

FY2014 1Q Financial Results

In this presentation, "FY2014" refers to the fiscal year ending March 31, 2015.

July 31, 2014
TOPCON CORPORATION
President & CEO Satoshi Hirano

Creativity & Growth

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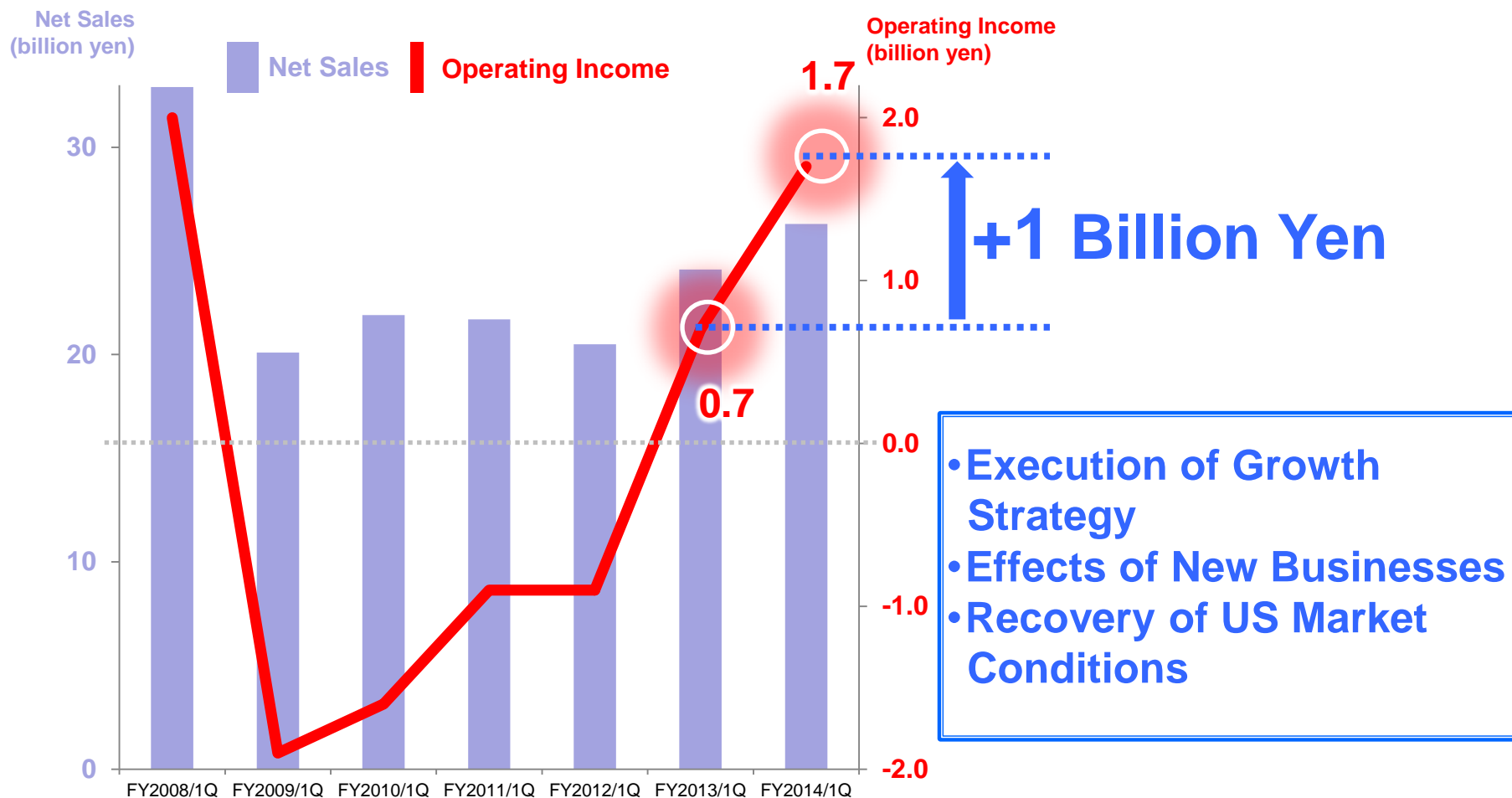
I . FY2014 1Q Financial Results

I - 1. FY2014 1Q Financial Results

I - 2. Overview of Each Company

Topic <Maintain the growth in sales and profit>

Trends of 1Q Financial Results



FY2014 1Q Financial Results

<Drastic improve on YoY basis>

(unit: million yen)

[Consolidated]		FY2013/1Q	FY2014/1Q	
		Actual	Actual	YoY
Net Sales		24,064	26,354	2,290
Gross Profit (Gross Profit Ratio)		11,145 (46.3%)	13,562 (51.5%)	2,417
SGA		10,437	11,826	1,389
Operating Income (Operating Income Ratio)		708 (2.9%)	1,735 (6.6%)	1,027
Non-Operating Expenses		-54	-283	-229
Ordinary Income		653	1,452	799
Extraordinary Income (Loss)		-104	-	104
Income (Loss) Before Income Taxes and Minority Interests		549	1,452	903
Net Income (Loss)		55	1,015	960
Exchange Rate (Average)	US\$	¥97.94	¥102.14	¥4.20
	EUR	¥127.35	¥140.01	¥12.66

