

# HOYA Corporation

Q3 FY23 Earnings Presentation

February 1, 2024

# Forward-looking Statement

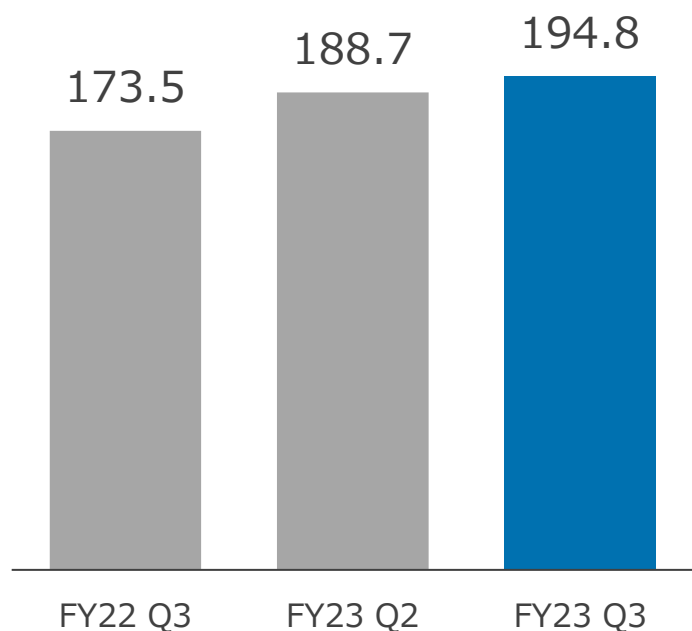
HOYA may make comments and disclose information which include forward-looking statements with respect to HOYA's plans and future performance. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements and are based on management's assumptions and beliefs in light of the information available when such statements were prepared, including exchange and interest rates, international situations, market trends and economic conditions, competition, production capacity, estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory, clinical or research and development capabilities, results or practices, customer patterns or practices, reimbursement activities and outcomes, effects of pandemics or other widespread health problems, and other such estimates and results. HOYA does not guarantee the accuracy or completeness of such information and HOYA does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

# 01. Financial Results

# Financial Overview

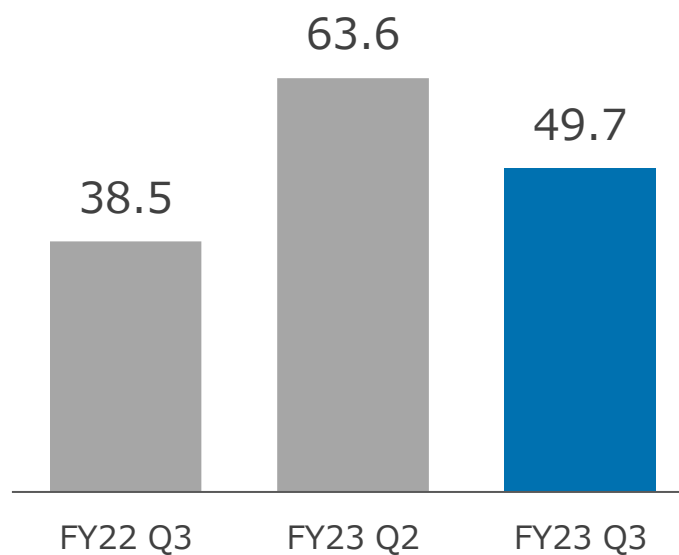
- Both the Life Care business, which saw positive growth in all products, and the Information Technology business, which saw a significant rebound in HDD substrates from the previous year, recorded double-digit sales growth, setting a new record for quarterly sales.
- Operating profit reached a record high, partly due to a short-term cost reduction in the Information Technology business.

