

# Hirata

The Global Production Engineering Company

## Quarterly Financial Results for the Six-month Period Ended September 30, 2018

Hirata Corporation



# I. Financial Results and Outlook

The six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)

**Hirata**



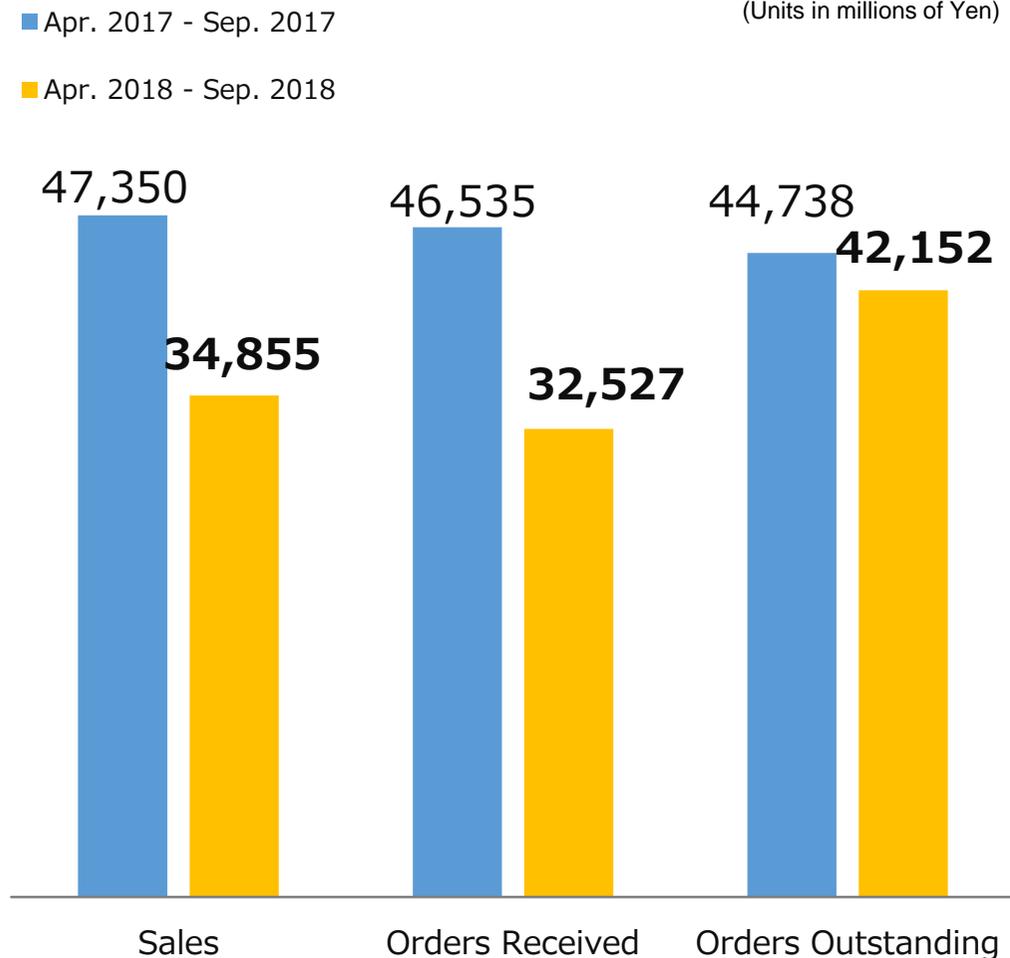
# I. Summary of Financial Results

## Overview

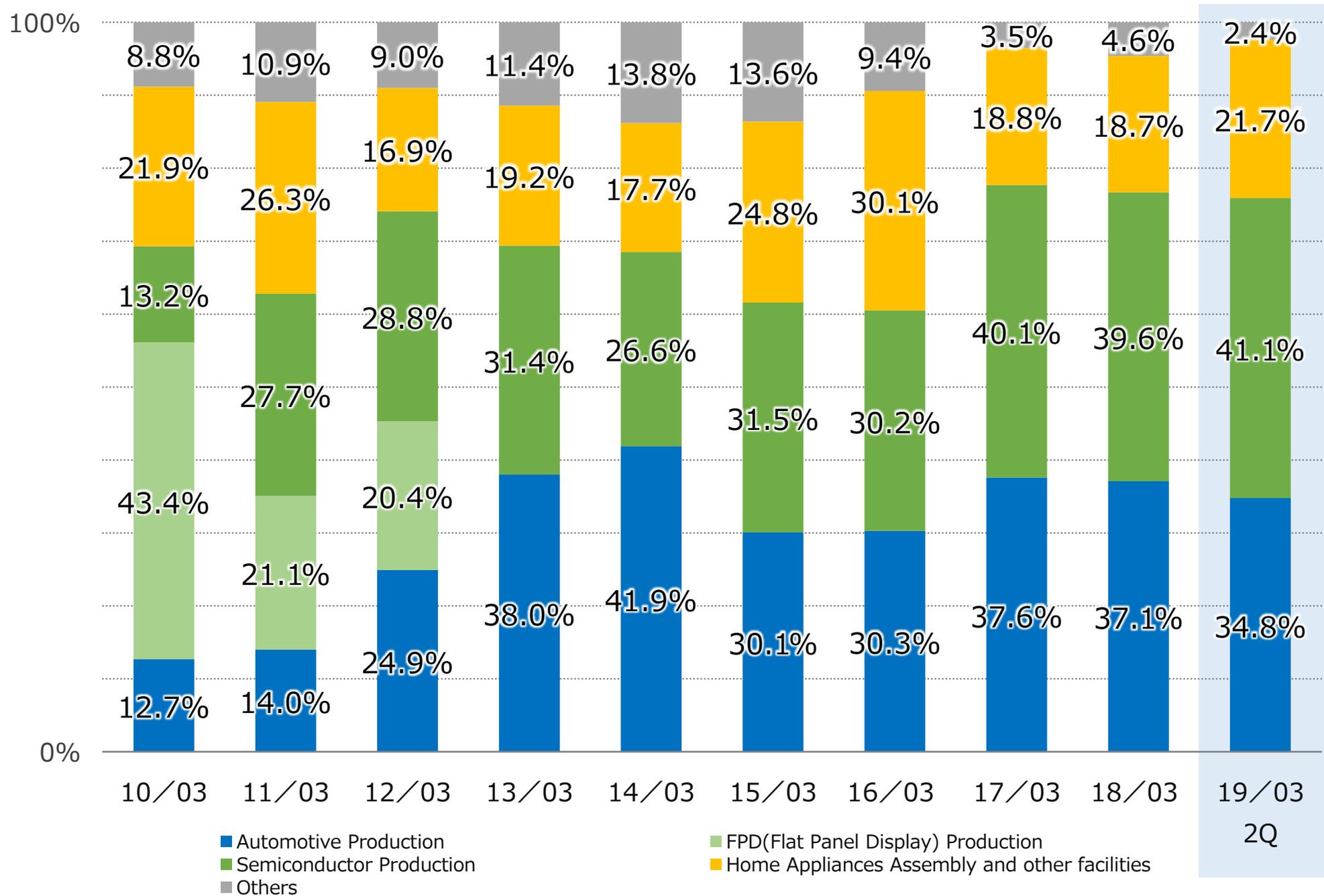
Hirata worked harder for receiving new orders on electric vehicle business and also developing new customers. Some of the second quarter's incoming orders and sales on automotive relates business, however, were postponed and business investment on organic EL were rescheduled to a later date. In consequence, the sales and profit decreased.

