

(Securities code: 6728)

Business Results

The First Half of FY2020
(July 2020–December 2020)

Feb. 15, 2021

ULVAC Inc.

◆ **Disclaimer regarding forward-looking statements**

Forward-looking statements of the company in this presentation are based on information that was available at the time these documents were prepared.

There are several factors that directly or indirectly impact the company performance, such as the global economy; market conditions for FPDs, semiconductors, electronic devices, and raw materials; trends in capital expenditures and fluctuations in exchange rates. Please note that actual business results may differ significantly from these forecasts and future projections.

◆ **Data included in the documents are stated as follows:**

(All figures are stated on a consolidated basis unless otherwise noted.)

Yen values: Rounded to the nearest 10th of the unit stated.

Percentages: Rounded to the nearest 10th after yen values are rounded.

Abbreviations of accounting periods:

1Q to 3Q (cumulative): First to third quarter consolidated cumulative period

3Q : Third quarter consolidated period

First Half FY2020 Business Results

First Half FY2020 Business Results Summary

- Both orders and sales are recovering after 1Q.
- Orders received in the first half exceeded the initial forecast and increased significantly YoY.
- Net sales and operating profit also exceeded the initial forecast due to the increase of orders.

<1H Results>

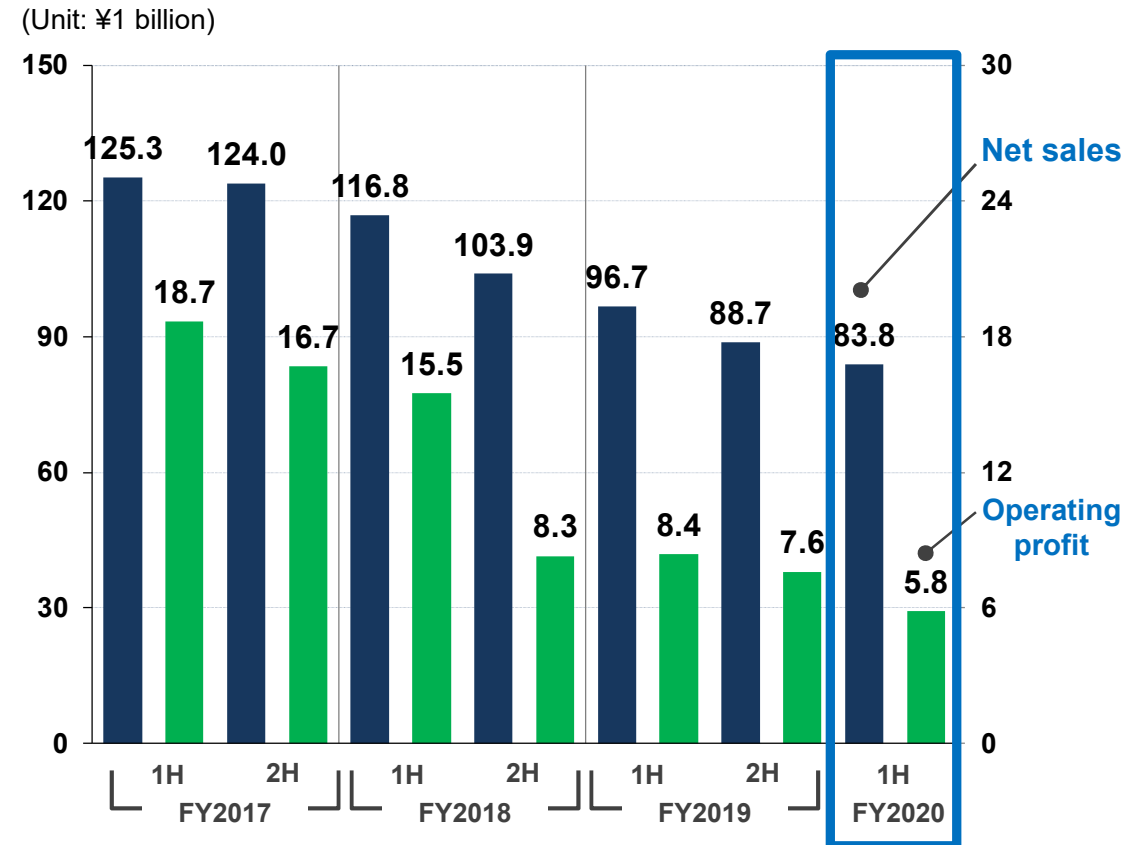
| | | |
|--------------------|---------------|-----------------------------------|
| □ Orders Received | ¥91 billion | (+15.2% vs. the initial forecast) |
| □ Net Sales | ¥83.8 billion | (+7.5% vs. the initial forecast) |
| □ Operating Profit | ¥5.8 billion | (+6.3% vs. the initial forecast) |

Overview of First Half FY2020 Business Results

- **Orders received** : Exceeded the initial forecast and also increased significantly YoY
- **Net sales** : Exceeded the initial forecast due to contributions from increased orders received
- **Operating profit** : Exceeded the initial forecast due to sales increase

| (Unit: ¥1 billion) | FY2019 1H | FY2020 1H | | | |
|-------------------------|-----------|------------------|-------------|-----------------|-------------------------------|
| | Result | Initial Forecast | Result | H-o-H (Changes) | vs.Initial Forecast (Changes) |
| Orders Received | 72.0 | 79.0 | 91.0 | 26.4% | 15.2% |
| Net Sales | 96.7 | 78.0 | 83.8 | -13.3% | 7.5% |
| Operating Profit | 8.4 | 5.5 | 5.8 | -30.3% | 6.3% |
| Ratio | 8.7% | 7.1% | 7.0% | - 1.7 pt | - 0.1 pt |
| Net Income | 7.8 | 3.9 | 4.5 | -41.7% | 17.8% |
| Ratio | 8.0% | 4.9% | 5.4% | - 2.6 pt | + 0.5 pt |

