

# FY2013 2Q

# Financial Results

In this presentation, “FY2013” refers to the year ending March 31, 2014.

October 31, 2013  
TOPCON CORPORATION  
President & CEO Satoshi Hirano

***Creativity & Growth***



## FY2013 2Q Financial Results

**I**

**FY2013 2Q Financial Results**

**II**

**FY2013 Full Year Forecast**

**III**

**Appendix**

# **I . FY2013 2Q Financial Results**

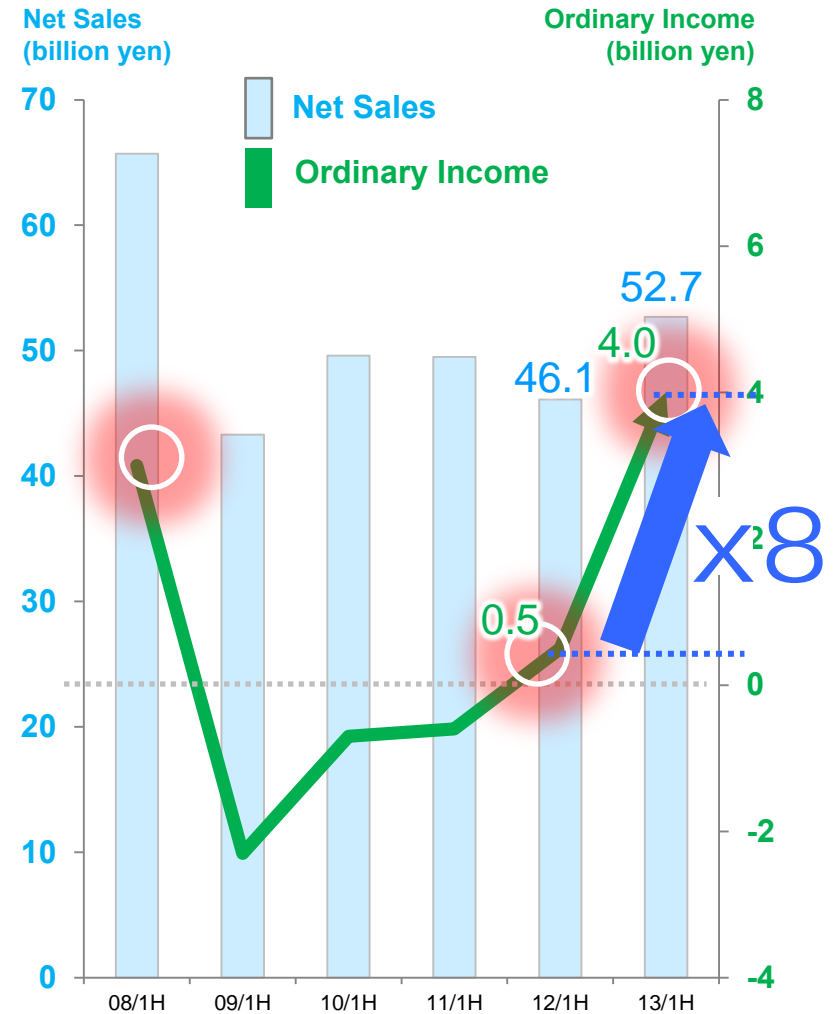
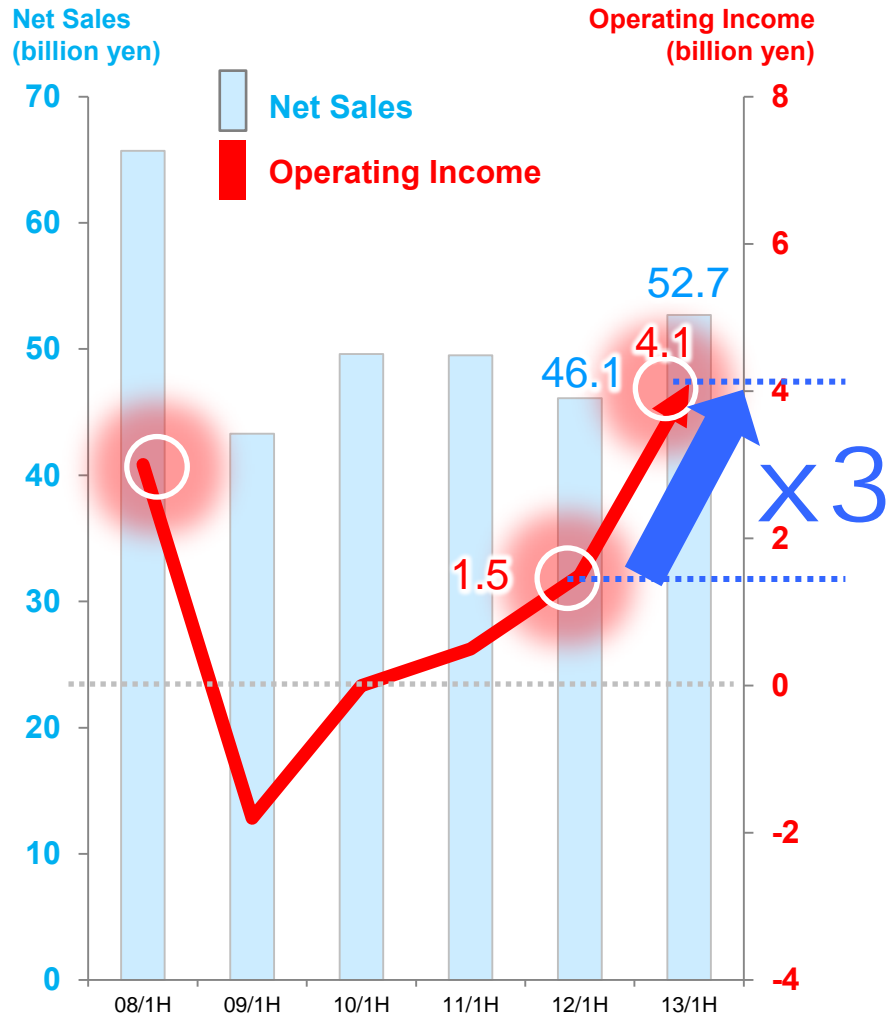
## **I - 1. FY2013 2Q Financial Results**

## **I - 2. Overview of Each Company**



# Topic <Significantly improved sales and profit>

## Trends of 1H Financial Results



# FY2013 1H Financial Results

<Drastic profit growth>

(unit: million yen)

[Consolidated]		FY2012/1H	FY2013/1H		July 31, 2013
		Actual	Actual	YoY	Announcement
Net Sales		46,121	52,795	6,674	52,000
Gross Profit (Gross Profit Ratio)		19,400 (42.1%)	24,986 (47.3%)	5,586	
SGA		17,894	20,842	2,948	
Operating Income (Operating Income Ratio)		1,505 (3.3%)	4,143 (7.8%)	2,638	3,500 (6.7%)
Non-Operating Expenses		-1,019	-103	916	
Ordinary Income		486	4,040	3,554	2,800
Extraordinary Income (Loss)		-1,162	-597	565	
Income (Loss) Before Income Taxes and Minority Interests		-675	3,442	4,117	
Net Income (Loss)		-1,221	1,673	2,894	1,200
Dividends		¥2	¥5	¥3	¥5
Exchange Rate (Average)	US\$	¥79.43	¥97.99	¥18.56	¥94.53
	EUR	¥101.12	¥128.79	¥27.67	¥124.20

