ULVAC SOLUTIONS

ULVAC

Innovation begins in a vacuum

【Code No：6728】

FY2010 First Half Business Result

（Year Ending June 30, 2011）

ULVAC, Inc.

14th February 2011

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 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

- **Performance Summary for the Fiscal Year 2010 Ending June 2011 (1st Half)**
- **Prospects for the Fiscal Year 2010 Ending June 2011**
- **Business strategy**

Hidenori SUWA, President and CEO

- **Accounting for the allowance for bad debts**

Operating Conditions

- **Business conditions**
  - Financial crisis in Europe
  - Currency devaluation competition among countries and yen appreciation →Significant effect on the Japanese economy
- **Business condition of ULVAC**
  - Positive Factors
    - A rapid penetration of smartphones has a significant effect.
      - Ambitious capital spending for small-sized LC (liquid crystal) and organic EL (electro luminescence)displays resulted in an increase in inquiries and orders.
      - An increase in production volume of semiconductor memory led to a rise in capital spending.
      - Won a large volume of orders for cryo pumps in Korea due to capital spending for organic EL Displays.
      - An increase in inquiries and orders of roll coating type film-deposition systems for touch panels and inline-type sputtering systems
    - LEDs enjoy strong performance in China and Taiwan while backlights suffer from weak results in Korea.
  - Negative Factors
    - Capital spending is put off for LCD panels for large-sized TV (8.5G class) after the fiscal year ending June 30, 2012.
    - PV experiences slowdown due to thin film Si solar cells failing to show price advantage over crystal solar cells.
      - Urgent task is to increase conversion efficiency and cut production costs.
    - Material recorded weaker-than-expected results due to a lagged capital spending for large-sized TV in China.
      - Now construct the system for development and production to ensure market position.

Summary of June 2011 (1st H)

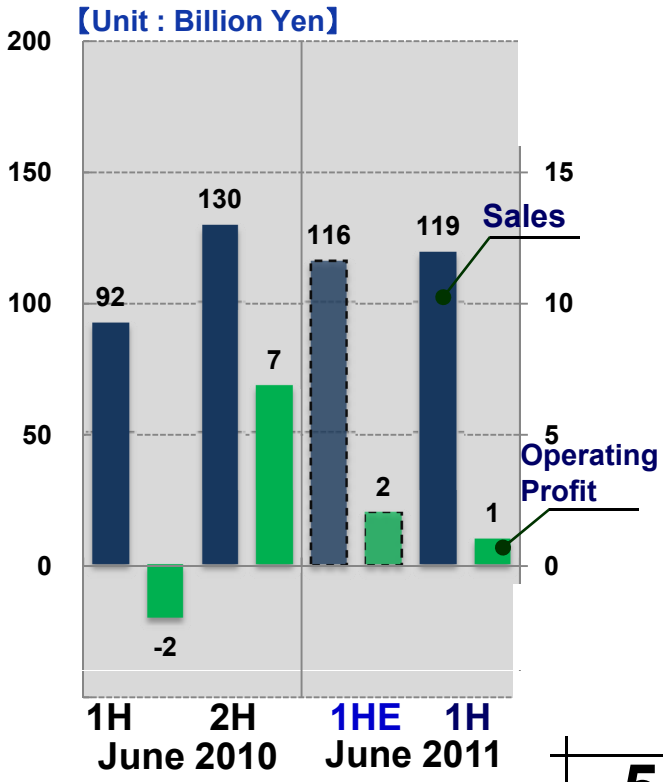
Order volume came in below estimates owing to slowdown in PV while sales exceeded estimates due to an increase in sales from FPD production equipment, semiconductor and electronic devices production equipment and components benefiting from smartphones. Looking at earnings, profitability went up with the gross margin two points above the estimate. Operating income was better than expected for the 1Q but a significant operating loss will be reported for the 2Q due to the provision of the allowance for bad debts for PV.

【Unit : Billion Yen】

	June2010 1H	June 2011 1H			
		Plan	Result	vs.Plan	
				Changes	Ratio
Booking	118.9 (+4%)	112.6 (-5%)	102.3 (-14%)	-10.3	-9.2%
Back-log	135.3	105.1	91.0		
Sales	92.3 (-15%)	116.0 (+26%)	119.4 (+29%)	3.4	2.9%
Gross Margin	15.5	21.6	24.5	2.9	13.5%
Ratio	16.8%	18.6%	20.5%		
Operating profit	-2.0 (—)	2.0 (—)	1.0 (—)	-1.0	-50.1%
Ratio	-2.2%	1.7%	0.8%		
Net Income	-1.2 (—)	0.4 (—)	-0.8 (—)	-1.2	—

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

Sale and Operating Profit (By Half Year)



Sales performance by segment（1st H）

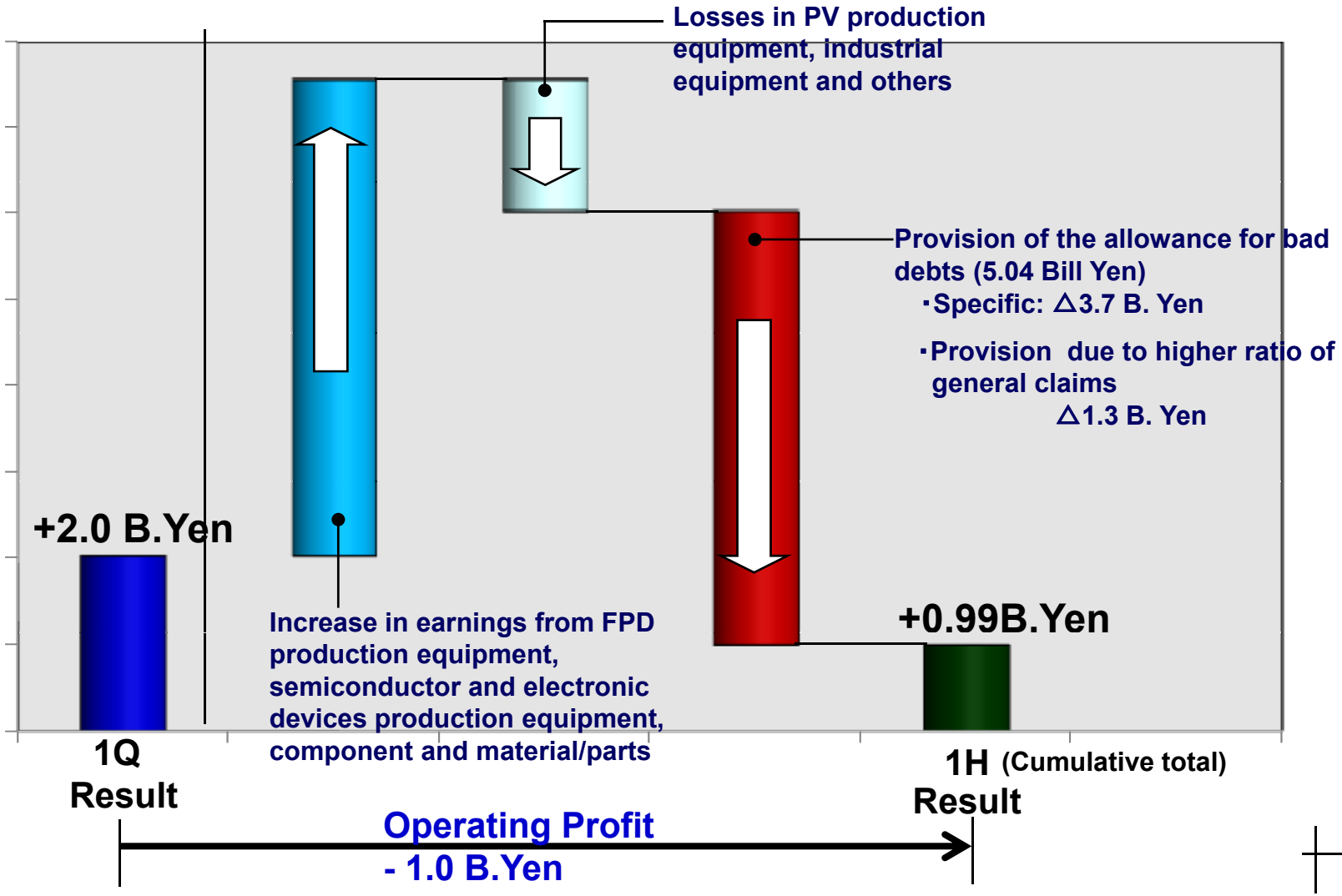
【Unit : Billion Yen】

June 2010 1H		June 2011 1H			
Segment	Result	Plan	Result		Factor
			Sales	Vs.Plan（Change）	
Vacuum Equipment Business	74.1	93.9	100.4	35%	
FPD Production Equipment	34.7	47.6	53.1	12%	Middle and small-sized LCD and organic EL displays related products were put forward.
PV Production Equipment	16.3	13.8	11.2	-19%	Thin film Si solar cells for China fell behind schedule.
Semiconductor & Electric Device Production Equipment	9.9	14.1	15.5	10%	Memory and LED products recorded solid sales.
Component	8.4	12.0	13.2	10%	FPD equipment related pumps sold well.
Industrial Equipment	4.8	6.3	7.4	17%	Sales of touch panels were strong and china business
Vacuum Application Business	18.2	22.1	19.0	-14%	
Materials	10.1	11.3	10.4	-8%	The large-sized LC line fell behind schedule in China.
Others	8.1	10.8	8.6	-20%	Used systems to China suffered from weak sales.
Total	92.3	116.0	119.4	3%	

【figures indicated above are rounded off to the nearest unit and may not coincide with the total.】

Analysis of Changes in Operating Profit (June 2011 1st H)

【Unit : Billion Yen】



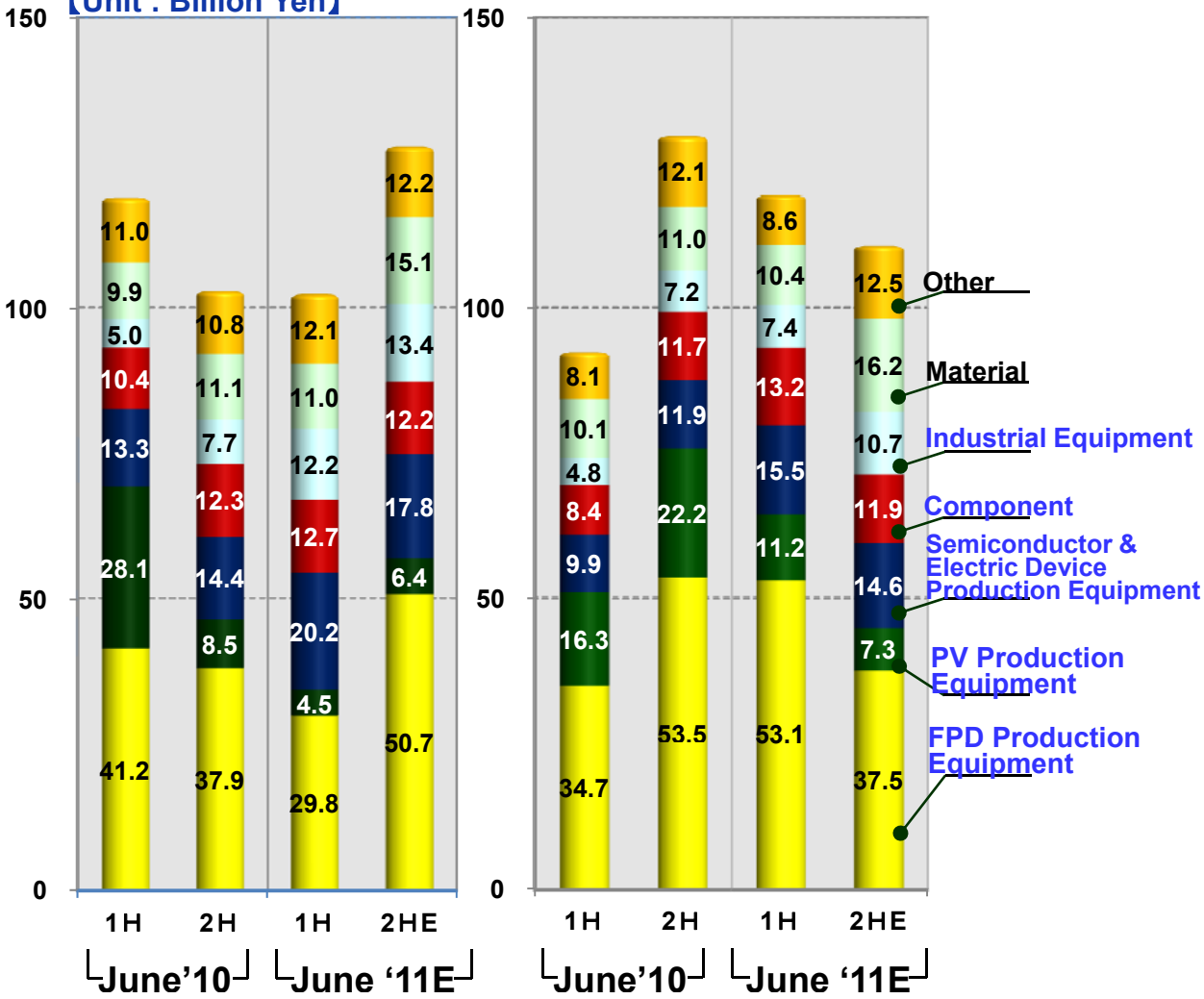
Prospects for the Fiscal Year 2010 Ending June 2011

