

Announcement of FY2017/3 Business Results (April 2016 to March 2017)

May 12th, 2017
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Ticker Symbol: 7729.T

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Cautionary Statement with respect to Forward-Looking Statements

Disclaimer:

- ◆ This presentation and the notes contain “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 and the notes.



FY2017/3 (April 2016 – March 2017) Business Results

(Billions of Yen except dividend)	FY2016/3	FY2017/3		Forecast Feb. 2017	Difference
	Full Year	Full Year	YoY(%)		
Sales	70.3	77.8	+11%	72.5	+5.3
SPE Segment	41.8	50.3	+20%	46.5	+3.8
Metrology Segment	28.5	27.5	- 4%	26.0	+1.5
Operating Income	13.2	13.7	+3%	13.0	+0.7
SPE	7.3	8.8	+20%		
<i>Operating Income Ratio</i>	18%	18%	-		
Metrology	5.9	4.8	-18%		
<i>Operating Income Ratio</i>	21%	18%	-		
Ordinary Income	13.2	13.9	+5%	12.8	+1.1
Net Income Attributable to Owners of the parent	9.7	9.9	+2%	9.4	+0.5
Dividend per share	59 Yen	72 Yen	+13 Yen	68 Yen	+4 Yen

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- FY2017/3 (ended March 2017) Consolidated revenue and profit marked increase because of firm sales and profit in SPE segment.
- Consolidated Sales amount:
77.8 Billion JPY (YoY +11%) (* Billion JPY hereafter referred to as "B")
50.3B from SPE Segment (SPE), and 27.5B from Metrology Segment(Metrology).
- Operating income: 13.7B(SPE 8.8B, Metrology 4.8B)
- Ordinary Income: 13.9B and Net Income attributable to owners of parent: 9.9B
- FY2017/3 Full Year Dividend per share will be 72 Yen,
13 Yen increase from FY2016/3, 4 Yen Increase from Forecast.

(Please also refer to News Release today titled:

"Tokyo Seimitsu Co., Ltd. Announces an Year End Dividend for FY2017/3").



FY2017/3 4th Quarter (Jan – Mar. 2017) Business Results

(Billions of Yen)	FY2016/3				FY2017/3					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ(%)	YoY(%)
Sales	18.4	19.6	14.4	17.9	16.3	20.9	19.5	21.1	+8%	+18%
SPE Segment	12.3	11.6	7.8	10.1	11.0	13.3	13.2	12.8	-2%	+27%
Metrology Segment	6.1	8.0	6.6	7.8	5.3	7.6	6.3	8.3	+30%	+6%
Operating Income	3.9	3.8	2.2	3.4	2.9	3.7	3.2	3.9	+24%	+16%
SPE	2.9	2.0	0.9	1.6	2.2	2.2	2.1	2.3	+8%	+43%
<i>Operating Income Ratio</i>	24%	17%	12%	16%	20%	17%	16%	18%	-	-
Metrology	1.0	1.8	1.3	1.8	0.6	1.5	1.1	1.6	+57%	-8%
<i>Operating Income Ratio</i>	16%	22%	19%	23%	12%	20%	17%	20%	-	-
Ordinary Income	3.9	3.7	2.3	3.2	2.6	3.7	3.5	4.1	+18%	+26%
Net Income <small>Attributable to Owners of the Parent</small>	2.8	2.7	1.7	2.5	1.9	2.8	1.4	3.9	+183%	+55%

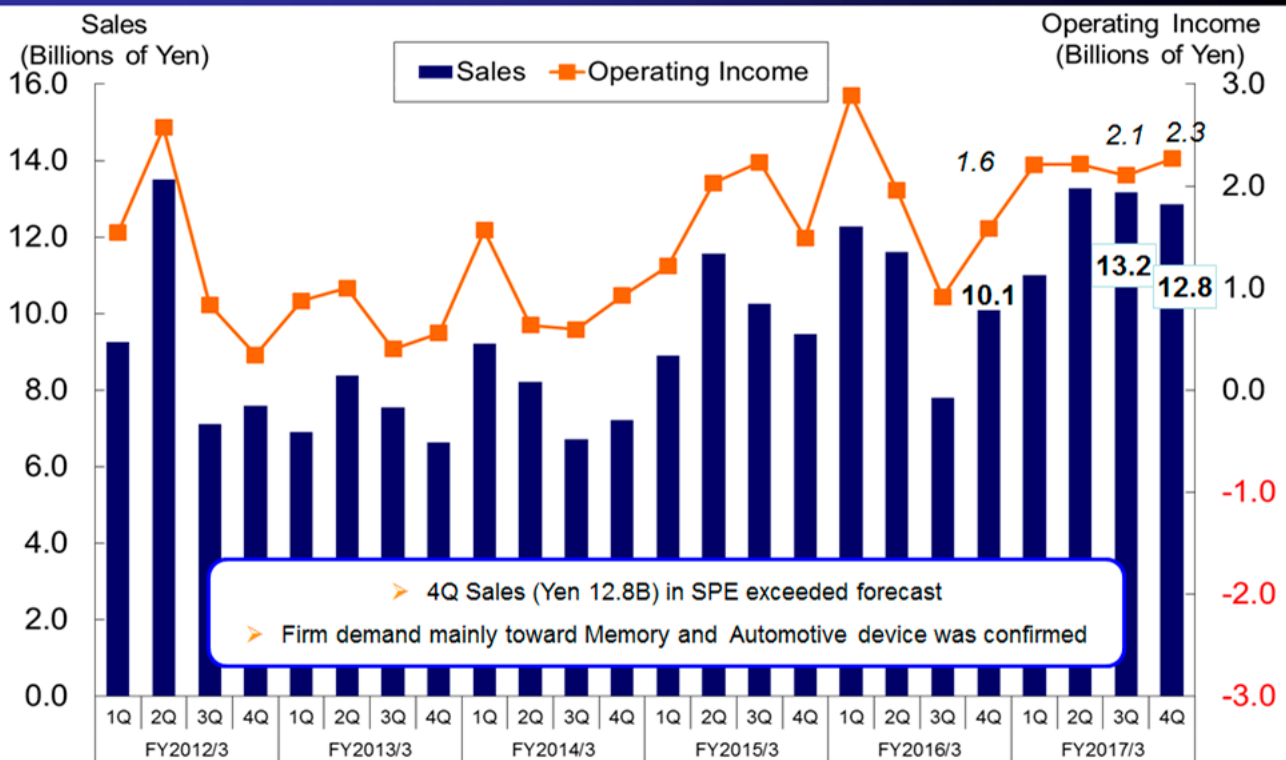
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- Results for 4th quarter (4Q, January to March, 2017)
Sales: 21.1B(SPE 12.8B, Metrology 8.3B).
Operating income: 3.9 B(SPE 2.3B, Metrology 1.6B) .
Ordinary income: 4.1B, and Net Income: 3.9B.
- Both Sales and Income increased QoQ and YoY.



