

Briefing Summary of the Analyst/Investor Meeting
for the 4th Quarter (January to March 2015) Financial Results
for the Fiscal Year Ending March 31, 2016
Tokyo, May 9, 2016

Note: This memo is posted for reference purposes for the convenience of those who were unable to attend the meeting and is not a verbatim record of all statements made at the meeting. Please be aware that it has been compiled in a concise form at the judgment of the Company's IR Group. Please also refer to the cautionary notes on the final page.

[Overview of Financial Results by Mr. Ryo Hirooka, CFO]

Quarterly Consolidated Statement of Comprehensive Income for All Businesses

Revenue and Profit for the Quarter

- Revenues were ¥121.7 billion, ¥5.8 billion, or 4.5%, below the same period of the previous year.
- Profit before tax was ¥23.1 billion, ¥2.1 billion, or 8.5%, below the same period of the previous year.
- Profit for the quarter was ¥18.5 billion, roughly flat at ¥20 million below the same period of the previous year.

(Reference: Quarterly Report, Supplementary Data, Quarterly Consolidated Statement of Comprehensive Income, page 7)

Impact of Translation from Foreign Currencies

- The effects of foreign currencies when translating the business performance of consolidated overseas subsidiaries into yen were influenced by the strength of the yen in the fourth quarter against all major currencies, including the U.S. dollar, euro, and Thai baht, compared to the same period of the previous year.
- The impact of foreign currency translation on revenues was a reduction of ¥4.1 billion. If this currency translation effect is excluded, the real increase in sales was ¥1.6 billion, or -1.3%.
- Turning to the effects of foreign currency on quarterly profit before tax, foreign currency translation reduced profit before tax by ¥1.1 billion compared to the same period of the previous year and actually reduced profit ¥1.1 billion.

(Reference: Quarterly Report, Supplementary Data, page 7, Notes 1 and 2)

Reasons for Differences between Profit from Ordinary Operating Activities and Profit before Tax
(Adjustment Items)

- Finance income decreased ¥0.7 billion compared to the same period of the previous year. Gains on the sale of marketable securities were recorded because the Company sold marketable securities held during the same period of the previous year.
- Other income for the quarter increased ¥0.7 billion compared to the same period of the previous year. It has been decided that the Company receive a deposit for relocation because real estate that we own overseas will be expropriated by the local government. The reason for the increase in the fourth quarter was that this deposit for relocation was counted as revenue.
- Foreign Exchange Gain/Loss (Exchange differences on translation of assets in foreign currencies): In the fourth quarter of the previous year, the Company reported a loss of ¥3.1 billion. An exchange loss of ¥0.6 billion was recorded in the same period of the previous year, so exchange losses increased ¥2.5 billion compared to the previous year.
- As for other expenses, a loss of ¥2.2 billion was incurred in the same period of the previous fiscal year, resulting from the accounting treatment of the completion of liquidation proceedings for an overseas subsidiary.
- As a result, as adjustment items for profits from ordinary operating activities, there was a total positive impact of ¥0.5 billion compared to the same period of the previous year. When factoring in the increase in adjustment items of this ¥0.5 billion from the ¥1.1 billion decrease in revenues attributed to the change in quarterly net profit before tax excluding the effects of foreign currencies, profits from ordinary operating activities decreased ¥0.6 billion, or 2.0% compared to the previous year in real terms.

Results by Business Segment

Explanation by business segment (Reference: Quarterly Report, Supplementary Data, page 9)

Information Technology

- Revenues in the Information Technology segment were ¥39.4 billion, a decrease of ¥6.0 billion, or 13.1%, compared with the same period of the previous year.
- Foreign currency translation decreased revenues by ¥1.0 billion. After excluding this effect, segment revenues in real terms declined ¥5.0 billion, or 10.9%.
- Segment profit (profit before tax) was ¥12.5 billion or ¥0.2 billion lower, or nearly flat with the same period of the previous year.
- Impact of foreign currency translation in the segment profit was negatively affected by ¥0.4

billion. After excluding this effect, segment profit in real terms increased ¥0.6 billion, or 4.5%.

