

FY2012 Financial Results and FY2013 Forecasts

DISCO CORPORATION

DISCLAIMER

Statements in this PowerPoint with respect to DISCO's current strategies, plans, estimates, and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of DISCO. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

DISCO cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements, and you should not make decision on your investment thoroughly based on these statements. Such factors include, but not limited to, (i) general economic conditions and levels of demand in DISCO's markets; (ii) developments in technology and resulting changes in semiconductor and/or electronic component manufacturing process; (iii) levels of capital investment for manufacturing semiconductors and/or electronic components; (iv) expansions of the area for products and technologies using semiconductors and/or electronic components and its expanding speed; (v) DISCO's ability to continue to offer products and services corresponding to developments of new semiconductors and/or electronic components and new technologies for manufacturing them; (vi) exchange rates, particularly between the yen, the U.S. dollar, and the euro, and other currencies.

FY 2012 Financial Results

FY2012 Earnings Results (April 1, 2012 through March 31, 2013)

| Millions of Yen | FY2012 Full Year | FY2011 | | YoY | |
|---|---------------------|-----------|--------|-------|--|
| | | Full Year | Amount | (%) | |
| Net Sales | 93,707 | 89,241 | 4,466 | 5.0% | |
| Gross Profit | 44,692 | 41,606 | 3,086 | 7.4% | |
| Gross Profit Margin | 47.7% | 46.6% | 1.1p | - | |
| SG&A | 33,090 | 30,944 | 2,146 | 6.9% | |
| Operating Income | 11,601 | 10,661 | 940 | 8.8% | |
| Ordinary Income | 11,586 | 11,237 | 349 | 3.1% | |
| Ordinary Income Margin | 12.4% | 12.6% | -0.2p | - | |
| Income before income taxes and minority interests | 10,825 | 11,102 | -277 | -2.5% | |
| Net Income | 7,473 | 7,195 | 278 | 3.9% | |

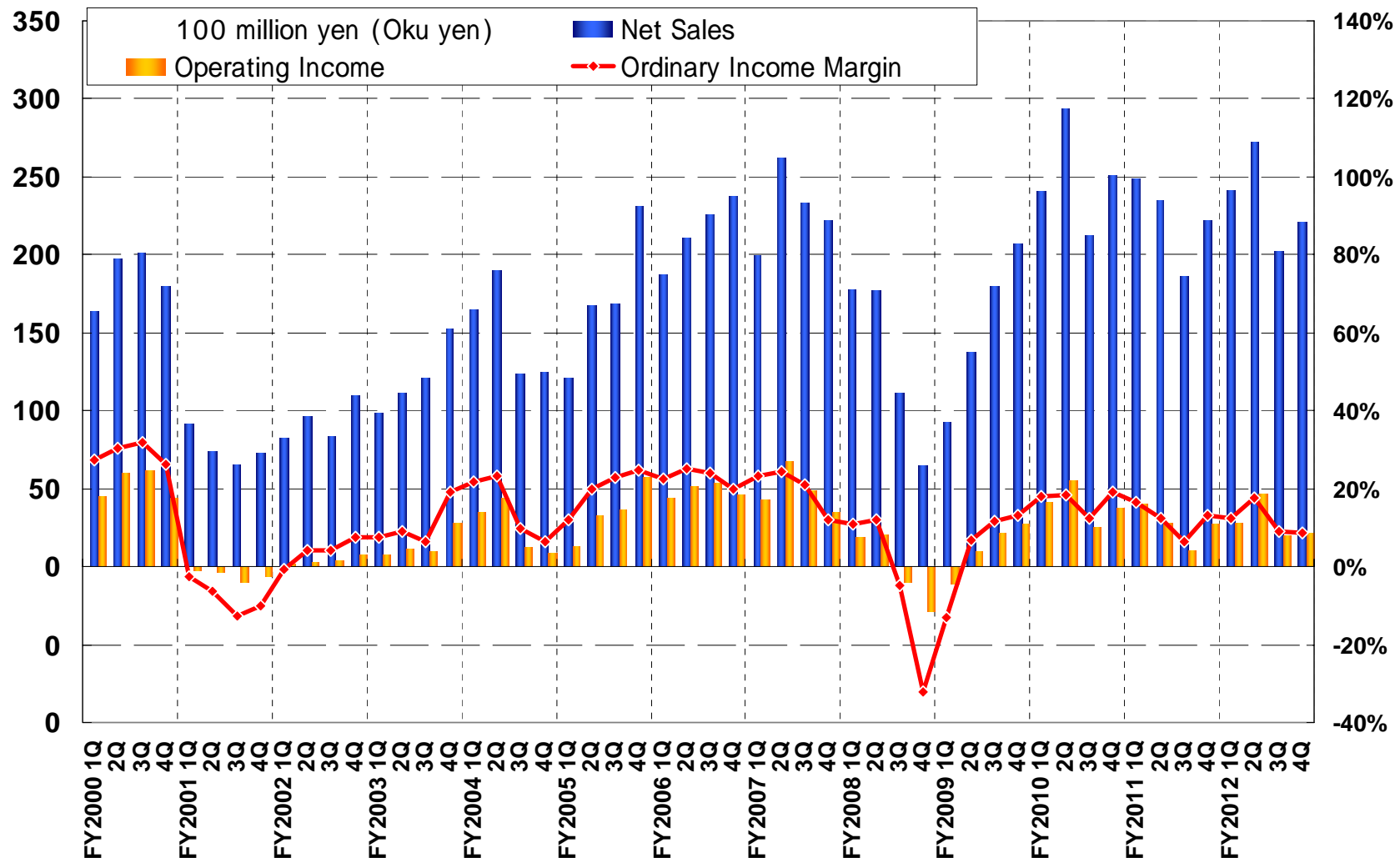
- The first half of FY2012 saw a resurgence in capital investment by some manufacturers, driven by robust shipments of smartphones and tablet PCs. FY12 Sales reached their 2nd highest level in the company's history.
- A rise in demand for high-value added products capable of mass production of thinner semiconductors and electrical parts with expanded functionality contributed to the FY12 sales.
- SG&A expenses reached their highest level ever, but GP ratio improved due to increased sales and an improved product makeup.

FY2012 4Q Earnings Results

| Millions of Yen | FY2012 4Q | FY2012 3Q | QoQ | |
|---|--------------|--------------|--------|--------|
| | | | Amount | (%) |
| Net Sales | 22,089 | 20,250 | 1,839 | 9.1% |
| Gross Profit | 10,528 | 10,017 | 511 | 5.1% |
| Gross Profit Margin | 47.7% | 49.5% | -1.8p | - |
| SG&A | 8,400 | 8,039 | 361 | 4.5% |
| Operating Income | 2,128 | 1,978 | 150 | 7.6% |
| Ordinary Income | 1,937 | 1,832 | 104 | 5.7% |
| Ordinary Income Margin | 8.8% | 9.1% | -0.3p | - |
| Income before income taxes and minority interests | 1,296 | 1,775 | -480 | -27.0% |
| Net Income | 1,044 | 1,070 | -26 | -2.4% |

- Due to some semiconductor manufacturers restarting capital investment, sales exceeded the levels of the previous quarter.
- The GP ratio worsened by 1.8% QoQ due to an unfavorable product makeup, despite the positive impact of the weak yen.
- An extraordinary loss was calculated due to the retirement of the old plants as part of construction of the building, but quarterly net profits decreased only slightly due to a reduction in tax burden.

