

# Financial Overview FY2020

May 21, 2020

**FUJIMI INCORPORATED**

# Financial Overview

# FY2020 Financial Overview / FY2021 Forecast

## FY2020 Financial Results vs FY2019

Net Sales	+2.7%	: Strong demand for CMP products related to advanced semiconductor devices
Operating Income	+13.1%	: <b>Record high</b> due to Sales increase and favorable sales mix
Ordinary Income	+9.6%	: <b>Record high</b>
Net Income	+0.1%	: <b>Record high for the second consecutive year</b>
CMP		: <b>Record high sales for the fifth consecutive year</b> due to strong demand for advanced semiconductor devices
Silicon Wafer		: Sales up for polishing products due to new sales activities. despite sales being down for lapping products
Hard Disks		: Sales down due to a customer's manufacturing process change
General Industry		: Sales down due to weak demand with the economic slowdown in China
Shareholder Returns		: Payout ratio over 50% for the second consecutive year

## FY2021 Financial Forecast

Financial forecast of the fiscal year 2021 will be issued as soon as it becomes possible to forecast financials reasonably considering the impact of the novel coronavirus (COVID-19).	
- Demand	: It is impossible to forecast demand for Fujimi's products due to COVID-19.
- Supply	: All Fujimi sites are fully operational and following strict COVID-19 mitigation protocols.

# Financial Overview: Full Year

Millions of Yen	FY2019	FY2020			
		Forecast		vs FY2019	vsFY2020 Forecast
Net Sales	37,394	37,500	38,408	+2.7%	+2.4%
Operating Income Margin	5,310 14.2%	4,700 12.5%	6,007 15.6%	+13.1% -	+27.8% -
Ordinary Income Margin	5,637 15.1%	4,800 12.8%	6,177 16.1%	+9.6% -	+28.7% -
Net Income Margin	4,265 11.4%	3,600 9.6%	4,270 11.1%	+0.1% -	+18.6% -

- vs FY2019: Sales and income up due to strong demand for CMP products related to advanced semiconductor devices.
- Operating income and ordinary income both hit record highs.
- Net income hit a record high for the second consecutive year.

# Financial Overview: Half Year

Millions of Yen	FY2019		FY2020					
	1 <sup>st</sup> H	2 <sup>nd</sup> H	1 <sup>st</sup> H	vs 1 <sup>st</sup> H FY2019	vs 2 <sup>nd</sup> H FY2019	2 <sup>nd</sup> H	vs 2 <sup>nd</sup> H FY2019	vs 1 <sup>st</sup> H FY2020
Net Sales	19,163	18,231	18,884	(1.5%)	+3.6%	19,523	+7.1%	+3.4%
Operating Income Margin	2,813 14.7%	2,497 13.7%	2,863 15.2%	+1.8% -	+14.7% -	3,144 16.1%	+25.9% -	+9.8% -
Ordinary Income Margin	3,056 15.9%	2,580 14.2%	2,974 15.8%	(2.7%) -	+15.3% -	3,202 16.4%	+24.1% -	+7.7% -
Net Income Margin	2,339 12.2%	1,926 10.6%	2,212 11.7%	(5.5%) -	+14.9% -	2,058 10.5%	+6.9% -	(7.0%) -

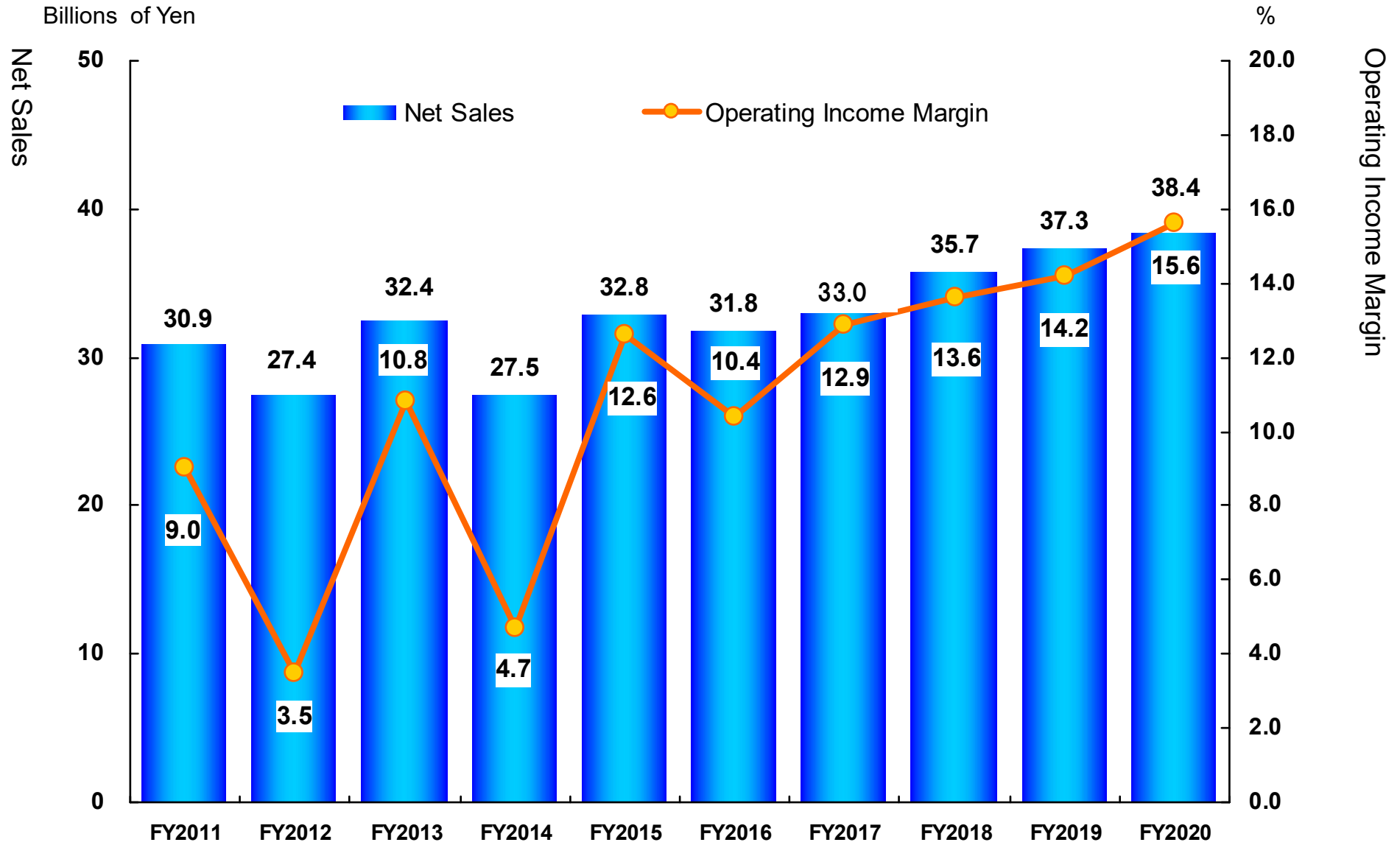
- The second half financials are higher than the first half due to strong demand for CMP products.
  - Logic devices : Strong demand due to a ramp-up of advanced logic device production.
  - Memory devices : Strong demand from data centers starting in the fourth quarter, despite an overall weak market during the year.

# Financial Forecast: Full Year

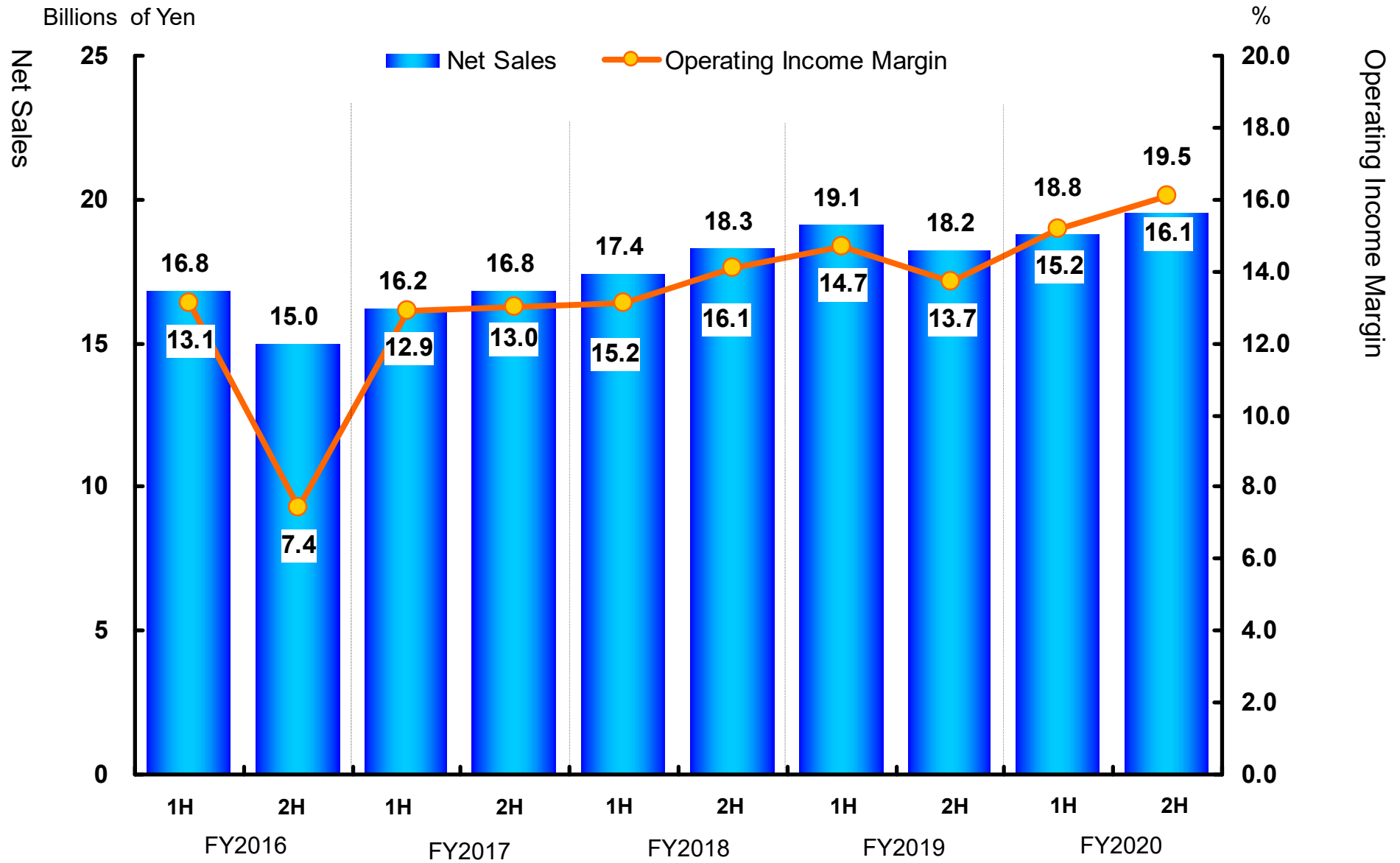
Millions of Yen	FY2019	FY2020	FY2021	
			Forecast	vs FY2020
Net Sales	37,394	38,408	To Be Announced	-
Operating Income Margin	5,310 14.2%	6,007 15.6%		
Ordinary Income Margin	5,637 15.1%	6,177 16.1%		
Net Income Margin	4,265 11.4%	4,270 11.1%		

- Financial forecast of the next fiscal year will be issued as soon as it becomes possible to forecast financials reasonably considering the impact of the novel coronavirus (COVID-19).

