

FY2017 1Q Financial Results

July 28, 2017

TOPCON CORPORATION

Director and Executive Officer, CFO
General Manager of Accounting & Finance Div.

Haruhiko Akiyama



FY2017 1Q Financial Results

I

FY2017 1Q Financial Results

II

FY2017 Full Year Plan

III

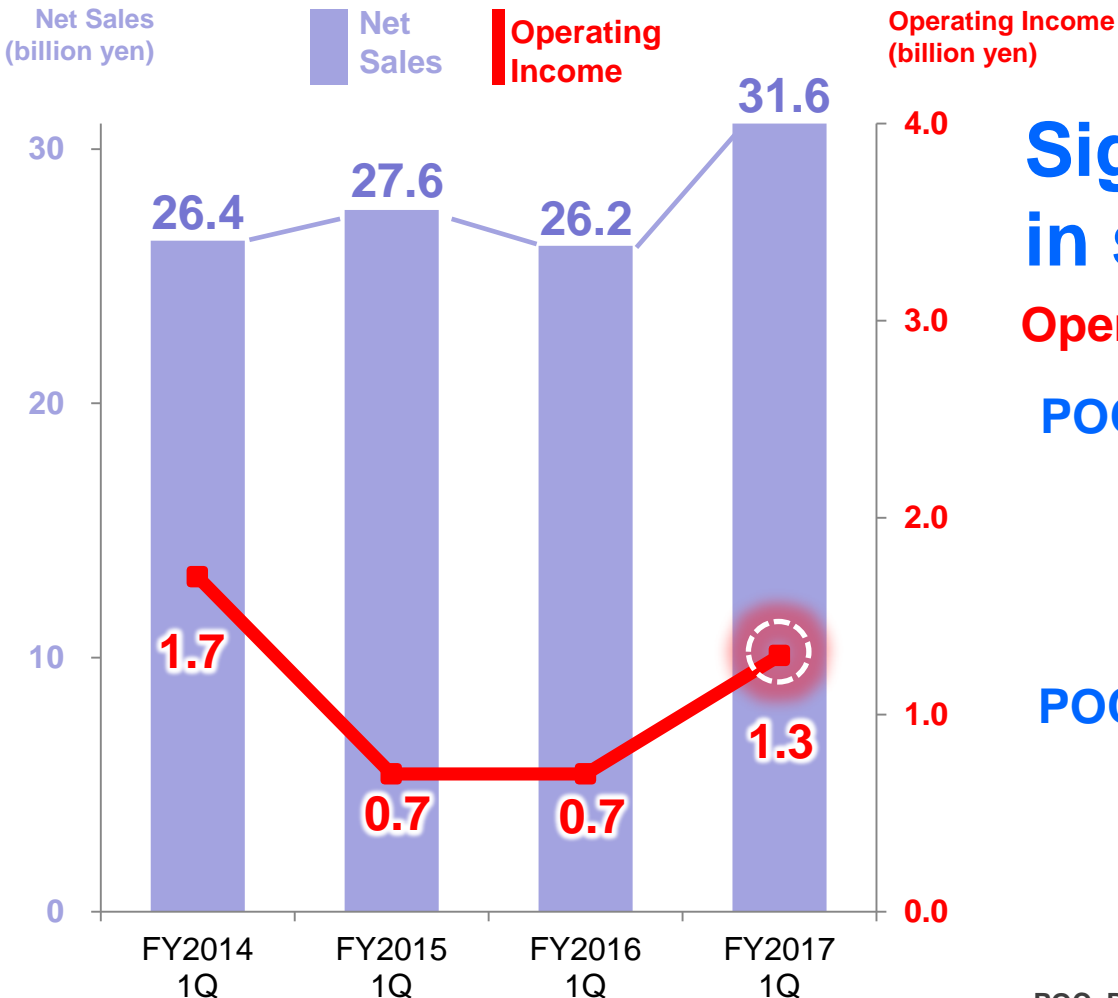
Appendix

I . FY2017 1Q Financial Results

I -1. FY2017 1Q Financial Results

I -2. Overview of 1Q

1Q Sales Trend



Significant growth in sales and profit

Operating income increased **179%** YoY

POC: Significant sales growth

Operating income increased **226%** YoY

Growth in IT Construction
Recovery trend in IT Agriculture

POC: Significant sales growth

Operating income increased **269%** YoY

Favorably prevailing the
i-Construction in Japan

POC=Positioning Company/ SIB=Smart Infrastructure Business

**i-Construction" is a registered trademark of National Institute for Land and Infrastructure Management, MLIT, Japan.

FY2017 1Q Financial Results <Growth in sales and profit>

[Consolidated]		FY2016/1Q	FY2017/1Q		
		Actual	Actual	YoY	YoY(%)
		(unit: million yen)			
Net Sales		26,228	31,578	5,350	120%
Gross Profit (Gross Profit Ratio)		14,238 (54.3%)	15,917 (50.4%)	1,679	112%
SGA		13,502	14,596	1,094	108%
Operating Income (Operating Income Ratio)		736 (2.8%)	1,321 (4.2%)	585	179%
Non-Operating Income (Expenses)		-1,176	-140	1,036	-
Ordinary Income		-439	1,180	1,619	-
Extraordinary Income (Loss)		-56	0	56	-
Income Before Income Taxes and Minority Interests		-495	1,180	1,675	-
Net Income		-783	334	1,117	-
Exchange Rate (Average)	USD	¥109.07	¥111.61	¥2.54	-
	EUR	¥122.47	¥123.14	¥0.67	-

