

# Business Results & Forecast

## The First Quarter Ended June 30, 2017

August 8, 2017

\*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, except per share figures. A ratio has been rounded off.

**SCREEN Holdings Co., Ltd**  
President,  
Member of the Board and CEO  
**Eiji Kakiuchi**

## »» Key Points of FY2018 1Q Business Results

- A solid start to the fiscal year, with revenue and profit up year on year  
Highest 1Q revenues and operating income since the 2008 financial crisis
- Forecasts for the 1H, 2H, and full fiscal year have been revised upward in light of expected strong performance in the SE business
- SE>>
  - Segment revenue and profit up year on year  
Highest 1Q revenues and operating income in four years
  - Orders received remained high, at JPY52.9 bn.

## Agenda

### 1. FY2018 1Q Business Results



### 2. Business Situation in 4 Segments <SE, GA, FT, PE>



### 3. Financial Situation



### 4. FY2018 Business Forecast



### 5. Recent Topics



**1. FY2018 1Q Business Results**

2. Business Situation in 4 Segments <SE, GA, FT, PE>

3. Financial Situation

4. FY2018 Business Forecast

5. Recent Topics

## FY2018 1Q Business Results (Consolidated)

(Billions of JPY)	FY2017					FY2018		
	1Q	2Q	3Q	4Q	Full	1Q	Difference(YoY)	
<b>Net sales</b>	<b>62.2</b>	<b>73.8</b>	<b>73.8</b>	<b>90.2</b>	<b>300.2</b>	<b>72.9</b>	<b>10.7</b>	<b>17.2%</b>
SE	41.2	50.3	50.6	63.7	206.0	46.5	5.2	12.8%
GA	9.6	12.4	10.4	13.2	45.8	10.8	1.2	12.7%
FT	9.3	8.6	10.8	9.3	38.1	12.9	3.5	38.5%
PE	1.8	2.1	1.6	3.3	8.9	2.3	0.5	30.0%
Other	0.1	0.2	0.3	0.5	1.2	0.2	0	36.3%
<b>Operating income</b>	<b>5.1</b>	<b>7.0</b>	<b>9.1</b>	<b>12.4</b>	<b>33.7</b>	<b>7.3</b>	<b>2.2</b>	<b>44.2%</b>
(to net sales ratio)	<b>8.2%</b>	<b>9.6%</b>	<b>12.4%</b>	<b>13.7%</b>	<b>11.2%</b>	<b>10.1%</b>	-	<b>1.9pt</b>
SE	4.3	6.0	8.0	10.8	29.3	6.4	2.0	47.9%
GA	(0.2)	0.8	0.1	0.7	1.4	0.1	0.4	-
FT	1.2	0.5	1.1	1.4	4.3	1.1	-0.1	-8.3%
PE	0.1	0.1	0.1	0.2	0.7	0	-0	-50.8%
Other	(0.3)	(0.5)	(0.3)	(0.9)	(2.1)	(0.4)	-0	-
<b>Ordinary income</b>	<b>5.0</b>	<b>6.6</b>	<b>9.0</b>	<b>11.2</b>	<b>32.0</b>	<b>7.5</b>	<b>2.4</b>	<b>49.1%</b>
<b>Profit attributable to Owners of parent</b>	<b>3.7</b>	<b>5.7</b>	<b>6.8</b>	<b>7.8</b>	<b>24.1</b>	<b>5.1</b>	<b>1.4</b>	<b>38.5%</b>

SE: Semiconductor solution business  
 FT: Finetech solution business

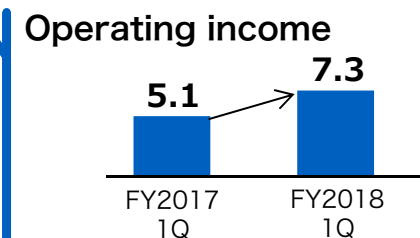
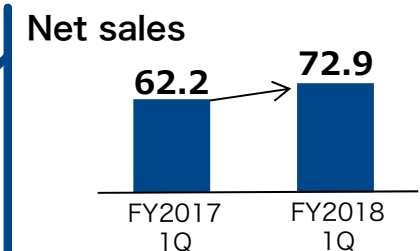
GA: Graphic solution business  
 PE: PE solution business

\*From April 2017, PE has been made an reportable segment

## FY2018 1Q Business Results (Consolidated)

### >>Comparison (YoY)

	FY2017	FY2018	Difference	
	1Q	1Q		
Net sales	62.2	72.9	10.7	17.2%
Operating income (to net sales ratio)	5.1 8.2%	7.3 10.1%	2.2 1.9pt	44.2%
Ordinary income	5.0	7.5	2.4	49.1%
Profit attributable to Owners of parent	3.7	5.1	1.4	38.5%



