

Hirata

The Global Production Engineering Company

Quarterly Financial Results for the Three-month Period Ended June 30, 2018

Hirata Corporation



I. Financial Results and Outlook

The Fiscal Year ended on March 31, 2019 (April 1, 2018 through June 30, 2018)

Hirata



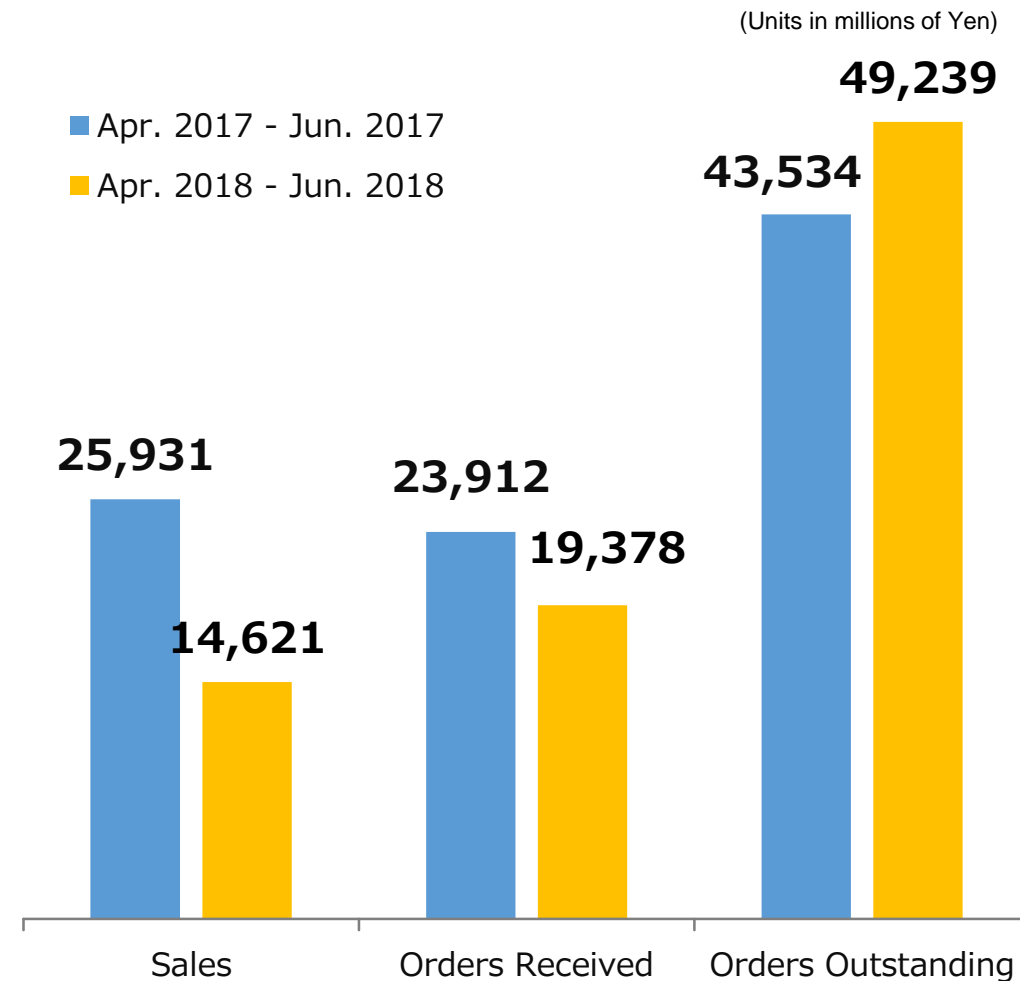
I. Summary of Financial Results

Overview

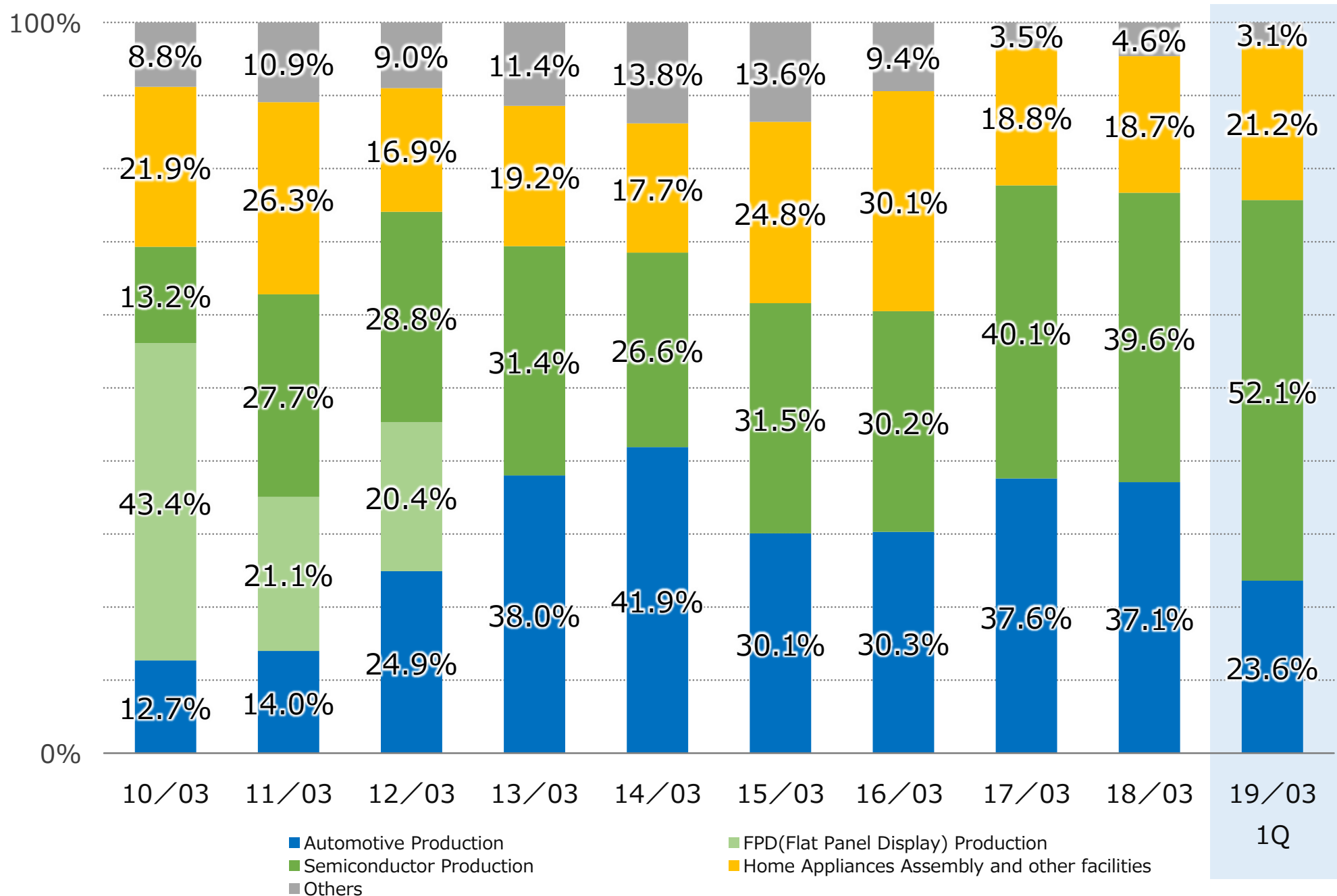
The number of orders for organic EL vapor deposition equipment in semiconductor sector and home appliances related business decreased while that of orders for automotive related business increased. Some of the first quarter sales moved back to July or later. In consequence, the sales and profit decreased.

