

Hirata

The Global Production Engineering Company

Quarterly Financial Results for the Six-month Period Ended September 30, 2020

Hirata Corporation



I. Financial Results and Outlook

The six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)

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I. Summary of Financial Results

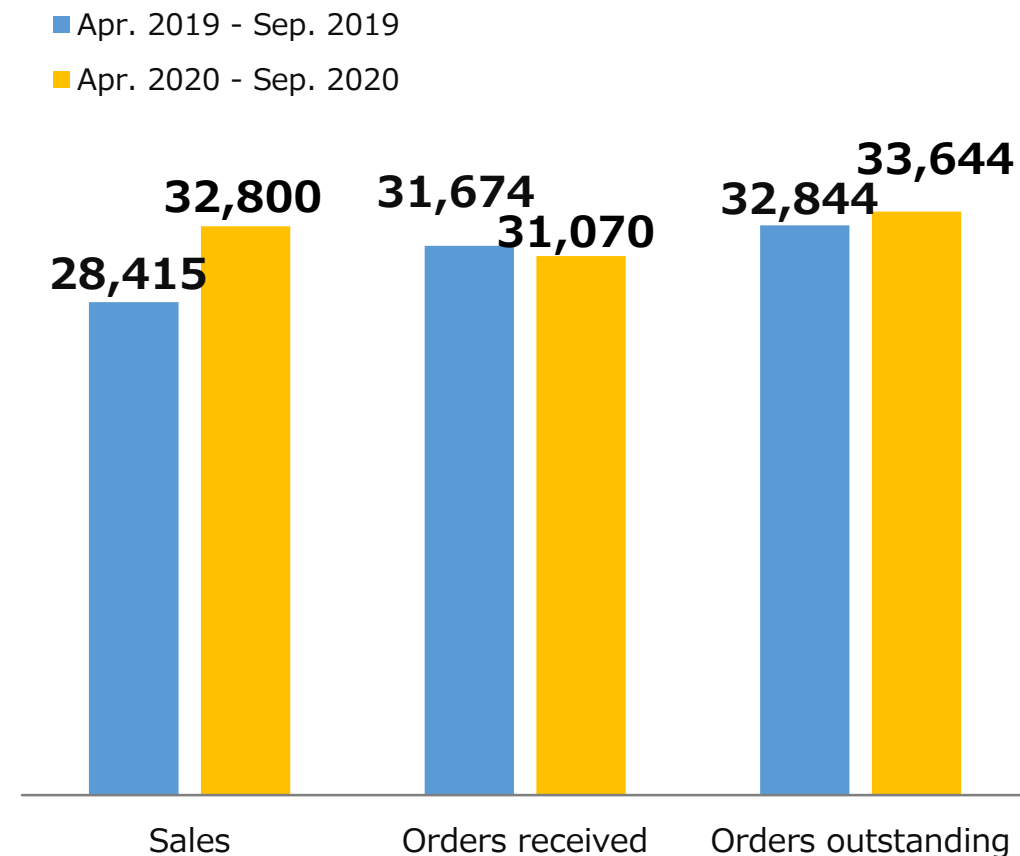
Overview

We had a hard time receiving orders under the situation of the restriction of overseas sales activities due to wide-spreading COVID-19 and auto makers' careful investing stance. For semiconductor related business, on the other hand, as equipment manufacturers continue to make capital investment in response to growing market demand for 5G's full-scale service and data center, and we had a good sales, which exceeded year-on-year figures. In consequence, the sales and profit increased.

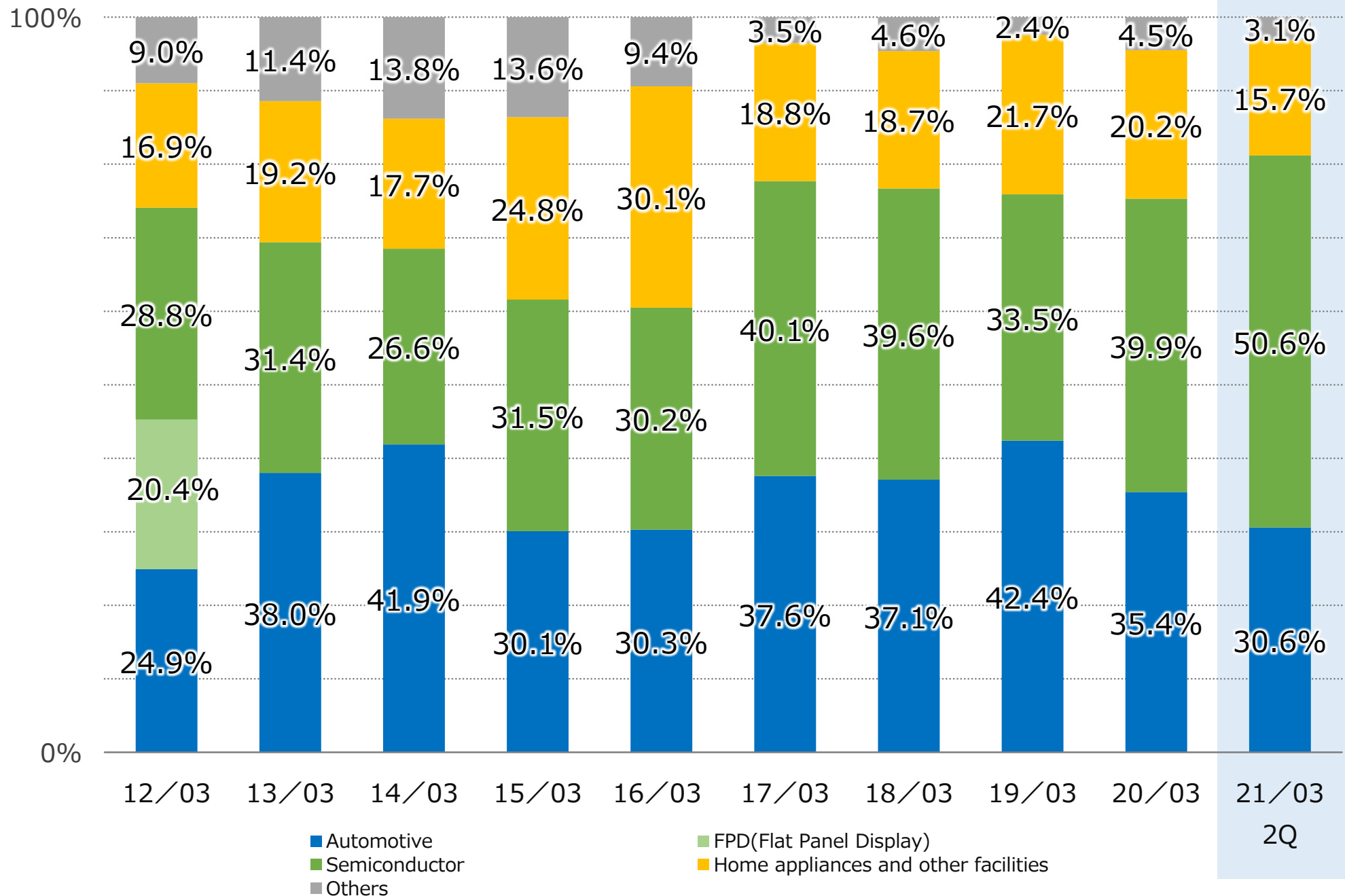
(Units in millions of Yen)