# Sales and Operating Income Margin: Full Year



# Sales and Operating Income Margin: Half Year





# **Net Sales Breakdown by Application**

# Net Sales Breakdown Actual: Full Year

Millions of Yen	FY2019	FY2020	
			vs FY2019
Silicon	13,373	13,118	(1.9%)
- Lapping	4,297	3,838	(10.7%)
- Polishing	8,621	9,006	+4.5%
- Cutting	453	273	(39.8%)
<b>CMP</b>	<b>15,305</b>	<b>17,361</b>	<b>+13.4%</b>
Hard Disk	2,268	2,164	(4.5%)
- for Aluminum Disk	2,171	1,961	(9.7%)
- for Glass Disk	96	203	+111.2%
SM / TS*1	6,053	5,483	(9.4%)
- GI*2; Abrasives	3,931	3,571	(9.2%)
- GI ; Non-Abrasives	2,121	1,912	(9.9%)
<b>Fujimi Brand Products Total</b>	<b>36,999</b>	<b>38,128</b>	<b>+3.1%</b>
Others	395	279	(29.3%)
<b>Net Sales</b>	<b>37,394</b>	<b>38,408</b>	<b>+2.7%</b>

\*1 SM / TS : Specialty Materials / Thermal Spray

\*2 GI : General Industry

# Net Sales Breakdown Actual: Half Year

Millions of Yen	FY2019		FY2020					
	1H	2H	1H	vs 1H FY2019	vs 2H FY2019	2H	vs 2H FY2019	vs 1H FY2020
Silicon	6,706	6,666	6,458	(3.7%)	(3.1%)	6,660	(0.1%)	+3.1%
- Lapping	2,176	2,120	1,834	(15.7%)	(13.5%)	2,004	(5.5%)	+9.3%
- Polishing	4,301	4,319	4,487	+4.3%	+3.9%	4,519	+4.6%	+0.7%
- Cutting	228	225	137	(40.0%)	(39.3%)	136	(39.6%)	(0.5%)
<b>CMP</b>	<b>7,690</b>	<b>7,614</b>	<b>8,483</b>	<b>+10.3%</b>	<b>+11.4%</b>	<b>8,878</b>	<b>+16.6%</b>	<b>+4.7%</b>
Hard Disk	1,276	991	1,094	(14.3%)	+10.4%	1,070	+8.0%	(2.1%)
- Aluminum Disk	1,225	946	983	(19.8%)	+3.9%	978	+3.5%	(0.4%)
- Glass Disk	51	45	111	+117.3%	+145.7%	92	+104.2%	(16.9%)
SM / TS*1	3,283	2,769	2,689	(18.1%)	(2.9%)	2,794	+0.9%	+3.9%
- GI*2; Abrasives	2,212	1,718	1,740	(21.4%)	+1.2%	1,831	+6.6%	+5.2%
- GI ; Non-Abrasives	1,070	1,051	949	(11.4%)	(9.7%)	963	(8.3%)	+1.5%
<b>Fujimi Brand Products Total</b>	<b>18,957</b>	<b>18,042</b>	<b>18,724</b>	<b>(1.2%)</b>	<b>+3.8%</b>	<b>19,404</b>	<b>+7.6%</b>	<b>+3.6%</b>
Others	206	189	160	(22.4%)	(15.5%)	119	(36.8%)	(25.2%)
<b>Net Sales</b>	<b>19,163</b>	<b>18,231</b>	<b>18,884</b>	<b>(1.5%)</b>	<b>+3.6%</b>	<b>19,524</b>	<b>+7.1%</b>	<b>+3.4%</b>

\*1 SM / TS : Specialty Materials / Thermal Spray

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# Silicon Wafer Business

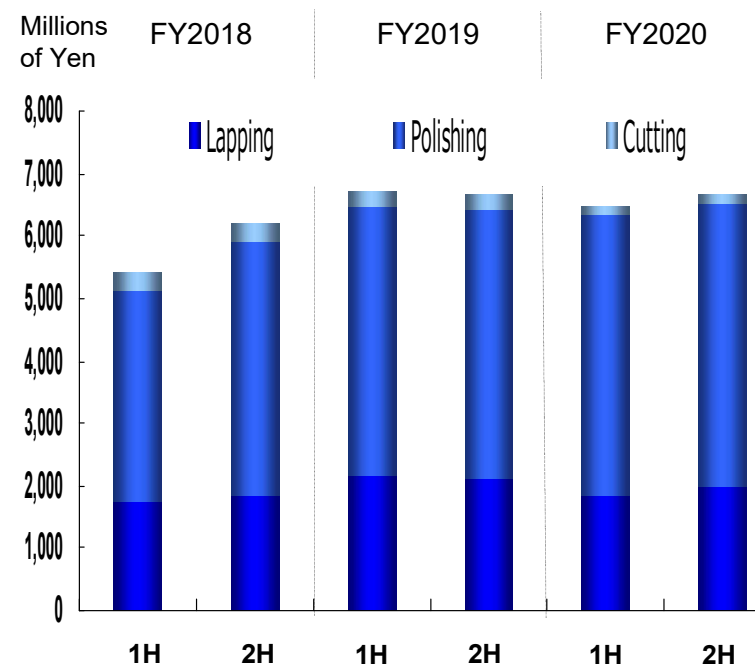
## «Full Year»

Millions of Yen	FY2019		FY2020	
				vs FY2019
Silicon	13,373		13,118	(1.9%)
- Lapping	4,297		3,838	(10.7%)
- Polishing	8,621		9,006	+4.5%
- Cutting	453		273	(39.8%)

## «Half Year»

Millions of Yen	FY2019		FY2020	
	1H	2H	1H	2H
Silicon	6,706	6,666	6,458	6,660
- Lapping	2,176	2,120	1,834	2,004
- Polishing	4,301	4,319	4,487	4,519
- Cutting	228	225	137	136

- Lapping : Sales down due to the market slowdown of small diameter silicon wafers
- Polishing : Sales up due to new sales activities



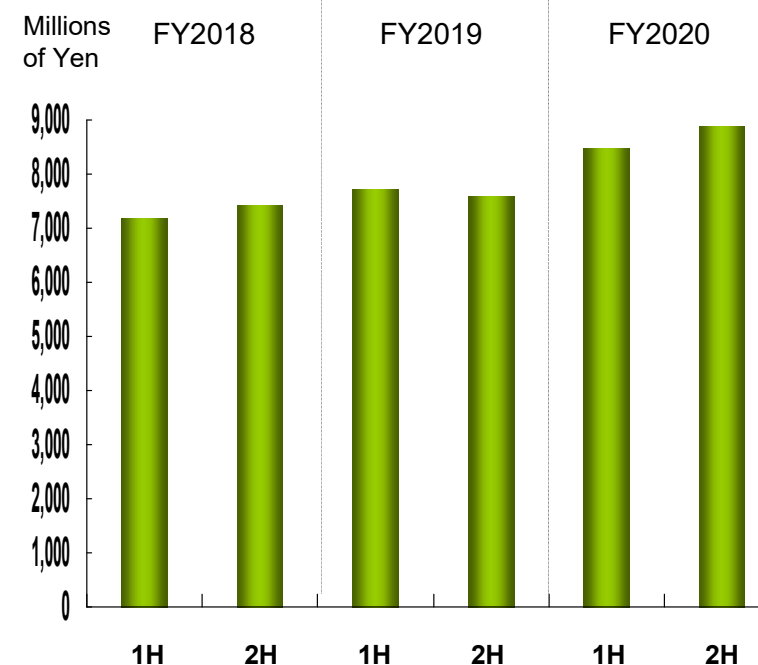
# CMP Business

## «Full Year»

Millions of Yen	FY2019		FY2020	
				vs FY2019
CMP	15,305		17,361	+13.4%

## «Half Year»

Millions of Yen	FY2019		FY2020	
	1H	2H	1H	2H
	CMP	7,690	7,614	8,483



- Sales up due to:
  - Logic devices : Strong demand due to ramp-up of advanced logic device production
  - Memory devices : Strong demand from data centers starting in the fourth quarter despite an overall weak market during the year.

# Hard Disk Business

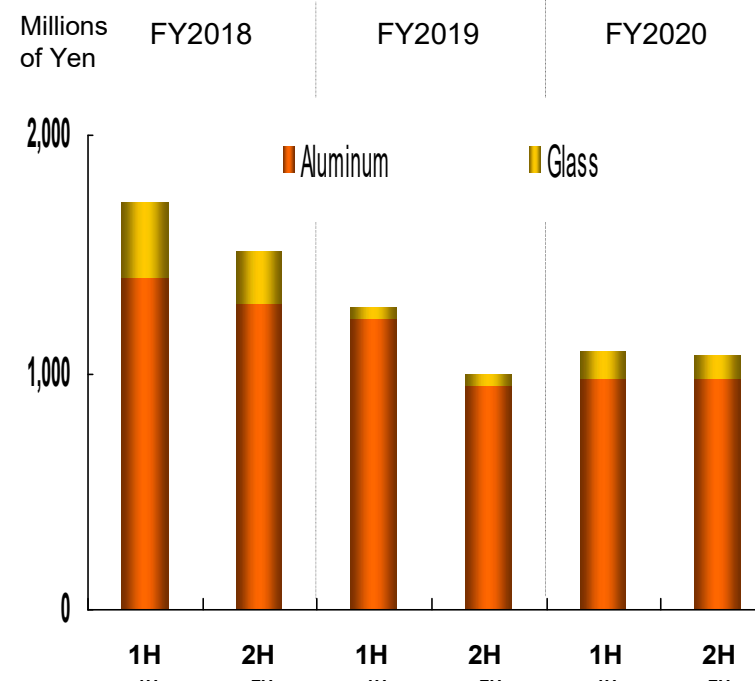
## «Full Year»

Millions of Yen	FY2019		FY2020	
				vs FY2019
Hard Disk	2,268		2,164	(4.5%)
- Aluminum Disk	2,171		1,961	(9.7%)
- Glass Disk	96		203	+111.2%

## «Half Year»

Millions of Yen	FY2019		FY2020	
	1H	2H	1H	2H
Hard Disk	1,276	991	1,094	1,070
- Aluminum Disk	1,225	946	983	978
- Glass Disk	51	45	111	92

- Aluminum Disk : Sales down due to market shrinkage and a customer's manufacturing process change
- Glass Disk : Sales up due to temporary customer demand



