

Financial Overview FY2017

May 19, 2017

FUJIMI INCORPORATED

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Financial Overview

FY2017 Summary of Financial Overview

Financial Results vs FY16

Net Sales		+ 4.2% : Strong demand from semiconductor devices
Operating Income		+ 29.5% : Sales increase of profitable products and cost reduction
CMP		Highest sales for second consecutive year due to strong demands for semiconductor devices
Silicon Wafer		Sales up due to strong demand for silicon wafers
Hard Disks		Sales down due to foreign currency fluctuations and production adjustment in the hard disk drive industry for the first half of FY17
General Industries	Abrasives	Sales down due to customers' inventory adjustment
	Non-Abrasives	Sales up due to strong sales of thermal spray materials for semiconductor manufacturing equipment

Capital Expenditure

Fujimi Taiwan	Manufacturing capacity increase to meet the demand of the next generation products such as 10nm and 7nm (Total capex from FY2016 to FY2018: JPY1,000 million)
Corporate Venture Capital Fund	Invested JPY 80 million out of JPY 300 million

Financial Overview (Full - year)

Millions of Yen	FY2016	FY2017					
	Actual	Forecast @ May.2016	Forecast @ Feb.2017	Actual	vs FY2016	vs Fcst. @ May.2016	vs Fcst. @ Feb.2017
Net Sales	31,755	33,000	33,000	33,092	+4.2%	+0.3%	+0.3%
Operating Income	3,302	3,800	4,300	4,278	+29.5%	+12.6%	(0.5%)
Operating Income Margin	10.4%	11.5%	13.0%	12.9%	-	-	-
Ordinary Income	3,342	3,900	4,600	4,519	+35.2%	+15.9%	(1.7%)
Ordinary Income Margin	10.5%	11.8%	13.9%	13.7%	-	-	-
Net Income	2,346	2,800	3,300	3,350	+42.8%	+19.6%	+1.5%

vs FY2016: Income is up due to better product mix and higher sales volume despite unfavorable foreign currency fluctuations

vs Forecast @ May. 2016: Income up with better product mix

Financial Overview (Half - year)

Millions of Yen	FY2016		FY2017					
	1H Actual	2H Actual	1H Actual	vs 1H FY2016	vs 2H FY2016	2H Actual	vs 2H FY2016	vs 1H FY2017
Net Sales	16,753	15,002	16,254	(3.0%)	+8.3%	16,838	+12.2%	+3.6%
Operating Income	2,187	1,115	2,100	(4.0%)	+88.4%	2,178	+95.3%	+21.0%
Operating Income Margin	13.1%	7.4%	12.9%	-	-	12.9%	-	-
Ordinary Income	2,441	901	2,171	(11.1%)	+141.0%	2,348	+160.6%	+26.9%
Ordinary Income Margin	14.6%	6.0%	13.4%	-	-	13.9%	-	-
Net Income	1,739	607	1,710	(1.7%)	+181.6%	1,640	+170.2%	+26.2%

- Sales still strong for the second half FY2017, sales were down for the second half of FY2016
- The second half net income is lower than the first half due to the tax burden

Financial Forecast (Full - year)

Millions of Yen	FY2016	FY2017	FY2018	
	Actual	Actual	Forecast	vs FY2017
Net Sales	31,755	33,092	33,000	(0.3%)
Operating Income	3,302	4,278	3,800	(11.2%)
Operating Income Margin	10.4%	12.9%	11.5%	-
Ordinary Income	3,342	4,519	3,900	(13.7%)
Ordinary Income Margin	10.5%	13.7%	11.8%	-
Net Income	2,346	3,350	2,800	(16.4%)

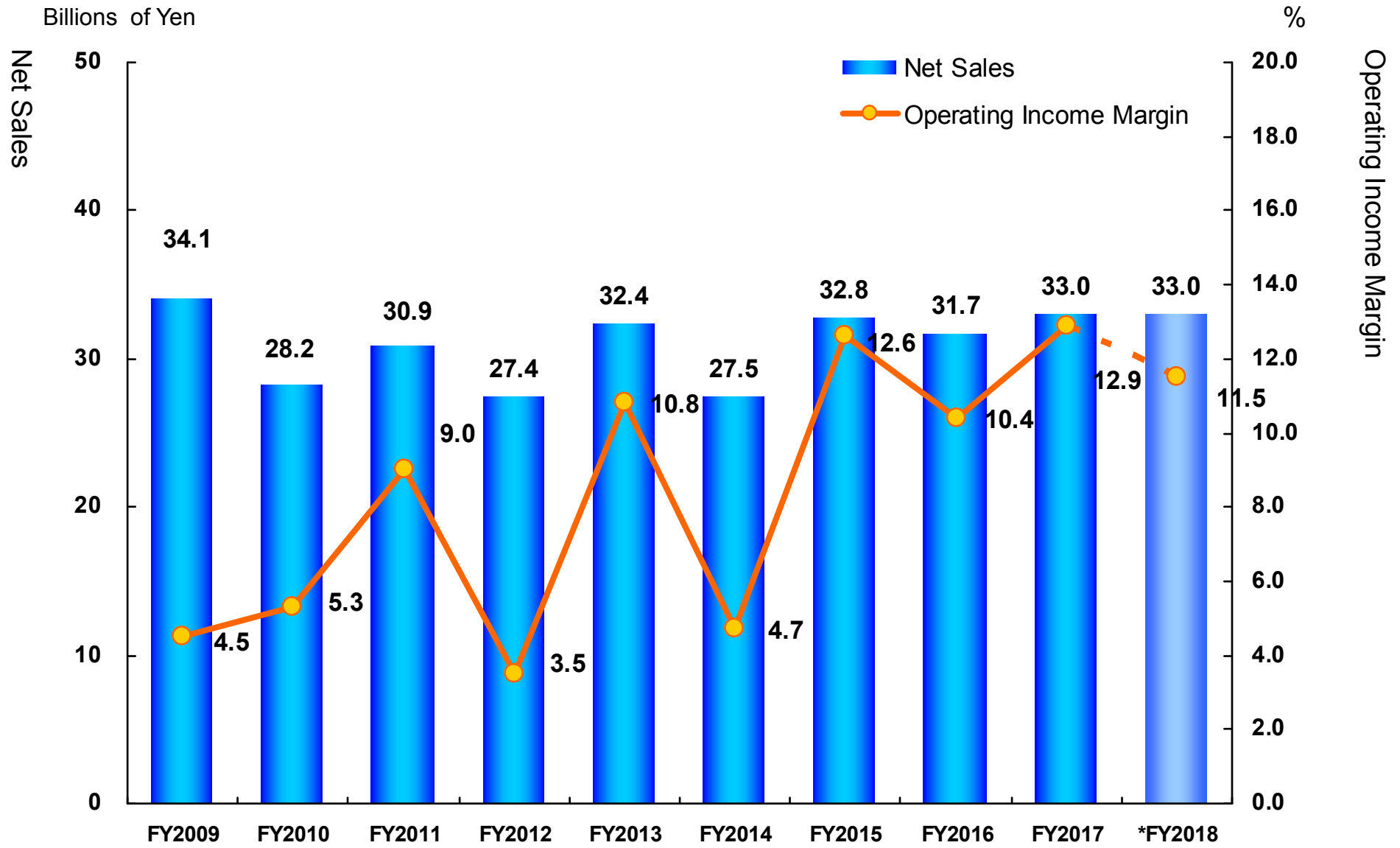
Income expected to be slightly lower in FY2018 due to increased spending for research and development activities to drive future growth

Financial Forecast (Half - year)

Millions of Yen	FY2017		FY2018				
	1H Actual	2H Actual	1H Forecast	vs 1H FY2017	vs 2H FY2017	2H Forecast	vs 2H FY2017
Net Sales	16,254	16,838	16,000	(1.6%)	(5.0%)	17,000	+1.0%
Operating Income	2,100	2,178	1,700	(19.1%)	(21.9%)	2,100	(3.6%)
Operating Income Margin	12.9%	12.9%	10.6%	-	-	12.4%	-
Ordinary Income	2,171	2,348	1,750	(19.4%)	(17.0%)	2,150	(8.4%)
Ordinary Income Margin	13.4%	13.9%	10.9%	-	-	12.6%	-
Net Income	1,710	1,640	1,250	(26.9%)	(23.8%)	1,550	(5.5%)

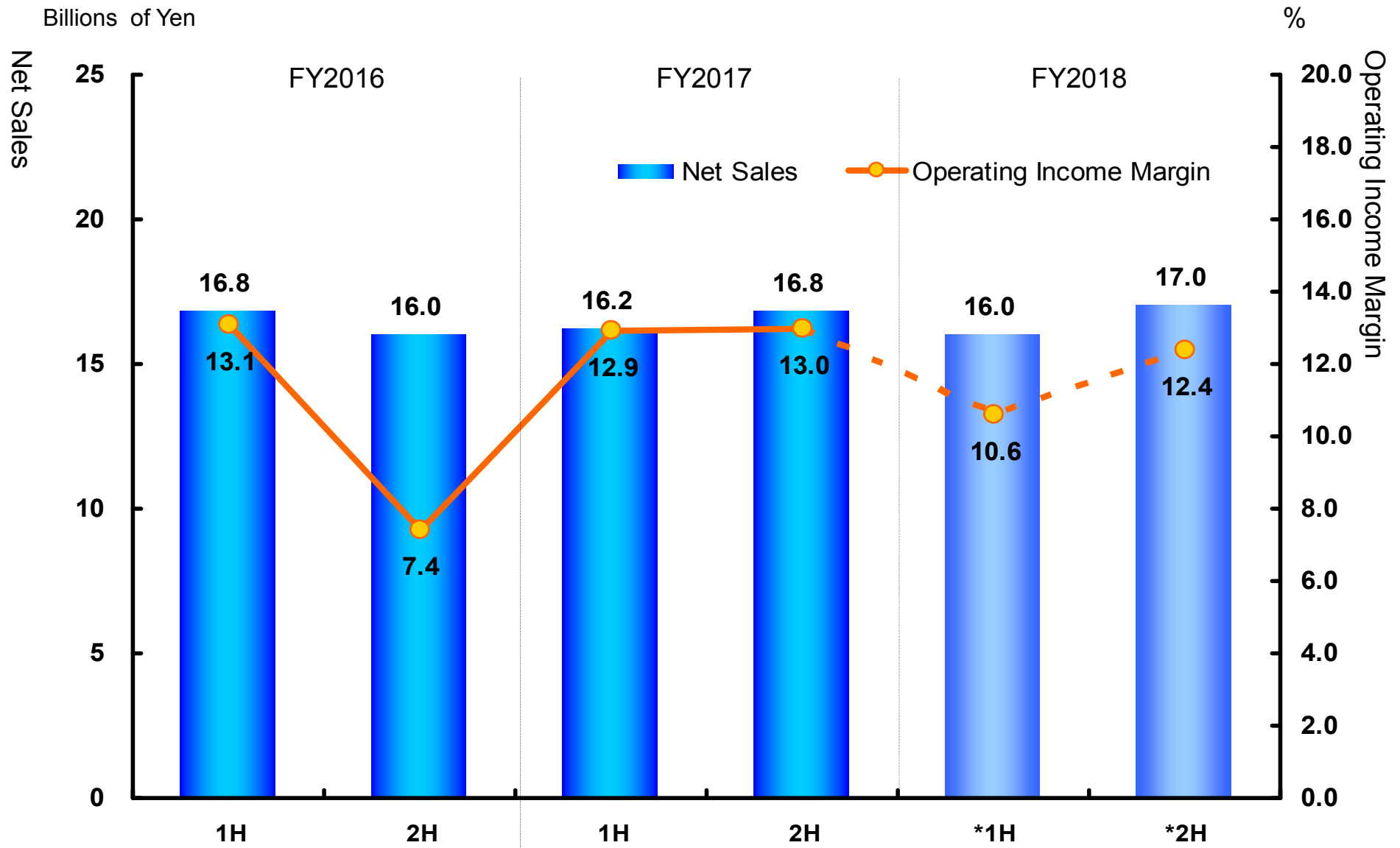
Sales and income up for the second half due to sales increase of new products and ramp up of customers' new plant

Sales and Operating Income Margin (Full- year)



*Forecast

Sales and Operating Income Margin (Half- year)



*Forecast

Net Sales Breakdown by Application

Net Sales Breakdown by Application (Full - year)

