

Tokyo Seimitsu Co., Ltd. Earnings Conference for FY2019/3 Full Year

May 14th, 2019

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◆ 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, and “Metrology (or Metr.)” denotes our Metrology Business Segment.
- 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.

Agenda

- ◆ **Business results for FY2019/3**
- ◆ **Summary for the 1st year of mid-term business target**
- ◆ **Outlook and policy for mid-term business target**
- ◆ **Forecast for FY2020/3**
- ◆ **Q&A**

FY2019/3 Business Results



(Billions of Yen except dividend)	FY2018/3	FY2019/3	
	Full Year	Full Year	YoY(%)
Sales	88.2	101.5	+15%
SPE Segment	59.5	69.1	+16%
Metrology Segment	28.7	32.4	+13%
Operating Profit	17.3	20.2	+17%
SPE	11.3	13.2	+17%
OP Margin	19%	19%	
Metrology	6.0	7.0	+17%
OP Margin	21%	22%	
Recurring Profit	17.3	20.8	+20%
Net Profit (*)	12.7	14.7	+15%
Dividend per share	92 Yen	125 Yen (Incl. Commemorative Dividend)	+33Yen

➤ FY2019/3 Sales and Profits recorded historical high since Company's establishment

4Q (Jan-Mar 2019) results



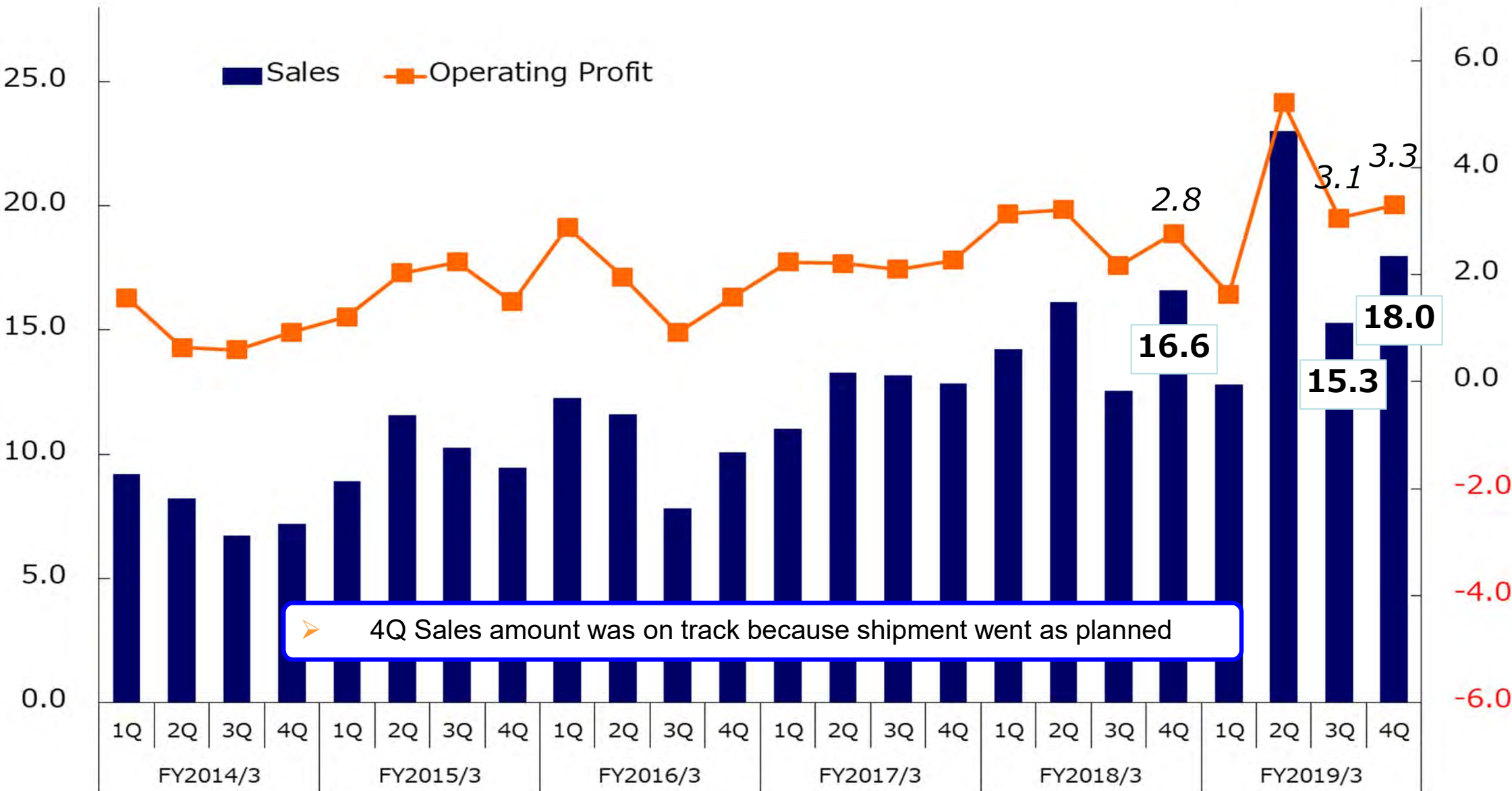
(Billions of Yen)	FY2018/3				FY2019/3					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Q/Q	Y/Y
Sales	19.9	23.8	19.2	25.3	19.8	31.4	23.7	26.6	+12%	+5%
SPE	14.2	16.1	12.6	16.6	12.8	23.0	15.3	18.0	+18%	+8%
Metrology	5.7	7.6	6.7	8.7	7.0	8.4	8.4	8.6	+2%	-1%
Operating Profit	4.0	4.9	3.6	4.8	3.1	7.1	4.8	5.2	+9%	+9%
SPE	3.1	3.2	2.2	2.8	1.6	5.2	3.1	3.3	+8%	+19%
OP Margin	22%	20%	17%	17%	13%	23%	20%	18%		
Metrology	0.9	1.7	1.4	2.0	1.5	1.9	1.7	1.9	+10%	-5%
OP Margin	16%	22%	22%	23%	21%	23%	21%	22%		
Recurring Profit	4.1	4.9	3.6	4.6	3.4	7.4	4.8	5.2	+9%	+13%
Net Profit	2.9	3.5	2.6	3.8	2.6	5.3	3.5	3.3	-6%	-13%

SPE – Sales and OP



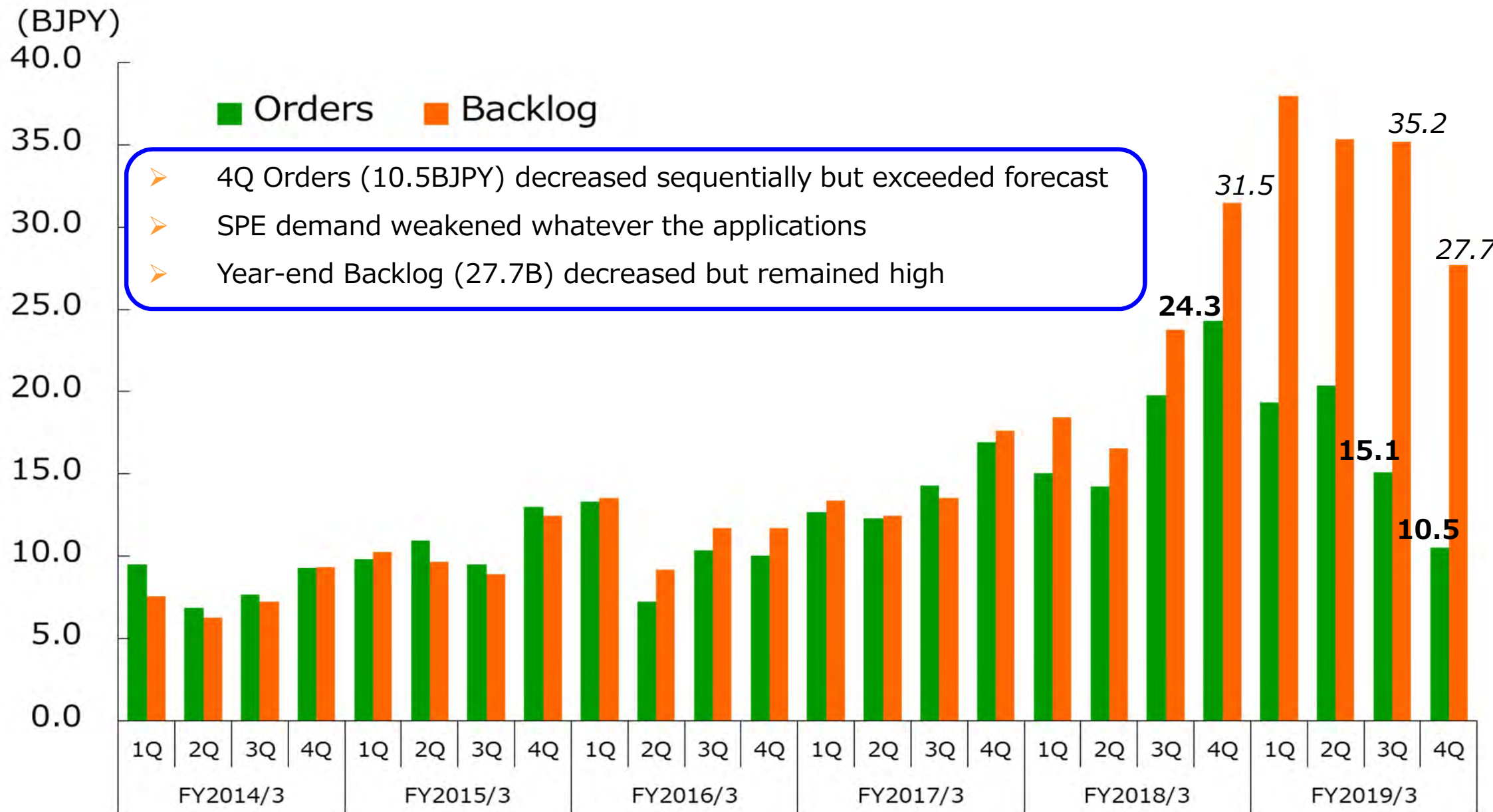
Sales (BJPY)

