

FY18Q2

Financial Results

Oct 31, 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)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales	135.8	142.0	+6.2	+5%
Pretax Profit	32.9	38.4	+5.5	+17%
Net Profit	26.8	31.2	+4.5	+17%
cf. Profit from ordinary operating activities*	33.5	38.2	+4.7	+14%

*Herein after “Operating Profit”

Achieved record-high quarterly sales, pretax profit and net profit.

Constant Currency Basis (CCB)

(¥bn)	Previous Rate (A)	Current Rate (B)	FX Impact	YoY	YoY(%)
Sales	142.7	142.0	-0.7	+6.9	+5%
Pretax Profit	38.0	38.4	+0.4	+5.2	+16%
Net Profit	30.9	31.2	+0.4	+4.1	+15%

Average Rates	(A)Q2 FY17	(B)Q2 FY18	Variance
US\$	¥111.17	¥111.88	-0.6%
EURO	¥131.28	¥130.54	+0.6%
BAHT	¥3.34	¥3.40	-1.8%

Notes RE: Non-Operating Items

Comprehensive Income Statement

(¥bn)	Q2 FY17	Q2 FY18	YoY	
Total Revenue	136.4	143.8	+7.4	1
Expenditure	103.6	105.4	+1.8	2
Pretax Profit	32.9	38.4	+5.5	

1

Total Revenue in excess of sales. This was mainly due to increase in other income (¥0.8bn) from the sale of a subsidiary.

2

Essentially zero losses on valuation of assets denominated in foreign currencies last year; foreign exchange loss of ¥0.8bn this year.

Life Care Earnings

(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales*	88.1	91.9	+3.8	+4%
Pretax Profit	14.5	17.0	+2.5	+17%
cf.Operating Profit	15.4	18.7	+3.3	+21%
cf.OP Margin	17.5%	20.3%	+2.8pt	

*External Sales

Life Care Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	Real YoY	Real YoY(%)
Sales*	92.7	91.9	-0.8	+4.7	+5%
Pretax Profit	16.7	17.0	+0.3	+2.2	+15%
cf.Operating Profit	18.6	18.7	+0.1	+3.2	+21%

*External Sales

IT Earnings

(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales*	46.8	49.0	+2.2	+5%
Pretax profit	19.4	21.7	+2.2	+12%
cf.Operating Profit	19.2	20.9	+1.7	+9%
cf.OP Margin	41.0%	42.7%	+1.7pt	

*External Sales

IT Earnings (CCB)

(¥bn)	Q2 FY17	Q2 FY18	FX Impact	Real YoY	Real YoY(%)
Sales*	48.8	49.0	+0.1	+2.0	+4%
Pretax profit	21.6	21.7	+0.1	+2.2	+11%
cf.Operating Profit	20.9	20.9	+0.1	+1.6	+9%

*External Sales

Earnings by Sub-Segment

Healthcare Sales

Eyeglass Lenses / Contact Lenses

(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales*	67.1	70.6	+3.5	+5%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Sales*	71.4	70.6	+4.3	+6%

*External Sales

Earnings by Sub-Segment

<div>Medical Sales</div> <div>Endoscopes / IOLs</div>				
(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales*	21.0	21.3	+0.3	+1%

Constant Currency Basis				
(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Sales*	21.3	21.3	+0.4	+2%

*External Sales

Earnings by Sub-Segment

Electronics

Masks & Blanks / HDD Substrates

(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales*	35.2	38.1	+2.9	+8%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Sales*	37.9	38.1	+2.7	+8%

*External Sales

Earnings by Sub-Segment

Imaging
Camera Lenses, Etc.