Millions of Yen		FY2016	FY2017	
		Actual	Actual	vs FY2016
Silicon	Lapping	3,171	3,193	+0.7%
	Polishing	5,753	6,245	+8.6%
	Cutting	572	655	+14.3%
	Total	9,498	10,094	+6.3%
CMP		10,980	12,270	+11.7%
Hard Disk	Polishing (Aluminum)	3,523	3,195	(9.3%)
	Polishing (Glass)	518	454	(12.4%)
	Total	4,041	3,650	(9.7%)
Specialty Materials / Thermal Spray	General Industry Products (Abrasives)	5,403	5,150	(4.7%)
	General Industry Products (Non-Abrasives)	1,588	1,738	+9.4%
	Total	6,991	6,889	(1.5%)
Total of Fujimi Products		31,510	32,903	+4.4%
Others		244	188	(23.1%)
Net Sales		31,755	33,092	+4.2%

Net Sales Breakdown by Application (Half - year)

Millions of Yen		FY2016		FY2017					
		1H Actual	2H Actual	1H Actual	vs 1H FY 2016	vs 2H FY 2016	2H Actual	vs 2H FY 2016	vs 1H FY 2017
Silicon	Lapping	1,614	1,557	1,600	(0.9%)	+2.8%	1,592	+2.3%	(0.5%)
	Polishing	2,933	2,820	3,088	+5.3%	+9.5%	3,157	+12.0%	+2.2%
	Cutting	288	284	306	+6.1%	+7.8%	348	+22.7%	+13.9%
	Total	4,836	4,661	4,995	+3.3%	+7.2%	5,099	+9.4%	+2.1%
CMP		5,771	5,209	5,781	+0.2%	+11.0%	6,488	+24.6%	+12.2%
Hard Disk	Polishing (Aluminum)	1,667	1,856	1,475	(11.5%)	(20.5%)	1,719	(7.3%)	+16.5%
	Polishing (Glass)	257	260	200	(22.0%)	(22.8%)	253	(2.7%)	+26.0%
	Total	1,924	2,116	1,676	(12.9%)	(20.8%)	1,973	(6.8%)	+17.7%
Specialty Materials / Thermal Spray	General Industry Products (Abrasives)	3,335	2,067	2,852	(14.5%)	+38.0%	2,298	+11.2%	(19.4%)
	General Industry Products (Non-Abrasives)	743	844	848	+14.1%	+0.5%	889	+5.3%	+4.8%
	Total	4,079	2,911	3,701	(9.3%)	+27.1%	3,187	+9.5%	(13.9%)
Total of Fujimi Products		16,612	14,898	16,155	(2.8%)	+8.4%	16,748	+12.4%	+3.7%
Others		141	103	99	(29.7%)	(3.6%)	89	(13.3%)	(10.1%)
Net Sales		16,753	15,002	16,254	(3.0%)	+8.3%	16,838	+12.2%	+3.6%

Net Sales Breakdown Forecast (Full - year)

Millions of Yen		FY2016	FY2017	FY2018	
		Actual	Actual	Forecast	vs FY2017
Silicon	Lapping	3,171	3,193	3,210	+0.5%
	Polishing	5,753	6,245	6,360	+1.8%
	Cutting	572	655	670	+2.3%
	Total	9,498	10,094	10,240	+1.4%
CMP		10,980	12,270	12,540	+2.2%
Hard Disk	Polishing (Aluminum)	3,523	3,195	3,370	+5.5%
	Polishing (Glass)	518	454	250	(44.9%)
	Total	4,041	3,650	3,620	(0.8%)
Specialty Materials / Thermal Spray	General Industry Products (Abrasives)	5,403	5,150	4,560	(11.5%)
	General Industry Products (Non-Abrasives)	1,588	1,738	1,850	+6.4%
	Total	6,991	6,889	6,410	(7.0%)
Total of Fujimi Products		31,510	32,903	32,810	(0.3%)
Others		244	188	190	+1.1%
Net Sales		31,755	33,092	33,000	(0.3%)

Net Sales Breakdown Forecast (Half - year)

Millions of Yen		FY2017		FY2018					
		1H Actual	2H Actual	1H Forecast	vs 1H		2H Forecast	vs 2H	
					FY2017	FY2017		FY2017	FY2018
Silicon	Lapping	1,600	1,592	1,630	+1.7%	+2.2%	1,580	(1.1%)	(3.2%)
	Polishing	3,088	3,157	3,100	+0.4%	(1.8%)	3,260	+3.4%	+5.3%
	Cutting	306	348	350	+13.8%	(0.1%)	320	(9.3%)	(9.2%)
	Total	4,995	5,099	5,080	+1.6%	(0.4%)	5,160	+1.1%	+1.6%
CMP		5,781	6,488	6,150	+6.4%	(5.2%)	6,390	(1.6%)	+3.8%
Hard Disk	Polishing (Aluminum)	1,475	1,719	1,470	(0.4%)	(14.5%)	1,900	+10.3%	+29.1%
	Polishing (Glass)	200	253	150	(22.9%)	(38.8%)	100	(60.3%)	(35.1%)
	Total	1,676	1,973	1,620	(3.1%)	(17.6%)	2,000	+1.3%	+23.0%
Specialty Materials / Thermal Spray	General Industry Products (Abrasives)	2,852	2,298	2,180	(23.6%)	(5.1%)	2,380	+3.6%	+9.3%
	General Industry Products (Non-Abrasives)	848	889	880	+3.3%	(1.4%)	970	+9.1%	+10.7%
	Total	3,701	3,187	3,060	(17.4%)	(4.1%)	3,350	+5.2%	+9.7%
Total of Fujimi Products		16,155	16,748	15,910	(1.5%)	(5.0%)	16,900	+0.9%	+6.2%
Others		99	89	90	(9.0%)	+1.2%	100	+7.9%	+6.6%
Net Sales		16,254	16,838	16,000	(1.6%)	(5.0%)	17,000	+1.0%	+6.2%

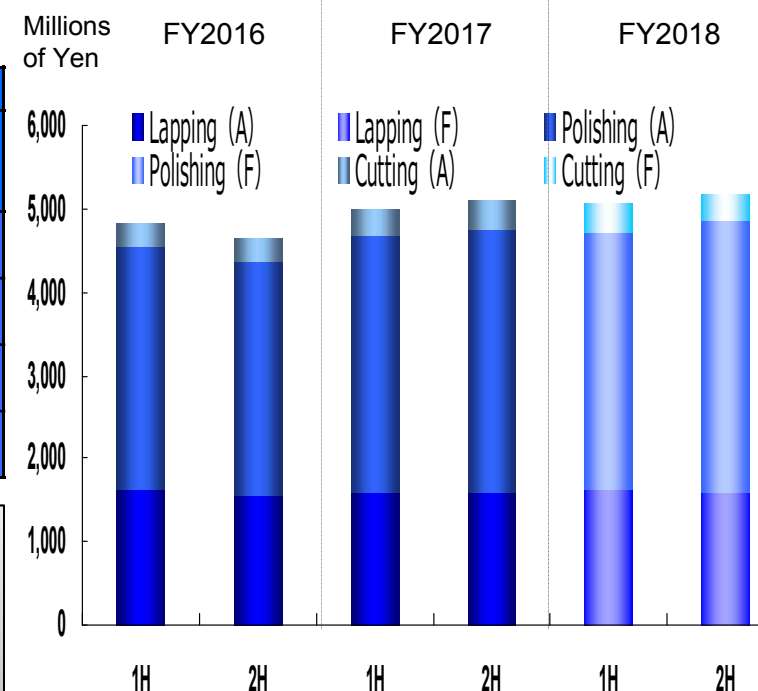
Silicon Wafer Business

«Full-year»

Millions of Yen		FY2016	FY2017		FY2018	
		Actual	Actual	vs FY2016	Forecast	vs FY2017
Silicon	Lapping	3,171	3,193	+0.7%	3,210	+0.5%
	Polishing	5,753	6,245	+8.6%	6,360	+1.8%
	Cutting	572	655	+14.3%	670	+2.3%
	Total	9,498	10,094	+6.3%	10,240	+1.4%

«Half-year»

Millions of Yen		FY2016		FY2017		FY2018	
		1H Actual	2H Actual	1H Actual	2H Actual	1H Forecast	2H Forecast
Silicon	Lapping	1,614	1,557	1,600	1,592	1,630	1,580
	Polishing	2,933	2,820	3,088	3,157	3,100	3,260
	Cutting	288	284	306	348	350	320
	Total	4,836	4,661	4,995	5,099	5,080	5,160



FY2017: Sales up due to strong market demand and newly adopted products for polishing and cutting

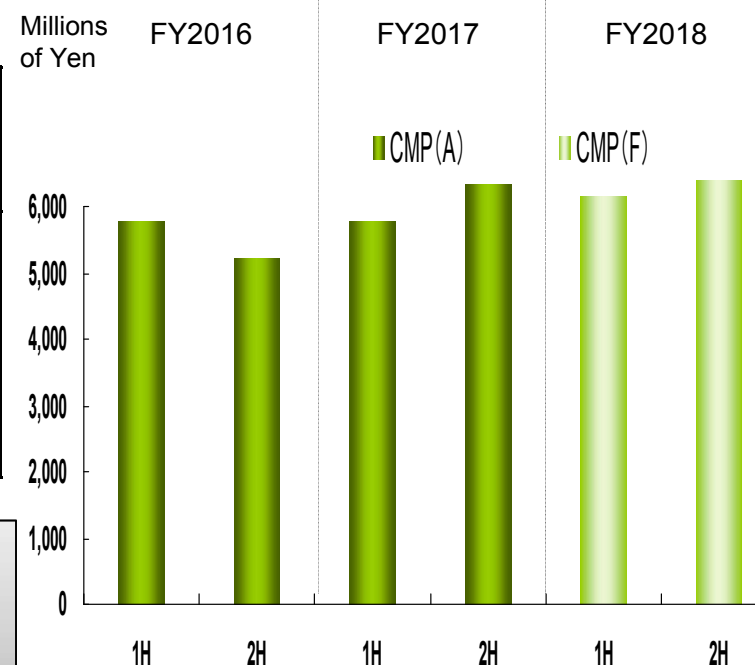
FY2018: Sales up due to strong demand for semiconductor devices

«Full-year»

Millions of Yen	FY2016	FY2017		FY2018	
	Actual	Actual	vs FY2016	Forecast	vs FY2017
CMP	10,980	12,270	+11.7%	12,540	+2.2%

«Half-year»

Millions of Yen	FY2016		FY2017		FY2018	
	1H Actual	2H Actual	1H Actual	2H Actual	1H Forecast	2H Forecast
CMP	5,771	5,209	5,781	6,488	6,150	6,390



FY2017: Sales up due to strong demand for advanced logic and memory devices

FY2018: Sales still up due to strong demand for memory devices

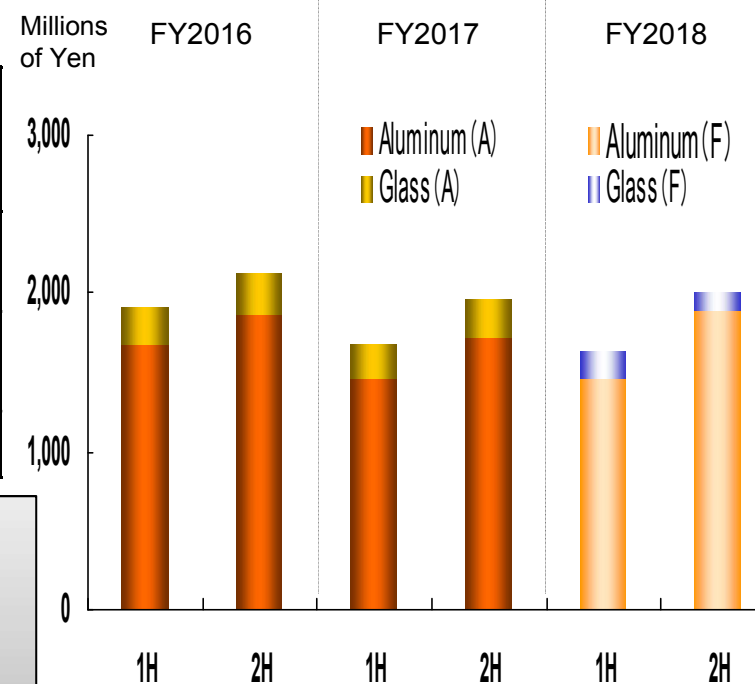
Hard Disk Business

«Full-year»

Millions of Yen		FY2016	FY2017		FY2018	
		Actual	Actual	vs FY2016	Forecast	vs FY2017
Hard Disk	Polishing (Aluminum)	3,523	3,195	(9.3%)	3,370	+5.5%
	Polishing (Glass)	518	454	(12.4%)	250	(44.9%)
	Total	4,041	3,650	(9.7%)	3,620	(0.8%)

