

# Consolidated Business Results & Forecast

## FY2019 Ended March 31, 2019

May 8, 2019

**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

- ✓ Sales increased for the sixth consecutive year, marking a record high.  
Operating income, however, fell significantly year on year
- ✓ In the SE business, 4Q orders were over ¥50.0 bn in line with forecasts
- ✓ Operating income was higher than January's forecast. The dividend forecast for FY2019 has been changed to ¥97 per share
- ✓ We are sprinting toward our final goals in the final year of the three-year medium-term management plan

# Agenda

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- 1. FY2019 Business Results**
- 2. Business Situation in 4 Segments**
- 3. Financial Situation**
- 4. FY2020 Business Forecast**
- 5. Main Initiatives and Conditions  
Going Forward**
- 6. Progress on Three-Year Medium-Term  
Management Plan “Challenge 2019”**
- 7. Recent Topics**
- 8. ESG-Related Initiatives**

**FY2019 Business Results (YoY)**

(Billions of JPY)	FY2018					FY2019						
	1Q	2Q	3Q	4Q	Full	1Q	2Q	3Q	4Q	Full	Difference (YoY)	
<b>Net sales</b>	72.9	80.8	70.3	115.2	339.3	72.5	97.5	82.3	111.8	364.2	24.8	7.3%
<b>Operating income (to net sales ratio)</b>	7.3 10.1%	9.5 11.8%	6.8 9.8%	18.9 16.4%	42.7 12.6%	5.1 7.0%	10.0 10.3%	3.6 4.5%	10.7 9.6%	29.6 8.1%	(13.0) -	-30.6% -4.5pt
<b>Ordinary income</b>	7.5	8.9	6.5	18.3	41.3	5.1	10.1	3.3	10.6	29.2	(12.0)	-29.2%
<b>Profit attributable to owners of parent</b>	5.1	5.5	4.3	13.4	28.5	3.5	6.0	0.5	7.9	18.0	(10.4)	-36.7%

## FY2019 Business Results (Comparison with Forecast in January)

	FY2018	FY2019			FY2019		Difference
	Full	1H	2H	Full	January Forecast 2H	January Forecast Full	
(Billions of JPY)							
<b>Net sales</b>	339.3	170.0	194.1	364.2	191.9	362.0	2.2
<b>Operating income (to net sales ratio)</b>	42.7 12.6%	15.1 8.9%	14.4 7.4%	29.6 8.1%	13.8 7.2%	29.0 8.0%	0.6 -
<b>Ordinary income</b>	41.3	15.3	13.9	29.2	12.7	28.0	1.2
<b>Profit attributable to owners of parent</b>	28.5	9.5	8.4	18.0	7.4	17.0	1.0

## FY2019 Business Results (YoY)

(Billions of JPY)	FY2018					FY2019						
	1Q	2Q	3Q	4Q	Full	1Q	2Q	3Q	4Q	Full	Difference (YoY)	
<b>Net sales</b>	72.9	80.8	70.3	115.2	339.3	72.5	97.5	82.3	111.8	364.2	24.8	7.3%
<b>SE</b>	46.5	53.2	45.5	81.8	227.1	47.1	65.7	58.2	81.3	252.5	25.3	11.1%
<b>GA</b>	10.8	13.9	11.8	16.8	53.4	11.4	12.4	11.5	12.8	48.2	(5.1)	-9.7%
<b>FT</b>	12.9	9.9	9.1	13.2	45.2	10.3	15.0	10.0	13.7	49.2	3.9	8.8%
<b>PE</b>	2.3	3.3	3.4	2.9	12.1	3.2	3.9	2.0	3.1	12.3	0.1	1.2%
<b>Other</b>	0.2	0.3	0.4	0.3	1.2	0.2	0.4	0.4	0.6	1.9	0.6	47.5%
<b>Operating income (to net sales ratio)</b>	7.3 10.1%	9.5 11.8%	6.8 9.8%	18.9 16.4%	42.7 12.6%	5.1 7.0%	10.0 10.3%	3.6 4.5%	10.7 9.6%	29.6 8.1%	(13.0) —	-30.6% -4.5pt
<b>SE</b>	6.4	8.1	5.6	16.0	36.3	3.7	7.8	4.9	9.3	25.8	(10.4)	-28.8%
<b>GA</b>	0.1	1.0	0.3	1.4	3.0	0.2	0.2	0.2	0.4	1.1	(1.9)	-62.8%
<b>FT</b>	1.1	0.7	0.4	2.2	4.5	0.9	1.9	(0.5)	1.4	3.7	(0.8)	-17.9%
<b>PE</b>	0	0.3	0.6	(0)	1.0	0.5	0.5	(0)	(0.2)	0.7	(0.2)	-24.0%
<b>Other</b>	(0.4)	(0.7)	(0.2)	(0.8)	(2.2)	(0.3)	(0.4)	(0.8)	(0.2)	(1.8)	0.3	—
<b>Ordinary income</b>	7.5	8.9	6.5	18.3	41.3	5.1	10.1	3.3	10.6	29.2	(12.0)	-29.2%
<b>Profit attributable to owners of parent</b>	5.1	5.5	4.3	13.4	28.5	3.5	6.0	0.5	7.9	18.0	(10.4)	-36.7%

