

Tokyo Seimitsu Co., Ltd. Earnings Conference For FY2020/3 2nd Quarter

November 8th, 2019

*

◆ Cautionary Statement with respect to Forward-Looking Statements

- ◆ This presentation data contains “forward-looking statements” that are based on current best available information and policies.
- ◆ There are various factors such as world economic conditions and semiconductor/automobile market conditions which will directly and indirectly impact the Company’s results in the future.
- ◆ As a result, future outcomes may differ from those projected in this presentation.

◆ Wordings and Data in presentation

- ◆ Unless otherwise noted, “**SPE**” denotes our Semiconductor Production Equipment Business Segment, “**Metrology (or Metr.)**” denotes our Metrology Business Segment, “**Net profit**” denotes Net profit attributable to owner of the parent
- ◆ Information listed in this presentation is summarized in Billions of Yen (**BJPY or B**) or percentage except as otherwise noted. As a result, there may be a case where the total of individual amount and total amounts in each matter may differ.

◆ Audit procedure

- ◆ This presentation is not subject to audit procedures.

Agenda

- ◆ **Business results for FY2020/3 2Q**
- ◆ **Mid – term business target**
- ◆ **Forecast for FY2020/3**
- ◆ **Q&A**

FY2020/3 2Q and 1H Business Results



Half Year Results (BJPY)	FY2019/3		FY2020/3			
	1H	2H	1H	Vs. Fcst	HoH	YoY
Orders	57.2	41.7	38.3		-8%	-33%
Sales	51.2	50.3	42.0	-1.0	-17%	-18%
Operating Profit (OP Margin)	10.2 (20%)	10.0 (20%)	5.6 (13%)	-0.3	-44%	-45%
Recurring Profit	10.8	10.0	5.7	-0.2	-43%	-46%
Net Profit	7.9	6.8	4.3	+0.1	-37%	-46%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Orders	28.2	29.0	24.0	17.7	18.7	19.6	+5%	-32%
Sales	19.8	31.4	23.7	26.6	18.0	24.0	+34%	-23%
Operating Profit (OP Margin)	3.1 (16%)	7.1 (23%)	4.8 (20%)	5.2 (20%)	1.8 (10%)	3.8 (16%)	+110%	-47%
Recurring Profit	3.4	7.4	4.8	5.2	1.9	3.8	+102%	-48%
Net Profit	2.6	5.3	3.5	3.3	1.4	2.9	+104%	-46%

➤ Profits declined HoH/YoY in conjunction with Sales decrease in two business segments

SPE Business Segment Results



Segment Results (Half Year, BJPY)	FY2019/3		FY2020/3			
	1H	2H	1H	Vs. Fcst	HoH	YoY
Orders	39.7	25.6	22.9		-11%	-42%
Sales	35.8	33.3	27.6	+0.1	-17%	-23%
Operating Profit (OP Margin)	6.8 (19%)	6.4 (19%)	3.8 (14%)		-41%	-44%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Orders	19.3	20.4	15.1	10.5	10.7	12.2	+14%	-40%
Sales	12.8	23.0	15.3	18.0	11.7	15.9	+36%	-31%
Operating Profit (OP Margin)	1.6 (13%)	5.2 (23%)	3.1 (20%)	3.3 (18%)	1.4 (12%)	2.4 (15%)	+77%	-54%

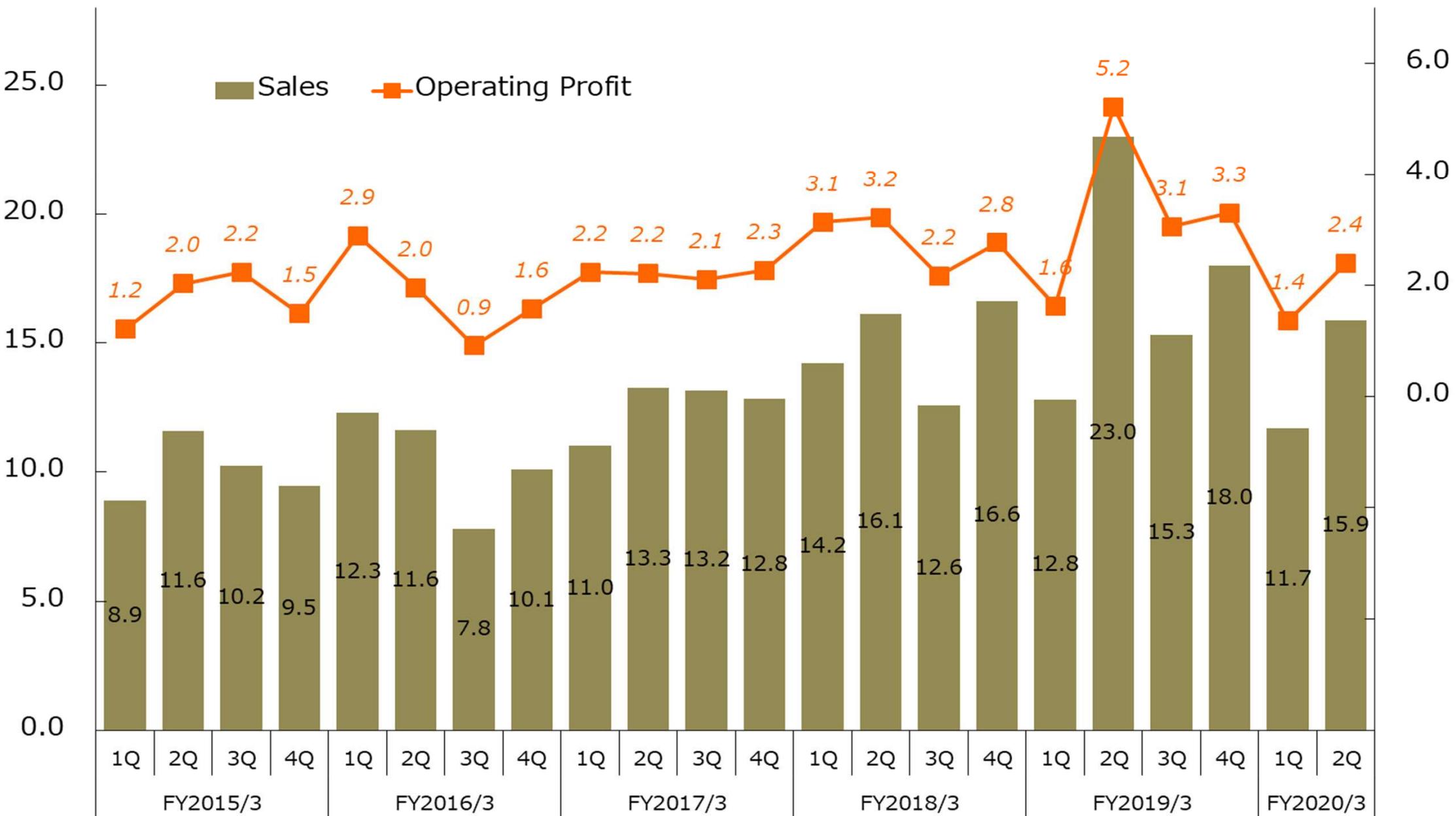
- Orders and Sales were mostly on-track, OP slightly exceeded than anticipated
- Proceeded cancellation of certain Orders (roll-in dates are significantly extended) in 2Q to drop both Orders and Backlog approximately 2.0B

SPE – Sales and OP

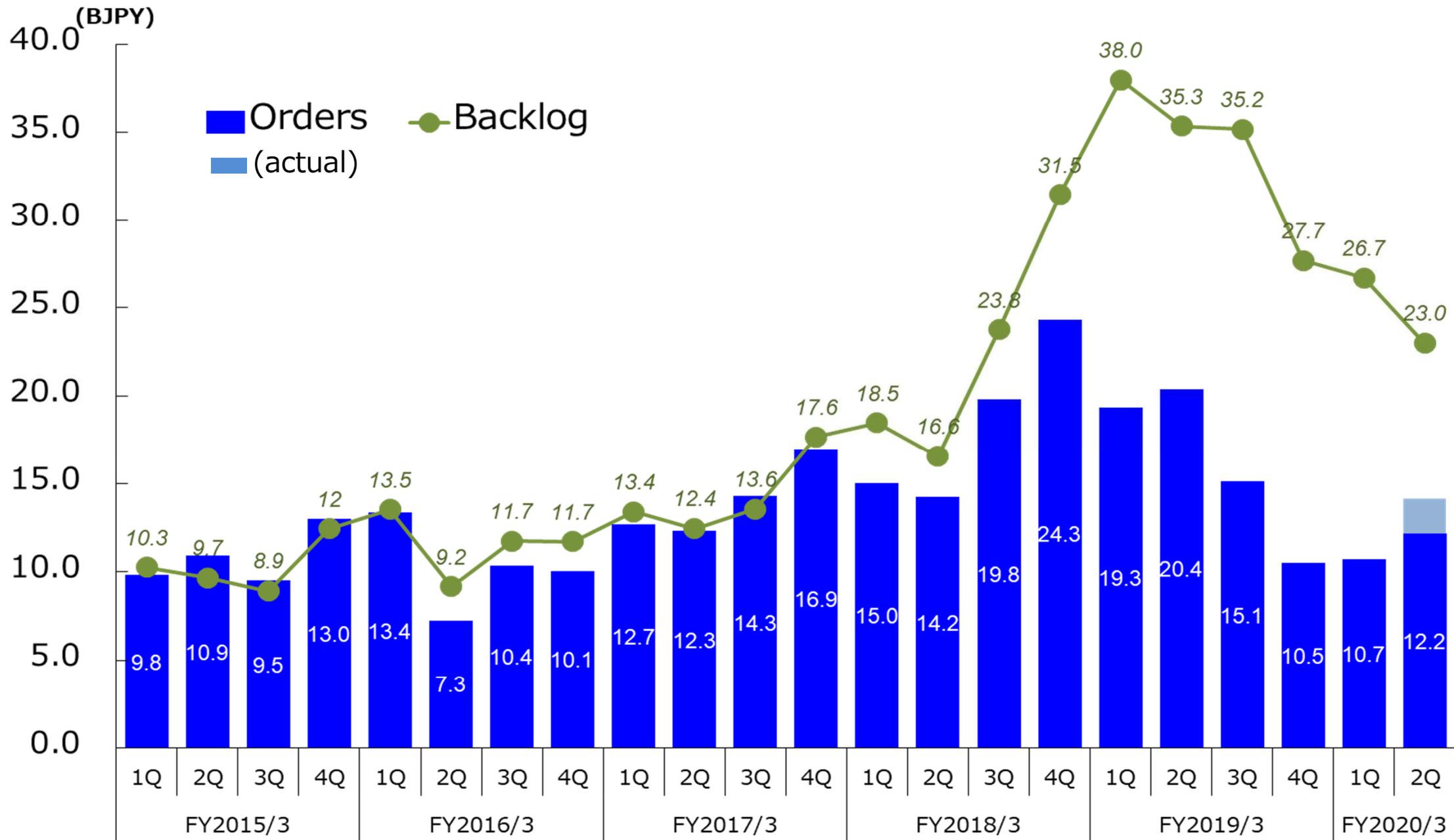


Sales (BJPY)

