

(Securities code: 6728)

# Business Results

**FY2020**

**First to Third Quarter (cumulative)**

(July 2020 - March 2021)

**May 14, 2021**

**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.

There are several factors that directly or indirectly impact the company performance, such as the global economy; market conditions for FPDs, semiconductors, electronic devices, and raw materials; trends in capital expenditures and fluctuations in exchange rates. Please note that actual business results may differ significantly from these forecasts and future projections.

## ◆ 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 10<sup>th</sup> of the unit stated.

Percentages: Rounded to the nearest 10<sup>th</sup> after yen values are rounded.

### Abbreviations of accounting periods:

1Q to 3Q (cumulative): First to third quarter consolidated cumulative period

3Q : Third quarter consolidated period

## Full-year earnings forecast · Dividend forecast revised

- Full-year earnings forecast revised upward (mainly due to increase in orders and sales in semiconductor and electronics-related businesses)
- Dividend forecast revised from 70 yen to 80 yen
- 1Q to 3Q cumulative orders increased YoY. Net sales decreased YoY due to the decrease in orders in FY 2019, but on an upward trend after 1H of the current fiscal year. Expected to increase next year onwards.

	Full-year forecast		1Q to 3Q (cumulative)
	Revised forecast	vs. Initial plan (changes)	Results
□ Orders Received	¥185 billion	+¥5 billion	¥133.1 billion
□ Net Sales	¥180 billion	+¥15 billion	¥128.5 billion
□ Operating Profit	¥16.5 billion	+¥1.5 billion	¥10.2 billion
□ Net income	¥12.5 billion	+¥2.5 billion	¥8.3 billion
□ Dividend	¥80	+¥10	

3

FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

Today, along with the disclosure of 3Q financial results, we announced an upward revision to our full-year earnings forecast due to increased orders and sales in the semiconductor electronics-related business.

We expect orders to increase by 5 billion yen, sales to increase by 15 billion yen, operating income to increase by 1.5 billion yen, and net income to increase by 2.5 billion yen.

We have also increased our dividend forecast from 70 yen to 80 yen.

Orders received in the 1Q to 3Q consolidated business results increased from the same period of the previous fiscal year to 133.1 billion yen.

Net sales decreased year on year due to a decrease in orders received in FY 2019, but on a half-yearly basis, sales are on an upward trend after the first half.

## Revision of FY2020 Full Year Consolidated Earnings Forecast

- Full-year earnings forecast revised upward mainly due to the increase in orders and sales in semiconductor electronics-related businesses
- Dividend forecast revised from 70 yen to 80 yen

(Unit: ¥1 billion)

	FY2019 Full Year Result	1Q to 3Q (cumulative) Result	FY2020			FY2020	
			Initial Plan	Revised Forecast	vs. Plan (Changes)	1H Result	Revised 2H Forecast
<b>Orders Received</b>	156.6	133.1	180.0	<b>185.0</b>	5 2.8%	91.0	<b>94.0</b>
<b>Net Sales</b>	185.4	128.5	165.0	<b>180.0</b>	15 9.1%	83.8	<b>96.2</b>
<b>Operating Profit</b>	16.0	10.2	15.0	<b>16.5</b>	2 10.0%	5.8	<b>10.7</b>
<b>Ratio</b>	8.6%	7.9%	9.1%	<b>9.2%</b>	+ 0.1 pt	7.0%	<b>11.1%</b>
<b>Net Income</b>	10.8	8.3	10.0	<b>12.5</b>	3 25.0%	4.5	<b>8.0</b>
<b>Ratio</b>	5.8%	6.4%	6.1%	<b>6.9%</b>	+ 0.9 pt	5.4%	<b>8.3%</b>

4 FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

Mainly due to an increase in orders and net sales in the semiconductor and electronics related fields, the revised forecast includes an increase of 5.0 billion yen in annual orders from 180.0 billion yen to 185.0 billion yen, an increase of 15.0 billion yen in net sales from 165.0 billion yen to 180.0 billion yen, an increase of 1.5 billion yen in operating income from 15.0 billion yen to 16.5 billion yen, and an increase of 2.5 billion yen in net income from 10.0 billion yen to 12.5 billion yen.