SE: Semiconductor Production Equipment Business

FT: Display Production Equipment and Coater Business

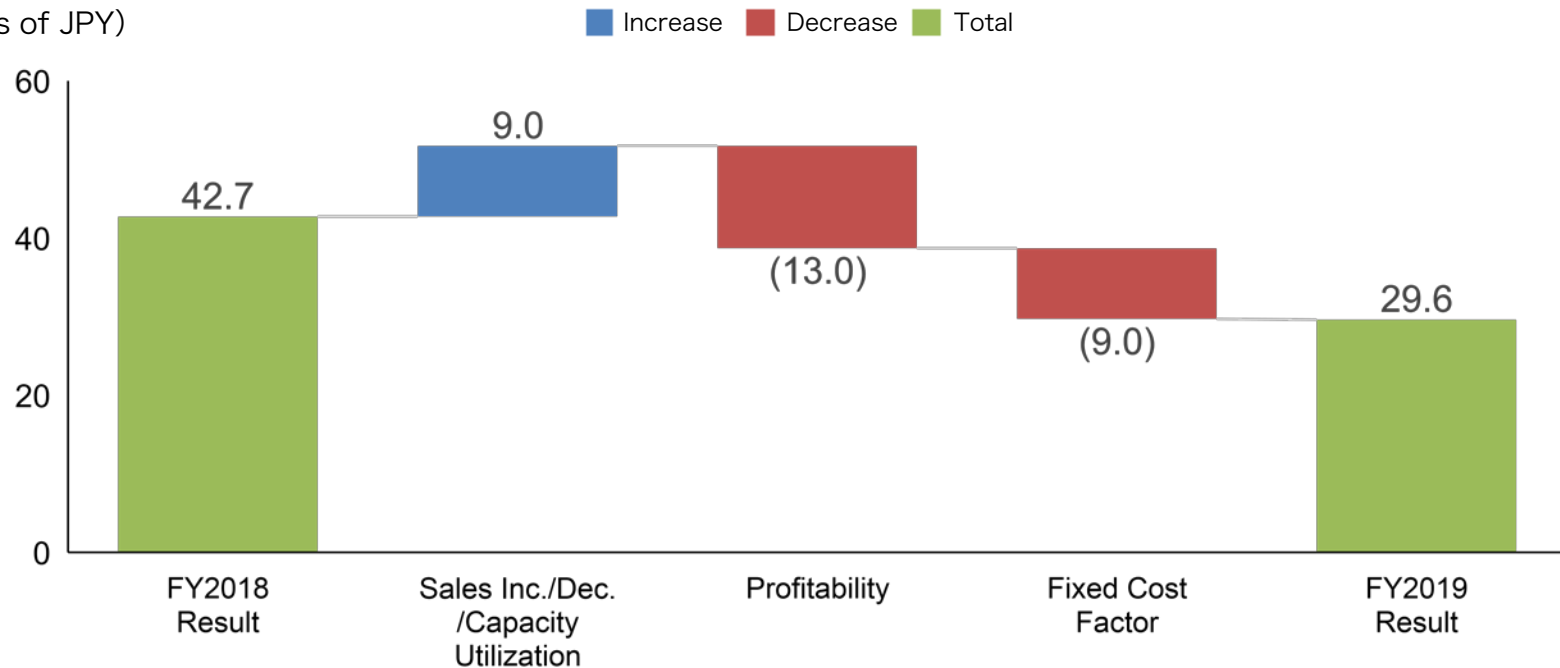
GA: Graphic Arts Equipment Business

PE: PCB-related Equipment Business

## FY2019 Analysis of Comparison in Operating Income (YoY)

### Comparison with FY2018

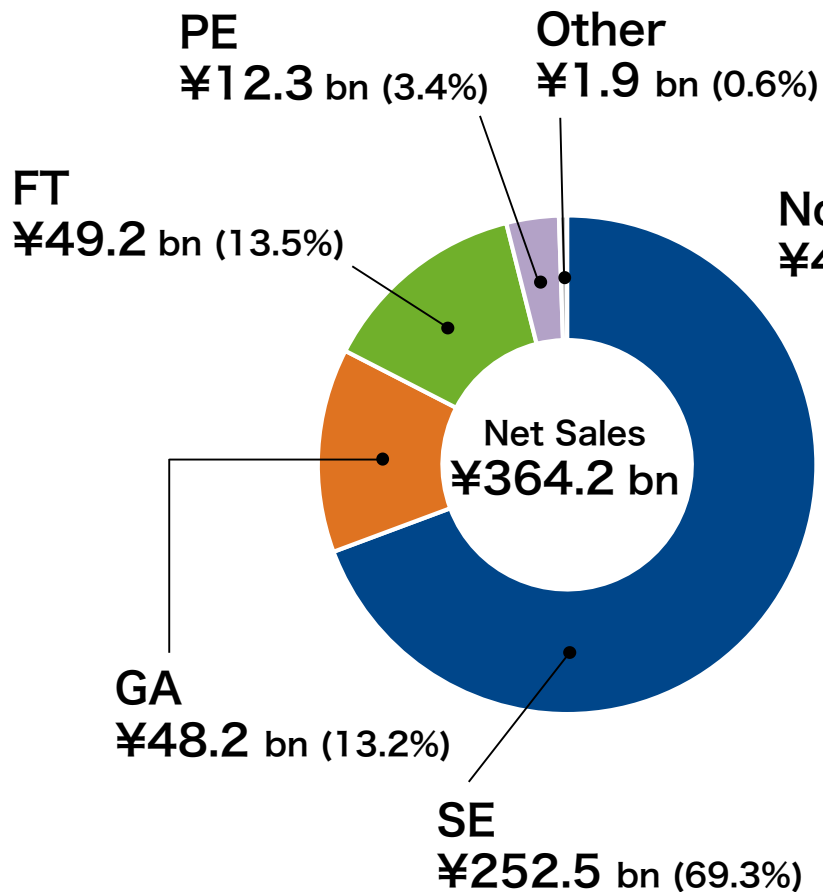
(Billions of JPY)



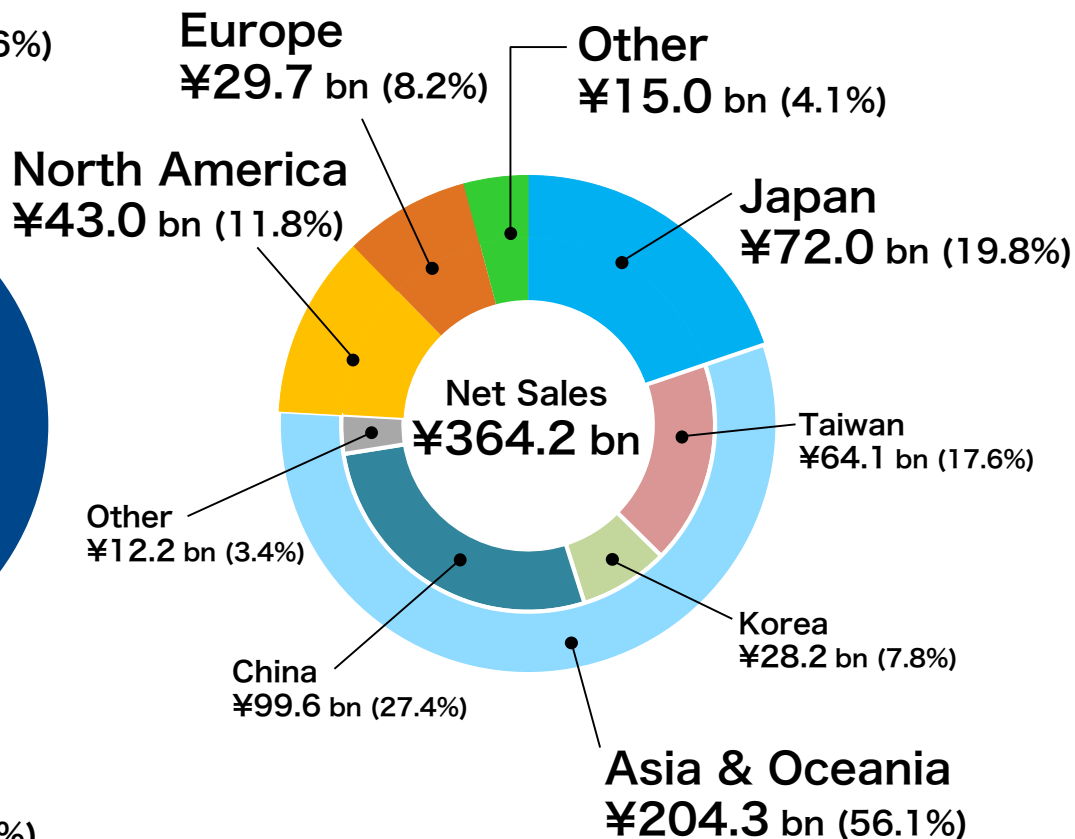
\* Operating Income Factor: approximate numbers per 0.5 bn