### >>Comparison (QoQ)

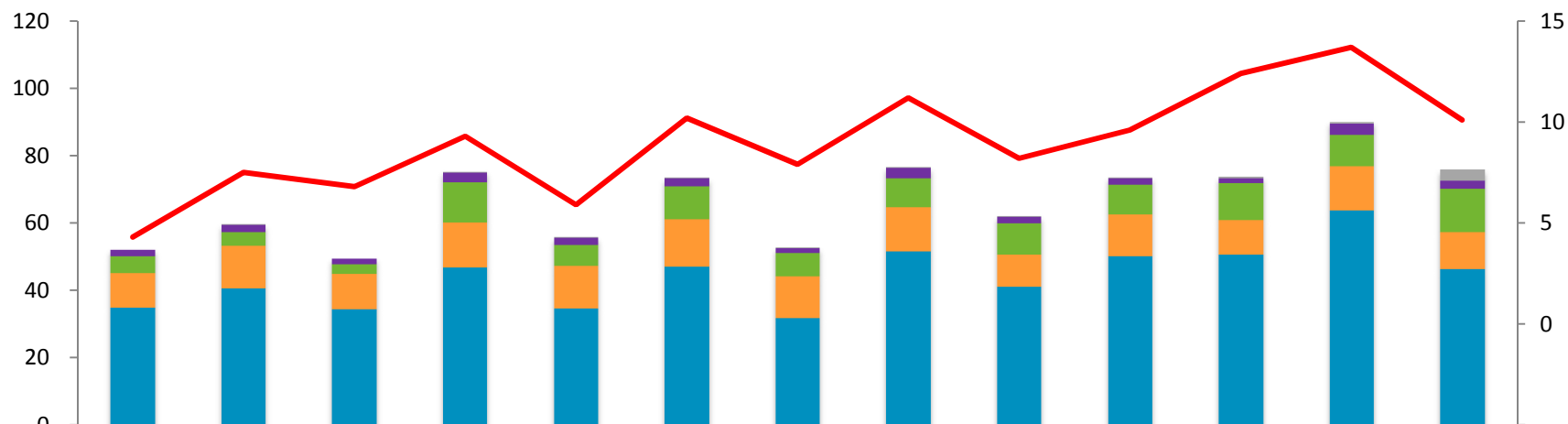
	FY2017	FY2018	Difference	
	4Q	1Q		
Net sales	90.2	72.9	-17.2	-19.1%
Operating income (to net sales ratio)	12.4 13.7%	7.3 10.1%	-5.0 -3.6pt	-40.5%
Ordinary income	11.2	7.5	-3.6	-32.9%
Profit attributable to Owners of parent	7.8	5.1	-2.6	-34.3%

## Quarterly Net Sales and Operating Income (Consolidated)

Net Sales  
(Billions of JPY)

Operating Income Ratio  
(%)