(Units in millions of Yen)

	Apr. 2017 – Jun. 2017 (Actual)	Apr. 2018 – Jun. 2018 (Actual)	YoY Change
Sales	25,931	14,621	△43.6%
Operating Income	3,181	1,471	△53.7%
Ordinary Income	3,095	1,691	△45.4%
Profit attributable to owners of the parent company	2,064	1,123	△45.6%

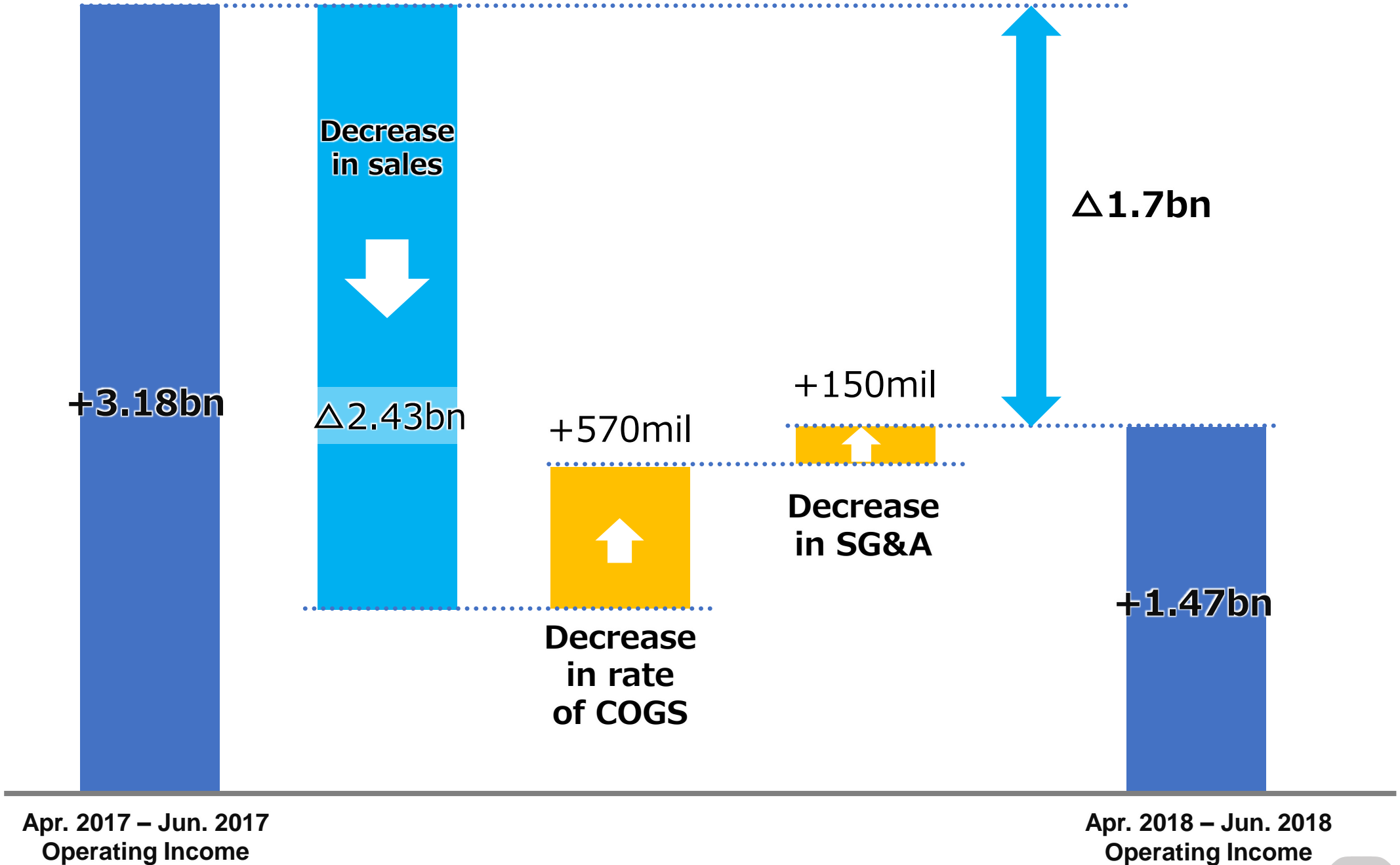


I. Breakdown of Sales by Business Unit



*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

Please note that the figures of FY2018 and FY2019 Q1 are changed based on accounting standards for tax effect accounting.

