

Hirata

The Global Production Engineering Company

Year-End Financial Results for Fiscal Year Ended March 31, 2020

Hirata Corporation



I. Financial Results and Outlook

The Fiscal Year ended on March 31, 2020 (April 1, 2019 through March 31, 2020)

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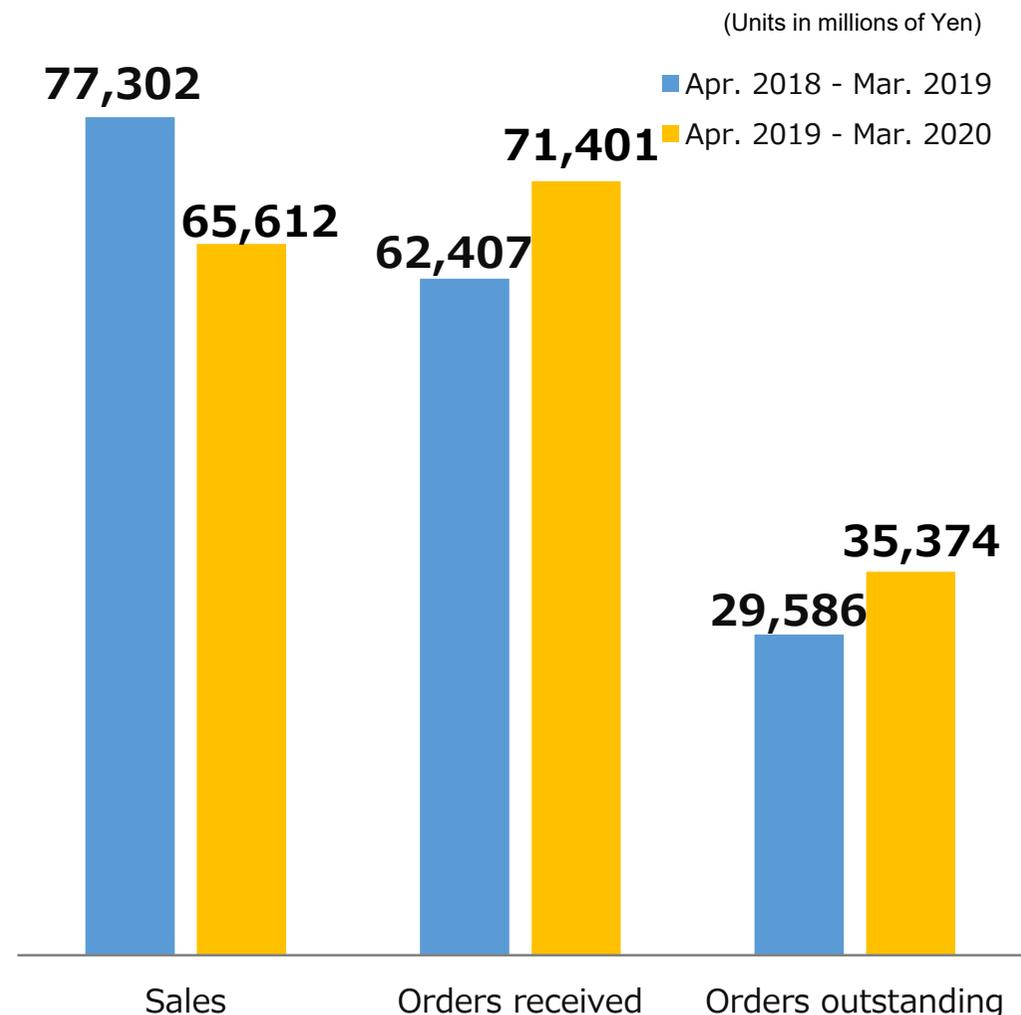
I. Summary of Financial Results

