

# **Announcement of FY2018/3 Second Quarter Business Results (April 2017 to September 2017)**

**November 14<sup>th</sup>, 2017**

**Tokyo Seimitsu Co., Ltd.**

*Hitoshi Yoshida, President and CEO*

*Ticker Symbol: 7729.T*

## ◆ 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.

## ◆ Data in presentation

- Information listed in this presentation is summarized in Billions of Yen 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.



# FY2018/3 1<sup>st</sup> Half (April – Sept. 2017)

## Business Results

(Billions of Yen except dividend)	FY2017/3		FY2018/3		
	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	HoH(%)	YoY(%)
<b>Sales</b>	<b>37.2</b>	<b>40.6</b>	<b>43.7</b>	+8%	+17%
SPE Segment	24.3	26.0	30.3	+17%	+25%
Metrology Segment	12.9	14.6	13.3	-9%	+3%
<b>Operating Income</b>	<b>6.6</b>	<b>7.1</b>	<b>8.9</b>	+26%	+35%
SPE	4.4	4.4	6.4	+46%	+43%
<i>Operating Income Ratio</i>	18%	17%	21%	-	-
Metrology	2.1	2.7	2.5	-5%	+20%
<i>Operating Income Ratio</i>	17%	19%	19%	-	-
<b>Ordinary Income</b>	<b>6.3</b>	<b>7.6</b>	<b>9.0</b>	+20%	+43%
<b>Net Income</b> <small>Attributable to Owners of the Parent</small>	<b>4.7</b>	<b>5.2</b>	<b>6.4</b>	+21%	+36%



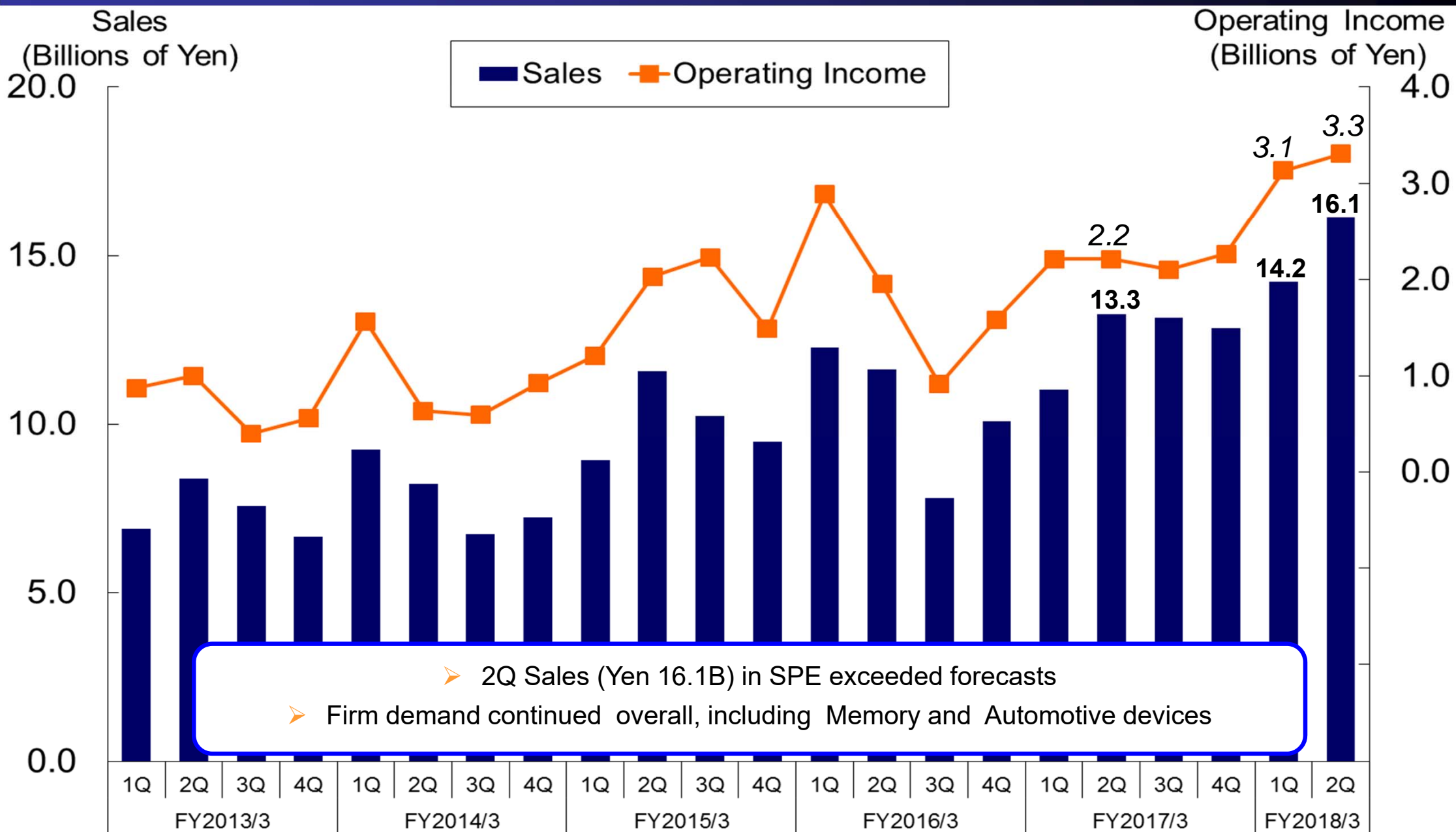
# FY2018/3 2<sup>nd</sup> Quarter(July – Sept. 2017)

## Business Results

(Billions of Yen)	FY2017/3				FY2018/3			
	1Q	2Q	3Q	4Q	1Q	2Q	QoQ(%)	YoY(%)
<b>Sales</b>	16.3	20.9	19.5	21.1	19.9	23.8	+19%	+14%
SPE Segment	11.0	13.3	13.2	12.8	14.2	16.1	+13%	+22%
Metrology Segment	5.3	7.6	6.3	8.3	5.7	7.6	+34%	+0%
<b>Operating Income</b>	2.9	3.7	3.2	3.9	4.0	4.9	+21%	+31%
SPE	2.2	2.2	2.1	2.3	3.1	3.3	+3%	+46%
<i>Operating Income Ratio</i>	20%	17%	16%	18%	22%	20%		
Metrology	0.6	1.5	1.1	1.6	0.9	1.6	+86%	+10%
<i>Operating Income Ratio</i>	12%	20%	17%	20%	16%	22%		
<b>Ordinary Income</b>	2.6	3.7	3.5	4.1	4.1	4.9	+19%	+31%
<b>Net Income</b> <small>Attributable to Owners of the Parent</small>	1.9	2.8	1.4	3.9	2.9	3.5	+20%	+24%



