

# **Business Environment and Revision of FY2009 Financial Estimates**

**[ FY2009: April 1, 2008 – March 31, 2009 ]**

**Ken Sato, President & COO**

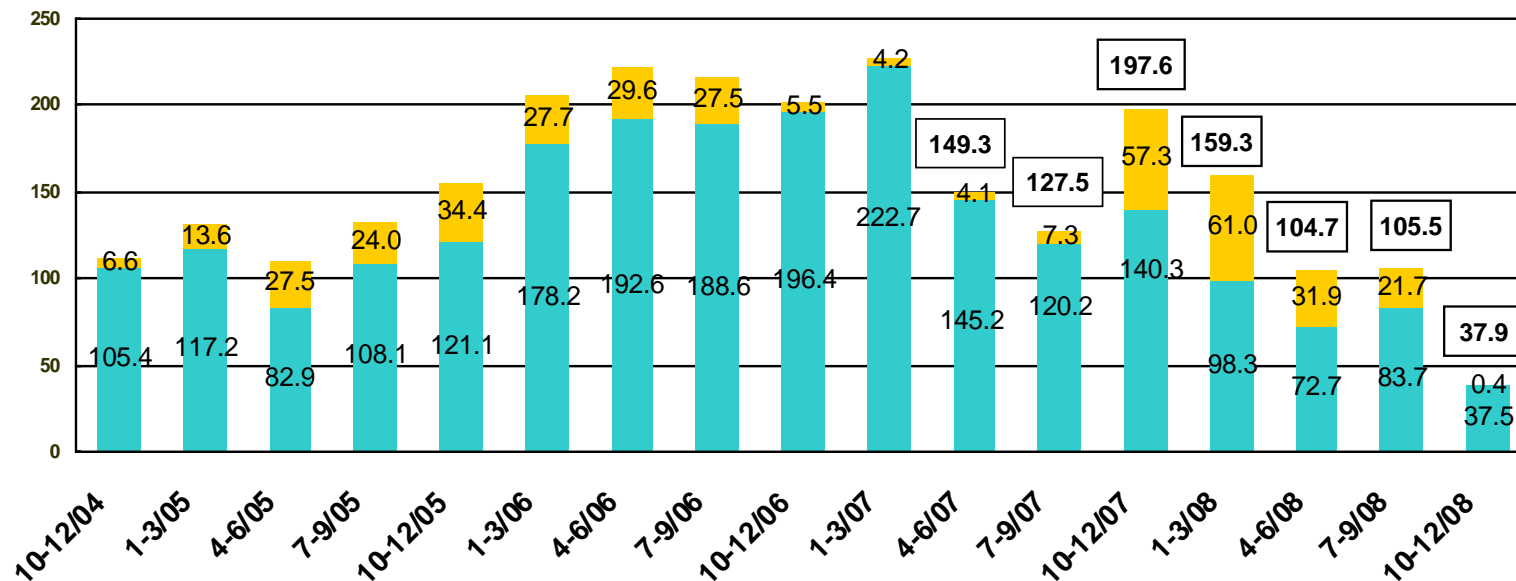
**February 5, 2009**

# Changes in the Business Environment



# Quarterly SPE+FPD/PVE Orders

(Billions of Yen)



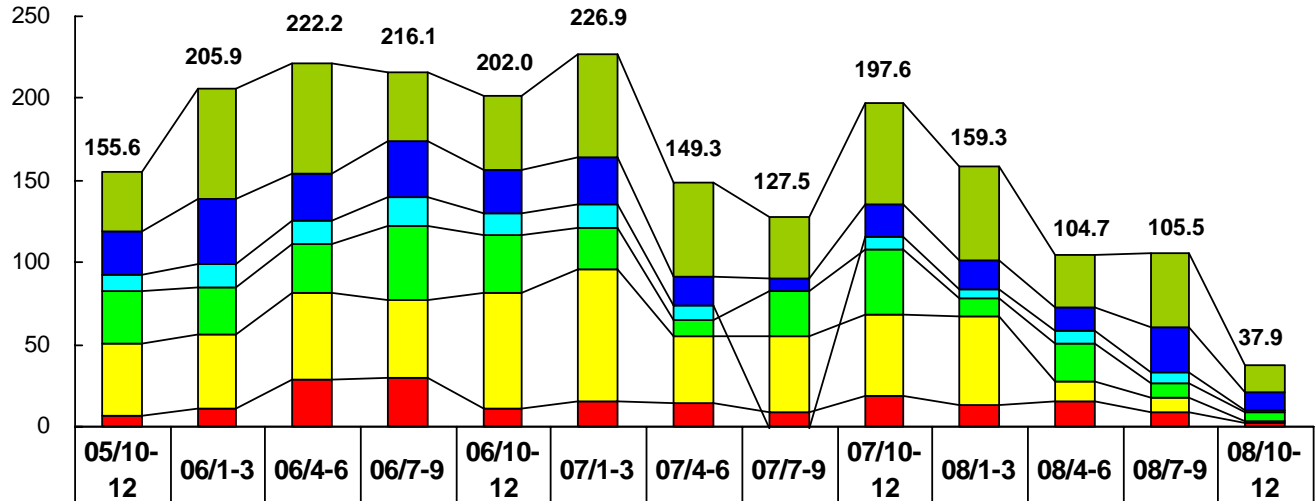
\*Figures until 10-12/05 are non-consolidated, figures from 1-3/06 are consolidated.

