

Consolidated Business Results & Forecast

FY2019 First Quarter Ended June 30, 2018

July 31, 2018



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

* 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 JPY, except per share figures. A ratio has been rounded off.

* SCREEN's fiscal year (FY) encompasses the period from April 1 to March 31 of the following calendar year. (Ex. FY2019: April 1, 2018–March 31, 2019)

Key Points

- ✓ **Business performance is progressing as expected as we work toward achieving record-high full-year sales and full-year operating income**
- ✓ **In the SE segment, forecasts for 1H were revised upward**

Agenda



1. FY2019 1Q Business Results
2. Business Situation in 4 Segments
3. Financial Situation
4. FY2019 Business Forecast
5. Recent Topics

FY2019 1Q Business Results (YoY)

(Billions of JPY)	FY2018					FY2019		
	1Q	2Q	3Q	4Q	Full	1Q	Difference(YoY)	
Net sales	72.9	80.8	70.3	115.2	339.3	72.5	(0.4)	-0.6%
Operating income	7.3	9.5	6.8	18.9	42.7	5.1	(2.2)	-30.9%
(to net sales ratio)	10.1%	11.8%	9.8%	16.4%	12.6%	7.0%	—	-3.1pt
Ordinary income	7.5	8.9	6.5	18.3	41.3	5.1	(2.4)	-32.2%
Profit attributable to owners of parent	5.1	5.5	4.3	13.4	28.5	3.5	(1.5)	-30.7%

- Operating results for FY2019 1Q (April to June 2018) included a decrease in sales and profit YoY.

Despite the small decrease in sales, operating income saw a large drop because the low returns were not sufficient to offset higher fixed costs due to increasing personnel, especially for the SE overseas, in line with the full-year income boosting plan.

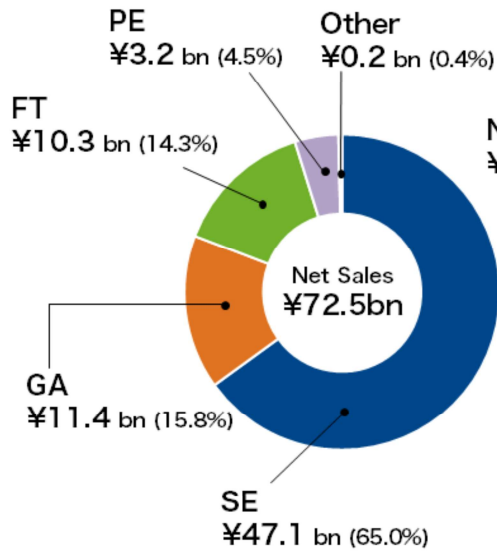
FY2019 1Q Business Results

(Billions of JPY)	FY2018					FY2019		
	1Q	2Q	3Q	4Q	Full	1Q	Difference (YoY)	
Net sales	72.9	80.8	70.3	115.2	339.3	72.5	(0.4)	-0.6%
SE	46.5	53.2	45.5	81.8	227.1	47.1	0.5	1.2%
GA	10.8	13.9	11.8	16.8	53.4	11.4	0.6	5.7%
FT	12.9	9.9	9.1	13.2	45.2	10.3	(2.5)	-19.7%
PE	2.3	3.3	3.4	2.9	12.1	3.2	0.8	36.0%
Other	0.2	0.3	0.4	0.3	1.3	0.2	0	30.6%
Operating income	7.3	9.5	6.8	18.9	42.7	5.1	(2.2)	-30.9%
(to net sales ratio)	10.1%	11.8%	9.8%	16.4%	12.6%	7.0%	—	-3.1pt
SE	6.4	8.1	5.6	16.0	36.3	3.7	(2.6)	-41.4%
GA	0.1	1.0	0.3	1.4	3.0	0.2	0.1	25.8%
FT	1.1	0.7	0.4	2.2	4.5	0.9	(0.2)	-20.7%
PE	0	0.3	0.6	(0)	1.0	0.5	0.4	7.2times
Other	(0.4)	(0.7)	(0.2)	(0.8)	(2.2)	(0.3)	0.1	—
Ordinary income	7.5	8.9	6.5	18.3	41.3	5.1	(2.4)	-32.2%
Profit attributable to owners of parent	5.1	5.5	4.3	13.4	28.5	3.5	(1.5)	-30.7%