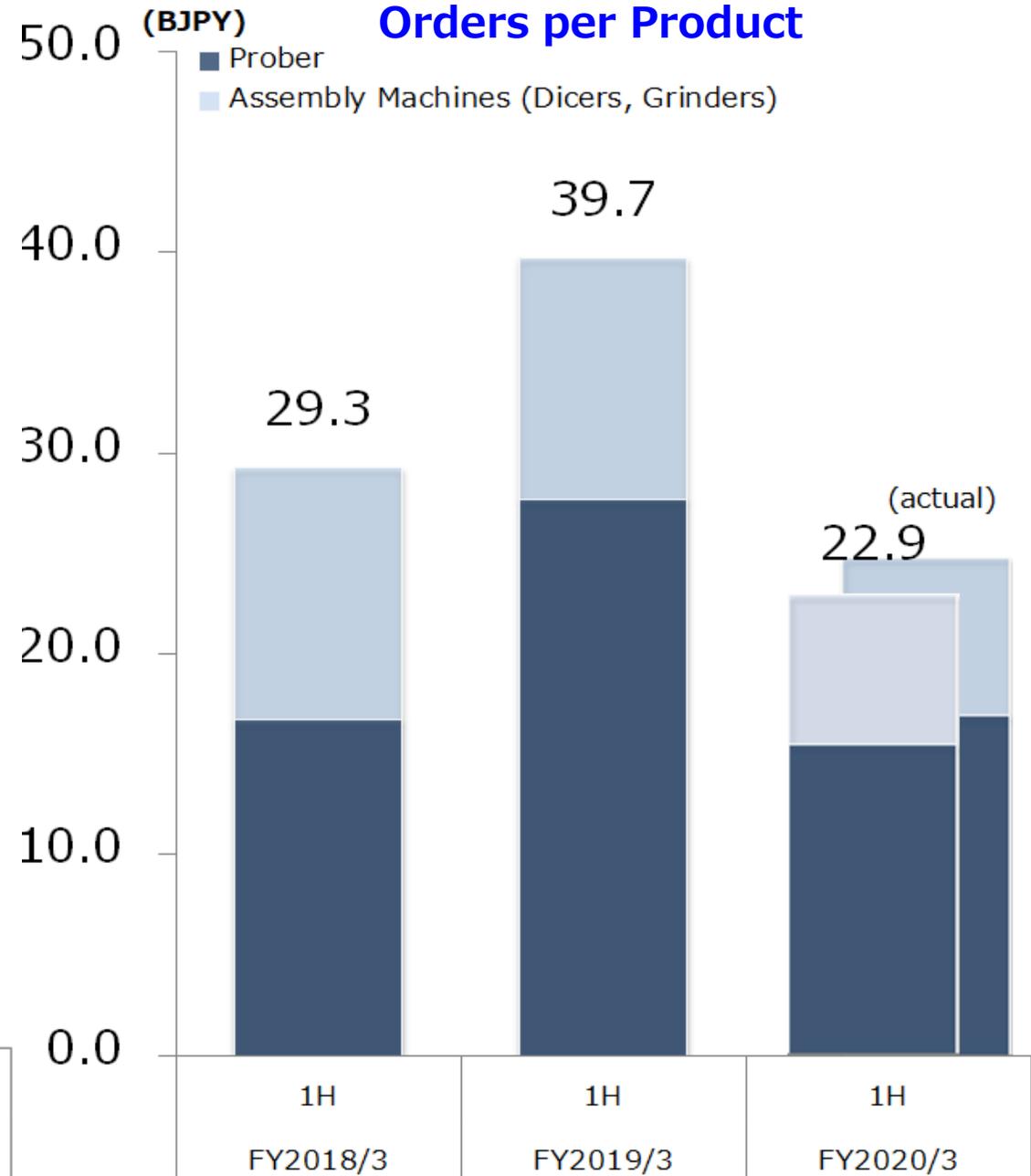
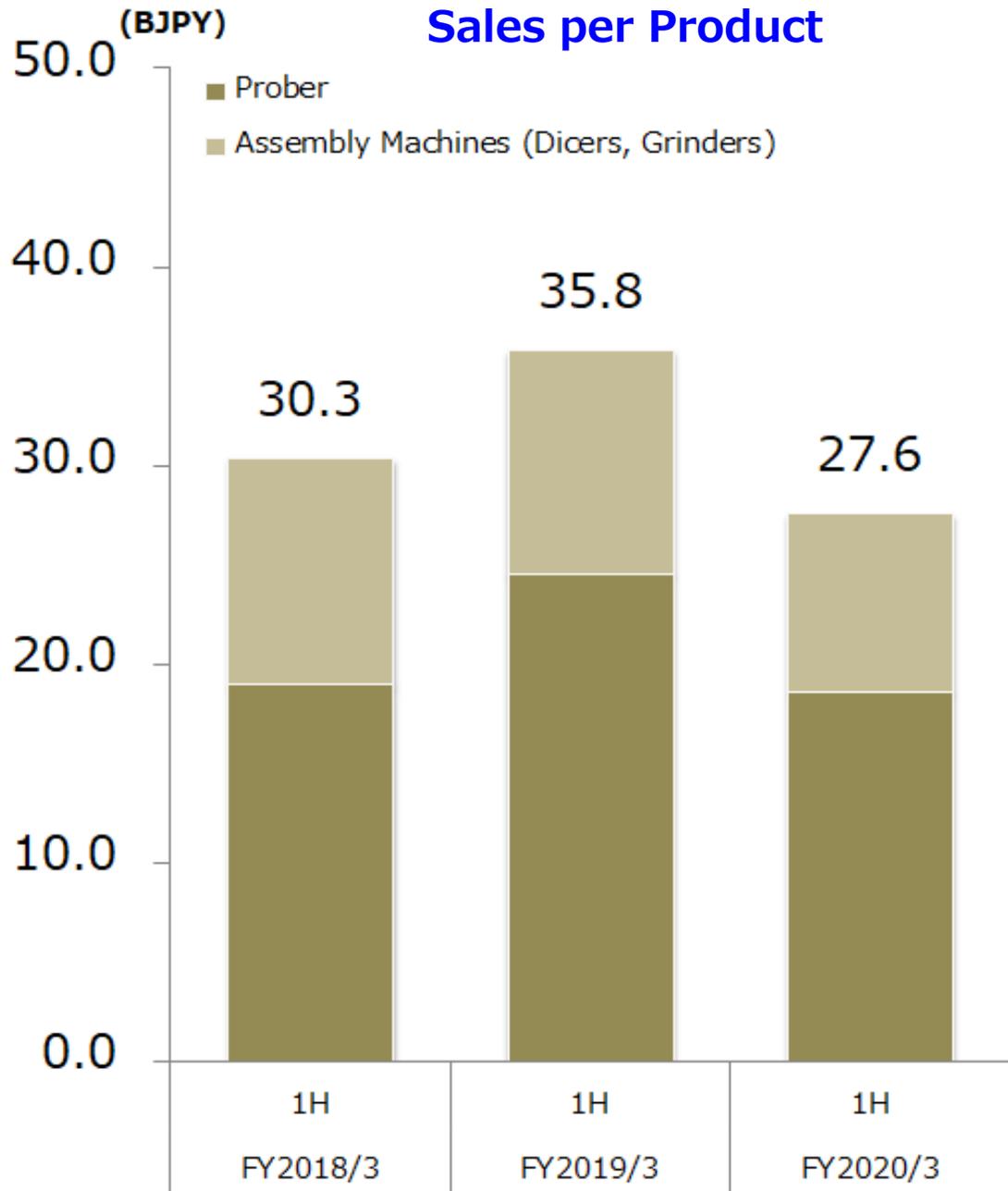
Operating Profit (BJPY)



