

Consolidated Business Results & Forecast

FY2019 Third Quarter Ended December 31, 2018

January 30, 2019

A decorative graphic on the left side of the slide, consisting of several overlapping, light blue hexagonal outlines of varying sizes.

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					
	1Q	2Q	3Q	3Q Total	4Q	Full	1 Q	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%
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%

FY2019 3Q Business Results (YoY)

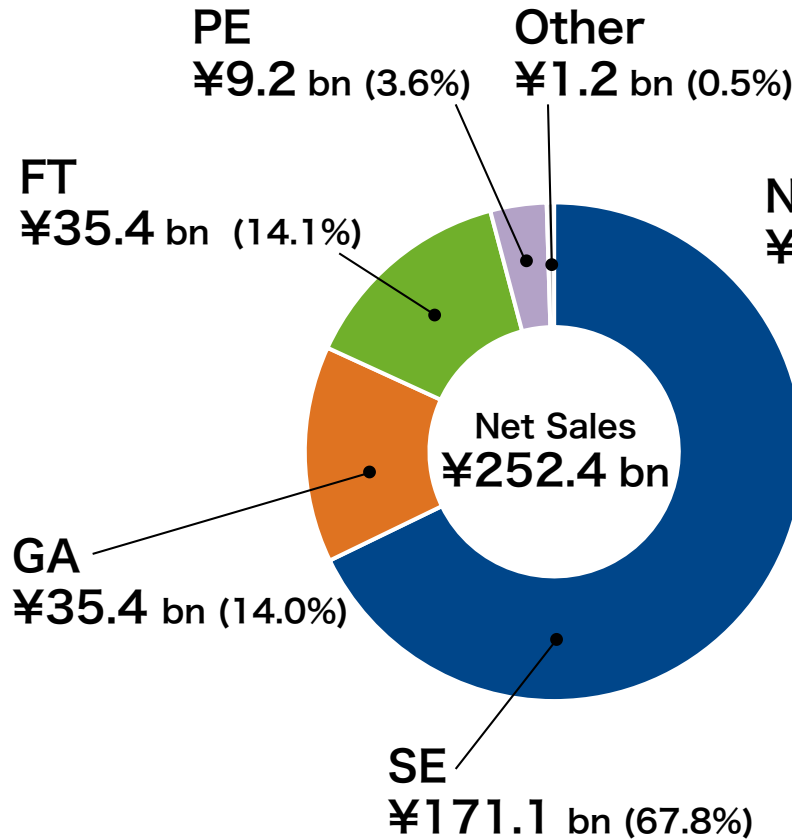
(Billions of JPY)	FY2018						FY2019					
	1Q	2Q	3Q	3Q Total	4Q	Full	1Q	2Q	3Q	3Q Total	Difference (YoY)	
Net sales	72.9	80.8	70.3	224.1	115.2	339.3	72.5	97.5	82.3	252.4	28.2	12.6%
SE	46.5	53.2	45.5	145.3	81.8	227.1	47.1	65.7	58.2	171.1	25.8	17.8%
GA	10.8	13.9	11.8	36.6	16.8	53.4	11.4	12.4	11.5	35.4	(1.2)	-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
 FT: Display Production Equipment and Coater Business

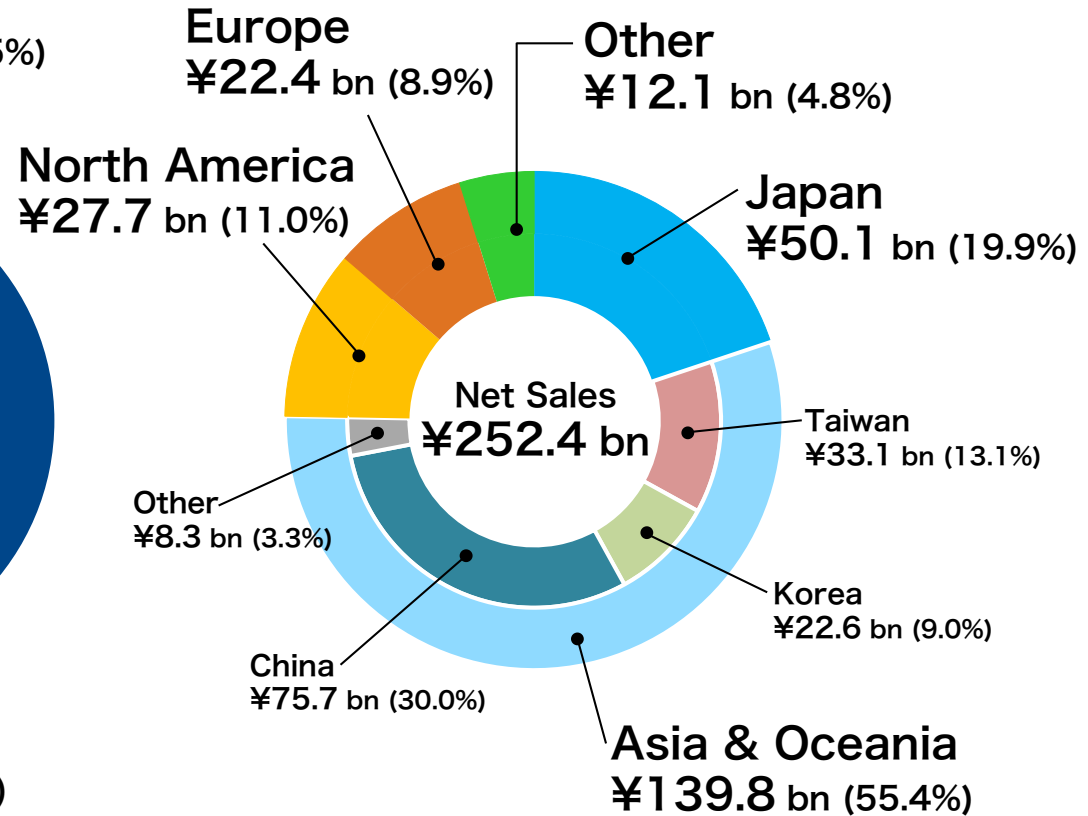
GA: Graphic Arts Equipment Business
 PE: PCB-related Equipment Business

