

(Securities code: 6728)

# **Business Results**

## **FY2017 (First to Third Quarter)**

### **(July 2017–March 2018)**

A large, faint watermark of the ULVAC logo is centered in the background of the slide.

**May 11, 2018**

**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. ULVAC's customers in the flat-panel display (FPD), semiconductor, and electronic parts industries face challenges due to the rapid pace of technological advances and fierce competition.

There are a number of factors that directly and indirectly impact performance, such as the global economy; fluctuations in exchange rates; market conditions for FPDs, semiconductors, electronic parts, and raw materials; and trends in capital expenditures. Consequently, actual net sales and profits may vary substantially from the projections included in this presentation.

## ◆ 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

## Overview of First to Third Quarter FY2017 Business Results (Cumulative)

# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative) Highlights

## □ Business Environment

- Capital expenditures on FPD, semiconductor and electronic parts production equipment continued to be robust. **No major changes from last time**

## □ Orders Received: ¥195.2 billion (+14% year-on-year)

- Due to a rise in capital expenditures for memory, orders of semiconductor and electronic parts production equipment were significantly higher, and other product segments, including general industrial equipment, also increased year-on-year. FPD and PV production equipment orders briefly declined in the third quarter, but are expected to recover in the fourth quarter.

## □ Net Sales: ¥190.2 billion (+10% year-on-year)

- Net sales were up year-on-year, primarily in semiconductor and electronic parts production equipment as well as FPD and PV production equipment.

## □ Operating Profit: ¥29.8 billion (+29% year-on-year)

- Operating profit was up year-on-year, with all profit categories at high levels.

## □ Upward Revision of Dividend Forecast

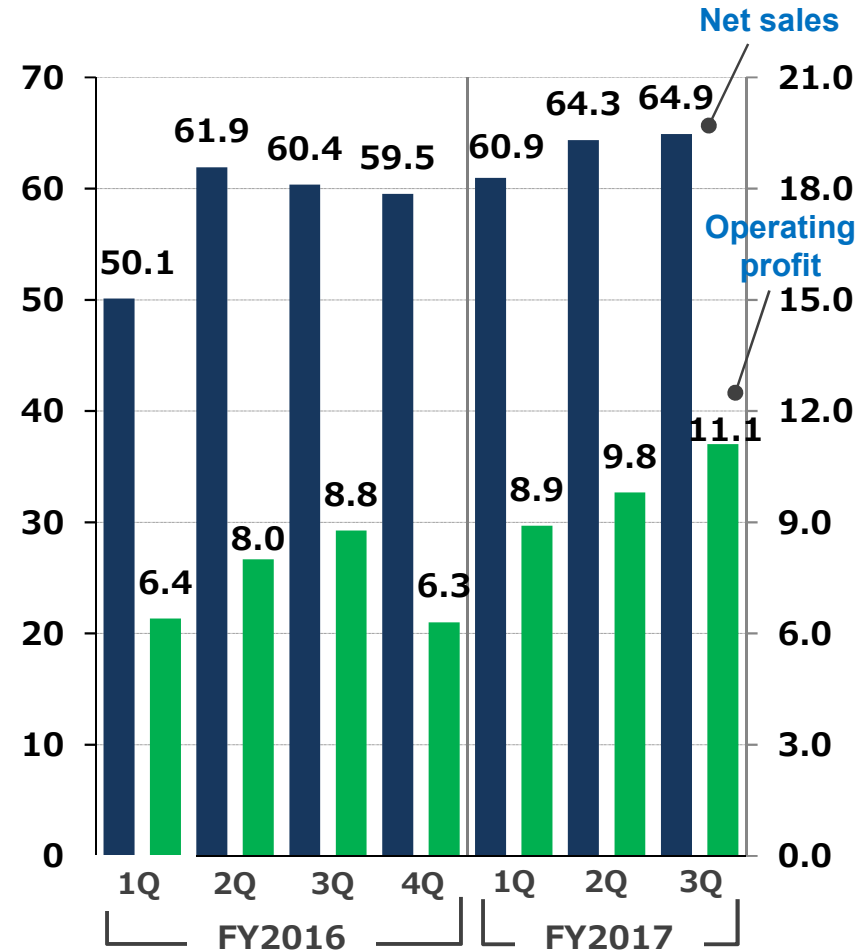
- Initial dividend forecast ¥60 per share → **Revised forecast ¥95**

# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative)

- Orders received, net sales, and all profit categories were up year-on-year.
- Net sales rose by 10%, owing to increases in semiconductor and electronic parts production equipment as well as FPD production equipment.
- The upsurge in net sales and improved profit margins contributed to a 29% increase in operating profit.

