

# Revision of FY2007 Financial Estimates and Business Environment

**Kiyoshi Sato, President & COO**

**July 28, 2006**

# FY2007 Revision of Financial Estimates



## FY2007 Revision of Financial Estimates

# Revision of Consolidated Financial Forecast

(Billions of Yen)

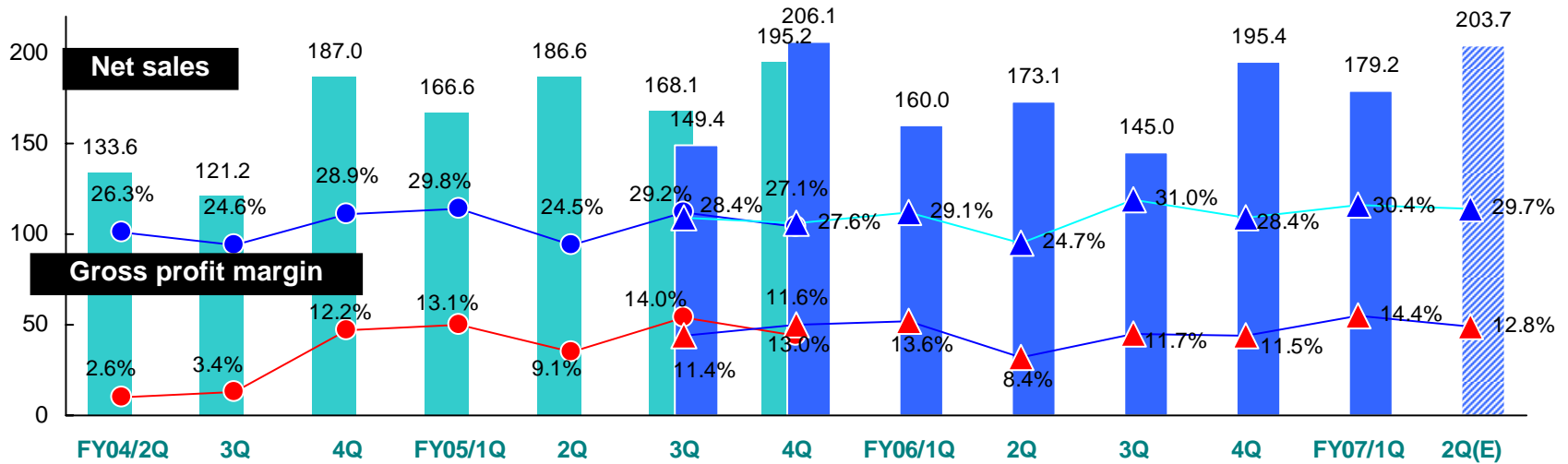
	FY2007(E)						
	1H		2H		Full Year		YoY change
	Initial Estimates	Revised	Initial Estimates	Revised	Initial Estimates	Revised	
<b>Net Sales</b>	363.0	383.0	387.0	417.0	750.0	800.0	+19%
SPE	260.0	279.0	282.0	317.0	542.0	596.0	+22%
FPD	50.0	51.0	50.0	45.0	100.0	96.0	+18%
CN	8.5	8.5	8.5	8.5	17.0	17.0	-3%
EC	44.0	44.0	46.0	46.0	90.0	90.0	+4%
others	0.5	0.5	0.5	0.5	1.0	1.0	-20%
<b>Operating income</b>	45.0 (12.4%)	52.0 (13.6%)	56.0 (14.5%)	61.0 (14.6%)	101.0 (13.5%)	113.0 (14.1%)	+37.2
<b>Ordinary income</b>	46.0 (12.7%)	53.0 (13.8%)	57.0 (14.7%)	62.0 (14.9%)	103.0 (13.7%)	115.0 (14.4%)	+39.0
<b>EBIT</b>	46.0 (12.7%)	53.0 (13.8%)	57.0 (14.7%)	62.0 (14.9%)	103.0 (13.7%)	115.0 (14.4%)	+39.6
<b>Net income</b>	28.0 (7.7%)	33.0 (8.6%)	35.0 (9.0%)	37.0 (8.9%)	63.0 (8.4%)	70.0 (8.8%)	+21.9



## FY2007 Revision of Financial Estimates

# Quarterly Net Sales & Profit Ratio

(Billions of Yen)



### Operating income margin

- Previous policy: Shipment base
- New policy: Confirmation of setup & testing base, Warranty reserve

