

Financial Overview FY2019

May 17, 2019

FUJIMI INCORPORATED

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Financial Overview

FY2019 Financial Overview

Financial Results vs FY2018

Net Sales	+4.5%	: Strong demand for semiconductor segments, silicon wafer and logic and memory devices, despite semiconductor production adjustment since the end of 2018
Operating Income	+9.0%	: Sales increase and favorable sales mix
Net Income	+41.7%	: Record high due to decreased effective tax rate in the US and Japan
CMP		Record high sales for the fourth consecutive year due to strong demand for semiconductor devices
Silicon Wafer		Sales up due to strong demand for silicon wafers and newly developed products for polishing
Hard Disks		Sales down due to a customer's manufacturing process change
General Industry		
Abrasives		Sales down due to lower sales of sapphire substrates for LEDs and coated abrasives
Non-Abrasives		Sales up due to strong sales of thermal spray materials for SPE and FPD production equipment

Financial Overview: Full - Year

Millions of Yen	FY2018	FY2019					
	Actual	Forecast		Actual			
		Forecast @May 2018	Revised Forecast @Nov 2018	Actual	vs FY2018 Actual	vs Forecast @May 2018	vs Forecast @Nov 2018
Net Sales	35,788	36,500	37,500	37,394	+4.5%	+2.4%	(0.3%)
Operating Income Margin	4,872 13.6%	5,100 14.0%	5,300 14.1%	5,310 14.2%	+9.0% -	+4.1% -	+0.2% -
Ordinary Income Margin	4,728 13.2%	5,200 14.2%	5,600 14.9%	5,637 15.1%	+19.2% -	+8.4% -	+0.7% -
Net Income Margin	3,011 8.4%	3,900 10.7%	4,200 11.2%	4,265 11.4%	+41.7% -	+9.4% -	+1.6% -

- vs FY2018: Sales and income up due to strong demand from semiconductor segments
- Net income hit a record high.

Financial Overview: Half - Year

Millions of Yen	FY2018		FY2019					
	Actual		Actual					
	1 st H Actual	2 nd H Actual	1 st H Actual	vs 1 st H FY2018	vs 2 nd H FY2018	2 nd H Actual	vs 2 nd H FY2018	vs 1 st H FY2019
Net Sales	17,417	18,371	19,163	+10.0%	+4.3%	18,231	(0.8%)	(4.9%)
Operating Income Margin	2,289 13.1%	2,583 14.1%	2,813 14.7%	+22.9% -	+8.9% -	2,497 13.7%	(3.3%) -	(11.2%) -
Ordinary Income Margin	2,250 12.9%	2,478 13.5%	3,056 15.9%	+35.8% -	+23.3% -	2,580 14.2%	+4.1% -	(15.6%) -
Net Income Margin	1,647 9.4%	1,364 7.4%	2,339 12.2%	+42.0% -	+71.5% -	1,926 10.6%	+41.2% -	(17.7%) -

- The second half financials are lower than the first half due to declining demand from semiconductor devices after Q3 FY2019.

Financial Forecast: Full - Year

Millions of Yen	FY2018	FY2019	FY2020	
	Actual	Actual	Forecast	
				vs FY2019
Net Sales	35,788	37,394	37,500	+0.3%
Operating Income	4,872	5,310	4,700	(11.5%)
Margin	13.6%	14.2%	12.5%	-
Ordinary Income	4,728	5,637	4,800	(14.8%)
Margin	13.2%	15.1%	12.8%	-
Net Income	3,011	4,265	3,600	(15.6%)
Margin	8.4%	11.4%	9.6%	-

- Although sales are expected to remain at the same level as the previous fiscal year, income is forecast to decrease due to an increase in upfront expenses for future growth.
- (Assumed exchange rate : JPY110/USD in FY2019)

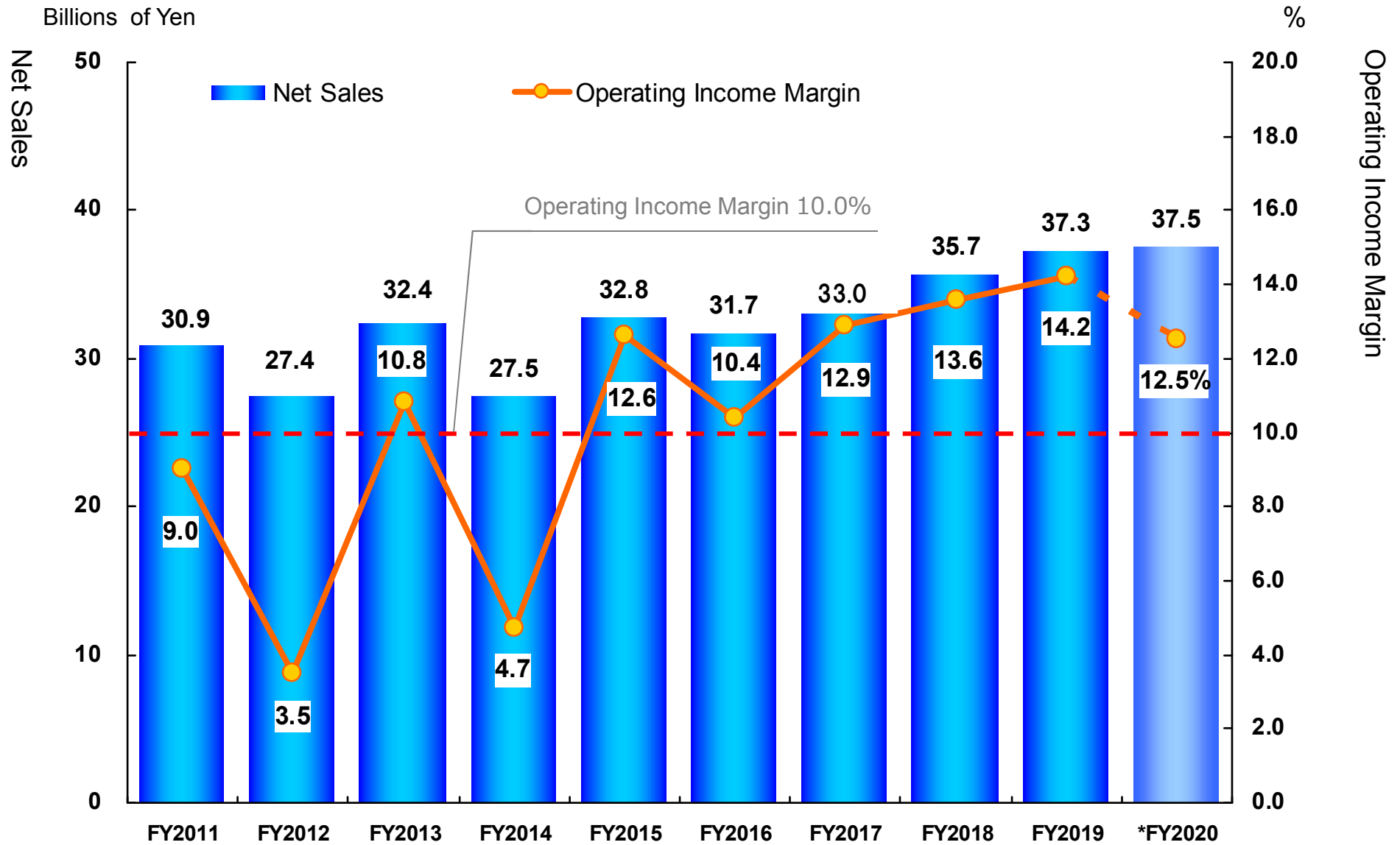
Financial Forecast: Half - Year

Millions of Yen	FY2019		FY2020					
	Actual		Forecast					
	1 st H Actual	2 nd H Actual	1 st H Forecast	vs 1 st H FY2019	vs 2 nd H FY2019	2 nd H Forecast	vs 2 nd H FY2019	vs 1 st H FY2020
Net Sales	19,163	18,231	18,000	(6.1%)	(1.3%)	19,500	+7.0%	+8.3%
Operating Income Margin	2,813 14.7%	2,497 13.7%	2,000 11.1%	(28.9%) -	(19.9%) -	2,700 13.8%	+8.1% -	+35.0% -
Ordinary Income Margin	3,056 15.9%	2,580 14.2%	2,050 11.4%	(32.9%) -	(20.5%) -	2,750 14.1%	+6.6% -	+34.1% -
Net Income Margin	2,339 12.2%	1,926 10.6%	1,550 8.6%	(33.8%) -	(19.5%) -	2,050 10.5%	+6.4% -	+32.3% -

- It is assumed that the semiconductor industry will experience an inventory adjustment starting near the end of CY2019 and continuing through early 2020

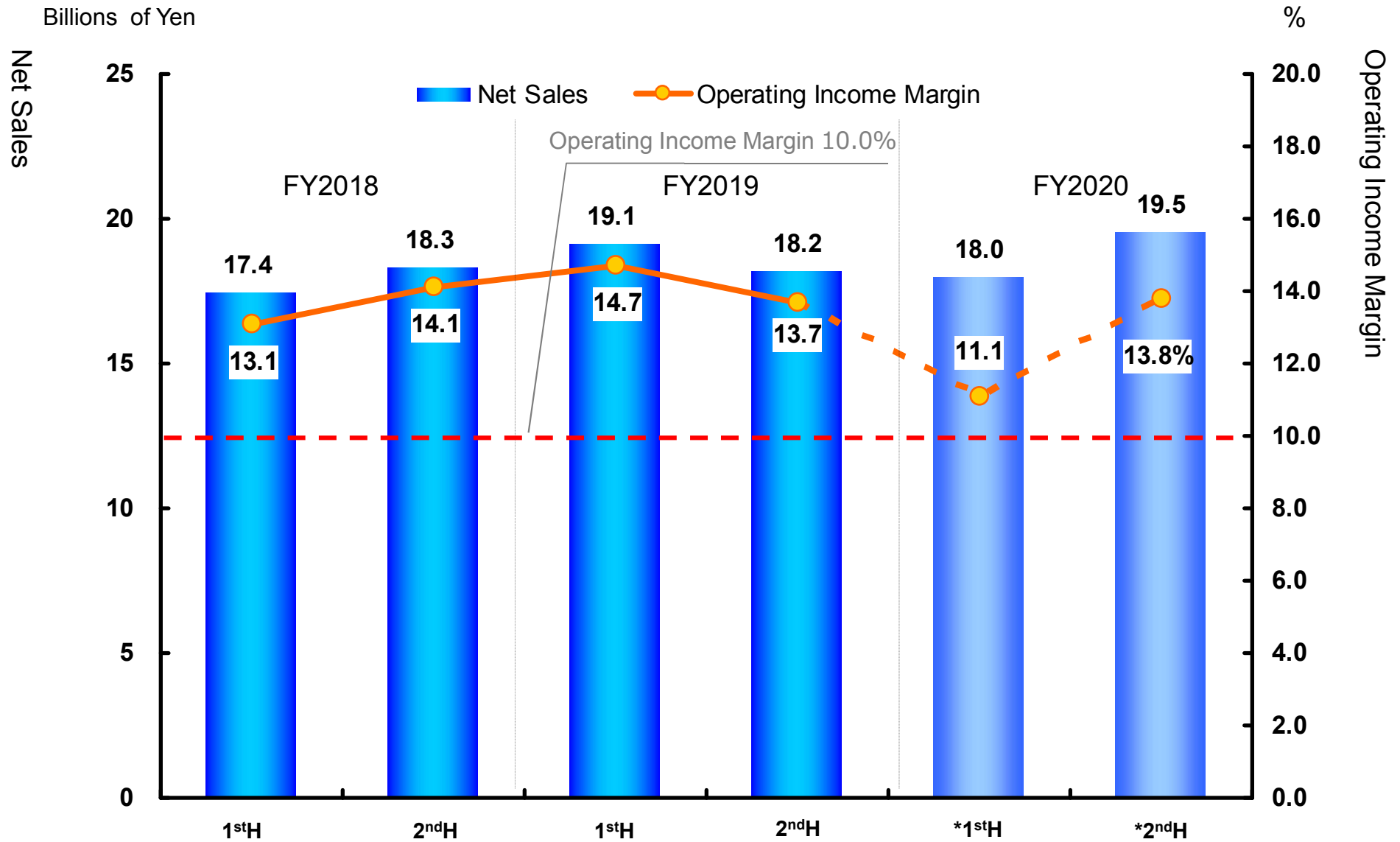
- Compared to the previous year: Lower sales and income are expected in the 1st H however, they are forecast to recover in the 2nd H due to new products for semiconductor manufacturing processes and also a recovery in the semiconductor market.

