

Hirata

The Global Production Engineering Company

Quarterly Financial Results for the Six-month Period Ended September 30, 2019

Hirata Corporation



I. Financial Results and Outlook

The six-month period ended September 30, 2019 (April 1, 2019 - September 30, 2019)

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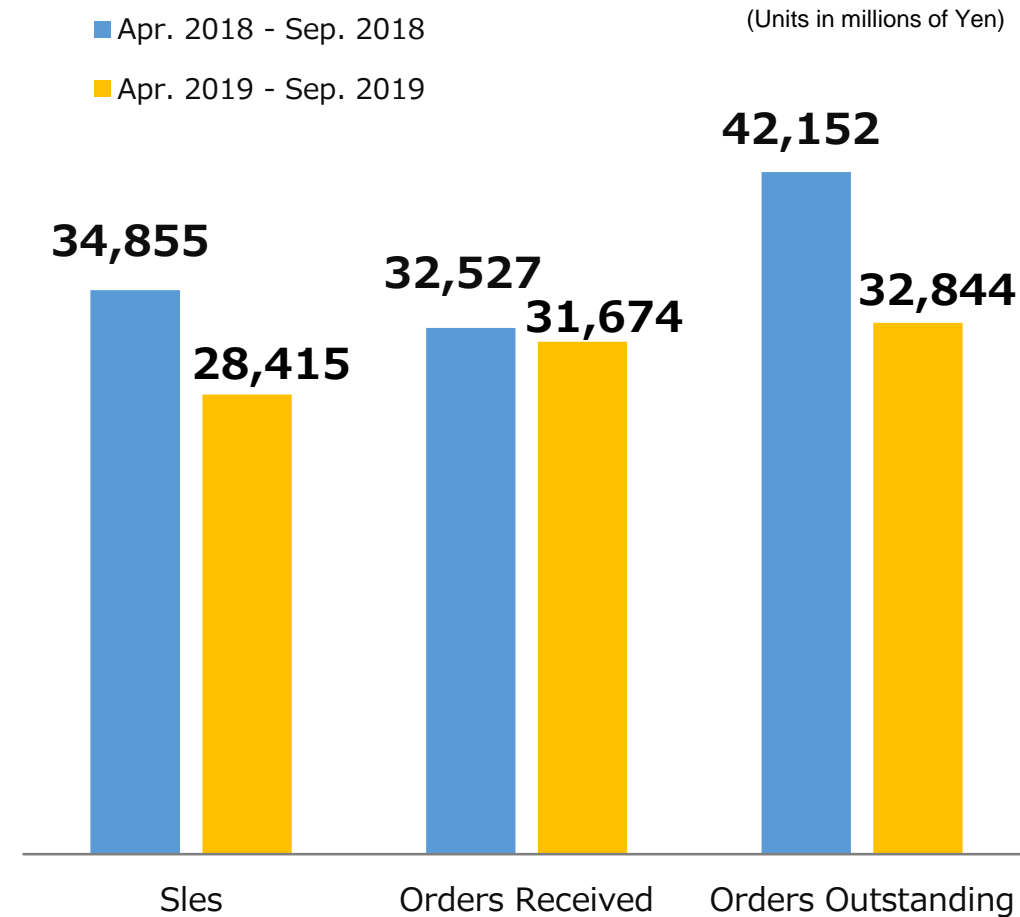
I. Summary of Financial Results

Overview

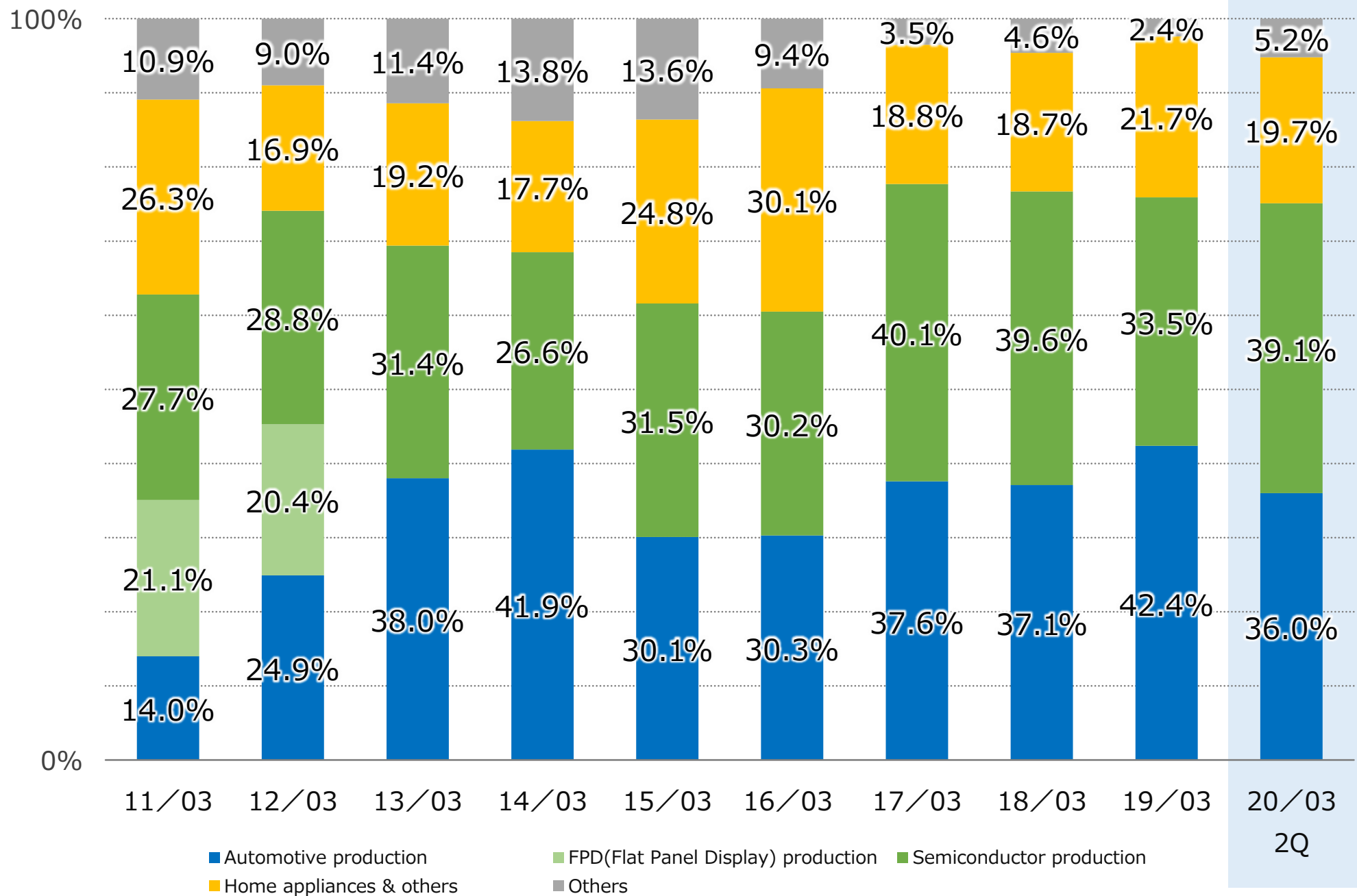
The downturn in the global economy led to our customers' small capital investments. Under the situation, our sales especially in automotive and semiconductor related business were below the same period last year. In consequence, the sales and profit decreased.