Revenue (¥bn)



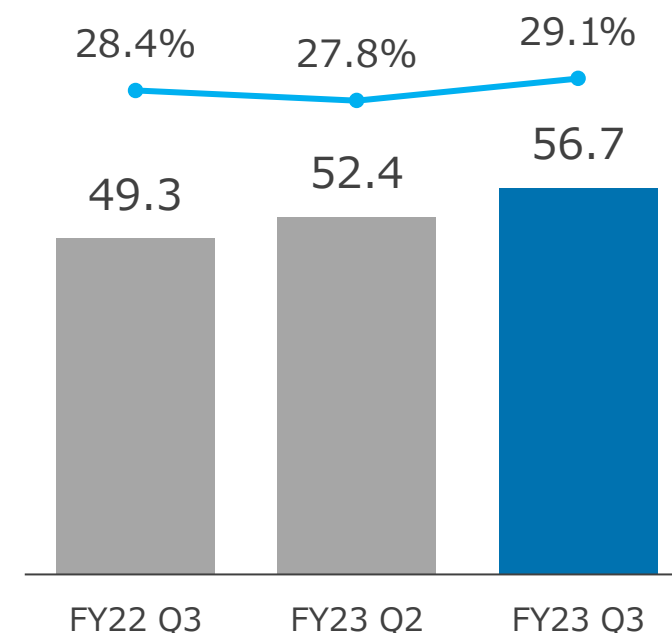
YoY +12% (CC\* +8%)

Pretax Profit (¥bn)



YoY +29% (CC +25%)

Cf. Operating Profit/OPM

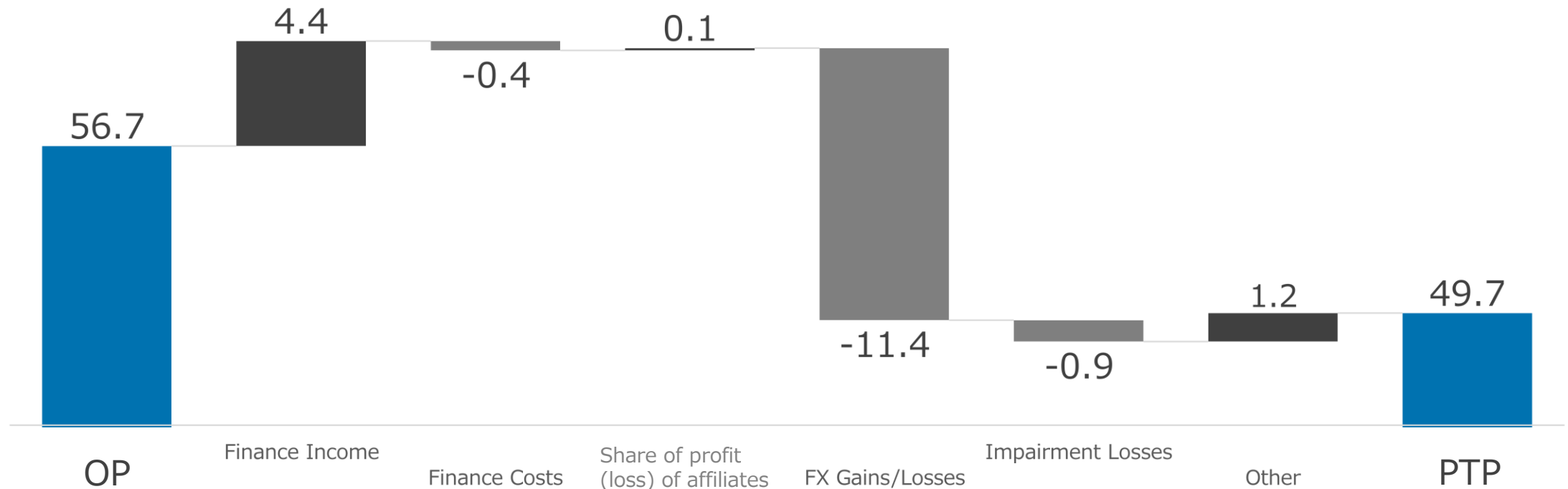


YoY +15% (CC +12%)

# Profit Variance Bridge

- The 7 billion yen difference between pretax profit and operating profit is mainly due to a FX loss of 11.4 billion yen.
- Pretax profit decreased QoQ, as FX gains and business divestitures were recorded in Q2.

