

Consolidated Business Results & Forecasts

FY2021 First Quarter Ended June 30, 2020

July 29, 2020

SCREEN Holdings Co., Ltd.

President
Chief Executive Officer

Toshio Hiroe

* 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. FY2021: April 1, 2020 - March 31, 2021)

Summary

■ Business results in 1Q

- YoY: sales and profit increased
- SPE 1Q orders: in line with our expectations

■ FY2021 business forecast

■ Medium-term management plan, “Value Up 2023”

Agenda

- **FY2021 1Q Business Results**
- **FY2021 Business Situation in SPE**
- **Financial Situation**
- **FY2021 Business Forecast**
- **Medium-term Management Plan, “Value Up 2023”**
- **Appendix:** Recent News / Business Situation by Segment etc.

FY2021 1Q Business Results

YoY

(Billions of JPY)	FY2020					FY2021		
	1Q	2Q	3Q	4Q	Full	1Q	Difference (YoY)	
Net sales	58.2	89.9	77.8	97.1	323.2	66.8	8.6	14.9%
Operating income (to net sales ratio)	(4.4) -7.6%	7.8 8.7%	3.9 5.1%	5.1 5.3%	12.5 3.9%	1.8 2.8%	6.2	- 10.4pt
Ordinary income	(4.2)	7.6	3.7	4.4	11.6	1.9	6.2	-
Profit attributable to owners of parent	(2.9)	5.3	2.3	0.2	5.0	1.9	4.9	-

FY2021 1Q Business Results

YoY

(Billions of JPY)	FY2020					FY2021		
	1Q	2Q	3Q	4Q	Full	1Q	Difference (YoY)	
Net sales	58.2	89.9	77.8	97.1	323.2	66.8	8.6	14.9%
SPE	41.2	65.6	51.5	72.0	230.5	52.6	11.4	27.9%
GA	9.8	12.9	11.5	11.2	45.5	7.9	(1.8)	-19.3%
FT	4.8	8.0	12.4	9.8	35.1	3.6	(1.1)	-23.8%
PE	2.1	2.6	1.7	3.4	10.0	2.3	0.2	11.4%
Others	0.2	0.6	0.4	0.5	1.9	0.2	(0)	-11.5%
Operating income (to net sales ratio)	(4.4) -7.6%	7.8 8.7%	3.9 5.1%	5.1 5.3%	12.5 3.9%	1.8 2.8%	6.2	- 10.4pt
SPE	(0)	6.5	4.2	5.3	16.1	4.2	4.3	-
GA	(0.2)	1.1	0	0.4	1.4	(0.3)	(0.1)	-
FT	(3.5)	0.5	0.2	0.2	(2.5)	(1.5)	2.0	-
PE	(0)	0	(0.1)	(0)	(0.2)	0.1	0.1	-
Others	(0.5)	(0.4)	(0.4)	(0.7)	(2.1)	(0.6)	(0)	-
Ordinary income	(4.2)	7.6	3.7	4.4	11.6	1.9	6.2	-
Profit attributable to owners of parent	(2.9)	5.3	2.3	0.2	5.0	1.9	4.9	-

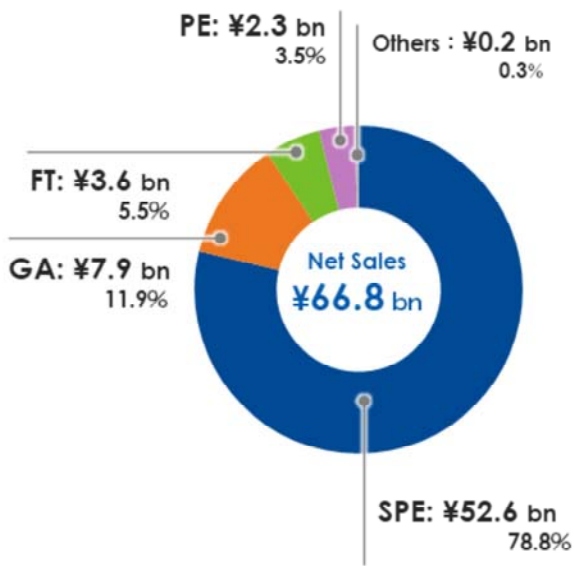
■ SPE: Semiconductor Production Equipment Business
 ■ GA: Graphic Arts Equipment Business
■ FT: Display Production Equipment and Coater Business
 ■ PE: PCB-related Equipment Business

