(Securities code: 6728)

Business Results

The First Quarter of FY2018

(July 2018–September 2018)

Nov. 09, 2018

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 10th of the unit stated.
Percentages: Rounded to the nearest 10th 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 FY2018 Business Results

- **Orders Received: ¥77.7 billion (-4% year-on-year, +63% vs. 4Q FY2017)**
  - Incoming orders were sluggish at one point in the second half of last year, but they recovered in the current quarter.

- **Net Sales: ¥61.7 billion (+1% year-on-year, +4% vs. 4Q FY2017)**
  - Net sales continue at a high level.

- **Operating Profit: ¥8.7 billion (-3% year-on-year, +56% vs. 4Q FY2017)**
  - Operating profit recovered after a temporary decline in the previous quarter.

- **Earnings forecasts for the year ending June 2019 remain unchanged from the figures released in August.**

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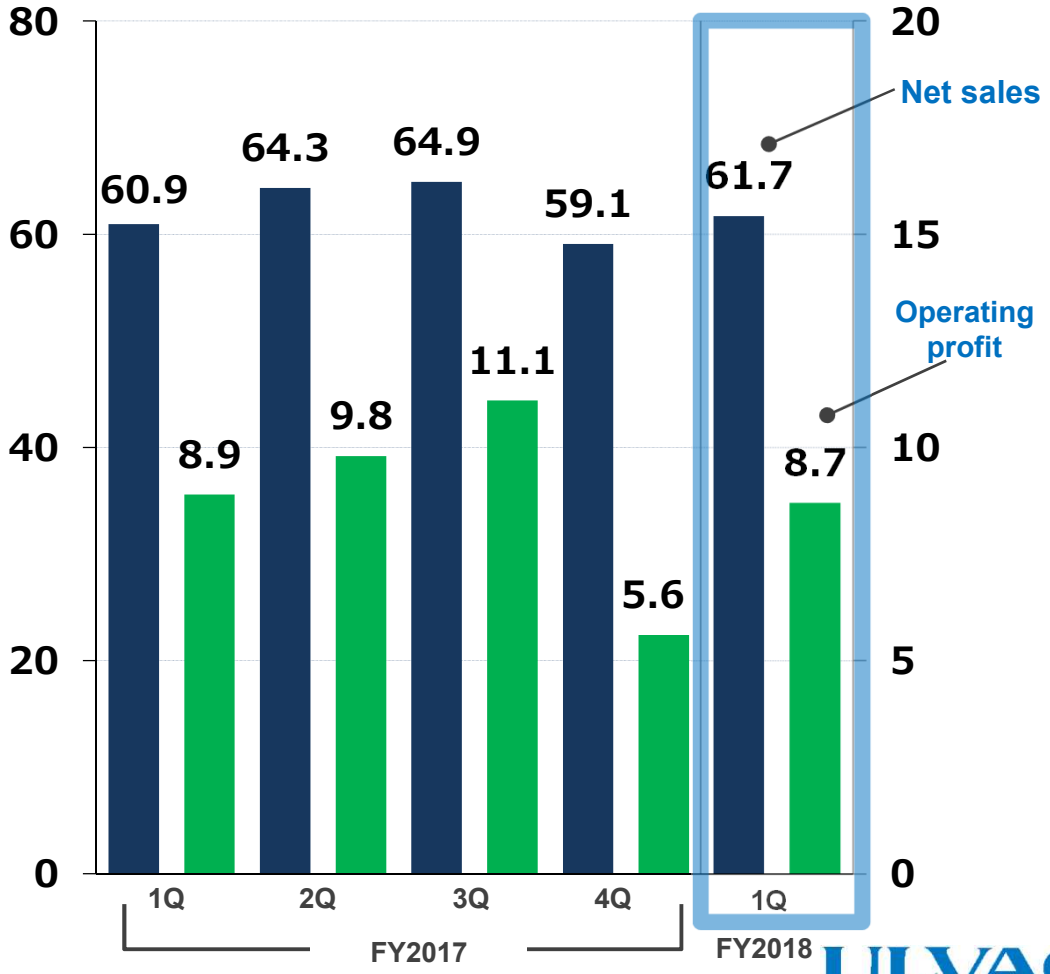
Overview of First Quarter FY2018 Business Results