	Apr. 2019 – Sep. 2019 (Actual)	Apr. 2020 – Sep. 2020 (Actual)	YoY Change
Sales	28,415	32,800	+ 15.4%
Operating Income	1,104	2,741	+ 148.3%
Ordinary Income	1,250	2,841	+ 127.2%
Quarterly net income attributable to owners of the parent company	765	1,781	+ 132.8%

(Units in millions of Yen)

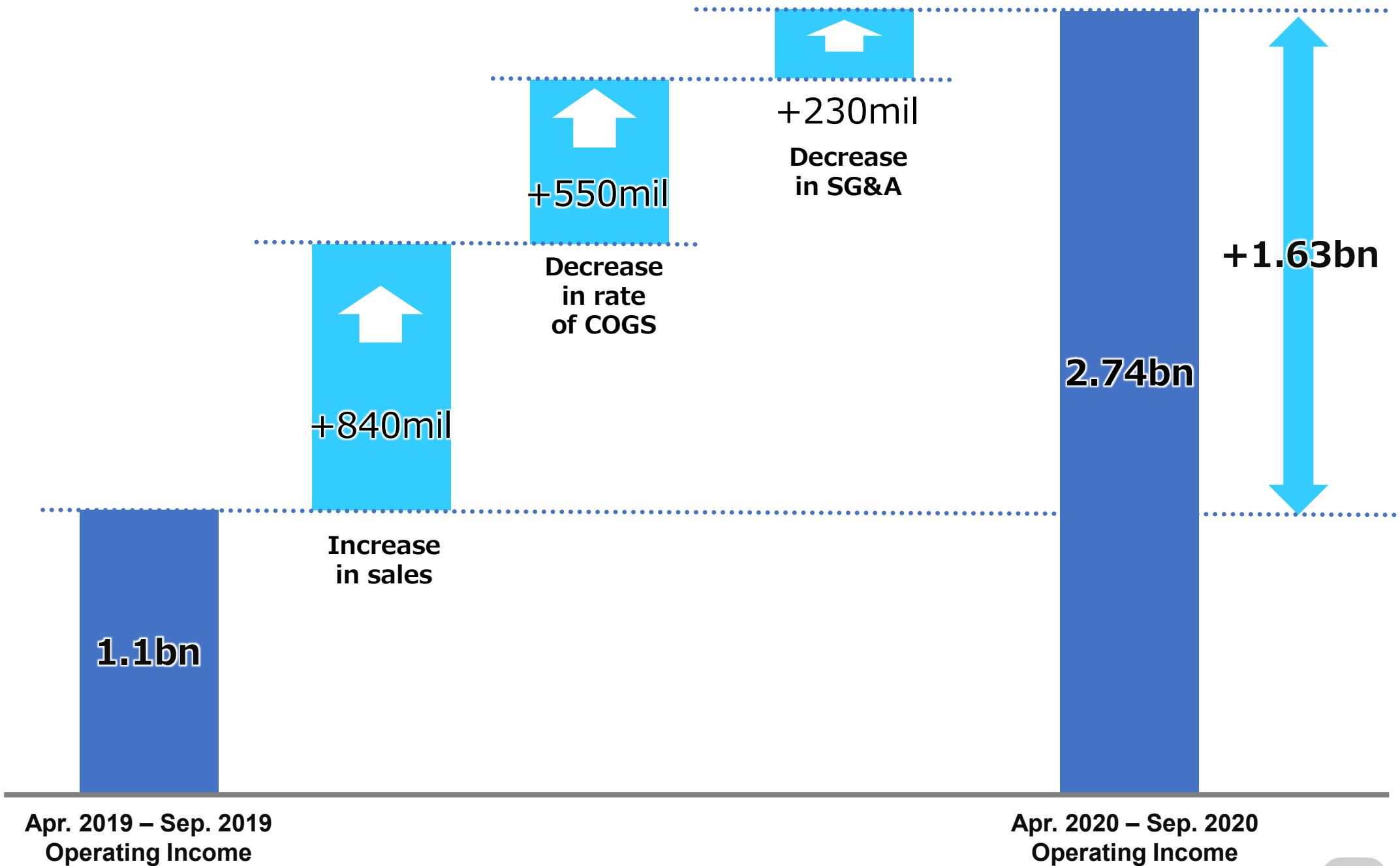


I. Breakdown of Sales by Business Unit



*The figure of FPD related business was integrated into semiconductor related business since April 2012.