(Units in millions of Yen)

	Apr-Sep 2017	Apr-Sep 2018	YoY Change
Sales	47,350	<b>34,855</b>	-26.4%
Operating Income	5,807	<b>3,525</b>	-39.3%
Ordinary Income	5,616	<b>3,723</b>	-33.7%
Profit attributable to owners of the parent company	3,966	<b>2,614</b>	-34.1%

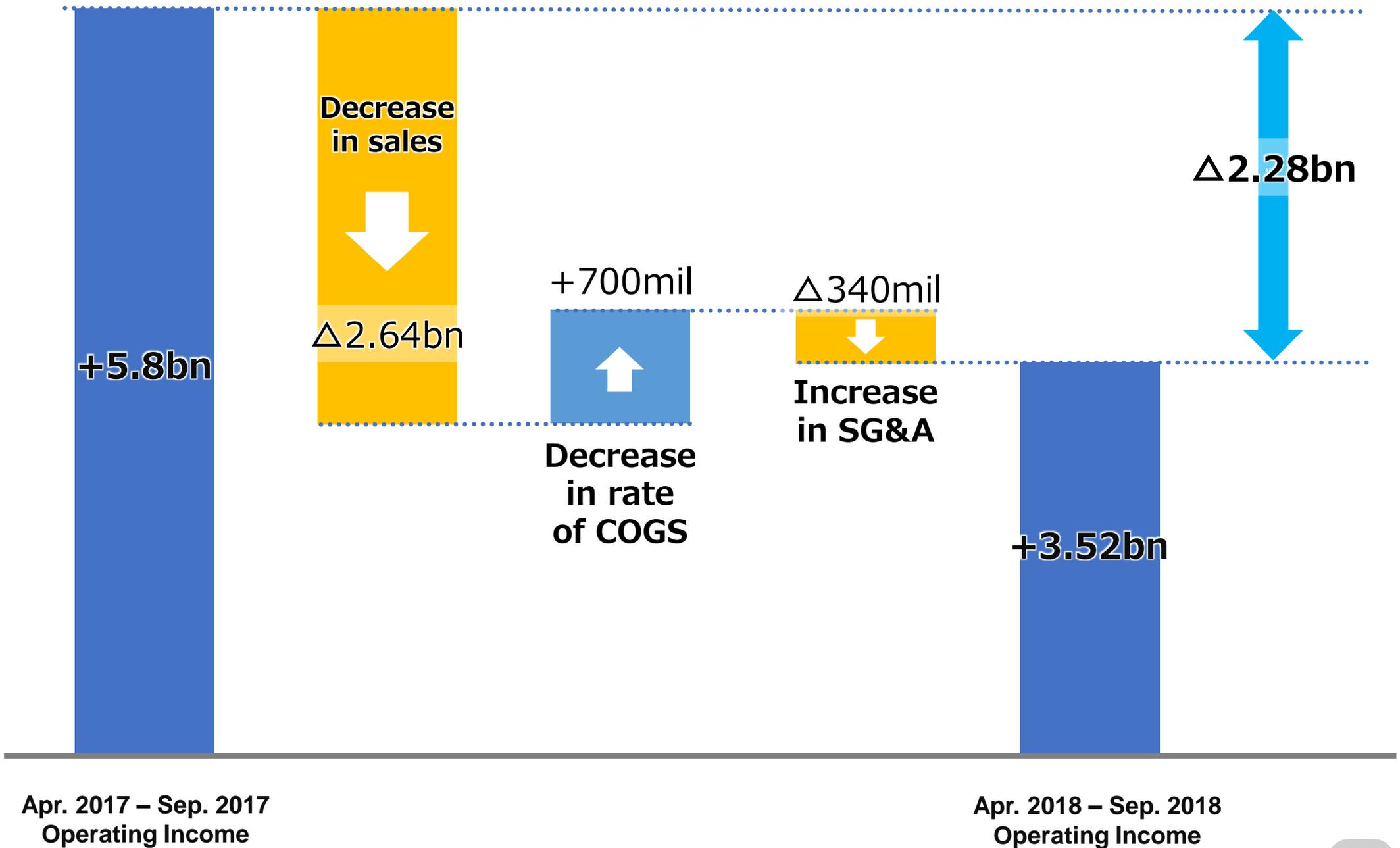


# I. Breakdown of Sales by Business Unit



\*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 Q2 are changed based on accounting standards for tax effect accounting.

