Consolidated Business Results & Forecast

FY2019 Second Quarter Ended September 30, 2018

October 30, 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)

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Key Points

- Due to the impact of natural disasters, 1H sales and profit fell short of the forecast in July
  - Adjustments in sales, in the SE segment, amounting to ¥12.1 bn were generated
- The full-year forecast has been revised. We are aiming for record-high sales and operating income as well as higher sales and profit for the 6th year in a row

Agenda

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

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FY2019 1H Business Results (YoY)

(Billions of JPY)	FY2018						FY2019				
	1Q	2Q	1H	3Q	4Q	Full	1Q	2Q	1H	Difference (YoY)	
Net sales	72.9	80.8	153.8	70.3	115.2	339.3	72.5	97.5	170.0	16.2	10.6%
Operating income (to net sales ratio)	7.3 10.1%	9.5 11.8%	16.9 11.0%	6.8 9.8%	18.9 16.4%	42.7 12.6%	5.1 7.0%	10.0 10.3%	15.1 8.9%	(1.7) —	-10.2% -2.1pt
Ordinary income	7.5	8.9	16.4	6.5	18.3	41.3	5.1	10.1	15.3	(1.1)	-7.1%
Profit attributable to owners of parent	5.1	5.5	10.6	4.3	13.4	28.5	3.5	6.0	9.5	(1.0)	-10.1%

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

*Despite achieving higher sales across the Company (except in the GA business), operating income declined because the losses recorded by the SE and GA businesses could not be covered by the other businesses.

FY2019 1H [SE]: The Impact of Natural Disasters on Actual Results

■ Comparison (YoY)

(Billions of JPY)	FY2018	FY2019	Difference	Reason of Difference
Net sales	99.8	112.8	13.0	Sales to memory manufacturers increased
Operating income	14.5	11.6	(2.9)	[+] Sales increased [-] Rise in the variable cost ratio: partially, following a delay to 2H in efforts to improve costs caused by a temporary disruption in procurement owing to natural disasters [-] increase in fixed costs: increase in personnel costs to keep pace with rising production and the strengthening of overseas bases

■ Comparison (with forecast in July)

(Billions of JPY)	July Forecast	October Result	Difference	Reason of Difference
Net sales	125.0	112.8	(12.1)	Delay in shipments due to the natural disaster
Operating income	*20.0**	11.6	approxi-mately (8.0)	[-] Sales decreased: As mentioned above [-] Rise in the variable cost ratio: partially, following a delay to 2H in efforts to improve costs caused by a temporary disruption in procurement owing to natural disasters [+] Cutting down of the fixed cost

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

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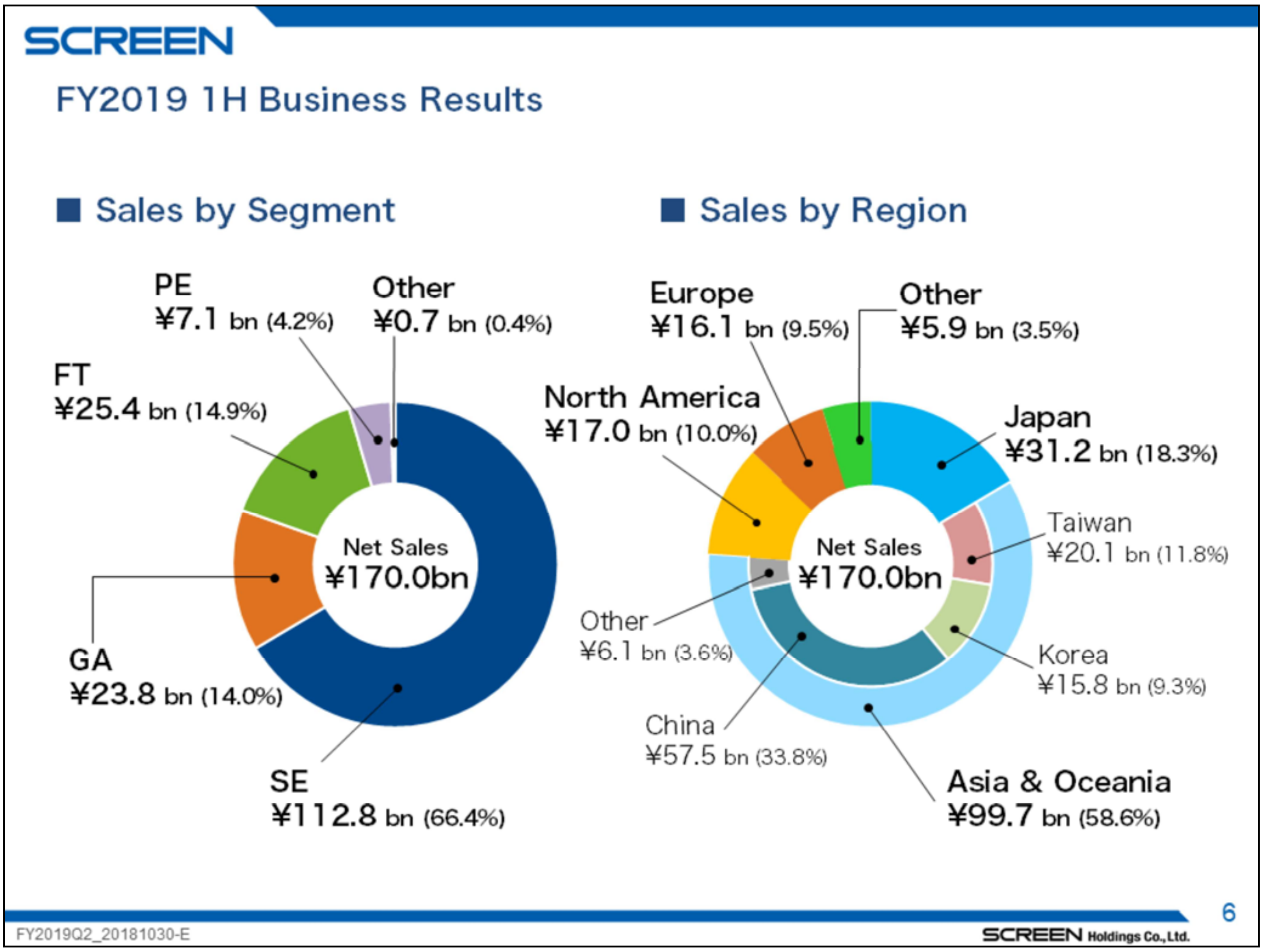
FY2019 1H Business Results (YoY)