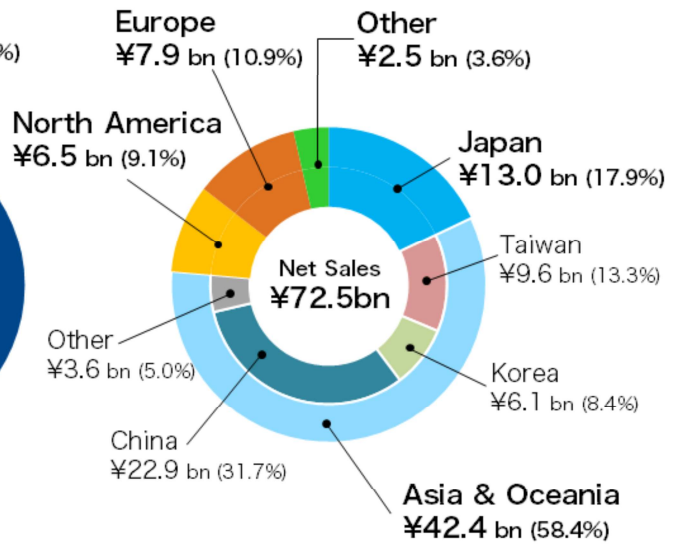
SE: Semiconductor Production Equipment Business GA: Graphic Arts Equipment
 FT: Display Production Equipment and Coater Business PE: PCB-related Equipment Business

