

Consolidated Business Results & Forecast

FY2019 Third Quarter Ended December 31, 2018

January 30, 2019

A decorative graphic on the left side of the page, featuring several overlapping, light blue hexagons of varying sizes and orientations, some with thin lines connecting them.

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

- ✓ Company-wide operating results for 3Q total included an increase in sales and a decrease in profit compared with the same period of the previous fiscal year
- ✓ Mainly due to changes in equipment delivery schedules and a rise in the variable cost ratio accompanying the setbacks with regard to cost improvements in the Semiconductor Equipment (SE) business, we revised forecasts downward, anticipating a significant decrease in profit
- ✓ In the SE business, 3Q orders were high, exceeding ¥60.0 bn in line with forecasts

Agenda



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

FY2019 3Q Business Results (YoY)

(Billions of JPY)	FY2018						FY2019					Difference (YoY)	
	1Q	2Q	3Q	3Q Total	4Q	Full	1Q	2Q	3Q	3Q Total			
Net sales	72.9	80.8	70.3	224.1	115.2	339.3	72.5	97.5	82.3	252.4	28.2	12.6%	
Operating income (to net sales ratio)	7.3 10.1%	9.5 11.8%	6.8 9.8%	23.7 10.6%	18.9 16.4%	42.7 12.6%	5.1 7.0%	10.0 10.3%	3.6 4.5%	18.8 7.5%	(4.9) -	-20.6% -3.1pt	
Ordinary income	7.5	8.9	6.5	23.0	18.3	41.3	5.1	10.1	3.3	18.6	(4.3)	-18.9%	
Profit attributable to owners of parent	5.1	5.5	4.3	15.0	13.4	28.5	3.5	6.0	0.5	10.1	(4.8)	-32.6%	

- Operating results for FY2019 3Q total (April to December 2018) included an increase in sales and decrease in profit YoY

*Despite achieving higher sales across the Company (except in the GA and PE business), operating income declined except the FT business

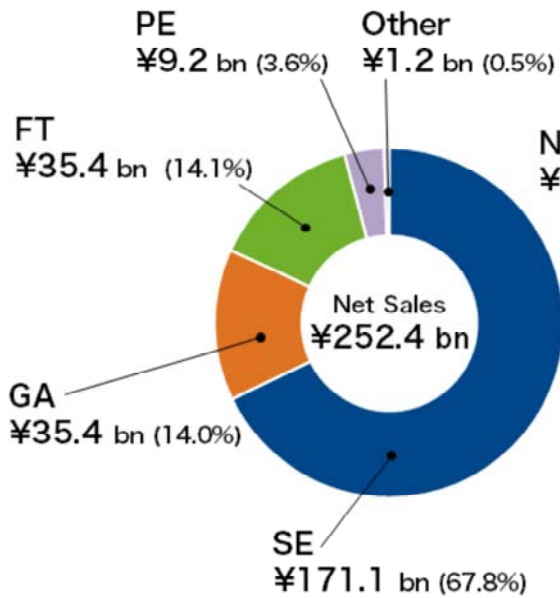
FY2019 3Q Business Results (YoY)

(Billions of JPY)	FY2018						FY2019					
	1Q	2Q	3Q	3Q Total	4Q	Full	1Q	2Q	3Q	3Q Total	Difference (YoY)	
Net sales	72.9	80.8	70.3	224.1	115.2	339.3	72.5	97.5	82.3	252.4	28.2	12.6%
SE	46.5	53.2	45.5	145.3	81.8	227.1	47.1	65.7	58.2	171.1	25.8	17.8%
GA	10.8	13.9	11.8	36.6	16.8	53.4	11.4	12.4	11.5	35.4	(1.2)	-3.3%
FT	12.9	9.9	9.1	32.0	13.2	45.2	10.3	15.0	10.0	35.4	3.4	10.8%
PE	2.3	3.3	3.4	9.2	2.9	12.1	3.2	3.9	2.0	9.2	(0)	-0.4%
Other	0.2	0.3	0.4	0.9	0.3	1.2	0.2	0.4	0.4	1.2	0.2	24.2%
Operating income (to net sales ratio)	7.3 10.1%	9.5 11.8%	6.8 9.8%	23.7 10.6%	18.9 16.4%	42.7 12.6%	5.1 7.0%	10.0 10.3%	3.6 4.5%	18.8 7.5%	(4.9) -	-20.6% -3.1pt
SE	6.4	8.1	5.6	20.2	16.0	36.3	3.7	7.8	4.9	16.5	(3.7)	-18.3%
GA	0.1	1.0	0.3	1.6	1.4	3.0	0.2	0.2	0.2	0.6	(0.9)	-60.0%
FT	1.1	0.7	0.4	2.3	2.2	4.5	0.9	1.9	(0.5)	2.3	0	0.8%
PE	0	0.3	0.6	1.0	(0)	1.0	0.5	0.5	(0)	0.9	(0)	-4.4%
Other	(0.4)	(0.7)	(0.2)	(1.4)	(0.8)	(2.2)	(0.3)	(0.4)	(0.8)	(1.6)	(0.1)	-
Ordinary income	7.5	8.9	6.5	23.0	18.3	41.3	5.1	10.1	3.3	18.6	(4.3)	-18.9%
Profit attributable to owners of parent	5.1	5.5	4.3	15.0	13.4	28.5	3.5	6.0	0.5	10.1	(4.8)	-32.6%