(Units in millions of Yen)

Asset	Apr. 2017 - Mar. 2018	Apr. 2018 - Jun. 2018	YoY Change
Current Assets	71,467	72,671	+1,204
Fixed Assets	23,863	24,468	+604
Tangible Fixed Assets	17,376	18,211	+834
Intangible Fixed Assets	814	775	Δ 38
Investments and other assets	5,672	5,482	Δ 190
Total Assets	95,330	97,139	+1,809

Liabilities	Apr. 2017 - Mar. 2018	Apr. 2018 - Jun. 2018	YoY Change
Current Liabilities	37,485	38,696	+1,210
Fixed Liabilities	11,262	12,259	+996
Total Liabilities	48,748	50,956	+2,207

Net Assets			
Total Net Assets	46,582	46,183	Δ 398
Capital Ratio	48.3%	47.0%	Δ 1.3Point

Main impact factors

Assets

Inventories	+ 3,523
Cash/deposit with banks	+ 1,532
Trade receivables	Δ 3,972

Liabilities/Net Assets

Debt with interest	+ 3,106
Accrued expense	Δ 875
Income taxes payable	Δ 815

Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2018 to Jun. 30, 2018 (Actual rate)	From Jul. 1, 2018 (Applied assumption rate)
Exchange rate (against USD)	106.30	100.00

Transition of our stock prices

(Units in Yen)

Transition of our stock prices	Apr. 1, 2016 to Mar. 31, 2017	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Mar. 31, 2019		
			April	May	June
Highs	9,560	14,720	10,580	10,530	8,270
Lows	2,275	8,030	9,070	7,650	7,230
End of period	9,010	9,780	10,380	7,970	7,950

PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2016 to Mar. 31, 2017	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Jun. 30, 2018
PER (x)	14.43	15.26	— ※
PBR (x)	3.12	2.26	1.86
ROE (%)	24.30	18.18	— ※

Please note that there is no information on PER & ROE due to incomparable numbers on the basis of quarterly profit.

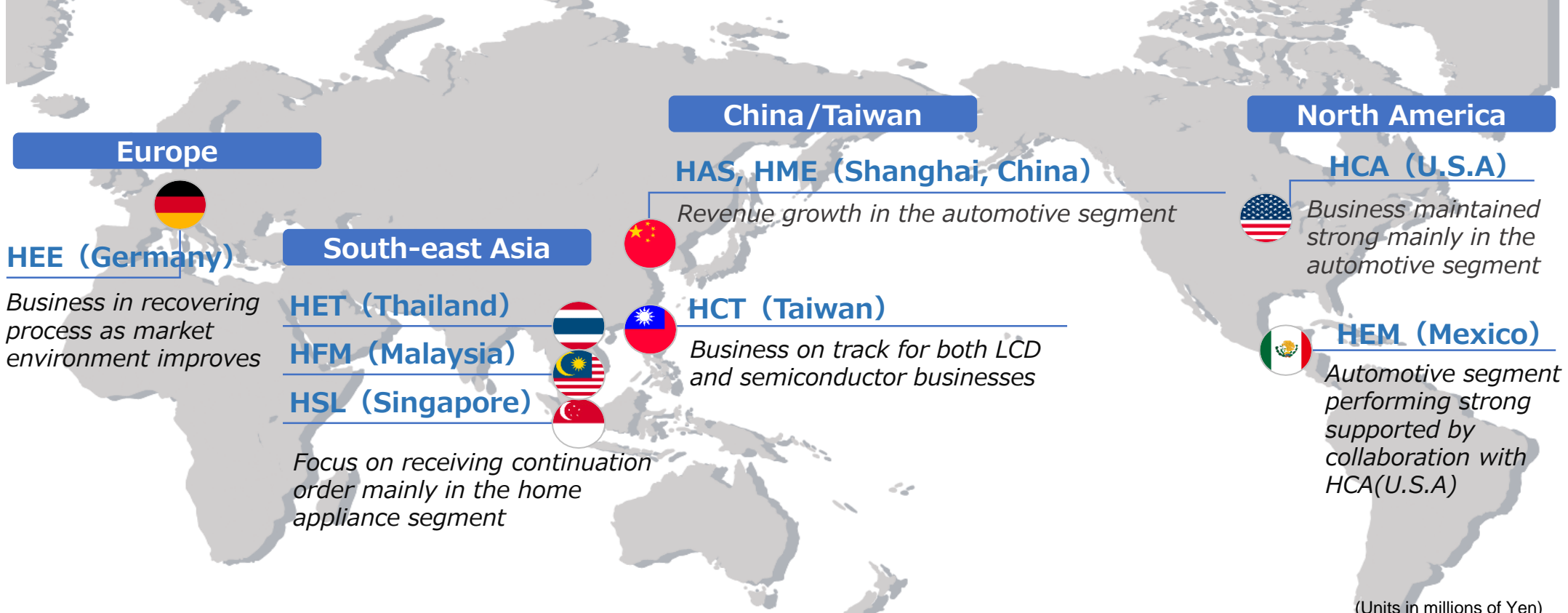
I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	Business Unit	Apr 2017 – Jun 2017	Apr 2018 - Jun 2018	YoY Change
Sales	Automotive	10,731	3,456	△67.8%
	Semiconductor	9,879	7,617	△22.9%
	Home Appliances & others	4,058	3,097	△23.7%
	Others	1,261	450	△64.3%
	TOTAL	25,931	14,621	△43.6%
Orders Received	Automotive	5,026	11,488	+128.5%
	Semiconductor	12,542	4,424	△64.7%
	Home Appliances & others	5,688	3,156	△44.5%
	Others	655	310	△52.6%
	TOTAL	23,912	19,378	△19.0%
Orders Outstanding	Automotive	19,680	25,489	+29.5%
	Semiconductor	15,575	12,703	△18.4%
	Home Appliances & others	6,507	10,840	+66.6%
	Others	1,771	206	△88.4%
	TOTAL	43,534	49,239	+13.1%

