

【Code:6728】

FY2012 First Half Business Result

(Year Ending June 30,2013)

February 14th,2013
ULVAC,Inc

◆ **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 cells, 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

Agenda

- **Summary for the Fiscal Year 2012 Ending June 2013 (1st Half)**
- **Prospects for the Fiscal Year 2012 Ending June 2013**
- **Progress situation for Structural Business Reform Plan**

Hisaharu Obinata , President and CEO

Business Conditions for the 2nd Q of the Year Ending June 2013 (Y-T-D)

■ Macro environment

- ▶ Japan has suffered from a decline in exports on the back of slowing global economy.
- ▶ US showed a sign of a gradual recovery though downside risk was concerned, including the fiscal cliff.
- ▶ China faced moderate economic growth and have yet to achieve recovery.

■ Business environment around ULVAC

- ▶ **FPD** : Investment in large size LCD(liquid crystal)s remained weak and mobile-related capex also tended to slow down except for a part.
- ▶ **Semiconductor**:PC sales continued weak and Windows 8, which was expected, suffered moderate growth.
The environment surrounding capex, mainly in memory, continuously remains tough.
- ▶ **LED and Power Semiconductor, etc.**
: We saw no sign of investment recovery in China and a slight slowdown in Japan
- ▶ **Material**: Some LCD panel manufactures grew the rate of operation with lack of strength.

Results for the 2nd Q of the Year Ending June 2013 (Y-T-D)

For the first half, the company recorded orders received as 78.8Billion yen (plan: 84.7Billion yen), lower by 5.9 Billion yen, and generated sales of 73.6Billion yen (plan: 77.8Billion yen), lower by 4.2Billion yen. As for profits, gross margin increased due to a reduction in incremental costs and cost-cutting and operating profit stood at 0.9Billion yen (plan: -0.5Billion yen), which resulted in the company returning to operating profitability.

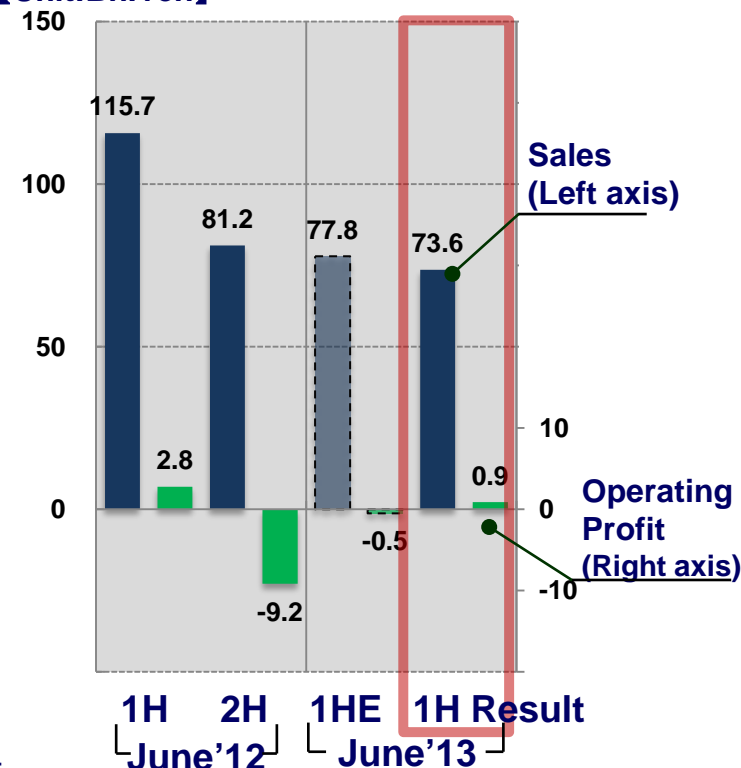
【Unit:Bn.Yen】

	June2012 1H	June 2013 1H			
		Plan	Result	vs.Plan	
				Changes	Ratio
Booking	82.2	84.7 (+3%)	78.8 (-4%)	-5.9	-7.0%
Back-log	75.6	71.9	71.8		
Sales	115.7	77.8 (-33%)	73.6 (-36%)	-4.2	-5.4%
Gross Margin	21.8		16.6		
Ratio	18.8%	17.2	22.6%		
SG&A	19.0		15.7		
Operating profit	2.8	-0.6 (—)	0.9 (-69%)	1.4	—
Ratio	2.4%	0.0	1.2%		
Net Income	0.3	-2.5 (—)	-0.8 (—)	1.7	—

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

Sales and Operating Profit
(By Half Year)

【Unit:Bn.Yen】



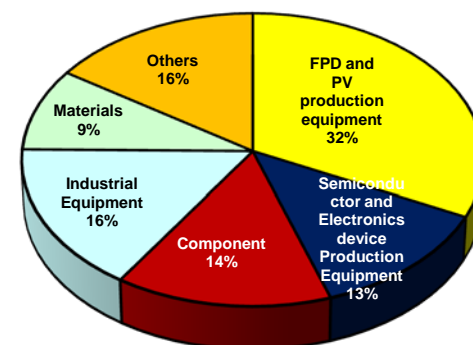
Result of sales by segment

FPD/PV-related business fell short of estimates because of a change in the timing of recognizing sales for equipment to the 3rd quarter and semiconductor-related fell short a decline in orders received for memory and electronic device production equipment, respectively. Industrial equipment exceeded estimate thanks to solid automobile-related. Despite a recovery in the 2nd Q, materials were below the estimate with the recovery failing in offsetting the effect from production cuts of panel manufacturers seen in the 1st Q.

【Unit:Bn.Yen】

Difference by segment(Comparison with 1H/Plan)

June 2012(1H)		June 2013(1H)			
Segment		Segment	Plan	Result	
				Sales	Vs.Plan (Change)
Vacuum Equipment Business	96.7	Vacuum Equipment Business	58.2	55.3	-5%
FPD Production Equipment	54.4	FPD and PV Production Equipment	25.6	23.7	-7%
PV Production Equipment	3.0	Semiconductor & Electric Device Production Equipment	11.4	9.3	-19%
Semiconductor & Electric Device Production Equipment	17.0	Component	10.2	10.6	4%
Component	12.3	Industrial Equipment	10.9	11.8	8%
Industrial Equipment	10.0				
Vacuum Application Business	19.0	Vacuum Application Business	19.7	18.3	-7%
Materials	9.1	Materials	7.5	6.7	-10%
Others	9.9	Others	12.2	11.5	-5%
Total	115.7	Total	77.8	73.6	-5%

Sales by segment
(1st H result)

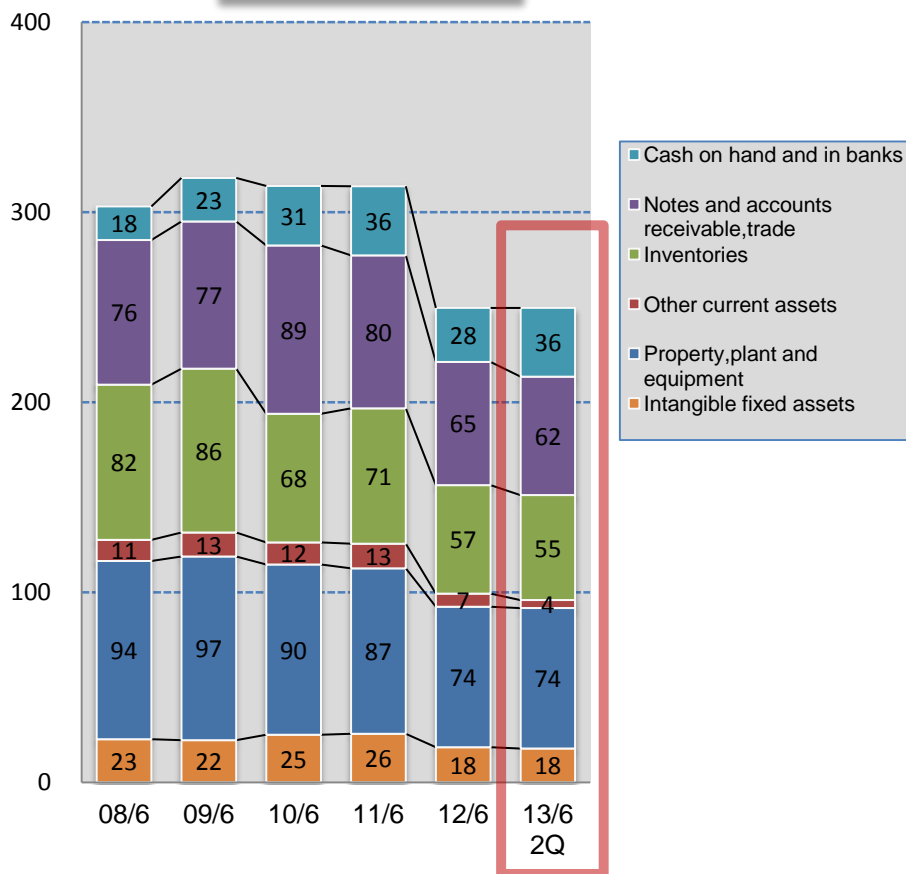
【Remarks: Figures indicated above are rounded off to the nearest unit and may not coincide with the total.】