## FY2019 Business Results

### Sales by Segment

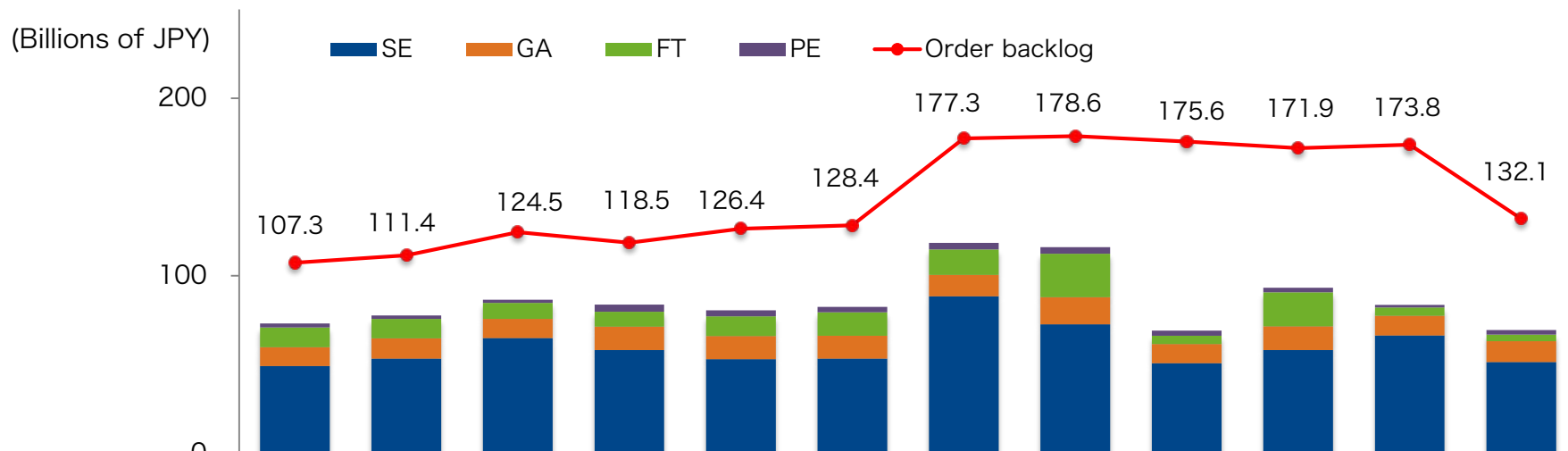


### Sales by Region





# Quarterly Orders Received and Order Backlog



(Billions of JPY)	FY2017				FY2018				FY2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<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>93.4</b>	<b>83.7</b>	<b>69.4</b>
SE	49.1	53.3	64.8	58.1	52.9	53.2	88.3	72.5	50.6	58.0	66.3	51.3
GA	10.6	11.3	10.8	13.1	13.1	12.9	12.2	15.3	10.9	13.4	11.1	11.8
FT	11.1	11.1	9.0	8.5	11.0	13.3	14.3	24.6	4.6	19.2	4.6	3.6
PE	2.2	1.8	1.8	4.0	3.5	3.0	3.7	3.6	3.0	2.6	1.5	2.5
<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>	<b>171.9</b>	<b>173.8</b>	<b>132.1</b>
SE	58.9	61.9	76.0	70.4	76.7	76.7	119.6	110.3	113.8	106.1	114.3	84.3
GA	5.7	4.5	4.9	4.8	7.1	6.1	6.5	5.0	4.5	5.6	5.3	4.3
FT	41.7	44.2	42.5	41.7	39.8	43.2	48.4	59.7	54.0	58.2	52.8	42.7
PE	0.9	0.6	0.9	1.5	2.7	2.3	2.6	3.3	3.1	1.8	1.3	0.7

## SE: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	Full	Full		
(Billions of JPY)				
<b>Net sales</b>	<b>227.1</b>	<b>252.5</b>	<b>25.3</b>	<b>11.1%</b>
<b>Operating income (to net sales ratio)</b>	<b>36.3</b> 16.0%	<b>25.8</b> 10.2%	<b>(10.4)</b> -5.7pt	<b>-28.8%</b>

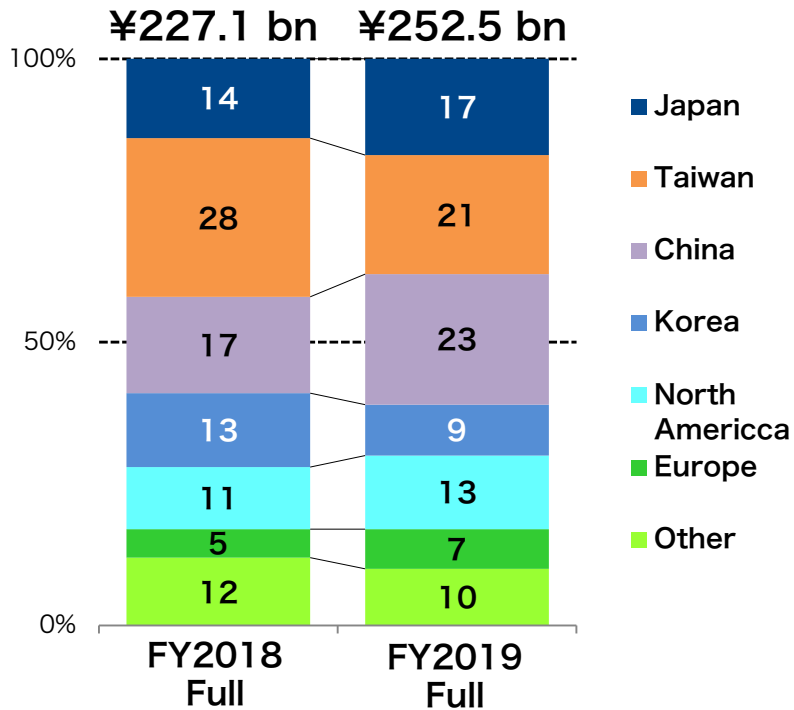
Comparison(QoQ)	FY2019	FY2019	Difference	
	3Q	4Q		
(Billions of JPY)				
<b>Net sales</b>	<b>58.2</b>	<b>81.3</b>	<b>23.1</b>	<b>39.7%</b>
<b>Operating income (to net sales ratio)</b>	<b>4.9</b> 8.4%	<b>9.3</b> 11.5%	<b>4.4</b> 3.0pt	<b>89.6%</b>

## Outlook

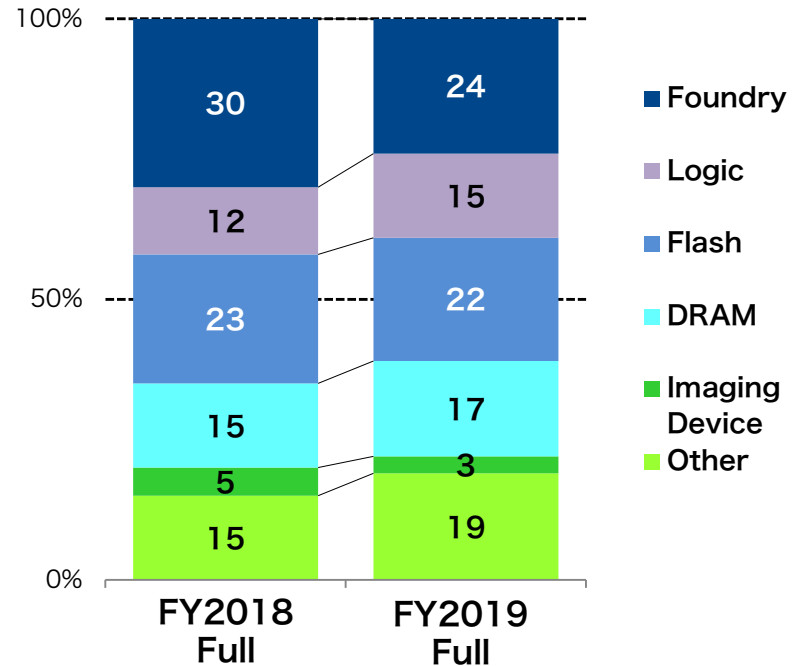
- Sales to memory and logic chip manufacturers increased YoY, sales to foundries remained firm, and sales of IoT-related equipment (200mm) stayed strong, leading to a rise in sales. However, operating income decreased significantly due in part to an increase in personnel costs following an expansion in sales and a rise in variable costs

# Composition of Sales

■ By Region –destination– (Consolidated)

