

# Hirata

The Global Production Engineering Company

## Year-End Financial Results for Fiscal Year Ended March 31, 2017

Hirata Corporation



# I. Financial Results and Outlook

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The Fiscal Year ended on March 31, 2017 (April 1, 2016 through March 31, 2017)

**Hirata**



# I. Summary of Financial Results

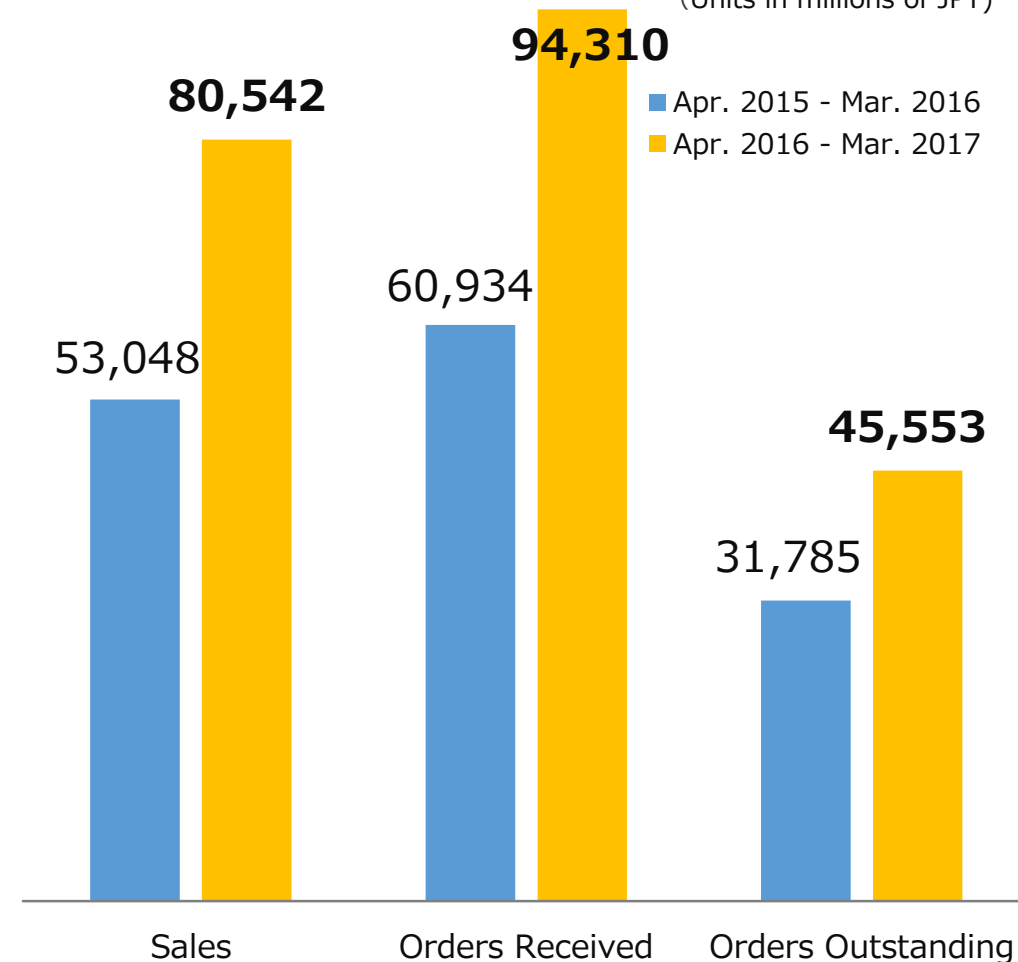
## Overview

Sales in the semiconductor production equipment segment increased dramatically, mainly of orders in vacuum deposition equipment used for organic EL production. Additionally, powertrain-related equipment engineering in the North America, and continued orders from an electric vehicle(EV) manufacturer contributed to strong sales in the automotive production equipment segment as well. As a result, our sales reached record highs, as same with the profit items.

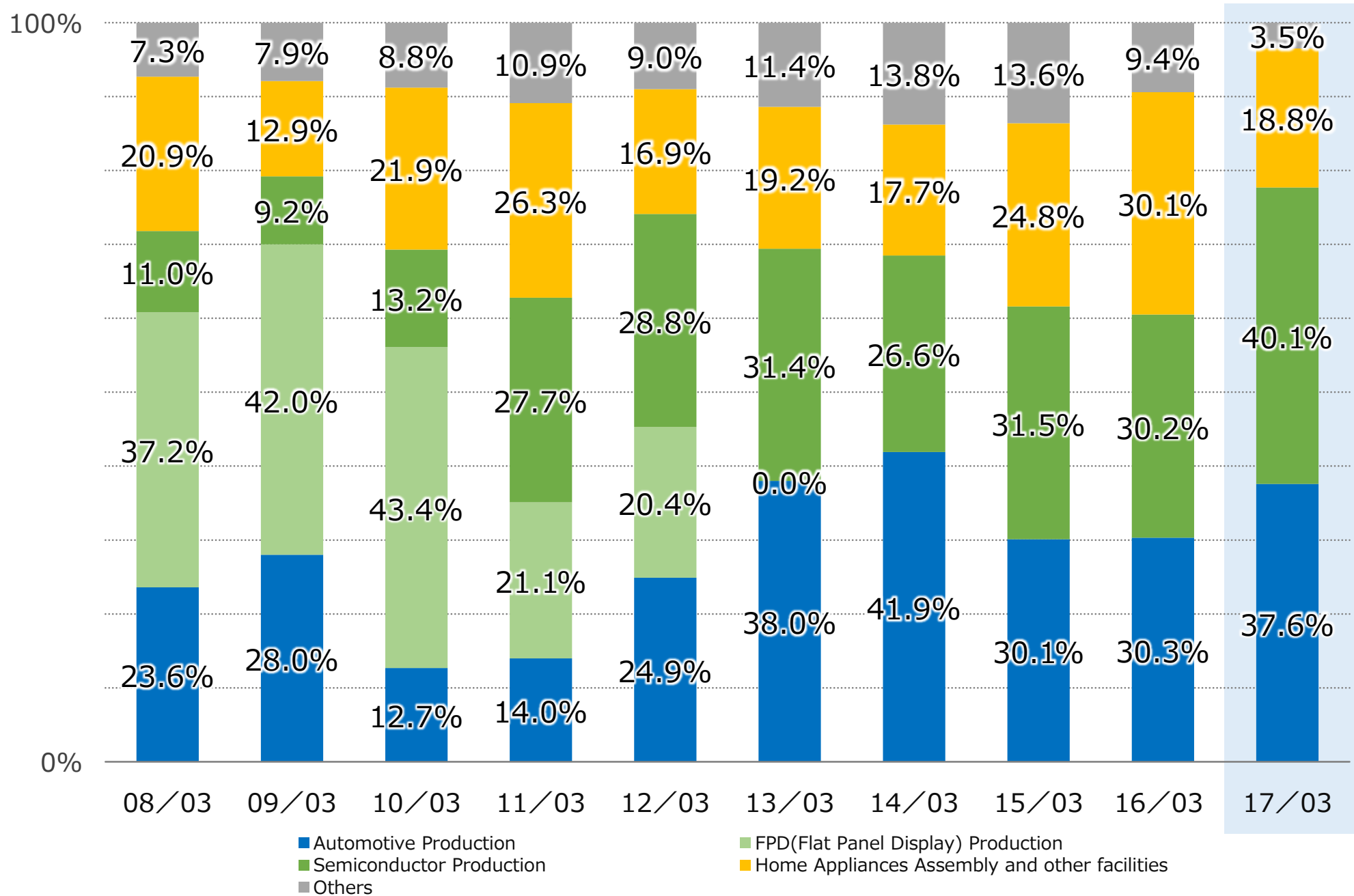
(Units in millions of JPY)

	Apr. 2015 – Mar. 2016 (Actual)	Apr. 2016 – Mar. 2017 (Actual)	YoY Change
Sales	53,048	<b>80,542</b>	+51.8%
Operating Income	2,924	<b>8,247</b>	+182.0%
Ordinary Income	2,825	<b>8,039</b>	+184.5%
Profit attributable to owners of the parent company	1,713	<b>5,891</b>	+243.9%

(Units in millions of JPY)

