(Securities code: 6728)

# Business Results The First Quarter of FY2019 (July 2019–September 2019)

Nov. 13, 2019 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. ULVAC's customers in the flat-panel display (FPD), semiconductor, and electronic parts industries face challenges due to the rapid pace of technological advances and fierce competition.

There are a number of factors that directly and indirectly impact performance, such as the global economy; fluctuations in exchange rates; market conditions for FPDs, semiconductors, electronic parts, and raw materials; and trends in capital expenditures. Consequently, actual net sales and profits may vary substantially from the projections included in this presentation.

#### 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 10<sup>th</sup> of the unit stated.

Percentages: Rounded to the nearest 10<sup>th</sup> after yen values are rounded.

Abbreviations of accounting periods:

1Q and 2Q (cumulative): First and second quarter consolidated cumulative period

2Q: Second quarter consolidated period

#### **Highlights of First Quarter FY2019 Business Results**

- ☐ Orders Received: ¥35.2 billion (-55% year-on-year)
  - Sharply declined year-on-year mainly due to the temporary end of LCD business for large-screen TVs as well as the postponement of investment in OLED for smartphones.
- □ Net Sales: ¥46.8 billion (-24% year-on-year)
  - Declined year-on-year mainly due to the decreased sales of the production equipments for LCDs for large-screen TVs and semiconductor memory.
  - 48% progress of the business plan for the first half
- ☐ Operating Profit: ¥4.9 billion (-44% year-on-year)
  - A sharp decline in sales year-on-year.
  - 58% progress of the business plan for the first half



#### **Overview of First Quarter FY2019 Business Results**

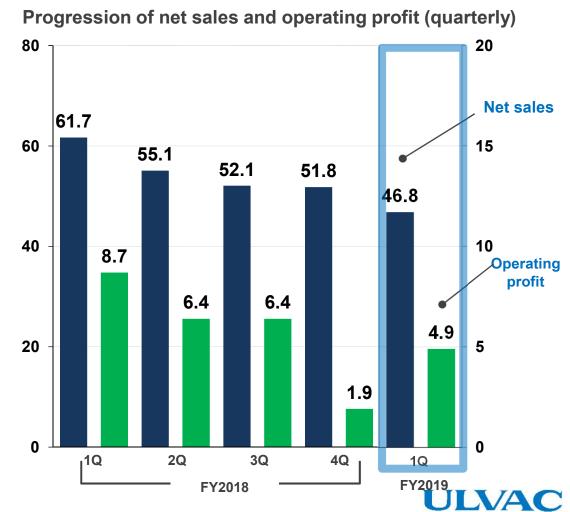
- Orders received: Sharply declined year-on-year mainly due to the temporary end of LCD business for large-screen TVs as well as the postponement of investment in OLED for smartphones.
- Net sales: Declined year-on-year mainly due to the decreased sales of production equipments for LCDs for large-screen TVs and semiconductor memory (48% progress of the business plan for the first half).

(Unit: ¥1 billion)

• Operating profit: sharply declined due to the decrease in sales (58% progress of the business plan for the first half).

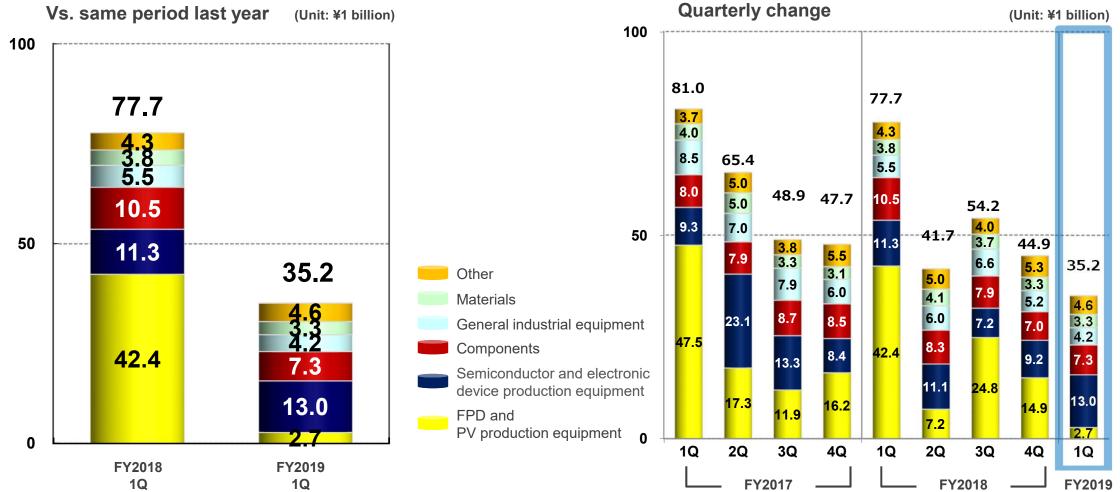
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	FY2018 1Q Result	FY2019 1Q Result	
	1Q	1Q	Y-o-Y (Changes)
Orders Received	77.7	35.2	-54.8%
Net Sales	61.7	46.8	-24.2%
Operating Profit	8.7	4.9	-43.5%
Ratio	14.0%	10.5%	
Net Income	6.1	3.4	-43.4%
Ratio	9.9%	7.4%	