(Units in millions of Yen)

Assets	Apr. 2017 - Mar. 2018	Apr. 2018 - Sep. 2018	YoY Change
Current Assets	71,467	<b>67,943</b>	△ <b>3,523</b>
Fixed Assets	23,863	<b>24,622</b>	<b>+758</b>
Tangible Fixed Assets	17,376	<b>18,347</b>	<b>+970</b>
Intangible Fixed Assets	814	<b>732</b>	△ <b>81</b>
Investments and other assets	5,672	<b>5,542</b>	△ <b>130</b>
<b>Total Assets</b>	<b>95,330</b>	<b>92,566</b>	△ <b>2,764</b>

Liabilities	Apr. 2017 - Mar. 2018	Apr. 2018 - Sep. 2018	Y to Y Change
Current Liabilities	37,485	<b>39,448</b>	<b>+1,962</b>
Fixed Liabilities	11,262	<b>6,929</b>	△ <b>4,333</b>
<b>Total Liabilities</b>	<b>48,748</b>	<b>46,377</b>	△ <b>2,370</b>

Net Assets	Apr. 2017 - Mar. 2018	Apr. 2018 - Sep. 2018	Y to Y Change
Total Net Assets	46,582	<b>46,188</b>	△ <b>393</b>
Capital Ratio	48.3%	<b>49.3%</b>	<b>+ 1.0Point</b>

### Main impact factors

#### Assets

Trade receivables	△6,041
Cash/deposit with banks	△773
Inventories	+ 2,900

#### Liabilities/Net Assets

Accrued expenses payable	△531
Trade payables	△505
Accounts payable	△430

## Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2018 to Sep. 30, 2018 (Actual rate)	From Oct. 1, 2018 (Applied assumption rate)
Exchange rate (against USD)	107.56	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		
			July	August	September
Highs	9,560	14,720	8,050	8,760	8,780
Lows	2,275	8,030	6,600	6,800	7,780
End of period	9,010	9,780	7,430	8,610	8,180

## PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2016 to Mar. 31, 2017	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Sep. 30, 2018
PER (x)	14.43	15.26	— ※
PBR (x)	3.12	2.26	1.88
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.

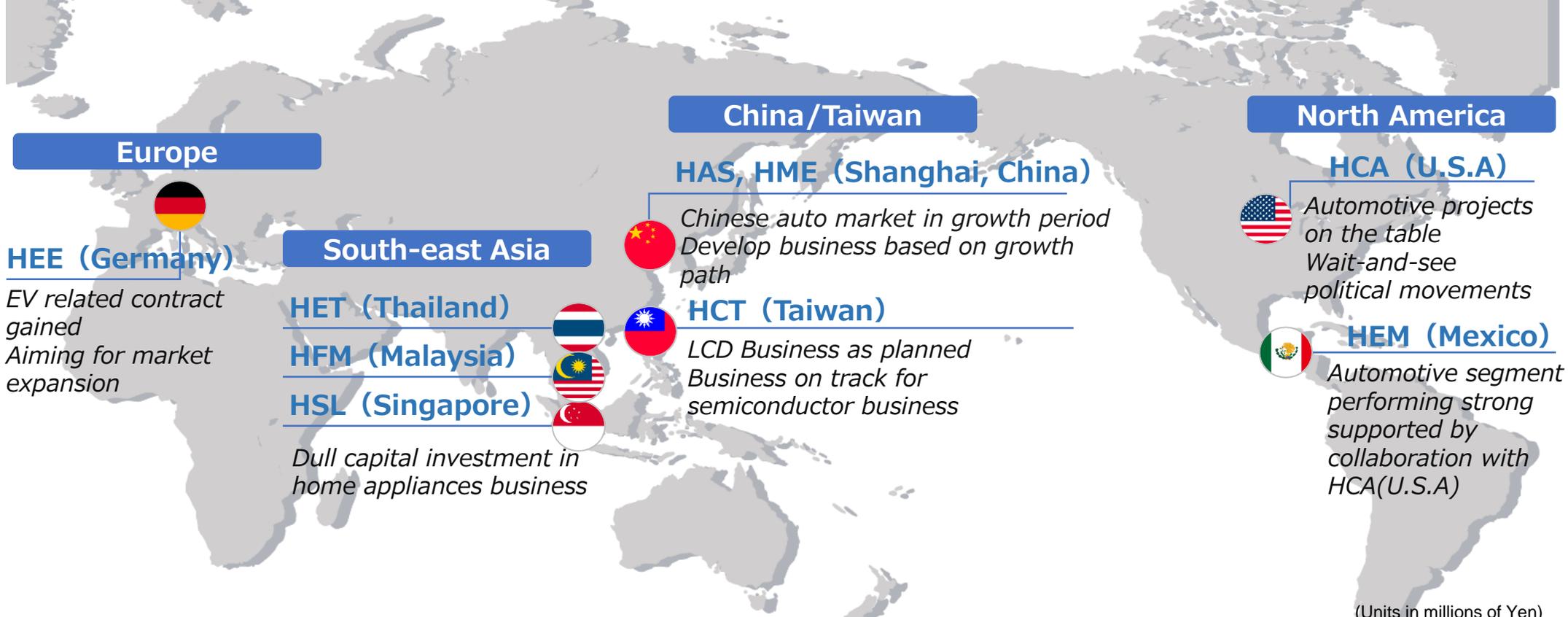
# I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	<b>Business Unit</b>	<b>Apr 2017 – Sep 2017</b>	<b>Apr 2018 – Sep 2018</b>	<b>YoY Change</b>
<b>Sales</b>	Automotive	16,676	12,120	△27.3%
	Semiconductor	20,357	14,327	△29.6%
	Home Appliances & others	8,075	7,564	△6.3%
	Others	2,240	843	△62.4%
	<b>TOTAL</b>	<b>47,350</b>	<b>34,855</b>	<b>△26.4%</b>
<b>Orders Received</b>	Automotive	10,911	17,774	+62.9%
	Semiconductor	23,315	7,763	△66.7%
	Home Appliances & others	11,028	5,869	△46.8%
	Others	1,279	1,120	△12.5%
	<b>TOTAL</b>	<b>46,535</b>	<b>32,527</b>	<b>△30.1%</b>
<b>Orders Outstanding</b>	Automotive	19,620	23,112	+17.8%
	Semiconductor	15,870	9,332	△41.2%
	Home Appliances & others	7,830	9,085	+16.0%
	Others	1,416	622	△56.0%
	<b>TOTAL</b>	<b>44,738</b>	<b>42,152</b>	<b>△5.8%</b>