I. Factor Analysis on Changing Operating Income



Apr. 2019 – Sep. 2019
Operating Income

Apr. 2020 – Sep. 2020
Operating Income

Balance Sheet

(Units in millions of Yen)

Assets	Apr. 2019 - Mar. 2020	Apr. 2020 - Sep. 2020	YoY Change
Current Assets	57,792	62,440	+4,647
Fixed Assets	27,617	29,958	+2,341
Tangible Fixed Assets	21,737	23,893	+2,156
Intangible Fixed Assets	533	467	Δ 66
Investments and other assets	5,346	5,597	+251
Total Assets	85,409	92,399	+6,989

Liabilities	Apr. 2019 - Mar. 2020	Apr. 2020 - Sep. 2020	YoY Change
Current Liabilities	28,831	29,670	+839
Fixed Liabilities	9,585	14,216	+4,631
Total Liabilities	38,416	43,886	+5,470

Net Assets			
Total Net Assets	46,993	48,512	+1,519
Capital Ratio	54.4%	52.0%	Δ 2.4Point

Main impact factors

Assets

Buildings and structures	+4,217
Trade receivables	+3,703
Construction in progress	Δ 3,022

Liabilities/Net Assets

Debt with interest	+6,744
Retained earnings	+1,366
Trade payables	Δ 945

I. Assumed exchange rate, etc.

Assumed exchange rate

(Units in Yen)

Assumed exchange rate	From Apr. 1, 2020 to Sep. 30, 2020 (Actual rate)	From Oct. 1, 2020 (Applied assumption rate)
Exchange rate (against USD)	106.52	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		
			July	August	September
High	10,580	8,150	6,350	6,580	6,630
Low	4,285	3,505	5,480	5,540	5,660
End of period	7,640	4,605	5,760	6,080	6,280

PER/PBR/ROE

PER/PBR/ROE	Apr. 1, 2018 to Mar. 31, 2019	Apr. 1, 2019 to Mar. 31, 2020	Apr. 1, 2020 to Sep. 30, 2020
PER (x)	17.33	27.39	— ※
PBR (x)	1.72	1.03	1.36
ROE (%)	10.06	3.77	— ※

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

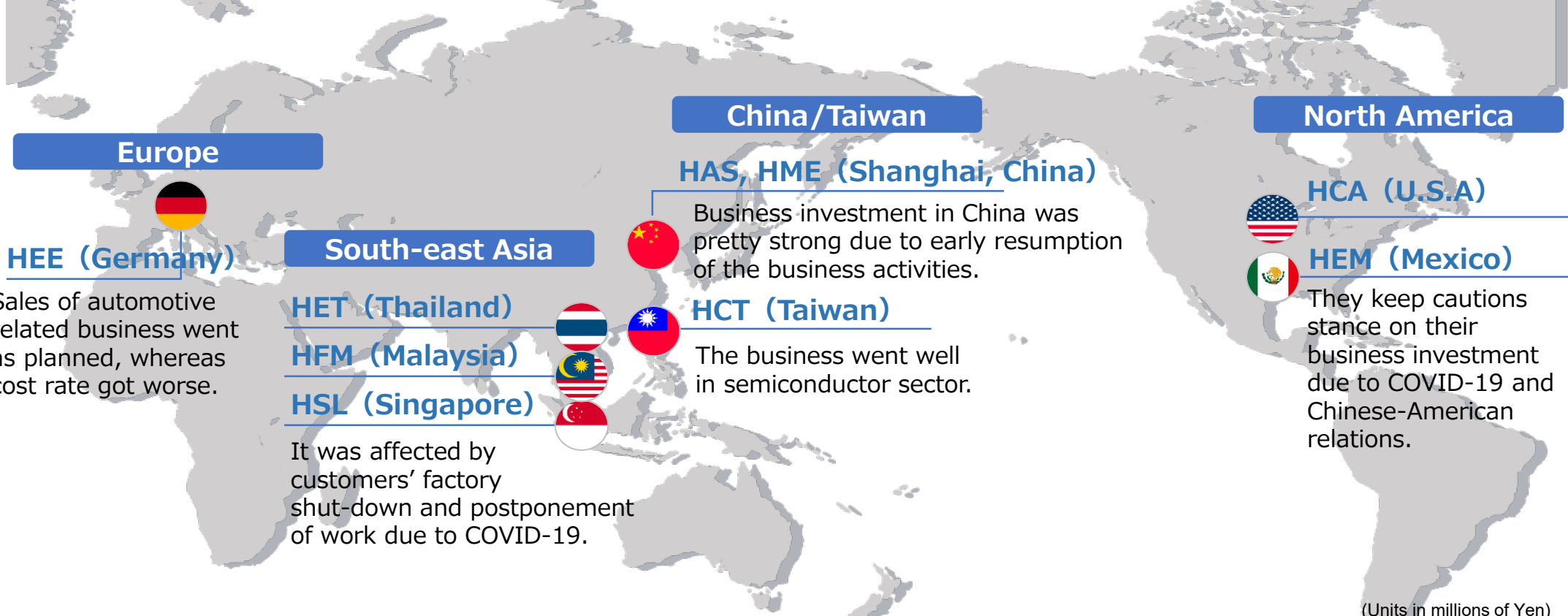
I. Sales, Orders Received and Outstanding by Business Unit