# Specialty Materials / Thermal Spray Business

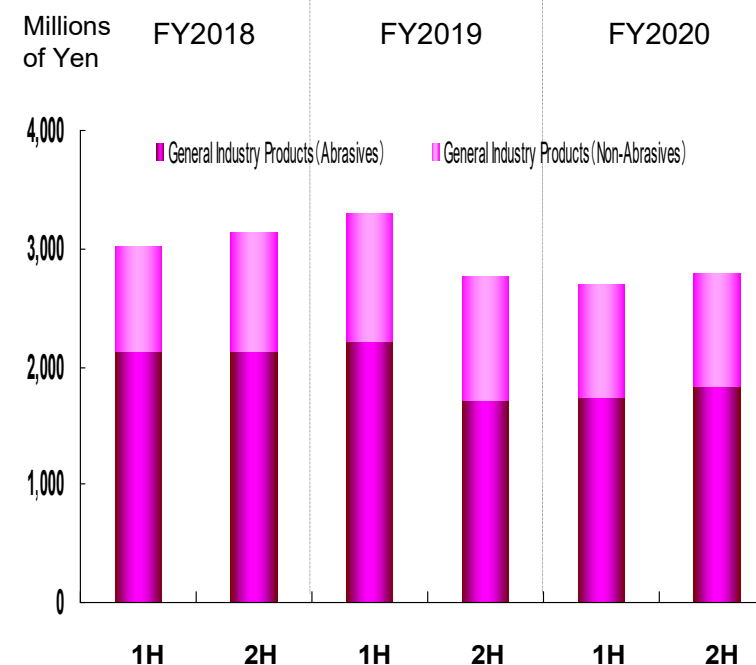
## «Full Year»

Millions of Yen	FY2019		FY2020	
				vs FY2019
SM / TS*1	6,053		5,483	(9.4%)
- GI*2; Abrasives	3,931		3,571	(9.2%)
- GI ; Non-Abrasives	2,121		1,912	(9.9%)

## «Half Year»

Millions of Yen	FY2019		FY2020	
	1H	2H	1H	2H
SM / TS*1	3,283	2,769	2,689	2,794
- GI*2; Abrasives	2,212	1,718	1,740	1,831
- GI ; Non-Abrasives	1,070	1,051	949	963

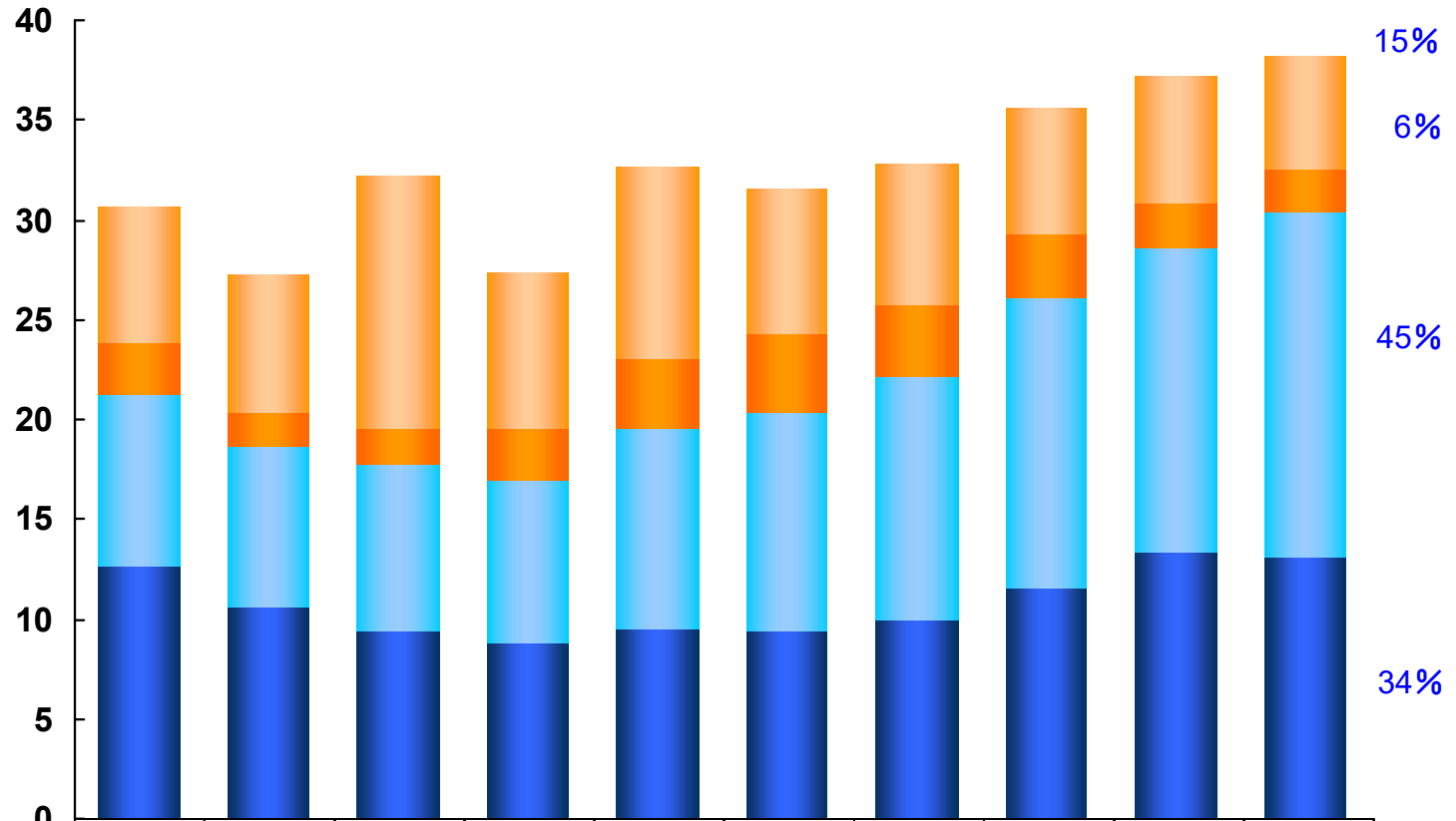
- Abrasives : Sales down due to lower sales for grinding wheels and coated abrasives
- Non-Abrasives : Sales down due to weak demand for SPE and FPD production equipment



# Net Sales by Application

Billions of Yen

■ Silicon    ■ CMP    ■ Hard Disk    ■ Specialty Materials / Thermal Spray

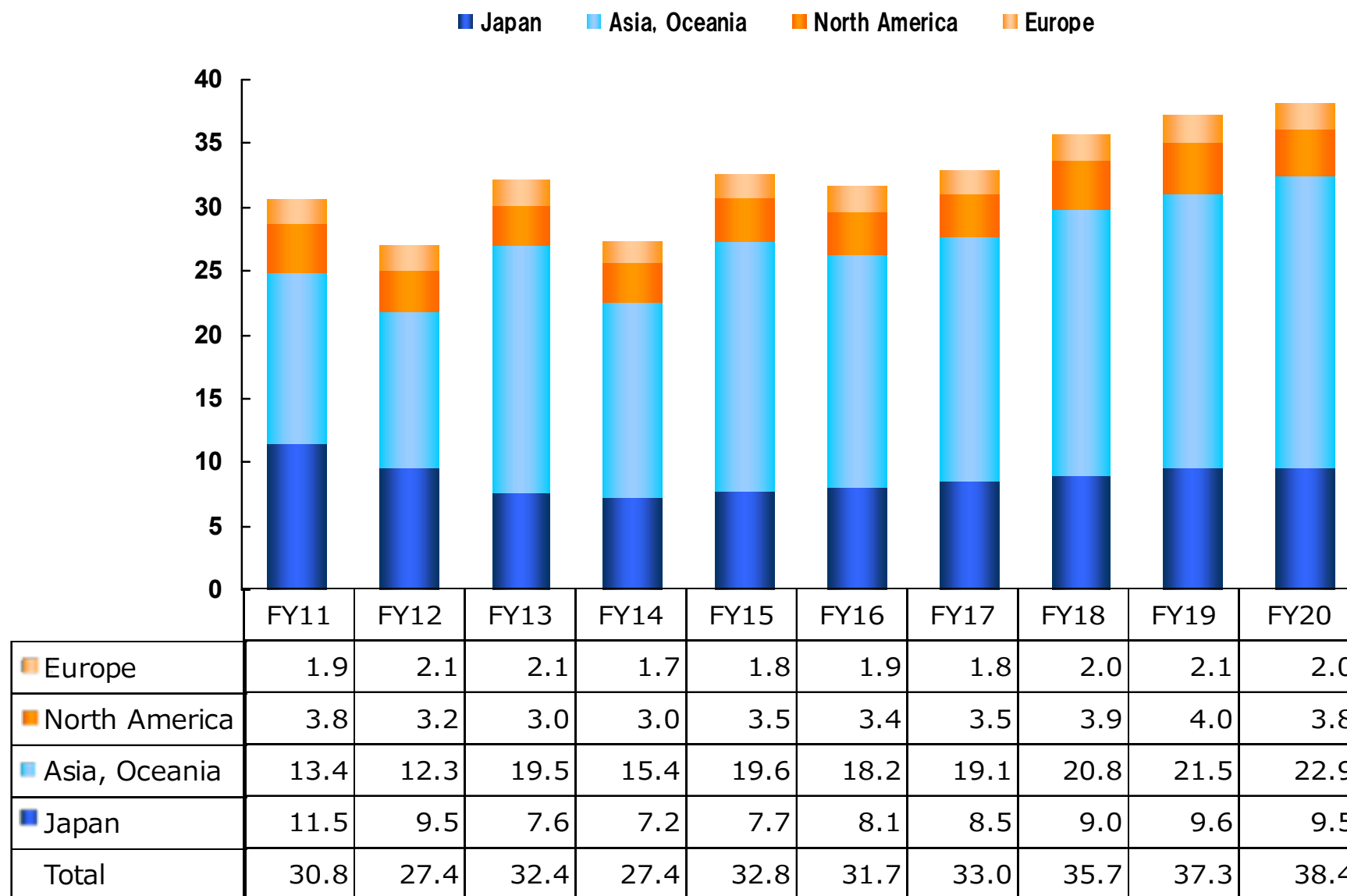


	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Specialty Materials / Thermal Spray	6.8	6.9	12.7	7.7	9.6	7.2	7.0	6.3	6.4	5.7
Hard Disk	2.6	1.7	1.8	2.6	3.4	4.0	3.6	3.2	2.2	2.1
CMP	8.5	8.0	8.3	8.2	10.1	10.9	12.2	14.6	15.3	17.3
Silicon	12.7	10.6	9.4	8.8	9.5	9.4	10.0	11.5	13.3	13.1
Total	30.8	27.4	32.4	27.4	32.8	31.7	33.0	35.7	37.3	38.4