The operating margin is expected to be 9.2%, exceeding the initial forecast of 9.1%, and the net margin is expected to be 6.9%, exceeding the initial forecast of 6.1%.

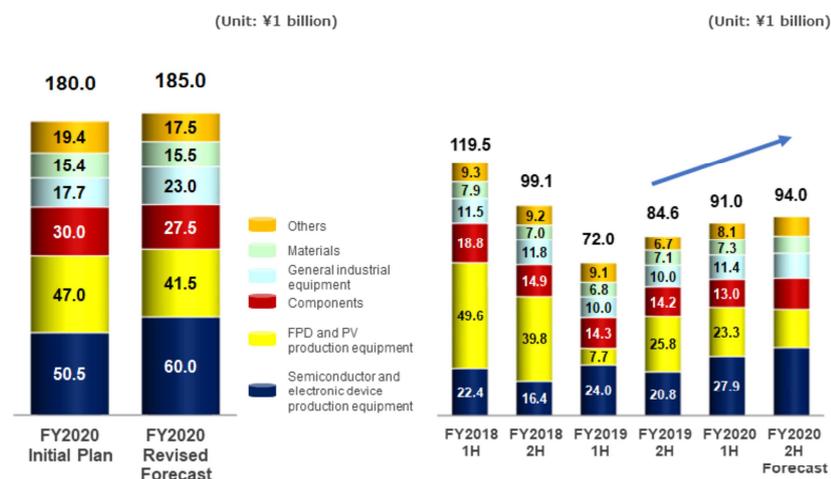
In addition, a gain of 2.5 billion yen on the sale of shares was recorded in the 3Q.

In the table on the right, comparing the first and second half of the fiscal year, orders are expected to increase from 91 billion yen in the first half to 94 billion yen in the second half, sales from 83.8 billion yen to 96.2 billion yen, and operating income from 5.8 billion yen to 10.7 billion yen.

The operating margin for the second half of the fiscal year is expected to improve significantly to 11.1%.

## Revision of FY2020 Full Year Consolidated Earnings Forecast (Orders)

- Orders revised upward from ¥180.0 billion to ¥185.0 billion due to increased investment activity in semiconductor and electronics-related business (+¥9.5 billion)
- Orders increased after 1H FY2019.



### Semiconductor and Electronic Device Production Equipment

- Sales of **electronics-related products**, including Power devices, Optical devices, Communication devices, etc. are expected to **increase by approx. 20% from the initial plan** due to strong sales mainly in Japan and China.
- **Semiconductor** sales are expected to **increase by approx. 20% compared to the initial plan** (1H→2H: **approx. 40% increase**) due to resumption of memory investment and continuous logic investment.
- **Both semiconductor and electronics orders are expected to increase in the next fiscal year and onward.**

### FPD·PV Production Equipment

- The investment in **OLED for smartphones (Sputtering equipment)** and equipment for large LCD TVs are expected to continue until next fiscal year.
- Corresponding to mass production development investment for large substrate OLEDs used for IT, TV

5 FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

We would like to explain the upward revision of orders received, including market trends.

Semiconductors and electronics, which are in blue in the graph on the left, are expected to increase by 9.5 billion yen from the initial forecast of 50.5 billion yen to 60 billion yen.

In electronic components, sales of power devices, opto-devices, communication devices, etc. are strong, especially in Japan and China.

Of the 60.0 billion yen in semiconductors and electronics, we expect electronics-related products to account for about 35.0 billion yen, an increase of about 20% from our initial forecast, and we believe this will continue to increase in the next fiscal year.

Orders for semiconductors are expected to increase by about 30% year on year due to the resumption of investment in memory and the continuation of investment related to metal hard masks for logic.

Of the 60 billion yen for semiconductors and electronics, around 25 billion yen is expected to be for semiconductor-related orders, an increase of around 20% from the initial forecast.

The main reason for the increase compared to the previous year and to the initial forecast is the growth in memory-related orders.

Comparing the first half of the year with the second half of the year, overall

semiconductor-related sales are expected to increase by about 40% due to active investment in DRAM and NAND.