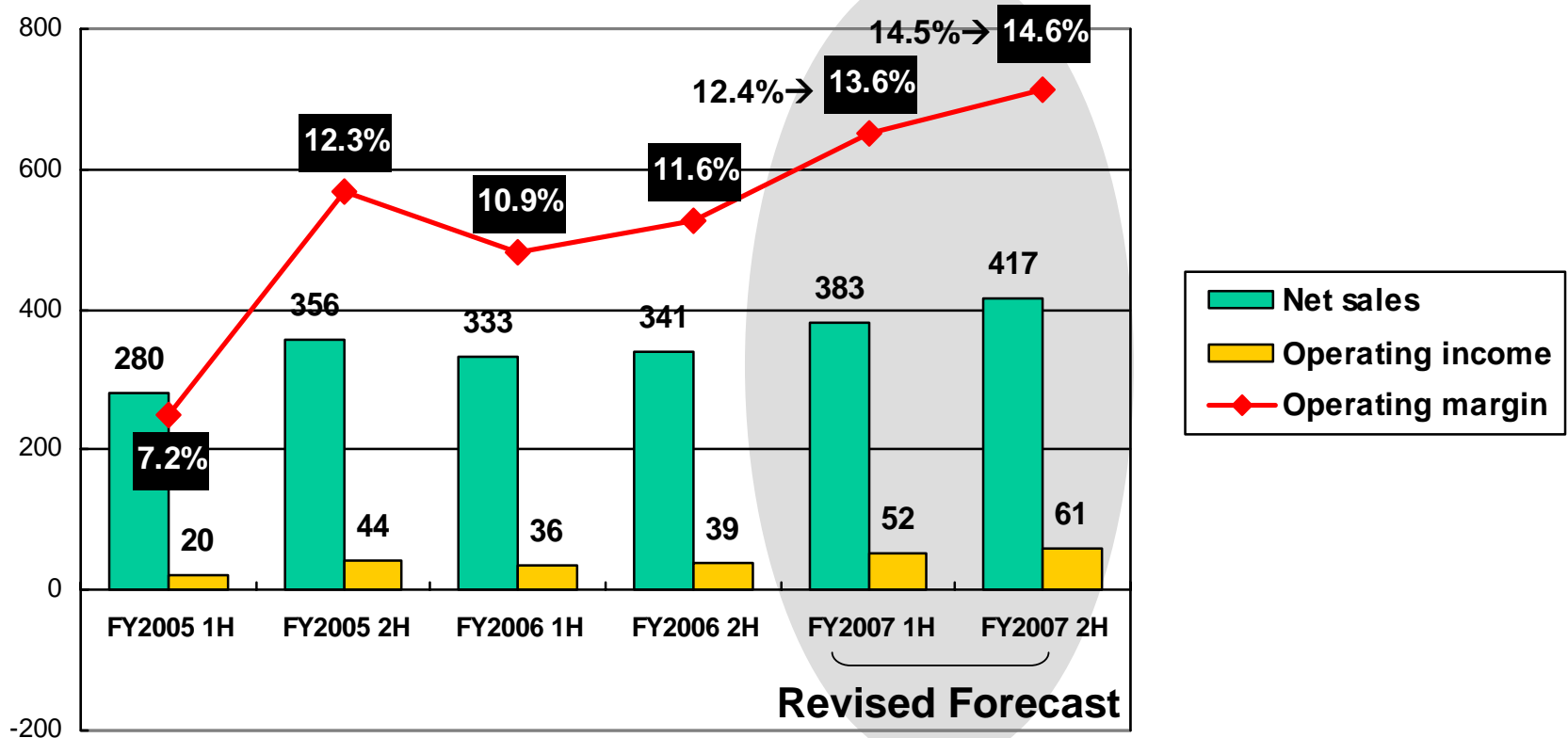
- Net sales on a previous accounting policy
- Net sales on a new accounting policy
- Gross profit margin on a previous accounting policy
- ▲ Gross profit margin on a new accounting policy
- OP margin on a previous accounting policy
- ▲ OP margin on a new accounting policy



