

# Financial Overview

## FY2021 2Q

**FUJIMI INCORPORATED**

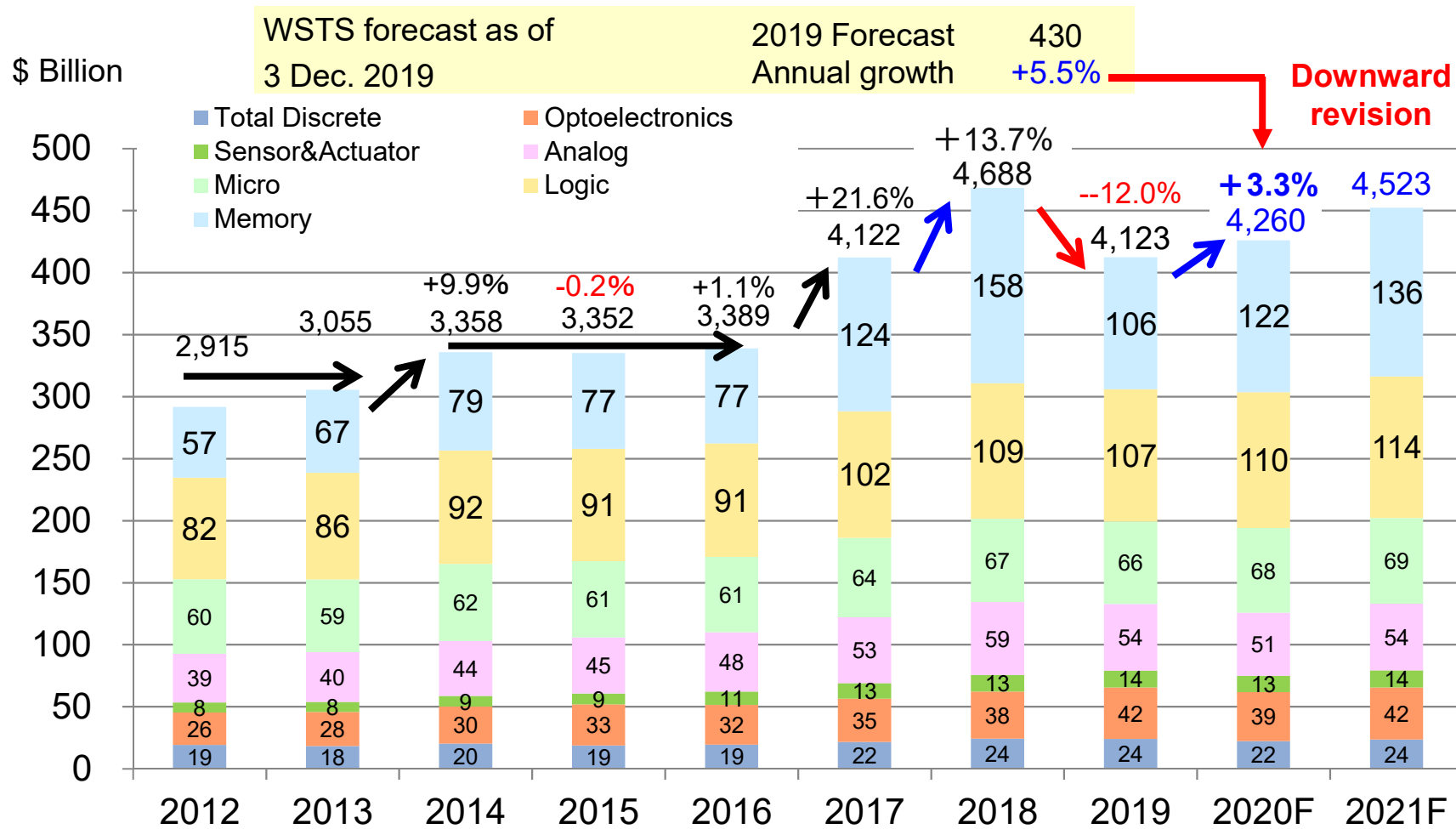
TSE Code : 5384

13 Nov 2020

# Market Overview

# World Semiconductor Market : Annual Trend by Application

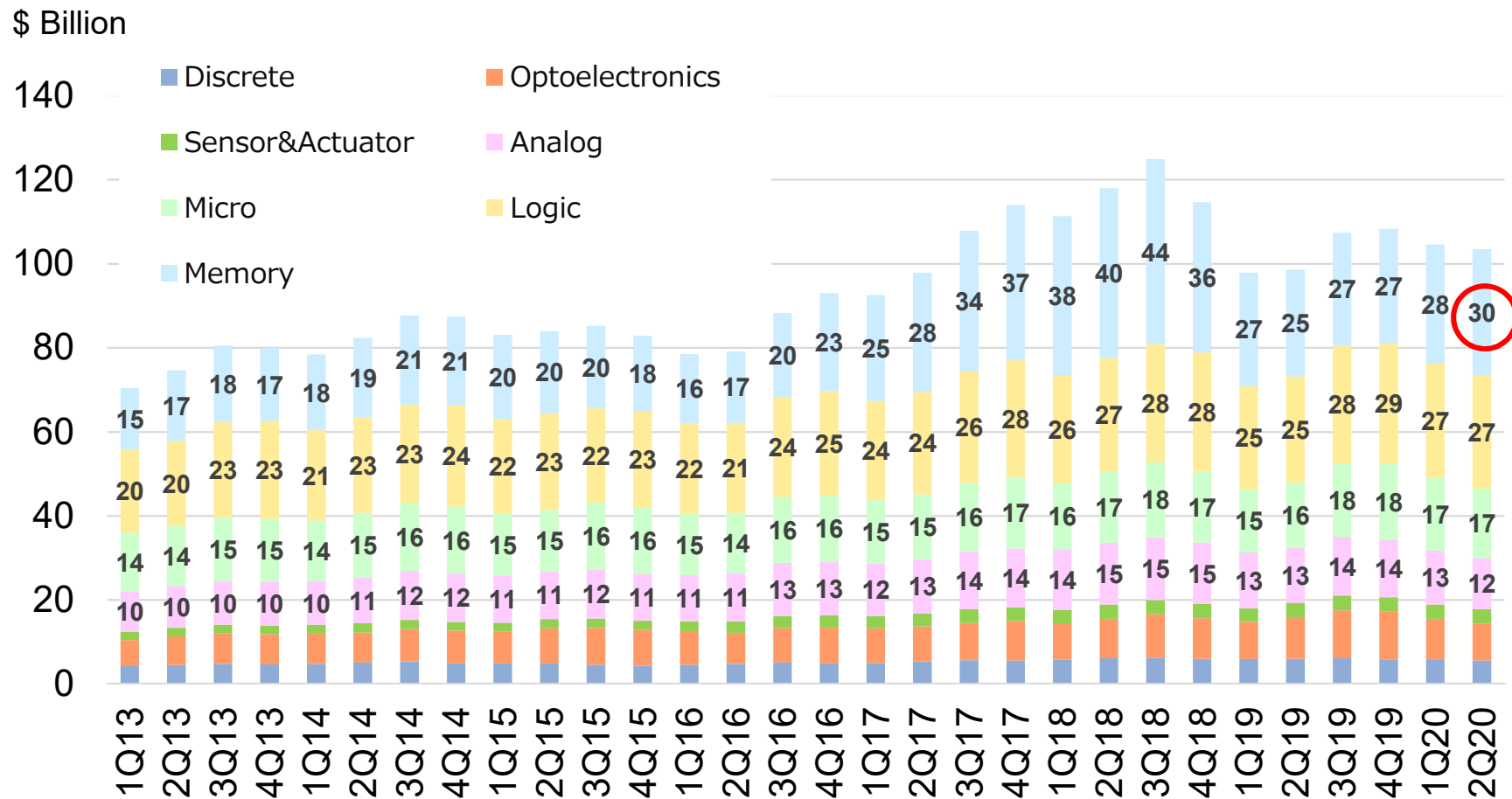
- In 2019, the market dropped by 12.0% due to the slowdown in growth of smartphones, data centers, automobiles, cryptocurrencies, etc.
- In 2020, although the impact of the novel coronavirus (COVID-19) is still uncertain, the market is expected to grow by 3.3%.



Source : WSTS, 9 June 2020

# World Semiconductor Market : Quarter Trend by Application

- In 2Q20, the memory market exceeded US\$ 30 billion for the first time in 6 quarters with firm demand for data centers and PCs fueled by stay-at-home to prevent the spread of COVID-19.

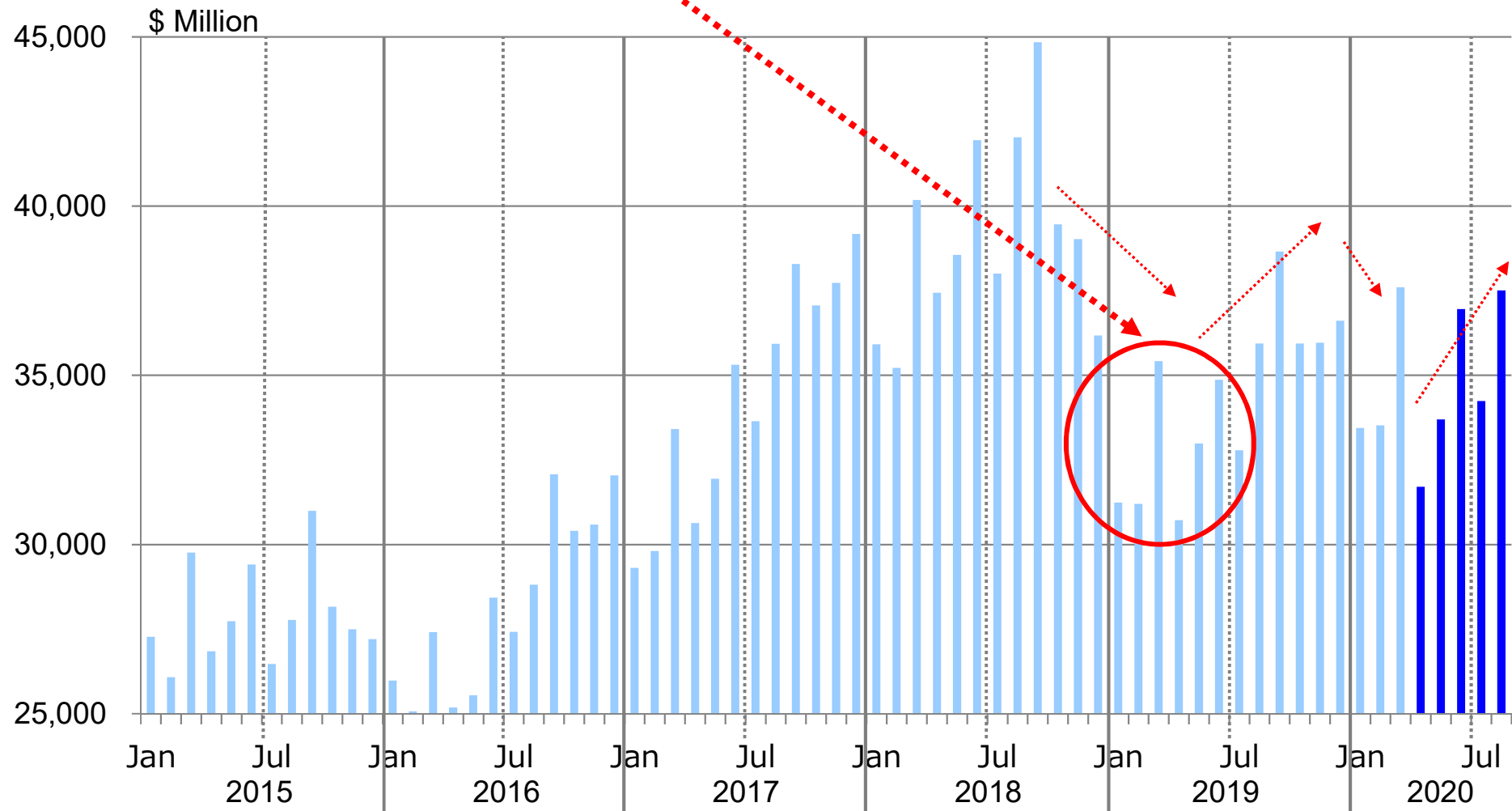


Source : WSTS

<Calendar year basis>

# World Semiconductor Market : Monthly Trend until Aug 2020

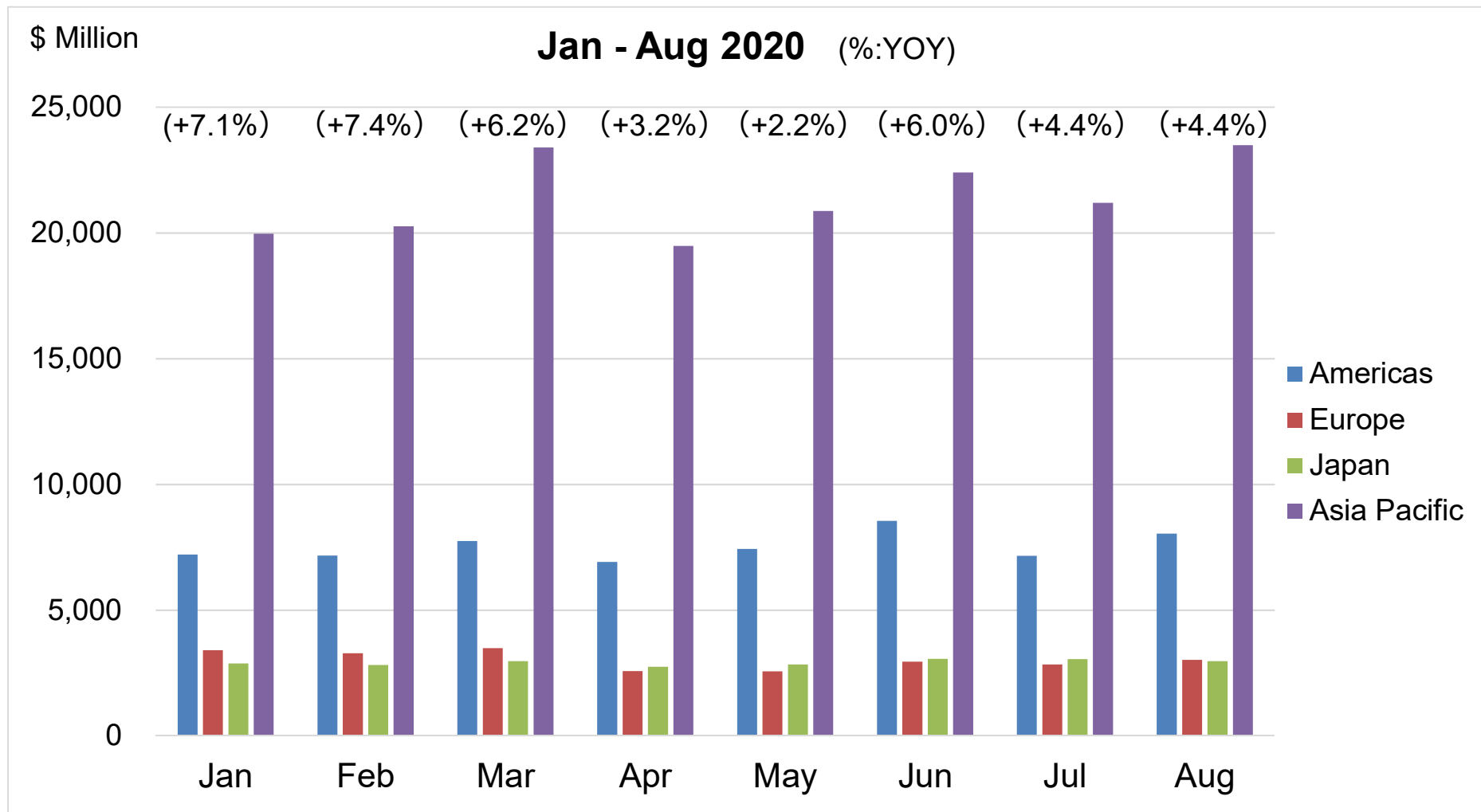
- In 2019, after a market downturn from Jan to Jul, the market recovered mainly in North America and China.
- In 2020, the market dropped from Jan, but bottomed out in Apr and started to recover.



