

Briefing Summary of the Analyst/Investor Meeting
for the 1st Quarter (April to June, 2017) Financial Results Ending March 31, 2018
Tokyo, July 27, 2017

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 Revenue and Profit

- HOYA Corporation reported quarterly revenues of ¥127.2 billion, an increase of ¥12.0 billion (+10.4%) compared to the same period in the prior fiscal year.
- Profit before tax was ¥30.5 billion, up ¥8.3 billion (+37.1%).
- Quarterly profit was ¥25.2 billion, up ¥7.2 billion (+40.1%) year on year.
(Reference: Quarterly Report, Supplementary Data, Quarterly Consolidated Statement of Comprehensive Income, P.7)

Impact of Foreign Currency Translation

- Foreign currency translation resulted in an increase in revenues of ¥2.3 billion. In real terms, revenues were up ¥9.7 billion (+8.4%) when excluding the impact of foreign currency translation.
- Quarterly profit before tax increased ¥700 million when excluding the impact of foreign currency translation. In real terms, profit before tax increased 34.1%, or ¥7.6 billion.
(Reference: Quarterly Report, Supplementary Data, Notes 1 and 2, P.7)

Special Items

- A revaluation of assets denominated in foreign currencies resulted in a foreign exchange gain of ¥400 million for the year, compared to a ¥3.4 billion foreign exchange loss in the prior year.
- An additional factor contributing to higher profits this year was an unexpected ¥1.2 billion in expenses incurred last year due to the earthquakes in Kumamoto.
- Profit rose ¥2.1 billion (+8%) in connection with normal business activities when eliminating the impact of foreign currency translation.
(Reference: Quarterly Report, Supplementary Data, P.12)

Description by Business Segment (Reference: Quarterly Report, Supplementary Data, P.9)

Life Care

- The Life Care segment reported sales of ¥82.8 billion, up ¥6.4 billion (+8.4%) year on year.
- Segment profit (profit before tax) amounted to ¥14.1 billion, down slightly more than ¥100 million.
- In real terms, sales increased ¥5.1 billion (+6.6%) when excluding the impact of foreign currency translation.
- Profit from regular sales activities and segment profit both decreased slightly in connection

with normal business activities when excluding the impact of foreign currency translation.

Information Technology

- The Information Technology segment reported sales of ¥43.6 billion, a ¥5.7 billion (+15.2%) increase year on year.
- Segment profit (profit before tax) amounted to ¥16.7 billion, ¥5.5 billion (+48.8%) higher year on year.
- In real terms, sales increased ¥4.8 billion (+12.8%) when excluding the impact of foreign currency translation.
- Segment profit increased ¥5.1 billion (+45.4%) in real terms when excluding the impact of foreign currency translation.
- Profit increased 2.7 billion yen (+20%) in real terms when excluding the impact of the Kumamoto earthquakes and foreign currency translation.
(Reference: Quarterly Report, Supplementary Data, P.12)

Revenue from Major Products

Healthcare-Related Products

- HOYA recorded ¥62.1 billion in sales for healthcare-related products (eyeglass lens, contact lenses), up ¥4.8 billion (+8.3%) year on year.
- In real terms, sales increased ¥3.7 billion (+6.5%) when excluding the impact of foreign currency translation.
- Contact lenses and eyeglass lenses grew at essentially the same rate.
- About half of the growth in the eyeglass lens business can be attributed to our December acquisition of a prescription protective eyeglass lens business. Organic growth was in the mid-single digits. Sales were strong in both the Americas and Asia, where we saw near double-digit growth in each region. Japan continues to grow a marginal levels. Sales growth slowed in Europe, coming in at the high single digits overall.
- Contact lenses continue to grow in the high single digits.

Medical-Related Products

- HOYA recorded ¥20.7 billion in sales for medical-related products (endoscopes, intraocular lenses, etc.), up ¥1.7 billion (+8.7%) year on year.
- Sales of intraocular lenses continued to be strong, growing in the double digits. We began manufacturing at a new plant in July to expand our production capacity.
- Sales of endoscopes have been stable in both the Asian and European markets.
- While small in terms of overall contribution, sales of artificial bones and other products have been strong, experiencing double-digit growth.