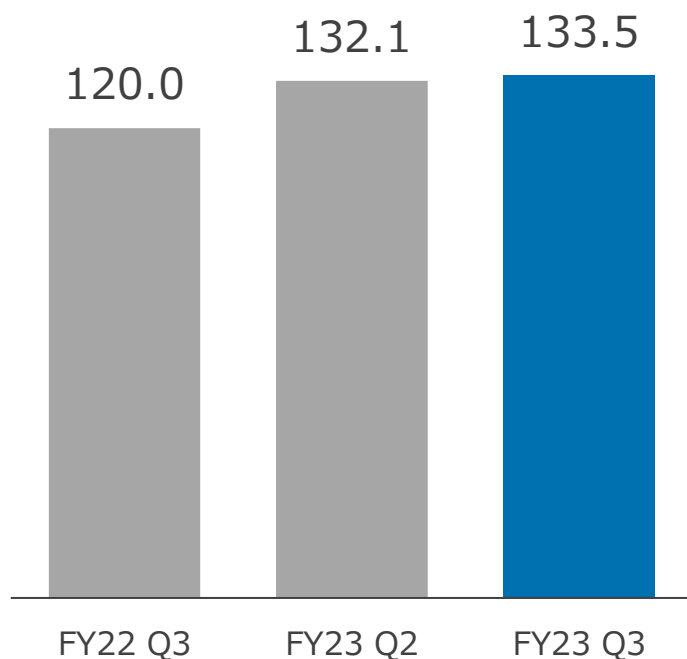
FY23 Q3 Operating Profit – Pretax Profit Variance Bridge (¥bn)



# Life Care Business Overview

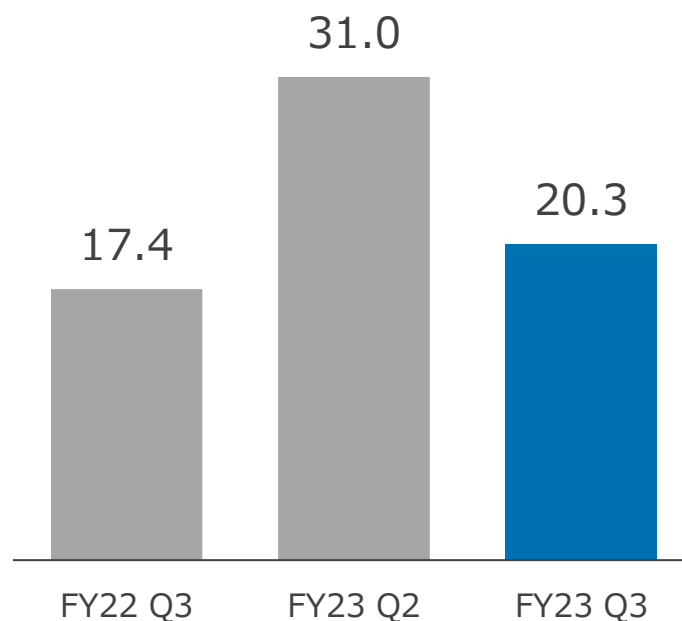
- Achieved revenue growth backed by healthy demand for all products.
- We kept the operating profit margin in the range of around 20%, which is our guideline.

Revenue (¥bn)



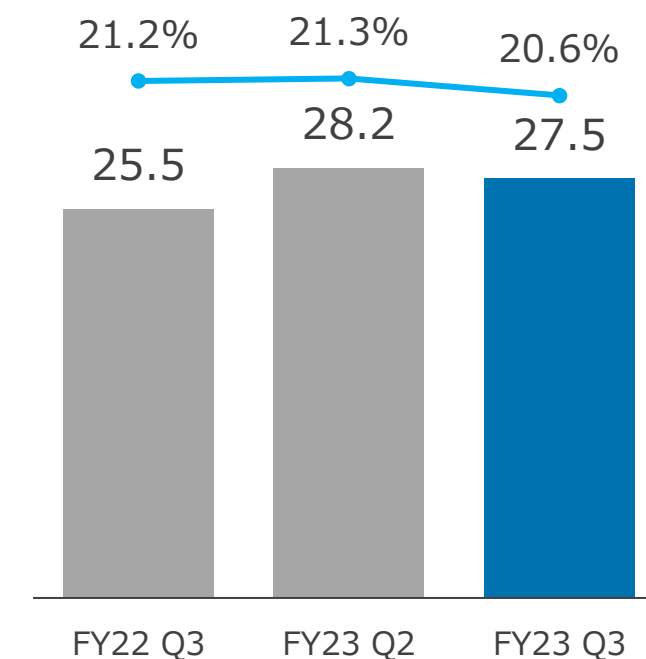
YoY +11% (CC +6%)

