

【Code:6728】

FY2012 Business Result (Year Ending June 30,2013) and FY2013 Business Plan

14th Aug,2013

ULVAC,Inc

◆ **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 cells, semiconductor, and electronic devices 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

Agenda

- **Results of Structural Business Reform Plan**
- **Summary for the Fiscal Year 2012 Ending June 2013**
- **Prospects for the Fiscal Year 2013 Ending June 2014**

Results of Structural Business Reform Plan(1)

1.Development strategy	<ul style="list-style-type: none"> • Programs focused on developing Product Managers (PM) have been established • Methods of tracking product development milestones have been determined
2.Marketing strategy	<ul style="list-style-type: none"> • PM and “ULVAC EQUIPMENT SALES ,Inc. “ have been revised and implemented • Country-specific strategic roadmaps are being prepared • Two board of directors have been assigned to the Corporate Sales & Marketing Division to strengthen sales
3.Strengthening of cost competitiveness	<ul style="list-style-type: none"> • Gross margin ratio improved from 14.4% in FY ended June 2012 to 22.6% in FY ended June 2013 • Additional cost reduction of 2.5 bn. yen (non-consolidated) has been achieved • Selection and concentration of suppliers has been streamlined (“421” in FY ended June 2012 → “135” in FY ended June 2013) • Both a global production system and the Global Production Planning Department have been established
4.Expense reduction	<ul style="list-style-type: none"> • Fixed costs have been reduced from 37.7 bn. yen in FY ended June 2012 to 26 bn. yen (non-consolidated) in FY ended June 2013 (within these fixed costs, expenses were reduced from 11.8 bn. yen in FY ended June 2012 to 7.1 bn. yen in FY ended June 2013)
5.Plan for profitability	<ul style="list-style-type: none"> • Responsibility for profit plans has been established and clarified for each division • Management of plan–performance comparisons has been strengthened and fully implemented for each division • System for visualizing profits and reviewing unprofitable products has been implemented

Results of Structural Business Reform Plan (2)

6. Personnel system reform	<ul style="list-style-type: none"> Revised Personnel system has been implemented (improved salary system and changed bonuses to variable expenses)
7. Slimming down	<ul style="list-style-type: none"> Inventory assets condensed: 57.2 bn. yen in FY ended June 2012 → 43.9 bn. yen in FY ended June 2013 System for improving debt collection from the viewpoint of better managing cash flow has been implemented Underutilized real estate assets (two properties) were sold. System for managing and strengthening activities to promote the sale of underutilized real estate assets has been implemented
8. Business reform	<ul style="list-style-type: none"> Necessity for meetings has been reviewed (number of meetings reduced by 40%) Clerical procedures have been simplified and work processes have been revised
9. Risk management	<ul style="list-style-type: none"> Credit control has been strengthened Front-loading has been thoroughly implemented, meaning that there is a system in place to check the customer's credit and evaluate technical risks before accepting an order A system for ascertaining how technical risks affect P/L, B/S, and C/F has been established
10. Group business management	<ul style="list-style-type: none"> Management of affiliated companies has been strengthened The Global Production Planning Department has been established

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- Results of Structural Business Reform Plan
- **Summary for the Fiscal Year 2012 Ending June 2013**
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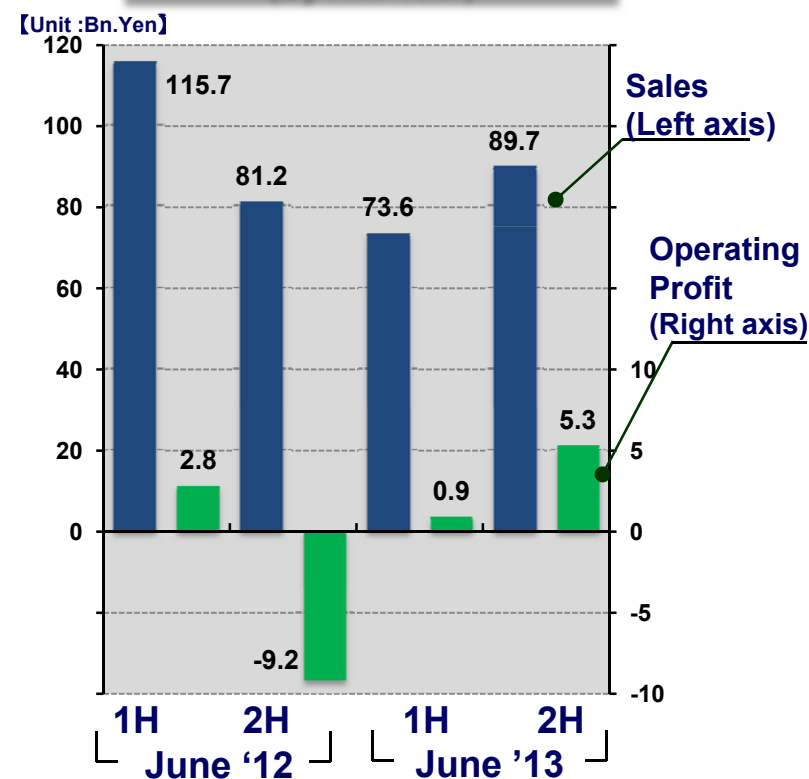
Result of June 2013 Full Year

Both orders received and net sales were roughly the same as our forecast for the previous fiscal year. We showed an operating profit of 6.1 bn. yen (an increase of 0.7 bn. yen compared to our forecast) as we continued to further reduce the cost of goods sold and fixed costs. Following a review of some of the businesses in the Materials Division that were unprofitable, we reported an extraordinary loss that led to a loss of 3.8 bn. yen for FY ended June 2013 (the loss was 1.4 bn. yen less than was forecasted).

[Unit :Bn.Yen]

	June'12	June'13		
		Forecast	Result	Changes
Booking	152.2	167.0	166.8	-0.2
Back-log	65.0		72.5	
Sales	196.8	165.0	163.4	-1.6
Gross Margin Ratio	28.4 14.4%		37.0 22.6%	
Operating Profit	-6.4	5.4	6.1	0.7
Ratio	-3.2%	3.3%	3.7%	
XOProfit	0.2		0.3	
XO Loss	27.4		7.1	
Tax etc	15.6		2.5	
Minority Interests and loss	0.7		0.7	
Net income	-50	-5.2	-3.8	1.4

Sales and Operating Profit (By Half Year)



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

Result of order booking and sales by segment

Capital investments focusing on FPD and semiconductor production equipment continued to be delayed or reduced. However, at the end of the year, we began to see some capital investment taking place, and orders increased by 10% compared to the same period of the previous fiscal year. Due to a delay in the recovery of capital investment in equipment related to large LCD panels and semiconductor memory, overall sales focusing on production equipment for FPD, semiconductors, and electronic devices were down 17% compared to the same period of the previous fiscal year.

Difference by segment(Comparison with FY2012(June 2013))

[Unit:Bn.Yen]

June 2012		'June 2013	
Segment		Sales (Result)	Vs.June '12 (Change)
Vacuum Equipment Business	114.9	130.3	13%
FPD and PV Production Equipment	46.7	67.3	44%
Semiconductor & Electric Device Production Equipment	25.8	18.5	-28%
Component	20.7	23.3	12%
Industrial Equipment	21.7	21.1	-3%
Vacuum Application Business	37.3	36.5	-2%
Materials	15.1	13.9	-8%
Others	22.2	22.6	2%
Total	152.2	166.8	10%

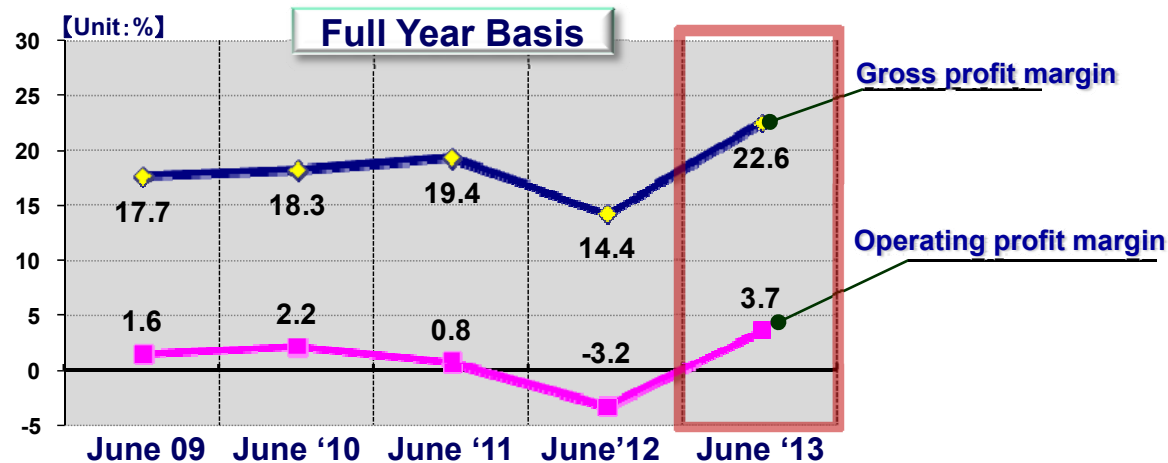
Difference by segment(Comparison with FY2012(June 2013))