SPE Segment – Business Trends



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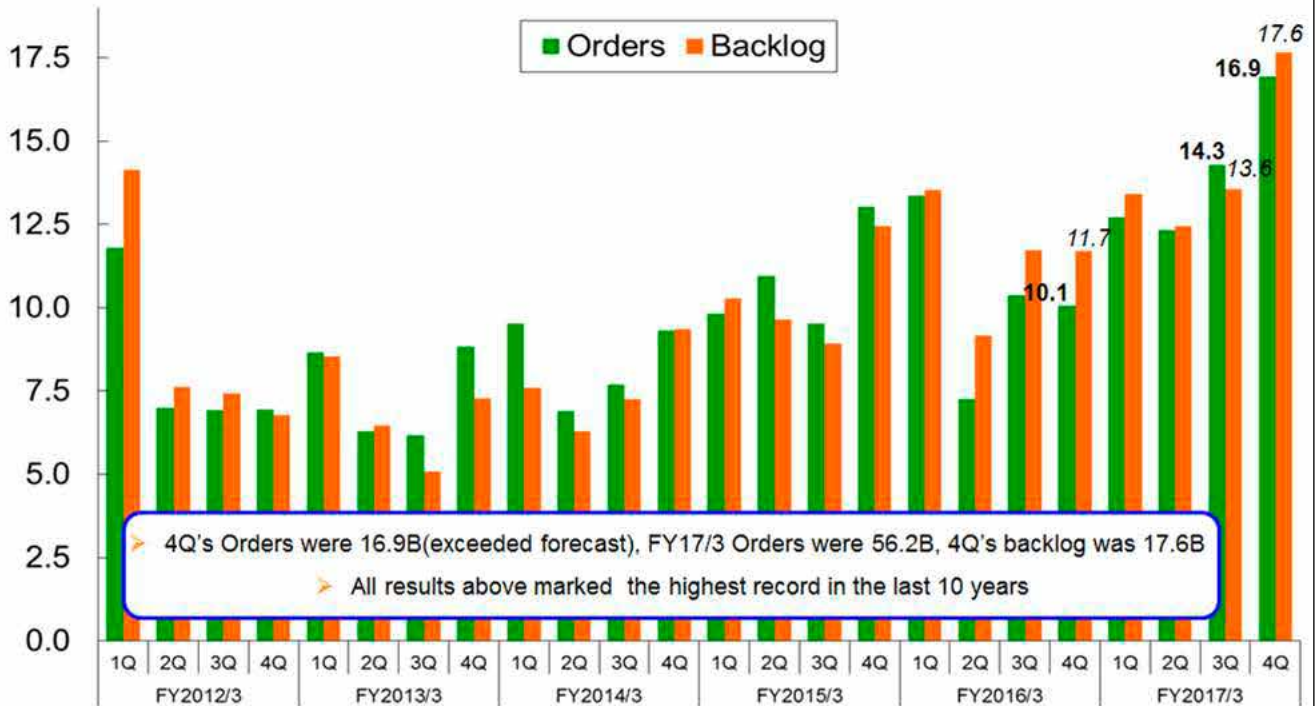
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- SPE's Sales in 4Q exceeded forecasts because of firm demands mainly toward Memory devices and Automotive devices.
- SPE business firmly remained at a high level throughout FY 2017/3.



SPE Segment – Order Status

(Billions of Yen)



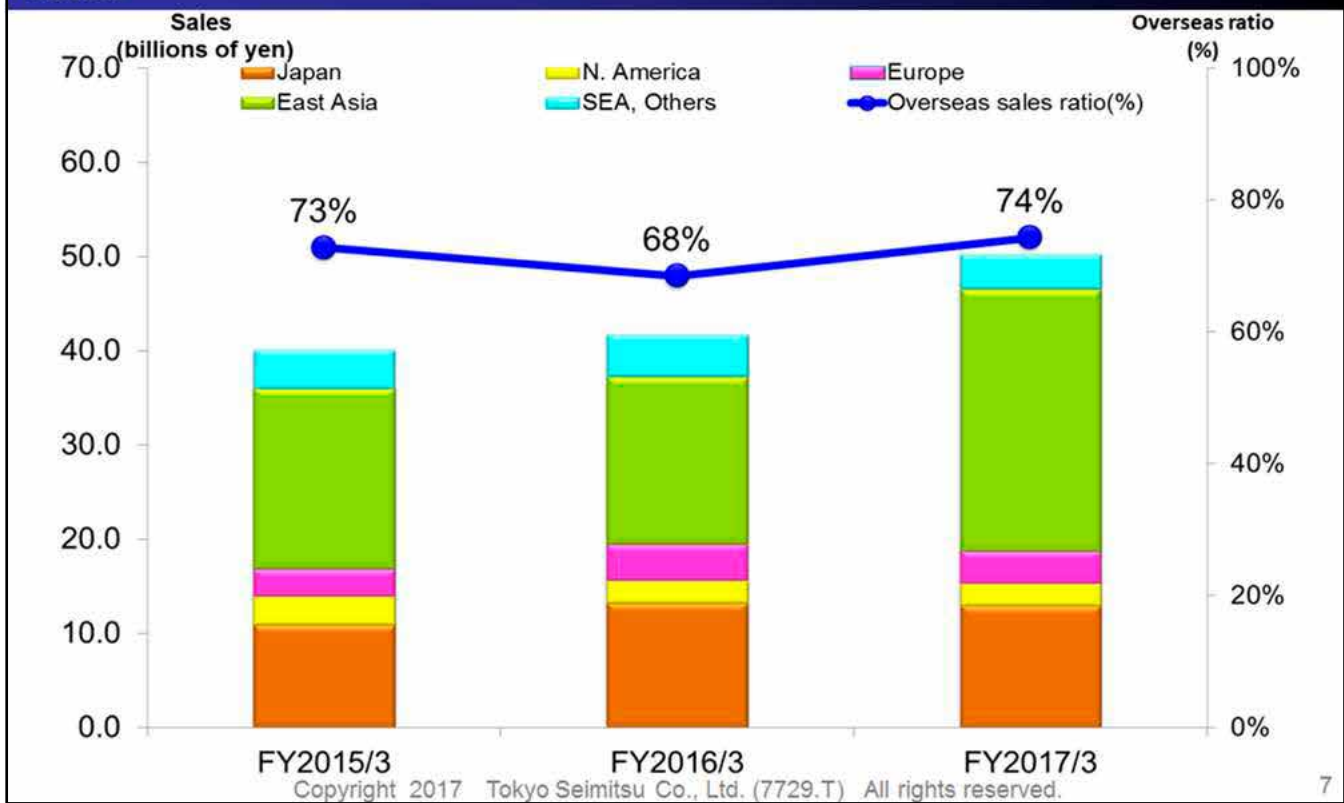
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- SPE's 4Q Orders were 16.9B because of the increase demand in Testing equipment and Assembly equipment.
- In addition, FY2017/3 Full Year Orders (56.2B, YoY+37%) and outstanding backlog as of 4Q end (17.6B, YoY +59B) were on the highest level in the last 10 years.