(¥bn)	Q2 FY17	Q2 FY18	YoY	YoY(%)
Sales*	11.6	10.9	-0.7	-6%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Sales*	10.9	10.9	-0.7	-6%

*External Sales

Balance Sheet

(¥bn)	Q1 FY18	Q2 FY18	QoQ
Non-current Assets	230.5	237.8	+7.4
Current Assets	431.7	479.4	+47.7
Capital	547.3	591.8	+44.5
Non-current Liabilities	15.8	16.0	+0.2
Current Liabilities	99.0	109.4	+10.3
Total	662.1	717.2	+55.1

1

1

Cash and cash equivalents increased by ¥26.1bn.
Other short-term financial assets increased by ¥11.6bn.

Cash Flow

(¥bn)	Q2 FY17	Q2 FY18	YoY	
Operating CF	39.7	40.1	+0.4	
Investing CF	-60.9	-19.6	+41.3	1
Financing CF	-53.9	+0.3	+54.2	2
Cash & Cash Equivalents at the end of the term	231.6	252.3	+20.7	

1 Investing CF outlays decreased significantly, as there were no large-scale M&A of the type recorded in the year-ago quarter.

2 While we recorded a redemption of bonds (¥35bn) last year, Financing CF outlays decreased significantly, since there were no similar transactions this quarter.

1. Financial Results

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

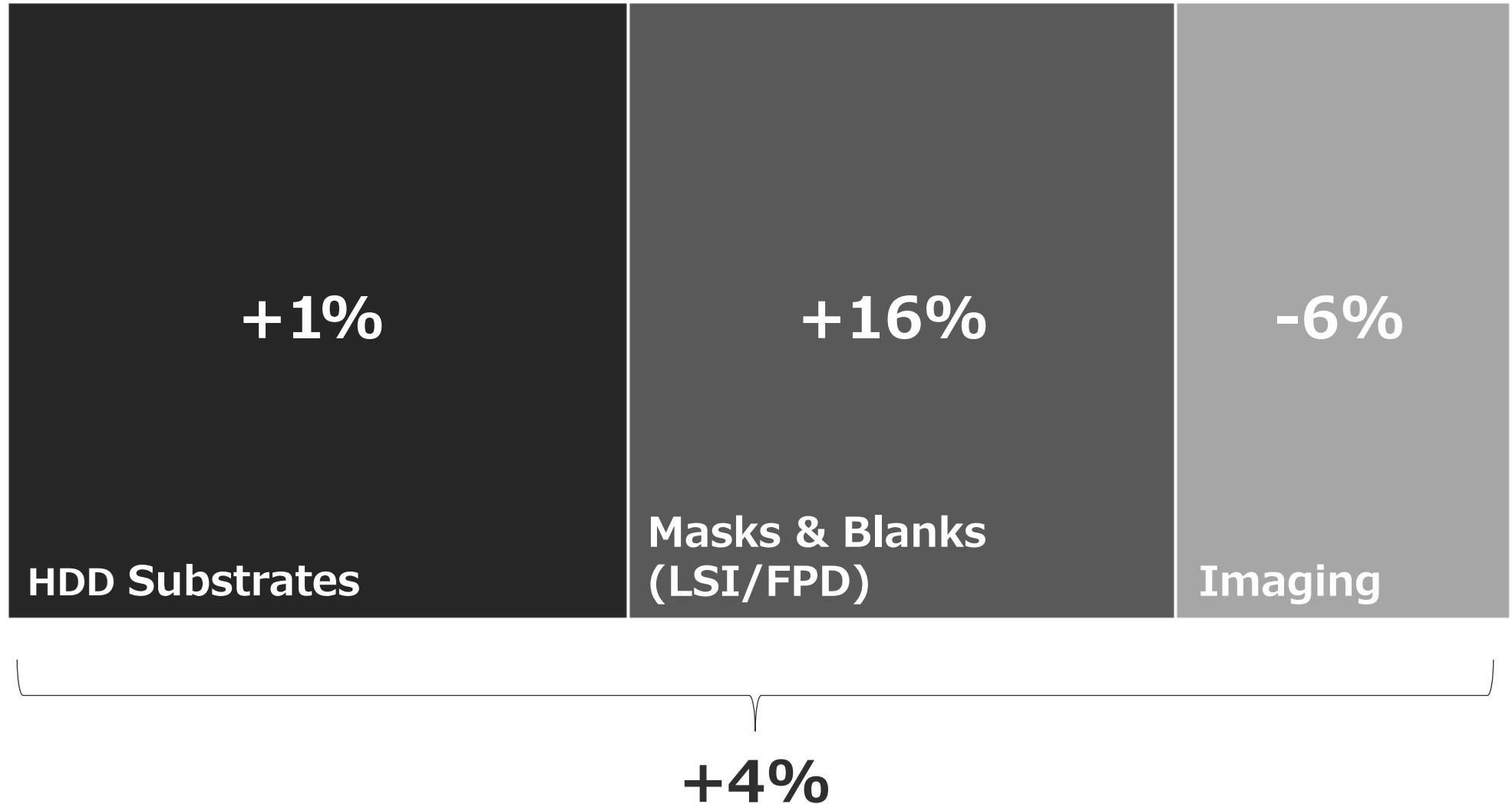
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IT Snapshot