June 2012		June 2013	
Segment		Sales (Result)	Vs.June'12 (Changes)
Vacuum Equipment Business	159.9	127.3	-20%
FPD and PV Production Equipment	86.2	57.7	-33%
Semiconductor & Electric Device Production Equipment	29.2	22.4	-24%
Component	22.2	23.4	5%
Industrial Equipment	22.3	23.9	7%
Vacuum Application Business	36.9	36.1	-2%
Materials	15.9	13.9	-12%
Others	21.0	22.2	5%
Total	196.8	163.4	-17%

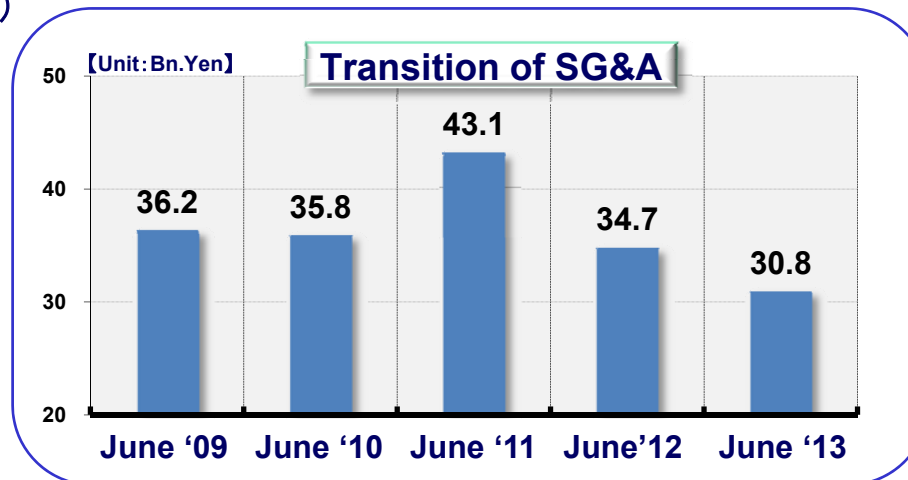
[Remarks: Figures indicated above are rounded off to the nearest unit and may not coincide with the total.]

Transition of profit

Additional cost and cost reduction pushed up gross margins and operating profit margins over the previous year.



(Reference)



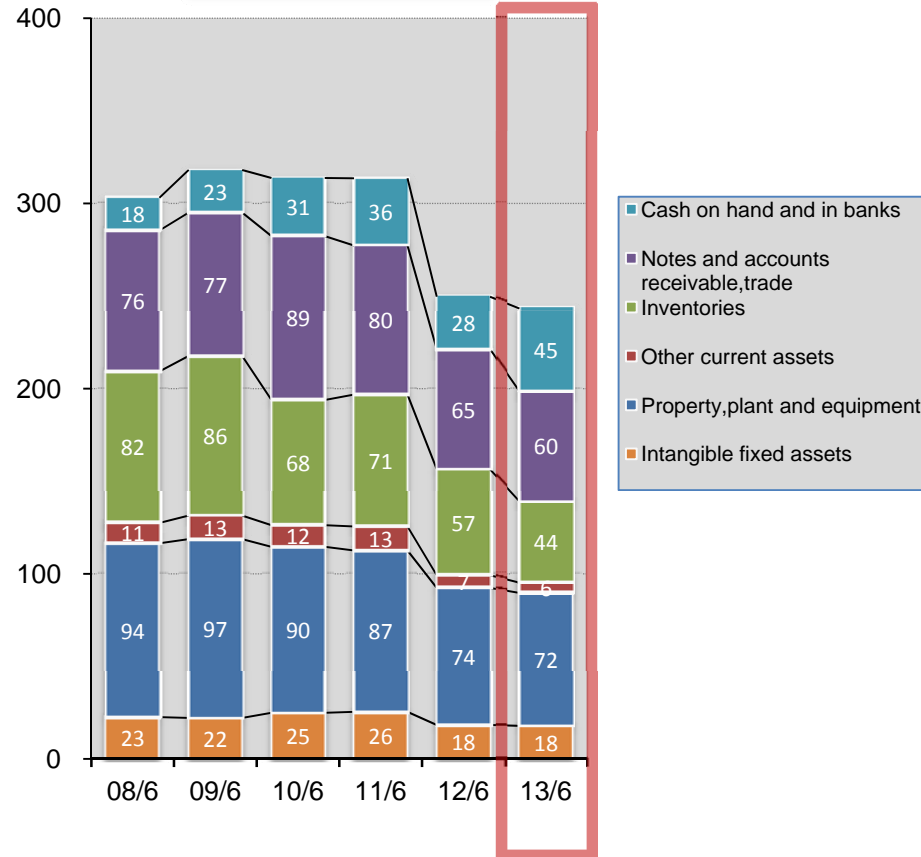
【Figures are rounded off to the first decimal place】

Balance sheet

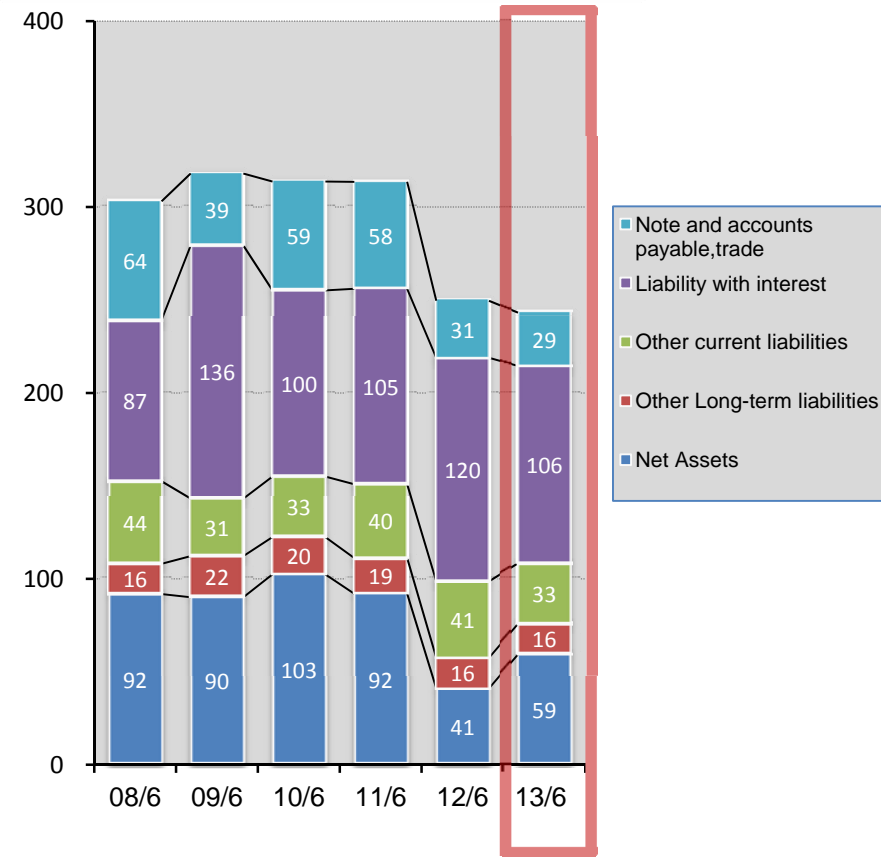
Issued preferred shares(15.0 bn. yen) helped shareholder's equity to increase with the shareholders' equity ratio rising to 22.7%.

Asset

[Unit :Bn.Yen]



