

FY2015 1Q

Financial Results

In this presentation, "FY2015" refers to the fiscal year ending March 31, 2016.

July 31, 2015

TOPCON CORPORATION

President & CEO Satoshi Hirano

CONTENTS

FY2015 1Q Financial Results

I

FY2015 1Q Financial Results

II

FY2015 Full Year Plan

III

Appendix

I . FY2015 1Q Financial Results

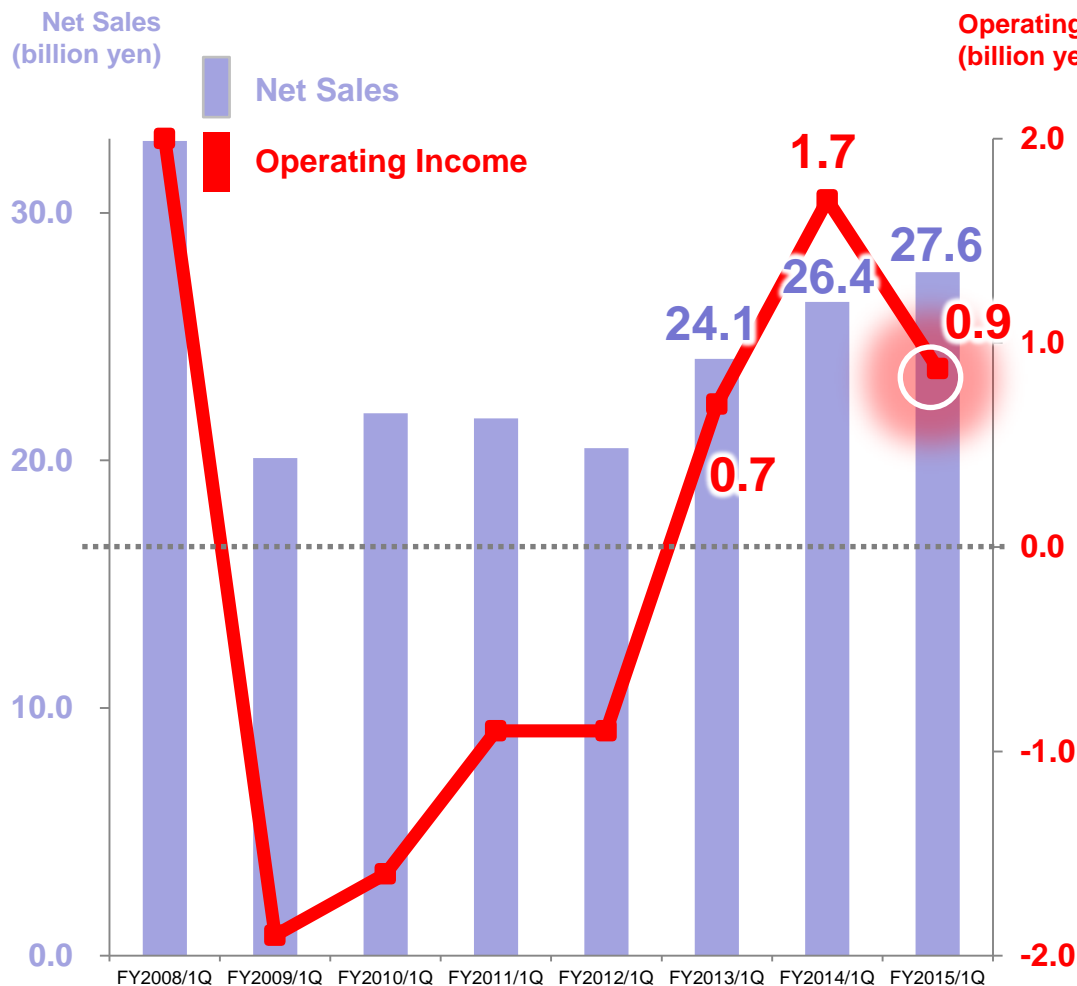
I -1. FY2015 1Q Financial Results

I -2. Overview of Each Company

Topic

<Growing but temporarily sluggish; Future investment is uninterrupted>

1Q Sales Trend



**Sales are increasing,
but profits are leveling off**

POC

- IT Agriculture is temporarily sluggish due to decline in the price of grain.
- Time is required for recovery, but not long term.
- Active investment is ongoing.

SIC/ECC

Confusion was seen due to introduction of ERP in 1Q, but recovery is expected in 2Q.

