

Harmonic Drive Systems Inc.

Presentation on Business Results for Fiscal 2013

Fiscal year ended March 31, 2014

May 21, 2014

This presentation contains forward-looking statements relating to expected future performance as of May 21, 2014. Such statements are based on the views and assumptions of company management and involve risks and uncertainties such as changes in the business environment that may cause the actual results to differ materially from expectations.

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***Fiscal 2013
Performance
Summary***

Consolidated results for fiscal year ended March 31, 2014 (versus original forecasts)

(millions of yen)

	Forecasts (as of 12 Nov, 2013)		FY ended Mar. 31, 2014		Vs. original forecasts	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	21,400	100.0	21,083	100.0	▲316	▲1.5
Operating profit	4,930	23.0	4,668	22.1	▲261	▲5.3
Ordinary income	5,130	24.0	4,822	22.9	▲307	▲6.0
Net income	3,200	15.0	2,993	14.2	▲206	▲6.4
EPS (yen)	104.81	—	98.05	—	▲6.76	▲6.4

Consolidated results for fiscal year ended March 31, 2014 (year-on-year change)

(millions of yen)

	FY ended Mar. 31, 2013		FY ended Mar. 31, 2014		Year-on-year change	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	18,130	100.0	21,083	100.0	2,952	16.3
Operating profit	3,436	19.0	4,668	22.1	1,231	35.9
Ordinary income	3,576	19.7	4,822	22.9	1,246	34.9
Net income	1,960	10.8	2,993	14.2	1,032	52.7
EPS (yen)	64.22	—	98.05	—	33.83	52.7
Capital investment	1,377	—	1,304	—	▲73	▲5.3
Depreciation costs	1,119	—	1,170	—	50	4.5
R&D costs	1,146	—	1,235	—	89	7.8

Capital investment amounts are the amounts of tangible and intangible fixed assets acquired in the term.
 EPS for fiscal 2011 has been adjusted for the 300-for-1 stock split carried out April 1, 2011 retrospectively.

Performance of main group companies in fiscal year ended March 31, 2014

(millions of yen)

	Equity stake	Net sales		Net income	
		Amount	Year-on-year change (%)	Amount	Year-on-year change (%)
Harmonic Drive Systems Inc.	—	18,584	15.0	2,792	47.4
*1 HD Systems, Inc. (Harmonic Drive L.L.C.) (U.S.A)	100% (51%)	3,184	15.0	130	21.0
Harmonic AD, Inc.	100%	1,887	9.3	54	33.6
*2 Harmonic Drive AG (Germany)	35%	7,829	23.3	914	▲3.2

*1 Exchange rates: FY2013 1US\$ = 79.82yen, FY2014 1US\$ = 97.65yen

*2 Exchange rates: FY2013 1€ = 102.63yen, FY2014 1€ = 129.68yen

*3 Net income of US subsidiaries (consolidated) is after excluding minority interests.