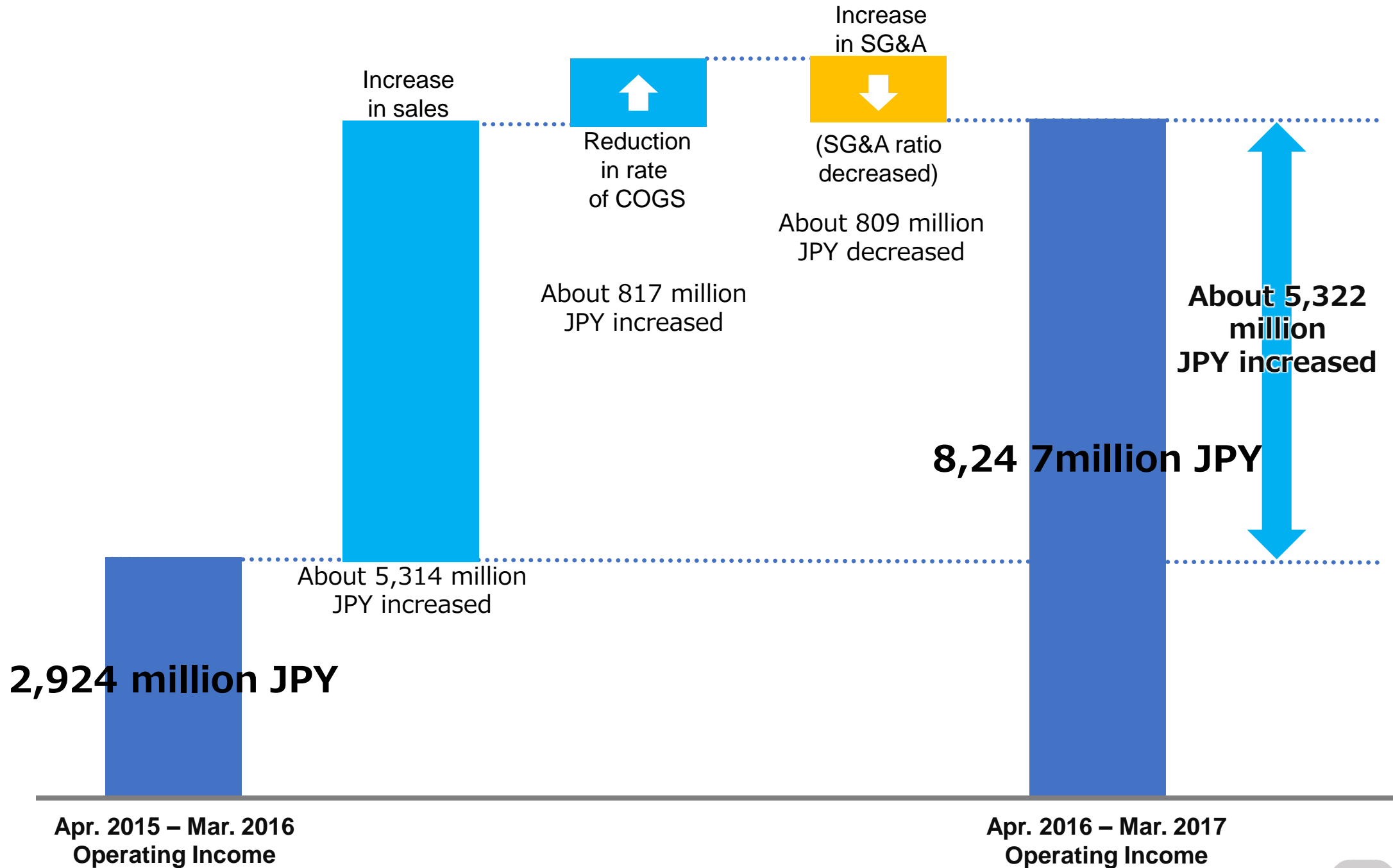


# I. Breakdown of Sales by Business Unit



\*The figure of FPD related business was integrated into semiconductor related business since April 2012.

# I. Factor Analysis on Changing Operating Income



# I. Balance Sheet

## Balance Sheet

(Units in millions of JPY)

Assets	Apr. 2015 – Mar. 2016	Apr. 2016 – Mar. 2017	YoY Change
Current Assets	40,758	<b>67,466</b>	<b>+26,707</b>
Fixed Assets	18,923	<b>20,780</b>	<b>+1,857</b>
Tangible Fixed Assets	15,653	<b>16,248</b>	<b>+595</b>
Intangible Fixed Assets	398	<b>623</b>	<b>+225</b>
Investments and other assets	2,872	<b>3,907</b>	<b>+1,035</b>
<b>Total Assets</b>	<b>59,681</b>	<b>88,246</b>	<b>+28,564</b>

Liabilities	Apr. 2015 – Mar. 2016	Apr. 2016 – Mar. 2017	YoY Change
Current Liabilities	30,592	<b>48,217</b>	<b>+17,625</b>
Fixed Liabilities	7,504	<b>12,457</b>	<b>+4,952</b>
<b>Total Liabilities</b>	<b>38,097</b>	<b>60,674</b>	<b>+22,577</b>

Net Assets			
Total Net Assets	21,584	<b>27,571</b>	<b>+5,987</b>
Capital Ratio	35.6%	<b>30.9%</b>	<b>△4.7Point</b>

### Main impact factors

#### Assets

Notes and accounts receivable	+24,629
Cash/deposit with banks	+679
Machine, equipment and vehicles	+580

#### Liabilities/Net Assets

Notes and accounts payable	+9,035
Debt with interest	+8,674
Advances received	+2,304

## Assumed exchange rate

(Units in JPY)

Assumed exchange rate	From Apr 1, 2016 to Mar 31, 2017 (Actual rate)	From Apr 1, 2017 (Applied assumption rate)
Exchange rate (against USD)	108.82	100.00

## Transition of our stock prices

(Units in JPY)

Transition of our stock prices	Apr. 1, 2014 to Mar. 31, 2015	Apr. 1, 2015 to Mar. 31, 2016	Apr. 1, 2016 to Mar. 31, 2017		
			Jan.	Feb.	Mar.
Highs	917	3,100	8,070	8,720	9,560
Lows	560	782	6,090	7,350	7,650
End of period	799	2,752	7,720	7,620	9,010

## PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2014 to Mar. 31, 2015	Apr. 1, 2015 to Mar. 31, 2016	Apr. 1, 2016 to Mar. 31, 2017
PER (x)	8.76	16.08	14.43
PBR (x)	0.39	1.22	3.12
ROE (%)	4.70	8.00	24.3

# I. Sales, Orders Received and Outstanding by Business Unit

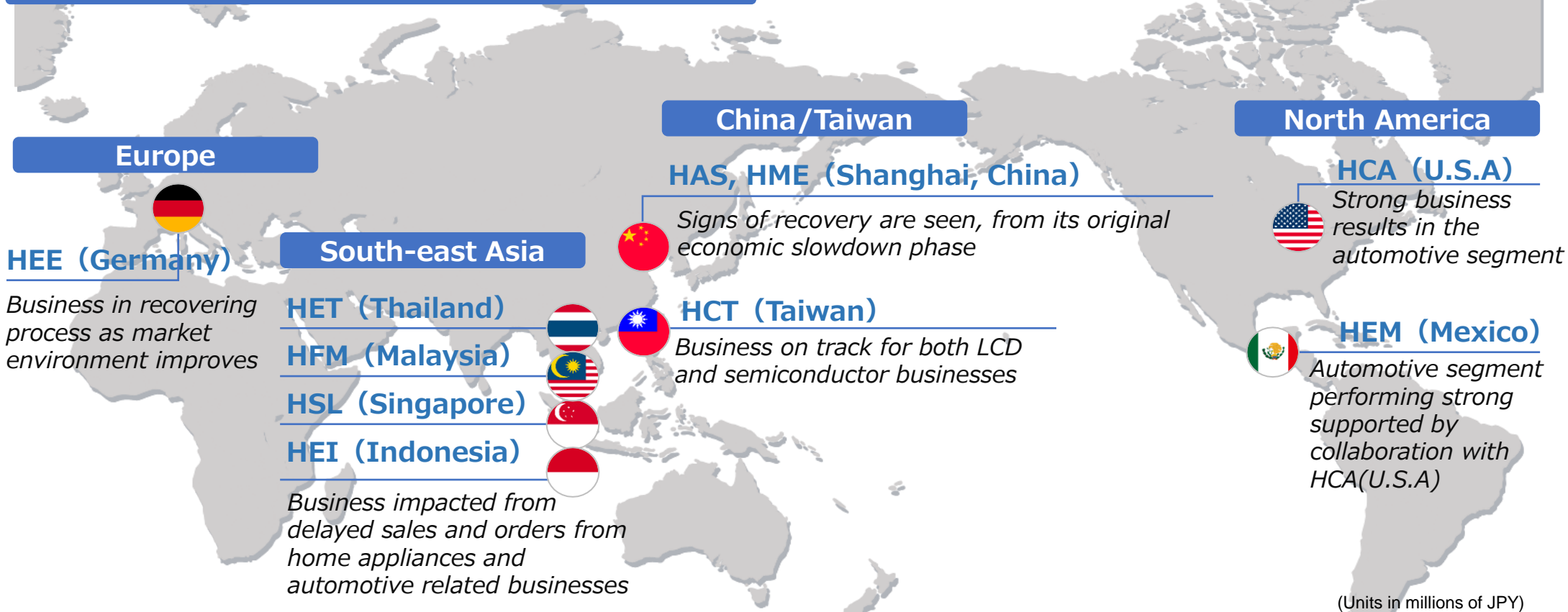
(Units in millions of JPY)