Balance sheet

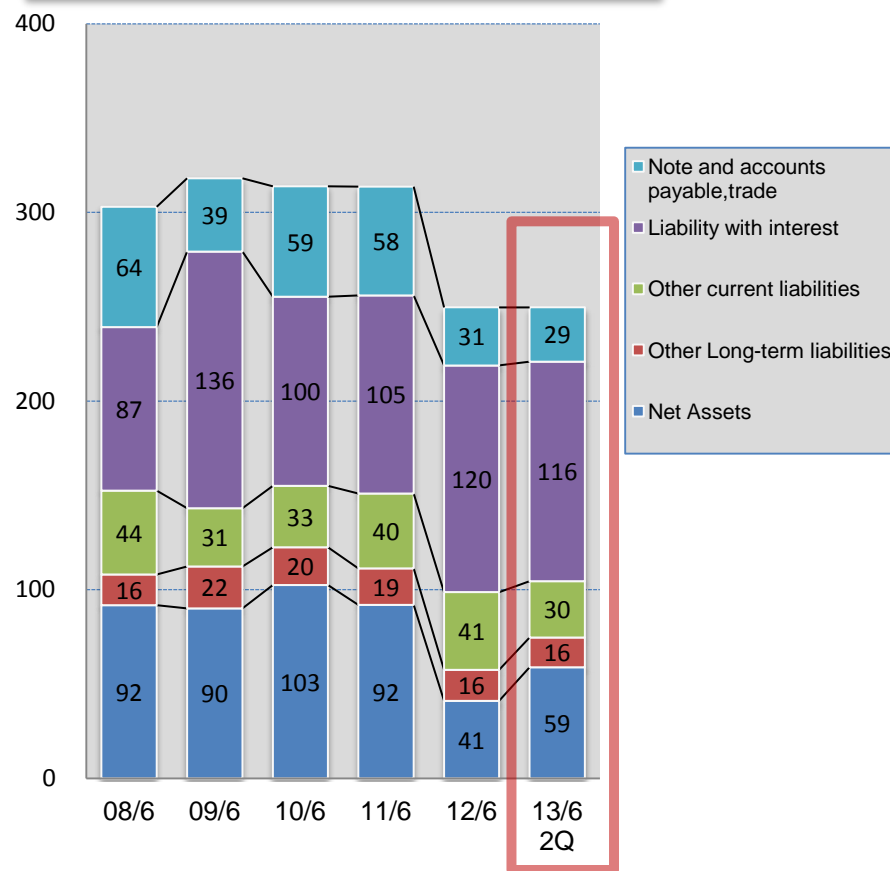
Issued preferred shares helped shareholders' equity to increase with the shareholders' equity ratio rising to 22.0%.

[Unit :Bn.Yen]

Asset



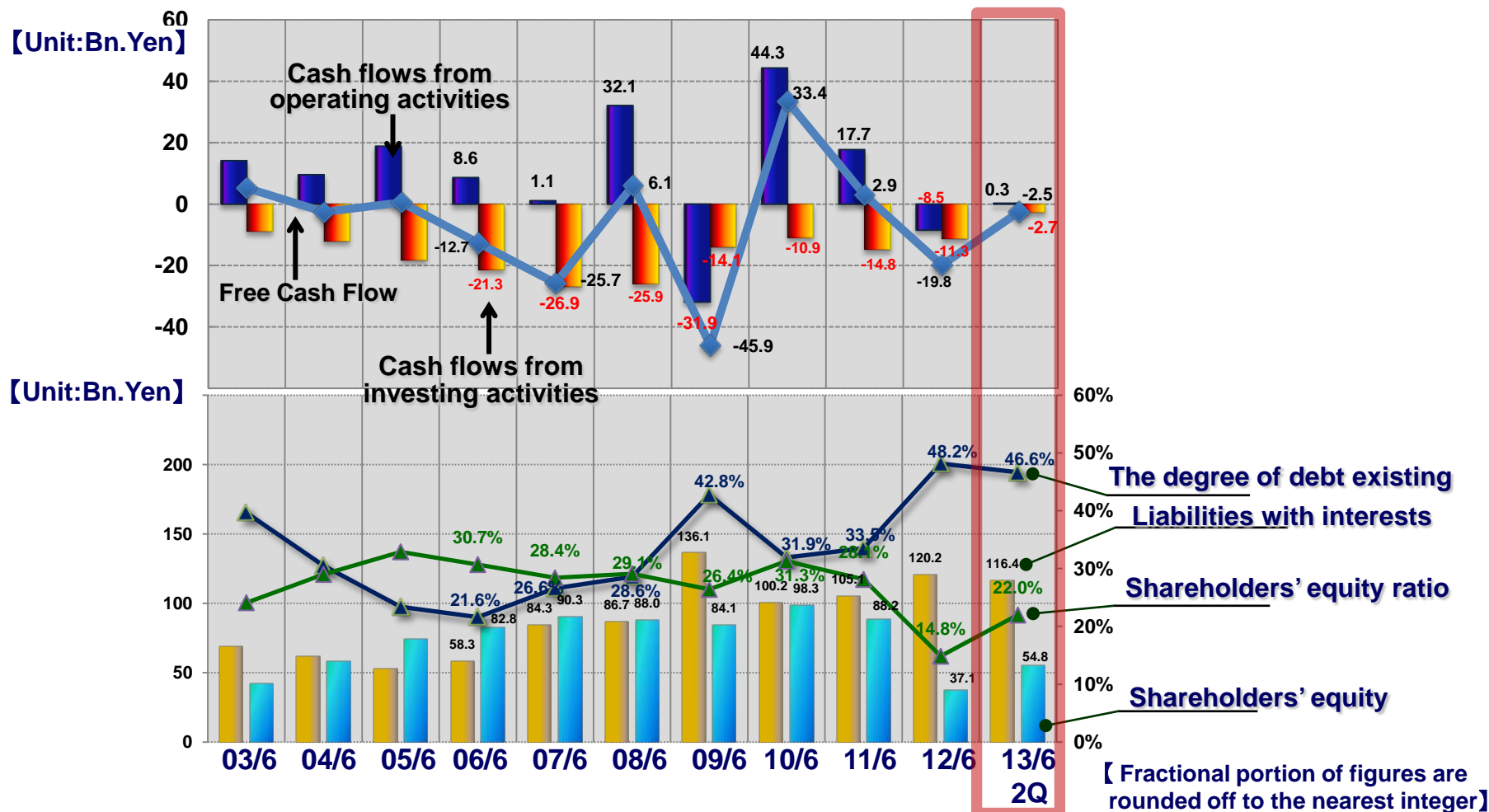
Liabilities and Net assets



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

Cash Flow and Liabilities with Interests

Despite payments of special retirement allowances of 5.3 Billion yen, cash flows from operating activities were positive due to a 6.1 Billion yen decline in working capital.



Agenda

- Summary for the Fiscal Year 2012 Ending June 2013 (1st Half)
- **Prospects for the Fiscal Year 2012 Ending June 2013**
- Progress situation for Structural Business Reform Plan

Hisaharu Obinata , President and CEO

Points of Forecast for June FY 2013

- **For the first half, sales were lower than planned while operating profit amounted to 0.9 Billion yen, which is higher than initially planned, due to the improved gross margin ratio resulting from a decline in incremental costs and lower fixed costs mainly in expenses.**
- **For full year orders received, inquiries suggest that FPD remains uncertain being on an upward trend. Also based on the expectation that semiconductor and electronic-related will continue weak, expected values have temporarily been revised to a conservative level.**
Sales are expected to satisfy the forecast. Another reduction in fixed costs, etc., will help operating profit to meet the forecast.
- **For the following year, we will continuously face a severe order environment. The company expects FPD to improve orders received, which will be lower than the previous peaks, while striving to win orders by gaining new customers in the semiconductor, electronic device, and industrial equipment-related sectors. We also seek to strengthen profitable fundamentals by further lowering the breakeven point.**

