

# DAINIPPON SCREEN MFG. CO., LTD.

## Business Results & Forecast The 2nd quarter ended September 30, 2010

President & COO Masahiro Hashimoto  
November 9, 2010

### Agenda

- 2Q Business Result & Analysis
- Business Environment & Order Situation
- Revised Business Forecast

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, except per share figures.

Business Result  
2nd Quarter ended September 30, 2010

## FY2011 2Q Business Result

(Unit : Billions of JPY)		Mar. 2010			Mar.2011				
		Result			Result			Forecast 8/10	Difference
		2Q	3Q	4Q	1Q	2Q	1H	Full	
Net Sales		41.4	45.7	50.9	51.4	58.9	110.4	114.0	▲ 3.6
	SE	22.6	31.7	31.3	32.7	36.5	69.2	73.3	▲ 4.1
	FE	7.2	3.8	6.6	8.2	9.2	17.4	17.9	▲ 0.5
MP	Other Electronics (PE)	1.2	0.7	1.6	1.3	2.3	3.7	3.9	▲ 0.2
	GA (MT)	10.1	9.3	11.1	10.3	13.0	23.3	22.5	0.8
	Others	0.1	0.1	0.1	8.9	10.6	19.6	18.6	1.0
Operating Income		▲ 9.5	▲ 0.9	2.6	0.1	0.1	0.3	0.3	0.0
	SE				4.6	6.3	11.0	8.5	2.5
	FE	▲ 8.8	▲ 0.4	2.8	4.9	6.1	11.0	-	
MP	Other Electronics (PE)				0.6	0.0	0.6	-	-
	GA (MT)	▲ 0.7	▲ 0.5	▲ 0.2	▲ 0.9	0.1	▲ 0.7	-	-
	Others	0.0	0.0	0.0	0.0	0.1	0.1	-	-
Ordinary Income		▲ 10.1	▲ 1.3	1.7	4.6	6.3	10.9	8.0	2.9
Net Income		▲ 10.3	0.5	4.2	3.8	5.7	9.5	6.7	2.8

# FY2011 2Q Business Result

## Net Sales

2Q: ¥ 58.9bn / Previous Quarter : ¥ 51.4bn Differential ¥ 7.5bn

(Unit : Billions of JPY)

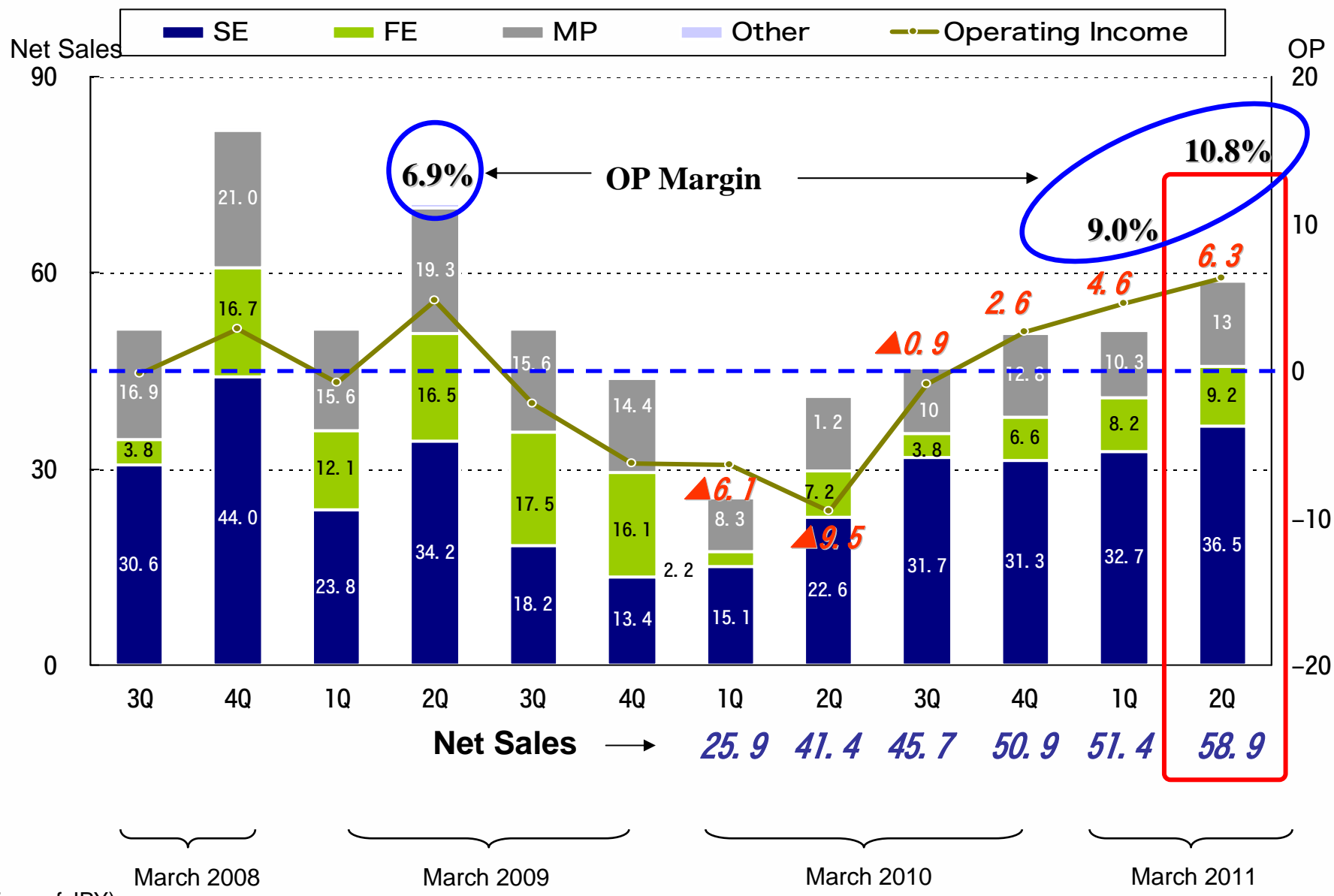
Segment	1Q	2Q	Difference	Point
SE	32.7	36.5	3.7	<ul style="list-style-type: none"> <li>Batch type cleaning equipment was better than expected</li> <li>SOKUDO product was also bullish tone</li> </ul>
FE	8.2	9.2	1.0	<ul style="list-style-type: none"> <li>The plan remains on track.</li> <li>Sales for Japanese market was more than expected.</li> </ul>
MP	10.3	13.0	2.7	
PE	1.3	2.3	1.0	<ul style="list-style-type: none"> <li>Inspection system was in good shape.</li> <li>Measurement system was also bullish tone.</li> </ul>
MT	8.9	10.6	1.6	<ul style="list-style-type: none"> <li>Comformed tendency of recovery in development contries.</li> <li>Unit sales was recovered to the level of before Lehman shock.</li> </ul>