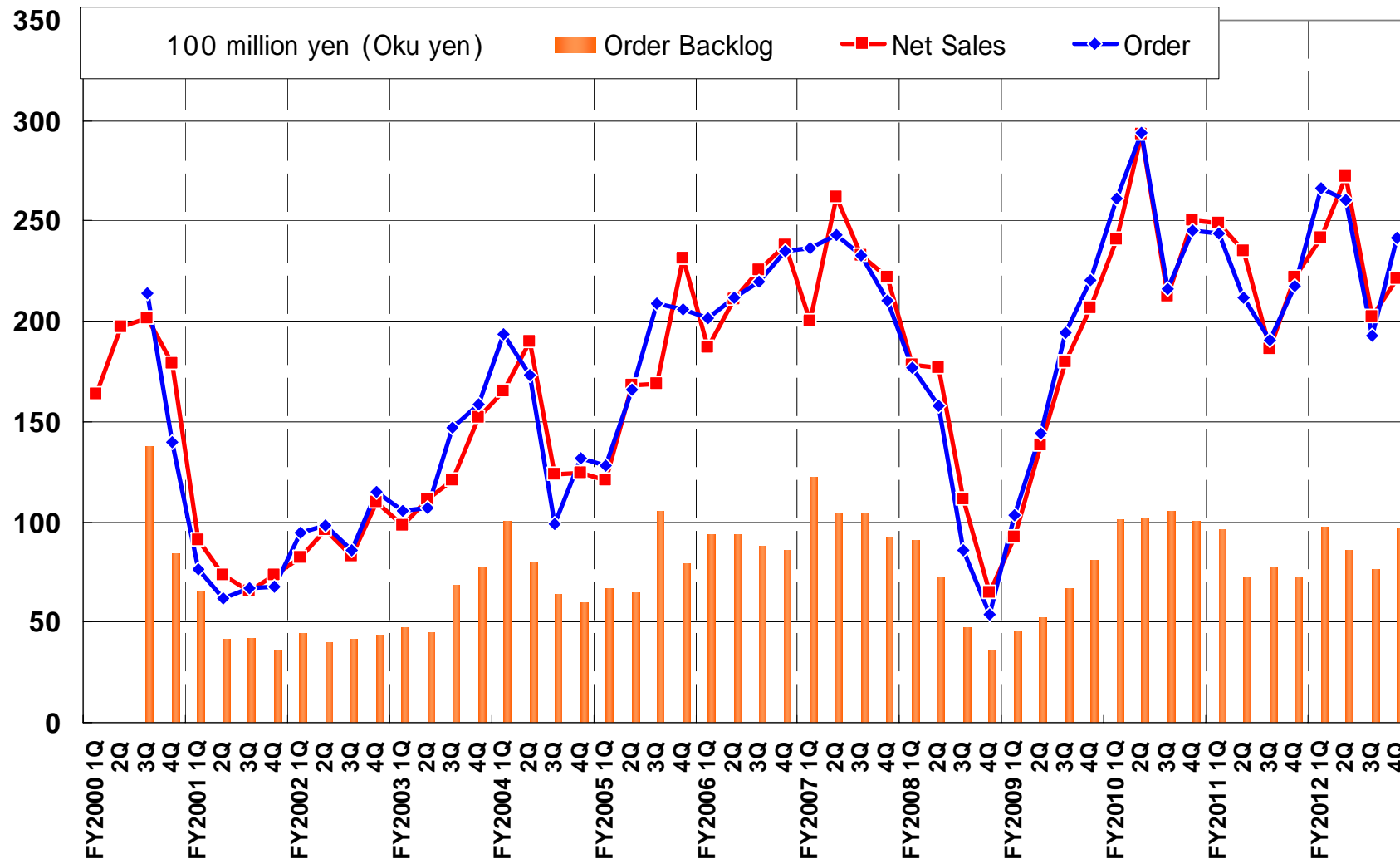
Quarterly Consolidated Financial Results



FY2012 The last 3 consecutive years saw a clear sales pattern. Sales maintain a high level during the 1st half of the year, turning sluggish in the 3Q, and recovering in 4Q.

4Q Towards the year end, SG&A expenses increased and the ordinary Income almost showed same level compared to previous quarter.

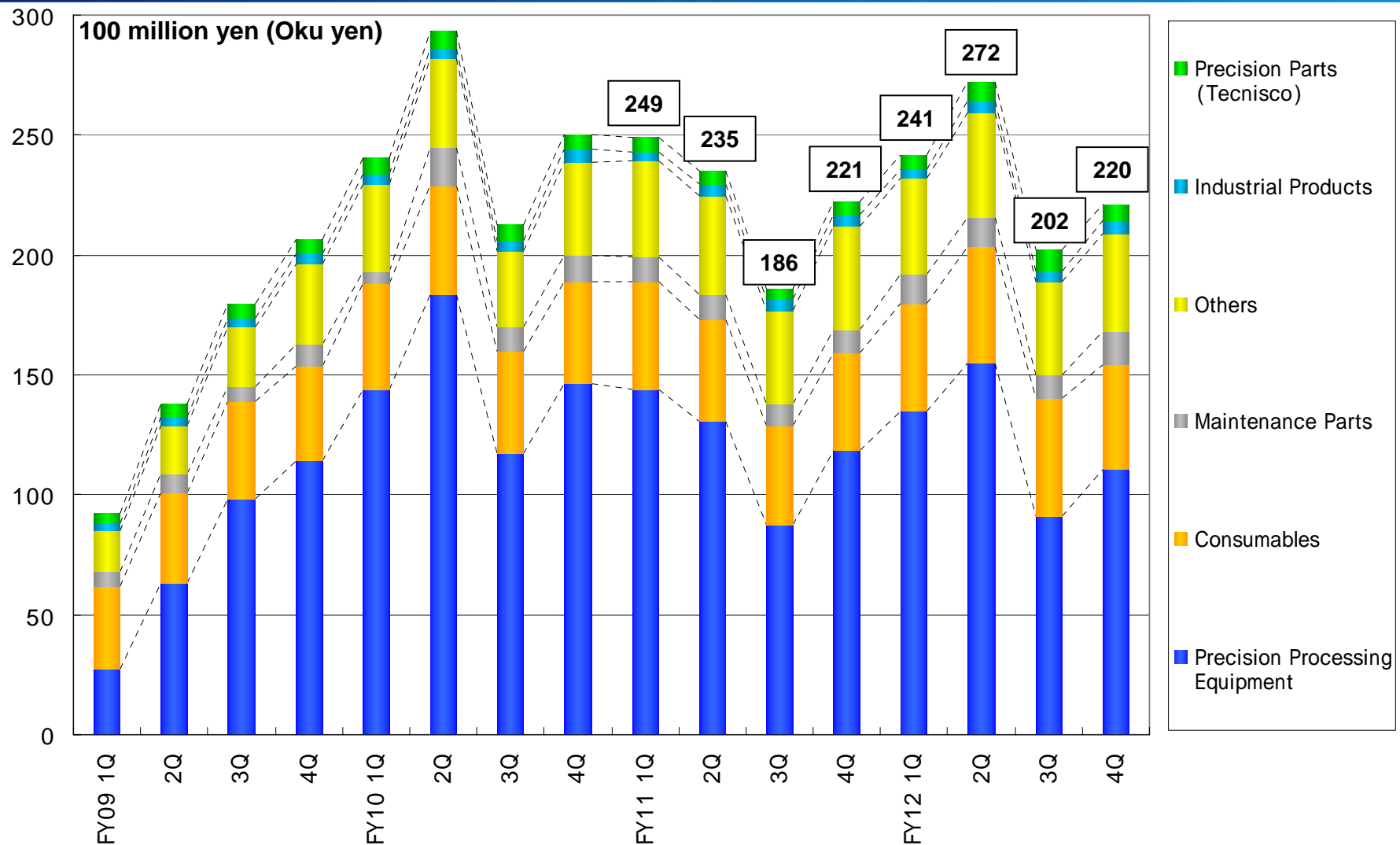
Quarterly Sales/Orders



4Q 4Q orders rapidly recovered from the previous quarter, amounting to ¥24,100 million, which is a 25% increase QoQ.

