

# Hirata

The Global Production Engineering Company

## Quarterly Financial Results for the Three-month Period Ended June 30, 2017

Hirata Corporation



# I. Financial Results and Outlook

The three-month period ended June 30, 2017 (April 1, 2017 - June 30, 2017)

**Hirata**



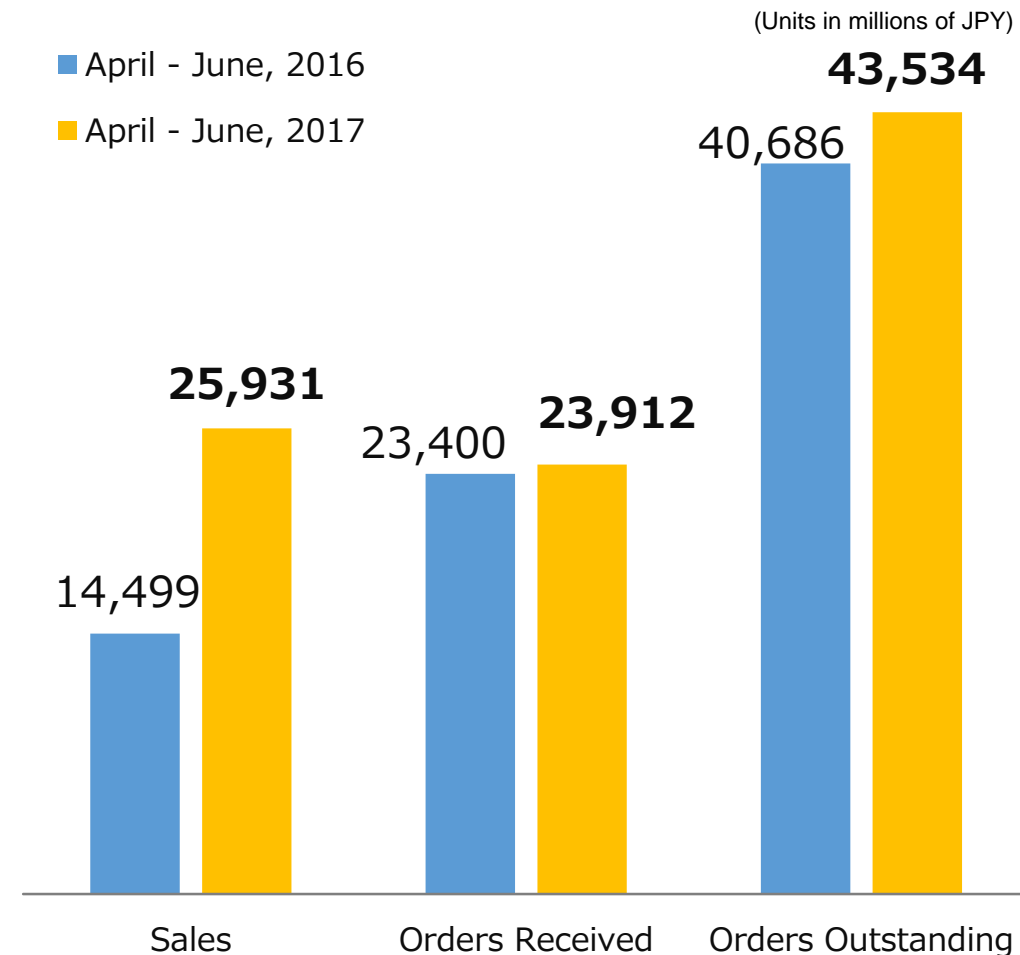
# I. Summary of Financial Results

## Overview

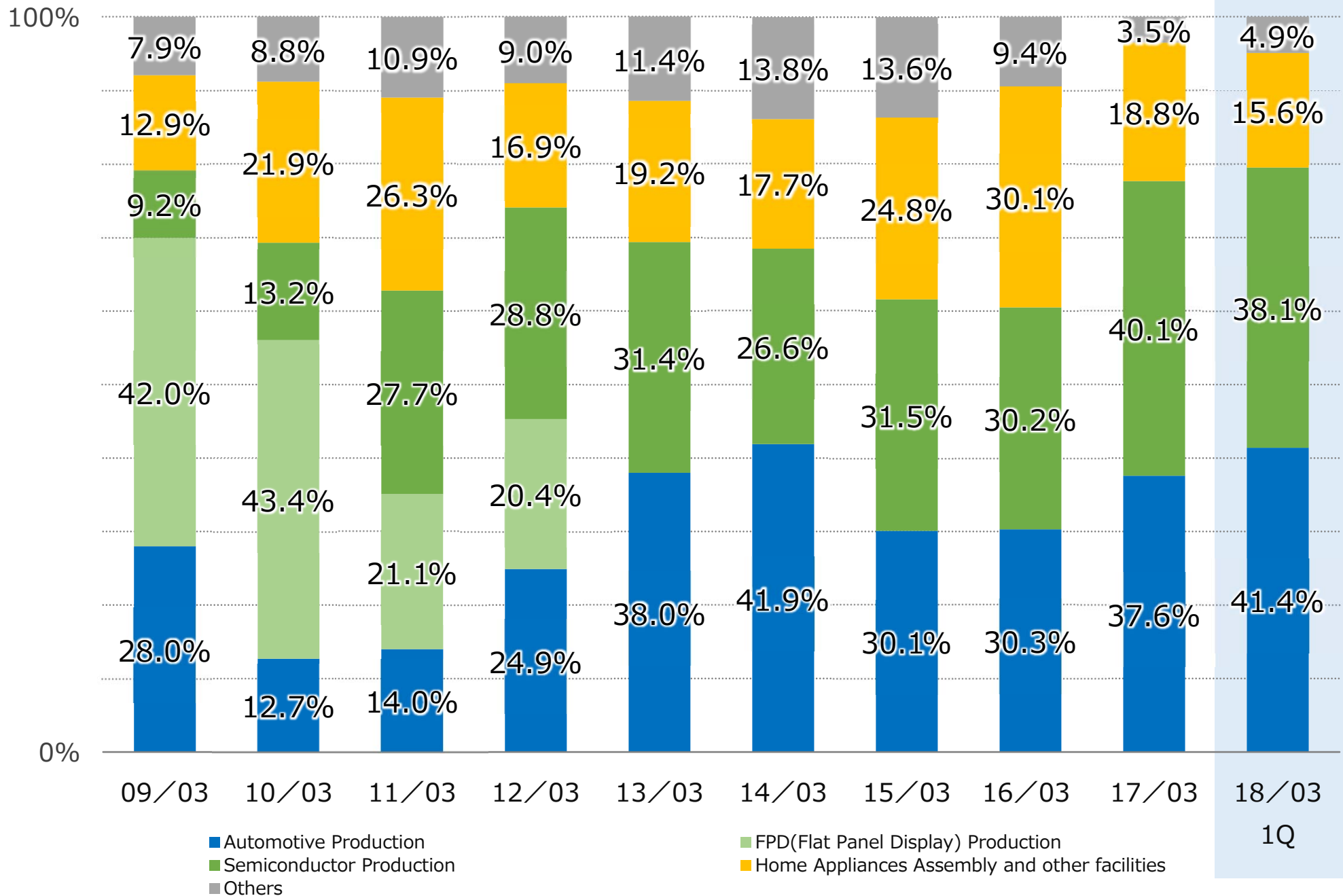
Sales in the semiconductor production equipment segment increased dramatically, mainly of orders in vacuum deposition equipment used for organic EL production. Additionally, powertrain-related equipment engineering in the North America, and orders from an electric vehicle(EV) manufacturer contributed to strong sales in the automotive production equipment segment.