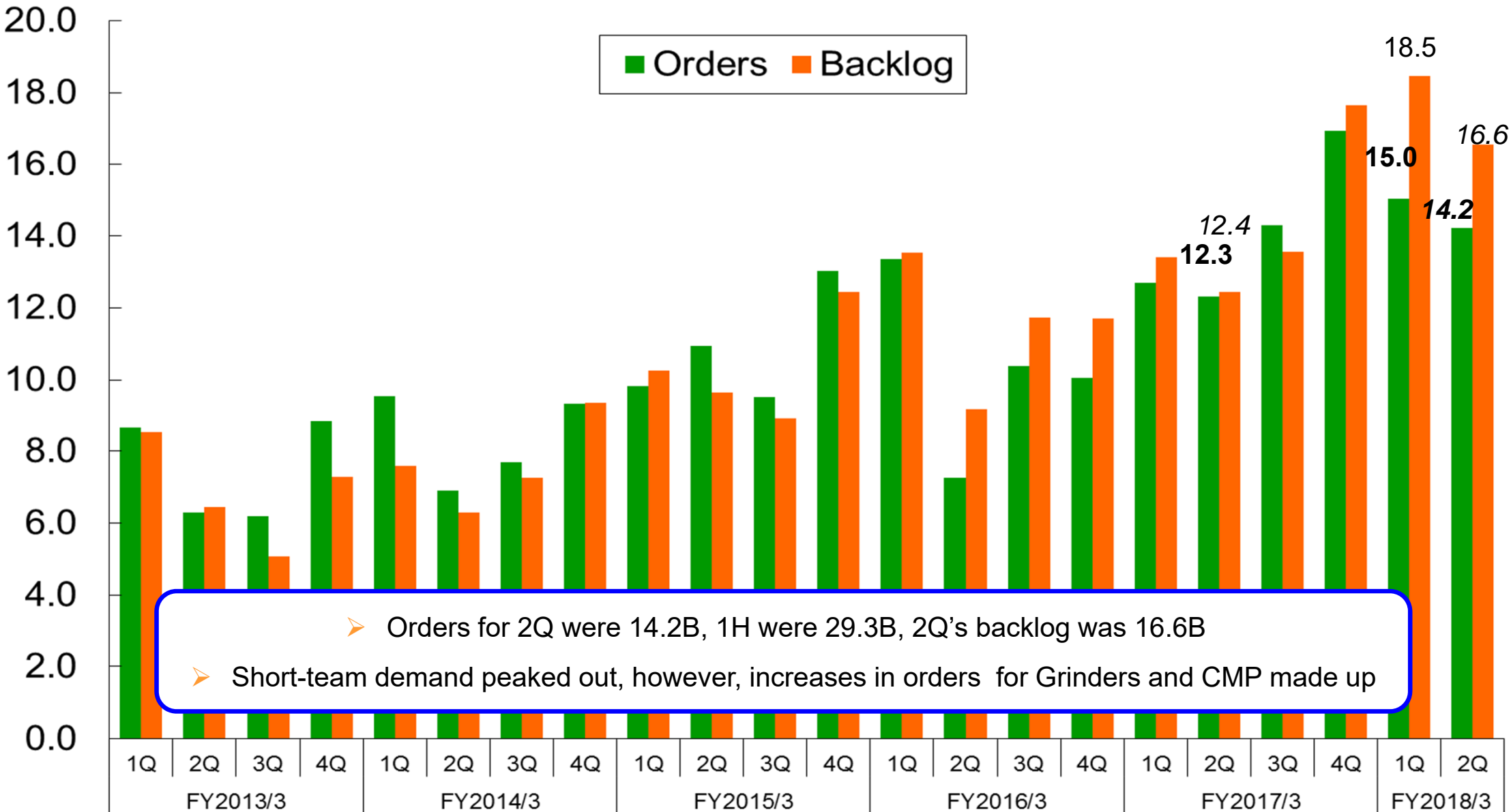
# SPE Segment – Business Trends





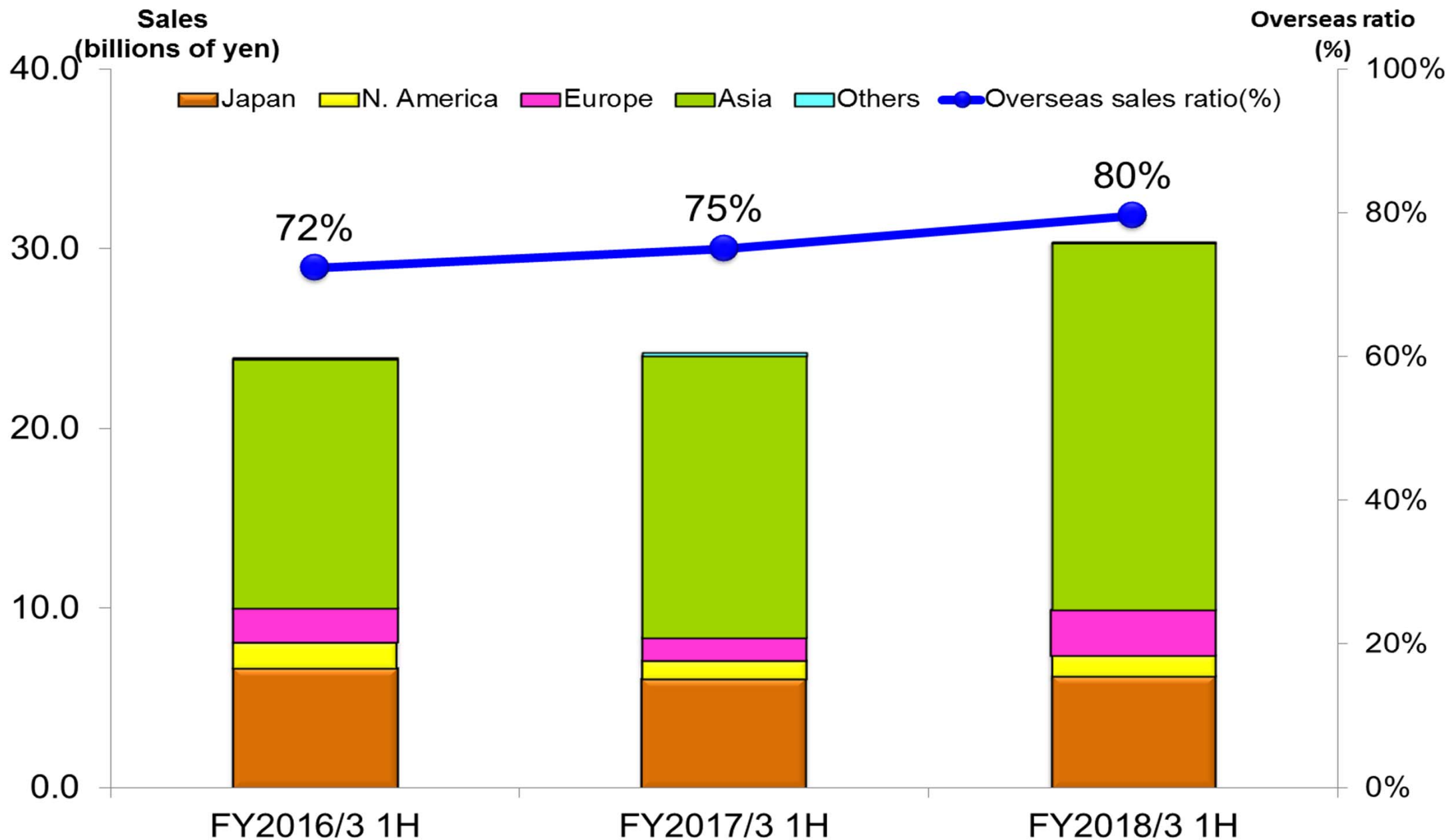
# SPE Segment – Order Status

(Billions of Yen)



