

**FY2007 First Half
Business Result
(Year Ending June 30, 2008)**

ULVAC, Inc.

18th February 2008

◆ Disclaimer regarding forward-looking statements

Forward-looking statements of the company in these presentations are based on information available at the time these documents were prepared. Ulvac's customers in the flat-panel display (FPD), semiconductor, and electronic parts industries face the challenge of the rapid pace of technological advances and fierce competition. Consequently, actual earnings may vary substantially from the projections included in these presentations due to a number of factors that could cause, directly or indirectly, performance to fluctuate. The factors that could cause results to differ materially from the statements herein include the world economy; fluctuations in the exchange rate; market conditions for flat-panel displays, semiconductors, and electric devices; and trends in capital investments.

◆ Data included in the documents are stated as follows:

Figures are rounded off to the nearest unit, and rates are rounded off to the nearest unit after being determined in millions of yen

- **2008, Facing Our Qualitative Turn**

Kyuzo Nakamura, Chairman

- **Performance Summary for the Fiscal Year
Ending 08/6 (1st Half)**

- **Prospects for the Fiscal Year Ending 08/6**

Hidenori Suwa, President and CEO

2008, Facing Our Qualitative Turn

■ Situation during CY2007

- ▶ Capital investment in FPD segment has been substantially slow for almost a year.
The situation has been extremely tough.
- ▶ Semiconductor and electronic component segments remain strong.

■ Aspects for CY2008

- ▶ Re-starting large-scale capital investment in FPD segment
- ▶ Growing a new Post-FPD segment such as solar cells, LED and target materials
 - ◆ Potential year for ULVAC to grow significantly
- ▶ Existing technologies in all segments face limitations
 - ◆ Now is the time for our qualitative turn (innovation)

2008, Facing Our Qualitative Turn

■ Existing segments

▶ LCD

- ◆ High-mobility TFT and Cu-interconnect for double speed and larger screen

▶ Semiconductor

- ◆ More and more refined Cu-interconnect. Development of a new film deposition for refining
- ◆ Development of high-performance gate insulator for flash memory
- ◆ Dynamic development of nonvolatile memory

■ Post-FPD segments

▶ Energy/environment

◆ Solar cells :

Capital investments in various sorts of solar cells, such as a-Si thin-film, Si crystal, and CIGS thin-film in an ever-broadening global scale. Qualitative turn for higher conversion efficiency and lower costs

◆ Hybrid vehicles :

Revolutionary engineering developments are required for power semiconductors, capacitors, permanent magnets, secondary batteries etc.

2008, Facing Our Qualitative Turn

■ Post-FPD segments

▶ LED

- ◆ Larger market of backlight for LCD and lighting. Qualitative turn especially to reduce costs

▶ Hybrid Module Technology

- ◆ Dramatic progress of technologies for high density implementation, image sensors, and touch panels

▶ Difficult to secure resources of rare metals

- ◆ Requiring resource saving and recycling technologies

Not an extension of existing technology but development of innovative engineering is required

- ◆ Out approach as Post-FPD strategy for the last several years
- ◆ Time to complete our continuous efforts in establishing business in 2008

Aiming to be the world leader in Post- FPD segment without following others but completing ULVAC's unique and creative state-of-the-art technology

- 2008, Facing Our Qualitative Turn

Kyuzo Nakamura, Chairman

- **Performance Summary for the Fiscal Year
Ending 08/6 (1st Half)**

- Prospects for the Fiscal Year Ending 08/6

Hidenori Suwa, President and CEO

Summary of the Period Ending 08/6 (1st Half)

■ Booking orders

- ▶ Re-started capital investment in FPD-related products, mainly LCD, however, timing of booking orders were delayed and received mostly during the 3rd quarter.
- ▶ Received steady orders related to post-FPD solar cells, power semiconductor, LED and hybrid vehicle

Slow business turned upward

■ Sales

- ▶ Not reached the sales forecast due to the delay from the 2nd quarter to the 2nd half and fewer booking orders
 - ◆ Sales of LCDs and industry equipment-related products delayed to the 2nd half
 - ◆ Decrease of material-related booking orders/sales partially due to the delay in authentication by customers
 - ◆ Exceeded the sales forecast for semiconductor equipment due to the accelerated schedule

■ Performance

- ▶ Profits are affected by the factors of delayed periods and lower margin for components, other equipment and other businesses (materials, control, analysis-related)

Summary of 08/6 1st Half

[Unit:100 million Yen]

	07/6 1H	08/6 1H		H-on-H (Changes)
		Plan	Result	
Order Received	1,452	1,380	1,162 (-16%)	-20%
Sales	1,213	1,320	1,167 (-12%)	-4%
Operating Profit	106	64	37 (-43%)	-66%
Net Income	48	23	23 (+0%)	-52%

■ Adjusting the allocation method of fixed production costs

- ▶ Operating/current income increased by ¥482 million
- ▶ Variance from the allocation of fixed production costs for the previous period of ¥2.605 billion allocated as special extraordinary

[Figures in brackets indicate the percentage change over the preceding year, which is rounded off to the nearest whole number.]

Sales performance by Segment

[Unit:100million Yen]

Segment		07/6 1H	08/6 1H			Main variable factors
			Plan	Results		
				Sales	Changes	
Vacuum related	Display and Electric Device Production Equipment	655	658	583	-11%	FPD-related products such as LCDs delayed to the 2nd half
	Semiconductor Production Equipment	177	157	185	18%	Upward tendency of flash, DRAM etc. due to aggressive investments
	Component	129	144	128	-11%	Decrease in sales due to slowdown in booking orders of pumps because of postponed FPD-related investment
	Others	100	133	77	-42%	Vaccum furnace and such of industrial equipment-related segment delayed to the 2nd half
Other Business		152	228	194	-15%	Decrease in material-related segment. Control/analysis-related segment delayed to the 2nd half.
Total		1,213	1,320	1,167	-12%	

Remarks:

Figures included above are rounded off to the nearest unit and may not coincide with the total.

Balance Sheet (Assets)

[Unit:100million Yen]

	07/6 1H (Reference)	07/6	08/6 1H	Changes
Current Assets	2,027	2,079	2,012	67
Fixed Assets	982	1,097	1,148	51
Property, plant and equipment	705	818	930	112
Intangible assets	36	38	35	3
Investments	241	241	183	58
Total assets	3,009	3,176	3,160	16

Assets: Decreased by ¥1.6 billion

Current assets : Decreased by ¥6.7 billion

- ◆ **Inventories** Decreased by ¥8.2 billion (due to decreased booking orders and increased sales of large-sized properties)

Fixed assets : Increased by ¥5.1 billion

- ◆ **Tangible fixed assets**
Increased by ¥11.2 billion (implemented capital investments due to business expansion Sigma-technos, ULVAC Chigasaki Plant,R&D facility etc.)

- ◆ **Investment and other assets** Decreased by ¥5.8 billion
(Decrease due to additional consolidation)

[Figures included in the balance sheet are rounded off to the nearest unit and may not coincide with the total.] **11**

Balance Sheet(Liabilities and Net assets)

[Unit:100million Yen]

	07/6 1H (Reference)	07/6	08/6 1H	Changes
(Liabilities)				
Current liabilities	1,702	1,695	1,674	21
Fixed liabilities	397	537	560	23
Total liabilities	2,099	2,232	2,234	2
(Net assets)				
Total net assets	910	944	926	18
Total liabilities and net assets	3,009	3,176	3,160	16

Liabilities: Increased by ¥200 million

- ◆Notes payable and accounts payable
Decreased by ¥20.3 billion (due to decreased A/P etc.)
- ◆Advances received Decreased by ¥7.6 billion
(due to decreased booking orders in S. Korea etc.)
- ◆Loans payable (short/long term)
Increased by ¥33.0 billion
(due to increase of working capital etc.)

Net assets: Decreased by ¥1.8 billion

- ◆Net income(1st half) Allocated ¥2.3 billion
- ◆Dividends Paid ¥2.0 billion

[Figures included in the balance sheet are rounded off to the nearest unit and may not coincide with the total.] **12**

Main New Plant and New Base[08/6 1H]

China

■ Established Beijing Branch



◆ Oct.2007 Open (Beijing)
New Sales & Customer Support Center

Japan

■ Expansion for Parts Manufacturing Center

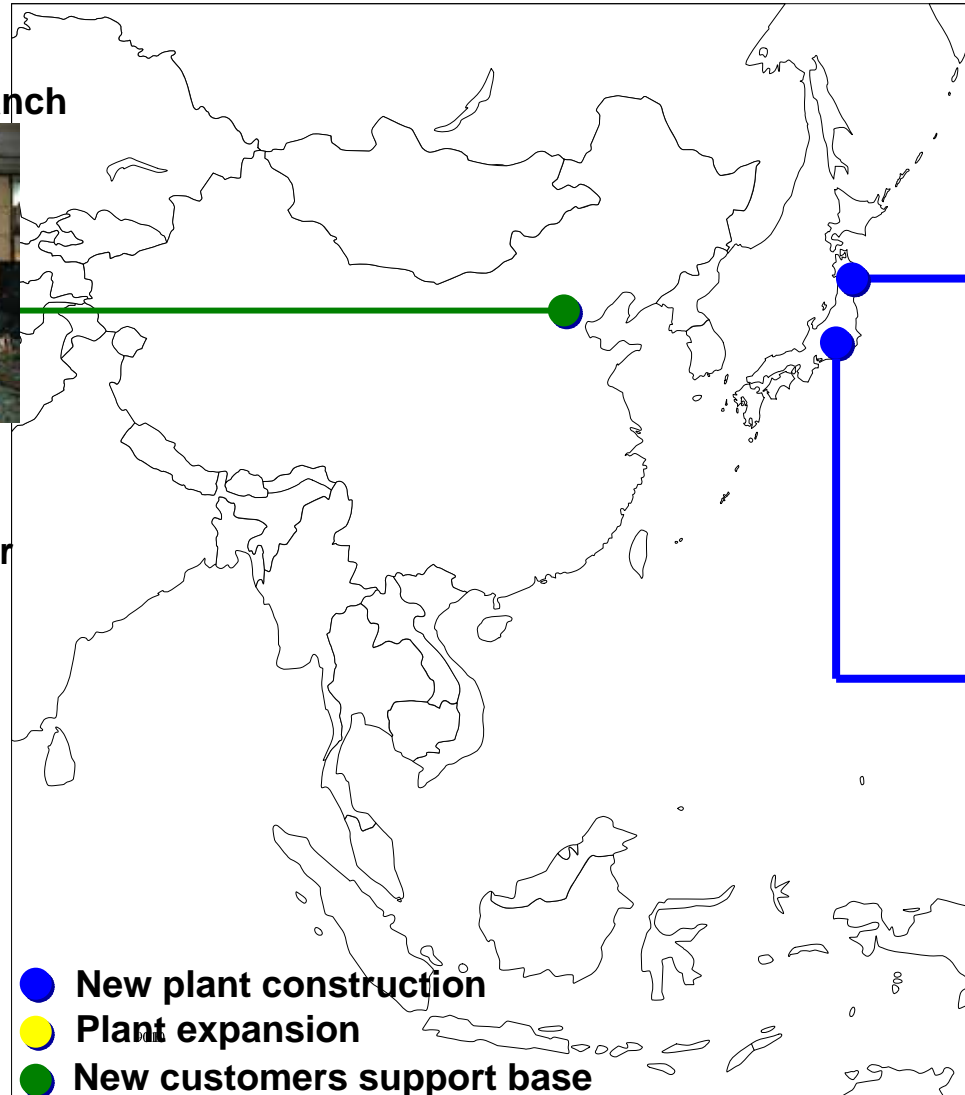


◆ Oct.2007 Open (Hachinohe,Aomori)