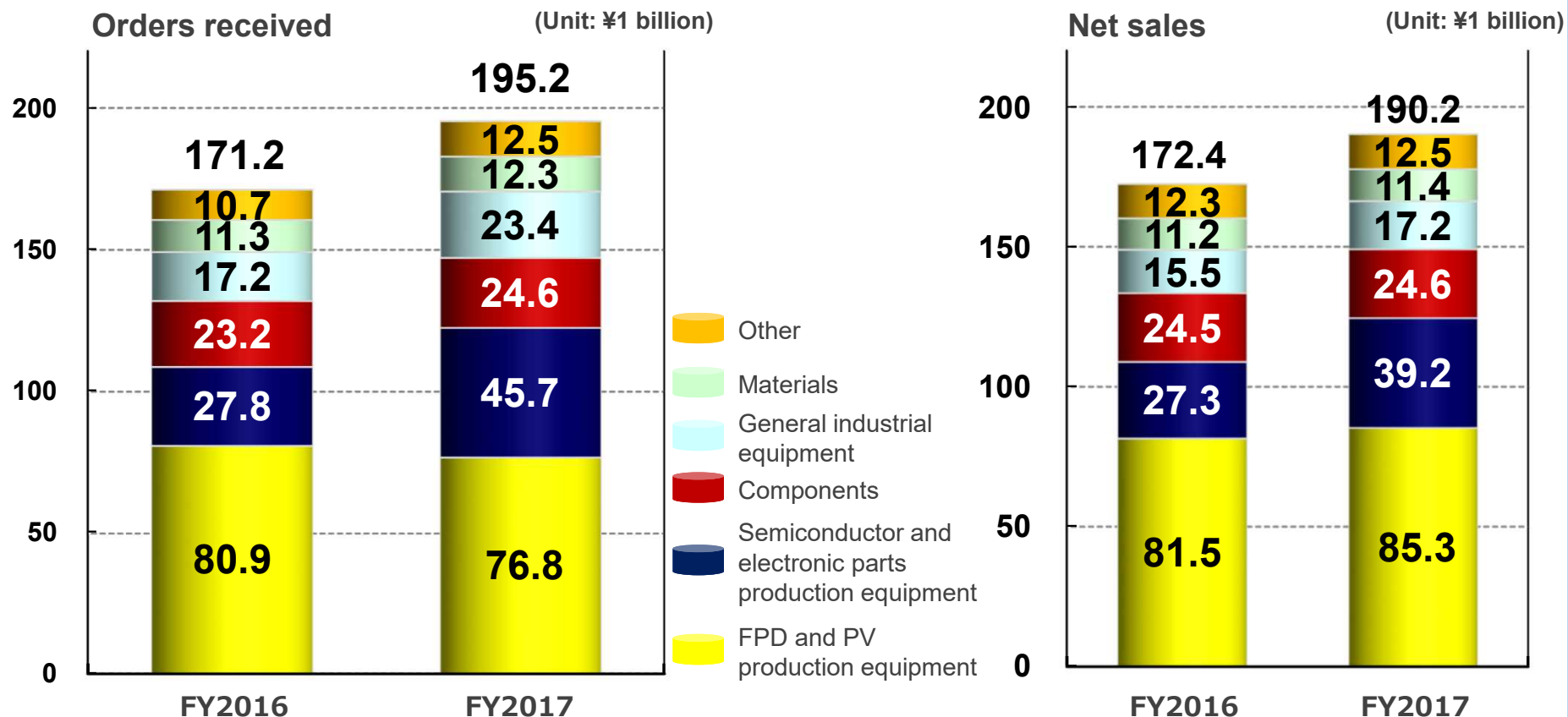
(Unit: ¥1 billion)

	FY2016 1Q to 3Q (9 months) Result	FY2017 1Q to 3Q (9 months) Result	Y-on-Y (Changes)
Orders Received	171.2	195.2	14.1%
Net Sales	172.4	190.2	10.3%
Gross Profit	48.1	57.2	18.9%
Ratio	27.9%	30.1%	+ 2.2 pt
SG&A	25.0	27.4	9.9%
Operating Profit	23.2	29.8	28.6%
Ratio	13.5%	15.7%	+ 2.2 pt
Net Income	17.9	25.3	41.3%
Ratio	10.4%	13.3%	+ 2.9 pt



