

(Securities code: 6728)

Business Results

The First Quarter of FY2020
(July 2020–September 2020)

Nov. 13, 2020
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 a number of factors that directly and indirectly impact 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 10th of the unit stated.

Percentages: Rounded to the nearest 10th after yen values are rounded.

Abbreviations of accounting periods:

1Q and 2Q (cumulative): First and second quarter consolidated cumulative period

2Q: Second quarter consolidated period

First Quarter FY2020 Business Results Summary

- **Orders were low, but in line with initial expectations.**
- **From 2Q, orders are expected to recover due to factors such as resumption of large-scale business negotiations, electronics-related business realization in China where investment is becoming active, and a gradual recovery in capital investment.**
- Large business negotiations for small- and medium-sized OLEDs and large TV LCDs in the FPD industry will be concentrated in 2Q and onward.
- Orders are expected to increase with the resumption of travel to China, where electronics-related investment is picking up.
- Semiconductor business was in a temporary off-season in 1Q and is expected to recover from 2Q.
- Gradual recovery of capital investment in components and analytical instruments.
- **Orders, sales and profits are expected to meet the full year forecast.**

<1Q Results>

□ Orders Received	¥31.2 billion	(-11% YoY)
□ Net Sales	¥36.6 billion	(-22% YoY)
□ Operating Profit	¥1 billion	(-80% YoY)

<Full Year Forecast>

¥180 billion
¥165 billion
¥15 billion

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Orders for 1Q of this fiscal year are expected to be ¥31.2 billion, down from the same period of last year which was initially expected entering this fiscal year since large business negotiations were scheduled to be concentrated in 2Q and onwards and orders for electronics-related products to increase in 2Q when resumption of traveling to China starts due to the recovery of COVID-19.

From 2Q, we expect a recovery in orders.

- Large-scale business negotiations for small- and medium-sized OLEDs for smartphones and large TV LCDs in the FPD industry will be concentrated in 2Q and onward.
- The resumption of traveling to China, where investment in electronics-related investment is picking up.
- The semiconductor business was in a temporary off-season in 1Q and is expected to recover from 2Q.
- Components and analytical instruments are also expected to see a gradual recovery in capital investment.

We expect to achieve our full-year forecasts of ¥180 billion in orders, ¥165 billion in sales, and ¥15 billion in operating profit.

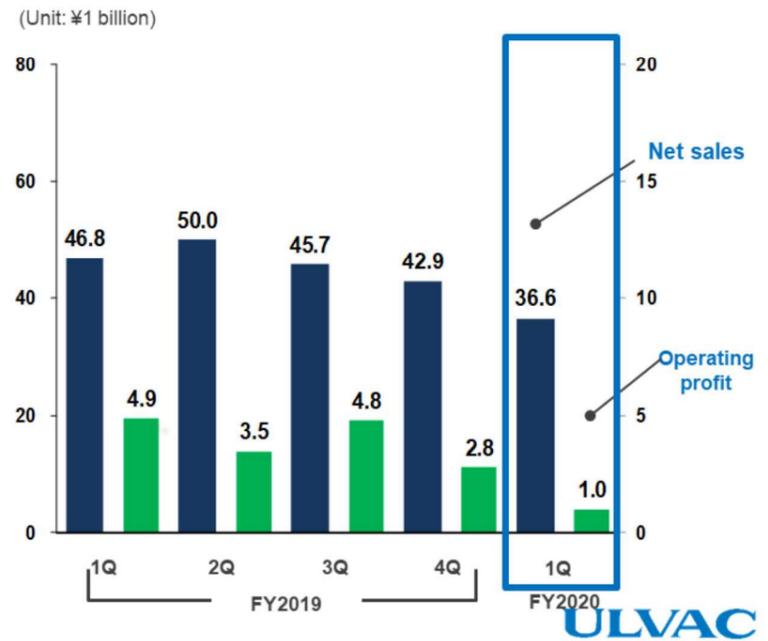
Overview of First Quarter FY2020 Business Results

- **Orders received** : Declined YoY mainly due to the concentration of large business negotiations in the 2Q onward and the travel restrictions caused by COVID-19 but were still in line with initial expectations.
- **Net sales** : Declined YoY mainly due to the decreased orders received.
- **Operating profit** : Declined YoY due to the decrease in sales.