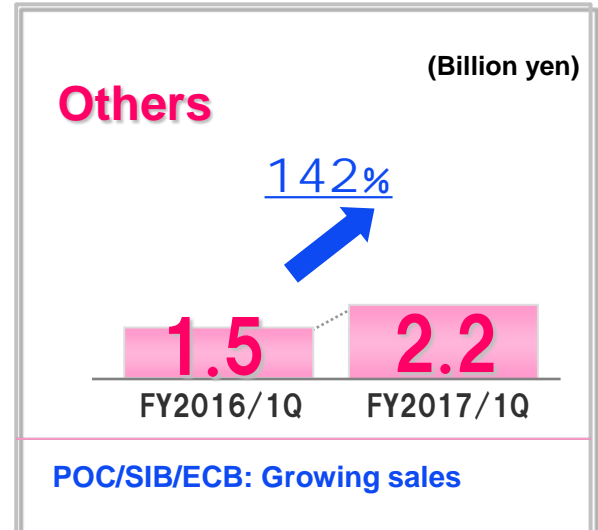
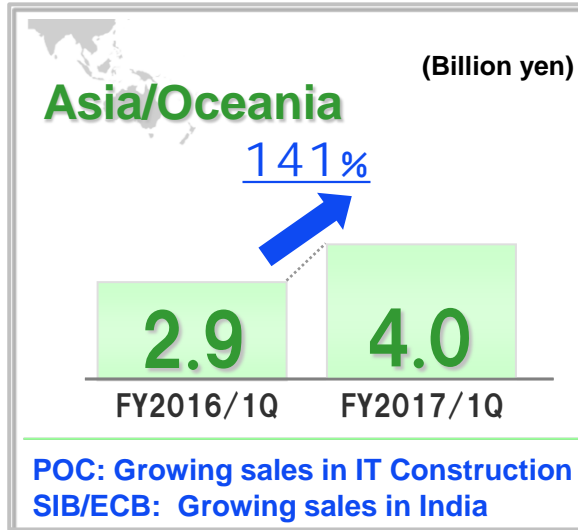
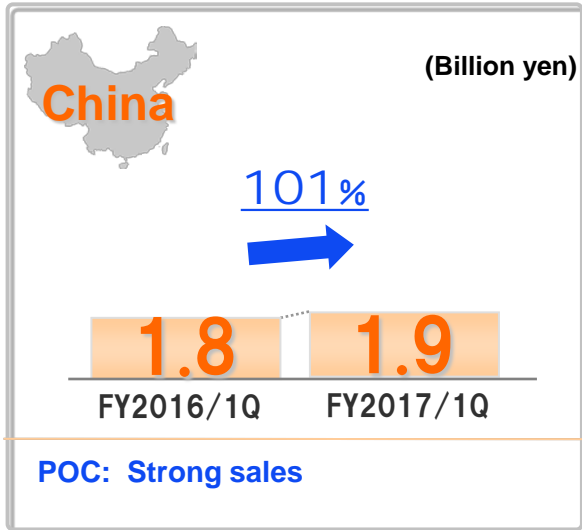
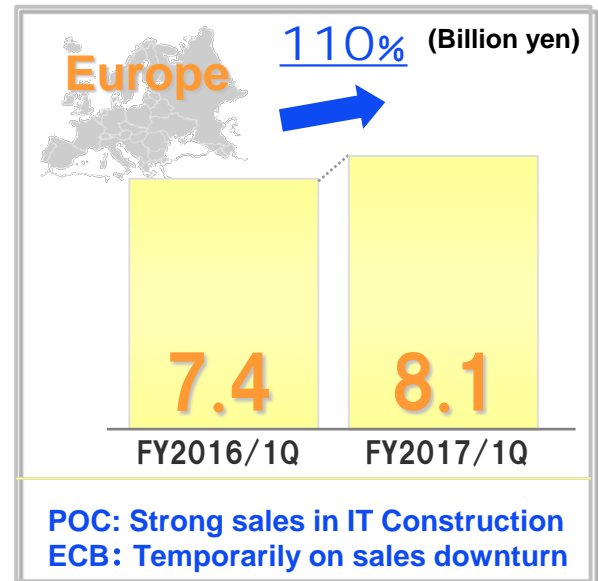
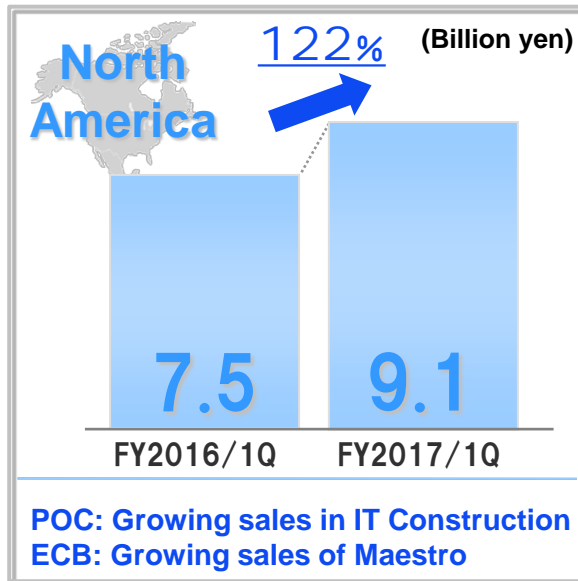
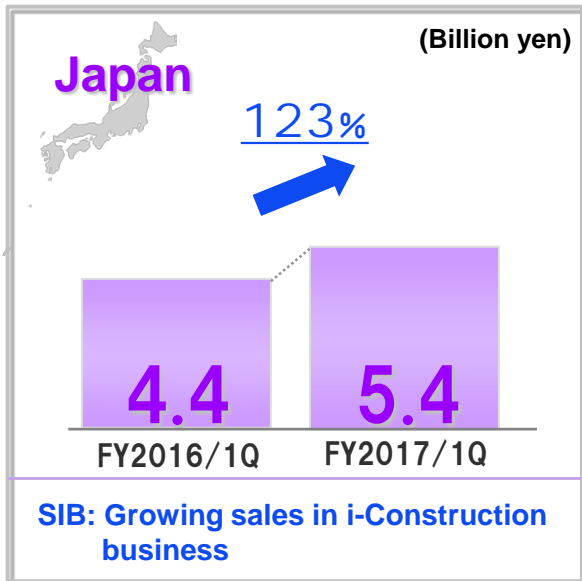
FY2017 1Q Financial Results by Business