Source : WSTS, 1 October 2020

# World Semiconductor Market : Monthly Trend by Region

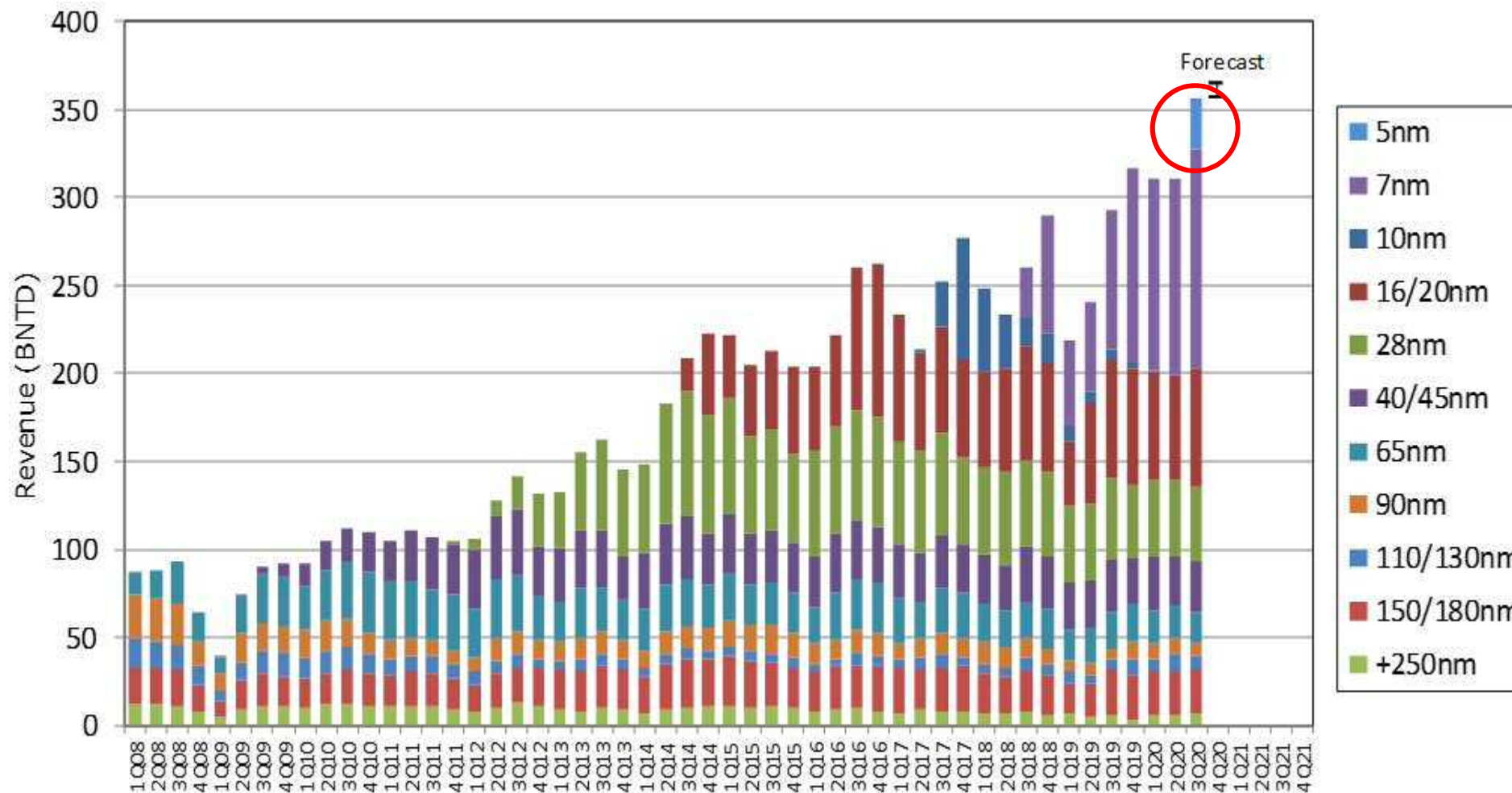
- The growth rate was 6-7% level from Jan to Mar 2020, but slowed to 2-3% level in Apr and May, and then has been improving since Jun.



Source : WSTS, 1 October 2020

# TSMC's Revenue : Jul - Sep 2020

- The revenue hits a record high.
- 5nm product revenue is recorded in 3Q20 for the first time.
- All existing generation revenues are good.



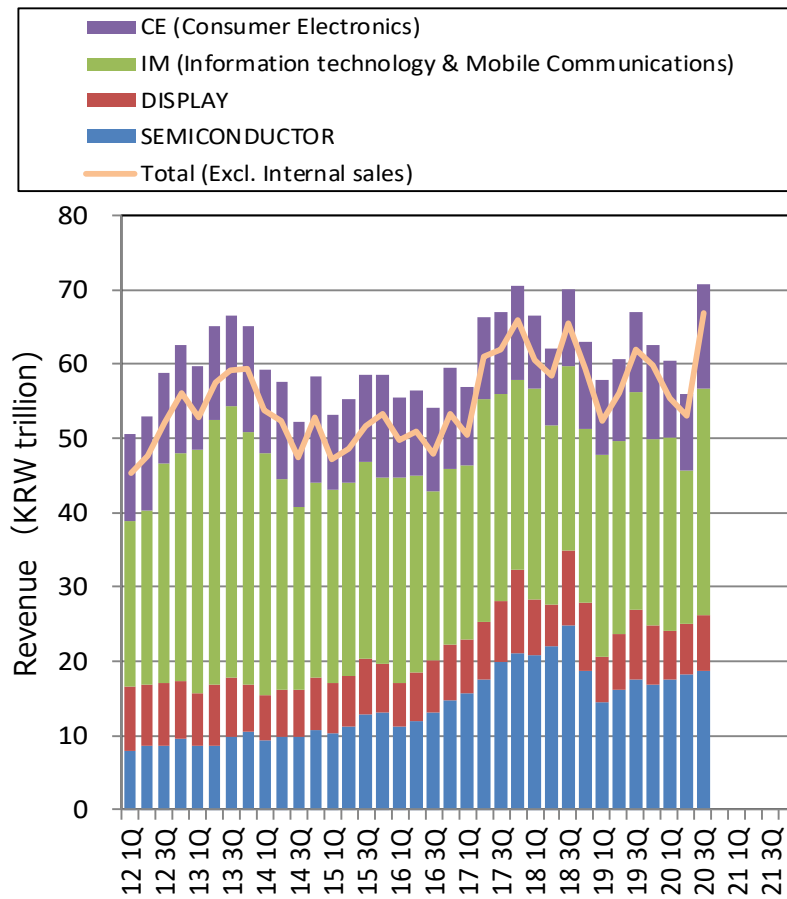
Source : The graph is created by Fujimi with TSMC's public information.

<Calendar year basis>

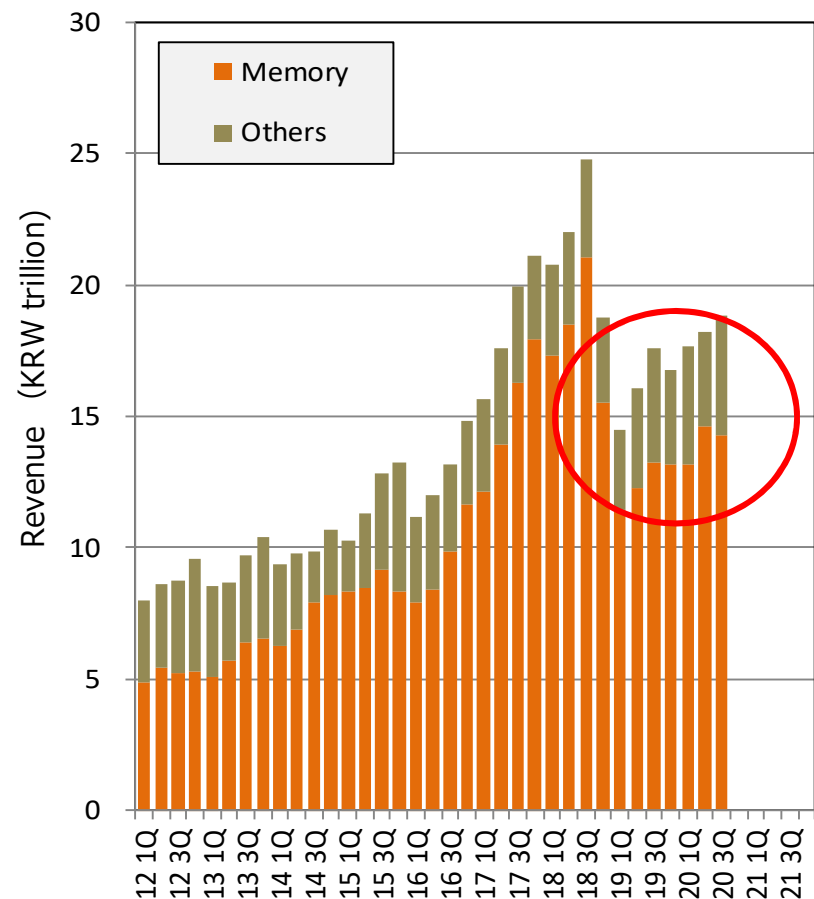
# Samsung's Revenue : Jul - Sep 2020

- Semiconductor revenue has increased since 1Q19.
- DRAM revenue is good for smartphones and PCs.
- NAND revenue is good for game consoles.

<Samsung's revenue>



<Samsung's semiconductor revenue>



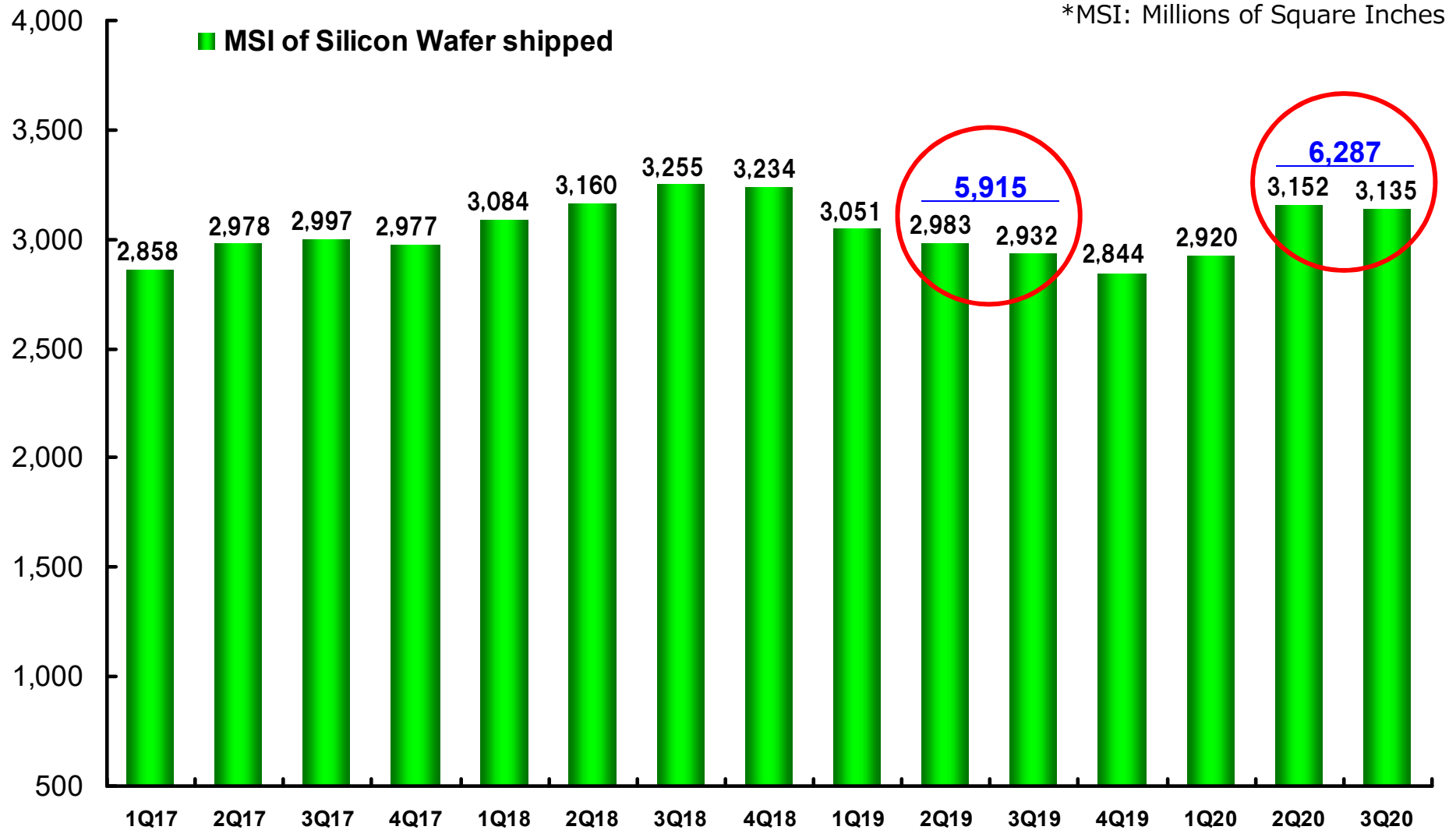
Source : Graphs are created by Fujimi with Samsung Electronics' public information.

<Calendar year basis>



# Worldwide Silicon Wafer Area Shipment : quarterly

- Total silicon wafer area shipment from Apr to Sep 2020 increased by 6.2% to 6,287 MSI\*.



Source : SEMI (Semiconductor Equipment and Materials International)

<Calendar year basis>

## Market Summary : Apr - Sep 2020

### Macro Environment

- Stay-at-home demand increased due to the spread of COVID-19.
- Supply chain risks increased due to the spread of COVID-19 and the intensified US-China trade friction.

### Semiconductor Market

- Production of advanced logic devices, mainly for smartphones, continued at a high level to build inventory and mitigate supply chain risks.
- Production of advanced memory devices continued at a high level, due to strong demand for data centers and PCs fueled by stay-at-home, and to build inventory and mitigate supply chain risks.
- Shipment of silicon wafer area increased by 6.2% due to firm demand for semiconductor, and to build inventory and mitigate supply chain risks.

### Non-Semiconductor Market

- Markets of automobiles and industrial machineries bottomed out in 1H FY2021 (Apr - Sep 2020) and are expected to recover in 2H FY2021 (Oct 2020 - Mar 2021).

