

【 Code No : 6728】

Business Result

FY2015 (Year Ending June 30, 2016)

ULVAC,Inc.

12th Aug., 2016

◆ 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), Solar cell, 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 electronic 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

Overview of Business Results for FY 2015

Overview of Business Results for FY2015

Outlook for FY2016

Progress of Medium-Term Management Plan

Market Environment and ULVAC's Initiatives

Orders received and net sales : Up from the previous year led mainly by FPD production equipment. Of particular note was the fact that orders received grew markedly (up 22% compared to the previous year) partly because orders from China for large LCD panel production equipment that were previously expected for FY2016, came in the second half of FY2015.

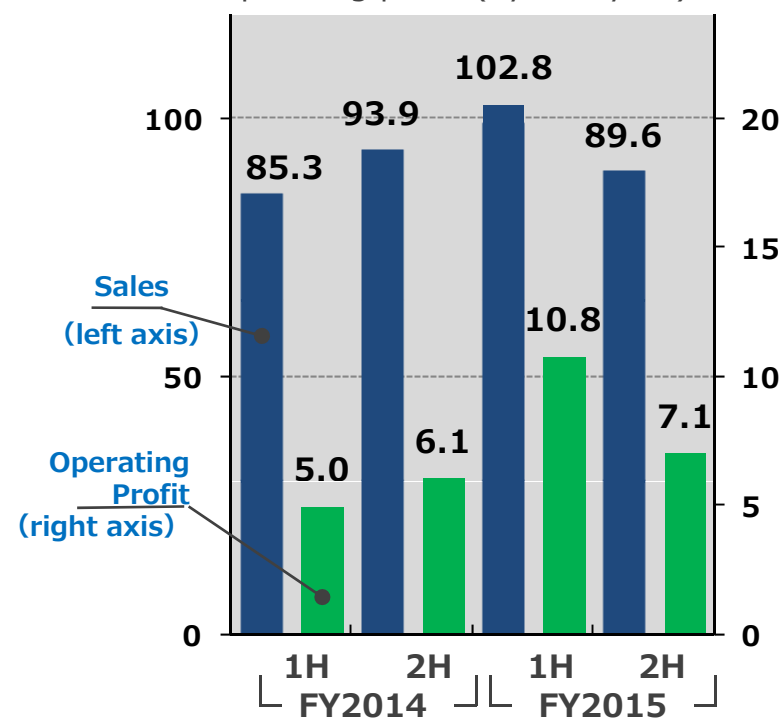
Operating profit: 17.9 billion yen, up 60% compared to the previous year due to higher net sales and profit margin. Reduced operating profit for the 4Q was a one-time phenomenon which was attributable to a temporary decline in net sales and an extraordinary factor (the company recorded 1.28 billion yen in provision for allowance for doubtful accounts with regard to specific long-term non-recovery accounts).

We posted a record operating profit, ordinary profit and net income attributable to owners of parent.

[Unit:Bn.Yen]

	FY2014	FY2015	Changes Y-o-Y
	Results	Results	
Booking	182.7	223.6	40.9 +22%
Back-log	73.0	101.3	
Sales	179.2	192.4	13.3 +7%
Operating Profit	11.1	17.9	6.7 +60%
Ratio	6.2%	9.3%	
Net income	8.9	16.7	7.8 +88%

Transition of Sales and Operating profit (by Half year)



Overview of Business Results for FY2015 (Transition of profitability)

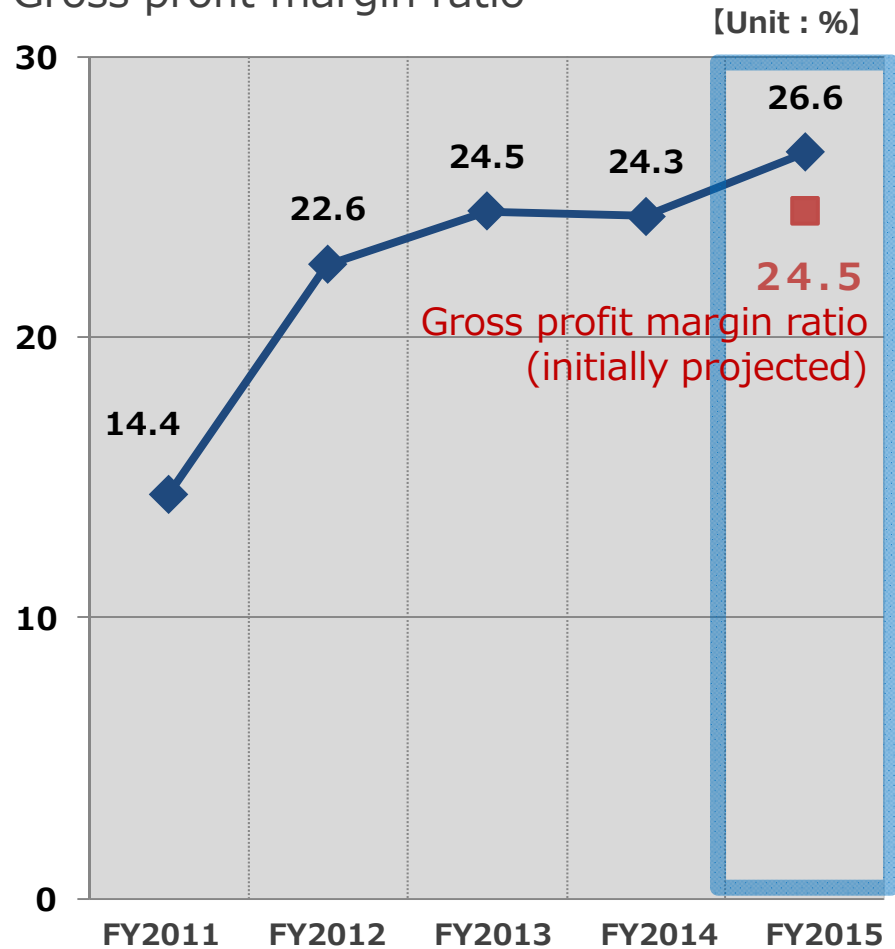
Outlook for FY2016

Progress of Medium-Term Management Plan

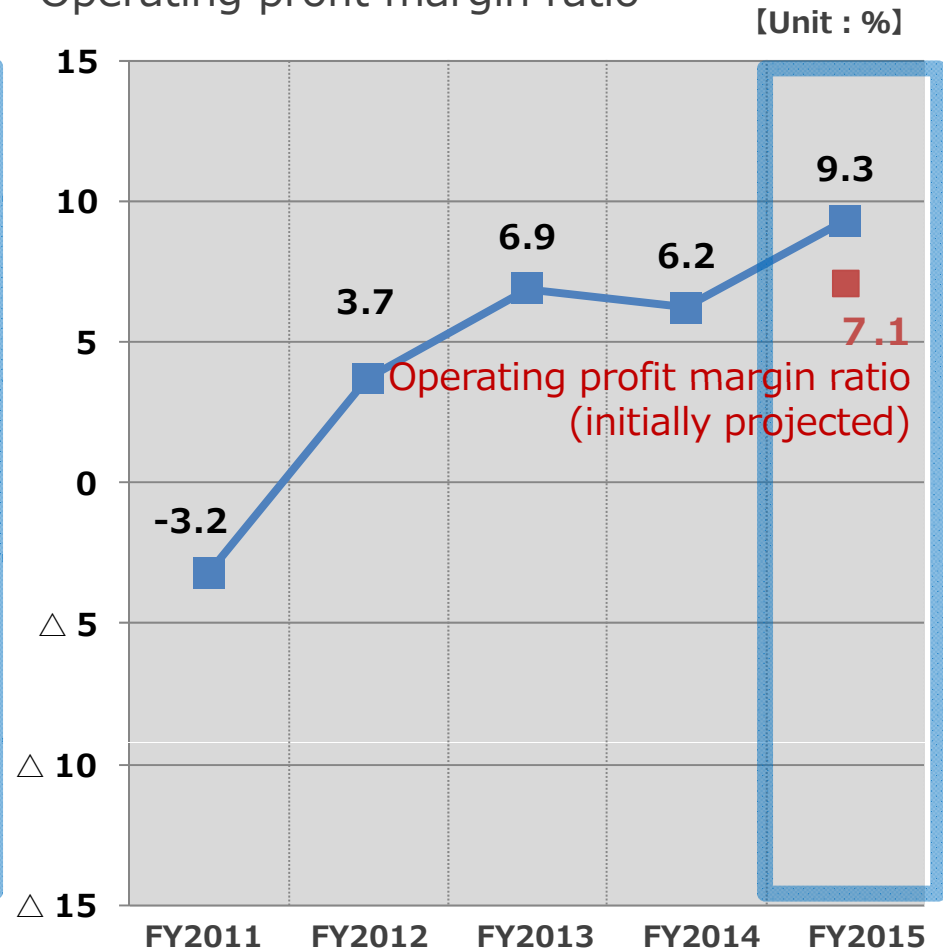
Market Environment and ULVAC's Initiatives

Both gross profit margin ratio and operating profit margin ratio grew higher since the extent of manufacturing cost reductions was greater than initially projected and also due to contributions made by projects with relatively high profitability, coupled with increased net sales.