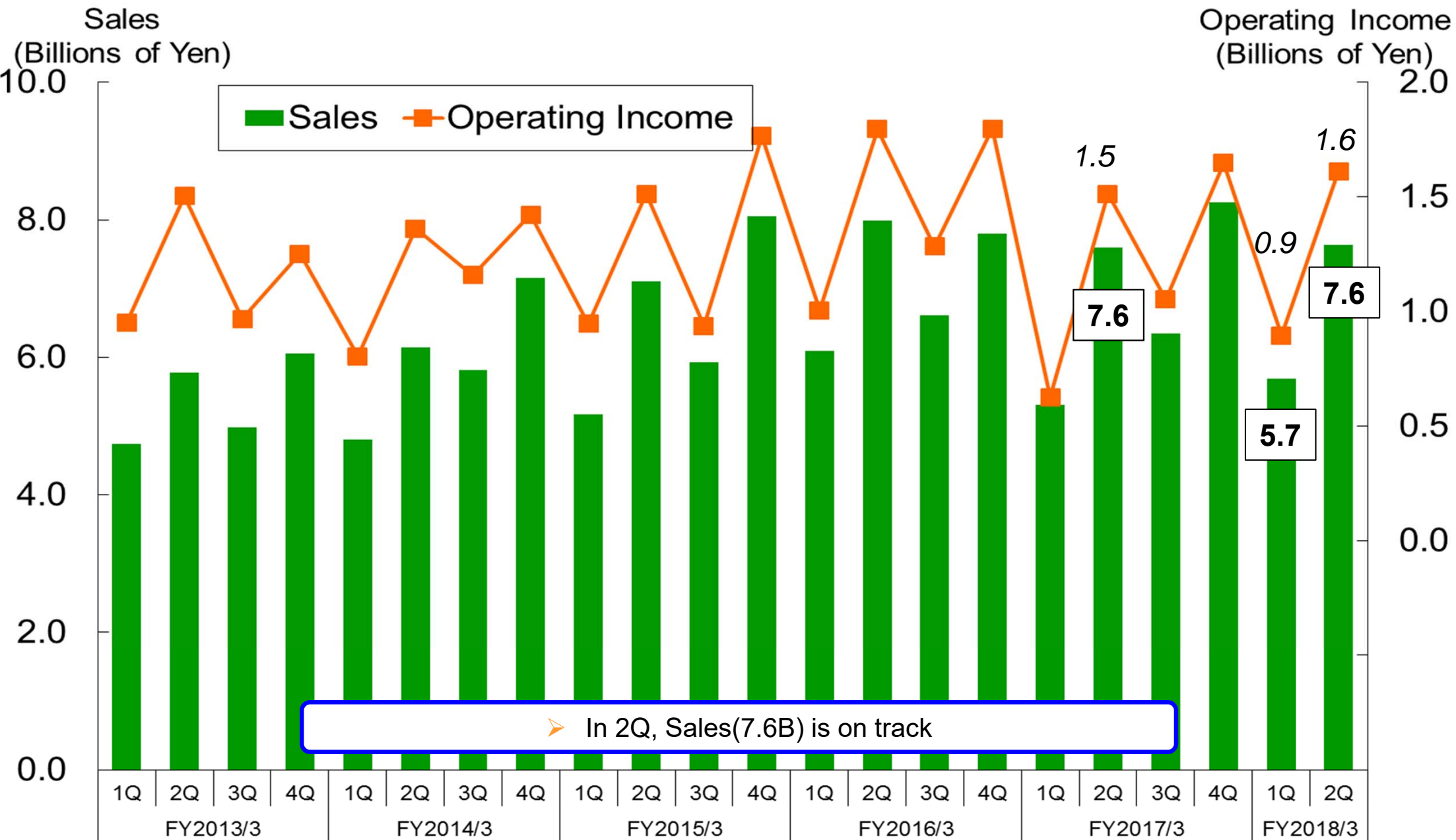


# SPE Segment – Regional Sales





# Metrology Segment – Business Trends

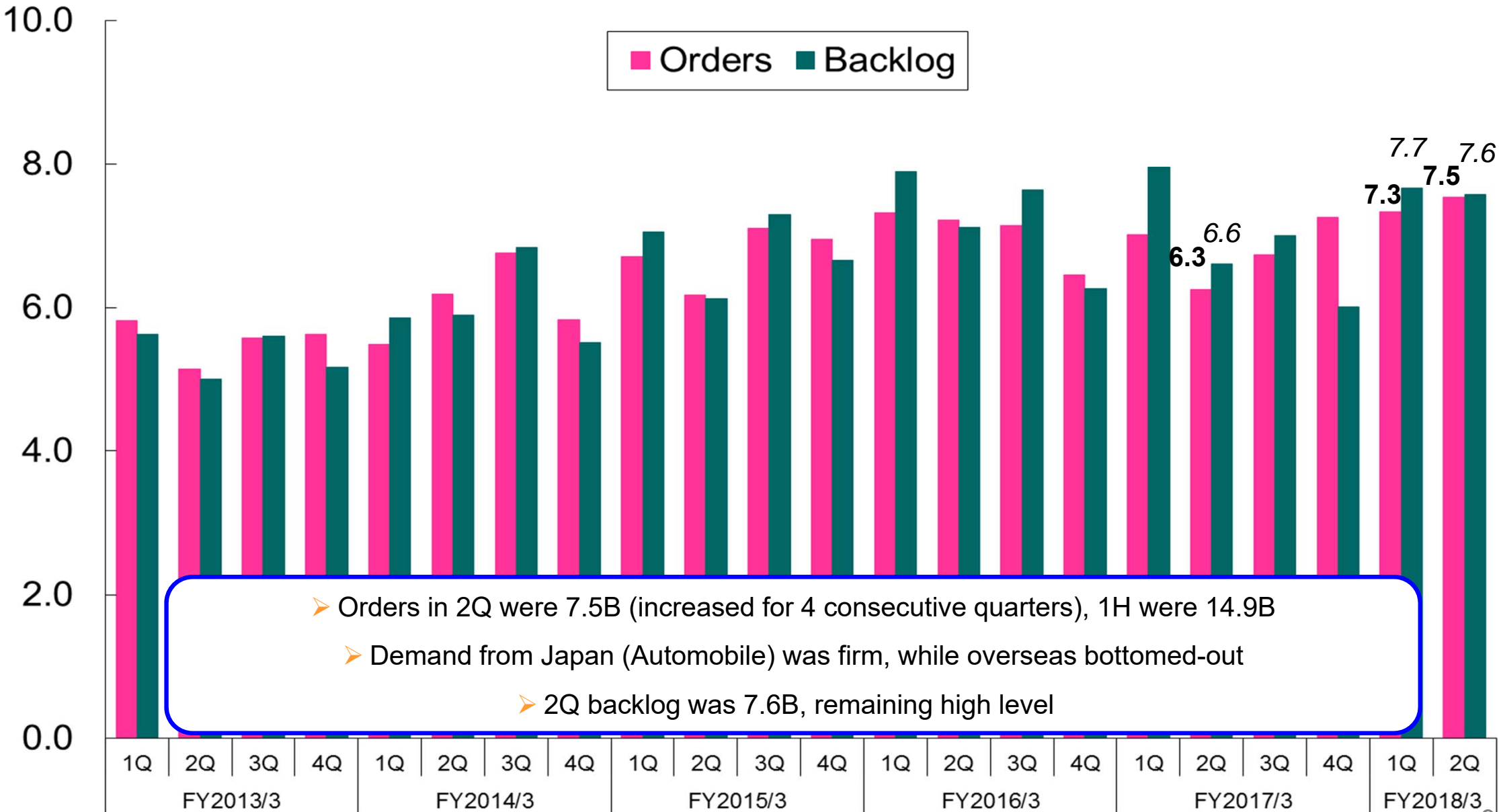






# Metrology Segment – Order Status

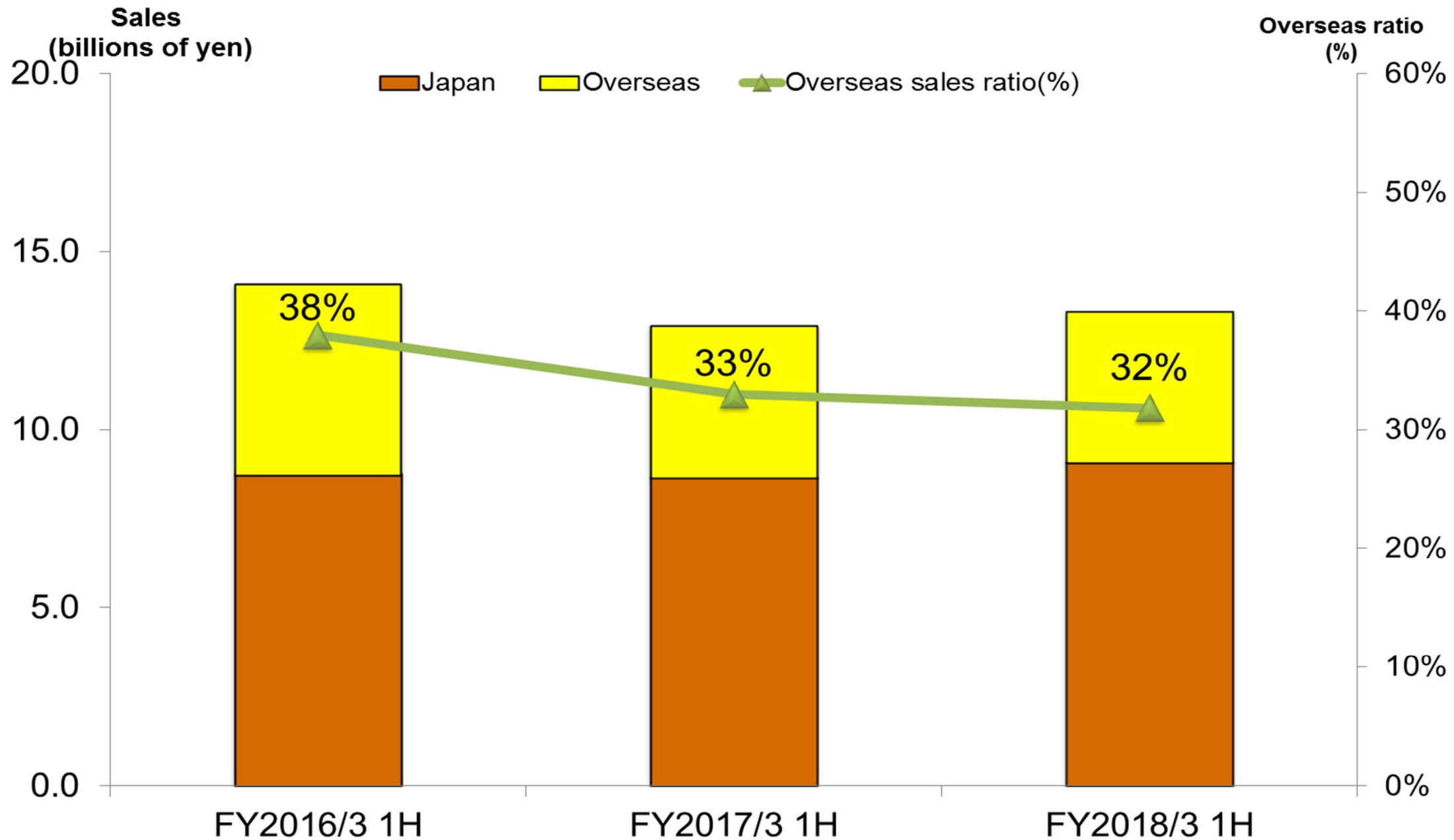
(Billions of Yen)



➤ Orders in 2Q were 7.5B (increased for 4 consecutive quarters), 1H were 14.9B  
 ➤ Demand from Japan (Automobile) was firm, while overseas bottomed-out  
 ➤ 2Q backlog was 7.6B, remaining high level



