

Business Results

FY2019

First to Third Quarter (cumulative)

(July 2019 - March 2020)

May 14, 2020

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

□ Order Received: ¥119.3 billion (-31% year-on-year)

- Although 3Q recovered from 1Q and 2Q, there was sharp decline year-on-year(cumulative) mainly due to the postponement of FPD-related investments

□ Net Sales: ¥142.5 billion (-16% year-on-year)

- Declined year-on-year(the effect of COVID-19, low progress to forecast of the second half)

□ Operating Profit: ¥13.2billion (-40% year-on-year)

- Declined year-on-year due to the decrease of the Net Sales

□ Revised earnings forecast of FY2019

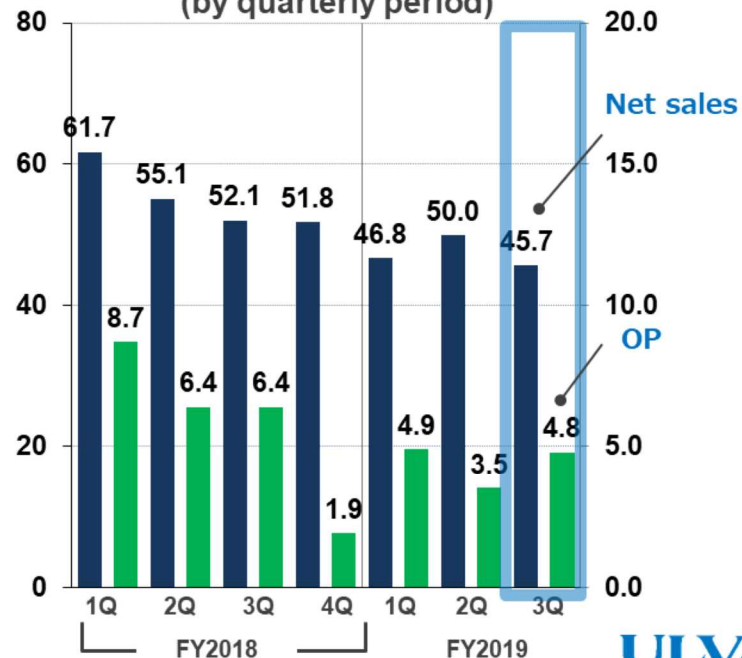
Overview of 1Q to 3Q FY2019 Consolidated Business Results (Cumulative)

- **Orders Received:** Although 3Q recovered from 1Q and 2Q, there was sharp decline year-on-year(cumulative) mainly due to the postponement of FPD-related investments
- **Net Sales** : FPD and component declined year-on-year (the impact of COVID-19, low progress to forecast of the second half)
- **Operating Profit** : Declined year-on-year due to the decrease of the Net Sales

(Unit:¥1 billion)

	FY2018 3Q (cumulative) Result	FY2019 3Q (cumulative) Result	Y-o-Y (Changes)
Orders Received	173.6	119.3	-31.3%
Net Sales	168.9	142.5	-15.6%
Gross Profit	50.6	39.5	-21.9%
Ratio	29.9%	27.7%	- 2.2 pt
SG&A	28.6	26.2	-8.5%
Operating Profit	21.9	13.2	-39.8%
Ratio	13.0%	9.3%	- 3.7 pt
Net Income	17.3	11.0	-36.1%
Ratio	10.2%	7.7%	- 2.5 pt

(Unit:¥1 billion) Net sales and operating profit (by quarterly period)



4

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The order received amount will be explained in detail on page 5.

In 3Q, net sales recovered mainly in the FPD and components from 1Q and 2Q.

However, on a cumulative basis, the net sales decreased significantly year-on-year due to the postponement of FPD-related investments.

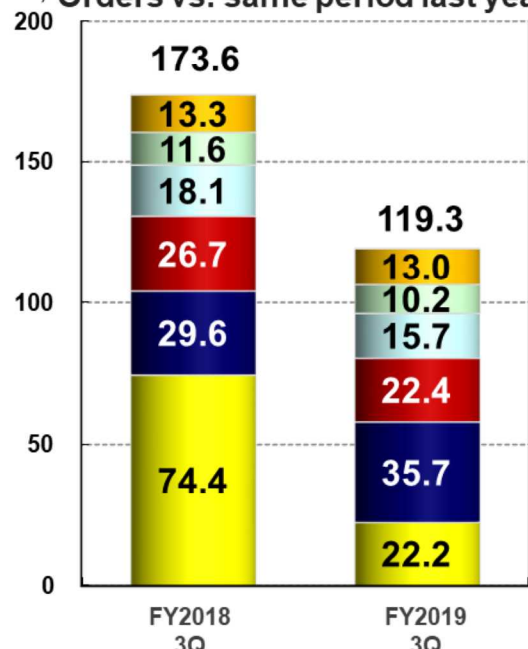
Net Sales of FPD and components decreased year-on-year. Meanwhile, the progress is lower than the previous forecast of 2H published in Feb. due to the delay of installation and acceptance inspection of our equipment caused by the impact of COVID-19