YoY Sales Growth (CCB)



Overview by Product

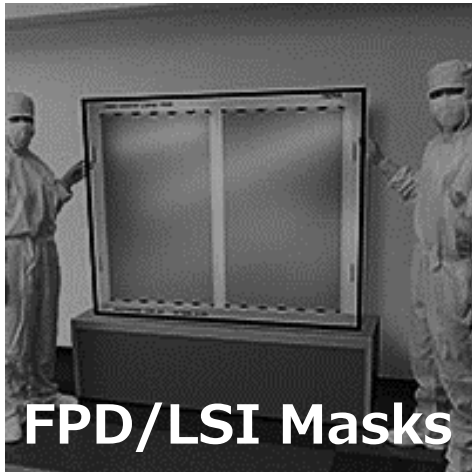


This Quarter

EUV sales doubled to account for 21% of blanks sales. DUV (optical) also showed strong growth driven by cutting-edge products.

Going Forward

Expect continued growth in EUV blanks. Prepare for new EUV production line scheduled to start operations in 2020.



This Quarter

Captured strong R&D demand mainly for Gen-six products for smartphones. High-res products doing well.

Going Forward

Demand of below Gen-eight products continue to be strong and HOYA will steadily capture this opportunity.

Overview by Product



This Quarter

2.5" sales declined due to further SSD penetration. Expansion of 3.5" substrates resulted in overall growth (3.5" now accounts for 18%).

Going Forward

Continue to expand 3.5" sales. Target to start new fab in 2020.



This Quarter

Security camera lenses which were offsetting the decline of compact cameras also declined due to slow down in investments in China and trade friction.