Pretax Profit (¥bn)



YoY +17% (CC +12%)

Cf. Operating Profit/OPM



YoY +8% (CC +4%)

# Life Care Overview by Product: Eyeglass Lenses

Reported Basis

Constant Currency Basis

Sales Growth

**+12%**

**+6%**

## Current Quarter

- MiYOSMART which added a photochromic version to the family and performance in chain stores contributed to sales growth.
- Sales was sound for LifeStyle 4, a new progressive lens product, and Hi-Vision Meiryu, a new lens coating product.

## Challenges / Prospects

- Ensure demand in Q4, the peak season, while keeping a close eye on the weakening Chinese macro environment.
- Continue to expand value-added products such as the MiYOSMART family and Hi-Vision Meiryu to strengthen product portfolio.



# Life Care Overview by Product: Contact Lenses

Reported Basis

Constant Currency Basis

Sales Growth

**+7%**

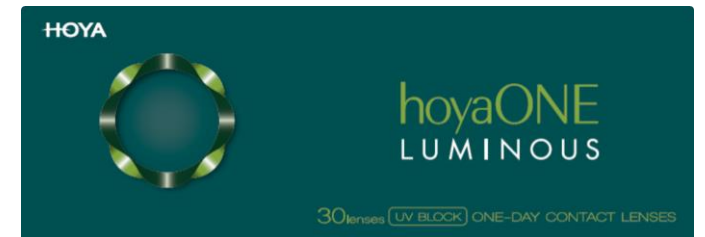
**+7%**

## Current Quarter

- Private brand products (hoyaONE series) and online sales kept momentum.
- Unit price per customer increased continuously, driven by high value-added products.

## Challenges / Prospects

- Launched new PB product hoyaONE LUMINOUS on February 1st.
- Continue to rollout stores based on research & analysis recently conducted.
- Improve customer retention through PB products, online sales and improved purchase experience.





# Life Care Overview by Product: Endoscopes

Reported Basis

Constant Currency Basis

Sales Growth

**+9%**

**+2%**

## Current Quarter

- The U.S. subsidiary, which is under organizational reforms, turned to positive sales growth.
- The anti-corruption campaign affected sales activity in China.
- Profitability improved due to sales expansion and cost reduction.

## Challenges / Prospects

- Expand sales of INSPIRA and bolster development of new products.
- Continue to implement structural reforms of the U.S. organization.
- Materialize further profit expansion.



