

# Hirata

The Global Production Engineering Company

## Quarterly Financial Results for the Nine-month Period Ended December 31, 2017

Hirata Corporation



# I. Financial Results and Outlook

The nine-month period ended December 31, 2017 (April 1, 2017 - December 31, 2017)

**Hirata**



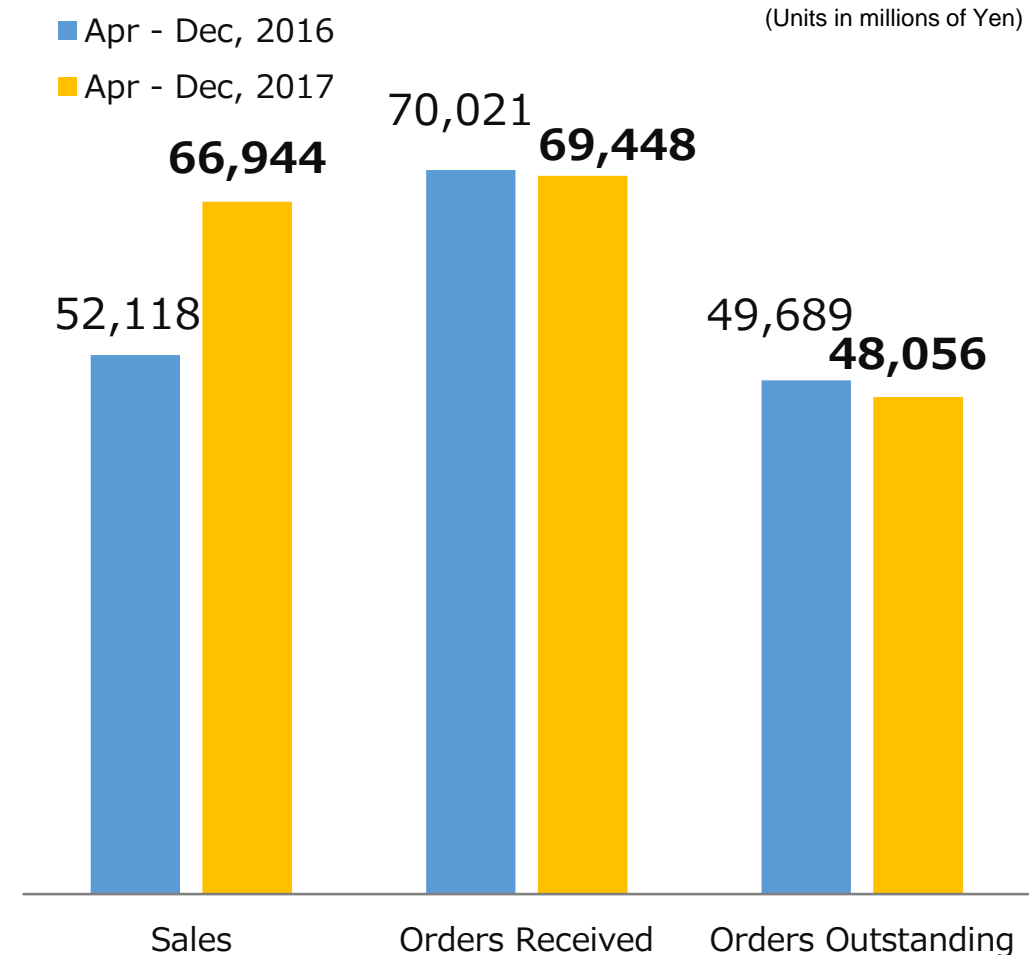
# I. Summary of Financial Results

## Overview

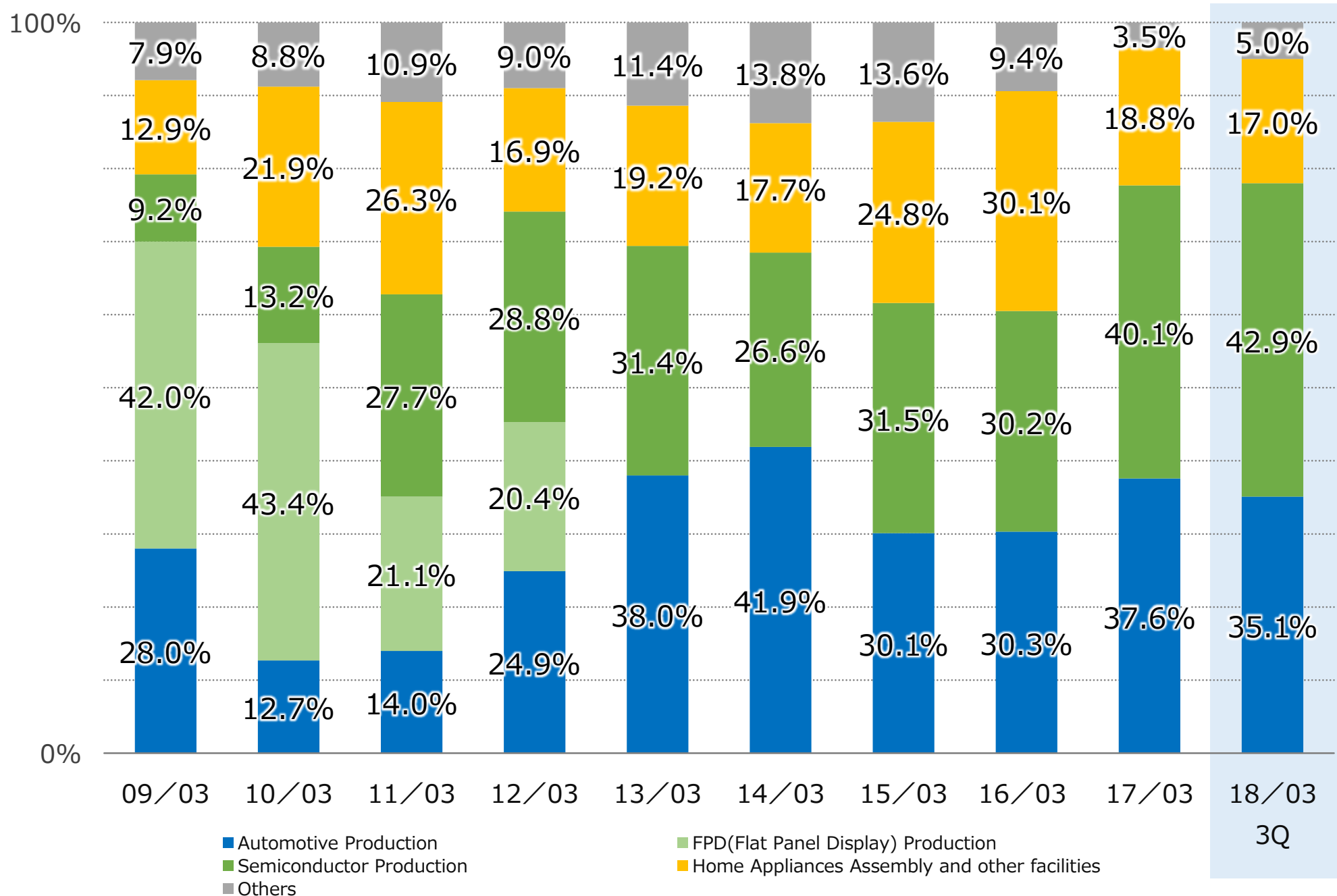
Hirata recorded increases in revenues. This result was driven mainly by strong sales of deposition equipment used for OLED in semiconductor sector and power train business in North America’s automobile market.