Overview

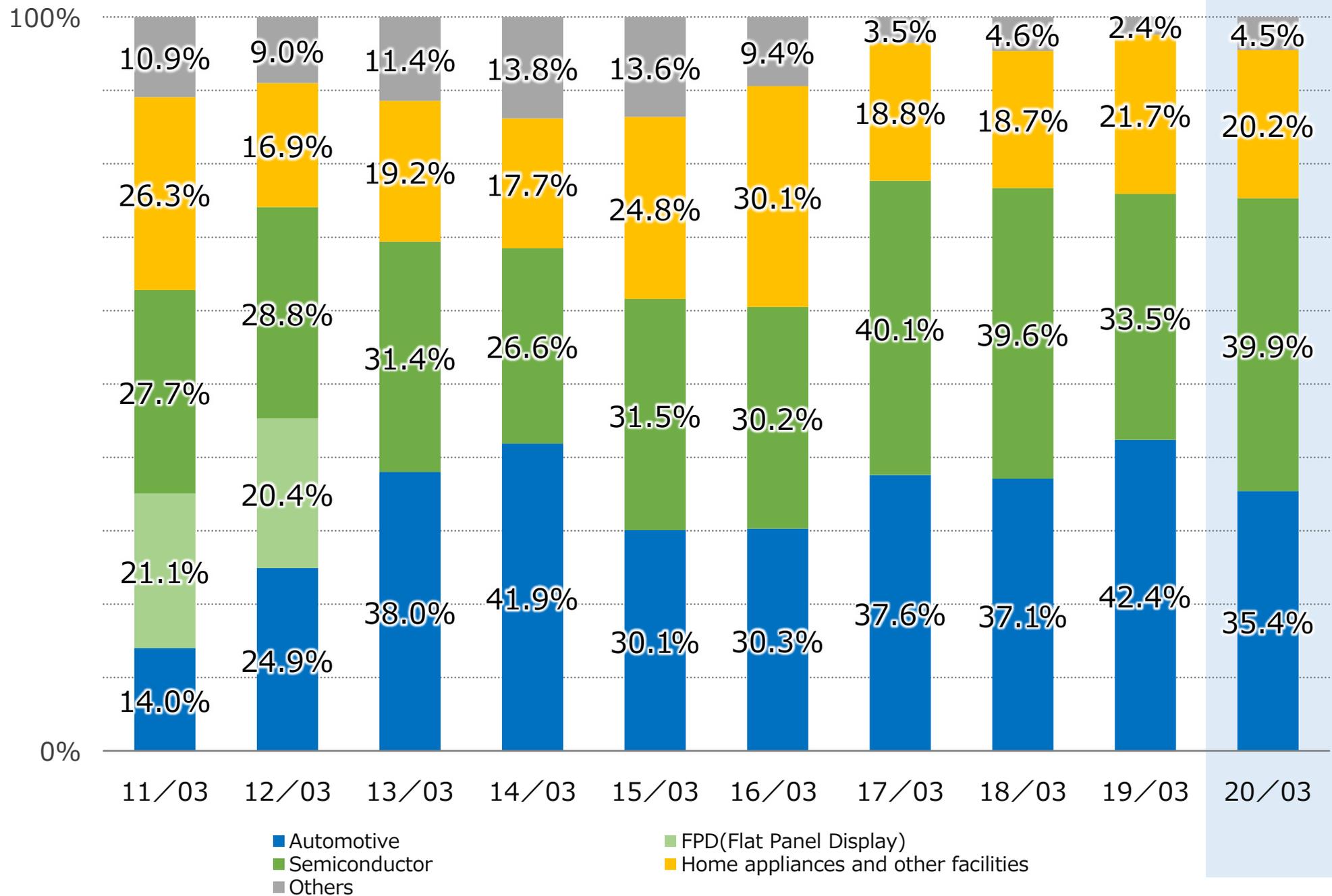
Hirata’s incoming order situation changed against a background of the downturn in the global economy including China and the customers’ small capital investments upon the trade conflict between the United States and China. Under the circumstances, our sales especially in automotive related business went below the same period last year. In consequence, the sales and profit decreased.

(Units in millions of Yen)

	Apr. 2018 – Mar. 2019 (Actual)	Apr. 2019 – Mar. 2020 (Actual)	YoY Change
Sales	77,302	65,612	△15.1%
Operating Income	6,249	2,736	△56.2%
Ordinary Income	6,306	2,861	△54.6%
Profit attributable to owners of the parent company	4,637	1,744	△62.4%