FY2014 1Q Company Financial Results

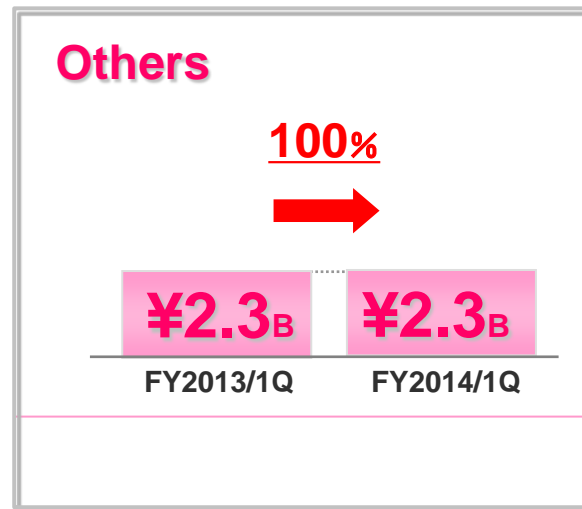
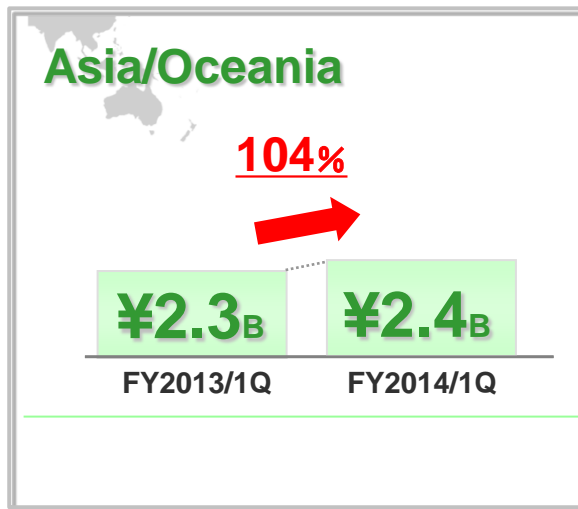
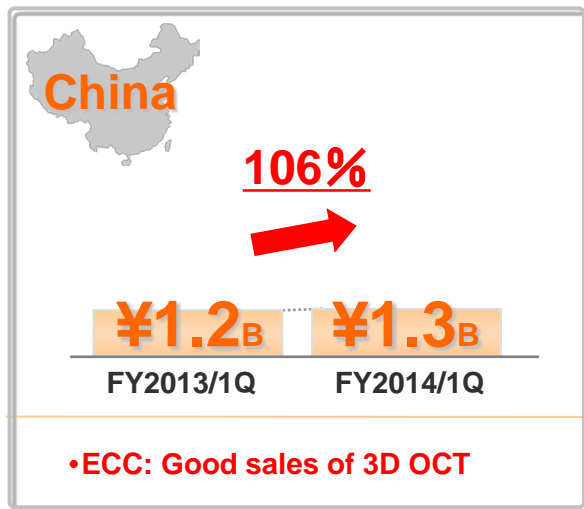
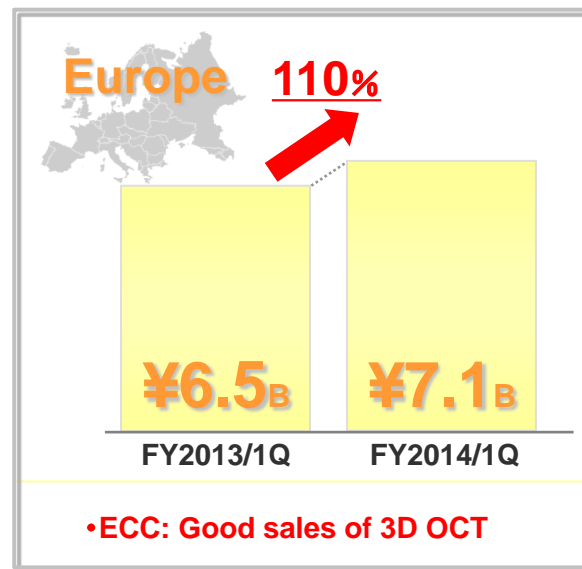
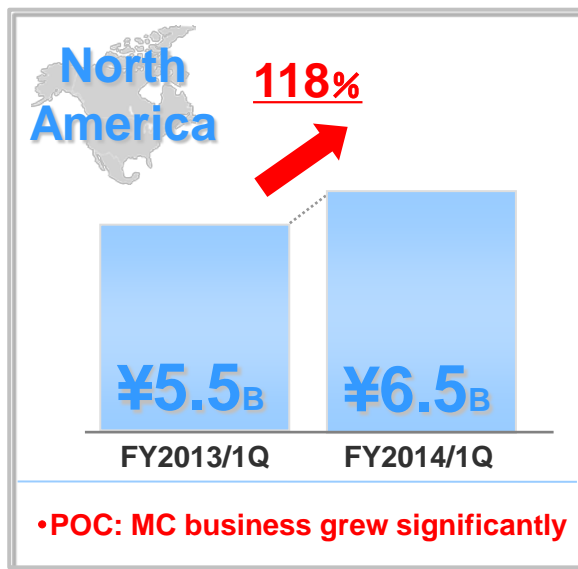
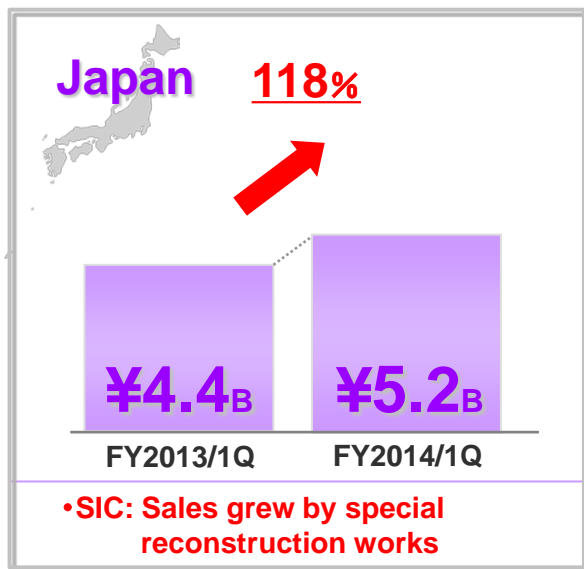
<All companies made significant growth in profit>

(unit: million yen)

[Consolidated]		FY2013/1Q	FY2014/1Q	
		Actual	Actual	YoY
Net Sales	Positioning	10,669	13,046	2,377
	Smart Infrastructure	6,759	6,757	-2
	Eye Care	7,457	7,900	443
	Others	1,574	1,250	-324
	Elimination	-2,396	-2,601	-205
	Total	24,064	26,354	2,290
Operating Income (Operating Income Ratio)	Positioning	752 (7.0%)	1,163 (8.9%)	411
	Smart Infrastructure	447 (6.6%)	832 (12.3%)	385
	Eye Care	21 (0.3%)	296 (3.7%)	275
	Others	-44 (-2.8%)	-125 (-10.0%)	-81
	Goodwill Amortization	-468	-431	37
	Total	708 (2.9%)	1,735 (6.6%)	1,027

Domestic and Overseas Sales (YoY)

<Growth in advanced countries>



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

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

I . FY2014 1Q Financial Results

I - 1. FY2014 1Q Financial Results

I - 2. Overview of Each Company

Overview of Each Company

<Expansion of OEM and reinforcing Asian markets>

Positioning

(unit: million yen)

	FY2013/1Q Actual	FY2014/1Q Actual	YoY	FY2014 Forecast
Net Sales	10,669	13,046	+2,377	57,000
Operating Income (Operating Income Ratio)	752 (7.0%)	1,163 (8.9%)	+411	6,200 (10.9%)

Review of FY2014 1Q Financial Results

+ Positive factors

- Construction business continues strong growth mainly in OEM (YoY150%)
- Expanding China business from reorganized distribution channel (YoY190%)
- North American construction markets showing growth (YoY120%)

- Negative factor

- Delayed recovery of the European markets

Overview of Each Company

<Strong sales in Japan and North America>

Smart Infrastructure

(unit: million yen)

	FY2013/1Q Actual	FY2014/1Q Actual	YoY	FY2014 Forecast
Net Sales	6,759	6,757	-2	37,000
Operating Income (Operating Income Ratio)	447 (6.6%)	832 (12.3%)	+385	5,900 (15.9%)

Review of FY2014 1Q Financial Results

+ Positive factors

- Domestic sales increased due to expanding procurement in special reconstruction works in Tohoku region (YoY 120%)
- Trend in domestic sales shifted to high-profit products
- Growth of North American construction market (YoY 120%)

- Negative factor

- Sluggish market in Russia

Overview of Each Company

<Strong OCT sales>

Eye Care

(unit: million yen)

	FY2013/1Q Actual	FY2014/1Q Actual	YoY	FY2014 Forecast
Net Sales	7,457	7,900	+443	42,000
Operating Income (Operating Income Ratio)	21 (0.3%)	296 (3.7%)	+275	5,500 (13.1%)

Review of FY2014 1Q Financial Results

+ Positive factors

- Continuous Sales Growth for 3D OCT-1 Maestro (YoY120%)
- Developing the Screening Market
(Rapid Growth of Fundus Camera Sales: YoY 230%)