■ New Plant of Sigma-Technos



◆ July 2007 Open (Hidaka,Saitama)



- 2008, Facing Our Qualitative Turn

Kyuzo Nakamura, Chairman

- Performance Summary for the Fiscal Year
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- **Prospects for the Fiscal Year Ending 08/6**

Hidenori Suwa, President and CEO

Business environment

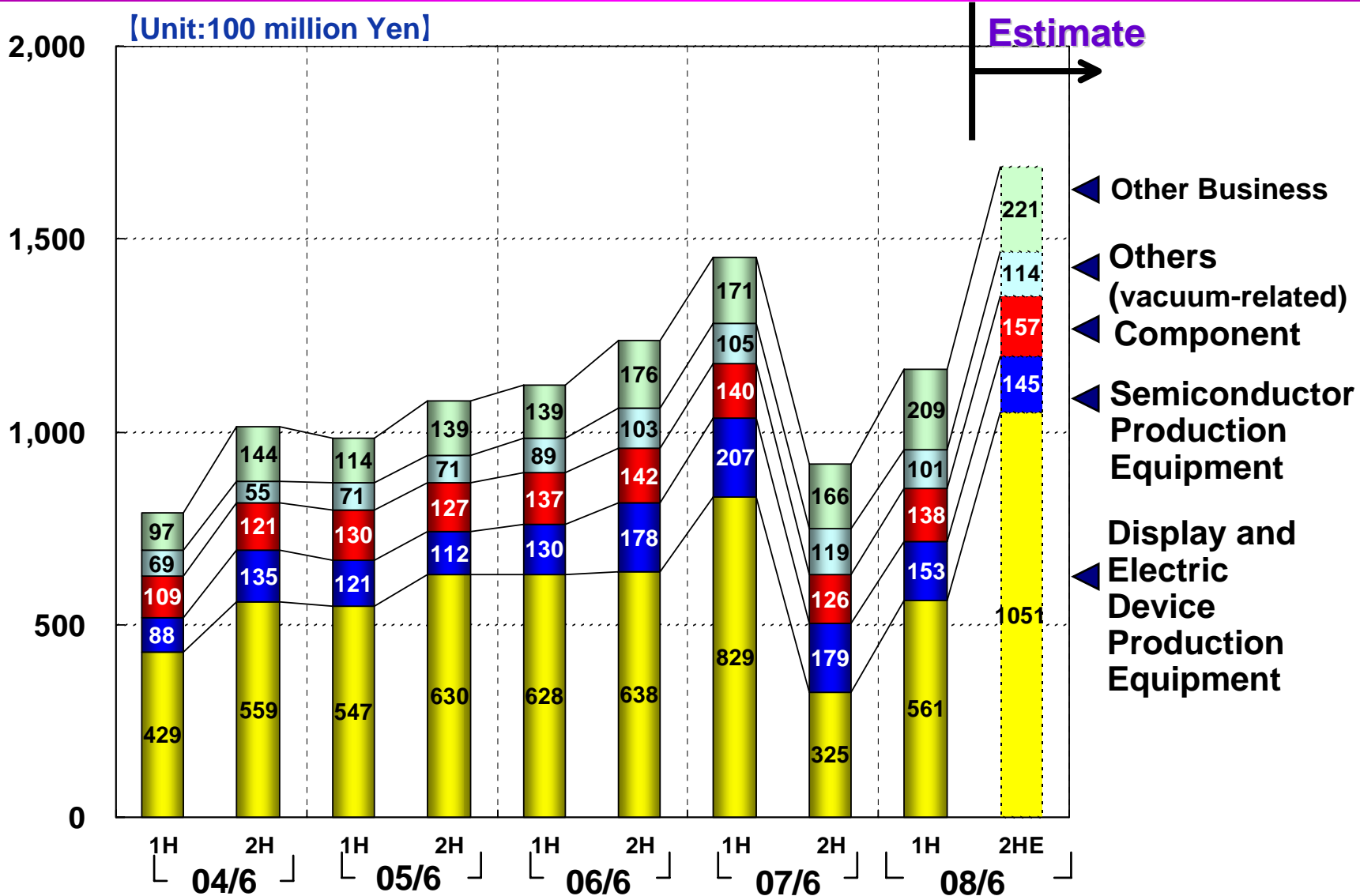
■ Positive Factors

- ▶ Re-started capital investments in LCDs in Japan, Taiwan and South Korea in succession
- ▶ Intensive post-FPD related inquiries/booking orders
 - ◆ Solar cells
 - a-Si thin-film : Active capital investments continuously in Asia
 - Compounds (CIGS) : Inquiries increased mainly in the U.S. and Europe
 - ◆ Active capital investment in Compound semiconductors due to higher demand for LED
 - ◆ Accelerated capital investments in power semiconductors for vehicles and home electronics

■ Negative Factors

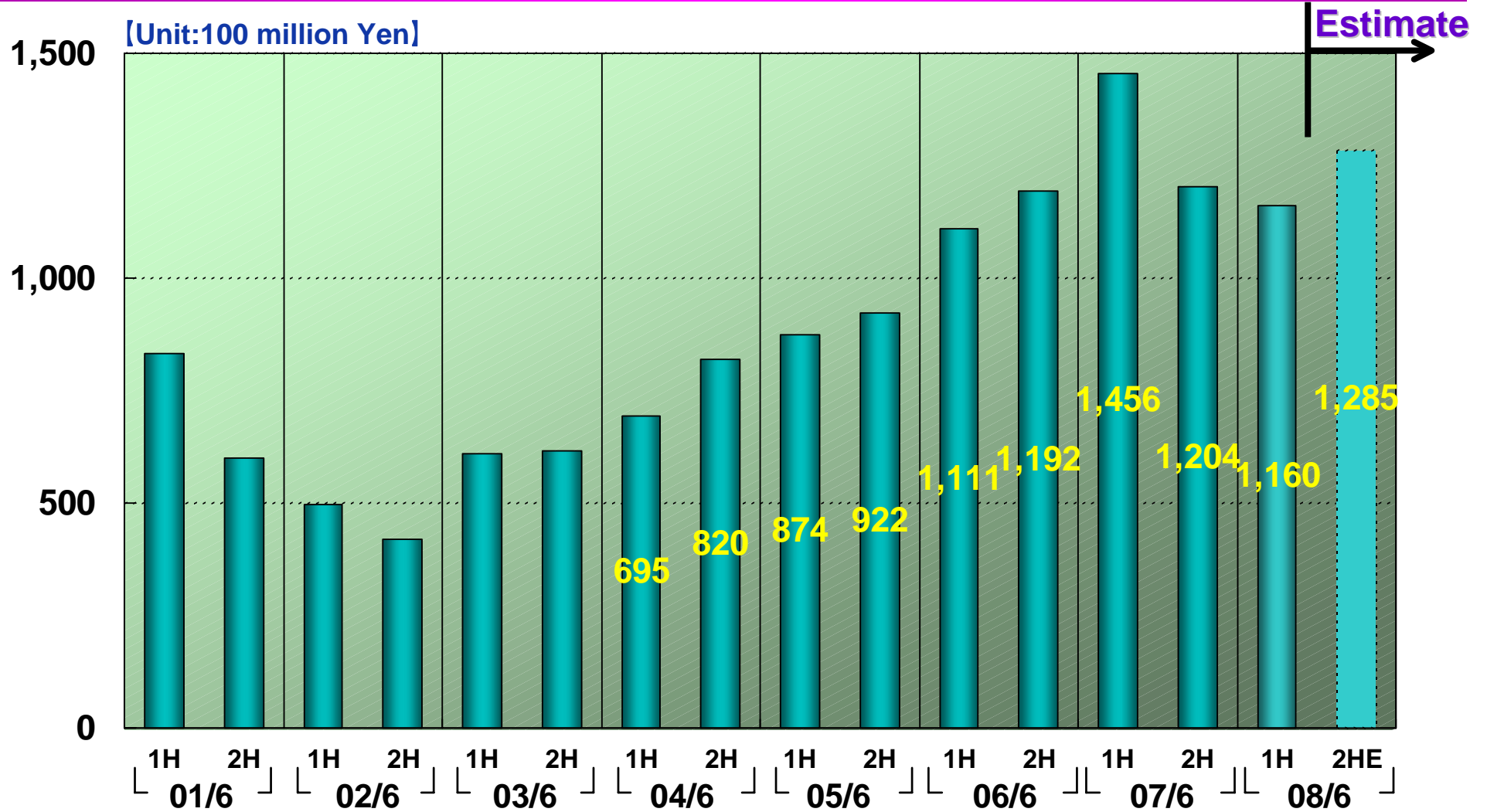
- ▶ Downward capital investment in flash memory and DRAM
- ▶ Serious continuous pressure on prices down and rising prices of raw material costs

