



DAINIPPON SCREEN MFG.CO.,LTD.

Business Results

The Third Quarter Ended December 31, 2008

February 9, 2009

Cautionary statement with respect to these materials;

The earnings forecasts contained in these materials and communicated verbally, are based on the most recent information available to Dainippon Screen. However, rapid changes can occur in Dainippon Screen's business environment, due to factors such as global economic changes, technological developments in the electronics industry and changes in the semiconductor and LCD panel markets. As a result, Dainippon Screen's earnings performance and achievements may materially differ from those expressed in these materials.

Figures have been rounded down to eliminate amounts less than ¥100 million yen, except per share figures.

Business Results

The Third Quarter Ended December 31, 2008

CFO & Chief IR Officer **Osamu Ryonai**

Agenda

- **Business Results and Analysis**
- **Quarterly Sales & Orders Received**
- **Business Environment**
- **Actions to Strengthen Our Business Structure**
- **Summary**

Business Results for 3Q FY09/3(Consolidated)

(Billions of YEN)	FY09/3			
	3Q (Oct-Dec, 08)		1Q - 3Q (Apr-Dec,08)	
	Result	Y to Y Change	Result	Y to Y Change
Net sales	51.7	-0.1	174.6	-22.6
Operating income (loss)	(2.2)	-1.9	1.8	-9.8
Ratio to net sales	-4.3%	—	1.1%	—
Ordinary income (loss)	(4.9)	-3.7	(2.7)	-10.8
Net income (loss)	(4.3)	-3.1	(5.6)	-9.9

Analysis of Business Results

Net Sales

Result ¥174.6bn Forecast ¥235.0bn (Achievement rate 74.3%)

	1Q-3Q total results (Achievement rate)	3Q (Oct-Dec, 08)	
		Results	Points
SPE	¥ 76.2bn (77.8%)	¥ 18.2bn	Half of 2Q sales
FPD	¥ 46.2bn (73.4%)	¥ 17.5bn	Remained steady
Other equip	¥ 5.9bn (59.4%)	¥ 2.0bn	Overseas sales ratio decline
GA	¥ 44.7bn (72.2%)	¥ 13.6bn	Decreased by currency exchange