Sales and Operating Income Margin: Full - Year



*Forecast

Sales and Operating Income Margin: Half - Year



Net Sales Breakdown by Application

Net Sales Breakdown Actual: Full - Year

Millions of Yen	FY2018	FY2019	
	Actual	Actual	vs FY2018
Silicon	11,596	13,373	+15.3%
- Lapping	3,588	4,297	+19.8%
- Polishing	7,472	8,621	+15.4%
- Cutting	535	453	(15.2%)
CMP	14,621	15,305	+4.7%
Hard Disk	3,236	2,268	(29.9%)
- Aluminum Disk	2,694	2,171	(19.4%)
- Glass Disk	542	96	(82.2%)
SM / TS*	6,149	6,053	(1.6%)
- GI*; Abrasive	4,244	3,931	(7.4%)
- GI; Non-Abrasive	1,904	2,121	+11.4%
Fujimi Brand Product Total	35,603	36,999	+3.9%
Others	185	395	+113.5%
Net Sales	35,788	37,394	+4.5%

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

Net Sales Breakdown Actual: Half - Year

Millions of Yen	FY2018		FY2019					
	Actual		Actual					
	1 st H	2 nd H	1 st H	vs 1 st H FY2018	vs 2 nd H FY2018	2 nd H	vs 2 nd H FY2018	vs 1 st H FY2019
Silicon	5,402	6,193	6,706	+24.1%	+8.3%	6,666	+7.6%	(0.6%)
- Lapping	1,735	1,852	2,176	+25.4%	+17.5%	2,120	+14.5%	(2.6%)
- Polishing	3,392	4,080	4,301	+26.8%	+5.4%	4,319	+5.9%	+0.4%
- Cutting	274	260	228	(16.8%)	(12.3%)	225	(13.5%)	(1.1%)
CMP	7,200	7,420	7,690	+6.8%	+3.6%	7,614	+2.6%	(1.0%)
Hard Disk	1,719	1,517	1,276	(25.8%)	(15.9%)	991	(34.7%)	(22.4%)
- for Aluminum Disk	1,408	1,285	1,225	(13.0%)	(4.7%)	946	(26.4%)	(22.8%)
- for Glass Disk	311	231	51	(83.6%)	(77.9%)	45	(80.5%)	(11.5%)
SM / TS*	3,007	3,142	3,283	+9.2%	+4.5%	2,769	(11.9%)	(15.6%)
- GI*; Abrasive	2,116	2,128	2,212	+4.5%	+3.9%	1,718	(19.3%)	(22.3%)
- GI; Non-Abrasive	890	1,013	1,070	+20.2%	+5.6%	1,051	+3.7%	(1.8%)
Fujimi Brand Product Total	17,329	18,273	18,957	+9.4%	+3.7%	18,042	(1.3%)	(4.8%)
Others	87	97	206	+136.8%	+112.4%	189	+94.6%	(8.2%)
Net Sales	17,417	18,371	19,163	+10.0%	+4.3%	18,231	(0.8%)	(4.9%)

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

Net Sales Breakdown Forecast: Full - Year

Millions of Yen	FY2018	FY2019	FY2020	
	Actual	Actual	Forecast	vs FY2019
Silicon	11,596	13,373	14,200	+6.2%
- Lapping	3,588	4,297	4,700	+9.4%
- Polishing	7,472	8,621	9,200	+6.7%
- Cutting	535	453	300	(33.9%)
CMP	14,621	15,305	14,800	(3.3%)
Hard Disk	3,236	2,268	2,000	(11.8%)
- for Aluminum Disk	2,694	2,171	1,900	(12.5%)
- for Glass Disk	542	96	100	+4.0%
SM / TS*	6,149	6,053	6,200	+2.4%
- GI*; Abrasive	4,244	3,931	4,000	+1.8%
- GI; Non-Abrasive	1,904	2,121	2,200	+3.7%
Fujimi Brand Product Total	35,603	36,999	37,200	+0.5%
Others	185	395	300	(24.1%)
Net Sales	35,788	37,394	37,500	+0.3%

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

Net Sales Breakdown Forecast: Half - Year

Millions of Yen	FY2019		FY2020					
	Actual		Forecast					
	1 st H Actual	2 nd H Actual	1 st H Forecast	vs 1 st H FY2019	vs 2 nd H FY2019	2 nd H Forecast	vs 2 nd H FY2019	vs 1 st H FY2020
Silicon	6,706	6,666	6,800	+1.4%	+2.0%	7,400	+11.0%	+8.8%
- Lapping	2,176	2,120	2,300	+5.7%	+8.4%	2,400	+13.2%	+4.3%
- Polishing	4,301	4,319	4,350	+1.1%	+0.7%	4,850	+12.3%	+11.5%
- Cutting	228	225	150	(34.3%)	(33.5%)	150	(33.5%)	+0.0%
CMP	7,690	7,614	7,200	(6.4%)	(5.4%)	7,600	(0.2%)	+5.6%
Hard Disk	1,276	991	900	(29.5%)	(9.2%)	1,100	+11.0%	+22.2%
- for Aluminum Disk	1,225	946	830	(32.3%)	(12.2%)	1,070	+13.1%	+28.9%
- for Glass Disk	51	45	70	+37.1%	+54.9%	30	(33.4%)	(57.0%)
SM / TS*	3,283	2,769	2,950	(10.1%)	+6.5%	3,250	+17.4%	+10.2%
- GI*; Abrasive	2,212	1,718	1,950	(11.8%)	+13.5%	2,050	+19.3%	+5.1%
- GI; Non-Abrasive	1,070	1,051	1,000	(6.6%)	(4.9%)	1,200	+14.2%	+20.0%
Fujimi Brand Product Total	18,957	18,042	17,850	(5.8%)	(1.1%)	19,350	+7.3%	+8.4%
Others	206	189	150	(27.2%)	(20.7%)	150	(20.7%)	+0.0%
Net Sales	19,163	18,231	18,000	(6.1%)	(1.3%)	19,500	+7.0%	+8.3%

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

Silicon Wafer Business

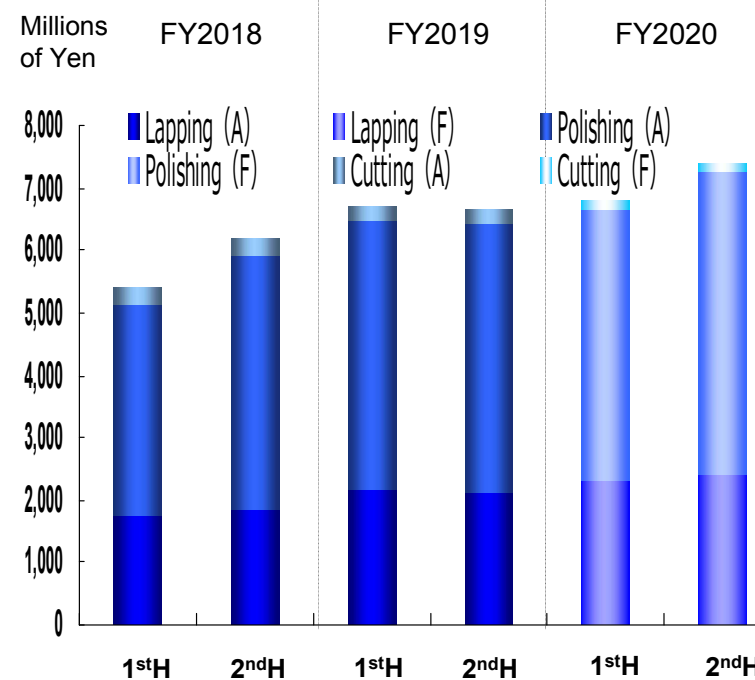
«Full-year»

Millions of Yen	FY2018		FY2019		FY2020	
	Actual		Actual		Forecast	
			vs FY2018		vs FY2019	
Silicon	11,596	13,373	+15.3%	14,200	+6.2%	
- Lapping	3,588	4,297	+19.8%	4,700	+9.4%	
- Polishing	7,472	8,621	+15.4%	9,200	+6.7%	
- Cutting	535	453	(15.2%)	300	(33.9%)	

«Half-year»

Millions of Yen	FY2018		FY2019		FY2020	
	Actual		Actual		Forecast	
	1st H	2nd H	1st H	2nd H	1st H	2nd H
Silicon	5,402	6,193	6,706	6,666	6,800	7,400
- Lapping	1,735	1,852	2,176	2,120	2,300	2,400
- Polishing	3,392	4,080	4,301	4,319	4,350	4,850
- Cutting	274	260	228	225	150	150

- FY2019: Sales up due to strong market demand and newly developed products for polishing applications
- FY2020: Sales up due to price increase for lapping products and more sales of newly developed products for polishing applications



CMP Business

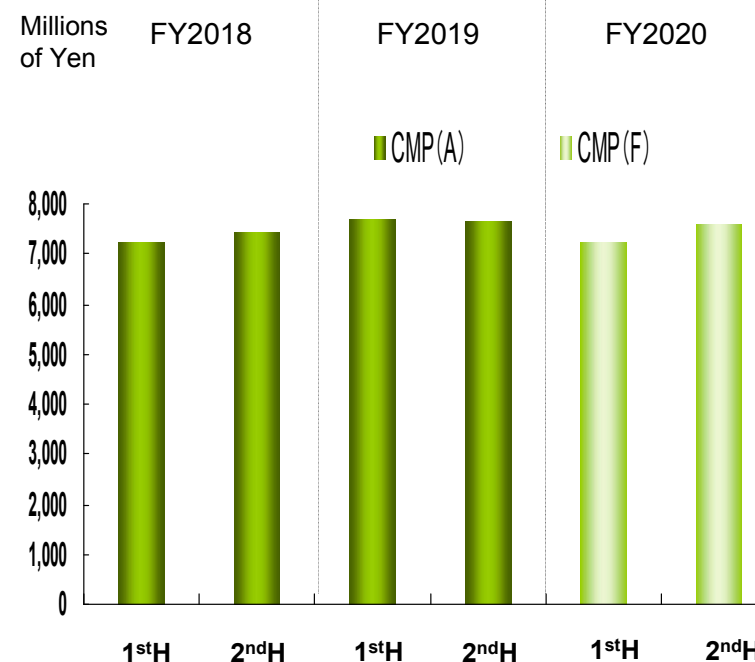
«Full-year»