## Operating Income

2Q: ¥ 6.3bn / Previous Quarter ¥ 4.6bn Differential ¥ 1.7bn

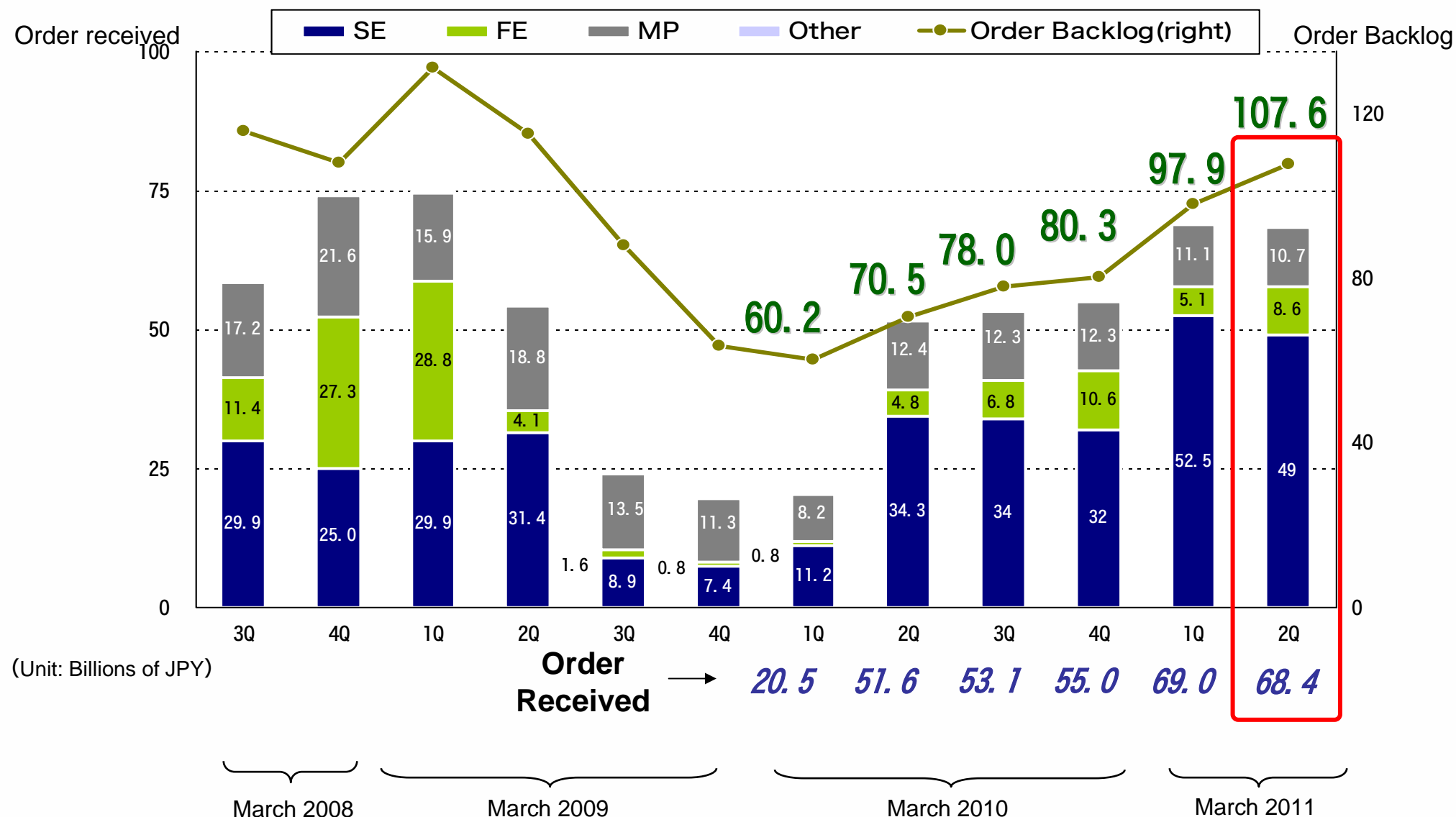
Segment	1Q	2Q	Difference	Point
SE	4.9	6.1	1.2	<ul style="list-style-type: none"> <li>Contribution of cost reduction.</li> <li>Increased profit due to better sales mix.</li> </ul>
FE	0.6	0.0	▲ 0.6	<ul style="list-style-type: none"> <li>OP was better than the original plan due to contribution of cost reduction.</li> </ul>
MP	▲ 0.9	0.1	1.0	<ul style="list-style-type: none"> <li>Variable cost ratio for PE was more than original plan.</li> <li>Turned to black as MP segment in 2Q.</li> </ul>
PE	-	-	-	
MT	-	-	-	

