

Financial Overview FY2018

May 18, 2018

FUJIMI INCORPORATED

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Financial Overview

Financial Results vs FY17

Net Sales	+ 8.1% : Strong demand from semiconductor devices
Operating Income	+ 13.9% : Sales increase of more profitable products
CMP	Highest sales for the third consecutive year due to strong demand for semiconductor devices
Silicon Wafer	Sales up due to strong demand for silicon wafers
Hard Disks	Sales down due to a customer's manufacturing process change as a result of a merger
General Industry	
Abrasives	Sales down due to a customer's manufacturing process change
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 accumulated total JPY 100 million into 4 ventures out of JPY 300 million fund

Financial Overview (Full - year)

(Millions of Yen)	FY2017	FY2018							
	Actual	Forecast				Actual			
		May'17	Aug'17	Nov'17	Feb'18		vs FY2017	vs Fcst. May'17	vs Fcst. Feb'18
Net Sales	33,092	33,000	34,000	34,500	35,500	35,788	+8.1%	+8.4%	+0.8%
Operating Income	4,278	3,800	4,100	4,400	4,800	4,872	+13.9%	+28.2%	+1.5%
Margin	12.9%	11.5%	12.1%	12.8%	13.5%	13.6%	-	-	-
Ordinary Income	4,519	3,900	4,200	4,400	4,800	4,728	+4.6%	+21.2%	(1.5%)
Margin	13.7%	11.8%	12.4%	12.8%	13.5%	13.2%	-	-	-
Net Income	3,350	2,800	3,000	3,200	3,500	3,011	(10.1%)	+7.5%	(14.0%)
Margin	10.1%	8.5%	8.8%	9.3%	9.9%	8.4%	-	-	-

- vs FY2017: Sales and incomes up due to strong demand from semiconductor devices
- Net income down due to JPY 568 mil, impairment loss of a plant
(decrease JPY530 mil, after tax)

Financial Overview (Half - year)

(Millions of Yen)	FY2017		FY2018					
	Actual		Actual					
	1H	2H	1H	vs 1H FY2017	vs 2H FY2017	2H	vs 2H FY2017	vs 1H FY2018
Net Sales	16,254	16,838	17,417	+7.2%	+3.4%	18,371	+9.1%	+5.5%
Operating Income Margin	2,100 12.9%	2,178 12.9%	2,289 13.1%	+9.0% -	+5.1% -	2,583 14.1%	+18.6% -	+12.8% -
Ordinary Income Margin	2,171 13.4%	2,348 13.9%	2,250 12.9%	+3.6% -	(4.2%) -	2,478 13.5%	+5.5% -	+10.2% -
Net Income Margin	1,710 10.5%	1,640 9.7%	1,647 9.5%	(3.7%) -	+0.4% -	1,364 7.4%	(16.8%) -	(17.2%) -

- The second half financials are better than the first half due to the stronger demand from semiconductor devices in the second half
- The second half net income down by 16.8% from the first half due to the impairment loss

Financial Forecast (Full - year)

(Millions of Yen)	FY2017	FY2018	FY2019	
	Actual	Actual	Forecast	
				vs FY2018
Net Sales	33,092	35,788	36,500	+2.0%
Operating Income Margin	4,278 12.9%	4,872 13.6%	5,100 14.0%	+4.7% -
Ordinary Income Margin	4,519 13.7%	4,728 13.2%	5,200 14.2%	+10.0% -
Net Income Margin	3,350 10.1%	3,011 8.4%	3,900 10.7%	+29.5% -

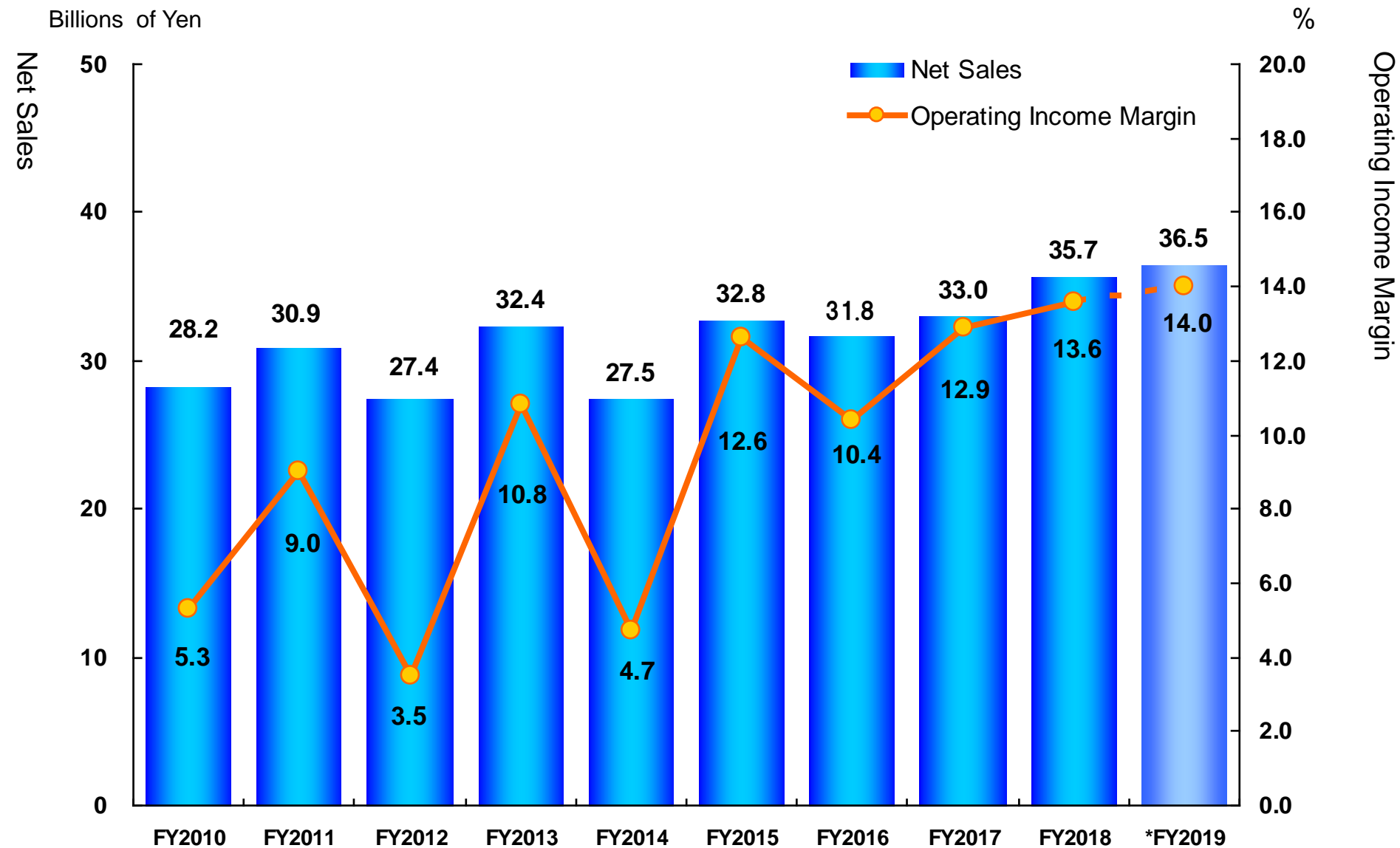
- Sales and incomes expected to be higher due to strong demand from semiconductor devices, offsetting the exchange rate of JPY105/USD (JPY111/USD in FY2018)
- FY2019 net income up by 29.5% due to the FY2018 impairment loss

Financial Forecast (Half - year)

(Millions of Yen)	FY2018		FY2019					
	Actual		Actual					
	1H	2H	1H	vs 1H FY2018	vs 2H FY2018	2H	vs 2H FY2018	vs 1H FY2019
Net Sales	17,417	18,371	18,000	+3.3%	(2.0%)	18,500	(1.2%)	+0.8%
Operating Income Margin	2,289 13.1%	2,583 14.1%	2,550 14.2%	+11.4% -	(1.2%) -	2,550 13.8%	(1.2%) -	0.0% -
Ordinary Income Margin	2,250 12.9%	2,478 13.5%	2,600 14.4%	+15.5% -	+4.9% -	2,600 14.1%	+4.9% -	0.0% -
Net Income Margin	1,647 9.5%	1,364 7.4%	1,950 10.8%	+18.4% -	+43.0% -	1,950 10.5%	+43.0% -	0.0% -

- The second half incomes are same as the first half due to cost increase offsetting sales increase

Sales and Operating Income Margin (Full- year)



*Forecast

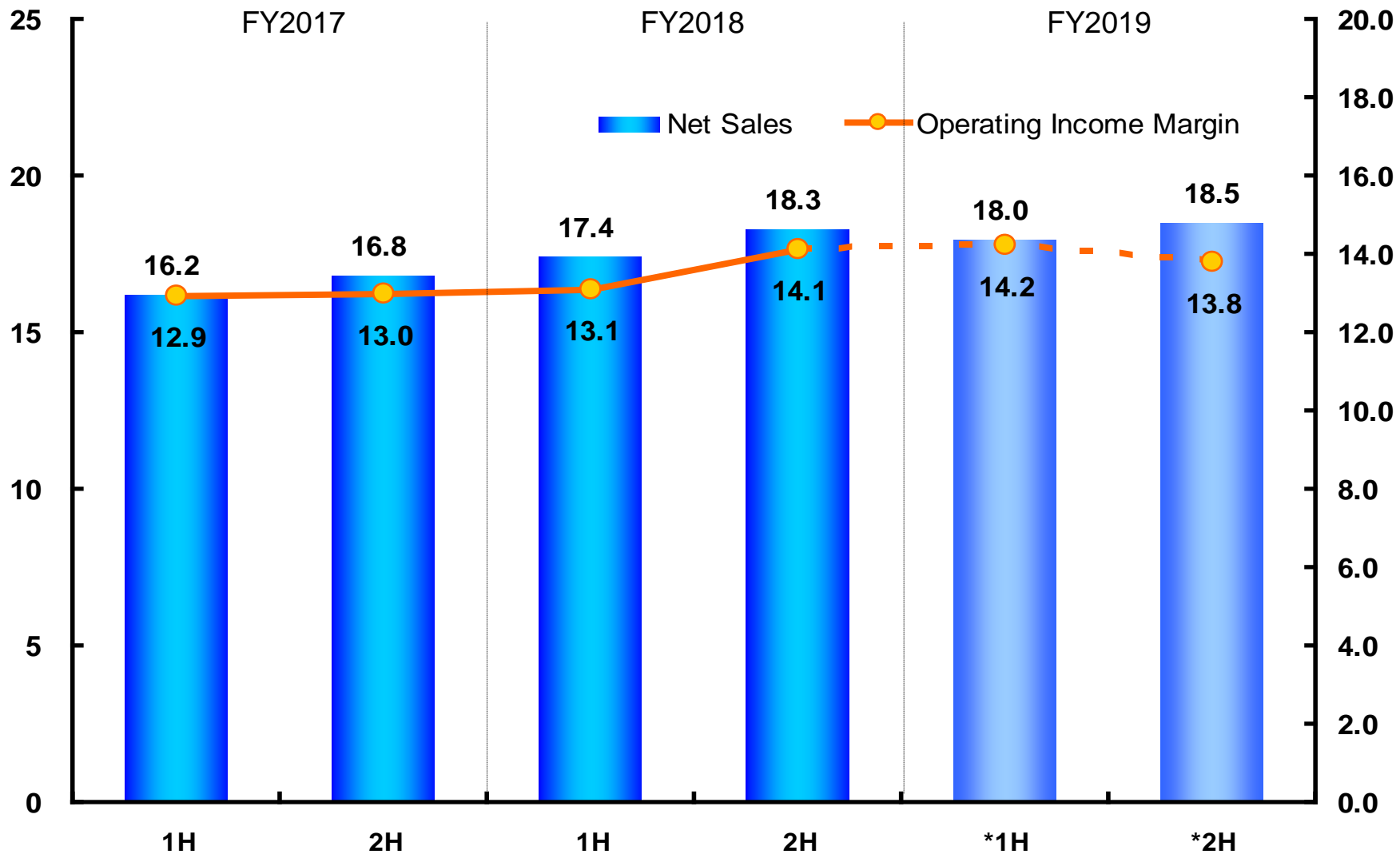
Sales and Operating Income Margin (Half- year)