# Projected Net Sales and Operating Margin

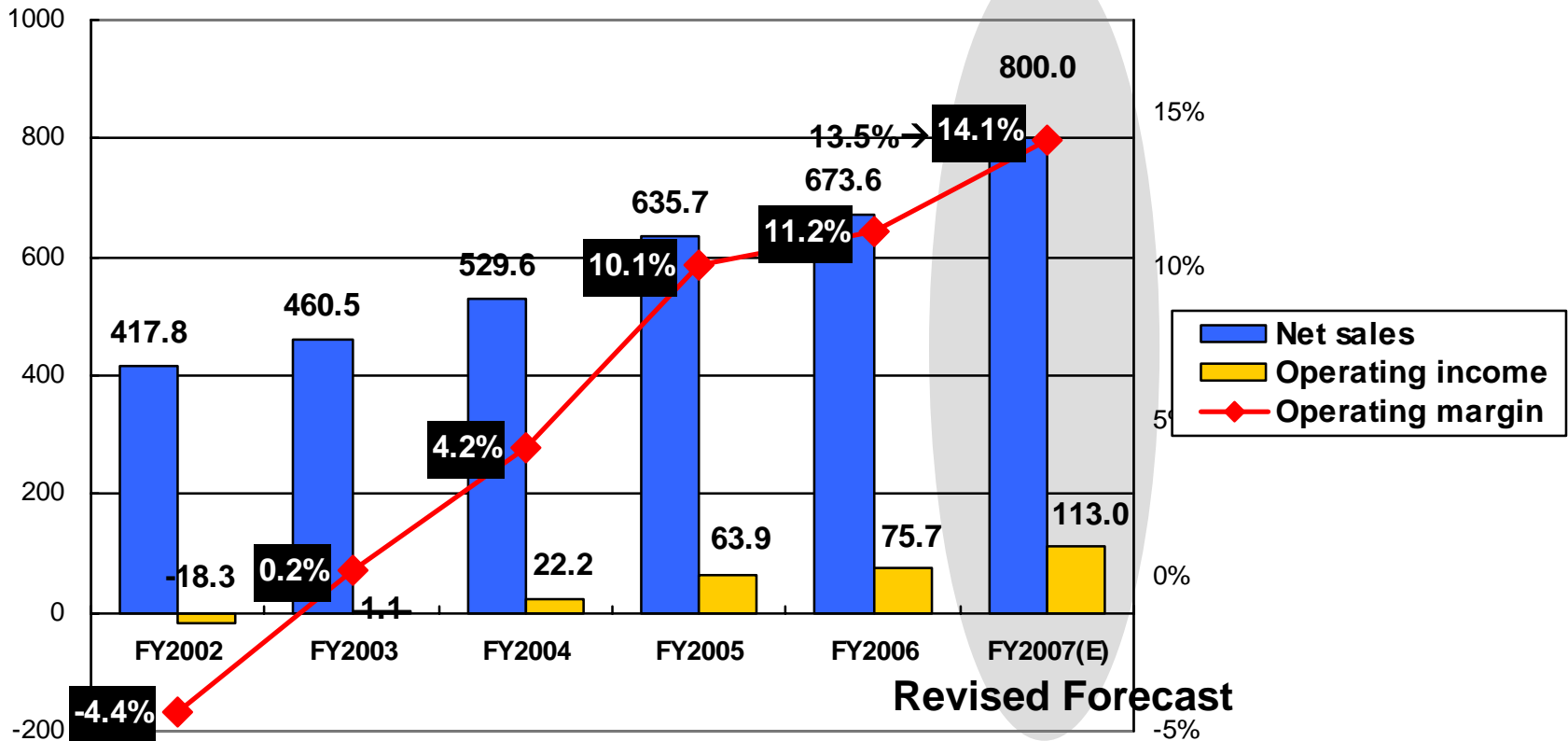
On a six months basis

(Billions of Yen)



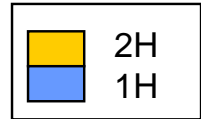
# Projected Net Sales and Operating Margin

(Billions of Yen)



