



# Explanation of Operating Results for Third Quarter of F.Y. 2016 (Jan.1 to Sep.30, 2016)

Stock code : 6914

November 7, 2016

<Disclaimer>

The forward-looking statements, including OPTEX CO., LTD.'s operating results, strategies, and business plans, contained in these materials are based on judgments and assumptions posited on information available at the time of the presentation. There is a possibility actual operating results will differ materially from the projections described herein as a result of uncertainties contained within these judgments and assumptions, and changes in the Company's management of its businesses or changes in domestic and overseas business conditions in the future.

# Overview of Consolidated Financial Results for Third Quarter of F.Y. 2016

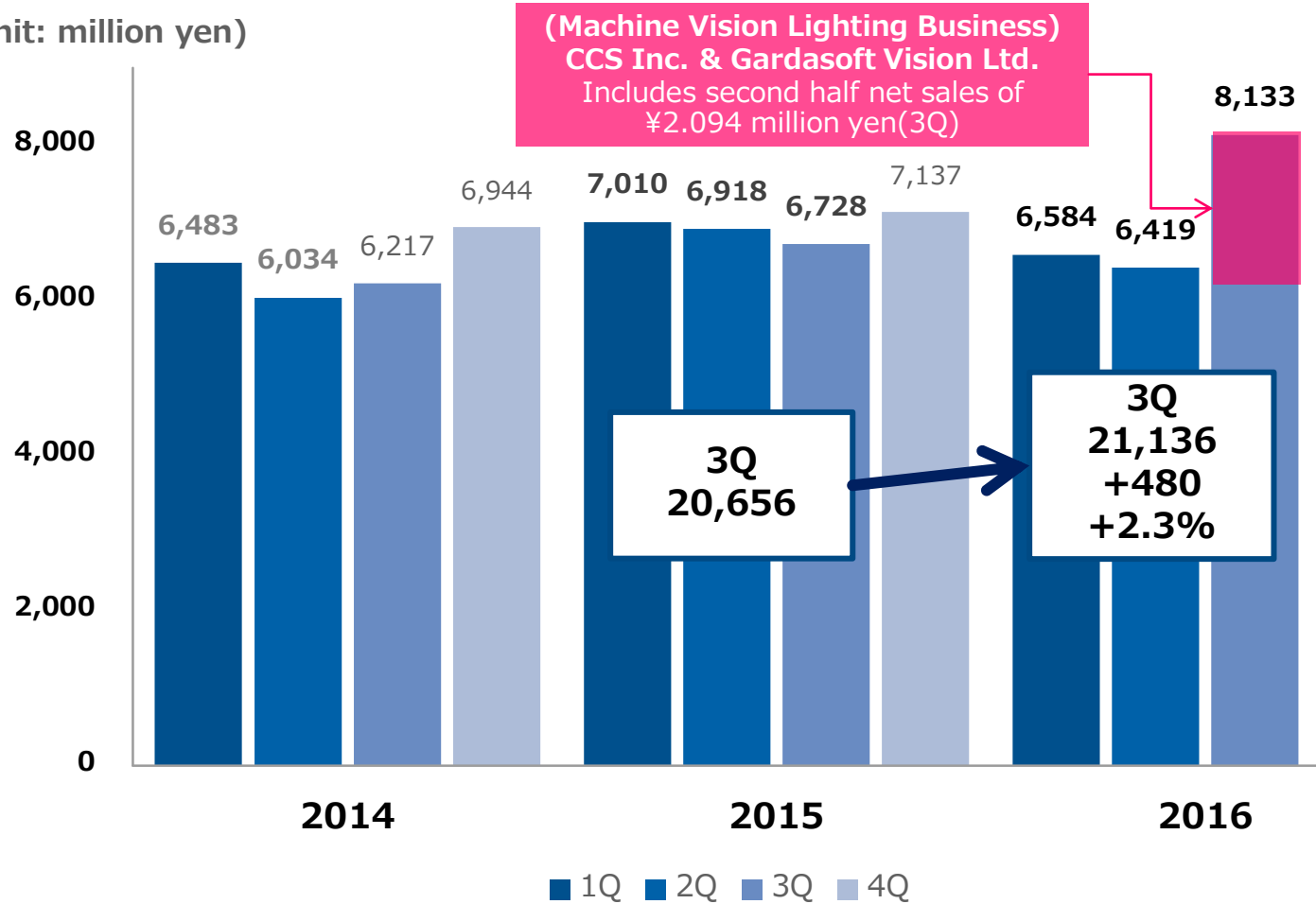
(Unit: Million yen )	F.Y. 2015 3Q		F.Y. 2016 3Q		Year-to-year comparison	
	Results	Composition Ratio	Results	Composition Ratio	Change	Percent Change
Net sales	20,656	100%	21,136	100%	+480	+2.3%
Cost of sales	9,691	46.9%	9,541	45.1%	-150	-1.5%
Selling, general and administrative expenses	8,621	41.7%	9,343	44.2%	+722	+8.4%
Operating income	2,343	11.3%	2,250	10.6%	-93	-4.0%
Ordinary income	2,382	11.5%	1,908	9.0%	-474	-19.9%
Profit attributable to owners of parent	1,493	7.2%	1,161	5.5%	-332	-22.2%
Net income per share (basic)	90.24		70.19			
Exchange rate(yen) : USD	120.90		108.69		-12.21	-10.1%
Exchange rate(yen) : GBP	185.33		151.68		-33.65	-18.2%
Exchange rate(yen) : EUR	134.77		121.17		-13.60	-10.1%

**Impact of exchange rate** (year-to-year comparison)

**Net sales -1,285      Operating income -273**

# Quarterly performance - Consolidated Net Sales (Year- on-year)

(Unit: million yen)



