

# 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

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

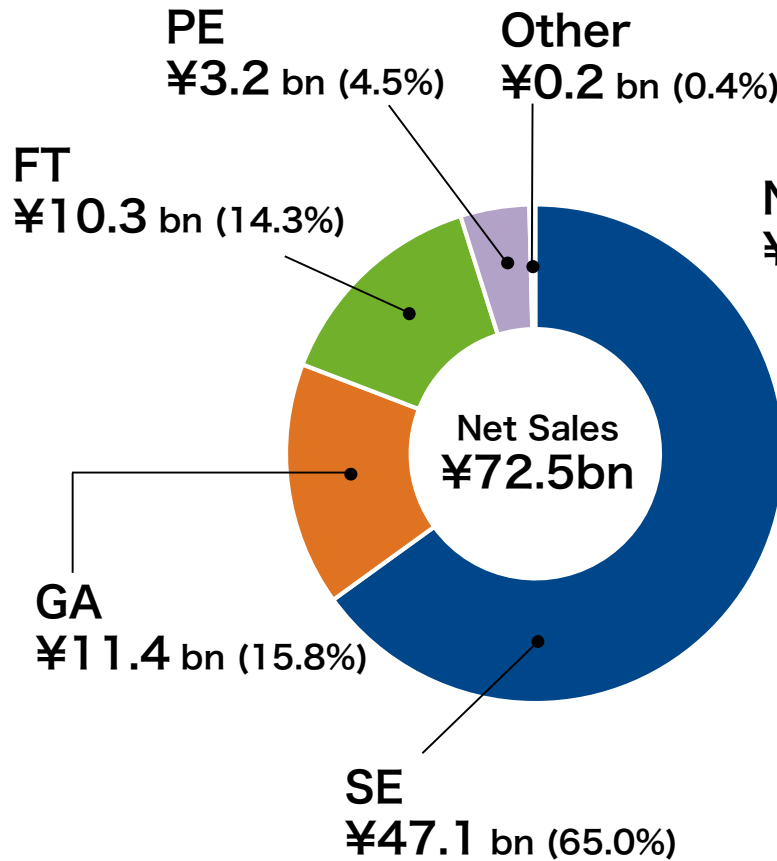
# FY2019 1Q Business Results

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

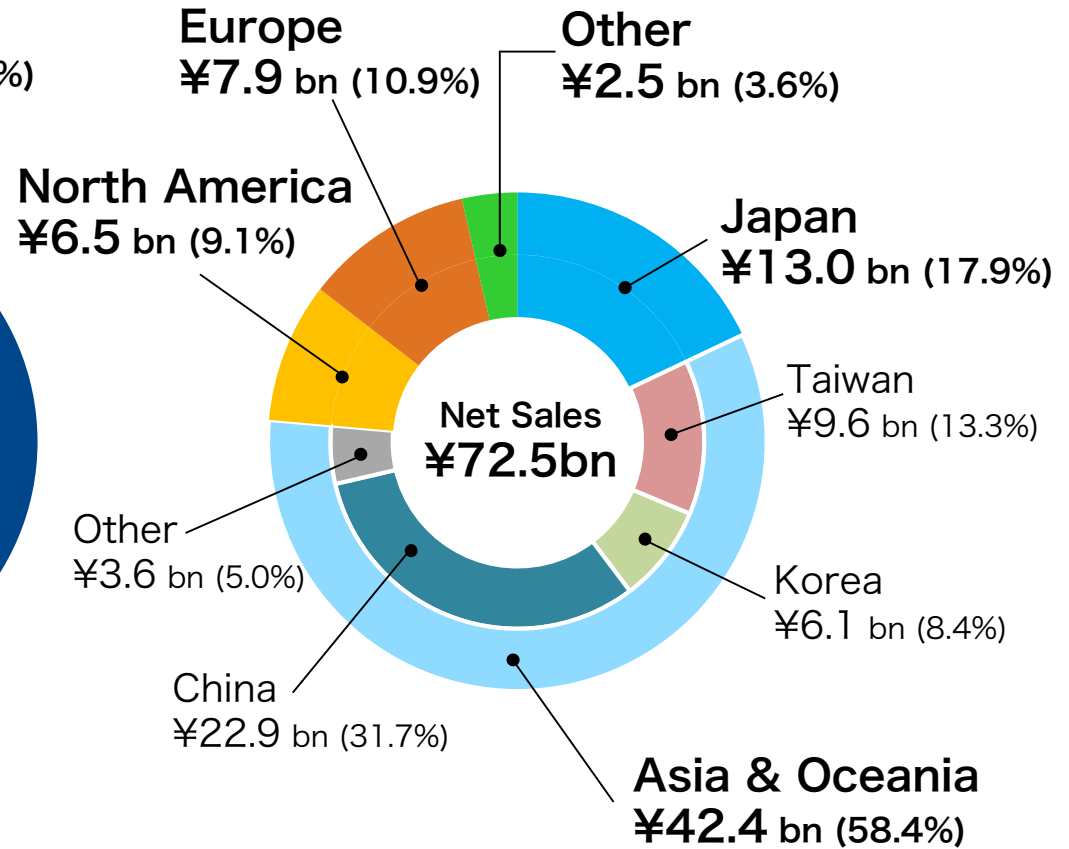
■ SE: Semiconductor Production Equipment Business    
 ■ GA: Graphic Arts Equipment  
■ FT: Display Production Equipment and Coater Business    
 ■ PE: PCB-related Equipment Business

