

# Hirata

The Global Production Engineering Company

## Quarterly Financial Results for the Three-month Period Ended June 30, 2020

Hirata Corporation



# I. Financial Results and Outlook

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The three-month period ended June 30, 2020 (April 1, 2020 - June 30, 2020)

**Hirata**



# I. Summary of Financial Results

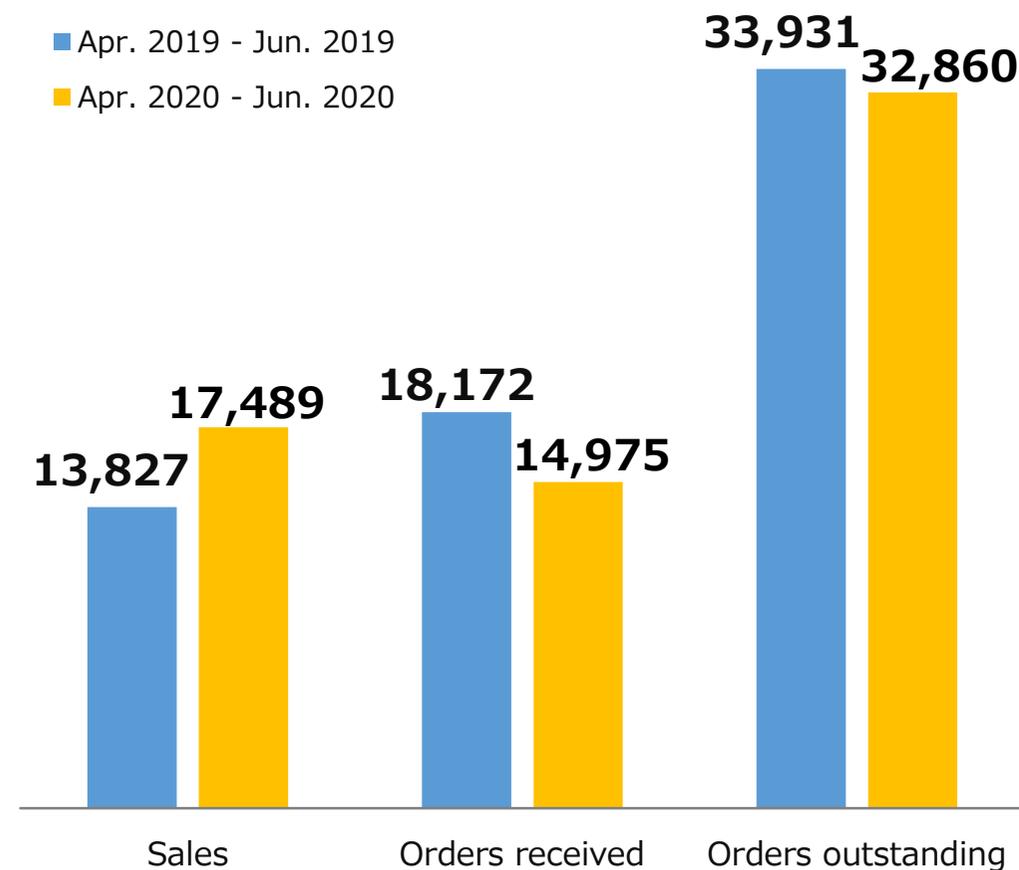
## Overview

We had a hard time receiving orders under the situation of the restriction of overseas sales activities in automotive related business due to wide-spreading COVID-19 globally. For semiconductor related business, on the other hand, we had a good sales, which exceeded year-on-year figures, in response to growing market demand for data center of 5G's full-scale service and work from home. In consequence, the sales and profit increased.

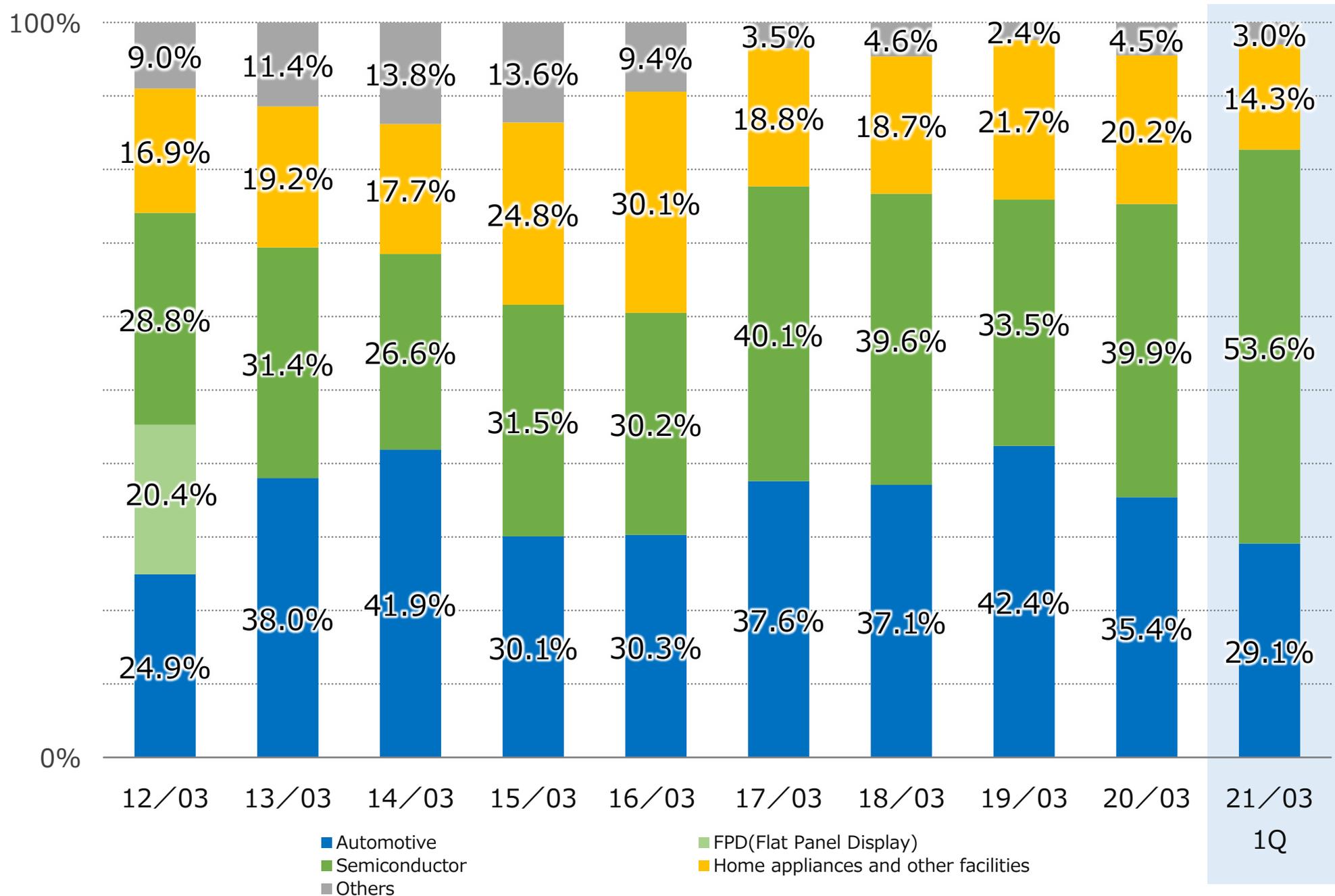
(Units in millions of Yen)

