



Consolidated Financial Results for the Six-Month Period Ended December 31, 2018 (Japanese GAAP)

February 4, 2019

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 Stock exchange listing: Tokyo Stock Exchange
 Code: 6920
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 Date of starting dividend payout: March 6, 2019
 Preparation of supplementary material for financial results: Yes
 Financial results briefing: Yes (for analysts and institutional investors)

(Figures less than a million yen are rounded down.)

1. Consolidated financial results for the six-month period ended December 31, 2018

(1) Consolidated operating results

(The percentage figures indicate changes from the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|------------------------------------|-------------|------|------------------|------|-----------------|------|---------------------------------------------|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Six months ended December 31, 2018 | 16,837 | 61.1 | 5,148 | 57.1 | 5,150 | 56.4 | 3,848 | 59.3 |
| December 31, 2017 | 10,451 | 20.5 | 3,277 | 25.8 | 3,293 | 20.3 | 2,415 | 25.9 |

(Note) Comprehensive income: Six months ended December 31, 2018: 3,755 million yen [45.0%]
 Six months ended December 31, 2017: 2,589 million yen [19.2%]

| | Net income per share | Net income per share, fully diluted |
|------------------------------------|----------------------|-------------------------------------|
| | Yen | Yen |
| Six months ended December 31, 2018 | 85.35 | 85.28 |
| December 31, 2017 | 53.58 | 53.53 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| December 31, 2018 | 45,623 | 29,816 | 65.3 | 660.81 |
| June 30, 2018 | 38,121 | 27,053 | 70.9 | 599.52 |

(Reference) Equity: December 31, 2018: 29,795 million yen June 30, 2018: 27,032 million yen

2. Dividends

| | Dividend per share | | | | |
|---------------------------------------------|--------------------|-----------|-----------|----------|-------|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended June 30, 2018 | -- | 12.00 | -- | 22.00 | 34.00 |
| Fiscal year ending June 30, 2019 | -- | 16.00 | | | |
| Fiscal year ending June 30, 2019 (Forecast) | | | -- | 23.00 | 39.00 |

(Note) Revision to forecast of dividends since the last announcement: No

3. Forecast of consolidated financial results for the year ending June 30, 2019

(The percentage figures indicate changes from the same period of the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|--------|-------------|------|------------------|------|-----------------|------|---------------------------------------------|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Annual | 28,000 | 31.7 | 6,500 | 14.3 | 6,500 | 13.9 | 5,000 | 14.5 | 110.89 |

(Note) Revision to forecast of financial results since the last announcement: No

※ Notes

(1) Significant changes of subsidiaries during the period (changes of specified subsidiaries accompanying changes in the scope of consolidation): None

Number of subsidiaries added to consolidation: None (Company names: --),
Number of subsidiaries excluded from consolidation: None (Company names: --)

(2) Application of special accounting procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes or restatement of accounting estimates

- ① Changes in accounting policy due to revision of accounting standards: None
- ② Changes in accounting policy other than ①: None
- ③ Changes in accounting estimates: None
- ④ Restatement due to revision: None

(4) Number of issued shares (common stock):

(Shares)

| | | | | |
|--------------------------------------------------------------------------------|-------------------|------------|-------------------|------------|
| ① Number of issued shares at the end of the period (including treasury shares) | December 31, 2018 | 47,143,200 | June 30, 2018 | 47,143,200 |
| ② Number of treasury shares at the end of the period | December 31, 2018 | 2,054,163 | June 30, 2018 | 2,054,078 |
| ③ Average number of shares during the period ended | December 31, 2018 | 45,089,080 | December 31, 2017 | 45,089,232 |

※ This report of financial results is not subject to auditing by certified public accountants.

※ Statement about proper use of forecast of financial results and other special notes

The forecast of financial results provided in this report is based on the information currently available to the company and based on certain assumptions it has judged as reasonable. Actual results may differ materially from the forecast due to various factors.

Lasertec will give a presentation of financial results to analysts and institutional investors on February 6, 2019. The presentation materials provided at this meeting will be available on our website.

Contents of Supplementary Material

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1. Qualitative information concerning this quarterly report

(1) Information concerning operating results

During the six-month period ended December 31, 2018, trade friction between the United States and China intensified, and uncertainty about the global economic outlook increased. Although the United States continued to have steady expansion accompanied by strong employment and income growth, the slowdown of China's economy became evident. In Europe, domestic demand remained robust, but there was a growing sense of uncertainty about future export growth.

The Japanese economy continued to recover at a moderate pace, driven by strong corporate earnings and improved consumer spending.

