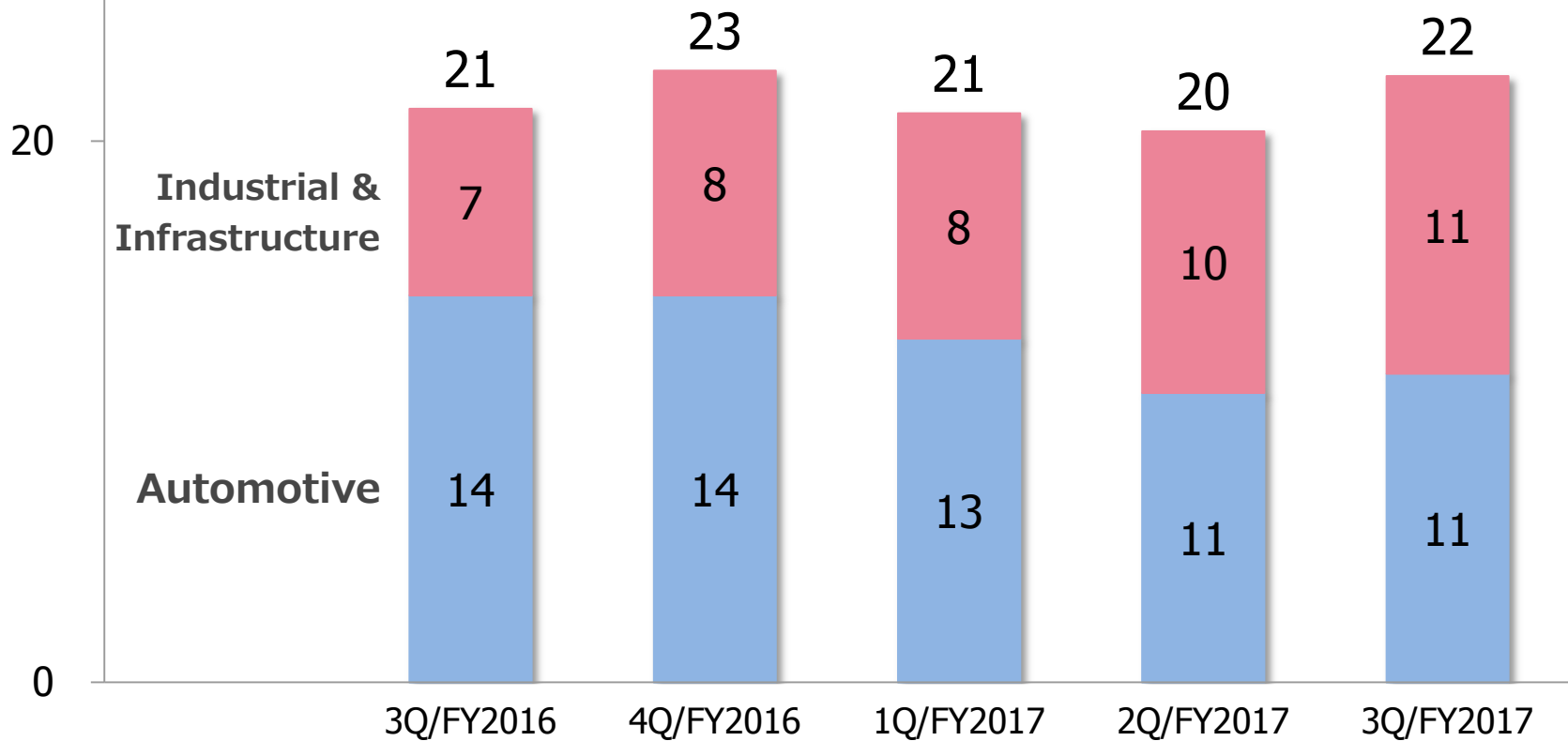
※ Amounts less than 100 million yen are rounded off.

## Sales By Market Segment



(JPY in 100 millions)