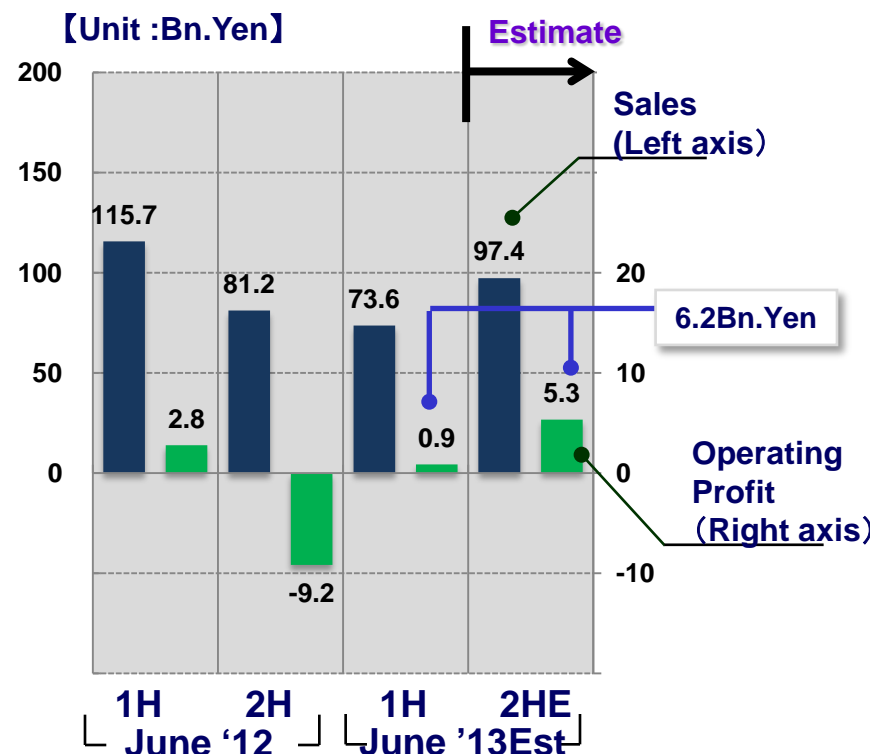
Earning Estimate for the Fiscal year ending June 30,2013

For the full year forecast, expected sales remain unchanged though expected orders received have been revised to 167.0 Billion yen. As for profits, careful group-wide control on costs and fixed costs, including expenses, will help operating profit to satisfy the forecast planned at the beginning of the period.

【Unit :Bn.Yen】

	June 2012	June 2013E				
		1H Result	2HE		Full Year	
			Plan	Revised	Plan	Revised
Booking	152.2	78.8 (-4%)	93.8	88.2 (+26%)	178.5	167.0 (+10%)
Back-log	65.0	71.8			72.5	62.7
Sales	196.8	73.6 (-36%)	93.2	97.4 (+20%)	171.0	171.0 (-13%)
Operating Profit	-6.4	0.9 (-69%)	6.7	5.3 (-)	6.2	6.2 (-)
Ratio	—	1.2%	7.2%	5.5%	3.6%	3.6%
Net income	-50.0	-0.8 (-)	4.8	3.1 (-)	2.3	2.3 (-)

Sales and operating Profit (By half year)



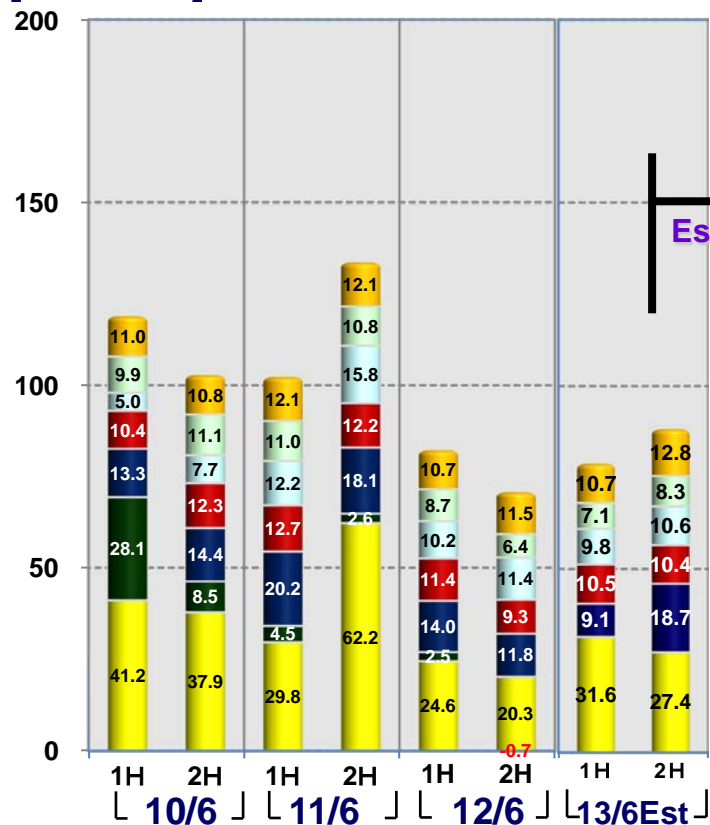
【Figures are rounded off to the nearest unit, and rates are rounded off to the nearest unit after being determined in millions of yen】

Transition of Order received and Net Sales by Segment - Estimate (Half Year)

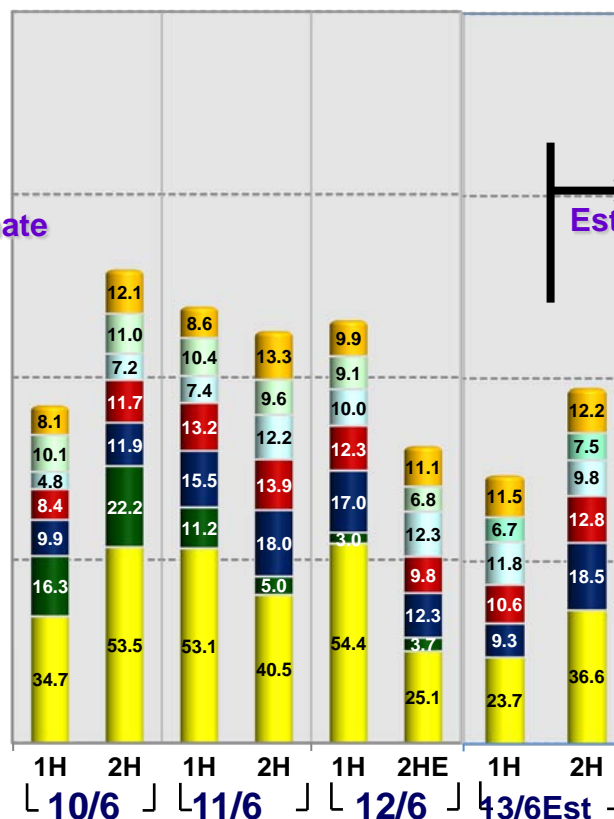
For the second half, orders received are likely to increase over the first half. Investment will emerge in Organic LED of FPD-related. We are not optimistic about semiconductors mainly because of delayed recovery of investments in memory, power semiconductors, and LEDs. Logic and electronic device-related will increase orders received over the first half. PV will remain tough due to a delay in domestic investment. Sales are expected to increase from the first half.

Order received

[Unit : Bn.Yen]



Net sales



- Other
- Materials
- Industrial Equipment
- Component
- Semiconductor & Electronic
- Device Production Equipment
- FPD and PV production Equipment

Note) We integrated "FPD Production equipment" and "PV production equipment" and changed them to "FPD and PV production equipment" from FY 2012

Vacuum Application Business

Vacuum Equipment Business

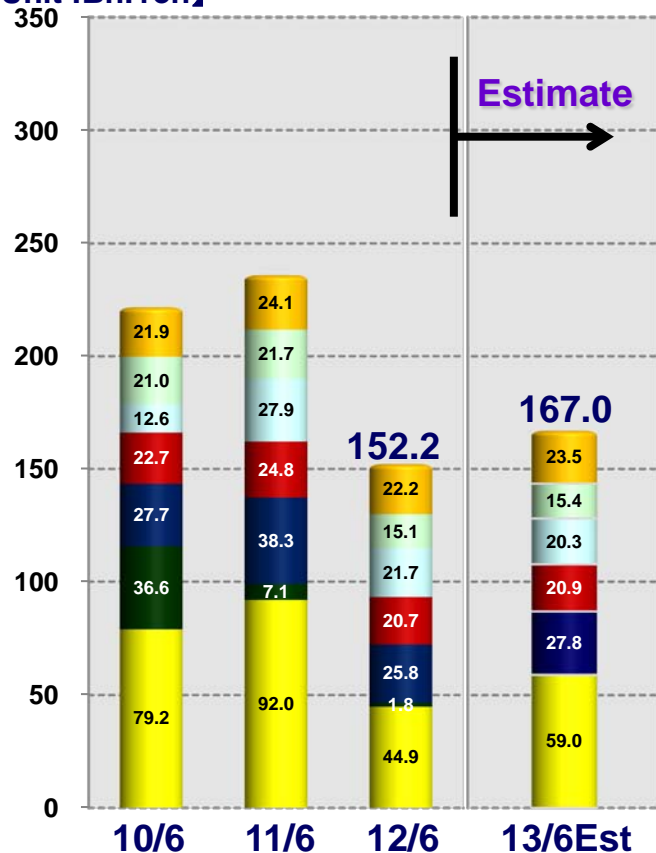
[Figures indicated above are rounded off to the nearest unit and may not coincide with the total.]

