

Results for the First Half of Fiscal Year 2015 Ended September 30, 2015



The leader of thermistor temperature sensors

 SHIBAURA ELECTRONICS CO., LTD.

Results for the first half of FY2015
ended September 30, 2015

1. Business environment

Global economy

US maintains steady with stable personal consumption

EU shows gradual recovery mainly in the Eurozone

China more clearly shows a downward tendency

Japanese economy

shows a trend toward improvement with the profits by the weak yen and economic policy, however, a sign of stagnation affected by economic slowdown in China and emerging countries

2. Net sales and operating income



3. Statement of income (Summary)

(Amount: million yen, comparison: %)

| | 1H FY2014 ended Sept. 30, 2014 | | 1H FY2015 ended Sept. 30, 201 | | |
|---|-----------------------------------|----------------------|----------------------------------|----------------------|------------------------------|
| | Amount | Composition ratio | Amount | Composition ratio | Comparison with last year |
| Net sales | 10,234 | 100.0 | 10,565 | 100.0 | 3.2 |
| Cost of sales | 7,784 | 76.1 | 8,333 | 78.9 | 7.1 |
| Gross profit | 2,450 | 23.9 | 2,231 | 21.1 | △8.9 |
| Selling, general and administrative expenses | 1,339 | 13.1 | 1,413 | 13.4 | 5.6 |
| Operating income | 1,111 | 10.9 | 817 | 7.7 | △26.4 |
| Non-operating income | 38 | 0.4 | 40 | 0.4 | 5.9 |
| Non-operating expenses | 18 | 0.2 | 9 | 0.1 | △48.4 |
| Ordinary income | 1,131 | 11.1 | 849 | 8.0 | △25.0 |
| Extraordinary income | 372 | 3.6 | 112 | 1.1 | △69.7 |
| Extraordinary loss | 17 | 0.2 | 114 | 1.1 | 553.1 |
| Income taxes and others | 458 | 4.5 | 253 | 2.4 | △44.7 |
| Net income | 1,028 | 10.0 | 594 | 5.6 | △42.2 |

4. Sales and profit factors

| | | |
|--------------------------------|---------------------------|------------------------------|
| Net sales | 10,565 million yen | 3.2% (year-to-year) |
| Operating income | 817 million yen | △26.4% (year-to-year) |
| Operating income margin | 7.7% | 10.9% |

- Thermistor elements for automobiles keep strong sales. Thermistor sensors for air conditioning and industrial equipment increased.
- Sensors for small home appliances decreased.
- Personnel expenses in overseas factories increased.
- Depreciation associated with capital expenditures increased.

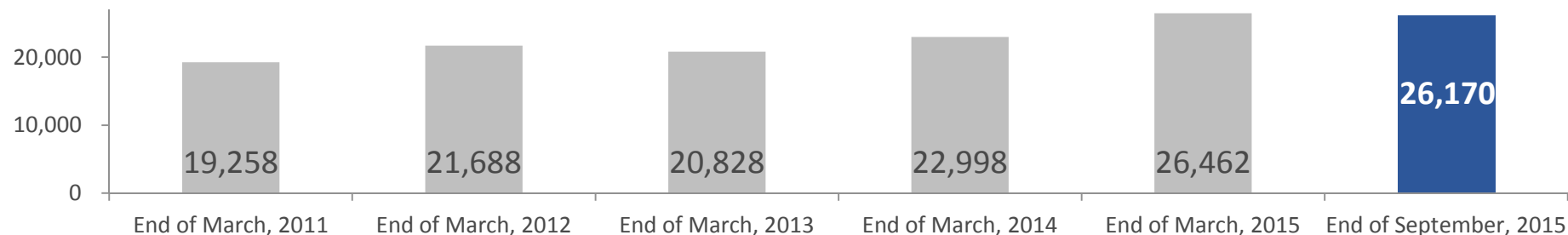
5. Balance sheet (Summary)

| Assets | | | | Liabilities and shareholders' equity (Million yen) | | | |
|-------------------------------|------------------|-------------------|--------|--|------------------|-------------------|--------|
| | Mar. 31, 2015 | Sept. 30, 2015 | Change | | Mar. 31, 2015 | Sept. 30, 2015 | Change |
| Current assets | 17,757 | 17,534 | △222 | Current liabilities | 6,217 | 5,953 | △264 |
| Cash and deposits | 6,957 | 6,250 | △707 | Account payable | 2,956 | 3,086 | 129 |
| Account receivable | 5,603 | 5,877 | 274 | Short-term loan payable | 1,082 | 1,048 | △33 |
| Inventory assets | 4,340 | 4,725 | 385 | Others | 2,178 | 1,818 | △360 |
| Others | 856 | 681 | △175 | Noncurrent assets | 2,118 | 1,927 | △191 |
| Noncurrent assets | 8,704 | 8,635 | △69 | Long-term loan payable | 1,740 | 1,547 | △193 |
| Property, plant and equipment | 7,740 | 7,745 | 4 | Others | 377 | 379 | 1 |
| Intangible assets | 139 | 163 | 23 | Total liabilities | 8,336 | 7,881 | △455 |
| Other assets | 824 | 726 | △98 | Net assets | 18,126 | 18,289 | 163 |
| Total assets | 26,462 | 26,170 | △292 | Total liabilities and net assets | 26,462 | 26,170 | △292 |