SPE – Orders and Backlog



SPE – per Product

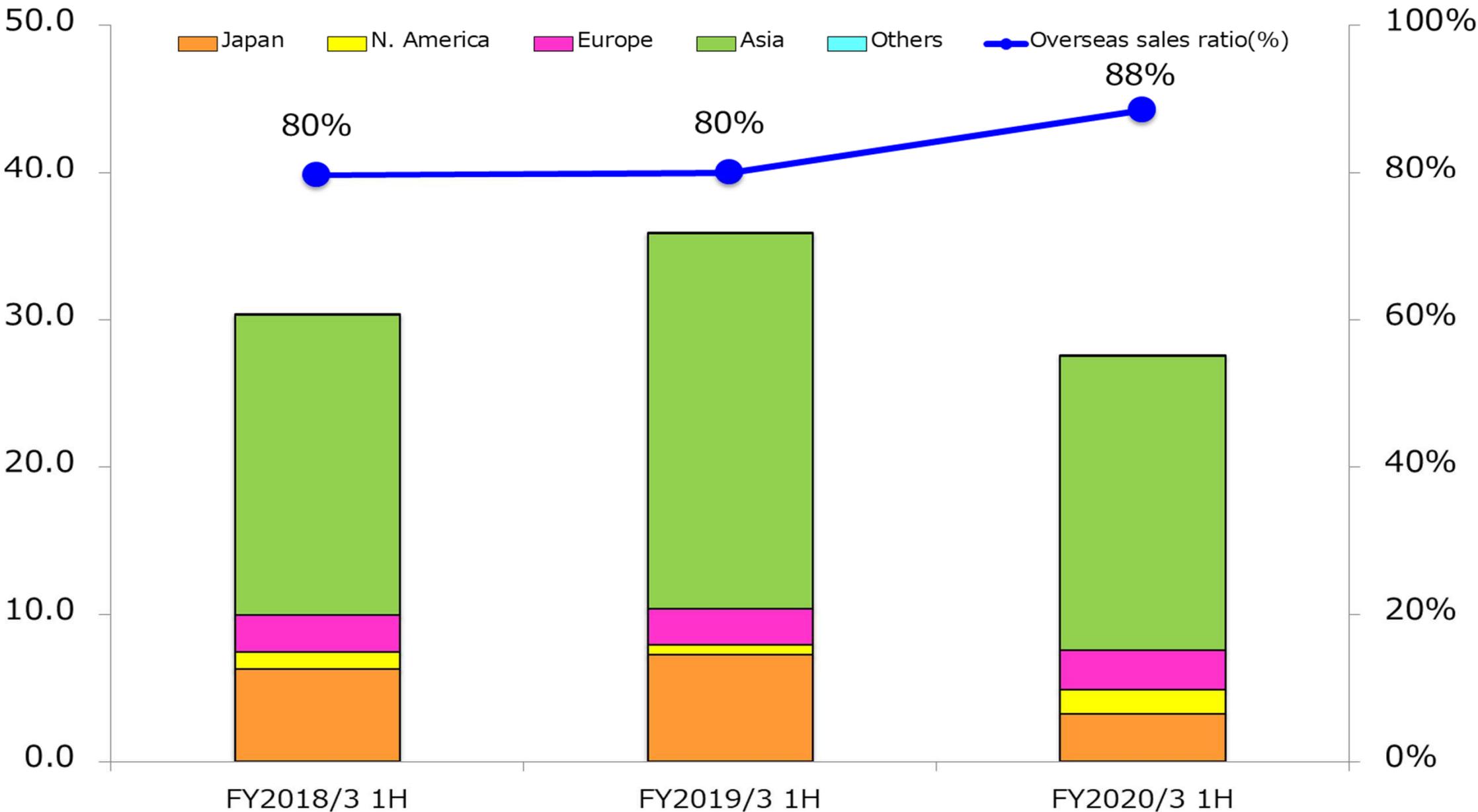


SPE – Regional Sales



Sales (BJPY)

Overseas Ratio(%)



Metrology Instruments Segment

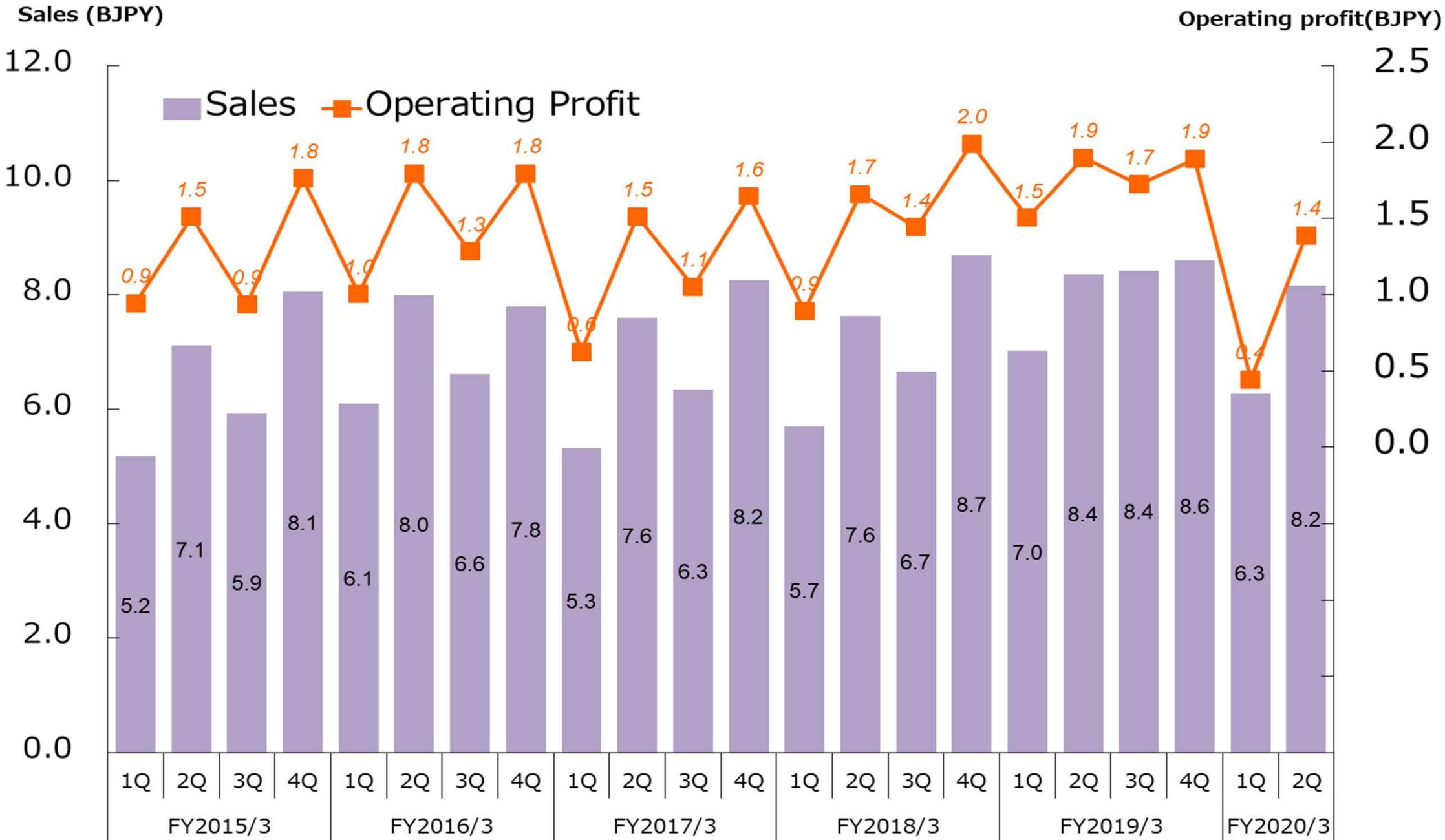


Segment Results (Half Year, BJPY)	FY2019/3		FY2020/3			
	1H	2H	1H	Vs. Fcst	HoH	YoY
Orders	17.5	16.1	15.4		-4%	-12%
Sales	15.4	17.0	14.4	-1.1	-15%	-6%
Operating Profit (OP Margin)	3.4 (22%)	3.6 (21%)	1.8 (13%)		-49%	-46%

Quarter (BJPY)	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Orders	8.9	8.6	8.9	7.2	8.0	7.4	-7%	-14%
Sales	7.0	8.4	8.4	8.6	6.3	8.2	+30%	-2%
Operating Profit (OP Margin)	1.5 (21%)	1.9 (23%)	1.7 (21%)	1.9 (22%)	0.4 (7%)	1.4 (17%)	+213%	-27%

- Orders, Sales, and OP were below than expected due to postponing and reviewing capital investment in Automotive-related industry
- OP decreased YoY due to sales decrease, adding the R&D and renovation expenses for Charge / discharge test system, and Expenses associated with retirement benefits in a consolidated subsidiary (Approx. 0.2B)