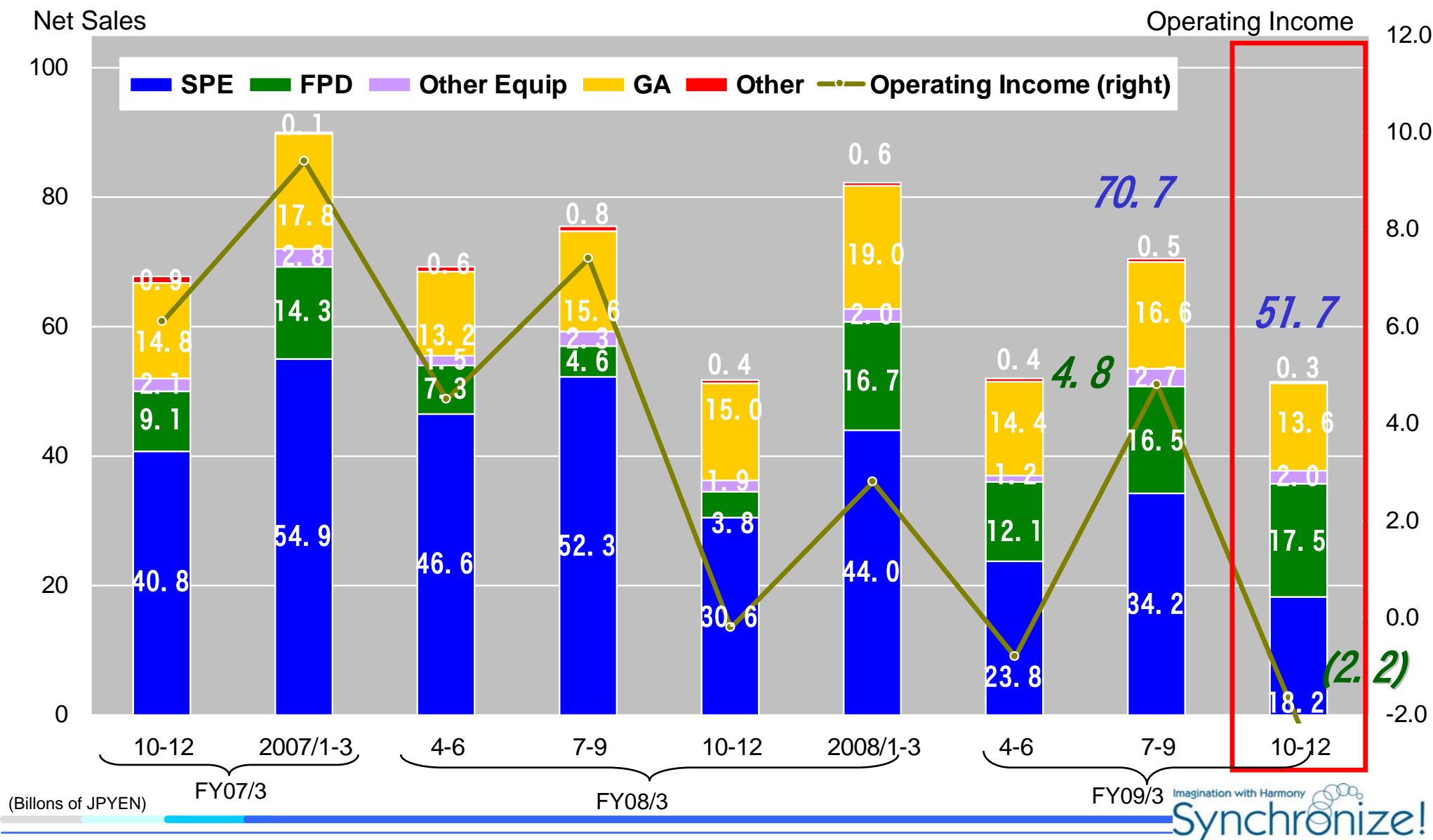
Operating income

Result ¥1.8bn Forecast ¥5.2bn

	1Q-3Q total results	Points for 3Q (Oct-Dec, 08)
Electronic Equipment & Components	¥ 0.1 bn	SPE : Loss by significant sales decline FPD : Remained in surplus by firm