

FY19Q2

Financial Results

October 29, 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

5. Q&A

Financial Overview

(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue	142.0	154.1	+12.1	+9%
Pretax Profit	38.4	44.2	+5.8	+15%
Net Profit	31.2	35.0	+3.8	+12%
cf. Profit from ordinary operating activities*	38.2	45.2	+7.0	+18%

*Herein after “Operating Profit”



Record high sales and profits, despite the negative impact of foreign exchange.

Constant Currency Basis (CCB)

(¥bn)	Previous Rate (A)	Current Rate (B)	FX Impact	YoY	YoY(%)
Revenue	159.9	154.1	-5.7	+17.8	+13%
Pretax Profit	45.0	44.2	-0.8	+6.6	+17%
Net Profit	35.7	35.0	-0.7	+4.5	+14%

Average Rates	(A)Q2 FY18	(B)Q2 FY19	Variance
US\$	¥111.88	¥107.67	+3.8%
EURO	¥130.54	¥118.95	+8.9%
BAHT	¥3.40	¥3.51	-3.2%

Notes RE: Special Items

Comprehensive Income Statement

(¥bn)	Q2 FY18	Q2 FY19	YoY	
Income	143.8	155.3	+11.5	
Expenses	105.4	111.1	+5.7	
	D&A	6.3	8.4	+2.1
Pretax Profit	38.4	44.2	+5.8	

Depreciation and amortization increased due to the adoption of a new lease accounting policy.

Life Care Earnings

(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue*	91.9	100.4	+8.5	+9%
Pretax Profit	17.0	20.6	+3.7	+22%
cf.Operating Profit	18.7	21.7	+3.0	+16%
cf.OP Margin	20.3%	21.6%	+1.3pt	

*External revenue

Life Care Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	YoY	YoY(%)
Revenue*	104.7	100.4	-4.3	+12.8	+14%
Pretax Profit	21.0	20.6	-0.3	+4.0	+24%
cf.Operating Profit	22.0	21.7	-0.3	+3.3	+18%

*External revenue

IT Earnings

(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue*	49.0	52.4	+3.5	+7%
Pretax profit	21.7	24.3	+2.7	+12%
cf.Operating Profit	20.9	24.3	+3.3	+16%
cf.OP Margin	42.7%	46.2%	+3.5pt	

*External revenue

IT Earnings (CCB)

(¥bn)	Previous Rate	Current Rate	FX Impact	YoY	YoY(%)
Revenue*	53.8	52.4	-1.4	+4.8	+10%
Pretax profit	24.8	24.3	-0.5	+3.1	+14%
cf.Operating Profit	24.7	24.3	-0.5	+3.8	+18%

*External revenue

Earnings by Sub-Segment

Healthcare Revenue

Eyeglass Lenses / Contact Lenses

(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue*	70.6	76.1	+5.4	+8%

Constant Currency Basis

(¥bn)	Previous Rate	Current Rate	YoY	YoY(%)
Revenue*	79.1	76.1	+8.4	+12%

*External revenue

Earnings by Sub-Segment

<div>Medical Revenue</div> <div>Endoscopes / IOLs</div>				
(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue*	21.3	24.4	+3.1	+15%

Constant Currency Basis				
(¥bn)	Previous Rate	Current Rate	YoY	YoY(%)
Revenue*	25.6	24.4	+4.4	+21%

*External revenue

Earnings by Sub-Segment

<div> <div>Electronics</div> <div>Masks & Blanks / HDD Substrates</div> </div>				
(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue*	38.1	43.0	+4.9	+13%

<div> <div>Constant Currency Basis</div> </div>				
(¥bn)	Previous Rate	Current Rate	YoY	YoY(%)
Revenue*	44.1	43.0	+6.0	+16%

*External revenue

Earnings by Sub-Segment

Imaging Optical Lenses, Etc.

(¥bn)	Q2 FY18	Q2 FY19	YoY	YoY(%)
Revenue*	10.9	9.4	-1.5	-14%

Constant Currency Basis

(¥bn)	Previous	Rate	Current Rate	YoY	YoY(%)
Revenue*	9.7		9.4	-1.2	-11%

*External revenue

Balance Sheet

(¥bn)	Q1 FY19	Q2 FY19	QoQ
Non-current Assets	276.4	279.8	+3.4
Current Assets	486.8	516.9	+30.1
Capital	611.3	637.0	+25.6
Non-current Liabilities	33.4	31.4	-2.0
Current Liabilities	118.5	128.4	+9.9
Total	763.2	796.8	+33.5

Cash and cash equivalents increased ¥24.6 bn resulting in increased current assets.