<Significant profit growth of POC and SIB>

(unit: million yen)

[Consolidated]		FY2016/1Q	FY2017/1Q		
		Actual	Actual	YoY	YoY(%)
Net Sales	Positioning	12,831	17,227	4,396	134%
	Smart Infrastructure	6,590	7,841	1,251	119%
	Eye Care	8,799	9,086	287	103%
	Others	790	846	56	107%
	Elimination	-2,783	-3,423	-640	
	Total	26,228	31,578	5,350	120%
Operating Income (Operating Income Ratio)	Positioning	745 (5.8%)	1,684 (9.8%)	939	226%
	Smart Infrastructure	295 (4.5%)	793 (10.1%)	498	269%
	Eye Care	461 (5.2%)	-451 (-5.0%)	-912	-
	Others	-123 (-15.6%)	-49 (-5.8%)	74	-
	Goodwill Amortization	-643	-656	-13	
	Total	736 (2.8%)	1,321 (4.2%)	585	179%

Domestic and Overseas Sales (YoY)



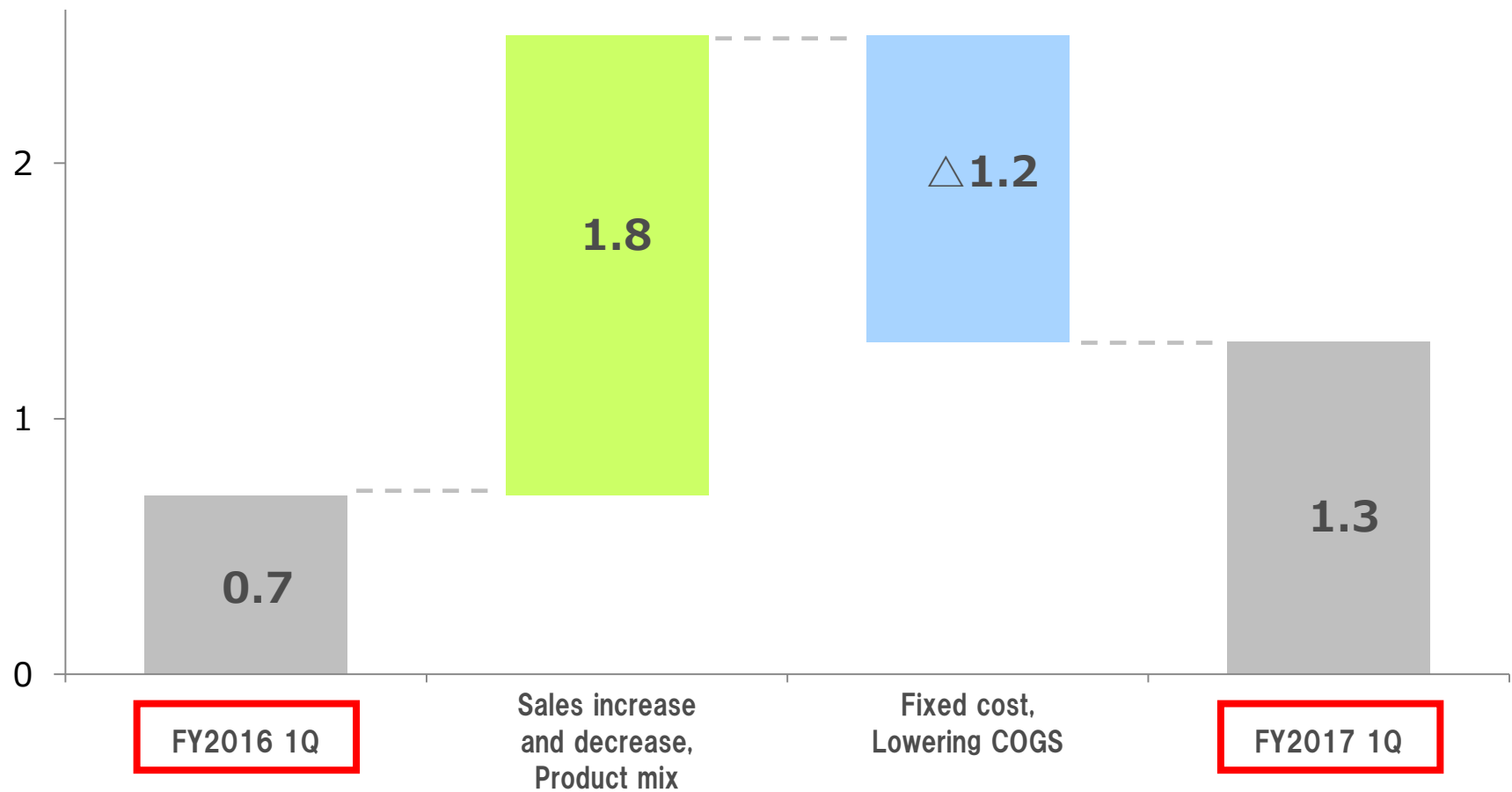
POC=Positioning Company/ SIB=Smart Infrastructure Business/ ECB=Eye Care Business

