Consolidated Financial Results for the First Quarter Ended September 30, 2018 (Japanese GAAP)

October 29, 2018

Company name:	Lasertec Corporation
Stock exchange listing:	Tokyo Stock Exchange
Code:	6920
URL:	https://www.lasertec.co.jp/
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Preparation of supplementary material for financial results:	Yes
Financial results briefing:	No

(Figures less than a million yen are rounded down.)

1. Consolidated financial results for the three months ended September 30, 2018

(1) Consolidated operating results

(The percentage figures indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2018	6,181	127.3	921	272.7	971	294.0	783	296.3
September 30, 2017	2,719	44.7	247	--	246	--	197	--

(Note) Comprehensive income: Three months ended September 30, 2018: 874 million yen [263.8%]
Three months ended September 30, 2017: 240 million yen [549.7%]

	Net income per share	Net income per share, fully diluted
Three months ended	Yen	Yen
September 30, 2018	17.37	17.36
September 30, 2017	4.38	4.38

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
September 30, 2018	41,352	26,935	65.1	596.91
June 30, 2018	38,121	27,053	70.9	599.52

(Reference) Equity: September 30, 2018: 26,914 million yen June 30, 2018: 27,032 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2018	--	12.00	--	22.00	34.00
Fiscal year ending June 30, 2019	--				
Fiscal year ending June 30, 2019 (Forecast)		16.00	--	23.00	39.00

(Note) Revision to forecast of dividends since the last announcement: No

3. Forecast of consolidated financial results for the year ending June 30, 2019

(The percentage figures indicate changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	14,300	36.8	3,300	0.7	3,300	0.2	2,600	7.6	57.66
Annual	28,000	31.7	6,500	14.3	6,500	13.9	5,000	14.5	110.89

(Note) Revision to forecast of financial results since the last announcement: No

※ Notes

(1) Significant changes of subsidiaries during the period (changes of specified subsidiaries accompanying changes in the scope of consolidation): None

Number of subsidiaries added to consolidation: None (Company names: --),
Number of subsidiaries excluded from consolidation: None (Company names: --)

(2) Application of special accounting procedures to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes or restatement of accounting estimates
① Changes in accounting policy due to revision of accounting standards: None
② Changes in accounting policy other than ①: None
③ Changes in accounting estimates: None
④ Restatement due to revision: None

(4) Number of issued shares (common stock):

(Shares)

① Number of issued shares at the end of the period (including treasury shares)	September 30, 2018	47,143,200	June 30, 2018	47,143,200
② Number of treasury shares at the end of the period	September 30, 2018	2,054,132	June 30, 2018	2,054,078
③ Average number of shares during the period ended	September 30, 2018	45,089,103	September 30, 2017	45,089,232

※ **This report of financial results is not subject to auditing by certified public accountants.**

※ **Statement about proper use of forecast of financial results and other special notes**

The forecast of financial results provided in this report is based on information currently available to the company and based on certain assumptions it has judged as reasonable. Actual results may differ materially from the forecast due to various factors.

Contents of Supplementary Material

1. Qualitative information concerning this quarterly report ……2
(1) Information concerning operating results……2
(2) Information concerning financial position……2
(3) Information concerning forecast of consolidated financial results ……3

2. Consolidated financial statements and notes ……4
(1) Consolidated balance sheet ……4
(2) Consolidated statement of income and consolidated statement of comprehensive income……6
Consolidated statement of income
First three months of the fiscal year……6
Consolidated statement of comprehensive income
First three months of the fiscal year……7
(3) Consolidated statement of cash flows ……8
(4) Notes on consolidated financial statements ……9
(Note on going concern)……9
(Note on significant changes in the amount of shareholders' equity)……9

3. Supplementary information…… 10
(1) Production by category…… 10
(2) Orders and backlog by category…… 10
(3) Sales by category …… 10

1. Qualitative information concerning this quarterly report

(1) Information concerning operating results

The status of the global economy during the three-month period ended September 30, 2018 is summarized as follows. In the United States, both corporate earnings and personal consumption were strong, and the economic growth continued. In Europe, personal consumption was robust, and domestic demand propped up the growth. In China, the pace of growth became slower, but a significant slowdown of growth was avoided. As for emerging-market economies, anxiety spread as rapid currency depreciation occurred in some emerging countries. With US-China trade frictions deteriorating and US interest rates on the rise, serious concerns were raised about the prospects of the global economy.