# FY2013 1H Financial Results by Company

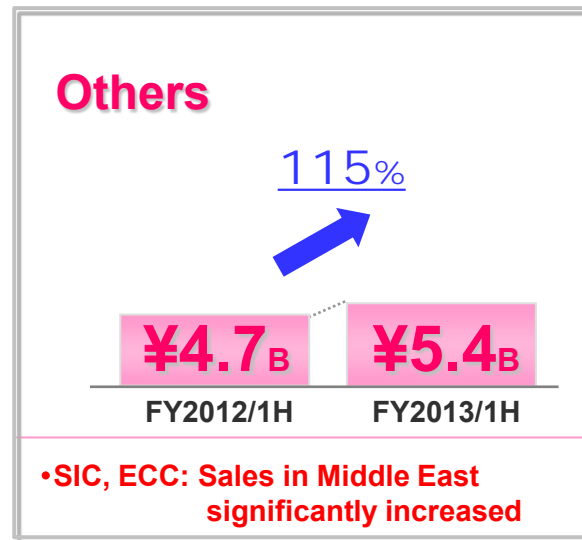
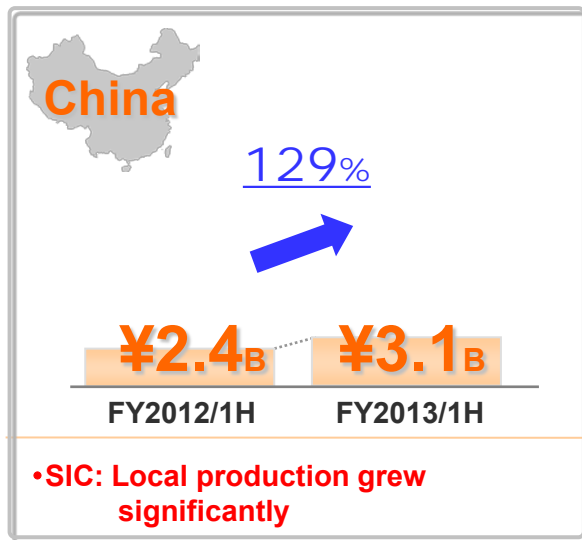
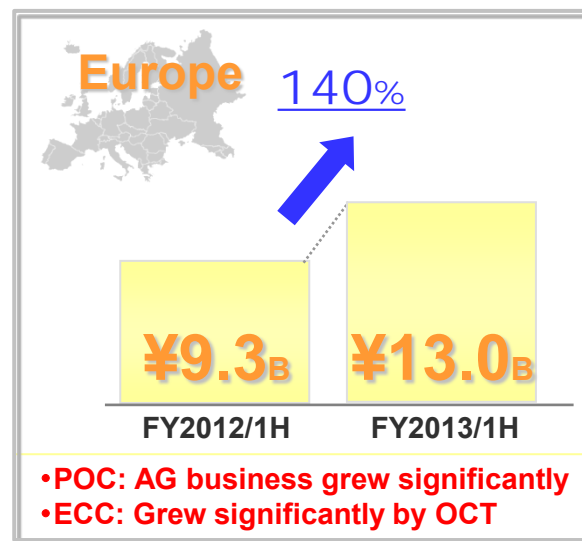
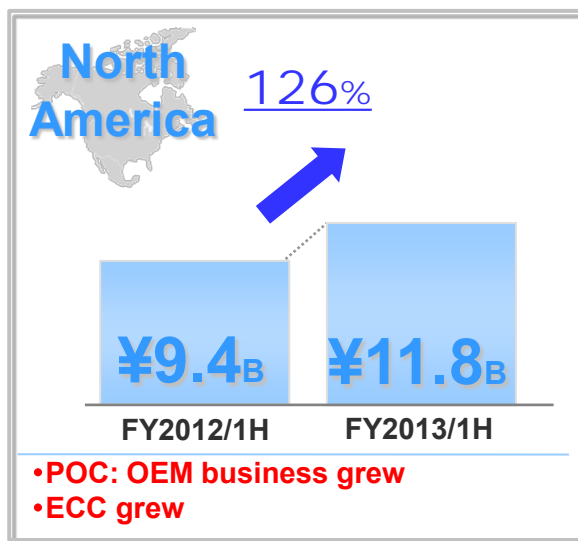
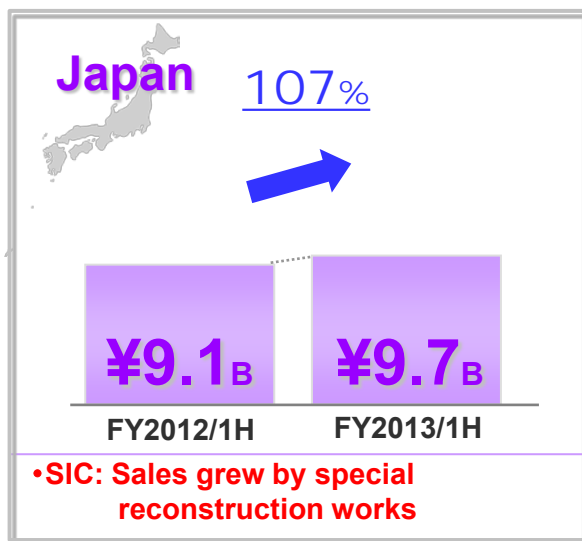
<All companies made growth in sales and profit>

(unit: million yen)

[Consolidated]		FY2012/1H	FY2013/1H		July 31, 2013
		Actual	Actual	YoY	Announcement
Net Sales	Smart Infrastructure	13,734	15,887	2,153	15,000
	Positioning	17,437	22,352	4,915	21,000
	Eye Care	14,478	17,072	2,594	18,000
	Others	5,728	3,175	-2,553	3,000
	Elimination	-5,256	-5,692	-436	-5,000
	Total	46,121	52,795	6,674	52,000
Operating Income (Operating Income Ratio)	Smart Infrastructure	1,472 (10.7%)	1,975 (12.4%)	503	1,600 (10.7%)
	Positioning	538 (3.1%)	1,830 (8.2%)	1,292	1,500 (7.1%)
	Eye Care	483 (3.3%)	1,251 (7.3%)	768	1,200 (6.7%)
	Others	-219 (-3.8%)	16 (0.5%)	235	0 (0%)
	Goodwill Amortization	-769	-928	-159	-800
	Total	1,505 (3.3%)	4,143 (7.8%)	2,638	3,500 (6.7%)

# Domestic and Overseas Sales (YoY)

<Growth in all region>



• Net sales of former Finetech business are excluded from figures above.

• SIC=Smart Infrastructure Company/ POC=Positioning Company/ ECC=Eye Care Company

# **I . FY2013 2Q Financial Results**

**I - 1. FY2013 2Q Financial Results**

**I - 2. Overview of Each Company**



# Overview of Each Company

<Activated in special reconstruction works>

Smart Infrastructure

(unit: million yen)

	FY2012/1H Actual	FY2013/1H Actual	YoY
Net Sales	13,734	15,887	+2,153
Operating Income (Operating Income Ratio)	1,472 (10.7%)	1,975 (12.4%)	+503

## Review of FY2013 1H Financial Results

### + Positive factors

- Domestic sales increased due to fully activated procurement for special reconstruction works in Tohoku region and popularization of IT construction (YoY: 140%)
- Chinese market shows signs of recovery (YoY: 130%)
- New product launch (MDTS\*1) contributed to sales increase

### - Negative factor

- Sluggish market recovery in Europe and exchange rate fluctuation in emerging countries

\*1 MDTS = Motor driven total station

# Overview of Each Company

<Expansion of OEM business>

Positioning

(unit: million yen)

	FY2012/1H Actual	FY2013/1H Actual	YoY
Net Sales	17,437	22,352	+4,915
Operating Income (Operating Income Ratio)	538 (3.1%)	1,830 (8.2%)	+1,292

## Review of FY2013 1H Financial Results

### + Positive factors

- OEM business for construction fully advanced (YoY: 250%)
- IT Agriculture business keeping strong sales in OEM (YoY: 160%)

### - Negative factor

- Slow recovery of European market

# Overview of Each Company

<Strong 3D OCT-1 Maestro sales>

Eye Care

(unit: million yen)

	FY2012/1H Actual	FY2013/1H Actual	YoY
Net Sales	14,478	17,072	+2,594
Operating Income (Operating Income Ratio)	483 (3.3%)	1,251 (7.3%)	+768

## Review of FY2013 1H Financial Results

### + Positive factor

- Strong 3D OCT-1 Maestro Sales throughout the world (YoY: 180%)

### - Negative factor

- Sluggish market in Europe and Chinese market deceleration

# **Ⅱ . FY2013 Full Year Forecast**

## **Ⅱ -1. FY2013 Full Year Forecast**

## Ⅱ -2. Strategic Plans for FY2013/2H

## Ⅱ -3. Summary



# Full Year Forecast <More sales and profit than FY2012>

(unit: million yen)

