

Harmonic Drive Systems Inc.

Presentation on Business Results for Fiscal 2014

Fiscal year ended March 31, 2015

May 19, 2015

This presentation contains forward-looking statements relating to expected future performance as of May 19, 2015. 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.

The title text is centered and surrounded by several overlapping, hand-drawn style blue scribbles that create a dynamic, circular frame around the text.

Fiscal 2014 Performance Summary

Consolidated results for fiscal year ended March 31, 2015 (versus original forecasts)

(millions of yen)

	Forecasts (announced Nov. 12, 2014)		FY ended Mar. 31, 2015		Vs. original forecasts	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	26,000	100.0	25,951	100.0	▲48	▲0.2
Operating profit	7,350	28.3	7,066	27.2	▲283	▲3.9
Ordinary income	7,730	29.7	7,525	29.0	▲204	▲2.6
Net income	4,900	18.8	4,833	18.6	▲66	▲1.4
EPS (yen)	53.50	—	52.77	—	▲0.73	▲1.4

EPS has been adjusted for the 3-for-1 stock split carried out on October 1, 2014 retroactively.

Consolidated results for fiscal year ended March 31, 2015 (year-on-year change)

(millions of yen)

	FY ended Mar. 31, 2014		FY ended Mar. 31, 2015		Year-on-year change	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	21,083	100.0	25,951	100.0	4,867	23.1
Operating profit	4,668	22.1	7,066	27.2	2,398	51.4
Ordinary income	4,822	22.9	7,525	29.0	2,702	56.0
Net income	2,993	14.2	4,833	18.6	1,839	61.5
EPS (yen)	32.68	—	52.77	—	20.09	61.5
Capital investment	1,304	—	2,475	—	1,171	89.8
Depreciation costs	1,170	—	1,305	—	134	11.5
R&D costs	1,235	—	1,309	—	74	6.0

EPS has been adjusted for the 3-for-1 stock split carried out on October 1, 2014 retroactively.

Performance of main group companies in fiscal year ended March 31, 2015

(millions of yen)

	Equity stake	Net sales		Net income	
		Amount	Year-on-year change (%)	Amount	Year-on-year change (%)
Harmonic Drive Systems Inc.	—	23,029	23.9	4,063	45.5
*1 HD Systems, Inc. (Harmonic Drive L.L.C.) (U.S.A)	100% (51%)	3,417	7.3	128	▲1.7
Harmonic AD, Inc.	100%	2,102	11.4	97	77.2
*2 Harmonic Drive AG (Germany)	36.8%	10,030	28.1	1,437	57.2

*1 Exchange rates: FY2013 1US\$ = 97.65yen, FY2014 1US\$ = 105.85yen

*2 Exchange rates: FY2013 1€ = 129.68yen, FY2014 1€ = 140.42yen

*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, 2015 (year-on-year change)