# Metrology Segment – Regional Sales





# FY2018/3 2Q (Sept. 2017) Balance Sheet

<b>Assets</b> (Billions of Yen)	<b>Mar/E</b> <b>2017</b>	<b>Sep/E</b> <b>2017</b>	<b>Diff.</b>	<b>Liabilities, Net</b> <b>Assets</b> (Billions of Yen)	<b>Mar/E</b> <b>2017</b>	<b>Sep/E</b> <b>2017</b>	<b>Diff.</b>
Cash	33.9	<b>36.4</b>	<b>+2.5</b>	Accounts Payable (*2)	15.8	<b>19.8</b>	<b>+4.0</b>
Accounts Receivable (*1)	28.4	<b>31.1</b>	<b>+2.7</b>	Short term Debt	1.3	<b>1.3</b>	<b>±0.0</b>
Inventories	17.3	<b>18.9</b>	<b>+1.6</b>	Others	9.5	<b>8.2</b>	<b>-1.3</b>
Others	3.2	<b>2.5</b>	<b>- 0.7</b>	<b>Total Current Liabilities</b>	<b>26.6</b>	<b>29.3</b>	<b>+2.7</b>
<b>Total Current Assets</b>	<b>82.8</b>	<b>88.9</b>	<b>+6.1</b>	<b>Total Fixed Liabilities</b>	<b>0.7</b>	<b>0.7</b>	<b>+0.0</b>
<b>Fixed Assets</b>	<b>31.7</b>	<b>34.1</b>	<b>+2.4</b>	<b>Total Liabilities</b>	<b>27.3</b>	<b>30.0</b>	<b>+2.7</b>
<b>Total Assets</b>	<b>114.5</b>	<b>122.9</b>	<b>+8.4</b>	<b>Net Assets</b>	<b>87.2</b>	<b>93.0</b>	<b>+5.8</b>
				<b>Total</b> (Int. bearing debt)	<b>114.5</b> <b>(1.3)</b>	<b>122.9</b> <b>(1.3)</b>	<b>+8.4</b> <b>(±0.0)</b>

(\*1) Incl. Trade notes and Electronically Recorded Monetary Claims (\*2) Incl. Trade notes and Electronically Recorded Obligations-operating



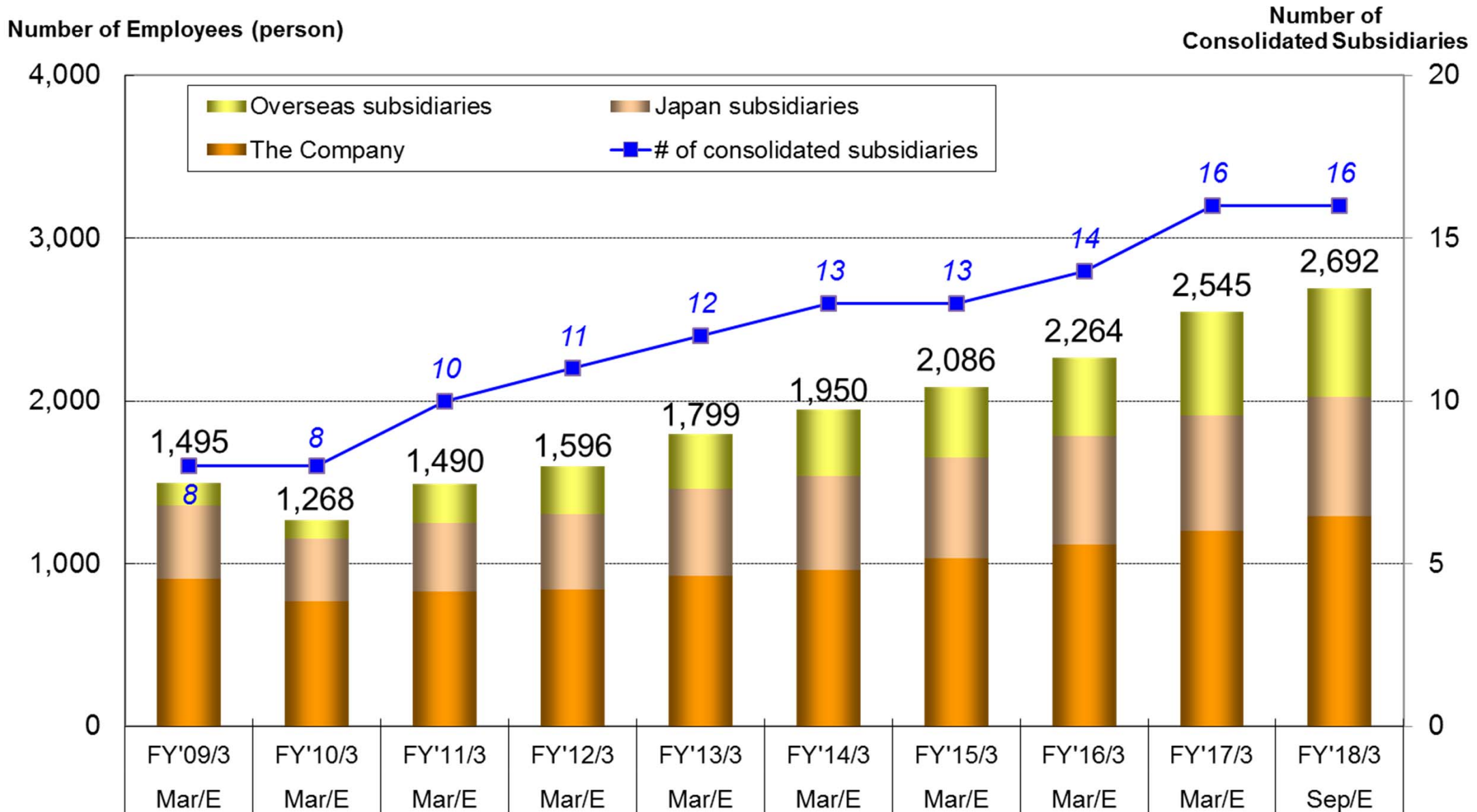
# FY2018/3 1H (April – Sept. 2017)

## Cash Flows

(Billions of Yen)		FY2016/3 1H	FY2017/3 1H	FY2018/3 1H
<b>Opening Balance</b>		26.8	27.3	<b>33.8</b>
<b>From Operating Activities</b>	Income before Tax, Interest & Depreciation	8.8	7.5	10.3
	(Receivables + Inventories) – Accounts Payable	- 0.5	2.7	- 0.5
	Tax Payment	- 2.4	- 1.9	- 4.0
	Others	- 0.4	0.3	1.0
	<b>Total</b>	<b>5.6</b>	<b>8.6</b>	<b>6.8</b>
<b>From Investing Activities</b>		<b>- 3.0</b>	<b>- 3.7</b>	<b>- 2.9</b>
<b>Free Cash Flow</b>		<b>2.7</b>	<b>4.9</b>	<b>3.9</b>
<b>From Financing Activities</b>	Increase/decrease in Borrowings	- 0.2	- 0.2	0.0
	Dividends & others	- 1.3	- 1.4	- 1.5
	<b>Total</b>	<b>- 1.5</b>	<b>- 1.6</b>	<b>- 1.5</b>
Net Cash Increase (incl. adjustments and change in consolidated subsidiaries)		1.3	3.0	2.5
<b>Closing Balance</b>		<b>28.1</b>	<b>30.3</b>	<b>36.4</b>