Liabilities and Net assets

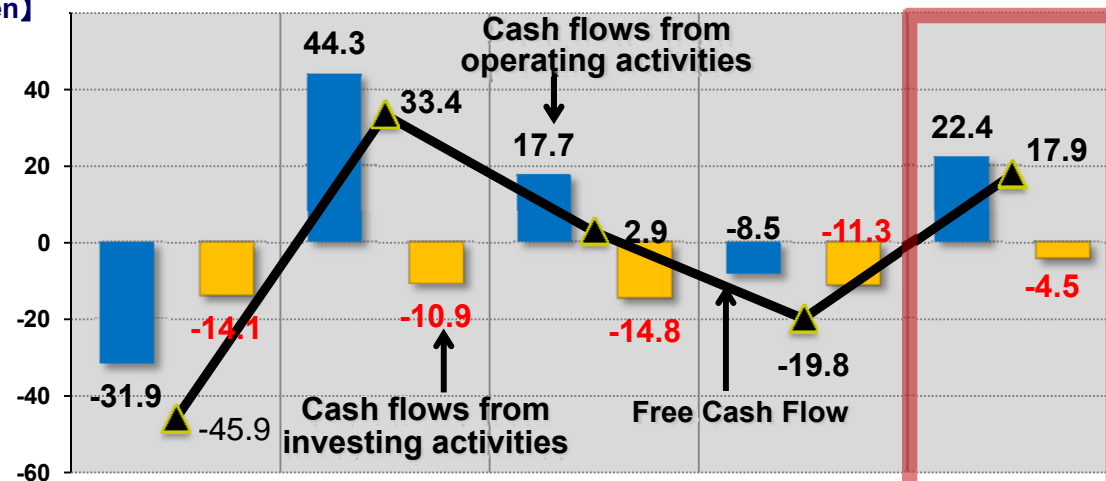


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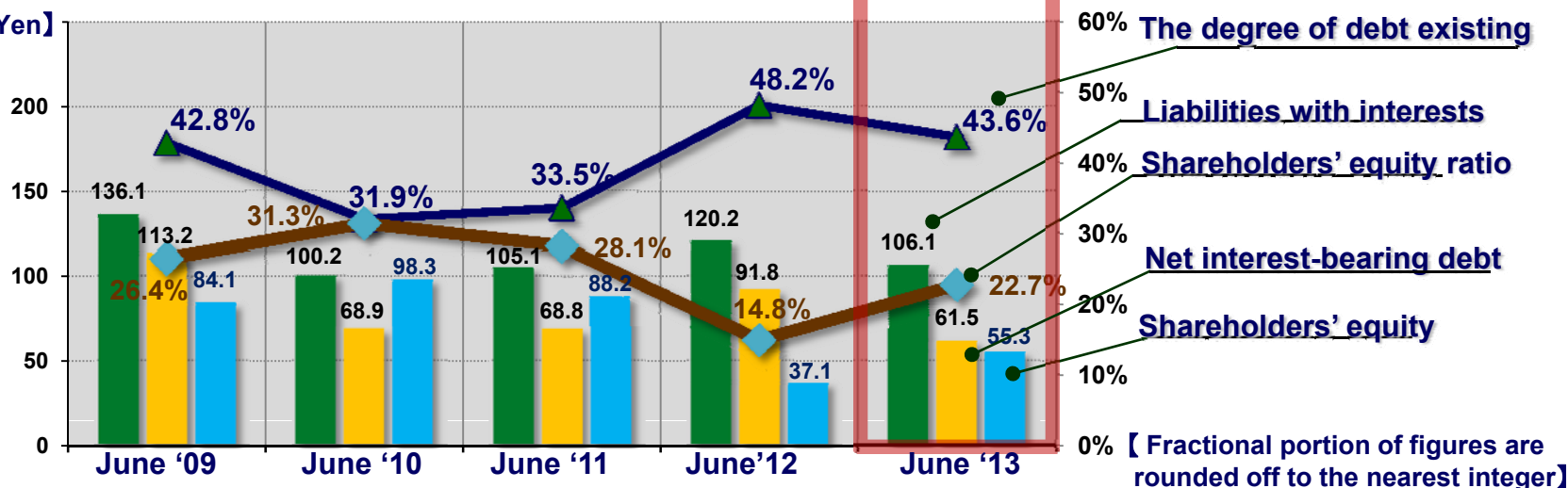
Cash Flow and Liabilities with Interests

Free cash flow improved because negative cash flow from investment activities was reduced and operating cash flow was improved.

[Unit:Bn.Yen]



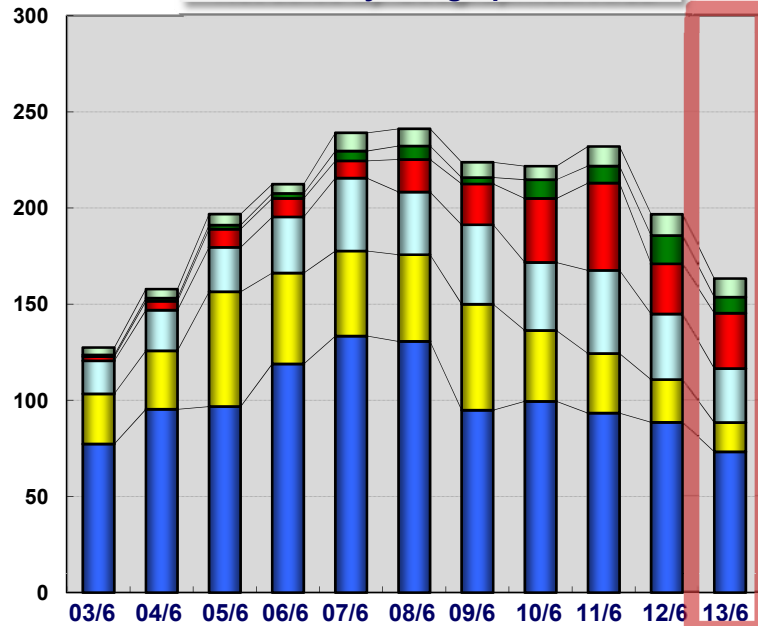
[Unit:Bn.Yen]



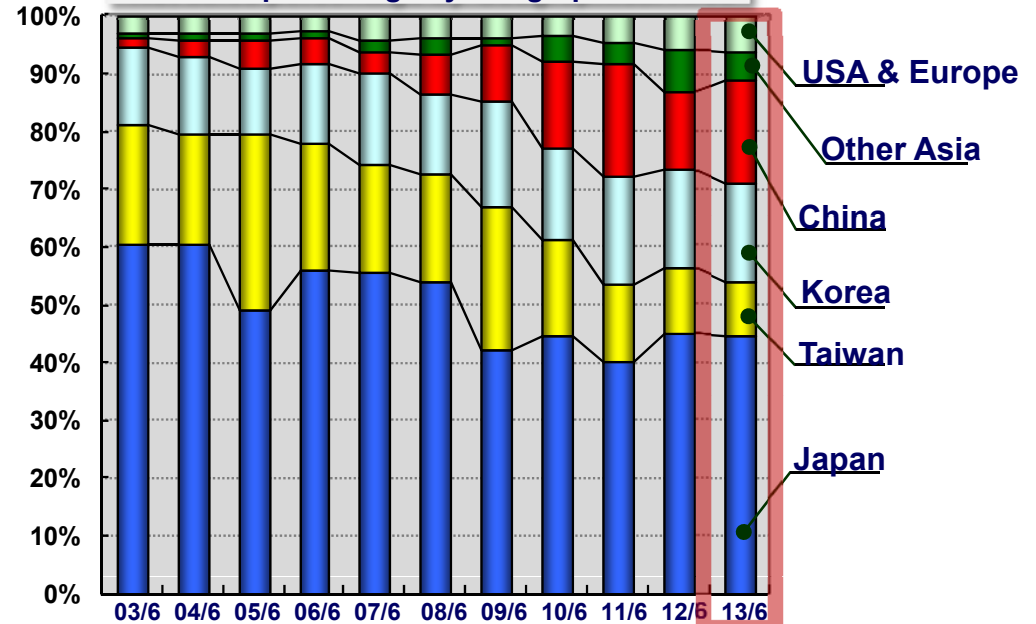
Transition of Net sales by Geographical Area

Net sales to Japan, Taiwan, and Korea continued to decrease. Meanwhile, net sales to China increased.

[Unit:Bn.Yen] Net sales by Geographical Area



Net sales percentage by Geographical Area



	03/6		04/6		05/6		06/6		07/6		08/6		09/6		10/6		11/6		12/6		13/6		
	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio	Sales	Ratio vs.'12/6	
JAPAN	77.3	61%	95.3	60%	96.8	49%	118.9	56%	133.4	56%	130.7	54%	94.9	42%	99.5	45%	93.3	40%	88.6	45%	73.2	45%	-17%
TAIWAN	26.1	20%	30.4	19%	59.7	30%	47.3	22%	44.2	18%	45.1	19%	55.1	25%	36.9	17%	31.0	13%	22.3	11%	15.3	9%	-31%
KOREA	17.2	13%	21.1	13%	23.1	12%	29.2	14%	37.9	16%	32.6	14%	41.3	18%	35.4	16%	43.3	19%	34.1	17%	28.1	17%	-18%
CHINA	2.2	2%	4.7	3%	9.4	5%	9.6	5%	9.0	4%	16.9	7%	21.2	9%	33.3	15%	45.4	20%	26.1	13%	28.8	18%	10%
Other Asia	0.9	1%	1.6	1%	2.1	1%	2.6	1%	5.1	2%	7.0	3%	3.3	1%	9.8	4%	8.9	4%	14.7	7%	8.4	5%	-43%
USA & Europe	3.8	3%	4.7	3%	5.7	3%	4.8	2%	9.5	4%	8.9	4%	8.0	4%	7.0	3%	10.2	4%	11.1	6%	9.6	6%	-13%
Total	127.5	100%	157.9	100%	196.8	100%	212.5	100%	239.2	100%	241.2	100%	223.8	100%	221.8	100%	232.0	100%	196.8	100%	163.4	100%	-17%

[Figures are rounded off to the first decimal place]

