

FY2018 Financial Results

April 26, 2019
TOPCON CORPORATION
President & CEO
Satoshi Hirano



FY2018 Financial Results

I . FY2018 Financial Results

II . FY2019 Full Year Plan

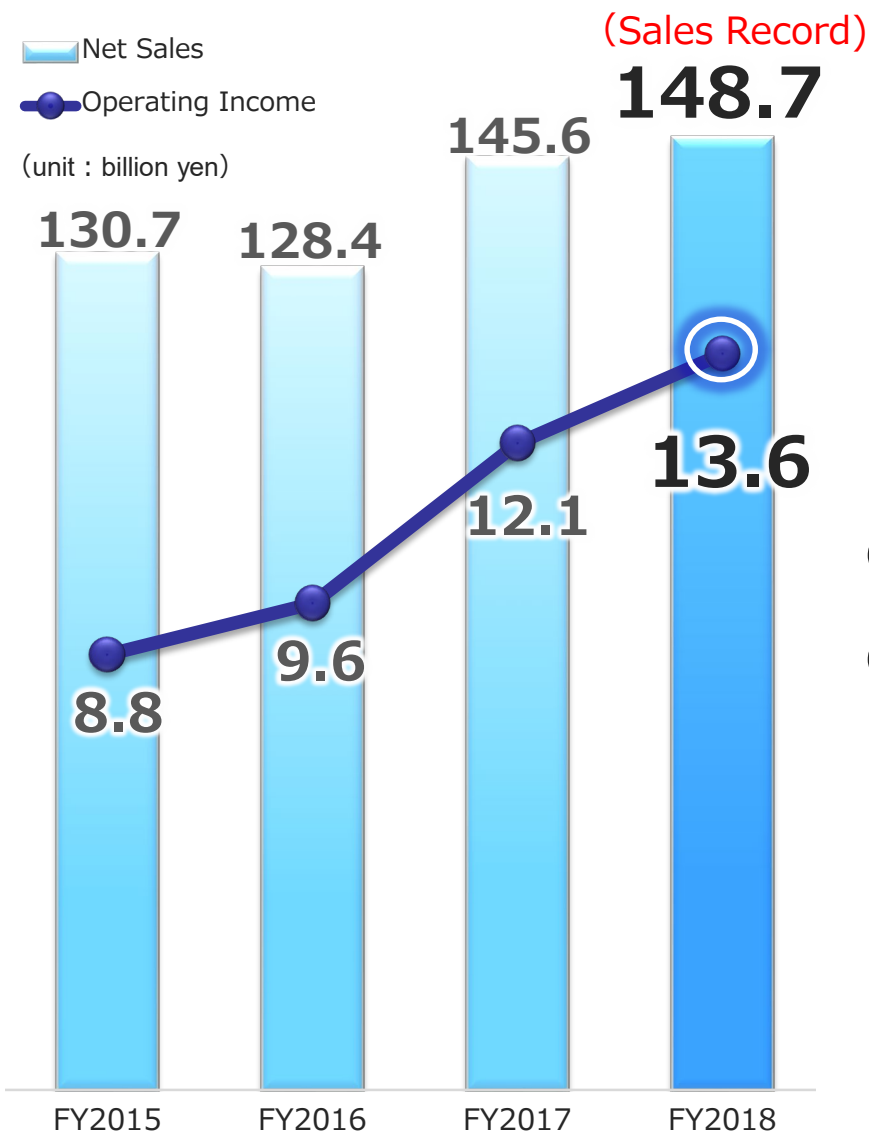
III . Appendix

I . FY2018 Financial Results

I - 1 . FY2018 Financial Results

I - 2 . Overview of Each Business

FY2018 Overview



**- Growth in sales and profit,
Dividend increase**

			YoY
Net Sales	¥148.7B		+2%
Operating Income	¥13.6B		+13%
Ordinary Income	¥11.5B		+8%
Net Income	¥6.5B		+9%