## Increase in net sales as a result of M&A

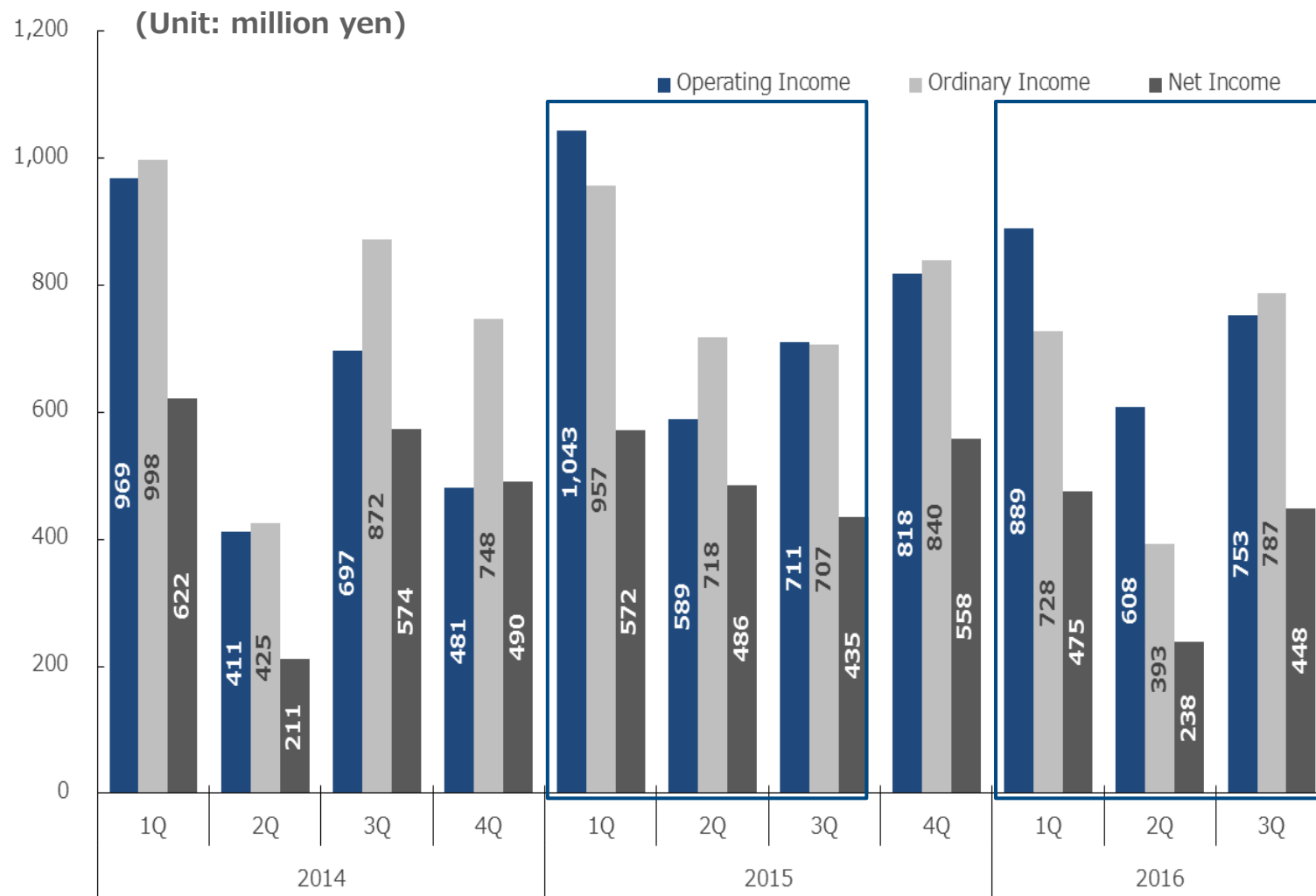
- Conversion of 2 companies into consolidated subsidiaries, one in Japan and one overseas, contributed to higher net sales  
(CCS Inc., Gardasoft Vision Ltd.: +2,094 (3Q))

## Little change in existing businesses

- Lower net sales in Security Sensor/Automatic Door Sensor Business reflected the impact of exchange rate, etc. (Impact of exchange rate: -1,285; Effect from depreciation of the British pound was especially strong)
- Factory Automation Business was strong and achieved higher net sales

(Note) Detailed information on each segment begins on P. 7.

