

Tokyo Seimitsu Co., Ltd. Earnings Conference for FY2019/3 2nd Quarter

November 13th, 2018

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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, “**Metrology** (or **Metr.**)” denotes our Metrology Business Segment, and “**Net Profit**” denotes “Net Profit attributable to the owners of the parent”.
- 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 2Q**
- ◆ **Progress of mid-term business target**
- ◆ **Forecast for FY2019/3**
- ◆ **Q&A**

FY2019/3 1st Half(Apr.-Sep. 2018) Business Results

| (Billions of Yen) | FY2018/3 | | FY2019/3 | | |
|-------------------------|----------------------|----------------------|----------------------|--------|--------|
| | 1 st Half | 2 nd Half | 1 st Half | HoH(%) | YoY(%) |
| Sales | 43.7 | 44.5 | 51.2 | +15% | +17% |
| SPE Segment | 30.3 | 29.2 | 35.8 | +23% | +18% |
| Metrology Segment | 13.3 | 15.4 | 15.4 | +0% | +16% |
| Operating Profit | 8.9 | 8.4 | 10.2 | +22% | +15% |
| SPE | 6.4 | 4.9 | 6.8 | +39% | +8% |
| OP Margin | 21% | 17% | 19% | - | - |
| Metrology | 2.6 | 3.4 | 3.4 | -0% | +33% |
| OP Margin | 19% | 22% | 22% | - | - |
| Recurring Profit | 9.0 | 8.2 | 10.8 | +30% | +19% |
| Net Profit | 6.4 | 6.4 | 7.9 | +24% | +24% |

- Increased Sales and Profit YoY in SPE because of sales recovery backed by certain improvement in delivery delay of some components
- Steady demand toward automotives and machine tools resulted increase in sales and profit for Metrology segment

2Q (Jul.-Sep. 2018) Results

(Billions of Yen)

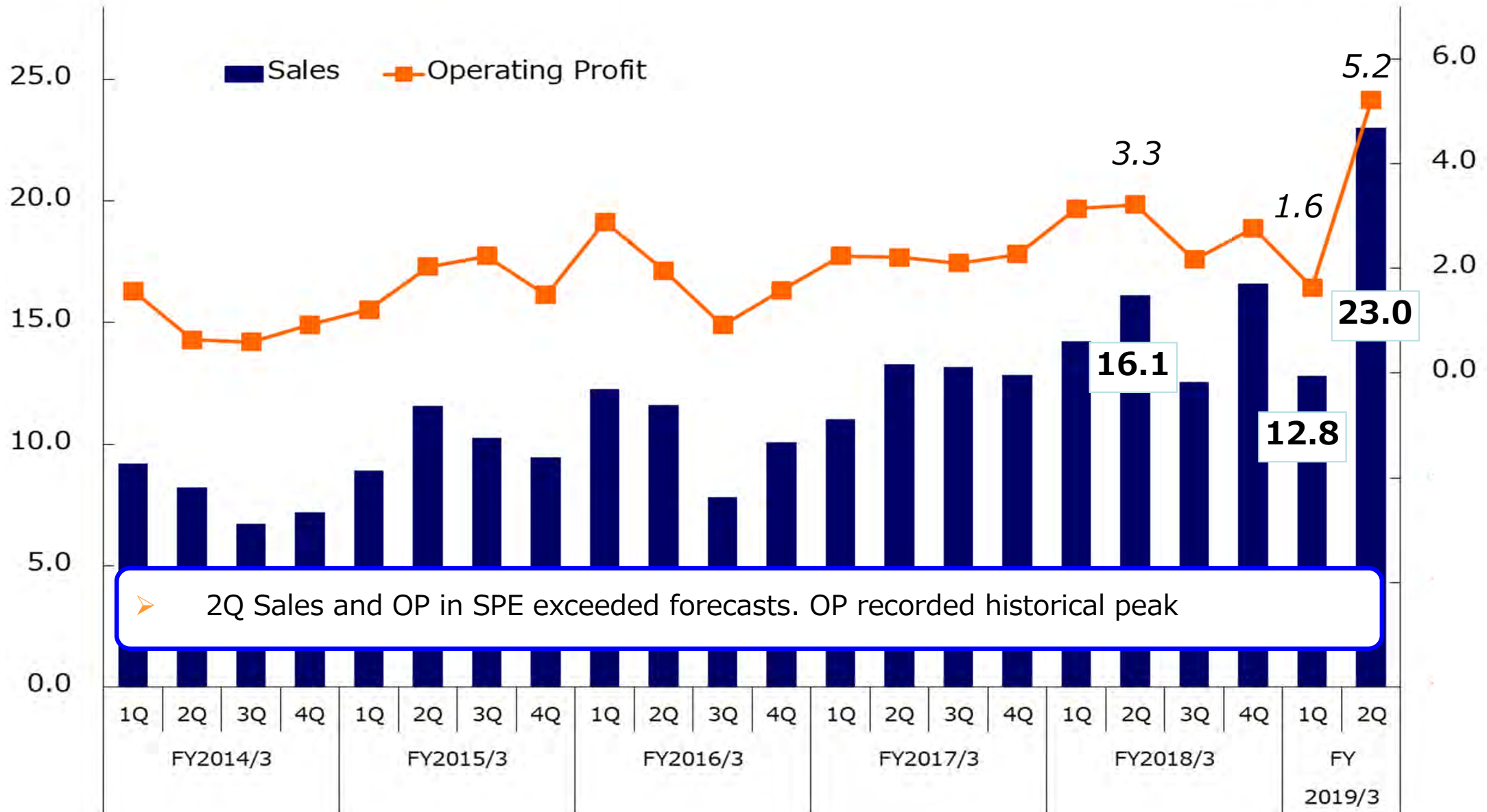
| | FY2018/3 | | | | FY2019/3 | | | |
|-------------------------|----------|------|------|------|----------|------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | QoQ(%) | YoY(%) |
| Sales | 19.9 | 23.8 | 19.2 | 25.3 | 19.8 | 31.4 | +58% | +32% |
| SPE | 14.2 | 16.1 | 12.6 | 16.6 | 12.8 | 23.0 | +79% | +43% |
| Metrology | 5.7 | 7.6 | 6.7 | 8.7 | 7.0 | 8.4 | +19% | +10% |
| Operating Profit | 4.0 | 4.9 | 3.6 | 4.8 | 3.1 | 7.1 | +127% | +46% |
| SPE | 3.1 | 3.2 | 2.2 | 2.8 | 1.6 | 5.2 | +220% | +62% |
| OP Margin | 22% | 20% | 17% | 17% | 13% | 23% | - | - |
| Metrology | 0.9 | 1.7 | 1.4 | 2.0 | 1.5 | 1.9 | +26% | +14% |
| OP Margin | 16% | 22% | 22% | 23% | 21% | 23% | - | - |
| Recurring Profit | 4.1 | 4.9 | 3.6 | 4.6 | 3.4 | 7.4 | +121% | +51% |
| Net Profit | 2.9 | 3.5 | 2.6 | 3.8 | 2.6 | 5.3 | +109% | +54% |