		FY2017
Dividend	¥24	¥20

FY2018 Overview

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Operating Cash Flow	¥18.2B	¥14.5B	¥14.5B
ROE	7.4%	9.7%	9.8%
Dividend /Payout ratio	¥16/39%	¥20/35%	¥24/39%
D/E ratio	98%	82%	70%
Total assets turnover ratio (times/year)	0.79	0.91	0.93

FY2018 Financial Results [Consolidated]

	FY2017	FY2018			
(unit : million yen)	Actual	Actual	YoY	YoY%	Announced on January 30 th
Net Sales	145,558	148,688	3,130	+2%	150,000
Gross Profit (Gross Profit Ratio)	74,984 (51.5%)	78,515 (52.8%)	3,531		
SGA	62,910	64,918	2,008		
Operating Income (Operating Income Ratio)	12,073 (8.3%)	13,596 (9.1%)	1,523	+13%	15,000 (10.0%)
Non-Operating Income (Expenses)	-1,399	-2,099	-700		
Ordinary Income	10,674	11,497	823	+8%	13,000
Extraordinary Income (Loss)	-1,469	-5,019	-3,550		
Income Before Income Taxes and Minority Interests	9,205	6,478	-2,727		
Net Income	6,028	6,548	520	+9%	7,000
R O E	9.7%	9.8%			11%
Dividends	¥20	¥24			¥24
Payout Ratio	35%	39%			
Exchange Rate (Average)	USD ¥110.81	¥110.69	-¥0.12		(Assumed FX rate for 4Q) ¥105
	EUR ¥129.45	¥128.43	-¥1.02		¥130

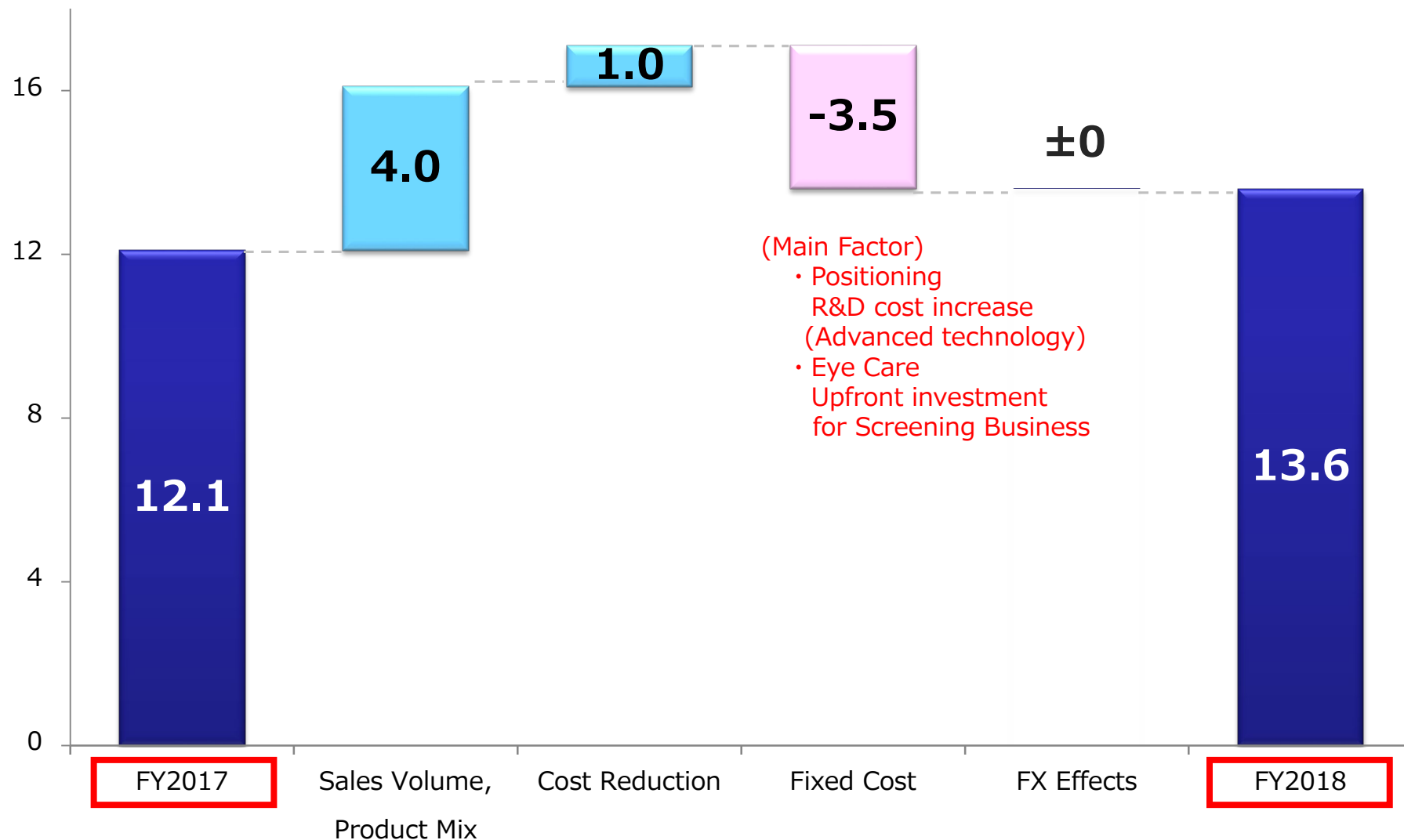
FY2018 Financial Results [Consolidated]