## Quarterly performance - Consolidated Profit (Year- on-year)

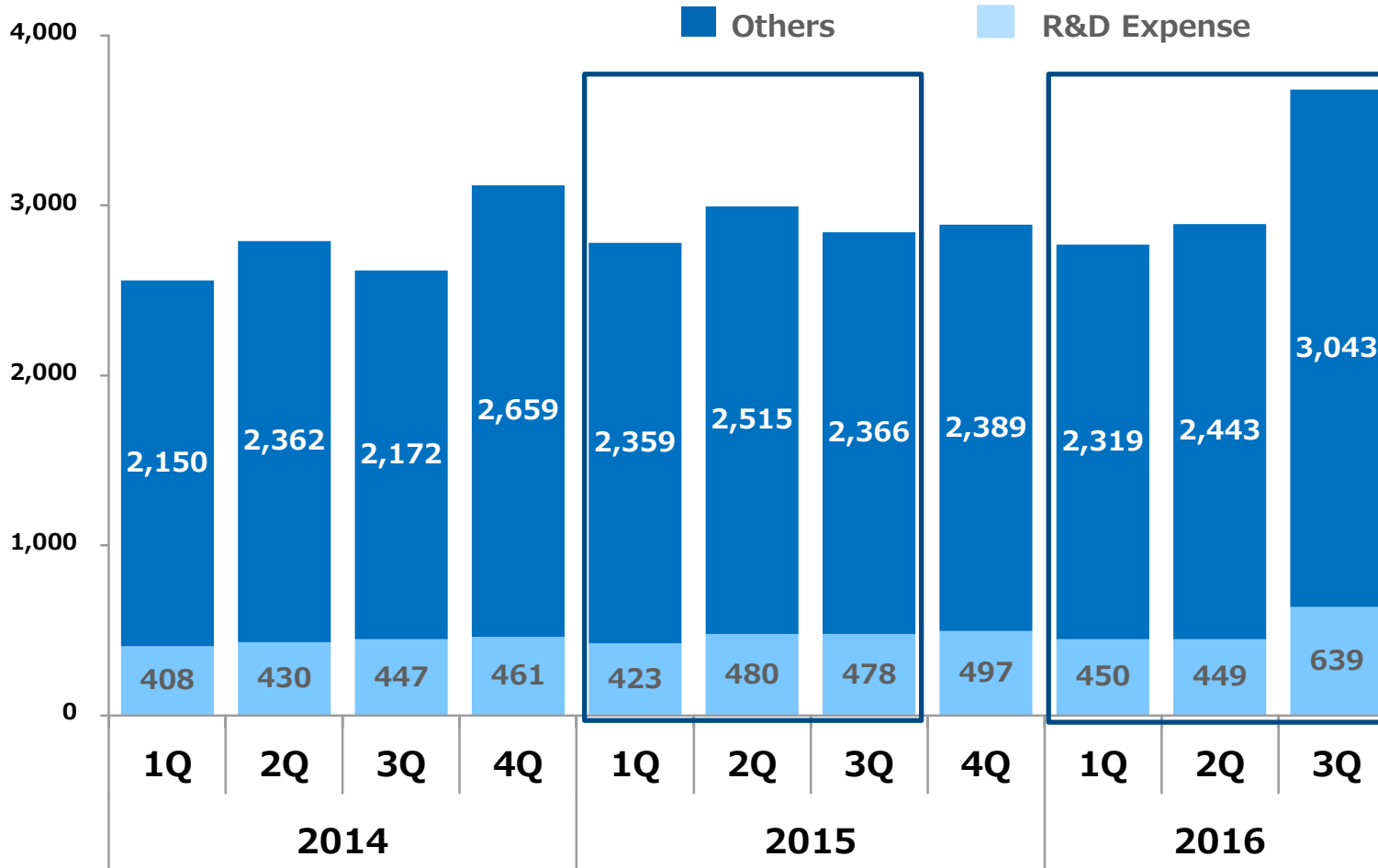


### Year-on-year decrease for each indicator

- **Operating income** -4.0%  
Lower profit reflected factors such as impact of exchange rate, and increase in selling, general and administrative expenses accompanying addition of newly consolidated subsidiaries
- **Ordinary income** -19.9%
- **Profit attributable to owners of parent** -22.2%  
Lower profit from foreign exchange losses (strong yen)

# Quarterly performance - Consolidated Selling, general and administrative expenses (Year- on-year)

(Unit: million yen)

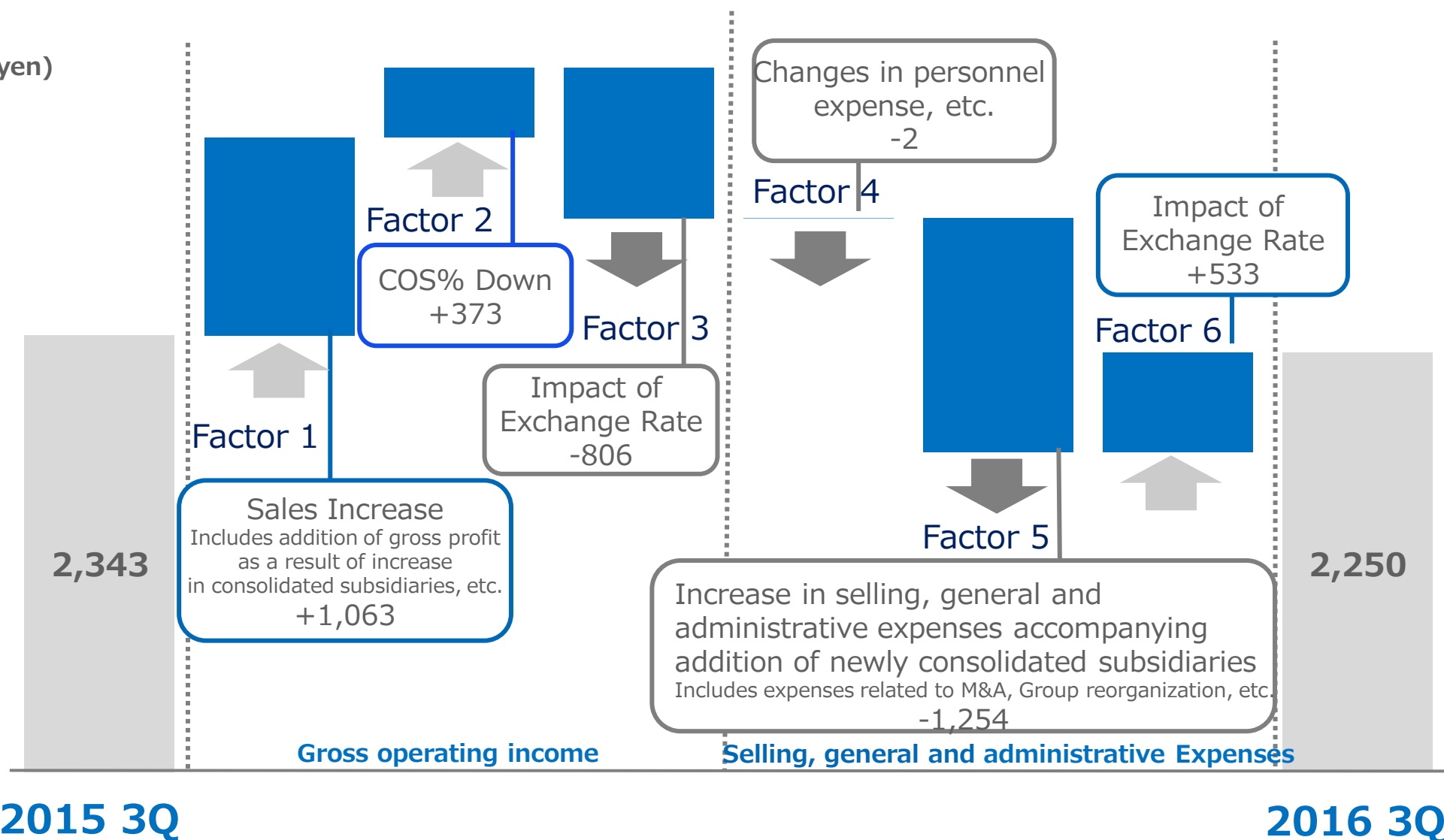


**Increase in various expenses accompanying addition of newly consolidated subsidiaries**

**Year-to-year comparison (3Q)**  
 Selling, general and administrative expenses + 8.4%  
 Personnel cost + 5.6%  
 Expense +10.6%  
 R&D expense +11.4%