➤ SPE segment had significant increase from 1Q in shipping

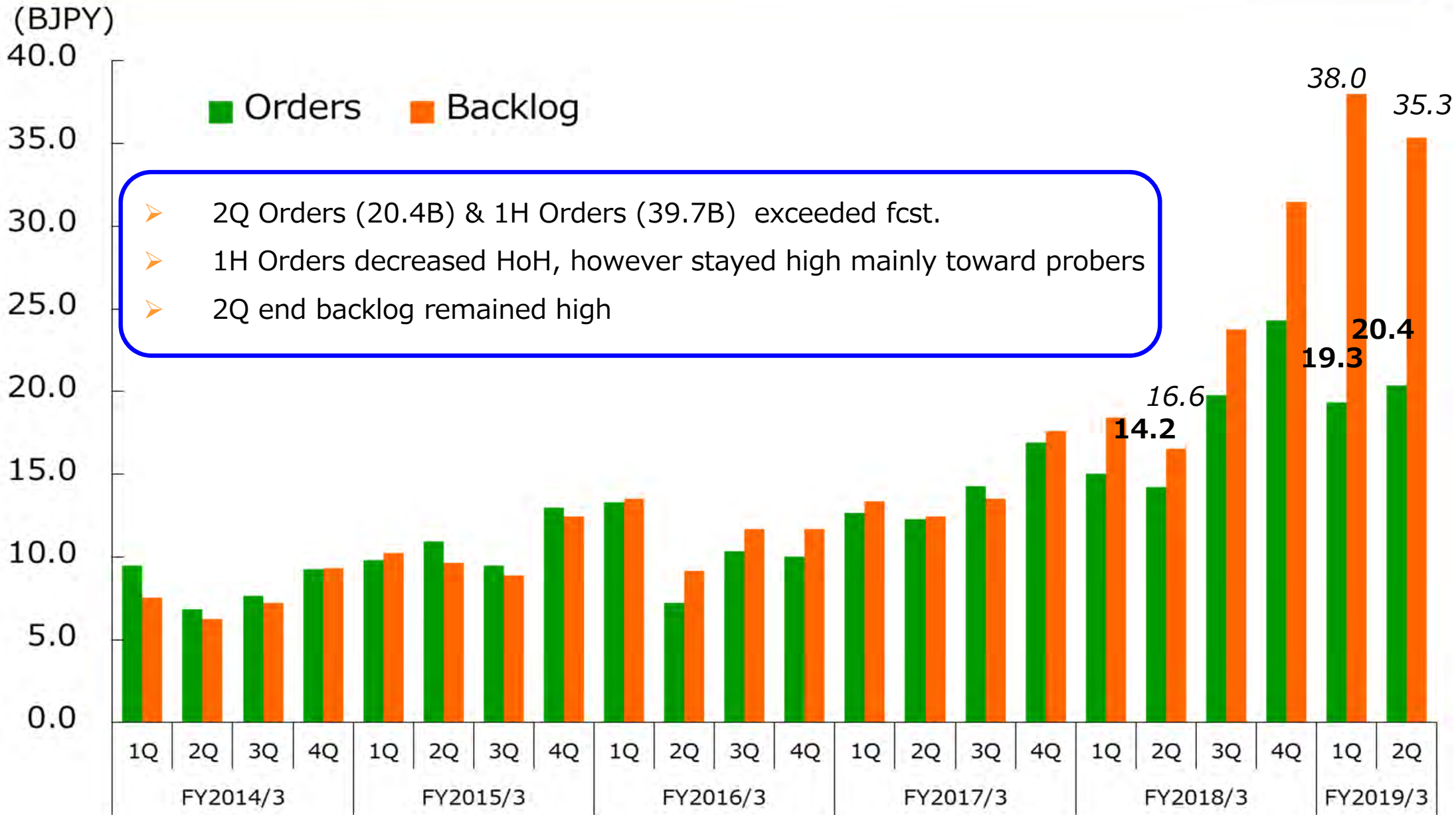
SPE - Sales and OP

Sales (BJPY)

Operating Profit (BJPY)