- Negative factor

- Sluggish South-East Asian Market

Ⅱ. FY2014 Full Year Forecast

Ⅱ-1. FY2014 Full Year Forecast

Ⅱ-2. Strategic Plans for 2Q-4Q

Ⅱ-3. Summary

FY2014 Full Year Forecast

(unit: million yen)

[Consolidated]		FY2013		FY2014				
		1H	Full Year	1H		Full Year		April 25, 2014
		Actual	Actual	Forecast	YoY(%)	Forecast	YoY(%)	Announcement
Net Sales		52,795	116,685	60,000	114%	130,000	111%	130,000
Operating Income (Operating Income Ratio)		4,143 (7.8%)	11,730 (10.1%)	5,000 (8.3%)	121%	16,000 (12.3%)	136%	16,000 (12.3%)
Ordinary Income		4,040	11,300	4,300	106%	14,500	128%	14,500
Net Income		1,673	5,963	2,100	126%	8,300	139%	8,300
ROE			11.7%			15%		15%
ROIC			7.9%			11%		11%
Dividends		¥5	¥10	¥8		¥16		¥16
Exchange Rate (Average)	US\$	¥97.99	¥100.00	¥101.22		¥100.66		¥100
	EUR	¥128.79	¥134.01	¥137.86		¥136.54		¥135

Assumed exchange rate after July 2014 is ¥100/US\$, ¥135/EUR

FY2014 Company Full Year Forecast

(unit: million yen)

[Consolidated]		FY2013		FY2014				
		1H	Full Year	1H		Full Year		April 25, 2014
		Actual	Actual	Forecast	YoY(%)	Forecast	YoY(%)	Announcement
Net Sales	Positioning	22,352	48,959	27,000	121%	57,000	116%	57,000
	Smart Infrastructure	15,887	34,621	17,000	107%	37,000	107%	37,000
	Eye Care	17,072	38,736	19,000	111%	42,000	108%	42,000
	Others	3,175	6,625	3,000	94%	7,000	106%	7,000
	Elimination	-5,692	-12,258	-6,000		-13,000		-13,000
	Total	52,795	116,685	60,000	114%	130,000	111%	130,000
Operating Income (Operating Income Ratio)	Positioning	1,830 (8.2%)	4,514 (9.2%)	2,400 (8.9%)	131%	6,200 (10.9%)	137%	6,200 (10.9%)
	Smart Infrastructure	1,975 (12.4%)	5,201 (15.0%)	2,000 (11.8%)	101%	5,900 (15.9%)	113%	5,900 (15.9%)
	Eye Care	1,251 (7.3%)	4,003 (10.3%)	1,400 (7.4%)	112%	5,500 (13.1%)	137%	5,500 (13.1%)
	Others	16 (0.5%)	-205 (-3.1%)	100 (3.3%)	625%	300 (4.3%)	—%	300 (4.3%)
	Goodwill Amortization	-928	-1,782	-900		-1,900		-1,900
	Total	4,143 (7.8%)	11,730 (10.1%)	5,000 (8.3%)	121%	16,000 (12.3%)	136%	16,000 (12.3%)

Ⅱ. FY2014 Full Year Forecast

Ⅱ-1. FY2014 Full Year Forecast

Ⅱ-2. Strategic Plans for 2Q-4Q

Ⅱ-3. Summary

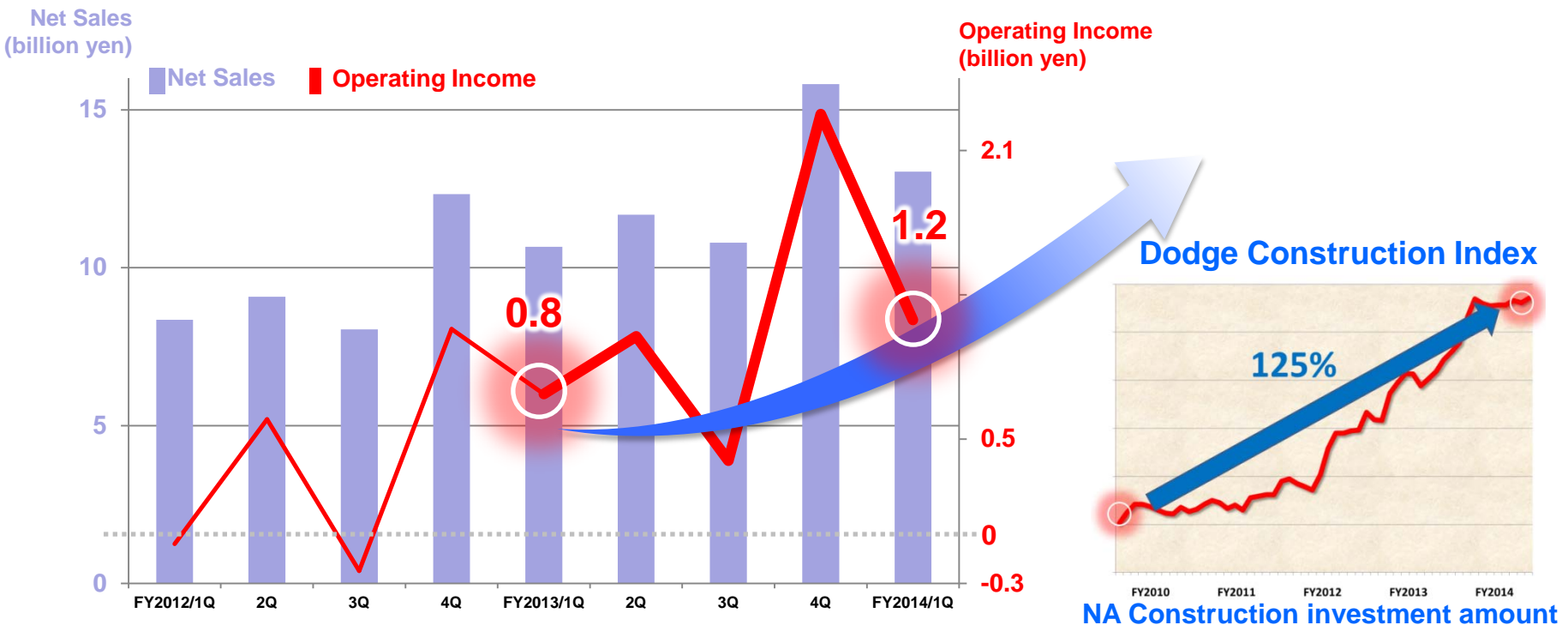
Strategic Plans for 2Q-4Q

<Securing Profit from Increased Sales>

Positioning

1. Positioning

- Further development of **OEM business** in construction field
- Continued share growth in the strong **North American construction market**

