

# Financial Overview

## FY2024 2Q

**FUJIMI INCORPORATED**

TSE Code : 5384

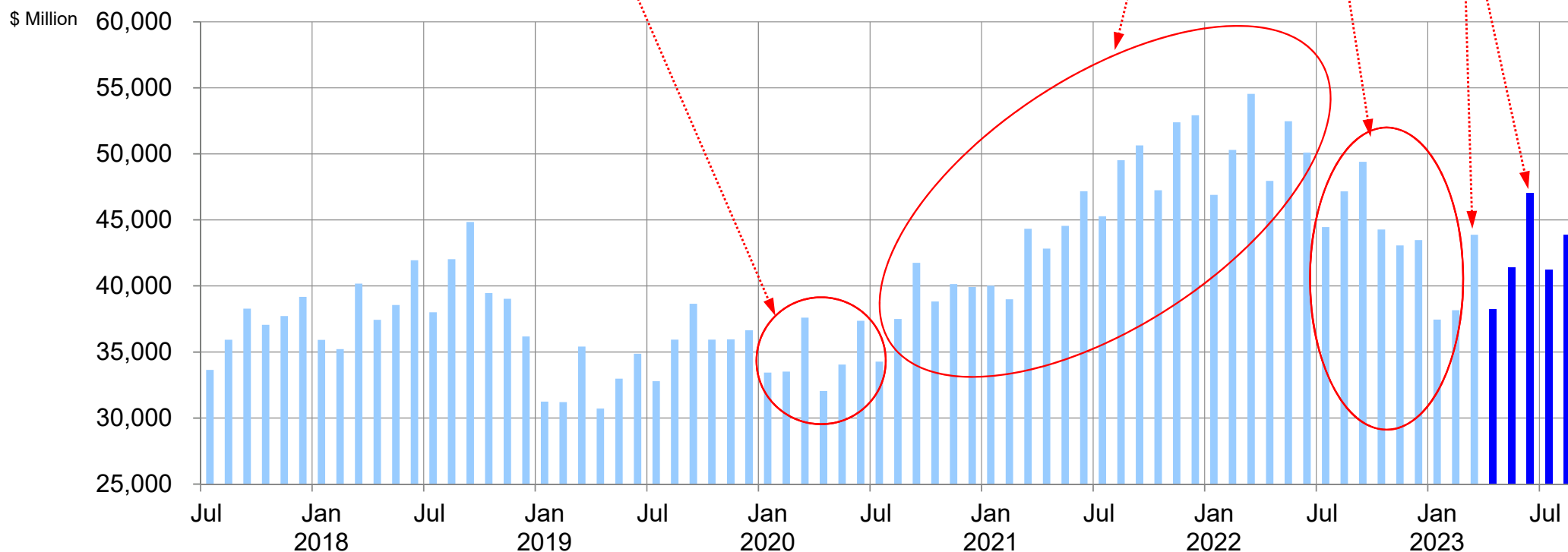
10 Nov 2023

# Market Overview

# World Semiconductor Market: Monthly Trend until Aug 2023

Source: WSTS, Oct 2023

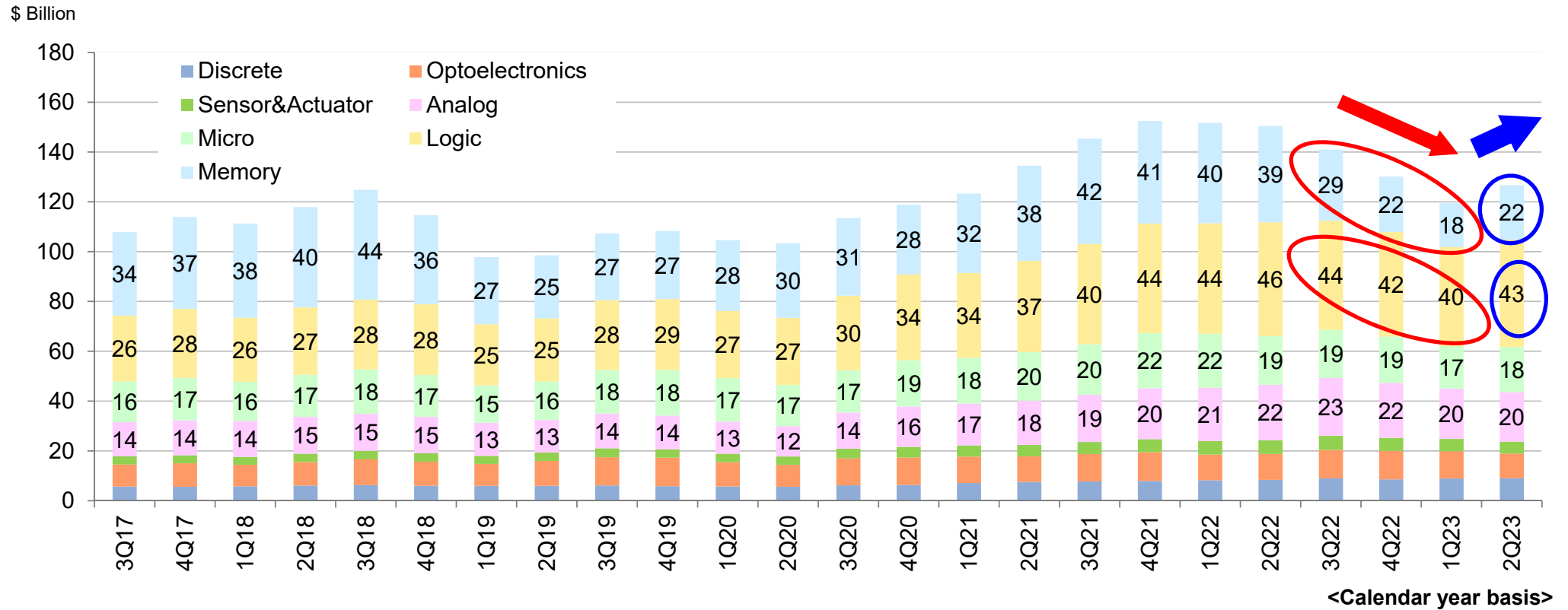
- In 2020, the market dropped from January due to COVID-19, however, started to rebound in August, and the strong demand had been continuing until June 2022.
- In 2022, due to production and inventory adjustments, the market softened since July with January 2023 sales falling below August 2020 level. Although March and June rises are believed to be a regular seasonal move, the market is recovering in monetary value.



# World Semiconductor Market: Quarterly Trend by Application

Source: WSTS

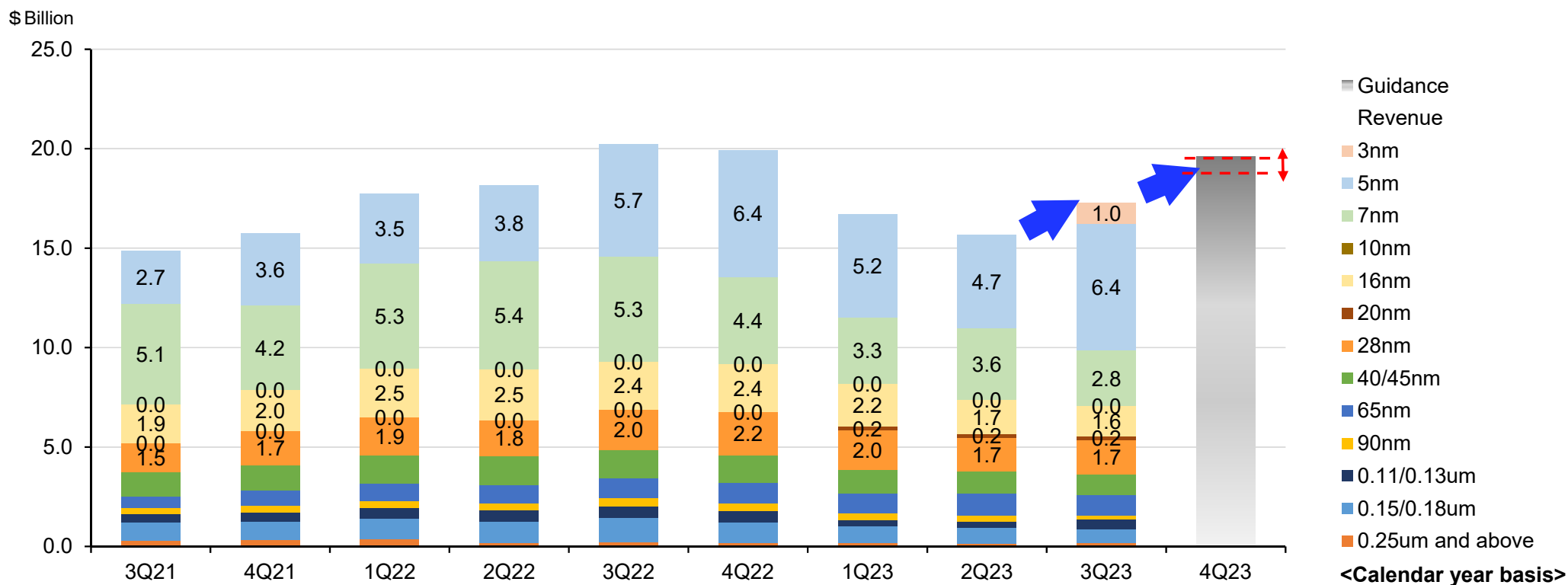
- 3Q22 – 1Q23, the semiconductor market was shrinking.
- 2Q23, the market grew on QoQ due to high-value generative AI.  
 Logic (QoQ +8% YoY -6%)    Memory (QoQ +24%, YoY -44%)