# Net Sales by Region

Billions of Yen



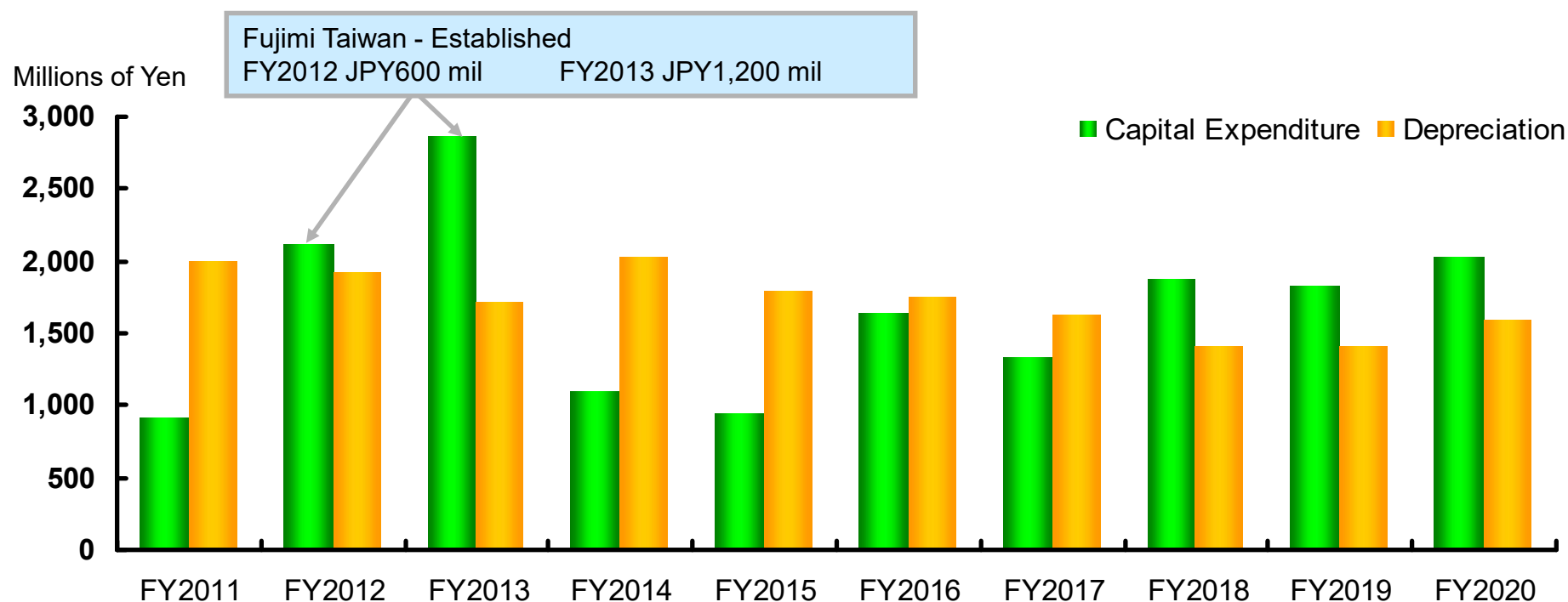
# **Capital Expenditure**

## **Depreciation**

### **R&D Expense**

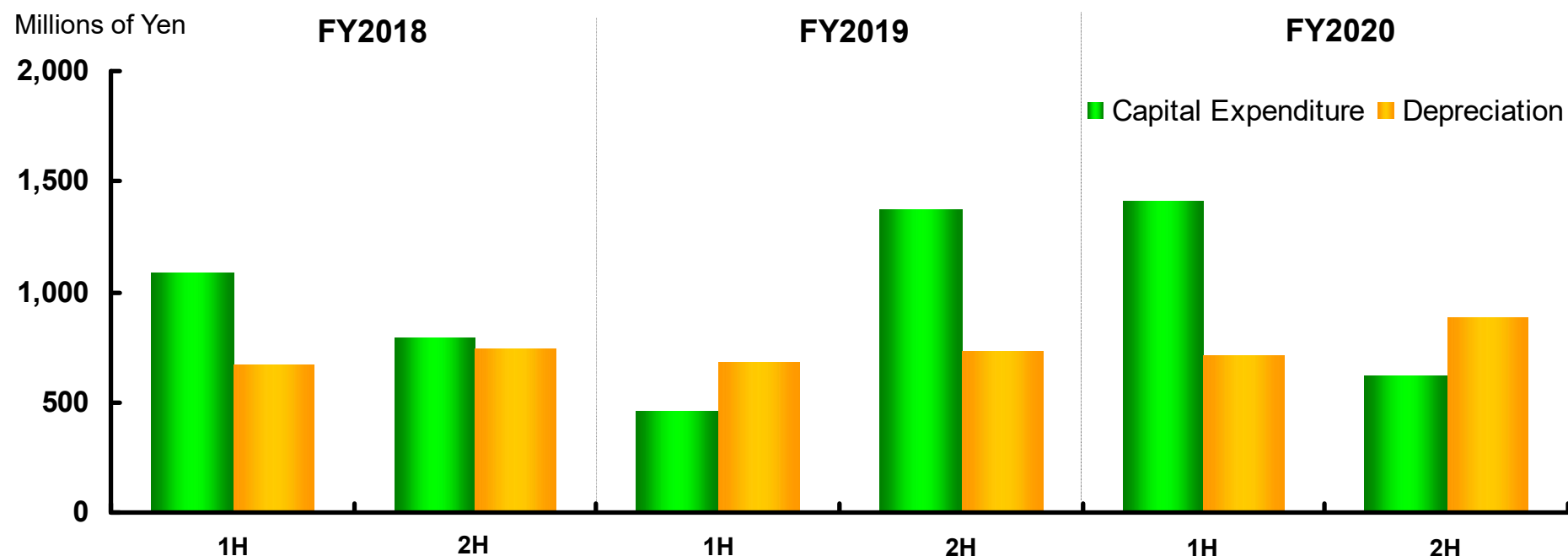
# Capital Expenditure/ Depreciation (Full Year)

Millions of Yen	FY2019	FY2020			
		Forecast		vs FY2019	vs FY2020 Forecast
Capital Expenditure	1,829	2,800	2,030	+11.0%	(27.5%)
Depreciation	1,413	1,600	1,598	+13.1%	(0.1%)



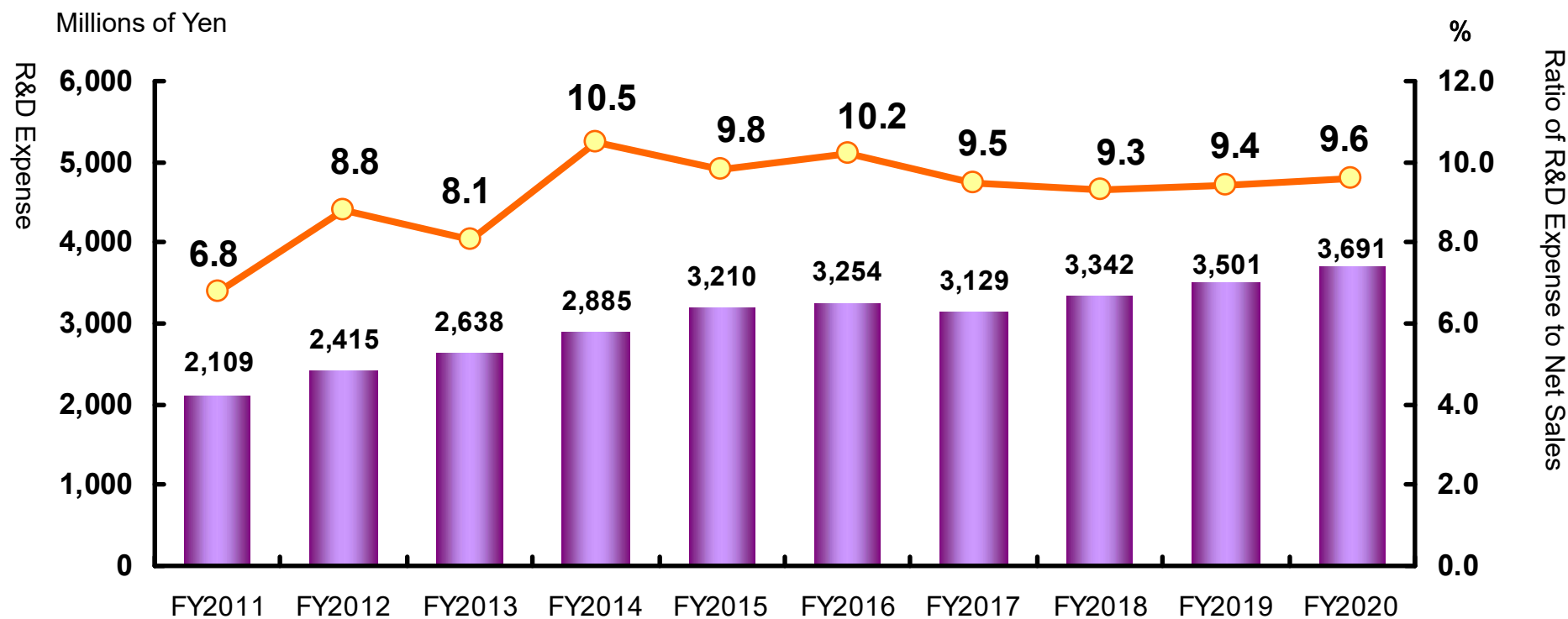
# Capital Expenditure/ Depreciation (Half Year)

Millions of Yen	FY2019		FY2020			
	1H	2H	1H	2H	vs 2H FY2019	vs 1H FY2020
Capital Expenditure	461	1,368	1,409	621	(54.6%)	(55.9%)
Depreciation	684	729	715	883	+21.1%	23.5%