Millions of Yen	FY2018	FY2019		FY2020	
	Actual	Actual		Forecast	
			vs FY2018		vs FY2019
CMP	14,621	15,305	+4.7%	14,800	(3.3%)

«Half-year»

Millions of Yen	FY2018		FY2019		FY2020	
	Actual		Actual		Forecast	
	1 st H	2 nd H	1 st H	2 nd H	1 st H	2 nd H
CMP	7,200	7,420	7,690	7,614	7,200	7,600

- FY2019: Sales up due to strong demand for advanced logic and memory devices
- FY2020: Sales down due to a semiconductor inventory adjustment, however, sales recovery in 2nd half due to a ramp-up of advanced logic device production



Hard Disk Business

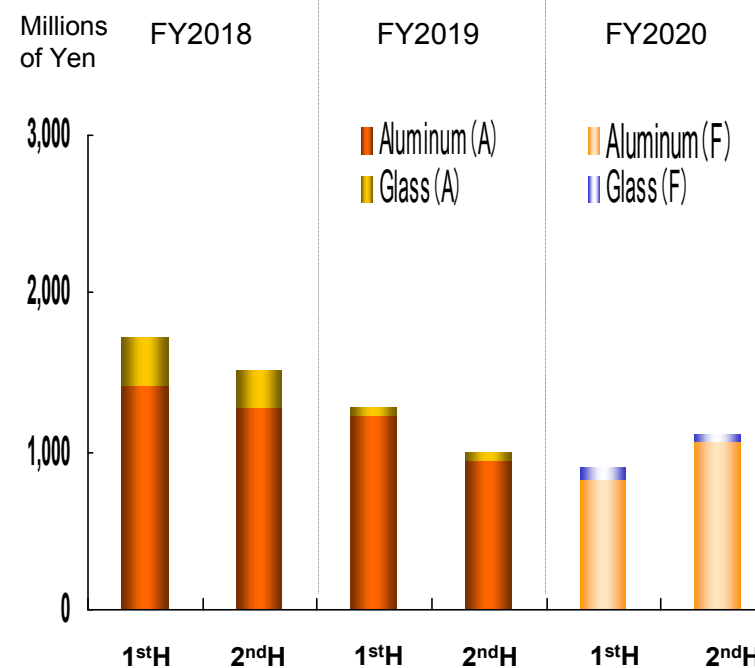
《Full-year》

Millions of Yen	FY2018		FY2019		FY2020	
	Actual		Actual		Forecast	
			vs FY2018		vs FY2019	
Hard Disk	3,236	2,268	(29.9%)	2,000	(11.8%)	
- for Aluminum Disk	2,694	2,171	(19.4%)	1,900	(12.5%)	
- for Glass Disk	542	96	(82.2%)	100	+4.0%	

《Half-year》

Millions of Yen	FY2018		FY2019		FY2020	
	Actual		Actual		Forecast	
	1st H	2nd H	1st H	2nd H	1st H	2nd H
Hard Disk	1,719	1,517	1,276	991	900	1,100
- for Aluminum Disk	1,408	1,285	1,225	946	830	1,070
- for Glass Disk	311	231	51	45	70	30

- FY2019: Sales declined due to market shrinkage and a customer's manufacturing process change.
- FY2020: Sales down due to the market shifting from HDD to SSD



Specialty Materials / Thermal Spray Business

«Full-year»

Millions of Yen	FY2018	FY2019		FY2020	
	Actual	Actual		Forecast	
			vs FY2018		vs FY2019
SM / TS*	6,149	6,053	(1.6%)	6,200	+2.4%
- GI*; Abrasive	4,244	3,931	(7.4%)	4,000	+1.8%
- GI; Non-Abrasive	1,904	2,121	+11.4%	2,200	+3.7%

«Half-year»

Millions of Yen	FY2018		FY2019		FY2020	
	Actual		Actual		Forecast	
	1st H	2nd H	1st H	2nd H	1st H	2nd H
SM / TS*	3,007	3,142	3,283	2,769	2,950	3,250
- GI*; Abrasive	2,116	2,128	2,212	1,718	1,950	2,050
- GI; Non-Abrasive	890	1,013	1,070	1,051	1,000	1,200

- Abrasives

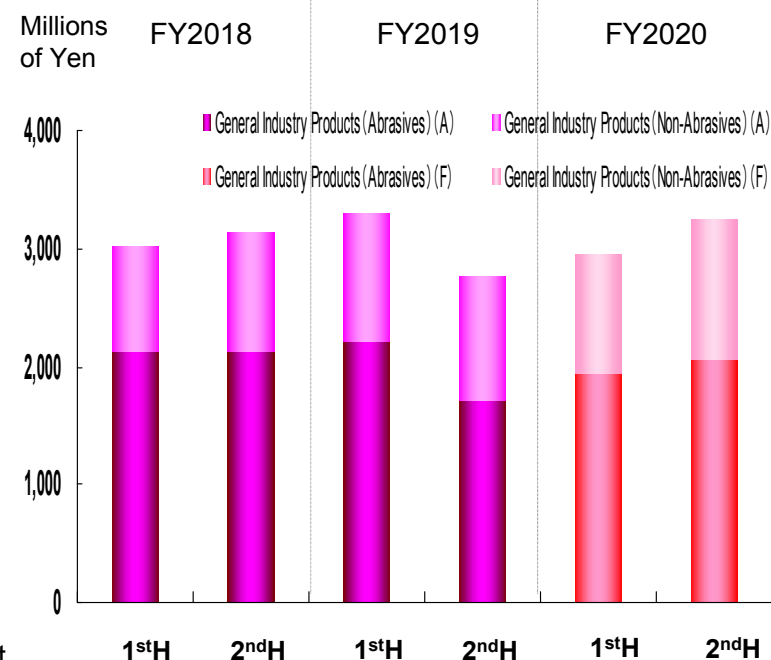
FY2019: Sales down due to lower sales for sapphire substrates for LEDs and coated abrasives

