



**Summary of business performance
for the fiscal year ended 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)

February 10, 2020

HOSHIZAKI

Table of contents

I . Financial results for FY 2019 : P.2-15

II . Key factors of financial results FY 2019 : P.16-26

III . Business forecast for FY 2020 : P.27-29





I . Financial results for FY 2019

HOSHIZAKI

Foreign exchange rates

	FY 2018		FY 2019			
	Results				Forecast: May 7 th , 2019	
	Average of period	End of period	Average of period	End of period	Average of period	End of period
US dollar	110.4	111.0	109.0	109.5	106.0	106.0
Pound	147.3	140.4	139.1	143.4	147.0	147.0
Euro	130.3	127.0	122.0	122.5	125.0	125.0
Singapore dollar	81.8	81.0	79.9	81.0	82.0	82.0
Chinese yuan	16.7	16.1	15.7	15.6	16.9	16.9
Denmark krone	17.4	17.0	16.3	16.4	17.3	17.3
Taiwan dollar	3.6	3.6	3.5	3.6	3.6	3.6
Hong Kong dollar	14.0	14.1	13.9	14.0	14.1	14.1
South Korean won	0.1005	0.0994	0.0937	0.0946	0.1000	0.1000
Indian rupee	1.66	1.59	1.56	1.54	1.55	1.55
Brazilian real	30.3	28.6	27.6	27.1	29.0	29.0
Indonesian Rupiah	0.0078	0.0077	0.0077	0.0079	0.0078	0.0078
Thai Baht	3.4	3.4	3.5	3.6	3.3	3.3
Malaysia Ringgito	27.3	26.6	26.3	26.5	27.5	27.5
Viet Nam Dong	0.0048	0.0048	0.0047	0.0047	0.0048	0.0048
Philippine Peso	2.11	2.13	2.12	2.17	2.09	2.09



Executive summary of financial results for FY 2019

■ Sales: 290,136 million yen (down 0.9% year-on-year)

- Japan: 189,954 million yen (down 0.7% year-on-year)
- Overseas: 100,182 million yen (down 1.3% year-on-year) Overseas sales ratio: 34.5% (down 0.2% year-on-year)
*Calculated based on reporting segments: “Americas” and “Europe and Asia”
- In Japan: Main factors of decrease are fall of special demand for dishwashers that we enjoyed in the previous fiscal year, and slowdown in selling activity by correspondence for misconducts survey. By customers, Bar/Pub and Mercantile stores were lower although Food processing, Agricultural/fishery Industries and Schools/kindergartens were strong than the previous fiscal year.
- In overseas: In America, sales decreased due to stagnation of demand from large customers in the carbonated drink market. In Asia, sales increased despite the impact of the deconsolidation of ICE SHARE and the settlement period adjustment of WESTERN that “the previous fiscal year is for 15 months”.

■ Operating income: 32,664 million yen (down 10.4% year-on-year)

- Japan: 21,760 million yen (down 12.4% year-on-year , Operating income margin 11.5%)
- Overseas: 11,314 million yen (down 9.6% year-on-year , Operating income margin 11.3%)
- In Japan: Main factor of decrease is fall in gross margin due to a change in a product mix and increase of SGA such as survey costs for misconducts.
- Overseas: Main factor of decrease is increase of SGA such as survey costs for misconducts in HOSHIZAKI AMERICA.
- Operating income margin fell below that of previous fiscal year to 11.3%. (In the previous fiscal year, operating income margin 12.4%)

■ Ordinary income: 34,224 million yen (down 5.9% year-on-year)

- Foreign exchange losses of 426 million yen on deposits in foreign currencies were recorded as non-operating expense.(In the previous fiscal year, 1,719 million yen of foreign exchange losses were recorded.)

■ Profit attributable to owners of parent: 24,437 million yen (down 5.0% year-on-year)



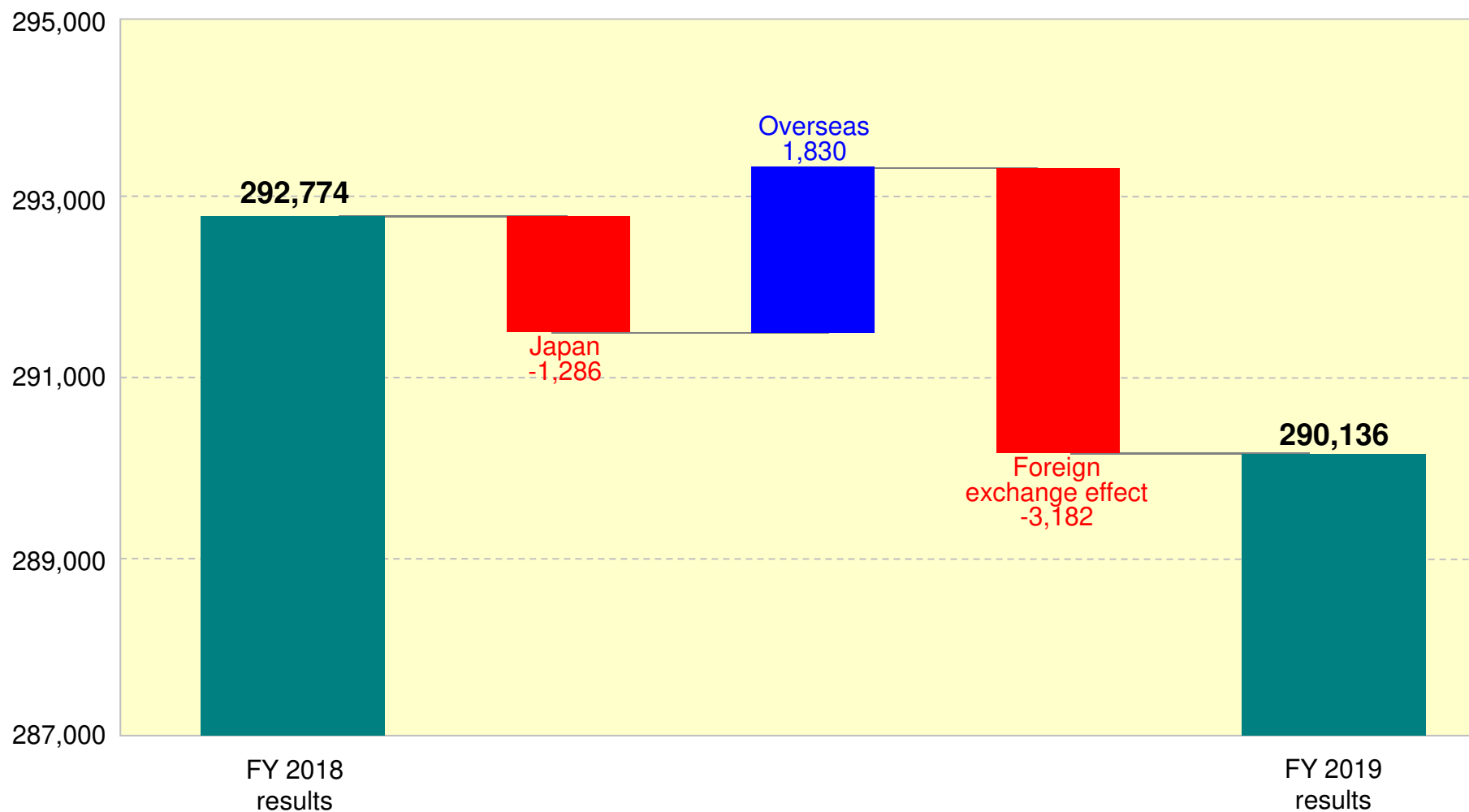
Consolidated business performance for FY 2019

	FY 2018 results		FY 2019 forecast May 7 th , 2019		FY 2019 results					
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year		Over business forecast	
							Change (Millions of yen)	Percentage (%)	Change (Millions of yen)	Percentage (%)
Sales	292,774	100.0	296,600	100.0	290,136	100.0	-2,638	99.1	-6,463	97.8
Cost of sales	182,224	62.2	184,400	62.2	180,671	62.3	-1,553	99.1	-3,728	98.0
Gross profit	110,549	37.8	112,200	37.8	109,464	37.7	-1,085	99.0	-2,735	97.6
Selling, general and administrative expenses	74,103	25.3	77,700	26.2	76,799	26.5	2,696	103.6	-900	98.8
Operating income	36,446	12.4	34,500	11.6	32,664	11.3	-3,782	89.6	-1,835	94.7
Ordinary income	36,372	12.4	36,400	12.3	34,224	11.8	-2,148	94.1	-2,175	94.0
Profit attributable to owners of parent	25,717	8.8	24,800	8.4	24,437	8.4	-1,279	95.0	-362	98.5