SPE Segment – Regional Sales



- SPE's overseas sales ratio in FY2017/3 was 74%.
- Sales to East Asia (in green) significantly increased mainly due to stable sales to Taiwan and increasing sales to China.



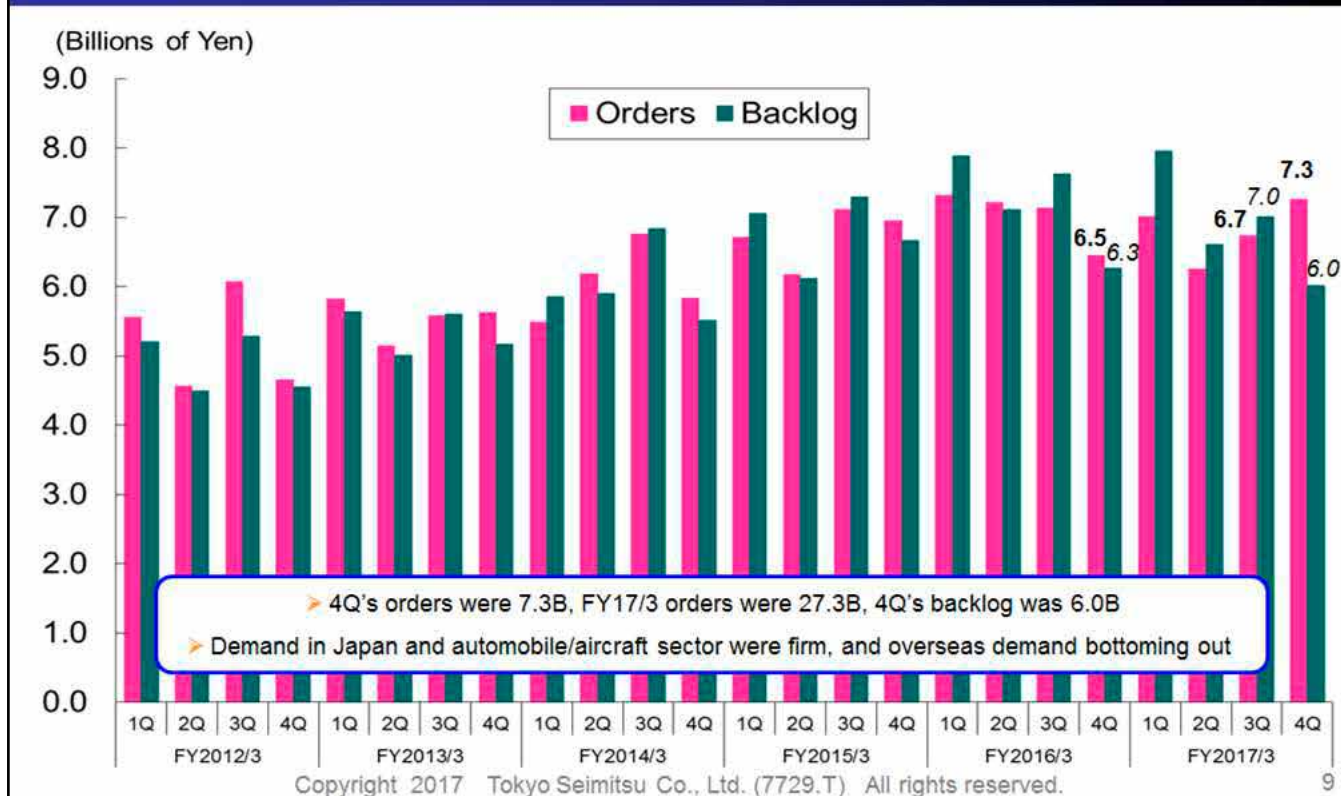
Metrology Segment – Business Trends



- 4Q's Sales (8.3B) in Metrology exceeded forecast.
- FY2017/3 full year business results were slightly lower than that of FY2016/3, due to weak Capex by some customers caused by Yen appreciation in the 1H, and a decreased demand from overseas.