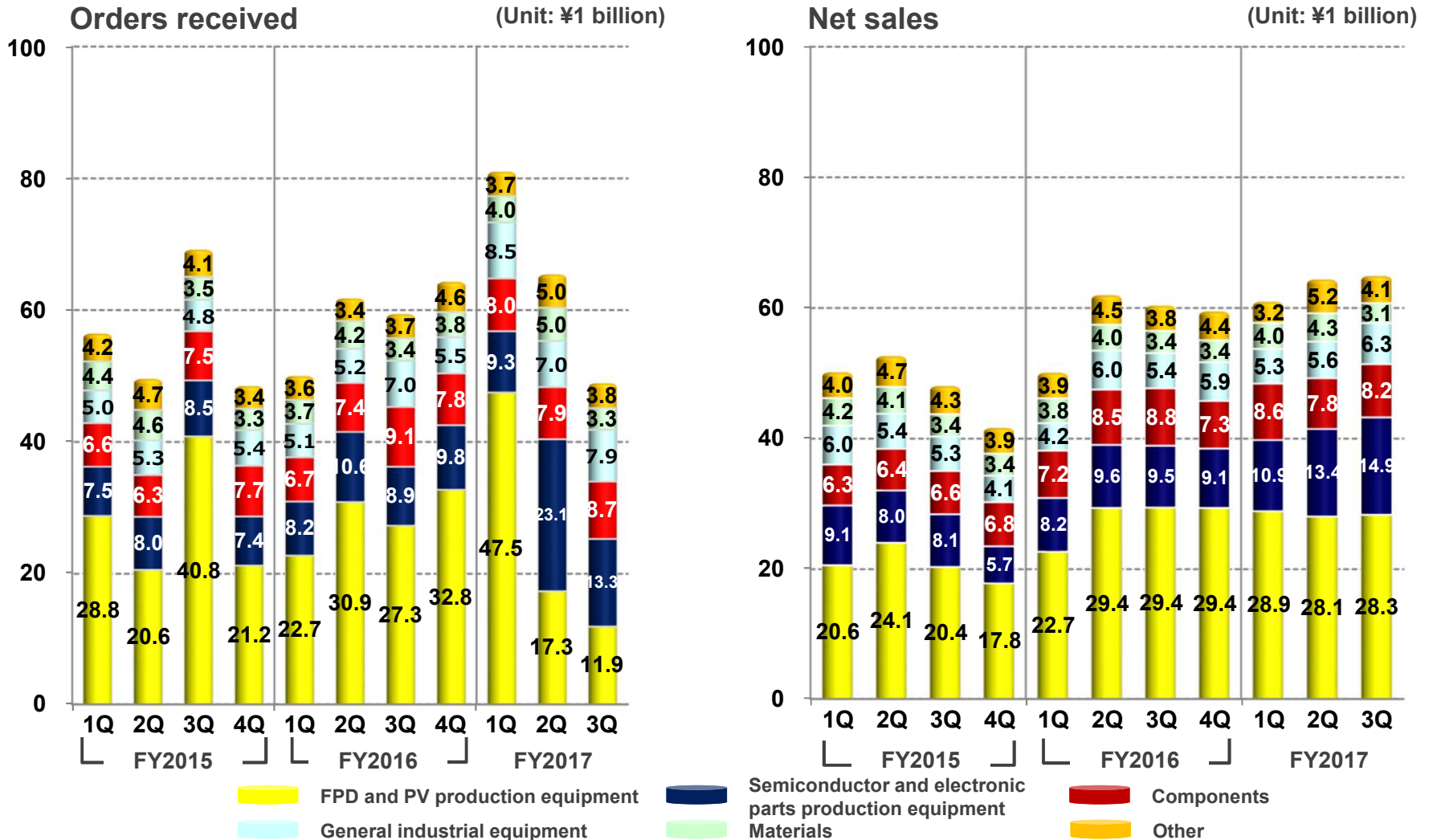
# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative) (Orders received and net sales by segment)

- FPD and PV production equipment: net sales increased year-on-year, due to the continuing high level of investment in LCDs for large-screen TVs and OLEDs for smart phones, particularly in China.
- Semiconductor and electronic parts production equipment: Backed by strong demand for servers, there was an increase in production equipment for memory (NAND, DRAM, next generation non-volatile memory). Up significantly year-on year



# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative) (Orders received and net sales by segment: Quarterly)

- 3Q order volume declined briefly, but is expected to recover in 4Q. Net sales continued to perform at a high level.

