

Hirata

The Global Production Engineering Company

Quarterly Financial Results for the Three-month Period Ended June 30, 2019

Hirata Corporation



I. Financial Results and Outlook

The three-month period ended June 30, 2019 (April 1, 2019 - June 30, 2019)

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I. Summary of Financial Results

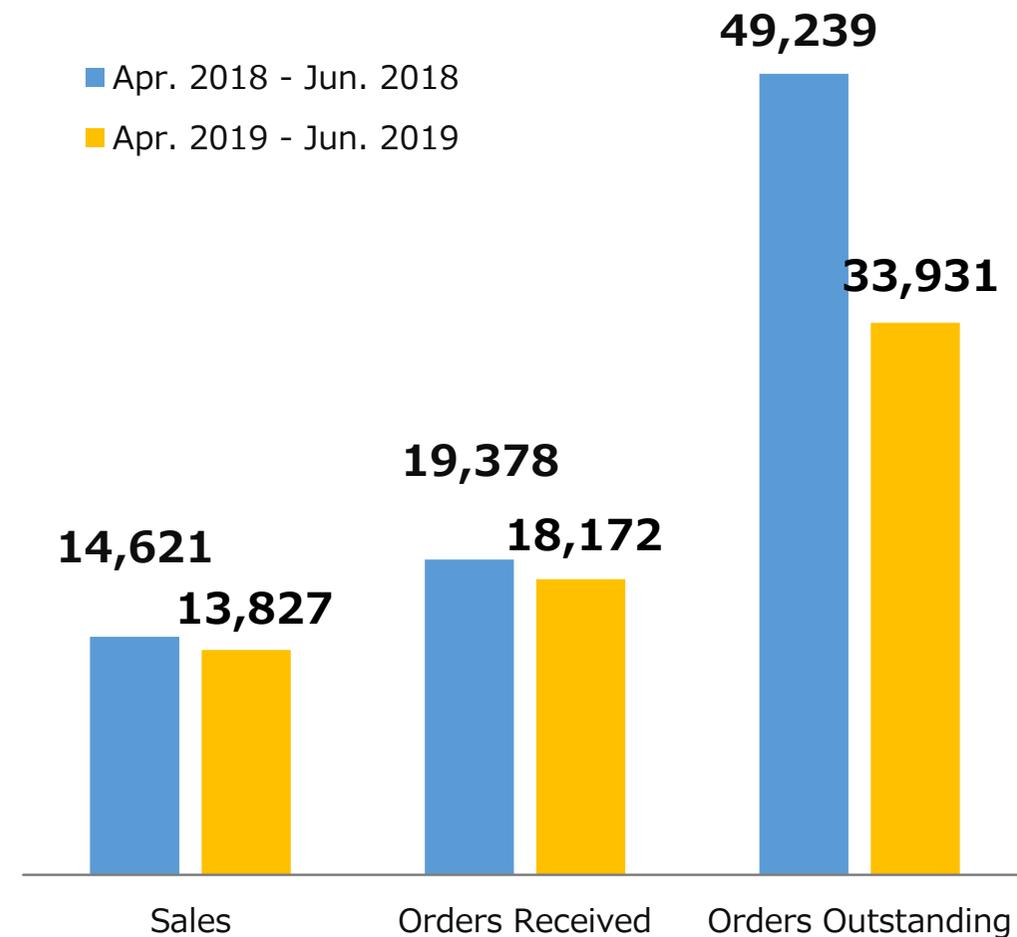
Overview

The sales of automotive related business went well. On the other hand, corporate capital expenditure for semiconductor memory and organic EL display has been slow for a long time and our sales of semiconductor related business also slowed down. In consequence, the sales and profit decreased.