*"i-Construction" is a registered trademark of National Institute for Land and Infrastructure Management, MLIT, Japan.

FY2017 1Q Operating Income YoY Breakdown

<Significant profit growth>

(unit: Billion yen)



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I -2. Overview of 1Q

Review of 1Q Financial Results

+ Positive factors

- Sales growth in **IT construction** (YoY 130%)
- Sales recovery in **IT Agriculture** (YoY 130%)



**Significant improvement
in operating income
(YoY 226%)**

Topics

- Ray O'Connor/ POC CEO appeared on Bloomberg Government (June 21)
 - As a representative of AEM (Association of Equipment Manufacturers), he appeared on a talk session to discuss the social infrastructure and the future technical innovation in the US. He touched on the foreign government efforts in productivity enhancement such as i-Construction in Japan and the use of BIM in UK and underlined the need for a long-term commitment to infrastructure funding and for utilization of innovative technologies to the US government.

<https://www.aem.org/news/june-2017/aem-leaders-shore-up-u-s-s-infrastructure-competitiveness/>

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Review of 1Q Financial Results

+ Positive factors

- Favorably prevailing the **i-Construction** in Japan

Number of i-Construction works contract: YoY approx. 160%
TOPCON i-Construction related sales amount: YoY approx. 280%

- **New Total Station** sales expansion (YoY 110%)

➔ Significant improvement in operating income (YoY 269%)

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Topics

■ **Established another i-Construction Training Center** (Opened on July 20th)

- Following those in Fukushima and Kobe, the 3rd one was established in Kitakyushu corresponding to a increasing demand for i-Construction in Japan.

■ **Opened the experimental rice field at Kashiwa-city** (Released : May 19th)

- To promote IT Agriculture in domestic market, started the field test with our local Ag partner. This topic was broadcasted by TBS television program, "News23" on June 1st in Japan.

■ **Enhancement of core business** (Started from July)

Moved the production line of Total Stations to TOPCON Yamagata

- Moved the production of smart infrastructure products in addition to existing eye care products to TOPCON Yamagata as the domestic main factory. We intend to improve production efficiency while pursuing "Made In Japan" quality.

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Review of 1Q Financial Results