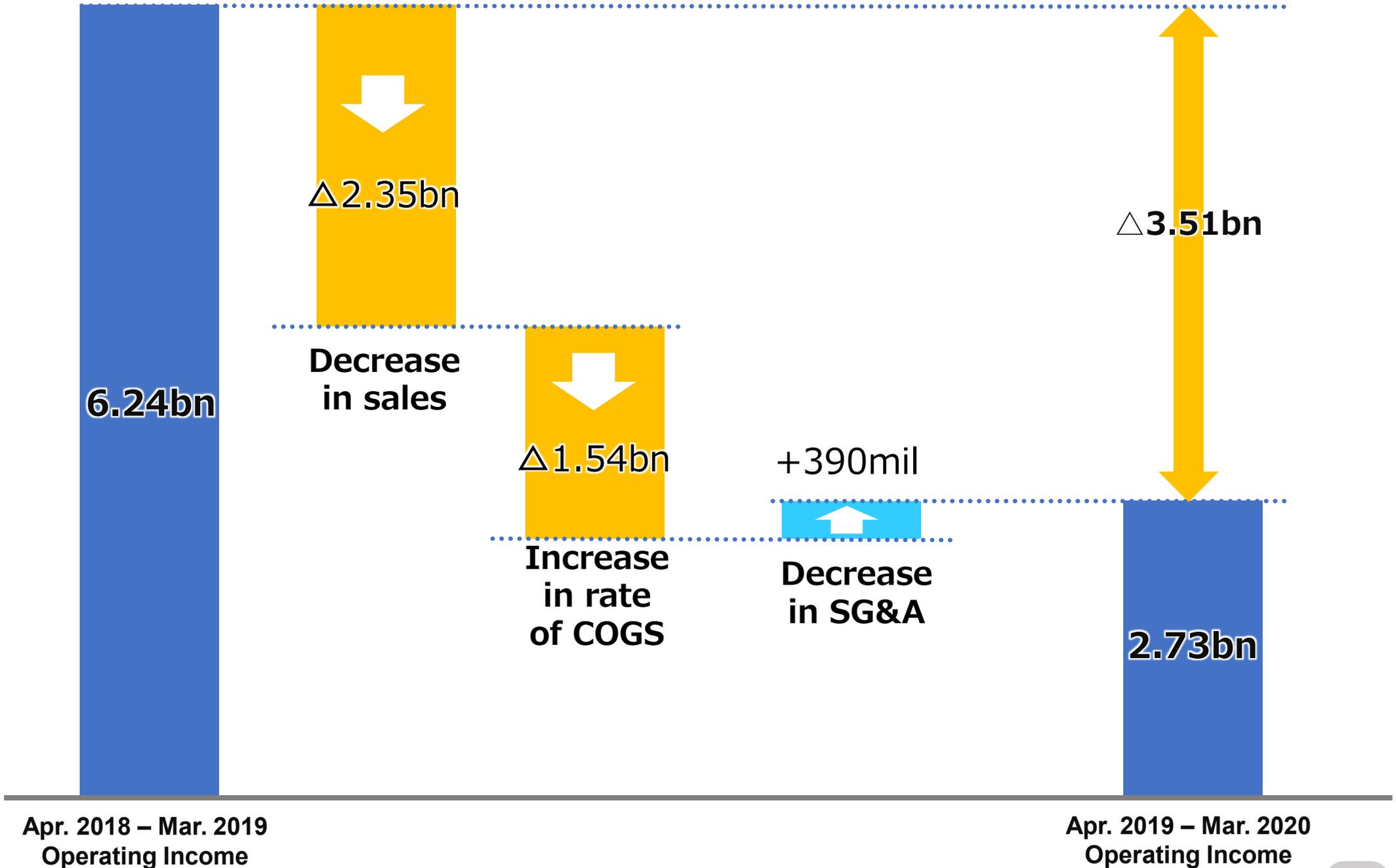


I. Breakdown of Sales by Business Unit



*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 – Mar. 2020	YoY Change
Current Assets	64,321	57,792	△ 6,528
Fixed Assets	26,252	27,617	+ 1,364
Tangible Fixed Assets	20,336	21,737	+ 1,400
Intangible Fixed Assets	676	533	△ 143
Investments and other assets	5,238	5,346	+ 107
Total Assets	90,573	85,409	△ 5,164

Liabilities	Apr. 2018 – Mar. 2019	Apr. 2019 – Mar. 2020	YoY Change
Current Liabilities	36,718	28,831	△ 7,887
Fixed Liabilities	7,244	9,585	+ 2,340
Total Liabilities	43,963	38,416	△ 5,546

Net Assets			
Total Net Assets	46,610	46,993	+ 382
Capital Ratio	50.9%	54.4%	+ 3.5Point

Main impact factors

Assets

Trade accounts receivable	△5,888
Construction in progress	+ 1,778
Net defined benefit asset	+ 536

Liabilities/Net Assets

Debt with interest	△4,325
Trade payables	△1,873
Provision for loss on construction contracts	+ 978

Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr 1, 2019 to Mar 31, 2020 (Actual rate)	From Apr 1, 2020 (Applied assumption rate)
Exchange rate (against USD)	107.36	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		
			Jan.	Feb.	Mar.
Highs	14,720	10,580	7,280	6,780	5,420
Lows	8,030	4,285	6,320	4,980	3,505
End of period	9,780	7,640	6,420	5,020	4,605

PER/PBR/ROE

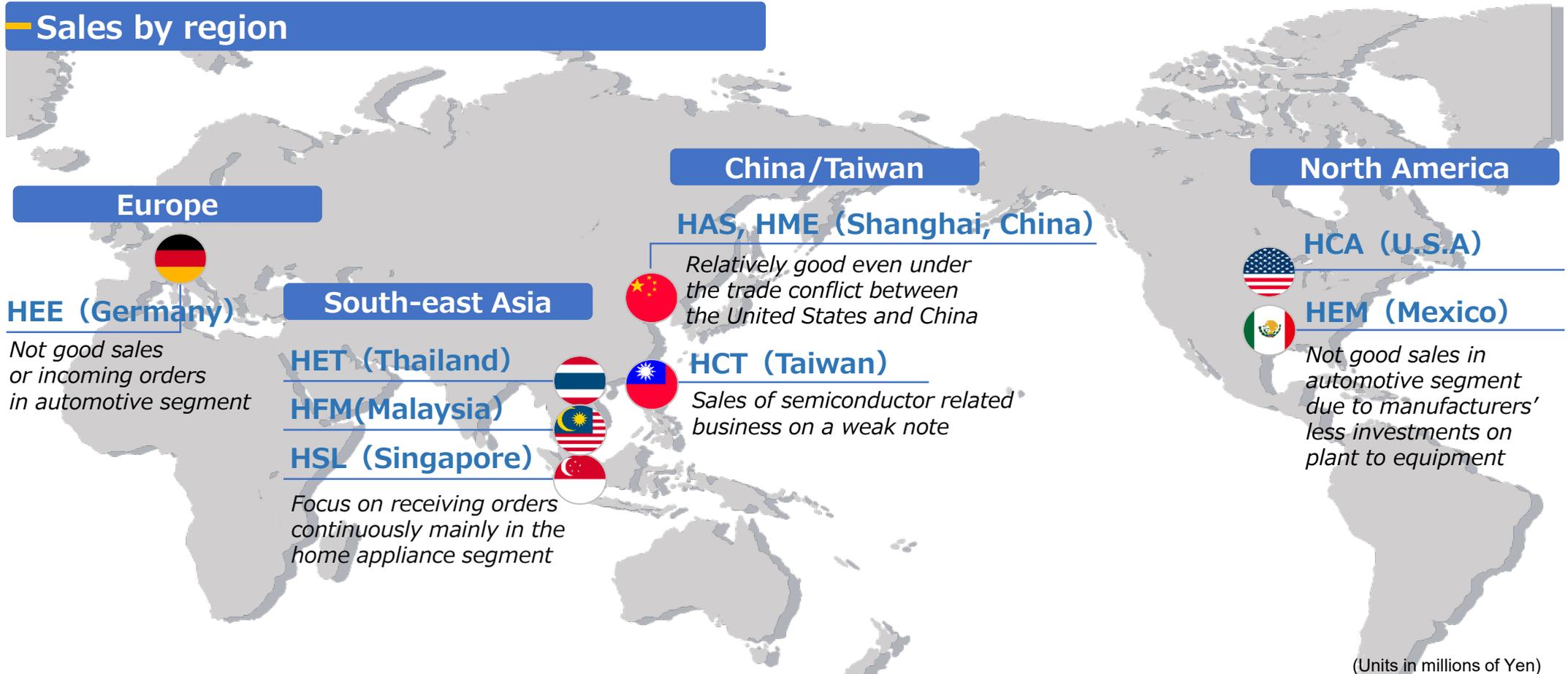
PER/PBR/ROE	Apr. 1, 2017 to Mar. 31, 2018	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Mar. 31, 2020
PER (x)	15.26	17.33	27.39
PBR (x)	2.26	1.72	1.03
ROE (%)	18.18	10.06	3.77