Operating profit declined year-on-year due to the decrease of the net sales.

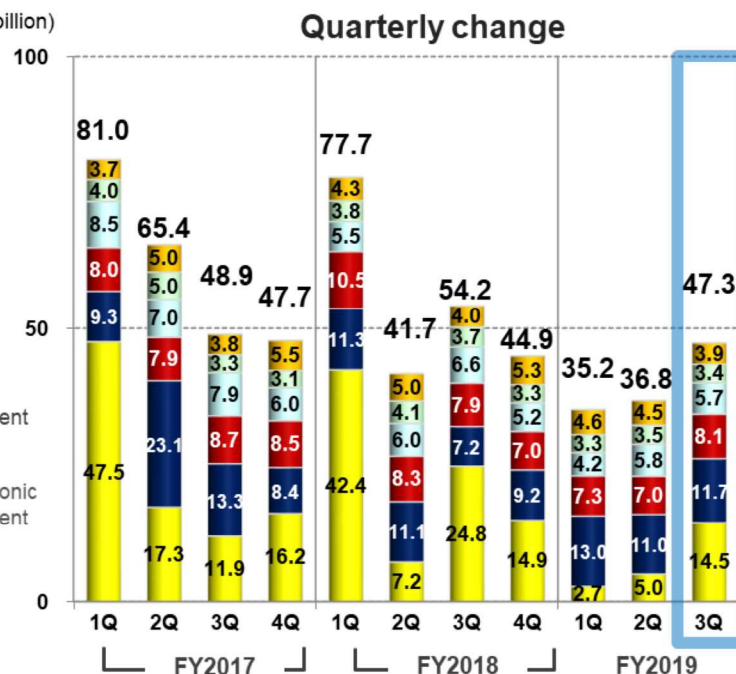
Overview of 1Q to 3Q FY2019 Consolidated Business Results (Cumulative) (Orders Received by Segment)

- **FPD and PV production equipment:** Although 3Q recovered from 1Q and 2Q, there was sharp decline year-on-year(cumulative) mainly due to the temporary end of LCD investments for large-size TV and the postponement of OLED investments for smartphone
- **Semiconductor and electronic device production equipment:** Increased year-on-year contributed by electronic-devices-related, even though the semiconductor investment recovered slowly

(Unit:¥1 billion) Orders vs. same period last year



(Unit:¥1 billion) Quarterly change



5

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As for FPD and PV production equipment, although 3Q recovered from 1Q and 2Q, there was a sharp decline year-on-year on a cumulative basis, mainly due to the temporary end of LCD investments for large-size TV and the postponement of OLED investments for smartphones.