FY2019 3Q Total Business Results

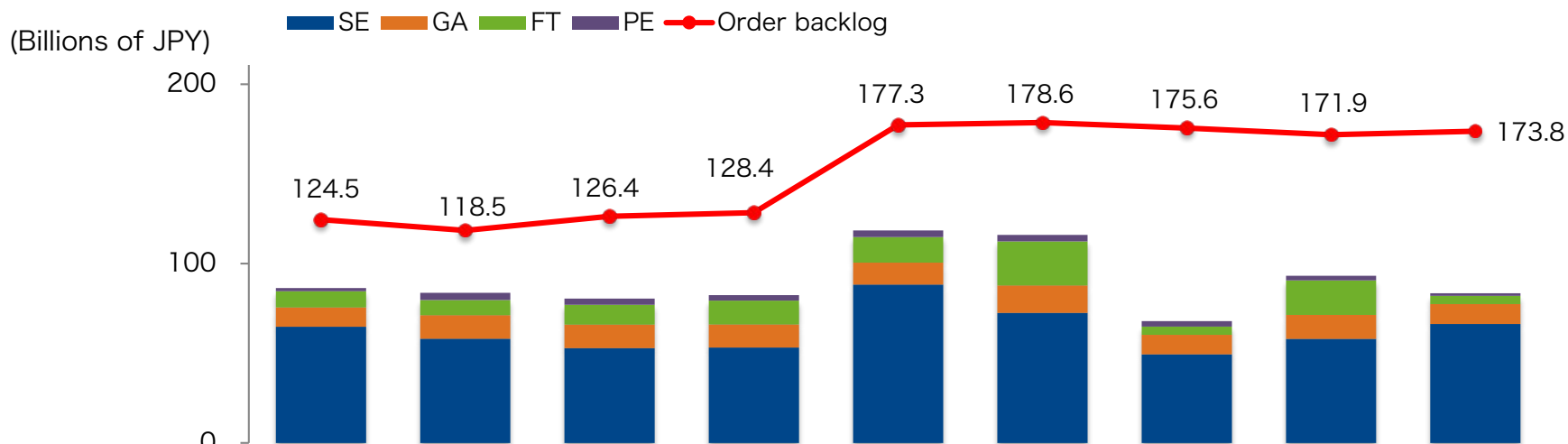
■ Sales by Segment



■ Sales by Region



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

SE: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
(Billions of JPY)				
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)	FY2019	FY2019	Difference	
	2Q	3Q		
(Billions of JPY)				
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

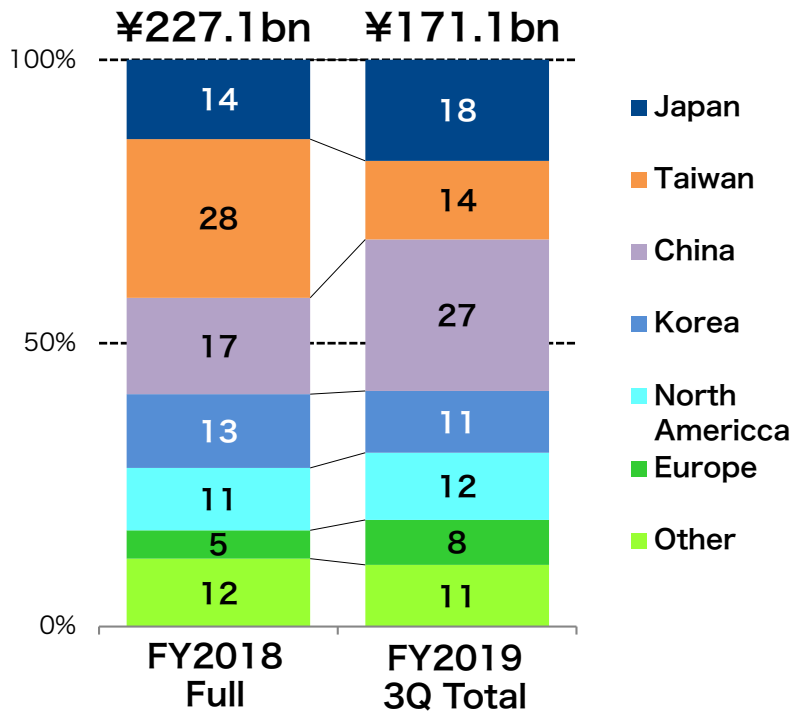
- In 3Q total, sales to foundries decreased and sales to memory manufacturers increased YoY, while sales to logic chip manufacturers remained firm, leading to a rise in sales. However, operating income decreased due mainly to a rise in fixed costs in line with higher personnel costs arising from an expansion 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

