



**Summary of business performance  
The second quarter of fiscal year ending  
December 31, 2019**

**~ The world's No. 1 Brand Across the five continents ~**

**HOSHIZAKI CORPORATION**  
(Stock code: 6465 Tokyo Stock Exchange First Section  
and Nagoya Stock Exchange First Section)

August 7, 2019

**HOSHIZAKI**

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**I . Summary of business performance  
The second quarter of fiscal year ending  
December 31, 2019**

**HOSHIZAKI**

# Assumed foreign exchange rates

	FY 2018 2nd Q		FY 2018		FY 2019 2nd Q			
	Results						forecast (19.5.7)	
	Average of period	End of period	Average of period	End of period	Average of period	End of period	Average of period	End of period
US dollar	108.6	110.5	110.4	111.0	110.0	107.7	106.0	106.0
Sterling pound	149.6	144.5	147.3	140.4	142.4	136.5	147.0	147.0
Euro	131.5	127.9	130.3	127.0	124.3	122.4	125.0	125.0
Singapore dollar	81.9	80.7	81.8	81.0	80.9	79.6	82.0	82.0
Chinese yuan	17.0	16.6	16.7	16.1	16.2	15.6	16.9	16.9
Denmark krone	17.6	17.1	17.4	17.0	16.6	16.4	17.3	17.3
Taiwan dollar	3.6	3.6	3.6	3.6	3.5	3.4	3.6	3.6
Hong Kong dollar	13.8	14.0	14.0	14.1	14.0	13.7	14.1	14.1
South Korean won	0.1012	0.0988	0.1005	0.0994	0.0962	0.0933	0.1000	0.1000
Indian rupee	1.73	1.65	1.66	1.59	1.58	1.57	1.55	1.55
Brazilian real	31.8	28.6	30.3	28.6	28.6	28.1	29.0	29.0
Indonesian Rupiah	0.0079	0.0077	0.0078	0.0077	0.0078	0.0077	0.0078	0.0078
Thai Baht	3.4	3.3	3.4	3.4	3.4	3.5	3.3	3.3
Malaysia Ringgito	27.6	27.3	27.3	26.6	26.7	26.0	27.5	27.5
Viet Nam Dong	0.0048	0.0048	0.0048	0.0048	0.0047	0.0046	0.0048	0.0048
Philippine Peso	2.11	2.09	2.11	2.13	2.13	2.12	2.09	2.09



# Key points in consolidated business performance

## The second quarter of fiscal year ending December 31, 2019

### ■ Net sales: 149,631 million yen (down 0.2% year-on-year change)

- Japan: 97,899 million yen (down 3.1% year-on-year change)
- Overseas: 51,732 million yen (up 5.8% year-on-year change)
- Overseas sales ratio: 34.6% (up 2.0% year-on-year change)  
\*Calculated based on reporting segments: “American States” and “Europe and Asia”
- In the Japanese market, reduction of capital investment due to sales decrease at chain store (existing stores) and labor shortages, slowing down sales activity by correspondence for misconducts survey and a fall in special demand for dishwashers that we enjoyed in the previous fiscal year contributed to decrease in sales. Among customers, sales to those such as Restaurants, Mercantile stores were lower than previous fiscal year although some customer such as Agricultural and fishery Industries, Amusement facilities etc, Office and factories were strong.
- In the overseas market, HOSHIZAKI AMERICA contributed to increase in sales because there is no impact of unfavorable weather like heavy snow that effected to sales in the previous fiscal year in US. JACKSON also contributed to increase in sales due to a growth of Dish washers sales. In Asia, WESTERN contributed to sales due to a growth of sales.

### ■ Operating income: 18,631 millions yen (down 13.1% year-on-year change)

- Japan: 12,707 millions yen (down 16.4% year-on-year change, Operating income margin 13.0%)
- Overseas: 6,457 millions yen (down 4.0% year-on-year change, Operating income margin 12.5%)
- In Japan, operating income decreased due to impact of lower sales and increase of SGA such as survey costs for misconducts.
- Overseas, operating income decreased mainly due to increase of SGA such as survey costs for misconducts in HOSHIZAKI AMERICA.
- Operating income margin fell below that of previous fiscal year to 12.5%. (In the previous fiscal year, operating income margin 14.3%)

### ■ Ordinary income: 18,451 millions yen (down 10.4% year-on-year change)

- Foreign exchange losses of 1,270 million yen on deposits in foreign currencies were recorded as non-operating expense.(In the previous fiscal year, 1,640 million yen of foreign exchange losses were recorded.)

### ■ Profit attributable to owners of parent: 12,800 million yen (down 8.3% year-on-year change)



# Summary of consolidated business performance

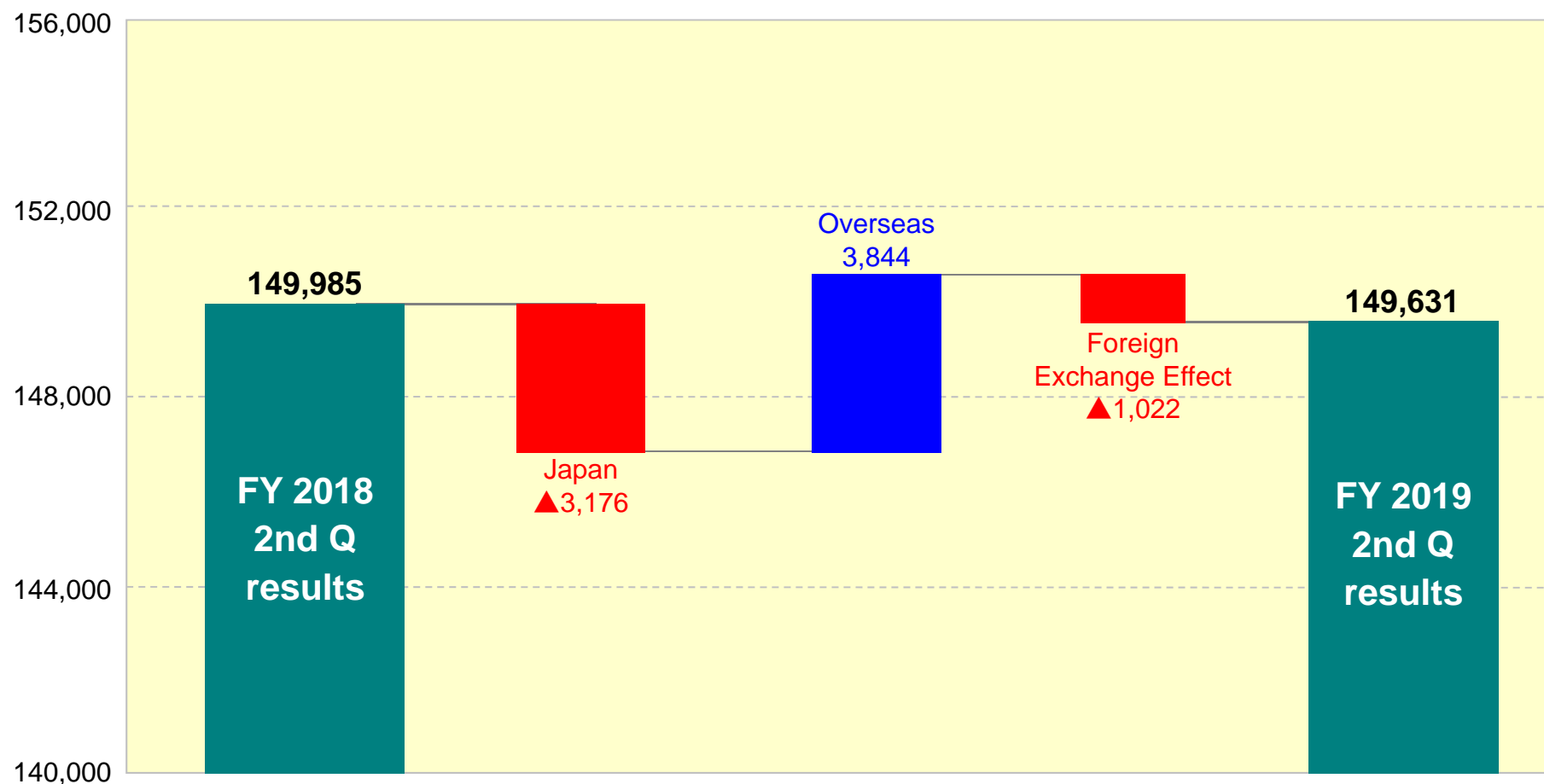
## The second quarter of fiscal year ending December 31, 2019

	FY 2018 2Q results		FY 2019 2Q forecast (19.5.7)		FY 2019 2Q results					
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year change		Over business forecast	
							Change (Millions of yen)	Percentage (%)	Change (Millions of yen)	Percentage (%)
Net sales	149,985	100.0	153,300	100.0	149,631	100.0	-353	99.8	-3,668	97.6
Cost of sales	92,368	61.6	95,500	62.3	92,642	61.9	274	100.3	-2,857	97.0
Gross profit	57,616	38.4	57,800	37.7	56,988	38.1	-628	98.9	-811	98.6
Selling and general administrative expenses	36,169	24.1	38,400	25.0	38,357	25.6	2,187	106.0	-42	99.9
Operating income	21,447	14.3	19,400	12.7	18,631	12.5	-2,815	86.9	-768	96.0
Ordinary income	20,591	13.7	20,350	13.3	18,451	12.3	-2,139	89.6	-1,898	90.7
Profit attributable to owners of parent	13,964	9.3	13,600	8.9	12,800	8.6	-1,163	91.7	-799	94.1

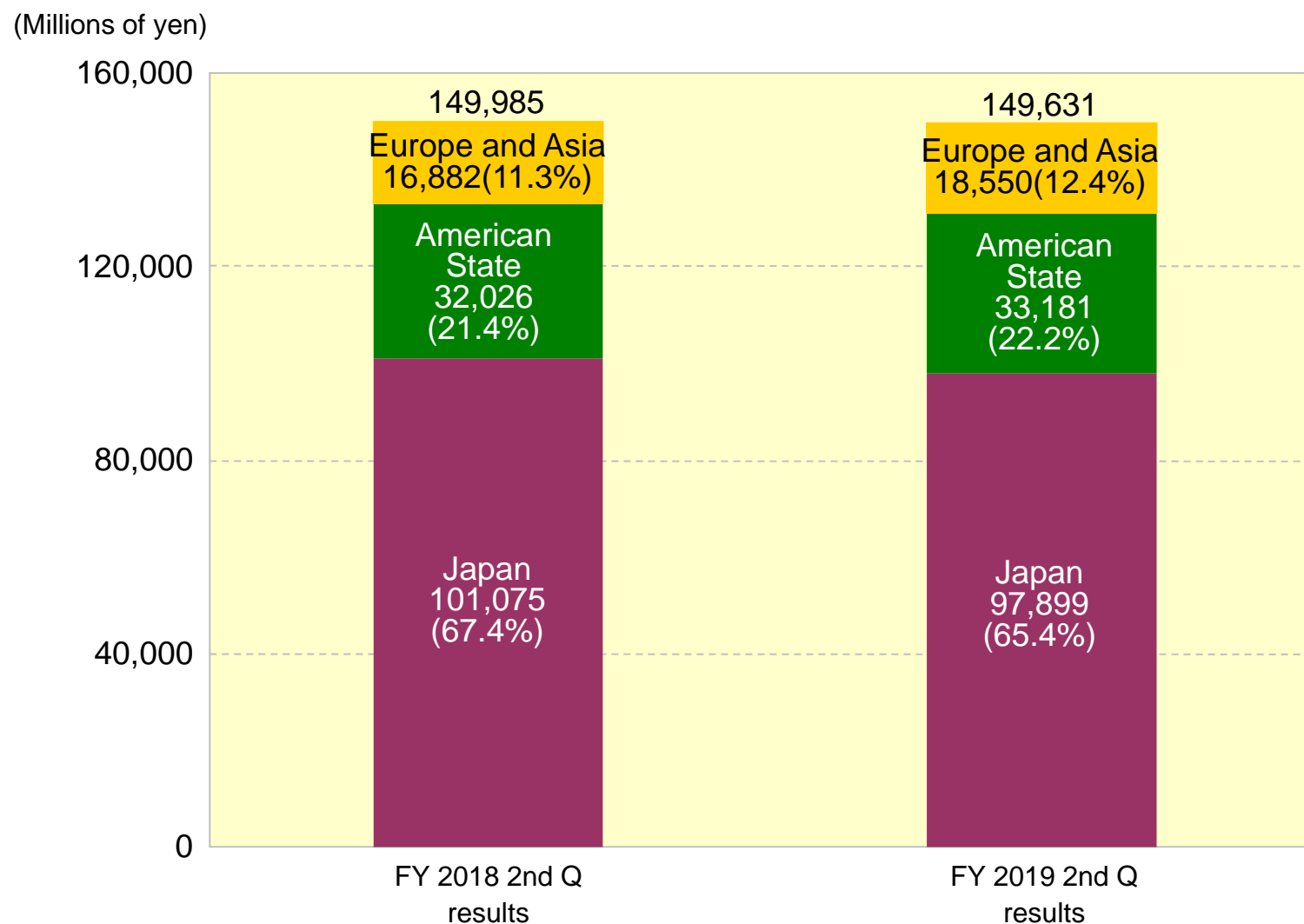


# Factors for change in consolidated net sales (by Japan and overseas)

(Millions of yen)



# Year-on-year comparison of net sales by reporting segments



\*Figures in parenthesis indicate component percentages.

