

Announcement of FY2016/3 Business Results (April 2015 to March 2016)

May 10th, 2016

Tokyo Seimitsu Co., Ltd.

Hitoshi Yoshida, President and CEO

*



Cautionary Statement with respect to Forward-Looking Statements

Disclaimer:

- ◆ This presentation data, texts, and the information which our representatives present verbally 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 information presented verbally.



FY2016/3 (April 2015 – March 2016)

Business Results

| (Billions of Yen except dividend) | FY2015/3 | FY2016/3 | |
|---|---------------|---------------|--------|
| | Full Year | Full Year | YoY(%) |
| Sales | 66.4 | 70.3 | +6% |
| SPE Segment | 40.2 | 41.8 | +4% |
| Metrology Segment | 26.2 | 28.5 | +9% |
| Operating Income | 12.1 | 13.2 | +9% |
| SPE | 7.0 | 7.3 | +5% |
| <i>Operating Income Ratio</i> | 17% | 18% | - |
| Metrology | 5.1 | 5.9 | +14% |
| <i>Operating Income Ratio</i> | 20% | 21% | - |
| Ordinary Income | 12.8 | 13.2 | +3% |
| Net Income Attributable to Owners of the parent | 9.0 | 9.7 | +8% |
| Dividend per share | 55 Yen | 59 Yen | +4 Yen |

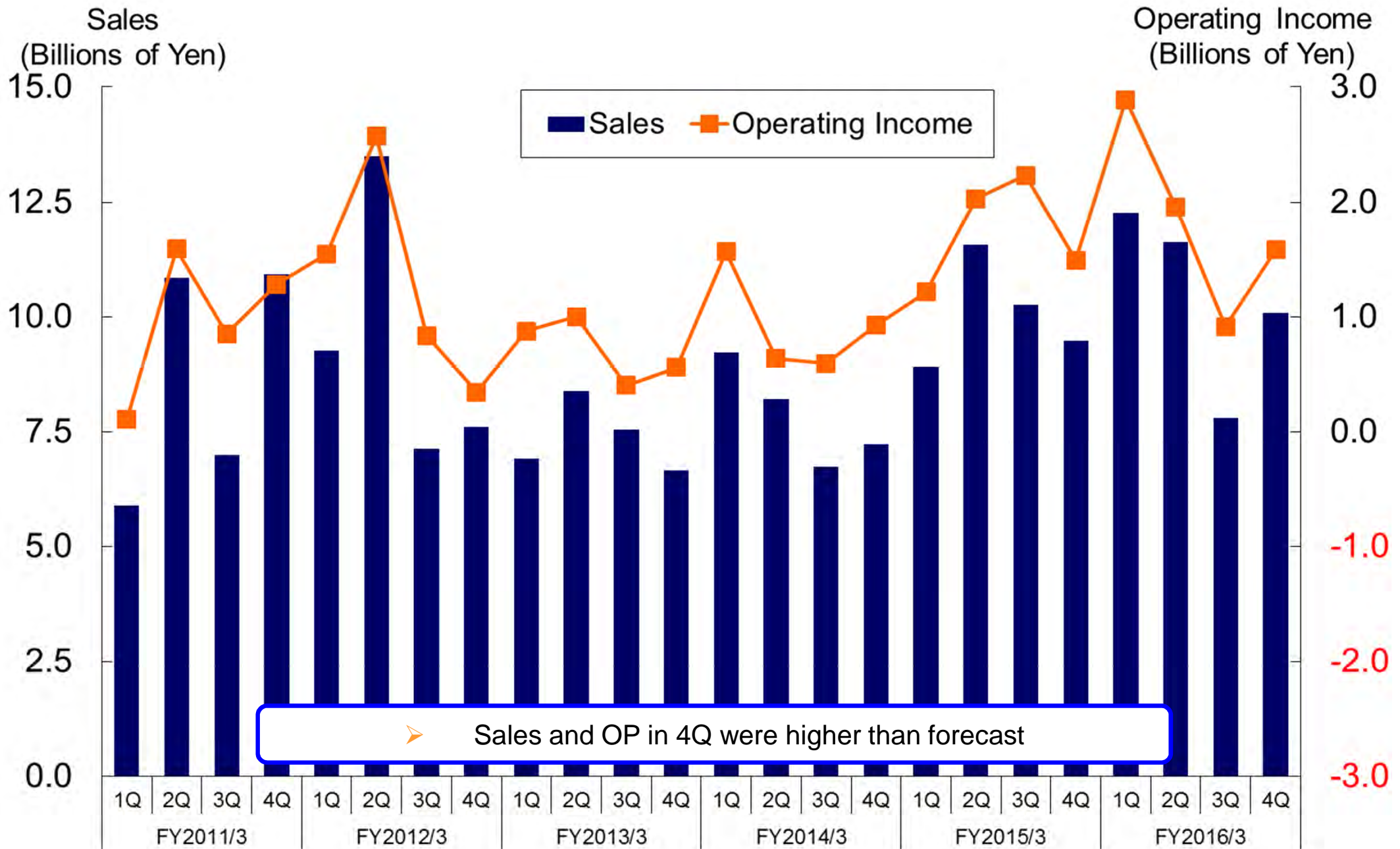


FY2016/3 4th Quarter (Jan – Mar. 2016) Business Results

| (Billions of Yen) | FY2015/3 | | | | FY2016/3 | | | | | |
|---|----------|------|------|------|----------|------|------|-------------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | QoQ(%) | YoY(%) |
| Sales | 14.1 | 18.7 | 16.2 | 17.5 | 18.4 | 19.6 | 14.4 | 17.9 | +24% | +2% |
| SPE Segment | 8.9 | 11.6 | 10.2 | 9.5 | 12.3 | 11.6 | 7.8 | 10.1 | +29% | +7% |
| Metrology Segment | 5.2 | 7.1 | 5.9 | 8.1 | 6.1 | 8.0 | 6.6 | 7.8 | +18% | -3% |
| Operating Income | 2.2 | 3.5 | 3.2 | 3.3 | 3.9 | 3.8 | 2.2 | 3.4 | +54% | +4% |
| SPE | 1.2 | 2.0 | 2.2 | 1.5 | 2.9 | 2.0 | 0.9 | 1.6 | +73% | +6% |
| <i>Operating Income Ratio</i> | 14% | 18% | 22% | 16% | 24% | 17% | 12% | 16% | - | - |
| Metrology | 0.9 | 1.5 | 0.9 | 1.8 | 1.0 | 1.8 | 1.3 | 1.8 | +40% | +2% |
| <i>Operating Income Ratio</i> | 18% | 21% | 16% | 22% | 16% | 22% | 19% | 23% | - | - |
| Ordinary Income | 2.2 | 3.8 | 3.5 | 3.3 | 3.9 | 3.7 | 2.3 | 3.2 | +39% | -3% |
| Net Income Attributable to Owners of the Parent | 1.5 | 2.7 | 2.4 | 2.4 | 2.8 | 2.7 | 1.7 | 2.5 | +44% | +4% |



