

# 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)

## 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

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

## FY2019 1H Business Results (YoY)

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

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

### ■ Comparison (YoY)

| (Billions of JPY)       | FY2018 | FY2019 | Difference | Reason of Difference  |
|-------------------------|--------|--------|------------|---|
| <b>Net sales</b>        | 99.8   | 112.8  | 13.0       | Sales to memory manufacturers increased   |
| <b>Operating income</b> | 14.5   | 11.6   | (2.9)      | [+] Sales increased<br>[-] Rise in the variable cost ratio:<br>partially, following a delay to 2H in efforts to improve costs caused by a temporary disruption in procurement owing to natural disasters<br>[-] increase in fixed costs:<br>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   |
|-------------------------|---------------|----------------|---------------------|--|
| <b>Net sales</b>        | 125.0         | 112.8          | (12.1)              | Delay in shipments due to the natural disaster   |
| <b>Operating income</b> | 20.0*         | 11.6           | approximately (8.0) | [-] Sales decreased: As mentioned above<br>[-] Rise in the variable cost ratio:<br>partially, following a delay to 2H in efforts to improve costs caused by a temporary disruption in procurement owing to natural disasters<br>[+] Cutting down of the fixed cost |

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

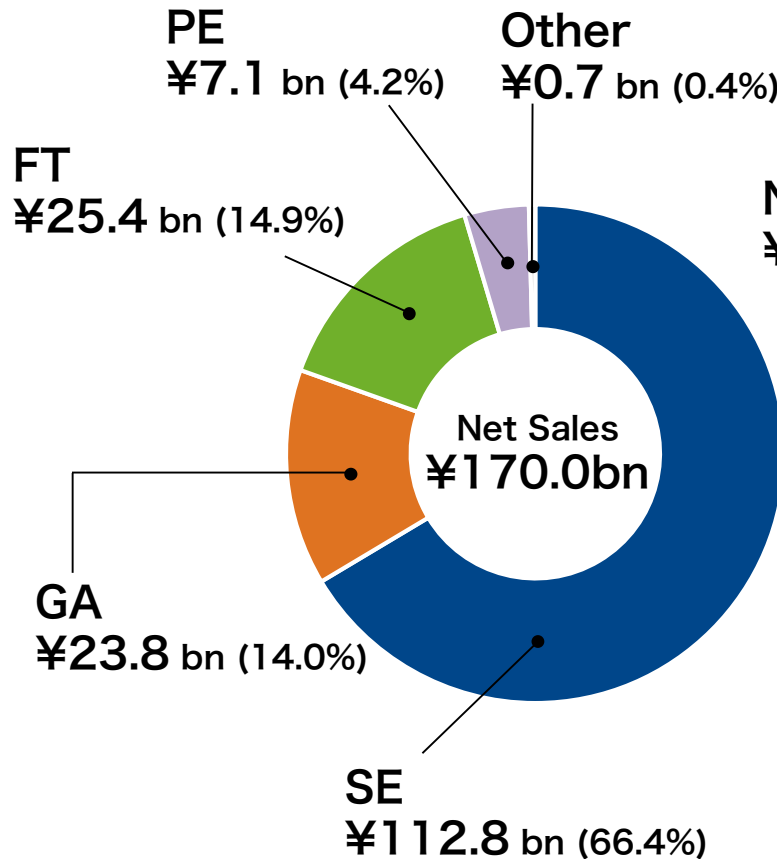
## FY2019 1H Business Results (YoY)

| (Billions of JPY)                       | FY2018      |             |              |             |              |              | FY2019      |             |              |                 |               |
|---|-------------|-------------|--------------|-------------|--------------|--------------|-------------|-------------|--------------|-----------------|---------------|
|   | 1Q          | 2Q          | 1H           | 3Q          | 4Q           | Full         | 1Q          | 2Q          | 1H           | Difference(YoY) |               |
| <b>Net sales</b>                        | <b>72.9</b> | <b>80.8</b> | <b>153.8</b> | <b>70.3</b> | <b>115.2</b> | <b>339.3</b> | <b>72.5</b> | <b>97.5</b> | <b>170.0</b> | <b>16.2</b>     | <b>10.6%</b>  |
| 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%         |
| <b>Operating income</b>                 | <b>7.3</b>  | <b>9.5</b>  | <b>16.9</b>  | <b>6.8</b>  | <b>18.9</b>  | <b>42.7</b>  | <b>5.1</b>  | <b>10.0</b> | <b>15.1</b>  | <b>(1.7)</b>    | <b>-10.2%</b> |
| (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             | —             |
| <b>Ordinary income</b>                  | <b>7.5</b>  | <b>8.9</b>  | <b>16.4</b>  | <b>6.5</b>  | <b>18.3</b>  | <b>41.3</b>  | <b>5.1</b>  | <b>10.1</b> | <b>15.3</b>  | <b>(1.1)</b>    | <b>-7.1%</b>  |
| 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%        |

