



For Website

**Summary of Business Performance  
The Third Quarter of Fiscal Year Ending  
December 31, 2020  
~ 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)

November 9, 2020

**HOSHIZAKI**

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## **I . Financial Results for FY 2020 3Q**

**HOSHIZAKI**

# Foreign Exchange Rates

	FY 2019 3Q		FY 2019		FY 2020 3Q		Forecast of FY 2020, Nov. 9th, 2020	
	Results		Results		Results			
	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	109.1	107.9	109.0	109.5	107.5	105.8	107.0	107.0
Pound	138.9	132.6	139.1	143.4	136.7	136.0	136.3	136.3
Euro	122.6	118.0	122.0	122.5	120.9	124.1	121.5	121.5
Singapore dollar	79.9	78.0	79.9	81.0	77.3	77.3	77.3	77.3
Chinese yuan	15.8	15.1	15.7	15.6	15.3	15.5	15.4	15.4
Denmark krone	16.4	15.8	16.3	16.4	16.2	16.6	16.3	16.3
Taiwan dollar	3.5	3.4	3.5	3.6	3.6	3.6	3.6	3.6
Hong Kong dollar	13.9	13.7	13.9	14.0	13.8	13.6	13.8	13.8
Indian rupee	1.57	1.54	1.56	1.54	1.46	1.45	1.46	1.46
South Korean won	0.0941	0.0899	0.0937	0.0946	0.0897	0.0908	0.0899	0.0899
Brazillian real	28.1	25.9	27.6	27.1	21.4	18.7	20.8	20.8
Indonesian Rupiah	0.0077	0.0076	0.0077	0.0079	0.0074	0.0072	0.0074	0.0074
Thai Baht	3.4	3.5	3.5	3.6	3.4	3.3	3.4	3.4
Malaysia Ringgito	26.3	25.7	26.3	26.5	25.4	25.4	25.4	25.4
Viet Nam Dong	0.0047	0.0046	0.0047	0.0047	0.0046	0.0045	0.0046	0.0046
Philippine Peso	2.11	2.10	2.12	2.17	2.17	2.20	2.17	2.17



# Summary of Financial Results for FY 2020 3Q

## ■ Sales: 183.4 billion yen (19.5% decreased year-on-year)

- ☐ Japan: 129.4 billion yen (14.5% decreased)
- ☐ Overseas: 54.0 billion yen (29.4% decreased) Overseas sales ratio: 29.4% (4.1pt decreased)  
\*Calculated based on reporting segments: "Americas" and "Europe and Asia"
- ☐ In Japan: Sales decreased due to the impact of the new coronavirus infections, despite the resumption of sales activities.
- ☐ In Overseas: Sales decreased in all segments due to the spread of new coronavirus infections.

## ■ Operating Income: 16.7 billion yen (42.9% decreased / Operating income percentage 9.1%)

- ☐ Japan: 13.4 billion yen (33.7% decreased / Operating income percentage 10.4%)
- ☐ Overseas: 3.5 billion yen (62.5% decreased / Operating income percentage 6.6%)  
\*Calculated based on reporting segments: "Americas" and "Europe and Asia"
- ☐ In Japan and Overseas: Implemented thorough cost reduction measures in response to the significant decline in profit caused by new coronavirus infections.

## ■ Ordinary Income: 15.9 billion yen (45.8% decreased)

- ☐ Foreign exchange losses of 2.0 billion yen from deposits in foreign currencies were recorded as non-operating expense.  
(1.5 billion yen of foreign exchange gains were recorded in the previous fiscal year.)

## ■ Profit Attributable to Owners of Parent: 10.5 billion yen (48.7% decreased)



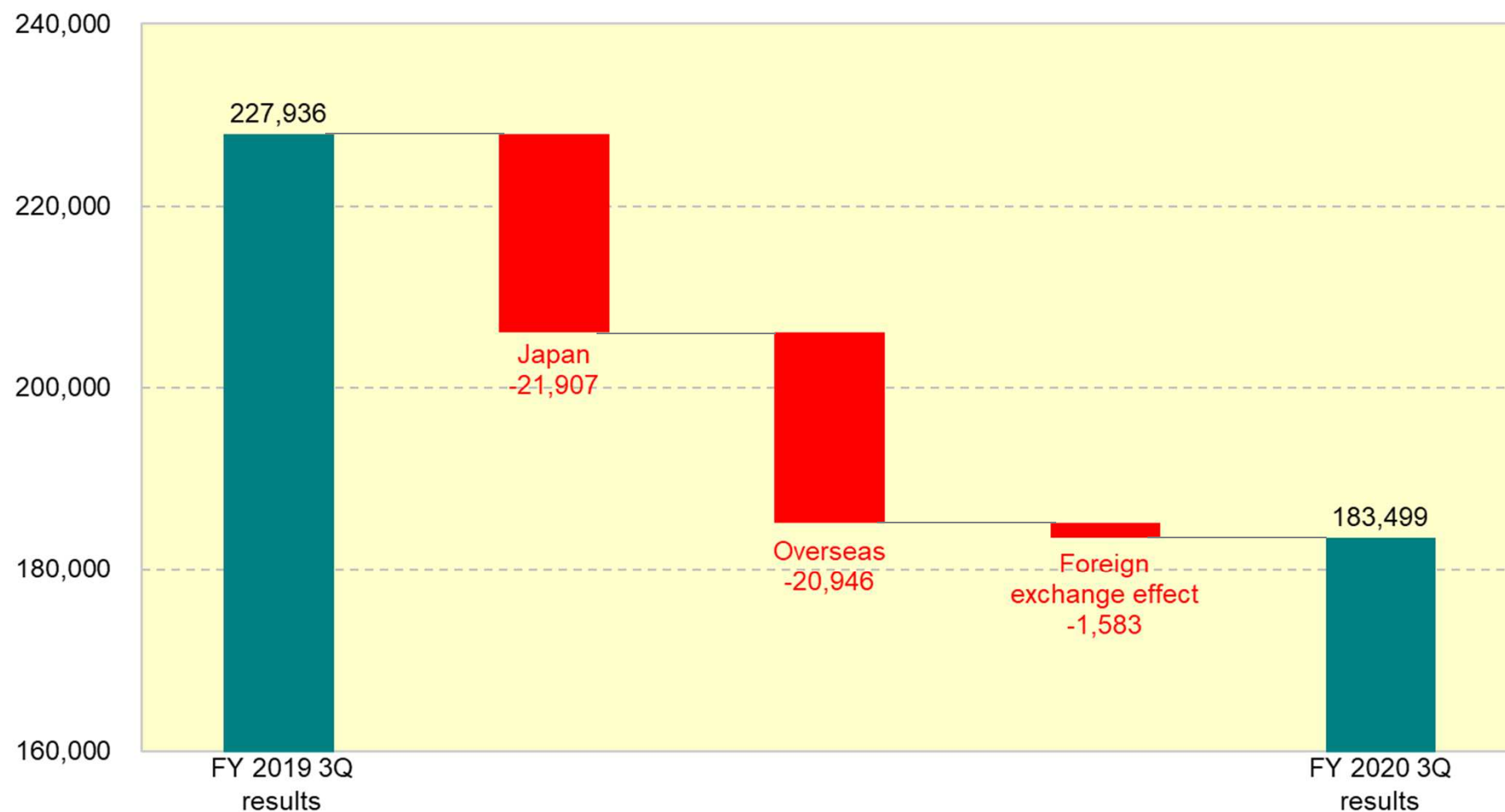
# Consolidated Business Performance

	FY 2019 3Q results		FY 2020 3Q results			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year	
					Change (Millions of yen)	Percentage (%)
Sales	227,936	100.0	183,499	100.0	-44,436	80.5
Cost of sales	140,806	61.8	113,622	61.9	-27,184	80.7
Gross profit	87,129	38.2	69,877	38.1	-17,251	80.2
Selling, general and administrative expenses	57,762	25.3	53,110	28.9	-4,651	91.9
Operating income	29,366	12.9	16,766	9.1	-12,600	57.1
Ordinary income	29,484	12.9	15,978	8.7	-13,505	54.2
Profit attributable to owners of parent	20,564	9.0	10,553	5.8	-10,011	51.3

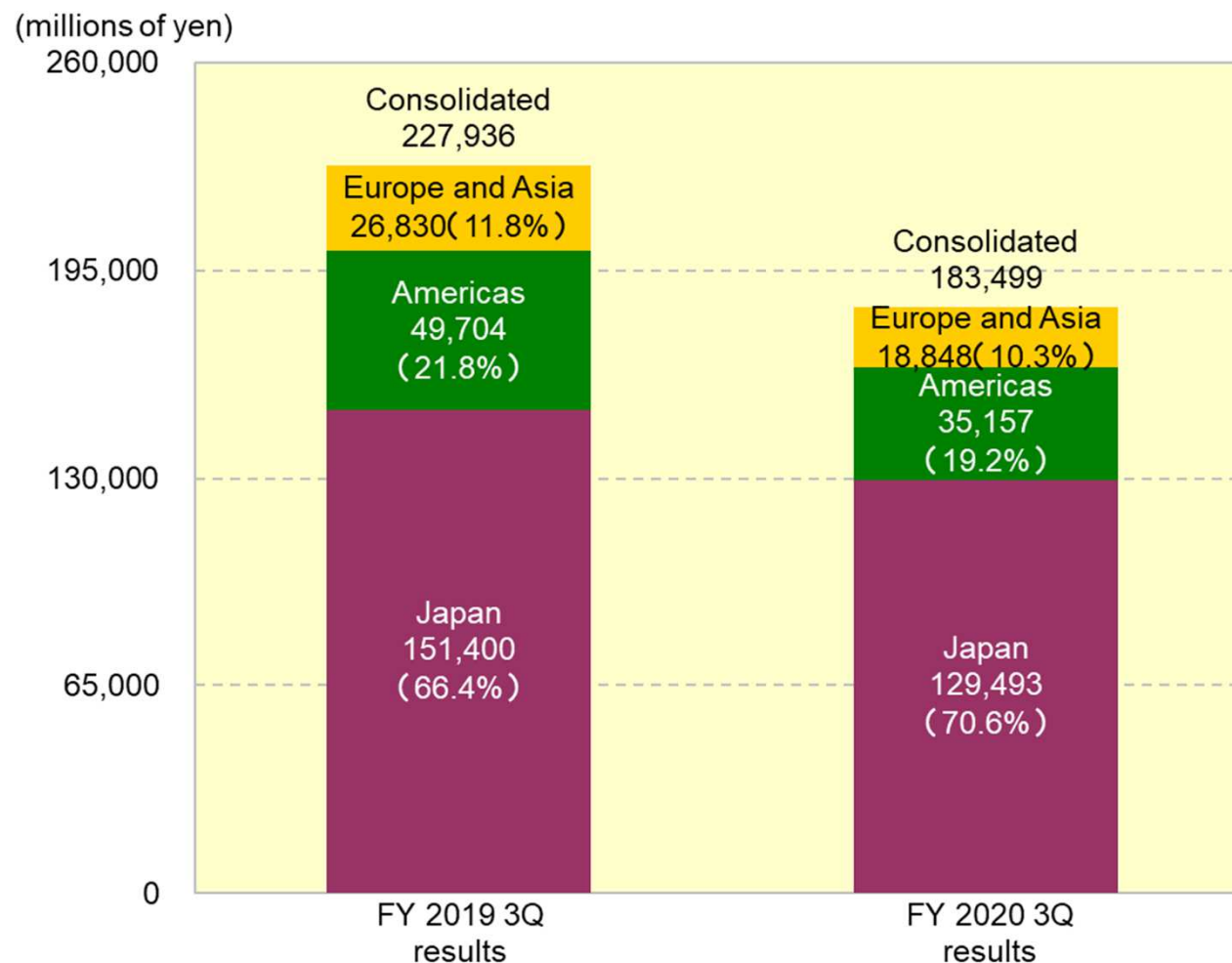


# Factors for Change in Consolidated Sales by Japan and Overseas

(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")