Electronics-Related Products

- The company recorded ¥33.5 billion in sales of electronics-related products (semiconductor and LCD-related products, glass substrates for hard disk drives) for the quarter. This represented a ¥4.0 billion (+13.4%) increase compared to the same period in the prior fiscal year.
- In real terms, sales increased ¥3.2 billion (+10.8%) when excluding the impact of foreign currency translation.
- Sales of glass substrates for hard disk drives and mask blanks for semiconductors drove sales for the segment.
- Glass substrates for hard disk drives experienced growth in excess of 15%, partially due

- to weakness in the prior year.
- Mask blanks for EUV-related products grew year on year, with the blanks business growing in the double digits as a whole.
 - Masks have continued to struggle since the fourth quarter of the prior fiscal year. The Kumamoto disaster occurred in April of last year. Accordingly, the year-ago quarter enjoyed one additional month of production capacity not available during the current fiscal year. We plan to recover production capacity in the second half of the year.

Imaging-Related Products

- HOYA recorded ¥10.0 billion in sales of imaging-related products, up ¥1.7 billion (+21.5%) compared to the same period in the prior fiscal year.
- In real terms, sales grew 20% when excluding the impact of foreign currency translation. This growth was also due in part to weak performance in the first quarter of the prior fiscal year.

Other

- We have published our earnings forecast for the first half of the year. We expect to finalize our acquisition of Performance Optics soon, and we have included related revenues and expenses into our forecast.
- Today, our board of directors authorized a share buyback, regarding which we have also issued an announcement. We will purchase a maximum of 4.5 million shares at a maximum cost of ¥25 billion.

Summary

- Sales of mask blanks and glass substrates for hard disk drives drove performance in our Information Technology segment, while our Life Care segment demonstrated overall strength.
- Our main issue is profitability in the Life Care segment. One underlying cause of this issue is our acquisition of another business. We did not incur acquisition-related expenses during the first quarter. Accordingly, quarter-on-quarter profits appear favorable. Expenses related to integration continued through the first quarter, and we expect these expenses to decline some time during the first half of the year. Sales of intraocular lenses out of our new plant should begin to contribute to profits during the second half of the year.
- Under our current profit structure, we are incurring costs in advance of revenues. We intend to conduct evaluations on a project-by-project basis to raise profitability.

[Information Technology Segment Earnings Overview from Mr. Eiichiro Ikeda, COO]

Information Technology Segment

- The Information Technology segment recorded a 15% increase in sales and a 48.8% increase in segment profit for the first quarter on a yen basis. Special factors during the prior fiscal year contributed in part to the jump in segment profit this quarter. Eliminating the impact of these special factors, segment profit was up 2.5% year on year as a result of profit ratios stemming from regular sales activities. Profitability was also up for the quarter. By product type, sales of electronics rose 11%, while imaging-related products, having experienced declining sales in the past, continued to grow for a second consecutive

quarter.

Mask Blanks for Semiconductors

- Sales of mask blanks continued to be strong, rising in excess of 10% year on year.
- Our semiconductor manufacturing customers continue to actively develop cutting-edge products. We were able to capture a major part of this demand, driving sales and profits higher.
- These cutting-edge products include products for EUV. The industry does not appear to have changed its plans to turn to apply multi-layer EUV technology to single-node mass production between 2018 and 2019.
- Demand is high for EUV-related development. Our competitive position in this market resulted in strong sales of blanks for EUV applications. Results were more than two-fold higher than the same period in the prior fiscal year.
- Sales of products for EUV applications account for more than 10% of our total sales of mask blanks for semiconductors.
- With a higher ratio of sales for cutting-edge products, product mix has improved, contributing to an overall gain in profitability.
- We expect this trend to continue in the second quarter and for some time beyond, with sales of products for EUV applications becoming a profitability driver for this business.

Large Photomasks for LCDs

- While the Information Technology segment performed well overall, both sales and profits of large photomasks for LCDs were lower.
- Our Kumamoto plant had been operating through mid-April of the same quarter in the prior fiscal year, providing inventory and a certain level of sales in April. In this respect, April sales of this quarter were down in comparison. This influence resulted in lower sales and profits for the quarter as a whole.
- While performance declines had been in the double-digit percentages, we saw an improvement for the first quarter, where declines were only in the single digits.
- Development demand among our panel maker customers was lower during the prior year, resulting in weak demand in the photomask market. More recently, demand for development has recovered, with sales up in excess of 10% compared to the most-recent quarter.
- We are adding production capacity little-by-little through our Taiwan and Korean manufacturing plants. Repairs to equipment damaged during the Kumamoto disaster have been completed to a certain extent, allowing us to move them to Korea and Taiwan. We will return to pre-earthquake production levels during the second half of fiscal 2017.
- However, some mask production is transitioning in-house among our customers. While we will recover our production capacity, it may be difficult to reach the same strong profitability as we enjoyed during 2015 before the earthquakes.

