

FY20Q3

F i n a n c i a l

R e s u l t s

January 28, 2021 Earnings Conference

7741.T[ADR:HOCOPY US]

H O Y A C O R P O R A T I O N

1. Financial Results [Ryo Hirooka, CFO]

2. IT Business Overview

3. Life Care Business Overview

4. Summary

5. Q&A

Financial Overview

(¥bn)	Q3 FY19	Q3 FY20	YoY	YoY(%)
Revenue	146.5	146.9	+0.4	+0%
Pretax Profit	38.3	45.8	+7.5	+20%
Net Profit	29.7	36.9	+7.3	+25%
cf. Profit from ordinary operating activities*	38.3	46.1	+7.9	+21%

Recovery trend from COVID-19 continued, with double-digit profit growth and record profits.

Constant Currency Basis (CCB)

(¥bn)	Previous Rate (A)	Current Rate (B)	FX Impact	YoY	YoY(%)
Revenue	149.4	146.9	-2.5	+2.9	+2%
Pretax Profit	46.8	45.8	-1.0	+8.5	+22%
Net Profit	37.9	36.9	-1.0	+8.2	+28%

Average Rates	(A)Q3 FY19	(B)Q3 FY20	Variance
US\$	¥109.33	¥104.00	+4.9%
EURO	¥121.53	¥124.49	-2.4%
BAHT	¥3.62	¥3.41	+5.7%

Notes RE: Special Items

Comprehensive Income Statement

(¥bn)	Q3 FY19	Q3 FY20	YoY
Income	148.2	149.7	+1.6
Other Income	0.7	2.5	+1.7
Expenses	109.8	103.9	-5.9
FX loss	0.1	1.4	+1.2
Pretax Profit	38.3	45.8	+7.5

- 1 Other income increased due to sale of trademark rights.
- 2 Foreign exchange losses which were almost non-existent in the year-ago-quarter, resulted in losses of 1.4 billion yen this quarter.

Life Care Earnings

(¥bn)	Q3 FY19	Q3 FY20	YoY	YoY(%)
Revenue*	92.5	94.5	+2.0	+2%
Pretax Profit	15.3	20.7	+5.4	+35%
cf.Operating Profit	15.7	21.7	+6.1	+39%
cf.OP Margin	16.9%	23.0%	+6.1pt	

*External revenue

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Life Care Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	YoY	YoY(%)
Revenue*	95.7	94.5	-1.3	+3.3	+4%
Pretax Profit	21.3	20.7	-0.5	+6.0	+39%
cf.Operating Profit	22.3	21.7	-0.5	+6.6	+42%

*External revenue

IT Earnings

(¥bn)	Q3 FY19	Q3 FY20	YoY	YoY(%)
Revenue*	52.7	51.1	-1.6	-3%
Pretax profit	23.5	23.9	+0.4	+2%

cf.Operating Profit	23.6	25.1	+1.5	+6%
cf.OP Margin	44.9%	49.2%	+4.3pt	

*External revenue

IT Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	YoY	YoY(%)
Revenue*	52.3	51.1	-1.2	-0.4	-1%
Pretax profit	24.4	23.9	-0.5	+0.9	+4%
cf.Operating Profit	25.7	25.1	-0.5	+2.0	+9%

*External revenue

Earnings by Sub-Segment

(¥bn)	Q3 FY19	Q3 FY20	YoY	YoY(%)
Health Care (Eyeglasses/ Contact Lenses)	66.8	69.1	+2.3 (+3.5)	+3% (+5%)
Medical (IOLs/Endoscopes/ Artificial Bone)	25.7	25.4	-0.3 (-0.2)	-1% (-1%)
Electronics (LSI & FPD/ HDD Substrates)	43.9	43.1	-0.8 (+0.4)	-2% (+1%)
Imaging	8.8	7.9	-0.8 (-0.8)	-10% (-9%)