FY2019 1Q Business Results

■ **Sales by Segment**

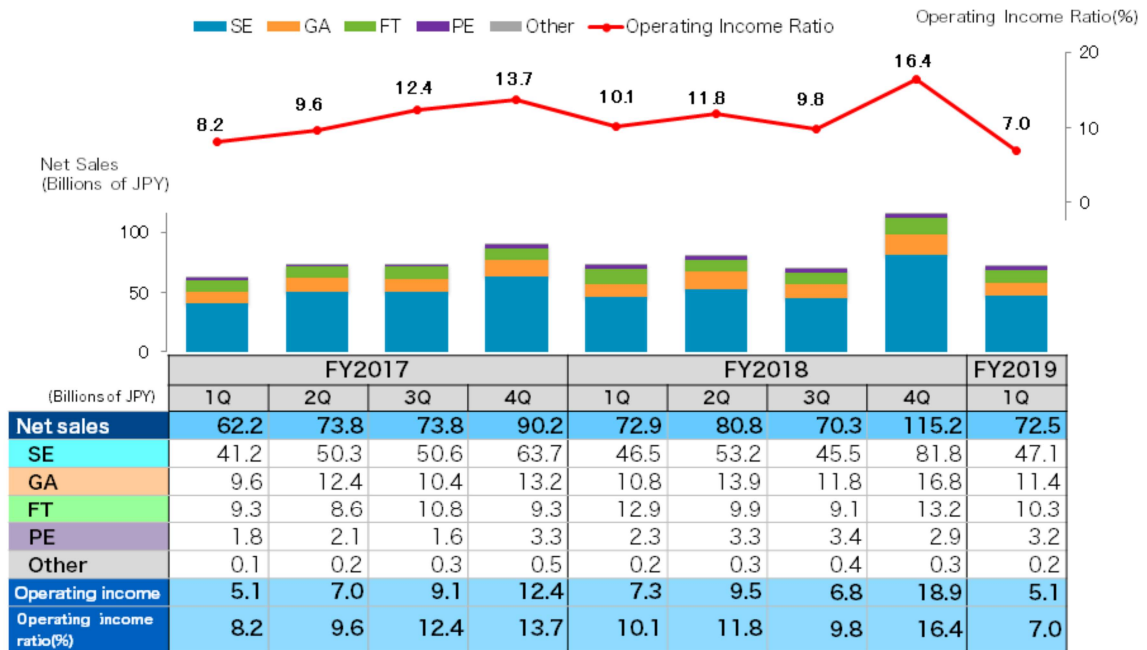


■ **Sales by Region**



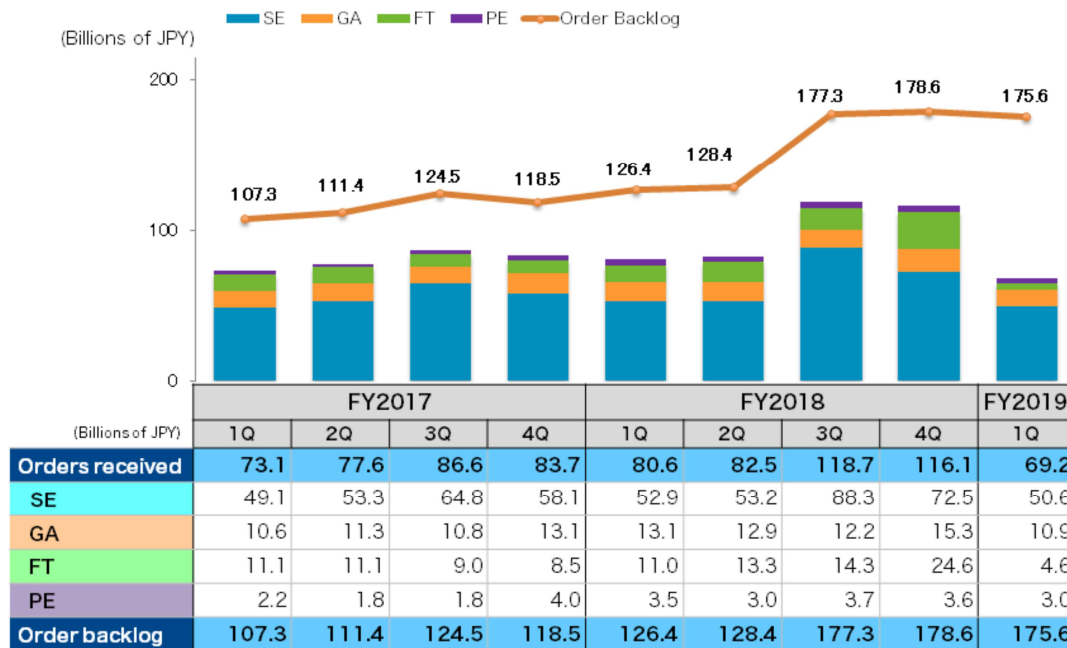
- Consolidated overseas net sales ratio: 82.1%

Quarterly Net Sales and Operating Income



- Each business took off in line with assumptions that 2Q would be more active.

Quarterly Orders Received and Order Backlog



● 1Q Orders Received

Overall: ¥69.2 bn

SE: ¥50.6 bn

- Having received orders in excess of ¥50 bn for an eighth consecutive quarter, the high plateau situation, we expect to remain robust.

- Looking toward 2Q, we forecast an increase and assume that 1Q will be the worst performing of the year.

FT: ¥4.6bn.

Looking toward 2Q, we forecast a large increase of over ¥10.0 bn

SE: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	1Q	1Q		
(Billions of JPY)				
Net sales	46.5	47.1	0.5	1.2%
Operating income (to net sales ratio)	6.4 13.8%	3.7 8.0%	(2.6) -5.8pt	-41.4%

Comparison(QoQ)	FY2018	FY2019	Difference	
	4Q	1Q		
(Billions of JPY)				
Net sales	81.8	47.1	(34.6)	-42.4%
Operating income (to net sales ratio)	16.0 19.6%	3.7 8.0%	(12.3) -11.7pt	-76.7%

Outlook

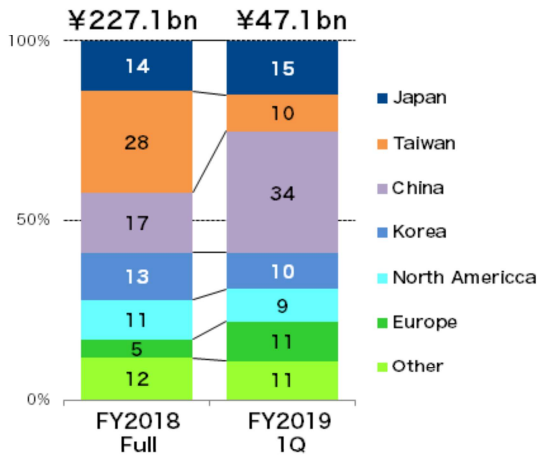
- Sales to memory have increased YoY, and sales to logic were firm. Sales to foundries decreased
- Looking ahead, we expect investment in memories, especially DRAM, to lead the way. We also expect logic to expand and foundry to recover