FY2015 1Q Financial Results

<Growing but temporarily sluggish>

(unit: million yen)

[Consolidated]		FY2014/1Q	FY2015/1Q	
		Actual	Actual	YoY
Net Sales		26,354	27,593	1,239
Gross Profit (Gross Profit Ratio)		13,562 (51.5%)	14,630 (53.0%)	1,068
SGA		11,826	13,756	1,930
Operating Income (Operating Income Ratio)		1,735 (6.6%)	874 (3.2%)	-861
Non-Operating Income (Expenses)		-283	-83	200
Ordinary Income		1,452	790	-662
Extraordinary Income (Loss)		-	-	-
Income Before Income Taxes and Minority Interests		1,452	790	-662
Net Income*		1,015	249	-766
Exchange Rate (Average)	US\$	¥102.14	¥121.34	¥19.20
	EUR	¥140.01	¥133.86	¥-6.15

* According to change in Japanese Accounting Standards, the former Net Income is shown as "Profit (loss) attributable to owners of parent" on financial statements.

FY2015 1Q Company Financial Results

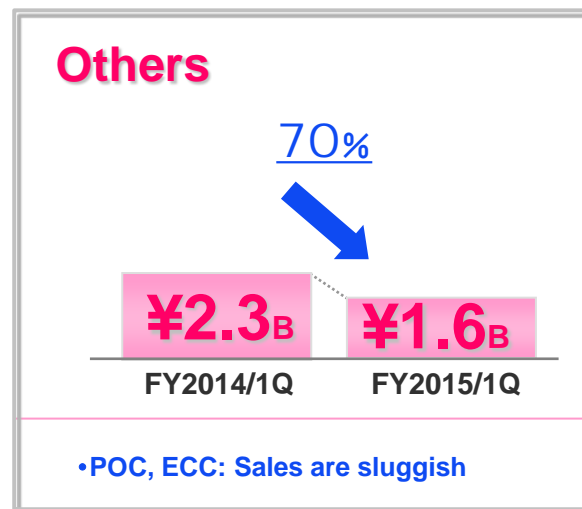
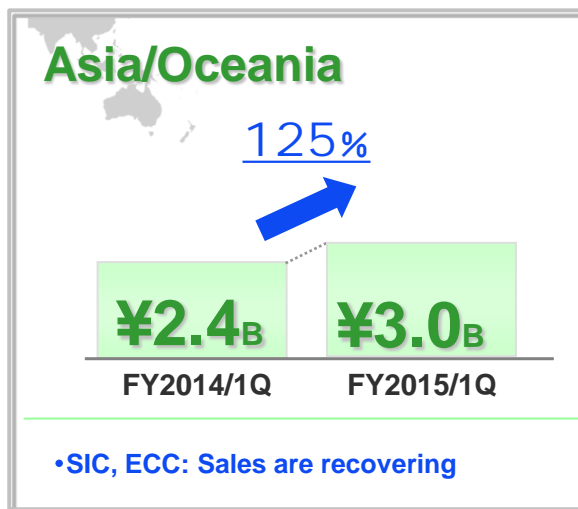
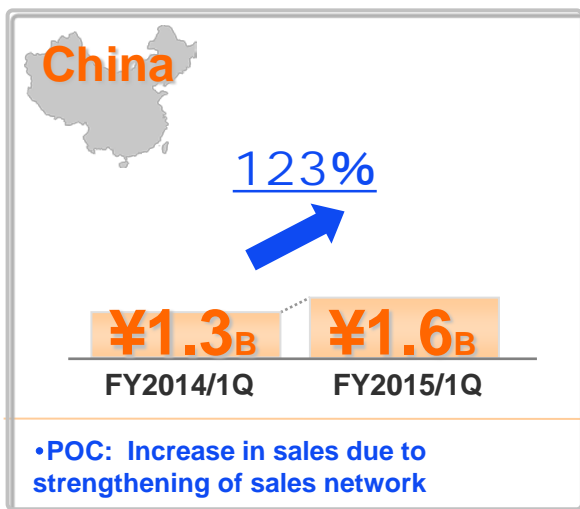
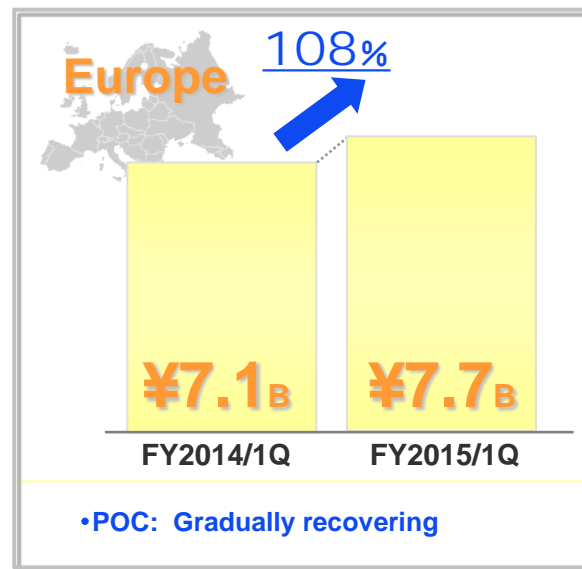
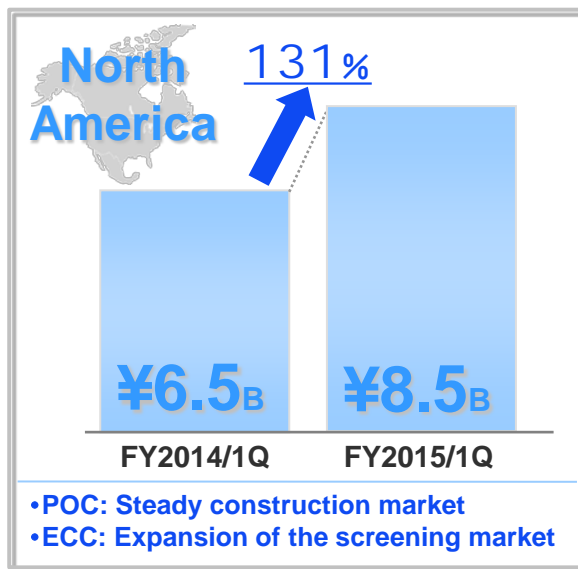
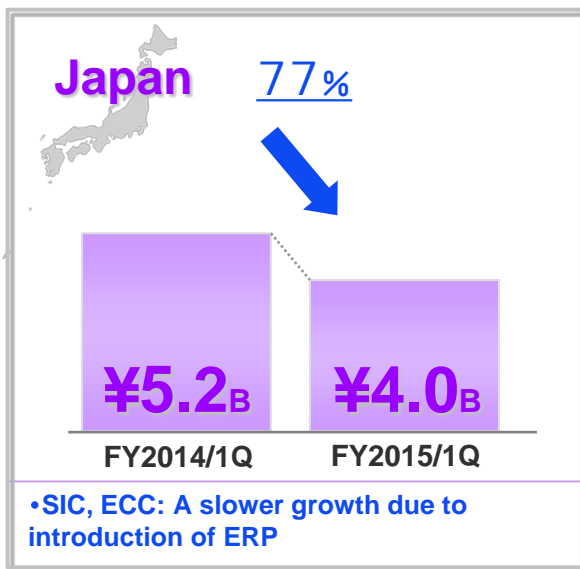
<Increased sales in companies>