# FY2019 1Q Business Results

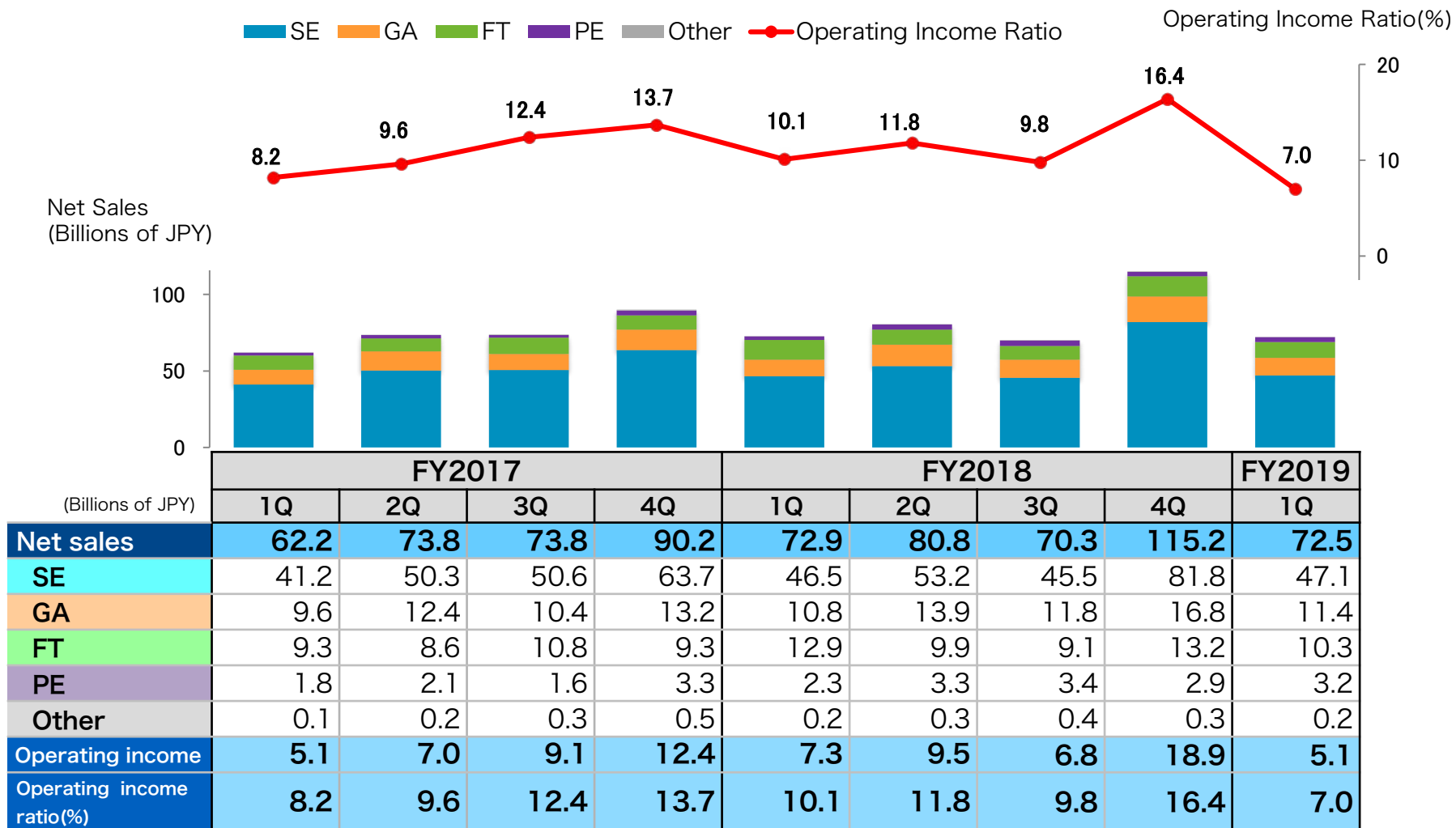
## ■ Sales by Segment



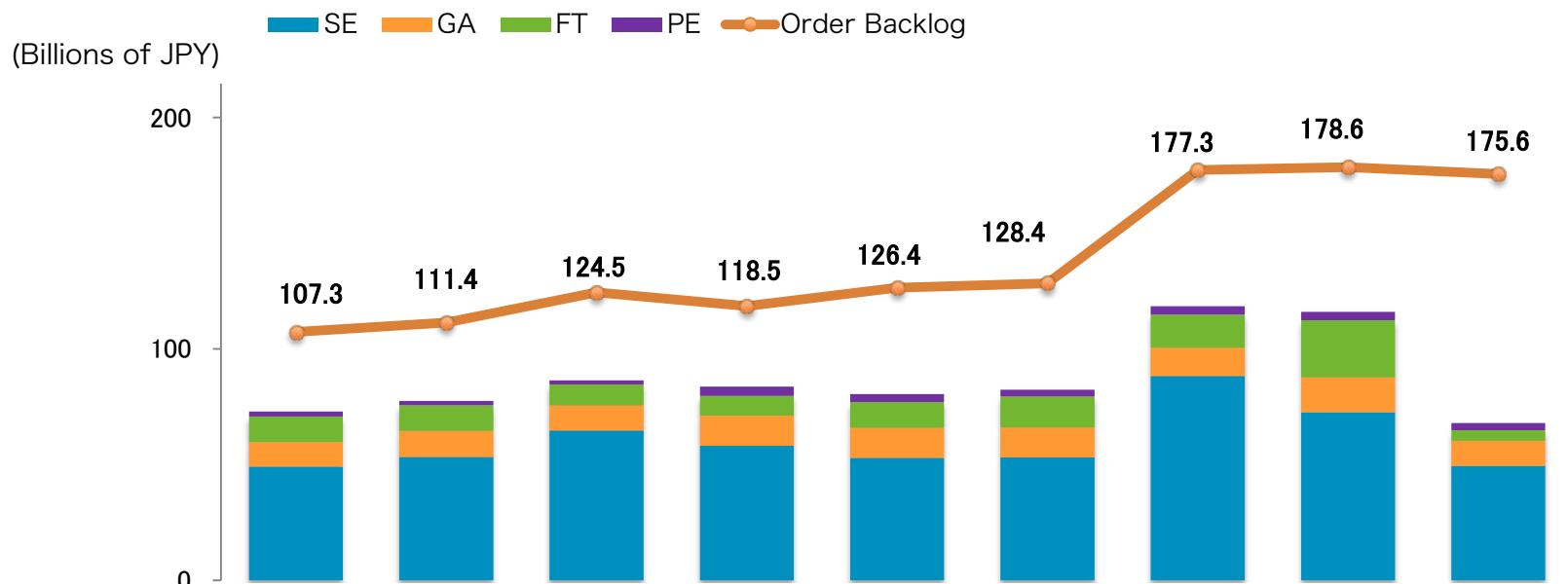
## ■ Sales by Region



# Quarterly Net Sales and Operating Income



# Quarterly Orders Received and Order Backlog



	FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Orders received</b>	<b>73.1</b>	<b>77.6</b>	<b>86.6</b>	<b>83.7</b>	<b>80.6</b>	<b>82.5</b>	<b>118.7</b>	<b>116.1</b>	<b>69.2</b>
<b>SE</b>	49.1	53.3	64.8	58.1	52.9	53.2	88.3	72.5	50.6
<b>GA</b>	10.6	11.3	10.8	13.1	13.1	12.9	12.2	15.3	10.9
<b>FT</b>	11.1	11.1	9.0	8.5	11.0	13.3	14.3	24.6	4.6