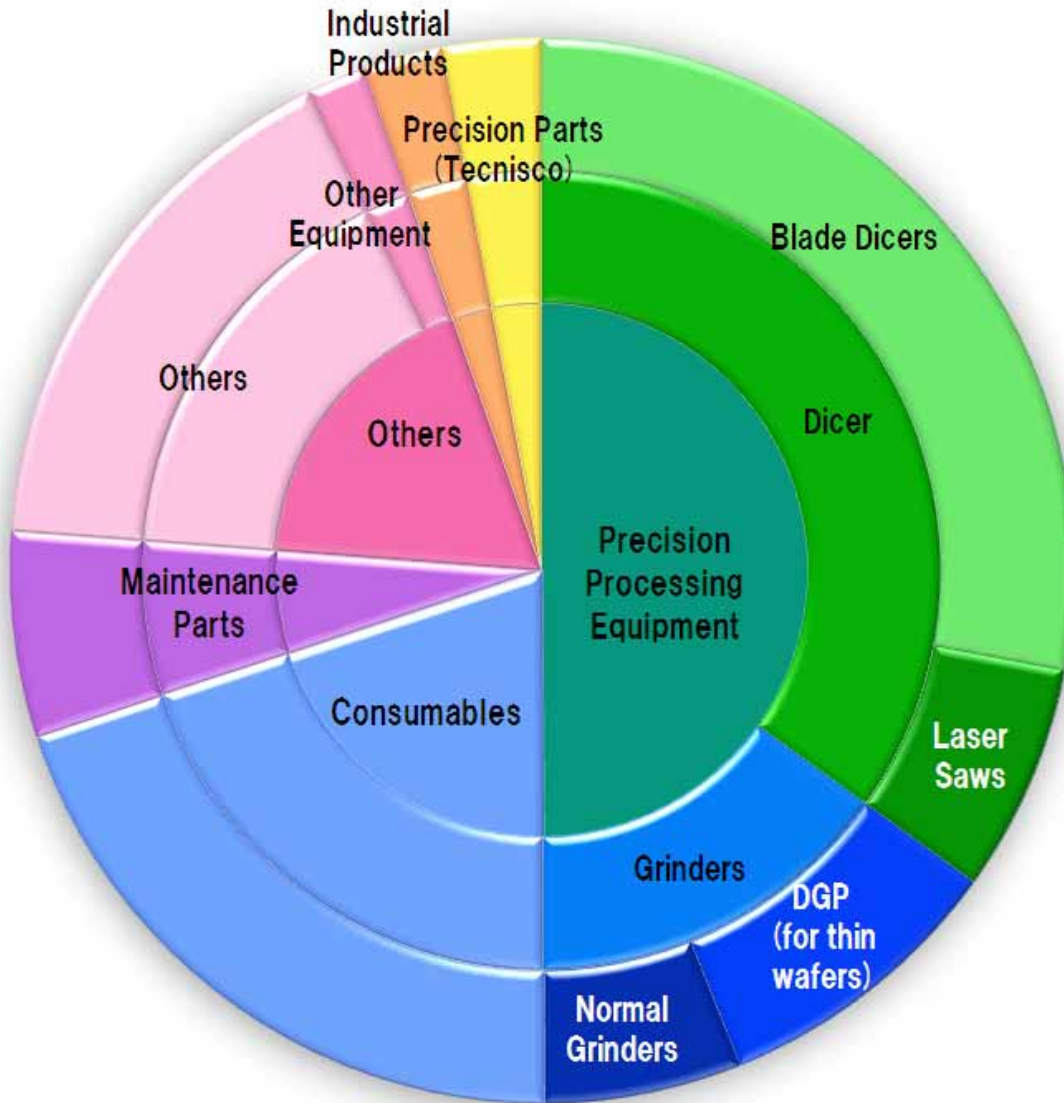
4Q The order backlog increased QoQ to ¥9,700 million.

Consolidated Quarterly Sales Breakdown by Product



- 4Q Equipment sales increased and accounted for 50% of total sales (5p increase QoQ).
- 4Q Consumables sales showed a decline compared to 3Q and accounted for 20% (4p decrease QoQ) of total sales.

