

# HIROSE ELECTRIC CO., LTD

## Financial Results Briefing for the First quarter of the Fiscal Year Ending March 2020 Q&A Summary

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**Q1 :**

Regarding the recovery trend in smartphone, how do you think after the second quarter?

**A1 :**

Because the orders from Chinese customers came earlier than usual, the performance of 1Q was better than usual. The performance in the second quarter tends to be stronger because of the seasonal factor.

**Q2 :**

Could you please introduce what discussions are being conducted within the company about corporate governance?

**A2 :**

We consider that it is important to balance both of recovering profitability and shareholder return policy. It is true that the demand from shareholders is growing and I feel that we have to judge within a limited time. We believe that we must also consider our stakeholder's satisfaction.

**Q3 :**

Is "gain on sale of land" contained in "other revenue" included in the forecast for the current fiscal year or the first quarter? Are such extraordinary profits and expenses included in the plans from the second quarter onward?

**A3 :**

Sale of land was already planned for this fiscal year. We discarded them regardless of our performance. At this moment, there will be none of these kinds of plan from the second quarter.

**Q4 :**

I feel that the sales for automotive in the first quarter is not enough to achieve annual forecast. How do you think?

**A4 :**

The sales for automotive was affected by lower sales in automobile mainly in Europe, the United States and China. Although the sales for automotive is a little delayed, we will not change medium-term growth plan at this point.

**Q5 :**

We heard that sales for general industrial will recover from the second half of this fiscal year. Is there any sense of bottoming out or any changes for the forecast?

**A5 :**

The demand in Chinese market has been stagnant because of the friction between the United States and China. The recovery of future outlook has not been clear yet, but an inventory adjustment have already completed and the order has been placed on an actual demand basis. We feel like it was bottomed out.

**Q6 :**

The order received in Q1 was 30 billion yen, and it is exceeding the sales of 28.2 billion yen, What kind of application is this backlog of order for?

**A6 :**

Mainly for smartphone market. It is along an upward curve in smartphone toward the second quarter.

**Q7 :**

Regarding Hirose's high profitability management, I think it is probably the issue how to expand the high-profit know-how. What do you think today including the possibility of M&A?

**A7 :**

At this point of time, automotive and general industrial have not yet been successful, but we consider that to accelerate the three pillars I have mentioned before is important. We will add M&A or business partnership into our choices as necessary.

**Q8 :**

Are there any risks that the profitability will drop as sales for automotive will expand?

**A8 :**

We have not disclosed any concrete figures but we can manage to control the profitability on both of plan and operational results side.

**Q9 :**

There was a story about keeping costs down to improve the revenue.  
If you stop the investment for automotive, will the medium and long term sales be affected?

**A9 :**

We will not stop the investment and the forward-looking cost for medium and long term automotive growth.

## Disclaimer

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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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