(Units in millions of JPY)

	Apr-Jun 2016	Apr-Jun 2017	YoY Change
Sales	14,499	<b>25,931</b>	+78.8%
Operating Income	1,519	<b>3,181</b>	+109.3%
Ordinary Income	1,335	<b>3,095</b>	+131.8%
Profit attributable to owners of the parent company	789	<b>2,064</b>	+161.4%

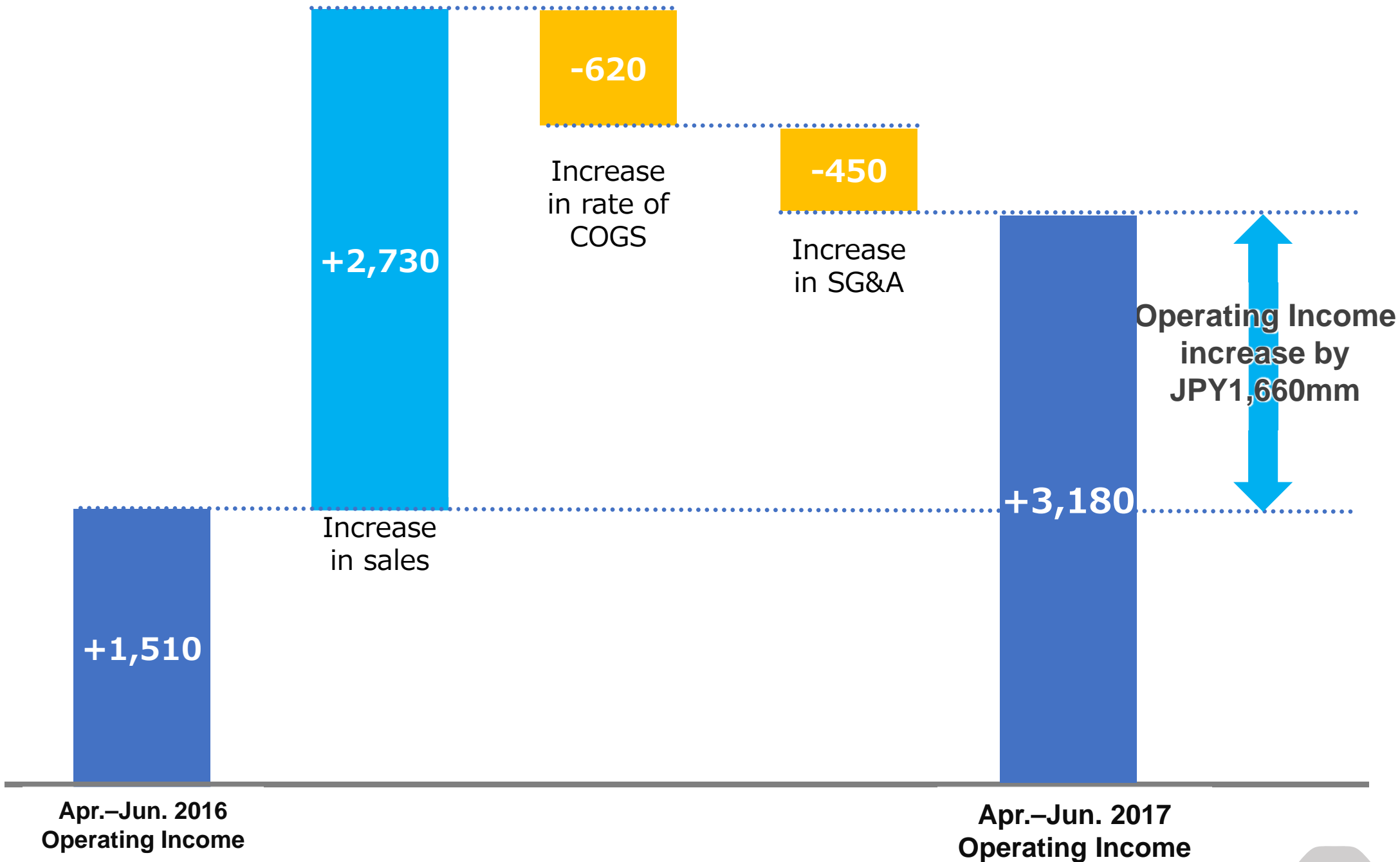


# I. Breakdown of Sales by Business Unit



\*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	'17/03 (March 31 <sup>st</sup> , 2017)	'18/03 1Q (June 30 <sup>th</sup> , 2017)	+/- Change
Current Assets	67,466	<b>79,686</b>	<b>+12,220</b>
Fixed Assets	20,780	<b>21,276</b>	<b>+496</b>
Tangible Fixed Assets	16,248	<b>16,220</b>	<b>-28</b>
Intangible Fixed Assets	623	<b>614</b>	<b>-9</b>
Investments and other assets	3,907	<b>4,441</b>	<b>+533</b>
<b>Total Assets</b>	<b>88,246</b>	<b>100,963</b>	<b>+12,716</b>

Liabilities	'17/03 (March 31 <sup>st</sup> , 2017)	'18/03 1Q (June 30 <sup>th</sup> , 2017)	+/- Change
Current Liabilities	48,217	<b>49,830</b>	<b>+1,612</b>
Fixed Liabilities	12,457	<b>11,822</b>	<b>-634</b>
<b>Total Liabilities</b>	<b>60,674</b>	<b>61,652</b>	<b>+977</b>

Net Assets			
Total Net Assets	27,571	<b>39,310</b>	<b>+ 11,739</b>