# Financial Overview

# Financial Summary : 1H FY2021

## 1H FY2021 Financial Results vs 1H FY2020

• Net Sales	+8.2%	: Strong demand for CMP products related to advanced semiconductor devices
• Operating Income	+29.9%	: Sales increase and a favorable product mix
• Ordinary Income	+24.2%	:
• Net Income	+29.1%	: <b>Record high for operating, ordinary and net income</b>
• CMP	+18.5%	: Sales up due to strong demand for advanced semiconductor devices
• Silicon Wafer	+5.1%	: Sales up due to firm demand from semiconductor and an inventory increase of silicon wafers
• Hard Disk	△14.3%	: Sales down due to a customer's manufacturing process change
• General Industry (Abrasive)	△2.4%	: Sales down due to weak demand from automobiles and industrial machineries
<ul style="list-style-type: none"> <li>• Background of 1H FY2021 financial results :               <ol style="list-style-type: none"> <li>1. Strong demand of advanced logic devices and advanced memory devices used for data centers and PCs fueled by stay-at-home to prevent the spread of COVID-19</li> <li>2. Inventories increased due to supply chain risks associated with the spread of COVID-19 and the intensified US-China trade friction</li> </ol> </li> </ul>		

# Financial Results : 1H FY2021

Millions of Yen	FY2020		FY2021				
	1H	2H	1H Original Forecast @Aug 2020	1H	vs 1H FY2020	vs 2H FY2020	vs 1H Forecast
Net Sales	18,884	19,523	20,000	20,427	+8.2%	+4.6%	+2.1%
Operating Income	2,863	3,144	3,600	3,718	+29.9%	+18.3%	+3.3%
Margin	15.2%	16.1%	18.0%	18.2%	-	-	-
Ordinary Income	2,974	3,202	3,650	3,694	+24.2%	+15.3%	+1.2%
Margin	15.8%	16.4%	18.3%	18.1%	-	-	-
Net Income	2,212	2,058	2,800	2,855	+29.1%	+38.7%	+2.0%
Margin	11.7%	10.5%	14.0%	14.0%	-	-	-

- Significant increase in incomes on YoY basis due to sales up and favorable product mix
- Background of 1H FY2021 results :
  - Strong demand of advanced logic devices and advanced memory devices used for data centers and PCs fueled by stay-at-home to prevent the spread of COVID-19
  - Inventories increased due to supply chain risks associated with the spread of COVID-19 and the intensified US-China trade friction

# Financial Forecast : 2H FY2021

Millions of Yen	FY2020		FY2021					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	Vs 1H FY2021	vs 2H Original Forecast
Net Sales	18,884	19,523	20,427	-	19,073	(2.3%)	(6.6%)	-
Operating Income	2,863	3,144	3,718	-	3,081	(2.0%)	(17.1%)	-
Margin	15.2%	16.1%	18.2%	-	16.2%	-	-	-
Ordinary Income	2,974	3,202	3,694	-	3,155	(1.5%)	(14.6%)	-
Margin	15.8%	16.4%	18.1%	-	16.5%	-	-	-
Net Income	2,212	2,058	2,855	-	2,344	+13.9%	(17.9%)	-
Margin	11.7%	10.5%	14.0%	-	12.3%	-	-	-

- 2H FY2021 forecast is lower than 1H FY2021 results.
- Background of 2H FY2021 forecast :
  - Continuous uncertainty of the impact from COVID-19 and the US-China trade friction
  - No more expectation for any performance boost factors, which were strong demand from stay-at-home and inventory increases in 1H FY2021
  - Possibility that adjustments to inventories increased in 1H FY2021 may occur
- Assumed exchange rate: JPY105/USD in 2H FY2021 (JPY106/USD in 1H FY2021)

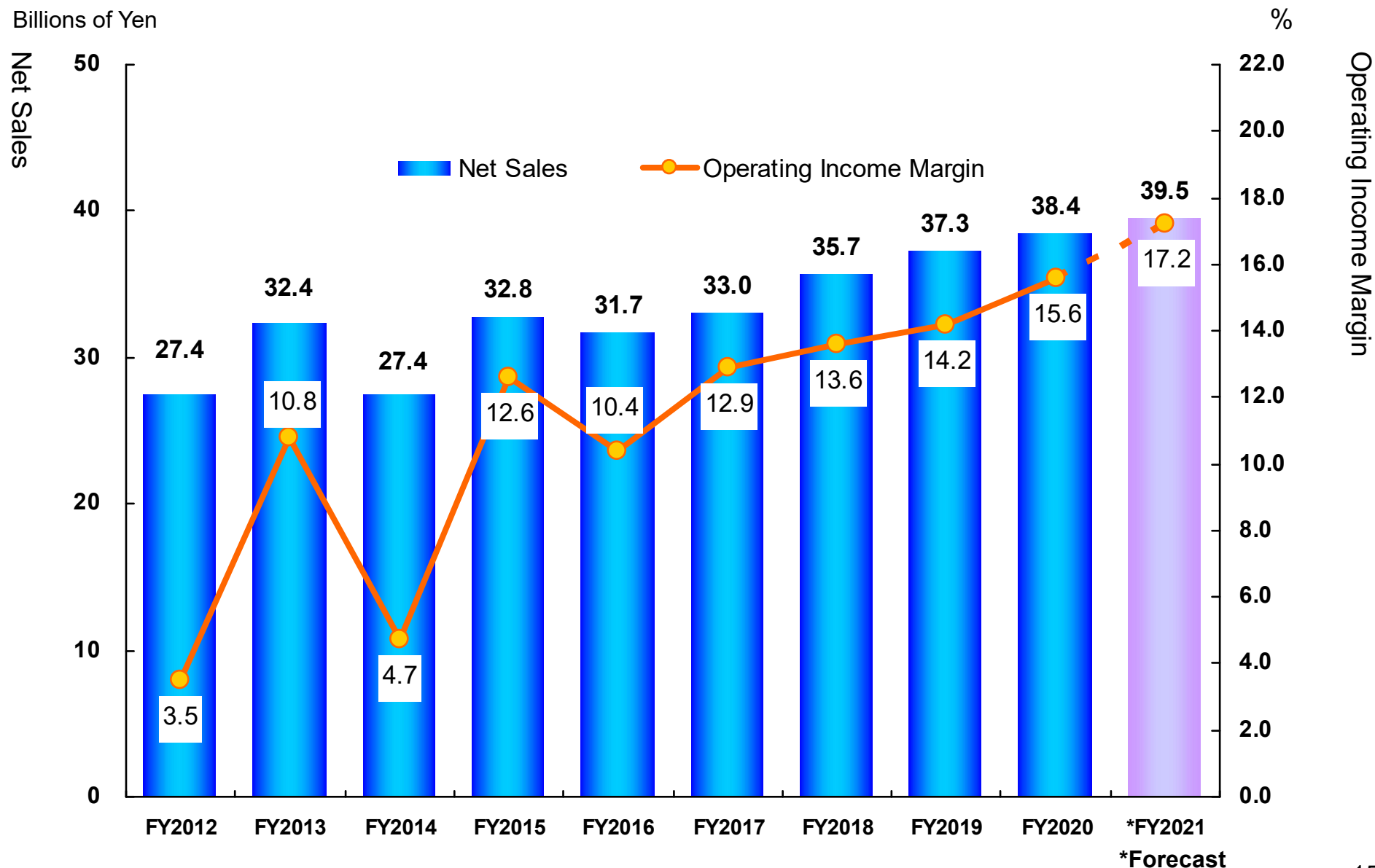
# Financial Forecast : FY2021

Millions of Yen	FY2020	FY2021			
		Forecast			
		Original Forecast	Revised Forecast @Nov 2020	vs FY2020	vs Original Forecast
Net Sales	38,408	-	39,500	+2.8%	-
Operating Income	6,007	-	6,800	+13.2%	-
Margin	15.6%	-	17.2%	-	-
Ordinary Income	6,177	-	6,850	+10.9%	-
Margin	16.1%	-	17.3%	-	-
Net Income	4,270	-	5,200	+21.8%	-
Margin	11.1%	-	13.2%	-	-

- Forecast for increase in sales and incomes
- Record high forecast of Operating Income, Ordinary Income and Net Income

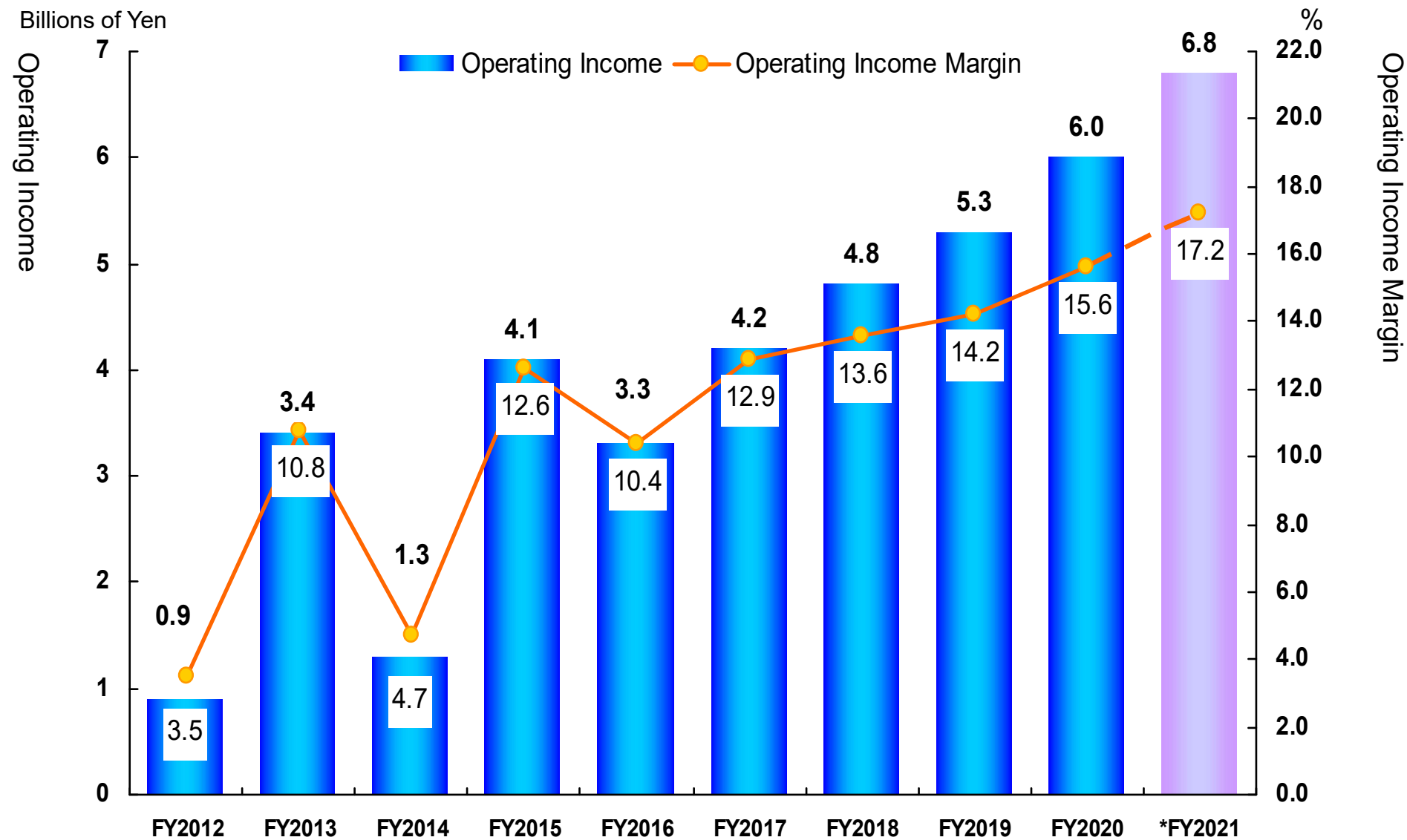
# Annual Trends in Net Sales and Operating Income Margin

- Sales and Income are forecast to increase for the fifth consecutive year.





# Annual Trends in Operating Income



\*Forecast

# Net Sales Breakdown by Application

# Net Sales Breakdown by Application

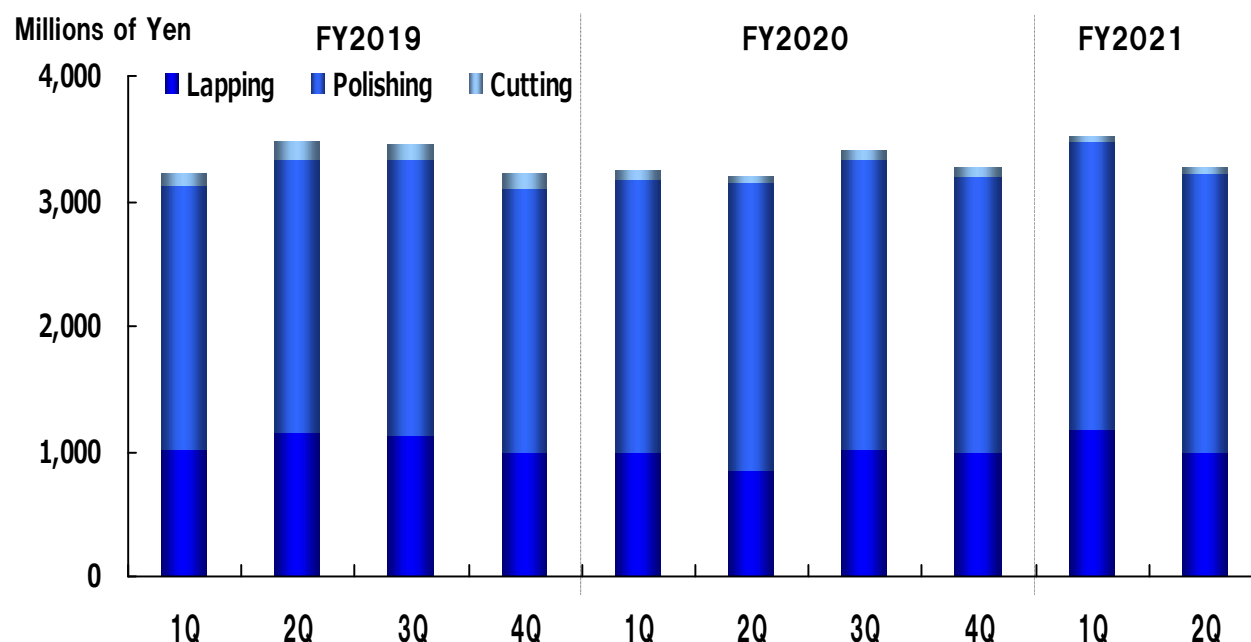
Millions of Yen	FY2020		FY2021				
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs 1H Original Forecast
Silicon	6,458	6,660	-	6,788	+5.1%	+1.9%	-
- Lapping	1,834	2,004	-	2,158	+17.7%	+7.7%	-
- Polishing	4,487	4,519	-	4,521	+0.8%	+0.0%	-
- Cutting	137	136	-	109	(20.4%)	(19.9%)	-
CMP	8,483	8,878	-	10,055	+18.5%	+13.3%	-
Hard Disk	1,094	1,070	-	938	(14.2%)	(12.4%)	-
- for Aluminum Disk	983	978	-	927	(5.7%)	(5.2%)	-
- for Glass Disk	111	92	-	11	(89.7%)	(87.6%)	-
SM / TS*	2,689	2,794	-	2,620	(2.6%)	(6.2%)	-
- GI*; Abrasive	1,740	1,831	-	1,699	(2.3%)	(7.2%)	-
- GI ; Non-Abrasive	949	963	-	921	(3.0%)	(4.4%)	-
<b>Fujimi Brand Products Total</b>	<b>18,724</b>	<b>19,404</b>	-	<b>20,401</b>	<b>+9.0%</b>	<b>+5.1%</b>	-
Others	160	119	-	26	(83.8%)	(78.2%)	-
<b>Net Sales</b>	<b>18,884</b>	<b>19,524</b>	-	<b>20,427</b>	<b>+8.2%</b>	<b>+4.6%</b>	-