# Factors of change in Operating Income (Year- on-year)

(Unit: million yen)



## Results by Segment and Region (Year- on-year)

(Unit: million yen)

Segment and Region	2015 3Q Sales	2016 3Q Sales	Change	Rate of change
<b>Security Sensors</b>	<b>10,593</b>	<b>9,296</b>	<b>-1,297</b>	<b>-12.2%</b>
Japan	1,932	1,711	-221	-11.4%
North and Latin America	2,025	1,807	-218	-10.8%
Europe, Middle East, Africa	5,408	4,861	-547	-10.1%
Asia, Oceania	1,228	917	-311	-25.3%
<b>Automatic Door Sensors</b>	<b>3,297</b>	<b>3,122</b>	<b>-175</b>	<b>-5.3%</b>
Japan	1,559	1,534	-25	-1.6%
North and Latin America	893	827	-66	-7.4%
Europe, Middle East, Africa	762	679	-83	-10.9%
Asia, Oceania	83	82	-1	-1.2%
<b>Factory Automation Business</b>	<b>4,210</b>	<b>4,487</b>	<b>277</b>	<b>6.6%</b>
Japan	1,668	1,981	313	18.8%
North and Latin America	86	83	-3	-3.5%
Europe, Middle East, Africa	1,702	1,746	44	2.6%
Asia, Oceania	754	677	-77	-10.2%

# Business by Segment - Security Sensors

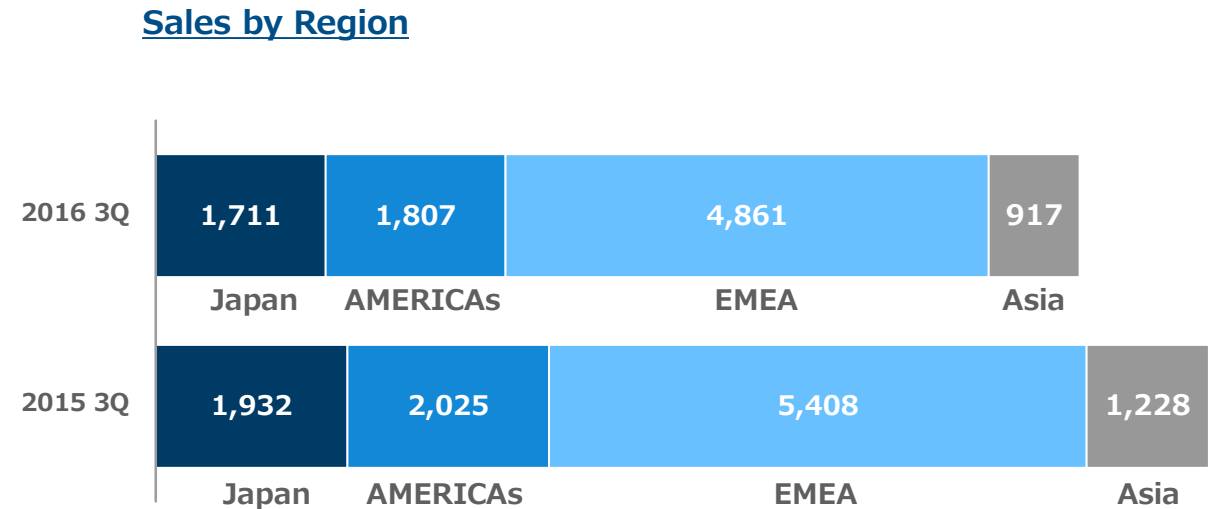
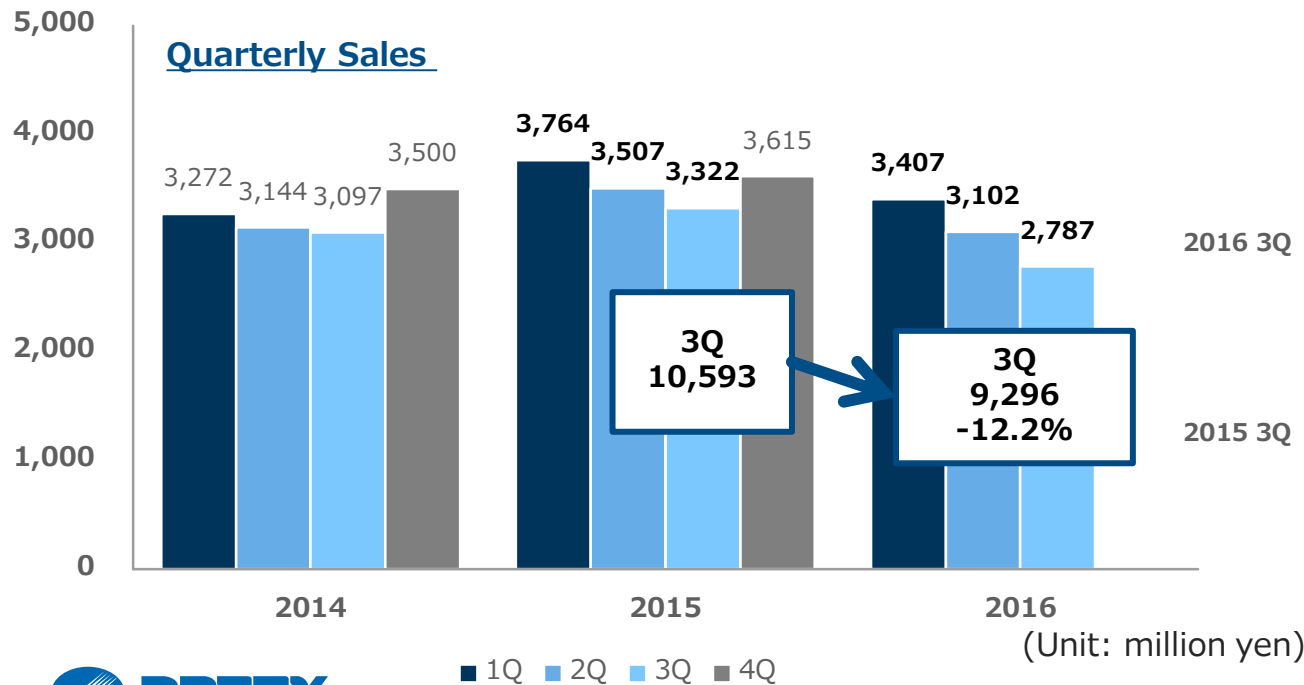
## ● Results 2016 3Q