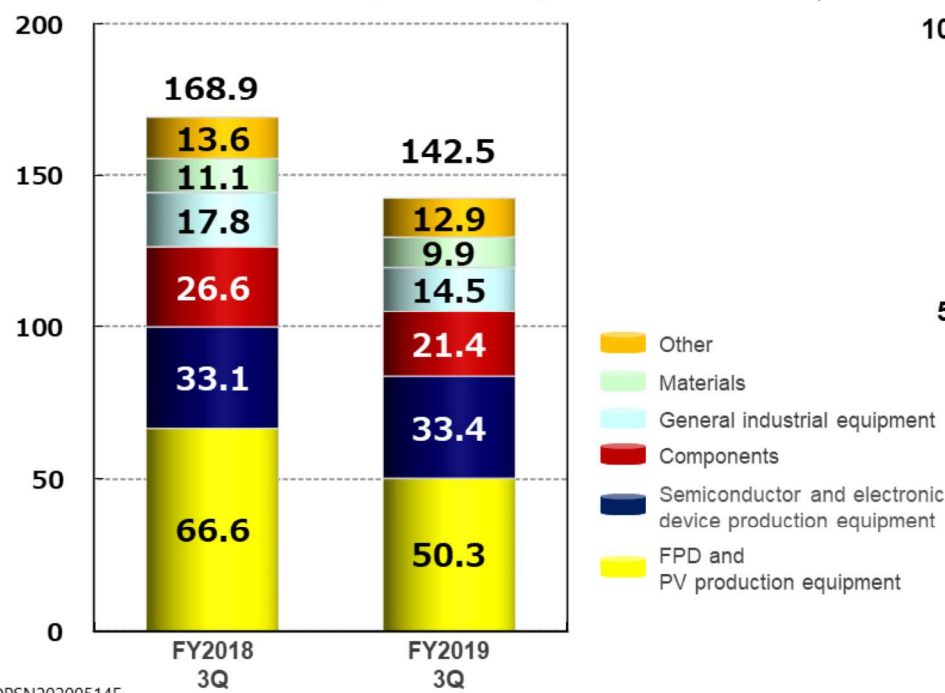
As for semiconductor production equipment, we expected there would be a recovery in 2H. However, the pace of recovery slowed down. Meanwhile, as for electronic-related, the communication device, power device and optical film, which apply to the smart society including 5G, continued rising steadily. Therefore, semiconductor and electronic device production equipment increased year-on-year.

Component recovered in 3Q, but decreased year-on-year on a cumulative basis due to the decline in 1H caused by a slowdown in automotive and FPD-related investment.

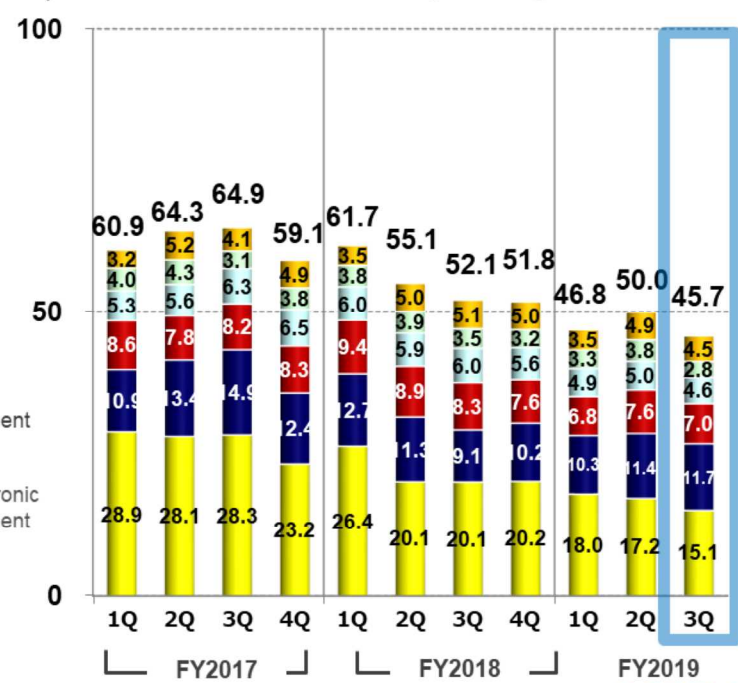
Overview of 1Q to 3Q FY2019 Consolidated Business Results (Cumulative) (Net Sales by Segment)

- FPD and PV production equipment: Fell slightly year-on-year thanks to the relatively high beginning backlog which partly absorbed the impact from declined orders