Transition of Order received and Sales by segment /Estimate

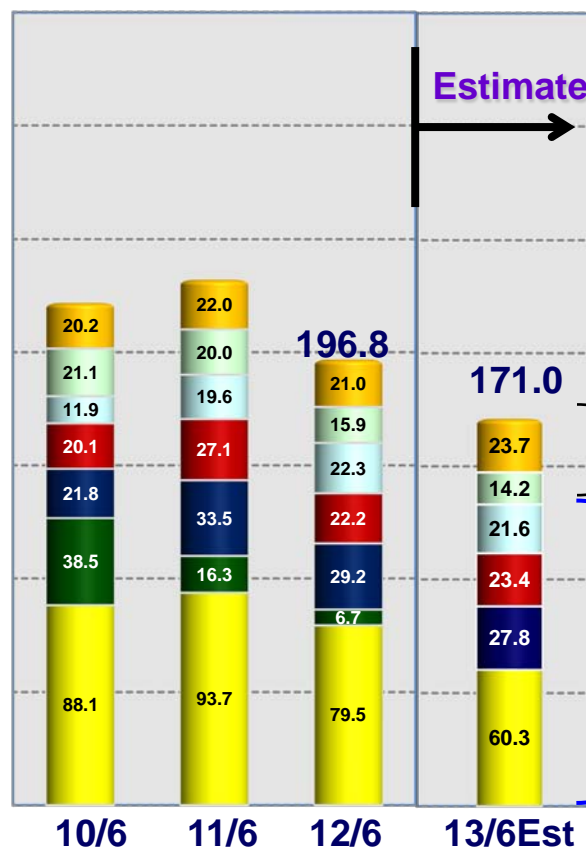
For the full year forecast, sales in June FY 2013 will decline as a result of a large decline in orders received seen in June FY 2012. Orders received are expected to slightly increase, based on the expectation that investment will recover in OLED, etc. despite shortfall of estimates in semiconductors/electronic.

Order received

[Unit :Bn.Yen]



Sales



- Other
- Materials
- Industrial Equipment
- Component
- Semiconductor & Electronic
- Device Production Equipment
- FPD and PV production Equipment

Note) We integrated "FPD Production equipment" and "PV production equipment" and changed them to "FPD and PV production equipment" from FY 2012

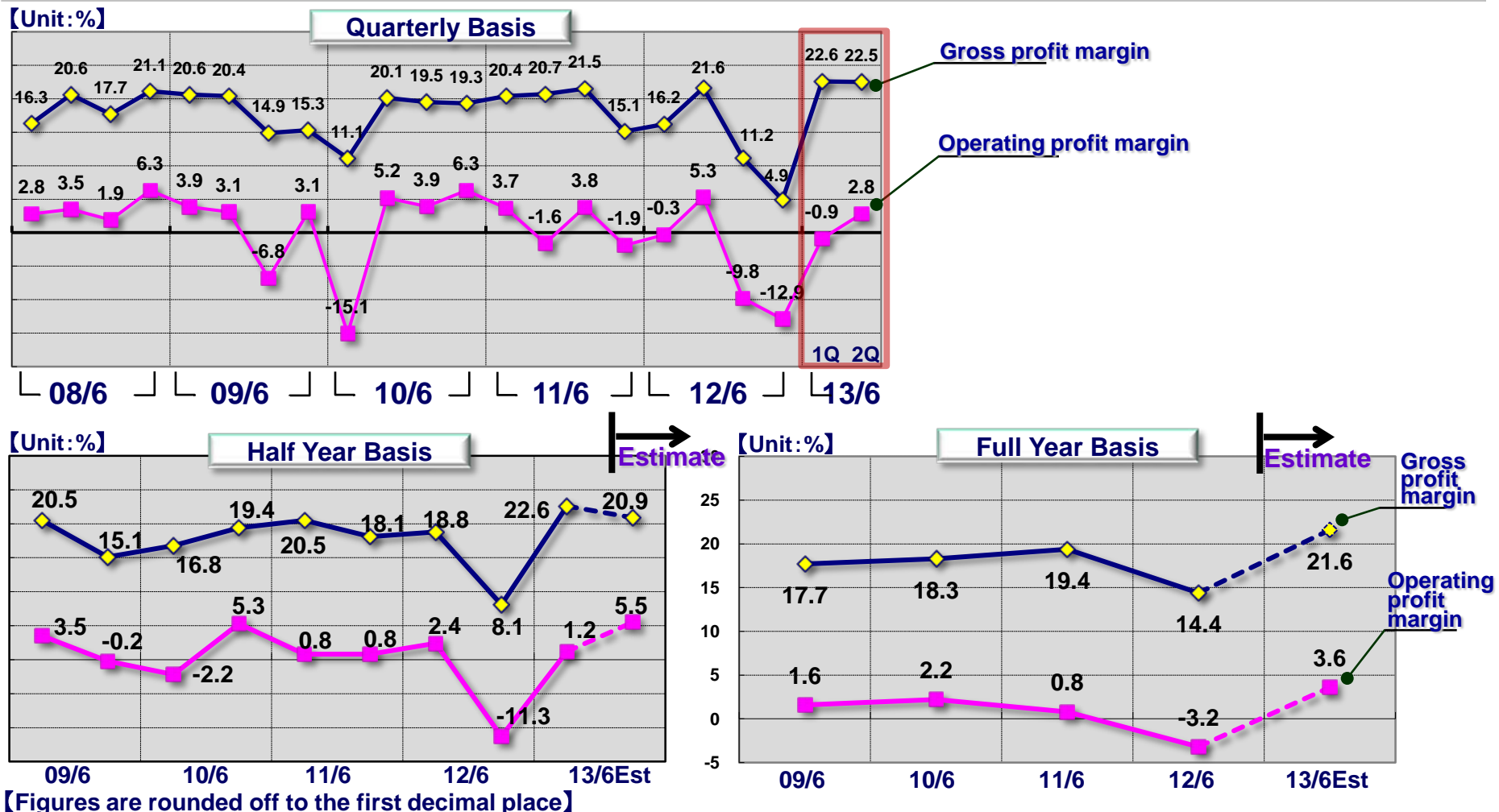
Vacuum Application Business

Vacuum Equipment Business

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

Outlook for profitability - Estimate

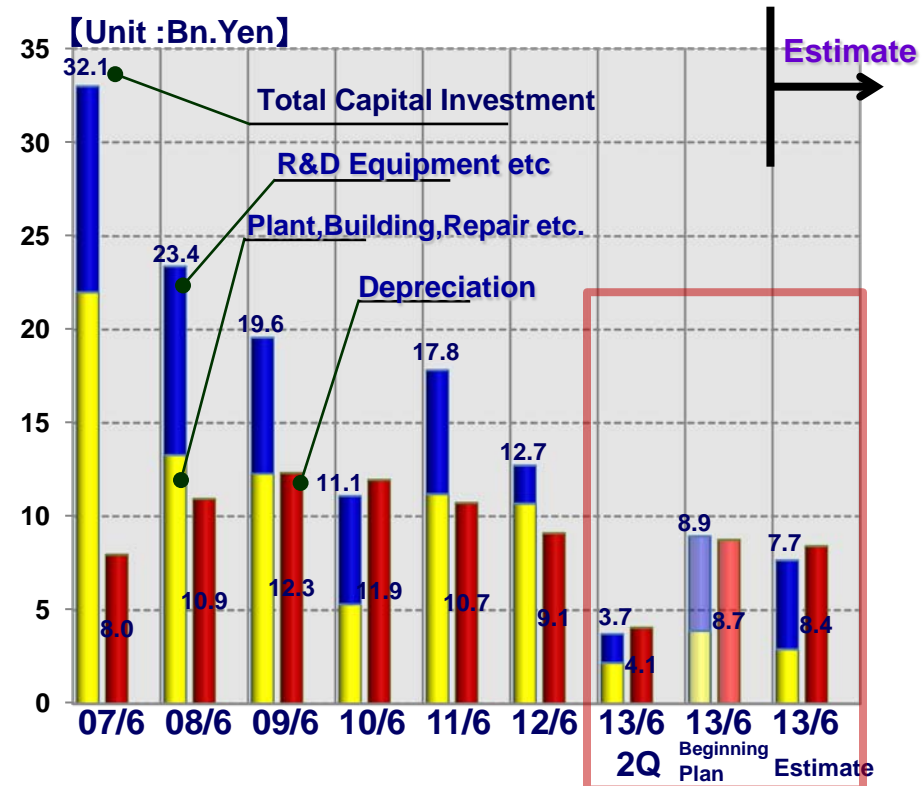
Amid the severe business environment, for the first half, both gross margin ratio and operating profit margin experienced a remarkable improvement. On a full year basis, the both are expected to be the highest in the past 5 years.