# Life Care Overview by Product: Intraocular Lenses

Reported Basis

Constant Currency Basis

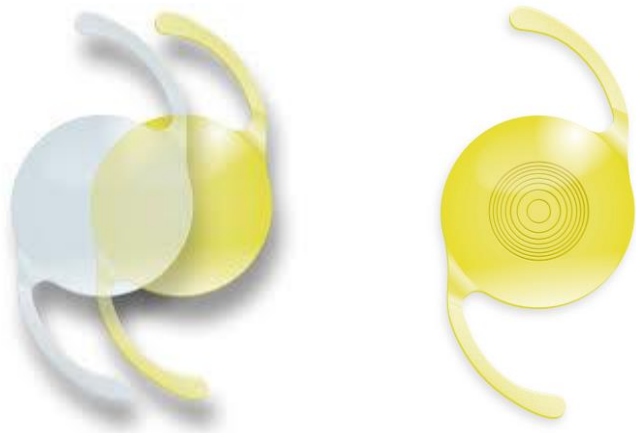
Sales Growth

**+18%**

**+13%**

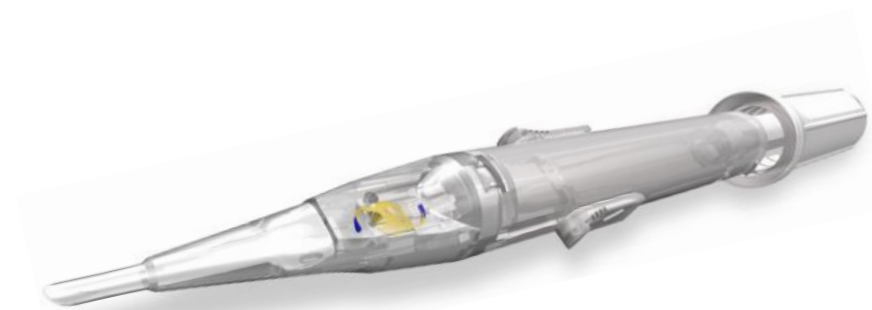
## Current Quarter

- Sales grew in all regions above high single-digit YoY.
- Despite the concerns around the volume-based procurement (VBP) and the anti-corruption campaign, double-digit growth continued in China.



## Challenges / Prospects

- Closely monitor the VBP program and anti-corruption campaign in China.
- Move forward the localization of production in China.
- Launch tri-focal IOLs in the Japanese market.



# Life Care Overview by Product: Artificial Bones, etc.

Reported Basis

Constant Currency Basis

Sales Growth

**+12%**

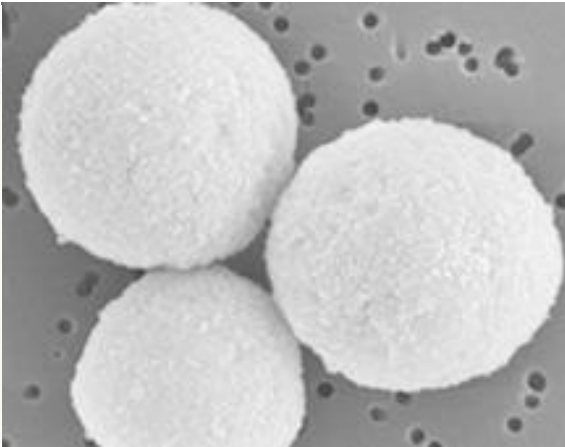
**+8%**

## Current Quarter

- Steady sales growth was achieved across the board for major products such as artificial bones, endoscope washers, and surgical instruments.

## Challenges / Prospects

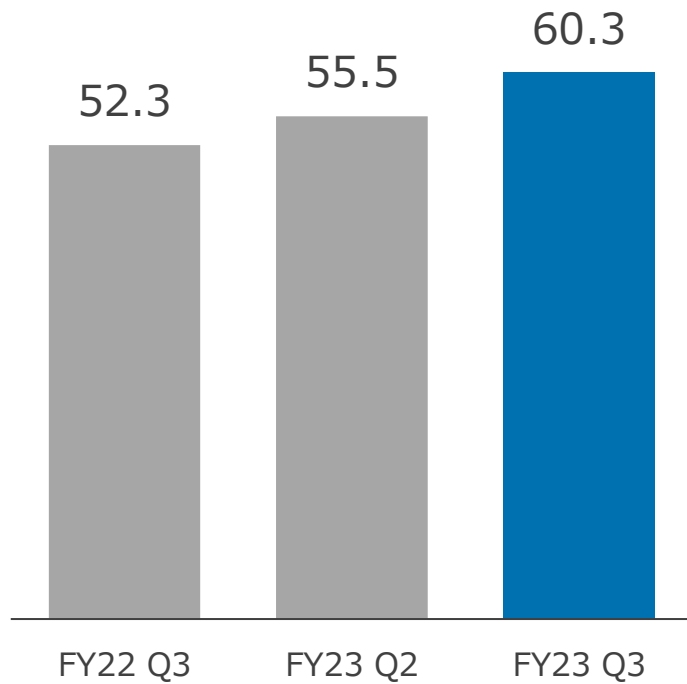
- Continuously launch new products in each product category.
- Expand production capacity of chromatography media.