In addition, a gain recognition of ¥3.2 billion on sales of partial investment securities is scheduled in the first half of the fiscal year.



#### Overview of First Quarter FY2019 Business Results (Orders received by segment)

- FPD and PV production equipment: Sharply decreased year-on-year due to the temporary end of LCD business for large-screen TVs, the postponement of investment in OLED for smartphones as well as cancellation of contract.
- Semiconductor and electronic device production equipment: Increased year-on-year contributed by increased orders of production equipments for semiconductor logic and communication devices.



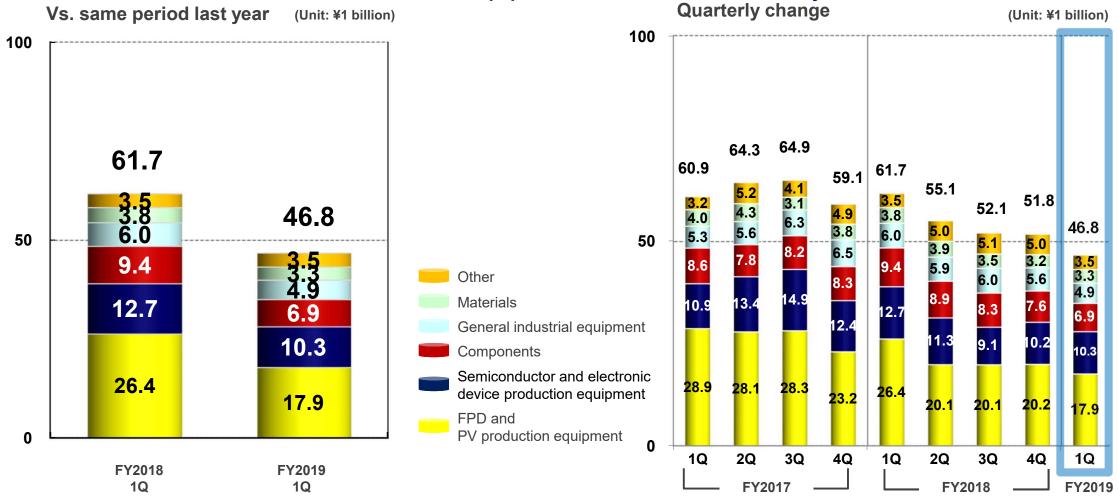
\*The cancellation of contract for ¥3.4 billion due to the cancellation of FPD related contract (allowance for doubtful accounts booked in 4Q 2019/6). Excluding the cancellation contract, orders received would be ¥6.1 billion for FPD and PV and ¥38.6 billion on consolidated basis.



### Overview of First Quarter FY2019 Business Results (Net sales by segment)

• FPD and PV production equipment: Declined year-on-year mainly due to decreased sales of production equipments for LCDs for large-screen TVs.