SE GA FT PE Other Operating Income Ratio

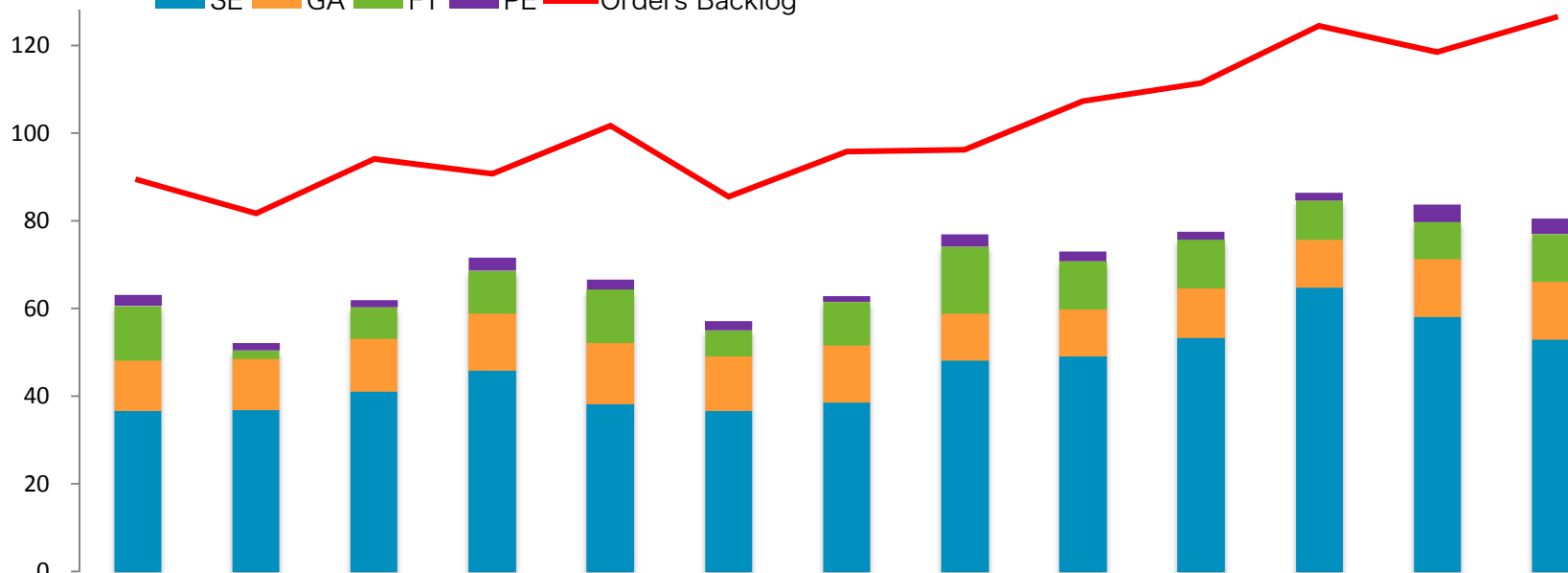


(Billions of JPY)	FY2015				FY2016				FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Net Sales</b>	<b>52.4</b>	<b>60.0</b>	<b>49.8</b>	<b>75.3</b>	<b>56.1</b>	<b>73.7</b>	<b>53.0</b>	<b>76.8</b>	<b>62.2</b>	<b>73.8</b>	<b>73.8</b>	<b>90.2</b>	<b>72.9</b>
SE	35.1	40.6	34.6	47.0	34.7	47.2	32.0	51.7	41.2	50.3	50.6	63.7	46.5
GA	10.2	12.7	10.4	13.3	12.6	14.0	12.4	13.0	9.6	12.4	10.4	13.2	10.8
FT	4.9	4.0	2.8	11.9	6.3	9.6	6.9	8.7	9.3	8.6	10.8	9.3	12.9
PE	1.9	2.3	1.7	2.8	2.0	2.5	1.3	3.0	1.8	2.1	1.6	3.3	2.3
Other	0.1	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.1	0.2	0.3	0.5	0.2
Operating income	<b>2.2</b>	<b>4.4</b>	<b>3.3</b>	<b>7.0</b>	<b>3.2</b>	<b>7.5</b>	<b>4.1</b>	<b>8.5</b>	<b>5.1</b>	<b>7.0</b>	<b>9.1</b>	<b>12.4</b>	<b>7.3</b>
Operating income ratio(%)	<b>4.3</b>	<b>7.5</b>	<b>6.8</b>	<b>9.3</b>	<b>5.9</b>	<b>10.2</b>	<b>7.9</b>	<b>11.2</b>	<b>8.2</b>	<b>9.6</b>	<b>12.4</b>	<b>13.7</b>	<b>10.1</b>

## Quarterly Orders Received and Orders Backlog (Consolidated)

(Billions of JPY)

SE GA FT PE Orders Backlog



	FY2015				FY2016				FY2017				FY2018
(Billions of JPY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Orders Received</b>	<b>63.2</b>	<b>52.1</b>	<b>62.0</b>	<b>71.8</b>	<b>66.7</b>	<b>57.3</b>	<b>63.0</b>	<b>77.0</b>	<b>73.1</b>	<b>77.6</b>	<b>86.6</b>	<b>83.7</b>	<b>80.6</b>
SE	36.6	36.9	41.1	45.9	38.1	36.7	38.6	48.1	49.1	53.3	64.8	58.1	52.9
GA	11.5	11.5	12.0	12.9	14.1	12.3	13.0	10.6	10.6	11.3	10.8	13.1	13.1
FT	12.5	2.0	7.2	9.8	12.1	6.0	9.9	15.4	11.1	11.1	9.0	8.5	11.0
PE	2.5	1.7	1.6	3.0	2.3	2.1	1.3	2.8	2.2	1.8	1.8	4.0	3.5
<b>Orders Backlog</b>	<b>89.3</b>	<b>81.7</b>	<b>94.1</b>	<b>90.7</b>	<b>101.7</b>	<b>85.5</b>	<b>95.8</b>	<b>96.2</b>	<b>107.3</b>	<b>111.4</b>	<b>124.5</b>	<b>118.5</b>	<b>126.4</b>



1. FY2018 1Q Business Results



2. Business Situation in 4 Segments <SE, GA, FT, PE>



3. Financial Situation



4. FY2018 Business Forecast



5. Recent Topics



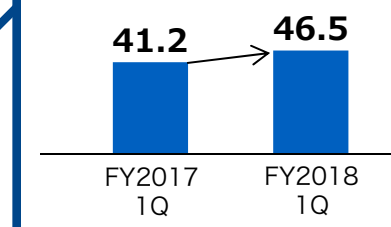
## SE >> Business Environment

### >>Comparison (YoY)

	FY2017	FY2018	Difference	
	1Q	1Q		
Net sales	41.2	46.5	5.2	12.8%
Operating income (to net sales ratio)	4.3 10.5%	6.4 13.8%	2.0 3.3Pt	47.9%

(Billions of JPY)

Net sales

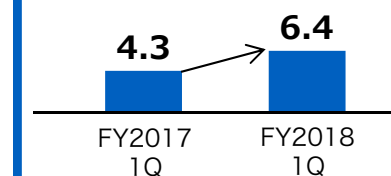


### >>Comparison (QoQ)

	FY2017	FY2018	Difference	
	4Q	1Q		
Net sales	63.7	46.5	-17.1	-26.9%
Operating income (to net sales ratio)	10.8 17.0%	6.4 13.8%	-4.4 -3.2pt	-40.9%