# Quarterly Net Sales and Operating Income (Consolidated)



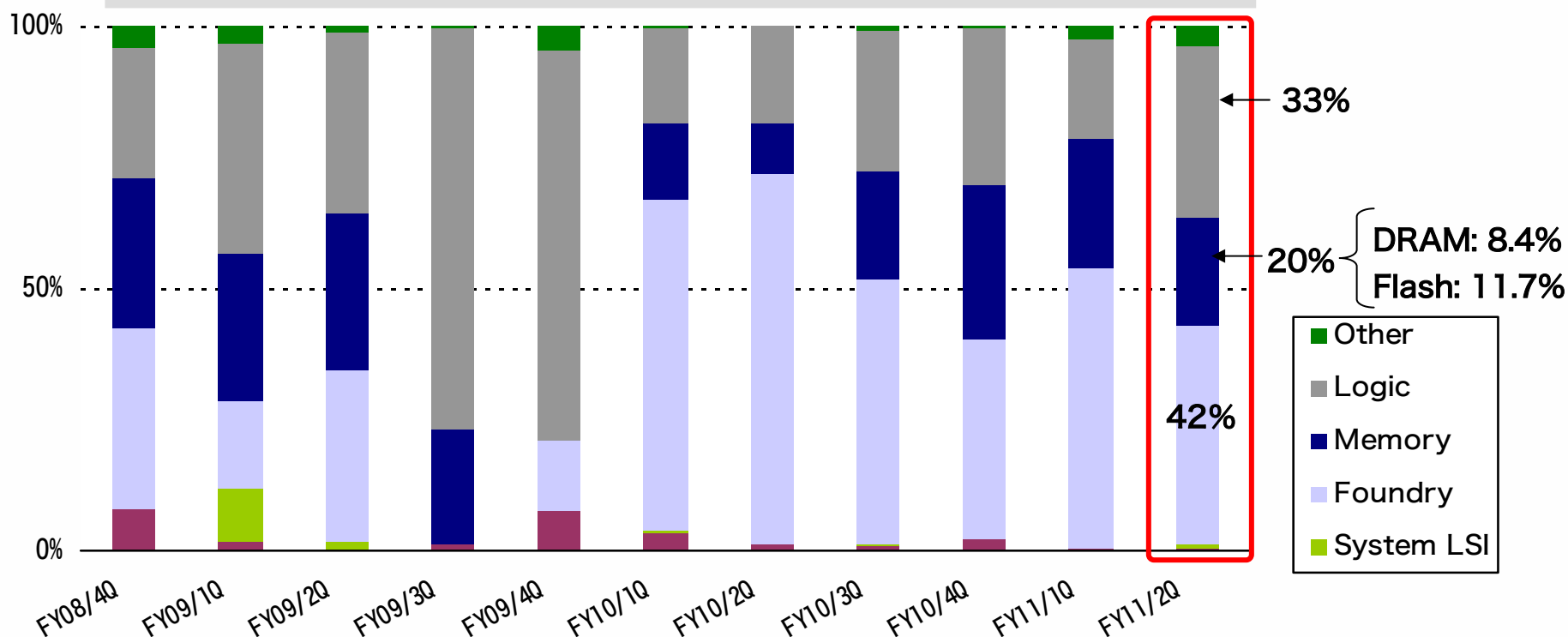
(Unit : Billions of JPY)