- As adjustment items for profits from ordinary operating activities, there was a total negative impact of ¥0.7 billion compared to the same period of the previous year. When factoring in changes in quarterly net profits before tax excluding the impact of foreign currency translation, profits from ordinary operating activities was roughly the same as the previous year in real terms.

Life Care

- Revenues in the Life Care segment were ¥80.9 billion, representing a decrease of ¥0.1 billion, or nearly flat with the same period of the previous year.
- As for the impact of foreign currency translation on revenues, this segment has a large percentage of international sales, and so the strong yen had a negative effect of ¥3.1 billion. If the effects of foreign currency translation are excluded, the increase amounted to ¥3.0 billion, or 3.7%.
- Segment profit (profit before tax) was ¥13.7 billion, ¥0.4 billion or 2.7% higher year on year, or virtually flat with the same period of the previous year.
- Impact of foreign currency translation in the segment profit was negatively affected by ¥0.7 billion. After excluding this effect, segment profit increased ¥1.0 billion, or 7.8%.
- As adjustment items for profits from ordinary operating activities, there was a total negative impact of ¥2.2 billion compared to the same period of the previous year. When factoring in changes in quarterly net profits before tax excluding the impact of foreign currency translation, profits from ordinary operating activities declined more than ¥1.0 billion compared to the same period of the previous year in real terms.

(Reference: Quarterly Report, Supplementary Data, page 11)

Revenue from Major Products

Electronics related Products

- Revenues in the electronics related products businesses (semiconductors, LCD-related products, and glass substrates for HDDs) totaled ¥30.1 billion, ¥4.1 billion, or 11.9%, lower than in the same period of the previous year.
- Foreign currency translation decreased revenues by ¥0.7 billion. After excluding this effect, revenues of this business decreased ¥3.3 billion, or 9.7%, from the same period of the previous year.
- The main reason for the decrease in revenue was that revenue from substrates for HDD was lower due to the effects of the shrinking HDD market. LCD masks recorded an increase in

revenue compared to the same period of the previous year driven by solid sales performance. Semiconductor-related products recorded a slight drop in revenue compared to the same period of the previous year, but overall there was no major change.

Imaging related Products

- Revenues of image-related products were ¥9.3 billion, ¥1.9 billion, or 16.9% lower than in the same period of the previous year.
- Foreign currency translation decreased revenues somewhat by ¥0.3 billion. After excluding this effect, revenues of this business were down ¥1.6 billion, or 14.6%, year on year.
- The cause behind the drop in revenues is the continuing fall of digital camera related products.

Healthcare related Products

- Revenues from healthcare-related products (eyeglass lenses and contact lenses) were ¥60.7 billion, ¥0.4 billion, or 0.7% higher, which is roughly flat compared to the same period of the previous year.
- Foreign currency translation decreased sales by ¥2.4 billion. After excluding this effect, revenues of this business rose ¥2.8 billion, or 4.7%, year on year.
- Performance of contact lenses was steady, and revenues rose at nearly double-digit rates. The opening of new stores was the driving force.
- Revenues from eyeglass lenses saw a decline in yen terms following the impact of exchange rates; however, when excluding the effects of foreign currencies, growth was close to middle single digits. On a local currency basis, sales are very steady in Europe, North America and South America, but revenue is somewhat down year on year in other regions.

Medical related Products

- Revenues from medical-related products (endoscopes and intraocular lenses, etc.) totaled ¥20.3 billion, which was ¥0.5 billion, or 2.6%, lower than in the same period of the previous year.
- Foreign currency translation decreased sales by ¥0.7 billion. After excluding this effect, revenues of this business were roughly flat at ¥0.2 billion, or 0.8%, year on year.
- Revenues from intraocular lenses performed favorably and increased significantly over the same period of the previous year in a similar fashion as up to the previous quarter. Sales of new products launched last year increased favorably, with greater than double-digit growth occurring not only in Japan, but overseas as well.
- Revenues from endoscopes were lower than in the same period of the previous year. In Asia, the Company actively increased sales channels and revenues grew at effectively a double-

digit pace, but as with up to the previous quarter the United States posed a tough battle for revenues, which dragged down overall performance.