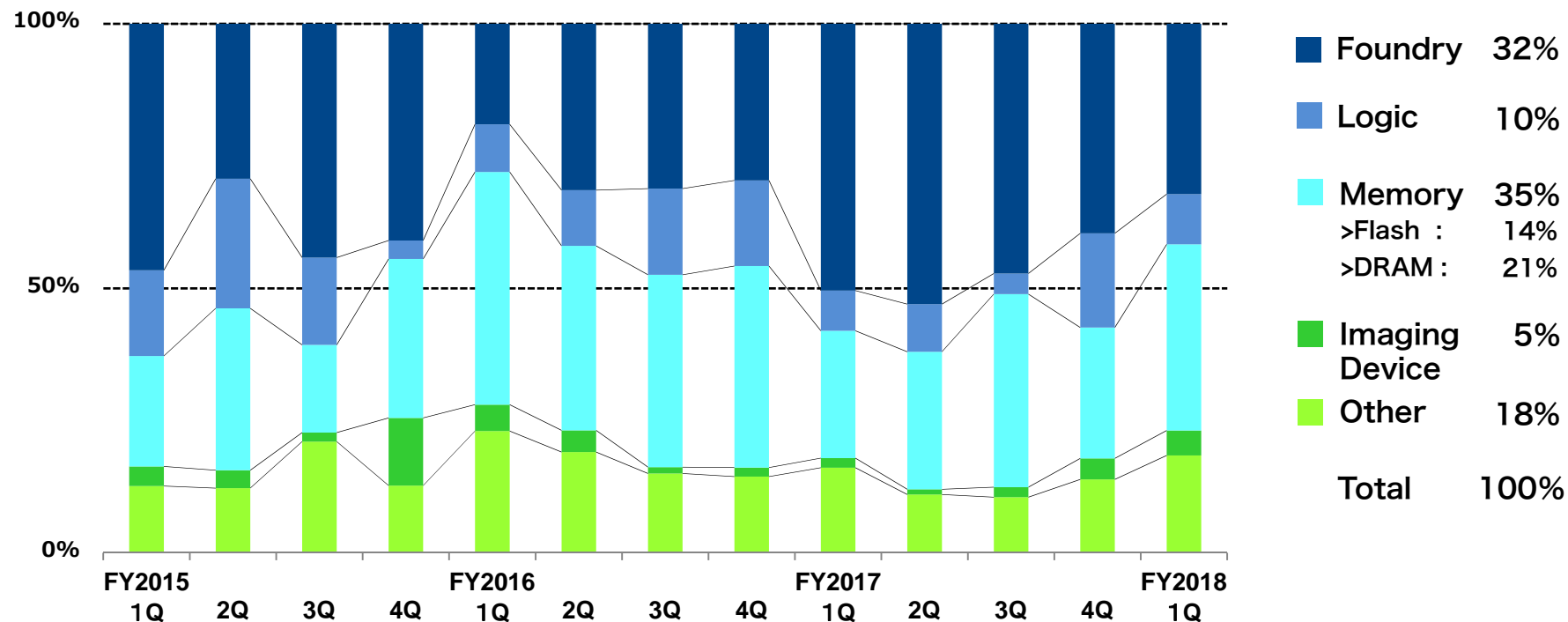
(Billions of JPY)

Operating income



- Sales to memory manufacturers were significantly up from FY2017 1Q, and sales to foundries were firm.
- Going forward, the market is expected to remain brisk, due to active investment by memory manufacturers and by foundries / logic chip miniaturization. The development of the Chinese market is expected to ramp up.

## SE >> Quarterly Orders Received Ratio by Device Application (Nonconsolidated)

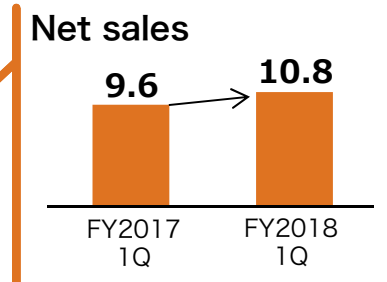


>>1Q Orders received (Consolidated) : JPY 52.9 bn.

## GA >> Business Environment

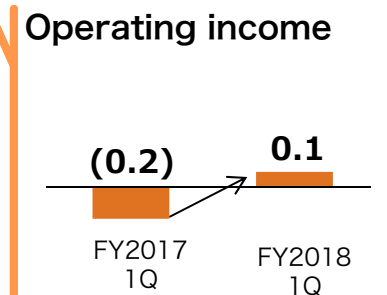
### >>Comparison (YoY)

	FY2017	FY2018	Difference	
	1Q	1Q		
Net sales	9.6	10.8	1.2	12.7%
Operating income (to net sales ratio)	(0.2) (2.9%)	0.1 1.7%	0.4 4.6pt	-



### >>Comparison (QoQ)

	FY2017	FY2018	Difference	
	4Q	1Q		
Net sales	13.2	10.8	-2.4	-18.3%
Operating income (to net sales ratio)	0.7 6.0%	0.1 1.7%	-0.6 -4.3pt	-77.0%

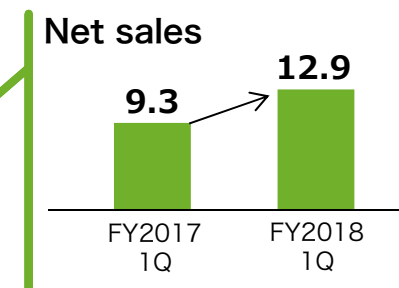


- Revenue and profit were up YoY. Sales of POD equipment exhibited at drupa in 2016 and ink increased. Sales are recovering, chiefly in the United States.
- Going forward, the segment seeks to expand sales of POD products (roll-fed inkjet printers and label/packaging printers) as well as SC ink and other consumables.
  - One of our mainstay products (the TP-J520HD) and SC ink recognized in the InterTech Technology Awards by PIA in the United States

## FT >> Business Environment

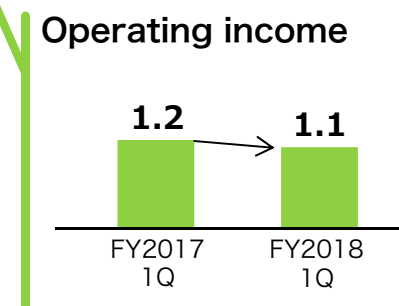
### >>Comparison (YoY)

	FY2017	FY2018	Difference	
	1Q	1Q		
(Billions of JPY)				
Net sales	9.3	12.9	3.5	38.5%
Operating income (to net sales ratio)	1.2 13.5%	1.1 9.0%	-0.1 -4.6pt	-8.3%