(Billions of JPY)	FY2018						FY2019				
	1Q	2Q	1H	3Q	4Q	Full	1Q	2Q	1H	Difference(YoY)	
Net sales	**72.9**	**80.8**	**153.8**	**70.3**	**115.2**	**339.3**	**72.5**	**97.5**	**170.0**	**16.2**	10.6%
SE	46.5	53.2	99.8	45.5	81.8	227.1	47.1	65.7	112.8	13.0	13.1%
GA	10.8	13.9	24.8	11.8	16.8	53.4	11.4	12.4	23.8	(0.9)	-3.7%
FT	12.9	9.9	22.8	9.1	13.2	45.2	10.3	15.0	25.4	2.5	11.1%
PE	2.3	3.3	5.7	3.4	2.9	12.1	3.2	3.9	7.1	1.3	24.1%
Other	0.2	0.3	0.5	0.4	0.3	1.2	0.2	0.4	0.7	0.1	33.6%
Operating income	**7.3**	**9.5**	**16.9**	**6.8**	**18.9**	**42.7**	**5.1**	**10.0**	**15.1**	**(1.7)**	**-10.2%**
(to net sales ratio)	10.1%	11.8%	11.0%	9.8%	16.4%	12.6%	7.0%	10.3%	8.9%	—	-2.1pt
SE	6.4	8.1	14.5	5.6	16.0	36.3	3.7	7.8	11.6	(2.9)	-20.2%
GA	0.1	1.0	1.2	0.3	1.4	3.0	0.2	0.2	0.4	(0.8)	-65.0%
FT	1.1	0.7	1.8	0.4	2.2	4.5	0.9	1.9	2.8	0.9	52.6%
PE	0	0.3	0.3	0.6	(0)	1.0	0.5	0.5	1.0	0.6	170.8%
Other	(0.4)	(0.7)	(1.1)	(0.2)	(0.8)	(2.2)	(0.3)	(0.4)	(0.7)	0.3	—
Ordinary income	**7.5**	**8.9**	**16.4**	**6.5**	**18.3**	**41.3**	**5.1**	**10.1**	**15.3**	**(1.1)**	-7.1%
Profit attributable to owners of parent	**5.1**	**5.5**	**10.6**	**4.3**	**13.4**	**28.5**	**3.5**	**6.0**	**9.5**	**(1.0)**	-10.1%

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



- Consolidated overseas net sales ratio: 81.7%

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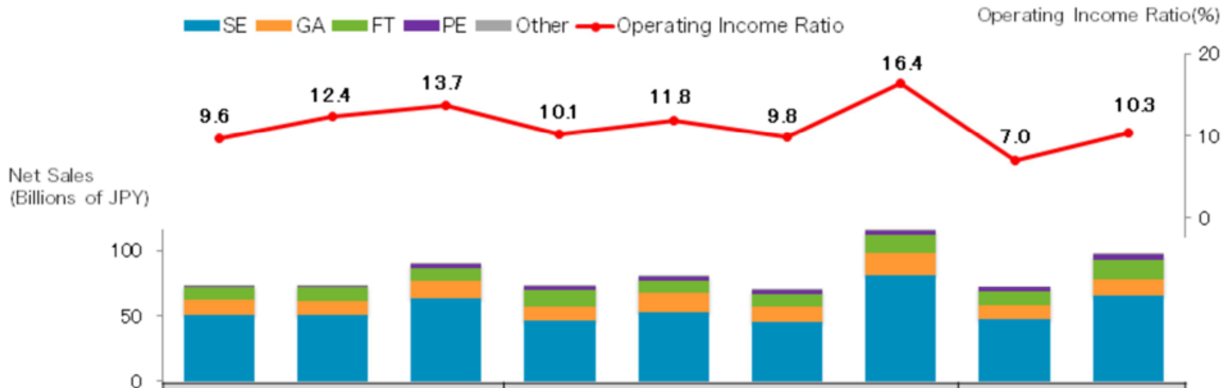
Quarterly Net Sales and Operating Income