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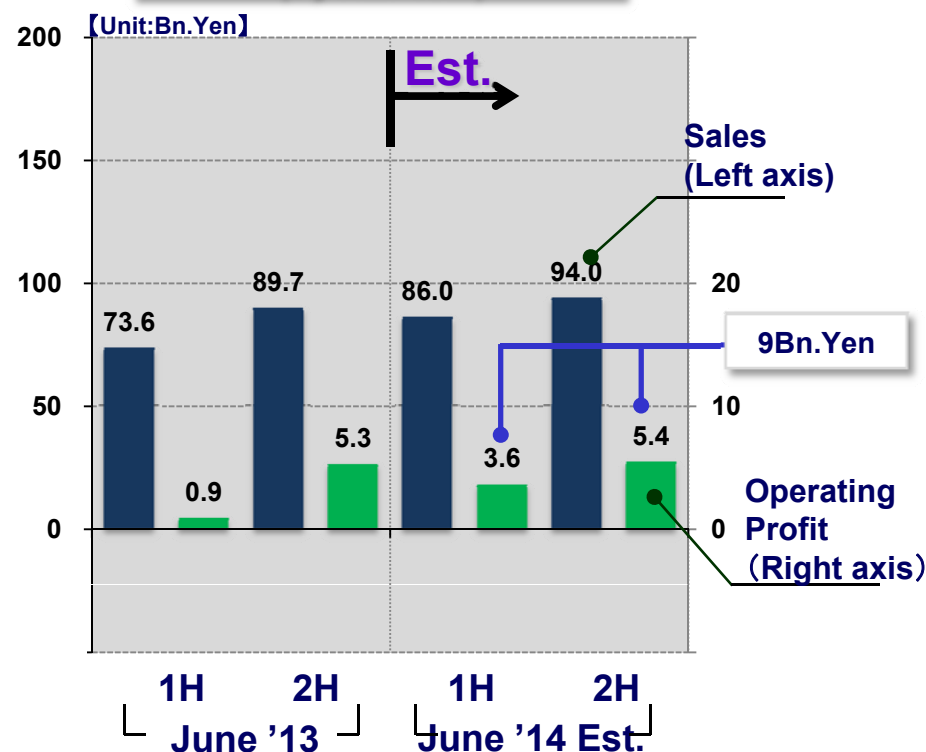
Forecast of June 2014 Full Year

Compared to the same period of the previous fiscal year, orders received increased 8% while net sales are expected to increase 10%. Operating profit is forecasted to be 9 bn. yen, mainly due to an increase in sales of highly profitable production equipment for semiconductors and electronic devices. We expect to return to profitability this year.

[Unit:Bn.Yen]

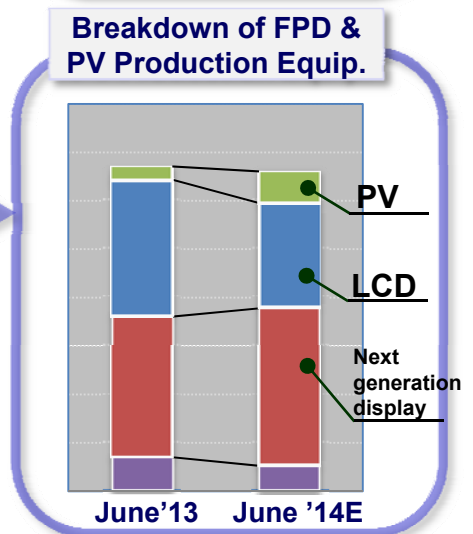
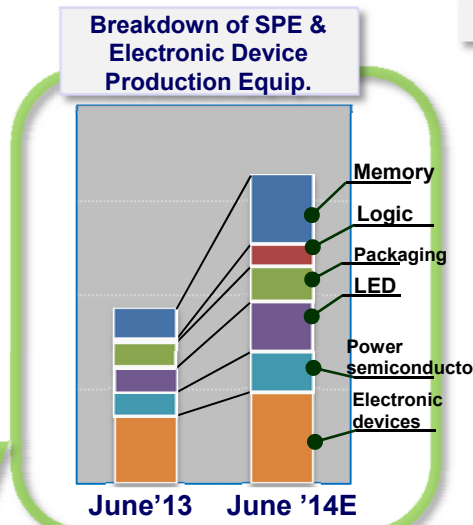
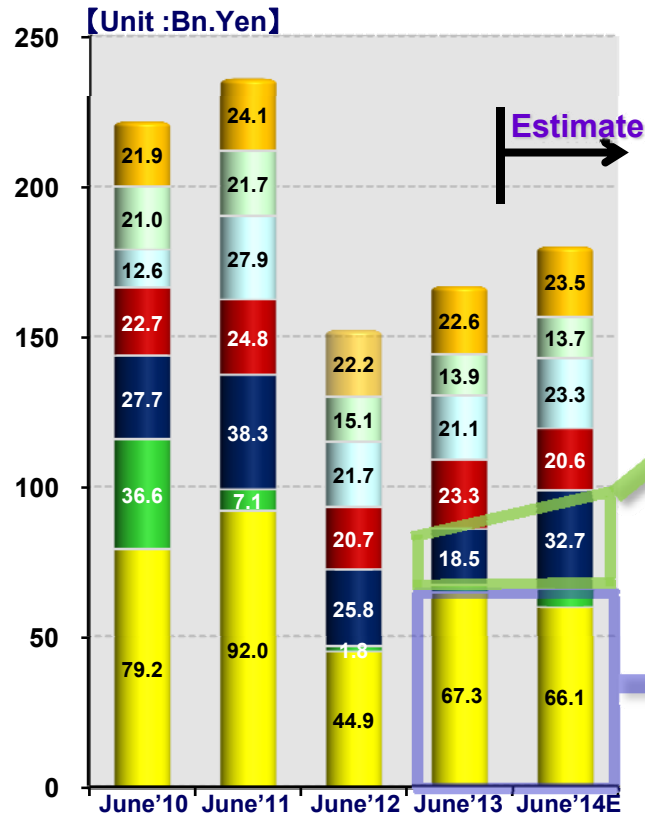
	June '13	June '14 Est	
		1H	Full Year
Booking	166.8	84.0	180.0
Back-log	72.5	70.5	72.5
Sales	163.4	86.0	180.0
Operating profit	6.1	3.6	9.0
Ratio	3.7%	4.2%	5.0%
Net Income	-3.8	1.0	4.0

Sales and Operating Profit
(By Half Year)



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Transition of Order received by segment /Estimate



Outlook for FY ending June 2014

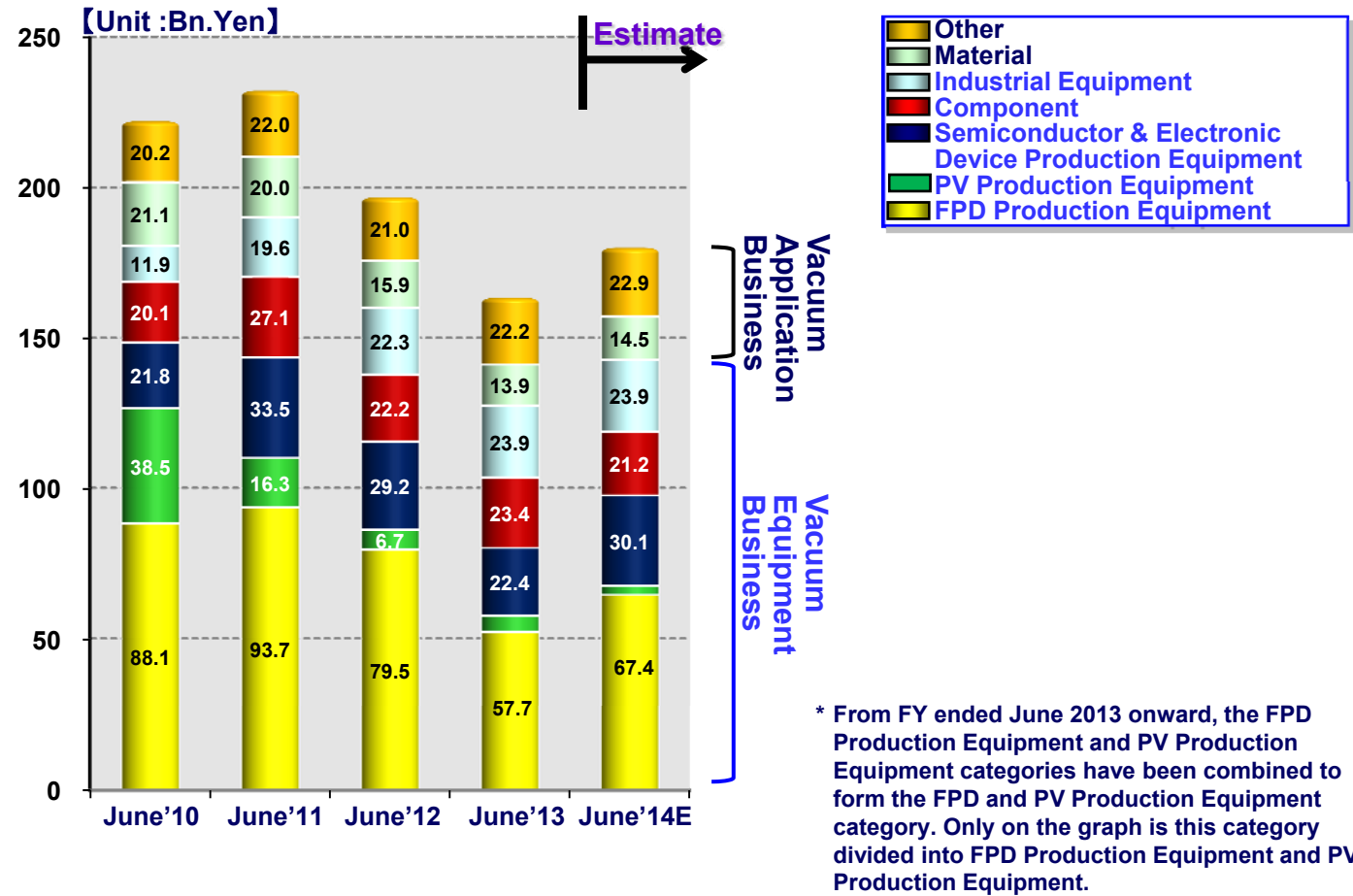
- **Memory:** Capital investment in NAND flash is expected in China, Japan, and the U.S.
- **Logic/packaging:** Capital investment in foundries is expected to continue.
- **LED:** Capital investment is expected in Japan and China.
- **Power semiconductors:** Capital investment is expected in Japan and China.
- **Electronic devices:** Investment in highly functional devices—such as automotive parts, MEMS, and batteries is expected.