sales Other equip : Loss by sales decline
GA	¥ 1.8 bn	Decrease by sales decline and weak euro
Other	¥ (0.1)bn	

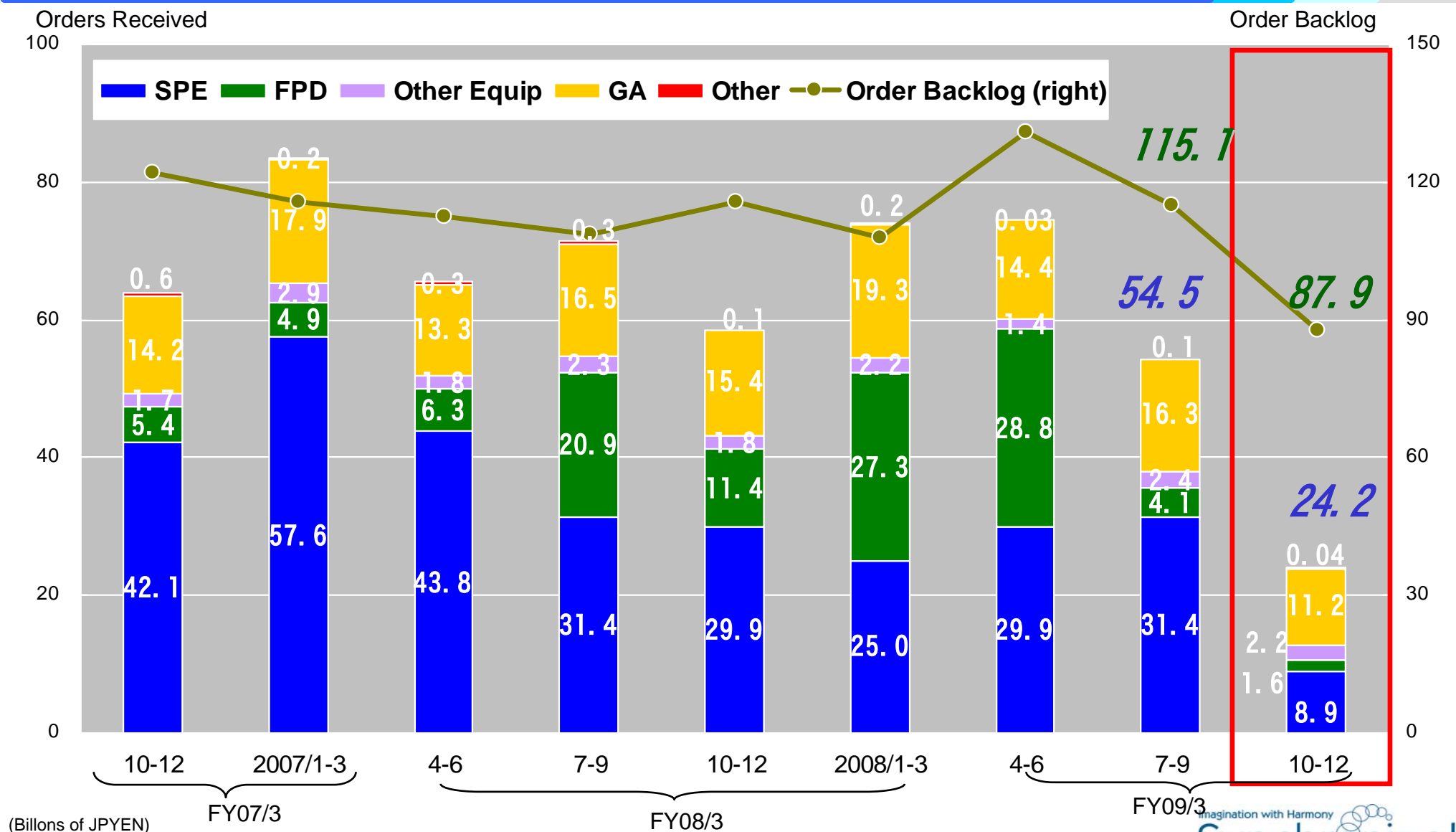
SPE: Semiconductor Production Equipment, FPD: FPD Production Equipment, GA: Graphic Arts Equipment.