# TSMC's Revenue: Quarterly Trend

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

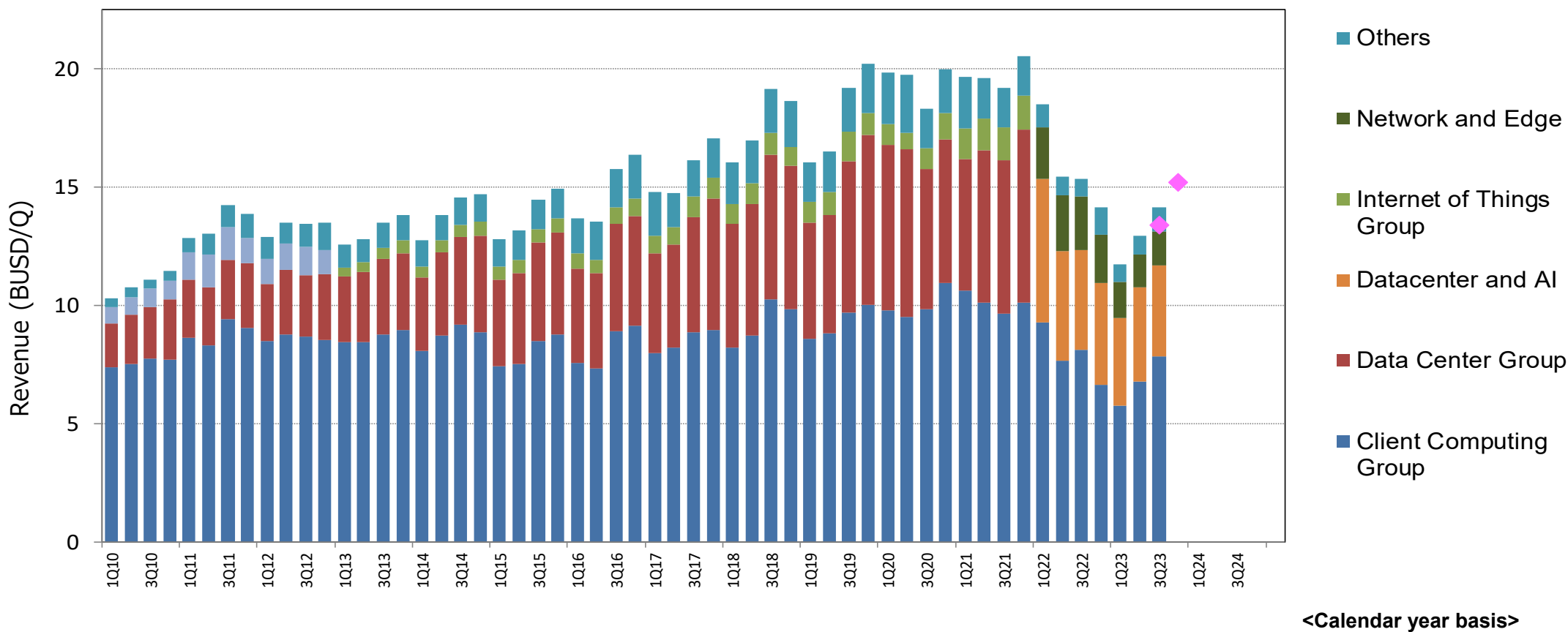
- 3Q23, the revenue was up by 19% QoQ, however, down by 15% YoY.  
Lower sales of N7 and N16, however, higher sales of N5 and N3 ramp up
- 4Q23, the revenue guidance is up by 9-13% QoQ.
- Capital investment was US\$ 25.2 billion in cumulative 3Q23 compared with capital investment plan of US\$ 32 billion in 2023. (US\$ 36.3 billion in 2022)



# Intel's Revenue: Quarterly Trend

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

- 3Q23, the revenue was up by 9% QoQ, however, down by 8% YoY.  
QoQ higher sales due to client computing group sales increase
- 4Q23, the revenue guidance is up by 3-10% QoQ.



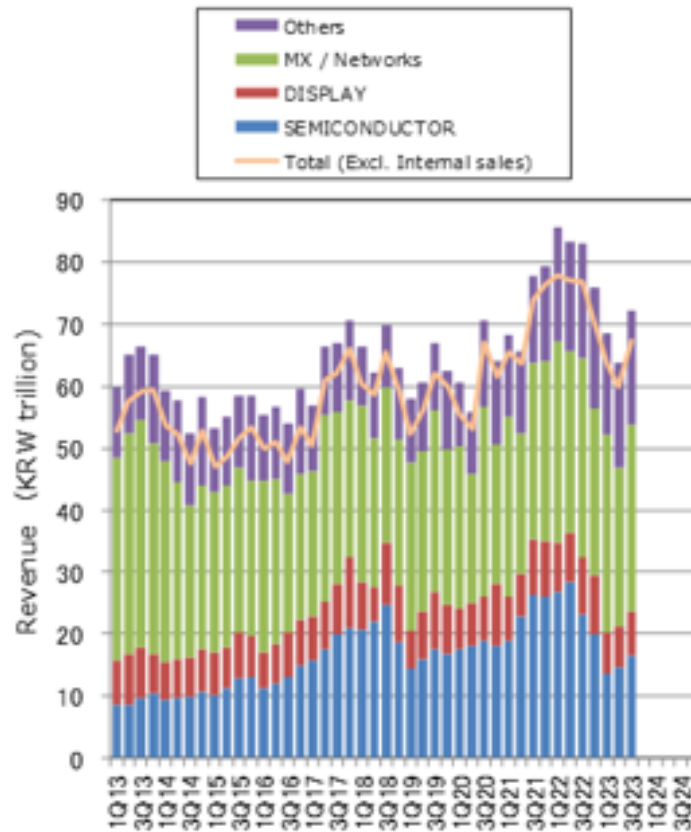
<Calendar year basis>

# Samsung's Revenue: Quarterly Trend

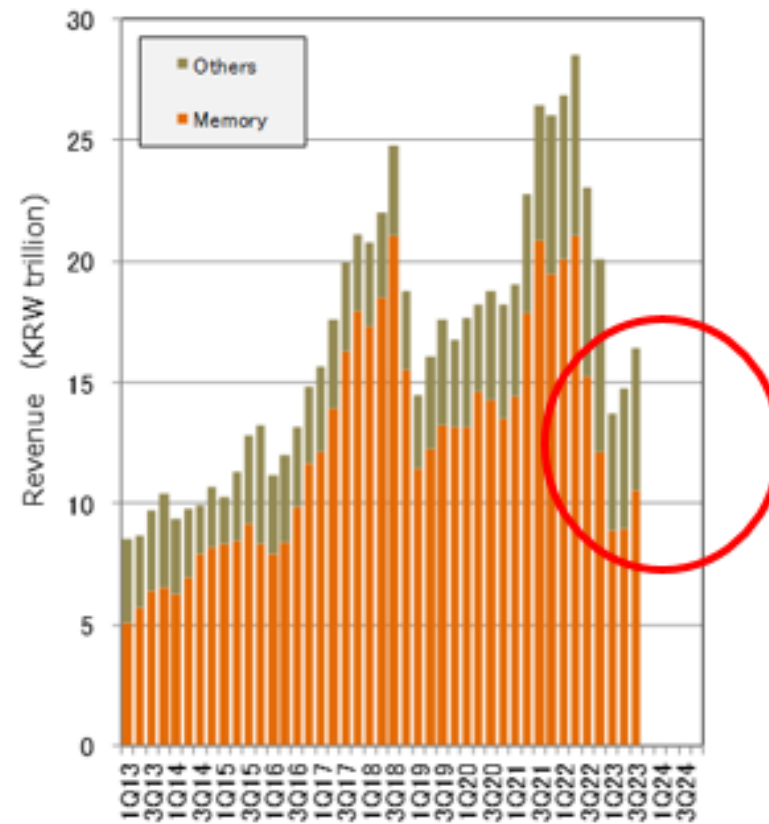
Source: Graphs are created by Fujimi with Samsung Electronics' public information.

- 3Q23, the semiconductor revenue was up by 12% QoQ, however, down by 29% YoY.
- Memory: sales up on QoQ due to demand for generative AI, despite continuous weak demand for servers.

<Samsung's revenue>



<Samsung's semiconductor revenue >

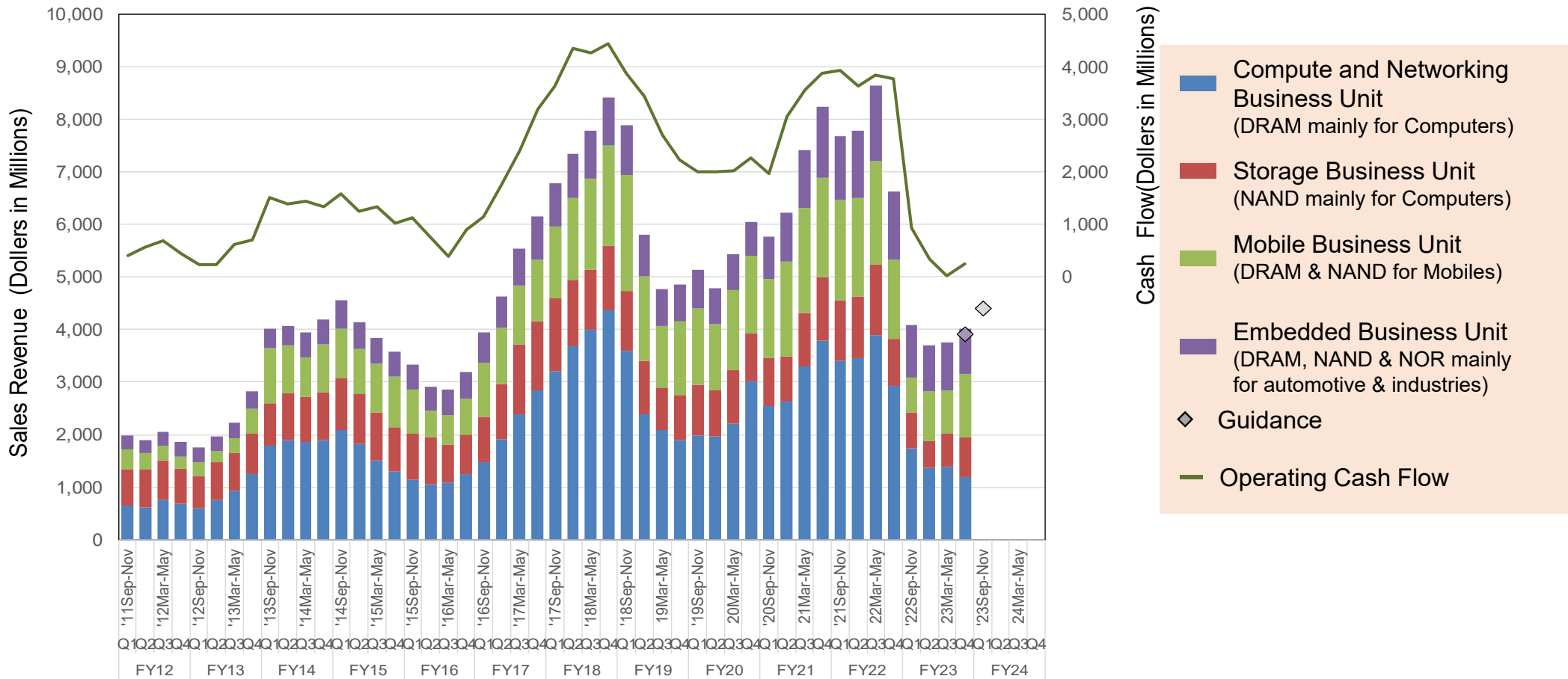


<Calendar year basis>

# Micron Technology's Revenue : Quarterly Trend

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

- June - August 2023, the revenue was up by 7% QoQ, however, down by 40% QoQ.
- September - November 2023, the revenue guidance is up by 5-15% QoQ.

