

【 Code No : 6728】

# Business Result

## FY2015 (Year Ending June 30, 2016) 2Q

**ULVAC,Inc.**

**15<sup>th</sup> Feb.,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

## Points of Market Environment (1.FPD Market)

- ❑ LTPS investments for small- to medium-sized high resolution panels have been increasing in Japan, China and Taiwan since the second half of FY ended June 2015. Investments will continue in FY ending June 2016 centered on China.
- ❑ With the expectation of organic EL (OLED) to be mounted in smartphones, panel manufacturers plan to make active investments from the second half of FY ending June 2016.
- ❑ Investments in a-Si for 4K8K compatible large screen TVs have restarted in Taiwan and China from the second half of FY ended June 2015. Investments are continuing in FY ending June 2016, and focusing on China, investments are expected to be made with the aim to enlarge the screen size.

## Points of Market Environment

### (2.Semiconductor & Electronic Devices Market)

- ❑ The semiconductor memory market remains almost unchanged recently, partly due to sluggish demand for products used in PCs and smartphones and weak memory prices.  
Going forward, demand is expected to grow moderately, reflecting an increasing demand for a wider range of products as a result of a rise in data storage capacity, the increasing use of electronics in automobiles and the improving performance of electronics equipment.
- ❑ Capital expenditures for chip making equipment remain almost unchanged recently.  
Capital expenditures are likely to remain almost flat going forward, although they will vary depending on regions, and there is expected to be demand from investments in new technologies, such as 3D rendering and non-volatile memories.
- ❑ The electronic device market maintained positive growth, mainly attributable to steady demand from automobiles, but its growth has been trending downward, partly due to a slowdown in demand for smartphones.
- ❑ As for production equipment for electronic devices, despite a slowdown in demand for smartphones, investments in cutting-edge electronic devices that support advancing the performance are expected to continue.

## Points of Market Environment (3.China Market)

- ❑ In the sector related to FPD, there are concerns over the excess supply of panels, but, for the time being, domestic production activity is likely to continue.
- ❑ Domestic production activity of semiconductors is also likely to accelerate going forward.
- ❑ However, the sector related to industrial equipments is affected by a slowdown in economic growth.

## Overview of Business Results for FY 2015 2Q

# Overview of Business Results for FY2015 2Q

## Outlook for FY2015

- Net sales: Up 21% year-on-year, reflecting strong contributions from an increase in sales of FPD production equipment
- Operating profit: Operating profit: Up 116% year-on-year, due to the effects of efforts to cut manufacturing costs and the contribution of relatively profitable reconstruction projects, as well as higher net sales