(Units in millions of Yen)

	Business Unit	Apr 2019 - Sep 2019	Apr 2020 - Sep 2020	YoY Change
Sales	Automotive	10,224	10,051	△1.7%
	Semiconductor	11,102	16,600	+49.5%
	Home appliances & others	5,610	5,138	△8.4%
	Others	1,478	1,009	△31.7%
	TOTAL	28,415	32,800	+15.4%
Orders received	Automotive	11,232	15,543	+38.4%
	Semiconductor	13,323	11,444	△14.1%
	Home appliances & others	5,522	3,146	△43.0%
	Others	1,596	936	△41.3%
	TOTAL	31,674	31,070	△1.9%
Orders outstanding	Automotive	15,759	20,206	+28.2%
	Semiconductor	10,321	9,815	△4.9%
	Home appliances & others	6,032	3,256	△46.0%
	Others	731	365	△50.1%
	TOTAL	32,844	33,644	+2.4%

I. Global Business Overview

Sales by region



(Units in millions of Yen)

	Japan		Asia		North America		Europe		Total	
	20/3 2Q	21/3 2Q	20/3 2Q	21/3 2Q	20/3 2Q	21/3 2Q	20/3 2Q	21/3 2Q	20/3 2Q	21/3 2Q
Sales	23,348	28,627	3,075	1,681	1,781	1,805	210	685	28,415	32,800
Operating Income	1,052	3,011	668	△ 52	△467	△ 89	△83	△ 147	1,170	2,721

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

I. Topics - 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. – Sep. 2019	Apr. – Sep. 2020	YoY Change	Apr. – Sep. 2019	Apr. – Sep. 2020	YoY Change
Organic EL related business	6,179	2,732	Δ 3,447	3,793	8,231	+4,438
Electric vehicle related business	684	5,070	+4,387	1,048	1,384	+336

- Organic EL related business

The sales of organic EL related business accounted for about 50% of its total semiconductor sales, which was the increase of about 117% on a year-to-year comparison. The incoming orders were decreased by about 56% on a year-to-year comparison.

- Electric vehicle related business

The sales of EV related business accounted for about 14% of its total automotive sales, which was the increase of about 32% on a year-to-year comparison. The incoming orders increased at a great rate on a year-to-year comparison.

I. Topics – Dedication ceremony for a new Headquarters building

– Dedication ceremony for a new Headquarters building

Hirata held a dedication ceremony for a new Headquarters building (hereinafter “HQ building”) on August 25. We invited 31 people including Mr. Kabashima, the governor of Kumamoto prefecture and Mr. Onishi, the mayor of Kumamoto city. Noh, one of the theatrical art, and Japanese drum performance graced the ceremony. Yuichiro Hirata, the CEO, made a speech that the new HQ building is finally built at this Kumamoto, our home. I hereby pledge that we repay our home Kumamoto by improving our production efficiency and proving our capability to compete against the best in the world.



Yuichiro Hirata, the CEO, greeted the attendees.



The video about ACS development story tells you how Hirata got into automotive market.

I. Topics - HAS received a FY2019 special award from JATCO Suzhou

■ HAS received a FY 2019 special award from JATCO Suzhou

Hirata Automated Machinery (Shanghai) Co.,Ltd. (hereinafter "HAS"), one of Hirata's affiliated company in China, received a FY2019 special award from JATCO (Suzhou) Automatic Transmission Ltd. (hereinafter "JATCO Suzhou") on September 14, 2020. JATCO Suzhou evaluated Hirata's hard work for supporting their factory launch. 35 companies including HAS were elected under the category of quality, special, QCDS A rank awards for FY2019.



Zhang general manager received a plaque (right)

I. Topics - Hirata and Hirata union worked as volunteers at Kuma village

— Hirata and Hirata union worked as volunteers at Kuma village

Total of 32 Hirata's employees worked as volunteers three times in September at Kuma village, Kuma county, Kumamoto prefecture which were affected by heavy rain in July. They removed soil from flooded houses, cleansed and restored submerged documentations at an elementary school, and shoveled dirt at a timber factory. They worked hard and quietly in bounded time in order to be of help. Hirata really hopes for the early restoration of the disaster affected area.



The volunteers wore Hirata's red T-shirt

II Forecast for FYE March 2021

The six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)

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II. Forecasts for FYE March 2021: Earnings Forecast

Hirata announced its revised earnings forecast for the full year on November 12, 2020.

(Units in millions of Yen)

	FY2020/3 (Actual)		FY2021/3 (Forecast) announced on August 6, 2020		FY2021/3 (Forecast) announced on November 12, 2020	
Sales	65,612		67,000		67,000	
Automotive	23,225		25,000		26,000	
Semiconductor	26,166		27,000		29,000	
Home appliances & others	13,240		13,000		10,000	
Others	2,979		2,000		2,000	
Operating Income (margin)	2,736	(4.2%)	1,900	(2.8%)	2,500	(3.7%)
Ordinary Income (margin)	2,861	(4.4%)	2,000	(3.0%)	2,600	(3.9%)
Quarterly net income attributable to owners of the parent company	1,744	(2.7%)	1,100	(1.6%)	1,500	(2.2%)

As to the amendment of the full-year forecast

As to the earnings forecast ending March 2021, the sales of home appliances and others would be lower than anticipated due to the spread of the COVID-19. That of automotive and semiconductor, on the other hand, would be higher than anticipated due to a growing demand for data-center and recovery trend of electric vehicle related production equipment. Thus, the composition ratio of each segment would change even though there is no change on the entire sales estimate.

Regarding the research and development budget we planned at the beginning of the term, we needed more time for research equipment consolidation and rescheduled it to the next term partially. We revised up its operating income, ordinary income, and quarterly net income attributable to owners of the parent company as the budget ended up lowering the original plan.