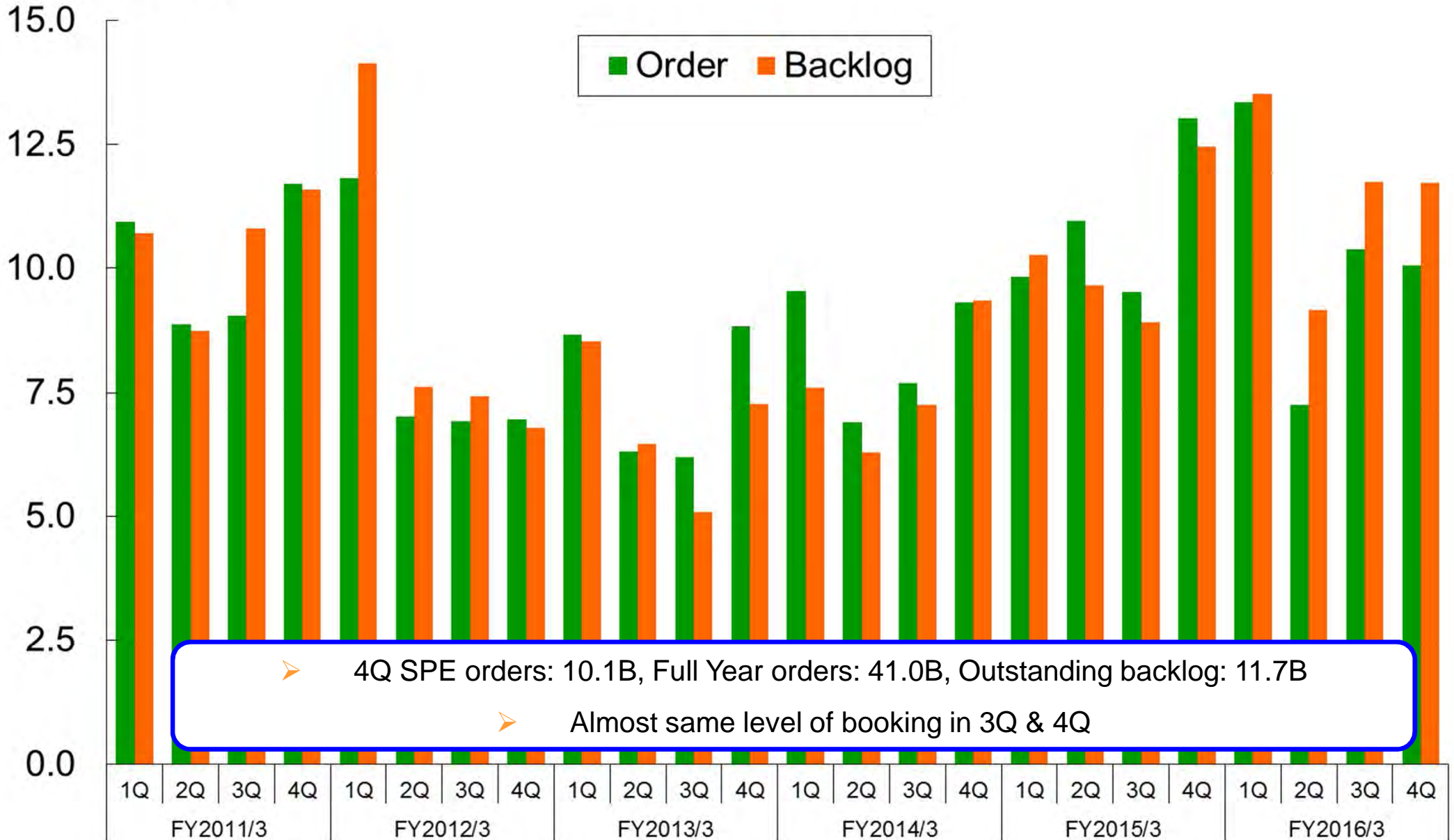
SPE Segment – Business Trends





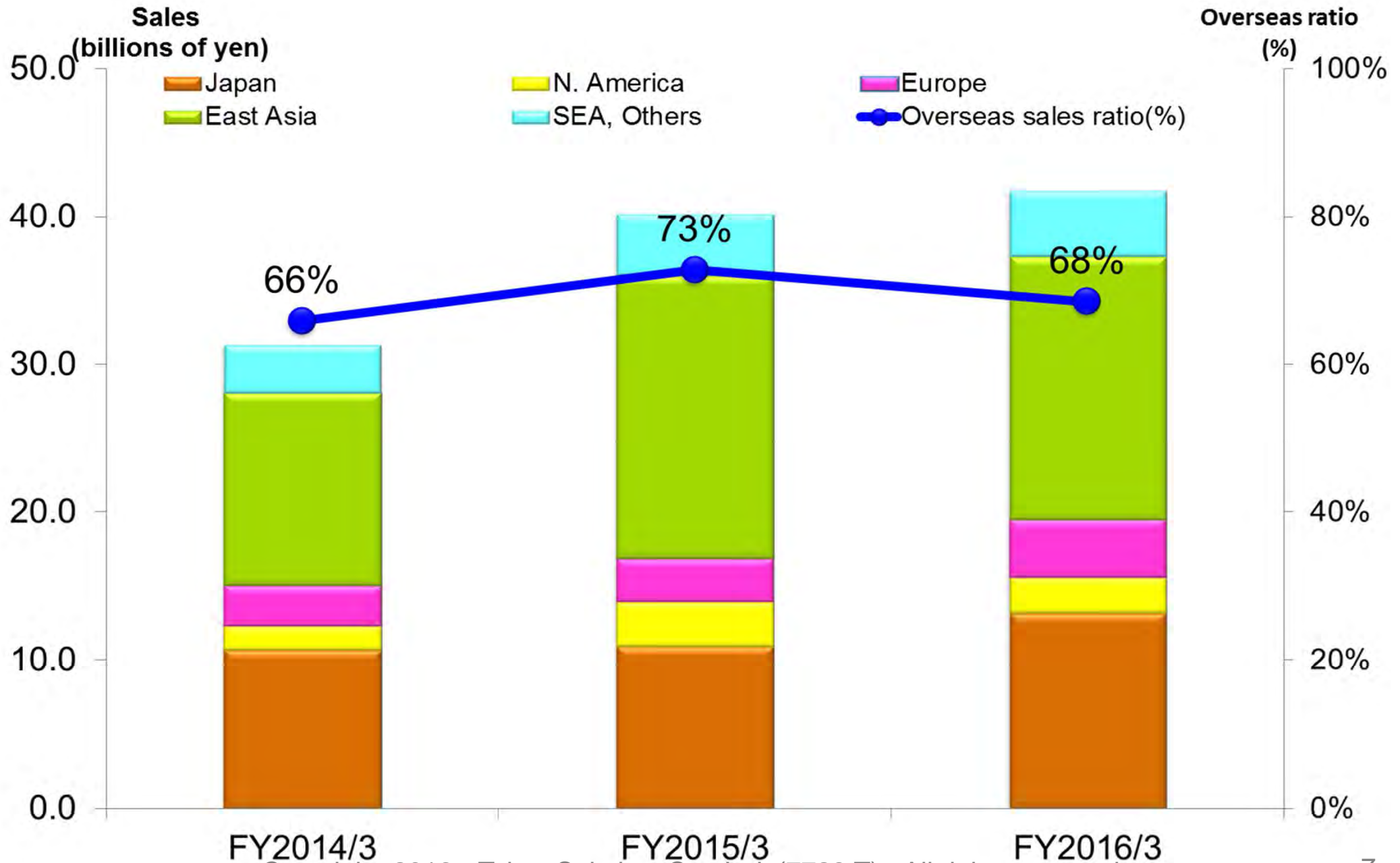
SPE Segment – Order Status

(Billions of Yen)