Hidenori SUWA, President and CEO

Earnings Estimates for the fiscal year ending June 30, 2011 (1)

Order Received

【Unit : Billion Yen】



Sales

Product	Prospects for the 2nd H
FPD Production Equipment	Middle and small-sized LCD will maintain solid performance while large-sized LCDs paused
PV Production Equipment	Thin film solar cells will become weak due to delays in investment plans
Semiconductor & Electric Device Production Equipment	Memory and LED products will maintain solid performance.
Component	Vacuum pump for FPD manufacturing equipment and small-sized vacuum pumps will continuously show strong earnings.
Industrial Equipment	Roll coating type film-deposition systems and vacuum heat treating furnace will be well sold.
Material	ITO and Cu target materials for LC will increase earnings in Korea.
Other	Analysis devices will regain momentum.

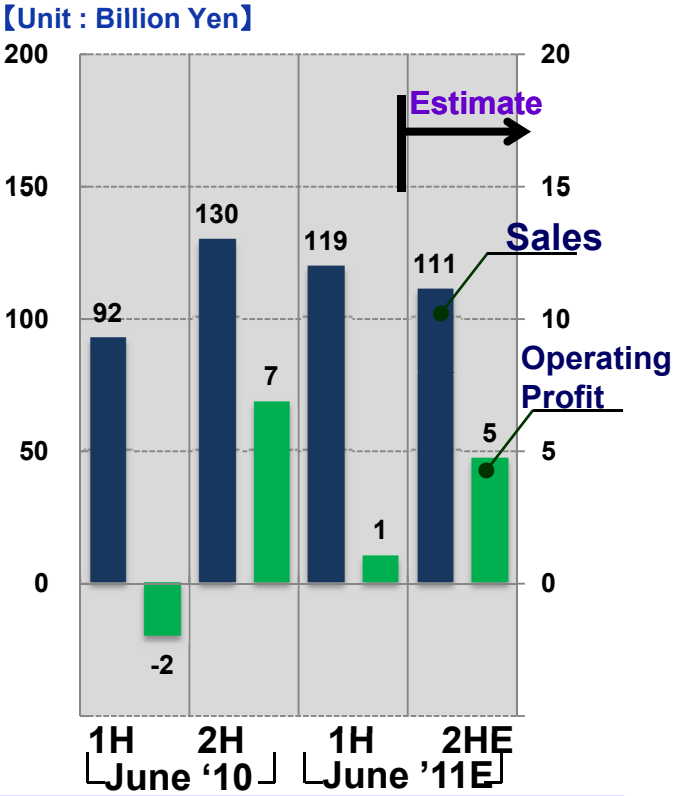
【figures indicated above are rounded off to the nearest unit and may not coincide with the total.】

Earnings Estimates for the fiscal year ending June 30, 2011 (2)

【Unit : Billion Yen】

	June 2011E			June 2010	Changes(%)
	1H Result	2HE	Full Year		
Booking	102.3 (-14%)	127.7 (+24%)	230.0	221.7	4%
Back-log	91.0	108.1	108.1	108.3	
Sales	119.4 (+29%)	110.6 (-15%)	230.0	221.8	4%
Gross Margin	24.5	24.4	48.9	40.6	20%
Ratio	20.5%	22.0%	21.3%	18.3%	
Operating Profit	1.0 (—)	4.7 (-31%)	5.7	4.8	19%
Ratio	0.8%	4.3%	2.5%	2.2%	
Net income	-0.8 (—)	1.2 (-63%)	0.4	2.1	-81%

Sale and Operating Profit (By Half Year)



In the 2nd half, earnings are expected to decline for FPD production equipment ,semiconductor and electronic device production equipment. Industrial equipment, materials/parts, and others will improve results while PVs are expected to record losses. By region, we are likely to record solid earnings in Korea, China, and Taiwan.

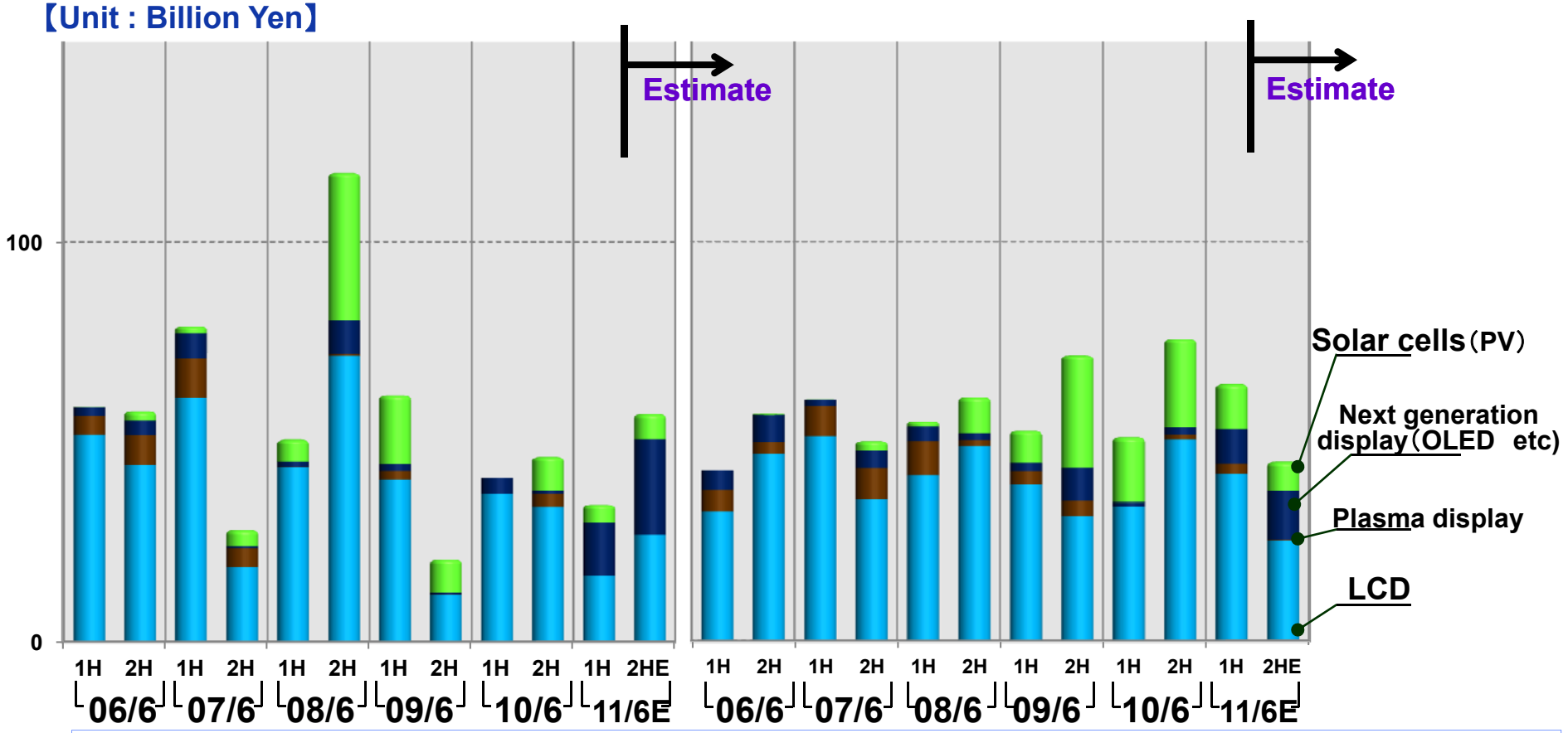
【Figures are rounded off to the nearest unit, and rates are rounded off to the nearest unit after being determined in millions of yen】

Transition of Flat Panel Display and PV Production Equipment・Estimate

Order Received

Sales

【Unit : Billion Yen】

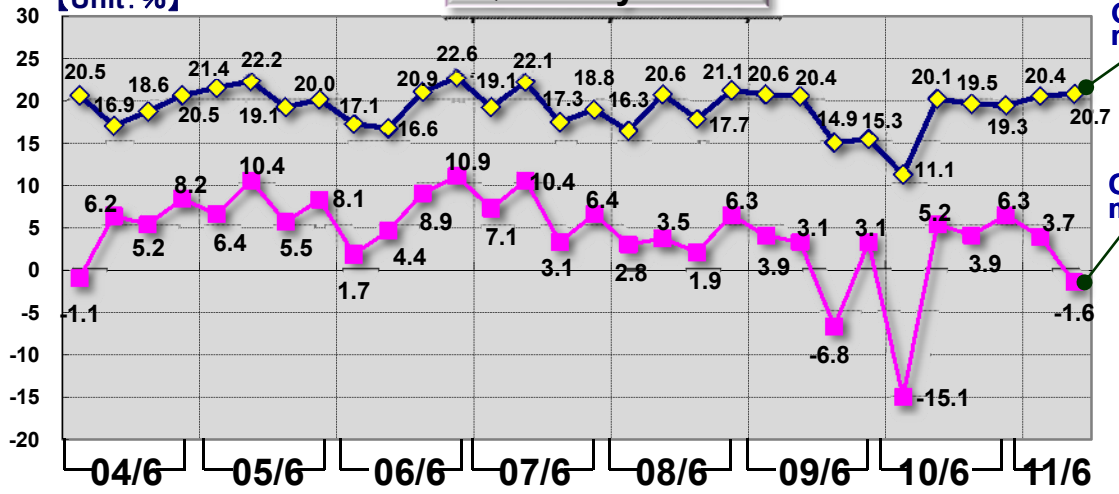


Current order situation

- For LCD, the outlook is uncertain in China. Generally, investment is inactive.
- Inquiries and orders increased for organic EL displays for middle and small-sized display and low temperature polysilicon.
- Thin film solar cell is sluggish while high-efficiency crystal and compound solar cells (including CIGS) see solid inquiries and orders.

Outlook for profitability・Estimate

Quarterly basis



Comment

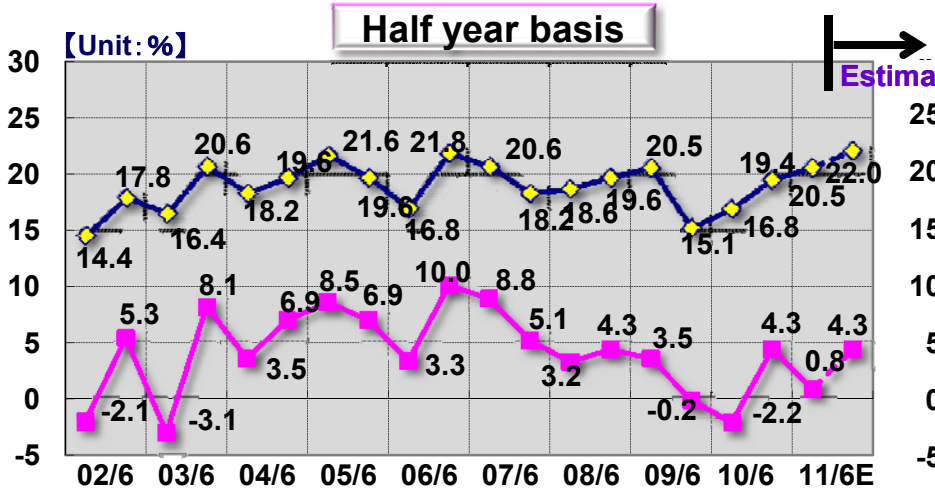
2nd Q of the fiscal year ending June 30, 2011 (Y-T-D)

Profitably improved as FPD production equipment, semiconductor/electric production equipment, and components contribute to the gross profit margin.Operating profit margin Is down remarkably due to the allowance for bad debts.