[ Consolidated ]		FY2012	FY2013		
		Full Year	Full Year		July 31, 2013
		Actual	Forecast	YoY(%)	Announcement
Net Sales		97,345	110,000	113%	110,000
Operating Income (Operating Income Ratio)		5,214 (5.4%)	11,500 (10.5%)	221%	11,500 (10.5%)
Ordinary Income		3,471	10,000	288%	10,000
Net Income		511	5,000	978%	5,000
ROE		1.3%	10.3%		10.3%
ROIC		3.8%	9.5%		9.5%
Dividends		¥6	¥10		¥10
Exchange Rate (Average)	US\$	¥83.23	¥94.30		¥92.44
	EUR	¥107.57	¥124.74		¥122.26

Assumed exchange rate after October 2013 is ¥90/US\$, ¥120/EUR

# Business Forecast by Company

<More sales and profit than FY2012 in all companies>

(unit: million yen)

[ Consolidated ]		FY2012	FY2013		
		Full Year	Full Year		July 31, 2013
		Actual	Forecast	YoY(%)	Announcement
Net Sales	Smart Infrastructure	29,839	33,000	111%	33,000
	Positioning	37,824	43,000	114%	43,000
	Eye Care	31,073	38,000	122%	38,000
	Others	9,262	7,000	76%	7,000
	Elimination	-10,653	-11,000		-11,000
	Total	97,345	110,000	113%	110,000
Operating Income (Operating Income Ratio)	Smart Infrastructure	4,126 (13.8%)	4,800 (14.5%)	116%	4,800 (14.5%)
	Positioning	1,413 (3.7%)	4,000 (9.3%)	283%	4,000 (9.3%)
	Eye Care	1,563 (5.0%)	4,200 (11.1%)	269%	4,200 (11.1%)
	Others	-269 (-2.9%)	100 (1.4%)	—%	100 (1.4%)
	Goodwill Amortization	-1,618	-1,600		-1,600
	Total	5,214 (5.4%)	11,500 (10.5%)	221%	11,500 (10.5%)

# Ⅱ . FY2013 Full Year Forecast

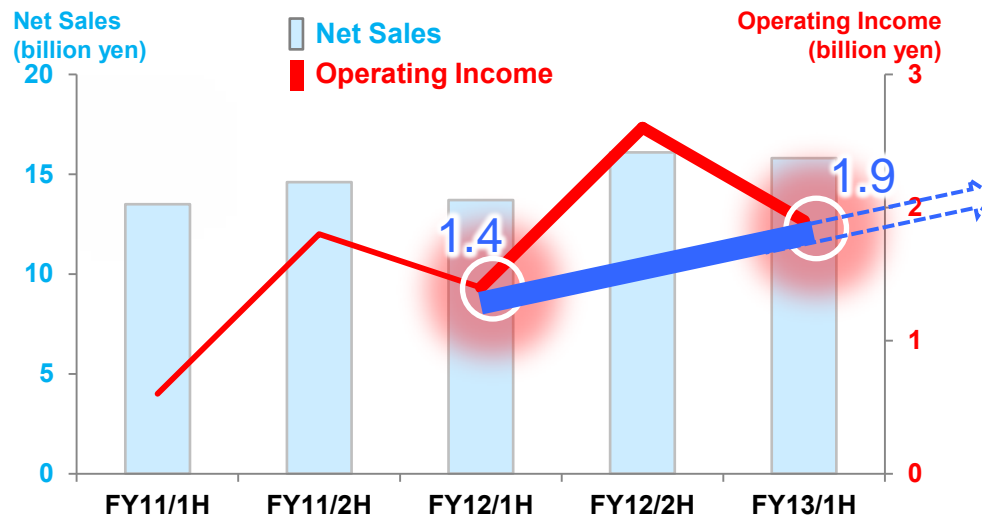
Ⅱ -1. FY2013 Full Year Forecast

**Ⅱ -2. Strategic Plans for FY2013/2H**

Ⅱ -3. Summary

### 1. Smart Infrastructure

- Enhance lineup of total stations (MDTS\*) that produce high profits
- Develop new products for BIM applications and enter into new business field
- Serve for the special construction works in Tohoku region and new demands for 2020 Tokyo Olympics



\* MDTS = Motor Driven Total Station



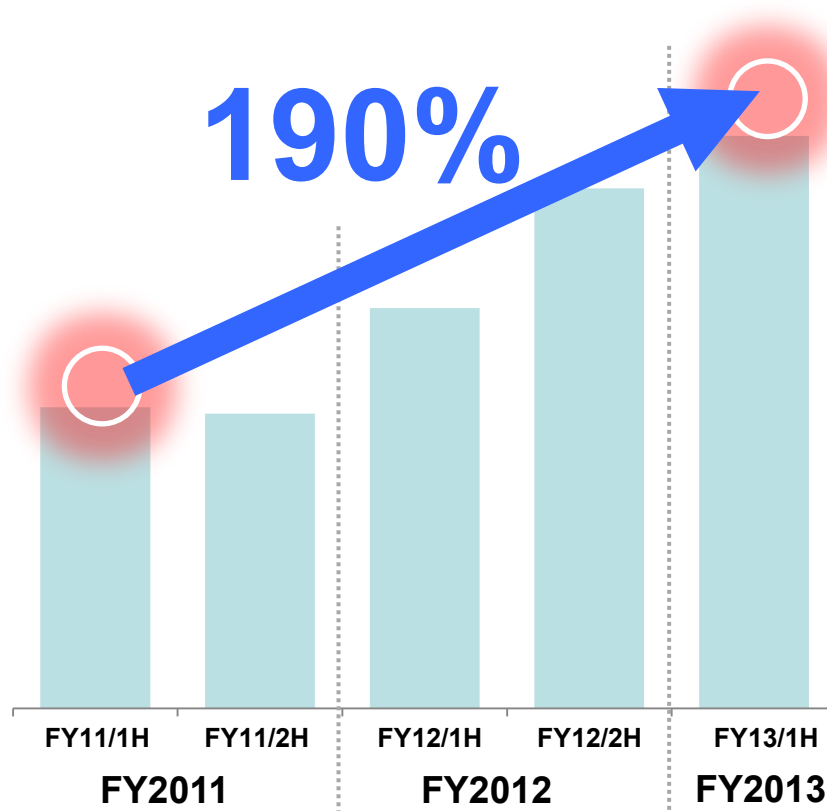
# Complete Lineup of MDTs\*

<Profit increase by high margin products>

Smart Infrastructure

## MDTS\* Sales Trends

from FY11/1H to FY13/1H



\* MDTs = Motor Driven Total Station

MDTS business is expanding thanks to strong sales of DS/DX Series



SIC sets out further growth by adding wider range of total stations into its portfolio.



