

FY19Q1

Financial Results

July 30, 2019@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

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Financial Overview

(¥bn)	Q1 FY19	Q1 FY19	YoY	YoY(%)
Revenue	138.9	140.8	+1.9	+1%
Pretax Profit	35.2	37.0	+1.8	+5%
Net Profit	28.5	30.1	+1.7	+6%
cf. Profit from ordinary operating activities*	35.3	38.5	+3.1	+9%

*Herein after “Operating Profit”

Constant Currency Basis (CCB)

(¥bn)	Previous Rate (A)	Current Rate (B)	FX Impact	YoY	YoY(%)
Revenue	143.0	140.8	-2.2	+4.1	+3%
Pretax Profit	37.2	37.0	-0.1	+2.0	+6%
Net Profit	30.2	30.1	-0.1	+1.7	+6%

Average Rates	(A)Q1 FY18	(B)Q1 FY19	Variance
US\$	¥109.53	¥109.67	-0.1%
EURO	¥129.01	¥122.87	+4.8%
BAHT	¥3.39	¥3.47	-2.4%

Notes RE: Special Items

Comprehensive Income Statement

(¥bn)	Q1 FY18	Q1 FY19	YoY
Income	139.9	142.4	+2.5
Expenses	104.7	105.4	+0.7
D&A	6.8	8.4	+1.5
Other Expenses	30.1	28.6	-1.5
Pretax Profit	35.2	37.0	+1.8

Due to applying a new lease accounting policy etc.,
D&A increased while other expenses decreased.

Life Care Earnings

(¥bn)	Q1 FY18	Q1 FY19	YoY	YoY(%)
Revenue*	91.3	93.8	+2.5	+3%
Pretax Profit	17.4	17.3	-0.1	-1%
cf.Operating Profit	17.8	18.2	+0.3	+2%
cf.OP Margin	19.5%	19.4%	-0.1pt	

*External revenue

Life Care Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	Real YoY	Real YoY(%)
Revenue*	95.8	93.8	-2.0	+4.5	+5%
Pretax Profit	17.3	17.3	-0.0	-0.1	-1%
cf.Operating Profit	18.2	18.2	-0.0	+0.4	+2%

*External revenue

IT Earnings

(¥bn)	Q1 FY18	Q1 FY19	YoY	YoY(%)
Revenue*	46.6	46.0	-0.6	-1%
Pretax profit	19.0	20.5	+1.4	+8%
cf.Operating Profit	18.8	21.2	+2.4	+13%
cf.OP Margin	40.3%	46.0%	+5.7pt	

*External revenue

IT Earnings (CCB)

(¥bn)	Q1 FY18	Q1 FY19	FX Impact	Real YoY	Real YoY(%)
Revenue*	46.1	46.0	-0.2	-0.4	-1%
Pretax profit	20.6	20.5	-0.1	+1.5	+8%
cf.Operating Profit	21.2	21.2	-0.1	+2.4	+13%

*External revenue

Earnings by Sub-Segment

Healthcare Revenue Eyeglass Lenses / Contact Lenses

(¥bn)	Q1 FY18	Q1 FY19	YoY	YoY(%)
Revenue*	69.6	70.4	+0.8	+1%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	71.9	70.4	+2.3	+3%

*External revenue

Earnings by Sub-Segment

<div>Medical Revenue</div> <div>Endoscopes / IOLs</div>				
(¥bn)	Q1 FY18	Q1 FY19	YoY	YoY(%)
Revenue*	21.7	23.3	+1.7	+8%

Constant Currency Basis				
(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	23.9	23.3	+2.2	+10%

*External revenue

Earnings by Sub-Segment

<div> <div>Electronics</div> <div>Masks & Blanks / HDD Substrates</div> </div>				
(¥bn)	Q1 FY18	Q1 FY19	YoY	YoY(%)
Revenue*	35.4	37.0	+1.6	+4%

<div> <div>Constant Currency Basis</div> </div>				
(¥bn)	Previous Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	37.0	37.0	+1.6	+5%

*External revenue

Earnings by Sub-Segment

Imaging Camera Lenses, Etc.