«Half-year»

Millions of Yen		FY2016		FY2017		FY2018	
		1H Actual	2H Actual	1H Actual	2H Actual	1H Forecast	2H Forecast
Hard Disk	Polishing (Aluminum)	1,667	1,856	1,475	1,719	1,470	1,900
	Polishing (Glass)	257	260	200	253	150	100
	Total	1,924	2,116	1,676	1,973	1,620	2,000



FY2017: Sales down due to production adjustment in the hard disk drive industry for the first half

FY2018: Same volume as FY2017

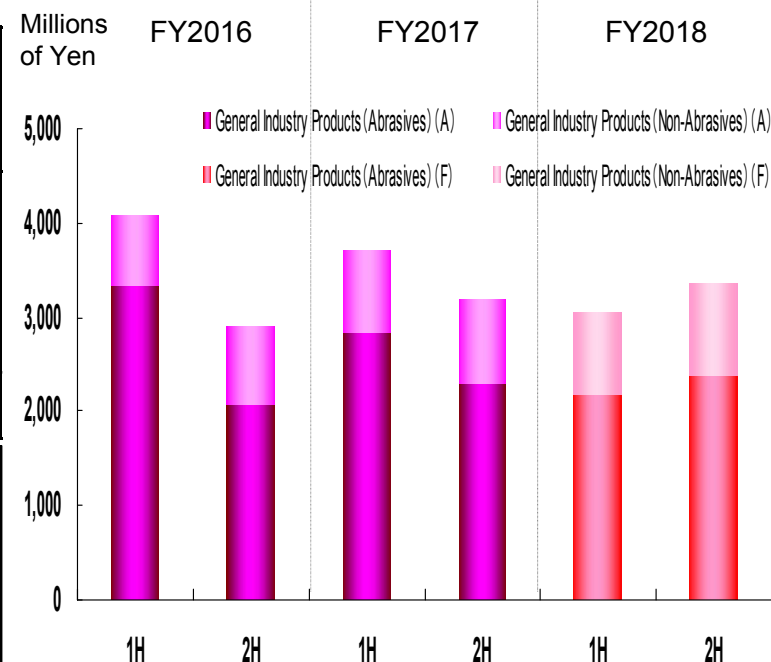
Specialty Materials / Thermal Spray Business

«Full-year»

Millions of Yen		FY2016	FY2017		FY2018	
		Actual	Actual	vs FY2016	Forecast	vs FY2017
Specialty Materials / Thermal Spray	General Industry Products (Abrasives)	5,403	5,150	(4.7%)	4,560	(11.5%)
	General Industry Products (Non-Abrasives)	1,588	1,738	+9.4%	1,850	+6.4%
	Total	6,991	6,889	(1.5%)	6,410	(7.0%)

«Half-year»

Millions of Yen		FY2016		FY2017		FY2018	
		1H Actual	2H Actual	1H Actual	2H Actual	1H Forecast	2H Forecast
Specialty Materials / Thermal Spray	General Industry Products (Abrasives)	3,335	2,067	2,852	2,298	2,180	2,380
	General Industry Products (Non-Abrasives)	743	844	848	889	880	970
	Total	4,079	2,911	3,701	3,187	3,060	3,350



(Abrasives)

FY2017: Sales down due to customers' inventory adjustment

FY2018: Sales down due to customers' manufacturing process change

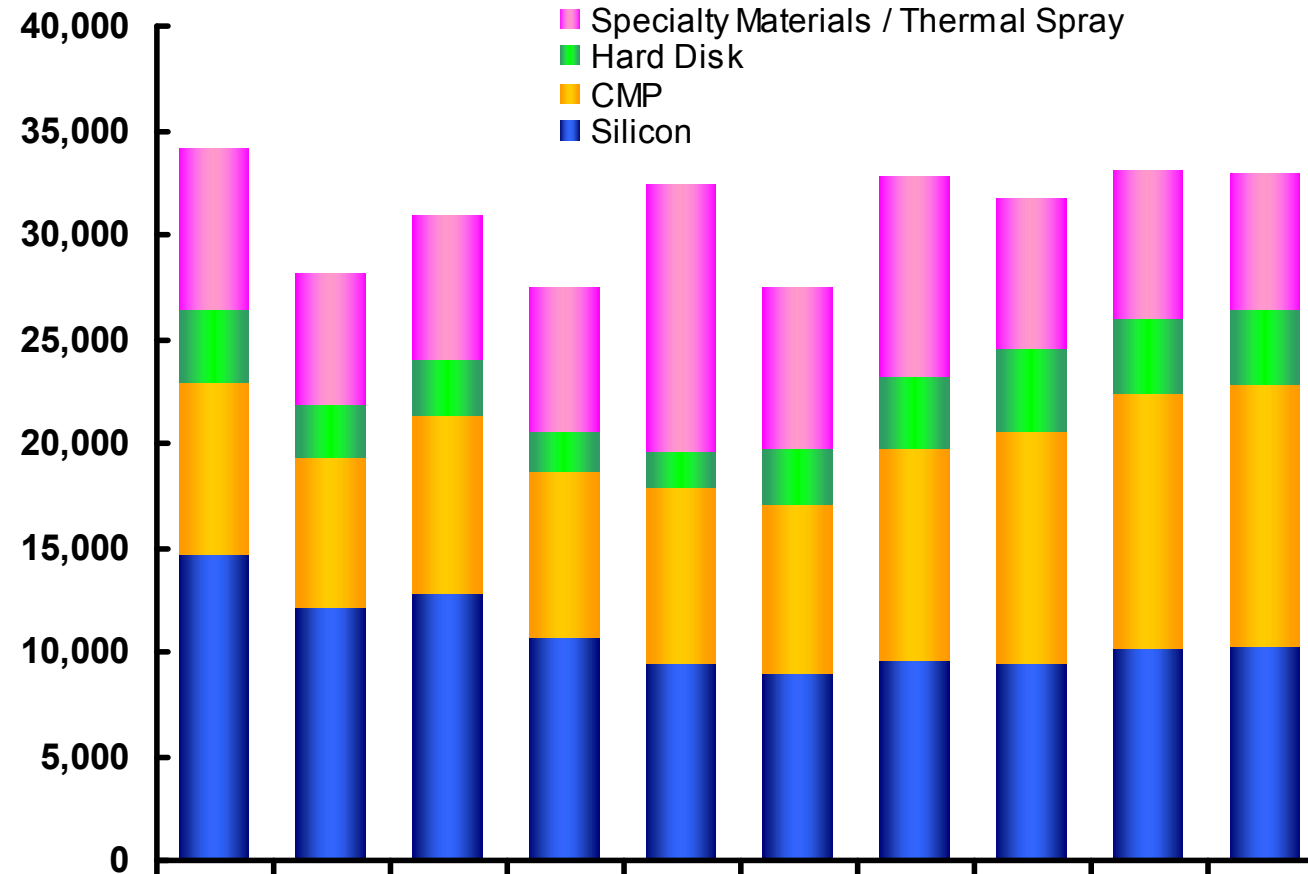
(Non-Abrasives)

FY2017: Sales up due to strong demand for semiconductor manufacturing equipment

FY2018: Sales still up due to strong demand for semiconductor manufacturing equipment

Net Sales by Application

Millions of Yen

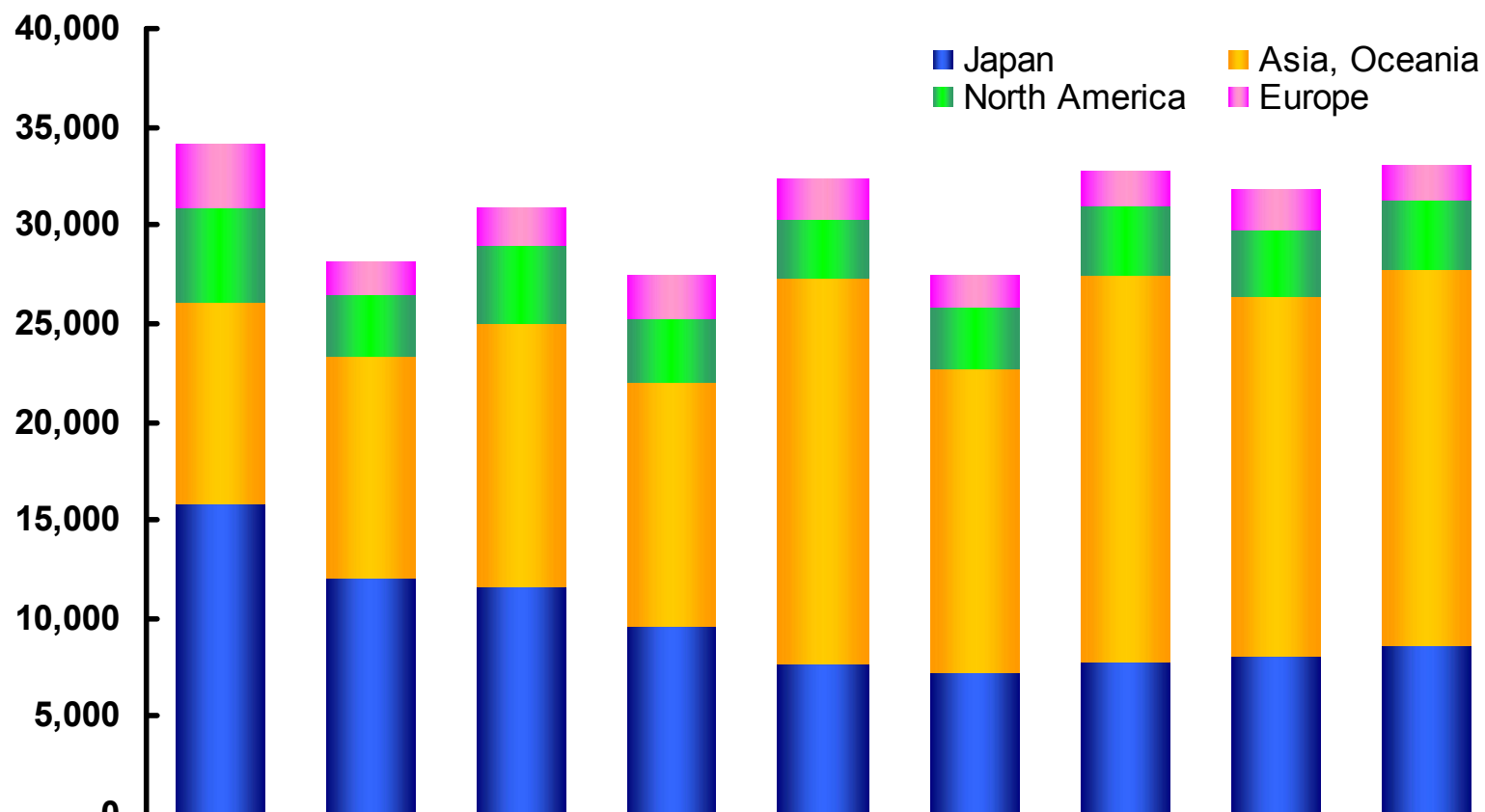


	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	*FY18
Specialty Materials / Thermal Spray	7,736	6,257	6,854	6,915	12,776	7,742	9,640	7,235	7,077	6,600
Hard Disk	3,469	2,570	2,689	1,788	1,826	2,658	3,478	4,041	3,650	3,620
CMP	8,266	7,262	8,532	8,029	8,323	8,224	10,143	10,980	12,270	12,540
Silicon	14,651	12,088	12,794	10,690	9,484	8,868	9,552	9,498	10,094	10,240

*Forecast

Net Sales by Region

Millions of Yen



	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Europe	3,202	1,718	1,990	2,183	2,127	1,718	1,849	1,989	1,815
North America	4,843	3,126	3,829	3,282	3,046	3,075	3,500	3,431	3,507
Asia, Oceania	10,238	11,256	13,469	12,389	19,542	15,490	19,668	18,228	19,186
Japan	15,837	12,076	11,579	9,568	7,696	7,208	7,799	8,106	8,584