# Information Technology Business Overview

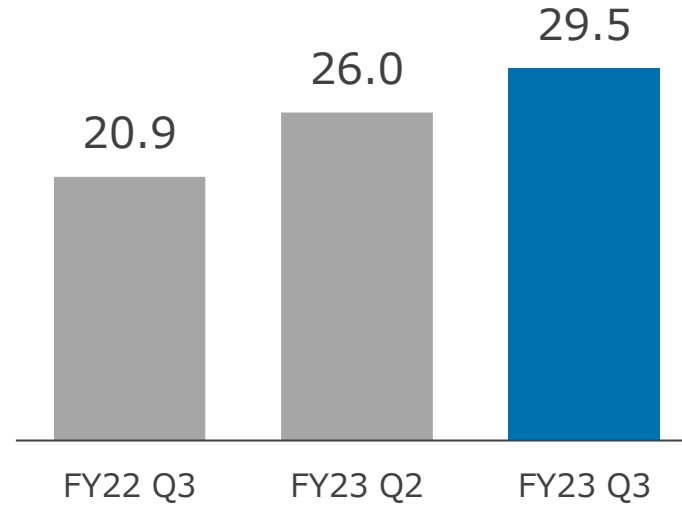
- The Information Technology business posted double-digit sales growth due to a rebound in sales of HDD substrates compared to the same period last year, when production was drastically reduced. In addition, sales of imaging increased on the back of strong sales of optical products for mirrorless cameras.
- Profitability was higher than usual due to continued cost reductions while HDD substrate sales were higher-than expected.

Revenue (¥bn)



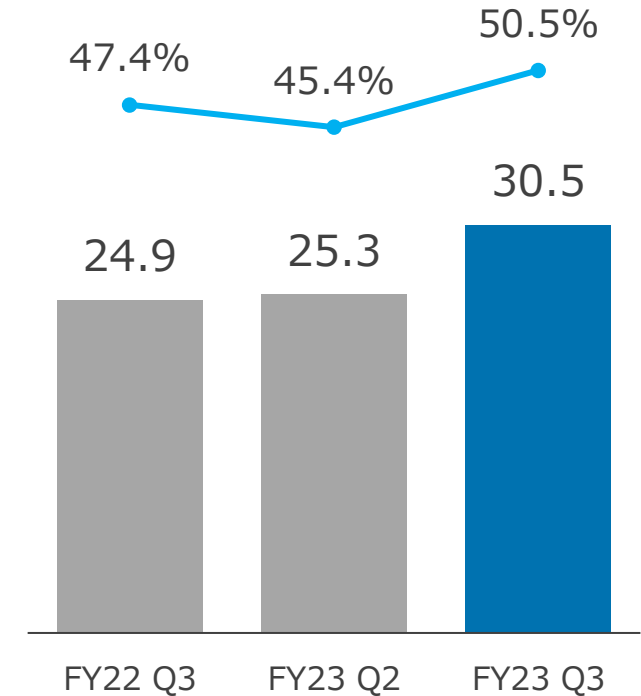
YoY +15% (CC +13%)

Pretax Profit (¥bn)



YoY +42% (CC +39%)

Cf. Operating Profit/OPM



YoY +23% (CC +21%)

