

Business Results & Forecast

The Second Quarter Ended September 30, 2017

October 31, 2017

*Cautionary statement with respect to these materials; The earnings forecasts contained in these materials and communicated verbally, are made in accordance with currently available information and rational assumptions. SCREEN Holdings does not promise that the forecasts or estimates will be accurate. Therefore, it should be noted that actual results could differ significantly due to a variety of factors.

*Figures have been rounded down to eliminate amounts less than ¥100 million, except per share figures. A ratio has been rounded off.

SCREEN Holdings Co., Ltd
President
Chief Executive Officer
Eiji Kakiuchi

▶▶ Key Points of FY2018 2Q Business Results

- Revenue and profits increased year on year.
 - Net sales increased ¥17.6 bn., up 13.0%.
 - Operating income rose ¥4.7 bn., up 38.9%.
 - The operating income to net sales ratio increased 2.1 points to 11.0%.

- Orders for the entire segment rose year on year. Outstanding orders hit a new record high at ¥128.4 bn. For the end of the 1H of the year.

- In light of the strong performance of the Semiconductor Solution Business (SE) and the sales environment, we have revised the 2H and full-year forecasts upwards.

- Considering the upward revision of the full-year forecast, we expect to increase dividends and acquire company stocks.

Agenda

1. FY2018 2Q Business Results



2. Business Situation in 4 Segments



3. Financial Situation



4. FY2018 Business Forecast



5. ESG-Related Topics



1. FY2018 2Q Business Results

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5. ESG-Related Topics

FY2018 2Q Business Results (Consolidated)

(Billions of JPY)	FY2017						FY2018				
	1Q	2Q	1H	3Q	4Q	FULL	1Q	2Q	1H	Difference(YoY)	
Net sales	62.2	73.8	136.1	73.8	90.2	300.2	72.9	80.8	153.8	17.6	13.0%
SE	41.2	50.3	91.6	50.6	63.7	206.0	46.5	53.2	99.8	8.1	8.9%
GA	9.6	12.4	22.0	10.4	13.2	45.8	10.8	13.9	24.8	2.7	12.2%
FT	9.3	8.6	17.9	10.8	9.3	38.1	12.9	9.9	22.8	4.9	27.4%
PE	1.8	2.1	3.9	1.6	3.3	8.9	2.3	3.3	5.7	1.8	46.0%
Other	0.1	0.2	0.4	0.3	0.5	1.2	0.2	0.3	0.5	0.1	23.0%
Operating income	5.1	7.0	12.1	9.1	12.4	33.7	7.3	9.5	16.9	4.7	38.9%
(to net sales ratio)	8.2%	9.6%	8.9%	12.4%	13.7%	11.2%	10.1%	11.8%	11.0%	-	2.1pt
SE	4.3	6.0	10.3	8.0	10.8	29.3	6.4	8.1	14.5	4.1	40.1%
GA	(0.2)	0.8	0.5	0.1	0.7	1.4	0.1	1.0	1.2	0.7	133.2%
FT	1.2	0.5	1.7	1.1	1.4	4.3	1.1	0.7	1.8	0.1	6.5%
PE	0.1	0.1	0.3	0.1	0.2	0.7	0	0.3	0.3	0	12.9%
Other	(0.3)	(0.5)	(0.8)	(0.3)	(0.9)	(2.1)	(0.4)	(0.7)	(1.1)	(0.3)	-
Ordinary income	5.0	6.6	11.6	9.0	11.2	32.0	7.5	8.9	16.4	4.7	40.9%
Profit attributable to Owners of parent	3.7	5.7	9.4	6.8	7.8	24.1	5.1	5.5	10.6	1.2	12.8%

SE: Semiconductor solution business
 FT: Finetech solution business

GA: Graphic solution business
 PE: PE solution business

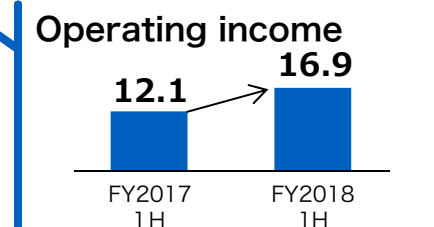
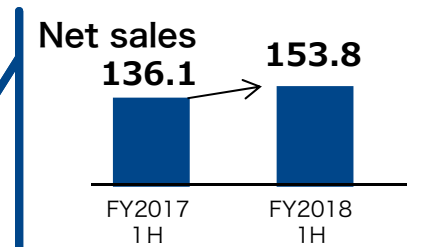
*From April 2017, PE has been made a reportable segment

FY2018 2Q Business Results (Consolidated)

>>Comparison (YoY)

	FY2017	FY2018	Difference	
	1H	1H		
Net sales	136.1	153.8	17.6	13.0%
Operating income (to net sales ratio)	12.1 8.9%	16.9 11.0%	4.7 2.1pt	38.9%
Ordinary income	11.6	16.4	4.7	40.9%
Profit attributable to Owners of parent	9.4	10.6	1.2	12.8%