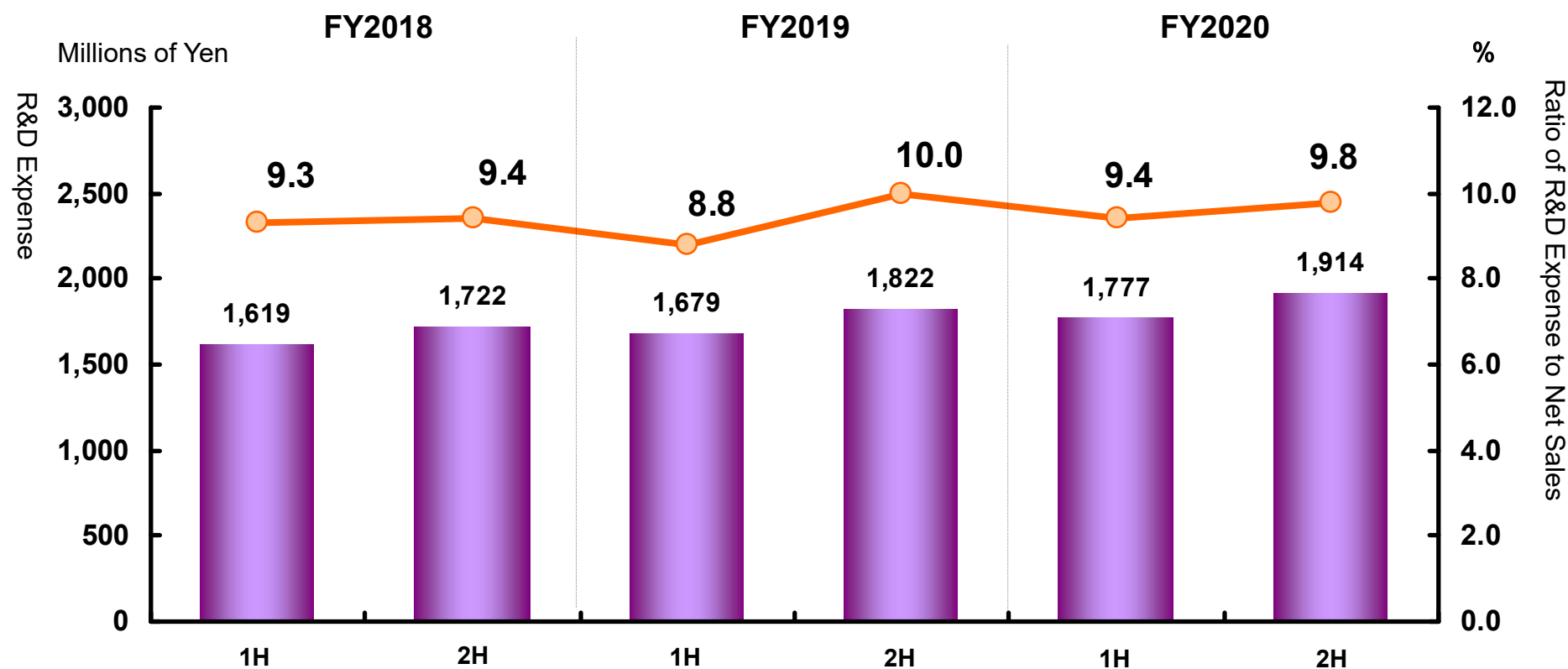
# R&D Expense (Full Year)

Millions of Yen	FY2019	FY2020			
		Forecast		vs FY2019	vs FY2020 Forecast
R&D Expense	3,501	3,700	3,691	+5.4%	(0.2%)



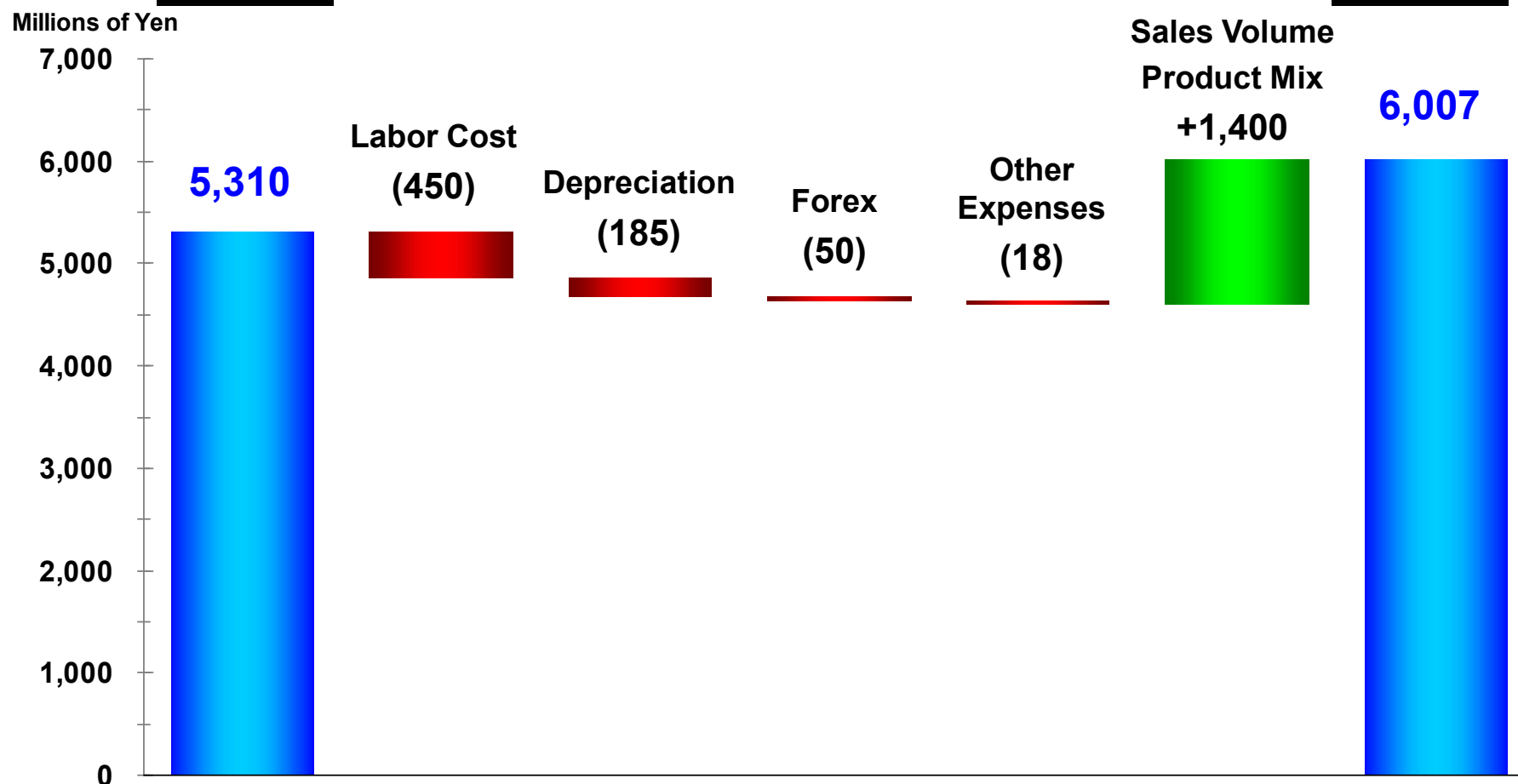
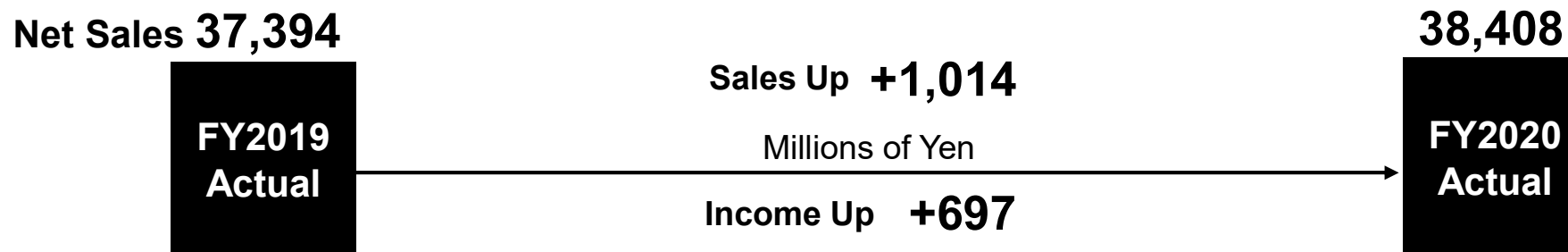
# R&D Expense (Half Year)

Millions of Yen	FY2019		FY2020			
	1H	2H	1H	2H	vs 2H FY2019	vs 1H FY2020
R&D Expense	1,679	1,822	1,777	1,914	+5.0%	+7.7%



