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On **August 5, 2020**, Lasertec Corp. announced earnings results for FY06/20.

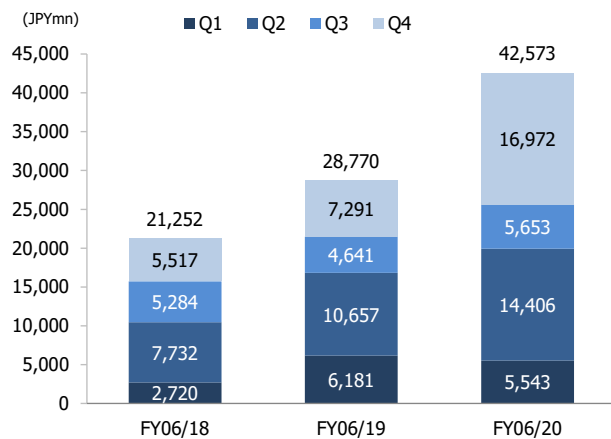
Cumulative (JPYmn)	FY06/19				FY06/20				FY06/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Sales	6,181	16,838	21,479	28,770	5,543	19,949	25,601	42,573	106.4%	40,000
YoY	127.3%	61.1%	36.5%	35.4%	-10.3%	18.5%	19.2%	48.0%		39.0%
Gross profit	3,286	9,504	11,758	15,917	3,126	11,669	14,588	22,992		
YoY	127.2%	57.5%	28.5%	32.6%	-4.9%	22.8%	24.1%	44.5%		
GPM	53.2%	56.4%	54.7%	55.3%	56.4%	58.5%	57.0%	54.0%		
SG&A expenses	2,365	4,355	6,017	7,976	1,697	3,680	5,723	7,929		
YoY	97.2%	58.0%	31.8%	26.3%	-28.2%	-15.5%	-4.9%	-0.6%		
SG&A ratio	38.3%	25.9%	28.0%	27.7%	30.6%	18.4%	22.4%	18.6%		
Operating profit	921	5,149	5,740	7,941	1,430	7,989	8,865	15,063	107.6%	14,000
YoY	272.7%	57.1%	25.2%	39.7%	55.2%	55.2%	54.4%	89.7%		76.3%
OPM	14.9%	30.6%	26.7%	27.6%	25.8%	40.0%	34.6%	35.4%		35.0%
Recurring profit	971	5,150	5,682	7,834	1,373	7,948	8,915	15,115	108.0%	14,000
YoY	294.0%	56.4%	25.9%	37.3%	41.3%	54.3%	56.9%	92.9%		78.7%
RPM	15.7%	30.6%	26.5%	27.2%	24.8%	39.8%	34.8%	35.5%		35.0%
Net income	783	3,848	4,296	5,934	993	5,594	6,310	10,824	108.2%	10,000
YoY	296.3%	59.3%	27.9%	35.9%	26.8%	45.3%	46.9%	82.4%		68.5%
Net margin	12.7%	22.9%	20.0%	20.6%	17.9%	28.0%	24.6%	25.4%		25.0%