I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	Business Unit	Apr 2018 – Mar 2019	Apr 2019 – Mar 2020	YoY Change
Sales	Automotive	32,760	23,225	△29.1%
	Semiconductor	25,939	26,166	+ 0.9%
	Home appliances & others	16,780	13,240	△21.1%
	Others	1,821	2,979	+ 63.6%
	TOTAL	77,302	65,612	△15.1%
Orders Received	Automotive	30,053	23,188	△22.8%
	Semiconductor	18,143	33,038	+ 82.1%
	Home appliances & others	12,120	12,369	+ 2.0%
	Others	2,089	2,804	+ 34.2%
	TOTAL	62,407	71,401	+ 14.4%
Orders Outstanding	Automotive	14,751	14,714	△0.3%
	Semiconductor	8,099	14,972	+ 84.8%
	Home appliances & others	6,121	5,249	△14.2%
	Others	613	438	△28.5%
	TOTAL	29,586	35,374	+ 19.6%

I. Global Business Overview



	Japan		Asia		North America		Europe		TOTAL	
	19/3	20/3	19/3	20/3	19/3	20/3	19/3	20/3	19/3	20/3
Sales	58,150	53,509	8,030	7,461	7,790	4,014	3,331	626	77,302	65,612
Operating Income	5,085	3,082	1,106	866	△169	△ 1,047	129	△ 125	6,152	2,775

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)

	Amount of orders received			Sales		
	Apr. 2018 – Mar. 2019	Apr. 2019 – Mar. 2020	YoY change	Apr. 2018 – Mar. 2019	Apr. 2019 – Mar. 2020	YoY change
Organic EL related business	3,206	15,492	+12,287	7,288	9,771	+2,483
Electric vehicle related business	6,912	2,486	△4,427	6,667	2,110	△4,557

- Organic EL related business

The sales of organic EL related business accounted for about 37% of its total semiconductor sales, which was the increase of 34% 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 68% over the previous year. The incoming orders were decreased by 64% over the previous year.

II Market Trend and Forecast for FYE March 2021

The Fiscal Year ended on March 31, 2020 (April 1, 2019 through March 31, 2020)

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II. Forecasts for FYE March 2021: Earnings Forecast

(Units in millions of Yen)

	FYE March 2020 (Actual)		FYE March 2021 (Forecast)
Sales	65,612		TBD
Automotive	23,225		
Semiconductor	26,166		
Home appliances & others	13,240		
Others	2,979		
Operating Income (margin)	2,736	(4.2%)	
Ordinary Income (margin)	2,861	(4.4%)	
Profit attributable to owners of the parent company (margin)	1,744	(2.7%)	

—As to the full-year sales estimate

The sales estimate ending in March 2021 has not been fixed yet. This is because we are not sure when covid-19 ends and how customers' capital investment would be. Considering all the circumstances, it is difficult to figure out a reasonable business forecasts at this time. We will evaluate the impact to our business carefully and announce our business forecast officially and immediately once we figure it out.

II. Forecasts for FYE March 2021: Business Environment

Automotive related business

In terms of automobile global sales, it has been decreasing after peaked in 2017 because of the global slumping economy including China and the trade conflict between the United States and China. We see the Chinese market will recover from the covid-19's conflict first. We will fully be ready and work harder for EV and automated driving for the smart city business in China and also the global demand when they recover.

Semiconductor related business

Semiconductor market was expected to grow rapidly with spread diffusion of 5G. However, the FY2020 forecast turned out to be a negative growth due to the wide-spreading infection caused by covid-19. Under the circumstances, many people work at home and have online lesson globally. This situation put upward pressure on investment for CPU of data center. We work harder to receive more orders for silicon wafer transfer related business in order to meet its new market demand.

Home appliances and other business

The areas, with a low penetration rate of home appliances such as rural China, South-east Asia and South Asia, are expected to grow in the global market. Wide-spreading infection caused by covid-19, however, makes its vision unclear. On the other hand, demand of high performance household and smart household appliances controllable by smartphones is expected to lead the mature market. We work closely with our clients, the high-performance home appliance producers, to ensure future orders.

II. Forecasts for FYE March 2021: Dividend Forecast

Dividends and dividend ratio per share

(Unit in Yen)

	FYE Mar 2017	FYE Mar 2018	FYE Mar 2019	FYE Mar 2020	FYE Mar 2021 (Estimate)
Dividends per share	100.00	125.00 including memorial dividend 25.00yen	125.00	40.00	TBD
Dividend ratio(%)	16.0	19.5	28.4	23.8	TBD

Note: Dividend ratio is on a consolidated basis.

About dividend forecast

We fully consider profit return to our shareholders as a highest priority issue. So, we endeavor to pay dividend stably and continually to be more than 20% of the consolidated dividend ratio as a guide by strengthening our financial characteristic and also taking into consideration our consolidated performance and business deployment. Hirata resolved to pay annual dividend per share of 40.00 yen for the fiscal year ended March 31 2020 on the board meeting held on May 14, 2020.

The dividend payment for the next period will be determined later since it is hard to forecast our business performance at this time. We will announce it officially and immediately once we figure out how our business forecast would be.