Gross profit margin ratio



Operating profit margin ratio

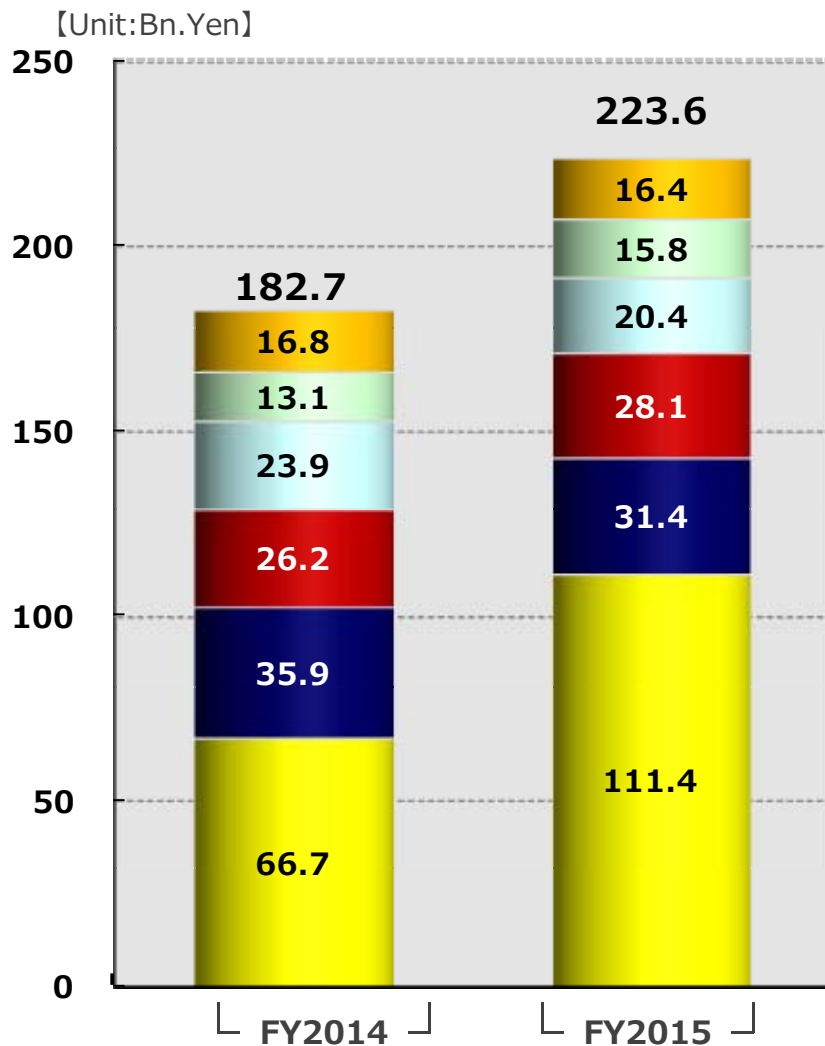


Overview of Business Results for FY2015 (Results of orders received by segment)

Outlook for FY2016

Progress of Medium-Term Management Plan

Market Environment and ULVAC's Initiatives



Orders received for FPD production equipment grew markedly over the previous year since capital expenditure programs for production equipment for large-sized LCD panels in China were brought forward to this year and OLED investments gained momentum.

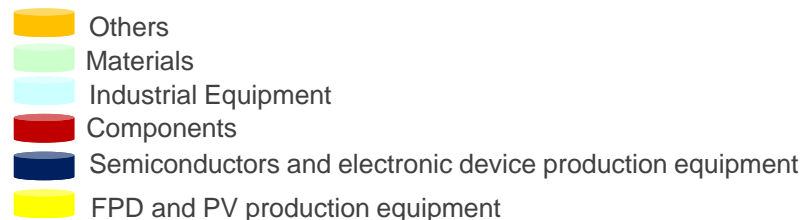
Orders received for semiconductors and electronic device production equipment declined over the previous year since: 1) capital expenditure programs decreased due to slower growth in smartphone unit sales; 2) decreased investment for DRAM; 3) capital expenditures for non-volatile memory production equipment were temporarily postponed.

Orders received for components increased over the previous year since large-sized orders for cryopump products were concentrated in the 4Q of FY2015.

Orders for industrial equipment decreased compared to the previous year since demand for automotive equipment from the Chinese market was sluggish.

Orders for materials grew compared to the previous year due to higher orders for FPD target materials.

Orders for "Others" did not show any noticeable change.



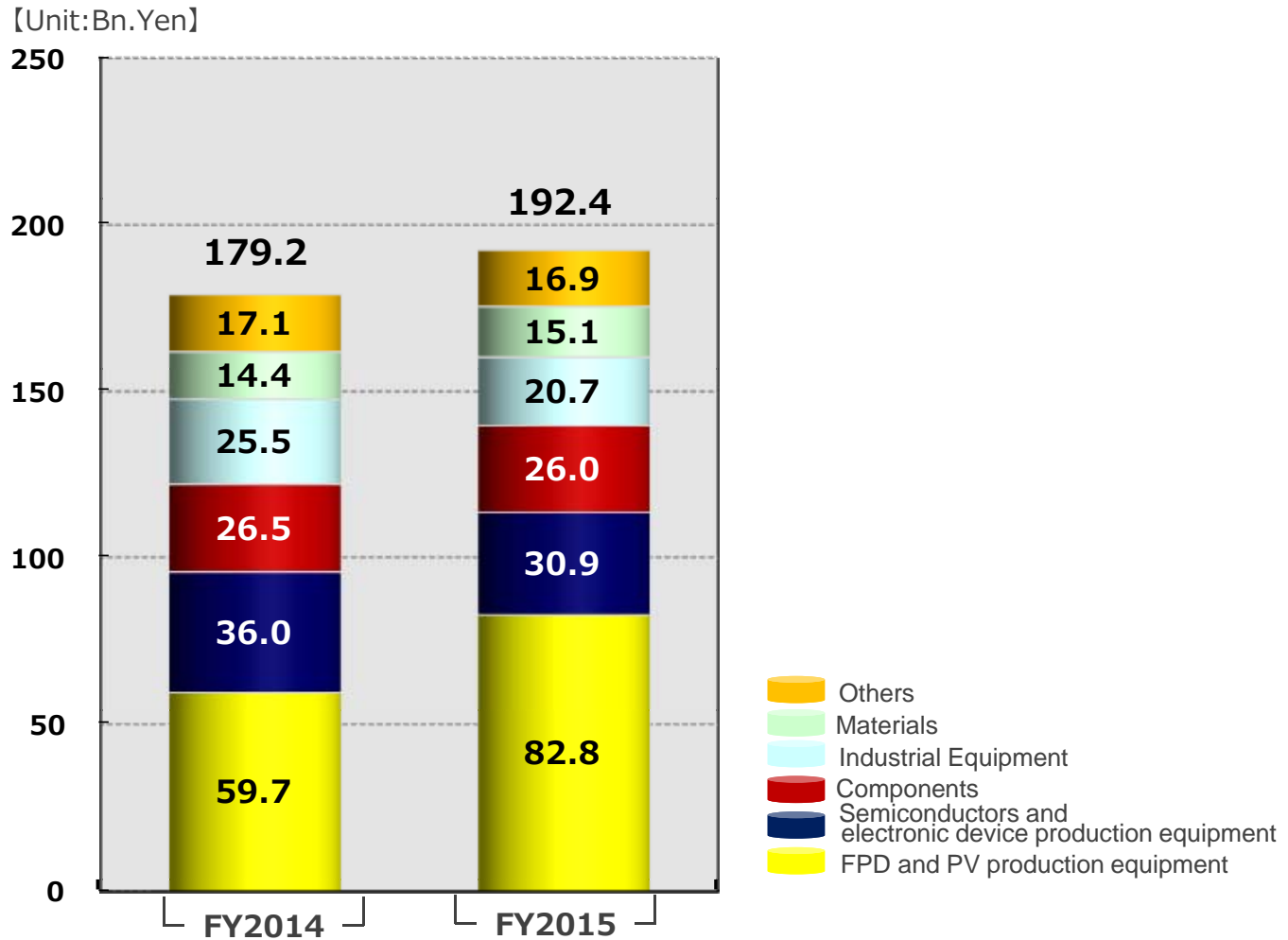
Overview of Business Results for FY2015 (Results of net sales by segment)

Outlook for FY2016

Progress of Medium-Term Management Plan

Market Environment and ULVAC's Initiatives

Sales grew mainly for FPD and PV production equipment accompanying the trend in orders received from FY2014 to FY2015. A drop was recorded in semiconductors and electronic device production equipment and industrial equipment.