Classified according to the location of the head offices. (e.g. Lancer Europe is included in American States)

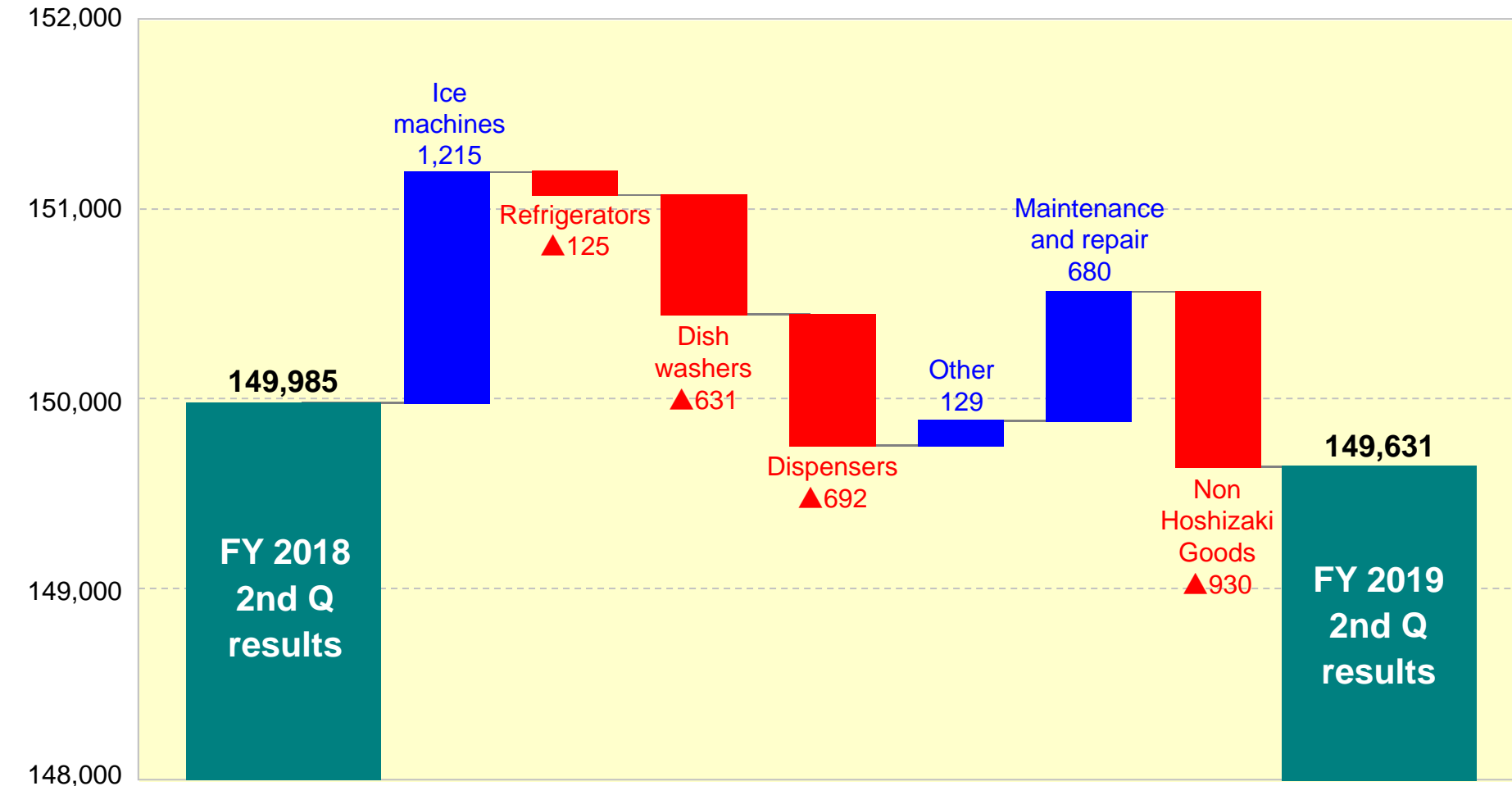
(This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)



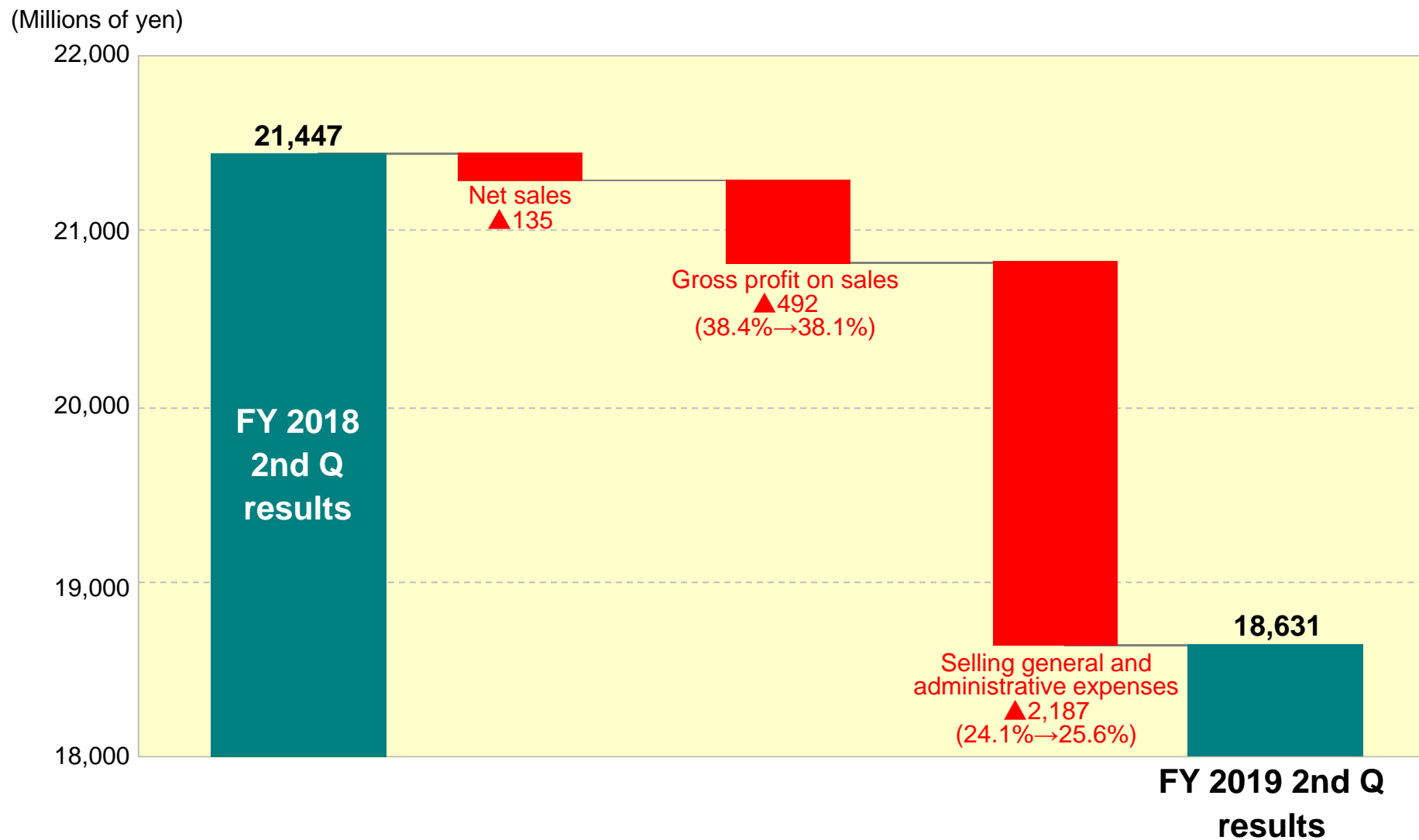


# Factors for change in consolidated net sales (by product groups)

(Millions of yen)



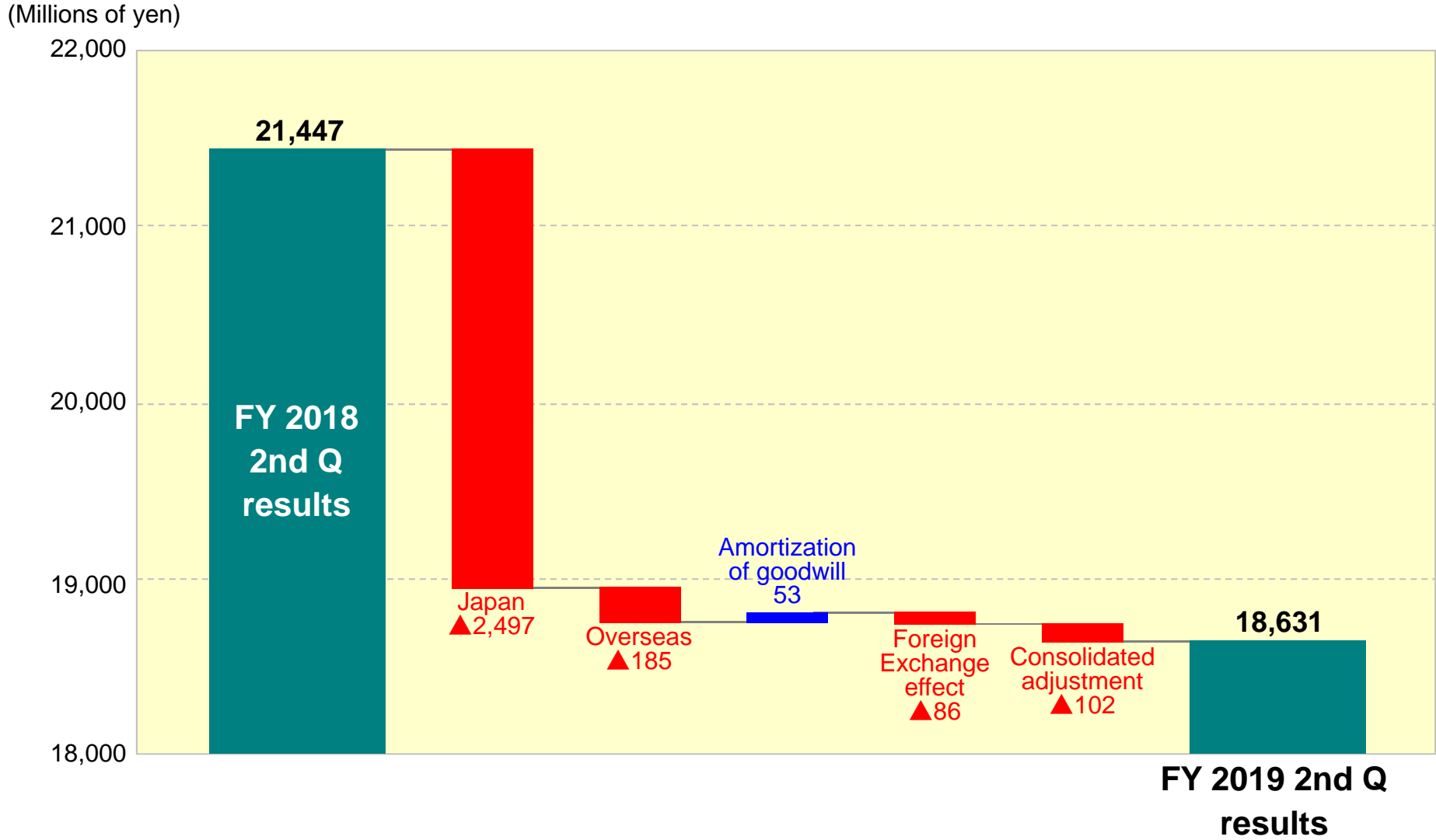
# Factors for change in consolidated operating income