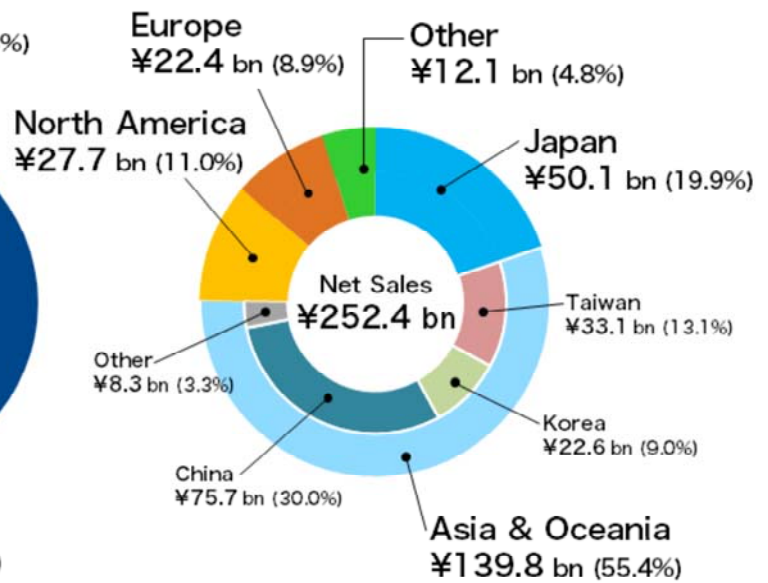
■ SE: Semiconductor Production Equipment Business
 ■ GA: Graphic Arts Equipment Business
■ FT: Display Production Equipment and Coater Business
 ■ PE: PCB-related Equipment Business

FY2019 3Q Total Business Results

■ Sales by Segment

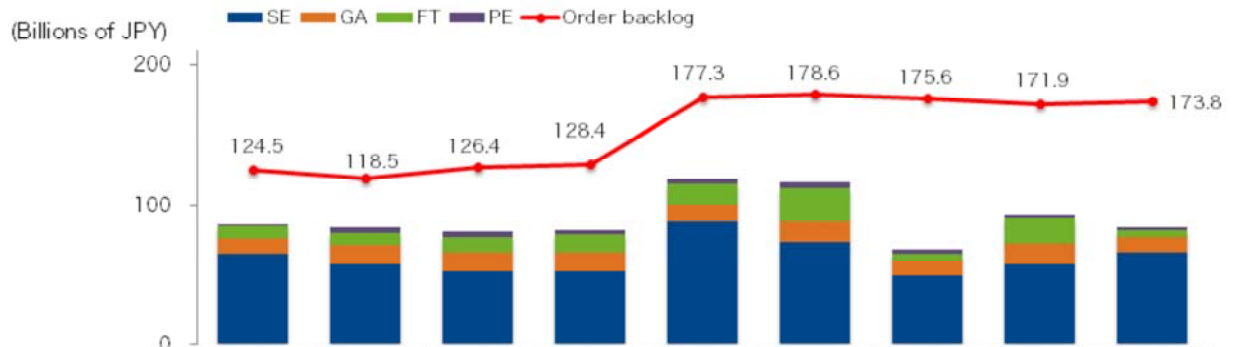


■ Sales by Region



- Consolidated overseas net sales ratio: 80.1%
 - SE overseas net sales ratio: 82.3%

Quarterly Orders Received and Order Backlog



(Billions of JPY)	FY2017		FY2018				FY2019		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Orders received	86.6	83.7	80.6	82.5	118.7	116.1	69.2	93.4	83.7
SE	64.8	58.1	52.9	53.2	88.3	72.5	50.6	58.0	66.3
GA	10.8	13.1	13.1	12.9	12.2	15.3	10.9	13.4	11.1
FT	9.0	8.5	11.0	13.3	14.3	24.6	4.6	19.2	4.6
PE	1.8	4.0	3.5	3.0	3.7	3.6	3.0	2.6	1.5
Order backlog	124.5	118.5	126.4	128.4	177.3	178.6	175.6	171.9	173.8
SE	76.0	70.4	76.7	76.7	119.6	110.3	113.8	106.1	114.3
GA	4.9	4.8	7.1	6.1	6.5	5.0	4.5	5.6	5.3
FT	42.5	41.7	39.8	43.2	48.4	59.7	54.0	58.2	52.8
PE	0.9	1.5	2.7	2.3	2.6	3.3	3.1	1.8	1.3