*Inside the parentheses are growth rates on a constant currency basis

Balance Sheet

(¥bn)	Q2 FY20	Q3 FY20	QoQ
Non-current Assets	285.4	287.3	+2.0
Current Assets	540.5	526.2	-14.4 1
Capital	663.6	651.6	-12.0 2
Non-current Liabilities	46.3	45.4	-0.8
Current Liabilities	116.1	116.5	+0.4
Total Assets	825.9	813.5	-12.4

- 1 Cash decreased by 19.4 billion yen due to share buyback.
- 2 Treasury stock increased by 31.3 billion yen due to share buybacks (*recorded as a negative figure)

Cash Flow

(¥bn)	Q3 FY19	Q3 FY20	YoY
Operating CF	40.1	40.2	+0.1
Investing CF	-11.7	-6.8	+4.9
Financing CF	-27.9	-50.5	-22.6
Cash & Cash Equivalents at the end of the term	304.4	318.1	+13.7

1 Cash used in financing activities increased due to an increase in the amount of share buybacks from the previous fiscal year.

Share Buyback

The share buyback that started in late October last year has been completed, repurchasing the full budget. As the outlook for the future is improving and there are no plans for large-scale M&A in the immediate future, the company resolved to conduct a second round of share buybacks.

No.1

Period : 2020/10/28~2021/01/20

Number of shares repurchased:
3mn(0.82% of outstanding shares)

➡Digested 100% of budget. To be cancelled.

No.2

Period : 2021/01/29~2021/04/20

Maximum number of shares to be repurchased: 3.3mn(0.89% of outstanding shares)

Maximum amount: 40 bn yen

➡To be cancelled after repurchasement.

New

Q4 & Full Year Guidance

- ✓ In Q4, the Life Care business is expected to perform steadily compared to the previous Q4, when the impact of COVID-19 had already started to appear and the consumption tax hike (in Japan) was still affecting demand.
- ✓ IT business is expected to be driven by HDD substrates, which will enter the data center investment cycle in Q4, and semiconductor blanks, which continue to perform well.

FY20 Q4

(¥bn)	Q4 FY19	Q4 FY20	YoY	YoY(%)
Sales	135.1	144.5	+9.4	+7%
Pretax Profit	27.7	38.1	+10.4	+38%
Net Profit	19.7	30.1	+10.4	+53%

FY20 Full Year

(¥bn)	FY19	FY20	YoY	YoY(%)
Sales	576.5	541.0	-35.5	-6%
Pretax Profit	147.3	156.0	+8.7	+6%
Net Profit	114.6	124.5	+9.9	+9%

