

HOYA Corporation

Q3 FY2021 Earnings Presentation

February 1, 2022

Forward Looking Statement

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CEO Transition

On December 22, we announced the resignation of CEO Hiroshi Suzuki and the appointment of current CTO Eiichiro Ikeda as the next CEO. The key points of this announcement are as follows.

Background of Resignation

- Mr. Suzuki has been CEO for more than 20 years and is now in his 60s, and he wanted to spend more time with his family.
- About a year ago, he approached the Nomination Committee and agreed to step down when the business stabilizes from the COVID impact.



Succession Process

- The Nomination Committee, which has been discussing the Succession Plan for some time, began selecting specific candidates.
- The committee selected Mr. Ikeda, who has a proven track record and is well versed in technological development, which is the source of growth.



Upcoming Schedule

- Mr. Suzuki to pass the CEO baton to Mr. Ikeda on March 1.
- Plan to explain new management direction at FY21 Q4 earnings announcement.

Introduction of the Incoming CEO



Eiichiro Ikeda
March 17, 1970
Graduated from Chuo University, Bachelor of Science and Engineering

Apr. 1992	Joined HOYA
Jan. 2010	General Manager of Media, Memory Disk (MD)
Feb. 2010	Co-CEO of Memory Disk (MD) & General Manager of Media
Sept 2010	Head of HOYA Optical Lens
June 2013	Executive Officer & Chief Operating Officer (COO), Information Technology
June 2015	Executive Officer & COO, Information Technology & Chief Technology Officer (CTO)
Mar. 2018	Executive Officer & COO, Information & Technology & CTO & President of HOYA Eye Care
Mar. 2020	Executive Officer, Group Chief Technology Officer (CTO)
Mar. 2022	Representative Executive Officer and Chief Executive Officer (CEO)

Key Takeaways

1. Achieved record-high revenue and operating profit.
2. Life Care sales continued to recover and exceeded pre-COVID levels, despite concerns around the resurgence caused by variants.
3. All products achieved double-digit growth in the Information Technology Business. 3.5" substrates for data centers maintained momentum.
4. We will launch a share buyback program (amount up to ¥60bn): the policy of returning excess cash to shareholders while prioritizing investment for growth remains unchanged.

Financial Overview

(¥bn)	Q3 FY20	Q2 FY21	Q3 FY21	YoY	QoQ
Revenue	146.9	162.6	171.3	+17%	+5%
Pretax Profit	45.8	54.0	51.9	+13%	-4%
Net Profit	36.9	43.0	40.9	+11%	-5%
cf. Operating Profit	46.1	49.2	53.5	+16%	+9%
cf. Operating Profit Margin	31.4%	30.3%	31.3%	-0.1ppt	+1.0ppt

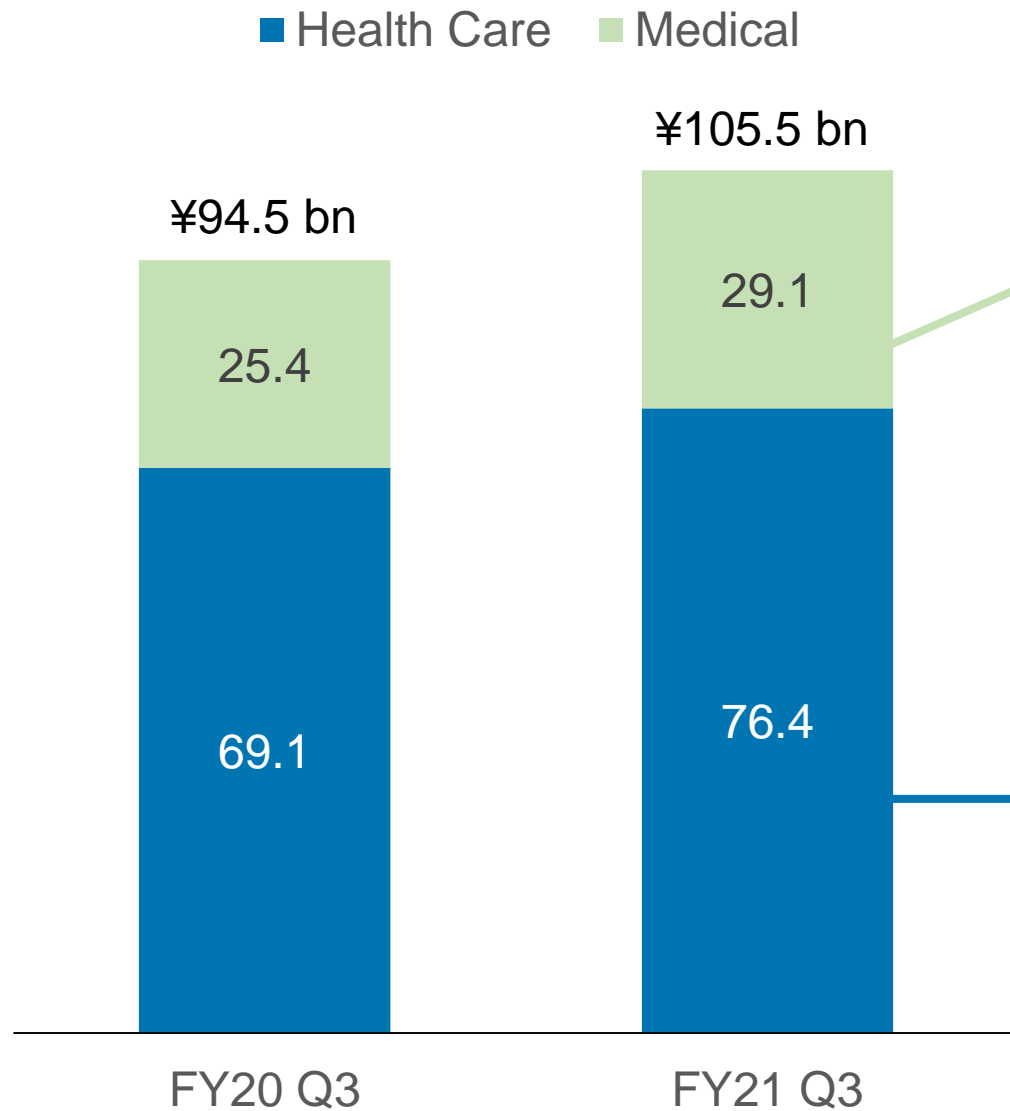
- On a constant currency basis, growth rate was +11% for revenue and +9% for PTP
- PTP declined QoQ due to FX loss of ¥1.9 bn in Q3 against FX gain of ¥3.0 bn in Q2.