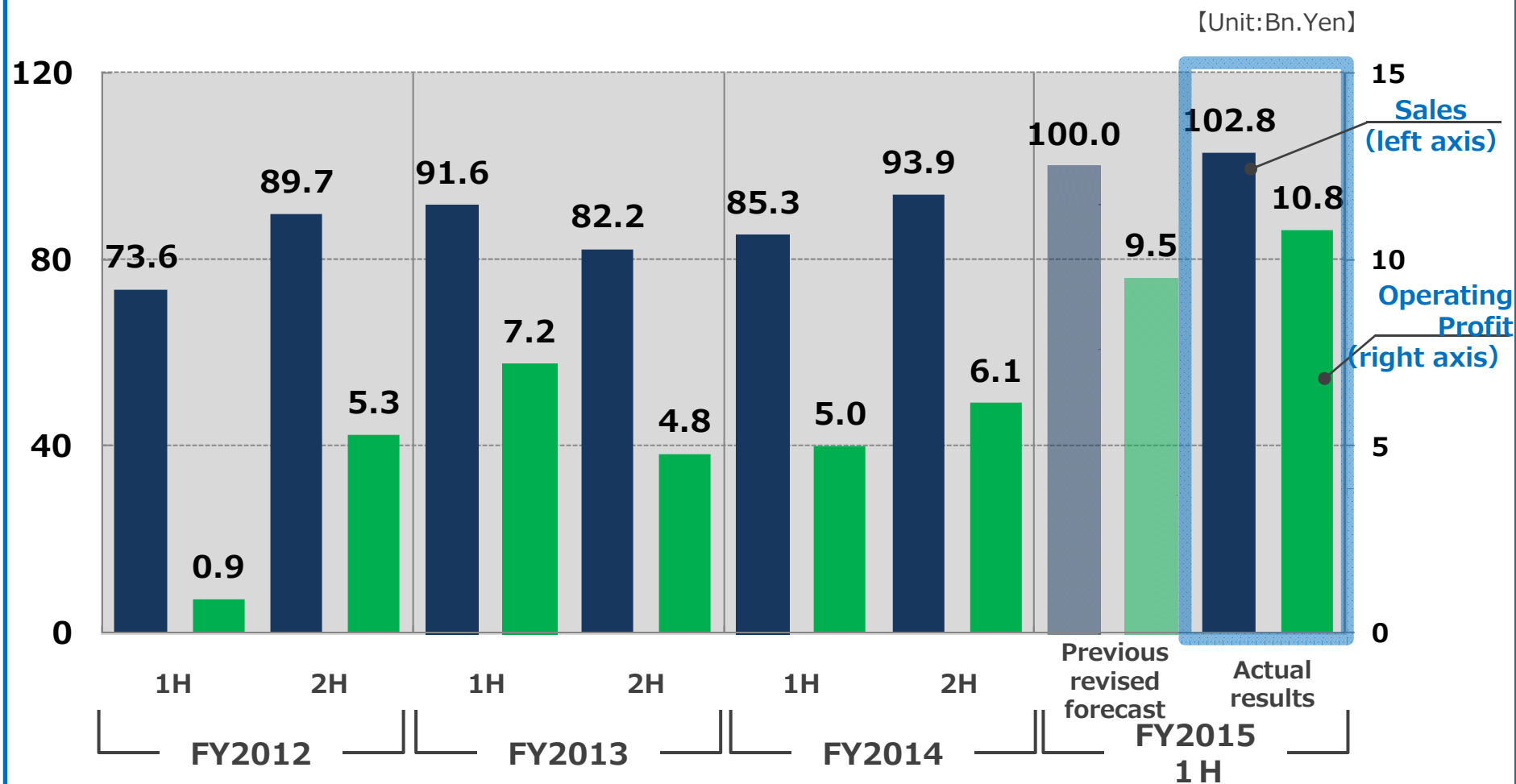
【Unit:Bn.Yen】

	June '15			June '16 1H			
	1H	2H	Full Year	Revised*	Result	H-o-H (Changes)	vs.Revised (Changes)
Booking	79.1	103.6	182.7	103.0	106.0	34.0%	2.9%
Sales	85.3	93.9	179.2	100.0	102.8	20.5%	2.8%
Gross margin	20.4	23.1	43.5	-	27.0	32.5%	-
Ratio	23.9%	24.6%	24.3%	-	26.3%	+ 2.4 pt	-
SG&A	15.4	16.9	32.3	-	16.2	5.4%	-
Operating Profit	5.0	6.1	11.1	9.5	10.8	116.3%	13.5%
Ratio	5.8%	6.5%	6.2%	9.5%	10.5%	+ 4.6 pt	+ 1.0 pt
Net Income	4.2	4.7	8.9	6.5	7.8	86.0%	20.0%
Ratio	4.9%	5.0%	5.0%	6.5%	7.6%	+ 2.7 pt	+ 1.1 pt