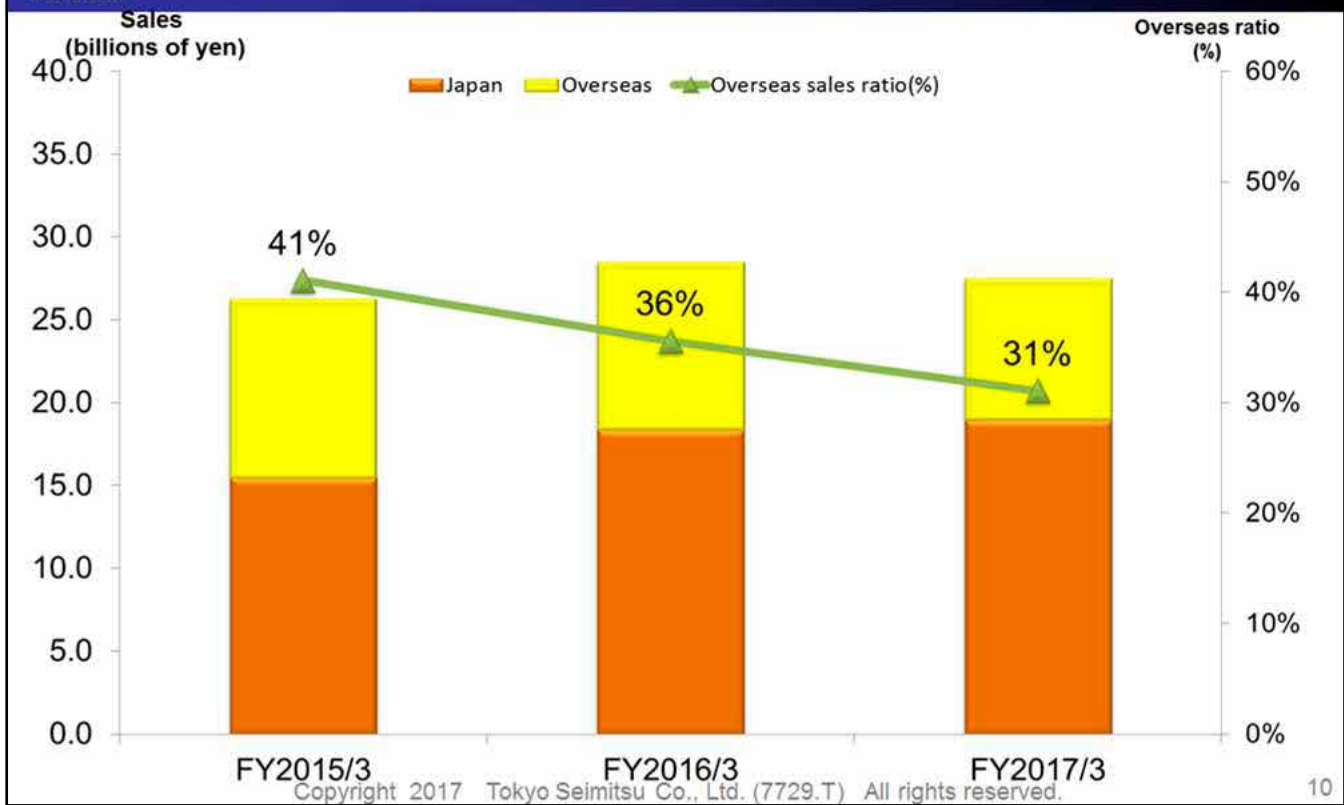
Metrology Segment – Order Status



- 4Q's Orders in Metrology business were 7.3B, increased consecutively because demands for automobile and aircraft industry were firm, and overseas demands were bottoming out.
- FY 2017/3 Full Year orders were 27.3B (YoY -3%).



Metrology Segment – Regional Sales



- Overseas sales ratio in FY2017/3 in Metrology business was 31%.
- Demands from Japan were in line but overseas demands decreased.



FY2017/3 (March 2017) Balance Sheet

Assets (Billions of Yen)	Mar/E 2016	Mar/E 2017	Diff.	Liabilities, Net Assets (Billions of Yen)	Mar/E 2016	Mar/E 2017	Diff.
Cash	27.4	33.9	+6.5	Accounts Payable (*2)	11.8	15.8	+4.0
Accounts Receivable (*1)	26.0	28.4	+2.4	Short term Debt	1.2	1.3	+0.1
Inventories	16.1	17.3	+1.2	Others	8.4	9.5	+1.1
Others	3.2	3.2	- 0	Total Current Liabilities	21.4	26.6	+5.2
Total Current Assets	72.7	82.8	+10.1	Total Fixed Liabilities	1.1	0.7	- 0.4
Fixed Assets	29.2	31.7	+2.4	Total Liabilities	22.5	27.3	+4.8
Total Assets	101.9	114.5	+12.5	Net Assets	79.4	87.2	+7.8
				Total (Int. bearing debt)	101.9 (1.6)	114.5 (1.3)	+12.5 (- 0.3)

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

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- Total Assets as of March 2017 was 114.5 B (+12.5 B from FY2016/3 end)
- Current Asset increased by 10.1B and Fixed Assets increased by 2.4B
- Breakdown of an increase
Current Assets: Cash + 6.5 B, AR +2.4 B, and Inventory +1.2 B
Fixed Assets: Building and Structures + 2.4B
- Total Liability increased by 4.8B from an increase of AP, and Net assets increased by 7.8B.
- Equity ratio is 75.5% and interesting bearing debts at the end of March was 1.3B.



FY2017/3 (April 2016 – March 2017)

Cash Flows

(Billions of Yen)		FY2015/3	FY2016/3	FY2017/3
Opening Balance		20.4	26.8	27.3
From Operating Activities	Income before Tax, Interest & Depreciation	15.1	15.5	16.9
	(Receivables + Inventories) – Accounts Payable(*1)	- 2.0	- 4.2	- 0.1
	Tax Payment	- 2.1	- 3.8	- 3.6
	Others	- 2.0	- 0.3	- 0.4
	Total	10.8	7.2	12.8
From Investing Activities		- 3.0	- 3.8	- 3.5
Free Cash Flow		7.9	3.4	9.3
From Financing Activities	Increase/decrease in Borrowings	- 0.4	- 0.5	- 0.3
	Dividends & others	- 1.4	- 2.3	- 2.6
	Total	- 1.8	- 2.8	- 3.0
Net Cash Increase (incl. adjustments and change in consolidated subsidiaries)		6.4	0.5	6.5
Closing Balance		26.8	27.3	33.8

