

**Announcement of FY2017/3
Second Quarter
Business Results
(April 2016 to September 2016)**

November 11th, 2016
Tokyo Seimitsu Co., Ltd.
Hitoshi Yoshida, President and CEO
Ticker Symbol: 7729.T

*



Cautionary Statement with respect to Forward-Looking Statements

Disclaimer:

- ◆ This presentation data 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 1st Half (April – Sept. 2016) Business Results

| (Billions of Yen except dividend) | FY2016/3 | | FY2017/3 | | |
|---|----------------------|----------------------|----------------------|--------|--------|
| | 1 st Half | 2 nd Half | 1 st Half | HoH(%) | YoY(%) |
| Sales | 38.0 | 32.3 | 37.2 | +15% | -2% |
| SPE Segment | 23.9 | 17.9 | 24.3 | +36% | +2% |
| Metrology Segment | 14.1 | 14.4 | 12.9 | -10% | -8% |
| Operating Income | 7.6 | 5.6 | 6.6 | +18% | -14% |
| SPE | 4.8 | 2.5 | 4.4 | +78% | -8% |
| <i>Operating Income Ratio</i> | 20% | 14% | 18% | - | - |
| Metrology | 2.8 | 3.1 | 2.1 | -31% | -24% |
| <i>Operating Income Ratio</i> | 20% | 21% | 17% | - | - |
| Ordinary Income | 7.7 | 5.6 | 6.3 | +14% | -17% |
| Net Income <small>Attributable to Owners of the Parent</small> | 5.5 | 4.2 | 4.7 | +10% | -15% |
| Dividend per share | 26 Yen | 33 Yen | 34 Yen | +1 Yen | +8 Yen |

* Interim dividend per share revised from 30 Yen → 34 Yen

Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

3

- Business Results in FY2017/3 1H (April to Sep., 1H)
Consolidated revenue 37.2 Billion Yen (SPE: 24.3B, Metrology: 12.9B)
Operating income: 6.6B(SPE: 4.4B, Metrology: 2.1B)
Ordinary Income: 6.3B and Net Income attributable to Owners of the Parent: 4.7B.
- Overall business results are close to 1H forecast announced at the beginning of FY.
- Interim dividend per share revised from 30 Yen to 34 Yen.
(Refer to the document “Tokyo Seimitsu announces revision of forecasts,
*Interim Dividend and projection of Year-end Dividend for Fiscal Year
ending March 31st, 2017*“ released on November 11th, 2016 .



FY2017/3 2nd Quarter(July – Sept. 2016) Business Results

| (Billions of Yen) | FY2016/3 | | | | FY2017/3 | | | |
|--|----------|------|------|------|----------|------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | QoQ(%) | YoY(%) |
| Sales | 18.4 | 19.6 | 14.4 | 17.9 | 16.3 | 20.9 | +28% | +6% |
| SPE Segment | 12.3 | 11.6 | 7.8 | 10.1 | 11.0 | 13.3 | +21% | +14% |
| Metrology Segment | 6.1 | 8.0 | 6.6 | 7.8 | 5.3 | 7.6 | +43% | -5% |
| Operating Income | 3.9 | 3.8 | 2.2 | 3.4 | 2.9 | 3.7 | +30% | -1% |
| SPE | 2.9 | 2.0 | 0.9 | 1.6 | 2.2 | 2.2 | -1% | +13% |
| <i>Operating Income Ratio</i> | 24% | 17% | 12% | 16% | 20% | 17% | | |
| Metrology | 1.0 | 1.8 | 1.3 | 1.8 | 0.6 | 1.5 | +141% | -16% |
| <i>Operating Income Ratio</i> | 16% | 22% | 19% | 23% | 12% | 20% | | |
| Ordinary Income | 3.9 | 3.7 | 2.3 | 3.2 | 2.6 | 3.8 | +45% | +0% |
| Net Income Attributable to Owners of the Parent | 2.8 | 2.7 | 1.7 | 2.5 | 1.9 | 2.8 | +49% | +3% |

Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

4

- Business Results for 2nd quarter (July to Sep., 2016)

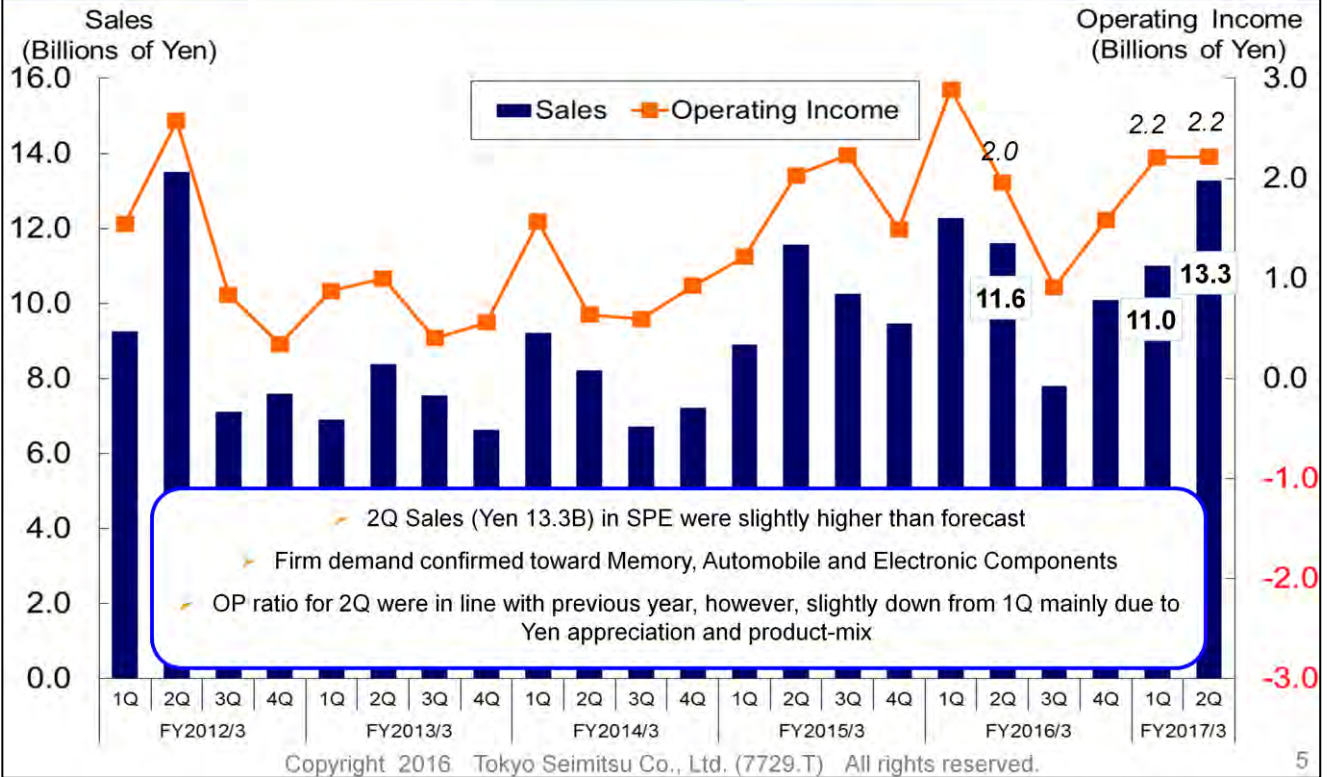
Sales: 20.9B (SPE: 13.3B, Metrology: 7.6B)