We expect that orders for the next fiscal year will also increase by more than 30% compared to the current fiscal year, but we are currently examining and discussing the specific amounts and other details and will provide an explanation in August.

When we formulated the plan for FPD-related products at the beginning of the fiscal year, we expected to receive orders for a large amount of additional investment in LCDs for large TVs in the first half of the fiscal year and for two OLED deposition lines for smartphones in the second half.

Although it has not been confirmed yet, the FPD order forecast for the current fiscal year has been revised downward due to the possibility that orders for the two OLED deposition lines will be delayed to the next fiscal year.

On the other hand, due to the staying at home demand caused by the COVID19, LCD investment projects for IT applications such as tablets and PCs as well as for large TVs increased. In addition, orders for sputtering equipment for backplanes of OLEDs for smartphones were expected to be rather low due to the competition, but orders were received due to the high evaluation of the equipment's ability to produce less particles (fine dust) for high-definition applications.

Compared to our initial forecast, we expect LCD investment and OLED backplane orders to increase, and even with the possibility of the two OLED deposition lines being moved to the next fiscal year, we are forecasting orders of 41.5 billion yen.

In the next fiscal year, we believe that investment in LCD panels for IT applications such as tablets and PCs will continue in response to staying at home demand, and additional investment for large TVs is also expected, so LCD-related investment may exceed the current fiscal year.

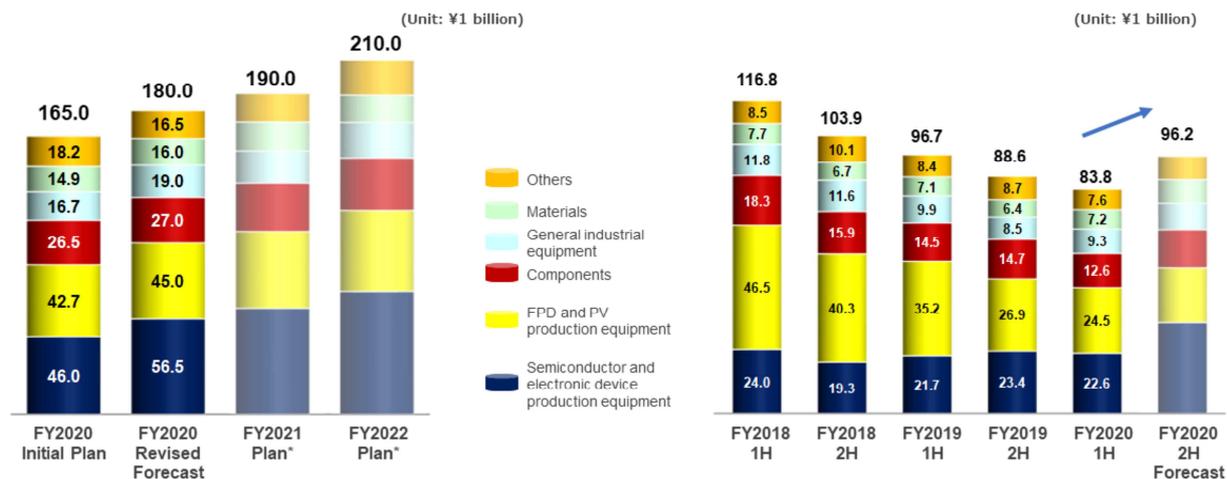
We also expect to receive orders for sputtering equipment for backplanes and other products as companies continue to invest in OLEDs for smartphones. In addition, mass production development of OLEDs for large substrates is underway, and we believe that business opportunities will expand in the next fiscal year and onward.

If the two evaporation equipment lines are delayed to the next fiscal year, we believe that we will be able to achieve a significant increase over the current fiscal year.

The graph on the right shows the half-yearly trend.

## Revision of FY2020 Full Year Consolidated Earnings Forecast (Sales)

- Sales revised upward from ¥165.0 billion to ¥180.0 billion due to the active investment in semiconductor and electronics-related business
- Expected to increase after 1H of the current fiscal year
- Growth mainly for semiconductors and electronics are expected in the next fiscal year and onward



6

FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

\*Mid-term Management Plan published in Aug. 2020

ULVAC

We have revised upward our forecast for net sales from 165.0 billion yen to 180.0 billion yen.