# New Product Launch

<Enhance MDTs Lineup>

Smart Infrastructure

2013  
Jan

Jul

Oct

2014  
Jan

Mar

Total Stations



**DS/DX**  
Compact  
auto  
aiming TS※<sup>1</sup>



**ES/OS**  
Basic TS※<sup>1</sup>



**Cygnus Prism**  
Basic TS※<sup>1</sup>

**DS100AC+/DX100AC+**  
Compact  
auto trucking  
TS※<sup>1</sup>



**GTS-250/SET60**  
Basic TS※<sup>1</sup>



**IS-310**  
Imaging Layout  
Station



**MDTS\*3**



**MDTS\*3**

3D  
Measurement  
and others



**RL-200 1S/RL-200 2S**  
Durable and accurate RL※<sup>2</sup>



**For BIM market,  
Revolution in  
Construction  
Industry!**



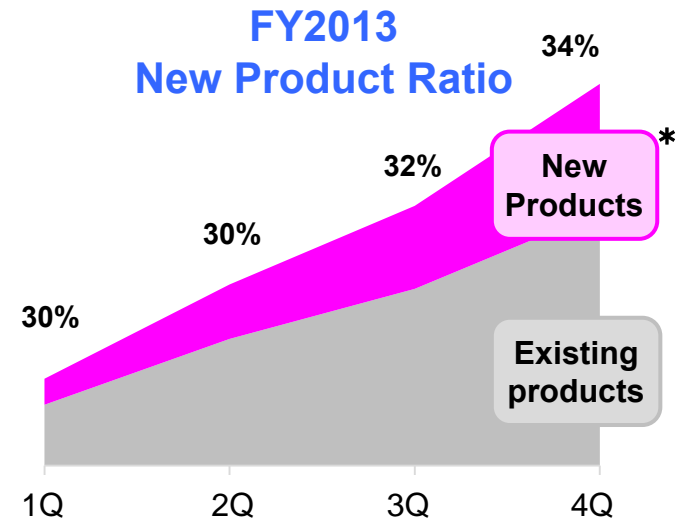
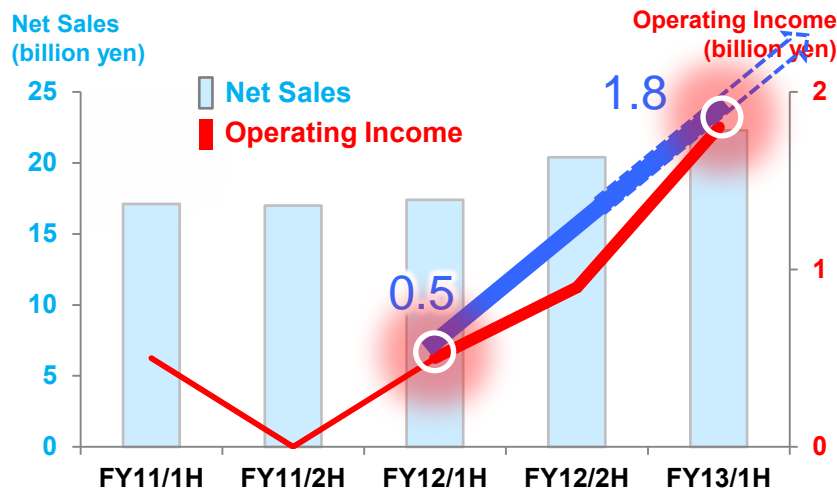
※<sup>1</sup> TS = Total Station

※<sup>2</sup> RL = Rotating Laser

※<sup>3</sup> MDTs = Motor Driven Total Station

### 2. Positioning

- Accelerate OEM business for both construction and agriculture equipment manufacturers
- Extend business to new fields by launching strategic products
- Increase sales by new products targeting Asian market



\* Accumulation of sales of new products launched in the last 12 months

# Expansion of OEM Business

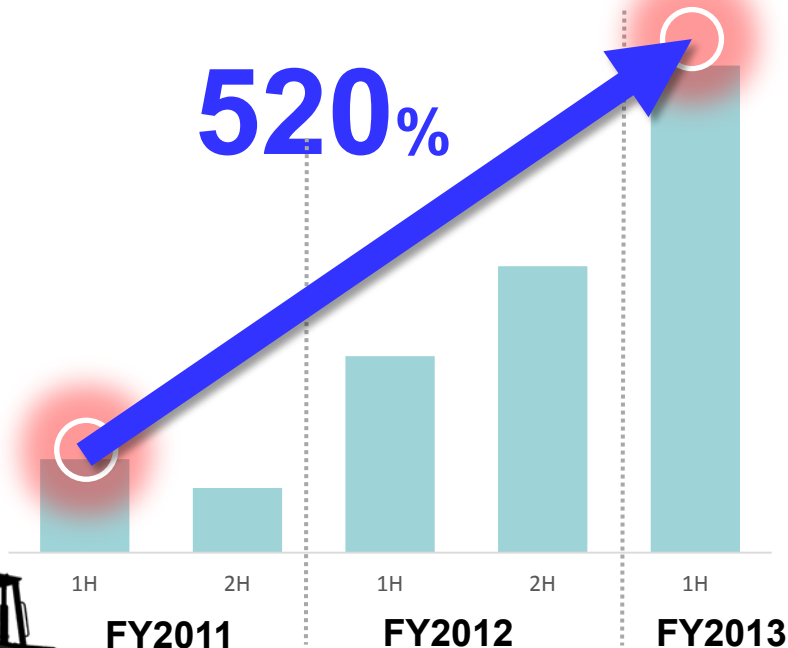
<Increase sales of OEM for construction business>

Positioning

## OEM Sales Trends in Construction business

(from FY11/1H to FY13/1H)

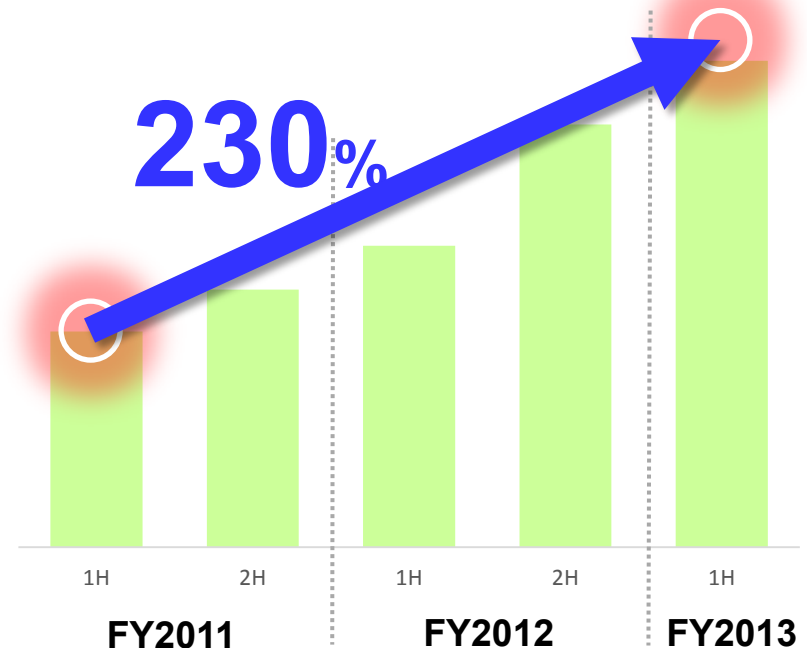
520%



## OEM Sales Trends in Precision Ag business

(from FY11/1H to FY13/1H)

230%





# New Product Launch

<Sales increase by new products launch for Asian market>

Positioning

2013

Jan

Apr

Jul

Oct

2014

Jan

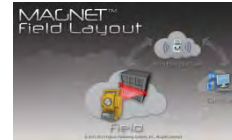
Mar

GPS

GR-5+  
GNSS receiver  
with advanced  
tracking  
technology



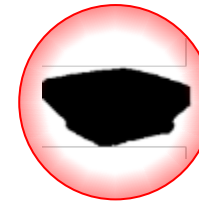
MAGNET LAYOUT  
Field software  
specialized for layout



MAGNET  
Hybrid Positioning  
Surveying software for  
combined use of GPS  
and Total Station



GNSS  
receiver  
for Asian  
market



MC & AG\*



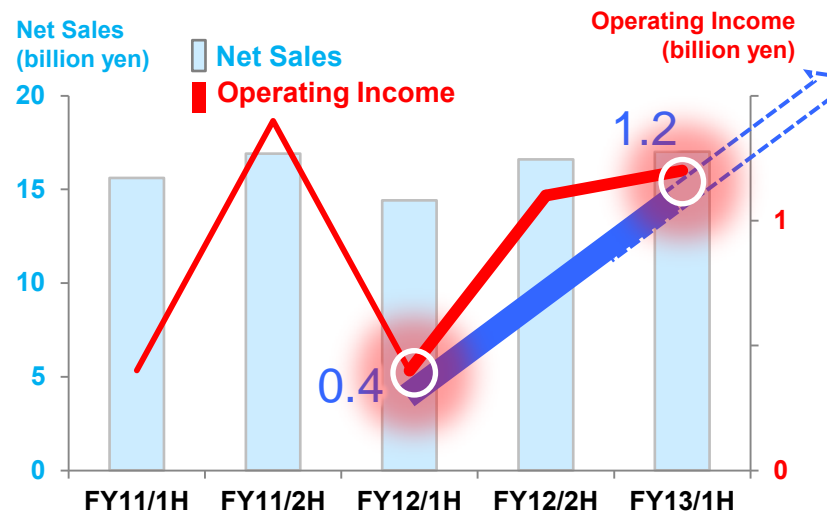
AGI-4  
The world's  
smallest auto  
steering system



\* MC = Machine Control  
AG = Precision Agriculture

### 3. Eye care

- Expand 3D OCT sales (YoY: 200%)
- Offer wide variety of new common platform products
- Expand sales growth in treatment products by launching new products, PASCAL (YoY: 125%)



## 3D OCT-1 Maestro

Operating with only one finger  
**Ultimate standard device**



(One of the common platform products)