Transition of Orders received by segment · Estimate



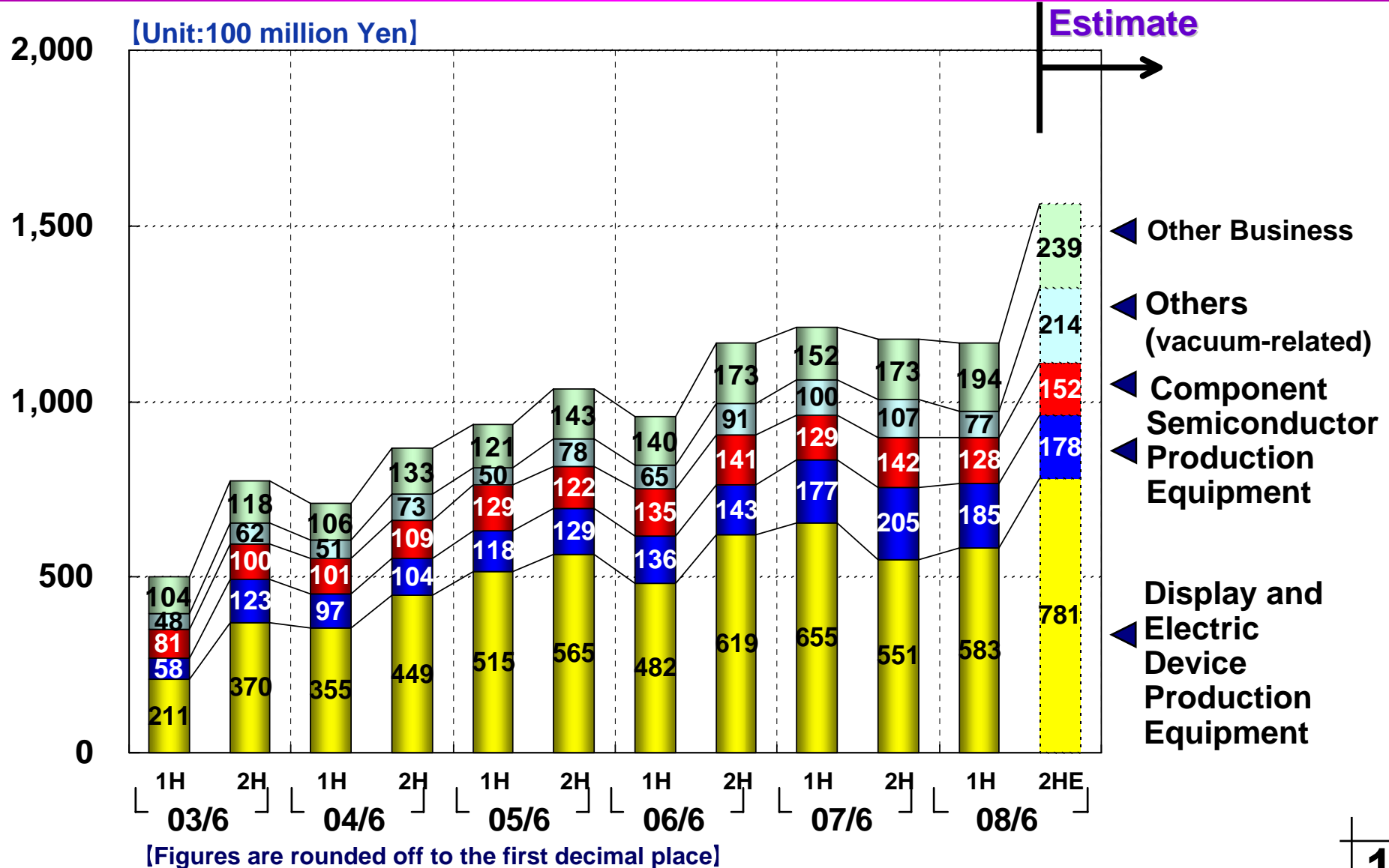
[Figures are rounded off to the first decimal place]

Transition of Orders Backlogs · Estimate

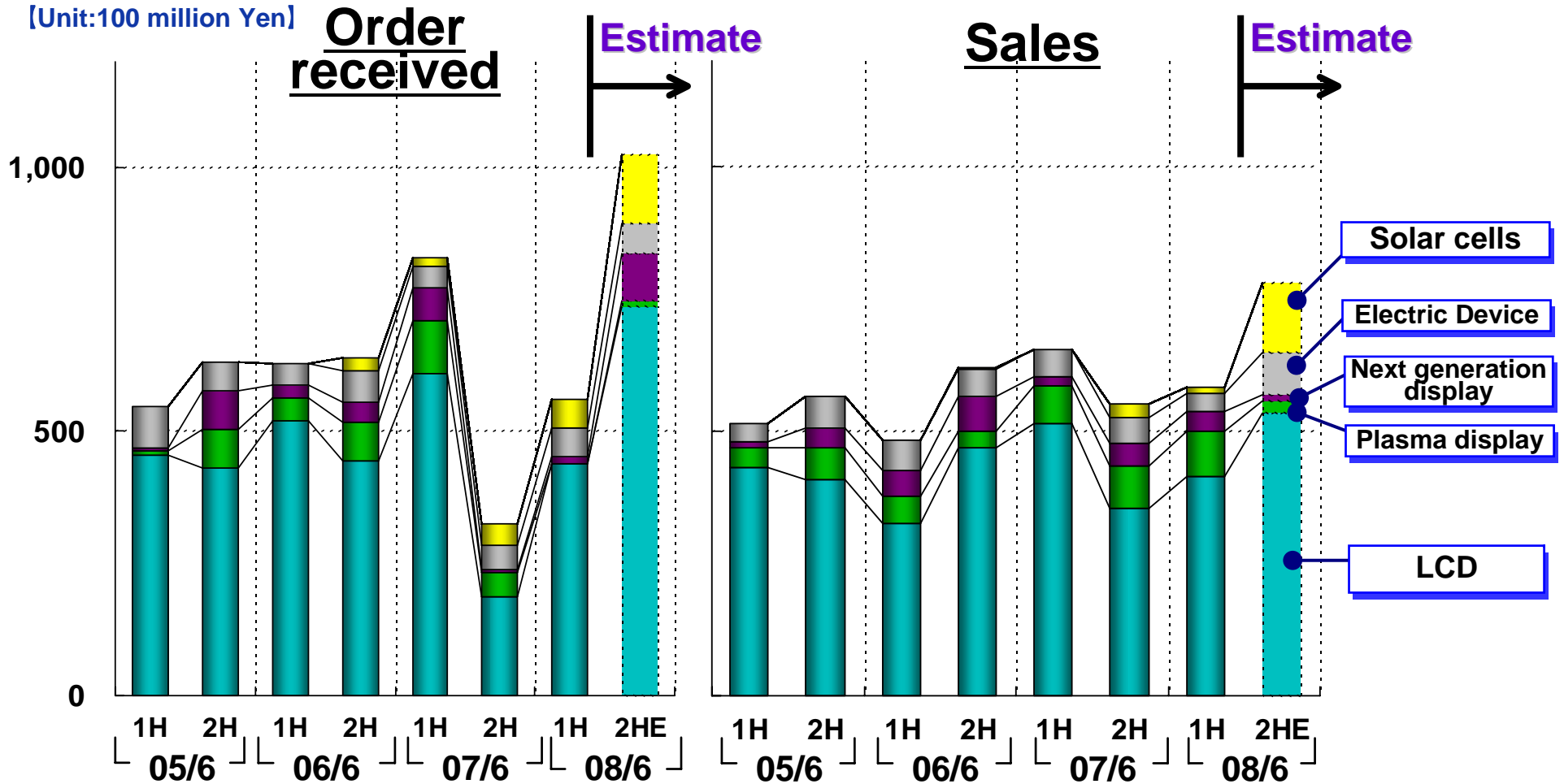


[Figures are rounded off to the first decimal place]

Transition of Net Sales by Segment · Estimate



Transition of Display and Electric Device Production Equipment · Estimate

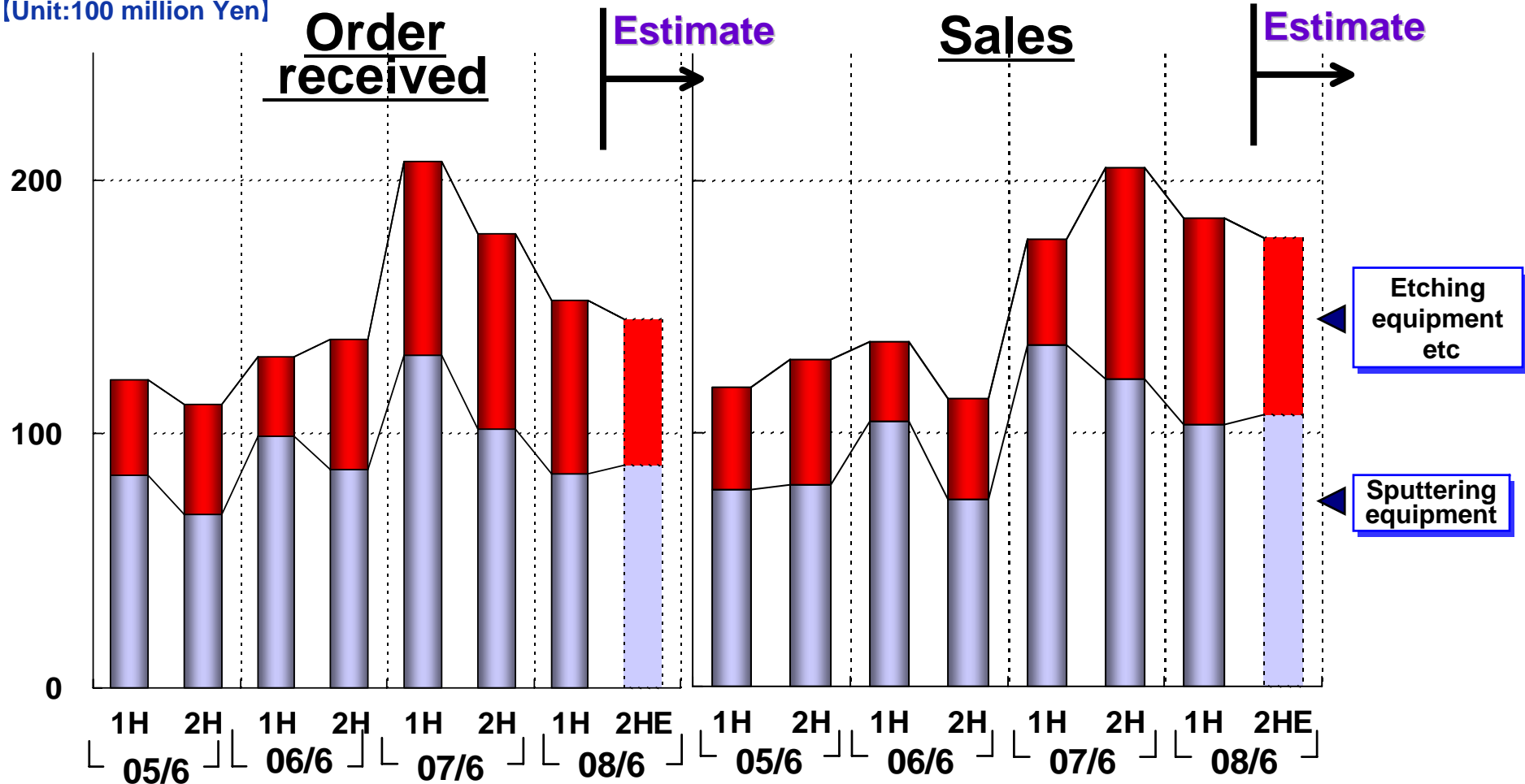


Current order outlook

- ◆ Capital investment in LCDs recovered sharply mainly in Japan, South Korea and Taiwan.
- ◆ Increase in booking orders of solar cells (thin-film and crystal type) mainly in Asia are expected
- ◆ Booking orders of organic LED are expected during the 2nd half