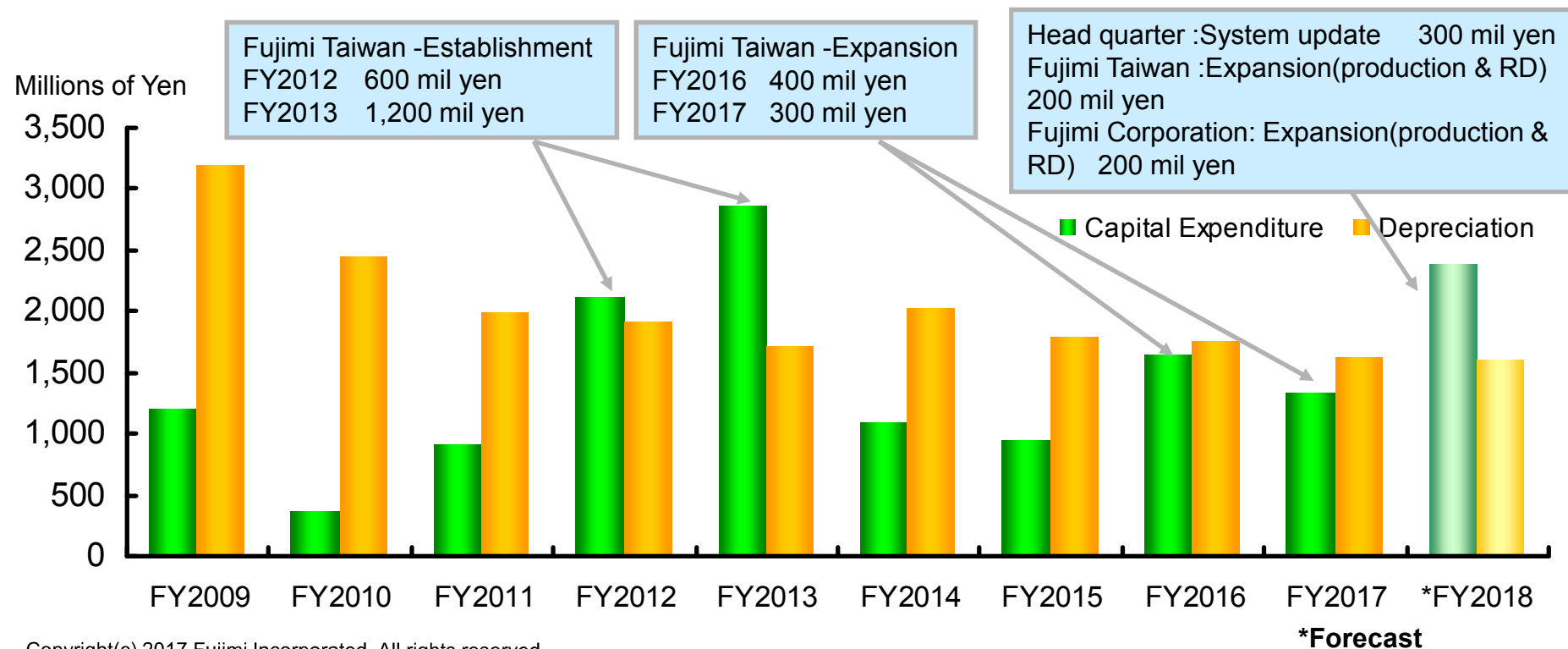
Capital Expenditure

Depreciation

R&D Expense

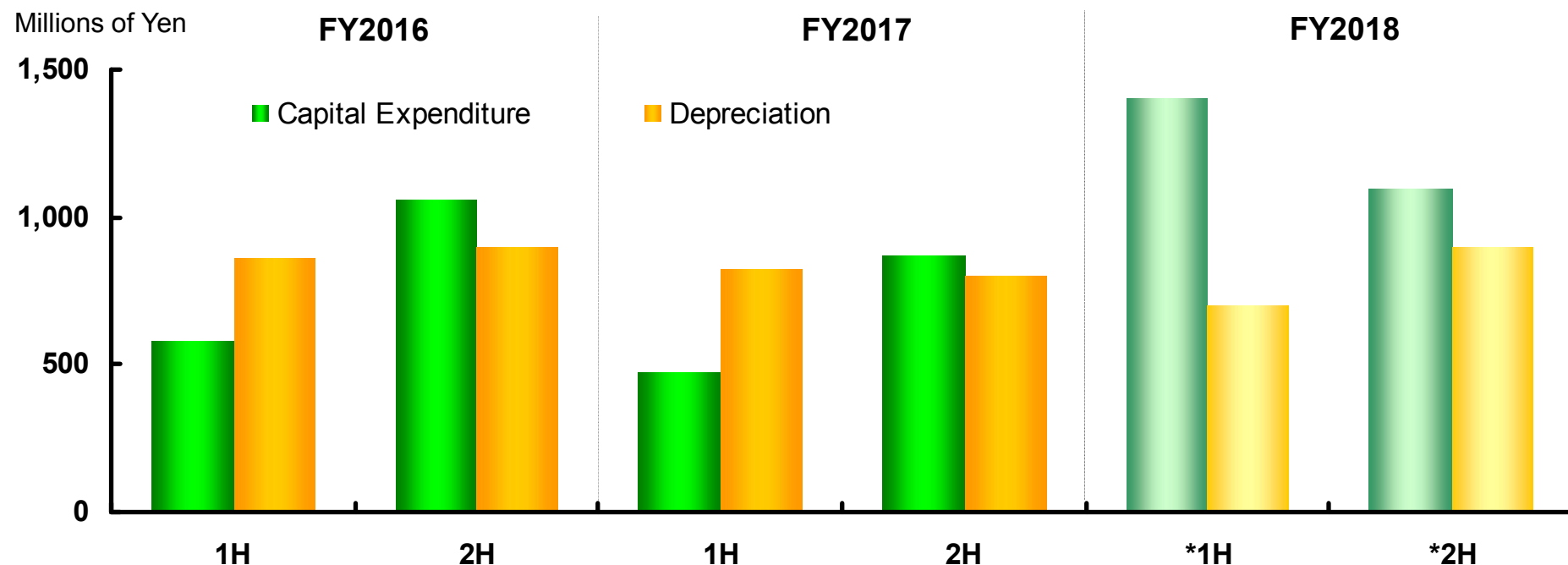
Capital Expenditure/ Depreciation

Millions of Yen	FY2016	FY2017			FY2018		
	Actual	Forecast @ Nov.2016	Actual	vs FY2016	vs Forecast FY2017	Forecast	vs FY2017
Capital Expenditure	1,637	1,800	1,336	(18.4%)	(25.8%)	2,500	+87.1%
Depreciation	1,754	1,700	1,623	(7.5%)	(4.5%)	1,600	(1.4%)



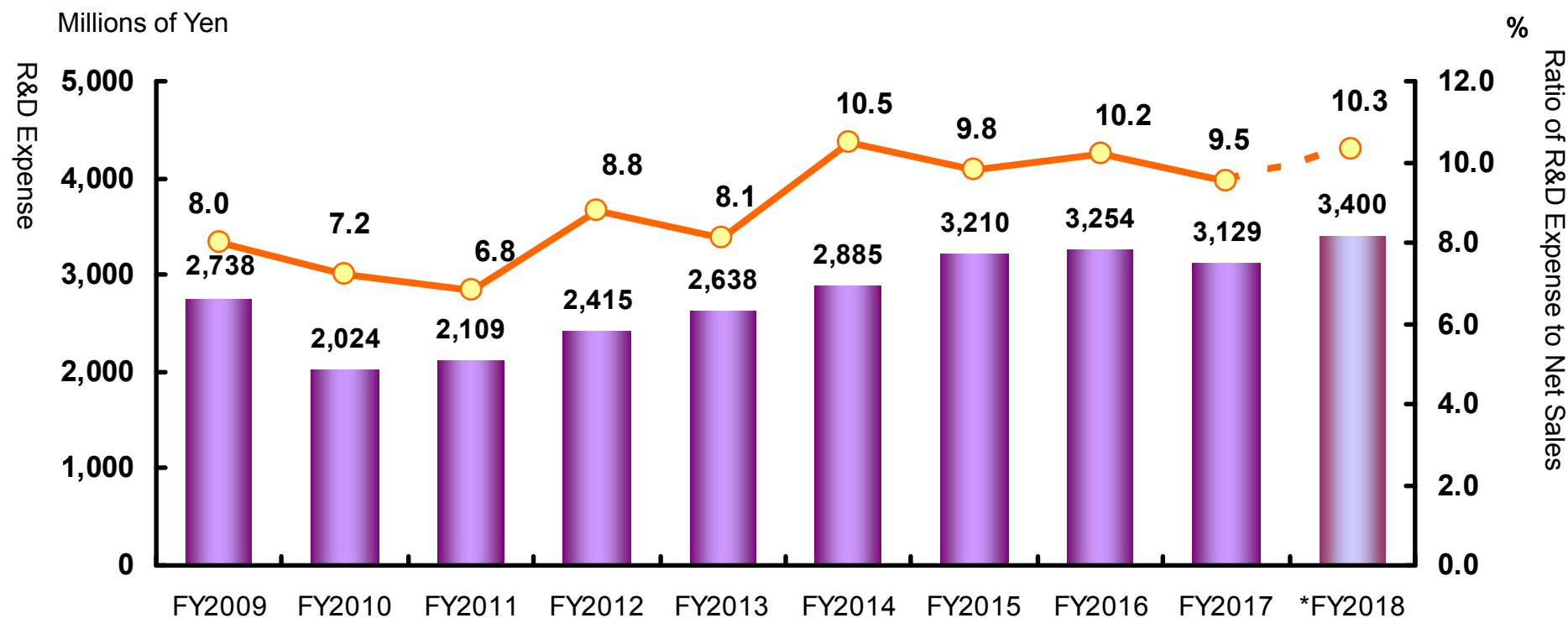
Capital Expenditure/ Depreciation

Millions of Yen	FY2016		FY2017				FY2018					
	1H Actual	2H Actual	1H Actual	2H Actual	vs 2H FY2016		1H Forecast	vs 1H FY2017		2H Forecast	vs 1H FY2018	
					vs 2H FY2016	vs 1H FY2017		vs 1H FY2017	vs 2H FY2017		vs 2H FY2017	vs 1H FY2018
Capital Expenditure	577	1,060	469	867	(18.2%)	+84.9%	1,400	+198.5%	+61.5%	1,100	+26.9%	(21.4%)
Depreciation	858	896	826	797	(11.0%)	(3.5%)	700	(15.3%)	(12.2%)	900	+12.9%	+28.6%



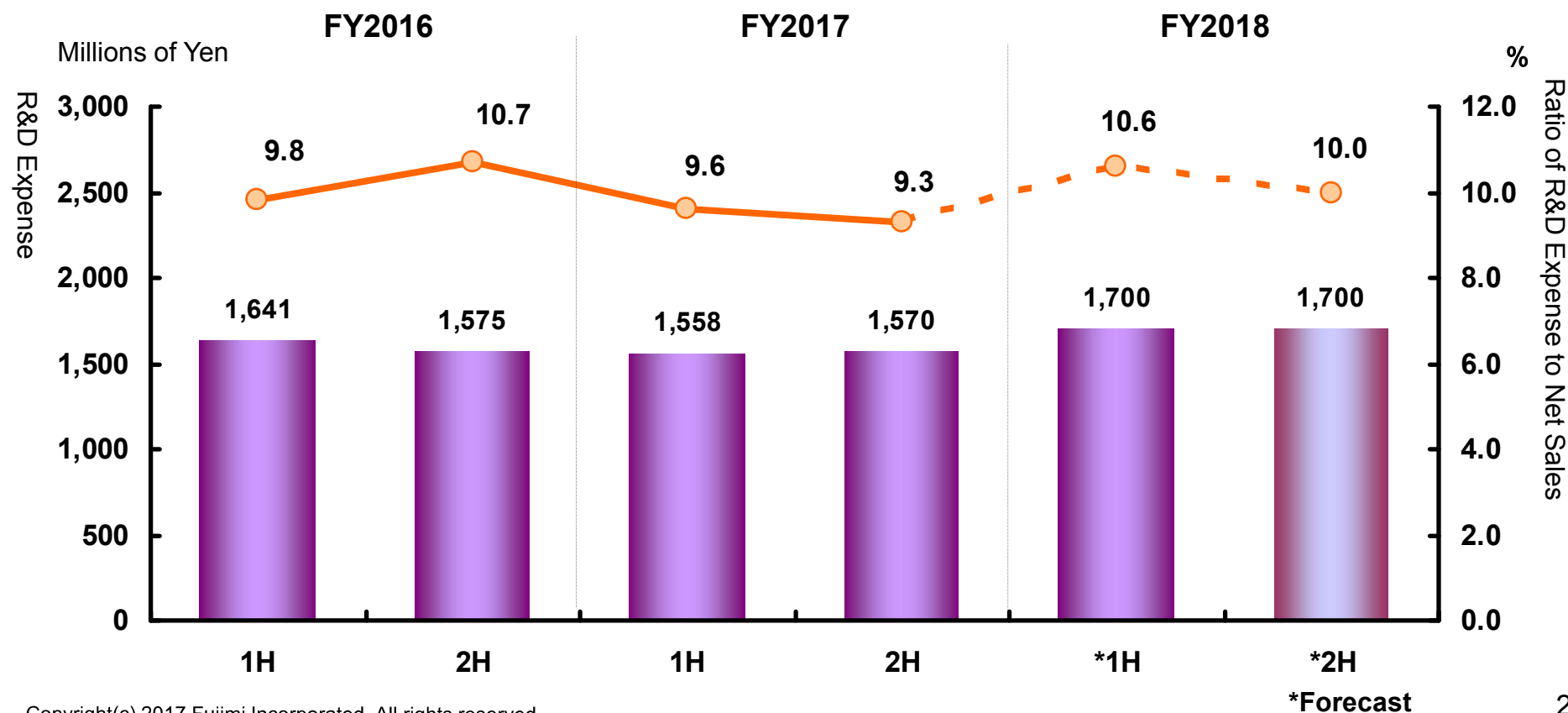
R&D Expense

Millions of Yen	FY2016	FY2017			FY2018		
	Actual	Forecast @ Nov.2016	Actual	vs FY2016	vs Forecast FY2017	Forecast	vs FY2017
R&D Expense	3,254	3,125	3,129	(3.8%)	+0.1%	3,400	+8.7%



