

Hirata

The Global Production Engineering Company

Quarterly Financial Results for the Nine-month Period Ended December 31, 2019

Hirata Corporation



I. Financial Results and Outlook

The nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 2019)

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I. Summary of Financial Results

Overview

Hirata's order situation changed against a background of the downturn in the global economy such as the customers' small capital investments. Under the circumstances, our sales especially in automotive and semiconductor related business were below the same period last year. In consequence, the sales and profit decreased.

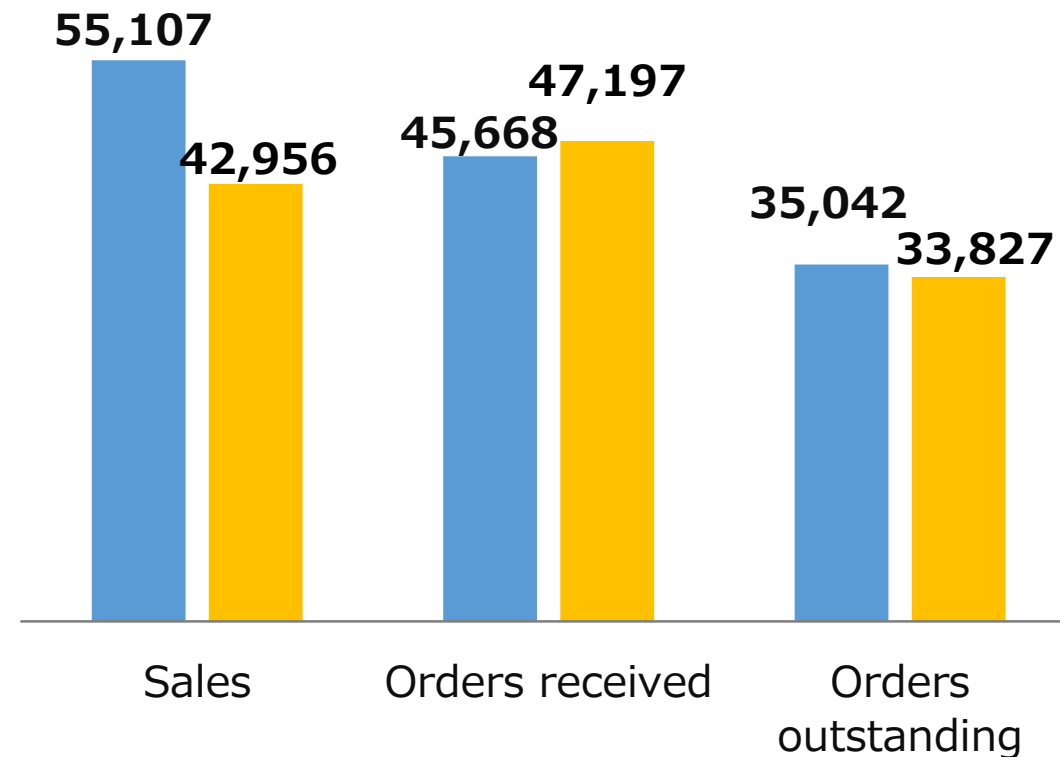
(Units in millions of Yen)

	Apr-Dec 2018	Apr-Dec 2019	YoY Change
Sales	55,107	42,956	△22.0%
Operating Income	4,974	1,477	△70.3%
Ordinary Income	5,084	1,628	△68.0%
Profit attributable to owners of the parent company	3,630	981	△73.0%