# Quarterly Orders Received and Order Backlog (Consolidated)

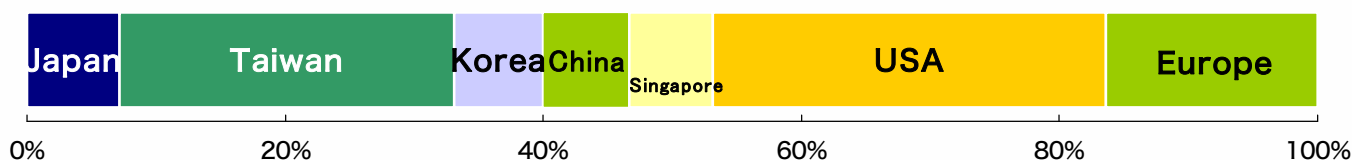


# Semiconductor Production Equipment Quarterly Order Received Ratio by Device Application (Nonconsolidated)

- 2Q order received: JPY 49.0bn (consolidated)
- A temporary adjustment of order will be seen in 3Q
- 4Q to increase again

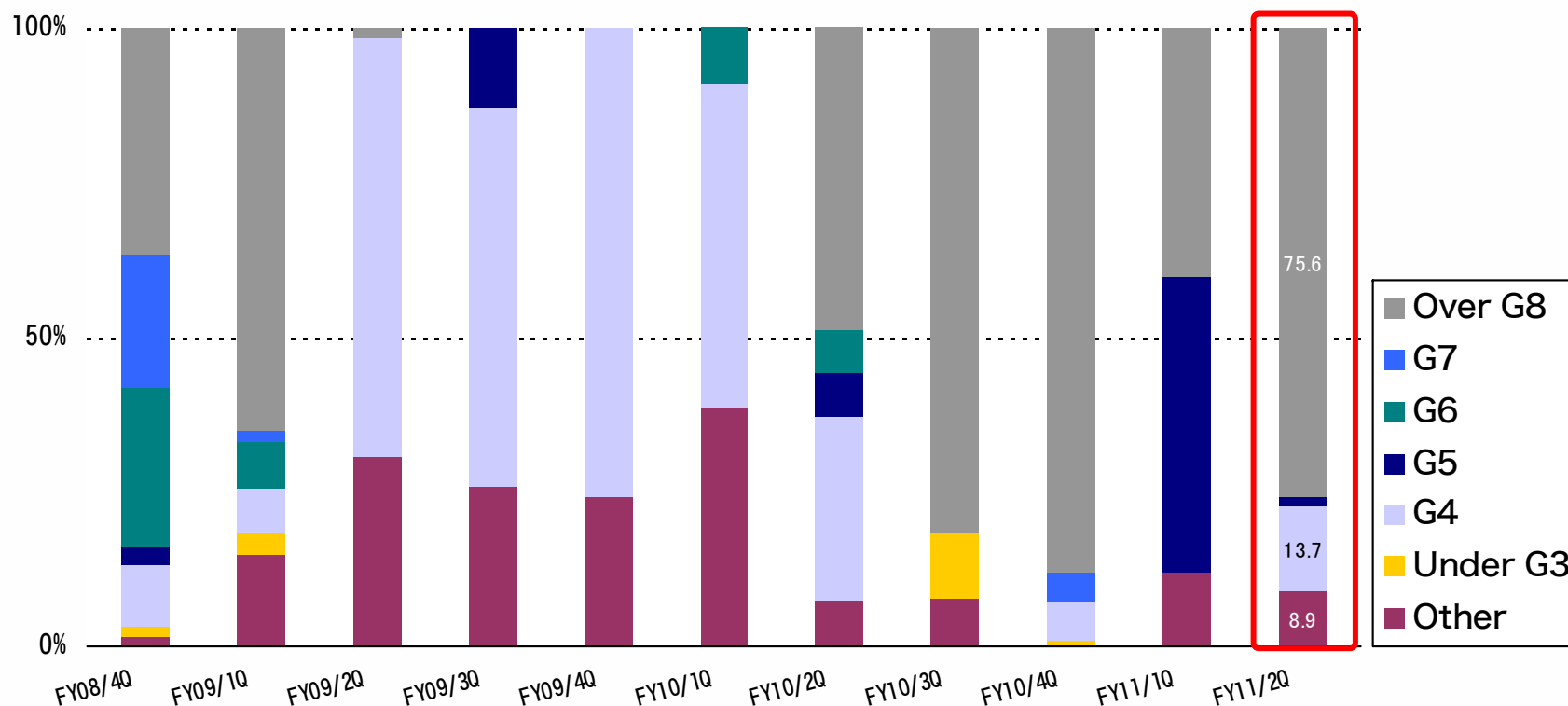


1H total orders  
by region  
(Nonconsolidated)