Capital Ratio	30.9%	<b>38.6%</b>	<b>+7.7Point</b>

### Main impact factors

#### Assets

Cash/deposit with banks	+ 7,578
Sales credit	+ 4,813
Inventory assets	+ 894

#### Liabilities/Net Assets

Additional paid-in capital	+ 9,591
Advances received	+ 3,982

# I. Assumed exchange rate, etc.

## Assumed exchange rate

(Units in JPY)

Assumed exchange rate	From April 1 to Jun 30, 2017 (Actual rate)	From July 1, 2017 (Applied assumption rate)
Exchange rate (against USD)	111.79	100.00

## Transition of our stock prices

(Units in JPY)

Transition of our stock prices	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018		
			April	May	June
Highs	3,100	9,560	9,340	11,480	13,000
Lows	782	2,275	8,030	8,800	10,930
End of period	2,752	9,010	8,800	11,350	11,640

## PER/PBR/ROE

PER/PBR/ROE	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017
PER (x)	16.08	14.43	— ※
PBR (x)	1.22	3.12	3.12
ROE (%)	8.00	24.30	— ※

※Please be noted that there is no information on PER &amp; ROE due to incomparable numbers on the basis of quarterly profit.

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

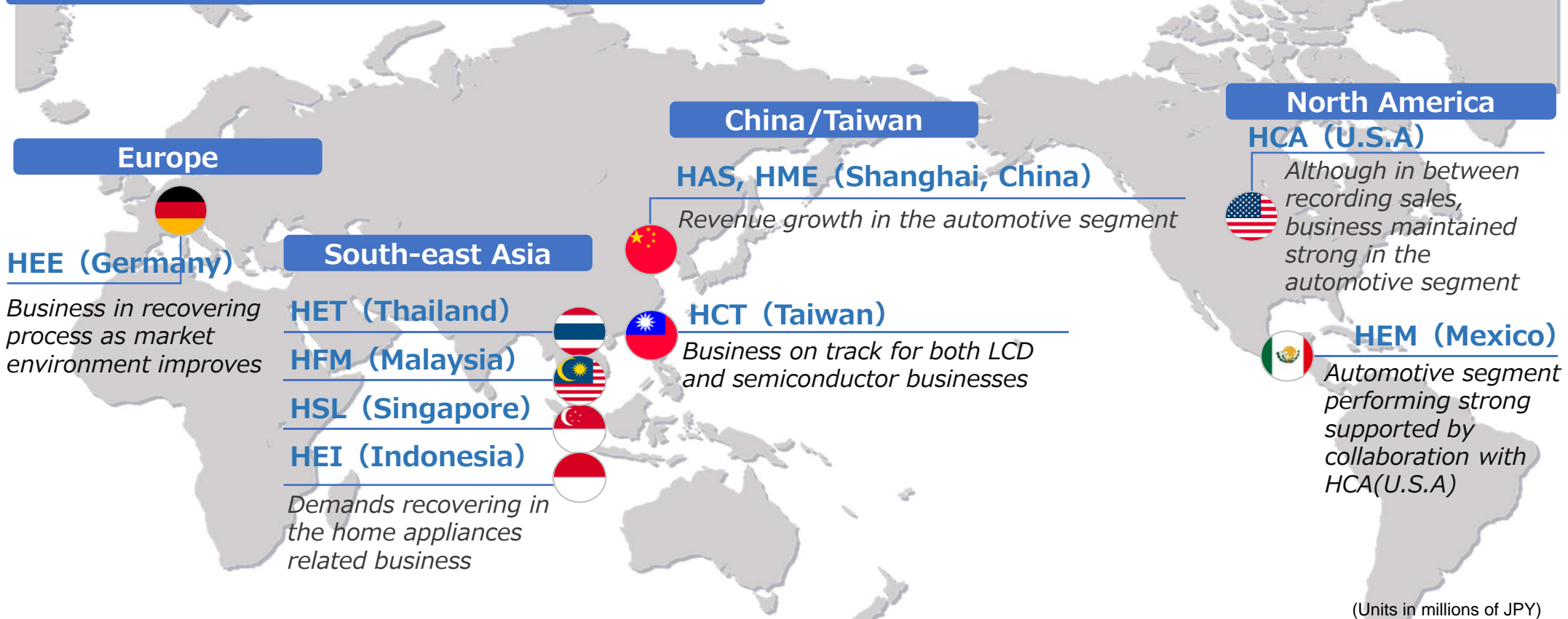
(Units in millions of JPY)