I. Global Business Overview

Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		TOTAL	
	18/3 1Q	19/3 1Q	18/3 1Q	19/3 1Q	18/3 1Q	19/3 1Q	18/3 1Q	19/3 1Q	18/3 1Q	19/3 1Q
Sales	22,964	12,387	2,217	1,162	557	942	191	128	25,931	14,621
Operating Income	3,424	1,378	262	44	△404	63	△2	△20	3,279	1,466

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

I. Topics – Receiving order for EV related business

— Hirata received order for EV related equipment from a European auto manufacturer

In April 2018, Hirata received an order for battery packaging equipment for Electric vehicle from an automotive manufacturer in Europe with about 2 billion yen in sales.

It was 2 years ago Hirata first received an order for Electric vehicle related business. This order means not only Hirata's another proven record of its technology but also opening the way to European market and exploring new business opportunities.



Client Accolades

Hirata is honored to announce that it was recognized by U.S. automaker General Motors Company (GM) as a “2017 Supplier of the Year” for transmission assembly equipment. This marks the third time Hirata received the award. GM recognized 125 of its best suppliers from 17 countries who have exceeded GM’s expectations, created outstanding value, and supplied innovations to GM.

Hirata received a plaque at ceremony held at Florida on April 20, 2018.



I. Topics – New building for Taihei Technos

— Taihei Technos, one of Hirata's domestic subsidiaries, constructed a new building

In May 2018, Taihei Technos, one of Hirata's domestic subsidiaries, newly established a building, which is two-story and 1,737.95m² total floor space.

This new building provides enough space for integrated manufacturing such as harness, board wiring assembly, instrumentation work and so on. Hirata group works for its future business expansion.

This is how the new building looks like



We held a dedication ceremony on May 28



II Market Trend and Forecast for FYE March 2019

The three-month period ended June 30, 2018 (April 1, 2018 - June 30, 2018)

Hirata



II. Forecasts for FYE March 2019: Earnings Forecast

(Units in millions of Yen)

	FY2018/3 (Actual)		FY2019/3 (Forecast)	
Sales	94,163		95,000	
Automotive	34,955		40,000	
Semiconductor	37,338		30,000	
Home Appliances & others	17,569		22,000	
Others	4,299		3,000	
Operating Income (margin)	9,371	(10.0%)	6,500	(6.8%)
Ordinary Income (margin)	9,247	(9.8%)	6,400	(6.7%)
Profit attributable to owners of the parent company (margin)	6,666	(7.1%)	4,400	(4.6%)

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

- For automotive related business, Hirata tries harder to receive further orders in electric vehicle sector in addition to power train business such as transmission.
- The orders for vacuum equipment used for OLED decreased. Hirata projects growth on its semiconductor related business of IoT and silicon wafer transfer equipment for self-driving technology.
- Hirata structures its production system more efficiently, strengthens its revenue base, and participates into growing markets aggressively.

II. Forecasts for FYE March 2019: Business Environment

Automotive-related business

The number of automobile global sales tends to increase in the medium to long term. Plus, it is predicted that you see sales expansion in North America, China, India, and Thailand. The number of electric vehicle also tends to increase. A forecast says domestic demand will recover and continue strong. Hirata predicts that its business mainly power train such as transmission and EV related production equipment will continue strong.

Semiconductor-related business

Semiconductor market continues to expand since semiconductor products have been used in various fields such as automotive, home appliances, and so on. As to OLED panel, it is predicted that the market demand may slow down and the future is still unclear even though smartphones lead the market and the markets for television and in-car display are predicted to grow.

Home appliances and other facilities business

You see slowing growth due to round of demand in Chinese market. On the other hand, China market has the potential for expansion in terms of monetary amounts with high-spec home appliances' demand for a wealthy class. Under the circumstances, Hirata tries to receive orders for high-spec home appliances equipment especially for vacuum cleaner from a principal customer continuously. Orders for tire related business are also expected.