# FPD Production Equipment Quarterly Orders Received by Generation (Nonconsolidated)

- 2Q order received: JPY 8.6bn (consolidated)
- G8 order was recovered



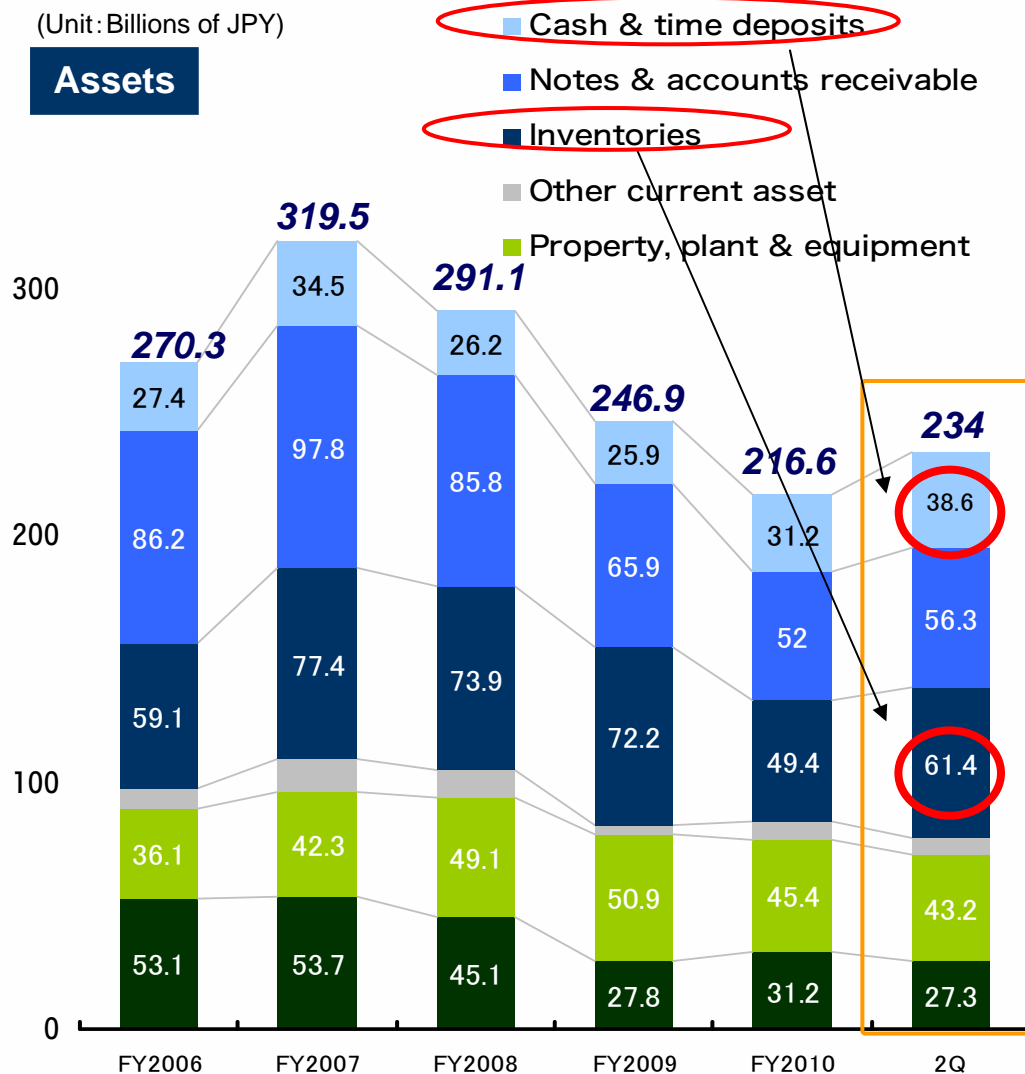
1H total orders  
by region  
(Nonconsolidated)



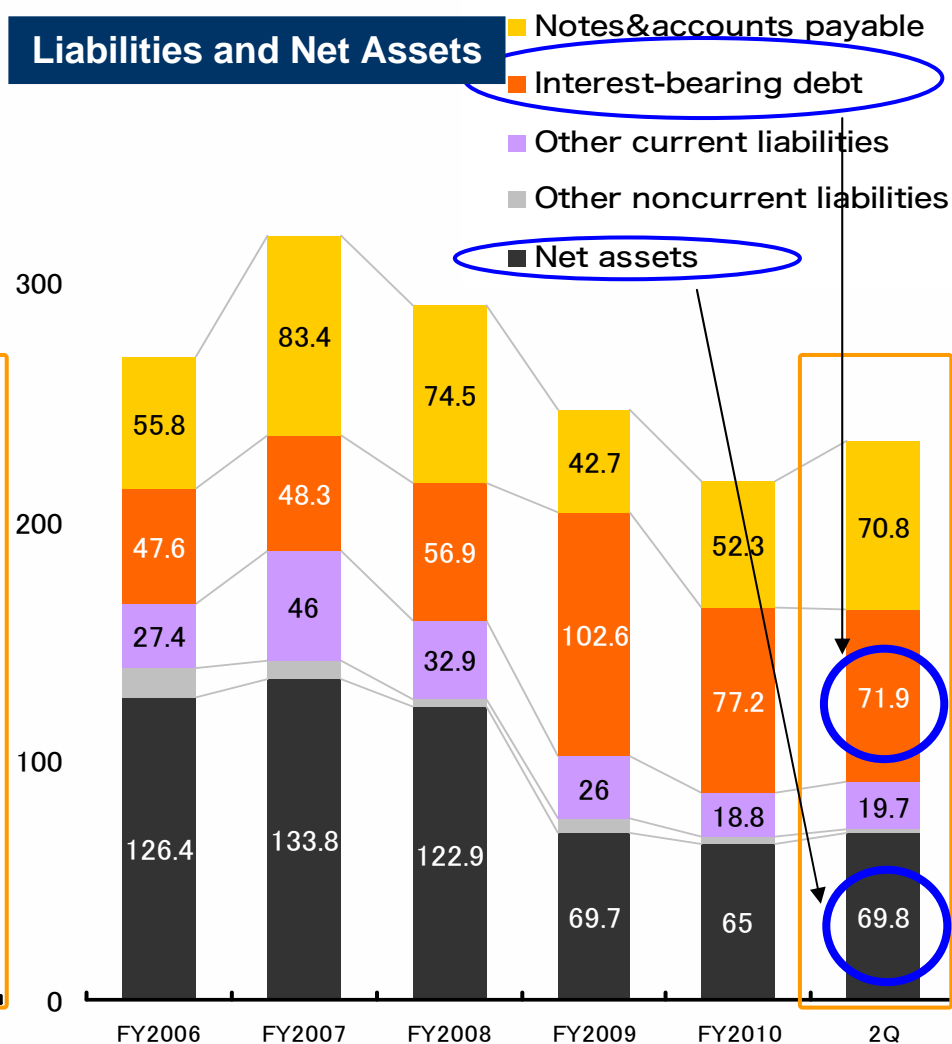
# Trend in B/S (Consolidated)