**Japan** : Sales of intrusion detectors for outdoor for residential dwellings for security companies struggled and slipped lower.

**AMERICAs** : Sales of perimeter protection sensors for critical facilities remained steady. Overall sales fell from impact of exchange rate and weak sales of sensors for dwellings for North America.

**EMEA** : Sales of intrusion detectors for outdoor for residential dwellings for Europe remained steady on a local currency basis. Overall sales declined from impact of exchange rate.

**Asia** : Sales of intrusion detectors for Asia and Oceania were soft.





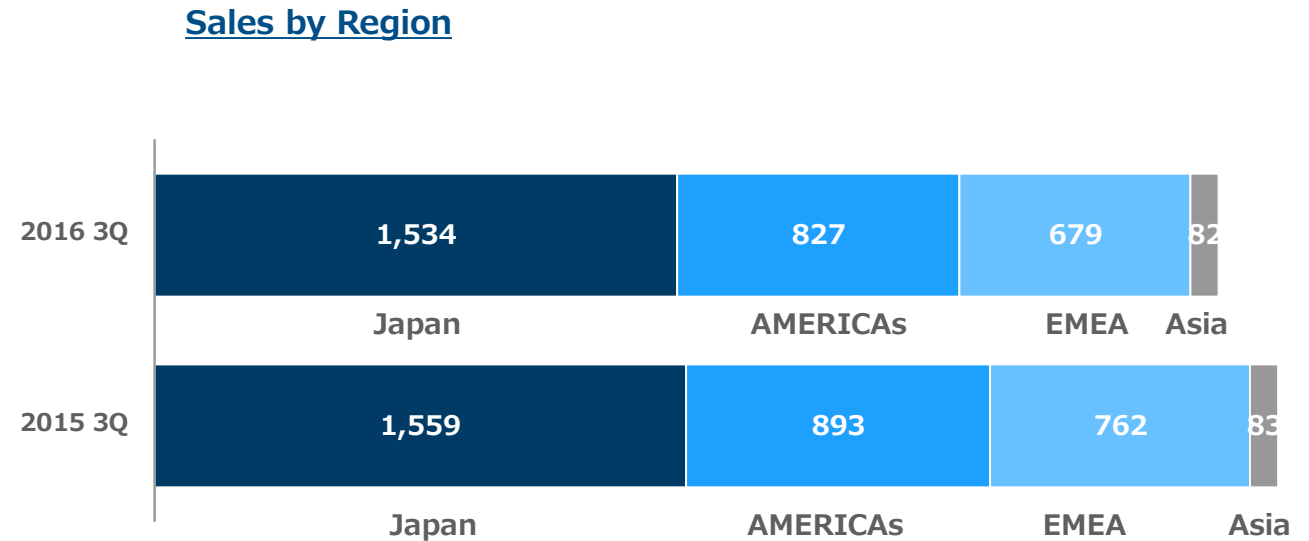
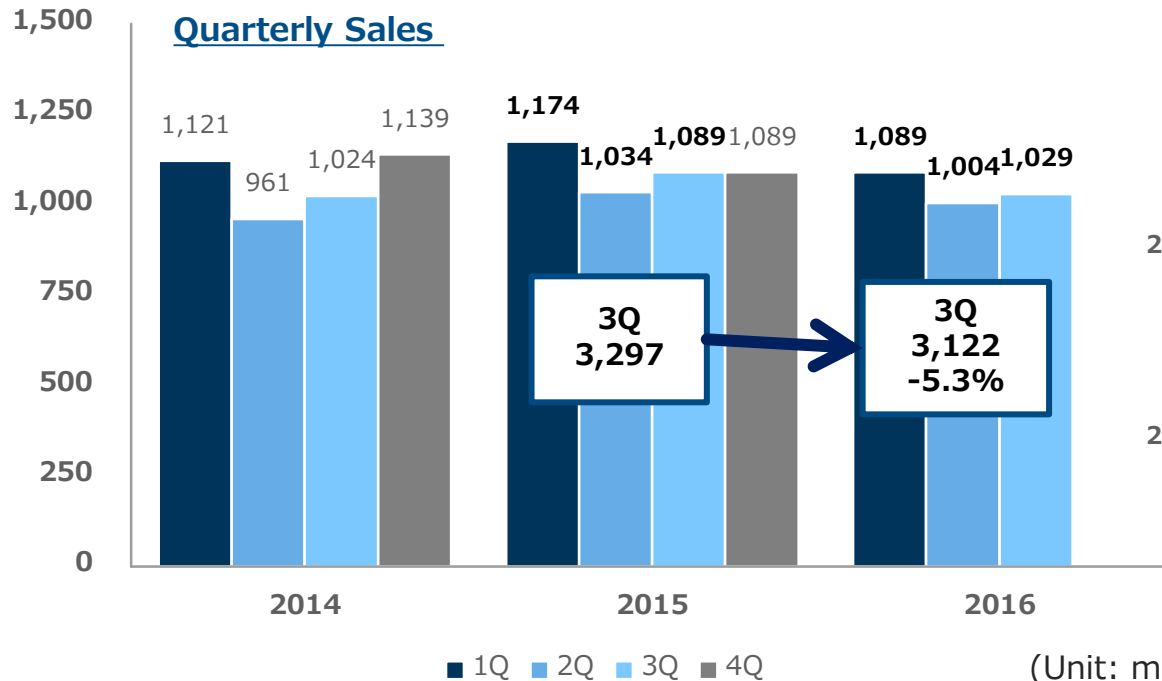
# Business by Segment - Automatic Door Sensors