Progression of net sales and operating profit (by semi-annual period)



Overview of First Half FY2020 Business Results (Orders received by segment)

- Semiconductor and electronic device production equipment:**

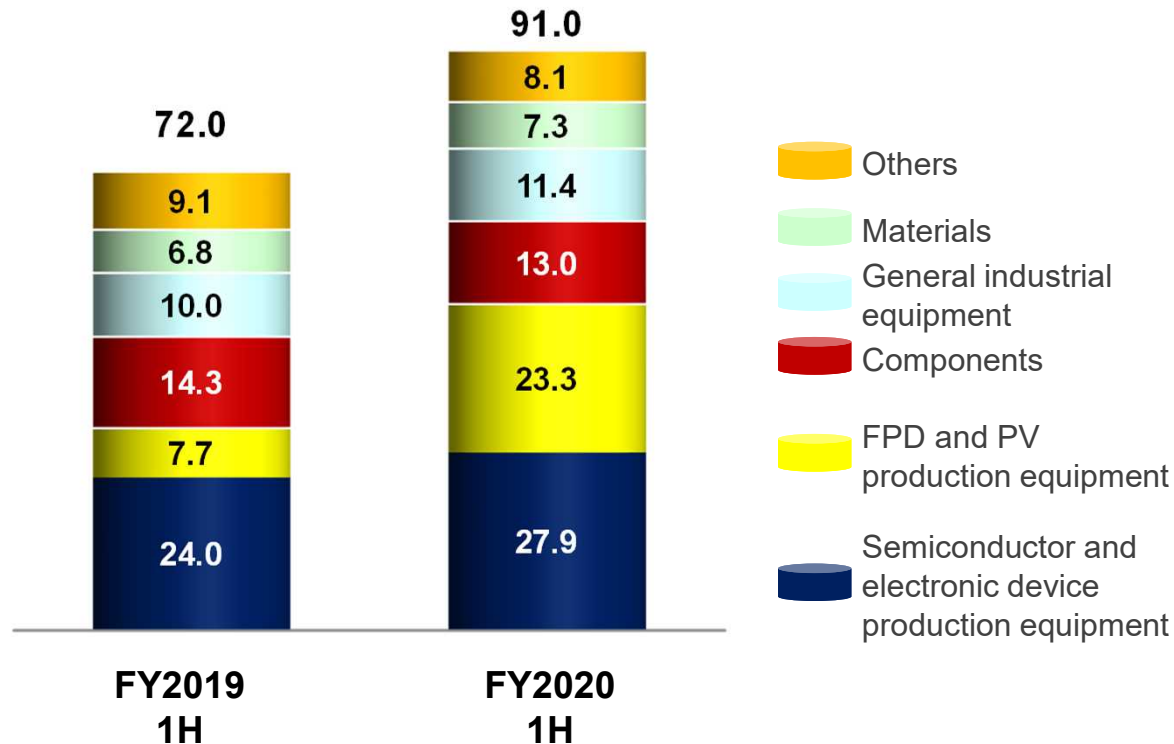
In addition to the recovery in orders that was initially expected, orders for projects scheduled for 3Q were received in 2Q ahead of schedule, resulting in an increase over the initial forecast and the same period last year.

- FPD and PV production equipment:**

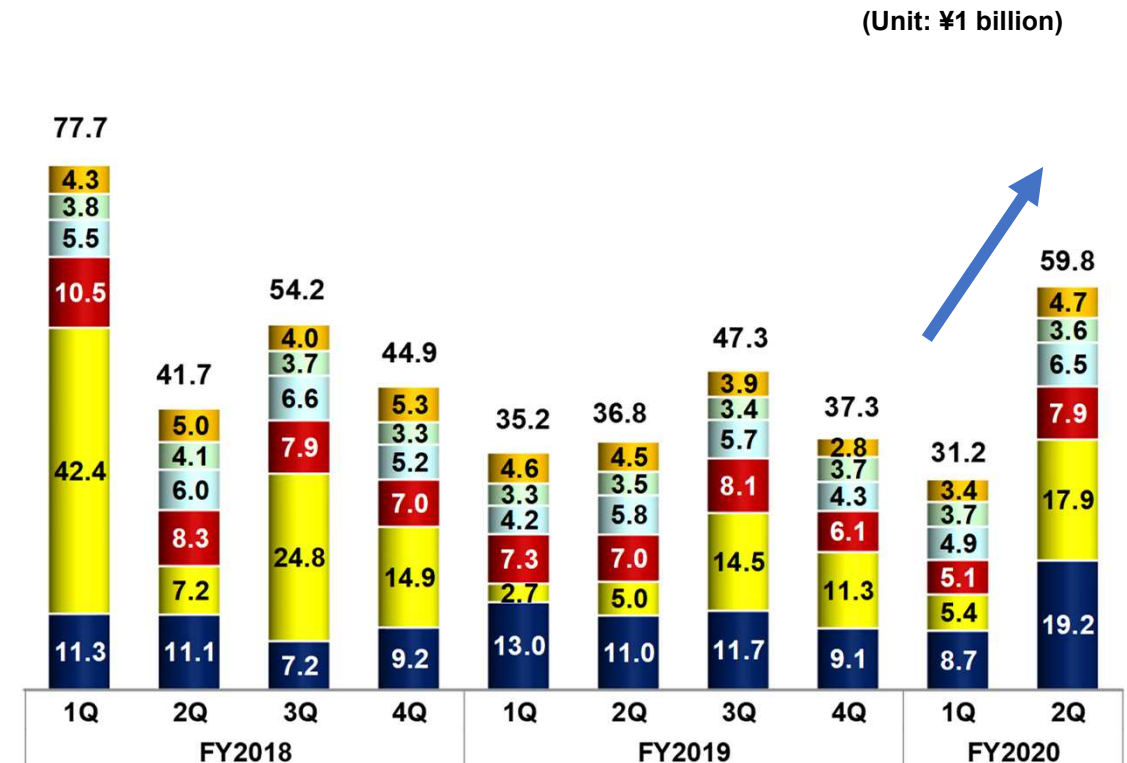
Orders for LCDs for large TVs in China, which were scheduled for the 3Q, were received in the 2Q ahead of schedule, exceeding the initial forecast and increasing significantly YoY.

