

FY18Q1

Financial Results

Aug 3, 2018@Station Conference Tokyo

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HOYA CORPORATION

1. Financial Results [Ryo Hirooka, CFO]

2. IT Business Overview

3. Life Care Business Overview

4. Summary

5. Q&A

Financial Overview

(¥bn)	Q1 FY18	Q1 FY18	YoY	YoY(%)
Revenue	127.2	138.9	+11.7	+9%
Pretax Profit	30.5	35.2	+4.7	+15%
Net Profit	25.2	28.5	+3.3	+13%
cf. Profit from ordinary operating activities*	29.7	35.3	+5.6	+19%

*Herein after “Operating Profit”

Achieved record-high quarterly revenue and operating profit.

Constant Currency Basis (CCB)

(¥bn)	Previous Rate (A)	Current Rate (B)	FX Impact	YoY	YoY(%)
Revenue	138.9	138.9	+0.0	+11.7	+9%
Pretax Profit	34.9	35.2	+0.3	+4.3	+14%
Net Profit	28.2	28.5	+0.3	+3.0	+12%

Average Rates	(A)Q1 FY17	(B)Q1 FY18	Variance
US\$	¥111.42	¥109.53	+1.7%
EURO	¥124.26	¥129.01	-3.8%
BAHT	¥3.25	¥3.39	-4.3%

Notes RE: Non-Operating Items

Comprehensive Income Statement

(¥bn)	Q1 FY17	Q1 FY18	YoY
Income	128.3	139.9	+11.6
Expenditure	97.8	104.7	+6.9
Pretax Profit	30.5	35.2	+4.7



No remarks this quarter.

Life Care Earnings

(¥bn)	Q1 FY17	Q1 FY18	YoY	YoY(%)
Revenue*	82.8	91.3	+8.5	+10%
Pretax Profit	14.1	17.4	+3.3	+24%
cf.Operating Profit	14.1	17.8	+3.8	+27%
cf.OP Margin	17.0%	19.5%	+2.5pt	

*External revenue

Life Care Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	Real YoY	Real YoY(%)
Revenue*	91.0	91.3	+0.3	+8.2	+10%
Pretax Profit	17.0	17.4	+0.4	+2.9	+21%
cf.Operating Profit	17.6	17.8	+0.2	+3.5	+25%

*External revenue

IT Earnings

(¥bn)	Q1 FY17	Q1 FY18	YoY	YoY(%)
Revenue*	43.6	46.6	+3.0	+7%
Pretax profit	16.7	19.0	+2.4	+14%
cf.Operating Profit	16.6	18.8	+2.2	+13%
cf.OP Margin	38.0%	40.3%	+2.3pt	

*External revenue

IT Earnings (CCB)

(¥bn)	Q1 FY17	Q1 FY18	FX Impact	Real YoY	Real YoY(%)
Revenue*	46.9	46.6	-0.3	+3.3	+8%
Pretax profit	19.1	19.0	-0.1	+2.4	+15%
cf.Operating Profit	18.8	18.8	-0.1	+2.3	+14%

*External revenue

Earnings by Sub-Segment

Healthcare Revenue
Eyeglass Lenses / Contact Lenses

(¥bn)	Q1 FY17	Q1 FY18	YoY	YoY(%)
Revenue*	62.1	69.6	+7.6	+12%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	69.5	69.6	+7.4	+12%

*External revenue

Earnings by Sub-Segment

<div>Medical Revenue</div> <div>Endoscopes / IOLs</div>				
(¥bn)	Q1 FY17	Q1 FY18	YoY	YoY(%)
Revenue*	20.7	21.7	+0.9	+5%

Constant Currency Basis				
(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	21.4	21.7	+0.7	+3%

*External revenue

Earnings by Sub-Segment

<div> <div>Electronics</div> <div>Masks & Blanks / HDD Substrates</div> </div>				
(¥bn)	Q1 FY17	Q1 FY18	YoY	YoY(%)
Revenue*	33.5	35.4	+1.9	+6%

<div> <div>Constant Currency Basis</div> </div>				
(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	35.8	35.4	+2.3	+7%

*External revenue

Earnings by Sub-Segment

Imaging
Camera Lenses, Etc.