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



# Quarterly SPE+FPD/PVE Orders by Region

(Billions of Yen)

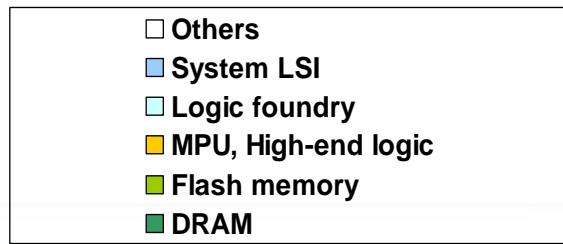
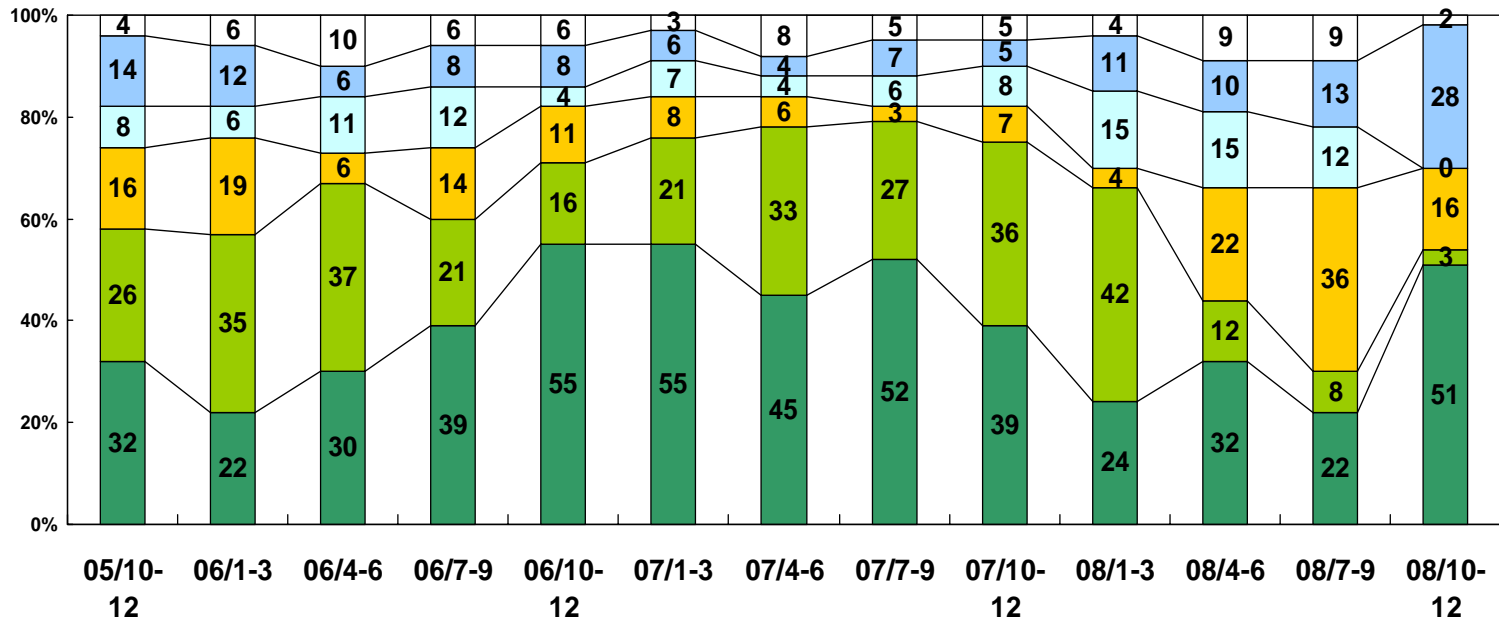