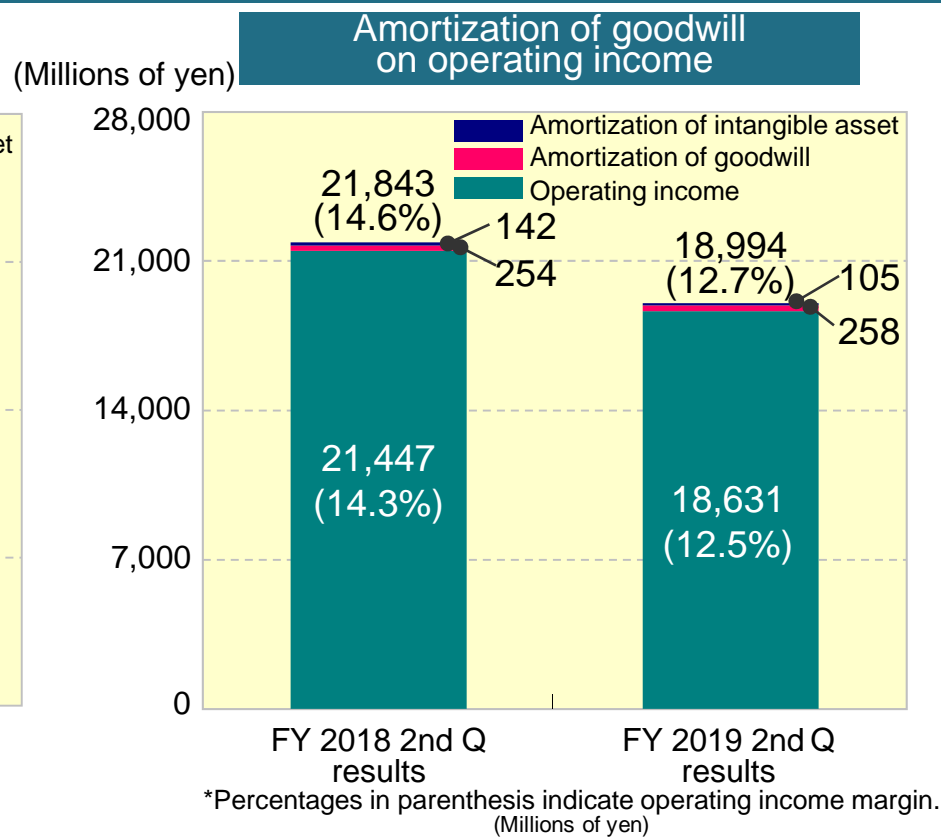
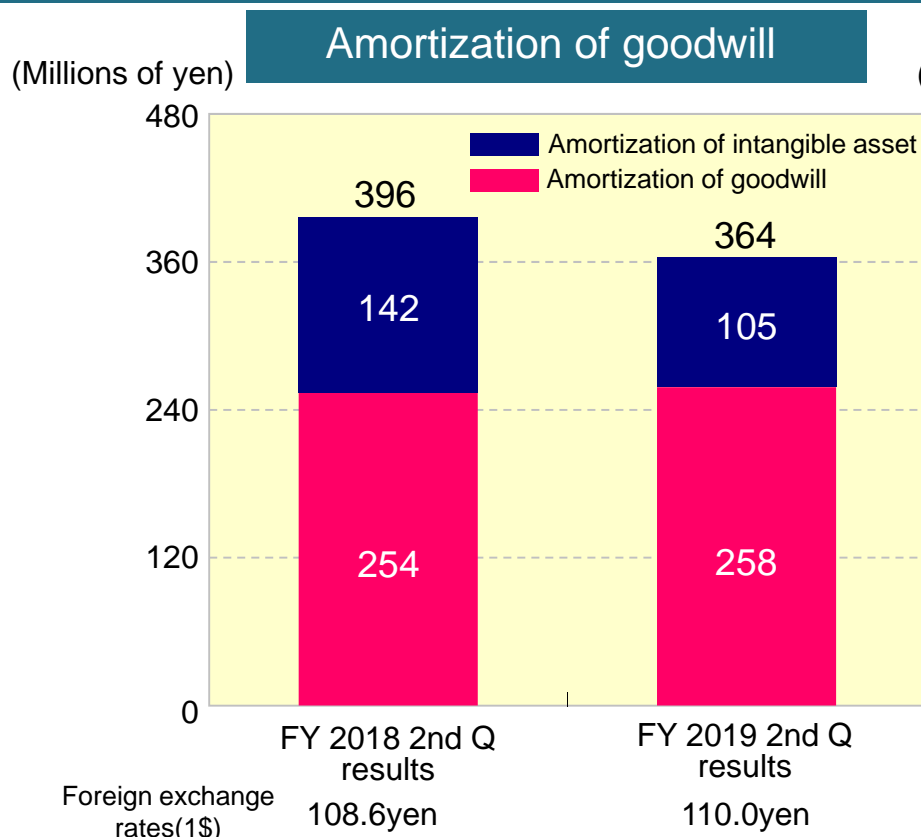
\*Percentages in parenthesis indicates the ratio to net sales.



# Factors for change in consolidated operating income (by Japan and overseas)



# Impact of goodwill amortization (consolidated basis)



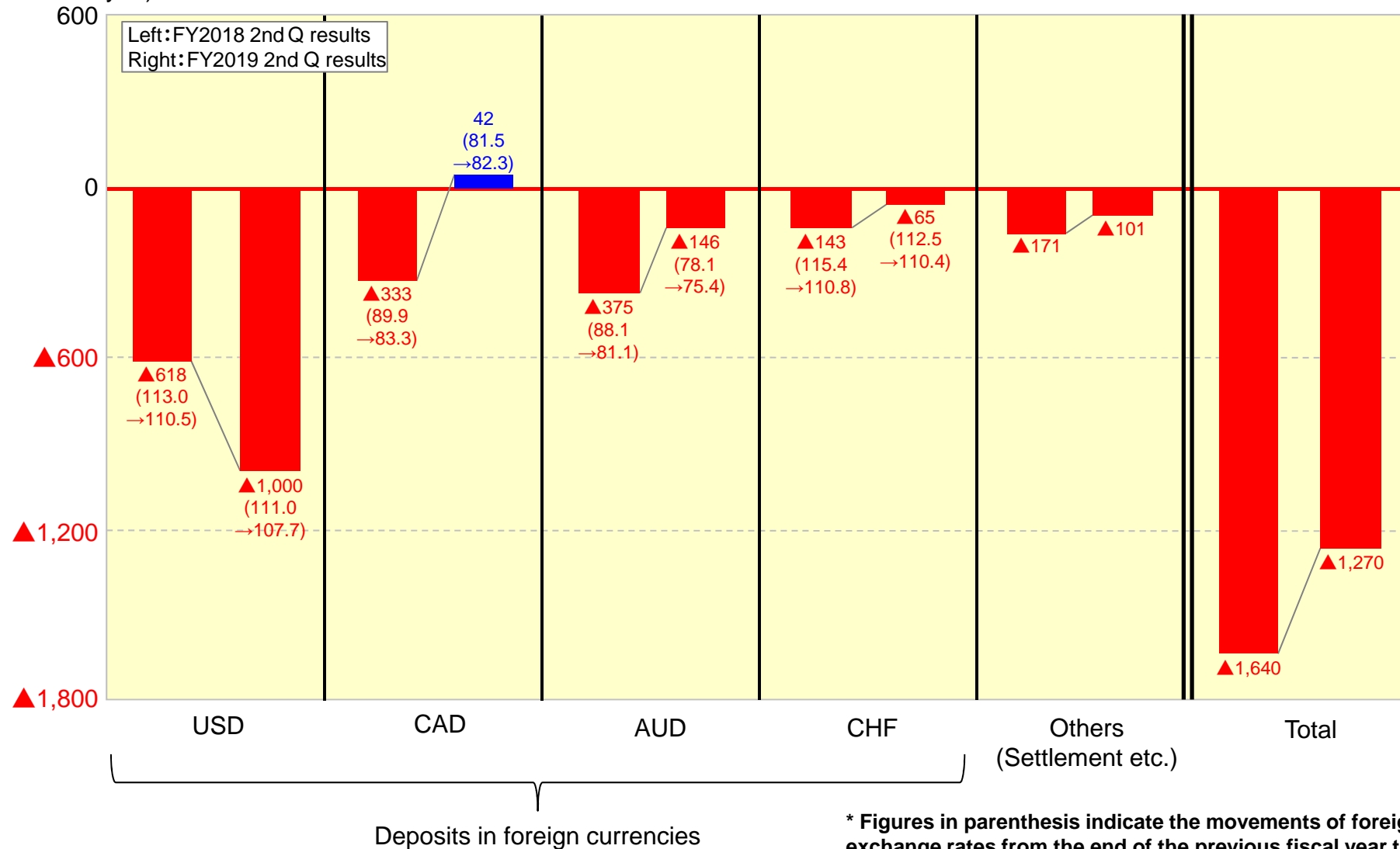
The recognition of goodwill and intangible assets	Amortization of goodwill and intangible assets imparment
• LANCER (Feb.2006 M&A : 17,451 Amortized over 10-year period)	• Macom (in 2014 : 3,186)
• GRAM (Sep.2008 M&A : 6,759 Amortized over 12-year period)	(in 2015 : 1,791)
• Western (Jan.2013 M&A : 2,198 Amortized over 10-year period)	• Iceshare (in 2016 : 237)
• " ( " : 2,439 One-time amortization)	• GRAM (in 2017 : 1,800)
• " ( " : 473 One-time amortization)	
• JACKSON (Jan.2013 M&A : 1,006 One-time amortization)	
• " ( " : 2,020 Amortized over 12-year period)	
• Macom (Jul.2013 M&A : 6,690 Amortized over 15-year period)	
• Iceshare (Jun.2015 M&A : 588 One-time amortization)	
• " ( " : 386 Amortized over 10-year period)	

※The amount of goodwill and intangible assets are calculated using the foreign exchange rates at the time of the acquisitions



# Breakdown of foreign exchange gain and loss (consolidated basis)

(Millions of yen)



\* Figures in parenthesis indicate the movements of foreign exchange rates from the end of the previous fiscal year to the end of the second quarter of the current fiscal year.