Operating Profit (BJPY)

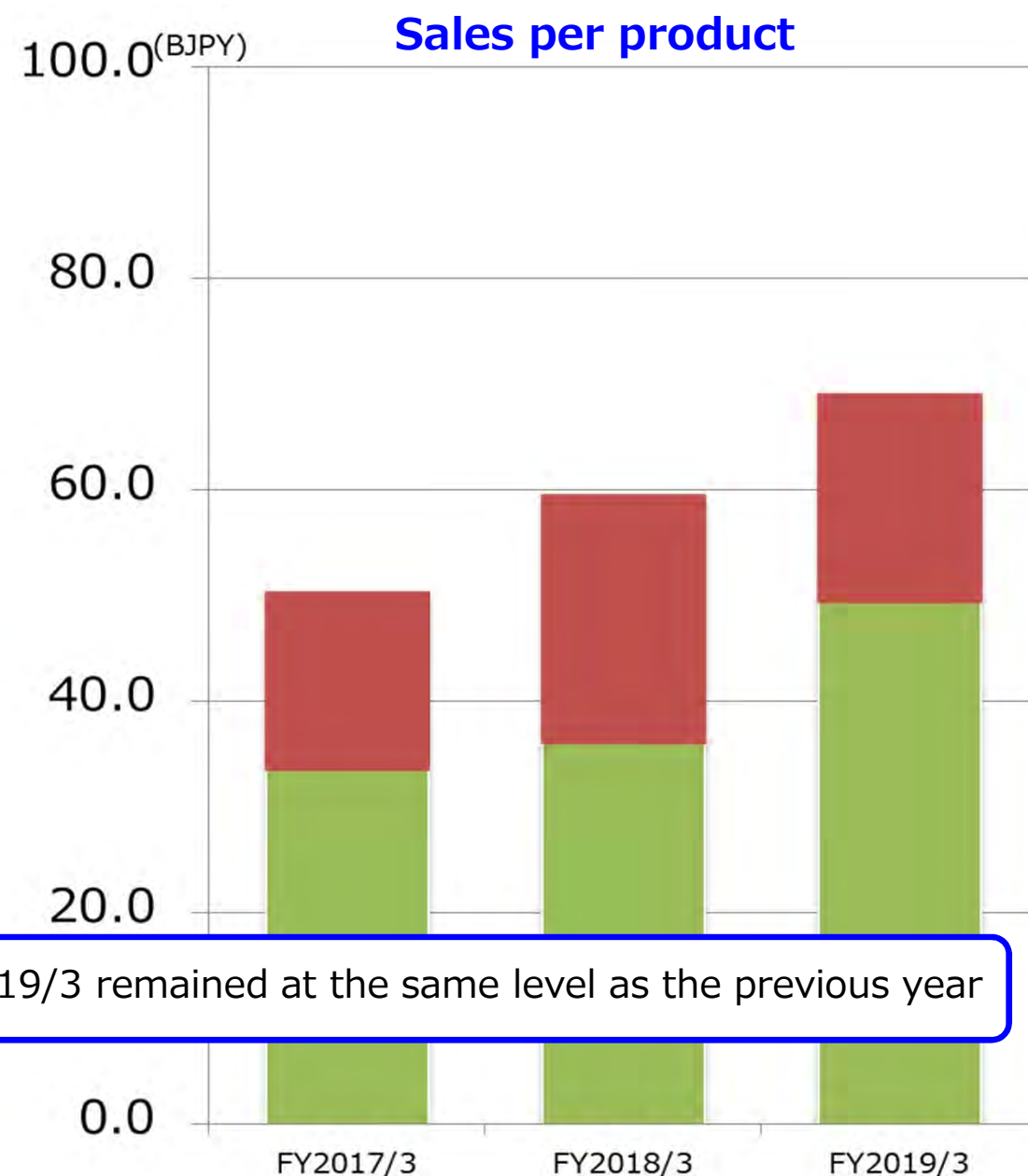


➤ 4Q Sales amount was on track because shipment went as planned

SPE – Orders and Backlog

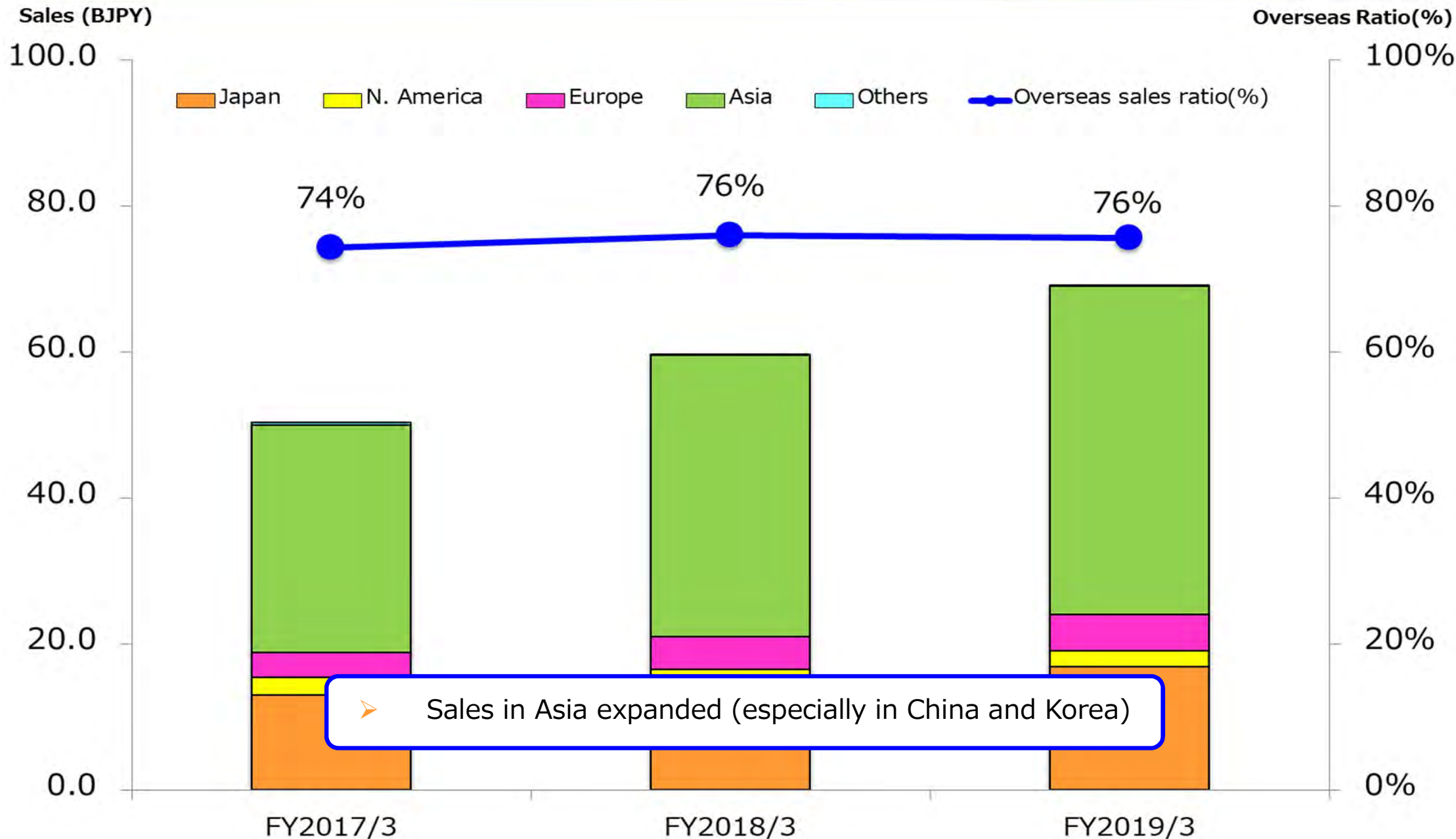


SPE – per Product