6. Balance sheet items

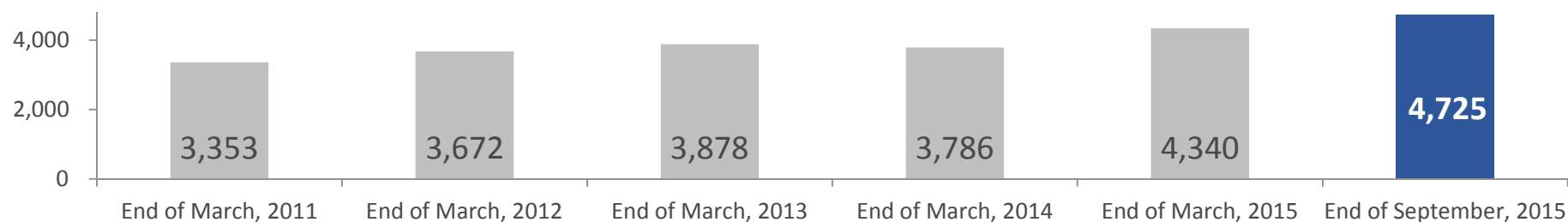
Total assets

(Million yen)



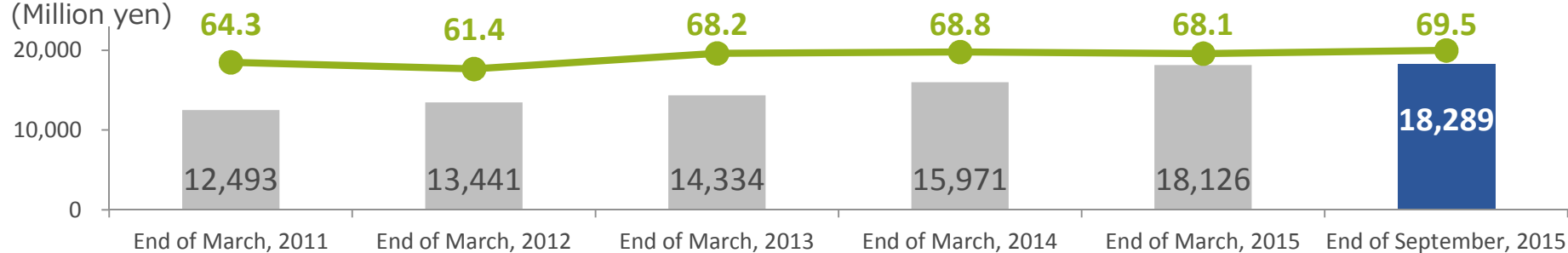
Inventory assets

(Million yen)



Shareholders' equity and equity ratio

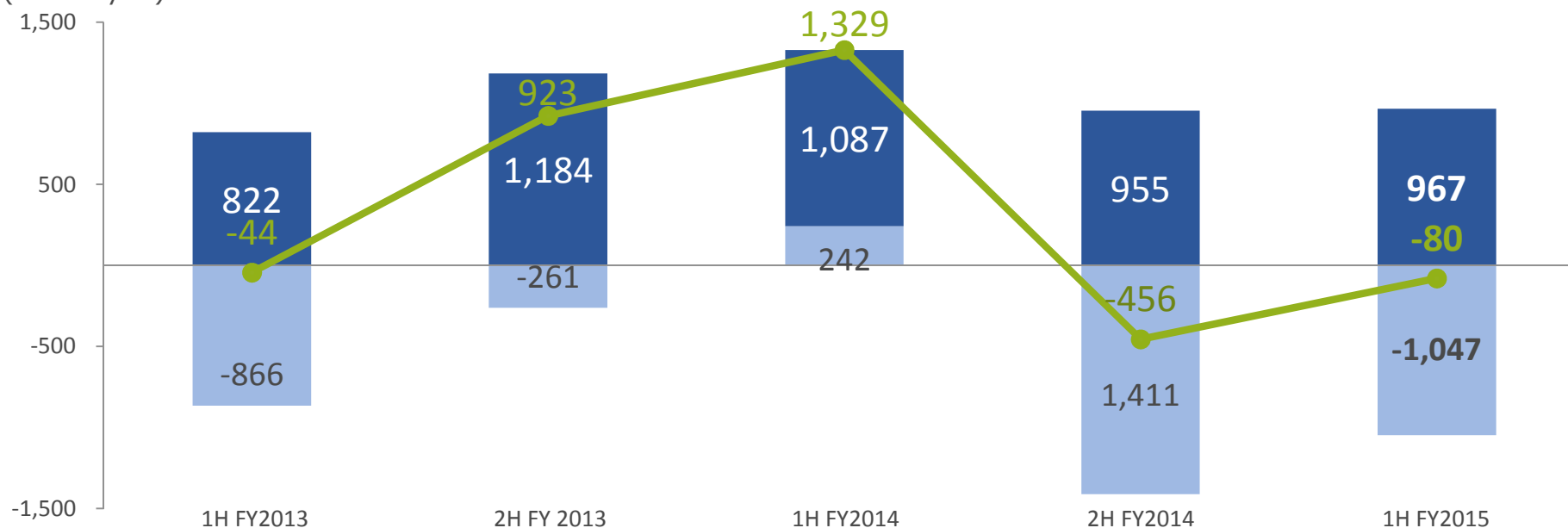
(Million yen)