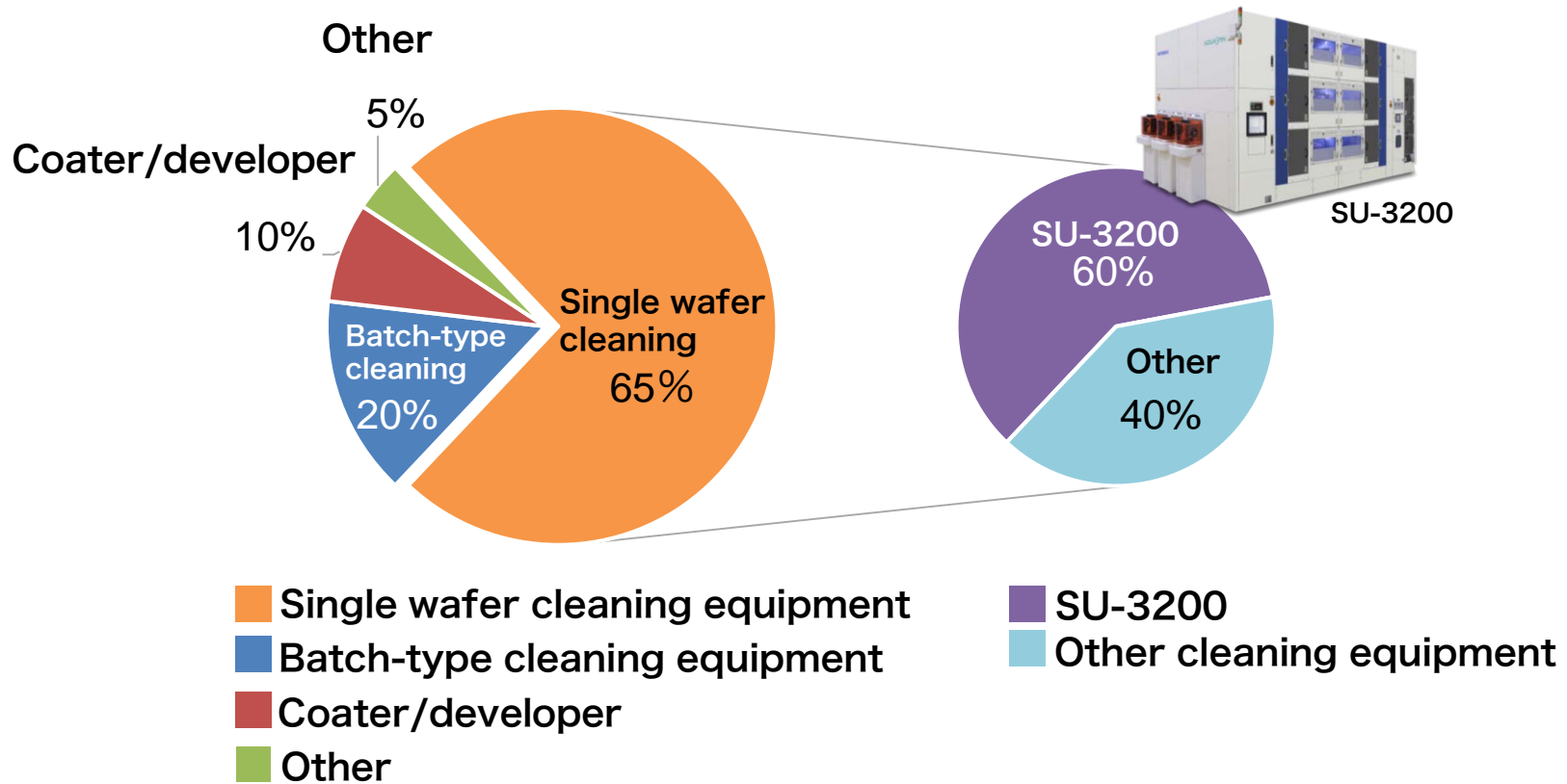


■ By Application Device (Nonconsolidated)



# Composition of Sales (Nonconsolidated)

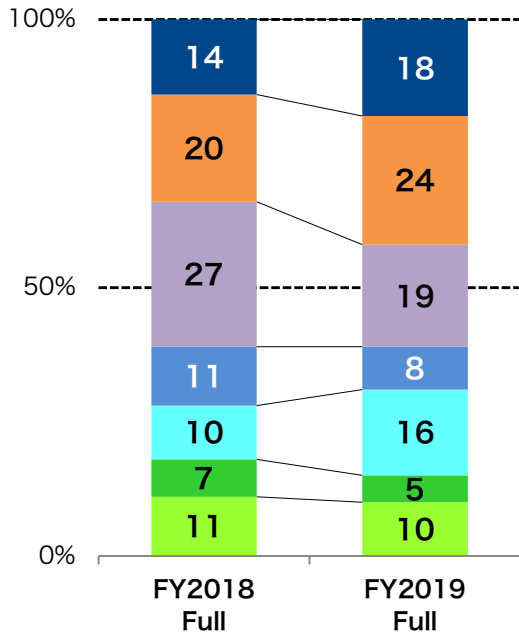
## ■ FY2019 Total by Cleaning Product



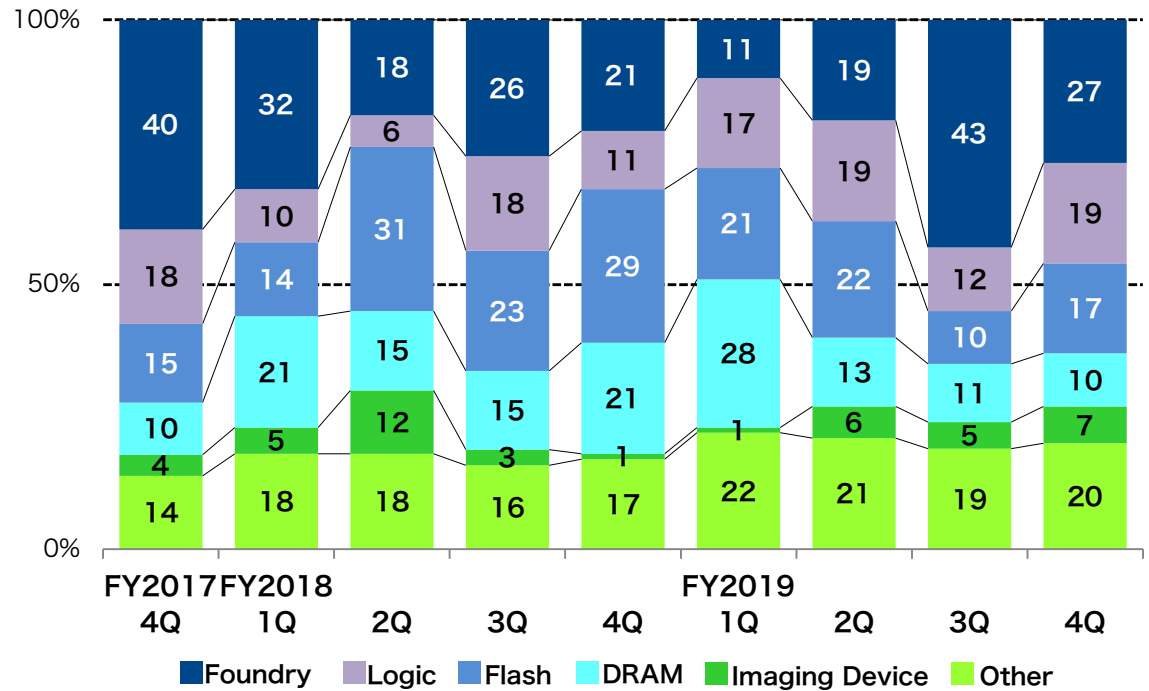
※ Ratio: approximate numbers per 5%

# Orders Received Ratio (Nonconsolidated)

## By Region



## Quarterly by Application Device



■ Japan   
 ■ Taiwan   
 ■ China   
 ■ Korea  
■ North America   
 ■ Europe   
 ■ Other

■ Foundry   
 ■ Logic   
 ■ Flash   
 ■ DRAM   
 ■ Imaging Device   
 ■ Other

- Foundry and logic orders were firm, and memory orders increased slightly
- 4Q orders totaled ¥51.3 bn, above forecasts
- FY2020 1Q is expected to perform at or above 4Q

## GA: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	Full	Full		
(Billions of JPY)				
Net sales	53.4	48.2	(5.1)	-9.7%
Operating income (to net sales ratio)	3.0 5.7%	1.1 2.4%	(1.9) -3.4pt	-62.8%

Comparison(QoQ)	FY2019	FY2019	Difference	
	3Q	4Q		
(Billions of JPY)				
Net sales	11.5	12.8	1.2	11.2%
Operating income (to net sales ratio)	0.2 1.8%	0.4 3.8%	0.2 2.0pt	130.8%

## Outlook

- Despite a YoY increase in direct sales of POD and sales of ink and other products, we saw a decrease in CTP and POD OEM sales, leading to a decrease in sales and profit
- We still strive to expand after-sales services, especially ink, and aim for an increase in sales and profit

## FT: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	Full	Full		
(Billions of JPY)				
Net sales	45.2	49.2	3.9	8.8%
Operating income (to net sales ratio)	4.5 10.2%	3.7 7.7%	(0.8) -2.5pt	-17.9%