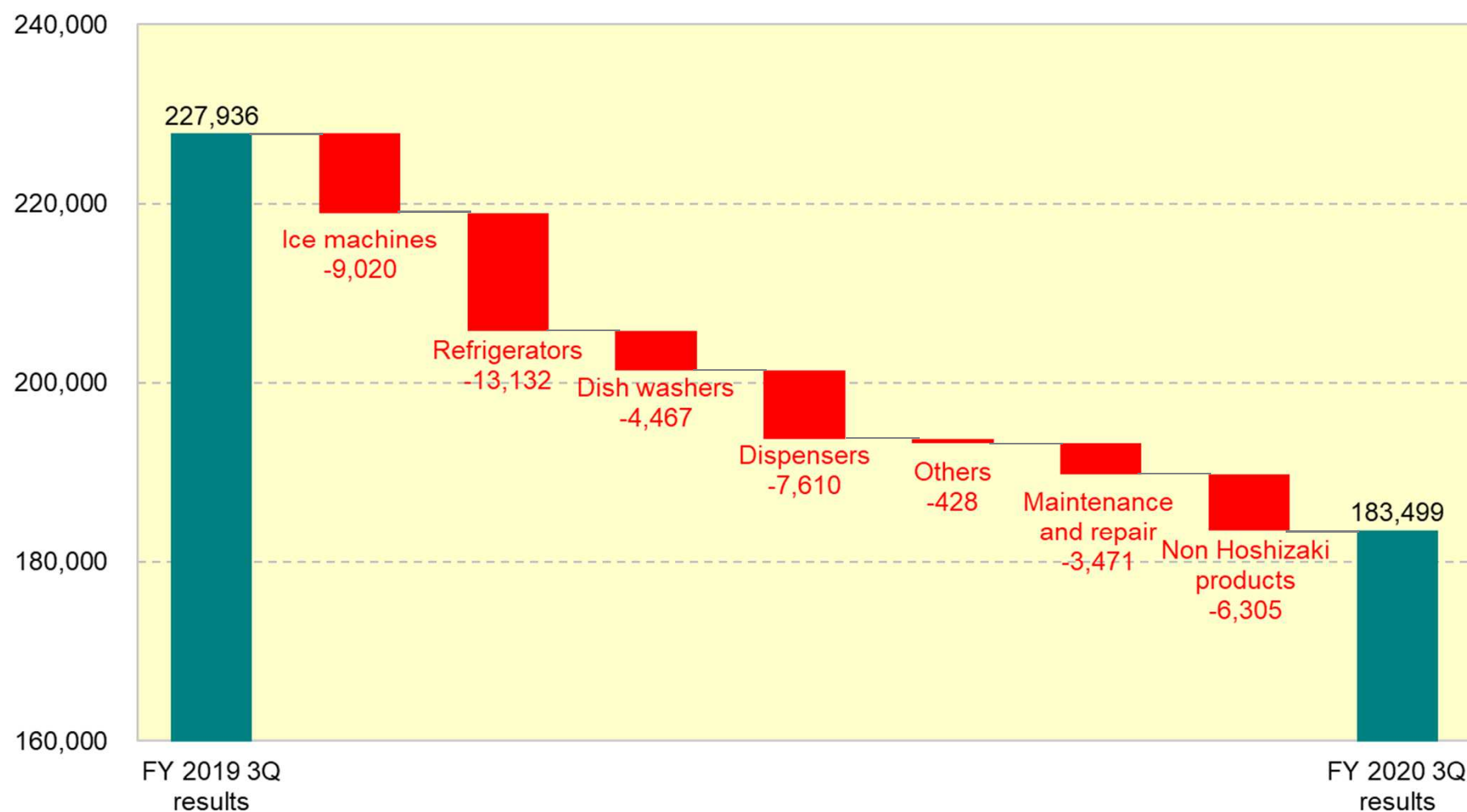
(This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)



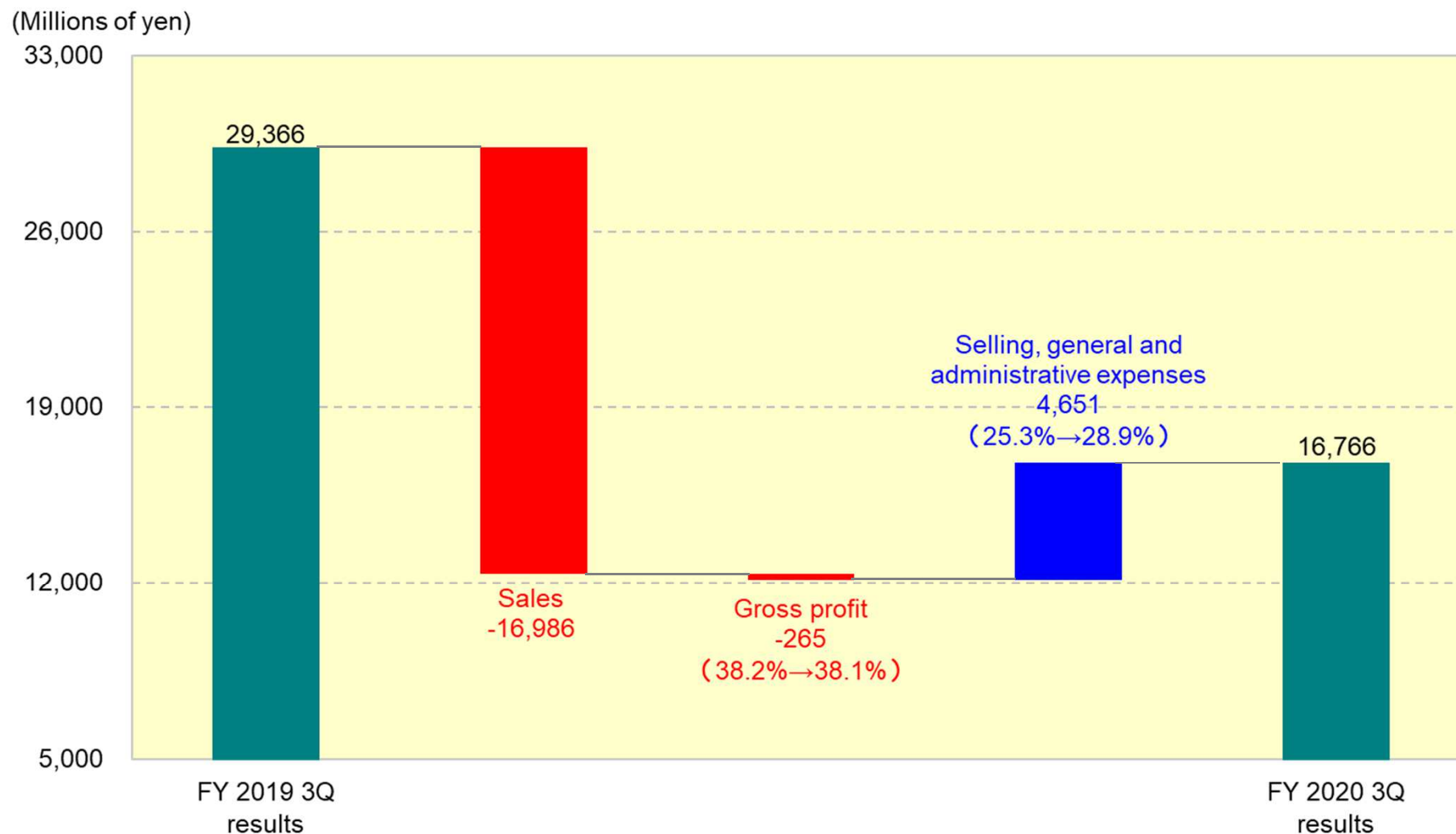


# Factors for Change in Consolidated Sales by Product Groups

(Millions of yen)