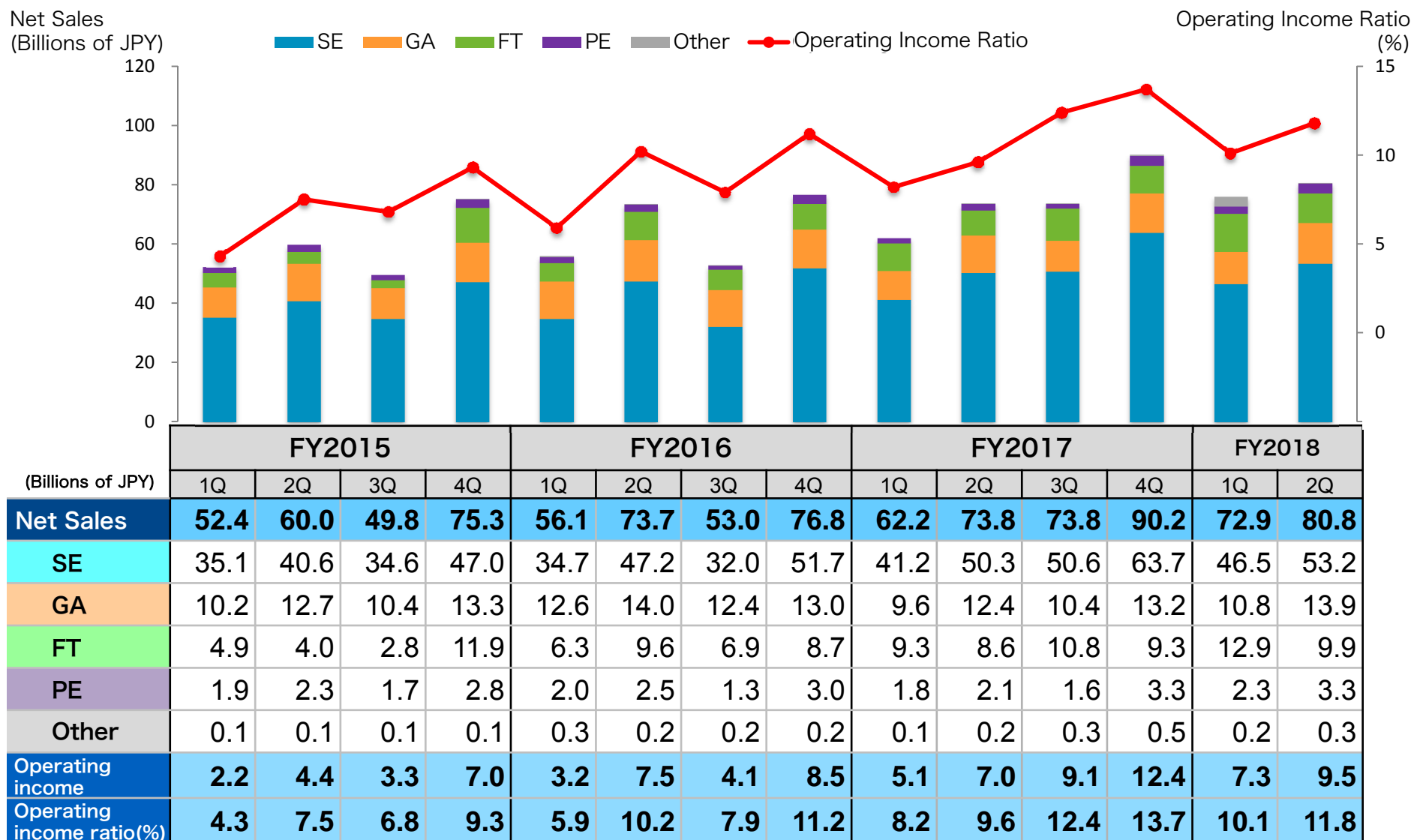
Comparison (YoY)