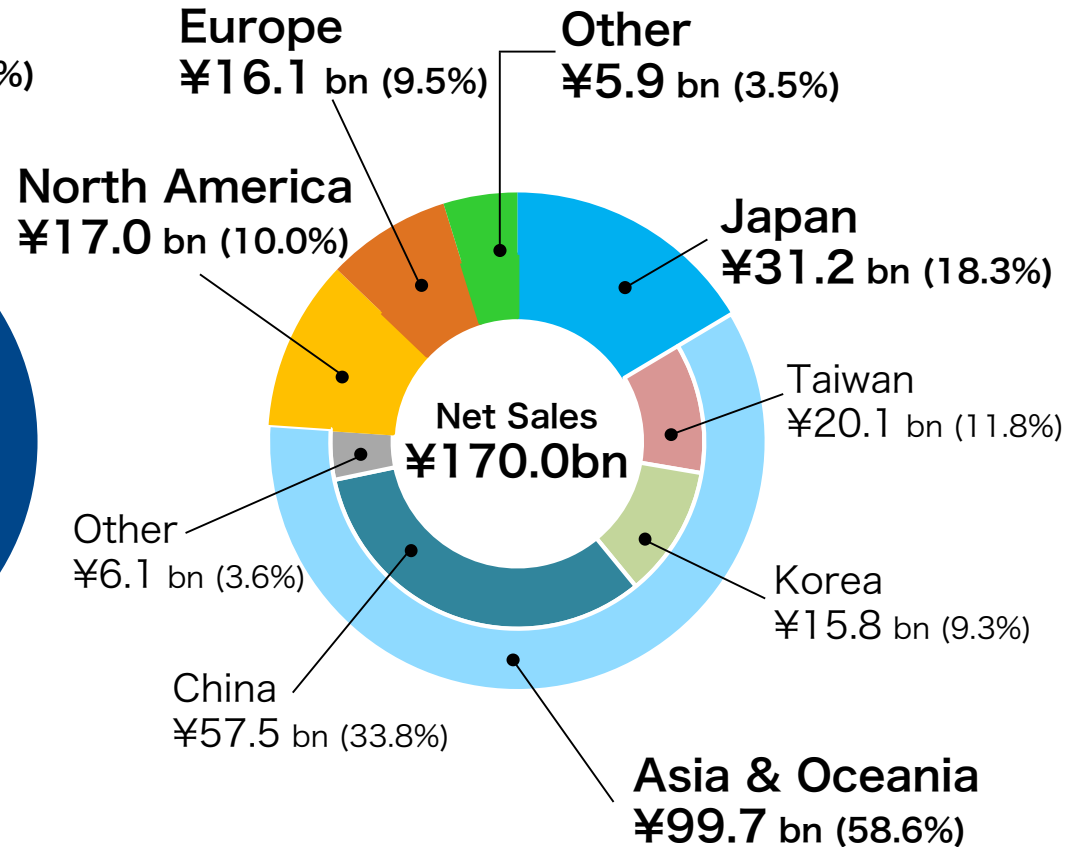
■ SE: Semiconductor Production Equipment Business    
 ■ GA: Graphic Arts Equipment  
■ FT: Display Production Equipment and Coater Business    
 ■ PE: PCB-related Equipment Business