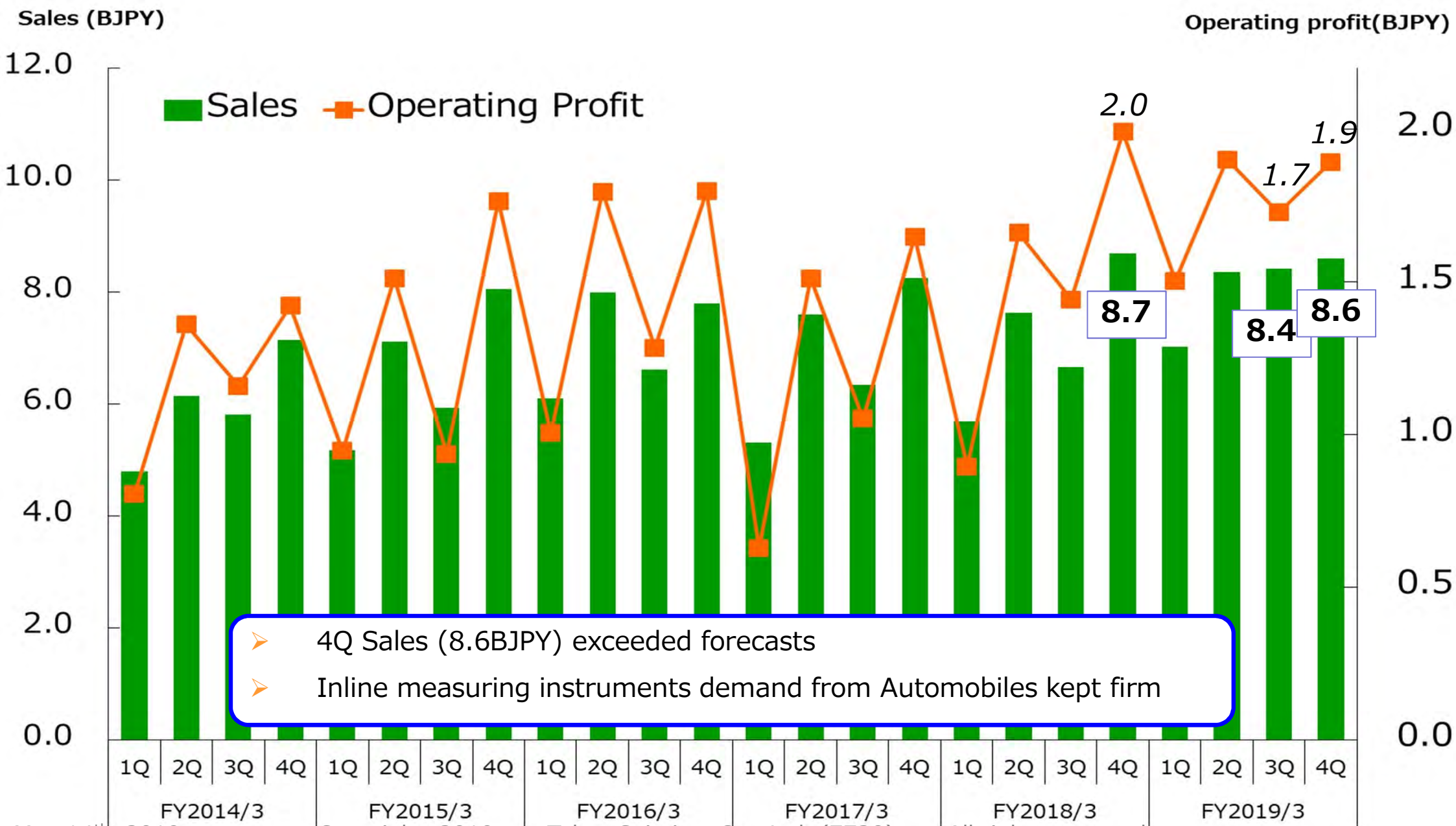
➤ Orders for inspection equipment in 2019/3 remained at the same level as the previous year

SPE – Regional Sales

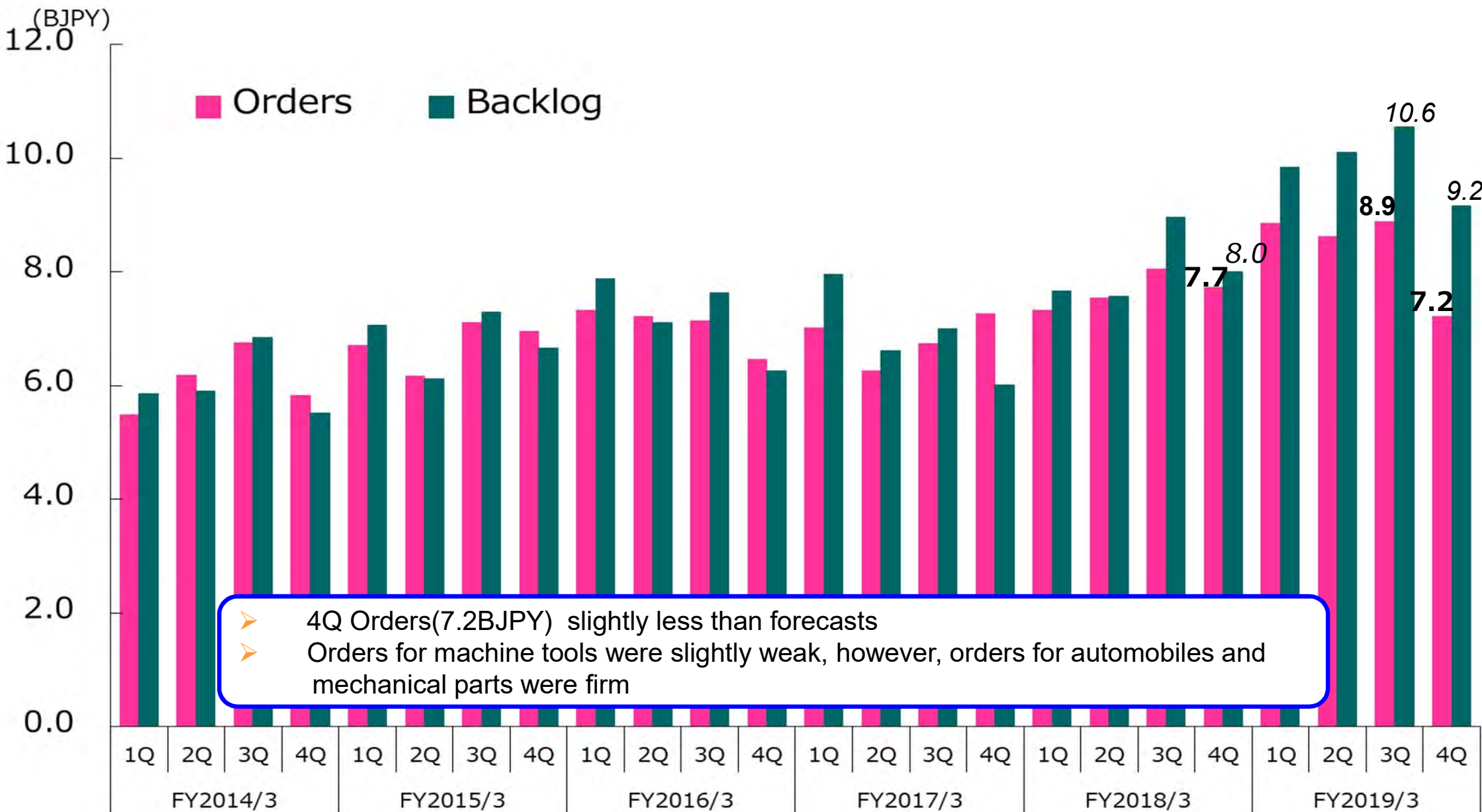


➤ Sales in Asia expanded (especially in China and Korea)