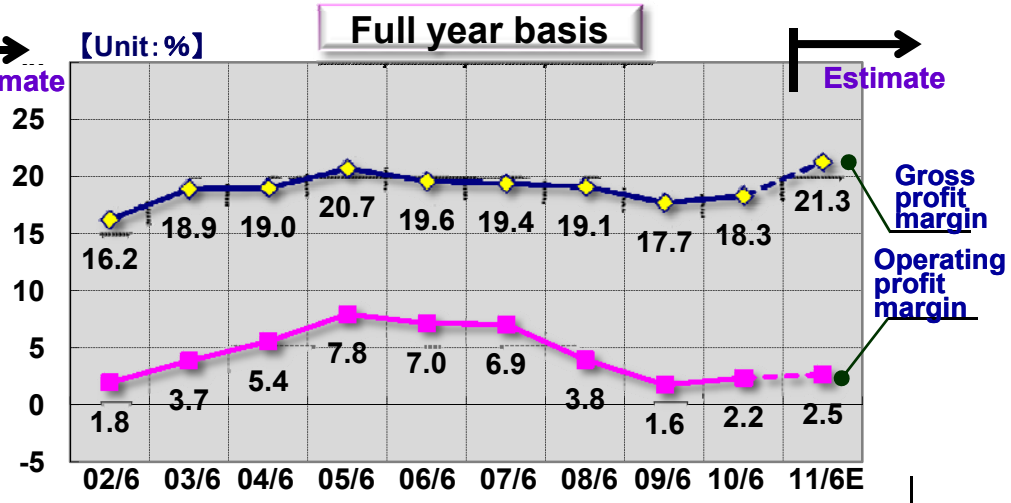
2nd half of the fiscal year ending June 30, 2011

FPD production equipment and semiconductor/electric production equipment were solid. Industrial equipment, materials, and others improved results and this drove up the gross margin.

Half year basis



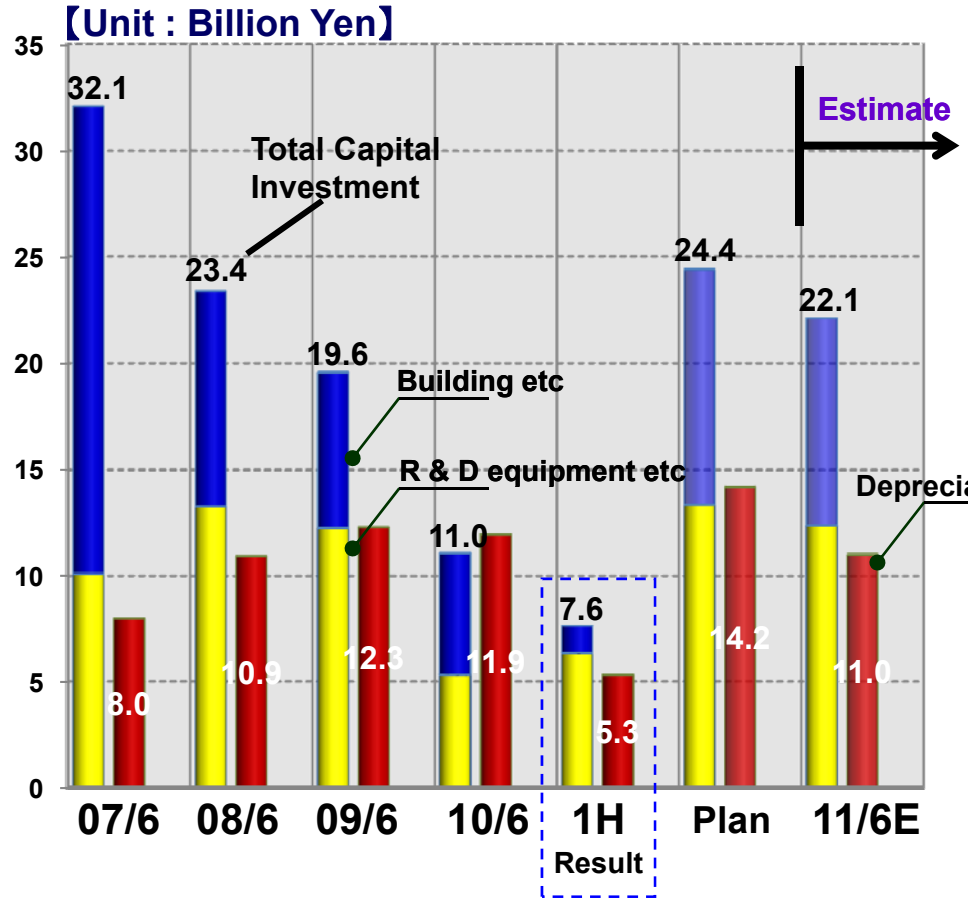
Full year basis



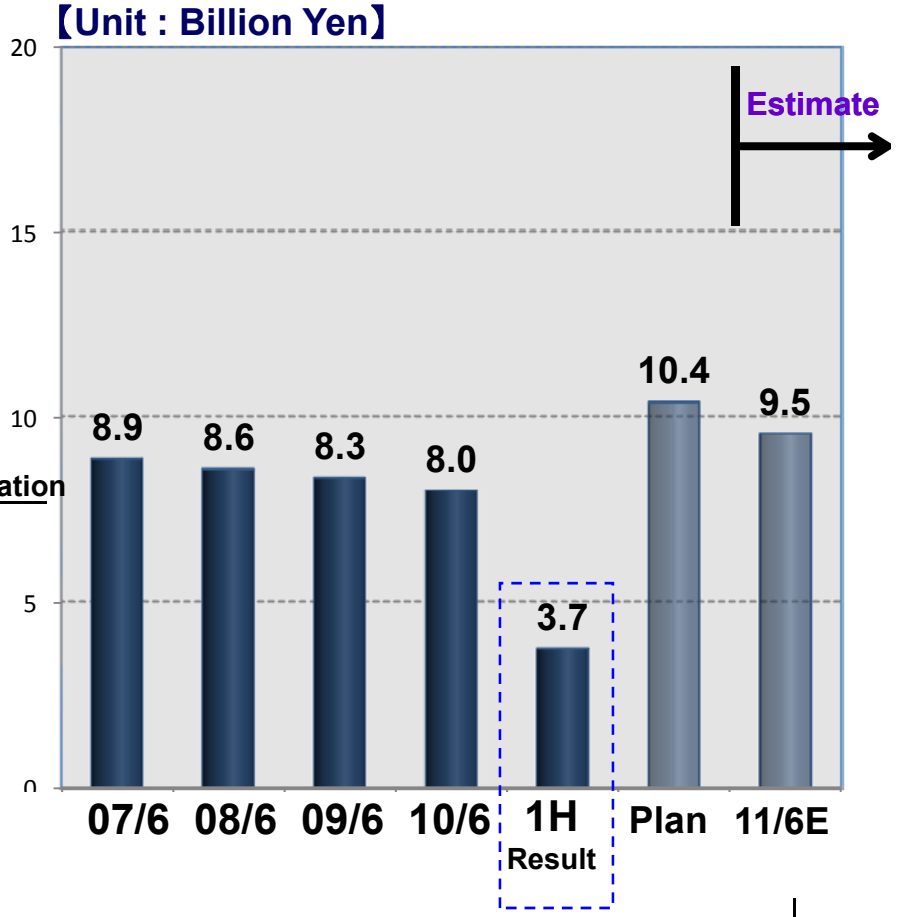
【Figures are rounded off to the first decimal place】

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

Transition of Capital Investments, Depreciation Expenditures・Estimate

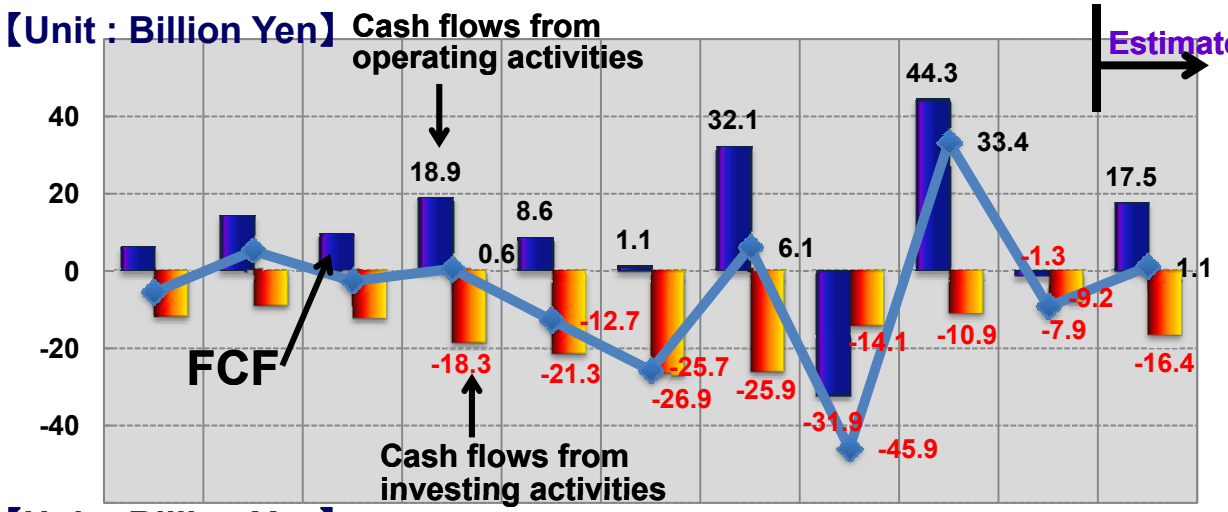


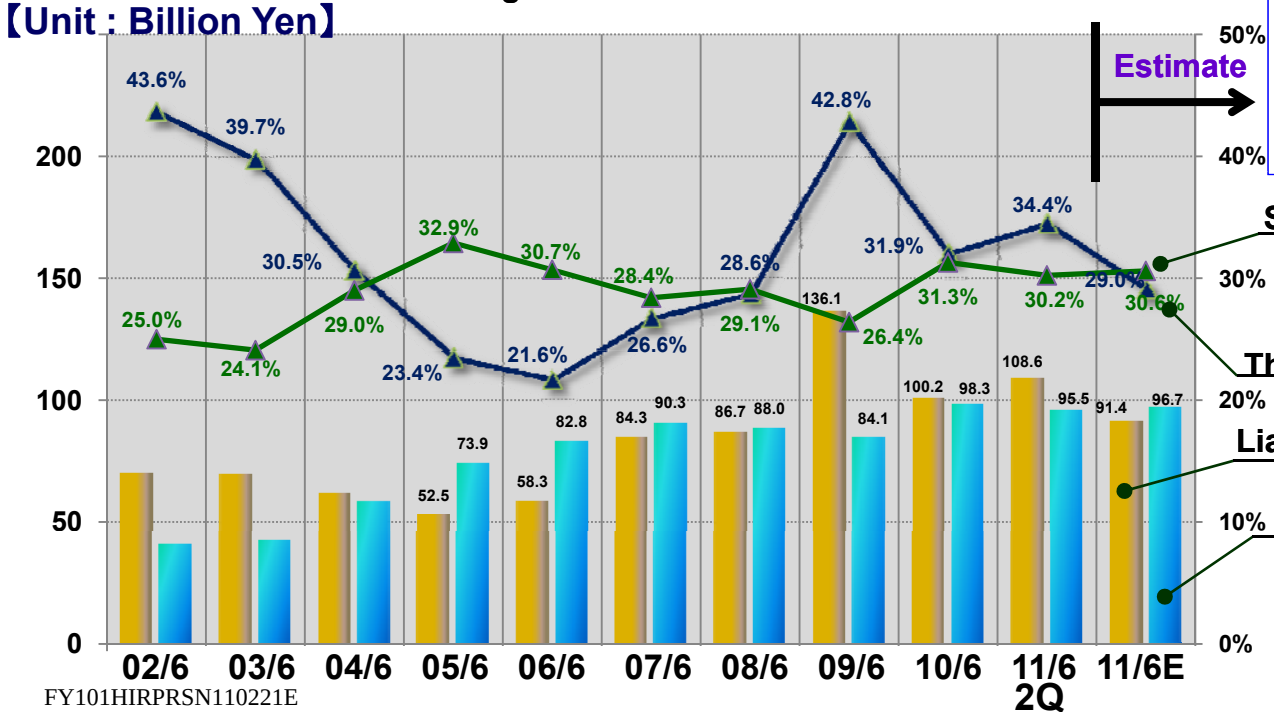
R & D Expenditures・Estimate



【Fractional portion of figures are rounded off to the nearest integer】

Cash Flow and Liabilities with Interests・Estimate





2nd Q of the fiscal year ending June 30, 2011 (actual results)

Factor of ▲9.2 billion Yen in FCF

Operating CF
- Credit loss of Alti-solar
- Increased inventories for production increase in materials business

Investing CF
- Building Chiba Institute for Super Materials and purchasing investment securities

2nd H of the fiscal year ending June 30, 2011 (estimate)

Expected to ensure FCF of 1.1 billion Yen in full-year plan through an increase in operating cash flow mainly in working capital.