R&D Expense

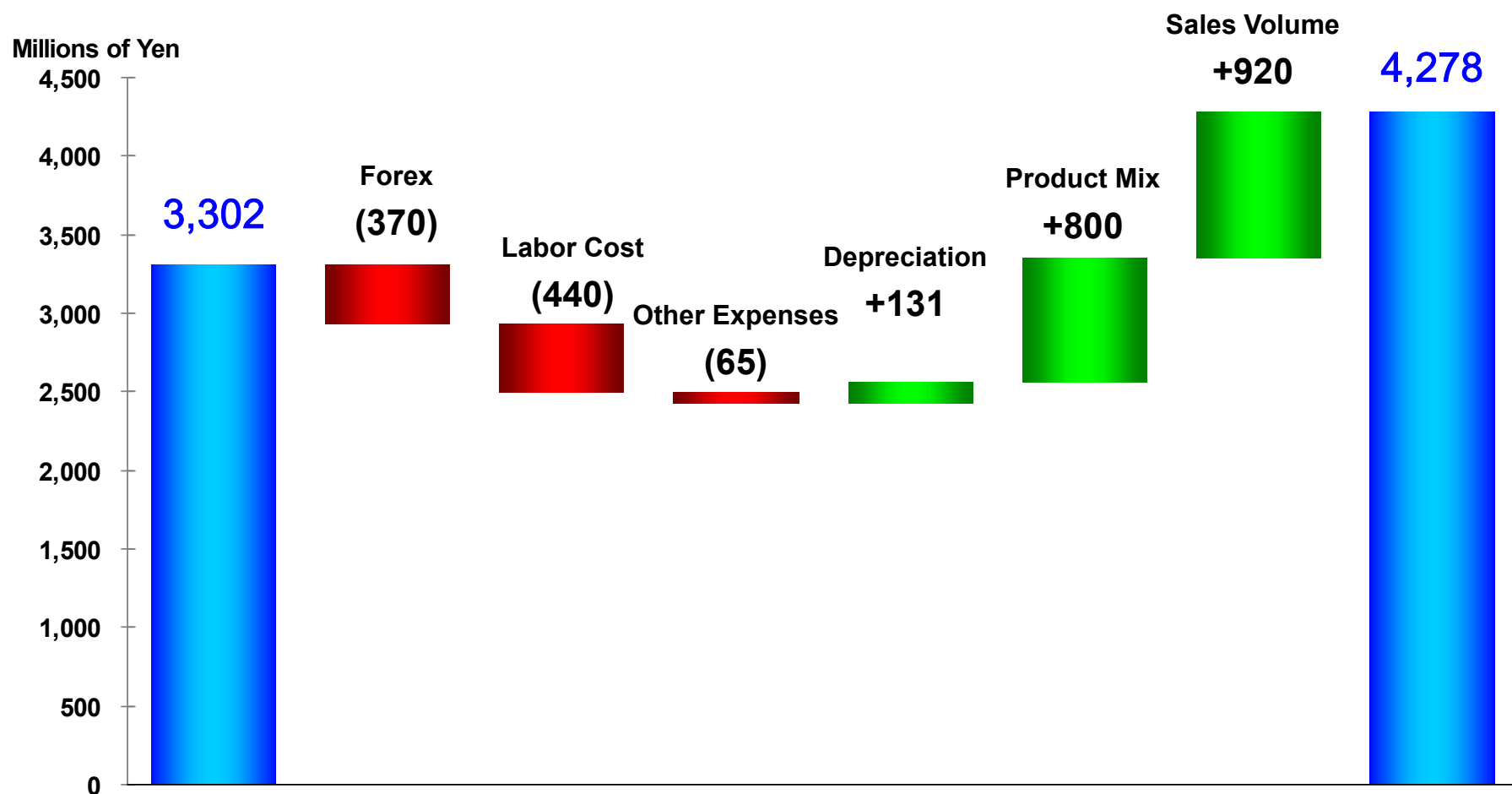
Millions of Yen	FY2016		FY2017				FY2018					
	1H Actual	2H Actual	1H Actual	2H Actual	vs 2H FY2016	vs 1H FY2017	1H Forecast	vs 1H FY2017	vs 2H FY2017	2H Forecast	vs 2H FY2017	vs 1H FY2018
	R&D Expense	1,641	1,575	1,558	1,570	(0.3%)	+0.7%	1,700	+9.1%	+8.3%	1,700	+8.3%