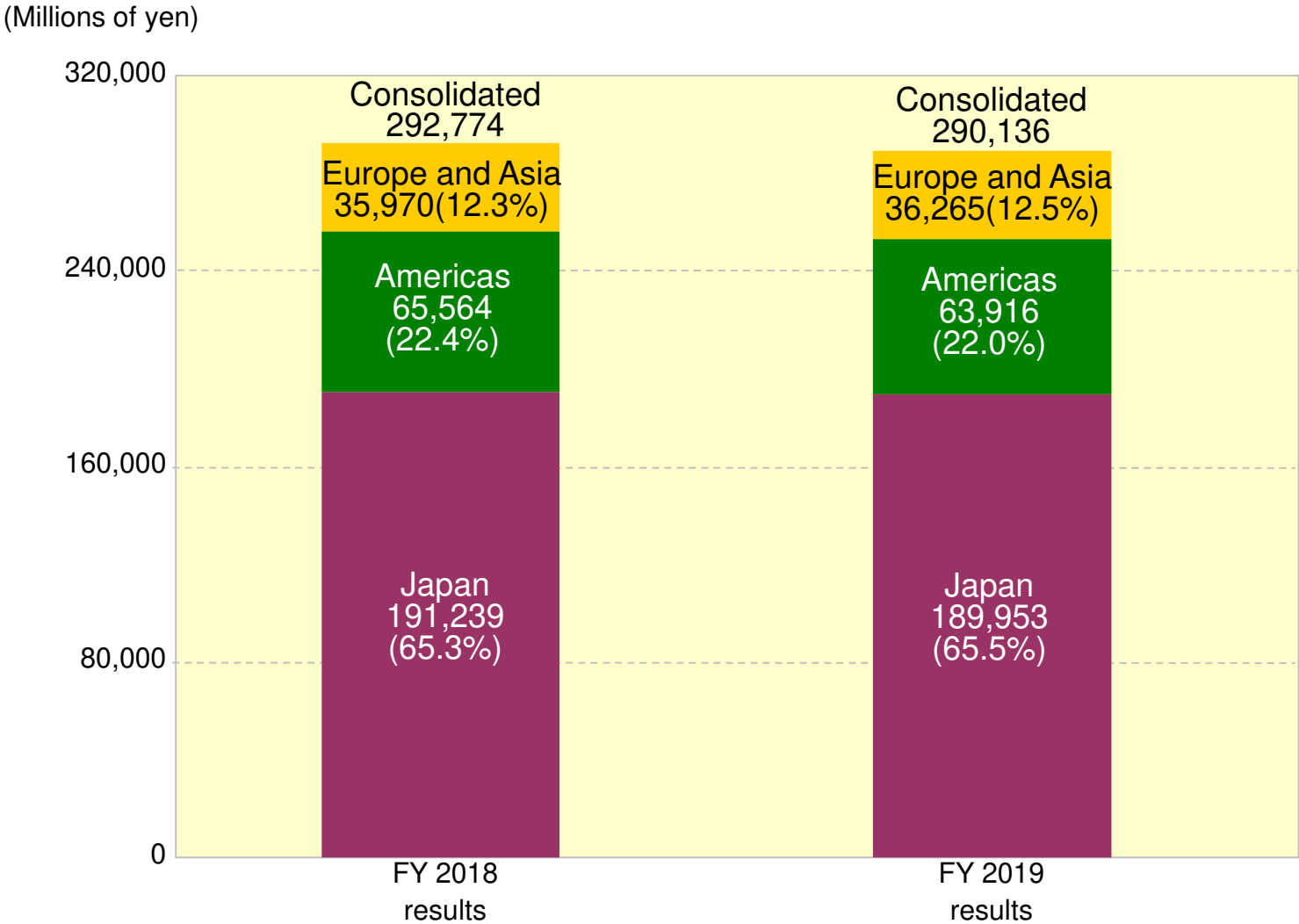


Factors for change in consolidated sales by Japan and overseas

(Millions of yen)



Year-on-year comparison of sales by reporting segments



*Figures in parenthesis indicate component percentages.

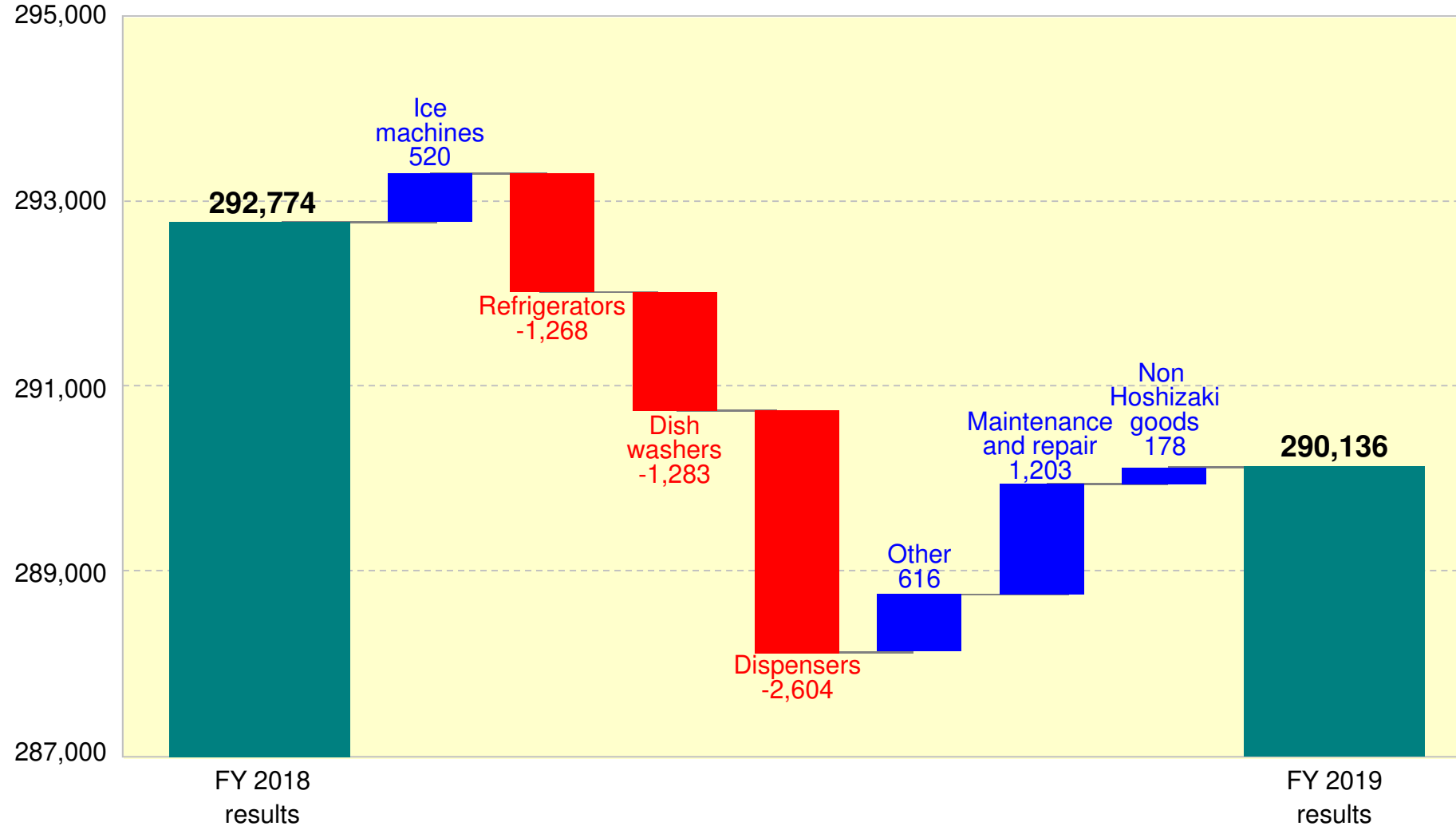
Classified according to the location of the head offices. (e.g. Lancer Europe is included in “Americas”)

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



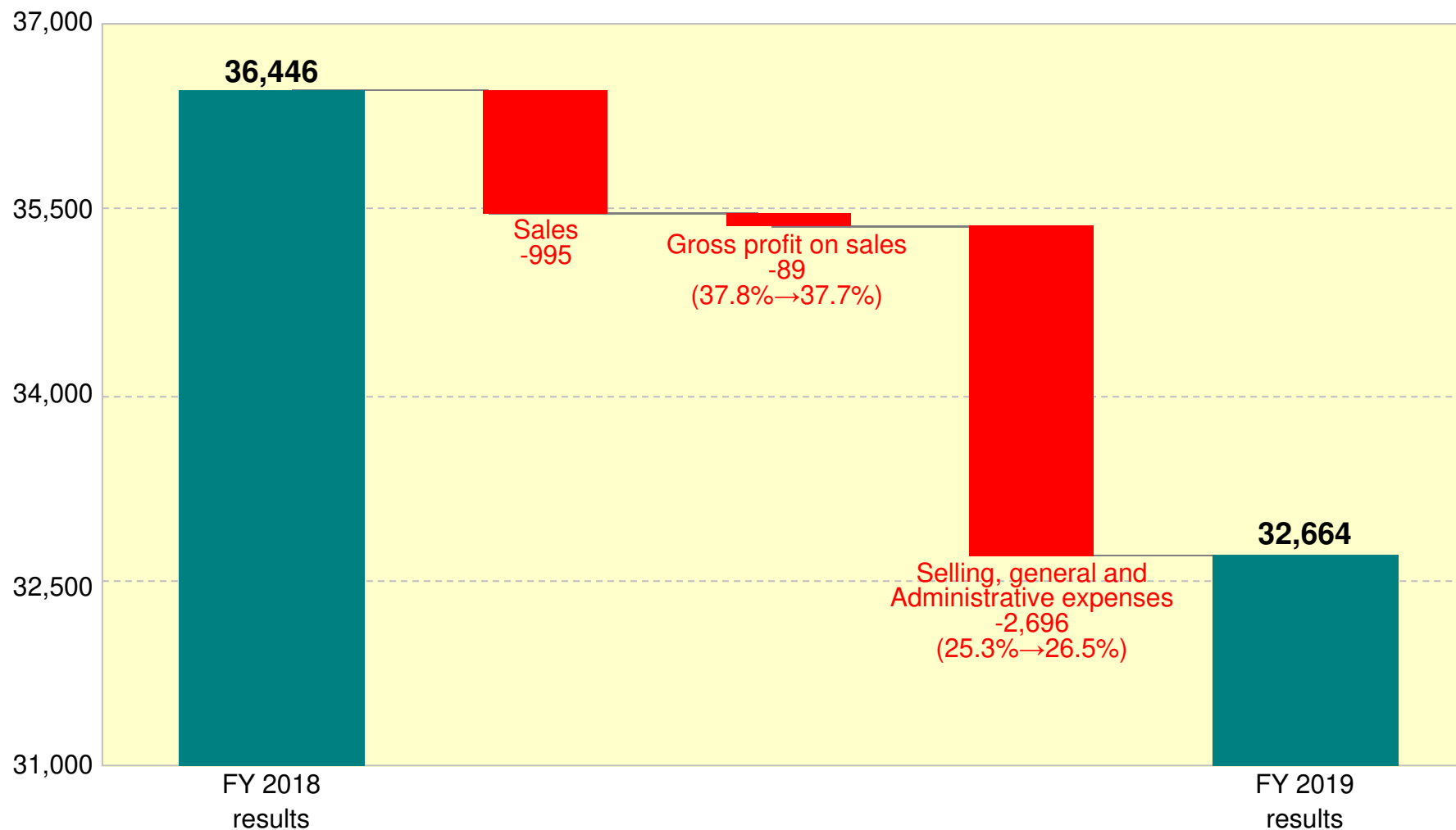
Factors for change in consolidated sales by product groups