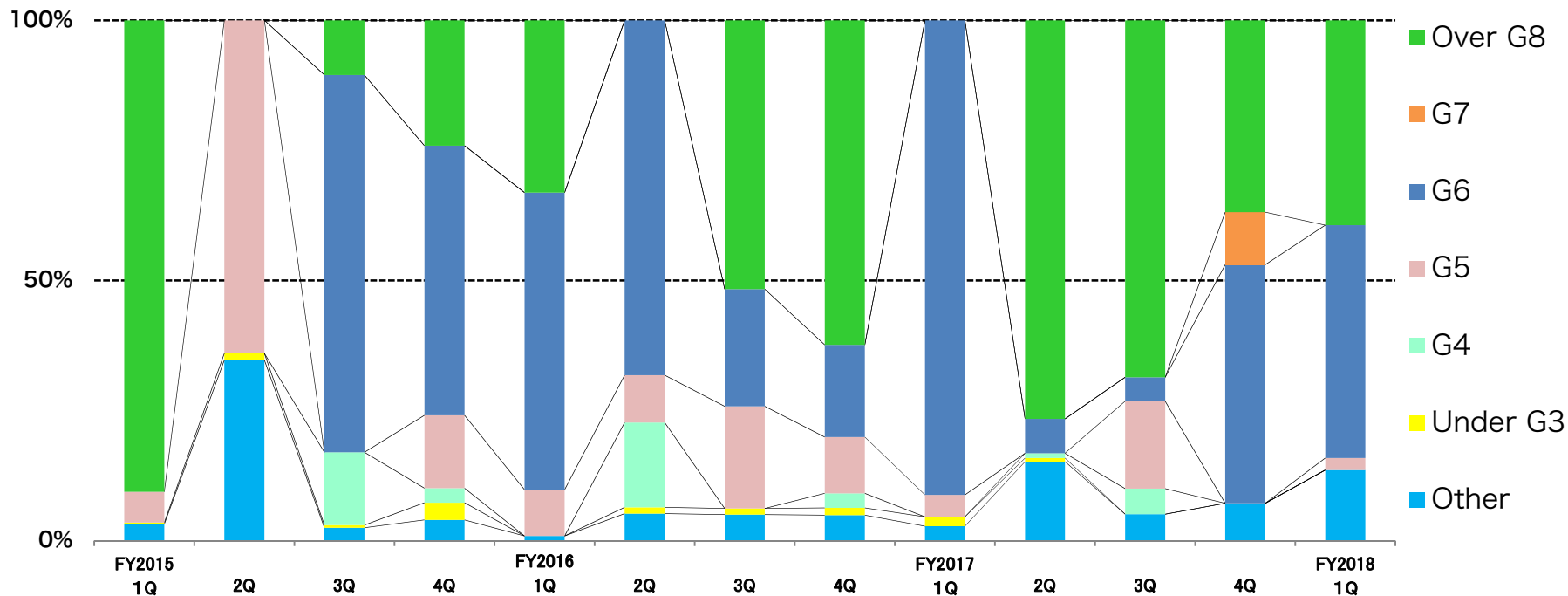
### >>Comparison (QoQ)

	FY2017	FY2018	Difference	
	4Q	1Q		
(Billions of JPY)				
Net sales	9.3	12.9	3.5	38.4%
Operating income (to net sales ratio)	1.4 15.3%	1.1 9.0%	-0.2 -6.4pt	-19.1%



- Sales of equipment for large-sized panels and sales of equipment for small- and medium-sized (OLED) panels were both up YoY. Sales in new business fields also growing steadily
- Brought display manufacturing assembly processing business of the company “FUK” into new subsidiary SCREEN Laminatech Co., Ltd., aiming to revamp the business portfolio.  
→Aiming to expand the flexible display business

## FT >> Quarterly Orders Received by Generation (Nonconsolidated)



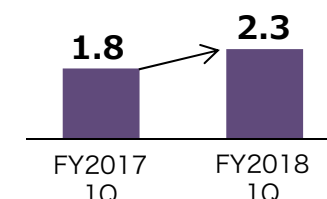
>>Reference: Consolidated orders received were JPY11 bn.  
 (of which, OLED-related orders accounted for more than 30%)

## PE >> Business Environment

### >>Comparison (YoY)

(Billions of JPY)	FY2017	FY2018	Difference	
	1Q	1Q		
Net sales	1.8	2.3	0.5	30.0%
Operating income (to net sales ratio)	0.1 8.1%	0 3.1%	-0 -5.1pt	-50.8%

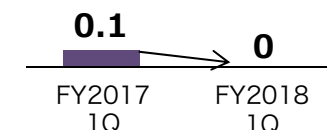
Net sales



### >>Comparison (QoQ)

(Billions of JPY)	FY2017	FY2018	Difference	
	4Q	1Q		
Net sales	3.3	2.3	-0.9	-28.6%
Operating income (to net sales ratio)	0.2 8.7%	0 3.1%	-0.2 -5.6pt	-74.6%

Operating income



- Off to a solid start as a new reportable segment (as of April 1, 2017).  
Sales grew in China and South Korea (where demand for high-end smartphones is booming)
- In FY2018, we have been receiving many inquiries related to smartphones and products for automobiles, and continue to receive numerous inquiries about mainstay direct imaging equipment. We are aiming to expand sales by introducing new inspection equipment.