Increase sales and profit in all segments

		FY2017	FY2018			
(unit : million yen)		Actual	Actual	YoY	YoY%	Announced on January 30 th
Net Sales	Positioning	74,945	77,722	2,777	+4%	79,000
	Smart Infrastructure	36,626	36,744	118	+0%	38,000
	Eye Care	46,515	47,713	1,198	+3%	48,000
	Others	2,493	1,698	-795	-32%	1,500
	Elimination	-15,023	-15,190	-167		-16,500
	Total	145,558	148,688	3,130	+2%	150,000
Operating Income (Operating Income Ratio)	Positioning	8,018 (10.7%)	8,358 (10.8%)	340	+4%	9,500 (12.0%)
	Smart Infrastructure	5,102 (13.9%)	6,393 (17.4%)	1,291	+25%	6,000 (15.8%)
	Eye Care	2,038 (4.4%)	2,896 (6.1%)	858	+42%	2,500 (5.2%)
	Others	88 (3.5%)	-65 (-3.9%)	-153	-	0 (0.0%)
	Elimination	-3,173	-3,986	-813		-3,000
	Total	12,073 (8.3%)	13,596 (9.1%)	1,523	+13%	15,000 (10.0%)

FY2018 Operating Income YoY Breakdown

(unit : billion yen)



I . FY2018 Financial Results

I - 1 . FY2018 Financial Results

I - 2 . Overview of Each Business

Growth in sales and profit

(unit : million yen)

	FY2017	FY2018			
	Actual	Actual	YoY	%	Published Forecast
Net Sales	74,945	77,722	2,777	+4%	79,000
Operating Income (Operating Income Ratio)	8,018 (10.7%)	8,358 (10.8%)	340	+4%	9,500 (12.0%)

■ Review of FY2018 Financial Results

- IT Construction : Growth of OEM sales despite an increased uncertainty of construction market in the US
- IT Agriculture : Slowdown of agricultural market in the US
- Delay a launch of new strategic product
- Continue aggressive investments for future business growth (Research and development of advanced technology)

Growth in sales and significant growth in profit

(unit : million yen)

	FY2017	FY2018			
	Actual	Actual	YoY	%	Published Forecast
Net Sales	36,626	36,744	118	+0%	38,000
Operating Income (Operating Income Ratio)	5,102 (13.9%)	6,393 (17.4%)	1,291	+25%	6,000 (15.8%)