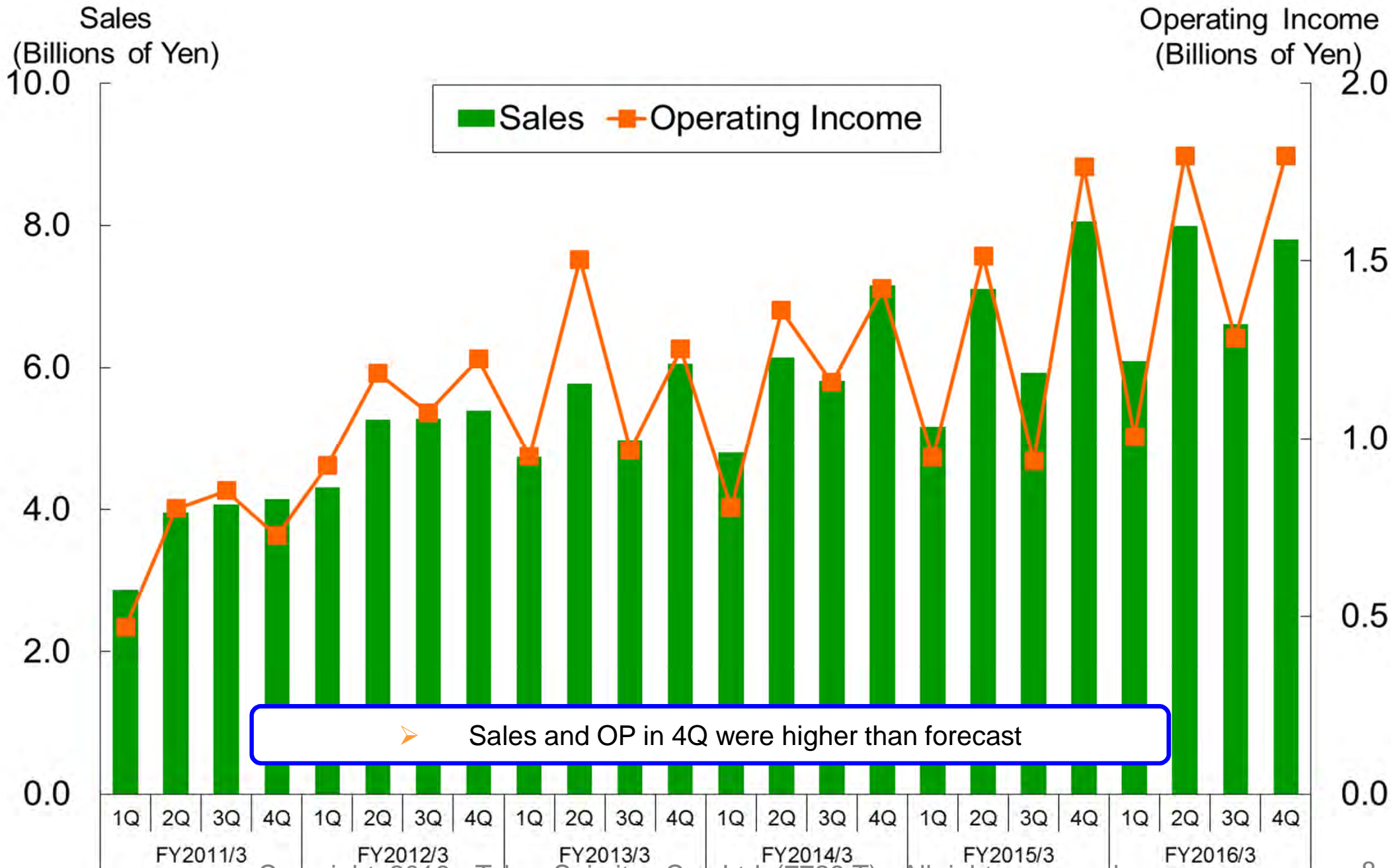


SPE Segment – Regional Sales



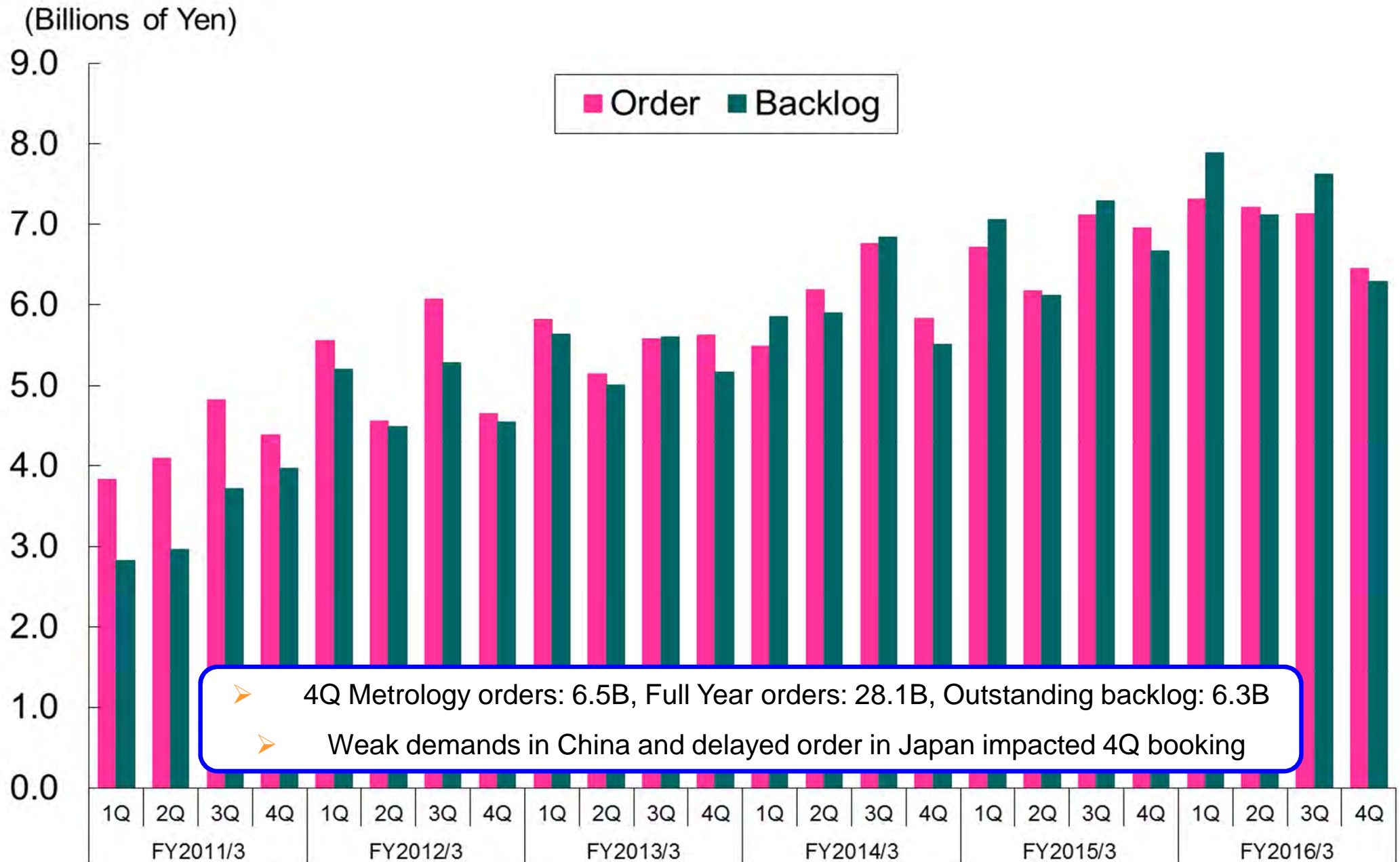


Metrology Segment – Business Trends



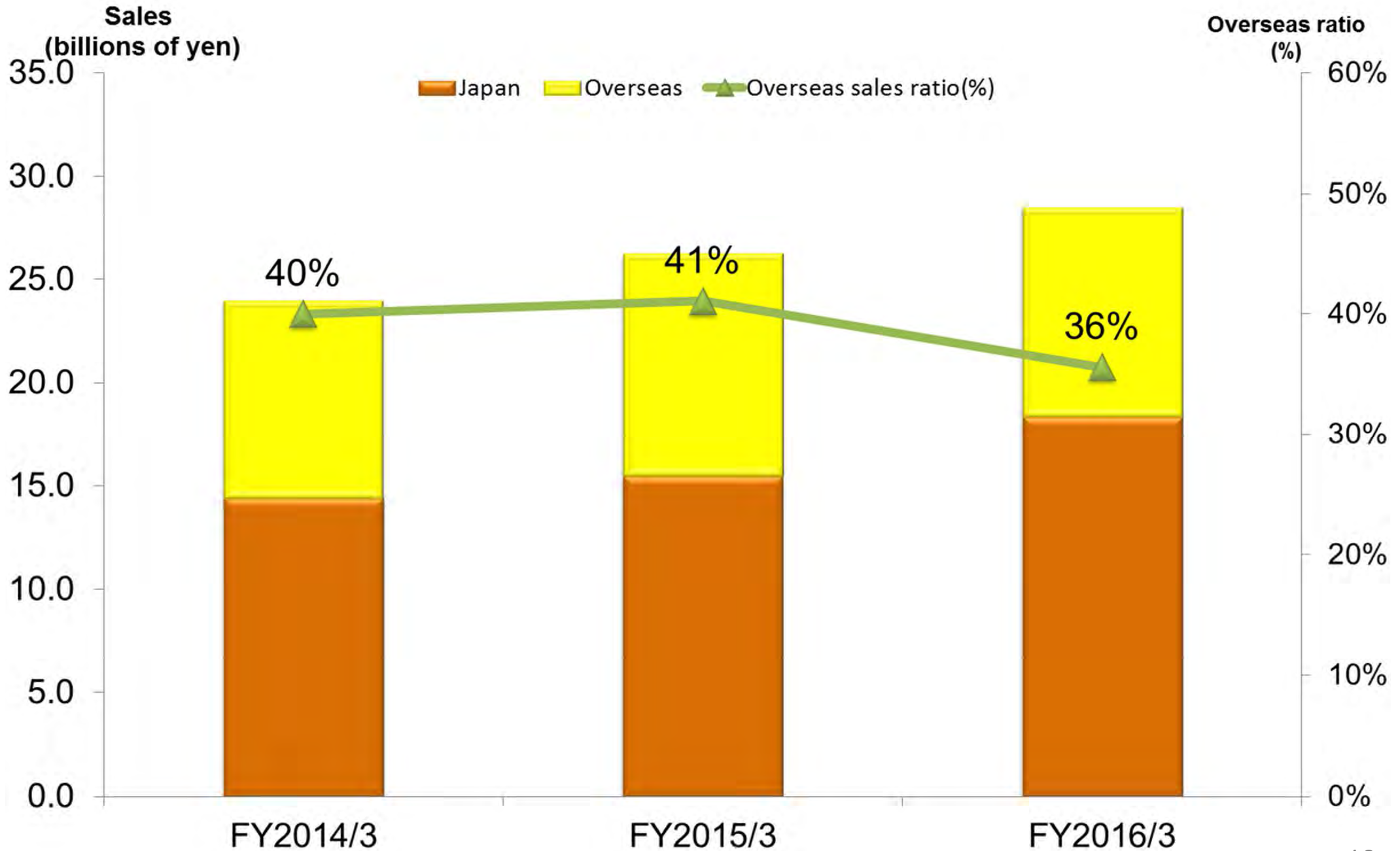


Metrology Segment – Order Status





Metrology Segment – Regional Sales





FY2016/3 (March 2016) Balance Sheet

| Assets (Billions of Yen) | Mar/E 2015 | Mar/E 2016 | Diff. | Liabilities, Net Assets (Billions of Yen) | Mar/E 2015 | Mar/E 2016 | Diff. |
|------------------------------------|-----------------------------|-----------------------------|--------------|---|-----------------------------|------------------------------|------------------------------|
| Cash | 26.9 | 27.4 | +0.5 | Accounts Payable (*2) | 11.9 | 11.8 | -0.1 |
| Accounts Receivable (*1) | 23.3 | 26.0 | +2.7 | Short term Debt | 1.3 | 1.2 | -0.1 |
| Inventories | 15.2 | 16.1 | +0.9 | Others | 8.5 | 8.4 | -0.1 |
| Others | 2.5 | 3.2 | +0.7 | Total Current Liabilities | 21.7 | 21.4 | -0.3 |
| Total Current Assets | 67.9 | 72.7 | +4.8 | Total Fixed Liabilities | 2.4 | 1.1 | -1.3 |
| Fixed Assets | 30.6 | 29.2 | -1.4 | Total Liabilities | 24.1 | 22.5 | -1.6 |
| Total Assets | 98.5 | 101.9 | +3.5 | Net Assets | 74.4 | 79.4 | +5.0 |
| | | | | Total (Int. bearing debt) | 98.5 (2.1) | 101.9 (1.6) | +3.5 (-0.5) |