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 business 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 spread 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)	
					Announcement on Aug.6, 2020	Announcement on Nov.12, 2020
Dividends per share	100.00	125.00 <small>including memorial dividend 25.00yen</small>	125.00	40.00	25.00	30.00
Dividend ratio(%)	16.0	19.5	28.4	23.8	23.6	20.8

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 30.00 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

The six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)

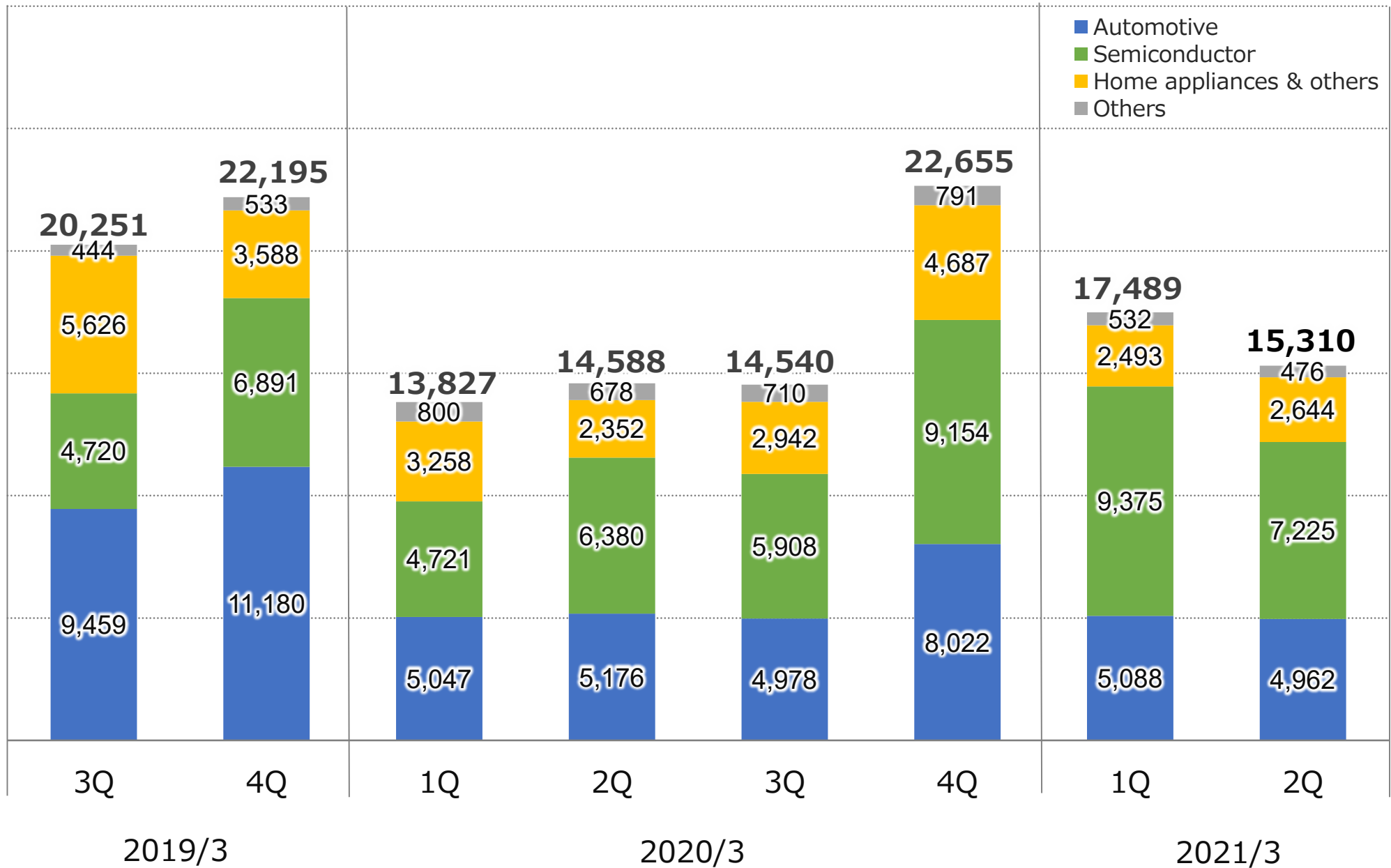
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III. Quarterly Trends of Sales by Business Unit