Comparison(QoQ)	FY2019	FY2019	Difference	
	3Q	4Q		
(Billions of JPY)				
Net sales	10.0	13.7	3.7	37.2%
Operating income (to net sales ratio)	(0.5) -5.0%	1.4 10.4%	1.9 15.4pt	—

## Outlook

- Although sales of small- and mid-sized equipment (mainly OLEDs, over 40% of full-year sales) increased, and sales rose YoY, profit decreased due primarily to valuation losses on inventory and an increase fixed costs
- In new businesses (related to coating business), sales increased 1.5 times YoY (over 10% of full-year sales)
- Orders Received: Although 4Q orders totaled ¥3.6 bn, we expect FY2020 1Q orders to significantly rise to around ¥10.0 bn

## PE: Business Situation

Comparison(YoY)	FY2018	FY2019	Difference	
	Full	Full		
(Billions of JPY)				
<b>Net sales</b>	<b>12.1</b>	<b>12.3</b>	<b>0.1</b>	<b>1.2%</b>
<b>Operating income (to net sales ratio)</b>	<b>1.0</b> 8.3%	<b>0.7</b> 6.2%	<b>(0.2)</b> -1.9pt	<b>-24.0%</b>

Comparison(QoQ)	FY2019	FY2019	Difference	
	3Q	4Q		
(Billions of JPY)				
<b>Net sales</b>	<b>2.0</b>	<b>3.1</b>	<b>1.0</b>	<b>53.8%</b>
<b>Operating income (to net sales ratio)</b>	<b>(0)</b> -4.6%	<b>(0.2)</b> -6.4%	<b>(0.1)</b> -1.8pt	<b>—</b>

## Outlook

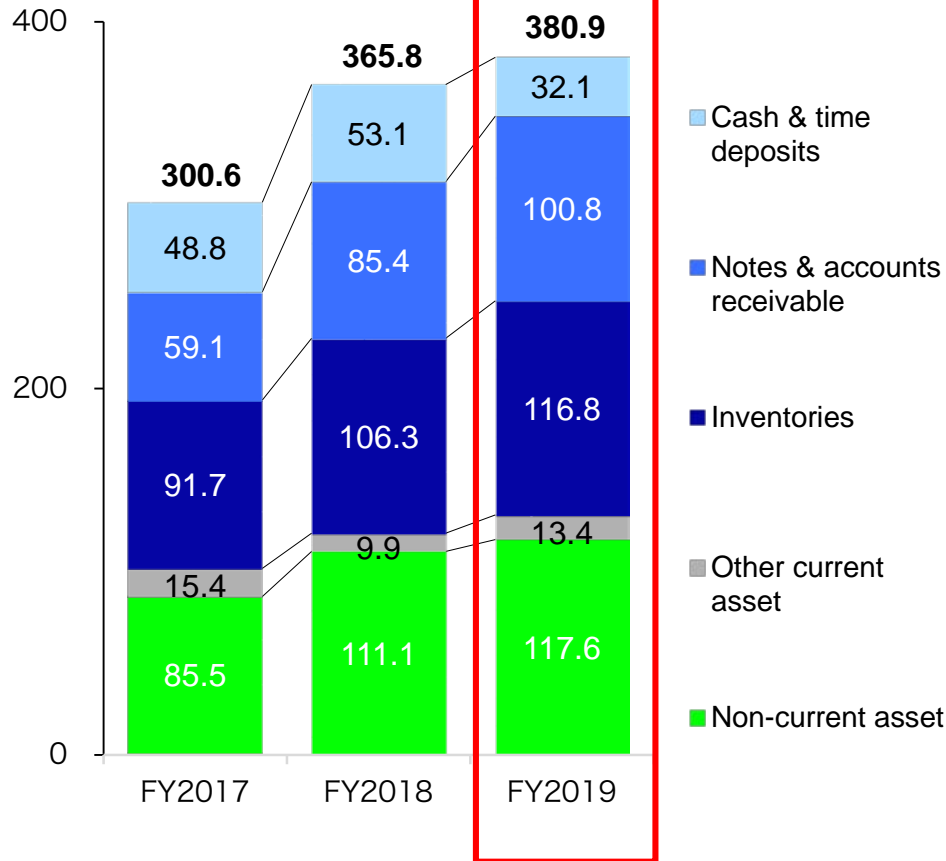
- Sales increased YoY despite a deceleration in smart phone-related investment in 2H
- Sales exceeded ¥10.0 bn for the second consecutive year



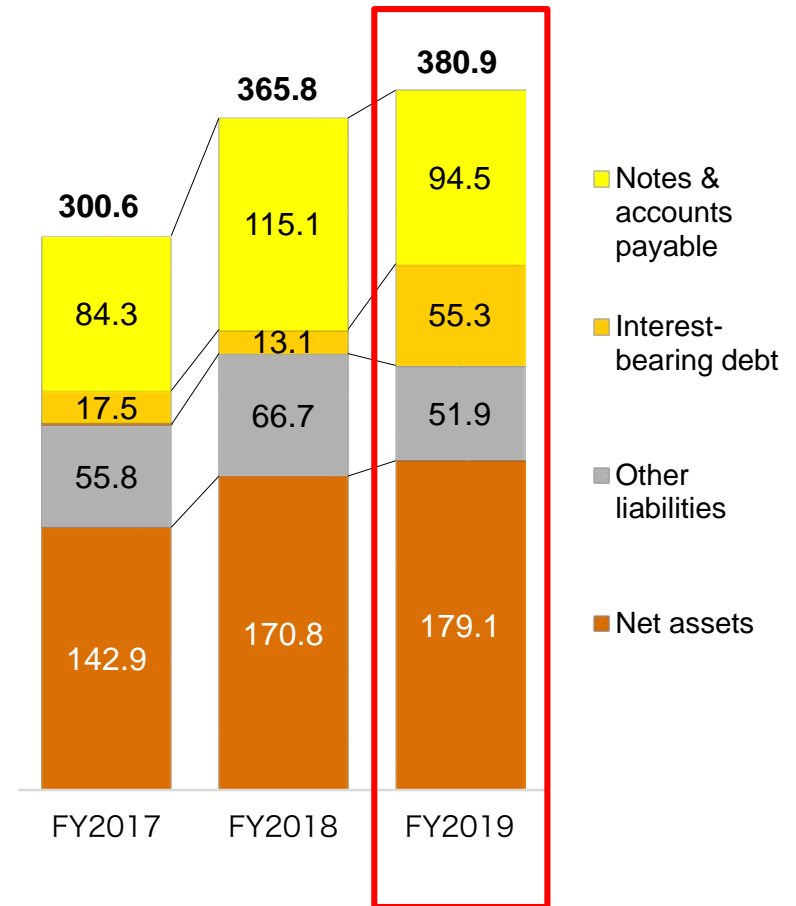
# Trend in B/S

## Assets

(Billions of JPY)



