

Financial year ended Mar.31, 2018

Financial Review

May. 29, 2018



Y.A.C. HOLDINGS Co., Ltd.

(Ticker cord : 6298)

<http://www.yac.co.jp>



▲ Notes regarding future prospect.

The prospects described in this document is based on the information we have as of the time this document is published, and the actual result may differ from such prospects due to various unexpected factors.

The semiconductor business which we are involved is the business that technical innovation speed is very fast and very competitive.

Moreover there are lot of external factors which affect our group business directly or indirectly such as world economy situation, fluctuating foreign exchange rate, condition of other business and trend of new capital investments.

Therefore please understand that actual figures of sales and profit may differ from the forecasted figures in this presentation materials.



Agenda

- 1. Message from president and summary of the business**
..... Mr. Takefumi Momose, Representative Director & President.
- 2. Outline of financial results**
... Mr. Kazumasa Teramoto, Director & Managing Operating Officer.
- 3. To achieve ultimate philosophy.**
..... Mr. Takefumi Momose, Representative Director & President.
- 4. Glowing business in the financial year ending Mar.31,2019.**
.....Mr.Yukio Soejima, Director & Managing Operating Officer.
- 5. Q&A.**

A horizontal banner at the top of the slide contains several small, square images: a golden mechanical part, a grid of solar panels, a view of the aurora borealis, a bright sun flare, a close-up of solar panels, and a person in a business suit.

1. Message from president and summary of the business

- **Mr. Takefumi Momose, Representative Director & President.**

1. Summary of the business.



- **Sales & Operating income both achieved the same level as the previous year.**
- **Display related.
New order received which expected to receive in the beginning of the term were shifted and sales decreased and backlog ordered increased.**

1. Summary of the business.



- **Mechatronics related.**
Sales and profit increased by full year contribution of YAC elects. and big sales of control and telecommunication systems by Okura Electric Co., Ltd.
- **Cleaning & Other related.**
Slightly decreased because of declining of domestic demand.

A horizontal banner at the top of the slide contains several small, square images: a golden gear, a grid pattern, a sunset, a bright sun, solar panels, and a person in a suit.

2. Outline of financial results

- Mr. Kazumasa Teramoto, Director & Managing Operating Officer.**

2-1. Business Results.



Sales & Operating income achieved the same level as the previous year.

(Millions of Yen)

	12 months ended Mar.31, 2017.	12 months ended Mar.31, 2018.	Increase & decrease amount against the previous financial year	Increase & decrease percentage against the previous financial year
Net sales	29,452	28,871	-580	-2.0%
Operating income (Operating income/Net sales)	1,036 (3.5%)	1,074 (3.7%)	38	3.7%
Ordinary Income	1,122	955	-167	-14.9%
Profit attributable to parent owners of parent.	790	403	-386	-48.9%
Profit per share	88.51	45.13		
R&D	489	543	53	11.0%
New capital investment	454	1,780	1,325	291.3%
Depreciation and amortization	518	610	91	17.6%

New factories of YAC Technologies and YAC Elex.

2-2 Sales by business.



Mechatronics related business went well.

Display related business decreased compared with the previous year.

(Millions of Yen)

	12 months ended Mar.31, 2017.	12 months ended Mar.31, 2018.	Increase & decrease amount against the previous financial year	Increase & decrease percentage against the previous financial year
Display related	13,207	11,212	-1,994	-15.1%
		Sales shifted because of delay of new order received.		
Mechatronics related	14,555	16,188	1,633	11.2%
		Full year contribution of YAC Elex. And big sales of control and telecommunication system.		
Cleaning and other related	1,689	1,470	-219	-13.0%
Total	29,452	28,871	-580	-2.0%

2-3 Operating income by business.



Gross margin of display related business decreased with sales declining.

Moreover, some of units of order received decreased profit.

(Millions of Yen)

	12 months ended Mar.31, 2017.	12 months ended Mar.31, 2018.	Increase & decrease amount against the previous financial year	Increase & decrease percentage against the previous financial year
Display related	394	-173	-567	-144.0%
Mechatronics related	998	1,201	203	20.3%
Cleaning and other related	291	-112	-403	-138.6%
Adjusted amount. (Common expenses)	-647	158	806	—
Total	1,036	1,074	38	3.7%

2-4 New order received and amount & backlog ordered by business

(Millions of Yen)

Display related business received 2.8 times new order compared with the previous year. Group total backlog ordered amounted to ¥22,800 million which is 2.3 times of the previous year.