(Unit: ¥1 billion)

	FY2019 Result	FY2020 Result	
	1Q	1Q	Y-o-Y (Changes)
Orders Received	35.2	31.2	-11.2%
Net Sales	46.8	36.6	-21.9%
Operating Profit	4.9	1.0	-79.8%
Ratio	10.5%	2.7%	-7.8pt
Net Income	3.4	0.3	-90.6%
Ratio	7.4%	0.9%	-6.5pt

Progression of net sales and operating profit (quarterly)



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As initially expected, orders in 1Q were down from ¥35.2 billion in previous 1Q to ¥31.2 billion due to the concentration of major business negotiations which will be in after 2Q and travel restrictions caused by COVID-19.

Net sales fell from ¥46.8 billion to ¥36.6 billion due to the low order backlog at the beginning and the decrease in orders.

Overview of First Quarter FY2020 Business Results (Orders received by segment)

- **Semiconductor and electronic device production equipment:**

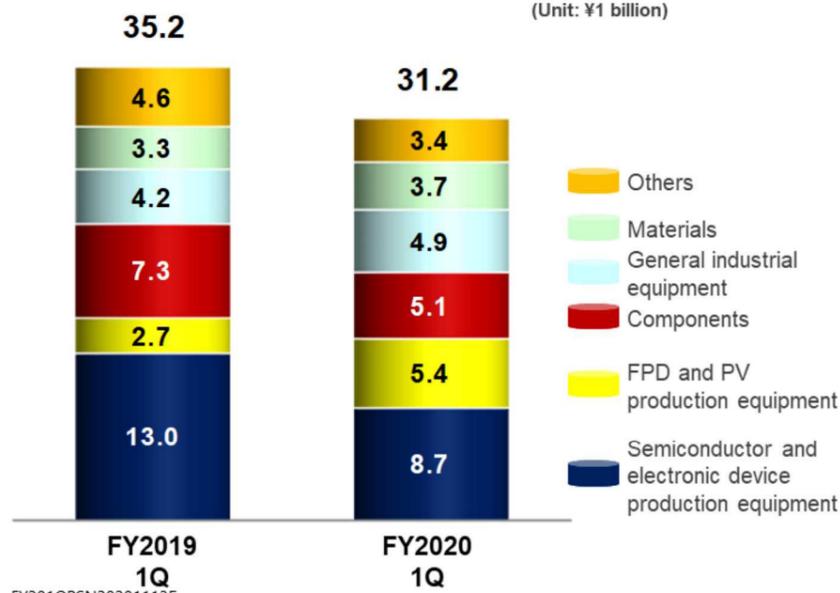
Orders in the 1H are expected to be at the same level YoY, but orders in the 1Q are expected to decline YoY due to the concentration of business negotiations in the 2Q (Electronics-related orders are largely affected by travel restrictions, but now able to restart gradually).

- **FPD and PV production equipment:**

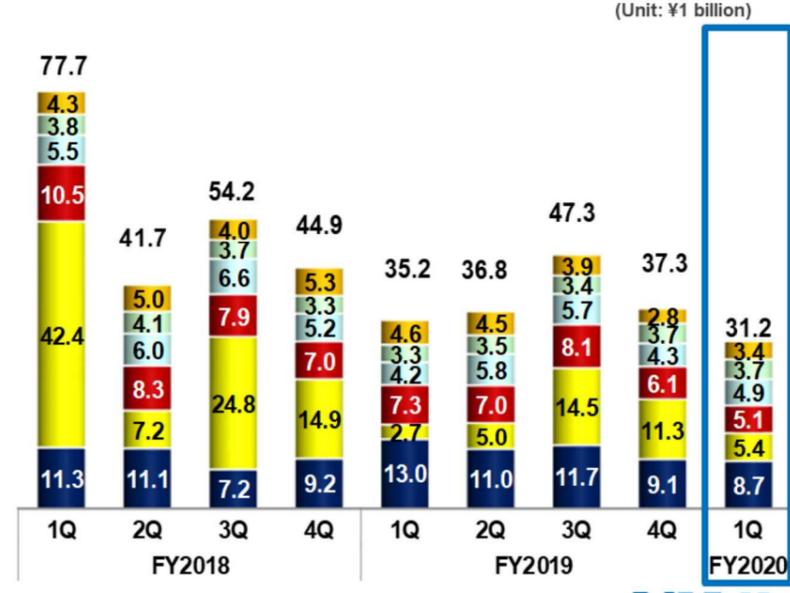
Large business negotiations from 2Q onward (especially in the 2H). 1Q was in line with our initial expectations.