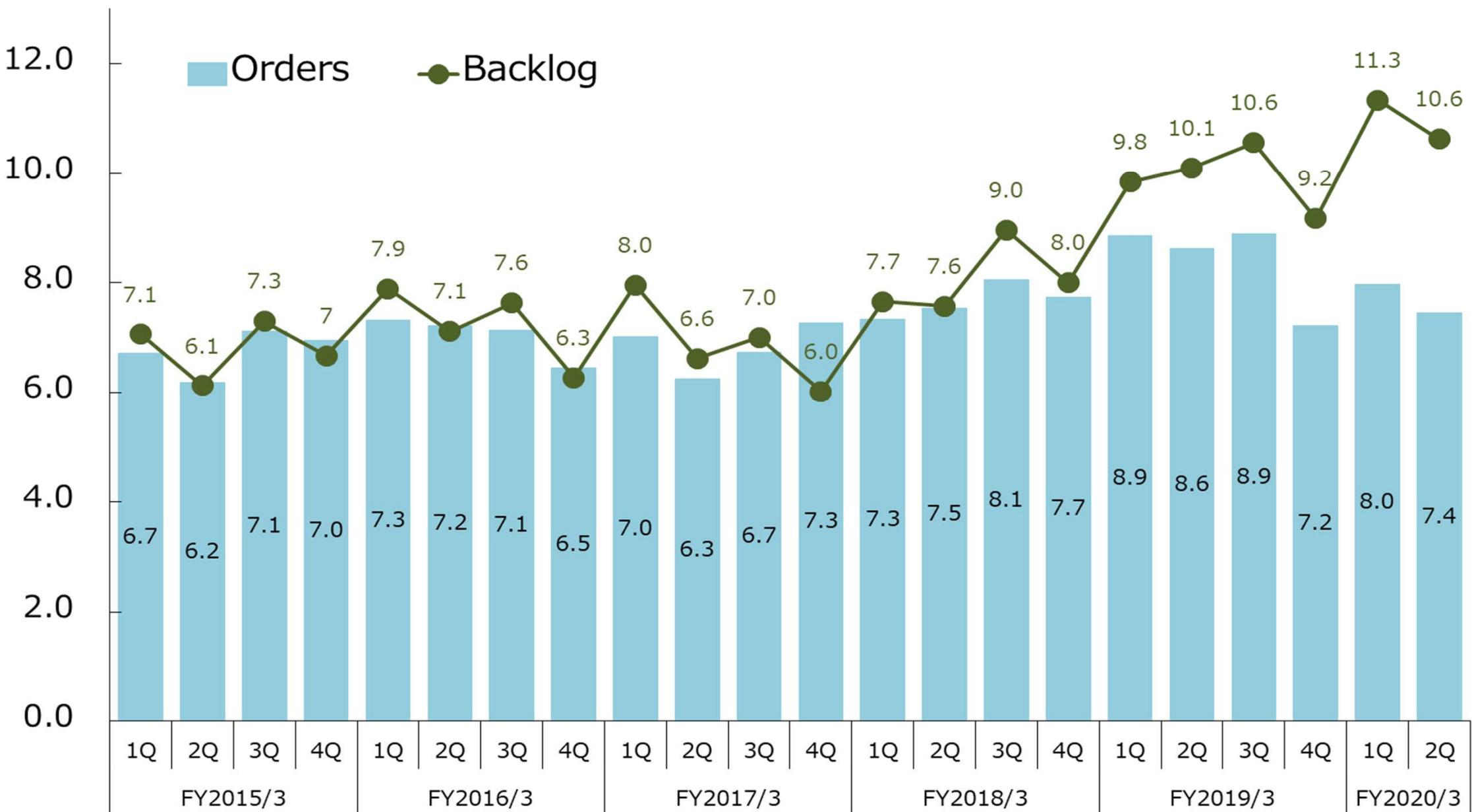
Metrology – Sales and OP



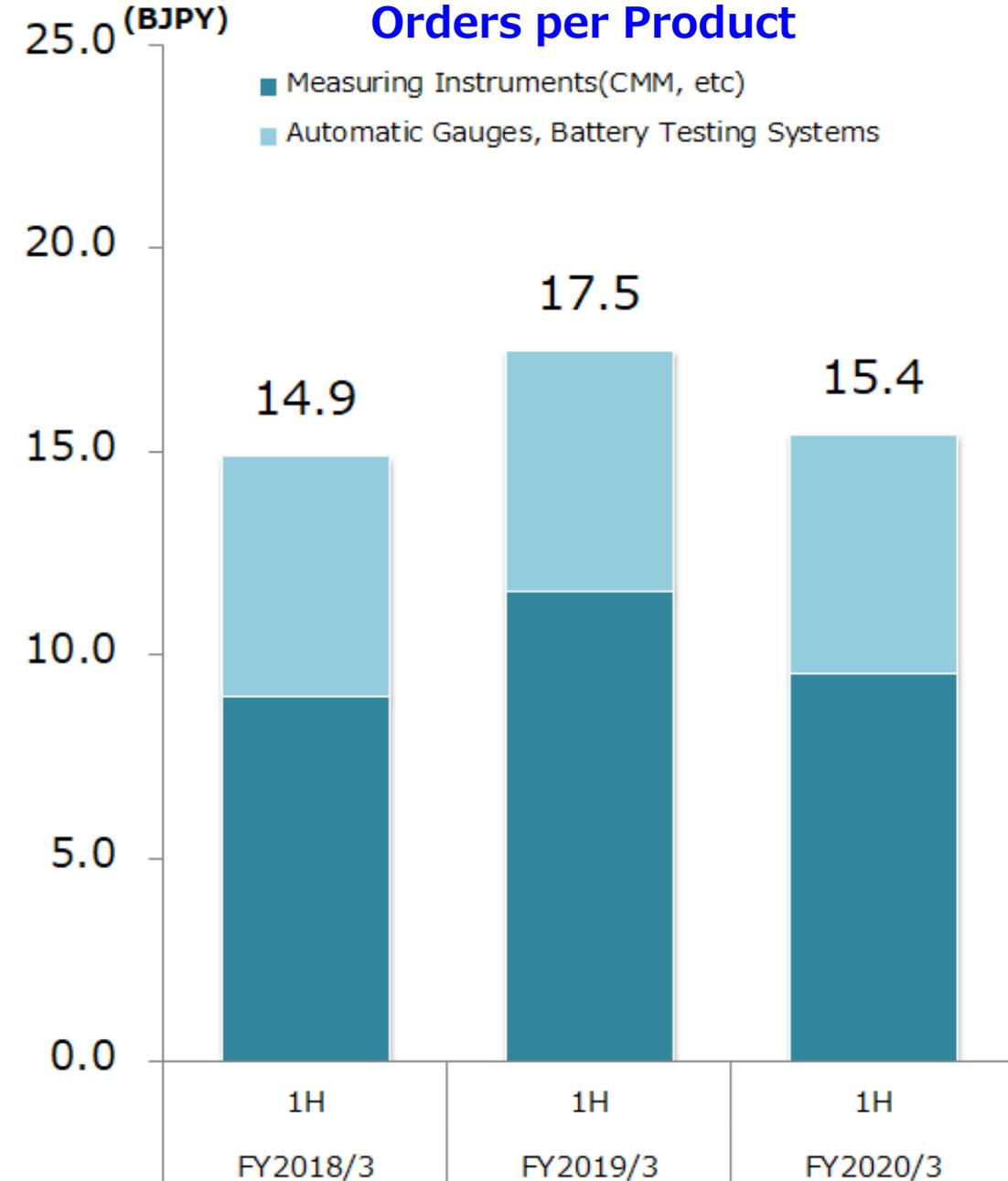
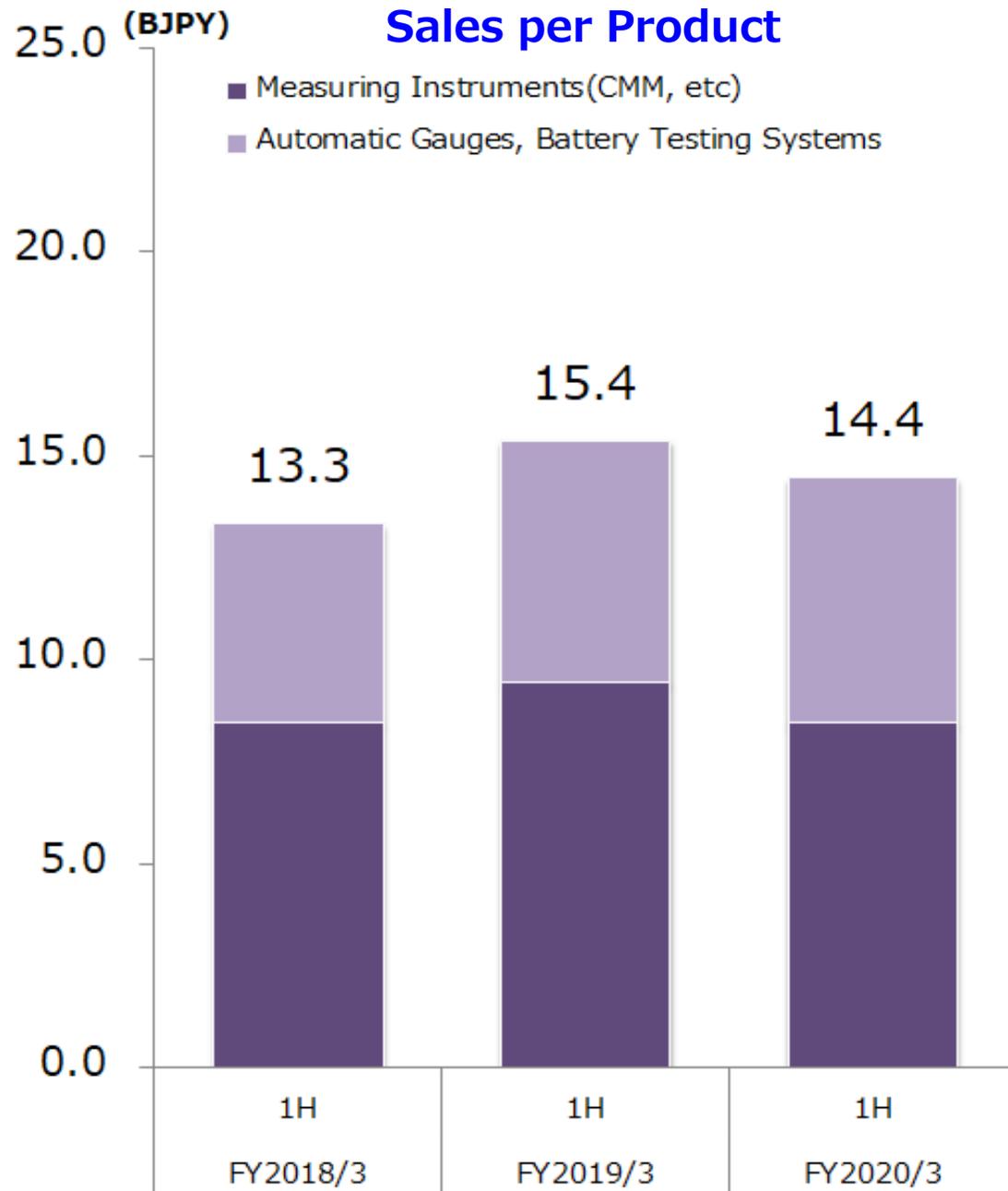
Metrology – Orders and Backlog



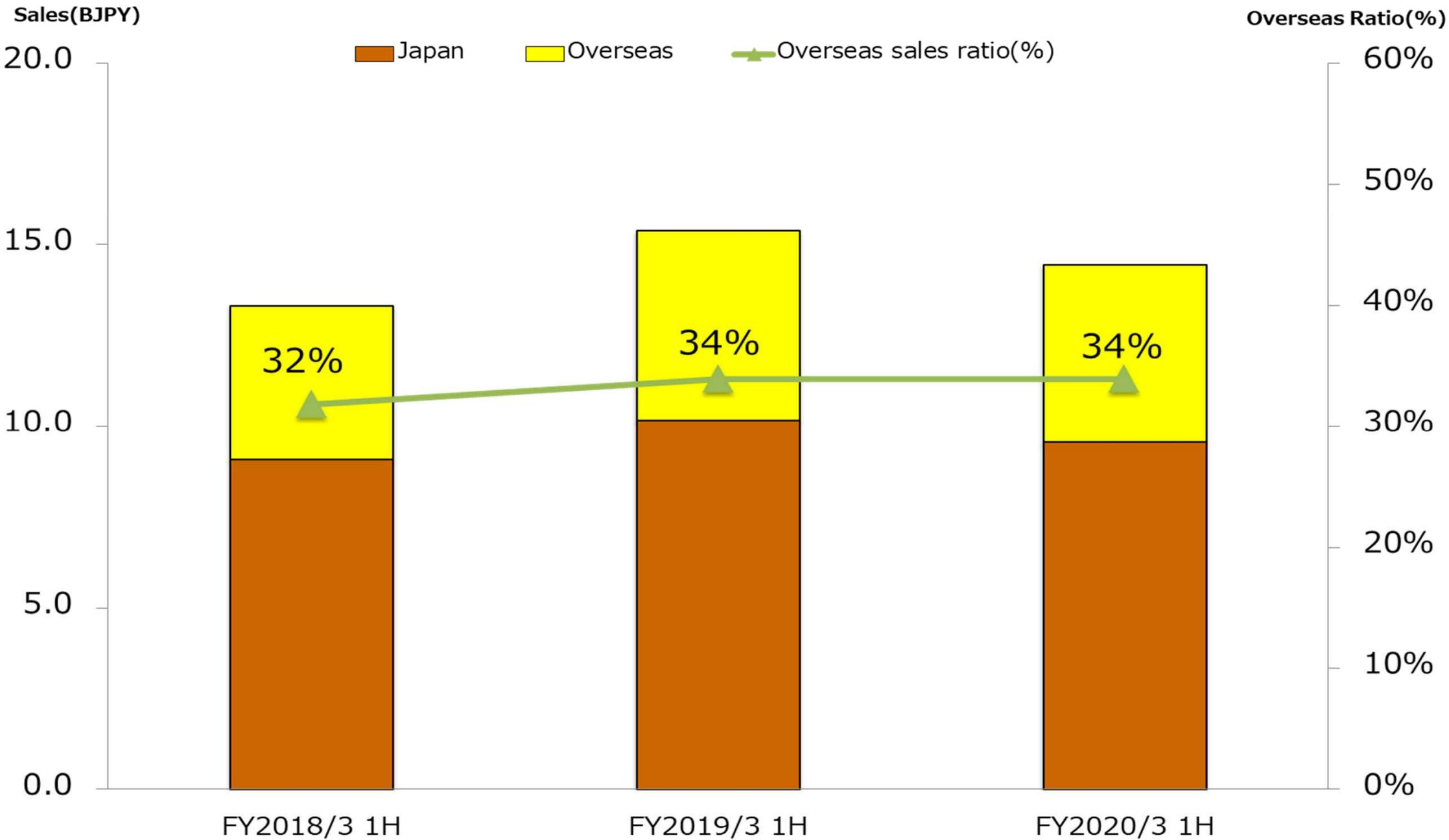
(BJPY)