SE: Market Outlook and Initiatives

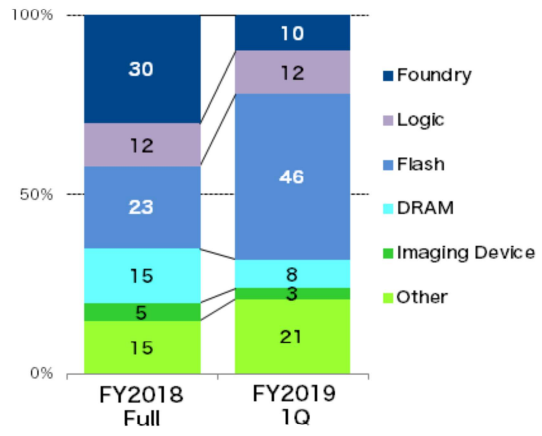
- ✓ **The forecasts for WFE (wafer fab equipment) market growth in CY2018 have not been revised, to reach more than US\$ 50 bn**
- ✓ **Memory: Investment targeting steady growth is continuing**
 - The SU-3300 continues to be introduced in new markets
- ✓ **Foundry and logic: Investment in miniaturization is proceeding according to plan**
 - The laser annealing equipment LT-3100 is garnering positive feedback for its use in leading-edge processes
- ✓ **Chinese market: Despite the end of Phase 1 of investment in local customers in emerging countries, investment originating from both current local customers and foreign-backed customers has remained firm**
 - To meet rising demand, including Phase 2 investment, we will continue strengthening the support system
- ✓ **IoT-related investment is taking off**
 - Investment is also taking off for MEMS, various sensors, and SiC power semiconductors. Sales are also expanding for 200 mm cleaning equipment, coating and development equipment as well as laser annealing equipment

SE: Composition of sales

■ By Region

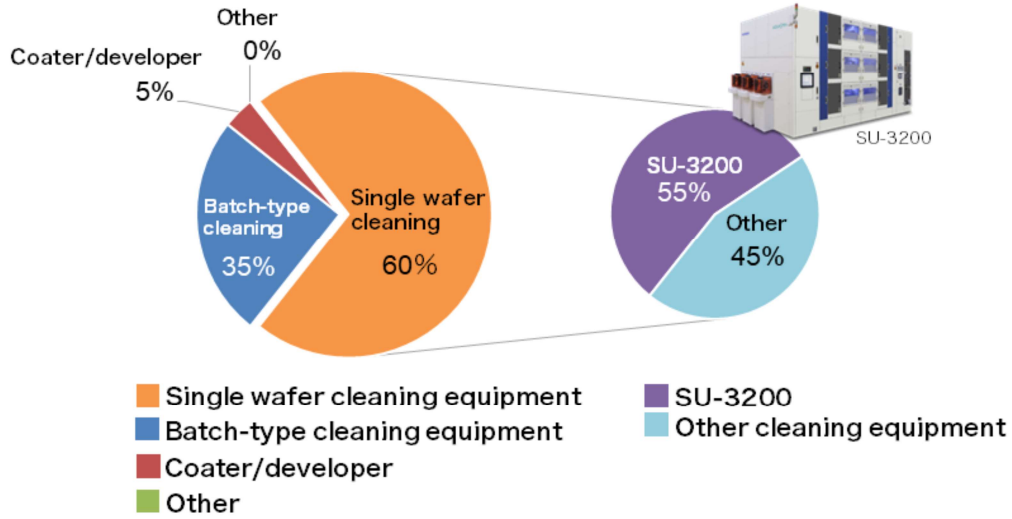


■ By Application Device (Nonconsolidated)



SE: Composition of sales

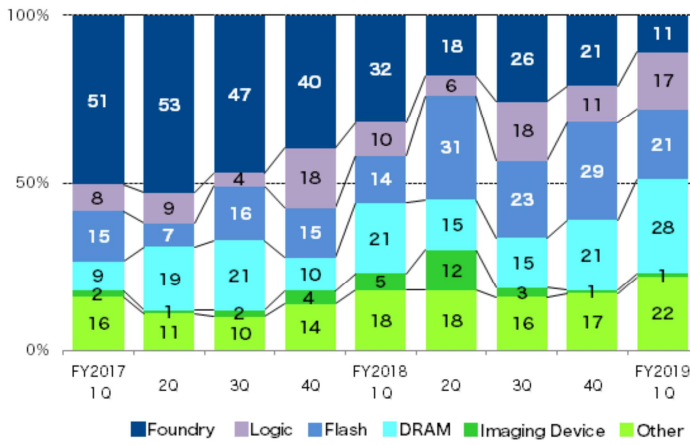
■ FY2019 1Q by Product (Nonconsolidated)