# FY2019 1H Business Results

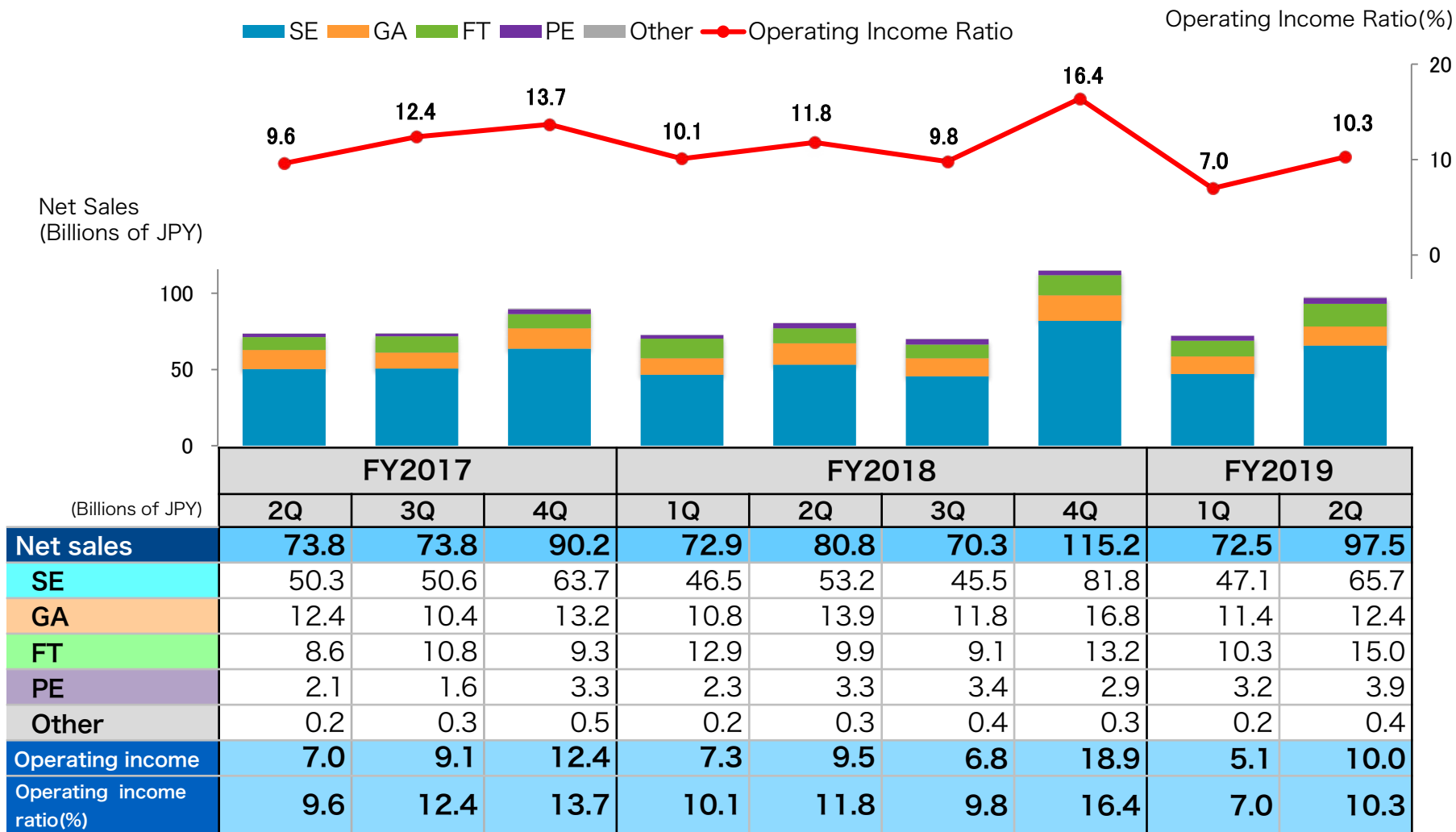
## ■ Sales by Segment



## ■ Sales by Region

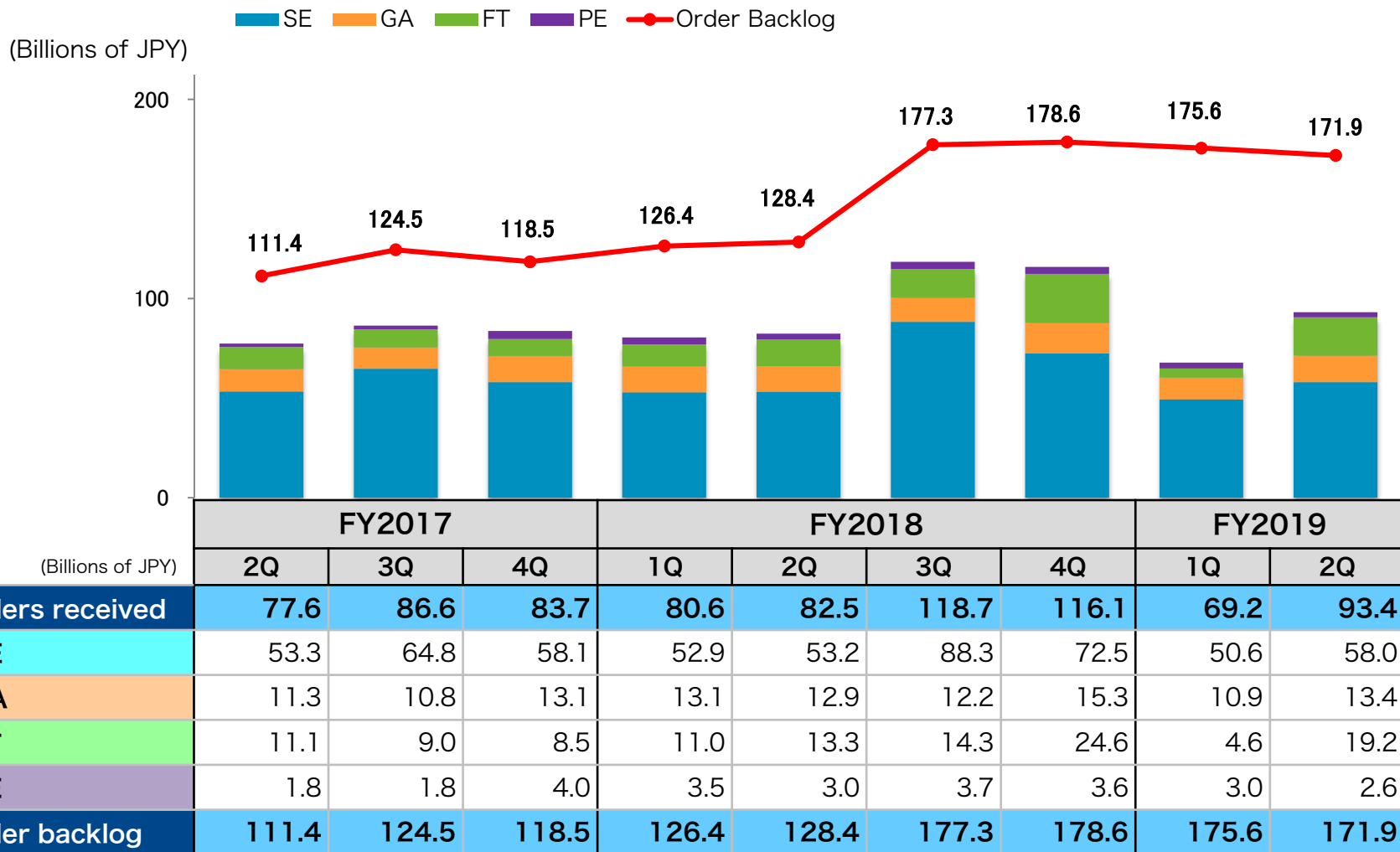


# Quarterly Net Sales and Operating Income





# Quarterly Orders Received and Order Backlog



## SE: Business Situation

| Comparison(YoY)                                  | FY2018               | FY2019               | Difference             |               |
|--|----------------------|----------------------|------------------------|---------------|
|  | (Billions of JPY)    | 1H                   |                        |               |
| <b>Net sales</b>                                 | <b>99.8</b>          | <b>112.8</b>         | <b>13.0</b>            | <b>13.1%</b>  |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>14.5</b><br>14.6% | <b>11.6</b><br>10.3% | <b>(2.9)</b><br>-4.3pt | <b>-20.2%</b> |

| Comparison(QoQ)                                  | FY2019             | FY2019              | Difference          |               |
|--|--------------------|---------------------|---------------------|---------------|
|  | (Billions of JPY)  | 1Q                  |                     |               |
| <b>Net sales</b>                                 | <b>47.1</b>        | <b>65.7</b>         | <b>18.5</b>         | <b>39.3%</b>  |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>3.7</b><br>8.0% | <b>7.8</b><br>12.0% | <b>4.1</b><br>4.0pt | <b>109.4%</b> |