+ Positive factors

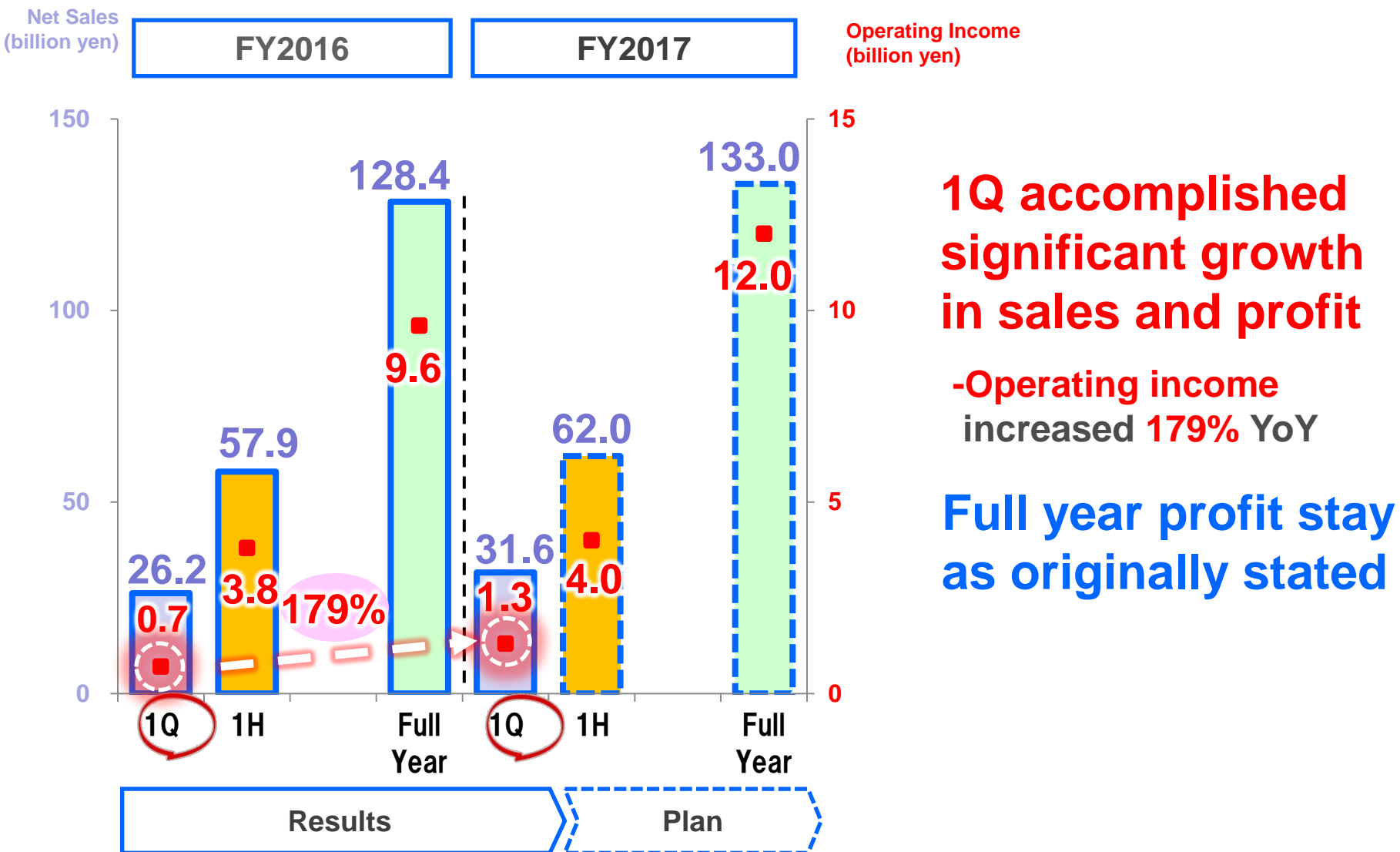
- Sales growth of **3D OCT** (YoY 120%)
- Sales growth in **Indian market** (YoY 120%)

- Negative factors

- **Cost increase due to upfront investment**
(Strengthen sales network of new business, R&D cost, Enhancement of FDA acquisition)
- **Temporarily on sales downturn in European market**

Ⅱ .FY2017 Full Year Plan

FY2015 Result and FY2016 Plan



FY2017 Full Year Plan

[Consolidated]		FY2016		FY2017 (unit: million yen)							
		1H	Full Year	1H				Full Year			
		Actual	Actual	New Plan	Change	YoY (%)	Announced on April 28th	New Plan	Change	YoY (%)	Announced on April 28th
Net Sales		57,939	128,387	62,000	2,000	107%	60,000	133,000	2,000	104%	131,000
Operating Income (Operating Income Ratio)		3,757 (6.5%)	9,551 (7.4%)	4,000 (6.5%)	0	106%	4,000 (6.7%)	12,000 (9.0%)	0	126%	12,000 (9.2%)
Ordinary Income		2,233	7,622	3,000	0	134%	3,000	10,000	0	131%	10,000
Net Income		634	4,395	1,200	0	189%	1,200	5,700	0	130%	5,700
ROE			7.4%					10%	-		10%
ROIC			5.5%					7%	-		7%
Dividends		¥8	¥16	¥10			¥10	¥20			¥20
Exchange Rate * (Average)	USD	¥106.43	¥109.03	¥108.78			¥105	¥107.03			¥105
	EUR	¥119.12	¥119.37	¥119.65			¥115	¥117.50			¥115