	05/10-12	06/1-3	06/4-6	06/7-9	06/10-12	07/1-3	07/4-6	07/7-9	07/10-12	08/1-3	08/4-6	08/7-9	08/10-12
■ Japan	36.7	66.6	67.7	41.4	45.1	62.4	57.8	37.8	61.5	57.4	31.8	44.4	17.3
■ U.S.	26.4	39.9	28.5	34.4	26.4	28.3	17.2	8.1	20.4	18.4	14.3	28.1	10.4
■ Europe	9.1	13.9	14.5	17.5	13.0	14.9	8.6	-0.8	7.3	4.9	7.9	5.9	1.5
■ Korea	32.4	29.0	30.1	45.6	35.3	25.7	9.9	26.8	39.9	11.3	22.8	9.0	5.6
■ Taiwan	44.5	45.7	52.9	47.6	71.0	80.4	40.9	47.0	49.8	53.4	12.1	8.8	1.2
■ China,S.E.Asia,others	6.2	10.6	28.2	29.3	10.9	15.0	14.7	8.6	18.5	13.6	15.6	9.1	1.7

\*Order numbers are on a consolidated basis from 06/1-3 quarter.



# Quarterly SPE Orders by Application (Equipment only)



(TEL estimation included in memory portion) 9



# Business Environment

## ▶ SPE capex

- Macro economy worsening more than expected due to global recession, tough environment for new orders continues
- DRAM: Despite spot price increases due to production adjustment, there is excessive capacity. As some lines are being integrated/closed, supply/demand is expected to be balanced from the latter half of the year. 50nm investment will continue aiming for cost reduction by line width shrinkage.
- NAND: Like DRAM, chip price increased, but there is excessive capacity. Expecting upturn from the latter half of the year.
- Logic/foundries: Due to loose market condition, negative growth is expected for PCs and mobile phones as a driving force of the market. Investment is restricted to that for 45nm equipment.

## ▶ FPD capex

- Demand for panels for large screen TVs is lower than assumed since end last year. Due to curtailment of panel production, grim environment seems continue for new equipment.



# Revision of FY2009 Financial Estimates



# Revision of FY2009 Financial Estimates

Estimates revised downward due to further worsening of business environment

(Billions of yen)

	FY2008	FY2009 (E)						
		Previous Estimates as of Oct. 31			Revised estimates			
		Full year	1H (Actual)	2H (E)	Full year (E)	1H (Actual)	2H (E)	Full year (E)
<b>Net sales</b>	906.0	301.2	238.8	540.0	<b>301.2</b>	<b>208.8</b>	<b>510.0</b>	<b>-44%</b>
SPE	726.4	208.7	135.3	344.0	<b>208.7</b>	<b>119.3</b>	<b>328.0</b>	<b>-55%</b>
FPD/PVE	68.0	40.1	52.4	92.5	<b>40.1</b>	<b>46.4</b>	<b>86.5</b>	<b>+27%</b>
EC/CN	111.1	52.1	50.9	103.0	<b>52.1</b>	<b>43.1</b>	<b>95.2</b>	<b>-14%</b>
Others	0.4	0.2	0.3	0.5	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>-34%</b>
<b>Operating income</b>	168.4 (18.6)	26.2 (8.7)	-14.2 (-5.9)	12.0 (2.2)	<b>26.2 (8.7)</b>	<b>-19.2 (-9.2)</b>	<b>7.0 (1.4)</b>	<b>-96%</b>
<b>Ordinary income</b>	172.7 (19.1)	28.9 (9.6)	-12.4 (-5.2)	16.5 (3.1)	<b>28.9 (9.6)</b>	<b>-15.9 (-7.6)</b>	<b>13.0 (2.5)</b>	<b>-92%</b>
<b>EBIT</b>	169.2 (18.7)	28.6 (9.5)	-12.6 (-5.3)	16.0 (3.0)	<b>28.6 (9.5)</b>	<b>-24.6 (-11.8)</b>	<b>4.0 (0.8)</b>	<b>-98%</b>
<b>Net income</b>	106.2 (11.7)	17.3 (5.8)	-9.3 (-3.9)	8.0 (1.5)	<b>17.3 (5.8)</b>	<b>-16.5 (-7.9)</b>	<b>0.8 (0.2)</b>	<b>-99%</b>

1. SPE: Semiconductor Production Equipment, FPD/PVE: FPD/PV Production Equipment, EC/CN: Electronic Components/Computer Networks
2. Numbers shown in ( ): profit ratios
3. YoY changes are calculated using full amounts, before rounding.