1. FY2018 1Q Business Results



2. Business Situation in 4 Segments <SE, GA, FT, PE>



**3. Financial Situation**



4. FY2018 Business Forecast



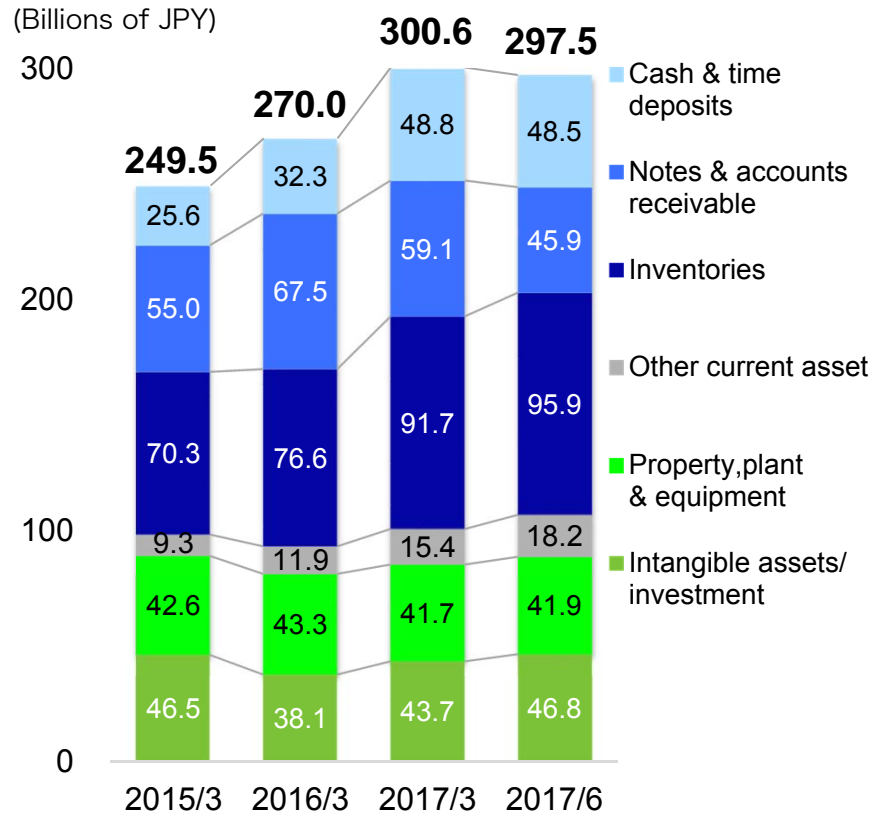
5. Recent Topics