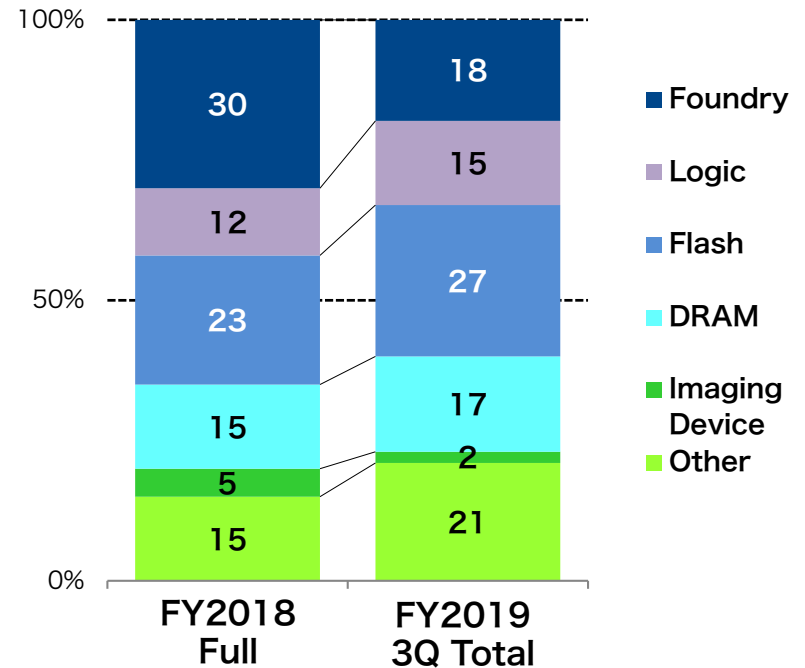
- ✓ **In CY2019, the WFE (wafer fab equipment) market is expected to be worth around \$40 bn, down 15–20% YoY, due to suppressed investment in memories.**
There is no change in our outlook on the market over the medium to long term
- ✓ **Memory: We expect investment to recover from the CY2019 2H due 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)

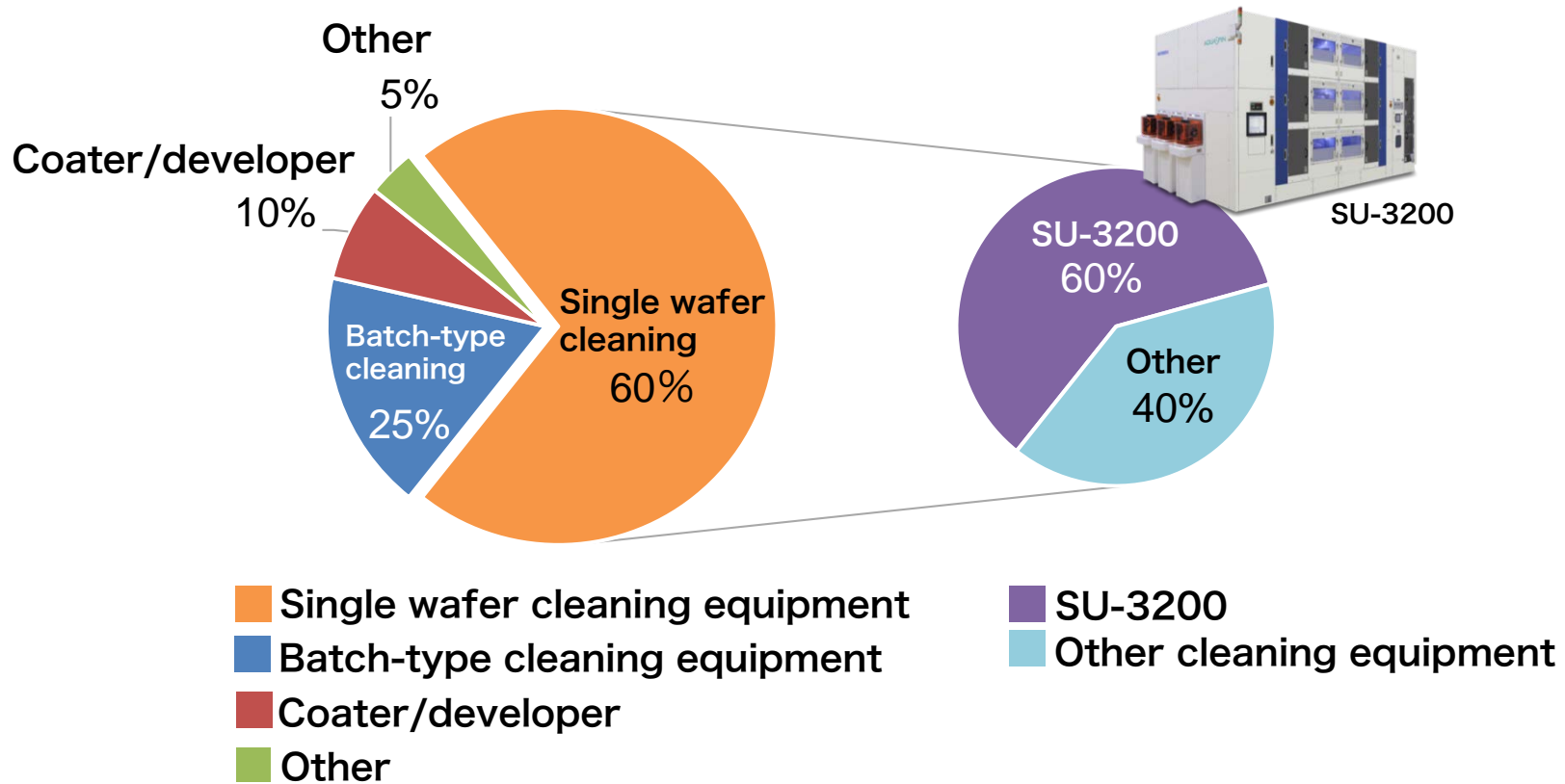


■ By Application Device (Nonconsolidated)