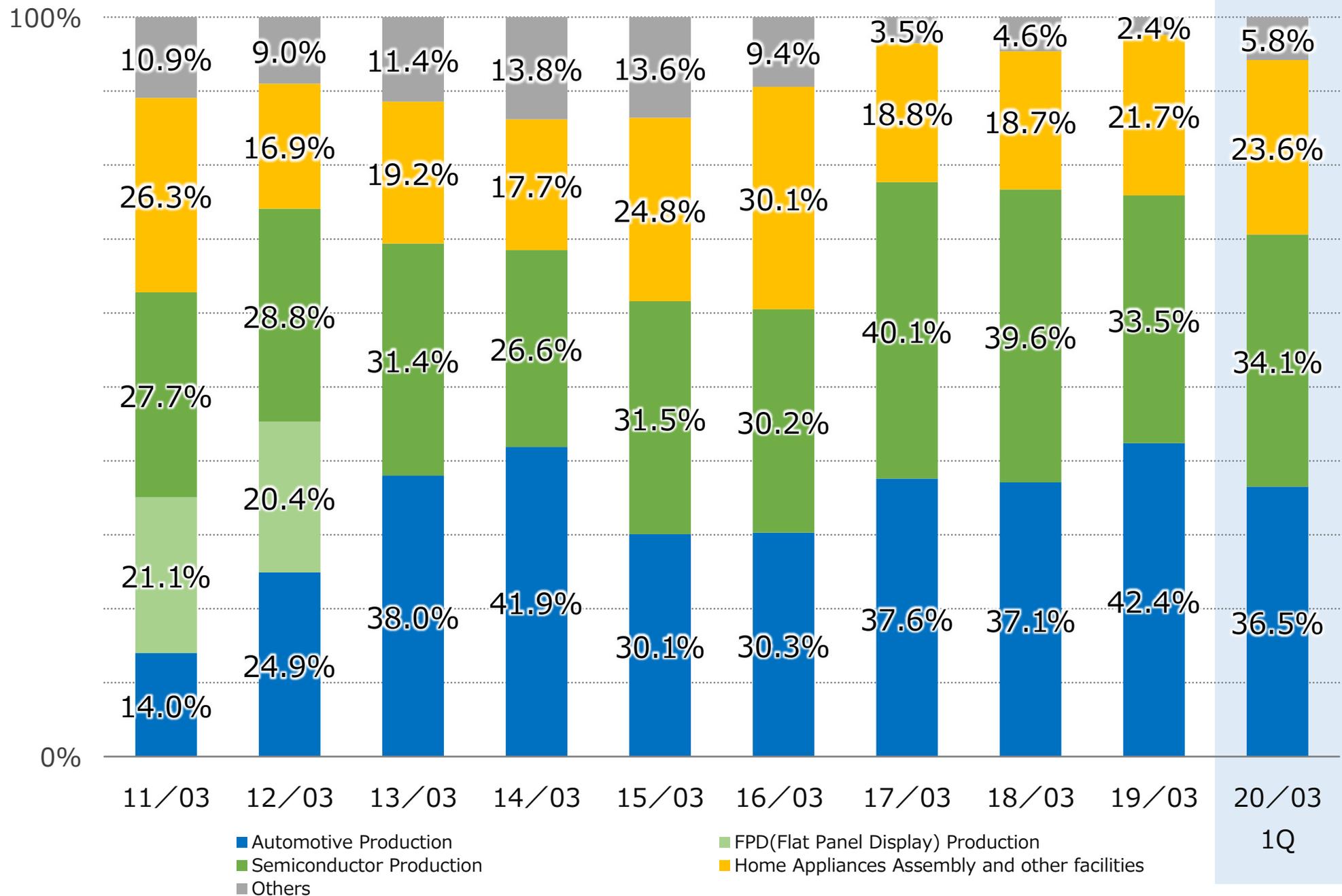
(Units in millions of Yen)

	Apr. 2018 – Jun. 2018 (Actual)	Apr. 2019 – Jun. 2019 (Actual)	YoY Change
Sales	14,621	13,827	△5.4%
Operating Income	1,471	593	△59.6%
Ordinary Income	1,691	627	△62.9%
Profit attributable to owners of the parent company	1,123	430	△61.7%

(Units in millions of Yen)