【Fractional portion of figures are rounded off to the nearest integer】

Business strategy

Hidenori SUWA, President and CEO

Progress of main programs (fiscal year ending June 30, 2011) (1)

Main programs	Details	Progress
(1) Renewable energy-related business	▸Increase sales from equipment for solar cells. (Concentrate on thin film solar cell as well as other types of solar cells) ▸Expand the range of solar cell-related business. ▸Expand sales of quick charger for EV.	■ Won orders of equipment for compound (CIGS) and crystal solar cells. ■ Quick chargers for EV sell well.
(2) Material business	▸Promote capital spending and technology development at Japan and abroad.	■ A production facility for targets started operation in Suzhou, China.
(3) Reviewing manufacturing system	▸ Review the group-wide manufacturing system from a global viewpoint. ▸ Build an optimal manufacturing system and strive for cost cutting.	■ Determined a construction of production plant of large-sized equipment for FPD and PV in Suzhou, China. ■ Form a procurement center in China and actively conduct procurement activities in China holding the key of cost cutting. ■ Consolidate group companies located in Japan

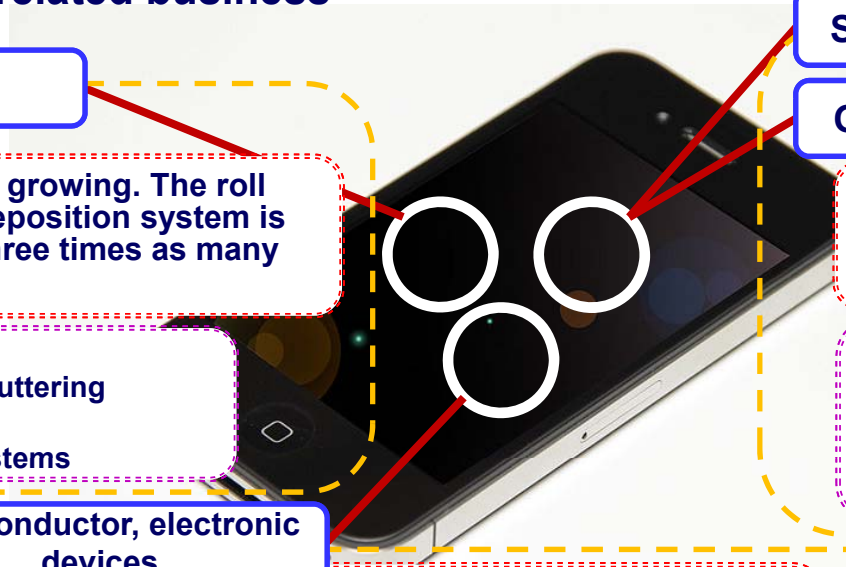
Progress of main programs (fiscal year ending June 30, 2011) (2)

Main programs	Details	Progress
(4) Globalization	▸ China business Concentrate on reinforcing Chinese subsidiaries to ensure a return from foundation of local subsidiaries and investments in expanding bases. ▸ Explore the next China. Concentrate on market development in emerging countries including South America.	■Most Chinese subsidiaries expect to be profitable. LED, electronic devices, and industrial equipment are expected to generate record high earnings in China. ■Conducted market research in South America and Middle east, etc.
(5) Expand a new business	▸ M&A, capital commitments and alliance	■ Business alliance with and capital commitments to Optorun* (October 2010)

Optorun: A manufacturer specialized in film-deposition equipment for optical thin films actively expanding sales of evaporators and sputtering systems for optical thin films in East Asia and having a large market share in evaporators for optical thin films.

Promising Businesses

■Smartphone-related business



Touch panel

Capital spending is growing. The roll coating type film-deposition system is expected to have three times as many orders as last year.

Related equipment
- Roll coating type sputtering systems
- Inline sputtering systems

Small sized LCD（LTPS）

Organic EL Display(OLED)

Capital spending is growing. It is expected to accounts for a half of order volume of FPD production equipment

Related equipment
- Sputtering systems, PE-CVD equipment
- Vacuum evaporators, vacuum encapsulation equipment
- Inkjet equipment, cryo pumps

Semiconductor, electronic devices

Across a wide range of products including CPU, 3D accelerators, memory (DRAM, flash), microphones, 3D acceleration sensors, and direction finders)

Related equipment
- Sputtering systems
- Etching equipment
- Evaporators, etc.

■LED related business

It is well in Taiwan, Japan, and China. The business is expected to receive twice as many orders as last fiscal in the current fiscal year.

■Rare earth magnet related business

Won orders for integrated production lines for rare earth magnets including vacuum heat treating furnaces in China

- **Accounting for the allowance for bad debts**

Provision of the allowance for bad debts

- **Details**

  For receivables related to an turn-key (integrated production)line for thin film Si solar cells shipped to Korean Alti-solar, the allowance for bad debts was provided due to risk of failing to recover the receivables or a delays in the recovery.

- **Prehistory**

  May 2008 :The contract was closed.
  June 2008 : We received advance payments.
  October 2008 :The production line was shipped.
  June 2009 :Alti started production after inspection and sign-off.

  - Negative effects of the financial crisis caused a deterioration in market conditions for solar cells. Alti suffered slowdowns in production and deterioration in its financial position. Its business plan was off course.
  - A rapid won depreciation (yen appreciation) resulted in the requisite cash remarkably exceeding the initial budget.

- **Our measures**

  We sent a notice for recovering receivables including legal actions, and a series of discussions were held between the management of each company. Alti gave us an explanation with name of the representative on the letter of credit and details of support from financial institutions. We determined that the receivables were collectable.

Provision of the allowance for bad debts

- **Our measures (continued)**

  In addition, we sent a notice stating that “we would take back the production line if payment was not made.” No payment was made, so then we reported the allowance for bad debts for the receivables due to the risk of failing to recover the receivables or the delay in recovery.

- **Account settlement**
  - Provision of the allowance for bad debts

    The allowance of 5.041 billion yen are provided as sales and general administration expense for the first half

  (Breakdown)

  Specific : 3.697 billion Yen

  Provision due to higher ratio of provision for general claims : 1.344 billion Yen

- **Forward measures**
  - Secure the shipped production line and resell it.
  - Examine legal proceedings
  - Review credit management to prevent a recurrence (including terms of payment)

Innovation begins in a vacuum

Balance Sheet（Assets）

【Unit: Billion Yen】

	June 2010 1H(Reference)	June 2010	June 2011 1H	Changes
Current Assets	189.0	199.2	203.1	3.9
Fixed Assets	116.9	114.6	112.7	△ 1.9
Property, plant and equipment	93.2	89.6	90.4	0.8
Intangible assets	4.5	4.4	4.6	0.3
Investments	19.3	20.6	17.7	△ 2.9
Total assets	306.0	313.8	315.8	2.0

Assets: Up 2.0 Billion Yen

Current assets:

- Notes and accounts receivable: Up 6.97 billion

Fixed assets:

- Tangible fixed asset: Up 0.77 billion Yen(including Chiba Institute for Super Materials)
- Allowance for bad debts: Up 4.94 billion Yen

【Figures included in the balance sheet are rounded off to the nearest unit and may not coincide with the total.】

Balance Sheet(Liabilities and Net assets)

【Unit: Billion Yen】

	June 2010 1H(Reference)	June 2010	June 2011 1H	Changes
(Liabilities)				
Current liabilities	143.5	139.6	167.8	28.2
Fixed liabilities	76.8	71.7	48.6	△ 23.1
Total liabilities	220.3	211.3	216.4	5.1
(Net assets)				
Total net assets	85.7	102.5	99.4	△ 3.1
Total liabilities and net assets	306.0	313.8	315.8	2.0

Liabilities: Up 5.1 Billion Yen

- Short-term borrowing: Up 31.1 billion Yen,
  Long-term borrowing: Down 7.3 billion Yen
- Corporate bonds (convertible bond): Down 15.5 billion Yen
- Advances: Down 1.6 billion Yen

Net assets: Down 3.1 Billion Yen

- Quarterly net loss: 0.8 billion Yen
- Valuation and translation adjustment : Down 0.77 billion Yen
- Minority interests: Down 0.22 billion Yen

【Figures included in the balance sheet are rounded off to the nearest unit and may not coincide with the total.】

Main New Plants and New Bases（June 11）

Appendix

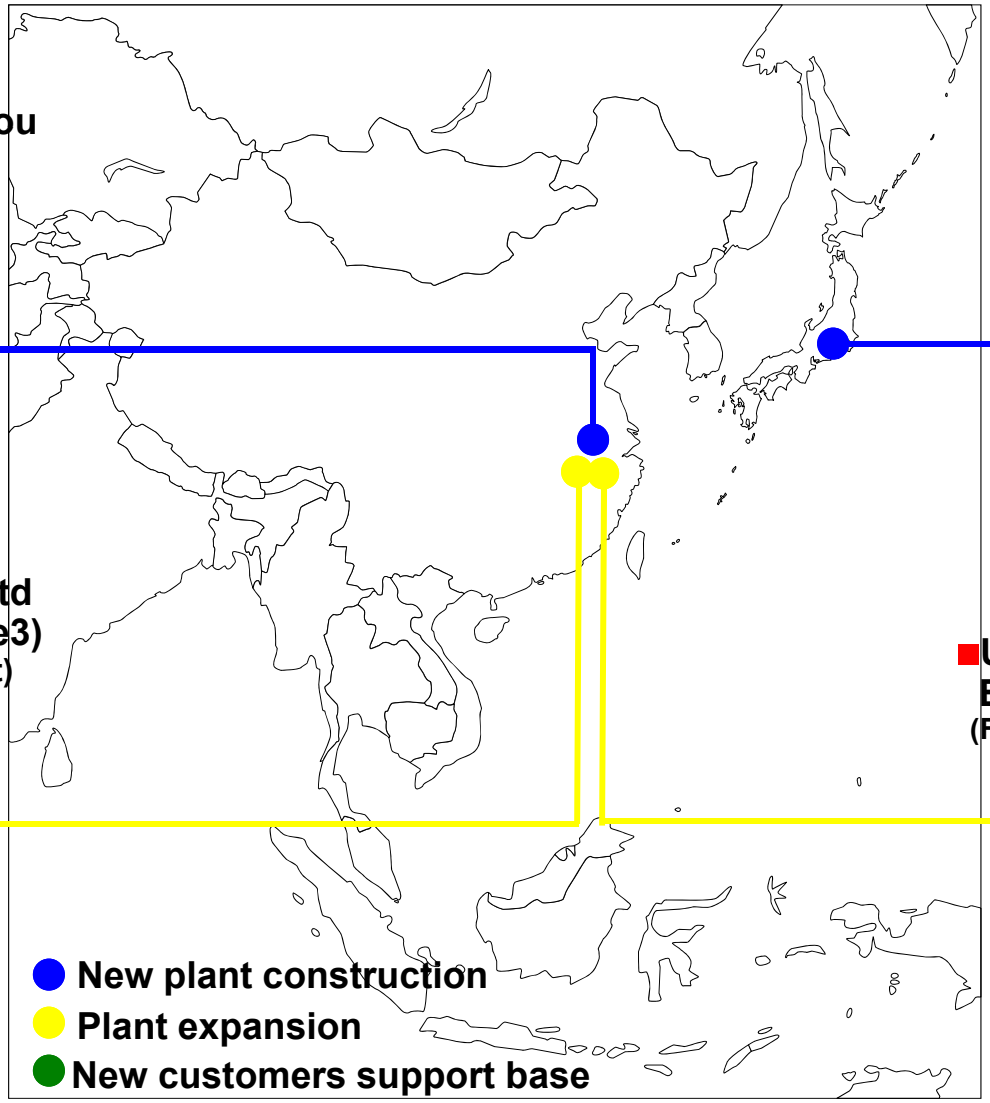
China

■ULVAC Materials Suzhou

◆Started operation in Oct. 2010
（Suzhou）

■ULVAC (SUZHOU)Co.,Ltd Expansion Plant (Phase3)
(LED production equipment)