<b>PE</b>	2.2	1.8	1.8	4.0	3.5	3.0	3.7	3.6	3.0
<b>Order backlog</b>	<b>107.3</b>	<b>111.4</b>	<b>124.5</b>	<b>118.5</b>	<b>126.4</b>	<b>128.4</b>	<b>177.3</b>	<b>178.6</b>	<b>175.6</b>



## SE: Business Situation

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

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

## Outlook

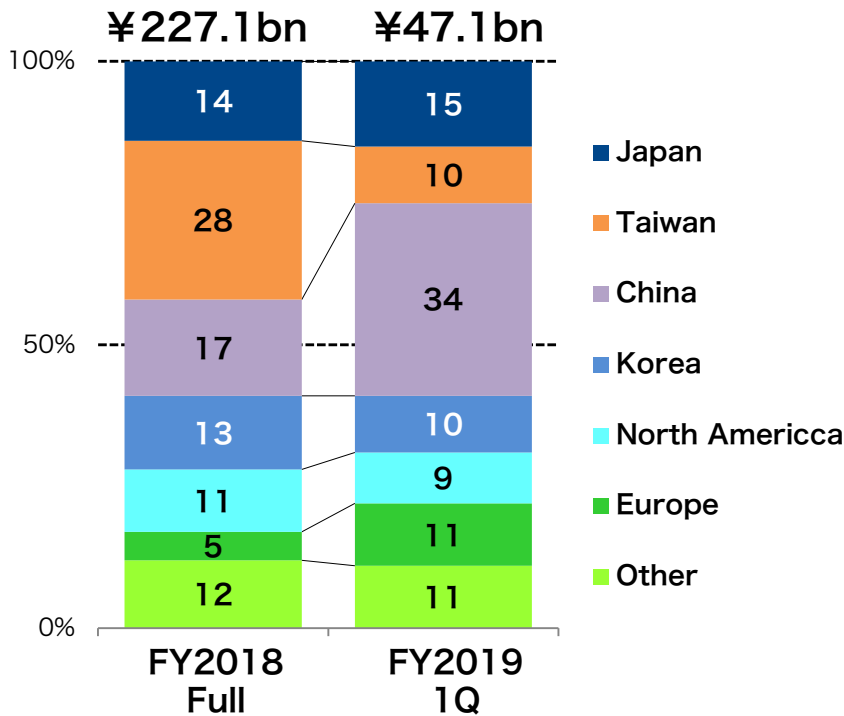
- Sales to memory have increased YoY, and sales to logic were firm. Sales to foundries decreased
- Looking ahead, we expect investment in memories, especially DRAM, to lead the way. We also expect logic to expand and foundry to recover