\* : Revised forecast as of Nov 2015

# Overview of Business Results for FY2015 2Q (Transition of Sales and Operating Profit)

## Outlook for FY2015



\* : Revised forecast as of Nov 2015

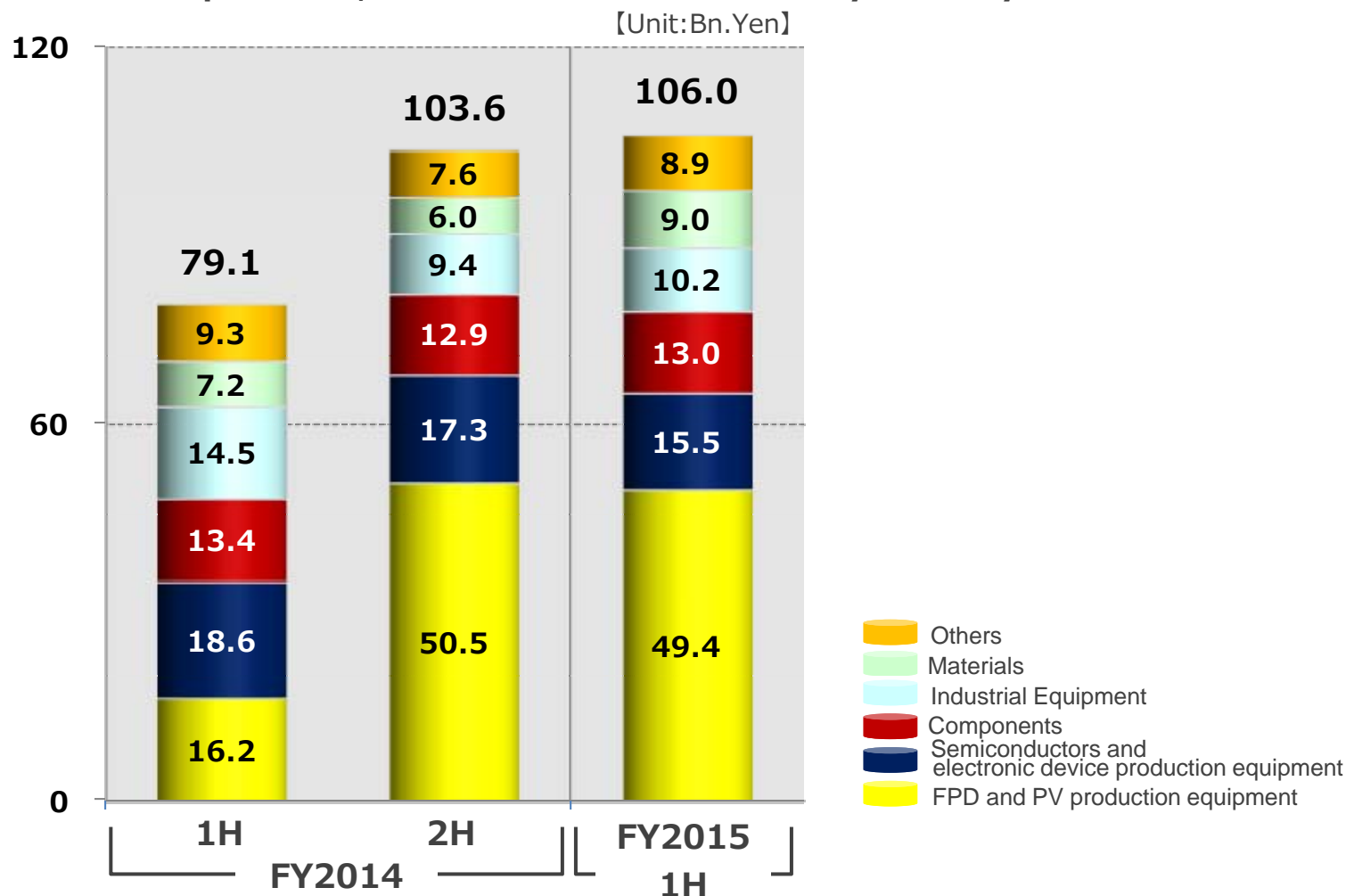


## Overview of Business Results for FY2015 2Q

(Results of orders received by segment)