◆Started operation in Oct.2010
（Suzhou）



Japan

■New Chiba Institute for Super materials

◆Start ed operation in July 2010
（Tomisato,Chiba）

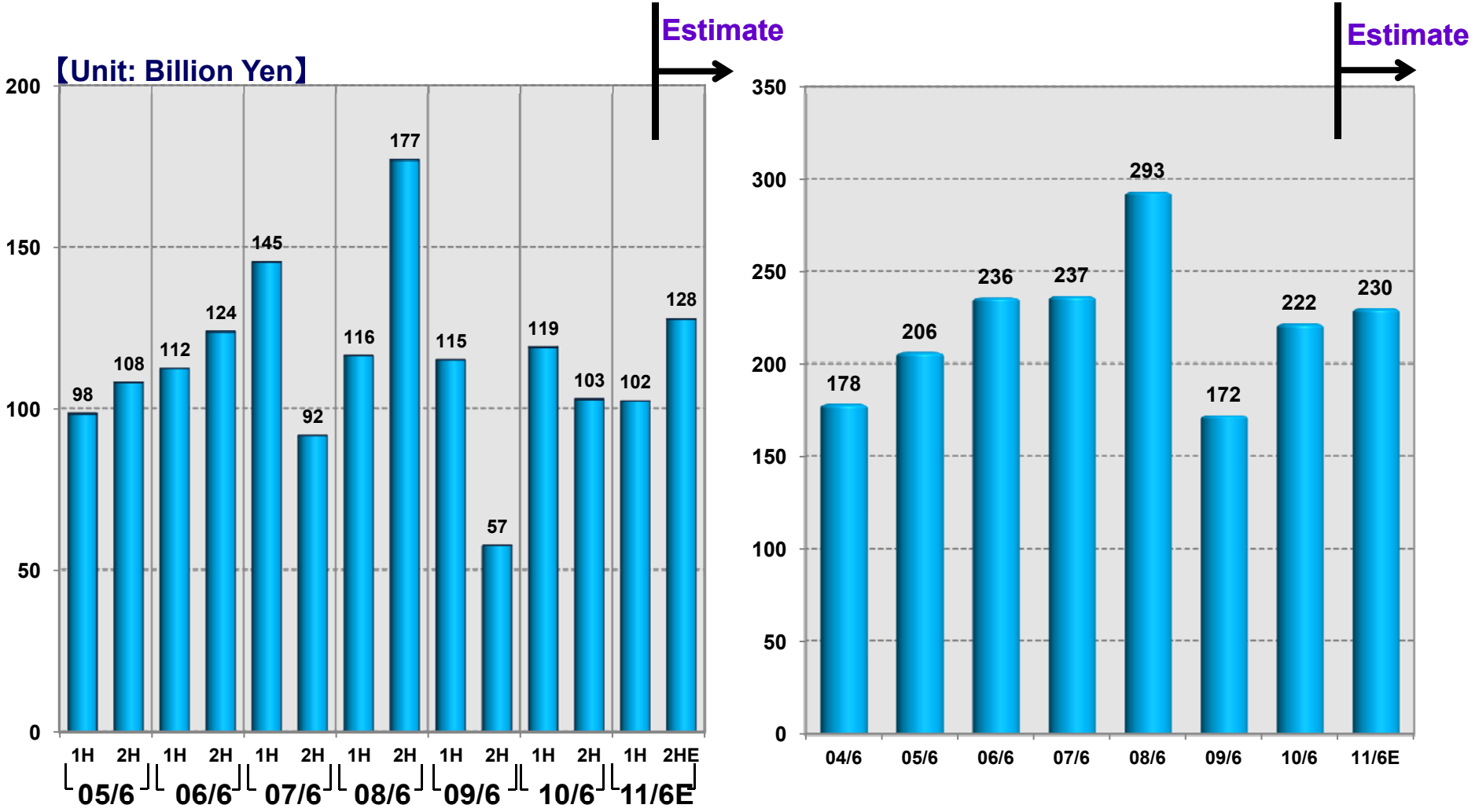
China

■ULVAC (SUZHOU)Co.,Ltd Expansion Plant (Phase4)
(FPD/PV production equipment)