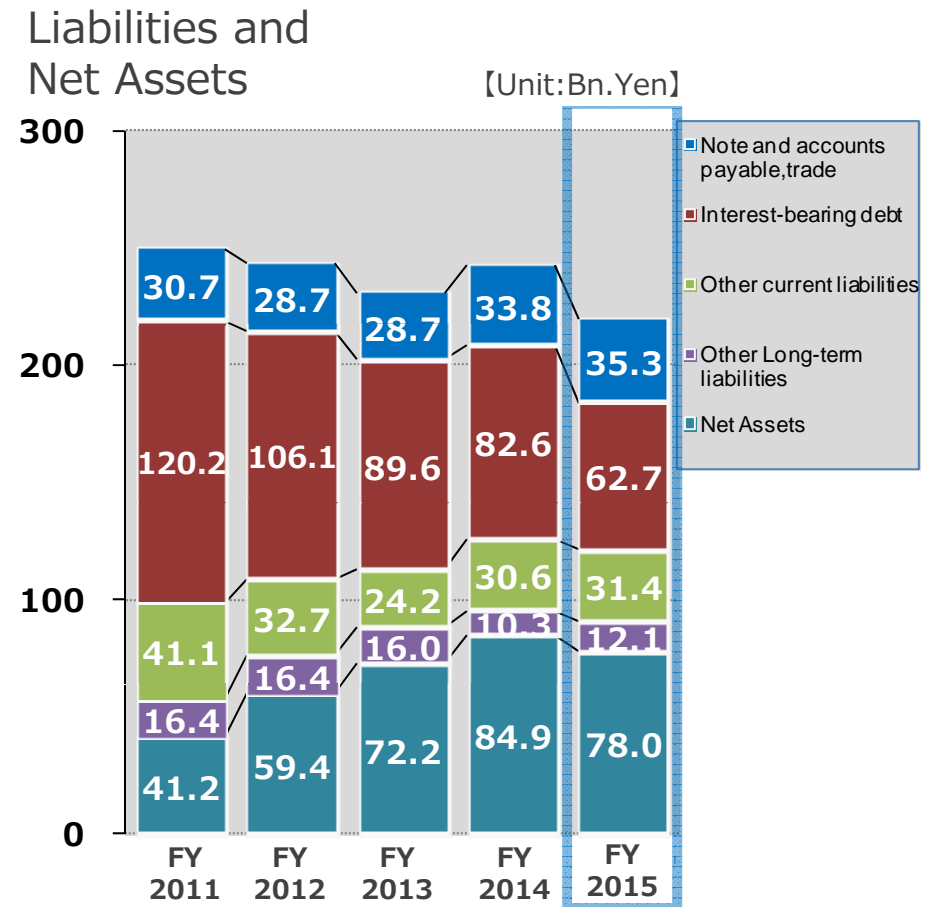
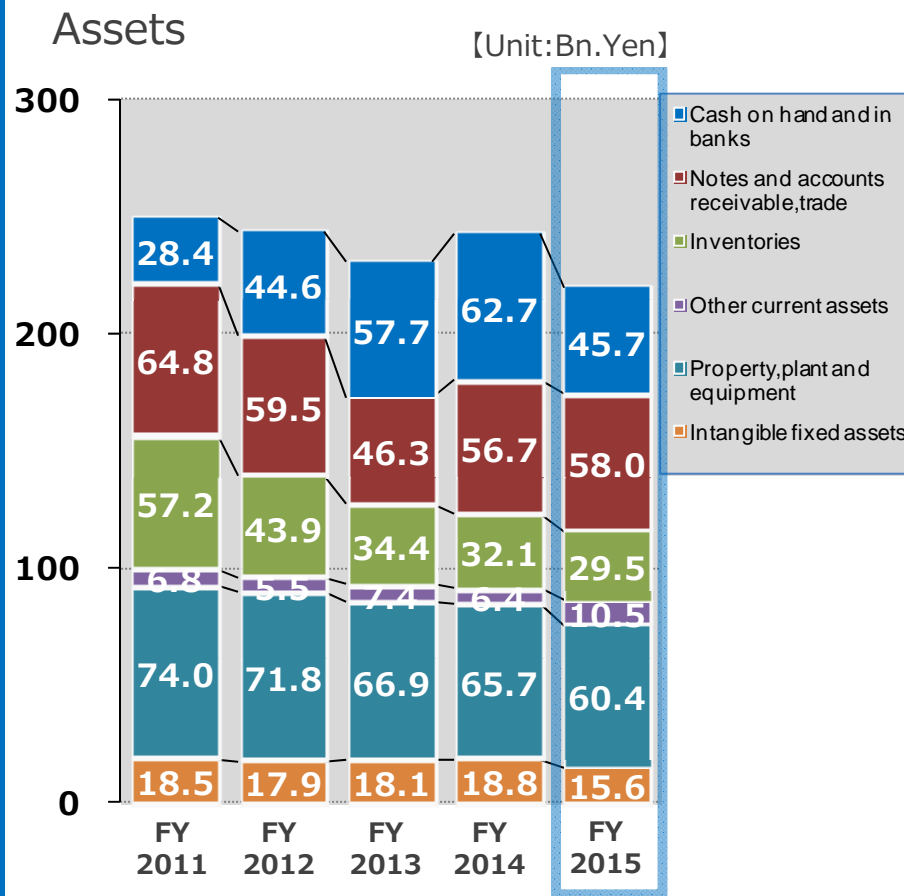
Overview of Business Results for FY2015 (Consolidated balance sheets)

Outlook for
FY2016

Progress of Medium-
Term Management Plan

Market Environment and
ULVAC's Initiatives

- Interest-bearing debt decreased by 20 billion yen compared to the previous year.
- The Company redeemed in full the residual portion of its preferred stock (principal amounting to 10.0 billion yen).
- Balance sheet was downsized overall.



Overview of Business Results for FY2015

(Results of Interest-bearing debt and FCF)

Outlook for FY2016

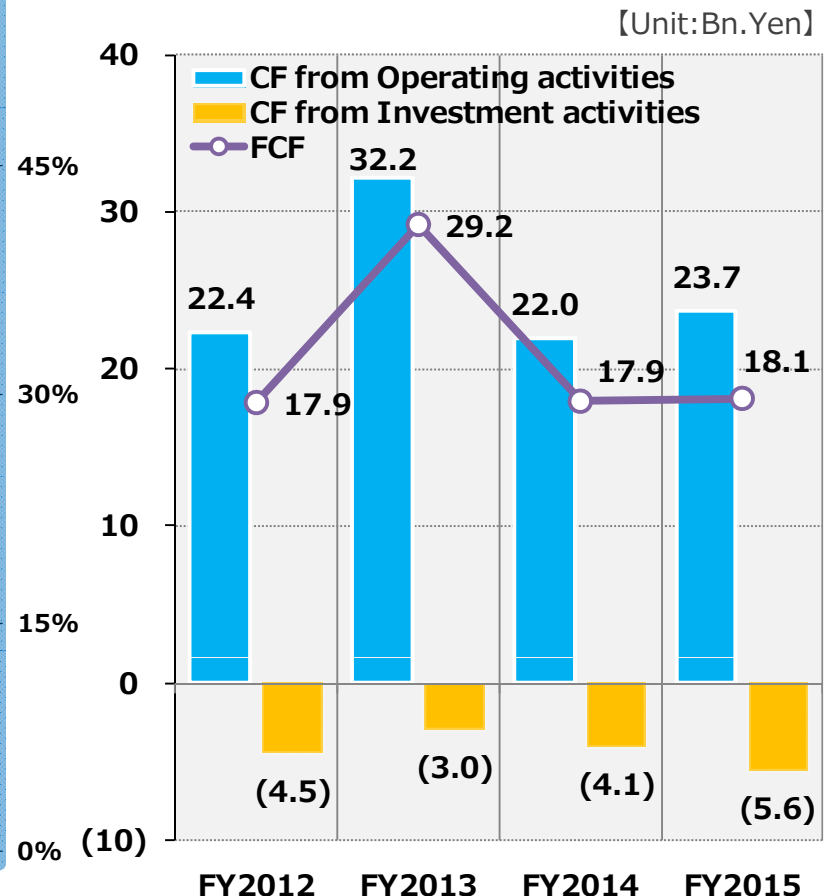
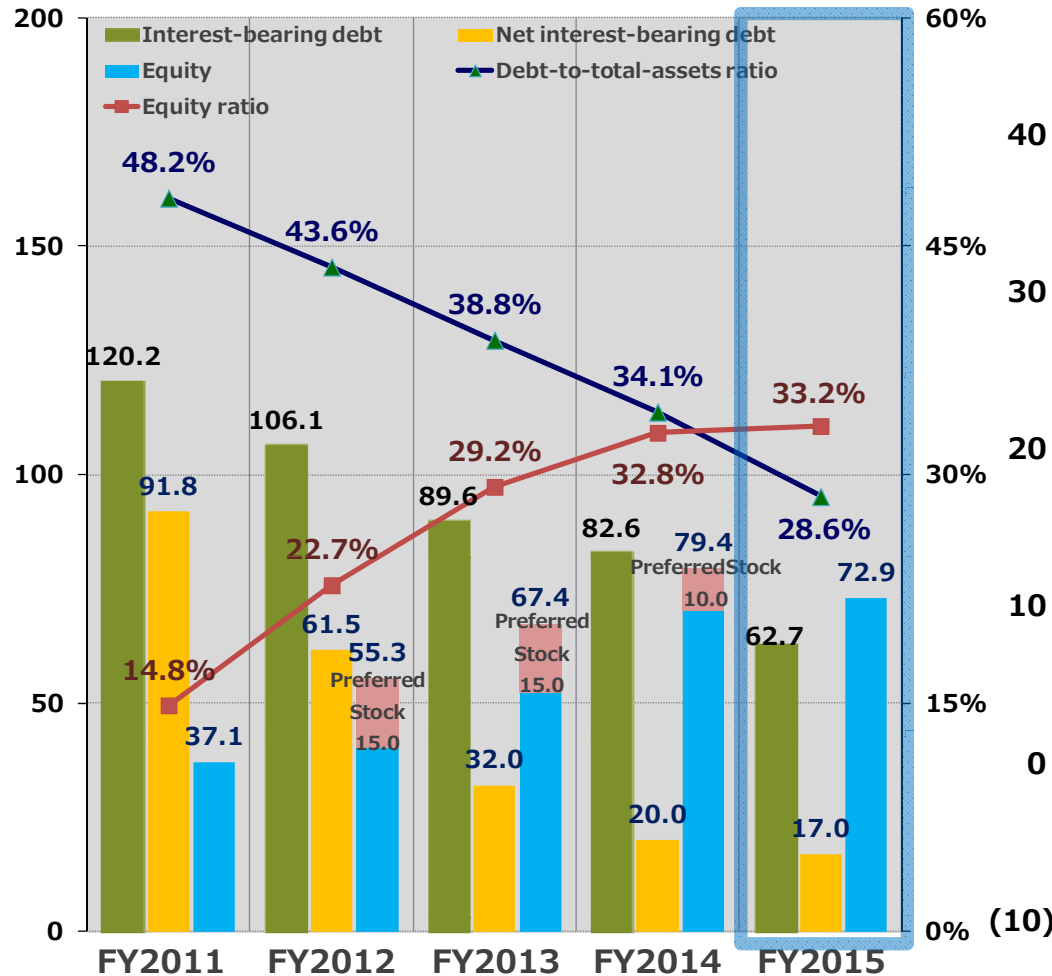
Progress of Medium-Term Management Plan

Market Environment and ULVAC's Initiatives

Redeemed residual preferred stock shares in full. This was followed by shareholders' equity ratio improving to 33.2%. Debt-to-total assets ratio improved to 28.6%. Net interest-bearing liabilities decreased to 17 billion yen.