Composition of Sales (Nonconsolidated)

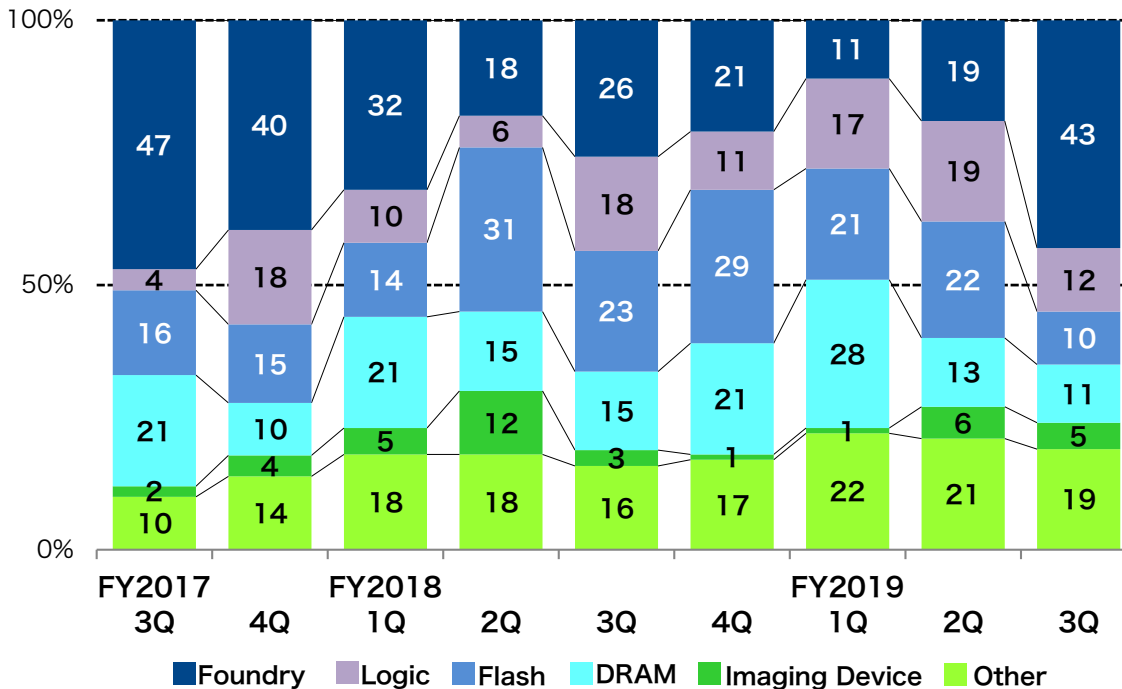
■ FY2019 3Q Total by Cleaning Product



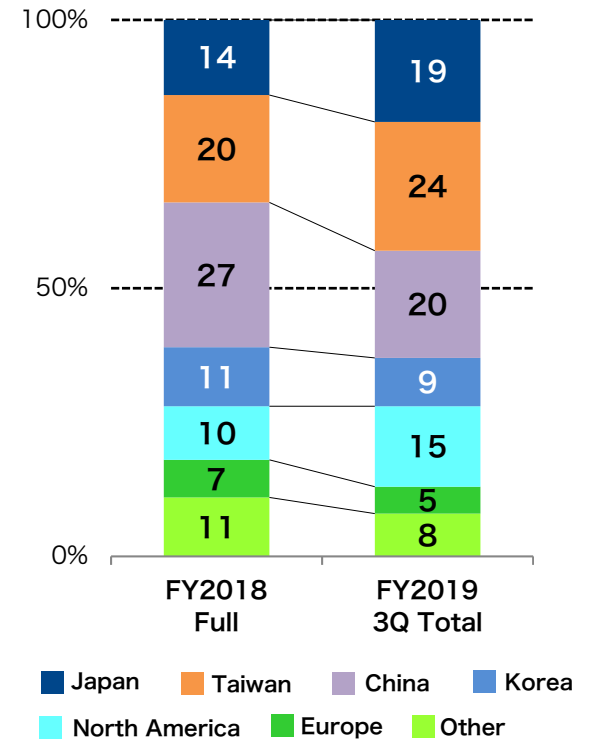
※ Ratio: approximate numbers per 5%

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)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
(Billions of JPY)				
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%