Operating income: 3.7B (SPE 2.2B, Metrology 1.5B)

Ordinary income: 3.8B and Net Income: 2.8B



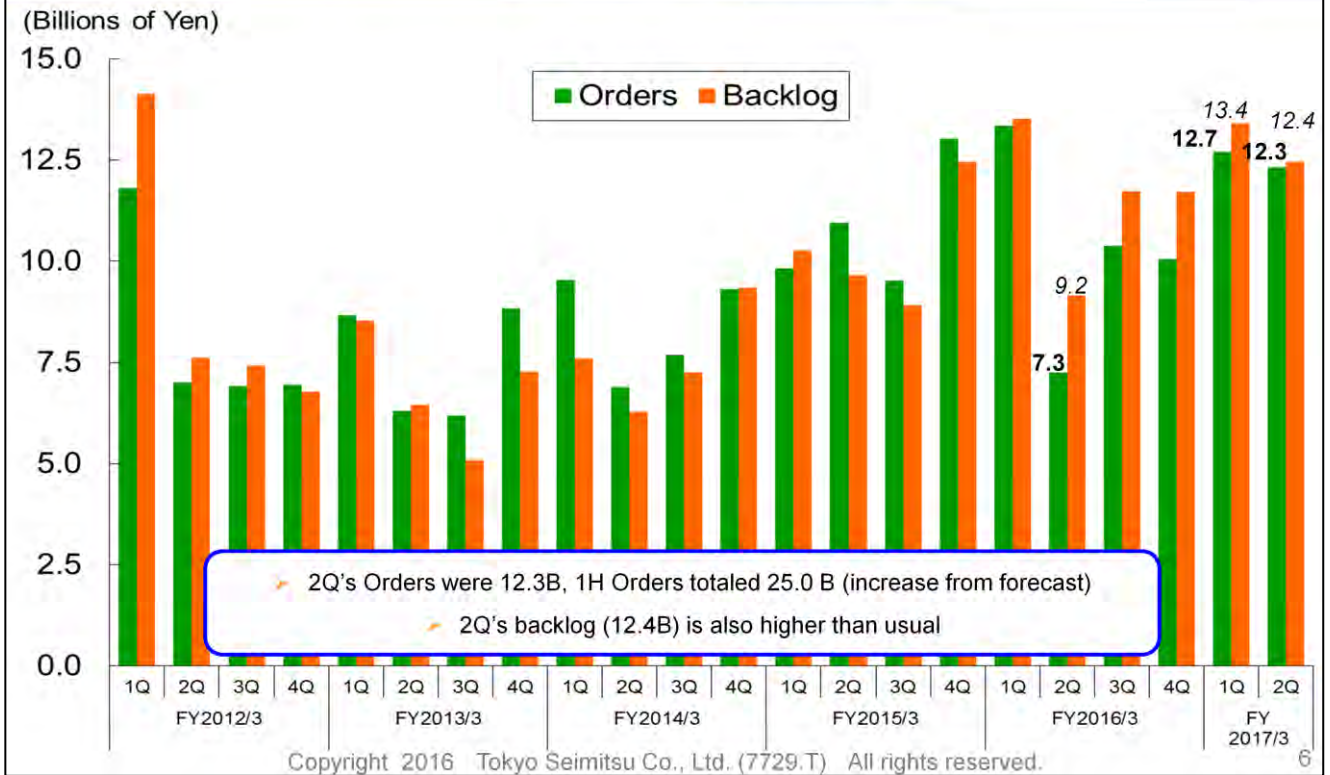
SPE Segment – Business Trends



- SPE's Sales in 2Q exceeded forecasts because of firm demands from various industries such as memories, auto devices and electronic components.
- Operating profit ratio for 2Q were in line with previous year, however, slightly down from from 1Q mainly due to Yen appreciation and product-mix.