## ● Results 2016 3Q

**Japan** : Sales of automatic door sensors were affected by slowing demand for stores and remained flat.

**AMERICAS** : OEM sales to leading automatic door manufacturers rose briskly on a local currency basis. Overall sales declined because of impact of exchange rate.

**EMEA** : OEM sales to leading automatic door manufacturers rose briskly on a local currency basis. Overall sales declined because of impact of exchange rate.



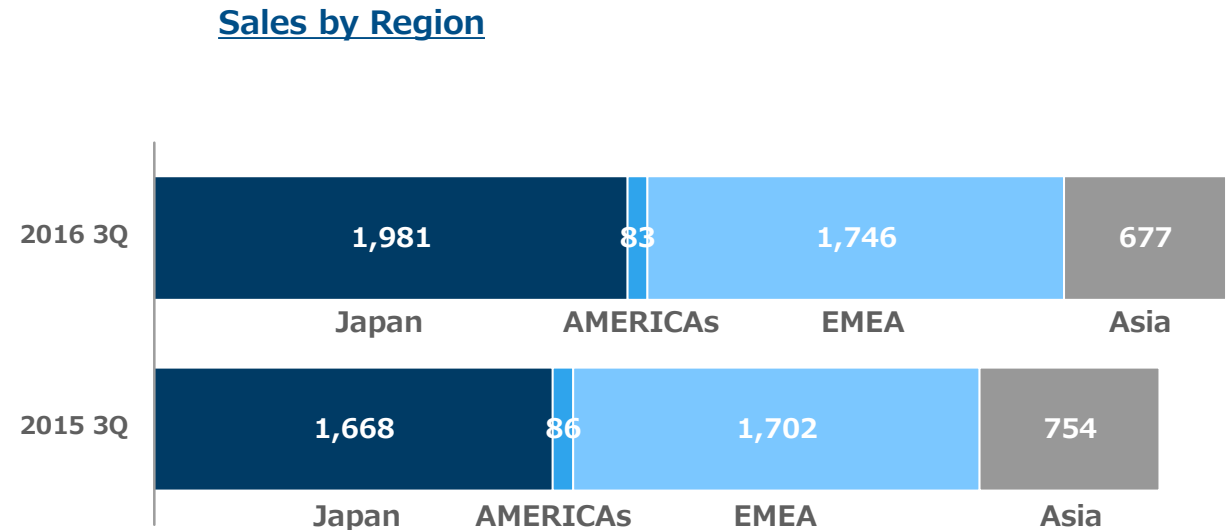
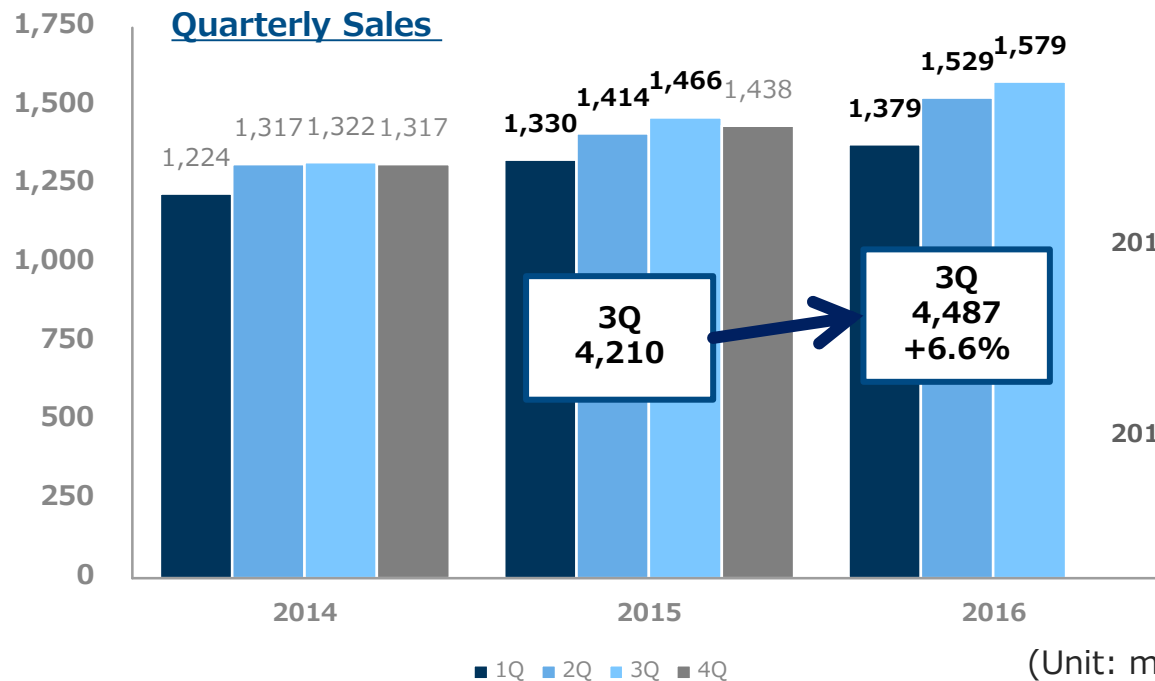
# Business by Segment - Factory Automation Business

## ● Results 2016 3Q

**Japan** : Sales of organic EL, solar panels, semiconductors, rechargeable batteries, LED lighting for quality control inspection for the electronic components industry, image sensors, and displacement sensors were all strong.