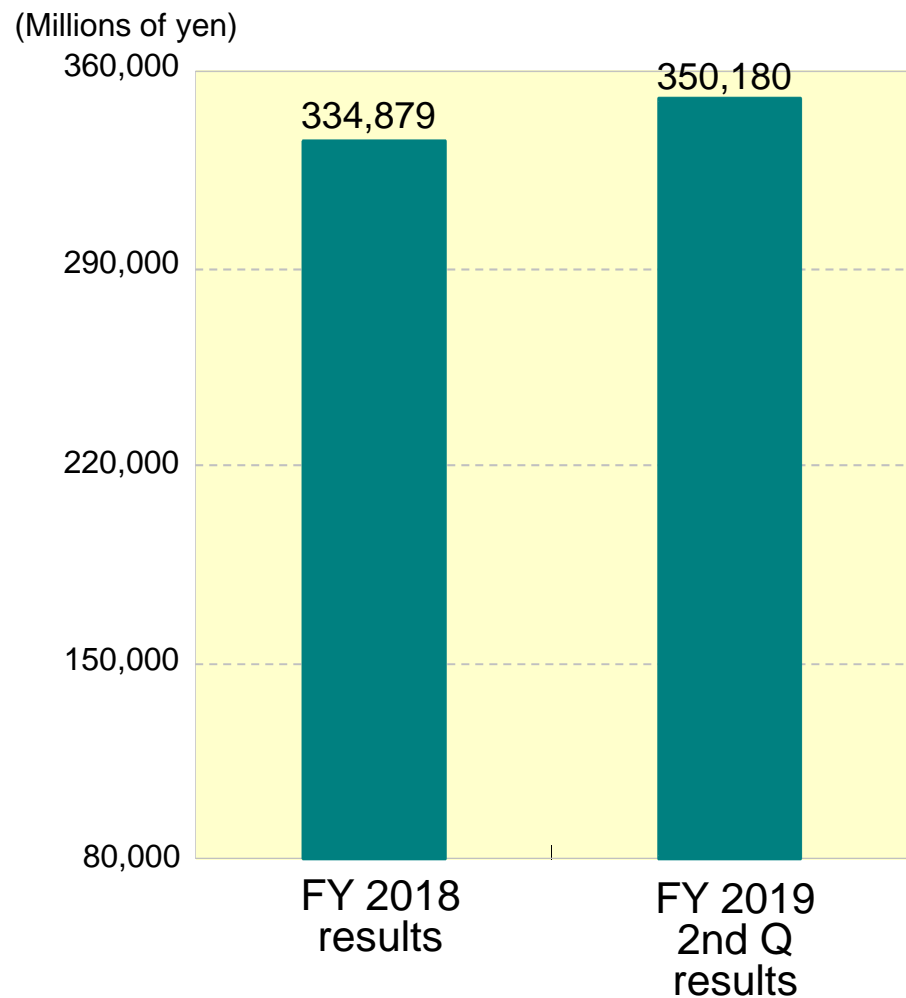
# Summary of consolidated balance sheet

	FY 2018 results		FY 2019 2ndQ results		
	Amount (Millions of yen)	Component percentage (%)	Amount (Millions of yen)	Component percentage (%)	Year-on-year change (Millions of yen)
Current assets	272,560	81.4	284,684	81.3	12,123
(Cash and cash equivalents)	205,263	61.3	210,357	60.1	5,094
(Notes and accounts receivable- trade)	31,183	9.3	39,861	11.4	8,677
(Inventories)	31,910	9.5	30,261	8.6	-1,649
Non-current assets	62,318	18.6	65,496	18.7	3,178
Total assets	334,879	100.0	350,180	100.0	15,301
Current liabilities	88,243	26.4	97,778	27.9	9,535
(Notes and accounts payable- trade)	17,664	5.3	18,564	5.3	900
(Advances received)	26,699	8.0	25,222	7.2	-1,476
Non-current liabilities	23,124	6.9	23,850	6.8	726
Total liabilities	111,368	33.3	121,629	34.7	10,261
Total net assets	223,510	66.7	228,551	65.3	5,040
Total liabilities and net assets	334,879	100.0	350,180	100.0	15,301
Cash and deposits (including long-term time deposits)	204,263		210,357		6,094

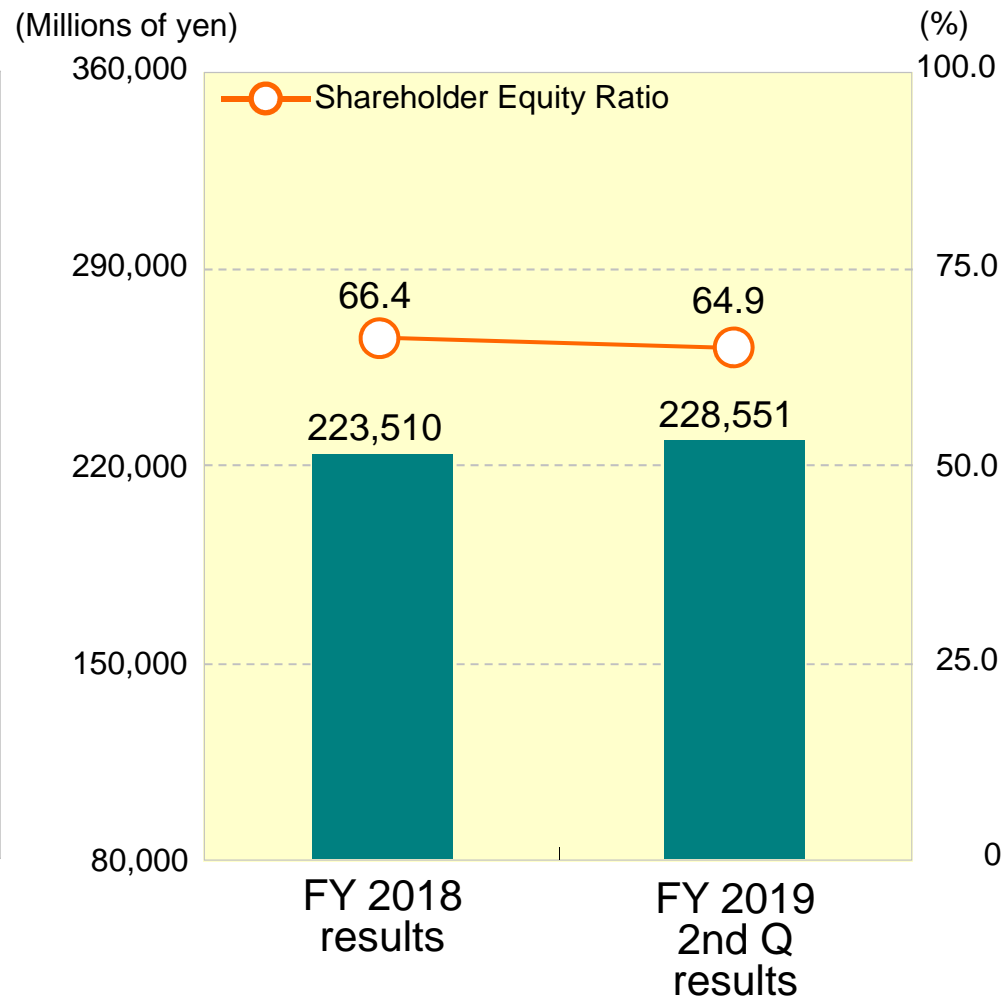


# Year-on-year comparison of consolidated total assets and net assets

## Total assets

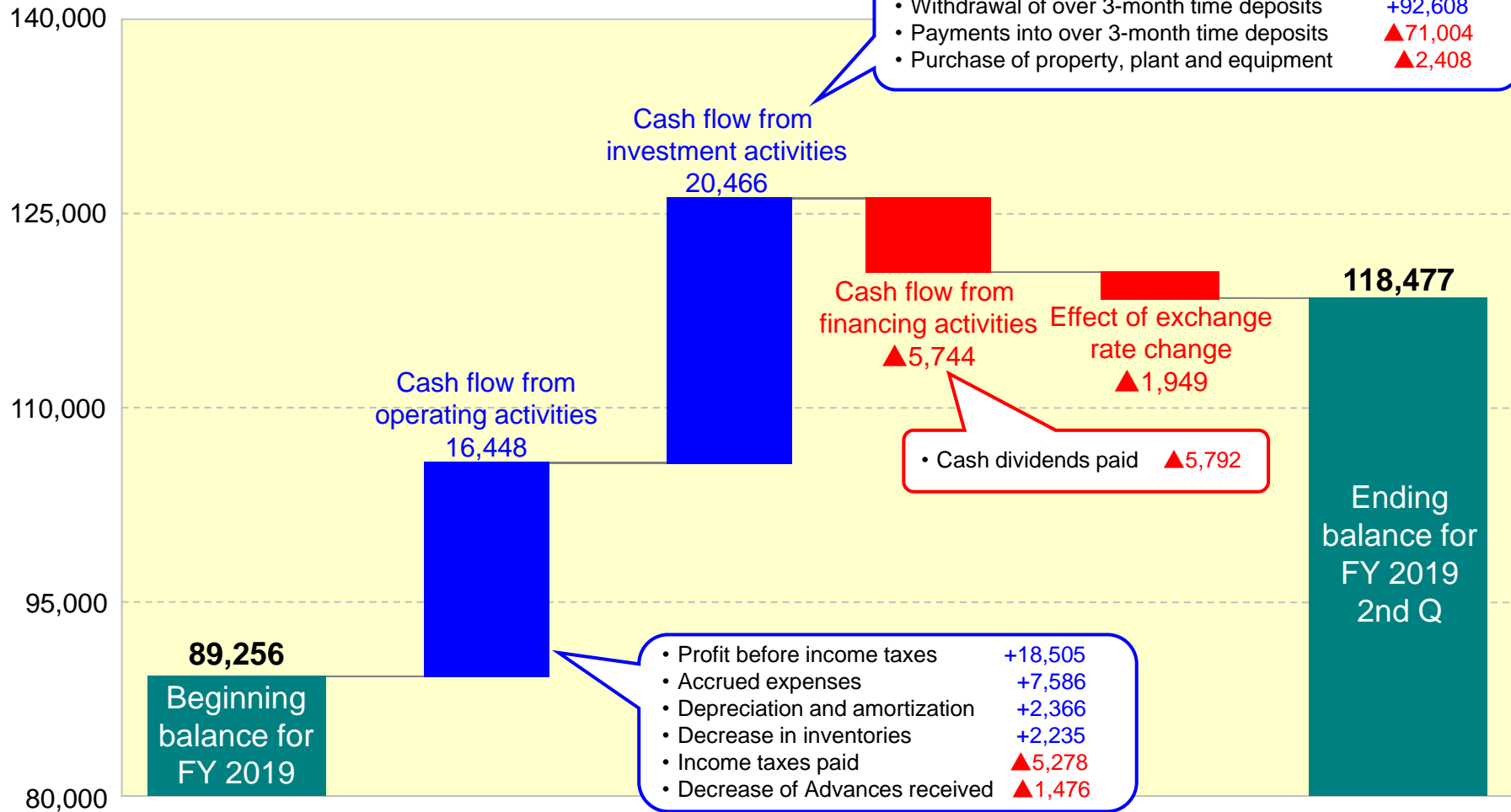


## Net assets



# Factors for change in consolidated cash flow

(Millions of yen)