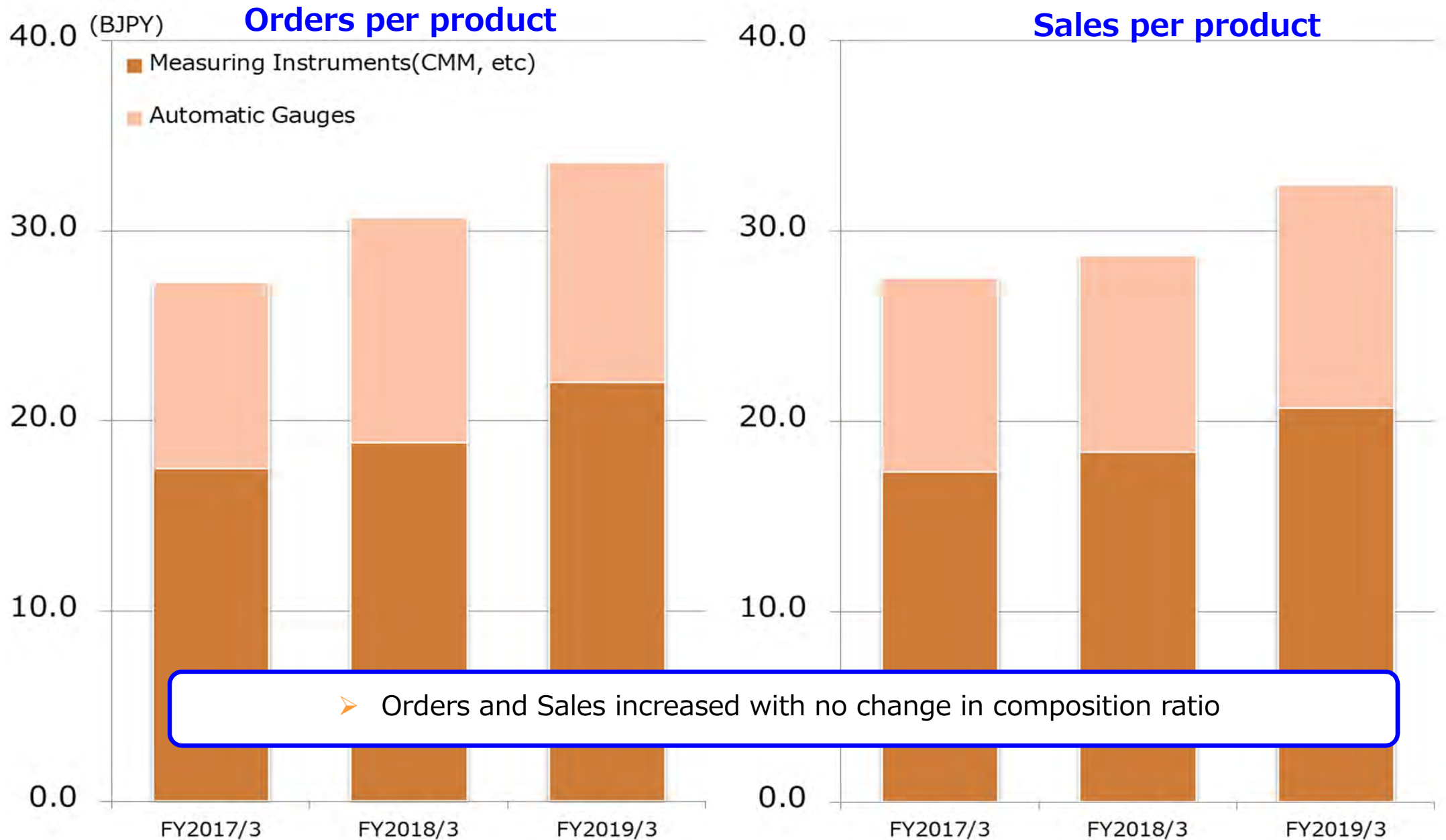
Metrology – Sales and OP



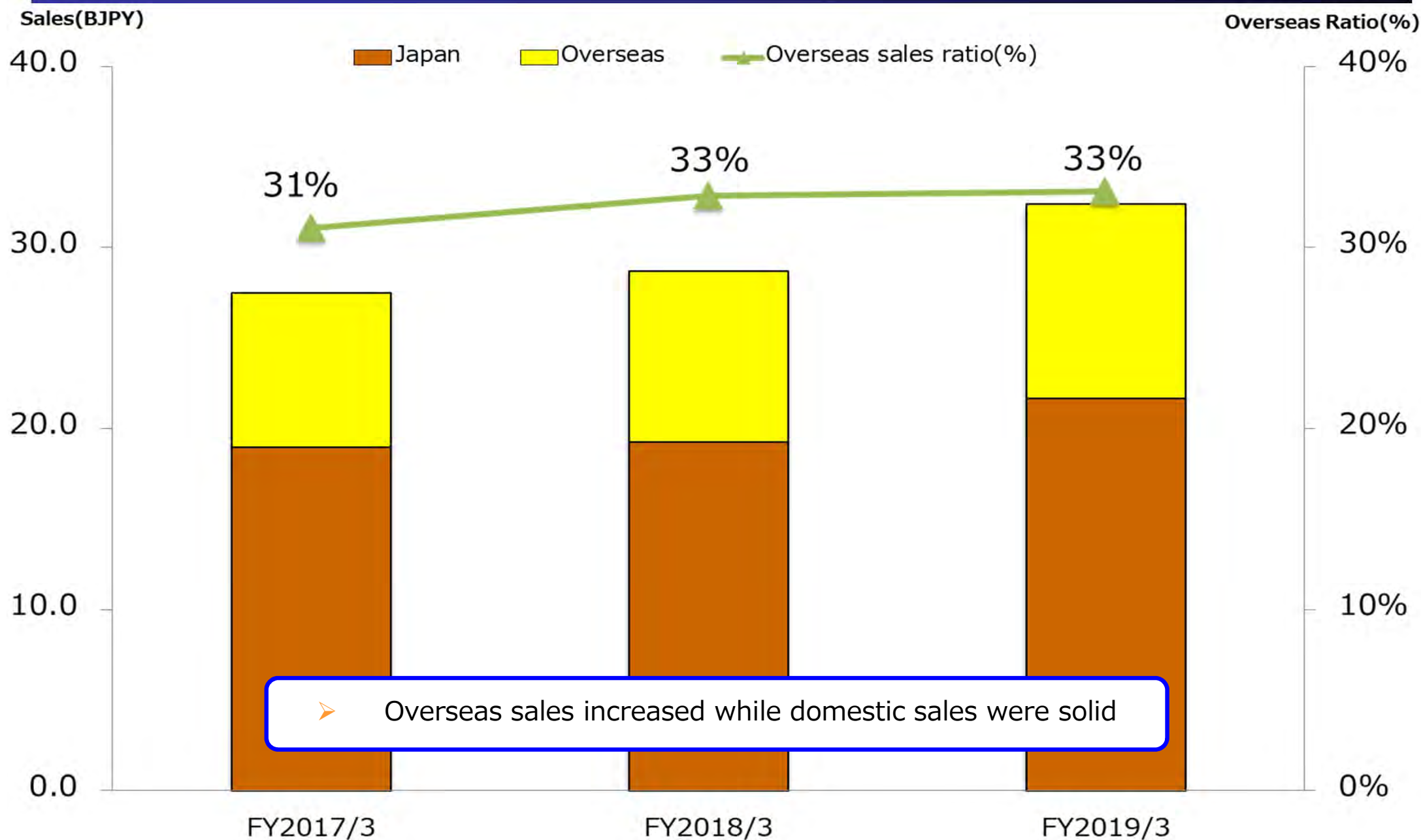
Metrology – Orders and Backlog



Metrology – per Product



Metrology – Regional Sales



➤ Overseas sales increased while domestic sales were solid

Balance Sheet



Assets (Billions of Yen)	Mar/E 2018	Mar/E 2019	Diff.	Liabilities, Net Assets (Billions of Yen)	Mar/E 2018	Mar/E 2019	Diff.
Cash	37.2	41.5	+4.3	Accounts Payable(*2)	21.9	26.3	+4.5
Accounts Receivable (*1)	33.4	36.1	+2.7	Short term and Current long-term Debt	1.3	3.3	+2.0
Inventories	22.3	30.0	+7.7	Others	9.6	11.3	+1.7
Others	2.0	2.4	+0.4	Total Current Liabilities	32.8	40.9	+8.1
Total Current Assets	95.0	110.1	+15.1	Total Fixed Liabilities	0.7	9.2	+8.5
Fixed Assets	37.9	47.5	+9.6	Total Liabilities	33.5	50.1	+16.6
Total Assets	132.9	157.6	+24.7	Net Assets	99.4	107.4	+8.0
				Total (int. bearing debt)	132.9 (1.3)	157.6 (11.4)	+24.7 (+10.1)