# FY2007 Revision of Financial Estimates

## Projected Net Sales by Division



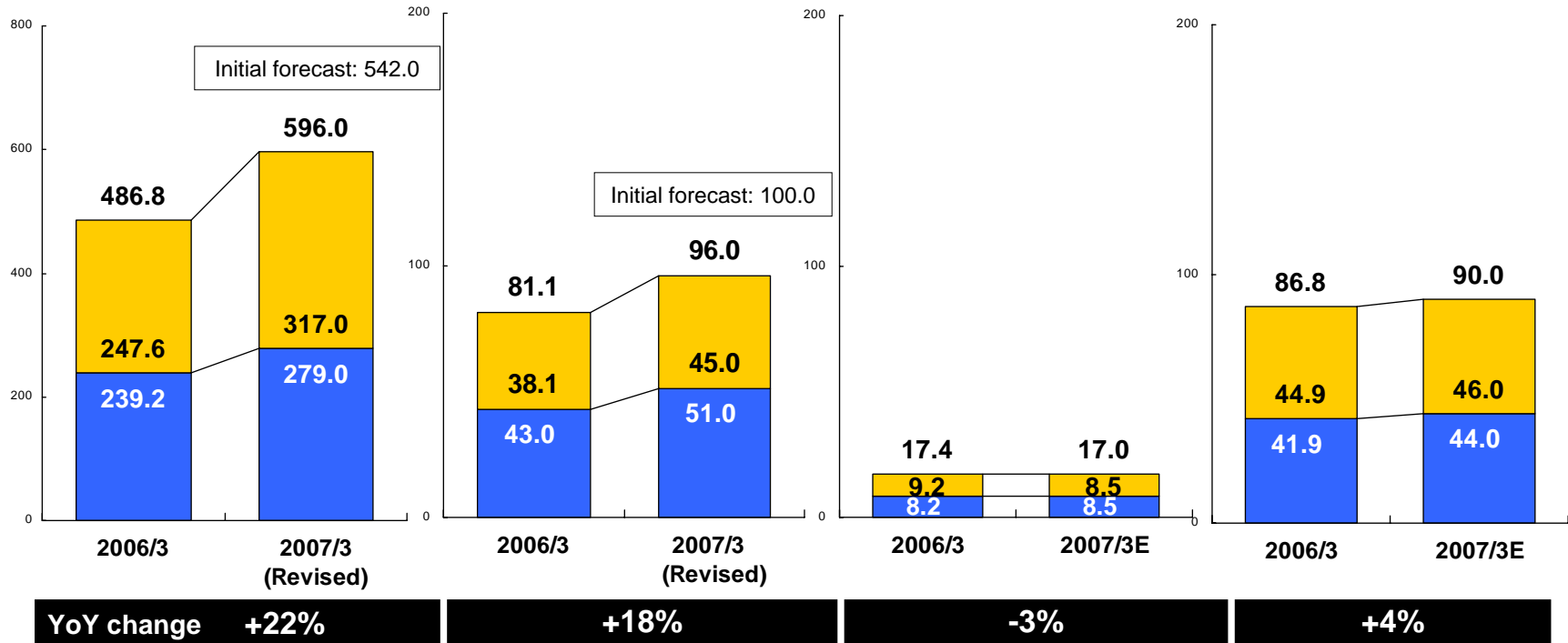
### SPE Division (Semiconductor Production Equipment)

### FPD Division (FPD Production Equipment)

### CN Division (Computer Network)

### EC Division (Electronic Components)

(Billions of Yen)

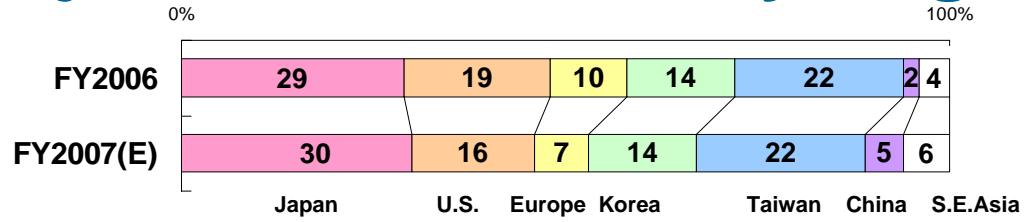
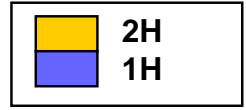


In addition to the above 4 divisions, there is "Others" division. (2006/3: ¥1.2bn, 2007/3E: ¥1.0bn)