## Outlook

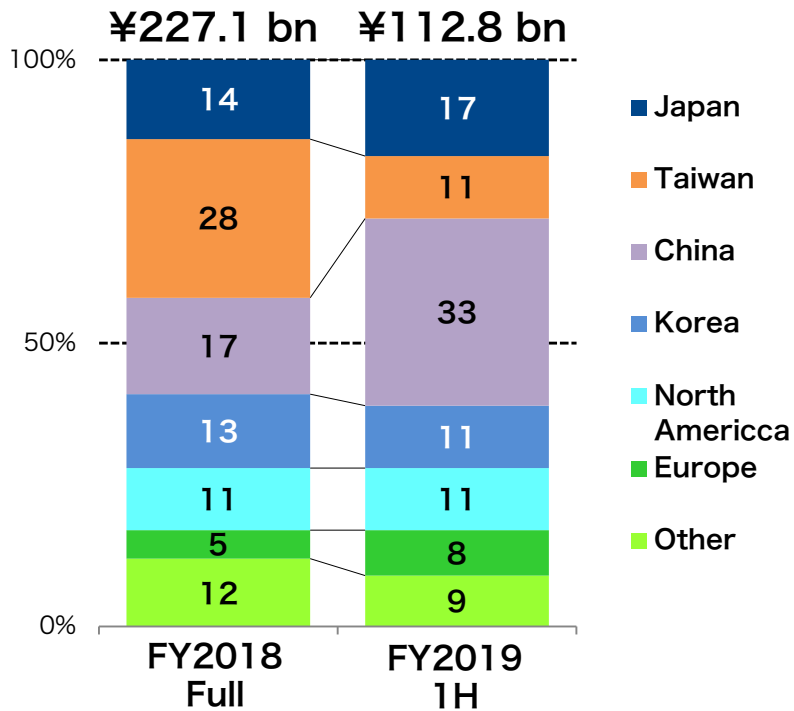
- In 1H, sales to foundries decreased and sales to memory manufacturers increased YoY, while sales to logic chip manufacturers remained firm.  
As a result, sales increased but profit decreased due mainly to the impact of natural disasters
- In 2H, we expect investment in foundries to rebound and aim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

## SE: Market Outlook and Initiatives

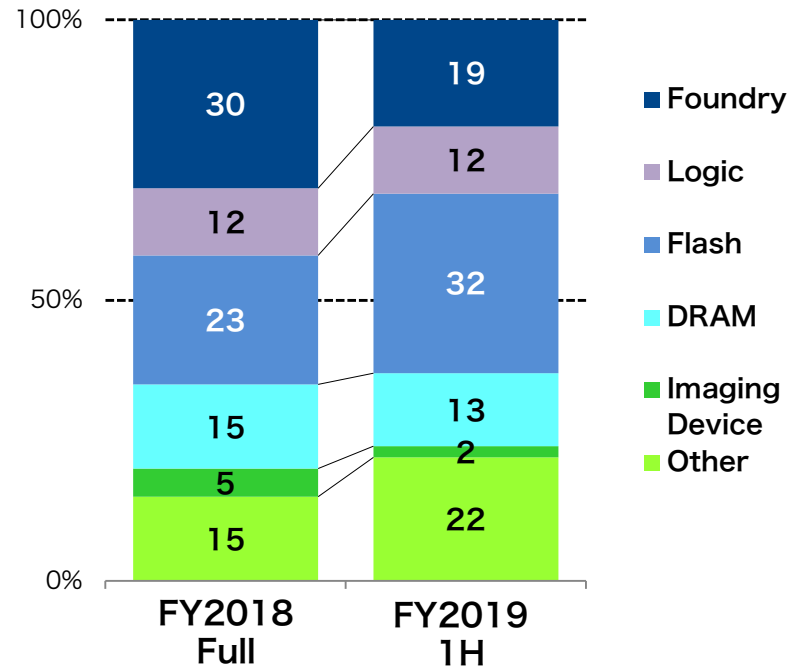
- ✓ **Although there were minor short-term adjustments, we have not changed our outlook on CY2018–2019 WFE (wafer fab equipment) market growth (\$50 bn level)**
- ✓ **Memory: Although there were some investment adjustments, demand remained firm, especially for DRAMs**
  - We aim to swiftly adjust investment 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

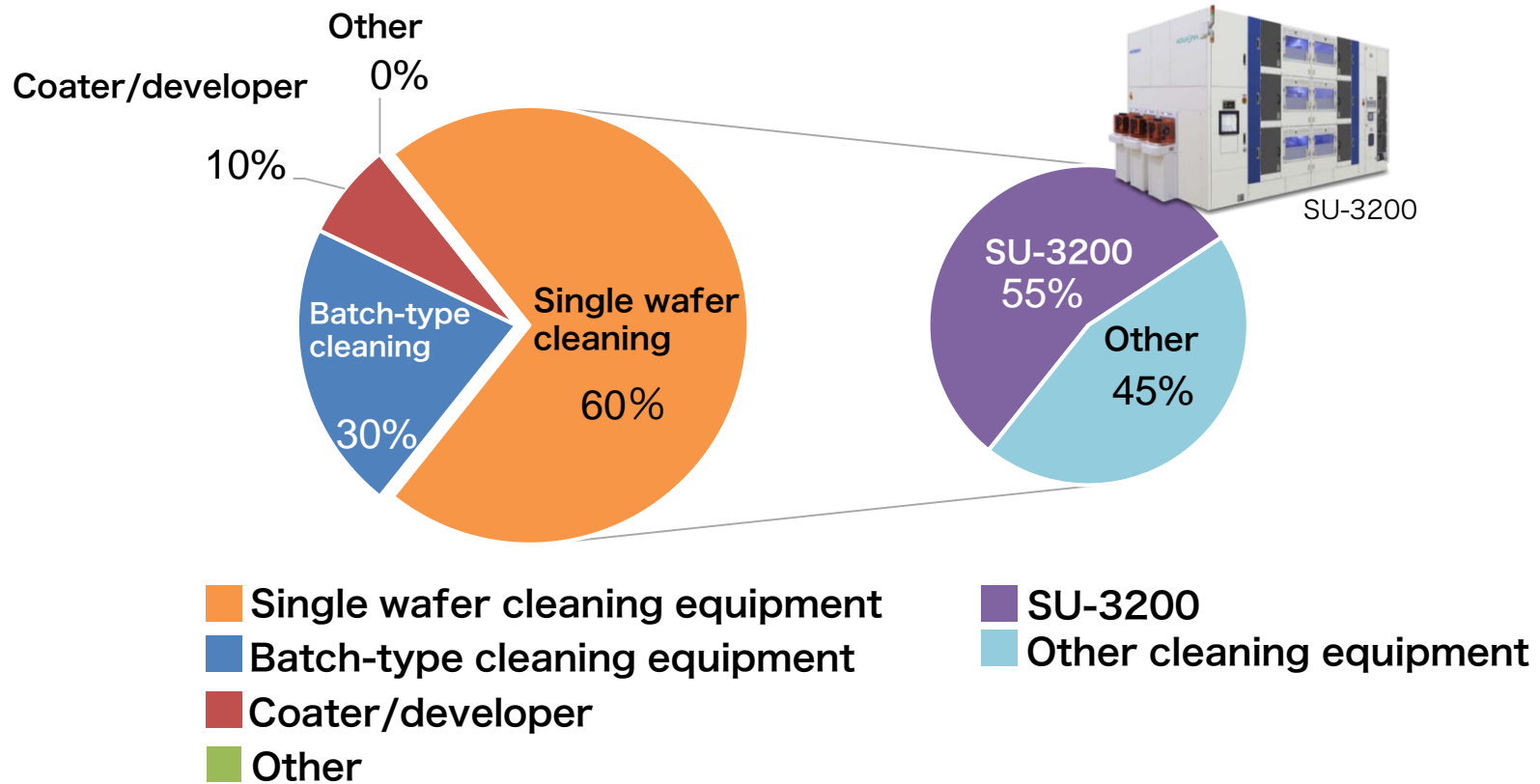
## ■ By Region (destination)



