

HIROSE ELECTRIC CO., LTD

Financial Results Briefing for the First Quarter of the Fiscal Year Ending March 31 2021

Q&A Summary

Q1 :

Based on 1Q results, the 2Q plan looks low. Will you change the forecast?

A1 :

If you subtract the results of 1Q from 1H target, the sales and operating profit in 2Q looks low. These figures are the minimum we want to clear and we did not change the forecasts this time.

Q2 :

Could you please tell me the details about trends and efforts of this fiscal year by applications?

A2 :

- Smartphone: Since the trends by major customers are confidential customer information, we won't be able to explain in detail. We are expecting the demand for new models compatible with 5G. The annual forecast of smartphone was revised down, but we think the current plan is more reflective of the actual trends after launch of the new models. Our impression is that demand from China and Korea will decline slightly overall.
- Automotive: Although the order trends are recovering from June and July and it may grow from now on, we haven't been able to develop an outlook.
- Consumer and mobile devices: The growth rate may fall compared to the previous fiscal year, but we feel that this segment is strong this fiscal year the same as before. The growth rate of mobile devices (tablet/notebook PC) will be not that large because the composition ratio is small.
- General Industrial: In fact, we don't have a clear picture of the segment, but we expect sales to slightly drop in Q2 compared to Q1. A large part of our general industrial orders is for Japanese manufacturers, and the demand may be strong heading into the end of the year in Q4 as a seasonal factor.

Q3 :

I would like to know the movement of bulk orders from 4Q of FY2019 to 1Q of FY2020 by applications.

A3 :

The orders for smartphones are attributable to client trends. As for general industrial, our image is that there were a lot of orders of products having a wide range of uses including old products.

Q4 :

To achieve the sales plan of JPY65 billion in 2H, the Company will need to raise the level of Q1 sales from Q2 onwards. Please tell us how you will raise the sales.

A4 :

It is difficult to have an outlook this fiscal year due to the impact of COVID-19, and we plan on confirming the trends more and updating our forecasts of 2H.

Q5 :

Regarding the outlook by applications, what kind of impact would there be on profit by revising down the forecast for smartphones, but raising the forecasts for all other applications?

A5 :

We don't think that this would lead to impact on profitability, unless significant changes, such as downward revision of 50% reduction of smartphones outlook, will take place.

Q6 :

Please tell me the Q2 trends for general industrial, especially the impact of pullback from bulk orders in Q1?

A6 :

We suppose that the sales for industrial of Q2 will decrease due to some inventory adjustments.

Q7 :

Could you give us the background of the disclosure of actual figures by applications?

A7 :

Regarding the sales by applications, we used to disclose only composition ratio and growth rate, and we sometimes felt that there were misunderstanding depends on the person. We thus prioritized communicating the correct information. We have also organized this information in advance to express the progress of medium-term plan by applications.

Q8 :

How is the benefits of the accelerated growth in the 5G ratio in China emerged?

A8 :

Sub 6 seems common for current Chinese 5G smartphones and it seems that there is no changes in hardware at a glance. The demand for latest connectors with higher performance and sophistication are growing to respond the increase in communication capacity, internal signal transmission due to the rise in image resolution and the needs of high current for fast charge. These trends are beneficial to us.

Disclaimer

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

Hirose cautions you that a number of important risks, uncertainties and others could cause actual results to differ materially from those discussed in the *forward-looking statements. Thank you for your understanding.

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