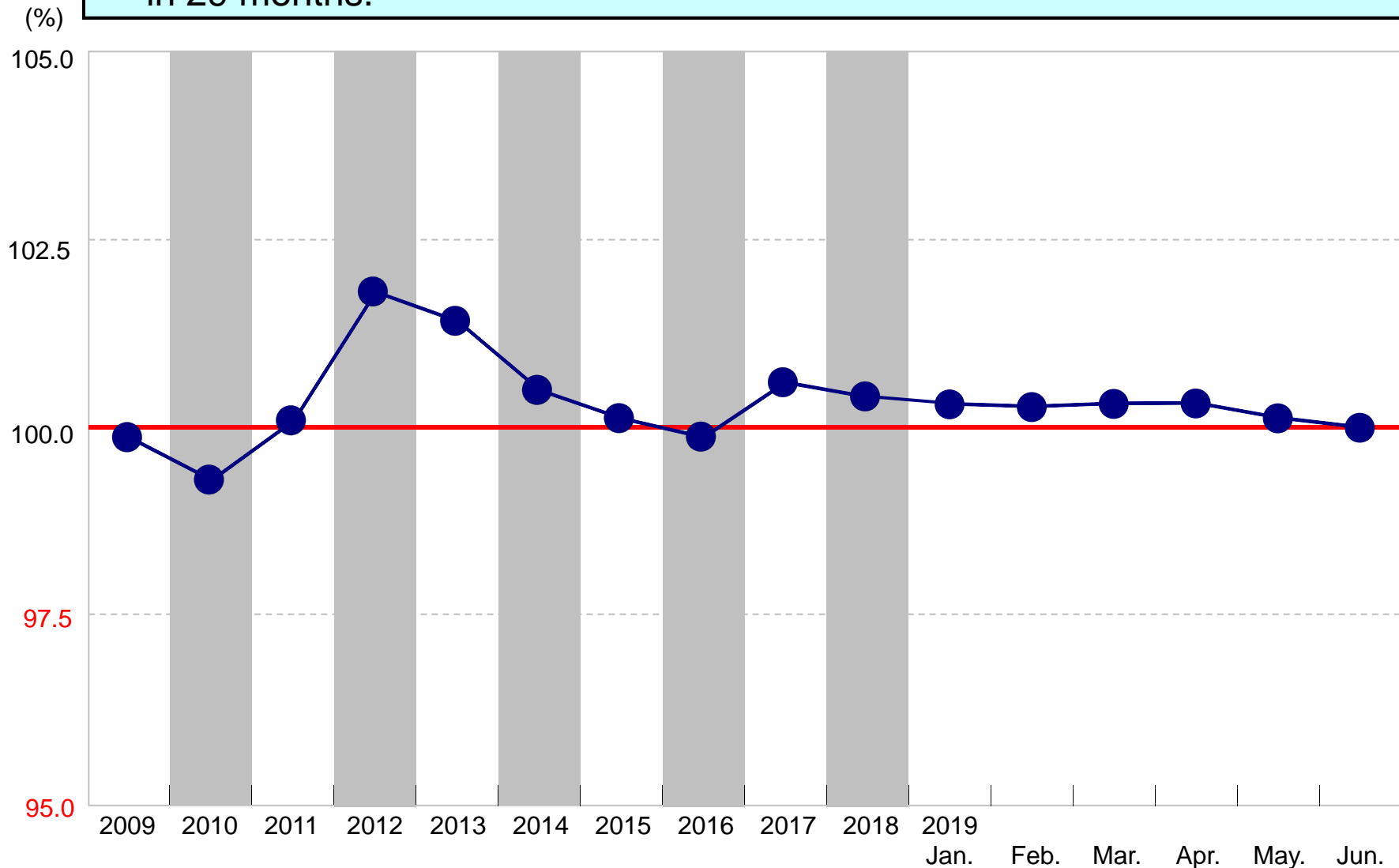


**Ⅱ . Key points of business performance**  
**The second quarter of fiscal year ending**  
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**HOSHIZAKI**

# In Japan: Year-on-year change in the number of stores of major restaurant chains

● The total number of stores changed to minus year-on-year for the first time in 29 months.

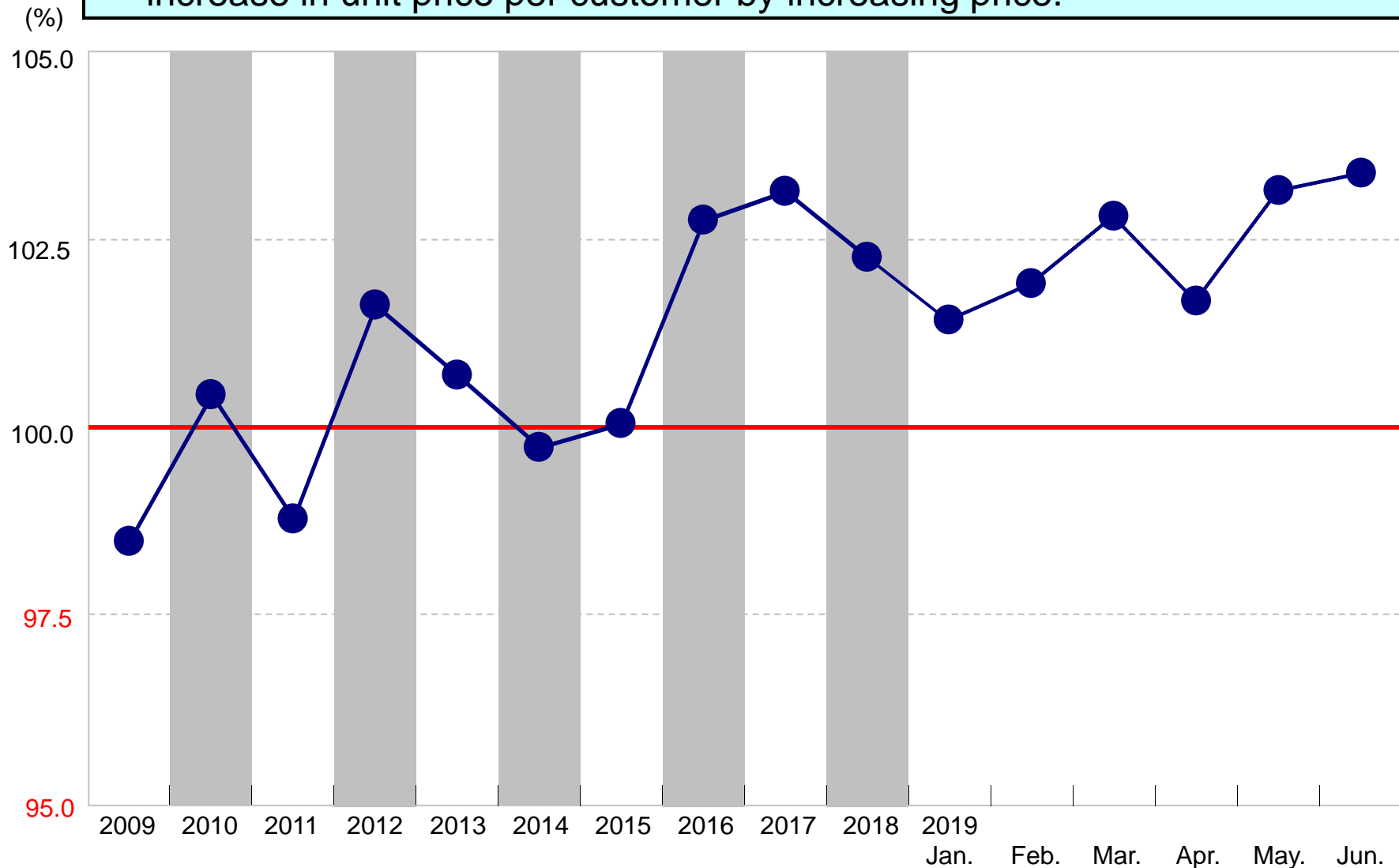


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



# In Japan: Year-on-year change in all store sales in major restaurant chains

● All store sales were positive for the 31st consecutive month due to the increase in unit price per customer by increasing price.

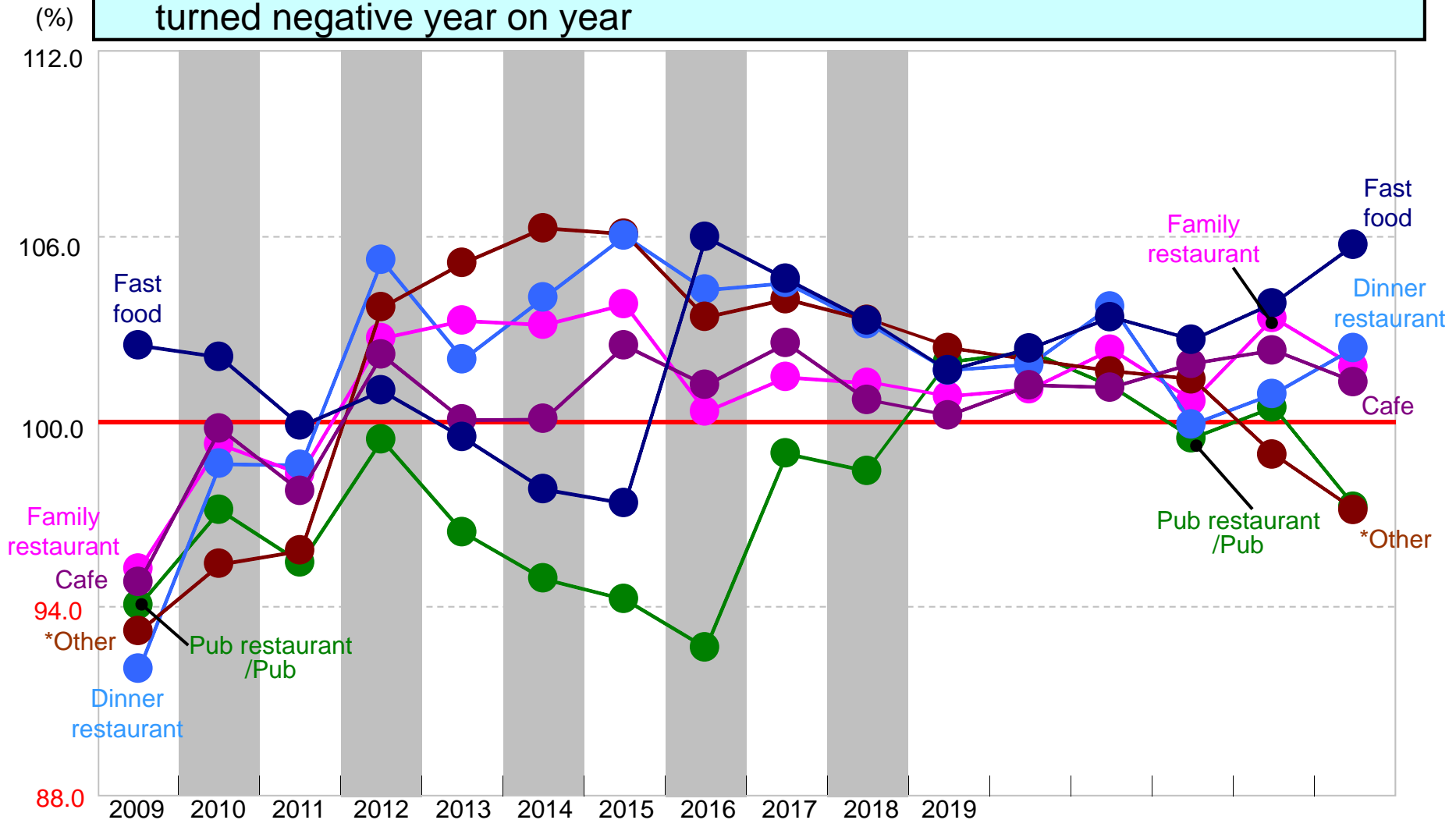


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



# In Japan: Year-on-year change in sales by type of business in major restaurant chains

● Most types of business, especially first food, saw sales continue to grow since the end of 2016. On the other hand, Pub restaurant/Pub and other turned negative year on year