III. Reference Data

The three-month period ended June 30, 2018 (April 1, 2018 - June 30, 2018)

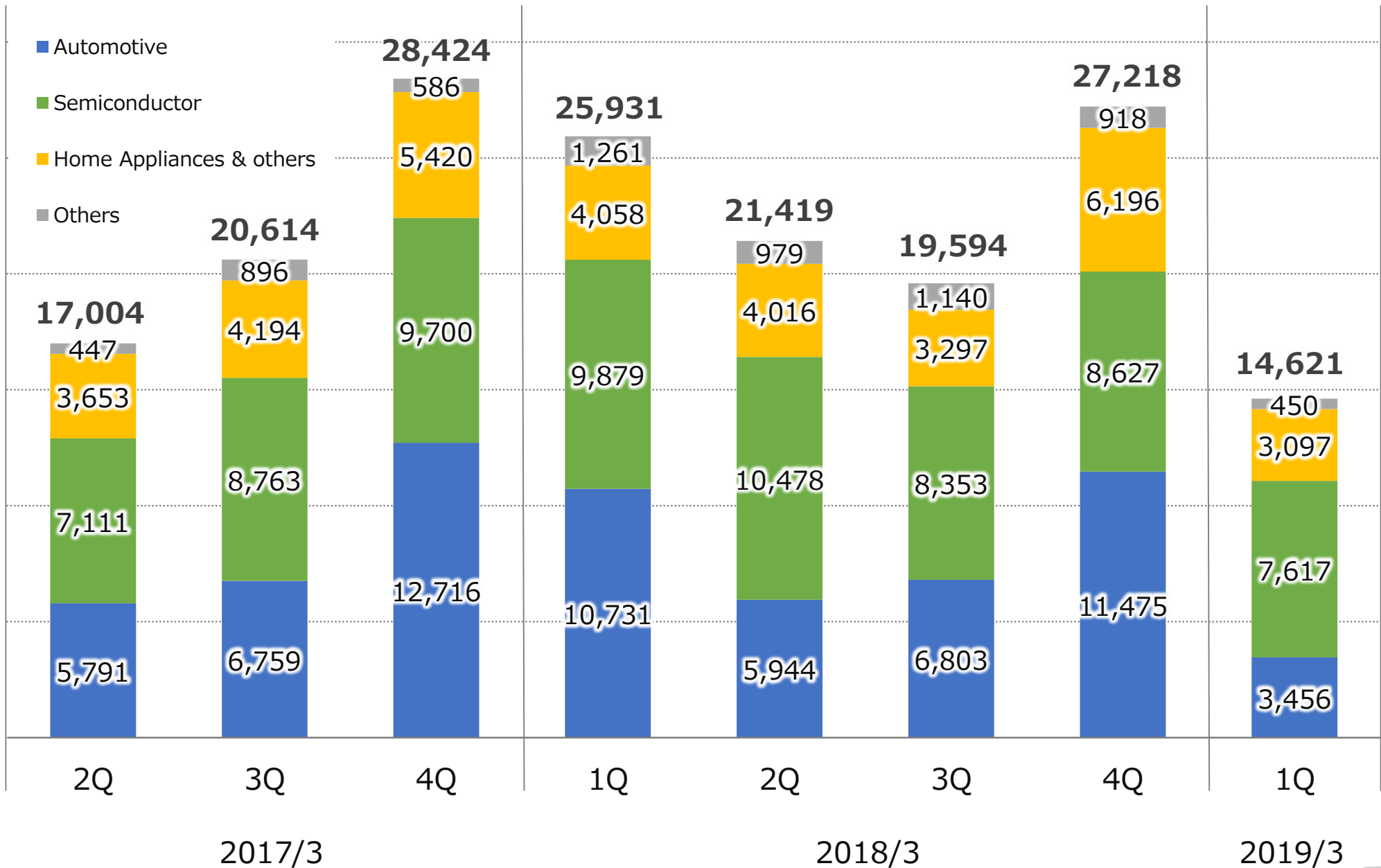
Hirata



III. Quarterly Trends of Sales by Business Unit

Sales by Business Unit

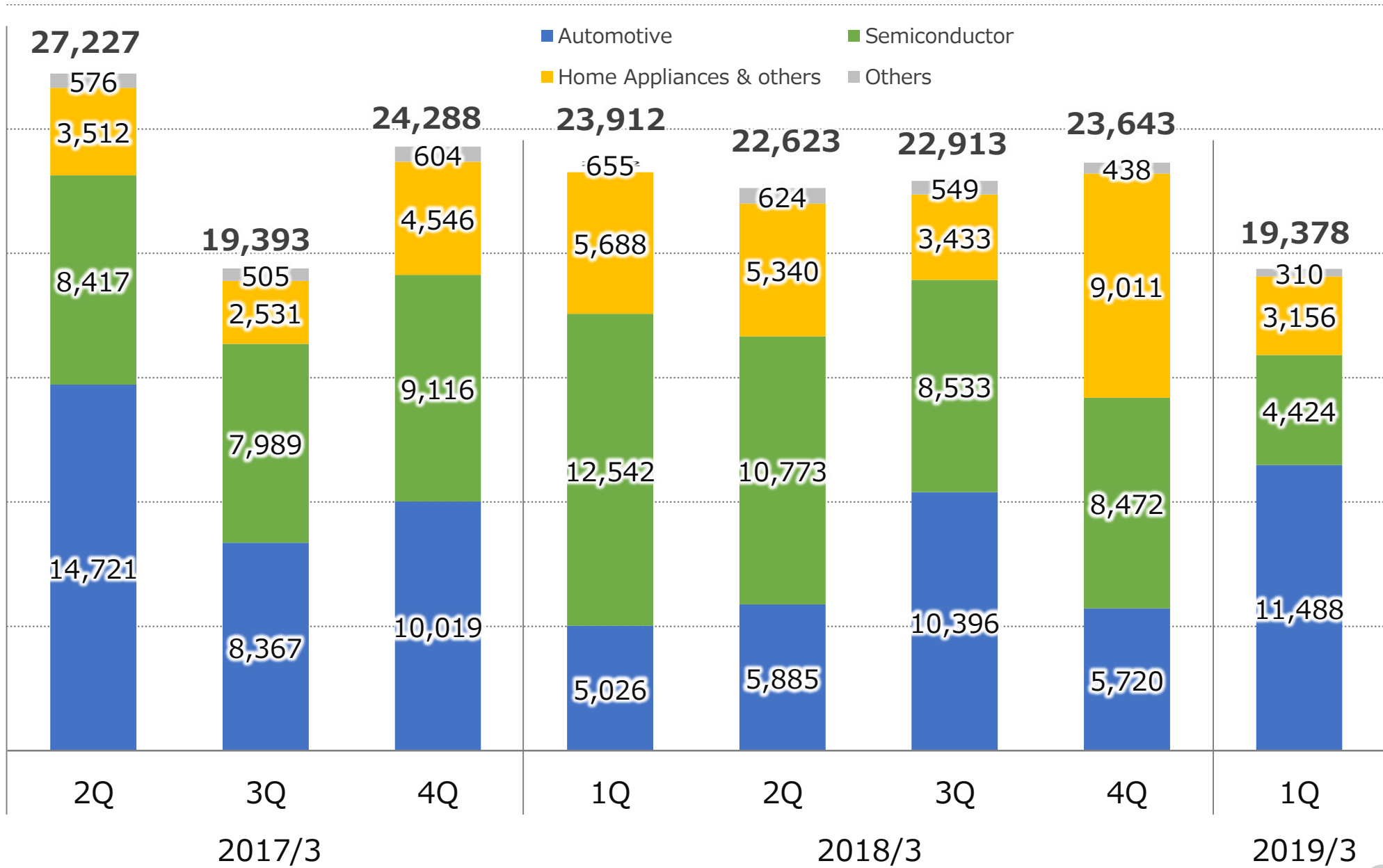
(Units in millions of Yen)