Quarterly Net Sales and Operating Income (Consolidated)



Blue figures show quarterly total sales

Quarterly Orders Received and Order Backlog (Consolidated)

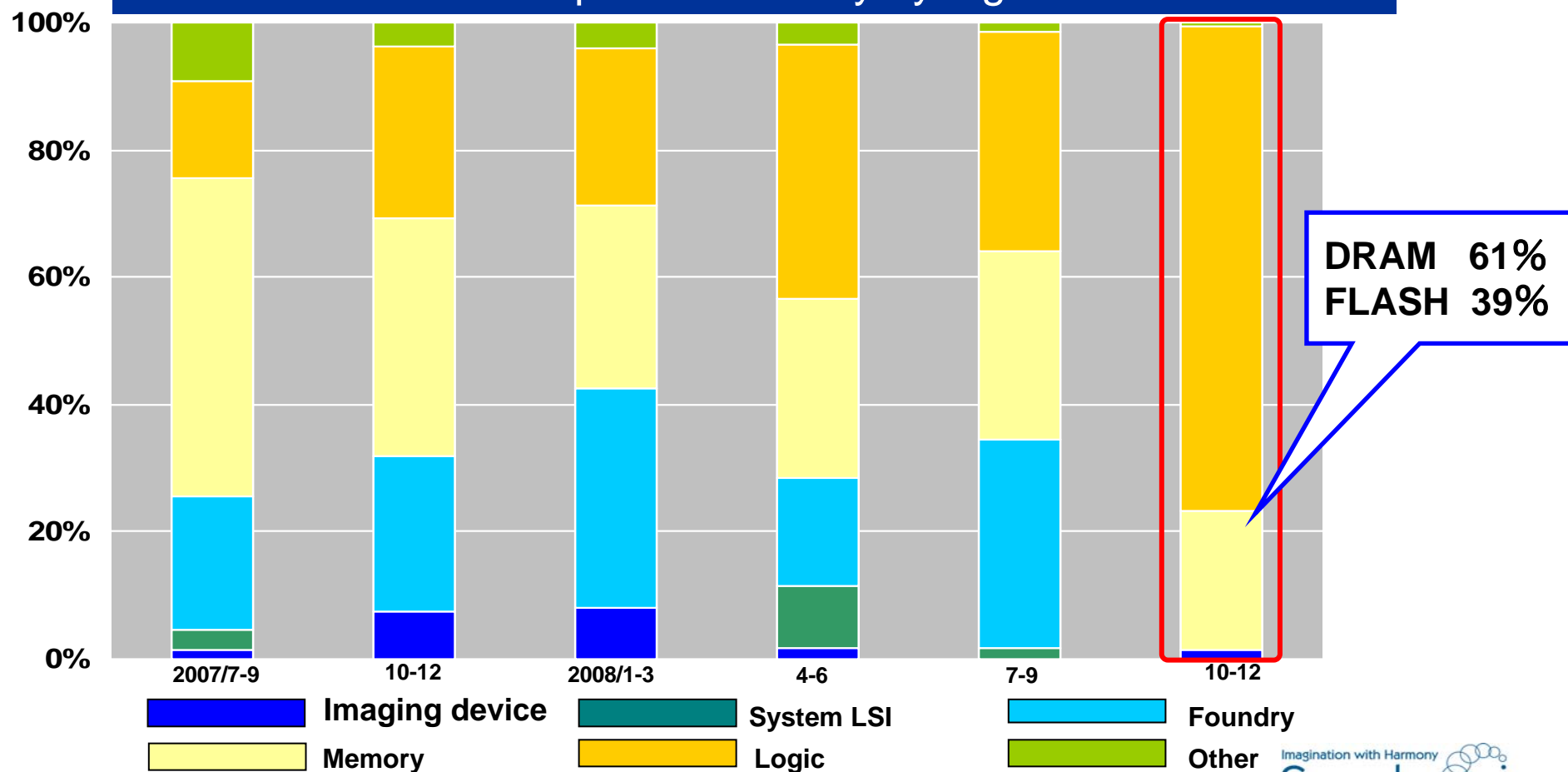


Blue figures show quarterly total orders received

Semiconductor Production Equipment

Quarterly Order Received Ratio by Device Application (Nonconsolidated)

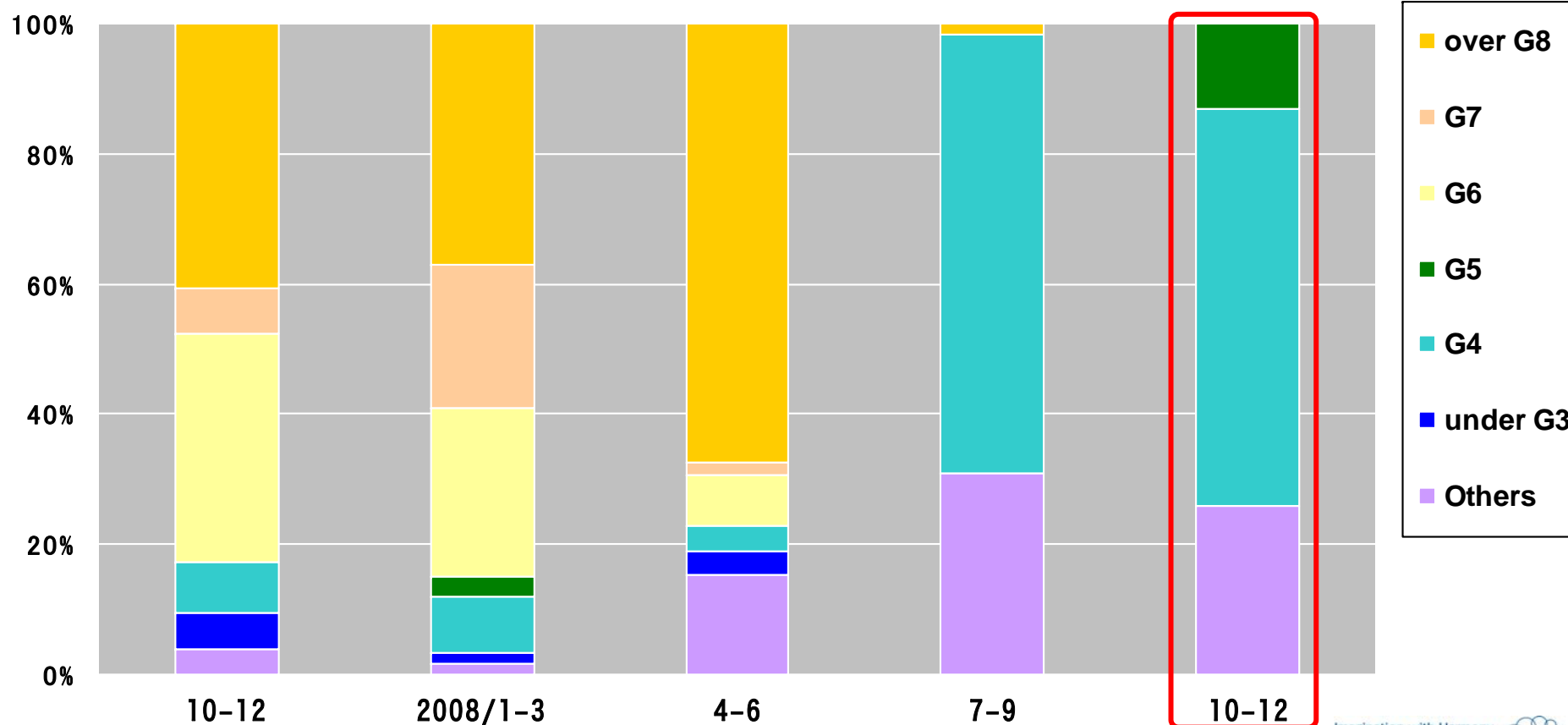
- Orders received of ¥8.9bn in 3Q
- Lower level of orders than ever
- Investment for mass production only by logic manufacturers