## Outlook for FY2015

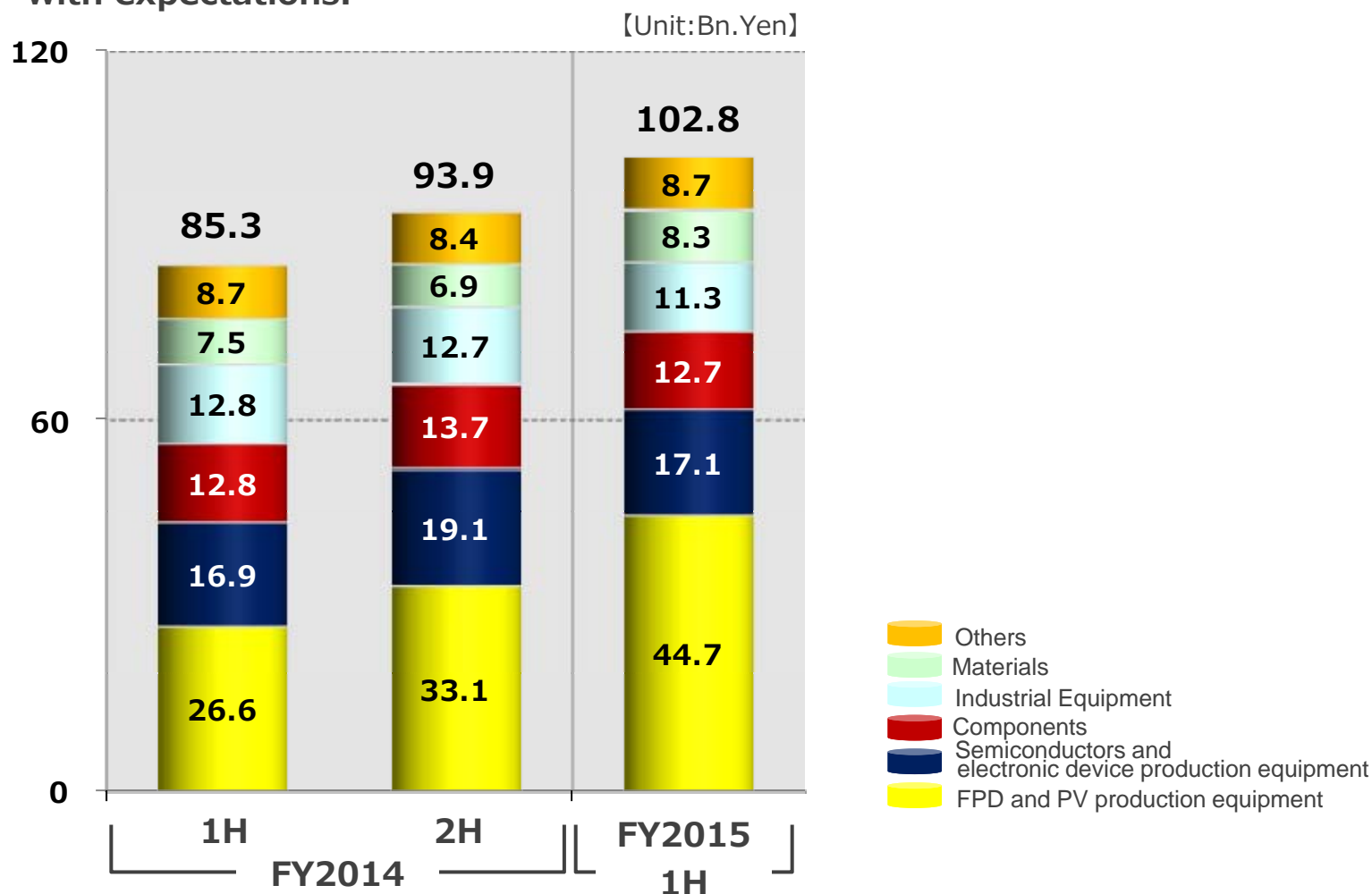
Orders received centering on FPD production equipment remained strong in the same manner as the second half of the previous fiscal year. Moreover, partly due to the fact that the same period in the previous fiscal year was an off-crop season, orders received rose 34% year-on-year.



## Overview of Business Results for FY2015 2Q (Results of net sales by segment)

Outlook for FY2015

Net sales rose 21% year-on-year, mainly reflecting an increase in sales of FPD production equipment.  
Sales of products other than FPD production equipment remained generally in line with expectations.