(¥bn)	Q1 FY18	Q1 FY19	YoY	YoY(%)
Revenue*	11.1	9.0	-2.2	-20%

Constant Currency Basis

(¥bn)	Previous	Rate	Current Rate	Real YoY	Real YoY(%)
Revenue*	9.1		9.0	-2.0	-18%

*External revenue

Balance Sheet

(¥bn)	Q4 FY18	Q1 FY19	QoQ	
Non-current Assets	255.8	276.4	+20.6	1
Current Assets	508.1	486.8	-21.3	
Capital	627.7	611.3	-16.4	2
Non-current Liabilities	24.4	33.4	+9.0	
Current Liabilities	111.8	118.5	+6.7	
Total	763.9	763.2	-0.7	

1

Property, plant and equipment increased ¥24.9 bn due to the application of a new lease accounting policy and new capacity investments.

2

Treasury stock increased due to share buybacks (¥-18.6 bn).

Cash Flow

(¥bn)	Q1 FY18	Q1 FY19	YoY
Operating CF	25.8	35.4	+9.7
Investing CF	-32.2	-10.9	+21.3 1
Financing CF	-16.9	-37.7	-20.8 2
Cash & Cash Equivalents at the end of the term	226.2	273.8	+47.6

1

Net cash used in investing activities decreased due to an investment in Toshiba Memory (¥27bn) in the year-ago quarter.

2

Financing cash outlays increased due to share buybacks (¥19.1 bn)*

*Schedule to buyback a maximum of ¥60 bn by the end of October 2019.

FY19 Q2 Forecast

(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue	142.0	143.2	+1.2	+1%
Pretax Profit	38.4	37.0	-1.5	-4%
Net Profit	31.2	29.9	-1.4	-4%

- ✓ We expect our Life Care Business sales to grow YoY, driven by M&A effects in IOL and sustained growth of contact lenses.
- ✓ We expect camera lenses etc. to decline, while EUV blanks to grow strongly. As a result, we expect our IT Business sales to remain the same level YoY.