	Apr. 2019 – Jun. 2019 (Actual)	Apr. 2020 – Jun. 2020 (Actual)	YoY Change
Sales	13,827	<b>17,489</b>	+ 26.5%
Operating Income	593	<b>1,518</b>	+ 155.7%
Ordinary Income	627	<b>1,552</b>	+ 147.4%
Profit attributable to owners of the parent company	430	<b>951</b>	+ 121.0%

(Units in millions of Yen)

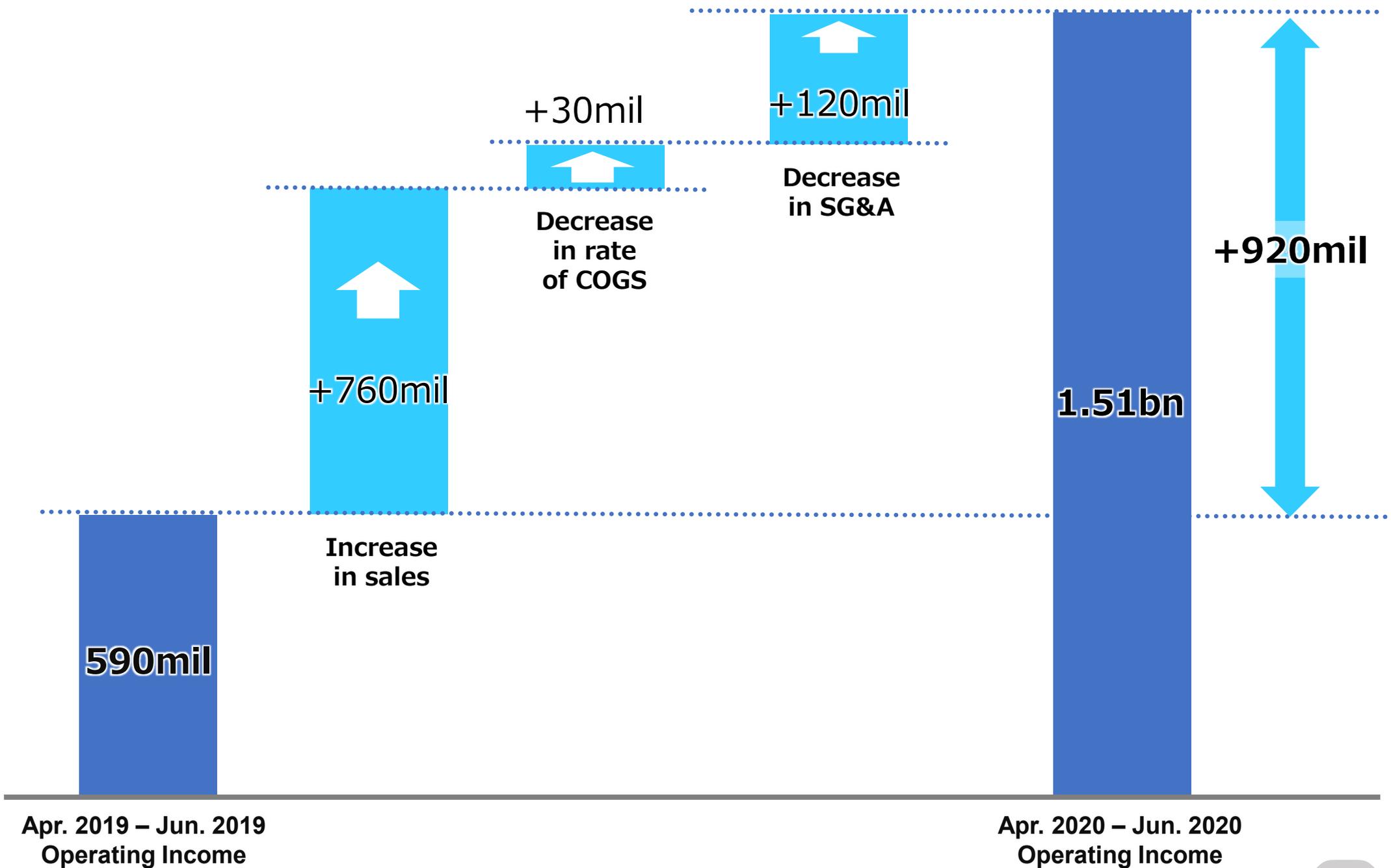


# I. Breakdown of Sales by Business Unit



\*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. 2019 - Mar. 2020	Apr. 2020 - Jun. 2020	YoY Change
Current Assets	57,792	<b>62,009</b>	<b>+4,216</b>
Fixed Assets	27,617	<b>29,066</b>	<b>+1,449</b>
Tangible Fixed Assets	21,737	<b>23,230</b>	<b>+1,493</b>
Intangible Fixed Assets	533	<b>499</b>	$\Delta$ 33
Investments and other assets	5,346	<b>5,336</b>	$\Delta$ 9
<b>Total Assets</b>	<b>85,409</b>	<b>91,076</b>	<b>+5,666</b>