FPD Production Equipment

Quarterly Order Received Ratio by Glass Substrate Size (Nonconsolidated)

- Orders received of ¥1.6bn in 3Q, remained low
- G4 occupied more than 50%
- Expected to remain weak order in 4Q



Graphic Arts Equipment

- **Overseas sales decline of mainstay CTP**
 - Unit sales decline and negative impact of currency exchange
- **Steadily rise sales of Inkjet printers**
 - Favorable growth in mainstay Truepress Jet520
 - Steady sales of Inca's large-format printers for signs & displays

Other Electronic Equipment

- **Sales decline of our main PCB related inspection equipment**
 - Severe PCB markets both in domestic and Asia

Actions to Strengthen Our Business Structure

Basic Policies

- *Reassessment of the existing businesses for future growth*
- *Lower the deficit under severe business environment*
- *Keep liquidity*

- Structural reform aimed at generating profit, even at the level of ¥150bn consolidated sales
- Minimize the deficit in FY10/3 to the utmost
- Put the highest priority on actions to strengthen our business structure instead of drawing up a mid-term business plan

Initiate a series of cost-reduction actions totaling approximately ¥40bn from this February to exert its effect on FY10/3 earnings

Target: A turnaround in FY11/3

Actions to Strengthen Our Business Structure

Actions

- **Curb R&D expenses and accelerate the speed of developments**
 - ◆ Curbing R&D expenses by optimizing resources
 - ◆ Early release of new products and enhancement of competitiveness in existing products
- **Freeze new capital expenditures**
- **Implement organizational restructuring**
 - ◆ Reorganize R&D system and review withdrawals from unprofitable businesses
 - ◆ Elimination and consolidation of domestic sales and service sites
 - ◆ Streamline group companies
- **Conduct a review of SOKUDO**
 - ◆ Under planning for reconstruction
(Scheduled to announce its outline in May, 2009)
- **Measures against exchange rate fluctuations (GA business)**
 - ◆ Increase a variety of CTP models produced in China factory (MTMC)

Actions to Strengthen Our Business Structure

- **Curtailment & combination of production sites**

- ◆ Temporary closure of production bases for SPE
(Shut down Yasu and Taga production facilities to combine them in Hikone)
- ◆ Freeze the land acquisition plan in Kumamoto (Under discussion)

- **Pay cutting**

- ◆ Board members
Eliminate performance-based bonuses and continue to cut compensation by 20-50% from this February
- ◆ Cut base salaries of management level and general employees and reduce overtime work

- **Reduction of work force**

- ◆ Downsize approximately 1,600 positions both of permanent and temporary employment → scheduled for completion by the end of Sept. 2009
- ◆ Suspend to hire new graduates in April, 2010

Fund Procurement

● Environment

- ◆ Increasing inventories (Delayed delivery, Shift in investment plan)
- ◆ Worsening terms of reimbursement
(Delay in payment, Prolonged acceptance inspection)

→ *Heavy burden of funds beyond expectation*

● Fund procurement situation

Finance ¥25.5bn (Long term/ Short term) indirectly in 2H, FY09/3

3Q ¥15.0bn

4Q ¥10.5bn (Planned)

● Responding to redemption of CB in Sept. 2009 / working capital / restructuring charges

- ◆ Syndicated loans
- ◆ Sale of assets including securities and other

Business Forecast for FY09/3

- Examining the forecast precisely in light of the restructuring charges and other expenses
- Revise the dividend forecast with a downturn in earnings from ¥3 to ¥0 per share

Actions to Strengthen Our Business Structure

- Expected to remain harsh business situation in FY10/3
 - Implement bold actions to minimize the deficit
- Target a turnaround in FY11/3
- Develop the restructuring plans in each business field by May, 2009