Billions of Yen

%

Net Sales

Operating Income Margin



*Forecast

Net Sales Breakdown by Application

Net Sales Breakdown Actual (Full - year)

(Millions of Yen)	FY2017	FY2018	
	Actual	Actual	vs FY2018
Silicon	10,094	11,596	+14.9%
- Lapping	3,193	3,588	+12.4%
- Polishing	6,245	7,472	+19.6%
- Cutting	655	535	(18.3%)
CMP	12,270	14,621	+19.2%
Hard Disk	3,650	3,236	(11.3%)
- Aluminum Disk	3,195	2,694	(15.7%)
- Glass Disk	454	542	+19.4%
SM / TS*	6,889	6,149	(10.7%)
- GI*(Abrasive)	5,150	4,244	(17.6%)
- GI (Non-Abrasive)	1,738	1,904	+9.6%
Fujimi Brand Products Total	32,903	35,603	+8.2%
Others	188	185	(1.9%)
Net Sales	33,092	35,788	+8.1%

*SM / TS : Specialty Materials / Thermal Spray *GI : General Industry

Net Sales Breakdown Actual (Half - year)

(Millions of Yen)	FY2017		FY2018					
	Actual		Actual					
	1H	2H	1H	vs 1H FY2017	vs 2H FY2017	2H	vs 2H FY2017	vs 1H FY2018
Silicon	4,995	5,099	5,402	+8.1%	+5.9%	6,193	+21.5%	+14.6%
- Lapping	1,600	1,592	1,735	+8.4%	+9.0%	1,852	+16.3%	+6.7%
- Polishing	3,088	3,157	3,392	+9.8%	+7.4%	4,080	+29.2%	+20.3%
- Cutting	306	348	274	(10.4%)	(21.3%)	260	(25.2%)	(4.9%)
CMP	5,781	6,488	7,200	+24.5%	+11.0%	7,420	+14.4%	+3.1%
Hard Disk	1,676	1,973	1,719	+2.5%	(12.9%)	1,517	(23.1%)	(11.8%)
- for Aluminum Disk	1,475	1,719	1,408	(4.6%)	(18.1%)	1,285	(25.2%)	(8.7%)
- for Glass Disk	200	253	311	+54.8%	+22.8%	231	(8.7%)	(25.7%)
SM / TS*	3,701	3,187	3,007	(18.7%)	(5.7%)	3,142	(1.4%)	+4.5%
- GI*(Abrasive)	2,852	2,298	2,116	(25.8%)	(7.9%)	2,128	(7.4%)	+0.6%
- GI (Non-Abrasive)	848	889	890	+5.0%	+0.2%	1,013	+14.0%	+13.8%
Fujimi Brand Products Total	16,155	16,748	17,329	+7.3%	+3.5%	18,273	+9.1%	+5.4%
Others	99	89	87	(11.5%)	(1.6%)	97	+8.8%	+10.6%
Net Sales	16,254	16,838	17,417	+7.2%	+3.4%	18,371	+9.1%	+5.5%

*SM / TS : Specialty Materials / Thermal Spray

*GI : General Industry

Net Sales Breakdown Forecast (Full - year)

(Millions of Yen)	FY2017	FY2018	FY2019	
	Actual	Actual	Actual	vs FY2018
Silicon	10,094	11,596	12,200	+5.2%
- Lapping	3,193	3,588	3,770	+5.1%
- Polishing	6,245	7,472	8,150	+9.1%
- Cutting	655	535	280	(47.7%)
CMP	12,270	14,621	15,000	+2.6%
Hard Disk	3,650	3,236	2,400	(25.8%)
- for Aluminum Disk	3,195	2,694	2,140	(20.6%)
- for Glass Disk	454	542	260	(52.0%)
SM / TS*	6,889	6,149	6,700	+9.0%
- GI*(Abrasive)	5,150	4,244	4,600	+8.4%
- GI (Non-Abrasive)	1,738	1,904	2,100	+10.3%
Fujimi Brand Products Total	32,903	35,603	36,300	+2.0%
Others	188	185	200	+8.1%
Net Sales	33,092	35,788	36,500	+2.0%

*SM / TS : Specialty Materials / Thermal Spray *GI : General Industry

Net Sales Breakdown Forecast (Half - year)

(Millions of Yen)	FY2018		FY2019					
	Actual		Actual					
	1H	2H	1H	vs 1H FY2018	vs 2H FY2018	2H	vs 2H FY2018	vs 1H FY2019
Silicon	5,402	6,193	6,060	+12.2%	(2.1%)	6,140	(0.9%)	+1.3%
- Lapping	1,735	1,852	1,840	+6.1%	(0.6%)	1,930	+4.2%	+4.9%
- Polishing	3,392	4,080	4,070	+20.0%	(0.2%)	4,080	+0.0%	+0.2%
- Cutting	274	260	150	(45.3%)	(42.3%)	130	(50.0%)	(13.3%)
CMP	7,200	7,420	7,460	+3.6%	+0.5%	7,540	+1.6%	+1.1%
Hard Disk	1,719	1,517	1,180	(31.4%)	(22.2%)	1,220	(19.6%)	+3.4%
- for Aluminum Disk	1,408	1,285	1,060	(24.7%)	(17.5%)	1,080	(16.0%)	+1.9%
- for Glass Disk	311	231	120	(61.4%)	(48.1%)	140	(39.4%)	+16.7%
SM / TS*	3,007	3,142	3,200	+6.4%	+1.8%	3,500	+11.4%	+9.4%
- GI*(Abrasive)	2,116	2,128	2,230	+5.4%	+4.8%	2,370	+11.4%	+6.3%
- GI (Non-Abrasive)	890	1,013	970	+9.0%	(4.2%)	1,130	+11.5%	+16.5%
Fujimi Brand Products Total	17,329	18,273	17,900	+3.3%	(2.0%)	18,400	+0.7%	+2.8%
Others	87	97	100	+14.9%	+3.1%	100	+3.1%	0.0%
Net Sales	17,417	18,371	18,000	+3.3%	(2.0%)	18,500	+0.7%	+2.8%

*SM / TS : Specialty Materials / Thermal Spray

*GI : General Industry

Silicon Wafer Business

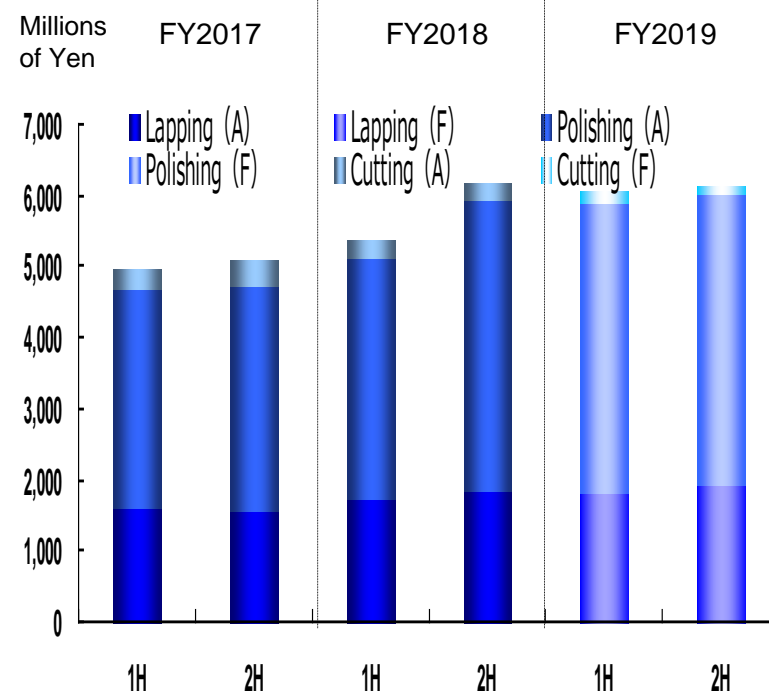
《Full-year》

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
			vs FY2017		vs FY2018	
Silicon	10,094	11,596	+14.9%	12,200	+5.2%	
- Lapping	3,193	3,588	+12.4%	3,770	+5.1%	
- Polishing	6,245	7,472	+19.6%	8,150	+9.1%	
- Cutting	655	535	(18.3%)	280	(47.7%)	

《Half-year》

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
	1H	2H	1H	2H	1H	2H
Silicon	4,995	5,099	5,402	6,193	6,060	6,140
- Lapping	1,600	1,592	1,735	1,852	1,840	1,930
- Polishing	3,088	3,157	3,392	4,080	4,070	4,080
- Cutting	306	348	274	260	150	130

- FY2018: Sales up due to strong market demand and newly developed products for polishing
- FY2019: Sales up due to strong demand for semiconductor devices



CMP Business

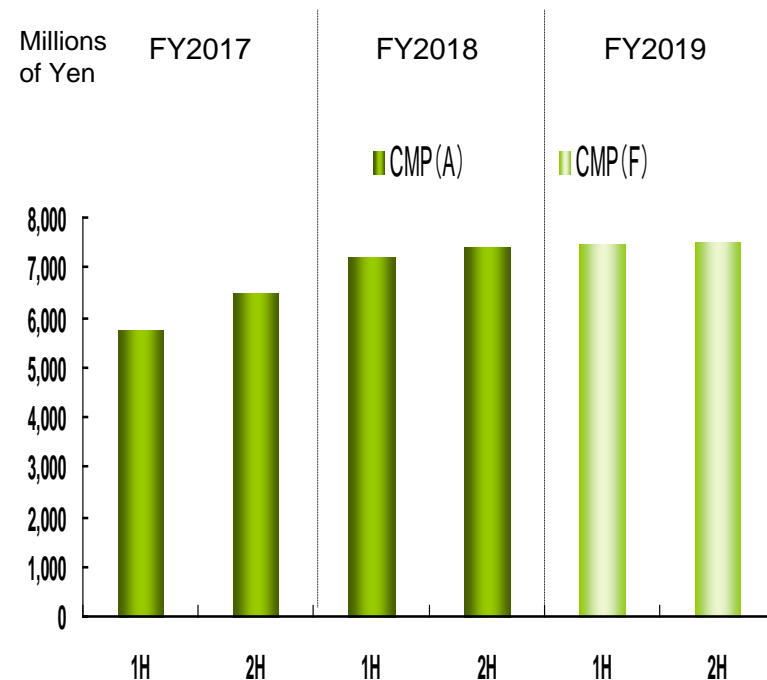
«Full-year»

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
			vs FY2017		vs FY2018	
CMP	12,270	14,621	+19.2%	15,000	+2.6%	

«Half-year»

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
	1H	2H	1H	2H	1H	2H
CMP	5,781	6,488	7,200	7,420	7,460	7,540

- FY2018: Sales up due to strong demand for advanced logic and memory devices
- FY2019: Sales still up due to strong demand for advanced logic and memory devices offsetting stronger JPY.