# Information Technology Overview by Product: LSI

Reported Basis

Constant Currency Basis

Sales Growth

**-3%**

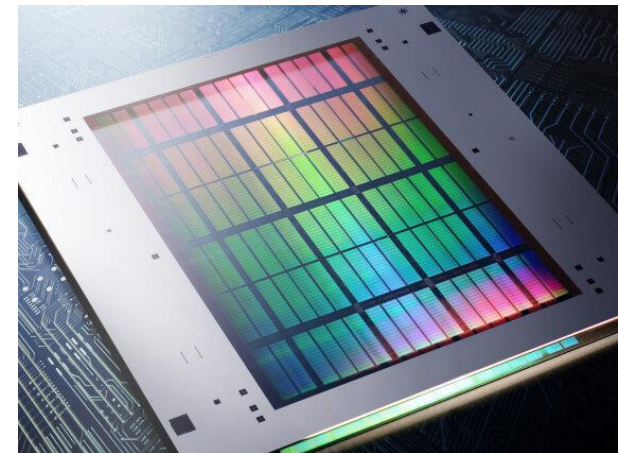
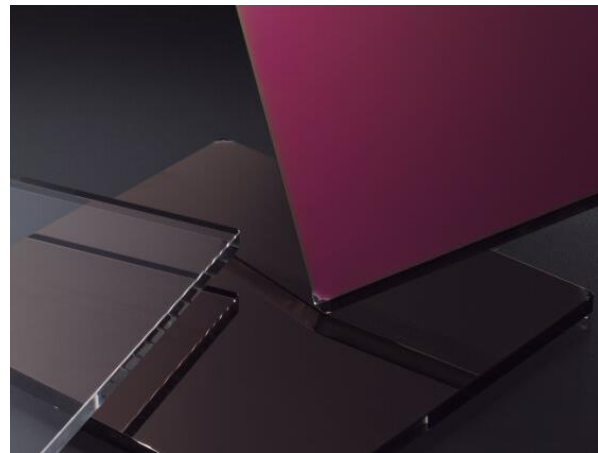
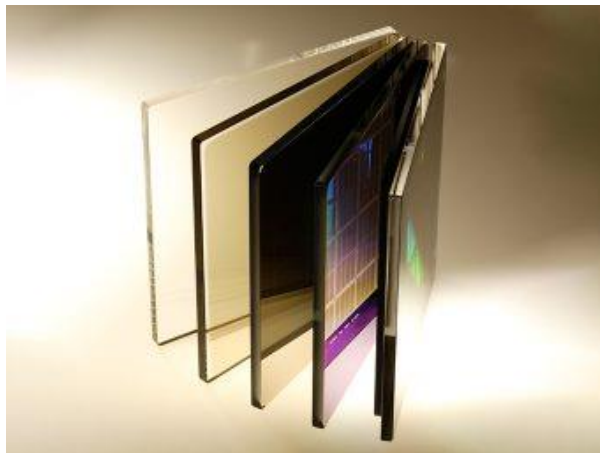
**-3%**

## Current Quarter

- EUV Blanks sales were down YoY; however, the demand increased slightly QoQ as expected.
- Demand for DUV blanks remained stable, especially at matured nodes.

## Challenges / Prospects

- Maintain technology leadership in next generation products including blanks for High NA and phase shift masks.
- Continue activities to expand customer base targeting next-generation nodes.



# Information & Communication Overview by Product: FPD

Reported Basis

Constant Currency Basis

Sales Growth

**-9%**

**-10%**

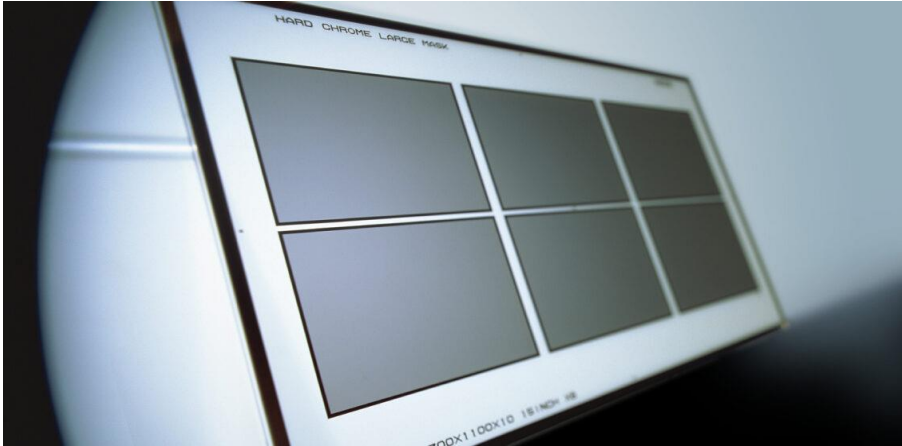
## Current Quarter

- Sales decreased due to lower production capacity at our end, affected by the replacement of equipment and other factors.
- Plant construction in Chongqing, China proceeded on schedule.



## Challenges / Prospects

- Capture demand for advanced OLED products in China and Korea.
- Progress the construction of the Chongqing plant; the building will be completed soon.