Metrology – per Product



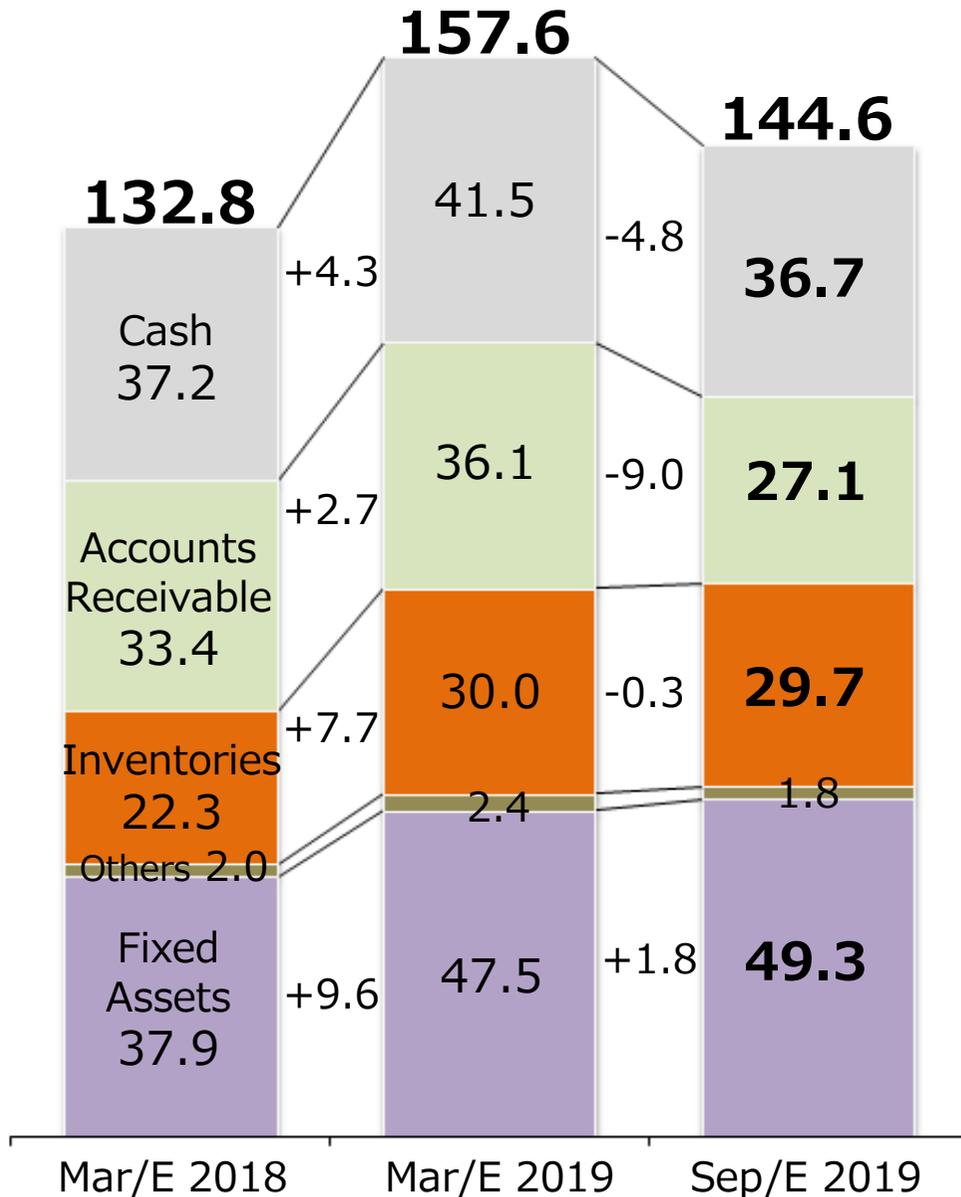
Metrology – Regional Sales



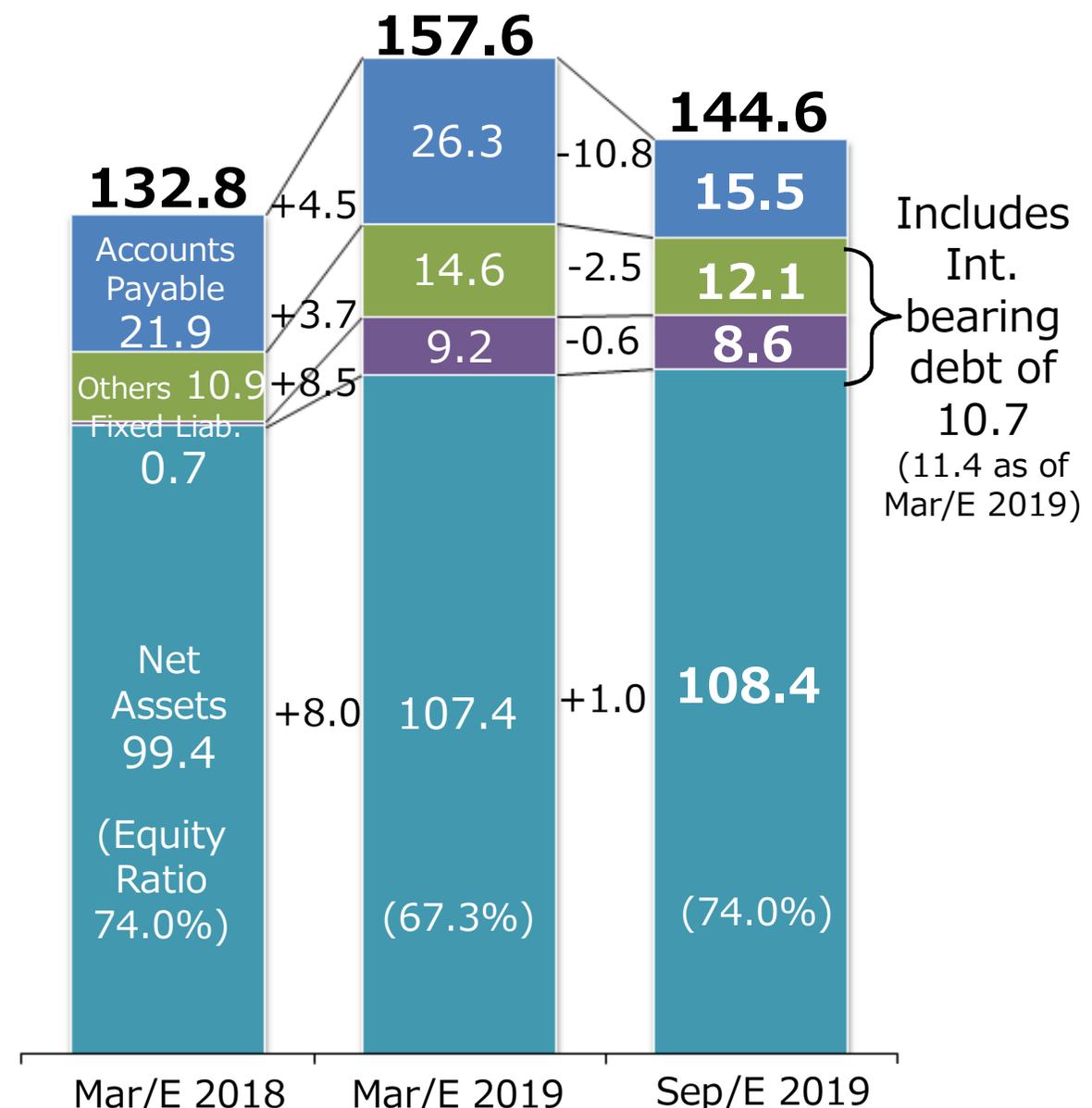
Balance Sheet



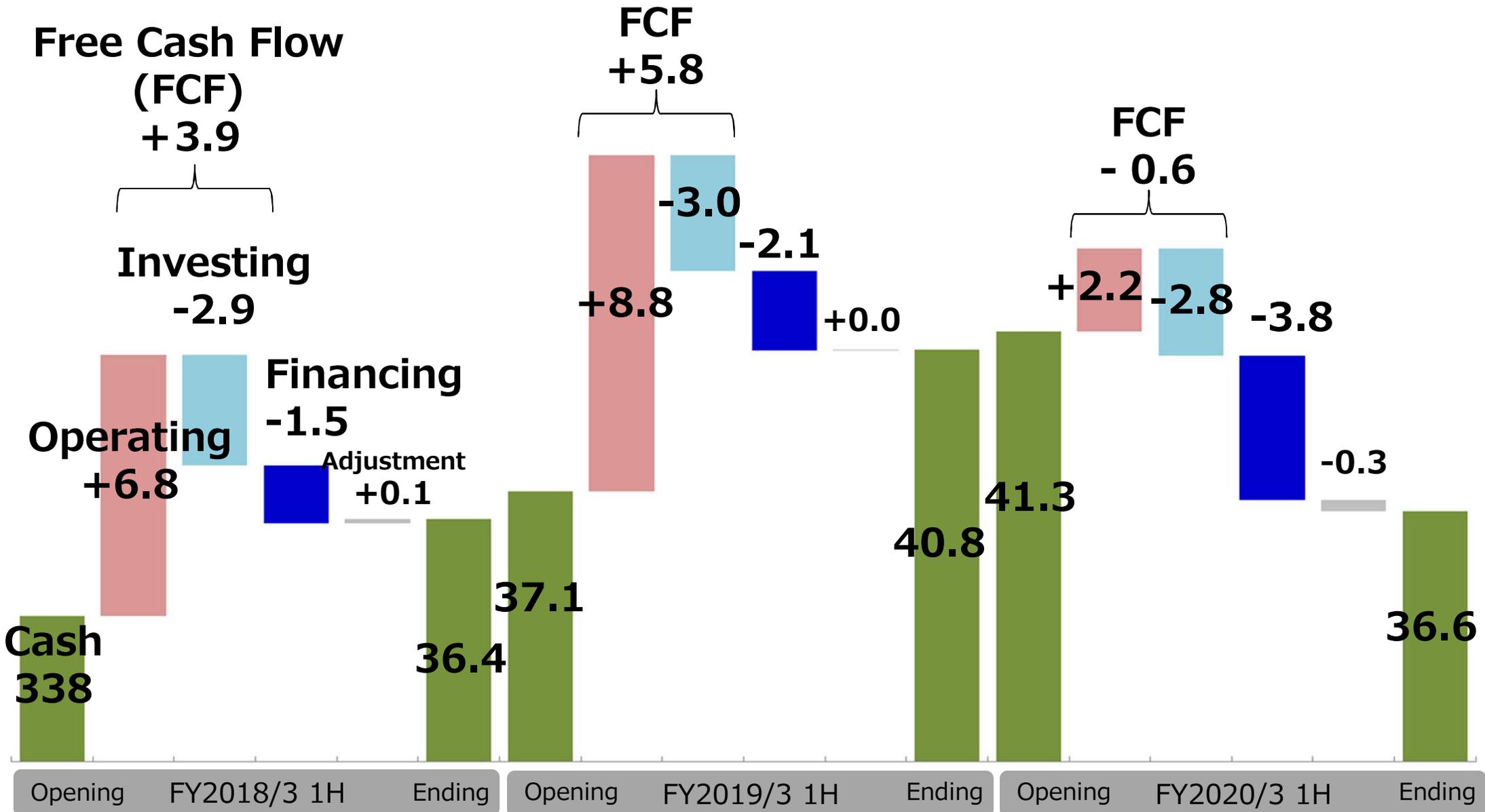
Assets (BJPY)



Liabilities and Net Assets (BJPY)



Cash Flows(CF)

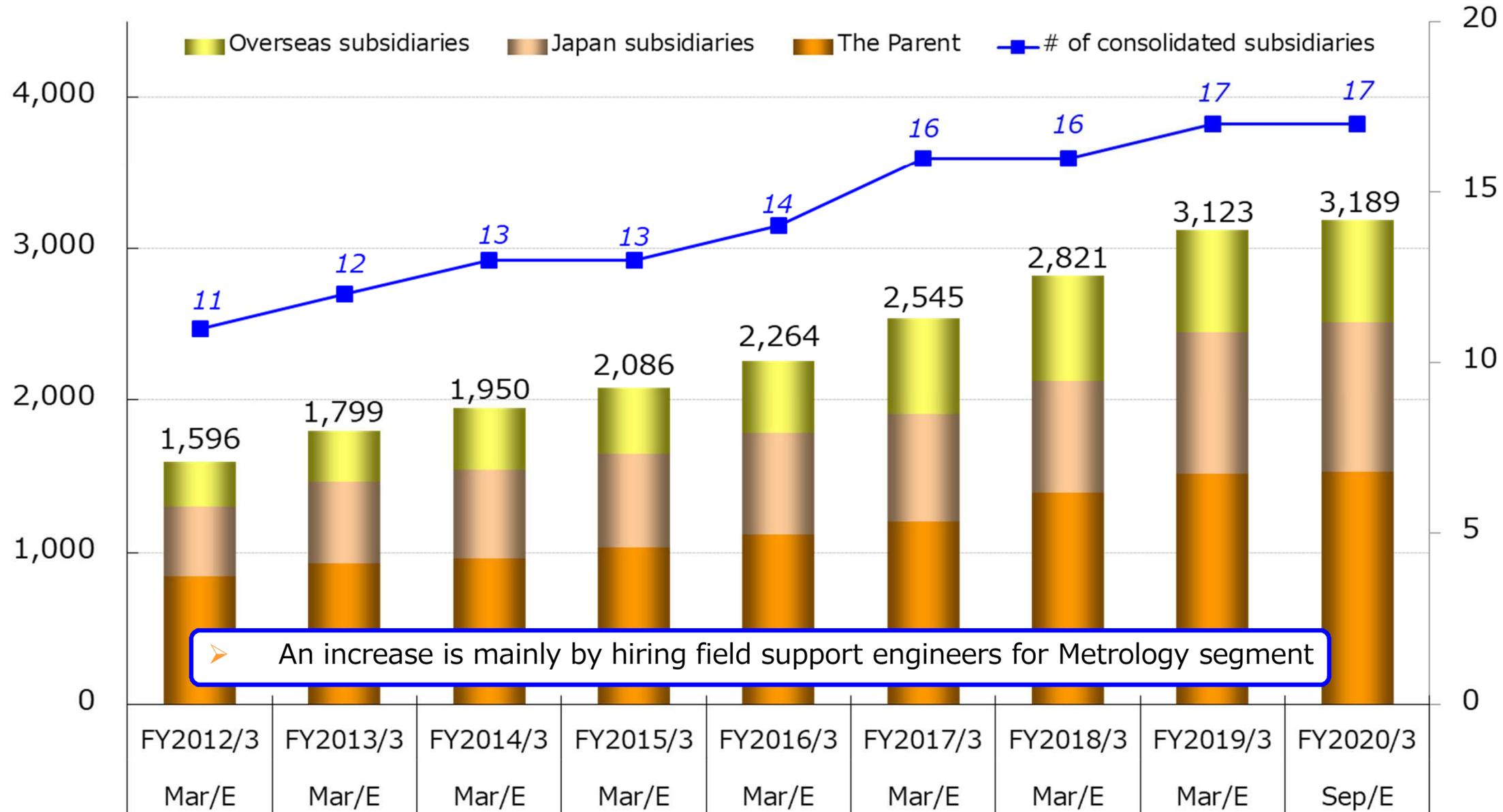


Number of Employees



Number of Employees (person)

of Consolidated Subsidiaries



➤ An increase is mainly by hiring field support engineers for Metrology segment

Note) Above figures include part time employees as at the end of each term

Long-term target : ROE of 10% or more