## Liabilities & Net Assets



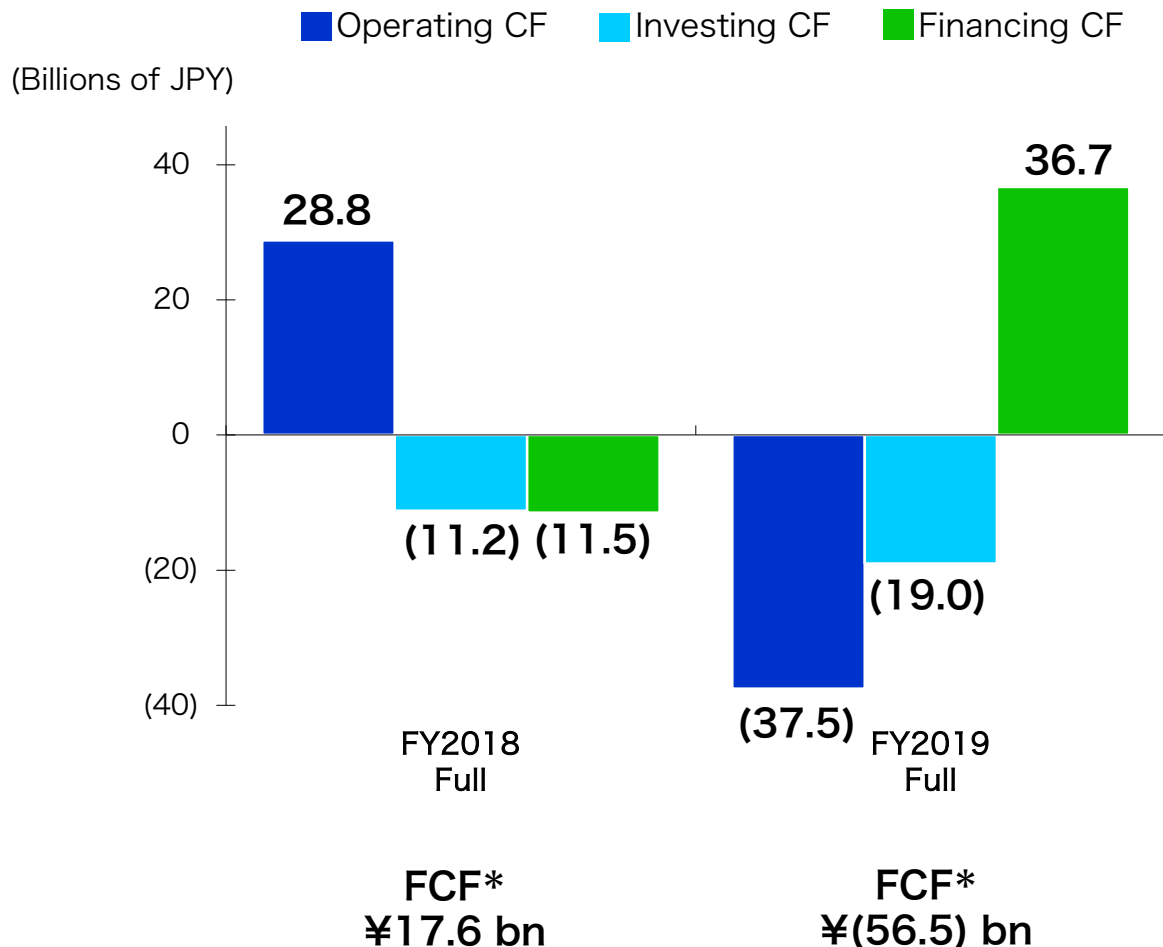
Equity Ratio : 46.7% (FY2018)



47.0% (FY2019)

\* SCREEN adopts the Partial Amendments to Accounting Standard for Tax Effect Accounting from the beginning of FY2019. The results from FY2018 have been retroactively adjusted in line with the partial amendment.

## Cash Flows



### Operating CF

Net cash used in operating activities amounted to ¥37.5 bn. This was due to income taxes paid and an increase in working capital.

Operating CF significantly worsened.

### Investing CF

Net cash used in investing activities amounted to ¥19.0 bn. This was largely attributable to the purchase of property, plant and equipment, such as new plant in Hikone (SE and FT) construction and equipment for R&D.

### Financing CF

Net cash provided by financing activities amounted to ¥36.7 bn. This was due to the procurement from convertible bonds with share acquisition rights (¥30.0 bn.) and loans payable, despite cash dividends paid.

\* FCF: Free Cash Flow

# Business Forecast for FY2020

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

(Billions of JPY)	FY2019			FY2020			Full Difference (YoY)	
	Result			Forecast				
	1H	2H	Full	1H	2H	Full		
<b>Net sales</b>	170.0	194.1	364.2	147.0	180.0	327.0	(37.2)	-10.2%
SE	112.8	139.6	252.5	100.0	120.0	220.0	(32.5)	-12.9%
GA	23.8	24.3	48.2	24.0	25.0	49.0	0.7	1.6%
FT	25.4	23.8	49.2	16.5	26.5	43.0	(6.2)	-12.7%
PE	7.1	5.1	12.3	5.5	6.5	12.0	(0.3)	-2.8%
Other	0.7	1.1	1.9	1.0	2.0	3.0	1.0	57.5%
<b>Operating income (to net sales ratio)</b>	15.1 8.9%	14.4 7.4%	29.6 8.1%	4.0 2.7%	22.5 12.5%	26.5 8.1%	(3.1) —	-10.6% -0.0pt
SE	11.6	14.2	25.8	4.0*	18.0*	22.0*	—	—
GA	0.4	0.6	1.1	1.5*	2.5*	4.0*	—	—
FT	2.8	0.9	3.7	0*	3.5*	3.5*	—	—
PE	1.0	(0.2)	0.7	0*	0.5*	0.5*	—	—
Other	(0.7)	(1.0)	(1.8)	(1.5)*	(2.0)*	(3.5)*	—	—
<b>Ordinary income</b>	15.3	13.9	29.2	3.0	21.0	24.0	(5.2)	-18.0%
<b>Profit attributable to owners of parent</b>	9.5	8.4	18.0	2.5	15.5	18.0	(0)	-0.3%

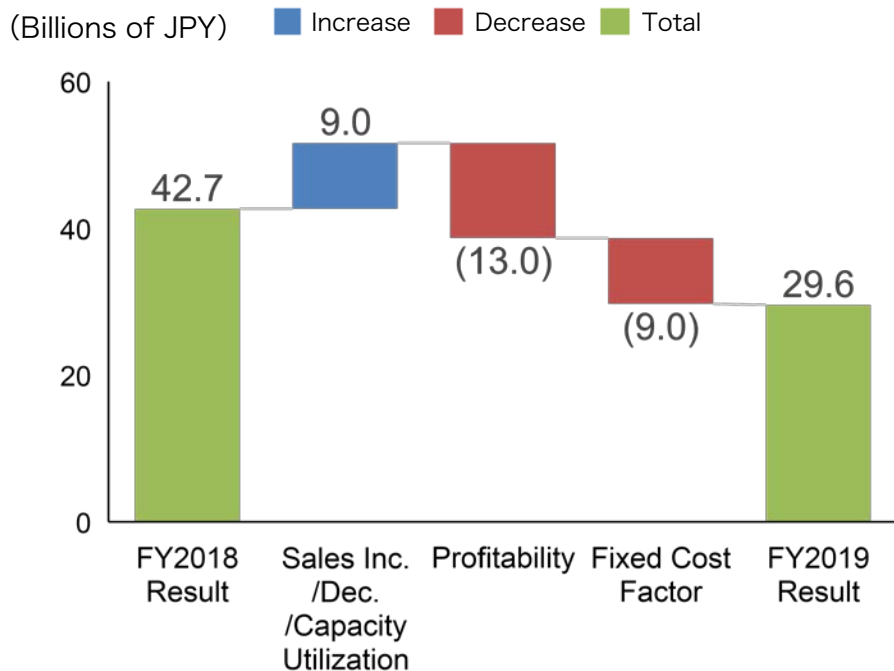
Assumed Exchange Rate in FY2020 >> USD1 = ¥110    EUR1 = ¥125

Forecast of annual cash dividends for FY2020 >> JPY 97.00 per share (year-end cash dividend)