# I. Global Business Overview

## Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		TOTAL	
	18/3 2Q	<b>19/3 2Q</b>	18/3 2Q	<b>19/3 2Q</b>	18/3 2Q	<b>19/3 2Q</b>	18/3 2Q	<b>19/3 2Q</b>	18/3 2Q	<b>19/3 2Q</b>
Sales	40,615	<b>28,386</b>	4,045	<b>3,044</b>	2,383	<b>3,175</b>	305	<b>249</b>	47,350	<b>34,855</b>
Operating Income	5,448	<b>3,354</b>	394	<b>490</b>	137	<b>△344</b>	△9	<b>△13</b>	5,970	<b>3,487</b>

Please note 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

(Units in millions of Yen)

	Apr–Sep 2017		Apr–Sep 2018	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL related business	13,528	12,781	<b>295</b>	<b>4,931</b>
Electric vehicle related business	1,663	4,429	<b>4,276</b>	<b>1,617</b>

- Organic EL related business

The sales of organic EL related business accounted for about 34% of its total semiconductor sales, which was the decrease of 61% over the previous year. The incoming orders was decreased by 98% over the previous year.

- Electric Vehicle related business

The sales of EV related business accounted for 13% of its total automobile sales, which was the decrease of 63% over the previous year. The incoming orders was increased by 57% over the previous year.

# I. Topics – Client Accolades

## Client Accolades 1

Hirata is honored to announce that we received the best partner award from CanonTokki Corporation in October. This marks the second time for the second consecutive year. They highly evaluated Hirata's technical and manufacturing capabilities on producing vacuum deposition equipment, which is the heart of production equipment used for organic EL panel.

Hirata aims to provide products with higher credibility to our customers now and forever.



**Hirata's CEO Yuichiro Hirata received a plaque  
from Chairman and CEO Teruhisa Tsugami,  
Canon Tokki Corporation**

# I. Topics – Client Accolades

## Client Accolades 2

Hirata Engineering (Thailand) Co., Ltd. (hereinafter “HET”), one of Hirata’s subsidiaries in Thailand, received FY2017 regional best performance award from JATCO (Thailand) Co., Ltd. (hereinafter “JTL”).

HET is highly evaluated in its technical strength and capabilities to cope with projects including price for continuously variable transmission processing equipment HET ordered from JTL.



**HET’s managing director Mitsuru Mori(left) received a plaque.**



## II Market Trend and Forecast for FYE March 2019

The six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)

**Hirata**



## II. Forecasts for FYE March 2019: Earnings Forecast

Hirata announced the revised sales estimate on November 13, 2018.

(Units in millions of Yen)

	FY2018/3 (Actual)	The figures announced on 2018/5/10 FY2019/3(Forecast)	The figures announced on 2018/11/13 <b>FY2019/3(Forecast)</b>
<b>Sales</b>	94,163	95,000	<b>83,000</b>
Automotive	34,955	40,000	<b>35,000</b>
Semiconductor	37,338	30,000	<b>27,000</b>
Home appliances & others	17,569	22,000	<b>19,000</b>
Others	4,299	3,000	<b>2,000</b>
Operating Income (margin)	9,371 (10.0%)	6,500 (6.8%)	<b>5,200 (6.3%)</b>
Ordinary Income (margin)	9,247 (9.8%)	6,400 (6.7%)	<b>5,300 (6.4%)</b>
Profit attributable to owners of the parent company (margin)	6,666 (7.1%)	4,400 (4.6%)	<b>3,800 (4.6%)</b>

### 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 will decrease. Hirata projects business of IoT and silicon wafer transfer equipment for self-driving technology will grow.
- Hirata structures its production system more efficiently, strengthens its revenue base, and participates into growing markets aggressively.

## II. Forecasts for FYE March 2019: Amendment of dividend Forecast

### Dividends and dividend ratio per share

	FYE Mar 2015	FYE Mar 2016	FYE Mar 2017	FYE Mar 2018	FYE Mar 2019 (Estimate)
Dividends per share (JPY)	15.00	30.00	100.00	<b>125.00</b> Including memorial dividend of 25.00	<b>125.00</b>
Dividend ratio (%)	16.4	17.5	16.0	<b>19.5</b>	<b>35.0</b>

Note : Dividend ratio is not on a consolidated basis.

### 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.

Hirata plans to distribute JPY125.00, which is the same as the last year, for the fiscal year ending March 31, 2019.

## II. Forecasts for FYE March 2019: Business Environment

### Automotive related business

Emerging countries, which have influence on the number of the automobile global sales, lead automobile market but it is predicted that the growing rate will drop. The domestic market stays flat. The market is during a period of change which creates new business fields for technical evolution such as electroactuation, information and intelligence area. For electric vehicle, you work actively to find solution for infrastructure and battery life. Some business investments such as an auto manufacturer in U.S. for fuel-cell vehicles were postponed and Hirata's sales decreased.