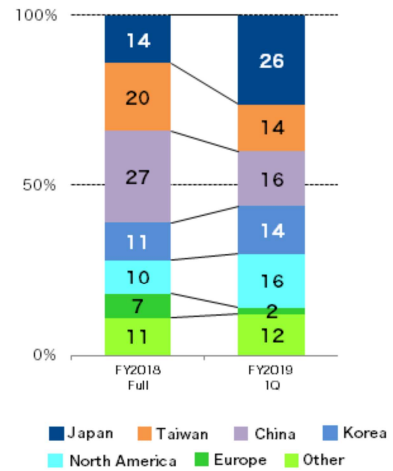
※ Ratio: approximate numbers per 5%

SE: Orders Received Ratio (Nonconsolidated)

■ Quarterly by Application Device



■ By Region



- We expect investment in memories to lead the way and the logic to firm. Despite declining compared with FY2018 3Q and 4Q, we still recorded ¥50.6 bn
- Memories (DRAM/NAND) will remain the focus going forward. We also expect logic to expand and foundry to recover

- 1Q Consolidated Orders Received: ¥50.6 bn
 - Orders remained at the high plateau situation, ¥50.0 bn level.

GA: Business Situation

Comparison(YoY) (Billions of JPY)	FY2018	FY2019	Difference	
	1Q	1Q		
Net sales	10.8	11.4	0.6	5.7%
Operating income (to net sales ratio)	0.1 1.7%	0.2 2.0%	0.1 0.3pt	25.8%

Comparison(QoQ) (Billions of JPY)	FY2018	FY2019	Difference	
	4Q	1Q		
Net sales	16.8	11.4	(5.3)	-31.8%
Operating income (to net sales ratio)	1.4 8.4%	0.2 2.0%	(1.1) -6.4pt	-83.8%

Outlook

- Sales increased and profit increased YoY, due mainly to contributions from overseas POD sales and ink sales
- Going forward, we aim to improve sales and profit by working to expand sales of after-sales service, especially ink

- The POD product lineup (including the TPJ520 series and UV labels) was expanded, and sales figures and units increased. An expansion in after-sales service, especially ink (SC ink released for the DRUPA2016), contributed to the increase.

FT: Business Situation

Comparison(YoY) (Billions of JPY)	FY2018	FY2019	Difference	
	1Q	1Q		
Net sales	12.9	10.3	(2.5)	-19.7%
Operating income (to net sales ratio)	1.1 8.9%	0.9 8.7%	(0.2) -0.1pt	-20.7%

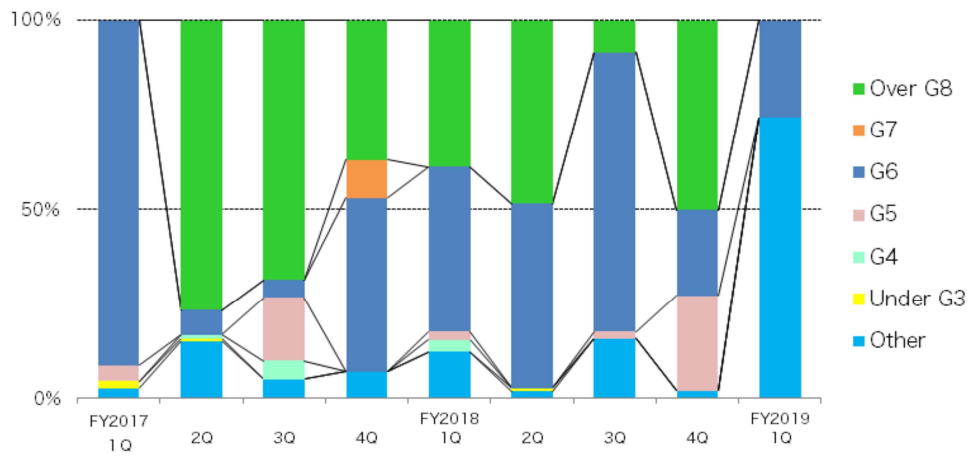
Comparison(QoQ) (Billions of JPY)	FY2018	FY2019	Difference	
	4Q	1Q		
Net sales	13.2	10.3	(2.8)	-21.8%
Operating income (to net sales ratio)	2.2 17.1%	0.9 8.7%	(1.3) -8.4pt	-60.1%