■ Review of FY2018 Financial Results

- Solid core business (Total Station)
- Continuous sales growth in i-Construction and IT Agriculture in Japan
- Stagnant sales in China due to slowdown of construction economy

***i-Construction** is a registered trademark of National Institute for Land and Infrastructure Management, MLIT, Japan.

Growth in sales and significant growth in profit

(unit : million yen)

	FY2017	FY2018			
	Actual	Actual	YoY	%	Published Forecast
Net Sales	46,515	47,713	1,198	+3%	48,000
Operating Income (Operating Income Ratio)	2,038 (4.4%)	2,896 (6.1%)	858	+42%	2,500 (5.2%)

■ Review of FY2018 Financial Results

- Sales growth of 3D OCT Maestro/Triton
- Gained more confidence on future expansion of Screening Business
- Upfront investment for Screening Business

II. FY2019 Full Year Plan

Business environment outlook

Positioning

- There is no change in continued growth of IT Construction and IT Agriculture business in the mid to long-term span
- There is a growing concern over uncertainty in the world's economy in FY2019

Smart Infrastructure

- Confidence in further expansion of i-Construction market, moreover, with tailwind from the additional construction budget (National Resilience), demands on IT Construction machinery and 3D Measurement data will increase
- Continue to grow IT Agriculture in Japan and look forward to increasing infrastructure investments in China

Eye Care

- Further increase in Screening demand for early detection of eye disease
- Expansion of newly created Screening Business

*"i-Construction" is a registered trademark of National Institute for Land and Infrastructure Management, MLIT, Japan.

FY2019 Full Year Plan [Consolidated]

(unit : million yen)

		FY2018	FY2019	
		Full Year Actual	Full Year Plan	YoY
Net Sales		148,688	154,000	+4%
Operating Income		13,596	14,500	+7%
(Operating Income Ratio)		(9.1%)	(9.4%)	
Ordinary Income		11,497	12,500	+9%
Net Income		6,548	8,000	+22%
ROE		9.8%	11%	
Dividends		¥24	¥28	
Payout Ratio		39%	37%	
Exchange Rate	USD	¥110.69	¥110.00	
(Average)	EUR	¥128.43	¥125.00	

FY2019 Full Year Plan by Business [Consolidated]

(unit : million yen)

		FY2018	FY2019	
		Full Year Actual	Full Year Plan	YoY
Net Sales	Positioning	77,722	79,000	+2%
	Smart Infrastructure	36,744	38,500	+5%
	Eye Care	47,713	51,000	+7%
	Others	1,698	1,500	-12%
	Elimination	-15,190	-16,000	
	Total	148,688	154,000	+4%
Operating Income (Operating Income Ratio)	Positioning	8,358 (10.8%)	8,500 (10.8%)	+2%
	Smart Infrastructure	6,393 (17.4%)	6,600 (17.1%)	+3%
	Eye Care	2,896 (6.1%)	3,400 (6.7%)	+17%
	Others	-65 (-3.9%)	0 (0.0%)	-
	Elimination	-3,986	-4,000	
	Total	13,596 (9.1%)	14,500 (9.4%)	+7%

【Topcon Way】

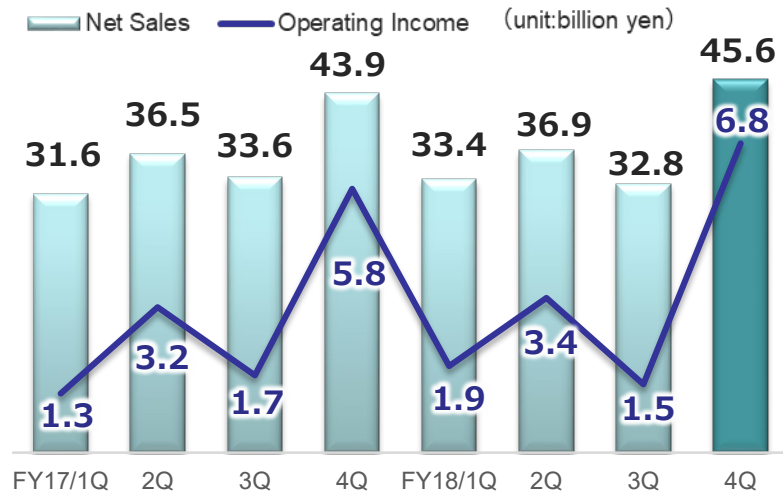
We aim to contribute to the creation of a prosperous society by solving societal challenges on healthcare, agriculture, and infrastructure