(Millions of yen)



Factors for change in consolidated operating income

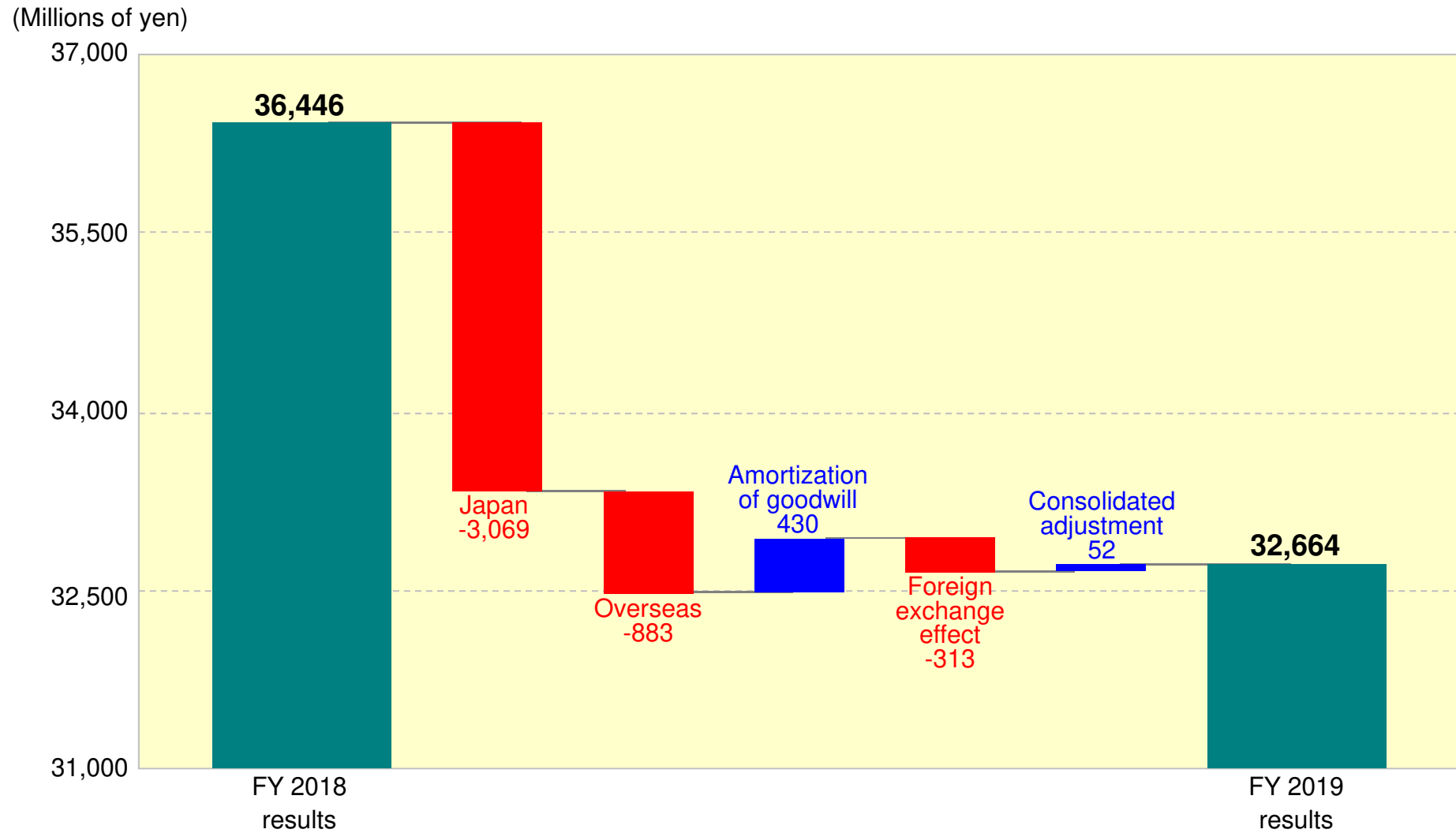
(Millions of yen)



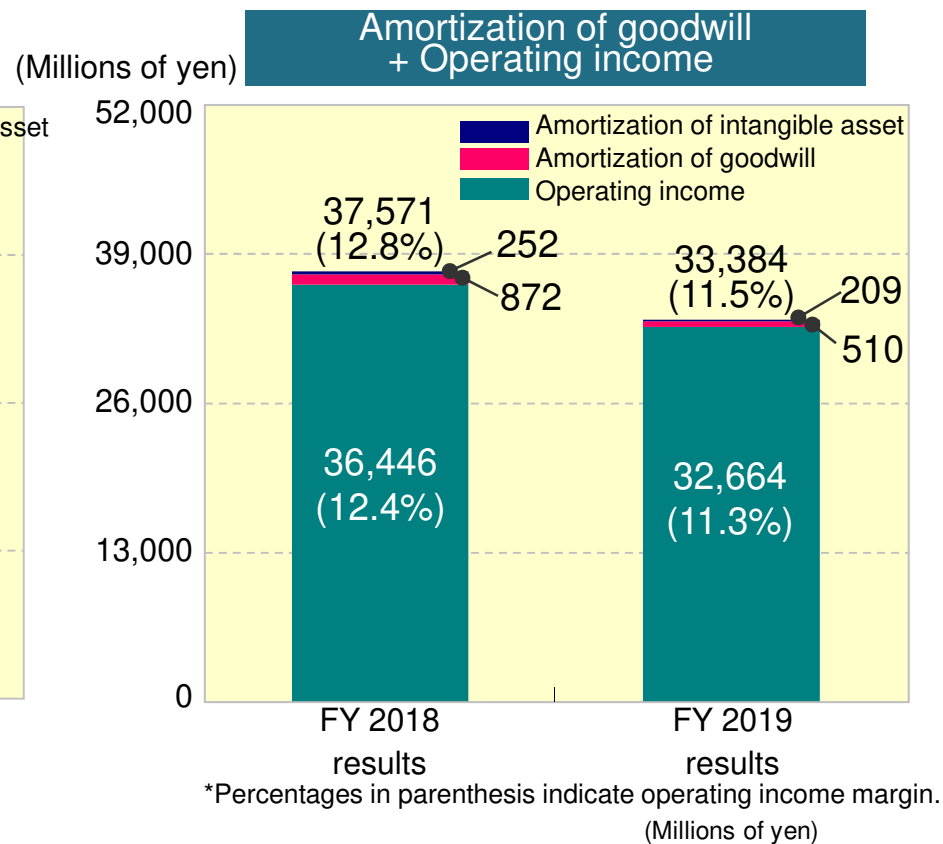
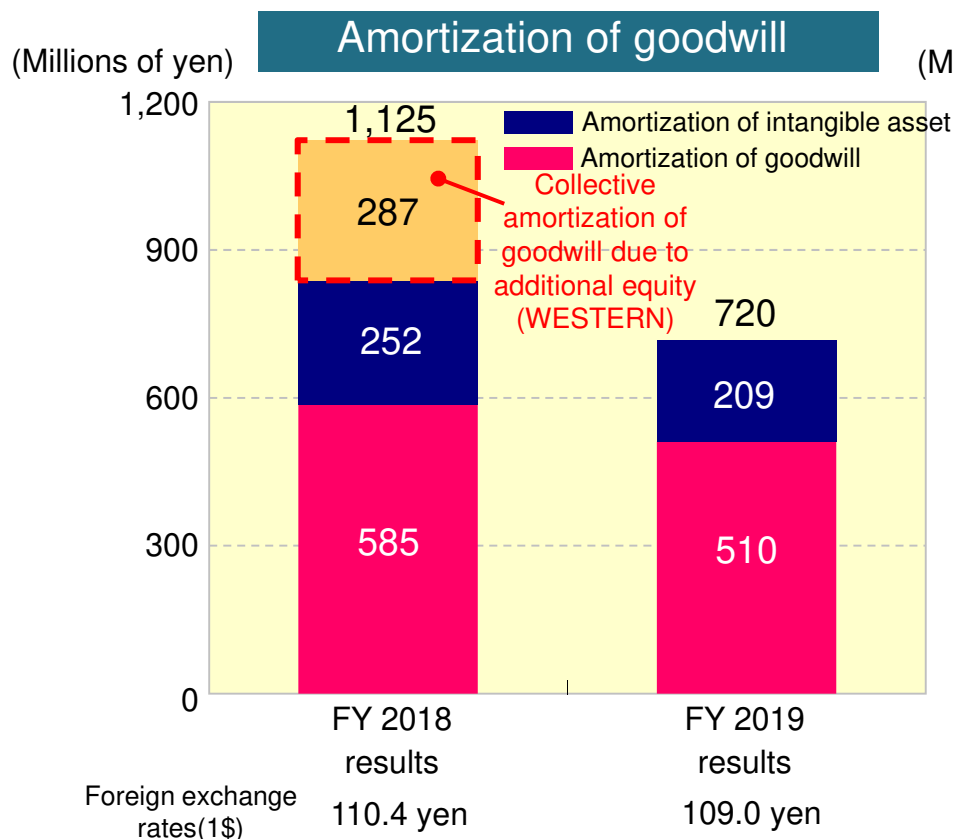
*Percentages in parenthesis indicates the ratio to sales.