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



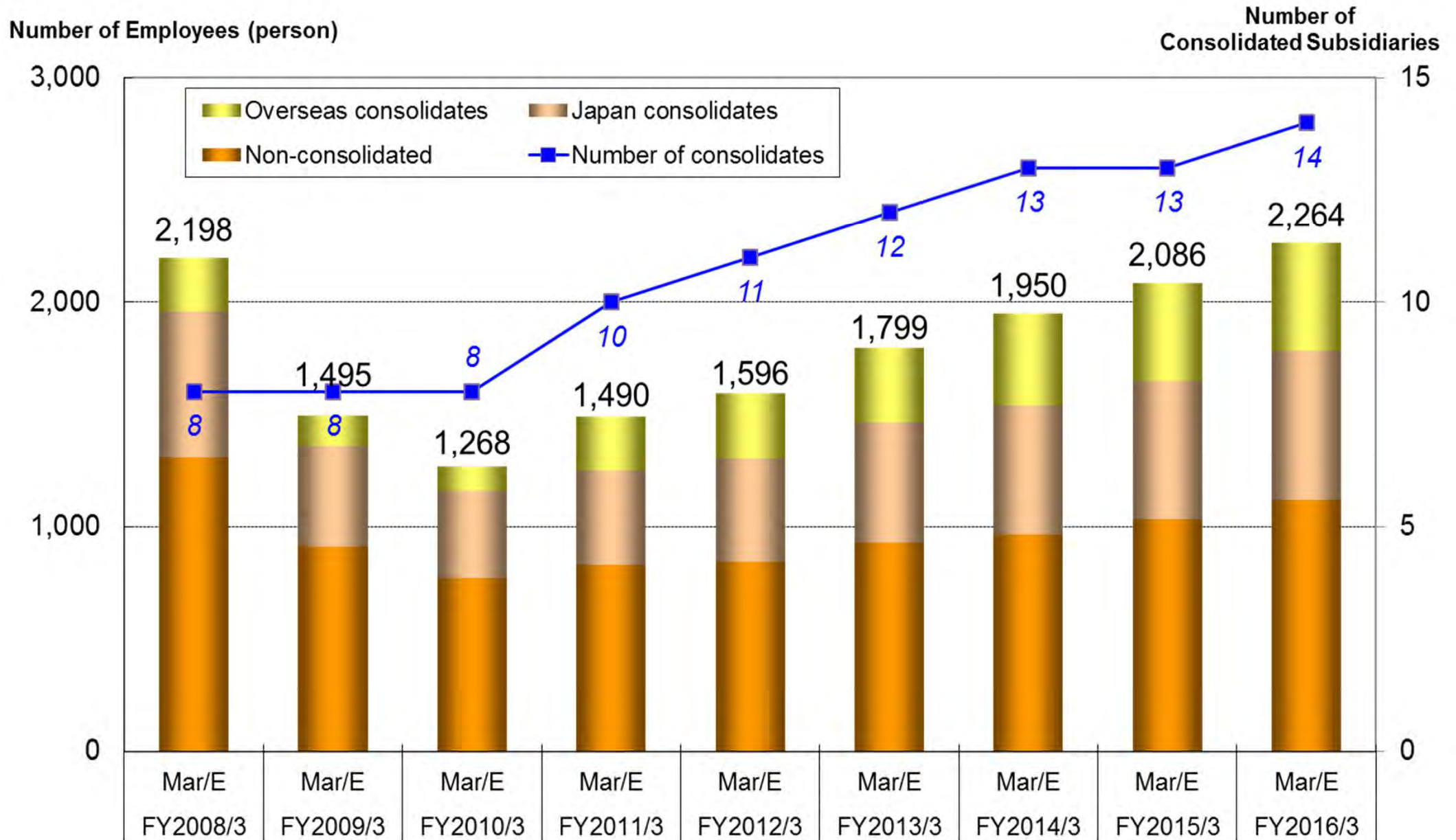
FY2016/3 (April 2015 – March 2016)

Cash Flows

| (Billions of Yen) | | FY2014/3 | FY2015/3 | FY2016/3 |
|---|--|-------------|-------------|-------------|
| Opening Balance | | 18.1 | 20.4 | 26.8 |
| From Operating Activities | Income before Tax, Interest & Depreciation | 11.3 | 15.1 | 15.5 |
| | (Receivables + Inventories) – Accounts Payable(*1) | -3.5 | -2.0 | -4.2 |
| | Tax Payment | -0.8 | -2.1 | -3.8 |
| | Others | -0.6 | -0.2 | -0.3 |
| Total | | 6.4 | 10.8 | 7.2 |
| From Investing Activities | | -1.4 | -3.0 | -3.8 |
| Free Cash Flow | | 5.1 | 7.9 | 3.4 |
| From Financing Activities | Increase/decrease in Borrowings | -2.5 | -0.4 | -0.5 |
| | Dividends & others | -0.7 | -1.4 | -2.3 |
| | Total | -3.2 | -1.8 | -2.8 |
| Net Cash Increase (incl. adjustments and change in consolidated subsidiaries) | | 2.3 | 6.4 | 0.5 |
| Closing Balance | | 20.4 | 26.8 | 27.3 |



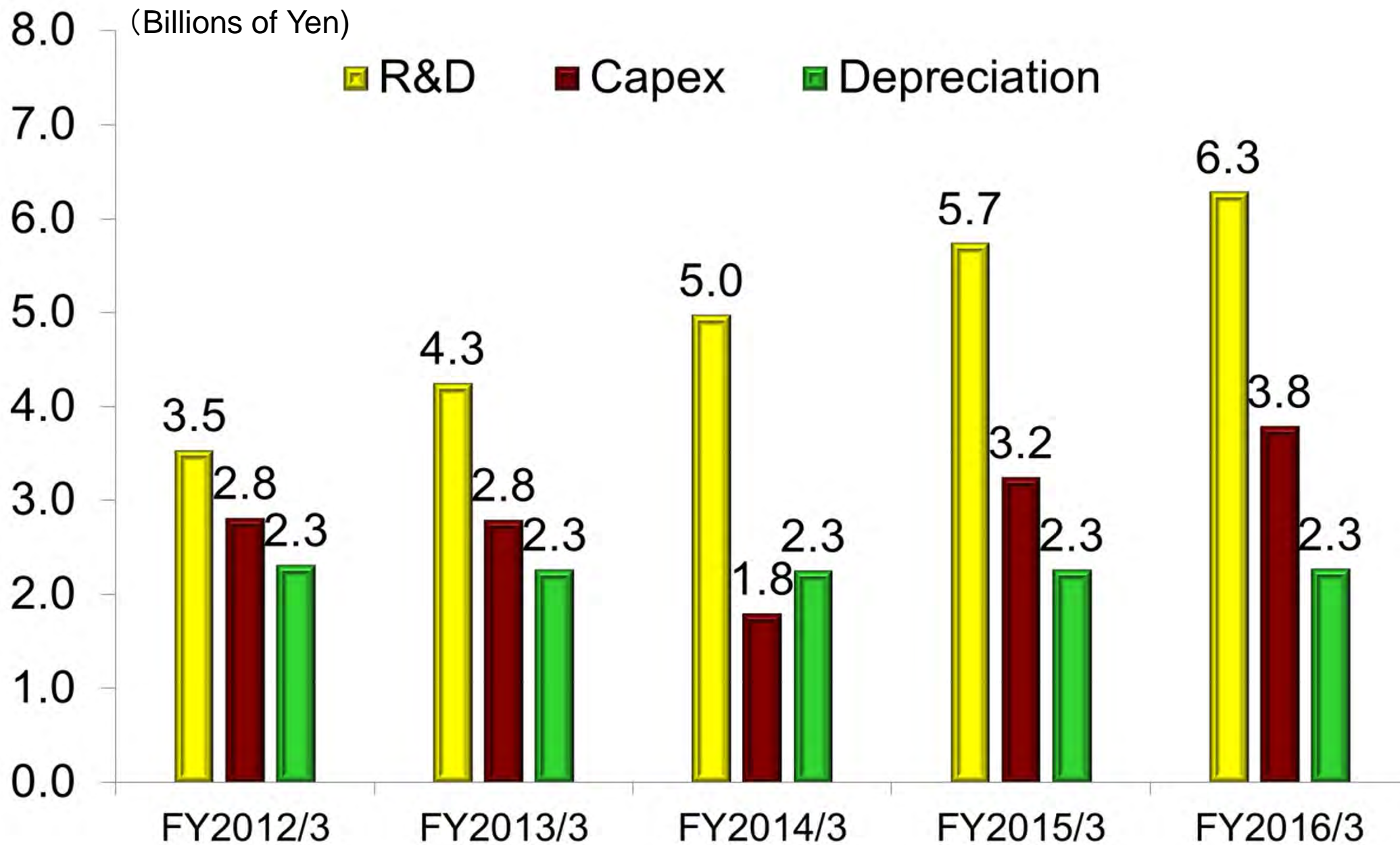
Number of Employees



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



R&D, Capex & Depreciation





Capex (Launch of New Plants)



Thailand Factory (Accretech Adamas)
MFG started in Aug. 2015

For MFG of Consumables



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

For MFG of Large Equipment

◆ Semiconductor Production Equipment

- Current demand consistent with previous FY
- Investment for Smartphones seems bearish, but underpinned by bullish demands for Automobile devices
- Anticipated demand for Mobiles, Servers/Storage