	<b>Business Unit</b>	<b>Apr-Jun 2016</b>	<b>Apr-Jun 2017</b>	<b>YoY Change</b>
Sales	Automotive	4,999	10,731	+ 114.6%
	Semiconductor	6,714	9,879	+ 47.1%
	Home appliances & others	1,897	4,058	+ 114.0%
	Others	888	1,261	+ 42.0%
	<b>TOTAL</b>	<b>14,499</b>	<b>25,931</b>	<b>+ 78.8%</b>
Orders Received	Automotive	7,377	5,026	-31.9%
	Semiconductor	10,865	12,542	+ 15.4%
	Home appliances & others	2,564	5,688	+ 121.8%
	Others	2,593	655	-74.7%
	<b>TOTAL</b>	<b>23,400</b>	<b>23,912</b>	<b>+ 2.2%</b>
Orders Outstanding	Automotive	17,543	19,680	+ 12.2%
	Semiconductor	12,964	15,575	+ 20.1%
	Home appliances & others	7,555	6,507	-13.9%
	Others	2,621	1,771	-32.4%
	<b>TOTAL</b>	<b>40,686</b>	<b>43,534</b>	<b>+ 7.0%</b>



# I. Global Business Overview

## Sales by region



(Units in millions of JPY)

	Japan		Asia		North America		Europe		TOTAL	
	17/3 1Q	<b>18/3 1Q</b>	17/3 1Q	<b>18/3 1Q</b>	17/3 1Q	<b>18/3 1Q</b>	17/3 1Q	<b>18/3 1Q</b>	17/3 1Q	<b>18/3 1Q</b>
Sales	12,808	<b>22,964</b>	558	<b>2,217</b>	1,058	<b>557</b>	75	<b>191</b>	14,499	<b>25,931</b>
Operating Income	1,613	<b>3,424</b>	-76	<b>262</b>	71	<b>-404</b>	-12	<b>-2</b>	1,596	<b>3,279</b>

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

# I. Topics – Tokyo Stock Exchange 1<sup>st</sup> Section

## Change of our Stock Market listing to the 1<sup>st</sup> section of the TSE

Hirata is pleased to announce that we have changed our listing market to the First Section of the Tokyo Stock Exchange on June 15, 2017.

- Create new products and value
- Business growth
- Social contribution



Sustainability in

1. Business results
2. Social reliability
3. Enterprise Value

### Ceremony at the Tokyo Stock Exchange



# I. Topics – Joint Research with Kumamoto University

## Joint Research with Kumamoto University on Drug Discovery

Hirata, together with the School of Pharmacy at the Kumamoto University, established a new joint research program on drug discovery using natural products on July 1<sup>st</sup> 2017.

In our joint effort, Hirata will send five of our engineers to join two of Kumamoto University's researcher at its new innovation center for natural symbiotic industry research (stationed on the 5<sup>th</sup> floor, 400 sq. meters). Research will be conducted to develop therapeutic agents for AIDS, chronic kidney disease, Alzheimer disease, etc. utilizing the 90,000+ samples of plants preserved at the School of Pharmacy.

Hirata will contribute using our technology and expertise with our cellular chemotaxis observation devices develop by our Medical/Chemistry & Physics Device business unit.



Press conference held at the Kumamoto University on June 30, 2017

# I. Topics – Business update on Organic EL/EV

## Business update on Organic EL/EV businesses

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

(Units in millions of JPY)

	Apr–Jun 2016		Apr–Jun 2017	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL-related business	5,321	3,410	6,517	6,575
Electric vehicle related business	—	—	576	3,203

#### ● Organic EL-related business

The sales of organic EL related business accounted for about 66% of semiconductor sales. The amount of orders received increased 20%, with sales nearly doubling that of the previous year.

#### ● Electric vehicle related business

The sales of EV related business accounted for about 30% of our total automobile sales, with our first ever EV order starting 2Q last year. EV related business has grown to come second by sales volume, after the powertrain business which accounts for 47% of total automobile sales.

# II Market Trend and Forecast for FYE March 2018

The three-month period ended June 30, 2017 (April 1, 2017 - June 30, 2017)

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

	FY2017/3 (Actual)		FY2018/3E (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 our automotive business, orders and demand for powertrain related production equipment such as for transmissions remain high, with focus on achieving upsides from orders for fuel-efficient engine related equipment e.g. hybrid engine and equipment related to electric vehicles. As for our semiconductor business, we have strong orders for deposition equipment used for OLED as well as wafer transfer equipment.

Since our production output remains at a high level, we are to secure sales by addressing load adjustment.

## II. Forecasts for FYE March 2018: Business Environment

### Automotive-related business

In our primary market U.S., auto sales grew strong supported by low crude oil, expansion of employment and increased wages. Additionally, we saw expansion in capital expenditures ahead of strengthening gas emission controls. We anticipate expanding orders for powertrain, EV, and auto-parts related businesses.

### Semiconductor-related business

We saw recovery in investments to semiconductor devices, and anticipate increase in 3D NAND investments. As for FPD manufacturing devices, strong CAPEX demand is seen in China and Korea, and Taiwan/Japan market is expected to grow as well. We will expect increased orders from our clients, as more focus will shift to high quality and value-added organic EL production equipment.