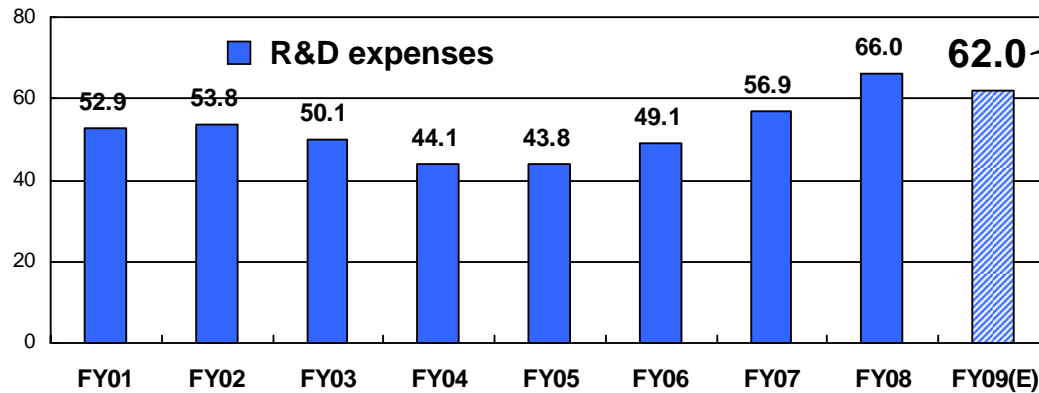




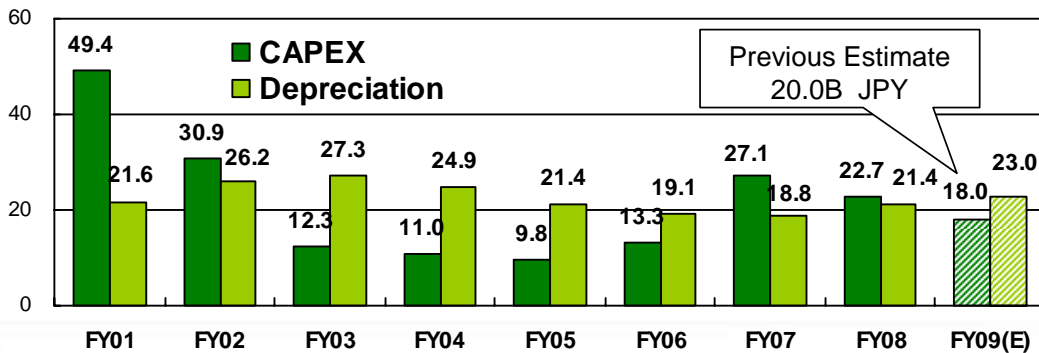
# Projected R&D Expenses and CAPEX

## Sustaining R&D expenses at a high level

(Billions of Yen)



(Billions of Yen)



# Priority for FY2009

(The year ending March 2009)

## Measures to reduce fixed costs

1. Plan to reduce fixed costs by a total of JPY 32.0 billion (compared to year ended March 2008)
  - Decrease personnel expenses, outsourcing costs and overseas staff
  - Reduce the number of factory operating days
2. Emergency countermeasures to the abrupt change in the operating environment
  - Schedule a further fixed costs reduction of JPY 2.0 billion as an additional measure



# Key actions to achieve sustained growth

## 1. Strengthen income structure

- Close and consolidate facilities on a global basis
- Further reduce outsourcing and general expenses
- Postpone the April 2009 scheduled start of construction of new Miyagi plant

## 2. Sustained investment for growth

- Continue to be highly selective in R&D investment for both existing and new business areas
- Aim to raise market share to the next level by selection and focus of R&D

## 3. Creating a business framework in growth areas

- Optimize allocation and nurture personnel in areas of expected business growth
- Establish our technology and position in the photovoltaic cell production equipment market