	<b>Business Unit</b>	<b>Apr 2015 – Mar 2016</b>	<b>Apr 2016 – Mar 2017</b>	<b>YoY Change</b>
Sales	Automotive	16,065	30,267	+88.4%
	Semiconductor	16,014	32,289	+101.6%
	Home appliances & others	16,000	15,165	△5.2%
	Others	4,968	2,819	△43.3%
	<b>TOTAL</b>	<b>53,048</b>	<b>80,542</b>	<b>+51.8%</b>
Orders Received	Automotive	21,428	40,485	+88.9%
	Semiconductor	21,153	36,389	+72.0%
	Home appliances & others	13,717	13,155	△4.1%
	Others	4,634	4,279	△7.7%
	<b>TOTAL</b>	<b>60,934</b>	<b>94,310</b>	<b>+54.8%</b>
Orders Outstanding	Automotive	15,166	25,385	+67.4%
	Semiconductor	8,813	12,912	+46.5%
	Home appliances & others	6,888	4,877	△29.2%
	Others	916	2,377	+159.3%
	<b>TOTAL</b>	<b>31,785</b>	<b>45,553</b>	<b>+43.3%</b>



# I. Global Business Overview

## Sales by region



	Japan		Asia		North America		Europe		TOTAL	
	16/3	<b>17/3</b>	16/3	<b>17/3</b>	16/3	<b>17/3</b>	16/3	<b>17/3</b>	16/3	<b>17/3</b>
Sales	42,306	<b>66,585</b>	6,236	<b>6,166</b>	3,581	<b>6,995</b>	924	<b>794</b>	53,048	<b>80,542</b>
Operating Income	2,662	<b>6,824</b>	112	<b>683</b>	164	<b>707</b>	44	<b>52</b>	2,983	<b>8,267</b>

Please be noted that total figure of operating income is before consolidation adjustments between regional segments.

# I. Received Orders for Semiconductor and Automotive Businesses

## Business update on Organic EL/Automotive businesses

### ● Securing high volumes of orders and sales for organic EL and EV-related production equipment

(Units in millions of JPY)

	Apr. 2015 – Mar. 2016		Apr. 2016 – Mar. 2017	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL-related business	6,424	3,418	21,815	19,016
Electric vehicle related business	—	—	11,852	4,625

#### ● Organic EL-related business

The sales of organic EL related business accounted for more than 58% of semiconductor's total sales. The amount of orders received increased more than threefold and the sales became 5.5 times as much as that of the previous year.

#### ● Electric vehicle related business

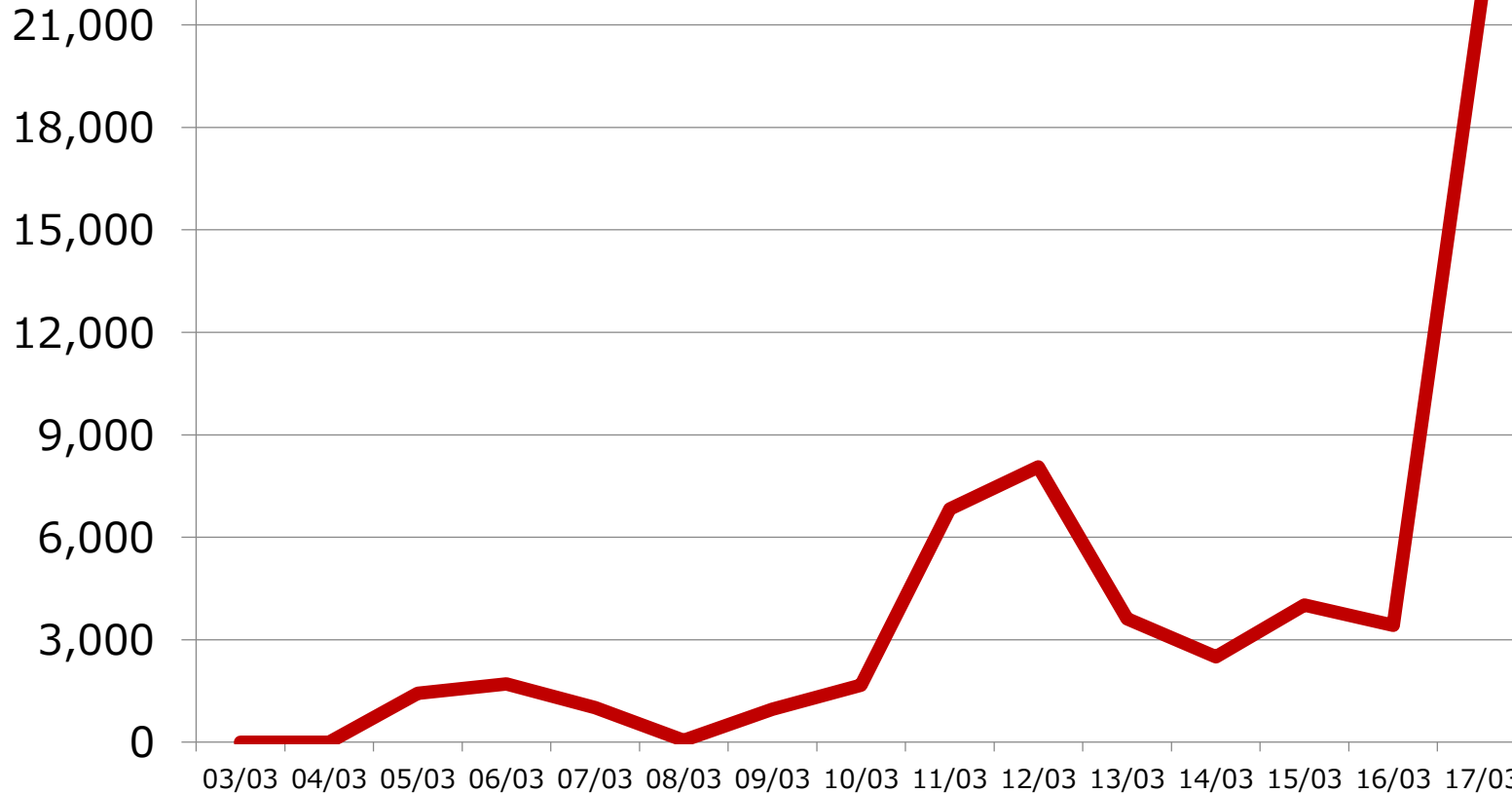
The sales of EV related business accounted for about 15% of automobile's total sales, which is the 2<sup>nd</sup> largest sales after that of 63% of powertrain-related business and contributed to Hirata's overall performance.

# I. Hirata's Track Record in Organic EL-related Equipment

## Trends in the sales volume of organic EL-related equipment

- Hirata's sales track record for "organic EL-related production facility" (past 15 years, excluding R&D period)

(Units in millions of JPY)



Sales: JPY19,016mm  
Orders Received: JPY21,815mm

First ever organic EL-related equipment sales dates back to 2003. In this fiscal year, we achieved new record sales of about JPY19,000mm and the orders received of JPY 21,800mm, with demands in production equipment surging, given the spread of OLED used in smartphones. We manufacture the vacuum deposition equipment, which takes a main role in the organic EL production process in partnership with Canon Tokki and we expect the sales continue to strong.

# I. Business situation about Organic EL related business

## Order situation about Organic EL related equipment

### ● We expect strong orders for organic EL related equipment continuously

In order to secure manufacturing area for the growing OLED related equipment business, we extended our clean room facilities to 4,400 square meters in October 2006 and now in full operation. This new facility has made us allow for a significant increase to our production volumes.

Hirata has high level of technology producing various kind of equipment such as basal plate cleansing, wet etching, vacuum thin-film process, deposition equipment and so on for OLED related equipment. We are happy to deal with growing orders and demands with this new facility.



This is an example of production equipment used for Organic EL related.



The marked in red is the place we expanded.

# I. Business situation about Automotive related business

## Order situation about automotive related equipment

### ● Automotive related business goes well with a new business of EV

Our automotive-related business goes well in the market of North America. Supported by good performance, we received orders for powertrain manufacturing equipment such as those used for building engine transmission from automobile manufacturers in the North America region for JPY22,500mm. Additionally, we have successfully received new orders in our electric vehicles production equipment started from the second-quarter of FY2016, bringing our accumulated received orders to JPY11,800mm.

Technological advancements and capital expenditures in reducing greenhouse gas emissions to be key areas of focus for the automobile industry. We anticipate orders to continue for fuel-efficient engine related equipment e.g. hybrid engine and equipment related to electric vehicles.