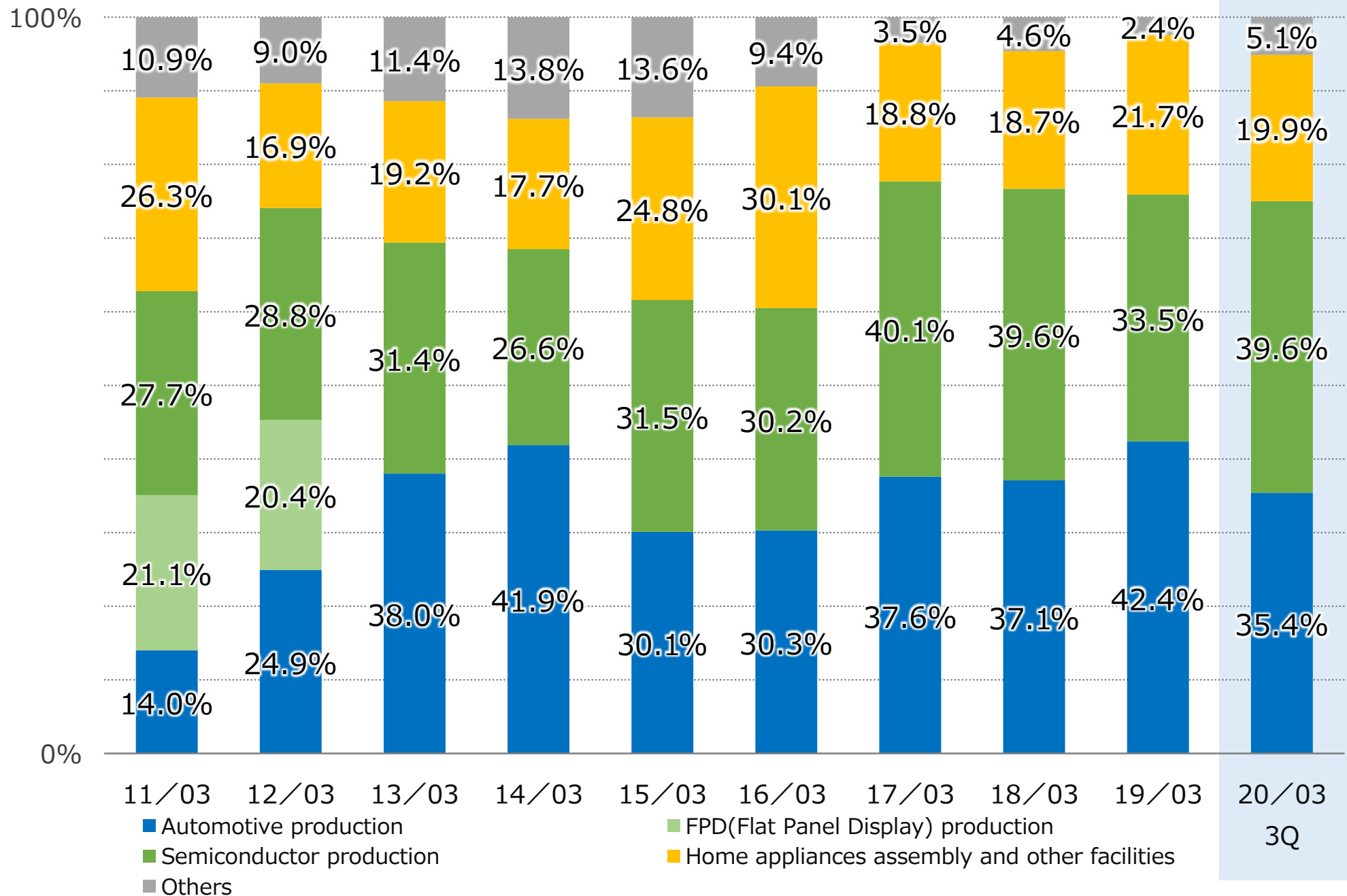
■ Apr. - Dec. 2018

■ Apr. - Dec. 2019

(Units in millions of Yen)