Liabilities	Apr. 2019 - Mar. 2020	Apr. 2020 - Jun. 2020	YoY Change
Current Liabilities	28,831	<b>30,199</b>	<b>+1,368</b>
Fixed Liabilities	9,585	<b>13,364</b>	<b>+3,779</b>
<b>Total Liabilities</b>	<b>38,416</b>	<b>43,564</b>	<b>+5,147</b>

Net Assets	Apr. 2019 - Mar. 2020	Apr. 2020 - Jun. 2020	YoY Change
Total Net Assets	46,993	<b>47,511</b>	<b>+518</b>
Capital Ratio	54.4%	<b>51.6%</b>	$\Delta$ 2.8Point

### Main impact factors

#### Assets

Buildings and structures	+4,333
Construction in progress	$\Delta$ 3,028
Trade receivables	+2,864

#### Liabilities/Net Assets

Debt with interest	+4,799
Trade payables	+2,024
Accrued liability	$\Delta$ 685

# I. Assumed exchange rate, etc.

## Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2020 to Jun. 30, 2020 (Actual rate)	From Jul. 1, 2020 (Applied assumption rate)
Exchange rate (against USD)	106.43	100.00

## Transition of our stock prices

(Units in Yen)

Transition of our stock prices	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Mar. 31, 2020	Apr. 1, 2020 to Mar. 31, 2021		
			April	May	June
High	10,580	8,150	5,300	6,550	6,320
Low	4,285	3,505	4,110	5,030	5,490
End of period	7,640	4,605	5,240	6,190	5,630

## PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Mar. 31, 2020	Apr. 1, 2020 to Jun. 30, 2020
PER (x)	17.33	27.39	— ※
PBR (x)	1.72	1.03	1.24
ROE (%)	10.06	3.77	— ※

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

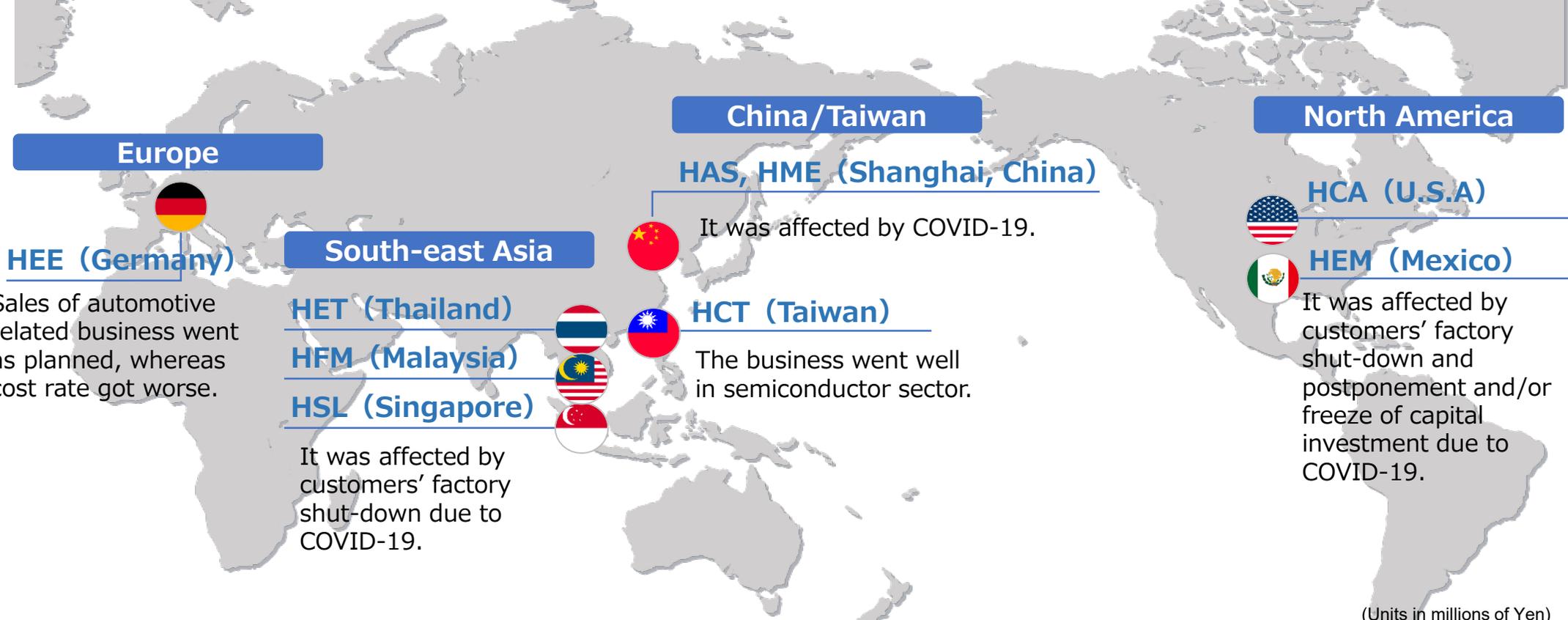
# I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	<b>Business Unit</b>	<b>Apr 2019 - Jun 2019</b>	<b>Apr 2020 - Jun 2020</b>	<b>YoY Change</b>
<b>Sales</b>	Automotive	5,047	5,088	+ 0.8%
	Semiconductor	4,721	9,375	+ 98.6%
	Home appliances & others	3,258	2,493	△23.5%
	Others	800	532	△33.4%
	<b>TOTAL</b>	<b>13,827</b>	<b>17,489</b>	<b>+ 26.5%</b>
<b>Orders Received</b>	Automotive	6,657	7,388	+ 11.0%
	Semiconductor	8,452	5,547	△34.4%
	Home appliances & others	2,279	1,606	△29.5%
	Others	783	433	△44.7%
	<b>TOTAL</b>	<b>18,172</b>	<b>14,975</b>	<b>△17.6%</b>
<b>Orders Outstanding</b>	Automotive	16,360	17,014	+ 4.0%
	Semiconductor	11,830	11,144	△5.8%
	Home appliances & others	5,142	4,362	△15.2%
	Others	597	339	△43.1%
	<b>TOTAL</b>	<b>33,931</b>	<b>32,860</b>	<b>△3.2%</b>