Cash Flow

(¥bn)		Q2 FY18	Q2 FY19	YoY
Operating CF		40.1	44.7	+4.6
	D&A	6.3	8.4	+2.1
Investing CF		-19.6	-11.1	+8.5
Financing CF		0.3	-7.5	-7.8
	Payments for lease liabilities	-	-1.8	-1.8
Cash & Cash Equivalents at the end of the term		252.3	298.4	+46.1

Due to applying a new lease accounting policy, D&A (Operating CF) increased while payments for lease liabilities (Financing CF) decreased; Net neutral.

Share Buyback

The HOYA board resolved to conduct an additional share buyback in consideration of the repurchase status of the first buyback (ending in October) and other factors such as net cash position.

Share Buyback #1

Maximum Amount: ¥60 bn

Period: May 8, 2019 to October 28, 2019

Actual Amount Repurchased: ¥24.1 bn (to be canceled)

Share Buyback #2

Maximum Amount: ¥50 bn

Period: October 30, 2019 to April 23, 2020

1. Financial Results

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

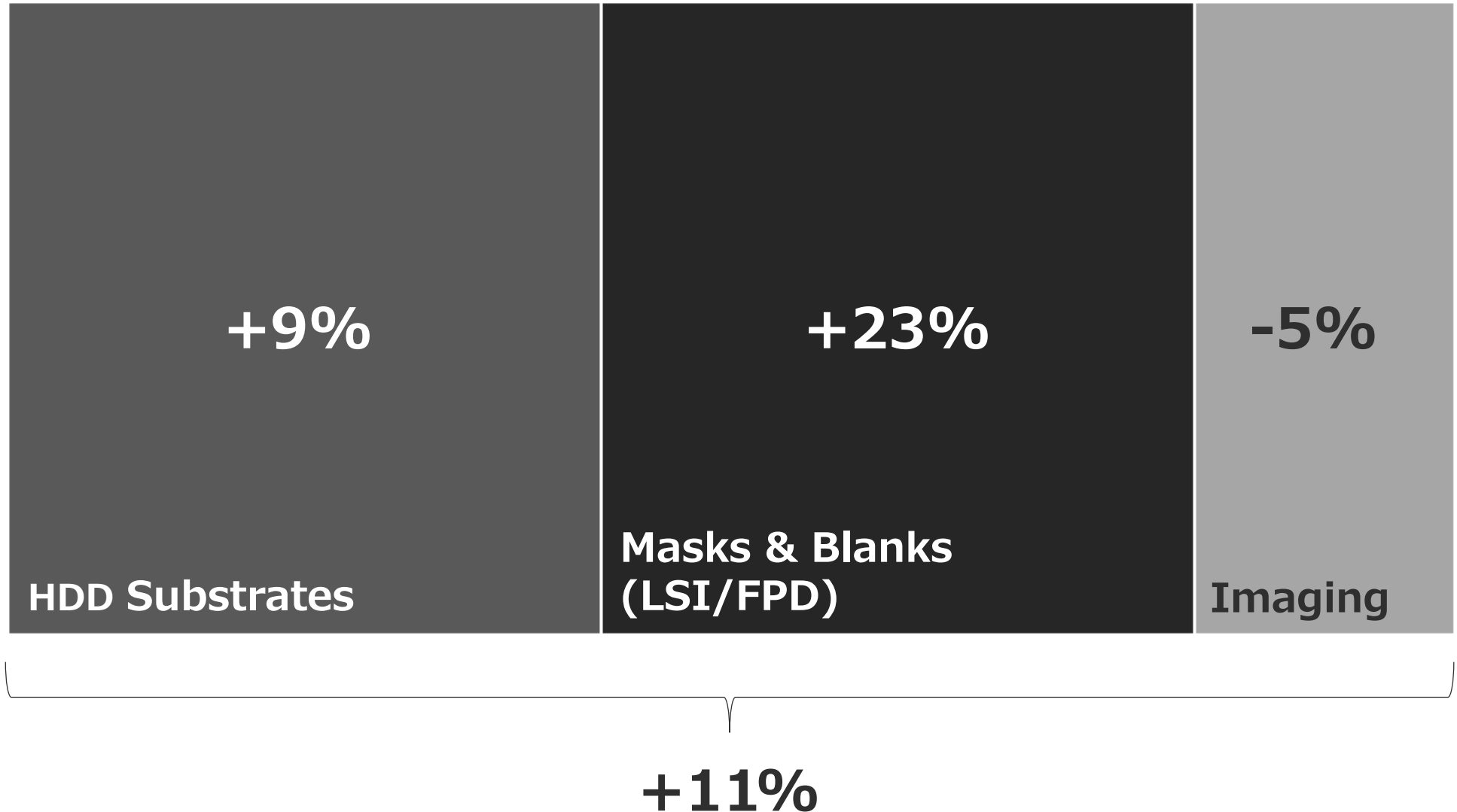
3. Life Care Business Overview

4. Summary

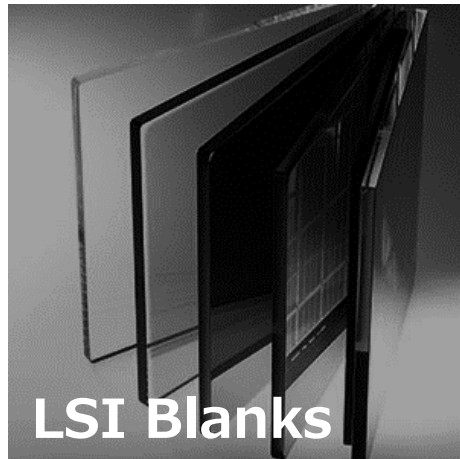
5. Q&A

IT Snapshot

YoY Sales Growth (Like-for-Like)



Overview by Product

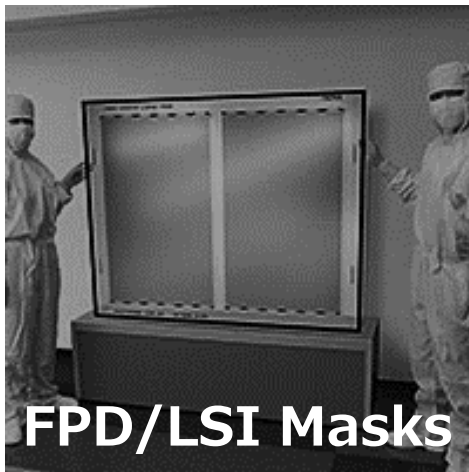