## SE: Market Outlook and Initiatives

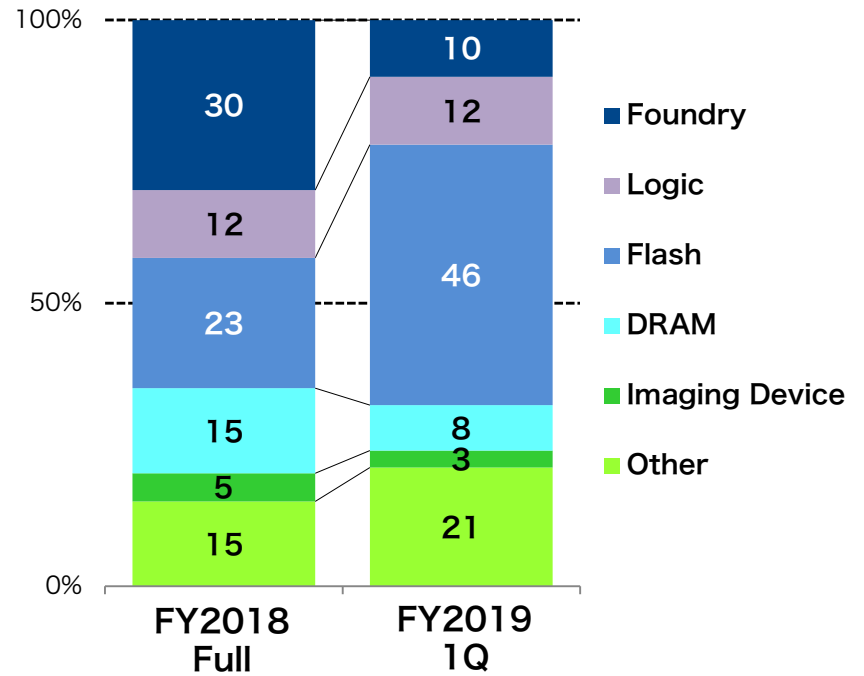
- ✓ **The forecasts for WFE (wafer fab equipment) market growth in CY2018 have not been revised, to reach more than US\$ 50 bn**
- ✓ **Memory: Investment targeting steady growth is continuing**
  - The SU-3300 continues to be introduced in new markets
- ✓ **Foundry and logic: Investment in miniaturization 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