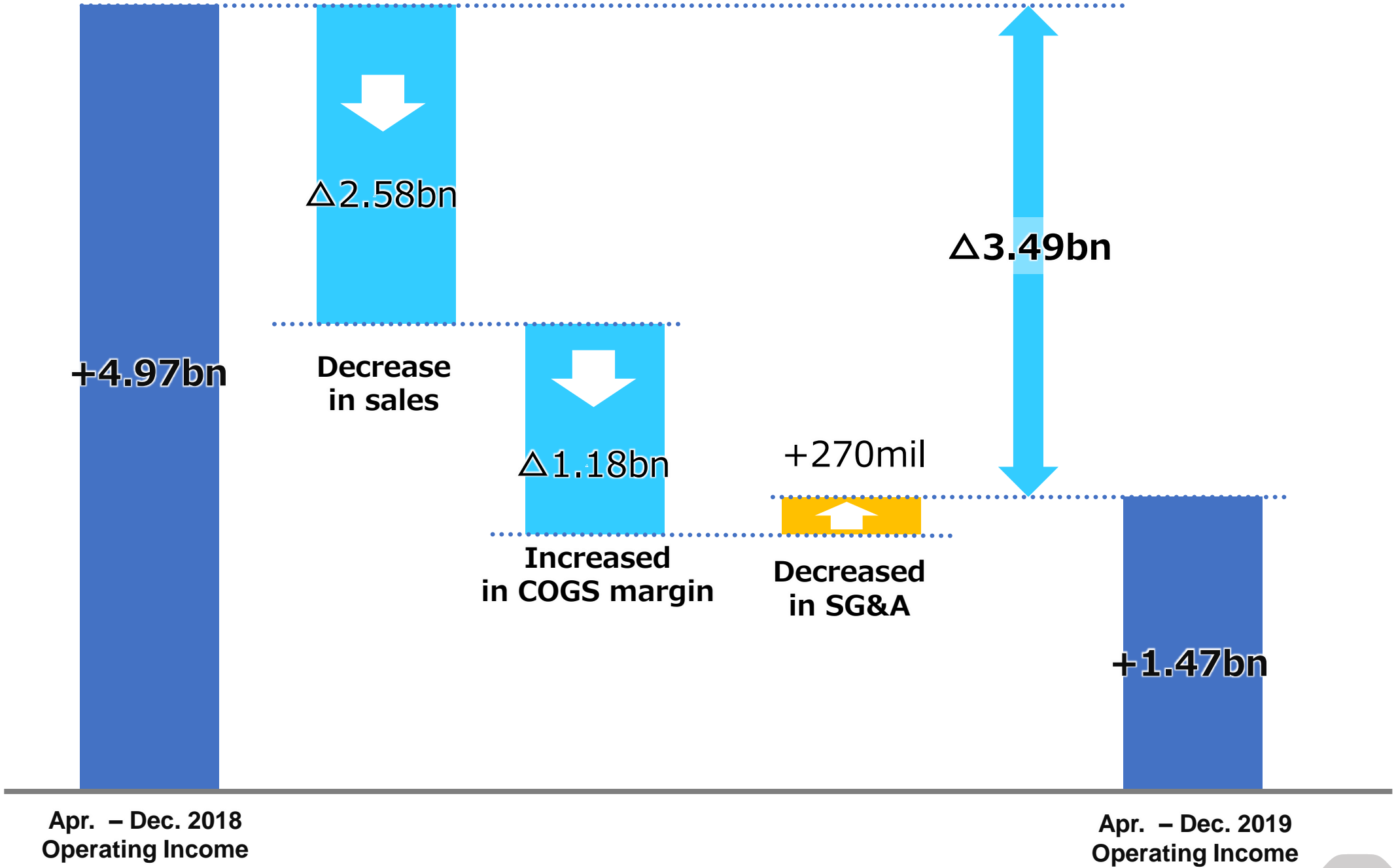


I. Breakdown of Sales by Business Unit



*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)

Assets	Apr. 2018 - Mar. 2019	Apr. 2019 - Dec. 2019	YoY Change
Current Assets	64,321	53,985	Δ 10,336
Fixed Assets	26,252	27,899	+ 1,647
Tangible Fixed Assets	20,336	21,667	+ 1,330
Intangible Fixed Assets	676	547	Δ 128
Investments and other assets	5,238	5,683	+ 445
Total Assets	90,573	81,884	Δ 8,689

Liabilities	Apr. 2018 - Mar. 2019	Apr. 2019 - Dec. 2019	YoY Change
Current Liabilities	36,718	26,041	Δ 10,677
Fixed Liabilities	7,244	9,561	+ 2,316
Total Liabilities	43,963	35,602	Δ 8,360

Net Assets			
Total Net Assets	46,610	46,281	Δ 328
Capital Ratio	50.9%	55.9%	+ 5.0Point

Main impact factors

Assets

Trade receivables	Δ 11,082
Cash/deposits	Δ 2,122
Inventories	+ 2,684

Liabilities/Net Assets

Trade payables	Δ 4,537
Debt with interest	Δ 3,724
Advanced received	+ 949

I. Assumed exchange rate, etc.

Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2019 to Dec. 31, 2019 (Actual rate)	From Jan. 1, 2020 (Applied assumption rate)
Exchange rate (against USD)	108.69	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		
			October	November	December
Highs	14,720	10,580	8,070	8,070	8,150
Lows	8,030	4,285	6,800	7,180	7,020
End of period	9,780	7,640	7,650	7,870	7,070

PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Dec. 31, 2019
PER (x)	15.26	17.33	— ※
PBR (x)	2.26	1.72	1.60
ROE (%)	18.18	10.06	— ※

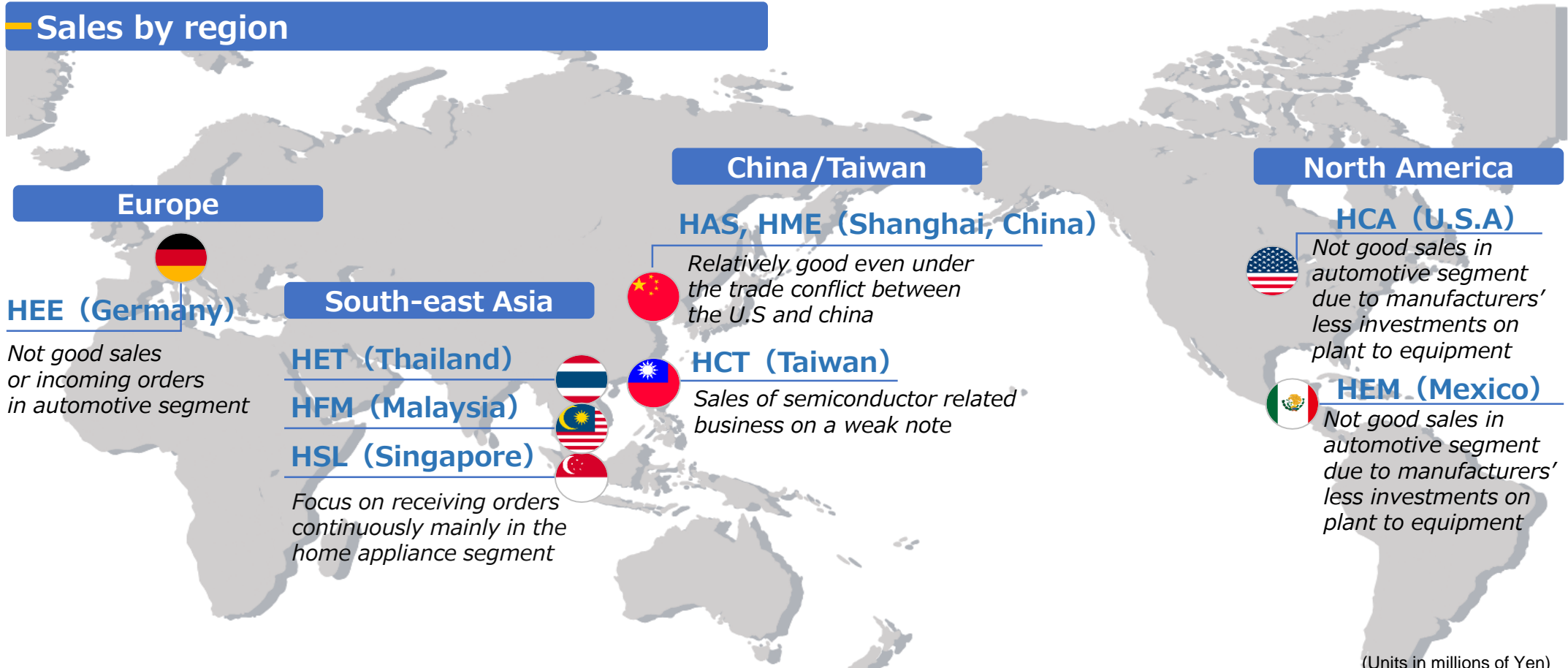
Please note that there is no information on PER & ROE due to incomparable numbers on the basis of quarterly profit.