(Units in millions of Yen)

	Apr-Sep 2018	Apr-Sep 2019	YoY Change
Sales	34,855	28,415	△18.5%
Operating Income	3,525	1,104	△68.7%
Ordinary Income	3,723	1,250	△66.4%
Profit attributable to owners of the parent company	2,614	765	△70.7%

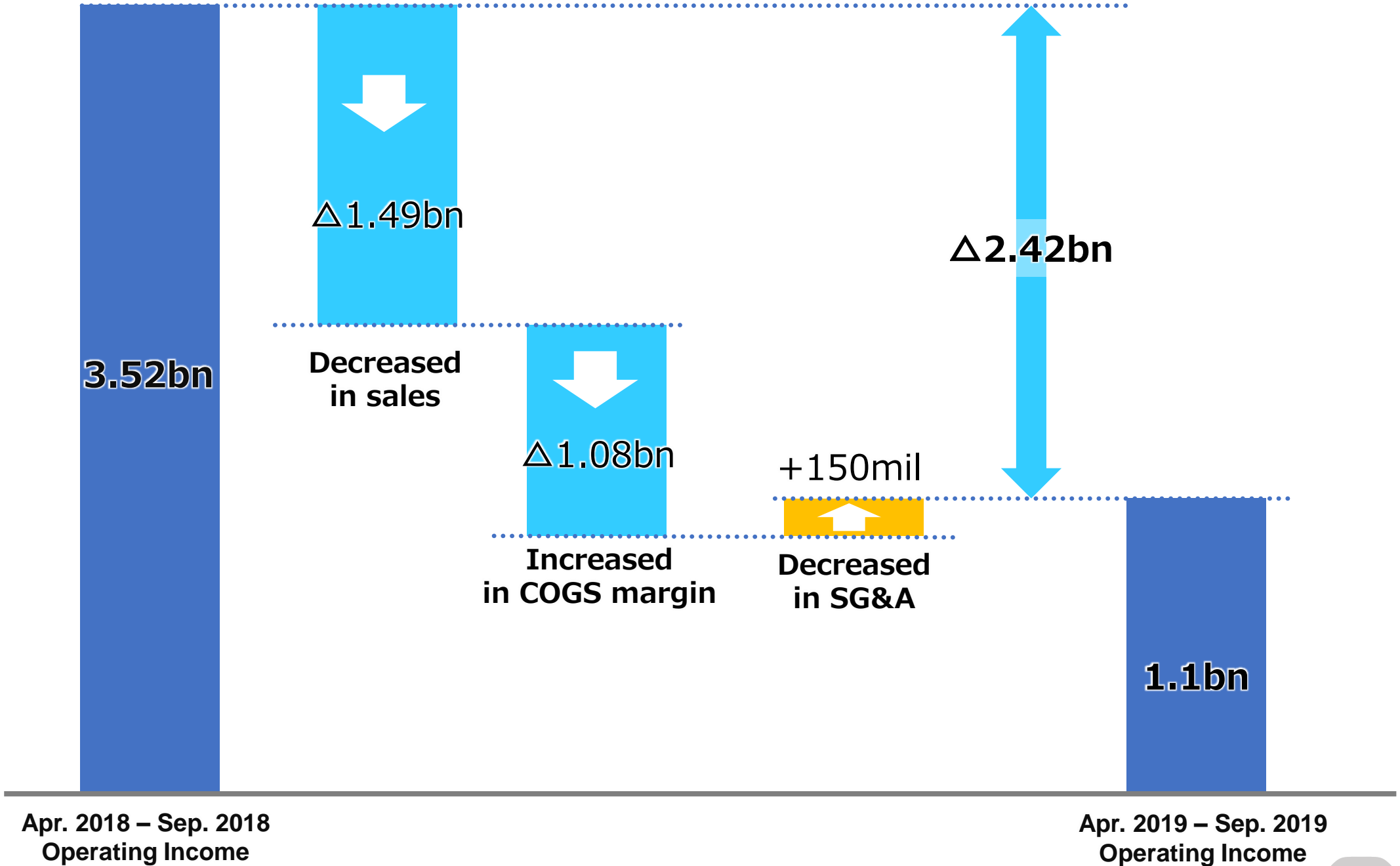


I. Breakdown of Sales by Business Unit



*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	Apr. 2018 - Mar. 2019	Apr. 2019 - Sep. 2019	YoY Change
Current Assets	64,321	55,247	△ 9,073
Fixed Assets	26,252	25,993	△ 259
Tangible Fixed Assets	20,336	20,009	△ 327
Intangible Fixed Assets	676	588	△ 88
Investments and other assets	5,238	5,395	+156
Total Assets	90,573	81,240	△ 9,333

Liabilities	Apr. 2018 - Mar. 2019	Apr. 2019 - Sep. 2019	YoY Change
Current Liabilities	36,718	25,031	△ 11,687
Fixed Liabilities	7,244	10,169	+2,924
Total Liabilities	43,963	35,200	△ 8,762
Net Assets			
Total Net Assets	46,610	46,040	△ 570
Capital Ratio	50.9%	56.0%	+5.1Point

Main impact factors

Assets

Trade receivables	△10,918
Inventories	+1,410
Retirement benefit assets	+428

Liabilities/Net Assets

Trade payables	△4,550
Debt with interest	△3,173
Advances received	+606

I. Assumed exchange rate, etc.

Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2019 to Sep. 30, 2019 (Actual rate)	From Oct. 1, 2019 (Applied assumption rate)
Exchange rate (against USD)	108.84	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		
			July	August	September
Highs	14,720	10,580	6,820	7,240	7,240
Lows	8,030	4,285	5,980	5,820	6,500
End of period	9,780	7,640	6,730	6,600	7,040

PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Sep. 30, 2019
PER (x)	15.26	17.33	— ※
PBR (x)	2.26	1.72	1.60
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.

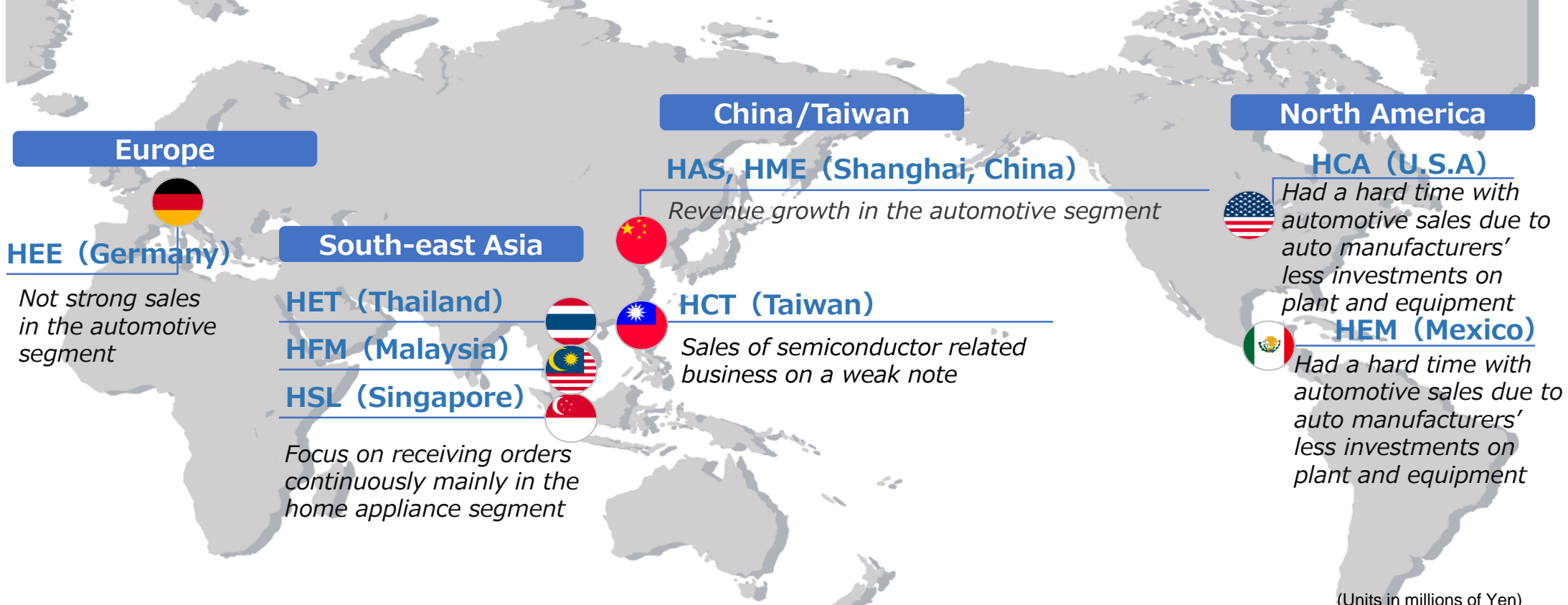
I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	Business unit	Apr 2018 – Sep 2018	Apr 2019 – Sep 2019	YoY Change
Sales	Automotive	12,120	10,224	△15.6%
	Semiconductor	14,327	11,102	△22.5%
	Home appliances & others	7,564	5,610	△25.8%
	Others	843	1,478	+75.3%
	TOTAL	34,855	28,415	△18.5%
Orders received	Automotive	17,774	11,232	△36.8%
	Semiconductor	7,763	13,323	+71.6%
	Home appliances & others	5,869	5,522	△5.9%
	Others	1,120	1,596	+42.5%
	TOTAL	32,527	31,674	△2.6%
Orders outstanding	Automotive	23,112	15,759	△31.8%
	Semiconductor	9,332	10,321	+10.6%
	Home appliances & others	9,085	6,032	△33.6%
	Others	622	731	+17.4%
	TOTAL	42,152	32,844	△22.1%