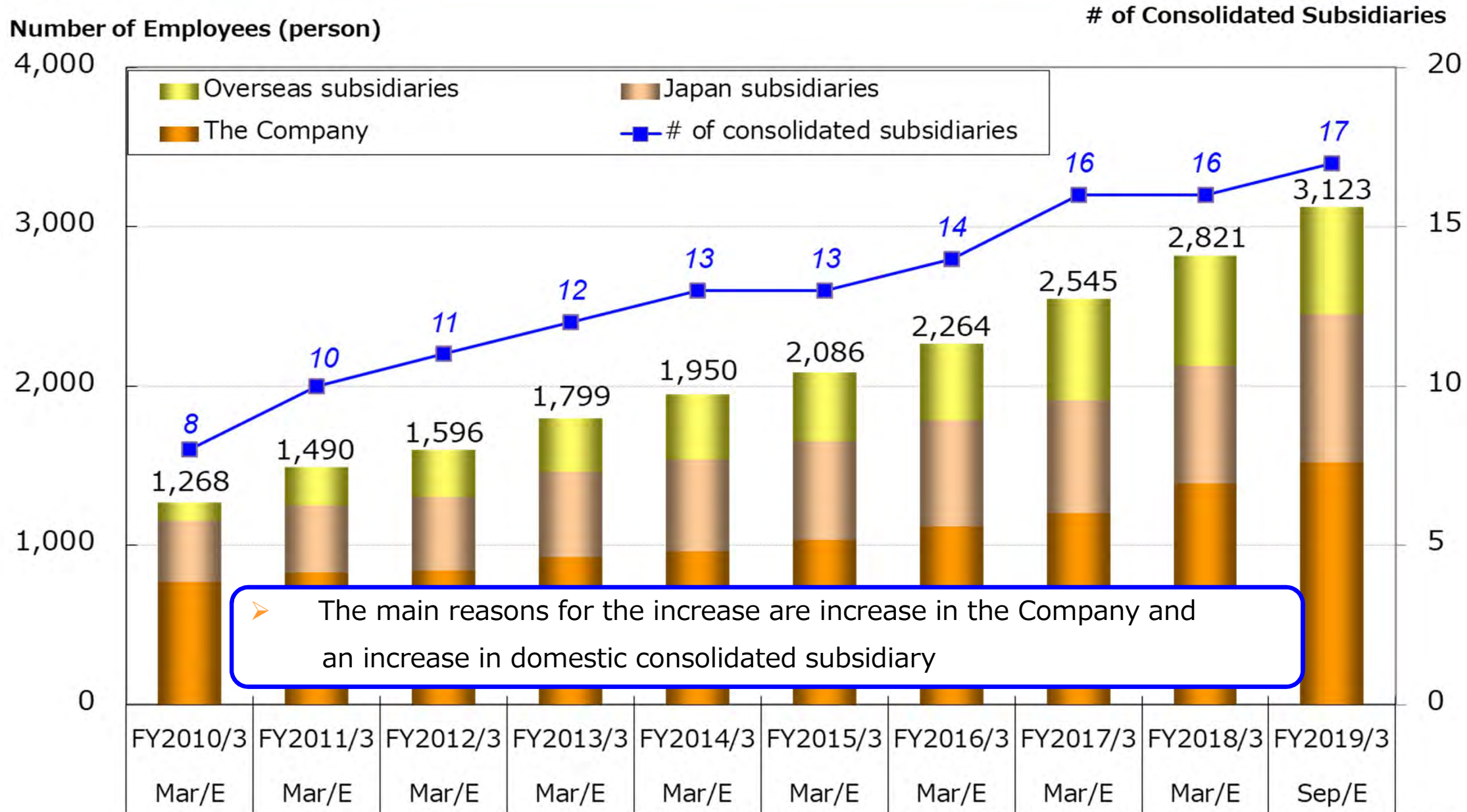
(*1) Incl. Trade notes and Electronically Recorded Monetary Claims (*2) Incl. Trade notes and Electronically Recorded Obligations-operating

Cash Flows



(Billions of Yen)		FY2017/3	FY2018/3	FY2019/3
Opening Balance		27.3	33.8	37.1
From Operating Activities	Profit before tax and depreciation	16.9	20.0	23.3
	Change in Receivables, Payables and Inventories	- 0.1	- 4.2	-5.6
	Tax Payment	- 3.6	- 5.9	-5.8
	Others	- 0.4	1.1	1.0
	Total	12.8	10.9	12.9
From Investing Activities		- 3.5	- 4.6	-13.9
Free Cash Flow		9.3	6.3	-1.0
From Financing Activities	In(de)crease in Borrowings	-0.3	- 0.0	10.0
	Dividends and Others	- 2.6	- 3.1	-4.5
	Total	- 3.0	- 3.2	5.4
Net Cash Increase (incl. adjustments)		+ 6.5	+ 3.3	+4.2
Closing Balance		33.8	37.1	41.3

Number of Employees



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

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- ◆ Outlook and policy for mid-term business target
- ◆ Forecast for FY2020/3
- ◆ Q&A

Quantitative Targets (Announced in May 2018)



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)

Corporate strategy (Announced in May 2018)



Technology

**Strengthen product competitiveness,
Expand target markets**

Production

**Expand production capacity
Effectiveness improvement**
(Automation, manpower-saving)

Profit ratio improvement

**Promote information sharing by ERP
Sales expansion of service and consumables**
(Field service, engineering)





**Achievement of
Mid-term goal**



Summary for the 1st year



Had a “Smooth Launch”

Quantitative		FY2019/3 ROE 14.4%, OP 20.2BJPY
Tech		Unveiled X-ray CT machine and Charge/Discharge testing system
Production		Construction of new plants(Hino & Tsuchiura) commenced Miyama Plant works well
Profit Ratio		ERP System Activated

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 system activated

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

Environment

- Environmentally friendly products : develop eco-friendly products considering LCA
⇒ Maintained 100% compliance with newly developed products
- Global warming prevention : reduce CO2 emissions
⇒ Reduce electricity consumption by utilization of renewable energy
- Resource saving : water and wastes
⇒ Reduce water consumption in basic production unit and 95% of recycling rate



Social

- Supply chain : implement and strengthen ESG
⇒ Enhanced ESG strengthening system expanded to all suppliers
- Women's advancement: a company where women work actively
⇒ Revised internal regulations based on recommendations from internal activity by female employees

Governance

- Group Code of Conduct : education in all sites, penetration, and review
⇒ Disclosed Group Code of Conduct on website, conducted employee
- Compliance : construction, education, and review of compliance system
⇒ Constructed observance system, conducted employee education

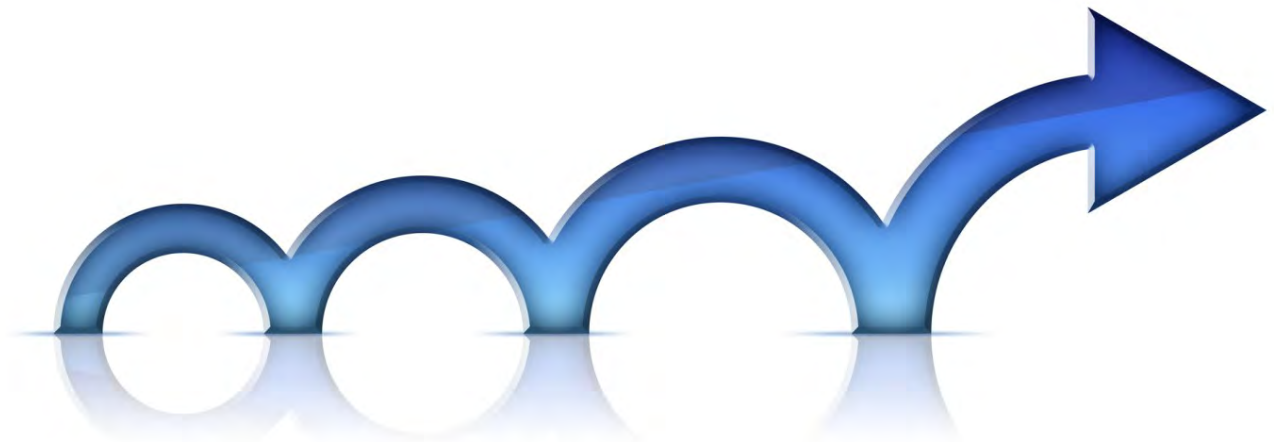
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Outlook and policy for mid-term business target