Cash flows from operating activities increased compared to the previous year compensating for higher cash flows used for investment activities. Free cash flow also grew compared to the previous year.

[Unit:Bn.Yen]



Outlook for FY2016

Orders received and net sales:

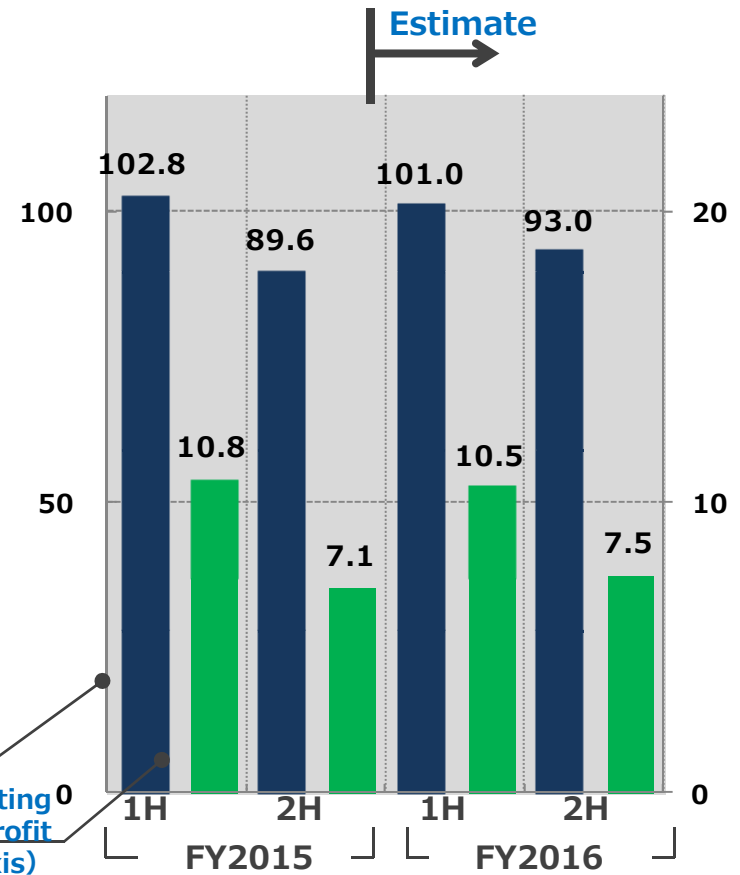
In FY2016, orders received for FPD production equipment for OLED will likely grow. However, orders for FPD production equipment will probably decrease in reaction for large-sized LCD panels (concentrated in the second half of FY2015), leading us to forecast a decline compared to the previous fiscal year in overall orders received during FY2016 (the annual average for FY2015 and FY2016 is expected to stand at 205 billion yen). Net sales are forecast to grow in consideration of the order backlog.

The forecast for operating profits for FY2016 is for flat sales compared to the previous year although development costs for products for OLED, a market segment that is expected to grow in the coming years, will likely increase compared to the previous year.

Sales and Operating profit (By half year)

[Unit: Bn. Yen]

	FY2015 Results	FY2016 Est.		Changes Y-o-Y
		1H	Full Year	
Booking	223.6	93.0	185.0	(38.6) (17%)
Back-log	101.3	93.3	92.3	
Sales	192.4	101.0	194.0	1.6 +1%
Operating profit	17.9	10.5	18.0	0.1 +1%
Ratio	9.3%	10.4%	9.3%	
Net Income	16.7	7.5	12.0	※ (4.7) (28%)



※ This is because, although tax expenses temporarily decreased for FY2015 due to the recording of deferred tax assets, this phenomenon will be non-existent for FY2016.

Outlook for FY2016

(Outlook for orders received by segment)

Overview of Business Results for FY2015

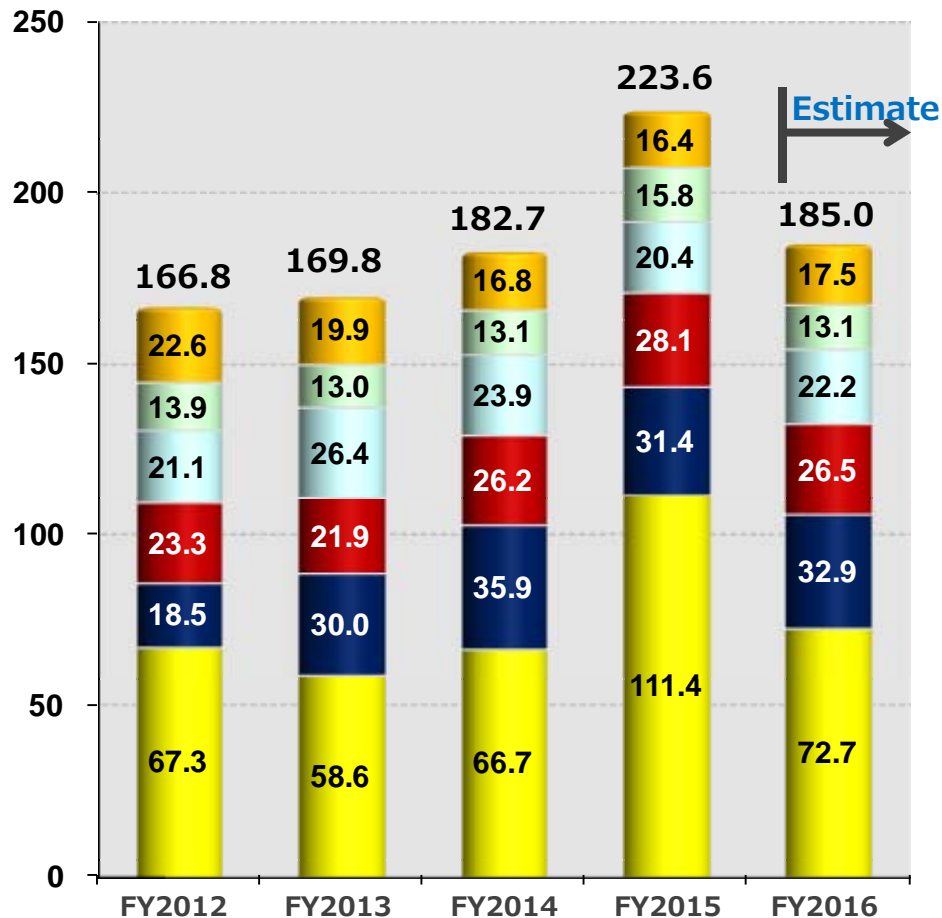
Progress of Medium-Term Management Plan

Market Environment and ULVAC's Initiatives

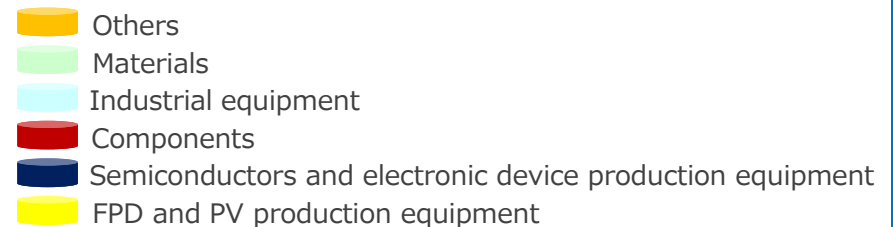
Orders received for FPD production equipment are expected to decrease compared to the previous year due to an adverse comparison base effect following a year to which orders were brought forward. Likewise, orders received for components will likely decline compared to the previous year due to an adverse comparison base effect after a year in which large-sized orders were received for OLED-related cryopump products. Orders received for materials will probably fall owing to price competition although area demand is expected to grow.

Orders for semiconductors and electronic device production equipment and industrial equipment are likely to grow.

[Unit : Bn. Yen]