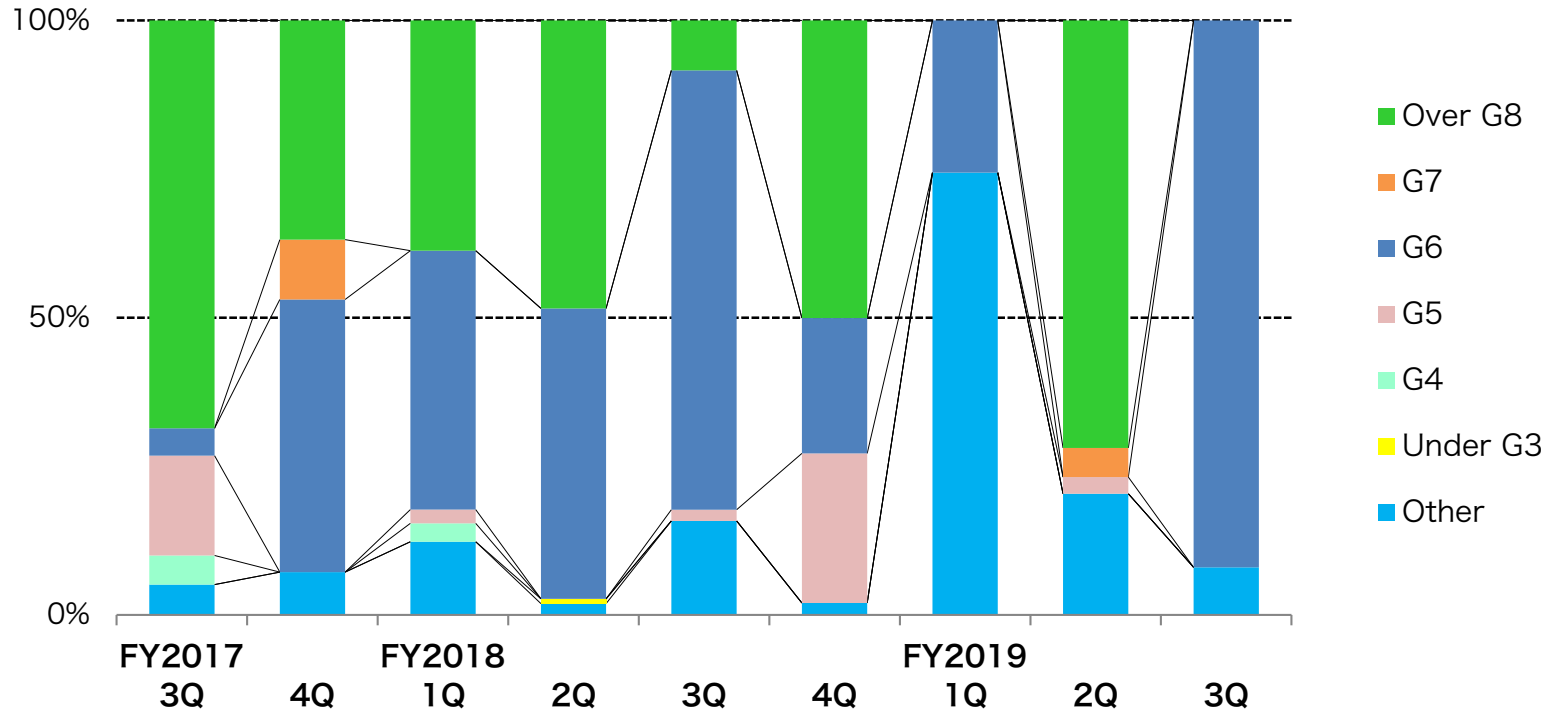
Comparison(QoQ)	FY2019	FY2019	Difference	
	2Q	3Q		
(Billions of JPY)				
Net sales	15.0	10.0	(4.9)	-33.2%
Operating income (to net sales ratio)	1.9 12.9%	(0.5) -5.0%	(2.4) -18.0pt	-126.0%

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)	FY2018	FY2019	Difference	
	3Q Total	3Q Total		
(Billions of JPY)				
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%

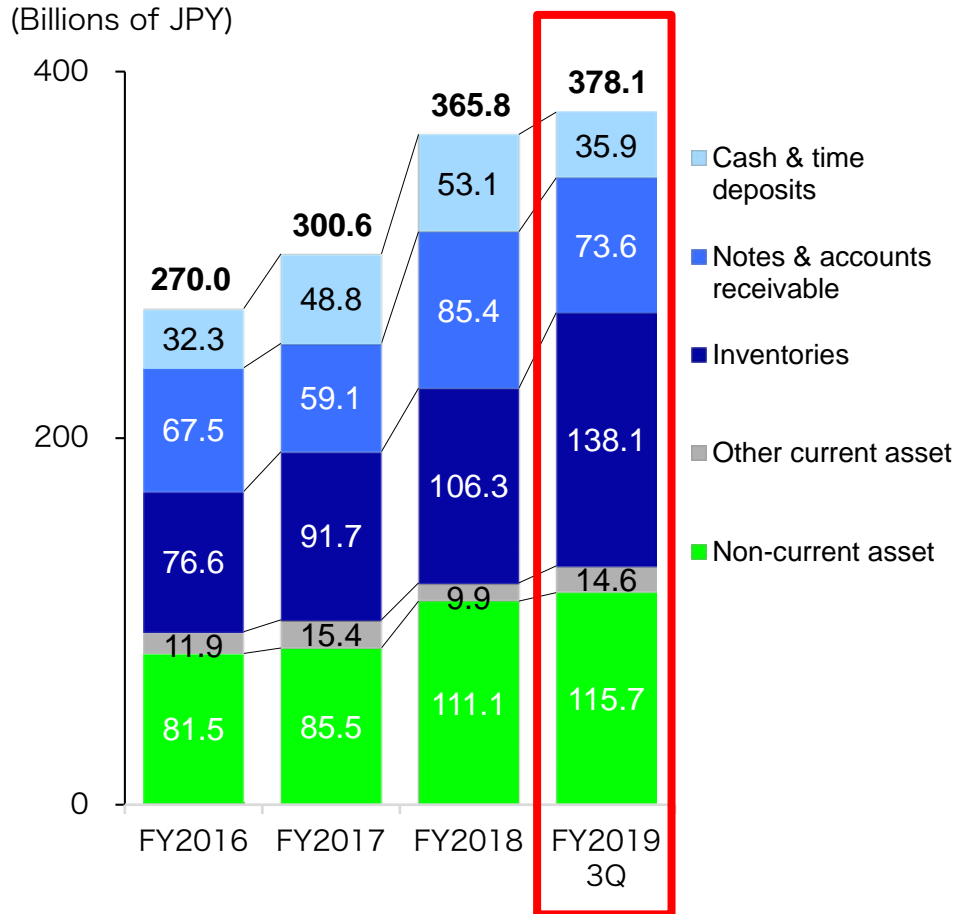
Comparison(QoQ)	FY2019	FY2019	Difference	
	2Q	3Q		
(Billions of JPY)				
Net sales	3.9	2.0	(1.8)	-48.0%
Operating income (to net sales ratio)	0.5 13.6%	(0) -4.6%	(0.6) -18.2%	-117.5%