- PV**
- **PV:** Capital investment in Compound type solar cells and highly efficient solar cells is expected.
- FPD**
- **LCD:** We foresee the majority of the capital investment in panels being focused on small and medium-sized panels, with investment in large panels taking place only in China. We also expect to see capital investment in panels using IGZO (oxide) technology.
 - **Next generation displays:** We expect investment to take place in China and Taiwan, and for it to focus on small, medium, and large panels using OLED technology.

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Transition of Sales by segment /Estimate

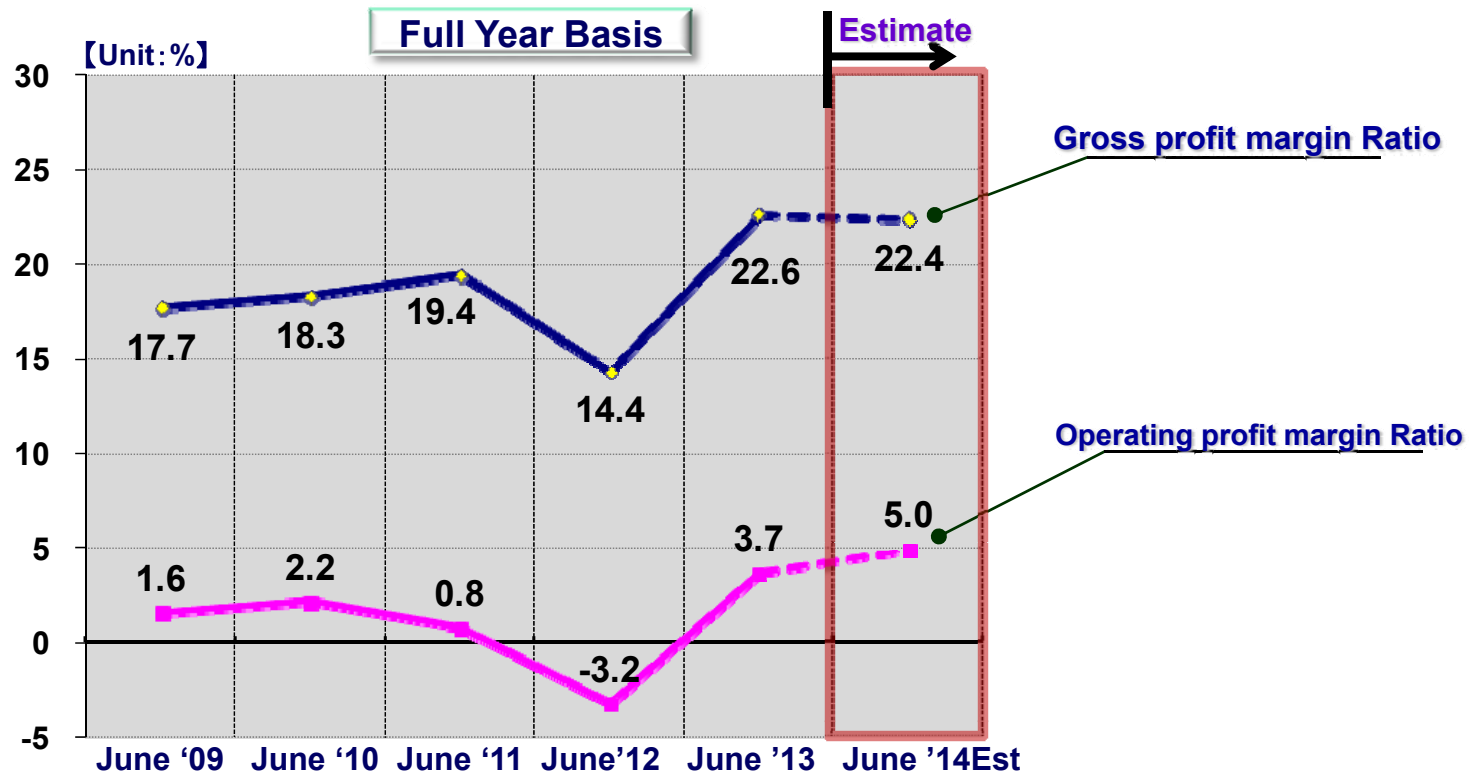
Given that orders for FPD production equipment using OLED technology started to accumulate in the previous year and that we foresee an increase in orders for production equipment for semiconductors and electronic devices, we expect sales revenue to increase.



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Outlook for profitability - Estimate

We expect our operating profit margin to improve compared to the same period of the previous year due to increased sales of production equipment for semiconductors and electronic devices.

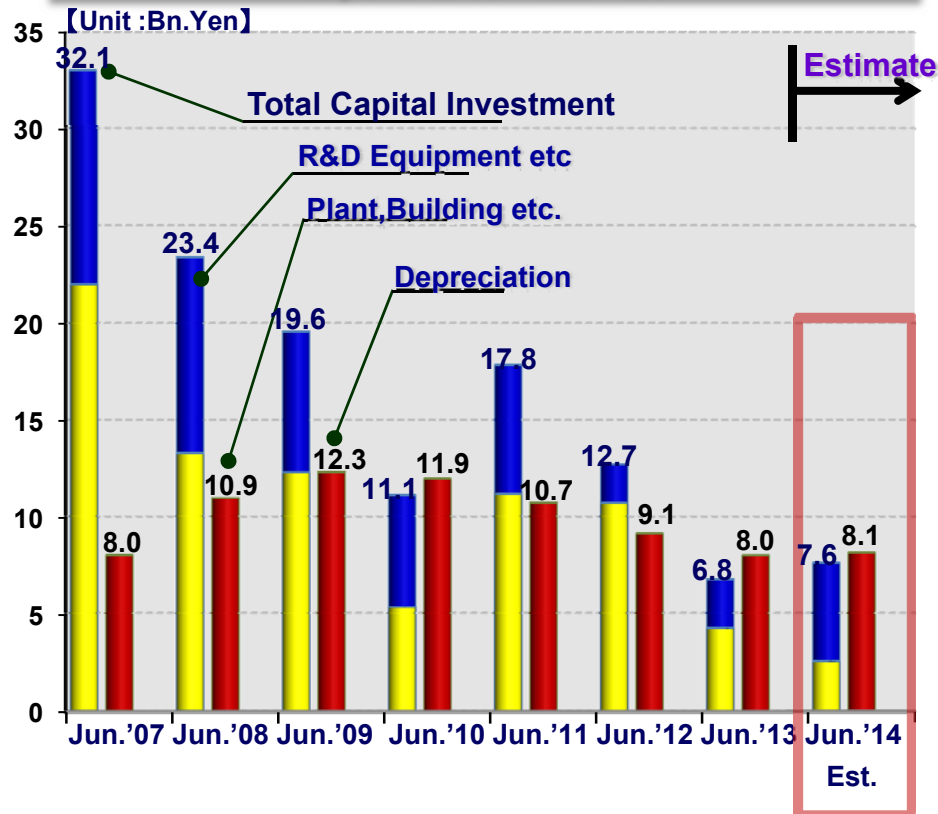


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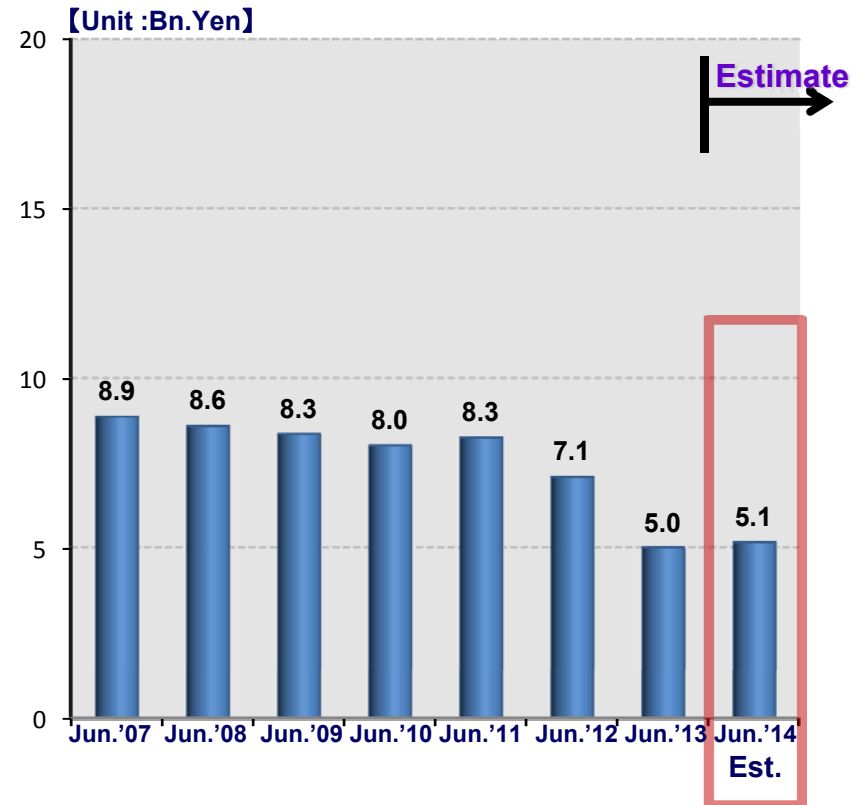
Transition of Capital Investments, Depreciation Expenditures and R & D Expenditures · Estimate

We will keep our total investment amount within the depreciation expenses, and will focus our capital investment on equipment for R&D to strengthen our competitive position in the market.