Cash Flows

- During this quarter, cash flows from financing activities were used to acquire treasury stock because of proactive efforts to return profits to shareholders. As a result, the balance of cash and deposits declined all the way to ¥286.3 billion.

(Reference: Quarterly Report, Supplementary Data, page 6)

- The Company released the forecast of the year-end dividend today. The year-end dividend is expected to be ¥45, the same amount as last year. The full-year dividend payout ratio is now 33.3%

[Overview of Operations in the IT Segment by Mr. Eiichiro Ikeda, COO]

- Revenues and profit declined in the IT segment as a whole. Sales were down 13.1% year on year.
- The primary reason for this was decreased revenue from HDD-related products, markets in which the Company holds a major share and imaging-related products.
- However, the profit ratio improved 3.1 points to 34.0%. Revenues and profit are down, but profitability is improving.

Mask Blanks for Semiconductors

- In the fourth quarter, sales of mask blanks for semiconductors were down single-digits year on year. On the other hand, profit was up single-digits.
- Development of cutting-edge products is trending favorably, but the semiconductor industry as a whole has been on the decline year on year since July 2015, and we understand that situation is affecting our results.
- Movement is weaker in the memory segment than the logic segment, and we see this as the result of shrinking of the memory segment. Development of cutting-edge products continues, and the product mix has improved, so we are maintaining profitability.
- We believe this trend will continue in the first quarter of FY2016.
- In our view, it is important to further increase our share of the cutting-edge products market and ensure growth of the business.
- With respect to EUV, the timing of mass production is still unclear, but it is important to deliver the technology to respond to the technical challenges that will arise in a timely manner.

Photomasks for Large LCDs

- Sales were up high single-digits, and profit was up double-digits.
- The market as a whole is relatively strong. In addition to increased dimension, the percentage of high-precision products is also increasing, leading to increased revenues and profit.
- By application, photomasks for televisions and smartphones account for 80% of the whole.
- By region, there is significant growth in Taiwan and China. We expect growth to continue in both of these regions, so it is important that we capture demand there.
- We believe this trend will continue in the first half of FY2016. Development of 8K and other televisions continues, and panel manufactures are constructing additional plants in China. On top of this, the price of 32" panels is dropping, so companies are moving to production of panels of different sizes. Against this backdrop, demand is also increasing for masks.

Impact of Recent Kumamoto Earthquakes

- We have plants for manufacturing large masks for LCDs in Kumamoto (Japan), South Korea and Taiwan. The Kumamoto Plant has the smallest production capacity, accounting for one-fourth of the whole.

The Kumamoto earthquakes caused a fire at the Kumamoto Plant, resulting in significant damage to production equipment and units.

We are allocating Kumamoto orders and production to the South Korea and Taiwan plants as much as possible. Both plants are at nearly 100% operating rates, so there is a question about how much more they can take on. However, a new mask writer was installed at the Taiwan Plant in March and has just been commissioned, so the production capacity in Taiwan is higher than before. We hope to use new equipment such as this to make up as much as possible.

In FY2016, we hope that our other facilities will be able to handle roughly half of the Kumamoto Plant's production.

- We have plants of mask for semiconductor in Hachioji and Kumamoto, and high-precision products are manufactured at the Hachioji Plant. The low- and middle-end products are also manufactured at the Kumamoto Plant. About one-third of the low- and middle-end products manufactured at the Kumamoto Plant will be handled at the Hachioji Plant.
- As for how long it will take for operations to be restored at the Kumamoto Plant, there was significant damage from the fire, and we are currently sorting through which units are usable

and which are not based on visual inspection. The power still cannot be turned on, so we are not yet certain. With the help of our trading partners, we are carefully inspecting to see what can be used and what cannot.

- As for the impact on the group as a whole, LCD mask business sales are about 3-4% of group-wide sales, and the impact of the Kumamoto Plant is one-fourth of that, so we estimate it to be about 1%. It is safe to say that the impact on results will be minor.
- There will be no impact on the mask blanks business.