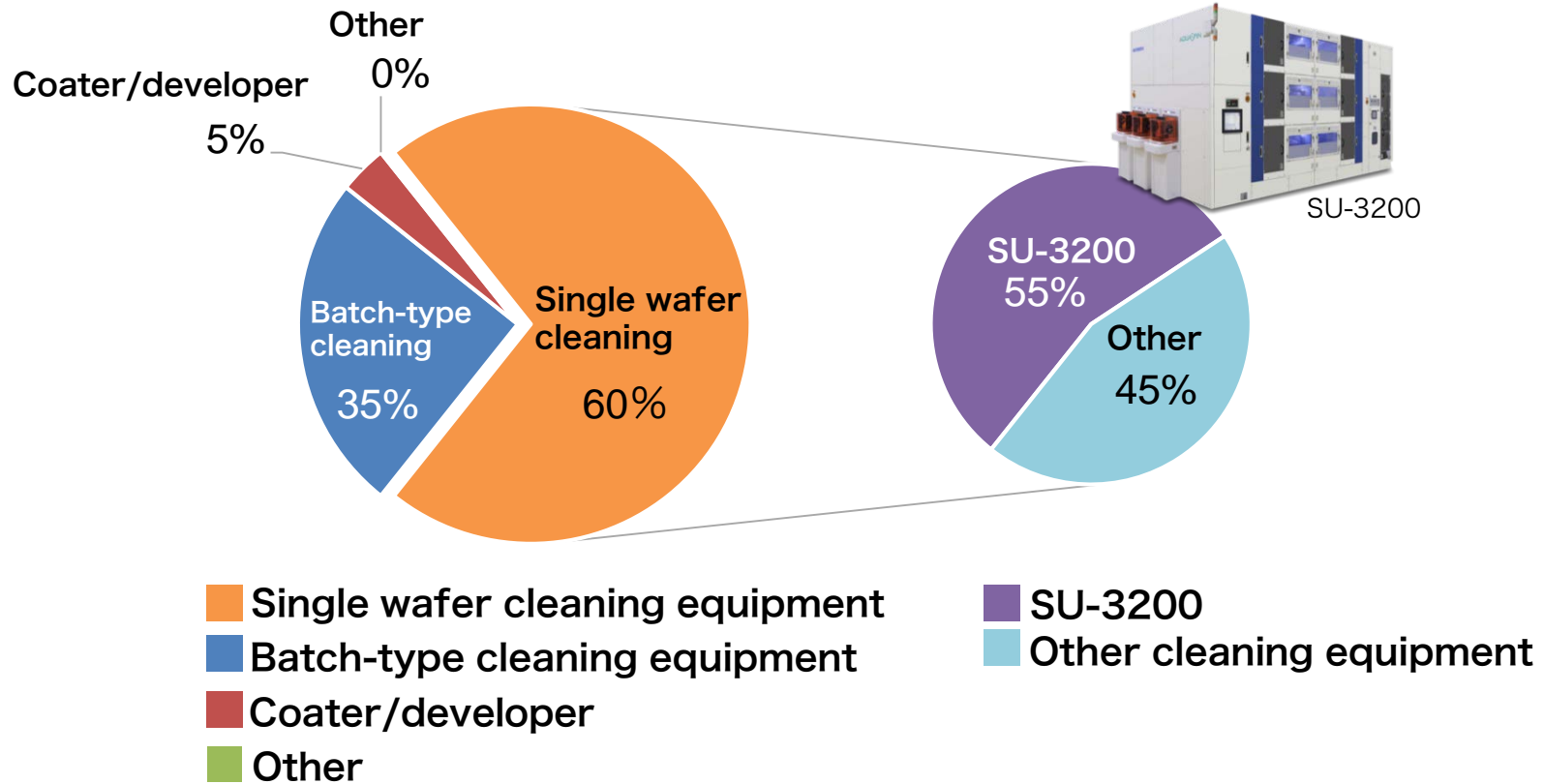


## ■ By Application Device (Nonconsolidated)



# SE: Composition of sales

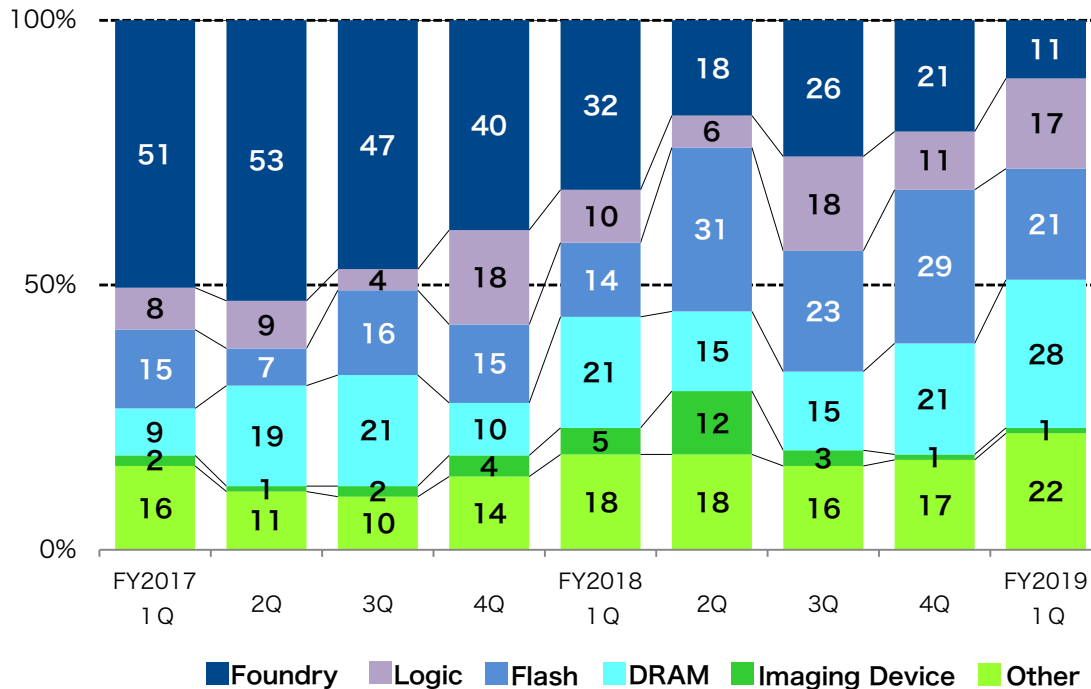
## ■ FY2019 1Q by Product (Nonconsolidated)