1. Financial Results

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

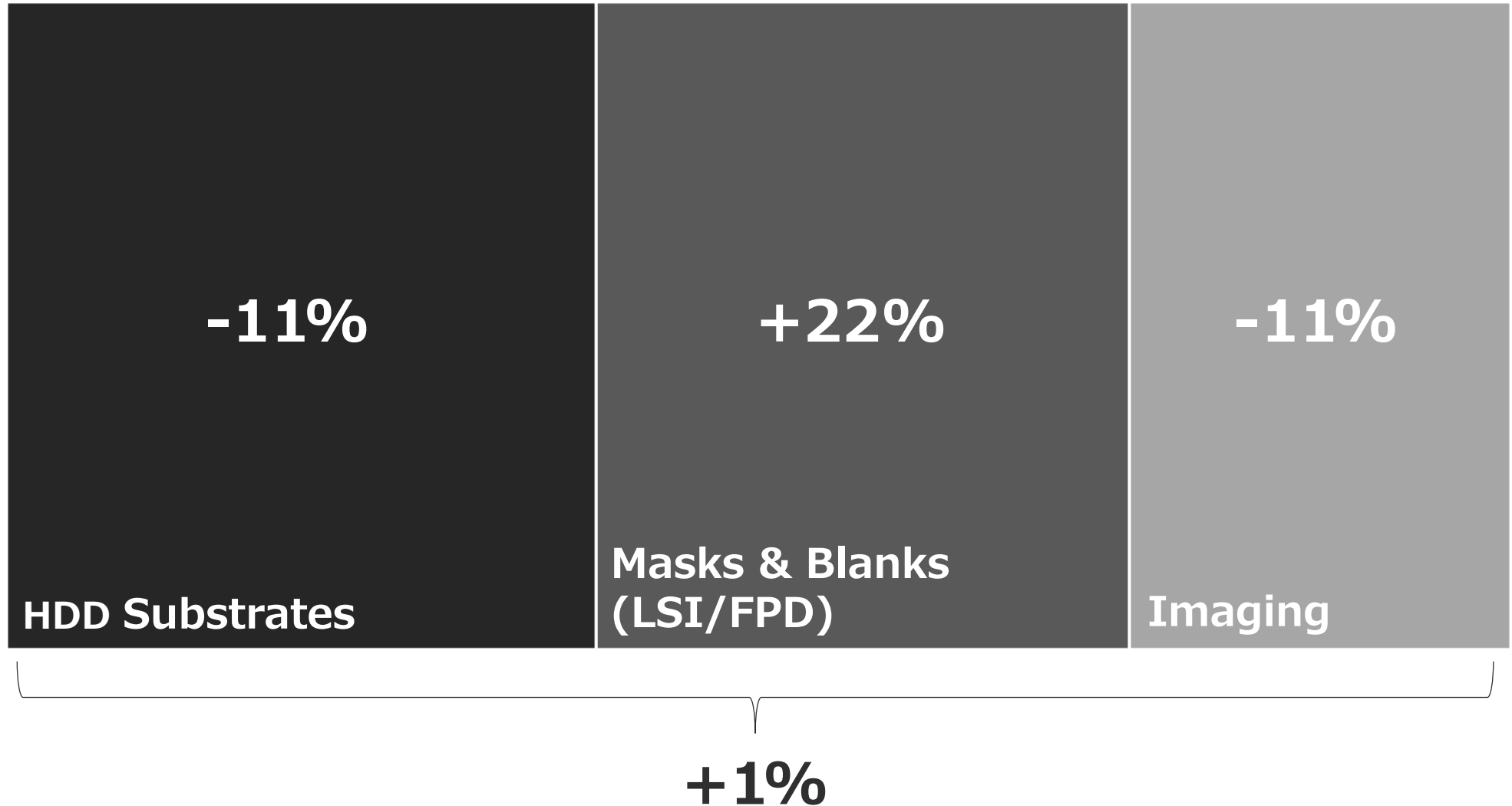
3. Life Care Business Overview

4. Summary

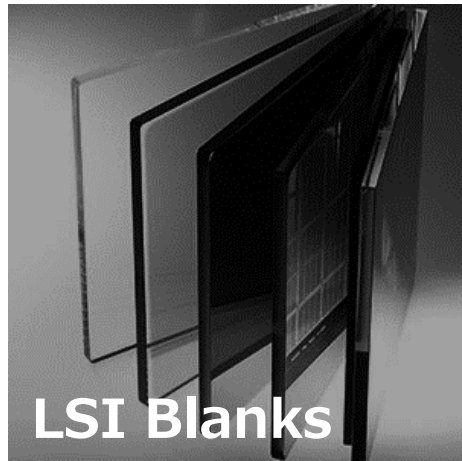
5. Q&A

IT Snapshot

YoY Sales Growth (Like-for-Like)



Overview by Product

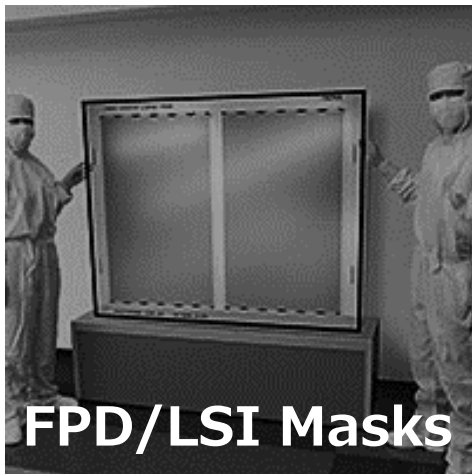


This Quarter

Driven by 7nm tape-outs, DUV sales grew favorable. EUV sales doubled to account for 29% of total blanks revenues.

Going Forward

We expect continued growth in EUV blanks, backed by incremental EUV scanner shipments and aggressive R&D.