Hard Disk Business

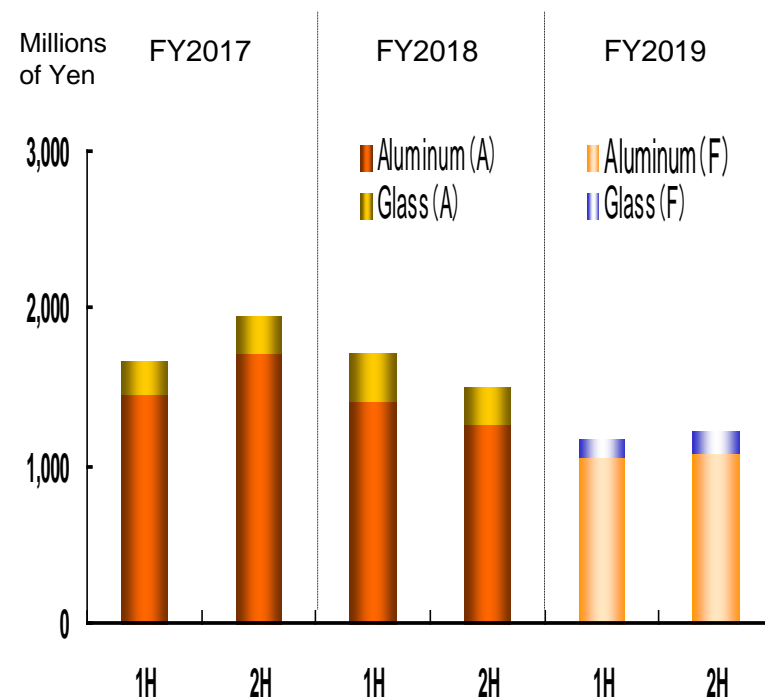
«Full-year»

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
			vs FY2017		vs FY2018	
Hard Disk	3,650	3,236	(11.3%)	2,400	(25.8%)	
- for Aluminum Disk	3,195	2,694	(15.7%)	2,140	(20.6%)	
- for Glass Disk	454	542	+19.4%	260	(52.0%)	

«Half-year»

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
	1H	2H	1H	2H	1H	2H
Hard Disk	1,676	1,973	1,719	1,517	1,180	1,220
- for Aluminum Disk	1,475	1,719	1,408	1,285	1,060	1,080
- for Glass Disk	200	253	311	231	120	140

- FY2018: Sales down due to a customer's manufacturing process change as a result of a merger
- FY2019: Sales down while approaching market share recovery



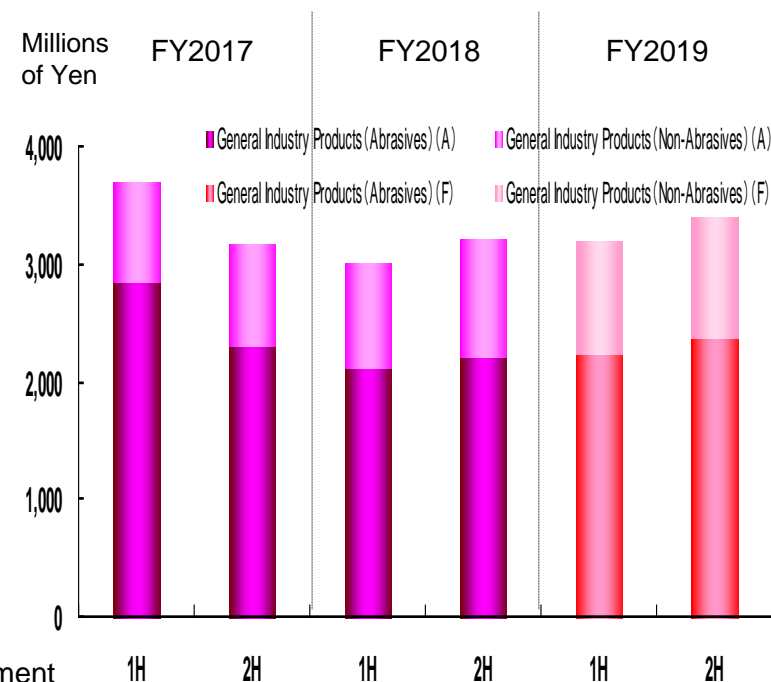
Specialty Materials / Thermal Spray Business

《Full-year》

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
			vs FY2017		vs FY2018	
SM / TS*	6,889	6,149	(10.7%)	6,700	+9.0%	
- GI*(Abrasive)	5,150	4,244	(17.6%)	4,600	+8.4%	
- GI (Non-Abrasive)	1,738	1,904	+9.6%	2,100	+10.3%	

《Half-year》

(Millions of Yen)	FY2017		FY2018		FY2019	
	Actual		Actual		Forecast	
	1H	2H	1H	2H	1H	2H
SM / TS*	3,701	3,187	3,007	3,142	3,200	3,500
- GI*(Abrasive)	2,852	2,298	2,116	2,128	2,230	2,370
- GI (Non-Abrasive)	848	889	890	1,013	970	1,130



- (Abrasives)

FY2018: Sales down due to customers' manufacturing process changes

FY2019: Sales up due to strong demand for LED sapphire substrate and plastics

- (Non-Abrasives)

FY2018: Sales up due to strong demand for SPE and FPD manufacturing equipment

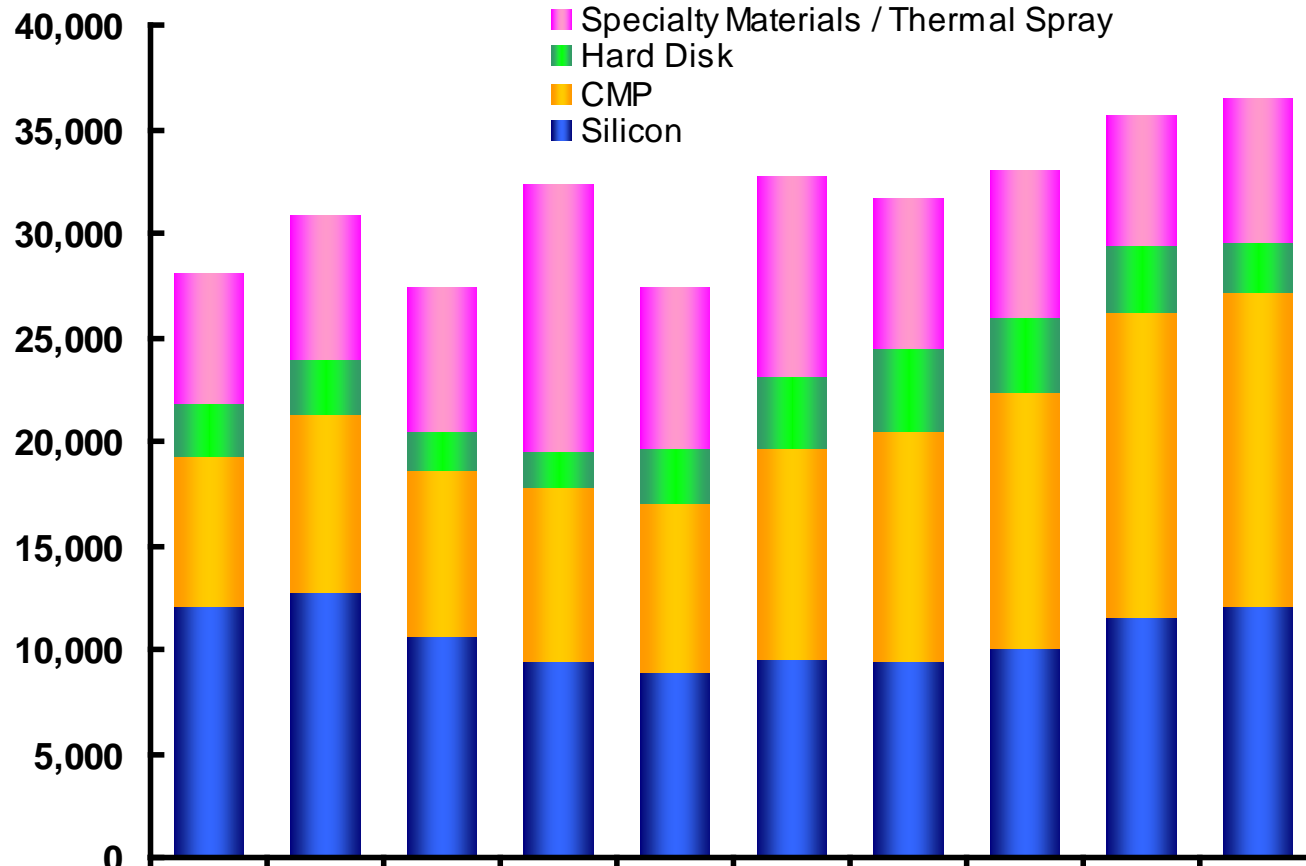
FY2019: Sales still up due to strong demand for SPE

*SM / TS : Specialty Materials / Thermal Spray

*GI : General Industry

Net Sales by Application

Millions of Yen

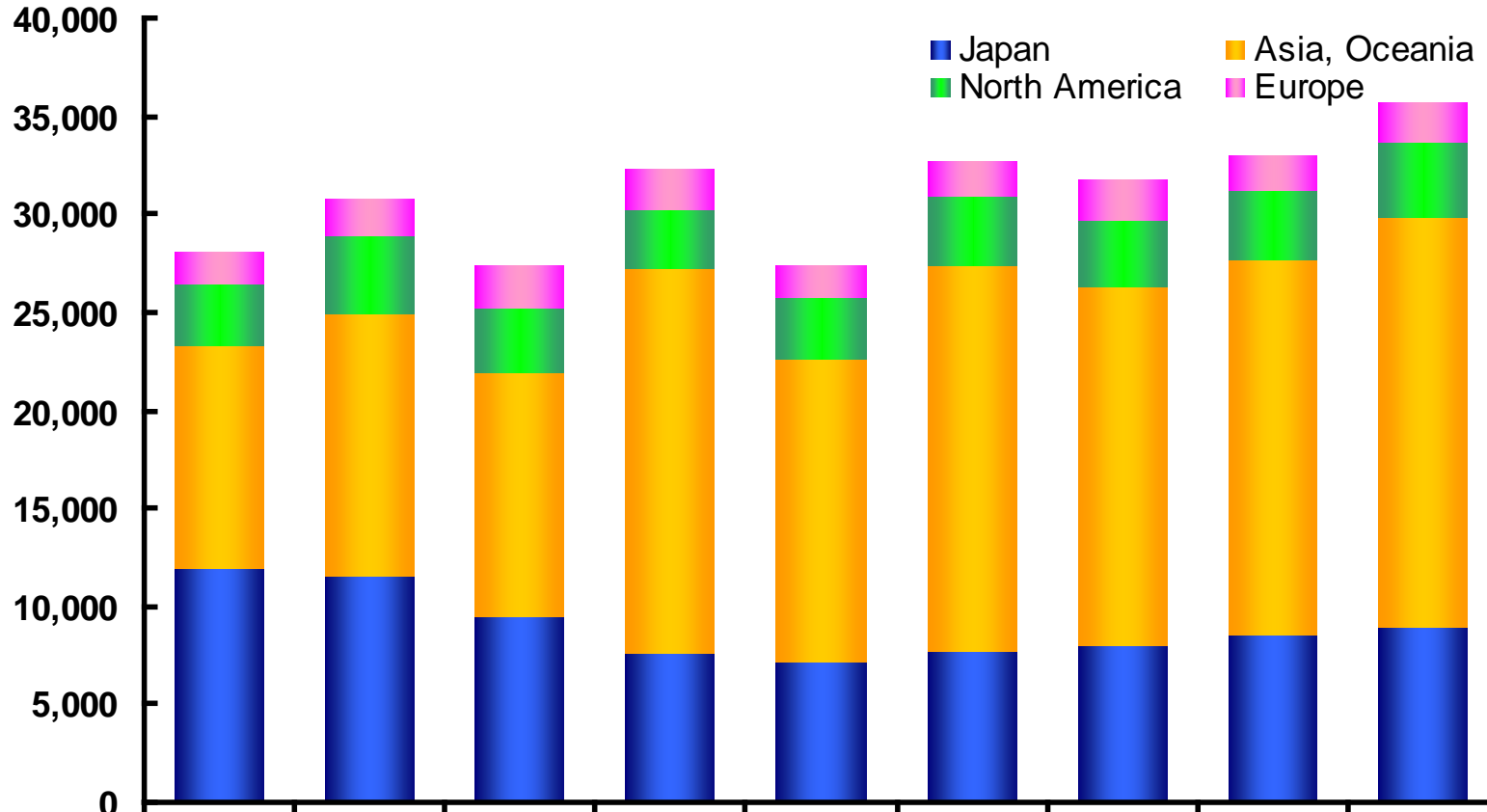


	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	*FY19
Specialty Materials / Thermal Spray	6,257	6,854	6,915	12,776	7,742	9,640	7,235	7,077	6,335	6,900
Hard Disk	2,570	2,689	1,788	1,826	2,658	3,478	4,041	3,650	3,236	2,400
CMP	7,262	8,532	8,029	8,323	8,224	10,143	10,980	12,270	14,621	15,000
Silicon	12,088	12,794	10,690	9,484	8,868	9,552	9,498	10,094	11,596	12,200

*Forecast

Net Sales by Region

Millions of Yen



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Europe	1,718	1,990	2,183	2,127	1,718	1,849	1,989	1,815	2,000
North America	3,126	3,829	3,282	3,046	3,075	3,500	3,431	3,507	3,907
Asia, Oceania	11,256	13,469	12,389	19,542	15,490	19,668	18,228	19,186	20,862
Japan	12,076	11,579	9,568	7,696	7,208	7,799	8,106	8,584	9,019