Operating Income Analysis

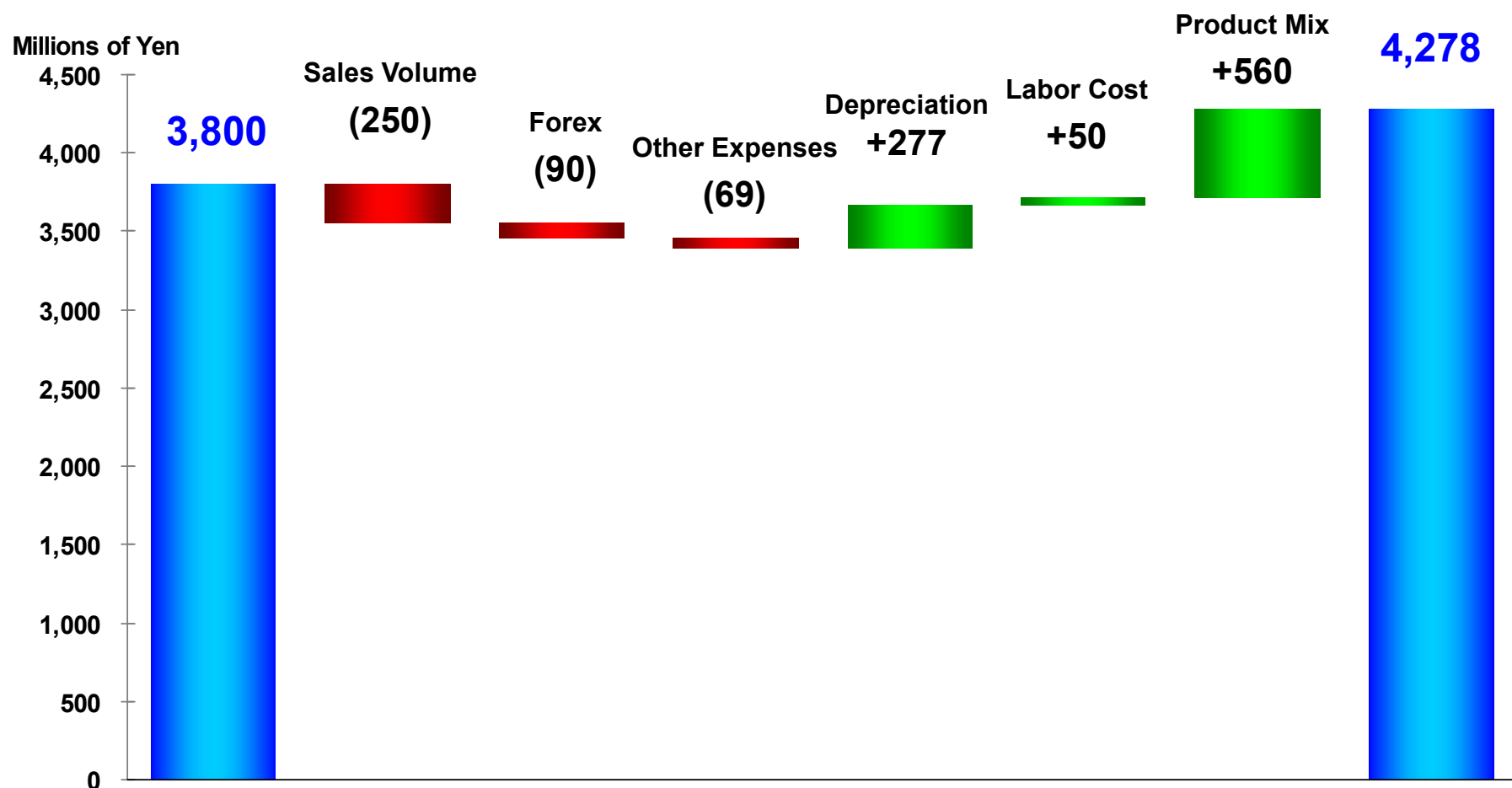
Operating Income Analysis

FY2017 Actual vs FY2016 Actual



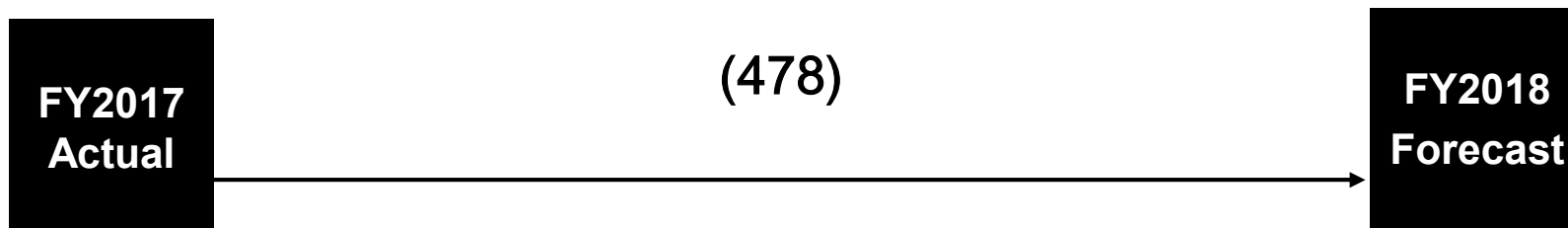
Operating Income Analysis

FY2017 Forecast vs FY2017 Actual



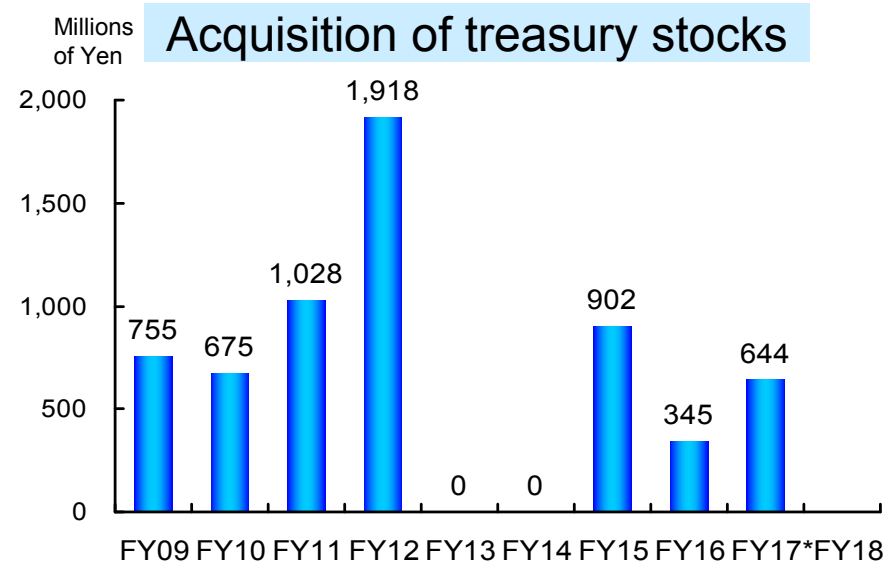
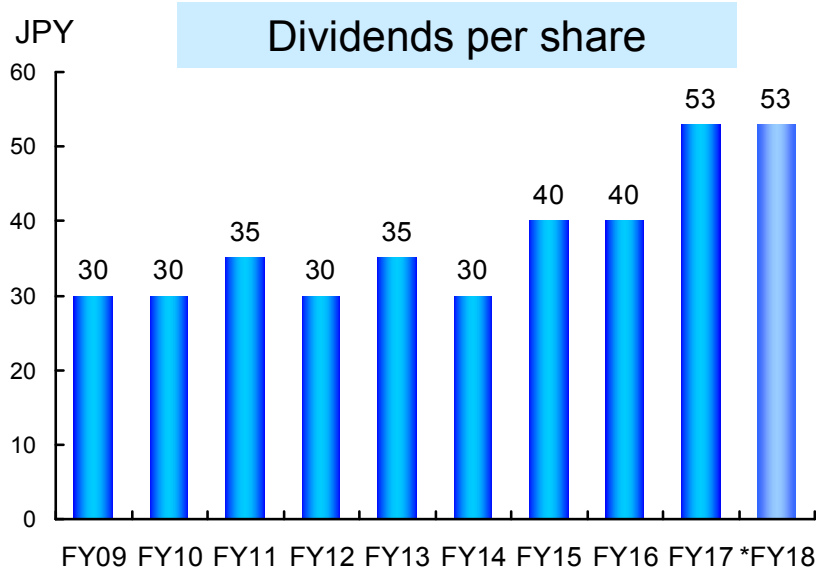
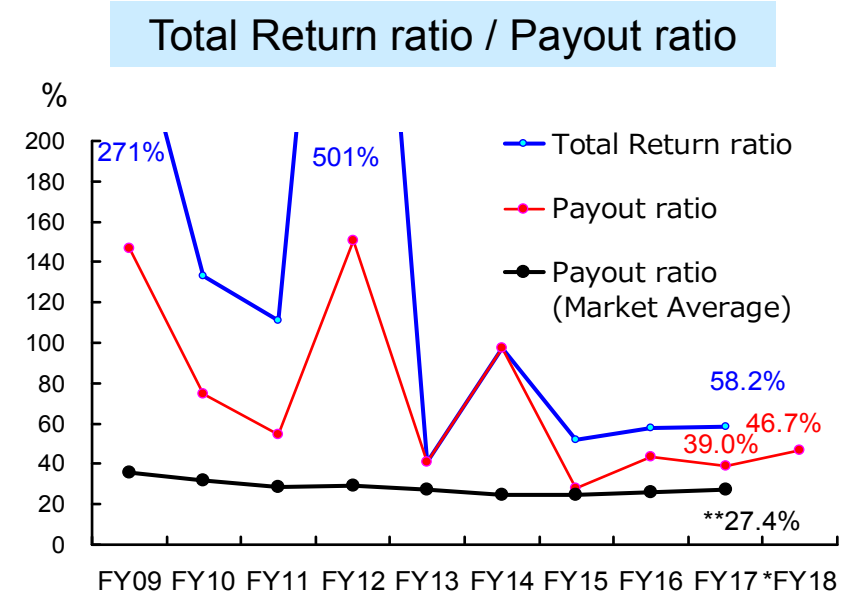
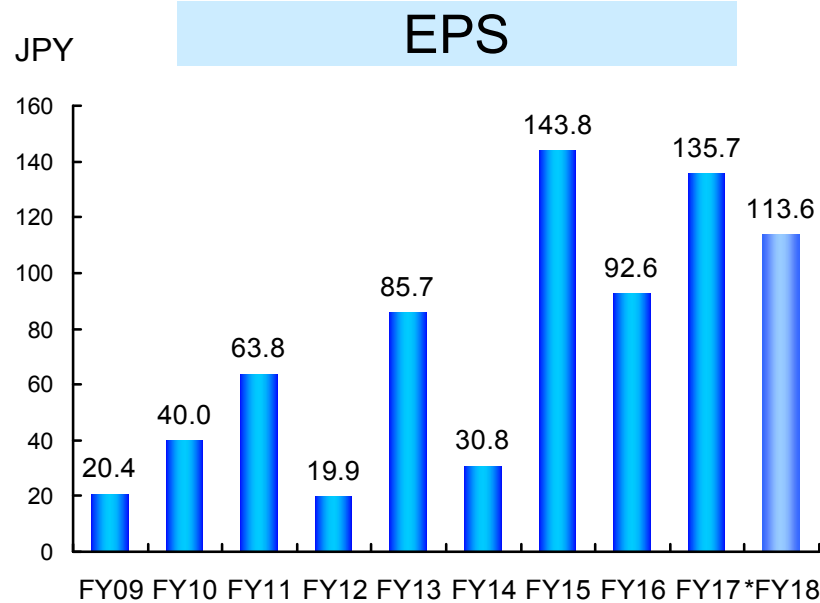
Operating Income Analysis

FY2017 Forecast vs FY2017 Actual



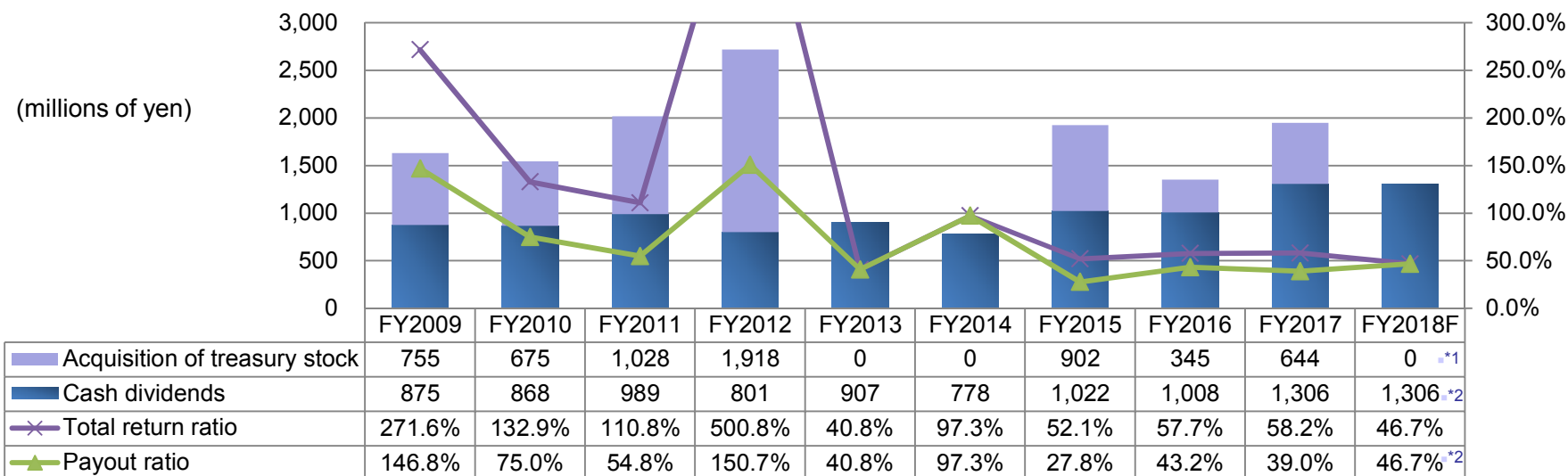
Shareholder Returns

Shareholder Returns



Dividend History

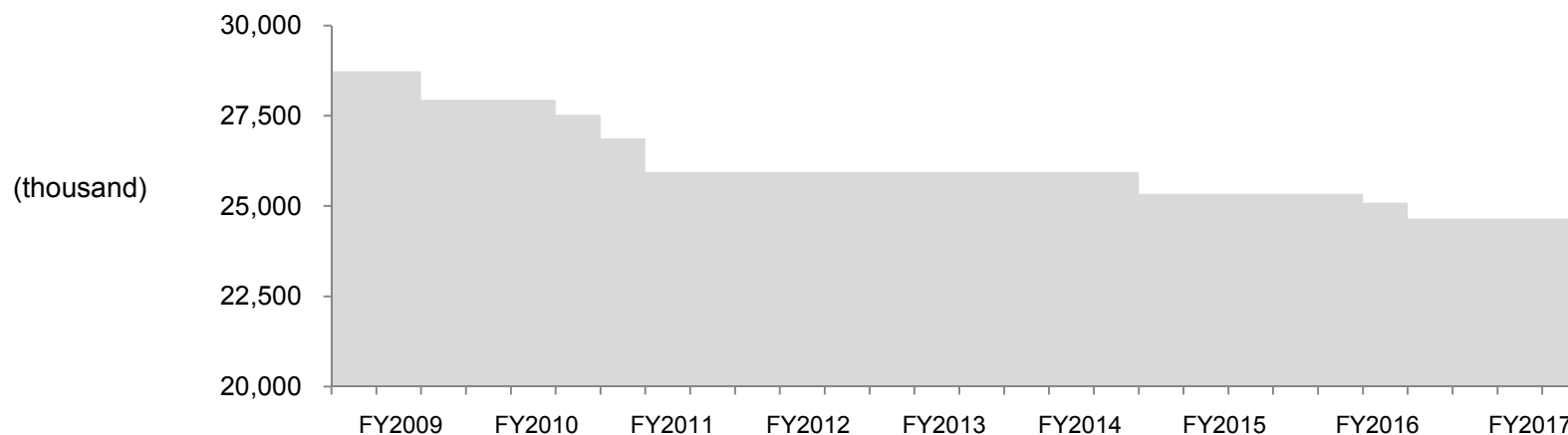
50% dividend ratio in FY2019 is a target
Total cash dividends / Acquisition of treasury stock



^{*1} : Actual from Apr 1, 2017 to May 31, 2017

^{*2} : Forecast as of May 12, 2017

Number of shares(excluding treasury stock)