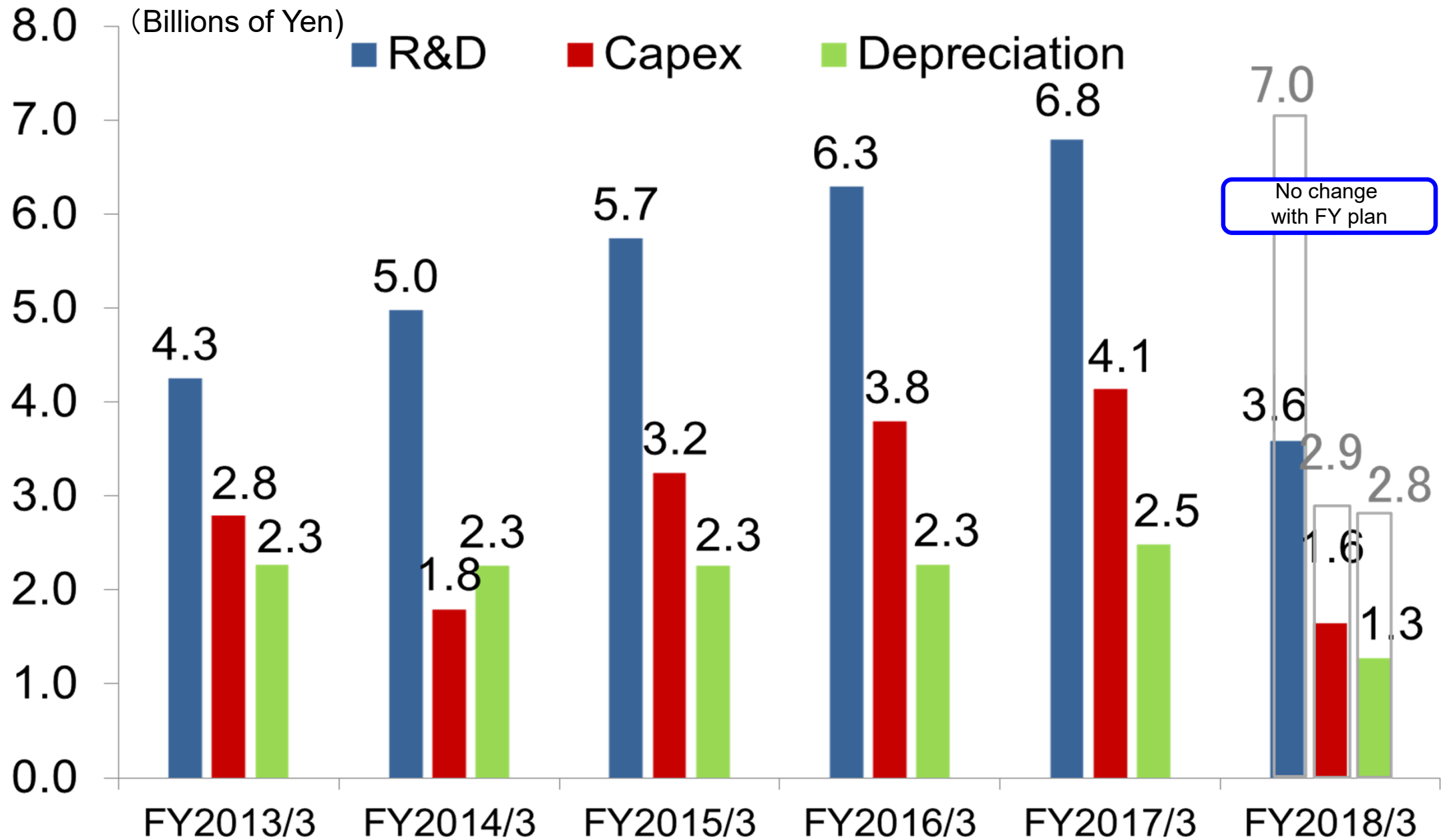
# Number of Employees



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



# R&D, Capex & Depreciation



## ◆ Semiconductor Production Equipment

- Short-term demand peaked out, however, the bottom is shallow due to firm demands for Grinders and CMP
- Anticipate recovery in latter half of FY as usual
- Expect potential demands for Memory, Automotive devices, and Electric components

## ◆ Metrology Equipment

- Demand for manufacturing in Japan continues to be active
- Overseas demand (especially China) is recovering
- Expect additional demands from Automation /IoT trend



# Forecast for FY2018/3 (April 2017 – March 2018)

(Billions of Yen  
except dividend)