7. Cash flows

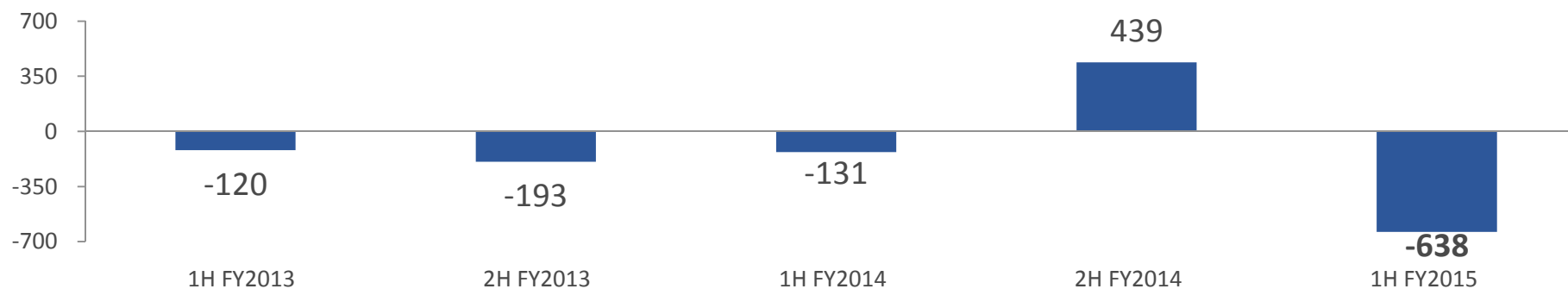
Free cash flow

(Million yen)



Cash flow used in financing activities

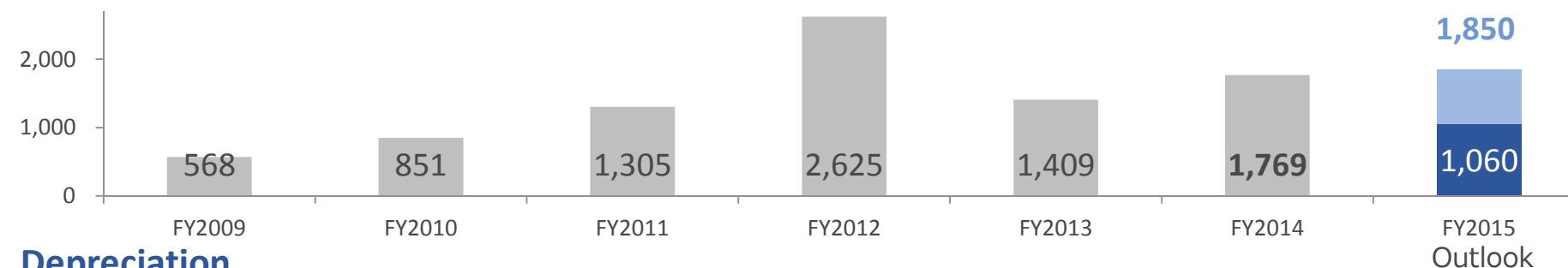
(Million yen)