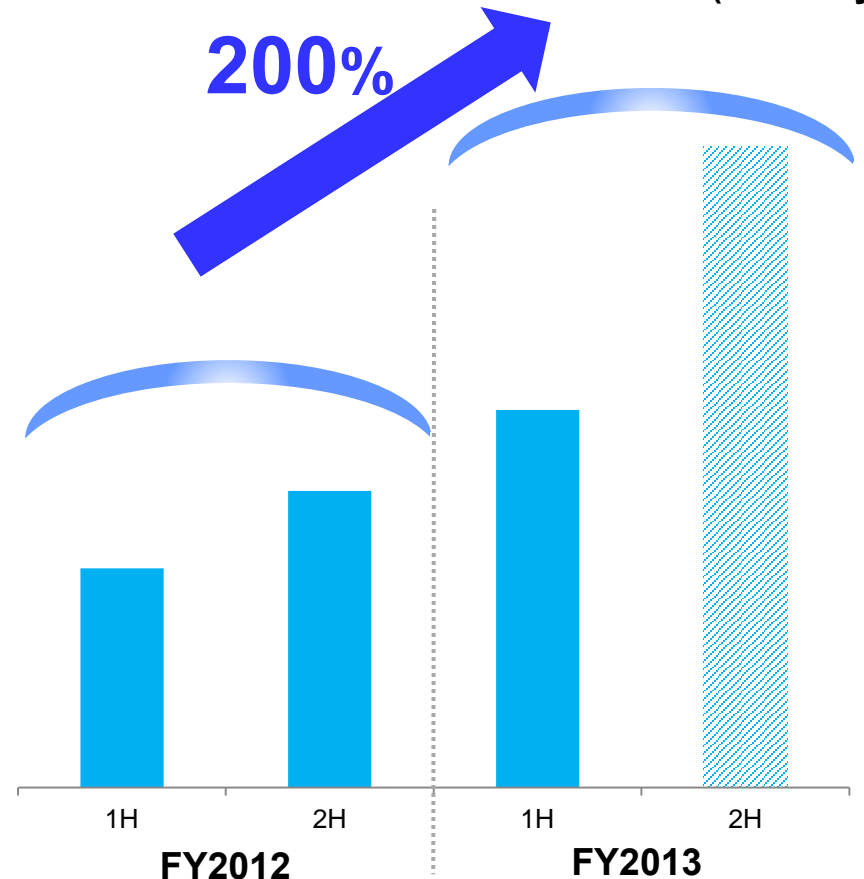
**The best solution for the  
growing checkup markets !**

Target Markets

- Optometrists
- Preventive and checkup

## 3D OCT Sales Trends

(unit: Qty)



# Launching New Common Platform Products **Eye Care**

<Contribute to sales and profit growth>

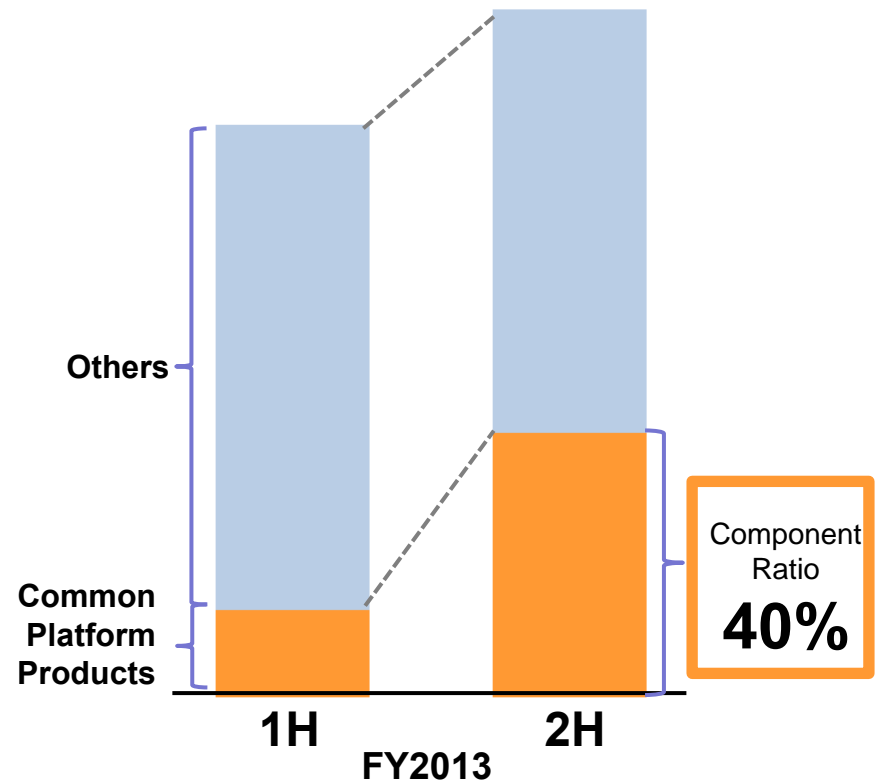
Six new products with common platform in FY2013!