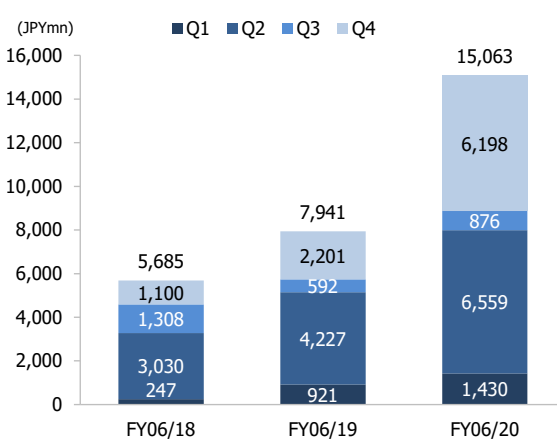
Quarterly (JPYmn)	FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	6,181	10,657	4,641	7,291	5,543	14,406	5,653	16,972
YoY	127.3%	37.8%	-12.2%	32.1%	-10.3%	35.2%	21.8%	132.8%
Gross profit	3,286	6,218	2,254	4,159	3,126	8,543	2,918	8,404
YoY	127.2%	35.5%	-27.6%	45.7%	-4.9%	37.4%	29.5%	102.1%
GPM	53.2%	58.3%	48.6%	57.0%	56.4%	59.3%	51.6%	49.5%
SG&A expenses	2,365	1,990	1,662	1,958	1,697	1,984	2,042	2,206
YoY	97.2%	27.8%	-8.0%	11.8%	-28.2%	-0.3%	22.9%	12.7%
SG&A ratio	38.3%	18.7%	35.8%	26.9%	30.6%	13.8%	36.1%	13.0%
Operating profit	921	4,227	592	2,201	1,430	6,559	876	6,198
YoY	272.7%	39.5%	-54.8%	100.1%	55.2%	55.2%	48.1%	181.6%
OPM	14.9%	39.7%	12.7%	30.2%	25.8%	45.5%	15.5%	36.5%
Recurring profit	971	4,179	531	2,153	1,373	6,575	967	6,200
YoY	294.0%	37.2%	-56.5%	80.6%	41.3%	57.3%	82.0%	188.0%
RPM	15.7%	39.2%	11.4%	29.5%	24.8%	45.6%	17.1%	36.5%
Net income	783	3,065	448	1,638	993	4,600	717	4,513
YoY	296.3%	38.2%	-52.5%	62.4%	26.8%	50.1%	60.0%	175.6%
Net margin	12.7%	28.8%	9.7%	22.5%	17.9%	31.9%	12.7%	26.6%

Source: Shared Research based on company data  
 Note: From FY06/14, sales for FPD equipment and laser microscopes are included under other equipment sales.  
 Note: Figures may differ from company materials due to differences in rounding methods.

### Quarterly sales



### Quarterly operating profit



Source: Shared Research based on company data  
 Note: Figures may differ from company materials due to differences in rounding methods.

## Full-year FY06/20 results (out August 5, 2020)

### Consolidated results for full-year FY06/20 (July 2019–June 2020)

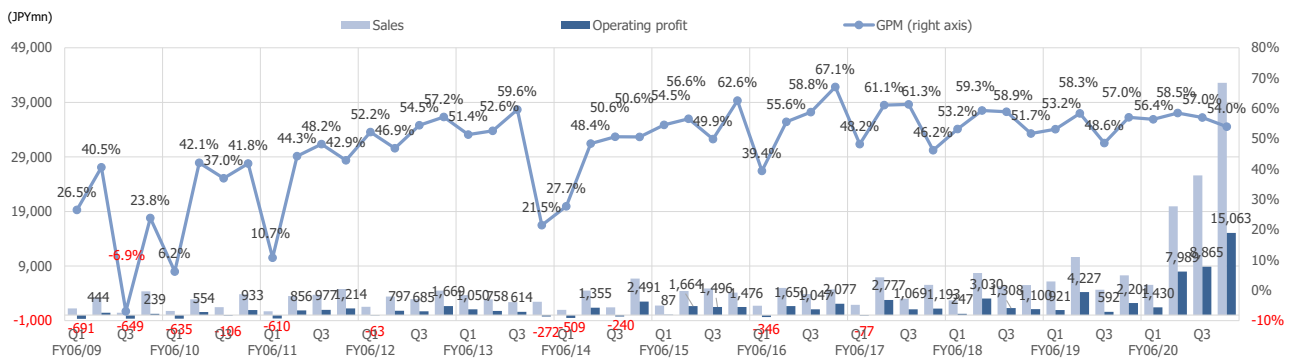
- ▷ Sales: JPY42.6bn (+48.0 YoY)
- ▷ Operating profit: JPY15.1bn (+89.7% YoY)
- ▷ Recurring profit: JPY15.1bn (+92.9% YoY)
- ▷ Net income\*: JPY10.8bn (+82.4% YoY)

\*Net income attributable to owners of the parent

- ▷ In the semiconductor industry, demand for consumer products such as smartphones appears likely to decline due to the spread of COVID-19, while demand for data center applications expanded on higher telecommunications volume associated with increases in gaming, e-commerce, and telecommuting. The price declines for the memory chips used in data storage are coming to an end amid increased demand. The company expects a capex recovery among memory manufacturers. In the leading-edge sector of the logic device market, the era of semiconductor mass production using next-generation ultraviolet (EUV) lithography has begun, and the major device and mask blank manufacturers are continuing to aggressively invest in boosting output capacity in EUV-related technologies.