Glass Substrates for Hard Disk Drives (HDDs)

- Sales of glass substrates for hard disk drives grew 20% year on year. Sales growth was in the mid-10% range when eliminating the impact of foreign currency exchange.
- While sales were strong during the third quarter of the prior fiscal year, the main factor here was a jump in market share due to the withdrawal of a competitor from the business. Another factor was constrained supply of NAND, which resulted in shortages of SSDs. The

use of SSDs in PCs failed to advance at the speed initially projected.

Even at present, we believe demand will continue to be strong through 2017. We expect the market for 2.5-inch products to decline beginning in the fourth quarter.

- Meanwhile, we began mass production, albeit low in volume, of substrates for 3.5-inch near-line server drives in the first quarter. This is the only growth market for hard disk drives.

Despite the small contribution to sales, we expect sales to grow in the future.

We believe growth in 3.5-inch product will compensate for the decline in 2.5-inch product sales.

Imaging-Related Products

- Sales of imaging-related products grew 20% year on year. This reflects the fact that camera manufacturers reduced production of digital cameras in the wake of the Kumamoto earthquakes during the same period in the prior fiscal year.
- While the digital camera market continues to decline, the rate of decline has leveled off considerably. Accordingly, the impact of this decline on our business is limited. While products for digital cameras continue to represent a certain ratio of our sales, at the same time, sales of automobile cameras and surveillance cameras have grown to a certain ratio. Further, the portion of sales made up of lenses for mirrorless cameras and high-end cameras is quite high. These types of products are still popular in the digital camera market. With this combination of factors, the impact of the contraction in the digital camera market is becoming less of a factor in our business. Having said that, the camera market is not one that is going to grow in the future. We, therefore, intend to strengthen our sales of products tailored to in-vehicle cameras and surveillance cameras.
- To date, we have been working to optimize our business and raise profitability in the face of decreasing sales. However, sales declines have outpaced our efforts, and we have yet to see tangible results in terms of profit gains. However, the pace of sales declines has tapered off, and we have seen a considerable improvement in profitability.

[Life Care Segment Earnings Overview from Mr. Hiroshi Suzuki, CEO]

Eyeglass Lenses

- Sales of eyeglass lenses rose in the high single digits when eliminating the impact of foreign currency exchange. Including the impact, sales rose approximately 10%.
- Sales declines in Japan have stopped.
- In the Americas, sales increased by 20% when including our acquisitions, and by 10% when not.
- In Asia, we saw solid growth in the high single digits.
- Sales in Europe were level year on year. We received an unusually high volume of orders from our major chain customers in the same period of the prior fiscal year. Activity has resumed as normal this year. That is not to say, however, that performance is poor. The impact did result in a sales decrease year on year, offsetting sales growth through other channels.
- The eyeglass lens business as a whole reported strong sales.

Contact Lenses

- Contact lens sales grew in the high single digits for the period.

- While comparable store sales have continued to decline slightly, sales grew for the quarter, providing somewhat of a relief. In the past, new store openings have led to cannibalization of existing store sales and lower comparable store sales year on year. This year, however, comparable store sales were strong. We have made a minor change to our approach in opening new stores. Where opening stores near train stations and in shopping malls led to significant cannibalization, our new approach has seen a decrease in new store openings this year.

Endoscopes

- Sales of endoscopes were strong in Europe and Asia.
- Having made up-front costs, we must increase sales if we are to raise profitability. We have acquired a company that has technology, but has not translated that into appreciable sales gains. Our initial plan was to obtain government approval for a new product developed by this company, generating sales soon thereafter. However, we now expect somewhat of a delay in receiving these approvals. While the company we acquired has already incurred costs, sales are likely to come later. The issue here is how to compensate for this change in timing.

Intraocular Lenses (IOLs)

- Sales of intraocular lenses grew in the double digits for the quarter, after eliminating the impact of foreign currency exchange.
- We expect competitors' new products to be launched during the second half of this year. Production capacity has been a bottleneck for us, but we should see capacity growth here as well during the second half. These two factors will determine our second-half earnings forecasts for this business.

Artificial Bones, Other

- Normally, we do not address performance of artificial bone sales during these briefings. However, sales of devices used in artificial bones and laparoscopic surgery (scissors, clips, etc.) have been strong, recording double-digit growth for the quarter. Profits have been likewise strong.