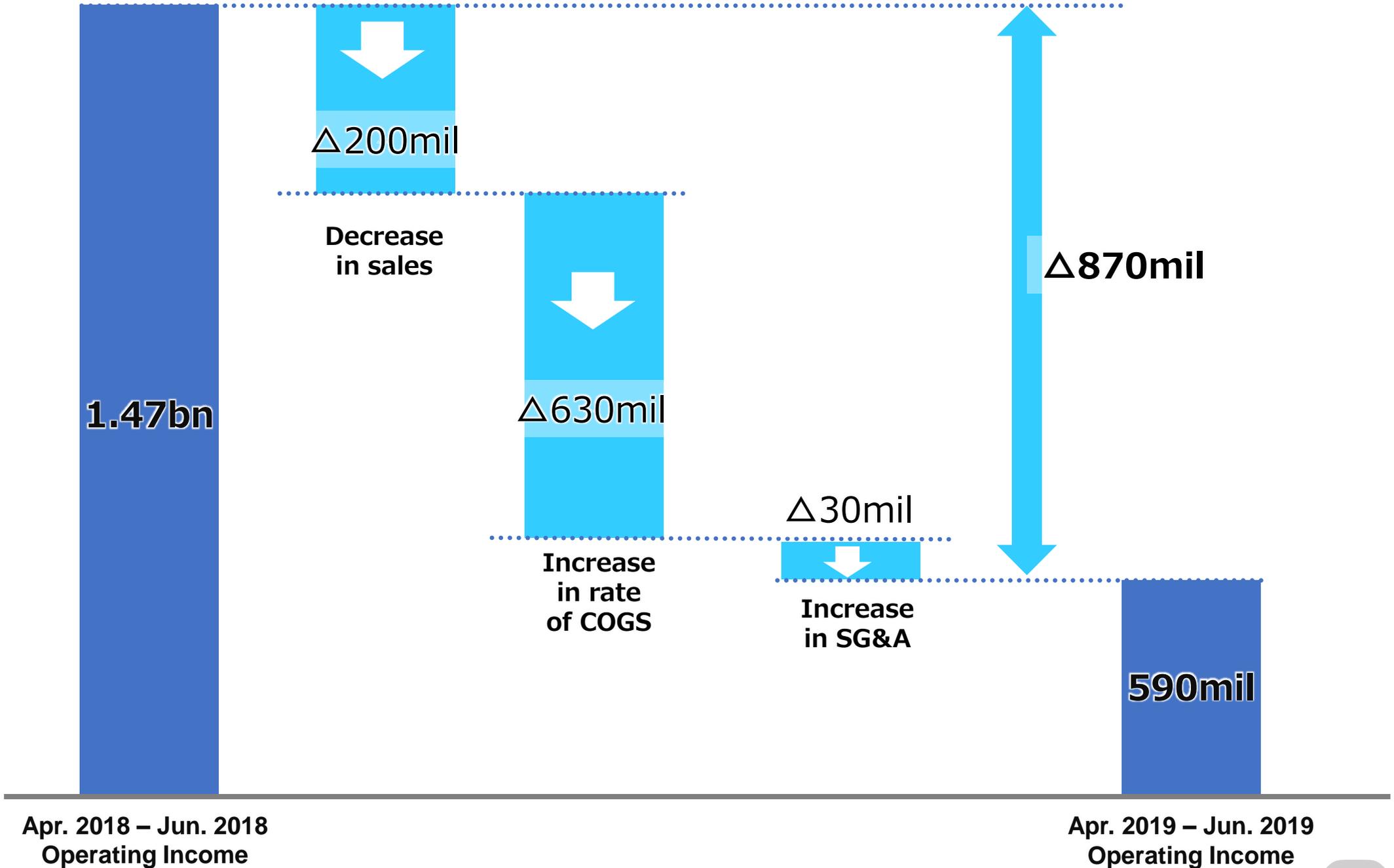


I. Breakdown of Sales by Business Unit



*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)

Asset	Apr. 2018 - Mar. 2019	Apr. 2019 - Jun. 2019	YoY Change
Current Assets	64,321	58,005	△6,316
Fixed Assets	26,252	26,199	△52
Tangible Fixed Assets	20,336	20,175	△161
Intangible Fixed Assets	676	634	△42
Investments and other assets	5,238	5,390	+151
Total Assets	90,573	84,204	△6,368

Liabilities	Apr. 2018 - Mar. 2019	Apr. 2019 - Jun. 2019	YoY Change
Current Liabilities	36,718	31,748	△4,969
Fixed Liabilities	7,244	6,650	△594
Total Liabilities	43,963	38,398	△5,564
Net Assets			
Total Net Assets	46,610	45,805	△804
Capital Ratio	50.9%	53.8%	+2.9Point

Main impact factors

Assets

Trade receivables	△5,972
Cash/deposit with banks	△1,285
Inventories	+940

Liabilities/Net Assets

Trade payables	△4,112
Debt with interest	△1,226
Accumulated earnings	△866

I. Assumed exchange rate, etc.

Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2019 to Jun. 30, 2019 (Actual rate)	From Jul. 1, 2019 (Applied assumption rate)
Exchange rate (against USD)	109.49	100.00

Transition of our stock prices

(Units in Yen)

Transition of our stock prices	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Mar. 31, 2020		
			April	May	June
High	14,720	10,580	8,030	7,530	6,440
Low	8,030	4,285	7,350	5,100	4,945
End of period	9,780	7,640	7,600	5,200	6,250

PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Jun. 30, 2019
PER (x)	15.26	17.33	— ※
PBR (x)	2.26	1.72	1.43
ROE (%)	18.18	10.06	— ※

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

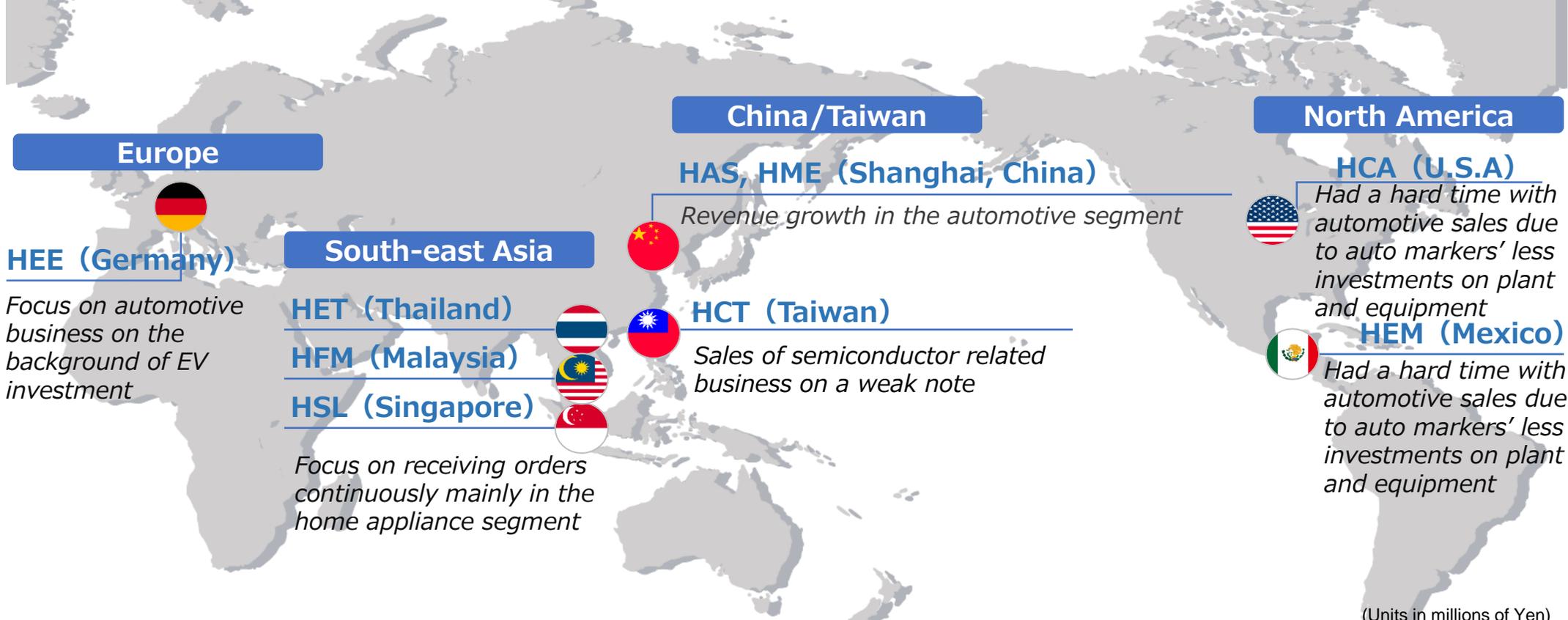
I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	Business Unit	Apr 2018 - Jun 2018	Apr 2019 - Jun 2019	YoY Change
Sales	Automotive	3,456	5,047	+46.0%
	Semiconductor	7,617	4,721	△38.0%
	Home appliances & others	3,097	3,258	+5.2%
	Others	450	800	+77.6%
	TOTAL	14,621	13,827	△5.4%
Orders Received	Automotive	11,488	6,657	△42.1%
	Semiconductor	4,424	8,452	+91.0%
	Home appliances & others	3,156	2,279	△27.8%
	Others	310	783	+152.5%
	TOTAL	19,378	18,172	△6.2%
Orders Outstanding	Automotive	25,489	16,360	△35.8%
	Semiconductor	12,703	11,830	△6.9%
	Home appliances & others	10,840	5,142	△52.6%
	Others	206	597	+189.9%
	TOTAL	49,239	33,931	△31.1%