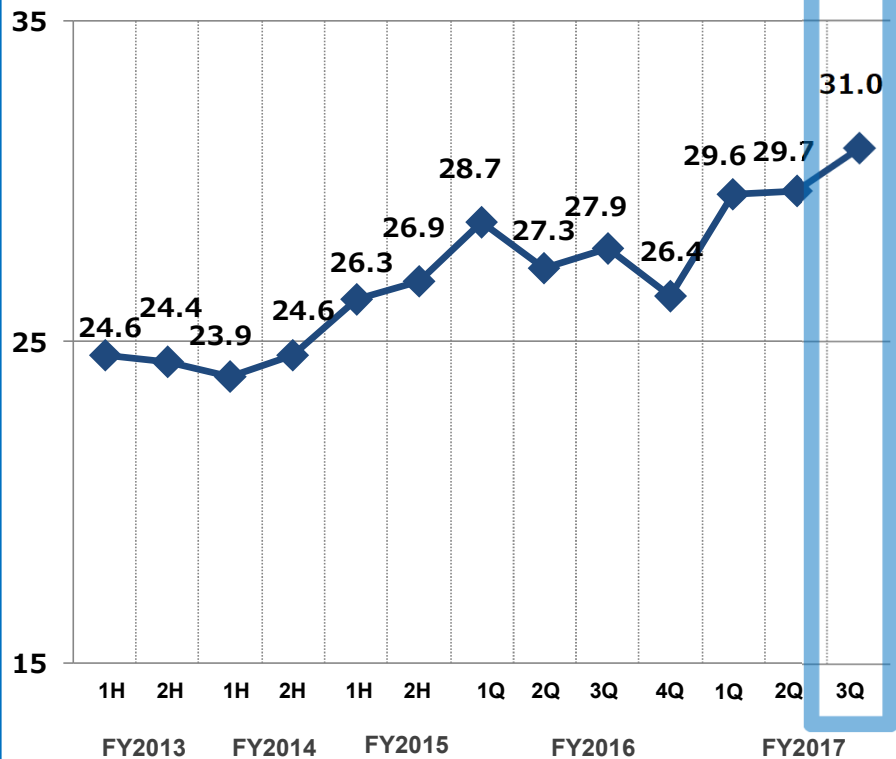


# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative) (Profit margins)

- Both gross profit and operating profit margins were at high levels.