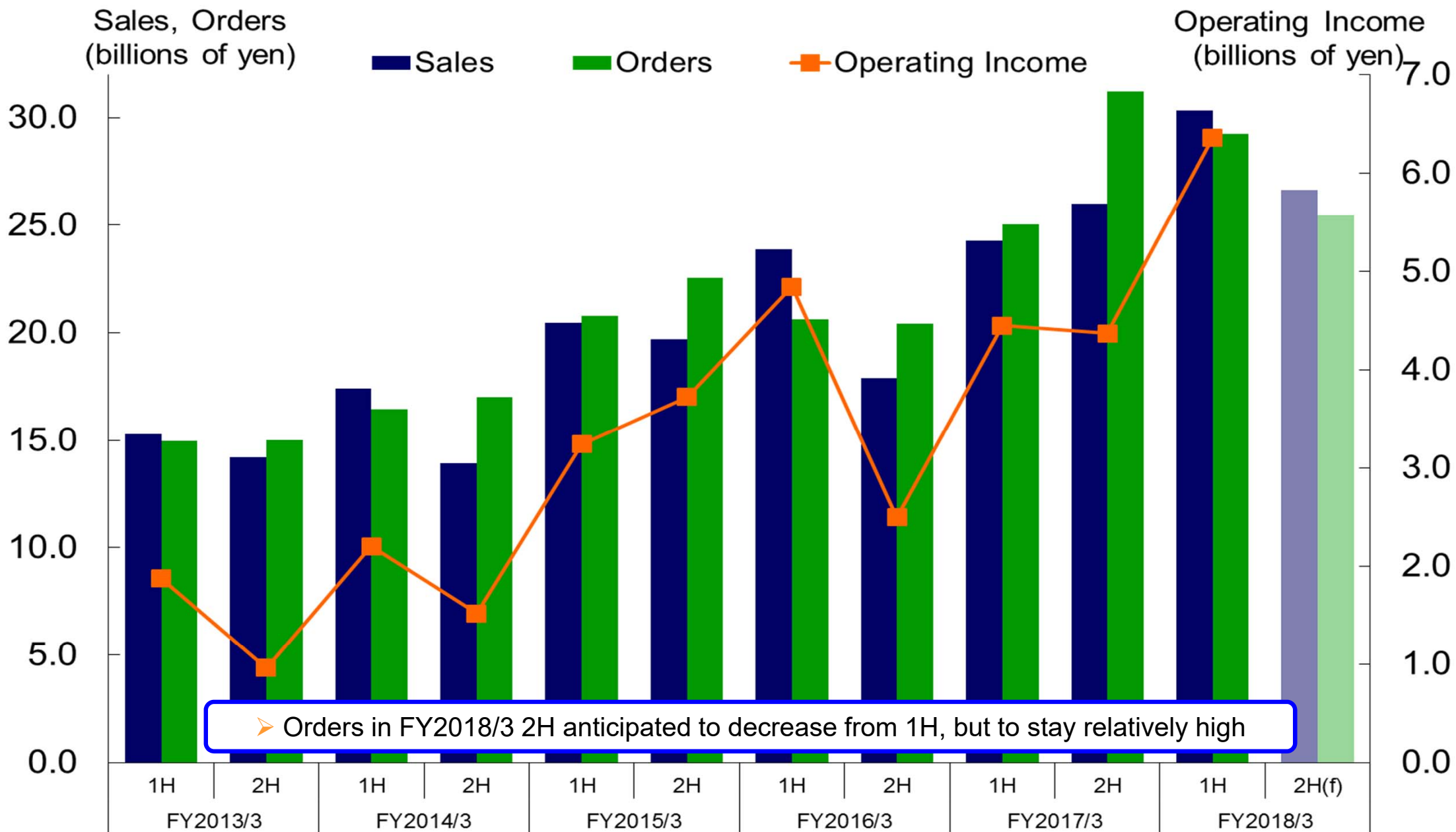
		FY2017/3			FY2018/3				
		1H	2H	Full Year	1H	2H Fcst	Full Year Fcst	Diff from prev. fcst	YoY(%)
<b>Sales</b>		37.2	40.6	77.8	43.7	41.3	85.0	+6.0	+9%
	SPE	24.3	26.0	50.3	30.3	26.7	57.0	+6.0	+13%
	Metrology	12.9	14.6	27.5	13.3	14.7	28.0	±0.0	+2%
<b>Operating Income</b>		6.6	7.1	13.7	8.9	7.1	16.0	+2.0	+17%
	<i>Operating Income Ratio</i>	18%	17%	18%	20%	17%	19%	-	-
<b>Ordinary Income</b>		6.3	7.6	13.9	9.0	7.0	16.0	+2.0	+15%
<b>Net Income</b> attributable to Owners of the parent		4.7	5.2	9.9	6.4	4.8	11.2	+1.2	+13%
<b>Dividend per share</b>		34 Yen	38 Yen	72 Yen	41 Yen	41 Yen	82 Yen	+10 Yen	+10 Yen

**Previous forecast announced  
on August 10<sup>th</sup>, 2017**



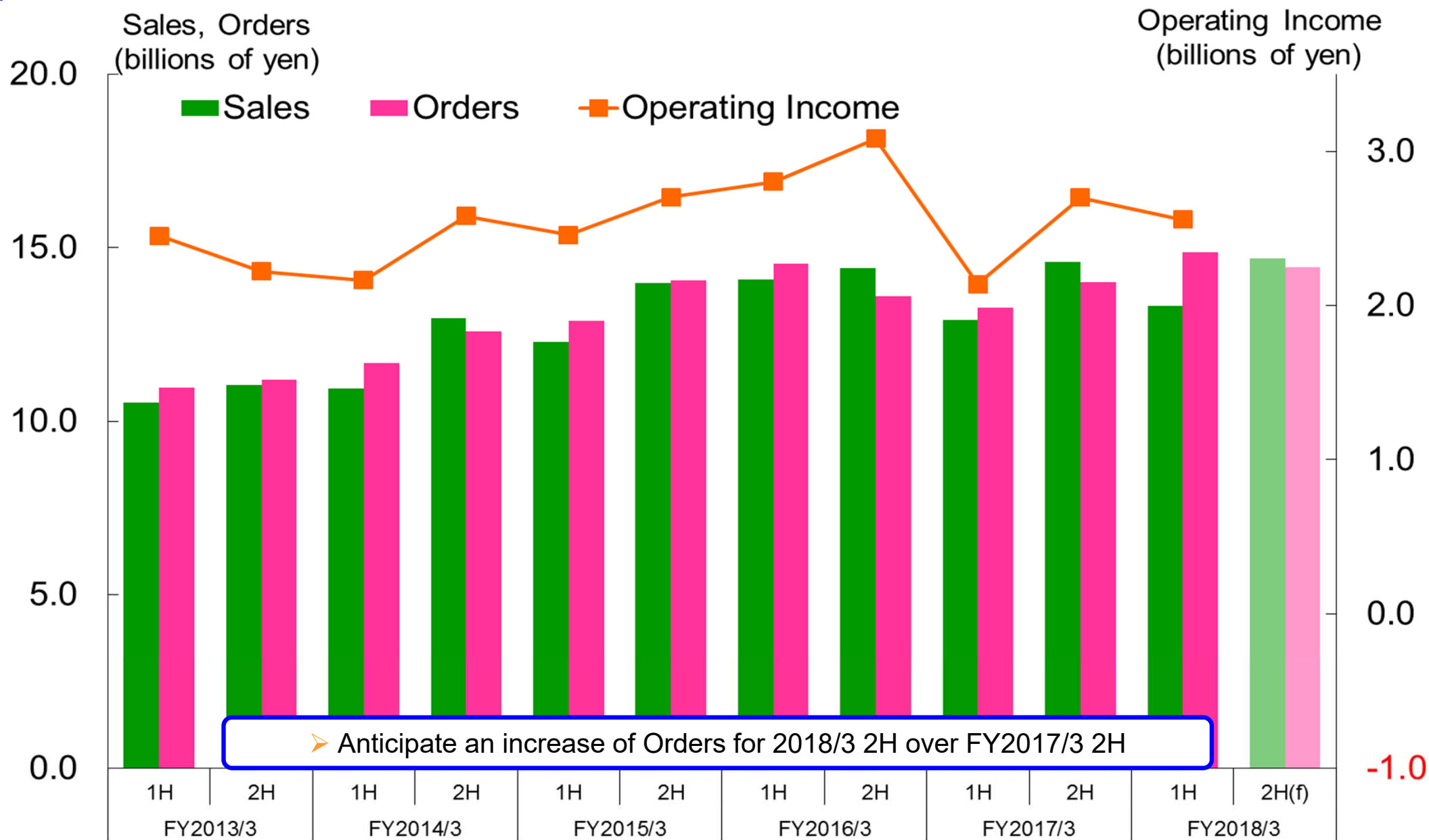


# SPE Segment – Sales/Orders trend incl. Forecasts





# Metrology Segment – Sales/Orders trend incl. Forecasts





# Corporate Philosophy

**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**

# Business Portfolio Analysis

## SPE

- **Strengths:** Precision positioning technology and in-house manufacturing
- **Opportunities:** New Semiconductor technologies and devices