I. Global Business Overview

Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		TOTAL	
	19/3 2Q	20/3 2Q	19/3 2Q	20/3 2Q	19/3 2Q	20/3 2Q	19/3 2Q	20/3 2Q	19/3 2Q	20/3 2Q
Sales	28,386	23,348	3,044	3,075	3,175	1,781	249	210	34,855	28,415
Operating Income	3,354	1,052	490	668	△344	△ 467	△13	△ 83	3,487	1,170

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-Sep 2018		Apr-Sep 2019	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL related business	295	4,931	6,179	3,793
Electric vehicle related business	4,276	1,617	684	1,048

- 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 23% 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 10% of its total automobile sales, which was the decrease of 35% over the previous year. The incoming orders were decreased by 84% over the previous year.

The reason why the amount of orders received decreased compared with that of the first quarter is a customer cancelled its order due to a plan change in their plant. The total amount of orders received, however, remains the same because of orders increased in other businesses.

I. Topics – Client Accolades

– Client accolade

Hirata is honored to announce that we received a regional special award from JATCO Ltd on July 17, 2019. Hirata manufactured and sold a transmission assembly system to JATCO. We proposed and incorporated our design concept called ACS(Assembly Cell System) into this assembly system and JATCO authorized this concept as JSL(JATCO Standard Line). The system unified simply and efficiently with the ACS concept and it led to on-time delivery and quality early stabilization. JATCO honors parts manufacturers and equipment manufacturers for their good development, quality improvement and manufacturing every year. JATCO selected 37 manufacturers for four categories and Hirata was chosen as one of them this year.



This is the plaque Hirata received

I. Topics – Participation in exhibition

– Participation in China International Industry Fair 2019

Hirata's robotics department, and HAS and HEM which are Hirata's subsidiaries in China jointly with a domestic distributor participated in the China International Industry Fair 2019 held in Shanghai, September 17 through 21. There were 2,610 exhibitors and 182,000 visitors. Hirata exhibited a demonstration device consisting of 6 stations including our new design robots. 1,600 visitors, which were over our expectations, came to our booth. Hirata works harder to explore new business opportunities and bring in new customers.



Hirata booth with lots of visitors

II Market Trend and Forecast for FYE March 2020

The six-month period ended September 30, 2019 (April 1, 2019 - September 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 a changing market.

II. Forecasts for FYE March 2020: Dividend Forecast

Dividends and dividend ratio per share

	FYE Mar 2016	FYE Mar 2017	FYE Mar 2018	FYE Mar 2019	FYE Mar 2020 (Estimate)
Dividends per share (JPY)	30.00	100.00	125.00 Including memorial dividend of 25.00	125.00	40.00
Dividend ratio (%)	17.5	16.0	19.5	28.4	30.1

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 JPY40.00 for the fiscal year ending March 31, 2020.

II. Forecasts for FYE March 2020: Business Environment

Automotive-related business

In terms of automobile sales, it is predicted that the US market remains flat and the Japan and China market slows down a bit. Under the situation, developing countries have been leading the global automobile sales. 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 continuously not only in North America and Japan, but also in Europe and China.

Semiconductor-related business

The semiconductor market remained at a low level even though the market for deposition system of organic EL for display was on a rising trend since the beginning of this term. It seems like the market is bottoming out with extensive investment for 5G and demand increase of in-car device. Moreover, we work harder to receive more orders for silicon wafer transfer related business.

Home appliances and other 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 six-month period ended September 30, 2019 (April 1, 2019 - September 30, 2019)