- **Component:** Decreased YoY due to the postponement of capital investment in the automotive industries.

Vs. same period last year



Quarterly change



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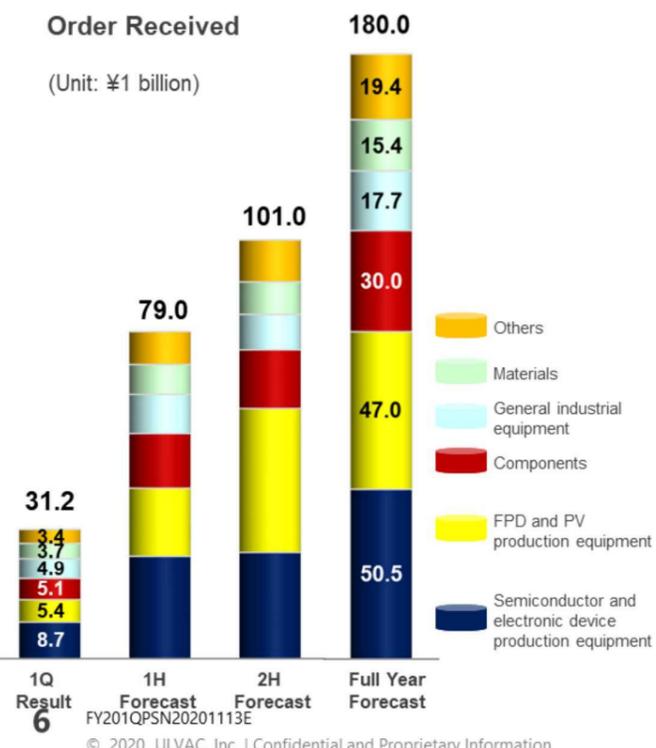
Although orders were down in 1Q, semiconductor and electronic device in 1H are expected to remain at the same level as previous 1H, due to a concentration of business negotiations in 2Q as initially expected. In the electronic device business, amidst the increased investment in power semiconductors and 5G-related investments in China, engineers were prevented from traveling to China due to the travel restrictions, but now able to restart gradually.

We expect orders for FPD-related products to increase in 2Q and onward, especially in the 2H, due to large business negotiations.

Component-related orders decreased YoY due to the postponement of capital investment plans in the automotive industry.

FY2020 Consolidated Earnings Forecast(Orders received by segment)

- As initially expected, orders were on a low level due to concentration of large business negotiations in 2Q onward and travel restrictions.
- There is no change in the order plan of ¥79 billion for the 1H and ¥180 billion for the full year, and both orders and sales are expected to recover from 2Q.



1. Semiconductor and electronic device production equipment

- In the semiconductor business, 1Q was a temporary off-season period, but recovery is expected from 2Q and full-year results are expected to be equivalent to the same period of last year. With the entry into the metal hard mask process for logic devices and expectation as the second vendor, joint development projects with foundries and memory manufacturers increased. (the contributions are expected to be realized in FY 2021 onward).
- As investment activity in China becomes active and travel from Japan resumed, orders for electronic devices are expected to increase from 2Q.

2. FPD and PV production equipment

- Large orders for evaporation equipment for small and medium-sized OLEDs and sputtering equipment for large TV LCDs have been concentrated in 2Q onward and expected to receive orders as planned for the full year.

3. Components

- From 2Q, capital investment in the automotive and semiconductor industries is expected to gradually recover, and orders are expected to increase from 2Q due to several large orders for cryopumps for OLED-related business.

4. Others

- Due to the impact of COVID-19, negotiations for analyzers for laboratories in Europe and in the United States have not progressed but expected to recover from 2Q, beginning from Europe.