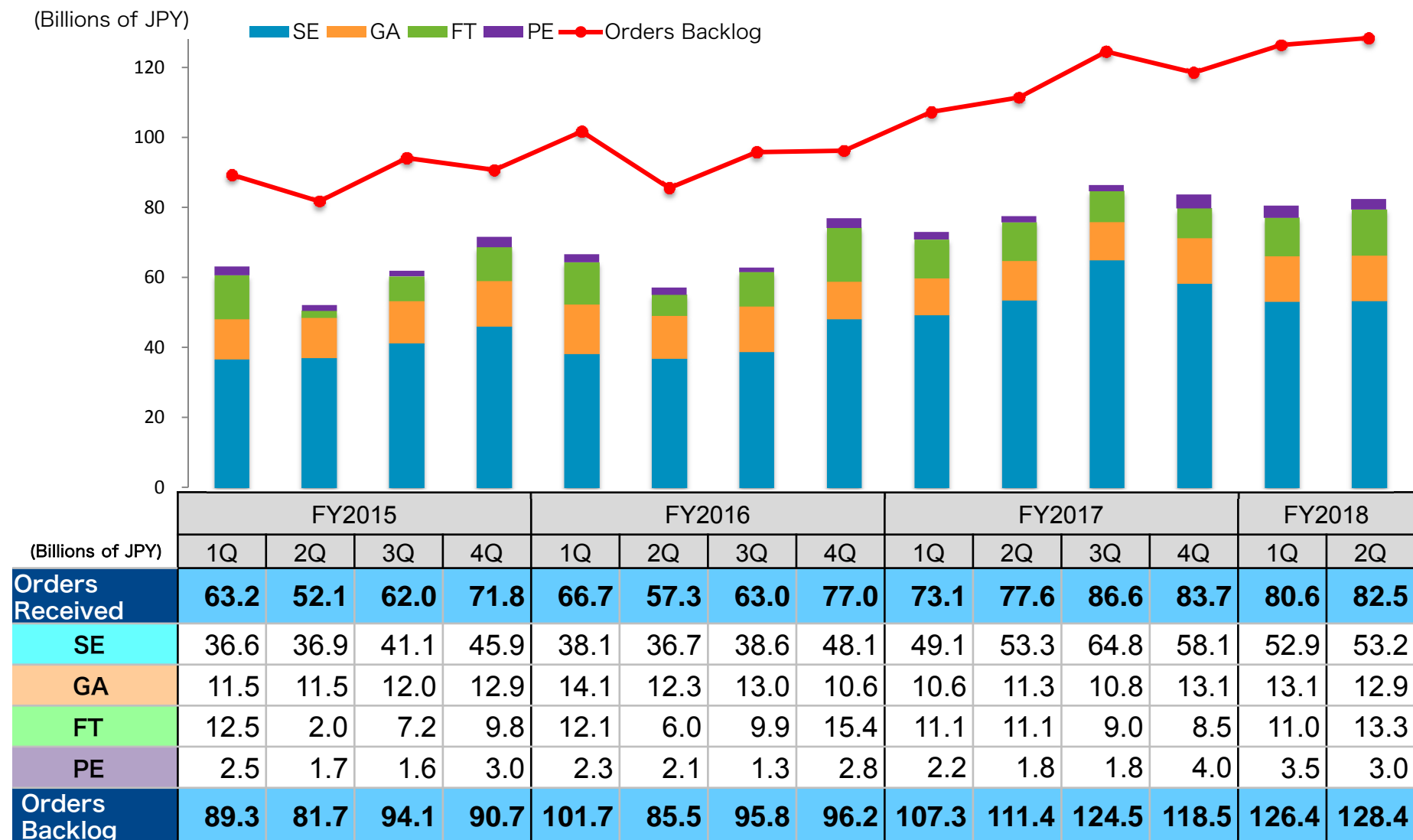
>>Comparison (QoQ)

	FY2018	FY2018	Difference	
	1Q	2Q		
Net sales	72.9	80.8	7.9	10.9%
Operating income (to net sales ratio)	7.3 10.1%	9.5 11.8%	2.1 1.7pt	29.1%
Ordinary income	7.5	8.9	1.4	18.8%
Profit attributable to Owners of parent	5.1	5.5	0.3	7.2%

Quarterly Net Sales and Operating Income (Consolidated)



Quarterly Orders Received and Orders Backlog (Consolidated)



1. FY2018 2Q Business Results



2. Business Situation in 4 Segments



3. Financial Situation



4. FY2018 Business Forecast



5. ESG-Related Topics



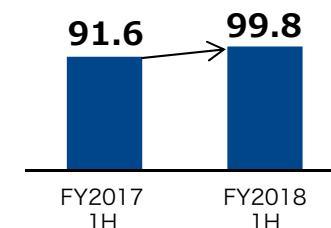
SE >> Business Environment

>>Comparison (YoY)

	FY2017	FY2018	Difference	
	1H	1H		
Net sales	91.6	99.8	8.1	8.9%
Operating income (to net sales ratio)	10.3 11.3%	14.5 14.6%	4.1 3.2pt	40.1%

Comparison (YoY)

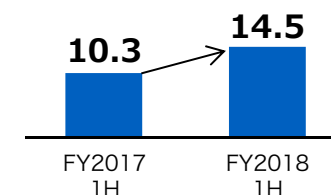
Net sales



>>Comparison (QoQ)

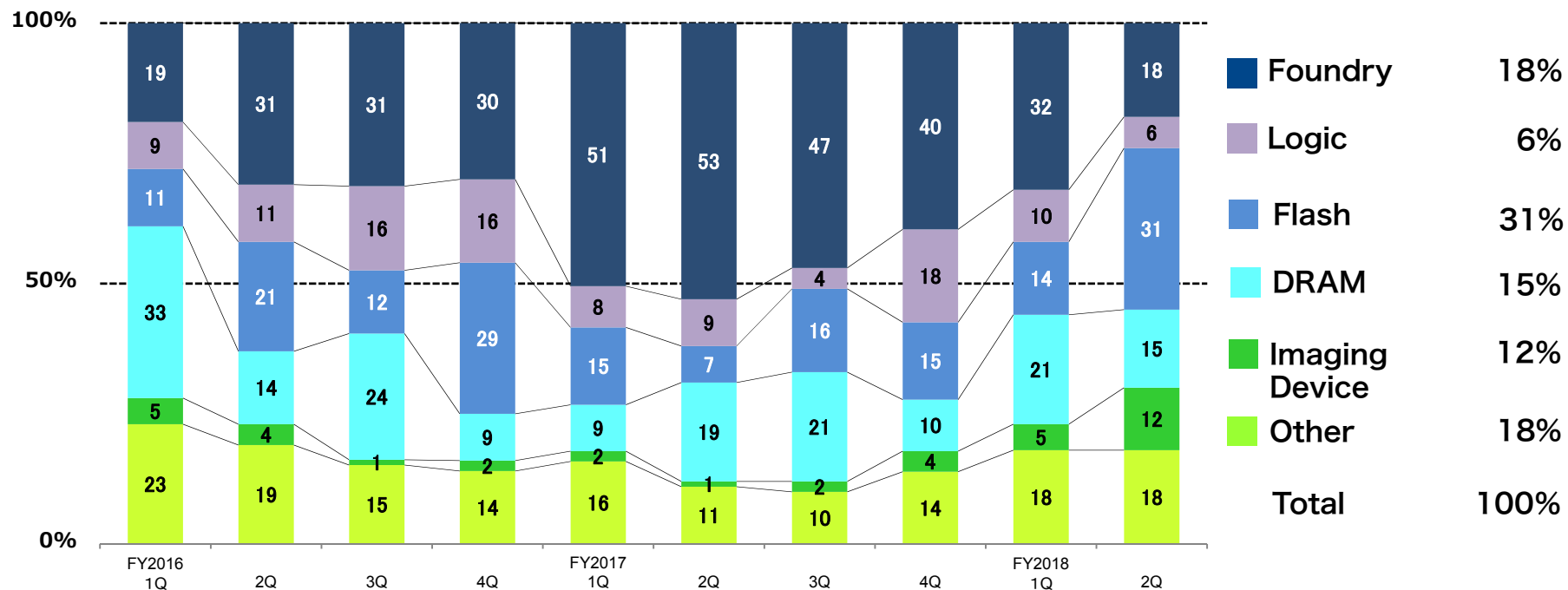
	FY2018	FY2018	Difference	
	1Q	2Q		
Net sales	46.5	53.2	6.6	14.3%
Operating income (to net sales ratio)	6.4 13.8%	8.1 15.3%	1.7 1.5pt	27.0%