Product and Equipment Sales Breakdown

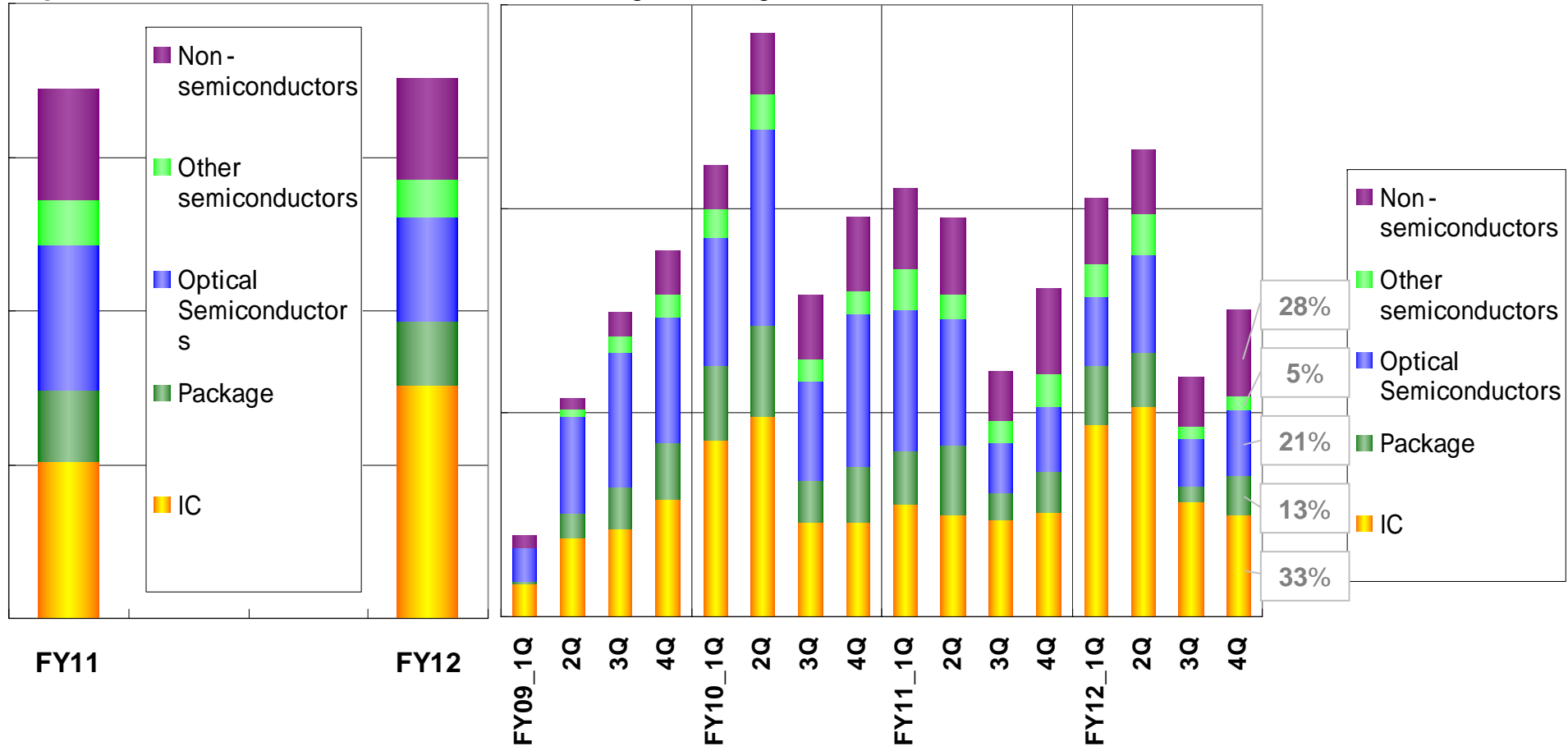


| | |
|---|-----|
| FY2012 4Q | |
| 【Product Sales Breakdown】 | |
| Precision Processing Equipment | 50% |
| Consumables | 20% |
| Maintenance Parts | 6% |
| Others | 18% |
| Industrial Products | 2% |
| Precision Parts (Technisco) | 3% |
| 【Precision Processing Equipment Breakdown】 | |
| Dicing Saws | 70% |
| Grinders | 30% |
| 【Dicing Saws Breakdown】 | |
| Blade Dicers | 80% |
| Laser Saws | 20% |
| 【Grinders Breakdown】 | |
| DGP (for thin wafers) | 60% |
| Normal Grinders | 40% |

Equipment, Non-consolidated Cutting and Dicing Saws* Sales Breakdown by Application

YoY

*Cutting and dicing saws include blade dicers and laser saws



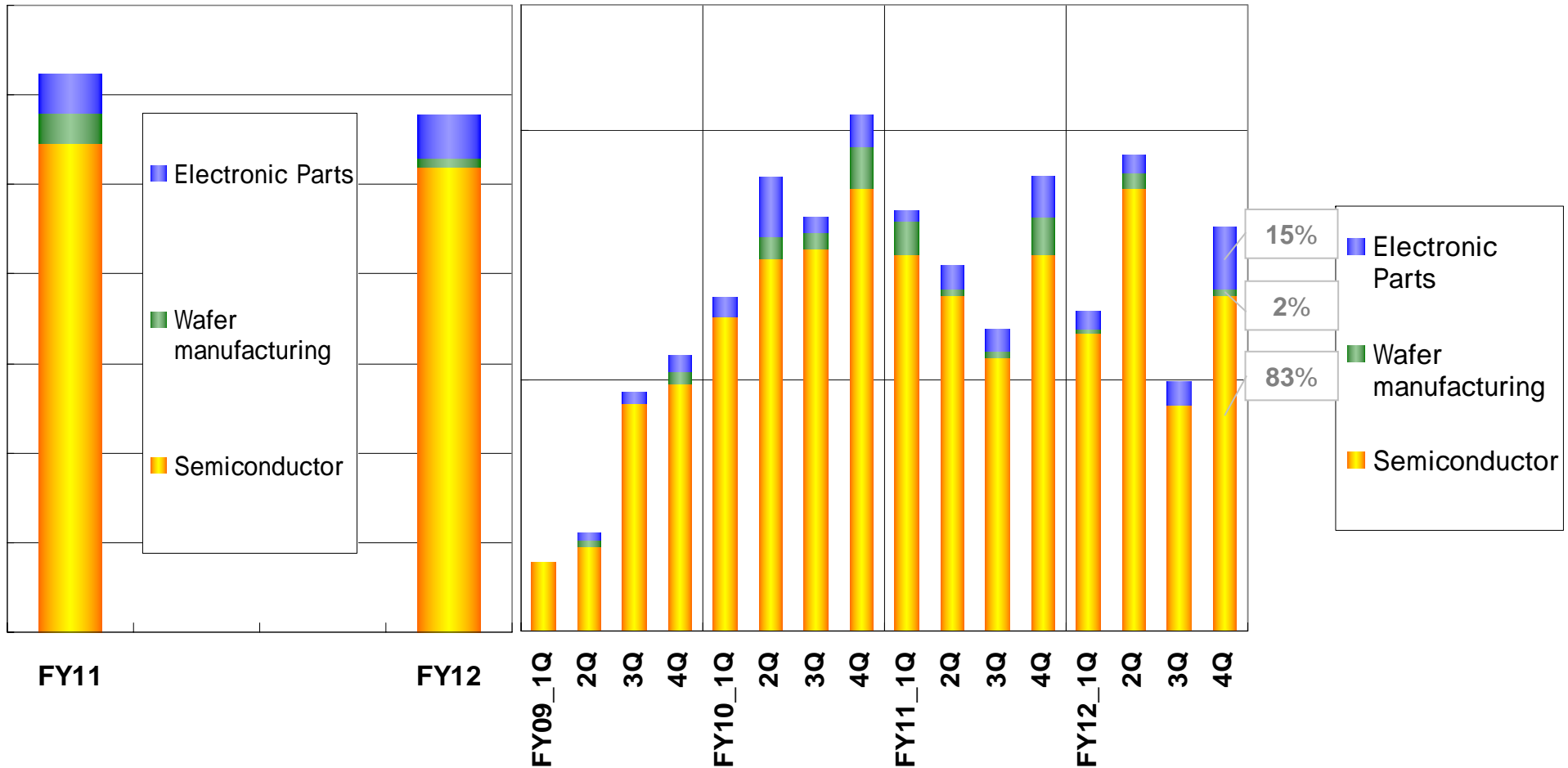
FY2012 Total dicing saw sales remained at the same level (increased slightly by YoY). Dicing saws sales for Optical Semiconductor decreased by 8 % YoY and accounted for 19% of dicing saw sales. Sales of ICs for smartphones and tablet PCs increased by 13% YoY and accounted for 43% of dicing saw sales.

4Q Sales for IC remained at a low level but equipment for other applications (non-semiconductor, optical semiconductor, packages) have showed signs of recovery. Sales for SAW devices and image sensors remained steady.