1. Financial Results

2. IT Business Overview [Eiichiro Ikeda, CTO]

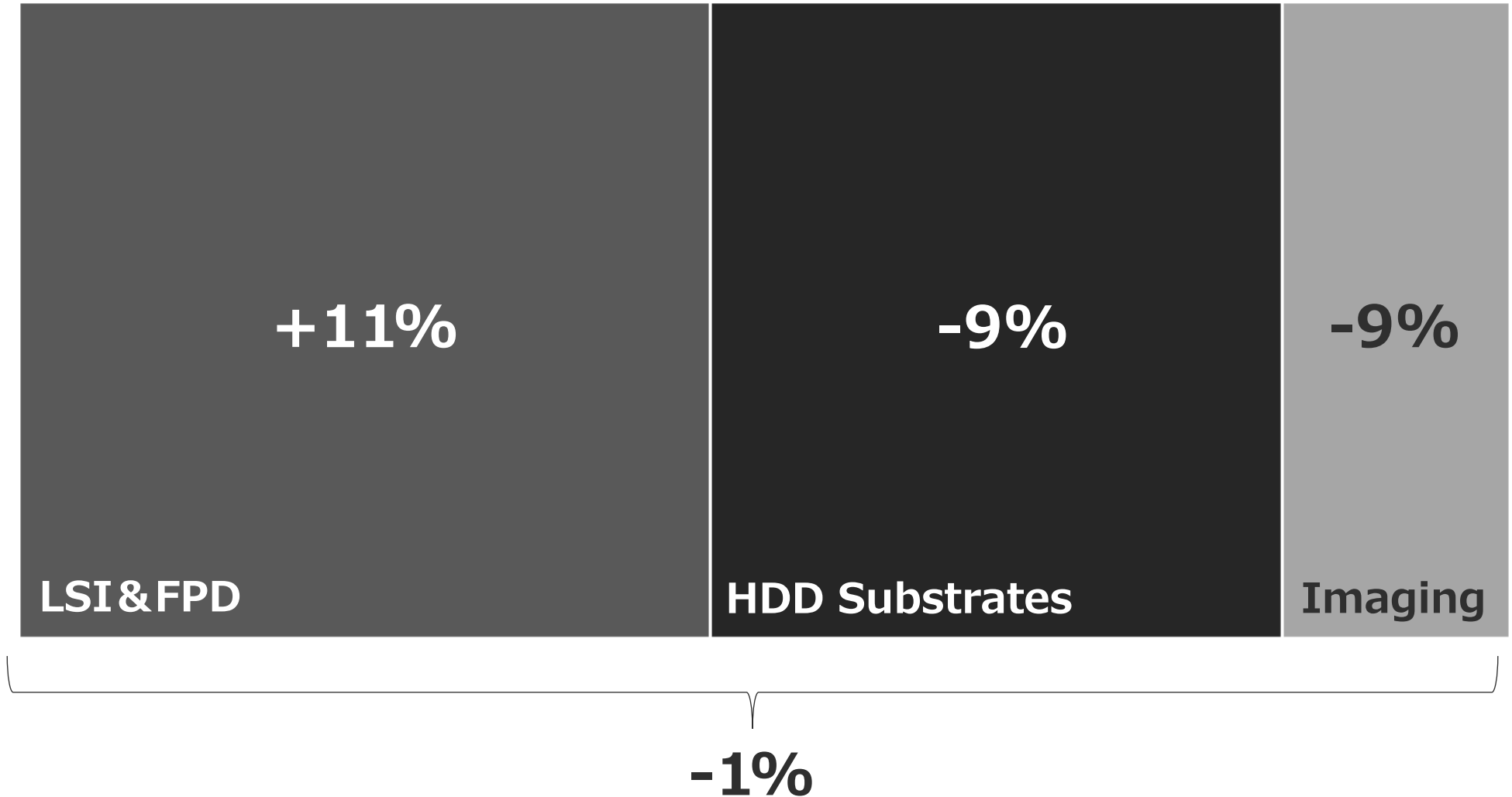
3. Life Care Business Overview

4. Summary

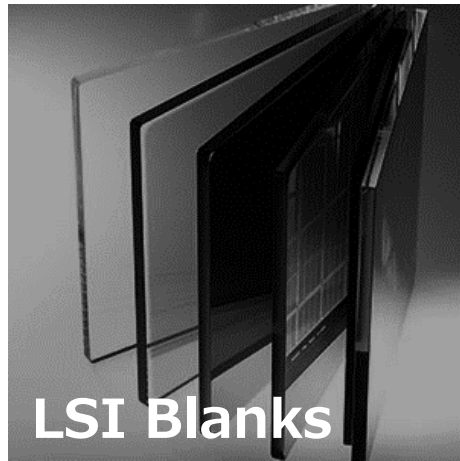
5. Q&A

IT Snapshot

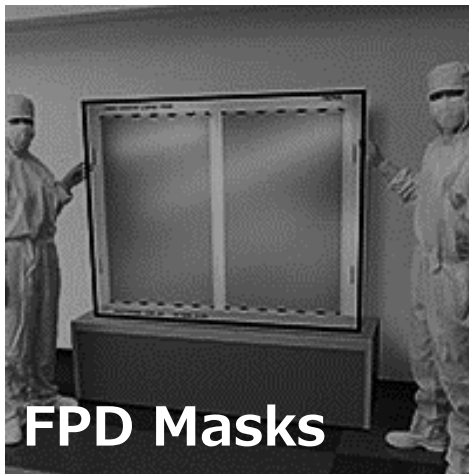
YoY Sales Growth (Like-for-Like)