FY2021 1Q Business Results By Segment

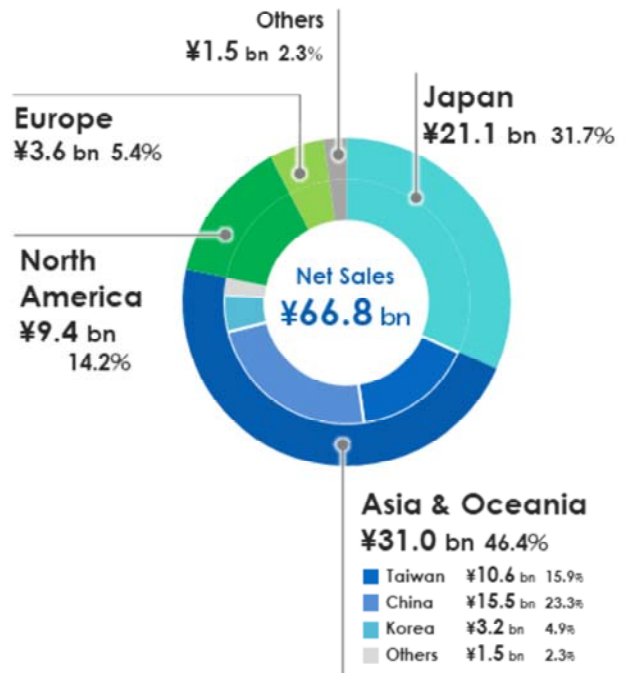
				FY2020		FY2021
		(Billions of JPY)		1Q	4Q	1Q
SPE	<ul style="list-style-type: none"> YoY: Both Sales and profits increased due to significant growth in foundries, despite a decline in sales for logic QoQ: Sales and profits declined 	Net sales	41.2	72.0	52.6	
		OP	(0)	5.3	4.2	
GA	<ul style="list-style-type: none"> YoY: Sales and profits decreased due to sluggish sales of equipment affected by COVID-19, despite solid sales of ink and other products in the RB (recurring business) QoQ: RB was solid, but sales and profits declined 	Net sales	9.8	11.2	7.9	
		OP	(0.2)	0.4	(0.3)	
FT	<ul style="list-style-type: none"> YoY: Sales of small and medium-sized OLEDs increased, but sales of large-sized LCD decreased QoQ: Sales and profits decreased mainly due to delays in setting up the equipment affected by COVID-19 	Net sales	4.8	9.8	3.6	
		OP	(3.5)	0.2	(1.5)	
PE	<ul style="list-style-type: none"> YoY: Sales and profits increased due to growing sales of direct imaging equipment, supported by 5G-related investment QoQ: sales decreased significantly, but profit increased due mainly to fixed cost reductions 	Net sales	2.1	3.4	2.3	
		OP	(0)	(0)	0.1	

FY2021 1Q Business Results

Sales by Segment

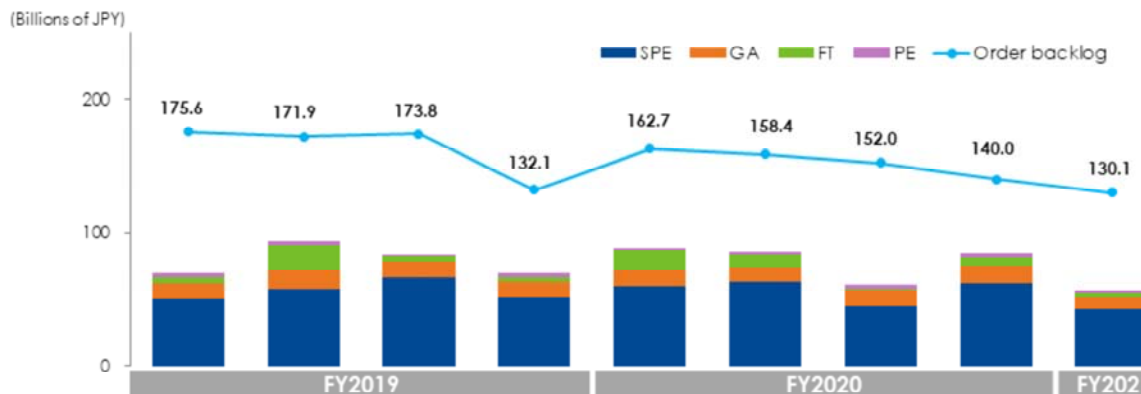


Sales by Region



- The SPE business contributed just under 80% of the group's consolidated sales. Looking at a breakdown by region, the Asia & Oceania region had the most sales, accounting for just over 50%.

Quarterly Orders Received and Order Backlog



		FY2019				FY2020				FY2021
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Orders received		69.2	93.4	83.7	69.4	88.5	85.0	70.9	84.6	56.7
SPE		50.6	58.0	66.3	51.3	60.0	62.5	45.3	62.4	43.0
GA		10.9	13.4	11.1	11.8	11.7	11.3	11.3	12.0	8.9
FT		4.6	19.2	4.6	3.6	14.1	8.8	11.5	6.9	2.5
PE		3.0	2.6	1.5	2.5	2.5	2.2	2.7	3.1	2.2
Order backlog		175.6	171.9	173.8	132.1	162.7	158.4	152.0	140.0	130.1
SPE		113.8	106.1	114.3	84.3	103.1	100.0	93.7	84.1	74.4
GA		4.5	5.6	5.3	4.3	6.2	4.7	4.5	5.3	6.4
FT		54.0	58.2	52.8	42.7	52.1	52.9	52.0	49.1	48.0
PE		3.1	1.8	1.3	0.7	1.2	0.7	1.7	1.3	1.2

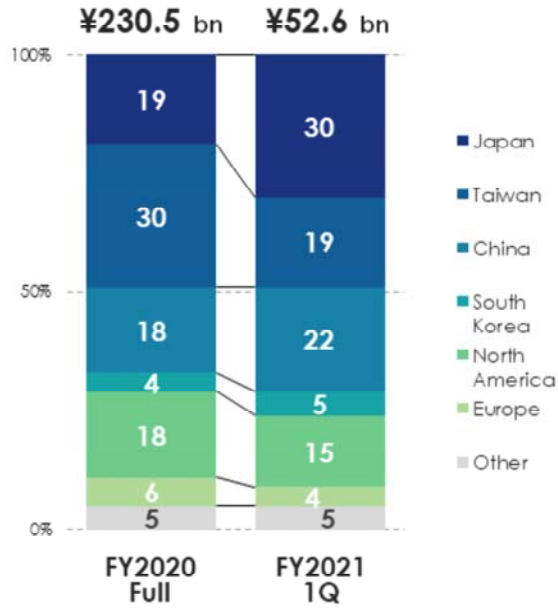
▀ Main Initiatives and Conditions Going Forward Market Outlook etc.