(Units in millions of Yen)

	Apr-Dec 2016	Apr-Dec 2017	YoY Change
Sales	52,118	<b>66,944</b>	+28.4%
Operating Income	5,309	<b>7,859</b>	+48.0%
Ordinary Income	5,049	<b>7,717</b>	+52.8%
Profit attributable to owners of the parent company	3,665	<b>5,347</b>	+45.9%

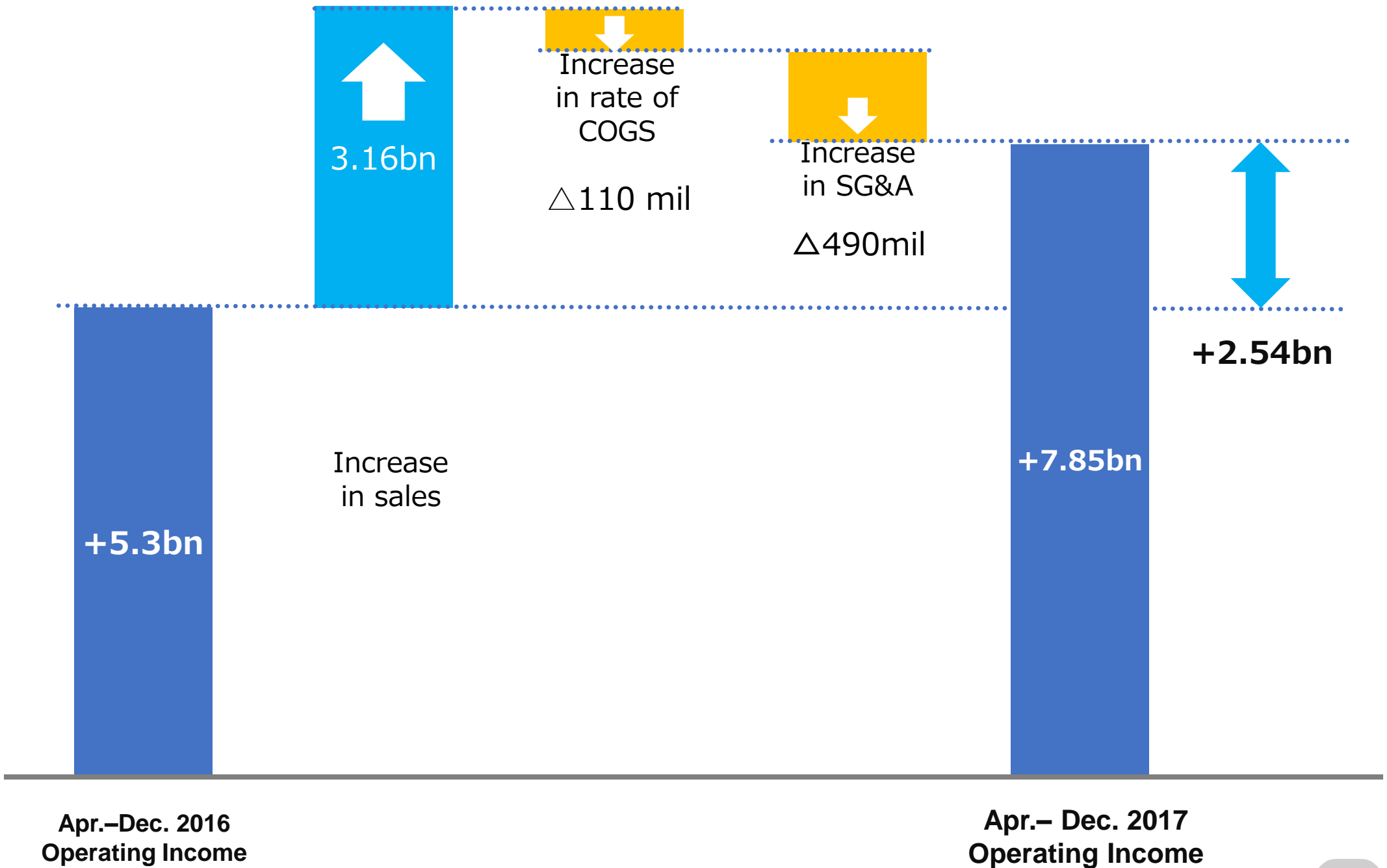


# I. Breakdown of Sales by Business Unit



\*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 Yen)

Assets	'17/03 (March 31 <sup>st</sup> , 2017)	'18/03 3Q (Dec 31, 2017)	+/- Change
Current Assets	67,466	<b>77,034</b>	<b>+9,568</b>
Fixed Assets	20,780	<b>22,351</b>	<b>+1,570</b>
Tangible Fixed Assets	16,248	<b>16,441</b>	<b>+192</b>
Intangible Fixed Assets	623	<b>780</b>	<b>+156</b>
Investments and other assets	3,907	<b>5,129</b>	<b>+1,221</b>
<b>Total Assets</b>	<b>88,246</b>	<b>99,386</b>	<b>+11,139</b>