As for the Japanese economy, corporate earnings remained strong, and personal consumption began to recover while employment and income levels continued to increase.

In the semiconductor industry, our primary market, some memory manufacturers began to postpone capital expenditures because NAND prices dropped sharply and DRAM prices started to fall. On the other hand, there were signs that logic manufacturers would resume capital investments, and the prospect of recovery in 2019 became high.

The status of the remainder of our other business areas is as follows. In the flat panel display (FPD) industry, capital expenditures for the production of large TV panels continued in China. However, investments for the production of small and medium-sized panels including organic light-emitting diode (OLED) panels were postponed.

Under these circumstances, our consolidated net sales in the three-month period ended September 30, 2018 was 6,181 million yen (up 127.3% year-on-year). By product segment, semiconductor-related products accounted for 4,114 million yen (up 154.7% year-on-year), other products for 1,102 million yen (up 272.4% year-on-year), and services for 964 million yen (up 19.4% year-on-year).

As for consolidated income for this period, we recorded an operating income of 921 million yen (up 272.7% year-on-year), an ordinary income of 971 million yen (up 294.0% year-on-year), and a 783 million-yen net income attributable to owners of parent (up 296.3% year-on-year).

(2) Information concerning financial position

① Financial position

Total assets at the end of the period amounted to 41,352 million yen, up 3,230 million yen from the end of the previous fiscal year. This is mainly due to a 1,146 million yen increase in notes and accounts receivable-trade, a 955 million yen increase in cash and deposits, and a 712 million yen increase in work in process.

Liabilities at the end of the period amounted to 14,416 million yen, up 3,348 million yen from the end of the previous fiscal year. This is mainly due to a 2,774 million yen increase in advances received.

Net assets, which consist of shareholders' equity, accumulated other comprehensive income, and subscription right to shares, amounted to 26,935 million yen. The capital-to-asset ratio was 65.1%.

② Cash flows

Cash and cash equivalents at the end of the period amounted to 11,060 million yen, up 952 million yen from the end of the previous fiscal year. Following is the status of cash flows and their contributing factors during the three-month period.

Net cash provided by operating activities amounted to 2,101 million yen (up 4.8% year-on-year). This is mainly because the sum of cash receipt, such as a 2,773 million yen increase in advances received and 971 million yen in income before income taxes, exceeded the sum of cash payment, such as a 1,117 million yen in notes and accounts receivable-trade and an 890 million yen increase in inventories.

Net cash used in investing activities amounted to 174 million yen (up 101.8% year-on-year). This is mainly

due to 110 million yen used for purchase of property, plant and equipment and 46 million yen used for payments for guarantee deposits.

Net cash used in financing activities amounted to 992 million yen (down 21.4% year-on-year). This is mainly due to 991 million yen used for cash dividends paid.

(3) Information concerning forecast of consolidated financial results

We have not revised our forecast of operating results for the full year ending June 30, 2019, which we announced on August 8, 2018.