(unit: million yen)

[Consolidated]		FY2014/1Q	FY2015/1Q	
		Actual	Actual	YoY
Net Sales	Positioning	13,046	14,386	1,340
	Smart Infrastructure	6,757	7,086	329
	Eye Care	7,900	7,887	-13
	Others	1,250	1,203	-47
	Elimination	-2,601	-2,969	-368
	Total	26,354	27,593	1,239
Operating Income (Operating Income Ratio)	Positioning	1,163 (8.9%)	647 (4.5%)	-516
	Smart Infrastructure	832 (12.3%)	410 (5.8%)	-422
	Eye Care	296 (3.7%)	468 (5.9%)	172
	Others	-125 (-10.0%)	-69 (-5.7%)	56
	Goodwill Amortization	-431	-582	-151
	Total	1,735 (6.6%)	874 (3.2%)	-861

Domestic and Overseas Sales (YoY)

<Western countries, China and Asia are steady>



• Net sales of "Others" are excluded from figures above.

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

I . FY2015 1Q Financial Results

I -1. FY2015 1Q Financial Results

I -2. Overview of Each Company

(unit: million yen)

	FY2014/1Q Actual	FY2015/1Q Actual	YoY(%)
Net Sales	13,046	14,386	110%
Operating Income (Operating Income Ratio)	1,163 (8.9%)	647 (4.5%)	56%

Review of 1Q Financial Results

+ Positive factor

- IT construction in the North American market continues strong growth (YoY105%)

- Negative factors

- Stagnation in the agriculture market (crop price tending down)
- Unexpected drop in gross profit due to sales decrease in IT agriculture

(unit: million yen)

	FY2014/1Q Actual	FY2015/1Q Actual	YoY(%)
Net Sales	6,757	7,086	105%
Operating Income (Operating Income Ratio)	832 (12.3%)	410 (5.8%)	49%

Review of 1Q Financial Results

+ Positive factors

- Sales expansion of **IT Construction System in Japan** (YoY150%)
- Demand for labor saving and efficiency products in the **Asian Market** (YoY150%)

- Negative factors

- Stagnating sales due to transient disorder when introducing ERP
- Temporary increase in development cost (launch of new products after 2Q)

(unit: million yen)

	FY2014/1Q Actual	FY2015/1Q Actual	YoY(%)
Net Sales	7,900	7,887	100%
Operating Income (Operating Income Ratio)	296 (3.7%)	468 (5.9%)	158%

Review of 1Q Financial Results

+ Positive factors

- Expansion of fundus camera for screening market (YoY125%)
- Sales growth for US market (YoY130%)
- Steady sales of DRI OCT Triton/3D OCT Maestro

