



Optorun Co., Ltd.

Earnings Announcement
For the Third Quarter of the Fiscal Year
Ending December 2018

November 14, 2018

Financial Highlights (Consolidated)



Big increases in sales and earnings

- Higher sales of smartphone and LED optical thin film coaters and strong growth of sales of coaters for surveillance camera lenses and IoT applications (biometric authentication, automotive components, semiconductors)
- 3Q sales include sales planned for the 4Q or afterward because product acceptance by customers were sooner than expected. Sales in the second half of 2018 are expected to be as planned and about the same as first half sales.
- In the smartphone sector, the needs for new technologies of coloring back side, 3D function and advanced camera function are strong among manufacturers in North America, China and Korea. The timing of new orders depends on how soon global economy becomes risk free from U.S.-China trade friction.
- Anticipate growth in the camera lens, IoT, LED and other market sectors to continue to contribute to sales and earnings

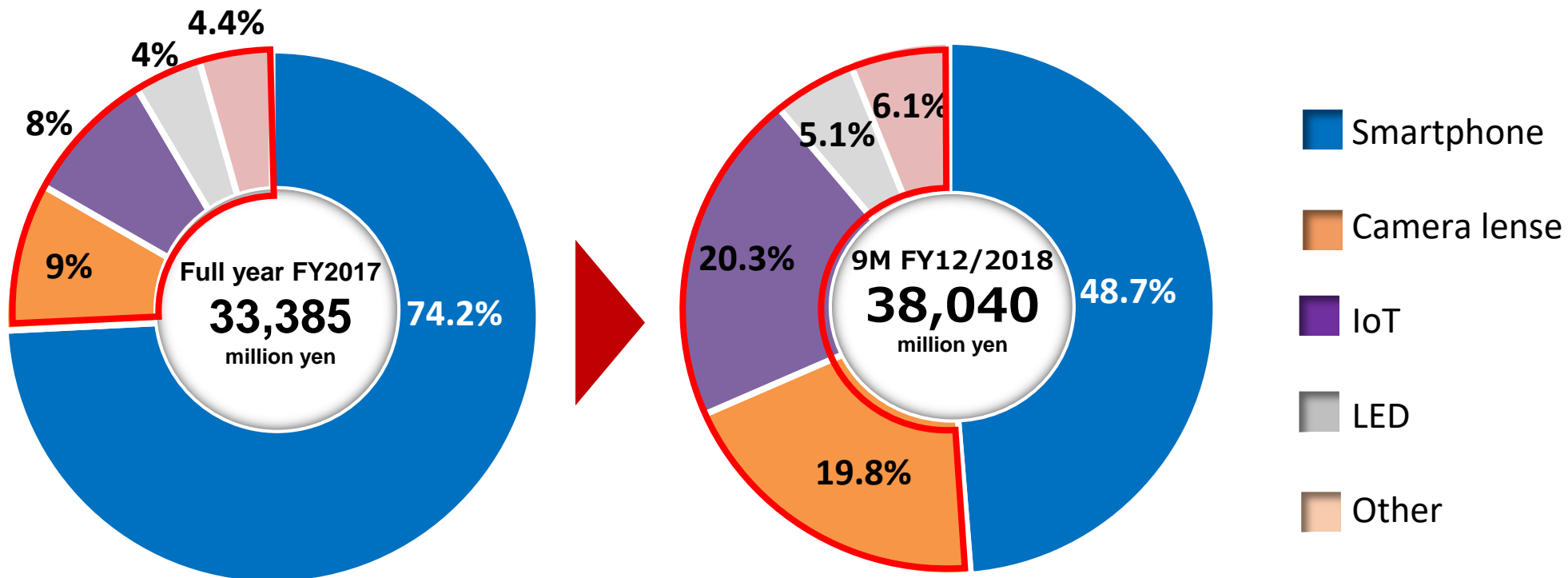
(Million yen)

	9M FY12/2017	9M FY12/2018	Growth
Net sales	21,298	38,040	+78.6%
Operating profit	5,492	10,416	+89.7%
Operating margin	25.8%	27.4%	—
Ordinary profit	5,593	10,913	+95.1%
Profit attributable to owners of parent	3,655	7,952	+117.6%