Outlook

- Although sales for large-size equipment remained level YoY, sales for mid- and small-sized equipment fell, and sales decreased and profit decreased
- Going forward, we aim to expand sales and profit in new businesses (related to coating business), focusing on LiB-related products

- Going forward, we aim to transform our business portfolio while expanding sales and profit in new businesses (related to coating business), focusing on LiB-related products.

FT: Quarterly Orders Received by Generation (Nonconsolidated)



- For consolidated 1Q net orders (¥4.6 bn), new businesses were the primary contributor
- For 2Q net orders, we expect an increase due mainly to G10.5 and new businesses

PE: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	(Billions of JPY) 1Q	1Q		
Net sales	2.3	3.2	0.8	36.0%
Operating income (to net sales ratio)	0 3.1%	0.5 16.3%	0.4 13.2pt	7.2times

Comparison(QoQ)	FY2018	FY2019	Difference	
	(Billions of JPY) 4Q	1Q		
Net sales	2.9	3.2	0.3	10.2%
Operating income (to net sales ratio)	(0) -0.1%	0.5 16.3%	0.5 16.4pt	—

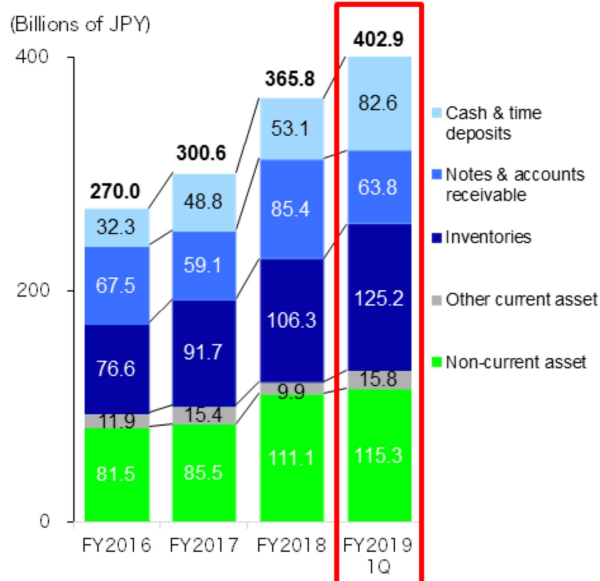
Outlook

- Sales increased and profit increased YoY due to strong sales of direct imaging equipment, especially in Taiwan
- Looking ahead, we forecast strong sales of direct imaging equipment, especially in China and Taiwan

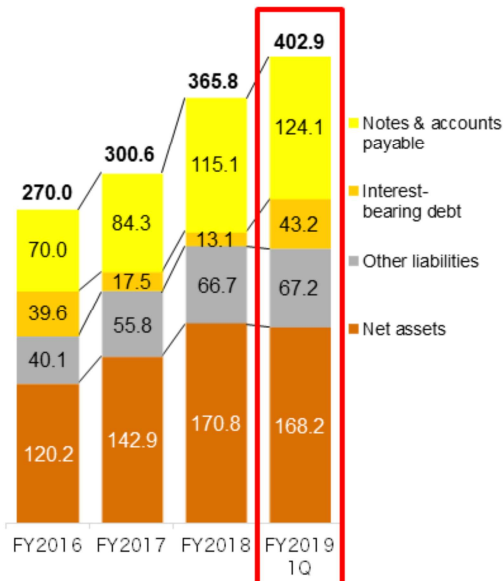
- Looking ahead, we expect the driving force to be demand for high performance smartphones.

Trend in B/S

Assets



Liabilities & Net Assets



Equity Ratio : 46.7% (FY2018 4Q) → 41.8% (FY2019 1Q)

* SCREEN adopts the Partial Amendments to Accounting Standard for Tax Effect Accounting from FY2019 1Q. The results from FY2018 have been retroactively adjusted in line with the partial amendment.