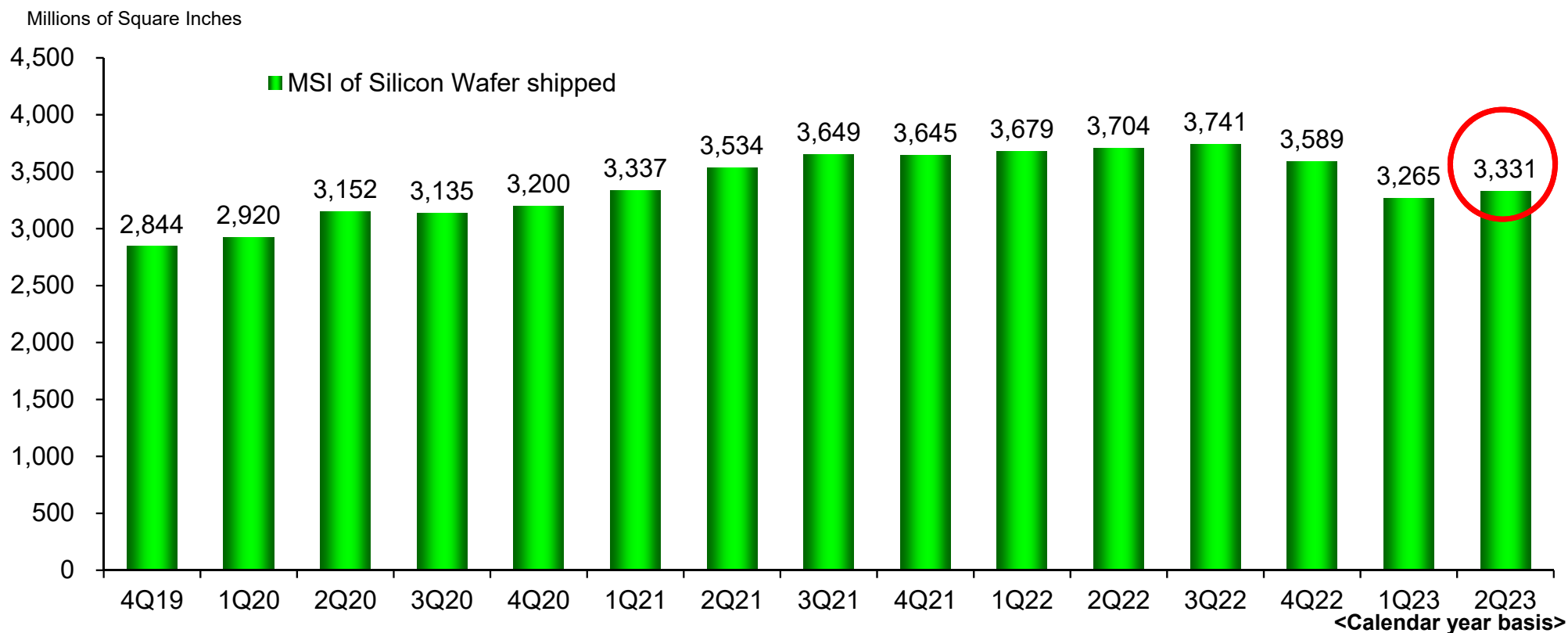




# Worldwide Silicon Wafer Area Shipment: Quarterly Trend

Source: SEMI, 25 July 2023

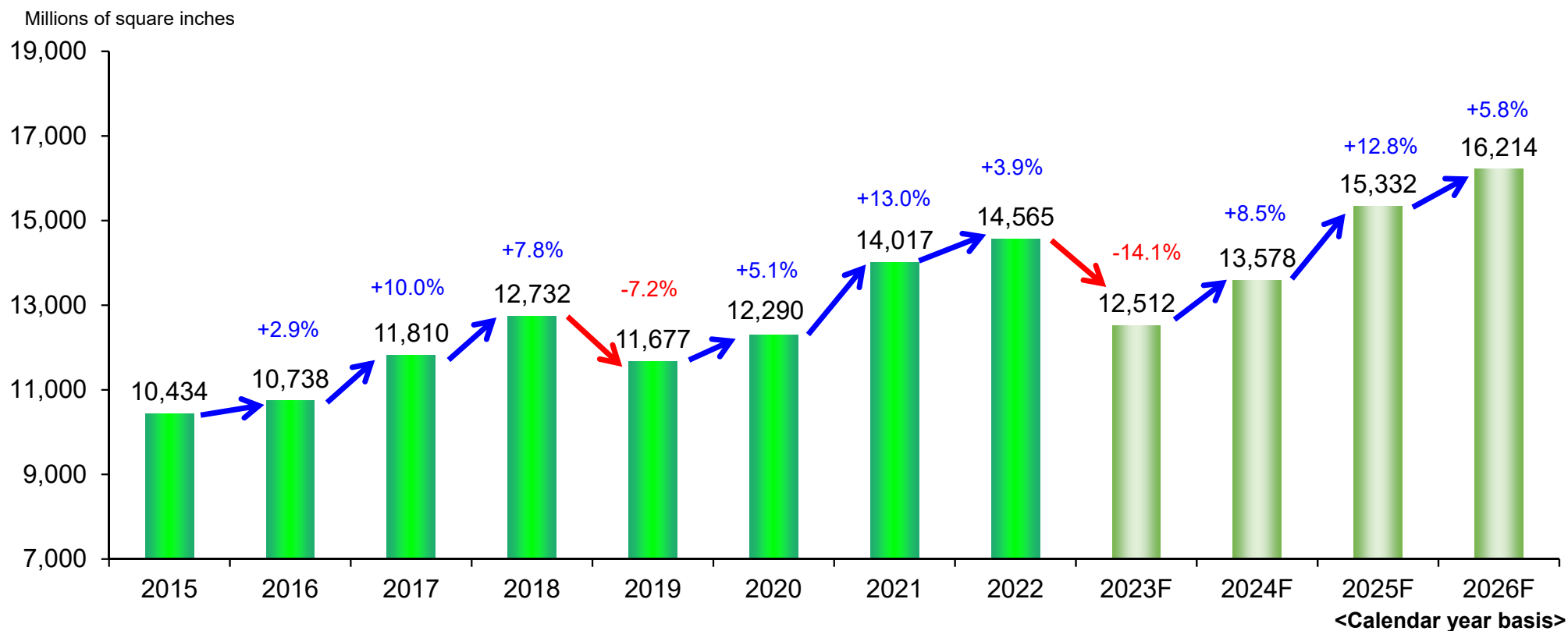
•2Q23, silicon wafer area shipment was up by 2% QoQ, however, down by 10% YoY reflecting semiconductor inventory adjustment.



# Worldwide Silicon Wafer Area Shipment: Annual Trend

Source: SEMI, Actual; 16 February 2023, Forecast; 26 October 2023

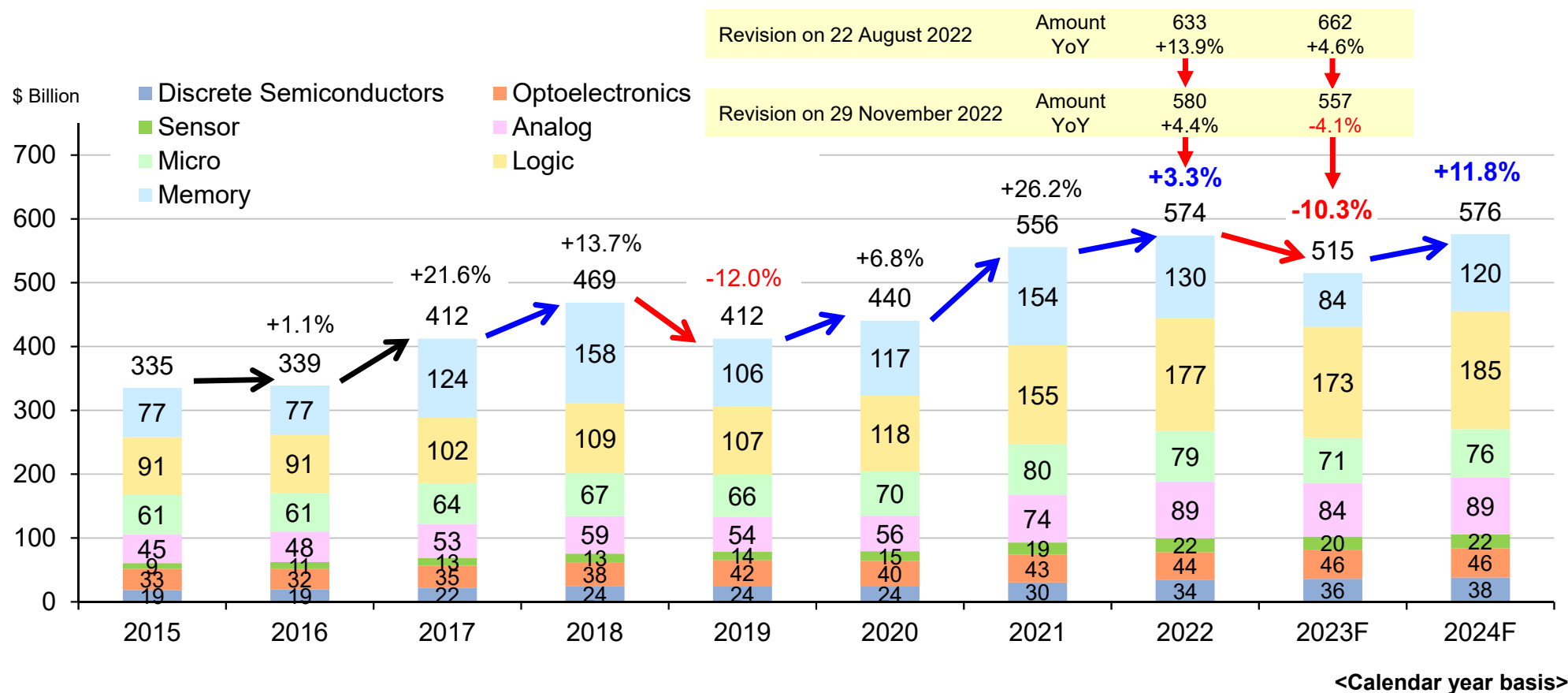
- Silicon wafer area shipment is forecast to be down by 14.1% in 2023.



# World Semiconductor Market: WSTS Forecast by Application

Source: WSTS, 6 June 2023

- Due to the slowdown in the PC and smartphone markets, the market forecast for 2023 was revised downward to -4.1% from 4.6% in November 2022, and was revised again to -10.3% in June 2023.
- The market forecast for 2024 is up for 11.8% assuming that the global economy is toward recovery.