Net Sales by Categories

The expansion of applications for optical thin film

- Increasing diversity of users of optical thin film equipment in the smartphone industry in North America, China, Korea and other regions
- Increasing use of this equipment for lenses for surveillance and other cameras, IoT applications involving biometric authentication, automotive components and semiconductors, LEDs and other products



Forecast for FY12/2018 (Consolidated)



- **Sales:** Sales are consistent with the plan for 2018
- **Earnings:** Expect 2018 earnings to be significantly higher than the forecast announced in February because of a reduction in the cost of sales ratio resulting from higher manufacturing efficiency and measures to hold down the cost of raw materials

(Million yen)

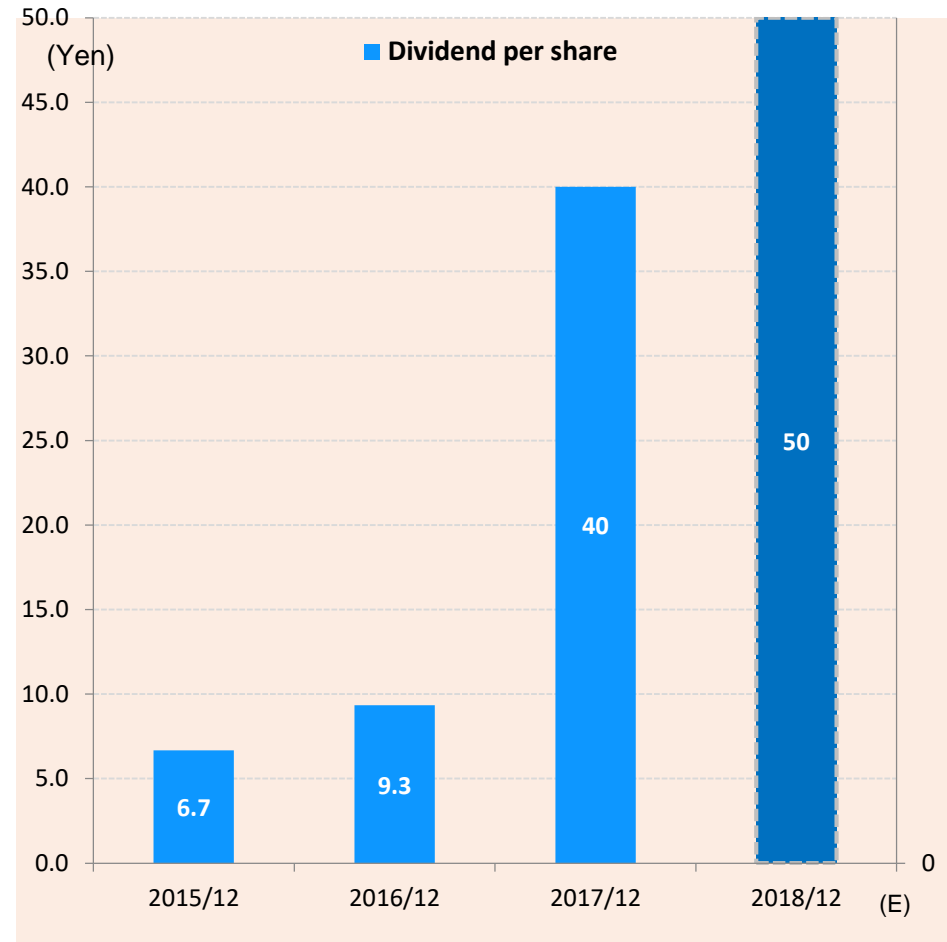
	Previous Forecast (announced Feb. 2018)	Revised Forecast (announced Nov. 2018)	Change
Net sales	43,800	43,800	0.0%
Operating profit	8,100	10,700	+32.1%
Operating margin	18.5%	24.4%	—
Ordinary profit	8,200	11,200	+36.6%
Profit attributable to owners of parent	5,700	7,200	+26.3%

Increased the 2018 dividend forecast from ¥42 to ¥50

Dividend Policy

The policy is maintain sufficient funds for R&D activities, strengthening manufacturing operations, starting new businesses and other requirements and to use remaining funds as much as possible for shareholder distributions.

The goal is consistent dividend payments with a **consolidated payout ratio of about 30%**.



* There was a 1-to-1,000 share split on March 18, 2017 and a 1-to-3 share split on October 13, 2017. Earnings per share in 2015, 2016 and 2017 have been adjusted to reflect these stock splits.