(Billions of JPY)	FY2017			FY2018				FY2019	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	73.8	73.8	90.2	72.9	80.8	70.3	115.2	72.5	97.5
SE	50.3	50.6	63.7	46.5	53.2	45.5	81.8	47.1	65.7
GA	12.4	10.4	13.2	10.8	13.9	11.8	16.8	11.4	12.4
FT	8.6	10.8	9.3	12.9	9.9	9.1	13.2	10.3	15.0
PE	2.1	1.6	3.3	2.3	3.3	3.4	2.9	3.2	3.9
Other	0.2	0.3	0.5	0.2	0.3	0.4	0.3	0.2	0.4
Operating income	7.0	9.1	12.4	7.3	9.5	6.8	18.9	5.1	10.0
Operating income ratio(%)	9.6	12.4	13.7	10.1	11.8	9.8	16.4	7.0	10.3

- Although there were natural disasters in 2Q, we were able to achieve higher sales and profit YoY.

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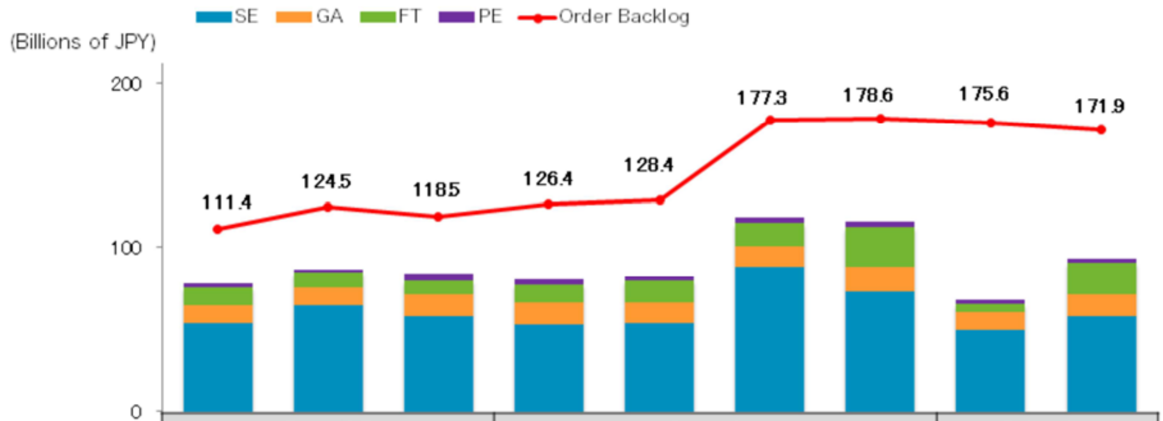
Quarterly Orders Received and Order Backlog



(Billions of JPY)	FY2017			FY2018				FY2019	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Orders received	77.6	86.6	83.7	80.6	82.5	118.7	116.1	69.2	93.4
SE	53.3	64.8	58.1	52.9	53.2	88.3	72.5	50.6	58.0
GA	11.3	10.8	13.1	13.1	12.9	12.2	15.3	10.9	13.4
FT	11.1	9.0	8.5	11.0	13.3	14.3	24.6	4.6	19.2
PE	1.8	1.8	4.0	3.5	3.0	3.7	3.6	3.0	2.6
Order backlog	111.4	124.5	118.5	126.4	128.4	177.3	178.6	175.6	171.9

- 2Q Orders Received

  Overall: ¥93.4 bn

  SE: ¥58.0 bn

  Orders exceeded ¥50.0 bn for the 9th consecutive quarter, and we expect further growth in 3Q.

  Currently, we are moving forward in line with the forecast announced with 1Q results, which projected that 1Q would probably be the low point of the year.

  FT: ¥19.2 bn

  Orders received largely increased QoQ.