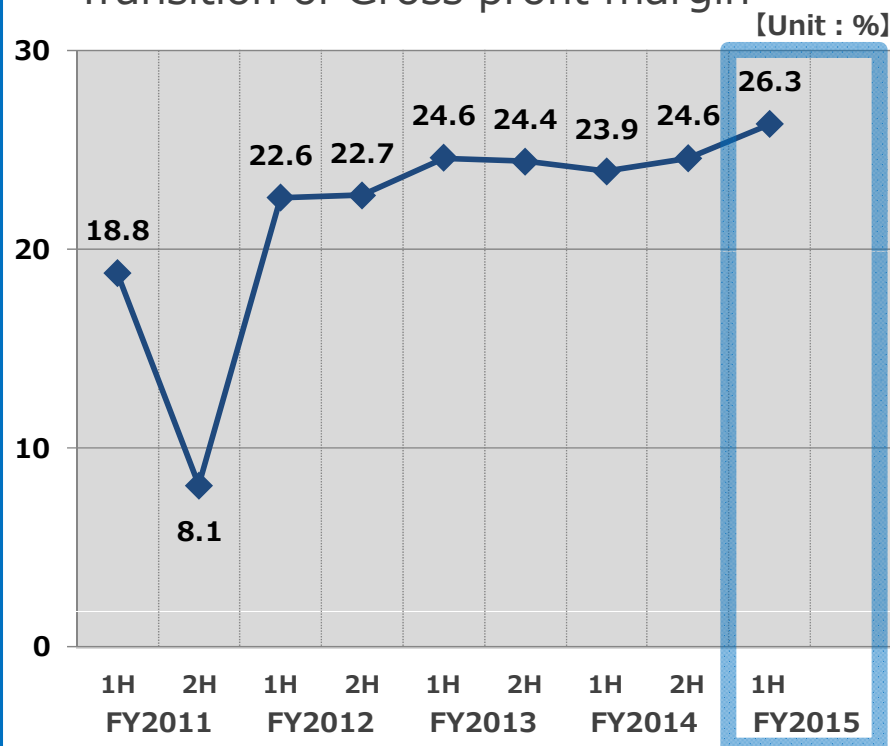


# Overview of Business Results for FY2015 2Q (Transition of profitability)

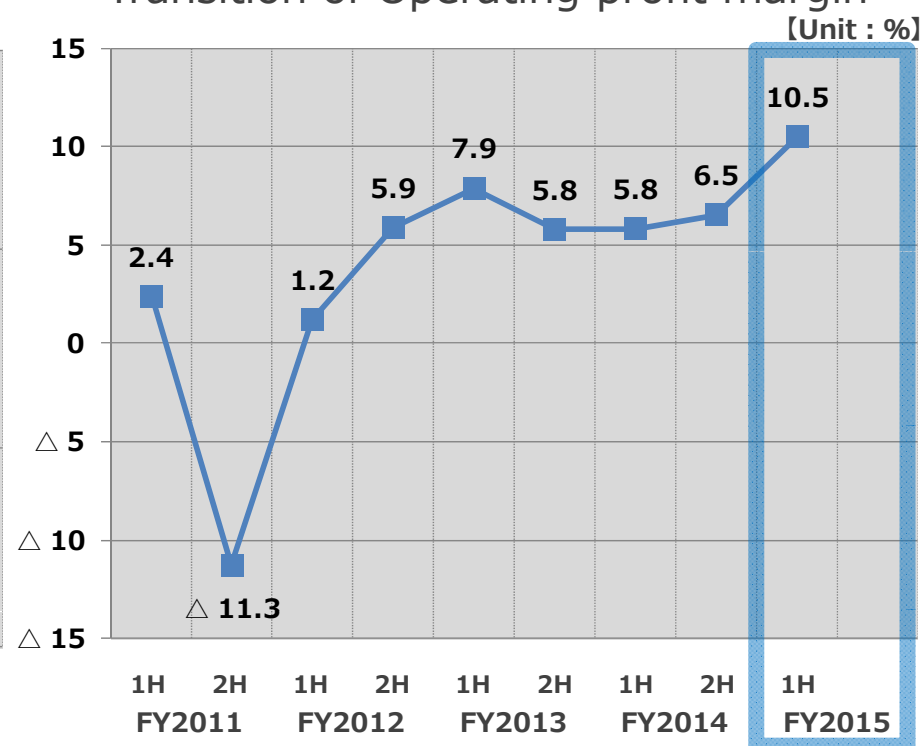
## Outlook for FY2015

Both gross profit margin and operating profit margin rose year-on-year. These results were attributable to the effects of efforts to cut manufacturing costs and the contribution of relatively profitable reconstruction projects, as well as higher net sales.