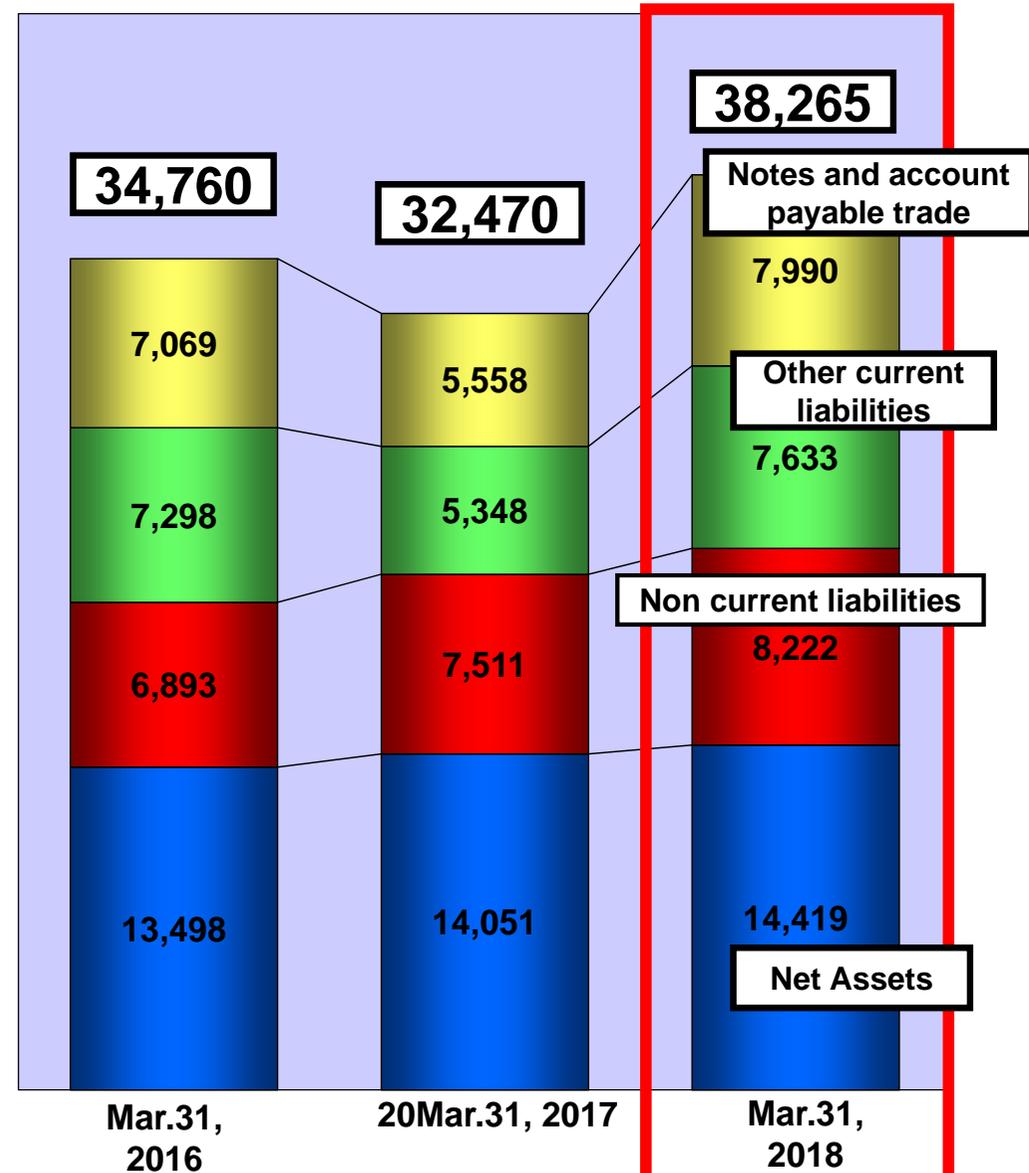
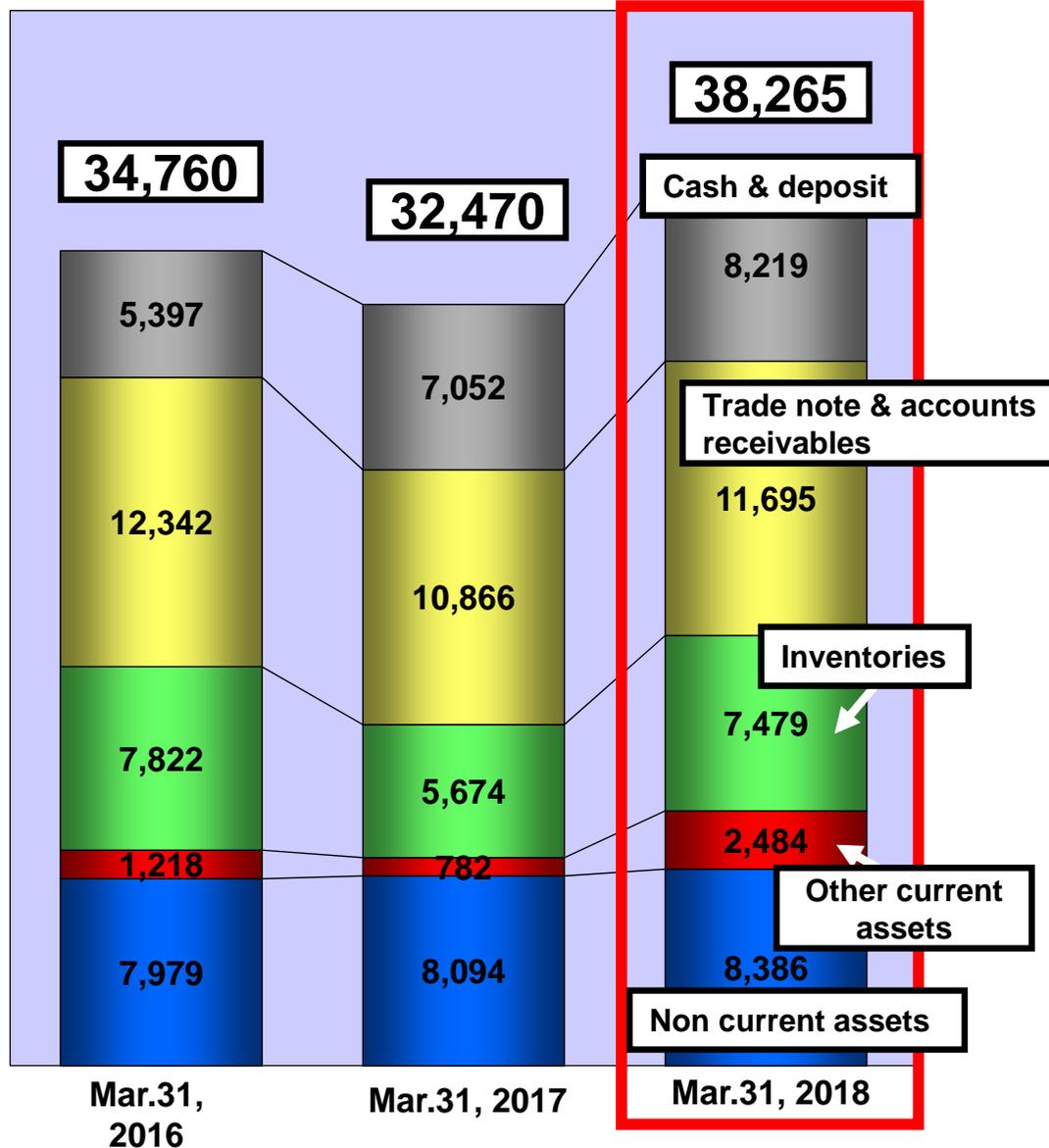
		12 months ended Mar.31, 2017.	12 months ended Mar.31, 2018.	Increase & decrease amount against the previous financial year	Increase & decrease percentage against the previous financial year
Display related.	New order received	8,115	23,201	15,086	185.9%
	Backlog ordered	5,397	17,389	11,922	222.2%
Mechatronics related.	New order received	14,407	17,279	2,872	19.9%
	Backlog ordered	4,436	5,502	1,065	24.0%
Total <small>Excluding cleaning and other related.</small>	New order received	22,522	40,459	17,937	79.6%
	Backlog ordered	9,833	22,892	13,058	132.8%