- We have added order backlog by each segments from this FY2019 3Q in this page

- 3Q Orders Received

Overall: ¥83.7 bn

SE: ¥66.3 bn

Orders exceeded ¥50.0 bn for the 10th consecutive quarter

FT: ¥4.6 bn

While orders received largely decreased from 2Q (19.2 bn), it was almost the same as our expectation

SE: Business Situation

Comparison(YoY) (Billions of JPY)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
Net sales	145.3	171.1	25.8	17.8%
Operating income (to net sales ratio)	20.2 13.9%	16.5 9.7%	(3.7) -4.3pt	-18.3%

Comparison(QoQ) (Billions of JPY)	FY2019	FY2019	Difference	
	2Q	3Q		
Net sales	65.7	58.2	(7.4)	-11.4%
Operating income (to net sales ratio)	7.8 12.0%	4.9 8.4%	(2.9) -3.5pt	-37.4%

Outlook

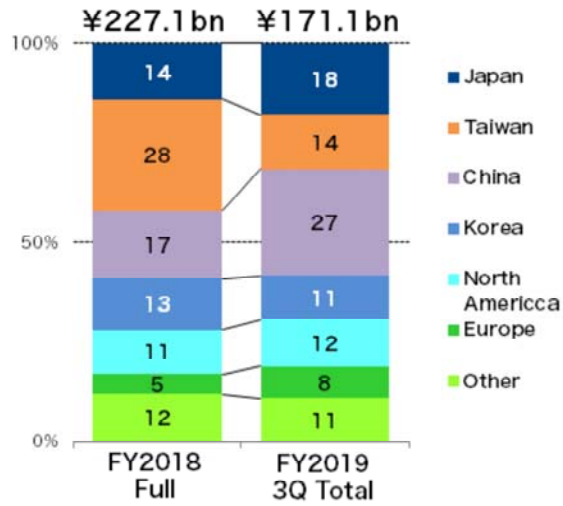
- In 3Q total, sales to foundries decreased and sales to memory manufacturers increased YoY, while sales to logic chip manufacturers remained firm, leading to a rise in sales. However, operating income decreased due mainly to a rise in fixed costs in line with higher personnel costs arising from an expansion in net sales and rising variable cost ratio in 3Q as well as a decrease in profit due mainly to the impact of a number of natural disasters in 1H

SE: Market Outlook and Initiatives

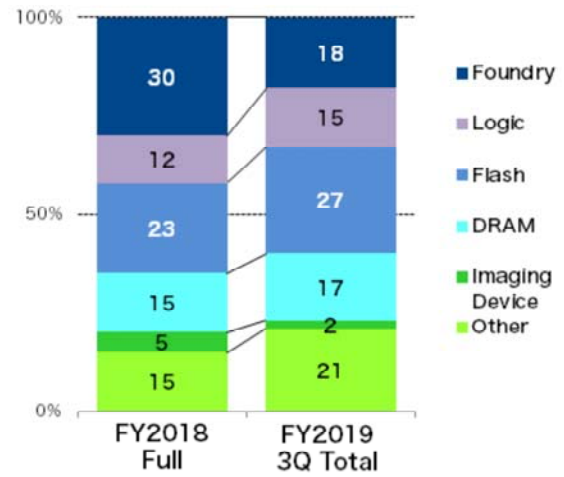
- ✓ **In CY2019, the WFE (wafer fab equipment) market is expected to be worth around \$40 bn, down 15–20% YoY, due to suppressed investment in memories.**
There is no change in our outlook on the market over the medium to long term
- ✓ **Memory: We expect investment to recover from the CY2019 2H due to adjustments**
 - We aim to deliver equipment in a timely manner when investment once again picks up
- ✓ **Foundry: Investment in miniaturization will continue**
 - We will offer and provide a range of equipment to meet demand for leading-edge processes
- ✓ **Logic: Investment in mass production will be firm**
 - In addition to current mass production investment, we will support investment in miniaturization for next-generation nodes
- ✓ **IoT-related investment will remain strong**
 - Inquiries regarding automotive devices, power semiconductors (SiC, GaN), MEMS, and sensors will expand
- ✓ **Phase 2 investment by memory manufacturers in China and emerging countries remains unclear**
 - We will pay careful attention to trade tensions between China and the U.S.