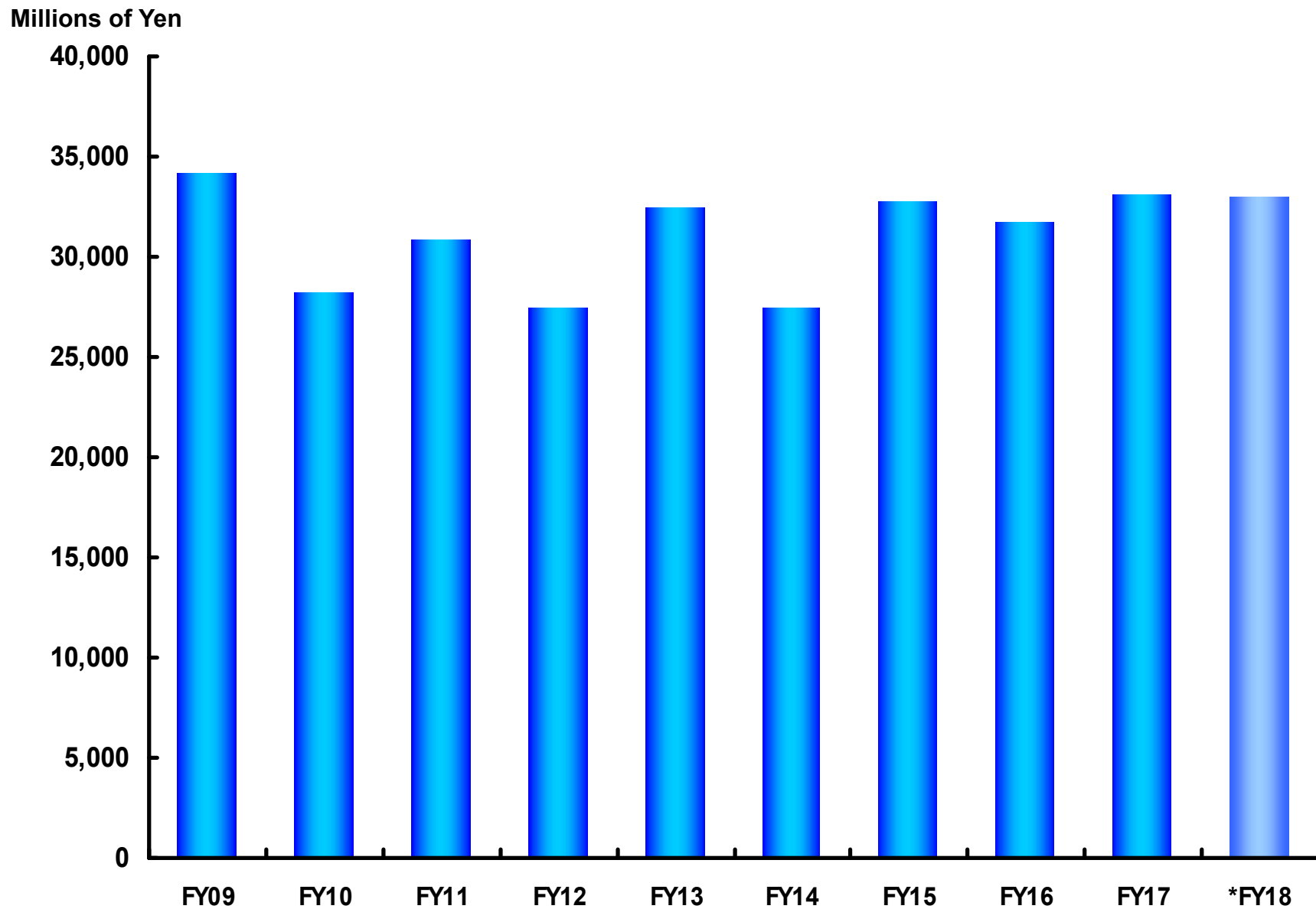


Supplementary Data

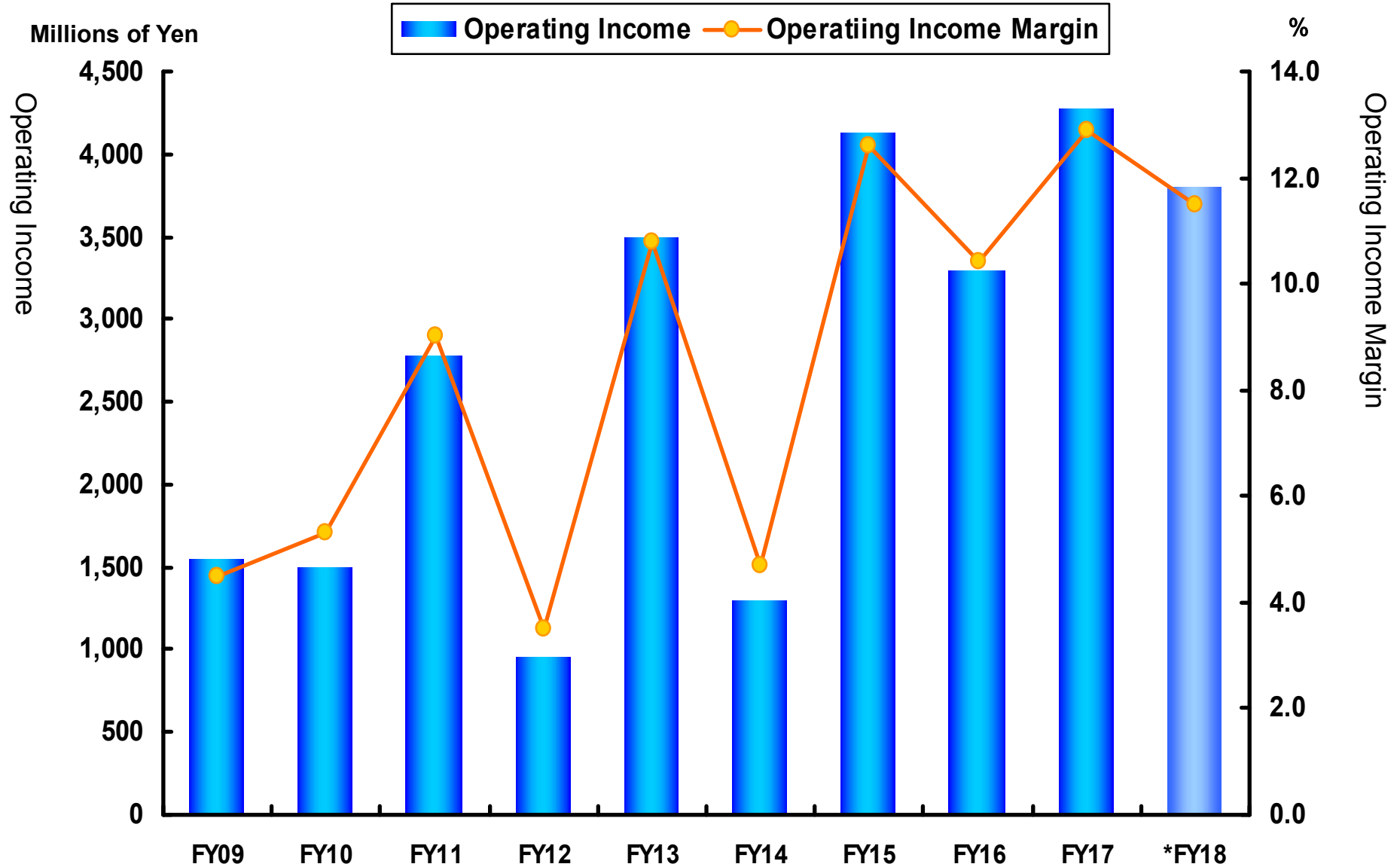
Number of Employee

	FY2016 @ 31 Mar 2016		FY2017 @ 31 Mar 2017			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2016	
					Full-time	*Temporary
FUJIMI INCORPORATED	559	148	568	155	+9	+7
FUJIMI CORPORATION	104	0	102	0	(2)	—
FUJIMI TAIWAN LIMITED	72	2	80	2	+8	—
FUJIMI-MICRO TECHNOLOGY SDN.BHD	64	8	64	8	—	—
FUJIMI EUROPE GmbH	4	1	4	1	—	—
FUJIMI KOREA LIMITED	3	0	3	1	—	+1
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	5	0	6	0	+1	—
Total	811	159	827	167	+16	+8