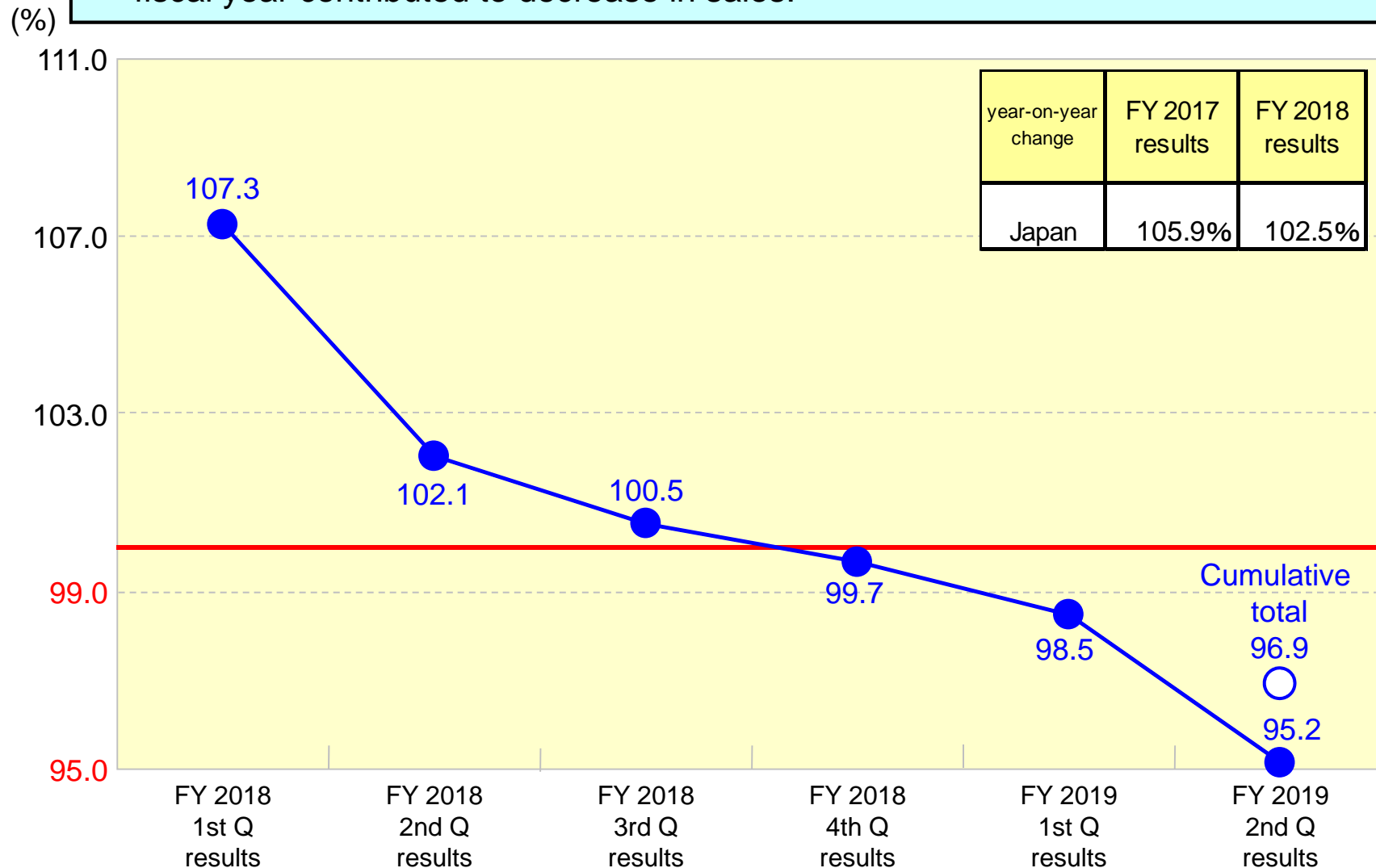
\*Other: general restaurants, home-delivery pizza stores, and school lunch services, etc.

(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



# In Japan: Year-on-year change in net sales

- Reduction of capital investment due to sales decrease at chain store (existing stores) and labor shortages, slowing down sales activity by correspondence for misconducts survey and a fall in special demand for dishwashers that we enjoyed in the previous fiscal year contributed to decrease in sales.



# In Japan: New Products and Strategic Products that are Expected to Contribute to Earnings

Exploring new business opportunities in existing markets

Cultivating new markets



## Soda Dispenser (automatic extraction)

- Eliminate labor shortages by automatic extraction
- Stabilization of beverage quality
- Will be released in 2019



## Refrigerators & Freezers

- Added cold table models, whose energy saving performance is more enhanced than existing models
- Structure that allows the removal of the air filter without opening the front panel
- Released in December 2018



## Blast Chiller

- Enhanced usability with a 7-inch full-color LCD
- The interior can be dried with the door shut
- Released new 20 steps type that model changed in May 2019



## Dough conditioner

- Enhanced insulation with a vacuum glass door to decrease condensation (First in the industry)
- Can be operated in sync with a steam convection oven
- Added new large-scale models
- Released in August 2018



## Steam convection oven

- Increased the range of product variations by adding products in 2/3 size
- Equipped with 12 new functions, such as automatic washing function and the adoption of touchscreen
- Released in Jun 2018



## Systematized dish washer

- Automatic operation from cleaning to storage
- No button operation required during normal operation (First in the industry)
- Automatic detection of empty stages (First in the industry)
- Orders scheduled to begin in August 2019



## Water Electrolyzer

- Generate slightly acidic electrolytic water within the range of food additives using dilute hydrochloric acid salt water (First in the industry)
- Released in February 2018

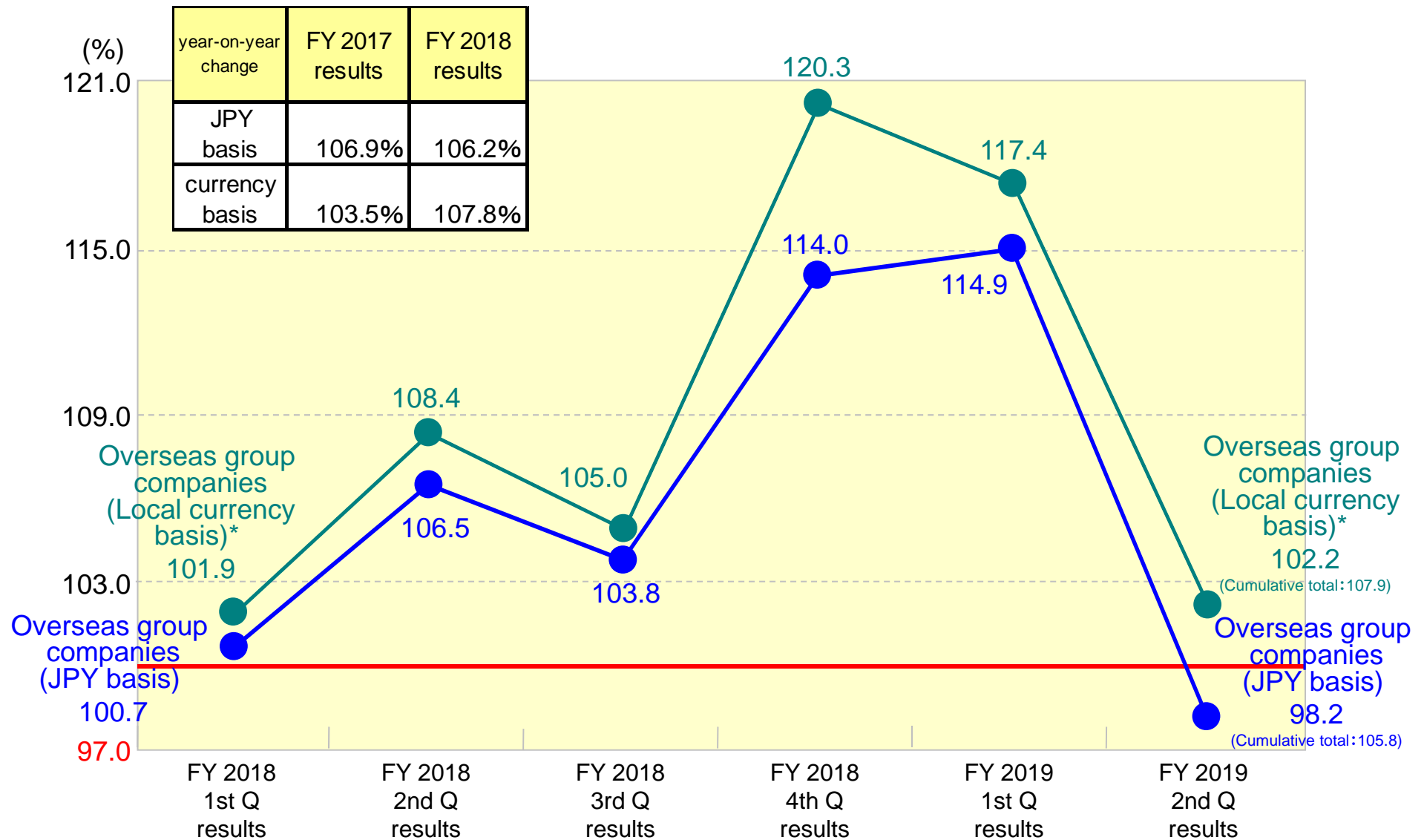


## Induction cooker

- Low-noise specifications which comply with the revised Electrical Appliance and Material Safety Act.
- The design embodies improved convenience and high-grade sensibilities
- Released in December 2018



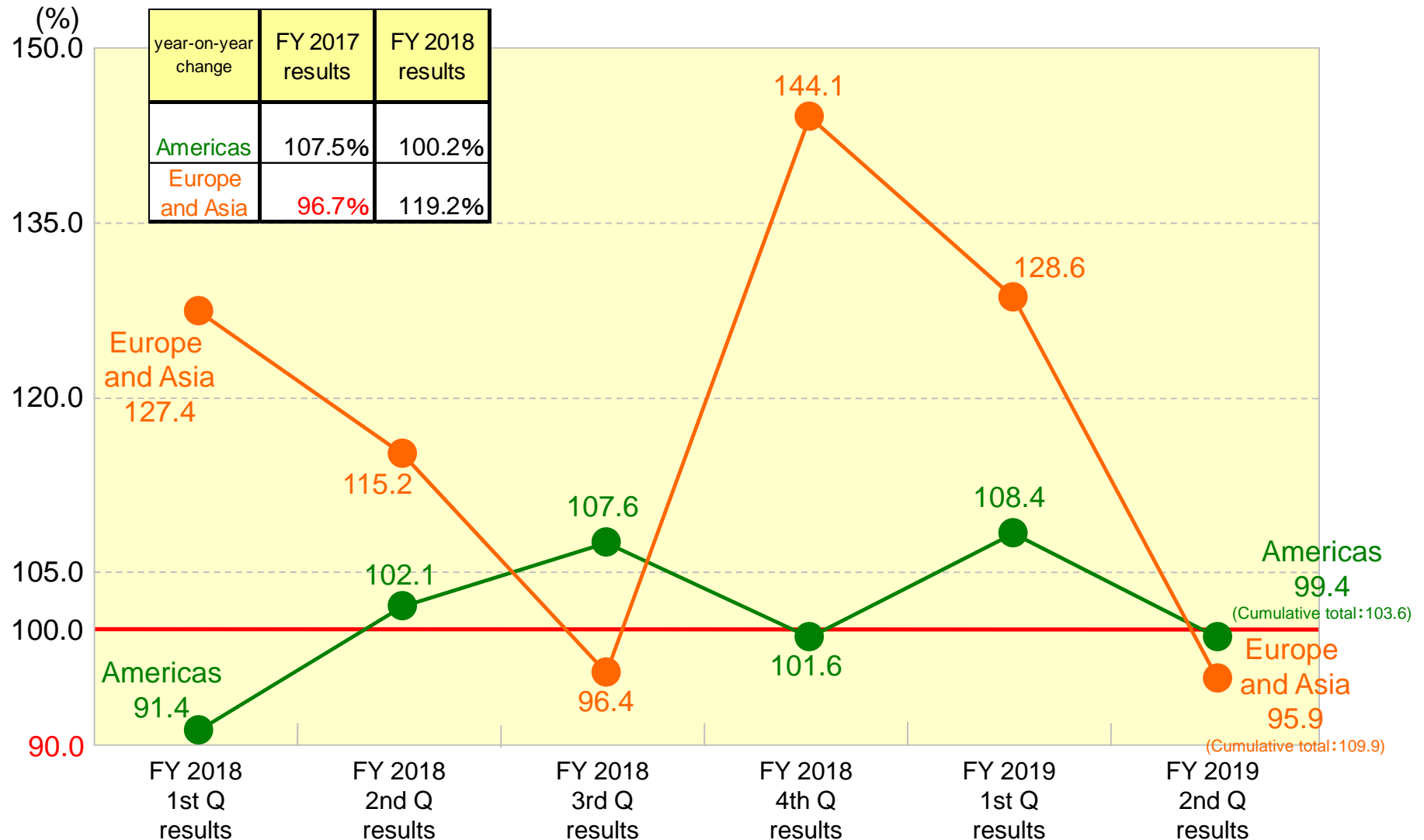
# In overseas: \* Year-on-year change in net sales (on Japanese yen basis and local currency basis)



\*Overseas sales figures on a local currency basis are obtained by converting the overseas sales for the full period till the second quarter of FY2019 to yen using actual foreign exchange rates of the first quarter of FY 2017.