Transition of Capital Investments, Depreciation Expenditures · Estimate



R & D Expenditures · Estimate

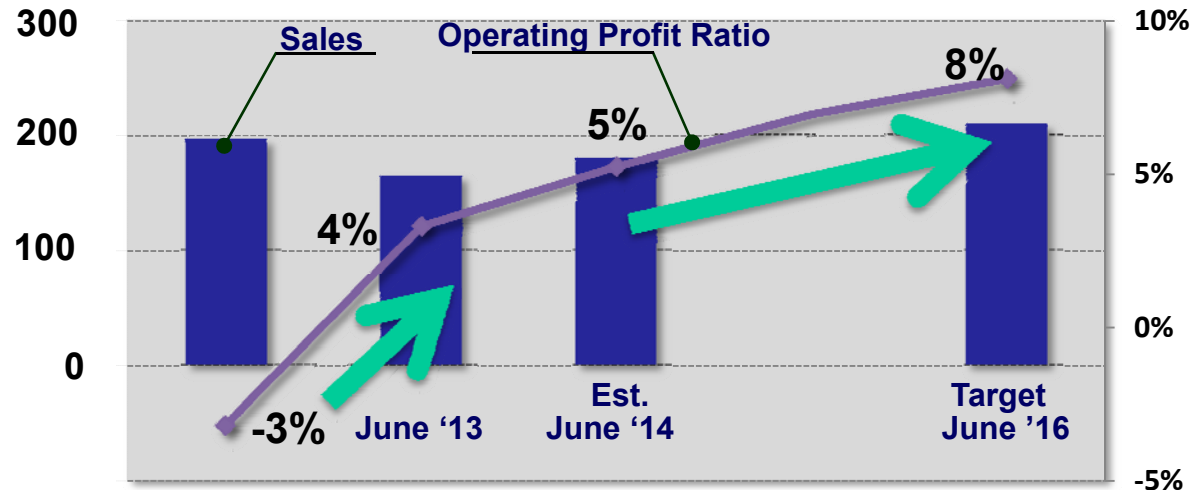


【Figures are rounded off to the first decimal place】

Target Values (consolidated)

[Unit : Bn. Yen]

Sales and Operating Profit Ratio



Promotion of cost reduction

1. June '13

- Additional cost reductions
- Cost reduction by integrated purchasing
- Strive for orders that emphasize profitability
- Fixed cost reduction

2. June '14 onward

Strengthening the following items as well as the above

- Promotion of standardization
- Optimization of global production
- Comprehensive management of profitability by product

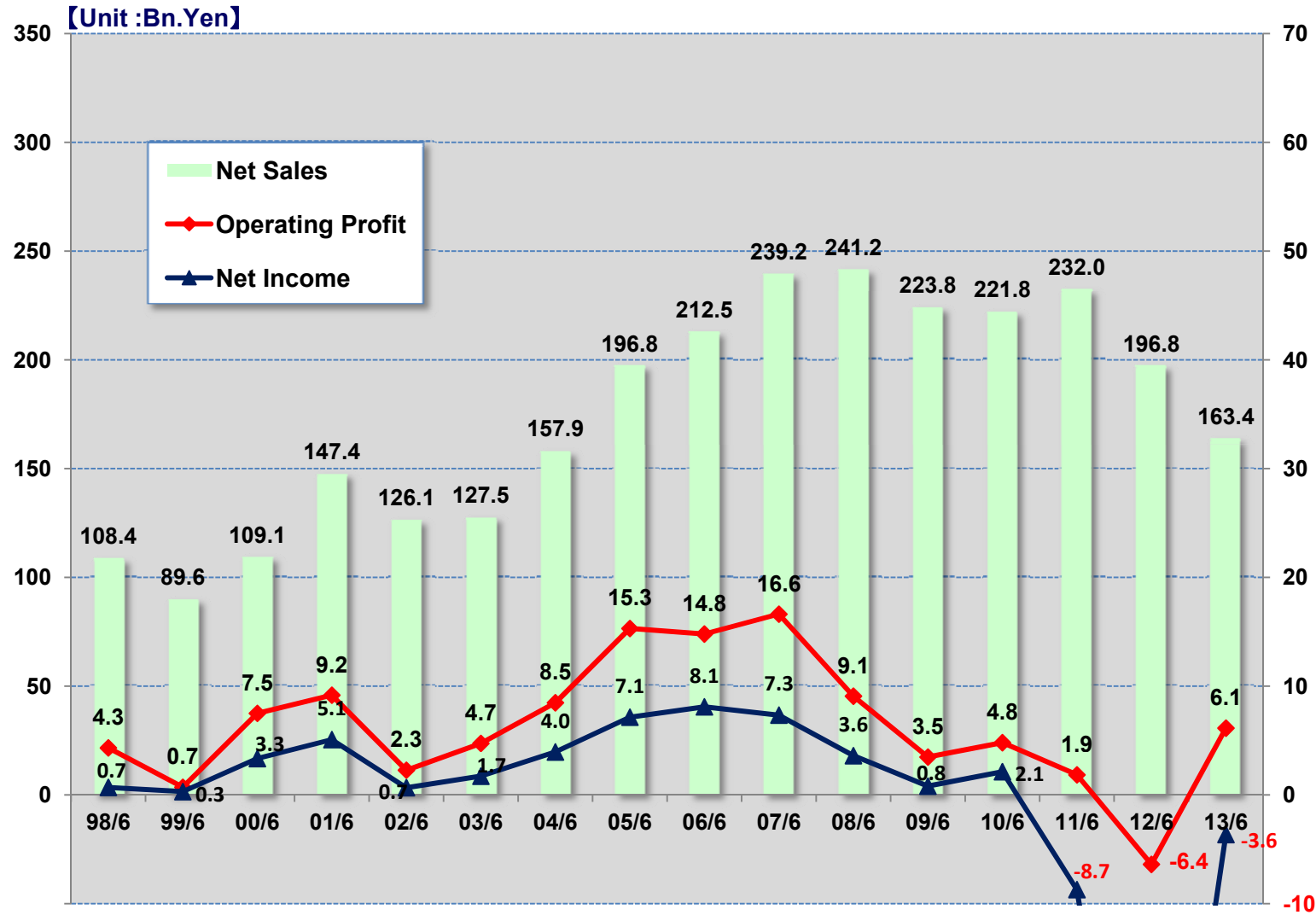
	June2012	June2013	June2014 Est.		June 2016 Target
Orders received	152.2	166.8	180.0	→	205.0
Sales	196.8	163.4	180.0	→	205.0
Operating Profit (Ratio)	-6.4 (-3%)	6.1 (4%)	9.0 (5%)		17.0 (8%)
Net Income	-50.0	-3.8	4.0		11.0