8. Capital expenditure, depreciation, R&D expenditure

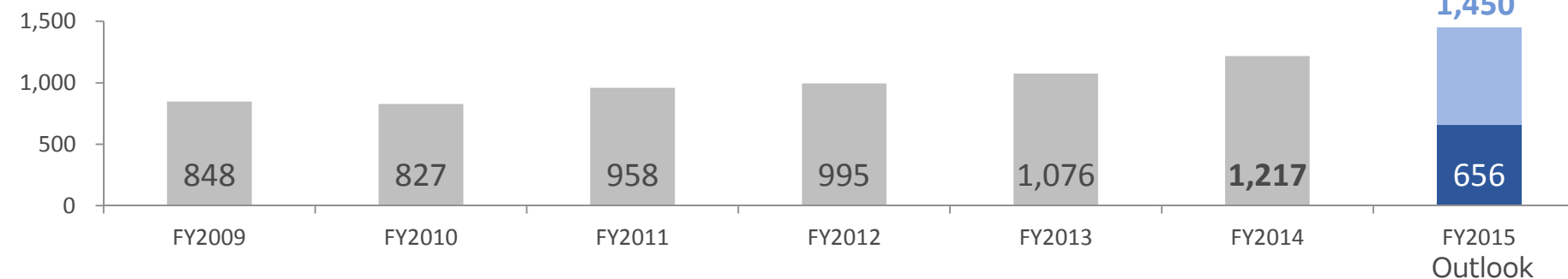
Capital expenditure

(Million yen)



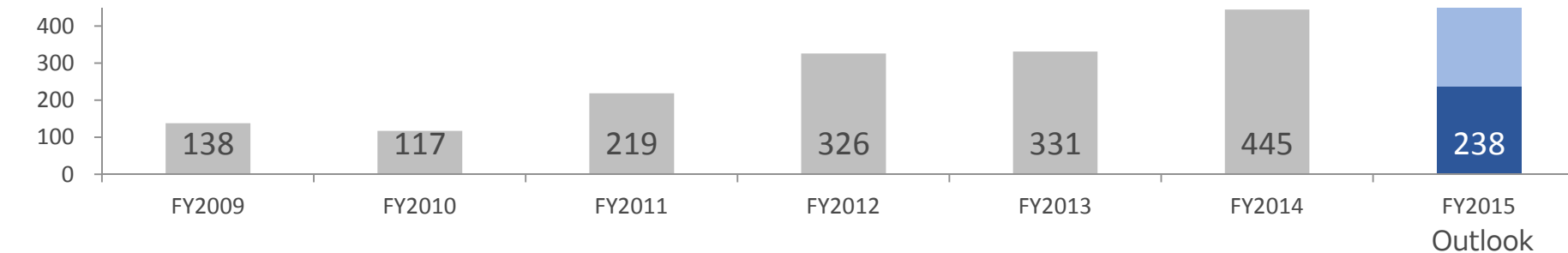
Depreciation

(Million yen)