(Unit: ¥1 billion) Net sales vs. same period last year



(Unit: ¥1 billion) Quarterly change

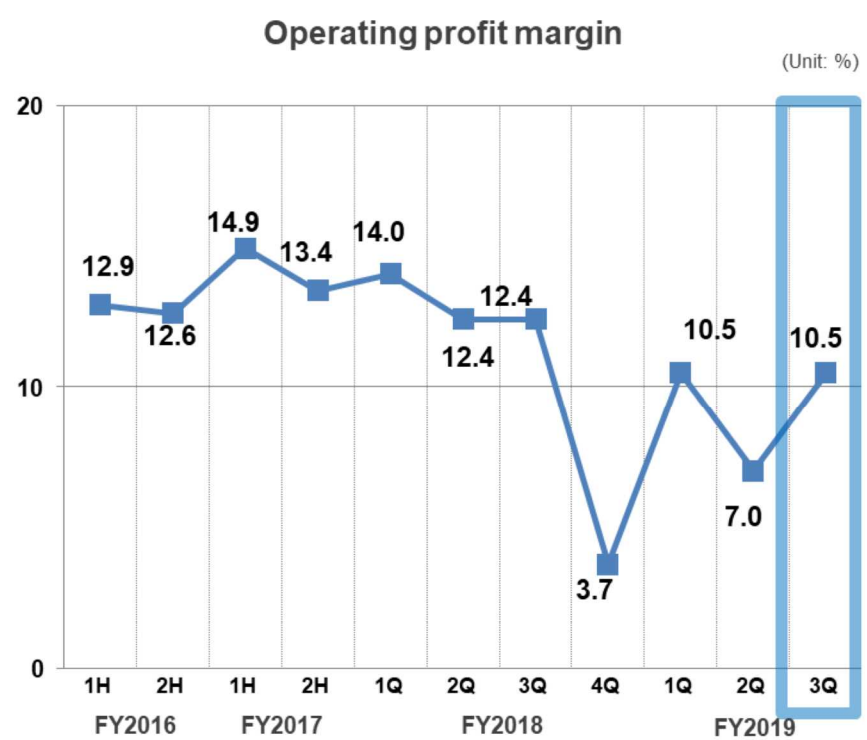
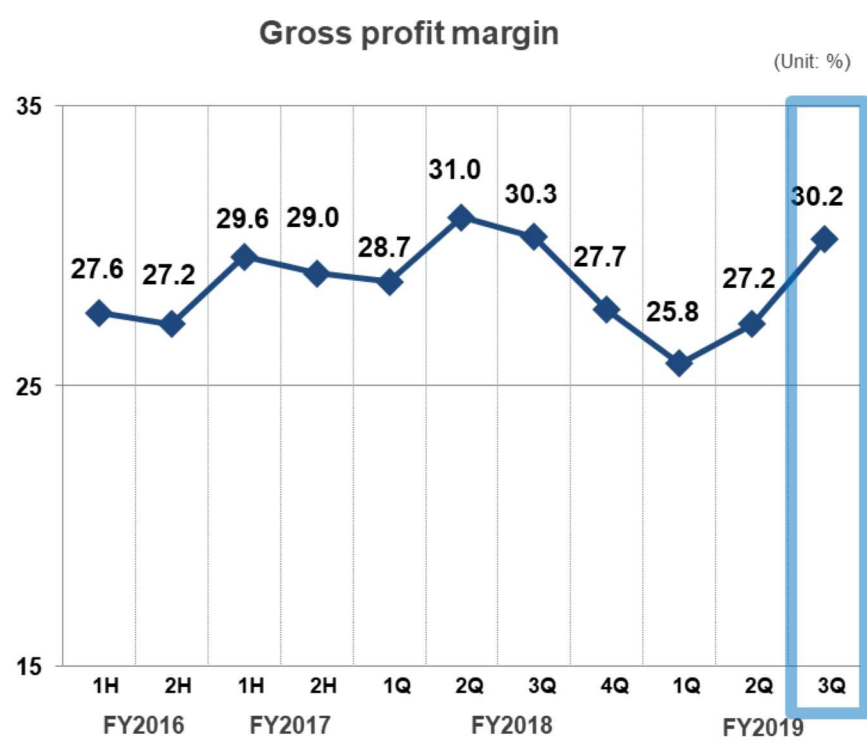


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Due to the relatively high beginning backlog of FPD-related, the decrease of 3Q cumulative net sales was limited.

Overview of 1Q to 3Q FY2019 Consolidated Business Results (Cumulative) (Profit Margins)

- Both Gross profit margin and Operating profit margin were in high level.