# Operating Income Analysis

# Operating Income Analysis: FY2020 vs FY2019





# Shareholder Returns

# Shareholder Returns

## - Profit Distribution Policy

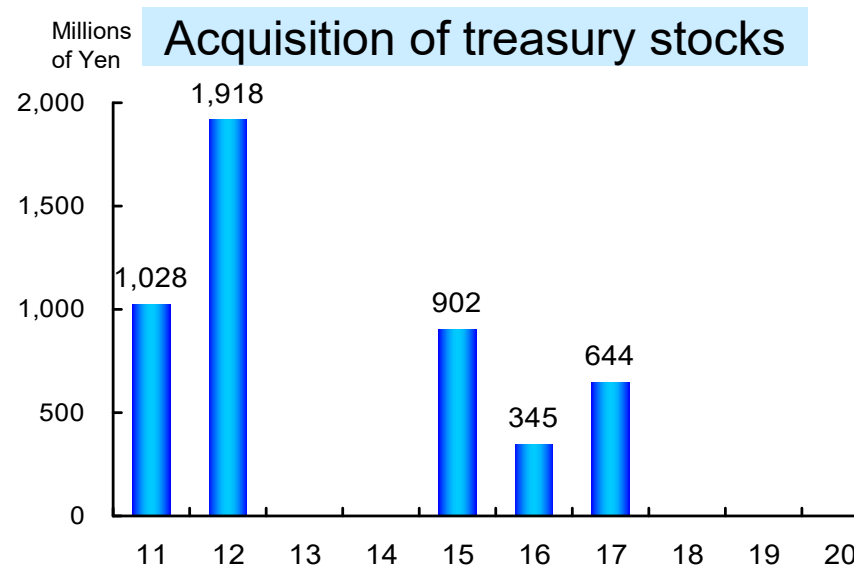
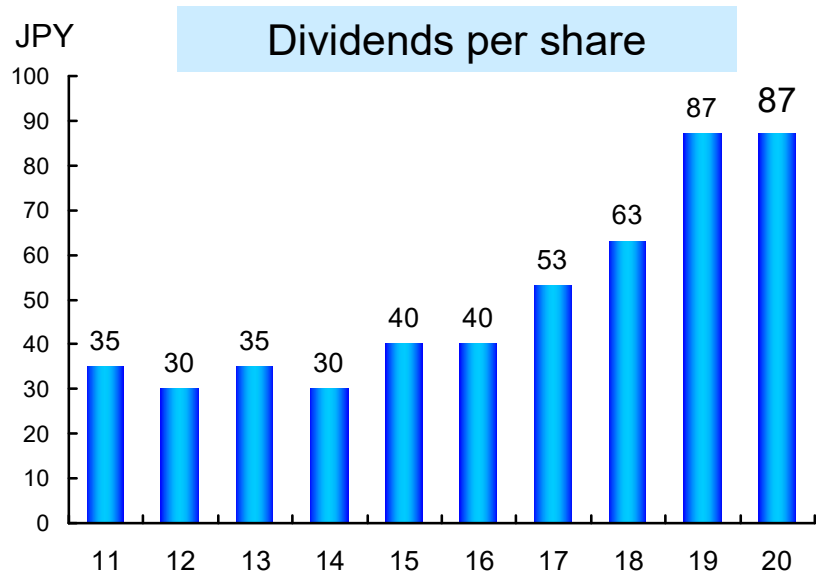
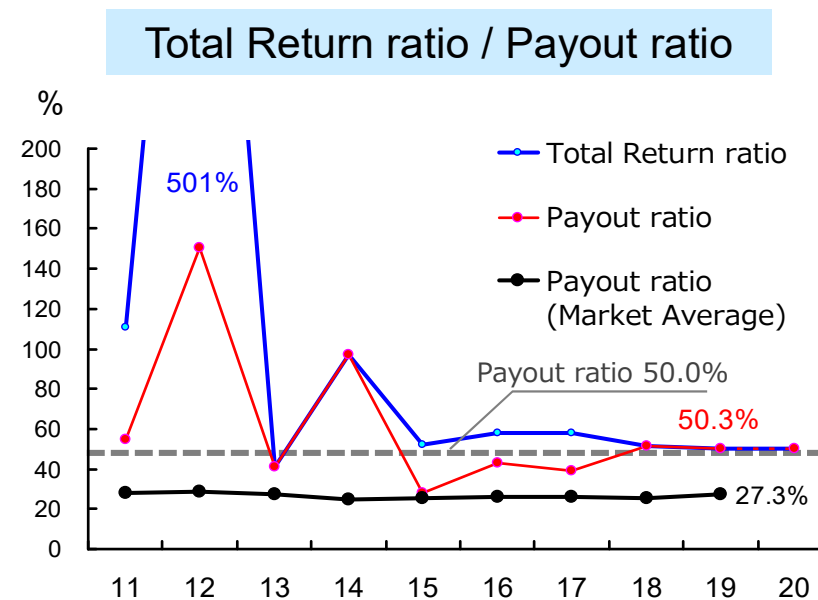
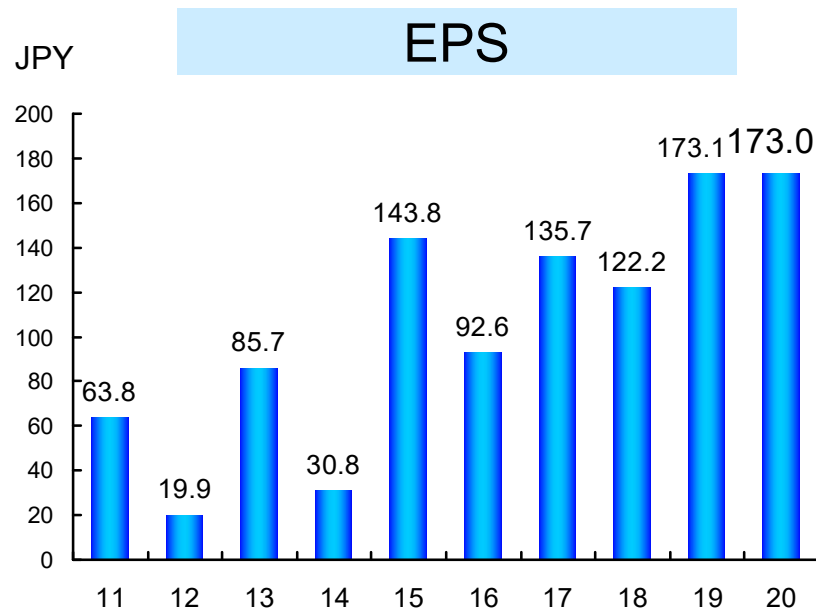
1. Payout ratio: 50% or higher
2. Continuous and stable distribution

## - Dividends per share

Payout ratio is over 50% for the second consecutive year.

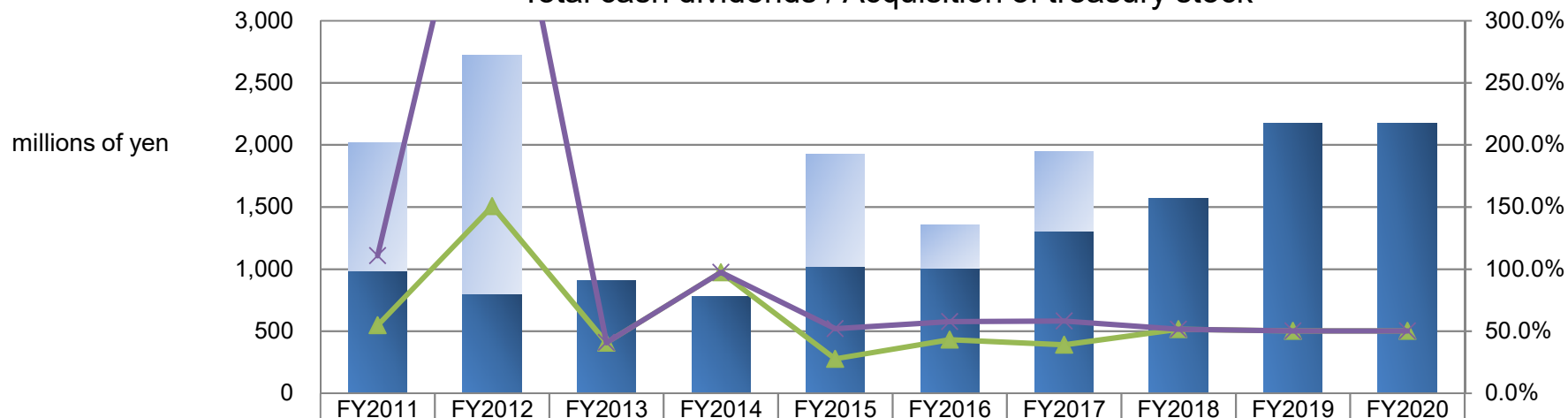
	FY2019/3		FY2020/3	
	Forecast	Actual	Forecast	Actual
	11 May 2018	10 May 2019	10 May 2019	13 May 2020
Interim dividend	JPY40 (F)	JPY40 (A)	JPY40 (F)	JPY40 (A)
Year-end dividend	JPY40 (F)	JPY47 (A)	JPY40 (F)	JPY47 (A)
Total dividend	JPY80 (F)	JPY87 (A)	JPY80 (F)	JPY87 (A)
Payout ratio	50.6% (F)	<b>50.3%</b> (A)	54.9% (F)	<b>50.3%</b> (A)

# Shareholder Returns



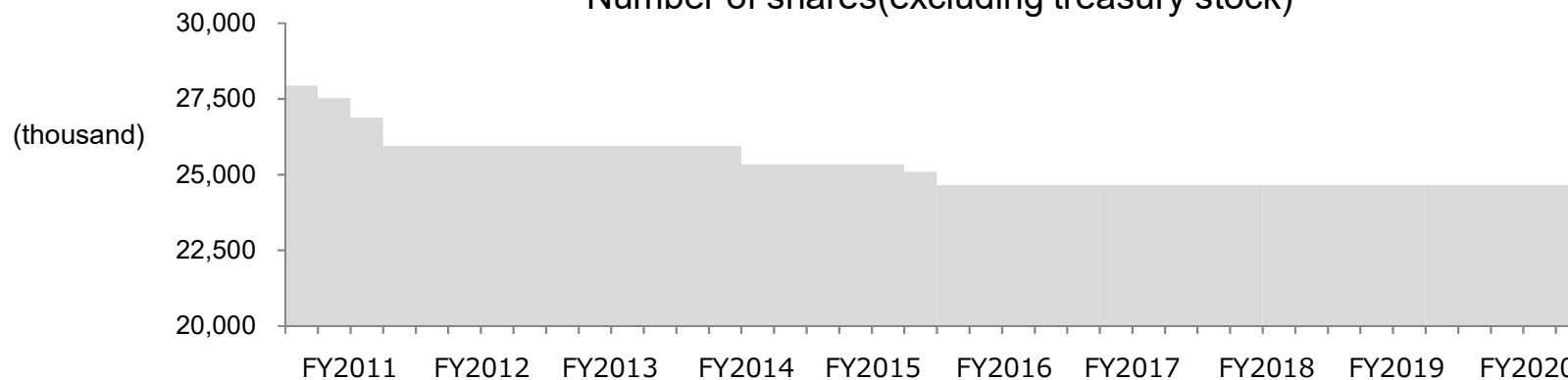
# Dividend History

Total cash dividends / Acquisition of treasury stock



	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Acquisition of treasury stock	1,028	1,918	0	0	902	345	644	0	0	0
Cash dividends	989	801	907	778	1,022	1,008	1,306	1,567	2,177	2,177
Payout ratio	54.8%	150.7%	40.8%	97.3%	27.8%	43.2%	39.0%	51.6%	50.3%	50.3%
Total return ratio	110.8%	500.8%	40.8%	97.3%	52.1%	57.7%	58.2%	51.6%	50.3%	50.3%
Dividends per share JPY	35	30	35	30	40	40	53	63	87	87

Number of shares(excluding treasury stock)