### Home appliances and other facilities business

After the global reorganization in the home appliances industry, market size for home appliances including white goods is expected to remain flat or show slight decline from the previous year. On the other hand, demands for high-end digital appliances are expected to grow, especially in emerging markets.

# III. Reference Data

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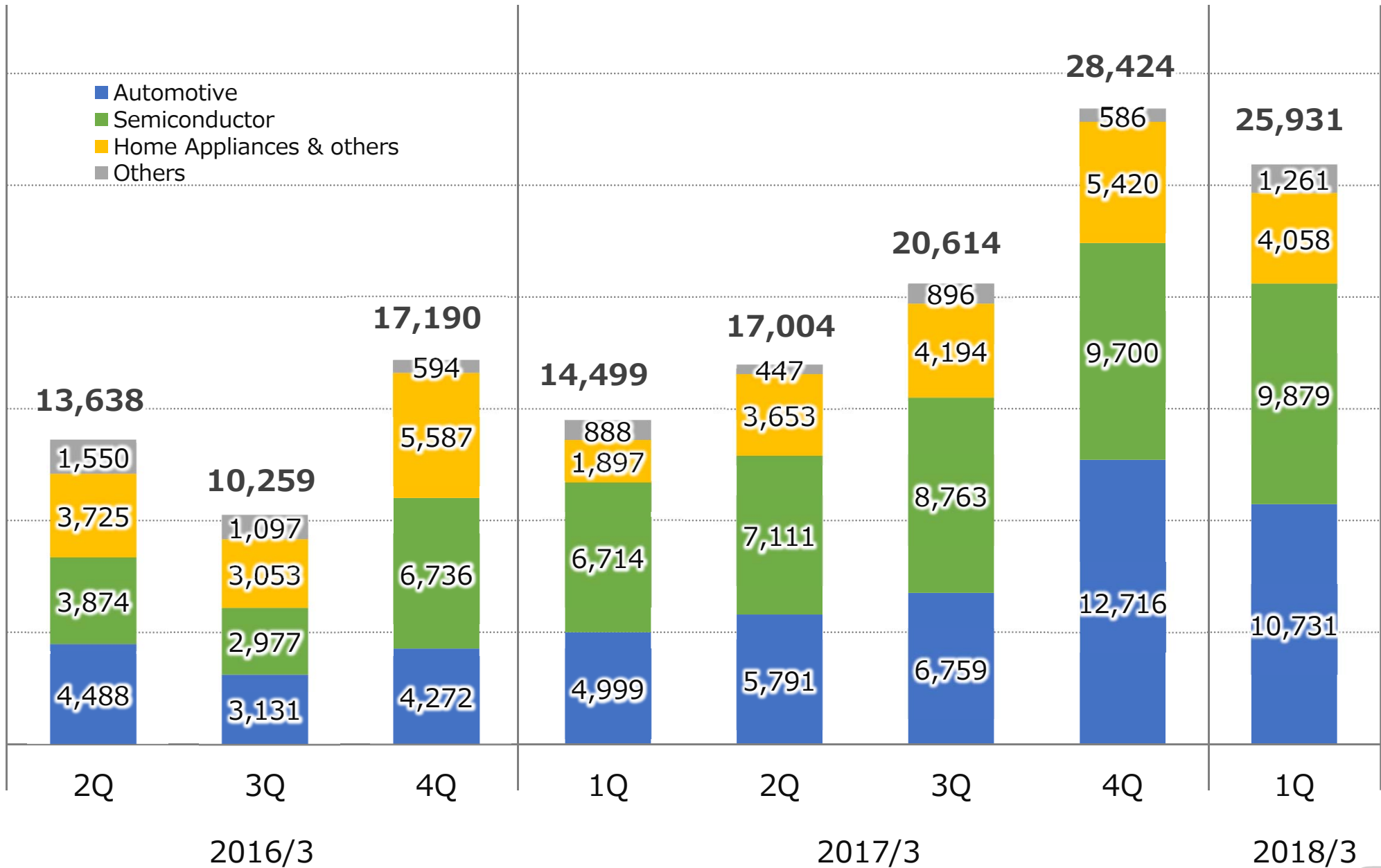