As in the case of orders received, semiconductors and electronics increased by 10.5 billion yen.

As shown in the graph on the right, we are on an upward trend after the first half of this fiscal year.

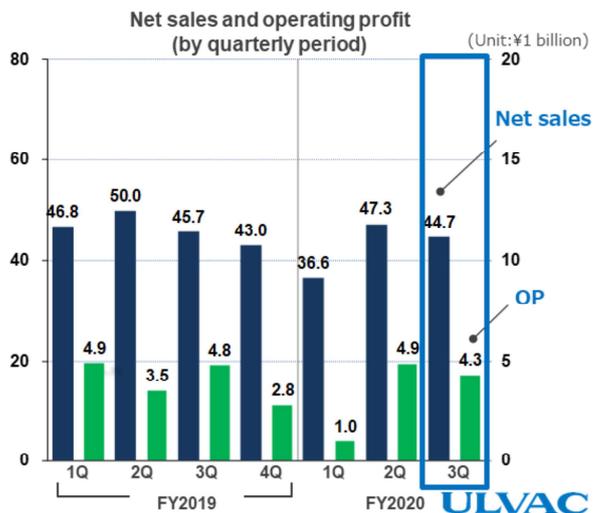
The graph on the left shows the planned figures for net sales in the mid-term management plan announced in August last year. As for the next fiscal year and onward, we are currently examining the details in preparation for the disclosure in August, but we believe that we will exceed the initial plan of 190 billion yen for the next fiscal year.

## Overview of 1Q to 3Q FY2020 Consolidated Business Results (Cumulative)

- **Orders** : Increased YoY, mainly in semiconductor·electronics and FPD-related business
- **Net sales** : Decreased YoY due to the impact of decreased orders in FY2019, but on a recovery track
- **Operating income**: Decreased YoY due to the decrease in net sales

(Unit:¥1 billion)

	FY2019 Result	FY2020 Result	
	1Q to 3Q (cumulative)	1Q to 3Q (cumulative)	Y-o-Y (Changes)
Orders Received	119.3	133.1	11.6%
Net Sales	142.5	128.5	-9.8%
Gross margin	39.4	36.7	-6.9%
Ratio	27.6%	28.5%	0.9pt
SG&A	26.2	26.5	1.2%
Operating Profit	13.2	10.2	-23.1%
Ratio	9.3%	7.9%	-1.4pt
Net Income	11.0	8.3	-24.8%
Ratio	7.7%	6.4%	-1.3pt



7

FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

Next, we will explain the consolidated business results for 1Q to 3Q of the fiscal year.

Orders received increased from 119.3 billion yen in the same period of the previous fiscal year to 133.1 billion yen, mainly due to increases in semiconductor, electronics, and FPD-related orders.

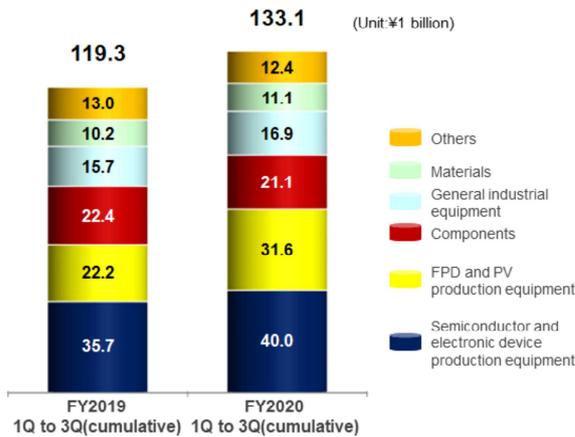
Net sales decreased from 142.5 billion yen in the same period of the previous fiscal year to 128.5 billion yen due to the impact of the decrease in orders received in FY 2019, but on a half-year basis, sales are on an upward trend after the first half of the fiscal year.

Operating income decreased to 10.2 billion yen from 13.2 billion yen in the same period last year due to the decrease in sales.