(¥bn)	Q1 FY17	Q1 FY18	YoY	YoY(%)
Revenue*	10.0	11.1	+1.1	+11%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	11.1	11.1	+1.1	+11%

*External revenue

Balance Sheet

(¥bn)	Q4 FY18	Q1 FY18	QoQ
Non-current Assets	204.5	230.5	+26.0
Current Assets	446.2	431.7	-14.5
Capital	530.7	547.3	+16.6
Non-current Liabilities	15.7	15.8	+0.1
Current Liabilities	104.3	99.0	-5.2
Total	650.6	662.1	+11.5

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Net cash decreased due to investment in Toshiba Memory (¥27bn) and dividends (¥16.5bn). Current assets decreased ¥14.5bn.

Cash Flow

(¥bn)	Q1 FY17	Q1 FY18	YoY
Operating CF	24.8	25.8	+1.0
Investing CF	-4.5	-32.2	-27.6
Financing CF	-17.1	-16.9	+0.1
Cash & Cash Equivalents at the end of the term	304.2	226.2	-78.0

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Net cash used in investing activities increased by ¥27.6bn due to investment in Toshiba Memory.

FY18 Q2 Forecast

(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Revenue	135.8	139.1	+3.3	+3%
Pretax Profit	32.9	33.8	+0.9	+3%
Net Profit	26.8	27.5	+0.7	+3%

1. Financial Results

2. IT Business Overview [Eiichiro Ikeda, COO/CTO]

3. Life Care Business Overview

4. Summary

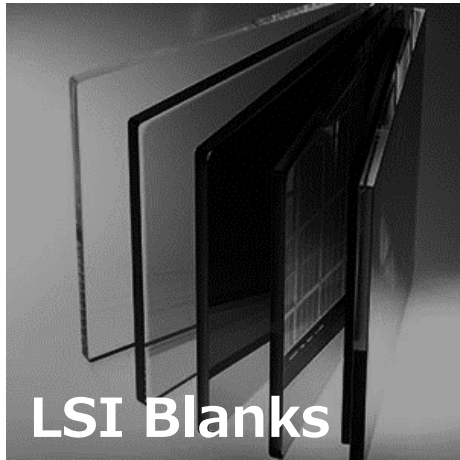
5. Q&A

IT Snapshot

YoY Revenue Growth (CCB)



Overview by Product

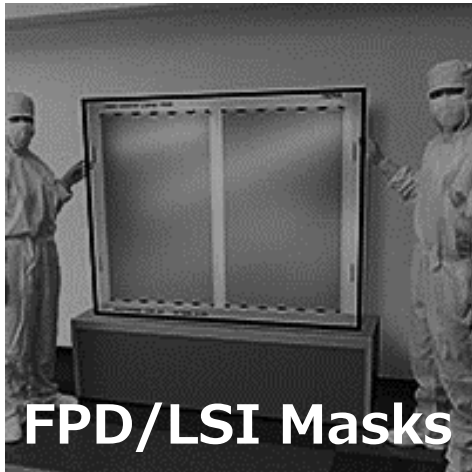


This Quarter

EUV and high-end products showed strong growth.
EUV grew to account for 20% of blanks revenues.

Going Forward

Expect continued growth in EUV blanks, driven by active R&D by chip makers aiming to commercialize EUV.