### III. Quarterly Trends of Sales by Business Unit

#### Sales by Business Unit

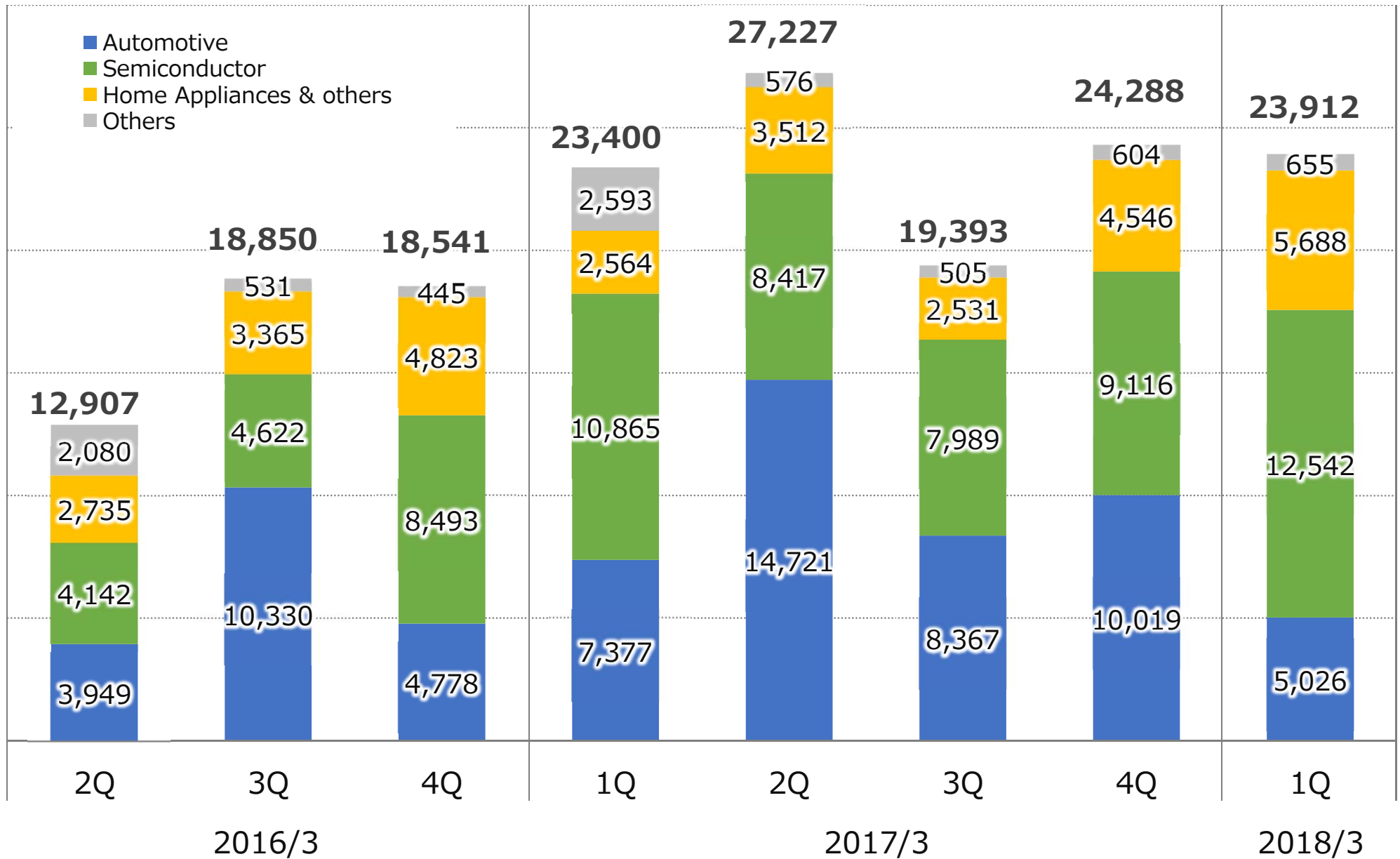
(Units in millions of JPY)



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

#### Received Orders by Business Unit

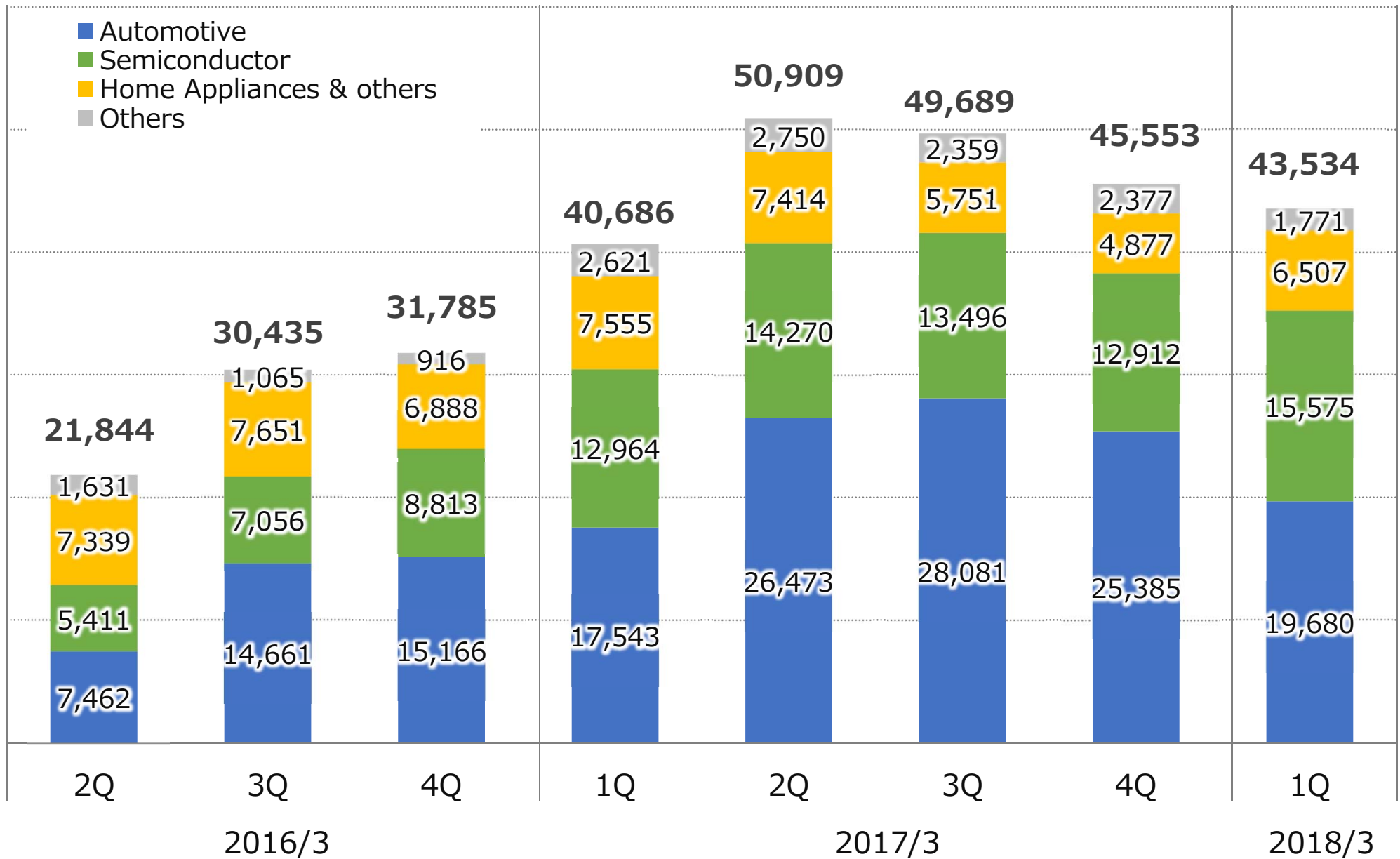
(Units in millions of JPY)