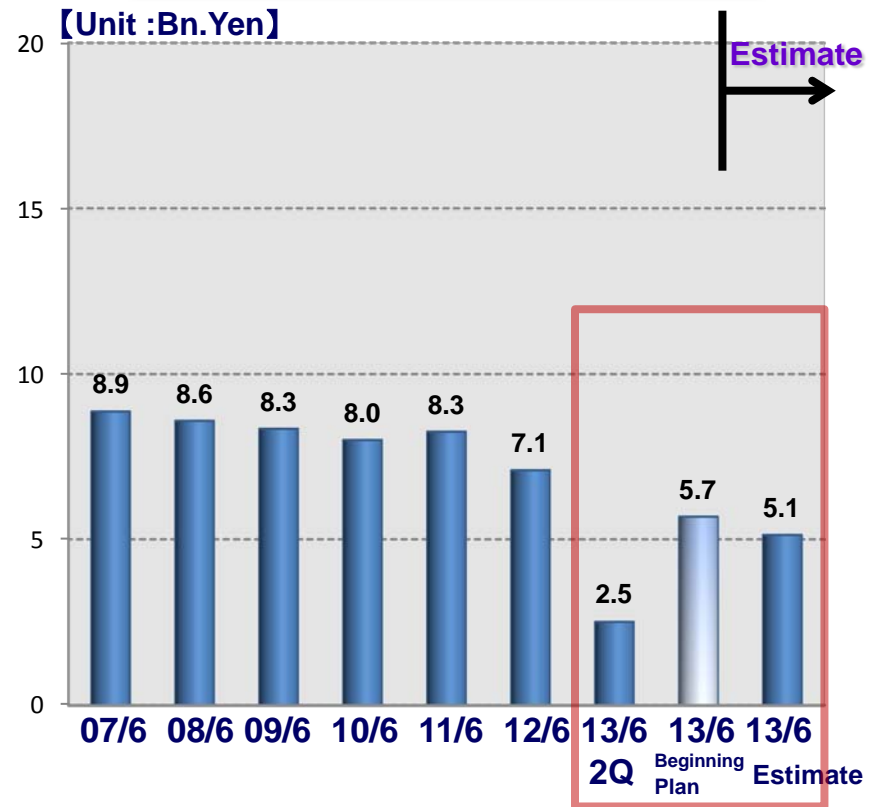
Transition of Capital Investments, Depreciation Expenditures and R & D Expenditures · Estimate

Total investment was maintained within depreciation, and the investment was mainly allocated to R&D equipment including demo machines. R&D endured to a level not to reduce competitiveness through reasonable selection and concentration.

Transition of Capital Investments, Depreciation Expenditures · Estimate



Transition of R & D Expenditures · Estimate



【Figures are rounded off to the first decimal place】

Agenda

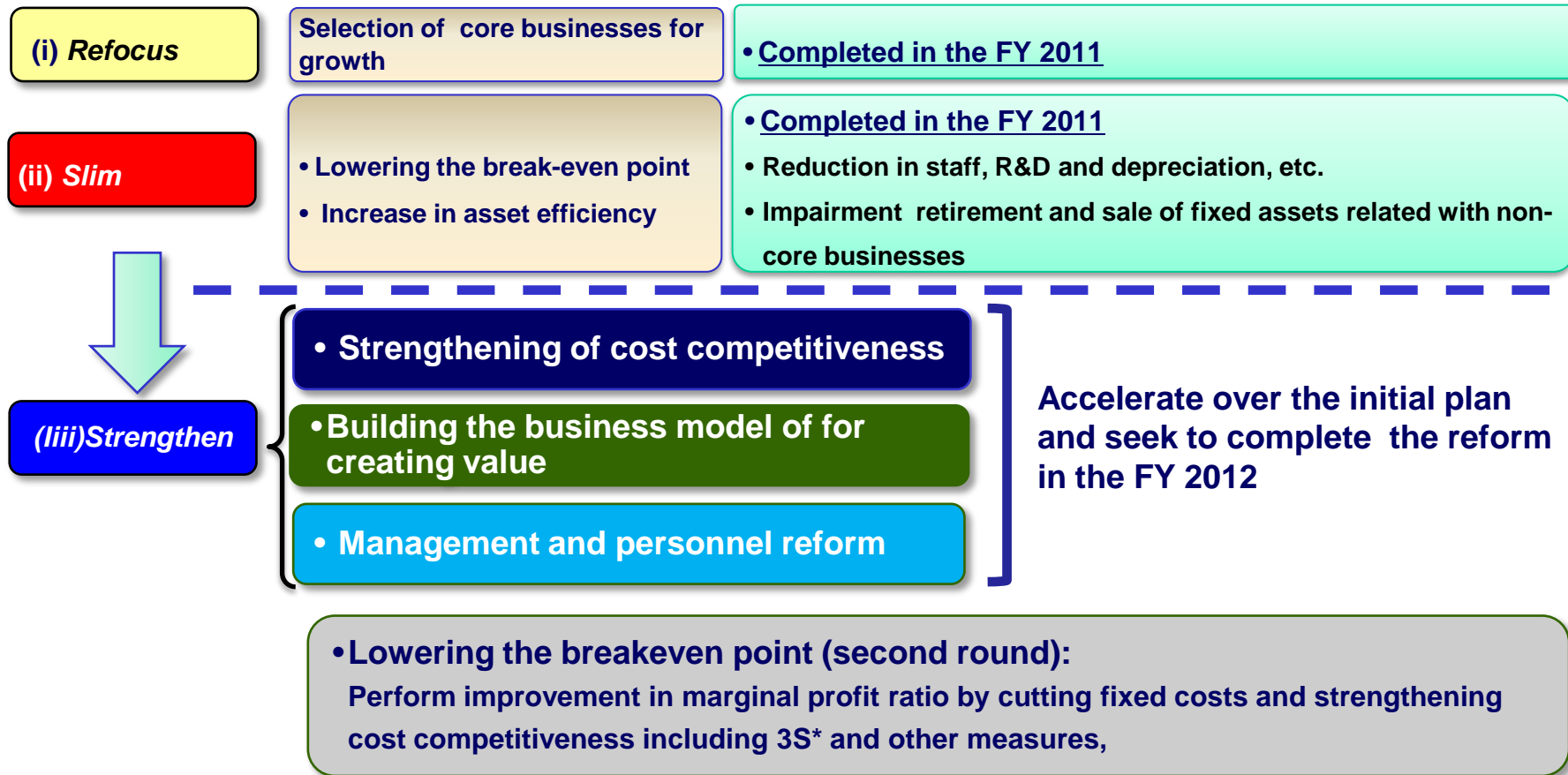
- Summary for the Fiscal Year 2012 Ending June 2013 (1st Half)
- Prospects for the Fiscal Year 2012 Ending June 2013
- **Progress situation for Structural Business Reform Plan**

Hisaharu Obinata , President and CEO

Business Structural Reform (Review)

Announced Business Structural Reform Plan in the previous fiscal year (4/26) and completed review of core businesses in June FY 2012

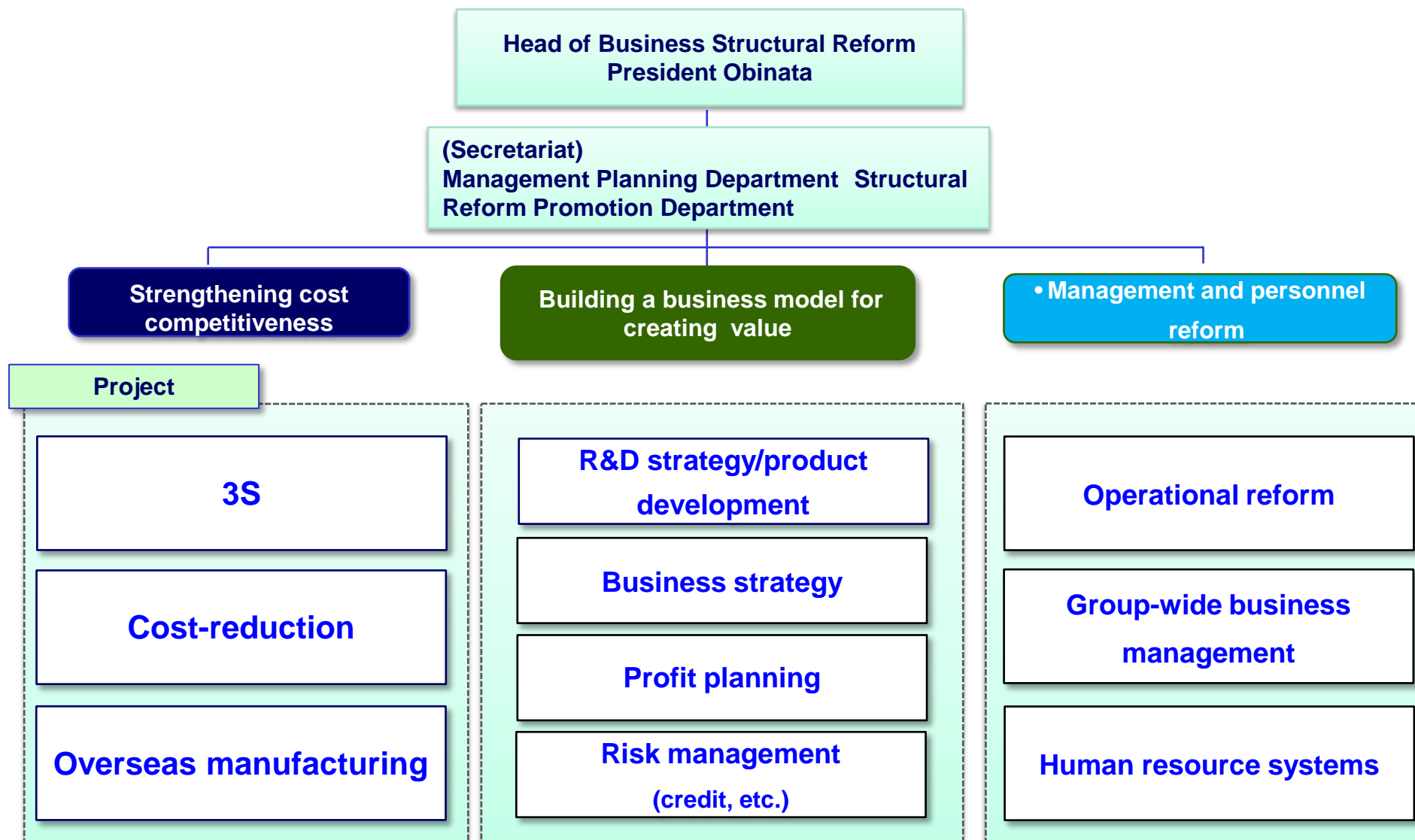
Focus on measures aiming at further strengthening profitable fundamentals in June FY 2013.