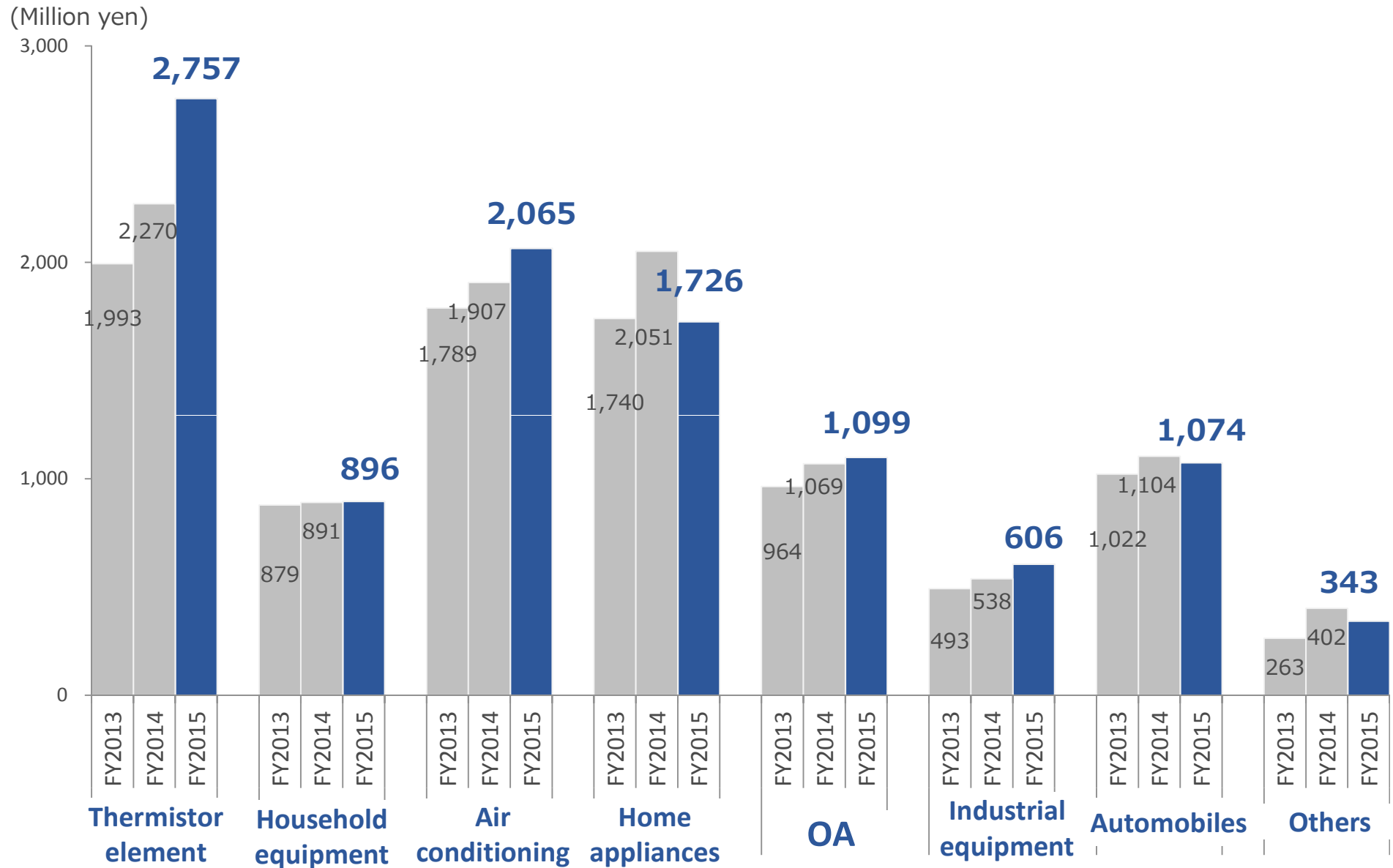
Research and development expenditure

(Million yen)