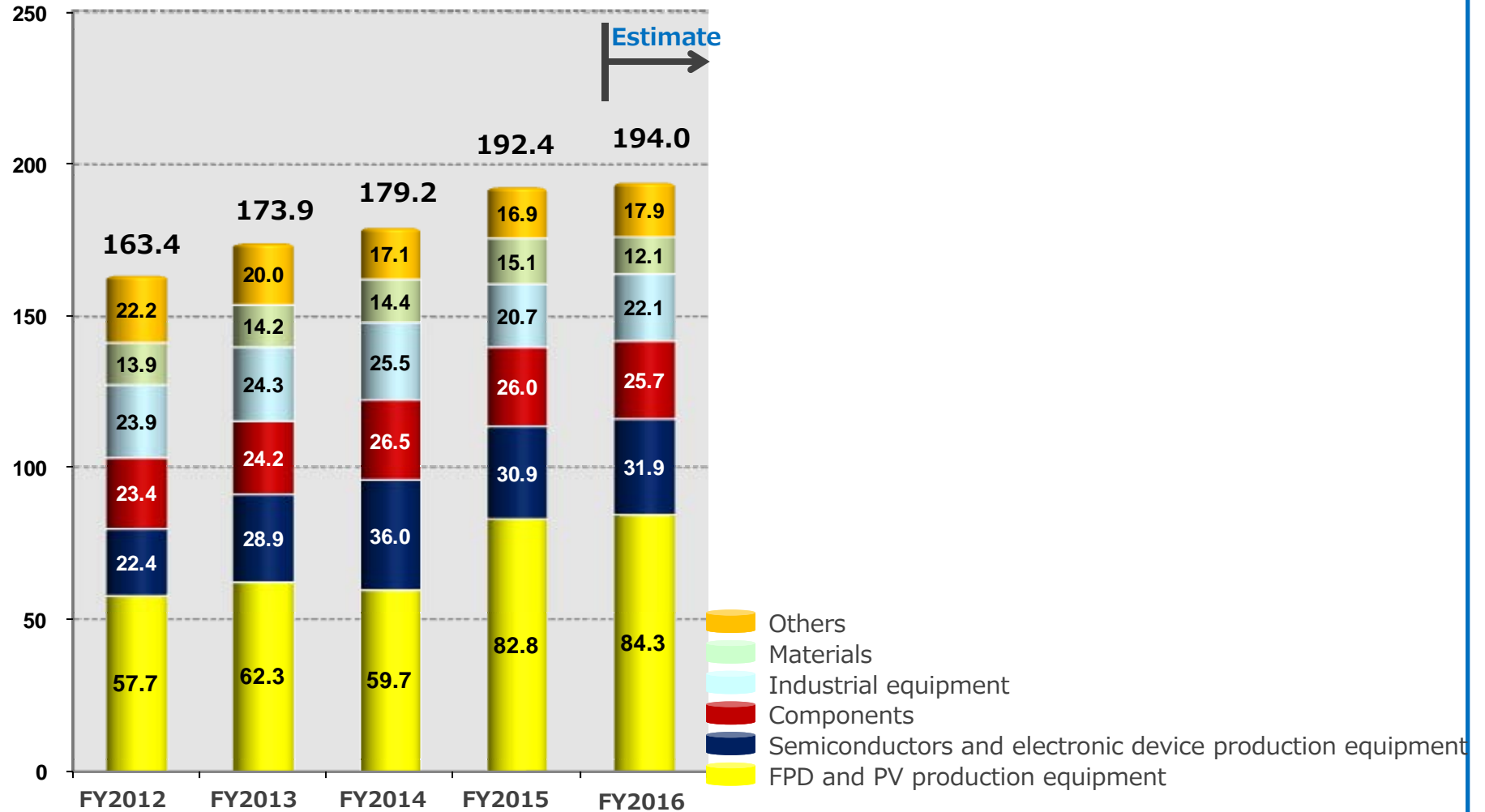


- Among orders received for FPD production equipment, the orders for OLED-related equipment is expected to achieve a high level.
- Among orders received for semiconductors and electronic device production equipment, growth will likely be posted by equipment ranking for 3D-NAND semiconductors, non-volatile memories, power semiconductors, electronic packaging, telecom modules, sensors and EMI shields.
- Among orders received for "Others," orders for products related to high-performance mask blanks are expected to grow.



Although orders received for FPD production equipment are expected to decline compared to FY2015, the higher order backlog we had at the start of FY2016 will likely result in net sales of such equipment exceeding figures for FY2015.

[Unit : Bn. Yen]



Outlook for FY2016

(Transition of capital investment and R&D Est.)

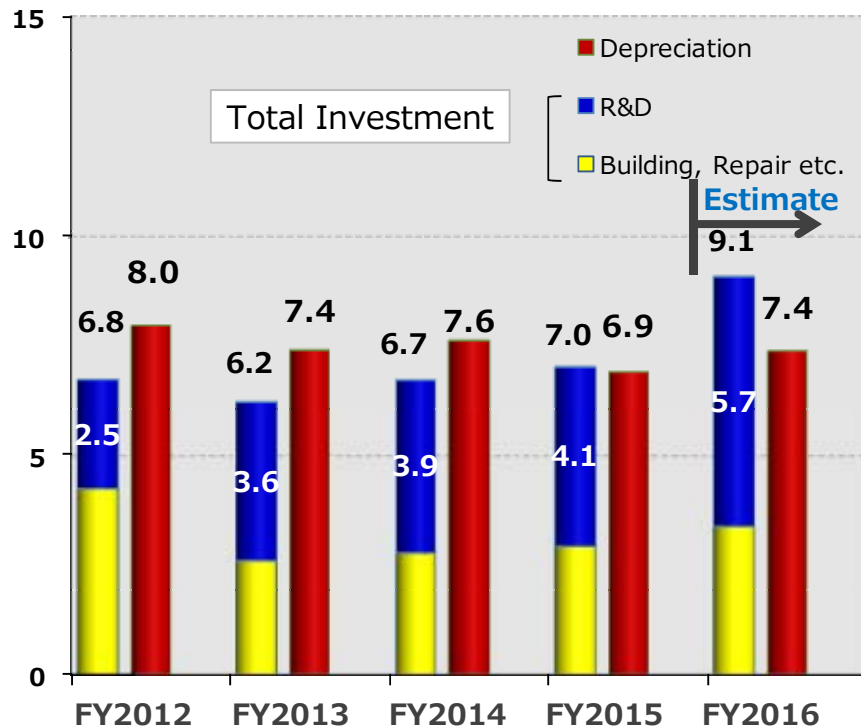
Overview of Business Results for FY2015

Progress of Medium-Term Management Plan

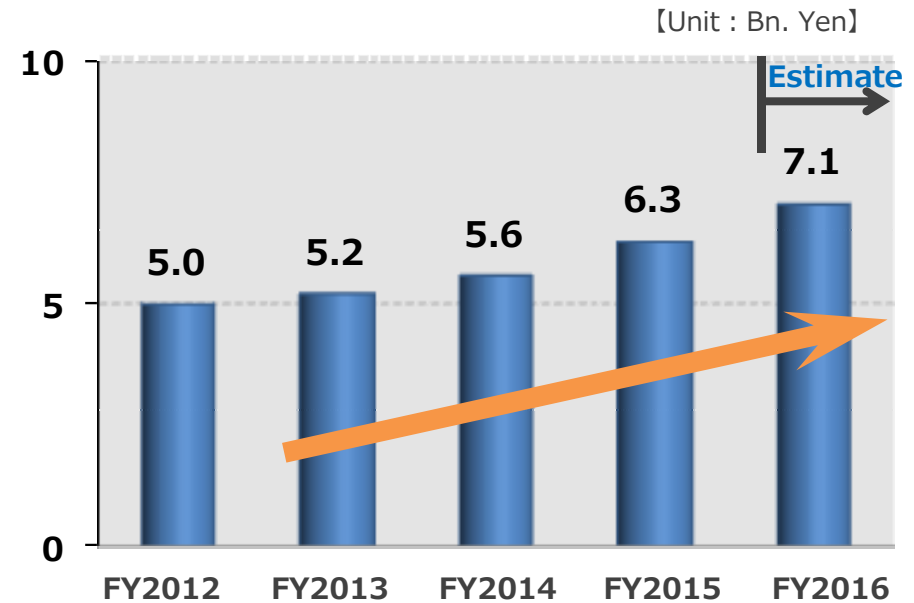
Market Environment and ULVAC's Initiatives

Capital expenditures for R&D activities and R&D expenditures will continue to increase. In addition to pushing ahead with initiatives and measures related to organic EL and non-volatile memories, the Company will aggressively pursue development programs aimed at generating further future growth.

Transition of capital investment [Unit : Bn. Yen]



Transition of R&D costs [Unit : Bn. Yen]



Outlook for FY2016 (Transition of profitability Est.)