Outlook

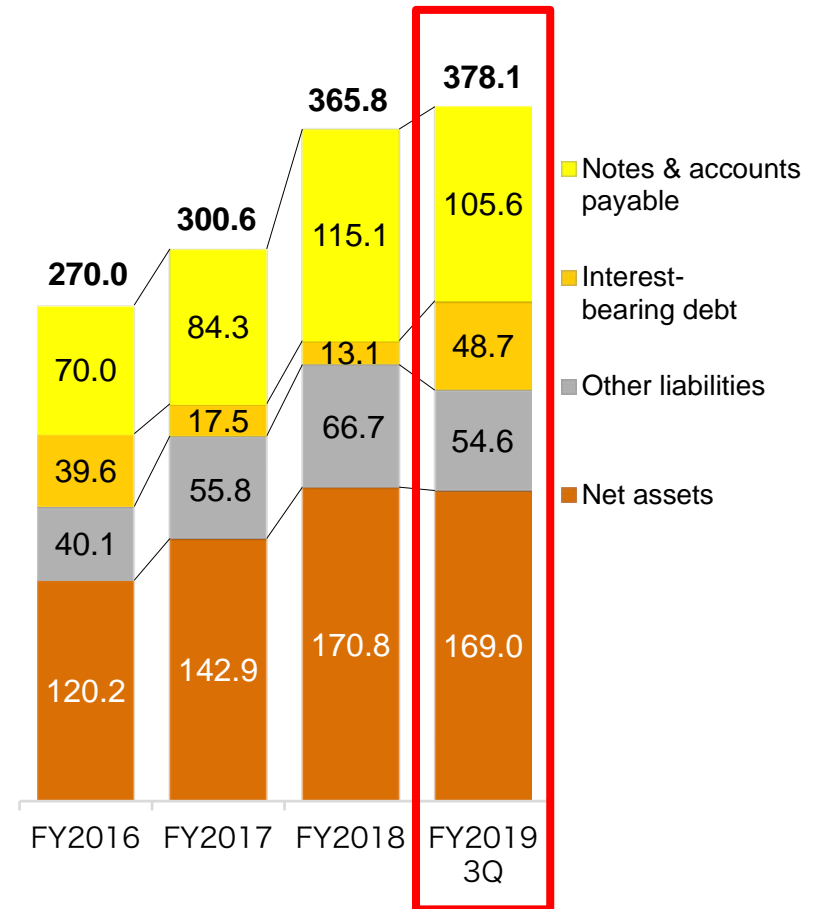
- In the 3Q total results were about the same as YoY. However, in 3Q, sales fell sharply and profit decreased significantly compared to 2Q due to a deceleration in smart phone-related investment.
- Looking ahead to the next fiscal year, we expect investment in automotive devices and 5G to ramp up. In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