Life Care

(¥bn)	Q3 FY20	Q2 FY21	Q3 FY21	YoY	QoQ
Revenue	94.5	99.1	105.5	+12%	+6%
Pretax Profit	20.7	23.4	21.5	+4%	-8%
cf. Operating Profit	21.7	19.8	23.2	+7%	+17%
cf. Operating Profit Margin	23.0%	19.9%	22.0%	-1.0ppt	+2.1ppt

- On a constant currency basis, growth rate was +7% for revenue and +1% for PTP
- Compared to pre-Covid (FY19 Q3), revenue was +7% (excluding the impact of the reactionary decline in contact lenses following the tax hike)

Life Care: Revenue by Product



Endoscopes [YoY +9% / vs FY19 -1%]

- Secured growth despite procurement of components remained constrained.

- We will continue to focus on securing components.

IOLs [YoY +6% / vs FY19 +12%]

- Europe drove growth. Japan started to recover.

- Continue to develop new tech & bolster sales force.

Eyeglass Lenses [YoY +5% / vs FY19 +8%]

- Robust sales in APAC (especially in China).

- Focus on high-end products such as photochromic lenses and MiYOSMART.

Contact Lenses [YoY +8% / vs FY19 +6%**]

- Increased outings led to contact lens consumption.

- Acquired company operating over 10 stores. We will continue to focus on M&A.