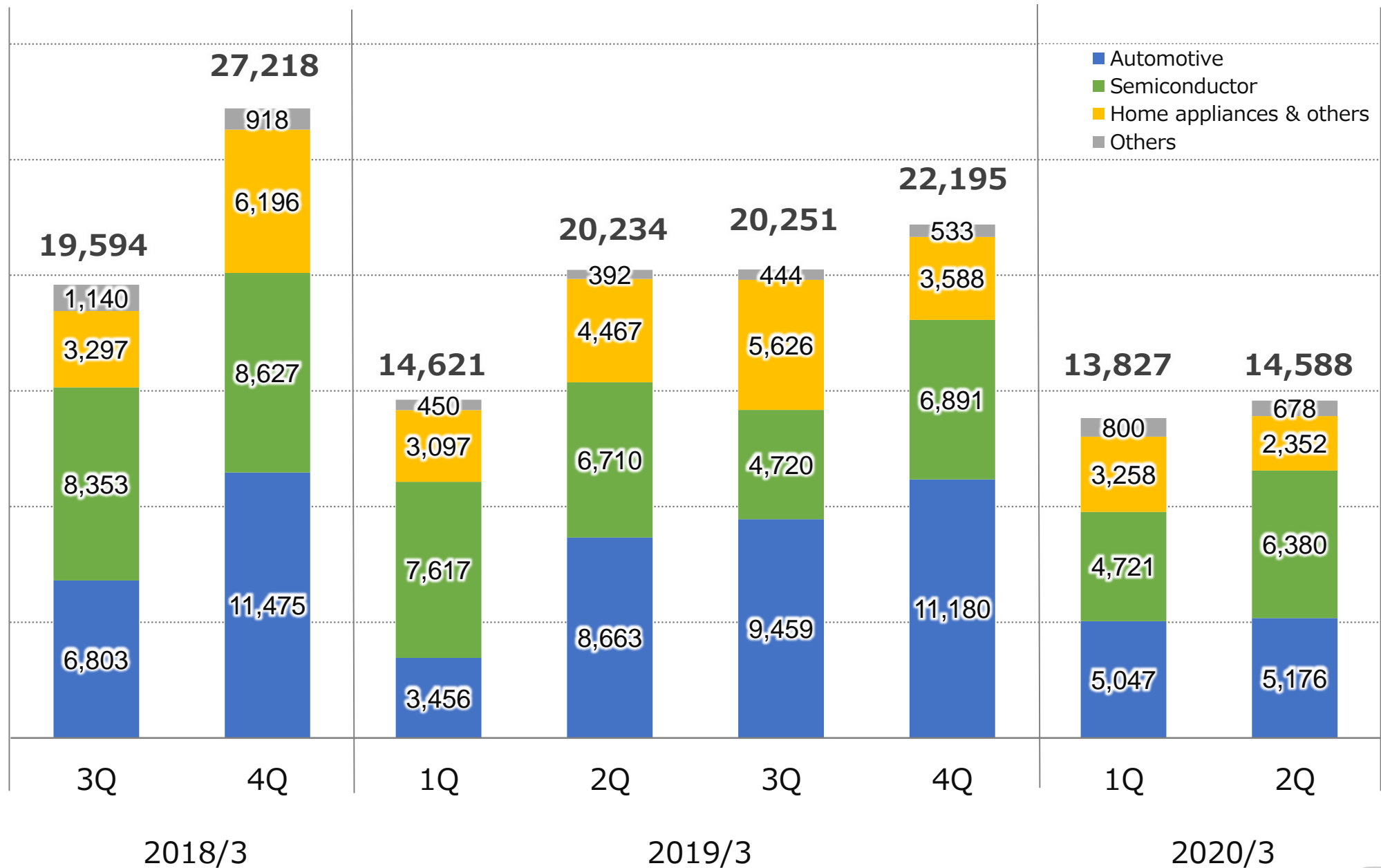
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III. Quarterly Trends of Sales by Business Unit

Sales by Business Unit

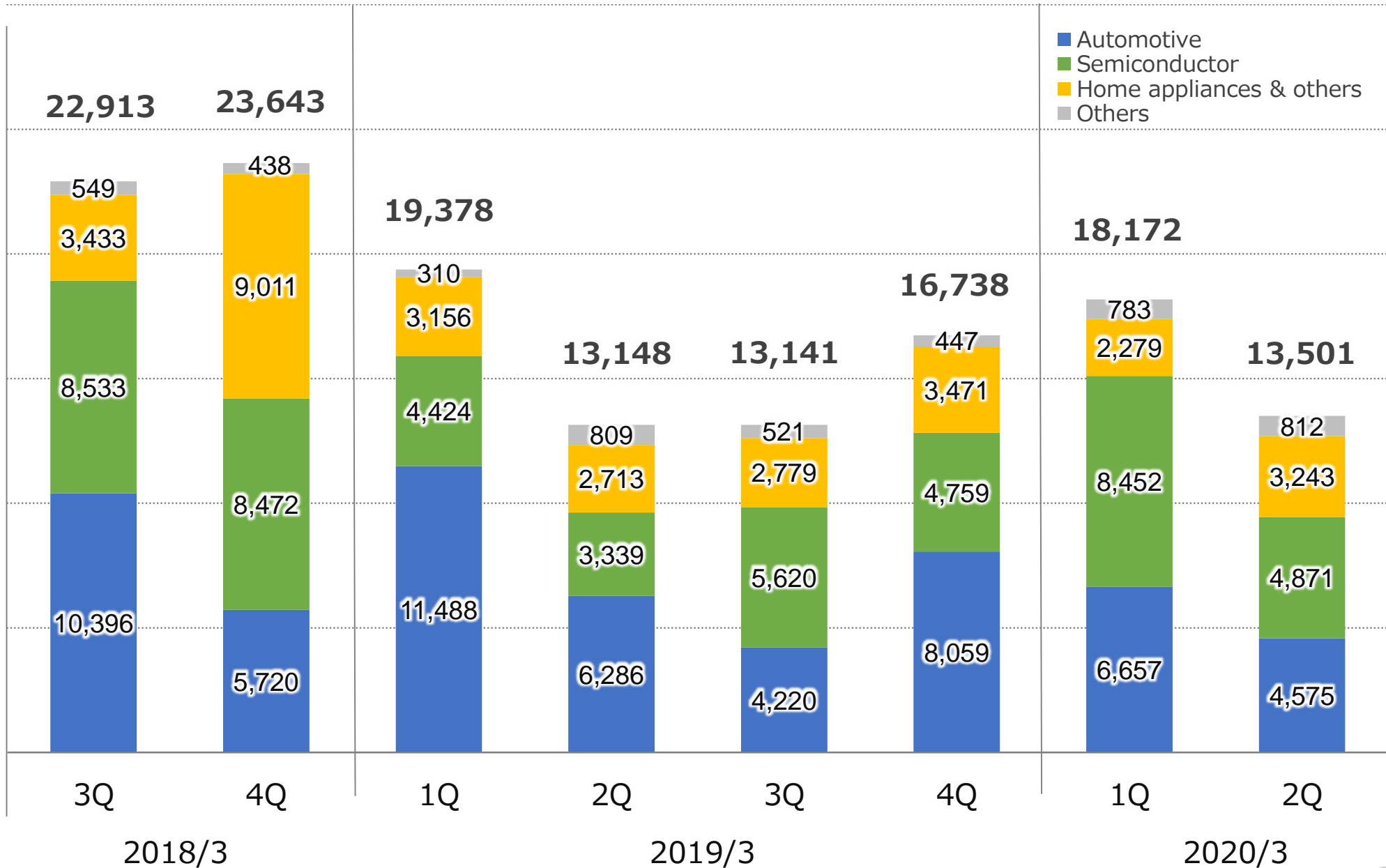
(Units in millions of Yen)