# I. Global Business Overview

## Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		Total	
	20/3 1Q	<b>21/3 1Q</b>	20/3 1Q	<b>21/3 1Q</b>	20/3 1Q	<b>21/3 1Q</b>	20/3 1Q	<b>21/3 1Q</b>	20/3 1Q	<b>21/3 1Q</b>
Sales	11,024	<b>15,525</b>	1,819	<b>789</b>	798	<b>731</b>	185	<b>443</b>	13,827	<b>17,489</b>
Operating Income	193	<b>1,725</b>	613	△ <b>54</b>	△168	△ <b>112</b>	△21	△ <b>68</b>	616	<b>1,489</b>

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

## Business update on Organic EL/EV businesses

(Units in millions of Yen)

	Amount of orders received			Sales		
	Apr. – Jun. 2019	Apr. – Jun. 2020	YoY Change	Apr. – Jun. 2019	Apr. – Jun. 2020	YoY Change
Organic EL related business	4,759	<b>2,046</b>	△ <b>2,714</b>	1,096	<b>5,098</b>	<b>+4,002</b>
Electric vehicle related business	1,876	<b>494</b>	△ <b>1,382</b>	677	<b>744</b>	<b>+67</b>

- Organic EL related business

The sales of organic EL related business accounted for about 54% of its total semiconductor sales, which increased at a great rate over the previous year. The incoming orders were decreased by about 57% over the previous year.

- Electric vehicle related business

The sales of EV related business accounted for about 15% of its total automotive sales, which was the increase of about 10% over the previous year. The incoming orders were decreased by about 74% over the previous year.

# I. Topics - New Headquarters Building completed

## ■ New Headquarters Building completed

Hirata's new headquarters building was completed on June 1. It is a four-storied building with a total floor area of 22,458 square meters and the fully integrated of headquarters and factory functions. We consolidated our manufacturing function, which used to located at several nearby factories, to this site. This enable us to increase factory capacity. Yuichiro Hirata CEO made a speech at the completion ceremony saying that the economic situation would be severe under the COVID-19 situation. We, however, try to receive as many orders as possible and give back some of the profits to Kumamoto.



**Headquarters building and Kumamoto factory**  
 ※Headquarters Building is on the right side of the blue-colored building.



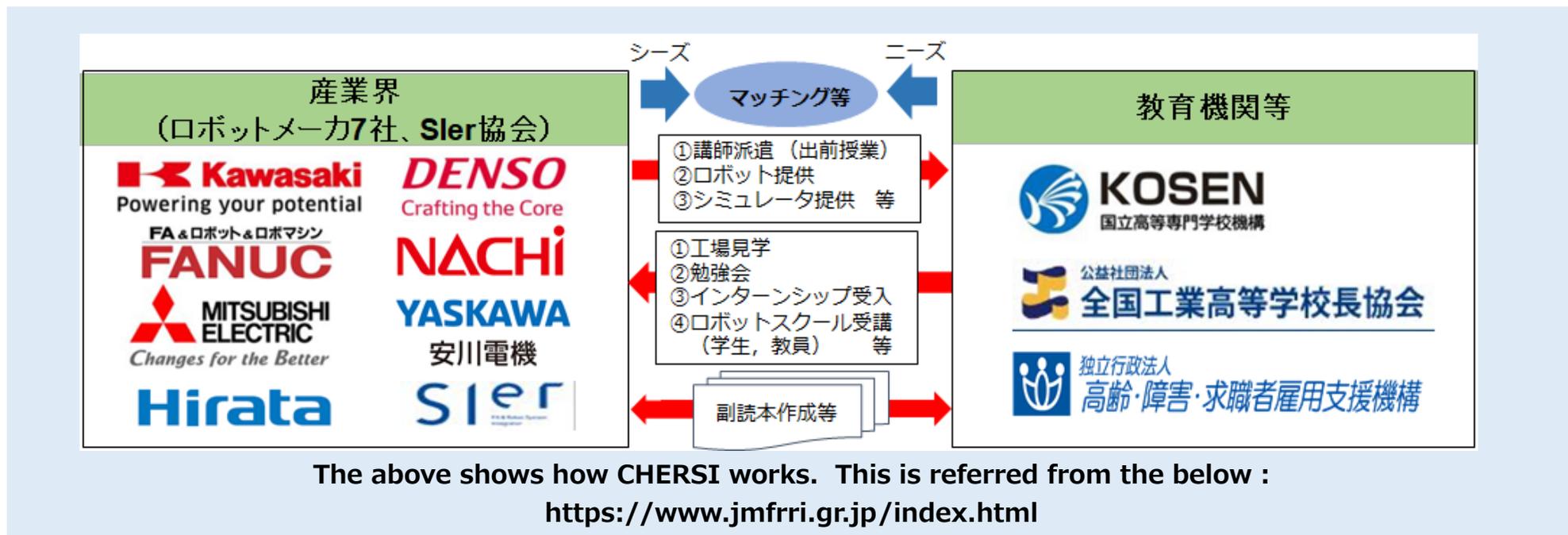
**This is an office area of the Headquarters Building.**



**Yuichiro Hirata CEO is greeting at the completion ceremony.**

**Participation in industry-academic collaborative framework CHERSI**

A industry-academic collaborative framework “Consortium of Human Education for Future Robot System Integration”, so-called “CHERSI” was established on June 24. Hirata agreed with the purpose and participated in it. CHERSI has a role in developing human resources through matching the needs against industry from educational institute such as specialized vocation high school and industrial high school and the seeds from robot manufacturers and robot system integrators. The seven participants are as follows: Kawasaki Heavy Industries, Ltd., Denso Corporation, FANUC Corporation, Nachi-Fujikoshi Corp., Mitsubishi Electric Corporation, and Yasukawa Electric Corporation besides Hirata Corporation, and the FA & Robot System Integrator Association. CHERSI plans teachers in specialized vocation high schools to educate students knowledge obtained by visiting robot manufacturers.