Composition of Sales

■ By Region -destination- (Consolidated)

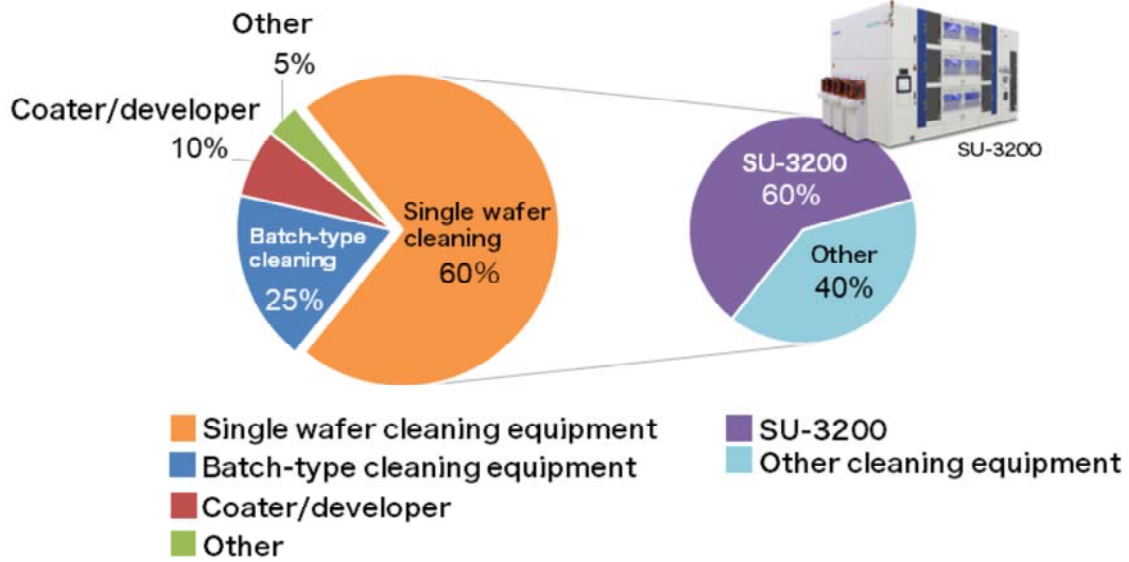


■ By Application Device (Nonconsolidated)



Composition of Sales (Nonconsolidated)

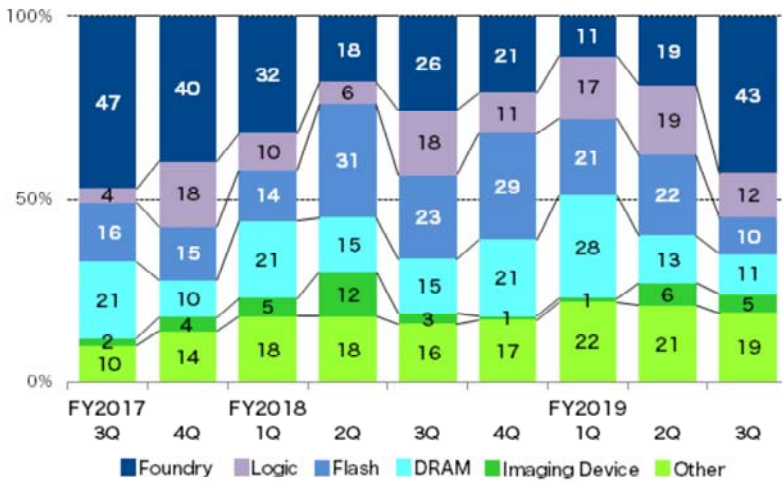
■ FY2019 3Q Total by Cleaning Product



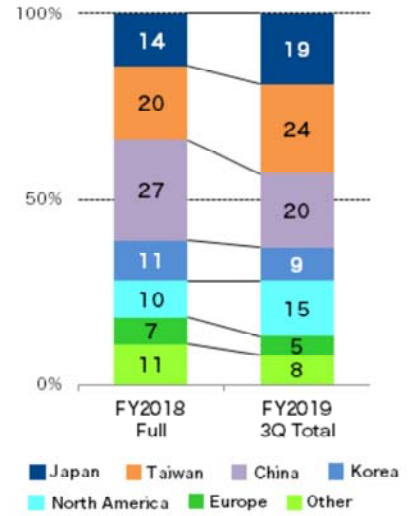
※ Ratio: approximate numbers per 5%

Orders Received Ratio (Nonconsolidated)

■ Quarterly by Application Device



■ By Region



- While memory orders fell significantly and logic orders decreased slightly, foundry orders expanded by a wide margin
- We received orders totaling ¥66.3 bn, up ¥8.3 bn from 2Q

GA: Business Situation

Comparison(YoY) (Billions of JPY)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
Net sales	36.6	35.4	(1.2)	-3.3%
Operating income (to net sales ratio)	1.6 4.5%	0.6 1.9%	(0.9) -2.6pt	-60.0%

Comparison(QoQ) (Billions of JPY)	FY2019	FY2019	Difference	
	2Q	3Q		
Net sales	12.4	11.5	(0.8)	-7.2%
Operating income (to net sales ratio)	0.2 1.7%	0.2 1.8%	(0) 0.1pt	-3.3%

Outlook

- In 3Q total, while there was a YoY increase in overseas POD direct sales and sales of after-sales service, especially ink, we saw a decrease in domestic sales (CTP and POD OEM), leading to a decrease in sales and profit
- Going forward, we aim to bolster POD direct sales and ink sales in addition to restructuring our businesses (for which we recorded an extraordinary loss). This will rapidly improve our profitability