Equipment, Non-consolidated
Grinders and Polishers* Sales Breakdown by Application

YoY

*Grinders and polishers also include surface planers and grinder/polishers

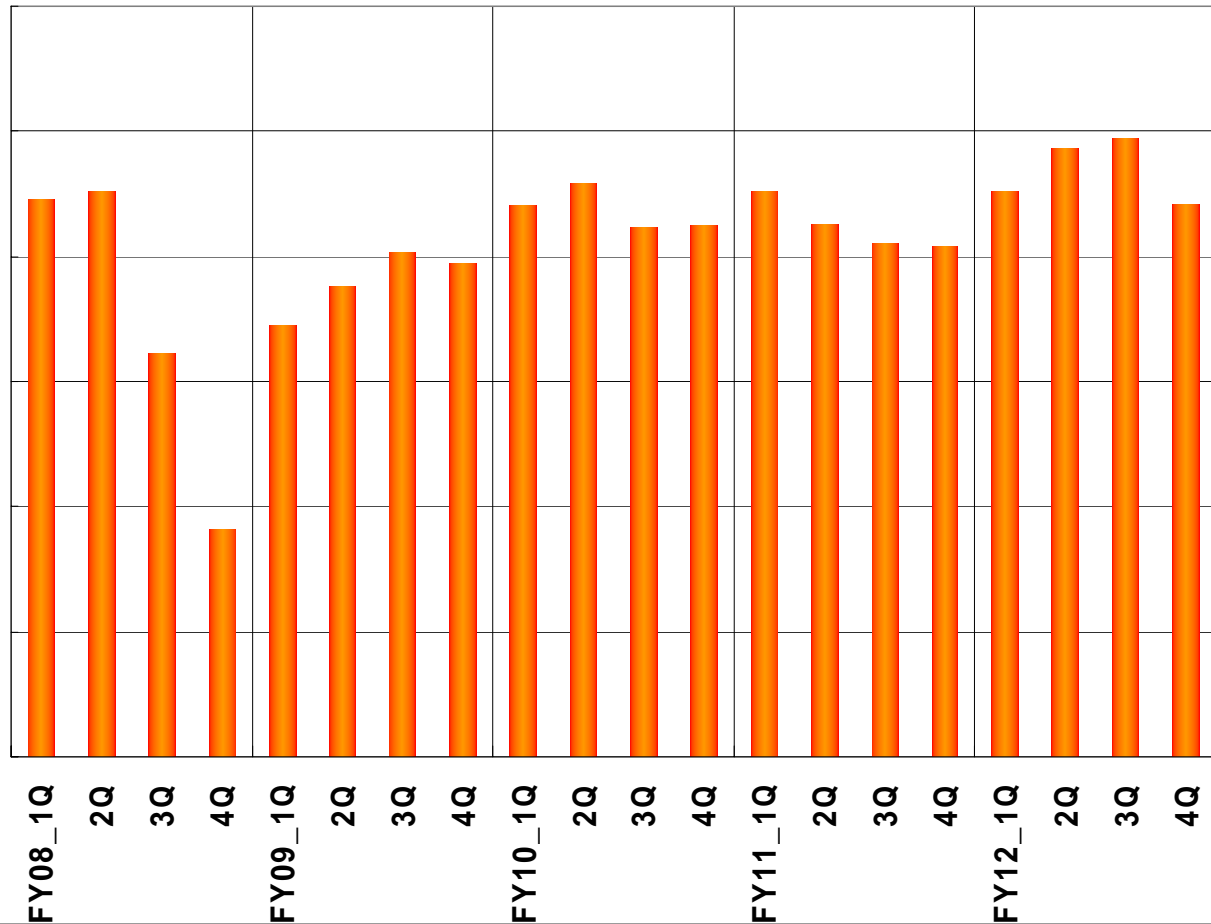
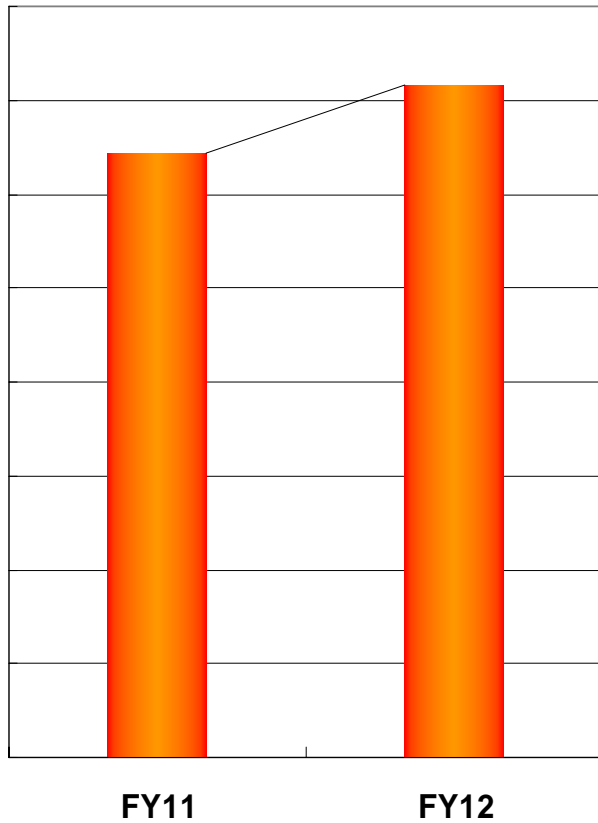


- 4Q Some OSAT (Sub-contractors) have restarted the investment for flash memory towards the end of the year. Grinder sales showed a strong recovery from 3Q.
- 4Q Although shipments of high-end grinders for R&D purposes remain sluggish, shipments for electronic components increased, thanks to robust smartphone and tablet PC related demand. It accounted for 15% of grinder sales (5p increase QoQ).