Operating income



- In 1H, revenue and profits increased year on year.
- Net sales and operating income reached a new record high for the 1H of the year.

SE >> Quarterly Orders Received Ratio by Device Application (Nonconsolidated)



➤ Consolidated net orders in 2Q remained high overall, totaling ¥53.2 bn. Looking ahead, orders are expected to remain firm for the time being.

» SE : Market Environment and Initiatives

- Foundries/Logic chips: Investment advanced in the miniaturization of state-of-the-art nodes to seven nanometers and below.**
 - Expanded applications of single-wafer cleaning equipment in line with diversifying process requests and introduced into coater/developers for cutting-edge extreme ultraviolet (EUV) lithography.
- Memory business, especially 3D-NAND: growth remains robust.**
 - Enhanced performance of the increasingly in-demand batch cleaning equipment and strategically developed single-wafer cleaning equipment.
- Market for IoT-related products, including mobile and automotive devices, expanded, and the Advanced Packaging field gained prominence.**
 - Enhanced the lineup of the Frontier equipment in response to various requests and developed direct imaging exposure equipment for the Advanced Packaging field.
- The Chinese market underwent a full-on expansion.**
 - Reinforced the Company's structure, focusing on customer support.

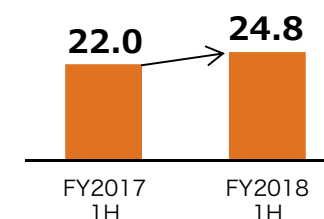
GA >> Business Environment

>>Comparison (YoY)

(Billions of JPY)	FY2017	FY2018	Difference	
	1H	1H		
Net sales	22.0	24.8	2.7	12.2%
Operating income (to net sales ratio)	0.5 2.5%	1.2 5.2%	0.7 2.7pt	133.2%

Comparison (YoY)

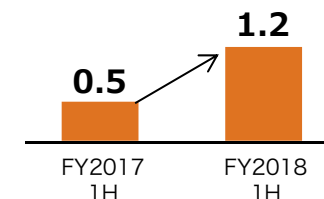
Net sales



>>Comparison (QoQ)

(Billions of JPY)	FY2018	FY2018	Difference	
	1Q	2Q		
Net sales	10.8	13.9	3.1	28.9%
Operating income (to net sales ratio)	0.1 1.7%	1.0 7.8%	0.9 6.2pt	499.0%

Operating income



- In 1H, revenue and profits increased year on year.
- In 2Q, net sales and operating income both greatly improved year on year.
- Sales in 1H of computer to plate (CTP) systems decreased, and sales of print on demand (POD) equipment rose.

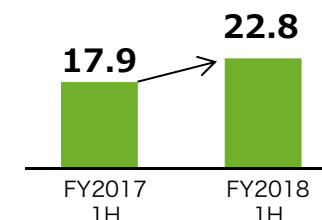
FT >> Business Environment

>>Comparison (YoY)

(Billions of JPY)	FY2017	FY2018	Difference	
	1H	1H		
Net sales	17.9	22.8	4.9	27.4%
Operating income (to net sales ratio)	1.7 9.9%	1.8 8.2%	0.1 (1.6pt)	6.5%

Comparison (YoY)

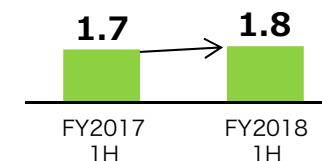
Net sales



>>Comparison (QoQ)