FT: Business Situation

Comparison(YoY) (Billions of JPY)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
Net sales	32.0	35.4	3.4	10.8%
Operating income (to net sales ratio)	2.3 7.3%	2.3 6.6%	0 -0.7pt	0.8%

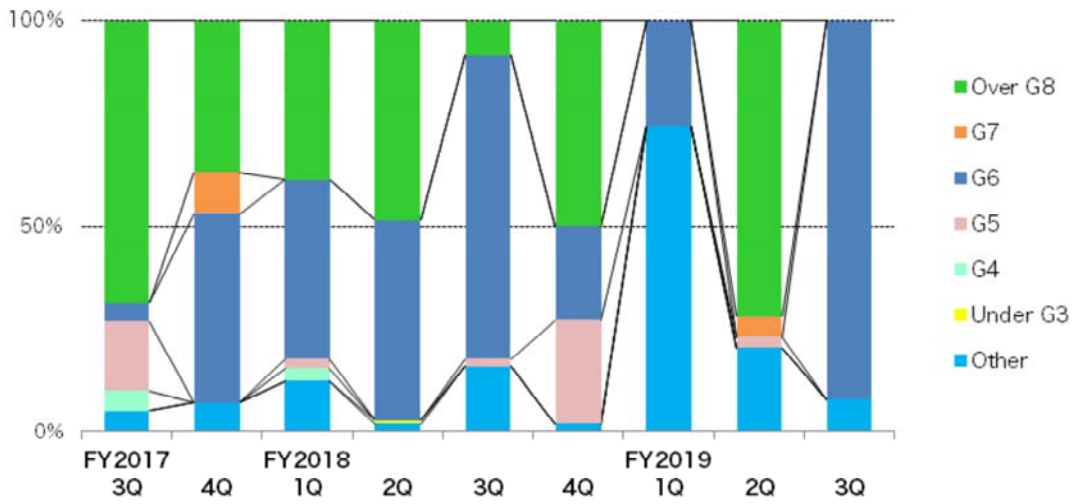
Comparison(QoQ) (Billions of JPY)	FY2019	FY2019	Difference	
	2Q	3Q		
Net sales	15.0	10.0	(4.9)	-33.2%
Operating income (to net sales ratio)	1.9 12.9%	(0.5) -5.0%	(2.4) -18.0pt	-126.0%

Outlook

- In 3Q total, although sales of large-sized equipment decreased, sales of small- and mid-sized equipment (OLEDs to China) increased, and sales rose YoY. However, profitability diminished due mainly to valuation losses on inventory
- Going forward, we expect sales in new businesses (related to coating business) to increase, especially in LiB-related ones

Composition of Orders Received (Nonconsolidated)

■ Quarterly by Size of Products



- 3Q consolidated net orders (¥4.6 bn) were mainly due to small- and mid-sized equipment (OLED-related)
- Going forward, we anticipate large-sized LCDs, OLEDs and new business orders

PE: Business Situation

Comparison(YoY) (Billions of JPY)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
Net sales	9.2	9.2	(0)	-0.4%
Operating income (to net sales ratio)	1.0 11.0%	0.9 10.6%	(0) -0.4pt	-4.4%

Comparison(QoQ) (Billions of JPY)	FY2019	FY2019	Difference	
	2Q	3Q		
Net sales	3.9	2.0	(1.8)	-48.0%
Operating income (to net sales ratio)	0.5 13.6%	(0) -4.6%	(0.6) -18.2%	-117.5%

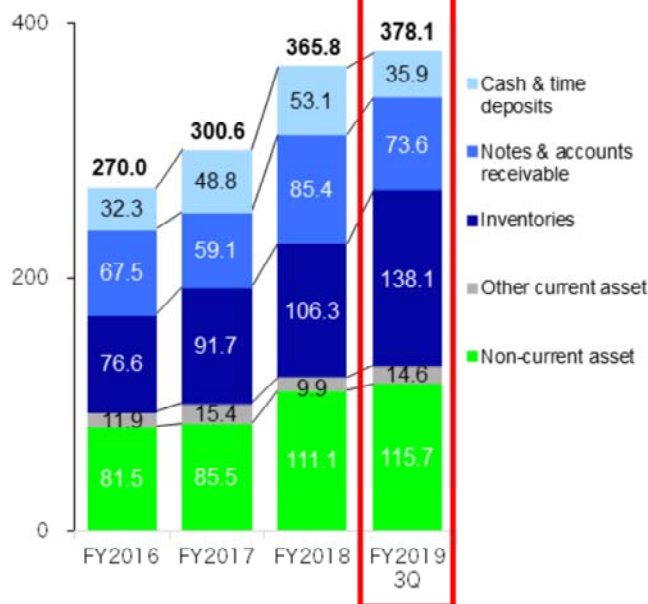
Outlook

- In the 3Q total results were about the same as YoY. However, in 3Q, sales fell sharply and profit decreased significantly compared to 2Q due to a deceleration in smart phone-related investment.
- Looking ahead to the next fiscal year, we expect investment in automotive devices and 5G to ramp up. In automotive devices, inquiries has already been robust.