- **SPE business will be on the landing of big growth in FY 2020/3**
- **Metrology business is expected to maintain growth**
- **FY2020/3 is positioned as "the year of preparation "**
- **Continue investment for growth and development underpinned with financial soundness**



**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 ;

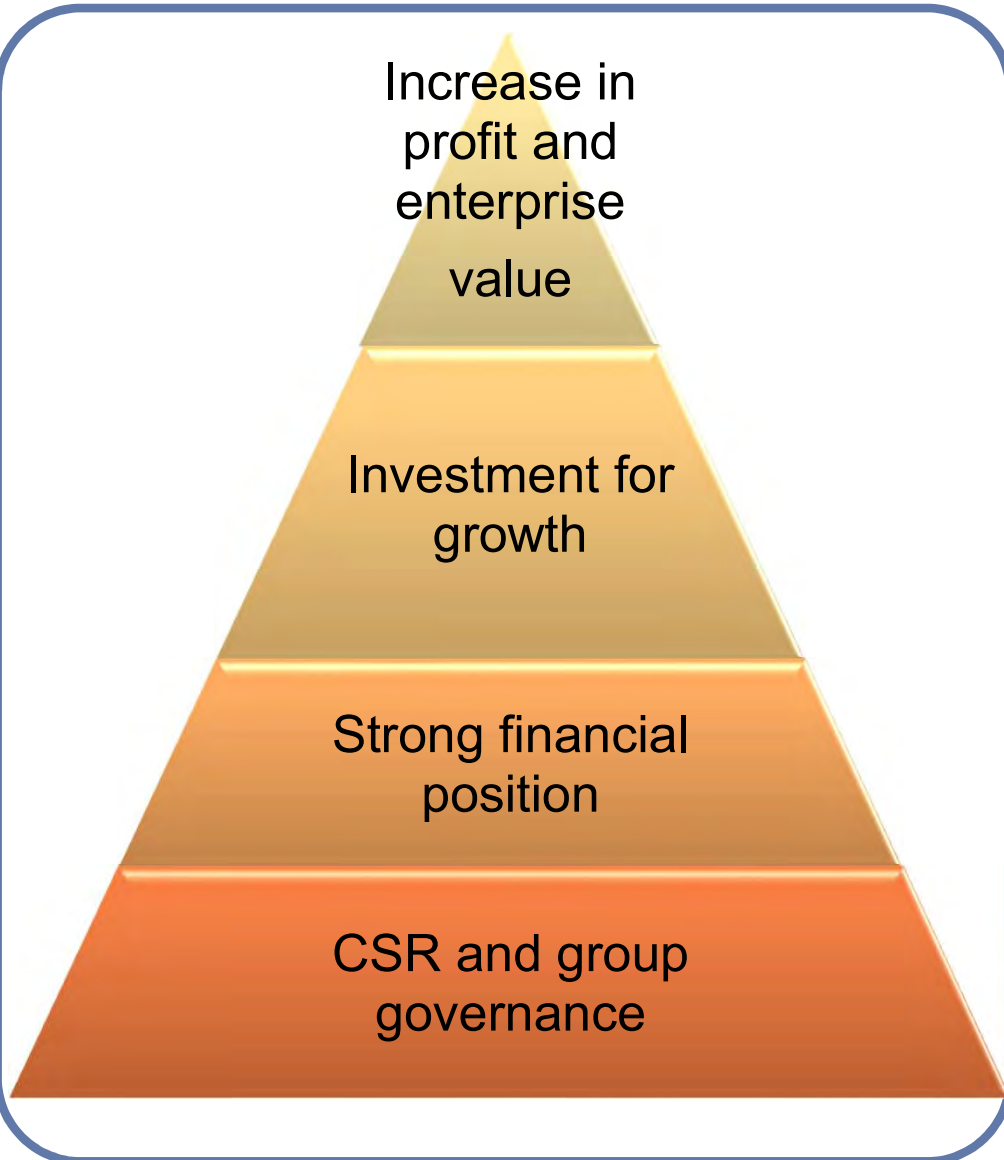
→ **ACCRETECH**

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

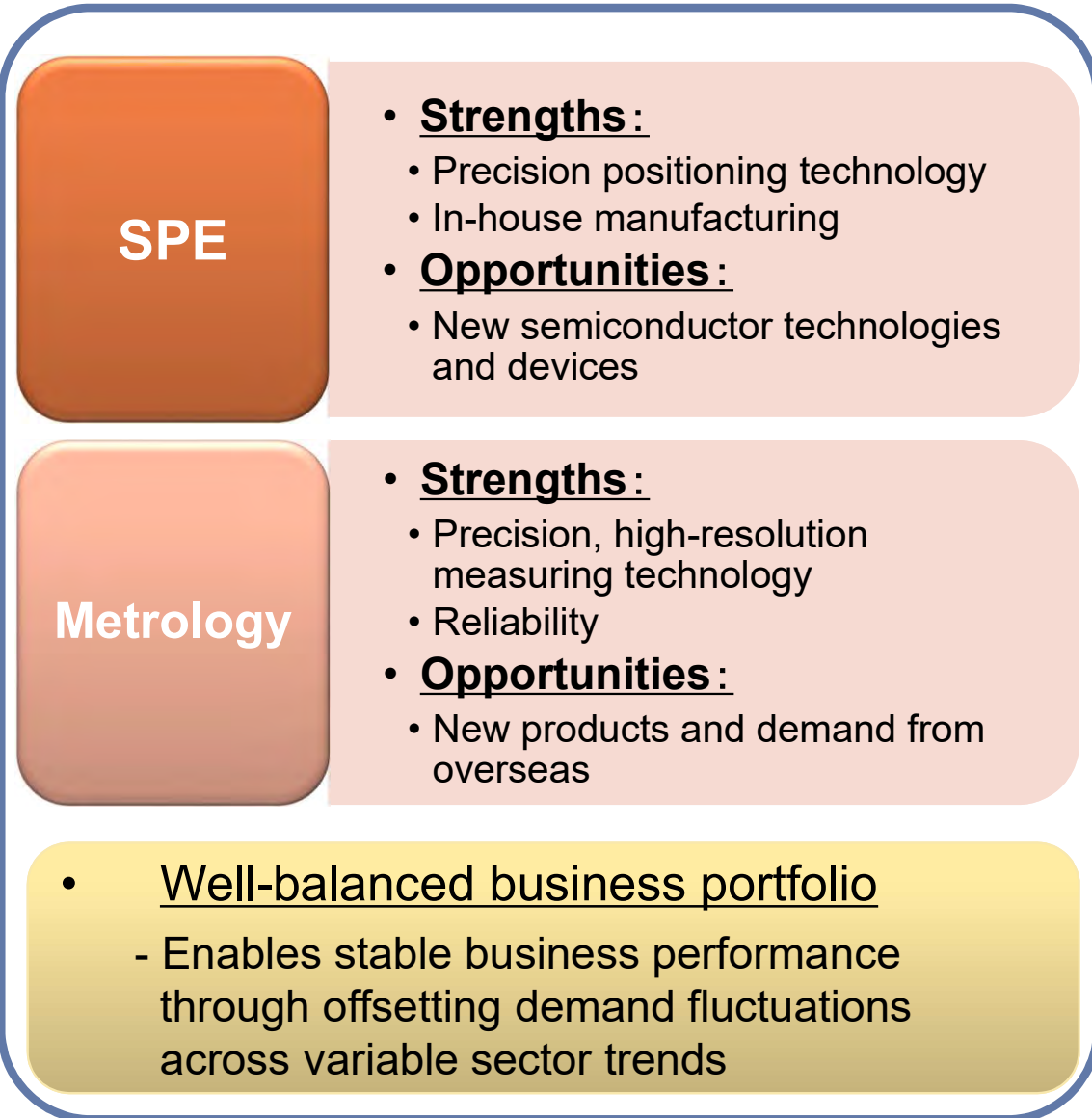
Conceptual Framework and Business Portfolio