**This is where we manufacture an automotive related equipment**

# II Market trend and Forecast for FYE March 2018

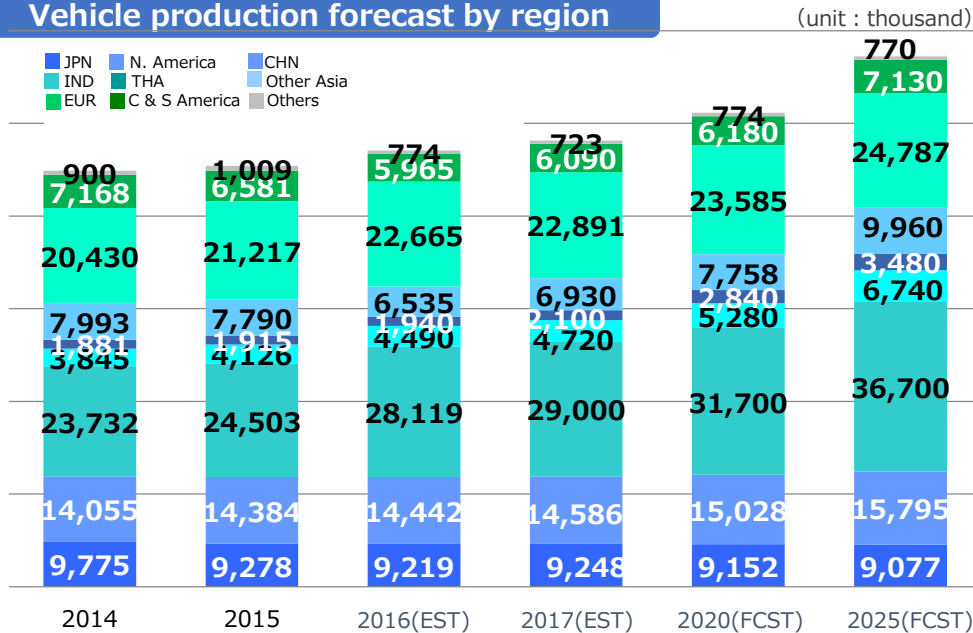
The Fiscal Year ended on March 31, 2017 (April 1, 2016 through March 31, 2017)

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## II. Market trend & Forecasts for FYE March 2018: Automotive related business

### Vehicle production forecast by region



### Automotive related business market

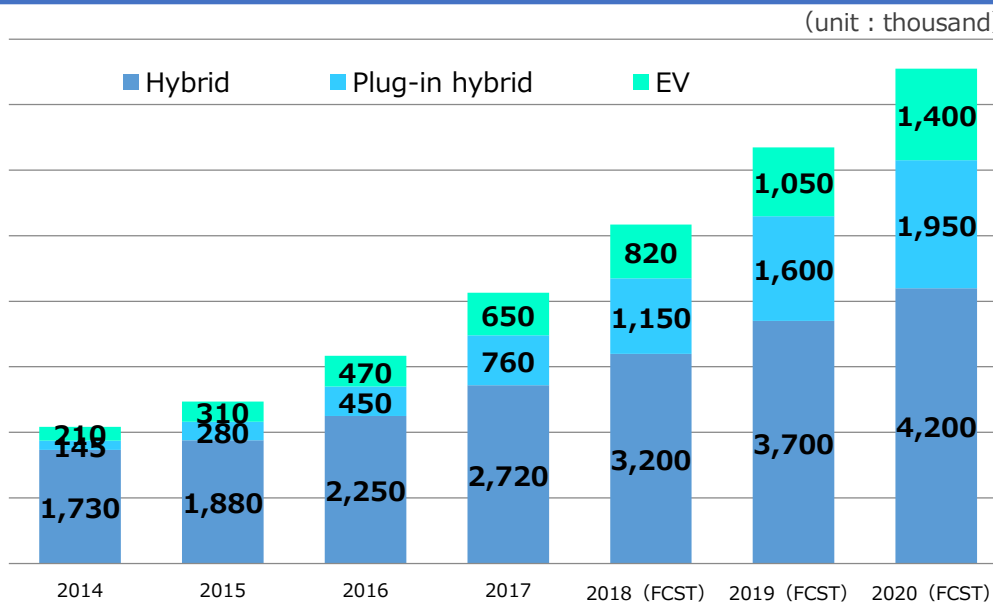
■ After year 2007

Total number of vehicle production increases and the forecast says fuel-efficient engine related equipment e.g. hybrid engine and equipment related to electric vehicles would expand.

● Hirata's prospect

Orders for powertrain related business in North America and automobile parts related business in Japan remain strong. We work harder to receive orders continuously for EV related business.

### Market size estimate of environment-responsive vehicle e.g. EV



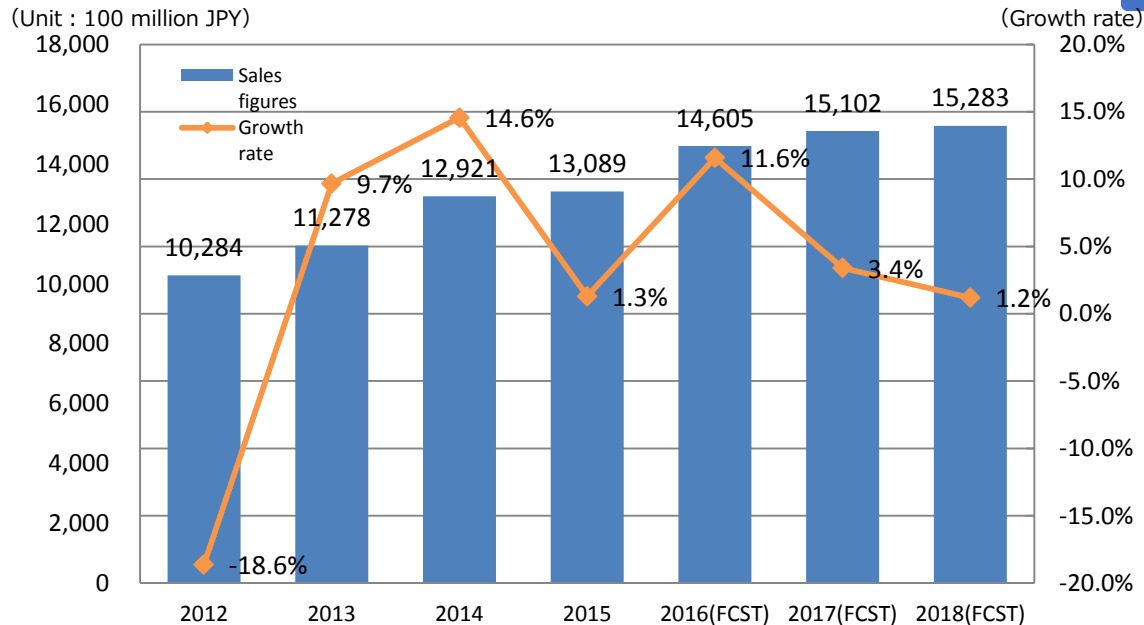
Sources:

Upper graph: Research firm S

Lower graph: EM Date Service Co.

## II. Market trend & Forecasts for FYE March 2018: Semiconductor & FPD related business

### Sales & growth rate of semiconductor manufacturing equipment



### Semiconductor & FPD related business market

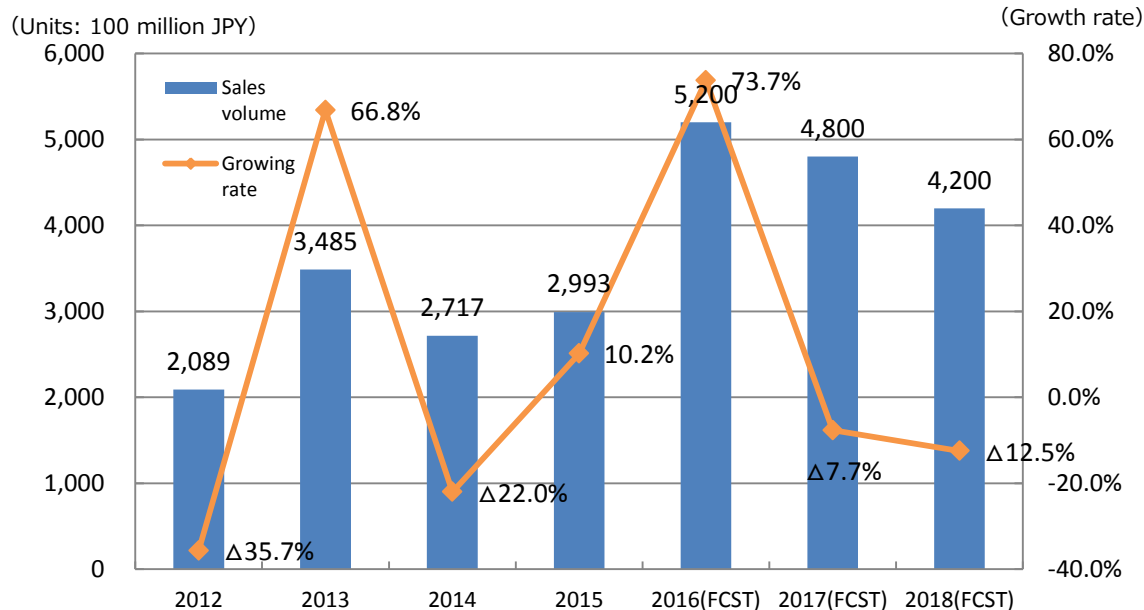
#### ■ After year 2007

It is anticipated that equipment investment remain strong resulting from high-end smart phones, further development of the IoT market, and automobile manufacturers using more electronic devices and the market would grow.