2. Consolidated financial statements and notes

(1) Consolidated balance sheet

(In thousands of yen)

	Previous (As of June 30,2018)	Current (As of September 30,2018)
Assets		
Current assets		
Cash and deposits	10,176,394	11,131,778
Notes and accounts receivable-trade	3,820,832	4,967,227
Work in process	10,317,776	11,030,313
Raw materials and supplies	2,115,076	2,304,739
Other	2,963,243	2,840,210
Allowance for doubtful accounts	(5,473)	(6,328)
Total current assets	29,387,850	32,267,940
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	1,871,245	1,847,158
Machinery, equipment and vehicles, net	161,007	214,239
Tools, furniture and fixtures, net	192,351	198,011
Leased assets, net	1,100	770
Land	4,254,773	4,254,773
Construction in progress	121,285	138,230
Total property, plant and equipment	6,601,764	6,653,183
Intangible assets	534,775	516,241
Investments and other assets		
Investment securities	610,827	670,496
Deferred tax assets	932,993	1,139,473
Other	53,743	104,831
Allowance for doubtful accounts	(162)	(162)
Total investments and other assets	1,597,401	1,914,637
Total noncurrent assets	8,733,941	9,084,062
Total assets	38,121,791	41,352,003

(In thousands of yen)

	Previous (As of June 30, 2018)	Current (As of September 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	1,392,704	1,443,111
Income taxes payable	604,912	578,288
Advances received	7,318,101	10,092,575
Provision for bonuses	--	270,922
Provision for directors' bonuses	226,000	26,000
Provision for product warranties	321,032	370,874
Provision for quality compensation	--	356,067
Other	916,713	998,648
Total current liabilities	10,779,463	14,136,488
Noncurrent liabilities		
Net defined benefit liability	201,106	213,889
Other	87,677	66,006
Total noncurrent liabilities	288,783	279,896
Total liabilities	11,068,247	14,416,384
Net assets		
Shareholders' equity		
Capital stock	931,000	931,000
Capital surplus	1,080,360	1,080,360
Retained earnings	25,765,441	25,556,703
Treasury stock	(976,969)	(977,186)
Total shareholders' equity	26,799,832	26,590,877
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	314,205	355,788
Foreign currency translation adjustment	(81,991)	(32,545)
Total accumulated other comprehensive income	232,213	323,243
Subscription rights to shares	21,498	21,498
Total net assets	27,053,544	26,935,618
Total liabilities and net assets	38,121,791	41,352,003

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(First three months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2017 thru September 30, 2017)	Current (July 1, 2018 thru September 30, 2018)
Net sales	2,719,622	6,181,214
Cost of sales	1,272,960	2,895,052
Gross profit	1,446,662	3,286,162
Selling, general and administrative expenses	1,199,434	2,364,701
Operating income	247,227	921,460
Non-operating income		
Interest income	934	2,212
Rent income on non-current assets	480	494
Foreign exchange gains	--	45,730
Commission fee	1,992	--
Other	322	1,954
Total non-operating income	3,729	50,392
Non-operating expenses		
Foreign exchange losses	4,217	--
Loss on retirement of non-current assets	15	0
Other	186	527
Total non-operating expenses	4,418	528
Ordinary income	246,538	971,325
Income before income taxes	246,538	971,325
Income taxes-current	27,354	410,805
Income taxes-deferred	21,553	(222,703)
Total income taxes	48,908	188,102
Net income	197,630	783,222
Net income attributable to owners of parent	197,630	783,222

(Consolidated statement of comprehensive income)
(First three months of the fiscal year)

(In thousands of yen)

	Previous (July 1, 2017 thru September 30, 2017)	Current (July 1, 2018 thru September 30, 2018)
Net income	197,630	783,222
Other comprehensive income		
Valuation difference on available-for-sale securities	32,237	41,582
Foreign currency translation adjustment	10,471	49,446
Total other comprehensive income	42,709	91,029
Comprehensive income	240,339	874,252
Comprehensive income attributable to owners of the parent	240,339	874,252
Comprehensive income attributable to non-controlling interests	--	--

(3) Consolidated statement of cash flows

(In thousands of yen)