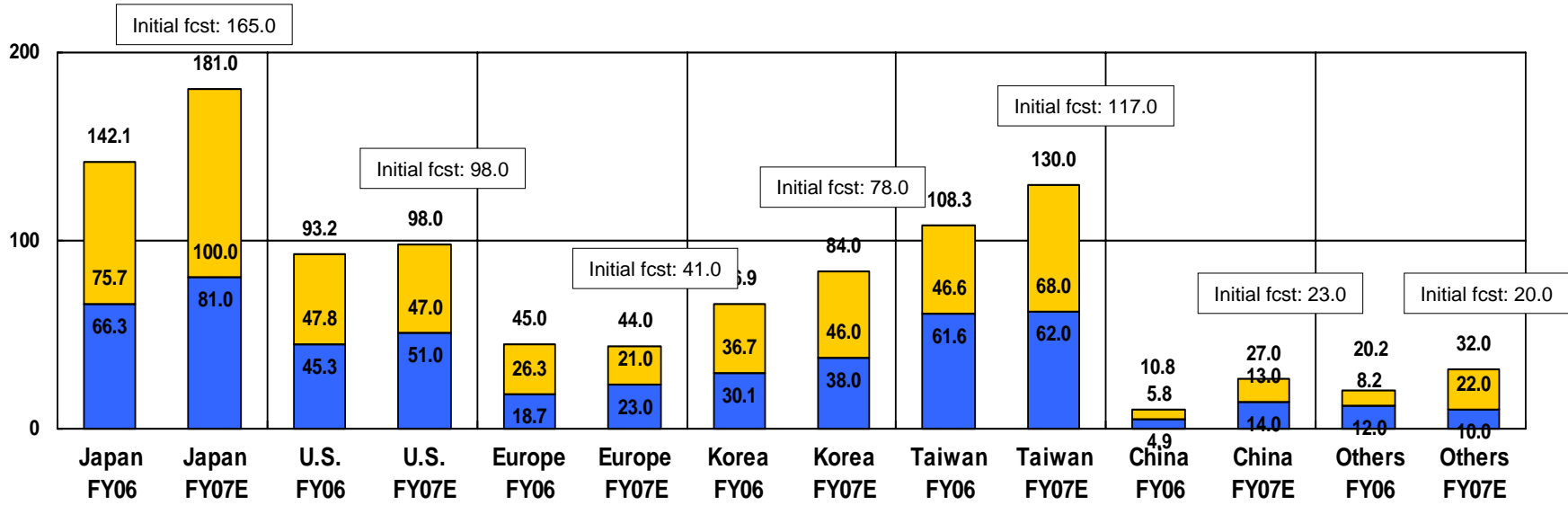
# FY2007 Revision of Financial Estimates

## Projected SPE Sales by Region



**FY2006** 486.8 bn  
**FY2007(E)** 596.0 bn

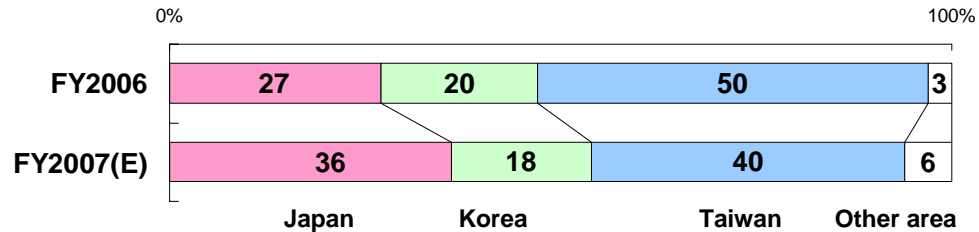
(Billions of Yen)



Japan	U.S.A.	Europe	Korea	Taiwan	China	S.E.Asia
YoY change +27%	+5%	-2%	+25%	+20%	+149%	+58%