Transition of Gross profit margin



Transition of Operating profit margin

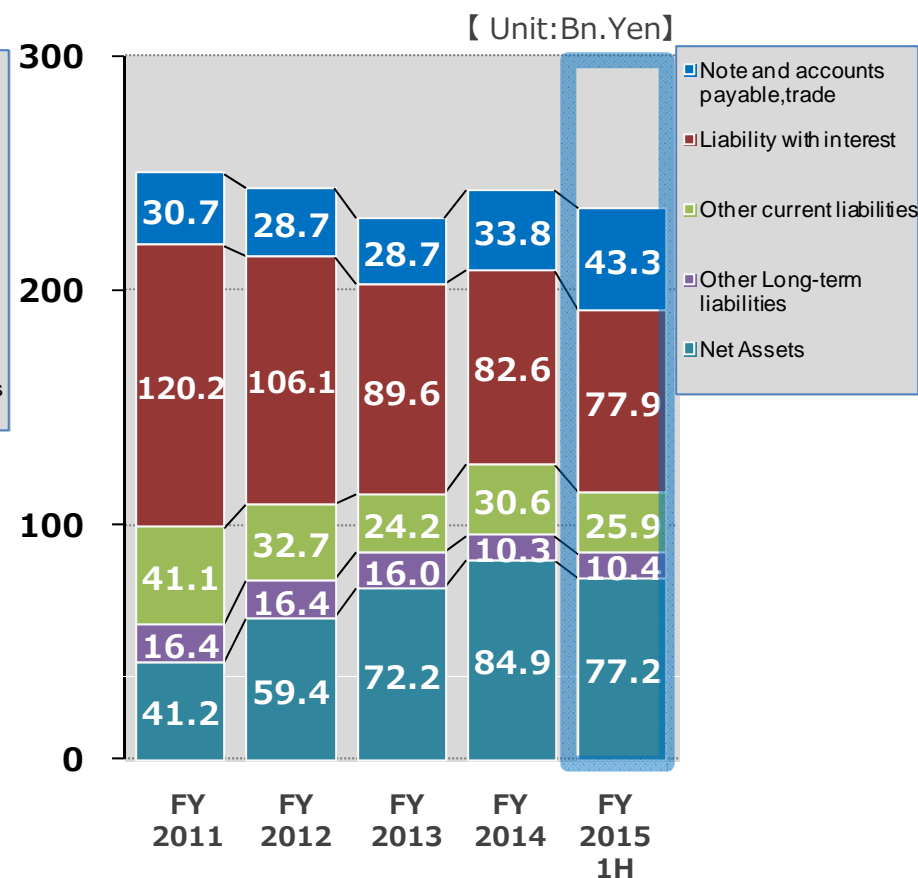
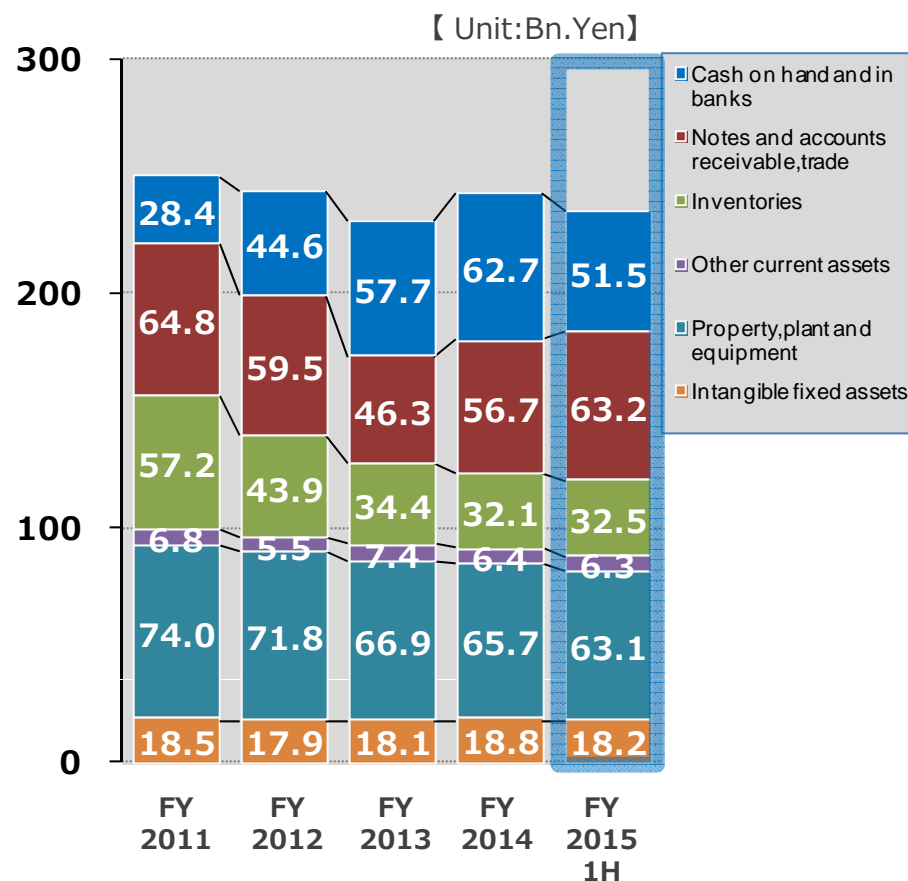