- Negative factor

- Slow sales due to temporary disorder when introducing ERP

Ⅱ . FY2015 Full Year Plan

Ⅱ -1. FY2015 Full Year Plan

Ⅱ -2. Strategic Plans for 2Q-4Q

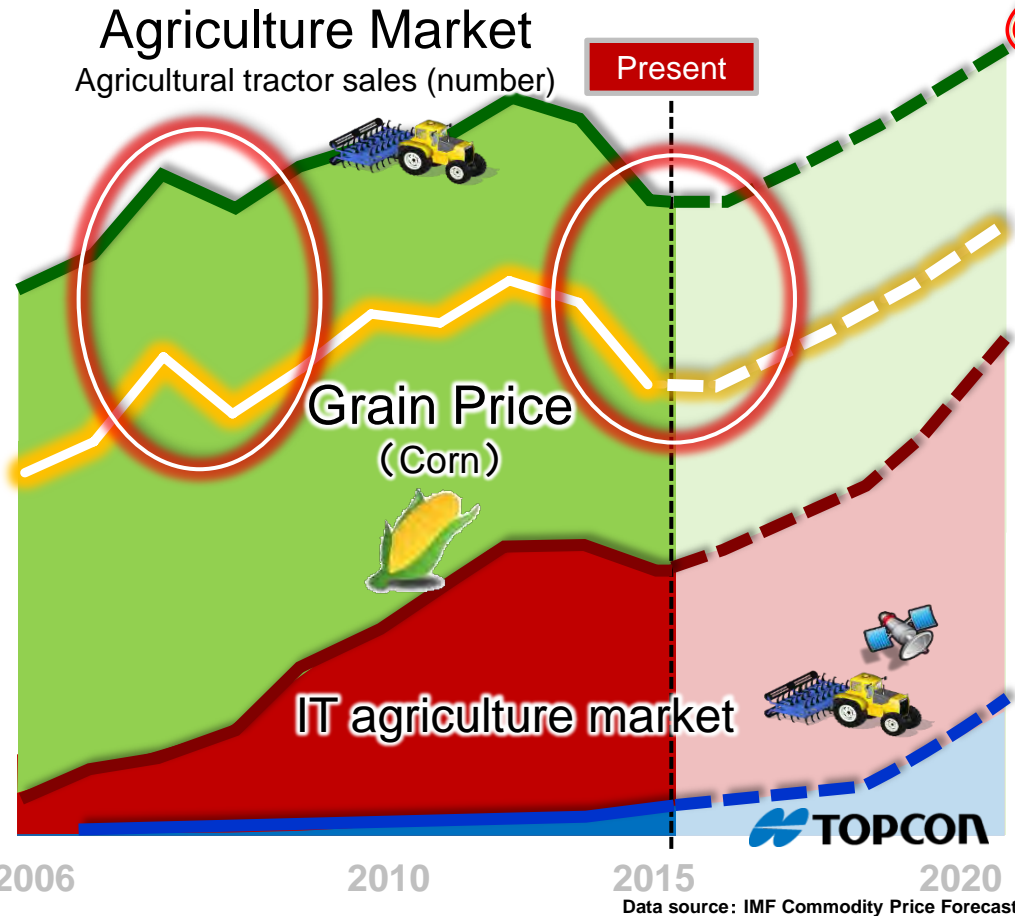
Ⅱ -3. Summary

Change in the Management Environment

<Temporarily sluggish in IT Agriculture>

Transition of grain price and agriculture market

The agriculture market transitions with the grain price



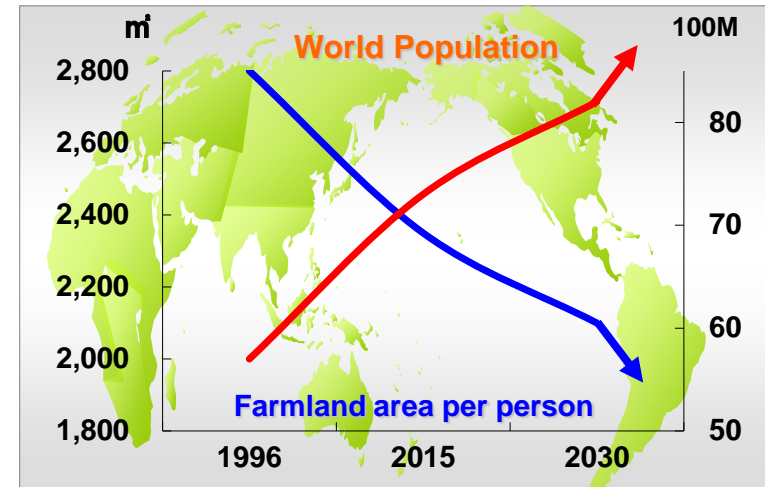
Short-term

Temporarily sluggish in the agriculture market due to decline in grain price

Long-term

With the social problems which lie upon us, IT agriculture market will certainly expand