[Company Overview from Mr. Hiroshi Suzuki, CEO]

- We will continue to incur costs related to our acquisition in the second quarter. Accordingly, we do not expect our cost structure to improve significantly compared to the first quarter. We do expect to see cost improvements beginning in the second half of the year. We intend to maintain sales momentum while improving efficiency during the second half of the year to boost profitability. Growth in Information Technology segment sales will slow during the second half of the year. To compensate, we plan to raise profitability in the Life Care segment beyond current levels.
- In our view, profitability for the Information Technology segment should have been higher for the first quarter. As the Life Care segment is enjoying momentum behind sales growth, we do not really have concerns here. This momentum will not change so easily. We worked very hard over the past year to create this momentum. In the future, we intend to shift gears to boost profitability. HOYA is good at reducing expenses as well. This is why we are not overly concerned about achieving better profitability in the future.
- Today, our board of directors resolved to conduct a share buyback. We will continue to return surplus funds to our shareholders through dividends and/or share buybacks in the future.

[Q&A Highlights]

Q1: What informs your forecast that HDD glass substrate demand will decrease beginning in the fourth quarter?

A1: Our projection is based on falling demand for 2.5-inch HDD glass substrates, which has been declining for some time. (Eiichiro Ikeda, COO)

Our forecast is based on the rule of thumb that HDD product inventory adjustments occur beginning in late December. (Hiroshi Suzuki, CEO)

Q2: We (the questioner) expect the market for blank products for EUV applications to be around 40 billion yen in 2019-2020 time frame. What is the opinion of your company?

A2: FY2018 should double FY2016 levels. Beyond that, it is not a given that these products will grow in proportion to the market, even if the market is strong, since blanks are not consumable items. (Eiichiro Ikeda, COO)

Unit prices for blanks for EUV applications will rise. However, the volume used for lithography will decrease. Therefore, we do not expect that EUV performance will simply be an addition to existing sales. (Hiroshi Suzuki, CEO)

Q3: How is the progress on your manufacturing plant for intraocular lenses? Has there been any change in schedule for production capacity ramp up?

A3: We began manufacturing in July, and we have not encountered any major issues. We moved products we had been making for years in Singapore to Thailand. However, the process itself hasn't changed in any significant way, so we believe everything will be fine. We built the new plant next to the plant at which we used to manufacture HDD glass substrates. We moved engineers from that plant to work on intraocular lenses in the new facility. These are very talented and experienced individuals, so we believe we won't have any problems in this respect. We should be at full capacity within two months or so after beginning operations. We expect sales volume to build over four or five months from that point. (Hiroshi Suzuki, CEO)

Q4: What is your outlook for sales of 3.5-inch HDD glass substrates?

A4: We are not yet shipping enough volume to contribute to overall glass substrate sales. However, we have had no issues regarding feedback from glass substrate HDD manufacturers. HDDs using these substrates are being evaluated by a HDD maker's customer currently. (Eiichiro Ikeda, COO)

Q5: What is your outlook for eyeglass lens profitability?

A5: After eliminating temporary expenses, we see profitability at 17%, or at 15% when including those expenses. We think these temporary expenses will go away in the second half of the year, at which point profitability will be proceeding smoothly at 18% or thereabout. (Hiroshi Suzuki, CEO)

Q6: Having acquired Performance Optics, have you made any changes in your fiscal 2017 outlook for investments or depreciation and amortization?

A6: There have been no formal decisions for changes in capital investment. Depreciation and amortization have been included in our overall figures for first half outlook to increase, but we are making a careful examination. (Ryo Hirooka, CFO)

Q7: I expect an exchange rate of 130 Japanese yen to the euro. What impact do you think this will have on the competitive environment in Europe?

A7: We have a high ratio of incurring costs in dollars and making sales in euros. In this case, we have an advantage when the yen is weak against the euro and strong against the dollar. (Hiroshi Suzuki, CEO)

Q8: You mentions that sales decreases in Japan have stopped. Can we take this as an indication of the end of deflation?

A8: We believe deflation has ended. Our view is that retailers are raising prices little by little as they offer more options to consumers.

End

Certain statements contained in this report constitute forward-looking statements regarding the Company's future performance and environment of the industry in which the Company is involved. Forward-looking statements are based on the judgments of the Company and corporate group obtained based on information obtainable at the time the statements are made and they also contain risks and uncertainties. The Company does not guarantee the completeness or accuracy of the content. Consequently, you are advised to refrain from making investment judgments relying entirely on these forecasts. Actual performance and the industry environment may differ materially from those expressed by the forward-looking statements for a number of reasons. You are requested to make final decisions regarding investment, etc., on your own. Please be aware that we cannot take responsibility for the outcome of investments.