

# Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2019 (Japanese GAAP)

August 5, 2019

Company name: Hamamatsu Photonics K.K. Stock listing: Tokyo Stock Exchange First Section  
 Stock code: 6965 URL: <https://www.hamamatsu.com/ir/index.html>  
 Representative: Akira Hiruma, President and Chief Executive Officer  
 Contact: Kazuhiko Mori, Director and General Manager of Accounting Div. (Phone: +81-53-452-2141)  
 Scheduled date to file quarterly securities report: August 8, 2019  
 Scheduled date to begin dividend payments: –  
 Supplementary materials to the financial statements have been prepared: None  
 Presentation will be held to explain the financial statements: None

Note: All amounts are rounded down to the nearest million yen

## 1. Consolidated financial results for the nine months ended Jun. 30, 2019 (From Oct. 1, 2018 through Jun. 30, 2019)

### (1) Consolidated operating results

Note: Percentage figures represent changes from the same period of the previous year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Jun. 30, 2019	108,024	0.4	19,379	(9.6)	19,991	(8.8)	15,237	(4.8)
Nine months ended Jun. 30, 2018	107,642	12.2	21,436	30.1	21,925	25.6	16,011	21.9

Note: Comprehensive income

Nine months ended Jun. 30, 2019: 12,411 million yen [(20.8)%]

Nine months ended Jun. 30, 2018: 15,665 million yen [(8.4)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Jun. 30, 2019	98.43		-	
Nine months ended Jun. 30, 2018	102.84		-	

Note: At the end of the previous fiscal year, we finalized the provisional accounting treatment for a business combination. For the third quarter of fiscal year ended Sep. 30, 2018, we used figures reflecting the finalization of the provisional accounting treatment.

### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30, 2019	253,971		200,194		78.5	
As of Sep. 30, 2018	244,914		193,985		78.9	

For reference: Equity

As of Jun. 30, 2019: 199,479 million yen

As of Sep. 30, 2018: 193,317 million yen

Note: From the beginning of the first quarter of this fiscal year, we applied "Partial Amendments to Accounting Standard for Tax Effect Accounting." We used figures after retroactive adjustment for fiscal year ended Sep. 30, 2018.

## 2. Dividends

(Base date)	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full FY
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2018	-	17.00	-	20.00	37.00
Fiscal year ending Sep. 30, 2019	-	20.00	-		
Fiscal year ending Sep. 30, 2019 (Forecast)				20.00	40.00

Note: Revision of the forecasts for dividends most recently announced: No

## 3. Forecast of consolidated financial results for the fiscal year ending Sep. 30, 2019 (From Oct. 1, 2018 through Sep. 30, 2019)

Note: Percentage figures represent changes from the same period of the previous year.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Sep. 30, 2019	146,300	1.4	26,100	(4.3)	26,700	(4.9)	20,200	(4.8)	130.49

Note: Revision of the forecasts for consolidated financial results most recently announced: No

4. Others

- (1) Changes in consolidated subsidiaries (Changes in scope of consolidation): None
- (2) Application of special accounting treatment for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting principles, changes in accounting estimates, and changes in presentation due to revisions
  - (a) Changes in accounting principles accompanying revisions in accounting standards: None
  - (b) Changes other than those in (a) above: None
  - (c) Changes in accounting estimates: None
  - (d) Changes in presentation due to revisions: None
- (4) Number of shares outstanding
  - (a) Number of shares outstanding at end of period including treasury shares
    - As of Jun. 30, 2019: 165,011,568 shares
    - As of Sep. 30, 2018: 165,011,568 shares
  - (b) Number of treasury shares at end of period
    - As of Jun. 30, 2019: 10,213,968 shares
    - As of Sep. 30, 2018: 10,213,968 shares
  - (c) Average number of shares issued during the period
    - Nine months ended Jun. 30, 2019: 154,797,600 shares
    - Nine months ended Jun. 30, 2018: 155,700,618 shares

## 1. Qualitative Information Related to Consolidated Performance for the Third Quarter of this Fiscal Year

### (1) Operating Results

During the third quarter of this fiscal year (nine months ended June 30, 2019), although Japan's economy traced a gradual recovery trend backed by factors including recovery in personal consumption, affected by the prolonged trade friction between the U.S. and China, capital investment and exports have shown weaknesses, mainly in the manufacturing industry. Regarding the future, uncertainty surrounding global trade disputes remains high and the economic outlook is unpredictable.