2-5 Historical figures of B/S



< Assets >

(Millions of Yen) < Liabilities & Net Assets > (Millions of Yen)



2-6 Summary of cash flows statements.



Cash flows from operating activities was positive 2 consecutive years and “Material events concerning going concern assumption” was deleted. (Millions of Yen)

	Twelve month ended Mar.31, 2016	Twelve month ended Mar.31, 2017	Twelve month ended Mar.31, 2018
Cash flows from operating activities.	-4,715	4,369	1,598
Cash flows from operating activities.	-3,862	-1,007	-1,808
Cash flows from operating activities.	5,857	-1,779	1,450
Cash & cash equivalents balance at end of period.	5,155	6,703	7,926

Inventories increased with increasing new order received.

Acquisition of Fuji factory and others.

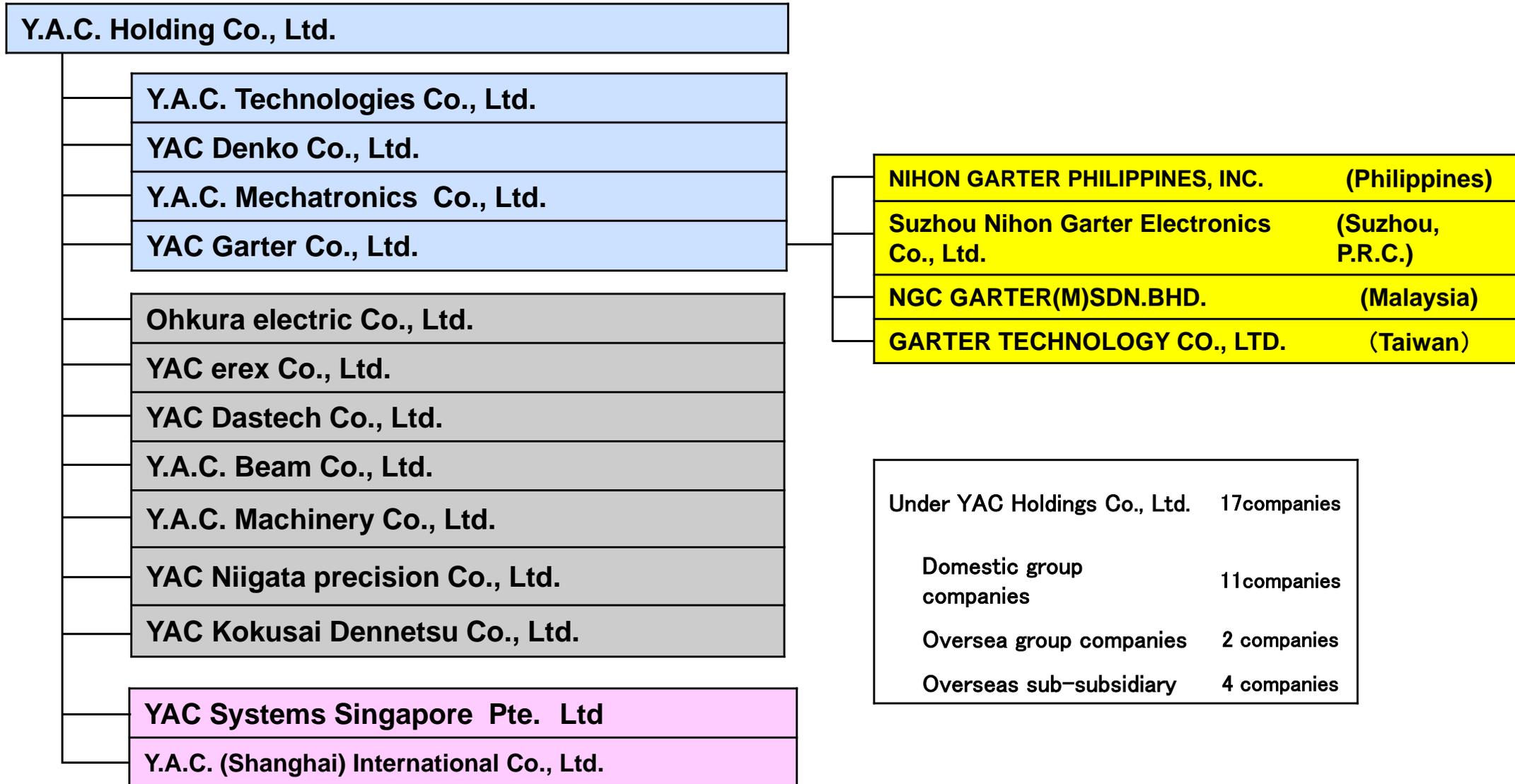
Execution of new borrowings.



3. To achieve ultimate philosophy.

.....Mr.Takefumi Momose, Representative Director & President.

3-1 YAC Group corporate structure.



3-2 New corporate philosophies.



【Funding philosophy】

(since 1973)

1. Company with technology oriented.
2. Company with strong vitality.
3. Company with challenging spirit against various risks.
4. Company with principal that small but highly skilled work force.

【Philosophy for growing】

(added in 1985)

1. Seeking employees prosperity, mentally as well as economically.
2. Paying tax to central and regional government as much as possible.
3. Creating and delivering new products.
4. Treating shareholders highly and preferentially.
5. Contributing to social community.
6. Saving resources and energy for environment.