# Financial Overview

# Financial Results: 1H FY2024

Millions of Yen

	FY2023		FY2024				
	1H	2H	1H Original Forecast as of May 2023	1H	vs 1H FY2023	vs 2H FY2023	vs 1H Original Forecast
Net Sales	31,097	27,296	27,500	25,352	(18.5%)	(7.1%)	(7.8%)
Operating Income	7,819	5,423	5,400	3,949	(49.5%)	(27.2%)	(26.9%)
Margin	25.1%	19.9%	19.6%	15.6%	-	-	-
Ordinary Income	8,293	5,301	5,500	4,430	(46.6%)	(16.4%)	(19.4%)
Margin	26.7%	19.4%	20.0%	17.5%	-	-	-
Net Income	6,155	4,439	4,100	3,377	(45.1%)	(23.9%)	(17.6%)
Margin	19.8%	16.3%	14.9%	13.3%	-	-	-

- Sales and incomes were lower than original forecast.
  - The global semiconductor production and inventory adjustment which started last autumn has been prolonged.
  - The large diameter silicon wafer production adjustment started in 1Q and deepened in 2Q.
  - Our sales of semiconductor related products decreased due to aforementioned business environments.
- Exchange rate: JPY141/USD (1H FY2023: JPY133/USD)
- EBITDA Margin: 19.4% (1H FY2023: 27.8%)

# Financial Forecast: 2H FY2024

Millions of Yen

	FY2023		FY2024					
	1H	2H	1H	2H Original Forecast as of May 2023	2H Revised Forecast as of Nov 2023	vs 2H FY2023	Vs 1H FY2024	vs 2H Original Forecast
Net Sales	31,097	27,296	25,352	31,000	24,148	(11.5%)	(4.8%)	(22.1%)
Operating Income	7,819	5,423	3,949	7,100	3,151	(41.9%)	(20.2%)	(55.6%)
Margin	25.1%	19.9%	15.6%	22.9%	13.0%	-	-	-
Ordinary Income	8,293	5,301	4,430	7,200	3,220	(39.3%)	(27.3%)	(55.3%)
Margin	26.7%	19.4%	17.5%	23.2%	13.3%	-	-	-
Net Income	6,155	4,439	3,377	5,500	2,423	(45.4%)	(28.3%)	(56.0%)
Margin	19.8%	16.3%	13.3%	17.7%	10.0%	-	-	-

- Revised forecast is lower than original forecast.
  - Original forecast was assumed that the semiconductor supply-demand improves gradually in 2H.
  - Revised forecast is assumed that the semiconductor market adjustment continues in 2H and still needs further time for its full recovery.
- Assumed exchange rate: JPY140/USD (Actual exchange rate in 2H FY2023: JPY138/USD)
- Assumed EBITDA Margin: 17.7% (Actual EBITDA Margin in 2H FY2023: 23.2%)

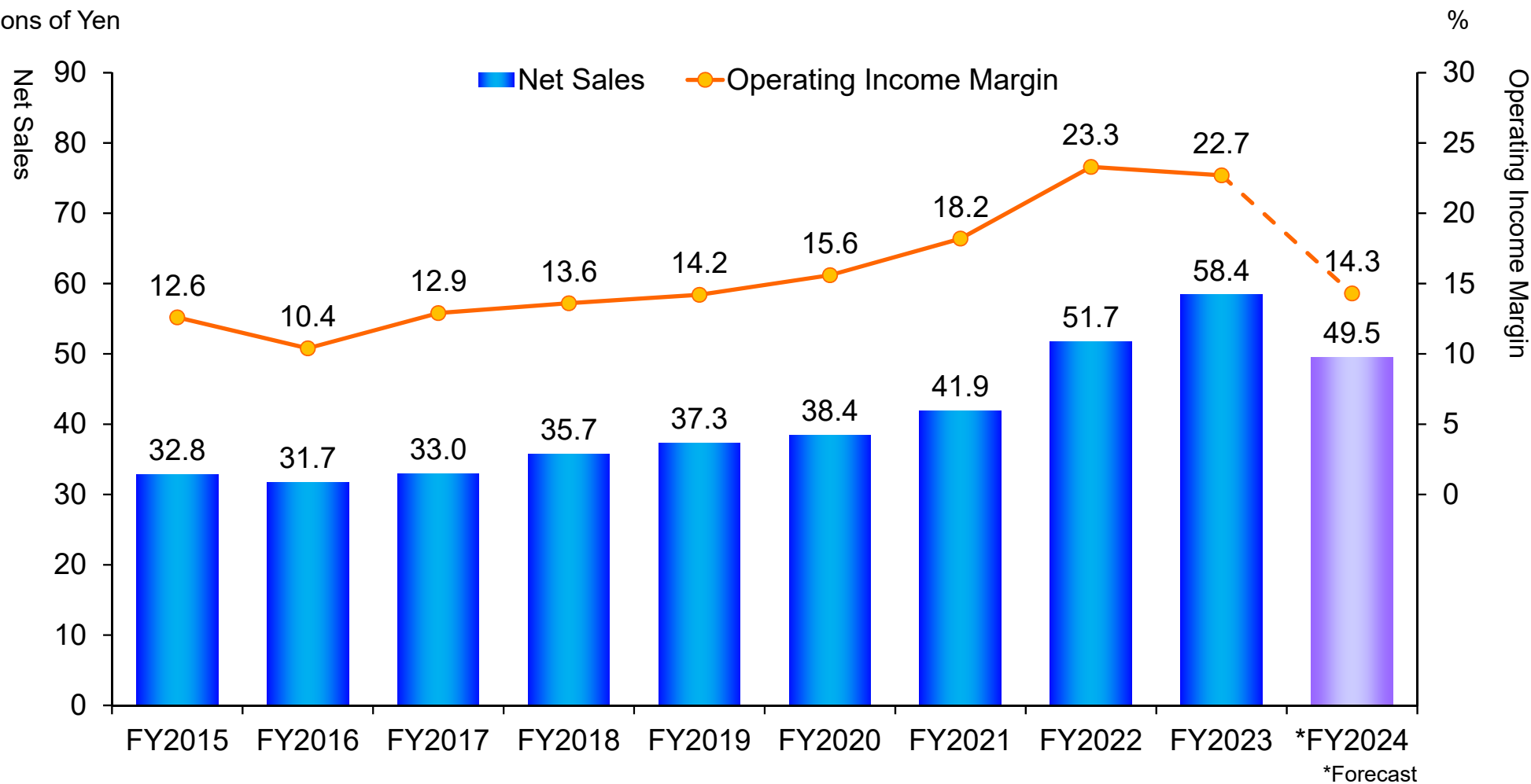
# Financial Forecast: FY2024

	FY2023	FY2024			
		Original Forecast as of May 2023	Revised Forecast as of Nov 2023	vs FY2023	vs Original Forecast
Net Sales	58,394	58,500	49,500	(15.2%)	(15.4%)
Operating Income	13,243	12,500	7,100	(46.4%)	(43.2%)
Margin	22.7%	21.4%	14.3%	-	-
Ordinary Income	13,595	12,700	7,650	(43.7%)	(39.8%)
Margin	23.3%	21.7%	15.5%	-	-
Net Income	10,594	9,600	5,800	(45.3%)	(39.6%)
Margin	18.1%	16.4%	11.7%	-	-

- Downward forecast in sales and incomes: Sales -15.2% YoY, Operation income -46.4% YoY
  - Silicon wafer business sales forecast: -24.9% YoY, -13.2% Change ratio from 1H to 2H  
2H forecast is lower than 1H assuming that silicon wafer production adjustment deepened in 2Q and stays at the 2Q level after 3Q.
  - CMP business sales forecast: -9.7% YoY, -0.2% Change ratio from 1H to 2H  
2H forecast stays at the 1H sales level assuming that the semiconductor market adjustment still needs further time for its full recovery.
- Assumed EBITDA Margin: 18.6% (Actual EBITDA Margin in FY2023: 25.6%)

# Annual Trends in Net Sales and Operating Income Margin

Billions of Yen





# Net Sales Breakdown by Application

# Net Sales Breakdown by Application: 1H FY2024 Results

Millions of Yen

	FY2023		FY2024				
	1H	2H	1H Original Forecast as of May 2023	1H	vs 1H FY2023	vs 2H FY2023	vs 1H Original Forecast
Silicon	10,629	10,275	10,000	8,404	(20.9%)	(18.2%)	(16.0%)
- Lapping	3,507	3,564	3,400	2,818	(19.6%)	(20.5%)	(17.1%)
- Polishing	7,011	6,598	6,500	5,487	(21.7%)	(16.8%)	(15.6%)
- Cutting	109	129	100	98	(10.3%)	(24.0%)	(1.4%)
CMP	15,766	12,901	12,900	12,962	(17.8%)	+0.5%	+0.5%
Hard Disk	1,002	503	700	470	(53.1%)	(6.6%)	(32.8%)
- for Aluminum Disk	987	480	700	467	(52.7%)	(2.9%)	(33.3%)
- for Glass Disk	14	23	0	3	(75.8%)	(84.3%)	-
SM / TS*	3,628	3,583	3,850	3,480	(4.1%)	(2.9%)	(9.6%)
- GI*; Abrasive	2,298	2,312	2,600	2,229	(3.0%)	(3.6%)	(14.3%)
- GI ; Non-Abrasive	1,330	1,270	1,250	1,251	(5.9%)	(1.5%)	+0.1%
Fujimi Brand Products Total	31,026	27,264	27,450	25,318	(18.4%)	(7.1%)	(7.8%)
Others	70	32	50	34	(50.9%)	+5.8%	(30.6%)
Net Sales	31,097	27,296	27,500	25,352	(18.5%)	(7.1%)	(7.8%)

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

# Net Sales Breakdown by Application: FY2024 Forecast

	Millions of Yen					
	FY2022	FY2023	FY2024			
			Original Forecast as of May 2023	Revised Forecast as of Nov 2023	vs FY2023	vs Original Forecast
Silicon	18,665	20,904	21,500	15,700	(24.9%)	(27.0%)
- Lapping	6,249	7,054	7,300	5,174	(26.7%)	(29.1%)
- Polishing	12,149	13,610	14,000	10,328	(24.1%)	(26.2%)
- Cutting	266	239	200	197	(17.8%)	(1.5%)
CMP	24,571	28,668	27,100	25,900	(9.7%)	(4.4%)
Hard Disk	1,725	1,506	1,700	1,150	(23.7%)	(32.4%)
- for Aluminum Disk	1,684	1,468	1,700	1,145	(22.0%)	(32.6%)
- for Glass Disk	41	37	0	5	(86.8%)	-
SM / TS*	6,600	7,211	8,100	6,650	(7.8%)	(17.9%)
- GI*; Abrasive	4,408	4,610	5,400	4,200	(8.9%)	(22.2%)
- GI ; Non-Abrasive	2,192	2,601	2,700	2,450	(5.9%)	(9.3%)
Fujimi Brand Products Total	51,564	58,290	58,400	49,400	(15.3%)	(15.4%)
Others	167	103	100	100	(3.4%)	0.0%
Net Sales	51,731	58,394	58,500	49,500	(15.2%)	(15.4%)