Factors for change in consolidated operating income by Japan and overseas



Impact of goodwill amortization



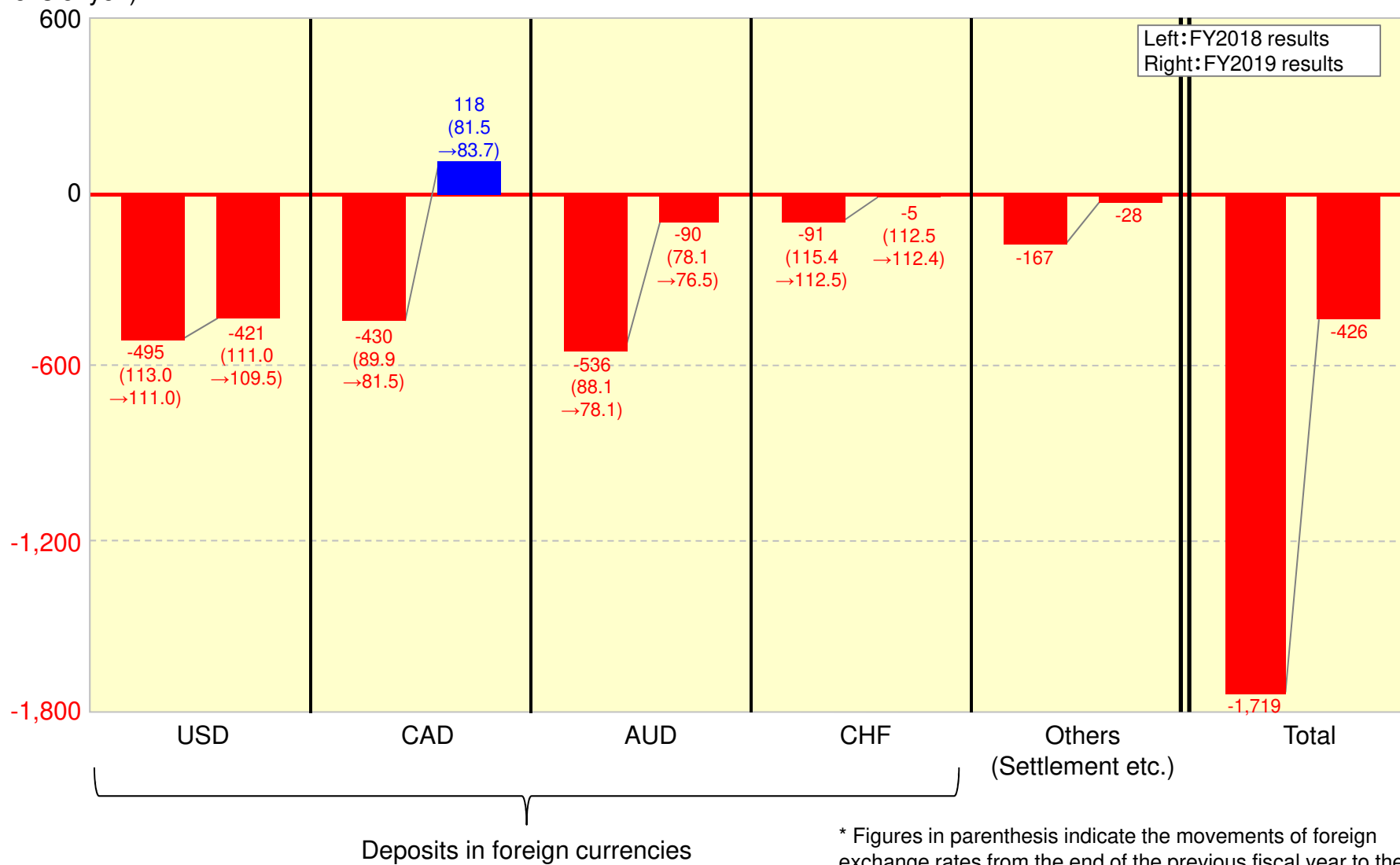
The recognition of goodwill and intangible assets		Amortization of goodwill and intangible assets imparment	
• LANCER	(Feb.2006 M&A : 17,451 Amortized over 10-year period)	• Macom	(in 2014 : 3,186)
• GRAM	(Sep.2008 M&A : 6,759 Amortized over 12-year period)		(in 2015 : 1,791)
• Western	(Jan.2013 M&A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

※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

(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 current fiscal year.



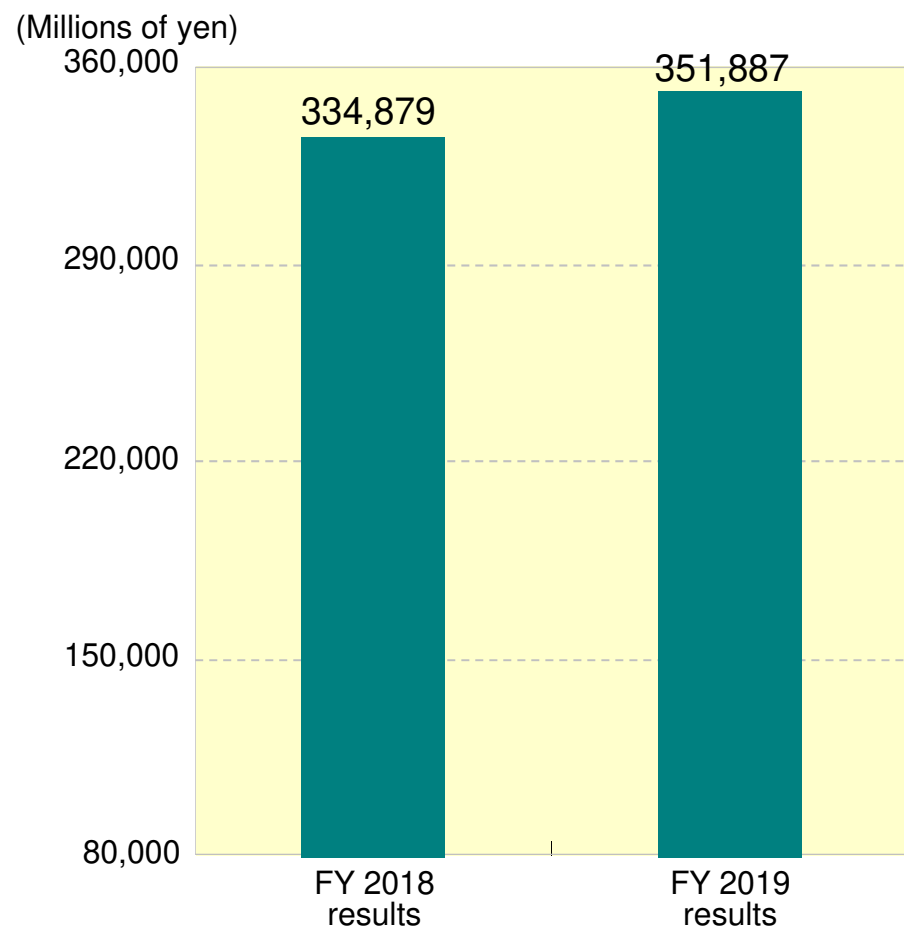
Summary of consolidated balance sheet

	FY 2018 results		FY 2019 results		
	Amount (Millions of yen)	Component percentage (%)	Amount (Millions of yen)	Component percentage (%)	Year-on-year (Millions of yen)
Current assets	272,560	81.4	281,343	80.0	8,783
(Cash and cash equivalents)	205,263	61.3	215,314	61.2	10,051
(Notes and accounts receivable- trade)	31,183	9.3	31,708	9.0	525
(Inventories)	31,910	9.5	30,336	8.6	-1,574
Non-current assets	62,318	18.6	70,543	20.0	8,224
Total assets	334,879	100.0	351,887	100.0	17,007
Current liabilities	88,243	26.4	86,878	24.7	-1,365
(Notes and accounts payable- trade)	17,664	5.3	16,555	4.7	-1,108
(Advances received)	26,699	8.0	26,829	7.6	130
Non-current liabilities	23,124	6.9	22,970	6.5	-154
Total liabilities	111,368	33.3	109,848	31.2	-1,519
Total net assets	223,510	66.7	242,038	68.8	18,527
Total liabilities and net assets	334,879	100.0	351,887	100.0	17,007
Cash and deposits (including long-term time deposits)	204,263		215,093		10,830