## ■ By Application Device (Nonconsolidated)



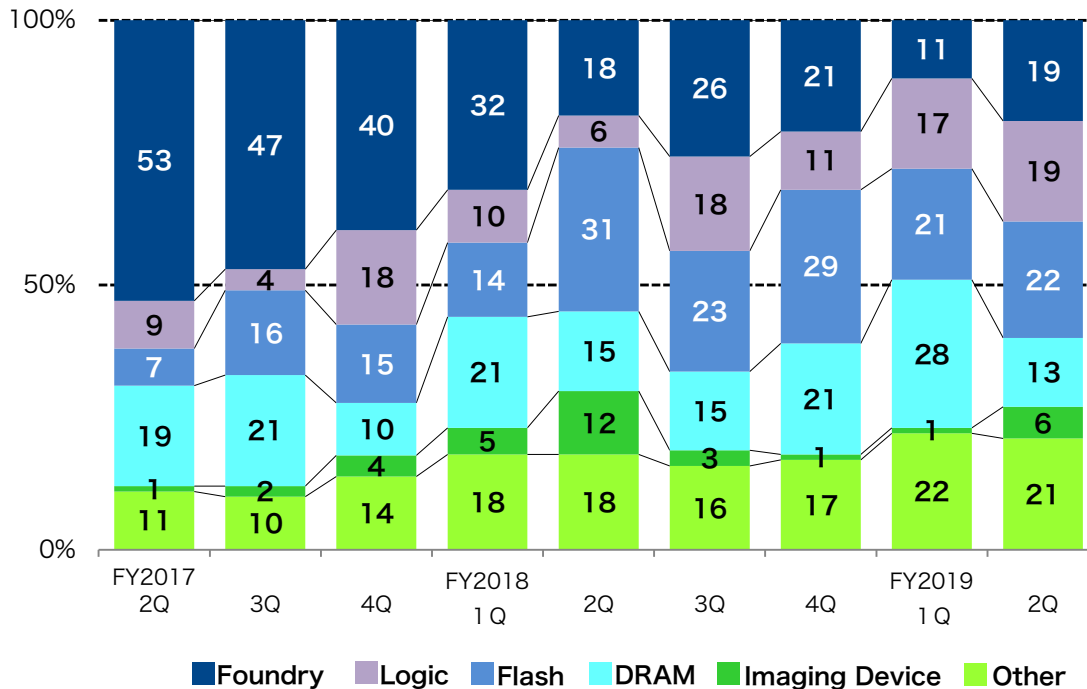
■ FY2019 1H by Cleaning Product (Nonconsolidated)



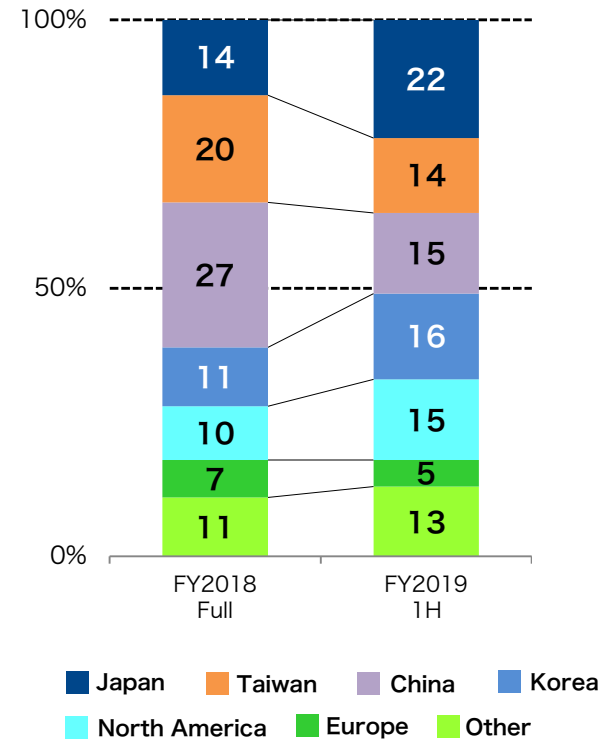
※ Ratio: approximate numbers per 5%

# 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)<br>(Billions of JPY)     | FY2018      | FY2019      | Difference      |        |
|--|-------------|-------------|-----------------|--------|
|  | 1H          | 1H          |                 |        |
| Net sales                                | 24.8        | 23.8        | (0.9)           | -3.7%  |
| Operating income<br>(to net sales ratio) | 1.2<br>5.2% | 0.4<br>1.9% | (0.8)<br>-3.3pt | -65.0% |