FY2020: Sales are forecast to be at the same level as the previous fiscal year

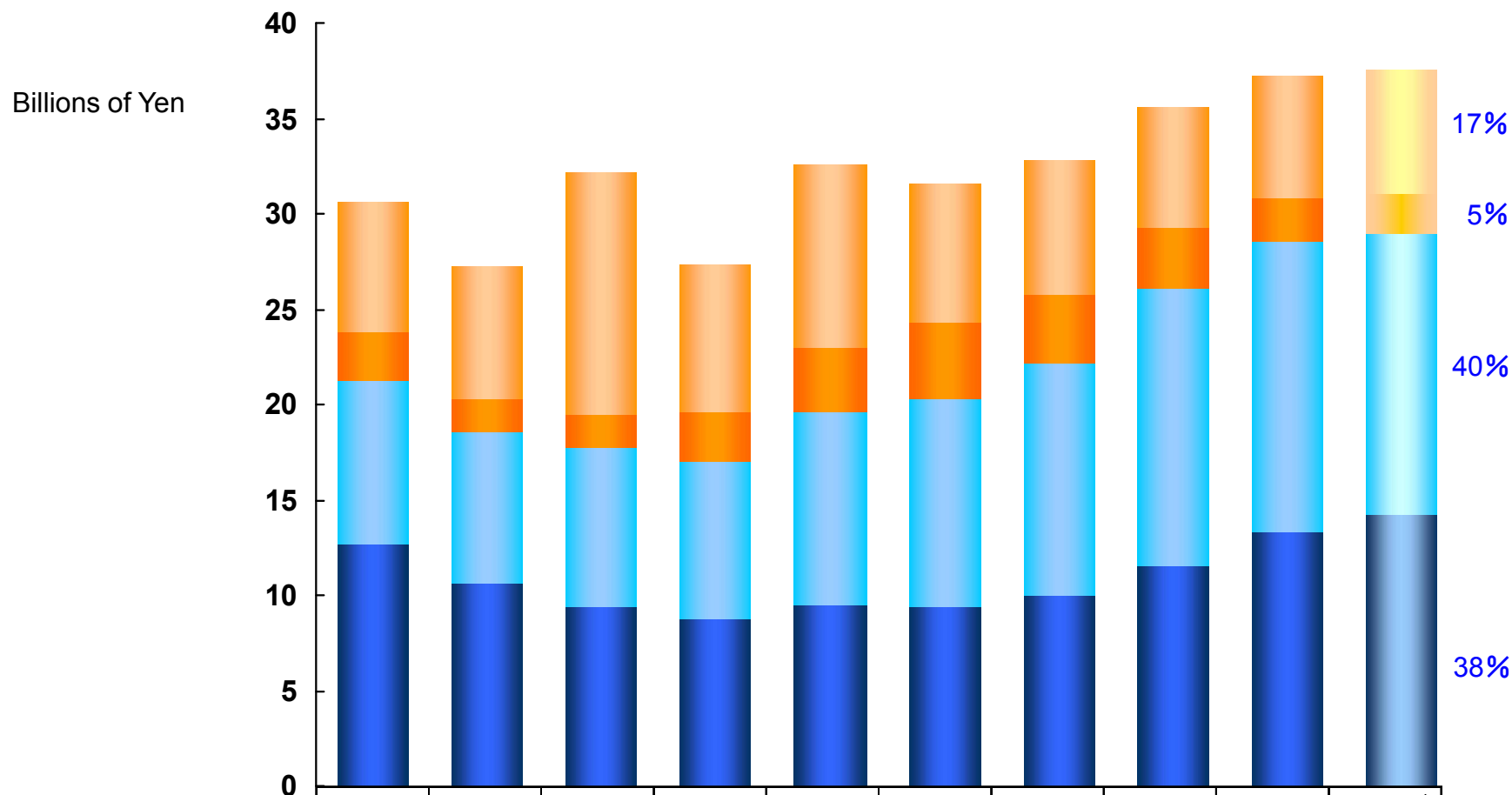
- Non-Abrasives

FY2019: Sales up due to strong demand for SPE and FPD production equipment

FY2020: Forecast Sales to be up for SPE and FPD production equipment

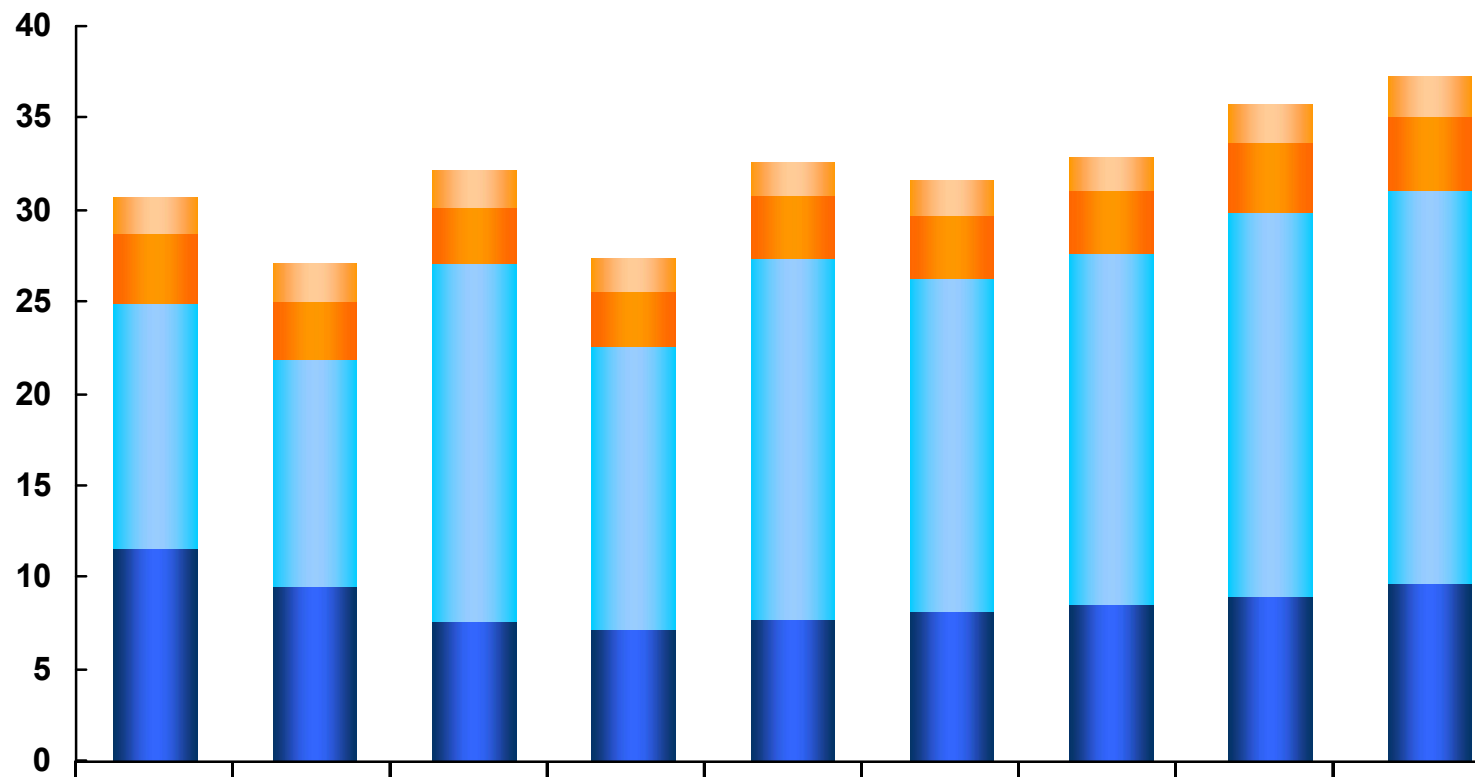


Net Sales by Application



Net Sales by Region

Billions of Yen



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Europe	1.9	2.1	2.1	1.7	1.8	1.9	1.8	2.0	2.1
North America	3.8	3.2	3.0	3.0	3.5	3.4	3.5	3.9	4.0
Asia, Oceania	13.4	12.3	19.5	15.4	19.6	18.2	19.1	20.8	21.5
Japan	11.5	9.5	7.6	7.2	7.7	8.1	8.5	9.0	9.6
Total	30.8	27.4	32.4	27.4	32.8	31.7	33.0	35.7	37.3

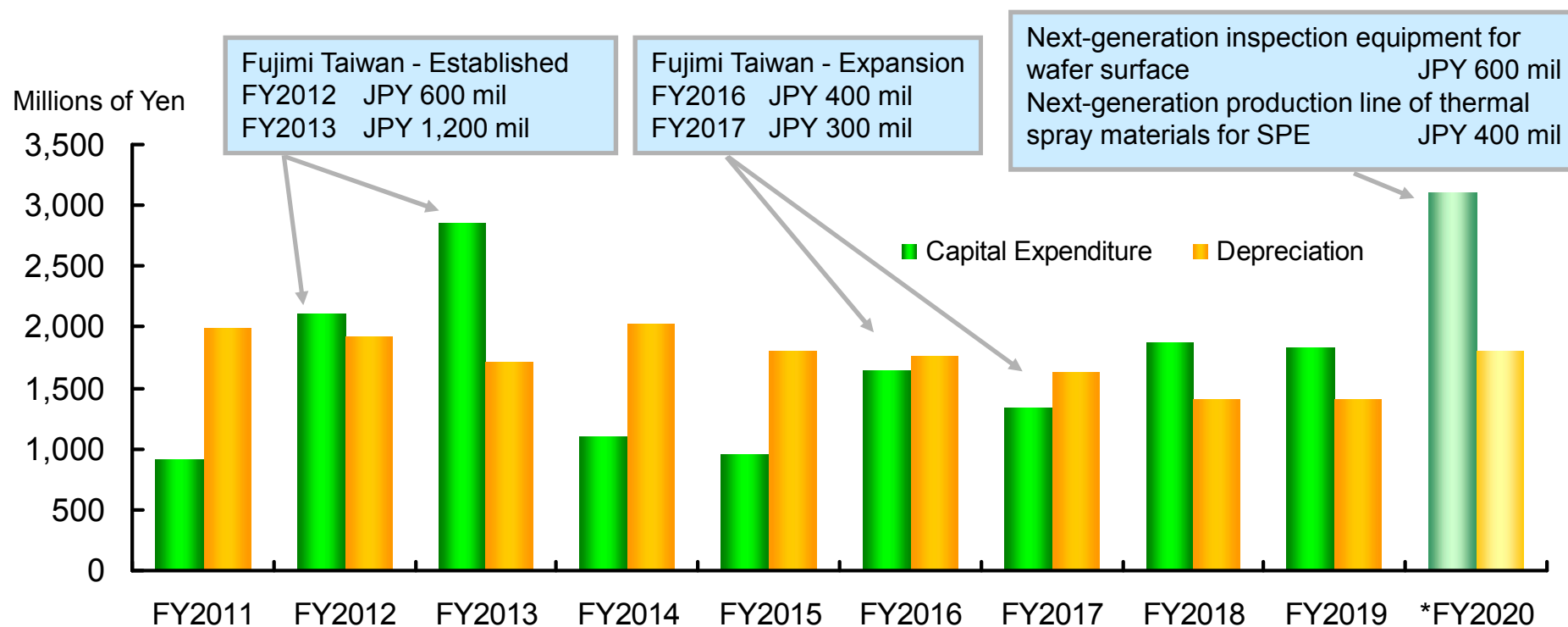
Capital Expenditure

Depreciation

R&D Expense

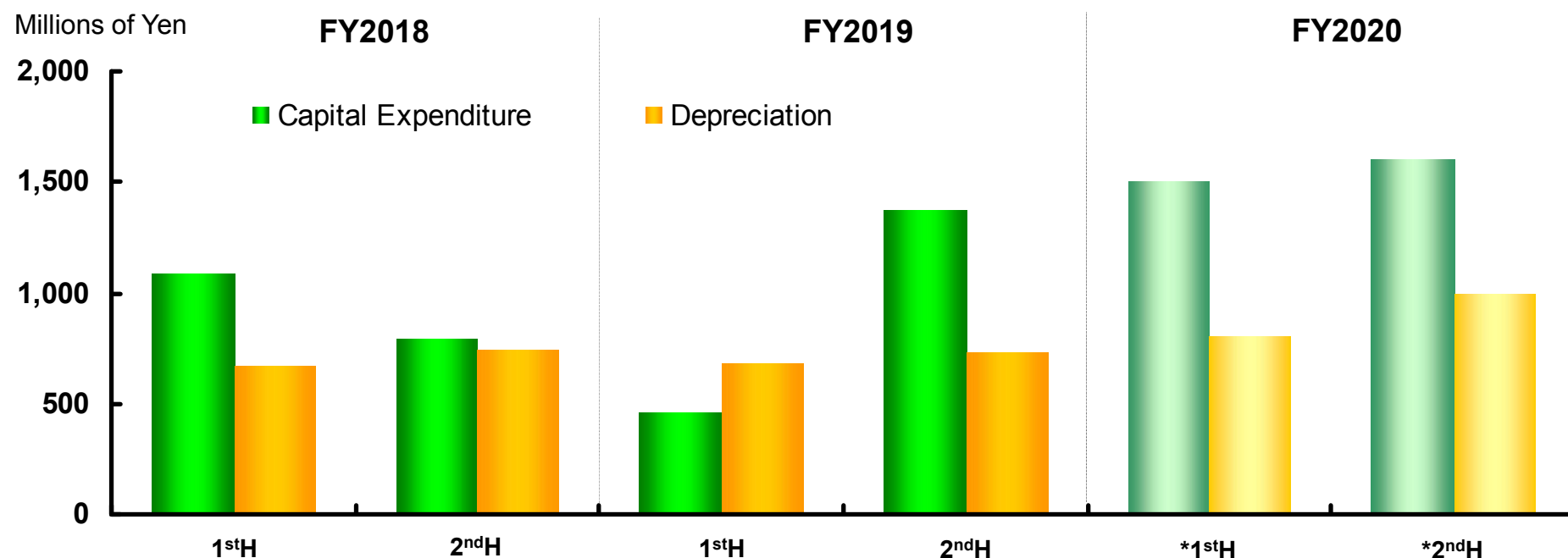
Capital Expenditure/ Depreciation: Full – Year

Millions of Yen	FY2018	FY2019				FY2020	
	Actual	Forecast	Actual		Forecast		
		Nov'18		vs FY2018	vs Forecast FY2019		vs FY2019
Capital Expenditure	1,871	2,200	1,829	(2.3%)	(16.9%)	3,100	+69.5%
Depreciation	1,411	1,400	1,413	+0.1%	+0.9%	1,800	+27.4%