I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	Business unit	Apr 2018 – Dec 2018	Apr 2019 – Dec 2019	YoY Change
Sales	Automotive	21,579	15,203	△29.5%
	Semiconductor	19,047	17,011	△10.7%
	Home appliances & others	13,191	8,553	△35.2%
	Others	1,288	2,188	+69.9%
	TOTAL	55,107	42,956	△22.0%
Orders received	Automotive	21,994	16,189	△26.4%
	Semiconductor	13,383	19,949	+49.1%
	Home appliances & others	8,649	8,823	+2.0%
	Others	1,641	2,235	+36.2%
	TOTAL	45,668	47,197	+3.3%
Orders outstanding	Automotive	17,872	15,737	△11.9%
	Semiconductor	10,231	11,038	+7.9%
	Home appliances & others	6,238	6,390	+2.4%
	Others	699	660	△5.6%
	TOTAL	35,042	33,827	△3.5%

I. Global Business Overview



	Japan		Asia		North America		Europe		TOTAL	
	19/3 3Q	20/3 3Q	19/3 3Q	20/3 3Q	19/3 3Q	20/3 3Q	19/3 3Q	20/3 3Q	19/3 3Q	20/3 3Q
Sales	42,191	35,096	5,929	4,622	4,743	2,952	2,243	283	55,107	42,956
Operating Income	4,113	1,530	1,099	716	△341	△ 576	31	△ 101	4,902	1,567

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–Dec 2018		Apr–Dec 2019	
	Amount of orders received	Sales	Amount of orders received	Sales
Organic EL related business	2,071	5,583	8,645	6,614
Electric vehicle related business	4,598	3,867	738	1,424

- Organic EL related business

The sales of organic EL related business accounted for about 39% of its total semiconductor sales, which was the increase of 18% 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 9% of its total automobile sales, which was the decrease of 63% 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.

II Market Trend and Forecast for FYE March 2020

The nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 2019)

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II. Forecasts for FYE March 2020: Earnings Forecast

Please note that Hirata announced its revised forecast on February 7, 2020.

(Units in millions of Yen)

	FY2019/3 (Actual)		FY2020/3 forecast at the time of announcement on May 10, 2019		FY2020/3 Revised forecast	
Sales	77,302		70,000		62,000	
Automotive	32,760		29,000		22,500	
Semiconductor	25,939		22,000		24,000	
Home appliances & others	16,780		17,000		13,000	
Others	1,821		2,000		2,500	
Operating Income (margin)	6,249	(8.1%)	2,300	(3.3%)	2,100	(3.4%)
Ordinary Income (margin)	6,306	(8.2%)	2,200	(3.1%)	2,200	(3.5%)
Profit attributable to owners of the parent company (margin)	4,637	(6.0%)	1,400	(2.0%)	1,200	(1.9%)

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

- We foresee sales at consolidated and non-consolidated performance would be lower than our forecast at the beginning of the term. Order situation of organic EL related business was on a path toward recovery. On the other hand, less orders in automotive and semiconductor segments against the background of the trade conflict between the U.S. and China had a big impact on our business.
- 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	34.6

Note : Dividend ratio is 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. It is expected that auto manufacturers maintain a cautious stance on their capital expenditures. 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 market for deposition system of organic EL for display was on a rising trend since the beginning of this term. The semiconductor related market remained at a low level but we see some expectation in the market with extensive investment for 5G and demand increase of in-car device. 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