I. Global Business Overview

Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		TOTAL	
	19/3 1Q	20/3 1Q	19/3 1Q	20/3 1Q	19/3 1Q	20/3 1Q	19/3 1Q	20/3 1Q	19/3 1Q	20/3 1Q
Sales	12,387	11,024	1,162	1,819	942	798	128	185	14,621	13,827
Operating Income	1,378	193	44	613	63	△168	△20	△21	1,466	616

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

I. Business update on Organic EL/EV businesses

Business update on Organic EL/EV businesses

(Units in millions of Yen)

	Apr. 2018 – Jun. 2018		Apr. 2019 – Jun. 2019	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL-related business	222	3,152	4,759	1,096
Electric vehicle related business	4,131	623	1,876	677

- Organic EL related business

The sales of organic EL related business accounted for about 23% of its total semiconductor sales, which was the decrease of 65% over the previous year. The incoming orders increased at a great rate.

- Electric Vehicle related business

The sales of EV related business accounted for about 13% of its total automobile sales, which was the increase of 9% over the previous year. The incoming orders was decreased by 55% over the previous year.

II Market Trend and Forecast for FYE March 2020

The three-month period ended June 30, 2019 (April 1, 2019 - June 30, 2019)

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II. Forecasts for FYE March 2020: Earnings Forecast

Please note that there is no revision on our business forecasts.

(Units in millions of Yen)

	FY2019/3 (Actual)		FY2020/3 (Forecast)	
Sales	77,302		70,000	
Automotive	32,760		29,000	
Semiconductor	25,939		22,000	
Home Appliances & others	16,780		17,000	
Others	1,821		2,000	
Operating Income (margin)	6,249	(8.1%)	2,300	(3.3%)
Ordinary Income (margin)	6,306	(8.2%)	2,200	(3.1%)
Profit attributable to owners of the parent company (margin)	4,637	(6.0%)	1,400	(2.0%)

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

- We foresee both sales and profits would be lower than those of the previous year under the unclear situation of incoming orders environment.
- We make use of our global capabilities and the know-how we developed in order to exploit new market and customers which can be expected to grow besides the existing business domains. We also review our cost structure by introducing the latest processing machines for better production efficiency and investment for our new plant, and strengthen our revenue base even under an explosive market.

II. Forecasts for FYE March 2020: Business Environment

Automotive-related business

In terms of automobile sales, the US market remains flat and the China market slows down a bit. Under the situation, developing countries have been leading the global automobile sales. In Japan, consumers' incentive to purchase automobiles before consumption tax increase are expecting even though the domestic market is to slow down slightly. We received orders for electric vehicle related equipment especially from Japanese and European manufacturers in the last fiscal year. We work harder to expand our markets in global base continuously.

Semiconductor-related business

We see a slowdown in the semiconductor market and also a bearish condition in business investment for organic EL for display. We work harder to receive more orders for silicon wafer transfer related business against the backdrop of extensive investment for 5G and demand increase of in-car device.

Home appliances and other facilities business

We work closely with our clients, the high-performance home appliance producers, to ensure future orders for their next models' investments.

III. Reference Data

The three-month period ended June 30, 2019 (April 1, 2019 - June 30, 2019)