- **WFE:** Our medium- to long-term outlook with regard to the continued strong growth remains unchanged.
In the short term, there will be uncertain in 2H due to the impact of COVID-19, but at present, CY2020 is expected to grow by +0 to 5% compared with CY2019
- **Foundry:** Seeing firm investment in both mass-production and miniaturization
- Further strengthen relationships with customers through swiftly solutions provision and extensive support
- **Logic:** Mass production investment and generational changes in miniaturization proceed simultaneously
- Focus on responding to new processes and supplying equipment in a timely manner
- **Memory:** Some movement toward full-scale investment resumption
- Provide firm support for current investments and pay close attention to the timing for starting mass production investment
- **Imaging Device:** Demand seems to have a slight sigh due to the decrease in the numbers, although the growing popularity of smartphones with multiple cameras
- Strengthen support and pay careful attention to the timing of expanding existing line and new investments
- **Chinese market:** Continued steadily investments in both memory and foundries are expected
- Continue to focus on response in a timely manner while considering the impact of COVID-19
- **Other:** Expecting further growth in sensors, automotive devices-relatives and power semiconductors etc.
- Enhance product lineups, including the introduction of new small-diameter products for compound wafers

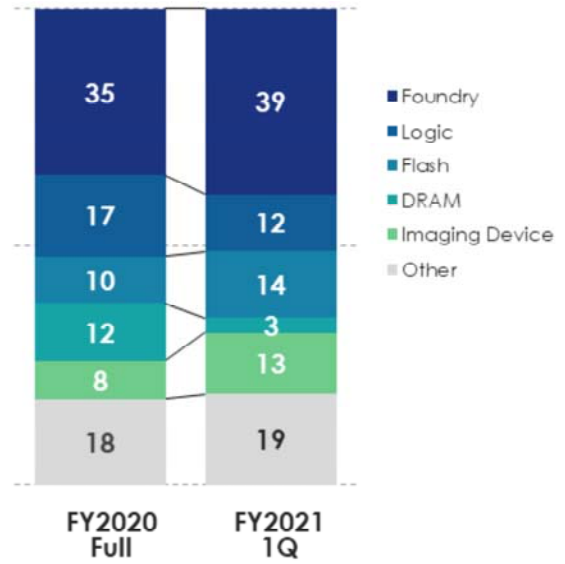
Composition of Sales

By Region (Consolidated) / By Application Device (Nonconsolidated)

By Region -destination-



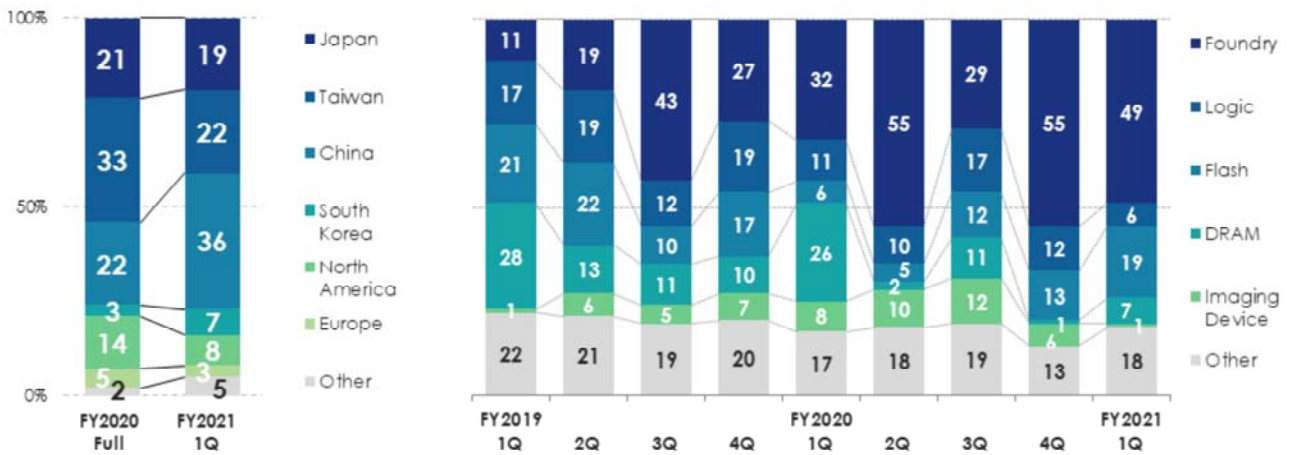
By Application Device



Orders Received Ratio (Nonconsolidated)