III. Quarterly Trends of Received Orders by Business Unit

Received Orders by Business Unit

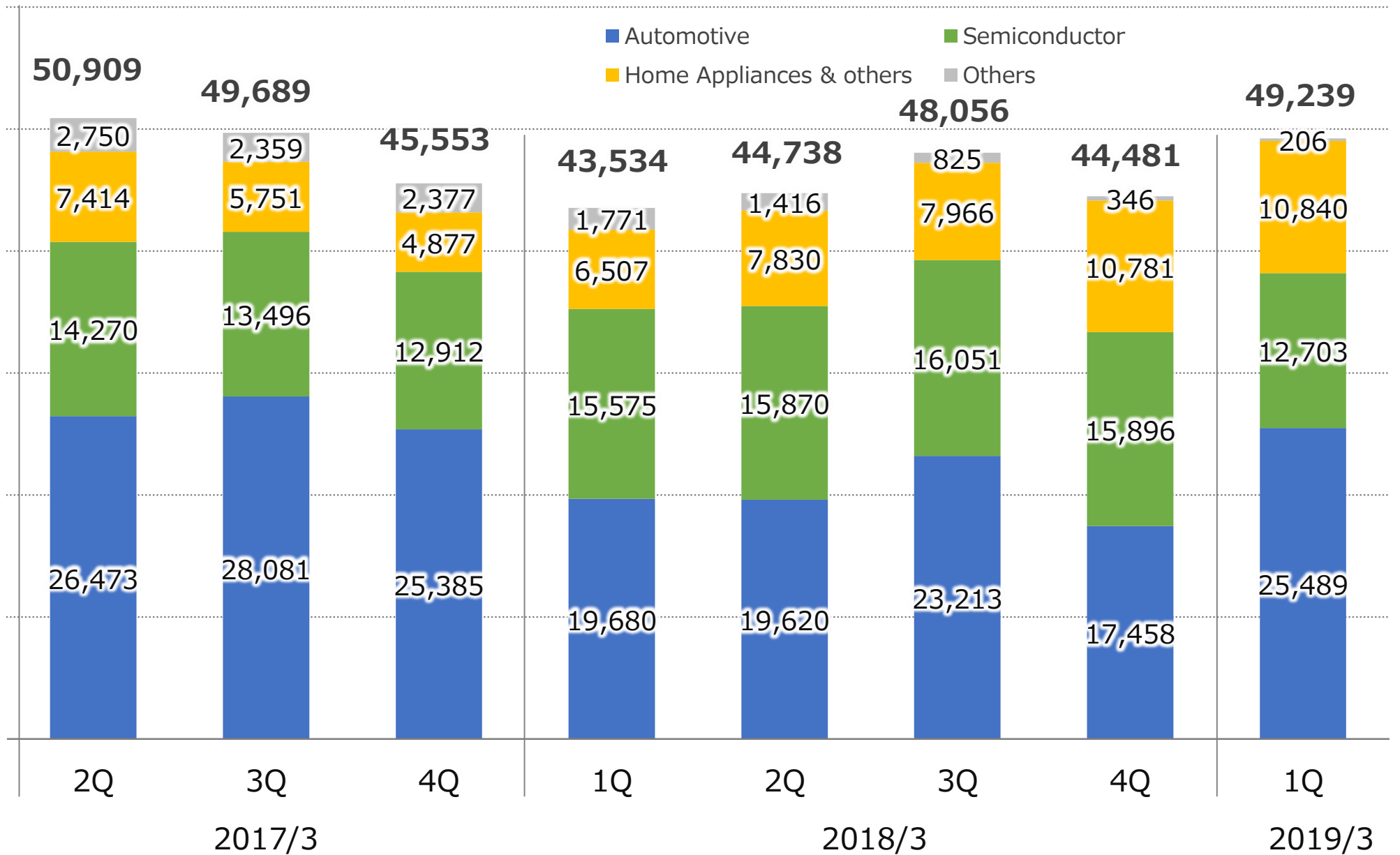
(Units in millions of Yen)