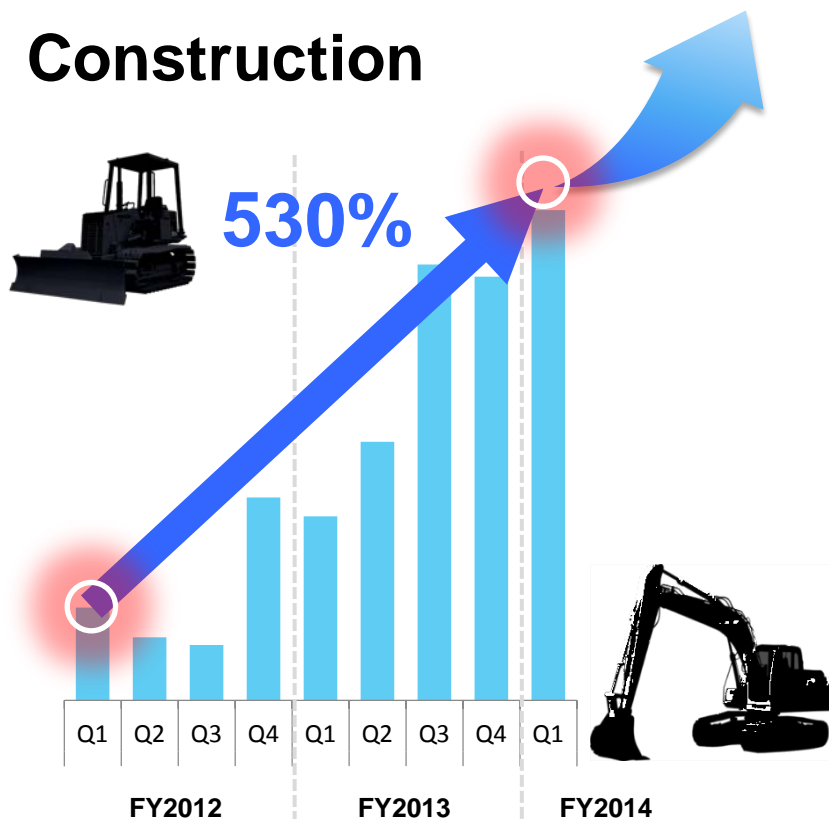


Expansion of OEM Business

<Fortifying alliances>

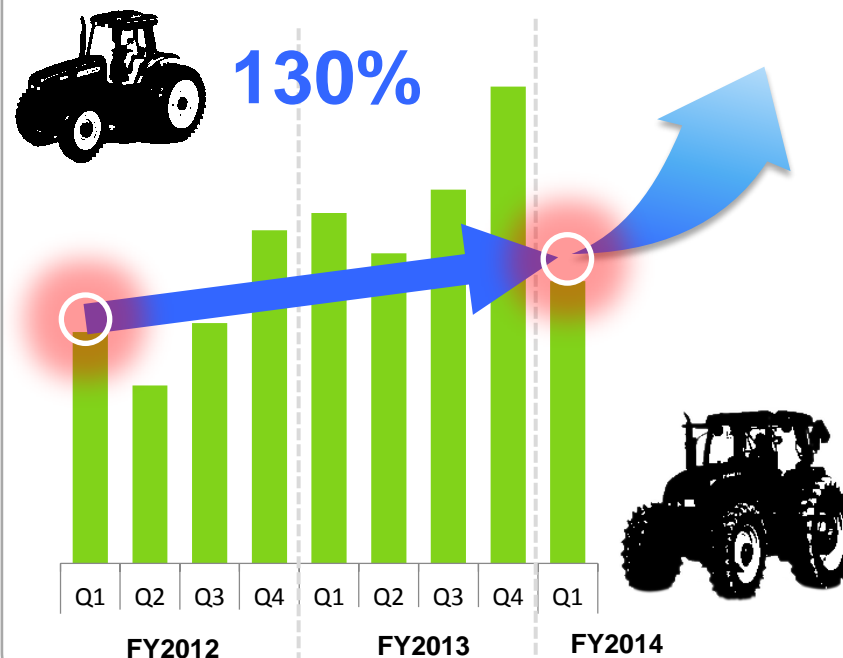
Positioning

Construction



- Striking growth
- Expecting further growth from new Excavator system

Precision Ag



- Steady & sure growth
- Constant growth in aftermarket field (145% growth compared to FY12/1Q)

New Products Launch

<Reinforcing each field with advanced technology>

Positioning

2014

Apr

Jul

Oct

2015

Jan

Mar

GPS

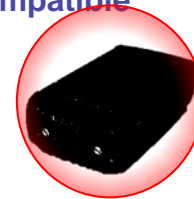


HiPer SR with integrated Cellular
Cellular enabled GNSS receiver



FC-500
Versatile hand-held data
collector for GIS applications

144→448 channel
QZSS-Beidou
compatible



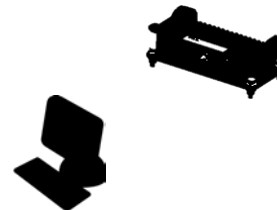
Revolutionary
GNSS Receiver

MC & AG*



HT-30
Haul truck
management
system

C-63
Compaction management
system



* MC=Machine Control
AG=Agriculture

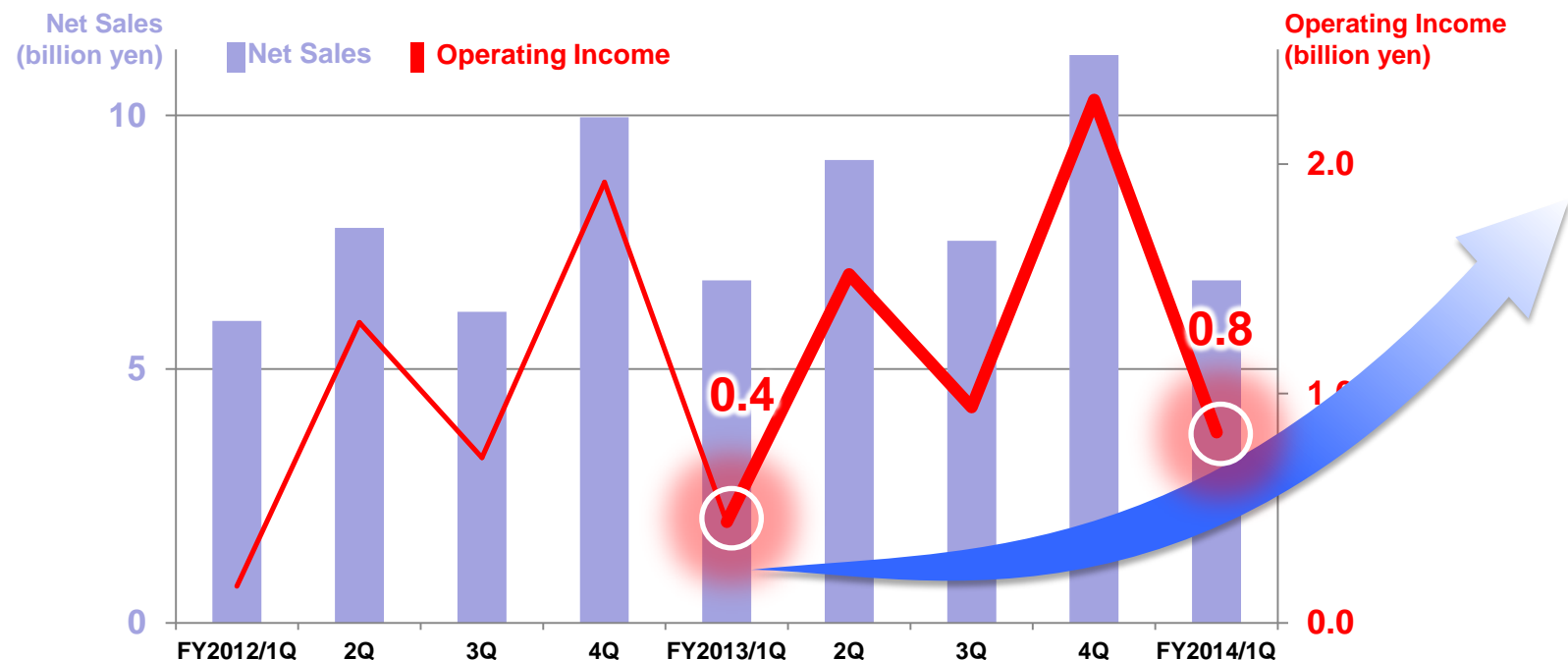
Strategic Plans for 2Q-4Q

<Expanding New Business by alliance and new products launch>

Smart Infrastructure

2. Smart Infrastructure

- Steady performance of core business by domestic special reconstruction works
- Penetrating into BIM market by business alliance with Autodesk
- Expansion of sales in maintenance business field with new 3D laser scanner
- Spreading a concept of one-person operation to civil engineering and construction works with disruptive new product LN-100