*3S: Simple, Same and Standard]

Structural Business Reform

Scheme for Business Structural Reform



Progress review of strengthening cost competitiveness

- **3S promotion head**
(Promotion of standard, same and simple)
 - ▶ **Decide on recommended devices and share materials and bolts**
 - ▶ **Consider to share the platform (till June)**
- **Global production management head**
(Promotion of overseas production and restructuring of domestic production)
 - ▶ **Started producing modules at Suzhou plant in China**
- **Cost-reduction management head**
(Promotion of cost-reduction)
 - ▶ **Selection and concentration of supplier : 421 companies⇒163 companies**
 - ▶ **Started operating a procurement center in China**
 - ▶ **Expected cost reduced for this term : 9.4% reduction over the previous year in terms of purchased price**

Progress of building a business model for creating value

■ Strategy and Product Development Project

- ▶ Clarify the procedures for preparing product development plan and the process for developing products
- ▶ Select the best product candidates and support development (For the candidates for this period, see the next page)

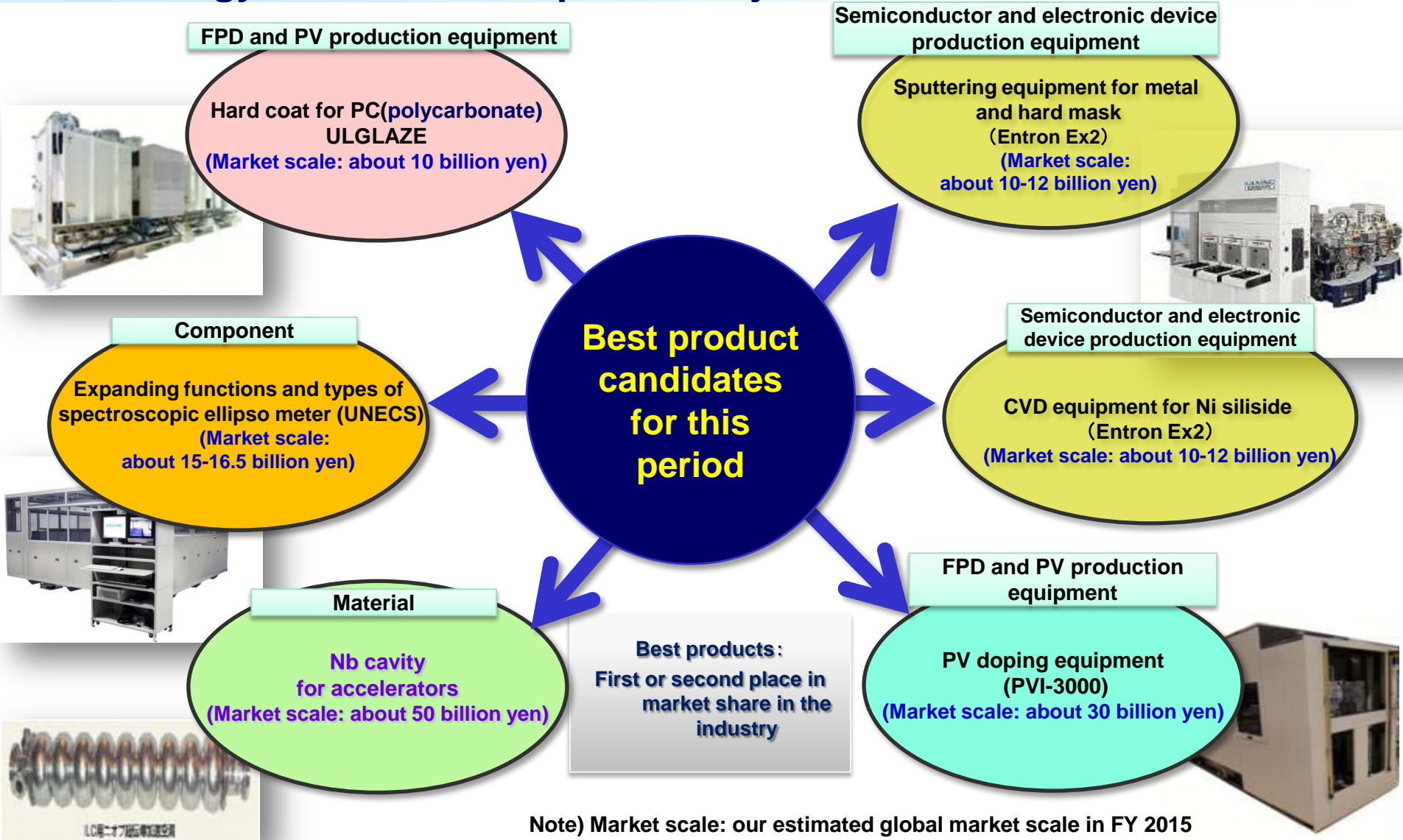
■ Marketing Strategy Project (strengthening sales strengths and sales ability)

- ▶ Promote a functional and consorted system among customer marketing, PMs (product managers) and Market Explore Department (till June)
- ▶ Develop marketing methods for understanding potential needs (till June)
- ▶ Explore business in areas to develops (BRICs, South East China) (till June)
- ▶ Explore areas to develop (automobile, energy-saving, green energy) (till June)

■ Profit Planning Project (maximization of EV)

- ▶ Make the profit structure visible and improve earnings mind by product (till March)
- ▶ Prepare business product strategy for each business division (till March)

R&D Strategy/Product Development Project



Progress view of management and personnel affairs

- **Operational Reform Project**
 - ▶ **Already cut company-wide conferences by about 40%**
 - ▶ **Improving efficiency through review of operational process (till June)**
 - ▶ **Reducing indirect operational loads (till March)**
- **Group-wide Business Management Project**
 - ▶ **Strengthen governance in the group and generally consider strategy for growth for each business**
- **Human resource system project (Reform the system for making the company which is worth working)**
 - ▶ **Review the human resource systems (till June)**
 - ▶ **Foster the next generation staff and establish a rotation system (till June)**

**Innovation begins
in a vacuum**

ULVAC

Topics(1st H June 2013)

《Prize》 The semiconductor industry news
First prize : Semiconductor of the Year 2013
“ENTRON-EX2 W300 CVD-Ni/CVD-Co”

第18回
半導体・オブ・ザ・イヤー2012



《Technology collaboration》
SABIC and ULVAC announce “new ULGLAZE system” for high-volume plasma coating of automotive PC grazing components



《New products》
Developed a dry vacuum pump “CR series” and started sales



July

Aug.

Sept.

Oct.

Nov.