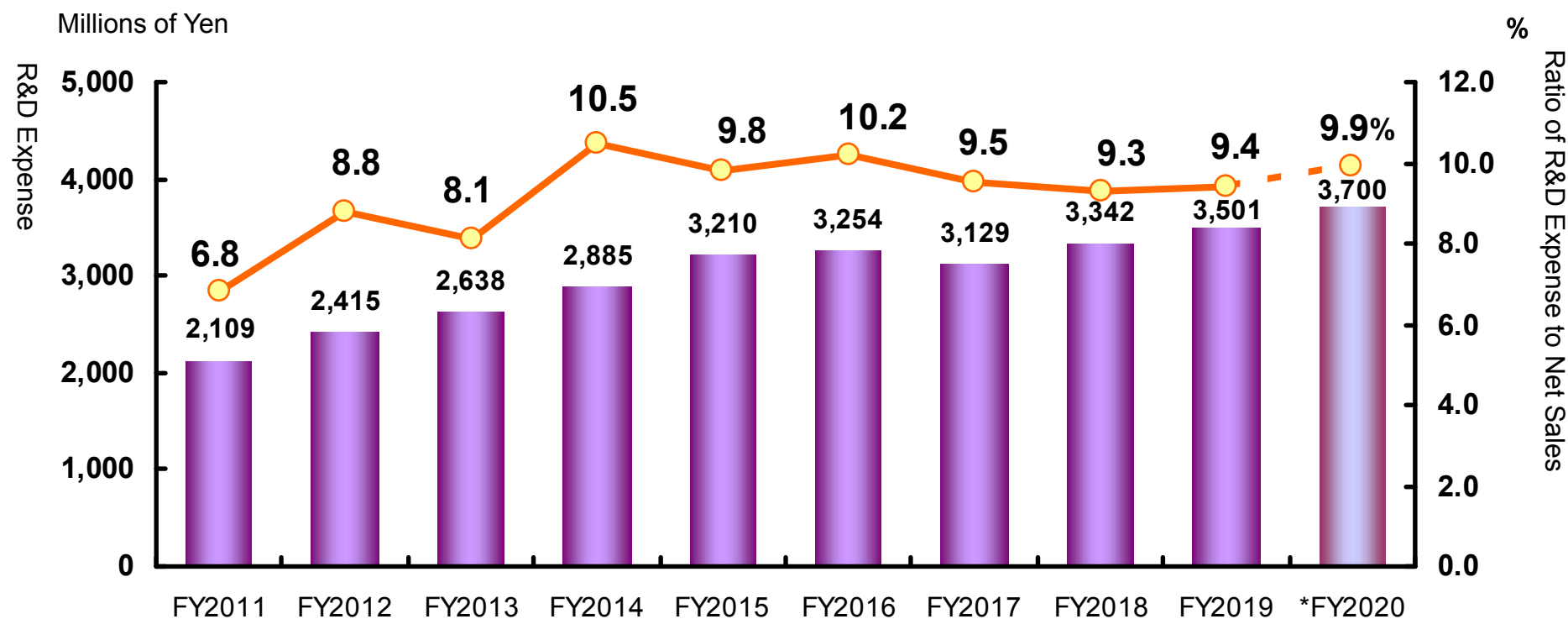
Capital Expenditure/ Depreciation: Half – Year

Millions of Yen	FY2018		FY2019				FY2020					
	Actual		Actual 1st H	Actual		Forecast						
	1st H	2nd H		2nd H	vs 2 nd H FY2018	vs 1 st H FY2019	1st H	vs 1 st H FY2019	vs 2 nd H FY2019	2nd H	vs 2 nd H FY2019	vs 1 st H FY2020
Capital Expenditure	1,083	788	461	1,368	+73.5%	+196.8%	1,500	+225.4%	+9.6%	1,600	+17.0%	+6.7%
Depreciation	665	746	684	729	(2.3%)	+6.6%	800	+17.0%	+9.7%	1,000	+37.2%	+25.0%



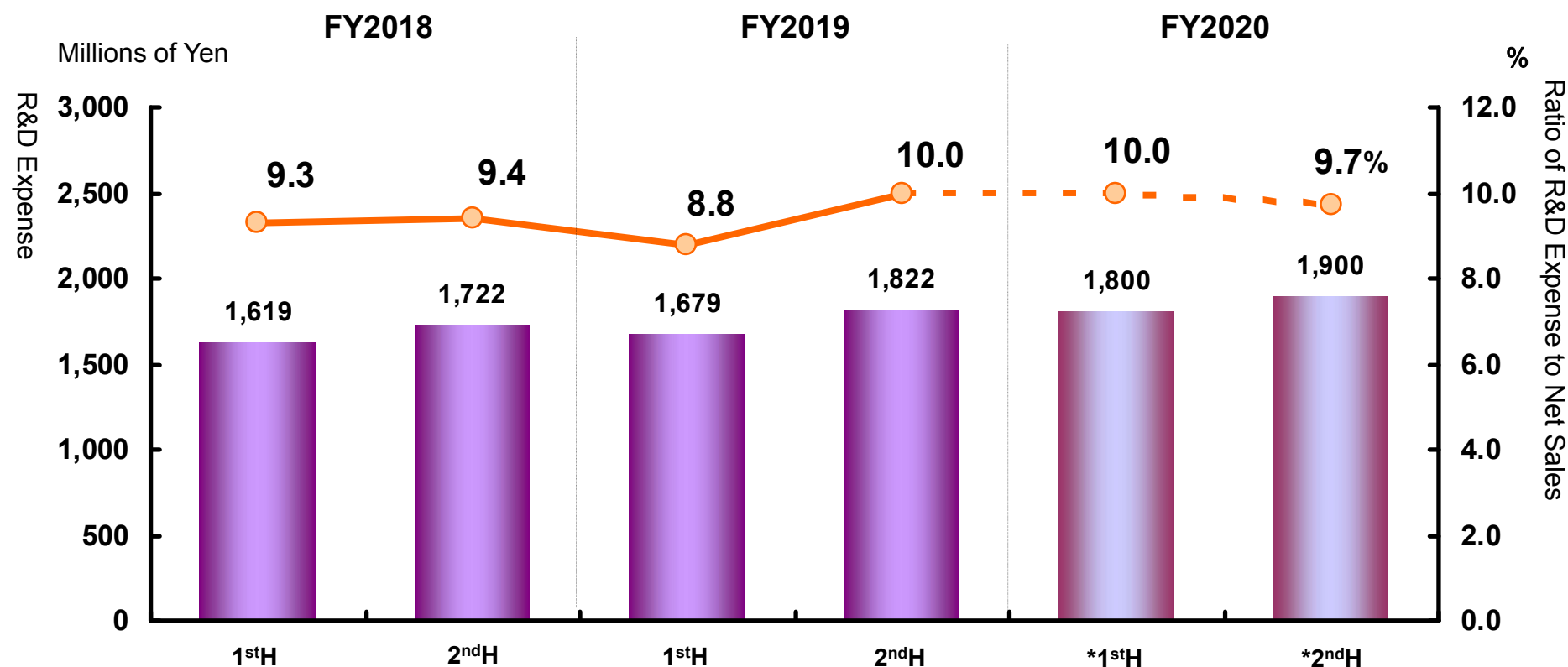
R&D Expense: Full – Year

Millions of Yen	FY2018	FY2019				FY2020	
	Actual	Forecast	Actual		Forecast		
		Nov'18		vs FY2018	vs Forecast FY2019		vs FY2019
R&D Expense	3,342	3,500	3,501	+4.8%	+0.0%	3,700	+5.7%



R&D Expense: Half – Year

Millions of Yen	FY2018		FY2019				FY2020					
	Actual		Actual	Actual		Forecast						
	1st H	2nd H	1st H	2nd H	vs 2 nd H FY2018	vs 1 st H FY2019	1st H	vs 1 st H FY2019	vs 2 nd H FY2019	2nd H	vs 2 nd H FY2019	vs 1 st H FY2020
R&D Expense	1,619	1,722	1,679	1,822	+5.8%	+8.5%	1,800	+7.2%	(1.2%)	1,900	+4.3%	5.6%



Operating Income Analysis

Operating Income Analysis: FY2019 vs FY2018

Net Sales **35,788**

**FY2018
Actual**

Sales Up **+1,606**

Millions of Yen

Income Up **+438**

37,394

**FY2019
Actual**

Millions of Yen

6,000

5,000

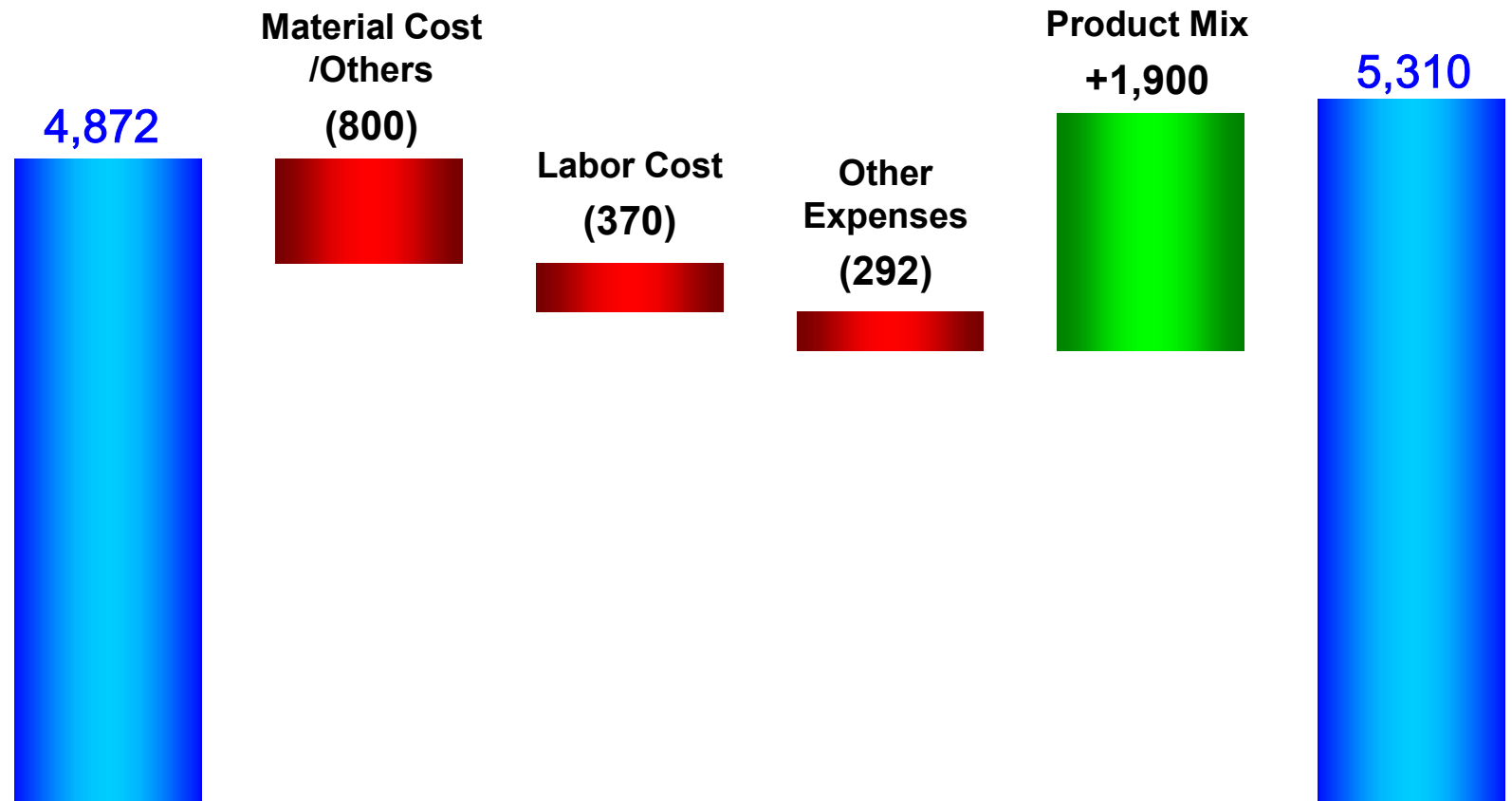
4,000

3,000

2,000

1,000

0



Operating Income Analysis: FY2020 vs FY2019

Net Sales **37,394**

FY2019 Actual

Sales Up **+101**

Millions of Yen

37,500

FY2020 Forecast

Income Down **(610)**

Millions of Yen

5,500

5,310

Depreciation (380)

