

**FAQ at IR Meetings Following the Announcement of First Nine Month Results for the Fiscal Year Ending March 31, 2018**

**Q. Overall results: The latest revisions in the full-year consolidated operating results forecasts for the fiscal year ending March 31, 2018 have operating income up ¥0.5 billion and ordinary income down ¥0.3 billion. Why is that?**

A. The upward revision in the operating income forecast was due mainly to an increase in sales in the PCB-Related Equipment (PE) business. On the other hand, the downward revision in the forecast for ordinary income is attributable to a rise in non-operating expenses.

**Q. Overall results: Consolidated capital investment for the fiscal year ending March 31, 2018, is expected to total ¥14.5 billion, which includes funds being set aside for the “Hikone Grand Design Plan\*”. This represents a year-on-year increase of ¥6.3 billion. What are your projections regarding annual capital investment for the upcoming fiscal year?**

A. We expect capital investment to increase further as we plan to undertake a number of development projects, including those associated with our facilities in the Hikone Plant.

**Q. The Semiconductor Equipment (SE) business: Orders received in the third quarter came to ¥88.3 billion. What are the factors behind this extraordinarily strong result?**

A. Looking at these results by device, orders from memory manufacturers (especially of DRAM) accounted for a significant proportion of overall orders received by the SE. Although orders received from foundries remained sluggish during the first six months, they took an upturn in the third quarter, just as we had expected. At the same time we saw greater-than-anticipated rises in orders received for other devices. Moreover, we received orders from a number of up-and-coming manufacturers in China, which also contributed to the aforementioned results.

**Q. SE: How do you assess the SE’s prospects vis-à-vis the volume of orders received in the fourth quarter and your forecast of business trends from April 2018 onward?**

A. We expect that orders received in the fourth quarter will amount to approximately around ¥60 billion. We also expect showings to remain strong for the time being and beyond April 2018.

**Q. SE: What are your views regarding the SE on market trends for wafer fab equipment (WFE, front-end processing equipment) in 2018 and beyond?**

A. In CY 2018, we expect the value of the market to rise approximately 6% year on year.

**Q. The Graphic Arts Equipment (GA) business: What were the key factors driving year-on-year growth in revenues and earnings and the improvement in profitability during the nine months from April to December 2017?**

A. Key factors included growth in sales and the positive effect of foreign exchange rates. Specifically, POD sales grew in Japan as well as in the United States. Sales of inks also increased, contributing to profit growth. Looking ahead, we will strive to secure even greater sales while enhancing profitability.

**Q. The Display Production Equipment and Coater (FT) business: In the third quarter, the operating income to net sales ratio was down from the previous quarter. Why was that?**

A. The decline was attributable to the recording of goodwill expenses associated with SCREEN Laminatech Co., Ltd. (established in July 1, 2017) in the second and third quarters. We also experienced a temporary cost increase. However, we expect the ratio to improve to our usual level of approximately 10% going forward.

**Q. FT: Orders received in the third quarter were ¥14.3 billion, an extremely high level. Please provide us with the breakdown of these orders. Also, could you give us your forecast on orders expected in the fourth quarter as well as the future outlook of this business?**

A. In the third quarter, OLED-related products accounted for approximately 70% of the orders received by the FT, compared with approximately 40% in the second quarter. These products also accounted for a greater proportion of segment sales in the third quarter. Moreover, the proportion of orders received in new business fields, such as deposition technologies, grew to around 20%.

Going forward, although actual results may fluctuate from quarter to quarter, we expect the proportion of overall OLED-related orders to remain robust at around 30% to 40%. In new business fields, we will be able to expect a constant stream of orders for lithium-ion batteries. Taking these factors into account, we forecast that orders received in the fourth quarter, including orders for G10.5 products launched in the third quarter, will amount to approximately ¥20 billion.

**Q. PE: The PE recorded strong revenues and earnings in the first nine months. What are factors behind it? Do you expect these strong showings to continue?**

A. An analysis of our nine month operating results shows that sales of our mainstay direct imaging equipment were robust, thanks to strong PCB demand associated with high-end smartphones. Taking these results into account, we upwardly revised the sales and profit forecasts for the full fiscal year ending March 31, 2018. We also expect growth in demand for PCB for automotive devices, particularly in the second half of CY 2018.

\* News Release: [SCREEN Restructures Manufacturing System for Semiconductor Production Equipment Revamp Targets Improved Production Efficiency and Capacity](#)

Stepping up our ongoing efforts under the “Production Innovation Project”, the aim of which is to enhance the profitability of the Semiconductor Equipment (SE) business, the “Hikone Grand Design Plan” serves as a core program intended to realize even greater profitability and production capacity.