# Factors for Change in Consolidated Operating Income

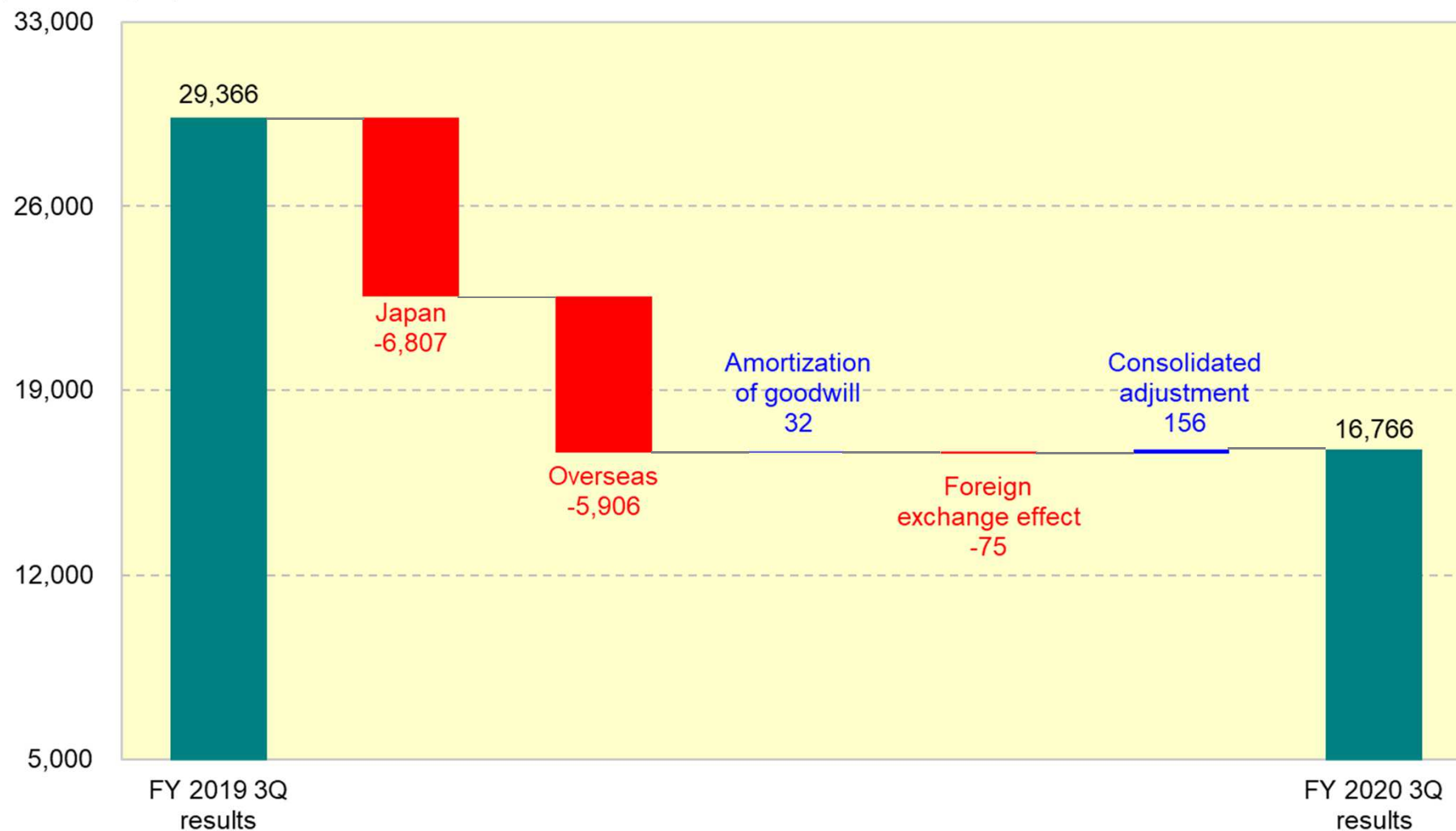


\*Percentages in parenthesis indicates the ratio to sales.

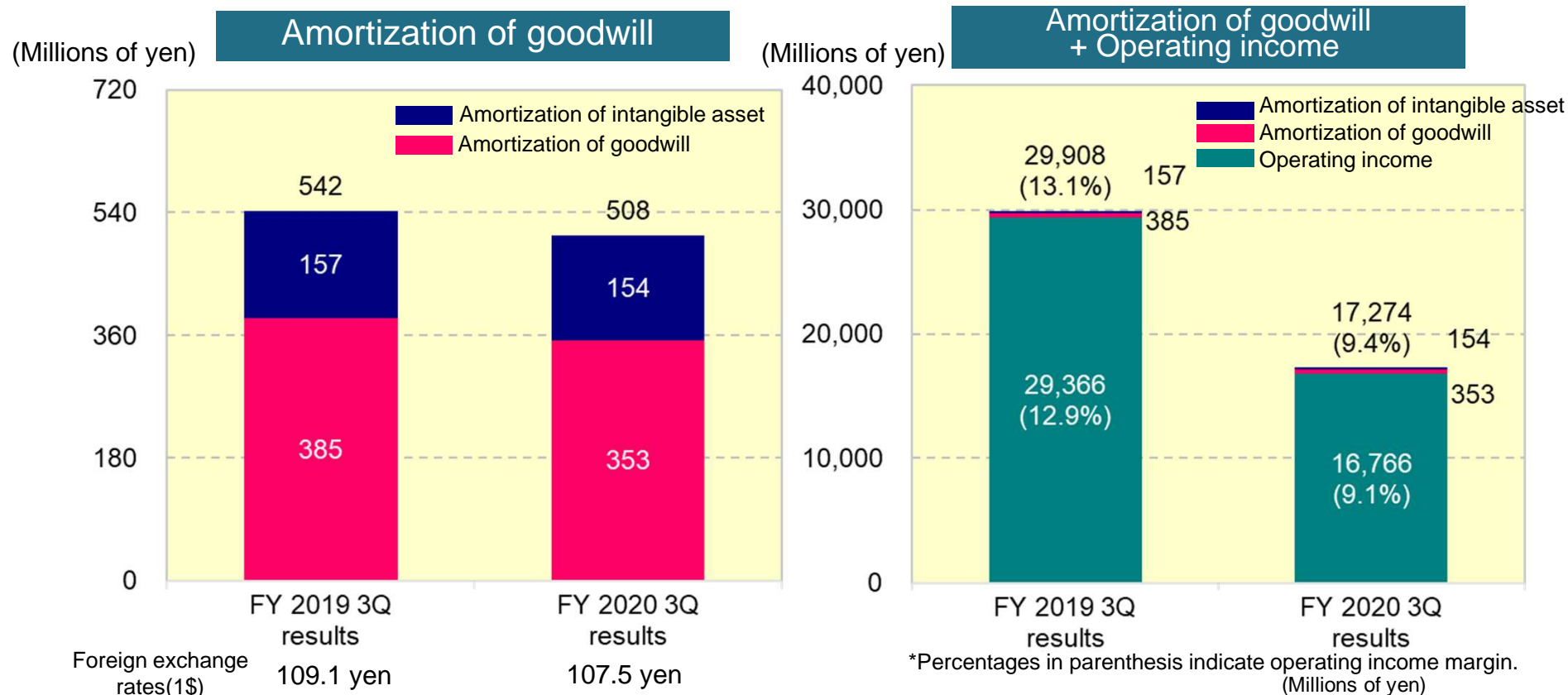


# Factors for Change in Consolidated Operating Income by Japan and Overseas

(Millions of yen)



# Impact of Goodwill Amortization

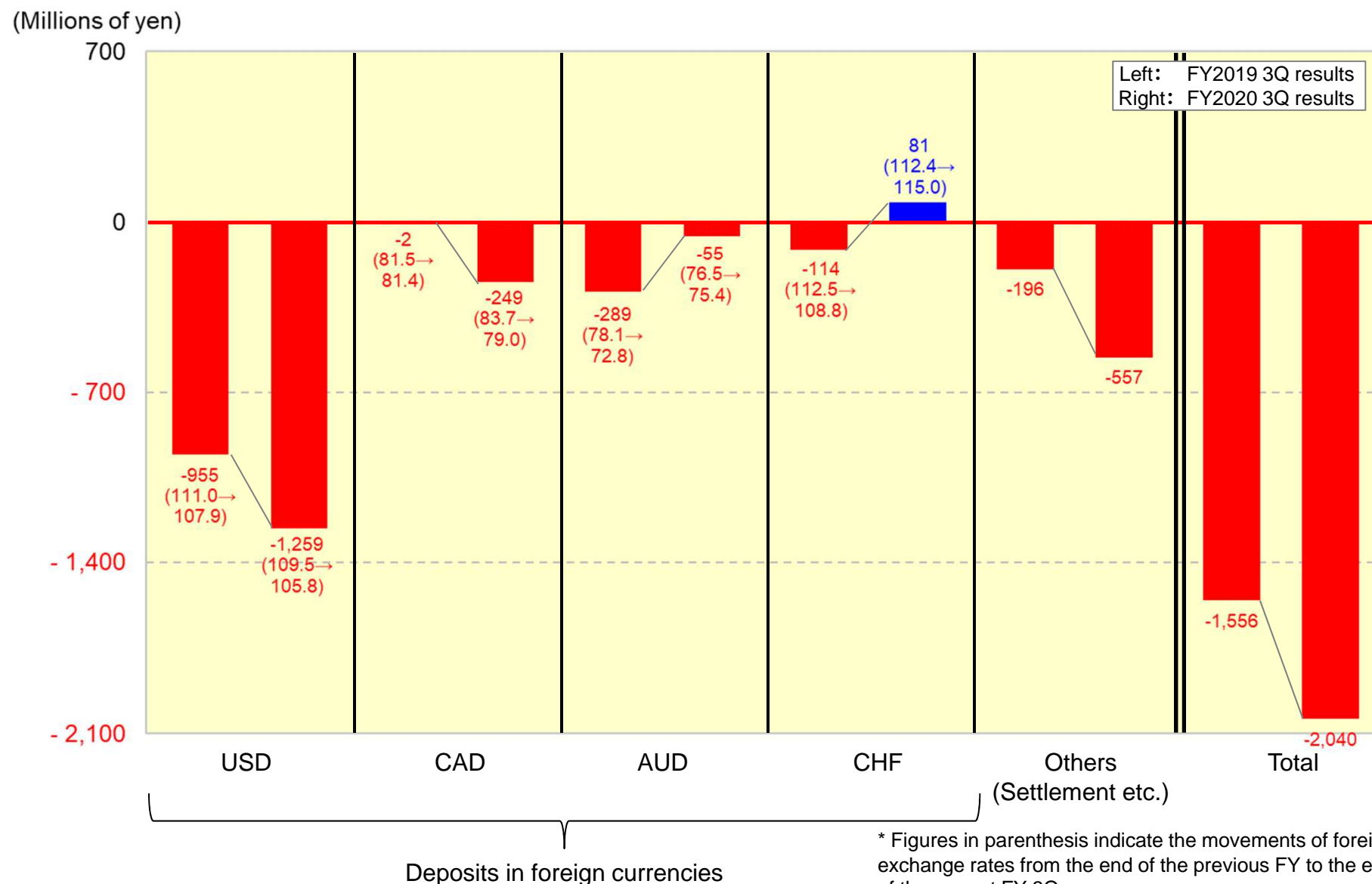


The recognition of goodwill and intangible assets		Amortization of goodwill and intangible assets imparment	
• LANCER	( Feb.2006 M&A : 17,451 Amortized over 10-year period)	• Macom	( in 2014 : 3,186 )
• GRAM	( Sep.2008 M&A : 6,759 Amortized over 12-year period)		( in 2015 : 1,791 )
• Western	( Jan.2013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