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

#### Outstanding Orders by Business Unit

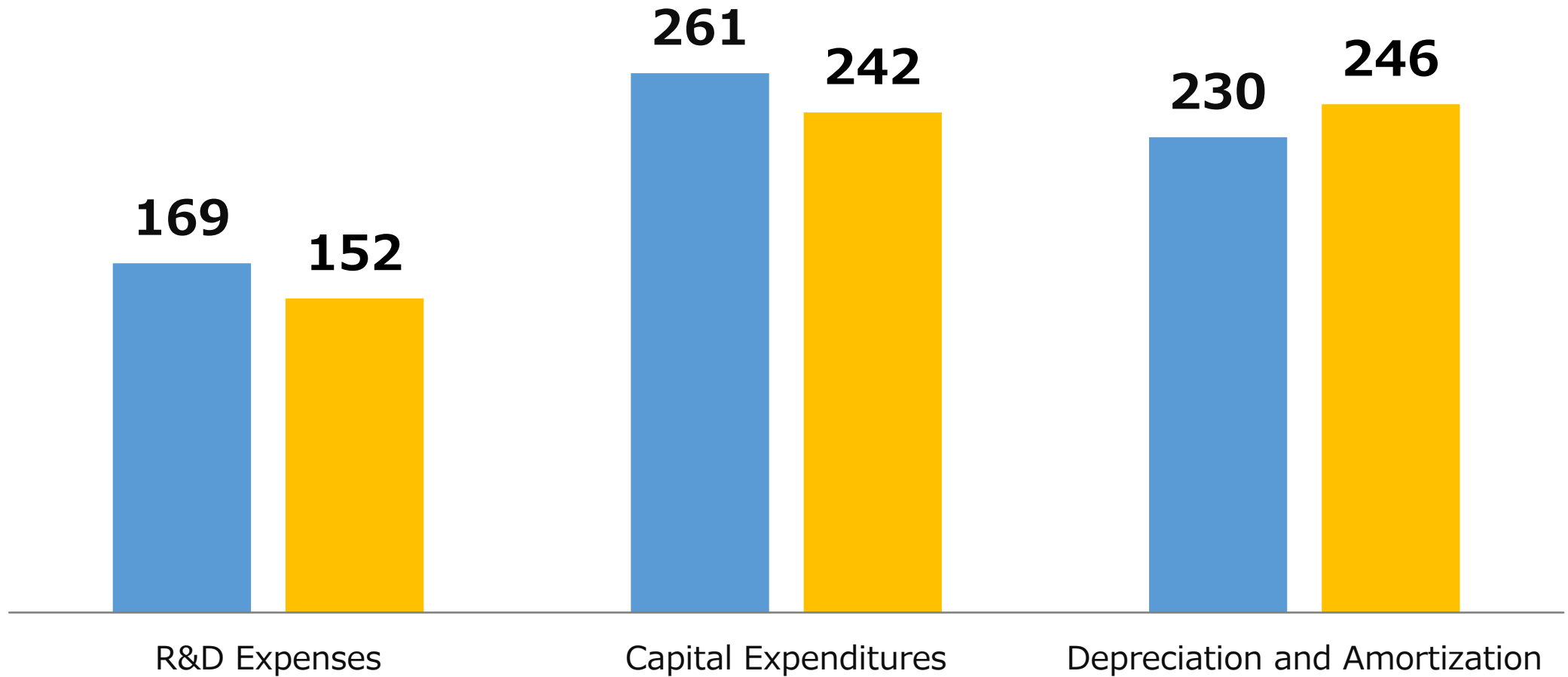
(Units in millions of JPY)



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

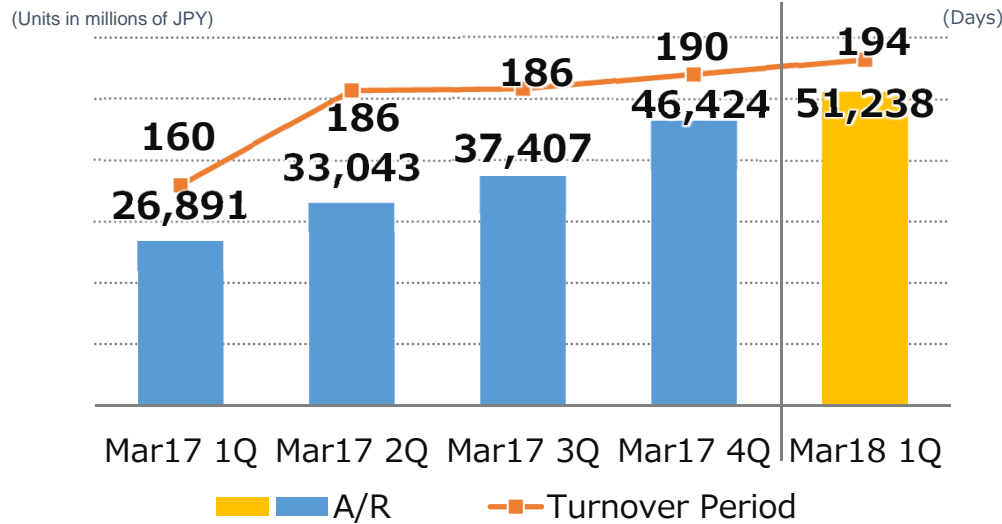
(Units in millions of JPY)