# II Market Trend and Forecast for FYE March 2021

The three-month period ended June 30, 2020 (April 1, 2020 - June 30, 2020)

**Hirata**



## II. Forecasts for FYE March 2021: Earnings Forecast

(Units in millions of Yen)

	FY2020/3 (Actual)		FY2021/3 (Forecast)	
<b>Sales</b>	65,612		<b>67,000</b>	
Automotive	23,225		25,000	
Semiconductor	26,166		27,000	
Home appliances & others	13,240		13,000	
Others	2,979		2,000	
Operating Income (margin)	2,736	(4.2%)	<b>1,900</b>	<b>(2.8%)</b>
Ordinary Income (margin)	2,861	(4.4%)	<b>2,000</b>	<b>(3.0%)</b>
Profit attributable to owners of the parent company (margin)	1,744	(2.7%)	<b>1,100</b>	<b>(1.6%)</b>

### As to the full-year sales estimate

As to the sales estimate ending March 2021, the spread of the COVID-19 is expanding globally and Hirata's ordering situation is still unclear. We, however, expect to relatively firm on the sales of automotive and semiconductor related business and increase in revenue as of now. As to the revenue, on the other hand, we expect it to be lower than that of the previous year due to the amount of business investment and research and development cost.

## II. Forecasts for FYE March 2021: Business Environment

### Automotive-related business

We foresee that both automotive and parts manufacturers maintain a cautious stance on their business investment due to automotive market downturn caused by the spread of the COVID-19. We remain skeptical about the uncertainty of ordering situation due to a growing concern about the second wave of COVID-19. Even under the situation, we put all our energy into receiving orders of ongoing inquiries such as EV related business.

### Semiconductor-related business

The full-scale service of 5G, and work from home and online lesson are expanding globally. This situation put upward pressure on investment for CPU of data center. We work harder to receive orders continuously on its semiconductor business and focus on receiving orders of organic EL related business which is very firm.

### Home appliances and other business

We expect that companies tend to shrink their capital investment and the unclear situation continues caused by the limitation of their production activities in Asia due to the negative effect of the COVID-19. We try harder to receive large orders for home appliances business.

## 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)
<b>Dividends per share</b>	100.00	125.00 including memorial dividend 25.00yen	125.00	40.00	<b>25.00</b>
<b>Dividend ratio(%)</b>	16.0	19.5	28.4	23.8	<b>23.6</b>

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 estimated to pay annual dividend per share of 25.00 yen for the fiscal year ending March 2021 based on the profit level of the sales estimate and the dividend ratio of the previous year.

# Ⅲ. Reference Data

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The three-month period ended June 30, 2020 (April 1, 2020 - June 30, 2020)

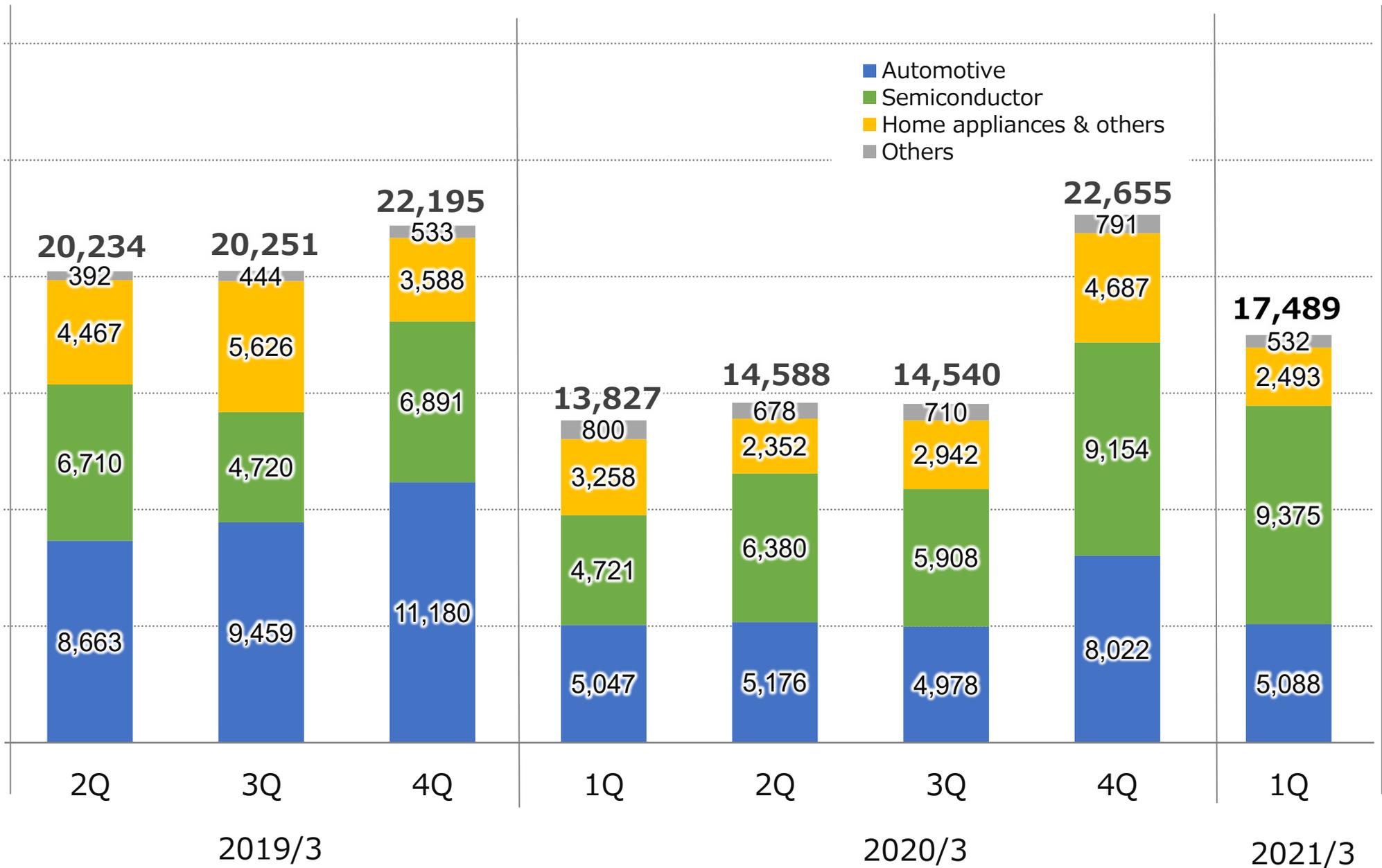
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### III. Quarterly Trends of Sales by Business Unit