**EMEA** : Sales of general-purpose sensors were soft, but sales of displacement sensors remained strong.

**Asia** : Sales of displacement sensors for the smartphone and solar panel industries in China expanded steadily.



(Unit: million yen)

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# Business by Segment - Machine Vision Lighting Business

## ● Results 2016 3Q

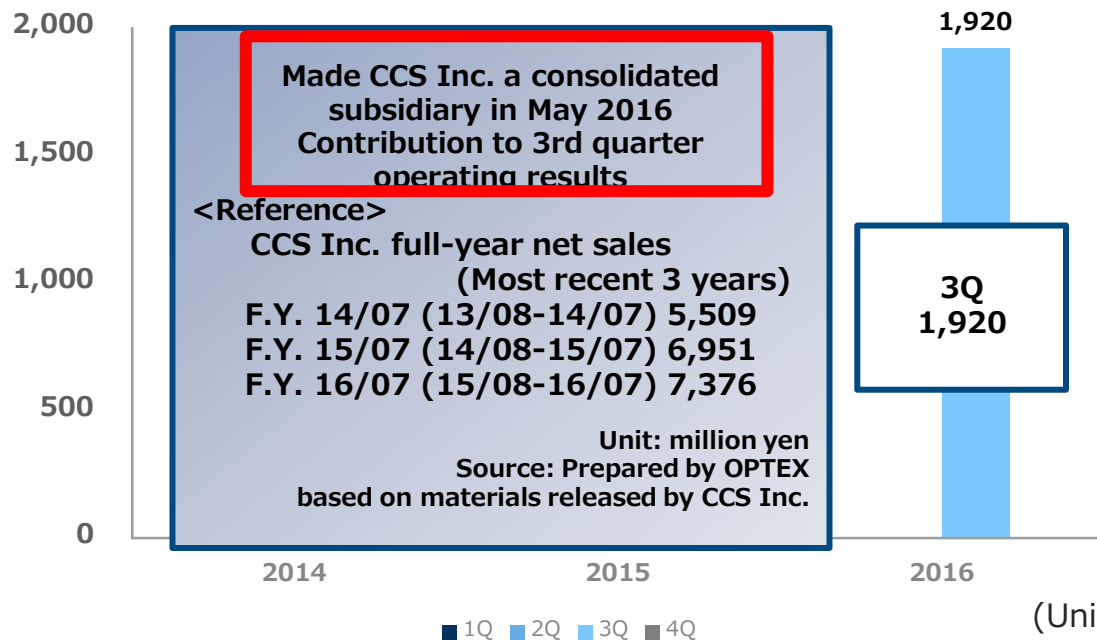
**Japan** : Increased opportunities to receive orders by expanding testing room and through solution proposals approach.

**AMERICAs** : Sales were soft despite an increase in new proposals in North America as a result of sales activities, as capital investment for manufacturing was deferred.

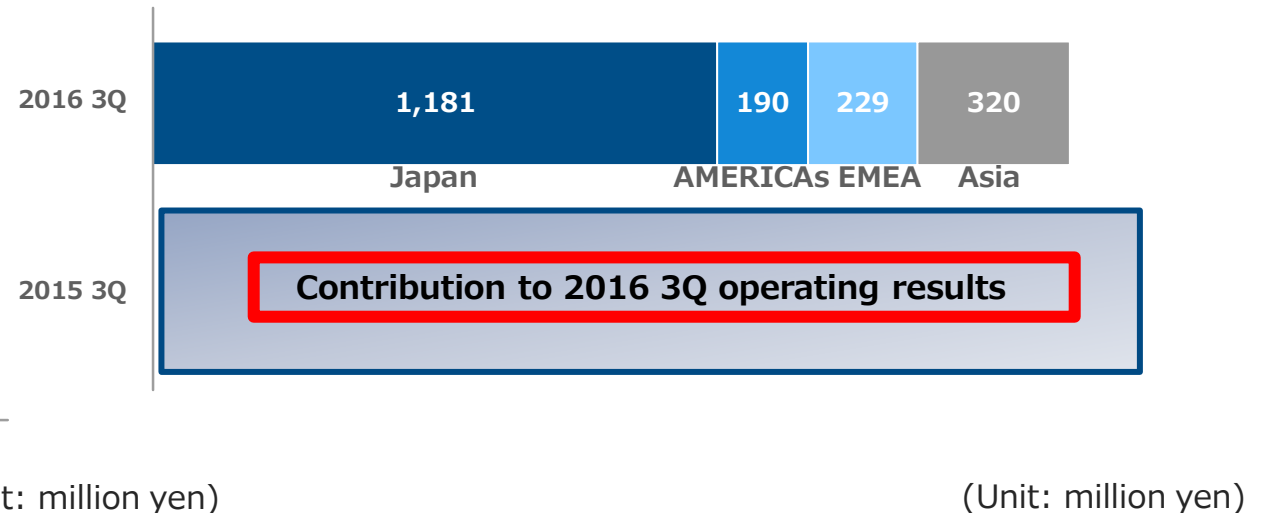
**EMEA** : In Europe sales for major customers increased, boosted by the recovery trend in the semiconductor market.

**ASIA** : Sales rose strongly in Singapore, Malaysia, and Thailand. The pace of sales in China tapered off as the economy slowed.