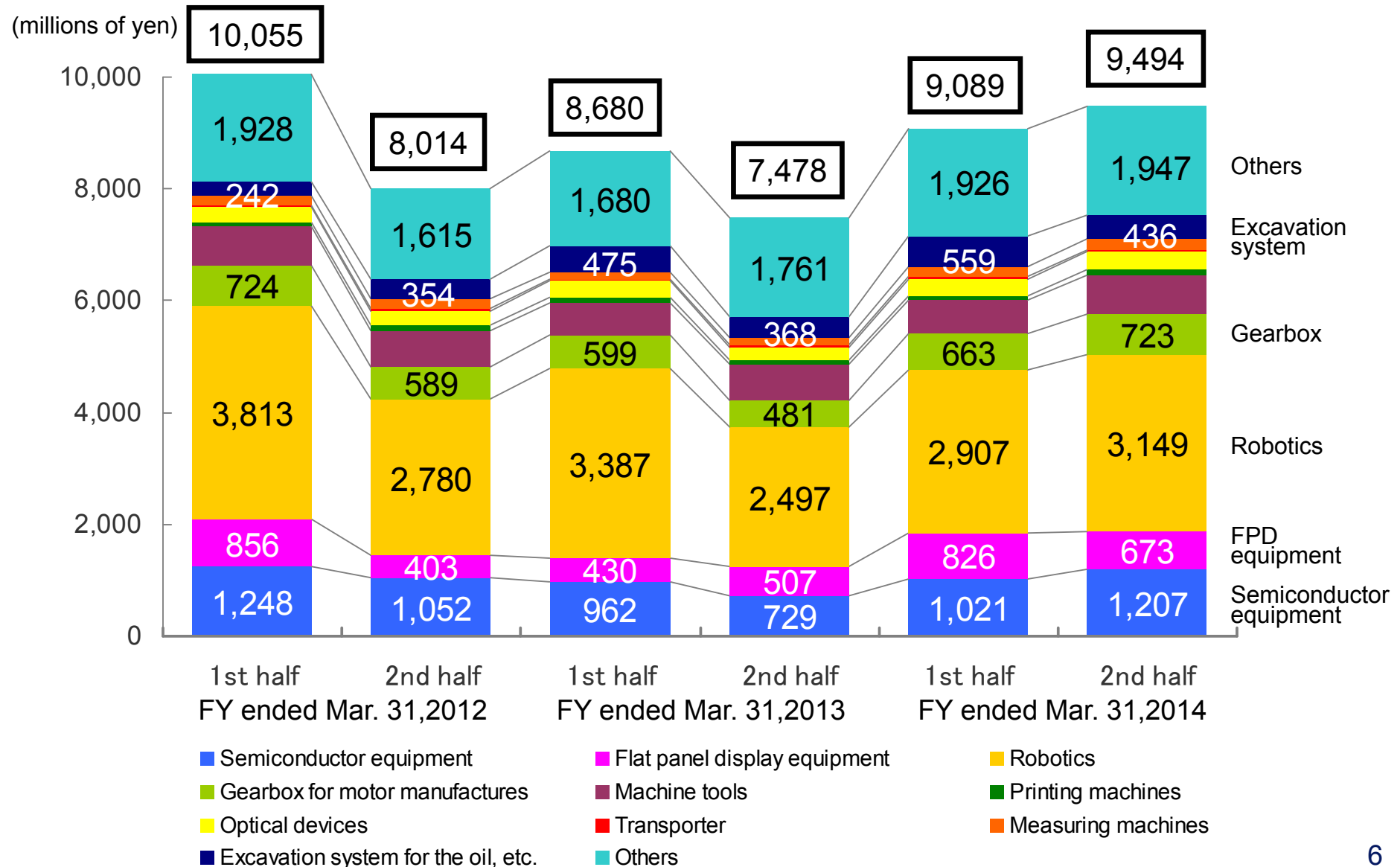
*4 For overseas subsidiaries and affiliates, the fiscal year ends December 31.

Non-consolidated results for fiscal year ended March 31, 2014 (year-on-year change)

(millions of yen)