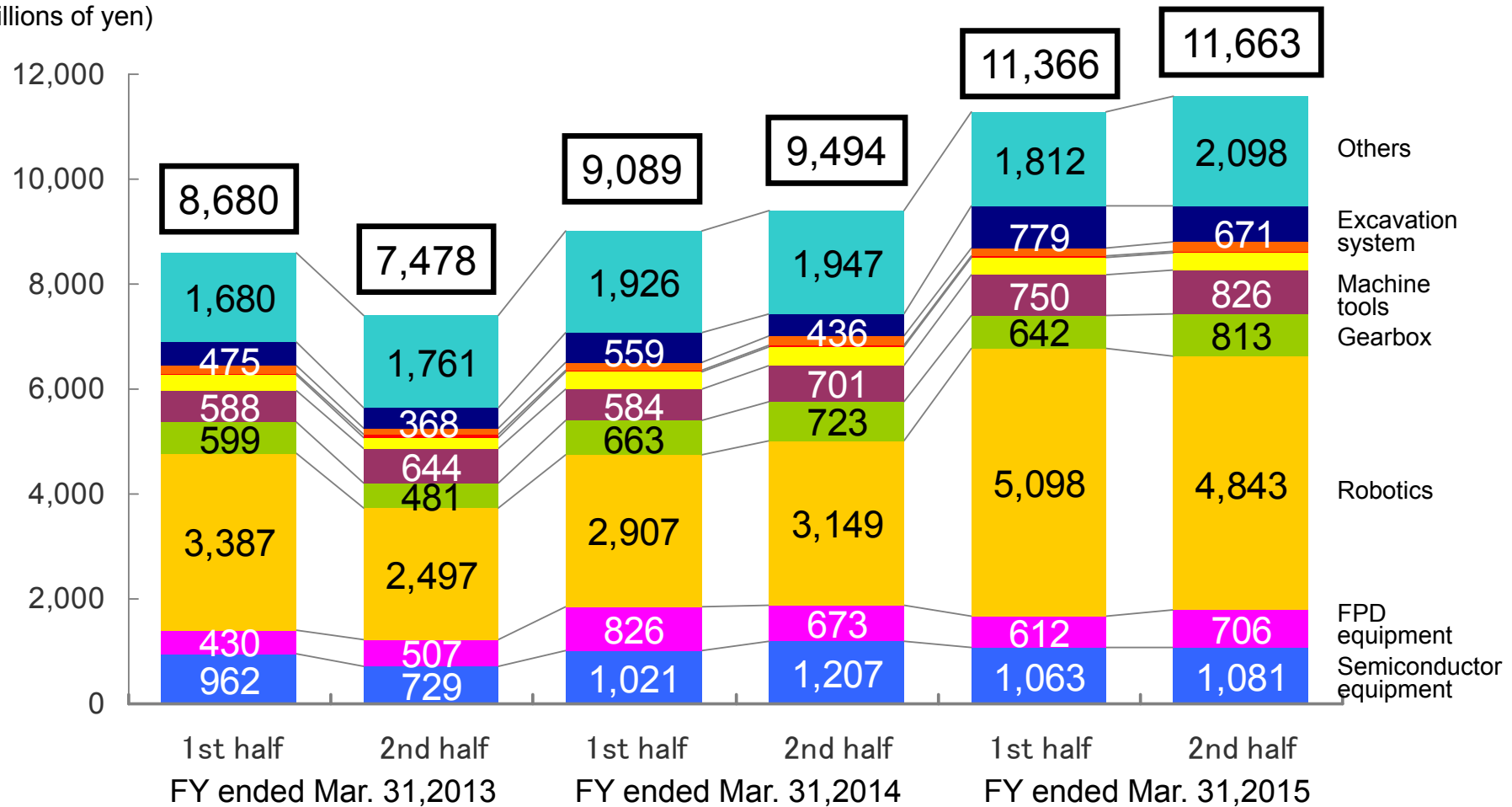
(millions of yen)

	FY ended Mar. 31, 2014		FY ended Mar. 31, 2015		Year-on-year change	
	Amount	Percent (%)	Amount	Percent (%)	Change	Rate (%)
Net sales	18,584	100.0	23,029	100.0	4,445	23.9
Operating profit	4,180	22.5	5,975	25.9	1,794	42.9
Ordinary income	4,375	23.5	6,340	27.5	1,964	44.9
Net income	2,792	15.0	4,063	17.6	1,271	45.5
EPS (yen)	30.49	—	44.37	—	13.88	45.5
Capital investment	617	—	1,456	—	839	136.1
Depreciation costs	712	—	756	—	44	6.2
R&D costs	1,224	—	1,296	—	72	5.9

EPS has been adjusted for the 3-for-1 stock split carried out on October 1, 2014 retroactively.