### Quarterly Sales



### Sales by Region



# Full-year Consolidated Earnings Projection for F.Y. 2016

**No change from revised plan released in July 2016**

**(Machine Vision Lighting Business)  
CCS Inc. & Gardasoft Vision Ltd.**  
Includes second half net sales of ¥5.161 million

	F.Y. 2015 Results	F.Y. 2016 start-of-year plan (Released on Feb. 12)	F.Y. 2016 Revised Plan (Revised on Jul. 22※)	Year-to-year comparison Upper row : Change Lower row : Percent Change	Compared with Revised plan (※) Upper row : Change Lower row : Percent Change
Net sales	27,793	31,000	32,000	+4,207 +15.1%	+1,000 +3.2%
Operating income	3,161	4,000	3,300	+139 +4.4%	-700 -17.5%
Ordinary income	3,222	4,100	2,900	-322 -10.0%	-1,200 -29.3%
Profit attributable to owners of parent	2,051	2,700	1,750	-301 -14.7%	-950 -35.2%
Net income per share (basic)	123.96yen	163.16yen	105.75		
Exchange rate(yen) : USD	121.1	120.0	105.9		
Exchange rate(yen) : GBP	185.1	170.0	145.1		
Exchange rate(yen) : EUR	134.3	130.0	117.3		

(Note)  
Revised consolidated full-year projection figures for the F.Y.2016 released on July 22.

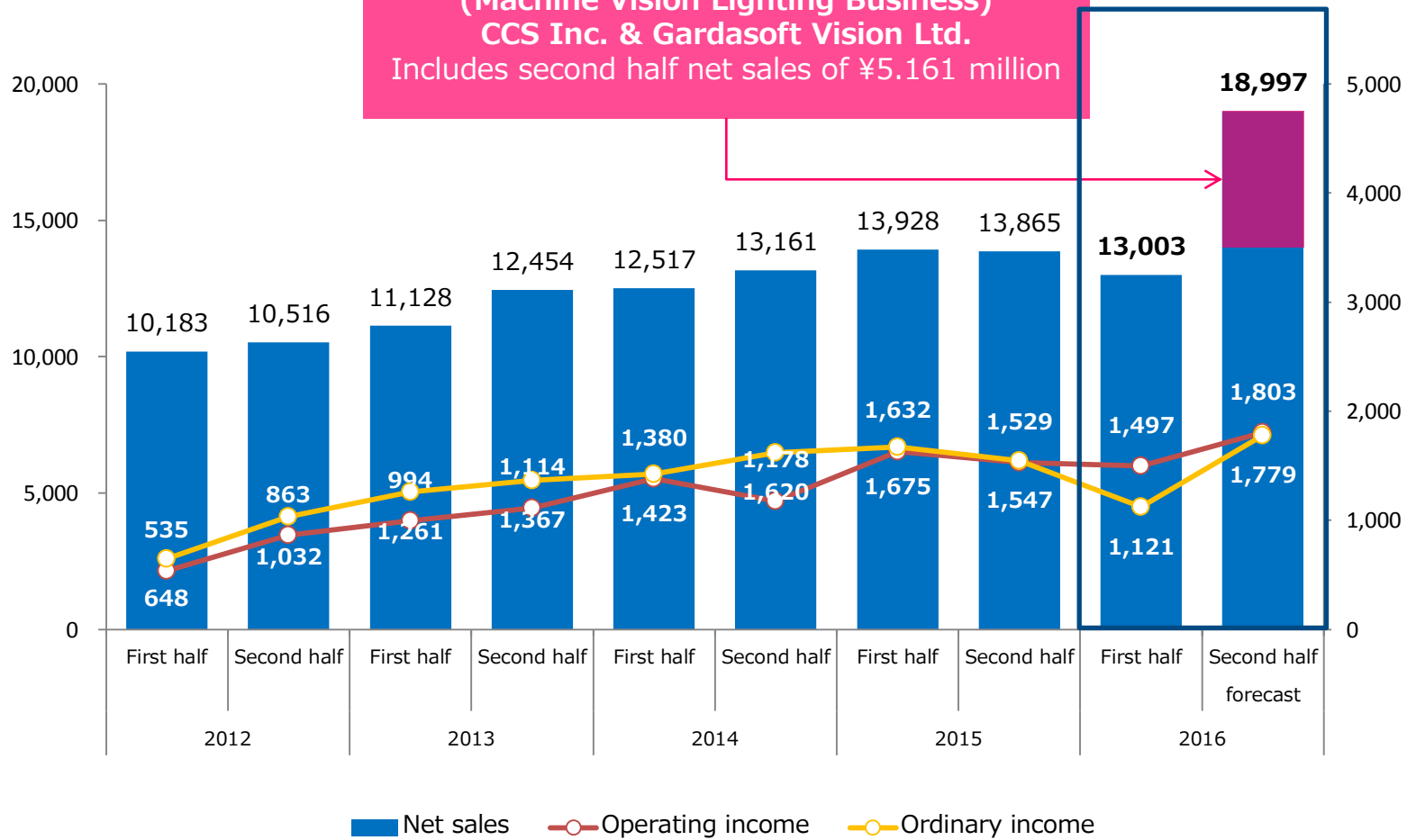
(Unit: million yen)

# Full-year Consolidated Earnings Projection for F.Y. 2016

**No change from revised plan released in July 2016**

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**Issues**

- Growth of existing businesses
- Strengthen Machine Vision Lighting Business

## Effect of exchange rates

### ■ Mean exchange rate

(Unit: yen)

	F.Y. 2015 exchange rate (Result)	F.Y. 2016 exchange rate (assumed)	Rate of Change	2016 start-of-year plan	2016 second half revised figures
JPY/USD	121.05	<b>105.91</b>	<b>-12.5%</b>	<b>120.00</b>	<b>100</b>
JPY/GBP	185.10	<b>145.10</b>	<b>-21.6%</b>	<b>170.00</b>	<b>130</b>
JPY/EUR	134.31	<b>117.31</b>	<b>-12.7%</b>	<b>130.00</b>	<b>110</b>

### ■ Impact on our full-year performance by a-yen appreciation

(Unit: million yen)

	2015 Results		2016 start-of-year plan		2016 Revised Plan	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
USD	-46	+14	<b>-55</b>	<b>+12</b>	<b>-44</b>	<b>+20</b>
GBP	-30	-14	<b>-37</b>	<b>-19</b>	<b>-40</b>	<b>-20</b>
EUR	-23	-19	<b>-21</b>	<b>-16</b>	<b>-20</b>	<b>-16</b>

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