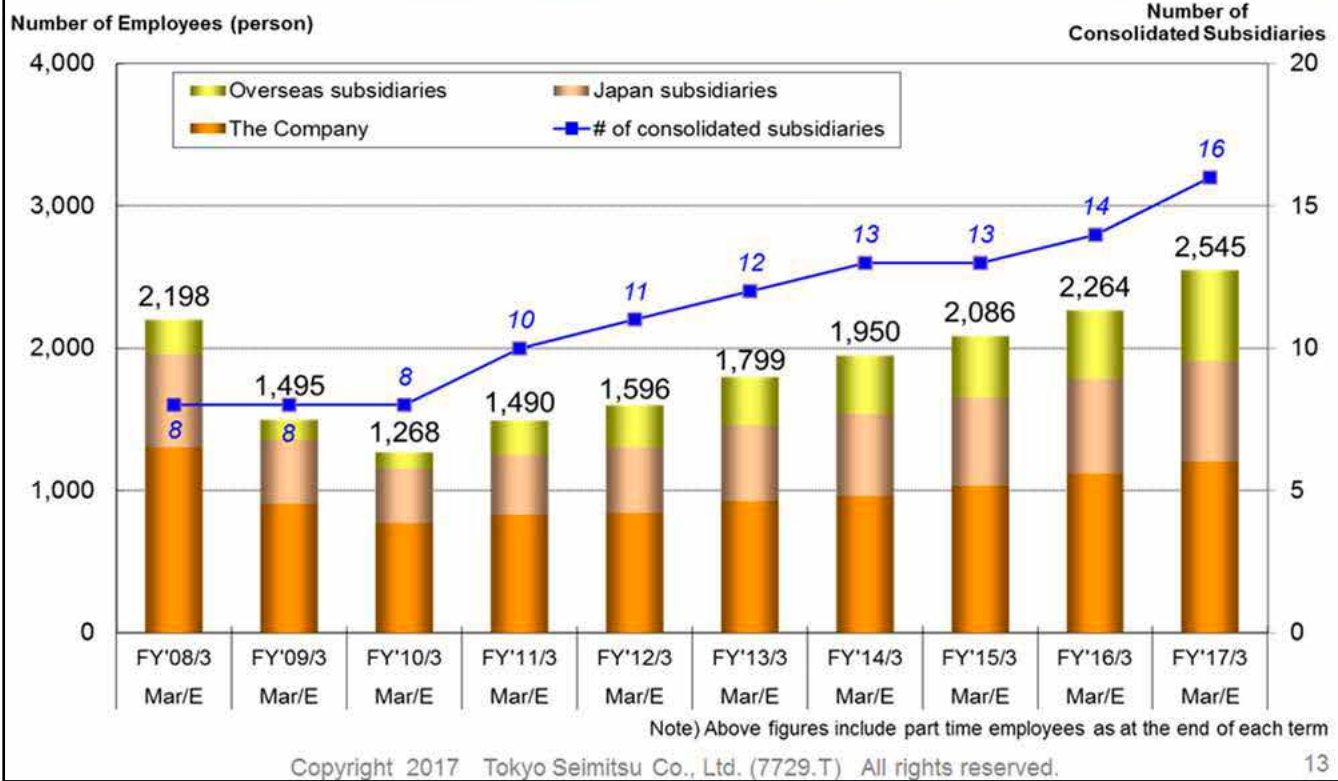
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- Cash Flow (CF) from Operating Activities: +12.8B mainly because of profit.
- CF from Investing Activities: - 3.5B, mainly due to plant construction.
- Consequently, Free Cash Flow (FCF) came to +9.3B.
- CF from Financing Activities: - 3.0B mainly from dividend payment.
- Closing cash balance amounted to 33.8B.



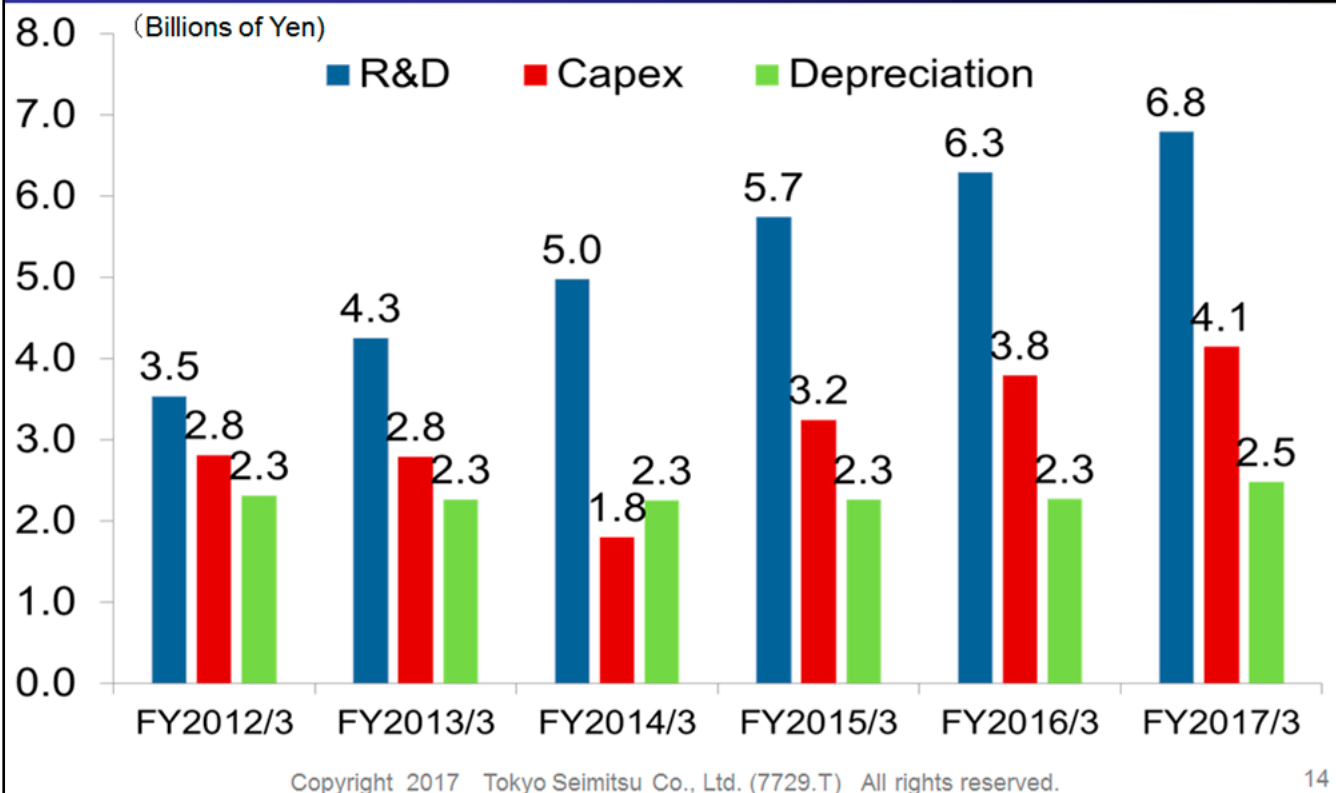
Number of Employees



- Number of employees (Consolidated, including part time employees) as at the end of March 2017 was 2,545, an increase by 281 from March 2016.
- Main reasons for the increase were as follows.
 - A) Increase in R&D and MFG employees (at the Company and Japan subsidiaries).
 - B) Increase in Sales and Service/Supports (at overseas subsidiaries).
 - C) Increase in MFG employees (Consumable Parts) at a Thailand subsidiary.