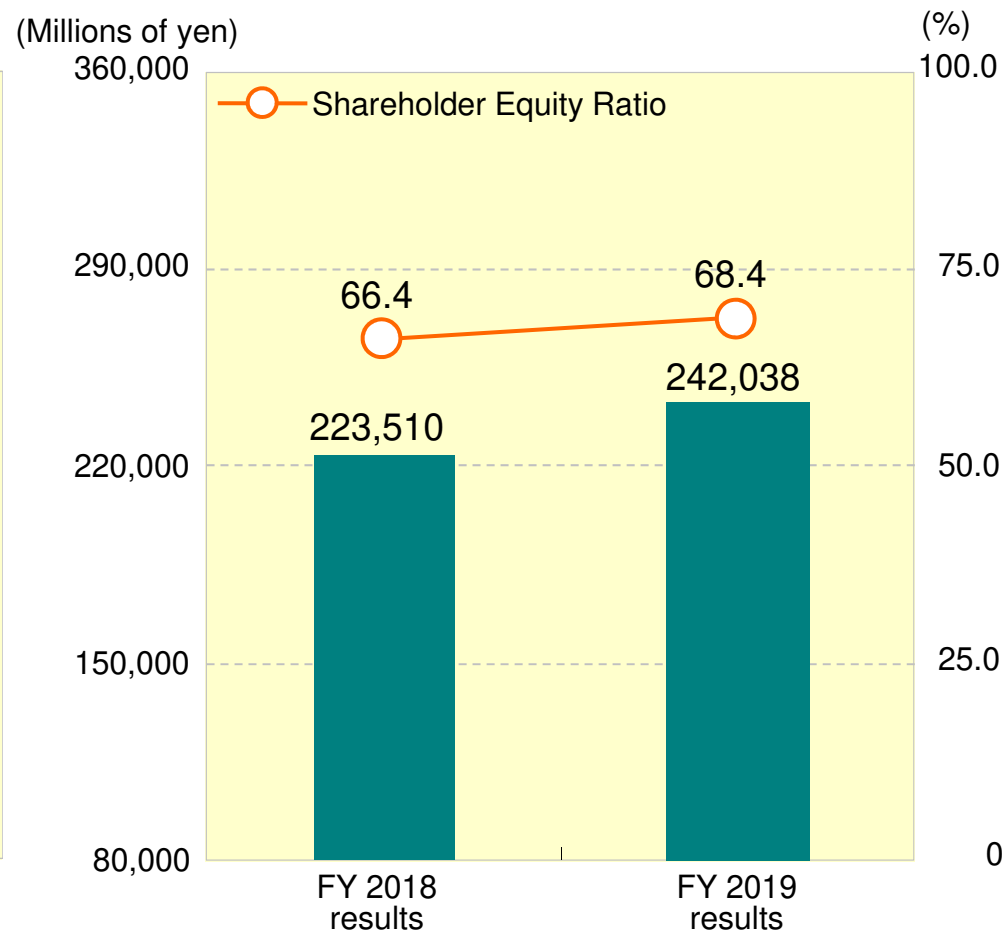


Year-on-year comparison of consolidated total assets and net assets

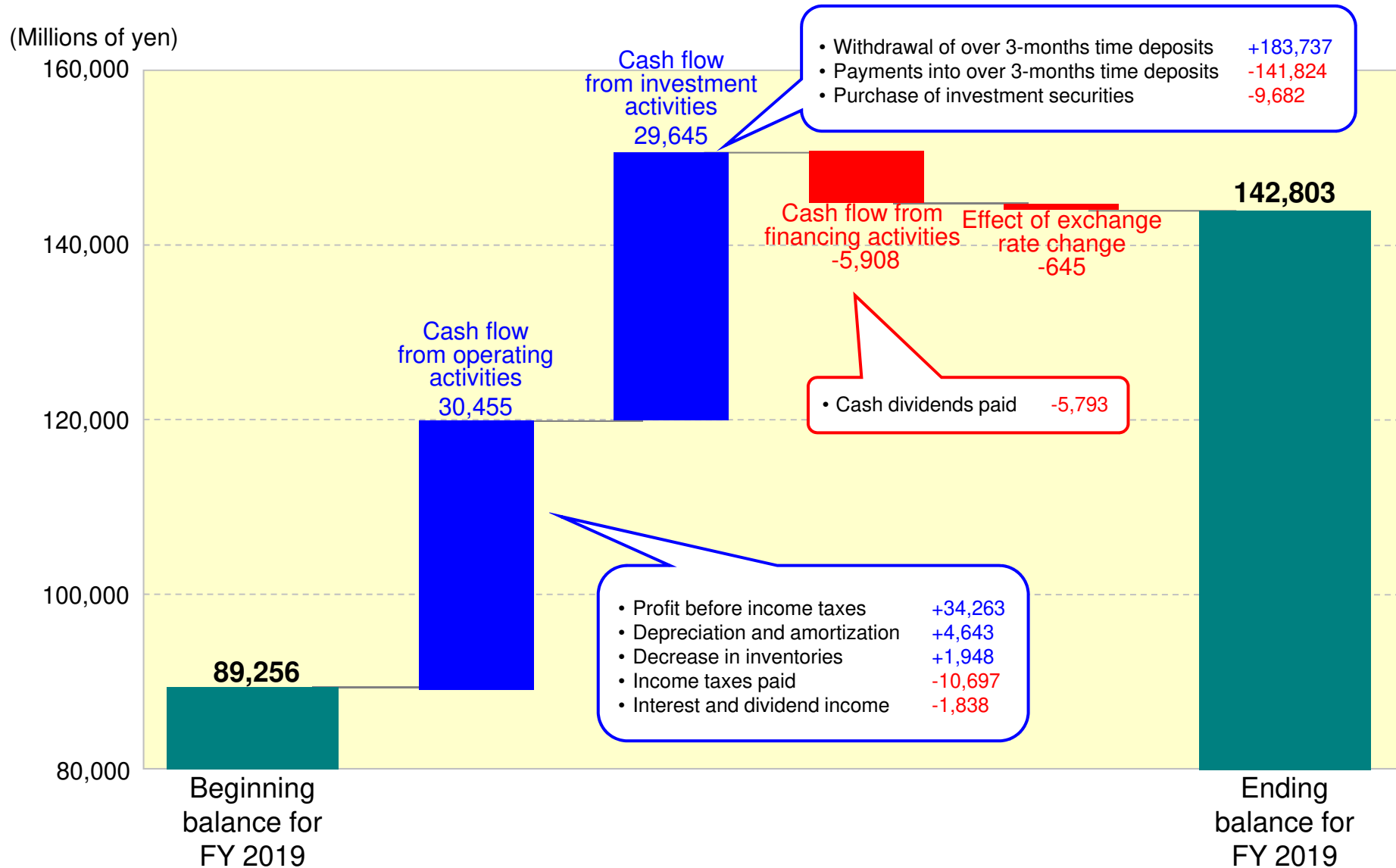
Total assets



Net assets



Factors for change in consolidated cash flow

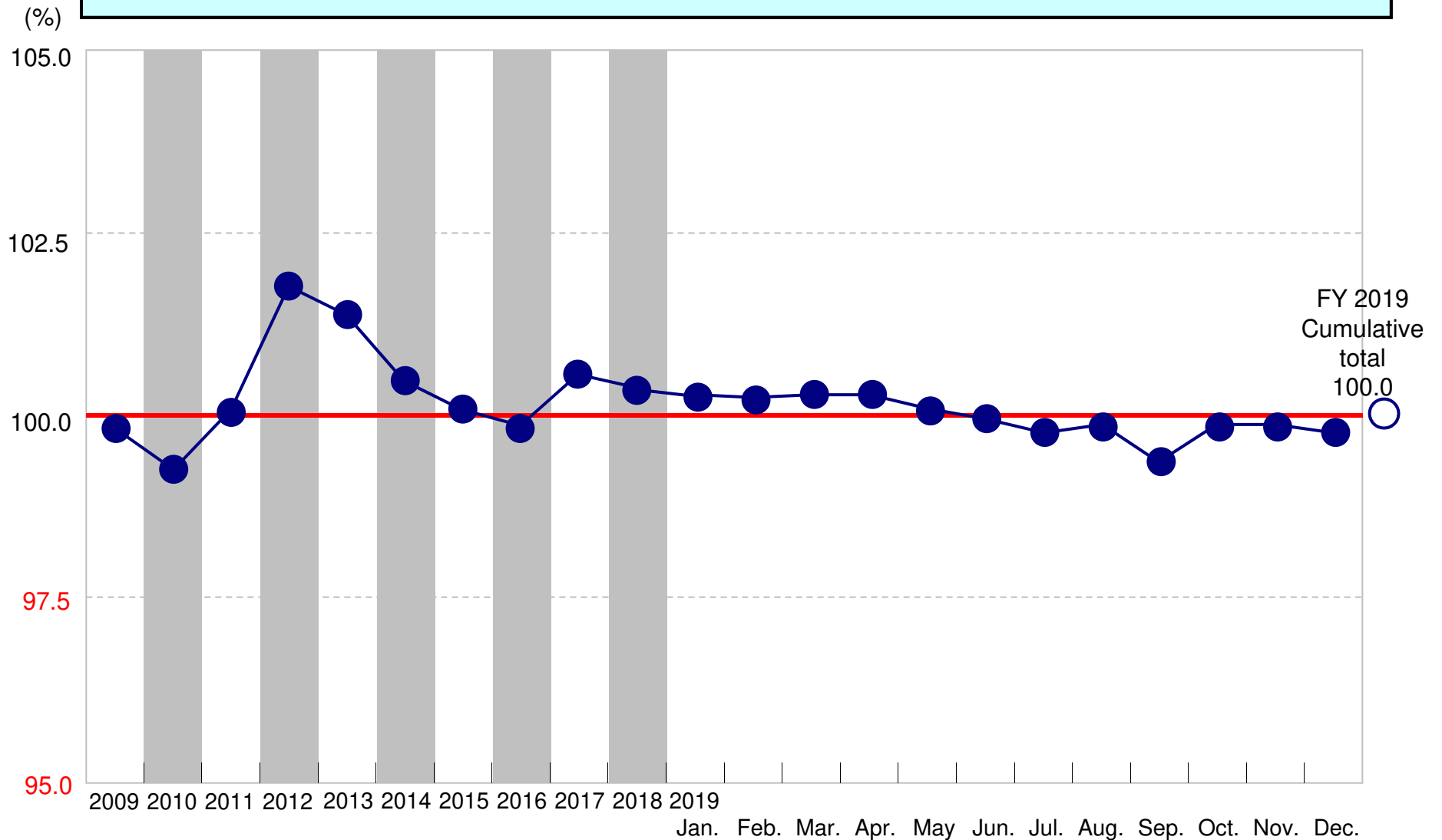




Ⅱ . Key factors of financial results FY 2019

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

● The total number of stores has been down year-on-year since July 2019.