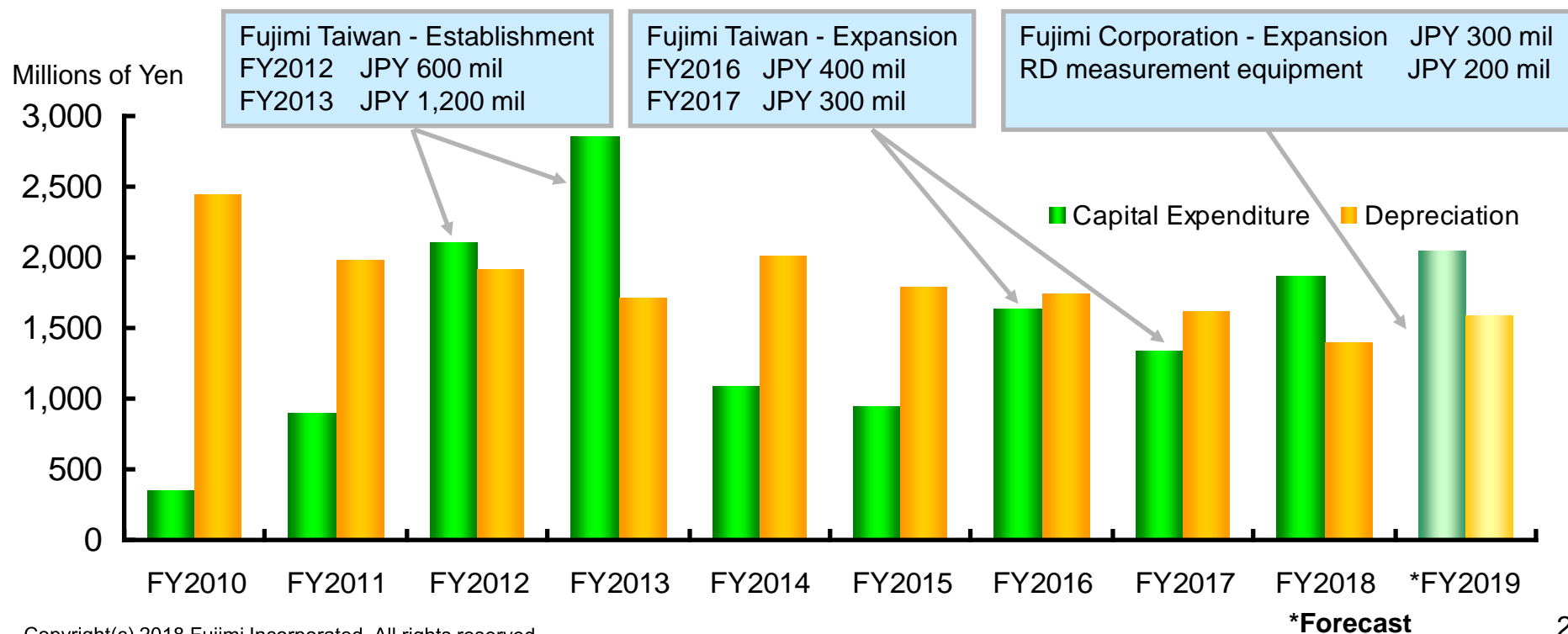
Capital Expenditure

Depreciation

R&D Expense

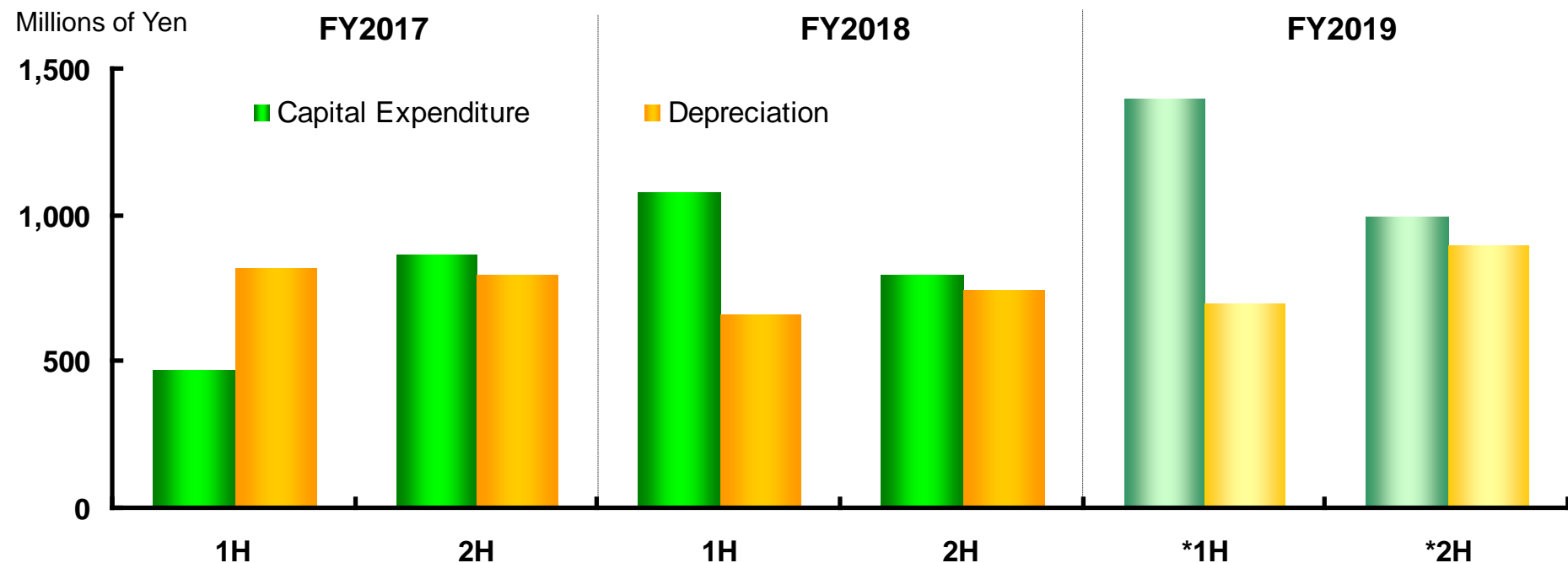
Capital Expenditure/ Depreciation (Full – year)

Millions of Yen	FY2017	FY2018				FY2019	
	Actual	Forecast	Actual		Forecast		
		Nov'17		vs FY2017	vs Fcst FY2018	1H	vs FY2018
Capital Expenditure	1,336	2,000	1,879	+40.6%	(6.1%)	2,400	+27.7%
Depreciation	1,623	1,500	1,411	(13.0%)	(5.9%)	1,600	+13.4%



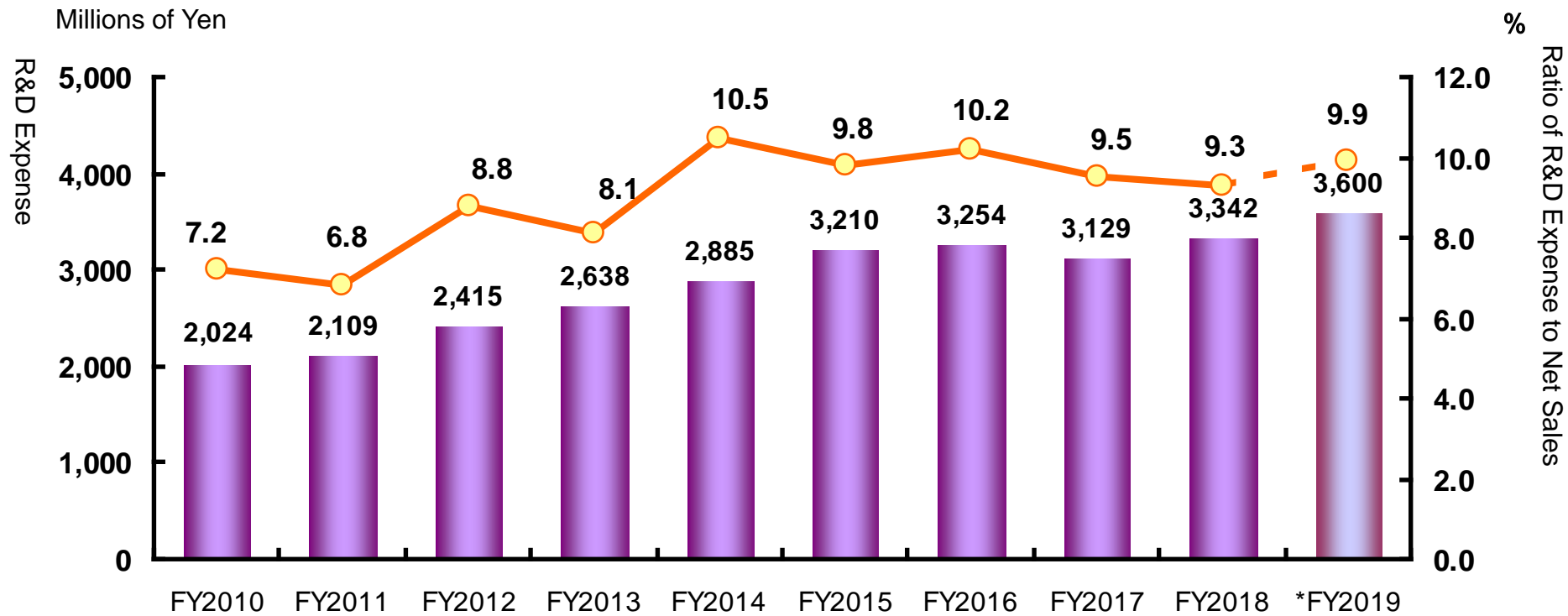
Capital Expenditure/ Depreciation (Half – year)

Millions of Yen	FY2017		FY2018				FY2019					
	Actual		Actual	Actual		Forecast						
	1H	2H	1H	2H	vs 2H FY2017	vs 1H FY2018	1H	vs 1H FY2018	vs 2H FY2018	2H	vs 2H FY2018	vs 1H FY2019
Capital Expenditure	469	867	1,083	796	(8.2%)	(26.5%)	1,400	+29.3%	+75.9%	1,000	+25.6%	(28.6%)
Depreciation	826	797	665	746	(6.4%)	+12.2%	700	+5.2%	(6.2%)	900	+20.6%	+28.6%



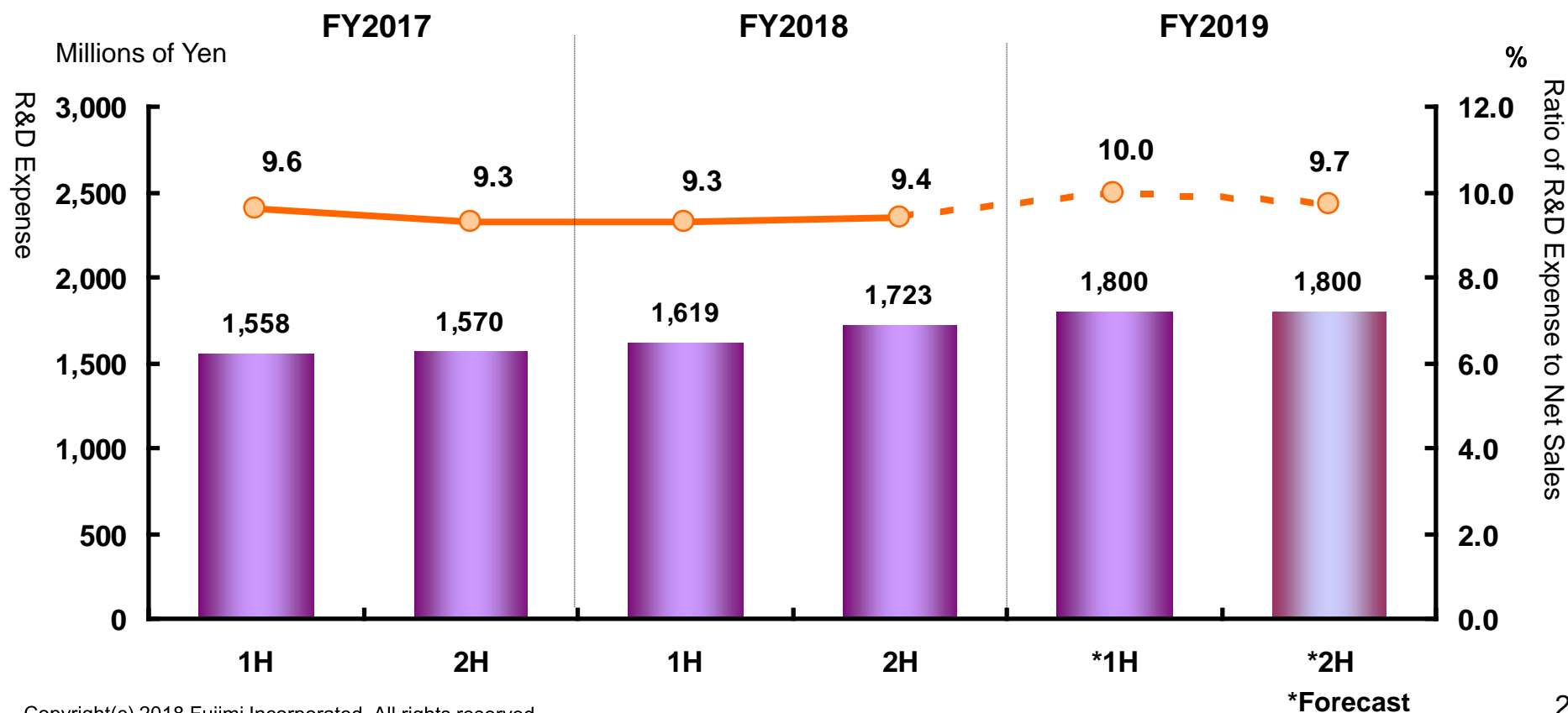
R&D Expense (Full – year)