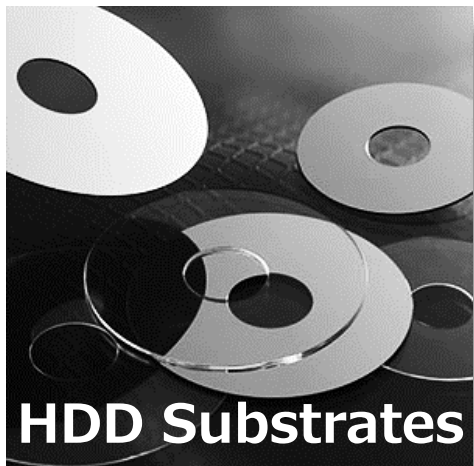
This Quarter

Robust sales to Chinese and Taiwanese clients.
Photomasks for semiconductors were also strong.

Going Forward

Active R&D related to high-res panels for LCDs and OLEDs.
HOYA will capture this opportunity by leveraging our capability in high-res products.

Overview by Product

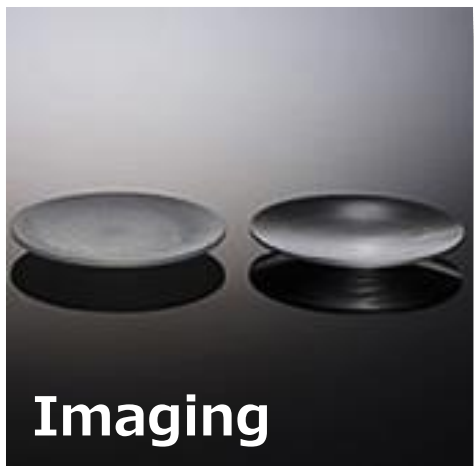


This Quarter

Over-supply of NAND affected 2.5" sales. Overall sales grew thanks to the expansion of 3.5" substrates used in data centers (3.5" now accounts for 16%).

Going Forward

Expect to offset the decline of 2.5" sales through 3.5" sales, mainly driven by hyperscale datacenters.



This Quarter

Decline of compact camera lens sales was more than offset by sales of security camera lenses and filters for SLRs.

