ULVAC

ULVAC, Inc.
Key Q&A for IR Seminar 2026 (Held on April 7, 2026)
Theme: Introduction to Our Rare-Earth Magnet-Related Business

1. Business Opportunities and Lead Time

Q : What is the specific business scale and lead time for a neodymium magnet production line?

A : Assuming one production line with an annual capacity of 3,000 tons, approximately 6–8 units are required for the processes of Melting and Casting/ Sintering/ Aging, along with around 10 batch furnaces for the GBD process. Depending on equipment specifications, the equipment business scale per line is estimated at approximately JPY 5–10 billion.

The lead time is about one year from order receipt to shipment, followed by an additional 3–4 months for on-site installation and start-up.

2. Market Trends and Regional Strategies

Q : What are the trends in non-China regions, particularly the U.S. market, and the significance of investments?

A : In the United States, the target is to secure production capacity equivalent to approximately 10% of the global market (45,000 tons) by 2030. About 60–70% of these plans have already reached the planning stage, and we have secured a certain level of business opportunities. Investments have also begun in South Korea and Europe; however, the scale of government support is currently largest and most advanced in the U.S..

Although non-China manufacturing is cost-disadvantaged versus China, countries aim to secure domestic production capacity from the perspectives of supply chain resilience, geopolitical risk mitigation, and maintaining bargaining power with China.

Q : What is the outlook for future order composition and the China ratio?

A : For the fiscal year ending June 2026, we plan to receive orders of JPY 15–20 billion, mainly from Europe and the U.S., with China accounting for approximately 20%. In the long term, we believe a balanced portfolio with roughly a 50/50 split between China and non-China orders is desirable.

3. Competitive Environment and Our Strengths

Q : What are our competitive advantages compared with competitors?

A : The primary competitive environment is the Chinese market, where competitors are local Chinese equipment manufacturers, and price competition is extremely intense. To maintain cost competitiveness, we produce equipment at our Shenyang base in China. In non-China markets, however, Chinese manufacturers face relatively higher barriers to entry, which we see as advantageous.

While there are manufacturers of melting and heat-treatment furnaces in the U.S., ULVAC maintains advantages in performance, quality stability, and track record.

4. Production Structure (Chigasaki Factory)

Q : What production structure do we have to meet demand for Japanese-made equipment?

A : To meet demand, primarily from the U.S., for Japanese-made equipment, the Chigasaki Factory is being redesigned as a dedicated melting furnace factory. Production capacity will allow simultaneous assembly of up to four units and annual production of up to 12 units (equivalent to approximately 24,000 tons of magnet annual capacity).

By effectively utilizing existing facilities, we do not expect large-scale additional capital investment at this stage.

5. Profitability Improvement and Value-Added Strategy

Q : What specific measures are being taken to improve profit margins?

A : In the medium to long term, we aim for sales of JPY 35–45 billion across general industries, and even currently, profitability exceeds the company-wide average, contributing to the margin improvement targets outlined in our medium-term management plan. However, given the industry structure, we believe it is unrealistic to achieve semiconductor-level profit margins.

Going forward, we aim to enhance value and secure profitability by evolving from standalone equipment sales to solution-based businesses, incorporating design and integration such as transport, inspection, and oxygen-free transfer in collaboration with upstream and downstream process manufacturers.