➤ 2Q Sales and OP in SPE exceeded forecasts. OP recorded historical peak

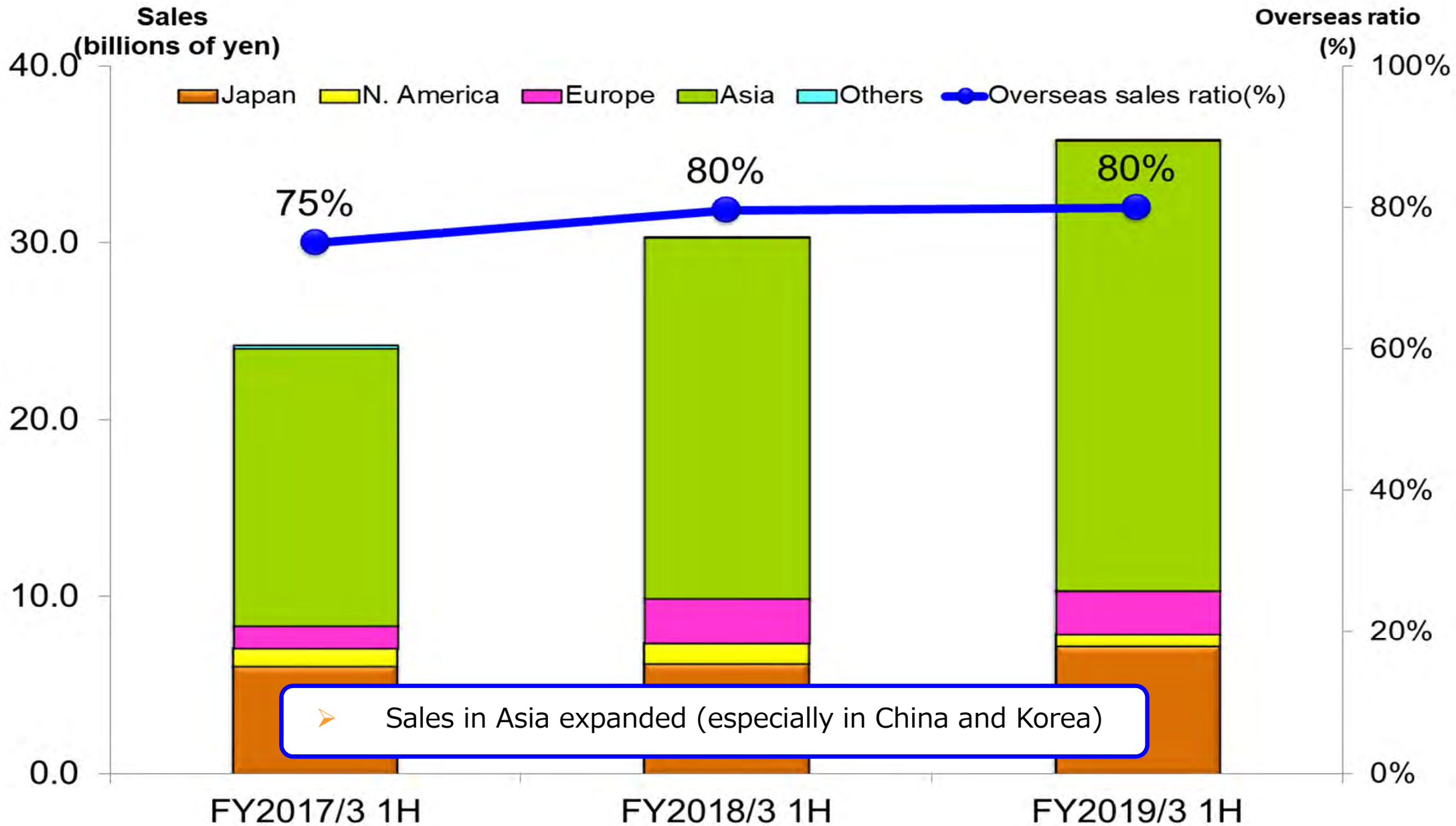


SPE - per Product

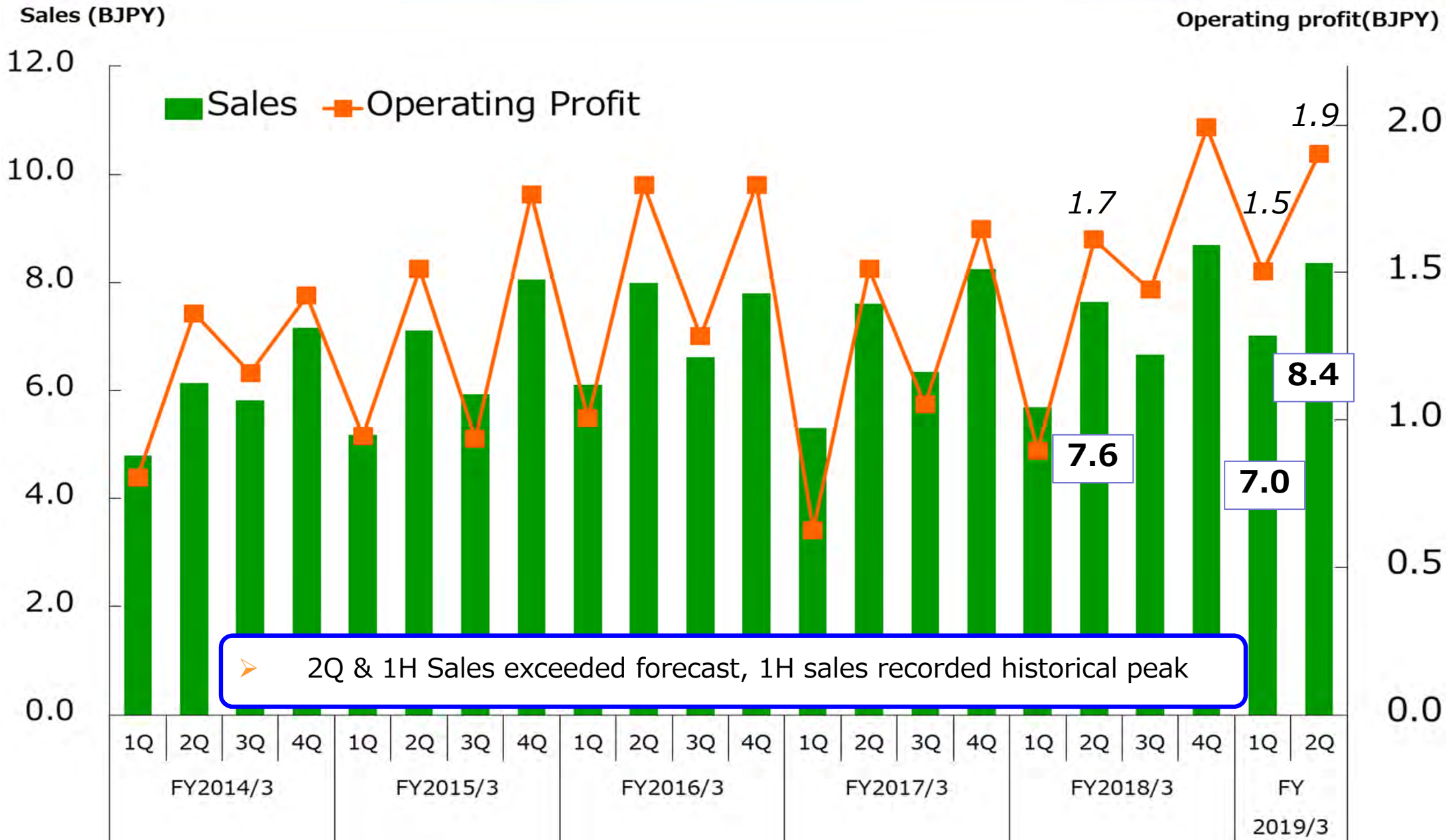


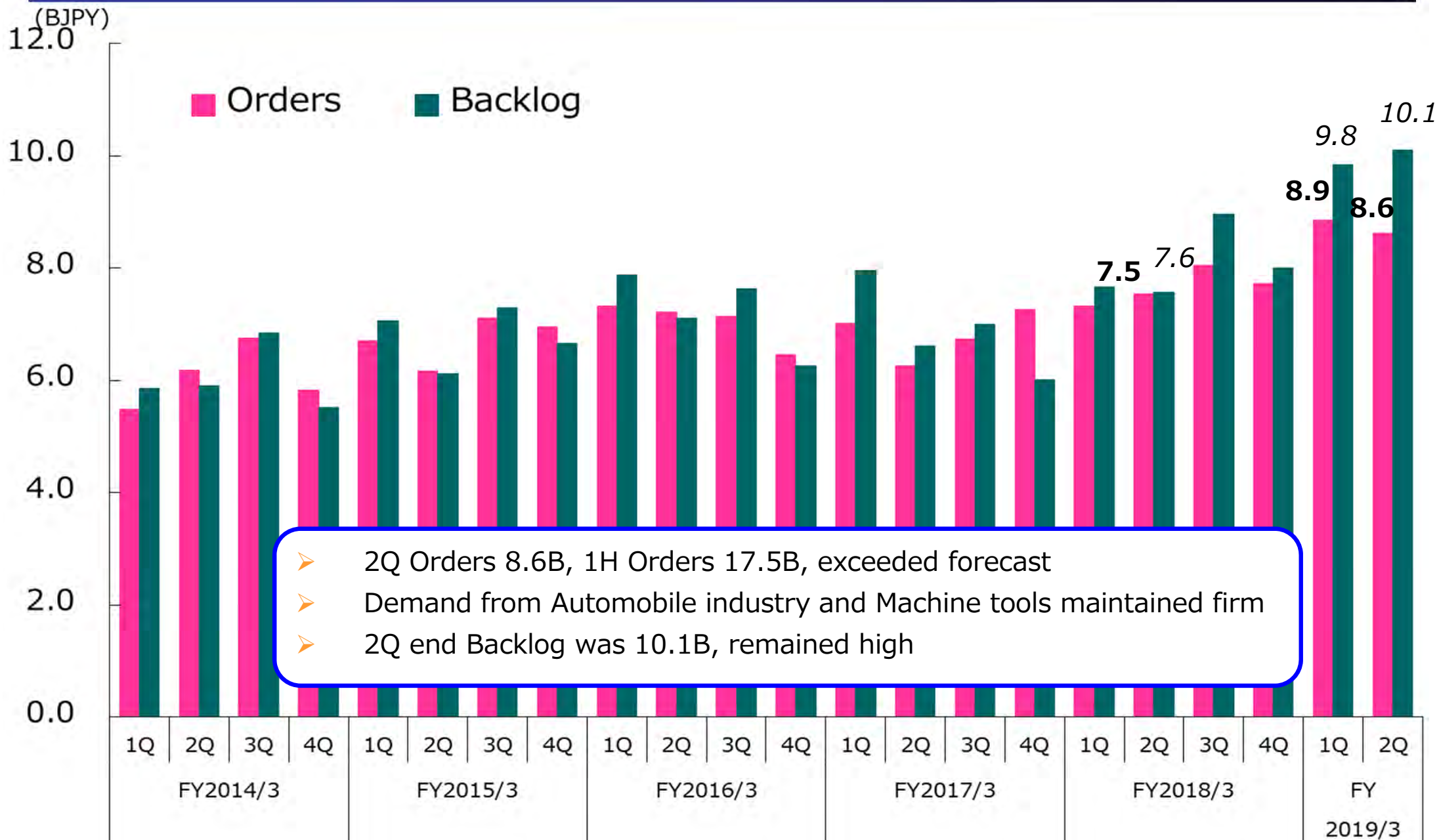
➤ Orders and Sales for Probers increased