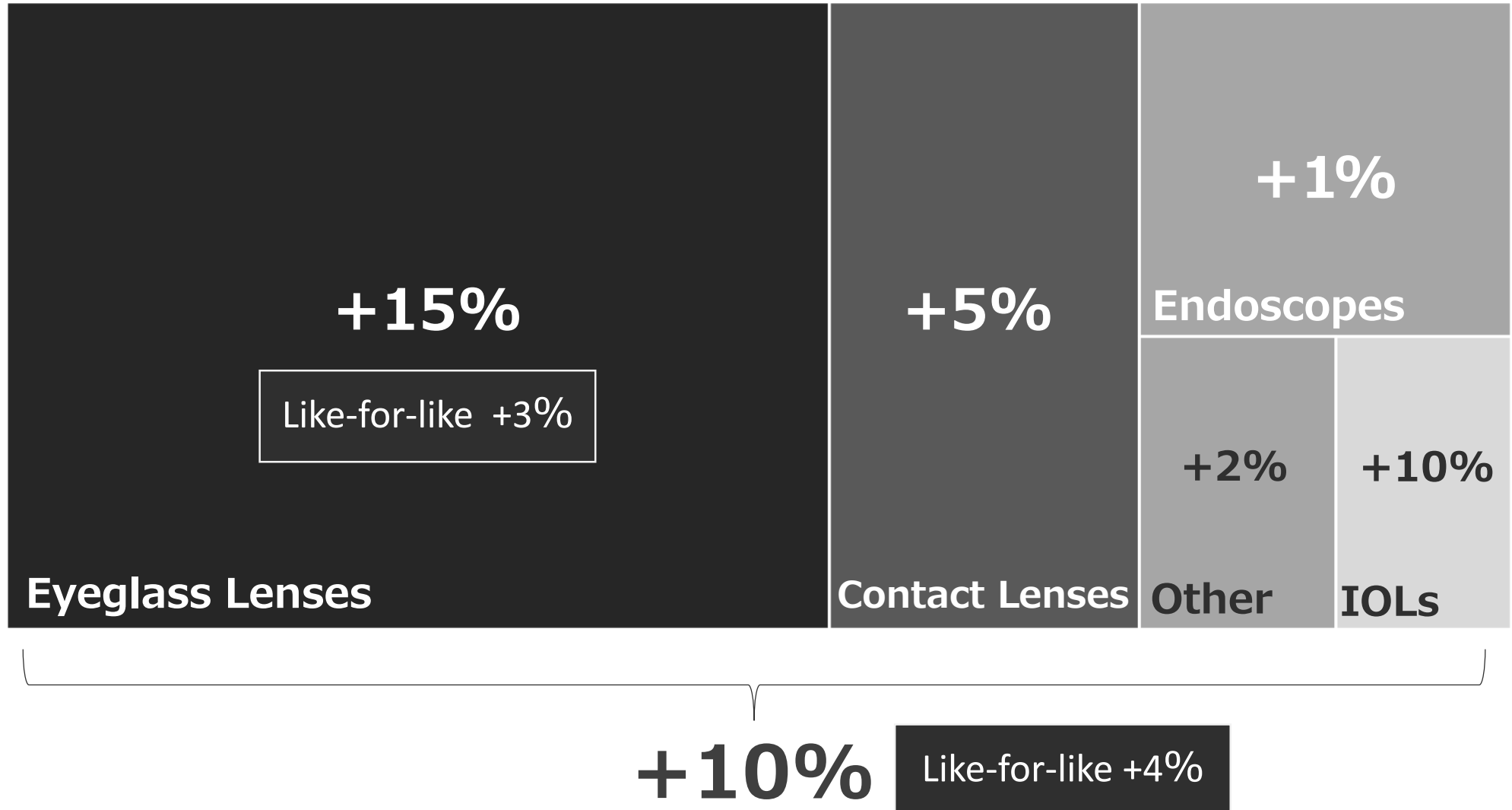
Going Forward

Continue to expand lens sales for new applications.

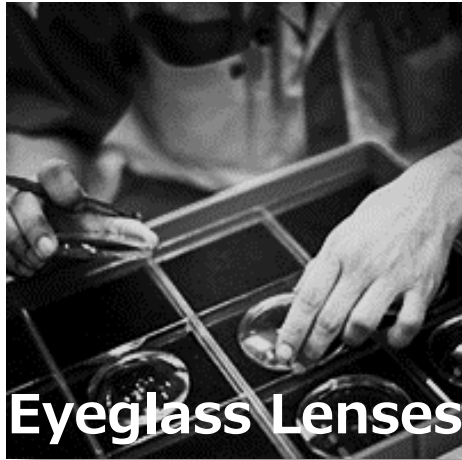
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Life Care Snapshot

YoY Revenue Growth (CCB)



Overview by Product



This Quarter

Situation in Europe and Japan recovering (flat YoY). Strong growth in US. Profit margins improved consistently, driven by increased sales and improved product mix.

Going Forward

Accelerate post merger integration with Performance Optics, which we acquired in August 2017.



This Quarter

Stable growth in same-store sales.

No. of stores at quarter-end: 276 (New 1/Closed 1)

Going Forward

Accelerate store roll-outs.

Overview by Product



This Quarter

Backed by increased capacity from the new factory (launched July 2017), we achieved further sales traction in growth markets, including APAC and Europe.

Going Forward

Expand geographically through direct and indirect distribution.



This Quarter

Reinforcing our organizational structure resulted in strong sales in the Americas and Europe.

Going Forward

Launch new products covering high-end to low-end, targeting emerging markets.