R&D, Capex & Depreciation



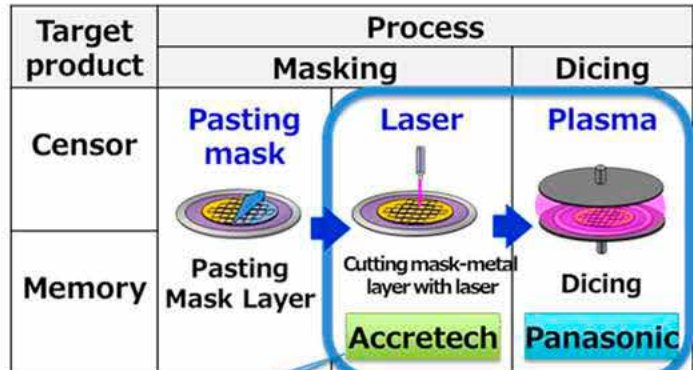
- R&D expenditure in FY2017/3 was 6.8B based on the policy of “To strengthen product competitiveness”.
- Capex was 4.1B mainly because of construction of new 6th plant at Hachioji, Tokyo, Japan.
- Depreciation was 2.5B.

**Hachioji No.6 Plant (Tokyo, Japan)
Construction completed in May 2016**



**Expansion Large equipment's MFG
Extension of Demonstration Labs**

**Business tie-up to promote "Laser grooving and
Plasma Dicing method" announced in Feb. 2017**



Tie-up area

© Panasonic Factory Solutions Co., Ltd. 2017

**Business tie-up with Panasonic Factory
Solutions Co., Ltd. to promote "Laser Grooving
and Plasma Dicing method"**

- Topic for FY 2017/3 are :
- May 2016: Construction of Hachioji No.6 Plant completed
MFG Capacity for Large equipment significantly increased
In addition, Demonstration Lab extended.
- Feb. 2017 : Business tie- up with Panasonic for promoting
"Laser Grooving and Plasma Dicing method " announced
Laser Grooving machine for Mass-production use to be provided
around 3rd quarter of FY 2018/3.

◆ Semiconductor Production Equipment

- Current demand situation is positive
- Demand toward memory & automotive devices and in China is expected to be kept firm
- Smartphone market trends to be carefully watched

◆ Metrology Equipment

- Demand in Japan and Automobile / Aircraft sector still continues to be active
- Overseas demand (especially China) is bottoming out
- Machine tools market is gently recovering

- Market outlook for each business segment is:
 - SPE:
 - A) Current demand situation is comprehensively positive.
 - B) Expects stable demand toward Memory and Automotive device, and from China.
 - C) Though, Smartphone demands, to be a catalyst of SPE business, are to be carefully watched.
 - Metrology Equipment: demands gently recovers
 - A) Consecutively firm demands in Japan, and for Automobiles and Aircraft .
 - B) Overseas demands, which was weak in FY2016/3, we now see a sign of recovery especially in China.
 - C) Japan Machine tool market, which our result follows, is gently recovering.



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

(Billions of Yen except dividend)	FY2017/3			FY2018/3			YoY(%)
	1H	2H	Full Year	1H Fcst	2H Fcst	Full Year Fcst	
Sales	37.2	40.6	77.8	42.3	36.7	79.0	+2%
SPE	24.3	26.0	50.3	29.0	22.0	51.0	+1%
Metrology	12.9	14.6	27.5	13.3	14.7	28.0	+2%
Operating Income	6.6	7.0	13.7	7.8	6.2	14.0	+2%
<i>Operating Income Ratio</i>	18%	17%	18%	18%	17%	18%	-
Ordinary Income	6.3	7.6	13.9	7.8	6.2	14.0	+1%
Net Income attributable to Owners of the parent	4.7	5.2	9.9	5.6	4.4	10.0	+1%
Dividend per share	72 Yen			72 Yen			± 0 Yen

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- FY2018/3 forecast based on market outlook is :
- Sales 79.0 B, Operating Income: 14.0 B,
Ordinary Income: 14.0 B, Net Income: 10.0 B.
- Projected per share dividend for FY2018/3 is 72 Yen based on the Company's profit distribution policy (targeting dividend payout ratio of 30%).



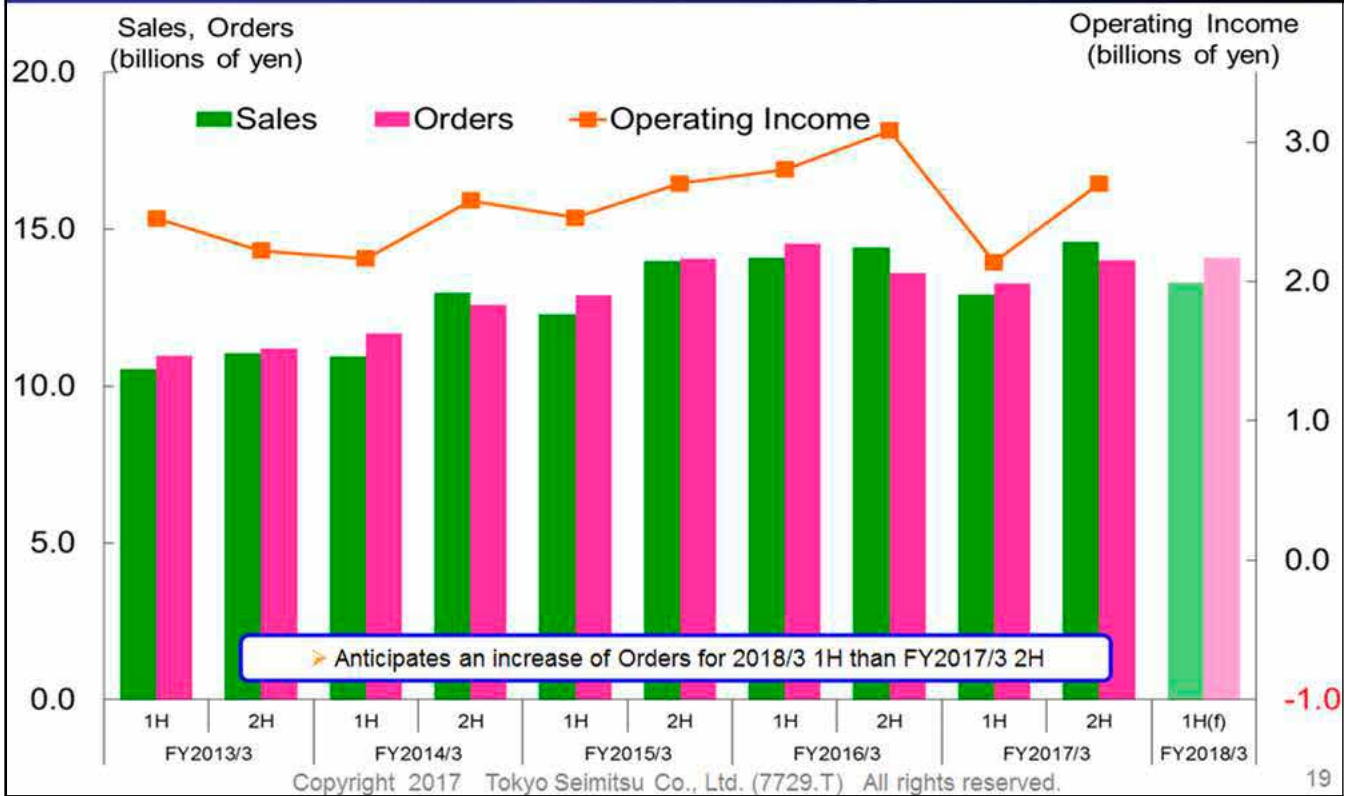
SPE Segment – Sales/Orders trend incl. Forecasts