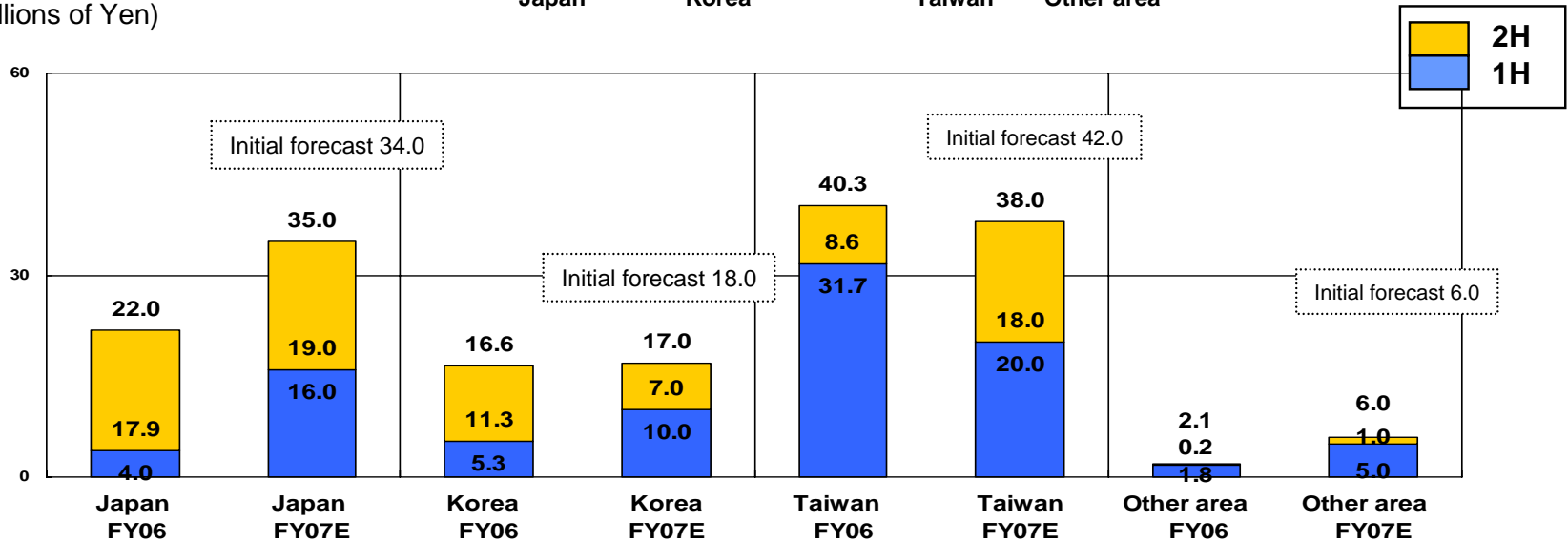


# Projected FPD Equipment Sales by Region



FY2006	81.1 bn
FY2007(E)	96.0 bn

(Billions of Yen)



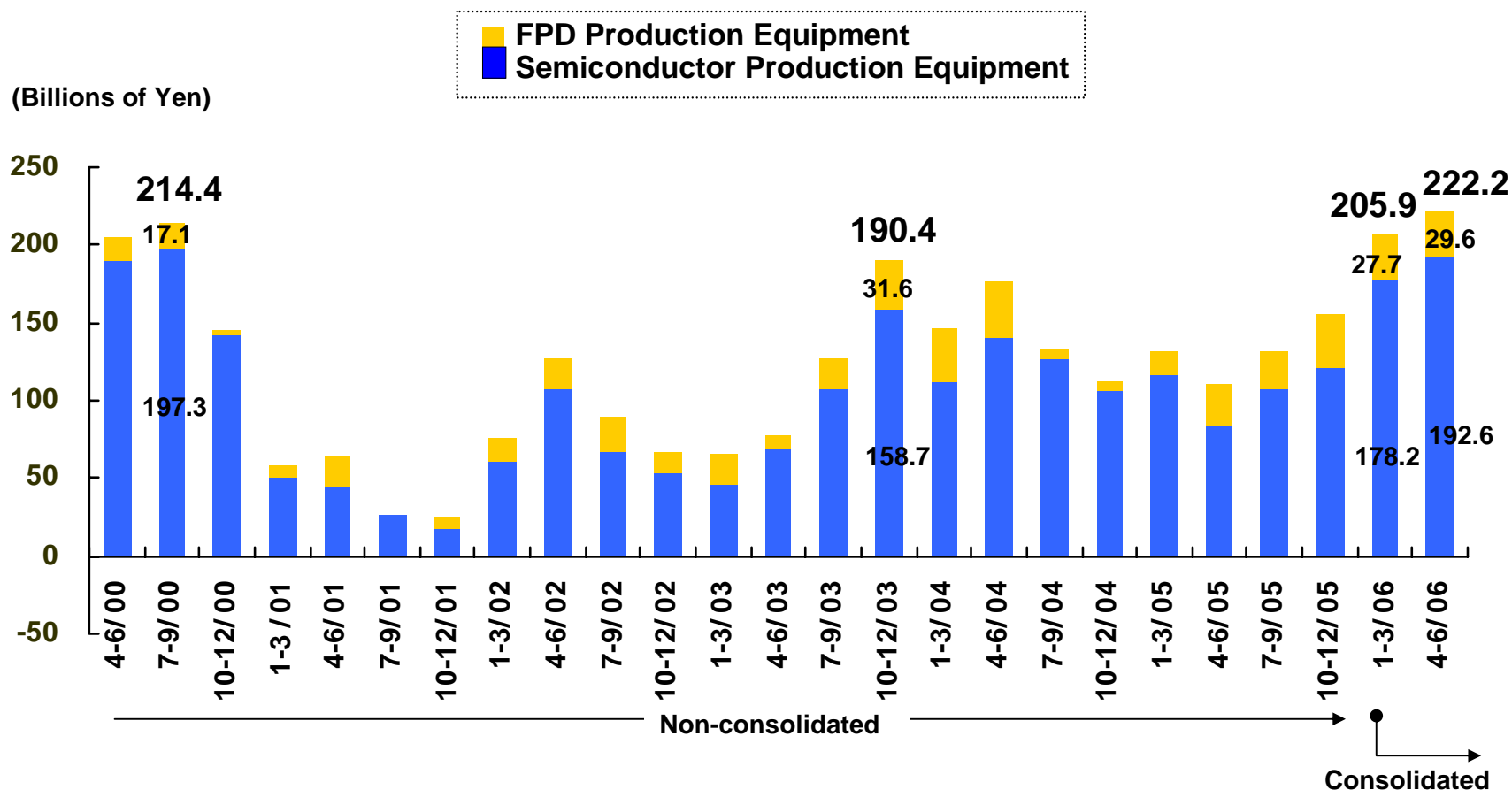
Japan	Korea	Taiwan	Other area
YoY change +59%	+2%	-6%	+177%