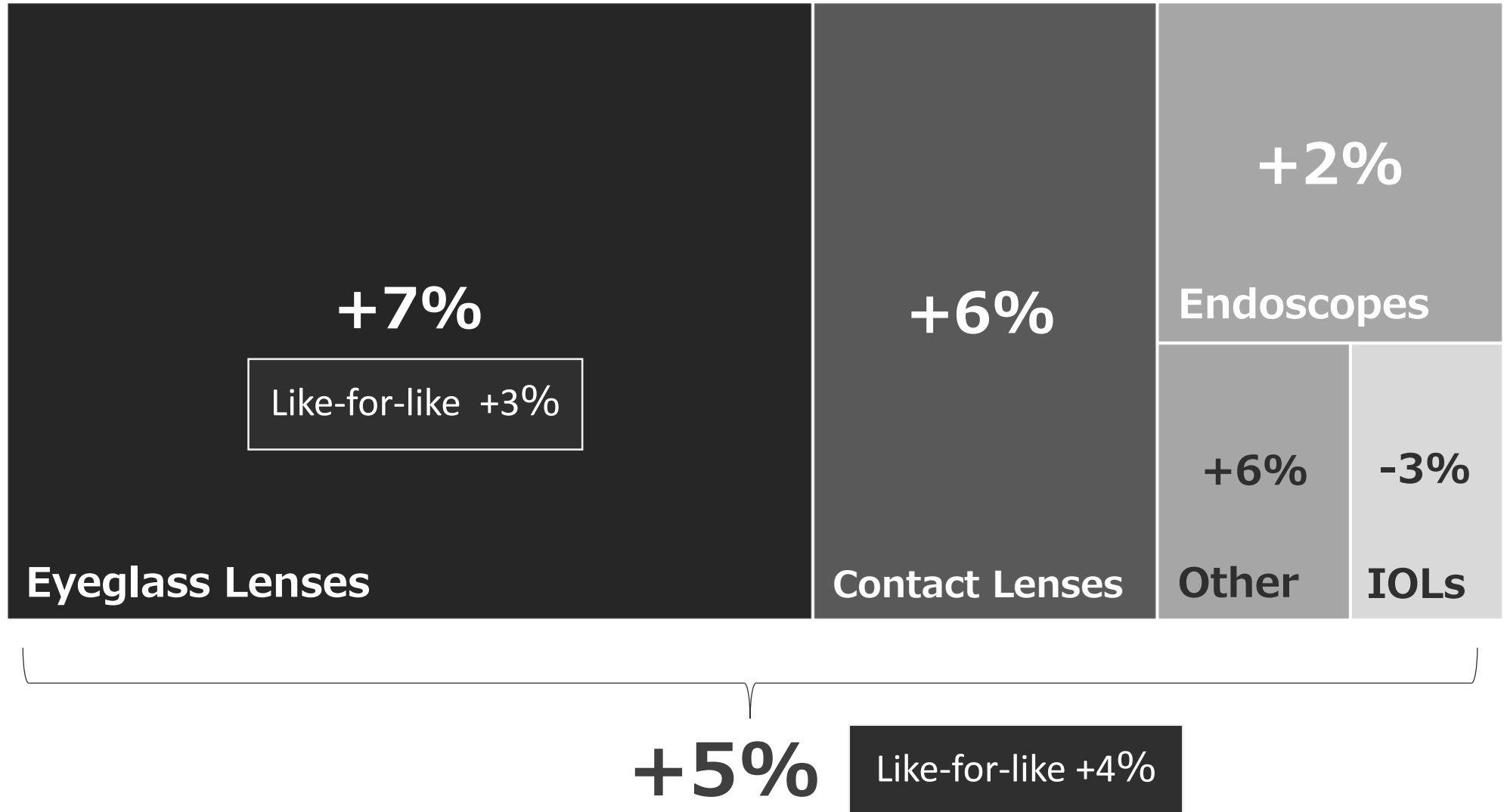
Going Forward

Continue to expand lens sales for new applications.

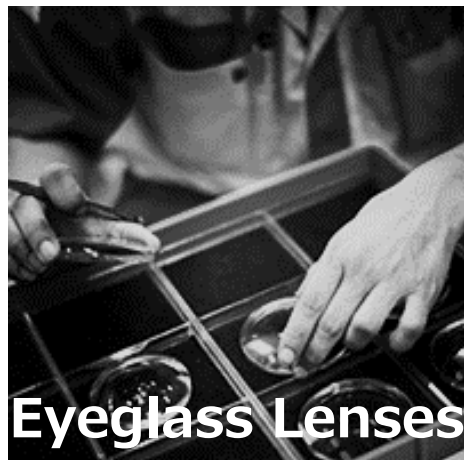
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Life Care Snapshot

YoY Sales Growth (CCB)



Overview by Product



This Quarter

Double digit growth in US driven by a major deal signed in Q1. Integration with Performance Optics almost completed, profitability expanding significantly.