- We anticipate an increase of SPE Sales in FY2018/3 based on outstanding backlog, and decrease of SPE Orders based on seasonal order decline.



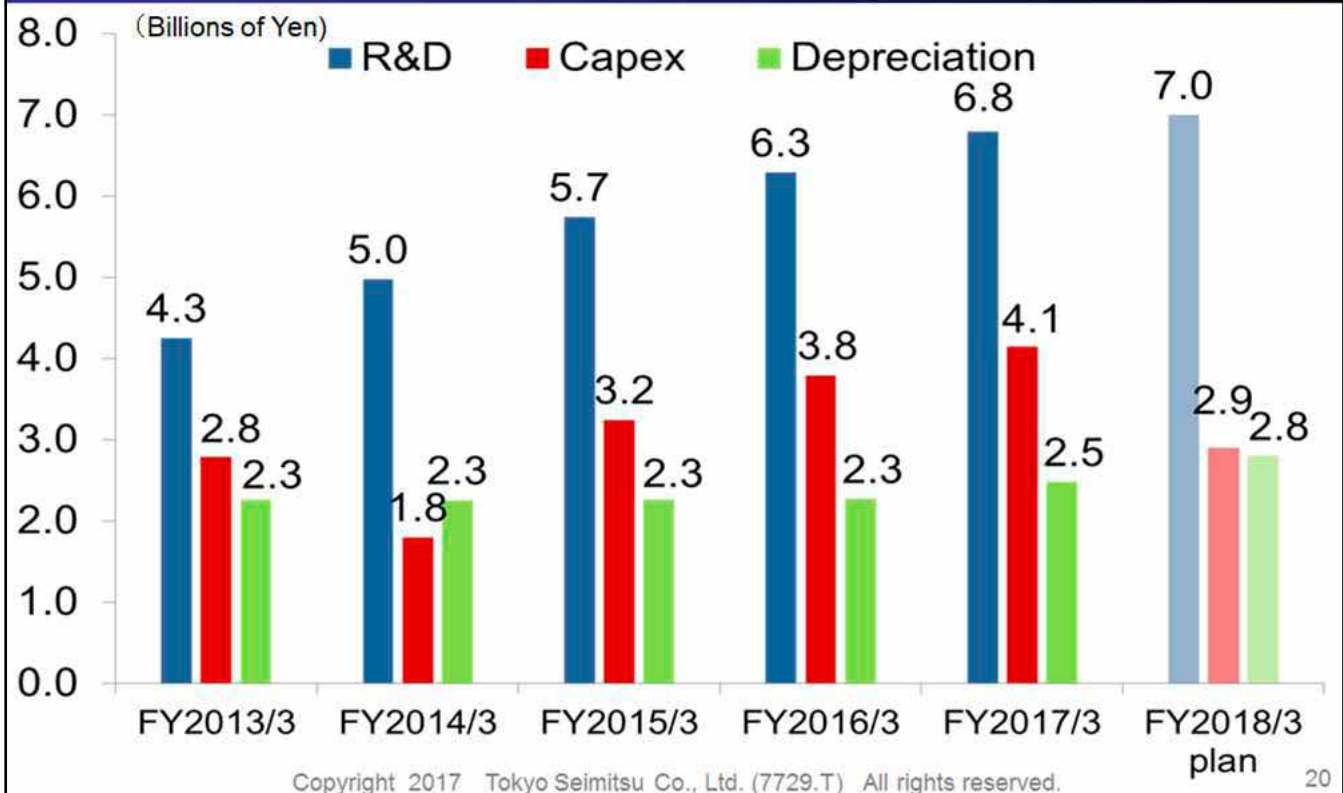
Metrology Segment – Sales/Orders trend incl. Forecasts



- Orders in Metrology business in FY2017 2H is forecasted to increase from FY2017 2H, based on the recovery signs of overseas demands.



R&D, Capex & Depreciation incl. Forecasts



- R&D plan for FY2018/3 is 7.0B
The Company keeps strengthening our products' performance by R&D.
- Capex plan is 2.9B including purchasing Machinery and Equipment.
- Depreciation plan is 2.8B.



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 ;