This Quarter

7nm DUV sales continued to be strong. EUV also maintained momentum, growing 90 plus percent YoY.

Going Forward

We expect continued growth in EUV blanks, backed by increased CAPEX at chip makers and scanner installations.



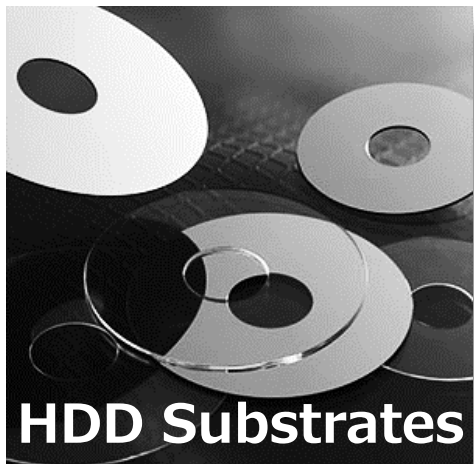
This Quarter

FPD Masks experienced growth through captured demand in the Chinese and Korean OLED market.

Going Forward

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

Overview by Product



This Quarter

Overall sales swung to growth, driven by an upward trend in data center demand. 3.5" products now account for 37% of total sales.

Going Forward

Continue to grow 3.5" glass disc revenue by replacing existing drives in data centers.



This Quarter

Due to market contraction, our imaging-related sales continued to decline.

Going Forward

Continue to develop new applications and channels.

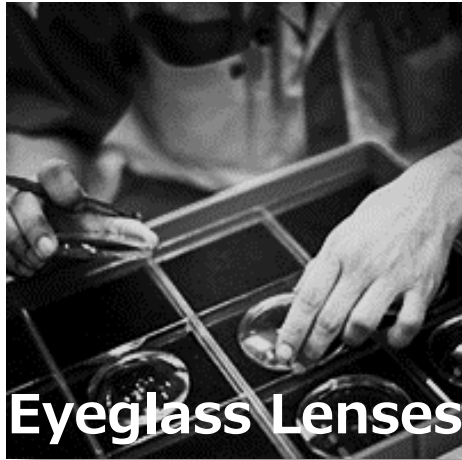
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Life Care Snapshot

YoY Sales Growth (Like-for-Like)



Overview by Product



This Quarter

Global revenue grew, driven by performance in Europe and Asia.