SPE - Regional Sales

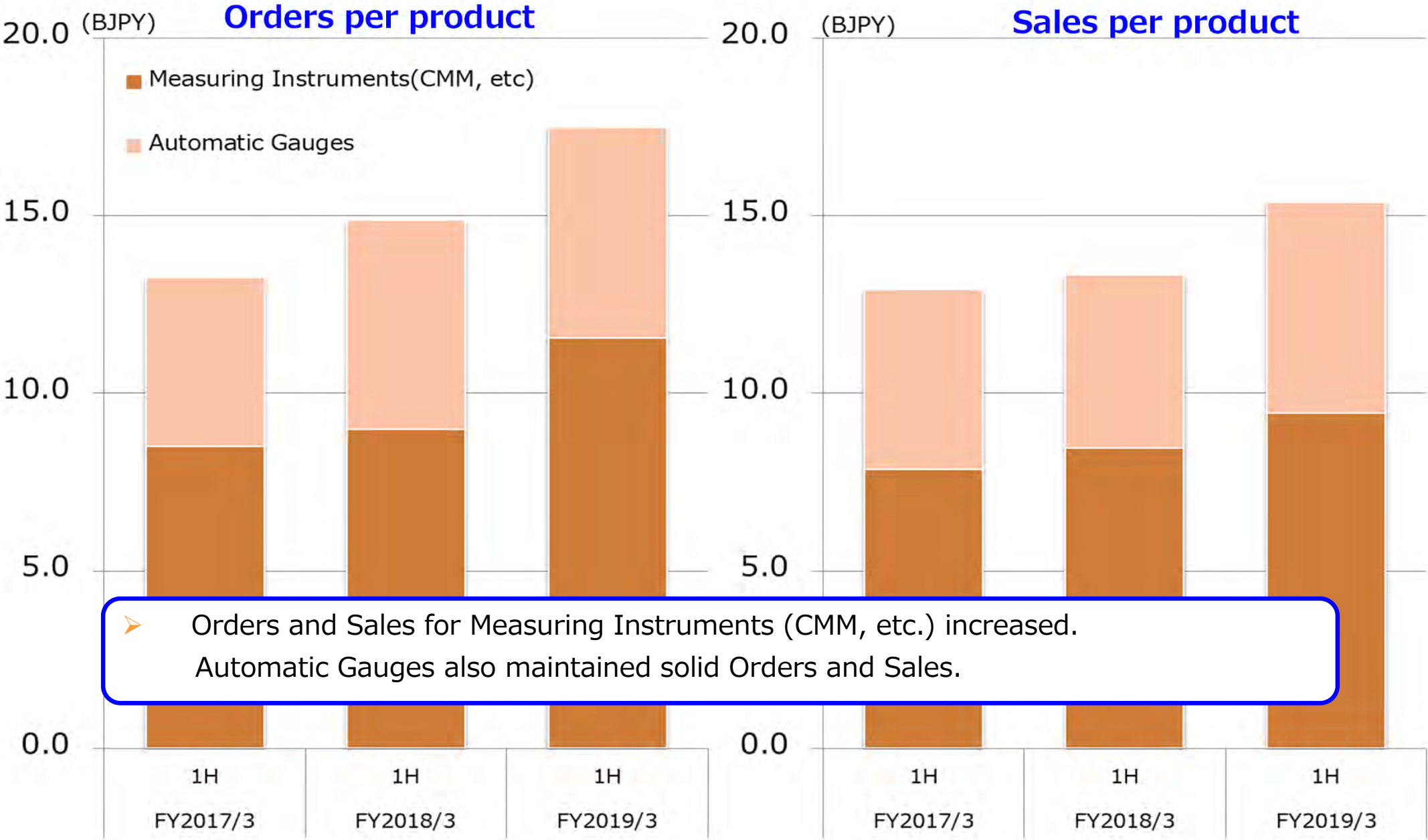


Metrology - Sales and OP



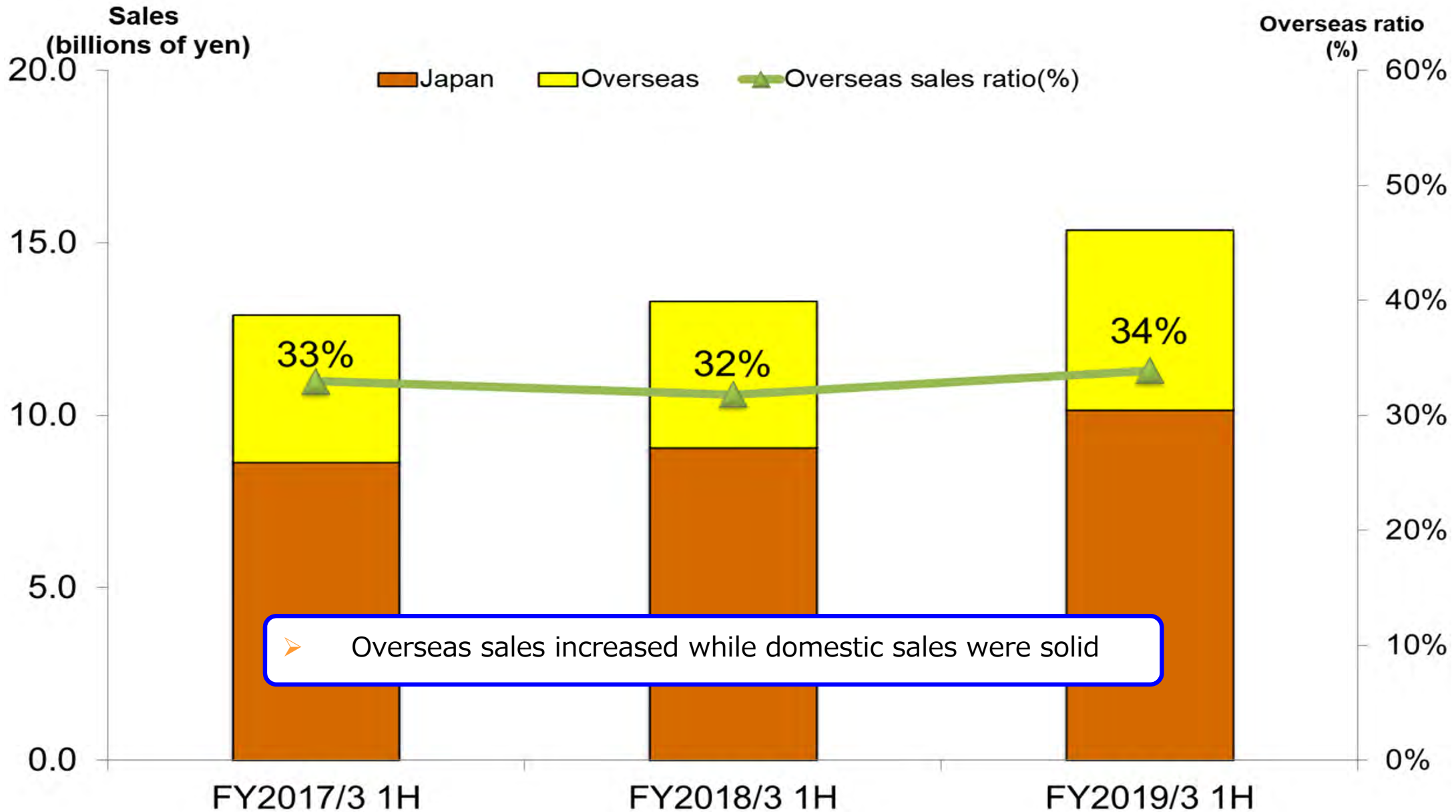


Metrology – per Product



➤ Orders and Sales for Measuring Instruments (CMM, etc.) increased. Automatic Gauges also maintained solid Orders and Sales.