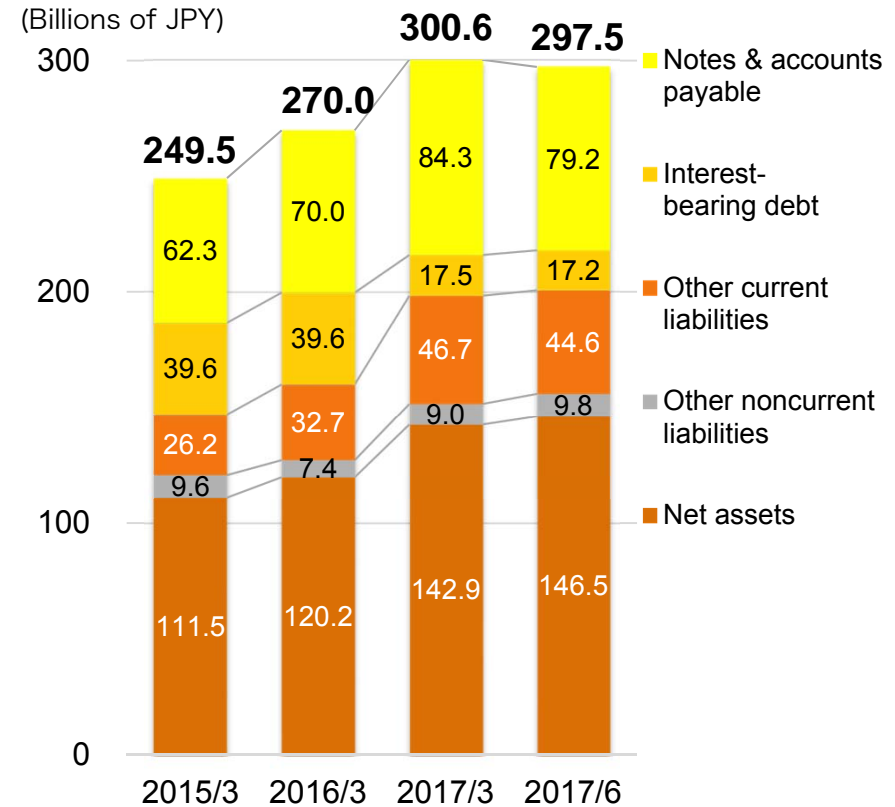


## Trend in B/S (Consolidated)

### >>Assets



### >>Liabilities & Net Assets

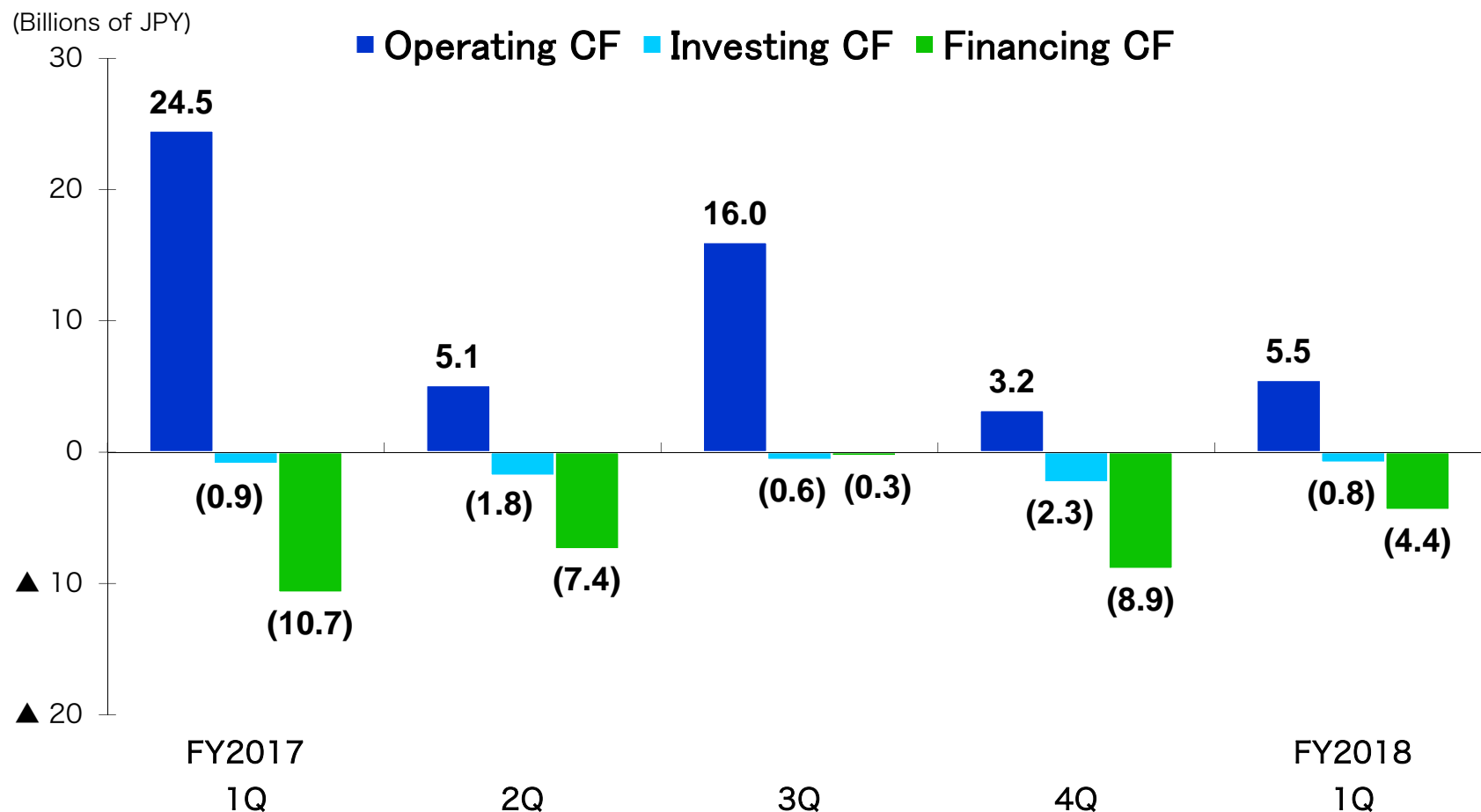


Equity Ratio : 47.5% (2017/3)