III. Quarterly Trends of Received Orders by Business Unit

Received Orders by Business Unit

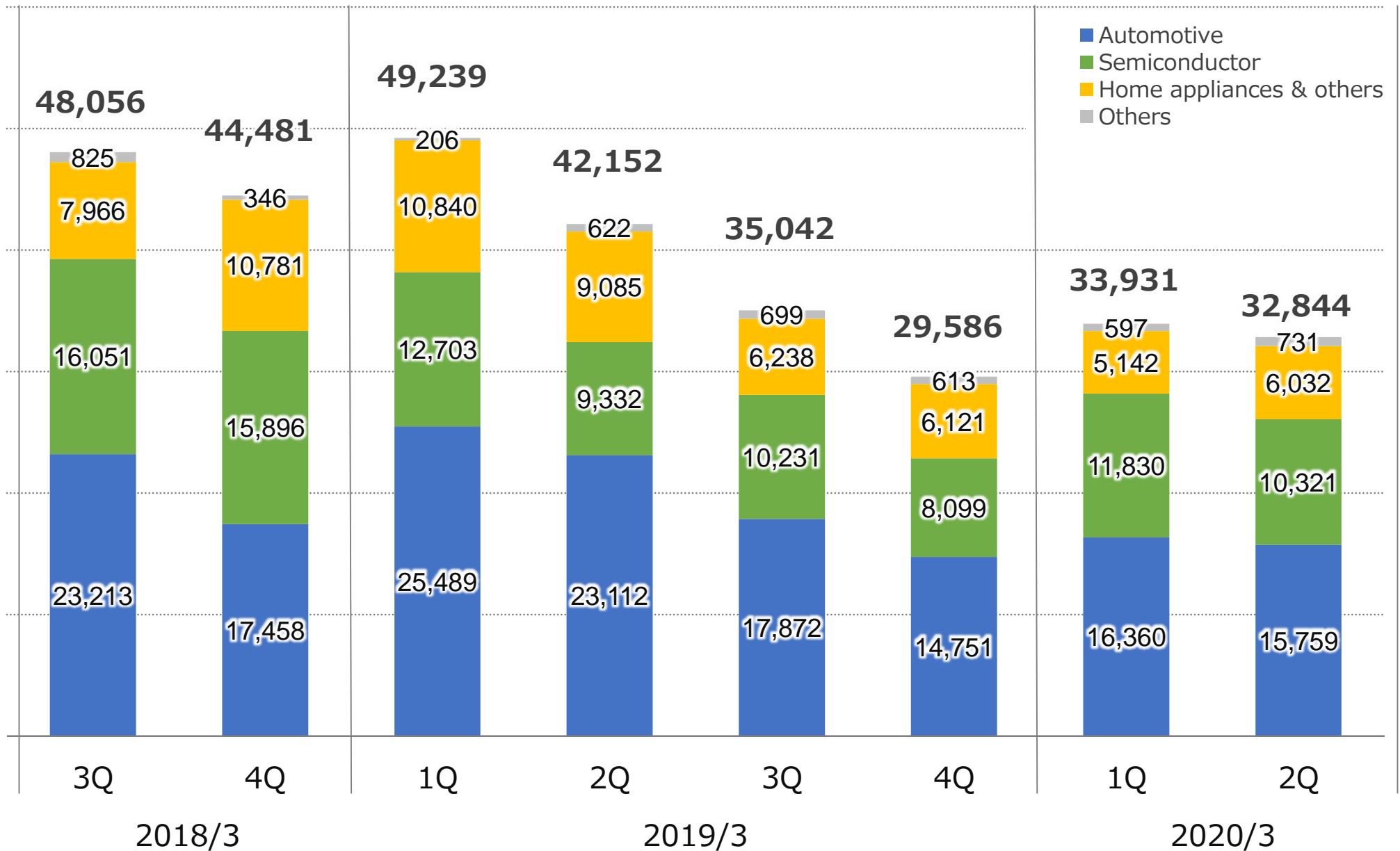
(Units in millions of Yen)