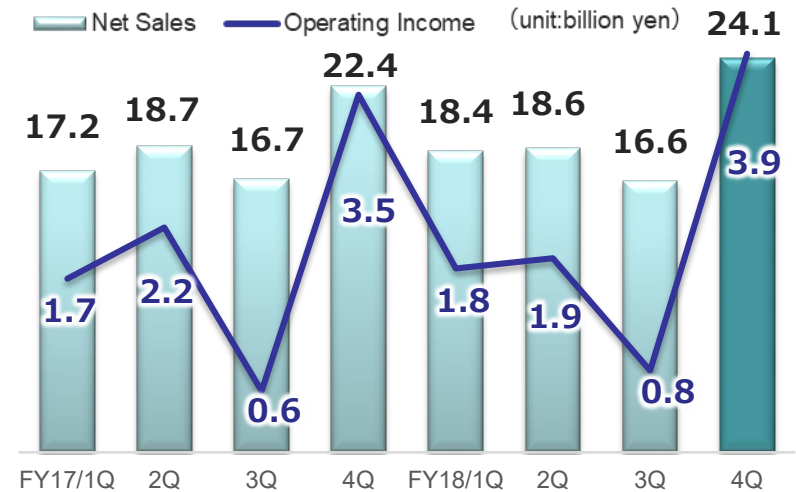
III. Appendix

Financial Results (Quarterly)

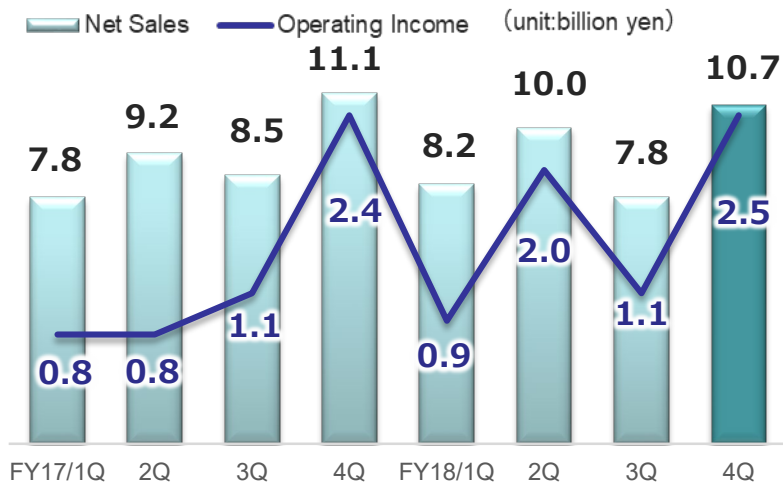
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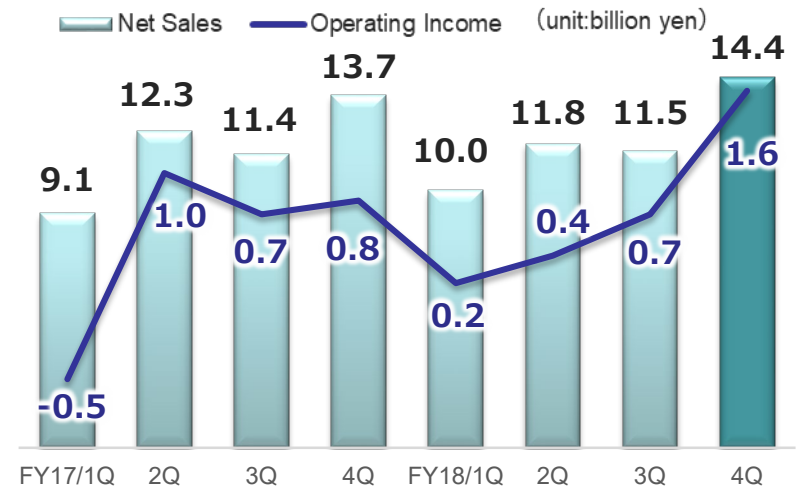
Positioning