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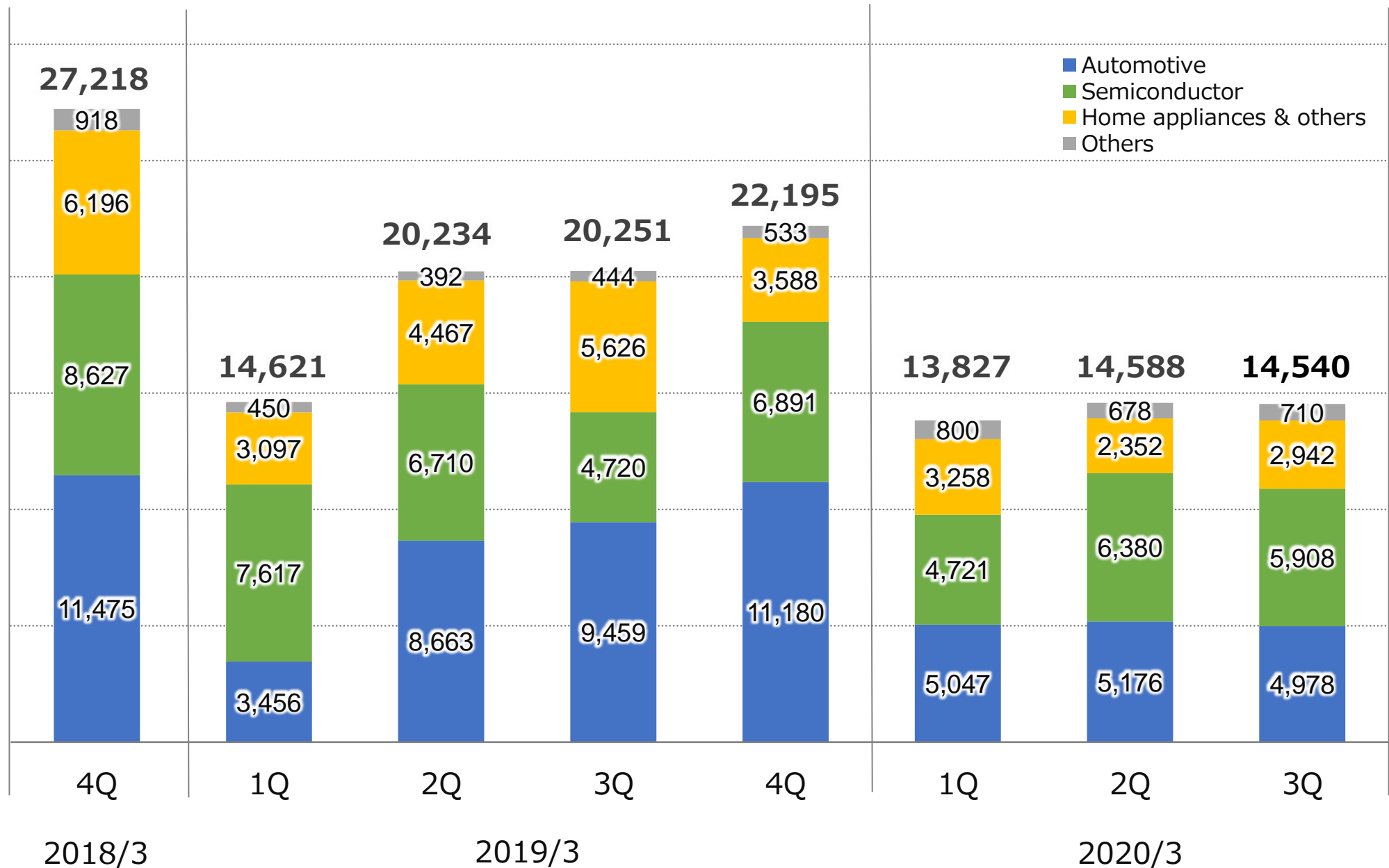
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III. Quarterly Trends of Sales by Business Unit

Sales by Business Unit

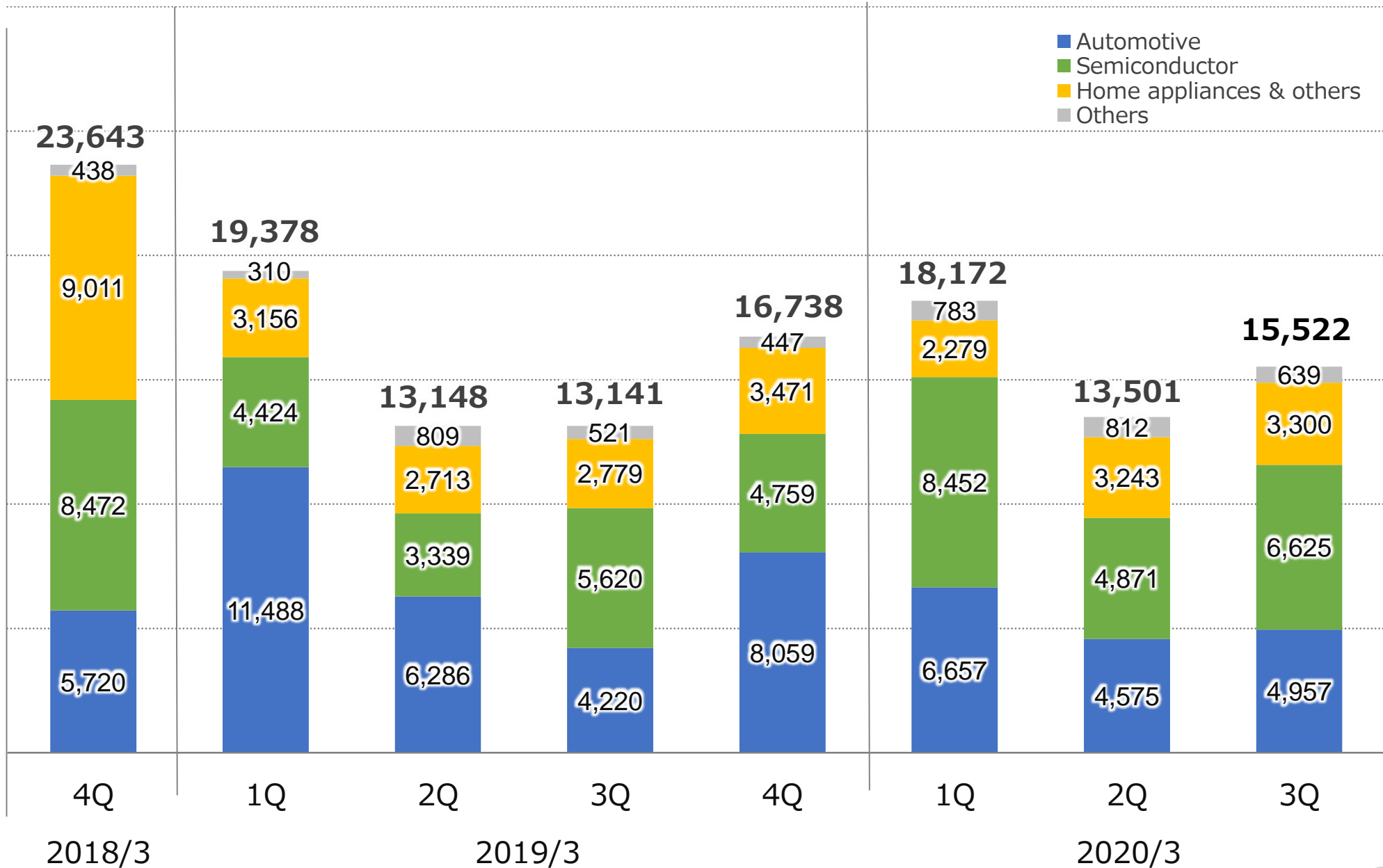
(Units in millions of Yen)