Net sales by application (non-consolidated)

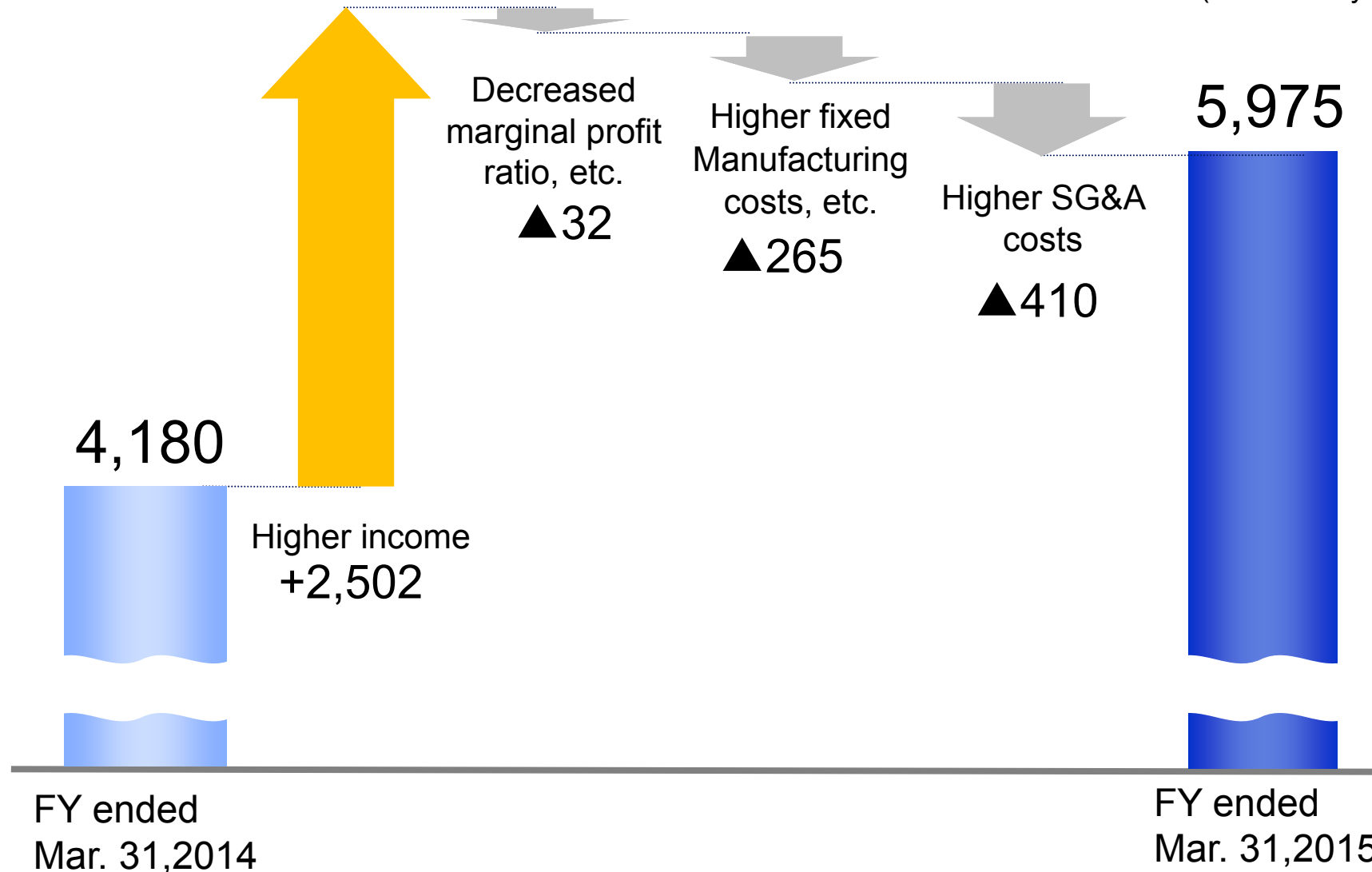
(millions of yen)



- Semiconductor equipment
- Flat panel display equipment
- Robotics
- Gearbox for motor manufactures
- Machine tools
- Optical devices
- Transporter
- Measuring machines
- Excavation system for the oil, etc.
- Others