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

# Silicon Wafer Business : Financial Results

<Half-year>

Millions of Yen	FY2020			FY2021			
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs 1H Original Forecast
Silicon	6,458	6,660	-	6,788	+5.1%	+1.9%	-
- Lapping	1,834	2,004	-	2,158	+17.7%	+7.7%	-
- Polishing	4,487	4,519	-	4,521	+0.8%	+0.0%	-
- Cutting	137	136	-	109	(20.4%)	(19.9%)	-



- Business environment:
  - Firm silicon wafer market
  - Silicon wafer inventory increase
- Lapping:
  - Sales up due to above factors and some customers' inventory adjustments in 1H FY2020
- Polishing:
  - Sales remains almost unchanged due to some customers' inventory increases in 1H FY2021

# Silicon Wafer Business : Financial Forecast

## <Half-year>

Millions of Yen	FY2020		FY2021					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	vs 1H FY2021	vs 2H Original Forecast
Silicon	6,458	6,660	6,788	-	6,712	+0.8%	(1.1%)	-
- Lapping	1,834	2,004	2,158	-	2,042	+1.9%	(5.4%)	-
- Polishing	4,487	4,519	4,521	-	4,579	+1.3%	+1.3%	-
- Cutting	137	136	109	-	91	(33.2%)	(16.5%)	-

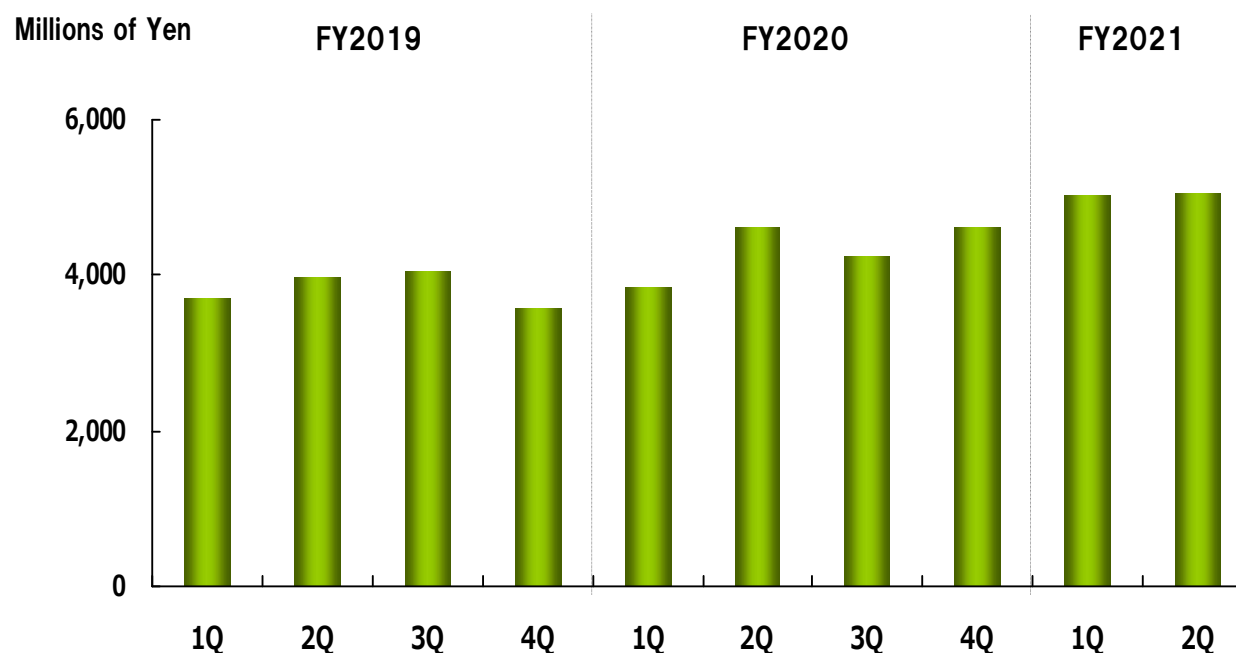
## <Full-year>

Millions of Yen	FY2019	FY2020	FY2021			
			Original Forecast	Revised Forecast	vs FY2020	vs Original Forecast
Silicon	13,373	13,118	-	13,500	+2.9%	-
- Lapping	4,297	3,838	-	4,200	+9.4%	-
- Polishing	8,621	9,006	-	9,100	+1.0%	-
- Cutting	453	273	-	200	(26.8%)	-

# CMP Business : Financial Results

<Half-year>

Millions of Yen	FY2020			FY2021			
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs 1H Original Forecast
CMP	8,483	8,878	-	10,055	+18.5%	+13.3%	-



- Business environment:
  - High production levels in the semiconductor industry
  - Inventory increase mainly of advanced semiconductor devices
- CMP:
  - Sales up due to strong demand from both advanced logic devices and advanced memory devices

# CMP Business : Financial Forecast

## <Half-year>

Millions of Yen	FY2020		FY2021					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	vs 1H FY2021	vs 2H Original Forecast
CMP	8,483	8,878	10,055	-	8,645	(2.6%)	(14.0%)	-

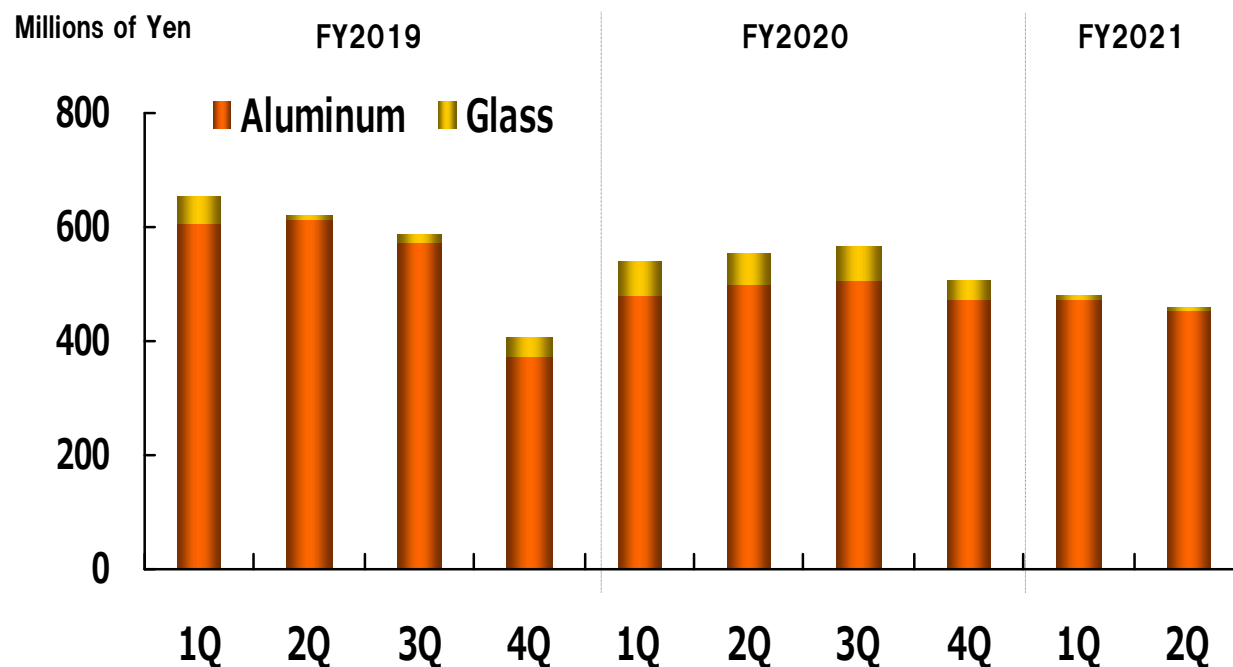
## <Full-year>

Millions of Yen	FY2019	FY2020	FY2021			
			Original Forecast	Revised Forecast	vs FY2020	vs Original Forecast
CMP	15,305	17,361	-	18,700	+7.7%	-

# Disk Business : Financial Results

<Half-year>

Millions of Yen	FY2020			FY2021			
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs 1H Original Forecast
Disk	1,094	1,070	-	938	(14.2%)	(12.4%)	-
- For Aluminum Disk	983	978	-	927	(5.7%)	(5.2%)	-
- For Glass Disk	111	92	-	11	(89.7%)	(87.6%)	-



- Business environment:
  - HDD market shrinking due to market shifting to SSD
- Aluminum Disk:
  - Sales down due to the above factor
- Glass Disk:
  - Sales down due to a customer's manufacturing process change



# Disk Business : Financial Forecast

## <Half-year>

Millions of Yen	FY2020		FY2021					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	vs 1H FY2021	vs 2H Original Forecast
Disk	1,094	1,070	938	-	962	(10.2%)	+2.5%	-
- For Aluminum Disk	983	978	927	-	923	(5.7%)	(0.4%)	-
- For Glass Disk	111	92	11	-	39	(57.7%)	+241.9%	-

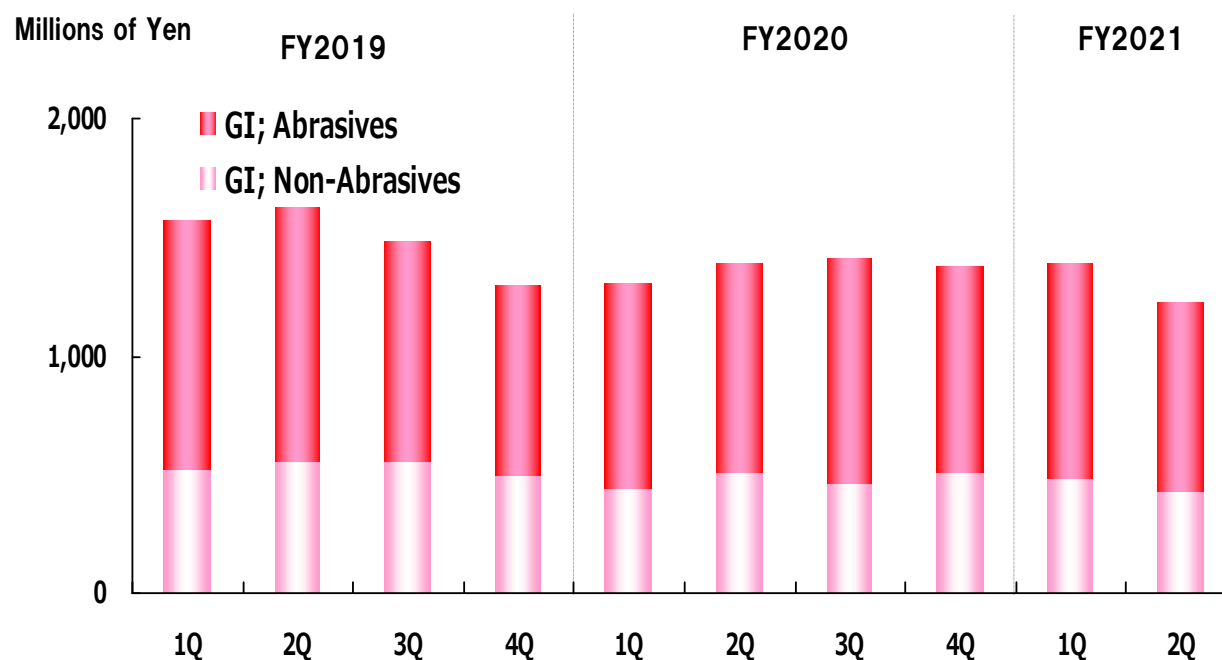
## <Full-year>

Millions of Yen	FY2019	FY2020	FY2021			
			Original Forecast	Revised Forecast	vs FY2020	vs Original Forecast
Disk	2,268	2,164	-	1,900	(12.2%)	-
- For Aluminum Disk	2,171	1,961	-	1,850	(5.7%)	-
- For Glass Disk	96	203	-	50	(75.2%)	-

# General Industry Business : Financial Results

<Half-year>

Millions of Yen	FY2020			FY2021			
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs 1H Original Forecast
SM / TS*	2,689	2,794	-	2,620	(2.6%)	(6.2%)	-
- GI*; Abrasive	1,740	1,831	-	1,699	(2.3%)	(7.2%)	-
- GI; Non-Abrasive	949	963	-	921	(3.0%)	(4.4%)	-



- Business environment:
  - Weak markets of automobiles and industry machineries
- Abrasive:
  - Sales down due to above factors
- Non-Abrasive:
  - Sales down due to weak demand for catalyst carrier and insulator materials, although thermal spray materials remained the same as 1H FY2020

# General Industry Business : Financial Forecast

## <Half-year>

Millions of Yen	FY2020		FY2021					
	1H	2H	1H	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	vs 1H FY2021	vs 2H Original Forecast
SM / TS*	2,689	2,794	2,620	-	2,680	(4.1%)	+2.3%	
- GI*; Abrasive	1,740	1,831	1,699	-	1,701	(7.1%)	+0.1%	
- GI; Non-Abrasive	949	963	921	-	979	+1.7%	+6.3%	