Shifting from 2D to 3D

High-Precision 3D Measurement and Construction Business



BIM



**AUTODESK
Business alliance**



Surveying

2D



Construction

Existing Business



Maintenance

Smart sensing of
aging infrastructure

Mitigating disaster

Cloud
Hi-accuracy 3D map



Emergency
alert for
evacuation

Expanding Business Domain

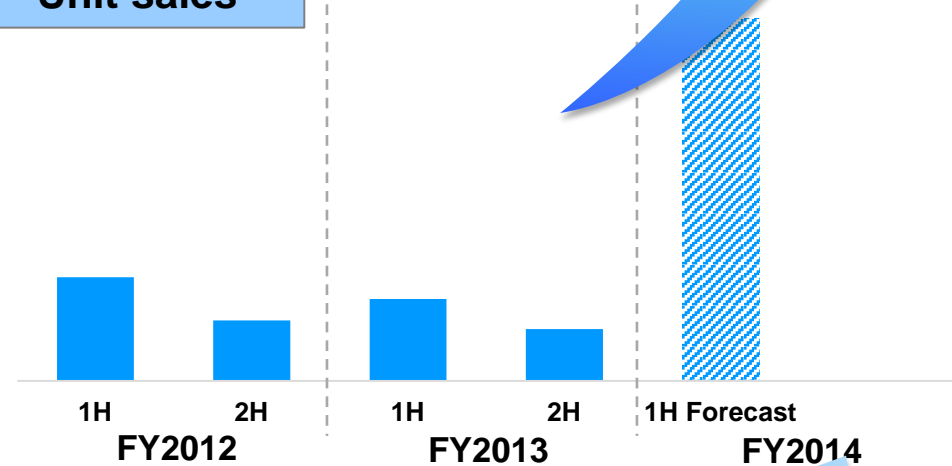
Sales Expansion in New Market

<Launching New Products>

Smart Infrastructure

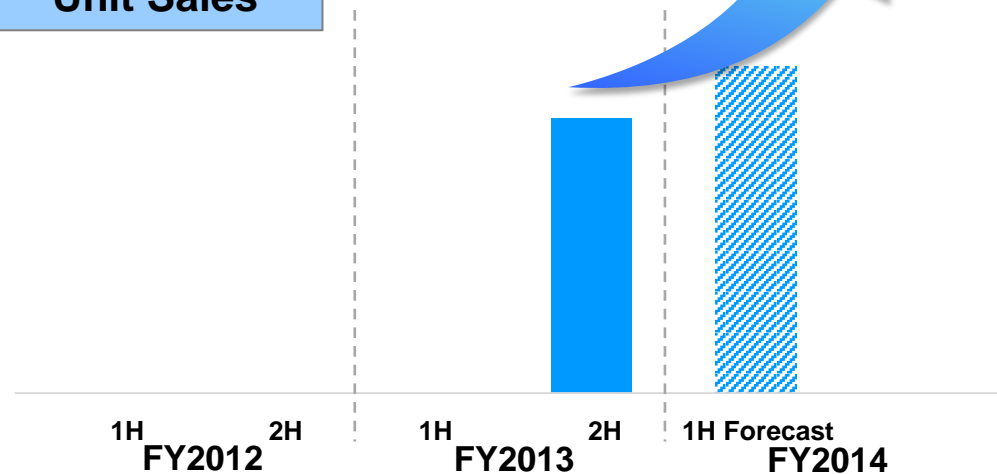
3D Laser Scanner

Unit sales



LN-100

Unit Sales



New Products Launch

<Enhancing product line for growing business>

Smart Infrastructure

2014
Apr

Jul

Oct

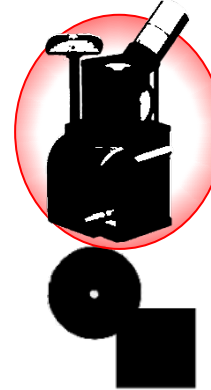
2015
Jan

Mar

3D Measurement
and others



ScanMaster



Total Stations
and others



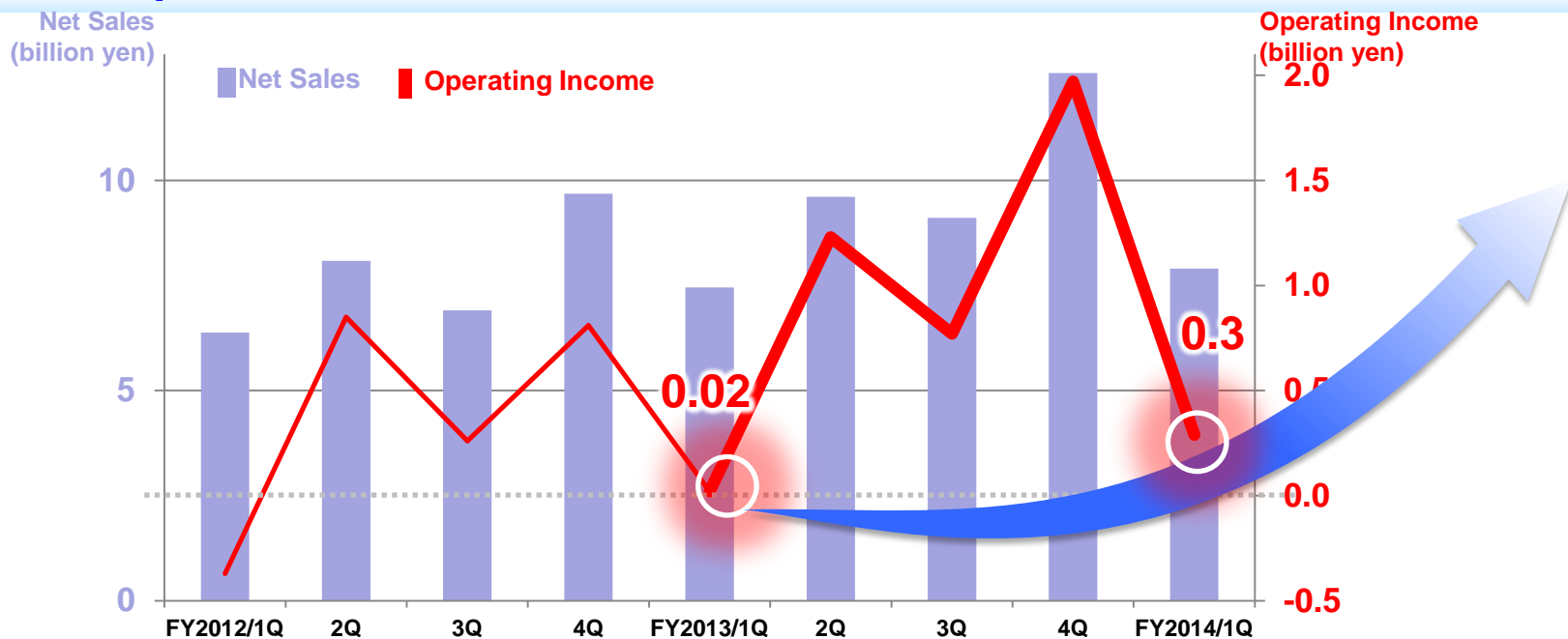
Strategic Plans for 2Q-4Q

<Sales expand for OCT/ Screening/ Treatment product >

Eye Care

3. Eye Care

- **3D OCT: New model release to OCT lineup (FY14/2H)**
- **Screening Market: Global sales expansion of screening device to Clinic & Chain Stores (1Q YoY 230%)**
- **FDA Approval: Continuous follow up by FDA special team (T-GREAT)**
- **Laser Treatment Product: New product (Synthesis TwinStar) launch for sales expansion**