Liabilities	'17/03 (March 31 <sup>st</sup> , 2017)	'18/03 3Q (Dec 31, 2017)	+/- Change
Current Liabilities	48,217	<b>41,168</b>	<b>△7,049</b>
Fixed Liabilities	12,457	<b>12,678</b>	<b>+221</b>
<b>Total Liabilities</b>	<b>60,674</b>	<b>53,846</b>	<b>△6,828</b>

Net Assets			
Total Net Assets	27,571	<b>45,539</b>	<b>+17,967</b>
Capital Ratio	30.9%	<b>45.4%</b>	<b>+14.5Point</b>

### Main impact factors

#### Assets

Cash/deposit with banks	+6,059
Work in progress	+5,793
Sales credit	△2,164

#### Liabilities/Net Assets

Additional paid-in capital	+11,872
Debt with interest	△2,450
Trade payables	△2,092

# I. Assumed exchange rate, etc.

## Assumed exchange rate

(Units in millions of Yen)

Assumed exchange rate	From April 1 to December 31, 2017 (Actual rate)	From January 1, 2018 (Applied assumption rate)
Exchange rate (against USD)	112.03	100.00

## Transition of our stock prices

(Units in millions of Yen)

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		
			October	November	December
Highs	3,100	9,560	12,820	14,720	12,610
Lows	782	2,275	10,970	12,190	11,330
End of period	2,752	9,010	12,720	12,370	11,650

## PER/PBR/ROE

PER/PBR/ROE	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to December 31, 2017
PER (x)	16.08	14.43	— ※
PBR (x)	1.22	3.12	2.76
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

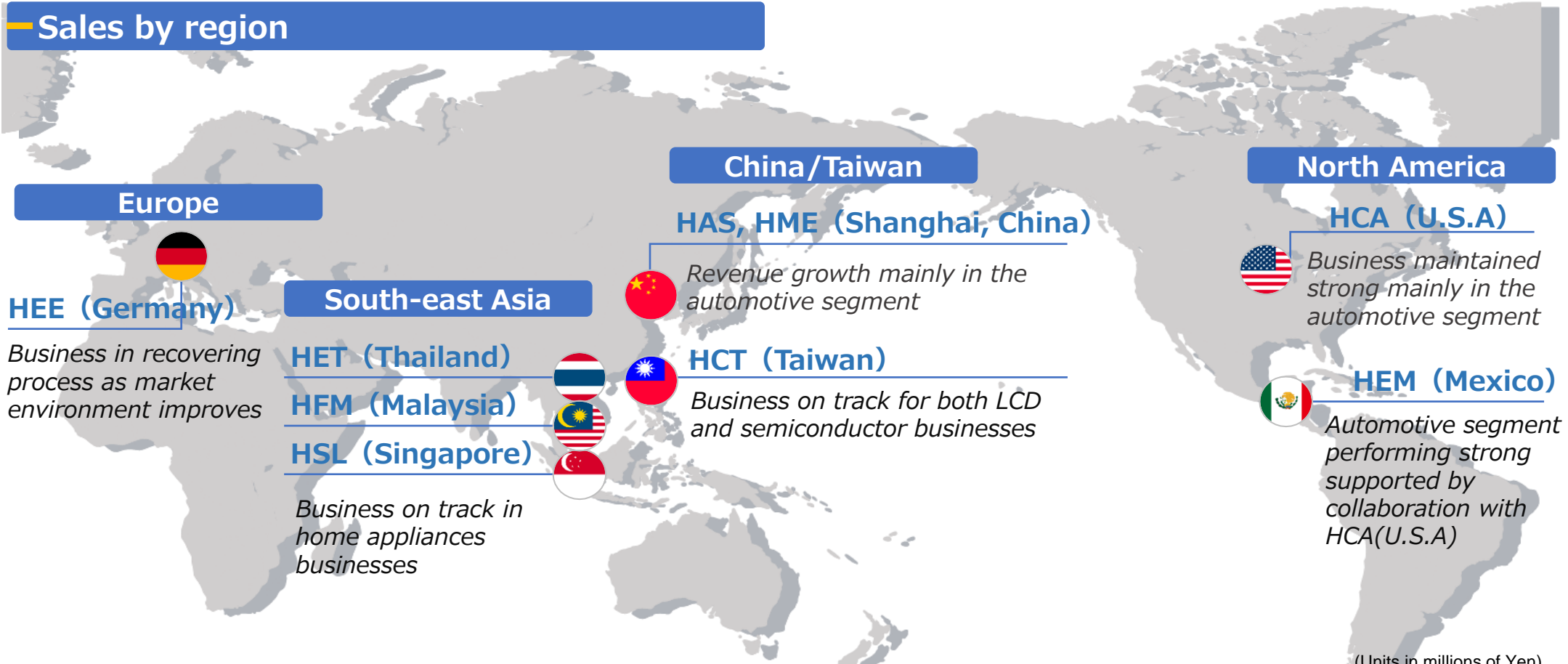
(Units in millions of Yen)

	<b>Business Unit</b>	<b>Apr-Dec 2016</b>	<b>Apr-Dec 2017</b>	<b>YoY Change</b>
Sales	Automotive	17,550	23,479	+ 33.8%
	Semiconductor	22,589	28,710	+ 27.1%
	Home appliances & others	9,745	11,373	+ 16.7%
	Others	2,232	3,381	+ 51.4%
	<b>TOTAL</b>	<b>52,118</b>	<b>66,944</b>	<b>+ 28.4%</b>
Orders Received	Automotive	30,465	21,307	△ 30.1%
	Semiconductor	27,272	31,848	+ 16.8%
	Home appliances & others	8,608	14,462	+ 68.0%
	Others	3,675	1,829	△ 50.2%
	<b>TOTAL</b>	<b>70,021</b>	<b>69,448</b>	<b>△ 0.8%</b>
Orders Outstanding	Automotive	28,081	23,213	△ 17.3%
	Semiconductor	13,496	16,051	+ 18.9%
	Home appliances & others	5,751	7,966	+ 38.5%
	Others	2,359	825	△ 65.0%
	<b>TOTAL</b>	<b>49,689</b>	<b>48,056</b>	<b>△ 3.3%</b>