◆ Metrology Equipment

- Investment by Automobile sector continues to be active
- Demand in Asia, especially China, is weak
- Machine tool market to be carefully watched



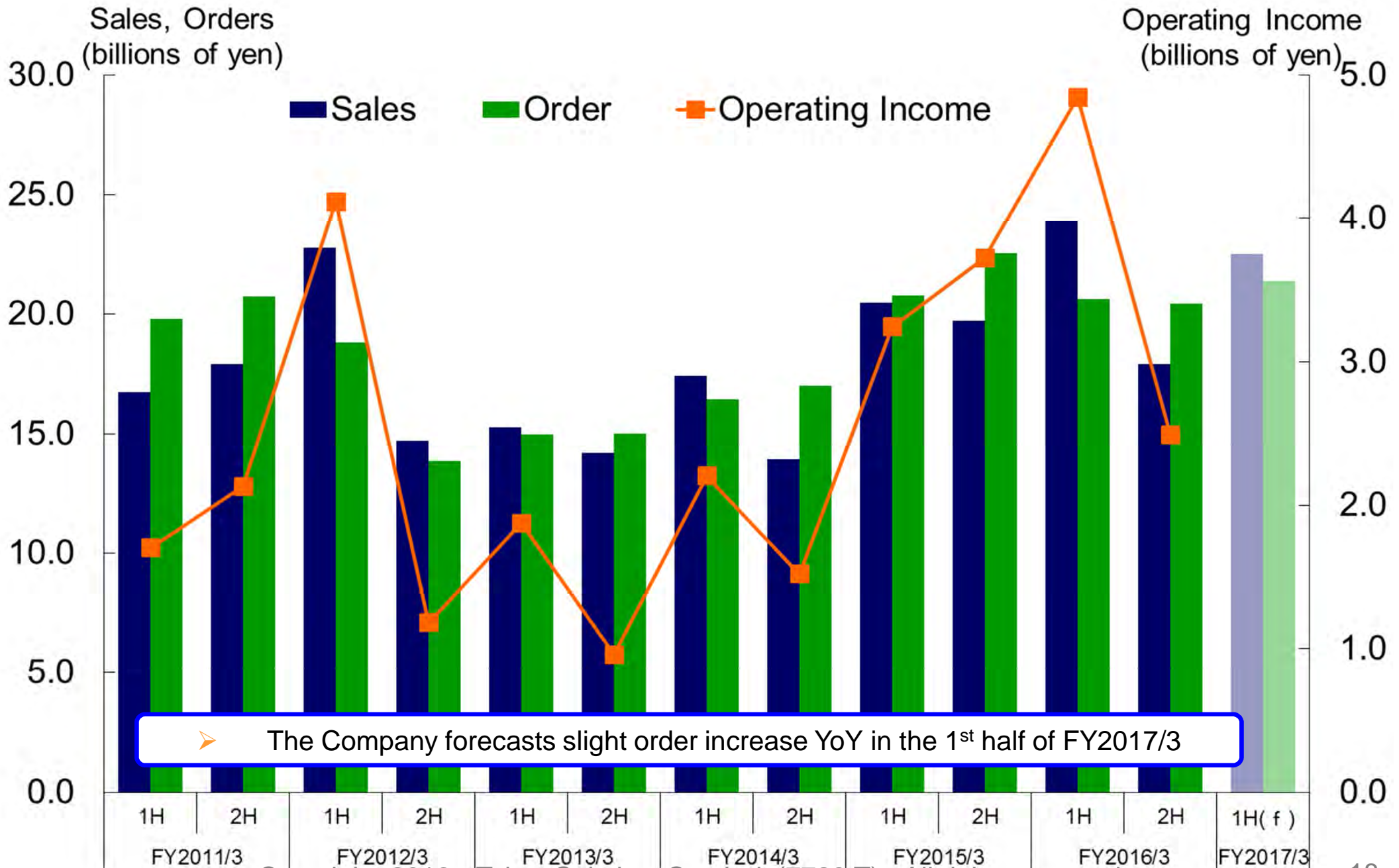
Forecast for FY2017/3 (April 2016 – March 2017)

| (Billions of Yen except dividend) | FY2016/3 | | | FY2017/3 | | | | |
|---|-------------------------------|--------|-----------|----------|---------|----------------|--------|-----|
| | 1H | 2H | Full Year | 1H Fcst | 2H Fcst | Full Year Fcst | YoY(%) | |
| Sales | 38.0 | 32.3 | 70.3 | 36.5 | 32.5 | 69.0 | -2% | |
| | SPE | 23.9 | 17.9 | 41.8 | 22.5 | 18.3 | 40.8 | -2% |
| | Metrology | 14.1 | 14.4 | 28.5 | 14.0 | 14.2 | 28.2 | -1% |
| Operating Income | 7.6 | 5.6 | 13.2 | 6.4 | 5.1 | 11.5 | -13% | |
| | <i>Operating Income Ratio</i> | 20% | 17% | 19% | 18% | 16% | 17% | - |
| Ordinary Income | 7.7 | 5.6 | 13.2 | 6.4 | 5.1 | 11.5 | -13% | |
| Net Income attributable to Owners of the parent | 5.5 | 4.2 | 9.8 | 4.7 | 3.7 | 8.4 | -13% | |
| Dividend per share | 26 Yen | 33 Yen | 59 Yen | 30 Yen | 30 Yen | 60 Yen | +1Yen | |