However



The grain market is partially recovering, but still difficult to outlook the whole market

Revision of yearly forecast

FY2015 Full Year Plan <Increase sales and profit>

(unit: million yen)

[Consolidated]		FY2014		FY2015					
		1H	Full Year	1H			Full Year		
		Actual	Actual	New Plan	Change	YoY (%)	New Plan	Change	YoY (%)
Net Sales		59,402	128,569	67,000	0	113%	150,000	0	117%
Operating Income (Operating Income Ratio)		5,905 (9.9%)	16,041 (12.5%)	6,000 (9.0%)	-1,500	102%	19,000 (12.7%)	-3,000	118%
Ordinary Income		5,640	14,880	5,700	-1,100	101%	17,500	-3,000	118%
Net Income*1		3,489	8,670	3,100	-1,000	89%	10,800	-2,000	125%
ROE			14.8%				17%		
ROIC			10.9%				13%		
Dividends		¥8	¥16	¥12			¥24		
Exchange Rate*2 (Average)	US\$	¥103.51	¥110.03	¥118.62			¥116.95		
	EUR	¥139.07	¥138.68	¥132.21			¥131.19		

*1 According to change in Japanese Accounting Standards, the former Net Income is shown as "Profit (loss) attributable to owners of parent" on financial statements.

*2 Assumed exchange rate after July 2015 is ¥115/US\$, ¥130/EUR

FY2015 Company Full Year Plan

<Increase sales and profit>

(unit: million yen)

[Consolidated]		FY2014		FY2015					
		1H	Full Year	1H			Full Year		
		Actual	Actual	Plan	Change	YoY (%)	Plan	Change	YoY (%)
Net Sales	Positioning	27,383	58,672	32,000	-3,000	117%	72,000	-2,000	123%
	Smart Infrastructure	15,639	33,909	19,000	2,000	122%	42,000	1,000	124%
	Eye Care	18,582	41,240	21,000	1,000	113%	47,000	1,000	114%
	Others	3,493	6,558	2,500	0	72%	5,000	0	76%
	Elimination	-5,697	-11,812	-7,500			-16,000		
	Total	59,402	128,569	67,000	0	113%	150,000	0	117%
Operating Income (Operating Income Ratio)	Positioning	2,929 (10.7%)	6,652 (11.3%)	2,500 (7.8%)	-2,000	85%	7,500 (10.4%)	-3,000	113%
	Smart Infrastructure	2,242 (14.3%)	5,965 (17.6%)	2,500 (13.2%)	500	112%	7,000 (16.7%)	0	117%
	Eye Care	1,462 (7.9%)	5,093 (12.3%)	2,000 (9.5%)	0	137%	6,500 (13.8%)	0	128%
	Others	136 (3.9%)	163 (2.5%)	200 (8.0%)	0	147%	400 (8.0%)	0	245%
	Goodwill Amortization	-866	-1,833	-1,200			-2,400		
	Total	5,905 (9.9%)	16,041 (12.5%)	6,000 (9.0%)	-1,500	102%	19,000 (12.7%)	-3,000	118%