- Next-generation inspection equipment for wafer surface
- Next-generation measurement equipment for surface roughness
- Next-generation production line of thermal spray materials for SPE

Other Expenses (150)

Sales Volume Product Mix (140)

Forex (30)

Others +90

4,700

5,000

4,500

- Removal of existing equipment for new equipment introduction
- Expense increase for sales promotion of new products and new applications

4,000

Shareholder Returns

Shareholder Returns

- Profit Distribution Policy

1. Payout ratio: 50% or over
2. Continuous and stable distribution
 - JPY80 per share under the current level of financial performance

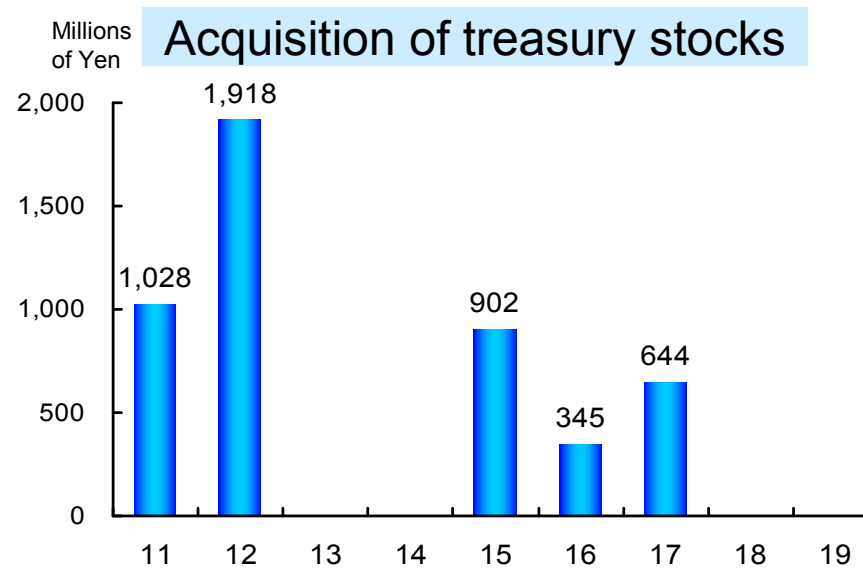
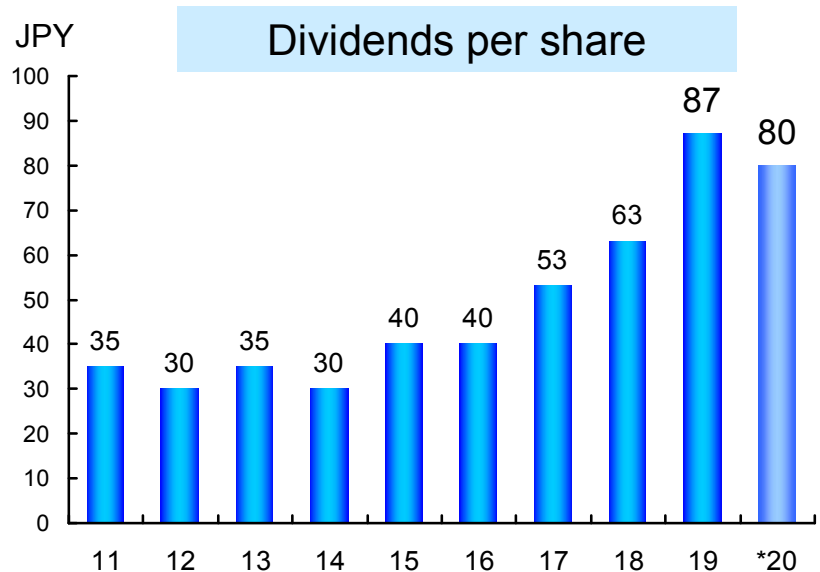
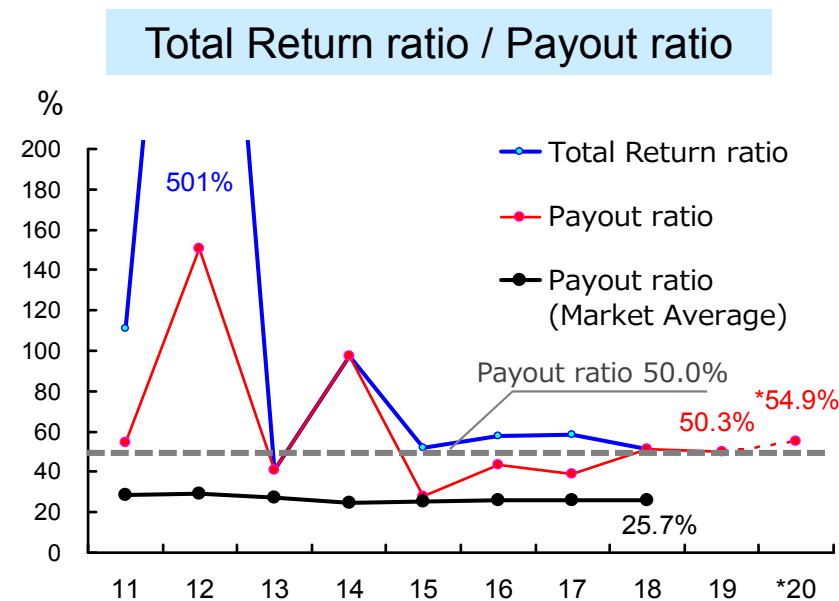
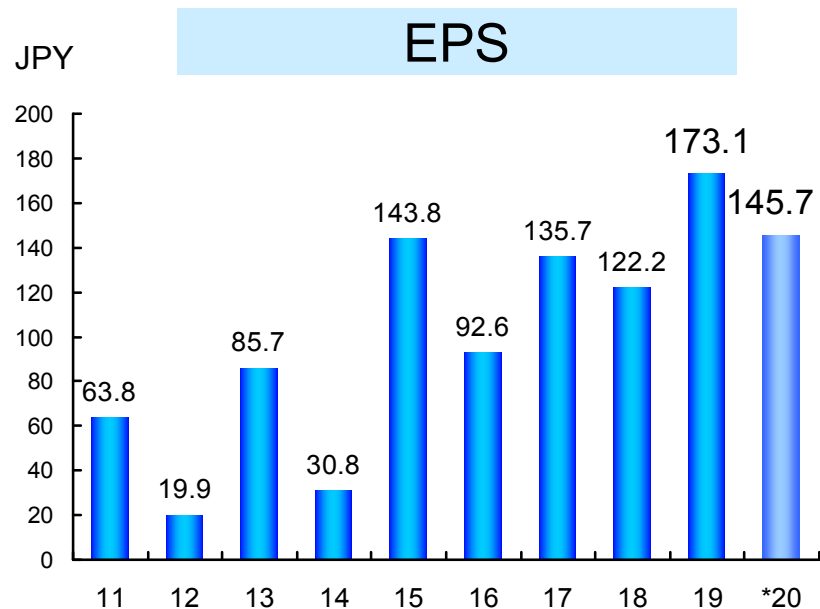
- Dividends per share

	FY2019/3		(A) Actual	(F) Forecast
	Forecast 11 May 2018	Forecast 2 Nov. 2018	Actual 10 May 2019	Forecast 10 May 2019
Interim dividend	JPY40 (F)	JPY40 (A)	JPY40 (A)	JPY40 (F)
Year-end dividend	JPY40 (F)	JPY45 (F)	JPY47 (A)	JPY40 (F)
Total dividend	JPY80 (F)	JPY85 (F)	JPY87 (A)	JPY80 (F)
Payout ratio	50.6% (F)	49.9%* (F)	50.3% (A)	54.9%** (F)

***49.1%** if calculated by actual net income of JPY4,265 million

****The same amount as original-forecast for FY2019**

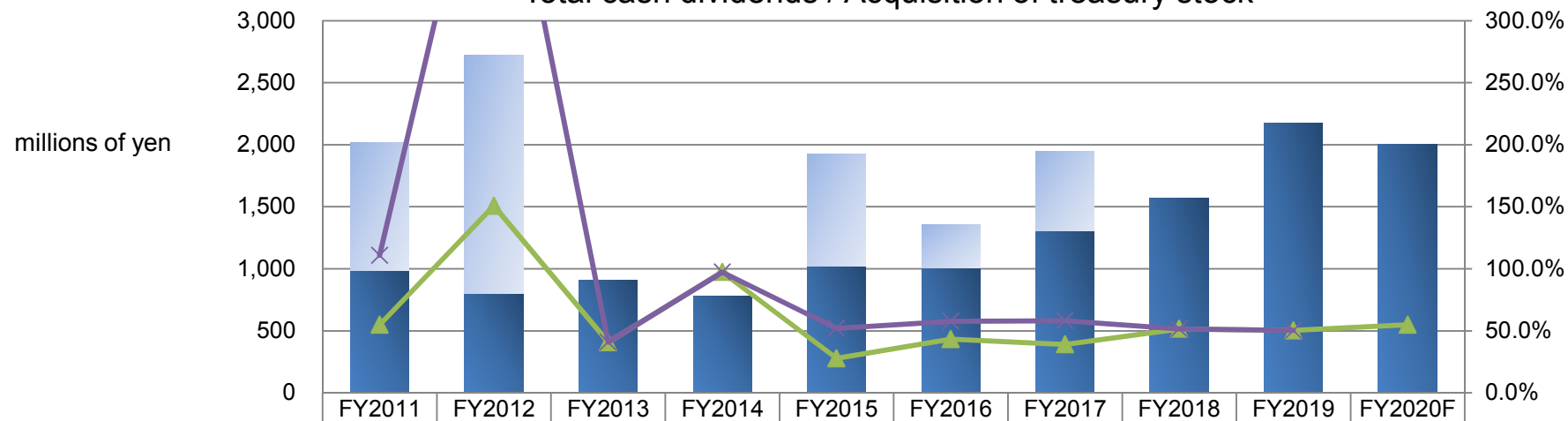
Shareholder Returns



*Forecast

Dividend History

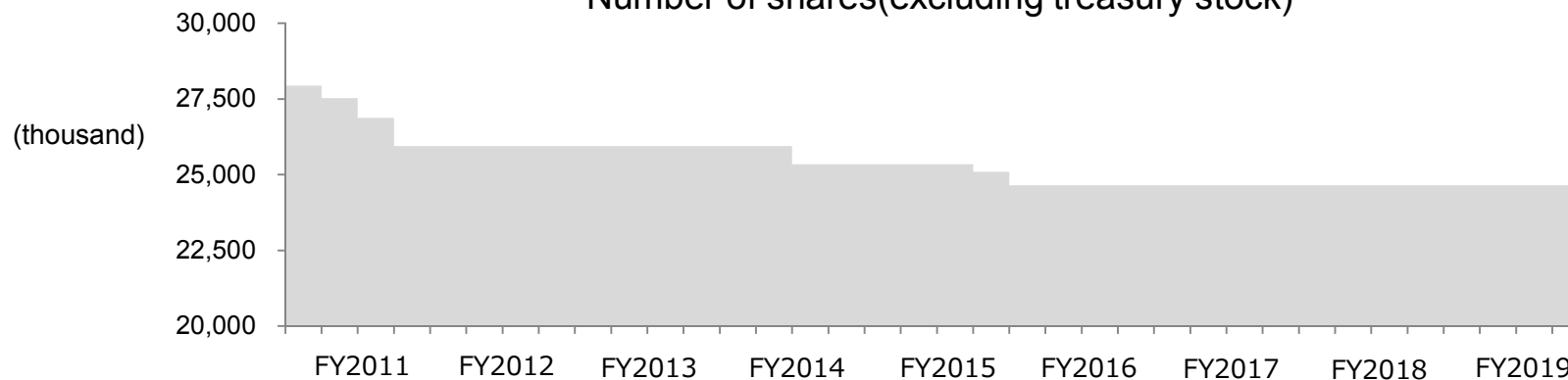
Total cash dividends / Acquisition of treasury stock