#### Sales by Business Unit

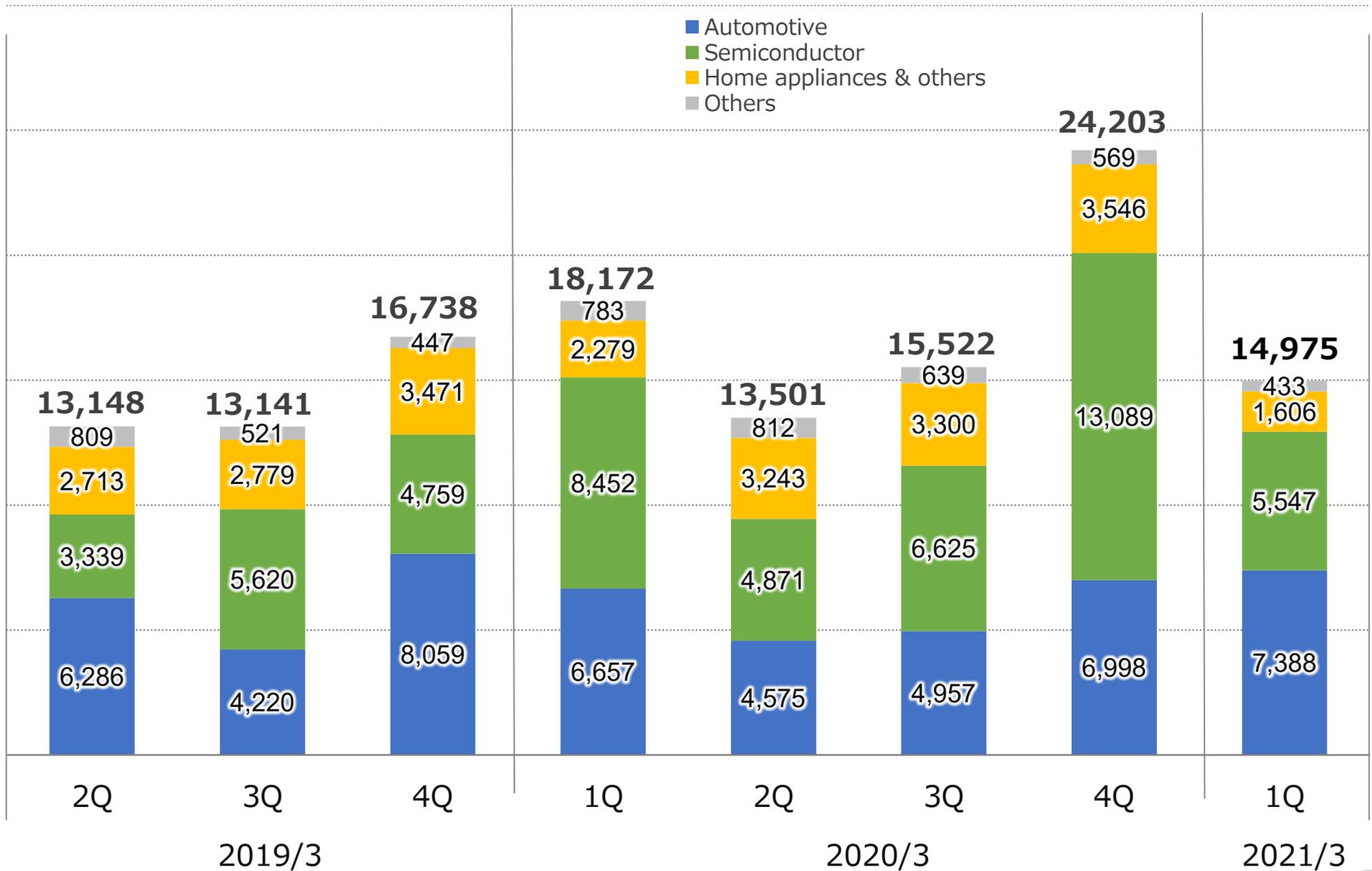
(Units in millions of Yen)



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

#### Received Orders by Business Unit

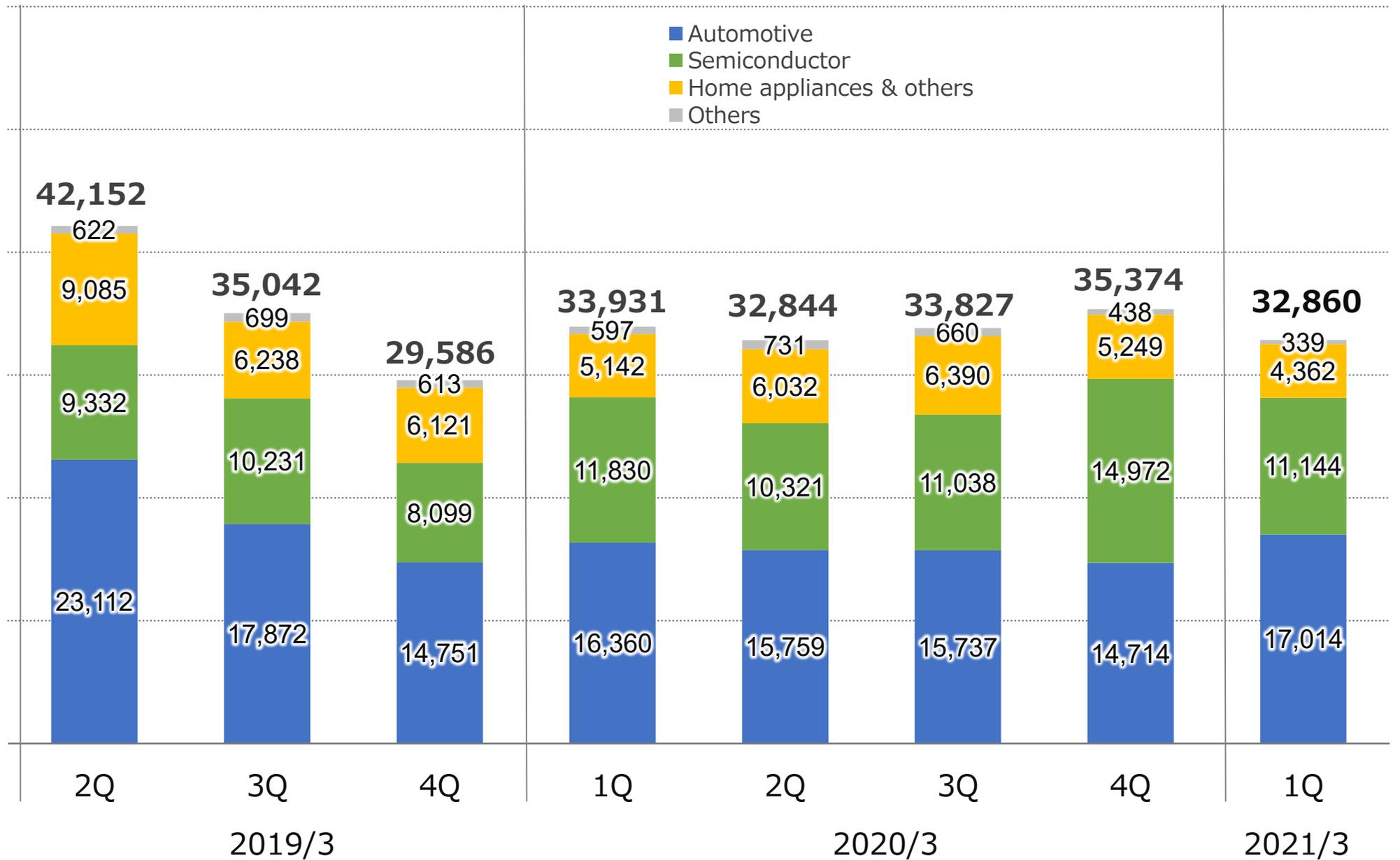
(Units in millions of Yen)