Overview by Product

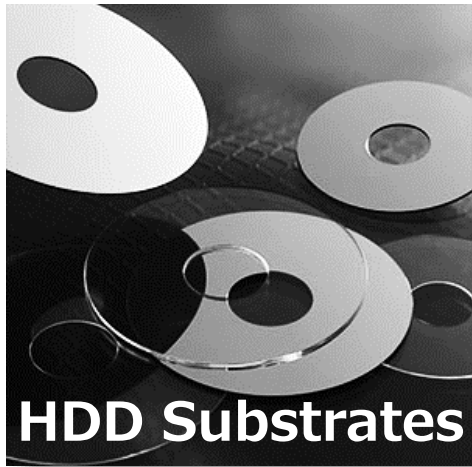


Continuing from the previous quarter, sales of EUV blanks grew by around 50% YoY. Sales of optical products (DUV) also showed solid growth. The business environment remains favorable, with customers increasing their EUV-related investments.



Demand for TV panels remained high due to nest-dweller demand, and R&D demand, which is important to the Company, decreased due to panel manufacturers' focus on mass production. Given the relatively strong demand for high-end smartphones, we will continue to focus on high-function masks.

Overview by Product



Sales of 2.5" declined due to continued replacement by SSDs. 3.5" growth slowed due to the timing of cyclical demand in data centers, and was unable to make up for the decline in 2.5". Data center demand is expected to increase again in Q4.