Change in accounting standards: In FY06/18, due to growing importance of overseas subsidiaries, the company changed the exchange rate used for converting to JPY from the spot rate on the day of the financial results to the average rate throughout the financial period (only slight effect). The figures shown in the tables included in this report have been changed to reflect this new accounting standard starting in Q1 FY06/18, and therefore the YoY changes shown in the tables in this report may not match those reported by the company, though the figures mentioned in our commentary will match those reported by the company.

### Quarterly performance

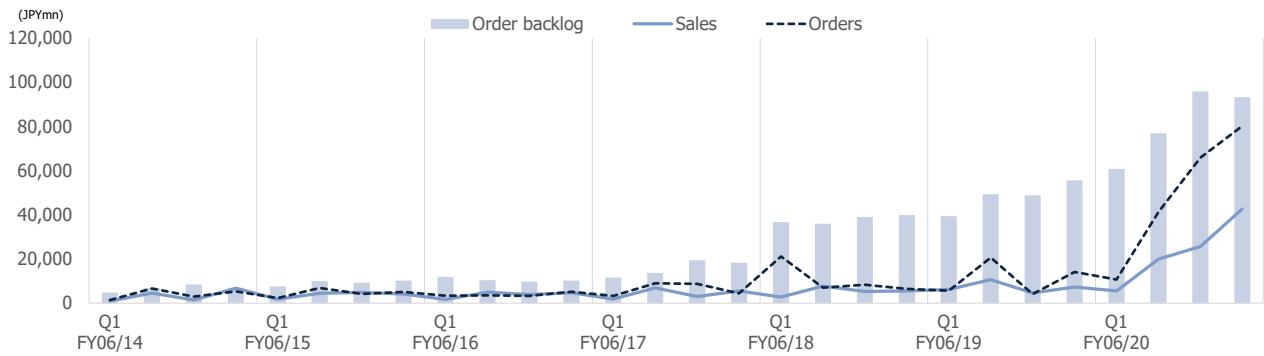


Source: Shared Research based on company data

### Orders

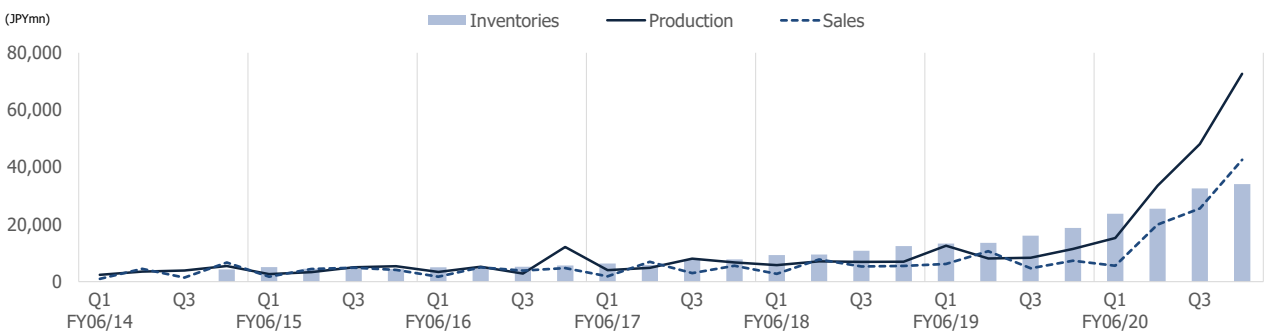
- ▷ For FY06/20, the company reported total orders of JPY80.2bn, up 80.4% YoY.
- ▷ The jump in orders was driven by mainstay semiconductor-related equipment, where orders of JPY70.2bn were up 87.9% YoY. The order backlog, most of which is semiconductor manufacturing equipment, continued to rise as well, hitting JPY87.8bn at the end of FY06/20, a 68.8% YoY increase.