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

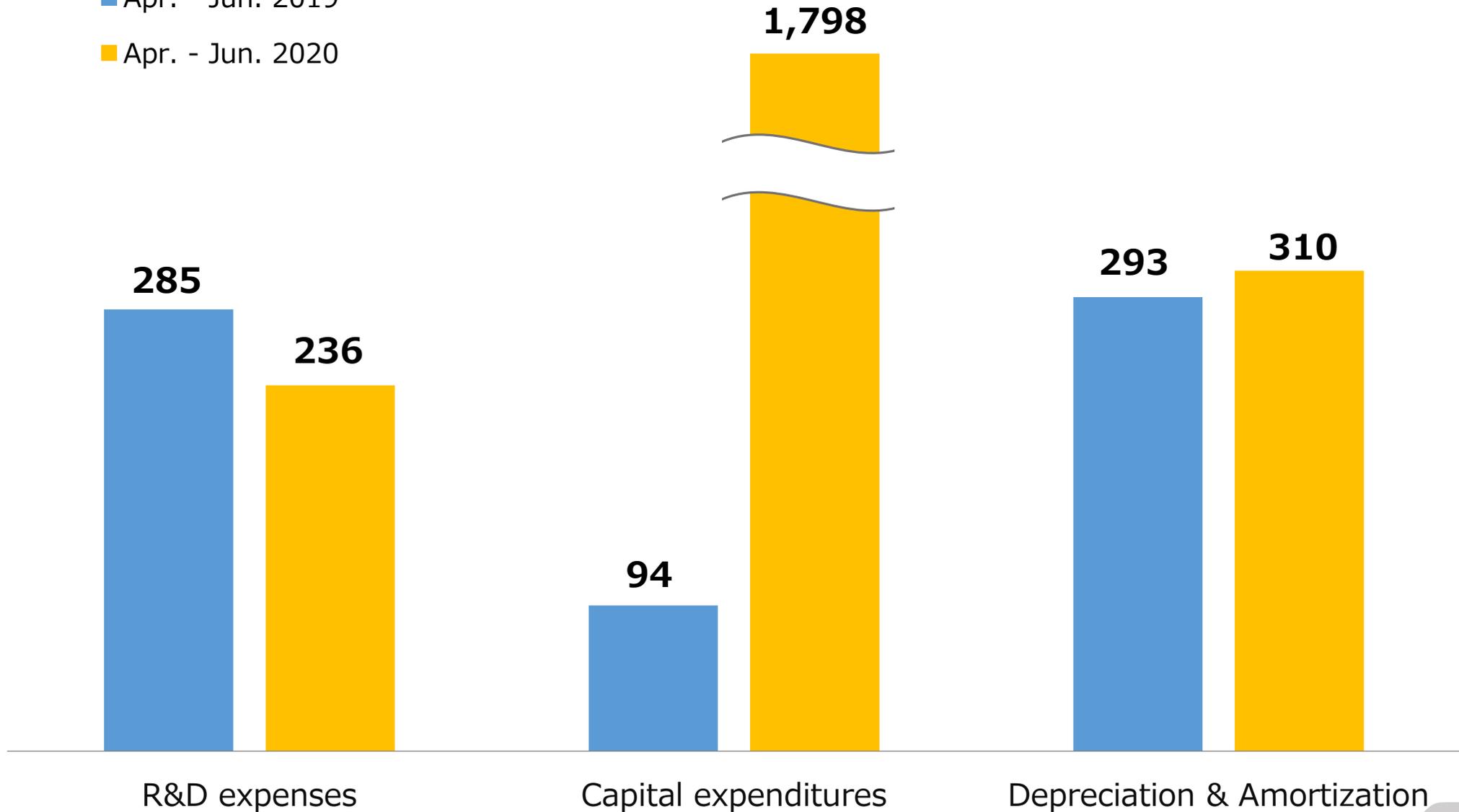
#### Outstanding Orders by Business Unit

(Units in millions of Yen)