III. Quarterly Trends of Orders Outstanding by Business Unit

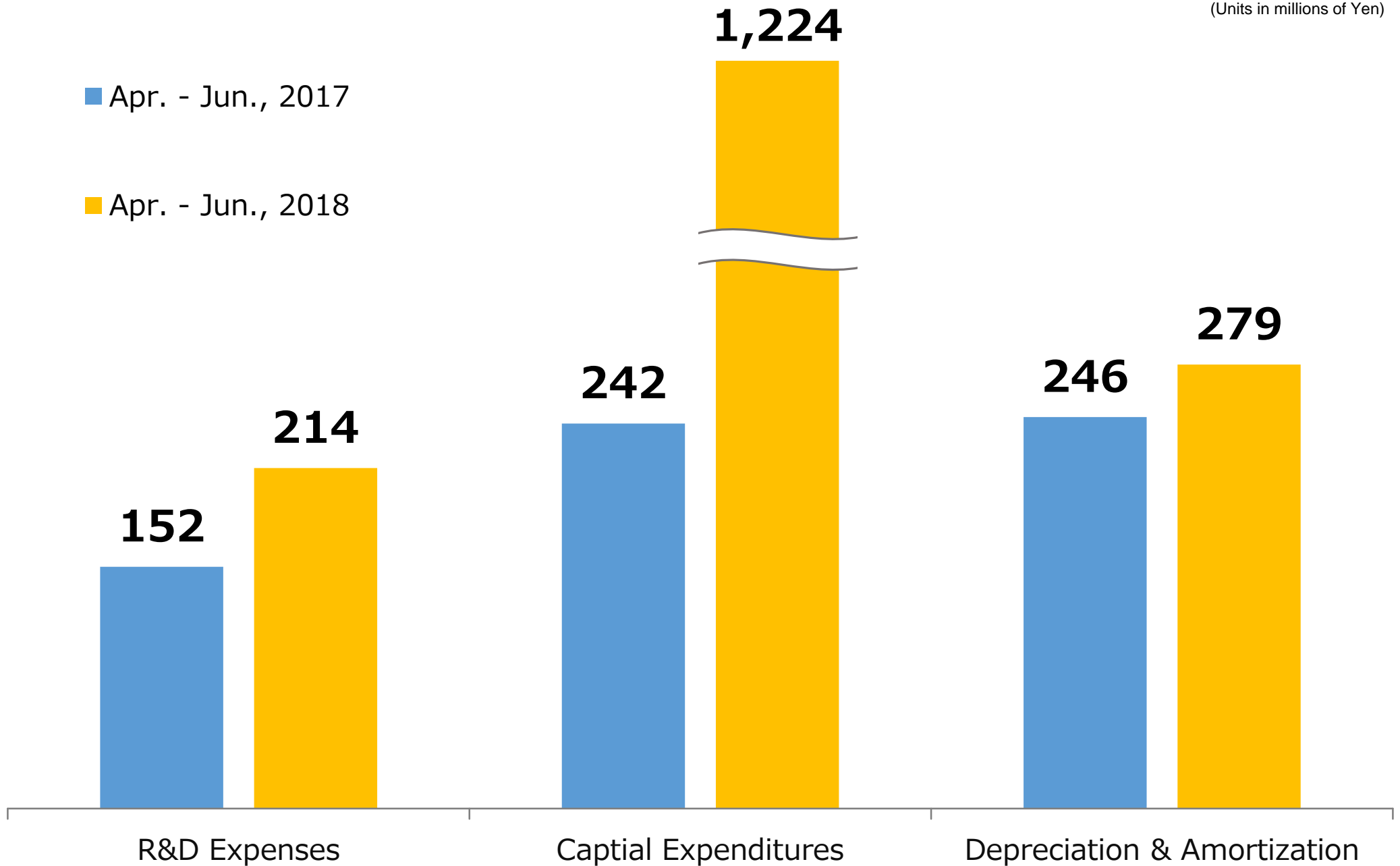
Outstanding Orders by Business Unit

(Units in millions of Yen)



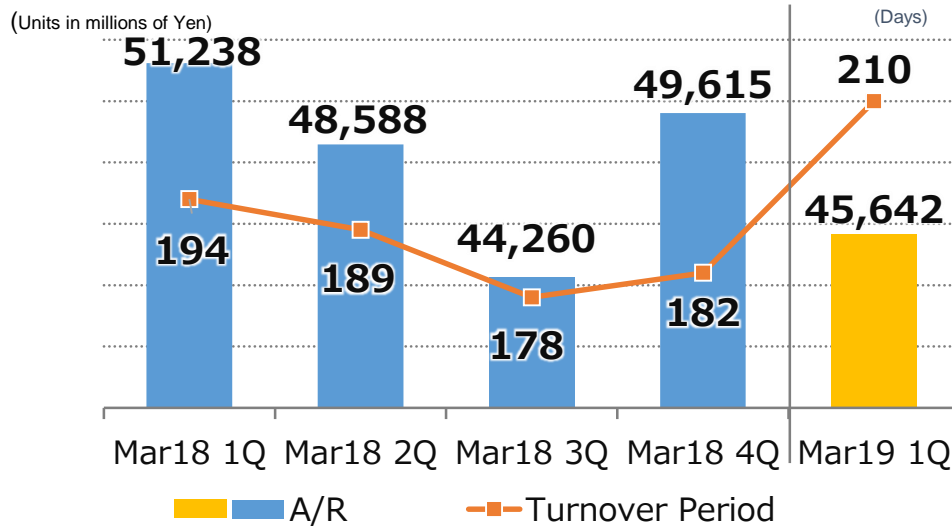
III. R&D, CAPEX, Depreciation and Amortization