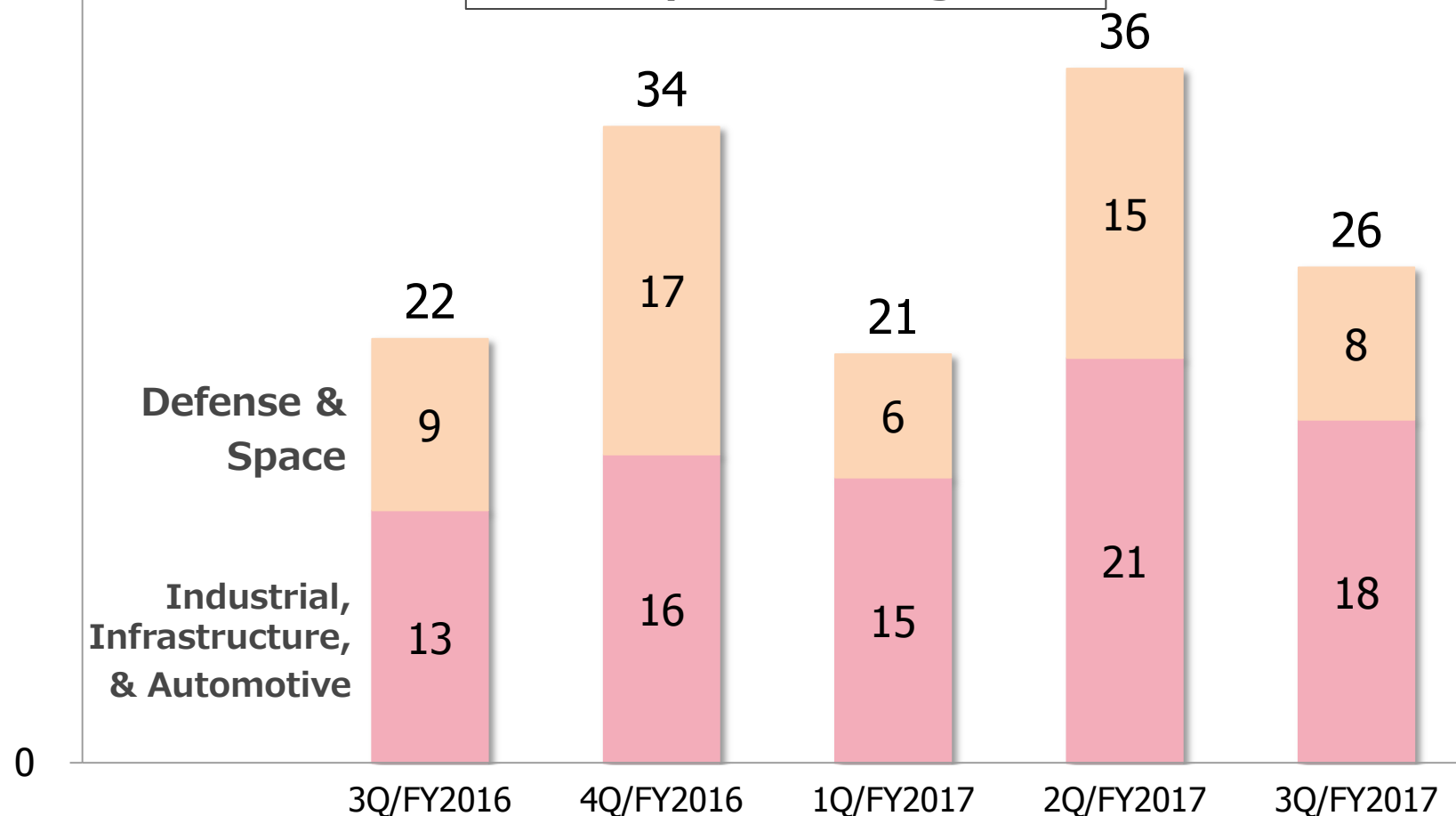
## Sales By Market Segment





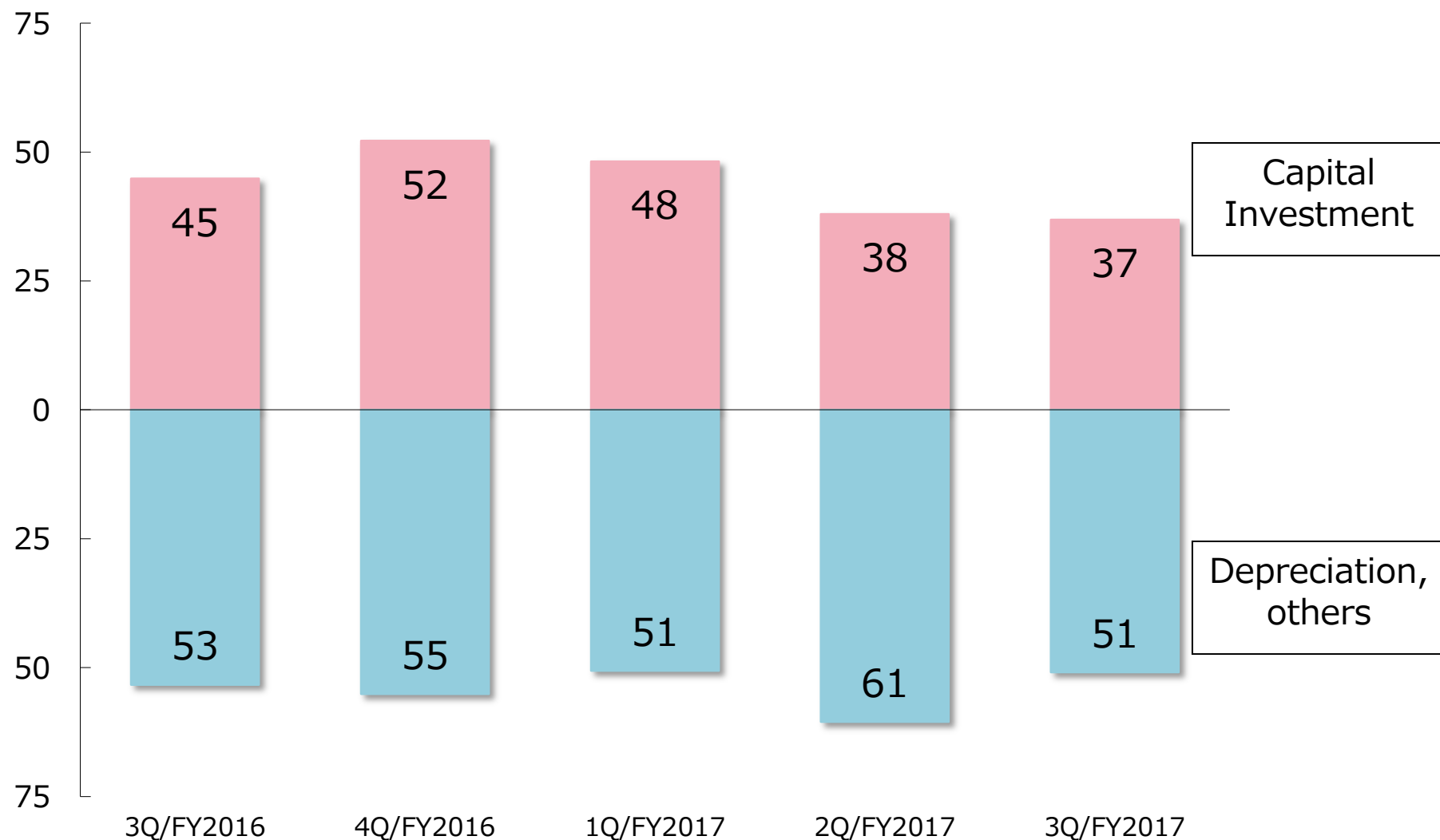
(JPY in 100 millions)

**Sales By Market Segment**



# Capital Investment & Depreciation

(JPY in 100 millions)



# Revision of Projections for FY2017

- ▶ Revised the Net Sales upward by 15.5 billion JPY, due to the exceeding performance of 3Q FY2017.
- ▶ Revised upward Operating Income, Ordinary Income and Net Income led by the Net Sales progress.
- ▶ Assumed exchange rate for 4Q FY2017 : JPY110/USD

(JPY in 100 millions)

	FY2016	Revised Projections for FY2017		
		FY2017	Year/Year Change	
<b>Net Sales</b>	<b>2,095</b>	<b>2,500</b>	<b>405</b>	119%
<b>Operating Income</b> (to Net Sales)	<b>121</b> 5.8%	<b>195</b> 7.8%	<b>74</b>	162%
<b>Ordinary Income</b> (to Net Sales)	<b>92</b> 4.4%	<b>170</b> 6.8%	<b>78</b>	186%
<b>Net Income</b> (to Net Sales)	<b>67</b> 3.2%	<b>120</b> 4.8%	<b>53</b>	178%

Change from Previous Projections	FY2017 Projections (announced Oct, 2017)
<b>155</b>	<b>2,345</b>
<b>20</b>	<b>175</b> 7.5%
<b>16</b>	<b>155</b> 6.6%
<b>8</b>	<b>112</b> 4.8%

※ Amounts less than 100million JPY are rounded off.

# Projections for Net Sales by Business Segment

- ▶ Revised upward all segment projections by steady progress in 3Q FY2017 and good outlook for 4Q FY2017.
- ▶ Increased Connector business projection by 14.3 billion JPY, due to stronger demand in Mobile Device market.
- ▶ Expect steady growth of UIS and Aerospace (including oil drilling sensor sales) business in Industrial and Infrastructure market.