Trend in B/S

Assets



Liabilities & Net Assets



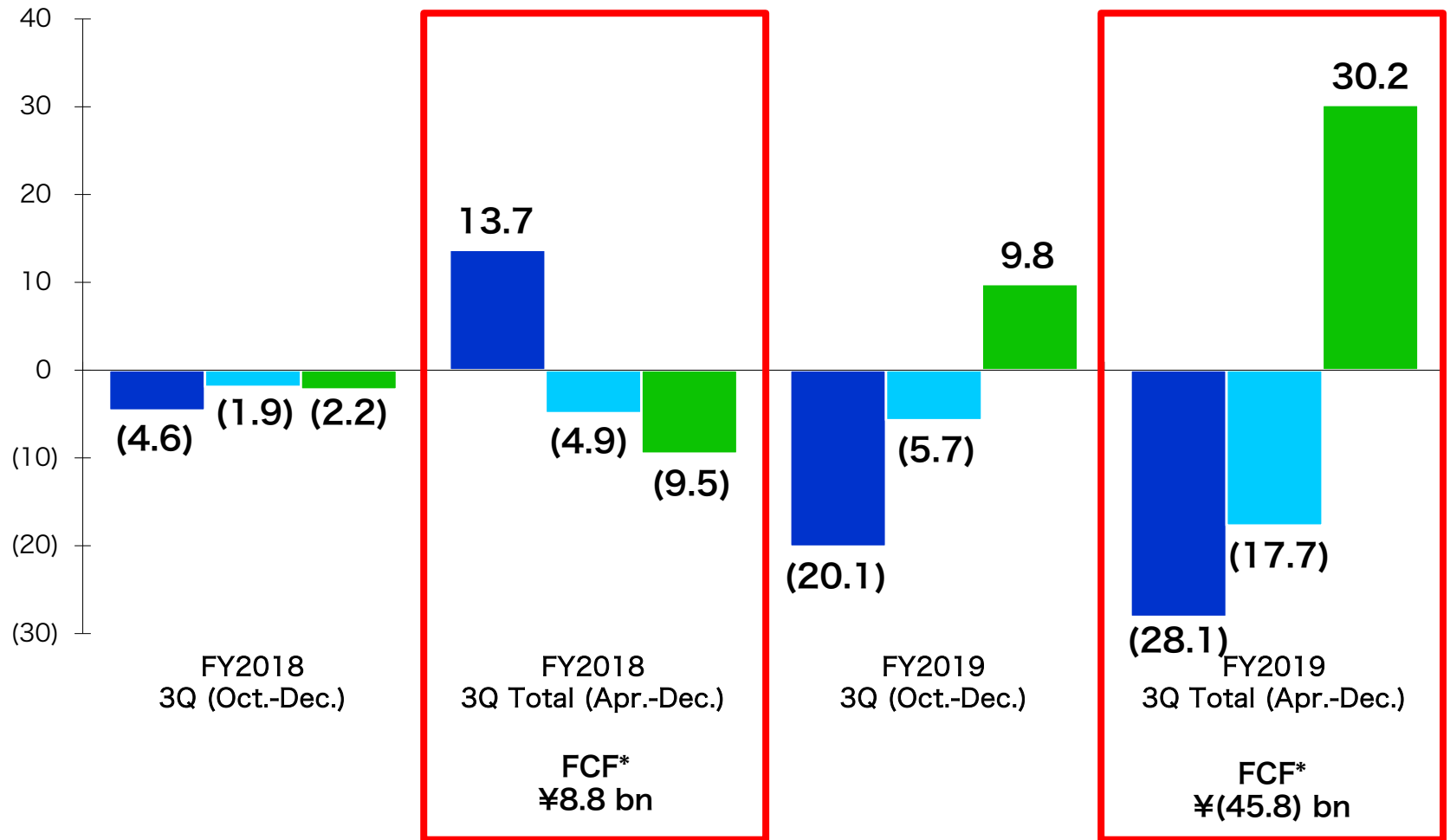
Equity Ratio : 46.7% (FY2018 4Q) → 44.7% (FY2019 3Q)

* 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.

Cash Flows

(Billions of JPY)

■ Operating CF ■ Investing CF ■ Financing CF



* FCF: Free Cash Flow

Business Forecast for FY2019

(Billions of JPY)	FY2018 Full Result	FY2019				
		1H Result	2H Forecast		Full Forecast	
			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

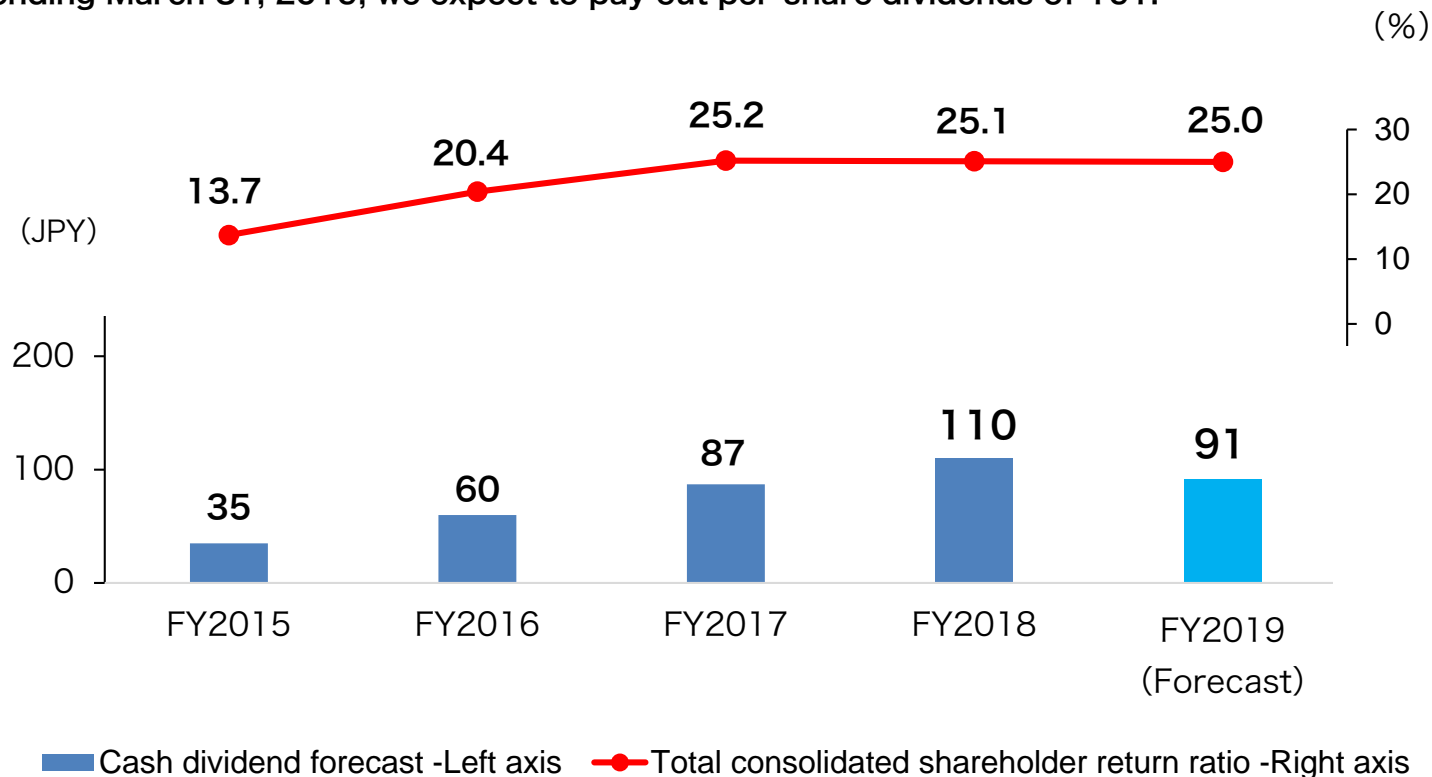
*Forecast operating income by segment: approximate numbers per 0.5 bn