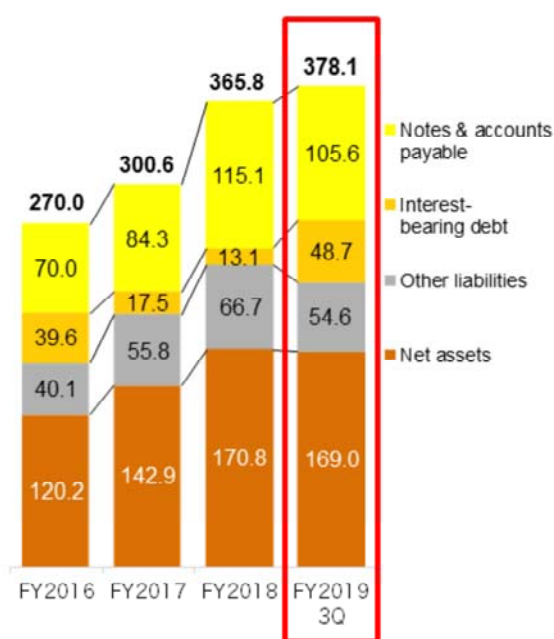
Trend in B/S

Assets

(Billions of JPY)



Liabilities & Net Assets



Equity Ratio : 46.7% (FY2018 4Q) → 44.7% (FY2019 3Q)

* 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 ¥378.1 bn, an increase of ¥12.2 bn or 3.4%
- Reason for increase of assets:

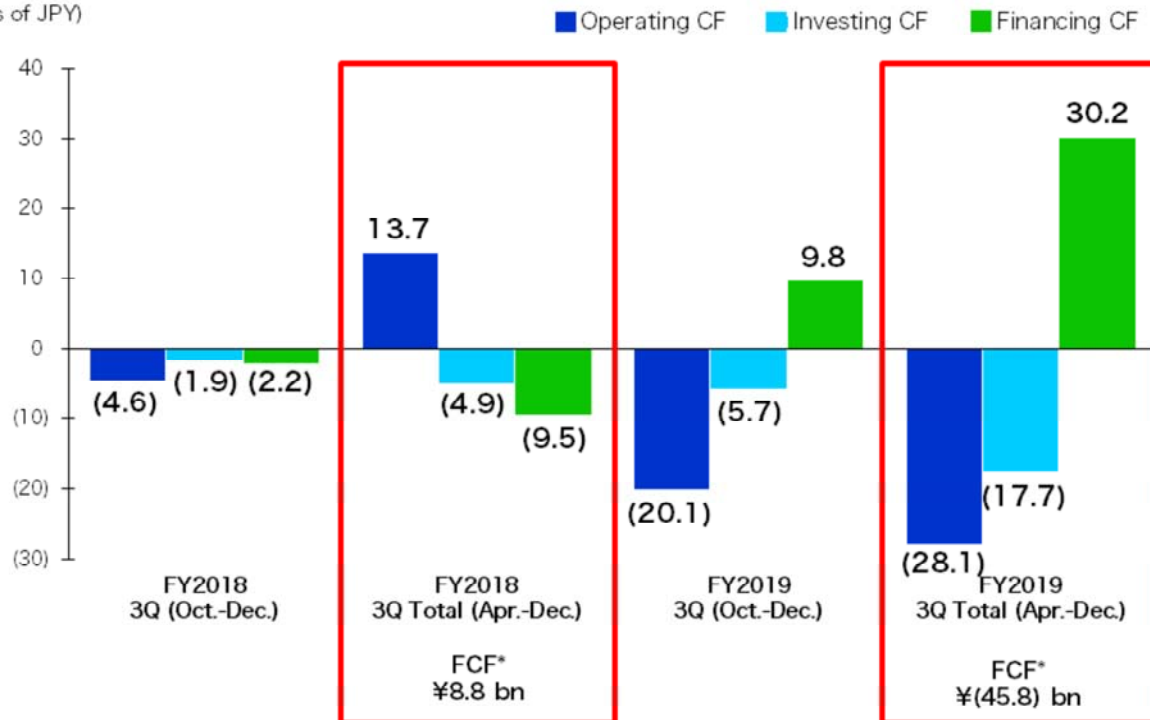
This was largely due to an increase in inventories and property, plant and equipment, despite a decrease in cash and time deposits, notes and accounts receivable including electronically recorded monetary claims, and investment securities (- ¥7.9 bn) accompanying a drop in the market values of held stocks
- Reason for increase/decrease of total liabilities and total net assets:
 - Total liabilities amounted to ¥209.1 bn, up ¥14.1 bn or 7.3%.