- Component:** Decreased YoY due in part to restrained investment in the automotive sector.

Vs. same period last year



Quarterly change

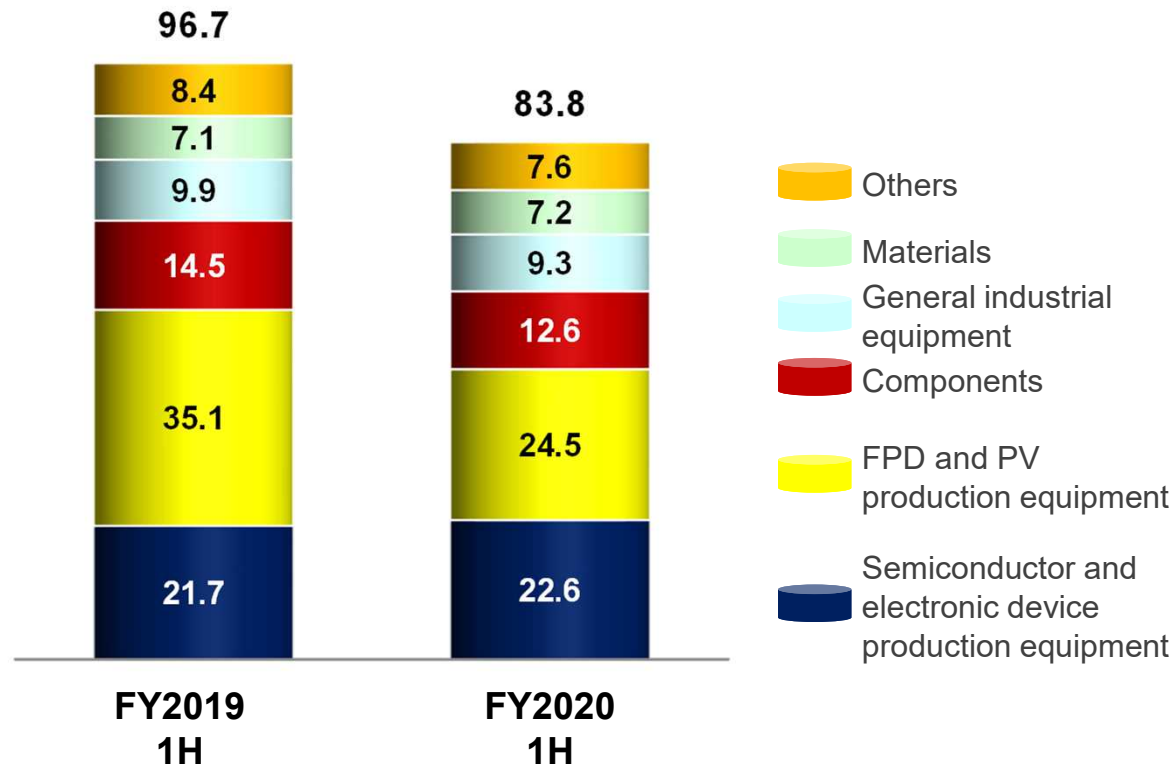


Overview of First Half FY2020 Business Results (Net sales by segment)

- Net sales decreased YoY due to decrease in orders received in FY 2019
- (Quarterly sales are on a recovery trend after 1Q).