Millions of Yen	FY2017	FY2018				FY2019	
	Actual	Forecast	Actual		Forecast		
		Nov'17		vs FY2017	vs Fcst FY2018	1H	vs FY2018
Capital Expenditure	3,129	3,400	3,342	+6.8%	(1.7%)	3,600	+7.7%



R&D Expense (Half – year)

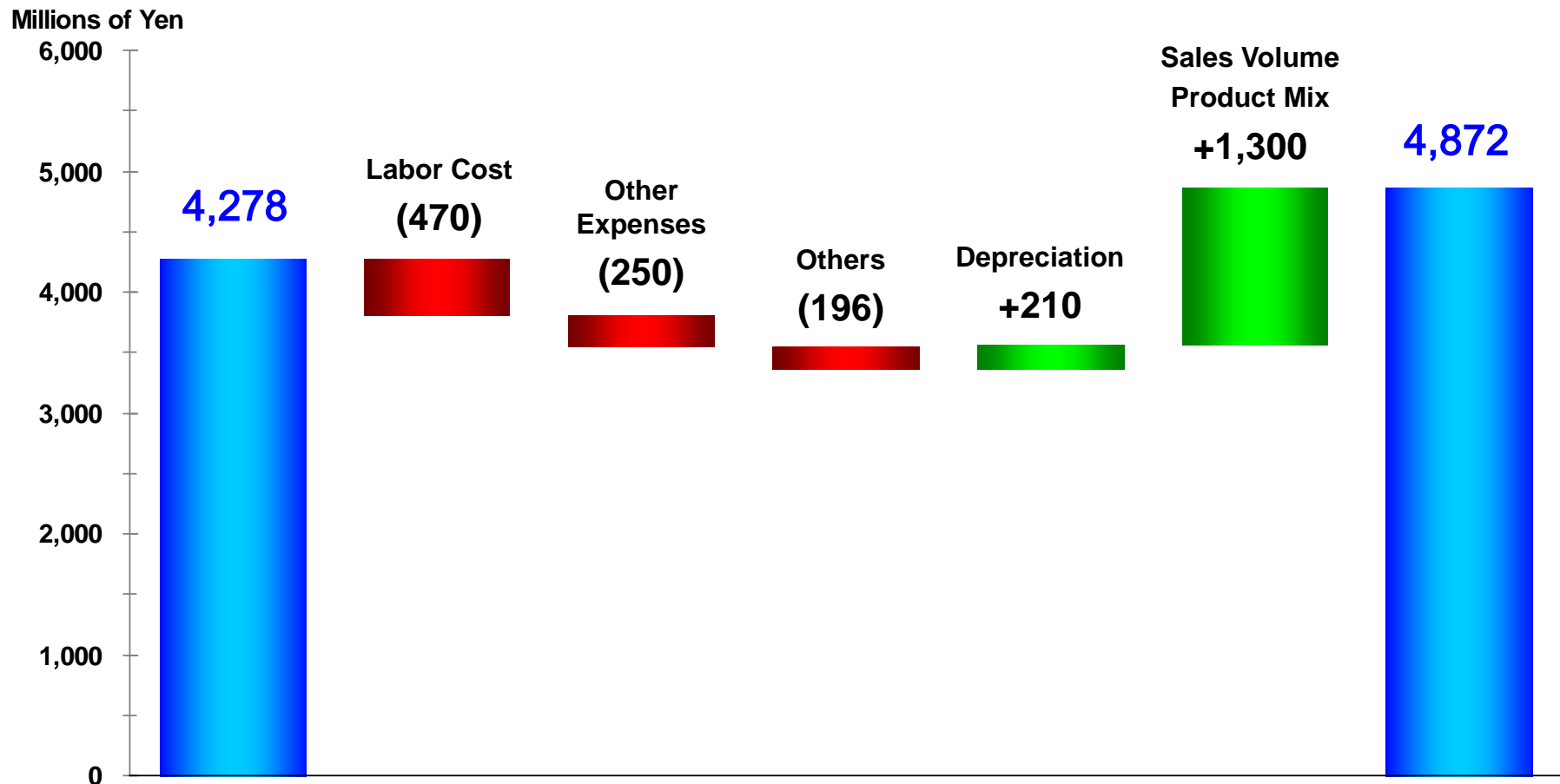
Millions of Yen	FY2017		FY2018				FY2019					
	Actual		Actual	Actual		Forecast						
	1H	2H	1H	2H	vs 2H FY2017	vs 1H FY2018	1H	vs 1H FY2018	vs 2H FY2018	2H	vs 2H FY2018	vs 1H FY2019
Capital Expenditure	1,558	1,570	1,619	1,723	+9.8%	+6.4%	1,800	+11.1%	+4.5%	1,800	+4.5%	0.0%