# Consolidated Balance Sheet

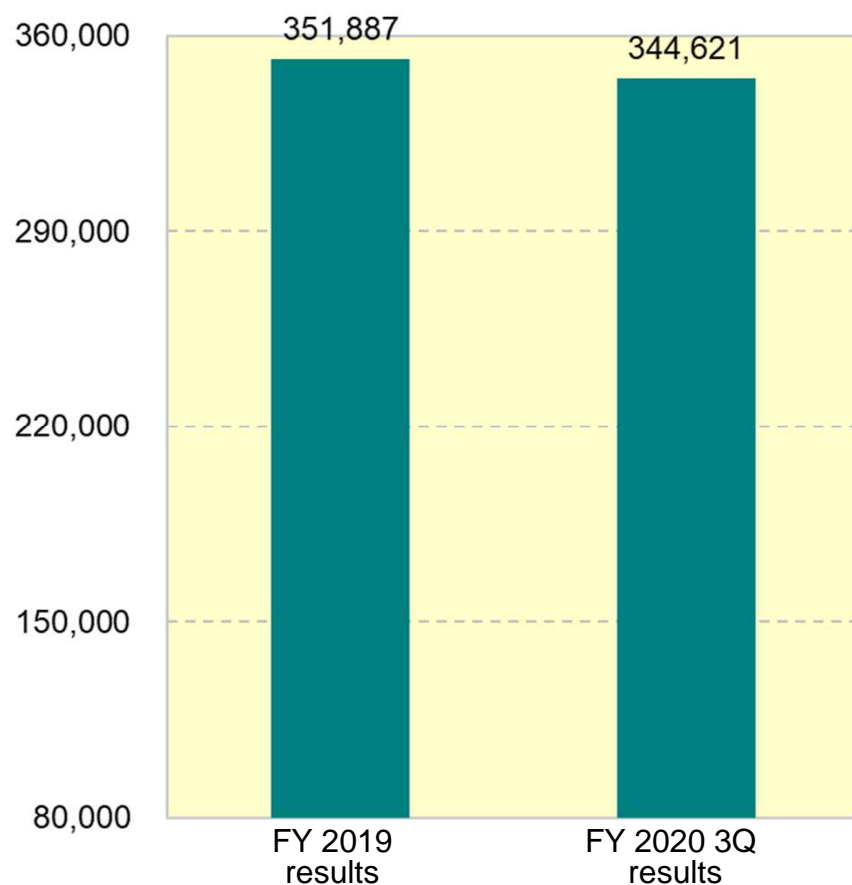
	FY 2019 results		FY 2020 3Q results		
	Amount (Millions of yen)	Component percentage (%)	Amount (Millions of yen)	Component percentage (%)	Change (Millions of yen)
Current assets	281,343	80.0	276,719	80.3	-4,624
(Cash and cash equivalents)	215,314	61.2	214,788	62.3	-525
(Notes and accounts receivable-trade)	31,708	9.0	31,984	9.3	276
(Inventories)	30,336	8.6	26,512	7.7	-3,823
Non-current assets	70,543	20.0	67,902	19.7	-2,640
Total assets	351,887	100.0	344,621	100.0	-7,265
Current liabilities	86,878	24.7	81,762	23.7	-5,115
(Notes and accounts payable-trade)	16,555	4.7	14,238	4.1	-2,316
(Advances received)	26,829	7.6	25,008	7.3	-1,821
Non-current liabilities	22,970	6.5	23,036	6.7	66
Total liabilities	109,848	31.2	104,799	30.4	-5,049
Total net assets	242,038	68.8	239,822	69.6	-2,215
Total liabilities and net assets	351,887	100.0	344,621	100.0	-7,265
Cash and deposits (including long-term deposits)	215,093		212,555		-2,537



# Comparison of Consolidated Total Assets and Net Assets

## Total assets

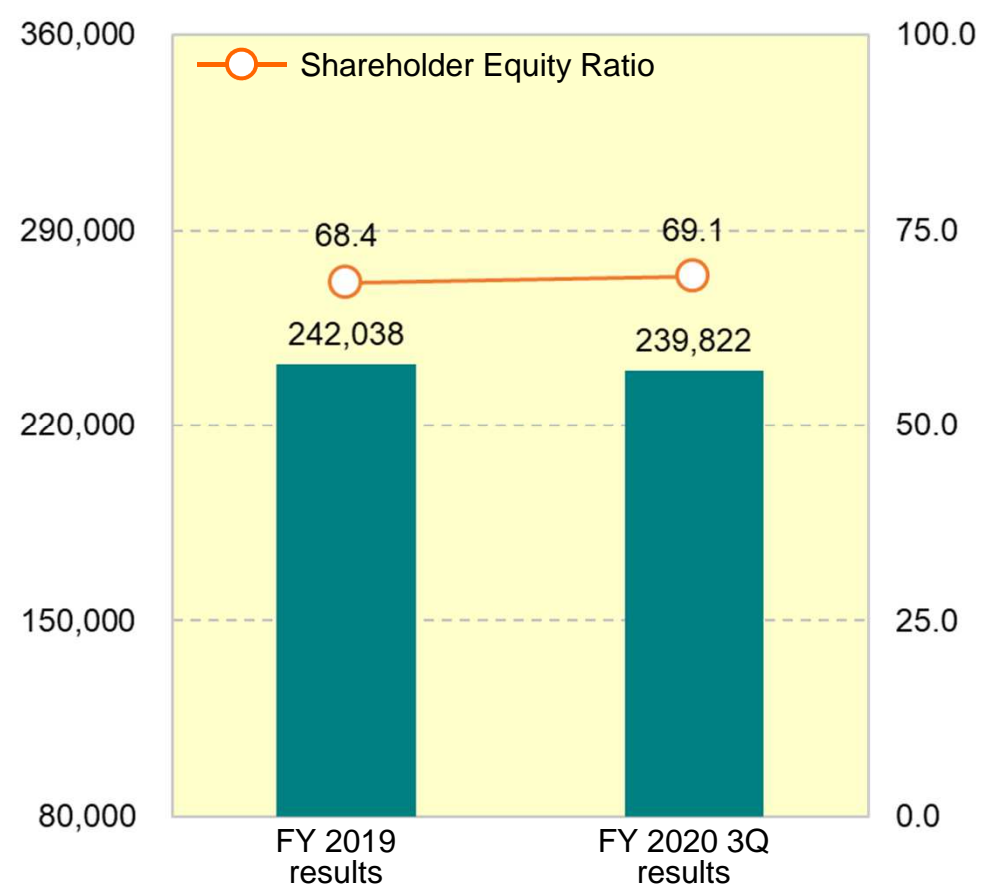
(Millions of yen)



## Net assets

(Millions of yen)

(%)





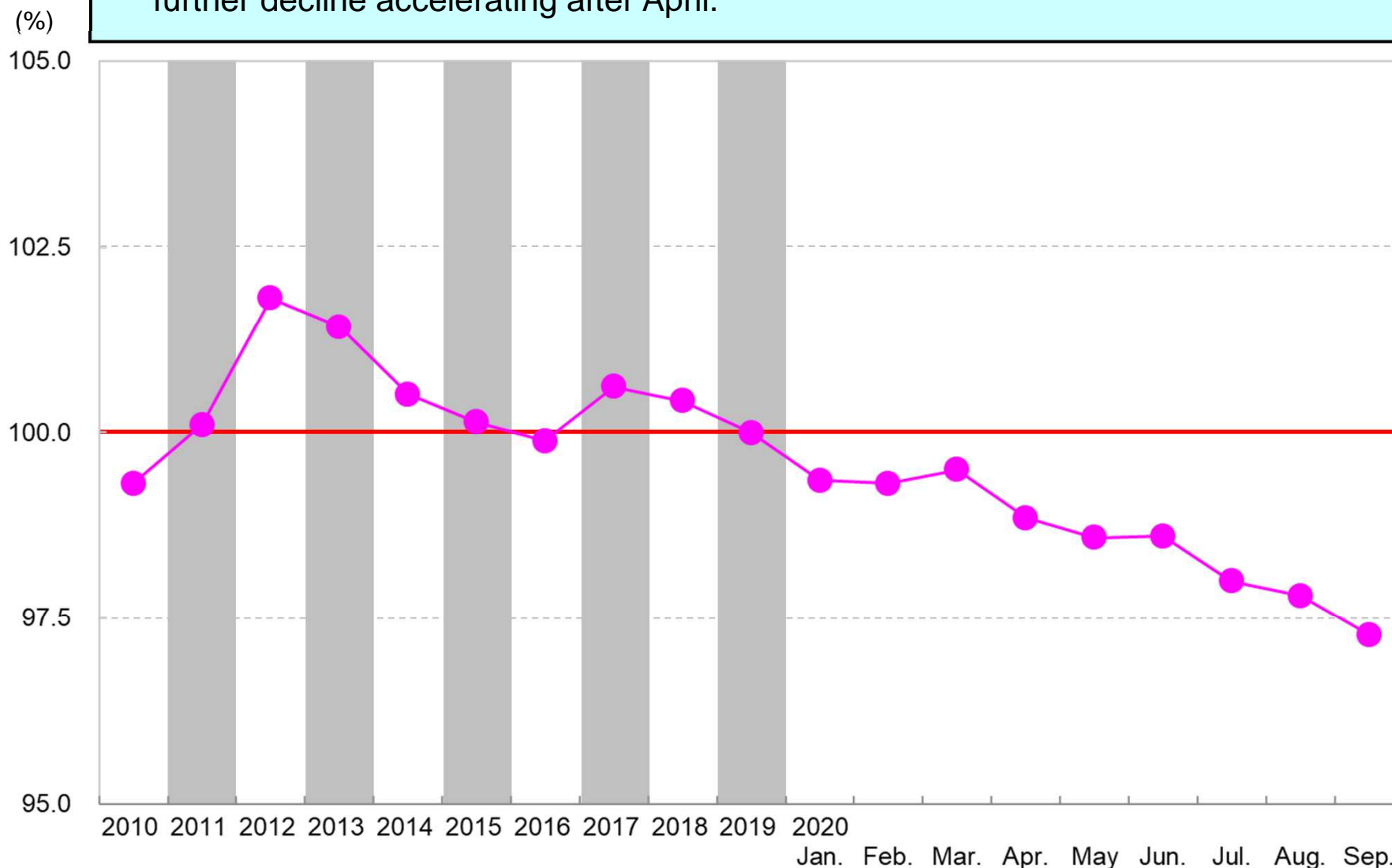
## **Ⅱ . Key Factors of Financial Results for FY 2020 3Q**

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

- The number of main restaurant chains is on a downward trend from 2020, with a further decline accelerating after April.