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

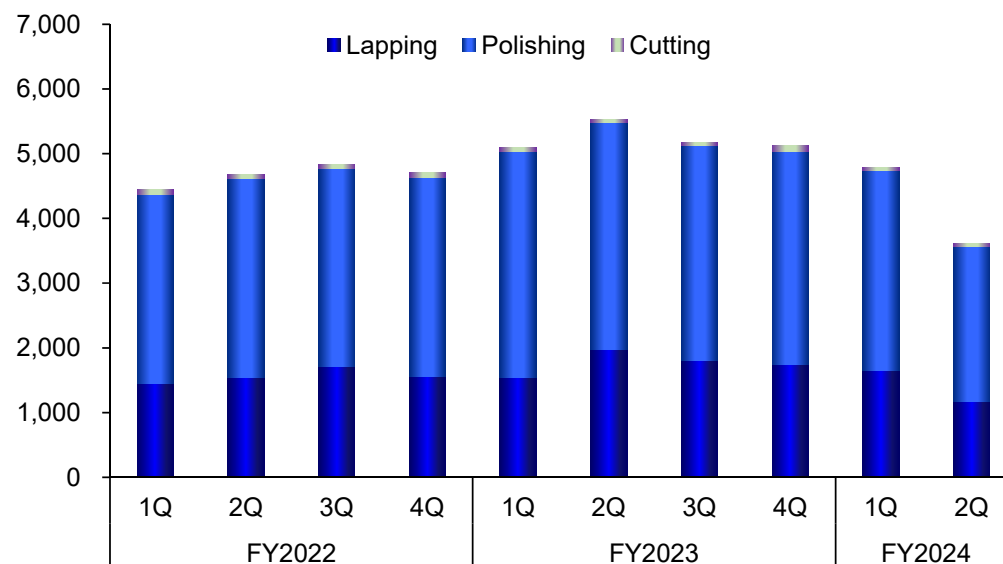
# Silicon Wafer Business: Financial Results

<Half-year>

Millions of Yen

	FY2023		FY2024				
	1H	2H	1H Original Forecast as of May 2023	1H	vs 1H FY2023	vs 2H FY2023	vs 1H Original Forecast
Silicon	10,629	10,275	10,000	8,404	(20.9%)	(18.2%)	(16.0%)
- Lapping	3,507	3,546	3,400	2,818	(19.6%)	(20.5%)	(17.1%)
- Polishing	7,011	6,598	6,500	5,487	(21.7%)	(16.8%)	(15.6%)
- Cutting	109	129	100	98	(10.3%)	(24.0%)	(1.4%)

Millions of Yen



- Business environment:
  - The large diameter silicon wafer production adjustment started in 1Q and deepened in 2Q.
- Lapping & Polishing:
  - Sales down due to aforementioned business environment

# Silicon Wafer Business: Financial Forecast

- Assumption: Silicon wafer production adjustment continues in 2H and still needs further time for its full recovery.

<Half-year>

Millions of Yen

	FY2023		FY2024					
	1H	2H	1H	2H Original Forecast as of May 2023	2H Revised Forecast as of Nov 2023	vs 2H FY2023	vs 1H FY2024	vs 2H Original Forecast
Silicon	10,629	10,275	8,404	11,500	7,296	(29.0%)	(13.2%)	(36.6%)
- Lapping	3,507	3,546	2,818	3,900	2,356	(33.6%)	(16.4%)	(39.6%)
- Polishing	7,011	6,598	5,487	7,500	4,841	(26.6%)	(11.8%)	(35.5%)
- Cutting	109	129	98	100	98	(24.4%)	(0.6%)	(2.0%)

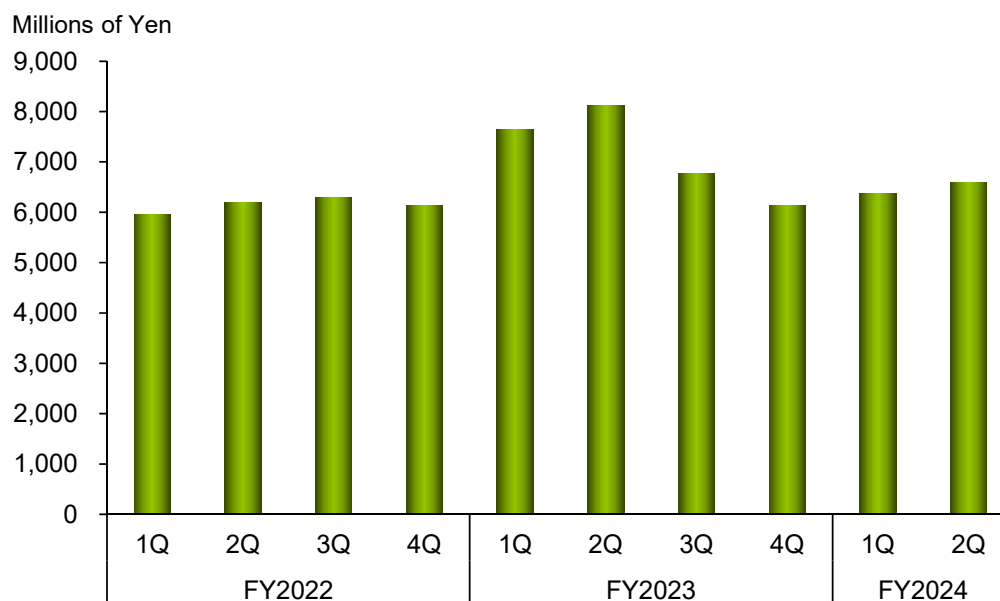
<Full-year>

Millions of Yen

	FY2022	FY2023	FY2024			
			Original Forecast as of May 2023	Revised Forecast as of Nov 2023	vs FY2023	vs Original Forecast
Silicon	18,665	20,904	21,500	15,700	(24.9%)	(27.0%)
- Lapping	6,249	7,054	7,300	5,174	(26.7%)	(29.1%)
- Polishing	12,149	13,610	14,000	10,328	(24.1%)	(26.2%)
- Cutting	266	239	200	197	(17.8%)	(1.5%)

# CMP Business: Financial Results

<Half-year>	Millions of Yen						
	FY2023		FY2024				
	1H	2H	1H Original Forecast as of May 2023	1H	vs 1H FY2023	vs 2H FY2023	vs 1H Original Forecast
CMP	15,766	12,901	12,900	12,962	(17.8%)	+0.5%	+0.5%



- Business environment:
  - The semiconductor demand softened and inventories increased in both logic and memory sectors due to weak demand for PCs, smartphones and servers.
  - However, mass production of the advanced logic semiconductor devices progressed.
- CMP:
  - Sales down due to that a semiconductor market adjustment deepened especially for mature node logic semiconductor devices and memory semiconductor devices, despite slight quarterly sales increases in both 1Q and 2Q due to progress in mass production of advanced logic semiconductor devices

# CMP Business: Financial Forecast

▪ Assumption: Semiconductor market adjustment continues in 2H and still needs further time for its full recovery.

<Half-year>

Millions of Yen

	FY2023		FY2024					
	1H	2H	1H	2H Original Forecast as of May 2023	2H Revised Forecast as of Nov 2023	vs 2H FY2023	vs 1H FY2024	vs 2H Original Forecast
CMP	15,766	12,901	12,962	14,200	12,938	+0.3%	(0.2%)	(8.9%)

<Full-year>

Millions of Yen

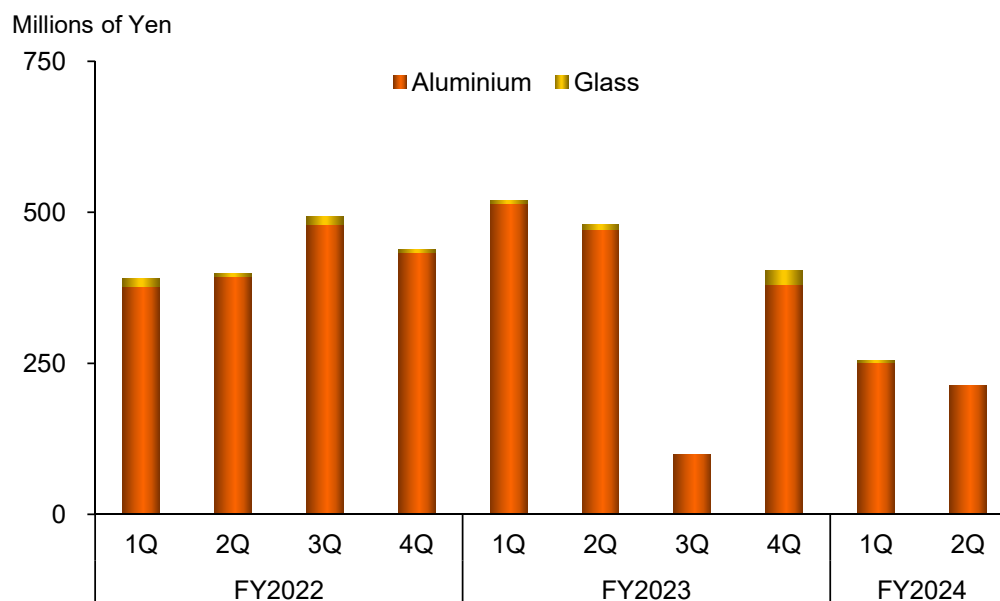
	FY2022	FY2023	FY2024			
			Original Forecast as of May 2023	Revised Forecast as of Nov 2023	vs FY2023	vs Original Forecast
CMP	24,571	28,668	27,100	25,900	(9.7%)	(4.4%)

# Disk Business: Financial Results

<Half-year>

Millions of Yen

	FY2023		FY2024				
	1H	2H	1H Original Forecast as of May 2023	1H	vs 1H FY2023	vs 2H FY2023	vs 1H Original Forecast
Hard Disk	1,002	503	700	470	(53.1%)	(6.6%)	(32.8%)
- for Aluminum Disk	987	480	700	467	(52.7%)	(2.9%)	(33.3%)
- for Glass Disk	14	23	0	3	(75.8%)	(84.3%)	-



- Business environment:
  - Market shift from HDD to SSD
  - HDD production and inventory adjustment has been prolonged.
- Aluminum Disk:
  - Sales down due to aforementioned business environment