Semiconductor Production Equipment · Estimate

[Unit:100 million Yen]

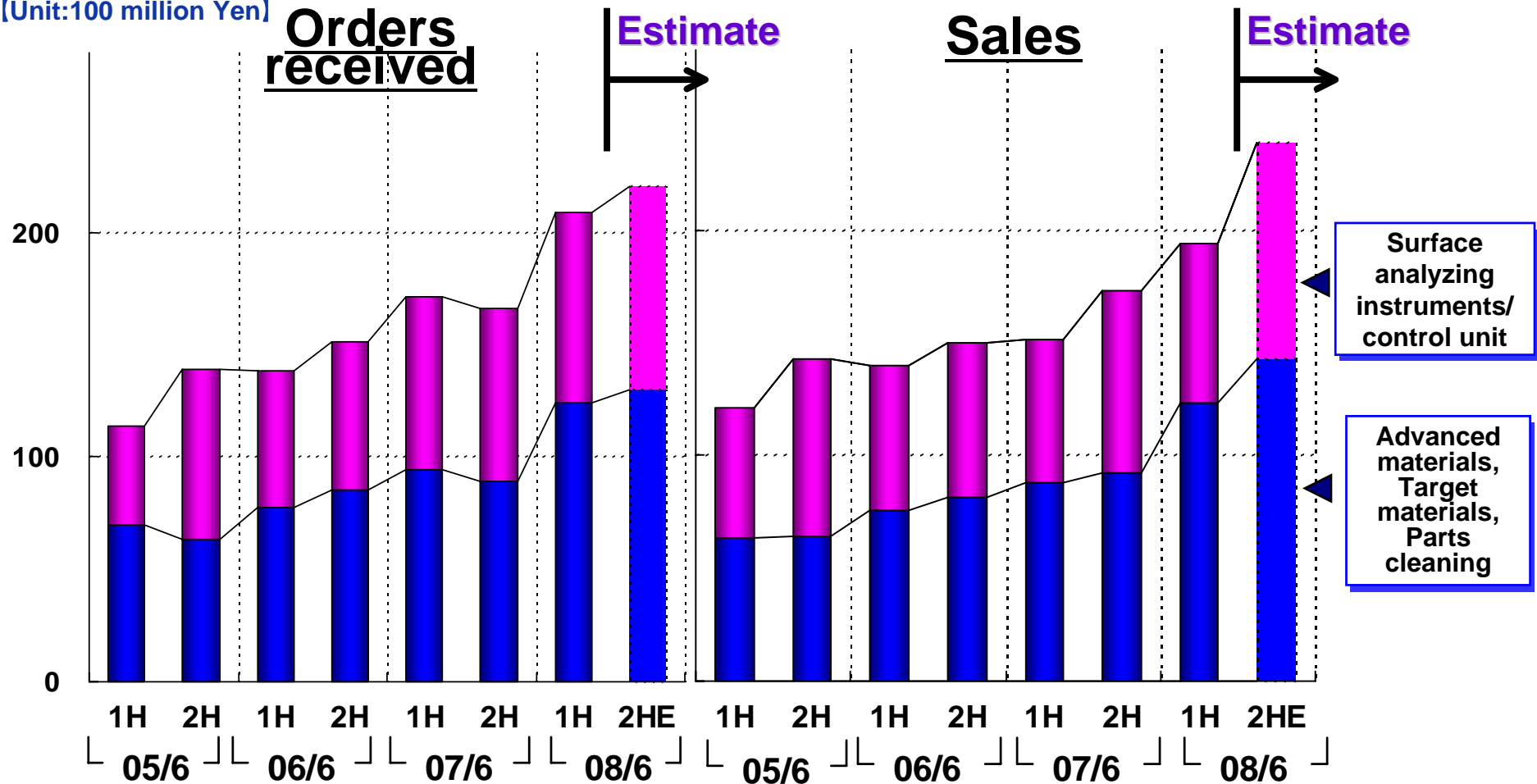


Current order outlook

- ◆ Decrease in DRAM, flash memory-related sputter, and native-oxide removal equipment are expected.
- ◆ Increase in inquiries/booking orders for energy/device power semiconductors, LED, image sensors, and MEMS are expected.

Transition of Other Businesses · Estimate

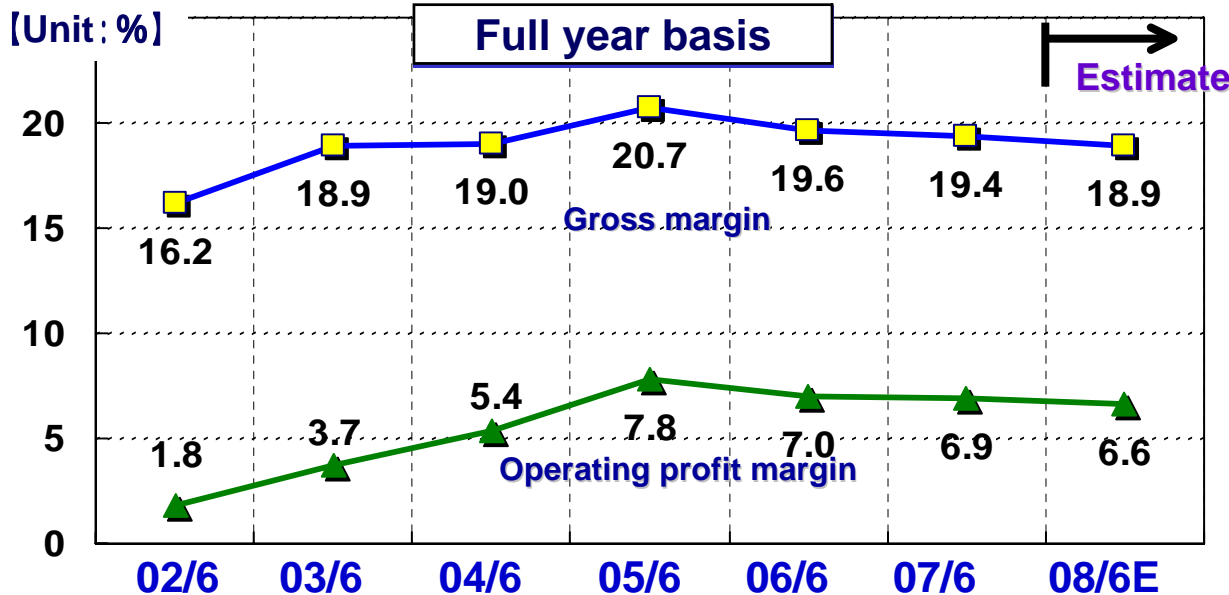
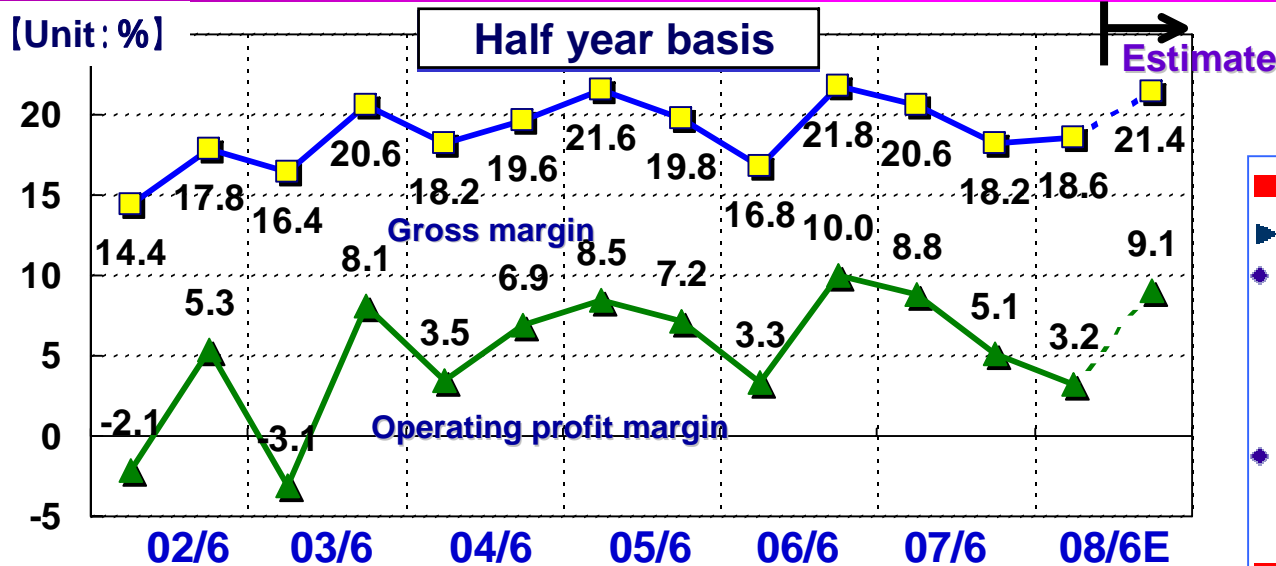
[Unit:100 million Yen]



Current order outlook

- ◆ Increase large-size target materials and equipment parts for FPD production equipment and parts cleaning business.
- ◆ Booking orders for metal/vehicle-related control system-related products are solid.

Transition of Profit · Estimate



【Figures are rounded off to the first decimal place】

- Prospects for FY ending 08/6
- ▲ Analysis of the 1st half
 - ◆ Lower margin due to sales of other businesses, such as FPD, general industry equipment-related products, control and analysis delayed to the 2nd half
 - ◆ Advanced sales of semiconductor production equipment with high profit margin supported profits
- Analysis of the 2nd half
 - ◆ Sales delayed to the 2nd half
 - ◆ Lowering costs of sputter for larger LCDs
 - ◆ Concerned lower margin due to decreasing sales of semiconductor production equipment
 - ◆ Higher profit margins for other equipment and other businesses
 - ◆ Lower costs due to production reforms (inhouse-manufacturing, standardization, advance intensive purchasing etc.)