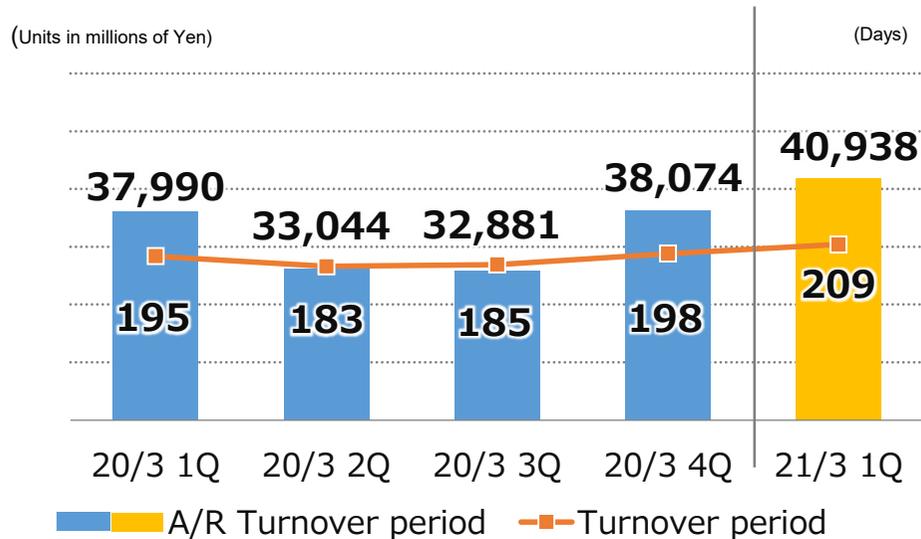
(Units in millions of Yen)

- Apr. - Jun. 2019
- Apr. - Jun. 2020

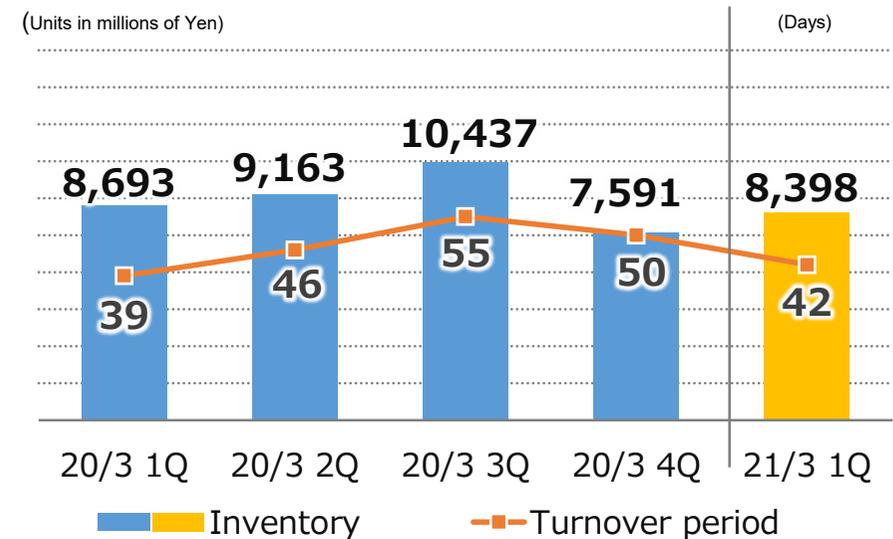


### III. Key Financial KPIs/Indicators

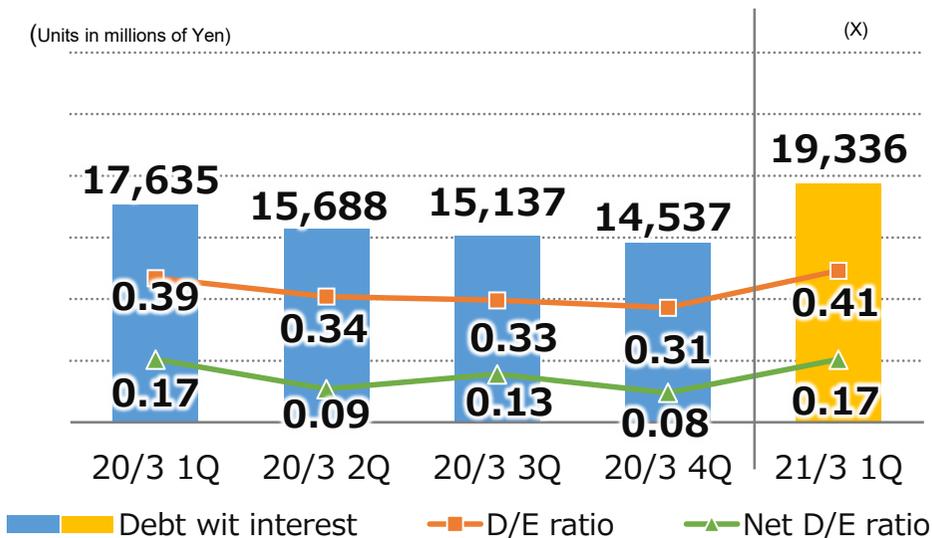
#### Account Receivables/Turnover period



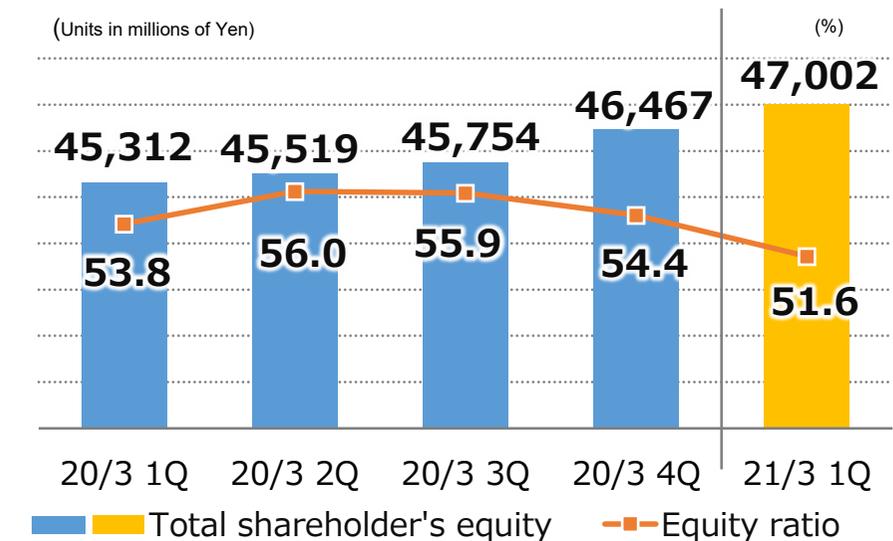
#### Inventory/Turnover period



#### 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.