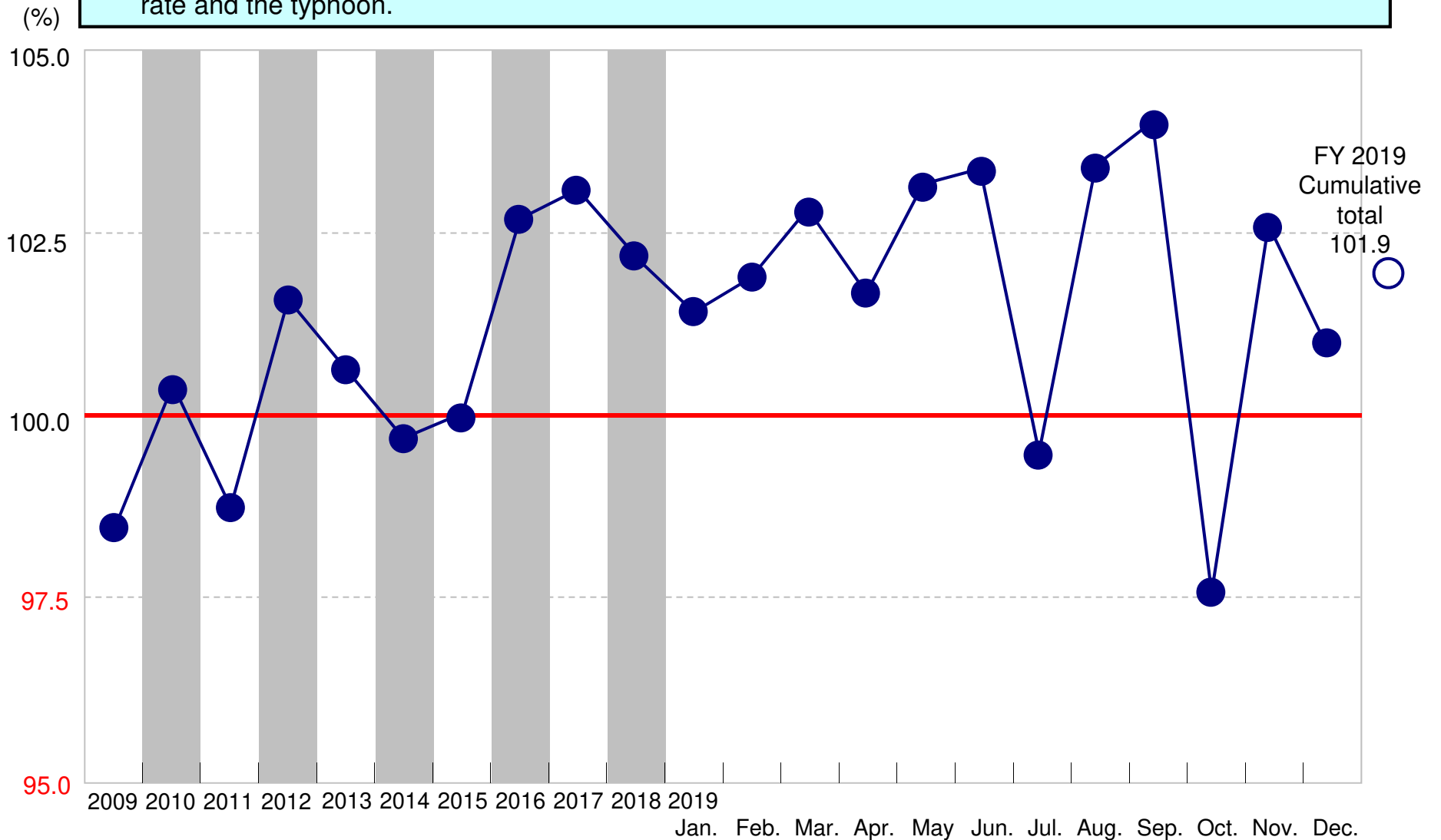


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



In Japan: Year-on-year change in sales of major restaurant chains

- Sales of major restaurant chains were positive because of the increase in unit prices per customer by price increases, except in July when the rainy season continued, in October when there were hike in tax rate and the typhoon.

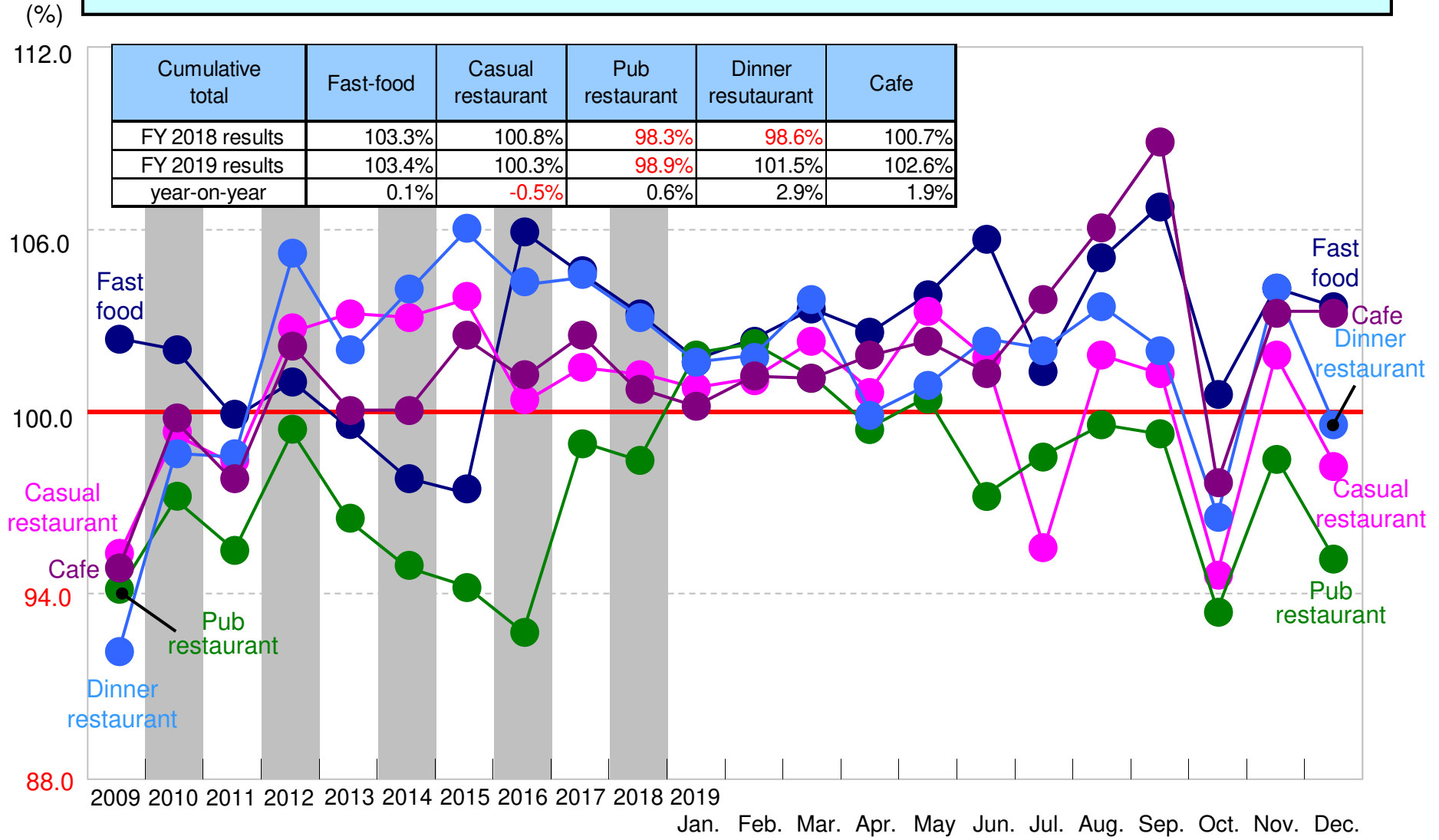


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



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 and other turned negative year on year.

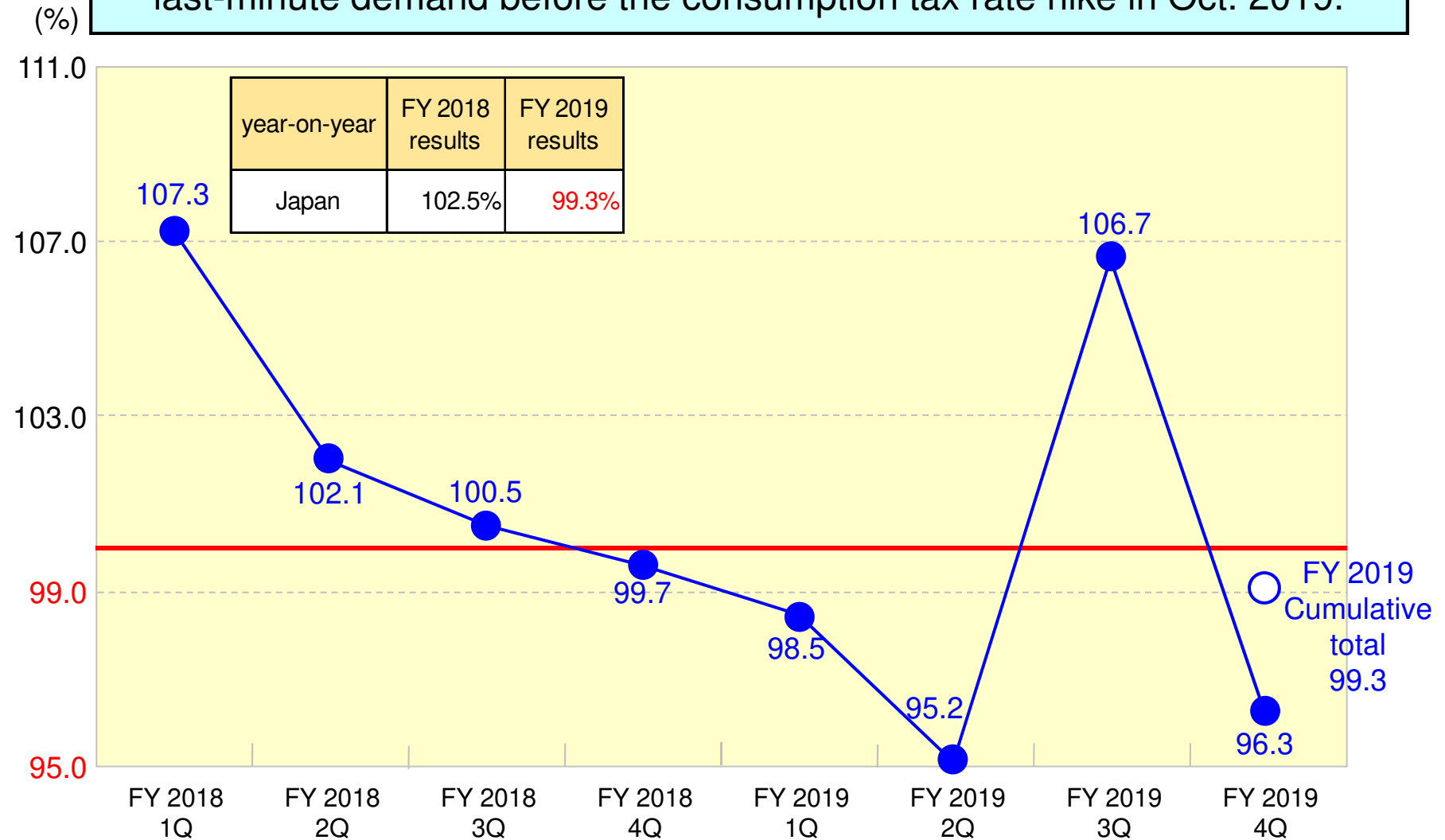


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



In Japan: Year-on-year change in sales

- Sales in Japan were negative due to such as the reverse effect to the last-minute demand before the consumption tax rate hike in Oct. 2019.