Sales by Business Unit

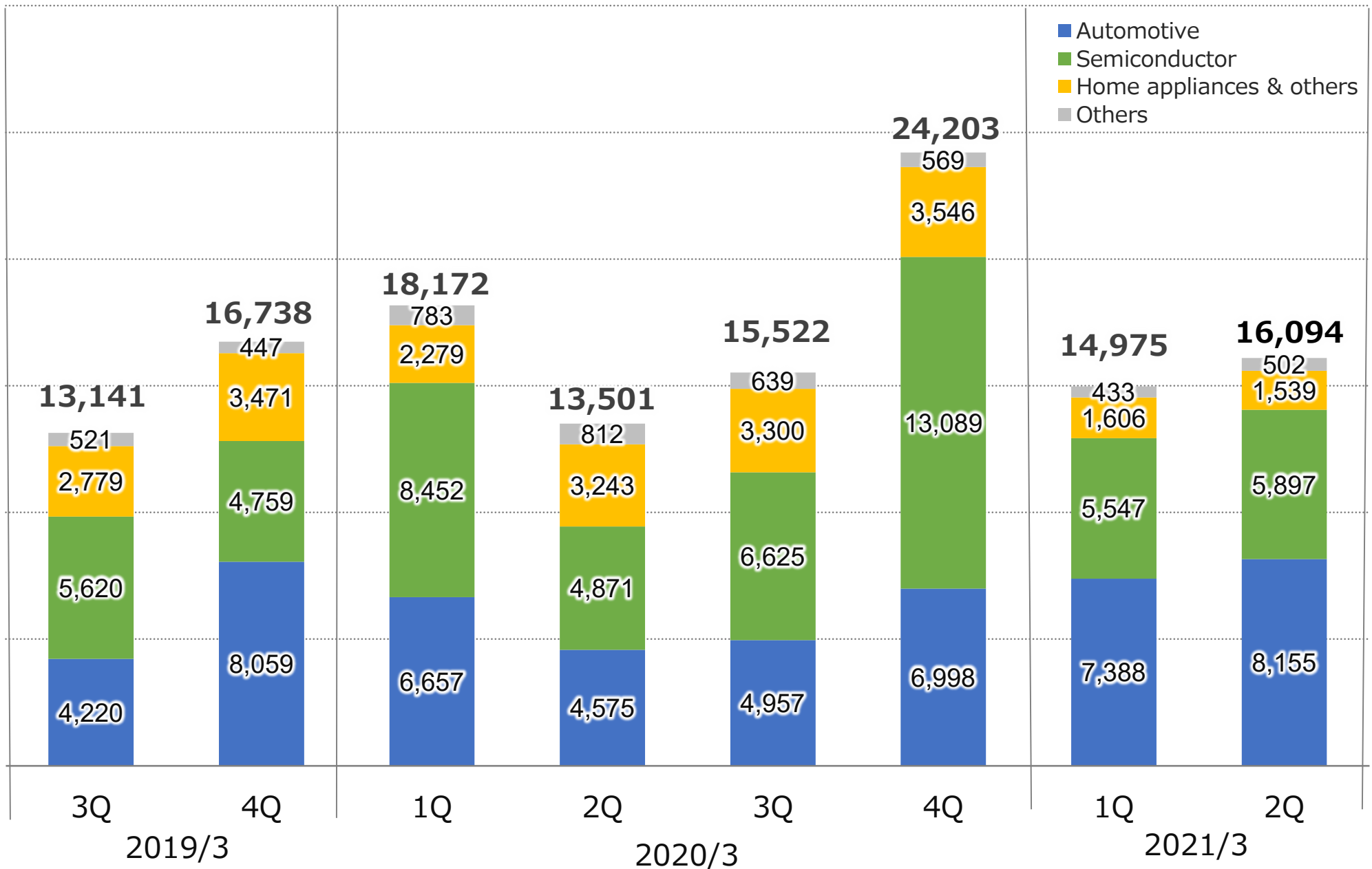
(Units in millions of Yen)



III. Quarterly Trends of Received Orders by Business Unit

Received Orders by Business Unit

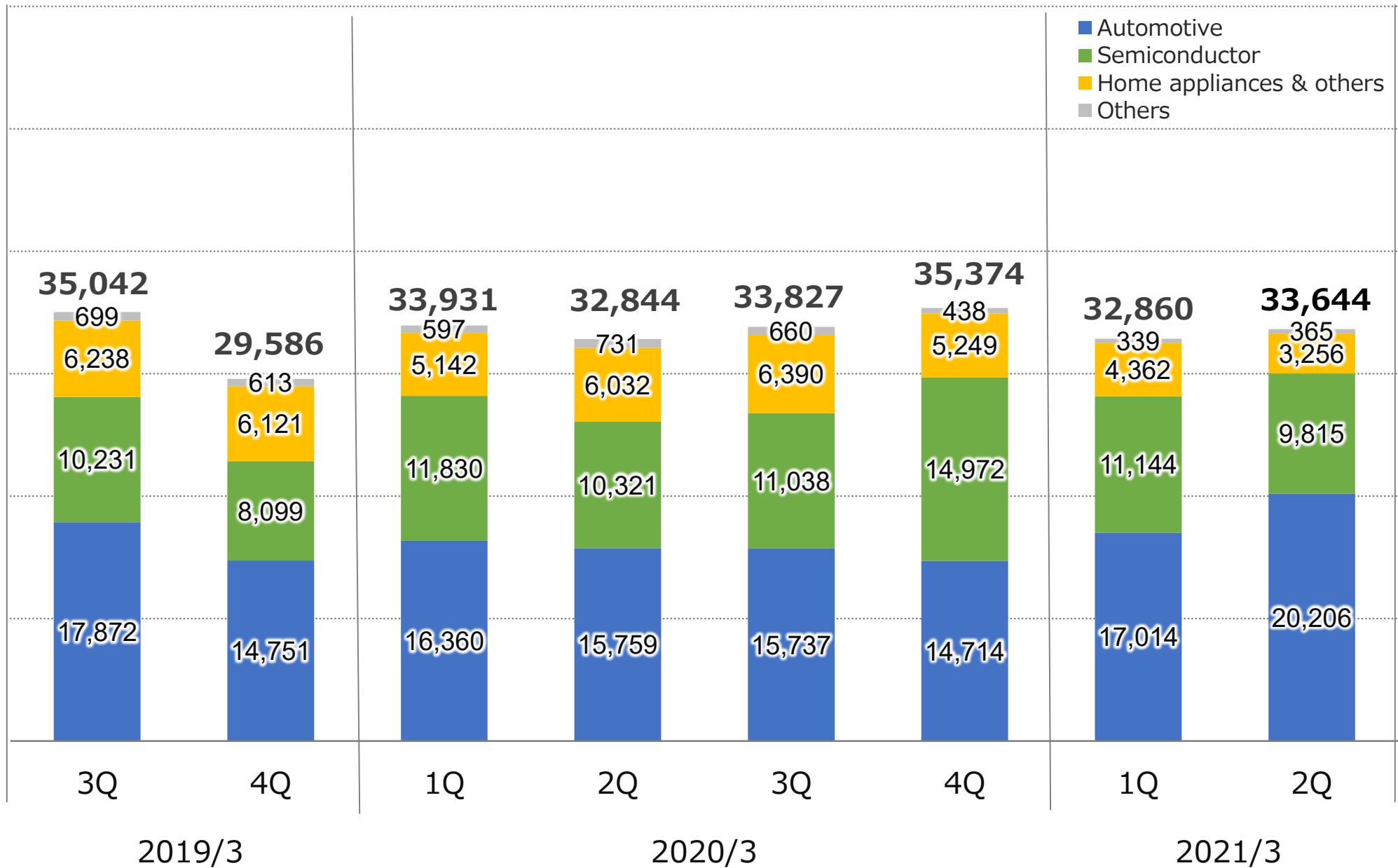
(Units in millions of Yen)