* Assumed exchange rate after July 2017 is ¥105/US\$, ¥115/EUR

FY2017 Full Year Plan by Business

[Consolidated]		FY2016		FY2017 (unit: million yen)							
		1H	Full Year	1H				Full Year			
		Actual	Actual	New Plan	Change	YoY (%)	Announced on April 28 th	New Plan	Change	YoY (%)	Announced on April 28 th
Net Sales	Positioning	27,166	60,602	31,000	2,000	114%	29,000	63,000	2,000	104%	61,000
	Smart Infrastructure	14,958	33,091	16,000	0	107%	16,000	35,000	0	106%	35,000
	Eye Care	19,611	43,148	20,000	0	102%	20,000	45,000	0	104%	45,000
	Others	1,736	3,708	2,000	0	115%	2,000	4,000	0	108%	4,000
	Elimination	-5,532	-12,163	-7,000	0	/	-7,000	-14,000	0	/	-14,000
	Total	57,939	128,387	62,000	2,000	107%	60,000	133,000	2,000	104%	131,000
Operating Income (Operating Income Ratio)	Positioning	2,472 (9.1%)	5,596 (9.2%)	3,200 (10.3%)	500	129%	2,700 (9.3%)	7,000 (11.1%)	500	125%	6,500 (10.7%)
	Smart Infrastructure	1,377 (9.2%)	3,939 (11.9%)	1,600 (10.0%)	200	116%	1,400 (8.8%)	4,700 (13.4%)	200	119%	4,500 (12.9%)
	Eye Care	1,269 (6.5%)	2,598 (6.0%)	500 (2.5%)	-700	39%	1,200 (6.0%)	2,800 (6.2%)	-700	108%	3,500 (7.8%)
	Others	-93 (-5.4%)	10 (0.3%)	0 (-)	0	-	0 (-)	0 (-)	0	-	0 (-)
	Goodwill Amortization	-1,268	-2,593	-1,300	0	/	-1,300	-2,500	0	/	-2,500
	Total	3,757 (6.5%)	9,551 (7.4%)	4,000 (6.5%)	0	106%	4,000 (6.7%)	12,000 (9.0%)	0	126%	12,000 (9.2%)
	Exchange Rate (Average)	USD	¥106.43	¥109.03	¥108.78	/	/	¥105	¥107.03	/	/
	EUR	¥119.12	¥119.37	¥119.65	/	/	¥115	¥117.50	/	/	¥115

【TOPCON WAY】

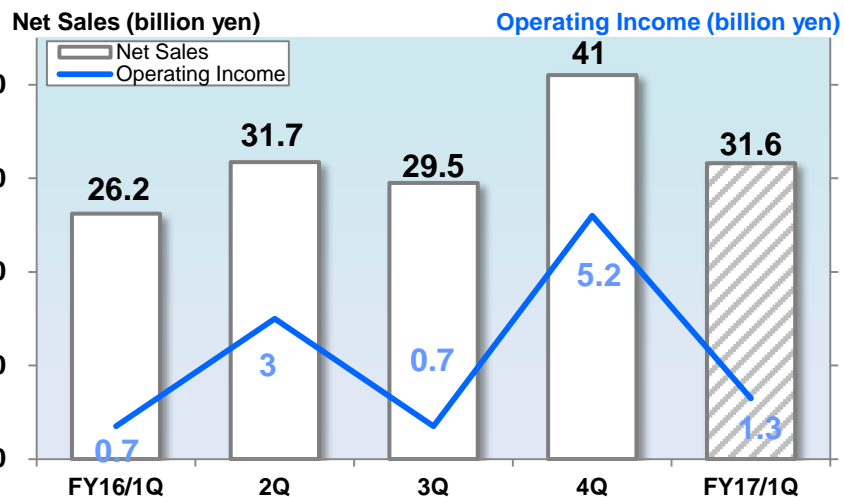
Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.



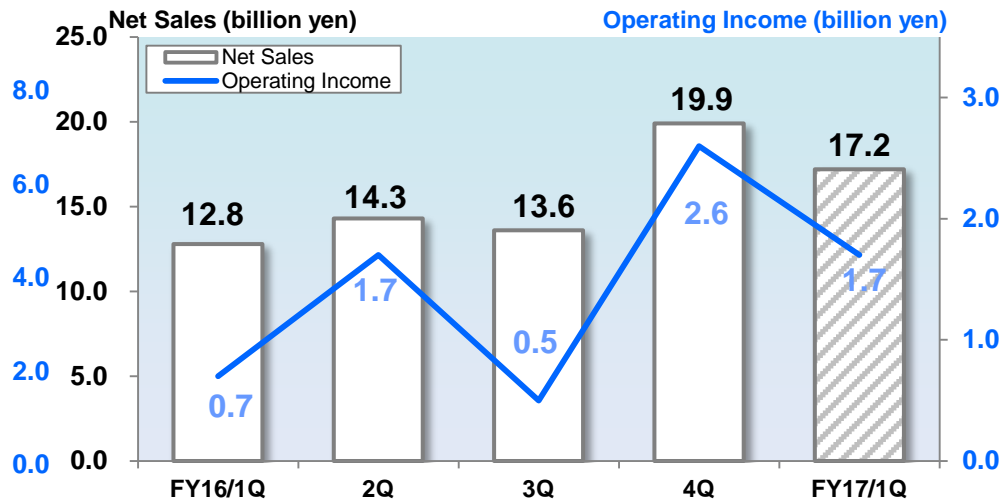
III. Appendix

Financial Results (Quarterly)