SPE

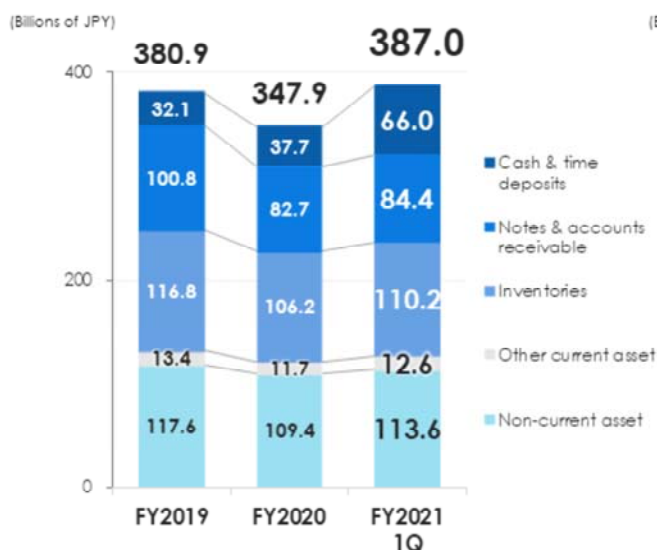
By Region -destination- Quarterly by Application Device



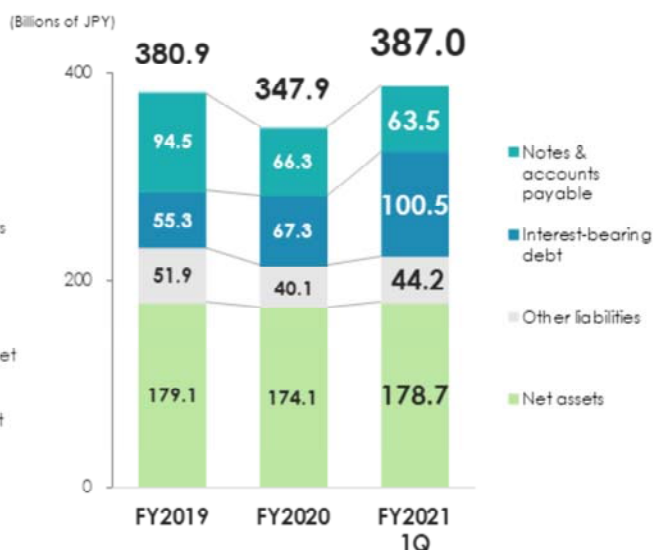
- By Region (compared with FY2020): Increased in China and South Korea, however, decreased in Taiwan and North America
- 1Q Consolidated Orders: Landed at ¥43.0 bn, almost in line with expectations
- By Application Device: Foundries accounted nearly 50%, maintaining a high percentage

Financial Situation: Trend in B/S

Assets



Liabilities & Net Assets



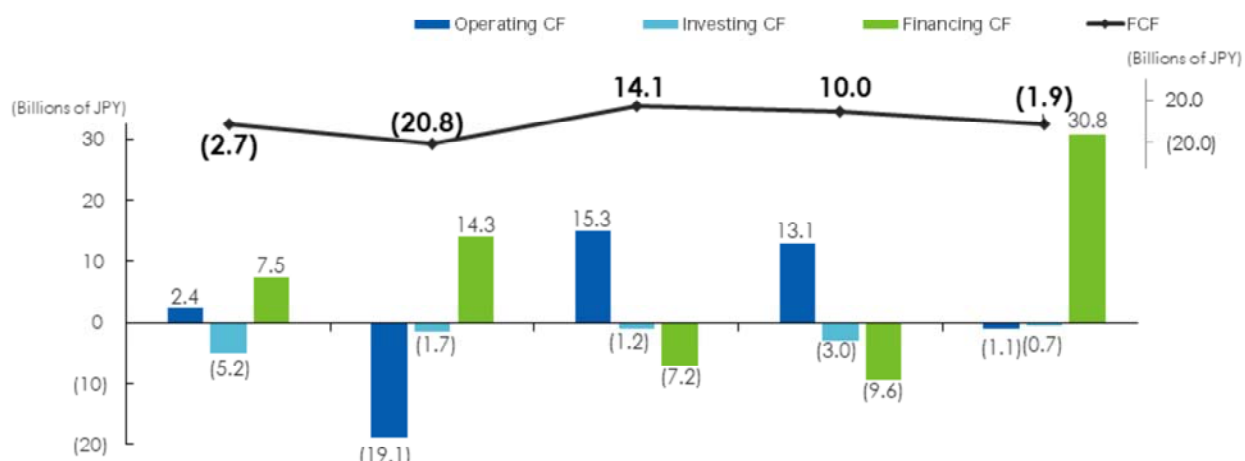
Equity Ratio **50.0%** (FY2020 4Q) ▶ **46.1%**

Total assets increased of ¥39.0 bn compared with the end of FY2020. This was largely due to an increase in cash and time deposits, inventories, and investment securities due to a rise in the market value of stock held.

- Cash & time deposits and interest-bearing debt increased due to thickening cash on hand in preparation for the prolongation of COVID-19.