	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020F
Acquisition of treasury stock	1,028	1,918	0	0	902	345	644	0	0	
Cash dividends	989	801	907	778	1,022	1,008	1,306	1,567	2,178	2,007
Payout ratio	54.8%	150.7%	40.8%	97.3%	27.8%	43.2%	39.0%	51.6%	50.3%	54.9% *
Total return ratio	110.8%	500.8%	40.8%	97.3%	52.1%	57.7%	58.2%	51.6%	50.3%	
Dividends per share JPY	35	30	35	30	40	40	53	63	87	80

* : Forecast

Number of shares(excluding treasury stock)



Supplementary Data

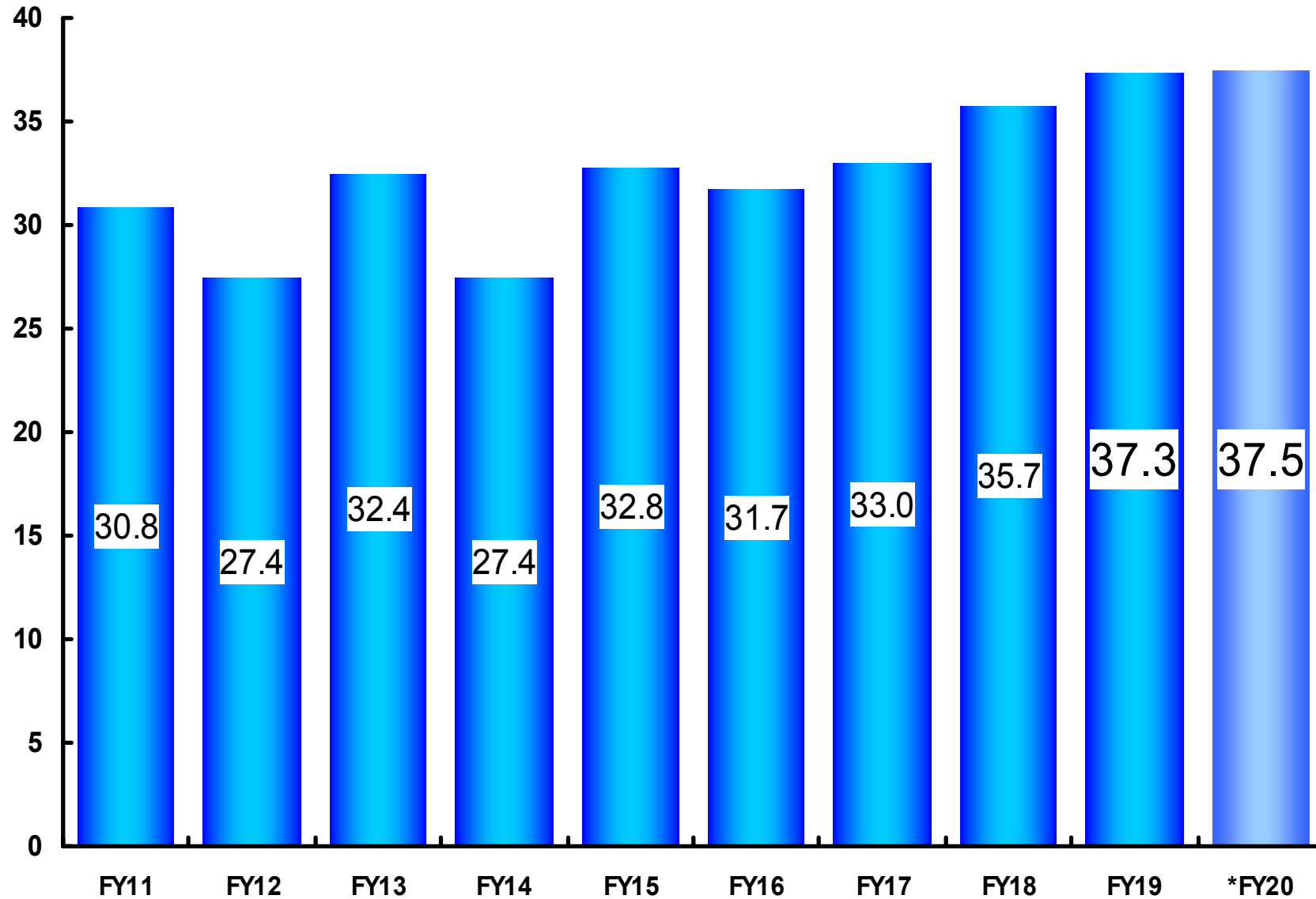
Number of Employees

	FY2018		FY2019			
	As of 31 Mar 2018		As of 31 Mar 2019			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2018	
Full-time					*Temporary	
FUJIMI INCORPORATED	580	173	588	193	+8	+20
FUJIMI CORPORATION	111	3	114	3	+3	—
FUJIMI TAIWAN LIMITED	73	0	77	1	+4	+1
FUJIMI-MICRO TECHNOLOGY SDN.BHD	65	8	66	7	+1	(1)
FUJIMI EUROPE GmbH	4	2	5	1	+1	(1)
FUJIMI KOREA LIMITED	5	0	6	0	+1	—
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	6	0	5	1	(1)	+1
Total	844	186	861	206	+17	+20

* Temporary: Annual average of contract-based employee, part-time employee, and temporary staff from job placement agency.