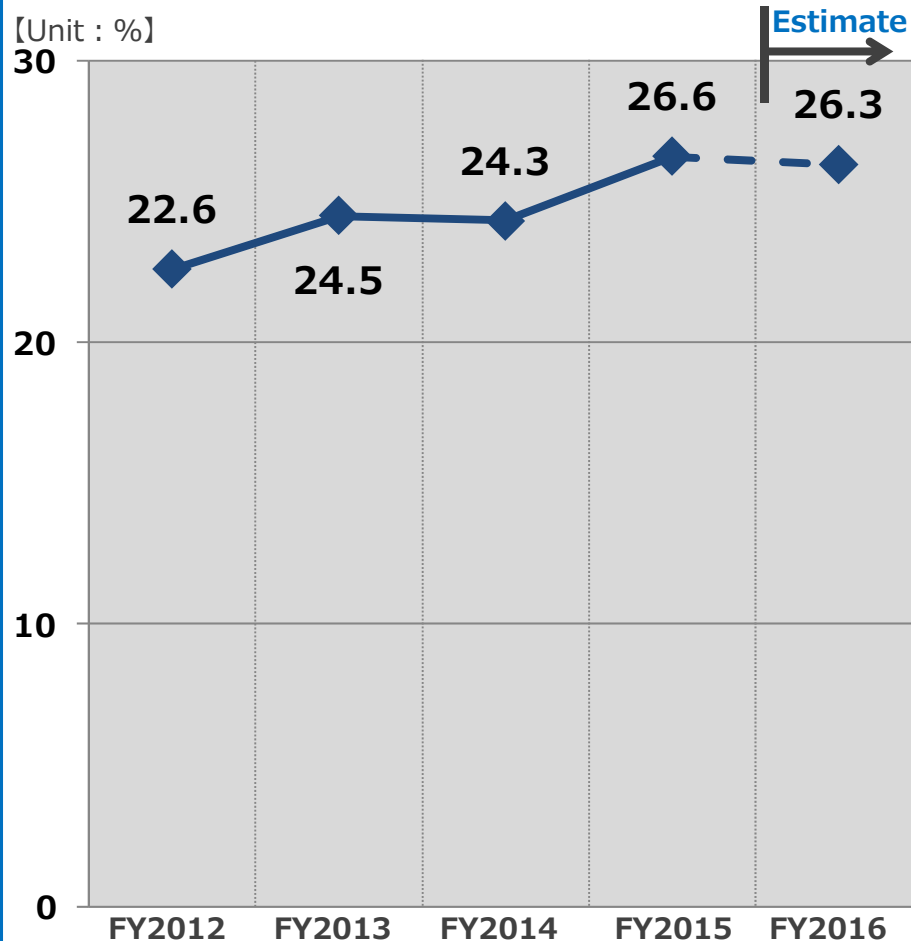
Overview of Business Results for FY2015

Progress of Medium-Term Management Plan

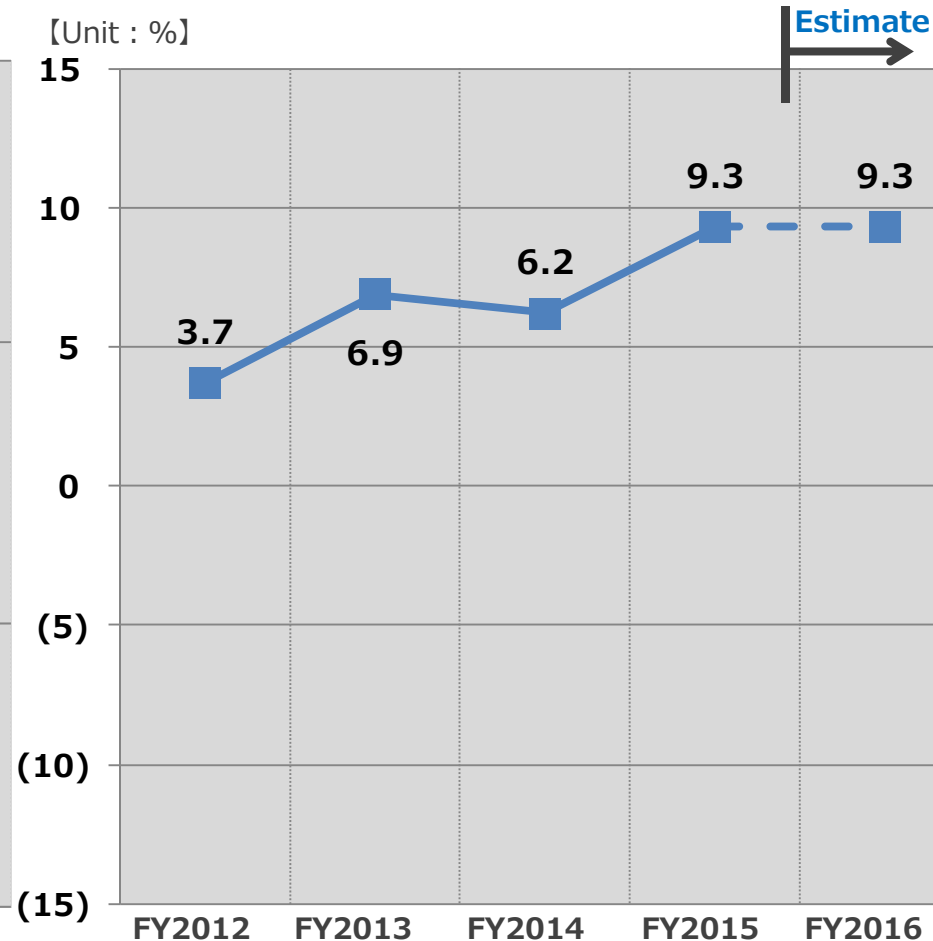
Market Environment and ULVAC's Initiatives

A higher proportion of net sales will be accounted for by equipment such as for OLED, an equipment category that will involve same development work. However, we will retain a level of profitability comparable to that of the previous fiscal year.

Gross profit margin



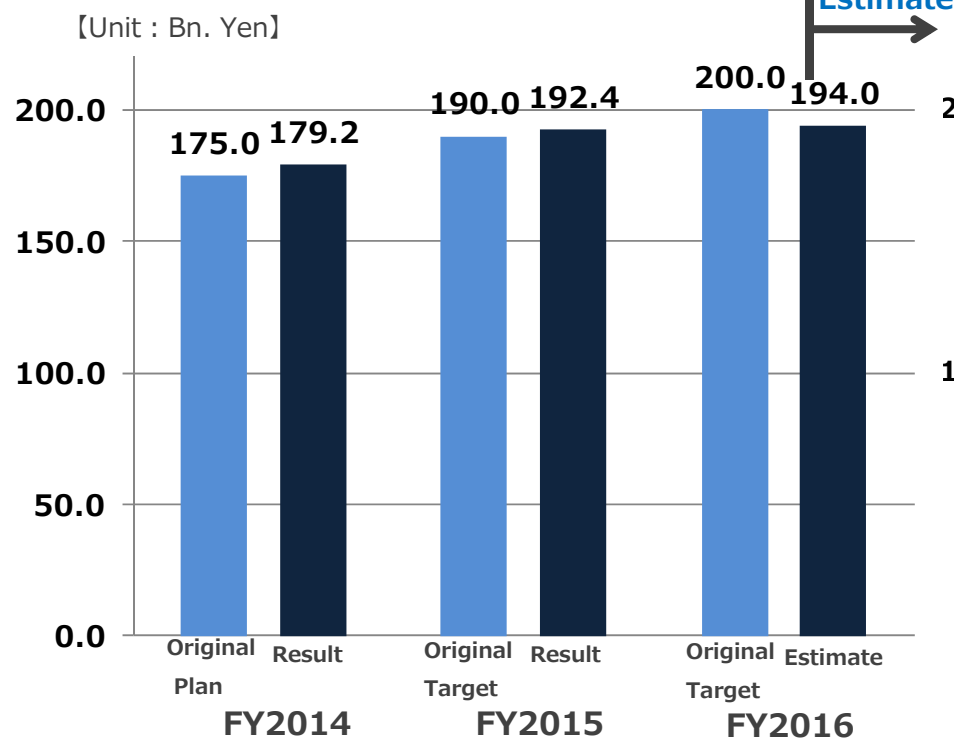
Operating profit margin



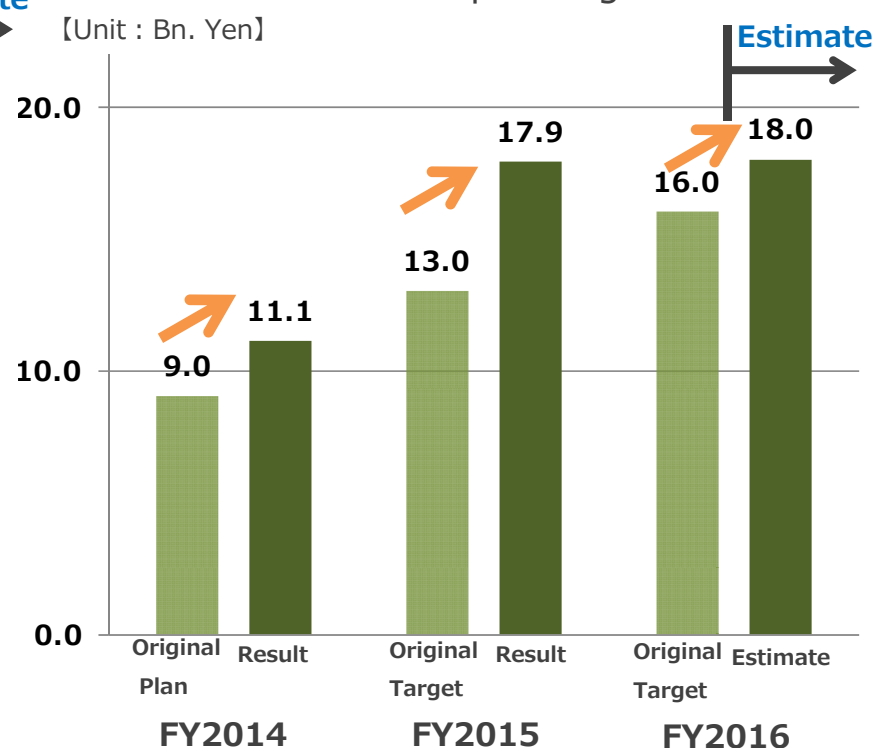
Progress of Medium-Term Management Plan

- Results for both the first year (FY2014) and the second year (FY2015) of the current medium-term management plan exceeded the originally projected figures.
- Results for FY2016 which is the final year of the medium-term management plan are also forecast to exceed the original profit targets.

