

# Investment Bridge Announces Investment Opinion: Bridge Report on Ferrotec Holdings Corporation: The results for fiscal year March 2023 and earnings estimates for the fiscal year March 2024

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NOTE TO EDITORS: The following is an investment opinion issued by Investment Bridge

TOKYO--(BUSINESS WIRE)-- Investment Bridge, one of Japan's leading independent investor relations services companies, has released a "Bridge Report" on **Ferrotec Holdings Corporation** (TOKYO Standard: 6890) reviewing its earnings results for the fiscal year March 2023 and earnings estimates for the fiscal year March 2024.

## Report Highlights

\*In the term ended March 2023, sales grew 57.5% year on year, which is almost in line with the revised forecast of the company. While the external environment surrounding the electronics industry was healthy, the demand for semiconductor manufacturing equipment was sluggish, as semiconductor devices, mainly memory, entered the inventory adjustment phase in the middle of the fiscal year. Amid such an environment, Ferrotec Holdings grew resiliently, posting record-high sales and profit.

\*For the term ending March 2024, sales are expected to rise 4.4% year on year to 220 billion yen. Due to a downturn in the market, the sales of materials, etc. are projected to decline, but sales are expected to keep increasing thanks to the growth of sales of quartz crucibles and power semiconductor substrates. Operating income is forecast to drop 7.3% year on year to 32.5 billion yen. The drop in operating income is considered unavoidable, due to the decrease in sales of materials, etc. and the augmentation of depreciation. The drop in

ordinary income is forecast to be more significant, as an exchange gain of 5.5 billion yen was posted as a non-operating income in the previous term, but there will be no such posting this term. The company plans to continue active capital investment. The investment amount is assumed to be 96.9 billion yen (62,661 million yen in the previous term). The company plans to pay a dividend of 100.00 yen/share (an interim dividend of 50.00 yen/share and a term-end dividend of 50.00 yen/share).

\*Their stance of pursuing growth thoroughly set in the mid-term management plan is unchanged. In the term ending March 2026, sales are expected to reach 360 billion yen (CAGR during the period from FY 3/2023 to FY 3/2026: 19.5%). Regarding the forecast for each segment, it is projected that the sales of the semiconductor equipment related business will increase from 132,194 million yen to 235.6 billion yen, the sales of the electronic device business will rise from 53,024 million yen to 93,390 million yen, and the sales of the other business will grow from 25,590 million yen to 31,010 million yen. As their global production system has been enriched steadily, the company considers that if the demand in the semiconductor sector recovers, they will certainly be able to achieve the forecast sales. In the semiconductor equipment related business, the company is steadily proceeding with the enrichment, automation, etc. of the global production system, so they believe that sales will expand rapidly if demand recovers. In the electronic device business, the company is steadily increasing the output of power semiconductor substrates by establishing Sichuan Factory, and full-scale manufacturing is scheduled to be started in 2024.

\*Since the end of 2021, the semiconductor market has been declining, and inventory adjustment is projected to be continued this term, too. Even under this environment, it is hard to imagine that the trend of shift to green energy will change, and it can be assumed that the semiconductor market will start growing again in the medium/long term. Under such assumption, the company continues active investment without being swayed by near-term trends. Rather than conducting speculative investment, the company procures funds when necessary while securing a good balance between investment opportunities and their financial standing and makes management decisions while considering shareholder return. We should keep an eye on such management decisions.

To view the full report, please go to the website at the URL listed below.

[https://www.bridge-salon.jp/report\\_bridge/archives/eng/6890/20230927.html](https://www.bridge-salon.jp/report_bridge/archives/eng/6890/20230927.html)

About Bridge Report:

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