In Japan: New products and strategic products that are expected to increase profitability

Expanding business in existing markets



Carbonated water dispenser

- Eliminate labor shortages by automatic extraction
- Significantly reduced foaming with newly designed extraction nozzle
- Released in December 2019



Small display case refrigerator

- Improved energy saving performance (Reduced power consumption by 39% on average)
- For all models, achieved the standard values in energy conservation law
- Released in January 2020



Steam convection oven

- Added lineups of luxury model (6 shelves type)
- Equipped with 12 new functions, such as automatic cleaning and a touchscreen
- Released in December 2019



Dishwasher system

- Automatic operation from washing to storage
- Automatic detection of empty shelves (First in the industry)
- Storage without touching after cleaning
- Released in August 2019

Developing new markets



Blast Chiller

- Equipped with an automatic cleaning function to save labor (20 shelves type)
- Fastest washing time in the industry by "speedy course"
- Released in October 2019



"Thickened" tea dispenser

- Extracts "thickened" tea preventing misswallowing for old people.
- Makes uniform "thickening" with the push of a button
- Reduces the work load for hospitals and nursing home staff
- Will be released in spring of 2020



Designed refrigerator

- Added beautiful stainless steel design
- Assumed to be sold to restaurants and hotels with open kitchens
- Released in October 2019

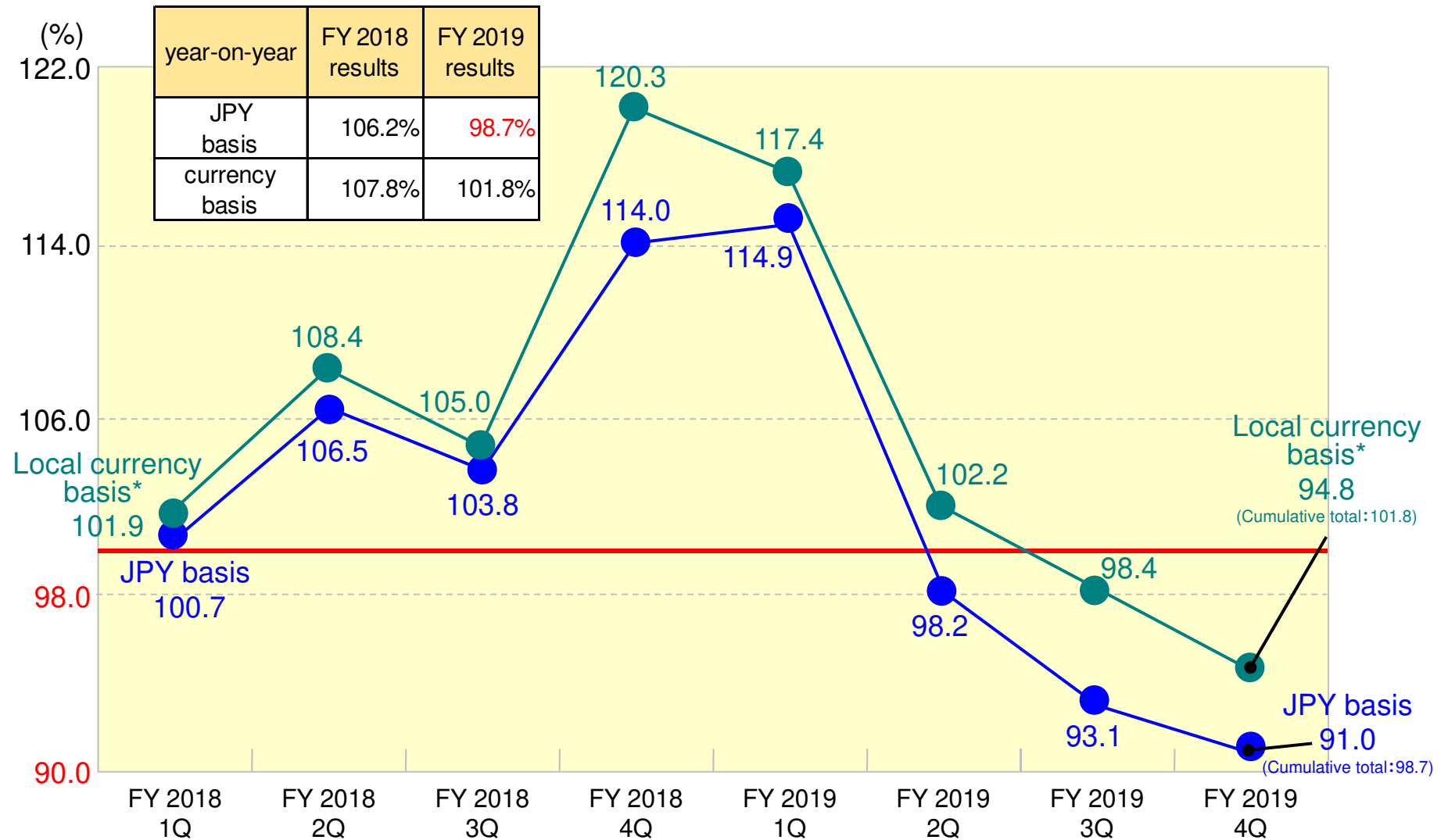


AGV hot & cold meal serving cart

- Labor saving equipment using automatic guided vehicles
- Automatic delivery of meals at hospitals and nursing homes
- Will be released in August 2020



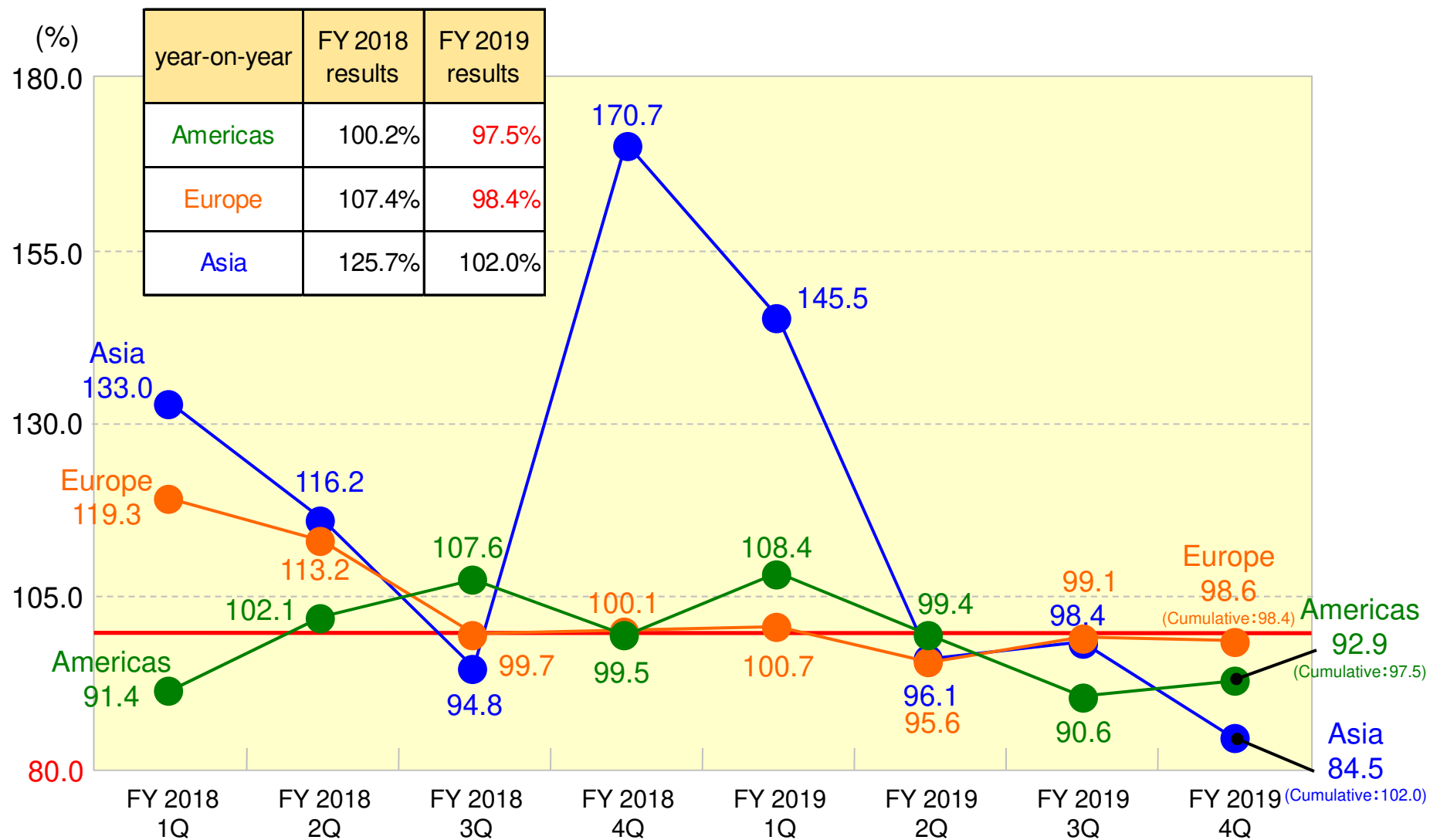
In overseas: * Year-on-year change in sales on Japanese yen basis and local currency basis



*Overseas sales figures on a local currency basis are obtained by converting the overseas sales for the full period till the fourth 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 sales by area *2 on Japanese yen basis