| Comparison(QoQ)<br>(Billions of JPY)     | FY2019      | FY2019      | Difference    |       |
|--|-------------|-------------|---------------|-------|
|  | 1Q          | 2Q          |               |       |
| Net sales                                | 11.4        | 12.4        | 0.9           | 8.4%  |
| Operating income<br>(to net sales ratio) | 0.2<br>2.0% | 0.2<br>1.7% | (0)<br>-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)                                  | FY2018             | FY2019              | Difference          |              |
|--|--------------------|---------------------|---------------------|--------------|
|  | 1H                 | 1H                  |                     |              |
| (Billions of JPY)                                |                    |                     |                     |              |
| <b>Net sales</b>                                 | <b>22.8</b>        | <b>25.4</b>         | <b>2.5</b>          | <b>11.1%</b> |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>1.8</b><br>8.2% | <b>2.8</b><br>11.2% | <b>0.9</b><br>3.1pt | <b>52.6%</b> |

| Comparison(QoQ)                                  | FY2019             | FY2019              | Difference          |               |
|--|--------------------|---------------------|---------------------|---------------|
|  | 1Q                 | 2Q                  |                     |               |
| (Billions of JPY)                                |                    |                     |                     |               |
| <b>Net sales</b>                                 | <b>10.3</b>        | <b>15.0</b>         | <b>4.6</b>          | <b>44.8%</b>  |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>0.9</b><br>8.7% | <b>1.9</b><br>12.9% | <b>1.0</b><br>4.2pt | <b>114.0%</b> |

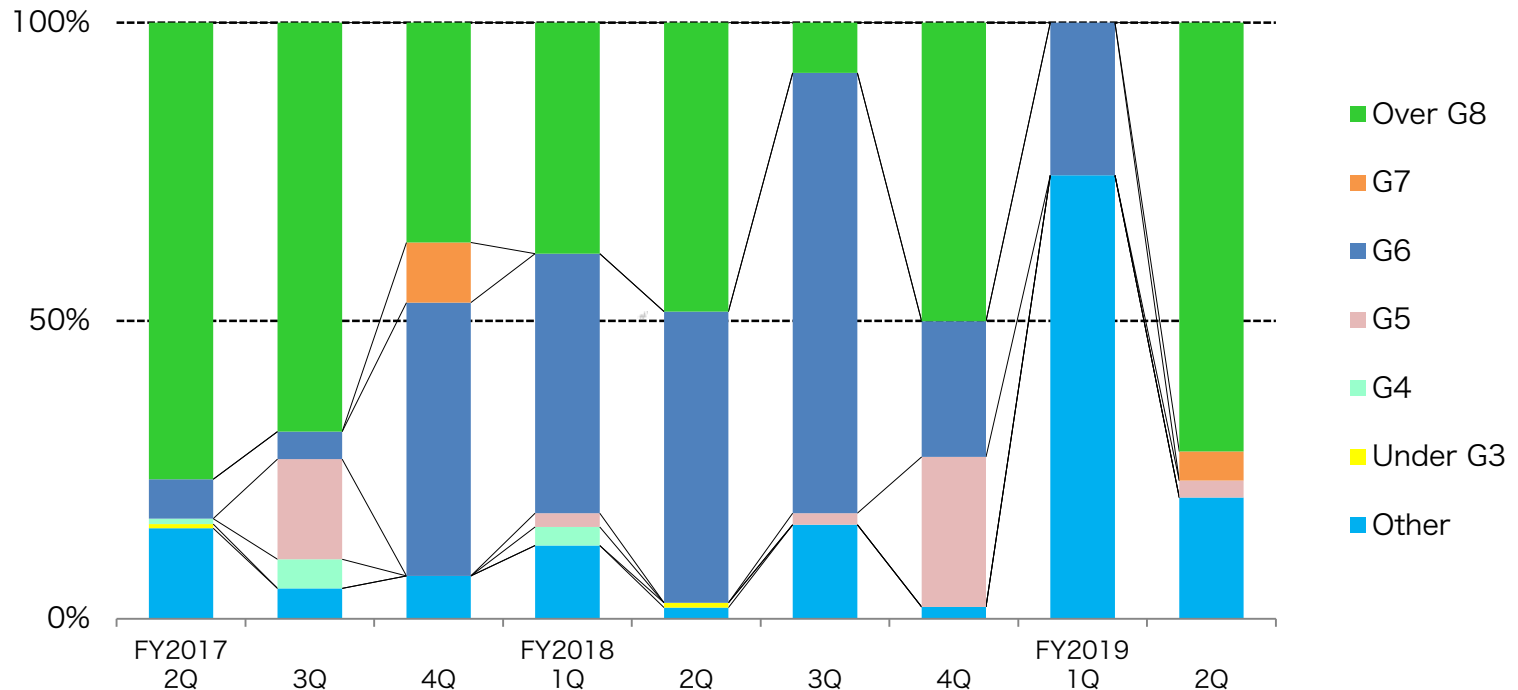
## Outlook

- 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)