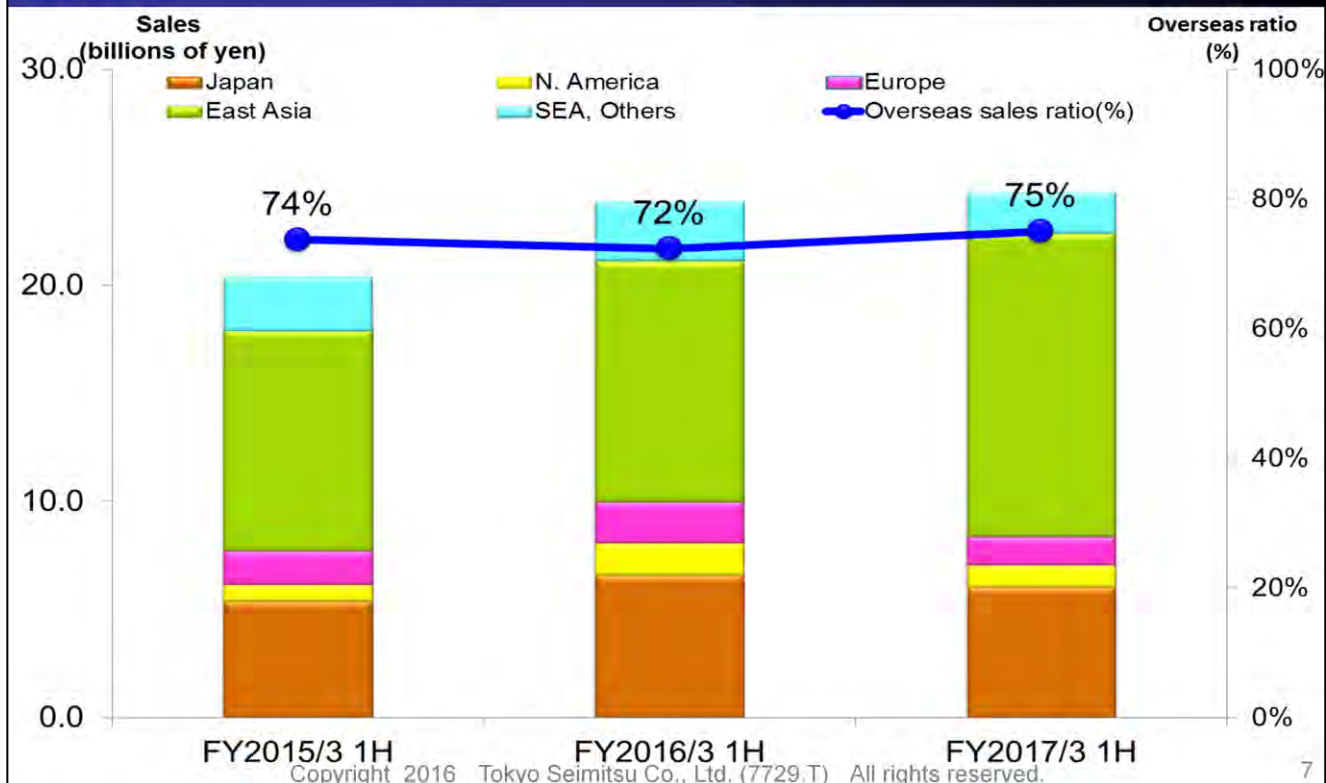
SPE Segment – Order Status



- SPE's 2Q Orders were 12.3B and 1H's Orders were 25.0B, 2Q's backlog was 12.4 B.
- 1H's Orders were more than we have forecasted, because seasonal order-decline in 2Q was minimum.
- 2Q's backlog is relatively higher than usual.



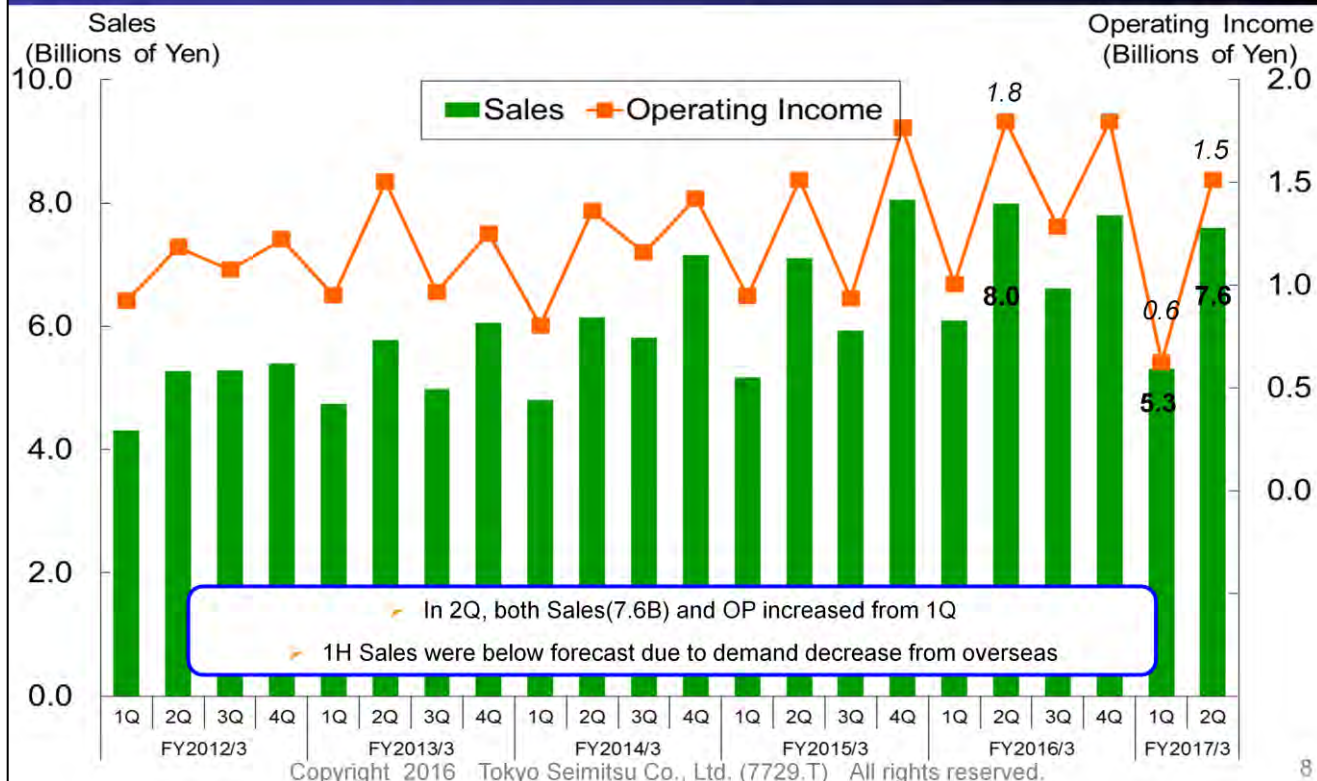
SPE Segment – Regional Sales



- Overseas sales ratio in 1H was 75%.
- Sales to East Asia increased, including stable sales to Taiwan and Increasing sales to China.