In the semiconductor industry, our primary market, memory manufacturers downsized or delayed their capital investments due to falling memory prices. There was also growing concern about semiconductor manufacturers' capital investment plans in China amid fear of repercussions from the US-China trade friction. However, extreme ultraviolet (EUV) lithography, the next-generation technology for leading-edge semiconductors, approached its commercial stage, and EUV lithography-related investment by semiconductor chip makers and mask blank suppliers began in earnest.

In the flat panel display (FPD) industry, another major market of our business, FPD mask manufacturers made investments mainly for the production of large panels called Generation 10.5.

Under these circumstances, our consolidated net sales in the six-month period ended December 31, 2018 totaled 16,837 million yen (up 61.1% year-on-year).

By product segment, semiconductor-related products accounted for 12,275 million yen (up 67.7% year-on-year), other products for 2,485 million yen (up 94.8% year-on-year), and services for 2,077 million yen (up 12.0% year-on-year).

As for consolidated income for this period, we recorded an operating income of 5,148 million yen (up 57.1% year-on-year), an ordinary income of 5,150 million yen (up 56.4% year-on-year), and a 3,848 million-yen net income attributable to owners of parent (up 59.3% year-on-year).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 45,623 million yen, up 7,501 million yen from the end of the previous fiscal year. This is mainly due to a 5,328 million yen increase in cash and deposits, a 666 million yen increase in notes and accounts receivable-trade, and a 606 million yen increase in raw materials and supplies.

Liabilities at the end of the period amounted to 15,806 million yen, up 4,738 million yen from the end of the previous fiscal year. This is mainly due to a 2,356 million yen increase in advances received, a 1,017 million yen increase in income taxes payable, and a 665 million yen increase in accounts payable-trade.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 29,816 million yen. The capital-to-asset ratio was 65.3%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 15,434 million yen, up 5,327 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the six-month period.

Net cash provided by operating activities amounted to 6,617 million yen (up 114.6% year-on-year). This is mainly because the sum of cash receipt, such as 5,150 million yen in income before income taxes and a 2,356 million yen increase in advances received, exceeded the sum of cash payment, such as a 1,138 million yen increase in inventories and a 659 million yen in notes and accounts receivable-trade.

Net cash used in investing activities amounted to 272 million yen (up 50.3% year-on-year). This is mainly due to 203 million yen used for purchase of property, plant and equipment and 46 million yen used for payments for guarantee deposits.

Net cash used in financing activities amounted to 992 million yen (down 21.4% year-on-year). This is mainly due to 991 million yen used for cash dividends paid.

(3) Information concerning forecast of consolidated financial results

The consolidated financial results for the first six months of this fiscal year exceeded the latest forecast in both sales and profits. This is due to the early realization of sales for some of the products that were scheduled to be sold in the third quarter of the fiscal year. Since it is only a change in the timing of sales within the same fiscal year, it does not affect the forecast of operating results for the full year ending June 30, 2019. Therefore, we have not revised our forecast for the full year announced on August 8, 2018.

2. Consolidated financial statements and notes**(1) Consolidated balance sheet**

| | (In thousands of yen) | |
|----------------------------------------|-------------------------------------|----------------------------------------|
| | Previous (As of June 30,2018) | Current (As of December 31,2018) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,176,394 | 15,504,441 |
| Notes and accounts receivable-trade | 3,820,832 | 4,487,371 |
| Work in process | 10,317,776 | 10,847,845 |
| Raw materials and supplies | 2,115,076 | 2,721,490 |
| Other | 2,963,243 | 3,110,964 |
| Allowance for doubtful accounts | (5,473) | (6,174) |
| Total current assets | 29,387,850 | 36,665,938 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 1,871,245 | 1,830,972 |
| Machinery, equipment and vehicles, net | 161,007 | 234,703 |
| Tools, furniture and fixtures, net | 192,351 | 229,147 |
| Leased assets, net | 1,100 | 440 |
| Land | 4,254,773 | 4,254,773 |
| Construction in progress | 121,285 | 99,637 |
| Total property, plant and equipment | 6,601,764 | 6,649,675 |
| Intangible assets | 534,775 | 488,400 |
| Investments and other assets | | |
| Investment securities | 610,827 | 470,558 |
| Deferred tax assets | 932,993 | 1,242,519 |
| Other | 53,743 | 106,008 |
| Allowance for doubtful accounts | (162) | (95) |
| Total investments and other assets | 1,597,401 | 1,818,990 |
| Total noncurrent assets | 8,733,941 | 8,957,066 |
| Total assets | 38,121,791 | 45,623,004 |