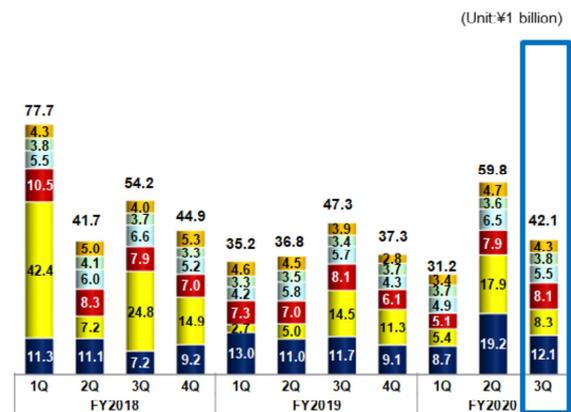
## Overview of 1Q to 3Q FY2020 Consolidated Business Results (Cumulative) (Orders Received by Segment)

- **3Q:** Decreased in reaction of approx. ¥10.0 billion orders received in 2Q ahead of schedule, but progress of 1Q to 3Q cumulative total was almost in line with the initial plan and increased YoY
- **Semiconductor and electronics:** Increased YoY mainly due to active investment in Memory, Power devices
- **FPD :** Increased YoY mainly due to steady investment in OLED for smartphones, LCD for large TVs

Orders vs. same period last year



Quarterly change



8

FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

If you look at the quarterly trend on the right, you will see that orders in the 2Q were 59.8 billion yen higher than the previous quarter. This is because orders for FPD-related products (approx. 7 billion yen) and electronics-related products (approx. 3 billion yen), which were scheduled for the 3Q, were brought forward by approximately 10 billion yen in total.

The decrease in the 3Q was due to a reaction to the accelerated orders, but if there had been no accelerated orders from the 3Q to the 2Q, orders would have been around 50 billion yen in both 2Q and 3Q.

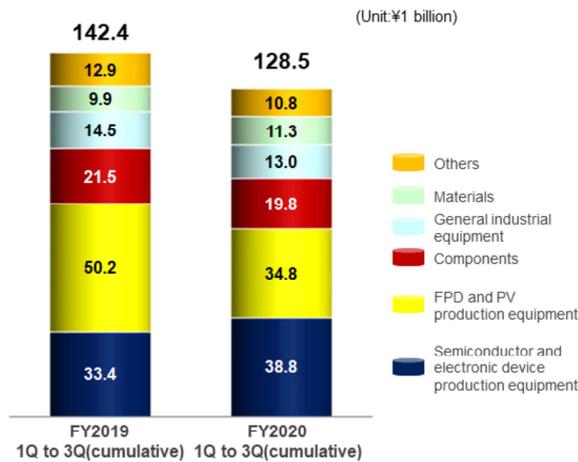
If you look at the graph on the left for the cumulative total for the third quarter, you can see that orders increased year on year and are progressing as planned.

Orders for semiconductors and electronics (blue) increased from 35.7 billion yen to 40.0 billion yen due to active investment in memory and power devices, and orders for FPD-related products (yellow) increased from 22.2 billion yen to 31.6 billion yen due to steady investment in OLEDs for smartphones and LCDs for large TVs. As a result, consolidated sales increased from ¥119.3 billion to ¥133.1 billion.

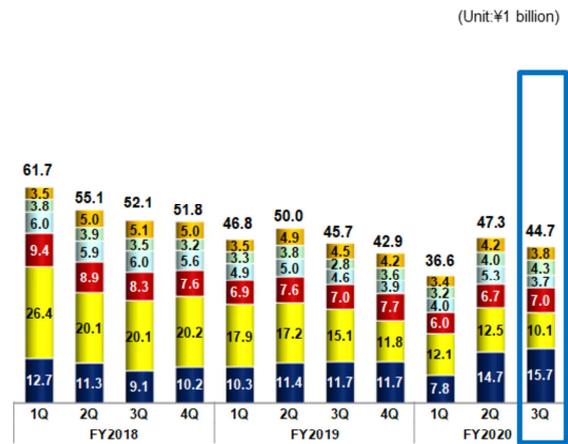
## Overview of 1Q to 3Q FY2020 Consolidated Business Results (Cumulative) (Net Sales by Segment)

- Net sales declined YoY due to a decrease in orders in FY2019, but in a recovery trend after 1Q

Net sales vs. same period last year



Quarterly change



9

FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

Net sales decreased year on year due to a decrease in orders received in FY 2019, but are on an upward trend after the first quarter. While net sales declined on a consolidated basis as a whole, sales of semiconductors and electronics, which are positioned as growth businesses with high profit margins, are on an upward trend.