### Semiconductor related business

You see a growth slowdown in memory market and organic EL for display in semiconductor related market. On the other hand, demands for automobiles and industry are expanding. Hirata was significantly affected by delayed schedule of smartphones with organic EL sales plan and turned out to be decreased sales and profit. We expect the market will expand again with the potential for growth of organic EL.

### Home appliances and other facilities business

One of Hirata's primary customers is a home appliances marker with high-performing products. Their investments have calmed down. Hirata works harder to receive continuation orders from them next time around. Besides, Hirata expects orders for tire related business.

# III. Reference Data

The six-month period ended September 30, 2018 (April 1, 2018 - September 30, 2018)

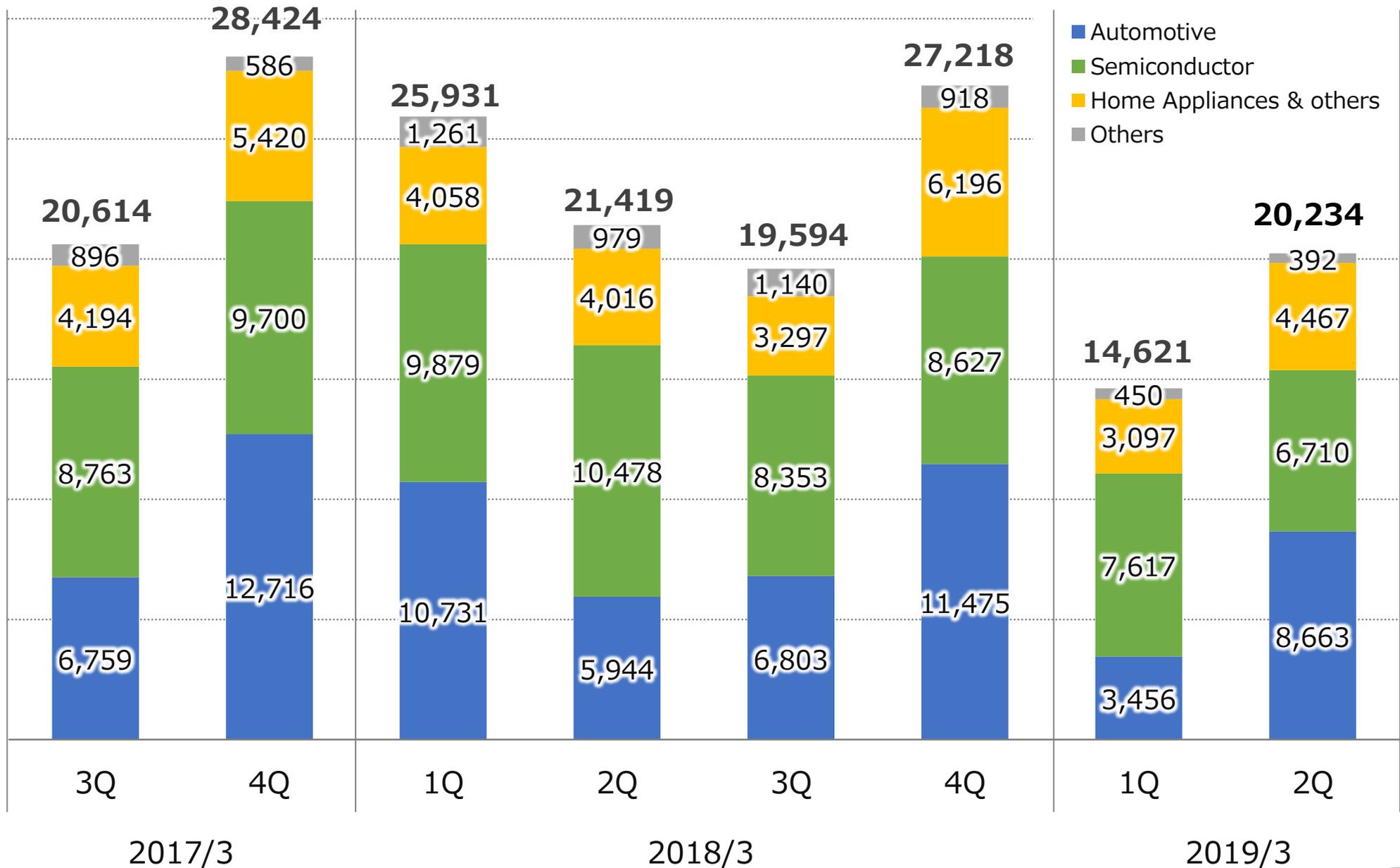
**Hirata**



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

#### Sales by Business Unit

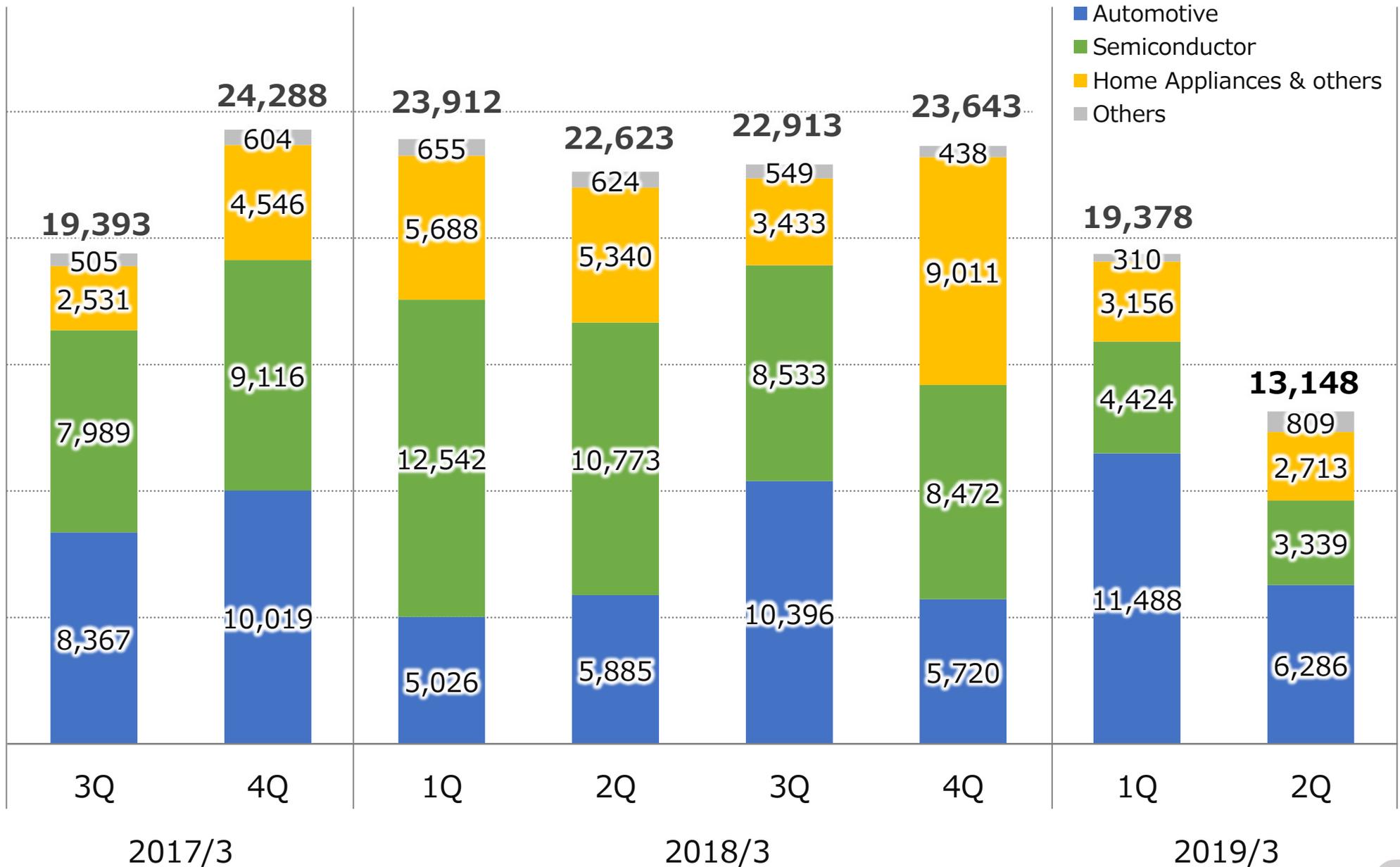
(Units in millions of Yen)



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

#### Received Orders by Business Unit

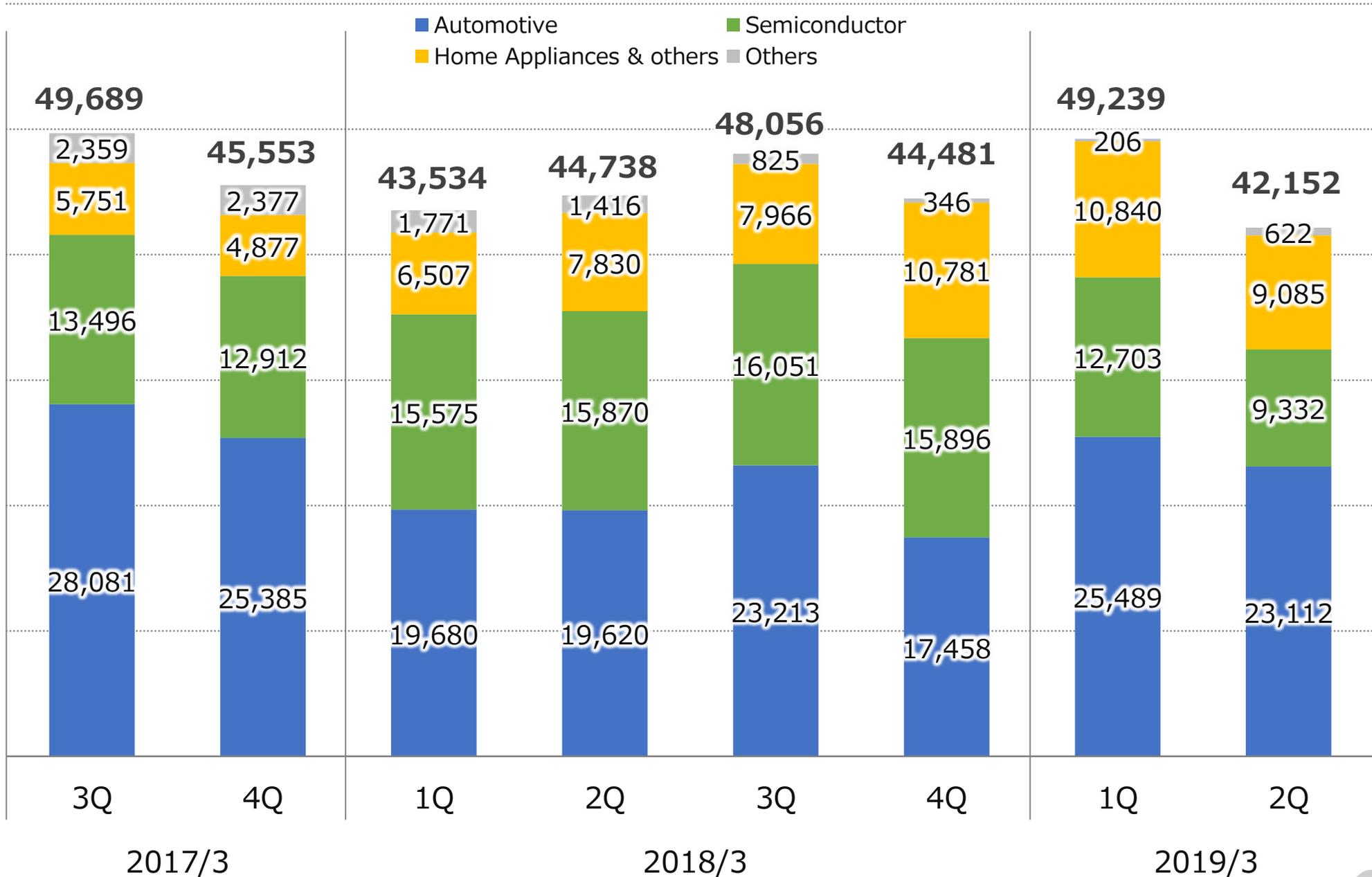
(Units in millions of Yen)