Given these circumstances, our Group continued proactive capital investment for the future and strove to secure net sales and earnings by enhancing research and development, leveraging the proprietary photonics technologies we have cultivated over many years.

As a result, we closed the third quarter with net sales of JPY 108,024 million, up by JPY 381 million (0.4%) over one year ago. From an earnings perspective, operating profit was JPY 19,379 million, down by JPY 2,057 million (9.6%) compared with one year ago, ordinary profit was JPY 19,991 million, down by JPY 1,934 million (8.8%) from the previous year, and profit attributable to owners of parent was JPY 15,237 million, down by JPY 774 million (4.8%) from the same period one year ago.

Operating results by segment are as follows;

#### (Electron Tube)

In the measuring instrument field, in response to the recovery in oilfield investment, sales of photomultiplier tubes (PMT) for oil-well logging devices that offer superior ruggedness to withstand against harsh work conditions such as high temperatures, shocks, and vibrations maintained a strong performance. In addition, in the medical field, sales of products for inspection and monitoring systems such as blood analyzers increased, thanks to their strong reputation for their high sensitivity, low-noise, and high-speed operations. However, sales of academic applications such as high-energy physics experiments decreased due to factors such as delivery to large-scale international projects being finished.

In imaging devices and light sources, sales in the industrial field began to be affected by the economic slowdown in China, lower capital investment, and other factors, but sales of microfocus X-ray sources for non-destructive testing devices increased primarily for battery testing. Sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing also increased. Further, sales of light sources for environmental analysis such as deuterium lamps remained solid.

As a result, the Electron Tube business closed the third quarter with net sales of JPY 43,462 million, up by 4.3%, and operating profit of JPY 15,484 million, up by 5.4% from the same period one year ago.

#### (Opto-semiconductor)

In opto-semiconductor devices, in the medical field, sales of mainstay silicon photodiodes increased. However, affected by the restrained capital investment in semiconductor market, sales of image sensors for semiconductor fabrication and inspection equipment declined. In addition, sales of photodiodes and LED in the FA (Factory Automation) sector for applications such as controls for industrial-use robots and other equipment decreased due to lower orders for machine tools in China and other factors.

As a result, net sales in the Opto-semiconductor business were JPY 48,330 million, down by 4.5%, and operating profit was JPY 14,766 million, down by 12.8% from the same period one year ago.

#### (Imaging and Measurement Instruments)

In image processing and measurement systems, sales of digital cameras increased due to the increased demand in the life sciences sector and biotechnology sector as well as demand in the industrial field. In addition, sales of failure analysis systems for semiconductor devices decreased rapidly due to the effects of restrained capital investment in the semiconductor market, which also affected the Opto-semiconductor business, but cumulative sales through the third quarter increased, supported by the increase in sales in the

first half of the fiscal year. Further, sales of X-ray line sensor cameras increased, also supported by the increase in sales in the first half of the fiscal year primarily for food inspection applications.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 12,659 million, up by 5.3%, and operating profit was JPY 2,256 million, down by 8.2% from the same period one year ago.

(Other)

Sales from other operations include the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the unique products of Beijing Hamamatsu Photon Techniques Inc., which is also a subsidiary.

In our other businesses, net sales were JPY 3,571 million, up by 6.5%, and operating loss was JPY 92 million, compared with an operating profit of JPY 190 million in the same period one year ago.

## **(2) Financial Conditions**

Current assets increased by JPY 7,144 million from the end of the previous fiscal year, despite a decrease in notes and accounts receivable - trade of JPY 2,057 million, mainly reflecting an increase in inventories of JPY 3,860 million and an increase in securities of JPY 3,641 million.

Non-current assets increased by JPY 1,912 million from the end of the previous fiscal year, despite a decrease in investment securities of JPY 995 million, mainly reflecting an increase in property, plant and equipment of JPY 2,774 million that resulted from an increase in construction in progress.

Total assets at the end of the third quarter were JPY 253,971 million, up by JPY 9,057 million from the end of the fiscal year ended September 30, 2018.