Smart Infrastructure

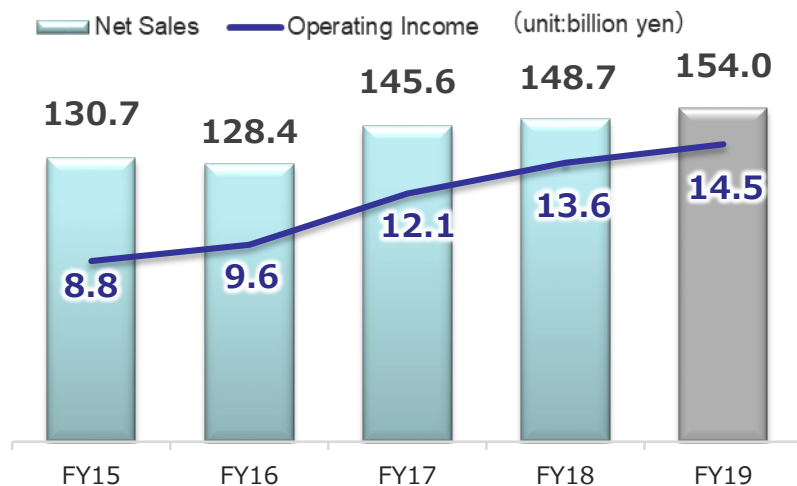


Eye Care

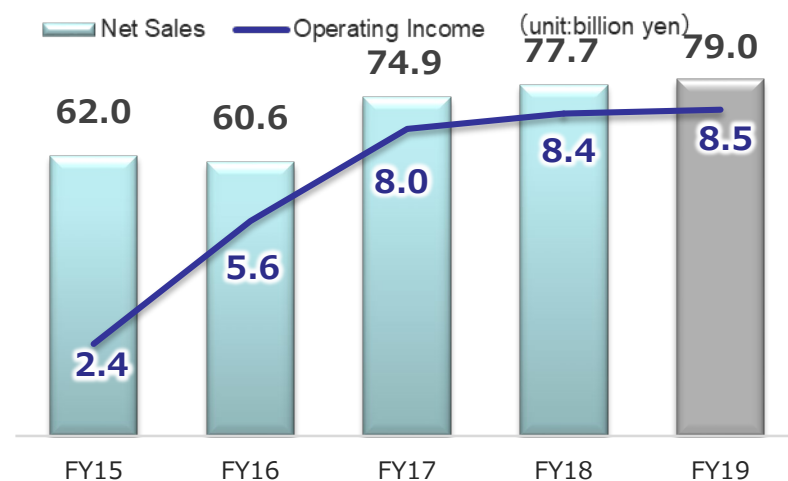


Financial Results and Plan (Annually)