# Information Technology Overview by Product: HDD Substrates

Reported Basis

Constant Currency Basis

Sales Growth

**+73%**

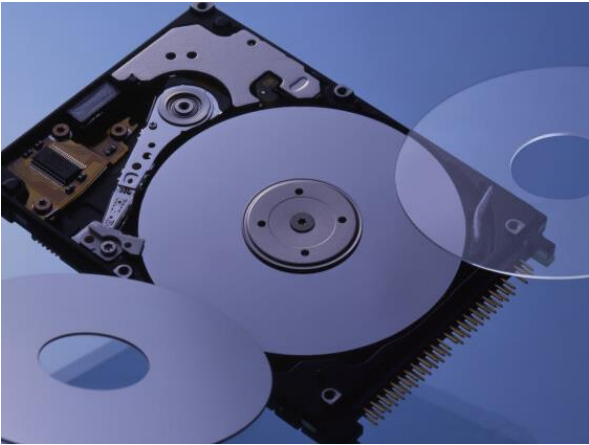
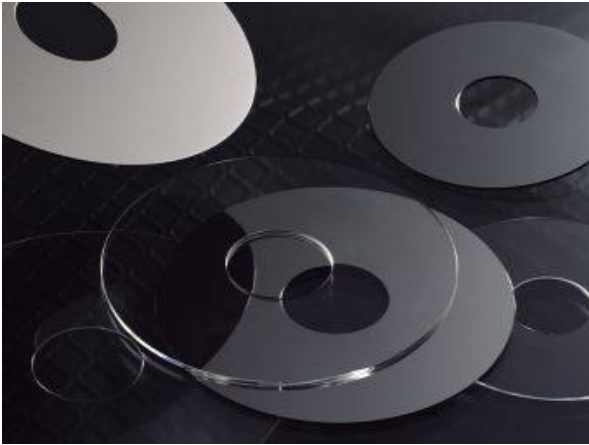
**+66%**

## Current Quarter

- Data usage by end customers increased and HDD inventory digestion progressed to a certain extent.
- Sales increased significantly, mainly due to low comparisons vs last year, when significant production cutbacks were made.

## Challenges / Prospects

- Still requires caution, but we expect a recovery in demand for substrates in line with the gradual recovery of the near-line HDD market.
- We will continue to focus on efforts to expand customer base.



# Information Technology Overview by Product: Imaging

Reported Basis

Constant Currency Basis

Sales Growth **+19%**

**+16%**

## Current Quarter

- Sales of interchangeable lenses were sound due to the launch of new mirrorless camera models, etc.

## Challenges / Prospects

- Closely monitor the inventory situation in the mirrorless camera market.
- Continuously search for opportunities to expand business domain by leveraging optical technology.





# Balance Sheet/Cash Flow Related Matters



## Cash Position/ Shareholder Return

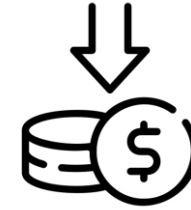
- Cash and cash equivalents decreased by 15.0 billion yen QoQ due to FX impact and shareholder returns
- We will maintain our policy to return excess cash to shareholders in a timely manner, considering the cash flow on an annual basis.



## CapEx\*

- Q3 results: 10.3 billion yen (YoY +2.2 billion yen)
- FY23 annual forecast is around 45 billion yen\*\*.

\*CF basis. Acquisition of PPE  
\*\*Increase from the budget at the beginning of the year due to FX fluctuations (including D&A, actual results are expected to fluctuate depending on FX rates).



## D&A

- Q3 results: 11.4 billion yen (YoY -1.2 billion yen)
- FY23 full year is expected to be around 50 billion yen on CC basis, the same level as the previous year.

## **02. Q4 & Full Year Guidance**

# Q4 & Full Year Guidance

**Q4:** Although sales in the Information Technology business are expected to decline due to a large rebound in HDD substrate sales from Q3 to Q4 of the previous year, overall sales are expected to increase due to continued strong demand in the Life Care business.

**Full year:** Record-high revenue and pretax profit are expected.

(¥bn)	Q4 FY22	Q4 FY23	YoY	QoQ
Revenue	185.8	190.2	+2%	-2%
Pretax Profit	54.0	52.5	-3%	+6%

Q4 FX assumptions USD=¥145, EUR=¥157

(¥bn)	FY22	FY23	YoY
Revenue	723.6	756.0	+4%
Pretax Profit	215.8	217.0	+1%

# Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2024 is referred to as “FY23” 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 detailed breakdown of financial statements.  
Please refer to the tanshin or the quarterly report for detailed numbers.  
<https://www.hoya.com/en/investor/kessan/>

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