III. Reference Data

The Fiscal Year ended on March 31, 2020 (April 1, 2019 through March 31, 2020)

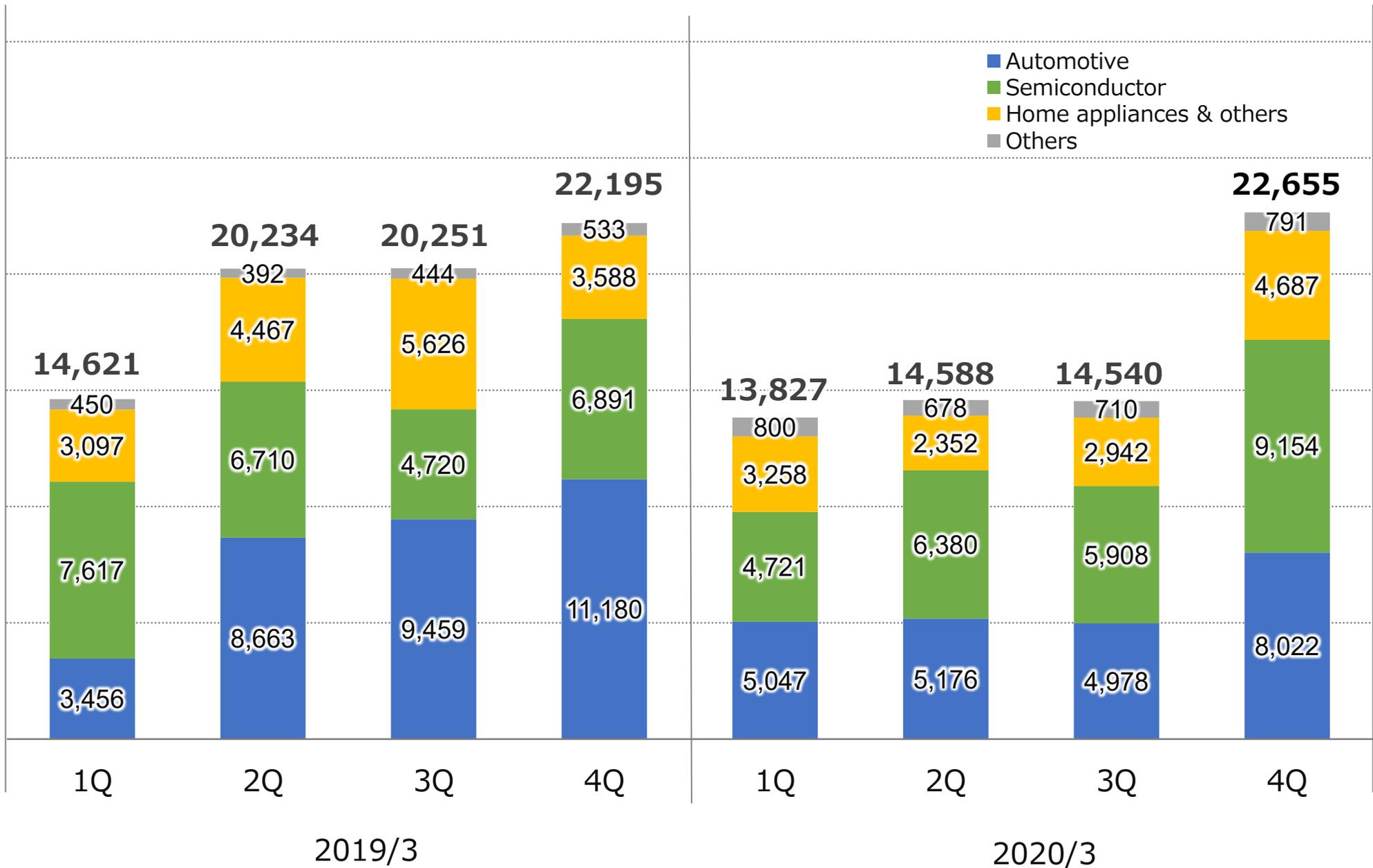
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III. Quarterly Trends of Sales by Business Unit

Sales by Business Unit

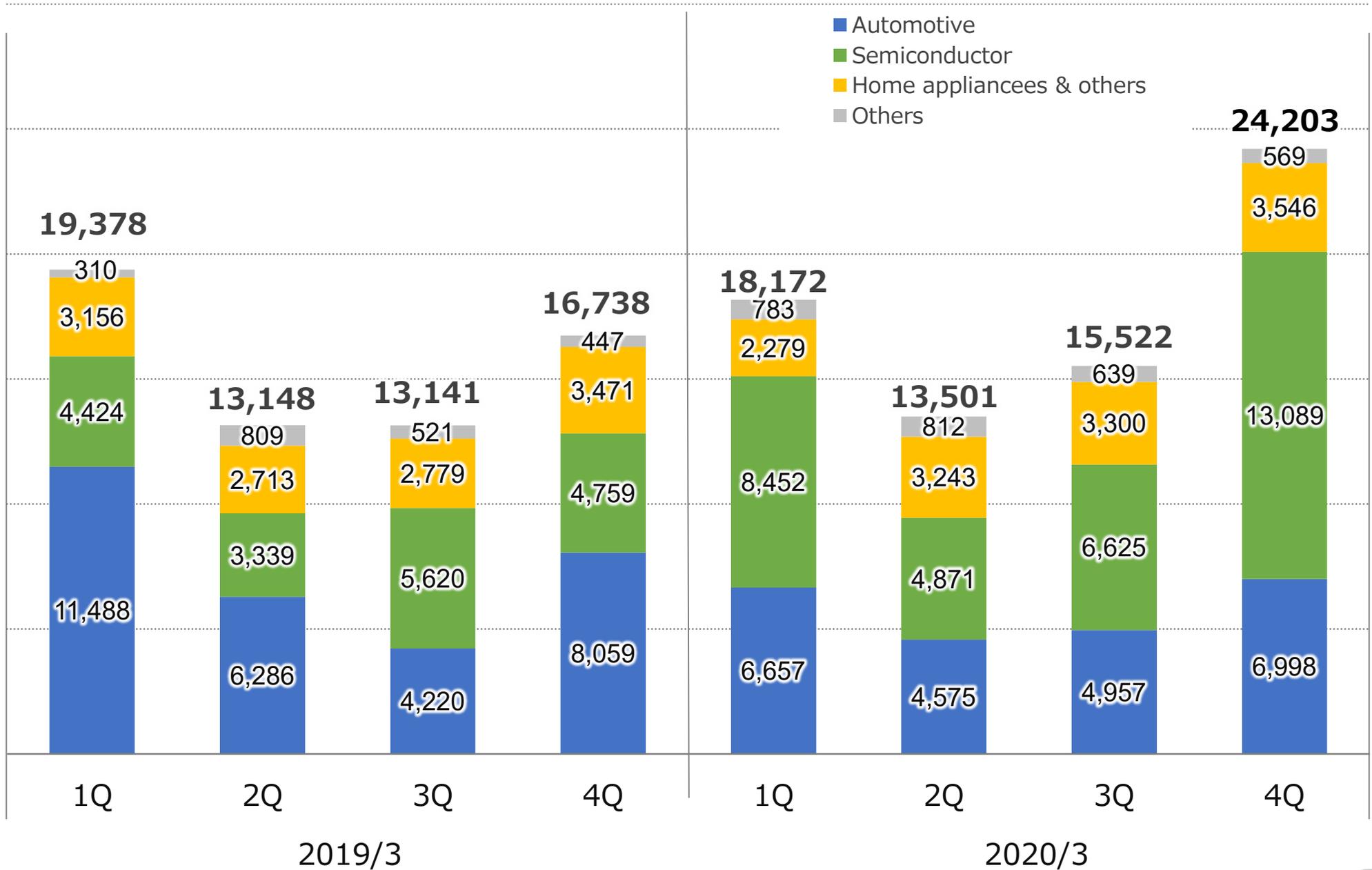
(Units in millions of Yen)