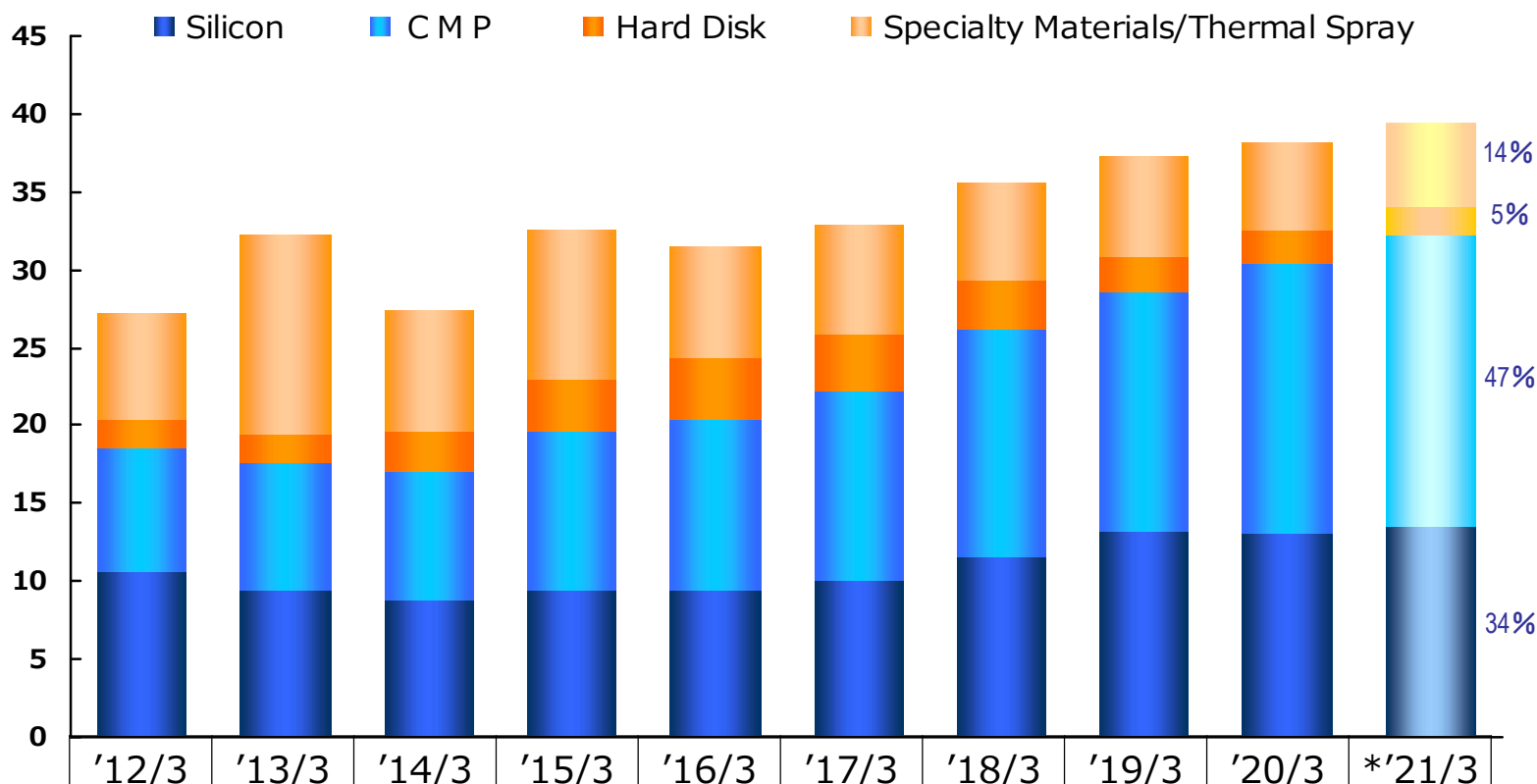
## <Full-year>

Millions of Yen	FY2019	FY2020	FY2021			
			Original Forecast	Revised Forecast	vs FY2020	vs Original Forecast
SM / TS*	6,053	5,483	-	5,300	(3.3%)	-
- GI*; Abrasive	3,931	3,571	-	3,400	(4.8%)	-
- GI; Non-Abrasive	2,121	1,912	-	1,900	(0.6%)	-

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

# Net Sales Breakdown by Application

Billions of Yen



	'12/3	'13/3	'14/3	'15/3	'16/3	'17/3	'18/3	'19/3	'20/3	*'21/3
Specialty Materials/Thermal Spray	6.9	12.7	7.7	9.6	7.2	7.0	6.3	6.4	5.7	5.3
Hard Disk	1.7	1.8	2.6	3.4	4.0	3.6	3.2	2.2	2.1	1.9
CMP	8.0	8.3	8.2	10.1	10.9	12.2	14.6	15.3	17.3	18.7
Silicon	10.6	9.4	8.8	9.5	9.4	10.0	11.5	13.3	13.1	13.5
<b>Total</b>	<b>27.4</b>	<b>32.4</b>	<b>27.4</b>	<b>32.8</b>	<b>31.7</b>	<b>33.0</b>	<b>35.7</b>	<b>37.3</b>	<b>38.4</b>	<b>39.5</b>

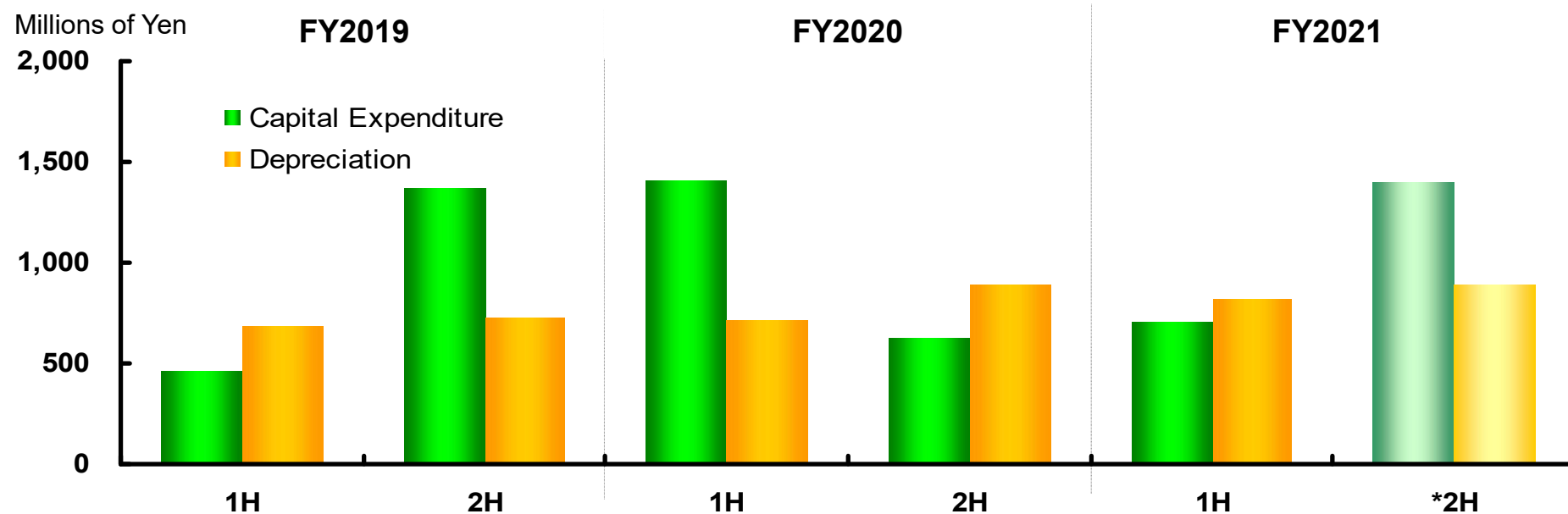
# **Capital Expenditure**

# **Depreciation**

# **R&D Expense**

# Capital Expenditure / Depreciation : 1H Results & 2H Forecast

Millions of Yen	FY2020		FY2021									
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	vs 1H FY2021	vs Original Forecast
Capital Expenditure	1,409	621	-	704	(50.0%)	+13.4%	-	-	1,396	+124.8%	+98.3%	-
Depreciation	715	883	-	815	+14.0%	(7.7%)	-	-	885	+0.2%	+8.6%	-

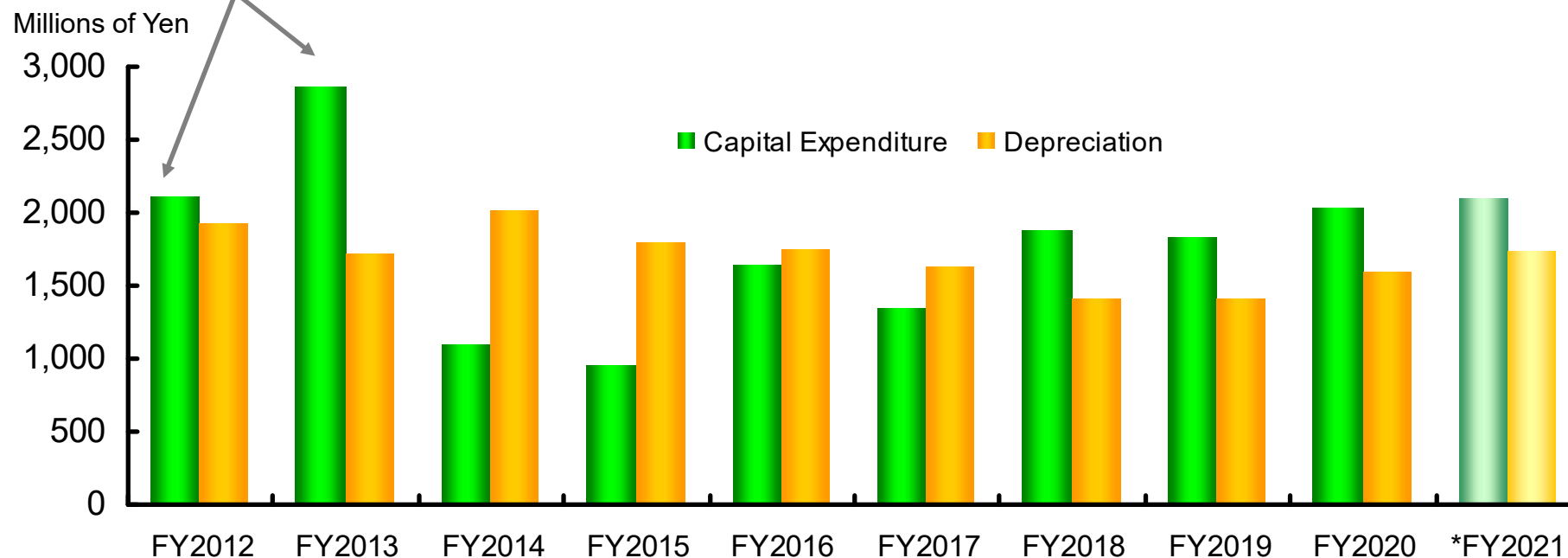


# Capital Expenditure / Depreciation : FY2021 Forecast

Millions of Yen

	FY2020	FY2021		
		Original Forecast	Revised Forecast	vs FY2020 vs Original Forecast
Capital Expenditure	2,030	-	2,100	+3.4%
Depreciation	1,598	-	1,700	+6.4%

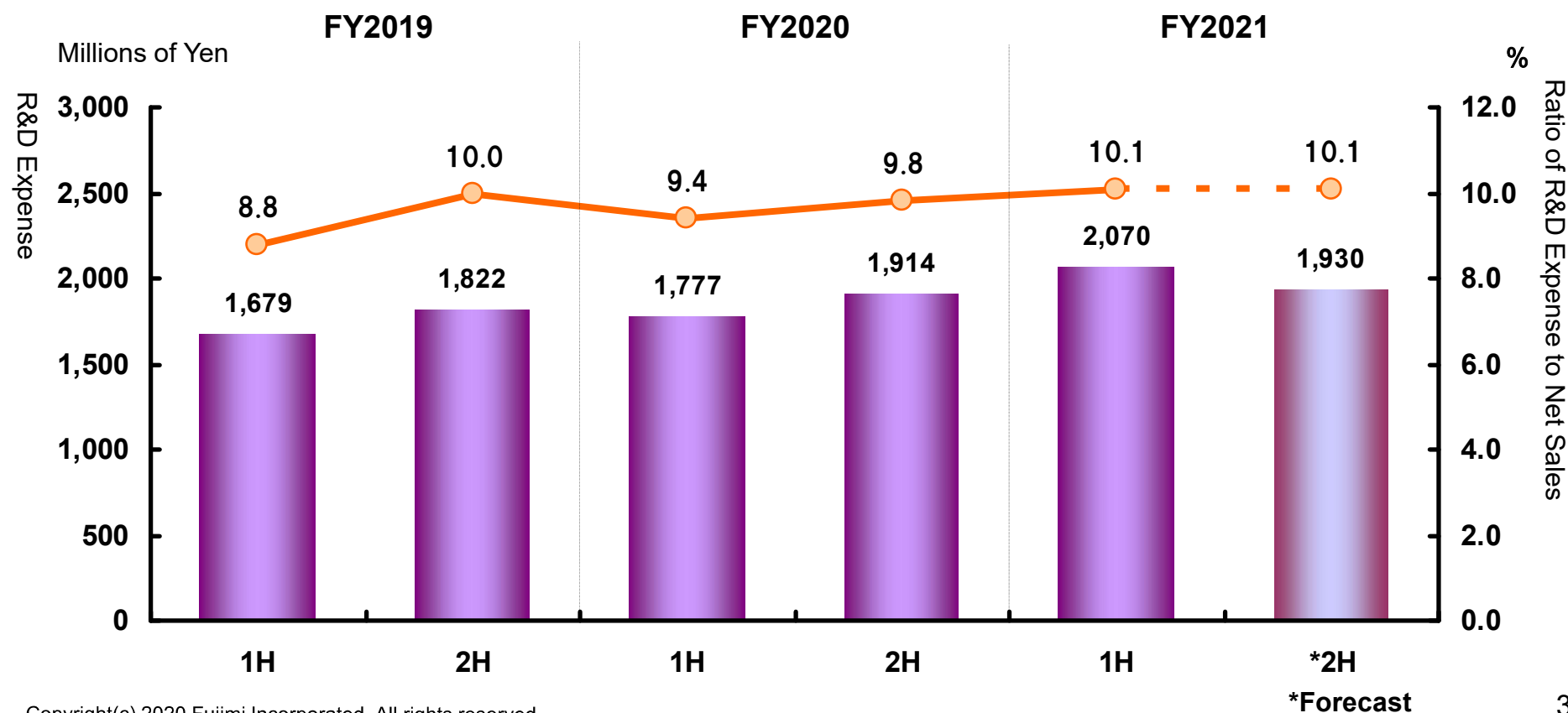
Fujimi Taiwan - Establishment  
 FY2012 JPY 600 mil  
 FY2013 JPY 1,200 mil



\*Forecast

# R&D Expense : 1H Results & 2H Forecast

Millions of Yen	FY2020		FY2021									
	1H	2H	1H Original Forecast	1H	vs 1H FY2020	vs 2H FY2020	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2020	vs 1H FY2021	vs Original Forecast
R&D Expense	1,777	1,914	-	2,070	+16.5%	+8.2%	-	-	1,930	+0.8%	(6.8%)	-