Metrology – Regional Sales



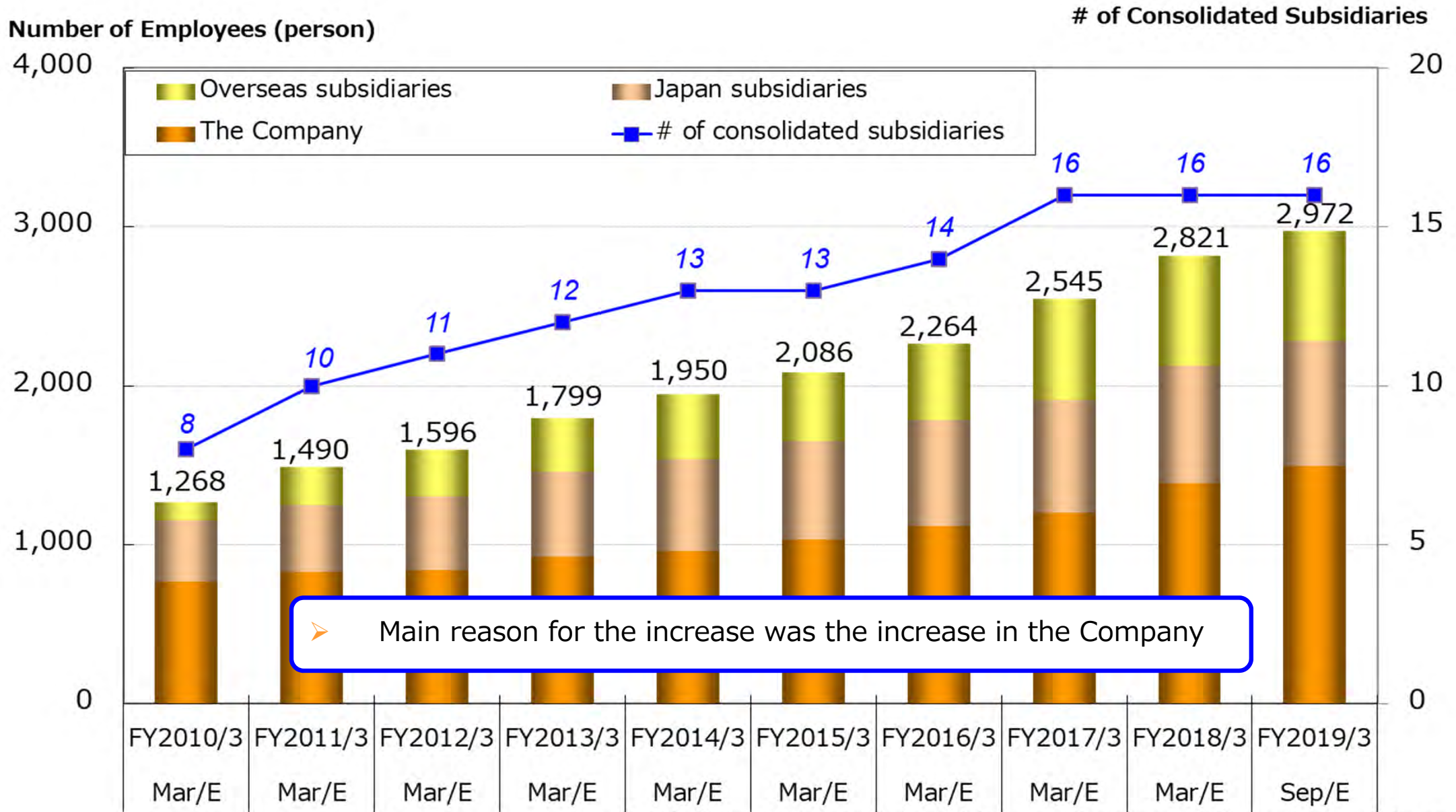
| Assets (Billions of Yen) | Mar/E | Sep/E | Diff. | Liabilities, Net Assets (Billions of Yen) | Mar/E | Sep/E | Diff. |
|-----------------------------|-------|--------------|-------|---|----------------|-----------------------|----------------|
| | 2018 | 2018 | | | 2018 | 2018 | |
| Cash | 37.2 | 40.9 | +3.7 | Accounts Payable(*2) | 21.9 | 25.6 | +3.7 |
| Accounts Receivable (*1) | 33.4 | 34.6 | +1.1 | Short term Debt | 1.3 | 1.3 | ±0.0 |
| Inventories | 22.3 | 24.6 | +2.3 | Others | 9.6 | 9.0 | -0.6 |
| Others | 2.0 | 1.3 | -0.7 | Total Current Liabilities | 32.8 | 35.9 | +3.1 |
| Total Current Assets | 95.0 | 101.5 | +6.5 | Total Fixed Liabilities | 0.7 | 0.6 | -0.1 |
| Fixed Assets | 37.9 | 39.4 | +1.5 | Total Liabilities | 33.5 | 36.5 | +3.0 |
| Total Assets | 132.9 | 140.9 | +8.0 | Net Assets | 99.4 | 104.3 | +5.0 |
| | | | | Total (int. bearing debt) | 132.9 (1.3) | 140.9 (1.4) | +8.0 (+0.0) |

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

| (Billions of Yen) | | FY2017/3 1H | FY2018/3 1H | FY2019/3 1H |
|---|---|--------------|--------------|--------------|
| Opening Balance | | 27.3 | 33.8 | 37.1 |
| From Operating Activities | Profit before tax and depreciation | 7.5 | 10.3 | 12.1 |
| | Change in Receivables, Payables and Inventories | 2.7 | - 0.5 | - 0.1 |
| | Tax Payment | - 1.9 | - 4.0 | - 3.3 |
| | Others | 0.3 | 1.0 | 0.1 |
| | Total | 8.6 | 6.8 | 8.8 |
| From Investing Activities | | - 3.7 | - 2.9 | - 3.0 |
| Free Cash Flow | | 4.9 | 3.9 | 5.8 |
| From Financing Activities | In(de)crease in Borrowings | - 0.2 | 0.0 | 0.0 |
| | Dividends and Others | - 1.4 | - 1.5 | - 2.1 |
| | Total | - 1.6 | - 1.5 | - 2.1 |
| Net Cash Increase (incl. adjustments and change in consolidated subsidiaries) | | + 3.0 | + 2.5 | +3.7 |
| Closing Balance | | 30.3 | 36.4 | 40.8 |

Number of Employees



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

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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)

**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」**

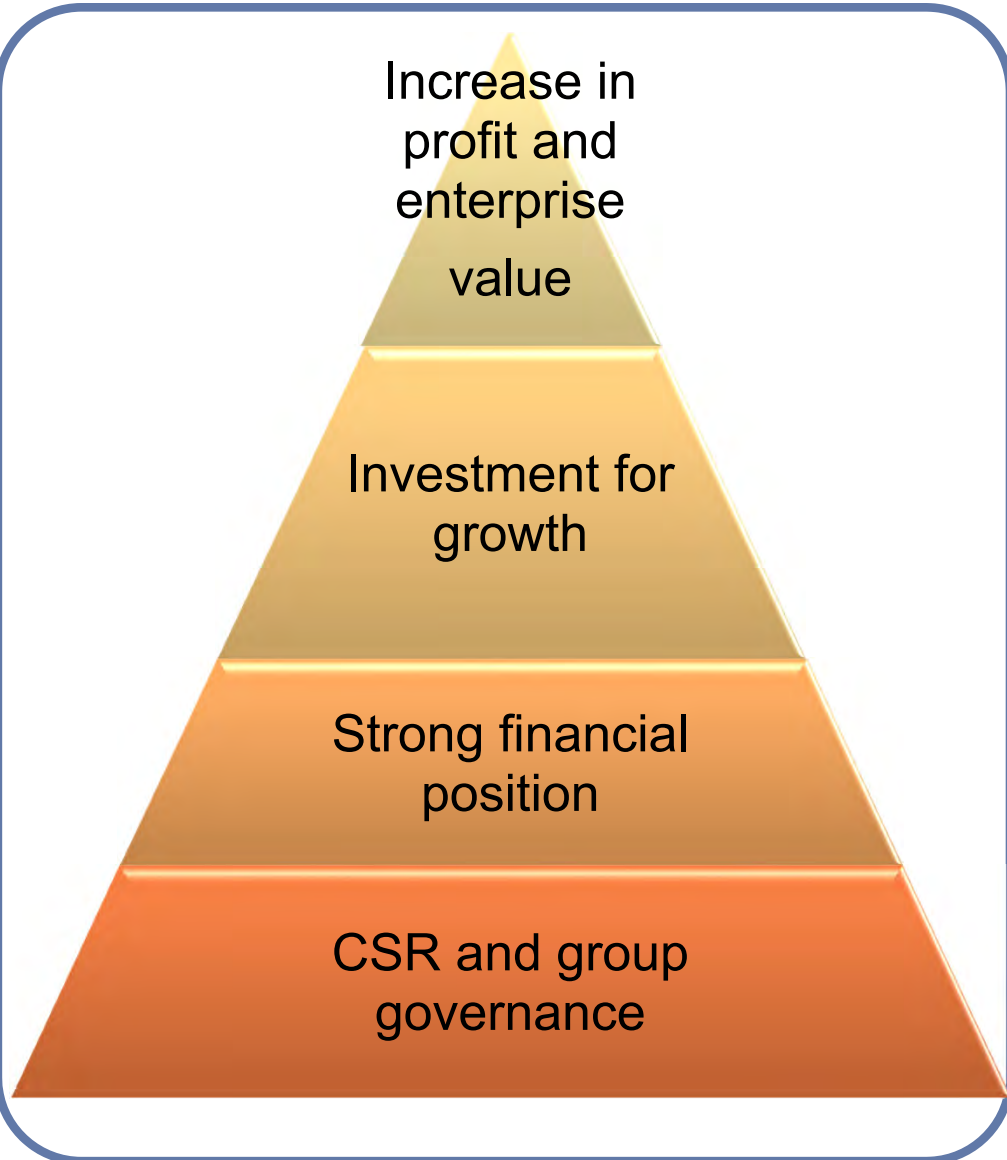
WIN-WIN relationships create the World's No. 1 Products