# Overview of Business Results for FY2015 2Q (Consolidated balance sheets)

Outlook for FY2015

Liability with interest fell 4.7 billion yen as a result of the initiative to reduce debt.

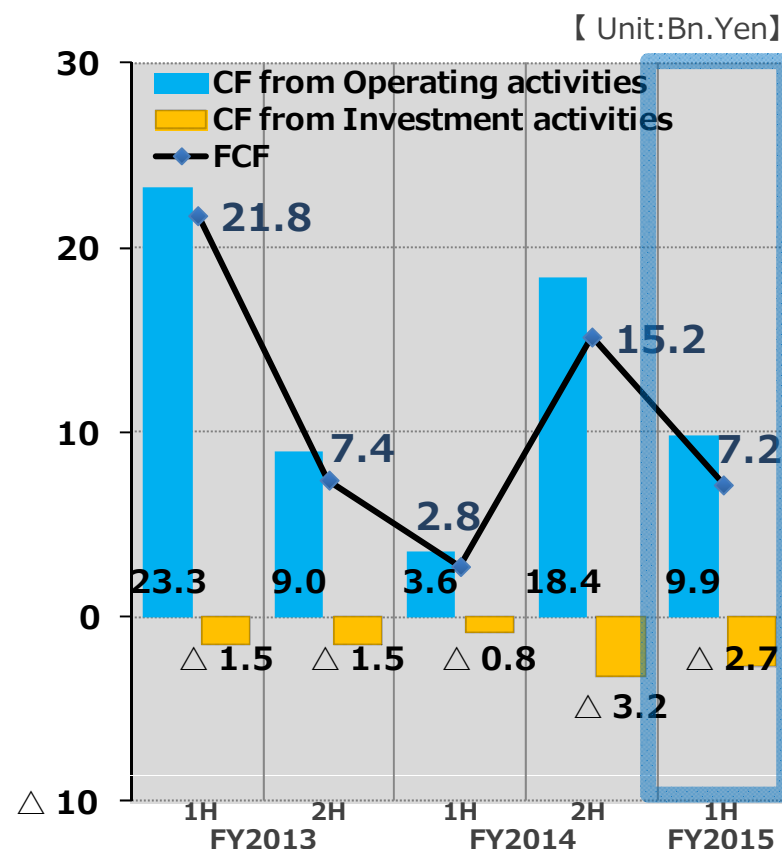
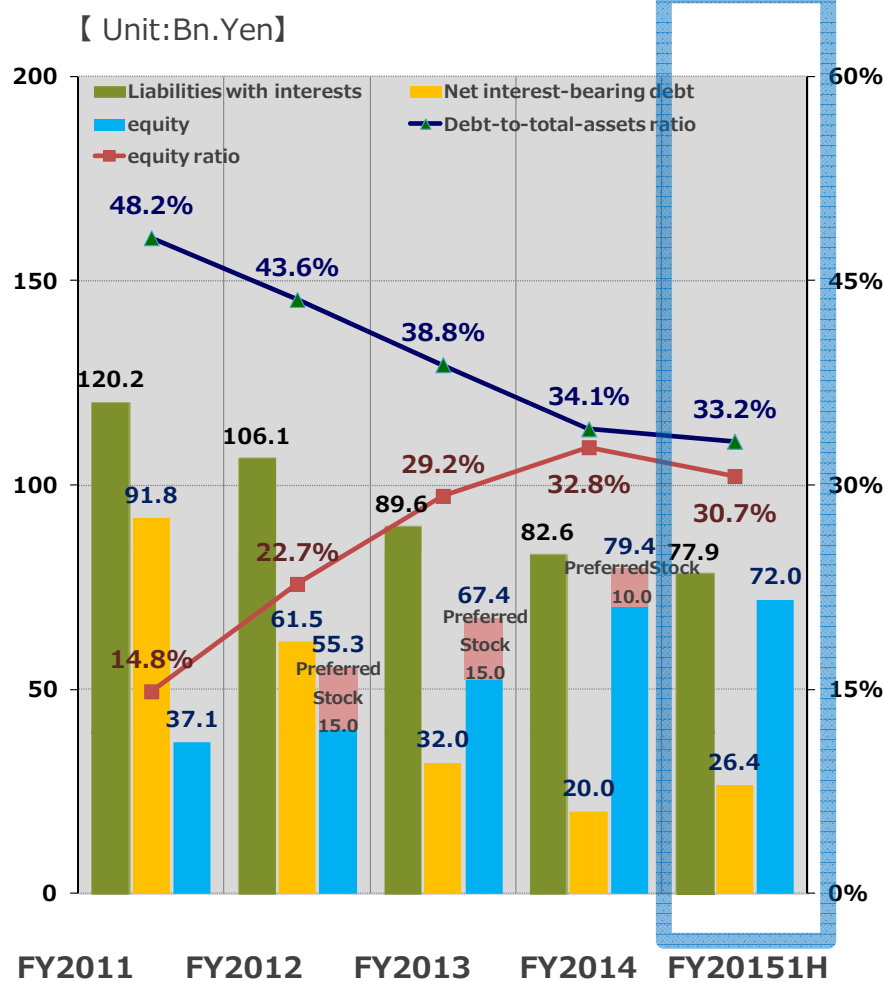
Net assets declined, given the full redemption of preferred stock. However, excluding preferred stock, equity increased steadily (refer to the next page).