Conceptual framework



Business portfolio analysis



Corporate strategy (For FY2020/3 and beyond)



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**



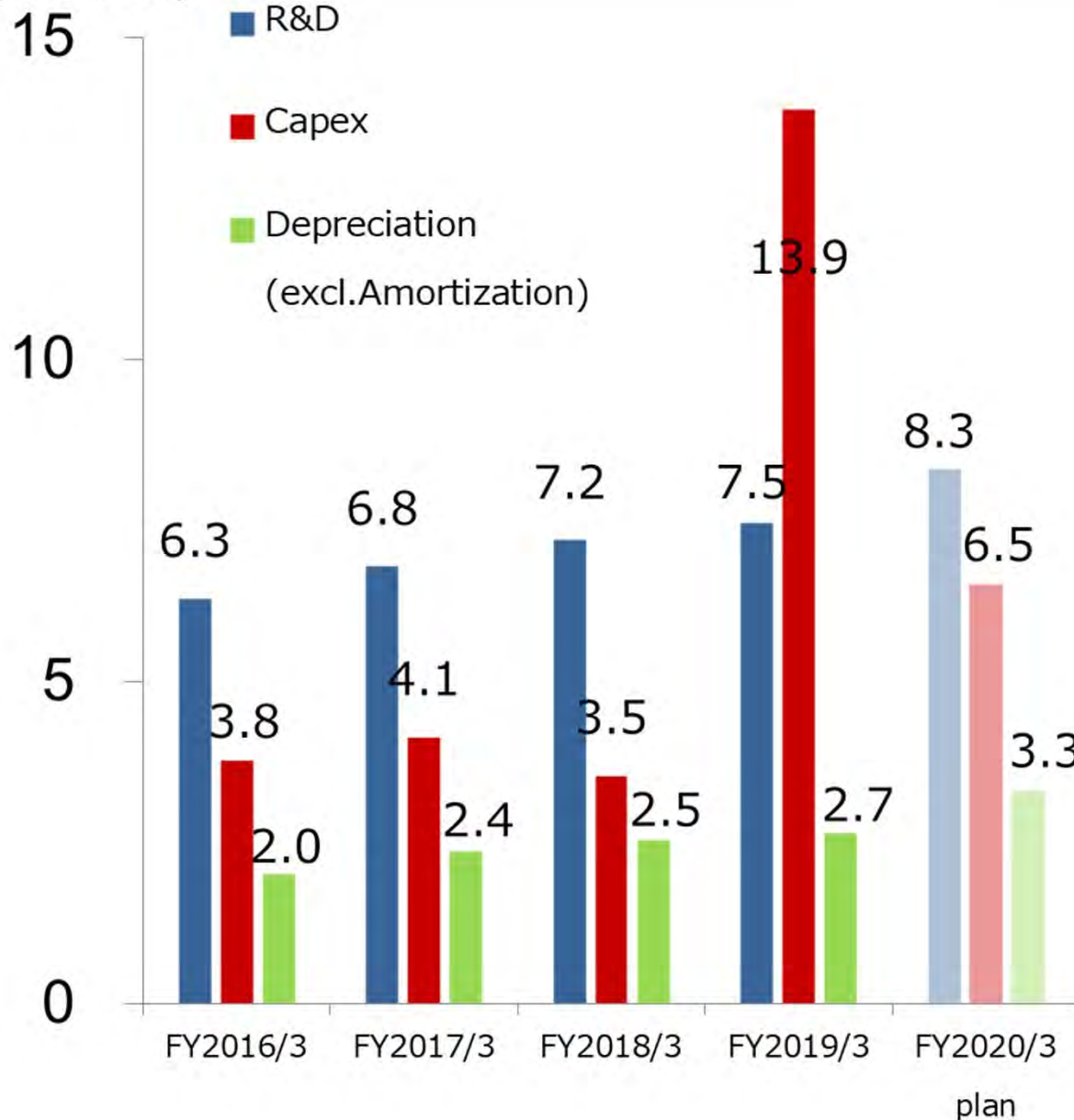
For sustainable growth

Actively promote ESG activities to improve corporate value

R&D, Capex and Depreciation



(Billion JPY)



R&D : Strengthen and maintain product competitiveness

➡ Target ratio of expenditure to sales is 10%

Capex : Capacity expansion and effectiveness improvement

- Capacity expansion: new plants
 - Investment for automation and processing machine
 - Application centers in main sites
- ➡ Total Capex plan to be over 20.0BJPY throughout this mid-term

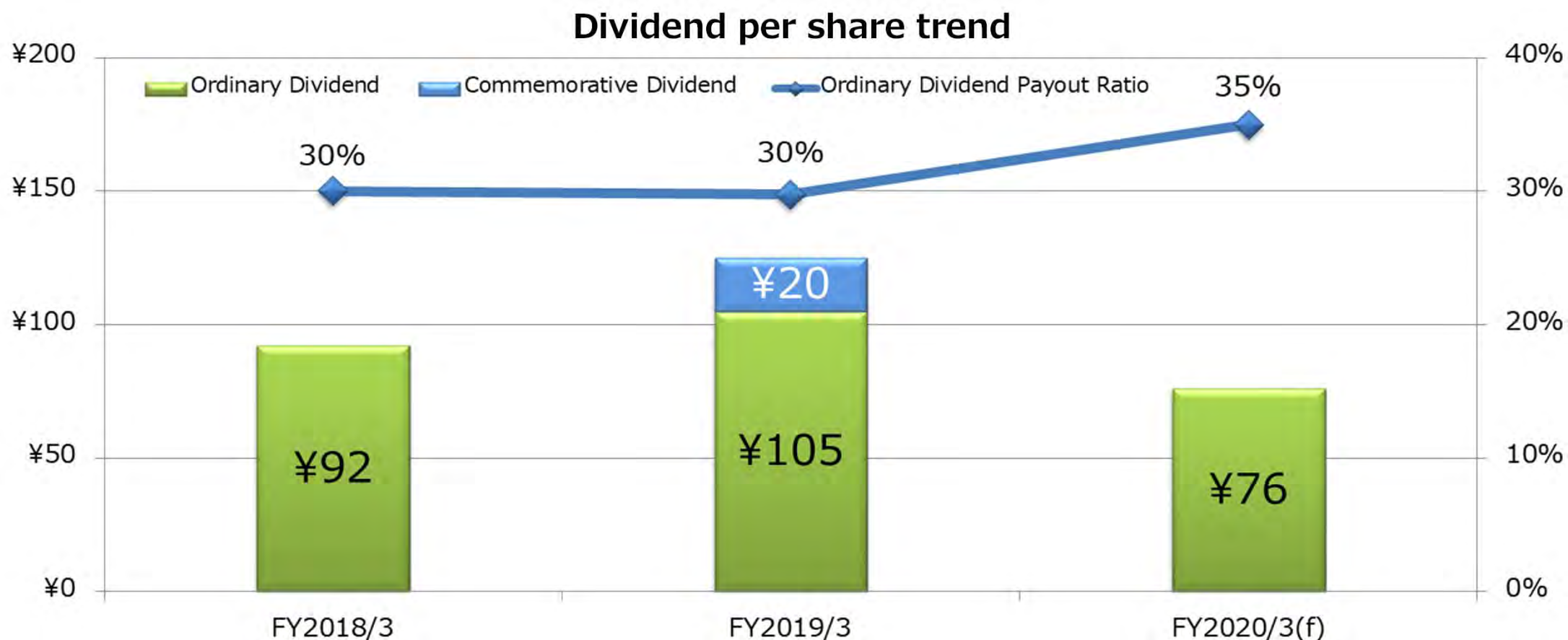
Depreciation

➡ Increase mainly due to ERP activation

Profit Distribution



- Focus on investment for growth while maintaining financial solidity
- Aim to pay dividends targeting a consolidated dividend payout ratio of 35%, with a core policy regarding the distribution of profits linked to business performance



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SPE

- The current situation is weak, but there is also the possibility of rapid recovery
- Base scenario is “Order recovery in winter”
- With Backlogs on hand, production in the first half is expected to be high

Metrology

- In Japan, business remains firm driven by in-line measurement demand for automobiles
- Watch for trade friction, machine tool demand fluctuations
- Charge and discharge test system contributes to Sales