III. Quarterly Trends of Received Orders by Business Unit

Received Orders by Business Unit

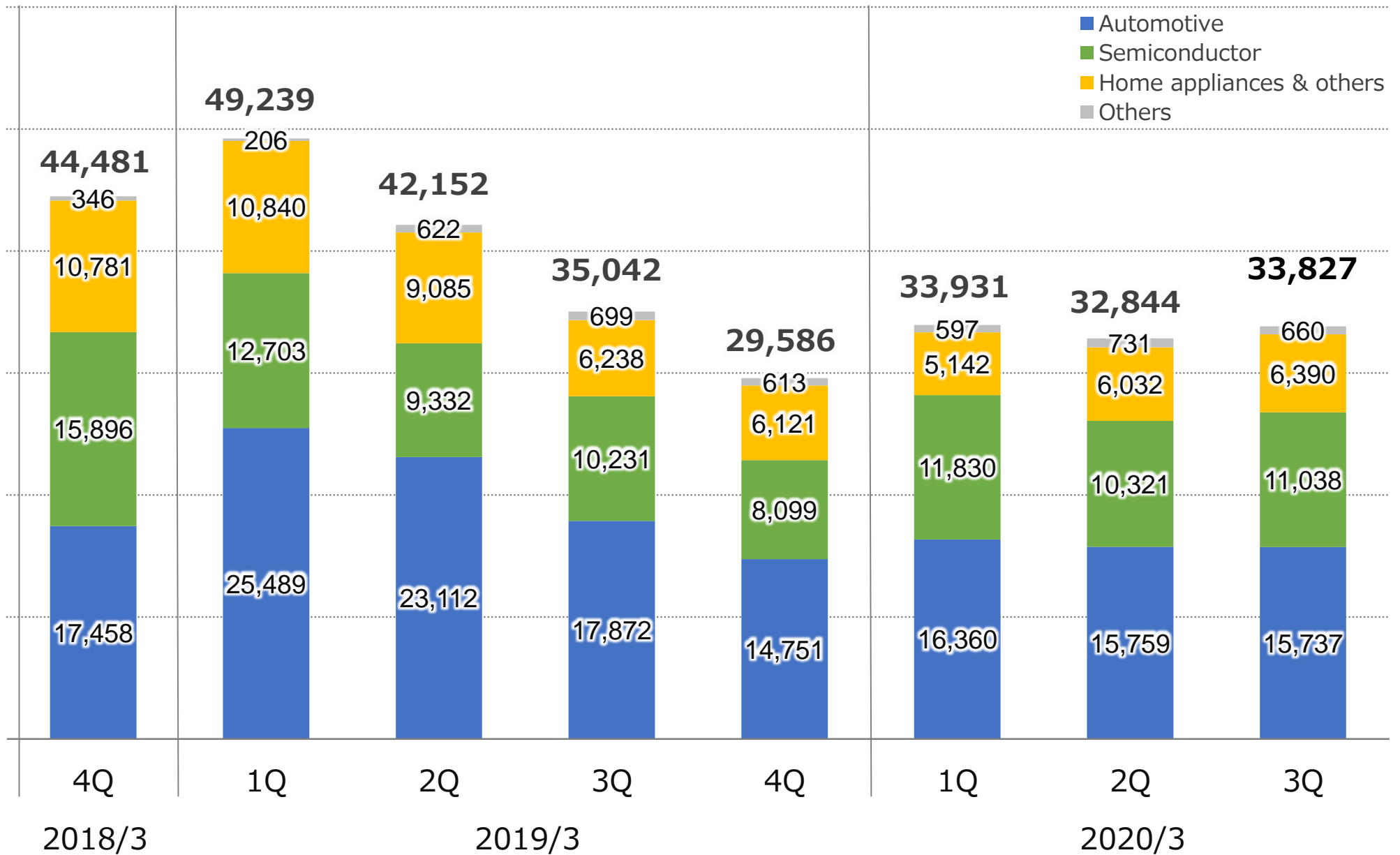
(Units in millions of Yen)