# Disk Business: Financial Forecast

- Assumption: Customers' production increase in 2H despite HDD market downturn

<Half-year>

Millions of Yen

	FY2023		FY2024					
	1H	2H	1H	2H Original Forecast as of May 2023	2H Revised Forecast as of Nov 2023	vs 2H FY2023	vs 1H FY2024	vs 2H Original Forecast
Hard Disk	1,002	503	470	1,000	680	+34.9%	+44.5%	(32.0%)
- for Aluminum Disk	987	480	467	1,000	678	+41.0%	+45.2%	(32.2%)
- for Glass Disk	14	23	3	0	2	(91.3%)	(44.8%)	-

<Full-year>

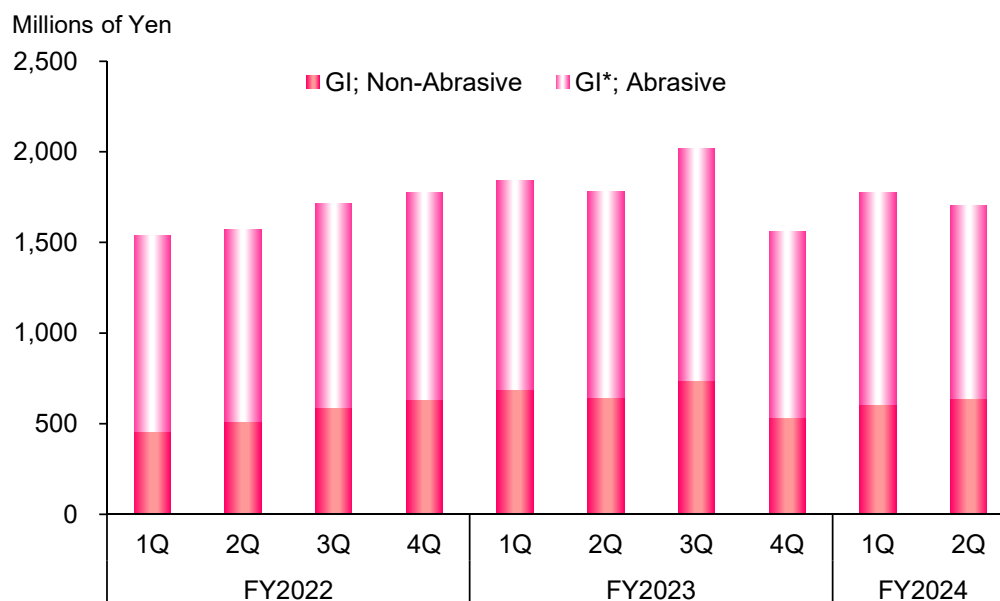
Millions of Yen

	FY2022	FY2023	FY2024			
			Original Forecast as of May 2023	Revised Forecast as of Nov 2023	vs FY2023	vs Original Forecast
Hard Disk	1,725	1,506	1,700	1,150	(23.7%)	(32.4%)
- for Aluminum Disk	1,684	1,468	1,700	1,145	(22.0%)	(32.6%)
- for Glass Disk	41	37	0	5	(86.8%)	-

# General Industry Business: Financial Results

<Half-year>	Millions of Yen						
	FY2023		FY2024				
	1H	2H	1H Original Forecast as of May 2023	1H	vs 1H FY2023	vs 2H FY2023	vs 1H Original Forecast
SM / TS*	3,628	3,583	3,850	3,480	(4.1%)	(2.9%)	(9.6%)
- GI*; Abrasive	2,298	2,312	2,600	2,229	(3.0%)	(3.6%)	(14.3%)
- GI; Non-Abrasive	1,330	1,270	1,250	1,251	(5.9%)	(1.5%)	+0.1%

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



- Business environment:
  - Weak demand for industry machineries
  - Capital investment adjustment of semiconductor production equipment
- Abrasive:
  - Sales down due to aforementioned business environment
- Non-Abrasive:
  - Sales down due to aforementioned business environment

# General Industry Business: Financial Forecast

▪ Assumption: Weak demands for various applications continue in 2H.

<Half-year>

Millions of Yen

	FY2023		FY2024					
	1H	2H	1H	2H Original Forecast as of May 2023	2H Revised Forecast as of Nov 2023	vs 2H FY2023	vs 1H FY2024	vs 2H Original Forecast
SM / TS*	3,628	3,583	3,480	4,250	3,168	(11.6%)	(9.0%)	(25.5%)
- GI*; Abrasive	2,298	2,312	2,229	2,800	1,971	(14.8%)	(11.6%)	(29.6%)
- GI; Non-Abrasive	1,330	1,270	1,251	1,450	1,197	(5.8%)	(4.3%)	(17.4%)

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

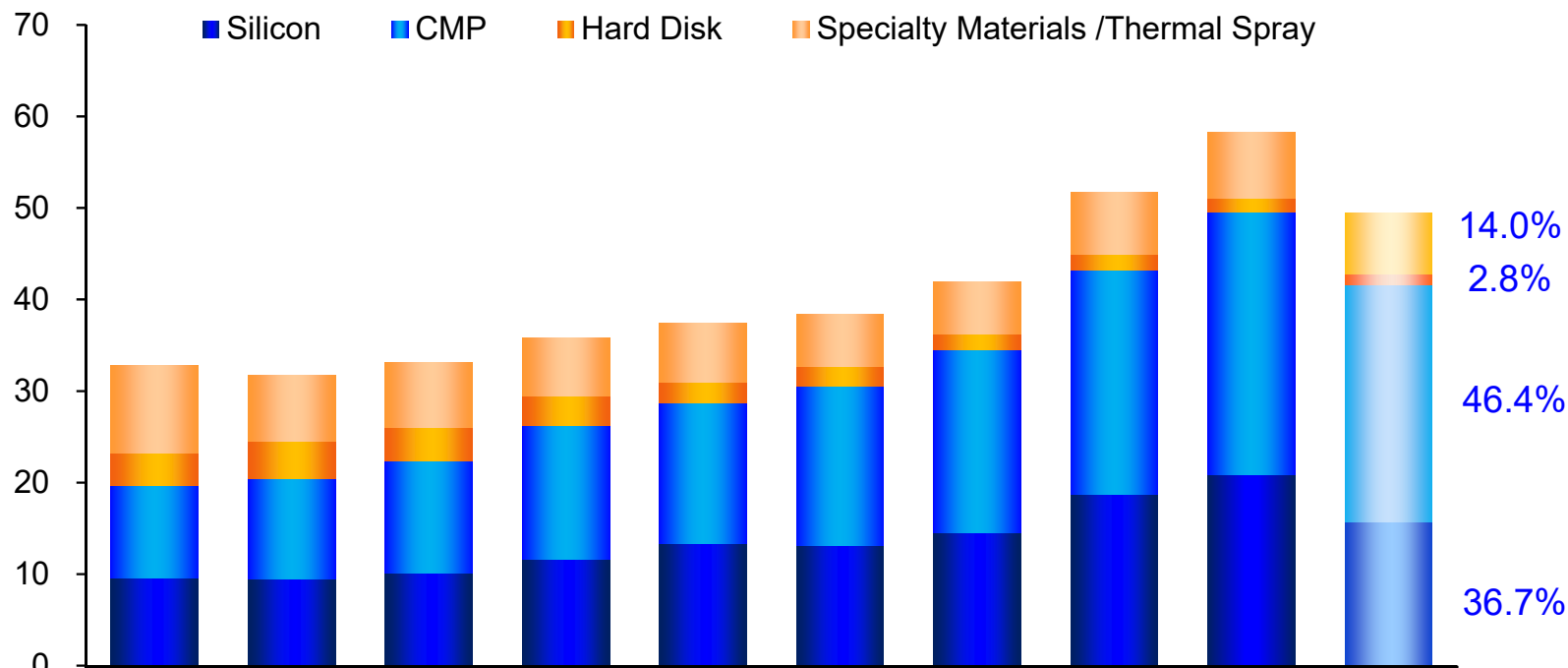
<Full-year>

Millions of Yen

	FY2022	FY2023	FY2024			
			Original Forecast as of May 2023	Revised Forecast as of Nov 2023	vs FY2023	vs Original Forecast
SM / TS*	6,600	7,211	8,100	6,650	(7.8%)	(17.9%)
- GI*; Abrasive	4,408	4,610	5,400	4,200	(8.9%)	(22.2%)
- GI; Non-Abrasive	2,192	2,601	2,700	2,450	(5.9%)	(9.3%)

# Net Sales Breakdown by Application

Billions of Yen



	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	*FY24
Specialty Materials/Thermal Spray	9.6	7.2	7.0	6.3	6.4	5.7	5.7	6.6	7.2	6.7
Hard Disk	3.4	4.0	3.6	3.2	2.2	2.1	1.7	1.7	1.5	1.2
CMP	10.1	10.9	12.2	14.6	15.3	17.3	20.0	24.5	28.6	25.9
Silicon	9.5	9.4	10.0	11.5	13.3	13.1	14.4	18.6	20.9	15.7
<b>Total</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>41.9</b>	<b>51.7</b>	<b>58.3</b>	<b>49.5</b>

\*Forecast

# **Capital Expenditure**

# **Depreciation**

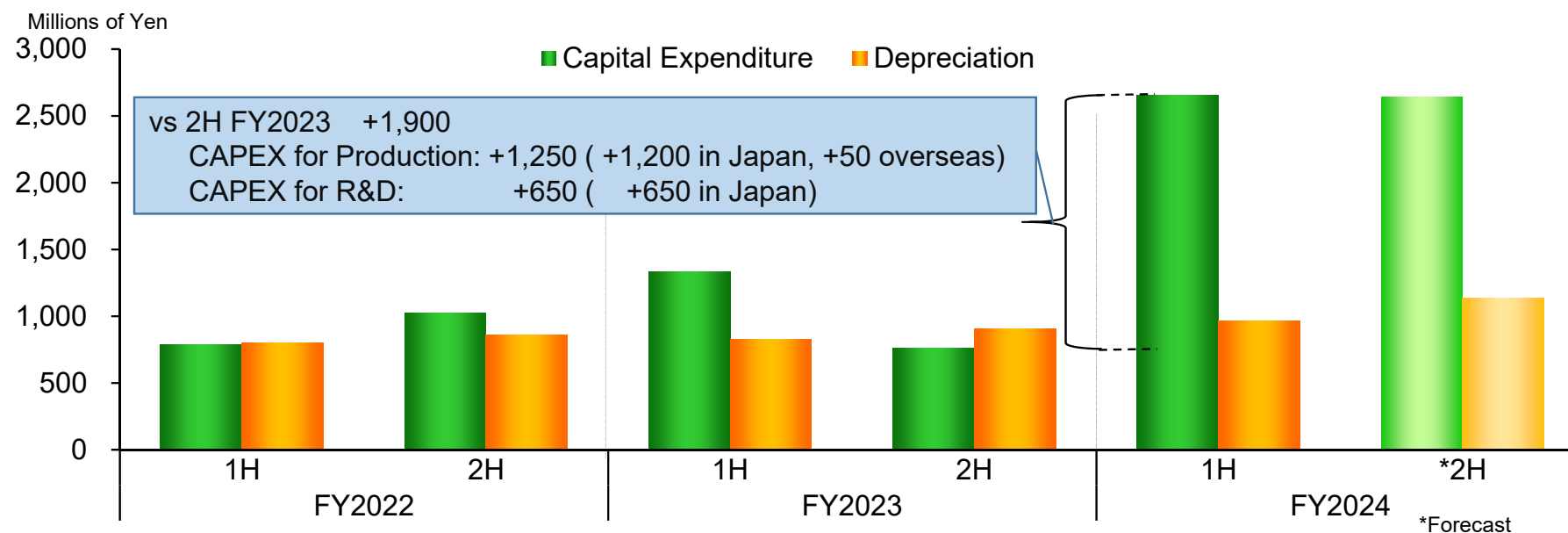
# **R&D Expense**

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

Millions of Yen

	FY2023		FY2024									
	1H	2H	1H Original Forecast	1H	vs 1H FY2023	vs 2H FY2023	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2023	vs 1H FY2024	vs Original Forecast
Capital Expenditure	1,333	761	3,600	2,656	+99.3%	+248.7%	(26.2%)	1,700	2,644	+247.4%	(0.4%)	+55.5%
Depreciation	826	903	1,000	963	+16.6%	+6.7%	(3.6%)	1,200	1,137	+25.9%	+18.0%	(5.2%)