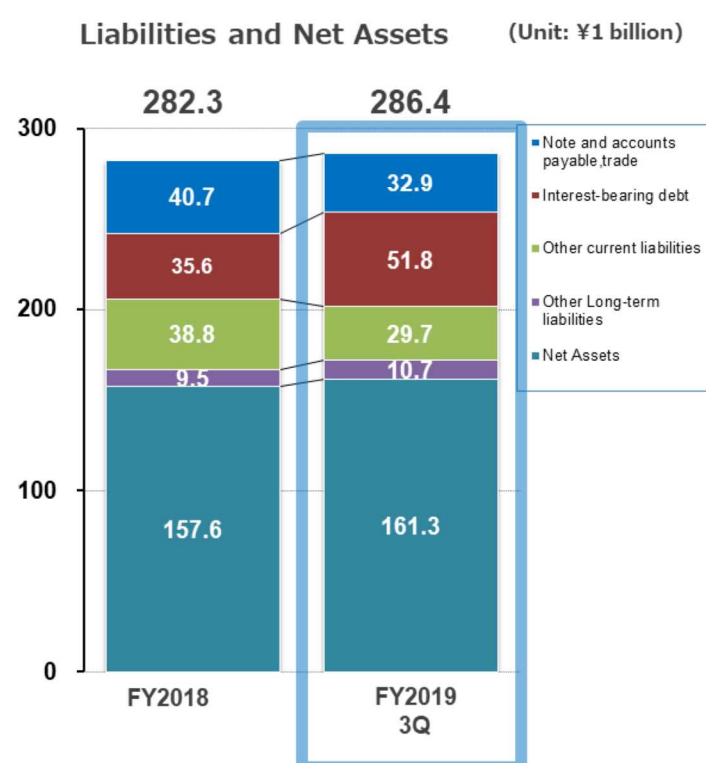
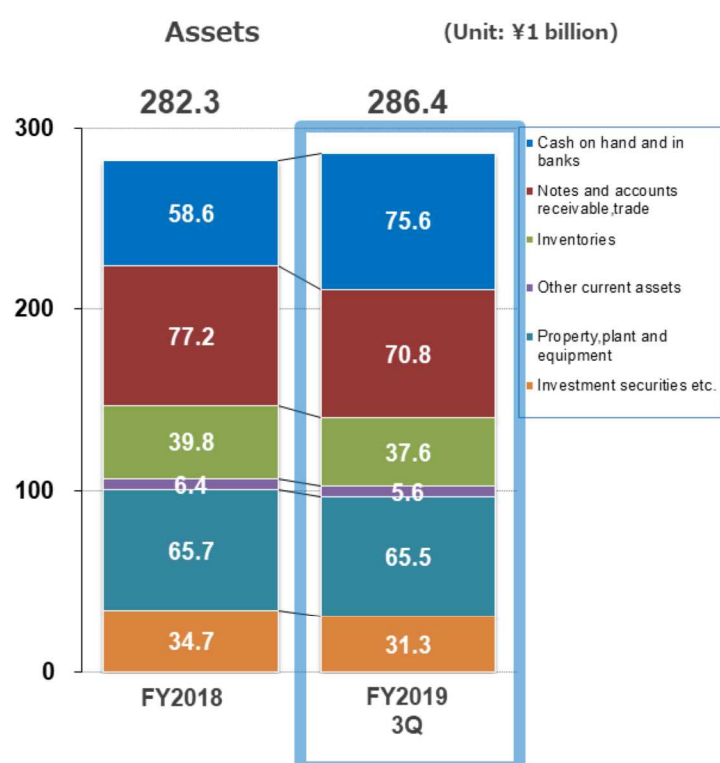
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Both gross profit margin and operating profit margin were in high level because the fixed cost decreased due to the impact of COVID-19.

Overview of 3Q FY2019 Business Results (Consolidated Balance Sheet)

- Cash on hand and in banks increased by ¥17.0 billion, Interest-bearing debt increased by ¥16.3 billion
- Net assets increased by ¥3.7 billion, and the equity ratio improved to 54.0%.



8

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Compared to the previous fiscal year, cash on hand and in banks increased by ¥17 billion, and interest-bearing debt increased by ¥16.3 billion. Net assets increased by ¥3.7 billion, and the equity ratio improved to 54.0%.

Revision of FY2019 Full Year Consolidated Earnings Forecast

- Net sales and profit items are revised downward as orders • net sales and operating profit are expected to decline due to the impact of COVID-19

(Unit: ¥1 billion)

	FY2018 Full Year Result	FY2019 3Q (cumulative) Result	FY2019 Original Forecast*	FY2019 Revised Forecast	vs.Original Forecast (Changes)	FY2019 1H Result	FY2019 2H Revised forecast
Orders Received	218.5	119.3	168.0	152.0	-16.0 -9.5%	72.0	80.0
Net Sales	220.7	142.5	198.0	181.0	-17.0 -8.6%	96.7	84.3
Operating Profit	23.8	13.2	15.0	12.0	-3.0 -20.0%	8.4	3.6
Ratio	10.8%	9.3%	7.6%	6.6%	- 0.9 pt	8.7%	4.3%
Net Income	18.7	11.0	10.8	10.5	-0.3 -2.8%	7.8	2.7
Ratio	8.5%	7.7%	5.5%	5.8%	+ 0.3 pt	8.0%	3.2%