【Ultimate philosophy】

(added in 2016)

~in order to contribute much more to society~

1. Growth of employees' capacity.
2. Expansion of employment.
3. Improvement of employment conditions.
4. Expansion of paying tax.

3-3 To achieve “Ultimate philosophy.”



“ Ultimate philosophy” ~To contribute much more~

**Items which
“Ultimate
philosophy ”
aiming**

(1) Growth of employee’s capacity

(2) Expansion of employment.

(3) Improvement of employment conditions.

(4) Expansion of paying tax.

To realize much more.

(1) To enlarge corporate size.

(2) To promote aggressively M&A

(3) To establish profitable body.

(4) To strengthen financial condition.

(5) All member management.

**Basic
strategies
(3-4)**

**Conditions
for
successful
achievement.
(3-5)**

(1) Expansion of corporate body.

1. Expansion of present business.

- ◎ Increase the market share(by differentiation, M&A and alliances)
- ◎ Expand expendable supply business and maintenance service business.
- ◎ Increase the number of handling products(by new development, M&A and alliances)

2. Proceed into new business.

- ◎ Proceed into growing business. To utilize subsidies of national growing strategies.
- ◎ To fined out the high value added products for mass production.

3. Spread business to worldwide.

(2) Aggressive promotion of M&A and business alliances

(3) To establish profitable corporate body

1. To develop high value added products and merchandise.

2. To decrease production cost.

◎ To execute perfectly new budget controlling system.

◎ To delivery of finished products.

◎ To get early acceptance.

◎ To avoid miss work.

◎ To decrease expense.

3. To increase productivity in every division.(Work style reform)

◎ To increase productivity of own work and aim to reduce processing time half.

(4) To strengthen financial condition.

(5) All member management.

◎ Employee all participate company management.

3-5. Condition for successful achievement



1. Cooperation and competition.

2. Well organized corporate management by all member management.

- ◎ Top management draft up strategies and tactics, finalize after discussion with all employee and execute by all members of corporate.
- ◎ Management method is “plan-do-check-act” cycle.
- ◎ In business strategy, tactic and all other area each management and employee are communicated well and full of vigor.

3. Strong mind and vitality.

- ◎ Top people's will power, courage and passion for outcome of business sense of mission and passion.
- ◎ Leadership and well-organized teamwork of top people and management team.
- ◎ Employee's motivation who reply to the above.

4. To proceed work style reform, accelerate it and increase productivity double.

- ◎ To realize increasing productivity double by all member management.

3-6 To realize “Ultimate philosophy”



“Ultimate philosophy”

~In order to contribute much more~

- 1.Growth of employees capacity
- 2.Expansion of employment.
- 3.Improvement of employment condition.
- 4.Expansion of tax payment.

Holding company system, work style reform, competition & cooperation

To make blueprint of company image ten years after

- To make medium term management plan based on company image ten years after
- To make strategies and tactics all employee give opinion and execute

To challenge to new stage for coming 50 years anniversary.

- To set up the target of 50th year and challenge by all employee.

2017 to 2019

To aim achieving each company’s budget and fixing 3 corporate cultures.

- ①Cooperation and competition by each group company.
- ②Establishing high profitable corporate body.
- ③executing all employee management.

Basic strategies.

- (1) Expansion of present business
 - 1.Expansion of present business
Emphasizing for AI and IOT.
 - 2.Penetrating into new business
 - 3.Spreading business to world wide
 - 4.M&A, Alliance.
- (2) Establishing profitable corporate body.
 - 1.Introducing high value add products
 - 2.Decreasing production cost.
 - 3.Increasing productivity.
- (3) Strengthening financial condition.
- (4) All member management.