This was mainly attributable to an issuance of convertible bond-type bonds with share acquisition rights and an increase in loans payable
 - Total net assets amounted to ¥169.0 bn, down ¥1.8 bn or -1.1%.

This was mainly attributable to a decrease in valuation difference on available-for-sale securities due to a fall in the market values of held stocks and payment of cash dividends, despite the recording of profit attributable to owners of parent
- As a result, the equity ratio as of December 31, 2018 stood at 44.7%

Cash Flows

(Billions of JPY)



* FCF: Free Cash Flow

General condition of Consolidated Cash Flows for FY2019 3Q total:

- Net cash used in operating activities amounted to ¥28.1 bn
This was because an increase in inventories, a decrease in notes and accounts payable including electronically recorded obligations, income taxes paid, and other outflows exceeded income before income taxes, the decrease in notes and accounts receivable including electronically recorded monetary claims, and other inflows
- Net cash used in investing activities amounted to ¥17.7 bn
This was largely attributable to the purchase of property, plant and equipment, such as new plant construction and equipment for R&D
- As a result, FCF was - ¥45.8 bn
- Net cash provided in financing activities amounted to ¥30.2 bn, compared with ¥9.5 bn used in financing activities in FY2018 3Q total.
This was mainly due to an issuance of convertible bond-type bonds with share acquisition rights, despite cash dividends paid

Business Forecast for FY2019

(Billions of JPY)	FY2018 Full Result	FY2019				
		1H	2H Forecast		Full Forecast	
		Result	October	January	October	January
Net sales	339.3	170.0	203.9	191.9	374.0	362.0
SE	227.1	112.8	147.1	137.1	260.0	250.0
GA	53.4	23.8	24.1	24.1	48.0	48.0
FT	45.2	25.4	24.5	24.1	50.0	49.5
PE	12.1	7.1	5.8	5.3	13.0	12.5
Other	1.2	0.7	2.2	1.2	3.0	2.0
Operating income (to net sales ratio)	42.7 12.6%	15.1 8.9%	28.3 13.9%	13.8 7.2%	43.5 11.6%	29.0 8.0%
SE	36.3	11.6	27.0*	14.0*	39.0*	25.5*
GA	3.0	0.4	0.5*	0.5*	1.0*	1.0*
FT	4.5	2.8	2.0*	1.0*	5.0*	4.0*
PE	1.0	1.0	0.5*	0*	1.5*	1.0*
Other	(2.2)	(0.7)	(2.0)*	(2.0)*	(3.0)*	(2.5)*
Ordinary income	41.3	15.3	26.7	12.7	42.0	28.0
Profit attributable to owners of parent	28.5	9.5	20.9	7.4	30.5	17.0

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

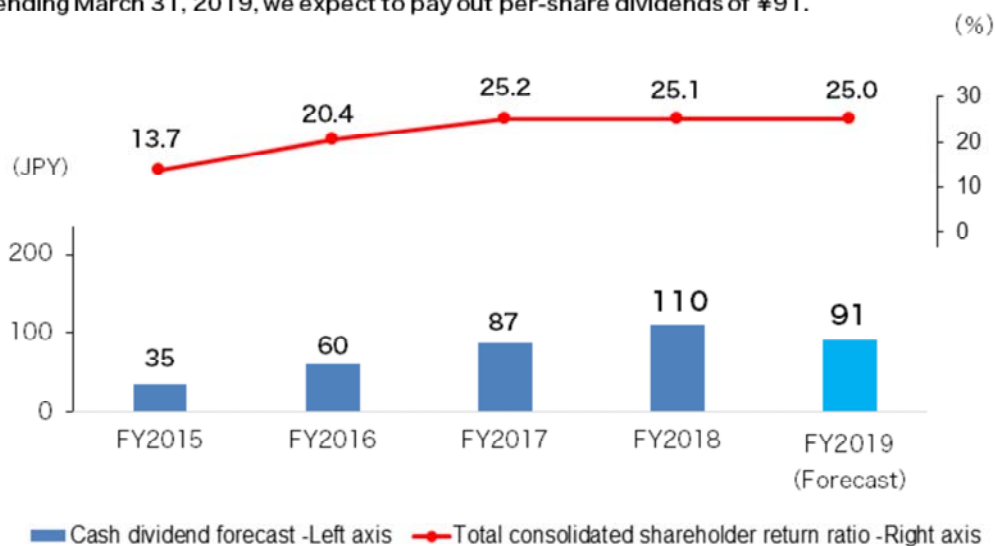
Assumed Exchange Rate in 4Q>> USD1 = ¥110 EUR1 = ¥125

Forecast of annual cash dividends for FY2019>> JPY 91.00 per share (year-end cash dividend)

- The 2H and full-year performance forecasts released in October have been revised further downward
- The profit of the SE business, the main cause of decrease in profit, may fall below previous forecasts due mainly to in particular seeing a decrease in sales due to changes in equipment delivery schedules and a rise in the variable cost ratio due to the setbacks with regard to cost improvements caused by prioritizing materials purchasing accompanying a steep increase in production
- The year-end dividend forecast has also regrettably changed due to the downward revision in profit attributable to owners of the parent