**Orders**



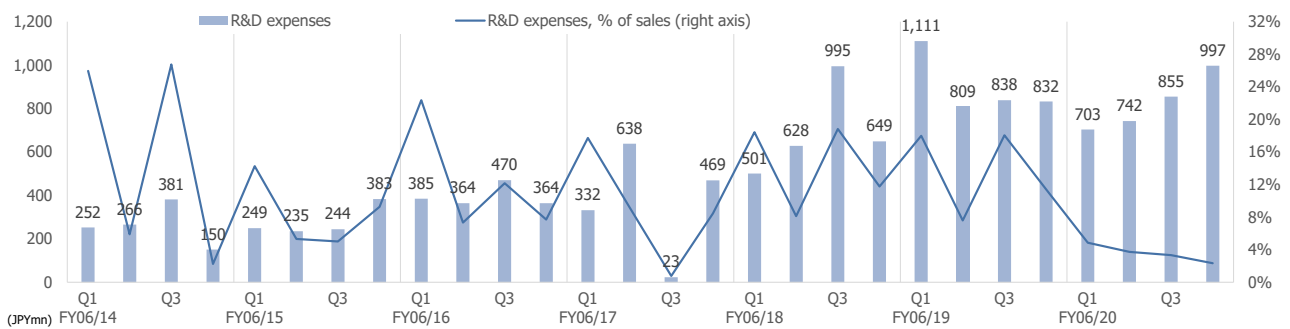
Source: Shared Research based on company data

**Production, inventory**



Source: Shared Research based on company data

**R&D expenses**



Source: Shared Research based on company data

R&D expenses: The company's R&D expenses are included in SG&A expenses; there are few personnel expense items, and much of the R&D is outsourced. Accordingly, there is a strong tendency toward instability and large fluctuations from quarter to quarter. In terms of returns on its investment, because the company develops equipment for risky markets, the company appears to price equipment so that the marginal profit is enough to recover its own investment from the sale of the first lot. In the case of new types of equipment with long lead times, expenses are booked in advance as an R&D expense until the fiscal year when related sales are booked. As a result, earnings will appear higher than the profit recorded at the time the sales are actually booked.

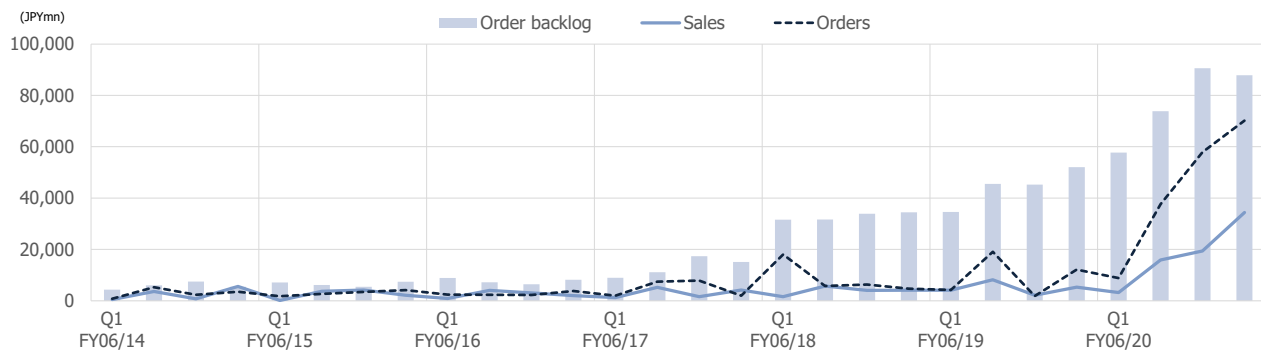
## Overview of FY06/20 (July 2019–June 2020) results by product line