(Unit: Billions of JPY)

## Assets



## Liabilities and Net Assets



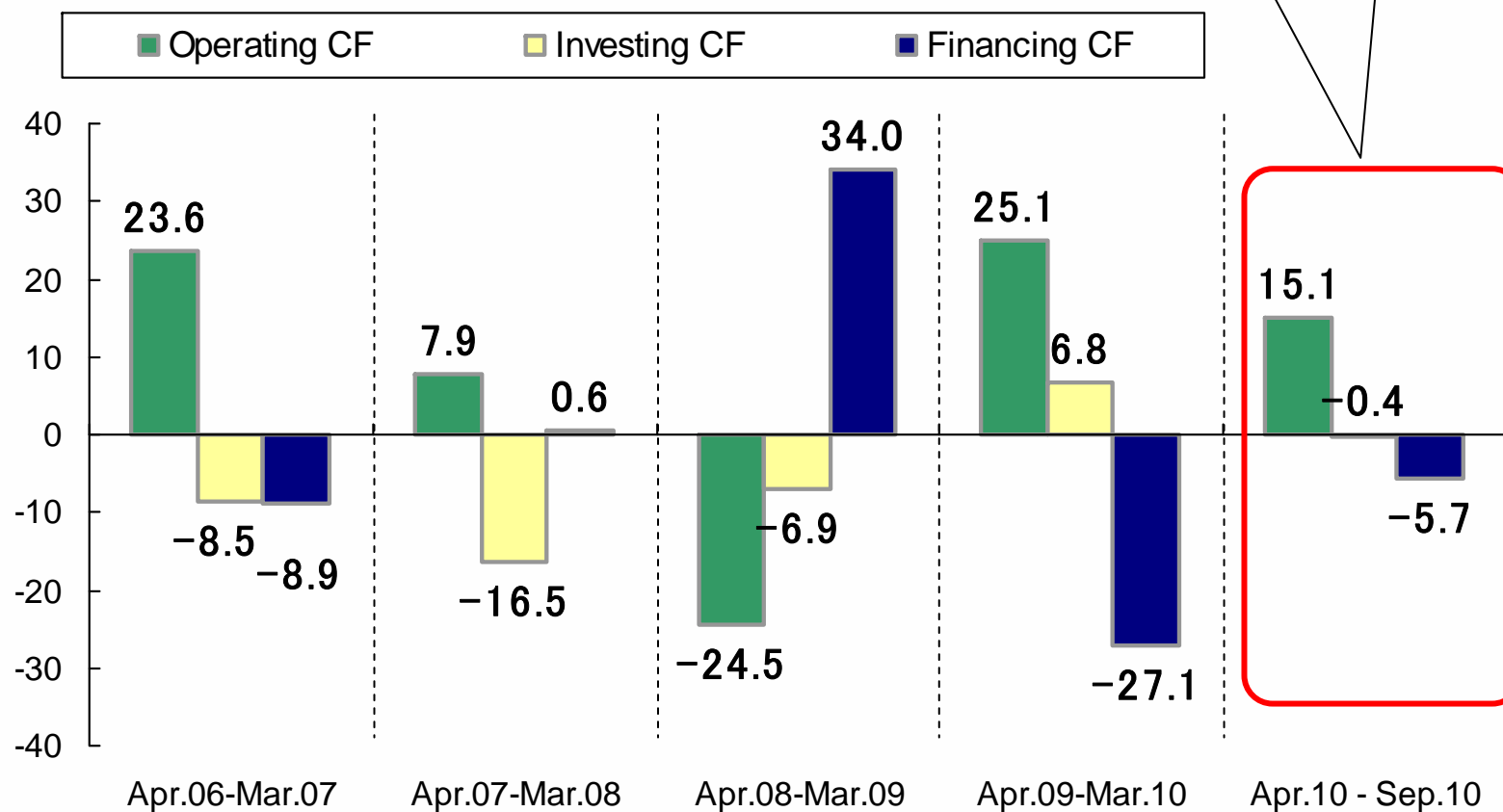
Equity Ratio 29.8% (March 2010) → **29.7%** (September 2010)