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Orders in 1Q were low due to the concentration of large business negotiations and travel restrictions caused by COVID-19, but due to a recovery in orders from 2Q, there is no change in the order plan of ¥79 billion for 1H and ¥180 billion for the full year.

In the semiconductor business, 1Q was a temporary off-season period, but orders are expected to recover in 2Q and onward and be the same level YoY for the full year.

With the entry into the metal hard mask process for logic devices and expectation as the second vendor, joint development projects with foundries and memory manufacturers increased. (the contributions are expected to be realized in FY2021 onward).

In the electronic device business, as investment activity in China becomes active and travel from Japan resumed gradually, several engineers have already travelled from Japan to China to confirm specifications and other information directly, which has accelerated the speed of business negotiations, and we expect orders to increase in 2Q and onward.

In the FPD-related business, large orders for small and medium-sized OLEDs and large TV LCDs have been concentrated in 2Q and onward, and we expect to receive orders in line with our full-year plan.

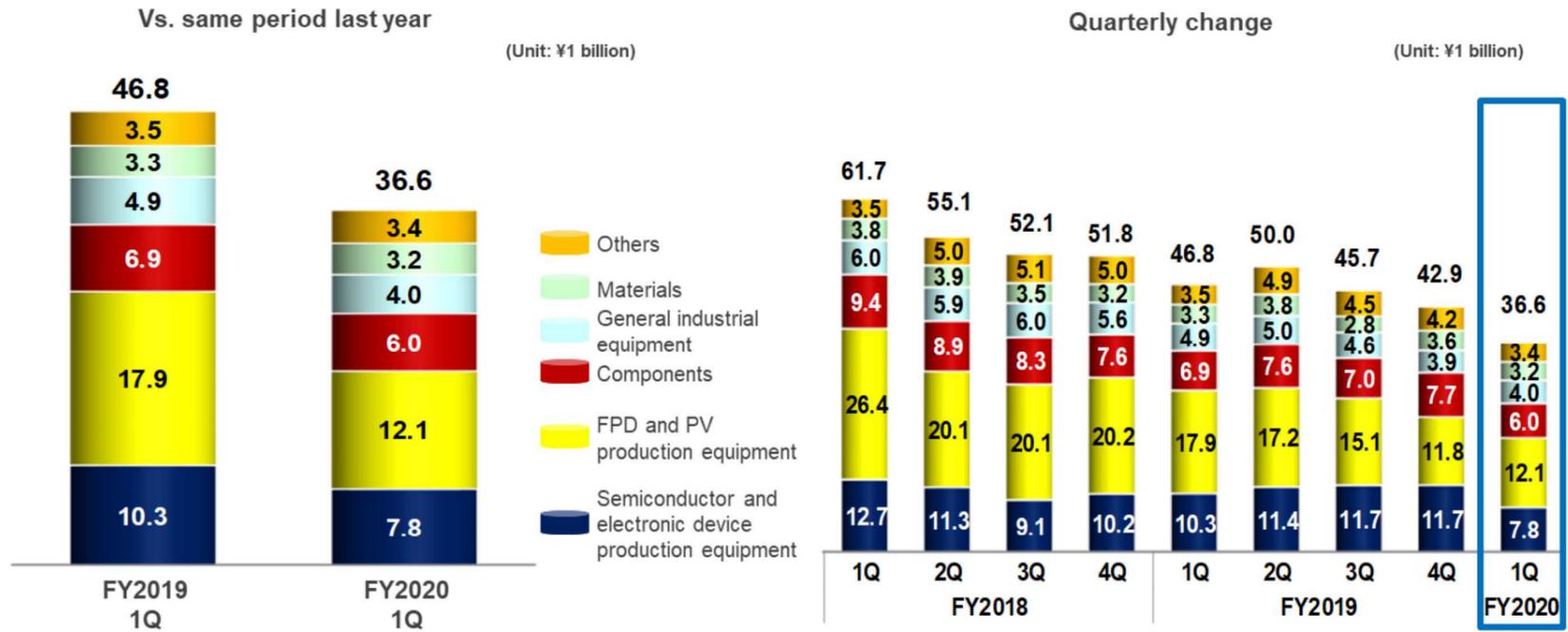
In the components business, we expect a gradual recovery from 2Q, mainly due to capital investment in semiconductor and electronics-related facilities.