III. Quarterly Trends of Outstanding Orders by Business Unit

Outstanding Orders by Business Unit

(Units in millions of Yen)

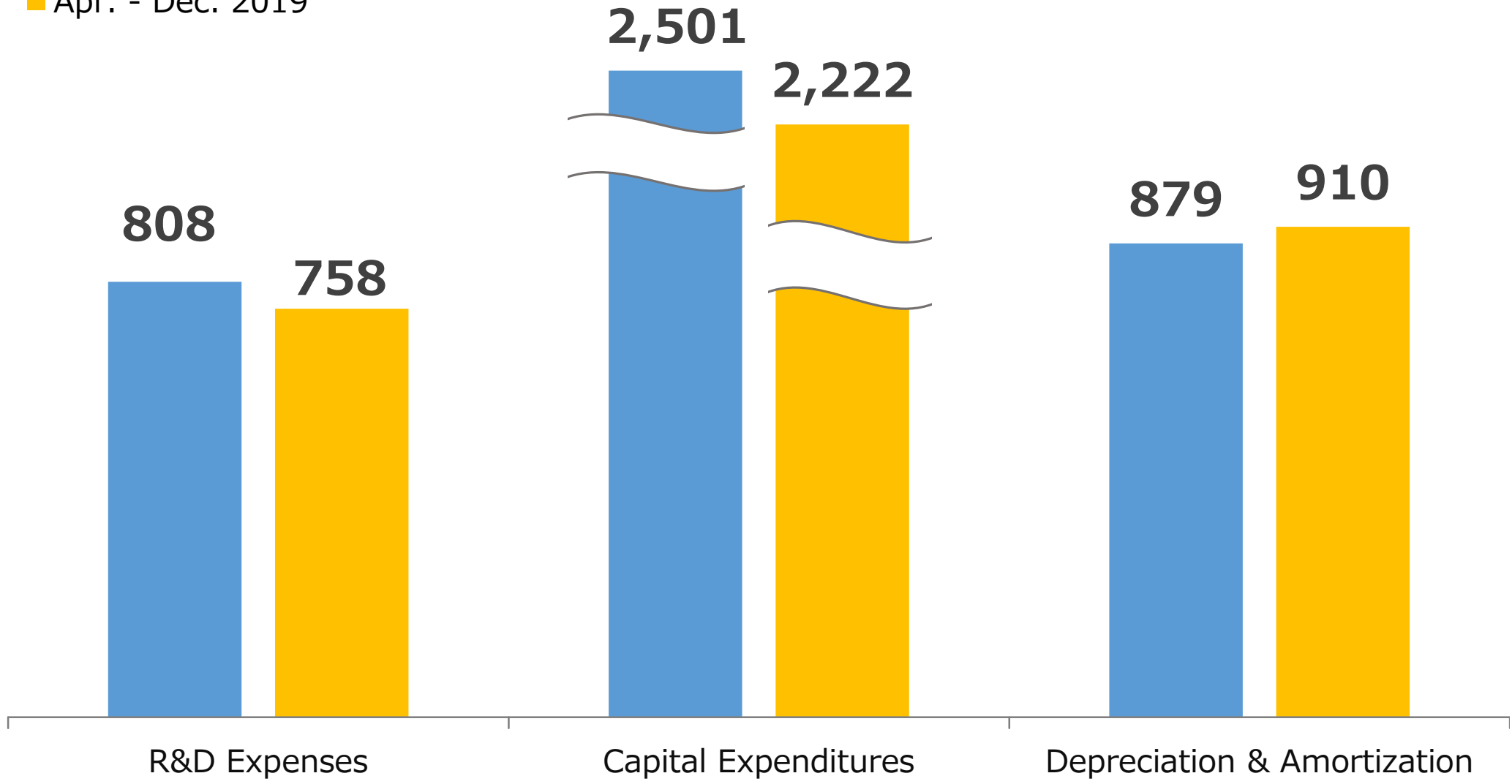


III. R&D, CAPEX, Depreciation and Amortization

(Units in millions of Yen)