- **Orders received were flat compared with the same period last year due to large orders for FPD production equipment.**
- **Net sales were flat compared with the same period last year due to contributions from semiconductor and electronic device production equipment.**
- **Operating profit recovered to the level of the same period last year.**

(Unit: ¥1 billion)

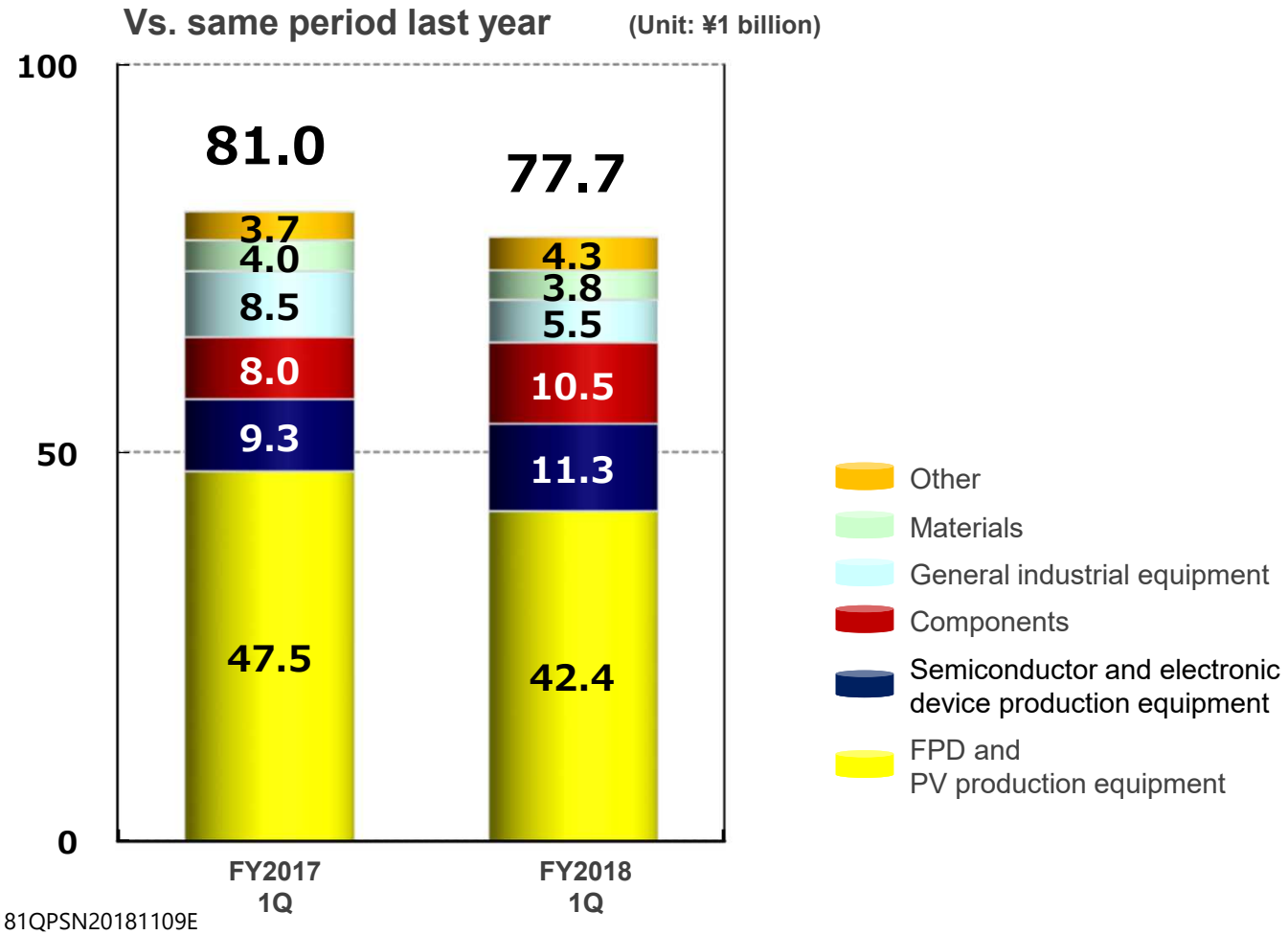
	FY2017 1Q	FY2018 1Q	
	Results	Results	Y-o-Y (Changes)
Orders Received	**81.0**	**77.7**	**-4.0%**
Net Sales	**60.9**	**61.7**	**1.3%**
Operating Profit	**8.9**	**8.7**	**-2.6%**
Ratio	**14.6%**	**14.0%**	
Net Income	**6.3**	**6.1**	**-4.0%**
Ratio	**10.4%**	**9.9%**	