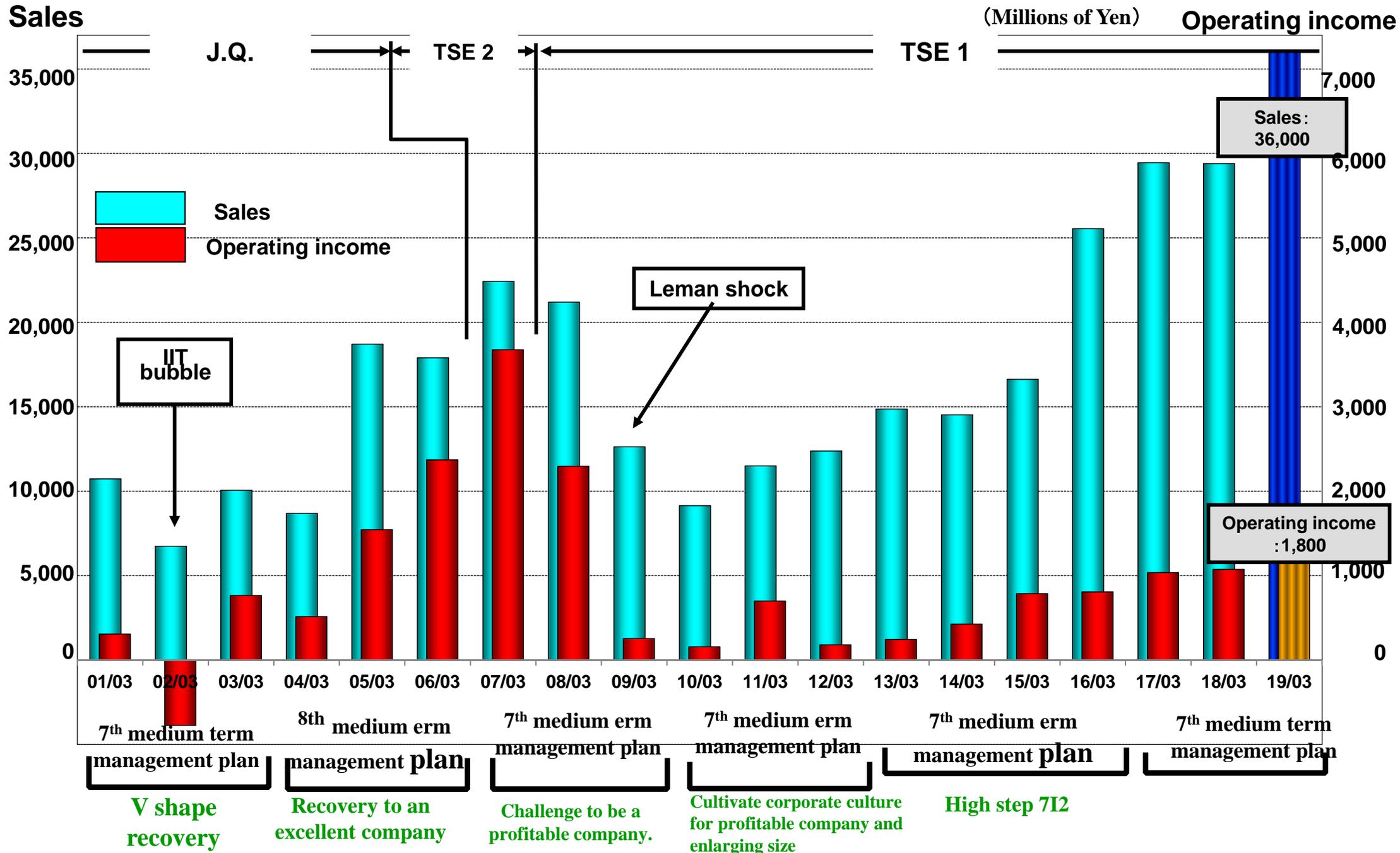
Compared with the
previous year

■ Sales	<u>¥36,000 M.</u>	(+¥7,200M.)
■ Operating income.	<u>¥1,800 M.</u>	(+¥700 M.)

Backlog ordered At year start.	¥22,800 M.	(+¥13,000 M.)
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1. Financial year ending Mar.31, 2019 started favorably with ¥22.8 B. backlog ordered.
2. Demand for new capital investment of display and semiconductor are still strong.

3-8 Past results and forecast of financial year ending Mar.31, 2019.



A horizontal banner at the top of the slide contains several small images: a golden gear, a grid pattern, a sunset, a bright sun, solar panels, and a person in a suit.

4. Growing business in the financial year ending Mar.31, 2019.

- Mr. Yuki Soejma. Director & Managing Operating Officer.**



■ Display business.

- ▲ There is a pause and some investment delay in OEL but still moving. We have seized this investment delay for small size panel for smart phone and big size panel for TV opportunity and proceed development of process equipment and plan to get back market share.
- ▲ We could get a business chance of annealing equipment and dry etcher for flexible OLED.

■ Semiconductor business.

- ▲ To concentrate taping machine for discrete.
- ▲ To get the business for power semiconductor such as Si-IGBT, Sic-SBD and Sic-MESFET.
- ▲ To develop taping machine and annealing equipment for PLP of WLP.

■ Measuring and controlling business.