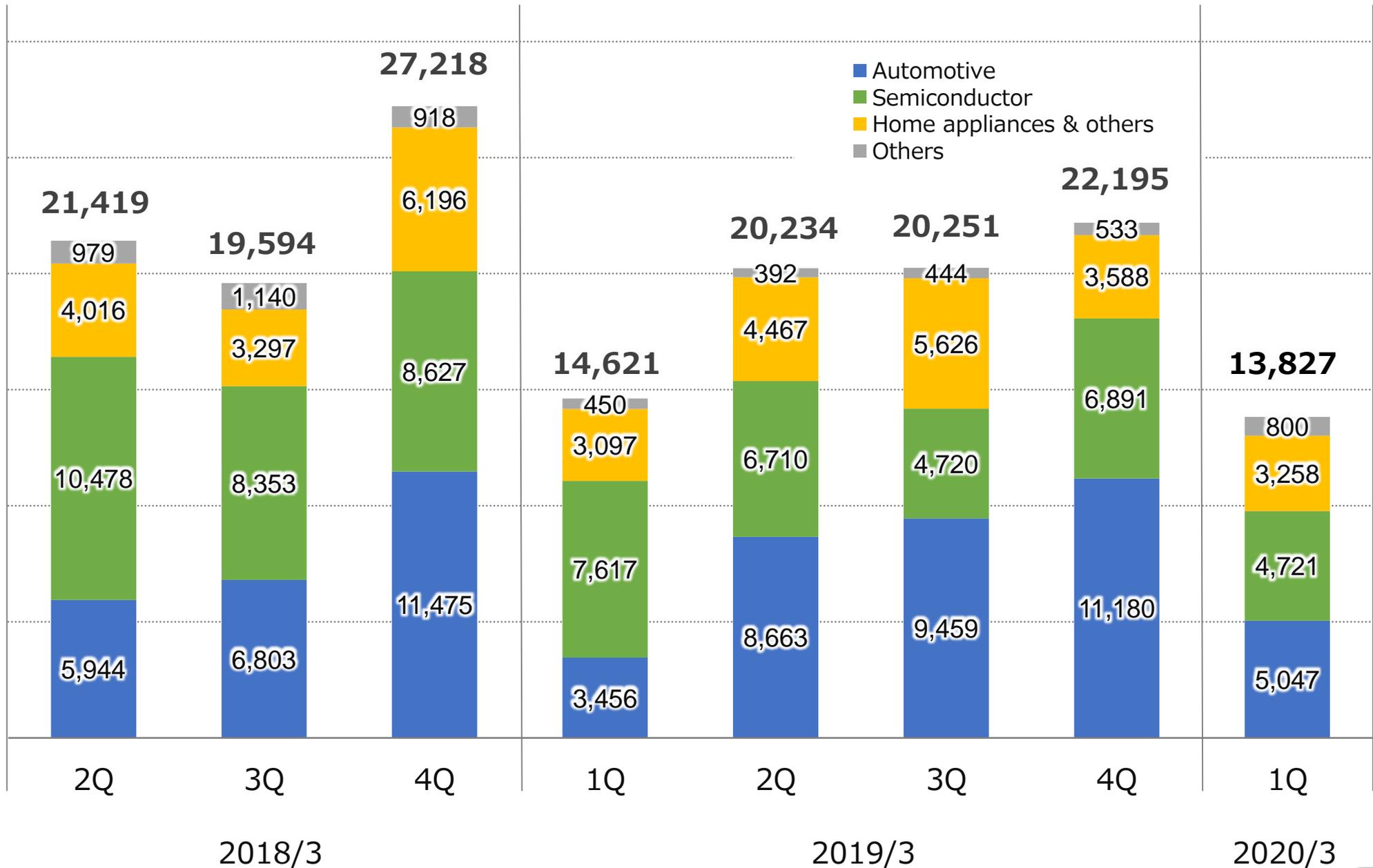
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III. Quarterly Trends of Sales by Business Unit

Sales by Business Unit

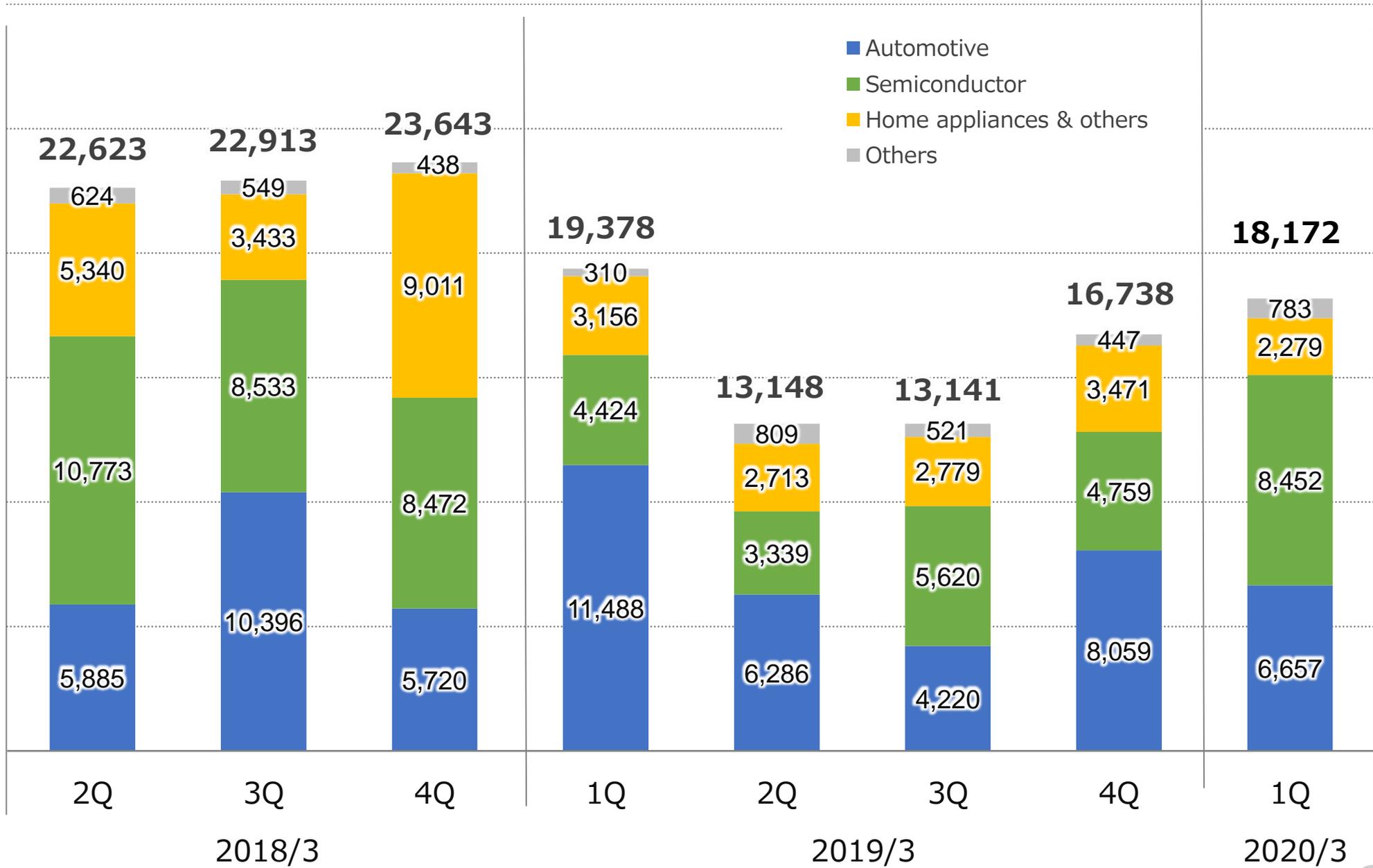
(Units in millions of Yen)