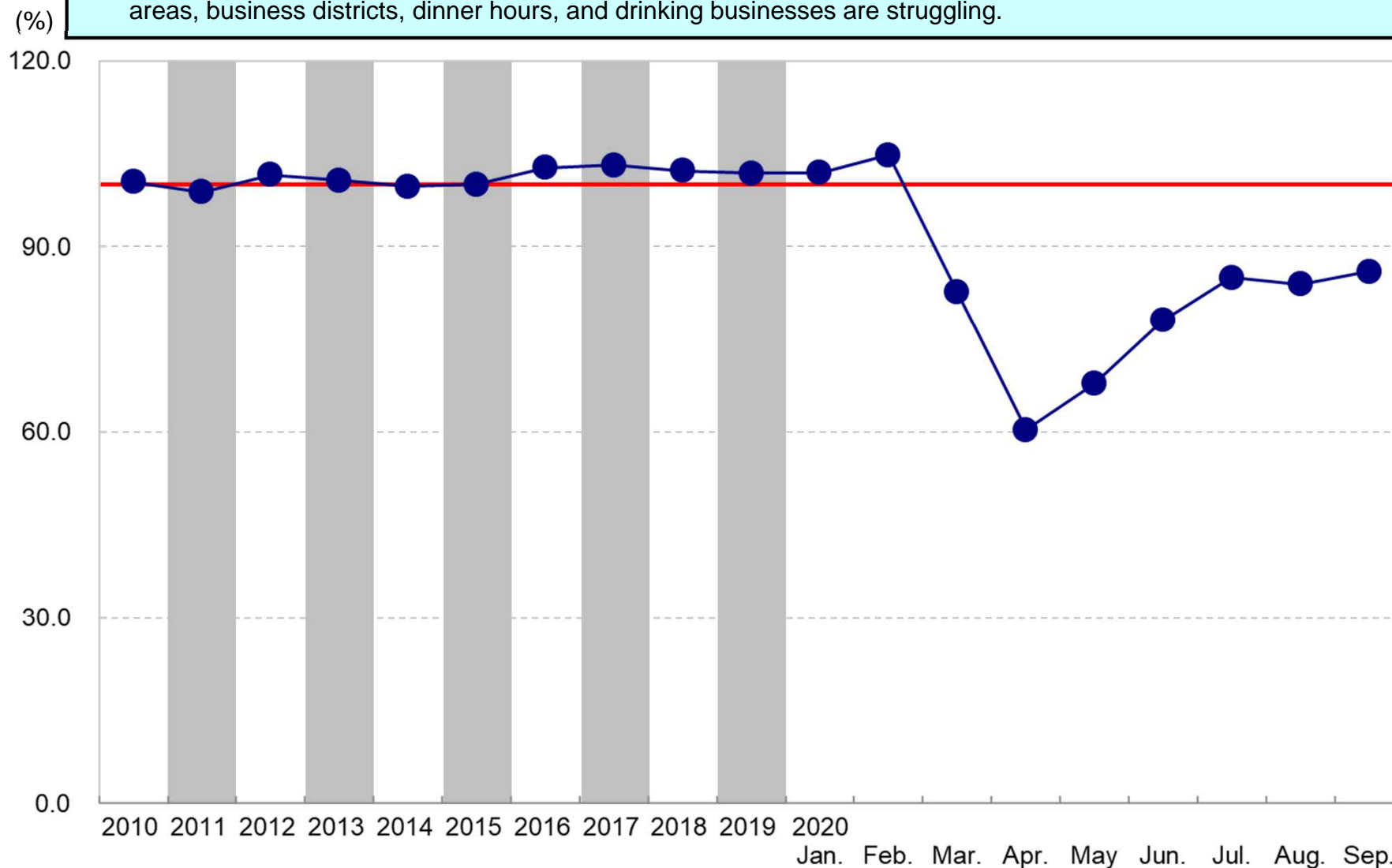


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



# In Japan: Year-on-year Change in Sales of Major Restaurant Chains

- The number of new corona infections peaked in early August and began to show a downward trend. However, the number of people infected has "ceased to fall," and as companies continue to work from home, sales in downtown areas, business districts, dinner hours, and drinking businesses are struggling.

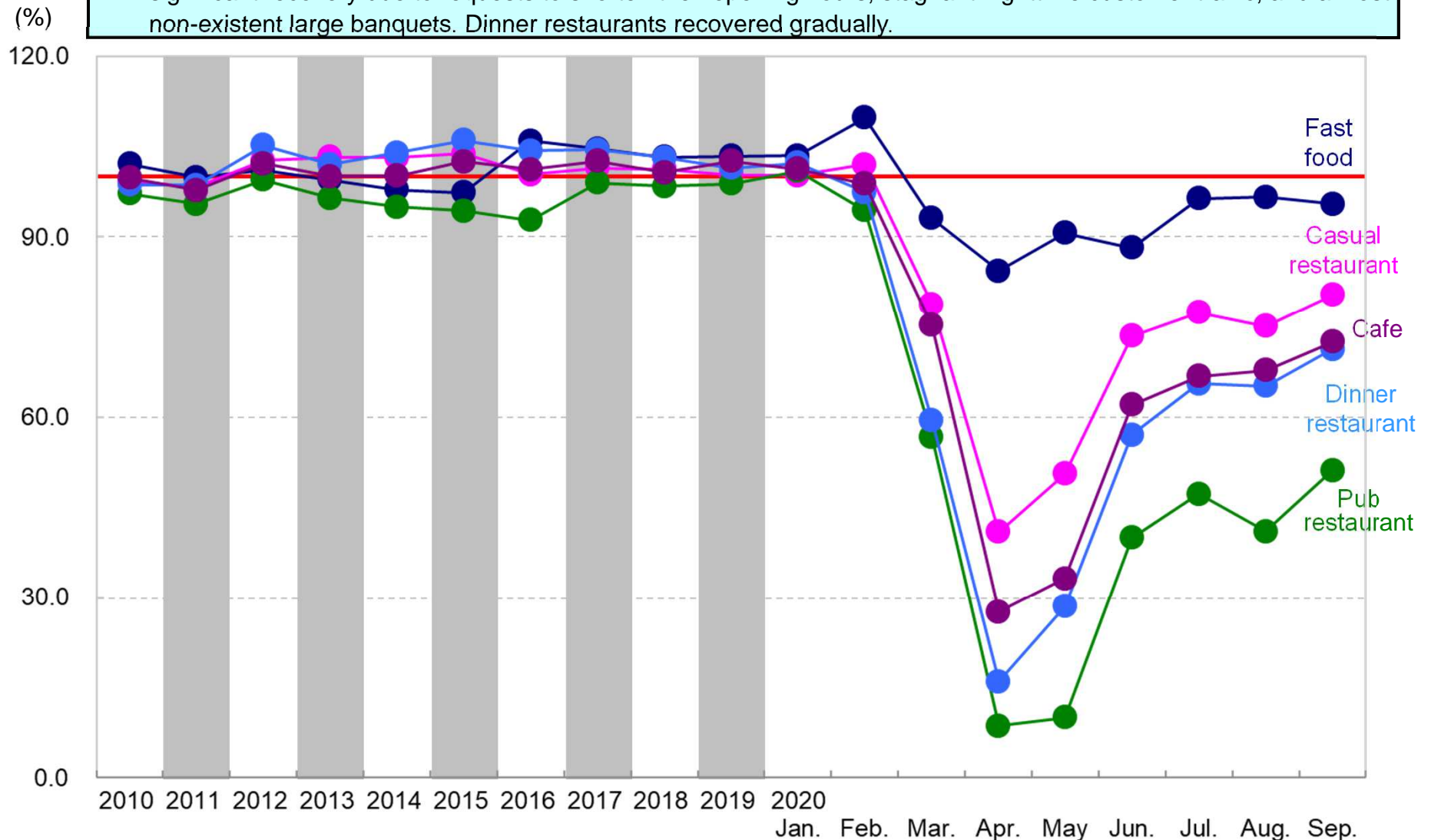


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



# In Japan: Year-on-year Change in Sales by Type of Business in Major Restaurant Chains

- Fast food sales were Positive by demand for take-out and delivery. For family restaurants, the number of customers recovered gradually toward the second half of September. Pub restaurants are unlikely to make a significant recovery due to requests to shorten their opening hours, stagnant nighttime customer traffic, and almost non-existent large banquets. Dinner restaurants recovered gradually.

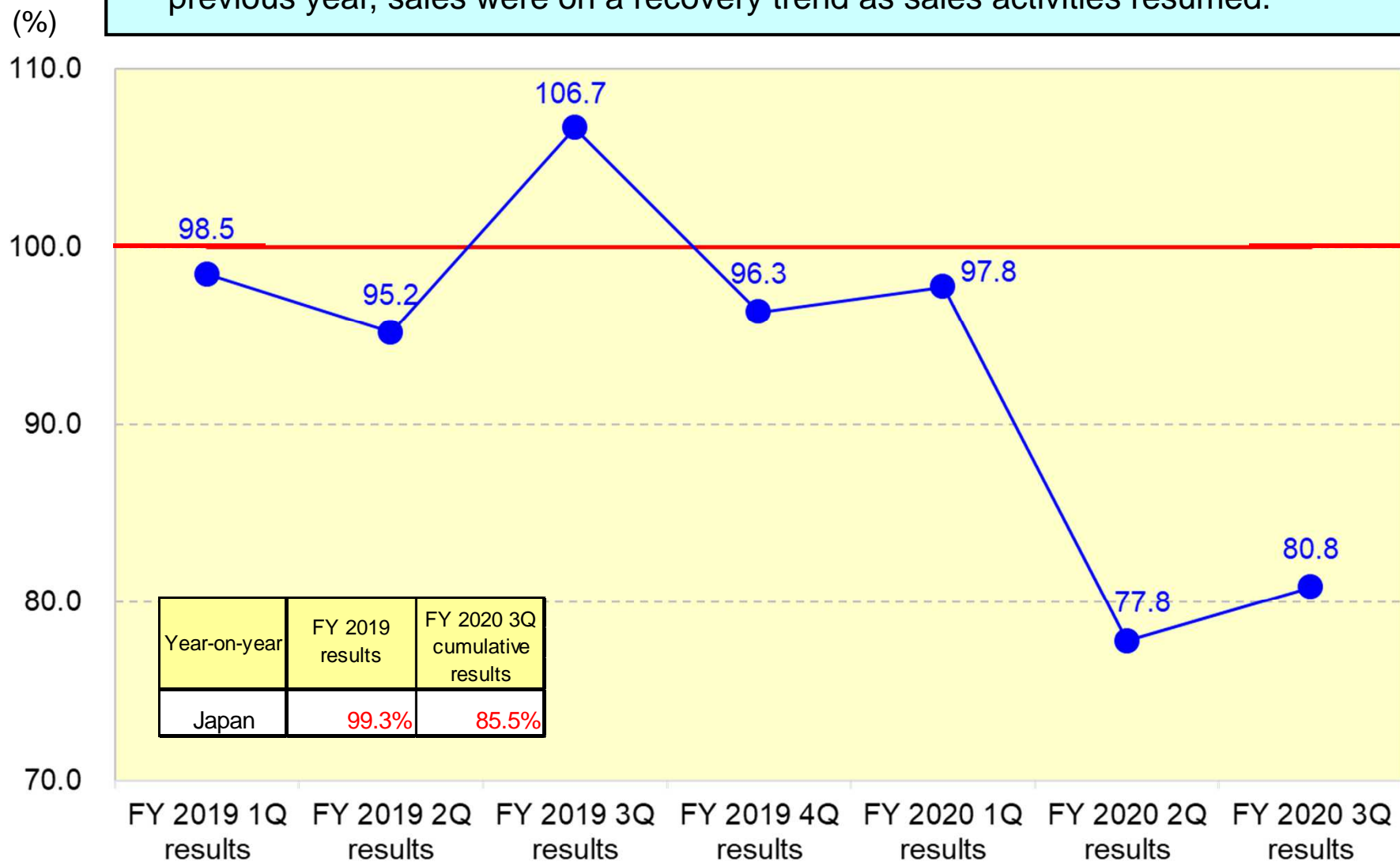


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



# In Japan: Year-on-year Change in Sales

- Although there was last-minute demand before the consumption tax hike in previous year, sales were on a recovery trend as sales activities resumed.