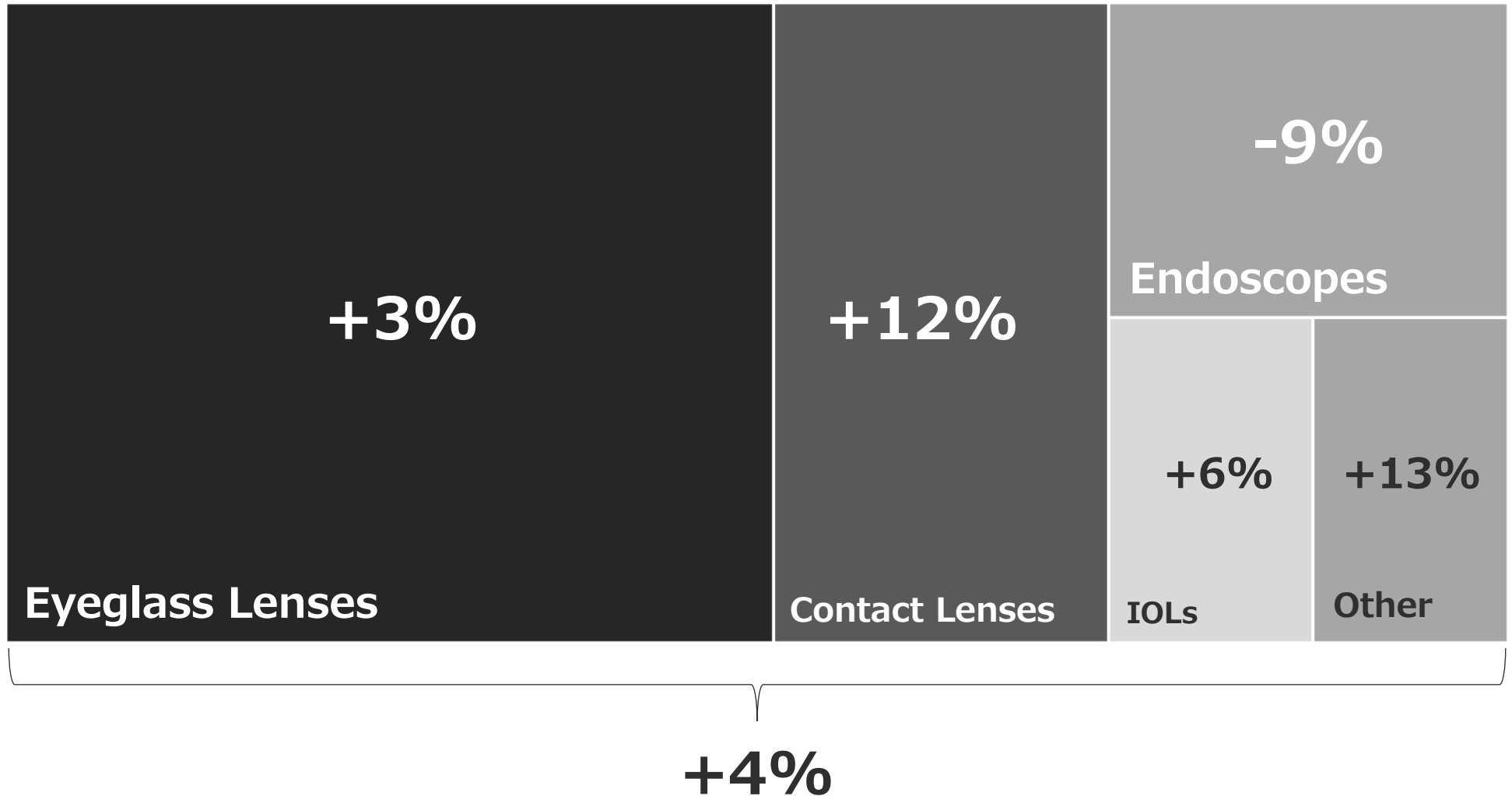


Demand is gradually recovering and the decline rate has been improving. However, we believe that it will be difficult for the market for digital camera applications to recover significantly in the future, and we will continue to develop new applications and promote structural reform.

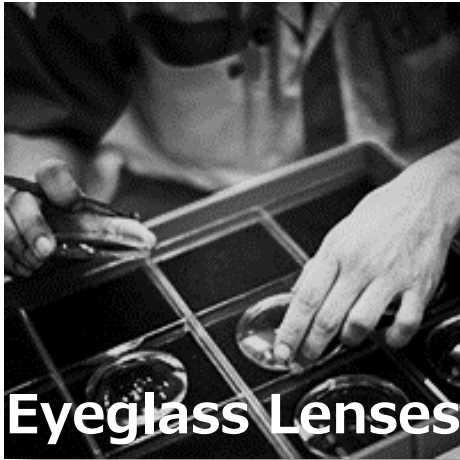
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Life Care Snapshot

YoY Sales Growth (Like-for-Like)



Overview by Product



Despite the impact of the lockdown (especially the strict measures taken after December), sales recovered to a positive level YoY. The recent resurgence of infections in many countries and regions requires caution, but the market is expected to gradually normalize.

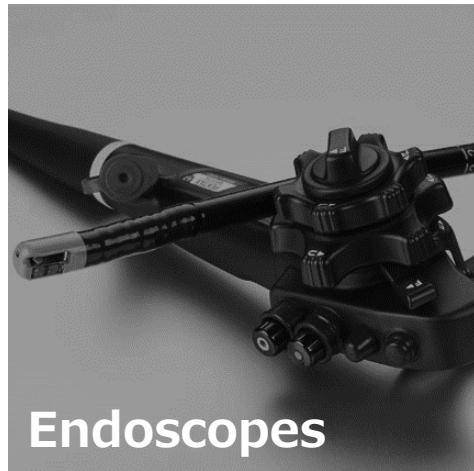


Although the impact of shortened store hours and decrease in the wearing frequency of contact lenses due to an increase in the number of hours spent at home continued (estimated to be around -10% for the overall market), sales increased significantly compared to the year-ago-quarter, when there was a reactionary decline due to the consumption tax hike. Going forward, the company plans to roll out new stores including different formats as well as increasing M&A activity.

Overview by Product



Although there were ups and downs due to the spread of COVID-19 infection, the number of cataract surgeries and the associated demand for intraocular lenses continued to recover, resulting in positive growth YoY. In particular, China, where we established a local subsidiary in May last year, has seen a threefold increase in growth over the previous year; however, we will be keeping a close eye on this market due to price pressure.