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Summary & Future Outlook

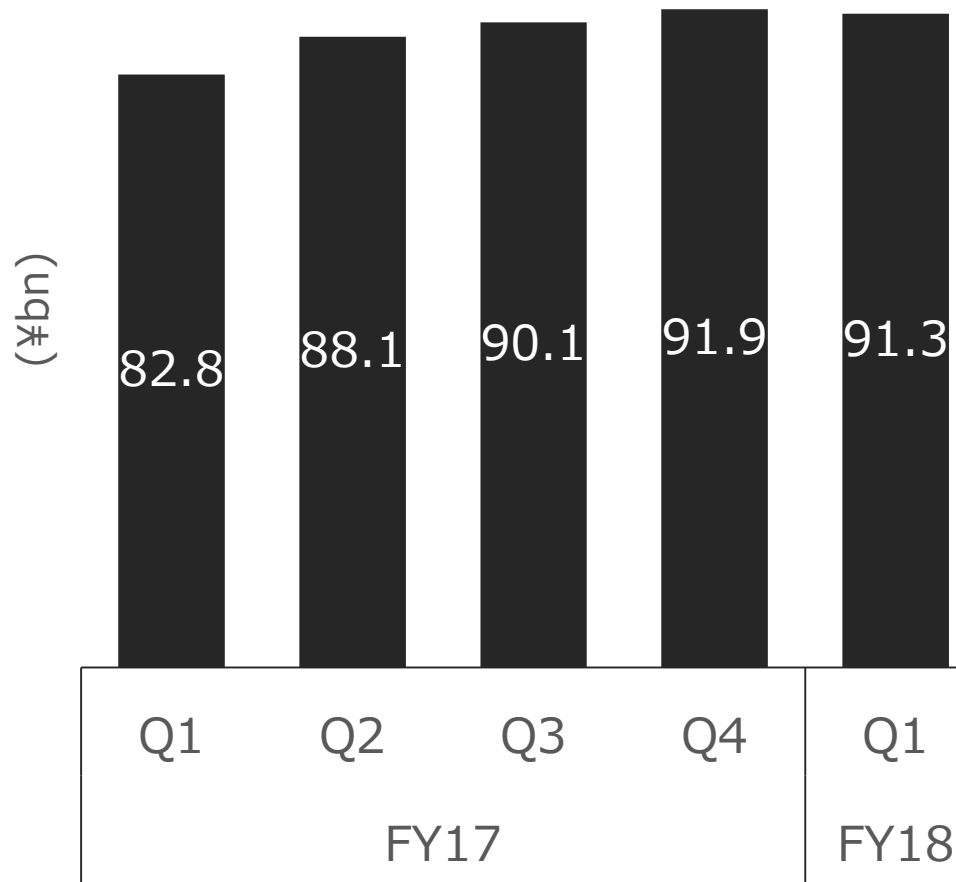
	Priority (cf. Q3 FY17 Material)		Progress to Date & Plans
Life Care Business	Accelerate growth	▶	Trending between 2% and 4%. Reinforcing internal structure to accelerate growth.
	Improve profitability	▶	Margins close to 20% range. Target stable achievement of 20%.
Information Technology Business	Revitalize matured businesses	▶	Substrates for datacenters and EUV blanks ramping up. Increase CAPEX.
	Maximize profitability	▶	Returned to 40% margin range this quarter. Target stable achievement of 40%.