III. Quarterly Trends of Received Orders by Business Unit

Received Orders by Business Unit

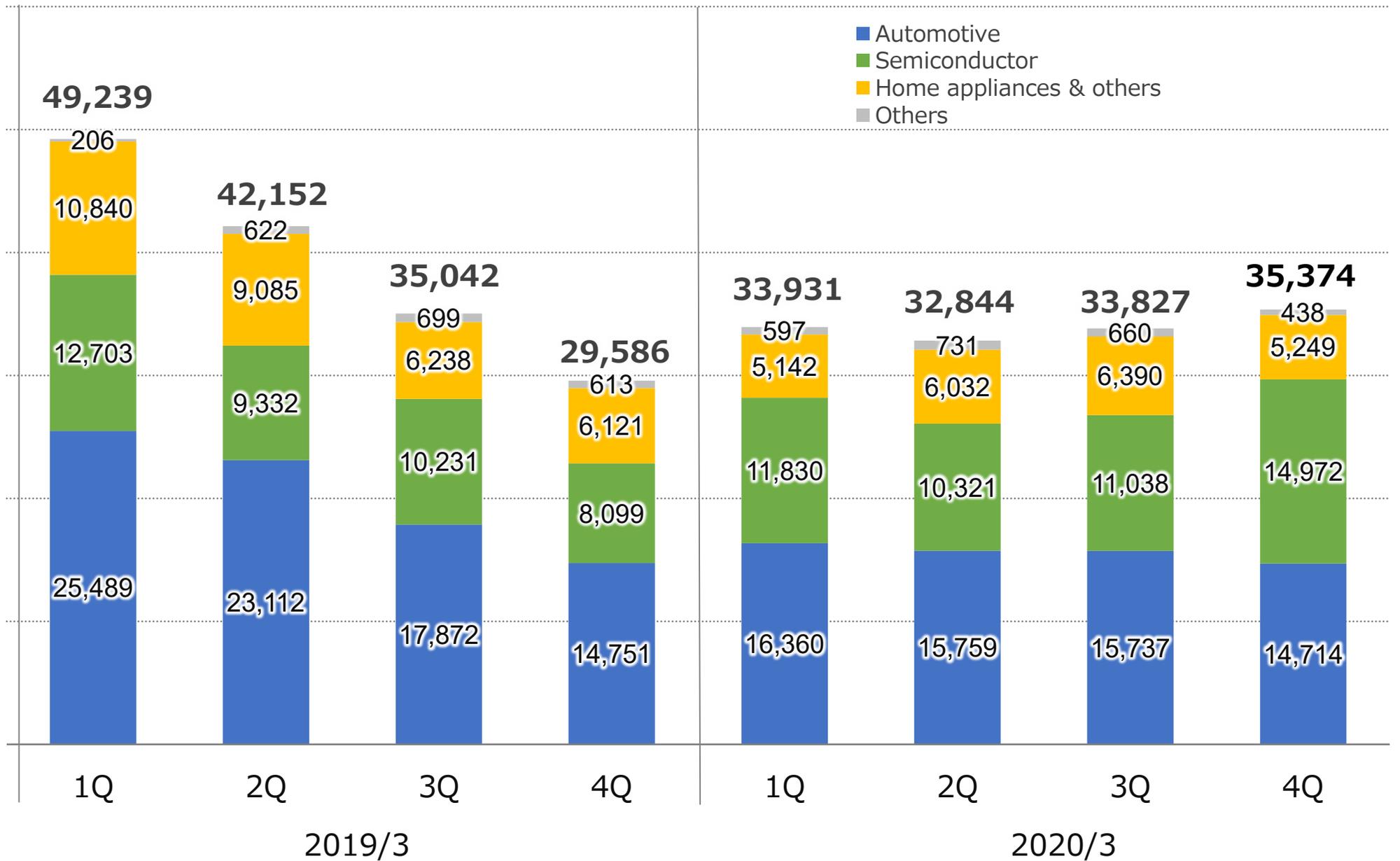
(Units in millions of Yen)