Our corporate brand ;

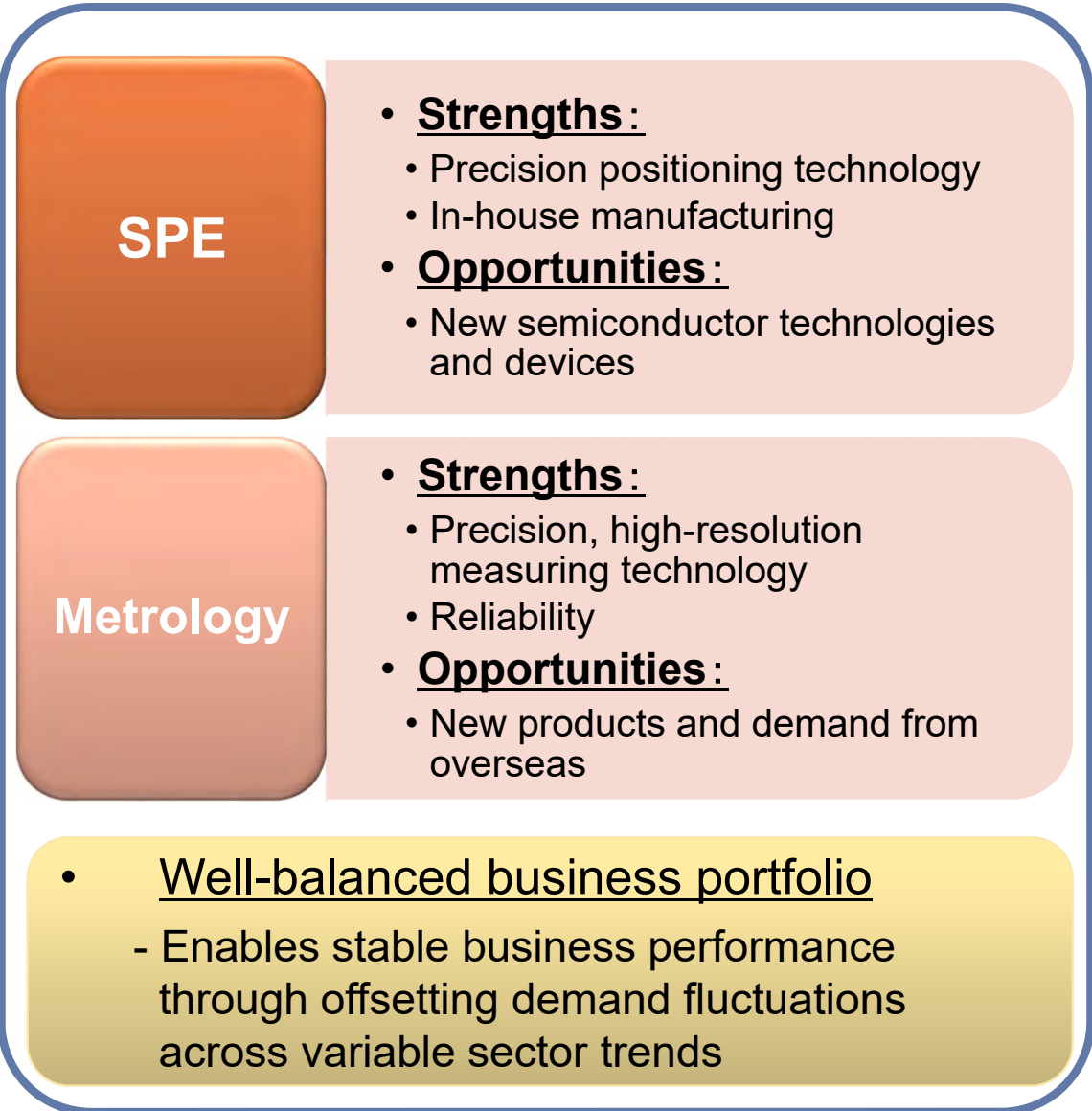
→ **ACCRETECH**

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

Conceptual framework



Business portfolio analysis



External environment surrounding our business

Chain-like growth with new techs developing based on network and communications

IoT(Internet of Things)

Cloud computing



Virtual/ Augmented Reality



Expanding traffic of data, people and goods



Smartphone, Personal digital assistant



Autonomous drive/ Automotive electronics



Factory Automation



AI / Big data



Digitalized production control



Demand for jets



SPE : New growth stage

⇒Changes in the short term, but solid in the long term

- Network : Memory devices, Electronic components, Sensors
⇒**Despite short-term demand fluctuations, it is solid in the long term**
- Automotive : Sensors, Power devices, SiC substrates
- Demand from China : Investment in full-scale construction of new factories (until CY2019)
⇒**Even though there are concerns, certain progress is expected in the long term**

Metrology : Continuing sustained growth ⇒No change in initial view

- Auto : Platform innovation, development of ICE continues
- Machine tools : Demand towards gauges in line with demand increase for IoT
- Aircraft : Especially demand for mid-sized jets in emerging countries

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**



Capacity Expansion(SPE)

- Acquired land and bldg.
- Partially operation in FY2020/3
- Use factory in suburbs until new factory complete

Capacity Expansion(Metr.)