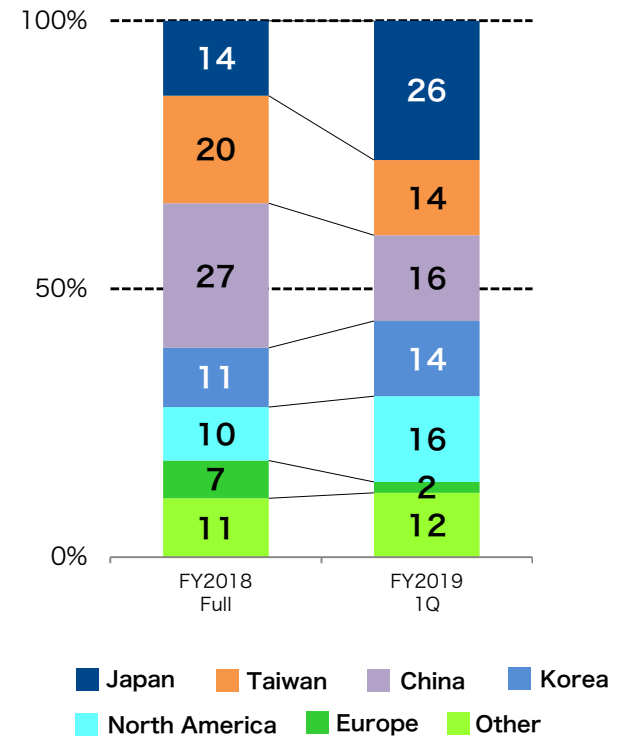
※ Ratio: approximate numbers per 5%

# 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

## GA: Business Situation

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

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

## 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

## FT: Business Situation

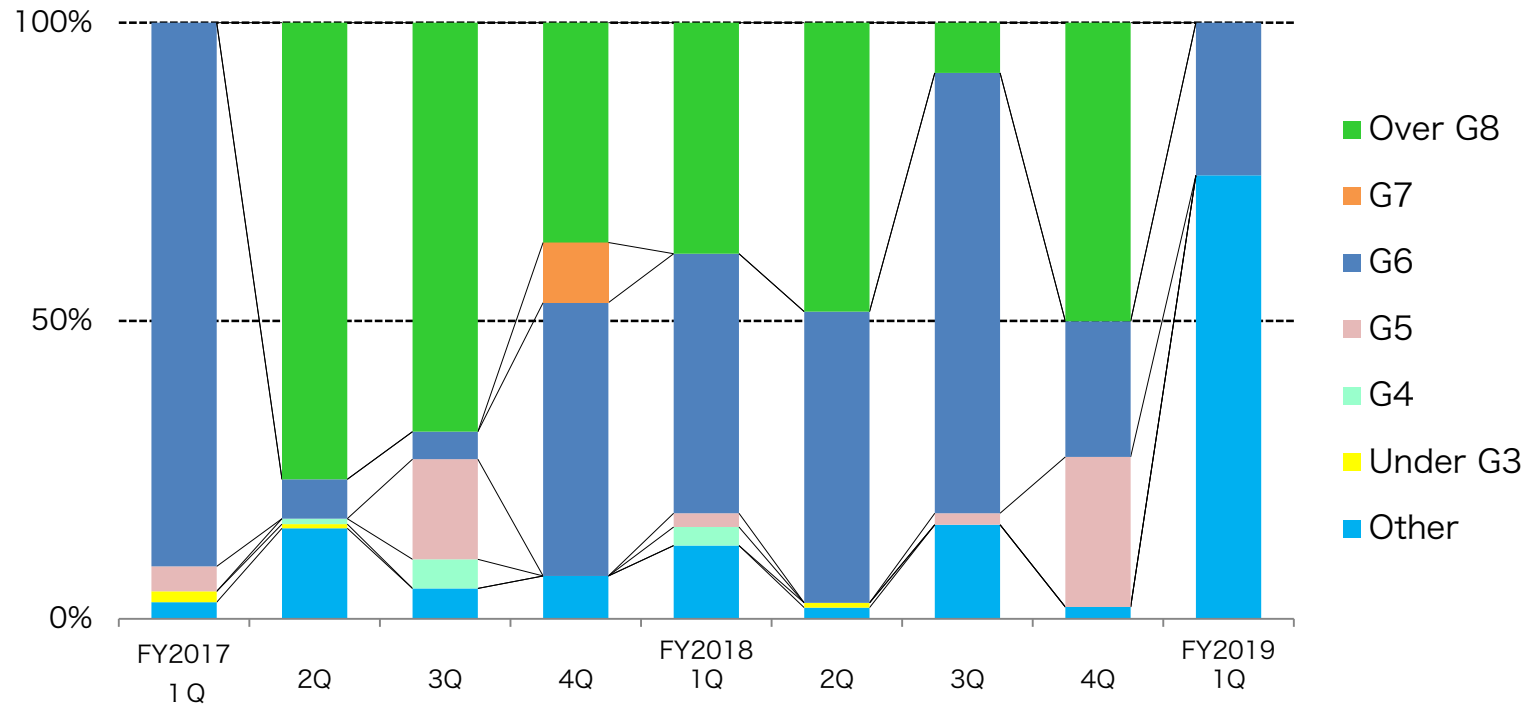
Comparison(YoY)	FY2018	FY2019	Difference	
	(Billions of JPY) 1Q	1Q		
Net sales	12.9	10.3	(2.5)	-19.7%
Operating income (to net sales ratio)	1.1 8.9%	0.9 8.7%	(0.2) -0.1pt	-20.7%

Comparison(QoQ)	FY2018	FY2019	Difference	
	(Billions of JPY) 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

# 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	
	1Q	1Q		
(Billions of JPY)				
<b>Net sales</b>	<b>2.3</b>	<b>3.2</b>	<b>0.8</b>	<b>36.0%</b>
<b>Operating income (to net sales ratio)</b>	<b>0</b> 3.1%	<b>0.5</b> 16.3%	<b>0.4</b> 13.2pt	<b>7.2times</b>