Metrology Segment – Business Trends



- 2Q's Sales (7.6B) and Operating income (1.5B) in Metrology exceeded 1Q's results.
- 1H results were below forecast , mainly due to demand decrease from overseas.

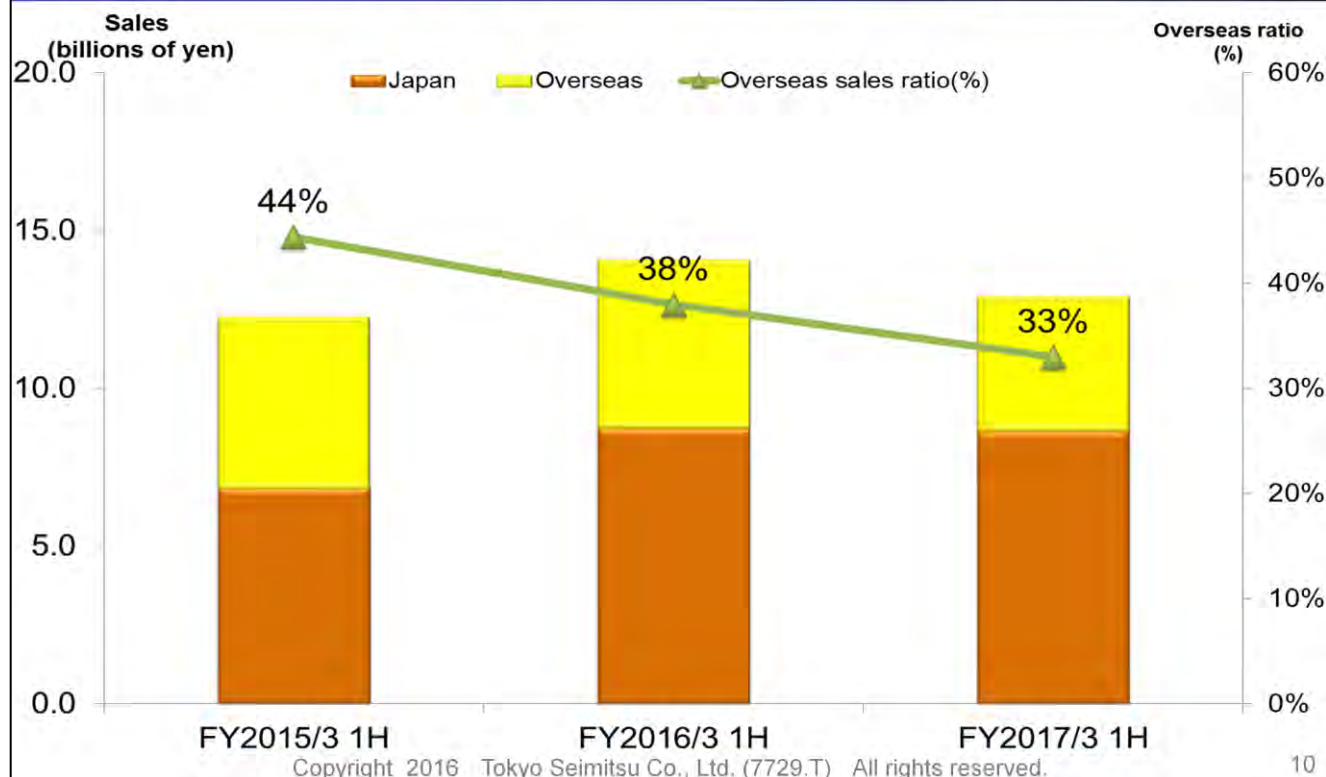
Metrology Segment – Order Status



- 2Q's Orders in Metrology business were 6.3B , 1H's Orders were 13.3B, and 2Q's backlog was 6.6B.
- Demands in Japan and automobiles were firm, but overseas demands were weak.
1H's Orders were below forecast.
- 2Q's backlog was relatively higher.



Metrology Segment – Regional Sales



- Overseas sales ratio in 1H in Metrology business was 33%.
- Demands from Japan were in line but overseas demands, especially from China and Southeast Asia decreased.



FY2017/3 2Q(Sept. 2016) Balance Sheet

| Assets (Billions of Yen) | Mar/E 2016 | Sep/E 2016 | Diff. | Liabilities, Net Assets (Billions of Yen) | Mar/E 2016 | Sep/E 2016 | Diff. |
|-----------------------------|---------------|---------------|-------|---|----------------|------------------------------|----------------|
| Cash | 27.4 | 30.3 | +2.9 | Accounts Payable (*2) | 11.8 | 14.5 | +2.7 |
| Accounts Receivable (*1) | 26.0 | 25.3 | -0.7 | Short term Debt | 1.2 | 1.2 | ±0.0 |
| Inventories | 16.1 | 16.4 | +0.3 | Others | 8.4 | 6.0 | -2.4 |
| Others | 3.2 | 2.1 | -1.1 | Total Current Liabilities | 21.4 | 21.7 | +0.3 |
| Total Current Assets | 72.7 | 74.1 | +1.4 | Total Fixed Liabilities | 1.1 | 1.0 | -0.1 |
| Fixed Assets | 29.2 | 30.7 | +1.5 | Total Liabilities | 22.5 | 22.8 | +0.3 |
| Total Assets | 101.9 | 104.8 | +2.9 | Net Assets | 79.4 | 82.1 | +2.6 |
| | | | | Total (Int. bearing debt) | 101.9 (1.6) | 104.8 (1.4) | +2.9 (-0.2) |

(*1) Incl. Trade notes and Electronically Recorded Monetary Claims (*2) Incl. Trade notes and Electronically recorded obligations-operating
Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

11

- Total Assets as of Sep. end amounted to 104.8B (2.9B increase from FY2016/3 end)
- Breakdown of Current Assets' increase:
 - Current Asset increased by 1.4B and Fixed Assets increased by 1.5B,
 - Current Assets: Cash increased by 2.9B, Inventory increased by 0.3B,
 - and AR decreased by 0.7B.
 - Fixed Assets: Increased mainly due to Building of 6th Hachioji Plant.
- Total Liability amounted to 22.8B (0.3B increase) and Net assets came to 82.0 B(2.6B increase).
- Equity ratio is 77.5% and interesting bearing debts at the end of Sep. was 1.4B.



