

HIROSE ELECTRIC CO., LTD

Q3 Financial Results Briefing for the Fiscal Year Ending March 2019

Q&A Summary

Q1:

The sales for Automotive in this fiscal year will be expected to increase by 10% YoY, and what is the percentage of newly secured business contributed to that?

A1:

As an image, it less than half of the increment.

Q2:

About the forecast of this 4Q, the sales -6 billion yen and the profit -4 billion yen over 3Q.

Could you explain whether you see the 4Q bottoming out or what sort of outlook you have from next 1Q?

A2:

As we mentioned before, the performance in December is quiet poor and we are looking at 4Q forecast as an extension of December.

We have set the conservative perspective, not optimistic.

I think we need to carefully consider what happens after the spring holiday.

Regarding the next fiscal year, I'm sorry that I would like to refrain from answering because it is not today's topic.

Q3:

I would like to know the R&D cost for 3Q and forecast.

A3:

9.7 billion yen for accumulated total in the 3Q.

13billion yen for full-year perspective.

Q4:

Regarding the profit for 3Q and 4Q outlook, the profit in 3Q was better than consideration and it in 4Q declines too much.

Could you explain the figures by quarterly comparison?

A4:

About the profit in 3Q, we have reduced some personal expenses, particularly bonuses, according to the performance and this had a positive impact on profits and losses.

We have took marginal profit by sales decline into consideration, and depreciation expenses and personal expenses will increase in 4Q, about 200-300 hundred millions yen.

We also expect cost increases to drop some costs during the current fiscal year.

Q5:

Which will attribute more to fluctuation of 4Q sales, for smartphones or for general industries?

A5:

As our image, general industrial is more influential.

Q6:

I would like to know about the current and future impact of the friction between the U.S. and China.

A6:

As our announcement about downward revision, the sense of uncertainty in the economic climate caused by the U.S.-China friction had an impact on our performance.

However, it was an indirect influence and cannot be measured.

The same can be said about the future impact.

Q7:

I would like you to explain why you increased capital investment outlook by 1 billion to 17billion?

A7:

The reasons of increments of 1 billion is front-loaded investments for production facilities for next fiscal year, and so on.

Especially the delivery date of machinery is expected to take long time and we ordered ahead of schedule.

Q8:

Could you please tell the 4Q sales outlook by application?

A8:

We have revised our forecast for the annual growth rate by application as below.

Smartphone : -10%、Automotive : +10%、General Industrial : -2%

Disclaimer

In this material, there are descriptions based on current estimation by Hirose Electric.

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