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To our shareholders

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Revision of Earnings and Dividend Forecasts for the Fiscal Year 2020

We have revised our forecasts for earnings and dividends for the year ending December 2020, which we originally announced on February 13, 2020, based on our current forecasts.

1. Revised Earnings Forecast

Revised Consolidated Earnings Forecast for Fiscal Year Ended December 31, 2020 (January 1 to December 31, 2020)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income Per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	46,200	12,000	12,000	9,200	216.94
Revised forecast (B)	37,000	9,400	9,700	7,100	166.64
Change (B-A)	△9,200	△2,600	△2,300	△2,100	-
Change (%)	△19.9	△21.7	△19.2	△22.8	-
(Reference) Consolidated results for the previous fiscal year FY12/19	42,822	10,879	11,031	9,101	216.69

(Reasons for the revision)

With the impact of the COVID-19 pandemic on the global economy being materialized, the recovery of demand for end products, especially the ones requiring the highest-grade deposition technology that we see as our major market segment, has been sluggish, and the new order flow for our equipment has been slow. Our equipment orders were also negatively impacted by the U.S. economic sanctions on China that curtailed the production of certain Chinese smartphone manufacturer and delayed the launch of new smartphones. Taking these factors into account, we have decided to revise downwards the 2020 financial forecast.

Sales for smartphone and IoT-related products applications such as for automobiles, bio-authentication and optical communications are expected to remain firm, but sales forecast for camera lens and LED applications are below initial expectations. While the development of certain new types of products including ALD and 5G optical communication equipment are complete with incoming orders already starting to contribute to our business, it is more likely to be during the year 2021 and beyond that these products start to contribute to earnings in significant magnitude.

Profits are expected to decline due to the sales drop. We expect the cost-of-goods-sold ratio to increase slightly, but both the SG&A expense and the ordinary income ratios to remain unchanged. While we are making continuous cost reduction efforts through improving production efficiency and procurement cost management alongside SG&A control, we plan to spend necessary amount on R&D activities in order to stay committed to focusing on developing new types of equipment for generating future revenue pipelines,.

2. Revised Dividend Forecast

	Cash dividends per share (Yen)		
	End of second quarter	End of term	Total
Previous Forecast	-	60.00	60.00
Revised forecast	-	50.00	50.00
Results in FY 2020	0.00	-	-
Results for the previous FY 12/2019	0.00	60.00	60.00

(Reason for the revision)

We maintain our policy to retain earnings required for necessary R&D activities and to strengthen our production system and improve quality. We will also actively look for opportunities for strategic investment and alliances for future growth. While keeping liquidities for these activities, we remain flexible to return earnings to shareholders in accordance with our earnings level. We are aiming for a consolidated dividend payout ratio of about 30% to realize a stable dividend per share.

Based on the above policy and the earnings forecast revision, we will revise the year-end dividend forecast to 50 yen per share, down 10 yen from 60 yen per share.

(NOTE) The above forecasts are based on currently available information. Actual results may differ from forecasts, and dividends may vary accordingly.

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