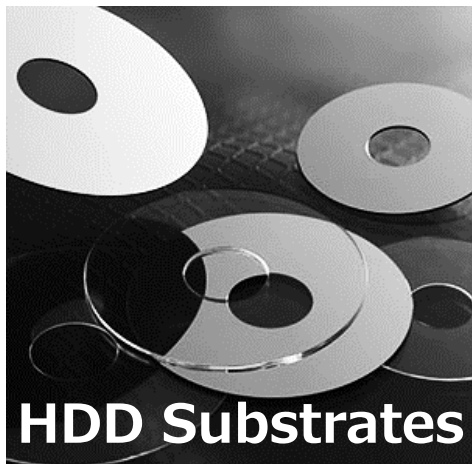
This Quarter

We saw strong sales of FPD Masks in the Chinese market. LSI Mask sales declined due to the contraction of the external mask shop market.

Going Forward

Expand business in China as further growth of the market is expected.

Overview by Product

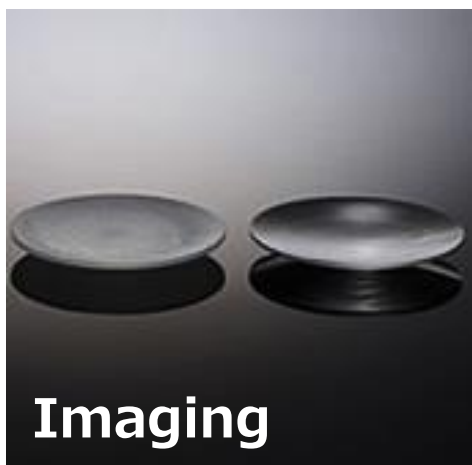


This Quarter

Growth of 3.5" sales slowed due to stagnant data center demand and was insufficient to offset 2.5" decline. As a result, overall sales declined YoY.

Going Forward

We expect 3.5" demand for data centers to gradually recover from Q2. We see signs of recovery.



This Quarter

In addition to the continued decline of compact camera sales, interchangeable lens sales also declined due to weakness in the end market.