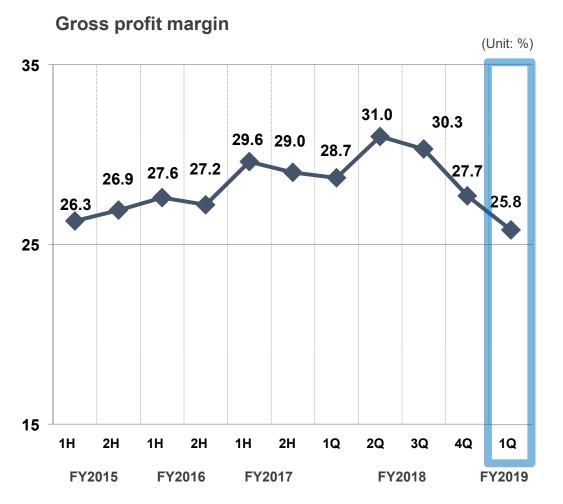
• Semiconductor and electronic device production equipment: Declined year-on-year mainly due to decreased sales of production equipments for semiconductor memory.

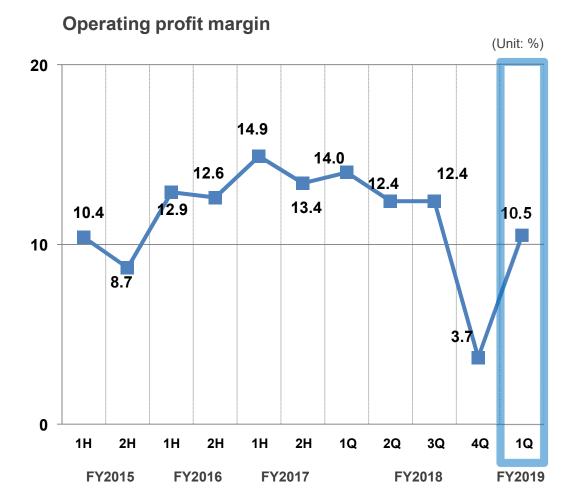




#### Overview of First Quarter FY2019 Business Results (profit margins)

• Gross profit margin declined due to cancellation of contract (Excluding the cancellation of contract: 29.6%)



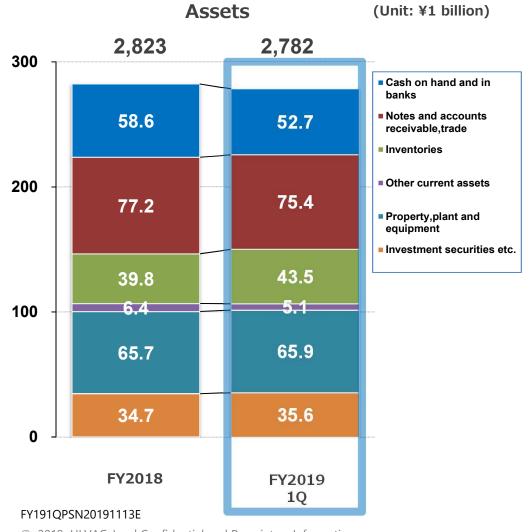


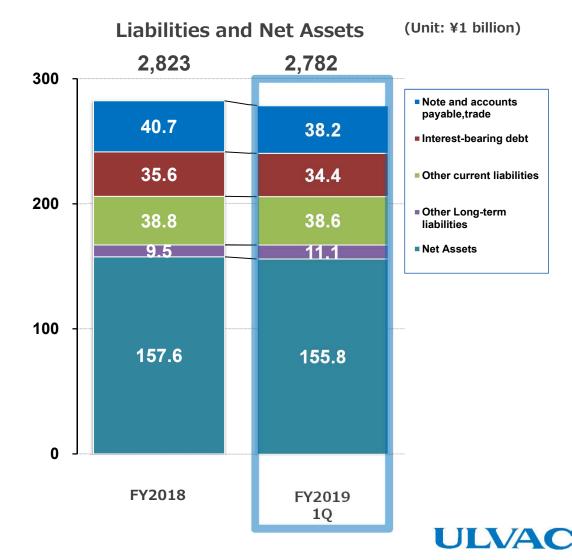
💥 Gross profit margin declined to 25.8% due to the cancellation of contract.



#### Overview of First Quarter FY2019 Business Results (consolidated balance sheet)

- Inventory assets increased by ¥3.7 billion, while Notes and accounts receivable decreased by ¥2.6 billion, and Cash on hand and in banks decreased by ¥5.9 billion.
- The equity ratio improved to 53.8% mainly due to a ¥4.1 billion decrease in total assets.





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