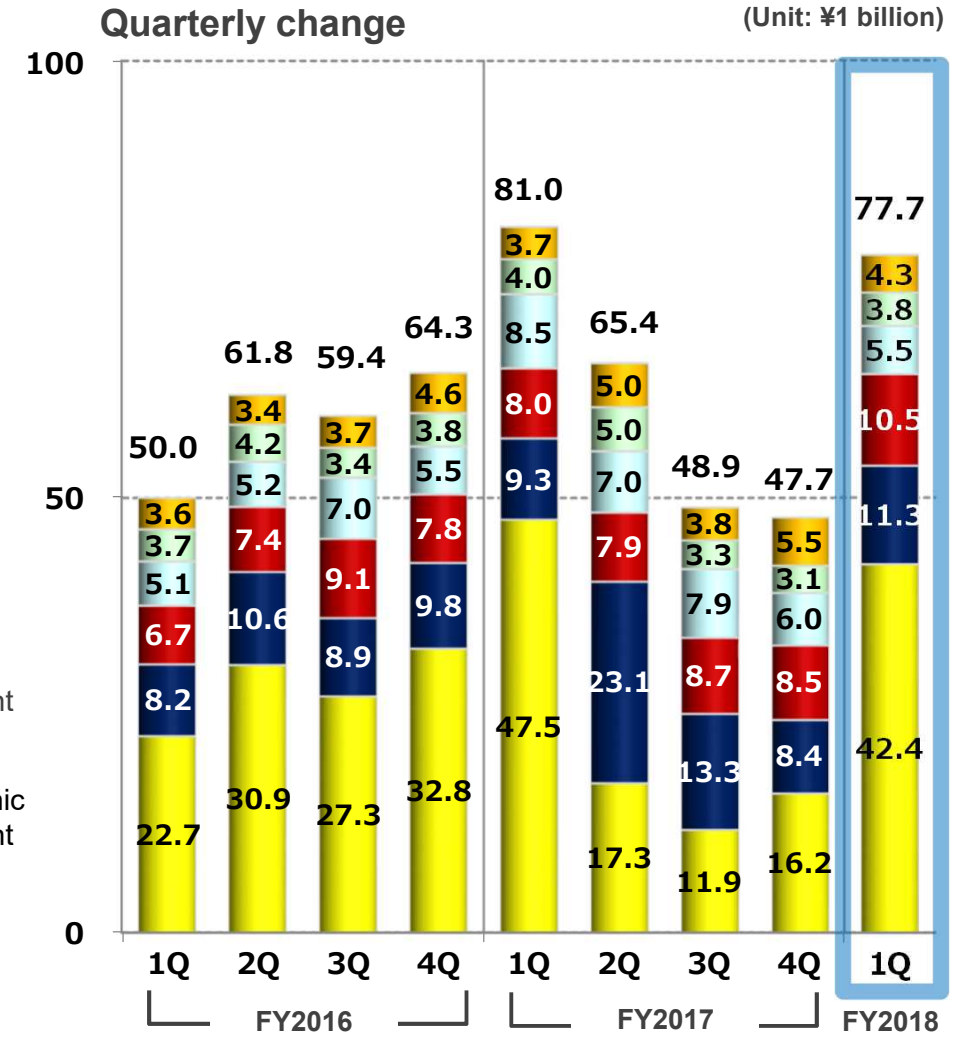
Progression of net sales and operating profit (quarterly)



Overview of First Quarter FY2018 Business Results (Orders received by segment)

- **FPD and PV production equipment: Orders received were at a high level due to large orders of large-screen LCD production equipment for China**
- **Semiconductor and electronic device production equipment:**
  Semiconductor production equipment orders for memory and logic contributed, and orders for telecom devices and power semiconductors were also strong.