Change in Dividend Payout Ratio : Approx. 25% -> Approx. 30%



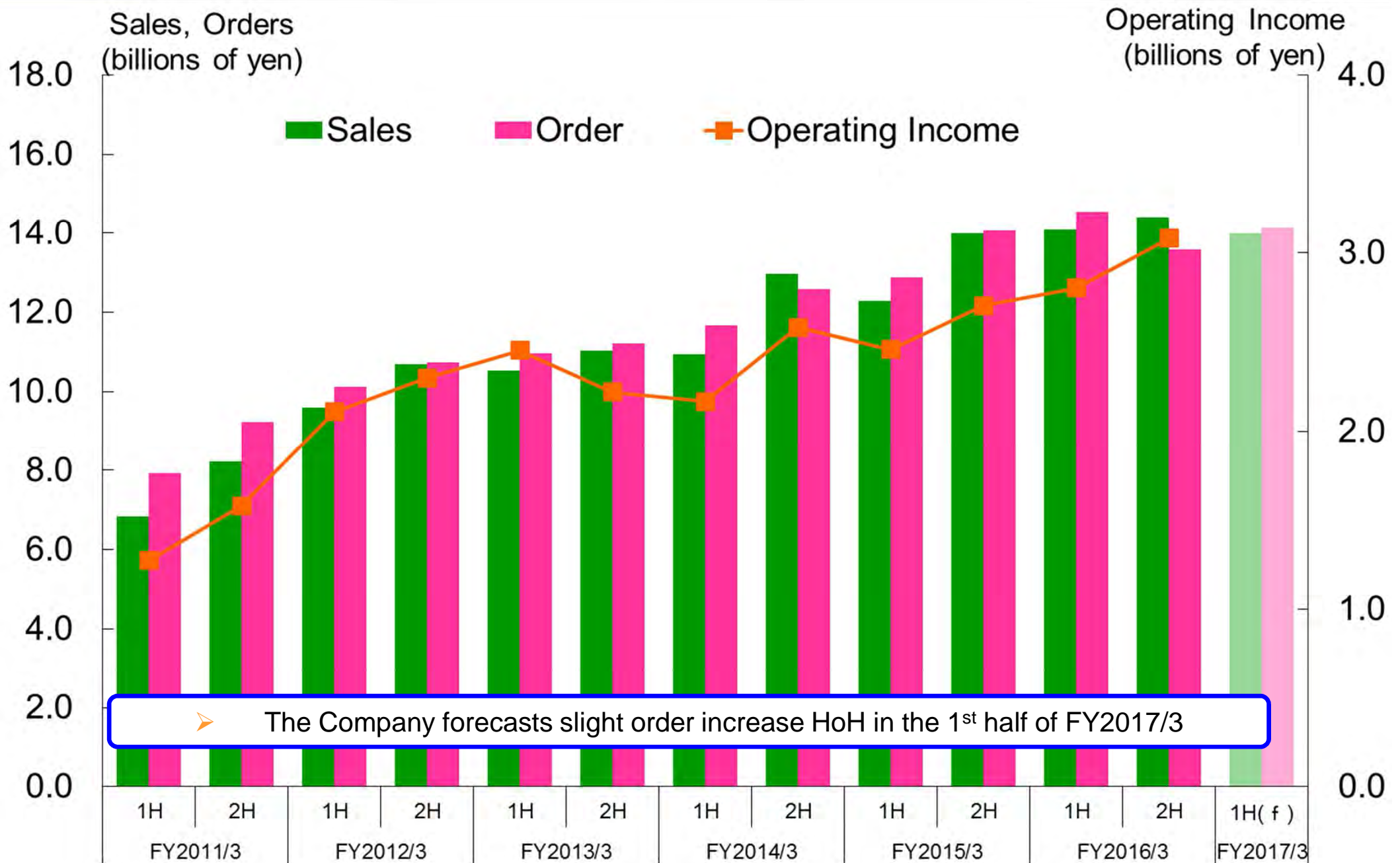
SPE Segment – Sales/Orders trend incl. Forecasts