FY2017/3 1H (April – Sept. 2016)

Cash Flows

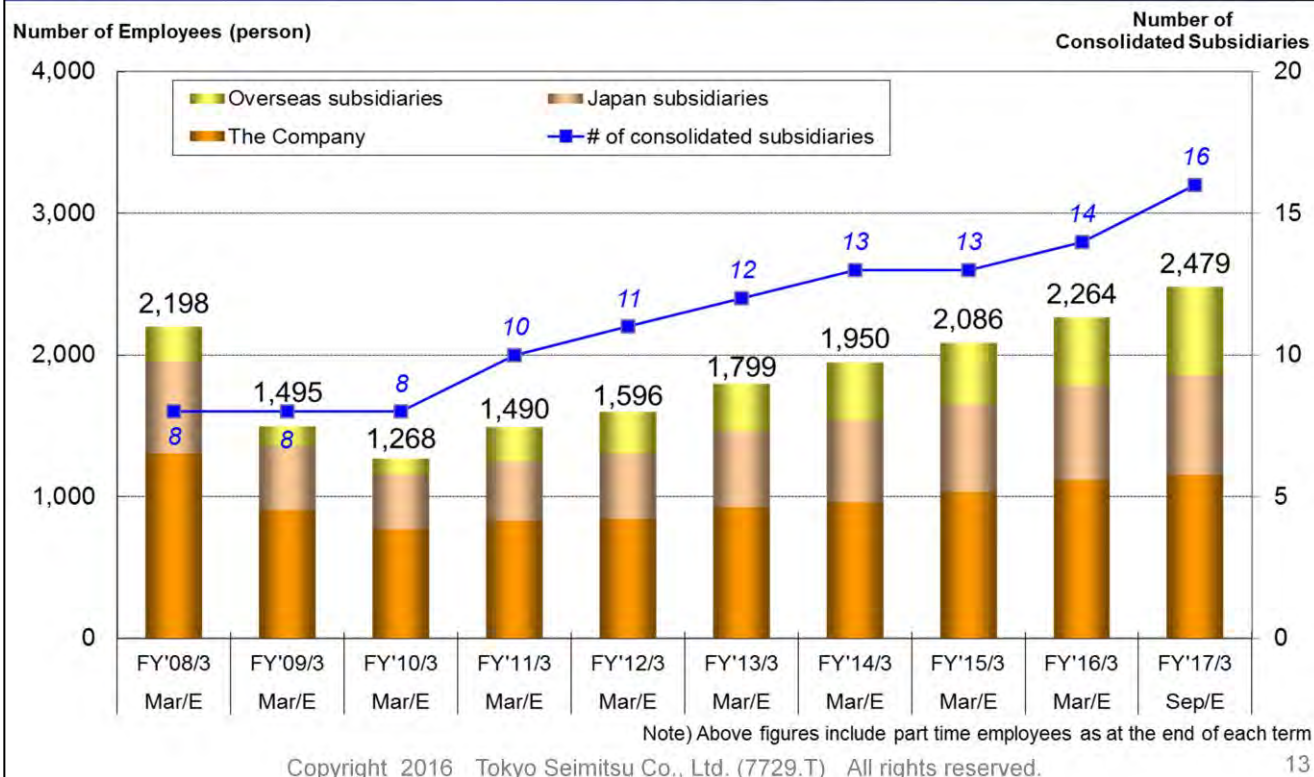
| (Billions of Yen) | | FY2015/3 1H | FY2016/3 1H | FY2017/3 1H |
|---|--|-------------|--------------|--------------|
| Opening Balance | | 20.4 | 26.8 | 27.3 |
| From Operating Activities | Income before Tax, Interest & Depreciation | 7.1 | 8.8 | 7.5 |
| | (Receivables + Inventories) – Accounts Payable(*1) | 1.6 | - 0.5 | 2.7 |
| | Tax Payment | -1.3 | - 2.4 | - 1.9 |
| | Others | -0.3 | - 0.4 | 0.3 |
| | Total | 7.1 | 5.6 | 8.6 |
| From Investing Activities | | -1.1 | - 3.0 | - 3.7 |
| Free Cash Flow | | 6.0 | 2.7 | 4.9 |
| From Financing Activities | Increase/decrease in Borrowings | -0.2 | - 0.2 | - 0.2 |
| | Dividends & others | -0.5 | - 1.3 | - 1.4 |
| | Total | -0.7 | - 1.5 | - 1.6 |
| Net Cash Increase (incl. adjustments and change in consolidated subsidiaries) | | 5.3 | 1.3 | 3.0 |
| Closing Balance | | 25.7 | 28.1 | 30.3 |

Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

12

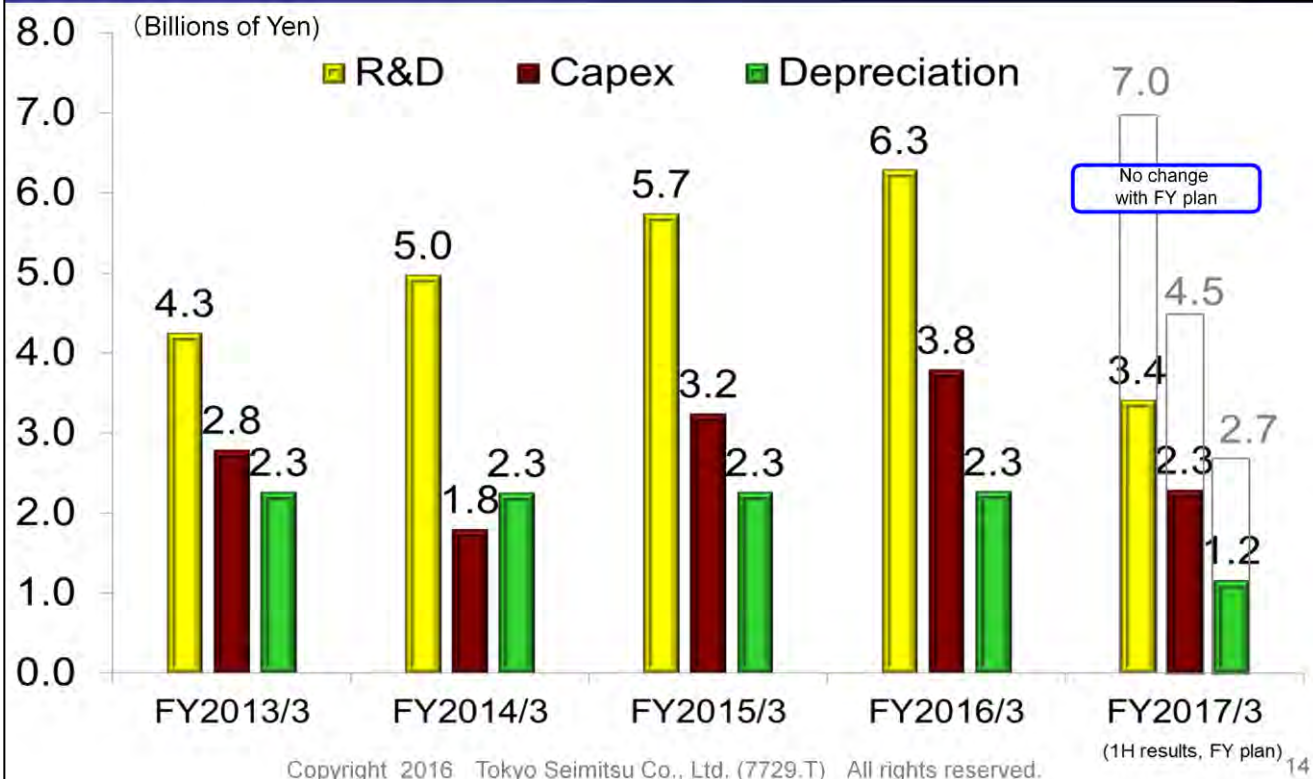
- Cash Flow (CF) from Operating Activities was 8.6B positive mainly because of profit.
- CF from Investing Activities was 3.7B negative, mainly due to plant construction.
- Consequently, Free Cash Flow came to 4.9B positive.
- CF from Financing Activities was 1.6B negative.
- Closing cash balance amounted to 30.3B.

Number of Employees



- Number of employees (Consolidated, including part time employees) as at the end of Sep. was 2,479, an increase by 215 employees 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 1H was 3.4B based on the policy of “To strengthen product competitiveness”.
- Capex was 2.3B mainly because of construction of new 6th plant at Hachioji, Tokyo, Japan. (Please refer to <http://www.accretech.jp/english/news/2016/20160506.html>).
- Depreciation was 1.2B.
- No annual plan change in FY2017/3.

◆ Semiconductor Production Equipment

- Current demand situation is positive
- Firm demand toward electronic components in addition to memory and automobiles related devices
- Moreover, we expect higher capex demand in China

◆ Metrology Equipment

- Investment in Japan and/or by Automobile sector still continues to be active
- Overseas demand (especially Asia) is weak, however, signs of recovery can be seen
- Machine tools market to be carefully watched

- Market outlook for each business segment is as follows.
- SPE:
 - A) Current demand situation is comprehensively positive. Not only demands toward memory/automobile but electronic components are in firm tone.
 - B) In addition, various semiconductor manufacturer invests in China right now. We strongly expect higher capex demand in China.
- Metrology Equipment:
 - A) We see strong demands in Japan, and for Automobiles and Aircraft continues.
 - B) Demands in overseas, especially Asia is weak today. However, we now see a sign of recovery from specific countries and sectors.
 - C) We will carefully watch statistic trends of Japan Machine tool market to forecast future outlook.



Forecast for FY2017/3 (April 2016 – March 2017)

| (Billions of Yen except dividend) | FY2016/3 | | | FY2017/3 | | | | |
|---|----------|--------|-----------|----------|------------|-------------------|----------------------------|--------|
| | 1H | 2H | Full Year | 1H | 2H Fcst | Full Year Fcst | Diff from prev. fcst | YoY(%) |
| Sales | 38.0 | 32.3 | 70.3 | 37.2 | 35.3 | 72.5 | +3.5 | +3% |
| SPE | 23.9 | 17.9 | 41.8 | 24.3 | 22.2 | 46.5 | +5.7 | +11% |
| Metrology | 14.1 | 14.4 | 28.5 | 12.9 | 13.1 | 26.0 | -2.2 | -9% |
| Operating Income | 7.6 | 5.6 | 13.2 | 6.6 | 6.4 | 13.0 | +1.5 | -2% |
| <i>Operating Income Ratio</i> | 20% | 17% | 19% | 18% | 18% | 18% | - | - |
| Ordinary Income | 7.7 | 5.6 | 13.2 | 6.3 | 6.5 | 12.8 | +1.3 | -3% |
| Net Income attributable to Owners of the parent | 5.5 | 4.2 | 9.8 | 4.7 | 4.7 | 9.4 | +1.0 | -3% |
| Dividend per share | 26 Yen | 33 Yen | 59 Yen | 34 Yen | 34 Yen | 68 Yen | +8 Yen | +9Yen |