III. Quarterly Trends of Received Orders by Business Unit

Received Orders by Business Unit

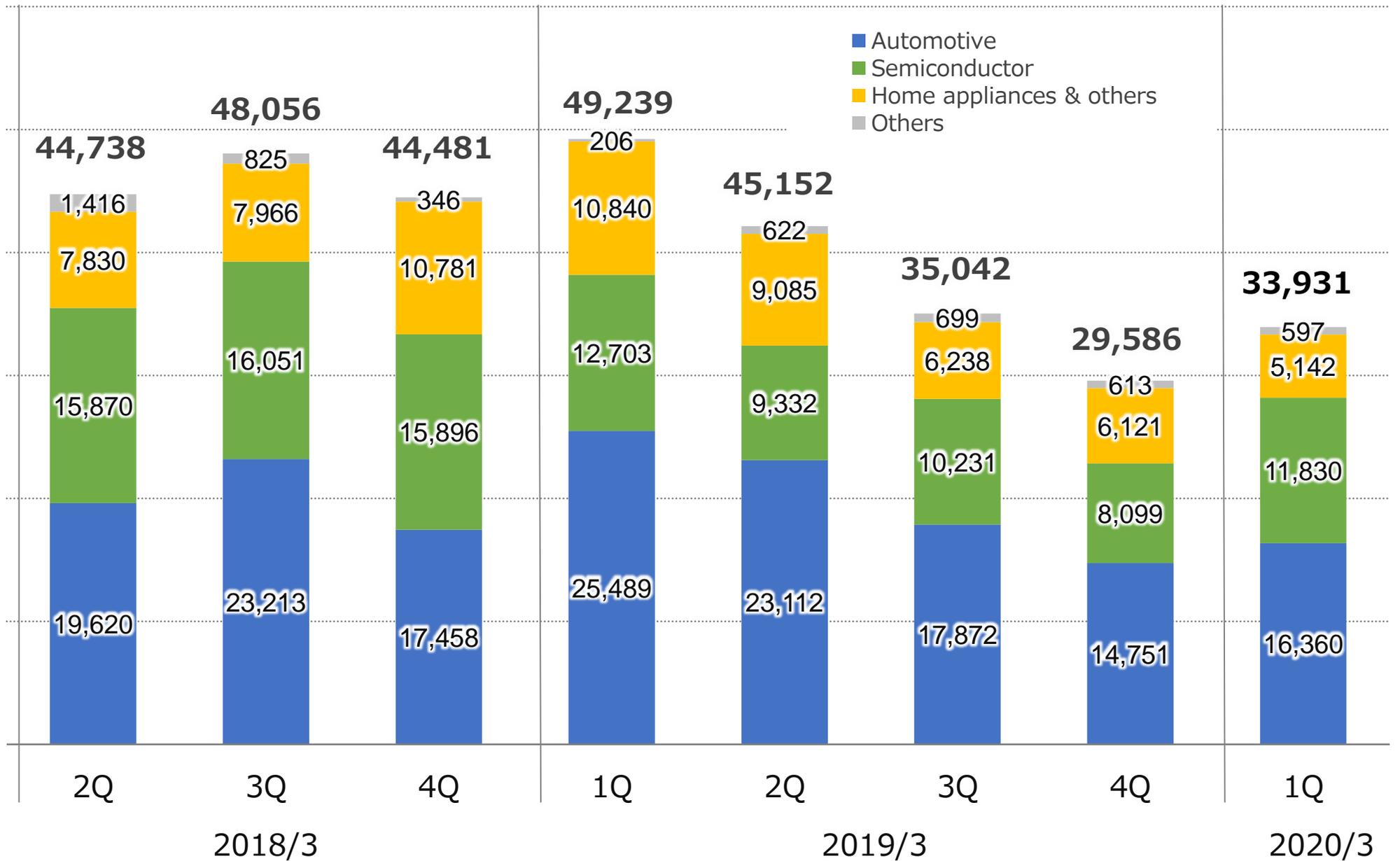
(Units in millions of Yen)