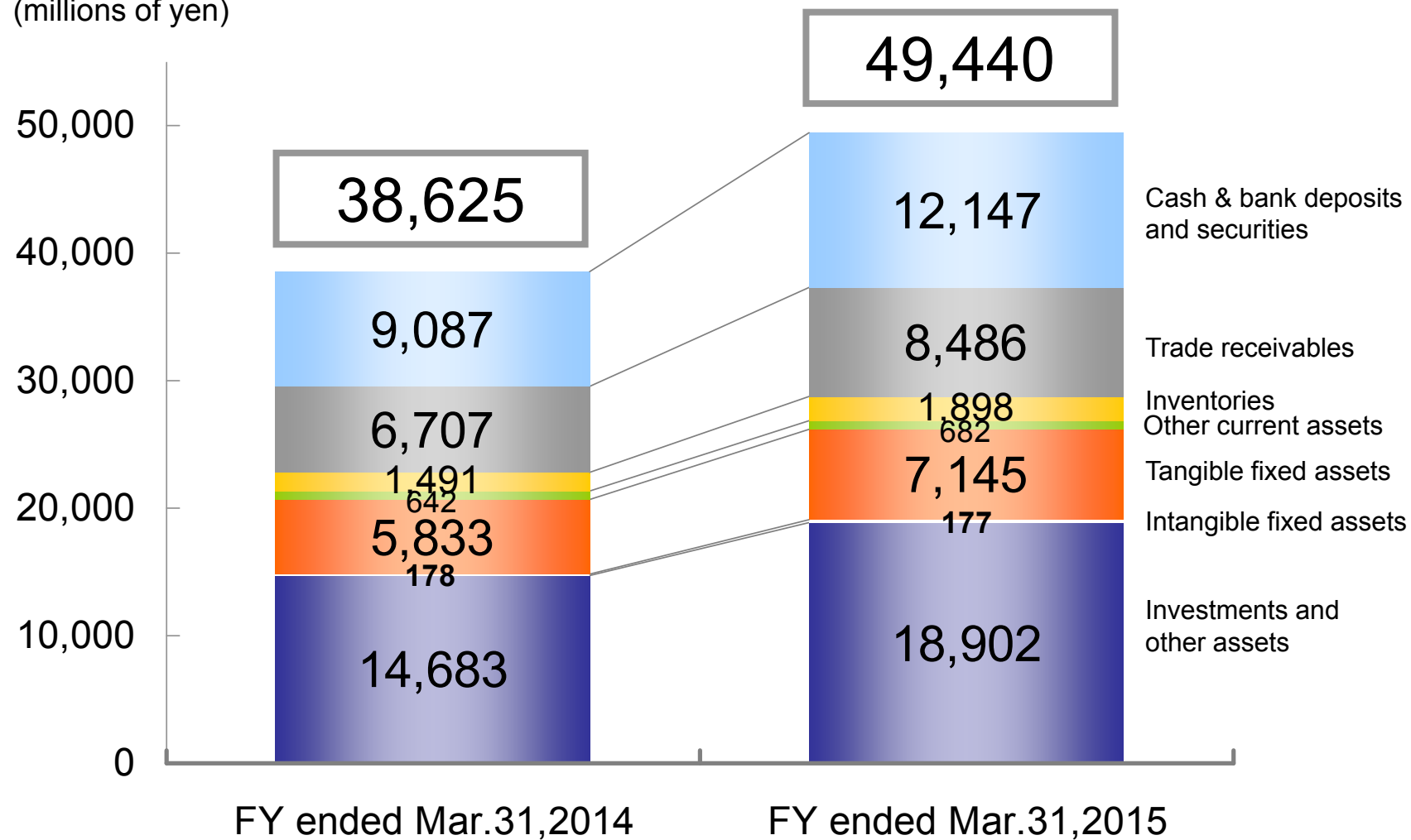
Factors in year-on-year change in non-consolidated operating profit (fiscal 2014)

(millions of yen)