9 FY193QPSN20200514E
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*Published on Feb.13,2020

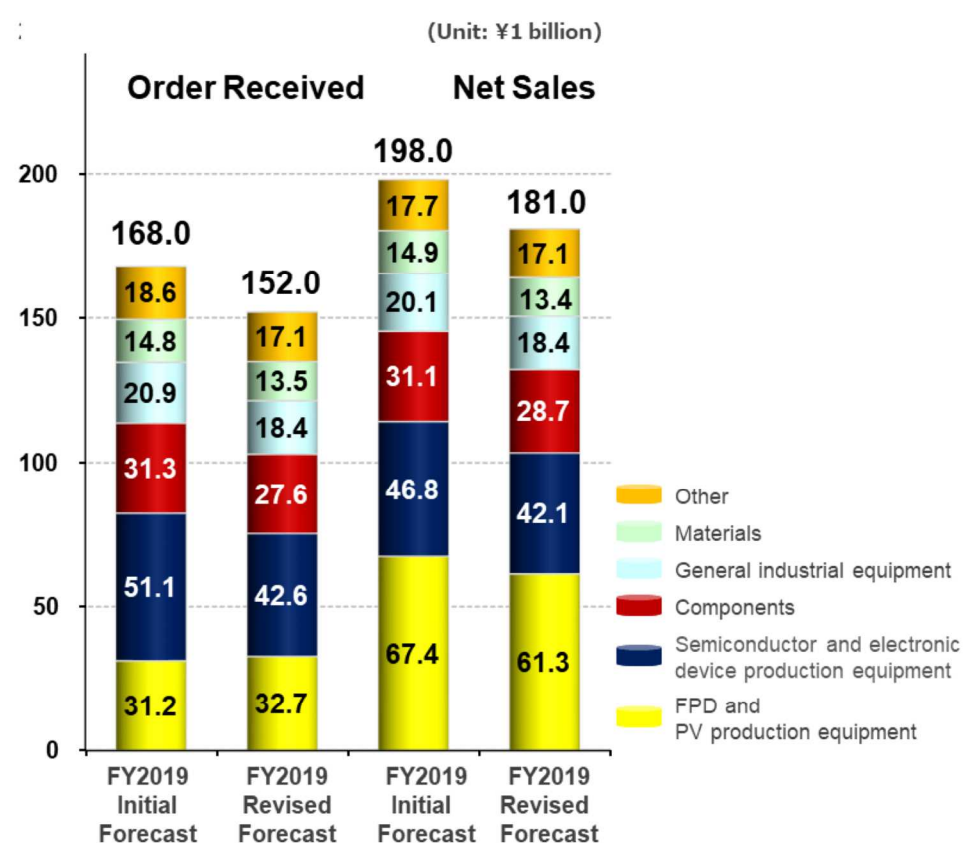
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We have announced to revise our financial forecasts for FY2019 today. In particular, net sales and profit items are revised downward as orders • net sales and operating profit are expected to decline due to the impact of COVID-19.

We revised downward as follows. Order received amount decreased by ¥16 billion from ¥168 billion to ¥152 billion, net sales decreased by ¥17 billion from ¥198 billion to ¥181 billion, operating profit decreased by ¥3 billion from ¥15 billion to ¥12 billion, and net income decrease by ¥300 million from ¥10.8 billion to ¥10.5 billion.

Revision of FY2019 Full Year Consolidated Earnings Forecast

- Both Order received and Net sales are revised downward mainly due to the impact of COVID-19.



【Impacts of COVID-19】

Reasons of decreased Order Received

(Major Factors)

- Face-to-face negotiations were not possible
- The delay in procuring equipment from other companies and the capital investment postponement
- The decline in the operation of customer plants

Reasons of decreased Net Sales

(Major Factors)

- The delay of order received
- The delay of installments and acceptance inspections
- The decline in the operation of customer plants

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As the impact of COVID-19, orders are expected to decrease due to the inability to meet customers for business negotiations, delays in procuring equipment from other companies, postponement of capital investment plans, and reduced operation of customers' plants.

In addition to the impact of the order postponement, net sales are expected to decrease due to the postponement of installation and acceptance inspection as a result of not being able to visit the customer's plants and the decline in the operation of the customer's plants.