- Total assets stood at ¥387.0 bn.
- Assets:
 - Assets stood at ¥387.0 bn, increased ¥39.0 bn, or 11.2%, compared with the end of FY2020, largely due to an increase in cash and time deposits, inventories, and investment securities due to a rise in the market value of stock held.
- Total liabilities and total net assets:
 - Total liabilities amounted to ¥208.3 bn, up ¥34.5 bn, or 19.9%, compared with the end of FY2020. This was mainly attributable to an increase in short-term loans payable, despite a decrease in notes and accounts payable including electronically recorded obligations.
 - Total net assets amounted to ¥178.7 bn, up ¥4.5 bn, or 2.6%, from the end of FY2020. This was mainly attributable to an increase in valuation difference on available-for-sale securities due to a rise in the market value of stock held and the recording of quarterly profit attributable to owners of parent, despite payment of cash dividends.
- As a result, the equity ratio as of June 30, 2020 stood at 46.1%.

Financial Situation: Cash Flows



(Billions of JPY)	FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q
Operating CF	2.4	(19.1)	15.3	13.1	(1.1)
Investing CF	(5.2)	(1.7)	(1.2)	(3.0)	(0.7)
FCF	(2.7)	(20.8)	14.1	10.0	(1.9)
Financing CF	7.5	14.3	(7.2)	(9.6)	30.8

* FCF: Free Cash Flow

>> FCF improved from FY2020, mainly due to a decrease in purchase of property, plant and equipment

>> Operating CF will temporarily deteriorate due to the impact of COVID-19, but it tends to improve through 2Q

FY2021 Business Forecast (as of July 29, 2020)

(Billions of JPY)	FY2020 Result			FY2021 Forecast		
	1H	2H	Full	1H	2H	Full
Net sales	148.1	175.0	323.2	141.0	175.0	316.0
SPE	106.9	123.5	230.5	106.0	125.5	231.5
GA	22.7	22.7	45.5	16.0	21.5	37.5
FT	12.8	22.3	35.1	13.5	21.0	34.5
PE	4.7	5.2	10.0	4.5	6.0	10.5
Others	0.8	1.0	1.9	1.0	1.0	2.0
Operating income (to net sales ratio)	3.4 2.3%	9.1 5.2%	12.5 3.9%	3.5 2.5%	14.5 8.3%	18.0 5.7%
SPE	6.5	9.6	16.1	8.5*	14.5*	23.0*
GA	0.9	0.5	1.4	(1.0) *	1.0*	0*
FT	(3.0)	0.4	(2.5)	(2.0) *	1.0*	(1.0) *
PE	(0)	(0.2)	(0.2)	0*	0*	0*
Others	(0.9)	(1.2)	(2.1)	(2.0) *	(2.0) *	(4.0) *
Ordinary Income	3.4	8.2	11.6	3.0	12.0	15.0
Profit attributable to owners of Parent	2.3	2.6	5.0	2.5	8.5	11.0

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

- Due to the impact of COVID-19 particularly in 1H, we expect sales for FY2021 to decline to ¥316.0 bn compared with FY2020, while operating income is expected to increase to ¥18.0 bn, driven by SPE.

Business Forecast for FY2021

By Segment

		(Billions of JPY)	1Q Result	Full Forecast
SPE	>> Operating income ratio expected to recover to the 10% range for the full fiscal year >> Sales mix of a diverse range of applications expected >> Due in part to the impact of COVID-19, the forecast will be more restrained in 1H	Net sales	52.6	231.5
		OP	4.2	23.0*
GA	>> Outlook for a tough year due to COVID-19-affected macroeconomic >> Continue to improve sales ratio of RB (recurring business) mainly in ink	Net sales	7.9	37.5
		OP	(0.3)	0*
FT	>> Reflect some delayed or freezing projects due to COVID-19 >> Expect to improve profitability by increasing OLED sales ratio	Net sales	3.6	34.5
		OP	(1.5)	(1.0)*
PE	>> An improved product mix expected, as investment in 5G mobile is the driver	Net sales	2.3	10.5
		OP	0.1	0*

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

- For FY2021, we aim to recover SPE's operating profit margin to 10%.

Business Forecast for FY2021

Others

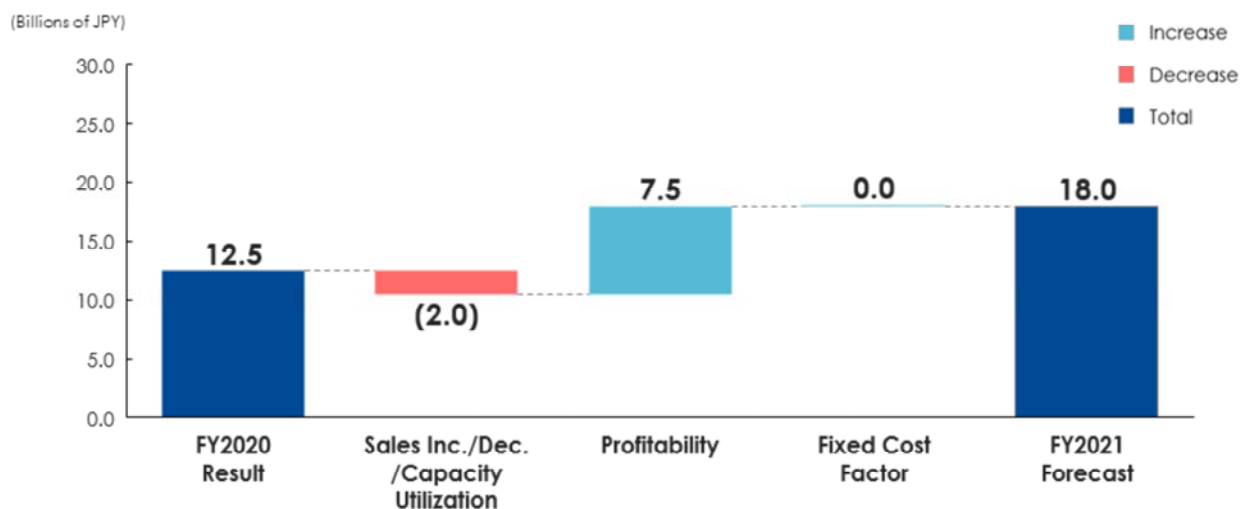
(Billions of JPY)	1H	2H	Full
Depreciation and amortization	4.8	5.2	10.0
Capital expenditures	4.0	7.0	11.0
R&D expenses	10.0	12.0	22.0
Cash dividends per share (JPY)	-	-	60
Assumed exchange rate	1USD = ¥105, 1EUR = ¥115 <small>* Assumed exchange rate sensitivity (Operating income base) >> To USD: ¥90 million To EUR: ¥20 million</small>		