- To build new bldg. within Tsuchiura plant area
- Operation in FY2021/3

Effectiveness improvement

- ERP
- Operation in FY2020/3

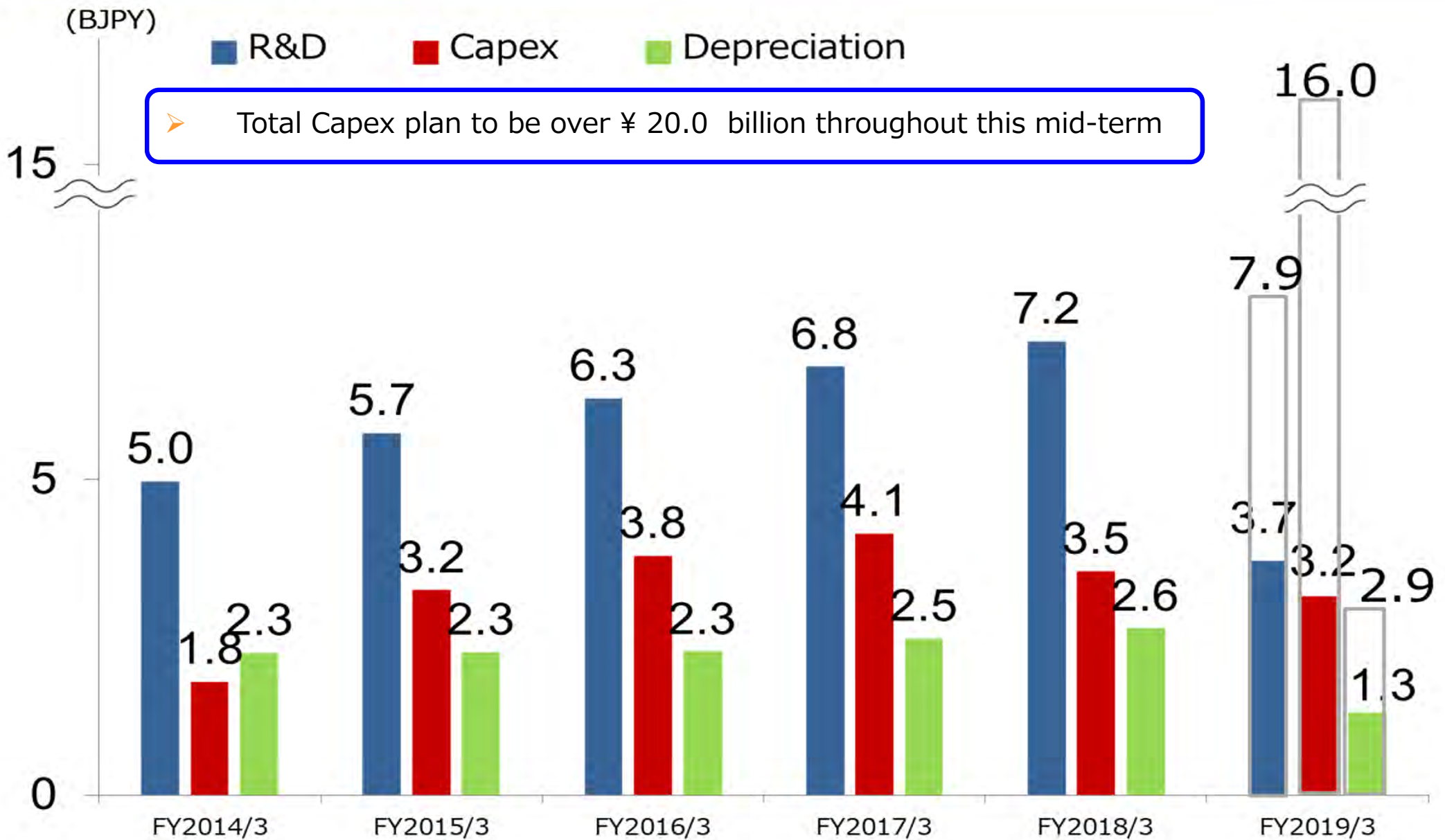
Application Centers

- Establish new application center in Hsinchu, Taiwan
- Operation in FY2021/3

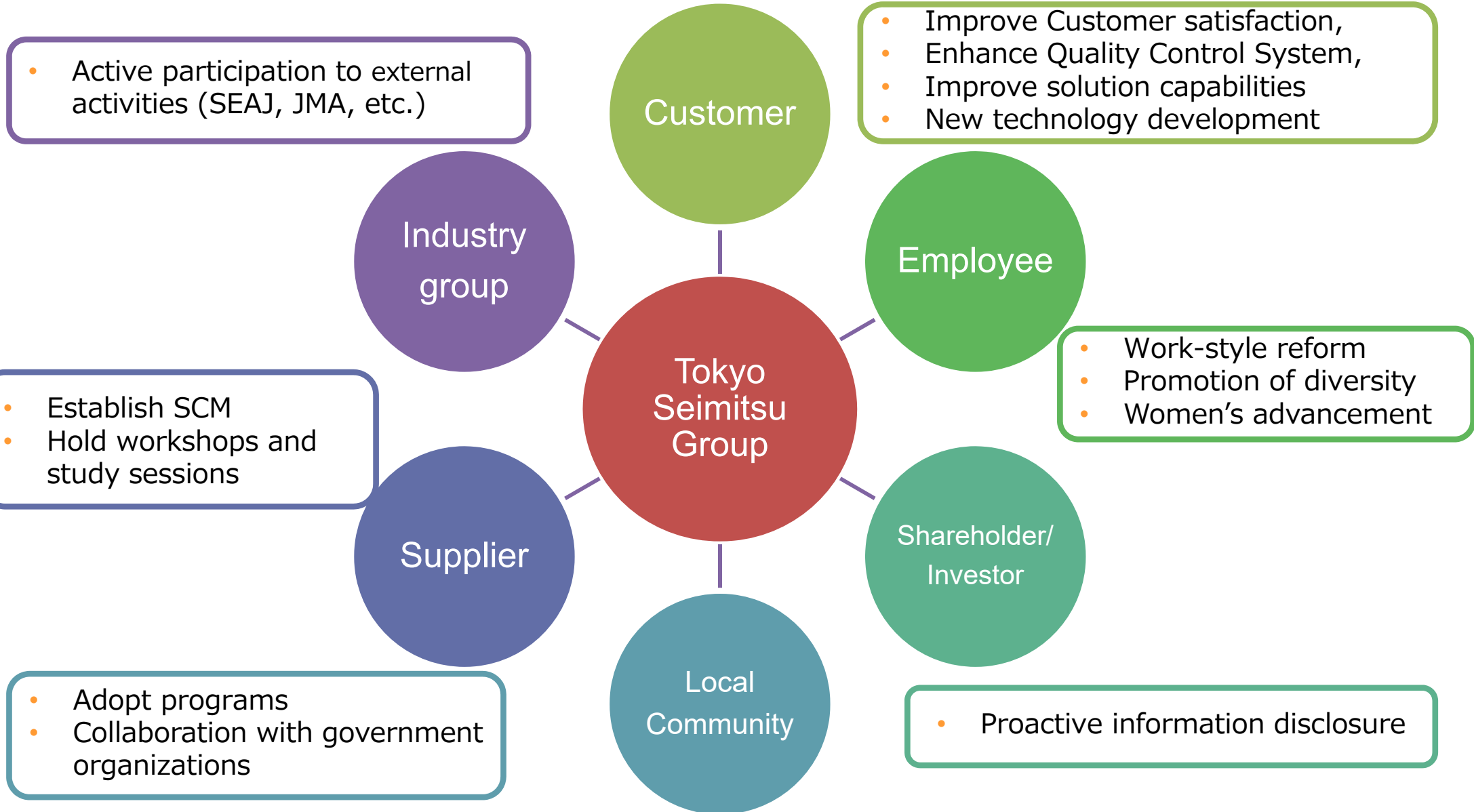
Application Centers

- Renewal of application center in Osaka
- Operation in FY2020/3

R&D, Capex, Depreciation



Realizing a sustainable society (CSR activity)



Realizing a sustainable society (ESG activity) examples of progress

Environment

- Environmentally friendly products : develop eco-friendly products considering LCA
⇒100% compliance with newly developed products
- Global warming prevention : reduce CO2 emissions
⇒Reduce electricity consumption by utilization of renewable energy

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



We will carry out various activities with concrete goals and consider active participation and activities in the UN Global Compact and related initiatives.

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SPE

- Current demand situation is uncertain with signs of decline in investments for Memory device.
- Forecast seasonal trend in demand (downward trend until winter, recovering in early spring) as originally estimated
- Production status remains tight

Metrology

- Demand for manufacturing in Japan continues to be active
- The influence of US-China trade friction and various trade negotiations to be carefully watched
- Expect demand increases from Automation and Engineering