Comparison with the end of FY2018:

- Total assets stood at ¥402.9 bn, an increase of ¥37.0 bn or 10.1%.
- Reason for increase of assets:

This was largely due to an increase in cash and deposits following an issuance of convertible bond-type bonds with share acquisition rights as well as an increase in inventories, despite a decrease in notes and accounts receivable including electronically recorded monetary claims.

- Reason for increase/decrease of total liabilities and total net assets:

- Total liabilities amounted to ¥234.6 bn, up ¥39.6bn, or 20.3%.

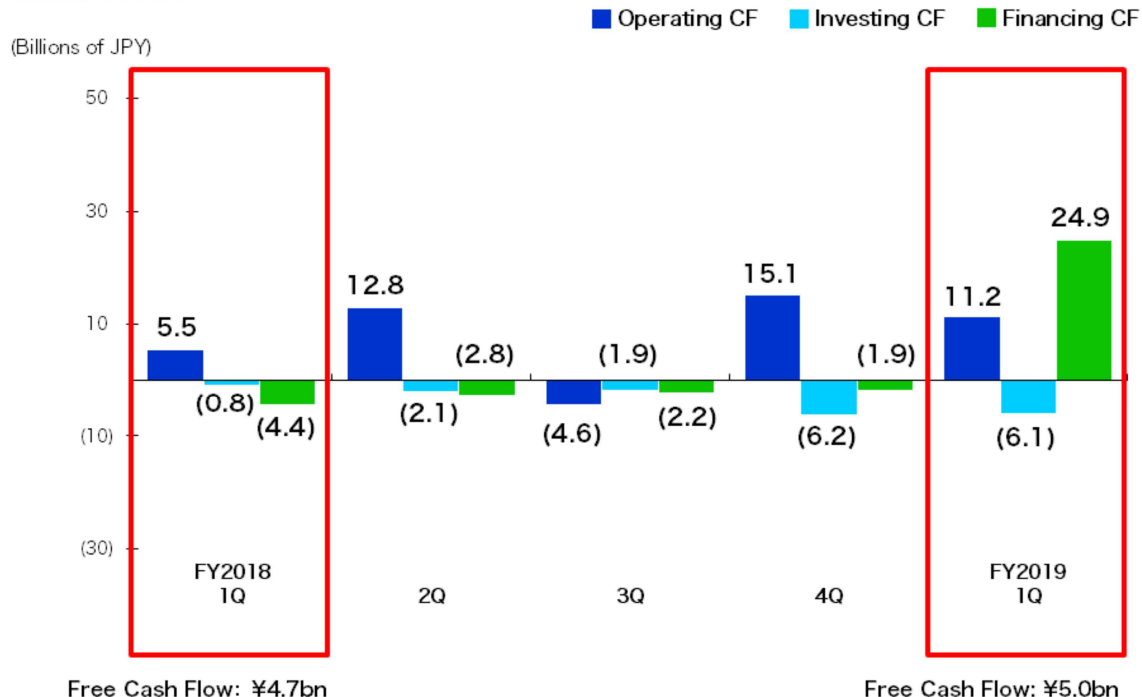
This was mainly attributable to an issuance of convertible bond-type bonds with share acquisition rights.

- Total net assets amounted to ¥168.2bn, down ¥2.6bn, or -1.5%.

This was mainly attributable to the payment of cash dividends and a decrease in the valuation difference on available-for-sale securities, despite the recording of quarterly profit attributable to owners of parent.

- As a result, the equity ratio as of June 30, 2018 stood at 41.8%

Cash Flows



General condition of Consolidated Cash Flows for FY2019 1Q:

- Net cash provided by operating activities amounted to ¥11.2bn
 - This was because the decrease in notes and accounts receivable including electronically recorded monetary claims, income before income taxes, and other inflows exceeded income taxes paid, an increase in inventories, and other outflows.

- Net cash used in investing activities amounted to ¥6.1bn
 - This was largely attributable to the purchase of property, plant and equipment, such as equipment for R&D.

- As a result, Total Free Cash Flow (FCF) was ¥5.0 bn

- Net cash provided in financing activities amounted to ¥24.9 bn, compared with ¥4.4bn used in financing activities in FY2018 1Q.
 - This was due to an issuance of convertible bond-type bonds with share acquisition rights, despite cash dividends paid.