## Overview of 1Q to 3Q FY2020 Consolidated Business Results (Cumulative) (Profit Margins)

- The gross profit margin was 27.8% in 1H and 29.9% in the 3Q. Compared to 27.3% in FY 2019, the results of manufacturing reforms is realizing
- Operating profit margin had been declining due to sales decline but has been improving since 1Q

Gross profit margin



Operating profit margin



10

FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

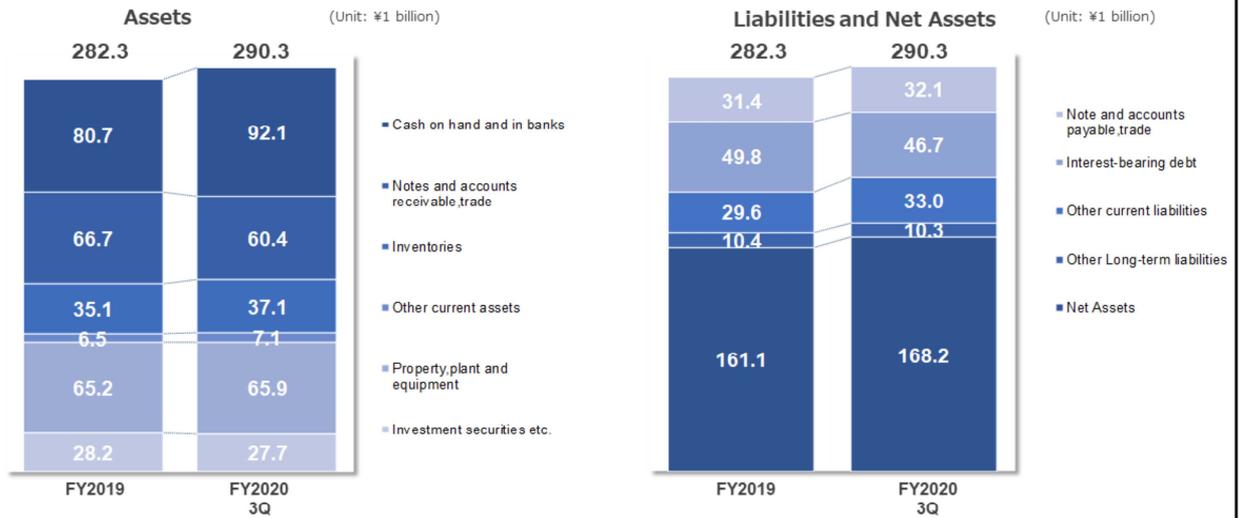
The gross profit margin, which was 27.3% in FY 2019, improved to 29.5% in 2Q and 27.8% in the first half, and further improved to 29.9% in 3Q, despite a significant decline in 1Q due to a decrease in sales.

The results of manufacturing reforms are beginning to be realized.

The operating margin, which had been declining due to the decrease in sales, has been on an improving trend since the first quarter.

## Overview of 3Q FY2020 Business Results (Consolidated Balance Sheet)

- Cash and deposits increased by ¥11.4 billion, notes and accounts receivable-trade decreased by ¥6.3 billion
- Net assets increased by ¥7.1 billion, equity ratio was 55.7%.



11 FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

On the balance sheet, cash and deposits increased by 11.4 billion yen, and notes and accounts receivable-trade decreased by 6.3 billion yen.

Net assets increased by 7.1 billion yen, and the equity ratio was 55.7%.