Previous forecast announced
on August 9th, 2016

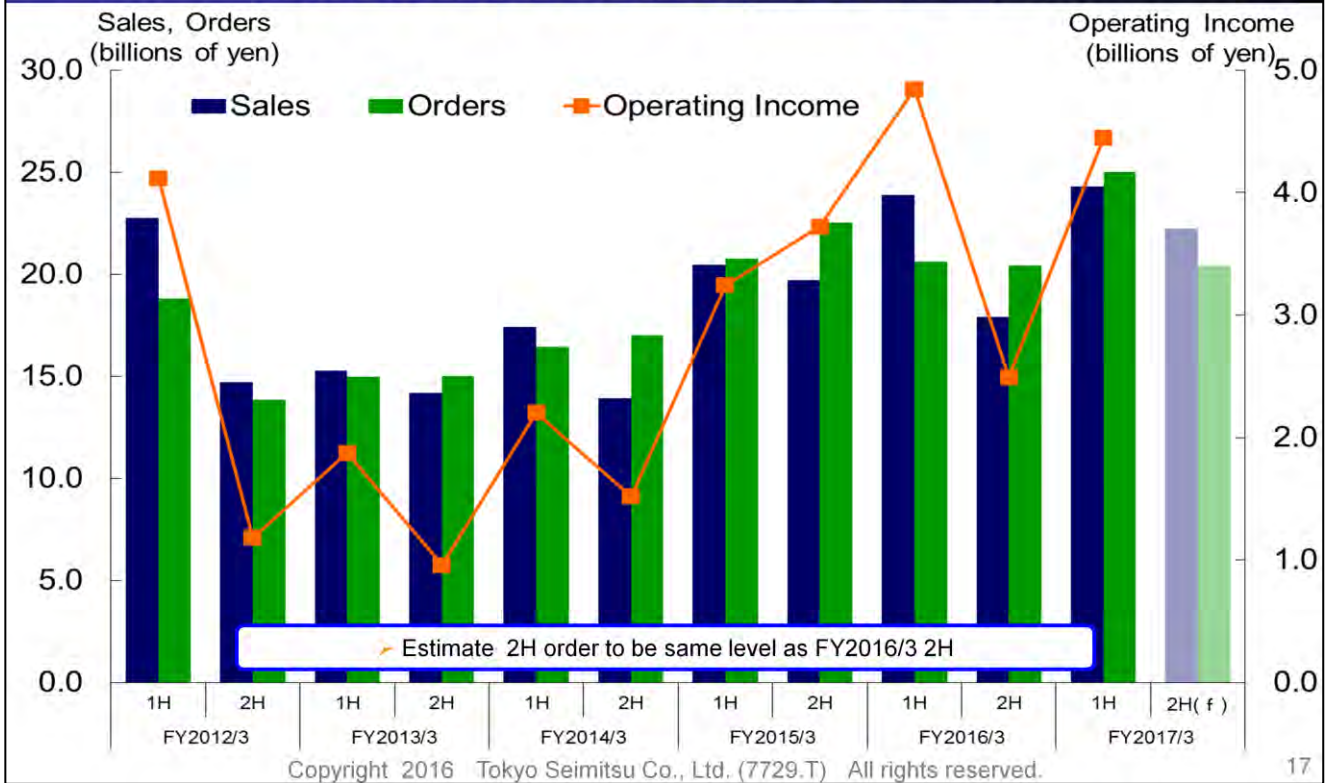
Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

16

- The Company improved FY2017/3 forecast.
- The forecasted sales: 72.5B, Operating Income: 13.0B, Ordinary Income: 12.8B and Net Income: 9.4B.
- Based on the dividend policy (targeting dividend payout ratio of 30%), Annual dividend per share improved from 60 Yen to 68 Yen.
(Refer to the document *“Tokyo Seimitsu announces revision of forecasts, Interim Dividend and projection of Year-end Dividend for Fiscal Year ending March 31st, 2017”* released on November 11th, 2016 .



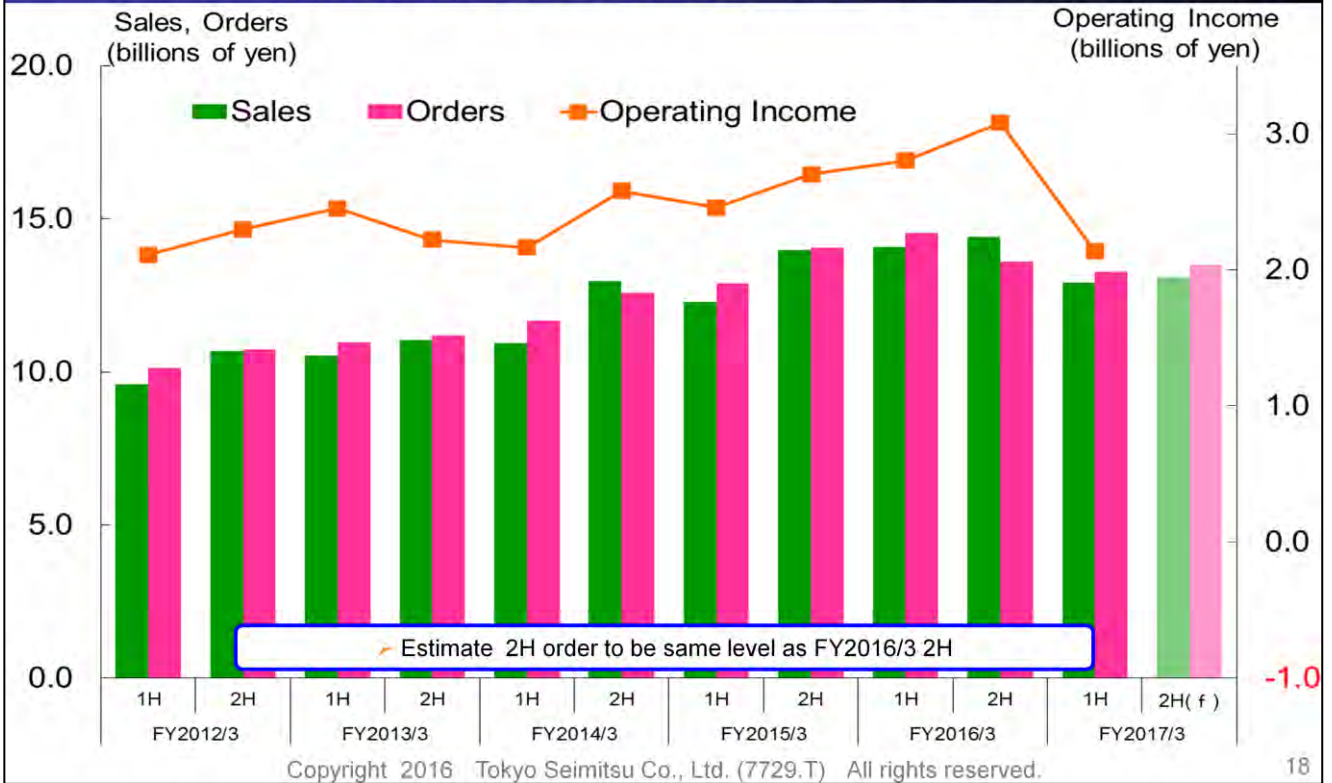
SPE Segment – Sales/Orders trend incl. Forecasts