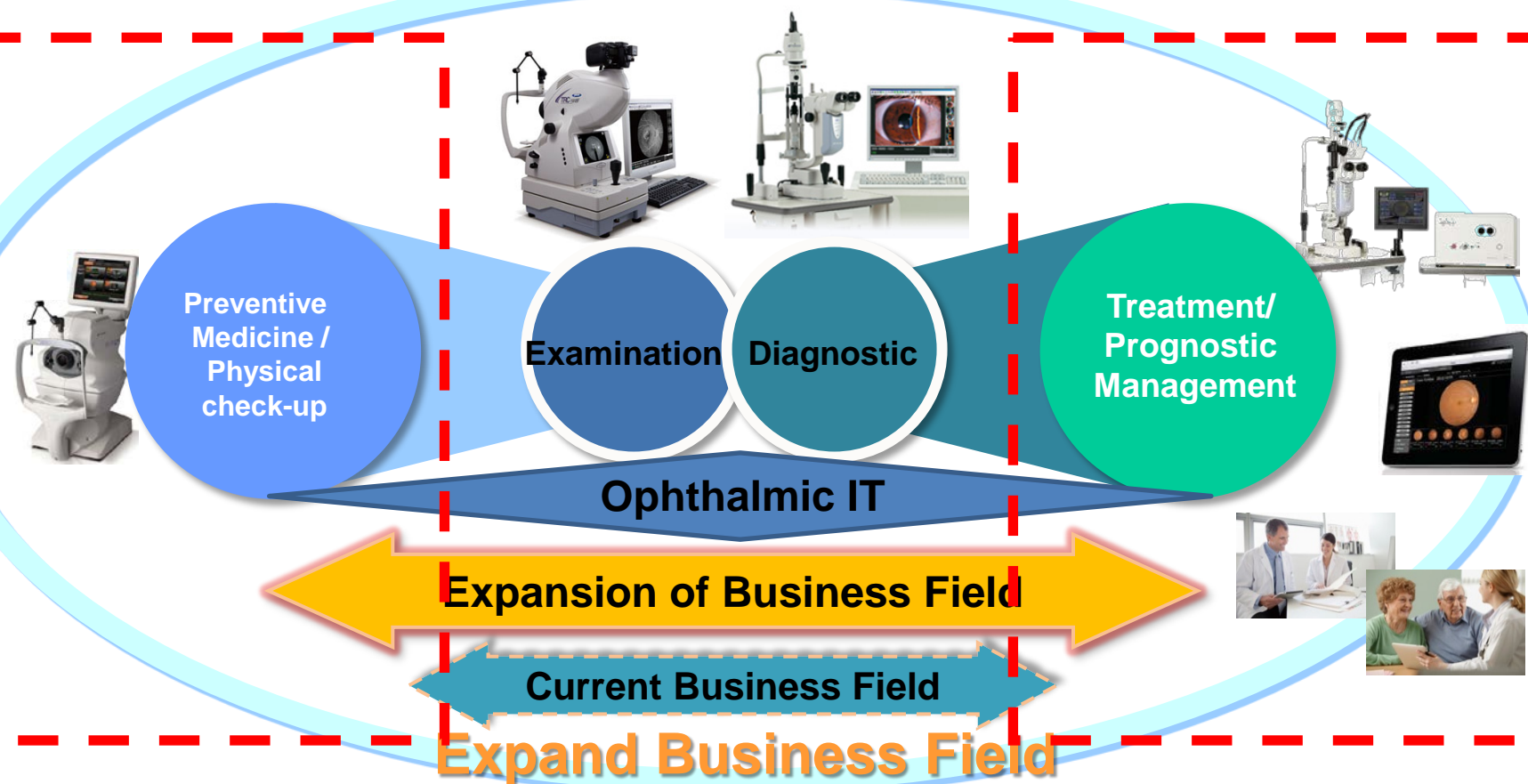


Sales & Profit Strategy

Eye Care

<Sales expansion in the Screening-Treatment market>

Strengthen Preventive Medicine and Treatment Segment by Enhancing the Strong Competitive of Examination/Diagnosis Segment



Sharing data with Cloud System and providing regional medical cooperation service

Hold down of Medical Expense Escalation

Singapore Government-led World's First Remote Screening System !



SiDRP Project

Connecting 18 Clinics to 2 Reading Center. Enable early detection of Diabetic Retinopathy without going to the hospital. Far-Sighted Singapore Government-Led Project to increase of Diabetic Patient.



Packaging contract of Remote Screening System



Developing the similar business model worldwide



Maestro Demand Expansion



From Fundus Camera to OCT "Maestro"

Sales & Profit Strategy

<Sales transition/ update>

Eye Care

Global Sales Transition

(unit: qty)

3D OCT



Full Auto

Operating with
only one finger OCT

120%

3D OCT-1 Maestro

1Q 2Q 3Q 4Q 1Q

FY2013

FY2014

Screening



Full Auto

Operating with
only one finger
Fundus Camera

230%

TRC-NW300
&
New TRC-NW400

1Q 2Q 3Q 4Q 1Q

FY2013

FY2014

Treatment Product



160%

StreamLine
&
New Synthesis(TwinStar)