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

## Expanding business in existing markets



### Ice machine

- Model changes to our flagship
- Anti-bacterial handle
- Released in October 2020



### Reach-in display case refrigerator

- Eliminate door gaskets and make them maintenance free "First in the industry"
- Improved energy-saving performance
- Control of condensation on top of the chamber
- Will be started mass production in November 2020



### Steam convection oven

- Added lineups of luxury model (10 shelves type)
- Automatic cleaning function, touch panel, and other automatic cooking functions



### Dishwasher

- Compact and space-saving with a built-in high-efficiency gas booster
- No. 1 in the industry in terms of number of racks processed
- Model with low heat dissipation in the kitchen
- Make-to-order production

## Developing new markets



### Rapid chiller

- Dryer function with automatic opening and closing door "First in the industry"
- Improved operability and sanitairiness
- Released in September 2020



### "Thickened" tea dispenser

- Extracts "thickened" tea preventing miswallowing for old people.
- Makes uniform "thickening" with the push of a button
- Reduces the work load for hospitals and nursing home staff
- Released in July 2020



### Water electrolyzer

- Certified as designated controlled medical "class II" devices
- Be effective in disinfecting bacteria
- Used for hand washing by medical personnel
- Started to Order in October 2020

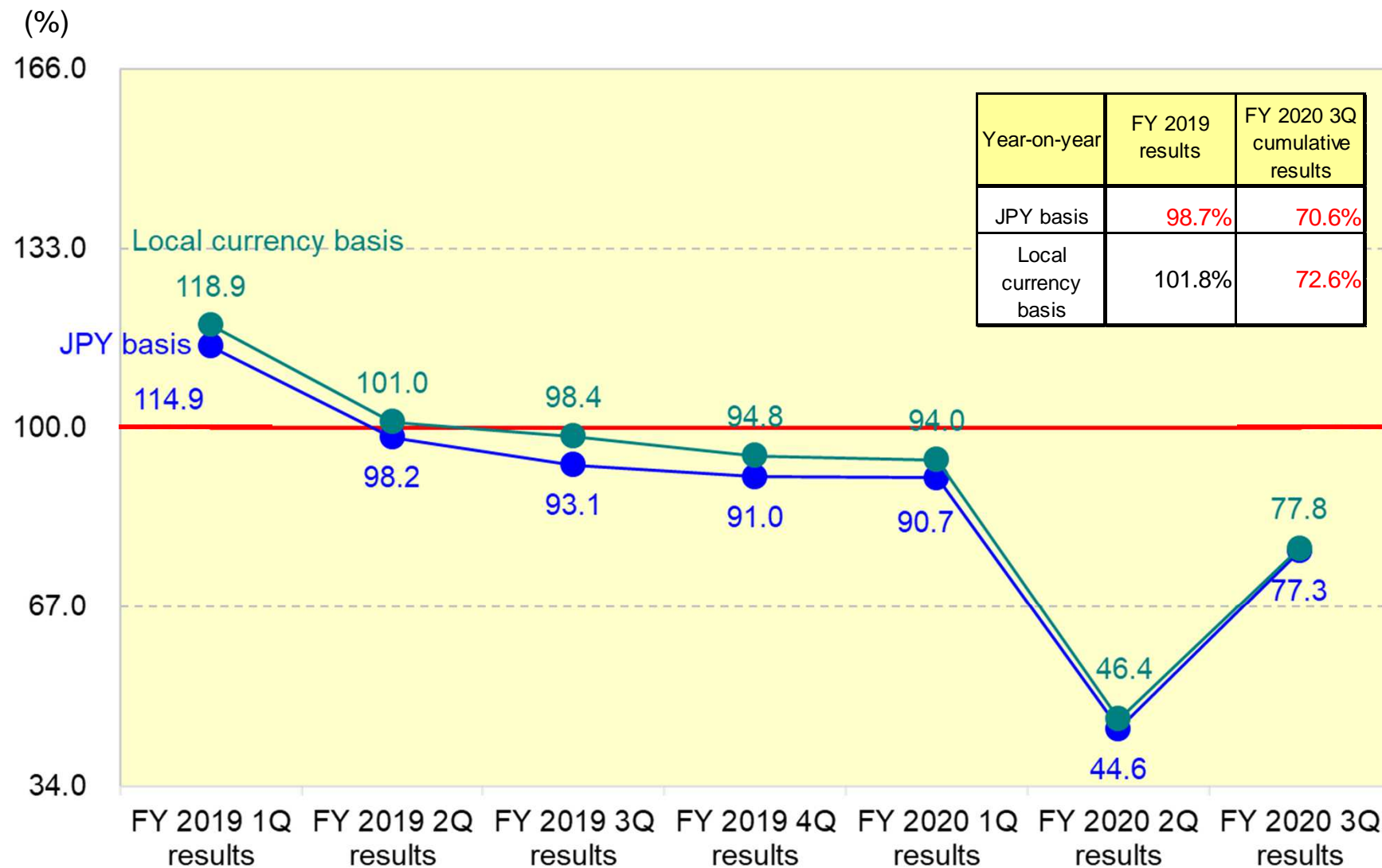


### Cold cart

- Easy to handle and the shelf spacing can be changed to suit the items being stored
- Used in hotels and restaurants for serving food
- Started to Order in April 2020