# In overseas: \*1 Year-on-year change in net sales by area \*2 (on Japanese yen basis)



\*1: Classified according to the location of the head offices. (e.g. Lancer Europe is included in American States)  
(This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)

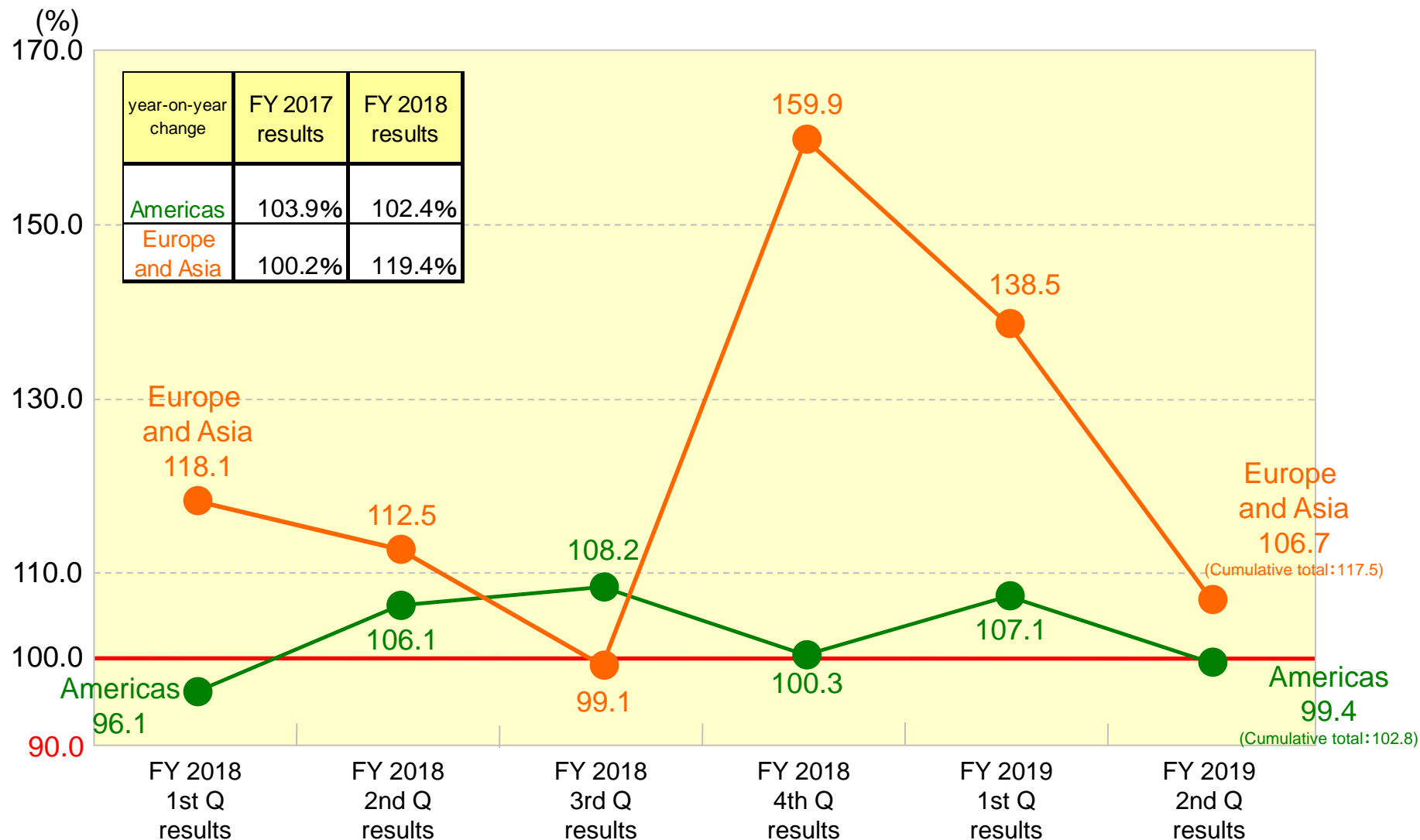
\*2: Sales in local currencies are converted to yen based on the actual foreign exchange rates in each quarter.





# In overseas: \*1 Year-on-year change in net sales by area

## \*2 (on local currency basis)



\*1: Classified according to the location of the head offices. (e.g. Lancer Europe is included in American States)

(This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)

\*2: Converting the overseas sales for the full period till the second quarter of FY 2019 to yen using actual exchange rates in the first quarter of FY 2017.



# In overseas: New products and strategic products that are expected to contribute to earnings

## Americas



### Ice machines

- Hoshizaki America began production of cube ice maker for the first time
- Reduced delivery time by production transfer from HOSHIZAKI Europe
- Started production in June 2019



### Beverage dispenser

- Provide drink for 2 customers at the same time
- Select 266 kinds of drink on touch panel
- Released in November 2018

## Europe



### Ice machines

- Compliance with EU Environmental Policy
- Expanded the product lineups of the industry's lowest running cost series with good energy-saving performance
- Released a non-fluorocarbon refrigerant ice dispenser in February 2019



### Refrigerators

- OEM products by a manufacturer in the Middle East
- Models for attacking the largest market
- Released in July 2017

## Asia and Oceania



### Refrigerators

- The model targeted for Asian markets (Silver Star)
- Enhanced cooling capability compared with existing models
- Enriched the variations for special orders.
- Released a under counter model in May 2019

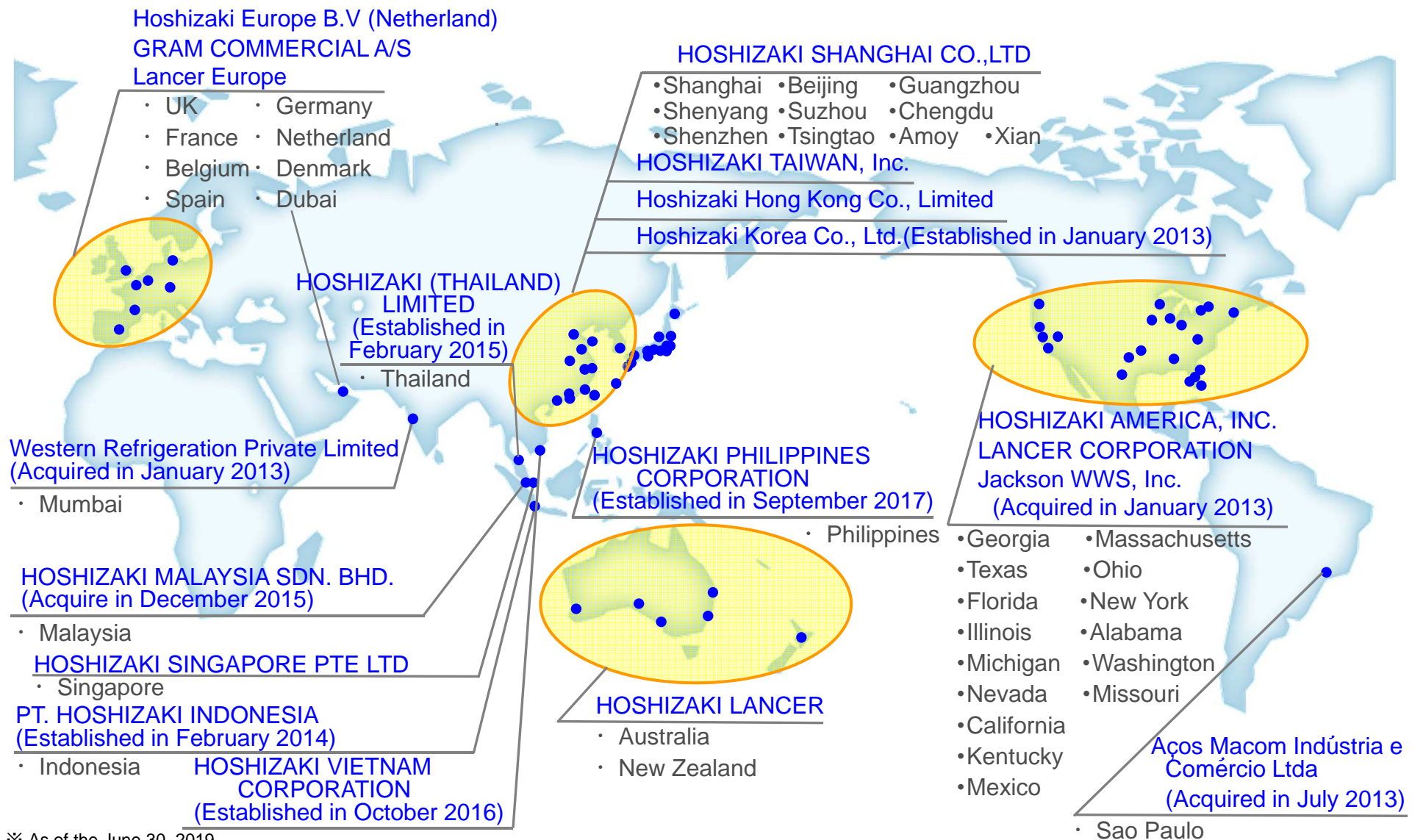


### Dishwashers(Door type)

- The model targeted for Asian markets
- Achieved high spec same as HOSHIZAKI dishwashers and competitive price
- Released in May 2019



# In overseas: Expanding the sales network



※ As of the June 30, 2019.