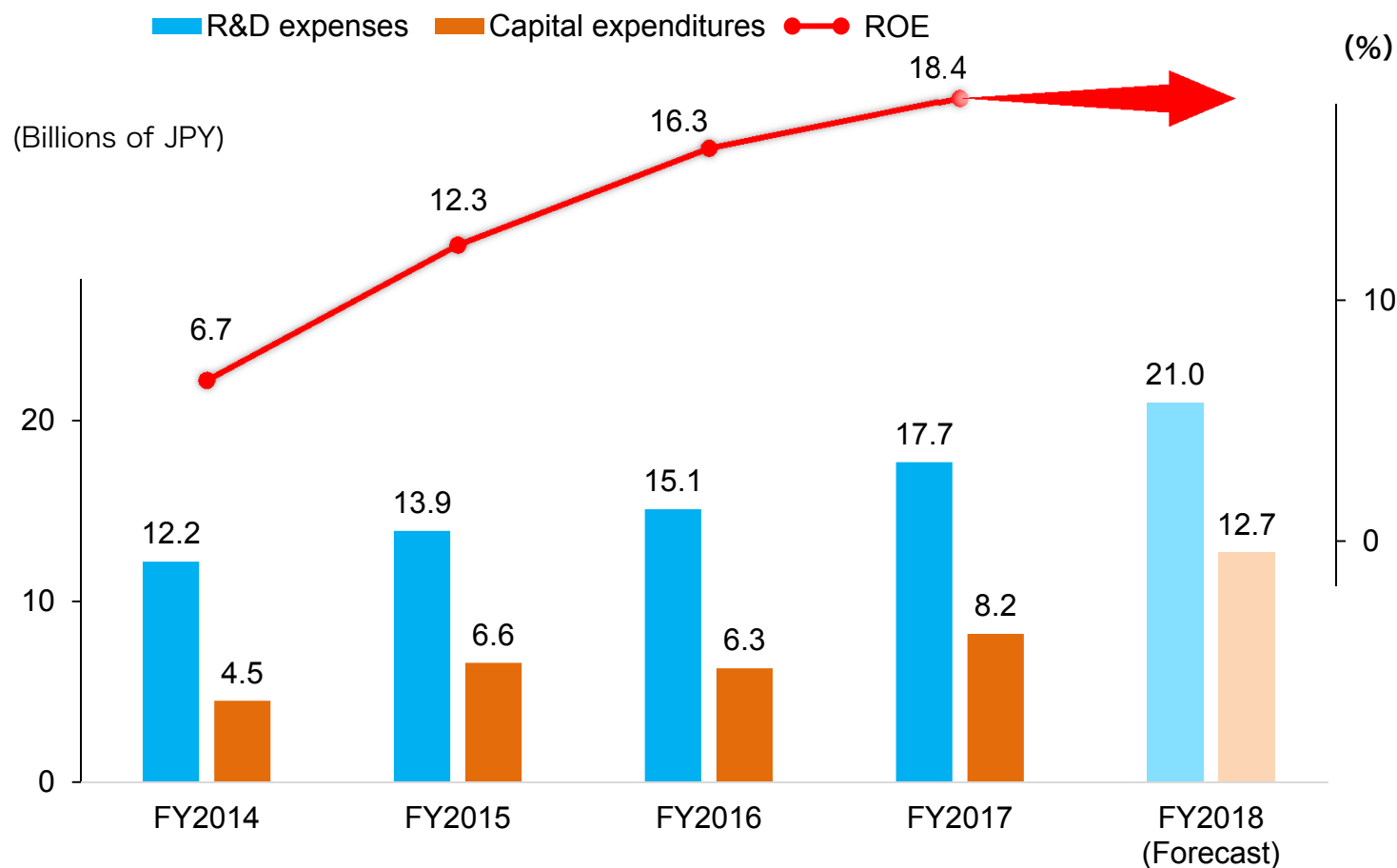
**49.3% (2017/6)**

## Cash Flows (Consolidated)



FY2018 1Q Total Free Cash Flow ➔ **JPY 4.7 bn.**

# Improving Capital Efficiency For Growth



➤ Over the past three fiscal years, capital expenditure and R&D expenses have been rising, but ROE has remained over 10%.

1. FY2018 1Q Business Results



2. Business Situation in 4 Segments <SE, GA, FT, PE>



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**4. FY2018 Business Forecast**



5. Recent Topics



## Business Forecast for FY2018 <Consolidated>

(Billions of JPY)	1H		2H		FULL		Difference
	May	August	May	August	May	August	
Net sales	<b>145.0</b>	<b>151.0</b>	<b>160.0</b>	<b>166.0</b>	<b>305.0</b>	<b>317.0</b>	<b>12.0</b>
SE	94.0	99.0	108.0	115.5	202.0	214.5	12.5
GA	24.1	24.0	25.2	25.3	49.3	49.3	-
FT	20.8	22.0	18.7	19.0	39.5	41.0	1.5
PE	4.6	5.2	5.1	4.8	9.7	10.0	0.3
Other	1.5	0.8	3.0	1.4	4.5	2.2	-2.3
Operating income (to net sales ratio)	<b>14.0</b> 9.7%	<b>15.2</b> 10.1%	<b>20.0</b> 12.5%	<b>21.8</b> 13.1%	<b>34.0</b> 11.1%	<b>37.0</b> 11.7%	<b>3.0</b> 0.5pt
Ordinary income	<b>13.9</b>	<b>15.1</b>	<b>19.8</b>	<b>21.7</b>	<b>33.7</b>	<b>36.8</b>	<b>3.1</b>
Profit attributable to Owners of parent	<b>8.5</b>	<b>9.6</b>	<b>13.8</b>	<b>15.4</b>	<b>22.3</b>	<b>25.0</b>	<b>2.7</b>

▣ Assumed Exchange Rate>> USD1=105 yen    EUR1=115 yen

▣ Forecast of annual cash dividends for FY2018>> JPY 87.00 per share (year-end cash dividend)

1. FY2018 1Q Business Results



2. Business Situation in 4 Segments <SE, GA, FT, PE>



3. Financial Situation



4. FY2018 Business Forecast



**5. Recent Topics**



## » ESG-Related Topics

### Corporate Governance: We now comply with all 73 principles of the Corporate Governance Code

Previously, the principle “Effective Use of Independent Directors,” was dealt with as an “explain” item (for which we explained the reasons for noncompliance). In line with the corresponding supplementary principles, we further enhanced opportunities for the provision of information to outside directors, changing the classification of this item to “comply.” (Submitted to the Tokyo Stock Exchange on July 5, 2017)

### Selected for ESG indices:

FTSE Blossom Japan, FTSE4Good, and others

## » Other Topics

### SE : Expanding the Product Portfolio (FY2018 releases)

#### □ DW-6000

high-throughput direct imaging exposure system

For the Advanced Packaging field expected to grow



#### □ LA-3100 flash lamp annealer

Helping boost the capabilities of cutting-edge devices



#### □ ZI/RE/VM-3500 inspection/measurement systems

Meeting IoT-related electronic device market needs



#### □ CW-2000 wet cleaning system

Achieved excellent cost performance, with 50% smaller footprint and 50% greater productivity





## » Other Topics

**GA : Developed a digital label press  
for food packaging label printing**

- Truepress Jet L350UV+LM  
For the food packaging market



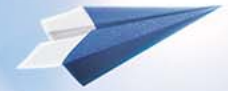
**PE : Launched an automatic optical inspection  
system for high-end HDI boards**

- MIYABI 7 automatic optical inspection system  
For substrates used in smartphones and  
automotive applications (for release in August 2017)



**SCREEN**

**Fit your needs, Fit your future**



**SCREEN**