# I. Global Business Overview

## Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		TOTAL	
	17/3 3Q	<b>18/3 3Q</b>	17/3 3Q	<b>18/3 3Q</b>	17/3 3Q	<b>18/3 3Q</b>	17/3 3Q	<b>18/3 3Q</b>	17/3 3Q	<b>18/3 3Q</b>
Sales	45,208	<b>56,487</b>	3,502	<b>5,523</b>	3,098	<b>4,445</b>	307	<b>489</b>	52,118	<b>66,944</b>
Operating Income	5,257	<b>7,184</b>	△36	<b>354</b>	144	<b>562</b>	13	△18	5,379	<b>8,082</b>

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

# 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 Yen)

	Apr–Dec 2016		Apr–Dec 2017	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL-related business	16,575	12,992	18,027	17,161
Electric vehicle related business	9,564	1,066	2,078	5,926

#### ● Organic EL-related business

The sales of organic EL related business accounted for about 60% of semiconductor sector, with sales increase of about 32% over the previous year.

The amount of orders received remained as the same high level as the same period last year.

#### ● Electric vehicle related business

The sales of EV related business accounted for about 25% of our total automobile sales. EV related business has grown to come second by sales volume, after the powertrain business, and contributed to our performance.

# I. Topics – Client Accolades

## Client Accolades

Hirata continually received orders from Cannon Tokki Corporation for vacuum evaporation equipment. This is the heart of organic EL panel production equipment.

Last year, we received 2017 Cannon Tokki Best Partner Award. This award is a validation of Hirata's technology and production capability for vacuum evaporation equipment.

To gain more credibility, Hirata is honored to supply equipment to Cannon Tokki for continuous orders.



**Yuichiro Hirata, CEO of Hirata Corporation and Mr. Shigeyuki Uzawa, COO of Cannon Tokki Corporation**

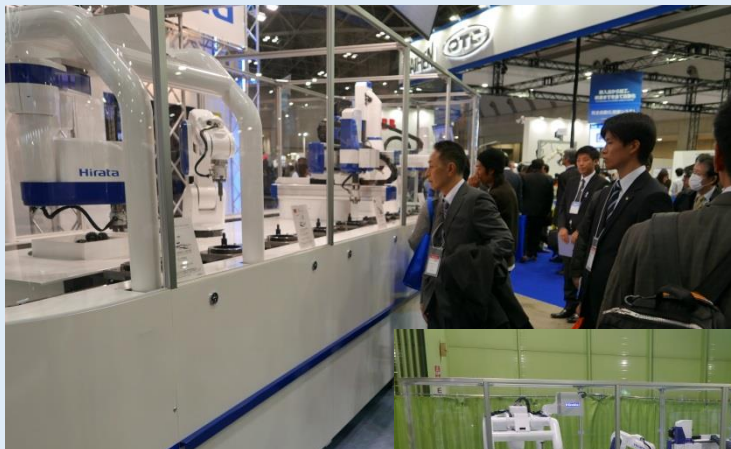


**An image of vacuum deposition equipment**

# I. Topics – Submission to International Robot Exhibition 2017

## Submission to IR EX 2017

Hirata run a booth at International Robot Exhibition 2017 held at Tokyo Big Sight from Nov.29 to Dec 2, 2017. There were 3 main types of displays. One is our in-house robotics such as vertical articulated robots, horizontal articulated robots, and demonstration of 3D picking assembly line using five cartesian robots. Another is an introduction of so-called “smart factory”. This can help to manage production line remotely and provide maintenance service with IoT. FYI, Hirata announced a collaboration with Internet Initiative Japan on this issue on October 19. The last one is to have interested attendees do factory tour virtually using 3D CAD. Hirata appealed its technological ability as a system integrator. We can offer reliable production engineering ranging from mechanical/software design to IoT.



**Demonstration of assembly line by using five robots.**



**This tells you how to work so-called “smart factory”**



# I. Topics – A new factory in Kumamoto

## — A new factory in Kumamoto

Hirata plans to built a new building in Kumamoto. This building is structurally integrated three-story headquarters office(total floor area : 6,000m<sup>2</sup>) with four-story factory(total floor area : 15,841m<sup>2</sup>) for replacement of the oldest one. It is scheduled for completion in January, 2020. In April 2016, an earthquake hit our home, Kumamoto. Even there was little damage, Hirata want to safeguard structures for the employees who work here. Hirata also aim to build the one for customers. In addition, Hirata wants to contribute to employment promotion and economic improvement in Kumamoto through its business.



**This is how the new factory is like**



# I. Topics – Local contribution activities in our hometown

## Local contribution activities in our hometown

To contribute the reconstruction of Kumamoto, Hirata is proud and honored to be a sponsor as follows:

- Main sponsor for Football J. League team “Roasso Kumamoto”

Started from February 1 2018, Hirata is a uniform sponsor for Football J. League team “Roasso Kumamoto”. Hirata fully understands Roasso Kumamoto’s philosophy “Energy to People, Dream to Children, and Power to Kumamoto ” and supports their activities.

- Sponsor for Kumamoto Castle Marathon 2018

Hirata became a sponsor of Kumamoto Castle Marathon 2018 held on February 18 and supported the event.



Football team “Roasso Kumamoto”



This is a poster of Kumamoto Castle Marathon 2018.

## II Market Trend and Forecast for FYE March 2018

The nine-month period ended December 31, 2017 (April 1, 2017 - December 31, 2017)

**Hirata**



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

Please note there is no modification on sales estimate. (Units in millions of Yen)

	FY2017/3 (Actual)		FY2018/3 (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>

### Reasons for the full-year sales estimate and measures for achieving our business targets

- For our automotive related business, we remain strong in orders of power train production equipment such as transmission. We also try harder to receive large orders for fuel-efficient engine and EV.
- We project continued growth in orders for our semiconductor related business of evaporation equipment for OLED and wafer transfer equipment.
- Our production output remains at a high level and we try to secure sales by addressing load adjustment.