Consolidated Consumables* Sales

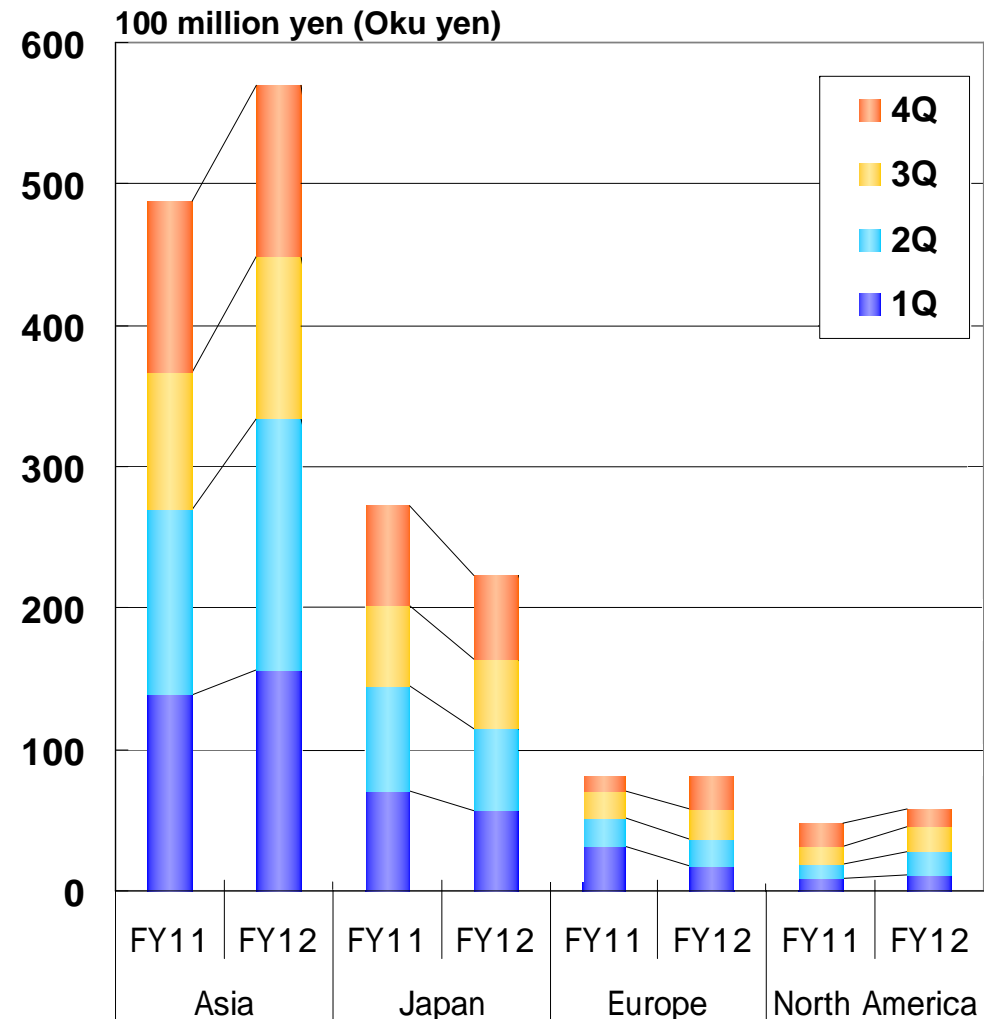
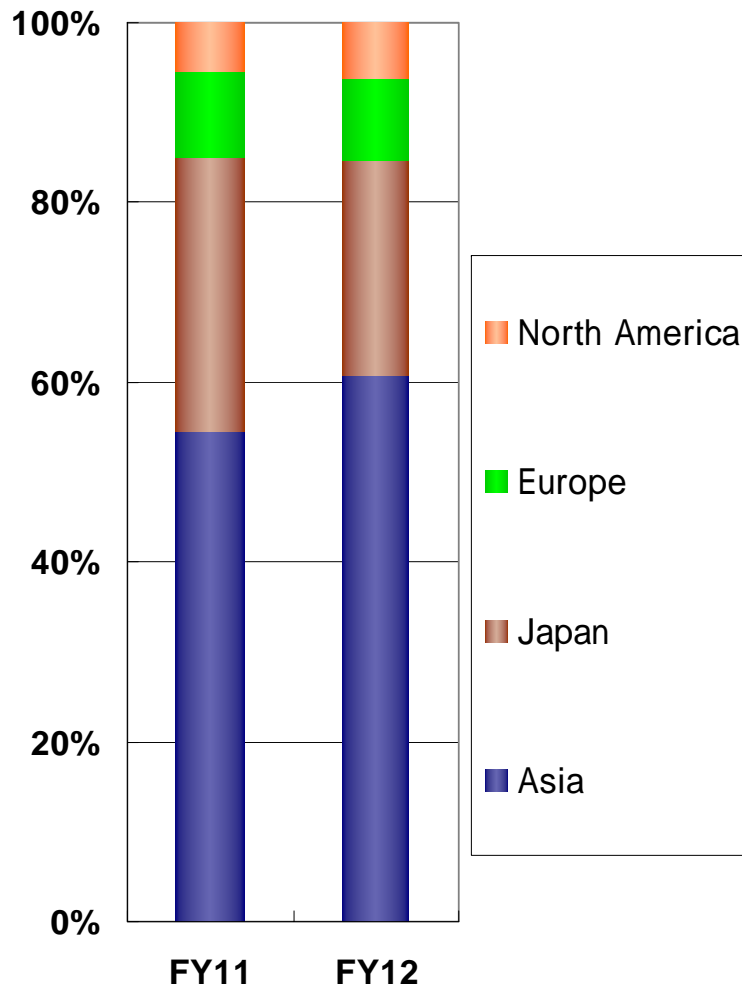
YoY

*Consumables include dicing blades, grinding wheels, and dry polishing wheels, etc.



- FY2012 Corresponding to the high capacity utilization of customers, sales increased to their highest level by quantity and sum (10% increase YoY).
- 4Q While the weakened yen had a positive effect, sales of consumables declined by 11% QoQ due to sluggish orders of the customers.

Consolidated Sales Breakdown by Region



FY2012 Semiconductor manufacturing plants are shifting from domestic to abroad especially in the Asian region.

4Q 4Q sales recovered from 3Q, which was a correction period. Taiwan and other limited area showed signs of recovery.

Balance Sheet (Summary)

| Millions of Yen | FY2012 4Q | FY2011 4Q | Amount |
|----------------------------------|--------------|--------------|--------|
| Cash and deposits | 31,699 | 15,170 | 16,528 |
| Notes and account receivable | 25,272 | 27,074 | -1,801 |
| Inventories | 28,475 | 25,764 | 2,711 |
| Total current assets | 89,556 | 71,834 | 17,721 |
| Property, plant and equipment | 55,515 | 55,189 | 325 |
| Total noncurrent assets | 66,102 | 63,942 | 2,161 |
| Total assets | 155,667 | 135,789 | 19,877 |
| Current liabilities | 23,896 | 20,792 | 3,104 |
| Noncurrent liabilities | 21,214 | 12,460 | 8,753 |
| Total liabilities | 45,110 | 33,253 | 11,858 |
| Total net assets | 110,556 | 102,536 | 8,020 |
| Total liabilities and net assets | 155,667 | 135,789 | 19,877 |
| Equity Ratio | 69.8% | 74.5% | -4.7p |

[Comparison with the end of March 2012]

Assets: Total assets increased by about ¥20 billion, due to the collection of account receivables and the long-term bank loans for the construction of the Kuwabata new plant while also increasing the amount of fixed assets in inventory.

Liabilities increased by about ¥12 billion due to the long-term bank loans.

Net Assets: Debt ratio increased and the shareholders equity ratio decreased to 69.8% consequently.

Cash Flow (Summary)

| Millions of Yen | FY2012 Full Year | FY2011 Full Year | Amount |
|--|---------------------|---------------------|--------|
| Net cash provided by (used in) operating activities | 15,305 | 6,170 | 9,134 |
| Income before income taxes and minority interests | 10,825 | 11,102 | -277 |
| Depreciation and amortization | 5,939 | 5,944 | -5 |
| Decrease (increase) in notes and accounts receivable - trade | 3,154 | 993 | 2,161 |
| Decrease (increase) in inventories | -2,810 | -1,693 | -1,117 |
| Increase (decrease) in notes and accounts payable - trade | 1,856 | -2,791 | 4,648 |
| Income taxes (paid) refund | -2,236 | -8,364 | 6,128 |
| Net cash provided by (used in) investing activities | -13,779 | -11,323 | -2,456 |
| Purchase of property, plant and equipment | -5,432 | -7,899 | 2,466 |
| Others | -8,346 | -3,424 | -4,922 |
| Free cash flow | 1,526 | -5,152 | 6,679 |
| Net cash provided by (used in) financing activities | 7,407 | -2,218 | 9,626 |
| Cash dividends paid | -1,987 | -2,321 | 334 |
| Others | 9,394 | 103 | 9,292 |
| Net change in of cash and cash equivalents | 9,506 | -7,792 | 17,299 |
| Cash and cash equivalents at beginning of period | 12,038 | 19,830 | -7,792 |
| Cash and cash equivalents at end of period | 21,544 | 12,038 | 9,507 |

Cash Flows from Operating Activities:

Net cash provided by operating activities amounted to ¥15,300 million. This resulted from a decrease in the amount paid for income tax. The income before income taxes and the depreciation remained at the previous year's level.

Cash Flows from Investing Activities:

Net cash used for investing activities amounted to ¥13,800 million. This reflects expenditure on the acquisition of tangible fixed assets such as the new buildings at the Singapore office and money transfers to time deposit.

Cash Flows from Financing Activities:

Net Cash flows increased to ¥7,400 million. This consisted mainly of payments of dividends and bank loans of ¥10 billion for the construction of the new Kuwabata plant.

For free cash flow, there was a net inflow of ¥1,500 million.

→ The balance of cash and cash equivalents as of March 31, 2013 was ¥21,500 million.