III. Quarterly Trends of Orders Outstanding by Business Unit

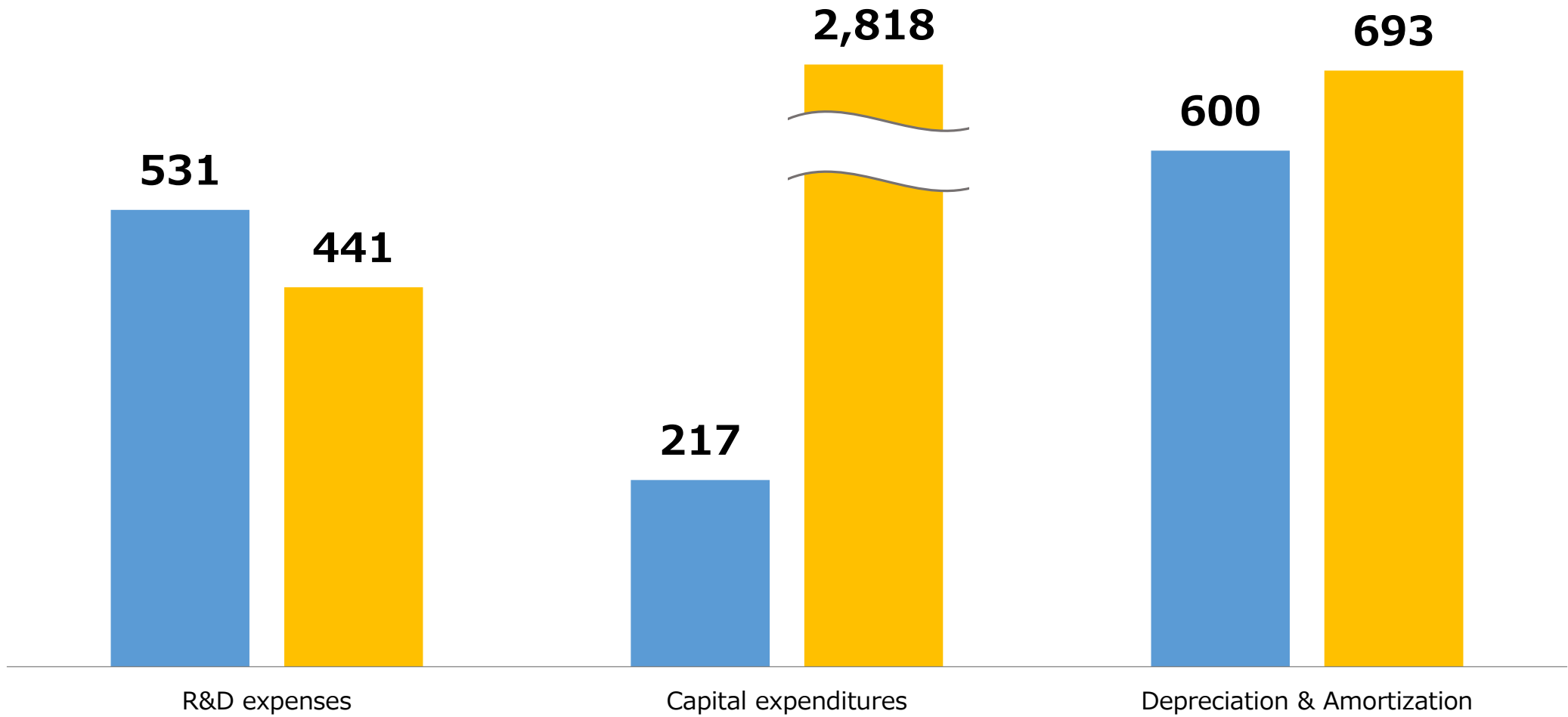
Outstanding Orders by Business Unit

(Units in millions of Yen)



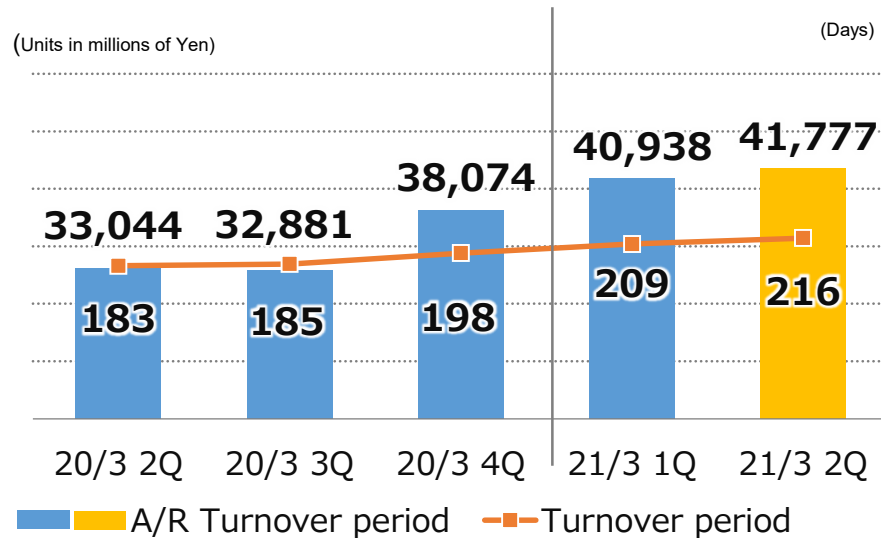
(Units in millions of Yen)