| | (In thousands of yen) | |
|-------------------------------------------------------|--------------------------------------|-----------------------------------------|
| | Previous (As of June 30, 2018) | Current (As of December 31, 2018) |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 1,392,704 | 2,058,481 |
| Income taxes payable | 604,912 | 1,622,244 |
| Advances received | 7,318,101 | 9,674,859 |
| Provision for bonuses | -- | 90,378 |
| Provision for directors' bonuses | 226,000 | 172,000 |
| Provision for product warranties | 321,032 | 495,232 |
| Provision for quality compensation | -- | 459,907 |
| Other | 916,713 | 918,439 |
| Total current liabilities | 10,779,463 | 15,491,545 |
| Noncurrent liabilities | | |
| Net defined benefit liability | 201,106 | 248,767 |
| Other | 87,677 | 66,050 |
| Total noncurrent liabilities | 288,783 | 314,818 |
| Total liabilities | 11,068,247 | 15,806,363 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 931,000 | 931,000 |
| Capital surplus | 1,080,360 | 1,080,360 |
| Retained earnings | 25,765,441 | 28,621,795 |
| Treasury stock | (976,969) | (977,291) |
| Total shareholders' equity | 26,799,832 | 29,655,863 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 314,205 | 216,452 |
| Foreign currency translation adjustment | (81,991) | (77,172) |
| Total accumulated other comprehensive income | 232,213 | 139,279 |
| Subscription rights to shares | 21,498 | 21,498 |
| Total net assets | 27,053,544 | 29,816,641 |
| Total liabilities and net assets | 38,121,791 | 45,623,004 |

(2) Consolidated statement of income and consolidated statement of comprehensive income
 (Consolidated statement of income)
 (First six months of the fiscal year)

| | (In thousands of yen) | |
|-----------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| | Previous (July 1, 2017 thru December 31, 2017) | Current (July 1, 2018 thru December 31, 2018) |
| Net sales | 10,451,784 | 16,837,945 |
| Cost of sales | 4,418,108 | 7,334,168 |
| Gross profit | 6,033,676 | 9,503,776 |
| Selling, general and administrative expenses | 2,756,367 | 4,355,000 |
| Operating income | 3,277,309 | 5,148,775 |
| Non-operating income | | |
| Interest income | 1,955 | 2,977 |
| Dividend income | 4,829 | 6,124 |
| Rent income on non-current assets | 975 | 1,101 |
| Foreign exchange gains | 3,950 | -- |
| Other | 5,065 | 4,134 |
| Total non-operating income | 16,775 | 14,339 |
| Non-operating expenses | | |
| Foreign exchange losses | -- | 12,158 |
| Loss on retirement of non-current assets | 172 | 10 |
| Other | 373 | 527 |
| Total non-operating expenses | 546 | 12,696 |
| Ordinary income | 3,293,538 | 5,150,418 |
| Income before income taxes | 3,293,538 | 5,150,418 |
| Income taxes-current | 930,116 | 1,568,262 |
| Income taxes-deferred | (52,391) | (266,158) |
| Total income taxes | 877,724 | 1,302,103 |
| Net income | 2,415,813 | 3,848,314 |
| Net income attributable to owners of parent | 2,415,813 | 3,848,314 |

(Consolidated statement of comprehensive income)
(First six months of the fiscal year)

| | (In thousands of yen) | |
|----------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| | Previous (July 1, 2017 thru December 31, 2017) | Current (July 1, 2018 thru December 31, 2018) |
| Net income | 2,415,813 | 3,848,314 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 128,880 | (97,753) |
| Foreign currency translation adjustment | 45,113 | 4,818 |
| Total other comprehensive income | 173,994 | (92,934) |
| Comprehensive income | 2,589,807 | 3,755,379 |
| Comprehensive income attributable to owners of parent | 2,589,807 | 3,755,379 |
| Comprehensive income attributable to non-controlling interests | -- | -- |

(3) Consolidated statement of cash flows

(In thousands of yen)