[Basic Policy]

- Implement measures to prevent infection with the highest priority on the safety and health of ULVAC Group employees, their families, business partners, etc.
- Fulfill responsibility for supplying to customers

[Production and development systems]

- Production and development bases follow the policies of national and local governments to prevent infection thoroughly.
- No major problems occurred such as operation continuation, distribution, or procurement. Measures necessary for business continuity are in progress.
- The existing **quadrilateral production and development system (Japan, Korea, Taiwan, China)** enables alternative production and development at other sites in the event of closure of plants or development sites due to the infection.

In response to the new coronavirus, we will implement measures to prevent infection with highest priority on the safety and health of group employees, their families, business partners, and other concerned parties. At the same time, Our basic policy is to fulfill our supply responsibilities to our customers. Production and development bases continue to operate in accordance with the policies of national and local governments in each country, with measures to prevent infection.

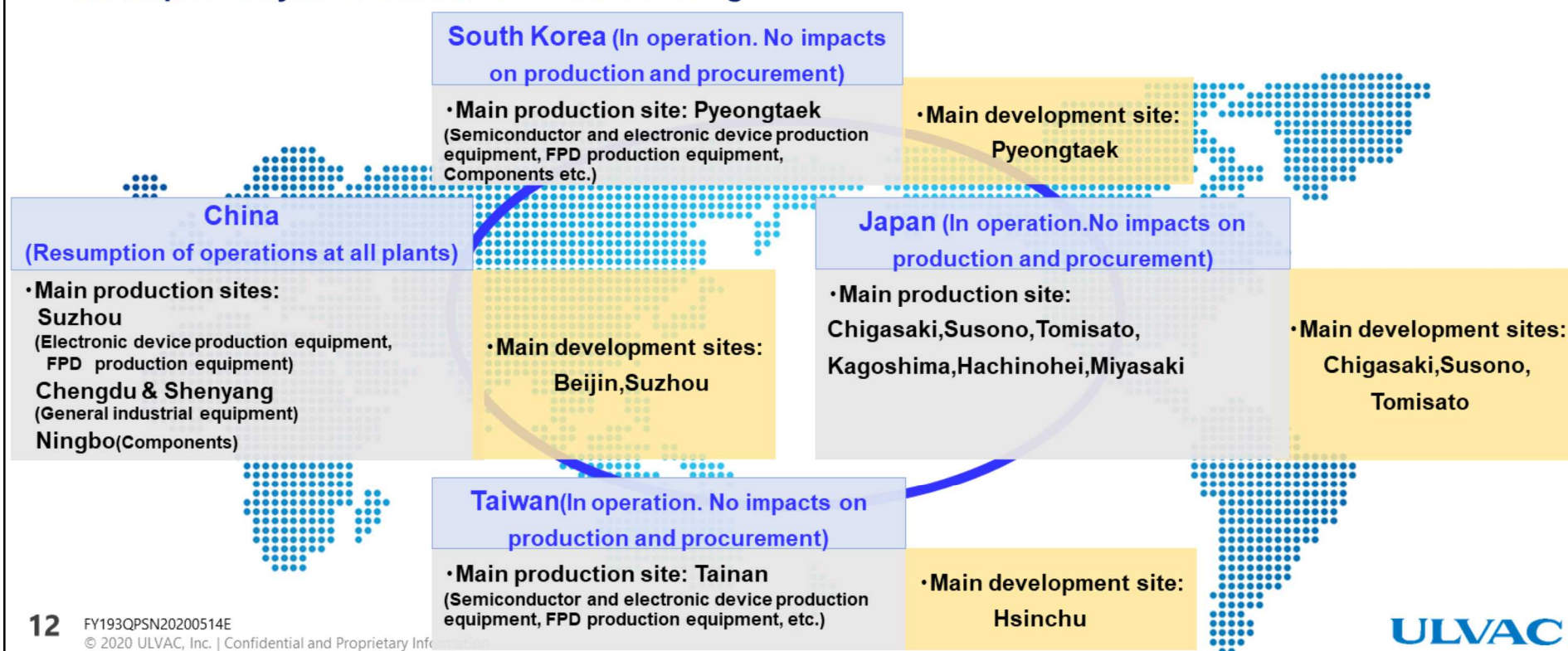
No major problems such as logistics or procurement have occurred, and necessary measures are being taken to ensure business continuity.