#### ● Hirata's prospect

As to semiconductor manufacturing equipment, we anticipate solid orders continuously from customers home and abroad. FPD related business e.g. coaters is expected to continue strong.

### Sales & growth rate of FPD manufacturing equipment

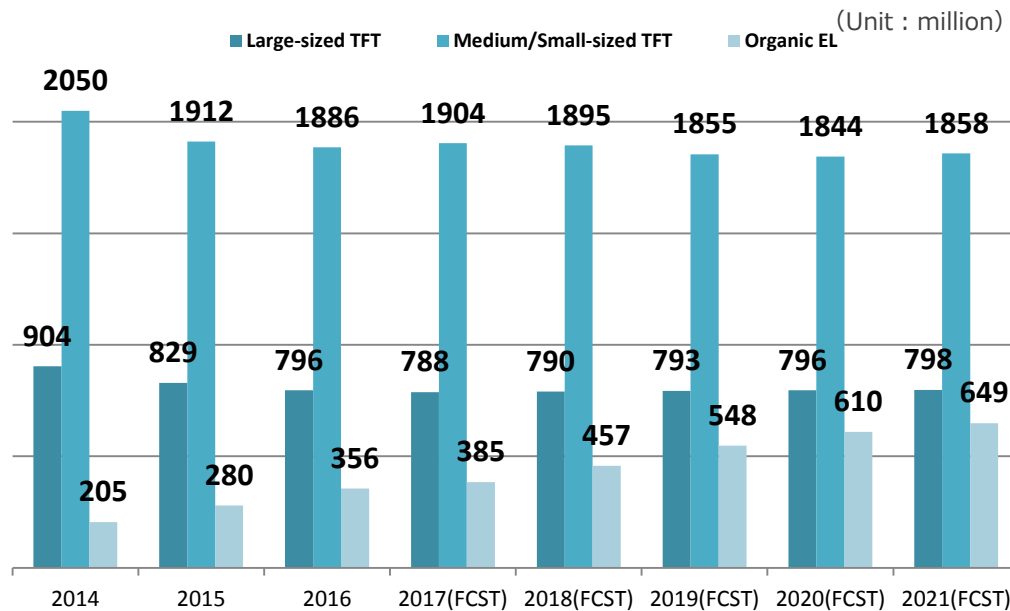


Sources:  
Semiconductor Equipment Association of Japan



## II. Market trend & Forecasts for FYE March 2018: OLED & LCD related business

### Transition & Forecast of OLED, unit products of LCD & parts market



### Organic EL & LCD related business market

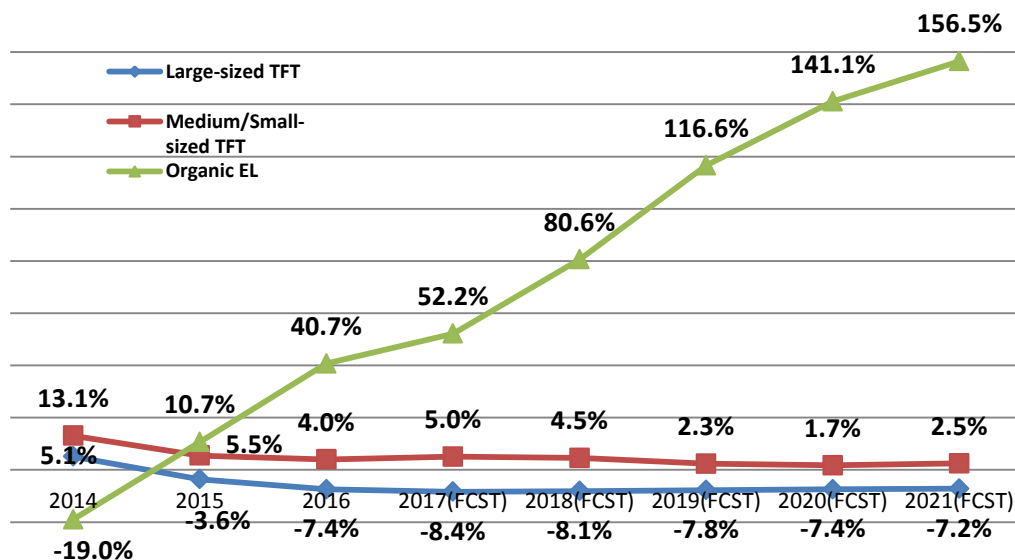
#### ■ After year2007

The market for Medium/Small-sized panel has declined. On the other hand, the demand of organic EL using for smartphones, head-mounted display and TV is anticipated to expand.

#### ● Hirata's prospect

The market for vacuum deposition equipment using in process of organic EL manufacture sustains strong.

### Growth rate of OLED, unit product of LCD & parts (vs. Year2013)

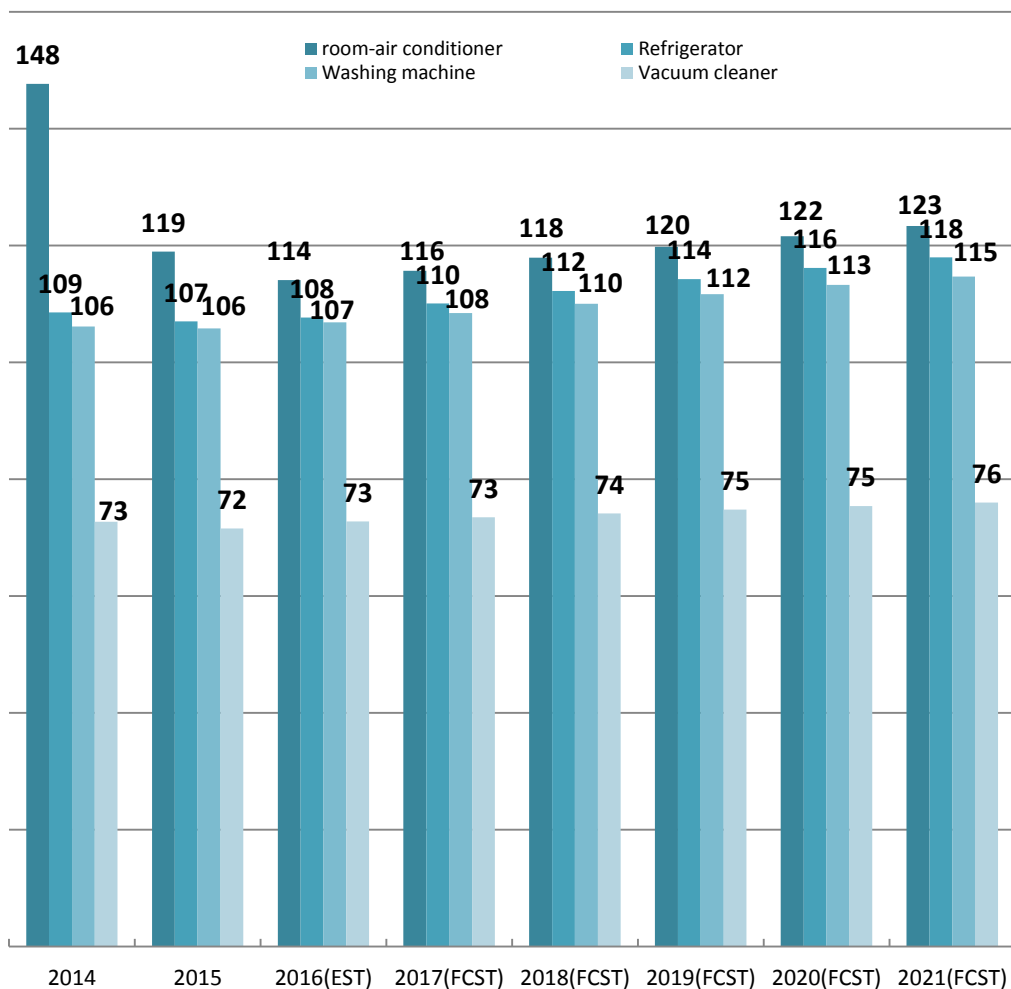


Source: Fuji Chimera Research Institute, Inc.