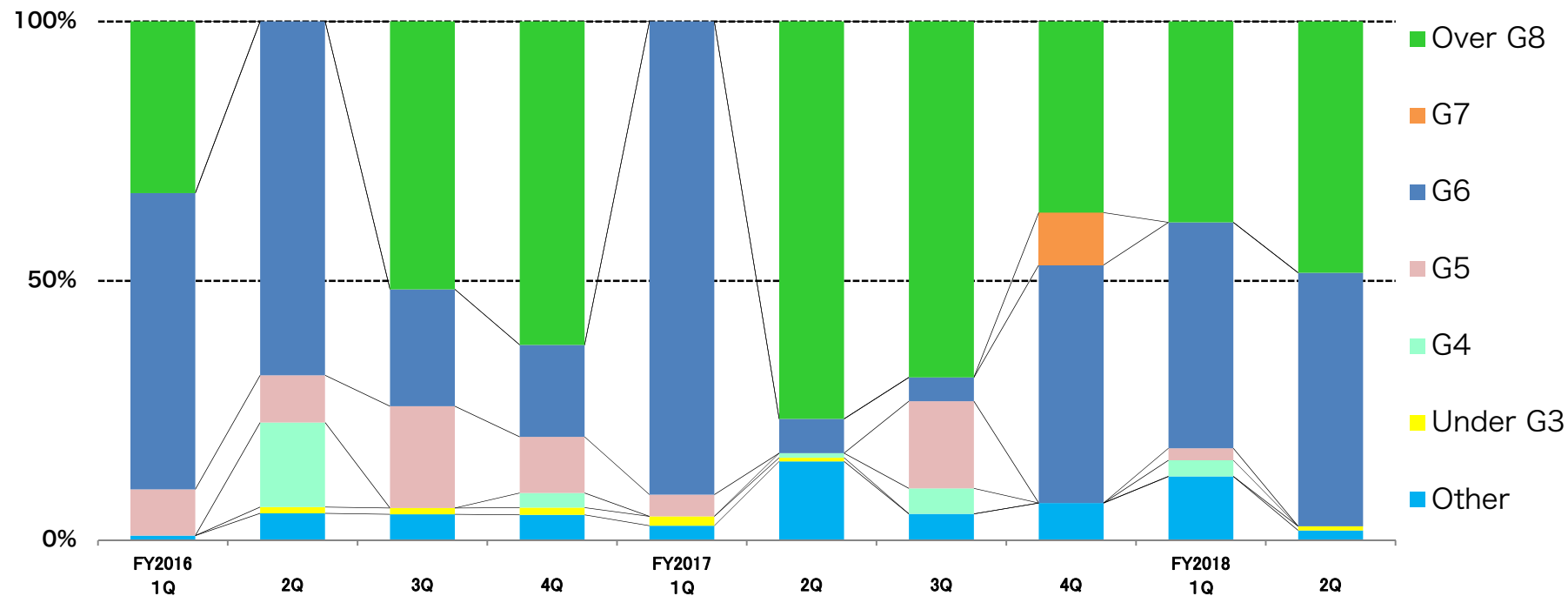
(Billions of JPY)	FY2018	FY2018	Difference	
	1Q	2Q		
Net sales	12.9	9.9	(2.9)	-23.0%
Operating income (to net sales ratio)	1.1 9.0%	0.7 7.3%	(0.4) (1.7pt)	-37.5%

Operating income



➤ In 1H, revenue increase year on year, but expenses increased for establishing SCREEN Lamina Tech Co., Ltd, which limited the effect on operating income to a slight increase.

FT >> Quarterly Orders Received by Generation (Nonconsolidated)



- Consolidated net orders in 2Q remained high at ¥13.3 bn.
→ Sales of small-, medium- and large-sized panels remained firm.
OLED-related orders accounted for around 40%.
- Orders from 3Q onward are expected to remain high.

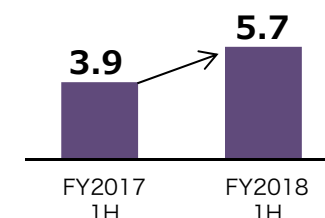
PE >> Business Environment

>>Comparison (YoY)

(Billions of JPY)	FY2017	FY2018	Difference	
	1H	1H		
Net sales	3.9	5.7	1.8	46.0%
Operating income (to net sales ratio)	0.3 8.8%	0.3 6.8%	0 (2.0pt)	12.9%

Comparison (YoY)

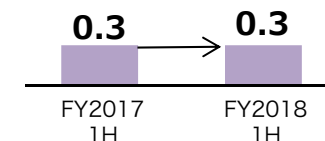
Net sales



>>Comparison (QoQ)

(Billions of JPY)	FY2018	FY2018	Difference	
	1Q	2Q		
Net sales	2.3	3.3	1.0	42.0%
Operating income (to net sales ratio)	0 3.1%	0.3 9.4%	0.2 6.3pt	334.4%

Operating income



- In 1H, sales hit a new record high over ¥5.0 bn.
 - Sales for the full year are expected to reach another record high for the segment with ¥11.4 bn. Sales of exposure equipment (direct imaging equipment), the segment's mainstay product, remain firm.