- Orders in SPE business in FY2017/3 2H is anticipated to have seasonal decline from 1H, but same level as FY2016/3 2H.
- Annual Orders in FY2017/3 is forecasted a sequential increase from FY2016/3.



Metrology Segment – Sales/Orders trend incl. Forecasts



- Orders in Metrology business in FY2017 2H is forecasted to be at same level of FY2016 2H and increased from FY2017 1H due to the partial recovery signs of overseas demands.

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

- 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.

SPE

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

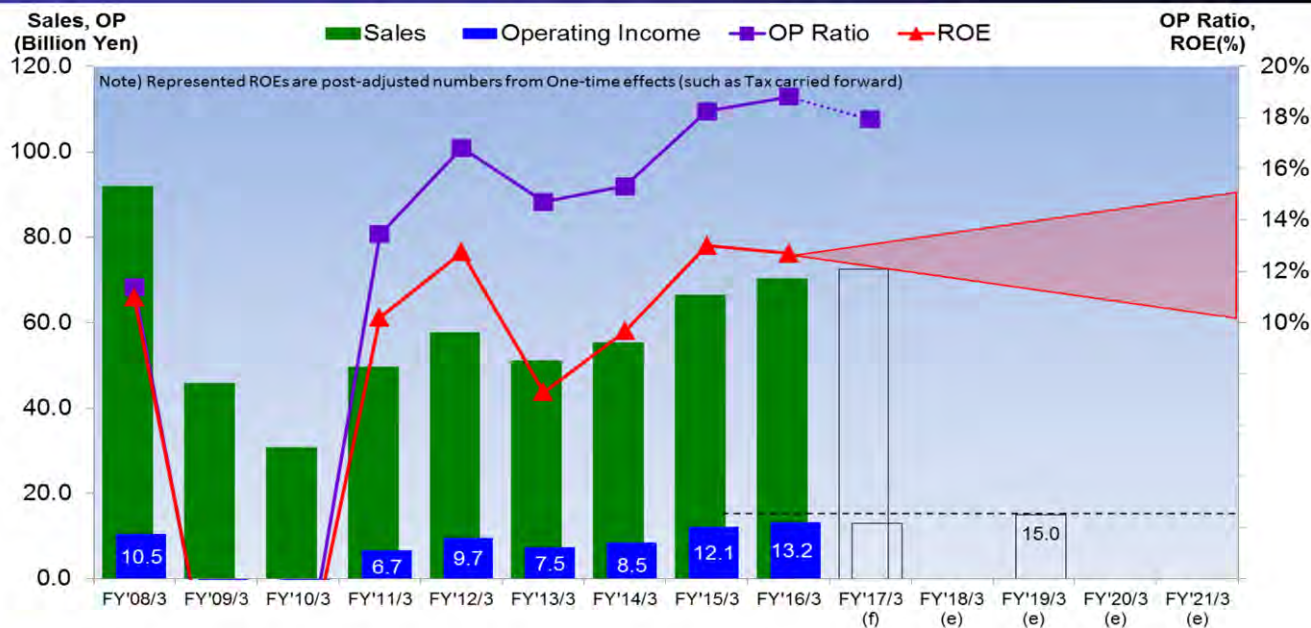
Metrology

- **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)

- 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).

**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
- IoT(Internet of Things)
- Consumables

Metrology

Mainstream Markets

- Auto and Auto Parts
- Machine Tools



Emerging Markets

- Aircrafts
- Automations
- Overseas Market



Continuous Increase in Sales and Profits

Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

23

- 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.
- Emerging Markets:
 - A) SPE: Chinese market, IoT(Internet of Things) and consumables.
 - B) Metrology: Aircrafts, Automations and Overseas markets.

Final Products



Mobiles



Storage



Automobiles



Wafer Probing Machine

- Response to ALL needs
 - Good environmental durability
 - Frame handling, etc.



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

- 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.

- Wafer probing machines to response ALL customers' needs .

- Wafer dicing machines and blades to strengthen ability of providing "solution".

- PG (polish grinders), CMP, and High rigid grinder to comply the latest semiconductor manufacturing technologies.



Increase in New Product Sales

Products for stable and growing industries
Sales expansion of OMI

OMI: Optical Measuring Instruments

Increase in Overseas Sales

Applying biz approach in
bigger company in US/Europe

Continuous Increase in Sales and Profits

Copyright 2016 Tokyo Seimitsu Co., Ltd. (7729.T) All rights reserved.

25

- Main two strategies in Metrology Business.
- Products for stable and growing industries and sales expansion of OMI(Optical Measuring Instruments).
- Increase of overseas sales with applying business approach in bigger company in US and /or Europe.



**ACCRETECH is
Tokyo Seimitsu**