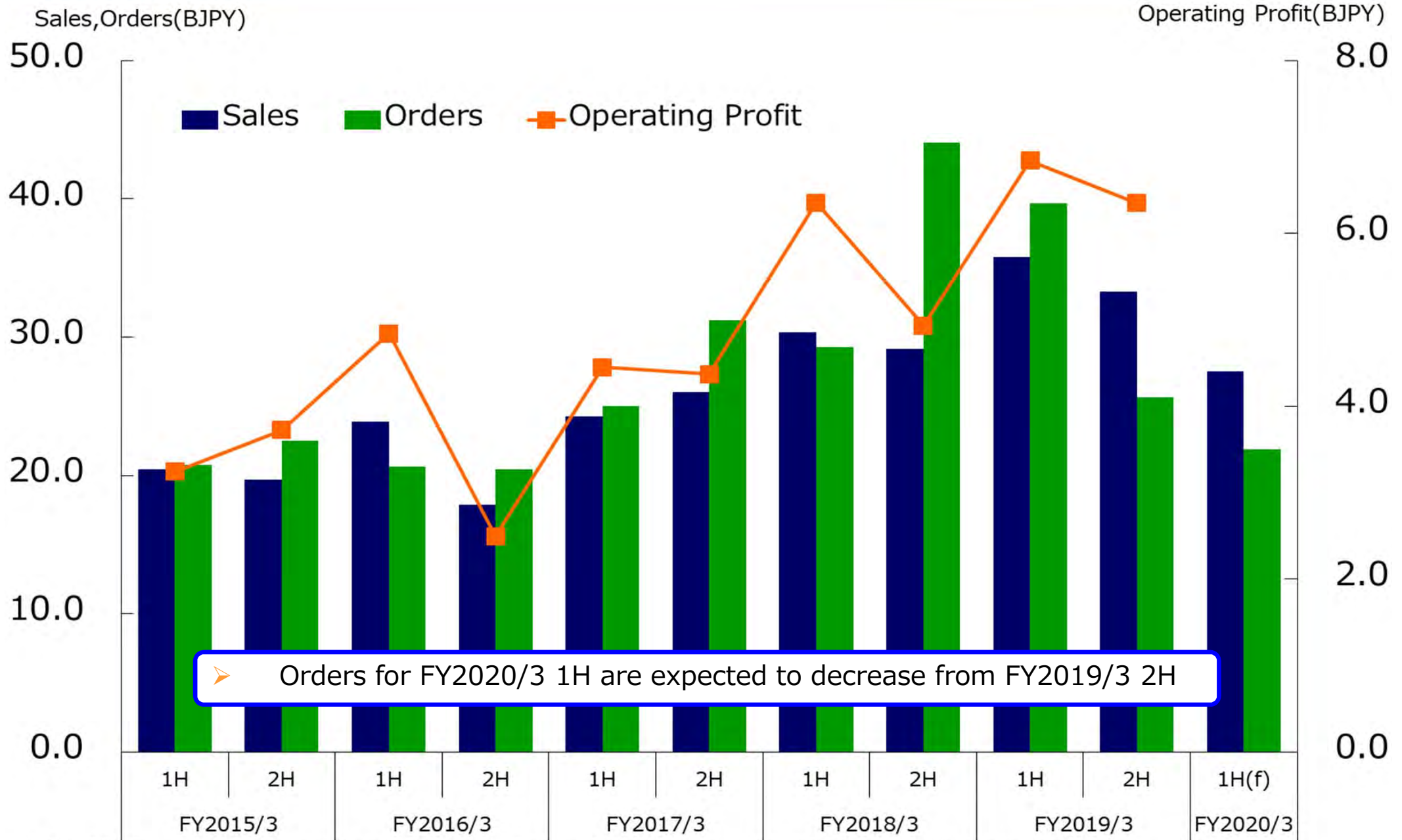
Forecast for FY2020/3



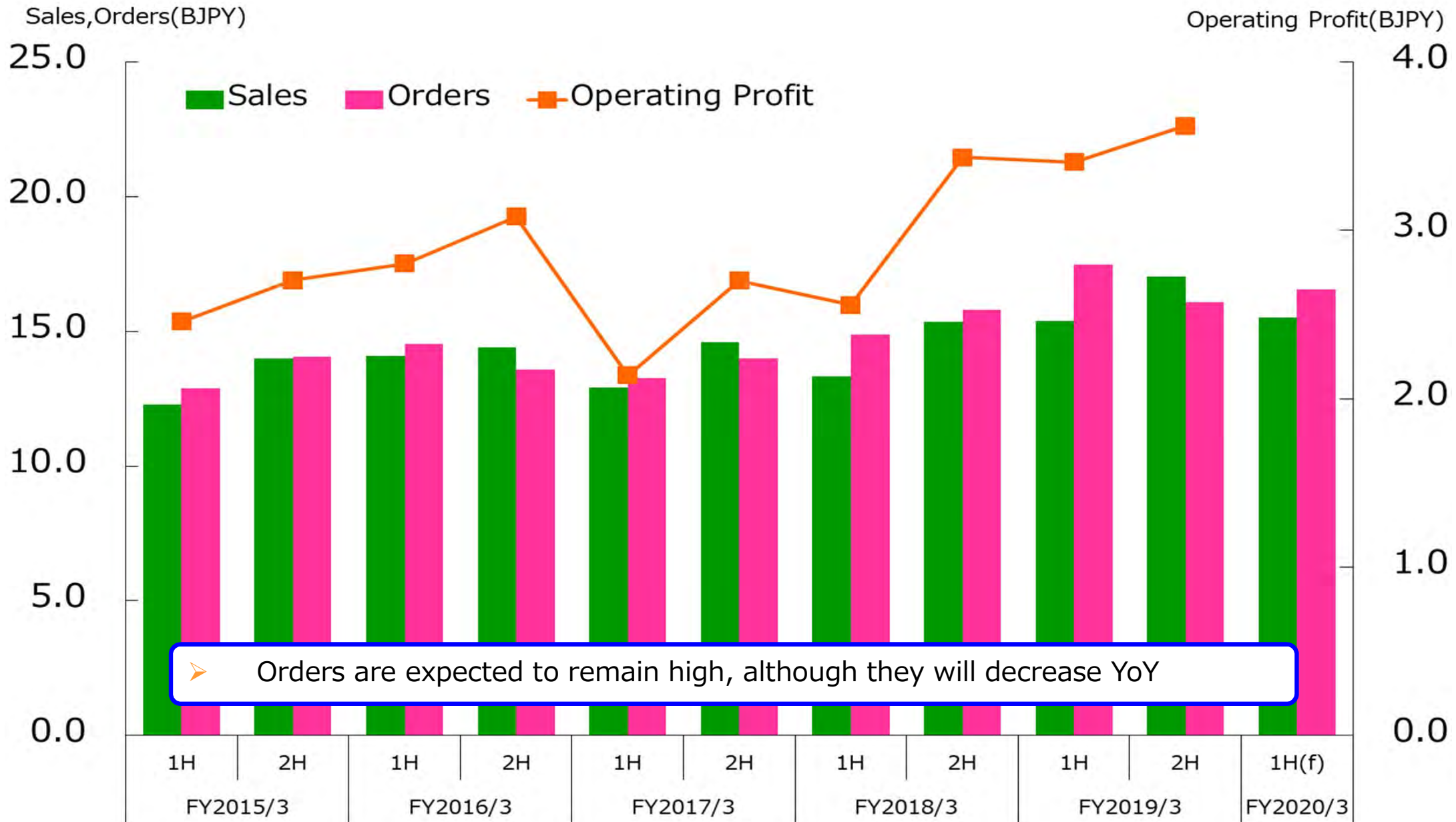
(Billions of Yen
except dividend)

	FY2019/3			FY2020/3				
	1H	2H	FY	1H fcst	2H fcst	FY fcst	Y/Y	
Sales	51.2	50.3	101.5	43.0	45.0	88.0	-13%	
	SPE	35.8	33.3	69.1	27.5	27.5	55.0	-20%
	Metrology	15.4	17.0	32.4	15.5	17.5	33.0	+2%
Operating Profit	10.2	10.0	20.2	5.9	6.6	12.5	-38%	
OP Margin	20%	20%	20%	14%	15%	14%		
Recurring Profit	10.8	10.0	20.8	5.9	6.6	12.5	-40%	
Net Profit (*)	7.9	6.8	14.7	4.2	4.8	9.0	-39%	
Dividend per share	125Yen (incl. 20Yen Commemorative dividend)			76Yen			-49Yen	

SPE – Sales/Orders trend (incl. Forecasts)



Metrology – Sales/Orders trend (incl. Forecasts)



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