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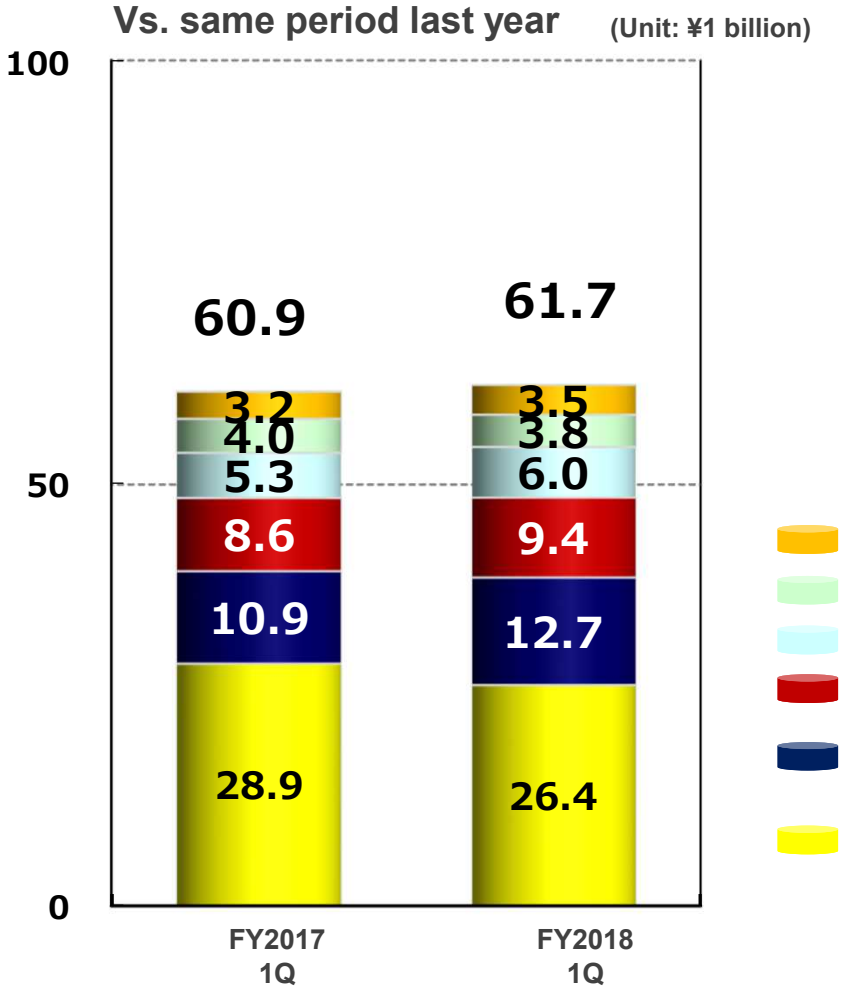
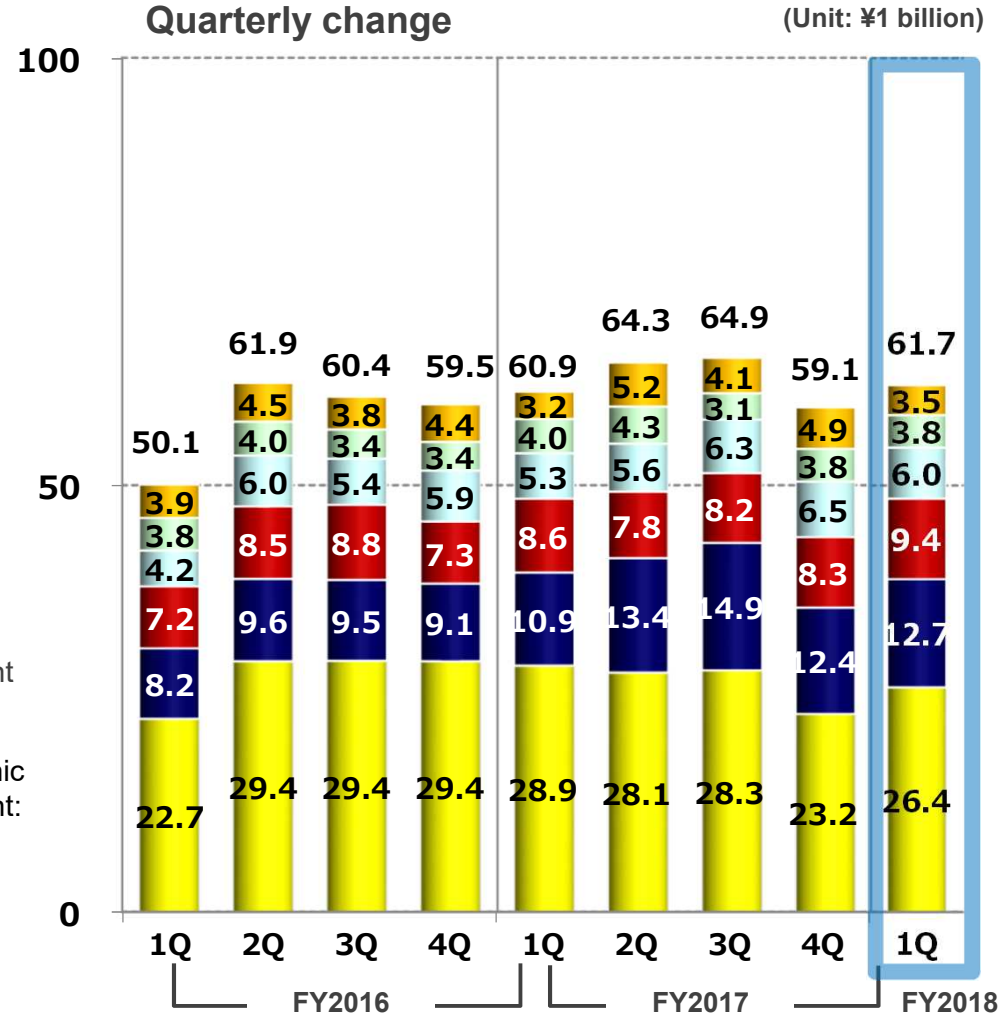
Overview of First Quarter FY2018 Business Results (Net sales by segment)