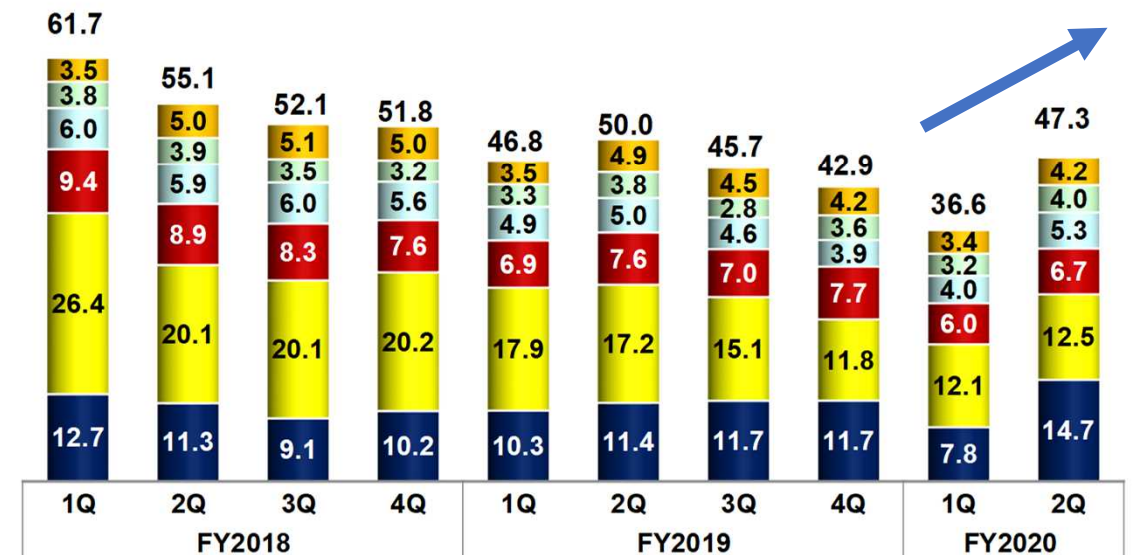
Vs. same period last year

(Unit: ¥1 billion)



Quarterly change

(Unit: ¥1 billion)

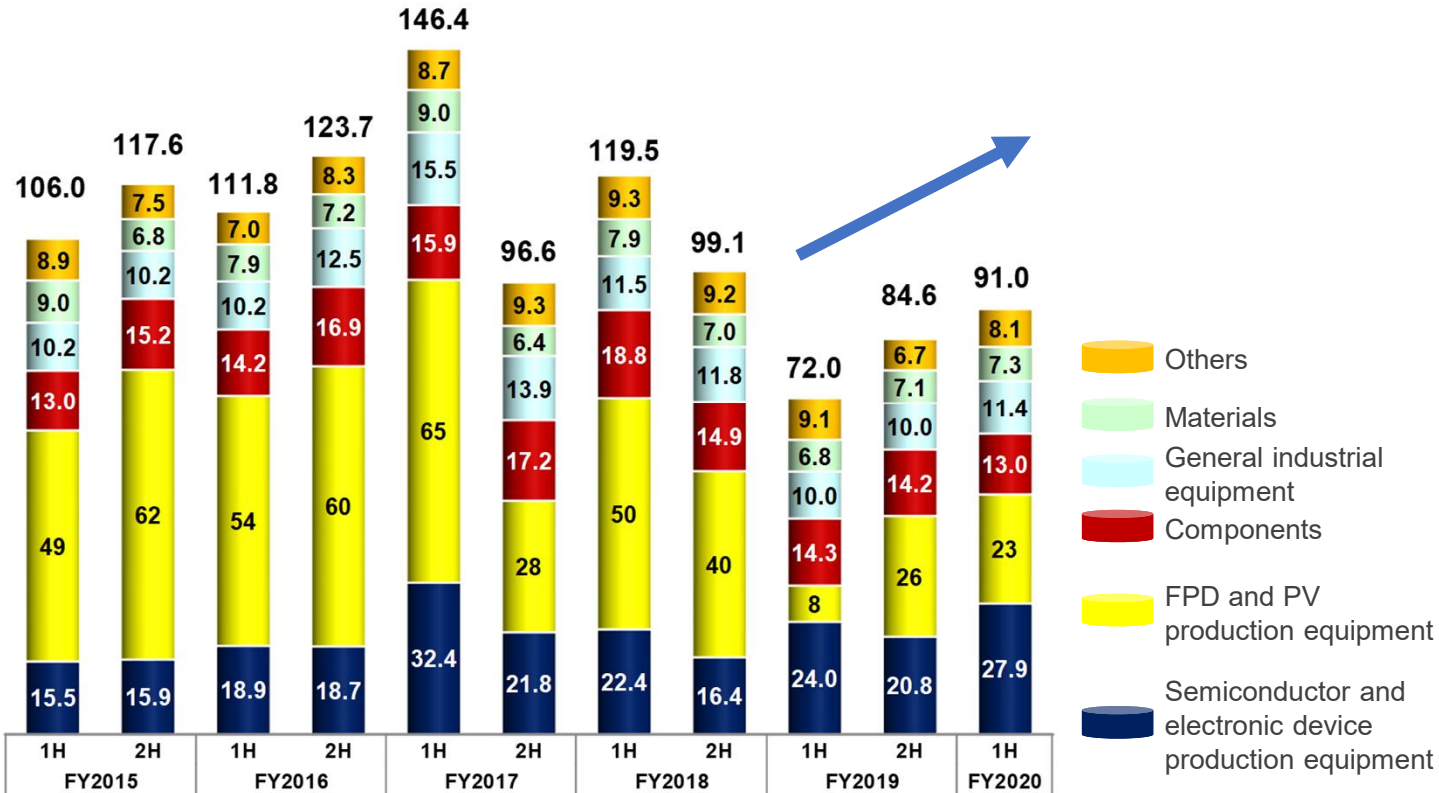


Overview of First Half FY2020 Business Results (Order received and Net sales by segment)

- Orders received are on a recovery trend after the first half of FY 2019 (orders for FPD and semiconductor electronics recovered)
- Net sales decreased due to the impact of the decrease in orders received in FY 2019.