(Units in millions of Yen)

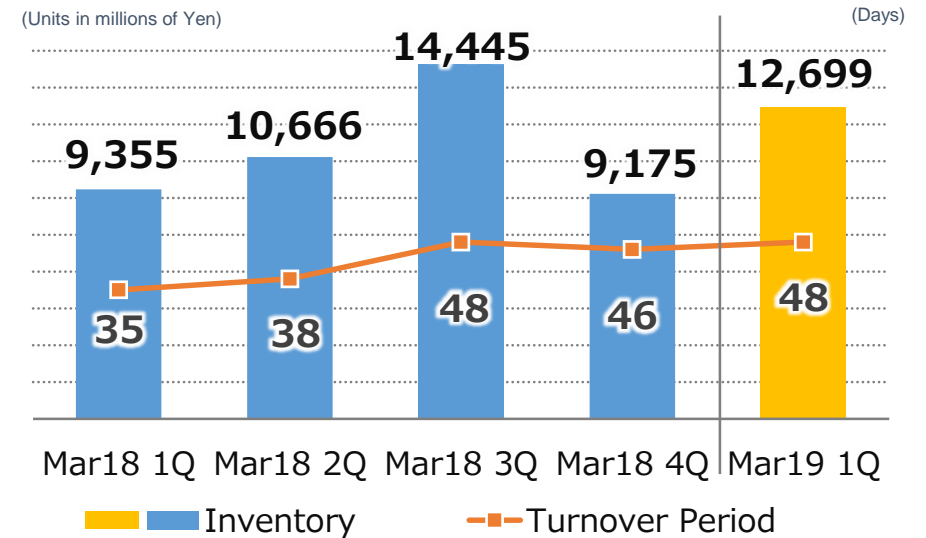


III. Key Financial KPIs/Indicators

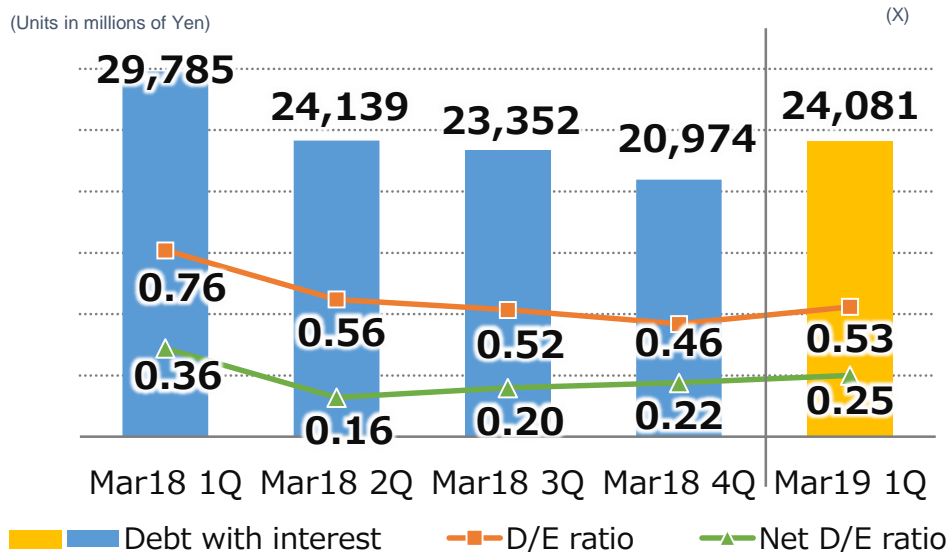
Account Receivables/Turnover period



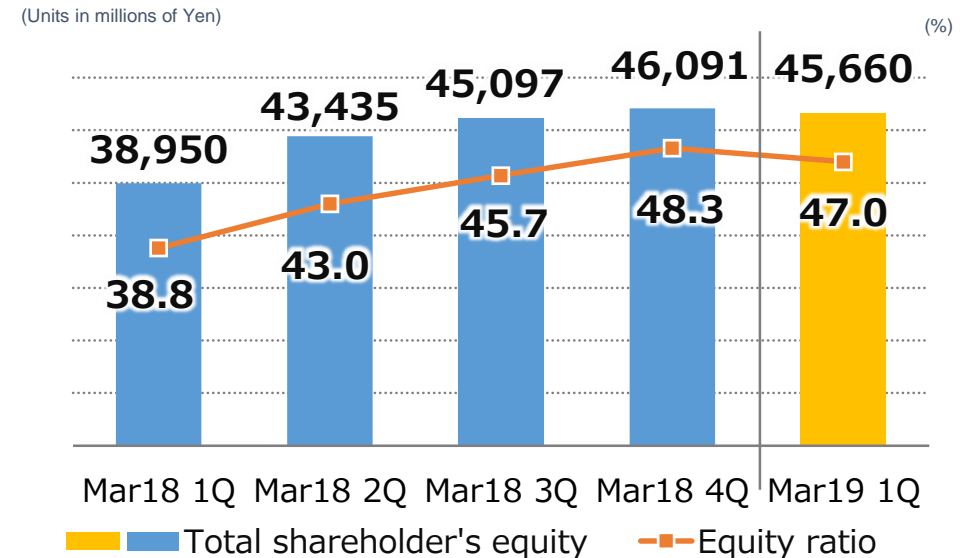
Inventory/Turnover period



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



Total shareholder's equity/Equity ratio



Note 1) Accounts receivable turnover period and Inventory turnover period list its average number of each quarter.

Note 2) The figures of FY2018 and FY2019 Q1 are changed based on accounting standards for tax effect accounting.

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.