ULVAC Group has been building a quadrilateral production and development system close to our customers, mainly in Japan, South Korea, Taiwan, and China. As a result, even if a factory or a development site is closed due to infection, alternative production and development can be carried out at other sites.

Status of major production and development bases

- Status of major production and development bases are in operation. No significant impact on supply chain.
- The impact was minimal because the quadrilateral production and development system enables a mutual covering.

U.S.A (Start of operations scheduled)
 • Boston (Semiconductor and electronic device production equipment)



The operation status of our major production and development bases is shown in the figure. After the Chinese New Year, our plants in China resumed operations as early as possible in accordance with the instructions of the respective governments. Currently, our major production and development bases are operating smoothly.

We have major production and development bases in Japan, China, South Korea, and Taiwan, and we have established a quadrilateral structure that covers each other. We have also developed supply chains in each region, so there are no major obstacles to our business continuity, including procurement.

Key points of new medium-term management plan

By promoting management reform, we will enhance our business fundamentals.

1. Growth Business

Expanding semiconductor and electronic businesses with products and technologies that support technological innovation to realize a smart society. Also strengthen our Components business

2. Strengthen research and development capabilities

Strengthening product development in response to technological innovation in growth markets by integrating development departments to enhance technology sensing functions and concentrate management resources

3. Enhance manufacturing capabilities

Promoting production reforms in all processes from technology and design to production system

4. Reinforce group management efficiency

Promoting system platform development and management integration of the group

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The new medium-term management plan will be explained in August, but would like to share the key points of the new medium-term management plan that we are currently considering.

In the new medium-term management plan, we will enhance our business fundamentals by promoting management reform.

The key points are as follows,

First, as a growth business, we will expand our semiconductor and electronic businesses with products and technologies that support technological innovation to realize a smart society. We will also strengthen our component business.

Second, in order to strengthen product development in response to these technological innovations, we will strengthen our technological sensing functions and integrate development departments to concentrate management resources.

Third, we will promote production reforms in all processes from technology and design to production, and work to improve productivity and profitability by strengthening our manufacturing capabilities.

Fourth, we will further integrate management by developing a system platform for sharing Group management resources and information.

Although we are currently facing a difficult environment due to the impact of the new coronavirus, we will continue to expand semiconductor electronics as a pillar of our growth in the medium to long term, taking advantage of technological innovation such as 5G to realize a smart society.

In the Chinese market, there has already been a strong demand for early installation of equipment, and we are also seeing an active investment in electronics-related products to realize a 5G and other smart society. We will continue to promote management reforms so that we can take advantage of the future trends in technological innovation as a big opportunity.

Topics: Approaches to raising corporate value

Recognized as 2020 Certified Health and Productivity Management Organization as well as group companies

ULVAC, Inc. (Third straight year)

「2020 Certified Health and Productivity Management Organization (White 500)」 large-sized corporate

ULVAC Equipment sales Inc. (Second straight year)

ULVAC-PHI, Inc.

ULVAC TECHNO, Ltd.

ULVAC Human Relations, Ltd.

「2020 Certified Health and Productivity Management Organization」 small and medium-sized corporate

With the aim of making every employee to have a dream, work joyfully, and be happy to go to work", the president, executives in charge of health promotion, general affairs and personnel managers, industrial physicians and public health nurses work together to promote healthy management with the goal of "improvement of human power".



In March 2020, ULVAC, Inc. received an award as "Kanagawa Prefectural Governor's Award" for its "My ME-BYO chart" corporate correspondence walking event sponsored by the Kanagawa Prefectural Policy Bureau.

Selected by GPIF's top domestic asset management organizations as "Highly Improved Integrated Report" (Third straight year)

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アルパックバリューレポート
ULVAC
VALUE REPORT
2019
ULTIMATE
IN VACUUM



(For Japanese)



(For English)

We will continue to strive for high quality and easy-to-understand information disclosure.

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14

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ULVAC, Inc. has been certified as "2020 Certified Health and Productivity Management Organization (White 500)" of large-sized corporate for the third straight year. Some group companies are also certified as "2020 Certified Health and Productivity Management Organization" of small and medium-sized corporate.

We were selected in high rank by GPIF's top domestic asset management organizations as "Highly Improved Integrated Report" for the third straight year.

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



Next Generation Light
次世代照明

Vacuum technology /
For manufacturing
ULVAC