FY2013 Full-Year Earning Forecast

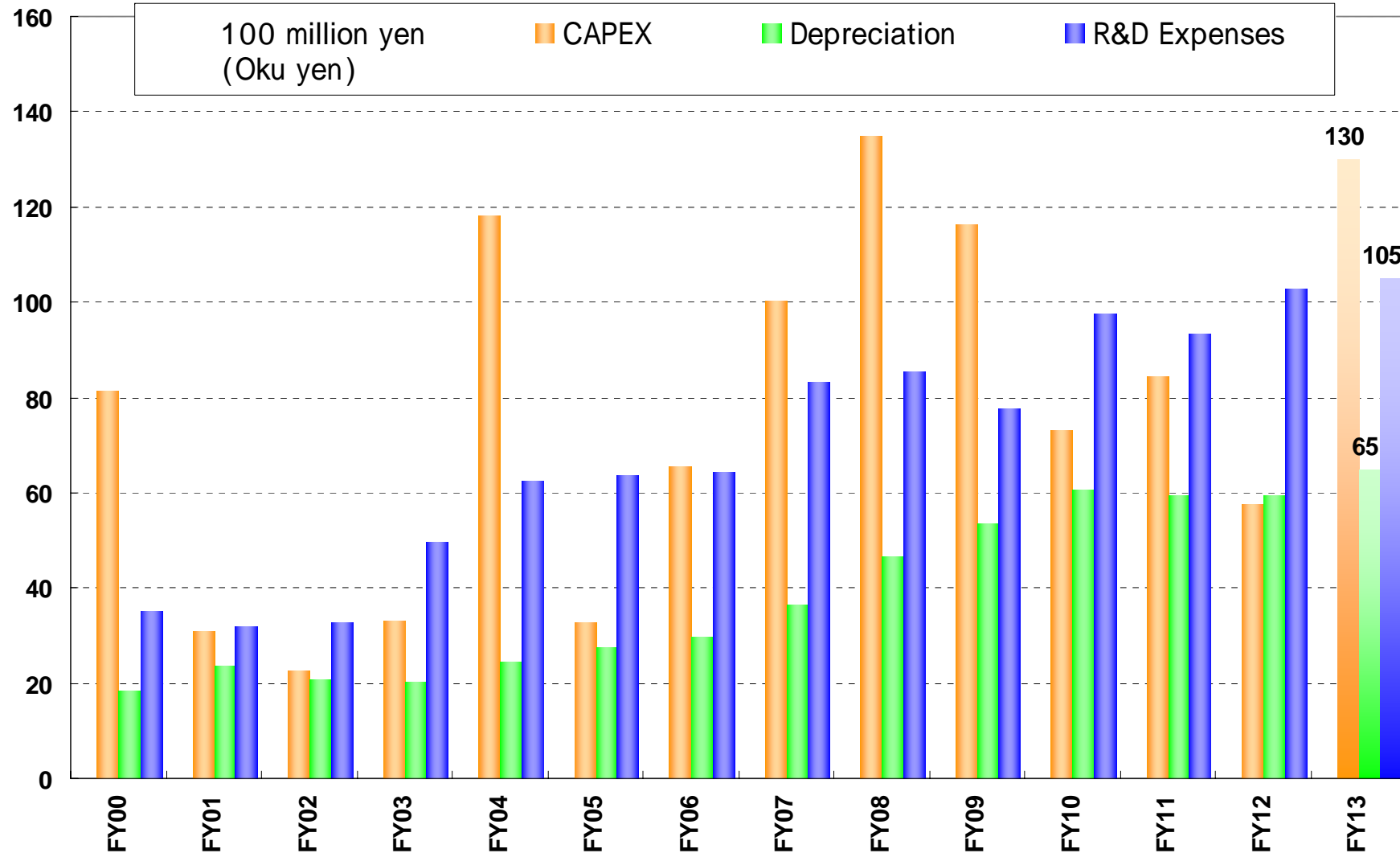
| 100 million yen (Oku yen) | 1H | 2H | Full Year | Reference Previous year's results | Amount | YoY |
|---------------------------|-------|-------|-----------|---|--------|-----|
| Net Sales | 517 | 458 | 975 | 937 | 38 | 4% |
| Operating Income | 83 | 55 | 138 | 116 | 22 | 19% |
| Ordinary Income | 83 | 59 | 142 | 116 | 26 | 23% |
| Net Income | 56 | 37 | 93 | 75 | 18 | 24% |
| Operating Income Margin | 16.1% | 12.0% | 14.2% | 12.4% | | |
| Ordinary Income Margin | 16.1% | 12.9% | 14.6% | 12.4% | | |
| Net Income Margin | 10.8% | 8.1% | 9.5% | 8.0% | | |

- We expect a higher level of continuous capital investments driven by a strong demand for smartphone-related devices. FY 2013 sales will increase by 4% YoY.
- Quarterly sales trends will show the typical trend, firm sales in 1H and slowdown in 2H. Sales in 1Q-3Q will remain at a high level through the quarters.
- Operating income is expected to rise by 19% compared to the previous year.

Expected exchange rates: US\$1/¥96, 1Euro/¥125

Effect per ¥1 fluctuation in exchange rates (non-consolidated, whole year) US\$:¥300 million , Euro: ¥21 million

Consolidated R&D/CAPEX Forecast



- R&D: FY12 R&D expenses reached a record high ¥10,300 million. FY13 R&D expenses will remain at the same high level.
- Capital spending is expected to be ¥13 billion due to the construction of the new Kuwabata plant.

Dividend Policy and Dividend Payment

| (Yen) | FY2013 | (Reference) |
|-----------------------|----------|------------------|
| | Forecast | FY2012 Actual |
| Intermediate dividend | 42 | 40 |
| Year - end dividend | 28 | 16 |
| Annual dividend | 70 | 56 |

Dividend Policy

Decisions concerning the distribution of surpluses are made by the general meeting of shareholders, in the case of the final dividend, and by the Board of Directors, in the case of the interim dividend.

1. Adopting a performance-linked dividend policy and aiming at giving clearer priority to shareholder returns, our target dividend payout ratio is 25% of the consolidated half-yearly net income. There will be interim and final dividends, each of which will be equivalent to 25% of the half-yearly consolidated net income.
2. Irrespective of the level of income, we will maintain a reliable dividend of ¥10 per half-year. This means that the minimum yearly dividend will be ¥20.
3. Except when there is a loss, if the year-end balance of cash and deposits after payment of dividends and income taxes is greater than projected funding requirements for the acquisition of technology resources, such as through patent purchases and investment in venture businesses, facility expansion, the retirement of interest-bearing debt and other purposes, one-third of that surplus will be added to dividends.

[Remarks]

The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses in three consecutive years.