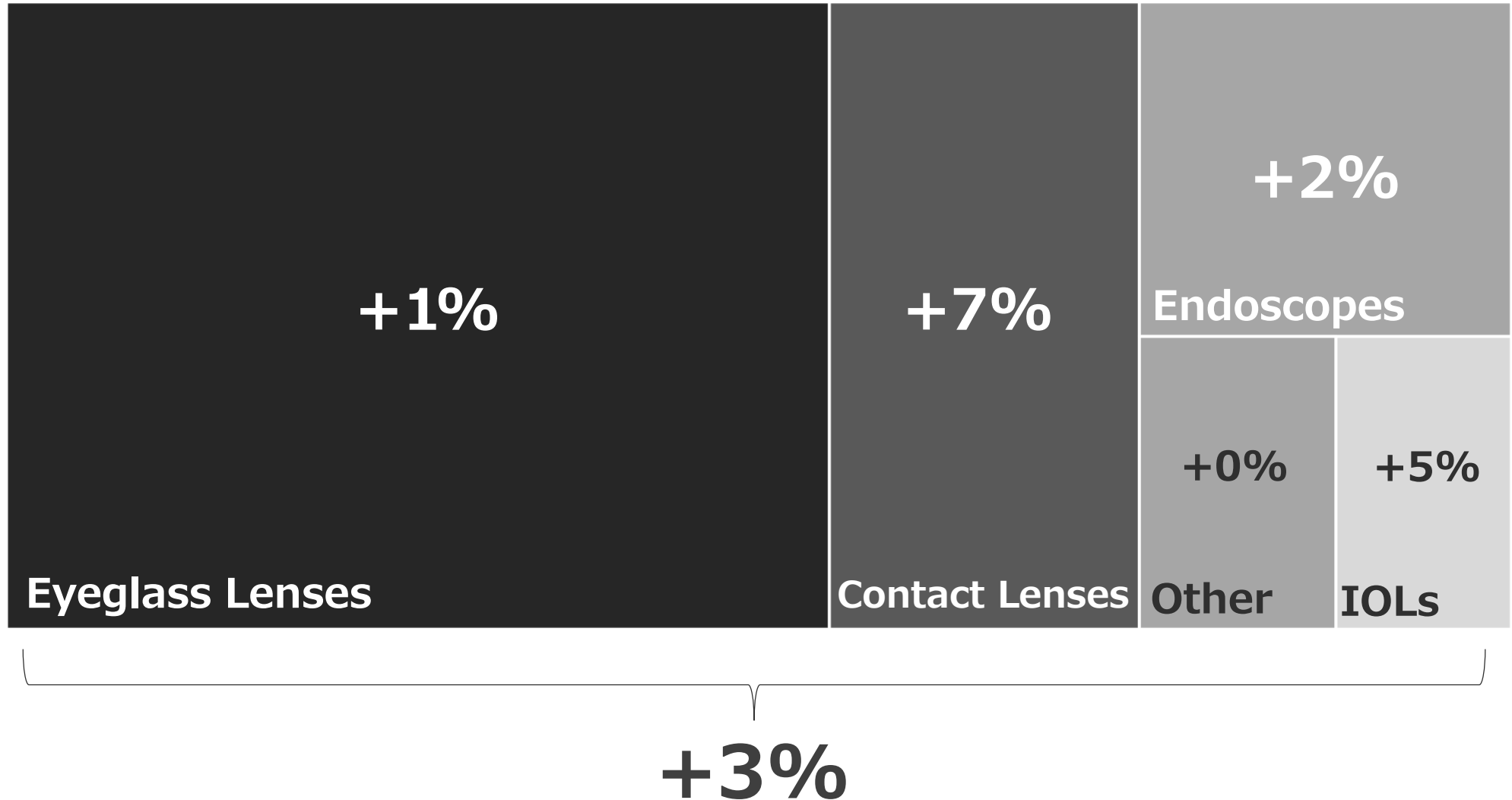
Going Forward

Continue to develop new applications and channels.

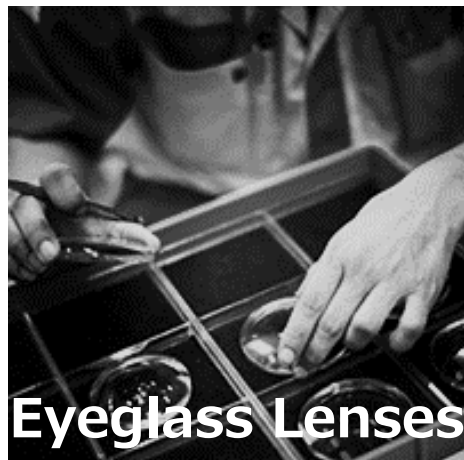
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Life Care Snapshot

YoY Sales Growth (Like-for-Like)



Overview by Product



This Quarter

While we target to expand our sales to chain channels, capacity constraints remained to be an issue. As a result, sales growth was slow.

Going Forward

Second factory in Vietnam to go online on November. Tackle mass merchants, mainly in North America.



This Quarter

Sales grew by gaining new customers and unit price hikes. We acquired a retailer based in Chugoku/Kyusyu region. No. of stores at quarter-end: 315 (New 1/Closed 1/including M&A)

Going Forward

Continue to target customer increases and unit price hikes.

Overview by Product

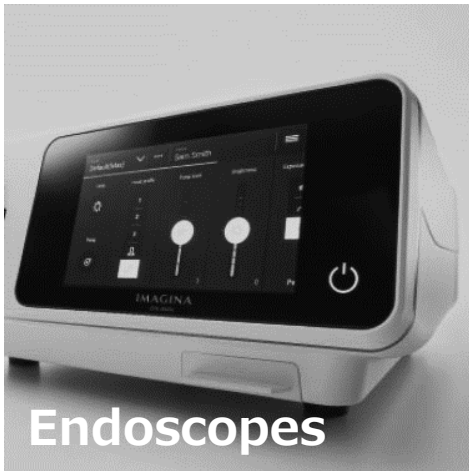


This Quarter

We resumed selling in China as excess inventory at our Chinese distributor improved. Transitioned to growth.

Going Forward

Target complete digestion of excess inventory in China. Promote integration of recently acquired companies.