Dec. →

《New products》
Developed “Seebeck coefficient / Electric resistance measuring system ZEM-5 series” and started sales



《Prize》
Marine Engineering of the Year 2011
“Participation in a battery-powered boat project”



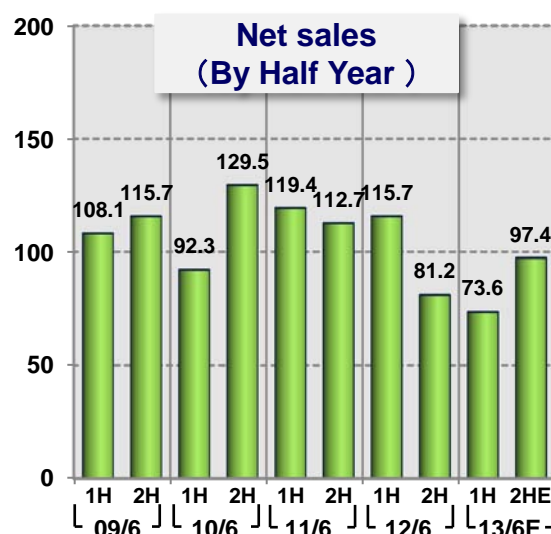
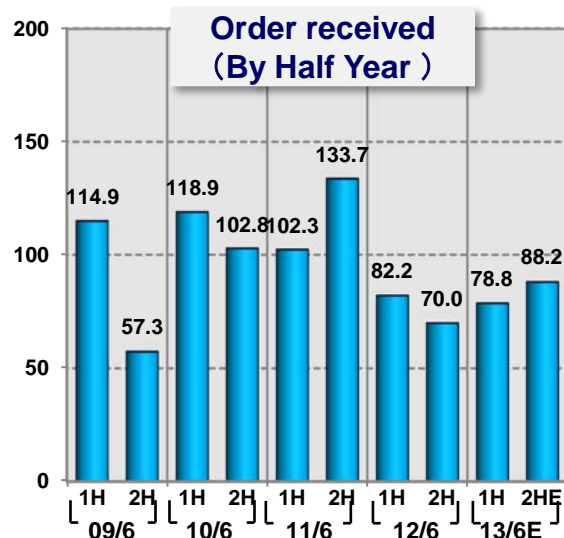
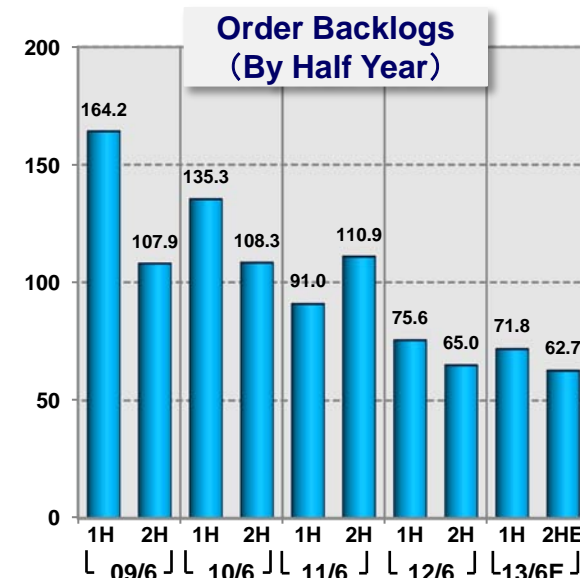
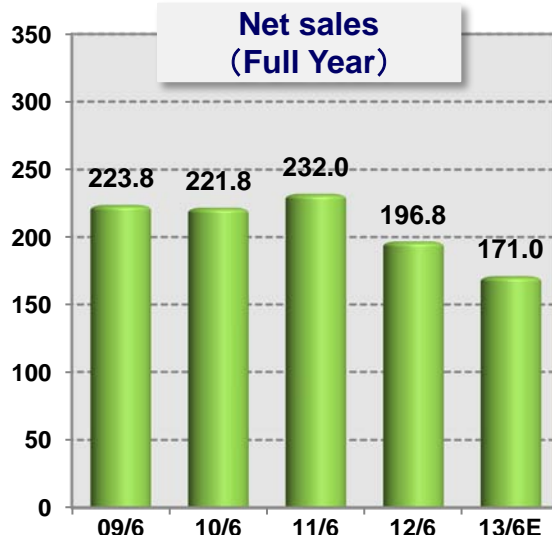
《New products》
Developed a new model of QCM molecular interaction analyzer “AFFINIX Q8” and started sales



《New products》 Release new 5 products
“Vacuum transfer robot : ELEC-RZ”
“EB gun for metal evaporation : EGN series”
“EB gun for optical films :EGP-1G”
“RF power supply : RFS-N series”
“Dry vacuum pump : GR series”

Transition of Order received・Net sales・Order Backlogs・Estimate

【Unit :Bn.Yen】



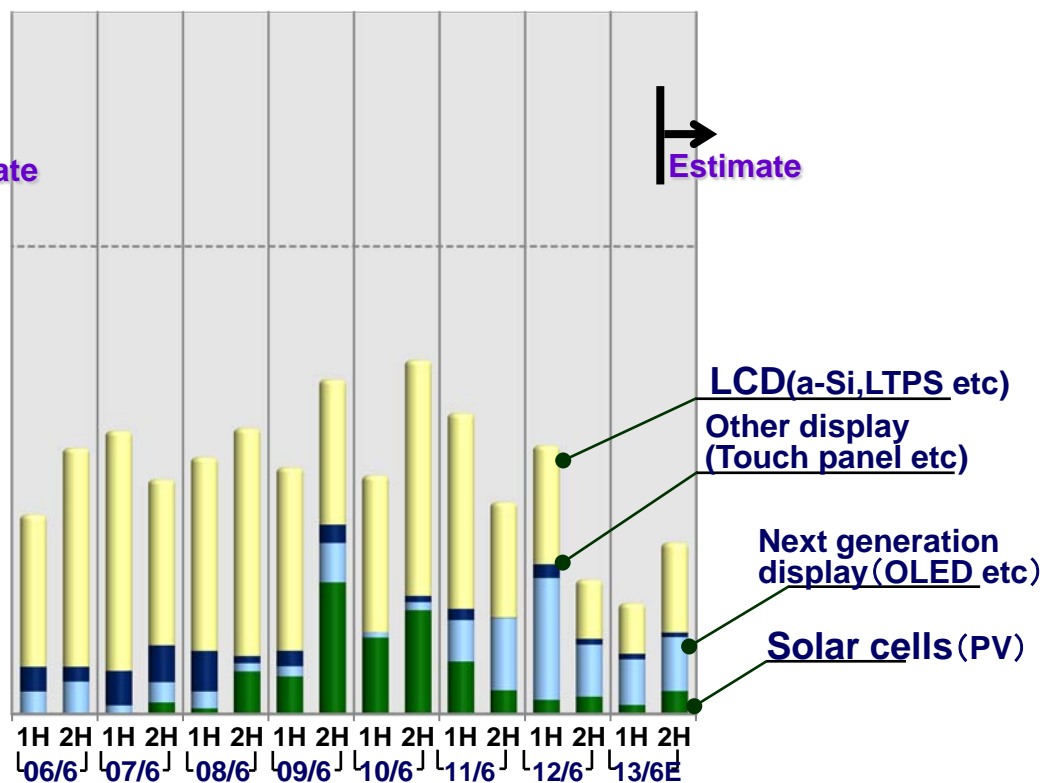
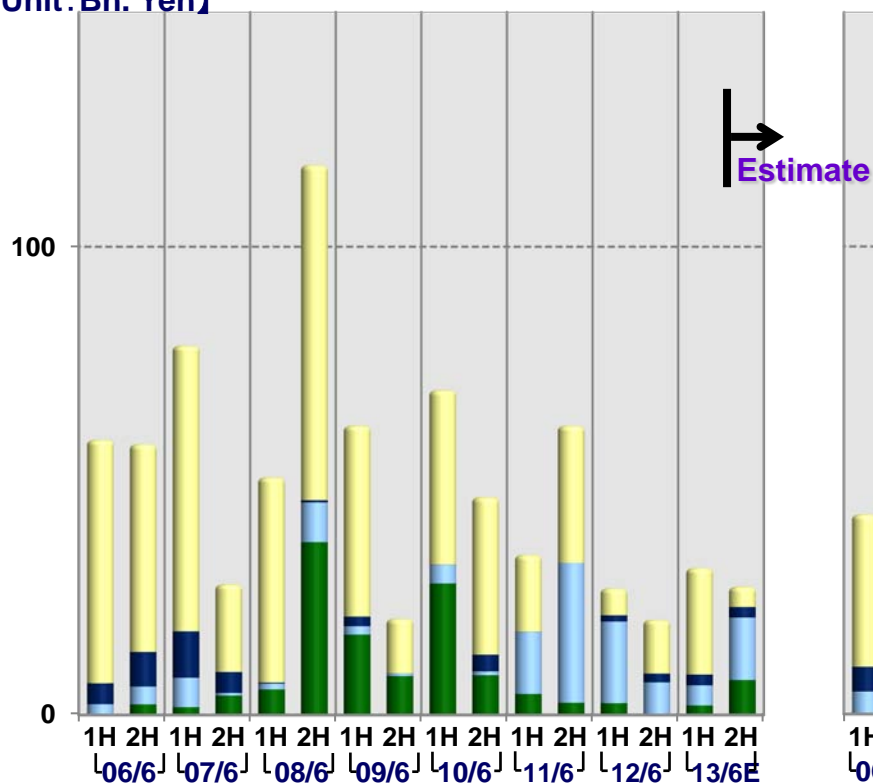
【Figures are rounded off to the first decimal place】