1. FY2018 2Q Business Results



2. Business Situation in 4 Segments



3. Financial Situation



4. FY2018 Business Forecast

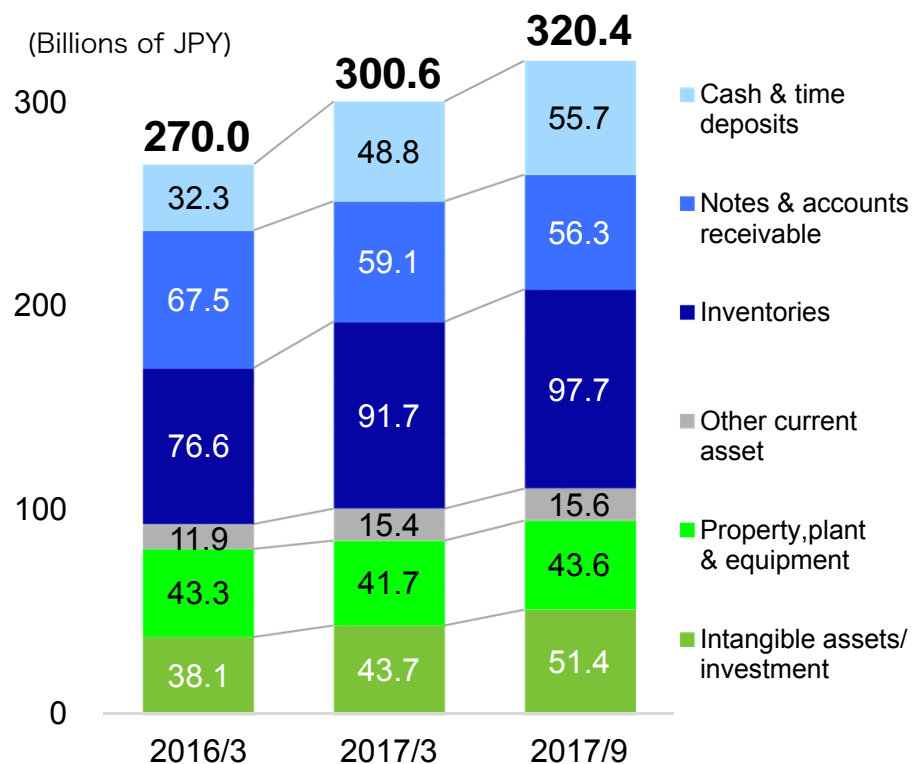


5. ESG-Related Topics

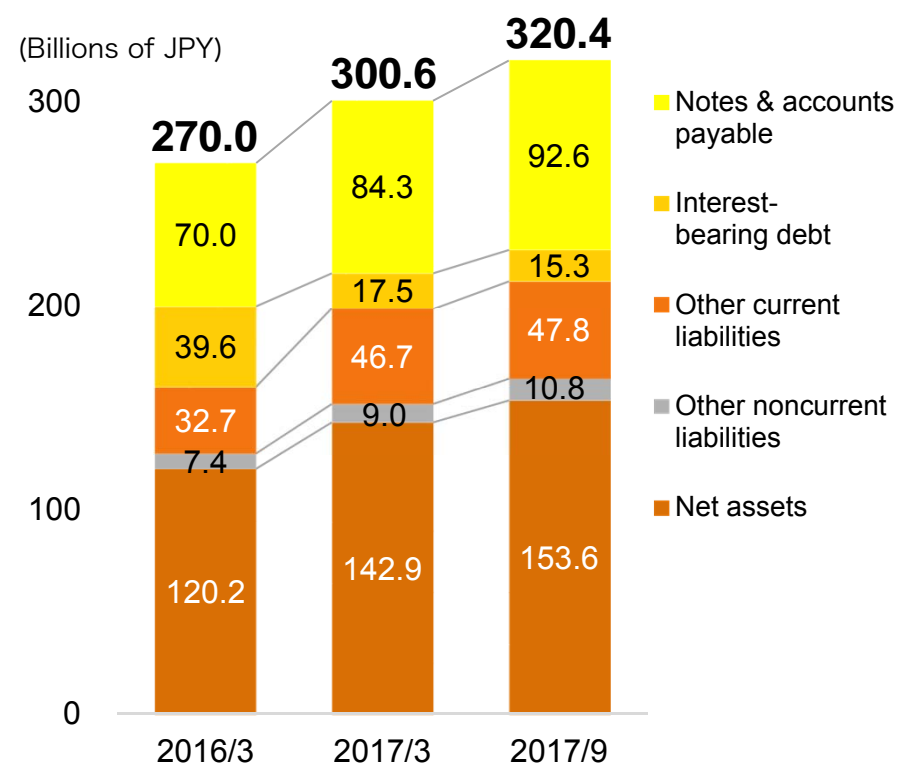


Trend in B/S (Consolidated)