## II. Market trend & Forecasts for FYE March 2018: Home Appliances & others related business

### Forecast for home appliances market

(unit : million)



### Home appliances related business market

#### ■ After year2007

The movement toward reorganization in home appliance industry has been going due to economic slowdown in China and interest-rate rise in U.S.

#### ● Hirata's prospect

We anticipate that orders for vacuum clear related business continue.

Source: Fuji Chimera Research Institute, Inc.

## II. Forecasts for FYE March 2018: Earnings Forecast

	FYE March 2017 (Actual)		FYE March 2018 (Forecast)	
<b>Sales</b>	80,542		<b>90,000</b>	
Automotive	30,267		<b>34,000</b>	
Semiconductor	32,289		<b>34,000</b>	
Home Appliances & others	15,165		<b>18,000</b>	
Others	2,819		<b>4,000</b>	
<b>Operating Income (margin)</b>	8,247	(10.2%)	<b>9,000</b>	<b>(10.0%)</b>
<b>Ordinary Income (margin)</b>	8,039	(10.0%)	<b>8,800</b>	<b>(9.8%)</b>
<b>Profit attributable to owners of the parent company (margin)</b>	5,891	(7.3%)	<b>6,000</b>	<b>(6.7%)</b>

### Measures for achieving our business targets

For automotive business, the orders for power-train related production equipment such as transmission remain very high. Additionally, we take a positive approach to receive orders for fuel-efficient engine related equipment e.g. hybrid engine and equipment related to electric vehicles. As to semiconductor business, we anticipate to have strong orders for deposition equipment used for OLED.

We develop our business activities aggressively to the market and field where we expect business expansion and build an effective production structure in a cost-competitive way. In doing so, we promote optimal function and improve profitability from a global perspective.

## II. Forecasts for FYE March 2018: Dividend Forecast

### Dividends and dividend ratio per share

(Units in JPY)

	FYE Mar 2014	FYE Mar 2015	FYE Mar 2016	FYE Mar 2017	FYE Mar 2018 (Estimate)
<b>Dividends per share</b>	12.50	15.00	30.00	<b>100.00</b>	<b>100.00</b>
<b>Dividend ratio(%)</b>	15.5	16.4	17.5	<b>16.0</b>	<b>15.7</b>

Note: Dividend ratio is on a consolidated basis.

### Reasons for revising our dividend forecast

At Hirata, we consider various factors when making dividends payments, such as business performance, management and financial environments. With our basic principle of making stable and continuous dividends to our shareholders, while at the same time preserving internal reserves to prepare funds for business expansions and maintain solid business foundation, we recognize that it is important that dividend payments and policies need to be at times flexible and consistent with business performances.

Based on this policy and thorough consideration, Hirata revised its annual dividends for the fiscal year ending March 31, 2017 to JPY100.00 from the previously announced JPY85.00.

This will be discussed in Hirata’s annual general meetings to be held at the end of June, 2017.

# Ⅲ. Reference Data

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The Fiscal Year ended on March 31, 2017 (April 1, 2016 through March 31, 2017)

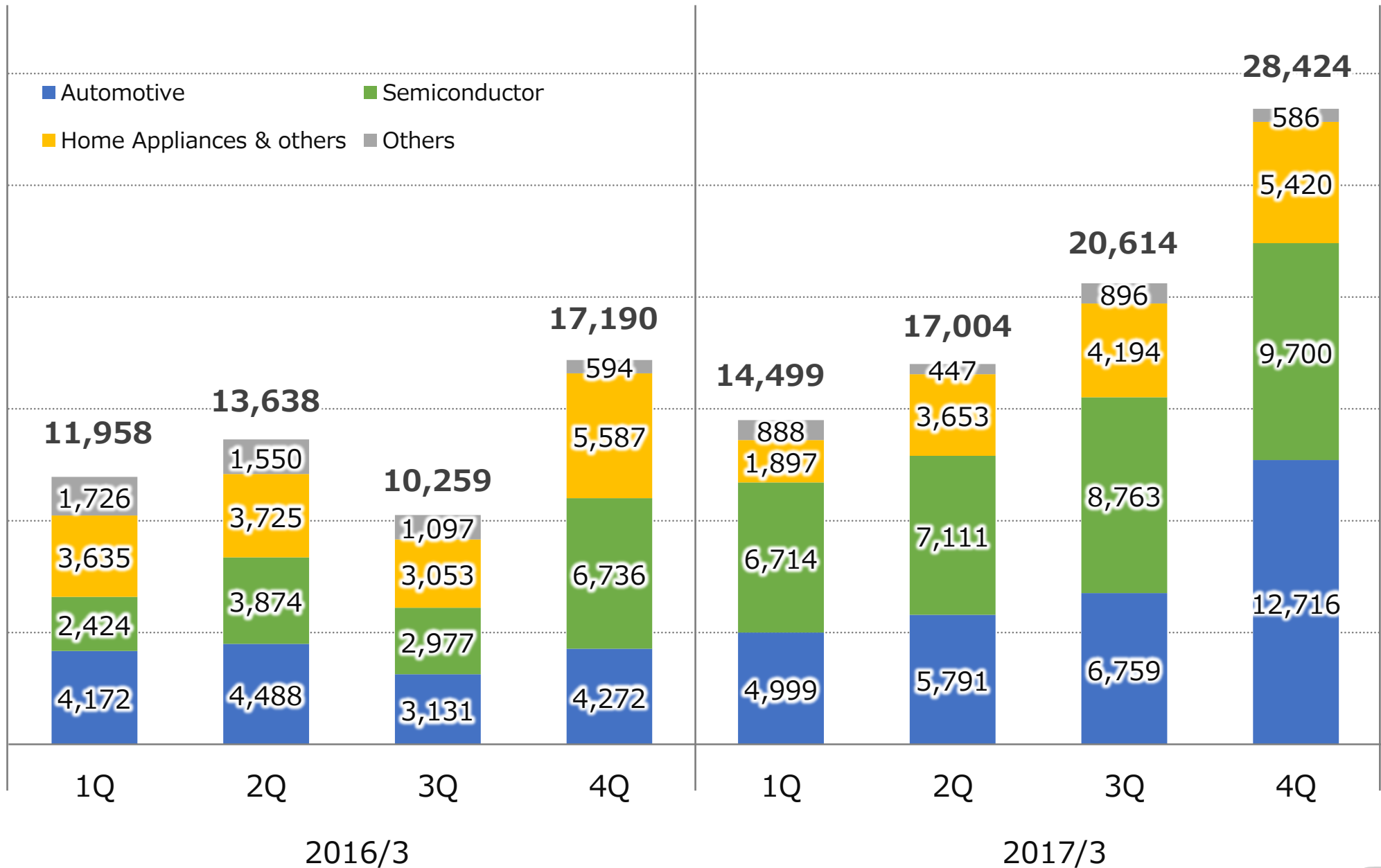
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### III. Quarterly Trends of Sales by Business Unit