Operating Income Analysis

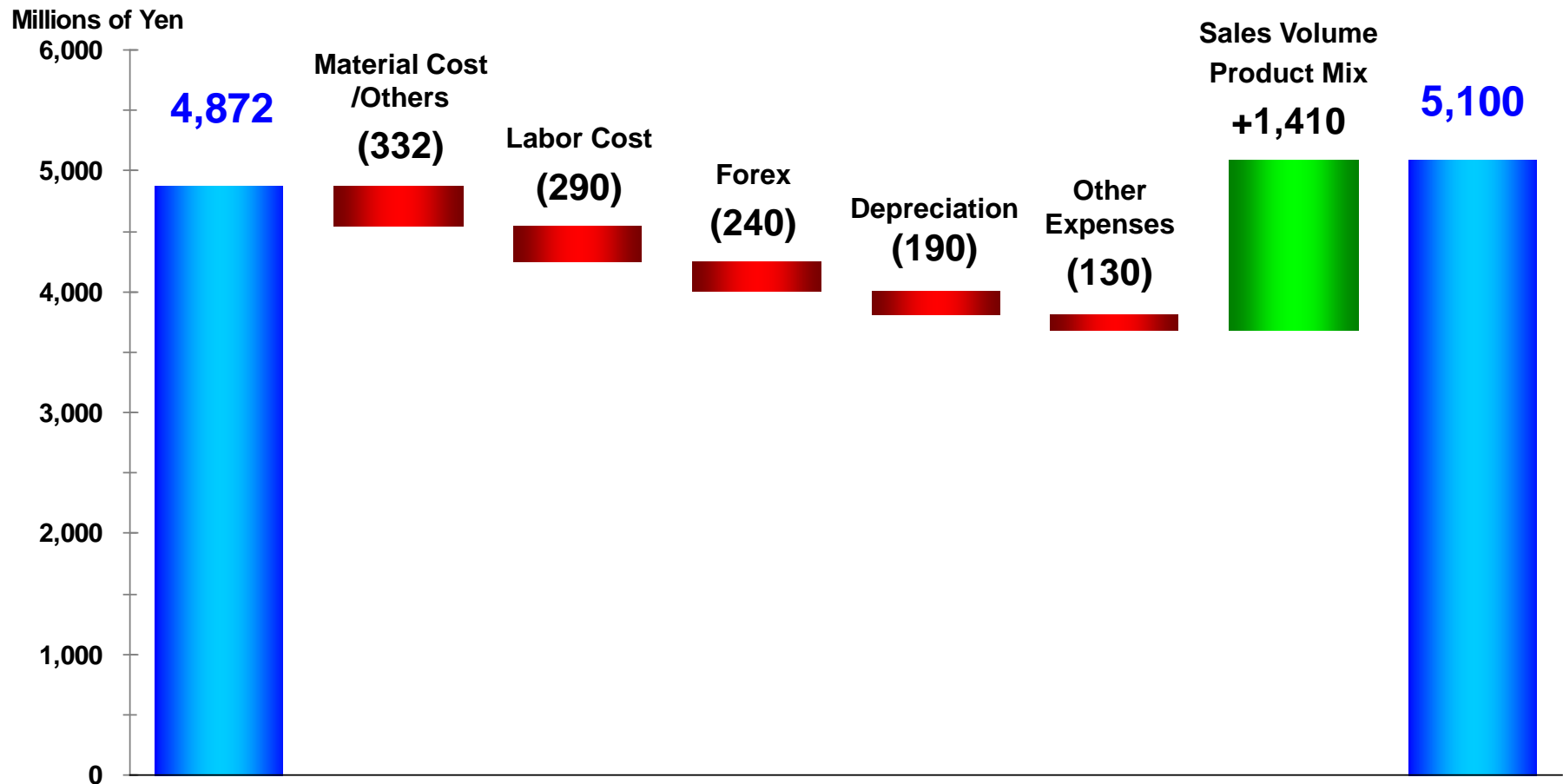
Operating Income Analysis

FY2018 vs FY2017



Operating Income Analysis

FY2019 vs FY2018



Shareholder Returns

■ Profit Distribution Policy

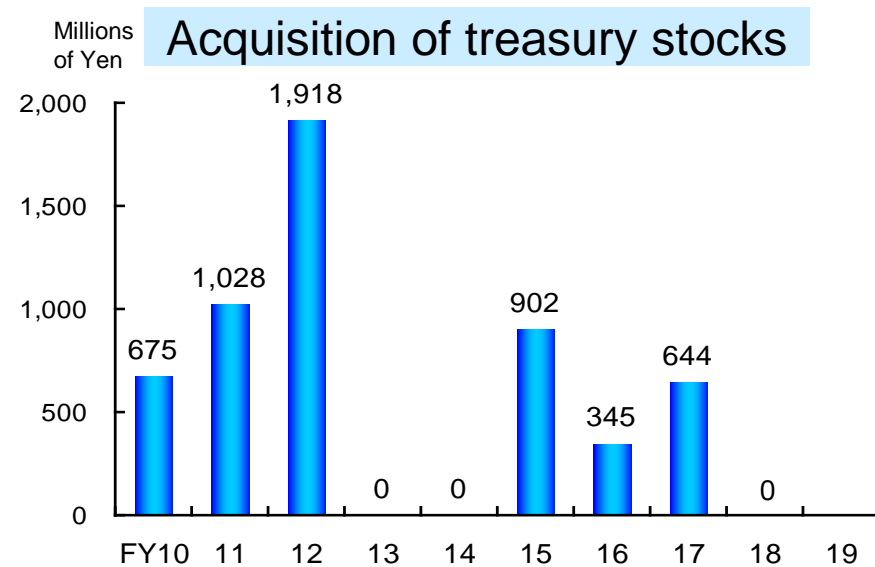
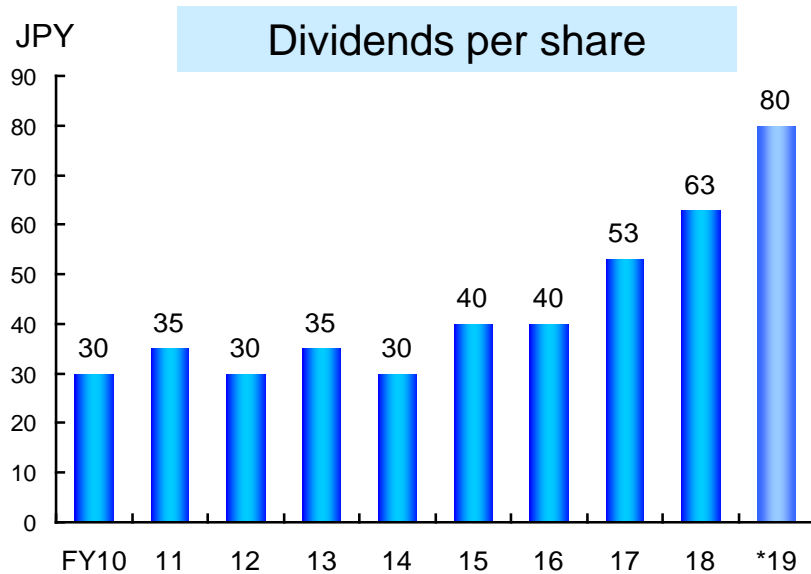
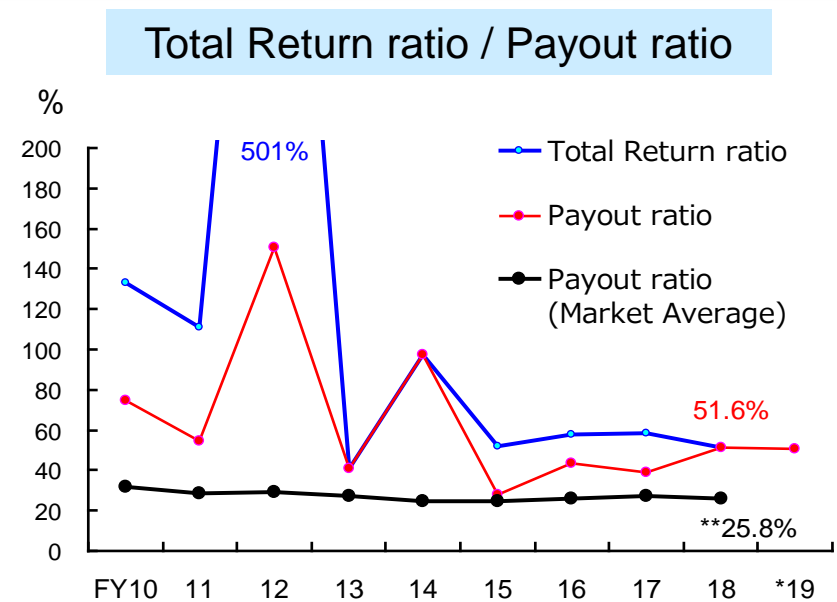
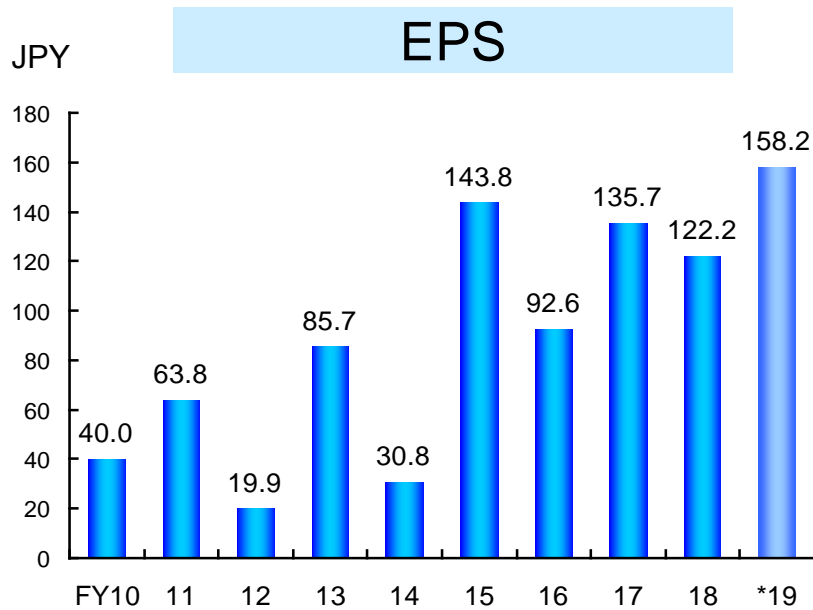
1. Target of consolidated payout ratio : over 50%
2. Stable dividend payment

■ Dividends per share

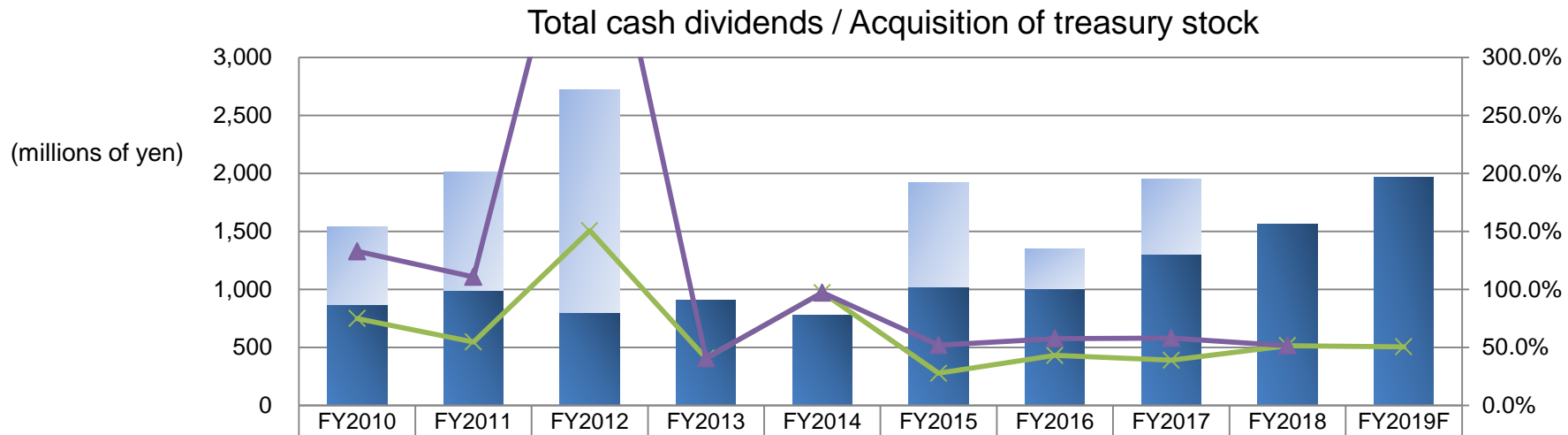
	FY2018	FY2019
Interim dividend	JPY25 (A)	JPY40 (F)
Year-end dividend	JPY38 (F)	JPY40 (F)
Total dividend	JPY63 (F)	JPY80 (F)

(A) Actual (F) Forecast

Shareholder Returns

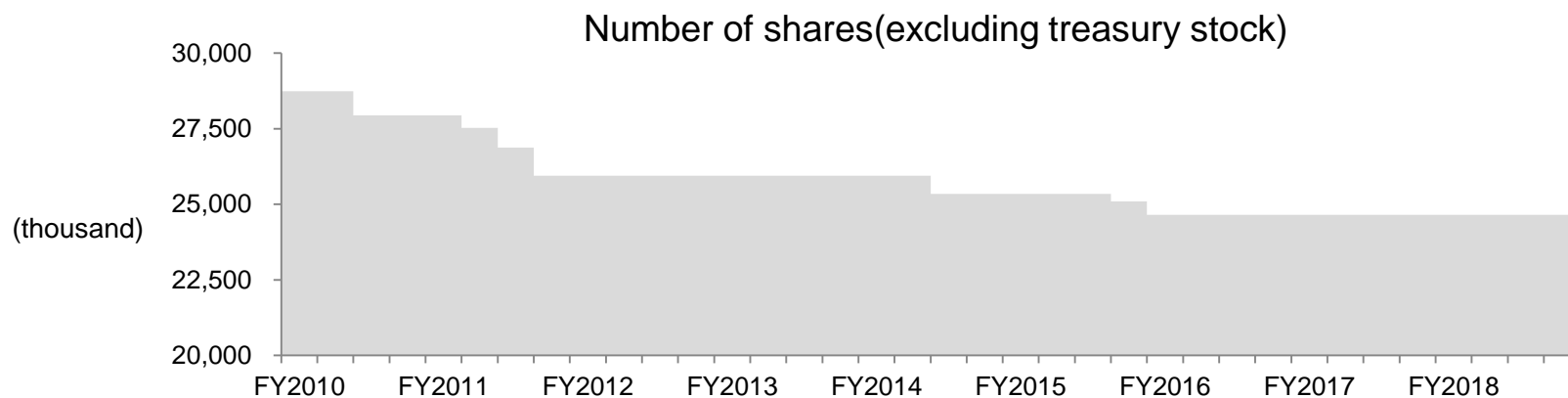


Dividend History



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019F
Acquisition of treasury stock	675	1,028	1,918	0	0	902	345	644	0	
Cash dividends	868	989	801	907	778	1,022	1,008	1,306	1,567	1,971*1
Payout ratio	75.0%	54.8%	150.7%	40.8%	97.3%	27.8%	43.2%	39.0%	51.6%	50.6%*1
Total return ratio	132.9%	110.8%	500.8%	40.8%	97.3%	52.1%	57.7%	58.2%	51.6%	

*1 : Forecast as of May 11, 2018



Supplementary Data

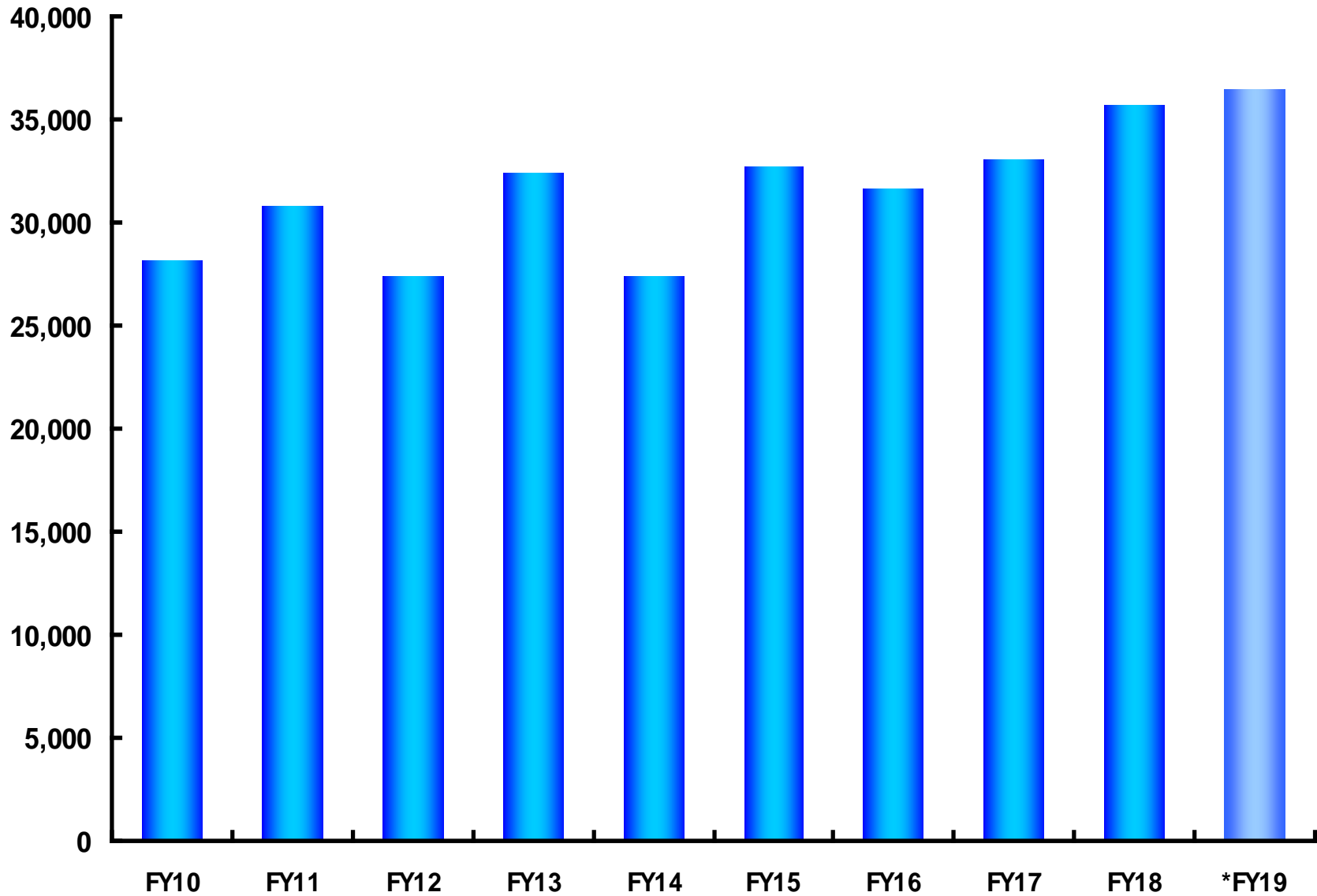
Number of Employee

	FY2017		FY2018			
	As of 31 Mar 2017		As of 31 Mar 2018			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2017	
Full-time					*Temporary	
FUJIMI INCORPORATED	568	155	580	173	+12	+18
FUJIMI CORPORATION	102	0	111	3	+9	+3
FUJIMI TAIWAN LIMITED	80	2	73	0	(7)	(2)
FUJIMI-MICRO TECHNOLOGY SDN.BHD	64	8	65	8	+1	—
FUJIMI EUROPE GmbH	4	1	4	2	—	+1
FUJIMI KOREA LIMITED	3	1	5	0	+2	—
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	6	0	6	0	—	—
Total	827	167	844	187	+17	+20