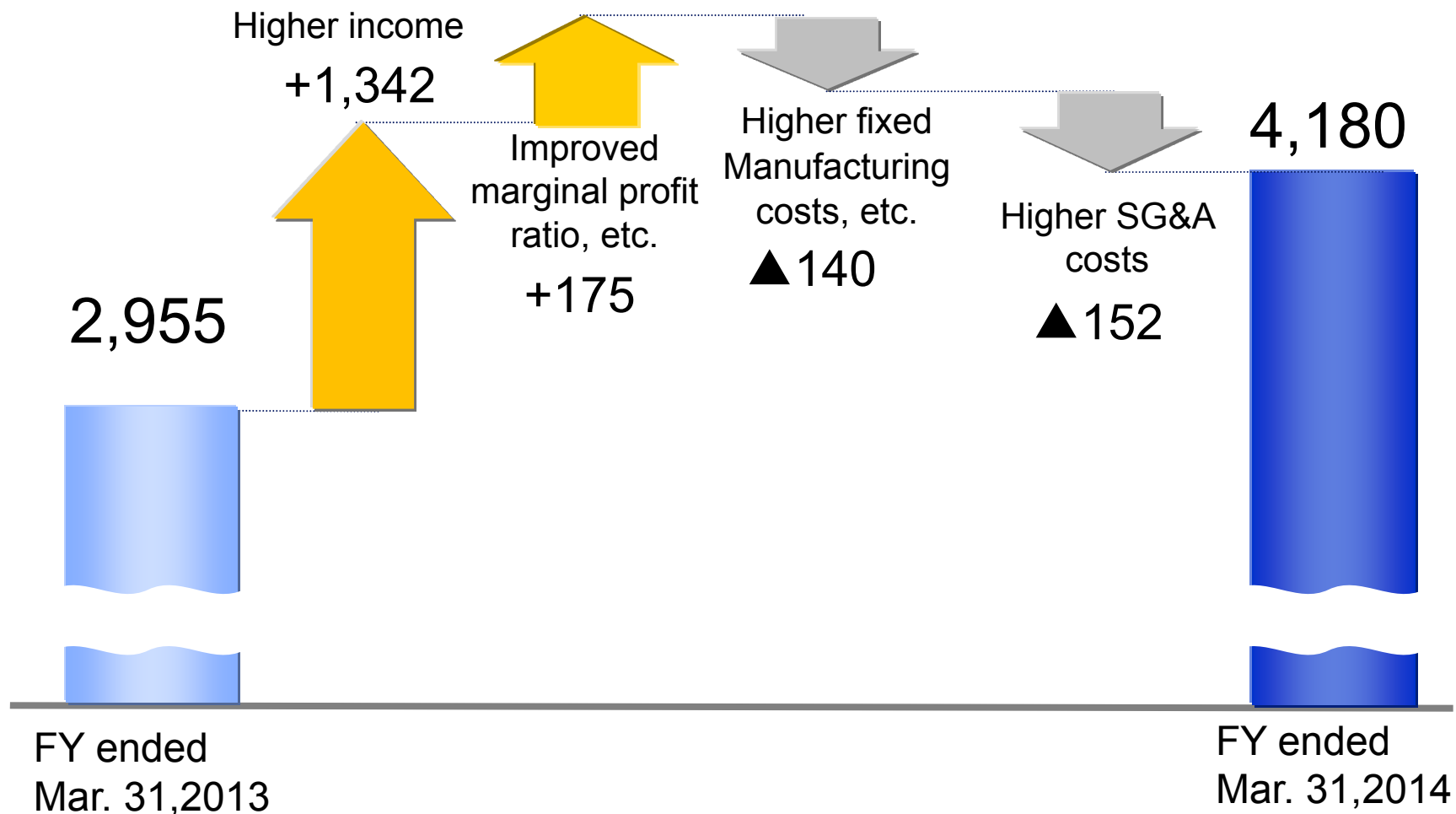
	FY ended Mar. 31, 2013		FY ended Mar. 31, 2014		Year-on-year change	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	16,159	100.0	18,584	100.0	2,425	15.0
Operating profit	2,955	18.3	4,180	22.5	1,225	41.5
Ordinary income	3,173	19.6	4,375	23.5	1,202	37.9
Net income	1,894	11.7	2,792	15.0	898	47.4
EPS (yen)	62.04	—	91.46	—	29.42	47.4
Capital investment	803	—	617	—	▲186	▲23.2
Depreciation costs	711	—	712	—	0	0.1
R&D costs	1,207	—	1,224	—	17	1.4

Net sales by application (non-consolidated)