### Semiconductor-related equipment

Semiconductor-related equipment (JPYmn)	FY06/18				FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Orders	18,035	5,786	6,320	4,686	4,255	19,087	1,833	12,164	8,844	28,827	20,243	12,243
YoY	815.7%	-22.4%	-19.4%	136.6%	-76.4%	229.9%	-71.0%	159.6%	107.9%	51.0%	1004.4%	0.7%
Production	4,425	5,396	4,908	4,583	10,536	6,210	6,339	9,281	12,938	16,437	12,515	22,284
YoY	50.0%	52.1%	-20.1%	-9.2%	138.1%	15.1%	29.2%	102.5%	22.8%	164.7%	97.4%	140.1%
Sales	1,616	5,706	4,066	4,111	4,114	8,161	2,146	5,342	3,196	12,671	3,537	14,969
YoY	30.6%	8.5%	152.6%	-2.2%	154.7%	43.0%	-47.2%	29.9%	-22.3%	55.3%	64.8%	180.2%
(cumulative) (JPYmn)	FY06/18				FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Orders	18,035	23,821	30,141	34,827	4,255	23,341	25,174	37,338	8,844	37,671	57,914	70,157
YoY	815.7%	152.8%	74.6%	81.0%	-76.4%	-2.0%	-16.5%	7.2%	107.9%	61.4%	130.1%	87.9%
Production	4,425	9,821	14,729	19,313	10,536	16,746	23,085	32,366	12,938	29,375	41,890	64,174
YoY	50.0%	51.2%	16.5%	9.2%	138.1%	70.5%	56.7%	67.6%	22.8%	75.4%	81.5%	98.3%
Sales	1,616	7,321	11,387	15,498	4,114	12,275	14,421	19,763	3,196	15,867	19,403	34,372
YoY	30.6%	12.7%	40.5%	25.9%	154.7%	67.7%	26.6%	27.5%	-22.3%	29.3%	34.5%	73.9%
Order backlog	31,557	31,637	33,891	34,466	34,607	45,533	45,219	52,042	57,691	73,846	90,552	87,827
YoY	252.9%	184.1%	95.2%	127.7%	9.7%	43.9%	33.4%	51.0%	66.7%	62.2%	100.3%	68.8%

Source: Shared Research based on company data

### Semiconductor-related equipment orders, order backlog, sales



Source: Shared Research based on company data

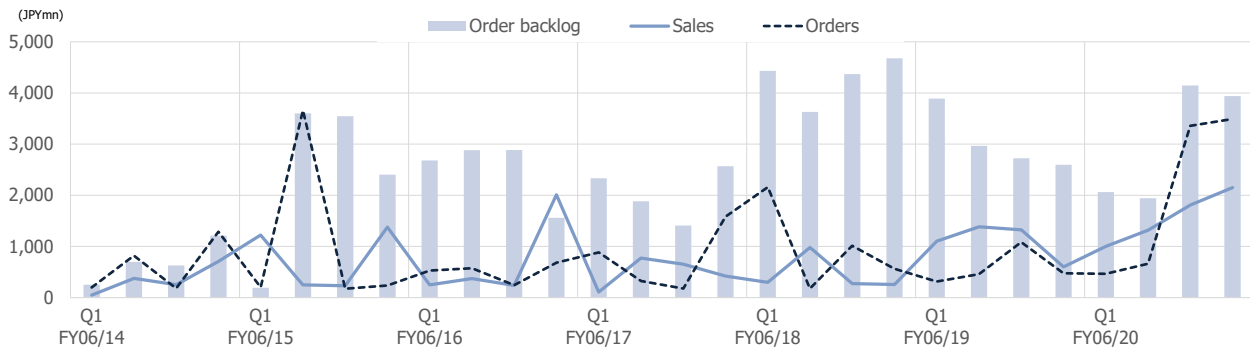
- ▷ New orders received: JPY70.2bn (+87.9% YoY)
- ▷ Production: JPY64.2bn (+98.3% YoY)
- ▷ Sales: JPY34.4bn (+73.9% YoY)
- ▷ Order backlog: JPY87.8bn (+68.8% YoY)