III. Quarterly Trends of Outstanding Orders by Business Unit

Outstanding Orders by Business Unit

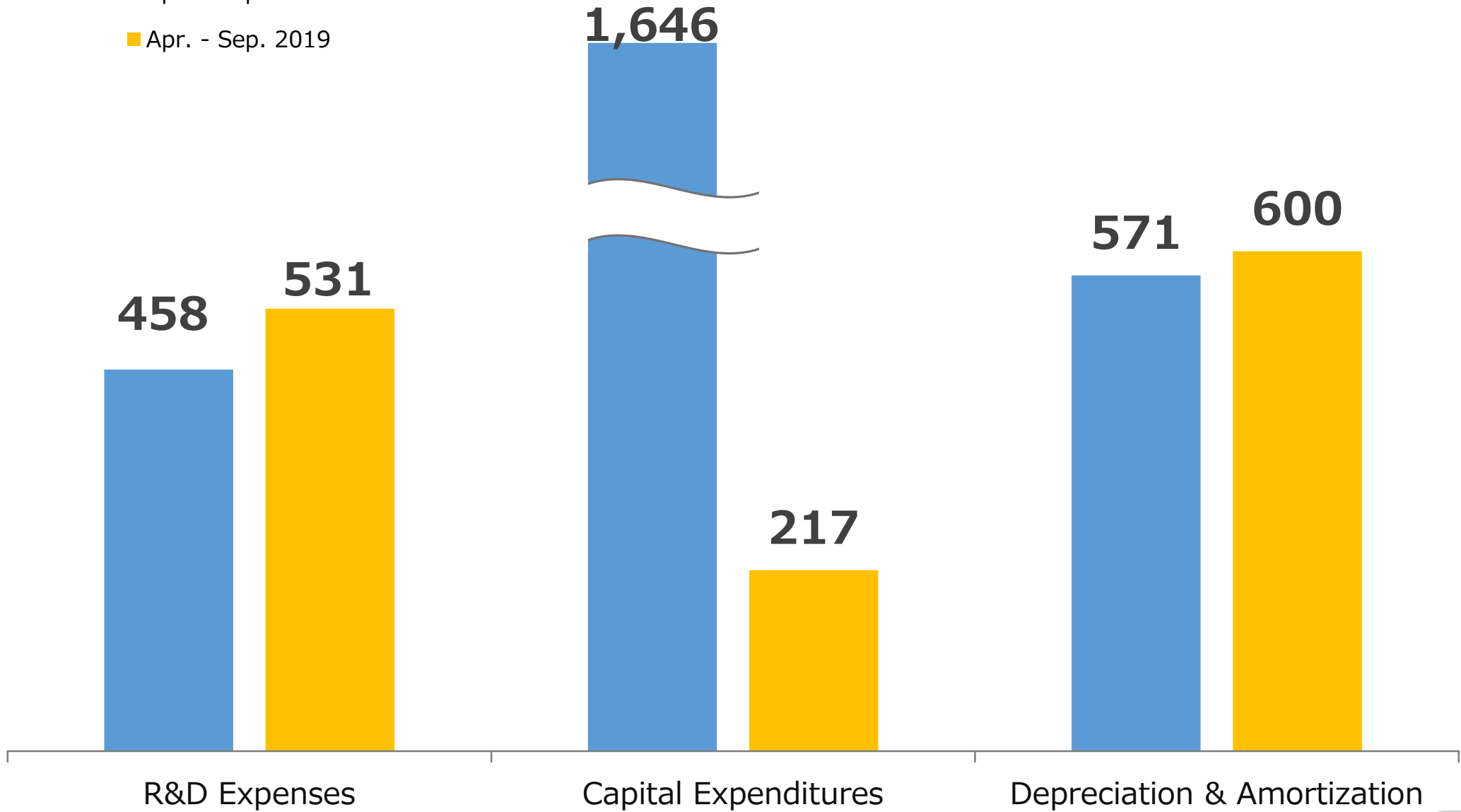
(Units in millions of Yen)



III. R&D, CAPEX, Depreciation and Amortization

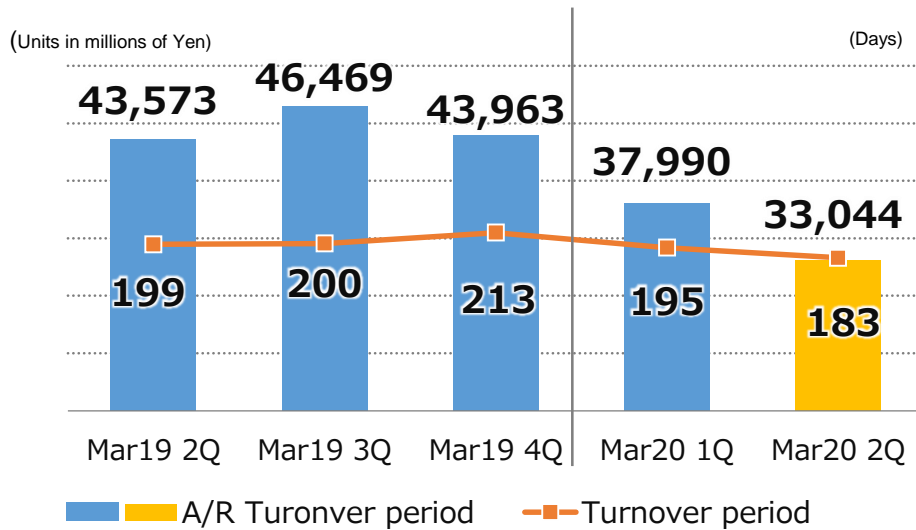
(Units in millions of Yen)