Mid-term target : Achieve OP of ¥22.0B
(by FY2021/3)



Achieve in both cycles



Expand sales
(Aim for sales of
¥110 billion)

Improve profit ratio
(Aim for OP margin of
20% or more)

**Growing together with partners and customers
by collaborating technology, knowledge and
information to create the world's No.1 products.**

Our motto depicting this philosophy;

→ **「WIN-WINの仕事で世界No.1の商品を創ろう」**

WIN-WIN relationships create the World's No. 1 Products

Our corporate brand ;

→ **ACCRETECH**

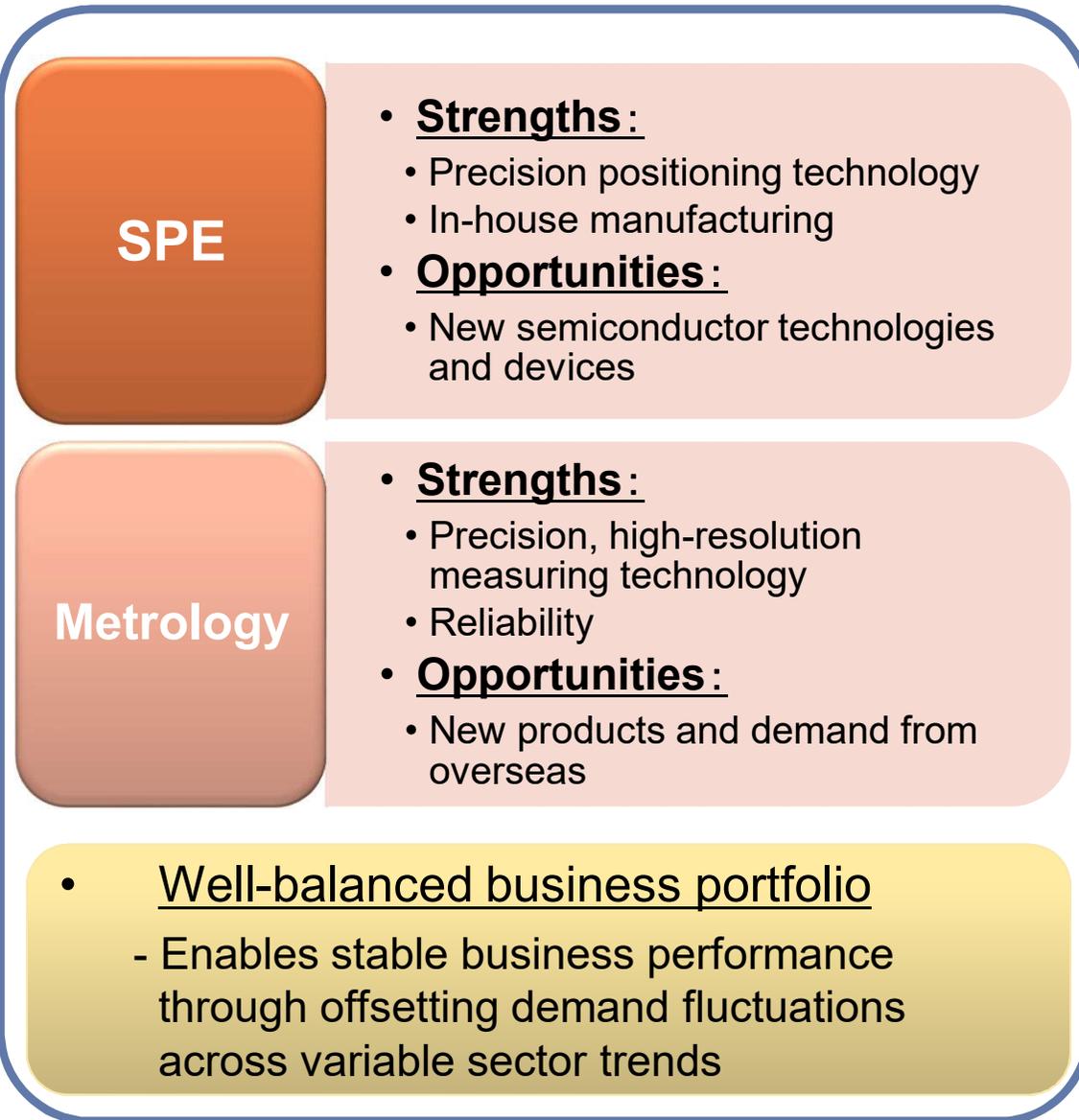
A combination of the words ACCRETE (grow together) and TECHNOLOGY