Ⅱ . FY2015 Full Year Plan

Ⅱ -1. FY2015 Full Year Plan

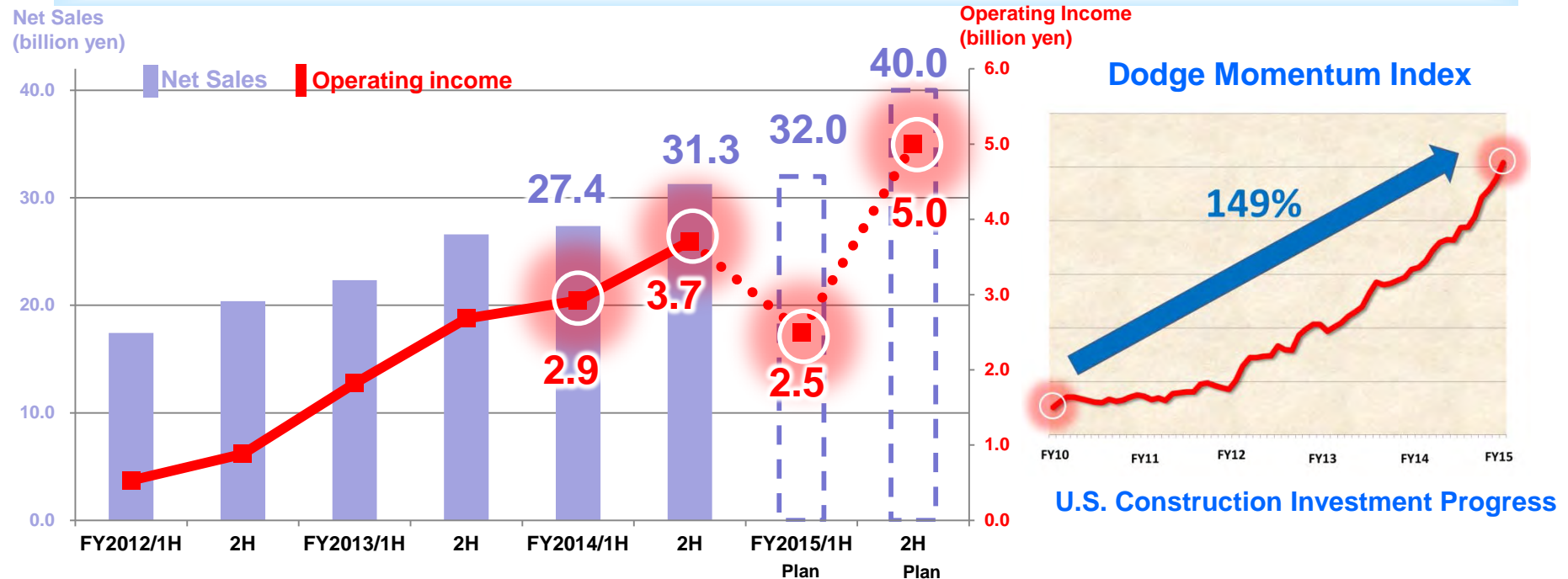
Ⅱ -2. Strategic Plans for 2Q-4Q

Ⅱ -3. Summary

1. Positioning Company

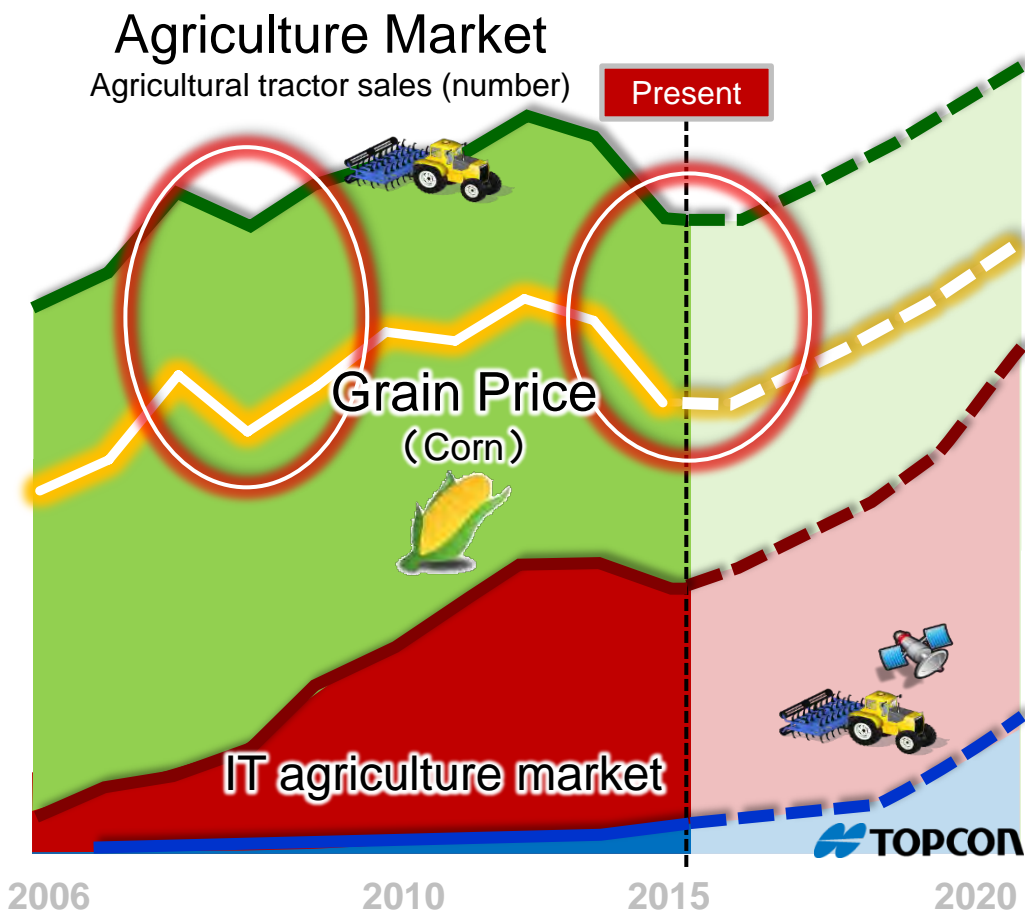
Focused Strategy

- Larger share in IT agriculture business of Topcon products combined with advanced technologies from acquired companies
- Sales expansion of IT Construction Business in the steady American market