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

### Automotive-related business

Automotive market in the U.S. became weak. In response to tax-cut effect mitigation, the Chinese market slowed down. On the other hand, we expect sales increase in Japan, Europe, India, and ASEAN countries. Demand in Japan is also expected to recovery and grow. Overall, our automotive related business is in good form mainly with power train related equipment.

### Semiconductor-related business

Semiconductor market continued to expand since products have been used in various field such as automotive, home appliances, and so on. Organic EL panel business is in a good shape since it has used in PCs, smartphones, tablet, and so on. In response to spread of larger-screen TV and 4K, the market seems to be bigger. We are having a good sales especially for vacuum deposition equipment used for organic EL production and semiconductor related equipment.

### Home appliances and other facilities business

We assume high spec home appliances become widespread in southeast Asia countries. Under the circumstances, we expect orders for high spec home appliances equipment especially for vacuum cleaner from a principal customer.

# III. Reference Data

The nine-month period ended December 31, 2017 (April 1, 2017 - December 31, 2017)

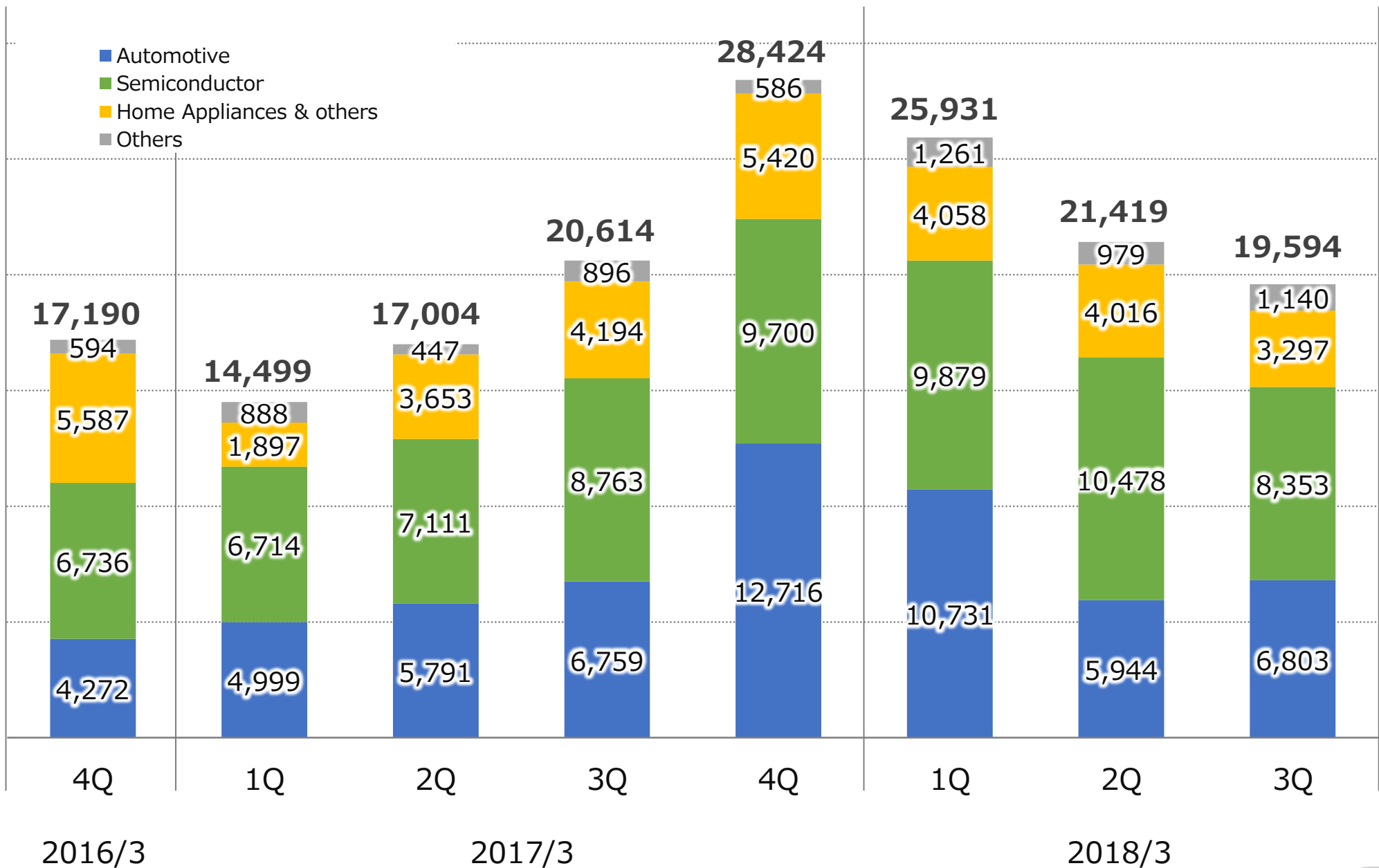
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### III. Quarterly Trends of Sales by Business Unit

