

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

February 4, 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: February 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 three months ended Dec. 31, 2018 (From Oct. 1, 2018 through Dec. 31, 2018)

#### (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	%
Three months ended Dec. 31, 2018	35,700	4.1	6,017	(1.8)	6,205	(1.6)	4,871	4.9
Three months ended Dec. 31, 2017	34,282	14.3	6,129	42.5	6,302	32.0	4,643	28.2

Note: Comprehensive income

Three months ended Dec. 31, 2018: 3,096 million yen [(43.5)%]

Three months ended Dec. 31, 2017: 5,485 million yen [(20.5)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended Dec. 31, 2018	31.47		-	
Three months ended Dec. 31, 2017	29.58		-	

Note: At the end of the previous fiscal year, we finalized the provisional accounting treatment for a business combination. For the first quarter of fiscal year ending Sept. 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 Dec. 31, 2018	242,220	193,980	79.8
As of Sep. 30, 2018	244,914	193,985	78.9

For reference: Equity

As of Dec. 31, 2018: 193,301 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 September 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	-				
Fiscal year ending Sep. 30, 2019 (Forecast)		20.00	-	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
Six months ending Mar. 31, 2019	74,900	2.5	13,400	(10.3)	13,700	(9.6)	10,300	(4.7)	66.54
Fiscal year ending Sep. 30, 2019	150,400	4.2	27,500	0.9	28,000	(0.3)	21,200	(0.1)	136.95

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 Dec. 31, 2018: 165,011,568 shares
    - As of Sep. 30, 2018: 165,011,568 shares
  - (b) Number of treasury shares at end of period
    - As of Dec. 31, 2018: 10,213,968 shares
    - As of Sep. 30, 2018: 10,213,968 shares
  - (c) Average number of shares issued during the period
    - Three months ended Dec. 31, 2018: 154,797,600 shares
    - Three months ended Dec. 31, 2017: 156,970,553 shares

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

### (1) Operating Results

During the first quarter of this fiscal year (three months ended December 31, 2018), Japan's economy maintained a modest economic recovery trend, with capital investment rising amid improved corporate earnings backed by overseas economic recovery, mainly in the United States and Europe, and recovery in private consumption. However, the future of the economy remained unpredictable as China's economic recovery stood still over the U.S.-China trade disputes, raising concern over the impact on the U.S. economy. Given these circumstances, our Group strove to secure net sales and earnings by continuing research and development that takes advantage of the Company's proprietary photonics technologies and proactive capital investment for our future.

As a result, we closed the first quarter with net sales of JPY 35,700 million, up by JPY 1,417 million (4.1%) over one year ago. From an earnings perspective, operating profit was JPY 6,017 million, down by JPY 112 million (1.8%) compared with one year ago, ordinary profit was JPY 6,205 million, down by JPY 97 million (1.6%) from the previous year, but quarterly profit attributable to owners of parent was JPY 4,871 million, up by JPY 228 million (4.9%) from the same period one year ago.

Operating results by segment are as follows;

#### (Electron Tube)

Sales for photomultiplier tubes (PMT) for academic applications such as high-energy physics experiments declined. On the other hand, sales of products for inspection and monitoring systems such as blood analyzers remained solid. Sales for oil-well logging devices expanded as well.

In imaging devices and light sources, sales in the industrial field of microfocus X-ray sources for non-destructive testing devices increased. Sales of Stealth Dicing Engine for high-speed, high-quality silicon wafer dicing also increased.

As a result, the Electron Tube business closed the first quarter with net sales of JPY 14,100 million, up by 9.1%, and operating profit of JPY 4,914 million, up by 9.6% from the same period one year ago.

#### (Opto-semiconductor)

In opto-semiconductor devices, in the industrial field, sales of photodiodes and LED in the FA (Factory Automation) sector for applications such as controls for industrial-use robots and other equipment decreased. In the medical field, however, mainstay silicon photodiodes performed well mainly for medical equipment in Japan and overseas as they were evaluated as meeting customer demand appropriately. Photo ICs, which are used for optical communication networks in automobiles saw an increase in sales.