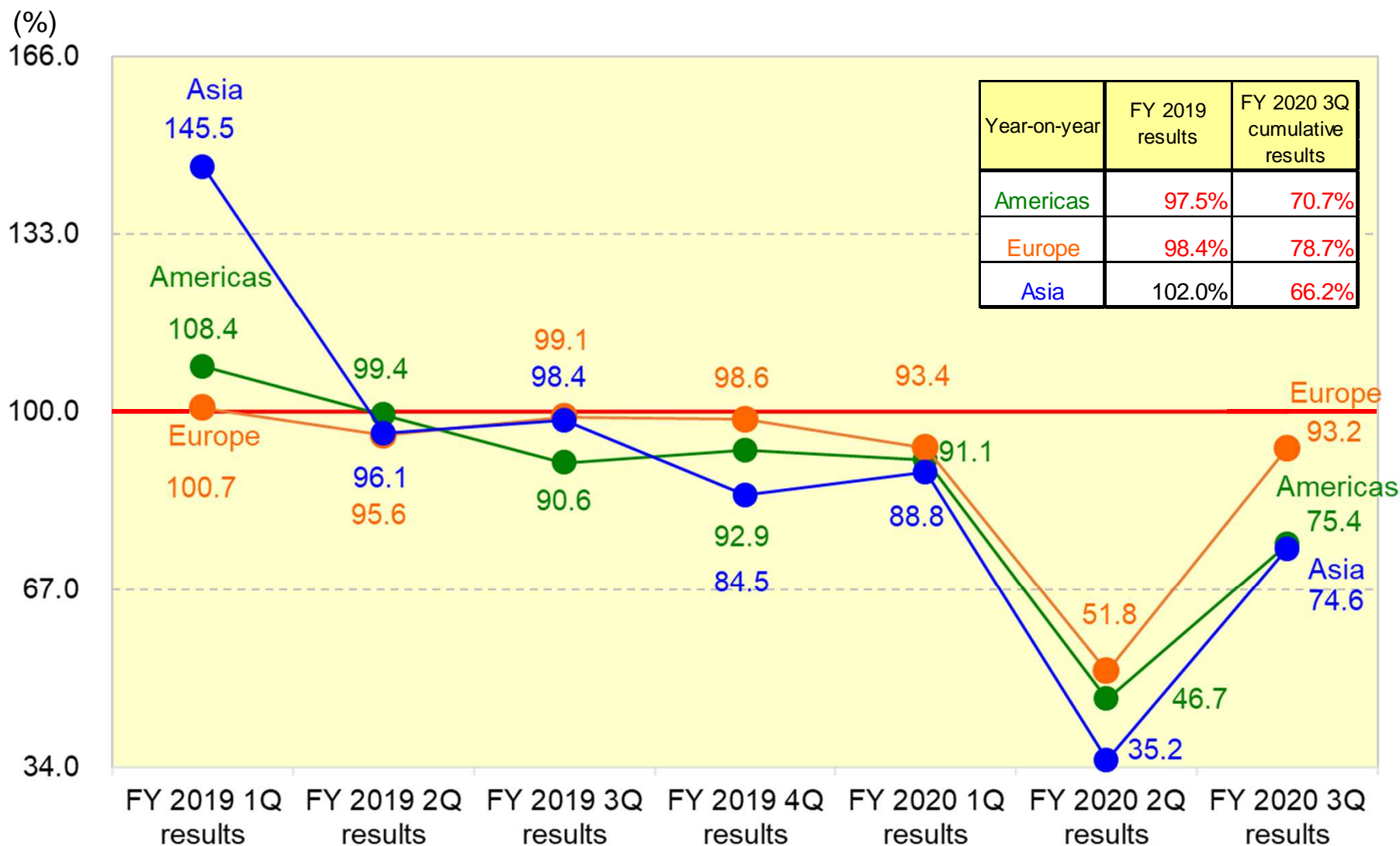


# In overseas: Year-on-year Change in Sales on JPY Basis and Local Currency Basis





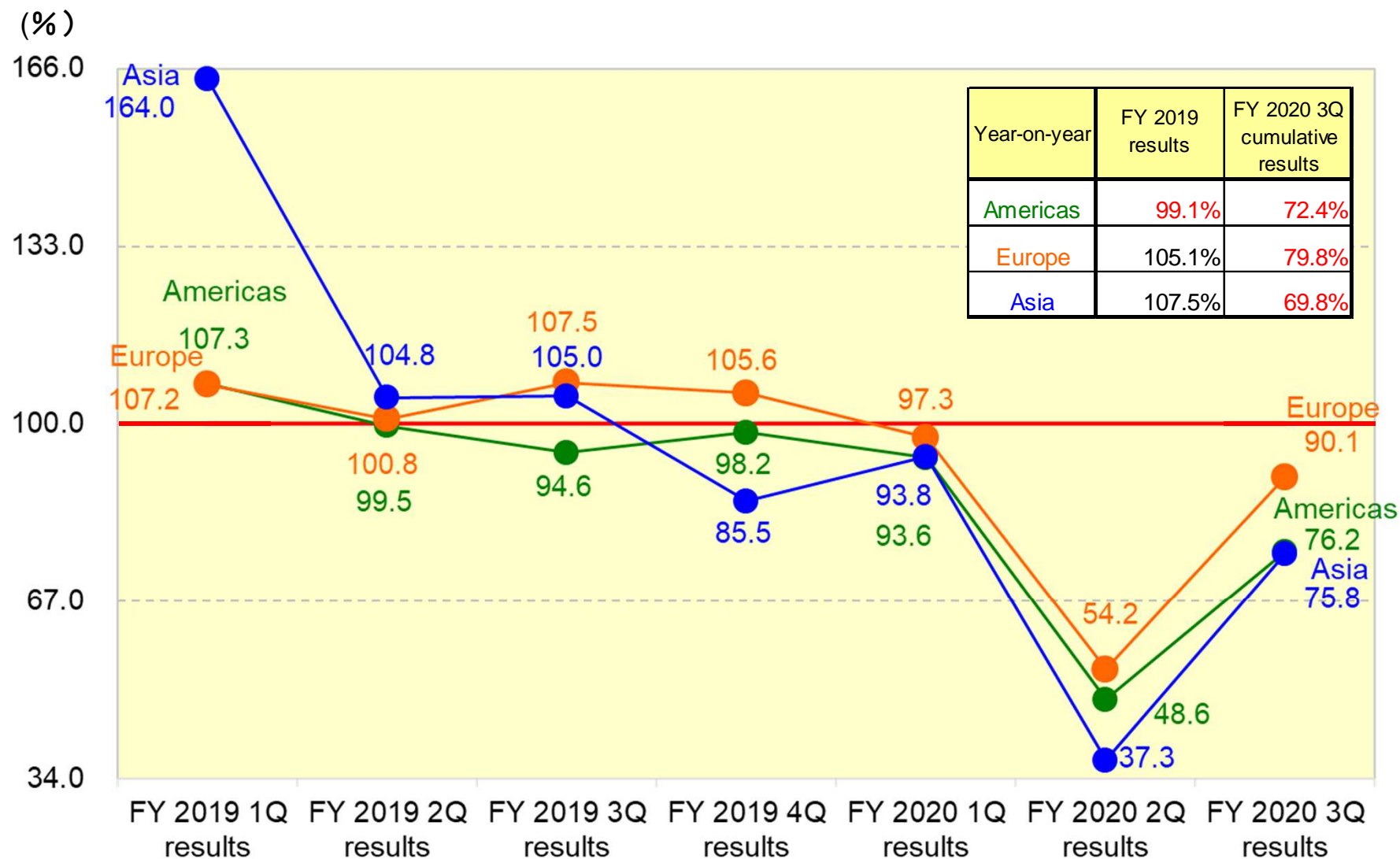
# In overseas: \* Year-on-year Change in Sales by Area on JPY basis



\* : 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.)



# In overseas: \* Year-on-year Change in Sales by Area on Local Currency Basis



\* : 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.)





# 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
- Released in July 2020



### Touchless dispenser

- Extract ice and cold water without touching the machine
- Can be used widely in hotel lobbies, nurses' stations, cafeterias, etc.
- Released in July 2020

## Europe



### Non-Freon Ice machine

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



### Automatic beer dispenser

- Adjustment of jug stand operation and cup count function
- The included cover enhances the design of the control panel, making it suitable for self-service use
- Started mass production in September 2020

## Asia



### Refrigerator

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



### Ice machine

- Models for India and abroad
- Competitive pricing
- Ice can be made from bottled water as well as tap water
- Released in September 2020





### **Ⅲ. Business Forecast for FY 2020**

**HOSHIZAKI**

# Business Forecast for FY 2020

- As a result of sales promotion both in the domestic and overseas markets, and through cost reduction activities, our financial results have exceeded initial expectation, although, our business environment in the third quarter was kept in adverse condition as demand declined due to the impact of spread of new coronavirus infections. With regard to business environment during the fourth quarter, it is becoming uncertain due to lockdown requests in some areas caused by the re-spread of COVID-19. However in light of current sales and progress for earning recovery, we have revised our financial forecast as above.

	FY 2019 results		FY 2020 forecast Aug 7th, 2020		FY 2020 forecast: Nov 9 <sup>th</sup> , 2020			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year	
							Change (Million of yen)	Percentage (%)
Sales	290,136	100.0	230,000	100.0	235,000	100.0	-55,136	81.0
Gross profit on sales	109,464	37.7	86,400	37.6	87,500	37.2	-21,964	79.9
Selling, general and administrative expenses	76,799	26.5	71,400	31.0	71,000	30.2	-5,799	92.4
Operating income	32,664	11.3	15,000	6.5	16,500	7.0	-16,164	50.5
Ordinary income	34,224	11.8	15,300	6.7	16,000	6.8	-18,224	46.8
Profit attributable to owners of parent	24,437	8.4	10,000	4.3	11,000	4.7	-13,437	45.0





## **IV. Company Profile and Overview Business**

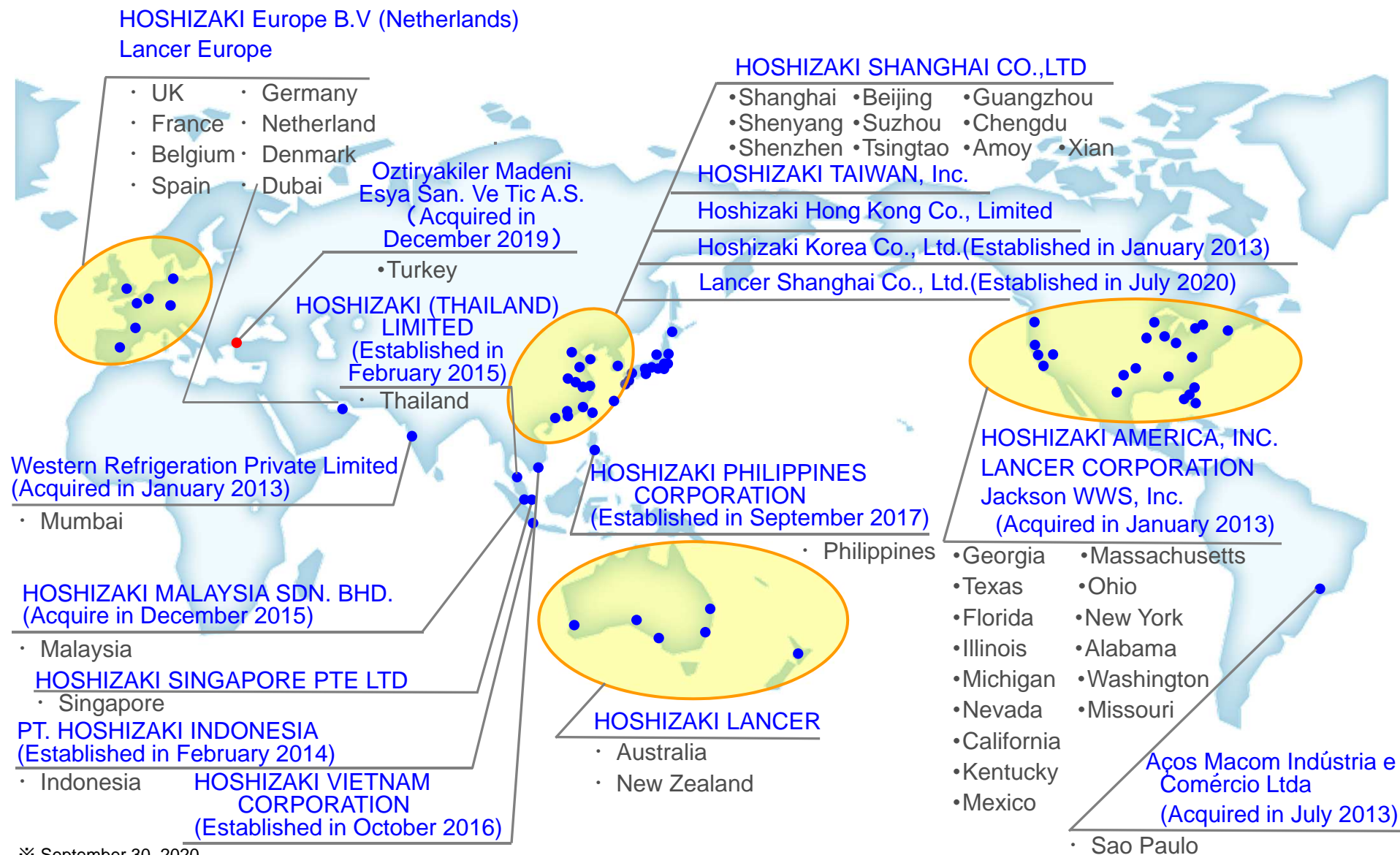
**HOSHIZAKI**

# Company profile

- Company name : HOSHIZAKI CORPORATION
- Head Office : 3-16 Minamiyakata, Sakae-cho, Toyoake-shi, Aichi
- Representative : Yasuhiro Kobayashi,  
Representative Director, President & COO
- Establishment : February 1947
- Business : Research and development, manufacturing and sales of commercial  
kitchen appliances & equipment.
- Capital stock : 8,021 million yen (June 30, 2020)
- Consolidated business performance : Sales : 290,136 million yen  
(fiscal year ended December 31, 2019) Operating profit : 32,664 million yen  
Profit attributable to owners of parent : 24,437 million yen
- Number of consolidated group companies : 52 companies  
(18 companies in Japan, 13 companies in Americas, 21 companies in Europe and Asia)  
(September 30, 2020 \*Including HOSHIZAKI CORPORATION)
- Number of employees : 1,199 persons (HOSHIZAKI CORPORATION)  
12,542 persons (Group total) (September 30, 2020)
- Number of sales offices in Japan : 436 places (September 30, 2020)