| | Previous (July 1, 2017 thru December 31, 2017) | Current (July 1, 2018 thru December 31, 2018) |
|--------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| Cash flows from operating activities | | |
| Income before income taxes | 3,293,538 | 5,150,418 |
| Depreciation and amortization | 242,922 | 223,114 |
| Loss on retirement of non-current assets | 172 | 10 |
| Increase (decrease) in allowance for doubtful accounts | (1,702) | 622 |
| Increase (decrease) in provision for bonuses | -- | 91,202 |
| Increase (decrease) in provision for directors' bonuses | (96,100) | (54,000) |
| Increase (decrease) in provision for product warranties | 21,496 | 173,682 |
| Increase (decrease) in provision for quality compensation | -- | 459,907 |
| Increase (decrease) in net defined benefit liability | (7,083) | 47,718 |
| Interest and dividend income | (6,784) | (9,102) |
| Foreign exchange losses (gains) | 2,960 | 18,731 |
| Decrease (increase) on notes and accounts receivable-trade | 2,572,475 | (659,253) |
| Decrease (increase) in inventories | (1,639,727) | (1,138,952) |
| Increase (decrease) in accounts payable-trade | (397,504) | 391,304 |
| Increase (decrease) in advances received | 918,843 | 2,356,581 |
| Other, net | (1,042,129) | 133,116 |
| Sub-total | 3,861,376 | 7,185,102 |
| Interest and dividend income received | 6,759 | 9,098 |
| Income taxes paid | (784,193) | (576,513) |
| Net cash provided by (used in) operating activities | 3,083,943 | 6,617,688 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (76,723) | (203,623) |
| Purchase of intangible assets | (104,945) | (22,598) |
| Payments for guarantee deposits | -- | (46,735) |
| Net cash provided by (used in) investing activities | (181,669) | (272,958) |
| Cash flows from financing activities | | |
| Cash dividends paid | (1,262,498) | (991,960) |
| Other, net | (712) | (1,034) |
| Net cash provided by (used in) financing activities | (1,263,211) | (992,995) |
| Effect of exchange rate change on cash and cash equivalents | 25,463 | (24,106) |
| Net increase (decrease) in cash and cash equivalents | 1,664,526 | 5,327,627 |
| Cash and cash equivalents at beginning of period | 9,736,950 | 10,107,234 |
| Cash and cash equivalents at end of period | 11,401,476 | 15,434,861 |

(4) Notes to consolidated financial statements

(Note on going concern)

None

(Note on significant changes in the amount of shareholders' equity)

None

3. Supplementary information

(1) Production by category

Production by category for the first six months of the fiscal year is as follows.

| (In thousands of yen) | | | |
|---------------------------------------|------------|------------|---------------------------|
| (July 1, 2018 thru December 31, 2018) | | | |
| Category | Previous | Current | Year-on-year increase (%) |
| Finished goods | | | |
| Semiconductor-related products | 9,821,294 | 16,745,861 | 70.5 |
| Other products | 1,187,120 | 1,780,562 | 50.0 |
| Subtotal | 11,008,414 | 18,526,423 | 68.3 |
| Services | 1,854,214 | 2,077,380 | 12.0 |
| Total | 12,862,628 | 20,603,804 | 60.2 |

(Notes)

1. Numbers shown above are based on sales prices.
2. Consumption taxes are not included.

(2) Orders and backlog by category

Orders and backlog by category for the first six months of the fiscal year are as follows.

| (In thousands of yen) | | | | | | |
|---------------------------------------|-----------------|----------------|---------------------------|------------------|-----------------|---------------------------|
| (July 1, 2018 thru December 31, 2018) | | | | | | |
| Category | Orders Previous | Orders Current | Year-on-year increase (%) | Backlog Previous | Backlog Current | Year-on-year increase (%) |
| Finished goods | | | | | | |
| Semiconductor-related products | 23,820,604 | 23,341,468 | (2.0) | 31,636,959 | 45,532,667 | 43.9 |
| Other products | 2,335,921 | 772,384 | (66.9) | 3,629,824 | 2,964,044 | (18.3) |
| Subtotal | 26,156,526 | 24,113,852 | (7.8) | 35,266,783 | 48,496,711 | 37.5 |
| Services | 1,959,852 | 2,153,515 | 9.9 | 650,950 | 813,905 | 25.0 |
| Total | 28,116,378 | 26,267,367 | (6.6) | 35,917,733 | 49,310,617 | 37.3 |

(Notes)

1. Numbers shown above are based on sales prices.
2. Orders reflect adjustment for cancellation and other changes.
3. Consumption taxes are not included.

(3) Sales by category

Sales by category for the first six months of the fiscal year are as follows.

| (In thousands of yen) | | | |
|---------------------------------------|------------|------------|---------------------------|
| (July 1, 2018 thru December 31, 2018) | | | |
| Category | Previous | Current | Year-on-year increase (%) |
| Finished goods | | | |
| Semiconductor-related products | 7,321,442 | 12,275,074 | 67.7 |
| Other products | 1,276,128 | 2,485,489 | 94.8 |
| Subtotal | 8,597,571 | 14,760,564 | 71.7 |
| Services | 1,854,213 | 2,077,380 | 12.0 |
| Total | 10,451,784 | 16,837,945 | 61.1 |

(Note) Consumption taxes are not included.