- The fiscal year-end cash dividend is planned to be ¥60 per share, up from ¥30 in the previous year.

Analysis of Comparison in Operating Income

FY2021

FY2021 Forecast - Comparison with FY2020



>> Expect significant improvement in profitability, mainly in SPE

* Operating Income Factor: approximate numbers per 0.5 bn

>> Factors behind the change in net sales and capacity utilization: ¥2.0 bn decrease
- Mainly attributable to GA.

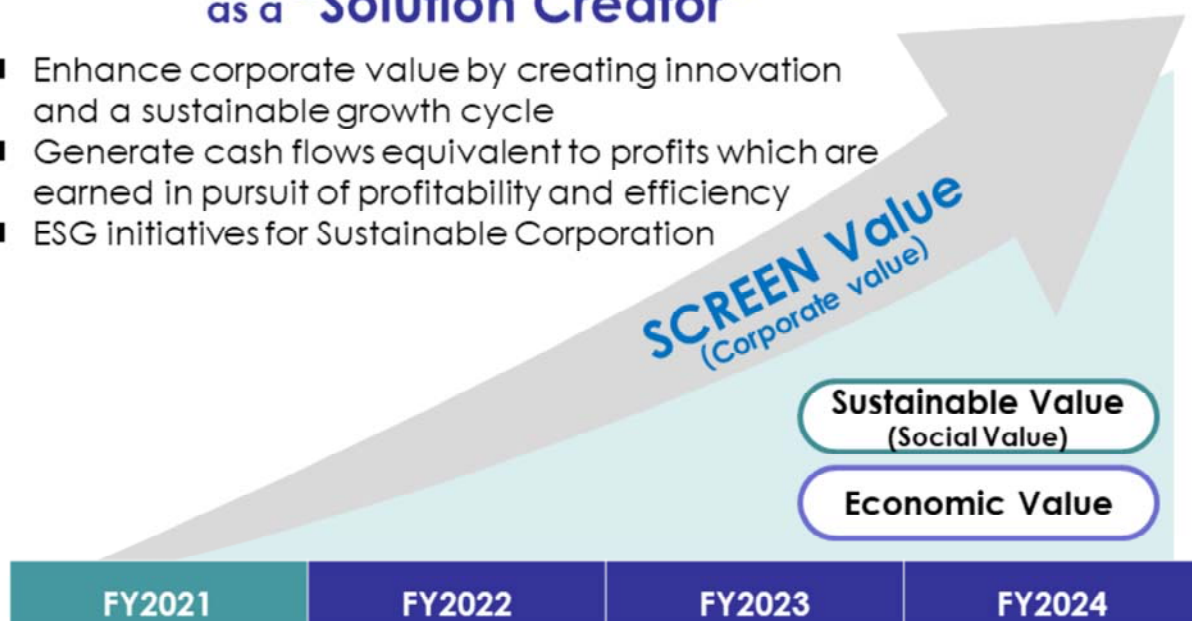
>> Profitability: ¥7.5 bn increase
- Around 2/3 is attributable to SPE and most of the rest is caused by FT.

>> Fixed costs: +¥0 bn increase
- In the downward revision in July 2020, we worked hard on fixed cost reduction to compensate for the decline in profitability, and we expect to maintain that level.

Establishing a presence in the industry as a “Solution Creator”

Toward 2023

- Enhance corporate value by creating innovation and a sustainable growth cycle
- Generate cash flows equivalent to profits which are earned in pursuit of profitability and efficiency
- ESG initiatives for Sustainable Corporation



* Since uncertainty has been climbing in the market amid the COVID-19 pandemic in the first fiscal year, the term of medium-term management plan is extended to four years, not three years as usual.