## Other equipment (FPD mask inspection systems, laser microscopes, etc.)

Other equipment (JPYmn)	FY06/18				FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Orders	2,158	178	1,012	562	315	457	1,083	474	464	196	2,698	133
YoY	144.9%	-45.2%	472.8%	-64.5%	-85.4%	157.5%	7.1%	-15.6%	47.3%	-57.1%	149.0%	-72.0%
Production	534	653	1,028	1,208	1,031	750	863	786	939	455	423	572
YoY	5.9%	72.7%	-8.0%	57.8%	93.0%	14.8%	-16.1%	-34.9%	-8.9%	-39.3%	-50.9%	-27.2%
Sales	296	980	272	254	1,103	1,383	1,323	601	1,001	315	491	343
YoY	172.1%	26.7%	-58.2%	-39.5%	272.4%	41.1%	385.5%	136.8%	-9.2%	-77.2%	-62.9%	-42.9%
(cumulative) (JPYmn)	FY06/18				FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Orders	2,158	2,336	3,348	3,909	315	772	1,856	2,330	464	660	3,358	3,491
YoY	144.9%	93.8%	142.2%	32.0%	-85.4%	-66.9%	-44.6%	-40.4%	47.3%	-14.5%	80.9%	49.8%
Production	534	1,187	2,215	3,423	1,031	1,781	2,643	3,429	939	1,394	1,817	2,390
YoY	5.9%	34.5%	10.8%	23.8%	93.0%	50.0%	19.3%	0.2%	-8.9%	-21.7%	-31.2%	-30.3%
Sales	296	1,276	1,549	1,802	1,103	2,485	3,808	4,409	1,001	1,316	1,808	2,151
YoY	172.1%	44.6%	0.9%	-7.7%	272.4%	94.8%	145.9%	144.6%	-9.2%	-47.0%	-52.5%	-51.2%
Order backlog	4,432	3,630	4,369	4,677	3,890	2,964	2,724	2,598	2,061	1,942	4,148	3,938
YoY	90.0%	92.7%	210.2%	82.0%	-12.2%	-18.3%	-37.6%	-44.5%	-47.0%	-34.5%	52.3%	51.6%

Source: Shared Research based on company data

## Other equipment (FPD mask inspection systems, laser microscopes, etc.) orders, order backlog, sales



Source: Shared Research based on company data

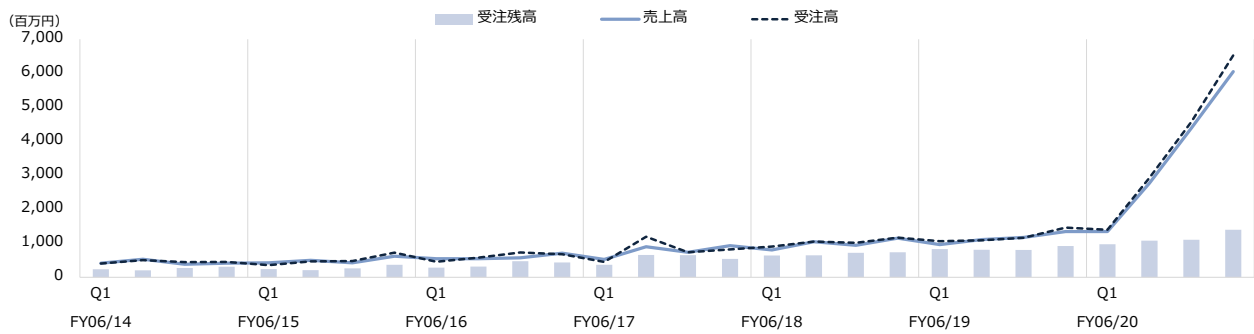
- ▷ New orders received: JPY3.5bn (+49.8% YoY)
- ▷ Production: JPY2.4bn (-30.3% YoY)
- ▷ Sales: JPY2.2bn (-51.2% YoY)
- ▷ Order backlog: JPY3.9bn (+51.6% YoY)