Framework and Business Portfolio

Conceptual framework



Business portfolio analysis



Corporate Strategy (May 2019)

Technology

**Strengthen product competitiveness,
Expand target markets**

Production

**Expand production capacity
Effectiveness improvement**

Profit ratio improvement

**Promote information sharing
Sales expansion of service and consumables**

**Achievement of
Mid-term goal**



For sustainable growth

Actively promote ESG activities to improve corporate value

Strategies per Segment

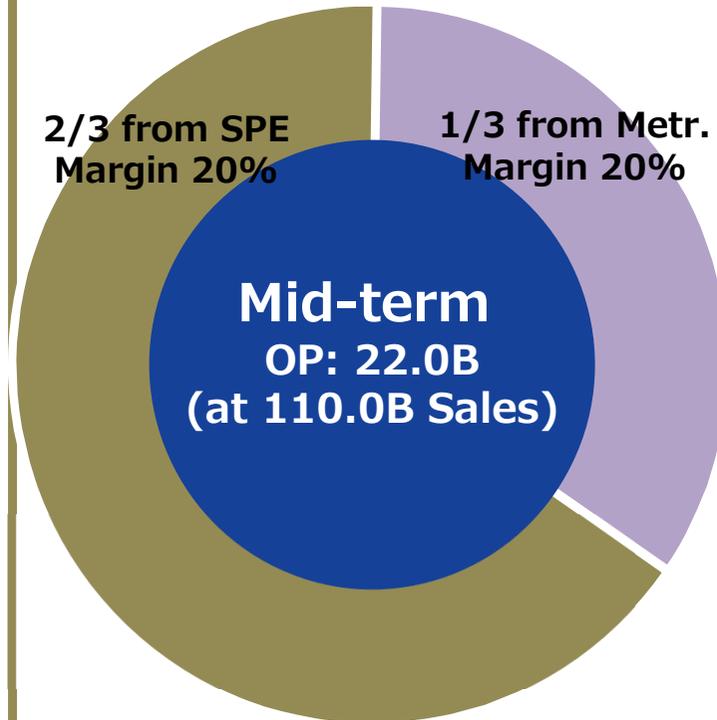


SPE

- Keep responding to “ALL NEEDS” from Customers to expand the market
- Enhance Apps capability to increase service/support and consumable business
- Proceed in-house MFG and utilize new plants

Metrology

- Enter Electric testing area to expand our market with synergy effect
- Business building with competitive products to increase service/support business
- MFG innovation and automation



Capacity Expansion(SPE: *Hino* and *Miyama*)

- Expanded capacity by land and bldg. acquisition (*Hino* Plant)
- Rental factory (*Miyama* Plant) is also in use



Capacity Expansion(Metrology)

- Construction of New bldg. (MI bldg.) commenced
- Operation in FY2021/3
- To apply various efficiency and improvement measures



MI: *Monozukuri* Innovation

Effectiveness Improvement

- ERP runs smoothly
- Aim to improve efficiency

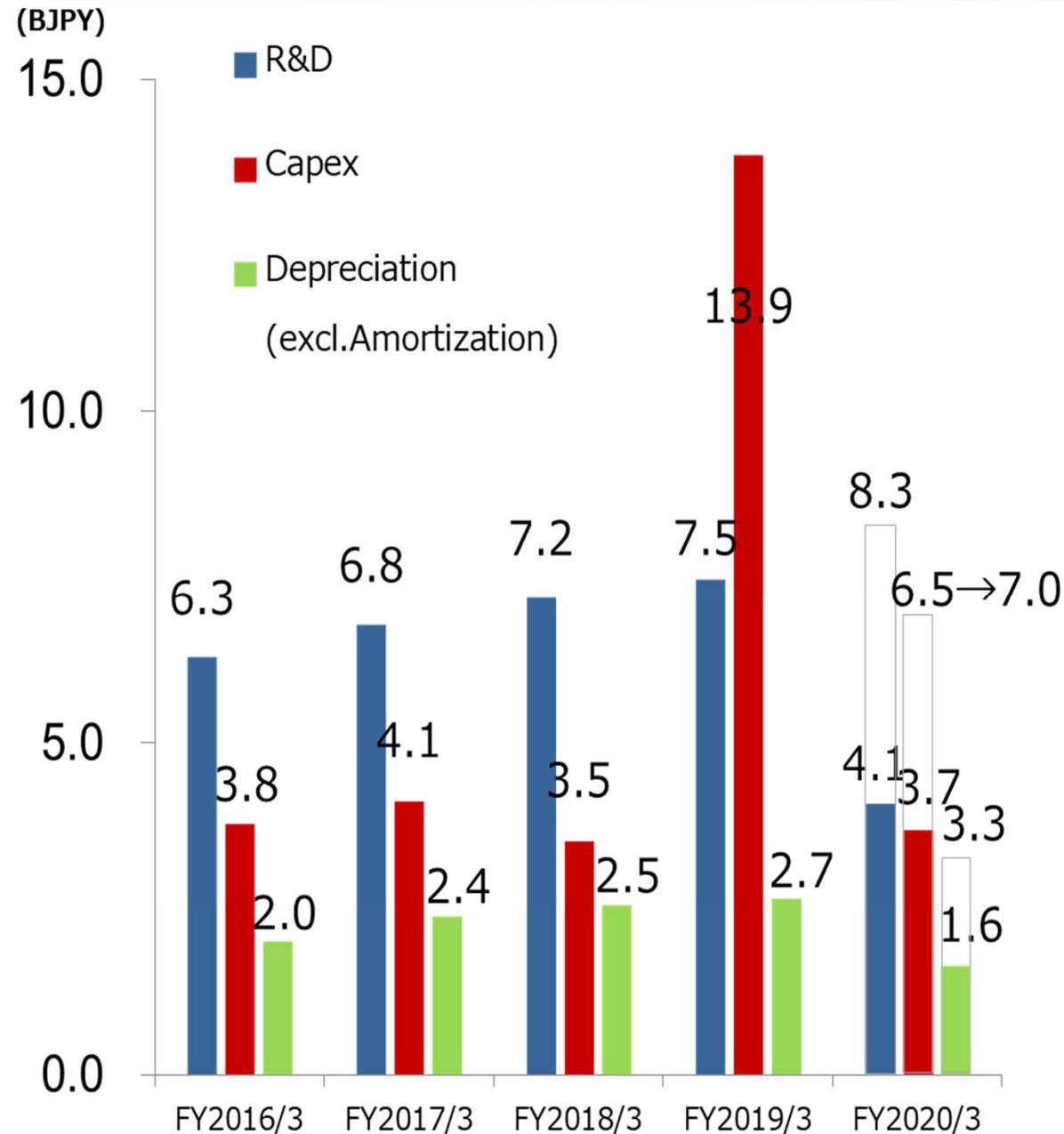
Application Centers (New center in Taiwan)

- Progress on schedule
- Operation in FY2021/3

Application Centers (Renewal in Osaka)

- Progress on schedule
- Operation in FY2020/3

R&D, Capex and Depreciation



R&D: to strengthen competitiveness

- Target ratio to sales: <10%

Capex : to expansion and effectivity

- Planning over 20.0B capex throughout this mid-term (new plants, automation and application centers), expect maintenance capex
- FY2020/3 capex mainly for Metr. Capacity expansion and Apps centers
- SPE plant construction to be on FY2022/3 – FY2023/3

Depreciation

- FY2020/3 increase mainly by ERP
- Anticipate slight increase after FY2021/3

Environment

- Environmentally friendly products, Global warming prevention, and Resource saving : Proceed with planned activities

Social

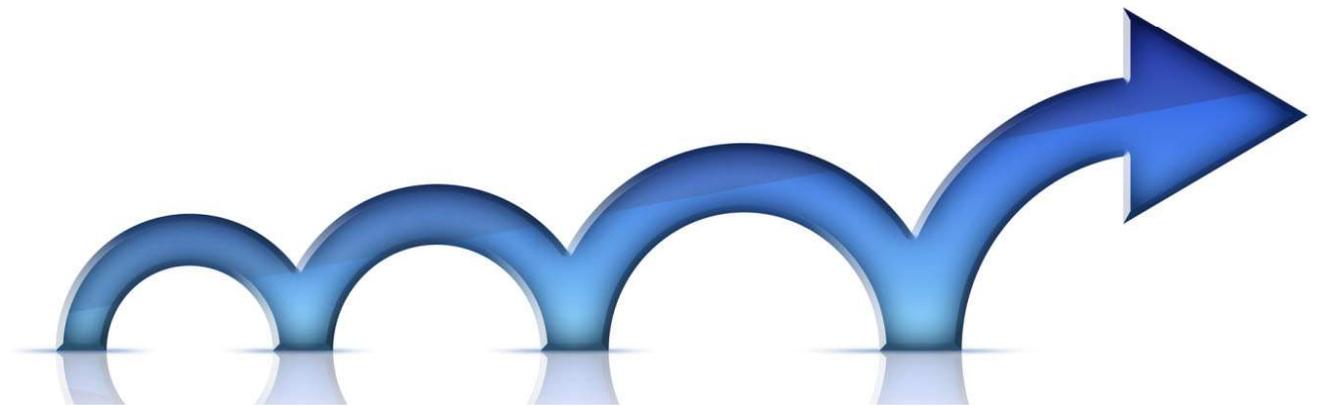
- Work system reform : Focus on Women's Advancement (Expanding scope of work, flexible adjustments for Life-events)