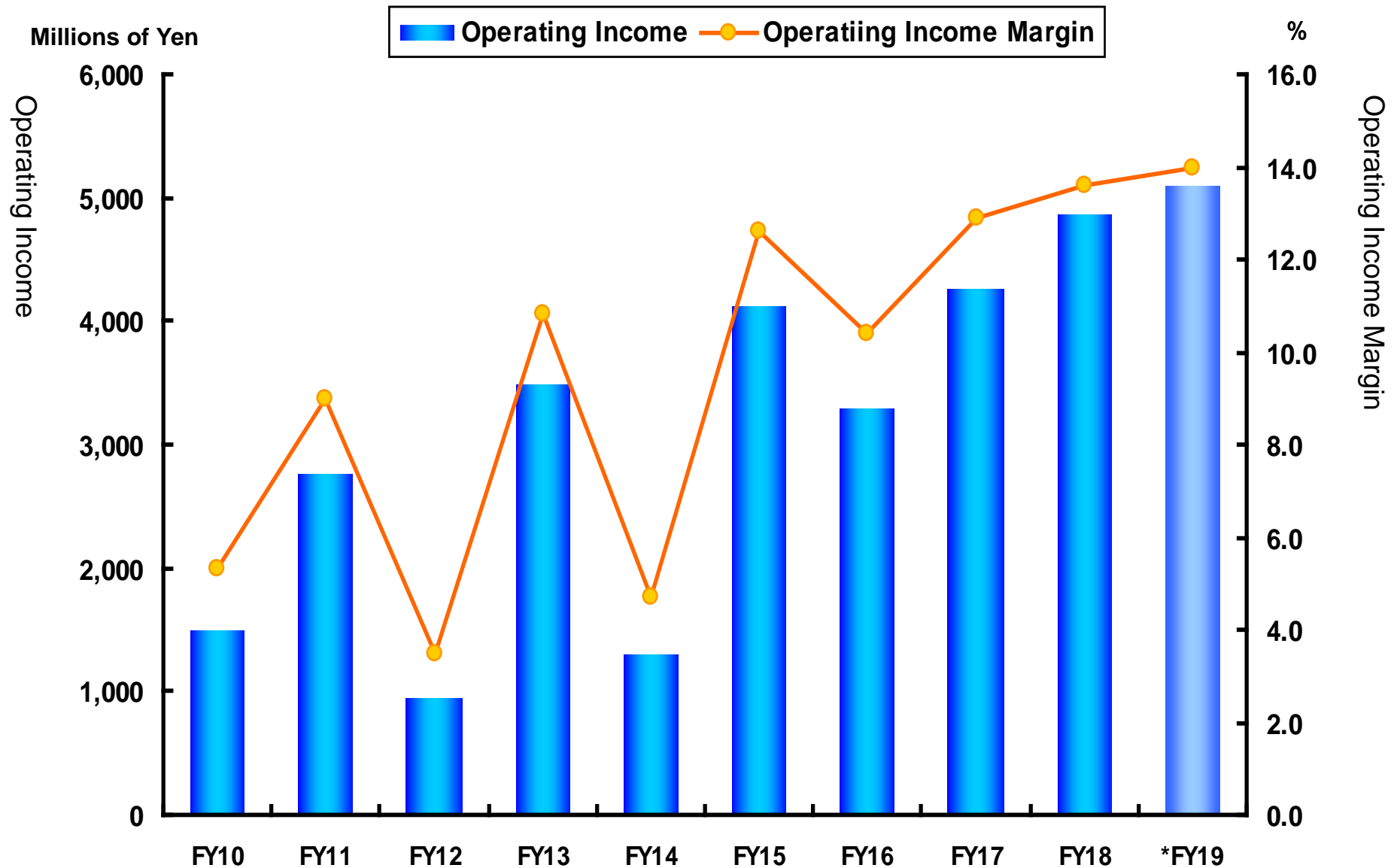
* Temporary: average number of employee(s) for the term