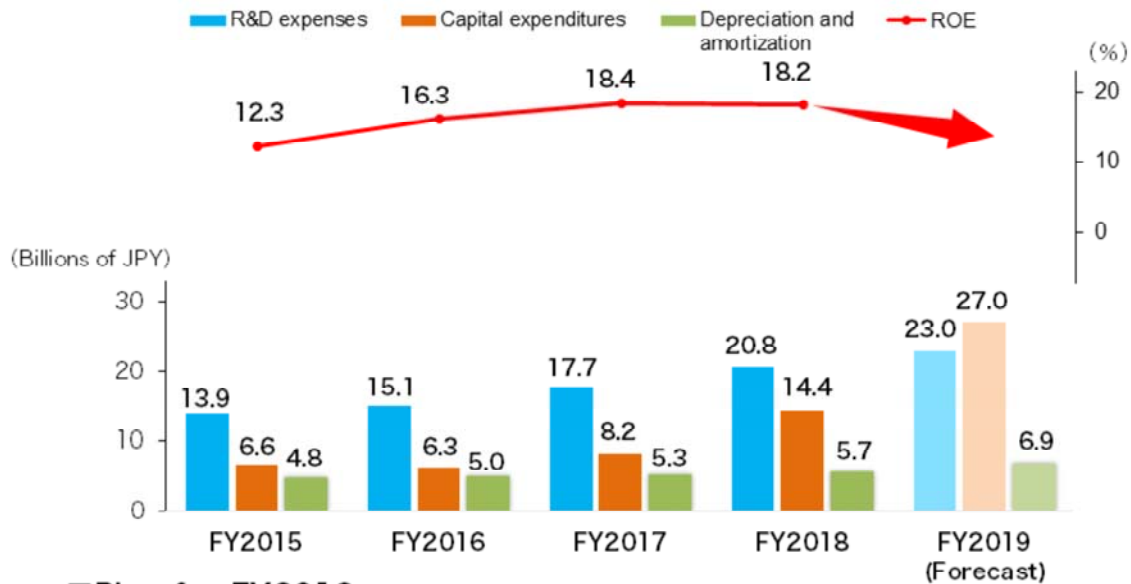
➤ **Total Consolidated Shareholder Return Ratio**
: Aim for 25% or above

- Taking into consideration downward revision results forecasts for the fiscal year ending March 31, 2019, we expect to pay out per-share dividends of ¥91.



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

➤ Growth Investment and ROE



■ Plan for FY2019

- R&D expenses: Targeting next-generation technology
- Capital expenditures: Expand production capacity with enhancing production efficiency for the SE and FT segments and invest in IT

- R&D expenses:

We plan to spend a record-setting ¥23.0 bn (no change from the forecast released in October). We continue to make forward-looking growth investments, mainly in the SE business

- Capital investment:

A new factory was constructed in Hikone for the SE and FT business, and full-scale operations have already begun. We aim to raise productivity and enhance profitability

Recent Topics**HD**

- CDP2018 Score Climate Change: B (2017: C) / Water: B⁻ (2017: B)
- Develops cell image analysis software that utilizes deep learning
- Develops automated visual inspection systems for in-vehicle components under new Lulimo brand name
- Receives "FY2019 Kinki Region Invention and Innovation Award Commissioner of Japan Patent Office Prize"

SE

- Completes new manufacturing facility for semiconductor production equipment
- Transfer and changes in scope of the commission of directors and corporate officers
- Receives "Excellent Performance Award" from TSMC for clean equipment achievements
- Concludes an collaboration and cooperation agreement with Shiga University (Japan) in the field of data science

GA

- Signs global distribution partnership agreement with Monotype
- Receives "2018 GP (Green Printing) Material and Equipment Eco Award In the Field of Equipment" from Japan Federation of Printing Industries (JFPI)

FT

- Finishes construction of new manufacturing facility for display production and coating equipment

- For details, please visit our official website "Group News" at;
<https://www.screen.co.jp/en/news>

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















Responding to the Revised Corporate Governance Code
 - Disclosure of Corporate Governance Report on December 21, 2018

- **Cross-shareholdings**
 - Disclosing policy and concept on reduction
- **Roles of Corporate Pension Funds as Asset Owners**
 - Newly organized "Pension Asset Management Committee"
- **Formulation of successor plan on president/CEO and procedures in the appointment/dismissal of senior management**

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	362.0
Operating income	17.1	23.5	33.7	42.7	29.0
Operating income ratio (%)	7.2	9.1	11.2	12.6	8.0
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	6.9
Capital expenditures	6.6	6.3	8.2	14.4	27.0
R&D expenses	13.9	15.1	17.7	20.8	23.0
EPS (JPY)	255.35	396.75	511.96	608.62	364.39

SCREEN