SE: Business Situation

Comparison(YoY)

(Billions of JPY)

	FY2018 1H	FY2019 1H	Difference	
Net sales	99.8	112.8	13.0	13.1%
Operating income (to net sales ratio)	14.5 14.6%	11.6 10.3%	(2.9) -4.3pt	-20.2%

Comparison(QoQ)

(Billions of JPY)

	FY2019 1Q	FY2019 2Q	Difference	
Net sales	47.1	65.7	18.5	39.3%
Operating income (to net sales ratio)	3.7 8.0%	7.8 12.0%	4.1 4.0pt	109.4%

Outlook

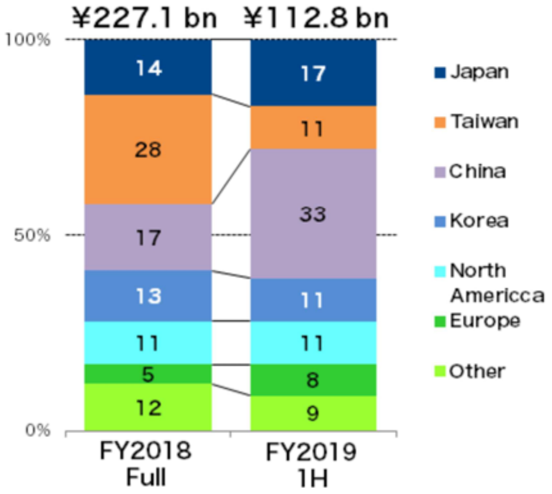
- In 1H, sales to foundries decreased and sales to memory manufacturers increased YoY, while sales to logic chip manufacturers remained firm.
  As a result, sales increased but profit decreased due mainly to the impact of natural disasters
- In 2H, we expect investment in foundries to rebound and aim to achieve higher sales and profit YoY

SE: Market Outlook and Initiatives

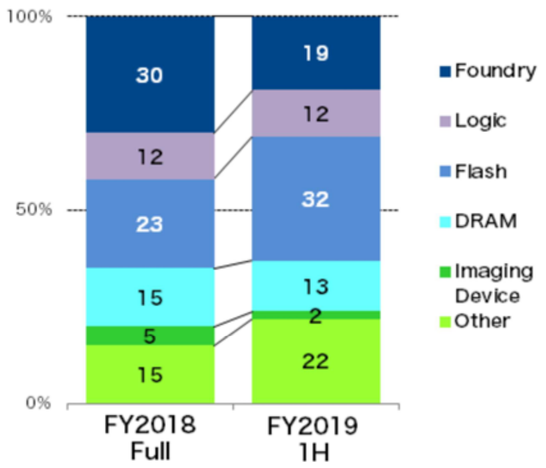
- **Although there were minor short-term adjustments, we have not changed our outlook on CY2018–2019 WFE (wafer fab equipment) market growth ($50 bn level)**
- **Memory: Although there were some investment adjustments, demand remained firm, especially for DRAMs**
  - We aim to swiftly adjust investment timing, and encourage the wider adoption of SU-3300
- **Foundry and logic: Investment in miniaturization and mass production is ramping up**
  - We expect investment in foundries to recover and investment in logic to remain steady. As for leading-edge lines, we focused on expanding sales by offering proposals that took advantage of its entire product lineup
- **IoT-related investment remains strong**
  - Inquiries for SiC power semiconductors, MEMS, and electronic components were robust. We aim to further expand orders through flexible proposals, focusing on 200 mm equipment
- **Chinese market: Local customers in emerging countries will make additional investments from CY2019**
  - We are especially looking forward to investment in memories. We will maintain a large share of the market

Composition of sales

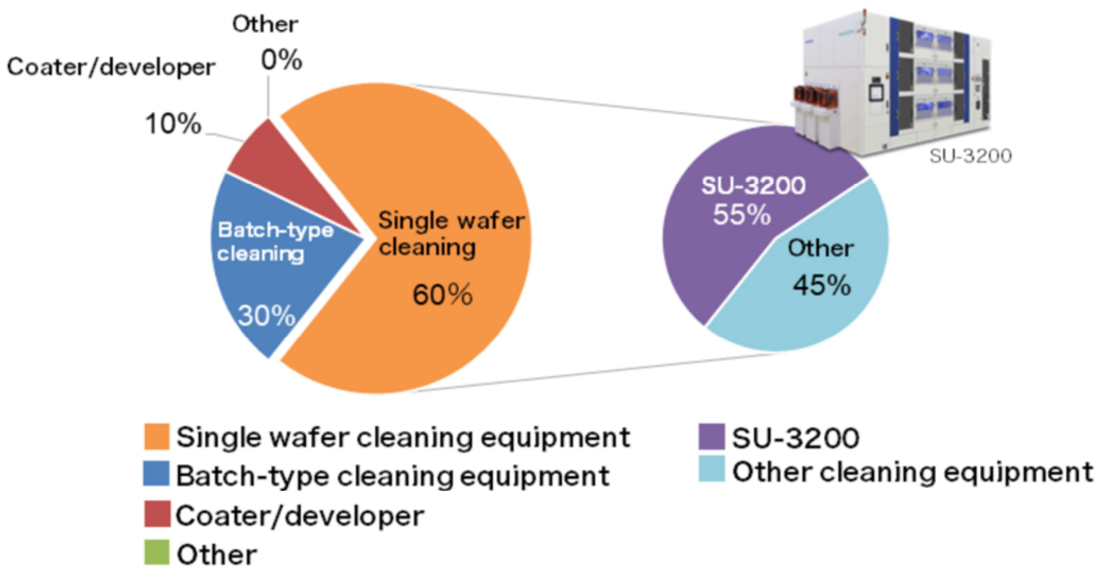
■ By Region (destination)