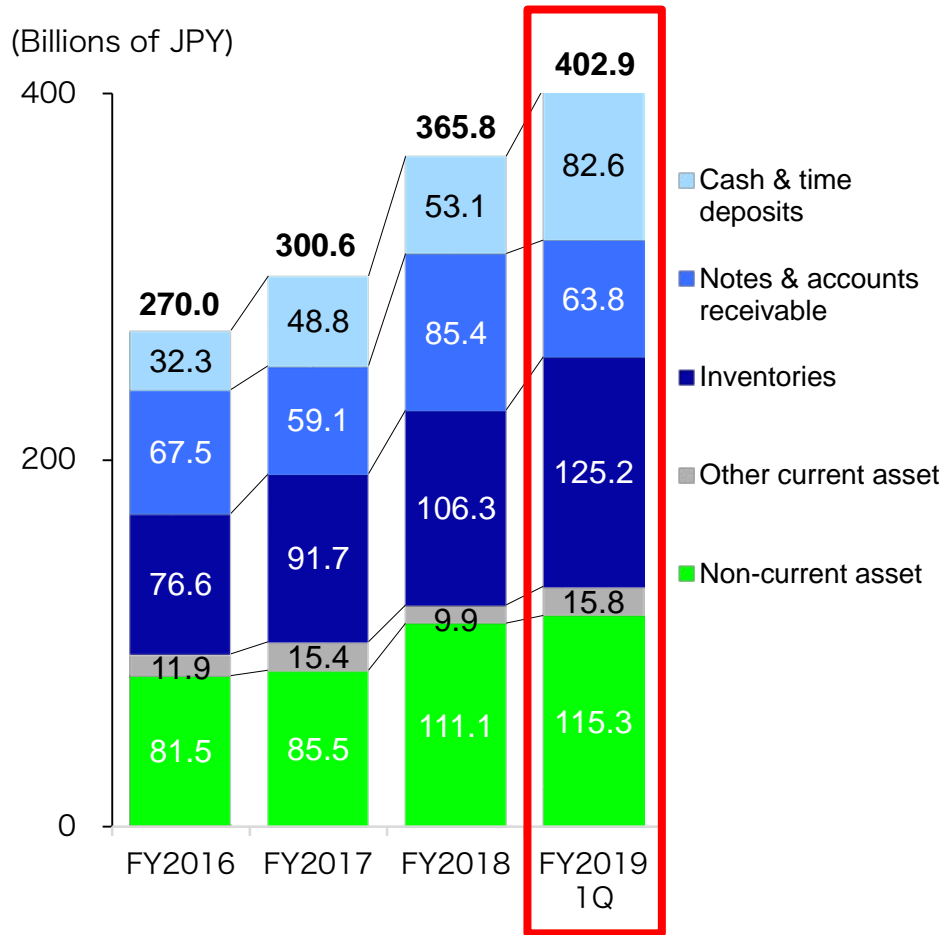
Comparison(QoQ)	FY2018	FY2019	Difference	
	4Q	1Q		
(Billions of JPY)				
<b>Net sales</b>	<b>2.9</b>	<b>3.2</b>	<b>0.3</b>	<b>10.2%</b>
<b>Operating income (to net sales ratio)</b>	<b>(0)</b> -0.1%	<b>0.5</b> 16.3%	<b>0.5</b> 16.4pt	—

## Outlook

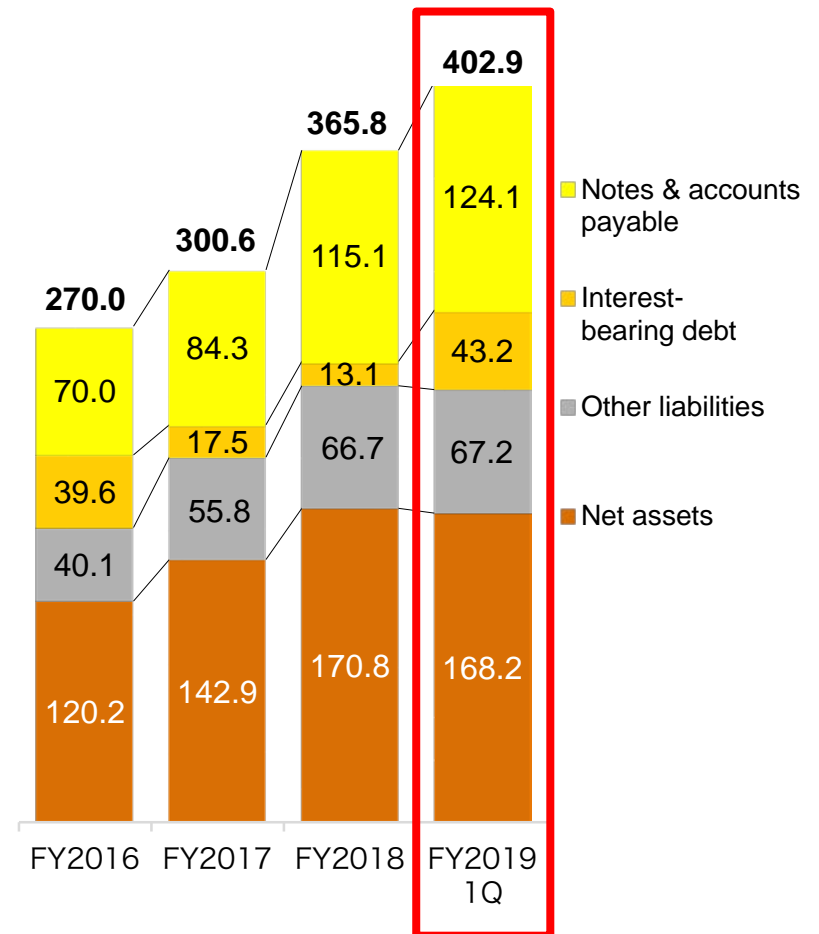
- Sales increased and profit increased YoY due to strong sales of direct imaging equipment, especially in Taiwan
- Looking ahead, we forecast strong sales of direct imaging equipment, especially in China and Taiwan