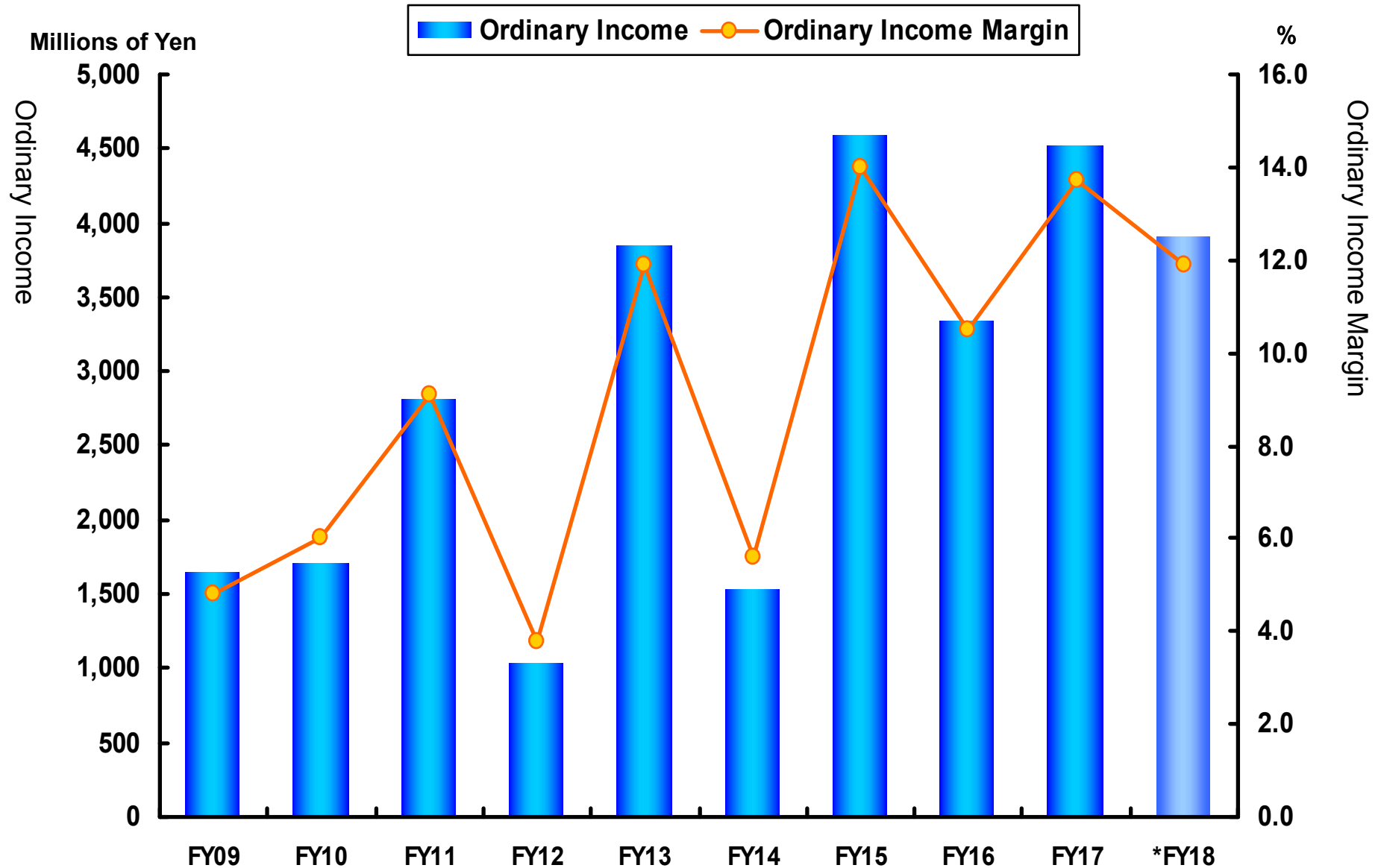
Net Sales



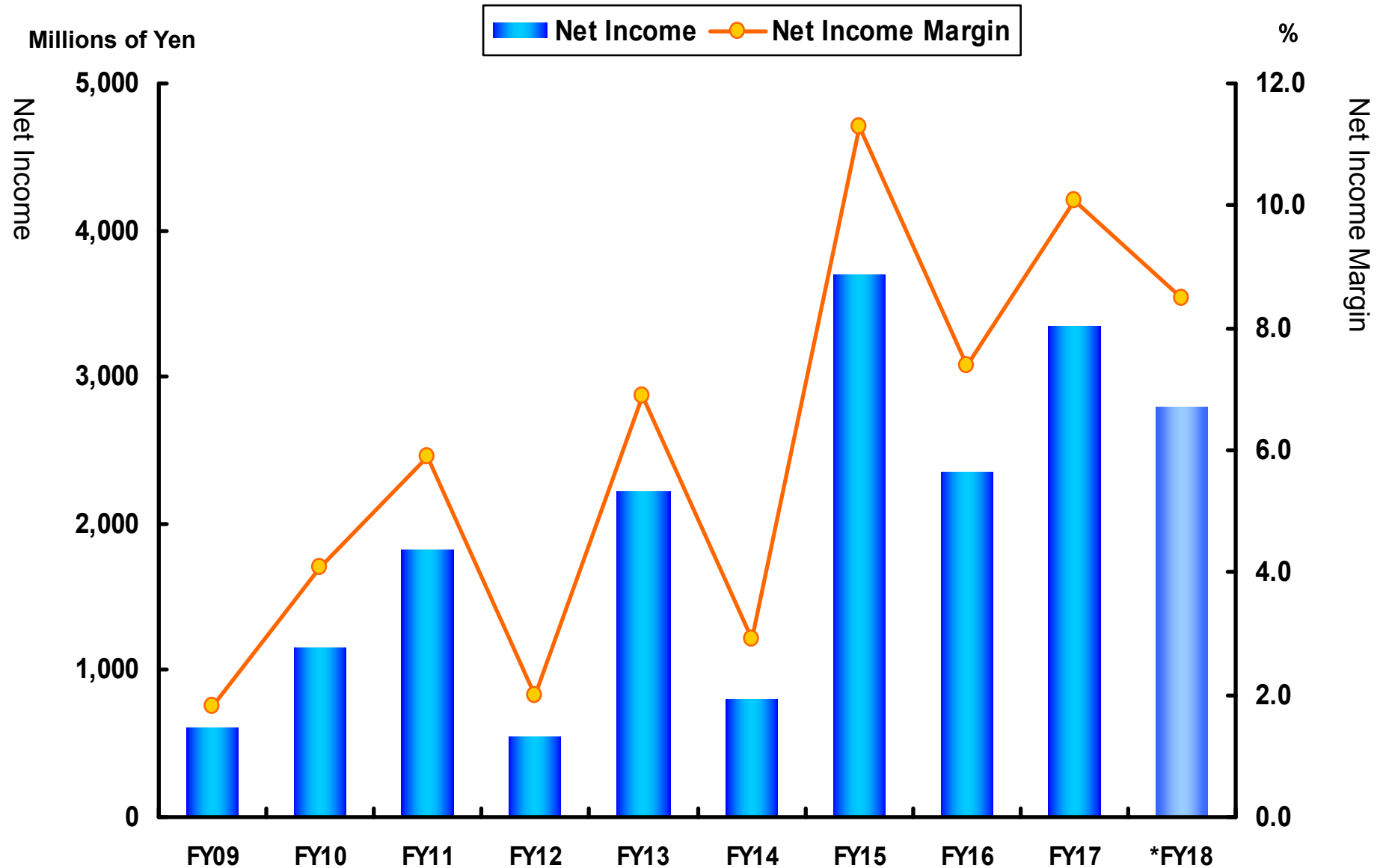
Operation Income



Ordinary Income

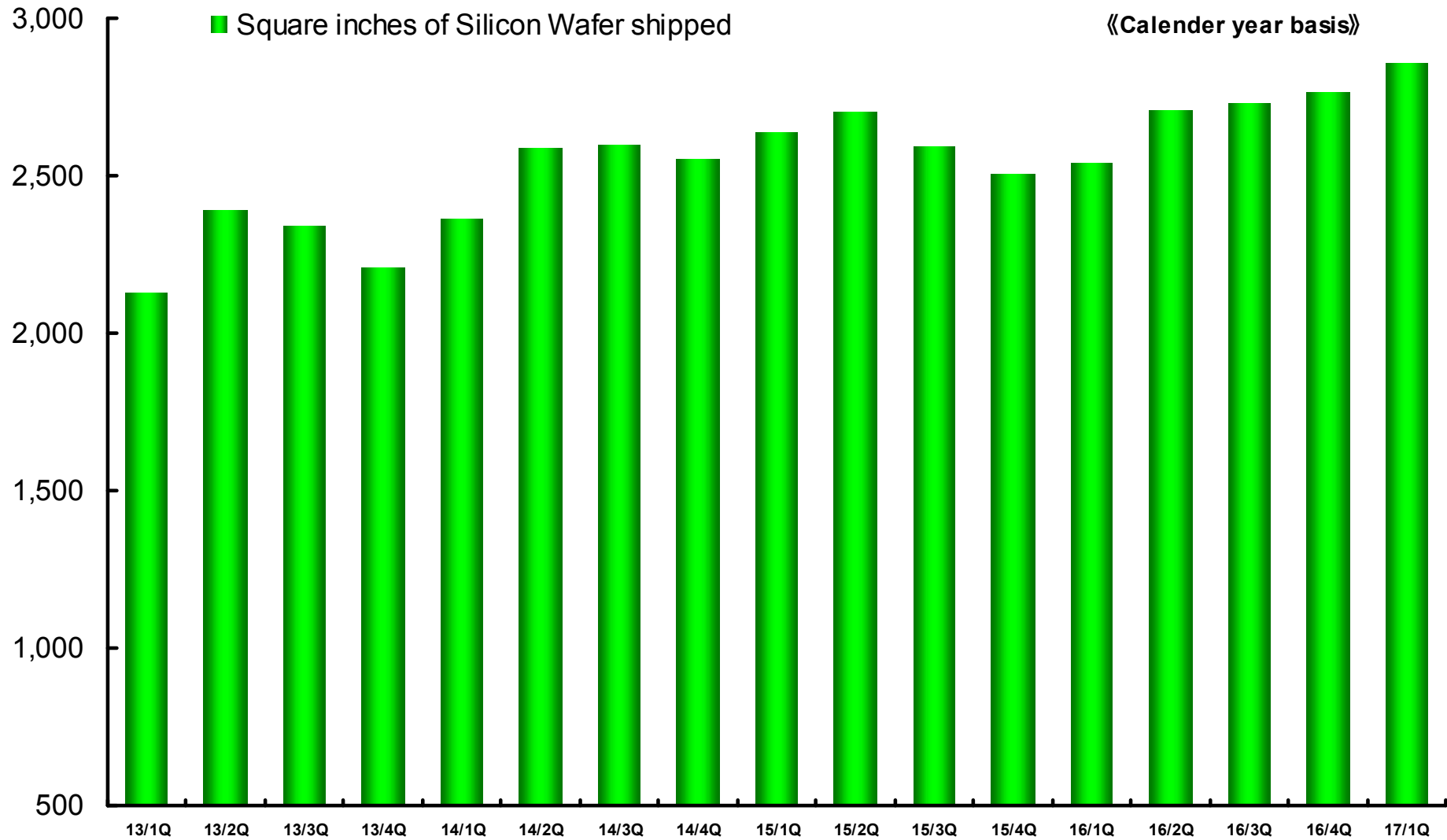


Net Income



Quarterly Shipments of Silicon Wafers – Worldwide – in MSI

Millions of square inches (MSI)



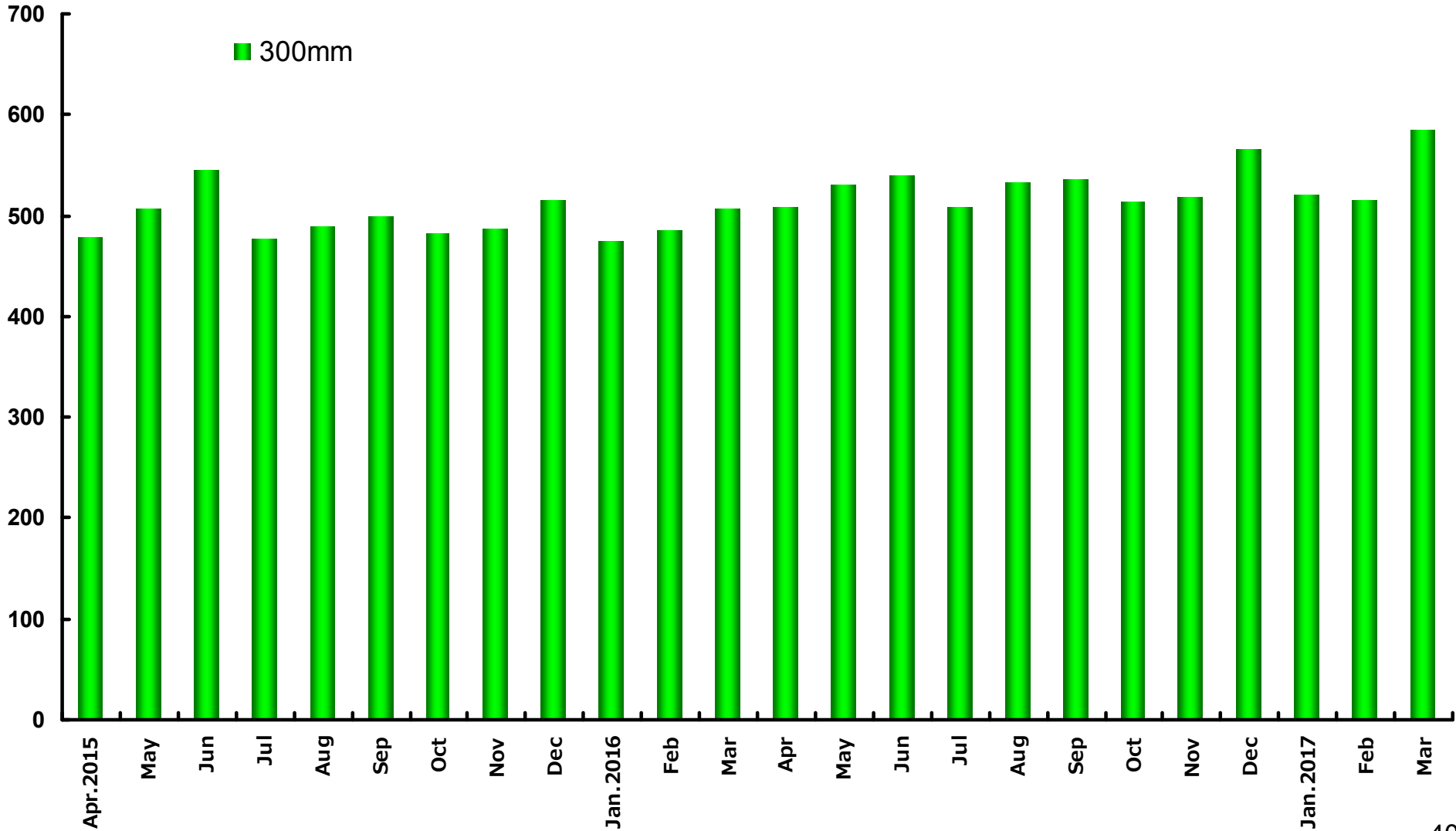
Source: SEMI (Semiconductor Equipment and Materials International)

Monthly Shipments of 300mm Silicon Wafers – Worldwide – in wafer number



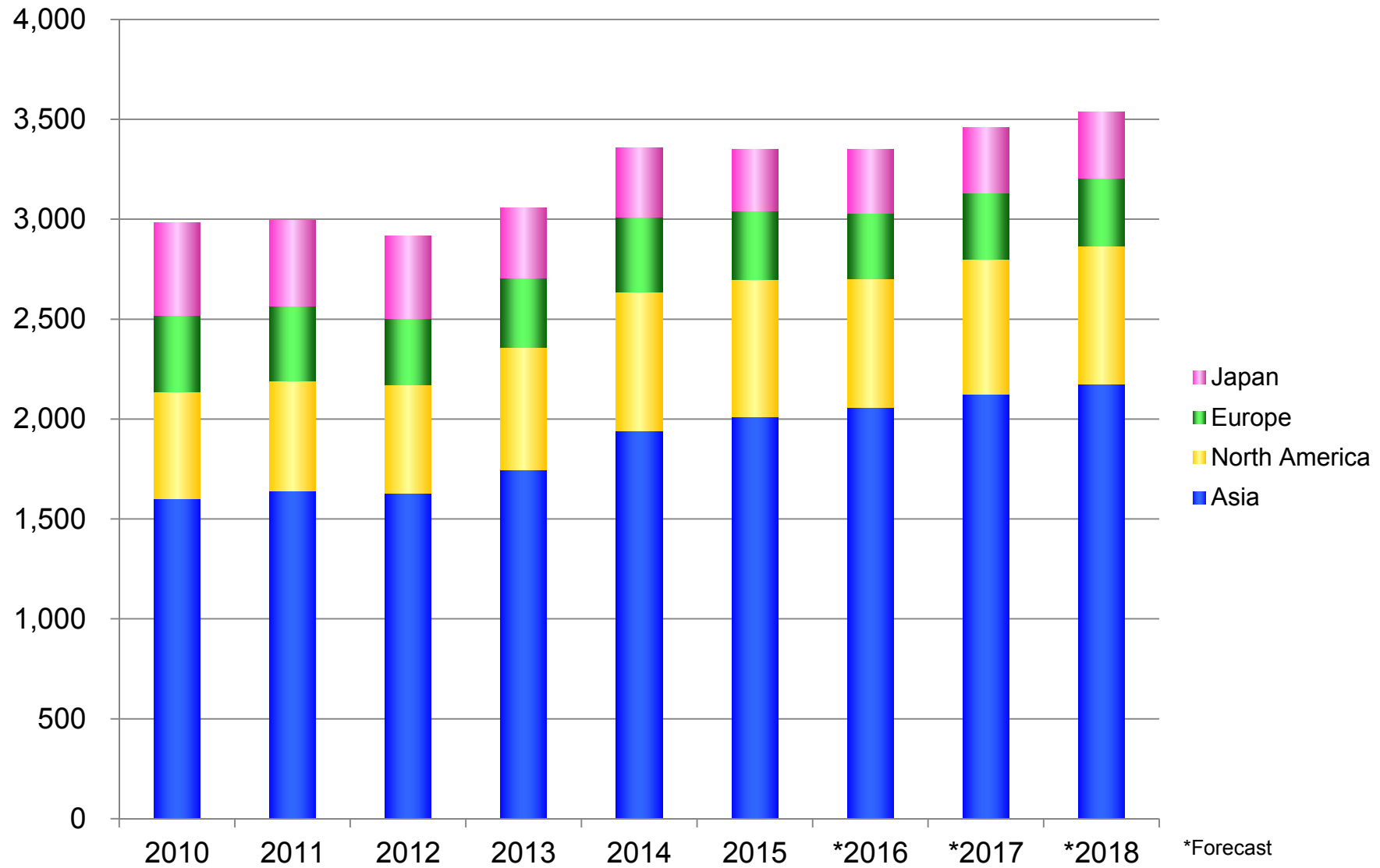
Source : FUJIMI Estimate

Millions of Wafer



Semiconductor Market Scale by Region

Billions of dollars



Source : WSTS (World Semiconductor Trade Statistics)