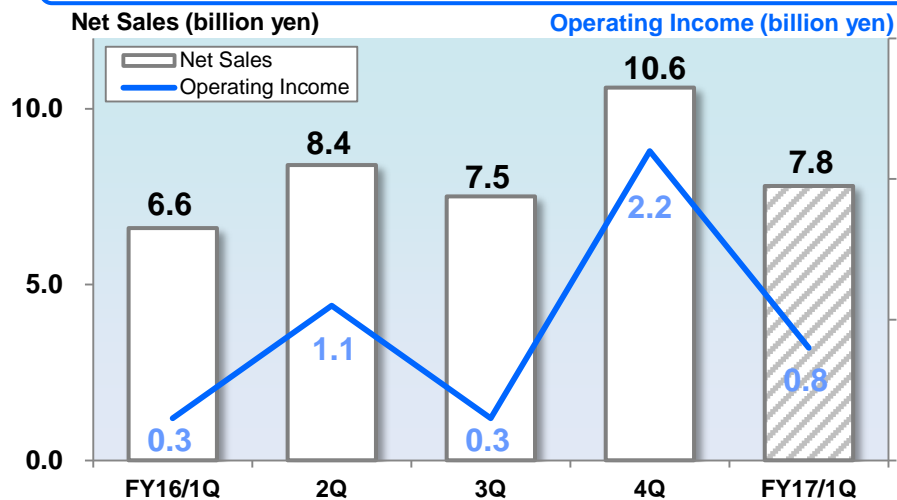
1. Consolidated



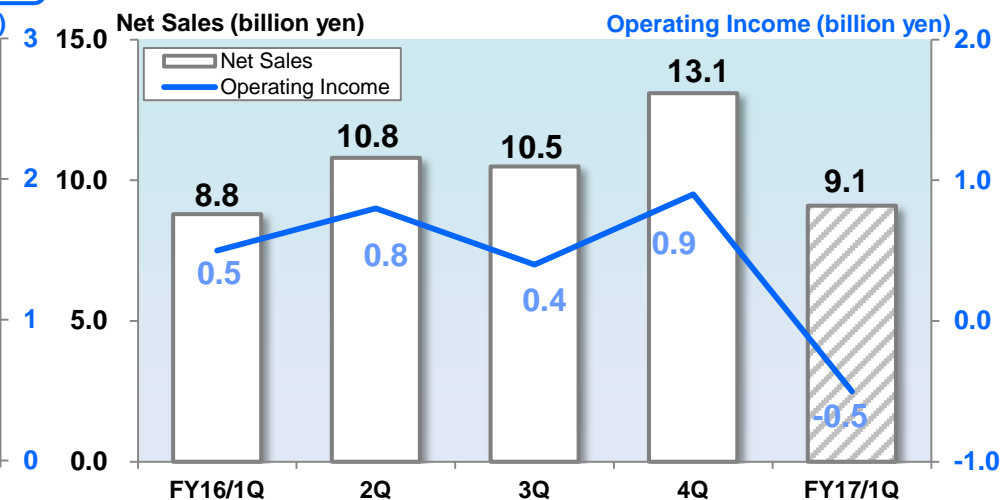
2. Positioning



3. Smart Infrastructure

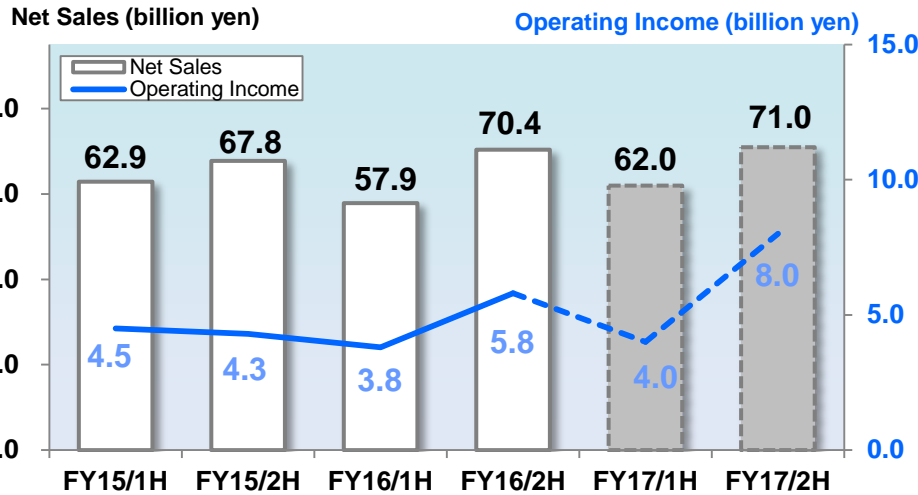


4. Eye Care

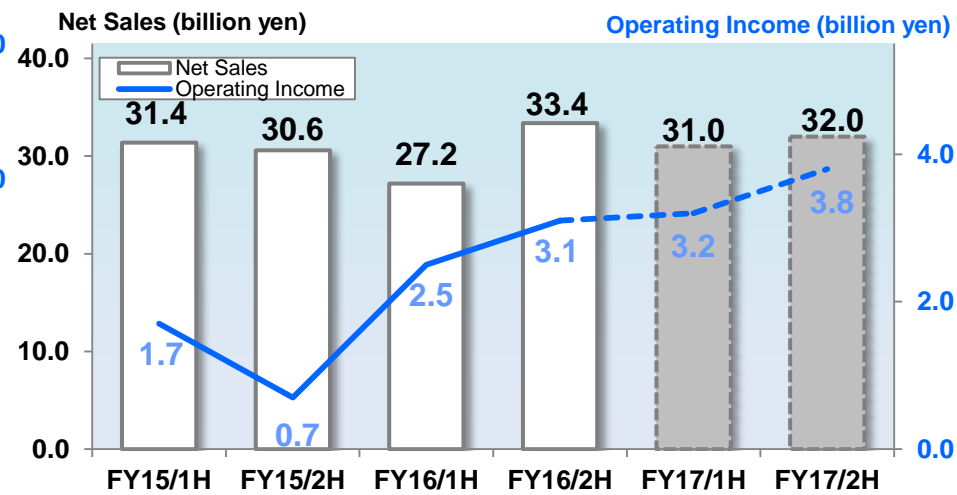


Financial Results and Plan (Semiannually)

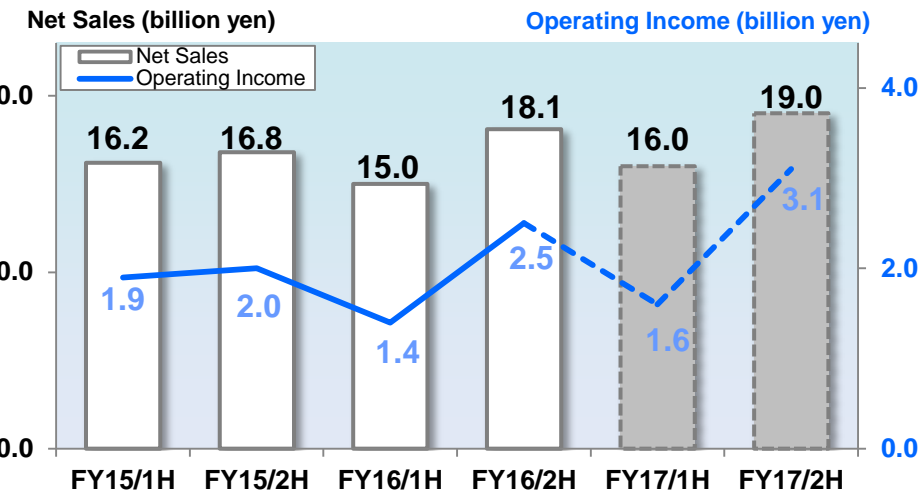
1. Consolidated



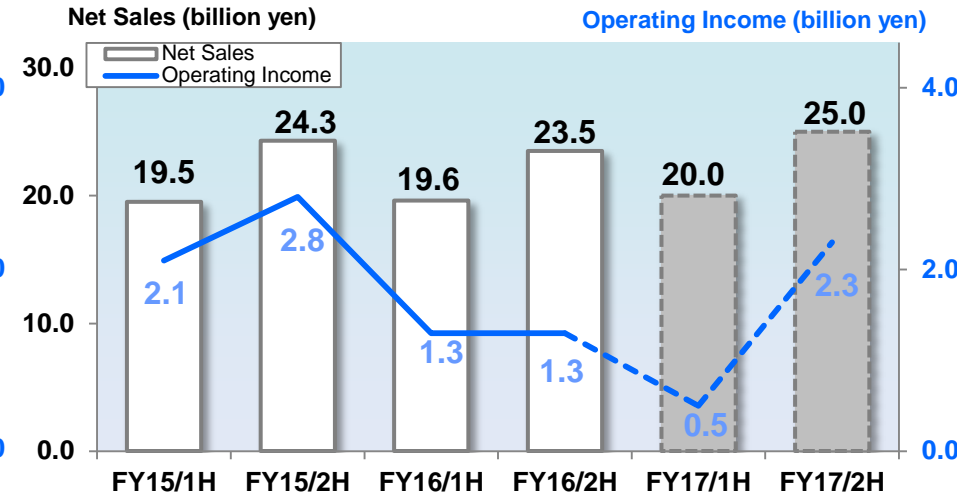
2. Positioning



3. Smart Infrastructure



4. Eye Care



Cautionary Note regarding Forward-Looking Statements

These materials contain forward-looking statements, including projections of future operating performance. Such statements are based on management's best judgment, given the materials available to them at the time these statements are made.

However, please be aware that actual performance may differ from projected figures owing to unexpected changes in the economic environment in which we operate, as well as to market fluctuations.

The original disclosure in Japanese was released on July 28, 2017 at 16:30(UTC+9)



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