Glass Substrates for Hard Disk Drives (HDDs)

- Sales declined double-digits year on year, and profit was also down double-digits. Nevertheless, profitability improved.
- Revenues were up in the first half of FY2015 due to the depreciation of the yen despite quantities being down. On the other hand, in the second half, the market as a whole experienced negative growth, and the exchange rate also exerted downward pressure, so revenues and profit both declined.
- The reasons the market is shrinking are that production volumes and shipments of notebook PCs which use 2.5" HDDs are down, and more and more drives of notebook PCs are switching from HDDs to SSDs. The trend for each drive to hold more discs is continuing, but it is not enough to make up for the two negative factors above, so the market as a whole is shrinking.
- In addition to notebook PCs, there were some high-performance enterprise servers that used 2.5" glass substrates, but in this domain where higher performance is required, they are shifting to SSDs. The number of discs per high-performance enterprise server was relatively higher, so this had been making up for the decrease among PCs to a certain degree, but the increase has peaked.
- The trend is expected to continue for a while, so we will maintain profitability by proactively adjusting the production systems at our plants according to quantity.
- There is still considerable quantity in the near-line server segment, so it is important that we continue working to replace aluminum substrates with glass substrates as quickly as possible.

Imaging related Products

- Sales were down double-digits year on year, but profit was up.
- The shift from digital cameras to surveillance and automobile-mounted cameras continues. In fact, sales for non-digital camera applications are on the rise. However, the decrease in the amount of products for digital cameras is significant, and demand for "action cameras," which had been temporarily favorable in recent years, dropped rapidly, resulting in

decreased revenues.

- There is favorable growth for surveillance cameras, and there is demand for application in high-precision, high-resolution lenses in particular, so we will continue to work on capturing that demand and, taking a long view, demand for automobile-mounted cameras as well.

[Overview of Operations in the Life Care Segment by Mr. Hiroshi Suzuki, CEO]

Eyeglass Lenses

- Overall, revenues increased. There was double-digit percentage growth in the United States and mid-single digit percentage growth in Europe. Although Japan is weak, this is the continuation of an existing trend. The problem was that in Asia. While the revenue in the region had previously grown at double-digit percentage rates, sales fell in the fourth quarter. The slowdown in the Chinese economy has had some impact, but this was mostly a problem of our internal structure. We are in the process of changing that structure. The decline in Asian sales was caused more by internal factors than by market factors. In terms of earnings Asia is better than the United States, so the overall direction in the fourth quarter was troubling.
- In Asia, average selling prices are on the low side, but we sell our products as a branded product so it is possible to set our prices relatively high. Because profitability has been good, viewed from the perspective of the mix between growing and contracting regions the trend of these fourth-quarter results was unwelcome.

Contact Lenses

- Sales rose by high-single digit percentages. The business is progressing satisfactorily.
- In the previous fiscal year, we made some acquisitions, albeit small ones, which are reflected in the results. When excluding the above to allow a like-for-like comparison, growth was in the mid-single digits.
- We have been carrying out thorough market research. Our concern had been that further new store openings in the Tokyo metropolitan area would lead to cannibalization, but even in this area we are finding sub-regions where no cannibalization is taking place or where larger market is expected. Our new store openings in the Tokyo metropolitan area have gone smoothly and new stores have ramped up quickly. Also, compared to new store openings in the suburbs, openings in this area begin to contribute to profits more rapidly.

Intraocular Lenses

- These are doing well both in Japan and overseas.
- Soon we will have to pay attention to production capacity and we are considering allocation of product by region. We are also planning future production increases. The factory is in Singapore but there are physical limits to the scale of that facility, so we are moving to build a new factory. We envisage that the new factory will have double the production capacity of the existing factory. We are aiming for a global market share in the 10% to 20 % range.
- If all goes well, we will begin shipments from the new factory in the second half of next year. Until then, taking into account the limits of production capacity at the existing factory, we expect percentage growth rates to be in the double digits but not as high as growth rates of FY15. Nevertheless, beyond that we do expect a resumption of rapid growth.

Endoscopes

- These grew by double-digit percentage rates in Asia and by low-single digit rates in Europe. Generally, there is no problem, but we are concerned about the business in the United States.
- In the United States, particularly in the fourth quarter, we made exhaustive efforts to inform all health care institutions about new reprocessing methods for products sold up to that point. This absorbed marketing resources and sales fell. On a like-for-like basis, Life Care sales rose, but endoscopes in the United States dragged profits down. We expect this situation to continue for about another half year.