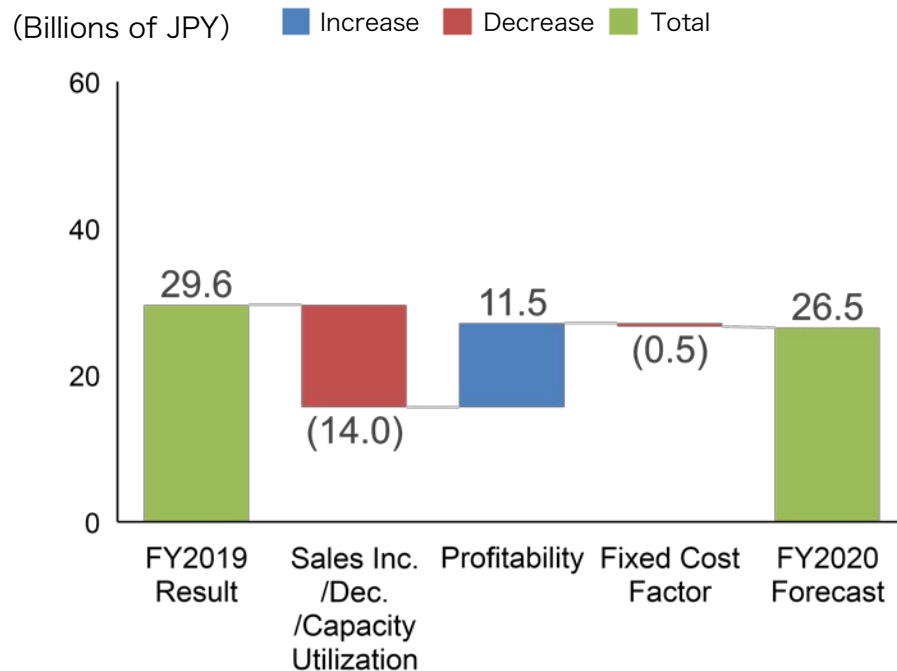
Assumed exchange rate sensitivity in FY2020 (Operating income base) >> To USD: ¥130 million    To EUR: ¥50 million

# FY2019 Analysis of Comparison in Operating Income (YoY)

## Comparison with FY2018



## Comparison with FY2020 Forecast



\* Operating Income Factor: approximate numbers per 0.5 bn

# » Main Initiatives and Conditions Going Forward

## SE

- ✓ **SPE market: In CY2019, the WFE (wafer fab equipment) market is expected to be worth mid \$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 FY2020 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 miniaturization and mass production will be firm**
  - In addition to current mass production investment, we will strengthen our support for the investment in miniaturization for next-generation nodes
- ✓ **IoT-related investment: Expand applicable area and aim for continued growth**
  - Inquiries regarding automotive devices, power semiconductors (SiC, GaN), MEMS, and sensors will expand.  
We will respond to the desires of a wide range of customers
- ✓ **Semiconductor Market in China** (especially in emerging memory manufacturers)
  - We will pay careful attention and respond to trade tensions between China and the U.S.

GA

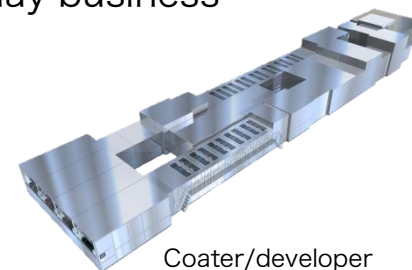
- ✓ **We will enter a phase for strengthening our earnings power by reforming our business structure**
  - We will boost our earnings power by bolstering direct sales of POD, whose sales continue to increase, and by further raising the ratio of sales from after-sales services, especially ink

Truepress Jet520 HD



FT

- ✓ **We will ensure the sustainability of our business portfolio**
  - We aim to expand the peripheral applications of the display business (for touch panels and flexible displays) and expand sales of new businesses
  - We will improve profitability in part by establishing production systems and bases



Coater/developer SK Series

PE

- ✓ **We will raise our product brand power to prepare for the next market growth period**
  - Despite the currently harsh conditions in the smart phone-related market, inquiries for direct imaging equipment and inspection equipment (with AI functionality) remains both firm toward automobiles and 5G



Direct imaging equipment

*Ledia 6H*

**Other/New Business: We aim to raise sales while firming up our customer base**



Automated visual inspection system for hot forging components  
IM-3200

Life sciences/ Inspection & measurement:  
We aim to provide services and solutions in addition to our expanded product lineup

## Progress on Three-Year Medium-Term Management Plan “Challenge 2019”

» We are sprinting toward our final goals

## TARGETS

- 1 Achieve fiscal year net sales of approximately ¥300 bn.**  
Expand sales
- 2 Achieve an operating income to net sales ratio of 13% or above in the final fiscal year of the plan**  
Maintain and improve profitability
- 3 Achieve ROE of approximately 15%**  
Maintain and improve capital efficiency

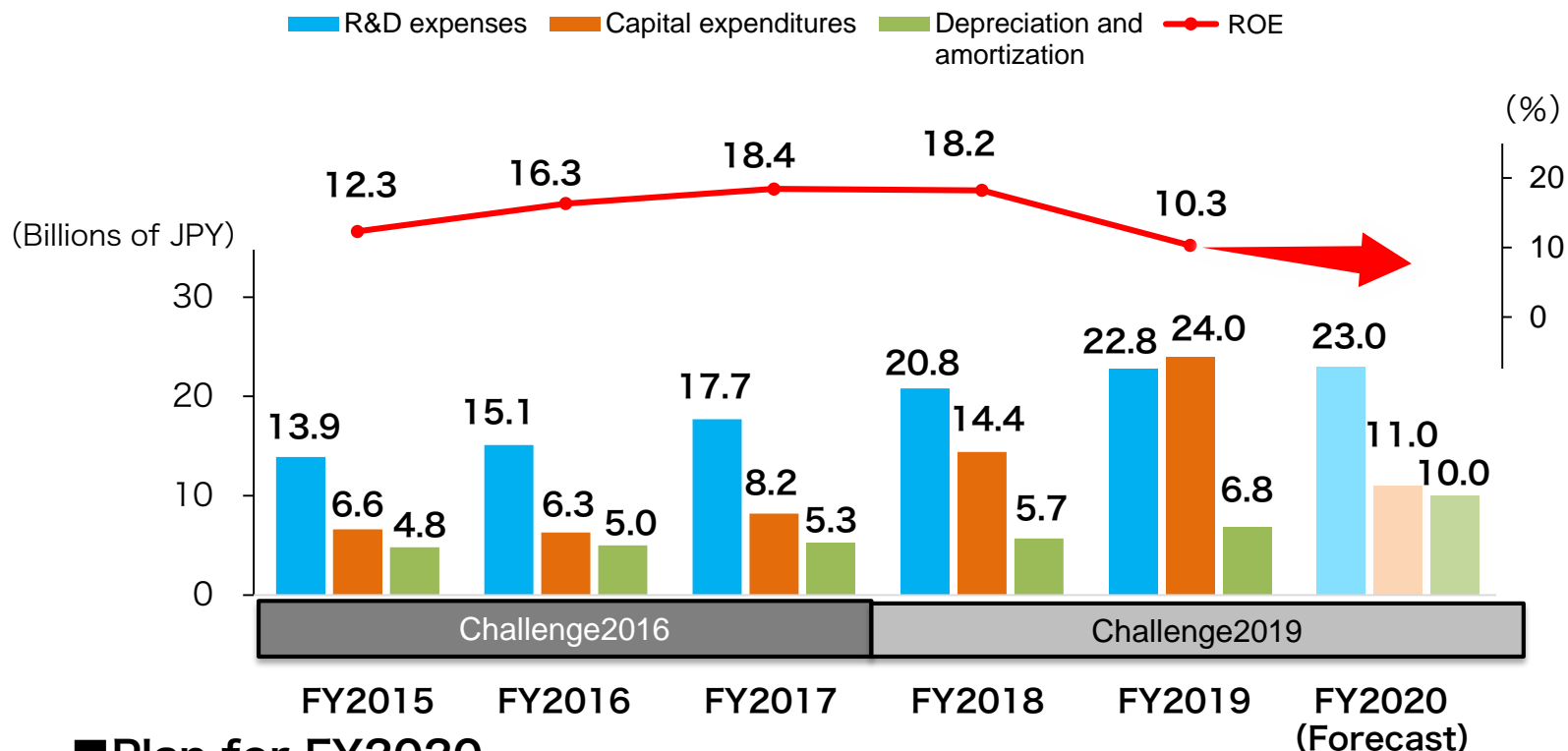
## FY2019 RESULTS

- **Net sales : ¥364.2 bn**  
- Net sales exceeded ¥300 bn for third consecutive year
- **Operating income to net sales ratio : 8.1%**
- **ROE : 10.3%**

The above forward-looking numerical amounts are goals for organic growth.