#### Sales by Business Unit

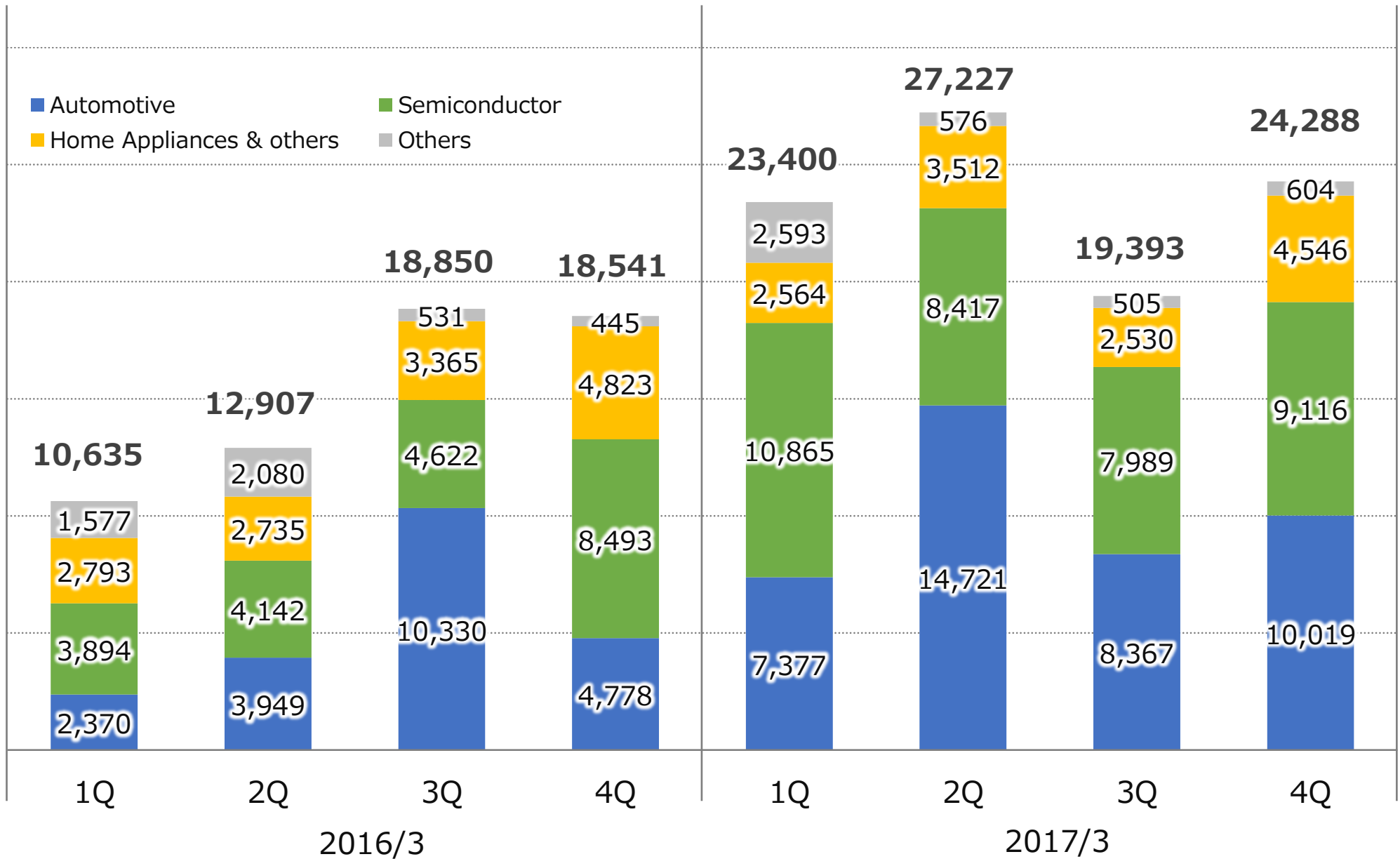
(Units in millions of JPY)



### III. Quarterly Trends of Received Orders by Business Unit

#### Received Orders by Business Unit

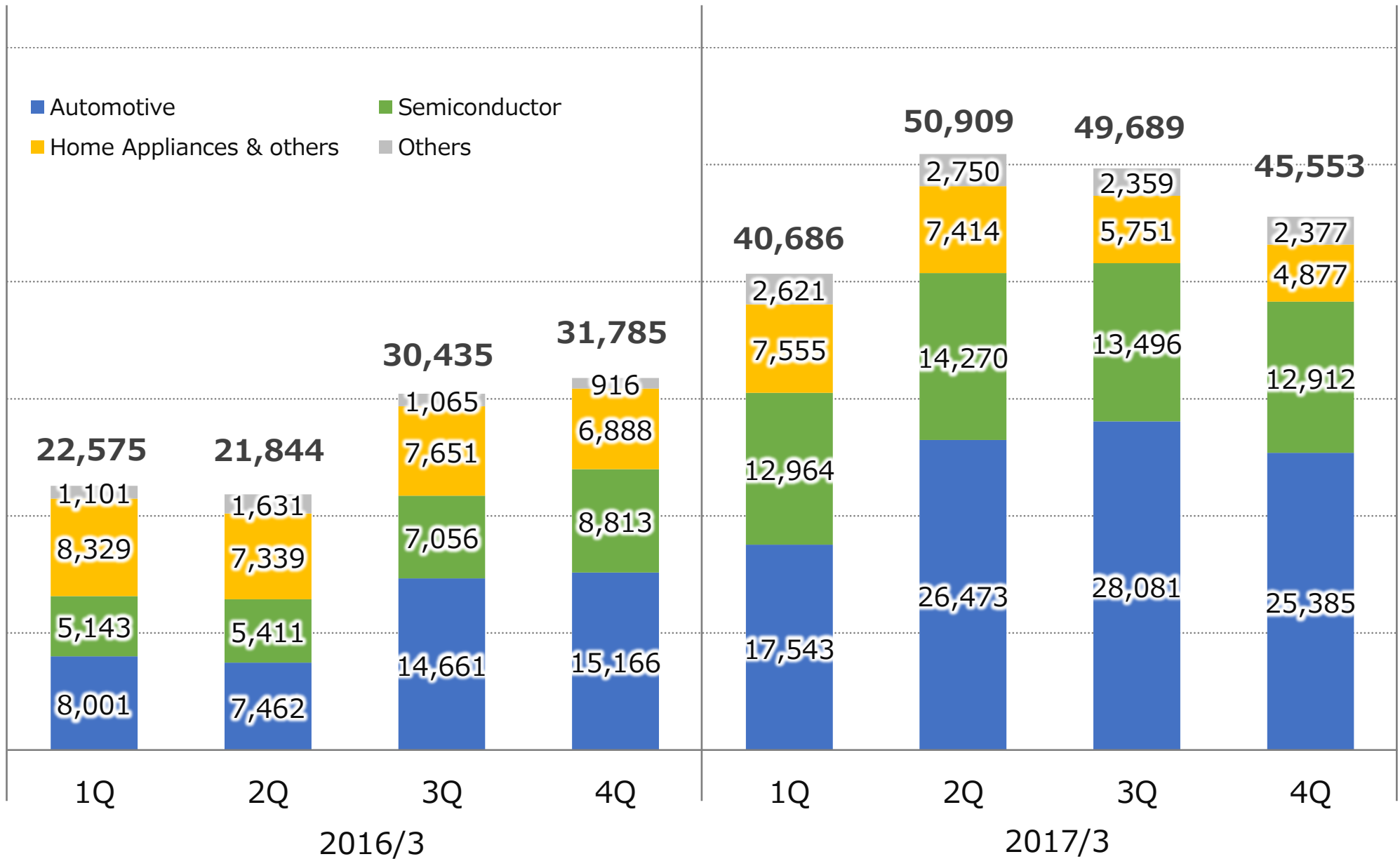
(Units in millions of JPY)



### III. Quarterly Trends of Orders Outstanding by Business Unit

#### Outstanding Orders by Business Unit

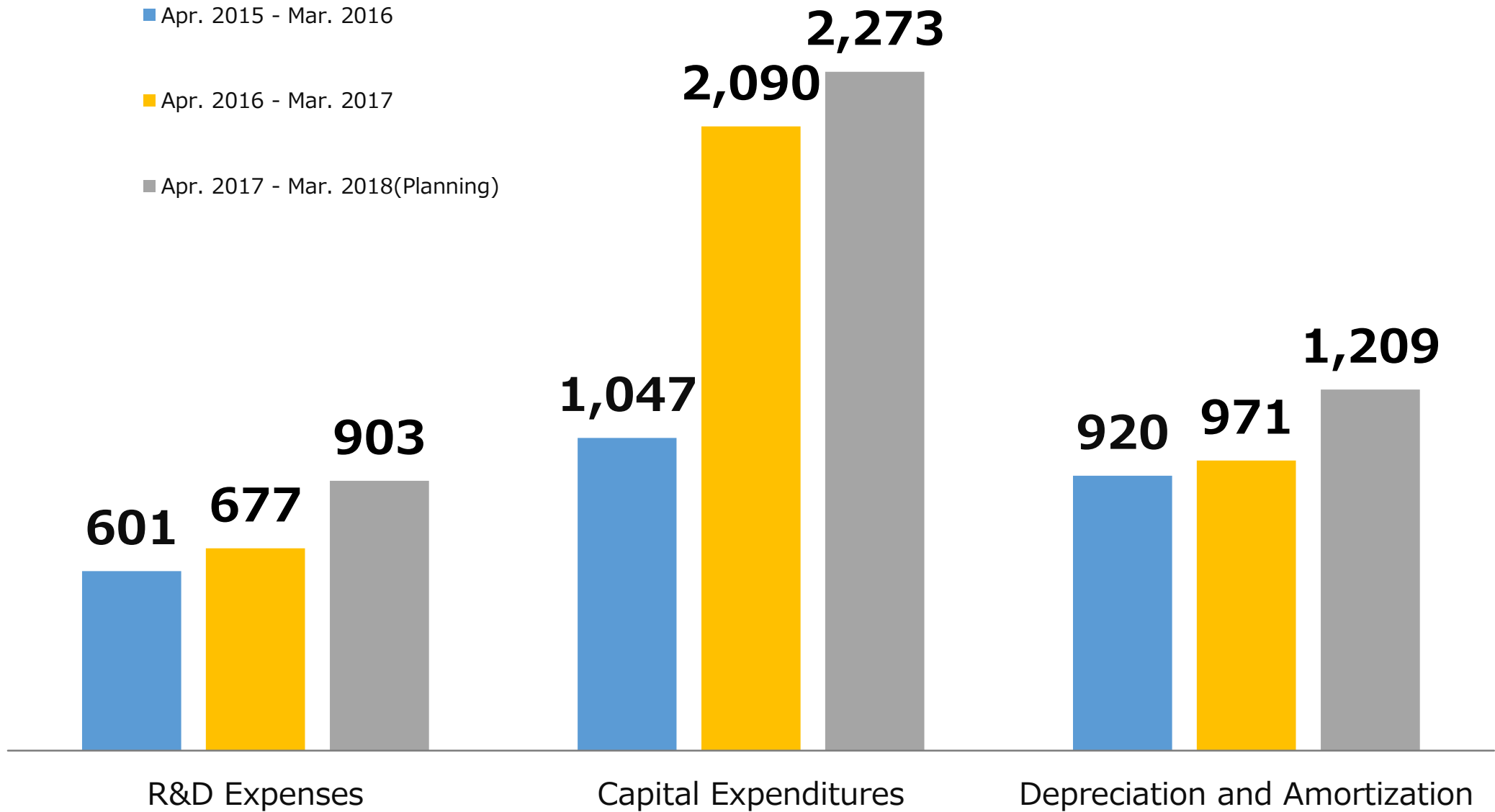
(Units in millions of JPY)