# Supplementary Data

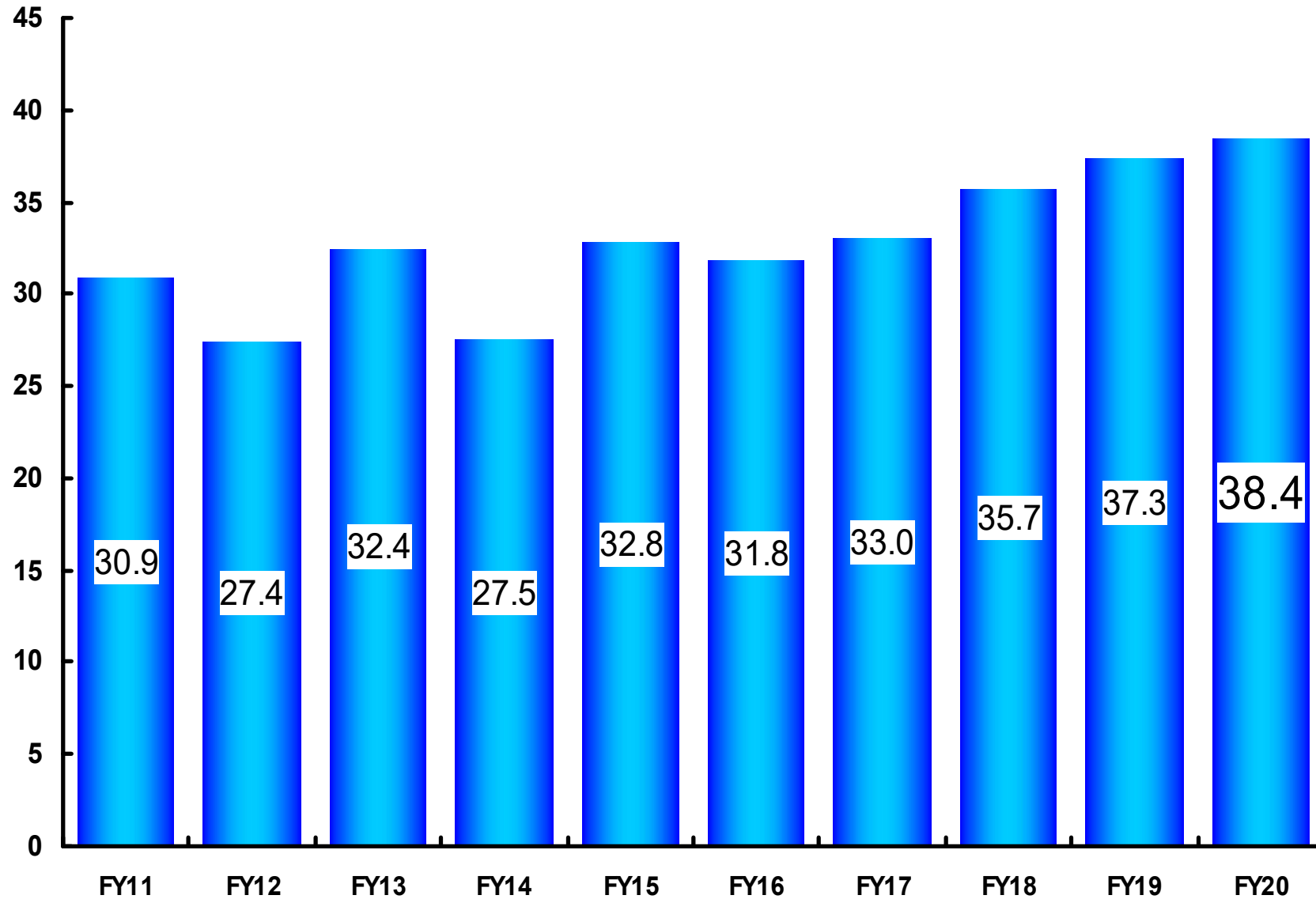
# Number of Employees

	FY2019		FY2020			
	As of 31 Mar 2019		As of 31 Mar 2020			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2019	
Full-time					*Temporary	
FUJIMI INCORPORATED	588	193	636	192	+48	(1)
FUJIMI CORPORATION	114	3	108	1	(6)	(2)
FUJIMI TAIWAN LIMITED	77	1	86	2	+9	+1
FUJIMI-MICRO TECHNOLOGY SDN.BHD	66	7	66	5	—	(2)
FUJIMI EUROPE GmbH	5	1	5	2	—	+1
FUJIMI KOREA LIMITED	6	0	4	1	(2)	+1
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	5	1	3	1	(2)	—
Total	861	206	908	204	+47	(2)

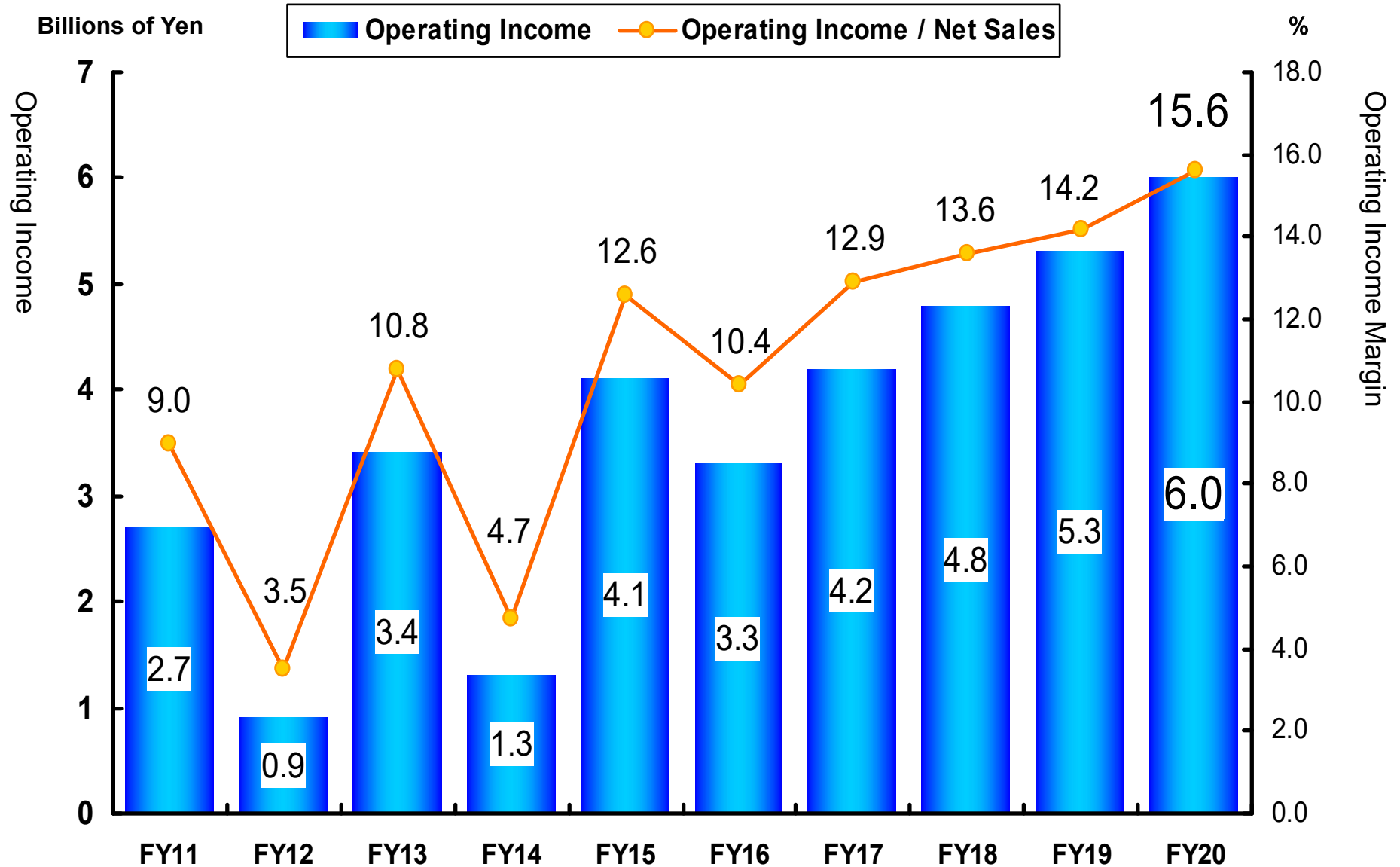
\* Temporary: average number of employee(s) for the term