Going Forward

Accelerate growth in US by generating sales synergies with Performance Optics.



This Quarter

Stable growth in same-store sales.
No. of stores at quarter-end: 278 (New 2/Closed 0)

Going Forward

Accelerate store roll-outs in 2H.

Overview by Product



This Quarter

Inventory optimization at Asian distributor channels resulted in sales decline.

Going Forward

Bolster distributor channels as well as direct sales. Complete acquisition of Mid Labs and Fritz Ruck.



This Quarter

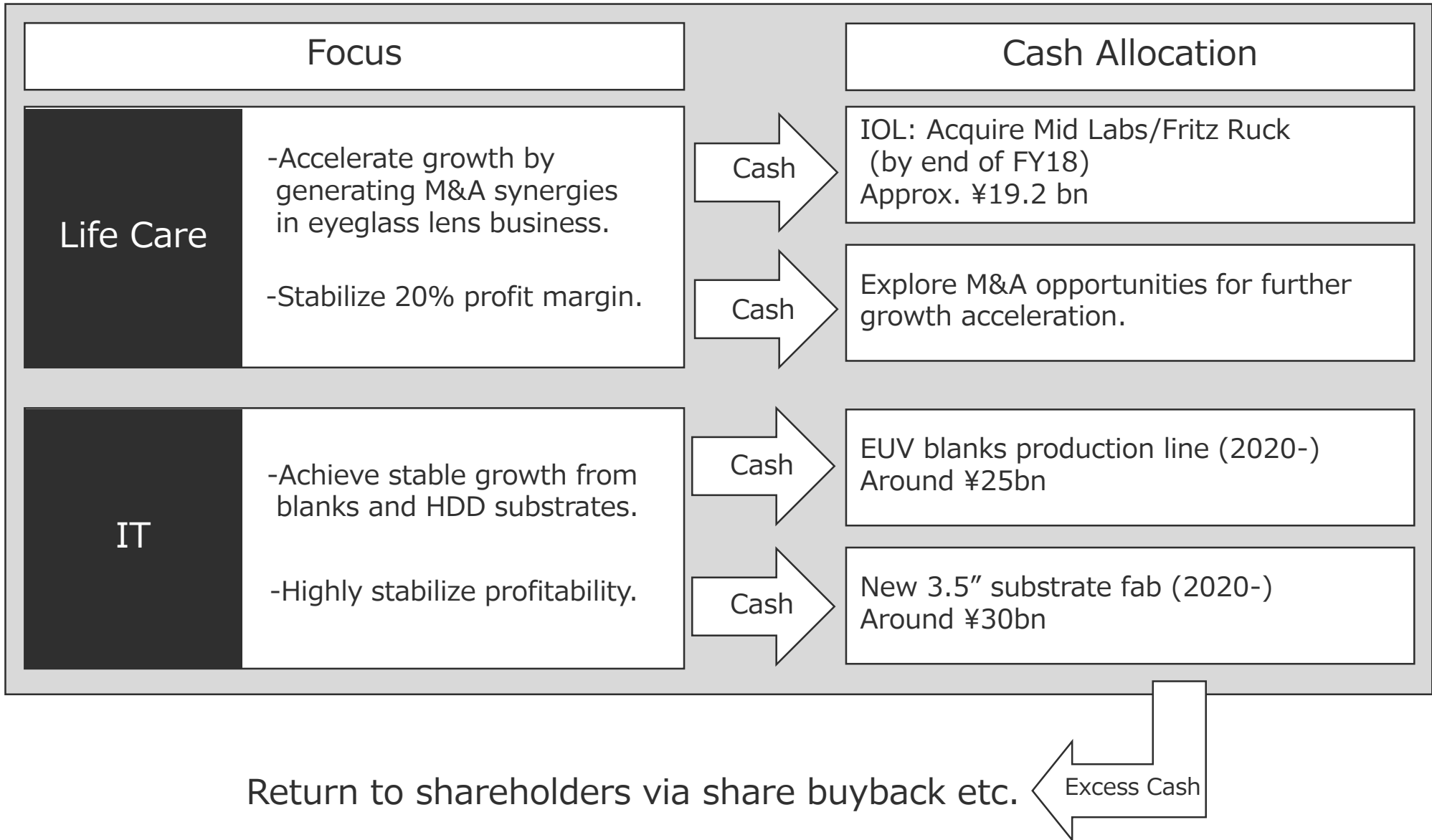
Reinforcing our organizational structure resulted in strong sales in the Americas and Europe.