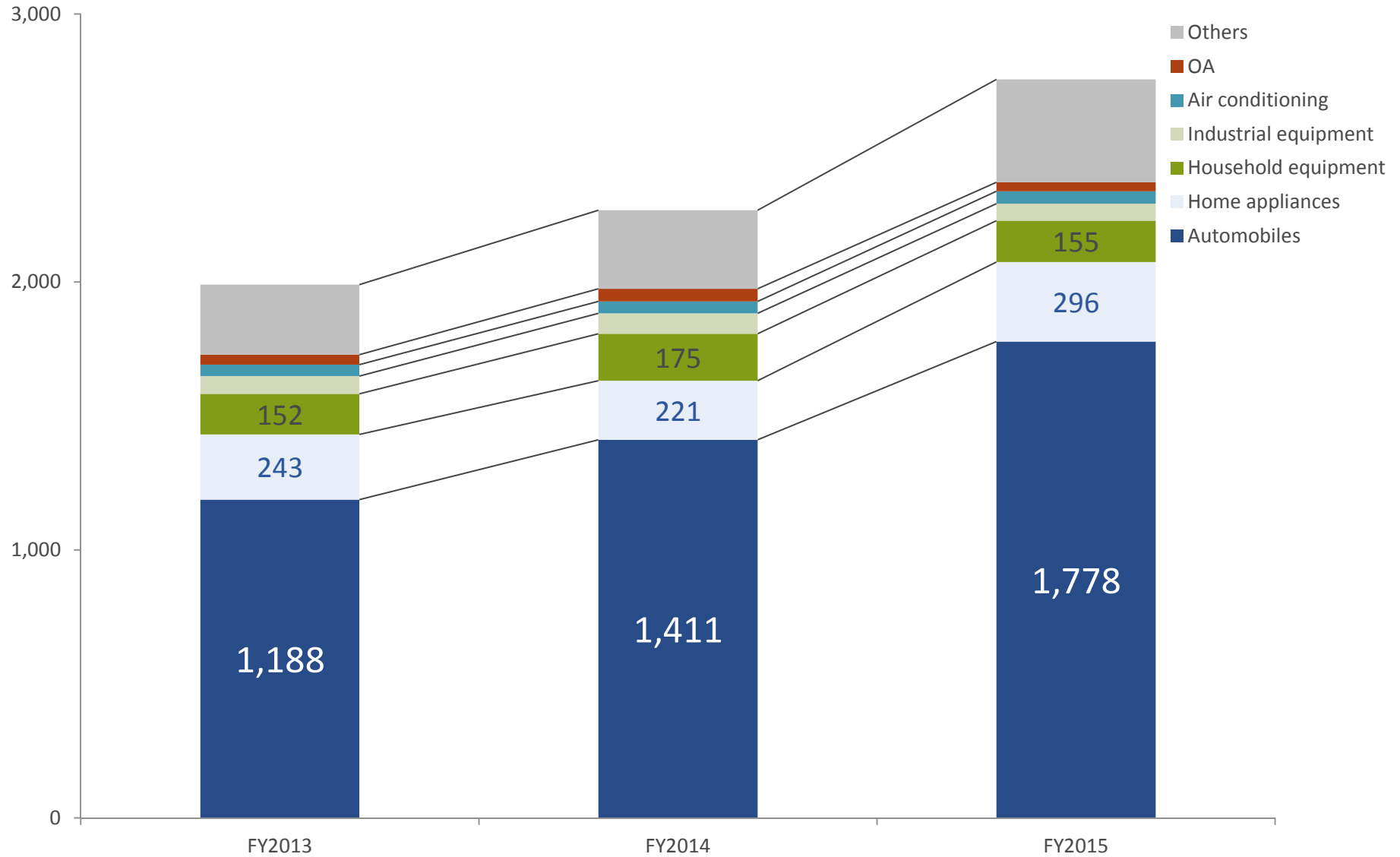
■ 1H FY2015

9. Sales amount by application | Results for the first half

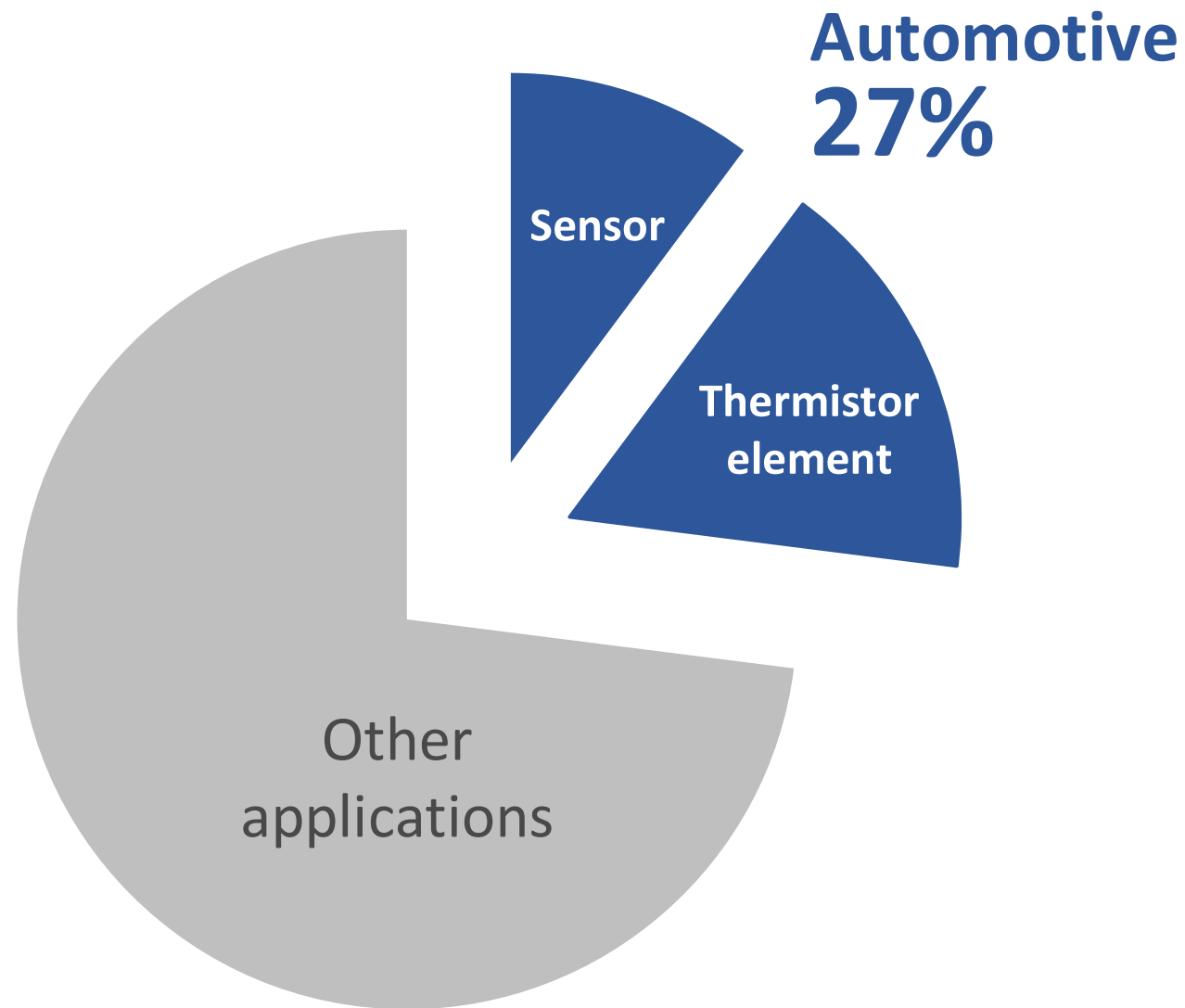


10. Sales amount by application | Thermistor element

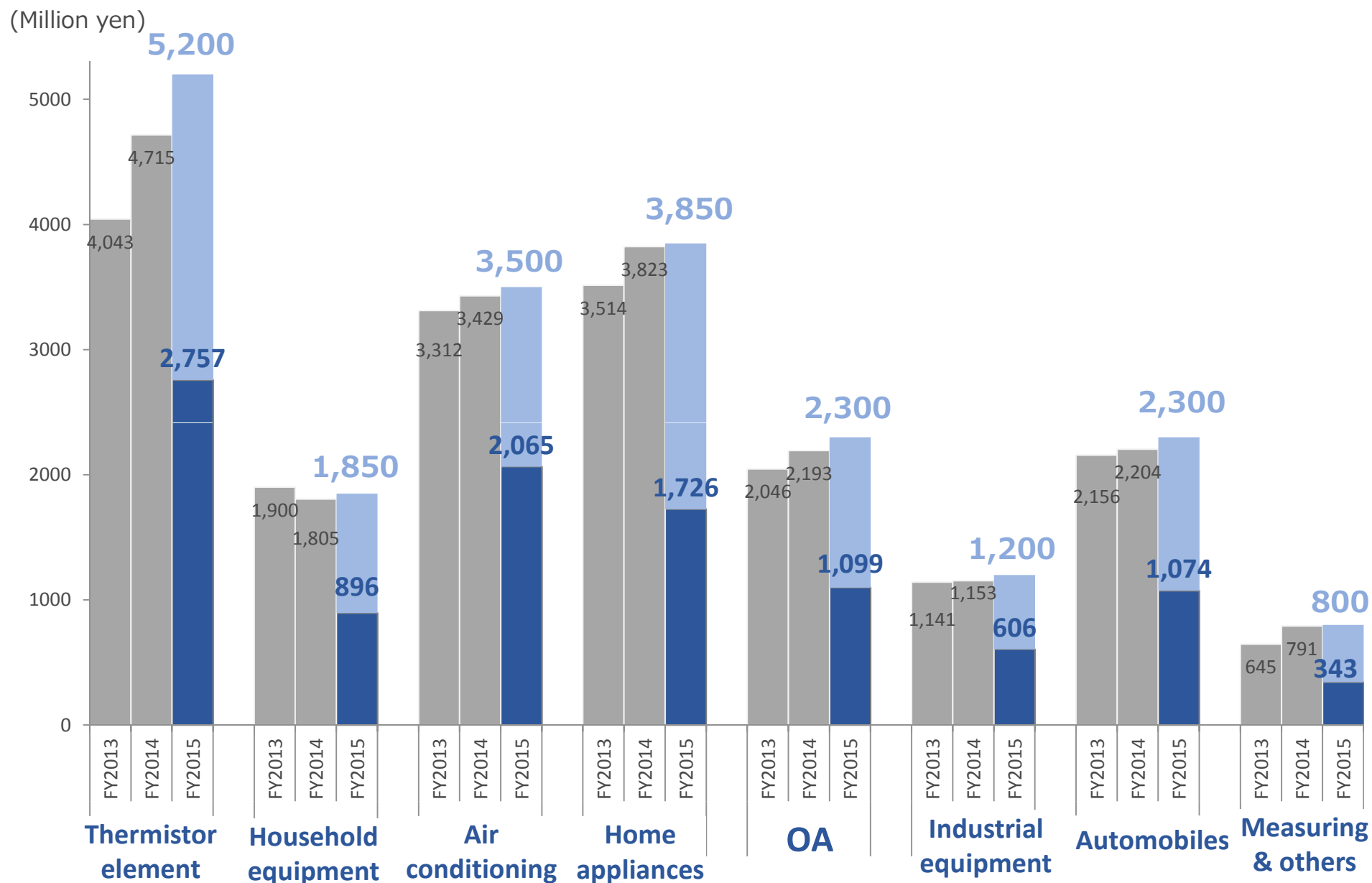
(Million yen)



11. Proportion of automotive sales to total sales



12. Sales amount by application | Results and outlook for full year



13. FY2015 business outlook

(Amount: million yen, comparison: %)

| | 1H FY2015 results | 2H FY2015 outlook | FY2015 full year outlook |
|------------------|----------------------|----------------------|-----------------------------|
| Net sales | 10,565 (3.2) | 10,435 (5.6) | 21,000 (4.4) |
| Operating income | 817 (△26.4) | 1,183 (52.1) | 2,000 (5.9) |
| Ordinary income | 849 (△25.0) | 1,151 (44.8) | 2,000 (3.8) |
| Net income | 594 (△42.2) | 786 (26.8) | 1,380 (△16.3) |

() : Year-to-year comparison

Topics

16. Local corporation established in the U.S.

Name Shibaura Electronics of America Corporation (SEA)

Location Detroit, Michigan, U.S.

Operation Started from October 1st, 2015



Thank you for your attention

Disclaimer regarding forward-looking statements

The foregoing statements regarding future results reflect the Company's expectations based on information available at the time of announcement. The information contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

References

Definition of terms

<Reference>

Thermistor

A thermistor is a thermally sensitive resistor generally composed of semiconductor materials, and its resistance varies significantly with temperature.