Transition of Sales

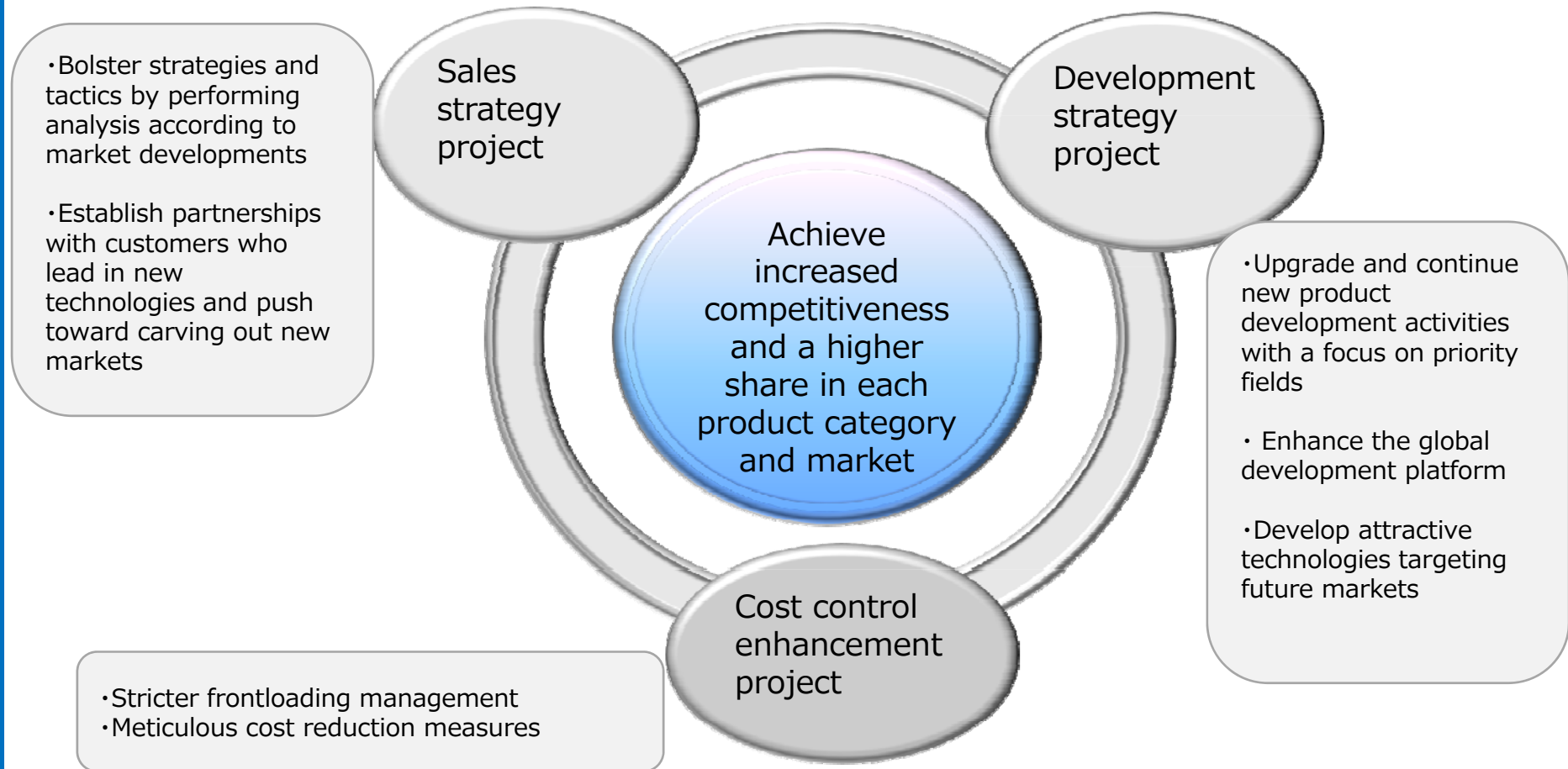


Transition of Operating Profit



Our project measures for achieving targets under the existing medium-term management plan

- Firmly retain our basic policy of the existing medium-term management plan as well as basic scenarios for our business domains



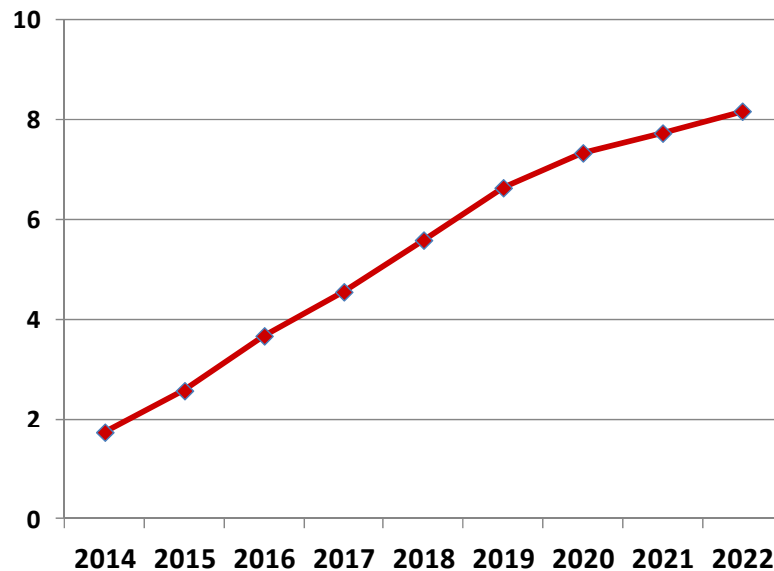
Market Environment and ULVAC's Initiatives

FPD market (OLED): Market growth and measures taken by ULVAC

- OLED panels for smartphones are forecast for further growth (In terms of overall shipment value in dollars are expected to exceed LCD panels in 2018).
 - ⇒ Capital expenditure programs for OLED will accelerate
- Provide the market with a product lineup consisting of vacuum systems such as evaporation, sputtering and CVD systems, and components that meet a wide range of customer needs associated with OLED production.

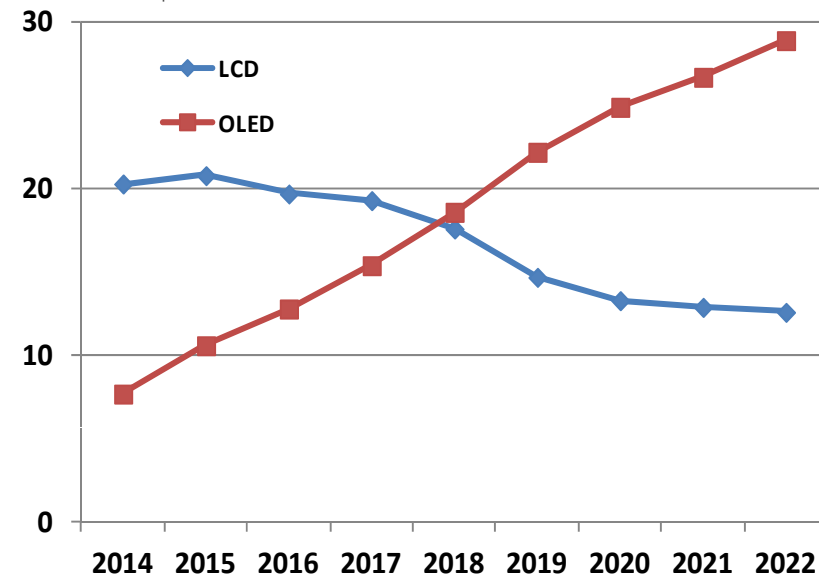
Smartphone OLED panels shipments

[Unit : 100 mil. Sheets]



Smartphone panels shipment value in dollars

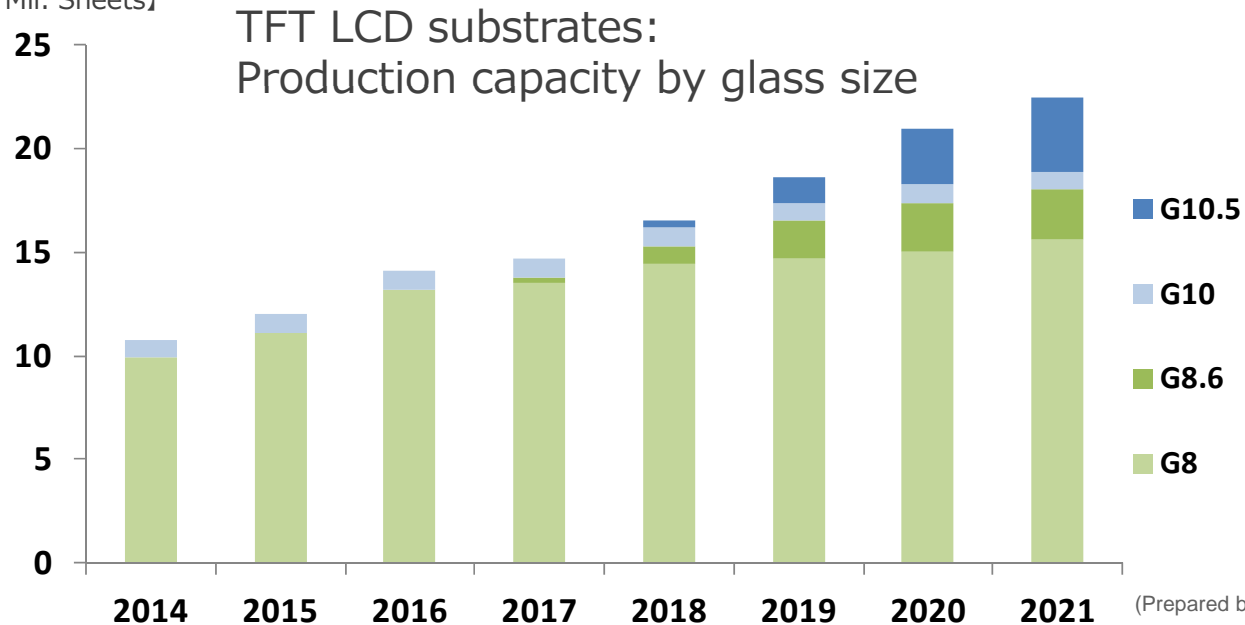
[Unit : Bn. \$]



(Prepared based on IHS Technology data)

FPD market (LCD): Migration to large-sized display panels and measures taken by ULVAC

[Unit : Mil. Sheets]



- Future capital expenditure programs for large-sized TVs will take place mainly in China.
- ⇒ Launched production in China of sputtering systems for production of panels used in large-sized TVs

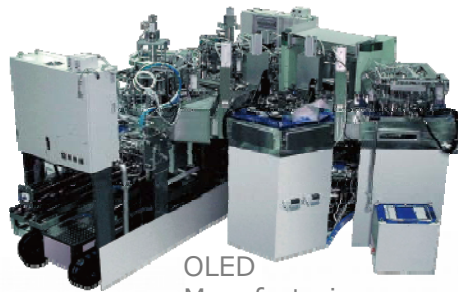
July 2016

Commemorative ceremony for the production launch for equipment for large-sized TVs (in Suzhou, China), which was attended by local mass media reporters and attracting much public attention



ULVAC measures for overall FPD production

- By leveraging its comprehensive capabilities, ULVAC provides deposition systems, components, and materials for LCD and OLED products.