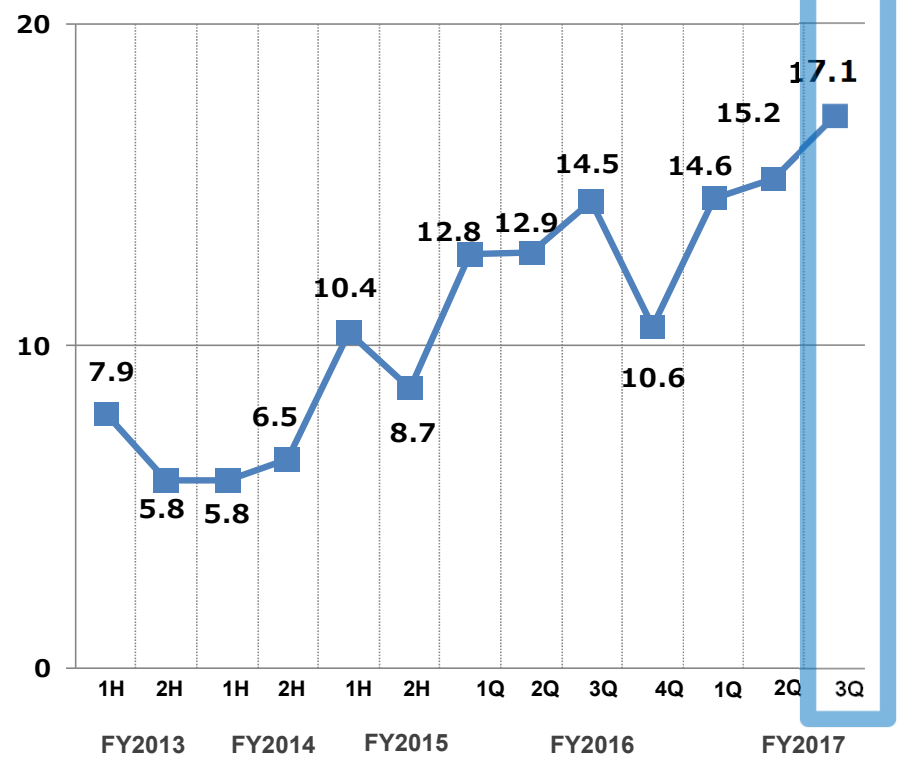
## Gross profit margin

(Unit: %)



## Operating profit margin

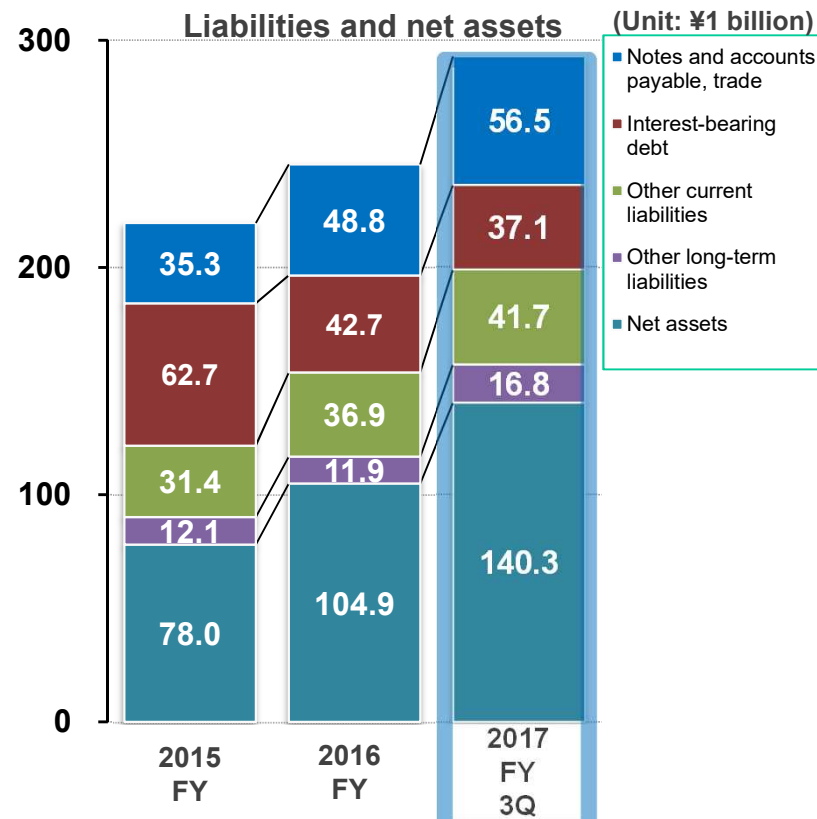
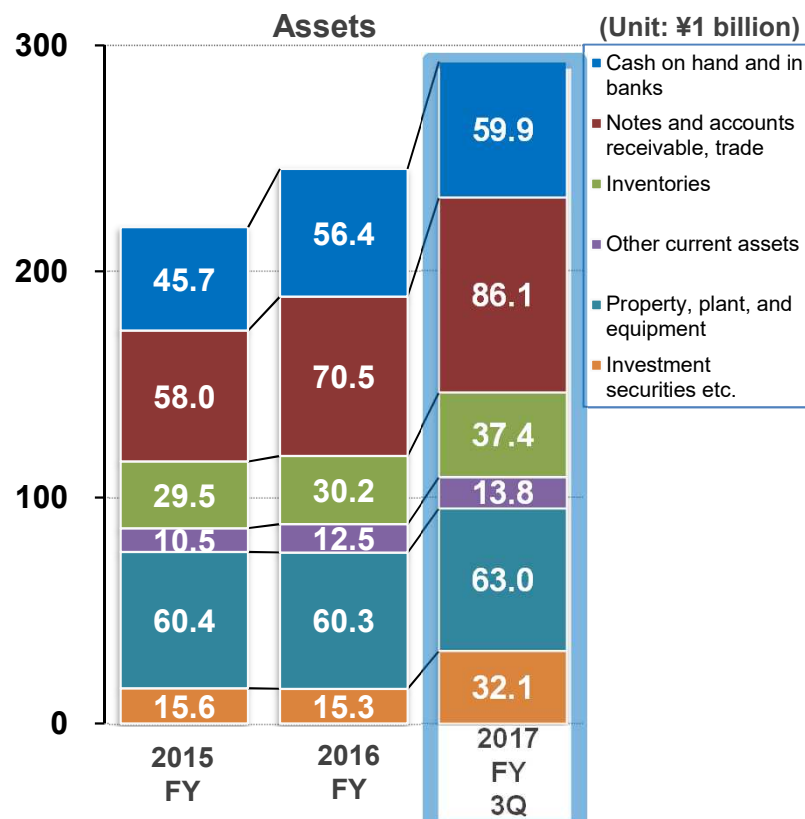
(Unit: %)





# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative) (Consolidated balance sheet)

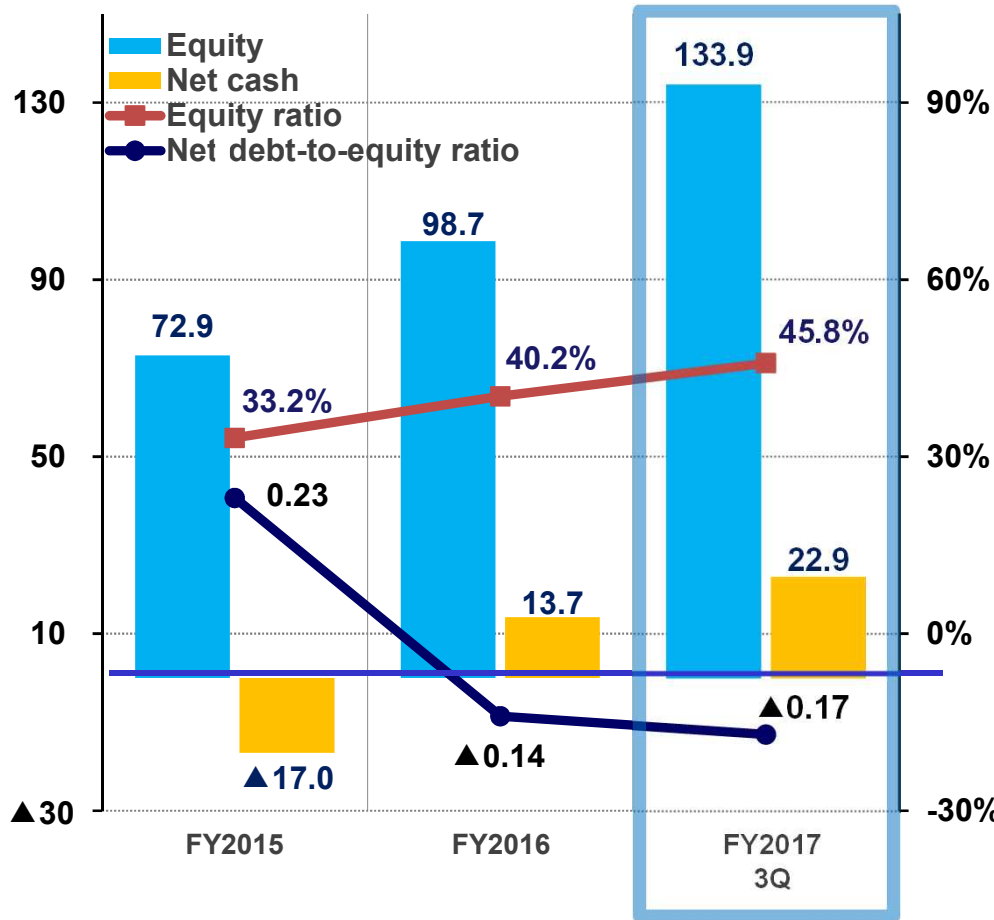
- Thanks to an increase in orders received and net sales, notes and accounts receivable rose by ¥15.6 billion and inventory assets rose by ¥7.2 billion from the end of the previous fiscal year. Notes and accounts payable also were up by ¥7.7 billion.
- Cash on hand and in banks increased by ¥3.5 billion, while interest-bearing debt decreased by ¥5.7 billion.
- Net assets increased by ¥35.3 billion (due to quarterly net profit and an increase in the market value of investment securities).