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

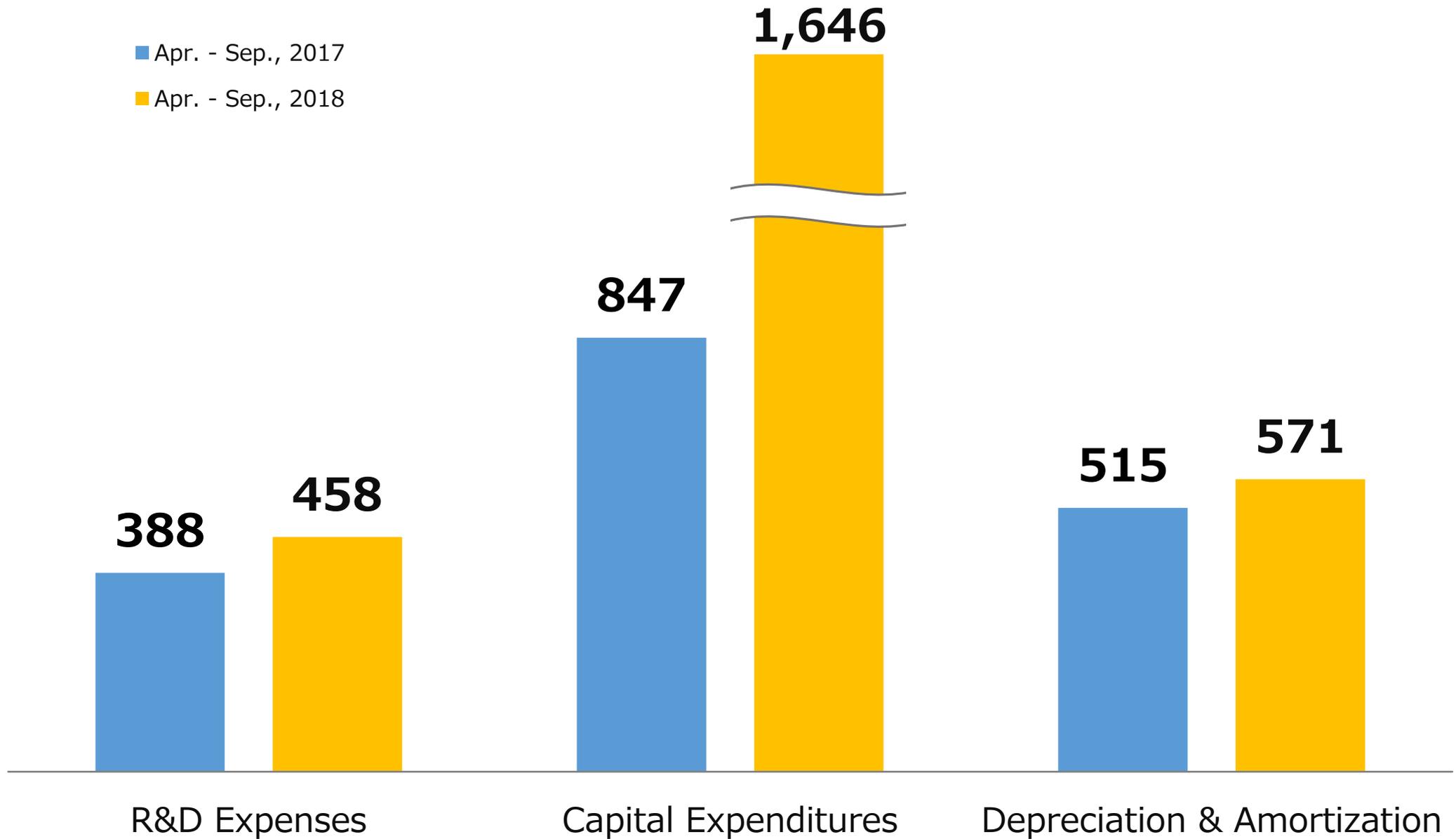
#### Outstanding Orders by Business Unit

(Units in millions of Yen)



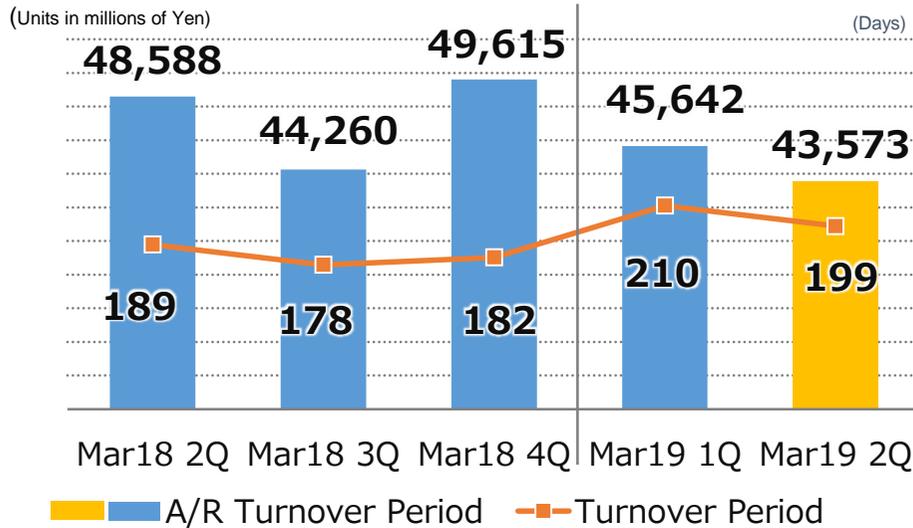
### III. R&D, CAPEX, Depreciation and Amortization