■ Apr.-Jun., 2016    ■ Apr.-Jun., 2017

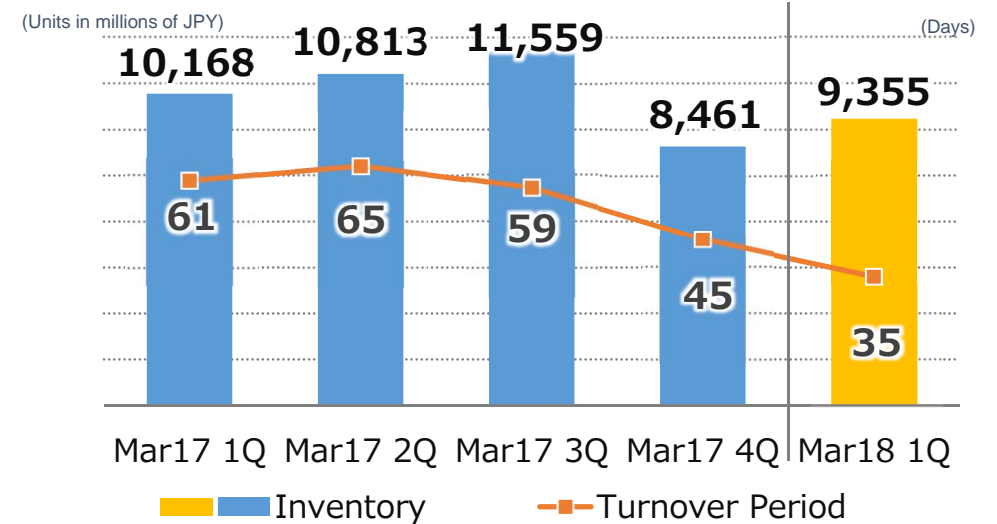


### III. Key Financial KPIs/Indicators

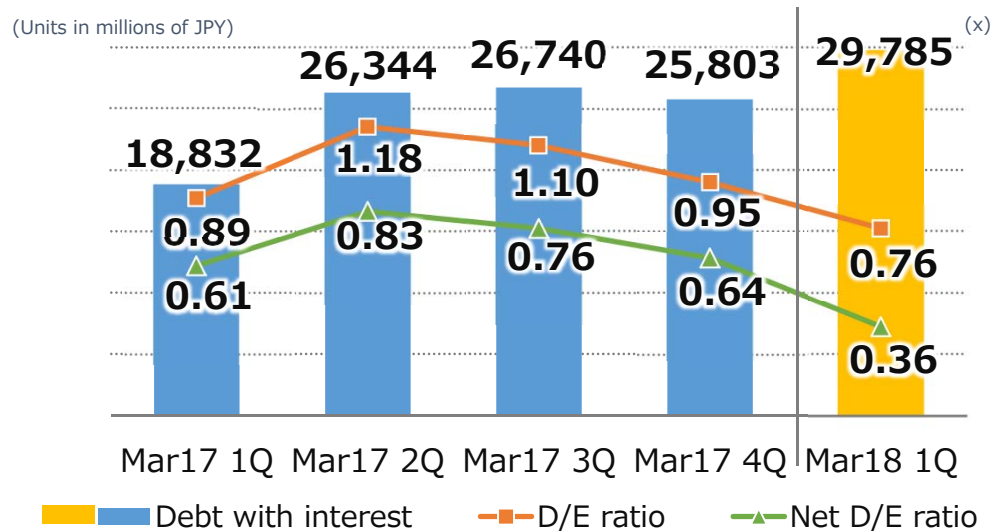
#### Account Receivables/Turnover period



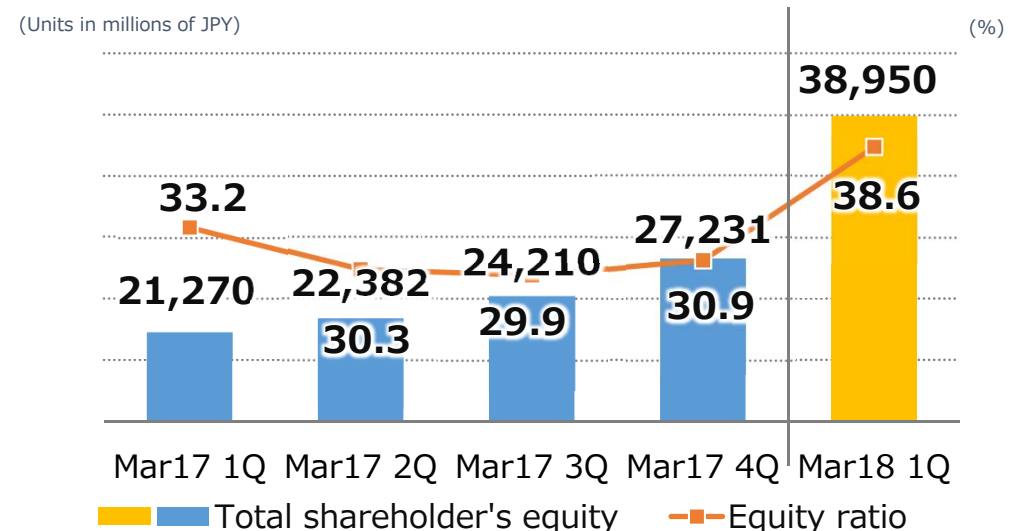
#### Inventory/Turnover period



#### 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.