### **Ⅲ. Company profile and details of business**

**HOSHIZAKI**

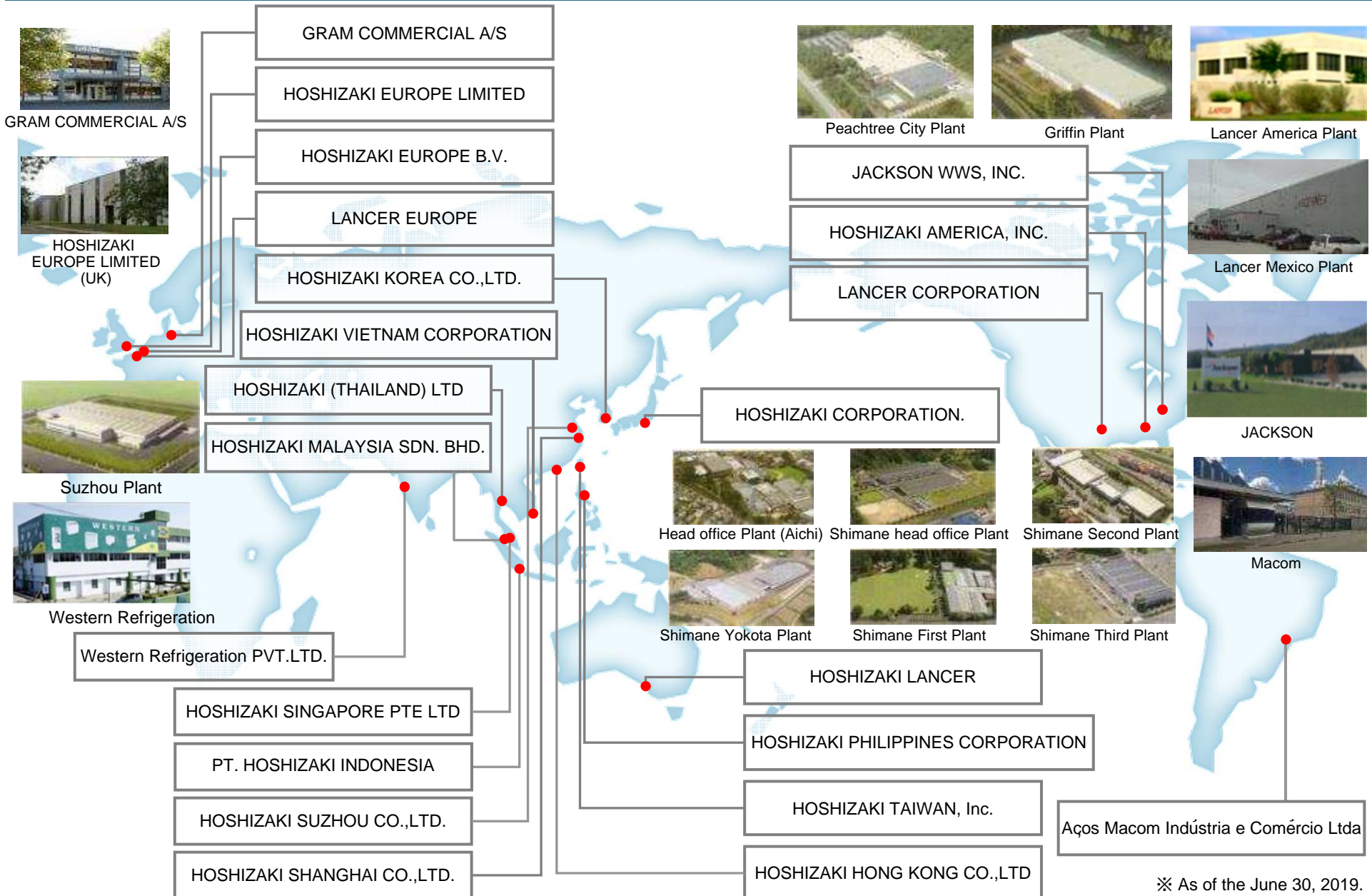
# Company profile

- Company name : HOSHIZAKI CORPORATION
- Head Office : 3-16 Minamiyakata, Sakae-cho, Toyoake-shi, Aichi
- Representative : Yasuhiro Kobayashi, President, Representative Director
- Establishment : February 1947
- Business : Research and development, manufacturing and sales of commercial kitchen appliances & equipment.
- Capital stock : 8,021 million yen (fiscal year ended June 30, 2019)
- Consolidated business performance :

Net Sales	: 292,774 million yen
(fiscal year ended December 30, 2018)	Operating profit : 36,446 million yen
	Profit attributable to owners of parent : 25,717 million yen
- Number of consolidated group companies : 52 companies  
(18 companies in Japan, 13 companies in American States, 21 companies in Europe and Asia)  
(fiscal year ended June 30, 2019 \*Including HOSHIZAKI CORPORATION)
- Number of employees : 1,182 persons (HOSHIZAKI CORPORATION)  
13,081 persons (Group total) (fiscal year ended June 30, 2019)
- Number of sales bases in Japan : 437 places (fiscal year ended June 30, 2019)



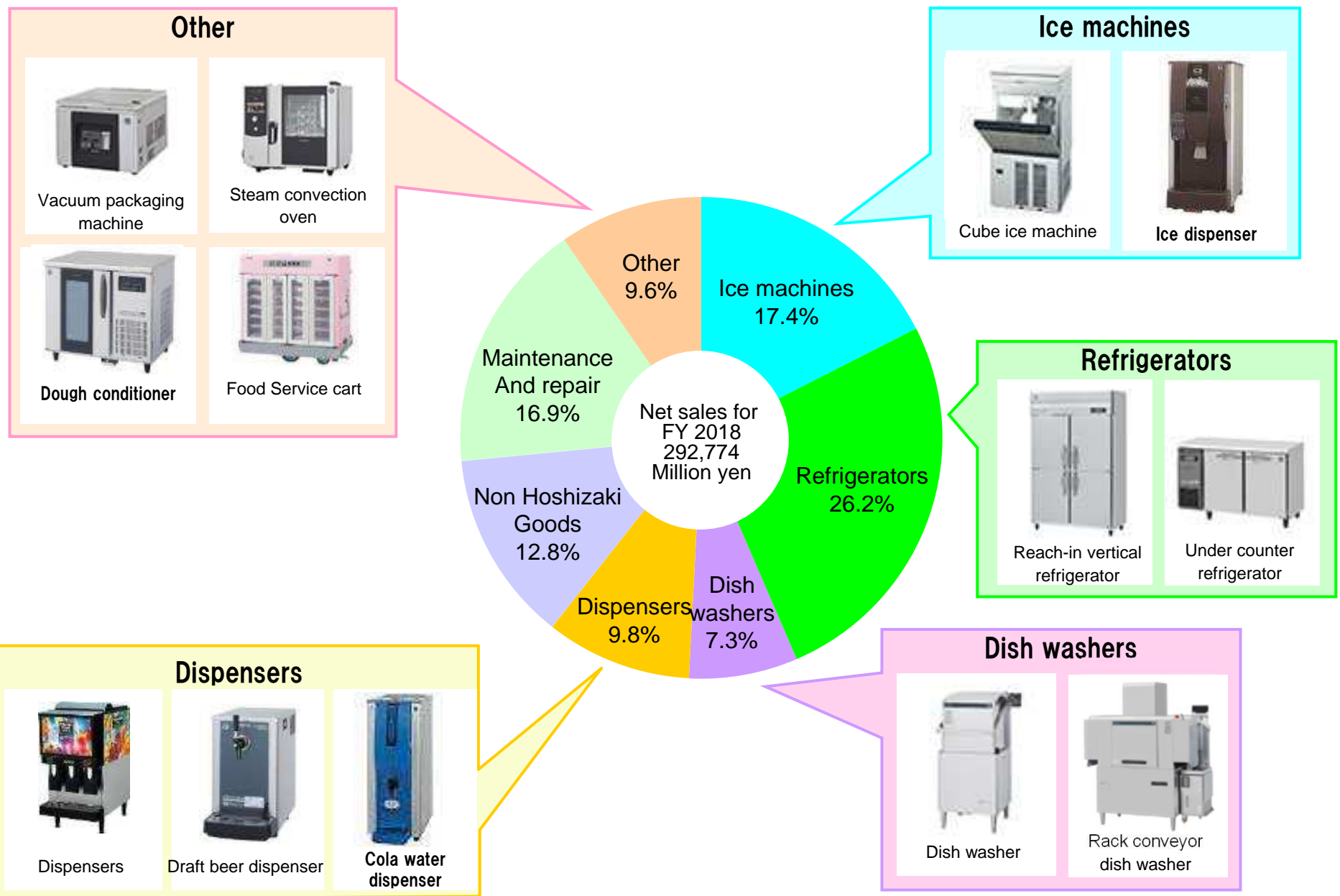
# Global network (production and sales bases)



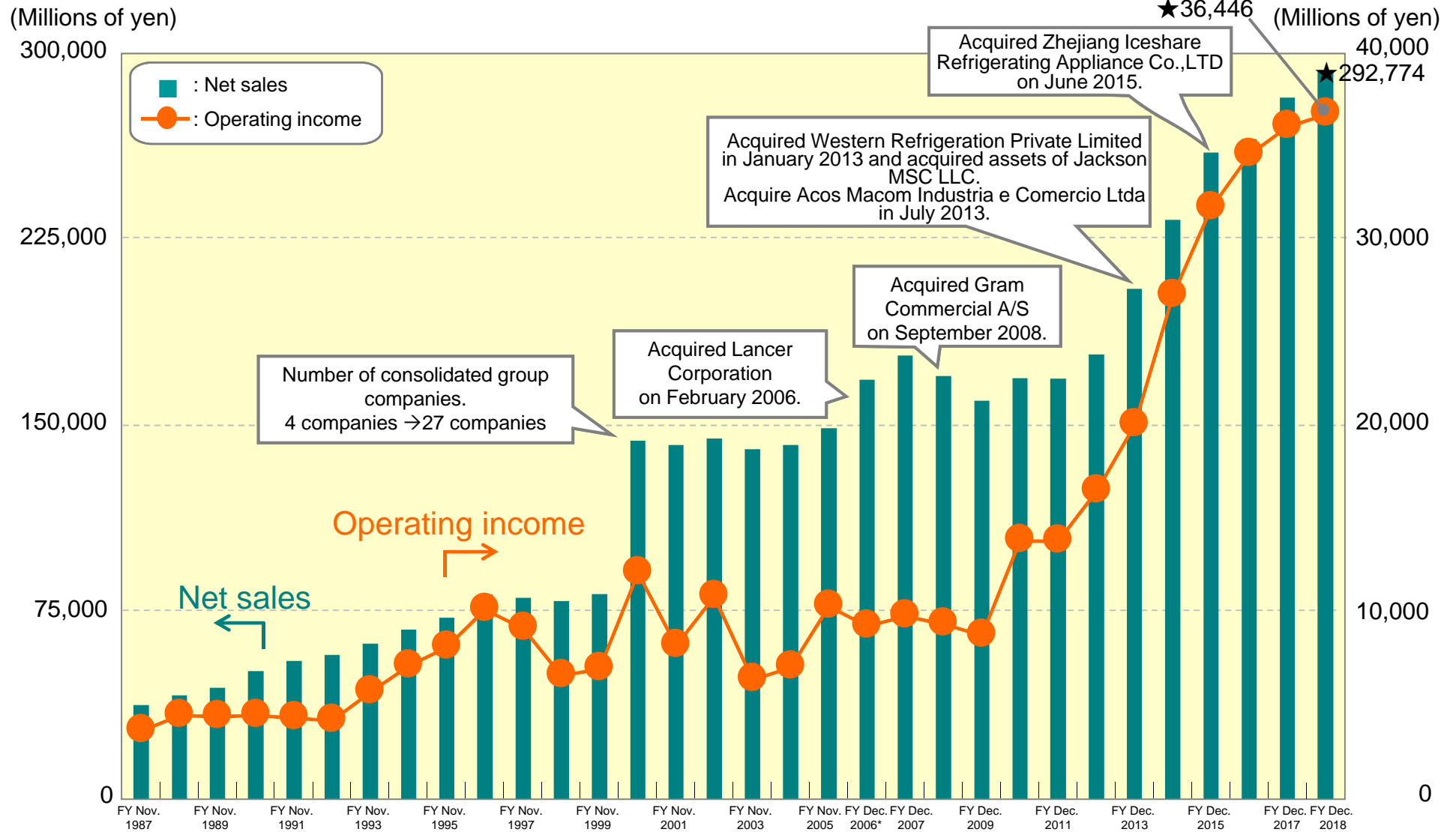
※ As of the June 30, 2019.



# Main product group and sales breakdown



# Long-term change in business performance (consolidated basis)



★Recorded a record Net sales and operating income.

\* 12-month equivalent





## Notes on the appropriate use of this document

- This document includes the forward-looking statements and data concerning business performances, strategies, and business plans of HOSHIZAKI CORPORATION (“the Company”).
- The forward-looking statements and data in this document are not historical facts, but the Company’s forecast based on currently available information.
- Because potential risks and uncertain factors, such as economic trends, competition with other companies, are included in this document, please be noted that actual business performance, business development, and financial situation of the Company may differ significantly from the forecast due to various factors, such as future economic trends, competition in the industry, market demand, other economic, social, and political situations.

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