- **FPD and PV production equipment: LCD production equipment for large-screen TVs and OLED production equipment for smartphones contributed.**
- **Semiconductor and electronic device production equipment: Mainly equipment for memory and telecom devices performed at high levels.**





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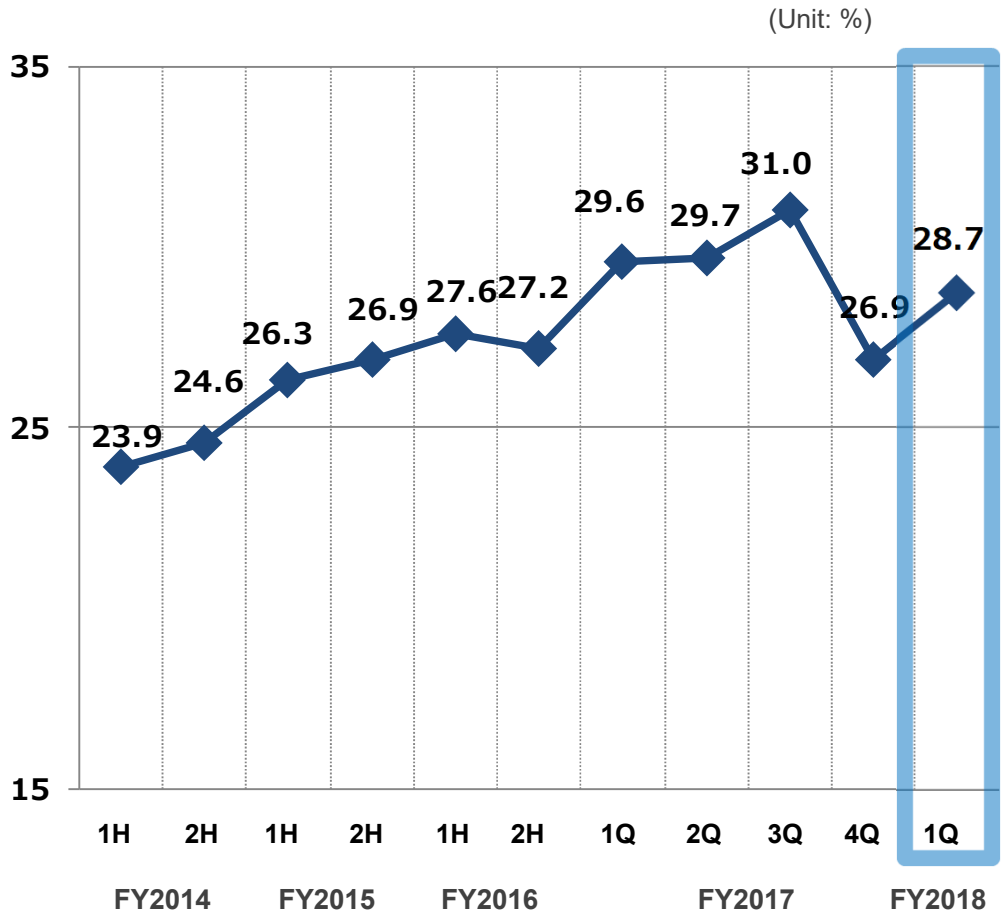
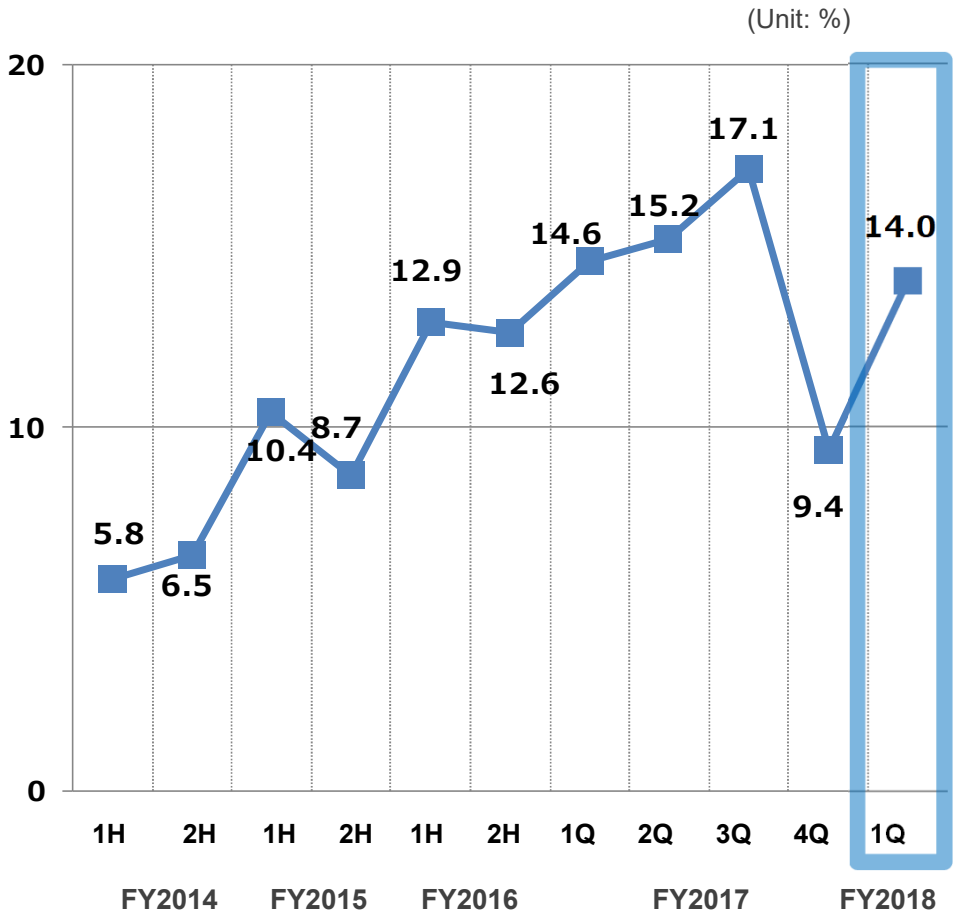
Overview of First Quarter FY2018 Business Results (profit margins)

- **Profit margins recovered after declining at one point in the previous quarter due to an increase in research and development expenses.**