# Overview of Business Results for FY2015 2Q (FCF and liabilities with interests)

## Outlook for FY2015

- Even after the full redemption of preferred stock, the equity ratio remained at 30%. Both Liabilities with interests and Debt-to-total assets ratio also continued to fall.
- Mainly reflecting effects of controlling a rise in working capital, operating CF and FCF were secured at 9.9 billion yen and 7.2 billion yen respectively.



## Outlook for FY 2015

## Outlook for FY2015

- Orders received have been revised upward, reflecting results for the first half, as well as the fact that orders received for FPD production equipment are likely to exceed the previous forecast in the second half in the same manner as the first half. Net sales and profits have been revised upward by taking into account results for the first half.
- Moreover, orders of a 100 billion yen level will also be secured in the second half. However, because orders are expected to be concentrated in the latter half of the period, the level of contribution to net sales and profits during the period is expected to be lower than the one in the first half.

【Unit:Bn.Yen】

	June 2015	June 2016					
		1 H			Full Year		
		Original*1	Previous*2	1H Result	Original*1	Previous*2	Forecast
Booking	182.7	99.0	103.0	<b>106.0</b>	190.0	190.0	<b>206.0</b>
Sales	179.2	97.0	100.0	<b>102.8</b>	190.0	190.0	<b>193.0</b>
Operating Profit	11.1	7.5	9.5	<b>10.8</b>	13.5	14.5	<b>16.0</b>
Ratio	6.2%	7.7%	9.5%	<b>10.5%</b>	7.1%	7.6%	<b>8.3%</b>
Net Income	8.9	5.5	6.5	<b>7.8</b>	9.5	10.0	<b>11.5</b>
Ratio	5.0%	5.7%	6.5%	<b>7.6%</b>	5.0%	5.3%	<b>6.0%</b>

\*1 : Announced on Aug. 2015

\*2 : Announced on Nov. 2015