This Quarter

Sales grew nicely in Asia and Europe driven by new product launches. However, sales in the Americas declined due to delays of delivery date etc.

Going Forward

Accelerate sales growth through launch of new products.

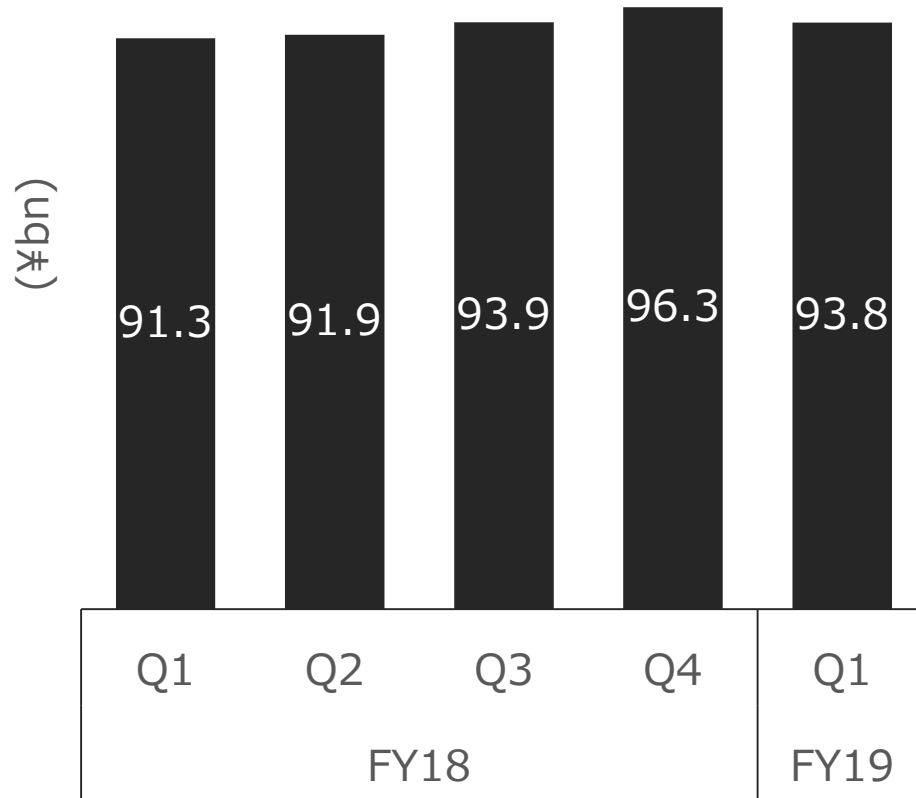
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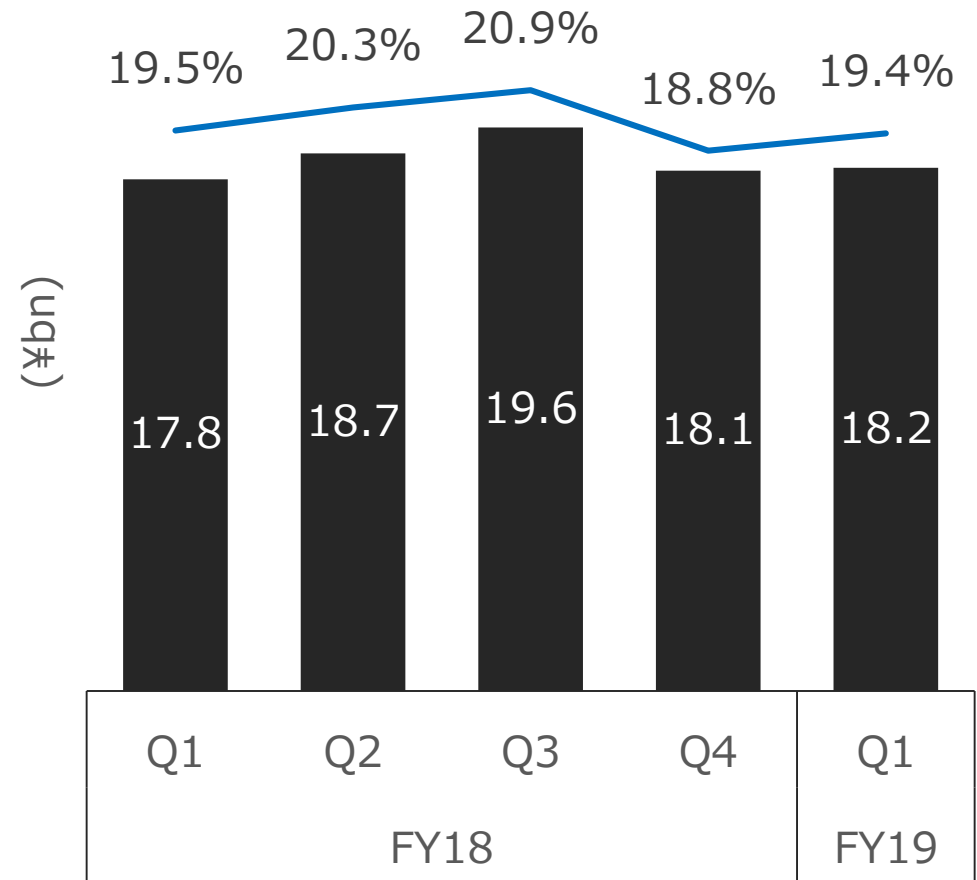
Appendix