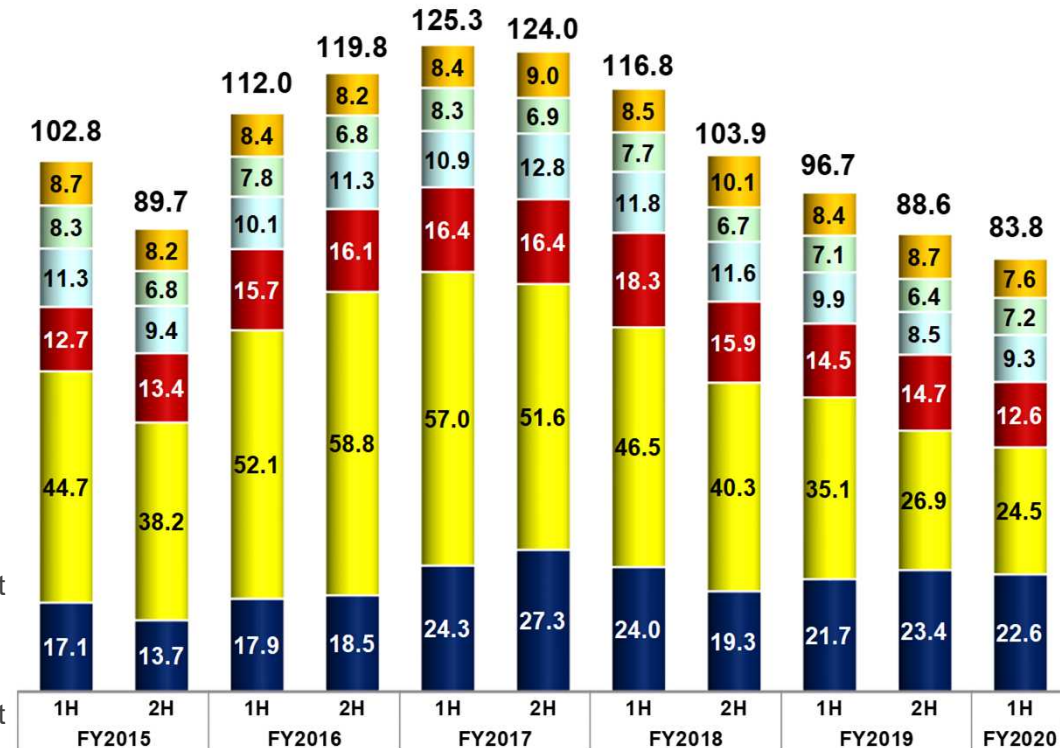
Orders Received

(Unit: ¥1 billion)



Net Sales

(Unit: ¥1 billion)

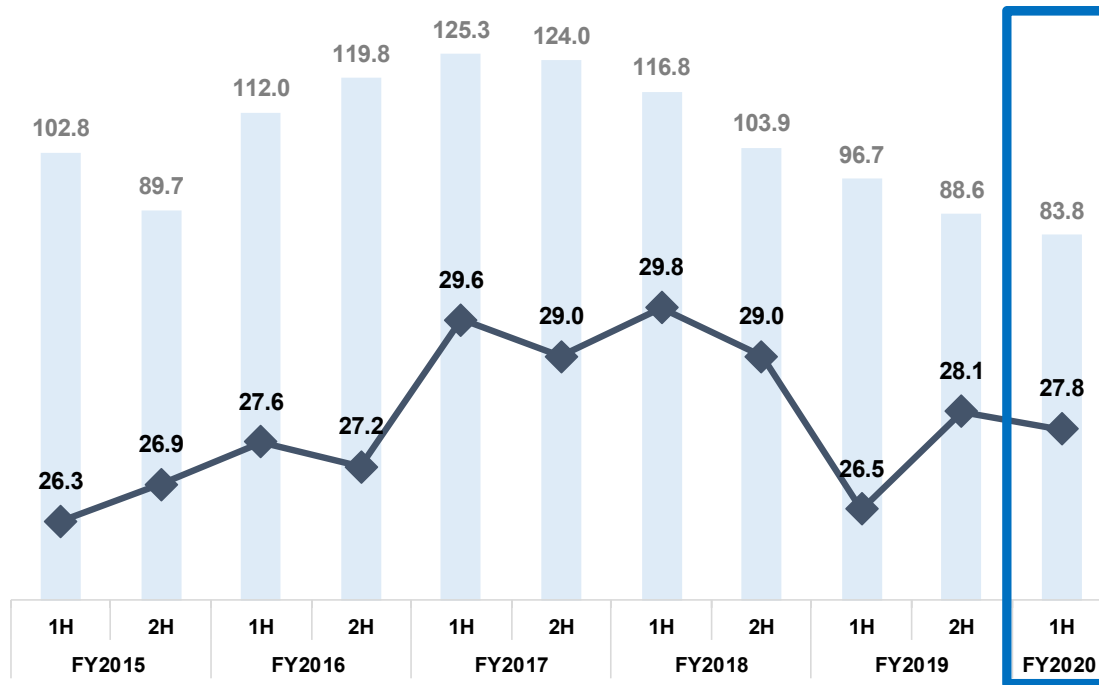


Overview of First Half FY2020 Business Results (Profit margins)

- Decline in operating profit margin due to lower sales.