*Constant currency basis

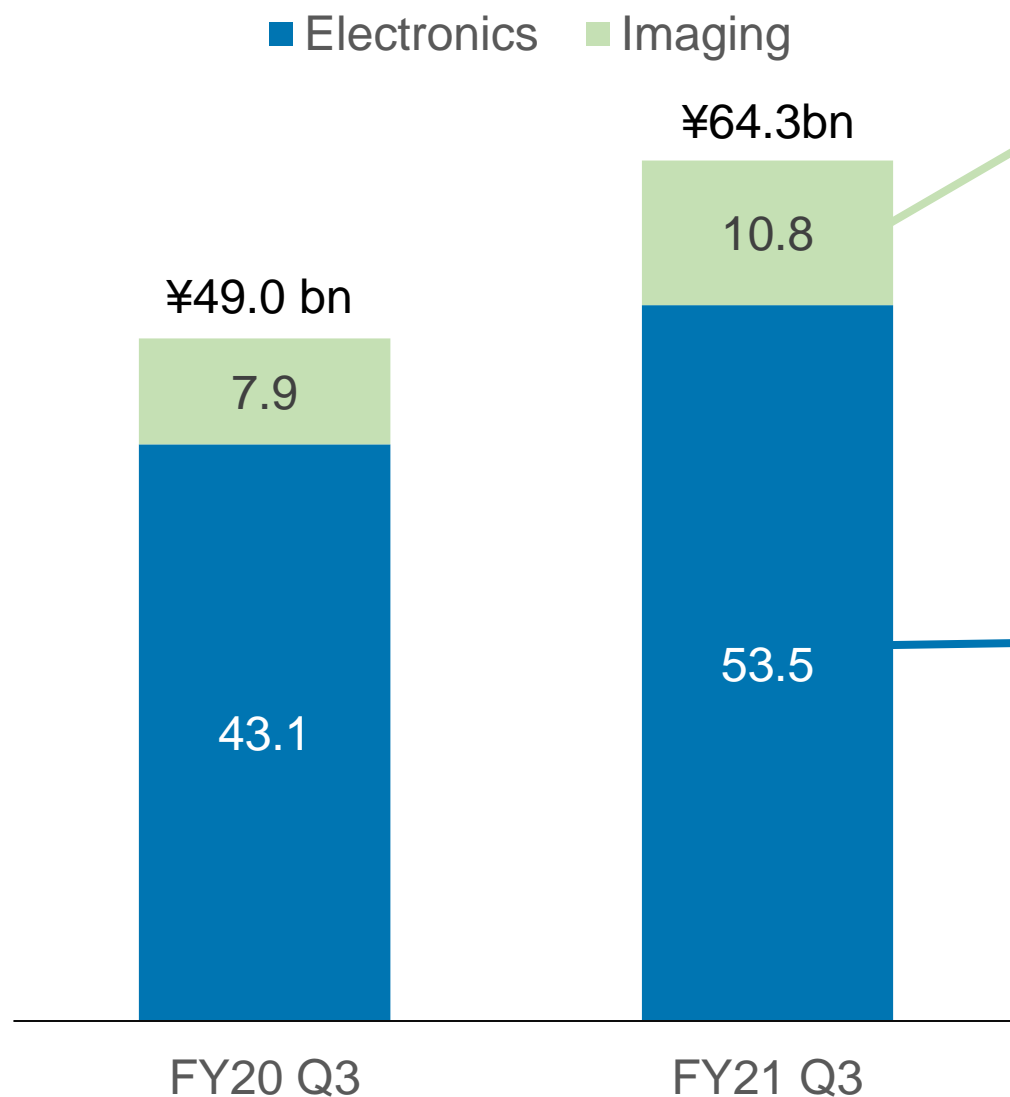
** Excluding the impact of the reactionary decline in contact lenses following the tax hike (approx. 2.9 billion yen)

Information Technology (IT)

(¥bn)	Q3 FY20	Q2 FY21	Q3 FY21	YoY	QoQ
Revenue	51.1	62.0	64.3	+26%	+4%
Pretax Profit	23.9	31.0	31.3	+31%	+1%
cf. Operating Profit	25.1	30.1	31.1	+24%	+3%
cf. Operating Profit Margin	49.2%	48.6%	48.4%	-0.8ppt	-0.2ppt

- On a constant currency basis, growth rate was +19% for revenue and +25% for PTP

IT: Revenue by Product



Imaging [YoY +27%]

- Continued demand for high unit price lenses for mirrorless cameras, etc.
- Monitoring the semi-shortage in the camera industry.

Mask & Blanks [YoY +14%]

LSI

- Sustained momentum in EUV blanks.
- Maximize existing EUV capacity to meet demand.

FPD

- R&D demand gradually recovered, led by the Chinese market.
- Start operation of high-precision mask writer in Q4.

HDD Substrates [YoY +23%]

- 3.5" sets sales record, 2.5" back to decline.
- 3.5" sales are expected to adjust temporarily, but mid-to long-term growth outlook remains unchanged.

*Constant currency basis

Highlights from the Balance Sheet & Cash Flow

Cash

- FCF generated in Q3 was 40.8 bn yen (+7.5 bn yen YoY)
- Cash & cash equivalents increased to 416.0 bn yen (+98.0 bn yen YoY)

CAPEX*

- Q3 actual was 5.5 bn yen (-3.2 bn yen YoY)
- We expect around 30 bn yen this fiscal year**

D&A

- Q3 was 10.7 bn yen (+1.5 bn yen YoY); flat-ish QoQ
- We expect around 43.0 bn yen annual D&A***

* Cash flow basis. Acquisition of PPE

** Decision basis. It may vary depending on the timing of cash-out. No change from the previous forecast.

*** No change from the previous forecast.

Guidance

Q4 Guidance

(¥bn)	Q4 FY20	Q4 FY21	YoY	QoQ
Revenue	151.4	163.1	+8%	-5%
Pretax Profit	41.3	48.1	+16%	-7%
Net Profit	30.8	37.8	+23%	-8%

Full Year Guidance

(¥bn)	FY20	FY21	YoY
Revenue	547.9	655.0	+20%
Pretax Profit	159.2	205.0	+29%
Net Profit	125.2	163.0	+30%

Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2022 is referred to as “FY21” throughout this document.
- ✓ Figures less than 100 million yen are rounded down. Accordingly, some discrepancies may occur among totals. Ratios are calculated using actual numbers.
- ✓ Operating profit is calculated as reference information for investors; calculated by deducting finance income/costs, share of profits(loss) of associates, foreign exchange gain/loss and other temporary gain/loss from pretax profit.
- ✓ We have omitted a detailed breakdown of financial statements.
Please refer to the *tanshin* or the quarterly report for detailed numbers.
<http://www.hoya.co.jp/english/investor/library.html>

Moving
towards
the next **80** years →