#### Quarterly Trends of sales by Business Unit

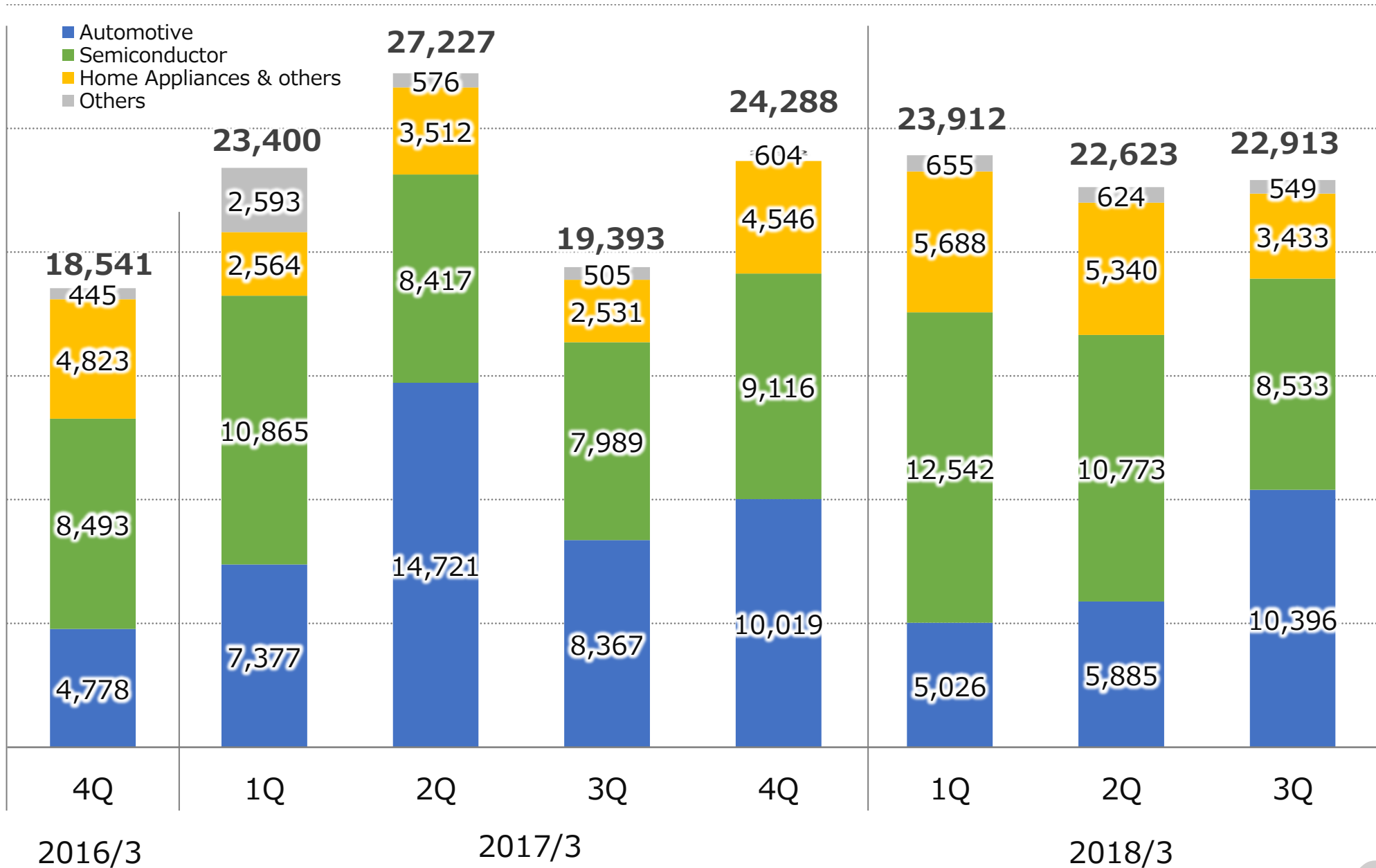
(Units in millions of Yen)



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

Quarterly Trends of received Orders by Business Unit

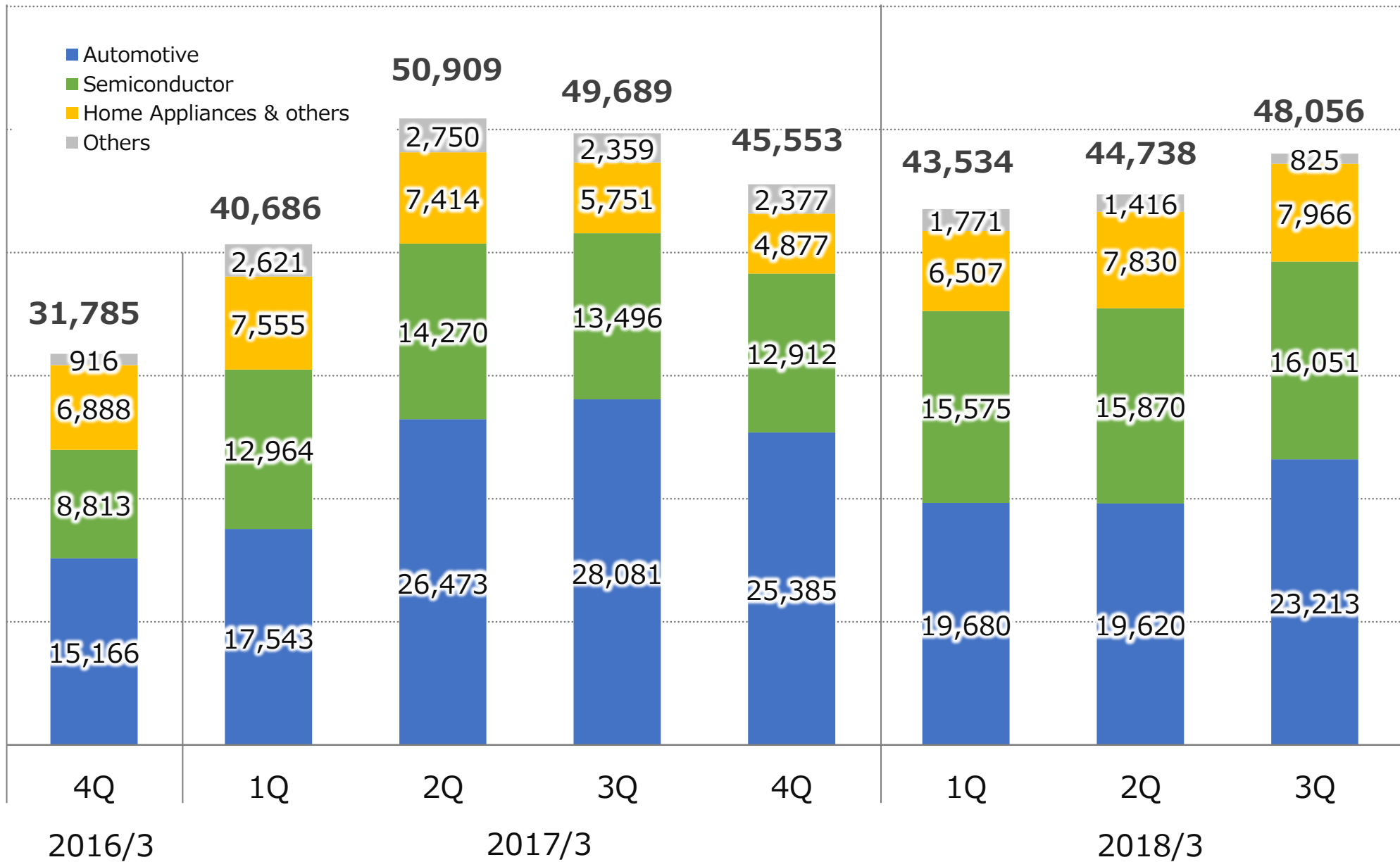
(Units in millions of Yen)