Governance

- Compliances : Strengthening system and IT securities
- Risk Managements : Proceed of BCP



- **Market situation changes from premises**
 - **SPE : On the landing of big growth**
 - **Metrology: Stagnant than originally forecasted**
- **Both business have mid-long term upsides to be confident to set FY2020/3 as “Preparation Year”**
- **Continue Investment underpinned with financial soundness**



SPE

- While signs of logic device capex recovery are seen, still need careful watch to identify “when it will be”
- Proceed with planned R&D and Capex for uptrend

Metrology

- Headwinds to Automotive-related demands worldwide
- Entire recovery in “*Monozukuri*” sector to be in or after FY2021/3

FY2020/3 Forecast



Half Year Results and Forecasts (BJPY)	FY2019/3			FY2020/3				
	1H	2H	FY	1H	2H(f)	FY(f)	Vs prev. Forecast	YoY
Sales	51.2	50.3	101.5	42.0	44.0	86.0	-2.0	-15%
Operating Profit (OP Margin)	10.2 (20%)	10.0 (20%)	20.2 (20%)	5.6 (13%)	6.4 (15%)	12.0 (14%)	-0.5	-41%
Recurring Profit	10.8	10.0	20.8	5.7	6.4	12.1	-0.4	-42%
Net Profit	7.9	6.8	14.7	4.3	4.7	9.0	±0.0	-39%
Dividend per Share	125 Yen (incl. 20Yen commemorative)			76 Yen		±0.0	-49 Yen	

Per Segment (SPE)

Orders	39.7	25.6	65.3	22.9				
Sales	35.8	33.3	69.1	27.6	27.4	55.0	±0.0	-20%

(Metr.)

Orders	17.5	16.1	33.6	15.4				
Sales	15.4	17.0	32.4	14.4	16.6	31.0	-2.0	-4%

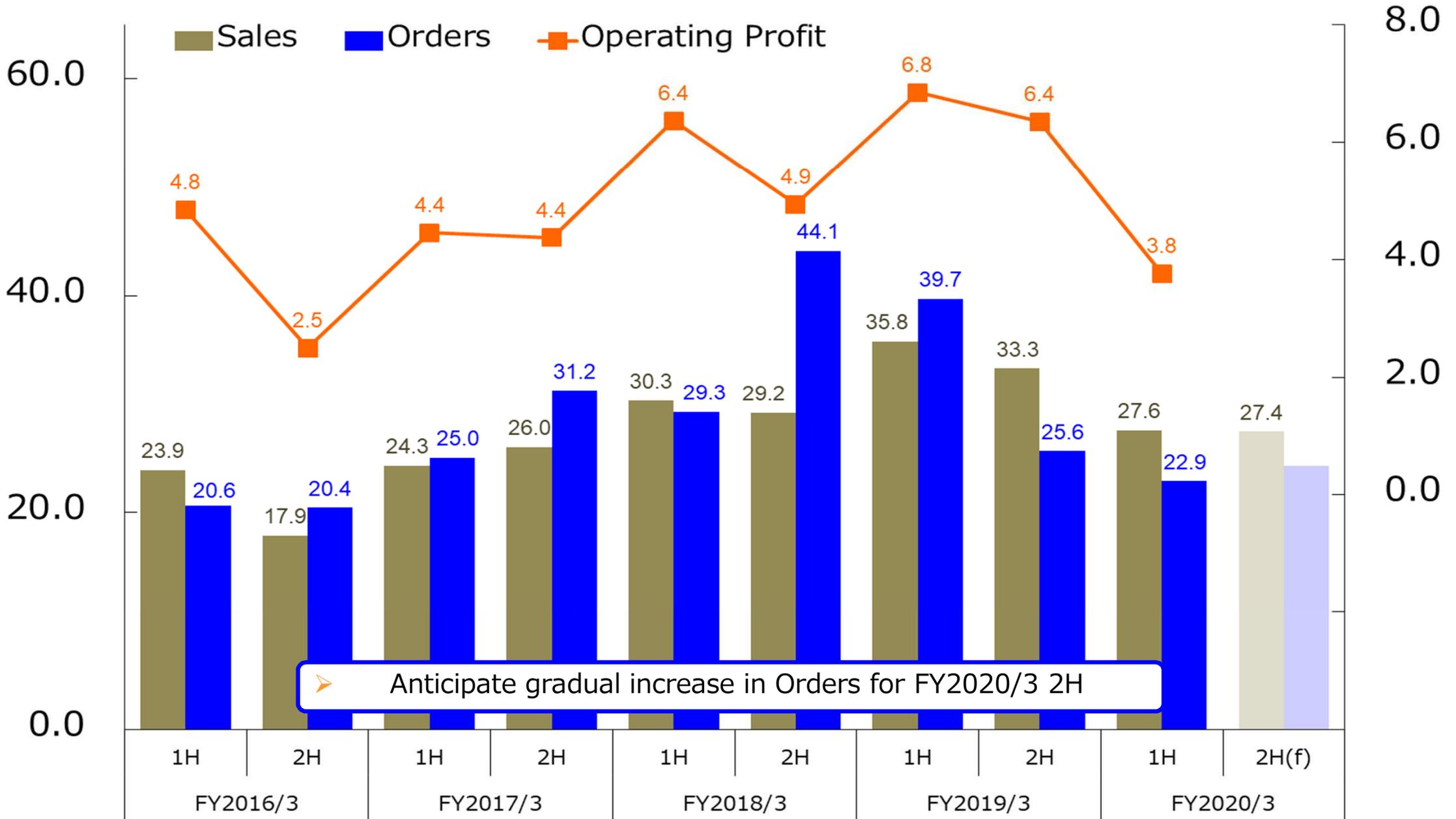
- Revised forecast previously announced on August 9th, 2019
- No change in SPE forecast but Metrology
- No change in Net Profit and projection of dividend per share

SPE – Sales/Orders incl. Forecasts



Sales,Orders(BJPY)

Operating Profit(BJPY)

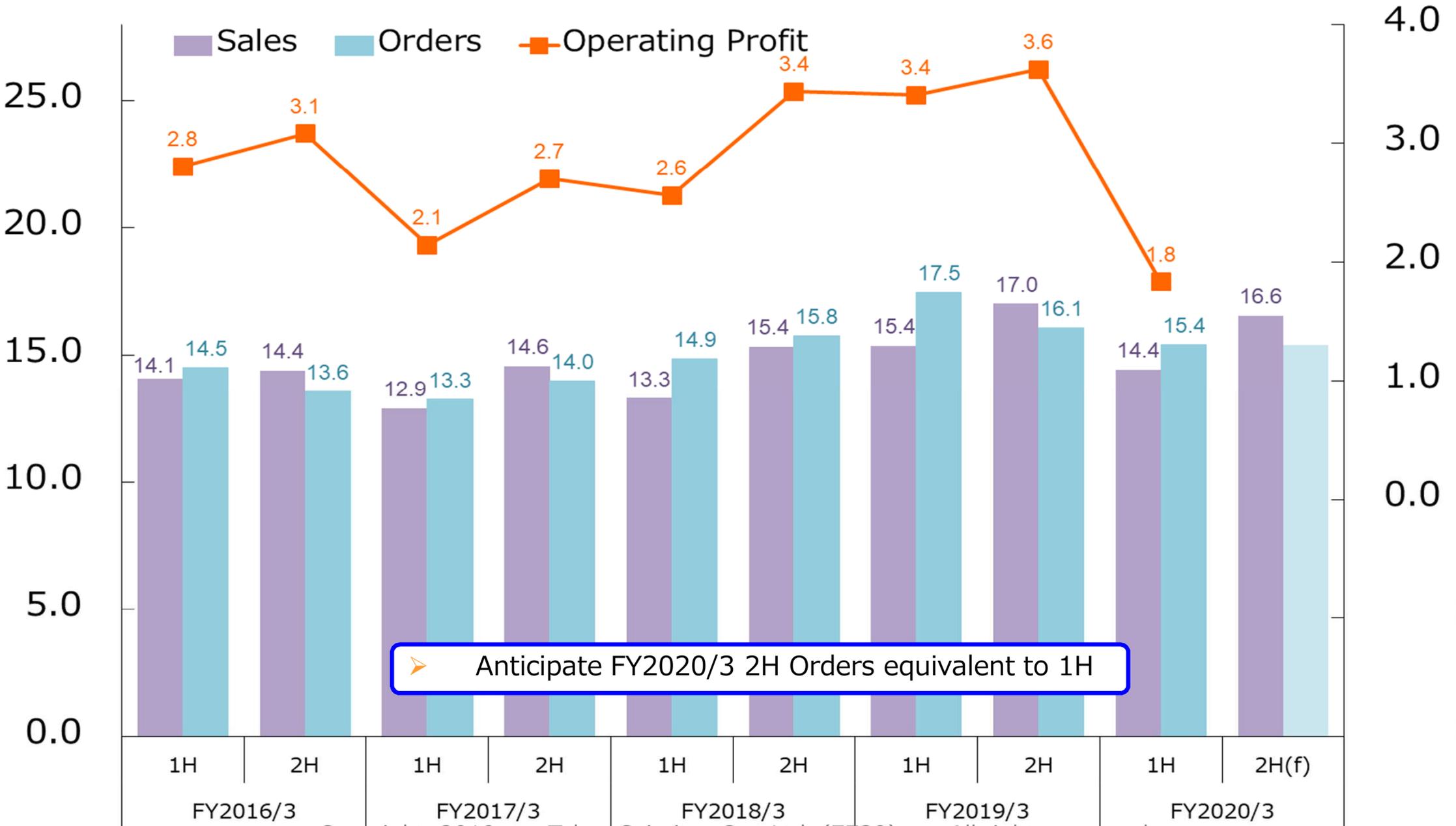


Metrology – Sales/Orders incl. Forecasts



Sales,Orders(BJPY)

Operating Profit(BJPY)



➤ Anticipate FY2020/3 2H Orders equivalent to 1H



<http://www.accretech.jp/>

<https://ir.accretech.jp/ja/index.html>