## PE: Business Situation

| Comparison(YoY)                                  | FY2018             | FY2019              | Difference          |               |
|--|--------------------|---------------------|---------------------|---------------|
|  | 1H                 | 1H                  |                     |               |
| (Billions of JPY)                                |                    |                     |                     |               |
| <b>Net sales</b>                                 | <b>5.7</b>         | <b>7.1</b>          | <b>1.3</b>          | <b>24.1%</b>  |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>0.3</b><br>6.8% | <b>1.0</b><br>14.9% | <b>0.6</b><br>8.0pt | <b>170.8%</b> |

| Comparison(QoQ)                                  | FY2019              | FY2019              | Difference         |              |
|--|---------------------|---------------------|--------------------|--------------|
|  | 1Q                  | 2Q                  |                    |              |
| (Billions of JPY)                                |                     |                     |                    |              |
| <b>Net sales</b>                                 | <b>3.2</b>          | <b>3.9</b>          | <b>0.6</b>         | <b>20.7%</b> |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>0.5</b><br>16.3% | <b>0.5</b><br>13.6% | <b>0</b><br>-2.7pt | <b>0.9%</b>  |

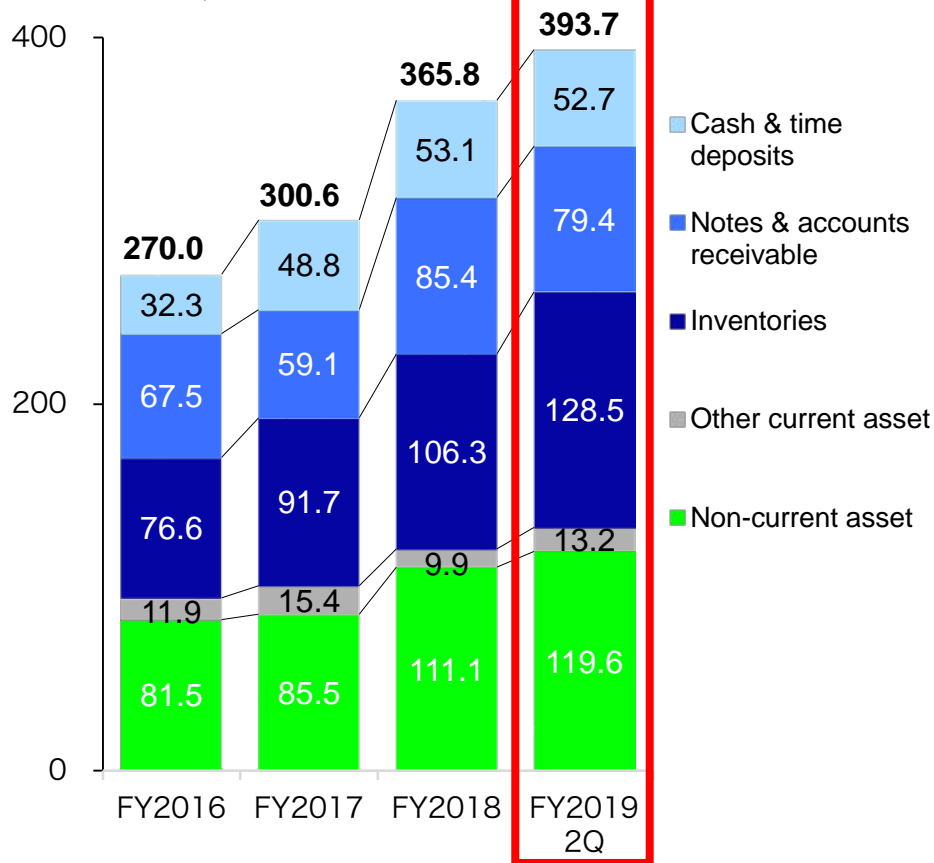
## Outlook

- 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

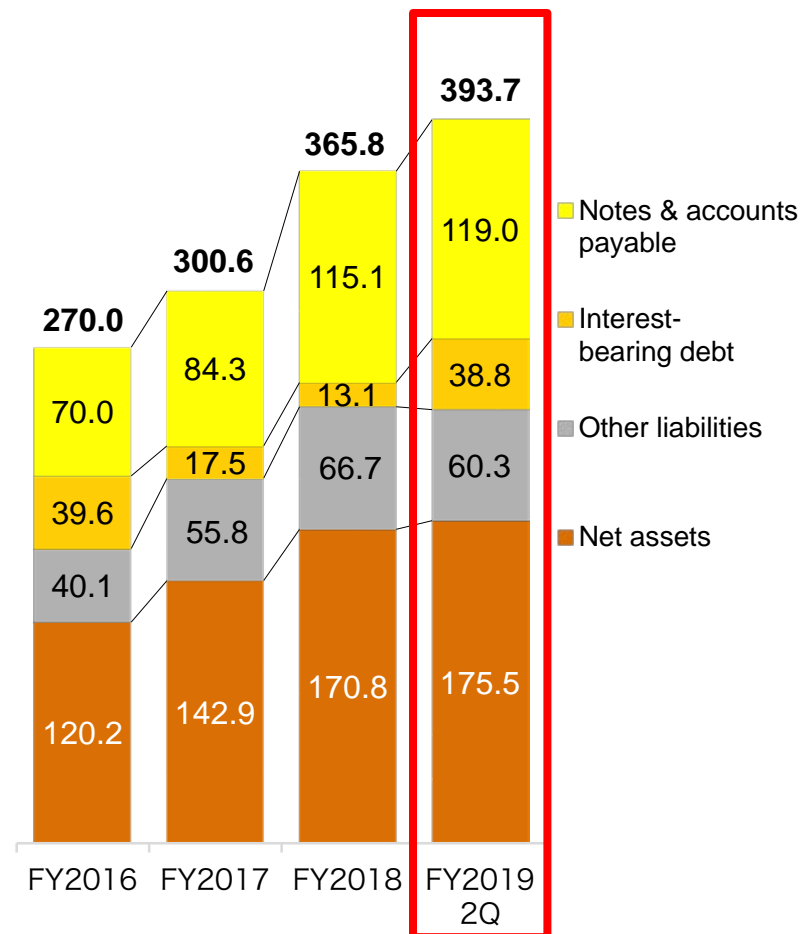
## Trend in B/S

### Assets

(Billions of JPY)