Innovation begins

in a vacuum

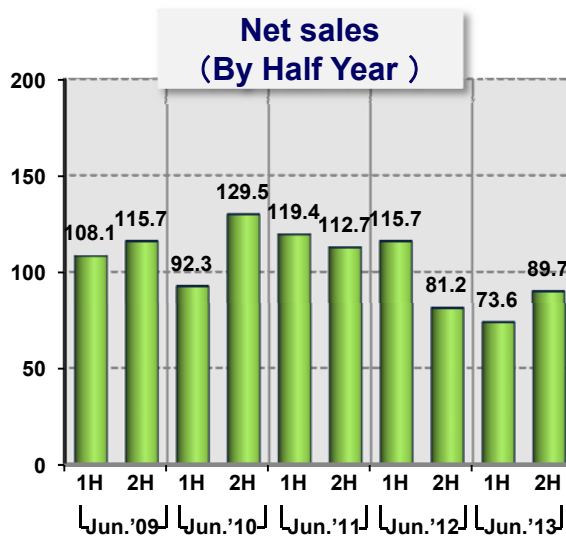
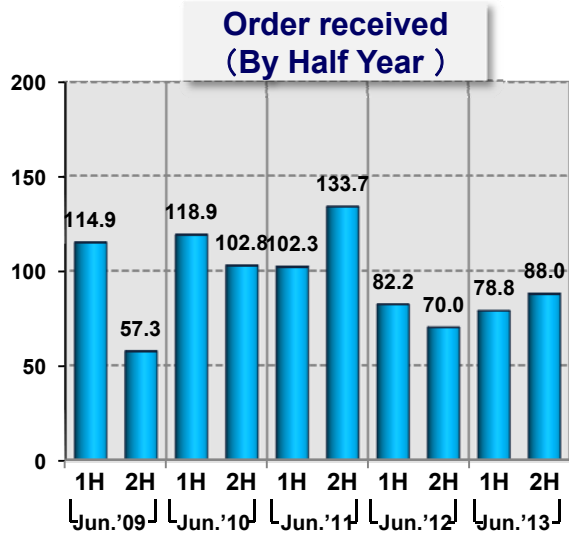
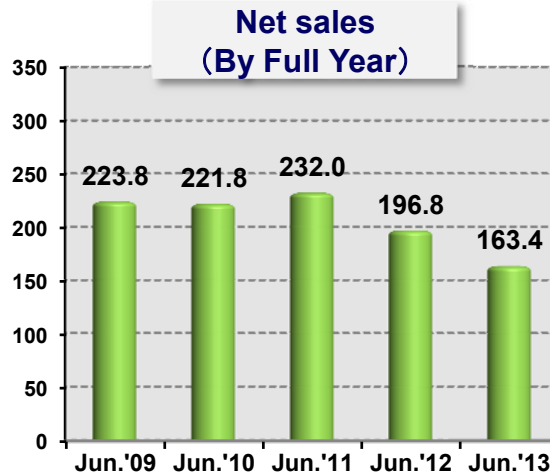
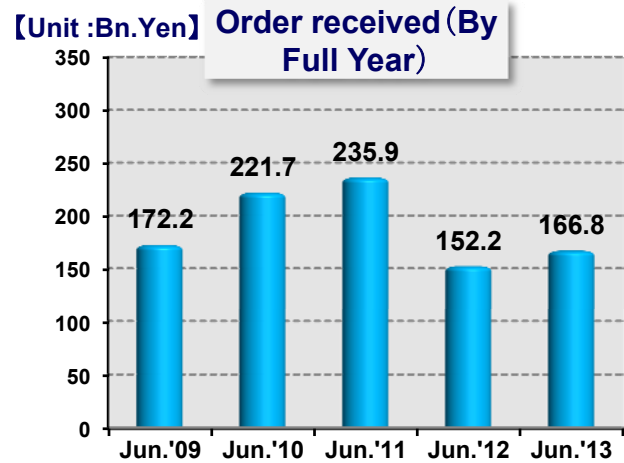
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Transition of Net sales and Profit



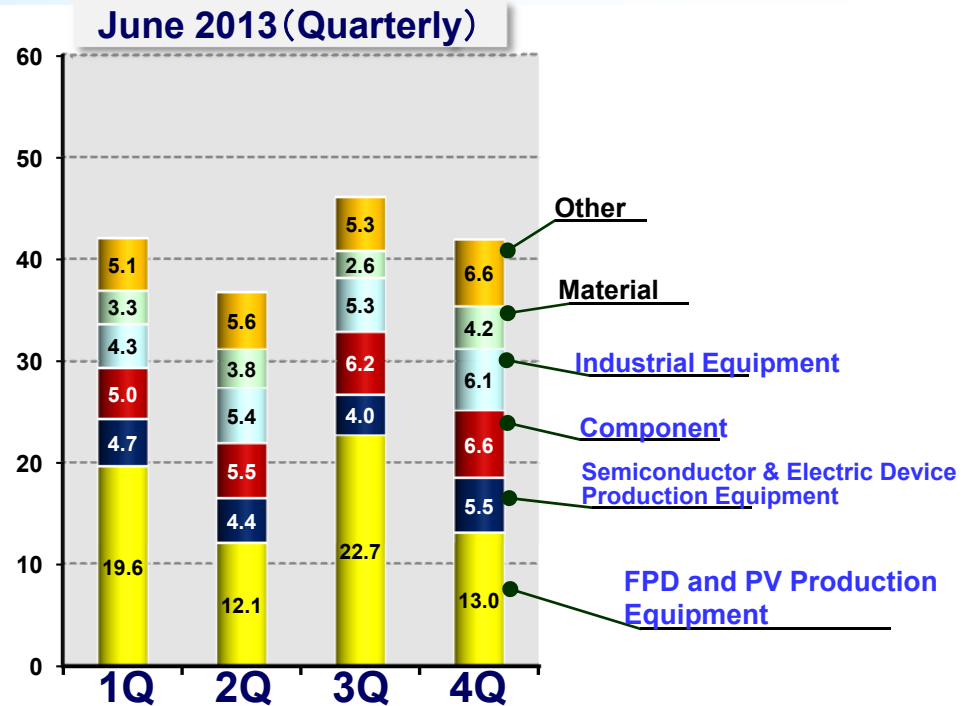
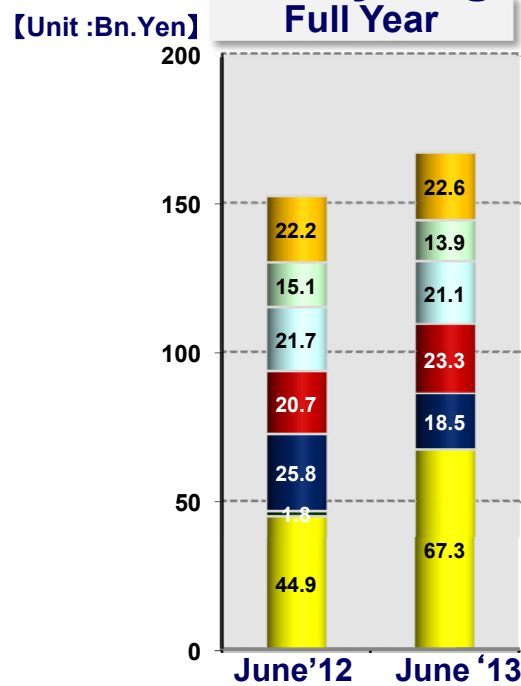
[Figures are rounded off to the first decimal place]

Transition of Order received · Net sales · Order Backlogs



[Figures are rounded off to the first decimal place]

Order received by Segment

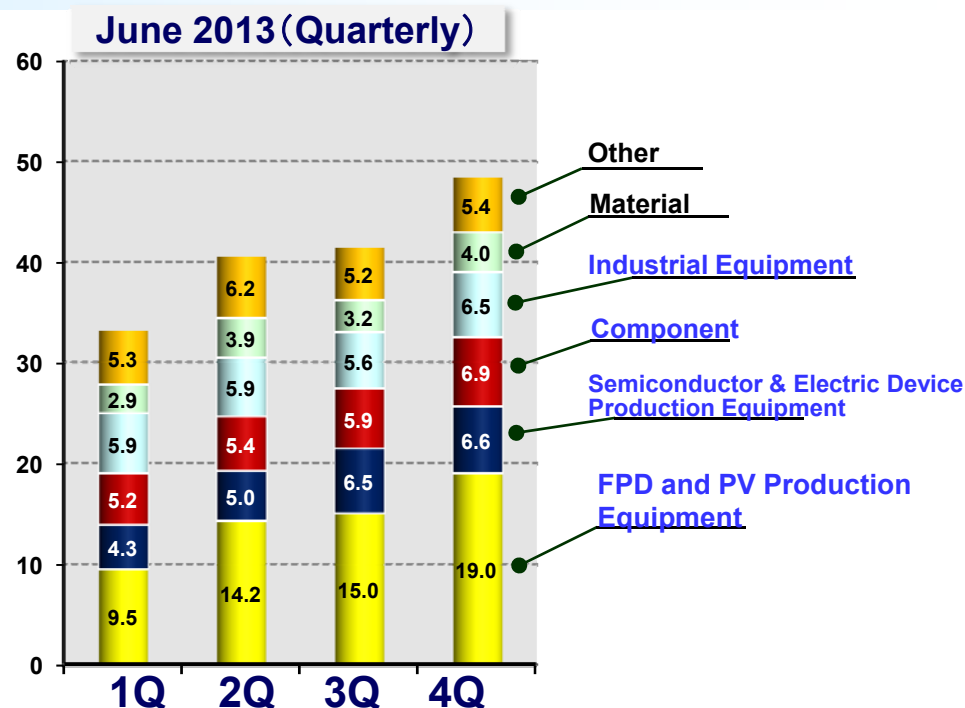
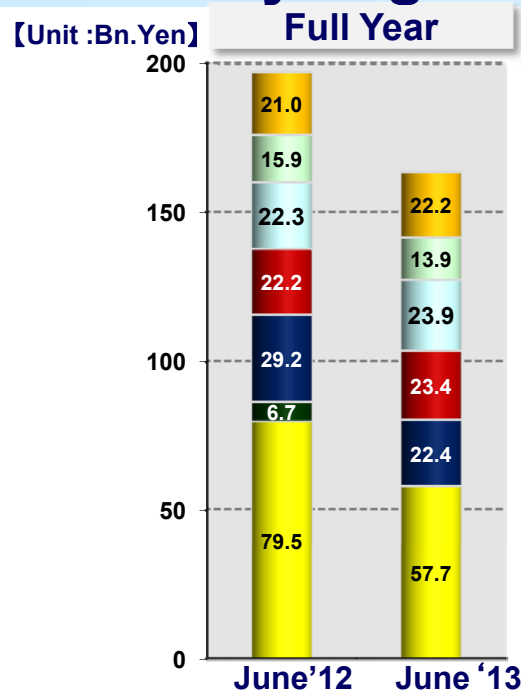


[Unit :Bn.Yen]