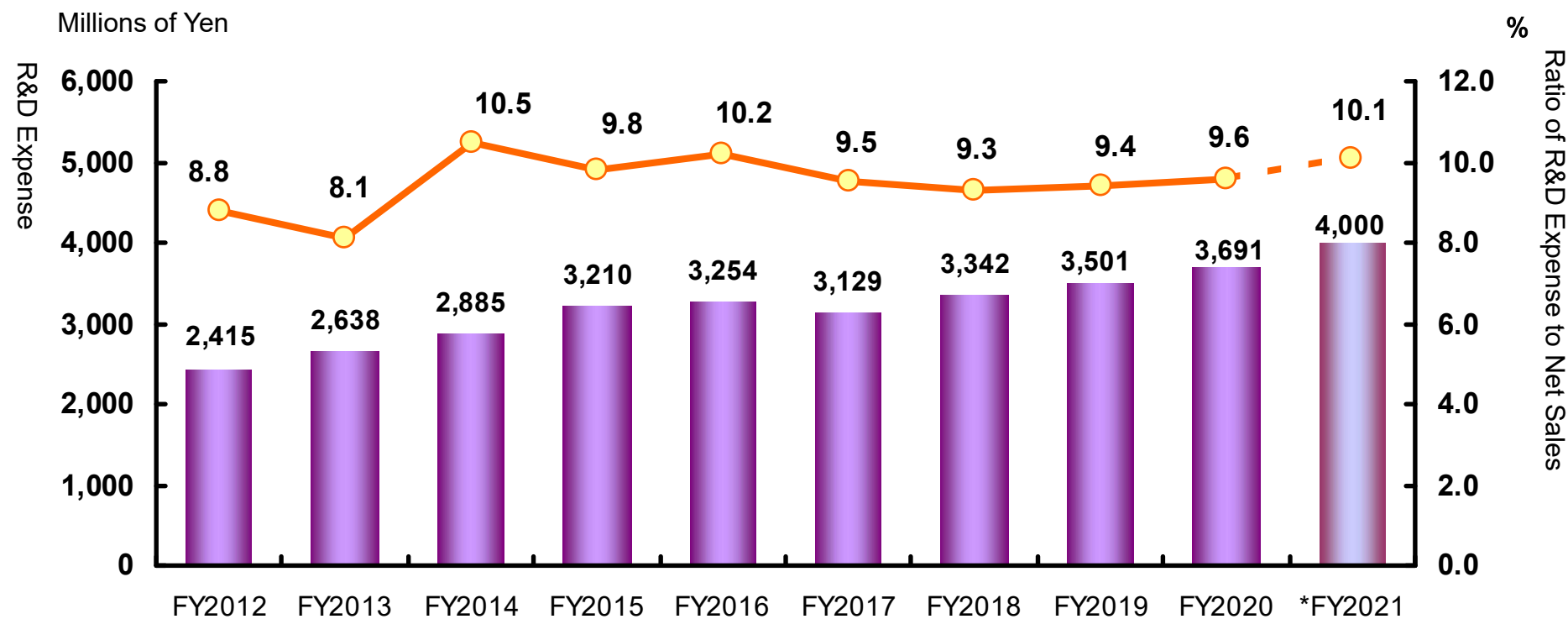




# R&D Expense : FY2021 Forecast

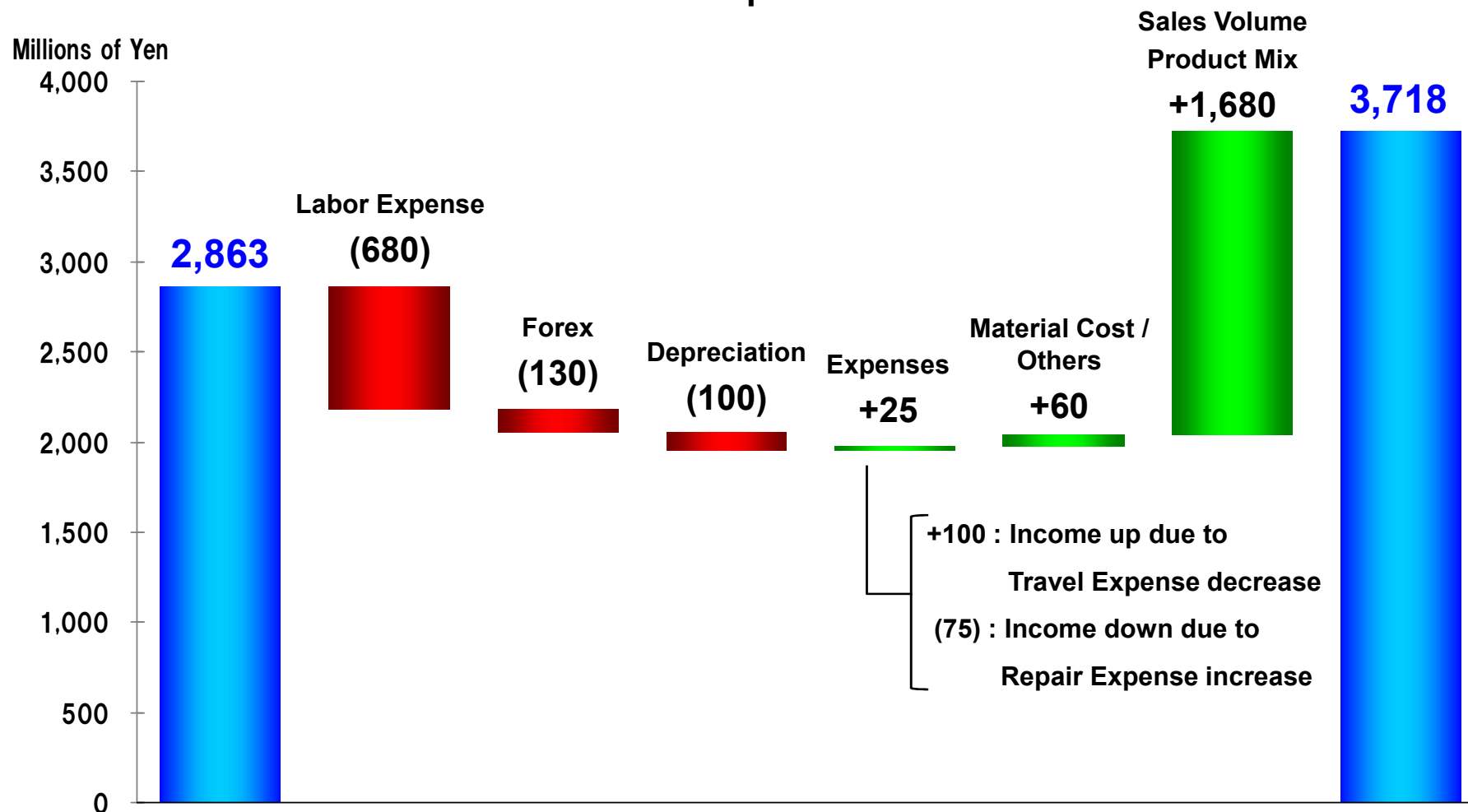
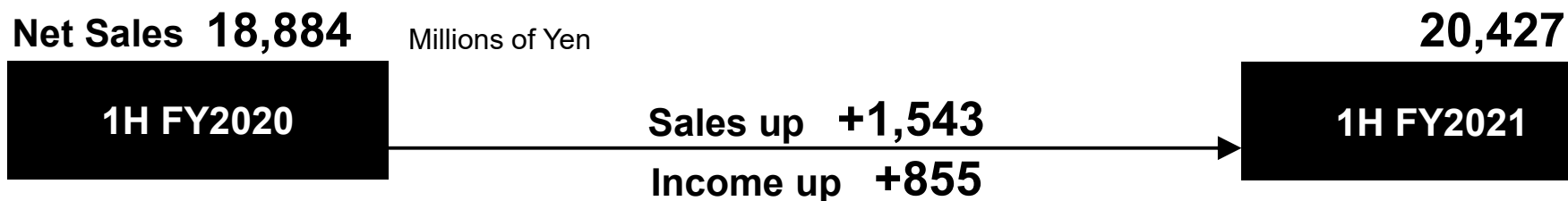
Millions of Yen

	FY2020	FY2021		
		Original Forecast	Revised Forecast	vs FY2020
R&D Expense	3,691	-	4,000	+8.4%

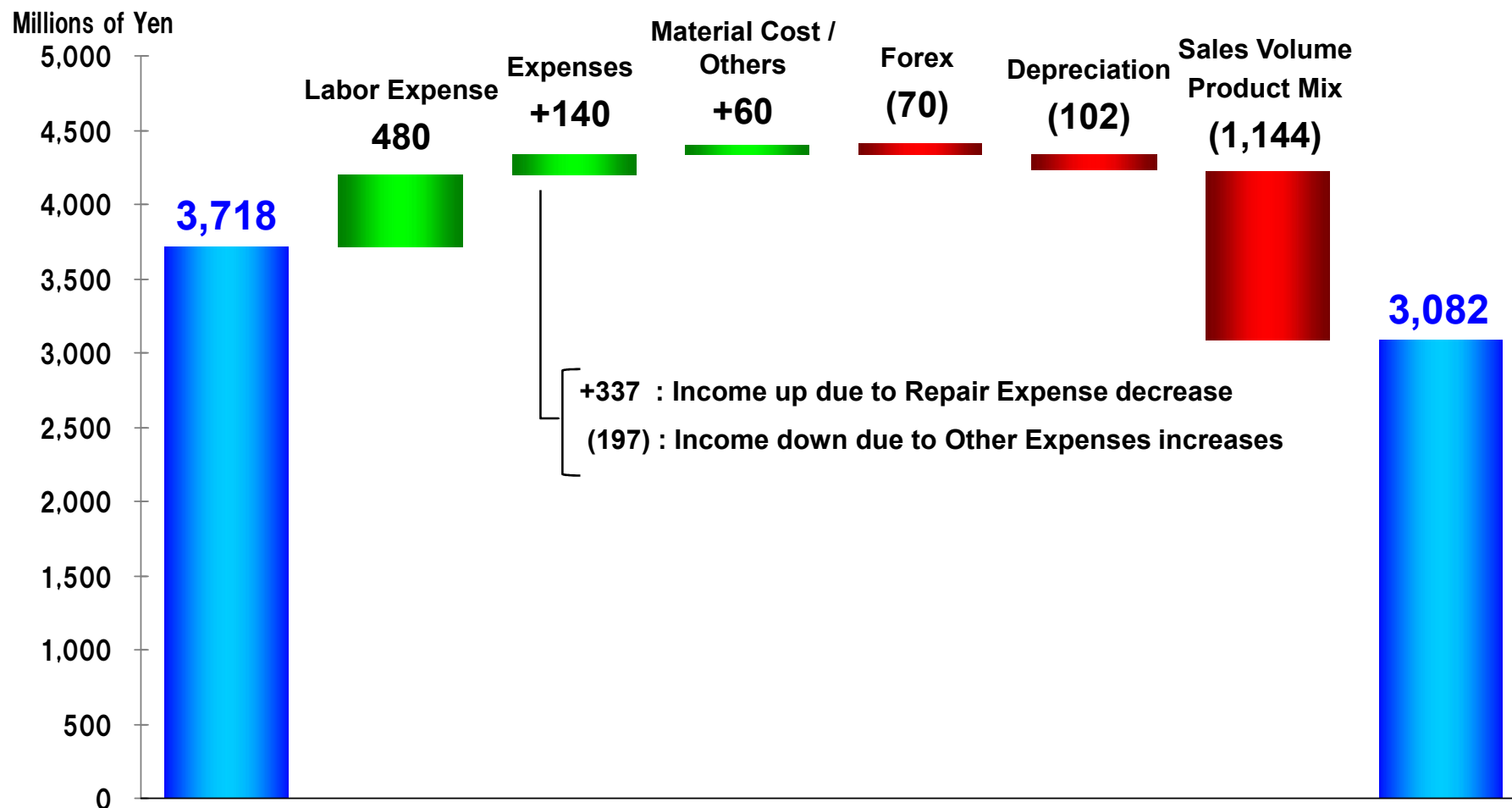
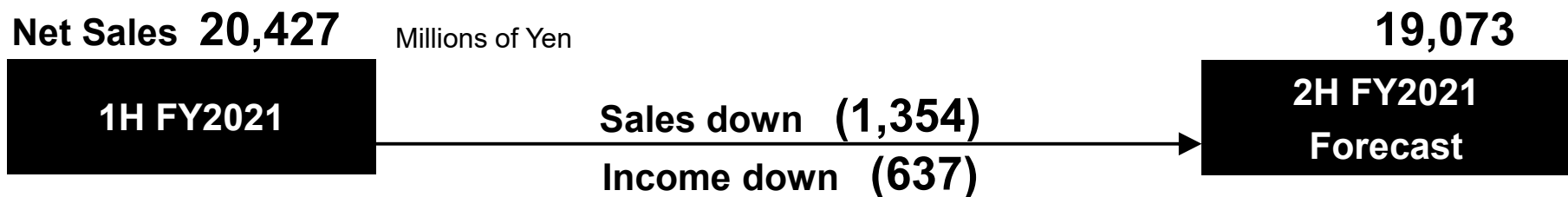


# Operating Income Analysis

# Operating Income Analysis : 1H FY2021 vs 1H FY2020

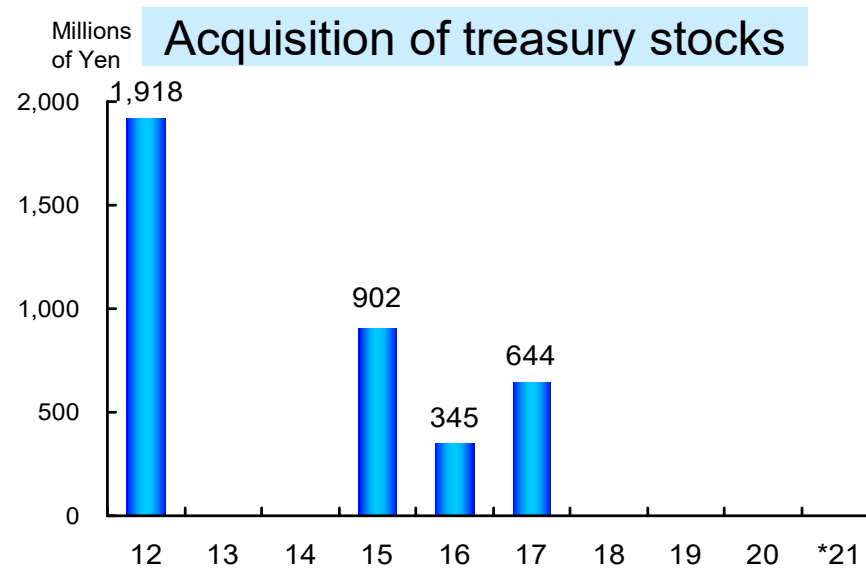
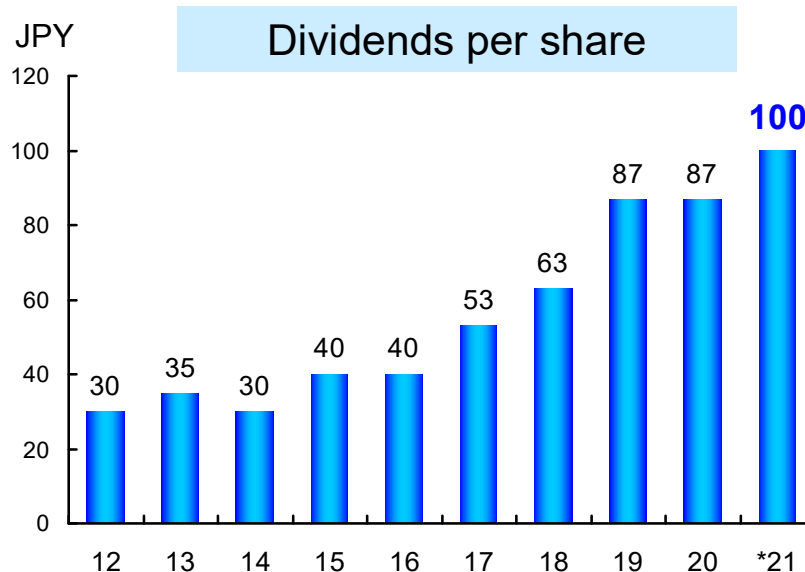
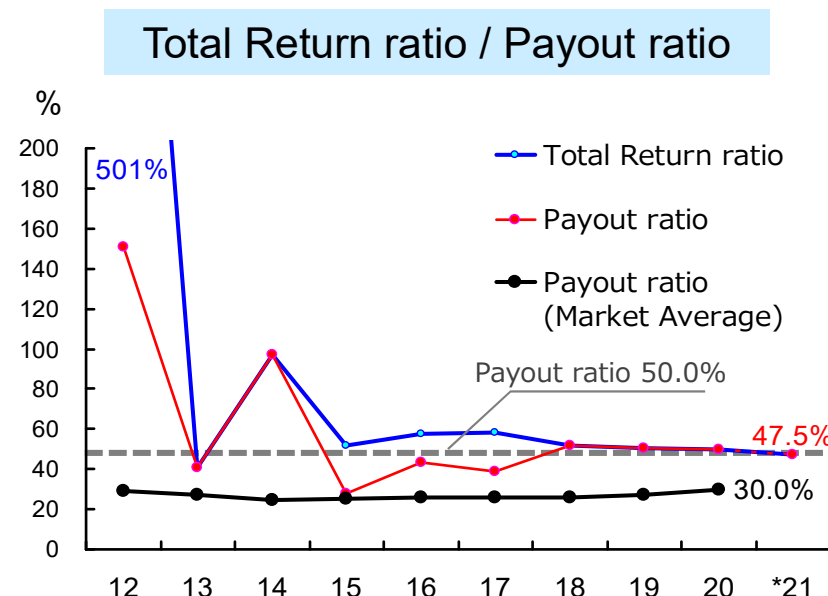
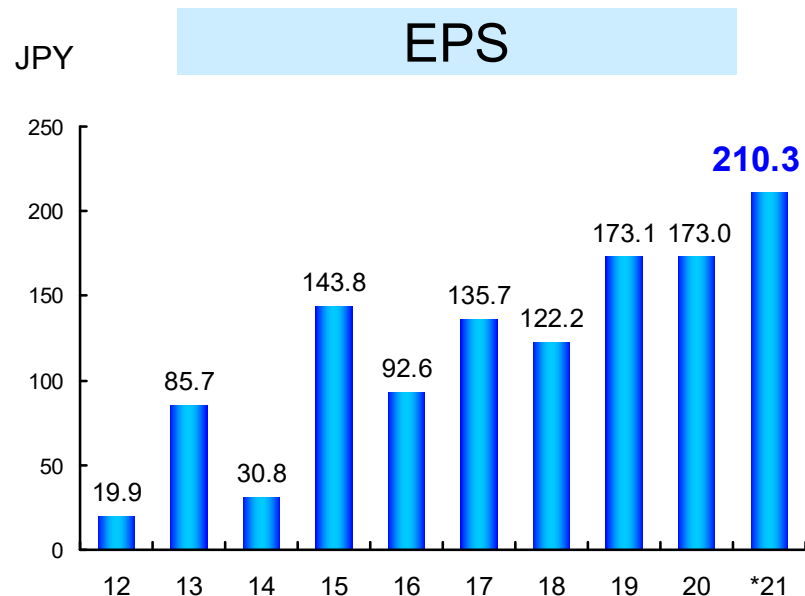