Net Sales

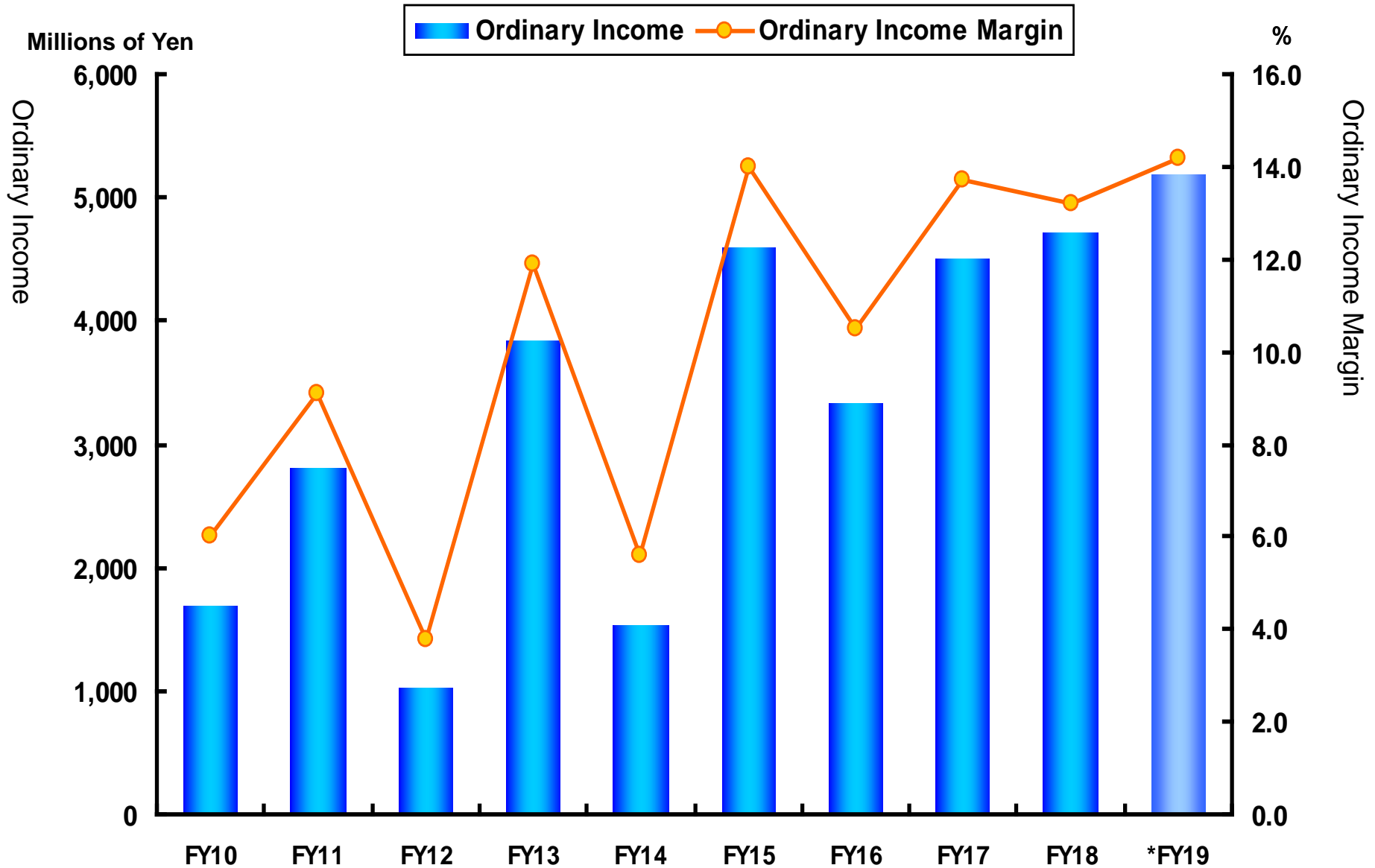
Millions of Yen



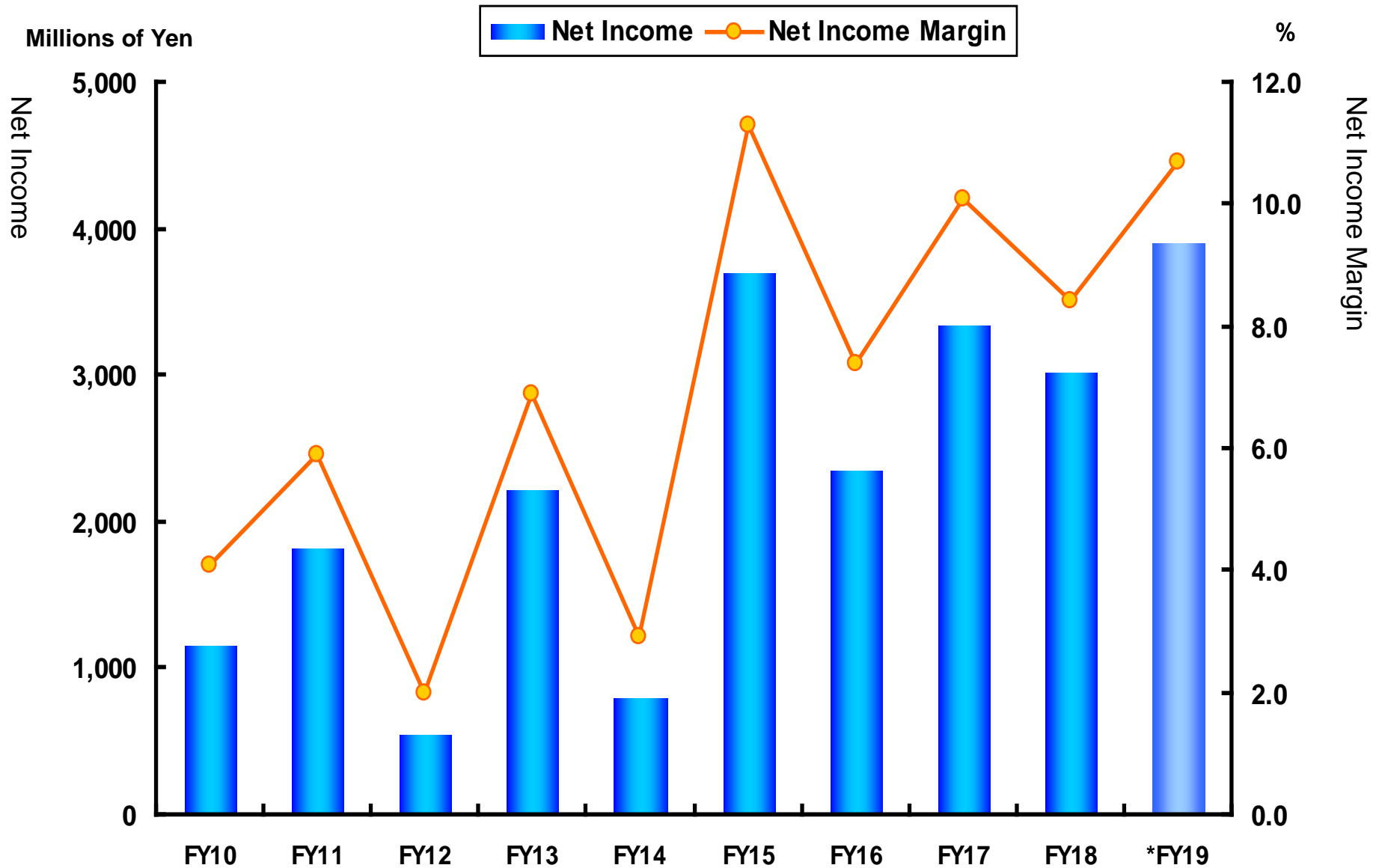
Operation Income



Ordinary Income

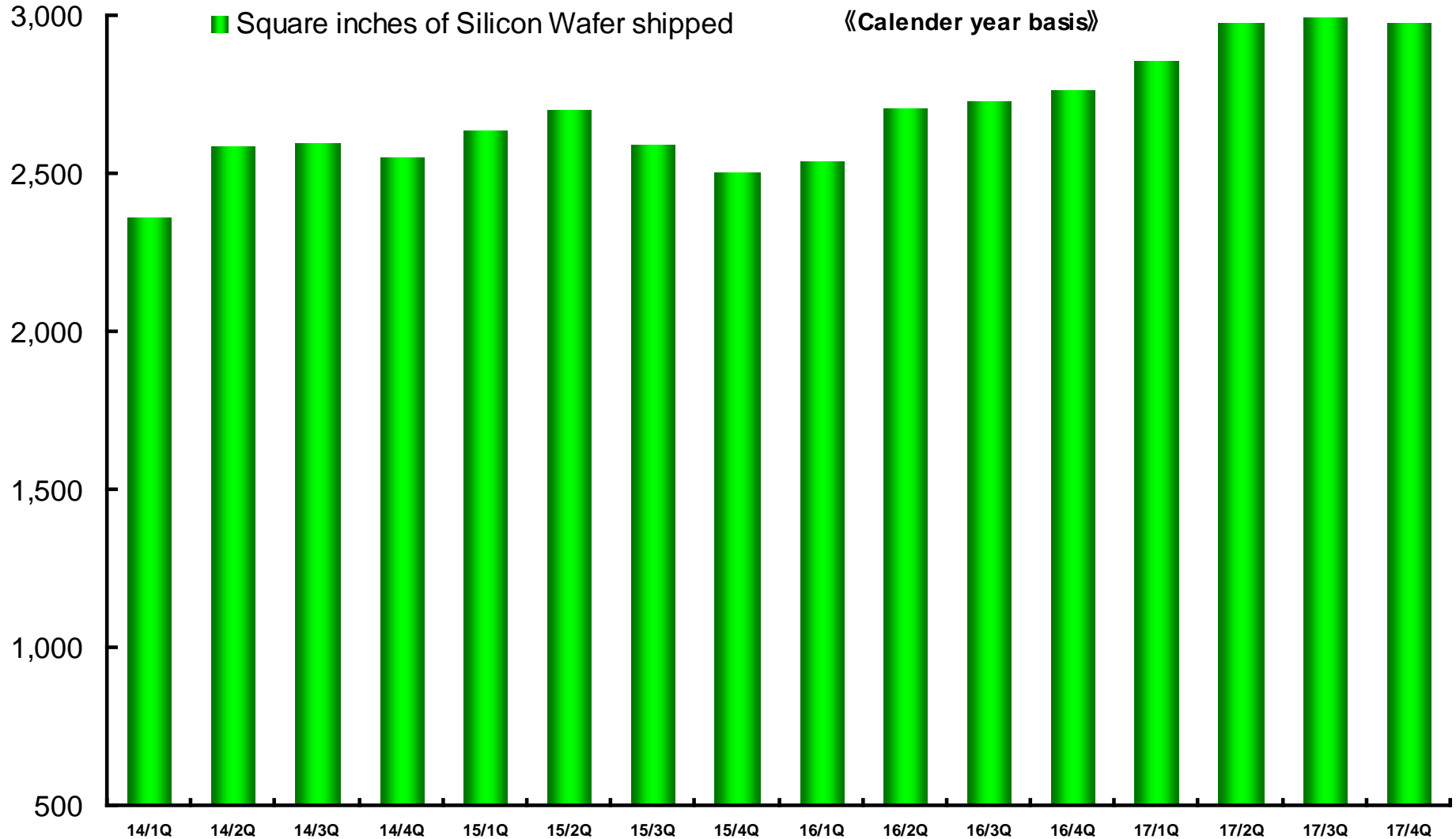


Net Income



Quarterly Shipments of Silicon Wafers – Worldwide – in MSI

Millions of square inches (MSI)

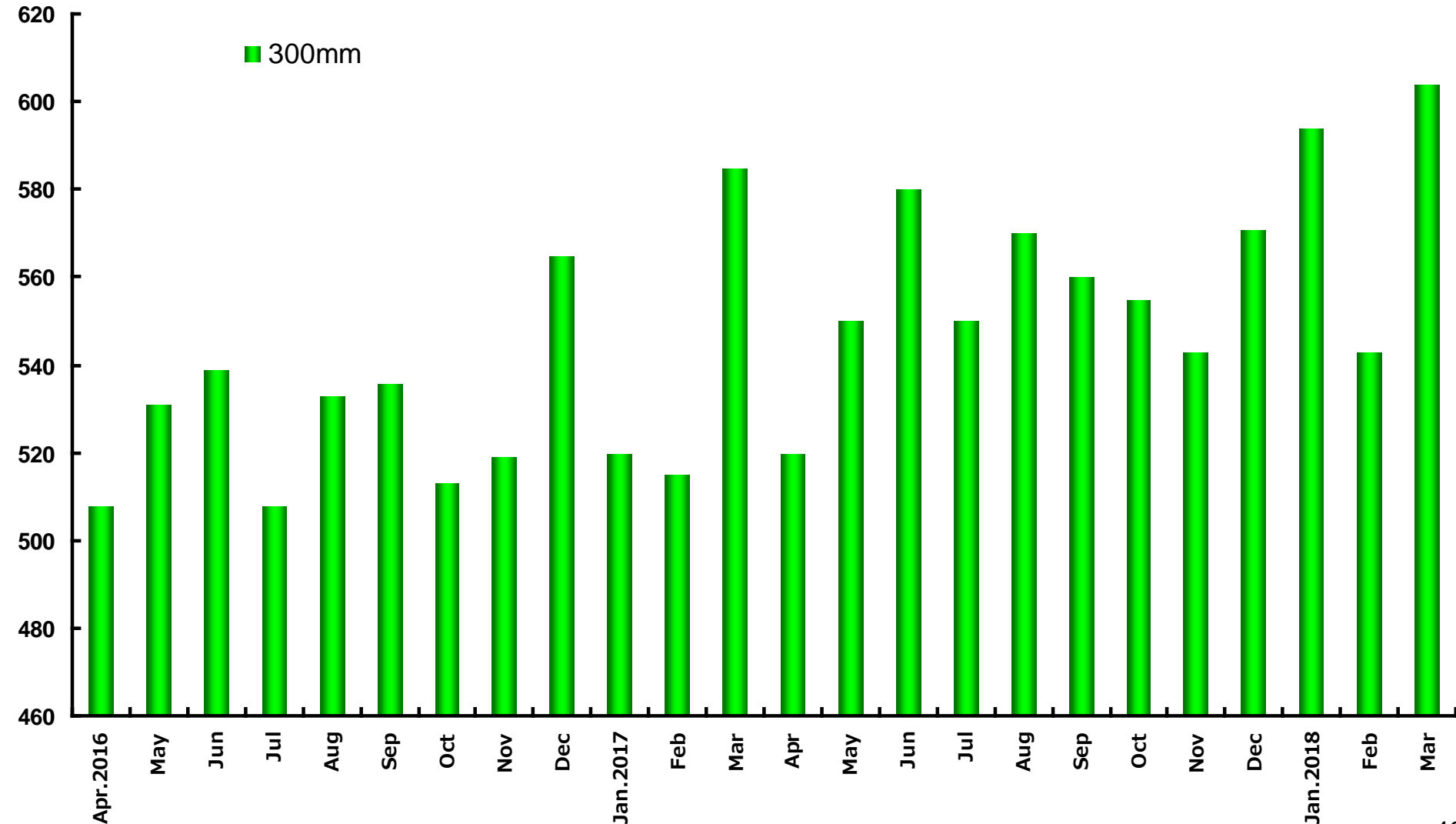


Source: SEMI (Semiconductor Equipment and Materials International)

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

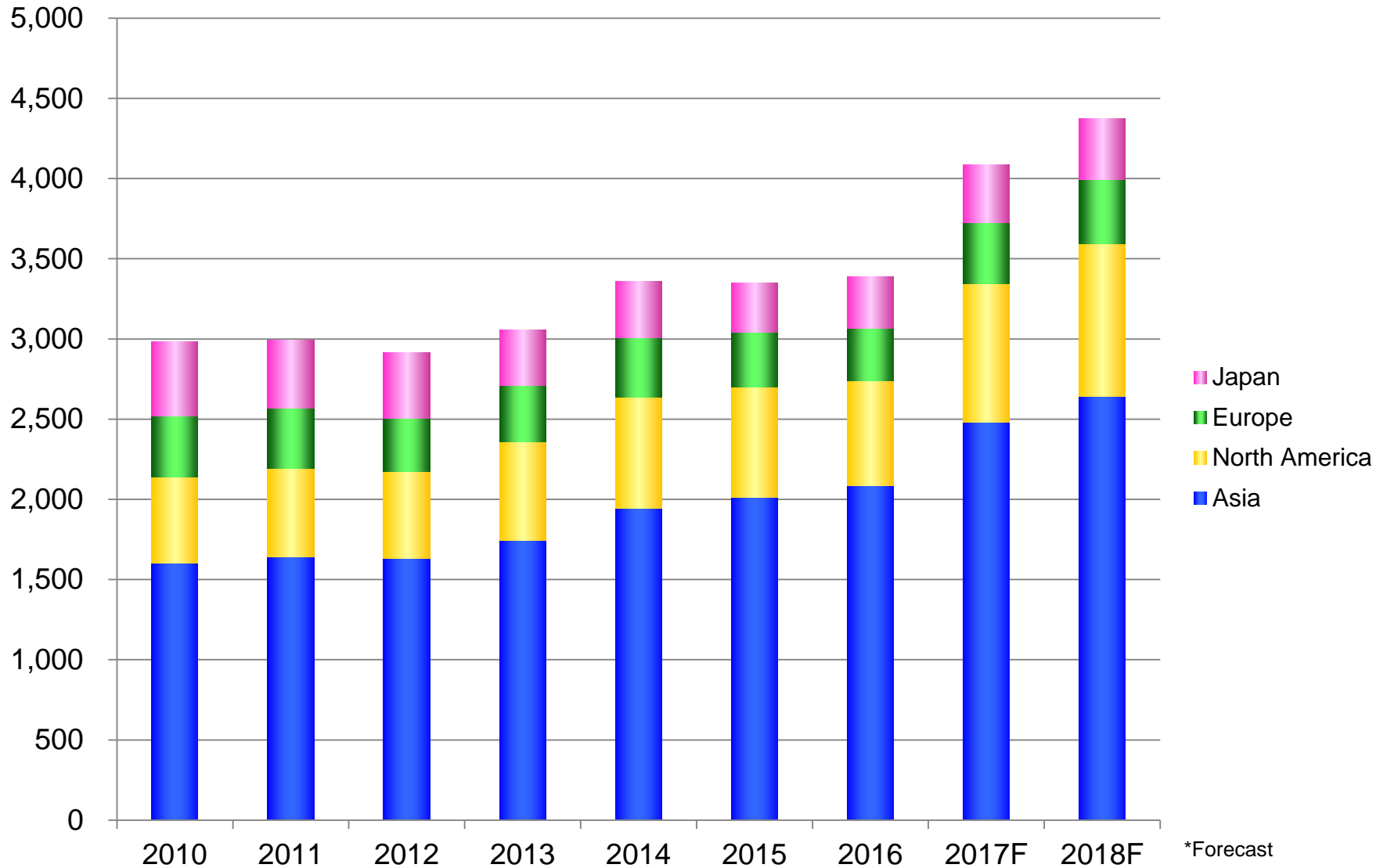
Source : FUJIMI Estimate

Millions of Wafer



Semiconductor Market Scale by Region

Billions of dollars



Source : WSTS (World Semiconductor Trade Statistics), 2017 Autumn