Gross profit margin

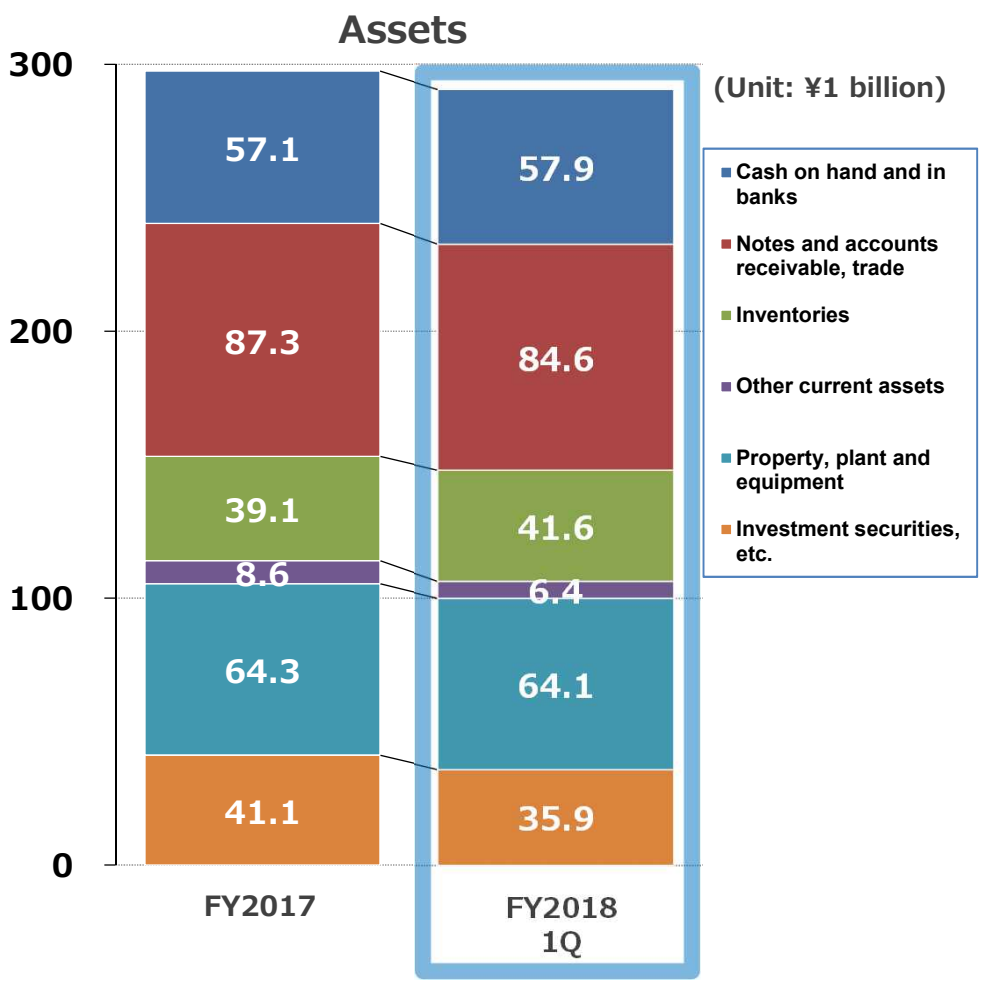


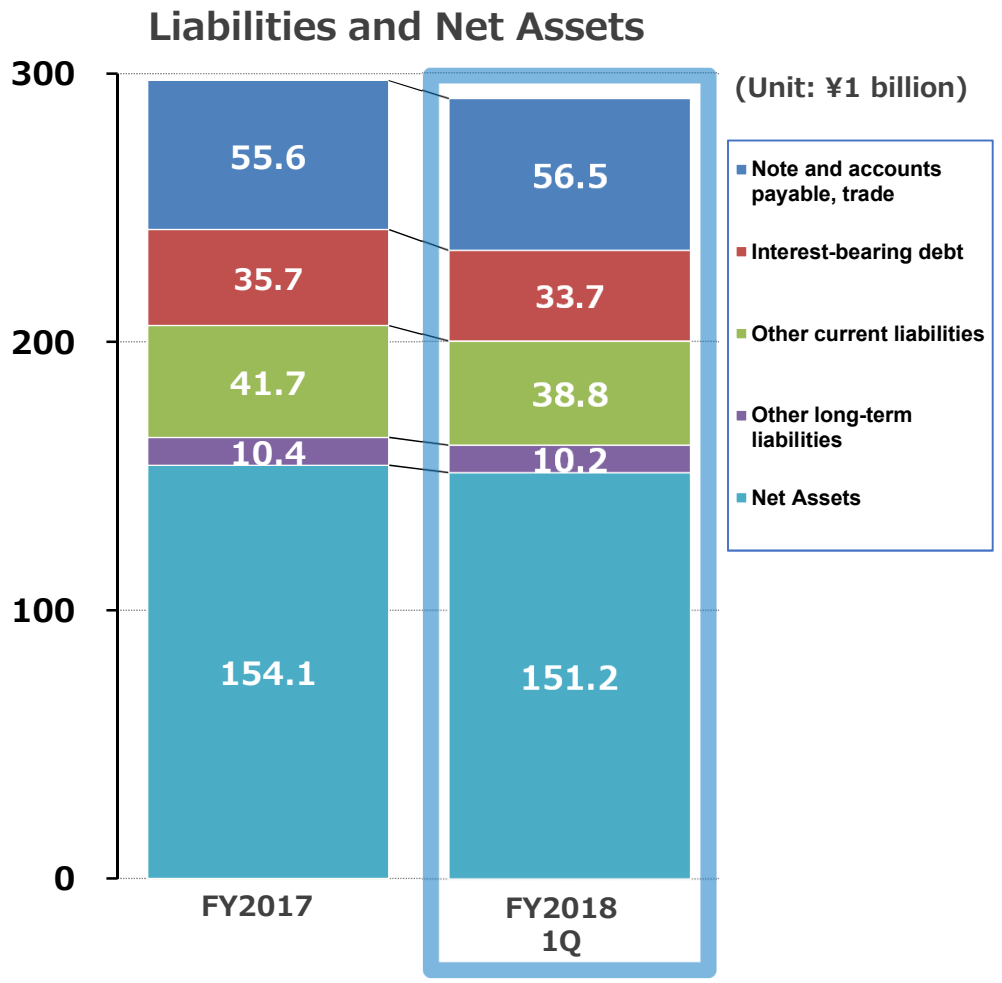
Operating profit margin



Overview of First Quarter FY2018 Business Results (consolidated balance sheet)

- **Notes and accounts receivable plunged by ¥2.6 billion, while inventory assets grew by ¥2.5 billion, and interest-bearing debt was reduced by ¥2.0 billion.**
- **The equity ratio improved to 49.9% and net cash to ¥24.2 billion.**





"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, Feb. 16, 2018) was adopted at the beginning of the first quarter. Figures for the prior consolidated fiscal year were restated after retrospective application of said accounting standard.

Topic “Stronger Corporate Governance”

Introduction of New Directors

- We now have four external directors serving on the board, which exceeds one-third of the 10 directors.
- Three directors each were appointed from development, production, and sales.

New director (independent external)

Yoshimi Nakajima

New directors and managing executive officers

Dr. Choong Ryul Paik (General Manager, R&D Headquarters)

Shigemitsu Sato (General Manager, Advanced Manufacturing Division)

Masahiko Ishiguro (General Manager, Corporate Sales & Marketing Division)

Topic “Industry-Academia Collaboration: Opening a Lab in Osaka University”

- **The ULVAC-Osaka University Joint Research Laboratory for Future Technology opened on November 1, 2018 on the campus of Osaka University.**
- **Through a collaboration between industry and academia, ULVAC and Osaka University will exchange researchers and build an R&D network, as well as develop scholarly work in the medical and bio-engineering field, solve technical issues, and contribute to the training of innovative university personnel.**
- **ULVAC will be positioned as a place for basic research, with an eye on investigating next-generation FPD applications based on ULVAC’s pioneering technology and on creation of semiconductor quantum dots for artificial photosynthesis, along with their enabling mass production technologies, and as a place for generating new value in areas such as medical applications (cell preservation) for ultra high-speed freeze drying technology.**

Overview of the ULVAC-Osaka University Joint Research Laboratory for Future Technology

Name: ULVAC-Osaka University Joint Research Laboratory for Future Technology
(ULVAC Future Technology Research Laboratory, Osaka Research Division)

Location: Osaka University, Suita Campus, Suita Welfare Center, 4th Floor

Organization: Lab Director - Takao Yamamoto
(Professor, Osaka University, Graduate School of Engineering)
Deputy Director - Hirohiko Murakami
(Head and Senior Fellow, ULVAC Future Technology Research Laboratory)

Including the above, there will be 11 faculty and researchers (including adjuncts)

Osaka University, Suita Campus, Suita Welfare Center

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