➤ The Company forecasts slight order increase YoY in the 1st half of FY2017/3

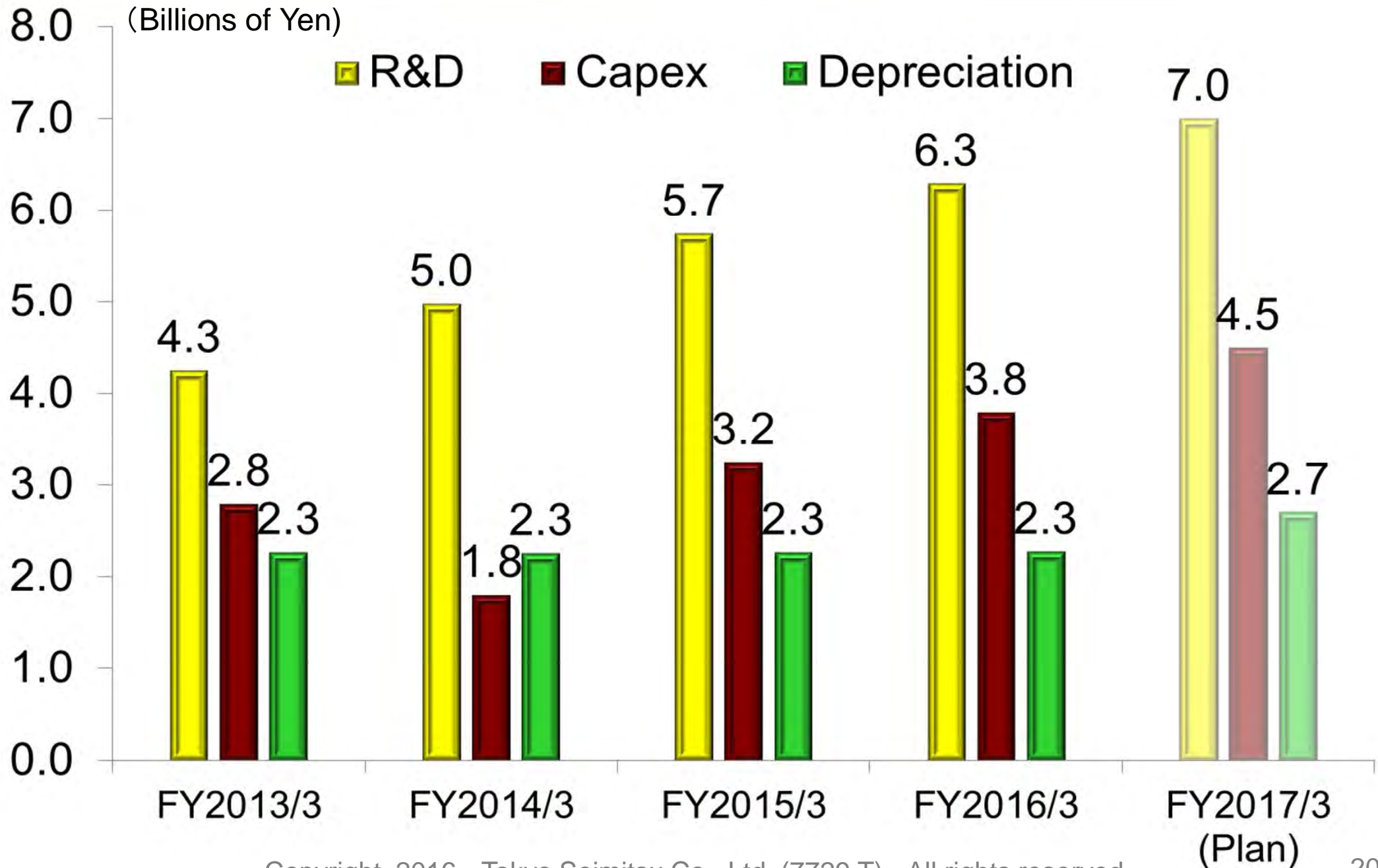


Metrology Segment – Sales/Orders trend incl. Forecasts





R&D, Capex & Depreciation incl. Forecasts



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

Conceptual Framework

Increase in
profit and
enterprise value

Investment for
growth

Strong financial position

CSR and Group Governance

Business Portfolio Analysis

SPE

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

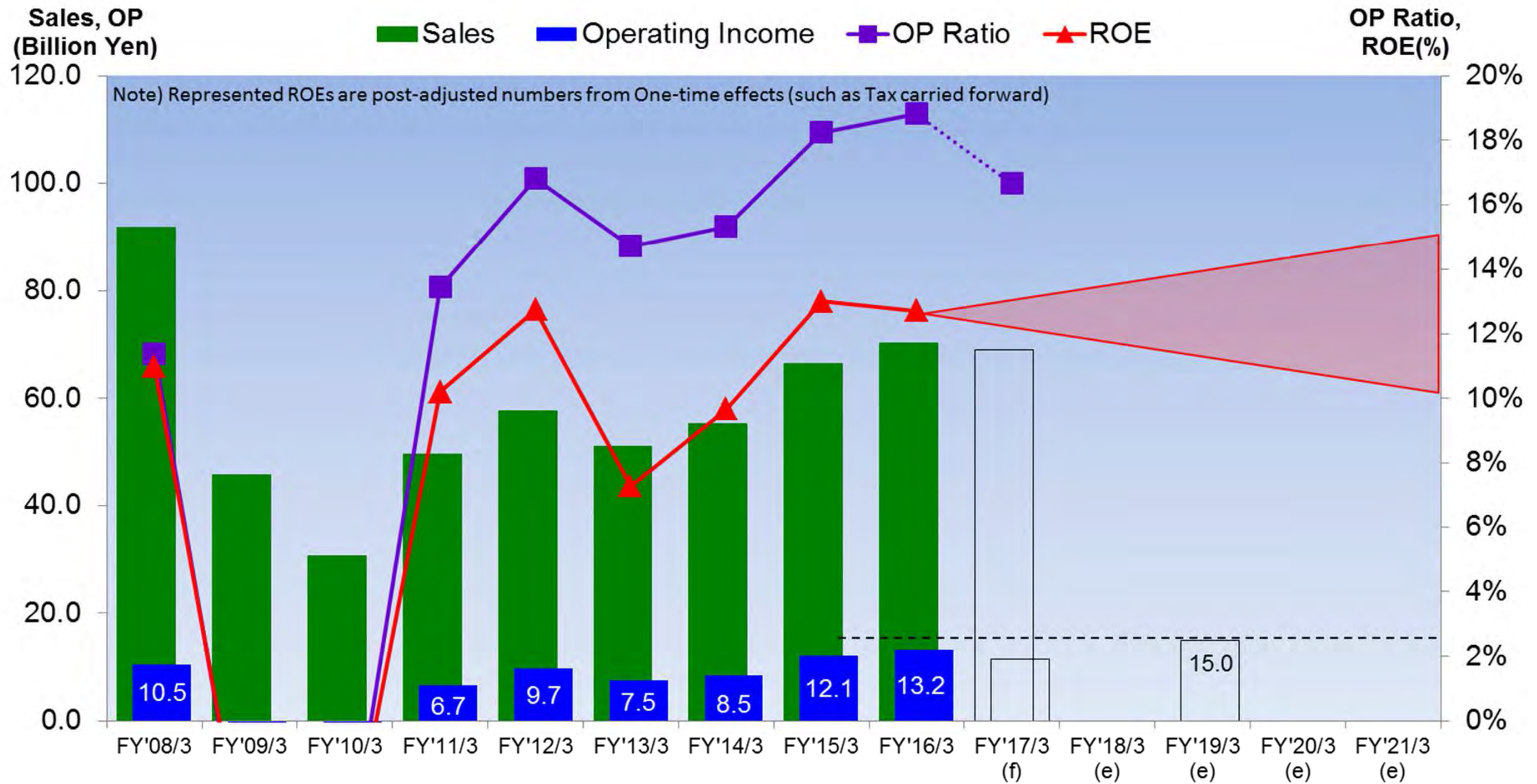
Metrology

- **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% of ROE
- ◆ Mid-term(by FY2019/3): To achieve historical highest OP (15.0 billion yen)

Outline of Business Strategy

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

SPE

Mainstream Markets

- Mobiles
- Storages



Emerging Markets

- Automobiles
- IoT(Internet of Things)
- Consumables



Metrology

Mainstream Markets

- Auto and Auto Parts
- Machine Tools

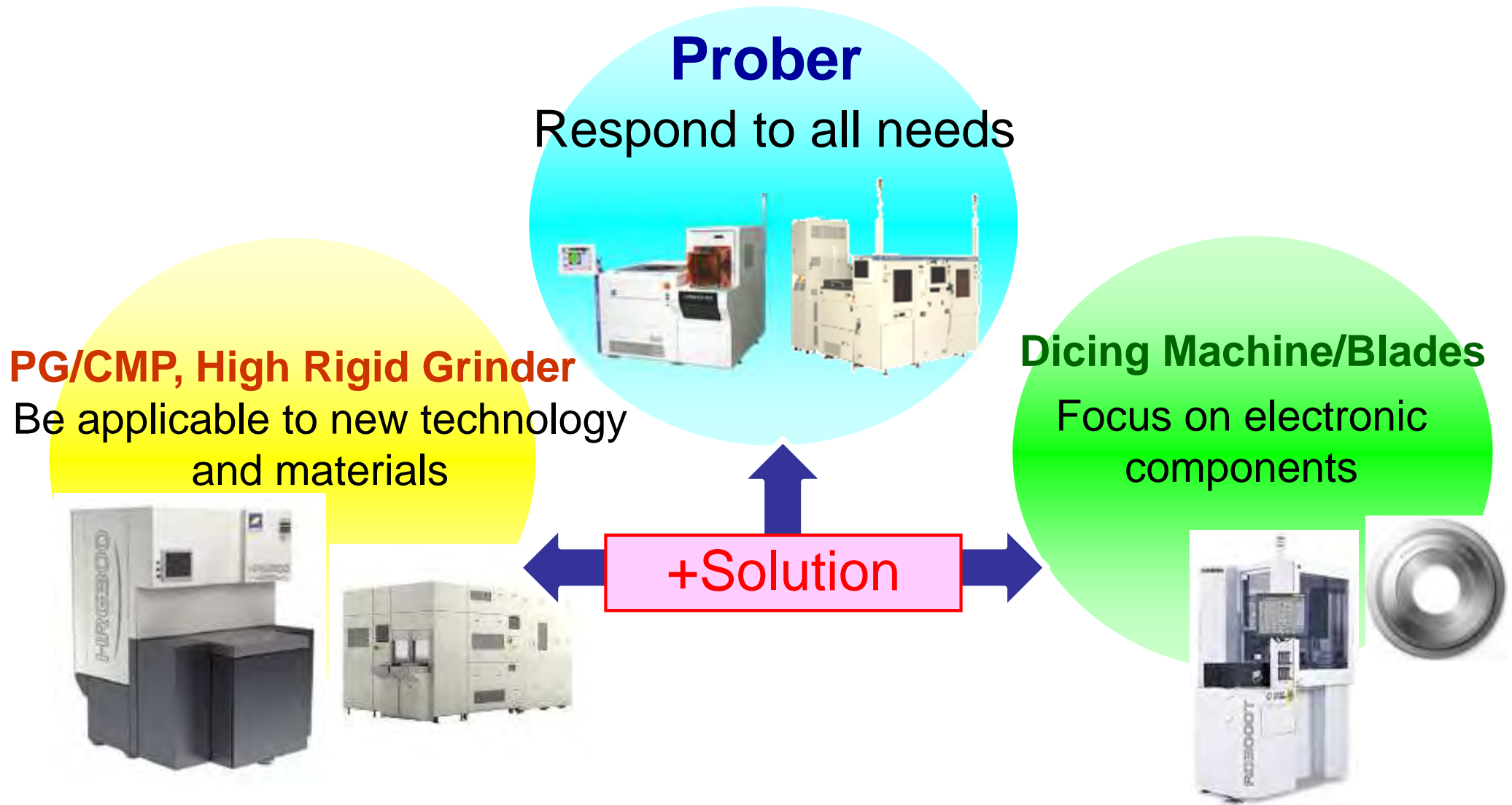


Emerging Markets

- Aircrafts
- Automations
- Overseas Market

Continuous Increase in Sales and Profits

Strategy for SPE Segment



Continuous Increase in Sales and Profits



Strategy for Metrology Segment

Increase in Overseas Sales

- Strengthen global sales network
- Focus on Hot-Areas

Increase in New Products Sales

- New products to growing sectors (Aircrafts and IoT)
- Introduction of OMI

OMI: Optical Measuring Instrument

Continuous Increase in Sales and Profits



**ACCRETECH is
Tokyo Seimitsu**