# Operating Income Analysis : 2H Forecast vs 1H FY2021



# Shareholder Returns

# Shareholder Returns



# Supplementary Data

## Number of Employee

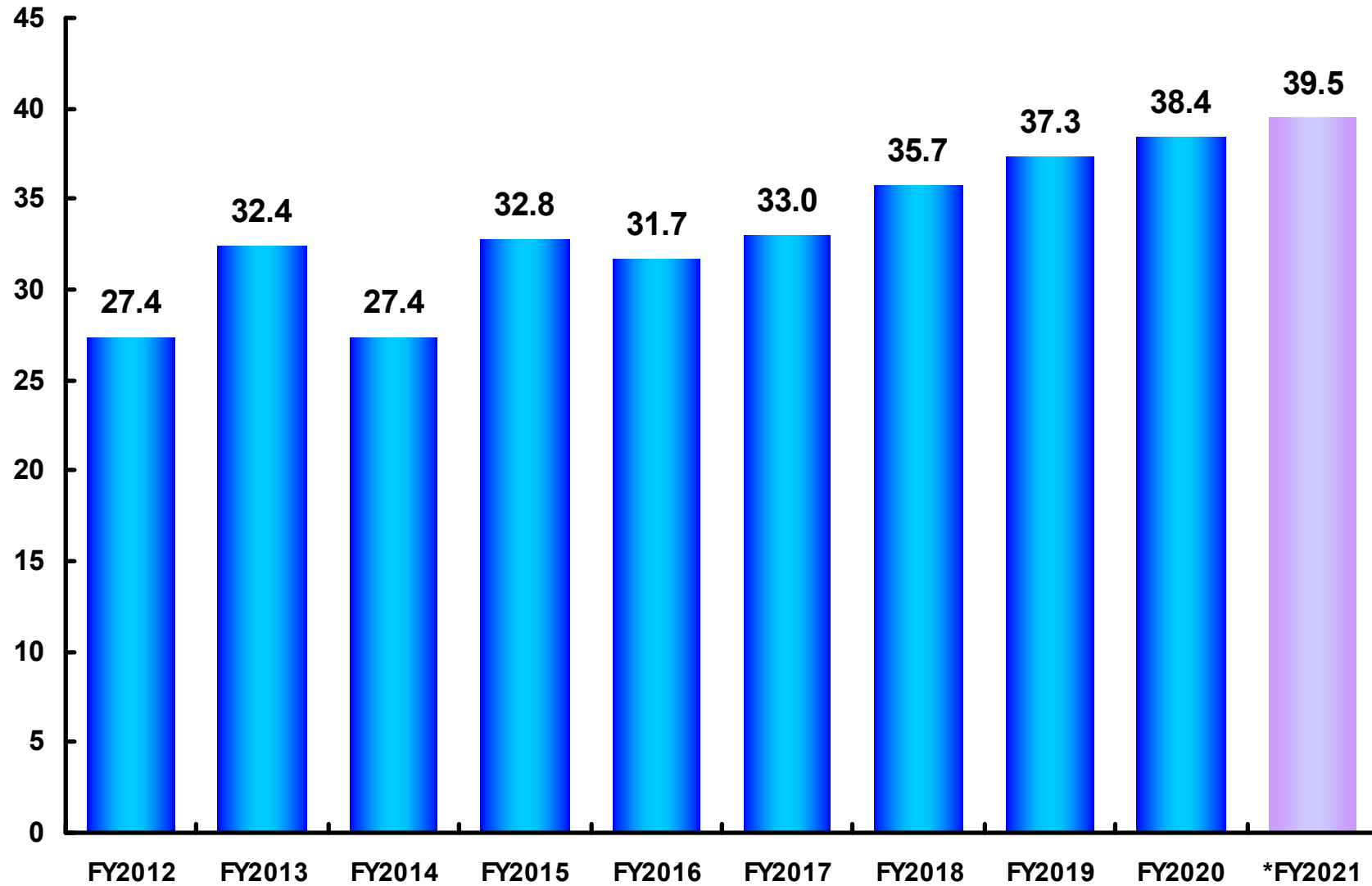
	FY2020		FY2021			
	As of 31 Mar 2020		As of 31 Sep 2020			
	Full-time	*Temporary	Full-time	*Temporary	vs FY2020	
Full-time					*Temporary	
FUJIMI INCORPORATED	636	192	663	191	+27	(1)
FUJIMI CORPORATION	108	1	112	2	+4	+1
FUJIMI TAIWAN LIMITED	86	2	93	2	+7	—
FUJIMI-MICRO TECHNOLOGY SDN.BHD	66	5	68	5	+2	—
FUJIMI EUROPE GmbH	5	2	5	2	—	—
FUJIMI KOREA LIMITED	4	1	4	1	—	—
FUJIMI SHENZHEN TECHNOLOGY. CO.,LTD	3	1	2	1	(1)	—
Total	908	204	947	204	+39	—