◆Will start operation in Dec.2011
（Suzhou）

Transition of Orders received・Estimate

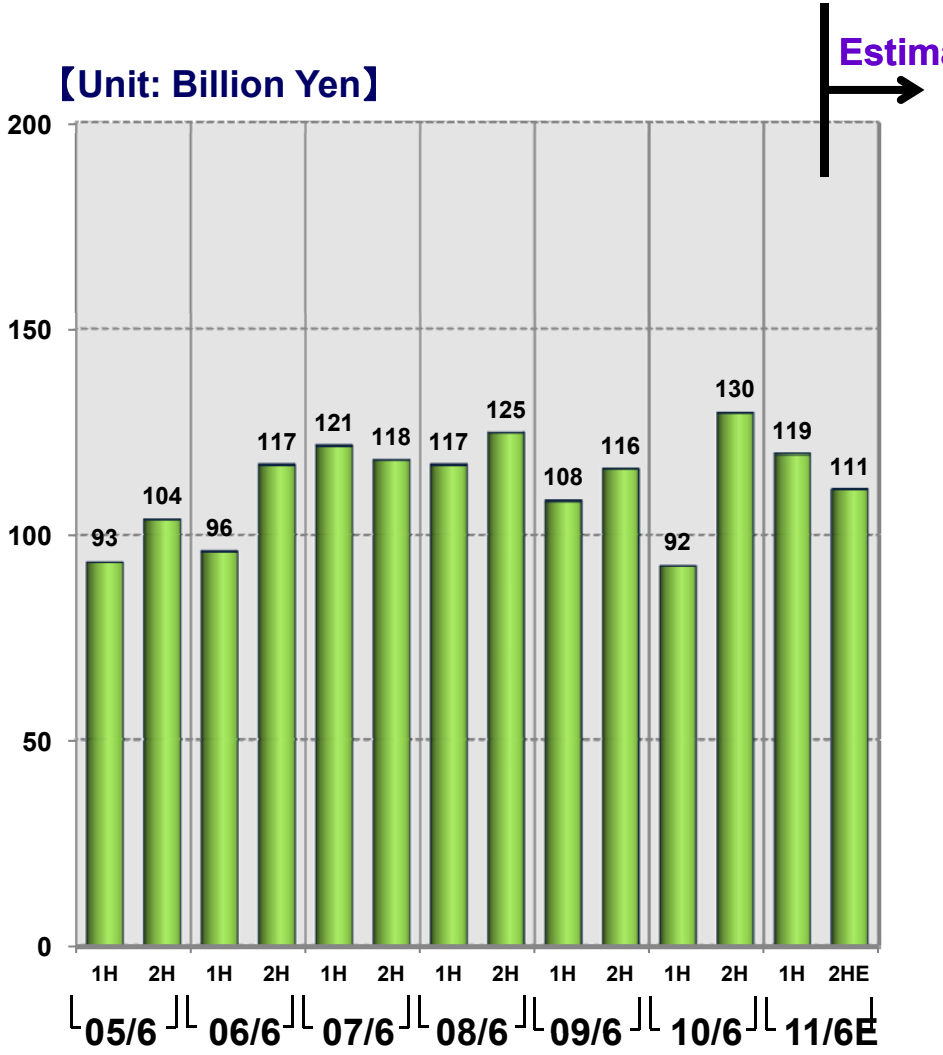
Appendix

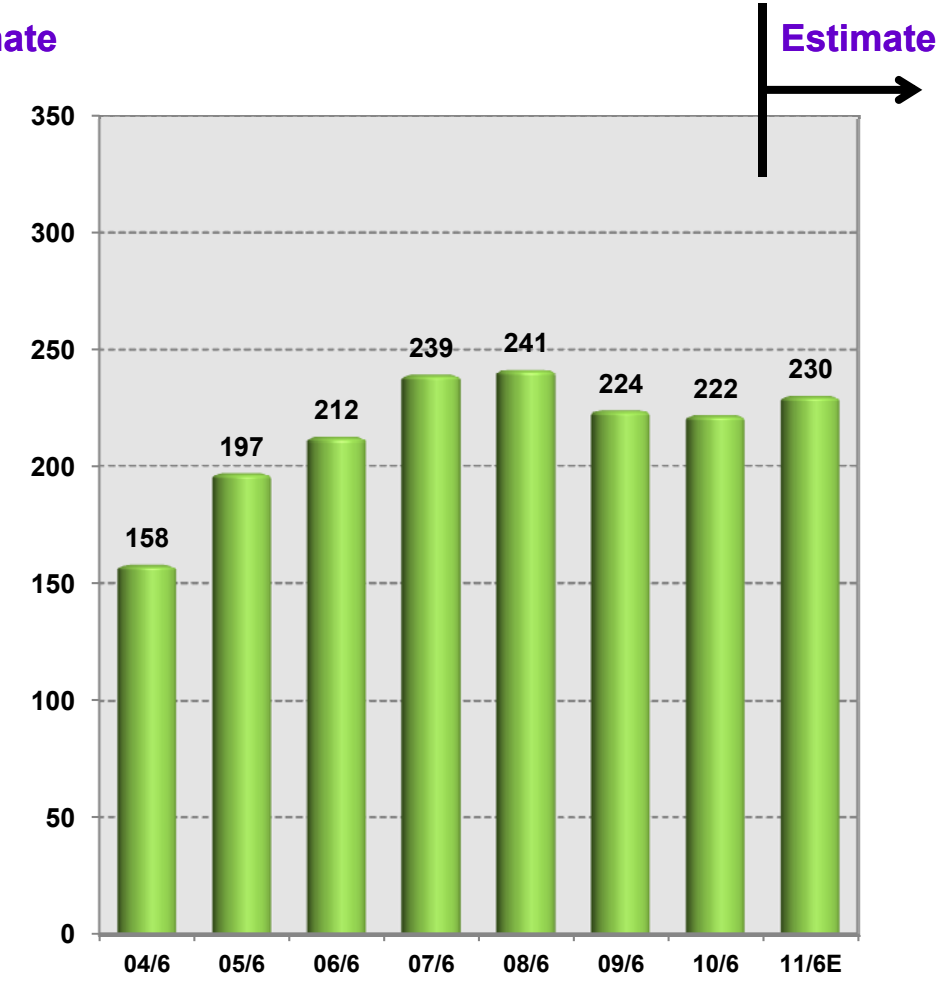


【Figures are rounded off to the first decimal place】

Transition of Net Sales・Estimate

【Unit: Billion Yen】

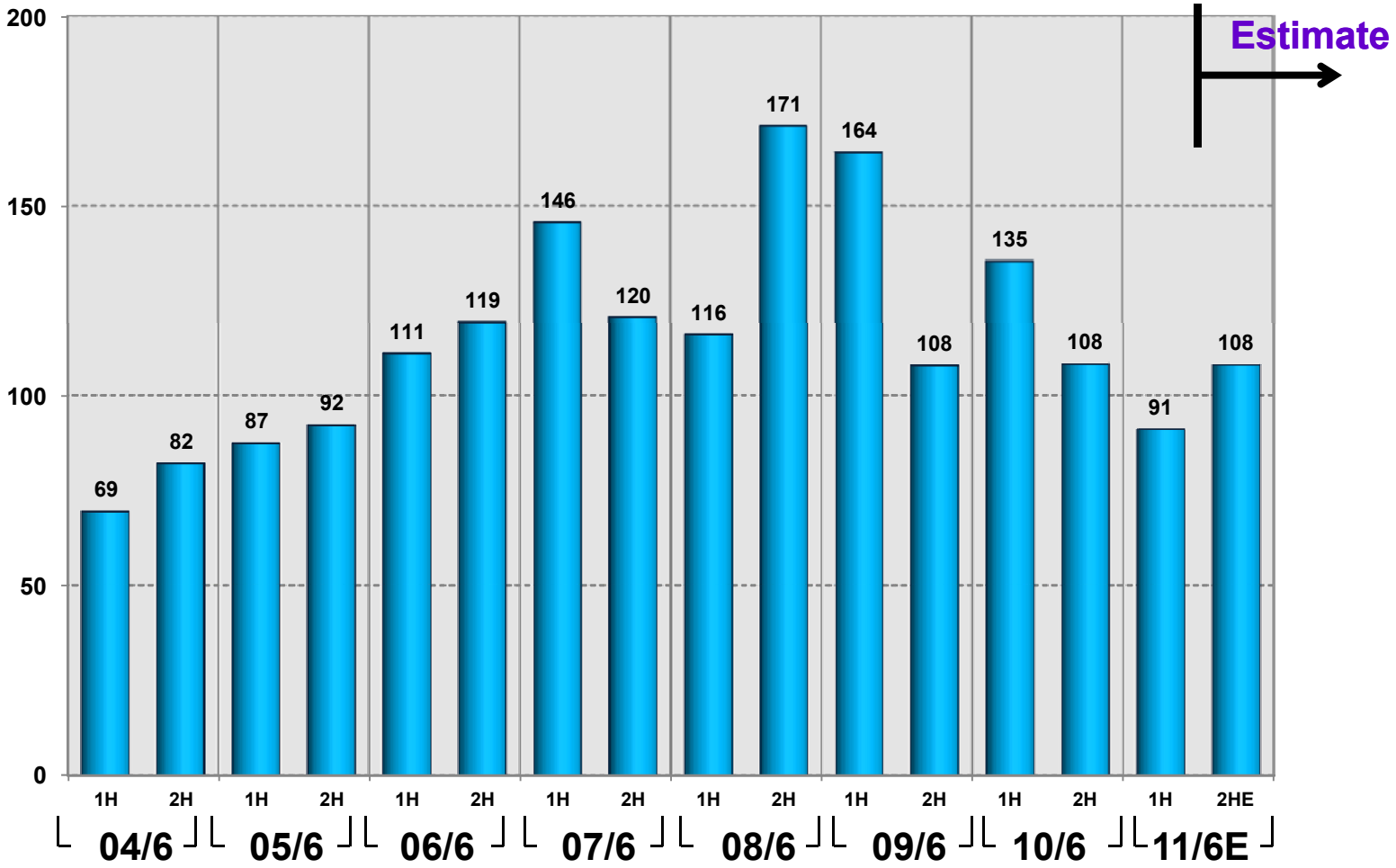




【Figures are rounded off to the first decimal place】

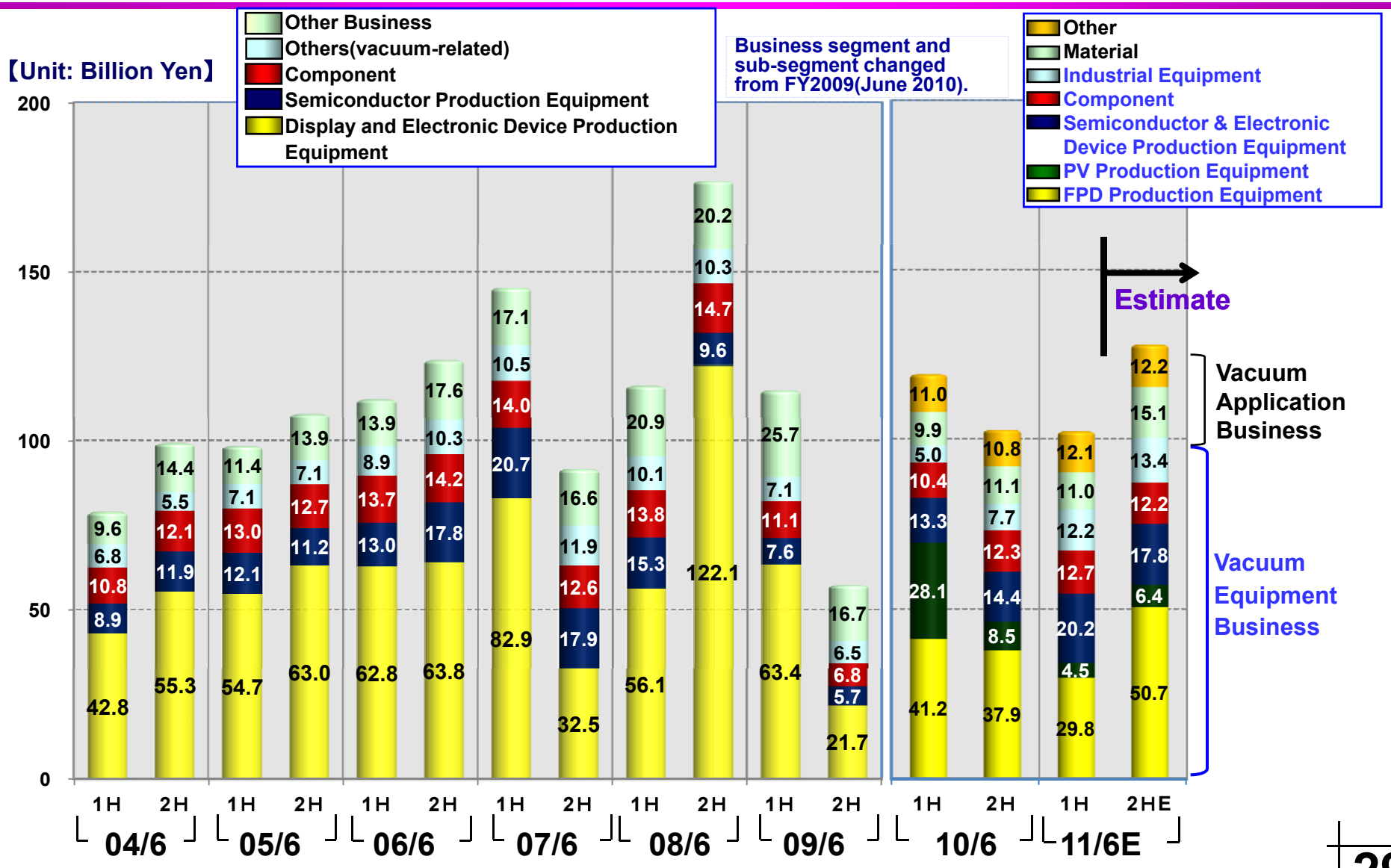
Transition of Orders Backlogs・Estimate

【Unit: Billion Yen】



【Figures are rounded off to the first decimal place】

Transition of Orders received by segment・Estimate



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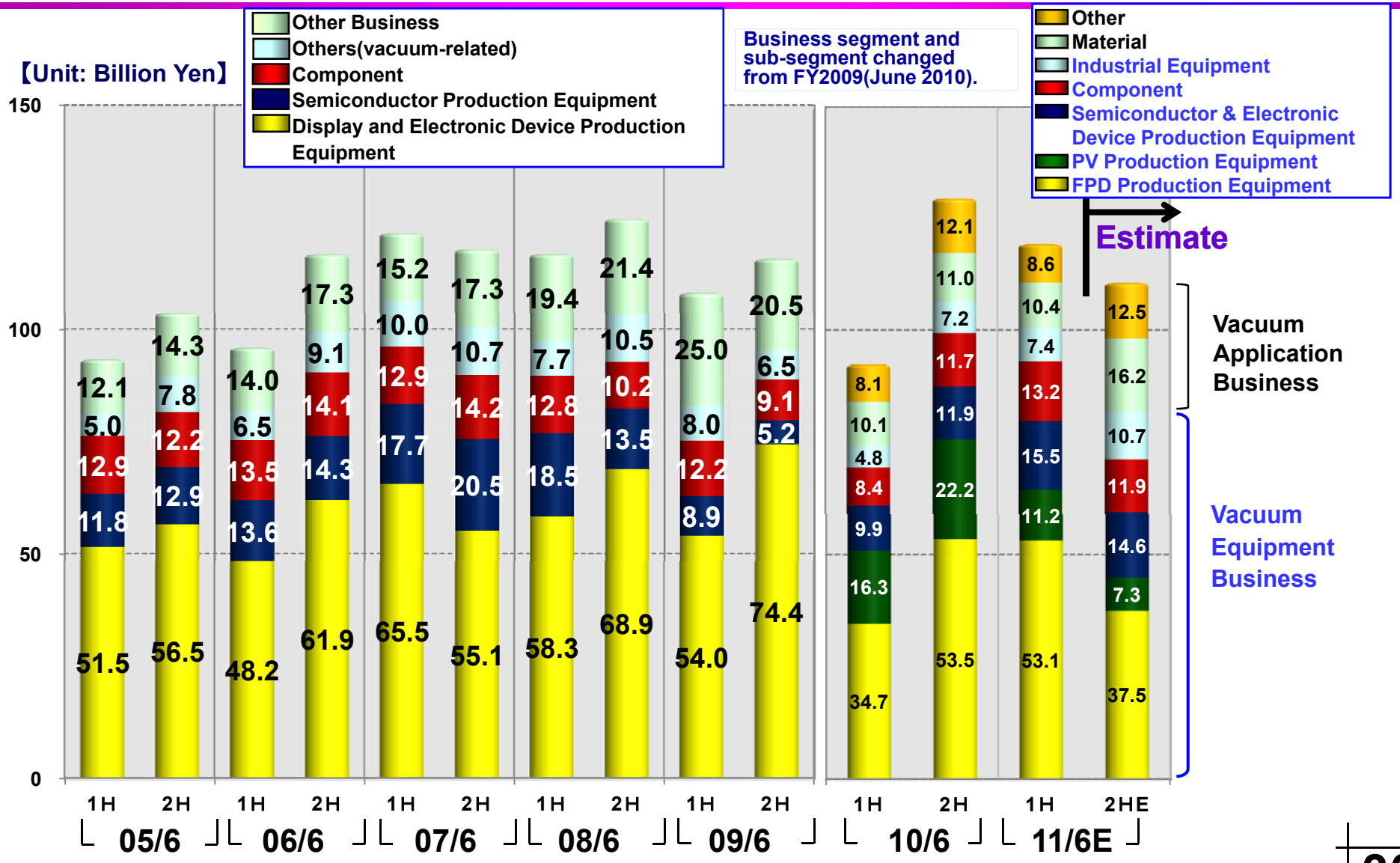
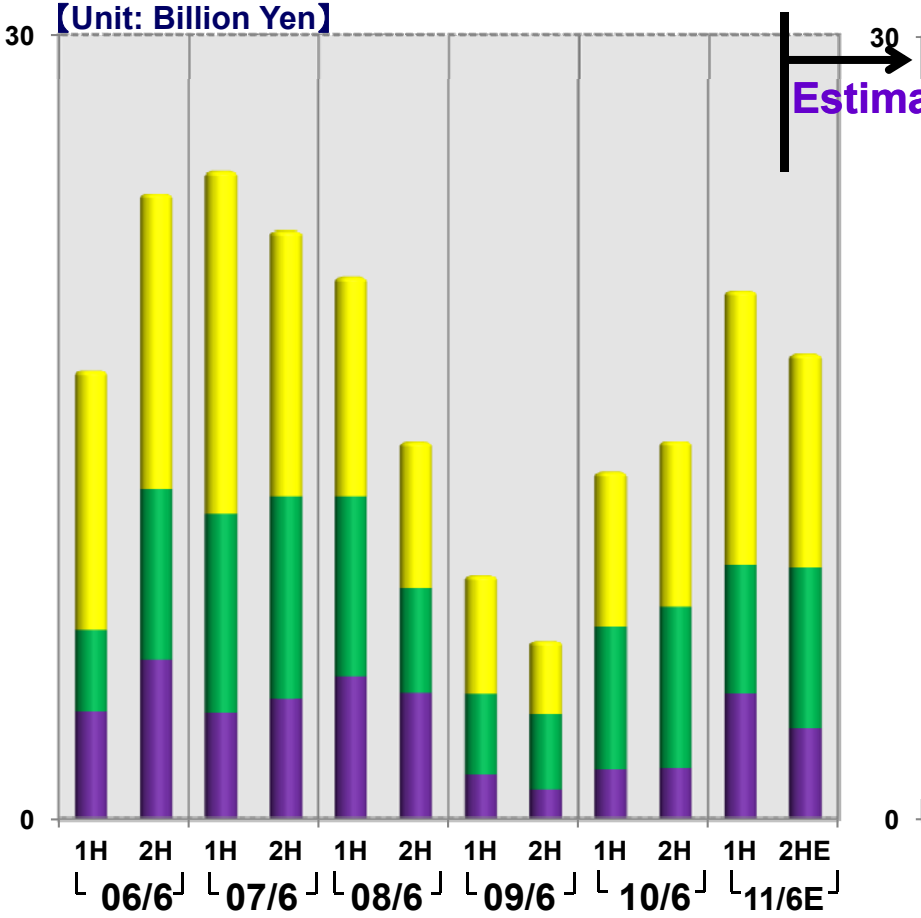
Transition of Net Sales by Segment・Estimate