OLED Manufacturing System ZELDA Series



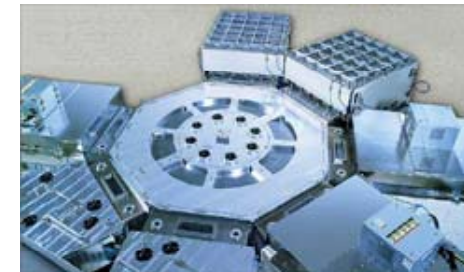
Quartz Crystal Oscillation Type Deposition Controller CRTM



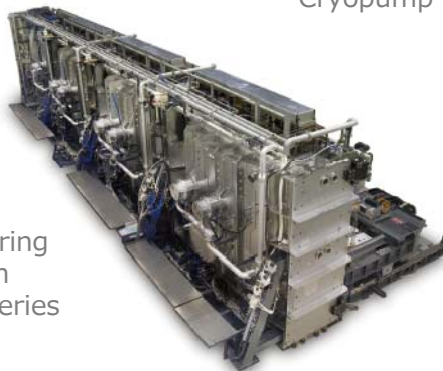
Cryopump



Sputtering Target Materials (IGZO)



P-CVD System CMD Series



Sputtering System SMD Series



DC Power Generator for Sputtering

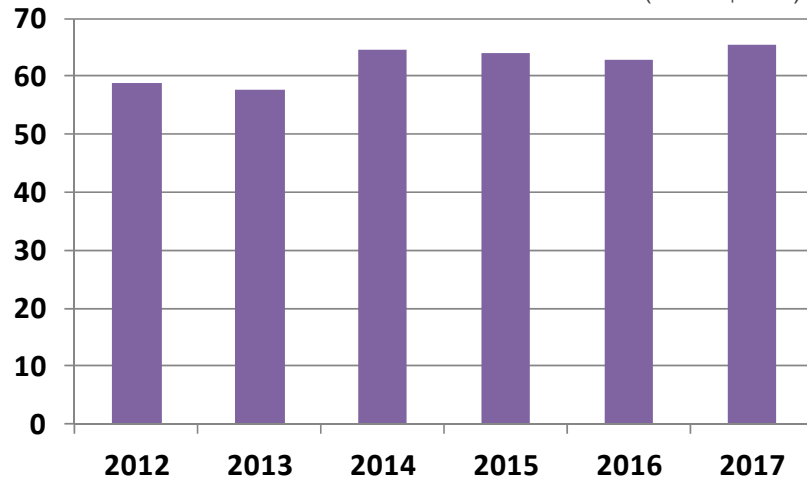


Touch panel display Manufacturing System STD Series

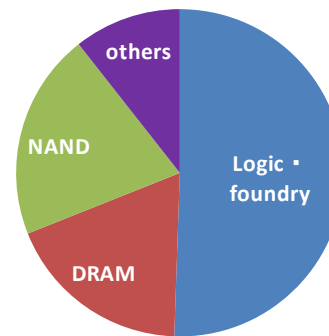
Semiconductor production equipment market and measures taken by ULVAC

- Semiconductor capital expenditure programs have generally been strong
- Such expenditure has been dominated by logic / foundries as well as NAND and non-volatile memories

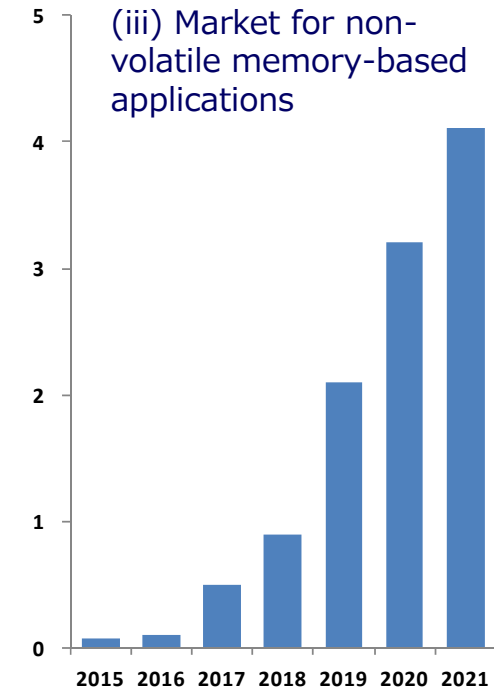
(i) Semiconductor capital expenditure (In US\$ Bn.)



(ii) Breakdown of semiconductor capital expenditure



[Unit : US\$ Bn.]



(iii) Market for non-volatile memory-based applications

(Items i and ii from Gartner data and item iii was prepared based on Yole Development data)

NAND (incl. 3D) and DRAM memories	The NAND and DRAM memory markets are areas where ULVAC has achieved excellent results. We will work to make our standing more secure particularly in the NAND memory market where large-sized capital expenditure programs are expected and acquire a definite market share.
Next-generation non-volatile memories	This market is expected to grow substantially in the coming years. ULVAC aims to become the number one player by capitalizing on past results
Logic / foundries	Successfully enter the market by providing equipment and processes that meet customer needs

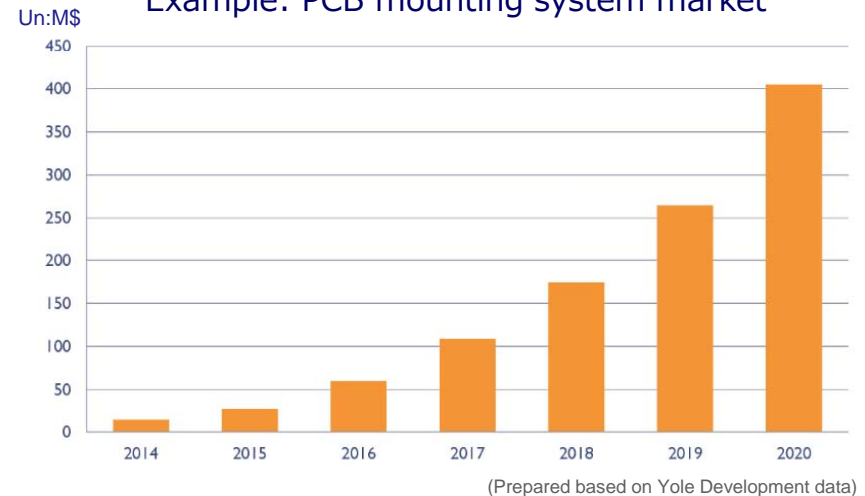
Electronic device production equipment and measures taken by ULVAC

- Provide equipment well-suited to customer needs resulting from a market shift to high functionality and thin profile units
- Contribute to society in every possible IoT aspect

Segment	Customer needs	ULVAC equipment
Power device	Meet customers' needs for Si thin wafer and SiC/GaN	Sputtering Ion implanter
PCB mounting	Square flexible substrate service	Sputtering Asher
Wafer Level Package	High density shift	Asher
Electronic device Telecom device MEMS	Small size shift High functionality shift	Sputtering Etching PECVD

Each segment will likely show future growth

Example: PCB mounting system market

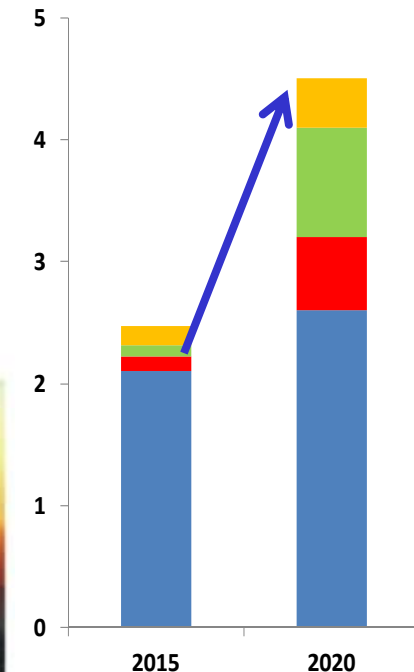


A world where anything gets connected to the Internet
Surging demand for wireless device-related products

The Internet of Things IoT



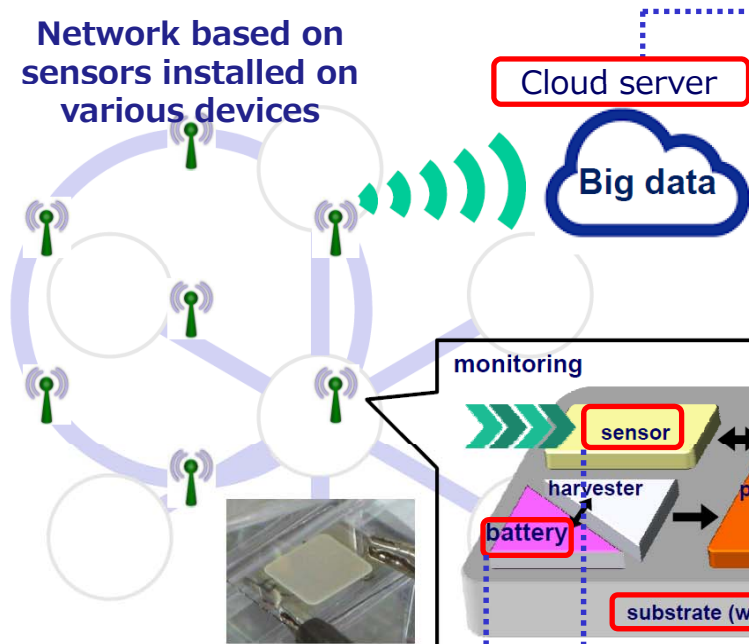
Number of wireless device-related product items
(Units: Bn.)



- Smartphones, tablets and notebook PC
 - Wearable devices (fitness and medical uses)
 - Smart meters and other network devices
 - Products that use RF waves to automatically recognize goods and persons (e.g. non-contact IC cards)
- (Prepared based on ID Tech data)

ULVAC vacuum technologies utilized for IoT

Network based on sensors installed on various devices



Create new value

- Industry
- Medical and healthcare services
- Transportation and logistics
- Entertainment culture
- Infrastructure and environment development

Create large-capacity and energy-efficient memories
 Production equipment for non-volatile memories

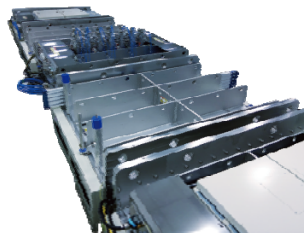


Achieve small and thin profile equipment

Electromagnetic interference shield sputtering system



Create thin profile equipment and improve human safety
 TFB production equipment



Create small equipment with advanced functions
 Sputtering and etching systems



Create small, dry and thin profile equipment
 Sputtering and etching systems