## Topics I Increasing Electronics-related Investment in China ( Promoting Business Growth )

- Business negotiations stimulated by domestic production policy in the electronics field
- Enhancement of sales and technical support system

- Power Device (SiC/Si-IGBT)
- MEMS Sensor
- Communicating Device (SAW/BAW etc.)
- Packaging (WLP/PLP)
- Optical (Automotive Electronics)
- Existing clients
- ★ Customers who requested quotations
- ☆ Potential clients



12 FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

The following is an explanation of the topics related to this year's mid-term management plan.

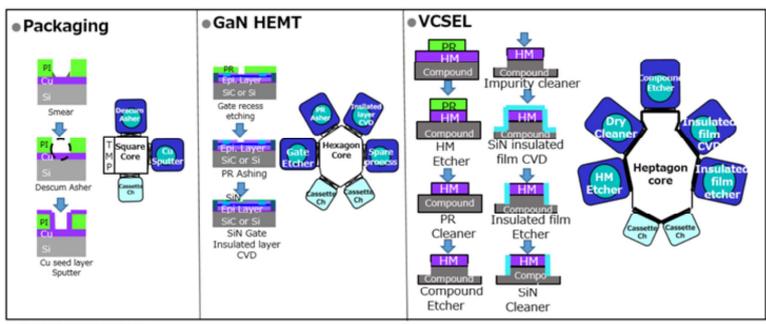
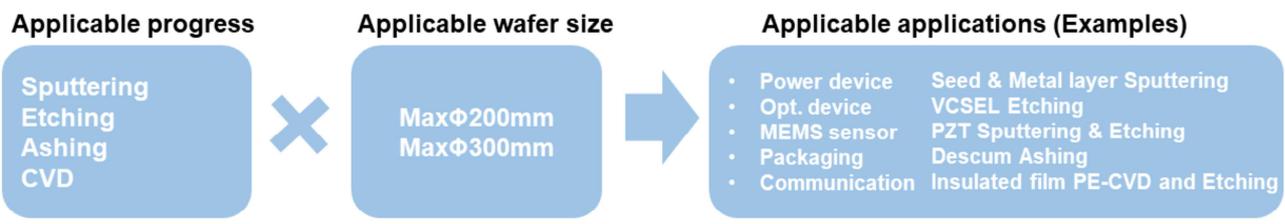
In the field of electronics, which is becoming increasingly active in China, we have compiled a map of business negotiations by region.

The number of business negotiations has increased by about 70 since last August.

Due to China's policy of domestic production, investment in power devices and communication devices are becoming more active, especially in coastal areas such as Jiangsu, Zhejiang and Guangdong provinces. Since August of last year, we have received more than 20 orders from new customers, which has led to the strengthening of the semiconductor and electronics fields, where we have positioned as a growth business.

**Topics II Combined deposition modules “Gemini series” released ( Strengthening Manufacturing capabilities )**

- Equipped with a variety of different process modules on the same transfer core
- Using common parts to reduce spare parts and providing the same operation display⇒ High Efficiency



13 FY203QPSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information



As part of our efforts to strengthen our manufacturing capabilities, we have released an electronics-related compound module type deposition system, which we would like to introduce.

We have released the Gemini series, which can mount multiple different process modules such as sputtering, etching, ashing, and CVD on the same transport core.

Modularization will lead to cost improvements while increasing convenience for customers through standardization of components, reduction of spare parts, and the use of the same operation screen.

### Topics III Reorganization of Korean subsidiaries (Strengthening Group management efficiency )

#### Merger of 4 Korean subsidiaries related in cleaning, surface treatment, bonding and parts processing and other service businesses

##### <Purpose>

- To expand market share by integrating equipment-related service businesses and unifying contact points
- To streamline and promote efficiency of the organization

##### <Effect on consolidated accounting>

- The effect from the merger is minor.



14

FY2030PSN20210514E  
© 2020 ULVAC, Inc. | Confidential and Proprietary Information

ULVAC

Finally, as part of our efforts to improve group management efficiency, we reorganized and integrated four group companies in Korea.

We merged four group companies in South Korea, which are engaged in cleaning, surface treatment, bonding, parts processing, etc., to unify the service business, establish a single point of contact, and streamline and improve the efficiency of the organization.

# 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



Battery  
バッテリー

Vacuum technology /  
For manufacturing  
**ULVAC**