III. Quarterly Trends of Orders Outstanding by Business Unit

Outstanding Orders by Business Unit

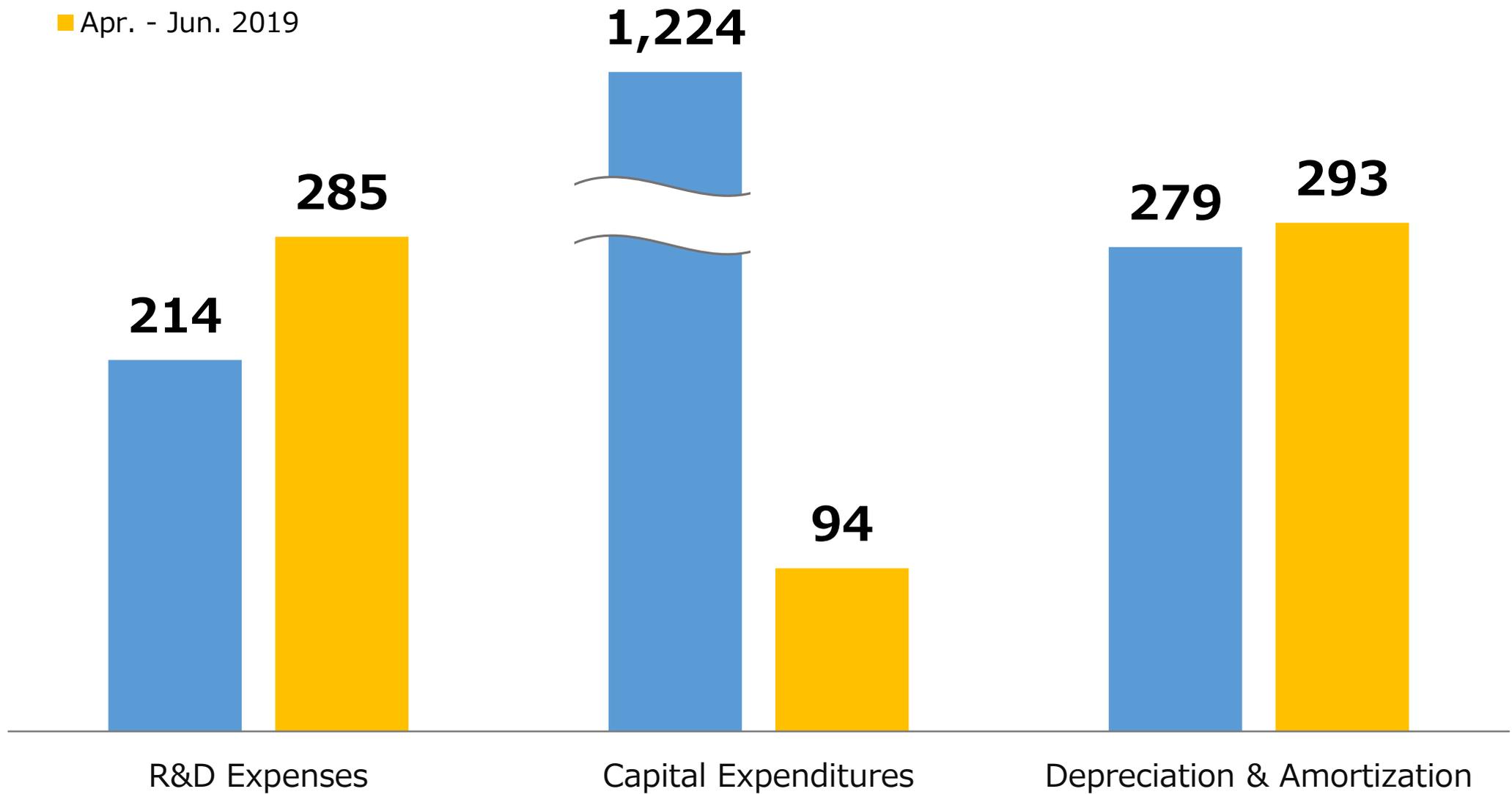
(Units in millions of Yen)



III. R&D, CAPEX, Depreciation and Amortization

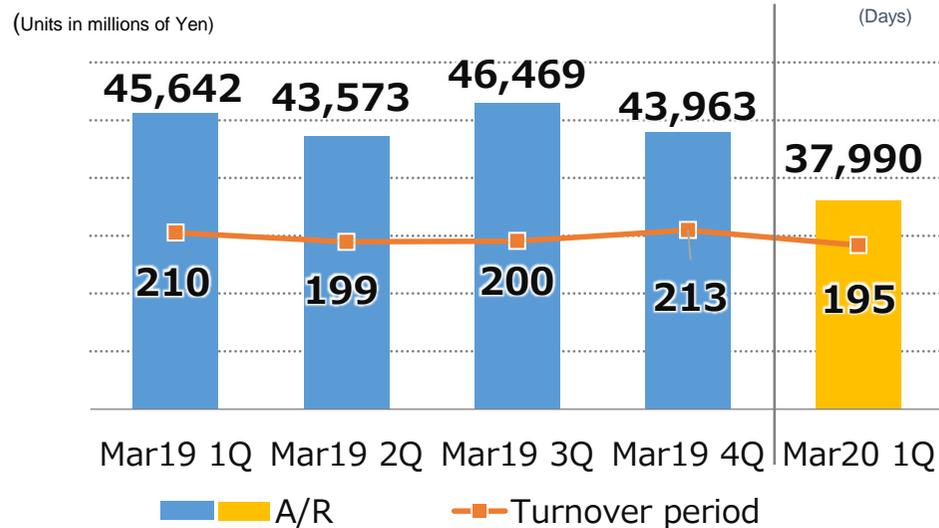
(Units in millions of Yen)