Transition of grain price and agriculture market

The agriculture market transitions with the grain price



Short-term

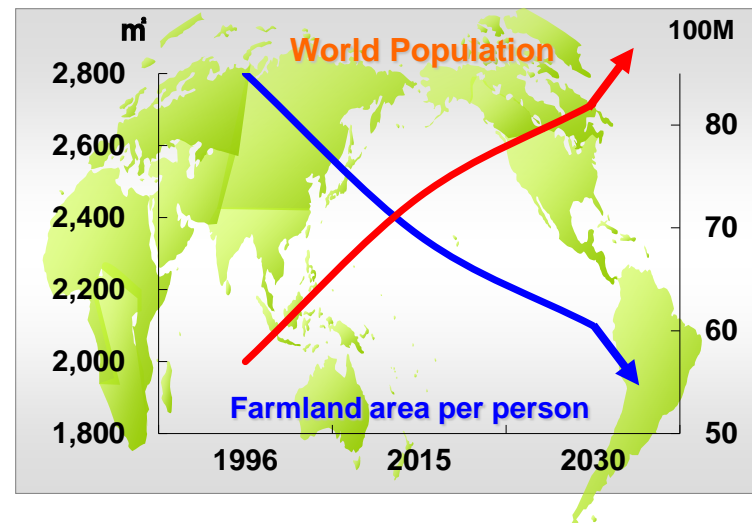
Temporarily sluggish in the agriculture market due to decline in grain price



However

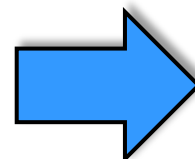
Long-term

With the social problems which lie upon us, IT agriculture market will certainly expand



Synergy effect through Investment

Merge Topcon's Unique Technologies
and New Advanced Technologies



Innovative Products



Enhancement of Product Portfolio



IT Agriculture

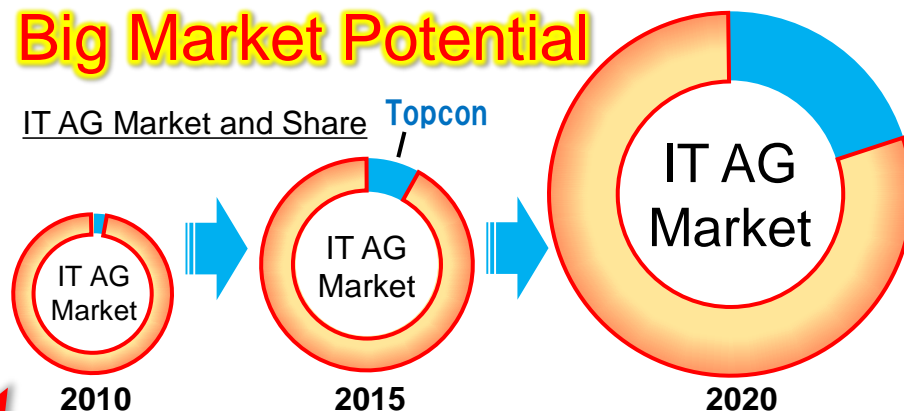
<Effective Measures: Larger share with advanced technologies>

Positioning

**Expand Market Share
with Innovative Products**

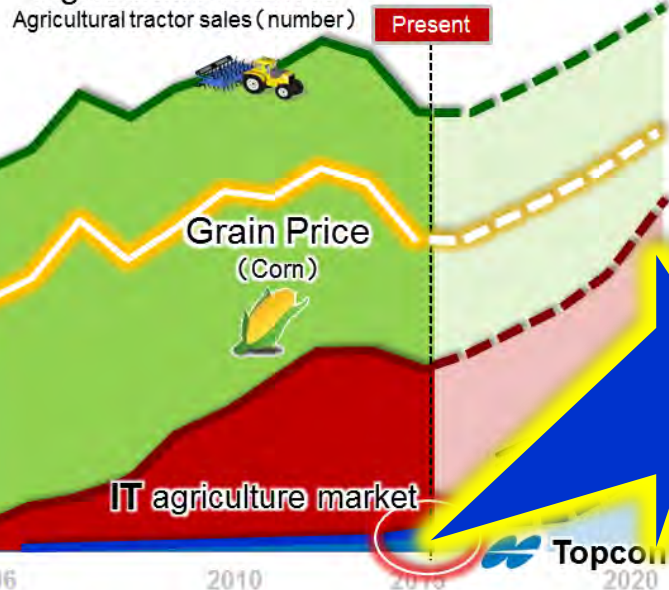
Big Market Potential

IT AG Market and Share



Transition of grain price and agriculture market

Agriculture Market
Agricultural tractor sales (number)



Previous Plan

**Investment
Effect**

Present

If we didn't invest

FY15

FY16

IT Construction Business Sales Transition and Forecast (worldwide)