III. Quarterly Trends of Orders Outstanding by Business Unit

Outstanding Orders by Business Unit

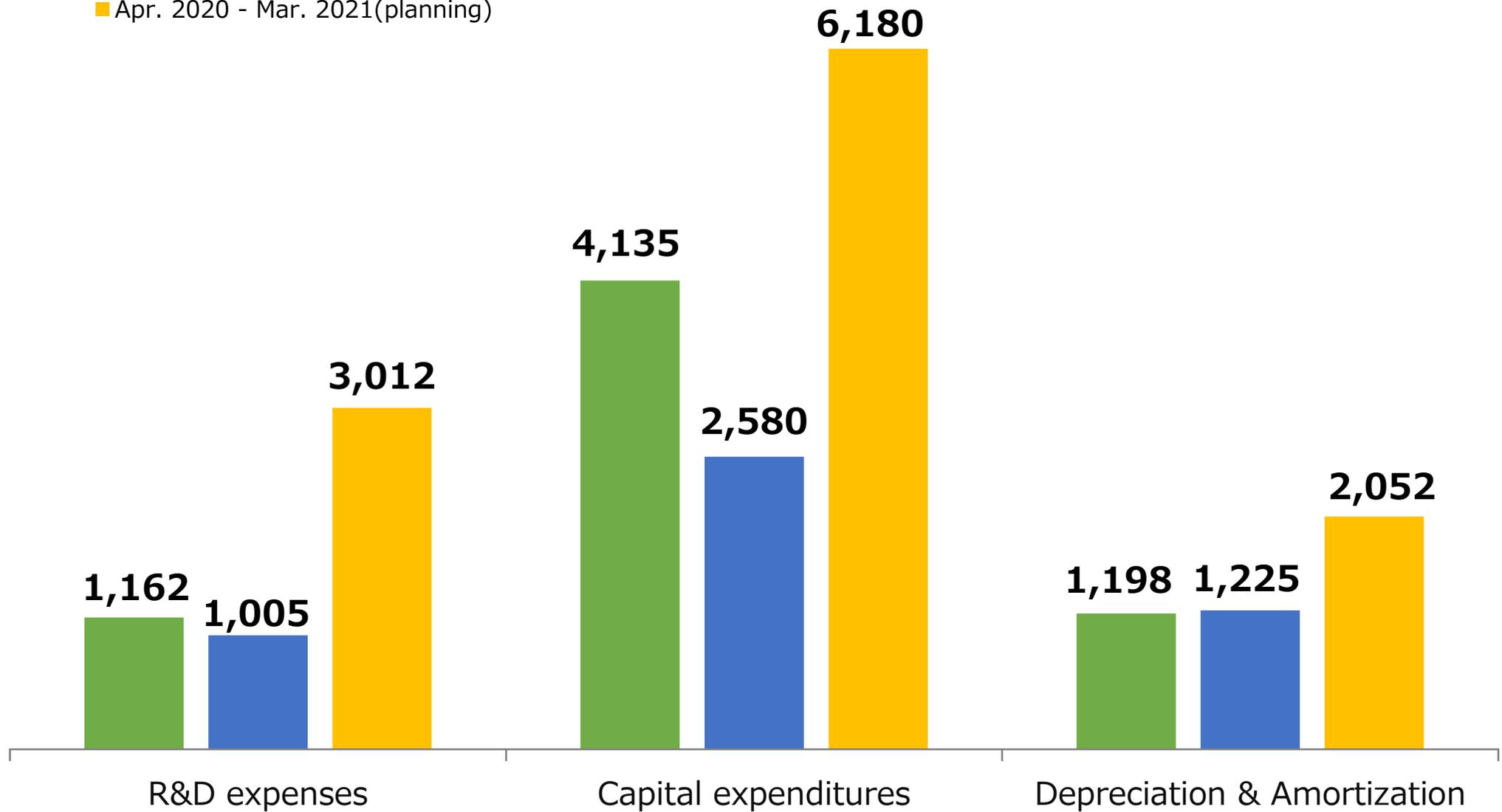
(Units in millions of Yen)



III. R&D, CAPEX, Depreciation and Amortization

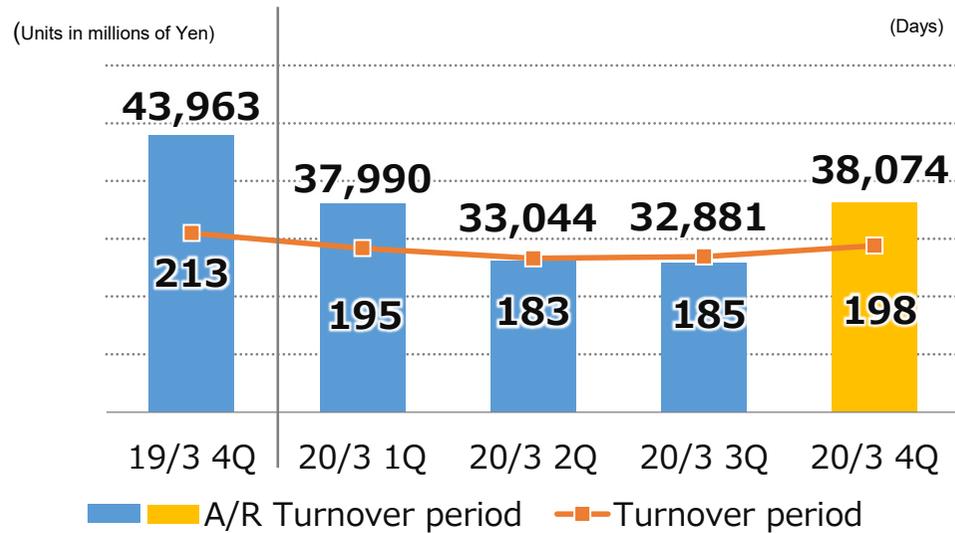
(Units in millions of Yen)