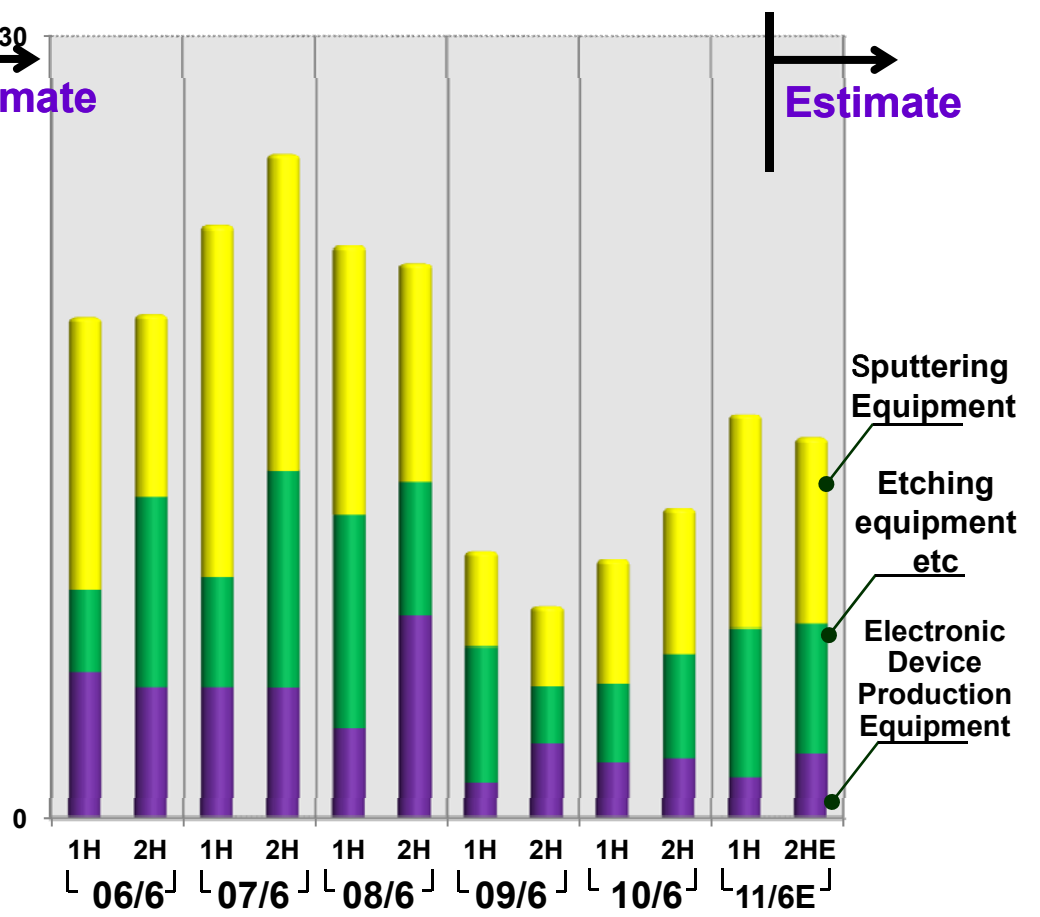
Transition of Semiconductor and Electronic Device Production Equipment

Appendix

Order Received



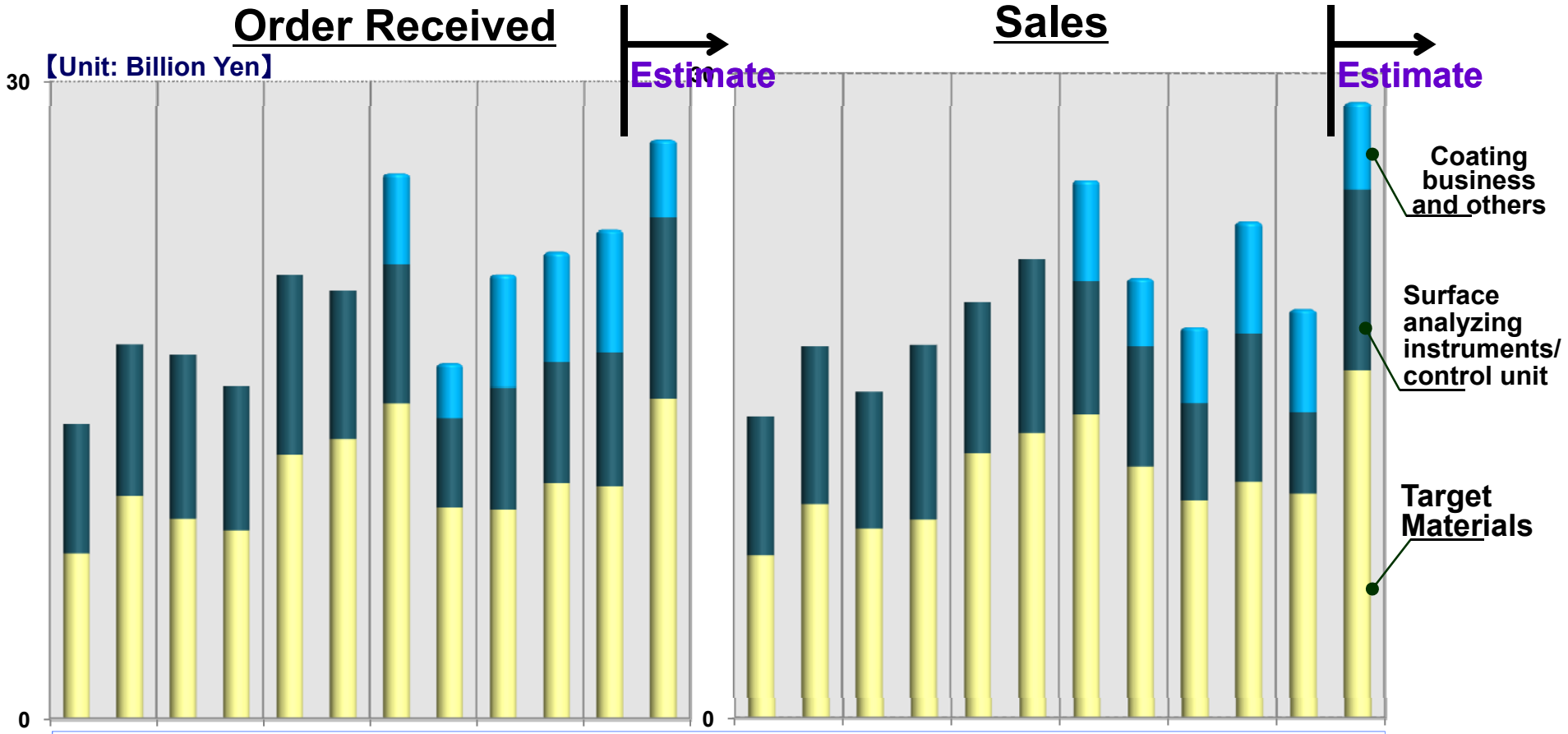
Sales



Current order situation

- Investments in downsizing are solid for DRAM and flash memory.
- For LED related products, orders and inquiries are solid in China and Taiwan while being weak in Korea.
- Electronic devices related with smartphone (including sensor and SAW filter) are solid.

Transition of Vacuum Application Businesses

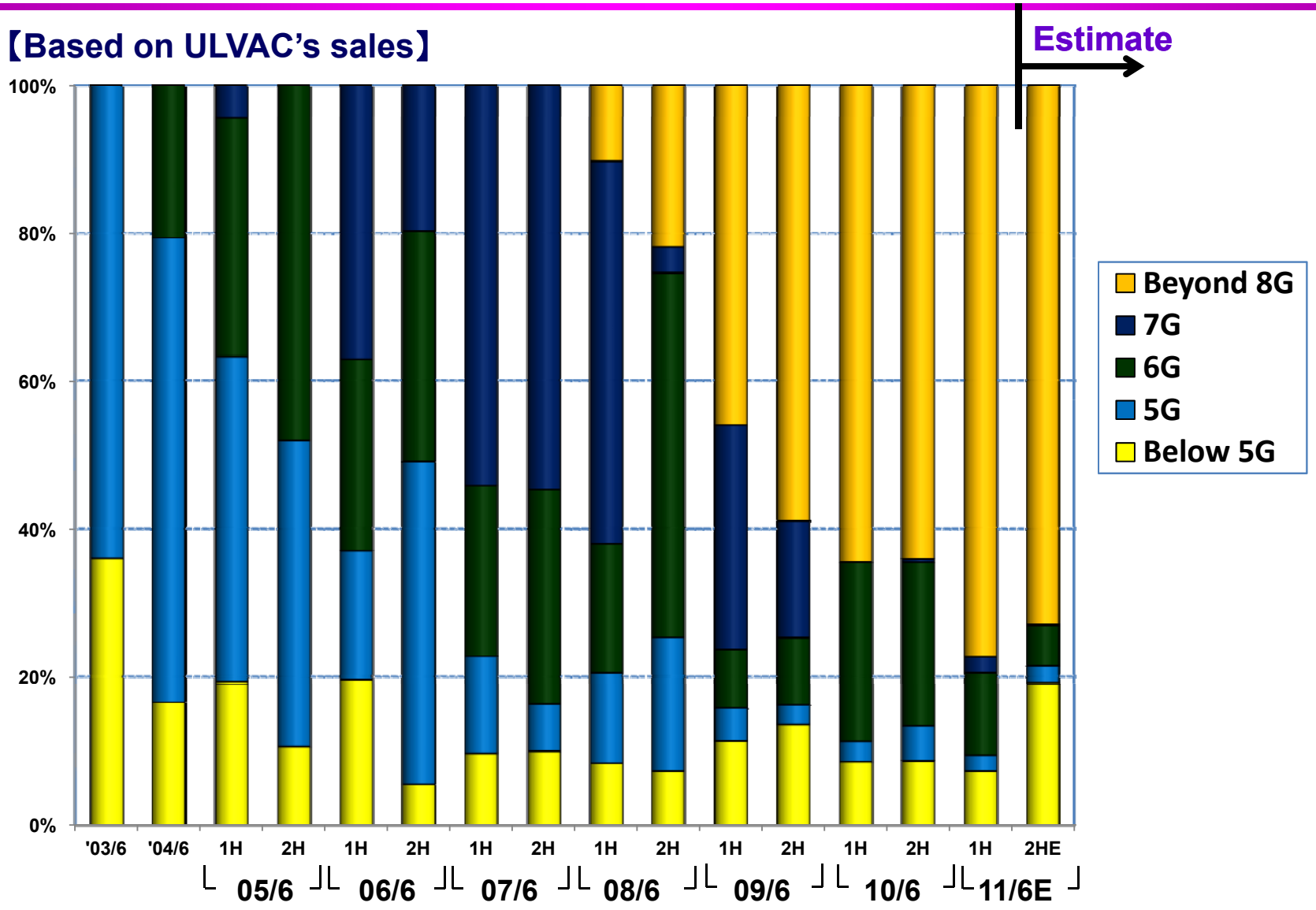


Current order situation

- Target material business goes upward for FPD related mainly in LCD and increases orders due to investment in increased production of ITO, etc.
- We have low expectations for the used equipment business in China due to fierce competition. For EV related products, inquiries are increasing.
- A rapid recovery was confirmed in surface analysis-related products.