- ✓ Rapid shift to DX with the establishment of new value
- ✓ Servers, 5G, AI, IoT, sensors, and power control devices become the growth drivers
- ✓ Growing demand of diversifying displays
- ✓ Acceleration of investment on new energy with growing awareness of the environment and resources.
- ✓ Shift of demand from large-volume printing to high-mix, small-lot printing

SCREEN's technologies, products, and services are becoming ever more indispensable to people's lives

1. Enhance corporate value by creating innovation and a sustainable growth cycle

- Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&A
- Endeavor to create new businesses (ex. life sciences, inspection & measurement, energy, and AI)

2. Generate cash flows equivalent to profits which are earned in pursuit of profitability and efficiency

- Enhance capital efficiency on each business by introducing ROIC indicators
- Strengthen investment in growth fields by stably generating operating cash flows

3. ESG initiatives for Sustainable Corporation

- Formulate the medium-term plan, "Sustainable Value 2023" , based on Sustainable Value (social value) policy for socially sustainable development and execute the plan

*ESG stands for environmental, social and governance.

Enhance social value on “Sustainable Value 2023”

E : Reduce environmental impact through business

- ❑ Contribute to the realization of a decarbonized society based on the science-based targets (SBT) framework
- ❑ Contribute to the realization of a recycling-oriented society through protection of water resources, reduction of waste, and response to environmentally regulated substances

S : Create a great place to work and involve in solving social issues

- ❑ Execute new ways to work sustainably
- ❑ Promote social contribution activities through industry-academia-government collaborations

G : Strengthen risk management and business continuity plan

- ❑ Maintain Group risk management structure and execute the policy
- ❑ Strengthen supply chain management based on Responsible Business Alliance(RBA)



*ESG stands for environmental, social and governance.

SPE

- ❑ Increase market share in cleaning equipment segment
- ❑ Continue to transform toward profitability
- ❑ Strengthen after-sales service
- ❑ Improve CCC* by strengthening SCM

*Cash Conversion Cycle

<Targets in the final year>

Net Sales ¥280bn - ¥300bn

Operating Income to Net Sales Ratio 18 - 20%

<Market Outlook> WFE market will grow at CAGR of 7%
to over \$65 bn in 2023



GA

- ❑ Expand inkjet products for the commercial printing market and the packaging market (flexible, corrugate etc.)
- ❑ Strengthen recurring business

<Targets in the final year>

Net Sales ¥45bn - ¥50bn

Operating Income to Net Sales Ratio 6 - 8%

<Market Outlook> Marketing Communication/Transaction market will grow at CAGR of 8%,
Packaging market will grow at CAGR of 20% (Both POD markets, 2020-2026)



FT

- ❑ Commercialize inkjet equipment business for large-size OLED TVs
- ❑ Commercialize energy-related business

<Targets in the final year>

Net Sales ¥45bn - ¥50bn

Operating Income to Net Sales Ratio 8 -10%

<Market Outlook> Display manufacturing equipment market will grow at CAGR of 1% (2020-2022)

PE

- ❑ Increase market share of existing equipment
- ❑ Work on new product development and launch on the market

<Targets in the final year>

Net Sales ¥12bn - ¥14bn

Operating Income to Net Sales Ratio 8 -10%

<Market Outlook> PCB market will grow at CAGR of 6-7% (2020-2024)

New Business

- ❑ Inspection & measurement: Become profitable by solution business
- ❑ Life sciences : Become profitable in tablet printing and cell fields
- ❑ Launch new project in growing market by strengthening marketing

Numerical Targets of Economic Value

Medium-term Management Plan
Value Up 2023

Net sales	Achieve net sales of ¥400bn or above in the final year
Operating Income to Net Sales Ratio	Achieve 15% or above in the final year
ROE	Achieve 15% or above in the final year
Operating Cash Flow	Cumulative total of ¥120 bn in 4 years >>Achieve a net cash position
Shareholder Returns	Achieve a consolidated total return ratio of 30% or above from FY2022 (Continue 25% or above in FY2021)

*The above figures are predicated on organic growth.

Targets	Changes in three year			
		FY2018	FY2019	FY2020
1. Expand Sales Consolidated annual net sales Approx. ¥300 bn	Net sales	¥339.3bn	¥364.2bn	¥323.2bn
2. Maintain and Improve Profitability Operating income ratio in the final year of the plan 13% or above	Operating income ratio	12.6%	8.1%	3.9%
3. Maintain and Improve Capital Efficiency ROE Approx. 15%	ROE	18.2%	10.3%	2.8%

- Established robust business foundations supported by annual net sales of ¥300.0 bn thanks to the success of growth investment
 - In 1H of the three-year plan, the ratio of operating income to net sales and market capitalization hit record highs, while our targets for net cash flows and other performance indices have been met
 - On the other hand, we have seen growth in sales in 2H, albeit with temporary operational confusion. Some issues must be addressed to offset a decrease in profitability and create cash flows in a disadvantageous environment arising from the deterioration of market conditions
- >> Based on the new medium-term management plan, we will refresh our focus on pursuing improvement in corporate value

Appendix>> Recent News (May 12 to July 29, 2020)

HD

- Develops UV inkjet printing system for aluminum rolls for PTP sheets that improves traceability by adding variable information for individual pharmaceutical packages
- Kyoto Institute of Technology and SCREEN signed an agreement related to comprehensive technology exchanges.
- Started an MBA education program in a business-academic alliance with Doshisha University
- Develops the newest model of a cellular morphology analysis and imaging system that supports drug discovery and regenerative medicine research
- Continued selected for the FTSE4Good Index Series, FTSE Blossom Japan Index

SPE

- Launches new spin processor for single wafer cleaning
- System delivers exceptional cost performance even for wide range of compound wafers