Although the postponement of replacement demand and delays in customs clearance procedures due to COVID-19 remained, demand showed a recovery trend QoQ. As for the future, investment restraint by hospitals is expected to be prolonged and it will take time to completely normalize.

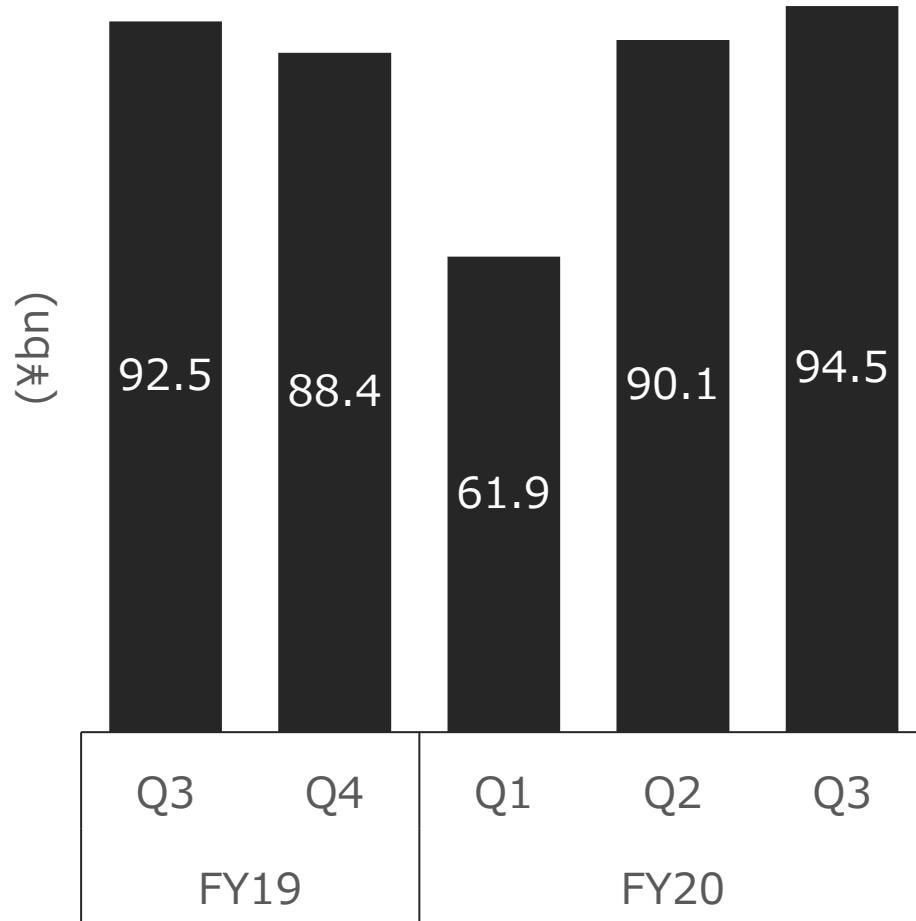
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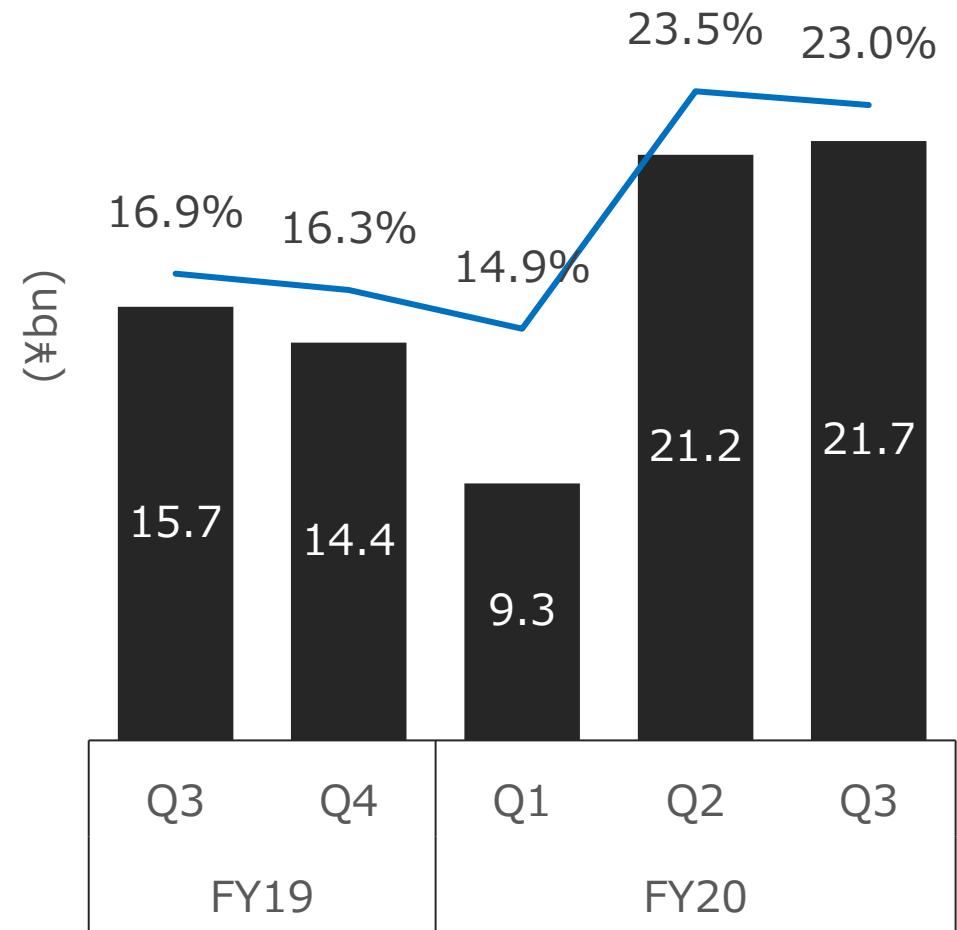
Appendix