Services

Services (JPYmn)	FY06/18				FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Orders	908	1,052	1,016	1,168	1,062	1,092	1,164	1,463	1,398	1,527	1,647	1,955
YoY	99.0%	-11.9%	38.0%	42.0%	16.9%	3.8%	14.6%	25.3%	31.7%	39.9%	41.5%	33.6%
Production	808	1,046	945	1,152	964	1,113	1,172	1,348	1,346	1,420	1,625	1,660
YoY	52.8%	15.9%	25.4%	25.5%	19.4%	6.4%	24.0%	17.0%	39.5%	27.6%	38.6%	23.1%
Sales	808	1,046	945	1,152	964	1,113	1,172	1,348	1,346	1,420	1,625	1,660
YoY	52.8%	15.9%	27.6%	23.7%	19.4%	6.4%	24.0%	17.0%	39.5%	27.6%	38.6%	23.1%
(cumulative) (JPYmn)	FY06/18				FY06/19				FY06/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Orders	908	1,960	2,976	4,144	1,062	2,154	3,318	4,781	1,398	2,925	4,573	6,528
YoY	99.0%	18.8%	24.7%	29.2%	16.9%	9.9%	11.5%	15.4%	31.7%	35.8%	37.8%	36.5%
Production	808	1,854	2,799	3,952	964	2,077	3,250	4,598	1,346	2,765	4,390	6,050
YoY	52.8%	29.5%	28.1%	27.3%	19.4%	12.0%	16.1%	16.3%	39.5%	33.1%	35.1%	31.6%
Sales	808	1,854	2,799	3,952	964	2,077	3,250	4,598	1,346	2,765	4,390	6,050
YoY	52.8%	29.5%	28.9%	27.3%	19.4%	12.0%	16.1%	16.3%	39.5%	33.1%	35.1%	31.6%
Order backlog	646	651	722	738	835	814	806	921	973	1,081	1,104	1,399
YoY	75.5%	-1.2%	10.4%	35.3%	29.3%	25.0%	11.6%	24.8%	16.6%	32.8%	37.0%	51.9%

Source: Shared Research based on company data

Services orders, order backlog, sales



Source: Shared Research based on company data

- ▷ New orders received: JPY6.5bn (+36.5% YoY)
- ▷ Production: JPY6.1bn (+31.6% YoY)
- ▷ Sales: JPY6.1bn (+31.6% YoY)
- ▷ Order backlog: JPY1.4bn (+51.9% YoY)