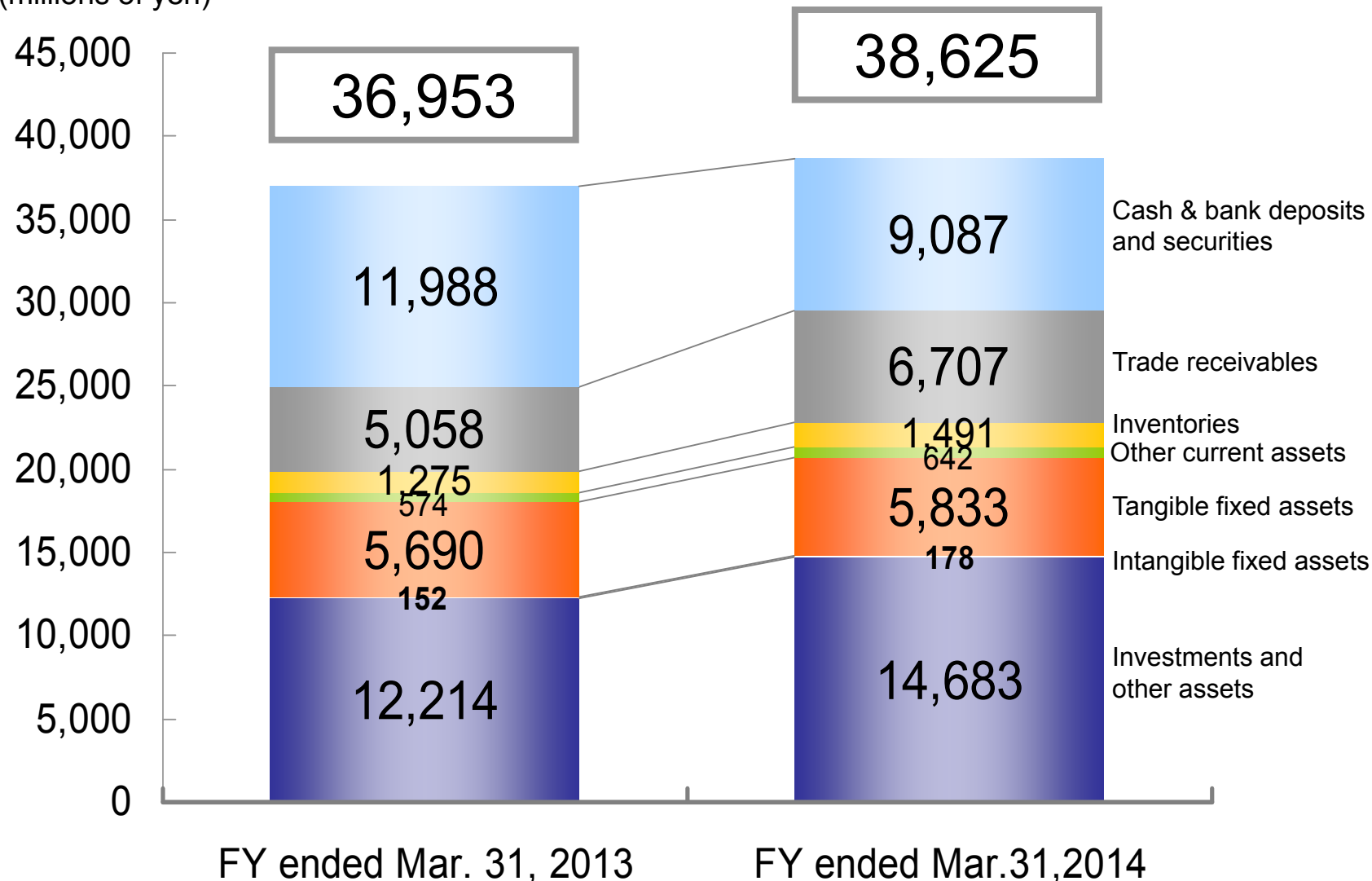
Factors in year-on-year change in non-consolidated operating profit (fiscal 2013)

(millions of yen)