■ By Application Device (Nonconsolidated)



■ FY2019 1H by Cleaning Product (Nonconsolidated)



※ Ratio: approximate numbers per 5%

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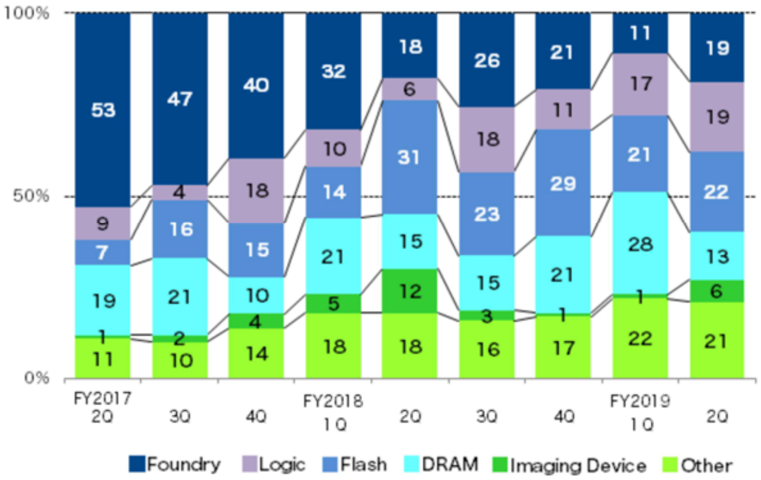
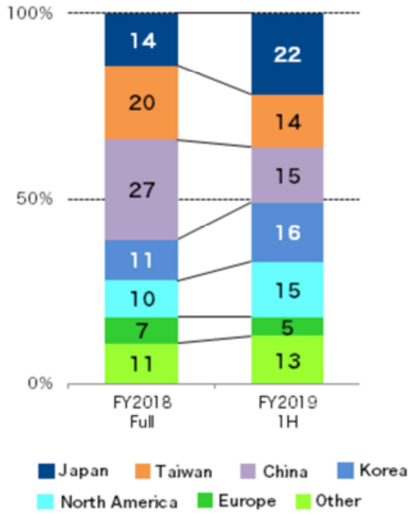
Orders Received Ratio (Nonconsolidated)

■ Quarterly by Application Device



■ By Region



- Despite a moderate fall in memory orders, the level remains high. Logic orders were firm, and those for foundries rebounded, totaling ¥58.0 bn
- Looking ahead, we forecast a certain amount of investment in memories to continue along with an expansion in investment in logic and foundries

GA: Business Situation

Comparison(YoY) (Billions of JPY)

	FY2018 1H	FY2019 1H	Difference	
Net sales	24.8	23.8	(0.9)	-3.7%
Operating income (to net sales ratio)	1.2 5.2%	0.4 1.9%	(0.8) -3.3pt	-65.0%

Comparison(QoQ) (Billions of JPY)

	FY2019 1Q	FY2019 2Q	Difference	
Net sales	11.4	12.4	0.9	8.4%
Operating income (to net sales ratio)	0.2 2.0%	0.2 1.7%	(0) -0.3pt	-5.8%

Outlook

- In 1H, the overseas POD sales and ink sales increased while domestic sales of CTP, OEM, and other products fell YoY.
  As a result, sales and profit decreased
- Going forward, we aim to further strengthen POD and ink sales while striving to improve profit
  - However, in 2H, we forecast sales of OEM for POD will decrease

FT: Business Situation

Comparison(YoY)

(Billions of JPY)

	FY2018 1H	FY2019 1H	Difference	
Net sales	22.8	25.4	2.5	11.1%
Operating income (to net sales ratio)	1.8 8.2%	2.8 11.2%	0.9 3.1pt	52.6%

Comparison(QoQ)

(Billions of JPY)

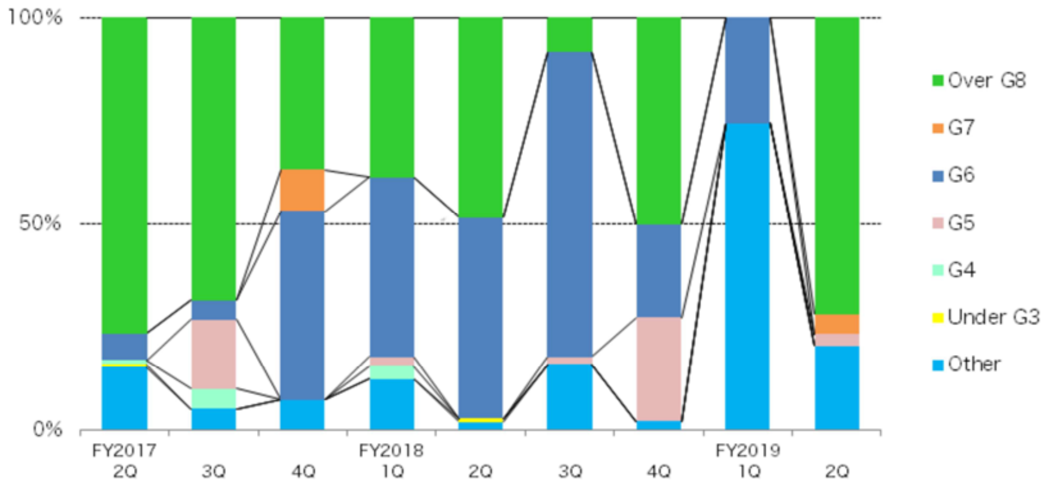
	FY2019 1Q	FY2019 2Q	Difference	
Net sales	10.3	15.0	4.6	44.8%
Operating income (to net sales ratio)	0.9 8.7%	1.9 12.9%	1.0 4.2pt	114.0%