(Units in millions of Yen)

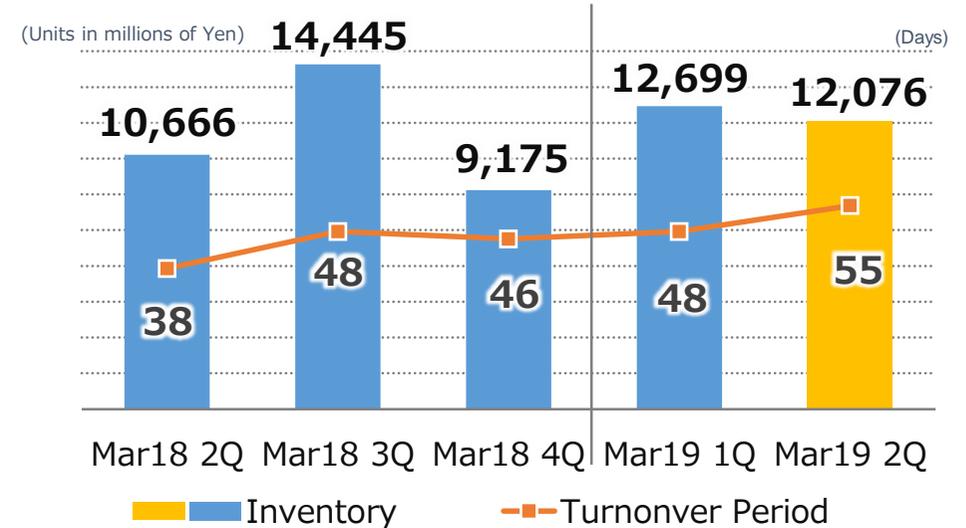


### III. Key Financial KPIs/Indicators

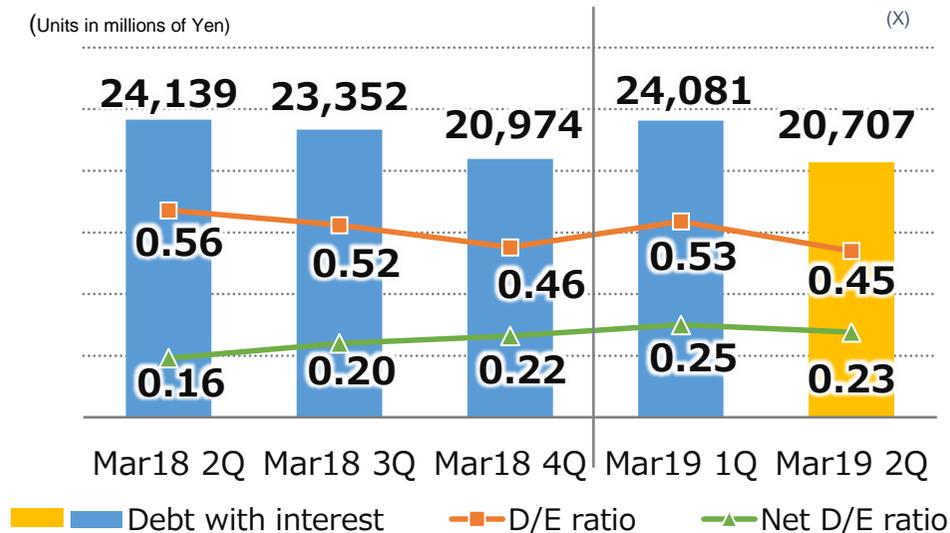
#### Account Receivables/Turnover period



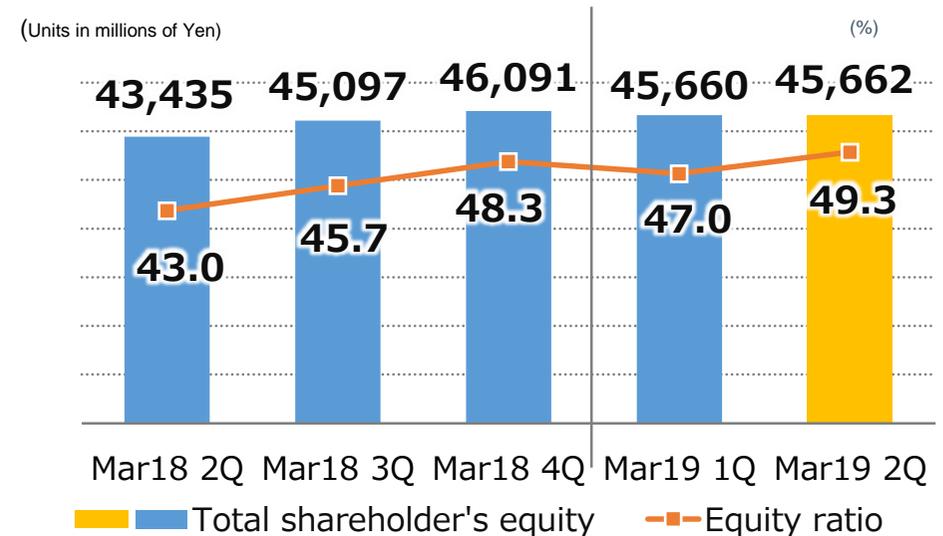
#### Inventory/Turnover period



#### 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.

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.