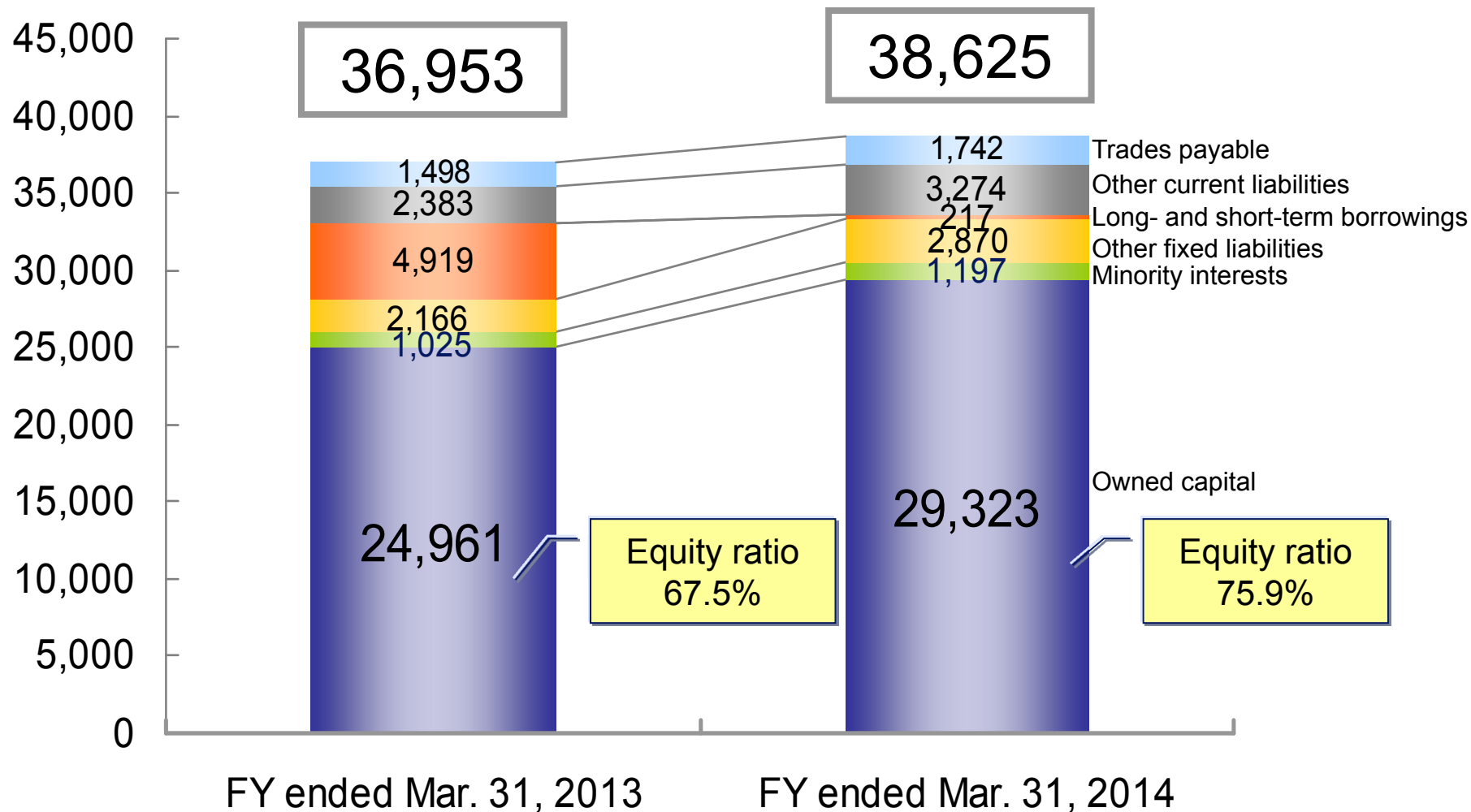
Status of consolidated assets

(millions of yen)



Status of consolidated liabilities and net assets

(millions of yen)



Status of consolidated cash flows

(millions of yen)	FY ended Mar. 31, 2013	FY ended Mar. 31, 2014
Cash flow from operating activities	4,700	3,643
Cash flow from investing activities	3,271	▲ 1,102
Cash flow from financing activities	▲ 2,545	▲ 5,591
Effect of exchange rate changes on cash and cash equivalents	107	221
Net increase (decrease) in cash and cash equivalents	5,533	▲ 2,829
Cash and cash equivalents at end of year	9,713	6,883