# Trend in B/S

## Assets



## Liabilities & Net Assets



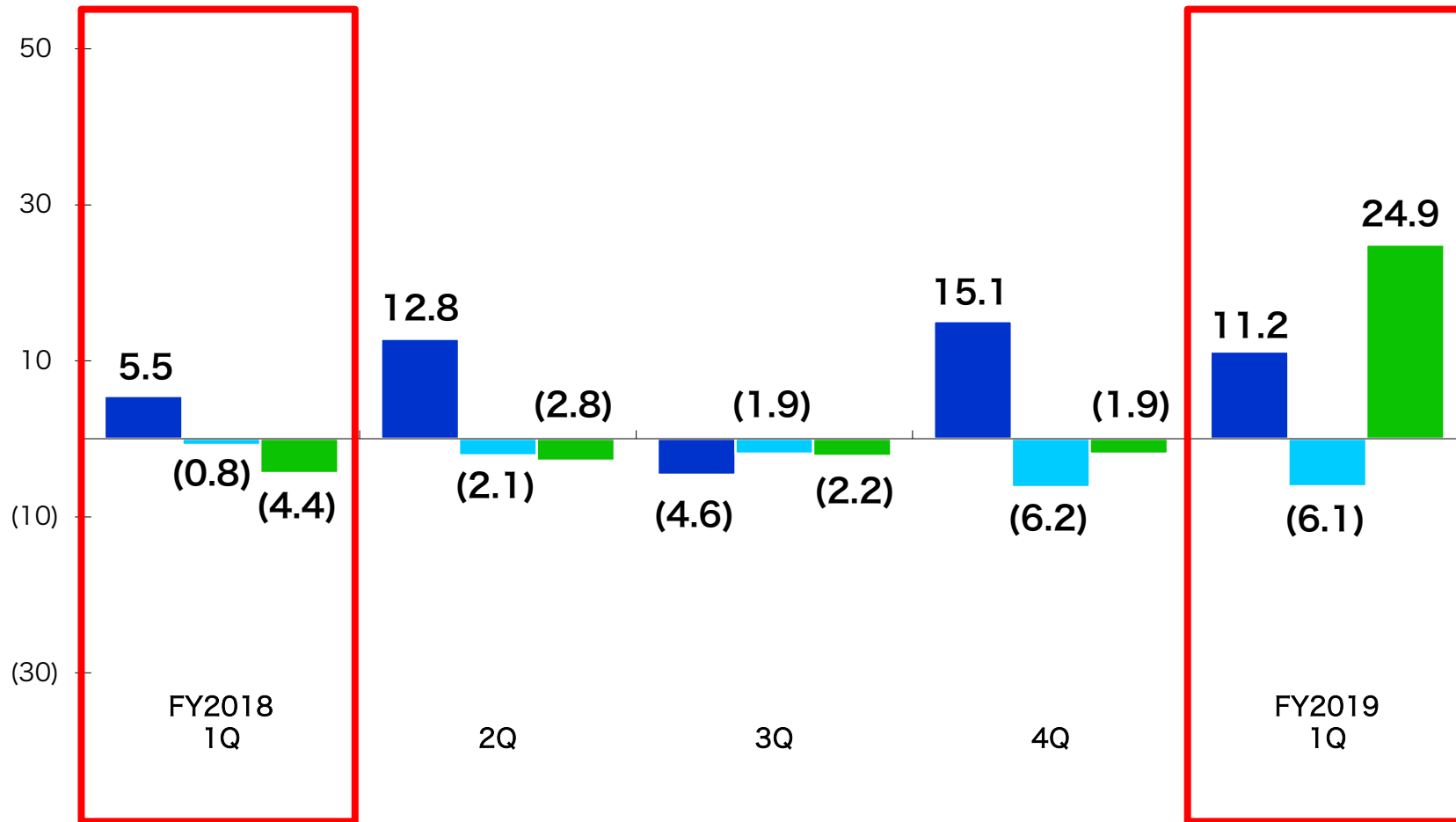
**Equity Ratio : 46.7% (FY2018 4Q) → 41.8% (FY2019 1Q)**

\* 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.

# Cash Flows

(Billions of JPY)

■ Operating CF   ■ Investing CF   ■ Financing CF



Free Cash Flow: ¥4.7bn

Free Cash Flow: ¥5.0bn

# 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
<b>Net sales</b>	<b>339.3</b>	<b>176.0</b>	<b>183.0</b>	<b>208.0</b>	<b>201.0</b>	<b>384.0</b>	<b>384.0</b>
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
<b>Operating income</b>	<b>42.7</b>	<b>21.0</b>	<b>23.0</b>	<b>32.0</b>	<b>30.0</b>	<b>53.0</b>	<b>53.0</b>
<b>(to net sales ratio)</b>	<b>12.6%</b>	<b>11.9%</b>	<b>12.6%</b>	<b>15.4%</b>	<b>14.9%</b>	<b>13.8%</b>	<b>13.8%</b>
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)*
<b>Ordinary income</b>	<b>41.3</b>	<b>20.0</b>	<b>23.0</b>	<b>31.0</b>	<b>28.0</b>	<b>51.0</b>	<b>51.0</b>
<b>Profit attributable to Owners of parent</b>	<b>28.5</b>	<b>13.5</b>	<b>15.0</b>	<b>23.5</b>	<b>22.0</b>	<b>37.0</b>	<b>37.0</b>

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

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

## 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

## 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)



FTSE4Good



FTSE Blossom Japan



Member of SNAM Sustainability Index 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**