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

Quarterly Trends of outstanding Orders by Business Unit

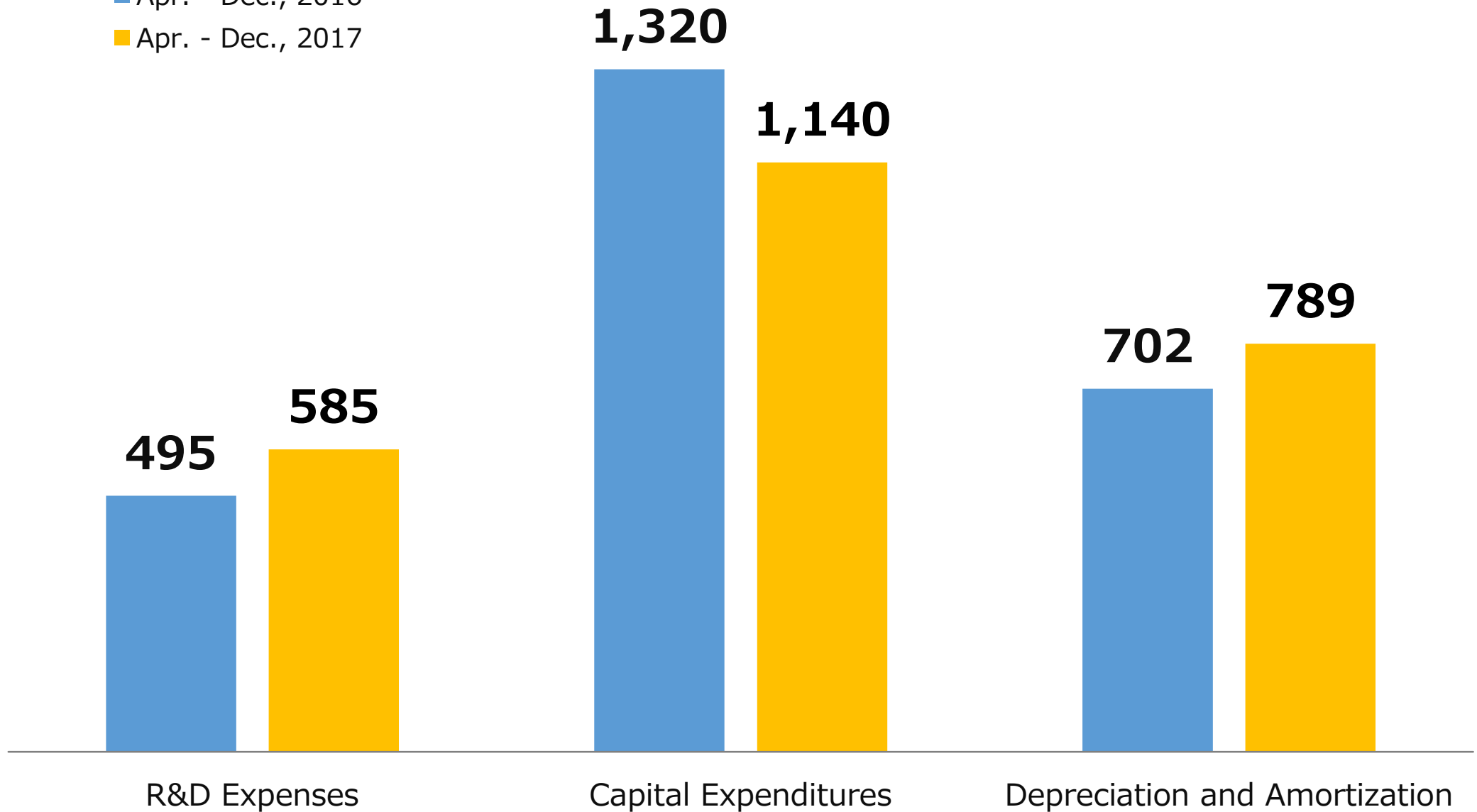
(Units in millions of Yen)



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

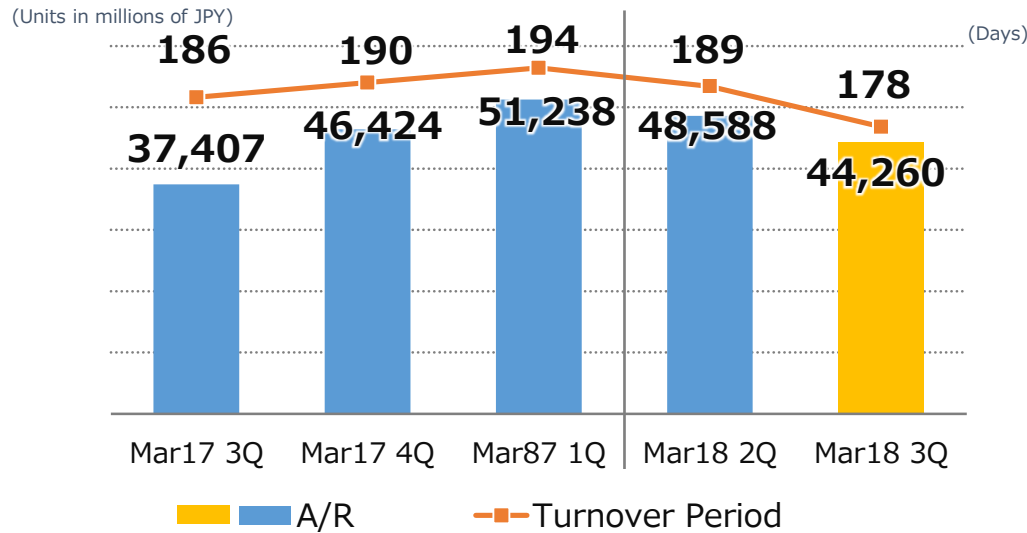
(Units in millions of Yen)