Business Forecast for FY2019

*Forecast operating income by segment: approximate numbers per 0.5 bn

(Billions of JPY)	FY2018 (Result) Full	FY2019 (Forecast)					
		1H		2H		Full	
		May	July	May	July	May	July
Net sales	339.3	176.0	183.0	208.0	201.0	384.0	384.0
SE	227.1	115.5	125.0	144.5	135.0	260.0	260.0
GA	53.4	27.0	26.0	29.0	30.0	56.0	56.0
FT	45.2	25.0	24.0	25.0	26.0	50.0	50.0
PE	12.1	7.0	7.0	7.0	7.0	14.0	14.0
Other	1.3	1.5	1.0	2.5	3.0	4.0	4.0
Operating income	42.7	21.0	23.0	32.0	30.0	53.0	53.0
(to net sales ratio)	12.6%	11.9%	12.6%	15.4%	14.9%	13.8%	13.8%
SE	36.3	17.5*	20.0*	27.5*	25.0*	45.0*	45.0*
GA	3.0	1.5*	1.5*	2.5*	2.5*	4.0*	4.0*
FT	4.5	3.0*	3.0*	2.5*	2.5*	5.5*	5.5*
PE	1.0	0.5*	0.5*	0.5*	0.5*	1.0*	1.0*
Other	(2.2)	(1.5)*	(2.0)*	(1.0)*	(0.5)*	(2.5)*	(2.5)*
Ordinary income	41.3	20.0	23.0	31.0	28.0	51.0	51.0
Profit attributable to Owners of parent	28.5	13.5	15.0	23.5	22.0	37.0	37.0

Assumed Exchange Rate>> USD1 = ¥105 EUR1 = ¥130

Forecast of annual cash dividends for FY2019>> JPY 155.00 per share (year-end cash dividend)

- In the FY2019, we will strive to achieve a sixth consecutive fiscal year of increased sales and profit, and have made no change in our full-year forecast released in May. Given the favorable market environment, led by the SE, we are setting our sights higher and will continue to take measures to achieve growth in each business.

Recent Topics

HD

- Received the Invention Prize from the FY2019 National Commendation for Invention
- Developed the Latest Model of Inkjet Printing System for Tablets
- Begins R&D of Imaging Systems for Assisted Reproductive Technologies

GA

- Partners with EFI to Enable Fiery Digital Front End Integration with EQUIOS Workflow

FT

- Enters Market for Anti-reflective and Anti-fingerprint Coatings

PE

- Launches Direct Imaging System (LANZAN) for Next-generation Circuit Patterns

- For details, please visit our official website “Group News” at www.screen.co.jp/eng/press/


ESG-Related Initiatives



The SCREEN Group recognizes significant similarities between its Corporate Philosophy and the UN's Sustainable Development Goals (SDGs). In line with this recognition, the Group places emphasis on and is proactively taking on the initiatives particular 6 High-Materiality Tasks listed below among 17 goals. The Group is thus helping to create a peaceful and prosperous society in which no one is left behind while supporting sustainable growth in regions around the globe.

>> 6 High-Materiality Tasks















SCREEN is included in ESG-related stock indices

SCREEN has been included in the FTSE4Good Index Series (since 2004), the FTSE Blossom Japan Index (since 2017), and SNAM Sustainability Index (for the first time in 2018)



For Reference: Changes in Main Index

(Billions of JPY)	FY2015	FY2016	FY2017	FY2018	FY2019 (Forecast)
Net sales	237.6	259.6	300.2	339.3	384.0
Operating income	17.1	23.5	33.7	42.7	53.0
Operating income ratio (%)	7.2	9.1	11.2	12.6	13.8
Total assets	249.5	270.0	300.6	365.8	-
Equity	110.8	119.6	142.8	170.8	-
Equity ratio(%)	44.4	44.3	47.5	46.7	-
ROE(%)	12.3	16.3	18.4	18.2	-
Depreciation and amortization	4.8	5.0	5.3	5.7	8.5
Capital expenditures	6.6	6.3	8.2	14.4	31.0
R&D expenses	13.9	15.1	17.7	20.8	25.0
EPS (JPY)	255.35	396.75	511.96	608.62	793.09

SCREEN