Going Forward

Second factory in Vietnam to go online on November.
Continue to develop new accounts.



This Quarter

Sales grew significantly, driven by last-minute demand ahead of Japan's consumption tax hike.

No. of stores at quarter-end: 315 (including acquisitions)

Going Forward

Expecting a reactionary decline related to consumption tax increase in Japan.

Accelerate new store roll-outs in H2.

Overview by Product



This Quarter

Achieved double-digit growth, mainly due to recovery in the Chinese market.

Going Forward

Working on synergy strategies on acquired companies. We will launch new products going forward.



This Quarter

Operations in Europe (where we have significant exposure) and Asia drove overall sales. New product launches were the key drivers.

Going Forward

Launch new products going forward.

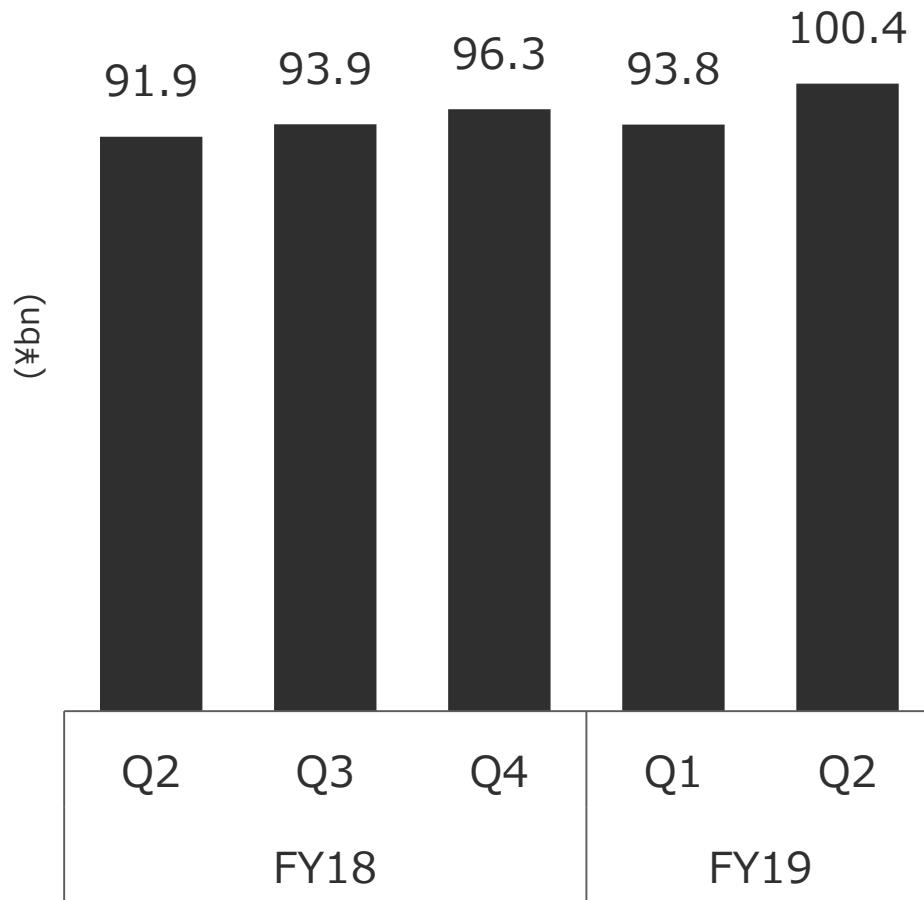
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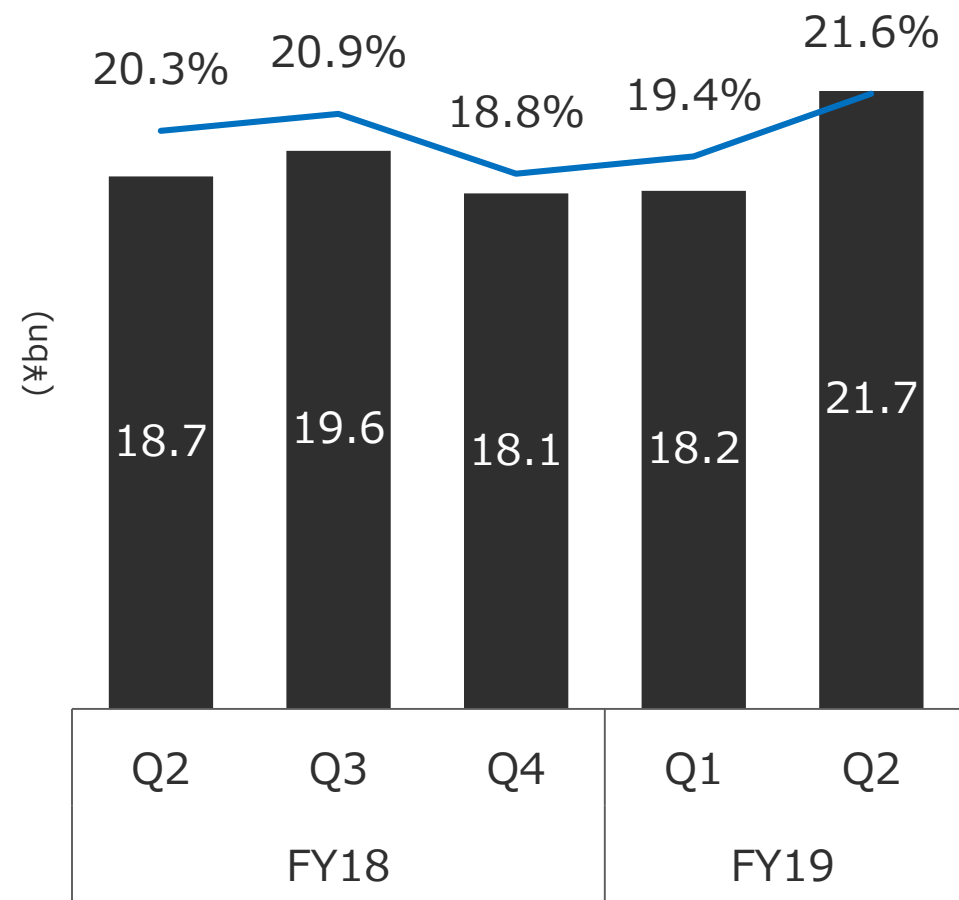
Appendix