Overall Summary

- In Information Technology the current sales situation is one that we have been anticipating for some time and we are already taking steps to secure profits. The damage to the Kumamoto factory does hurt us, but basically we believe that we have a plan to enable us to maintain profits even in an environment where sales are shrinking. Also, we think there are measures we can take to improve efficiency a little more, so that there will be no major impact on earnings.
- The overall growth story is unchanged. It is simply one of making up for falling sales in the Information Technology field by means of rising sales in the Life Care business. Overlaid on that story we now have the two issues of the eyeglass lenses business in Asia and the endoscope business in the United States. We will soon correct these two problems and get growth back on track, with declines in Information Technology compensated for by increases in Life Care. We believe we can build a structure for further growth in sales and profits and we know that we must achieve this quickly.

[Questions and Answers Following the Briefing]

Q. How much are you planning for capital investments and depreciation and amortization in FY2016, with the impact of the Kumamoto earthquakes included as well? Was insurance able to cover the Kumamoto plant that was damaged in the earthquake?

A. We are in the process of determining whether or not it will be possible to use each of the pieces of equipment damaged so we cannot convey plans premised on inclusion of the impact from the Kumamoto earthquake at present. We are planning for around 30 billion yen in depreciation and amortization expense, but this does not take the Kumamoto earthquake into consideration. We project a slight decline from FY2015, due in part to impact from foreign exchange rates. We are planning for capital investments in the mid-twenty-billion-yen range, based on our decision. The new plant for intraocular lenses (IOLs) will become operational next year, so it has been included among the investments for which a decision has been made this fiscal year. For LCD photomasks, I think we will need to start from scratch in reviewing the plan formulated before the earthquake occurred. Hoya revises its budget on a quarterly basis, so please be aware that capital investments will not always be made according to the initial plan that was formulated at the beginning of the year. (Hirooka, CFO)

Insurance will not cover it. Insurance premiums skyrocketed after the Great East Japan Earthquake in 2011, so nearly all of our plants in Japan are not covered by insurance. Much of the cutting-edge equipment for LCD masks is in South Korea and most of the equipment at the Kumamoto plant has already been fully depreciated so I don't think there will be a large monetary impact in terms of impairment losses. (Suzuki, CEO)

Q. What is the status of heat-assisted magnetic recording (HAMR technology) for HDD? It was explained at the previous briefing that it looked like application of the HAMR technology to mass production would be delayed. Please update us on how the status has changed.

A. There has been no change in the fact that we will launch sales of products using HAMR technology next fiscal year, not for mass production but for demonstration of the technological progress made, however, sales will be small in terms of unit volume. I think it will be a while before it is applied to full-scale mass production. This will be delayed longer than previously anticipated. (Ikeda, COO)

A. HAMR technology was originally developed for notebook PCs, but I think it is fair to say that the need for it as a product has diminished, due in part to the slump in demand for notebook PCs. Application to servers will also take some time from the perspective of reliability, and I think the current status is that the need for the product is being reviewed, rather than the technology having become unfeasible. (Suzuki, CEO)

Q. The market environment for HDD is extremely severe. Looking at it from the outside, it appears that it will be a formidable task to improve profitability amid that environment. How are you managing that?

Also, I believe it was previously explained that profitability would suffer if the decline in HDD demand exceeded a certain unit volume. Is a decline in profitability a future risk?

A. We are maintaining profitability by maintaining high operating rates, and are achieving that through the closing and consolidation of manufacturing sites in advance. I think there is still room for closing and consolidation, but an impact on profitability will emerge once there is no longer any room for closing and consolidation. My current view is that we will be fine for a while yet. (Suzuki, CEO)

Q. Please give us your forecast for future HDD demand.

A. Penetration of SSDs has progressed faster than previously anticipated on top of the slump in demand for notebook PCs, and I think that the double-digit decline in demand year on year will persist in FY2016 as well. (Ikeda, COO)

PC use has already declined at present, so I don't think it will continue to decline forever, even if it does decline further in the future. (Suzuki, CEO)

Q. Word has it that you are accelerating the pace of store openings in the Tokyo metropolitan area in regard to contact lenses. Are you expanding through M&A? Is there room for M&A in the future as well? Are you also enhancing competitiveness on the procurement front by increasing share?