Orders for cryopumps are expected to increase due to several large business negotiations related to OLED in 2H.

In others, due to the impact of COVID-19, negotiations for analyzers for laboratories in Europe and in the United States have not progressed but expected to recover from 2Q beginning from Europe.

Overview of First Quarter FY2020 Business Results (Net sales by segment)

• Declined YoY due to the decreased orders.



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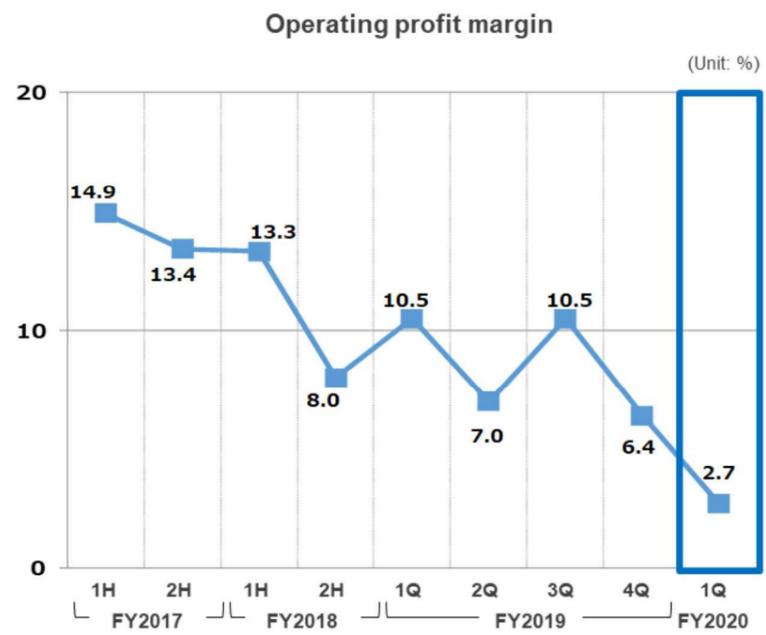
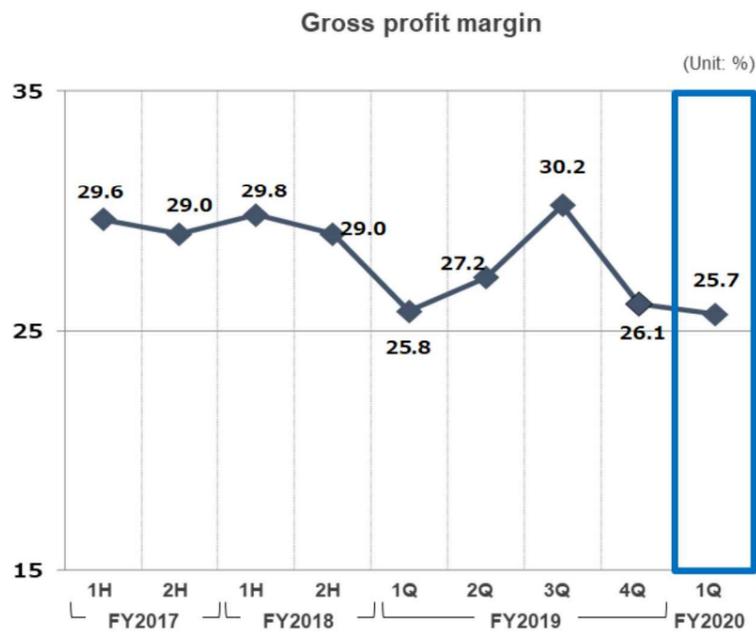


Net sales decreased YoY due to a decline in orders for semiconductor and electronic device, FPD-related products, components etc.

We expect sales to recover along with a recovery in orders from 2Q.

Overview of First Quarter FY2020 Business Results (Profit margins)

- Decline in operating profit margin due to lower sales.