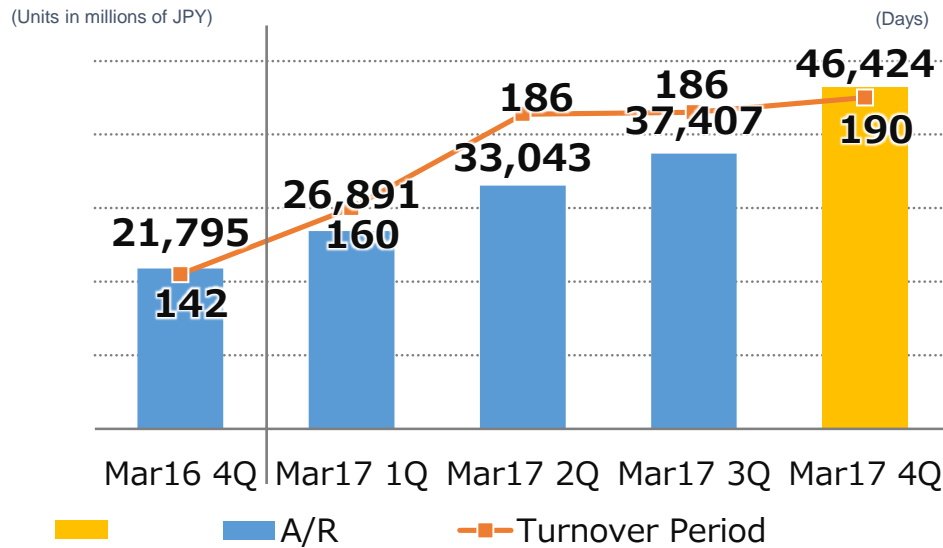
### III. R&D, CAPEX, Depreciation and Amortization

(Units in millions of JPY)

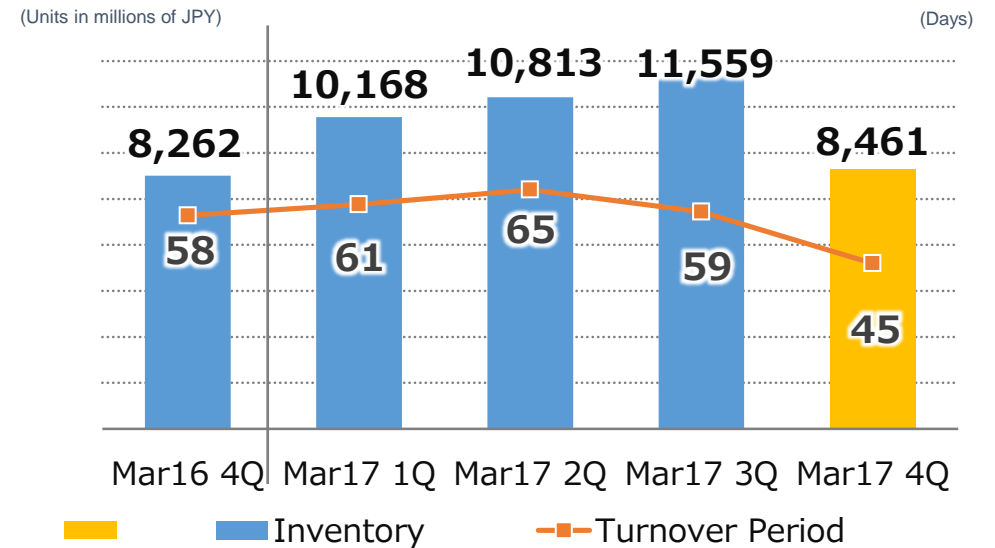


### III. Key Financial KPIs/Indicators

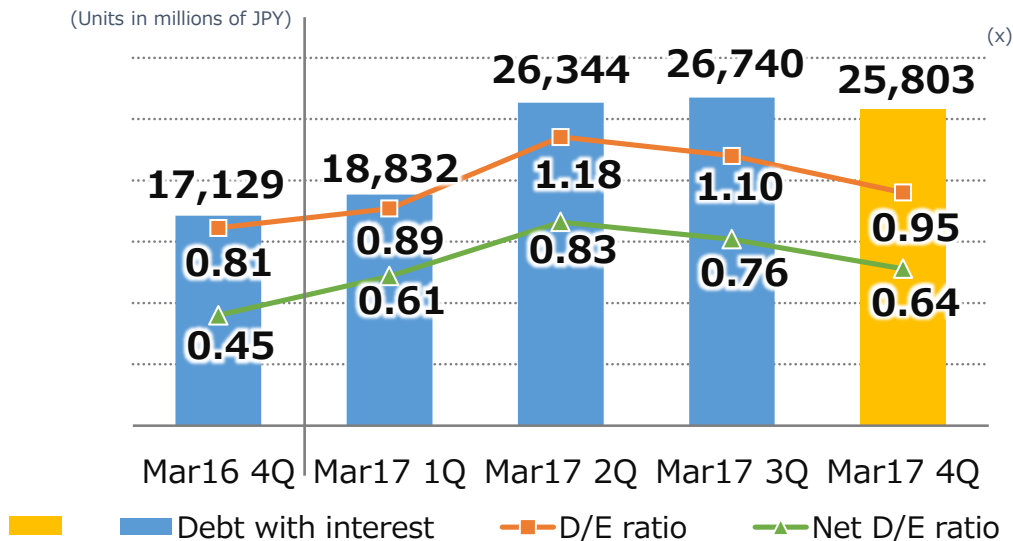
#### Account Receivables/Turnover period



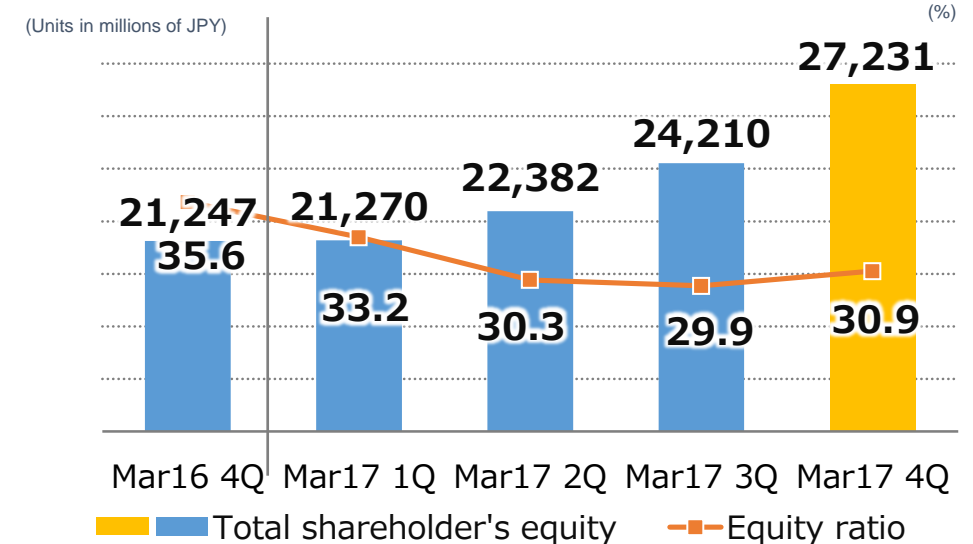
#### Inventory/Turnover period



#### Debt with interest/Debt equity ratio/Net debt equity ratio



#### Total shareholder's equity/Equity ratio



Note) Accounts receivable turnover period and Inventory turnover period list its average number of each quarter.

Forecasts and other forward-looking statements presented here represent judgment we made based on information available at the time this presentation was prepared, and involve risks or uncertainties, such as economic conditions, competition with rival companies, and exchange rate. Readers should understand, therefore, that actual results may be significantly different from forecasts referred to or stated here due to changes in business environments and other factors.