	Previous (July 1, 2017 thru September 30, 2017)	Current (July 1, 2018 thru September 30, 2018)
Cash flows from operating activities		
Income before income taxes	246,538	971,325
Depreciation and amortization	118,567	104,041
Loss on retirement of non-current assets	15	0
Increase (decrease) in allowance for doubtful accounts	(2,257)	805
Increase (decrease) in provision for bonuses	122,679	269,879
Increase (decrease) in provision for directors' bonuses	(201,800)	(200,000)
Increase (decrease) in provision for product warranties	(34,653)	48,315
Increase (decrease) in provision for quality compensation	--	356,067
Increase (decrease) in net defined benefit liability	9,193	12,374
Interest and dividend income	(934)	(2,212)
Foreign exchange losses (gains)	(15,140)	8,970
Decrease (increase) on notes and accounts receivable-trade	2,476,949	(1,117,877)
Decrease (increase) in inventories	(1,454,363)	(890,246)
Increase (decrease) in accounts payable-trade	(330,347)	(102,010)
Increase (decrease) in advances received	2,408,003	2,773,254
Other, net	(653,162)	338,920
Sub-total	2,689,288	2,571,607
Interest and dividend income received	940	2,195
Income taxes paid	(685,535)	(472,016)
Net cash provided by (used in) operating activities	2,004,693	2,101,786
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,478)	(110,159)
Purchase of intangible assets	(41,059)	(17,754)
Payments for guarantee deposits	--	(46,735)
Net cash provided by (used in) investing activities	(86,537)	(174,649)
Cash flows from financing activities		
Cash dividends paid	(1,262,498)	(991,960)
Other, net	(356)	(573)
Net cash provided by (used in) financing activities	(1,262,854)	(992,534)
Effect of exchange rate change on cash and cash	19,779	18,330
Net increase (decrease) in cash and cash equivalents	675,080	952,933
Cash and cash equivalents at beginning of period	9,736,950	10,107,234
Cash and cash equivalents at end of period	10,412,030	11,060,168

(4) Notes to consolidated financial statements

(Note on going concern)

None

(Note on significant changes in the amount of shareholders' equity)

None

3. Supplementary information

(1) Production by category

Production by category for the first three months of the fiscal year is as follows.

(In thousands of yen)

	(July 1, 2018 thru September 30, 2018)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	4,424,850	10,535,568	138.1
Other products	533,927	1,030,613	93.0
Subtotal	4,958,777	11,566,182	133.2
Services	807,949	964,490	19.4
Total	5,766,726	12,530,672	117.3

(Notes)
1. Numbers shown above are based on sales prices.
2. Consumption taxes are not included.

(2) Orders and backlog by category

Orders and backlog by category for the first three months of the fiscal year are as follows.

(In thousands of yen)

	(July 1, 2018 thru September 30, 2018)					
Category	Orders Previous	Orders Current	Year-on-year increase (%)	Backlog Previous	Backlog Current	Year-on-year increase (%)
Finished goods						
Semiconductor-related products	18,034,528	4,254,668	(76.4)	31,556,740	34,606,736	9.7
Other products	2,158,280	314,901	(85.4)	4,432,222	3,889,531	(12.2)
Subtotal	20,192,808	4,569,570	(77.4)	35,988,963	38,496,268	7.0
Services	908,312	1,061,881	16.9	645,675	835,162	29.3
Total	21,101,121	5,631,452	(73.3)	36,634,638	39,331,431	7.4

(Notes)
1. Numbers shown above are based on sales prices.
2. Orders reflect adjustment for cancellation and other changes.
3. Consumption taxes are not included.

(3) Sales by category

Sales by category for the first three months of the fiscal year are as follows.

(In thousands of yen)

	(July 1, 2018 thru September 30, 2018)		
Category	Previous	Current	Year-on-year increase (%)
Finished goods			
Semiconductor-related products	1,615,585	4,114,205	154.7
Other products	296,088	1,102,519	272.4
Subtotal	1,911,673	5,216,724	172.9
Services	807,949	964,490	19.4
Total	2,719,622	6,181,214	127.3

(Note) Consumption taxes are not included.