## » Growth Investment and ROE

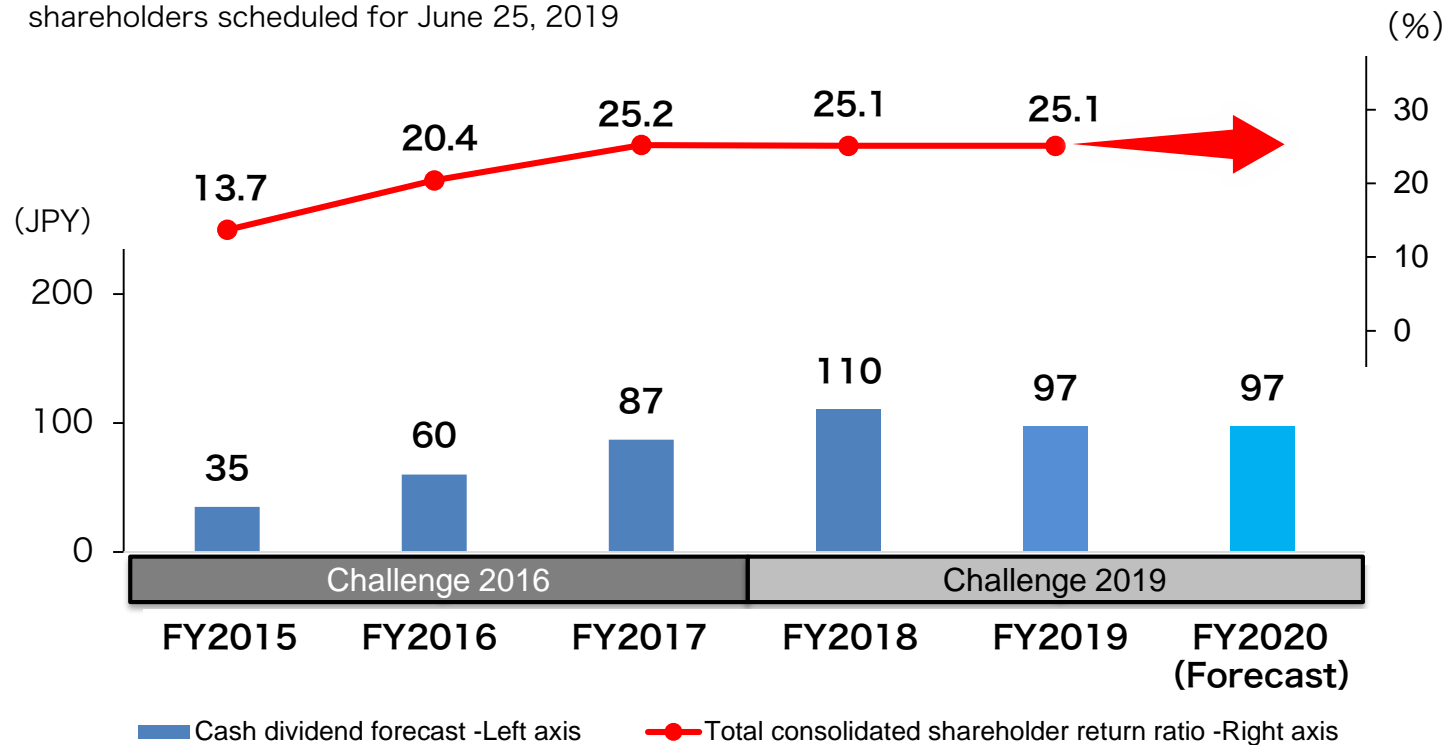


### ■ Plan for FY2020

- R&D expenses: Targeting next-generation technology, mainly in SE
- Capital expenditures: Includes R&D and production facilities, mainly in SE
- Depreciation and amortization: Increase due to new plant construction in SE and FT in FY2019

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

- Taking into consideration results for the fiscal year ended March 31, 2019, we plan to pay out per-share dividends of ¥97.
  - A resolution vote will be conducted at the upcoming 78th ordinary general meeting of shareholders scheduled for June 25, 2019



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

## Recent Topics

### New Management System

- **HD** (The position will be filled after the upcoming 78<sup>th</sup> ordinary general meeting of shareholders scheduled for June 25, 2019)
  - **Representative Director**      **Eiji Kakiuchi**  
**Chairman**  
**Member of the Board**  
 \*Currently: President, Member of the Board, Chief Executive Officer
  - **Representative Director**      **Toshio Hiroe**  
**President**  
**Member of the Board**  
**Chief Executive Officer**  
 \*Currently: Director, Chairman of SCREEN Finetech Solutions Co., Ltd.
- **Business Operating Companies** (As of April 1, 2019)
  - **SCREEN Semiconductor Solutions Co., Ltd.**  
**Representative Director, President**      **Masato Goto**
  - **SCREEN Graphic Solutions Co., Ltd.**  
**Representative Director, President**      **Takanori Kakita**
  - **SCREEN Finetech Solutions Co., Ltd.**  
**Representative Director, President**      **Yasumasa Shima**
  - **SCREEN PE Solutions Co., Ltd.**  
**Representative Director, President**      **Hitoshi Yamamoto**

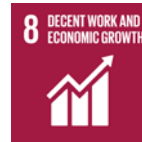


## ESG-Related Initiatives



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



## G (Governance): Governance from both proactive and reactive approaches / Disclosing ESG informations



### Evaluating the Effectiveness of the Board of Directors

- This year, a third-party organization has conducted a survey and interview.
- The Board of Directors had analyzed, debated, and evaluated the results, with a summary to be disclosed on our website, May 10, 2019



### We began full-scale engagement initiatives from FY2019

- We are enhancing ESG dialogues with the aim of ensuring sustainable management

### We conducted a survey of investors and analysts in 2019

- We have room to improve regarding our earnings briefing materials (for large meetings)
- In FY2020, we plan to additionally disclose FAQ summaries on our website after small and individual meetings
- On a scale from 1 to 5, we received an overall evaluation of more than 4

## E (Environmental): Creating environmental value and contributing to the reduction of carbon emissions and recycling of resources at the societal level



### Reducing CO<sub>2</sub> emissions by providing eco-friendly products and services

- The activity for improving Cost of Ownership (CoO) of SU-3200 and SU-3300 received the EHS Management Supervisor Award of the Green Value Awards, an in-house awards program
- Optimizing the treatment solutions for single-wafer cleaning equipment helped customers lower costs by significantly reducing the volume of waste chemical solution, thereby reducing environmental impact as well

## S (Social): Offering decent work and creating social value



### Ensuring health of Each and every employee

- We received certification under the Certified Health and Productivity Management Organization Recognition Program (White 500)



SCREEN Holdings Co., Ltd. is a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index and the SNAM Sustainability Index.



FTSE4Good



FTSE Blossom  
Japan



Member of SNAM  
Sustainability Index  
2018

## For Reference: Changes in Main Index

(Billions of JPY)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (Forecast)
<b>Net sales</b>	237.6	259.6	300.2	339.3	364.2	327.0
<b>Operating income</b>	17.1	23.5	33.7	42.7	29.6	26.5
<b>Operating income ratio (%)</b>	7.2	9.1	11.2	12.6	8.1	8.1
<b>Total assets</b>	249.5	270.0	300.6	365.8	380.9	—
<b>Equity</b>	110.8	119.6	142.8	170.8	179.1	—
<b>Equity ratio(%)</b>	44.4	44.3	47.5	46.7	47.0	—
<b>ROE(%)</b>	12.3	16.3	18.4	18.2	10.3	—
<b>Depreciation and amortization</b>	4.8	5.0	5.3	5.7	6.8	10.0
<b>Capital expenditures</b>	6.6	6.3	8.2	14.4	24.0	11.0
<b>R&amp;D expenses</b>	13.9	15.1	17.7	20.8	22.8	23.0
<b>EPS (JPY)</b>	255.35	396.75	511.96	608.62	387.10	385.79

**SCREEN**