## Full-year company forecast

(JPYmn)	FY06/18			FY06/19			FY06/20			FY06/21
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
<b>Orders</b>	<b>28,116</b>	<b>14,764</b>	<b>42,881</b>	<b>26,267</b>	<b>18,182</b>	<b>44,450</b>	<b>41,257</b>	<b>38,919</b>	<b>80,176</b>	<b>80,000</b>
YoY	129.0%	12.4%	68.7%	-6.6%	23.2%	3.7%	57.1%	114.0%	80.4%	-0.2%
Semis-related equipment	23,821	11,006	34,827	23,341	13,997	37,338	37,671	32,486	70,157	70,000
YoY	152.8%	12.1%	81.0%	-2.0%	27.2%	7.2%	61.4%	132.1%	87.9%	-0.2%
Other equipment	2,336	1,574	3,909	772	1,558	2,330	660	2,831	3,491	2,500
YoY	93.8%	-10.5%	32.0%	-66.9%	-1.0%	-40.4%	-14.5%	81.7%	49.8%	-28.4%
Services	1,960	2,184	4,144	2,154	2,628	4,781	2,925	3,602	6,528	7,500
YoY	18.8%	40.1%	29.2%	9.9%	20.3%	15.4%	35.8%	37.1%	36.5%	14.9%
<b>Sales</b>	<b>10,452</b>	<b>10,801</b>	<b>21,252</b>	<b>16,838</b>	<b>11,932</b>	<b>28,770</b>	<b>19,949</b>	<b>22,624</b>	<b>42,573</b>	<b>57,000</b>
YoY	18.6%	27.6%	23.0%	61.1%	10.5%	35.4%	18.5%	89.6%	48.0%	33.9%
Semis-related equipment	7,321	8,177	15,498	12,275	7,488	19,763	15,867	18,506	34,372	46,000
YoY	12.7%	40.6%	25.9%	67.7%	-8.4%	27.5%	29.3%	147.1%	73.9%	33.8%
Other equipment	1,276	526	1,802	2,485	1,924	4,409	1,316	834	2,151	3,500
YoY	44.6%	-50.9%	-7.7%	94.8%	265.6%	144.6%	-47.0%	-56.6%	-51.2%	62.7%
Services	1,854	2,098	3,952	2,077	2,521	4,598	2,765	3,284	6,050	7,500
YoY	29.5%	25.5%	27.3%	12.0%	20.2%	16.3%	33.1%	30.3%	31.6%	24.0%
CoGS	4,418	4,833	9,251	7,334	5,519	12,853	8,279	11,302	19,581	
<b>Gross profit</b>	<b>6,034</b>	<b>5,968</b>	<b>12,001</b>	<b>9,504</b>	<b>6,413</b>	<b>15,917</b>	<b>11,669</b>	<b>11,323</b>	<b>22,992</b>	
GPM	57.7%	55.3%	56.5%	56.4%	53.7%	55.3%	58.5%	50.0%	54.0%	
SG&A expenses	2,756	3,559	6,316	4,355	3,621	7,976	3,680	4,249	7,929	
SG&A-to-sales ratio	26.4%	33.0%	29.7%	25.9%	30.3%	27.7%	18.4%	18.8%	18.6%	
<b>Operating profit</b>	<b>3,277</b>	<b>2,408</b>	<b>5,685</b>	<b>5,149</b>	<b>2,793</b>	<b>7,941</b>	<b>7,989</b>	<b>7,074</b>	<b>15,063</b>	<b>17,000</b>
YoY	21.4%	9.4%	16.0%	57.1%	16.0%	39.7%	55.2%	153.3%	89.7%	12.9%
OPM	31.4%	22.3%	26.8%	30.6%	23.4%	27.6%	40.0%	31.3%	35.4%	29.8%
<b>Recurring profit</b>	<b>3,294</b>	<b>2,413</b>	<b>5,707</b>	<b>5,150</b>	<b>2,684</b>	<b>7,834</b>	<b>7,948</b>	<b>7,167</b>	<b>15,115</b>	<b>17,000</b>
YoY	19.2%	9.6%	14.9%	56.4%	11.2%	37.3%	54.3%	167.0%	92.9%	12.5%
RPM	31.5%	22.3%	26.9%	30.6%	22.5%	27.2%	39.8%	31.7%	35.5%	29.8%
<b>Net income</b>	<b>2,416</b>	<b>1,951</b>	<b>4,366</b>	<b>3,848</b>	<b>2,086</b>	<b>5,934</b>	<b>5,594</b>	<b>5,230</b>	<b>10,824</b>	<b>12,500</b>
YoY	24.6%	22.2%	23.5%	59.3%	6.9%	35.9%	45.3%	150.8%	82.4%	15.5%
Net margin	23.1%	18.1%	20.5%	22.9%	17.5%	20.6%	28.0%	23.1%	25.4%	21.9%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

- ▷ For FY06/21, the company forecasts consolidated sales of JPY57.0bn (+33.9% YoY), operating profit of JPY17.0bn (+12.9% YoY), recurring profit of JPY17.0bn (+12.5% YoY), and net income attributable to owners of the parent of JPY12.5bn (+15.5% YoY).
- ▷ Despite elements of uncertainty such as the impact of COVID-19 and US-China trade friction, the company thinks that the semiconductor industry which is the group's main customer base will continue to invest in advanced lines such as next-generation EUV lithography.
- ▷ FY06/21 marks the last year of the final three-year stage (Phase 3) of Lasertec's medium-term plan. The company has positioned this fiscal year as the period in which it will recover investments made during the medium-term plan, with the new business of EUV-related systems in particular expected to be the product group contributing the most to the return on investments. EUV-related orders have expanded sharply since FY06/19, and are expected to continue expanding in FY06/21. Shared Research believes this business will continue to play a pivotal role in FY06/21.

 This note is the most recent addition to the [full report](#).

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## Contact Details

### Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: [info@sharedresearch.jp](mailto:info@sharedresearch.jp)