Life Care QoQ Earnings

Revenue



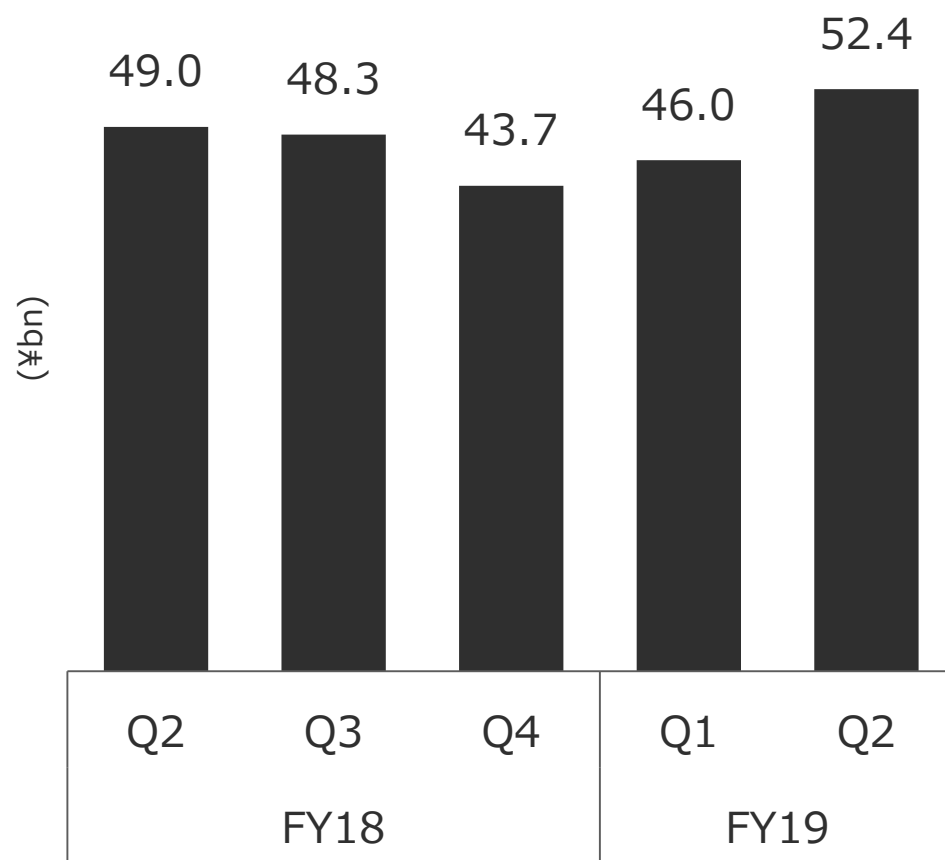
cf. Operating Profit / Margin



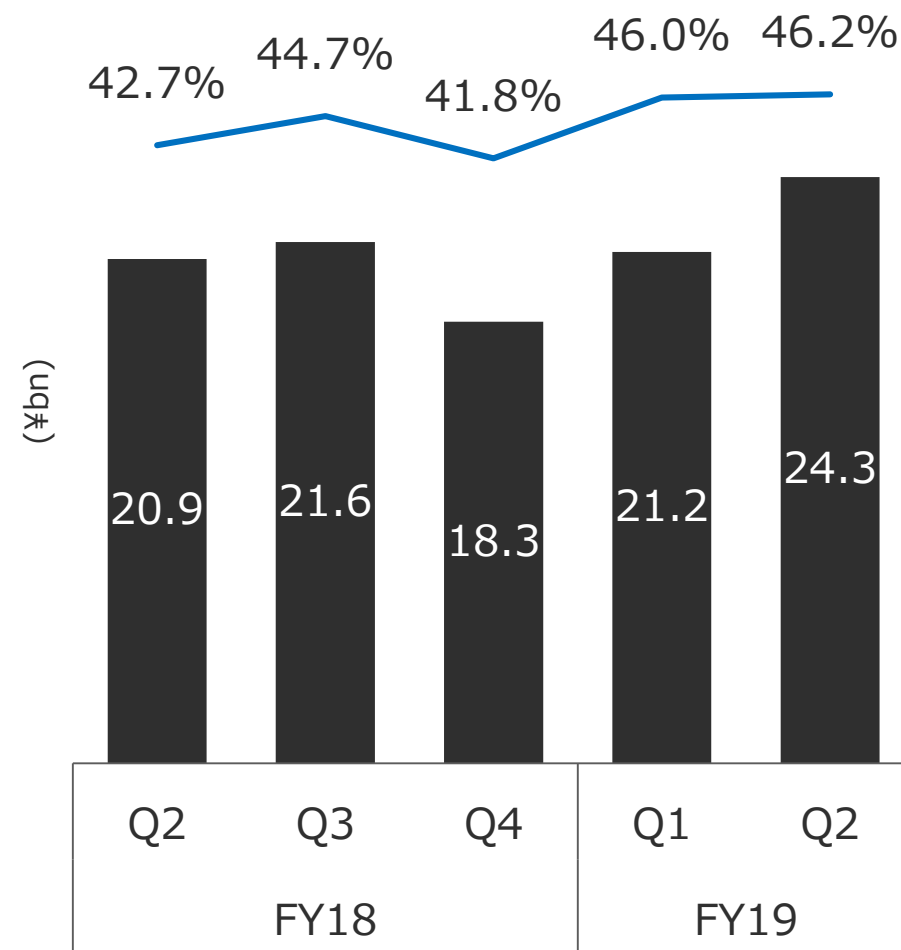
*External revenue

IT QoQ Earnings

Revenue



cf. Operating Profit / Margin



*External revenue

Topics

[HDD Substrates] Update on the Laos Factory Construction

We expect data center HDD demand to increase, and we are presently constructing a new factory in Laos. This will be our first facility in Laos. Progress is in line with schedule and we expect the factory to go online in April 2020.



[Contact Lenses] Recycle Activity of Empty Cases

Every manufacturer produces disposal contact lenses made of recyclable polypropylene. Our contact lens operation (Eyecity) began collecting empty cases in 2010. Today, we collaborate with various companies and schools, having collected a total of 3.3 million tons and contributed 9.1 million tons in CO2 reduction. We have donated all sales (¥7.9 million) from recycled products to the Japan Eye Bank Association.

In October, we will expand the scope of this activity, working with Higashiyamato City (Tokyo) to collect empty cases from junior high schools and city hall.

(photo; signing ceremony with Higashiyamato City)



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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