Current liabilities increased by JPY 2,708 million from the end of the previous fiscal year, despite a decrease in income taxes payable of JPY 1,211 million, mainly reflecting an increase in electronically recorded obligations - facilities (current liabilities - other) of JPY 2,394 million and an increase in provision for bonuses of JPY 1,094 million.

Non-current liabilities increased by JPY 140 million from the end of the previous fiscal year, despite a decrease in long-term loans payable of JPY 122 million, mainly due to an increase in net defined benefit liability of JPY 190 million.

Total liabilities at the end of the third quarter were JPY 53,777 million, up by JPY 2,848 million from the end of the fiscal year ended September 30, 2018.

Net assets at the end of the third quarter of this fiscal year were JPY 200,194 million, up by JPY 6,208 million from the end of the fiscal year ended September 30, 2018, despite a decrease in foreign currency translation adjustment of JPY 2,121 million, reflecting an increase in retained earnings of JPY 9,034 million as a result of reporting profit attributable to owners of parent.

## **(3) Projection for the Year**

There is no change to the forecast of consolidated financial results for the fiscal year ending September 30, 2019, released on May 13, 2019.

We assume for the second half of this fiscal year that the applicable yen/US dollar exchange rate will be JPY 105 and the yen/Euro exchange rate will be JPY 125, and for the full year that the applicable yen/US dollar exchange rate will be JPY 108 and the yen/Euro exchange rate will be JPY 126.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Jun. 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	74,458	77,233
Notes and accounts receivable - trade	35,914	33,857
Securities	-	3,641
Merchandise and finished goods	8,874	9,817
Work in process	17,933	19,662
Raw materials and supplies	7,677	8,866
Other	5,501	4,420
Allowance for doubtful accounts	(162)	(155)
<b>Total current assets</b>	<b>150,197</b>	<b>157,342</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	34,117	33,421
Machinery, equipment and vehicles, net	12,364	11,795
Tools, furniture and fixtures, net	4,359	4,421
Land	16,789	17,034
Leased assets, net	272	240
Construction in progress	3,826	7,590
<b>Total property, plant and equipment</b>	<b>71,730</b>	<b>74,504</b>
<b>Intangible assets</b>		
Customer relationships	2,634	2,292
Other	3,644	3,190
<b>Total intangible assets</b>	<b>6,278</b>	<b>5,483</b>
<b>Investments and other assets</b>		
Investment securities	4,158	3,163
Deferred tax assets	10,254	10,645
Other	2,314	2,852
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>16,708</b>	<b>16,642</b>
<b>Total non-current assets</b>	<b>94,717</b>	<b>96,629</b>
<b>Total assets</b>	<b>244,914</b>	<b>253,971</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Jun. 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,101	4,378
Electronically recorded obligations - operating	6,266	5,623
Short-term loans payable	1,662	1,858
Current portion of long-term loans payable	3,178	3,165
Income taxes payable	2,892	1,681
Provision for bonuses	5,138	6,232
Other	13,838	17,846
<b>Total current liabilities</b>	<b>38,078</b>	<b>40,786</b>
<b>Non-current liabilities</b>		
Long-term loans payable	3,512	3,389
Reserve for loss on dissolution of employees' pension fund	529	522
Net defined benefit liability	7,393	7,583
Other	1,414	1,494
<b>Total non-current liabilities</b>	<b>12,850</b>	<b>12,990</b>
<b>Total liabilities</b>	<b>50,928</b>	<b>53,777</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	34,928	34,928
Capital surplus	34,672	34,672
Retained earnings	142,321	151,355
Treasury shares	(20,795)	(20,795)
<b>Total shareholders' equity</b>	<b>191,126</b>	<b>200,161</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,545	771
Foreign currency translation adjustment	1,259	(862)
Remeasurements of defined benefit plans	(614)	(591)
<b>Total accumulated other comprehensive income</b>	<b>2,190</b>	<b>(682)</b>
<b>Non-controlling interests</b>	<b>668</b>	<b>715</b>
<b>Total net assets</b>	<b>193,985</b>	<b>200,194</b>
<b>Total liabilities and net assets</b>	<b>244,914</b>	<b>253,971</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2018	Nine months ended Jun. 30, 2019
Net sales	107,642	108,024
Cost of sales	51,840	52,570
Gross profit	55,801	55,454
Selling, general and administrative expenses	34,364	36,074
Operating profit	21,436	19,379
Non-operating income		
Interest income	112	156
Rent of real estate for investment	78	67
Foreign exchange gains	82	-
Share of profit of entities accounted for using equity method	97	171
Other	440	557
Total non-operating income	811	953
Non-operating expenses		
Interest expenses	49	41
Rent expenses on real estates	94	102
Foreign exchange losses	-	153
Commission for purchase of treasury shares	103	-
Other	74	44
Total non-operating expenses	322	341
Ordinary profit	21,925	19,991
Extraordinary income		
Gain on sales of non-current assets	28	37
Subsidy income	277	113
Total extraordinary income	306	151
Extraordinary losses		
Loss on sales of non-current assets	53	0
Loss on retirement of non-current assets	34	24
Loss on reduction of non-current assets	263	113
Loss on disaster	202	-
Loss on valuation of investment securities	-	9
Provision for loss on dissolution of employees' pension fund	534	-
Total extraordinary losses	1,088	147
Profit before income taxes	21,143	19,994
Income taxes	5,083	4,705
Profit	16,060	15,289
Profit attributable to non-controlling interests	48	51
Profit attributable to owners of parent	16,011	15,237

## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Nine months ended Jun. 30, 2018	Nine months ended Jun. 30, 2019
Profit	16,060	15,289
Other comprehensive income		
Valuation difference on available-for-sale securities	201	(774)
Foreign currency translation adjustment	(677)	(2,127)
Remeasurements of defined benefit plans, net of tax	96	22
Share of other comprehensive income of entities accounted for using equity method	(15)	1
Total other comprehensive income	(395)	(2,877)
Comprehensive income	15,665	12,411
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,605	12,364
Comprehensive income attributable to non-controlling interests	59	46



## Segment Information

### I. Nine months ended June 30, 2018 (From Oct. 1, 2017 through Jun. 30, 2018)

Information on the amounts of sales and profit (loss) for reportable segments

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron Tube	Opto- semiconductor	Imaging and Measurement Instruments	Total				
Net sales								
Outside customers	41,675	50,591	12,021	104,288	3,354	107,642	-	107,642
Intersegment	1,186	619	22	1,829	492	2,321	(2,321)	-
Total net sales	42,862	51,211	12,043	106,117	3,846	109,964	(2,321)	107,642
Segment profit	14,685	16,940	2,457	34,083	190	34,274	(12,837)	21,436

#### Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.
2. Adjustment of segment profit of negative JPY 12,837 million represents intersegment transactions of negative JPY 1,054 million and unallocated corporate expenses of negative JPY 11,782 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment profit has been reconciled with operating profit presented in the consolidated financial statements.

### II. Nine months ended June 30, 2019 (From Oct. 1, 2018 through Jun. 30, 2019)

Information on the amounts of sales and profit (loss) for reportable segments

(Millions of Japanese Yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Electron Tube	Opto- semiconductor	Imaging and Measurement Instruments	Total				
Net sales								
Outside customers	43,462	48,330	12,659	104,452	3,571	108,024	-	108,024
Intersegment	1,127	851	84	2,063	643	2,707	(2,707)	-
Total net sales	44,590	49,182	12,744	106,516	4,215	110,731	(2,707)	108,024
Segment profit	15,484	14,766	2,256	32,507	(92)	32,415	(13,035)	19,379

#### Notes:

1. The "Other" classification encompasses business segments not included in the reportable segments, and is the semiconductor laser business, hotel operations run by Iwata Grand Hotel Inc., a subsidiary, and business relating to the proprietary products of Beijing Hamamatsu Photon Techniques, Inc., which is also a subsidiary.
2. Adjustment of segment profit of negative JPY 13,035 million represents intersegment transactions of negative JPY 1,163 million and unallocated corporate expenses of negative JPY 11,872 million. Corporate expenses mainly consist of general and administrative expenses and basic research expenses that are unattributable to reportable segments.
3. Segment profit has been reconciled with operating profit presented in the consolidated financial statements.