# Business Environment



# Quarterly SPE+FPD Order



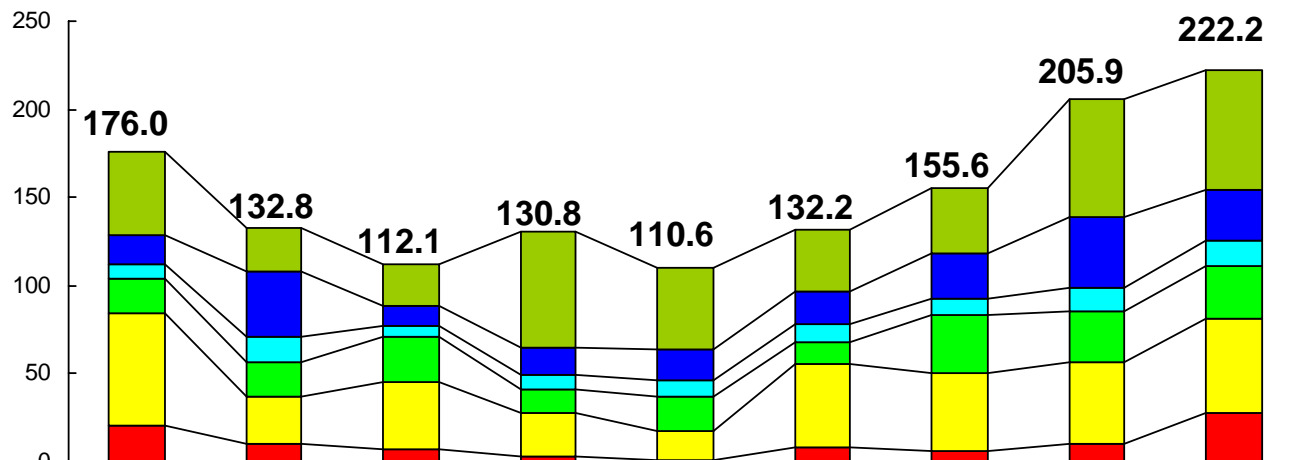
\*Figures until 2005 Oct-Dec are non-consolidated, figures from Jan-Mar 2006 are consolidated.

\*Main difference between consolidated and non-consolidated: Consolidated figures include post-sales orders at overseas subsidiaries.



# Quarterly SPE+FPD Order by Region

(Billions of Yen)