# In overseas : Expanding the sales network

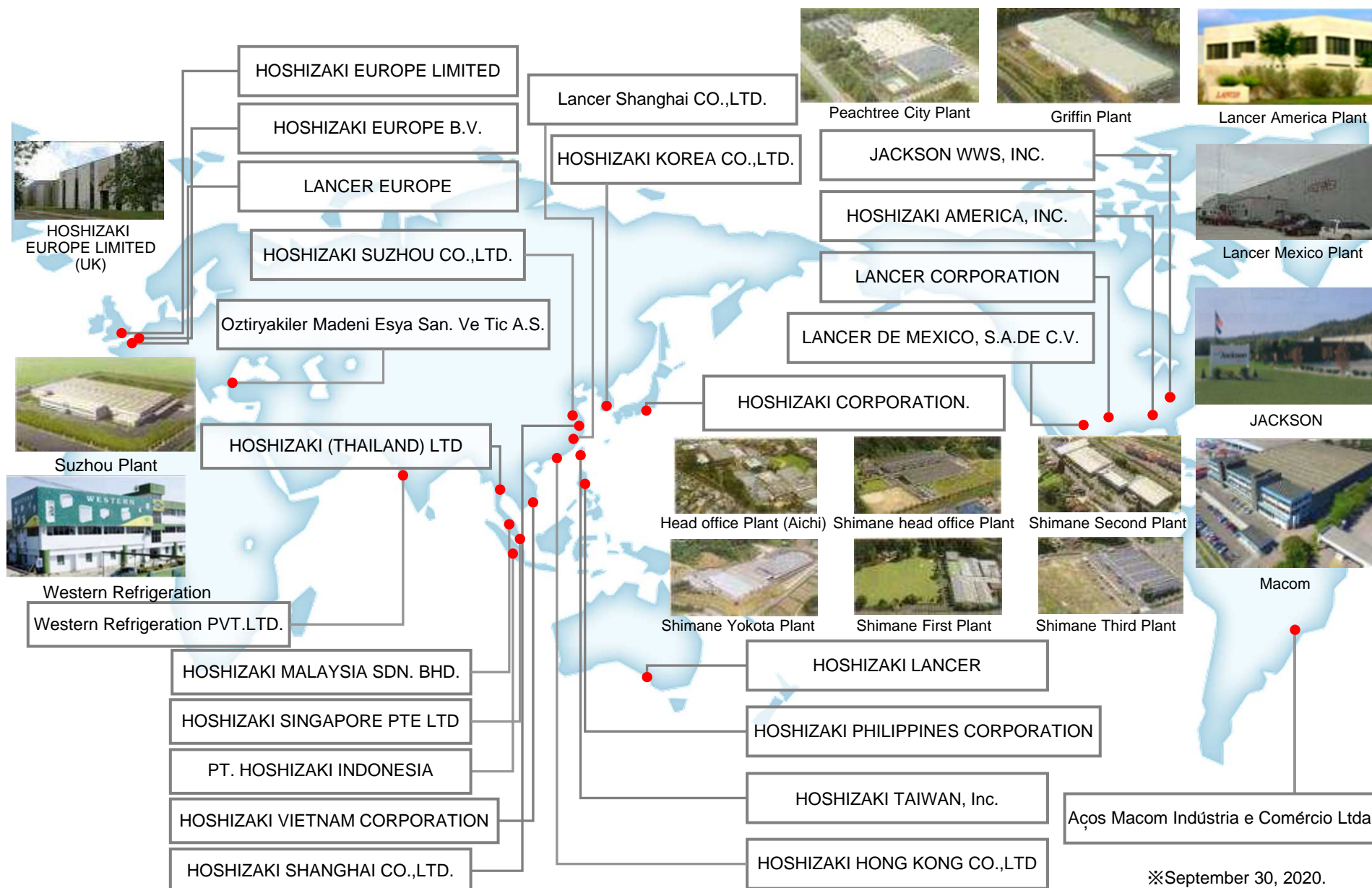


※ September 30, 2020.





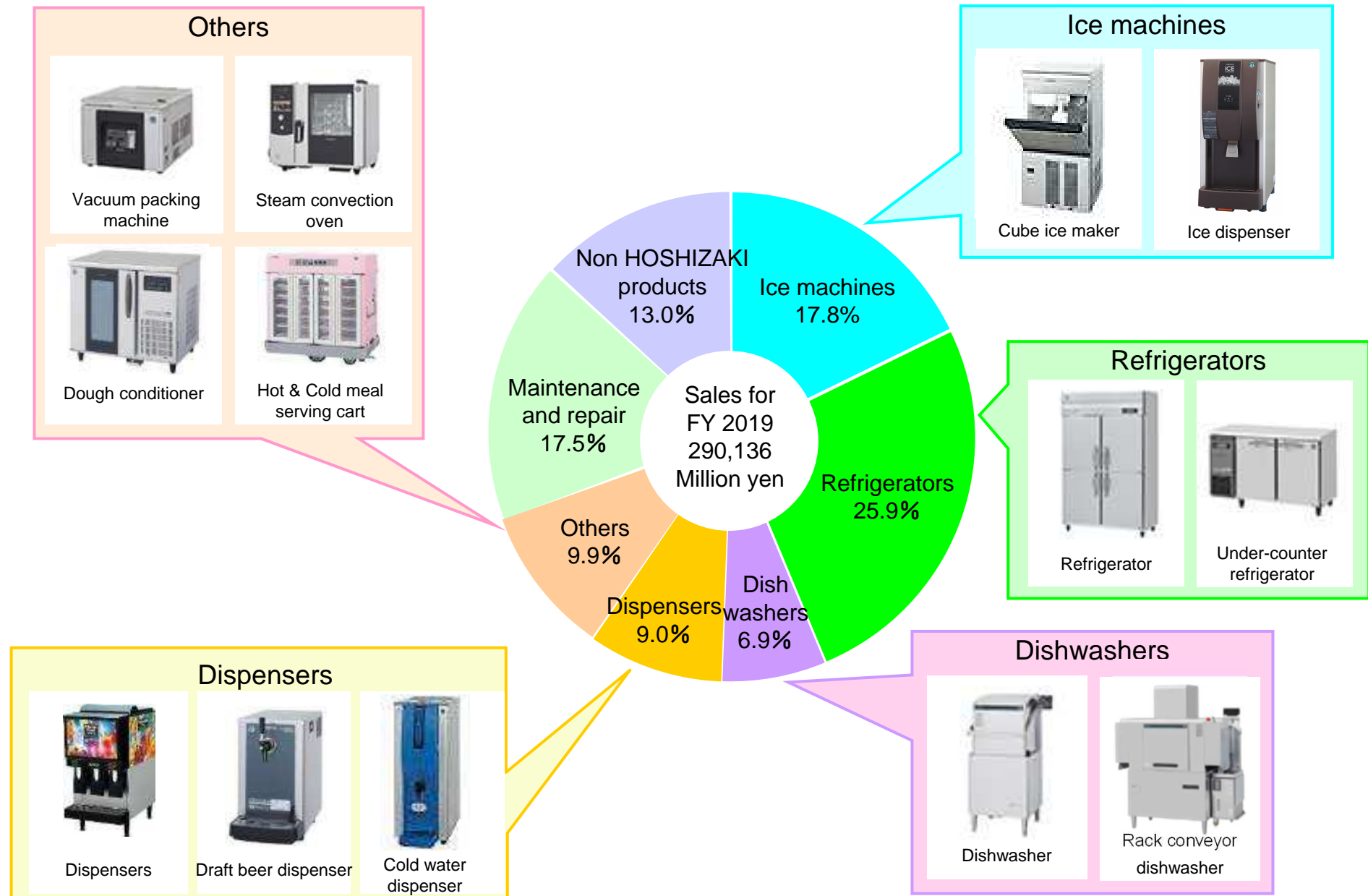
# Global network, production and sales offices



※September 30, 2020.

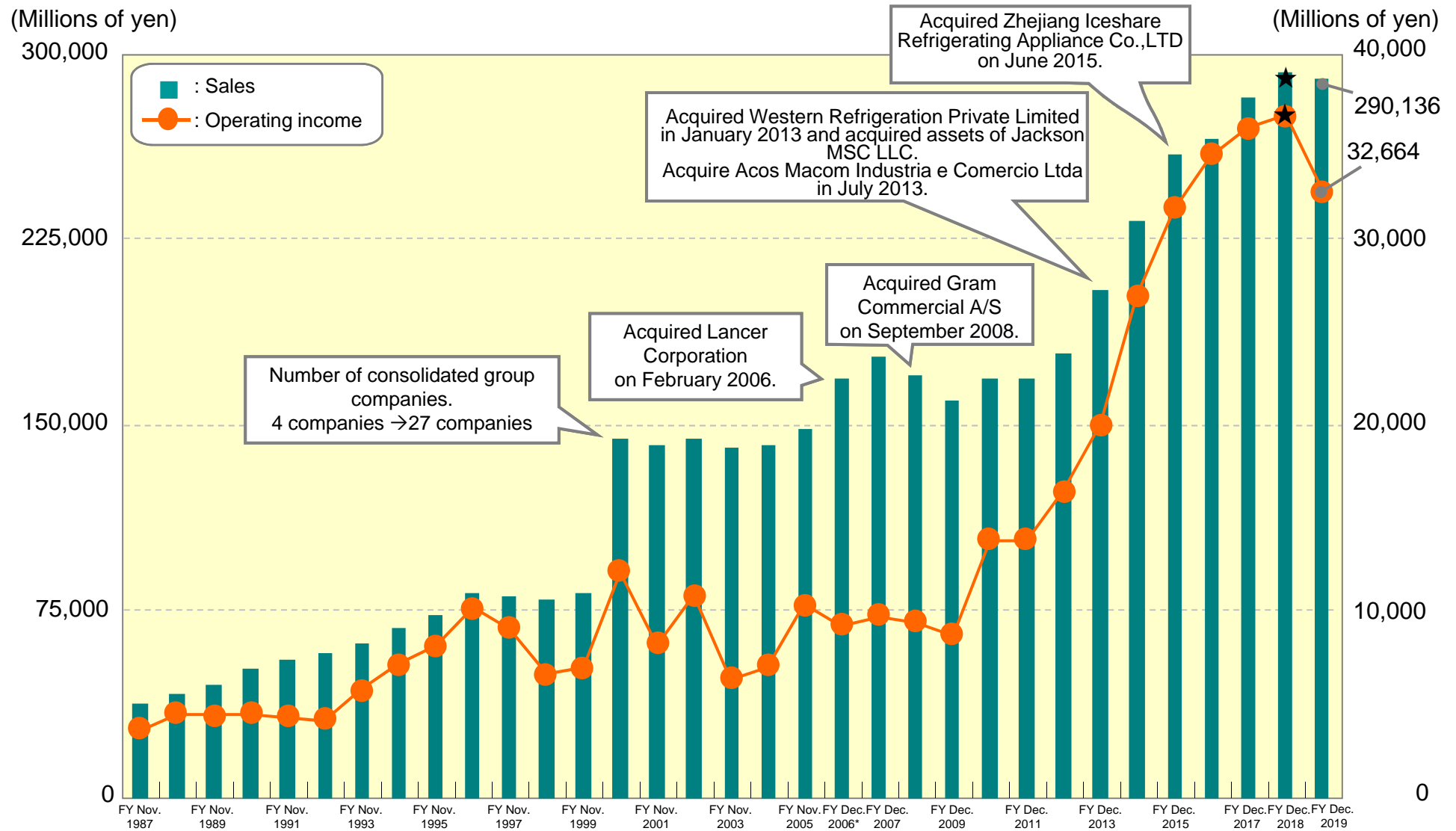


# Main product group and sales breakdown





# Long-term business performance consolidated basis



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

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