1Q 2Q 3Q 4Q 1Q

FY2013

FY2014

New Products Launch

<New Products from 2Q>

Eye Care

2014
Apr

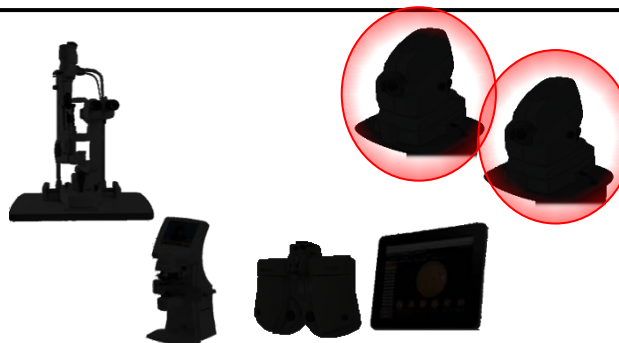
Jul

Oct

2015
Jan

Mar

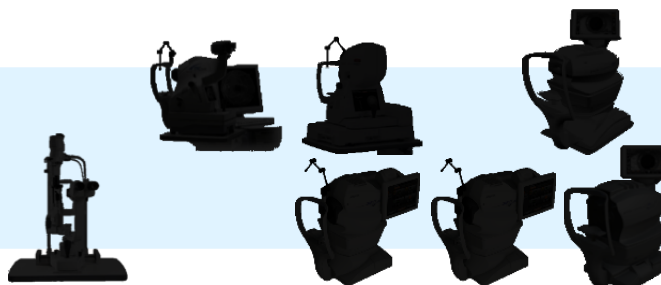
Examination/
Diagnosis



Treatment



FDA Approval
(Forecast)



Acquiring approval one after another

Ⅱ. FY2014 Full Year Forecast

Ⅱ-1. FY2014 Full Year Forecast

Ⅱ-2. Strategic Plans for 2Q-4Q

Ⅱ-3. Summary

Summary <Growth by constant launching of new products>

Trends of Financial Results (Quarterly)



We will accelerate revenue growth and high profitability furthermore then implement our growth strategy

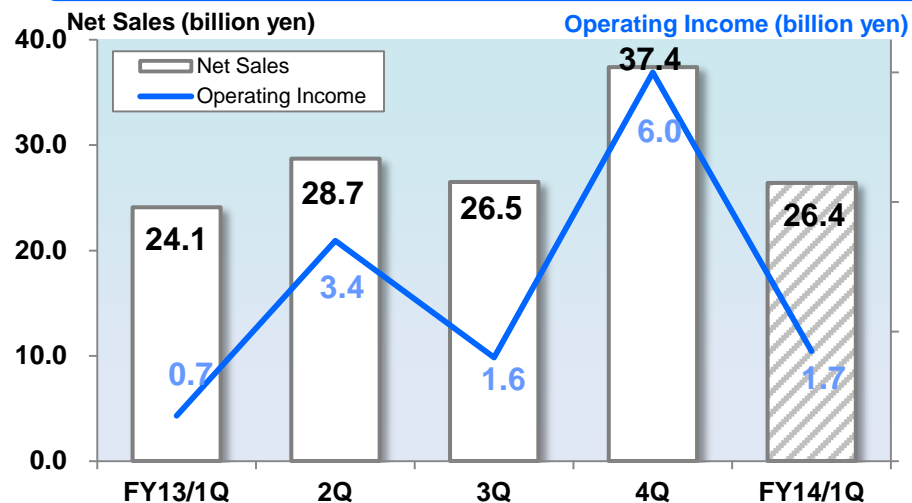
***Creativity
& Growth*** 

We will strive to increase the corporate value to reach the target of ROE20% by FY2015

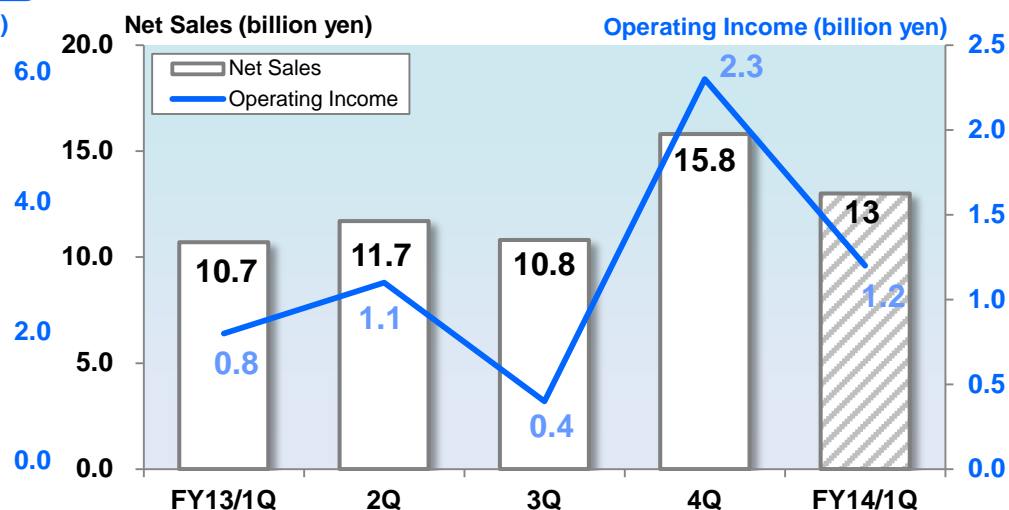
III. Appendix

Financial Results (Quarterly)