- ▲ Increasing demand for electric supply and demand balance control equipment and industrial meter when renewable energy increase with seeking best mix of electric resources.
- ▲ Increasing key electric supply and controlling equipment with gridization of electric supply.

■ Medical and health care machine.

- ▲ Dialysis evaluation machine is completed. Planning to increase production capacity double, compare with 2018, after 2019.
- ▲ Developing watching system for aged people.

4-3 Business plan of the financial year ending Mar.31, 2029

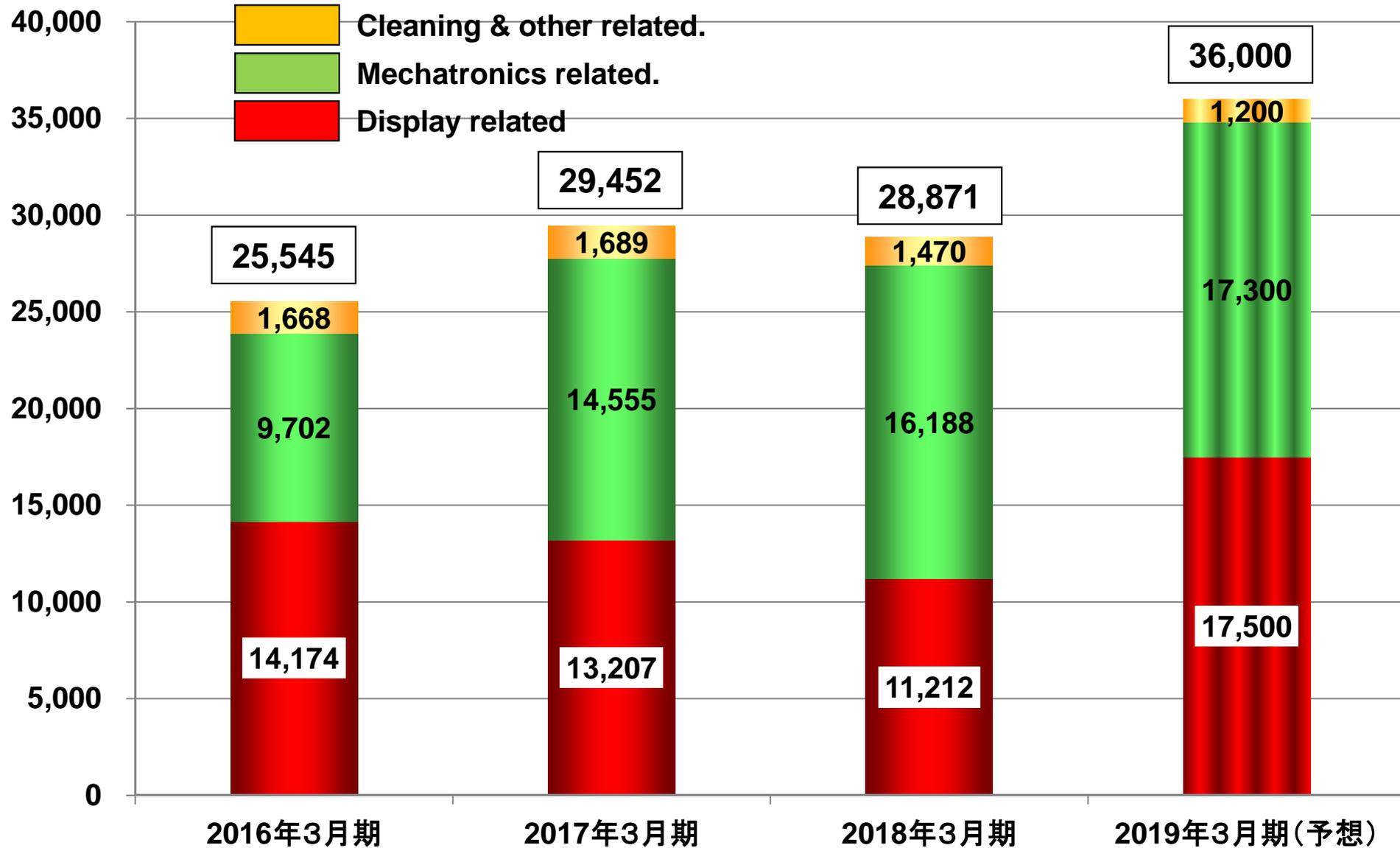
(Millions of Yen)

	12 months ended Mar.31, 2016	12 months ended Mar.31, 2017	12 months ended Mar.31, 2018 (Result 1)	12 months ended Mar.31, 2019 (Forecast)	Increase/ decrease amount against result 1	Increase/ decrease % against result 1
Sales	25,545	29,452	28,871	36,000	7,128	24.7%
Operating income	807	1,036	1,074	1,800	725	67.5%
Ordinary income	546	1,122	955	1,600	644	67.5%
Profit attributable to owners of parent	28	790	403	800	396	98.1%
Profit per share	3.14	88.51	45.13	89.40	—	—

4-4 Sales result and budget by business.