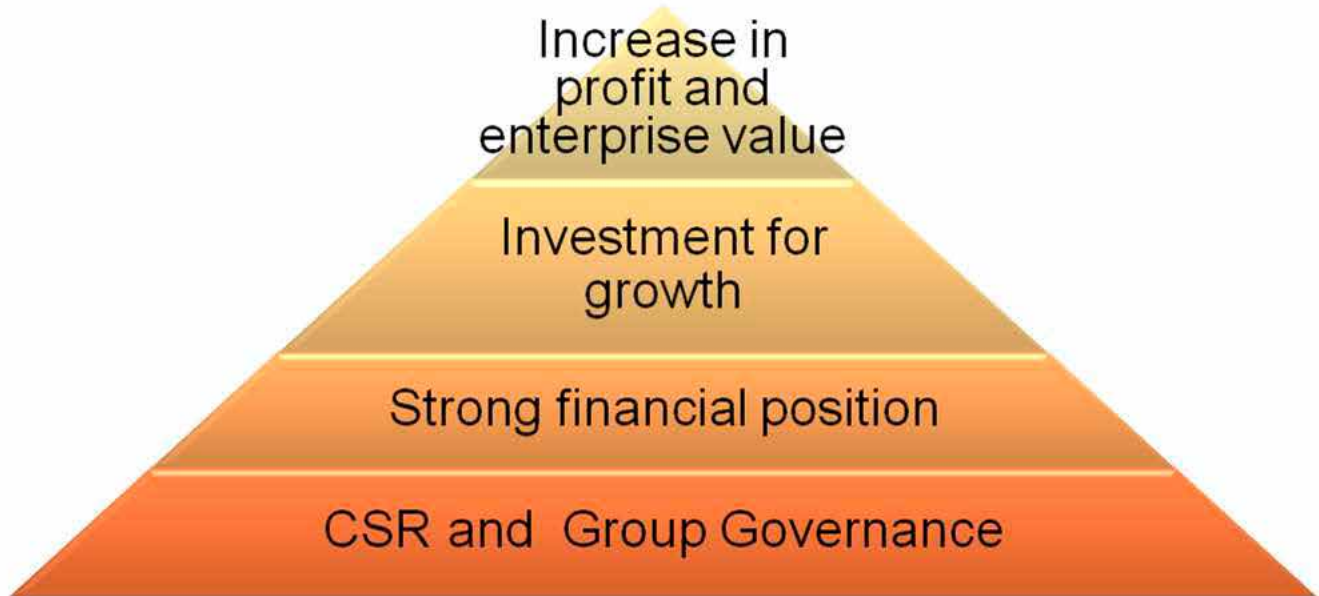
ACCRETECH

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

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- The Corporate Philosophy based on long-term target is:
“ Growing together with partners and customers by collaborating technology, knowledge and information to create the world's No.1 products.”
- To realize the aforementioned philosophy, we set motto and the corporate brand.
The Company group continues to proceed with its growth strategy to make it realized.



- The Company Group believes that the CSR, Group Governance, and a strong financial position are essential to guide further investment and to realize sustainable growth and to increase enterprise value.
- The Company discloses CSR report on the Company's web site.
(Please refer to : http://www.accretech.jp/english/csr/files/csr_report2016_e.pdf)

SPE

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

Metrology

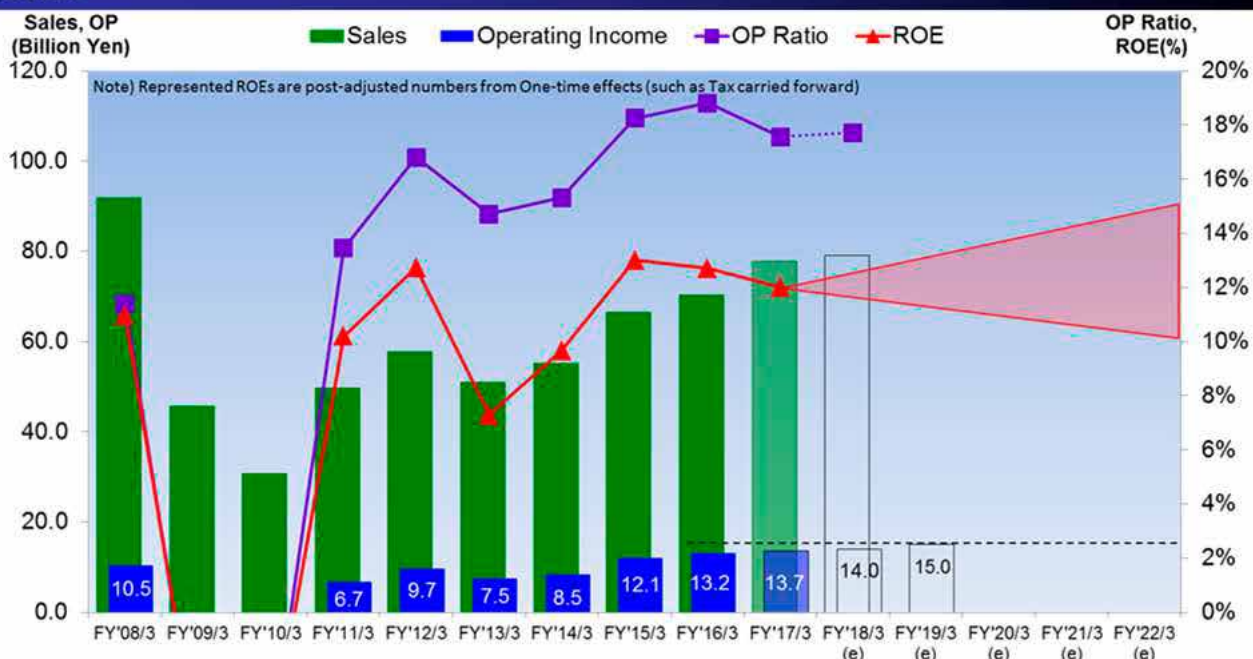
- **Strengths:** Precision, high-resolution measuring technology and reliability
- **Opportunities:** New metrology products and demands from overseas including emerging countries

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

- SPE segment's strengths are precision positioning and in-house manufacturing, that enable enhanced business opportunities for developing new technologies and devices.
- Metrology segment's strengths are precision, high resolution measuring technology and its reliability that will enable future growth through our new products and from overseas' demand.
- Each segment is subject to variable market conditions but the combination of both segments can offset fluctuations and realize stable business performance.



Long-term / Mid-term Business Target



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

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- There is no change in the Company's Long-term / Mid-term Business Target.
- Long-term: To maintain strong corporate structure with over 10% of ROE.
- Mid-term (by FY2019/3): To achieve historical highest OP (15.0 billion yen) .
- ROE for FY2017/3 was 12.0%. The Company keeps targeting both of business expansion and profitability increase.

Short-term business strategy

**Be competitive in mainstream markets,
and allocate resources to markets that can
expect stable demand or potential growth**

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

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- Business strategy for both segments is to maintain competitive products in mainstream markets, and allocate resources to markets that can expect stable demand or potential growth.

Final Products



Wafer Probing Machine

- Response to ALL needs
 - Good environmental durability
 - Productivity improve for Memory



Wafer Dicing Machines/blades

- Strengthen ability to provide solutions
 - Solution for electronic components
 - Proposing integrated process with other equipment



PG, CMP and High Rigid Grinder

- Response to the latest technologies
 - High precision and new materials (SiC, GaN)
 - Proposing integrated process with other equipment

Continuous Increase in Sales and Profits

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- Mobiles, Storages and Automobiles are main final products with stable and growing demands. The Company group covers individual demands for the Semiconductor devices that are generally applied these products.



Increase in Sales through new Products

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

OMI: Optical Measuring Instruments

Increase in Overseas Sales

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

Continuous Increase in Sales and Profits

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- Main two strategies in Metrology Business.
- Increase in Sales with Products for stable and growing industries and sales expansion of OMI(Optical Measuring Instruments)
- Increase in overseas sales with response to growing needs for automation and IoT, and a launch of friendly models for global use.



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