- Apr. - Dec., 2016
- Apr. - Dec., 2017

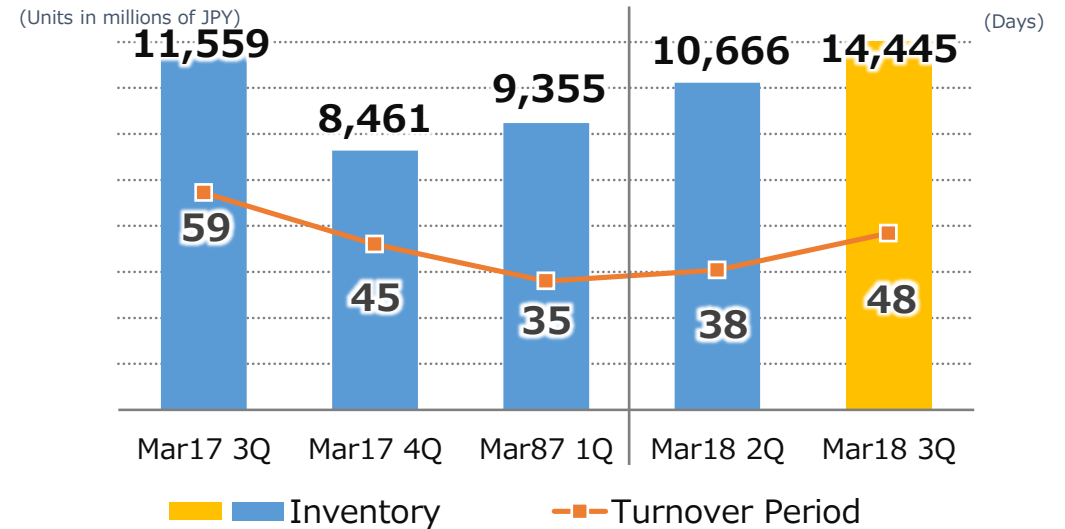


### III. Key Financial KPIs/Indicators

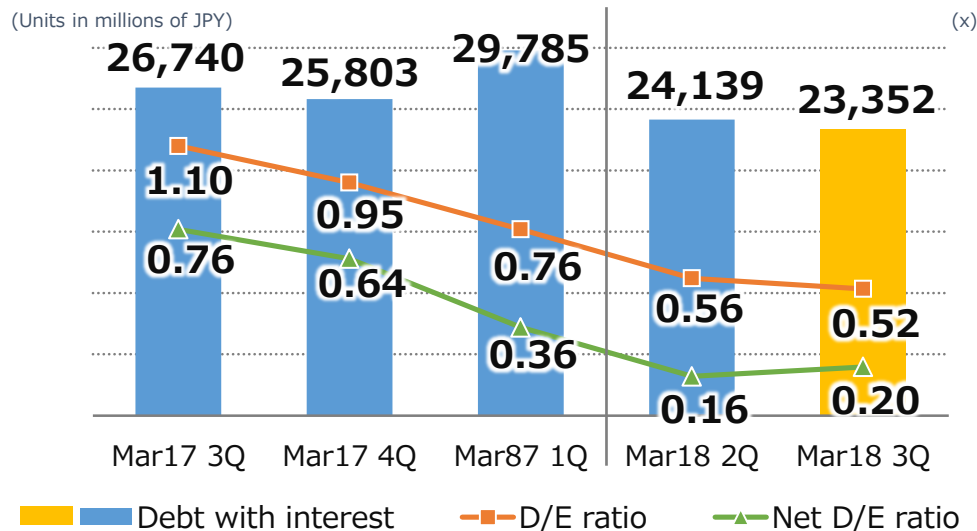
#### Account Receivables/Turnover period



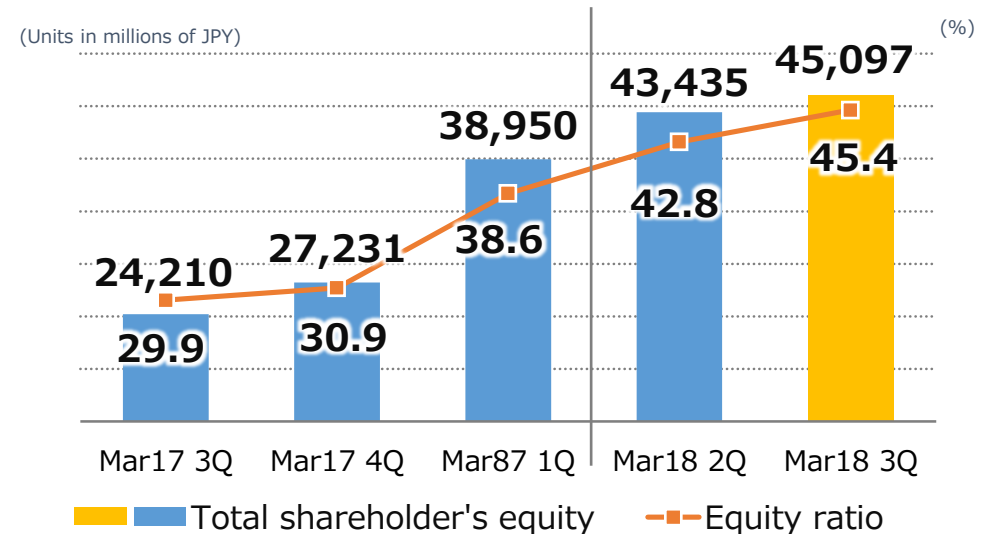
#### Inventory/Turnover period



#### 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.