- Apr. - Sep. 2019
- Apr. - Sep. 2020

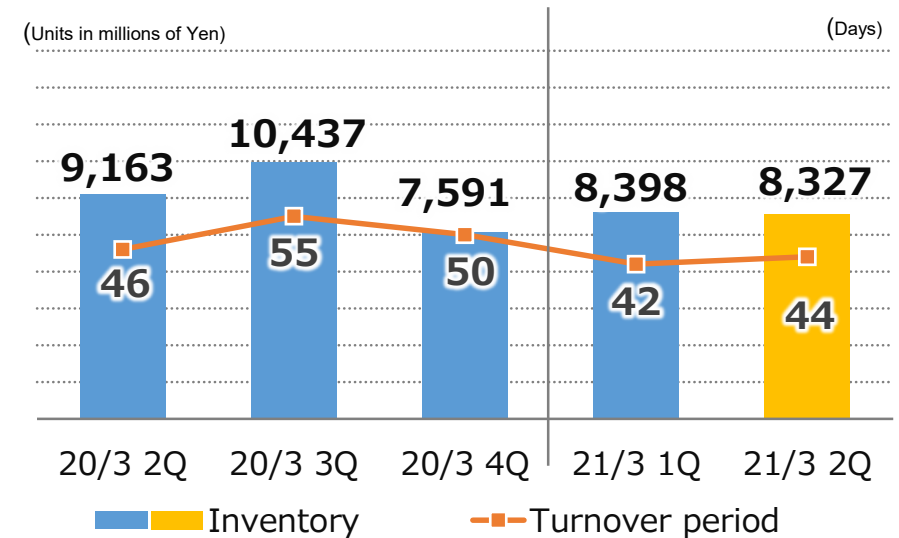


III. Key Financial KPIs/Indicators

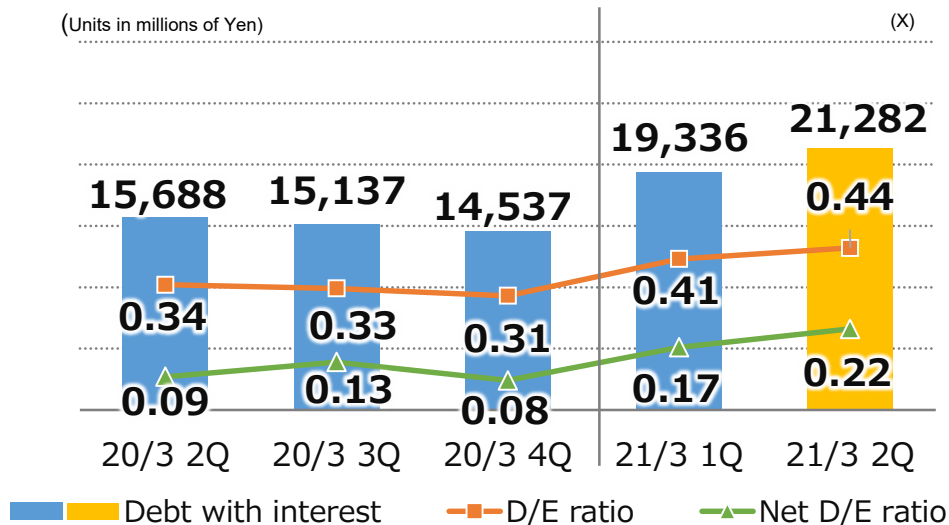
Account Receivables/Turnover period



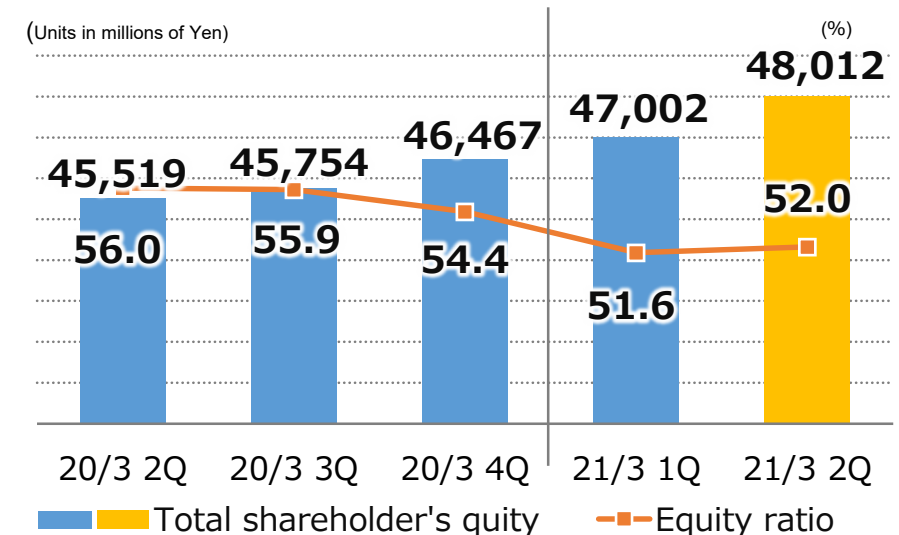
Inventory/Turnover period



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.