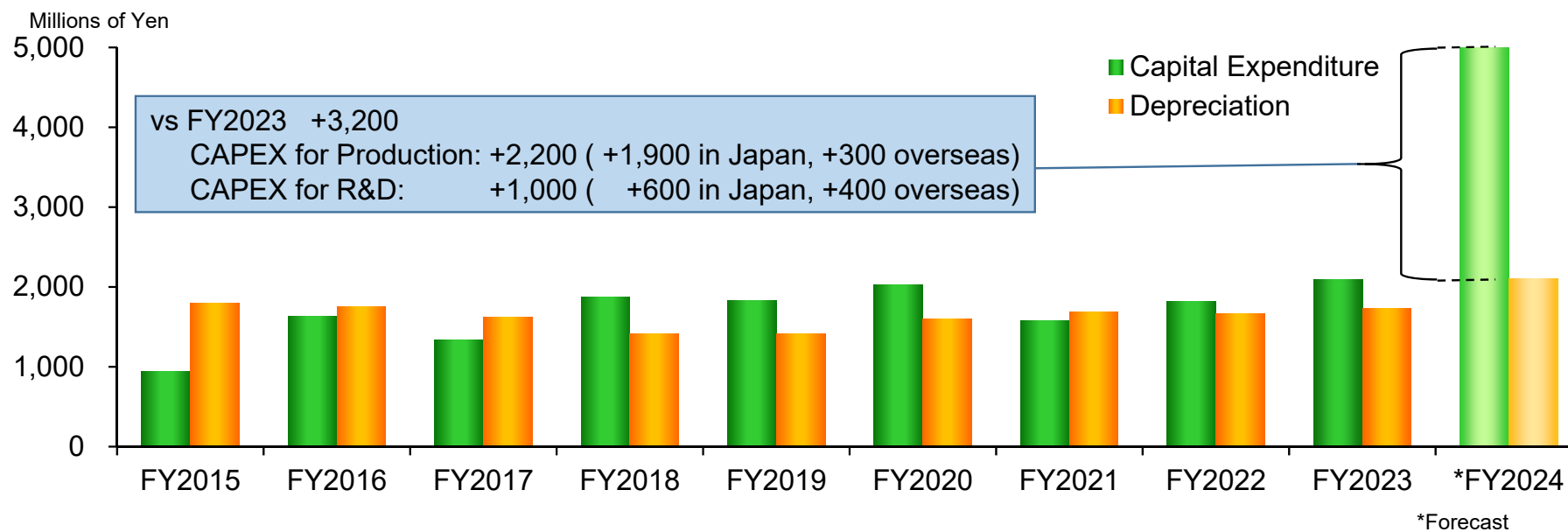
\*CAPEX : Inspection basis



# Capital Expenditure / Depreciation: FY2023 Forecast

	Millions of Yen				
	FY2023	FY2024			
		Original Forecast	Revised Forecast	vs FY2023	vs Original Forecast
Capital Expenditure	2,094	5,300	5,300	+153.1%	0.0%
Depreciation	1,729	2,200	2,100	+21.4%	(4.5%)

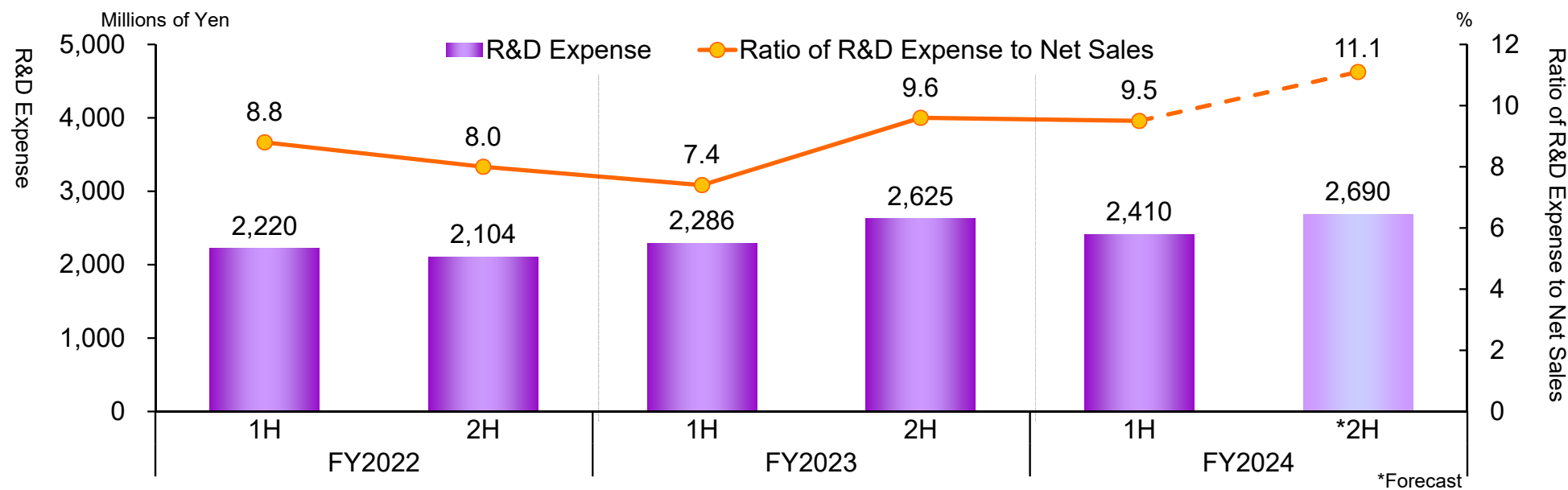
\*CAPEX : Inspection basis



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

Millions of Yen

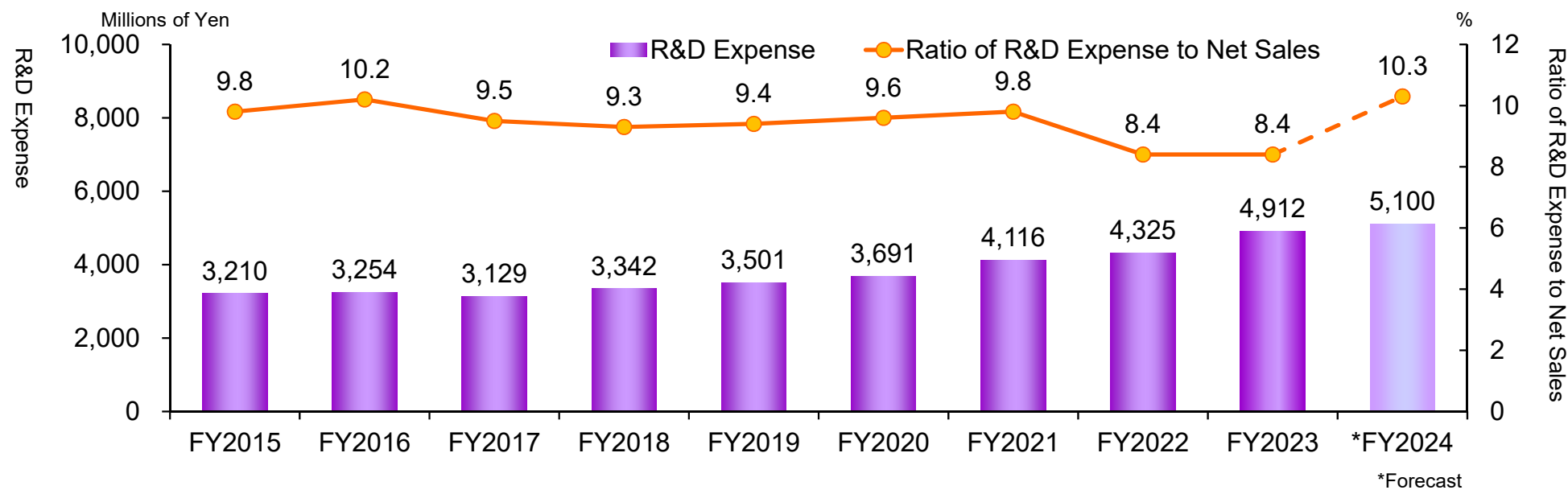
	FY2023		FY2024									
	1H	2H	1H Original Forecast	1H	vs 1H FY2023	vs 2H FY2023	vs Original Forecast	2H Original Forecast	2H Revised Forecast	vs 2H FY2023	vs 1H FY2024	vs Original Forecast
R&D Expense	2,286	2,625	2,600	2,410	+5.4%	(8.2%)	(7.3%)	2,600	2,690	+2.4%	+11.6%	+3.4%