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

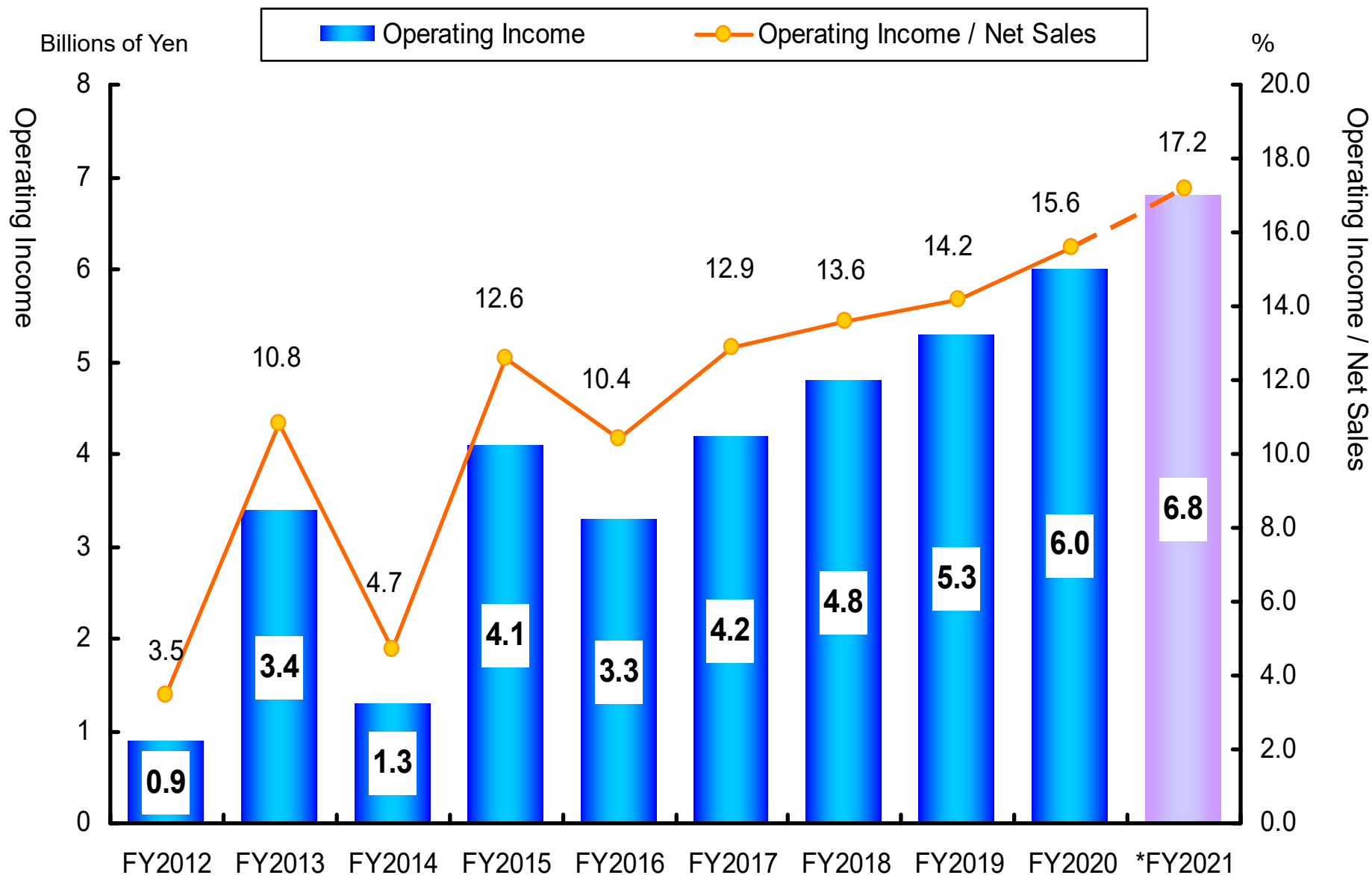


# Net Sales

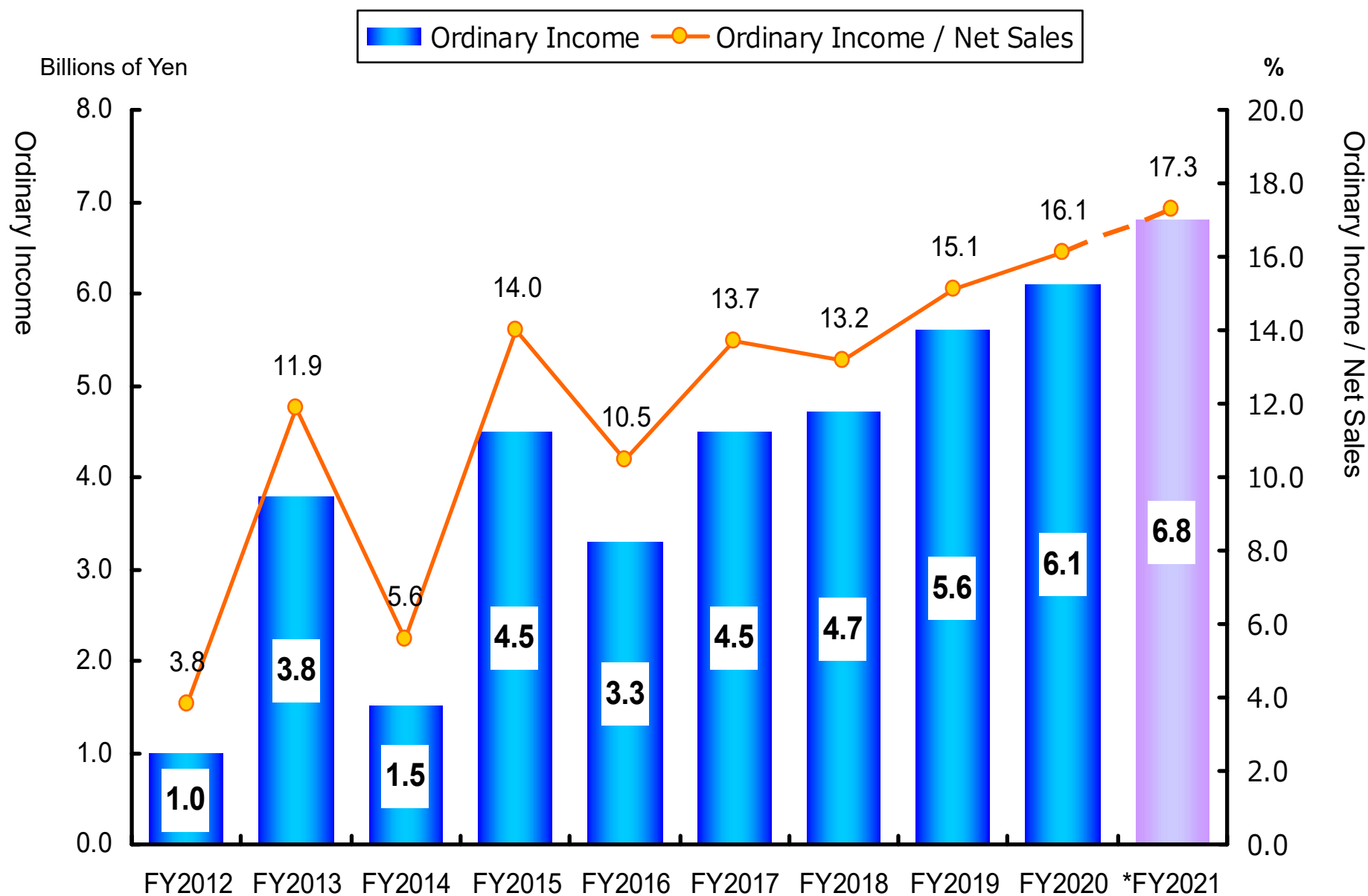
Billions of Yen



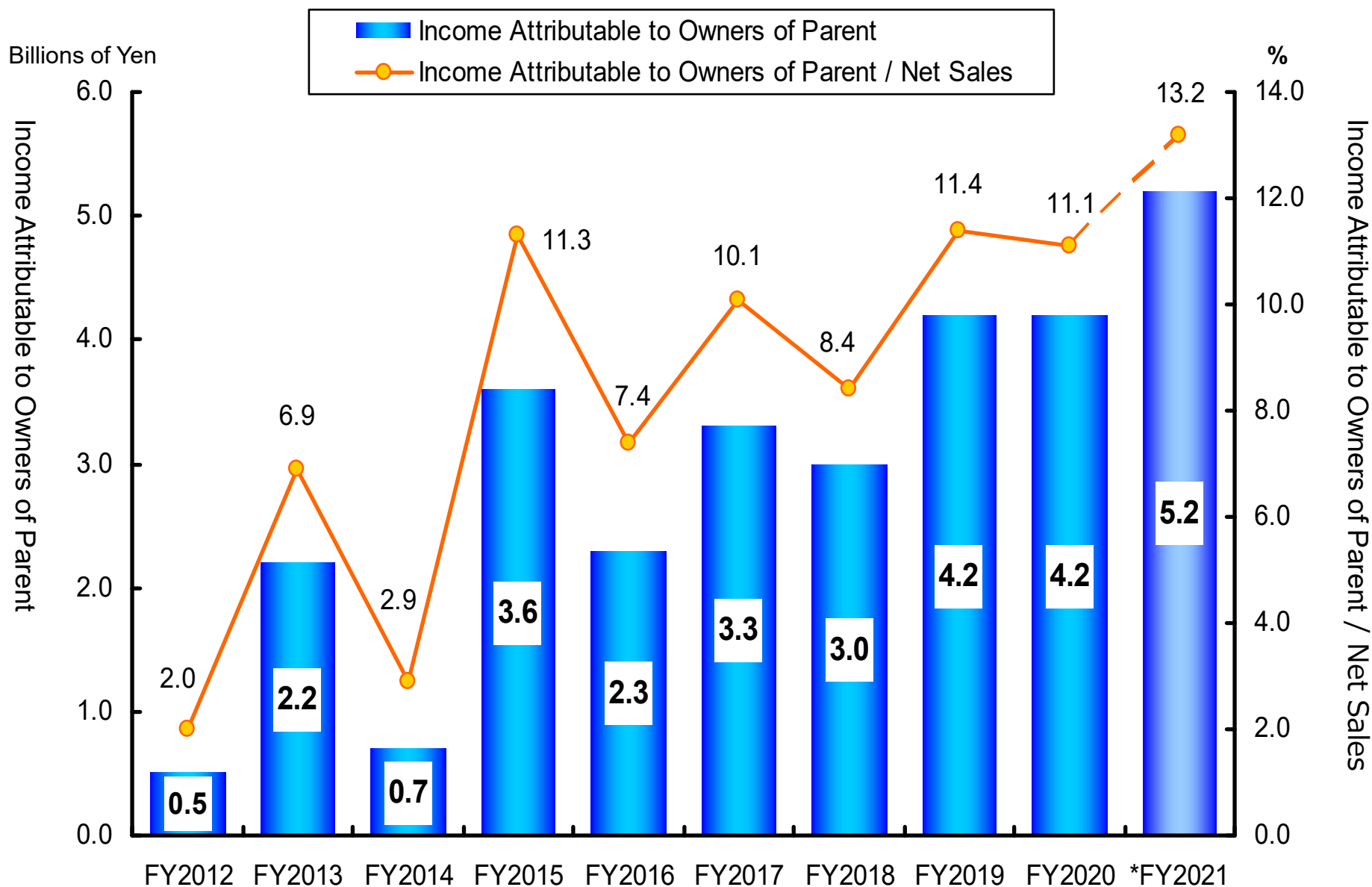
# Operating Income



# Ordinary Income

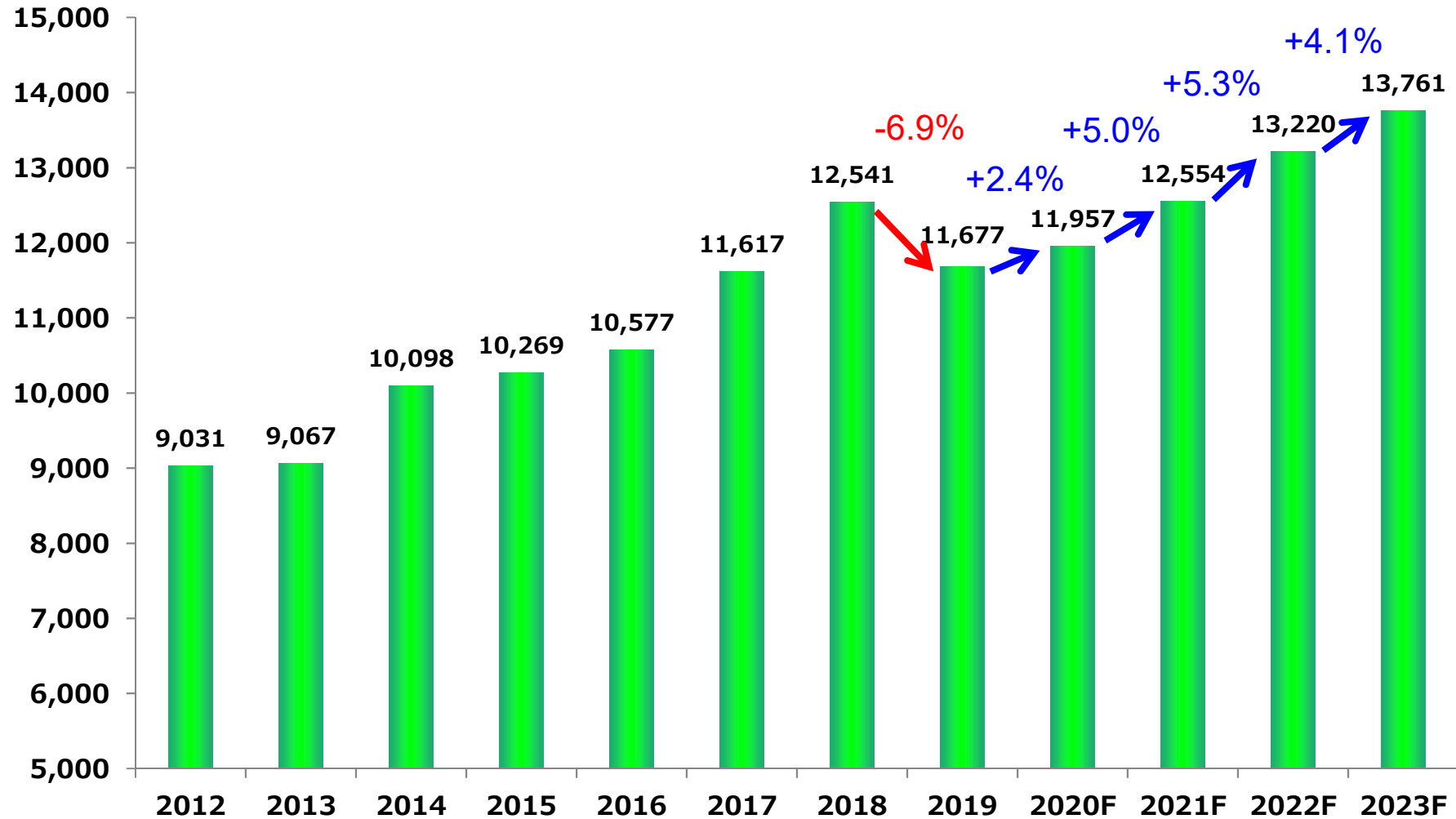


# Income Attributable to Owners of Parent



# Annual Shipments of Silicon Wafers - Worldwide

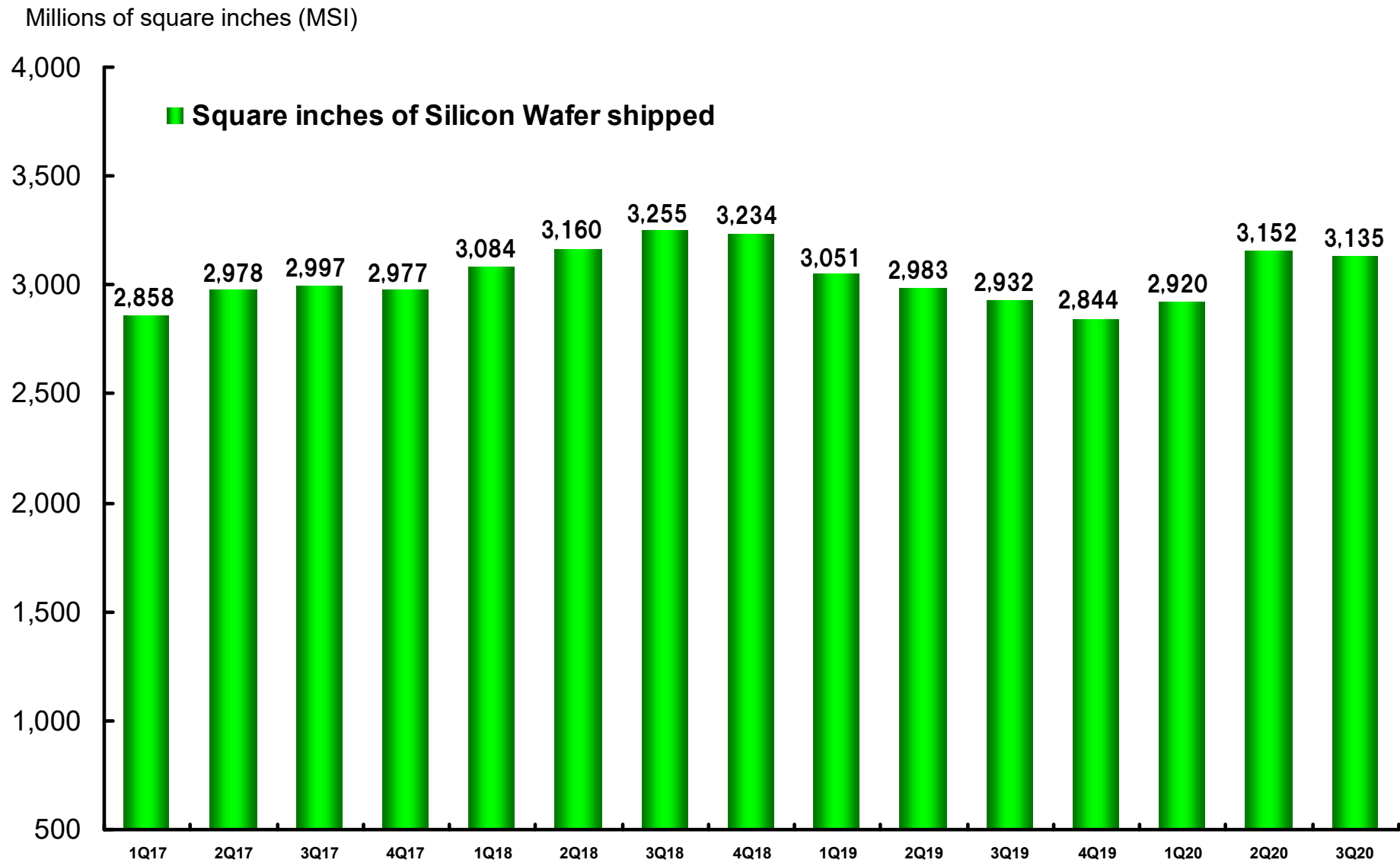
Millions of square inches (MSI)



Source : SEMI (Semiconductor Equipment and Materials International)

<Calendar year basis>

# Quarterly Shipments of Silicon Wafers - Worldwide

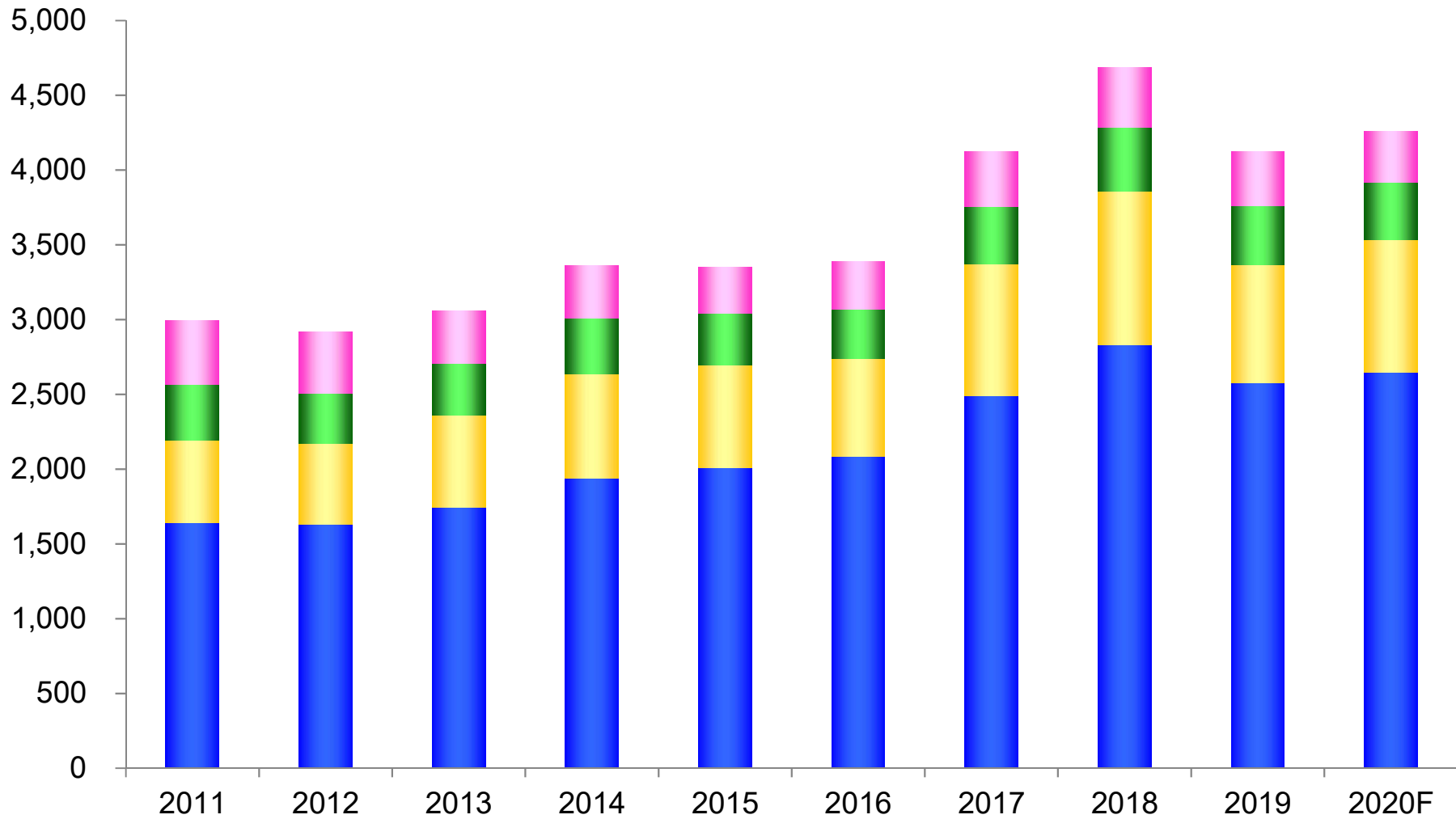
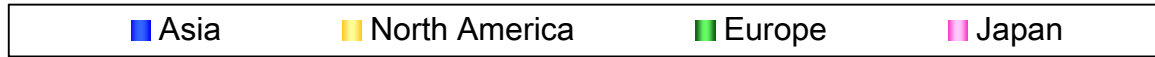


Source : SEMI (Semiconductor Equipment and Materials International)

<Calendar year basis>

# Semiconductor Market Scale by Region

Billions of dollars



Source : SEMI (Semiconductor Equipment and Materials International)

<Calendar year basis>