Outlook

- In 1H, sales of large-sized equipment (LCDs to China and Taiwan) and sales of small- and mid-sized equipment (OLEDs to China) increased, and sales rose and profit grew YoY
- In 2H, we aim to improve profit in new business fields (related to coating business), especially in LiB-related ones

Composition of Orders Received (Nonconsolidated)

■ Quarterly by Size of Products



- 2Q consolidated net orders (¥19.2 bn) were mainly due to G10.5.
  New business-related orders were around 20%
- In 2H, we expect to receive orders due mainly to G10.5, new businesses, and OLEDs (mainly in China)

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PE: Business Situation

Comparison(YoY)

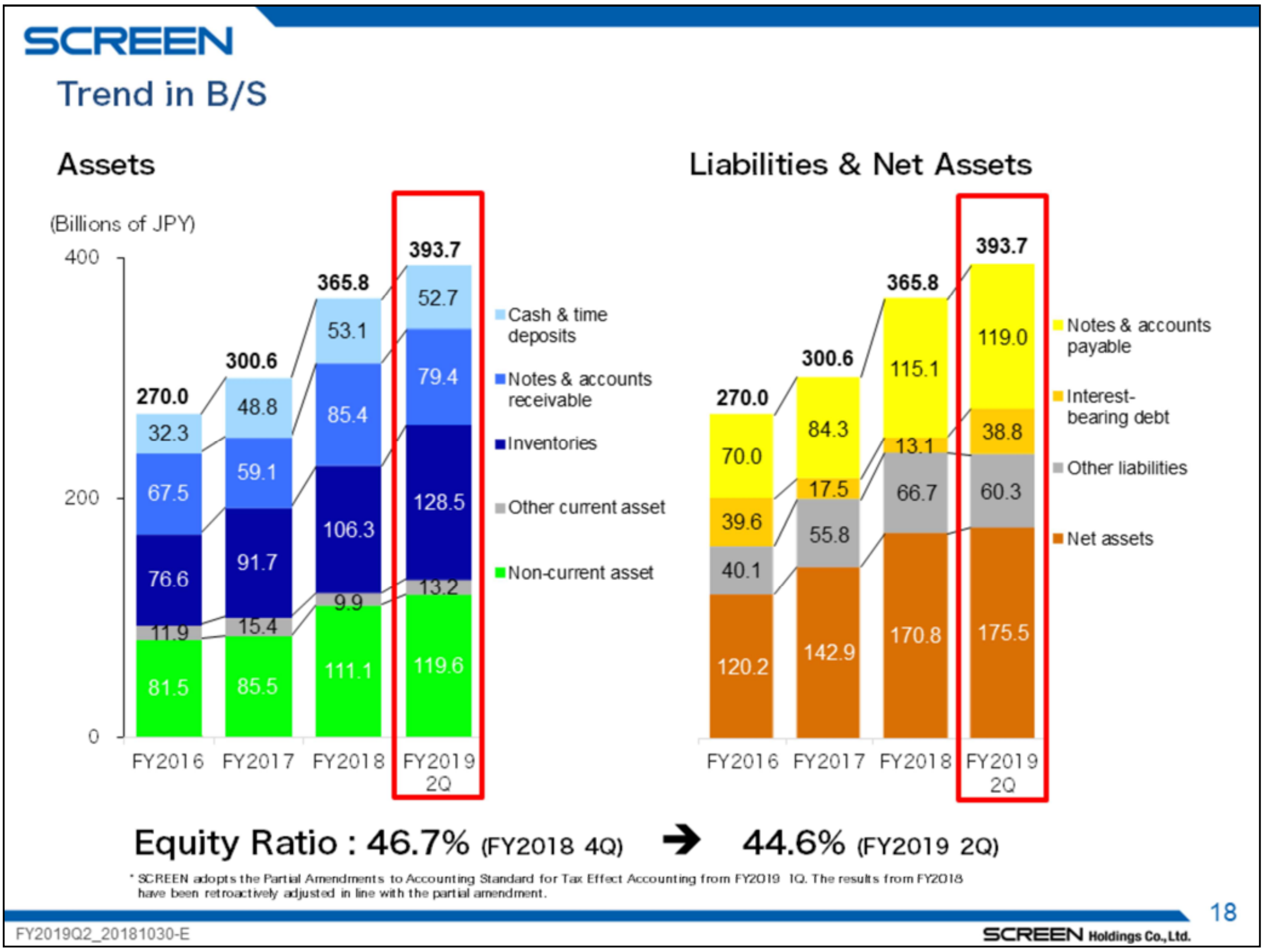
(Billions of JPY)	FY2018 1H	FY2019 1H	Difference	
Net sales	5.7	7.1	1.3	24.1%
Operating income (to net sales ratio)	0.3 6.8%	1.0 14.9%	0.6 8.0pt	170.8%