### Liabilities & Net Assets



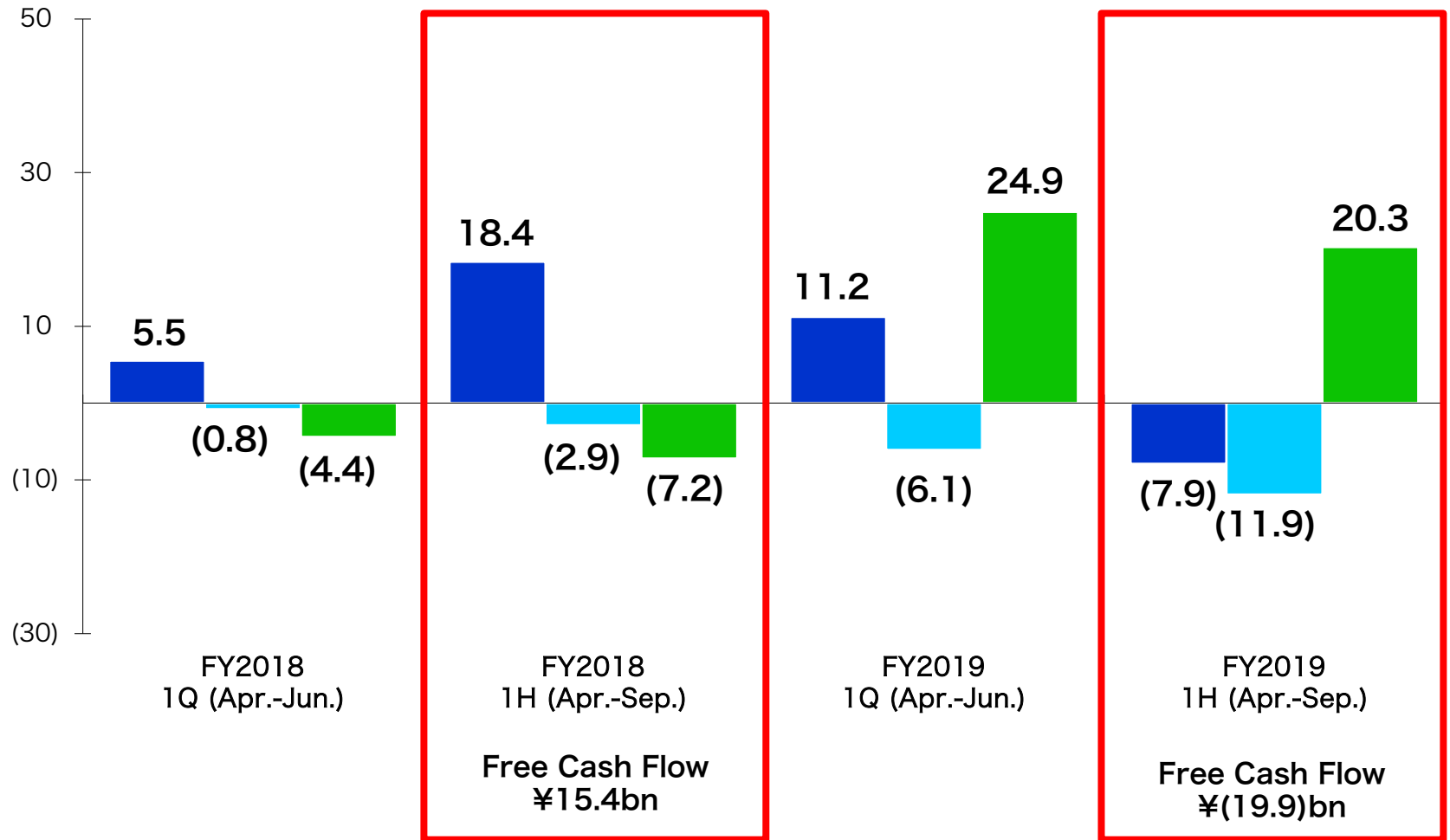
**Equity Ratio : 46.7% (FY2018 4Q) → 44.6% (FY2019 2Q)**

\* 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



# Business Forecast for FY2019

| (Billions of JPY)                                | FY2018<br>Result<br>Full    | FY2019                      |                            |                             |                             |                             |                             |
|--|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |                             | 1H                          |                            | 2H Forecast                 |                             | Full Forecast               |                             |
|  |                             | July                        | Result                     | July                        | October                     | July                        | October                     |
| <b>Net sales</b>                                 | <b>339.3</b>                | <b>183.0</b>                | <b>170.0</b>               | <b>201.0</b>                | <b>203.9</b>                | <b>384.0</b>                | <b>374.0</b>                |
| 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                         |
| <b>Operating income<br/>(to net sales ratio)</b> | <b>42.7</b><br><b>12.6%</b> | <b>23.0</b><br><b>12.6%</b> | <b>15.1</b><br><b>8.9%</b> | <b>30.0</b><br><b>14.9%</b> | <b>28.3</b><br><b>13.9%</b> | <b>53.0</b><br><b>13.8%</b> | <b>43.5</b><br><b>11.6%</b> |
| 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)*                      |
| <b>Ordinary income</b>                           | <b>41.3</b>                 | <b>23.0</b>                 | <b>15.3</b>                | <b>28.0</b>                 | <b>26.7</b>                 | <b>51.0</b>                 | <b>42.0</b>                 |
| Profit attributable to owners of parent          | <b>28.5</b>                 | <b>15.0</b>                 | <b>9.5</b>                 | <b>22.0</b>                 | <b>20.9</b>                 | <b>37.0</b>                 | <b>30.5</b>                 |

\*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)

## 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

## 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



## 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

## For Reference: Changes in Main Index

| (Billions of JPY)             | FY2015 | FY2016 | FY2017 | FY2018 | FY2019<br>(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               |