- Apr. 2018 - Mar. 2019
- Apr. 2019 - Mar. 2020
- Apr. 2020 - Mar. 2021(planning)

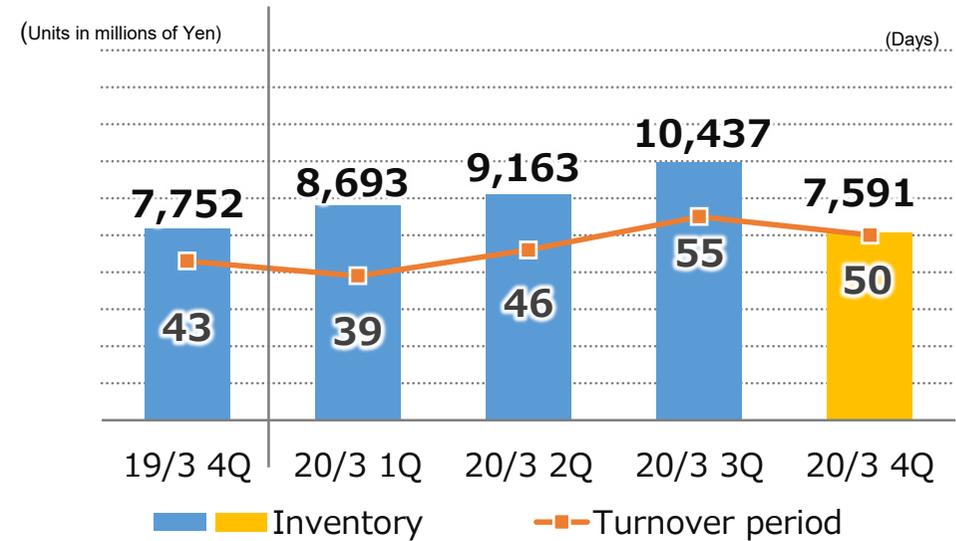


III. Key Financial KPIs/Indicators

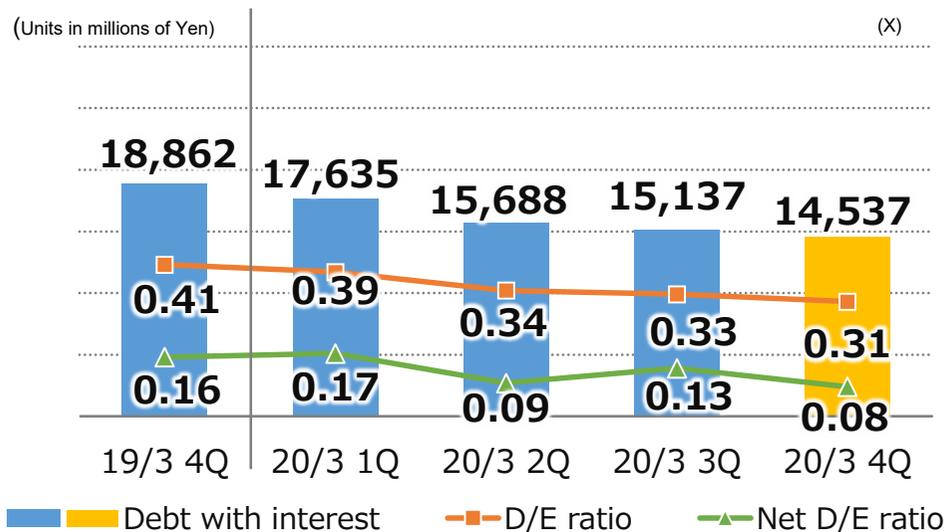
Account Receivables/Turnover period



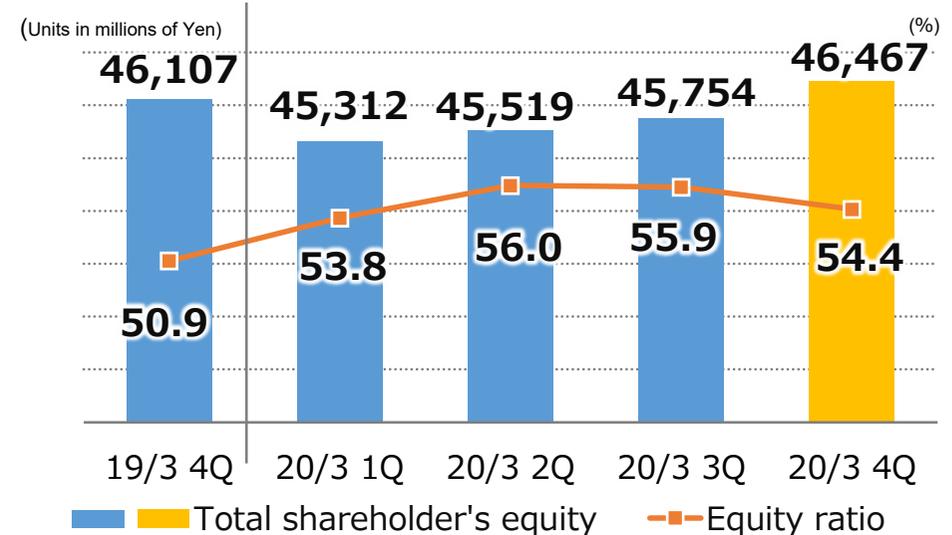
Inventory/Turnover period



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.