Comparison(QoQ)

(Billions of JPY)	FY2019 1Q	FY2019 2Q	Difference	
Net sales	3.2	3.9	0.6	20.7%
Operating income (to net sales ratio)	0.5 16.3%	0.5 13.6%	0 -2.7pt	0.9%

Outlook

- In 1H, sales and profit increased YoY due to strong sales of direct imaging equipment, especially in Taiwan
- As investment in smart phones slows down, in CY2019, we expect automotive devices and 5G-related demand to increase



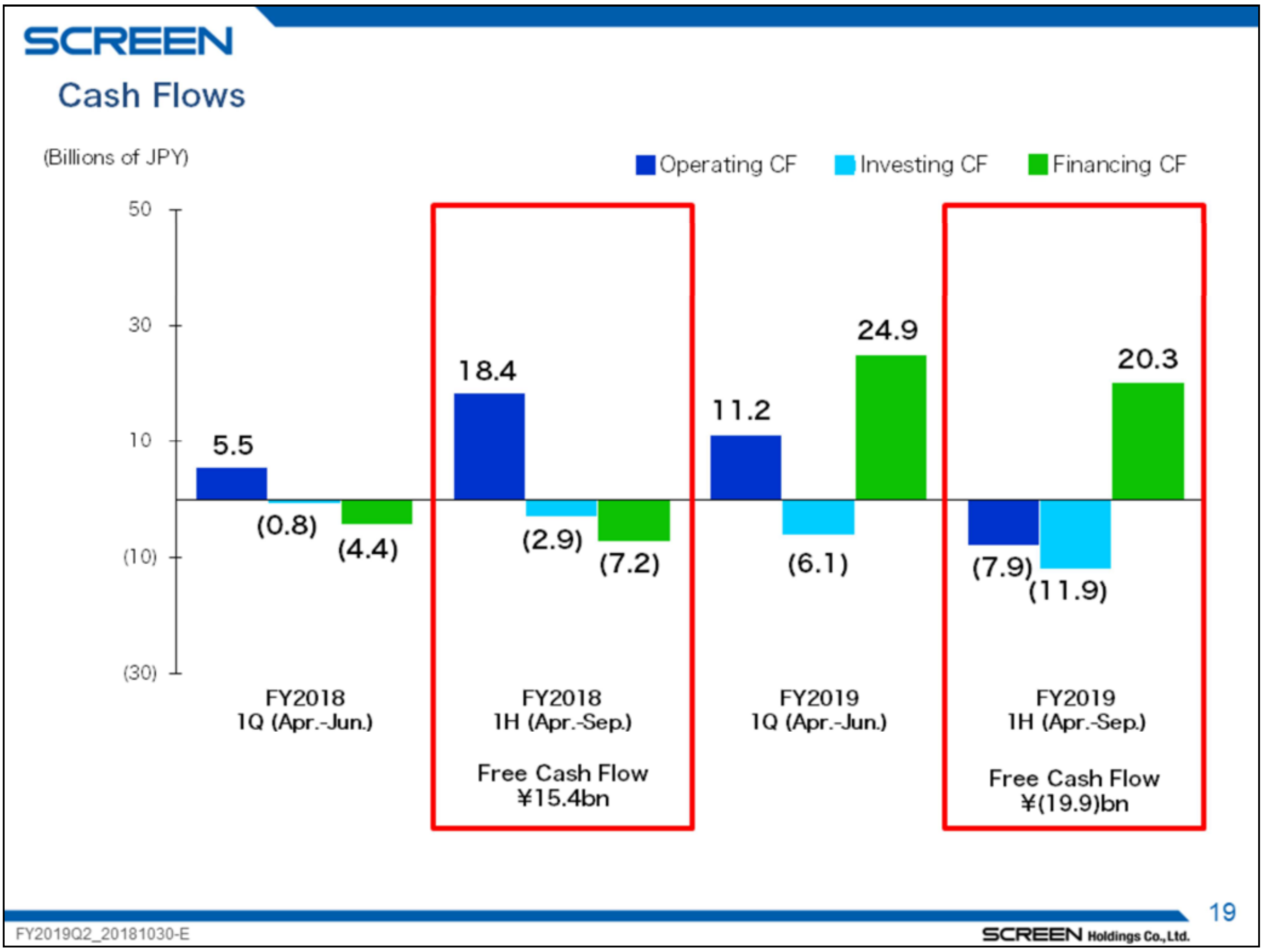
Comparison with the end of FY2018:

- Total assets stood at ¥393.7 bn, an increase of ¥27.8 bn or 7.6%.