Life Care QoQ Earnings

Revenue



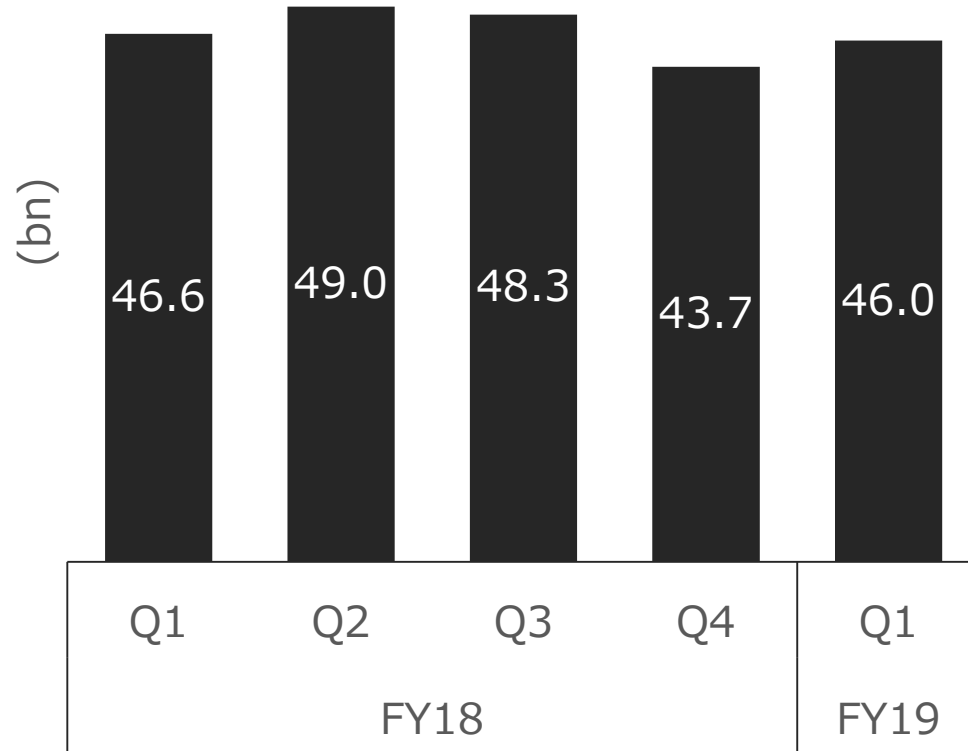
cf. Operating Profit / Margin



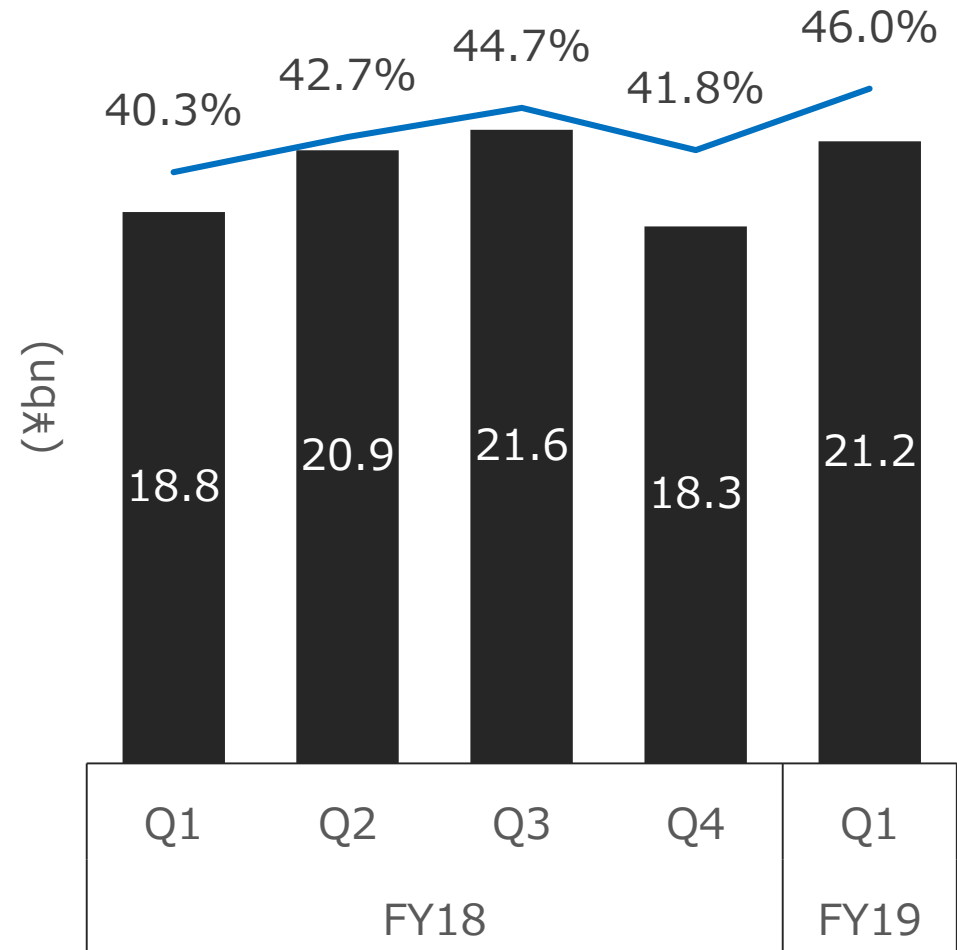
*External revenue

IT QoQ Earnings

Revenue



cf. Operating Profit / Margin



*External revenue

Topics

Launching ESG Committee

- ✓ Forming the very first ESG Committee for HOYA. Scheduled to start activities in August 2019.
- ✓ Tackle ESG issues and improve disclosure.

MW10 authorized by Amakusa City as Japan's first welfare apparatus *daily living tool*.

- ✓ In spring 2018, we launched a scotopic vision eyeglass-type wearable device, HOYA MW10 HiKARI, which assists individuals who have difficulty seeing in dark places due to nyctalopia.
- ✓ In July 2019, the product was authorized by Amakusa City, Kumamoto Prefecture, as a *daily living tool*, a welfare apparatus eligible to receive subsidies. This will allow people to buy the product at Y39,500 (excluding tax), which is 10% of the suggested retail price Y395,000.
- ✓ HOYA aims to expand this to other local governments in Japan.



Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2020 is referred to as “FY19” throughout this document.
- ✓ Figures less than ¥100 million are rounded down. Accordingly, some discrepancies may occur among totals. Ratios are calculated using actual numbers.
- ✓ Like-for-Like figures exclude foreign exchange and M&A impact as well as other extraordinary factors.
- ✓ 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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