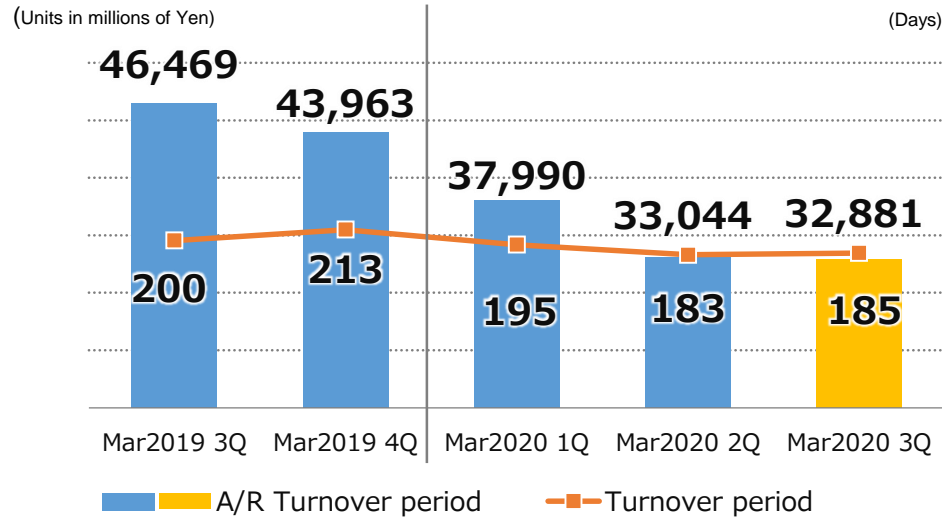
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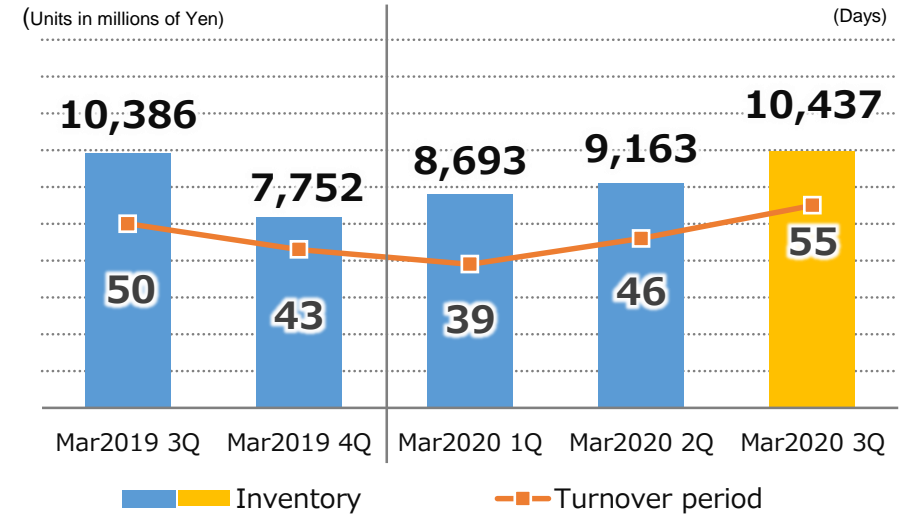


III. Key Financial KPIs/Indicators

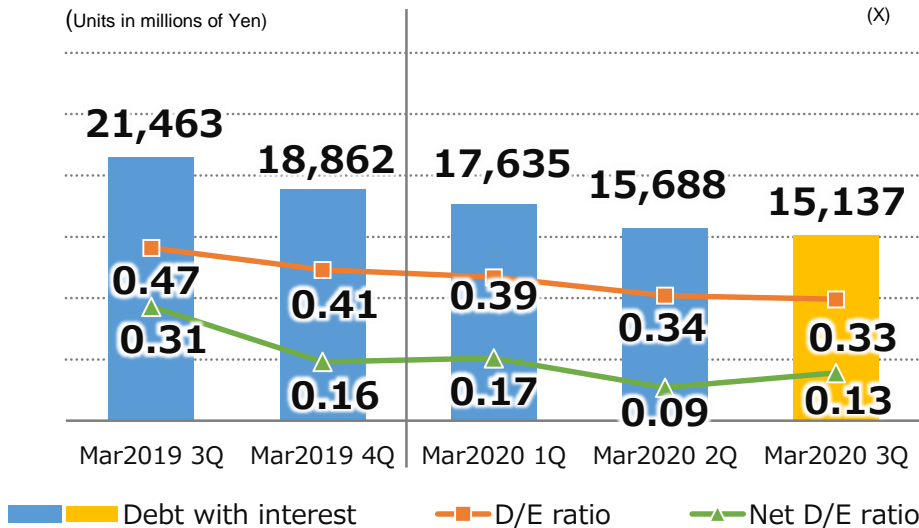
Account Receivables/Turnover period



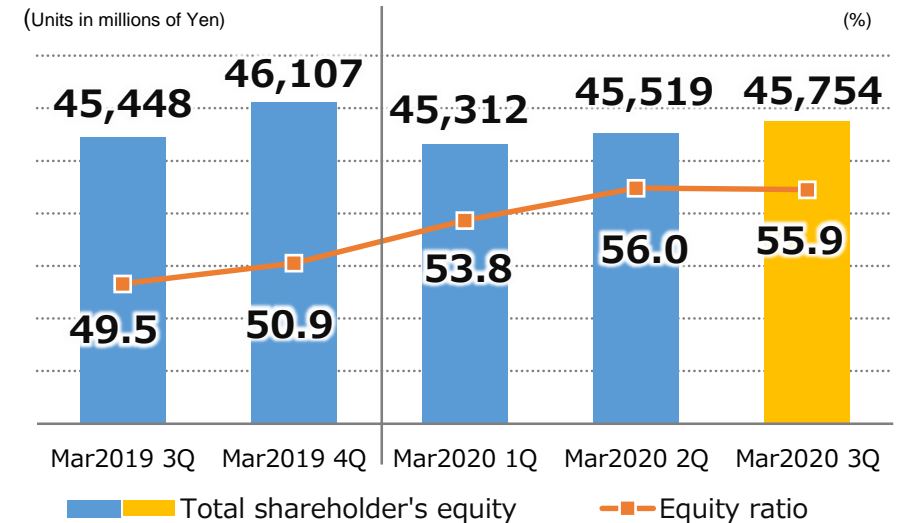
Inventory/Turnover period



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.