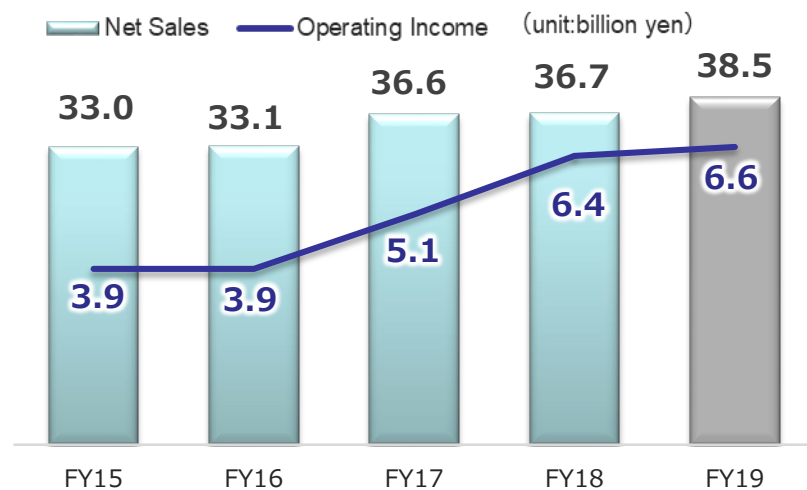
Consolidated



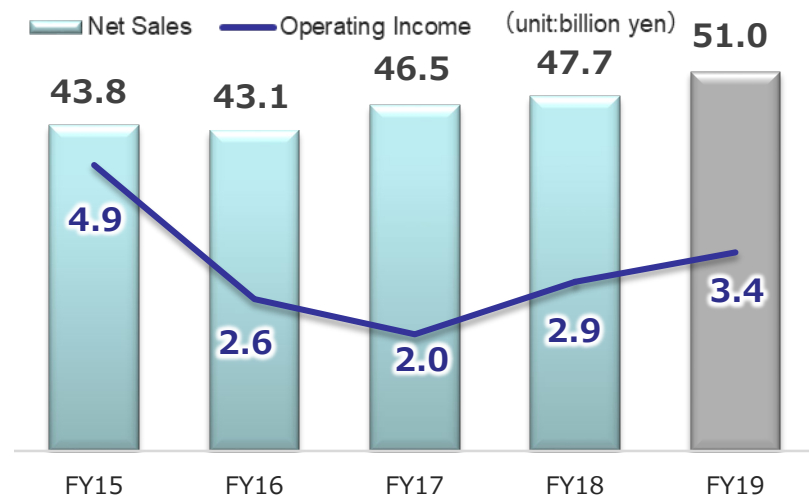
Positioning



Smart Infrastructure



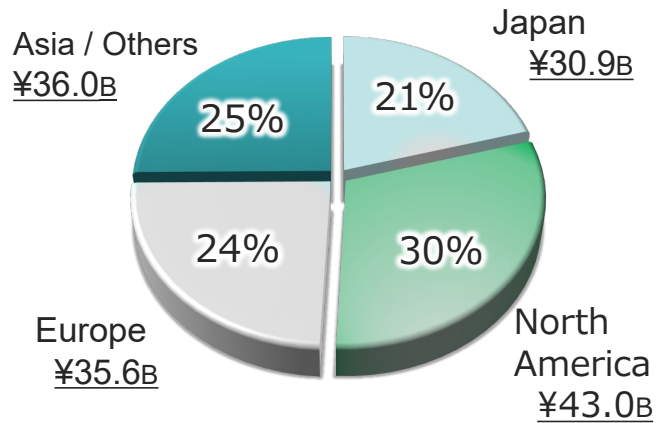
Eye Care



Sales by region

FY2017

¥145.6B

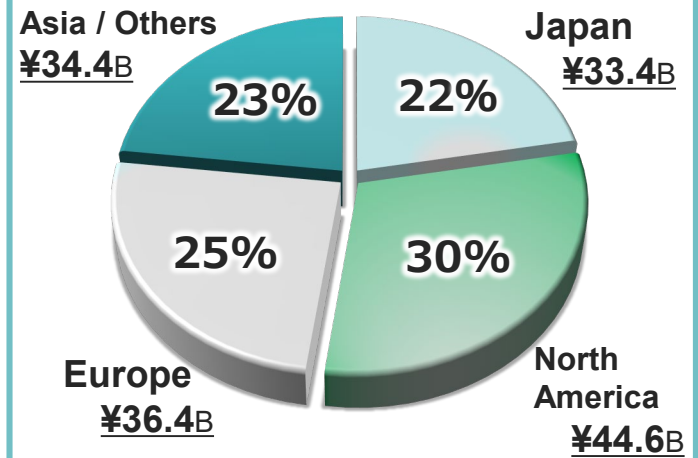


YoY
+2%



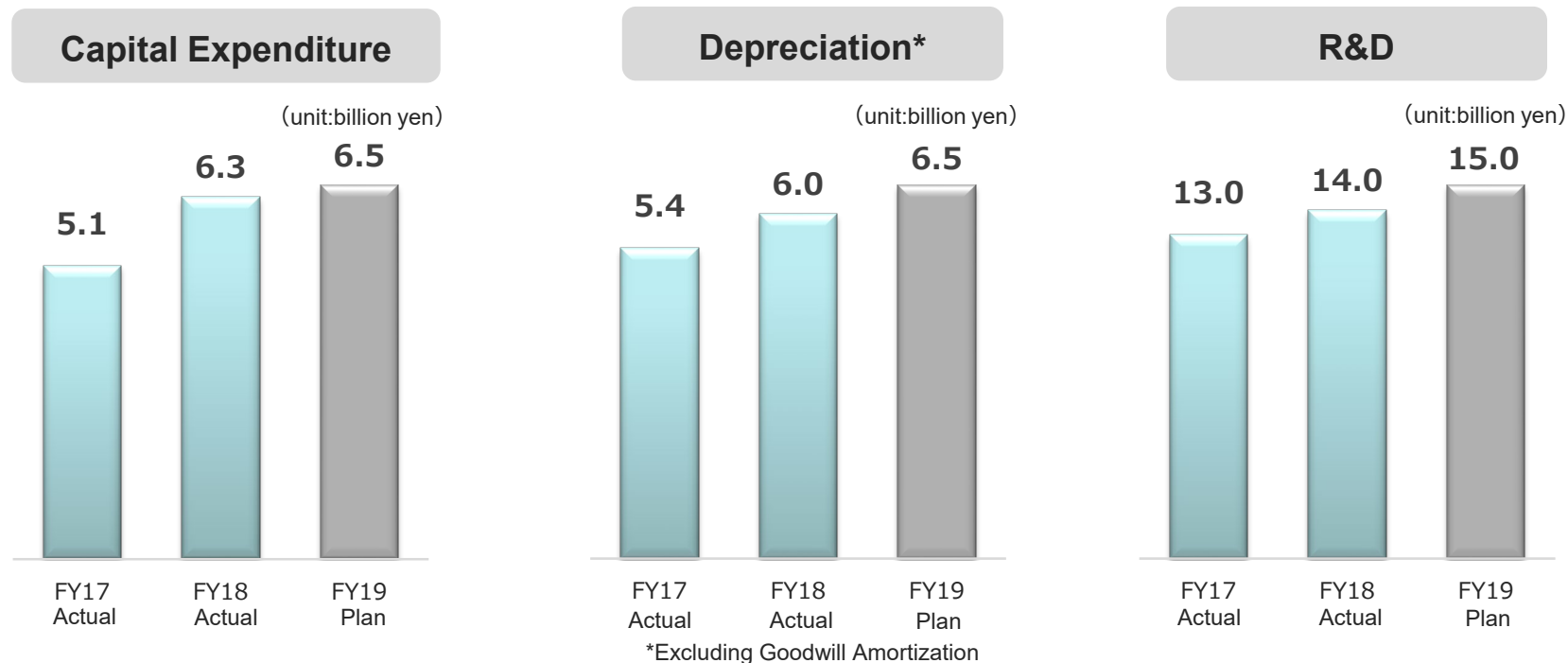
FY2018

¥148.7B



Capital Expenditure and R&D / Forex Sensitivity

■ Projections



■ Forex Sensitivity (impact by ¥1 change)

USD : Operating Income ¥0.15B - ¥0.2B

EUR : Operating Income ¥0.07B - ¥0.1B

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.

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