>>Assets

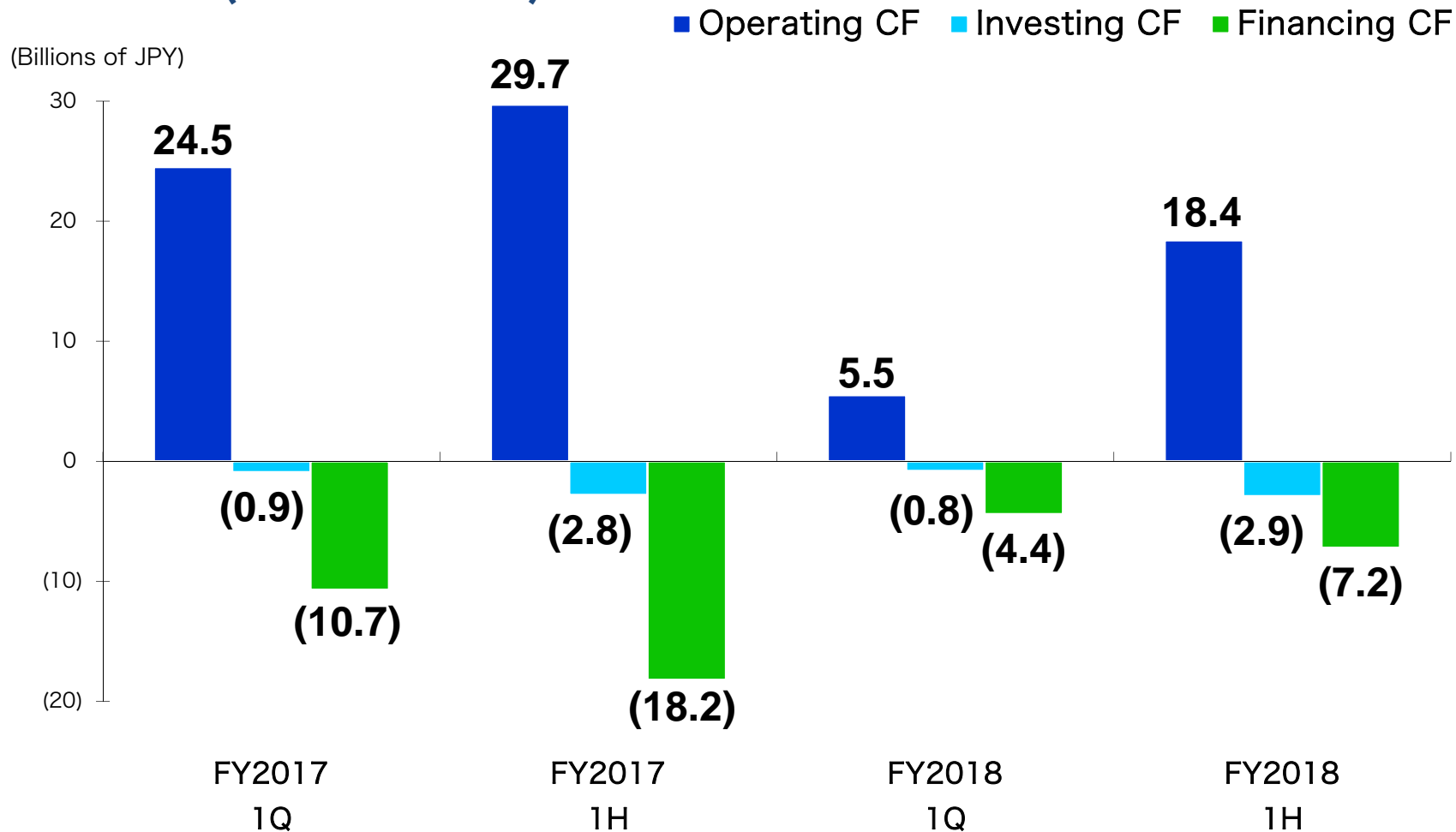


>>Liabilities & Net Assets



Equity Ratio : 47.5% (2017/3) ➔ 47.9% (2017/9)

Cash Flows (Consolidated)



FY2018 1H Total Free Cash Flow



JPY 15.4 bn.

1. FY2018 2Q Business Results



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4. FY2018 Business Forecast



5. ESG-Related Topics



Business Forecast for FY2018 <Consolidated>

(Billions of JPY)	1H		2H		FULL		
	August	Result	August	October	August	October	Difference
Net sales	151.0	153.8	166.0	183.1	317.0	337.0	20.0
SE	99.0	99.8	115.5	129.1	214.5	229.0	14.5
GA	24.0	24.8	25.3	26.1	49.3	51.0	1.7
FT	22.0	22.8	19.0	20.6	41.0	43.5	2.5
PE	5.2	5.7	4.8	5.6	10.0	11.4	1.4
Other	0.8	0.5	1.4	1.5	2.2	2.1	(1)
Operating income (to net sales ratio)	15.2 10.1%	16.9 11.0%	21.8 13.1%	24.0 13.1%	37.0 11.7%	41.0 12.2%	4.0 0.5pt
Ordinary income	15.1	16.4	21.7	24.1	36.8	40.6	3.8
Profit attributable to Owners of parent	9.6	10.6	15.4	16.3	25.0	27.0	2.0