Going Forward

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

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Summary

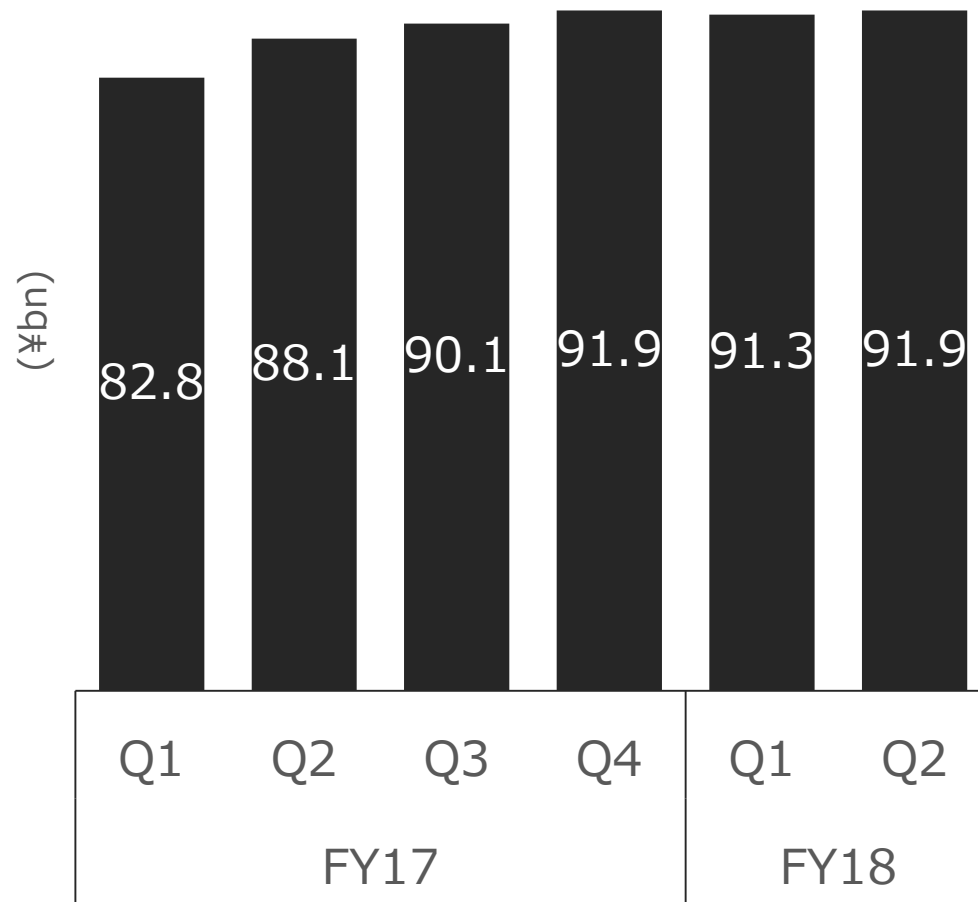


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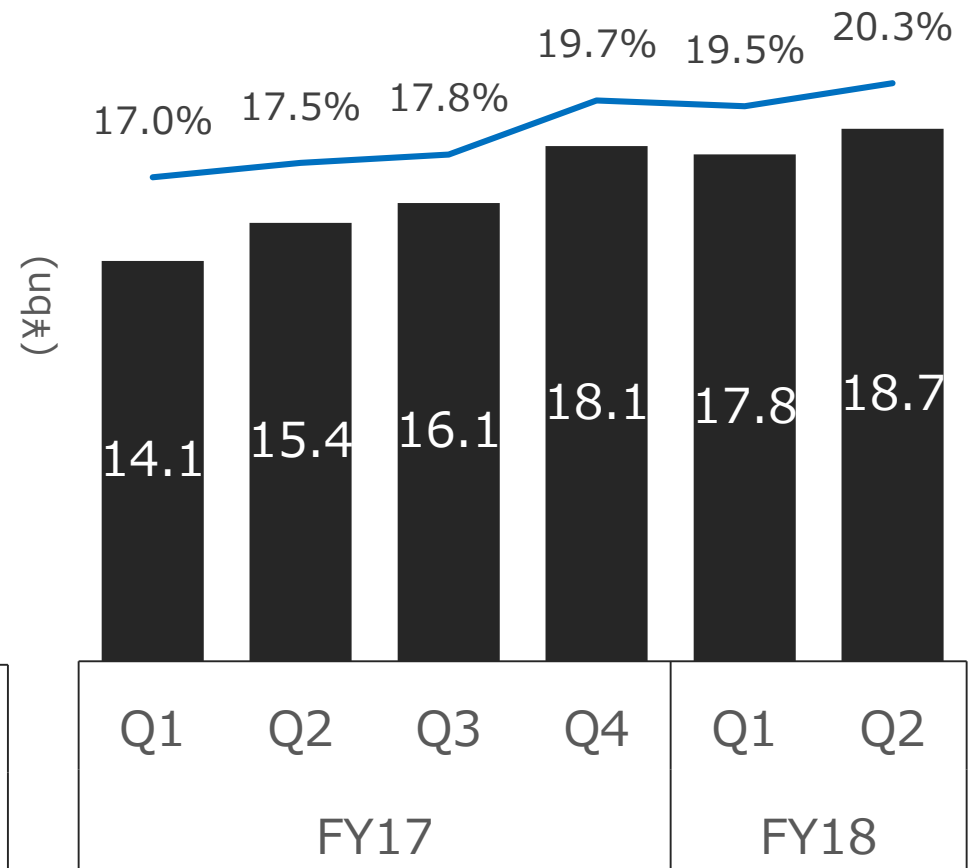
Appendix