Gross profit margin

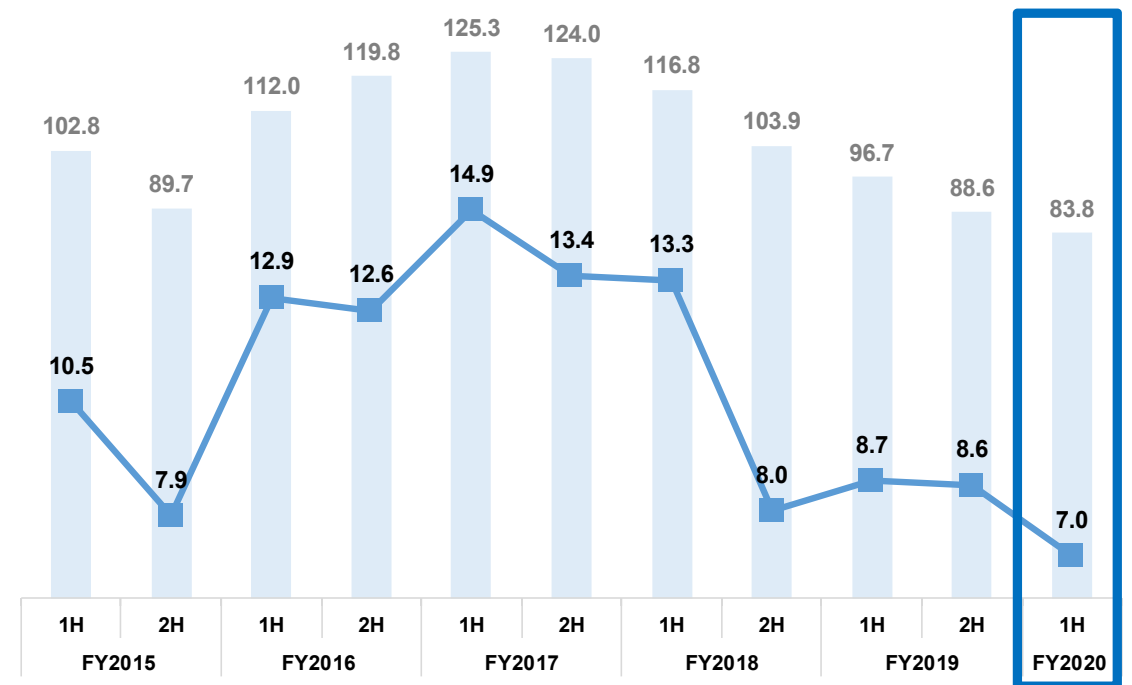
(Unit: 1billionYen,%)



Net Sales

Operating profit margin

(Unit: 1billionYen,%)



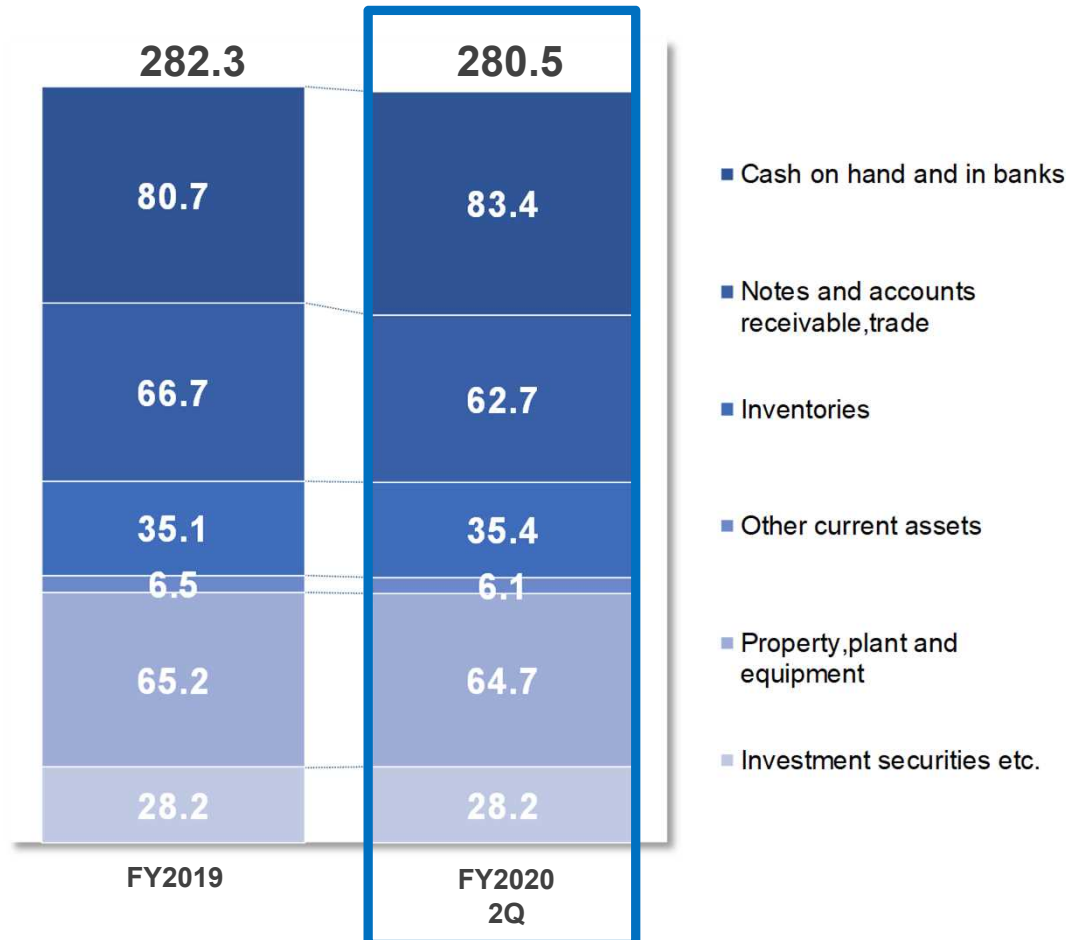
Net Sales

Overview of First Half FY2020 Business Results (consolidated balance sheet)

- Notes and accounts receivable decreased by ¥4.0 billion, while notes and accounts payable decreased by ¥500 million.
- Net assets increased by ¥1 billion and the equity ratio was 55.5%.