# Net Sales : Full Year

Billions of Yen

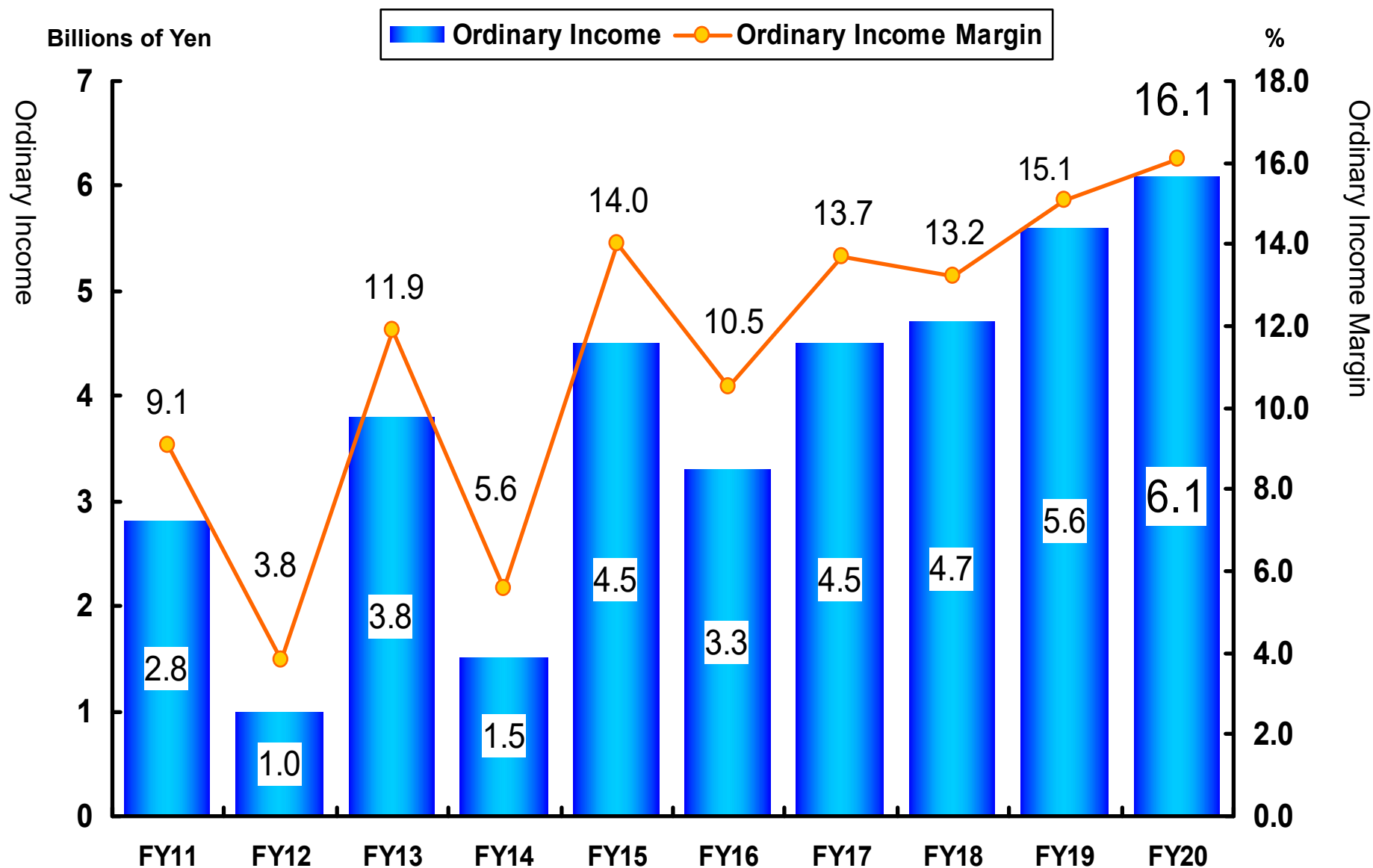


# Operating Income : Full Year

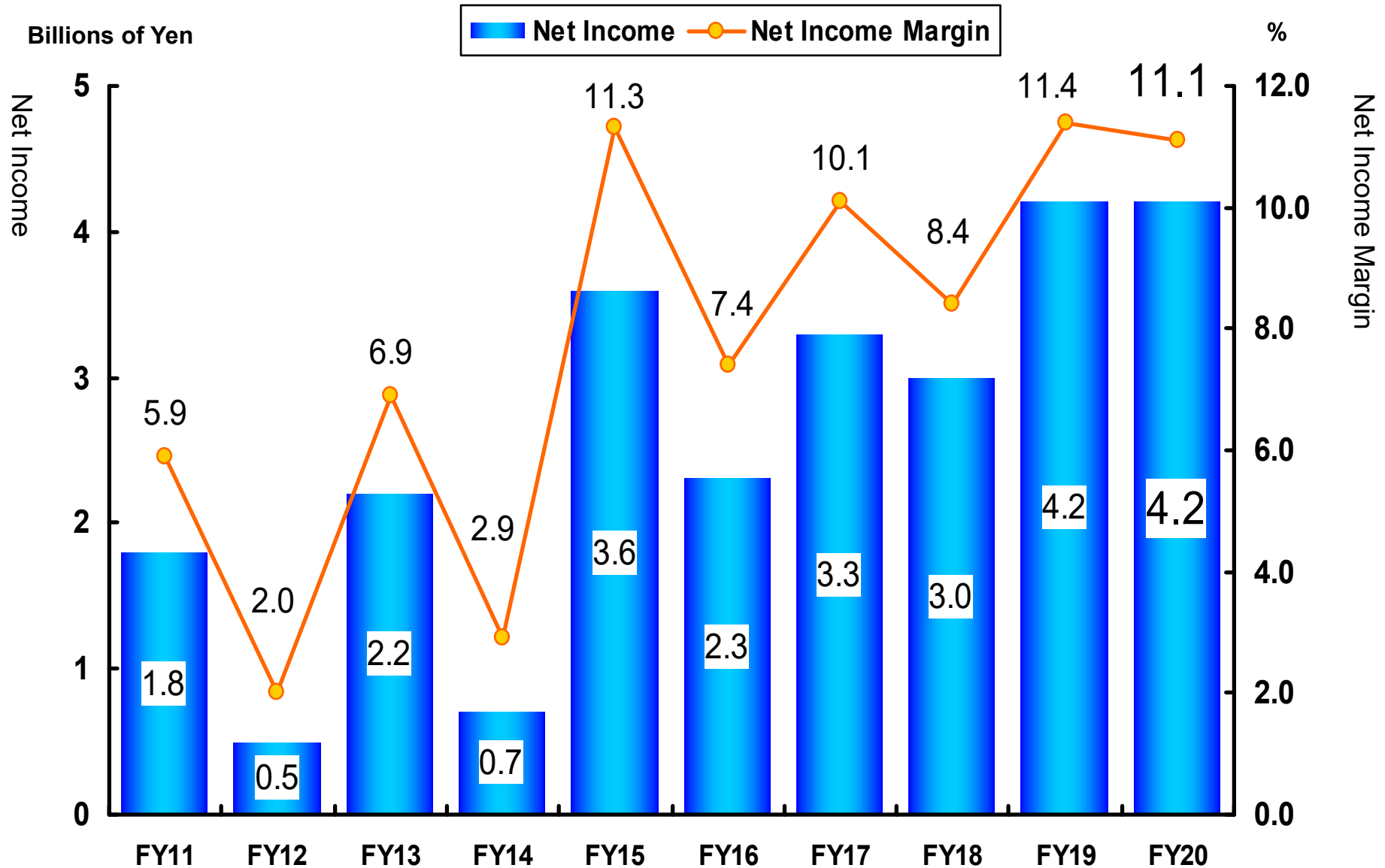




# Ordinary Income : Full Year

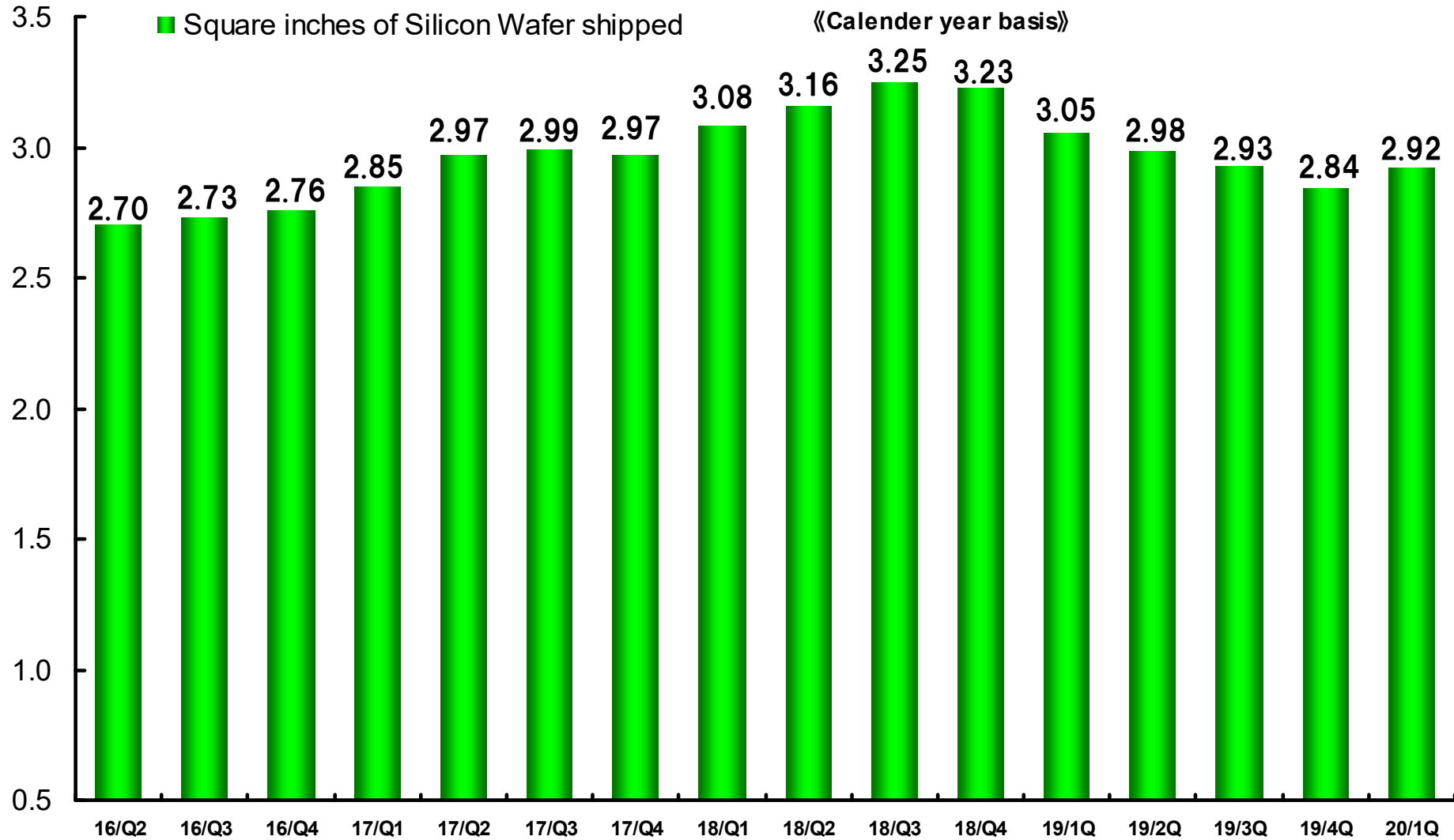


# Income Attributable to Owners of Parent : Full Year



# Quarterly Shipments of Silicon Wafers – Worldwide

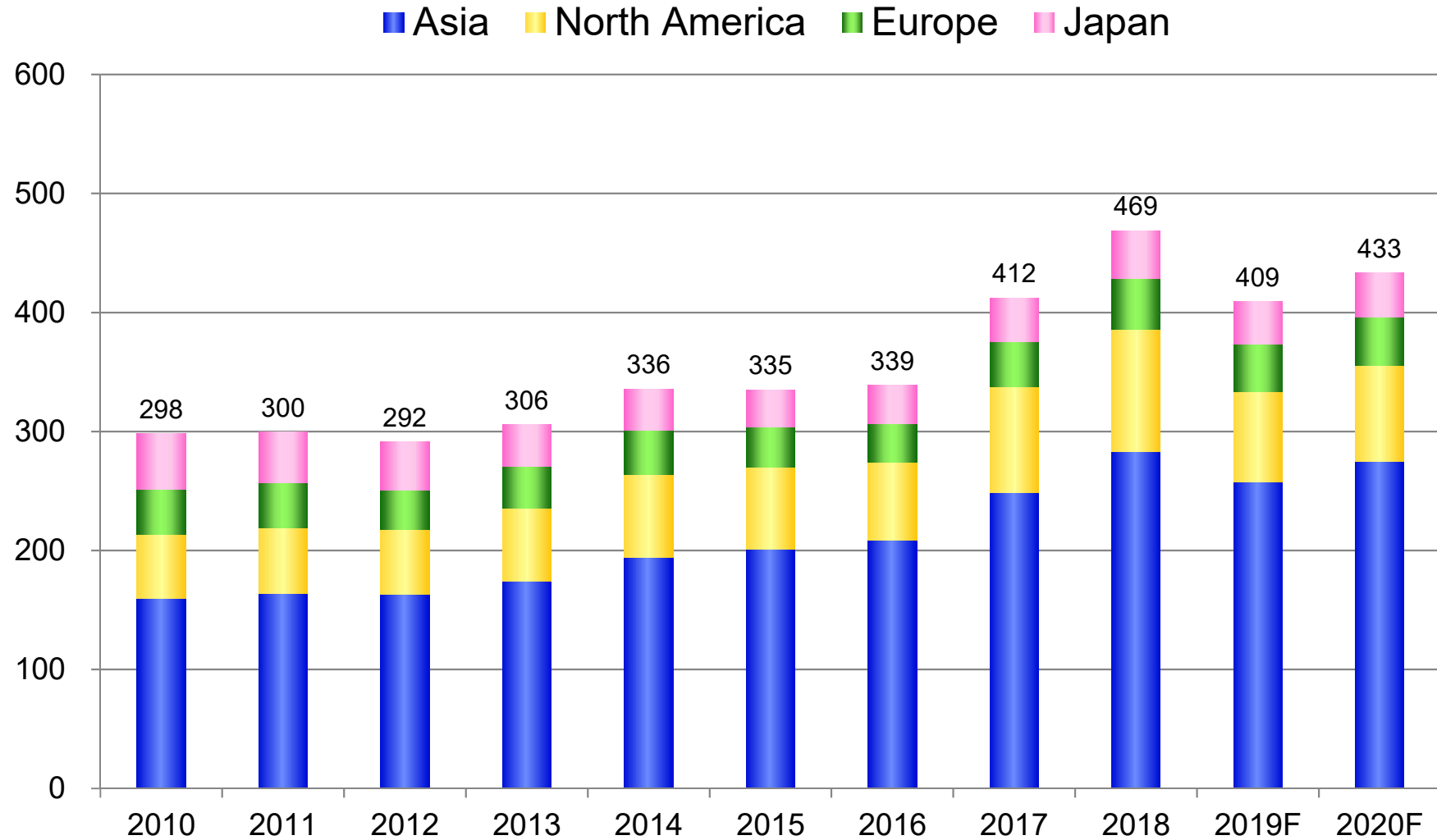
Billions of square inches (MSI)



Source: SEMI (Semiconductor Equipment and Materials International)

# Semiconductor Market Scale by Region

Billions of dollars



Source : WSTS (World Semiconductor Trade Statistics), 2018 Autumn