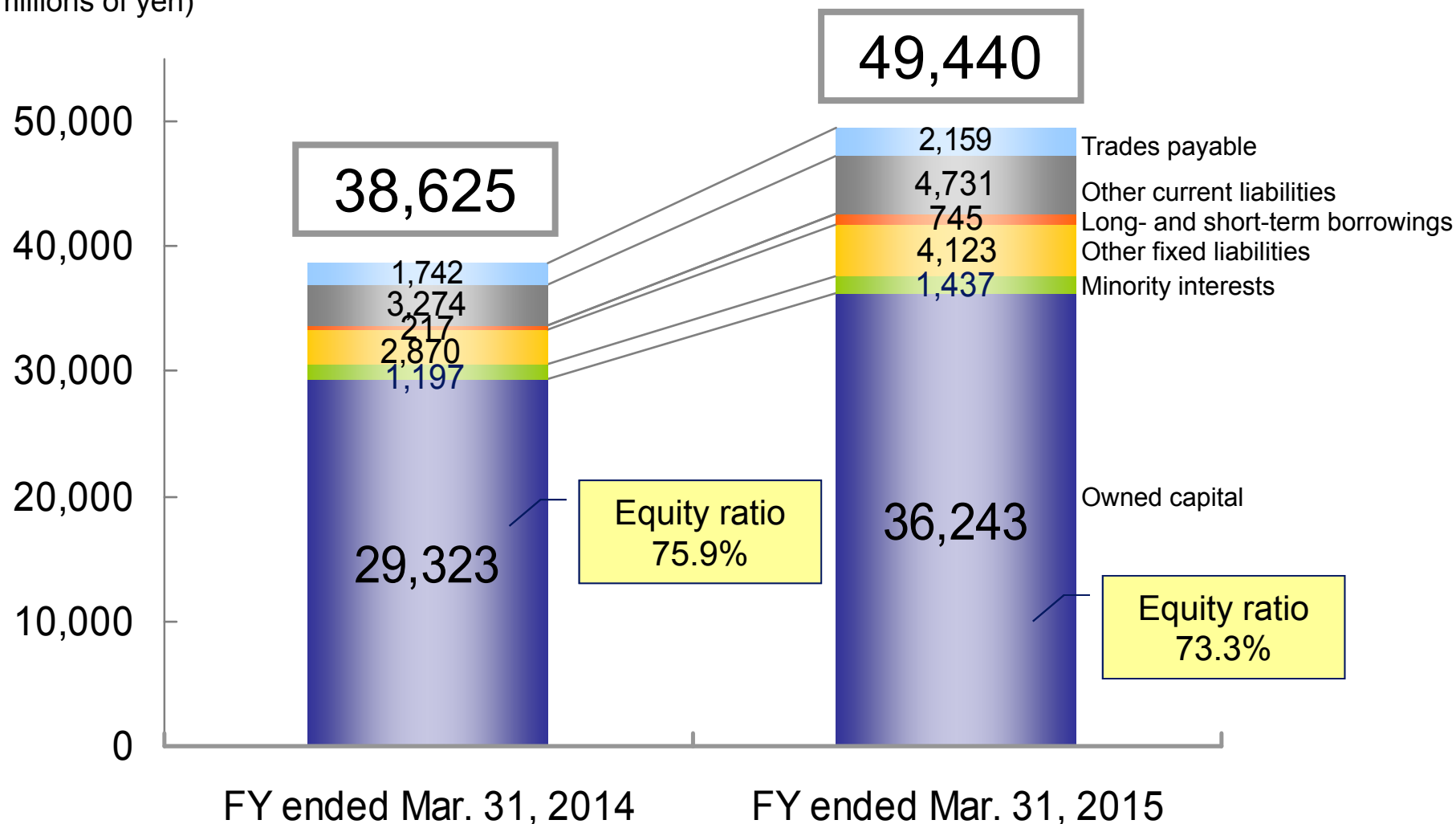
Status of consolidated assets

(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, 2014	FY ended Mar. 31, 2015
Cash flow from operating activities	3,643	5,494
Cash flow from investing activities	▲1,102	▲2,103
Cash flow from financing activities	▲5,591	▲737
Effect of exchange rate changes on cash and cash equivalents	221	193
Net increase (decrease) in cash and cash equivalents	▲2,829	▲2,846
Cash and cash equivalents at end of year	6,883	9,730