As a result, net sales in the Opto-semiconductor business were JPY 16,717 million, up by 2.8%, and operating profit was JPY 5,322 million, down by 0.8% from the same period one year ago.

#### (Imaging and Measurement Instruments)

In image processing and measurement systems, sales of X-ray line sensor cameras increased in the domestic market. On the other hand, sales of digital cameras used in the life sciences sector and biotechnology sector declined mainly in the North American market.

As a result, net sales for the Imaging and Measurement Instruments business were JPY 3,901 million, down by 5.6%, and operating profit was JPY 665 million, down by 5.1% 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 980 million, up by 0.6%, and operating loss was JPY 141 million, compared with an operating loss of JPY 62 million in the same period one year ago.

## **(2) Financial Conditions**

Current assets decreased by JPY 1,825 million from the end of the previous fiscal year, despite an increase in inventories of JPY 1,992 million, reflecting decreases in accounts receivable - other under other current assets of JPY 2,902 million and notes and accounts receivable - trade of JPY 642 million.

Non-current assets decreased by JPY 868 million from the end of the previous fiscal year. This mainly reflected a decrease in property, plant and equipment of JPY 483 million that resulted from a decrease in buildings and structures, and a decrease in intangible assets of JPY 326 million.

As a result, total assets at the end of the first quarter were JPY 242,220 million, down by JPY 2,693 million from the end of the previous fiscal year.

Current liabilities decreased by JPY 2,725 million from the end of the previous fiscal year despite an increase in deposits received (current liabilities-other) of JPY 1,342 million, mainly reflecting a decrease in provision for bonuses of JPY 3,109 million and a decrease in income taxes payable of JPY 1,431 million.

Non-current liabilities increased by JPY 37 million from the end of the previous fiscal year, mainly due to an increase in net defined benefit liability of JPY 60 million.

Total liabilities at the end of the first quarter were JPY 48,239 million, down by JPY 2,688 million from the end of the previous fiscal year.

Net assets at the end of the first quarter of this fiscal year were JPY 193,980 million, down by JPY 5 million from the end of the previous fiscal year, despite an increase in retained earnings of JPY 1,770 million as a result of reporting profit attributable to owners of parent, mainly reflecting a decrease in foreign currency translation adjustment of JPY 1,089 million and a decrease in valuation difference on available-for-sale securities of JPY 703 million.

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

There is no change to the forecast for the first six months ending March 31, 2019 and for the fiscal year ending September 30, 2019, released on November 12, 2018.

We assume the yen/US dollar exchange rate will be JPY 105 and the yen/Euro exchange rate will be JPY 125.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Dec. 31, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	74,458	74,037
Notes and accounts receivable - trade	35,914	35,271
Merchandise and finished goods	8,874	9,456
Work in process	17,933	18,404
Raw materials and supplies	7,677	8,616
Other	5,501	2,748
Allowance for doubtful accounts	(162)	(164)
<b>Total current assets</b>	<b>150,197</b>	<b>148,371</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	34,117	33,604
Machinery, equipment and vehicles, net	12,364	12,190
Tools, furniture and fixtures, net	4,359	4,378
Land	16,789	16,808
Leased assets, net	272	276
Construction in progress	3,826	3,987
<b>Total property, plant and equipment</b>	<b>71,730</b>	<b>71,246</b>
<b>Intangible assets</b>		
Customer relationships	2,634	2,503
Other	3,644	3,448
<b>Total intangible assets</b>	<b>6,278</b>	<b>5,951</b>
<b>Investments and other assets</b>		
Investment securities	4,158	3,259
Deferred tax assets	10,254	10,585
Other	2,314	2,824
Allowance for doubtful accounts	(19)	(19)
<b>Total investments and other assets</b>	<b>16,708</b>	<b>16,650</b>
<b>Total non-current assets</b>	<b>94,717</b>	<b>93,849</b>
<b>Total assets</b>	<b>244,914</b>	<b>242,220</b>

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Japanese Yen)