## Common Platform Products Sales

Upcoming 5 new products in FY13/2H

Contribute to sales and profit growth





### Expand PASCAL lineup!

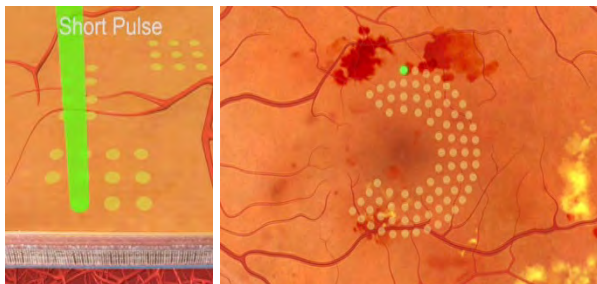
**FDA cleared** Expand target customers



Increase price  
competitiveness

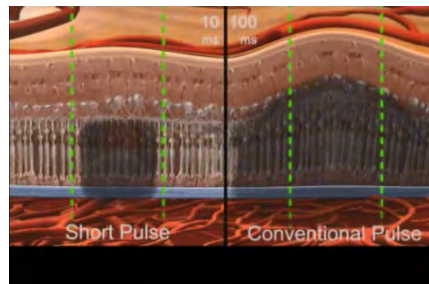
Meets all  
customers needs

### Features of PASCAL



**Faster!**

Reducing treatment time by  
**Pattern Laser**

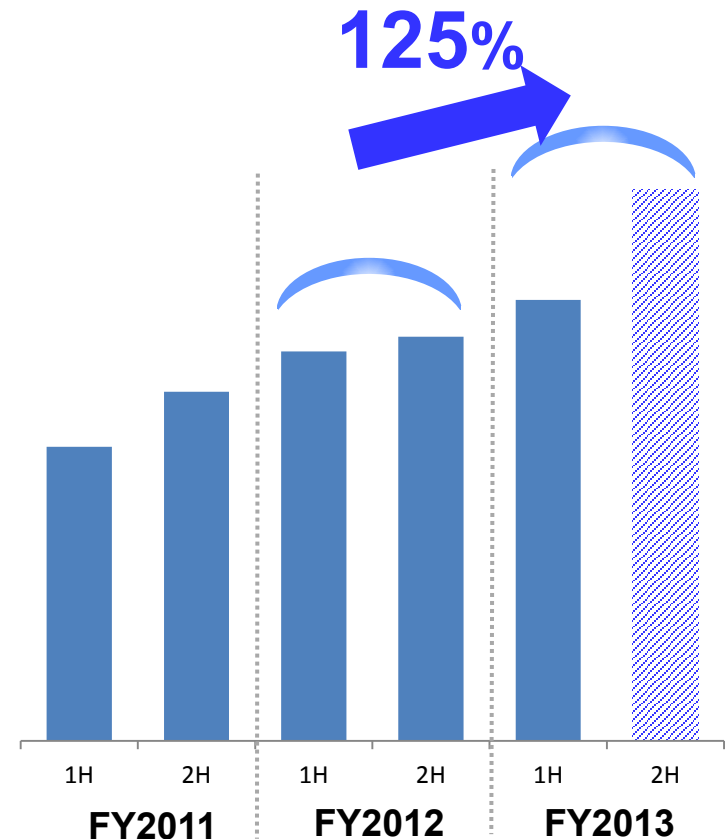


**Less Pain!**

Reducing Pain by  
**Short Pulse**

### PASCAL Sales Trends

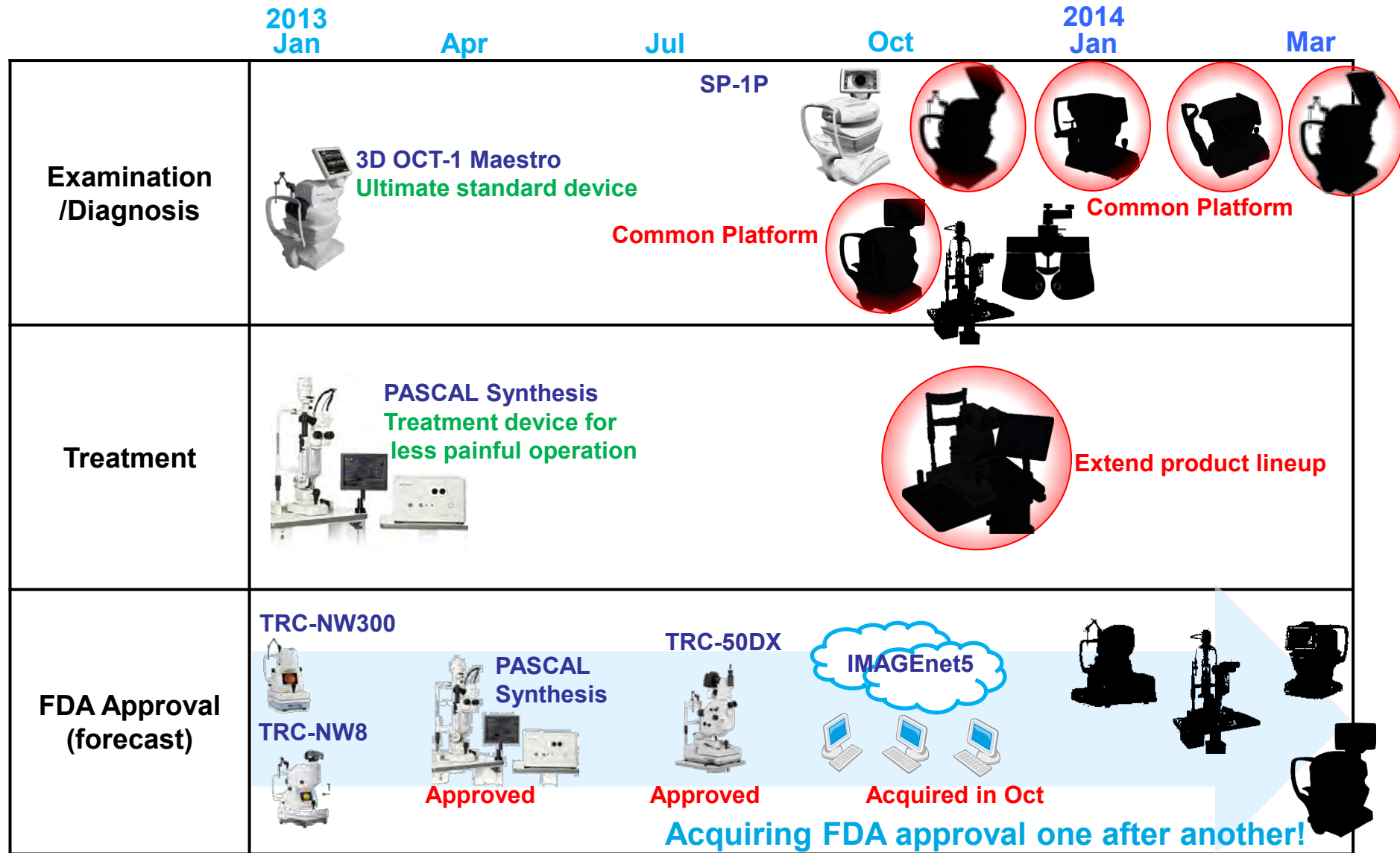
(unit: Qty)