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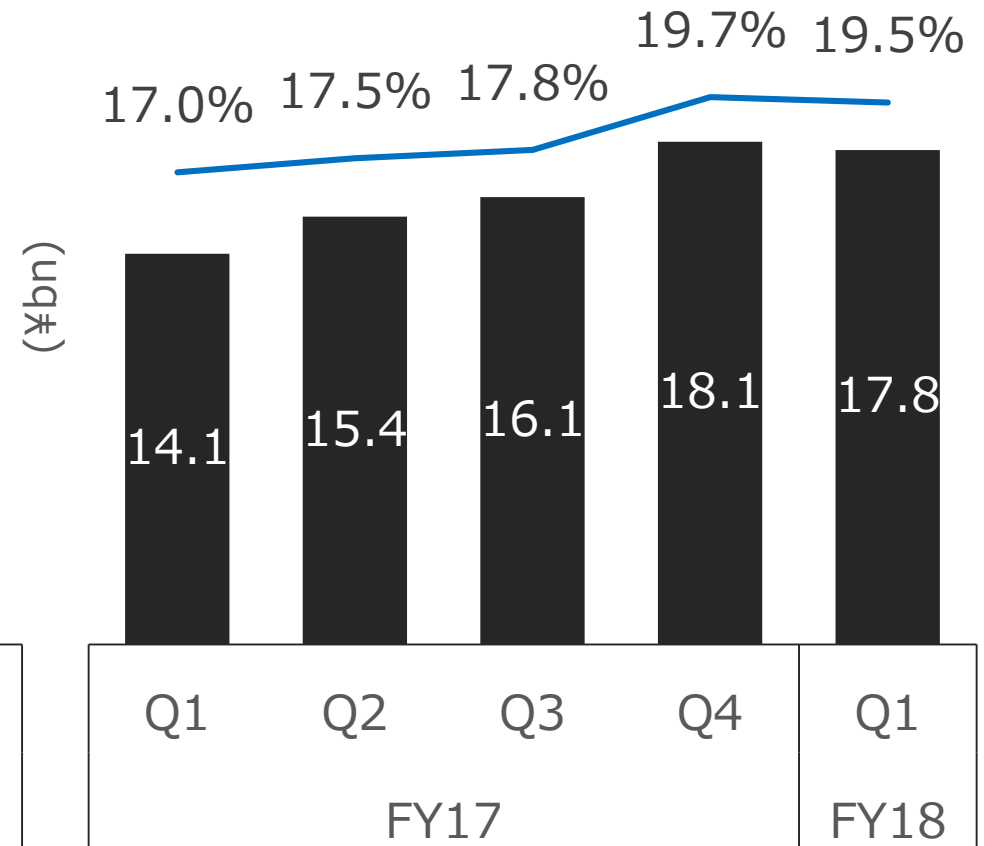
Appendix