Life Care QoQ Earnings

Revenue



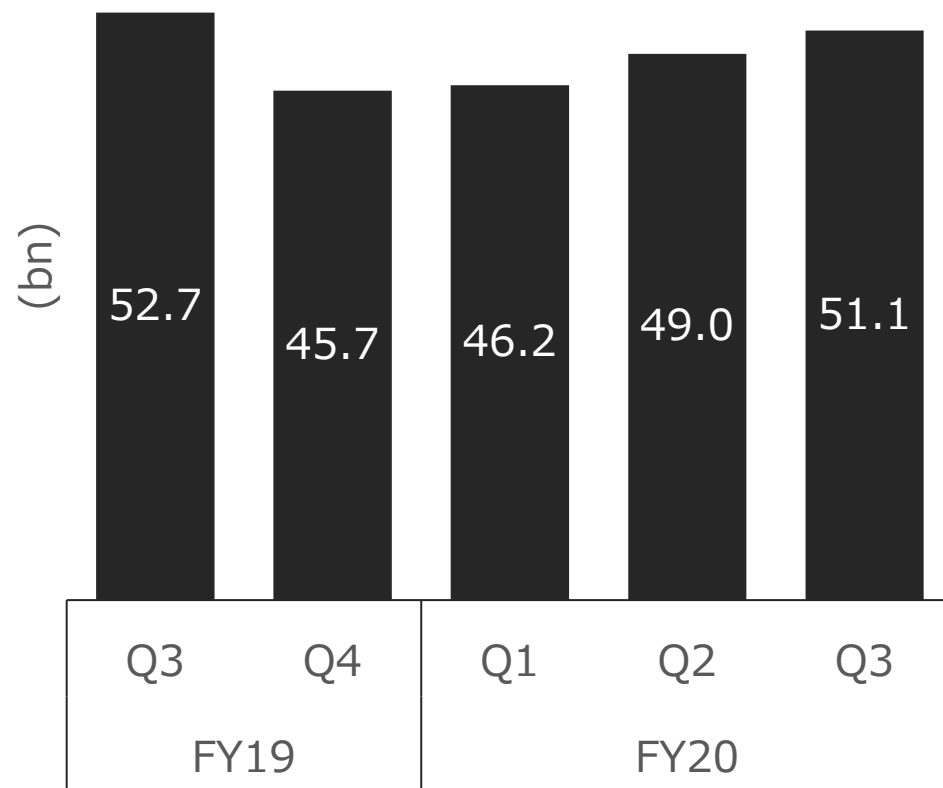
cf. Operating Profit / Margin



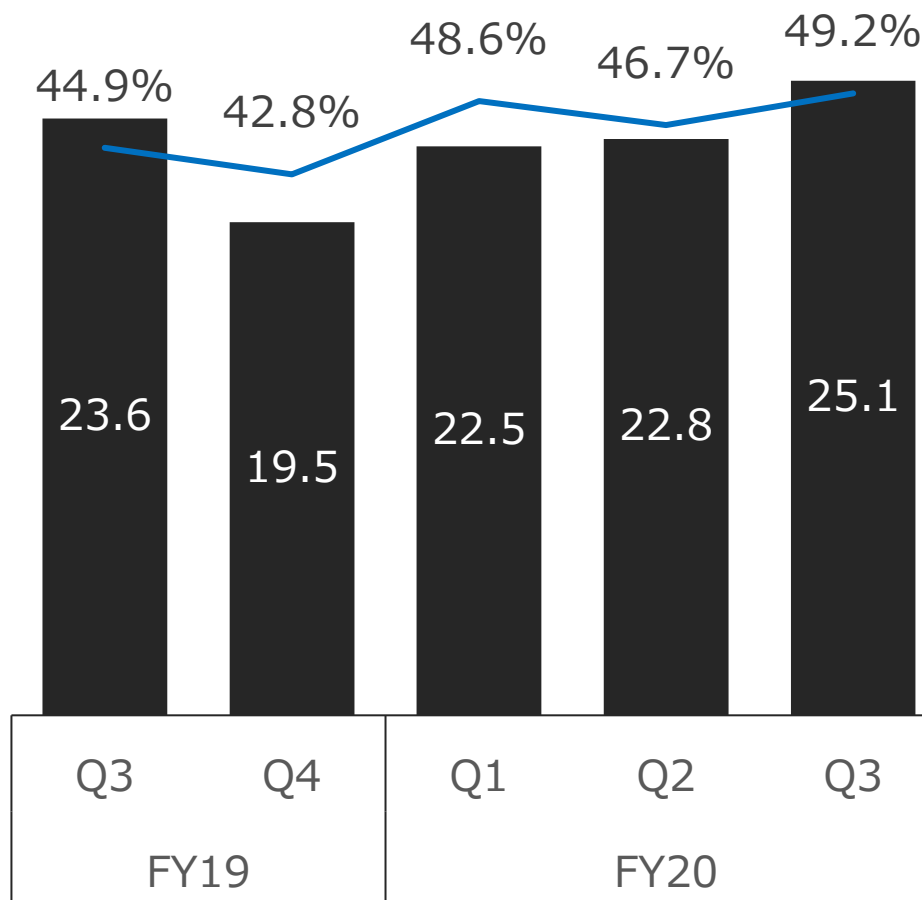
*External revenue

IT QoQ Earnings

Revenue



cf. Operating Profit / Margin



*External revenue

Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2021 is referred to as “FY20” throughout this document.
- ✓ Figures less than 100 million yen are rounded down. Accordingly, some discrepancies may occur among totals. Ratios are calculated using actual numbers.
- ✓ Like-for-Like figures exclude foreign exchange and M&A impact as well as other extraordinary factors.
- ✓ Profit from ordinary operating activities is calculated as reference information for investors; calculated by deducting finance income/costs, share of profits(loss) of associates, foreign exchange gain/loss and other temporary gain/loss from pretax profit.
- ✓ We have omitted a detailed breakdown of financial statements. Please refer to the *tanshin* or the quarterly report for detailed numbers.
<http://www.hoya.co.jp/english/investor/library.html>

Forward Looking Statement

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