A. This is true of M&A as well, but we have come to realize that there is still plenty of room for opening stores on our own so we are placing higher importance on opening stores by ourselves. Hoya is positioned advantageously from the perspective of procurement, and we hold the advantage over the competition on both procurement cost and operating cost. (Suzuki, CEO)

Q. You mentioned problems in Asia as a separate problem in the eyeglass lenses business before. What type of problems are there and how will you resolve them, in specific terms? I would also like you to explain the latest profitability of the business and how you will achieve the profitability targeted in the future.

A. China is the largest market in Asia in the eyeglass lenses business. With a high rate of turnover in local management, organizational instability in China is a major factor for the problem. I think it will take some time for this problem to settle down.

The profitability is not that bad; we just haven't attained the target we set for profitability yet. The operating rate of our plant in the Philippines is not high yet and that is holding us back. We are aiming to raise overall profitability by securing orders from major chains in the U.S. market and

boosting the operating rate in the Philippines. We expected to see results from the beginning of this year, but it is taking longer than we anticipated.

(Suzuki, CEO)

Q. Please tell us what you think about the advantages and disadvantages of the fact that outside directors comprise a majority of the Board of Directors. As a background, is the sole position of returning 300 billion yen or more to shareholders enough, given the fact that the Life Care Segment is not able to make up for the decline in the Information Technology Segment any longer? I would like to understand your views on risk-taking.

A. We think that having a structure in which outside directors comprise a majority of the Board of Directors will ensure that the opinions of all of our shareholders are reflected in management over the long-term. We do not think it is sufficient to just keep returning profits to shareholders in this manner. It is important to invest conscientiously and build a structure that will achieve growth in both revenues and profits. In terms of the portfolio, the Information Technology Segment will continue to shrink, but we also do not think that becoming a company focused solely on life care is compatible with our corporate profile, and view generating areas of growth to replace information technology as the most important issue facing management. That is also being energetically debated by our Board of Directors, and we are benefiting from the candid opinions of our outside directors. (Suzuki, CEO)

Q. You explained that Kumamoto plant sales comprise around one-quarter of LCD photomask business sales on the whole. Assuming that the percentage of high precision products is higher in South Korea and Taiwan, wouldn't the percentage of gross profit derived from the Kumamoto plant be a little lower? Is it possible that Hoya will maintain both sales and profits for 2016 on par with last year for the business overall by introducing a new rendering machine and obtaining many orders for higher precision products as a result of the new rendering machine, even though sales from the Kumamoto plant itself cannot be completely compensated for by other sites?

A. Demand for cutting-edge masks is high in South Korea and Taiwan and we can say that profitability is high because the percentage of high-priced products is large, however, profitability at the Kumamoto plant is not necessarily low, due in part to the fact that there is little depreciation and amortization expense. I think that it would be difficult to declare that we will be able to stay on par with last fiscal year. The explanation I provided before assumes use of the new rendering machine. It will be difficult to have production from other locations make up more than this. (Ikeda, COO)

Q. I felt that there was little positive material for FY2016, but looking toward FY2017, I had the

impression that sales would grow as a result of an increase in production of IOL, the goals for reorganizing eyeglass lenses in China will be achieved, and other positive factors will emerge. Please tell us when you forecast growth in eyeglass sales and expect other results to emerge.

- A. I don't think we necessarily have to wait until FY2017 to put the structure for growth into place. The eyeglass lenses business is seeing double-digit growth in the U.S. and it is not the case that the business, which is our largest business in terms of scale, is structurally bad. I think that the structure will enable growth. In addition, the endoscope business, which I mentioned would take a little more time to rebound, will come back to the growth path by around the second half of FY2016, and I think this will put a structure in place that will allow the Life Care Segment to cover for any decline in the Information Technology Segment and achieve growth. (Suzuki, CEO)

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