Transition of FPD·PV Production Equipment · Estimate

Order received

Net Sales

【Unit: Bn. Yen】

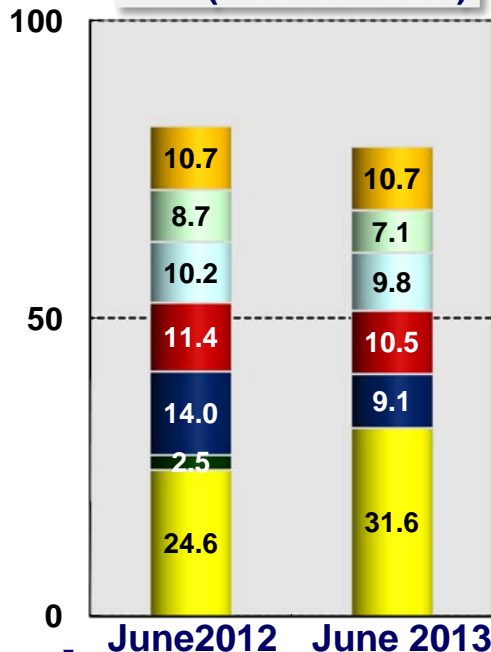


Recent order environment

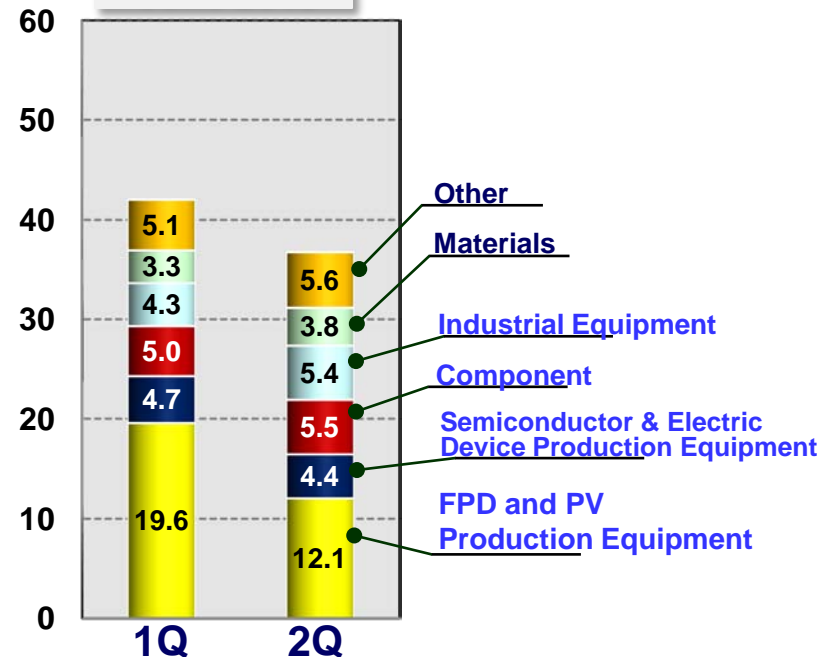
- ◆ Large LCDs generally are weak. There were some investments only in China.
- ◆ Investments slightly slows down in LTPS (low temperature poly silicon) for med- and small size and small and mid size OLED.
- ◆ We saw inquiries on Organic LED lighting, OLEDs, and TV production equipment

Order Received by Segment

【Unit:Bn.Yen】 1st H(Year-to -Date)



June 2013



【Unit:Bn.Yen】

June 2012 1H(Y-T-D)		
Segment	Order	%
Vacuum Equipment Business	62.8	76.4%
FPD production equipment	24.6	29.9%
PV production equipment	2.5	3.0%
Semiconductor and Electronics device Production Equipment	14.0	17.1%
Component	11.4	13.9%
Industrial Equipment	10.2	12.4%
Vacuum Application Business	19.4	23.6%
Materials	8.7	10.6%
Others	10.7	13.0%
Total	82.2	100.0%

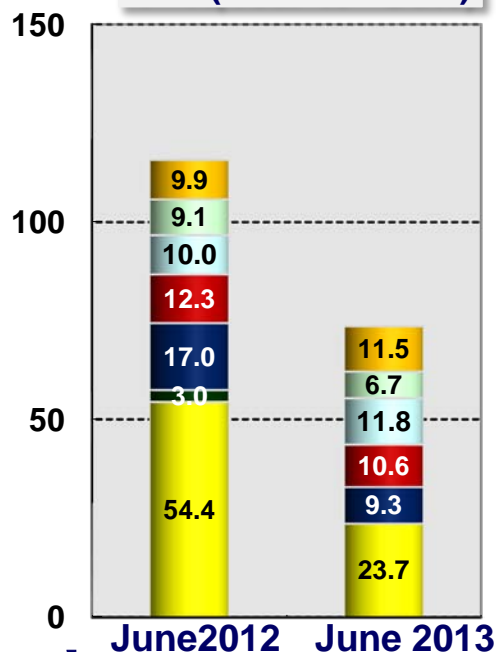
June 2013 1H(Y-T-D)			vs.'12/6 (Changes)
Segment	Order	%	
Vacuum Equipment Business	61.0	77.4%	-2.9%
FPD and PV production equipment	31.6	40.1%	16.8%
Semiconductor and Electronics device Production Equipment	9.1	11.5%	-35.4%
Component	10.5	13.4%	-8.1%
Industrial Equipment	9.8	12.4%	-4.6%
Vacuum Application Business	17.8	22.6%	-8.3%
Materials	7.1	9.0%	-18.5%
Others	10.7	13.6%	0.0%
Total	78.8	100.0%	-4.2%

1Q		2Q	
Order	%	Order	%
33.6	80.0%	27.3	74.4%
19.6	46.5%	12.1	32.8%
4.7	11.2%	4.4	11.9%
5.0	12.0%	5.5	14.9%
4.3	10.3%	5.4	14.8%
8.4	20.0%	9.4	25.6%
3.3	7.8%	3.8	10.4%
5.1	12.1%	5.6	15.3%
42.0	100.0%	36.8	100.0%

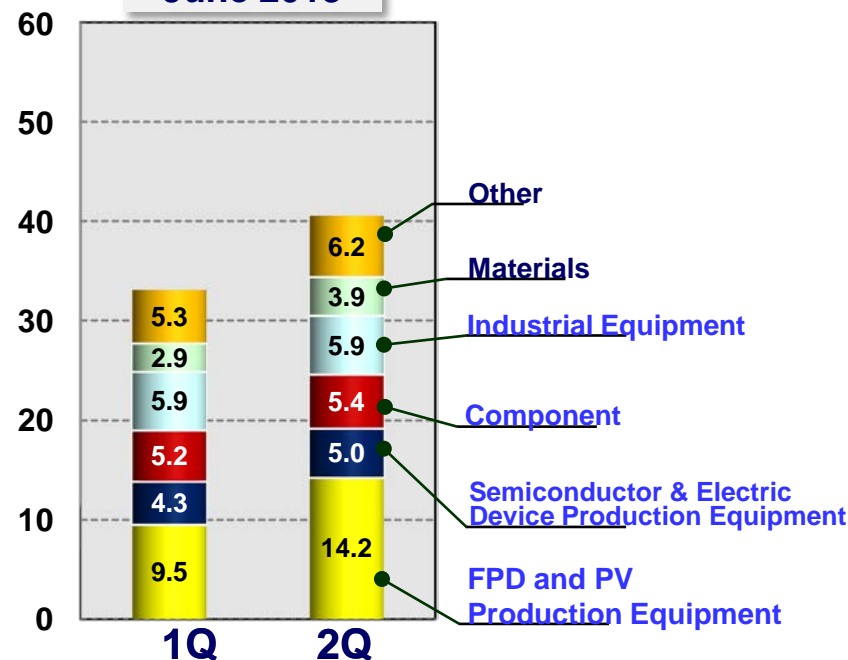
[Figures indicated above are rounded off to the nearest unit and may not coincide with the total.]

Net Sales by Segment

【Unit:Bn.Yen】 1st H(Year-to -Date)



June 2013



【Unit:Bn.Yen】

June 2012 1H(Y-T-D)		
Segment	Sales	%
Vacuum Equipment Business	96.7	83.6%
FPD production equipment	54.4	47.1%
PV production equipment	3.0	2.6%
Semiconductor and Electronics device Production Equipment	17.0	14.7%
Component	12.3	10.7%
Industrial Equipment	10.0	8.6%
Vacuum Application Business	19.0	16.4%
Materials	9.1	7.8%
Others	9.9	8.6%
Total	115.7	100.0%

June 2013 1H(Y-T-D)			vs.'12/6 (Changes)
Segment	Sales	%	
Vacuum Equipment Business	55.3	75.2%	-42.8%
FPD and PV production equipment	23.7	32.2%	-58.7%
Semiconductor and Electronics device Production Equipment	9.3	12.6%	-45.4%
Component	10.6	14.4%	-14.1%
Industrial Equipment	11.8	16.0%	18.0%
Vacuum Application Business	18.3	24.8%	-3.6%
Materials	6.7	9.2%	-25.5%
Others	11.5	15.6%	16.3%
Total	73.6	100.0%	-36.4%

1Q		2Q	
Sales	%	Sales	%
24.9	75.2%	30.5	75.2%
9.5	28.7%	14.2	35.1%
4.3	13.1%	5.0	12.2%
5.2	15.6%	5.4	13.4%
5.9	17.9%	5.9	14.4%
8.2	24.8%	10.1	24.8%
2.9	8.6%	3.9	9.6%
5.3	16.1%	6.2	15.3%
33.1	100.0%	40.5	100.0%

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