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)

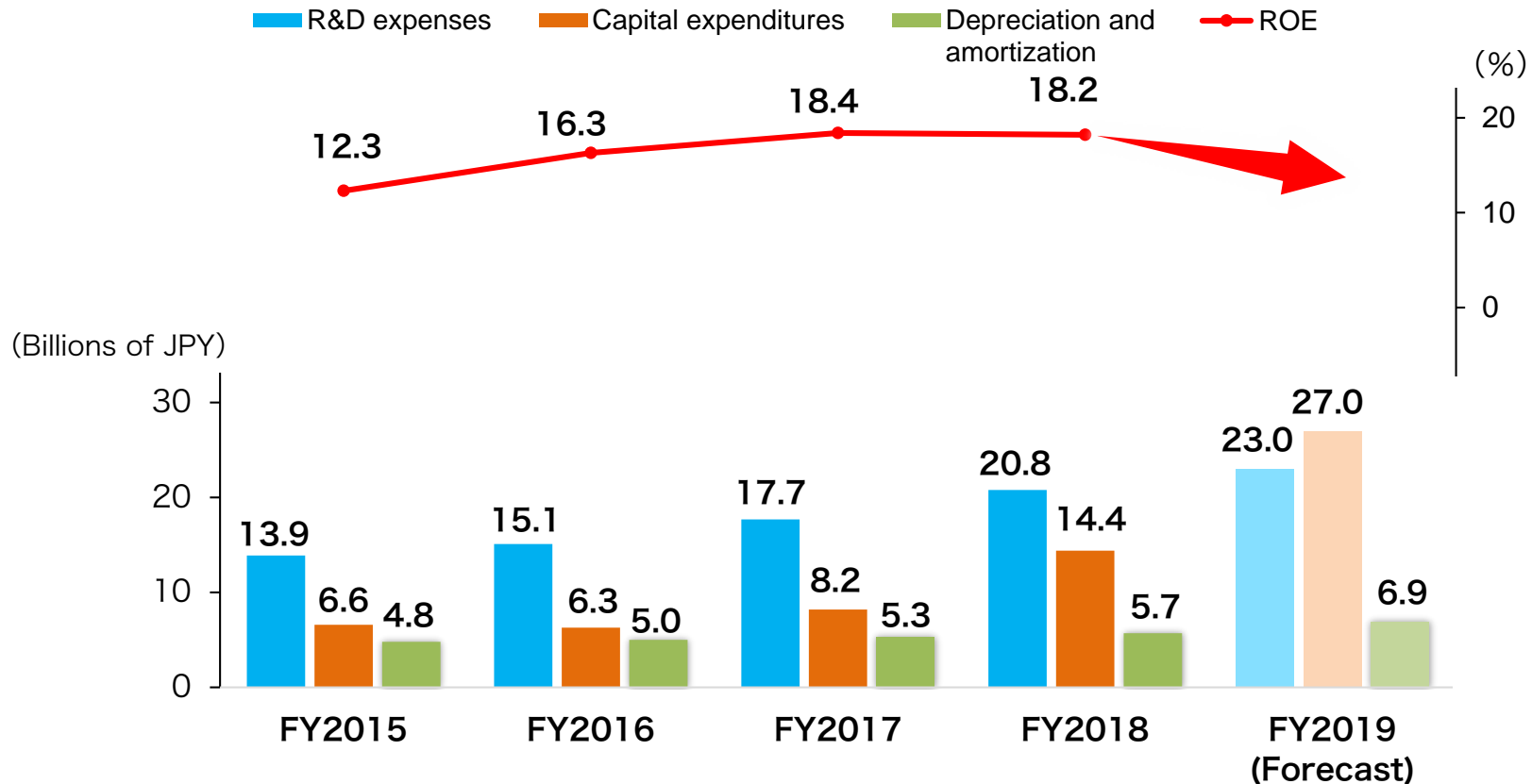
» Total Consolidated Shareholder Return Ratio
: Aim for 25% or above

- 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

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

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



17 PARTNERSHIPS FOR THE GOALS



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