Thermistors are economical and stable, and operate in the temperature range that covers the whole range necessary for ordinary temperature control. They therefore are used in a wide range of applications.

Shibaura produces NTC (negative temperature coefficient) thermistors only. They exhibit decreasing resistance with increasing temperature, and are used in temperature detection sensors. There are also PTC (positive temperature coefficient) and CTR (critical temperature resistor) thermistors.

PSB thermistor element

Shibaura independently developed glass-sealed thermistors. With excellent thermal stability, mechanical strength and stability, they are now Shibaura's main products.

PSB thermistors are formally patented products in major countries (Japan, USA, England, Germany, France, Canada, Italy and Switzerland.)

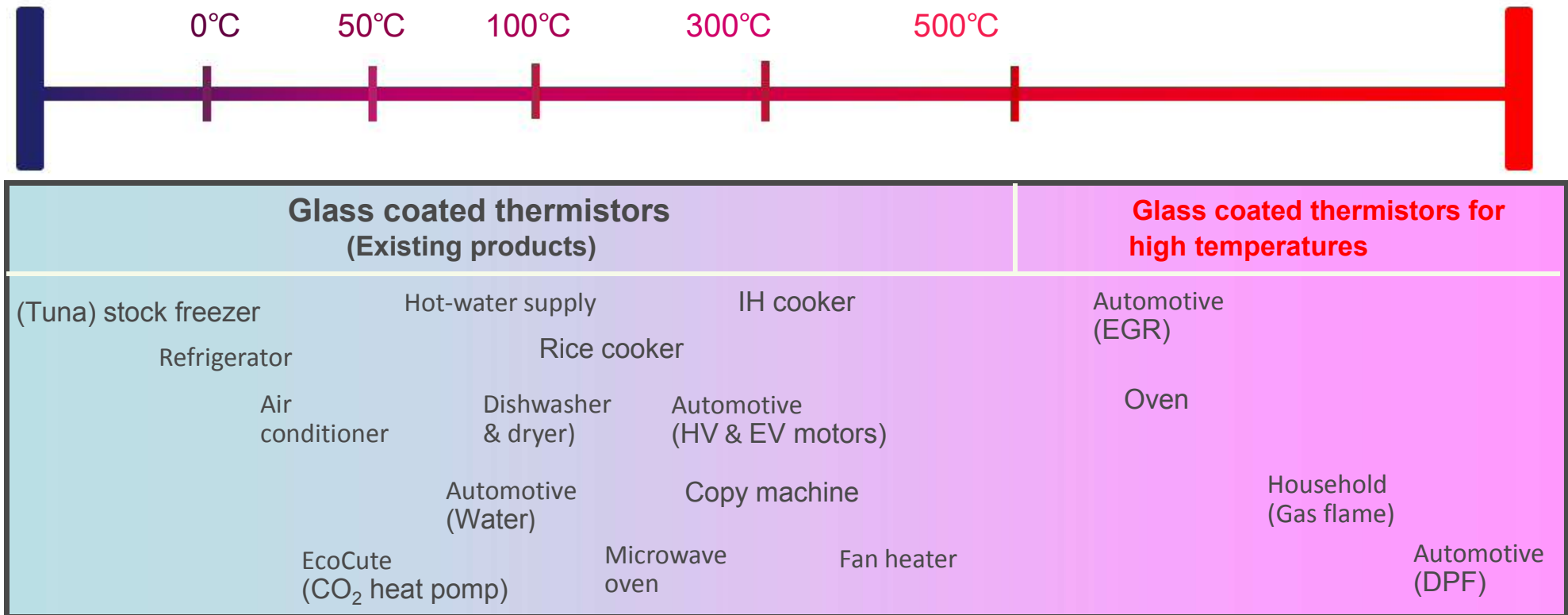
Number of thermistors installed in a product

<Reference>

| | | | | |
|-----------------------|----------------|---|-------------------------|--|
| Household | Solar system | Shower toilet | Water heater | Highly efficient hot water supply system |
| | 1 - 3 | 2 - 3 | 2 - 5 | 10 - 20 |
| A/C | Fan heater | Room A/C | Industrial A/C | |
| | 2 - 3 | 2 - 5 | 5 - 15 | |
| Home appliance | Microwave oven | Rice cooker | Refrigerator | IH cooker |
| | 2 - 3 | 2 - 3 | 2 - 8 | 5 - 15 |
| OA | Printer | Copy machine | Multi-functional copier | |
| | 2 - 3 | 2 - 3 | 3 - 5 | |
| Industrial | Fire alarm | Machine, robot | Freezing showcase | Freezing container |
| | 2 | 1 - 2 | 2 - 5 | 5 - 10 |
| Automotive | Car A/C | Intake air, exhaust gas, water, fuel, oil | | Hybrid system |
| | 4 - 5 | 8 - 10 | | 8 - 10 |

Applications for various temperature ranges

<Reference>



Applications