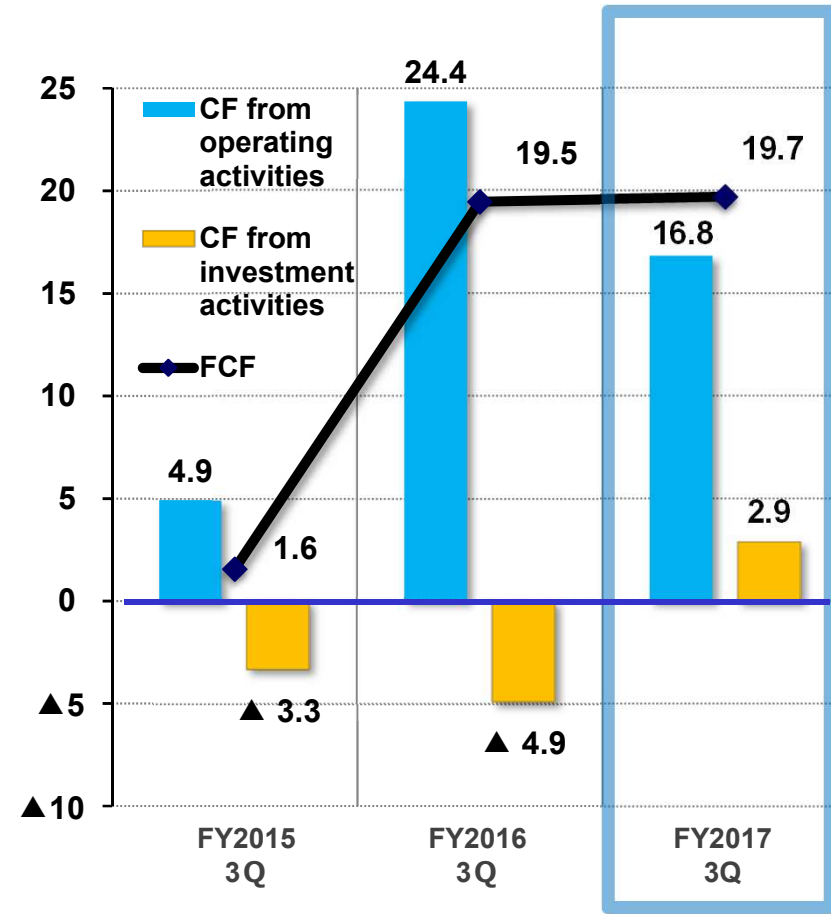
# Overview of 1Q to 3Q FY2017 Consolidated Business Results (Cumulative) (Equity, cash flow, etc.)

- The equity ratio improved to 45.8% and the net D/E ratio to  $\Delta 0.17$ .
- Operating cash flow reached ¥16.8 billion, free cash flow was ¥19.7 billion, and total investment was ¥6.7 billion, while investment cash flow was ¥2.9 billion owing to a decrease in fixed deposits.

(Unit: ¥1 billion)



(Unit: ¥1 billion)



# Revision of Dividend Forecast

## Revision of FY2017 Dividend Forecast

Dividends are paid taking into consideration financial conditions, consolidated fiscal results, and dividend payout ratio.

→ The consolidated earnings forecast was revised upward on February 13, 2018, and results since then have remained steady, so we are revising the year-end dividend forecast from ¥60 to ¥95 per share.

	FY2016 Actual	FY2017 Initial forecast	FY2017 Revised forecast	Vs. FY2016
Dividend per share	¥50	¥60	¥95	Increased by ¥45

# Approaches to Raising Corporate Value



## ULVAC was recognized by METI as a 2018 Certified Health and Productivity Management Organization (White 500)

*Based on the thinking that ULVAC's corporate value depends on the health, fitness, and ability of every employee to reach his or her maximum potential, we are working to promote health, which in turn supports production.*

*We are creating a worker-friendly environment with all employees becoming involved together in company fitness and walking programs, as well as other efforts led by management.*

*We believe that this certification was given in recognition of these group activities.*

*We will continue to treat health as an important management goal and to work on health management so that every employee can be healthy, active, and able to maximize his or her potential.*



健康経営優良法人

Health and productivity

ホワイト500

**ULVAC, leading the  
world in vacuum technology**

**ULVAC**