(JPY in 100 millions)

	FY2016	Revised Projections for FY2017		
		FY2017	Year/Year Change	
Connector	1,893	2,276	383	120%
UIS	81	86	5	106%
Aerospace	114	130	16	114%
Others	7	8	1	114%
<b>Total</b>	<b>2,095</b>	<b>2,500</b>	<b>405</b>	<b>119%</b>

Change from Previous Projections	FY2017 Projections (announced Oct, 2017)
143	2,133
4	82
8	122
0	8
155	2,345

※ Amounts less than 100million JPY are rounded off.

# Projections for Net Sales by Market Segment

- ▶ Exceeded projection mainly in North American customers in Mobile Devices market.
- ▶ Expect continued solid demand in Automotive market.
- ▶ Expect steady growth, mainly led by factory automation and oil drilling sensor segments, in Industrial & Infrastructure market.

(JPY in 100 millions)

	FY2016	Revised Projections for FY2017		
		FY2017	Year/Year Change	
Mobile Devices	1,052	1,350	298	128%
Automotive	655	690	35	105%
Industrial & Infrastructure	255	320	65	125%
Others	133	140	7	105%
<b>Total</b>	<b>2,095</b>	<b>2,500</b>	<b>405</b>	<b>119%</b>

Change from Previous Projections	FY2017 Projections (announced Oct, 2017)
128	1,222
15	675
7	313
6	134
155	2,345

※ Amounts less than 100million JPY are rounded off.

Technology to Inspire Innovation

**JAE**

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

(JPY in 100millions)

9 months ended	3Q FY2016 Dec 31, 2016		3Q FY2017 Dec 31, 2017		Year/Year Change	
		Component Ratio		Component Ratio		Growth Rate
<b>Net Sales</b>	<b>1,501</b>		<b>1,922</b>		<b>422</b>	128%
<b>Operating Income</b>	<b>79</b>	5.2%	<b>162</b>	8.4%	<b>83</b>	205%
<b>Ordinary Income</b>	<b>42</b>	2.8%	<b>150</b>	7.8%	<b>108</b>	356%
<b>Net Income</b>	<b>32</b>	2.1%	<b>110</b>	5.7%	<b>78</b>	342%
<b>Average Exchange Rate (JPY/USD)</b>	106.6		111.7		5.1	

※ Amounts less than 100million JPY are rounded off.

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

(JPY in 100millions)

9 months ended	3Q FY2016		3Q FY2017		Year/Year Change	
	Dec 31, 2016		Dec 31, 2017			
		Component Ratio		Component Ratio		Growth Rate
Mobile Devices	737	49%	1,077	56%	341	146%
Automotive	485	32%	512	27%	28	106%
Industrial & Infrastructure	184	12%	236	12%	52	128%
Others	95	7%	97	5%	2	102%
Total	1,501	100%	1,922	100%	422	128%

※ Amounts less than 100 million JPY are rounded off.



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

(JPY in 100millions)

9 months ended	3Q FY2016 Dec 31, 2016		3Q FY2017 Dec 31, 2017		Year/Year Change	
		Component Ratio		Component Ratio		Growth Ratio
Connector	1,356	90%	1,769	92%	413	130%
UIS	59	4%	64	3%	5	109%
Aerospace	81	5%	83	4%	2	103%
Others	5	—	6	—	1	124%
Total	1,501	100%	1,922	100%	422	128%

Domestic Sales	415	28%	473	25%	58	114%
Overseas Sales	1,085	72%	1,449	75%	364	134%

※ Amounts less than 100 million JPY are rounded off.

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

(JPY in 100millions)

9 months ended	3Q FY2016 Dec 31, 2016		3Q FY2017 Dec 31, 2017		Year/Year Change	
	Operating Income	%	Operating Income	%		Growth Rate
<b>Connector</b>	<b>112</b>	8.2%	<b>186</b>	10.5%	<b>74</b>	167%
<b>UIS</b>	<b>5</b>	9.0%	<b>6</b>	9.8%	<b>1</b>	119%
<b>Aerospace</b>	<b>-7</b>	-8.8%	<b>1</b>	1.3%	<b>8</b>	—
<b>Unallocatable cost/Others</b>	<b>-31</b>	—	<b>-32</b>	—	<b>-1</b>	—
<b>Total</b>	<b>79</b>	5.2%	<b>162</b>	8.4%	<b>83</b>	205%

※ Percentages (%) for 3Q FY2016 and 3Q FY2017 indicate Operating Income to Net Sales Ratios.

※ Amounts less than 100 million JPY are rounded off.

#### <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 29, 2018, 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.