	As of Sep. 30, 2018	As of Dec. 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,101	5,662
Electronically recorded obligations - operating	6,266	6,011
Short-term loans payable	1,662	1,865
Current portion of long-term loans payable	3,178	3,175
Income taxes payable	2,892	1,460
Provision for bonuses	5,138	2,028
Other	13,838	15,147
<b>Total current liabilities</b>	<b>38,078</b>	<b>35,352</b>
<b>Non-current liabilities</b>		
Long-term loans payable	3,512	3,469
Reserve for loss on dissolution of employees' pension fund	529	526
Net defined benefit liability	7,393	7,454
Other	1,414	1,436
<b>Total non-current liabilities</b>	<b>12,850</b>	<b>12,887</b>
<b>Total liabilities</b>	<b>50,928</b>	<b>48,239</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	144,091
Treasury shares	(20,795)	(20,795)
<b>Total shareholders' equity</b>	<b>191,126</b>	<b>192,897</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,545	842
Foreign currency translation adjustment	1,259	169
Remeasurements of defined benefit plans	(614)	(607)
<b>Total accumulated other comprehensive income</b>	<b>2,190</b>	<b>403</b>
<b>Non-controlling interests</b>	<b>668</b>	<b>679</b>
<b>Total net assets</b>	<b>193,985</b>	<b>193,980</b>
<b>Total liabilities and net assets</b>	<b>244,914</b>	<b>242,220</b>

## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2017	Three months ended Dec. 31, 2018
Net sales	34,282	35,700
Cost of sales	16,663	17,294
Gross profit	17,618	18,406
Selling, general and administrative expenses	11,489	12,389
Operating profit	6,129	6,017
Non-operating income		
Interest income	6	38
Rent of real estate for investment	33	18
Foreign exchange gains	70	-
Share of profit of entities accounted for using equity method	21	88
Other	94	129
Total non-operating income	226	274
Non-operating expenses		
Interest expenses	16	13
Rent expenses on real estates	21	25
Foreign exchange losses	-	23
Other	15	23
Total non-operating expenses	53	86
Ordinary profit	6,302	6,205
Extraordinary income		
Gain on sales of non-current assets	2	21
Total extraordinary income	2	21
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	3	4
Provision for loss on dissolution of employees' pension fund	534	-
Total extraordinary losses	539	4
Profit before income taxes	5,765	6,222
Income taxes	1,104	1,334
Profit	4,661	4,887
Profit attributable to non-controlling interests	17	15
Profit attributable to owners of parent	4,643	4,871

## Consolidated Financial Statements

### Consolidated Statements of Comprehensive Income

(Millions of Japanese Yen)

	Three months ended Dec. 31, 2017	Three months ended Dec. 31, 2018
Profit	4,661	4,887
Other comprehensive income		
Valuation difference on available-for-sale securities	308	(703)
Foreign currency translation adjustment	481	(1,102)
Remeasurements of defined benefit plans, net of tax	32	6
Share of other comprehensive income of entities accounted for using equity method	1	8
Total other comprehensive income	823	(1,791)
Comprehensive income	5,485	3,096
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,455	3,084
Comprehensive income attributable to non-controlling interests	29	11

## Segment Information

### I. Three months ended December 31, 2017 (From Oct. 1, 2017 through Dec. 31, 2017)

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	12,920	16,255	4,132	33,308	974	34,282	-	34,282
Intersegment	436	232	3	671	131	802	(802)	-
Total net sales	13,356	16,487	4,136	33,980	1,105	35,085	(802)	34,282
Segment profit (loss)	4,483	5,366	700	10,550	(62)	10,488	(4,359)	6,129

#### 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 4,359 million represents intersegment transactions of negative JPY 360 million and unallocated corporate expenses of negative JPY 3,998 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. Three months ended December 31, 2018 (From Oct. 1, 2018 through Dec. 31, 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	14,100	16,717	3,901	34,719	980	35,700	-	35,700
Intersegment	370	236	0	607	181	788	(788)	-
Total net sales	14,470	16,954	3,901	35,327	1,161	36,489	(788)	35,700
Segment profit (loss)	4,914	5,322	665	10,902	(141)	10,760	(4,743)	6,017

#### 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 4,743 million represents intersegment transactions of negative JPY 353 million and unallocated corporate expenses of negative JPY 4,390 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.