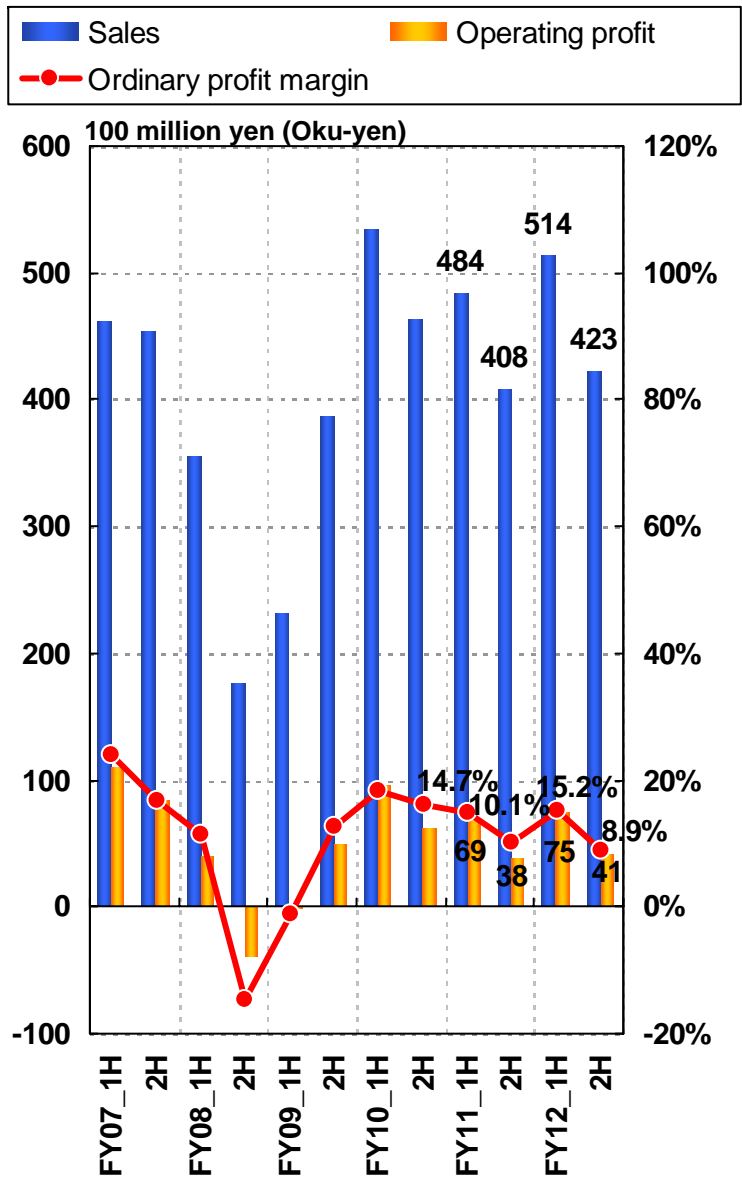
FY2013 Full-Year Sales Forecast

| | Year on year increases (decreases) in FY2012 results | Year on year increases (decreases) in FY2013 forecasts |
|---|--|--|
| Total | + 5% | + 4% |
| Systems | Approx. + 5% | + 5% |
| Dicers | Approx. + 5% | Approx. - 5% |
| Laser | Approx. + 30% | Approx. + 20% |
| Non-laser | Approx. - 5% | Approx. - 10% |
| Grinders | Approx. - 5% | Approx. + 30% |
| Precision blades and wheels | Approx. + 10% | Approx. + 10% |
| Other products, subsidiaries | Approx. + 5% | Increase |

Operating Environment and Management Policy

Kazuma Sekiya
President and COO

Operating Environment and Our Business: FY2012



Business Activities in FY2012

- DISCO achieved the second highest consolidated sales by increased sales and profits compared to the previous year.
- Relatively high sales during 1st H with sluggish sales during 2nd H, driven by demand related to the end of the year sales.
- Robust sales driven by the demand for semiconductors and electronic components for smartphone and tablet PCs.

| Application | Products |
|-------------|--|
| Logic IC | Laser saws |
| Memory | Blade dicers / Ultra-thinning grinders |
| Saw devices | Blade dicers |

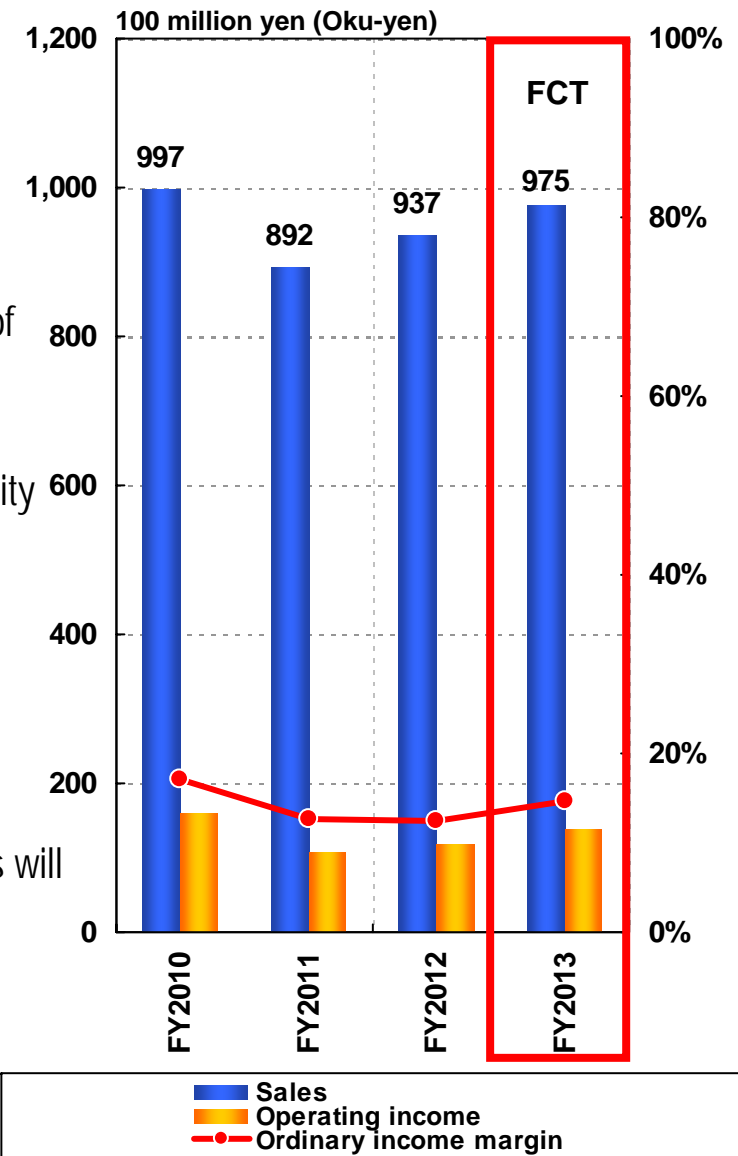
- Increased value of shipments to mass-production manufacturers in the Asian region.
- Consumables sales, both units and value, recorded their highest level, thanks to the increase in production capacity and the expansion of applications at various manufacturers.

Forecasted Operating Environment

Outlook for FY2013 The Business Environment

- The change of the market environment
 - Markets prioritizing cost and speed are expanding rapidly
 - DISCO will minimize the opportunity loss of difficult orders
- We prioritize the competition with Asian manufacturers with a policy of permanent cost reduction, and recognize this as medium-term risk to DISCO.
 - Maintaining the domestic production policy, we will avoid excess quality and useless procedures in the company and control the whole cost.
- Further strengthening of our business structure
 - Employees will work actively and independently. We will evolve the company to secure this change
- We expect an increase of sales and profits in FY2013.
 - Demand for products for smartphones and tablet PCs related devices will continue.
 - Profitability will be improved, thanks to the impact of the weak yen.

| | | |
|-------|----------|----------|
| | | vs FY12 |
| Sales | ¥ 97.5bn | plus 4% |
| OP | ¥ 13.8bn | plus 19% |



DISCO

Kiru · Kezuru · Migaku Technologies