Transition of generations of LCD production equipment

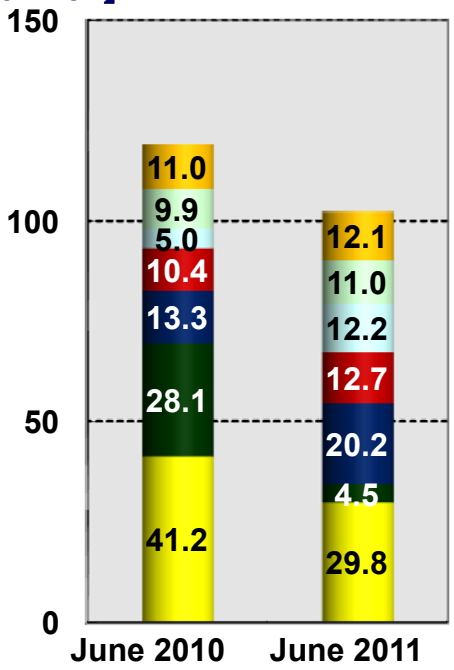
【Based on ULVAC's sales】



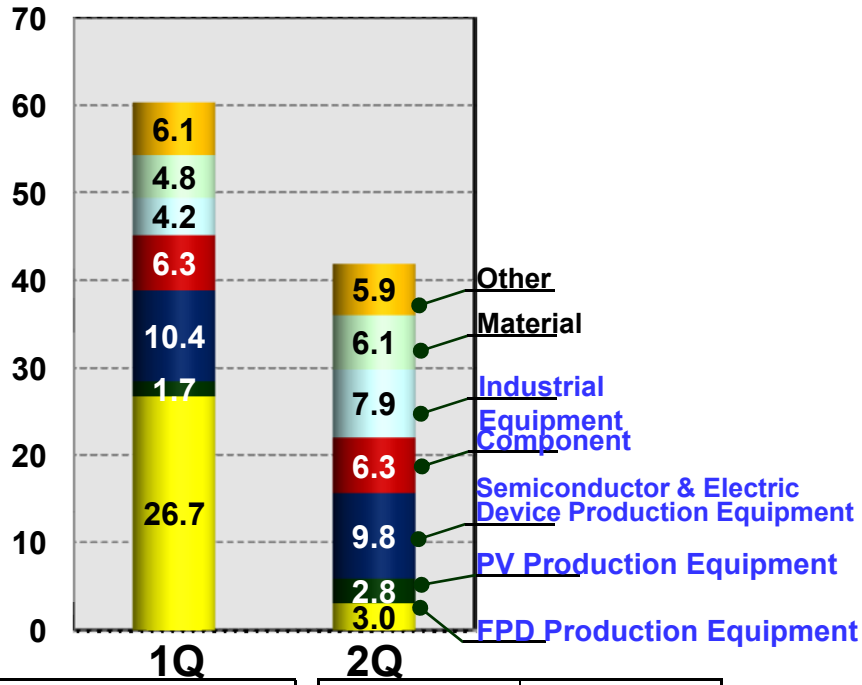
Order received by Segment

1st H (Year-To-Date)

【Unit: Billion Yen】



June 2011 1st H



June 2010 1H		
Segment	Order	%
Vacuum Equipment Business	98.0	82.4%
FPD production equipment	41.2	34.7%
PV production equipment	28.1	23.6%
Semiconductor and Electronics device Production Equipment	13.3	11.2%
Component	10.4	8.7%
Industrial Equipment	5.0	4.2%
Vacuum Application Business	20.9	17.6%
Materials	9.9	8.3%
Other	11.0	9.3%
Total	118.9	100.0%

June 2011 1H		
Segment	Order	%
Vacuum Equipment Business	79.2	77.5%
FPD production equipment	29.8	29.1%
PV production equipment	4.5	4.4%
Semiconductor and Electronics device Production Equipment	20.2	19.7%
Component	12.7	12.4%
Industrial Equipment	12.2	11.9%
Vacuum Application Business	23.0	22.5%
Materials	11.0	10.7%
Other	12.1	11.8%
Total	102.3	100.0%

	1Q		2Q	
	Order	%	Order	%
Vacuum Equipment Business	49.4	81.8%	29.9	71.2%
FPD production equipment	26.7	44.3%	3.0	7.2%
PV production equipment	1.7	2.8%	2.8	6.6%
Semiconductor and Electronics device Production Equipment	10.4	17.2%	9.8	23.3%
Component	6.3	10.5%	6.3	15.1%
Industrial Equipment	4.2	7.0%	7.9	18.9%
Vacuum Application Business	11.0	18.2%	12.1	28.8%
Materials	4.8	8.0%	6.1	14.7%
Other	6.1	10.2%	5.9	14.1%
Total	60.4	100.0%	41.9	100.0%

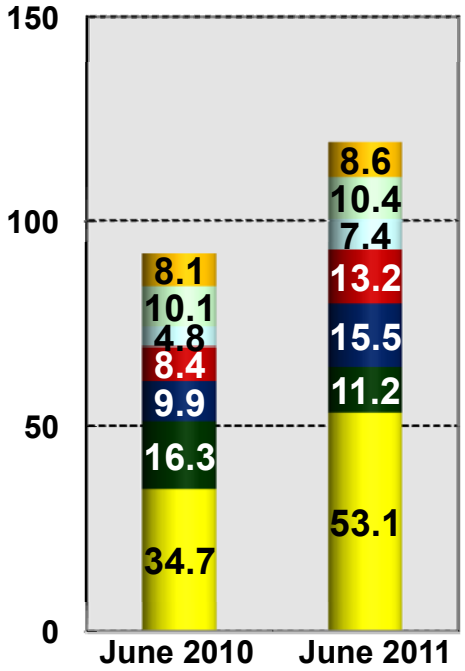
(Note)

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

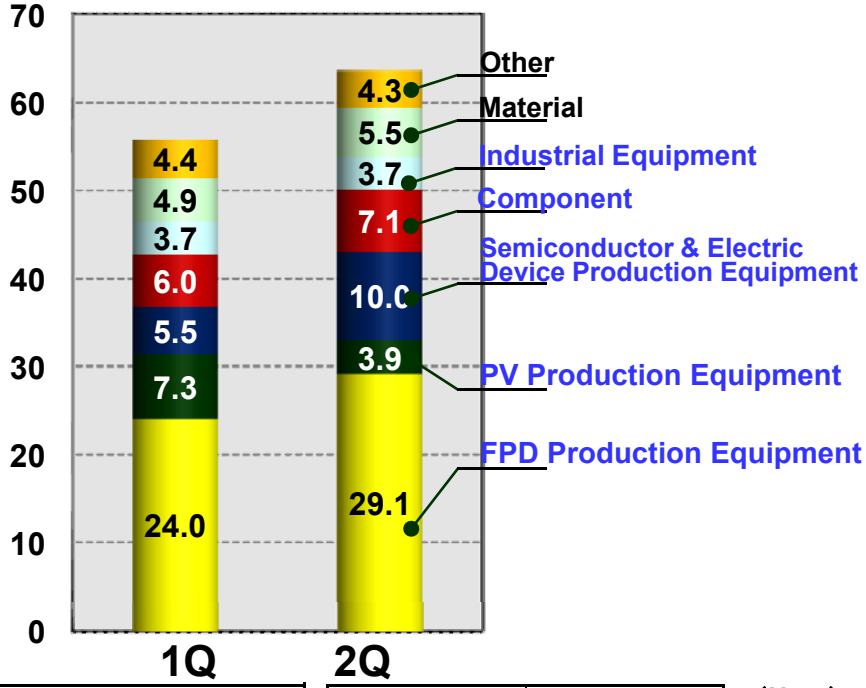
Net Sales by Segment

1st H (Year-To-Date)

【Unit: Billion Yen】



June 2011 1st H



June 2010 1H		
Segment	Sales	%
Vacuum Equipment Business	74.1	80.3%
FPD production equipment	34.7	37.6%
PV production equipment	16.3	17.7%
Semiconductor and Electronics device Production Equipment	9.9	10.7%
Component	8.4	9.1%
Industrial Equipment	4.8	5.2%
Vacuum Application Business	18.2	19.7%
Materials	10.1	11.0%
Other	8.1	8.8%
Total	92.3	100.0%

June 2011 1H		
Segment	Sales	%
Vacuum Equipment Business	100.4	84.1%
FPD production equipment	53.1	44.5%
PV production equipment	11.2	9.4%
Semiconductor and Electronics device Production Equipment	15.5	13.0%
Component	13.2	11.0%
Industrial Equipment	7.4	6.2%
Vacuum Application Business	19.0	15.9%
Materials	10.4	8.7%
Other	8.6	7.2%
Total	119.4	100.0%

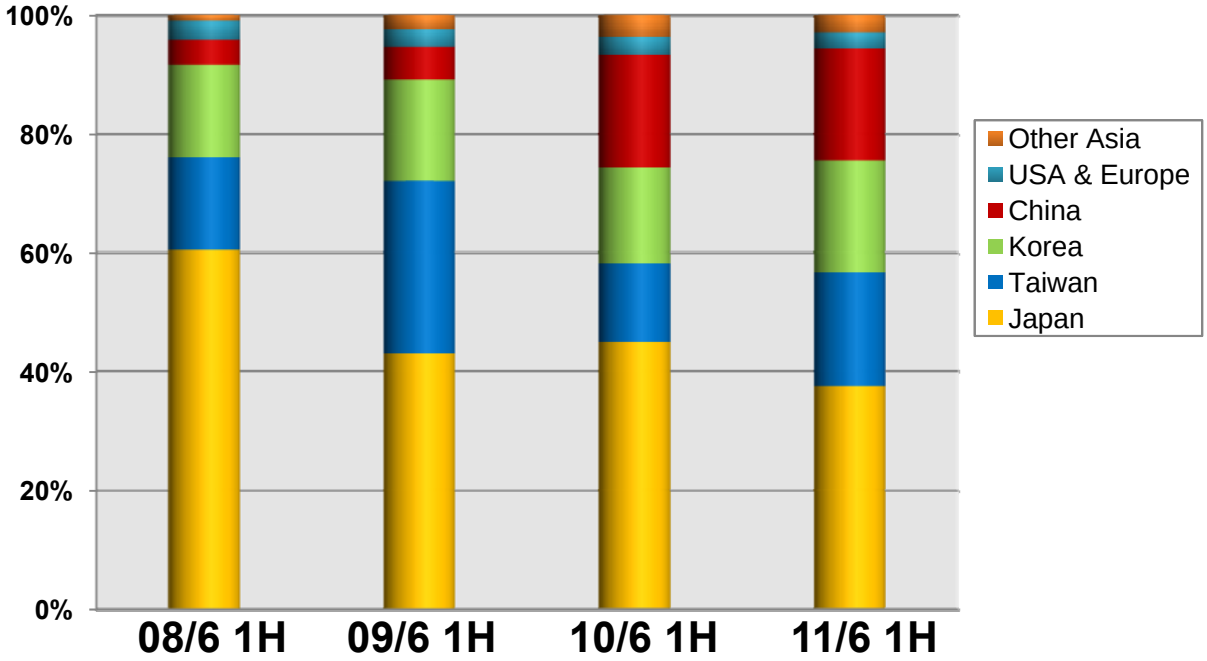
1Q		2Q	
Sales	%	Sales	%
46.5	83.4%	53.9	84.6%
24.0	43.1%	29.1	45.7%
7.3	13.1%	3.9	6.2%
5.5	9.8%	10.0	15.7%
6.0	10.8%	7.1	11.2%
3.7	6.6%	3.7	5.8%
9.3	16.6%	9.8	15.4%
4.9	8.8%	5.5	8.7%
4.4	7.8%	4.3	6.7%
55.7	100.0%	63.6	100.0%

(Note)

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

Transition of Net Sales Percentage by Geographical Area

Appendix



【Unit: Billion Yen】

Region	08/6 1H	09/6 1H	10/6 1H	11/6 1H
Japan	70.7	46.4	41.5	44.8
Taiwan	18.2	31.6	12.3	22.9
Korea	18.2	18.4	14.9	22.6
China	4.7	6	17.6	22.5
Other Asia	1.1	2.4	3.4	3.4
USA & Europe	3.8	3.3	2.6	3.1
Total	116.7	108.1	92.3	119.4

【Figures are rounded off to the nearest unit, and rates are rounded off to the nearest unit afterbeing determined in millions of yen】

Innovation begins in a vacuum