## Consolidated Cash Flows

Free Cash Flow : JPY14.7bn

Operating CF : JPY 15.1bn  
Investing CF : JPY -0.4bn  
Financing CF : JPY -5.7bn

(Unit: Billions of JPY)

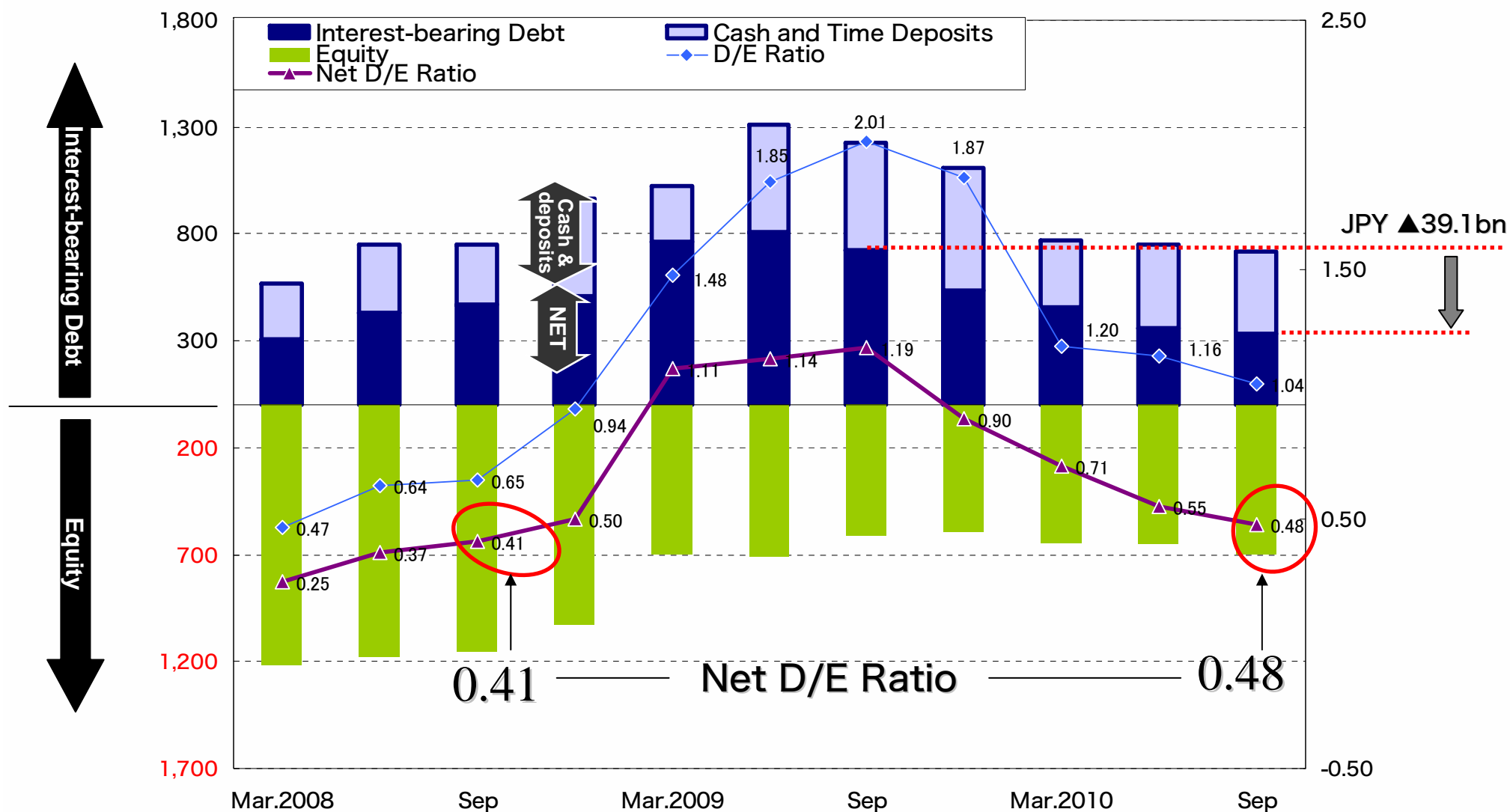


# Interest-bearing Debt and D/E Ratio (Consolidated)

Interest-bearing Debt  
(Unit: Billions of JPY)

**Net D/E ratio is almost same level as the one before Lehman shock**

D/E Ratio



\*Lease obligations are not included in interest-bearing debt as end of Mar. 2008

## Business Restructuring Plan & Dividend

### Emergency plan

- Pay cut for all employees have been fully released in October.