Main New Future Plants and New Bases

China

- China overall administration company
- Sales and service company
- New control panel manufacturing plant



◆ Scheduled for completion in April,08
(Shanghai)

Japan

- Expansion for Target Materials manufacturing plant



◆ Completed Jan 08
(Kirishima,Kagoshima)

Japan

- Post FPD equipment R&D Plant

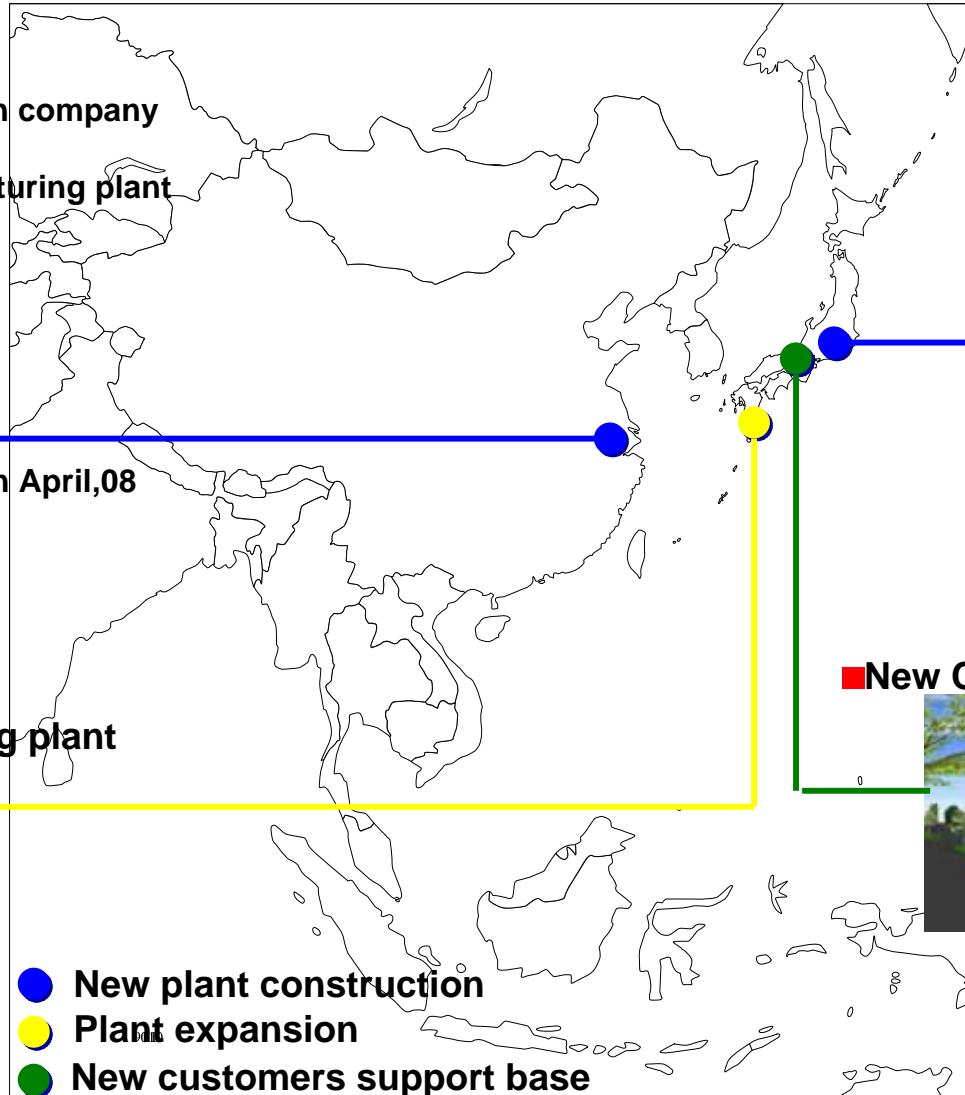


◆ Phase 2: Scheduled for completion in July,08
(Chigasaki,Kanagawa)

- New Customers Support Center



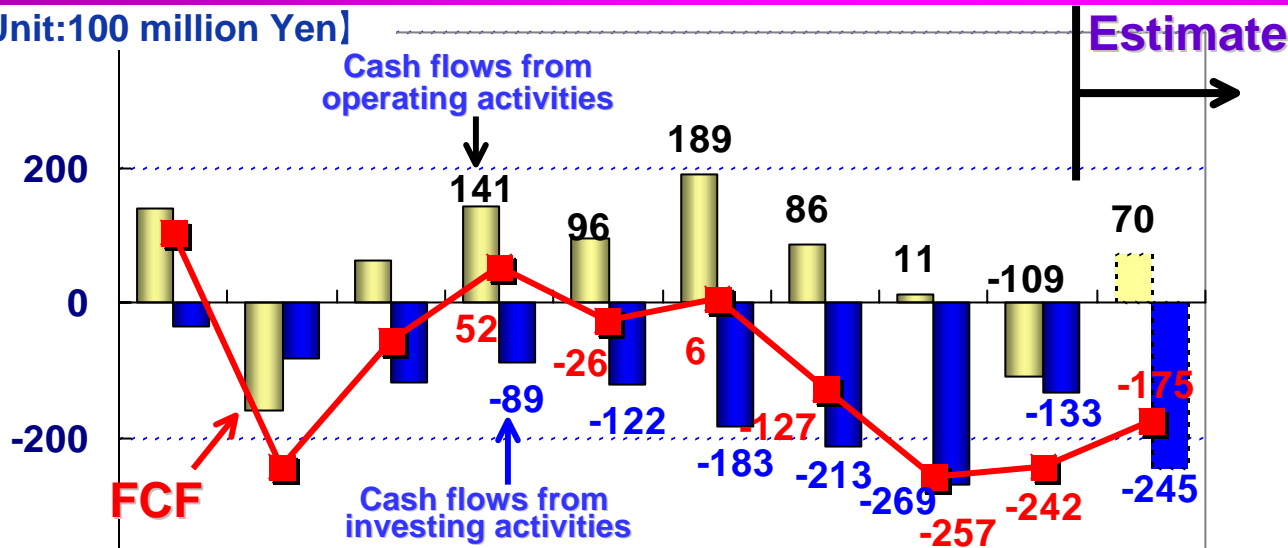
◆ Scheduled for completion in Dec.2008
(Hashimoto,Wakayama)



- New plant construction
- Plant expansion
- New customers support base

Cash Flow and Liabilities with Interests • Estimate

[Unit:100 million Yen]



Estimate

Operating CF: ¥10.9 billion

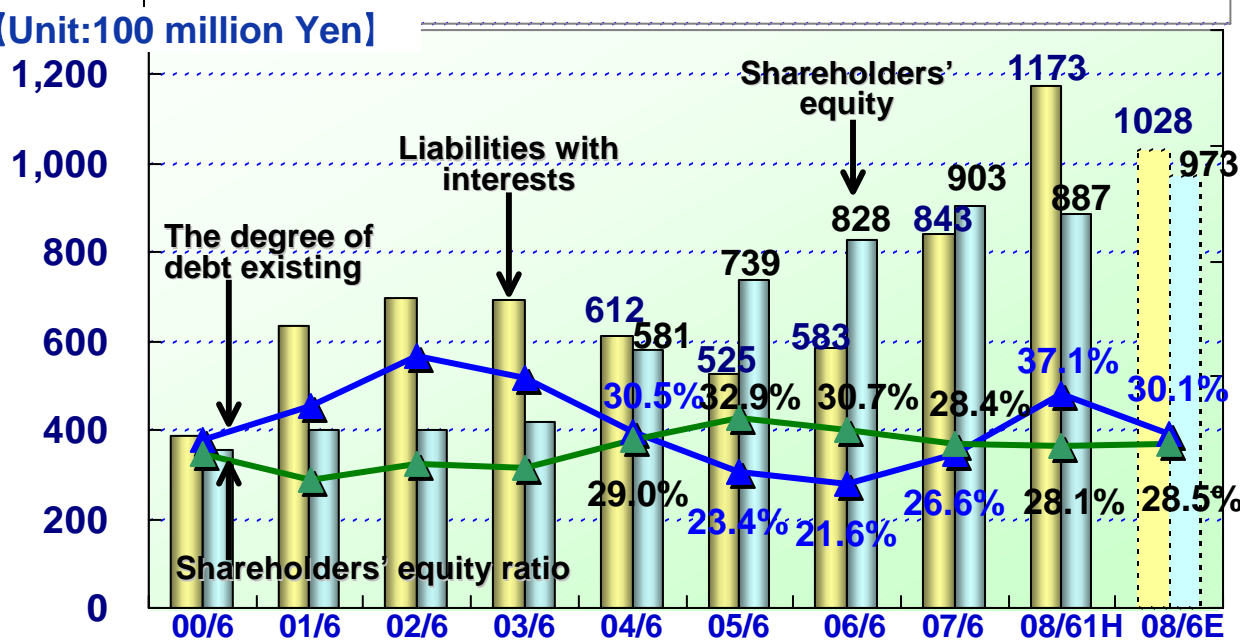
< Positive factors >

- Current net income ¥4.6 b.
- Depreciation ¥4.8 b.
- Decrease of inventory ¥7.4 b.

< Negative factors >

- Decrease of A/P ¥21.0 b.
- Decrease of advance received ¥5.7 b.
- Income taxes paid ¥4.3 b.

[Unit:100 million Yen]



Investment CF: ¥13.3 billion

< Positive factors >

- Sales of fixed assets etc. ¥1.2 b.

< Negative factors >

- Investments in plants and facilities ¥13.6 b.
- Acquisition of investment in securities ¥0.3b.

Forecast of 08/6 Full Year

[Unit:100 million Yen]

	07/6	08/6 E	Y-on-Y (Changes)
Order Received	2,368	2,850	+20%
Sales	2,392	2,730	+14%
Operating Profit	166	179	+8%
Net Income	73	90	+23%

[Figures in brackets indicate the percentage change over the preceding year, which is rounded off to the nearest whole number.]