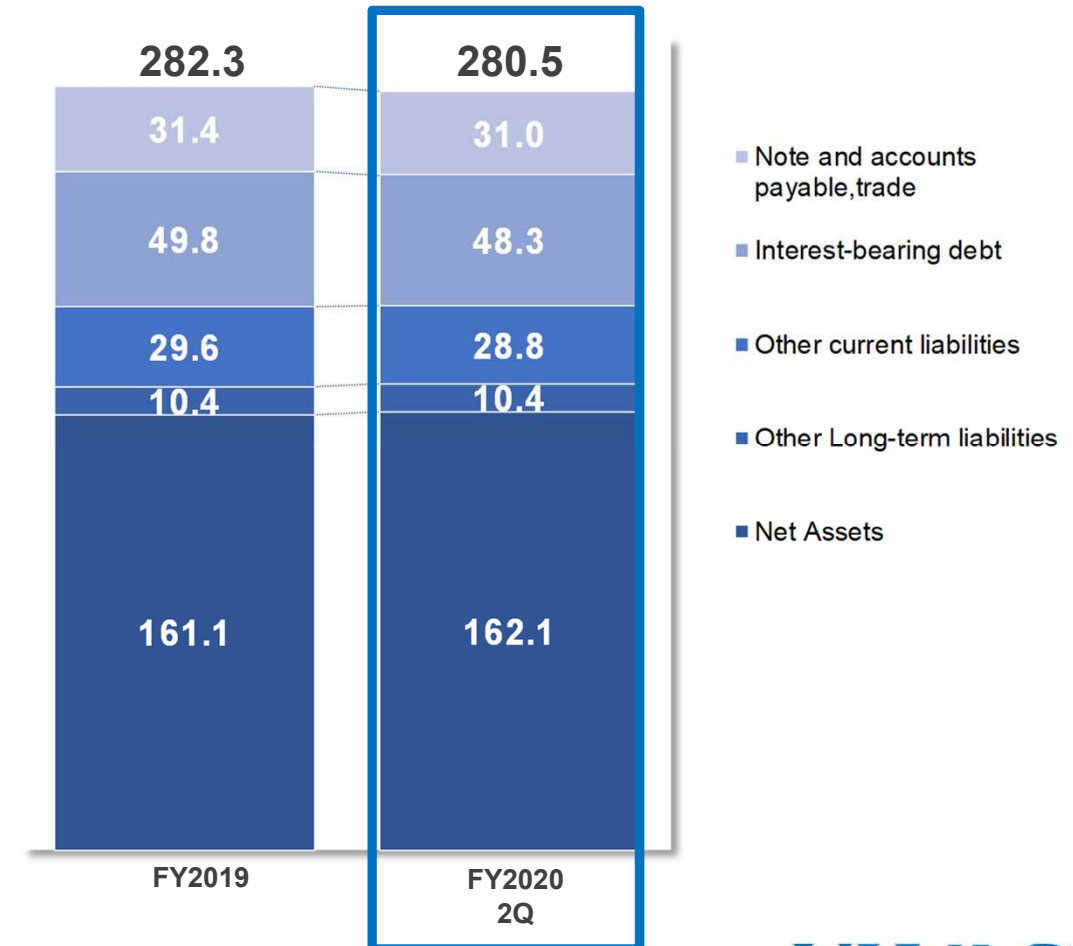
Assets

(Unit: ¥1 billion)



Liabilities and Net Assets

(Unit: ¥1 billion)



Market Outlook and Approaches

Market Outlook and Approaches

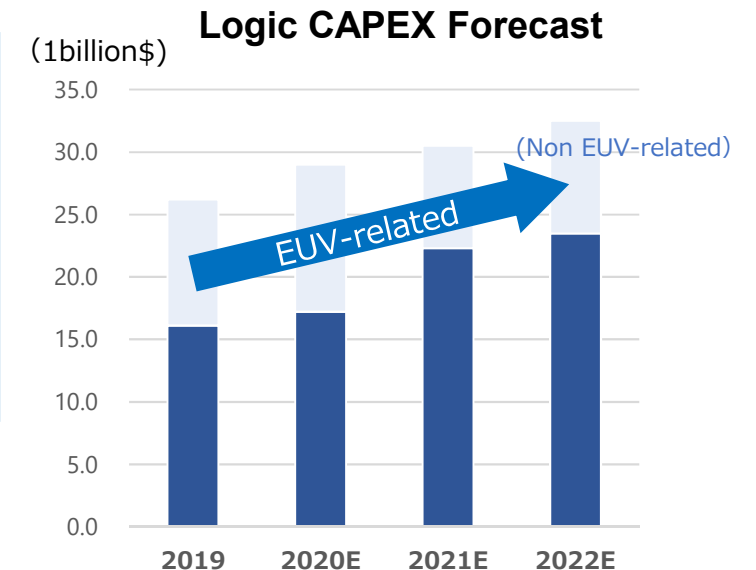
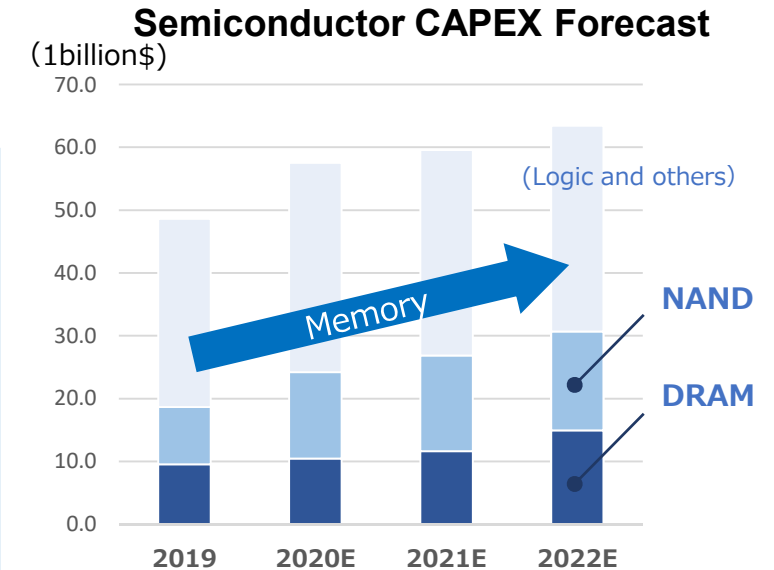
■ Semiconductor