Machines ratio with MC System

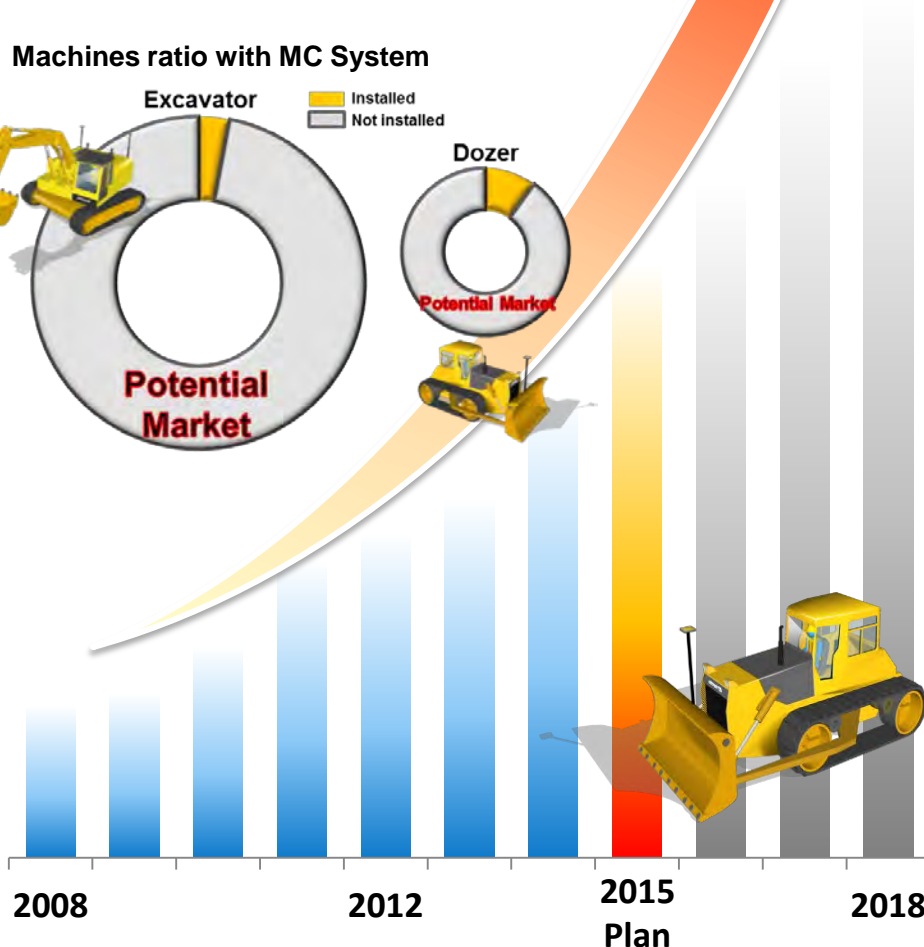
Excavator

■ Installed
■ Not installed

Dozer

Potential Market

Potential Market

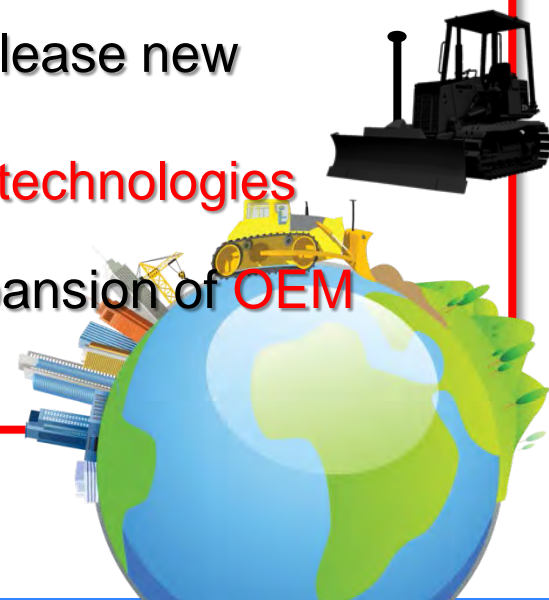


IT Construction Business will grow continuously

① **Sales growth** in the huge potential market

② Plans to release new products **with revolutionary technologies**

③ Further expansion of **OEM business**



New Products

<Revitalization of the market with revolutionary products>

Positioning

2015

Apr

Jul

Oct

2016

Jan

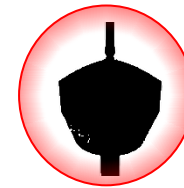
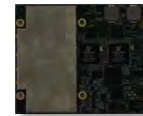
Mar

GPS

GCX2
Revolutionary
GNSS receiver

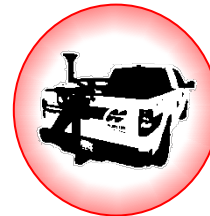
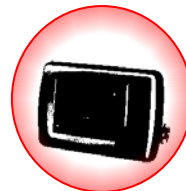


NET-G5
448channel
QZSS•Beidou compatible



MC & AG*

C-63
Compaction Management
System w/Temperature
sensor



* MC=Machine Control
AG=IT Agriculture