Development of Post- FPD Strategy (08/6 (1H))

■ **Growth of capital investment in FPDs will reach its peak in CY2008. Increasing booking orders for the next potential core business after FPDs**

▶ **Equipment for digital home appliances components (hybrid module)**

- ◆ Developing new magnetic head manufacturing process technology for the next generation HDD
- ◆ Launching sales of dry etching NE-950 exclusive for volume production for LED·LD where productivity is 5 times better

▶ **Energy/environment-related**

- ◆ Launched operation of the demo line of integration line for thin-film solar cells
- ◆ Received order by Taiwanese Sunner Solar for integration line for solar cells
- ◆ Entered the Strategic Alliance of integration production line for solar cells with Chinese China Solar

▶ **China, leading the global manufacturing industry**

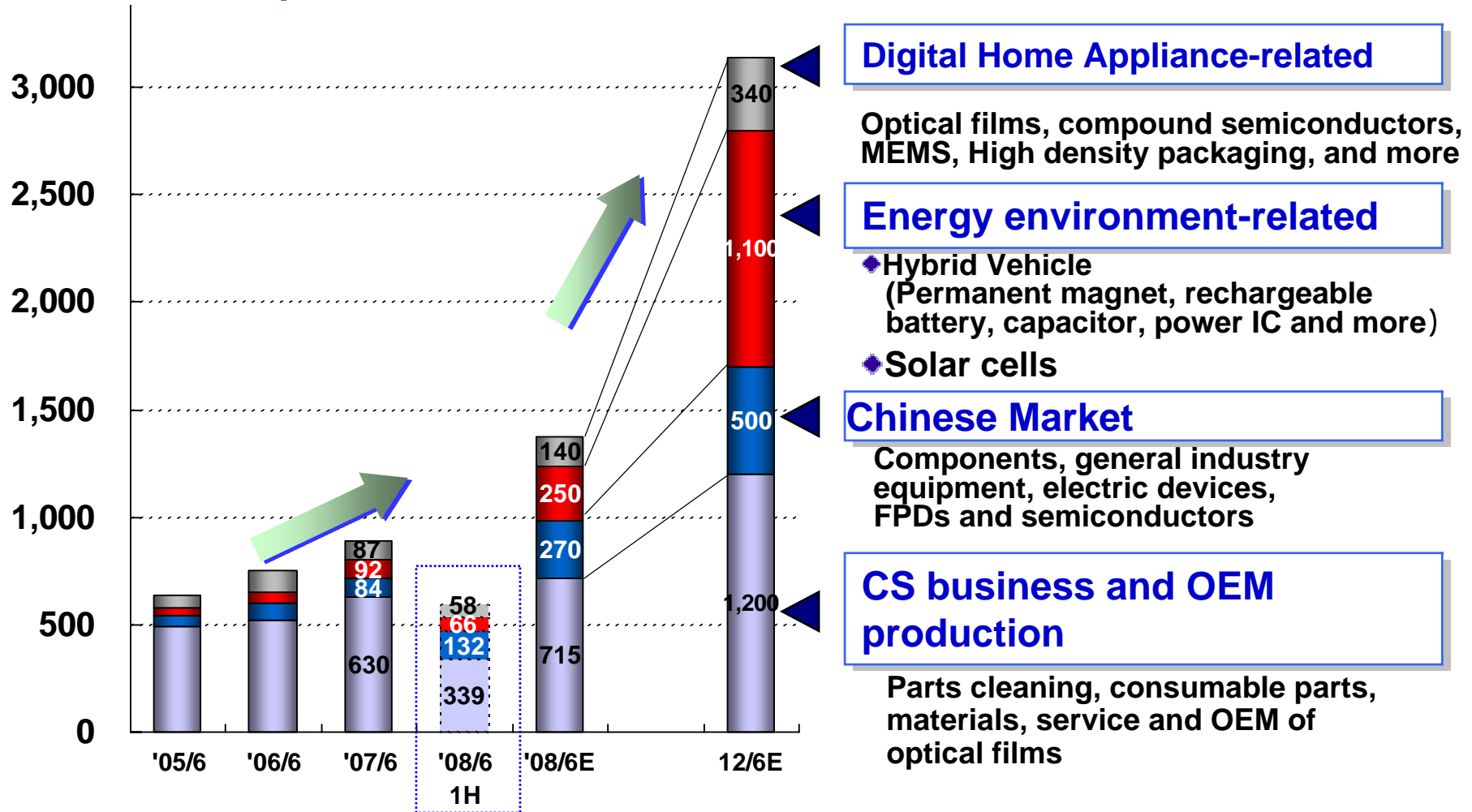
- ◆ Favorable sales of vacuum coater for electronic components such as LED (ULVAC Suzhou)
- ◆ Establishing quality control/internal control systems for companies

▶ **Customer Support and OEM production**

- ◆ Established Beijing sales and service branch (ULVAC (Shanghai) Trading)

Post FPD Strategy (Order projection)

[Unit:100 million Yen]



[Projections include the above items and are totaled with some items being repeated several times. In addition, these projections represent references to determine the business scale and include amounts excluded from our consolidated orders received]

Prospects for the Future (Summary)

■ Prospects for the 2nd half of FY ending 08/6

- ▶ **Booking orders :** Intensive large-scale orders, such as LCDs, are expected during the 3rd quarter. Increase in booking orders for solar cells integration line mainly in Asia are expected.
- ▶ **Sales :** Recovery is expected due to the delayed sales to the 2nd half. Focusing on sales increases in other equipment and other businesses (materials/control system/analysis etc.)
- ▶ **Profits :** Promoting production reforms and ensuring profits by focusing on reducing additional costs and lowering costs of other equipment, other businesses, and components.

■ Key measures from the 2nd half of FY ending 08/6

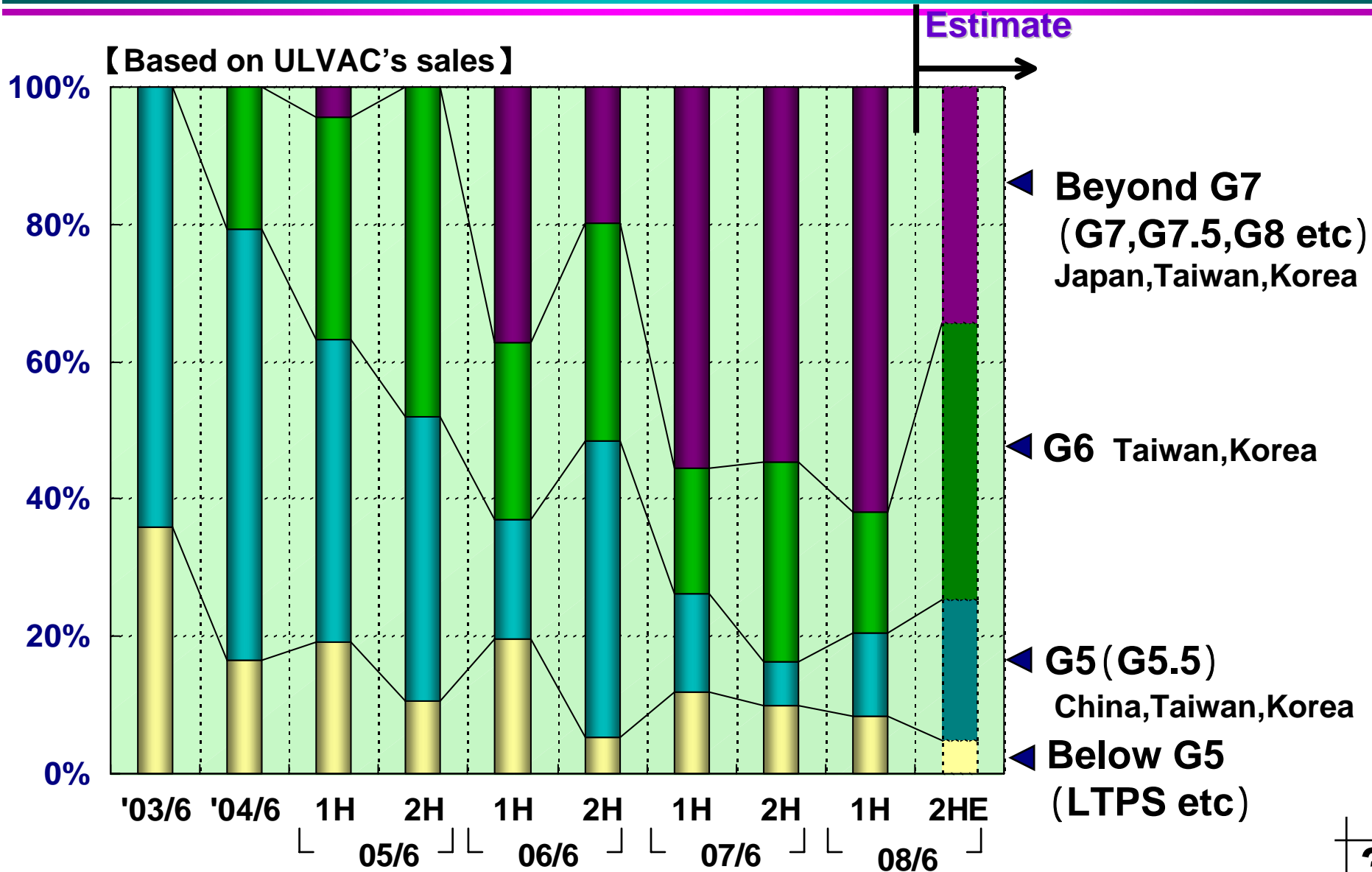
- ▶ Implement mid/long term measures to improve margins by promoting production reforms, lowering costs, and reducing additional costs.
- ▶ Improve cash flow by continuing investments

Creation begins

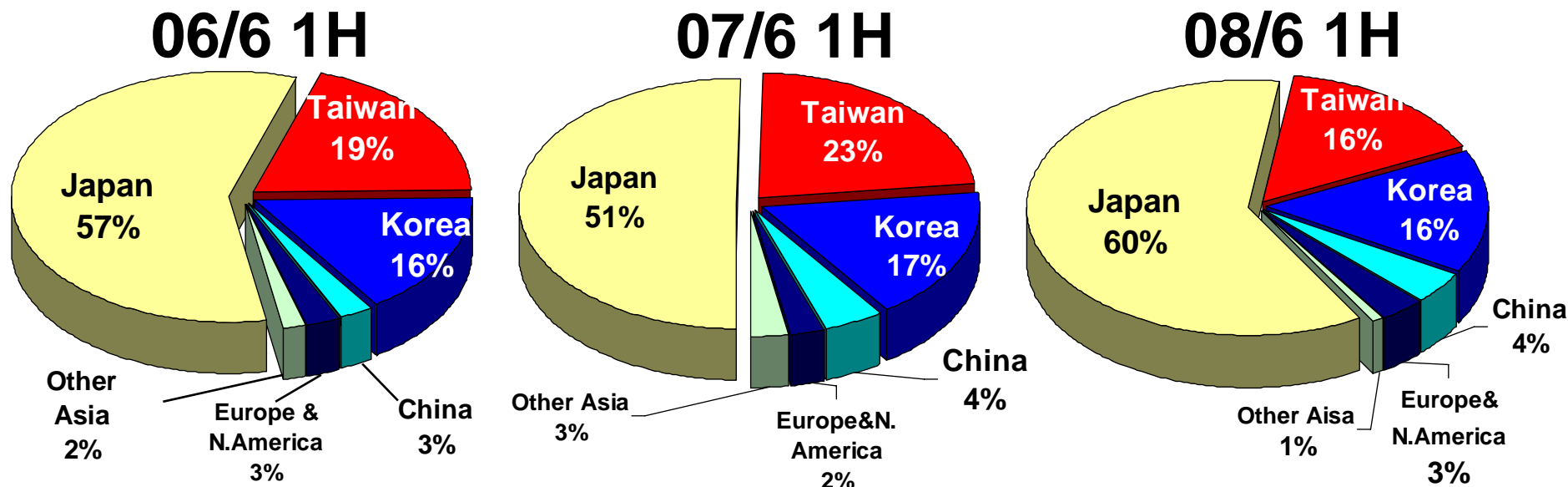
in a vacuum

ULVAC

Transition of generations of LCD production equipment



Transition of Net Sales by Region



[Unit: 100MYen]