Memory

- Expect to increase orders in existing processes due to resumption of investment in DRAM and NAND
- Joint development in DRAM and other fields will increase due to high evaluation of logic (MHM process)
⇒ Focus on increasing orders by entering new processes
- PCRAM applications are expanding, and memory manufacturers' investment in mass production and development is also broadening

Logic

- We entered the MHM process of logic and have already done business with several companies.
⇒ Orders are expected to increase along with the increase in EUV processes due to further miniaturization (increase approximately 1.7 times more)
- Joint development in different logic processes
⇒ Focusing on increasing orders by entering new processes



Market Outlook and Approaches

■ Electronic device

- Active investment in Communication devices, Optical devices, Power devices, etc. in Japan and China in 1H
- Particularly in China, investment plans are active mainly in Power devices and Optical devices for AR/VR due to the government's policy of domestic production※.
- Strengthen technical sales system in China and expand the range of proposed devices through modularization

※The Ministry of Industry and Information Technology announced an action plan for the development of the electronic device industry = measures to strengthen domestic production. Announced, January 29, 2021.

Power Devices

- Japan is focusing on IGBTs.
- China's policy is to target from low-end applications such as home appliances to middle/high-end applications and business negotiations for SiC are becoming more active; mass production and new plant construction are expected to increase from FY2021.

Optical Devices

- Active investment in AR/VR optical devices and automotive displays
- Investment plans are underway in a wide range of fields, especially in China.

Communication Devices · MEMS

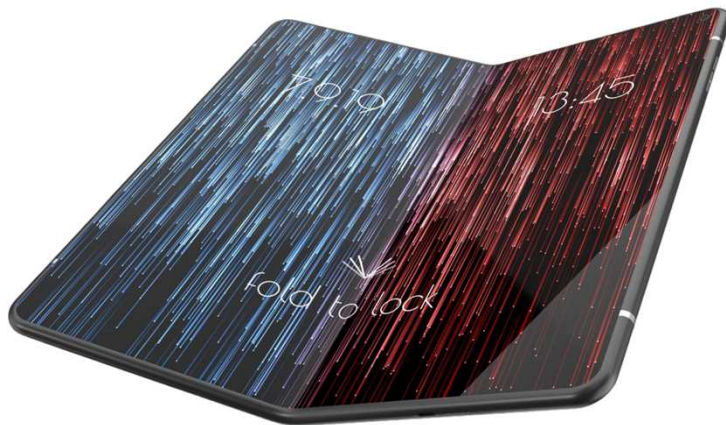
- Investments in communications and sensors for 5G are active
- China is focusing on R&D investment (time is needed for full-scale investment due to technology dissociation)



Market Outlook and Approaches

■ FPD

- In this fiscal year, we plan to receive orders for sputtering and deposition equipment for backplanes of OLEDs for smartphones.
⇒ Investment is expected to continue in the next fiscal year and beyond.
- In OLED investment, in addition to smartphones, mass production and development of large substrate OLEDs for TVs, tablets, game monitors, etc. will be promoted.
- In addition to plant investment, we received additional investment orders for large TV LCDs (PCs, large TVs, game monitors, etc.) to meet the demands to be consumed inside the house caused by the new coronavirus pandemic.
⇒ Consideration of continued investment in LCD is also underway in China.



Market Outlook and Approaches

■ Components

- Despite the impact of stagnant investment in the automotive sector, we expect a gradual recovery as investment in the semiconductor electronics sector is picking up.
- For Cryopumps, we plan to focus on developing the semiconductor electronics field in addition to OLED-related.



■ Materials

- Steady growth mainly in FPD applications due to the demands to be consumed inside the house by the new coronavirus pandemic
- Aiming to expand business for semiconductors and electronics with our specialty of powder metallurgy



■ Customers Support

- Increasing trend in FPD-related CIP and OLED Cryopump-related products, etc.
- Launch of remote customer support package



ULVAC vacuum technology contributes to many industries and applications



Automobile
自動車



Semiconductor
半導体



Flat Panel Display
フラットパネルテレビ



Photovoltaic
太陽電池



Food Processing
食品



Aircraft
航空



Bio
バイオ



Smart Phone
スマートフォン



Magnetic Device
磁気デバイス



Home Appliance
家電製品



Aerospace
宇宙産業



Pharmaceutical
医療・薬剤



Wearable/VR
ウェアラブル/VR



Power Device
パワーデバイス



MEMS Device
MEMS デバイス



Architectural Glass
建材・スマートガラス



Optical
光学



Flexible
フレキシブル



Packaging Materials
パッケージング



Battery
バッテリー

ULVAC, leading the

world in vacuum technology

ULVAC