- Apr. - Sep. 2018
- Apr. - Sep. 2019

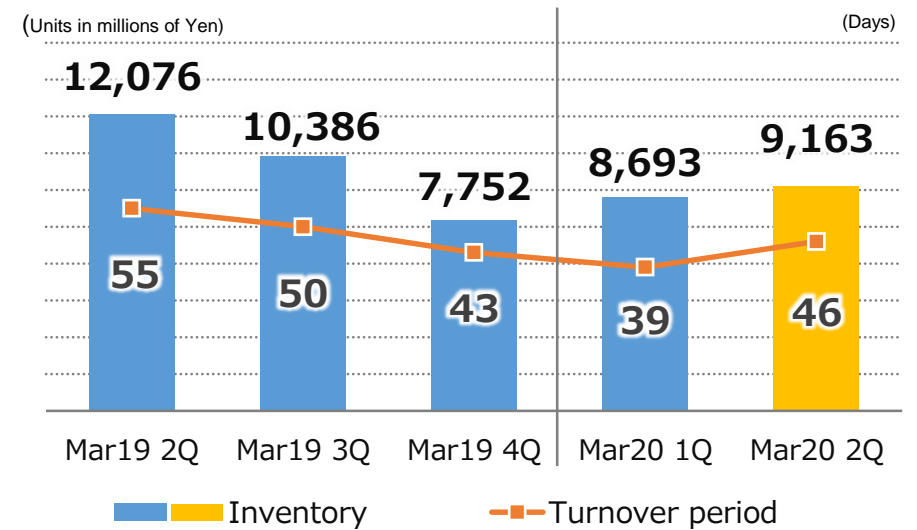


III. Key Financial KPIs/Indicators

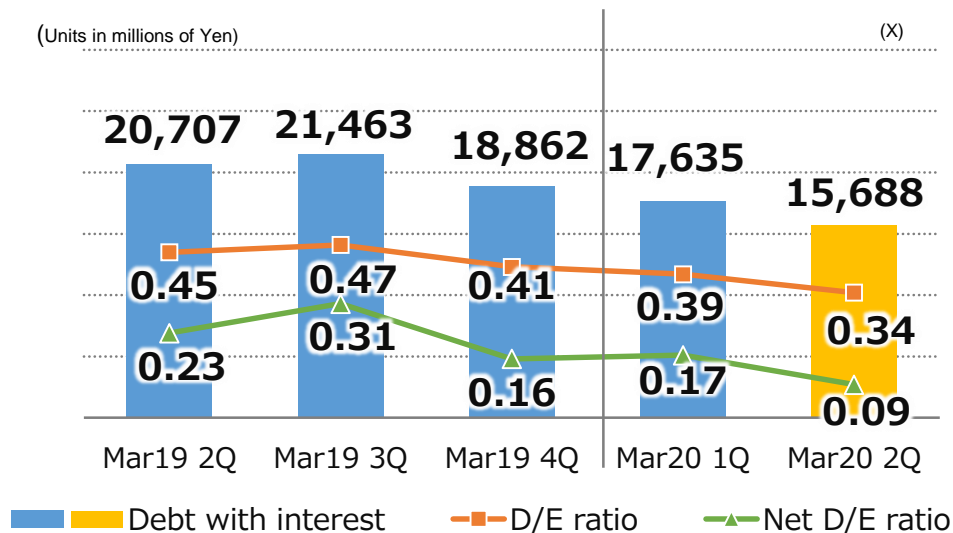
Account Receivables/Turnover period



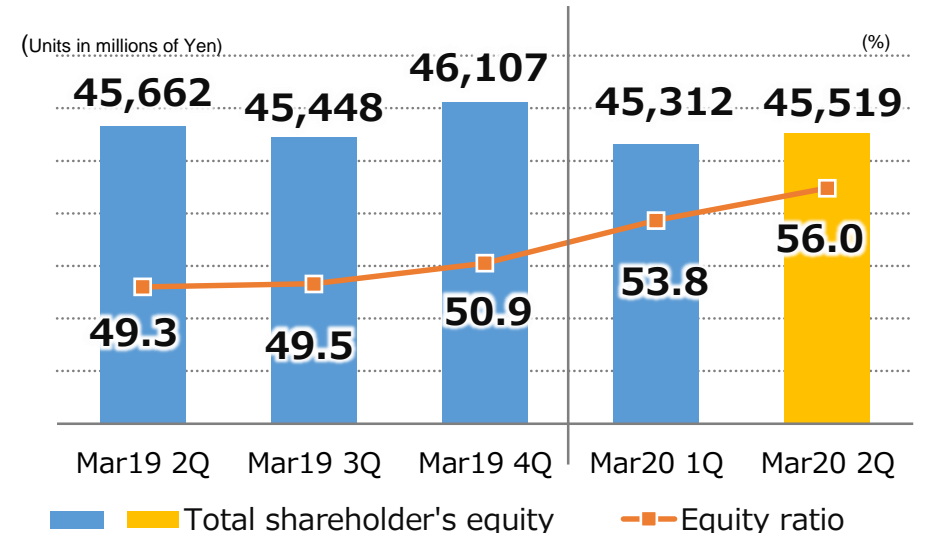
Inventory/Turnover period



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



Total shareholder's equity/Equity ratio



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.