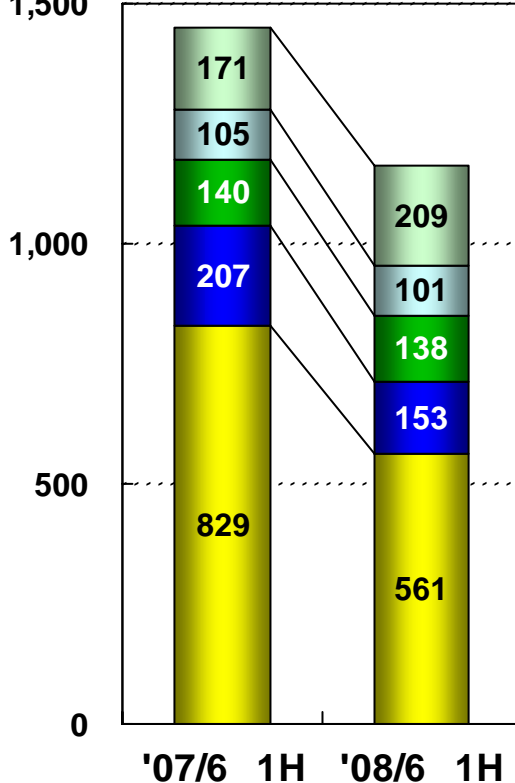
Region	06/6 1H	07/6 1H	08/6 1H
Japan	553	609	707
Taiwan	190	277	182
Korea	151	210	182
China	25	54	47
Other Asian countries	15	34	11
Europe & N. America	24	29	38
Total	958	1,213	1,167

[Figures are rounded off to the first decimal place]

Order received by Segment(H-on-H)

Appendix

[Unit:100 million Yen]



Remarks:
figures indicated above are rounded off to the nearest unit and may not coincide with the total.

Segment	Background
Other businesses	Order booking of target materials and parts cleaning increased due to enlarged FPDs etc.. Sales of controls system for metal and vehicle-related products were solid.
Others	Inquiries of Energy/environment-related vacuum heat treating furnace increased due to higher demand for digital home appliances-related products
Component	Booking of dry pumps decreased and were affected by slow FPD-related capital investments. Vacuum pumps and analyzers in the general industrial segment were solid.
Semiconductor production equipment	Sales of flash memory and DRAM decreased for booking orders due to downward pressure on pricing, which is entering a correction phase. Started capital investment in energy/devices such as LED and power semiconductors.
Display and Electric Device Production Equipment	Capital investments postponed by Japanese,S. Korean and Taiwanese LCD manufactures recovered sharply this period, but partially shifted to the 2 nd half. Demand for energy/environment-related thin-film solar cells increased worldwide. Launched booking orders of integrationline

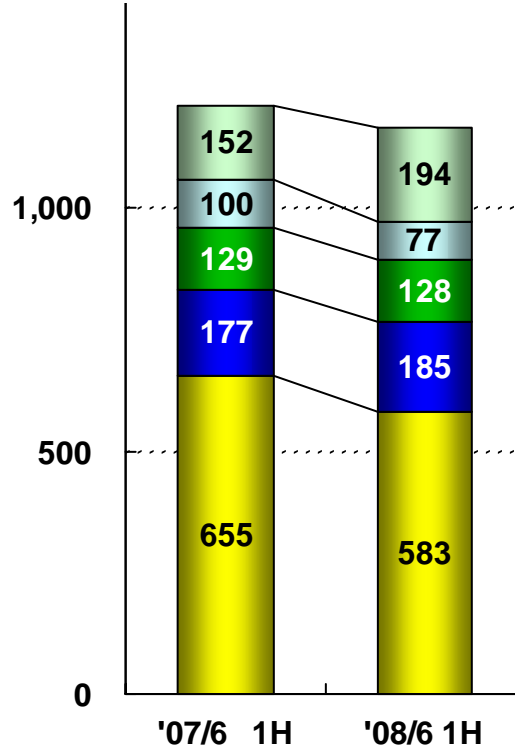
[Unit:100 million Yen]

Segment		07/6 1H		08/6 1H		
		Order	%	Order	%	H-on-H
Vacuum Related	Display & Electric Device Production Equipment	829	57%	561	48%	-32%
	SPE	207	14%	153	13%	-26%
	Components	140	13%	138	12%	-1%
	Others	105	7%	101	9%	-4%
Other business		171	12%	209	18%	22%
Total		1,452	-	1,162	-	

Net Sales by Segment(H-on-H)

Appendix

[Unit:100 million Yen]



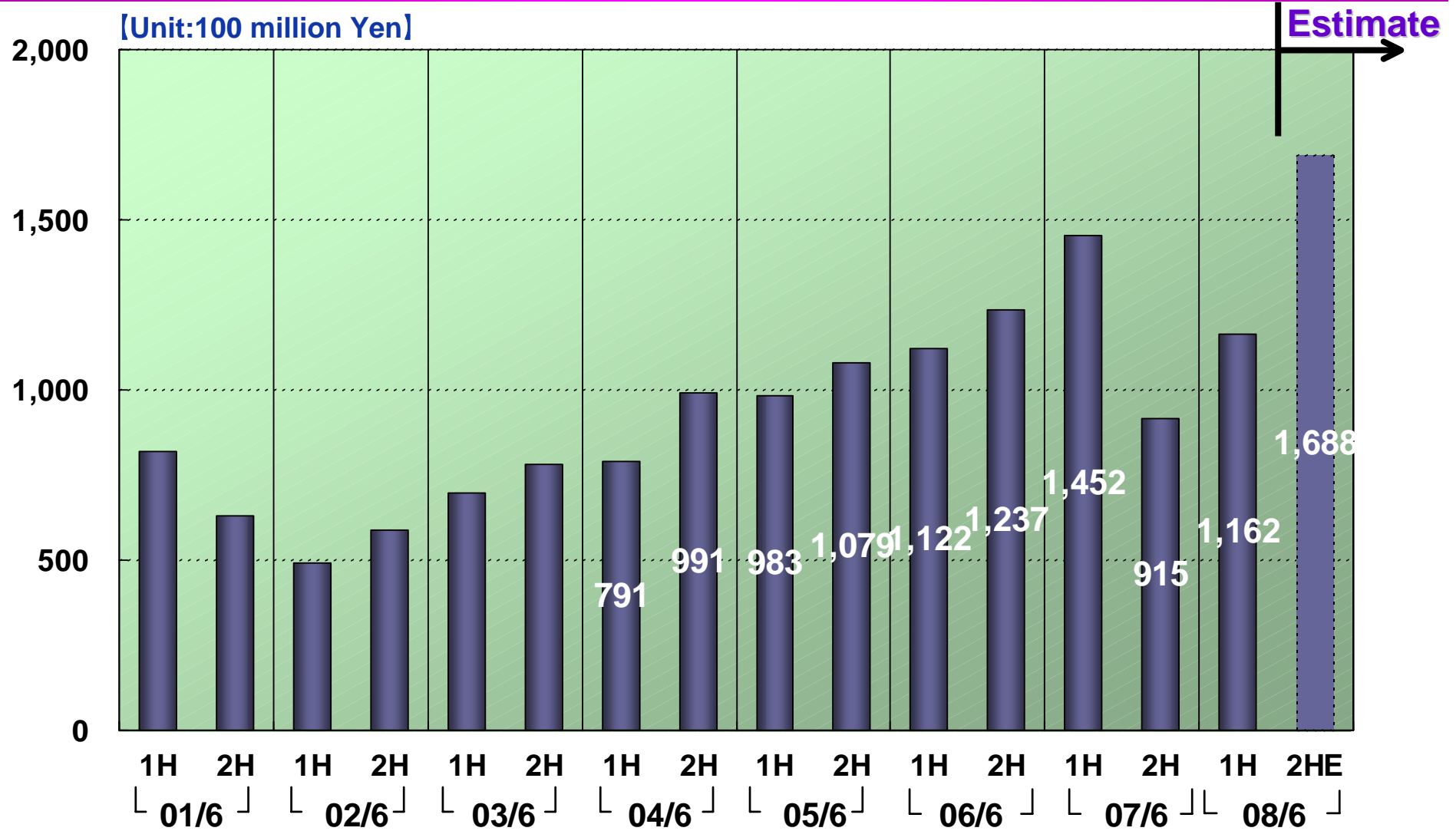
Remarks:
figures indicated above are rounded off to the nearest unit and may not coincide with the total.

Segment	Background
Other businesses	Sales of target materials and parts cleaning increased due to enlarged FPDs. Control system and surface analysis-related products are delayed to the 2 nd half partially.
Others	Sales of vacuum heat treating furnace and for energy/environment-related vehicle components and vacuum role coater decreased and are delayed to the 2 nd half.
Component	Sales of dry pumps decreased and were affected by slow FPD-related capital investments. Vacuum pumps and analyzers in the general industrial segment were solid.
Semiconductor production equipment	Sales of flash memories and DRAM-related sputters and native-oxide removal equipment increased significantly due to higher demand for digital home appliance-related products.
Display and Electric Device Production Equipment	Decreased due to the partially delayed capital investment planning because of production adjustment of S. Korean and Taiwanese LCD manufacturers. Started investment in solar cells

[Unit:100 million Yen]