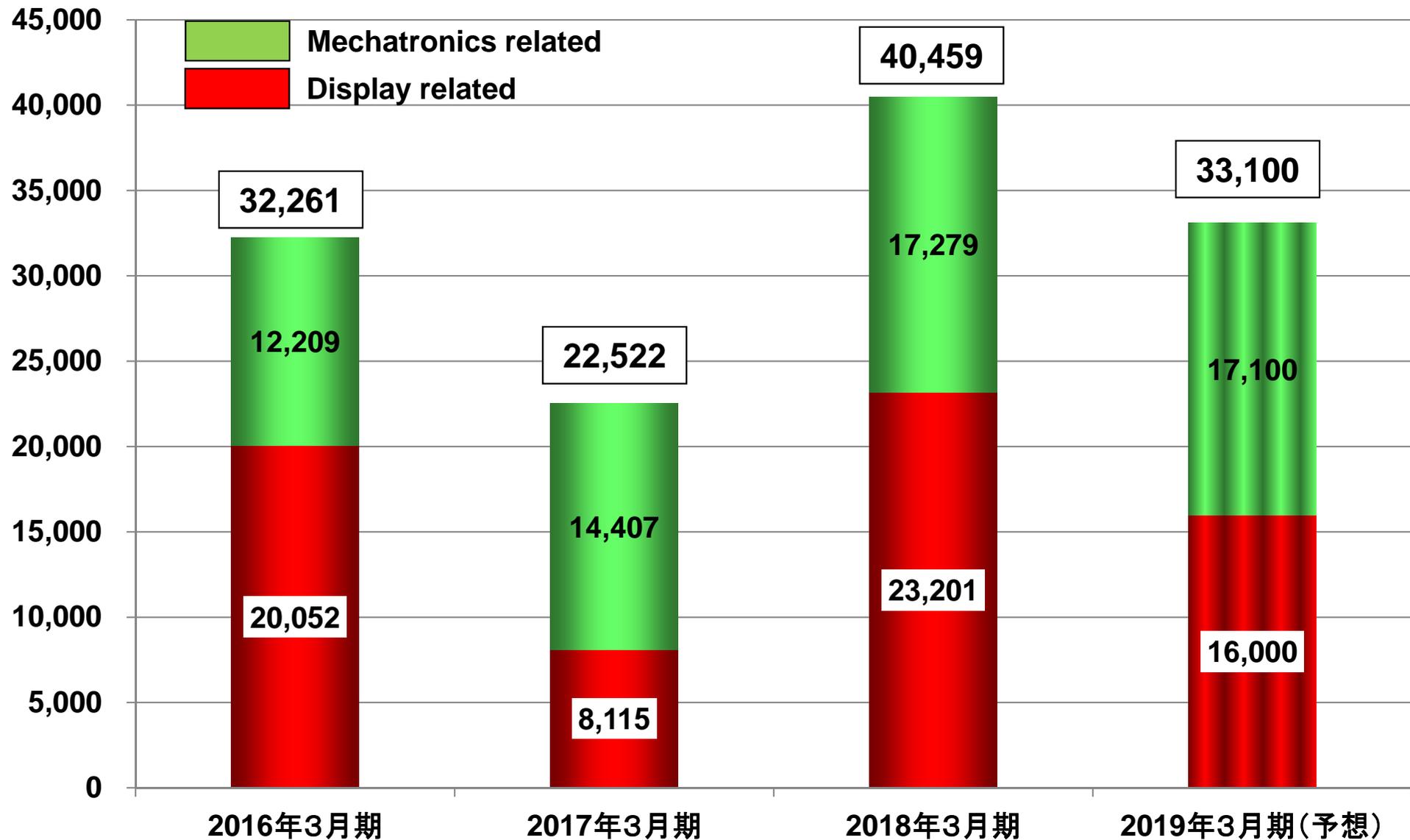
(Millions of ¥)



4-5 New order received result & budget by business

(Millions of ¥)

※Excluding cleaning related.





Well, Today should be

a Fascinating and Prosperous

Day, again!

Flexible high technology company



Y.A.C. Group