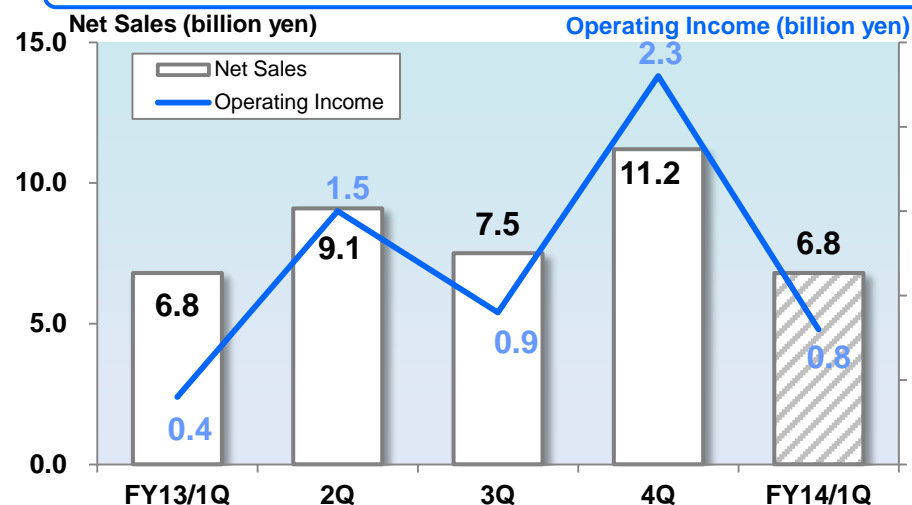
1. Consolidated



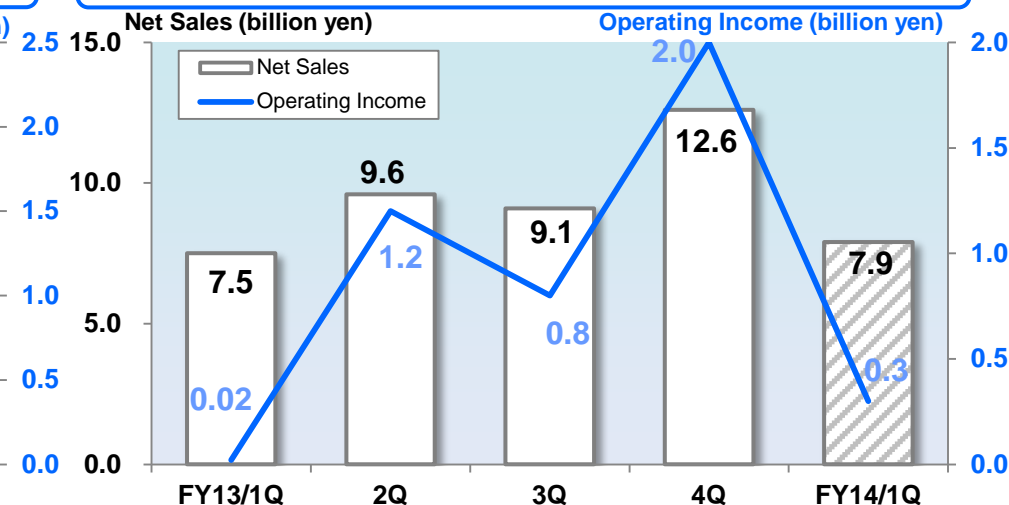
2. Positioning



3. Smart Infrastructure

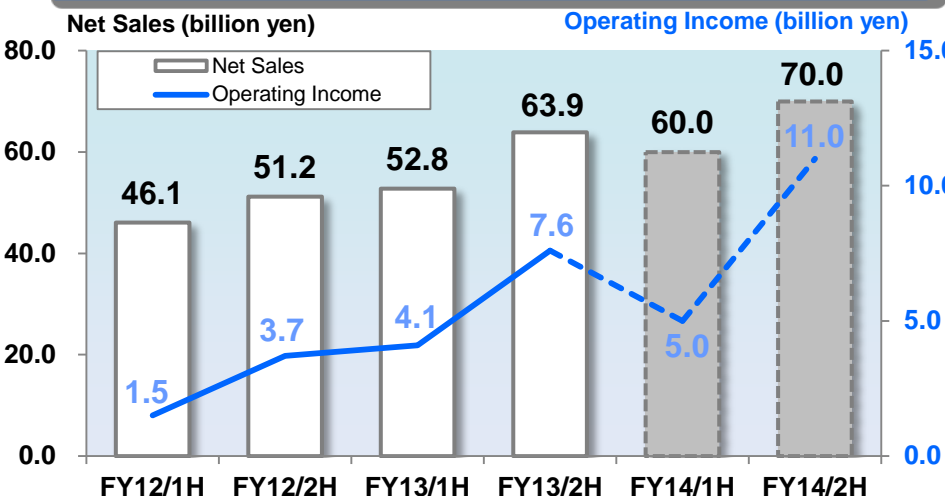


4. Eye Care

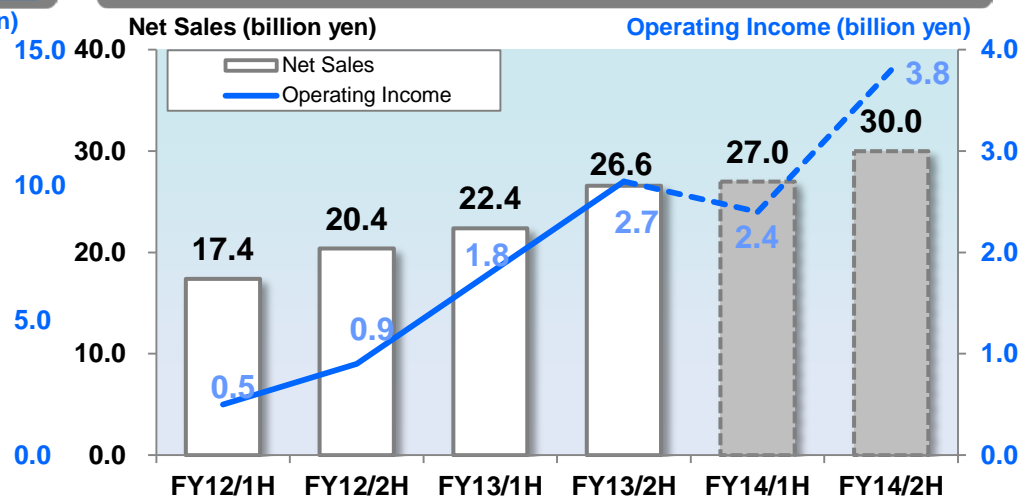


Financial Results and Forecast (Semiannually)

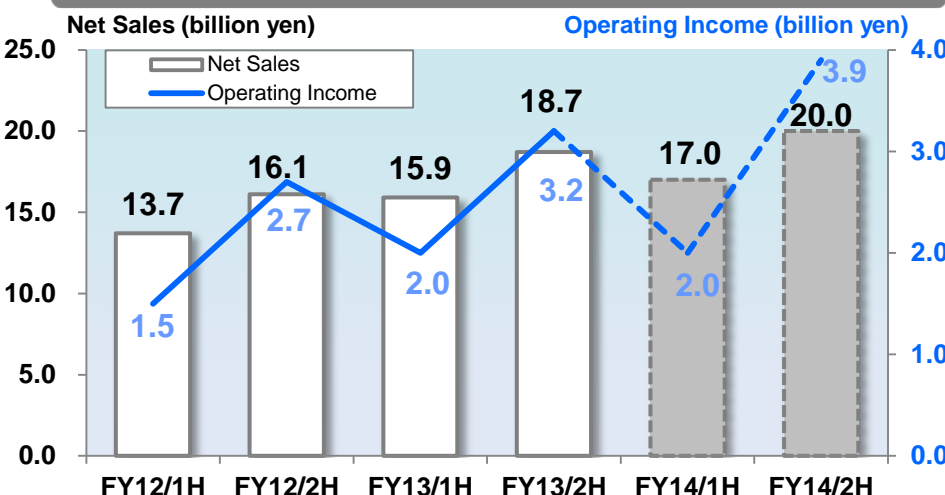
1. Consolidated



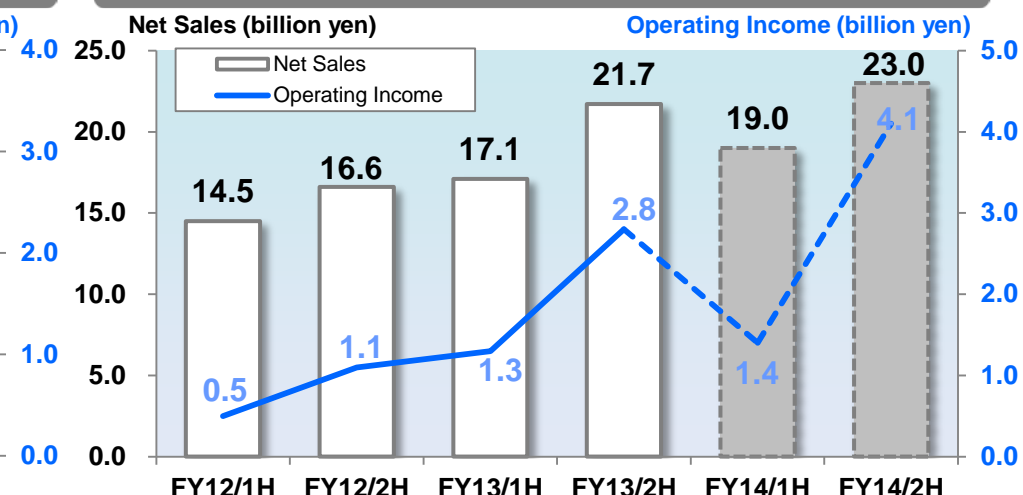
2. Positioning



3. Smart Infrastructure



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 July 31, 2014 at 16:30(UTC+9).

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