Life Care QoQ Earnings

Sales



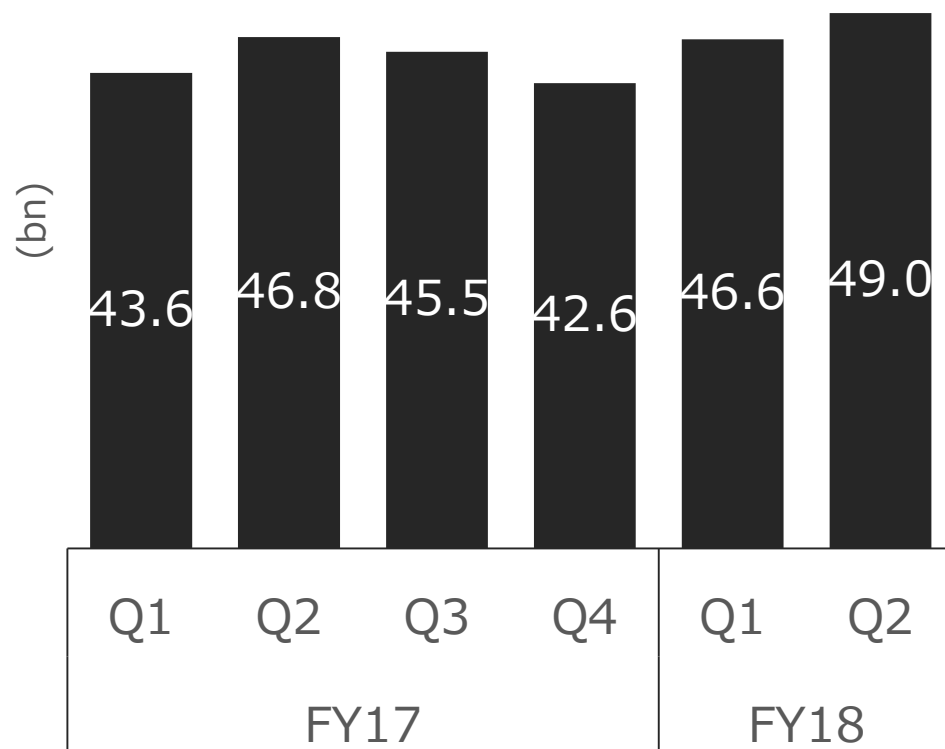
cf. Operating Profit / Margin



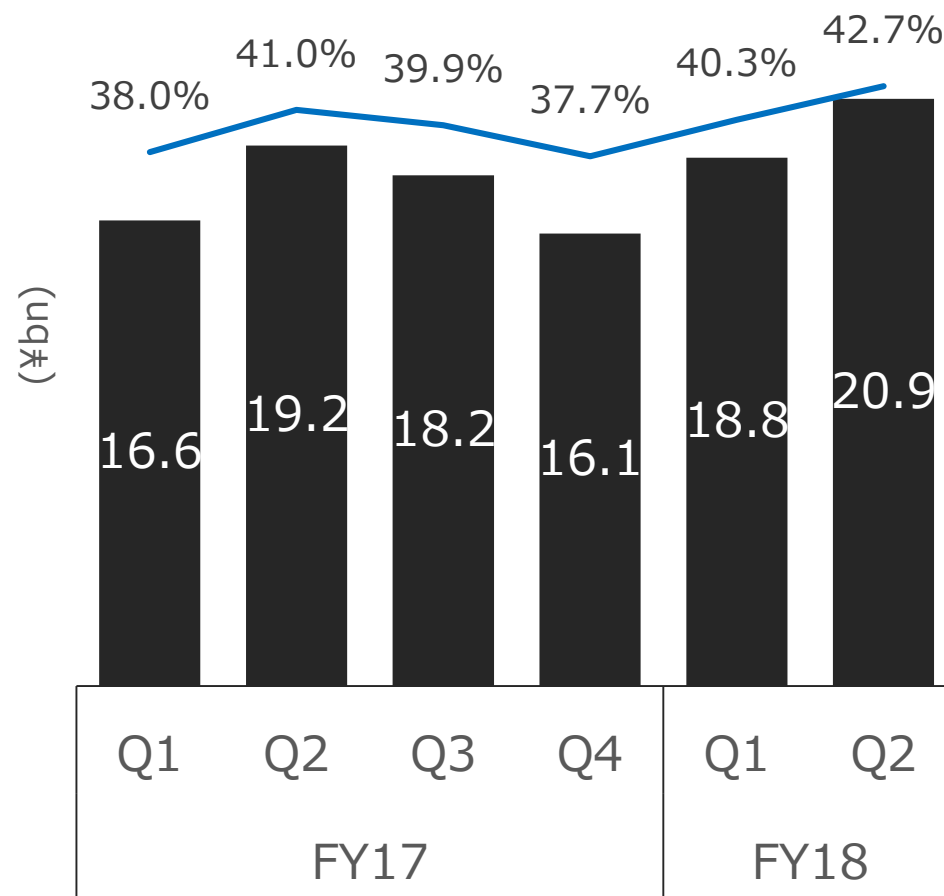
*External Sales

IT QoQ Earnings

Sales



cf. Operating Profit / Margin



*External Sales

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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