- Reason for increase of assets:
  This was largely due to an increase in inventories, property, plant and equipment, 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 ¥218.2 bn, up ¥23.2 bn, or 11.9%.
    This was mainly attributable to an issuance of convertible bond-type bonds with share acquisition rights.
  - Total net assets amounted to ¥175.5 bn, up ¥4.6 bn, or +2.7%.
    This was mainly attributable to the recording of quarterly profit attributable to owners of parent and an increase in foreign currency translation adjustments following yen depreciation, despite the payment of cash dividends and a decrease in the valuation difference on available-for-sale securities.

- As a result, the equity ratio as of September 30, 2018 stood at 44.6%



General condition of Consolidated Cash Flows for FY2019 1H:

- Net cash used in operating activities amounted to ¥7.9 bn
  This was because the increase in inventories, income taxes paid, and other outflows exceeded income before income taxes, a decrease in notes and accounts receivable including electronically recorded monetary claims, and other inflows.

- Net cash used in investing activities amounted to ¥11.9 bn
  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 - ¥19.9 bn

- Net cash provided in financing activities amounted to ¥20.3 bn, compared with ¥7.2 bn used in financing activities in FY2018 1H.
  This was due to an issuance of convertible bond-type bonds with share acquisition rights, despite cash dividends paid.

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Business Forecast for FY2019

(Billions of JPY)	FY2018 Result Full	FY2019 1H		FY2019 2H Forecast		FY2019 Full Forecast	
		July	Result	July	October	July	October
Net sales	**339.3**	**183.0**	**170.0**	**201.0**	**203.9**	**384.0**	**374.0**
SE	227.1	125.0	112.8	135.0	147.1	260.0	260.0
GA	53.4	26.0	23.8	30.0	24.1	56.0	48.0
FT	45.2	24.0	25.4	26.0	24.5	50.0	50.0
PE	12.1	7.0	7.1	7.0	5.8	14.0	13.0
Other	1.2	1.0	0.7	3.0	2.2	4.0	3.0
Operating income (to net sales ratio)	**42.7** **12.6%**	**23.0** **12.6%**	**15.1** **8.9%**	**30.0** **14.9%**	**28.3** **13.9%**	**53.0** **13.8%**	**43.5** **11.6%**
SE	36.3	*20.0**	11.6	*25.0**	*27.0**	*45.0**	*39.0**
GA	3.0	*1.5**	0.4	*2.5**	*0.5**	*4.0**	*1.0**
FT	4.5	*3.0**	2.8	*2.5**	*2.0**	*5.5**	*5.0**
PE	1.0	*0.5**	1.0	*0.5**	*0.5**	*1.0**	*1.5**
Other	(2.2)	*(2.0)**	(0.7)	*(0.5)**	*(2.0)**	*(2.5)**	*(3.0)**
Ordinary income	**41.3**	**23.0**	**15.3**	**28.0**	**26.7**	**51.0**	**42.0**
Profit attributable to owners of parent	**28.5**	**15.0**	**9.5**	**22.0**	**20.9**	**37.0**	**30.5**

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

Assumed Exchange Rate>> USD1 = ¥105 EUR1 = ¥130
Forecast of annual cash dividends for FY2019>> JPY 155.00 per share (year-end cash dividend)

- As for the full-year forecast, while net sales in the SE business are expected to meet the previous full-year forecast, net sales in the GA business are expected to decrease, especially OEM sales of POD equipment, given the current status of orders. In addition, profits are expected to fall below previous forecast due mainly to a decrease in net sales in the GA business and a decrease in profits for FY2019 1H.
  Even if there are some adjustments in the SE market environment, there is no change in our view that it is still a growth market in the medium to long term. We still aim to achieve higher sales and profit for a 6th consecutive fiscal year.

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Recent Topics

SE

- Shipments of Cleaning Tools Exceed Cumulative Total of 7,000 for Three Series

GA

- Opened Digital Printing Communications Center in Shanghai

FT

- Invested in JOLED, concluded a business cooperation agreement related to sales and servicing of production equipment for large-sized printed OLED displays for TV use
- Completed Delivery of Roll to Roll coater/ dryer to Key Customers Mass Production of LiB

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

ESG-Related Initiatives

SUSTAINABLE DEVELOPMENT GOALS

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

We strengthen shareholders relations (engagement) activity based on ESG

- We've released Annual Report 2018 at the end of August including Value Creation by the SCREEN Group

- Started engagement with people in charge of shareholder voting rights

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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	374.0
Operating income	17.1	23.5	33.7	42.7	43.5
Operating income ratio (%)	7.2	9.1	11.2	12.6	11.6
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	8.3
Capital expenditures	6.6	6.3	8.2	14.4	31.0
R&D expenses	13.9	15.1	17.7	20.8	23.0
EPS（JPY）	255.35	396.75	511.96	608.62	653.77

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