# New Product Launch

<Expand new common platform products>

Eye Care



# Ⅱ . FY2013 Full Year Forecast

Ⅱ -1. FY2013 Full Year Forecast

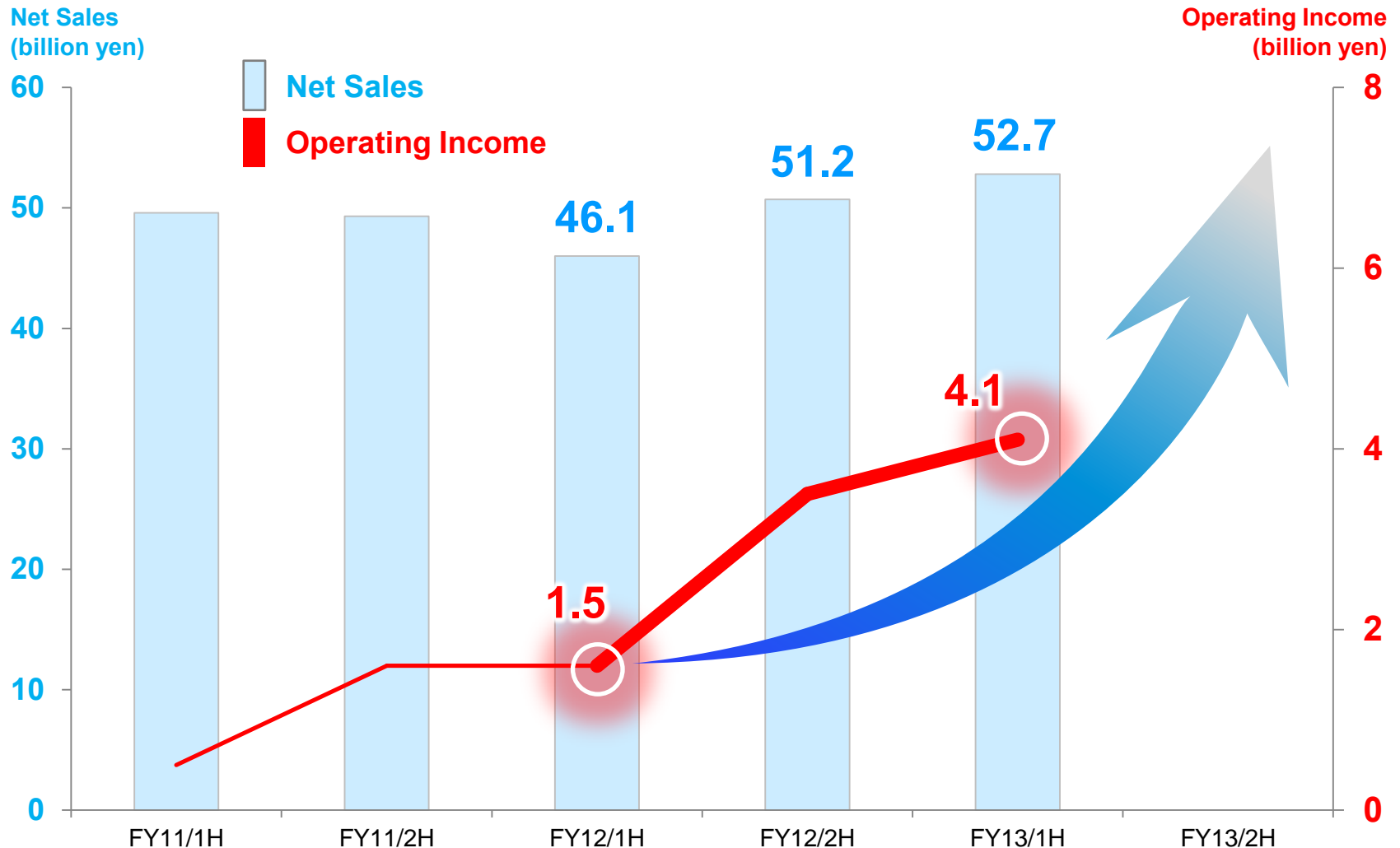
Ⅱ -2. Strategic Plans for FY2013/2H

**Ⅱ -3. Summary**

# Summary

<Steady progress on the growth strategy>

## Trends of Financial Results (Semiannually)



## *Creativity & Growth*



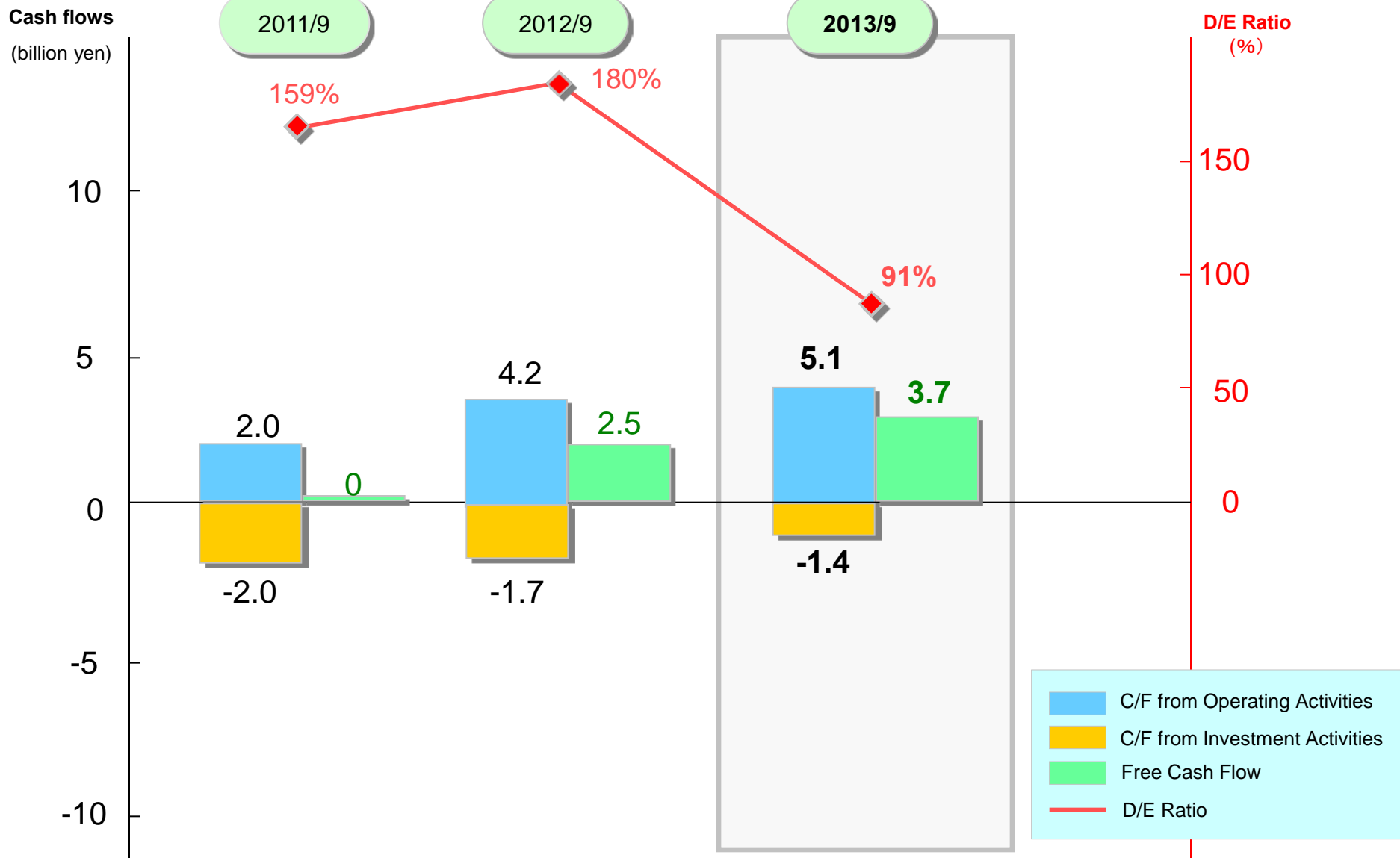
**We will strive to increase the corporate value to reach the target of ROE20% by the final year of “Mid-term Business Plan 2015.”**