GA

- Chosen for the Global Niche Top Companies Selection 100 by the Ministry of the Economy, Trade and Industry in 2020
- Adds high-speed monochrome model to Truepress, Jet520HD series
- Strengthens lineup for package printing market as part of strategic business plan
- Develops high-speed, water-based inkjet system for flexible packaging

Comparison (YoY)

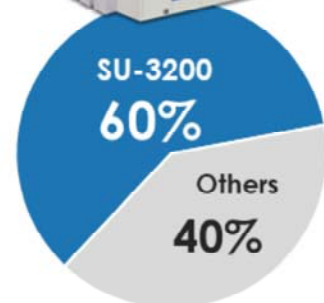
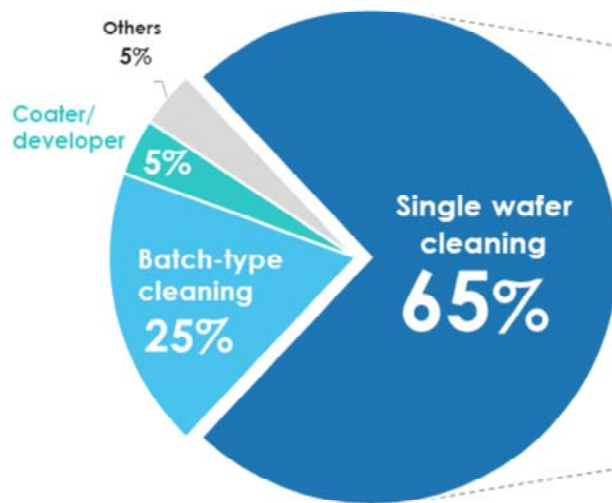
	FY2020	FY2021	Difference	
	1Q	1Q		
(Billions of JPY)				
Net sales	41.2	52.6	11.4	27.9%
Operating income (to net sales ratio)	(0) -0.1%	4.2 8.1%	4.3	- 8.2pt

Comparison (QoQ)

	FY2020	FY2021	Difference	
	4Q	1Q		
(Billions of JPY)				
Net sales	72.0	52.6	(19.3)	-26.8%
Operating income (to net sales ratio)	5.3 7.5%	4.2 8.1%	(1.0)	-20.4% 0.7pt

Appendix>> Composition of Sales (Nonconsolidated)

■ Total Sales Ratio of Cleaning Equipment by Product in FY2021 1Q



	FY2018	FY2019	FY2020	FY2021 1Q
unit: 台				
Single wafer cleaning	65	65	65	65
Batch-type cleaning	30	20	25	25
Coater/developer	5	10	5	5
Other	0	5	5	5

* Ratio: approximate numbers per 5%

Comparison (YoY)

	FY2020	FY2021	Difference	
	(Billions of JPY) 1Q	1Q		
Net sales	9.8	7.9	(1.8)	-19.3%
Operating income (to net sales ratio)	(0.2) -2.3%	(0.3) -5.0%	(0.1)	- -2.7pt

Comparison (QoQ)

	FY2020	FY2021	Difference	
	(Billions of JPY) 4Q	1Q		
Net sales	11.2	7.9	(3.2)	-29.4%
Operating income (to net sales ratio)	0.4 3.7%	(0.3) -5.0%	(0.8)	- -8.7pt

Comparison (YoY)

	FY2020	FY2021	Difference	
	1Q	1Q		
Net sales	4.8	3.6	(1.1)	-23.8%
Operating income (to net sales ratio)	(3.5) -74.0%	(1.5) -41.4%	2.0	- 32.6pt

Comparison (QoQ)

	FY2020	FY2021	Difference	
	4Q	1Q		
Net sales	9.8	3.6	(6.2)	-62.9%
Operating income (to net sales ratio)	0.2 2.3%	(1.5) -41.4%	(1.7)	- -43.7pt

Comparison (YoY)

	FY2020	FY2021	Difference	
	1Q	1Q		
(Billions of JPY)				
Net sales	2.1	2.3	0.2	11.4%
Operating income (to net sales ratio)	(0) -2.3%	0.1 5.2%	0.1	- 7.5pt

Comparison (QoQ)

	FY2020	FY2021	Difference	
	4Q	1Q		
(Billions of JPY)				
Net sales	3.4	2.3	(1.1)	-32.3%
Operating income (to net sales ratio)	(0) -2.0%	0.1 5.2%	0.1	- 7.3pt

Appendix>> Changes in Main Index

(Billions of JPY)	FY2017	FY2018	FY2019	FY2020	FY2021 (July Forecast)
Net sales	300.2	339.3	364.2	323.2	316.0
Operating income	33.7	42.7	29.6	12.5	18.0
Operating income ratio (%)	11.2	12.6	8.1	3.9	5.7
Total assets	300.6	365.8	380.9	347.9	-
Equity	142.8	170.8	179.1	173.9	-
Equity ratio (%)	47.5	46.7	47.0	50.0	-
ROE (%)	18.4	18.2	10.3	2.8	-
Depreciation and amortization	5.3	5.7	6.8	8.8	10.0
Capital expenditures	8.2	14.4	24.0	7.9	11.0
R&D expenses	17.7	20.8	22.8	21.5	22.0
EPS (JPY)	511.96	608.62	387.10	107.37	235.70
Cash Dividends (JPY)	87	110	97	30	60



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