June 2012			June 2013			vs. '12/6 (Changes)	1Q		2Q		3Q		4Q	
Segment	Order	%	Segment	Order	%		Order	%	Order	%	Order	%	Order	%
Vacuum Equipment Business	114.9	75.5%	Vacuum Equipment Business	130.3	78.1%	13.4%	33.6	80.0%	27.3	74.4%	38.2	82.8%	31.2	74.3%
FPD production equipment	44.9	29.5%	FPD and PV production equipment	67.3	40.4%	44.2%	19.6	46.5%	12.1	32.8%	22.7	49.2%	13.0	31.1%
PV production equipment	1.8	1.2%	Semiconductor and Electronics device Production Equipment	18.5	11.1%	-28.3%	4.7	11.2%	4.4	11.9%	4.0	8.7%	5.5	13.0%
Semiconductor and Electronics device Production Equipment	25.8	17.0%	Component	23.3	14.0%	12.5%	5.0	12.0%	5.5	14.9%	6.2	13.5%	6.6	15.7%
Component	20.7	13.6%	Industrial Equipment	21.1	12.7%	-2.5%	4.3	10.3%	5.4	14.8%	5.3	11.5%	6.1	14.5%
Industrial Equipment	21.7	14.2%	Vacuum Application Business	36.5	21.9%	-2.2%	8.4	20.0%	9.4	25.6%	7.9	17.2%	10.8	25.7%
Vacuum Application Business	37.3	24.5%	Materials	13.9	8.3%	-8.3%	3.3	7.8%	3.8	10.4%	2.6	5.6%	4.2	9.9%
Materials	15.1	9.9%	Others	22.6	13.6%	1.9%	5.1	12.1%	5.6	15.3%	5.3	11.6%	6.6	15.7%
Others	22.2	14.6%	Total	166.8	100.0%	9.6%	42.0	100.0%	36.8	100.0%	46.1	100.0%	41.9	100.0%
Total	152.2	100.0%												

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

Net sales by segment



[Unit :Bn.Yen]

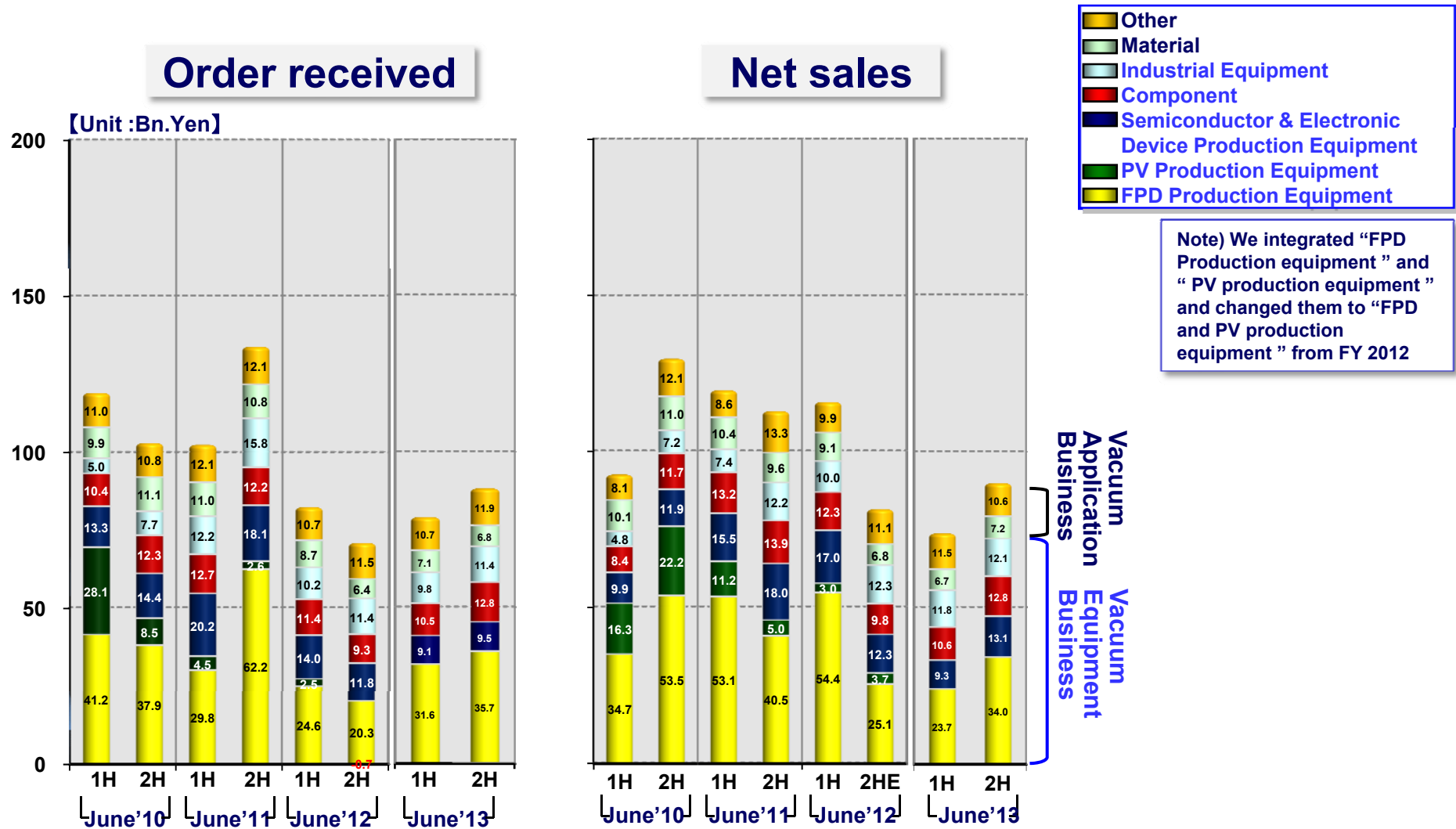
June 2012		
Segment	Sales	%
Vacuum Equipment Business	159.9	81.2%
FPD production equipment	79.5	40.4%
PV production equipment	6.7	3.4%
Semiconductor and Electronics device Production Equipment	29.2	14.9%
Component	22.2	11.3%
Industrial Equipment	22.3	11.3%
Vacuum Application Business	36.9	18.8%
Materials	15.9	8.1%
Others	21.0	10.7%
Total	196.8	100.0%

June 2013				vs. '12/6 (Changes)
Segment	Sales	%		
Vacuum Equipment Business	127.3	77.9%		-20.4%
FPD and PV production equipment	57.7	35.3%		-33.1%
Semiconductor and Electronics device Production Equipment	22.4	13.7%		-23.5%
Component	23.4	14.3%		5.5%
Industrial Equipment	23.9	14.6%		7.2%
Vacuum Application Business	36.1	22.1%		-2.3%
Materials	13.9	8.5%		-12.4%
Others	22.2	13.6%		5.4%
Total	163.4	100.0%		-17.0%

		1Q		2Q		3Q		4Q	
Segment	Sales	%	Sales	%	Sales	%	Sales	%	
Vacuum Equipment Business	24.9	75.2%	30.5	75.2%	32.9	79.6%	39.0	80.6%	
FPD and PV production equipment	9.5	28.7%	14.2	35.1%	15.0	36.2%	19.0	39.2%	
Semiconductor and Electronics device Production Equipment	4.3	13.1%	5.0	12.2%	6.5	15.6%	6.6	13.7%	
Component	5.2	15.6%	5.4	13.4%	5.9	14.3%	6.9	14.2%	
Industrial Equipment	5.9	17.9%	5.9	14.4%	5.6	13.5%	6.5	13.5%	
Vacuum Application Business	8.2	24.8%	10.1	24.8%	8.4	20.4%	9.4	19.4%	
Materials	2.9	8.6%	3.9	9.6%	3.2	7.7%	4.0	8.2%	
Others	5.3	16.1%	6.2	15.3%	5.2	12.6%	5.4	11.2%	
Total	33.1	100.0%	40.5	100.0%	41.4	100.0%	48.4	100.0%	

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

Transition of Order received and Net Sales by Segment (Half Year)



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

ULVAC Overview (June 30, 2013)

Others (Surface analytical Equipment, Control system, Coating business etc)



Material (Sputtering target, Advanced material etc)



Industrial Equipment (Vacuum heat treatment etc)

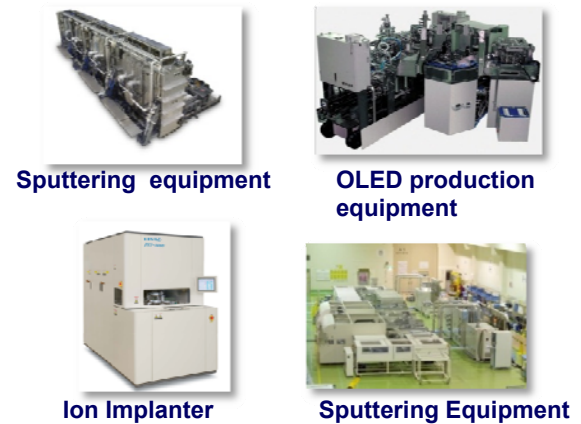


Component (Vacuum pump, Gauge, Power supply etc)



■ Vacuum Equipment Business
■ Vacuum Application Business

FPD and PV production equipment (LCD, OLED etc production equipment . Solar Cells (Thin film ,c-Si, Compound etc) production equipment)



Semiconductor and Electronic Device Production Equipment (Memory ,LED, Elec. device etc production equipment)