- Apr. - Jun. 2018
- Apr. - Jun. 2019

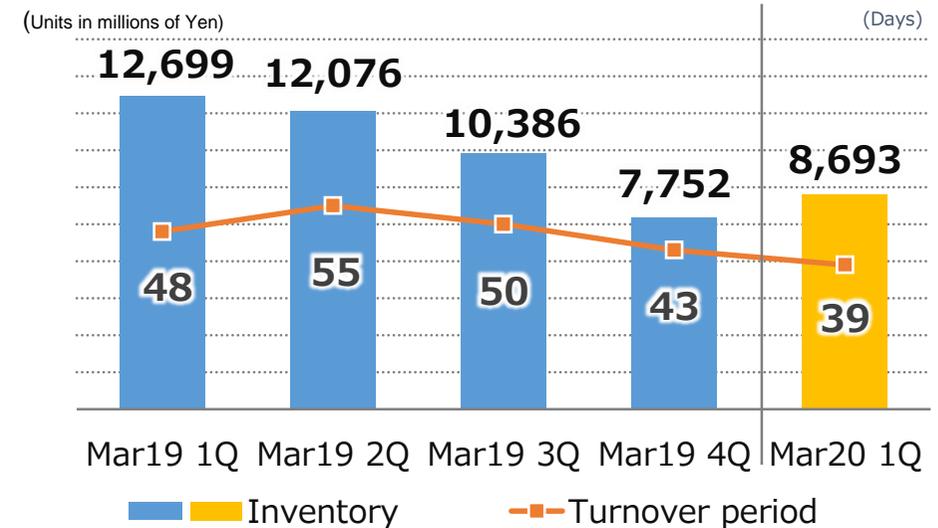


III. Key Financial KPIs/Indicators

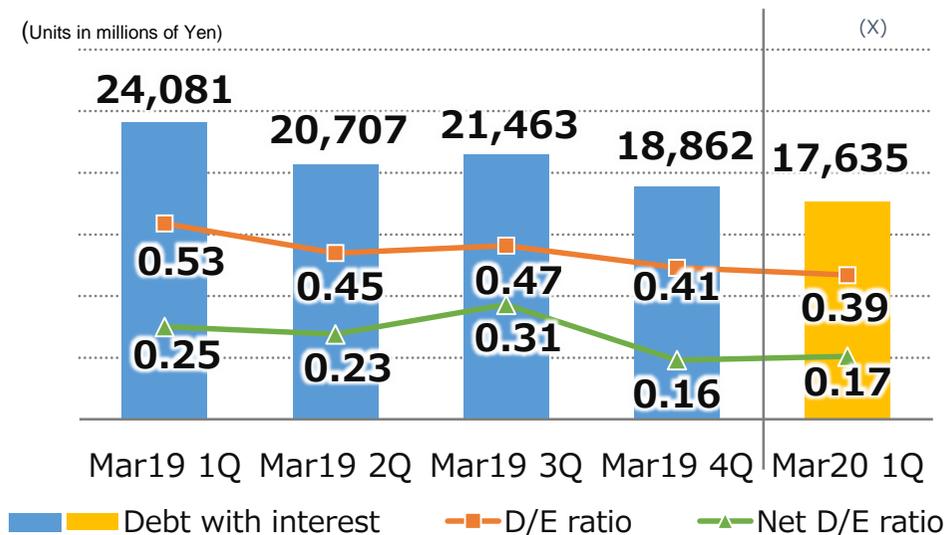
Account Receivables/Turnover period



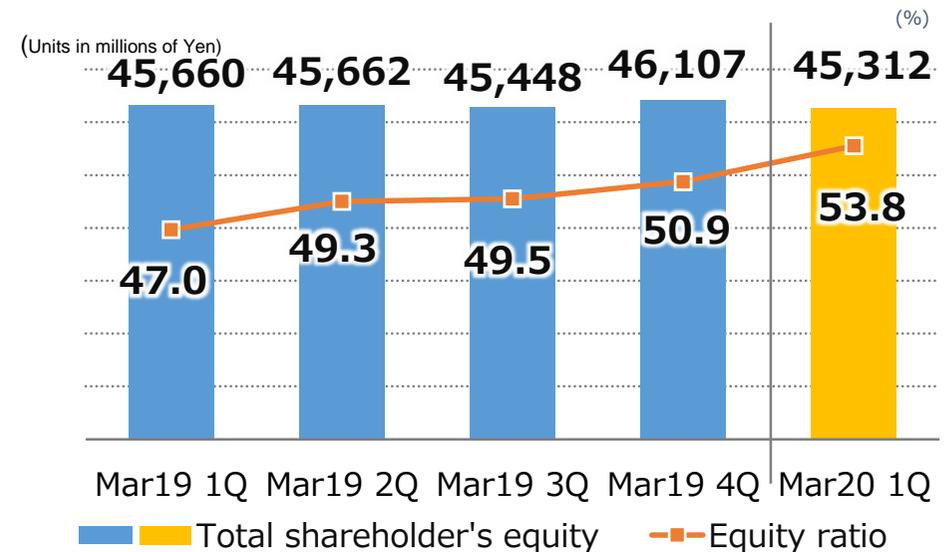
Inventory/Turnover period



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



Total shareholder's equity/Equity ratio



Please note that 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.