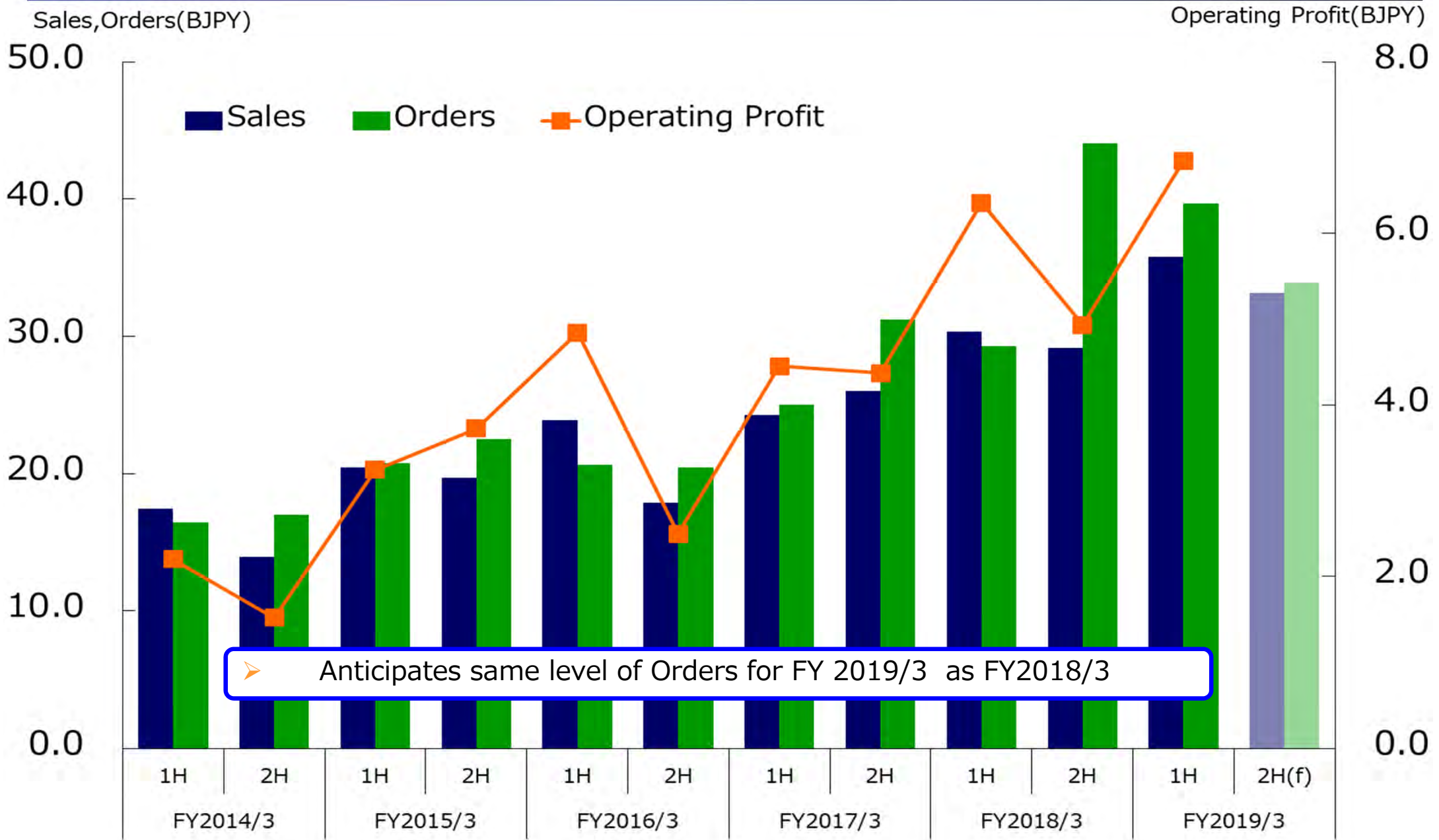
(Billions of Yen
except dividend)

| | | FY2018/3 | | | FY2019/3 | | | | |
|---------------------------|-----------|----------|--------|-----------|--------------------------|--------------------------|--------------------------|----------------------|---------|
| | | 1H | 2H | Full Year | 1H | 2H Fcst | Full Year Fcst | Diff from prev. fcst | YoY (%) |
| Sales | | 43.7 | 44.5 | 88.2 | 51.2 | 48.8 | 100.0 | +2.0 | +13% |
| | SPE | 30.3 | 29.2 | 59.5 | 35.8 | 33.2 | 69.0 | +7.0 | +16% |
| | Metrology | 13.3 | 15.4 | 28.7 | 15.4 | 15.6 | 31.0 | +1.3 | +8% |
| Operating Profit | | 8.9 | 8.4 | 17.3 | 10.2 | 8.4 | 18.7 | +1.2 | +8% |
| | OP Margin | 20% | 19% | 20% | 20% | 17% | 19% | - | - |
| Recurring Profit | | 9.0 | 8.7 | 17.3 | 10.8 | 8.1 | 18.9 | +1.4 | +9% |
| Net Profit | | 6.4 | 6.4 | 12.7 | 7.9 | 5.7 | 13.6 | +0.8 | +7% |
| Dividend per share | | 41 Yen | 51 Yen | 92 Yen | 49 Yen(*1) 10 Yen(*2) | 49 Yen(*1) 10 Yen(*2) | 98 Yen(*1) 20 Yen(*2) | +4 Yen | +26 Yen |

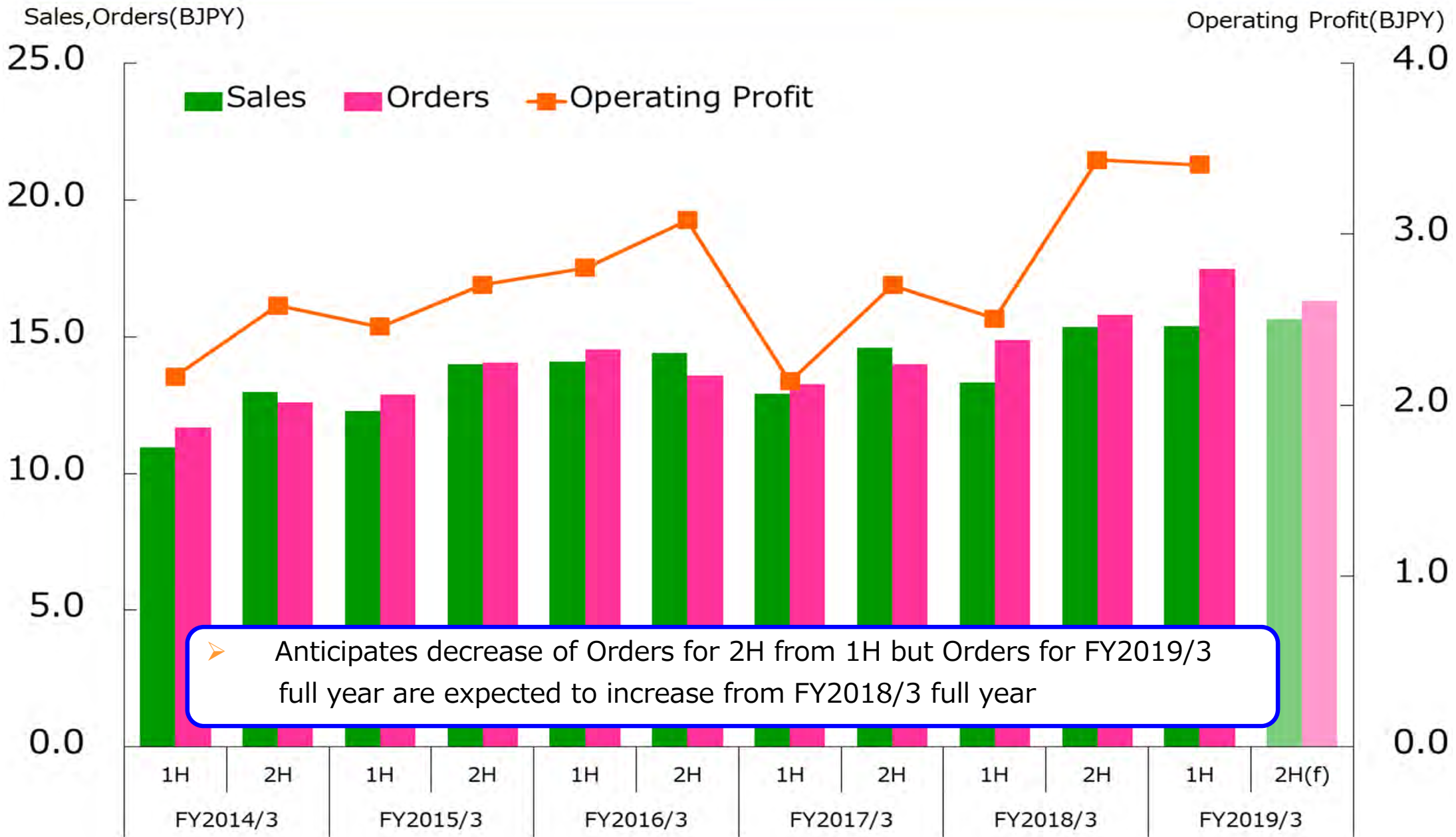
(*1) Ordinary dividend (*2) Commemorative dividend

- Revised FY2019/3 forecast based on 1H result and market outlook
- Also revised dividend forecast

SPE Segment – Sales/Orders trend incl. Forecasts



Metrology Segment – Sales/Orders trend incl. Forecasts



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