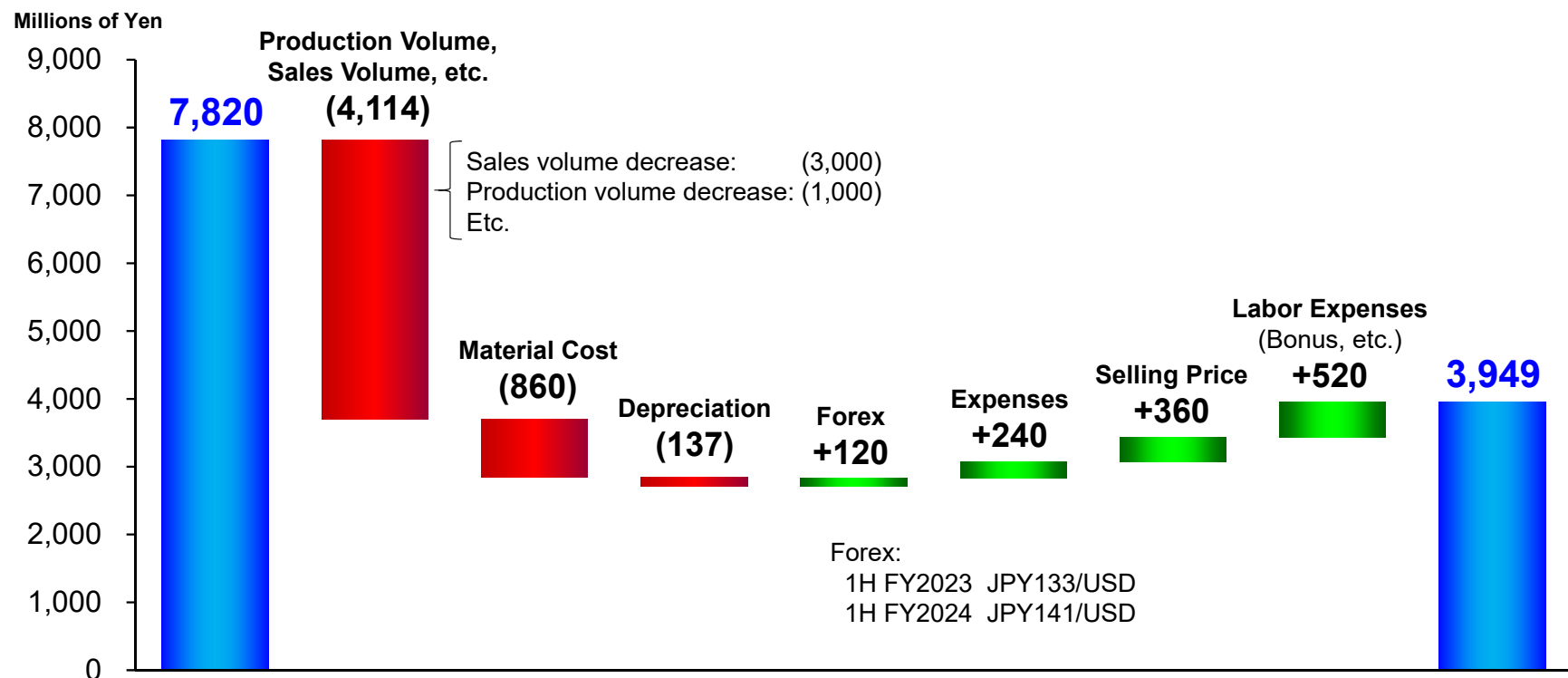
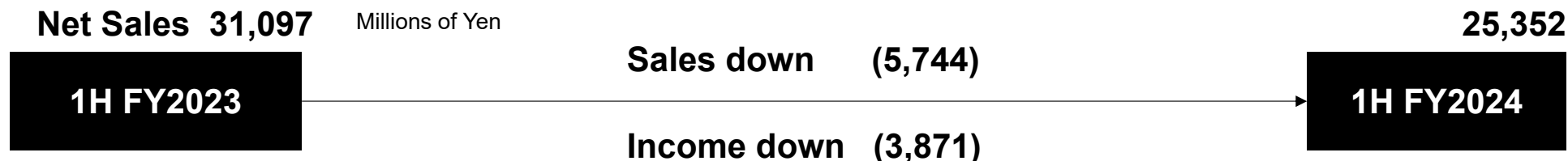
# R&D Expense: FY2024 Forecast

		Millions of Yen				
		FY2023		FY2024		
			Original Forecast	Revised Forecast	vs FY2023	vs Original Forecast
R&D Expense	4,912	5,200	5,100	+3.8%	(1.9%)	



# Operating Income Analysis

# Operating Income Analysis: 1H FY2024 vs 1H FY2023

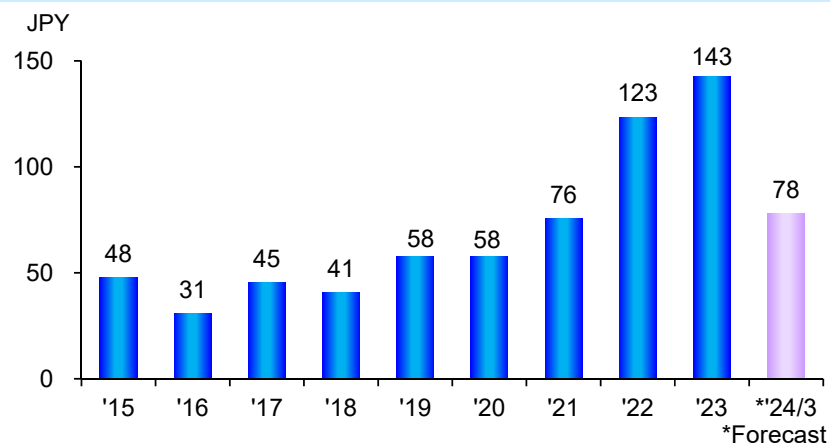




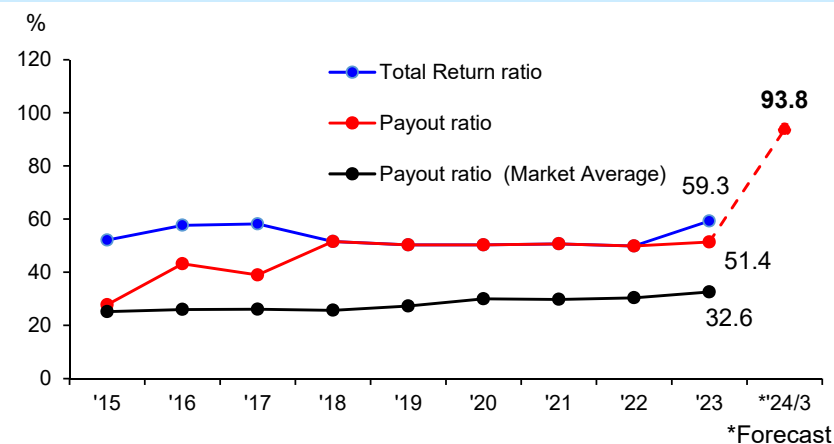
# Shareholder Returns

# Shareholder Returns on a post-split basis

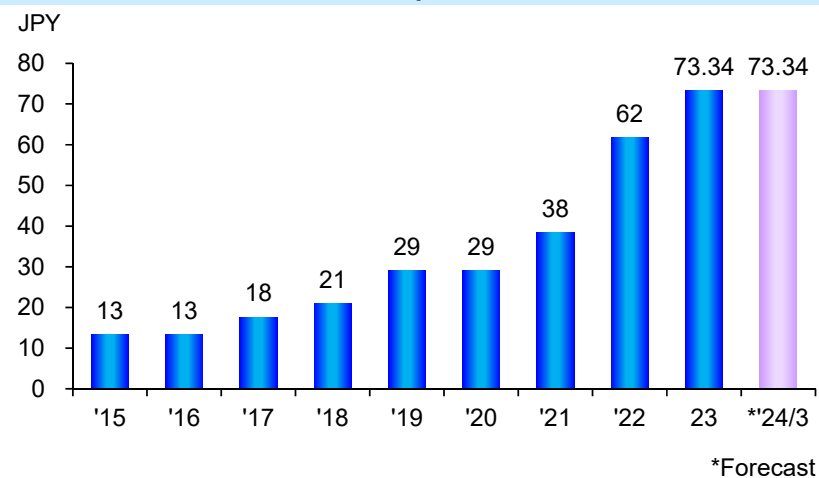
## EPS



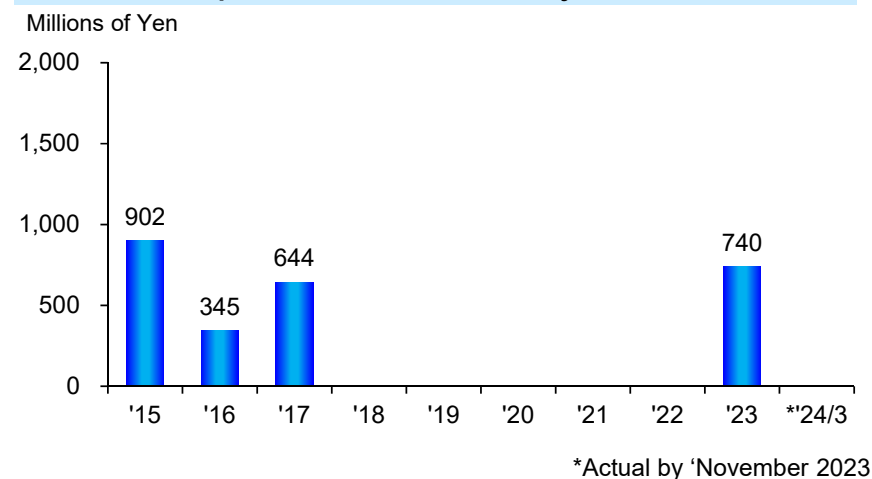
## Total Return ratio / Payout ratio



## Dividends per Share



## Acquisition of Treasury Stocks



# Financial Summary: 1H FY2024 Results / 2H FY2024 Forecast

## 1H FY2024 Financial Results vs 1H FY2023

Net Sales	(18.5%)	: Weak demands for CMP products related to semiconductor devices and products for silicon wafers
Operating Income	(49.5%)	: Sales decrease and soaring material prices
Ordinary Income	(46.6%)	:
Net Income	(45.1%)	:
Silicon Wafer	(20.9%)	: Sales down due to that the large diameter silicon wafer production adjustment started in 1Q and deepened in 2Q
CMP	(17.8%)	: Sales down due to that a semiconductor market adjustment deepened especially for mature node logic semiconductor devices and memory semiconductor devices, despite slight quarterly sales increases in both 1Q and 2Q due to progress in mass production of advanced logic semiconductor devices
Hard Disks	(53.1%)	: Sales down due to HDD production and inventory adjustment during the market shift from HDD to SSD
General Industry	(4.1%)	: Sales down due to weak demand for industry machineries and weak SPE* investment
Shareholder Returns		: DPS: JPY36.67 as same as the original forecast

\*SPE: semiconductor production equipment

## 2H FY2024 Financial Forecast vs 1H FY2024

Net Sales	(4.8%)	: Assumption: Semiconductor market adjustment continues in 2H and still needs further time for its full recovery.
Operating Income	(20.2%)	:
Ordinary Income	(27.3%)	:
Net Income	(28.3%)	:

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