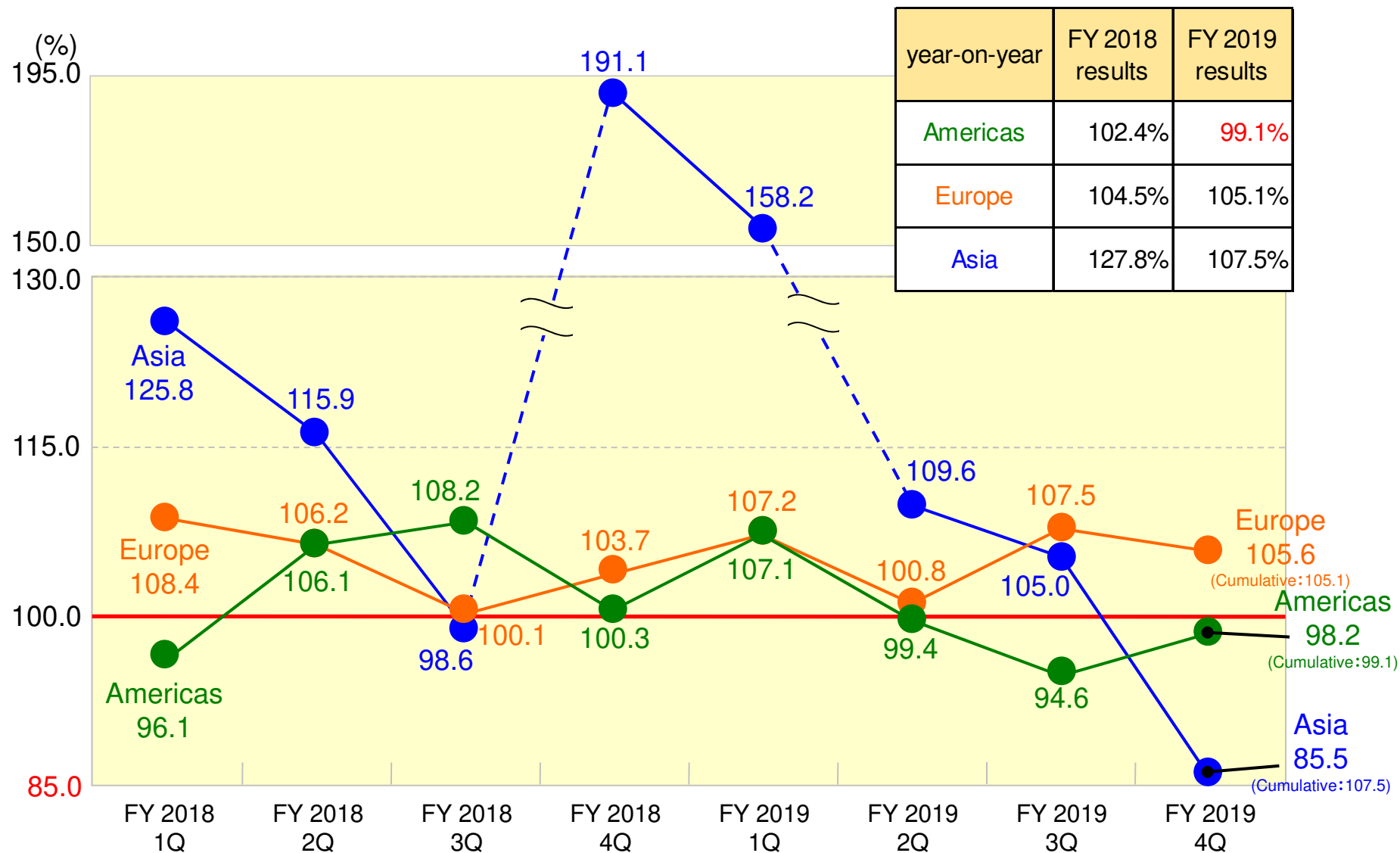
*1: Classified according to the location of the head offices. (e.g. Lancer Europe is included in American States)
(This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)

*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 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 fourth 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 increase profitability

Americas



Ice machine

- Launch of ball ice machine for US market
- Expanded ice machine lineups for hotels and casinos
- Will be released in April 2020



Multi dispenser

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

Europe



Non-Freon Ice machine

- Compliance with EU Environmental Policy
- Good energy-saving performance and lowest running cost in the industry
- Expanded product lineups using non-fluorocarbon refrigerants



Refrigerator

- OEM products by a manufacturer "Özti", Turkey
- Targets the low-end market
- Released in July 2017

Asia



Refrigerator

- Models for the Indian market
- Achieved efficient cold air circulation and excellent durability
- Released in October 2019

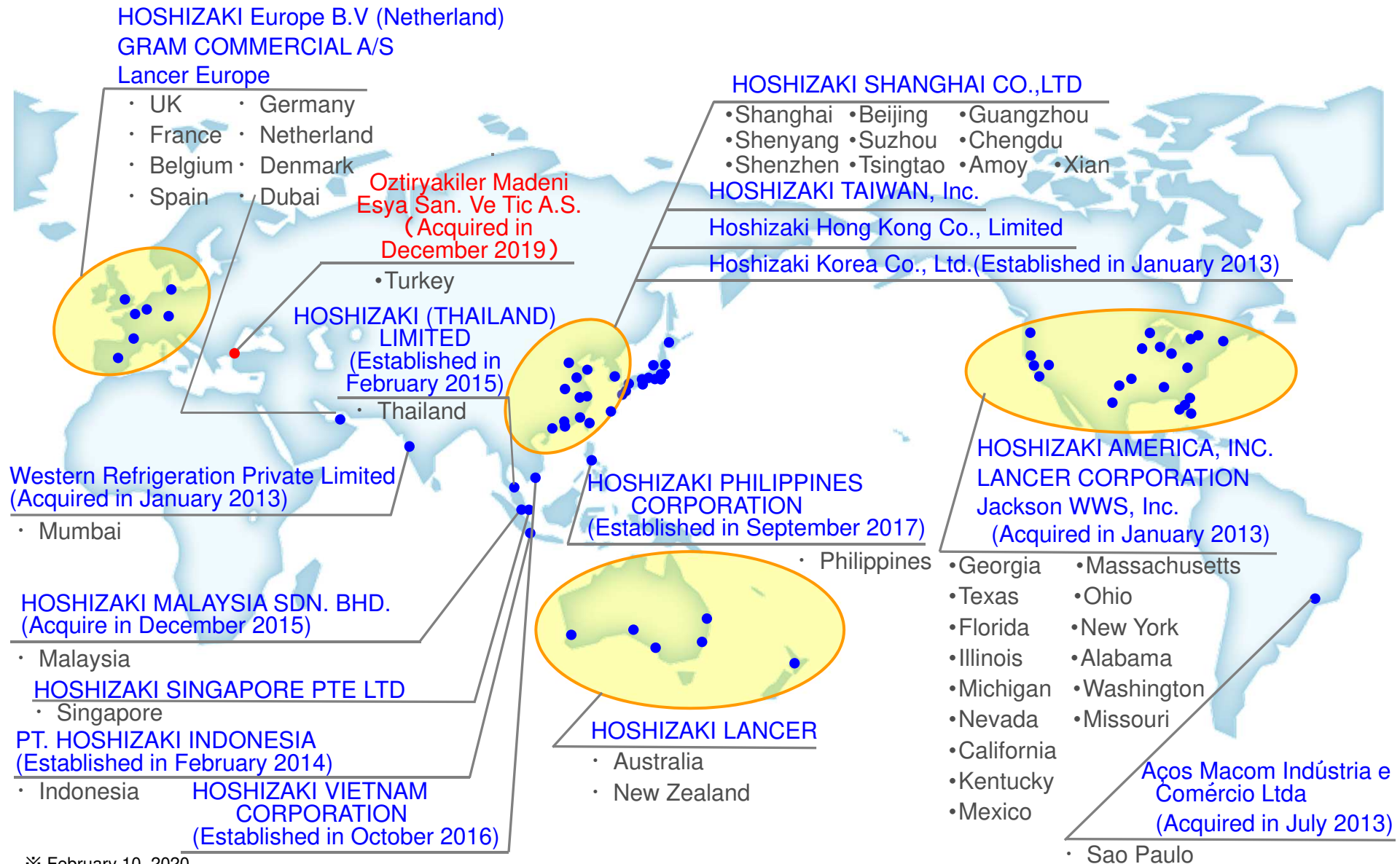


Dishwasher(Door type)

- Models for the Southeast Asian market
- Washing performance and energy-saving are the same as Japanese products
- Achieved high spec and competitive price
- Released in August 2019



In overseas: Expanding the sales network



※ February 10, 2020.





III. Business forecast for FY 2020

HOSHIZAKI

Executive summary of business forecast for FY 2020

■ Sales: 302,500 million yen (up 4.3% year-on-year)

- Japan: 197,200 million yen (up 3.8% year-on-year)
- Overseas: 105,300 million yen (up 5.1% year-on-year)
- Overseas sales ratio: 34.8% (up 0.3pt year-on-year)
- In Japan: As positive factors, direct selling to customers get active by cooperation between salesman and serviceman, and we expect to acquire profitable large order. On the other hand, facilities such as restaurants continue to postpone opening due to labor shortage, and Tokyo Olympic affect demand and selling activity, but we can't forecast that impact.
- In overseas: Sales in WESTERN continue to grow up, and we expect that North America's market recover. However, we expect that foreign exchange loss on a high yen affect sales negatively.
- Assumed exchange rates (average of the period) in FY 2019: 105 yen per US dollar, 120 yen per Euro, 1.50 yen per Indian rupee.

■ Operating income: 36,000 million yen (up 10.2% year-on-year)

- In Japan: Survey cost for misconducts in the previous fiscal year will not be repeated. However, cost will increase due to soaring raw material price, strategic investments, and etc.
- In overseas: Cost will increase due to soaring raw material price and Stagnation demand by trade friction between America and China, and etc.

■ Ordinary income: 37,800 million yen (up 10.4% year-on-year)

- We do not include future foreign exchange gains and losses on deposits in foreign currencies.
(We posted foreign exchange losses of 426 million yen in fiscal 2019.)

■ Profit attributable to owners of parent: 26,300 million yen (up 7.6% year-on-year)



Business forecast for FY 2020

	FY 2019 results		FY 2020 forecast: Feb 10 th , 2020			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year	
					Change (Million of yen)	Rate (%)
Sales	290,136	100.0	302,500	100.0	12,364	104.3
Gross profit on sales	109,464	37.7	116,000	38.3	6,536	106.0
Selling, general and administrative expenses	76,799	26.5	80,000	26.4	3,201	104.2
Operating income	32,664	11.3	36,000	11.9	3,336	110.2
Ordinary income	34,224	11.8	37,800	12.5	3,576	110.4
Profit attributable to owners of parent	24,437	8.4	26,300	8.7	1,863	107.6



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.
- This presentation is an English translation of the material initially written in Japanese, which should be considered to be the primary version.

If you have any inquiries concerning this document and our IR activities, please contact the following:

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