Life Care QoQ Earnings

Revenue



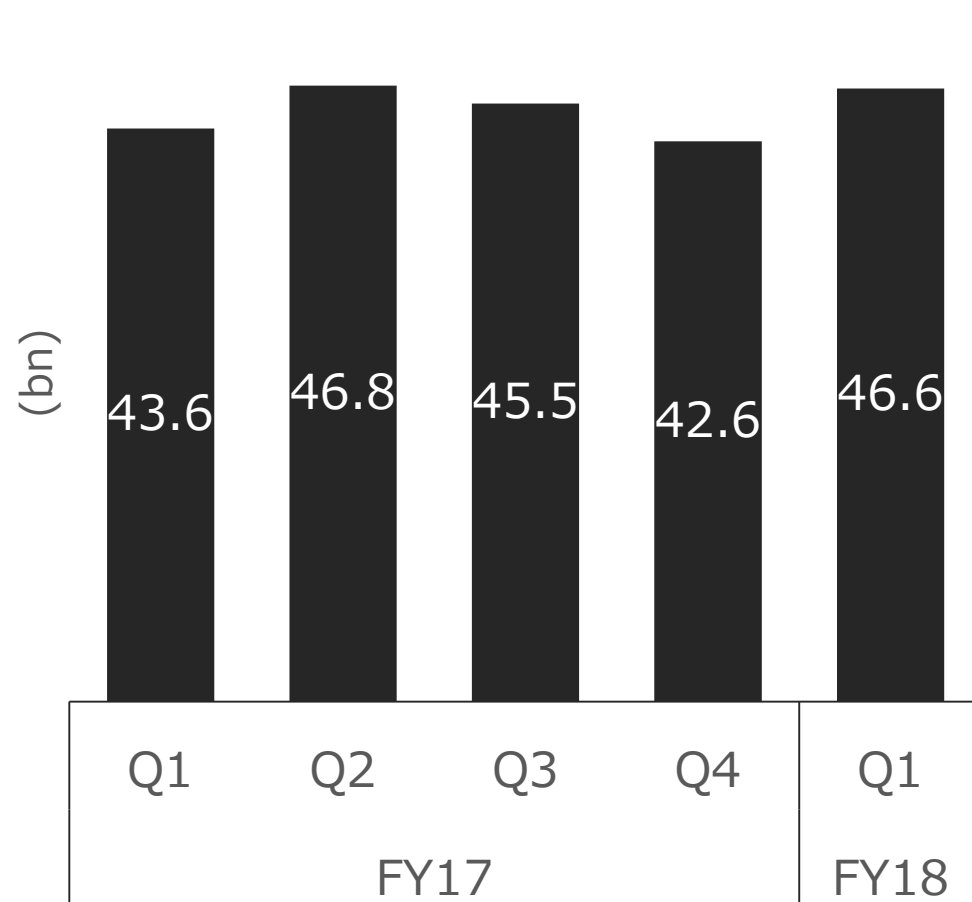
cf. Operating Profit / Margin



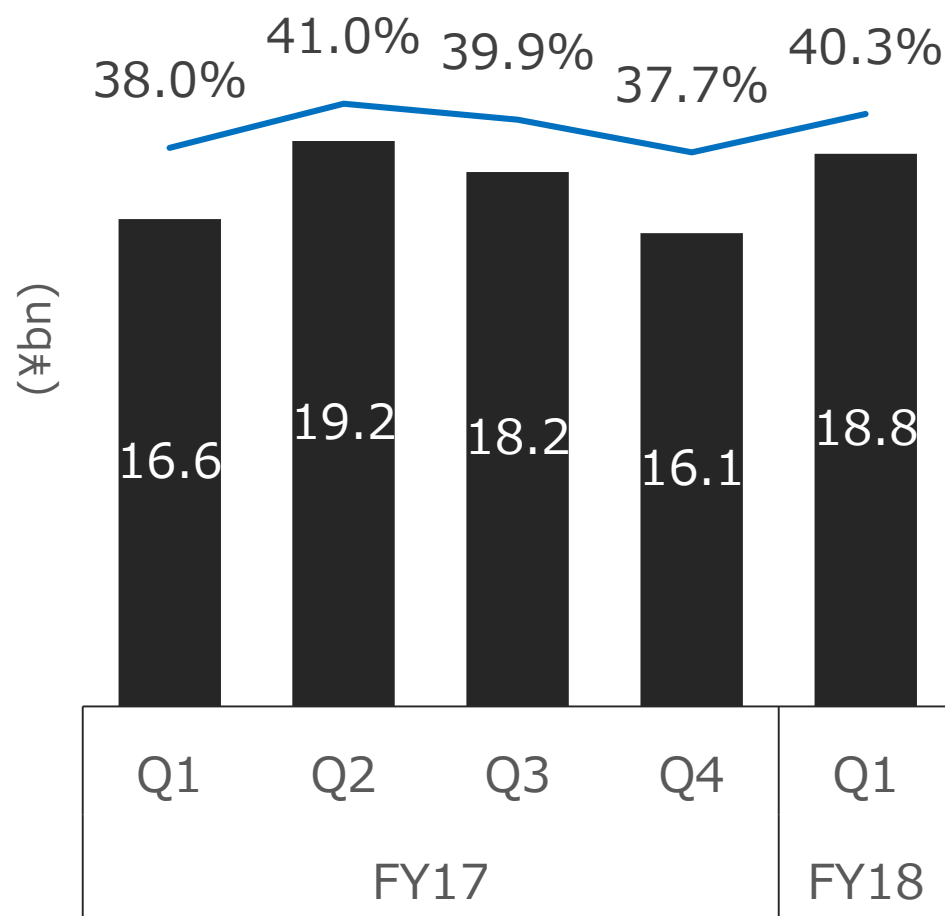
*External revenue

IT QoQ Earnings

Revenue



cf. Operating Profit / Margin



*External revenue

Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2019 is referred to as “FY18” throughout this document.
- ✓ Figures less than ¥1 billion are rounded down. Accordingly, some discrepancies may occur among totals. Ratios are calculated using actual numbers.
- ✓ 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>

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