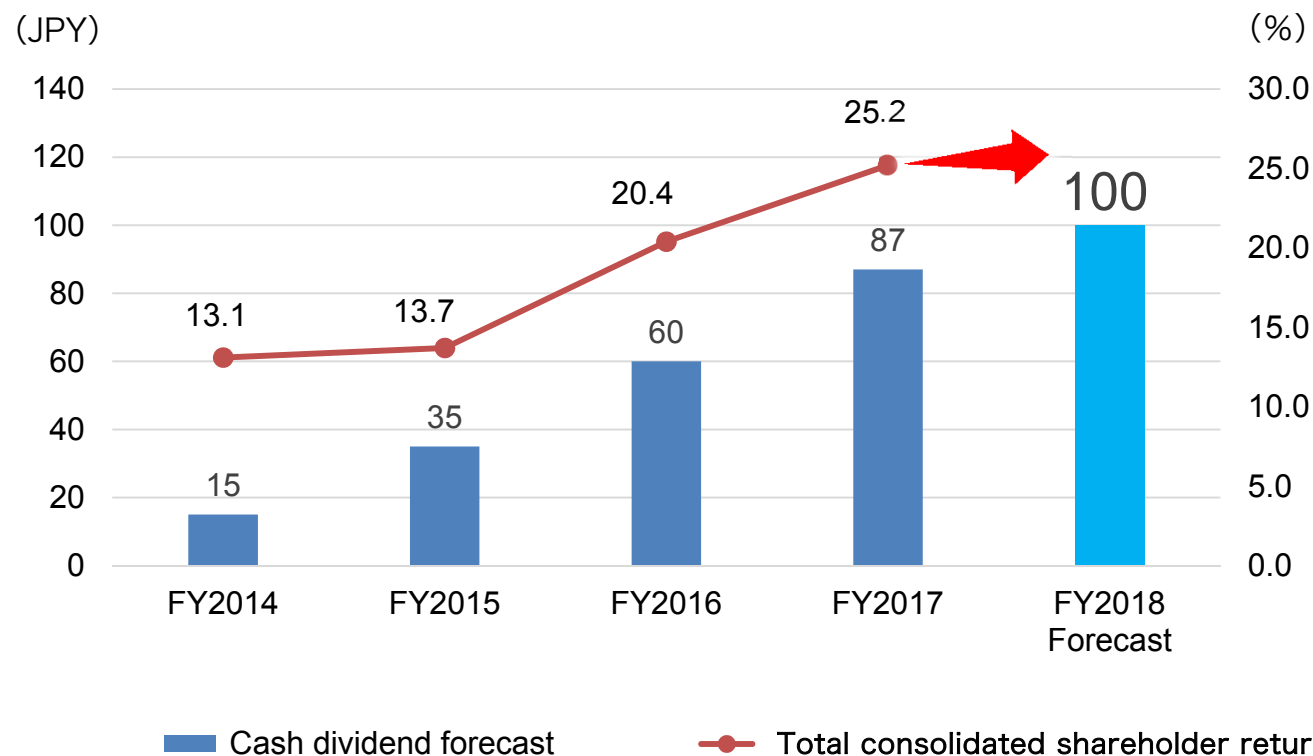
Assumed Exchange Rate>> USD1=105 yen EUR1=125 yen
 * August forecast : USD1=105 yen EUR1=115 yen

Forecast of annual cash dividends for FY2018>> JPY 100.00 per share (year-end cash dividend)
 * August forecast : JPY 87.00 per share (year-end cash dividend)

Shareholder returns

Considering the upward revision of the full-year forecast, the dividend forecast has been raised (up ¥13) and SCREEN Holdings will acquire the company stocks (at most ¥2 billion or 300 thousand stocks from November 1, 2017 to March 31, 2018).

Aim for a total consolidated shareholder return ratio of 25% or above.



*Dividend amounts shown above are calculated reflecting the share consolidation (a one-for-five consolidation) implemented on October 1, 2016.

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5. ESG-Related Topics



ESG-Related Topics

The SCREEN Group has been pursuing CSR management for many years, and by respecting and adhering to these ten principles in these four areas with the aim of continuing to grow as a global enterprise, the entire Group will be working together to help achieve the sustainable development of society.

————— We were registered as a signatory by U.N. headquarters in October 2016. —————

High-Materiality Tasks Selected

E Environment	High-Materiality Tasks	Vision for the Year Ending March 2020	SDGs
	U (Environmental)	Creating environmental value and contributing to the reduction of carbon emissions and recycling of resources at the societal level	
Provision of products and services that contribute to reducing environmental impact Proactive efforts for environmental conservation		•Contributing through businesses that, for example, reduce CO ₂ emissions by providing eco-friendly products and services •Reducing the environmental impact of business activities and actively engaging in conservation activities in areas such as forest preservation and biodiversity	

G Governance	Implementing a system of both passive and active governance while disclosing ESG information		
	G (Governance)	Establishment of internal-control and risk-management structures to support proactive governance	•Internal controls that ensure the soundness and transparency of management are being properly implemented •Systematic risk management for achieving medium- to long-term corporate targets is in place
Proactive disclosure and internal/external sharing of ESG information		•An effective internal whistleblowing system is in operation throughout the Group both in Japan and overseas •Nonfinancial information is being effectively disclosed and stakeholders are being proactively engaged with based on an accurate understanding and proper adherence to International CSR standards	

S Social	Offer decent work ^{*1} and creating social value			
	S (Social)	Ensuring health, and transforming ways of working to improve the quality of work	•Each and every employee is healthy and active •Productivity and efficiency have been improved, and employees enjoy a good work-life balance	
		Developing diverse human resources	•Employees are proactive in designing their own careers •Approaches and development plans for nurturing successors, including managers, are in place	
		CSR supply chain promotion	•A CSR code of conduct is being followed along the entire supply chain	
Community service activities centered on coexistence, consideration, and the nurturing of the next generation		•Continuously engaging in activities in five key areas ^{*2} , and SCREEN's characteristics are beginning to be widely recognized both inside and outside the Group •Activities in which many employees can participate are being deployed		

*1 Decent work: fulfilling, human work

*2 Five key areas: science and education, sport and culture, social welfare, environmental conservation, and community contribution

*3 SDGs vary depending on the type of contribution to society.