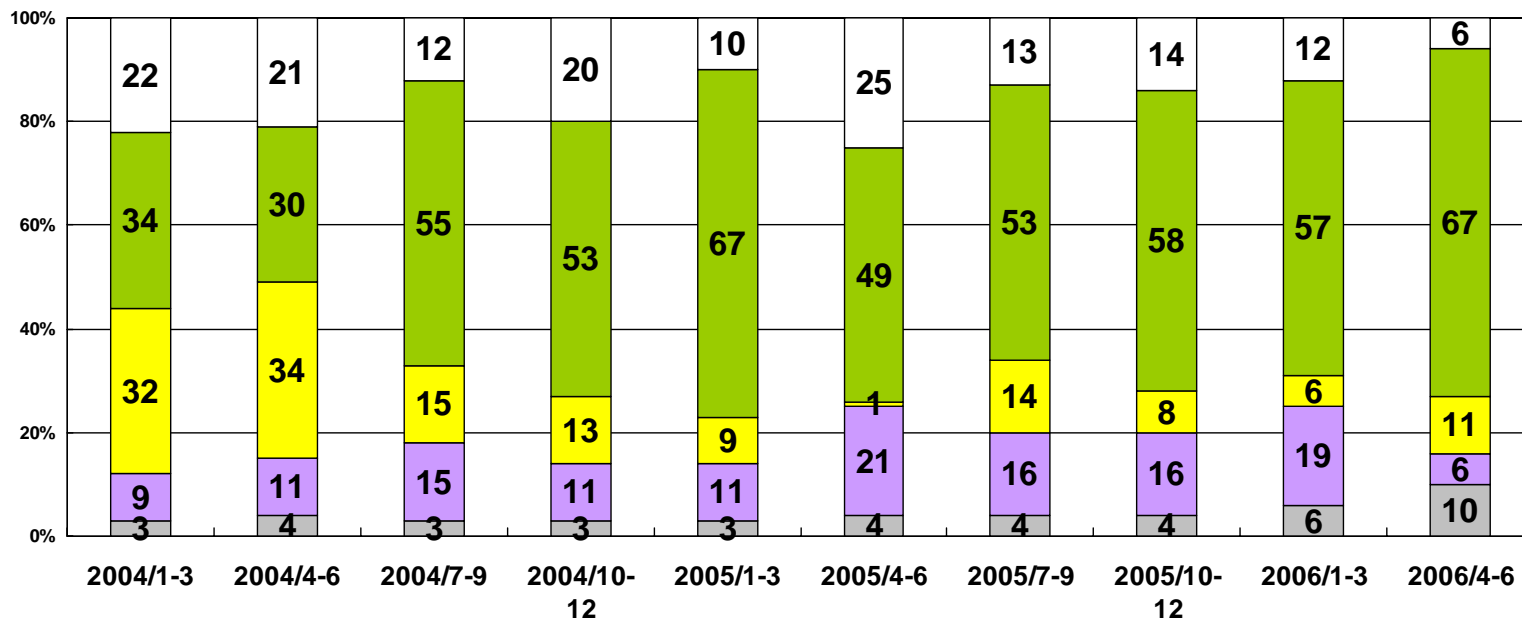
	2004/4-6	2004/7-9	2004/10-12	2005/1-3	2005/4-6	2005/7-9	2005/10-12	2006/1-3	2006/4-6
■ Japan	47.6	24.4	23.8	65.2	47.1	35.5	36.7	66.6	67.7
■ U.S.	15.6	37.1	11.2	16.3	16.9	18.8	26.4	39.9	28.5
■ Europe	9	14.5	5.3	7.6	8.9	9.3	9.1	13.9	14.5
■ Korea	18.9	19.3	26.5	13.8	20	12.9	32.4	29	30.1
■ Taiwan	64.1	27.5	38	24.5	16	46.8	44.5	45.7	52.9
■ China, S.E. Asia, others	20.6	9.8	7	3.1	1.5	8.7	6.2	10.6	28.2

Order numbers are on a consolidated basis from 2006/1-3 quarter.



# SPE Quarterly Order by Application

(Non-consolidated basis, Equipment only)



- System LSI for digital consumer products
- DRAM, Flash memory
- Foundry
- MPU, High-end logic
- Others



# Current market environment and future outlook

## SPE market

- DRAM requests for accelerated delivery
- NAND sustained strong demand, low risk of slow down
- Foundries strengths and weaknesses at each manufacturer, overall recovery trend
- MPU continued stability

↳ **No major disruptions to the current investment environment, and the market is expected to grow in 2007/2008**

## FPD production equipment market

- In large scale panels some requests for delayed equipment delivery
- Overall, there is some reluctance to invest, some manufacturers stronger than others

↳ **There is likely to be a slowdown in the second half of the fiscal year but a recovery is expected in the medium-term**



# Summary

 Profitability is steadily improving due to improved competitiveness and higher product quality.

 Customer evaluation of new products is progressing well. TEL products differentiation points are receiving high evaluations.

■ Thermal processing system:	TELINDY
■ Etching system:	Tactras™, SCCM™-JI (chamber)
■ Coater/developer for immersion:	CLEAN TRACK™LITHIUS™ i+
<hr/>	
■ FPD coater/developer for G7.5/G8:	Exceliner™

 SPE market – No major disruptions to the current investment environment expected. In the short-term, minor market adjustments possible but there is no change to our expectations that there will be growth in 2007/2008.

 FPD production equipment market – There will be a temporary slowdown but a recovery in the medium-term if panel supply and demand improves.