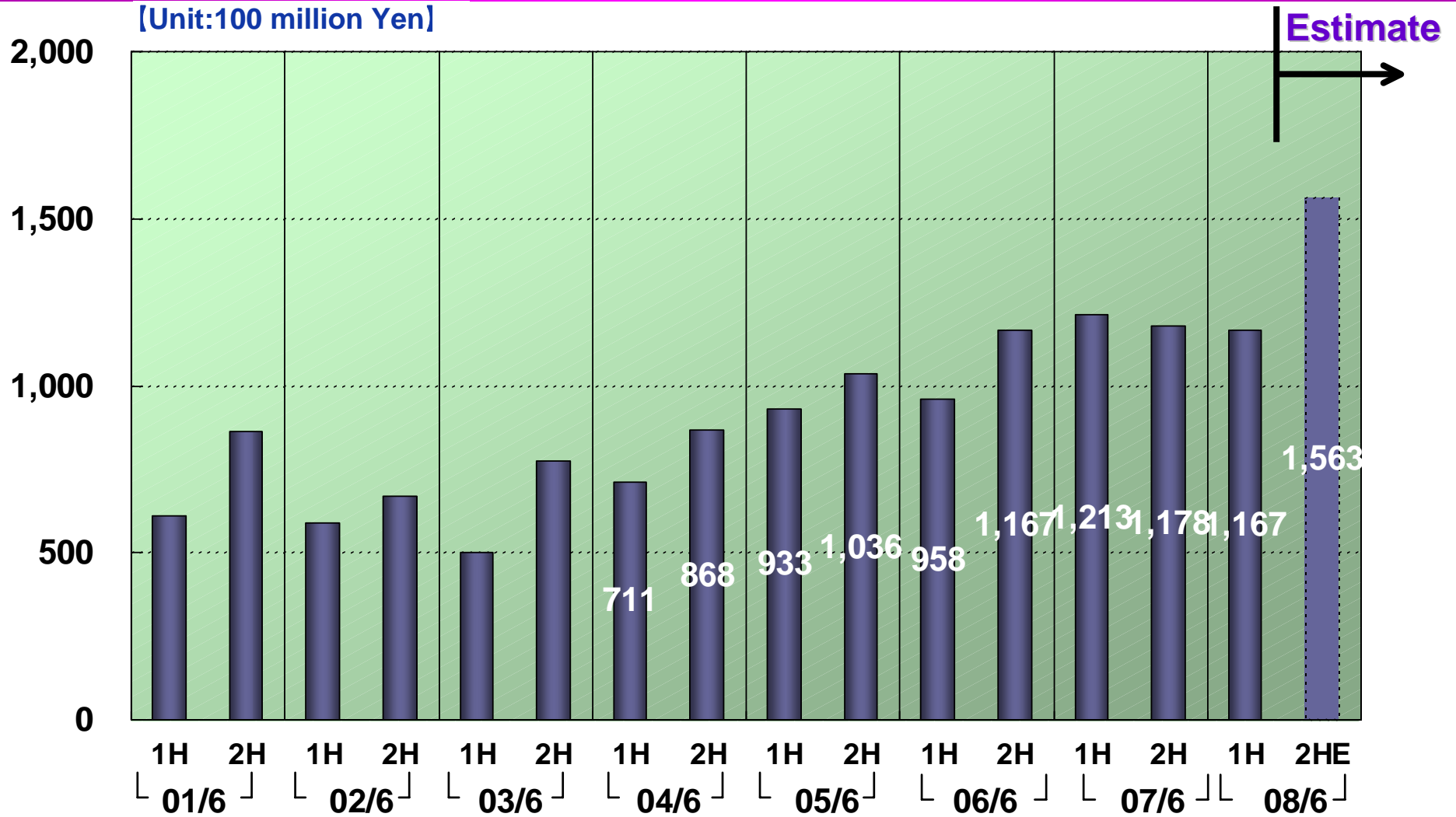
Segment	07/6 1H		08/6 1H		
	Sales	%	Sales	%	H-on-H
Display & Electric Device Production Equipment	655	54%	583	50%	-11%
SPE	177	15%	185	16%	5%
Components	129	11%	128	11%	-1%
Others	100	8%	77	6%	-23%
Other business	152	12%	194	17%	28%
Total	1,213	-	1,167	-	-4%

Transition of Orders received · Estimate



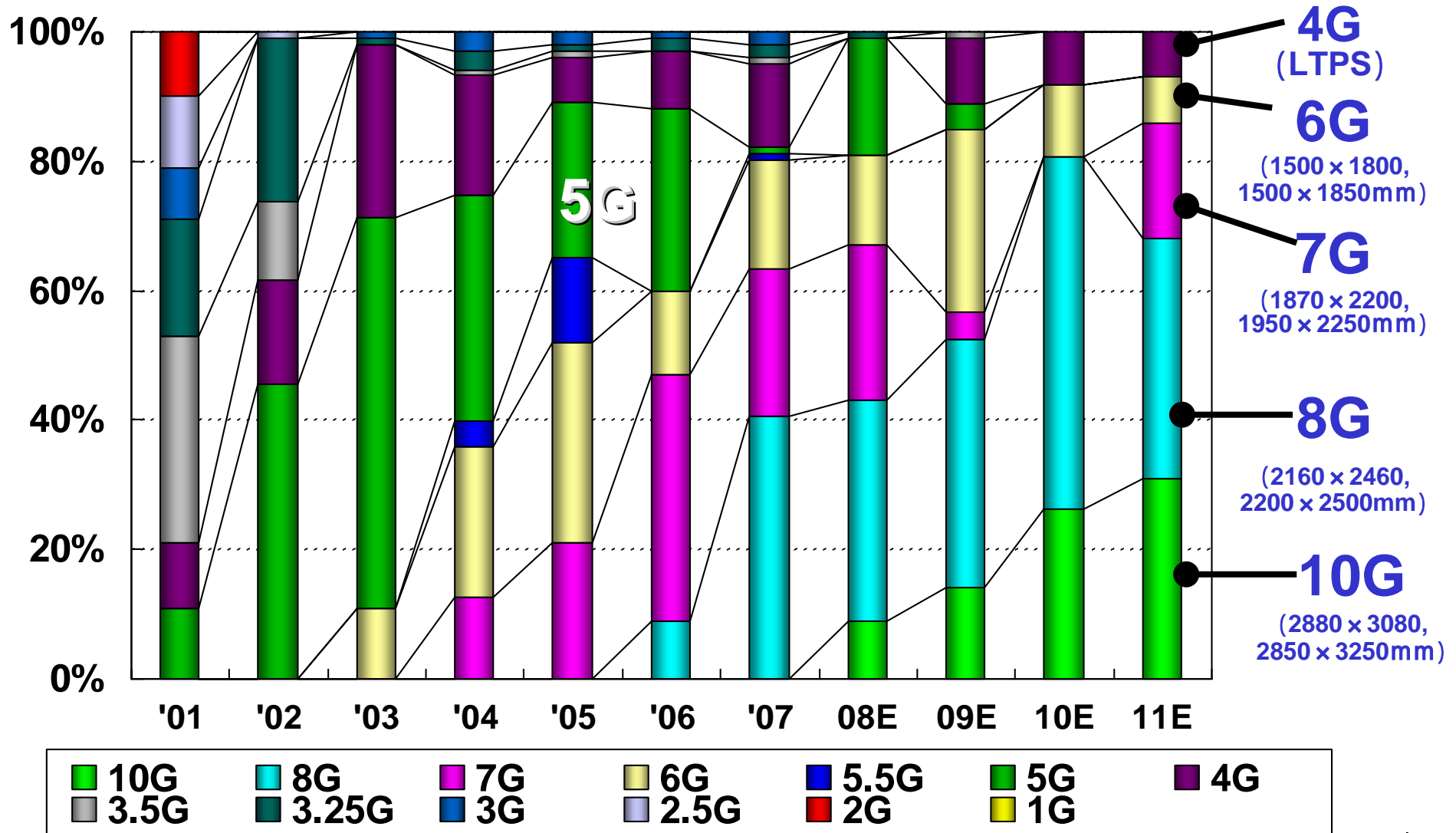
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Transition of Net Sales · Estimate



[Figures are rounded off to the first decimal place]

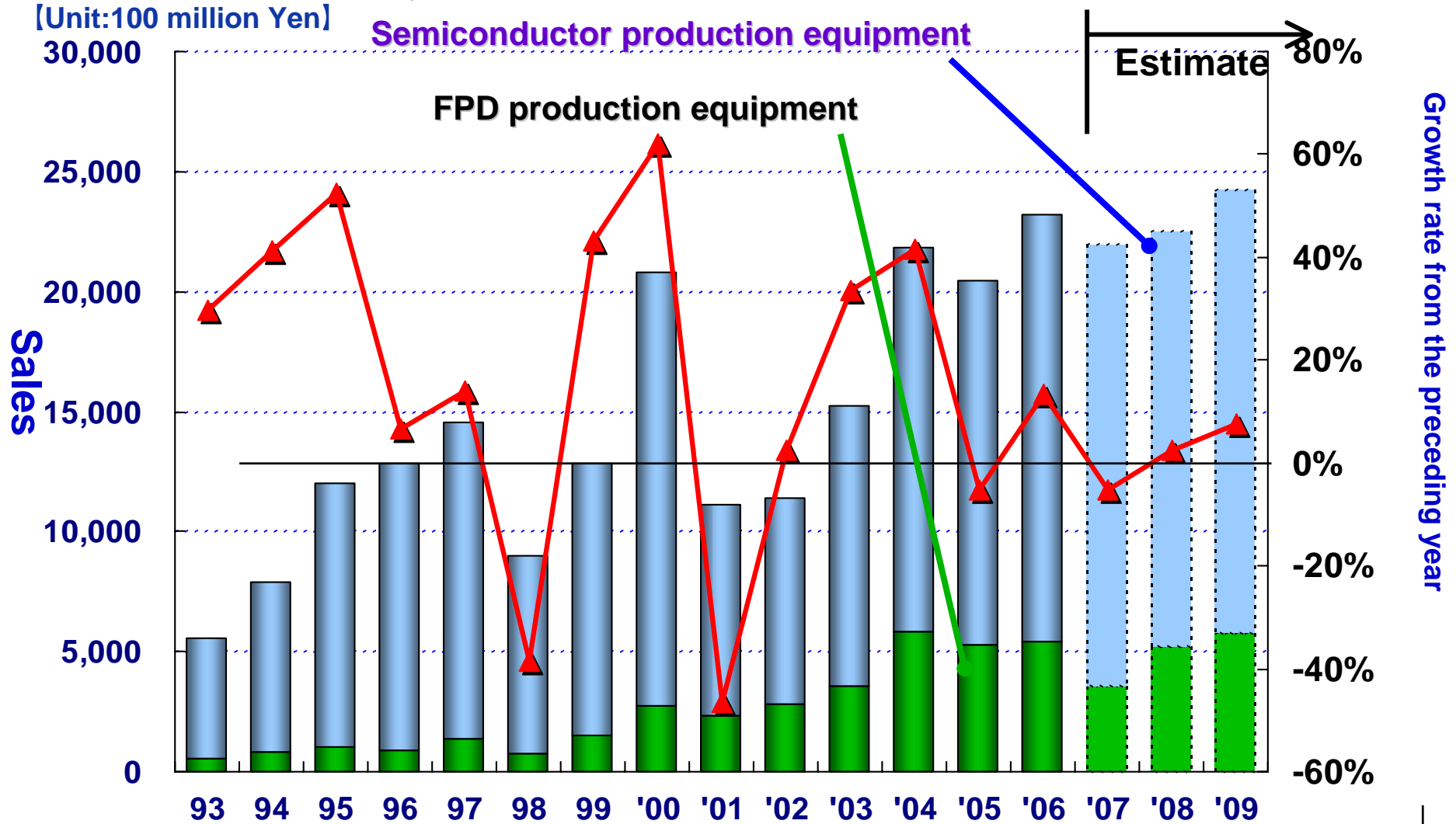
Investments in LCD by generation



[Source: Jan. 2008
The 14th DisplaySearch Japan Forum]

Outlook of Semiconductor and FPD production equipment

< Sales projections of production equipment made in Japan >



[Source: Jan 2008 SEAJ]

(Sales: Sales of Japanese manufacturers (including overseas bases) in Japan and abroad)

Creation begins

in a vacuum

ULVAC