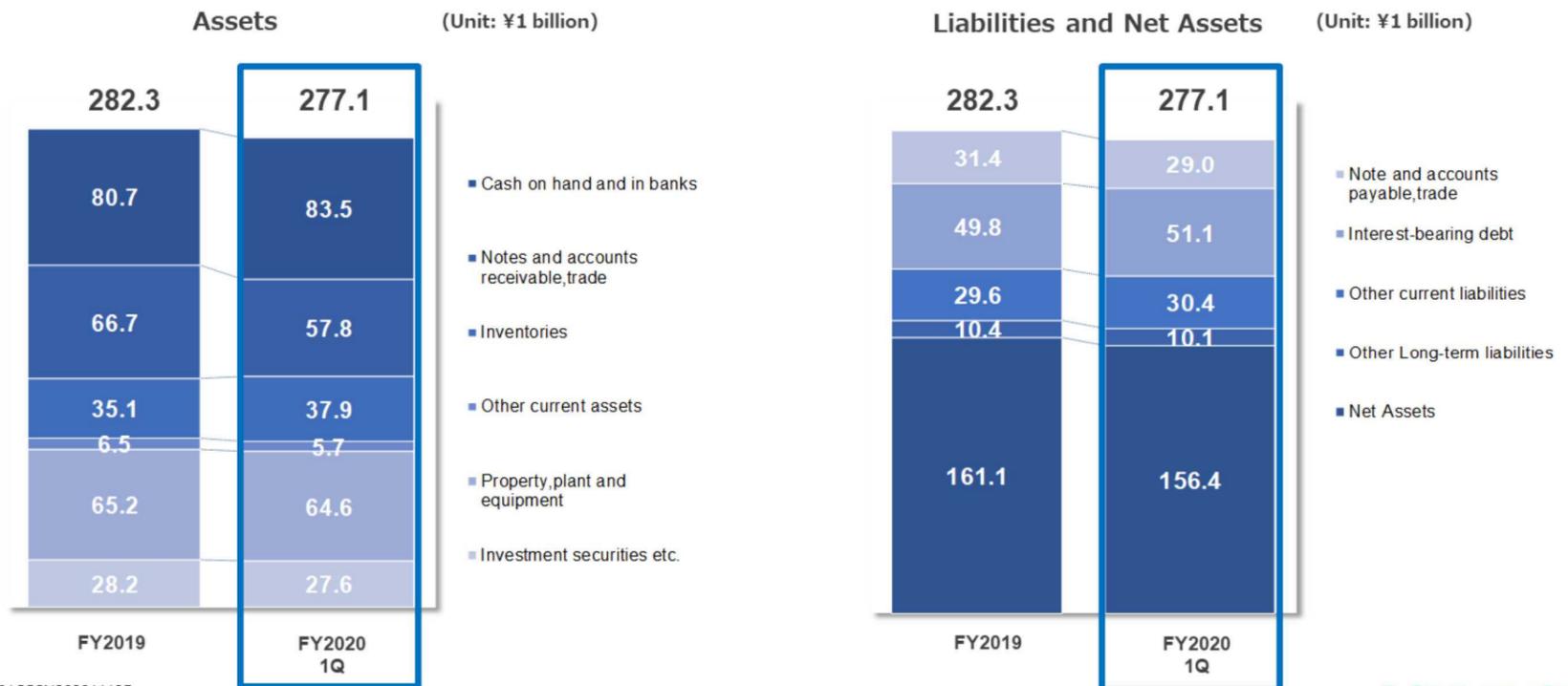


The operating profit margin declined due to the decline in sales, while the gross profit margin has remained almost unchanged.

Going forward, we plan to improve both the gross and operating profit margins by strengthening our manufacturing capabilities and also the effect of the sales recovery.

Overview of First Quarter FY2020 Business Results (consolidated balance sheet)

- Notes and accounts receivable decreased by ¥8.9 billion, while notes and accounts payable decreased by ¥2.4 billion.
- Total assets decreased by ¥5.3 billion and the equity ratio was 54.2%.



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Regarding the balance sheet, notes and accounts receivable decreased by ¥8.9 billion and notes and accounts payable decreased by ¥2.4 billion, partly due to lower sales.

Total assets decreased by ¥5.3 billion, and the equity ratio was 54%.

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

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