# III. Appendix

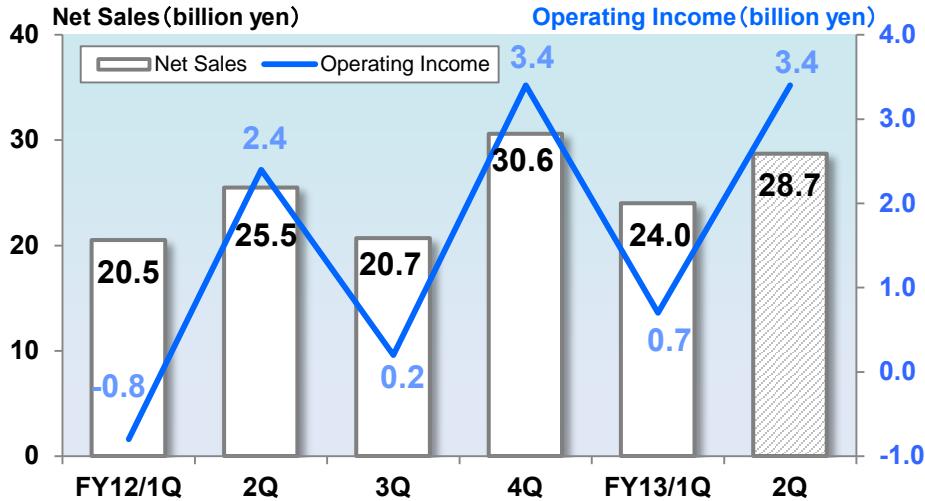
# Consolidated Cash Flows

## <Significant improve of Free Cash Flow>

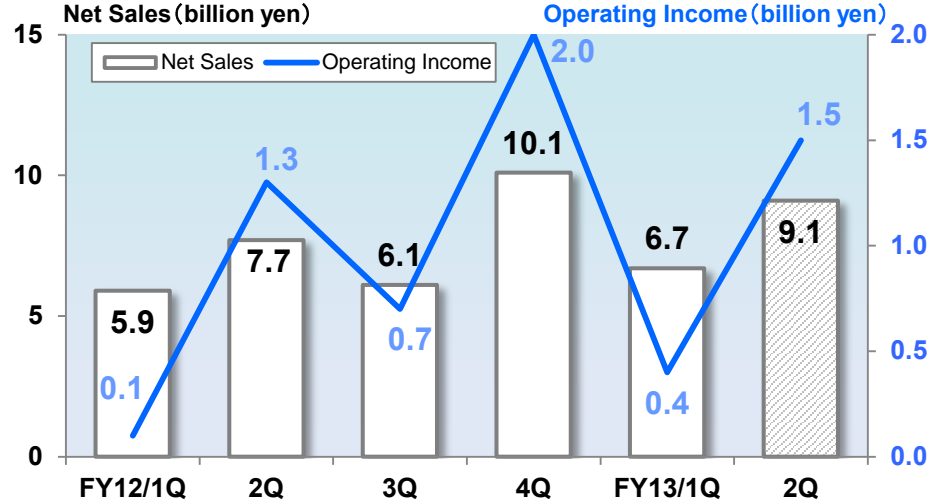


# Financial Results (Quarterly)

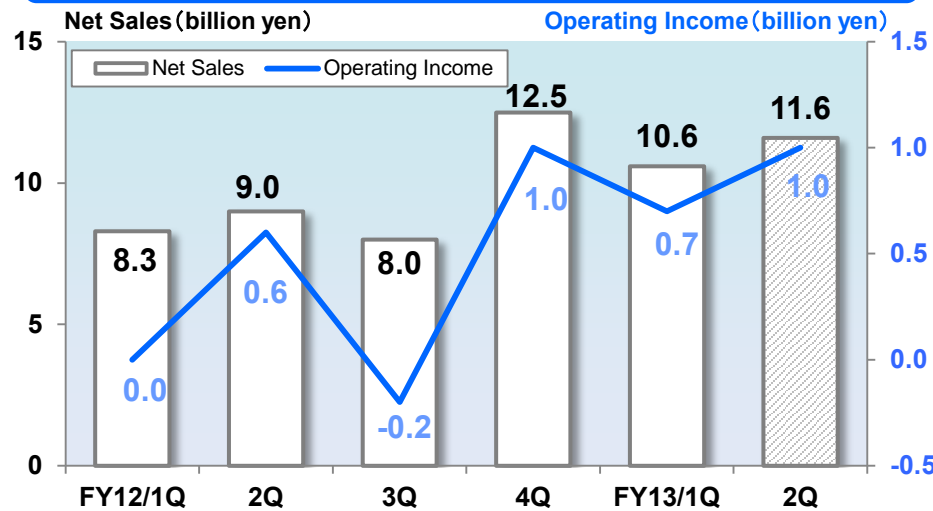
## 1. Consolidated



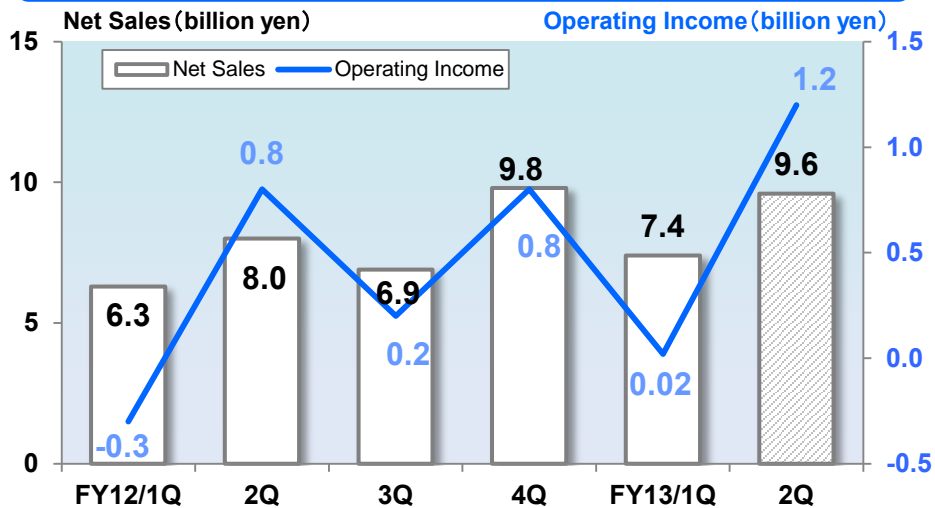
## 2. Smart Infrastructure



## 3. Positioning

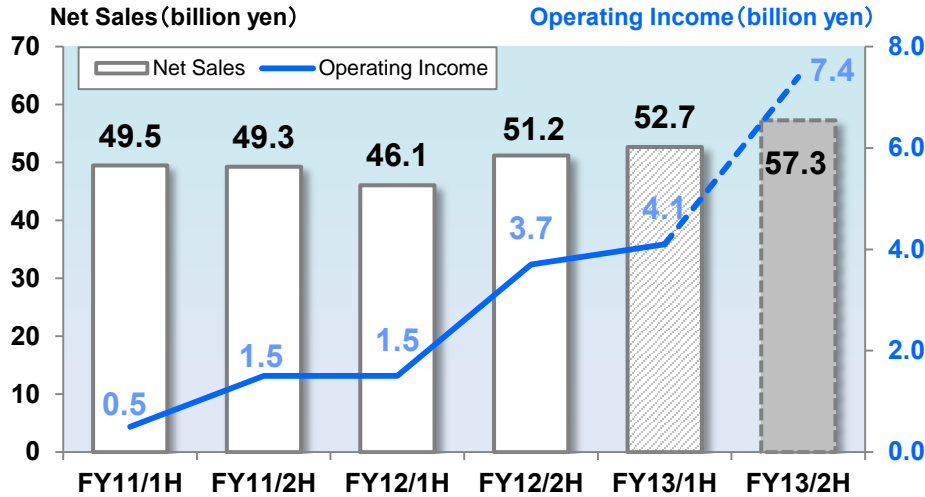


## 4. Eye care

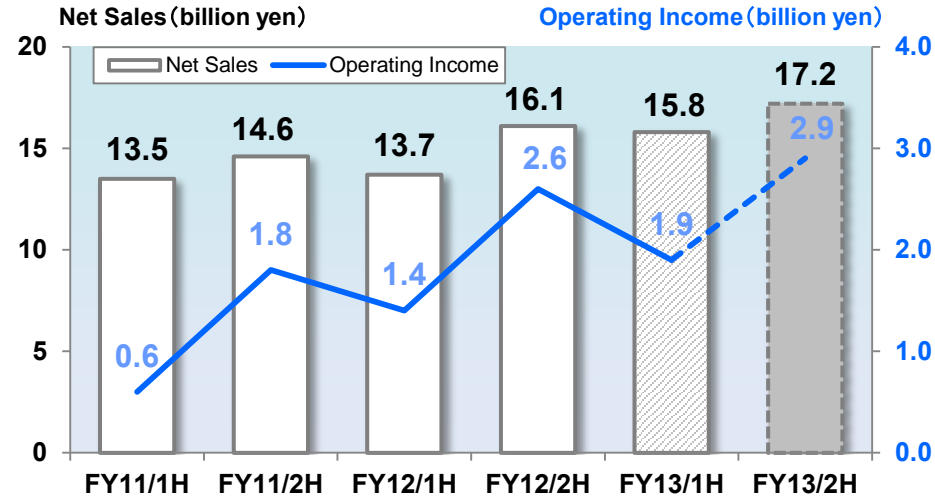


# Financial Results and Forecast (Semiannually)

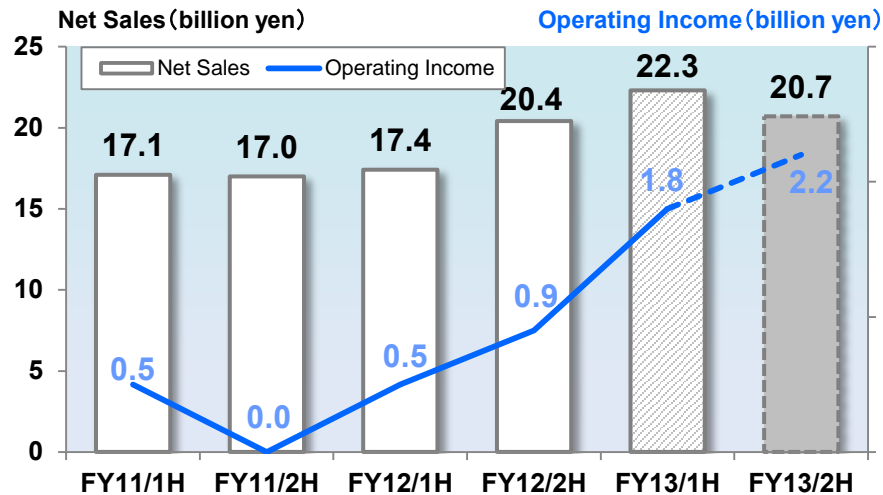
## 1. Consolidated



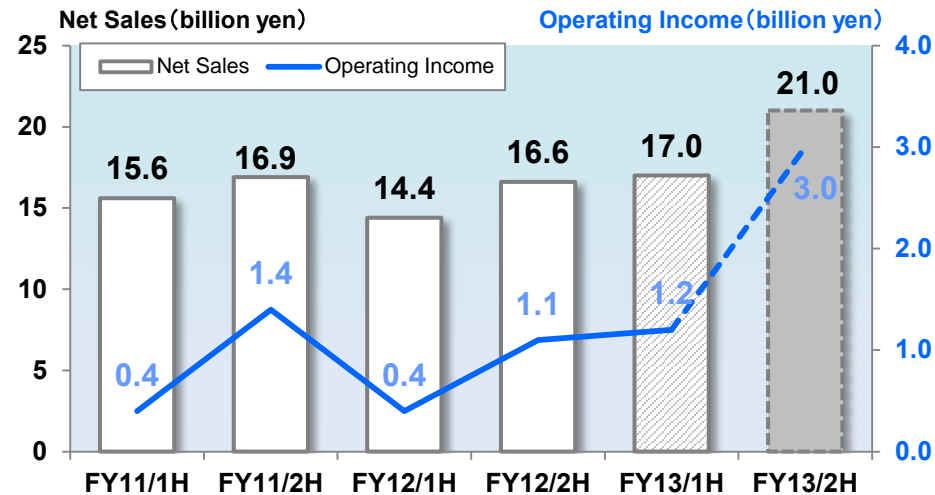
## 2. Smart Infrastructure



## 3. Positioning



## 4. Eye care



## Cautionary Note regarding Forward-Looking Statements

These materials contain forward-looking statements, including projections of future operating performance. Such statements are based on management's best judgment, given the materials available to them at the time these statements are made.

However, please be aware that actual performance may differ from projected figures owing to unexpected changes in the economic environment in which we operate, as well as to market fluctuations.

The original disclosure in Japanese was released on October 31, 2013 at 16:30(UTC+9).

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