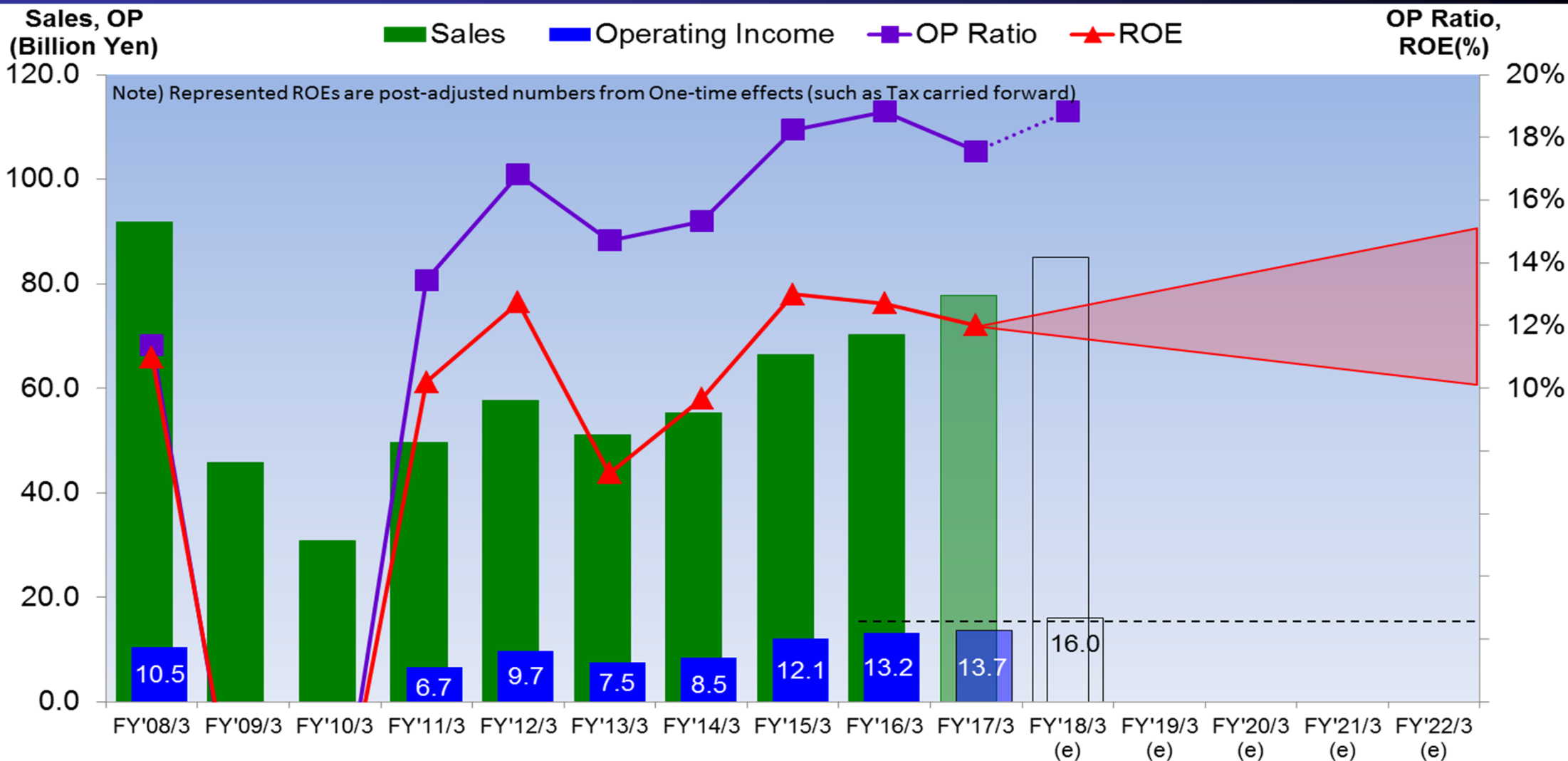
## Metrology

- **Strengths:** Precision, high-resolution measuring technology and reliability
- **Opportunities:** New metrology products and demands from overseas including emerging countries

- **Well-balanced business portfolio**
  - Enables stable business performance through offsetting demand fluctuations across variable sector trends



# Long-term / Mid-term Business Target



- ◆ Long-term: To maintain strong corporate structure with over 10% ROE
- ◆ Mid-term (by FY2019/3): To achieve historical highest OP (15.0 billion yen)

# Short-term business strategy

1. Increase product competitiveness toward mainstream markets
2. Allocate resources to markets that can expect potential growth or stable demand

## SPE

### Mainstream Markets

- Mobiles
- Storage
- Automobiles



### Emerging Markets

- China Market
- Non-Si and Substrates
- Consumables



## Metrology

### Mainstream Markets

- Auto and Auto Parts
- Machine Tools



### Emerging Markets

- Aircrafts
- Automations
- Overseas Market

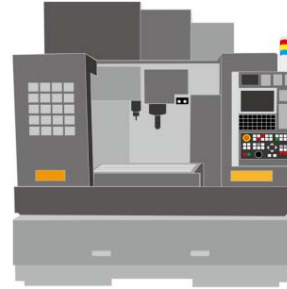
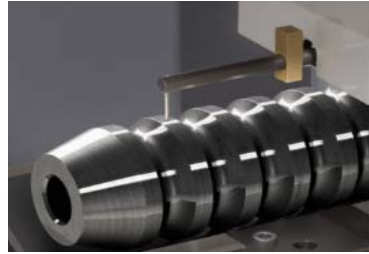
**Continuous Increase in Sales and Profits**

# Strategy of SPE Business



- ◆ Semiconductor business is in structural growth phase, with concept of “connectivity” at the core
- ◆ Maximize the strength in our products for devices needed in this phase, such as Memory devices, Automotive devices, and Electric components

# Strategy of Metrology Business



## Increase in Sales through new Products

- Products for stable and growing industries
- Sales expansion of OMI

## Increase in Overseas Sales

- Response to growing needs for automation and IoT
- Launch of easy operation models for global use

*OMI: Optical Measuring Instruments*

## Continuous Increase in Sales and Profits





**ACCRETECH is  
Tokyo Seimitsu**