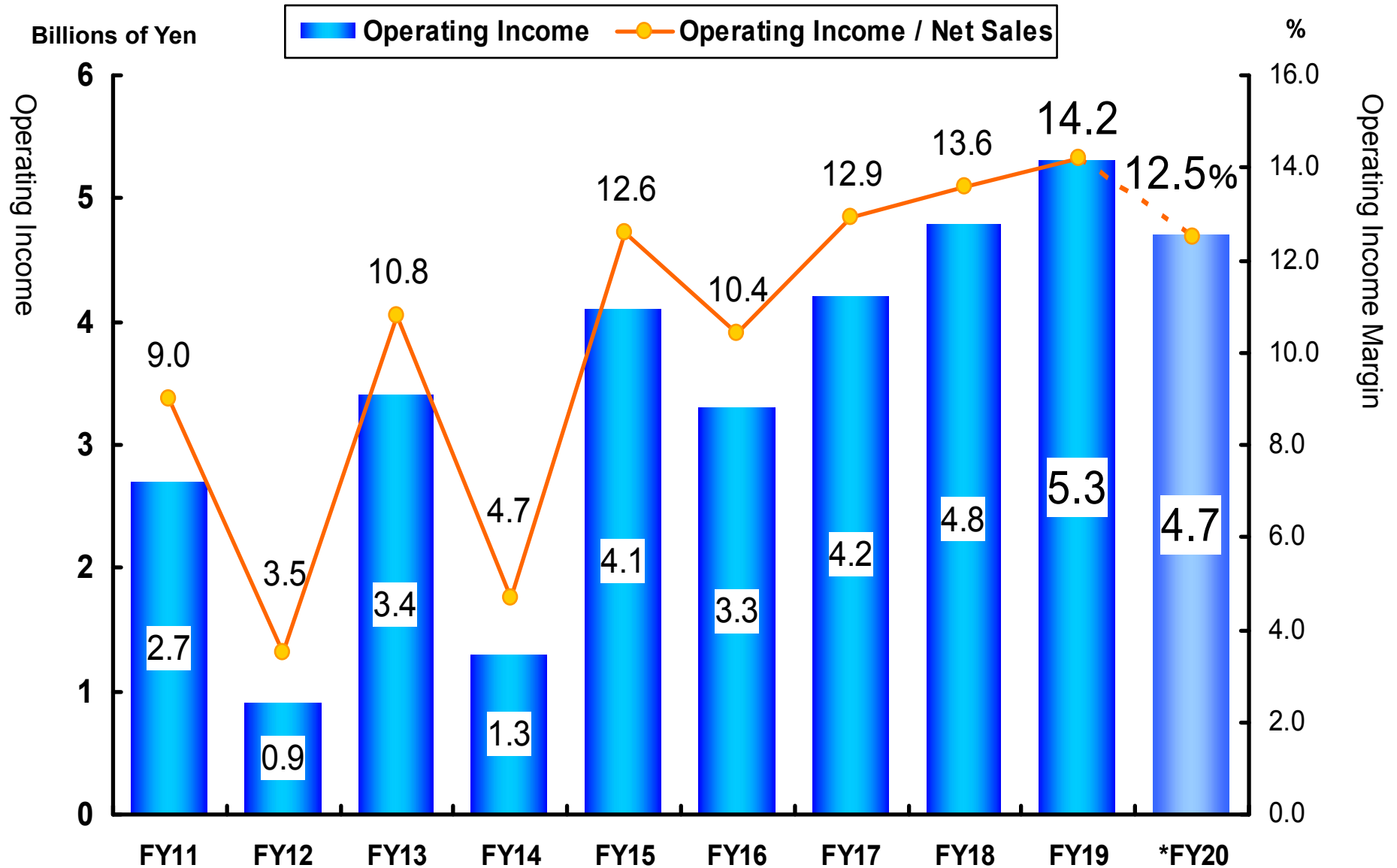
Net Sales

Billions of Yen

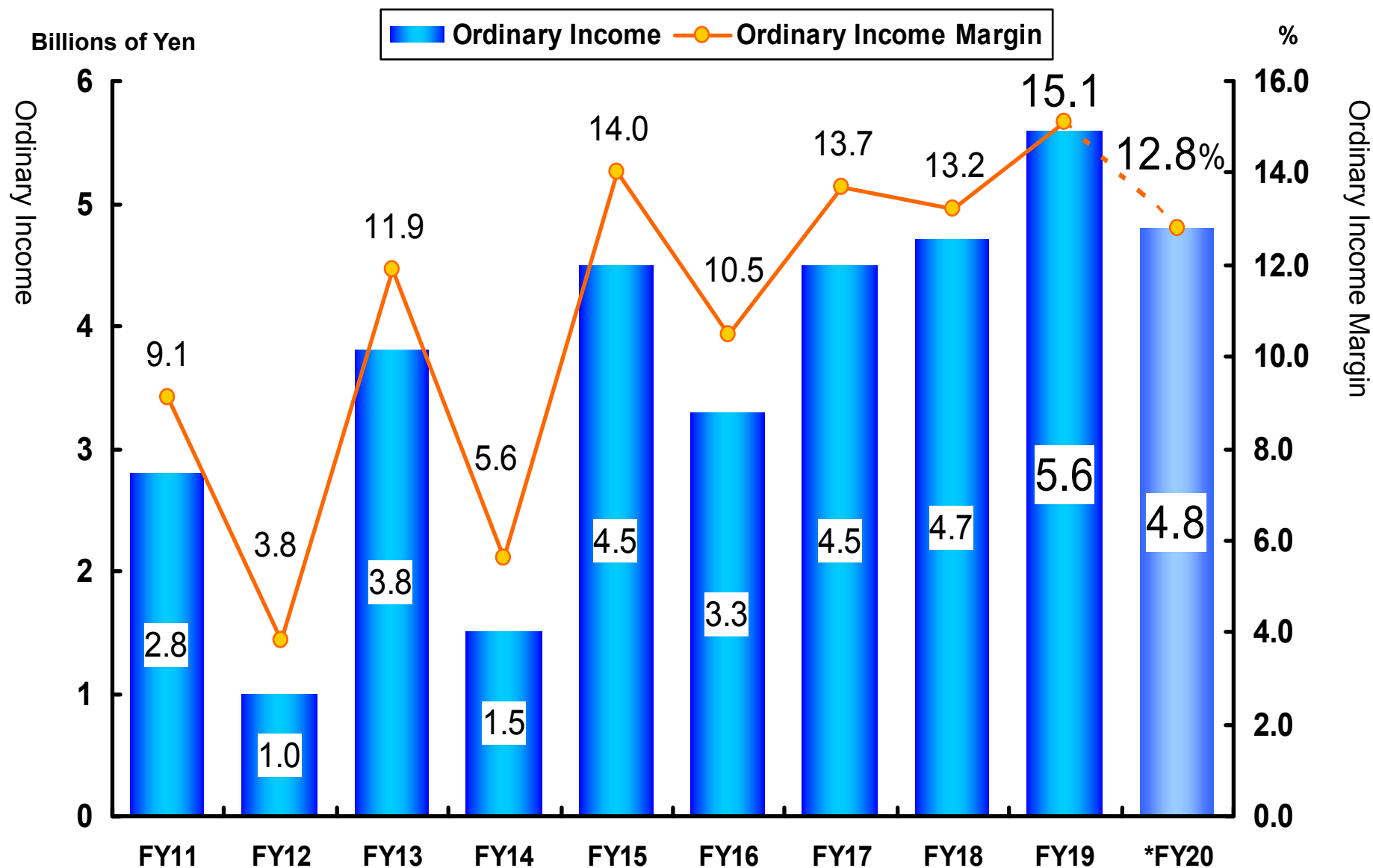


*Forecast

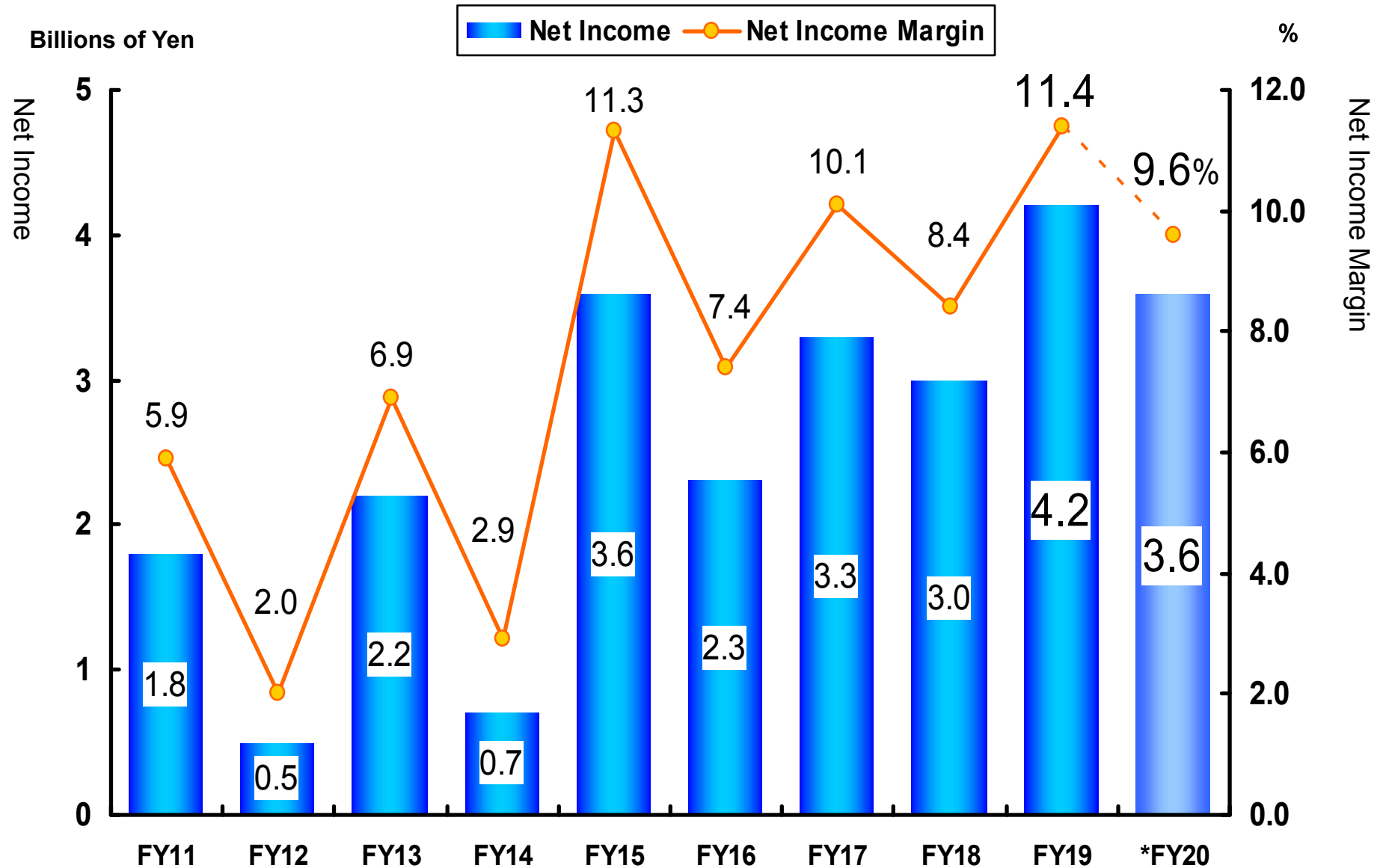
Operating Income



Ordinary Income

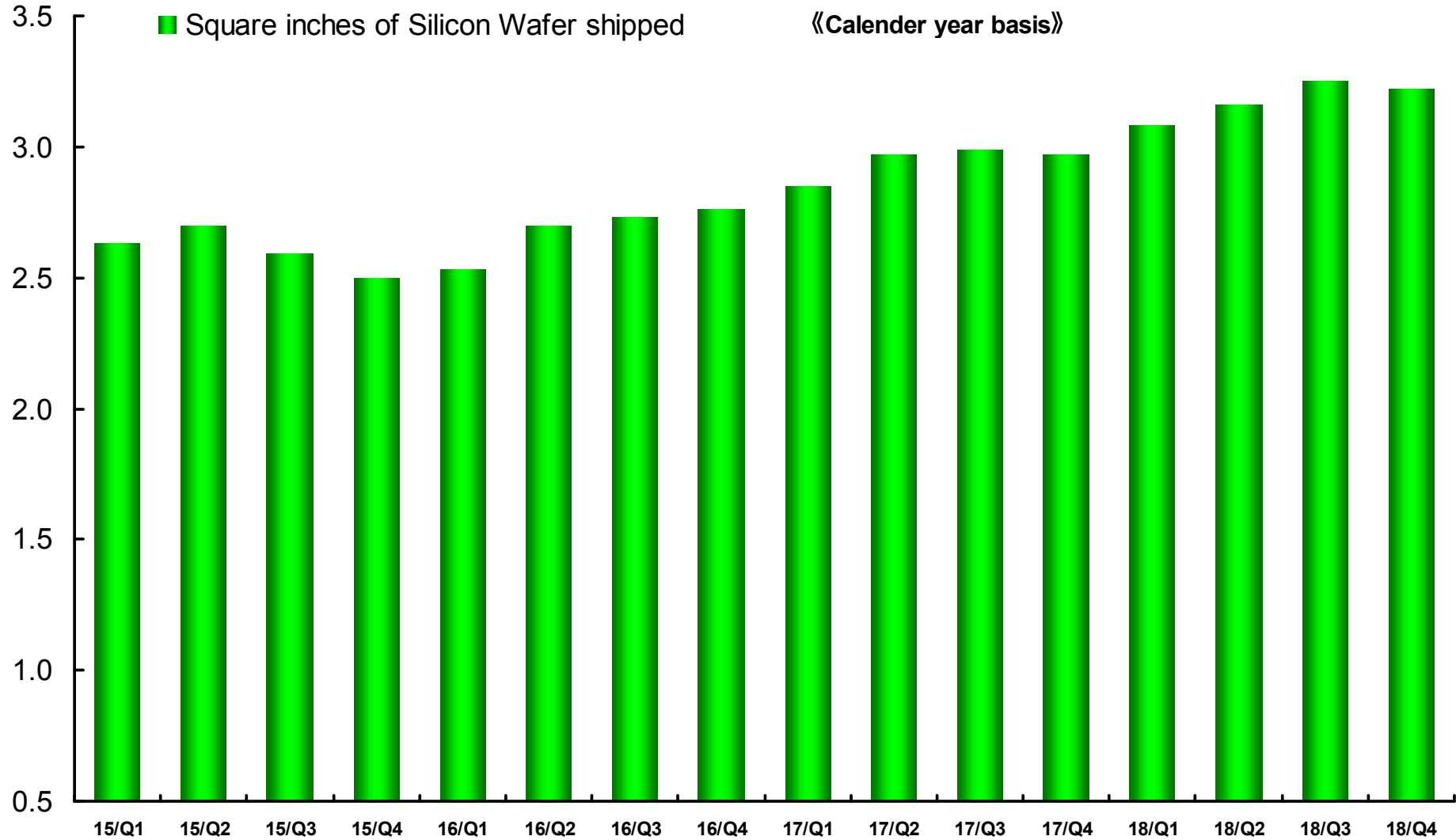


Net Income



Quarterly Shipments of Silicon Wafers – Worldwide – in MSI

Billions of square inches (MSI)



Source: SEMI (Semiconductor Equipment and Materials International)

Semiconductor Market Scale by Region

Billions of dollars