### Business Restructuring Plan is continued in 2<sup>nd</sup> half of this fiscal year

- Variable cost ratio
  - ➔ Improving. Cost down activities is to be continued.
- Subordinating bolster business
  - ➔ Almost all SCREEN subsidiaries made profit for 1<sup>st</sup> half of this fiscal year ending March 2011. Business performance of them have been getting improved significantly.

### Dividend

SCREEN has decided not to disclose a fiscal year end cash dividend forecast for the fiscal year ending March 31, 2011 at this time. However we have been continued to consider to resumption of dividend.

# Business Area

## SE & FE Segment

### 2Q

#### <SE>

- A minor delay for both order received and delivery of products have been seen in this quarter. However there have been no change that device makers have kept vigorous attitude for capital investment.
- Unit sales for single wafer cleaning equipment was brisk continuously.
- Unit sales for batch type cleaning equipment was bullish more than expected.

#### <FE>

- SCREEN got certain volume of order from one of FPD panel maker in China.
- Coater Developer for LTPS, OLED was bullish.

## Outlook for 3Q and after

#### <SE>

- Order situation will be in adjustment mode but it will grow again in 4Q.
- SCREEN is to focus on getting order from the big capital investment forecasted in late this fiscal year.

#### <FE>

- Approval pace for investment in China has been slowed down.
- Measurement system for photovoltaic is transferred to FE company from MP company.
- Try to receive order of inkjet spacer printers and nozzle printers for LTPS, OLED.
- Capital investments for LTPS, OLED are vigorous because of strong demand of smartphone such as i-Phone.

## MP Segment

- 2Q** **【MT】** • CTP sales was growing steadily, the recovery trend in terms of revenue (reduction of deficit)  
→ Recovered in development countries in comparison with 1Q.  
(Unit sales was recovered to the level of before Lehman shock.)  
• By receiving contribution from the IPEX exhibition, sales for POD was recovered although it was still lower level. → Market was expanding from development to emerging countries.
- 【PE】** • Inspection system and measurement system sales were brisk and sales was increased

## Outlook for 3Q and after

### 【MT】

- CTP is also to confirm the recovery in the developed countries, average unit price is getting low due to exchange issue.  
→ By expanding ability of manufacturing volume in MTMC (subsidiary in China), cost reduction will be pursued.
- POD is being recovered → By promoting the expansion of the product lineup, SCREEN will be to focus on ensuring market.

### 【PE】

- Sales for inspection system in 3Q might be struggling.
- Exposure system might be recovered in 4Q and after.
- Market might be shifting to Asia.

## Outline of Business Restructuring Plan for MT

### Target

- March 2011 : Minimize ordinary loss
- March 2012 : Turn to black in ordinary profit basis

### Basic policy

To the solid structure, to grow and expand!!

➔ Planning restructuring plan based on unfavorable exchange rate (1\$:JPY80、1€:JPY105)

- Optimization of organization size
- Reconstructing sales structure for focusing POD sales promotion
- Optimization for R&D and manufacturing system by utilizing total SCREEN group ability.
- Promoting transfer of manufacturing of CTP to MTMC (subsidiary in China)
- Focusing on providing “Complete Solution” by alliance of other companies.

## Revised Business Forecast for the year ending March 31, 2011

# Revised Business Forecast for FY2011

Rate 1\$=80yen 1€=110yen

(Unit : Billions of JPY)

			Mar. 2011										Mar. 2010		
			1H				2H				Full				Result
			Forecast Aug. 10		Result		Forecast Aug. 10		Forecast Nov. 9		Forecast Aug. 10		Forecast Nov. 9		
Net Sales			114.0		110.4		146.0		144.5		260.0		255.0		164.1
SE			73.3		69.2		104.2		104.5		177.5		173.8		100.9
FE			17.9		17.4		17.6		17.5		35.5		35.0		19.8
MP	PE	MT	22.5	3.9	23.3	3.7	23.9	3.6	22.2	3.0	46.4	7.5	45.5	6.7	42.7
				18.6		19.6		20.3		19.2		38.9		38.8	
Others			0.3		0.3		0.3		0.3		0.6		0.7		0.5
Operating Income			8.5		11.0		11.0		11.0		19.5		22.0		▲ 14.0
Ordinary Income			8.0		10.9		10.5		10.5		18.5		21.5		▲ 17.2
Net Income			6.7		9.5		9.8		10.4		16.5		20.0		▲ 8.0

SE: Semiconductor Equipment、FE: FPD Equipment、MP: Medial and Precision Technology

## Business Area

### <SE>

- Final application are driving market demand.
- Order situation will be in adjustment mode but it will grow again in 4Q.

### <FE>

- Approval pace for investment in China has been slowed down.
- Coater Developer for LTPS, OLED was bullish.
- Trying to establish new business areas. (Inkjet spacer & Nozzle printing)

### <MP>

- Unit sales was recovered to the level of before Lehman shock.
- Expansion of POD market from development countries to emerging countries has been confirmed.

## Areas we focus on

- Improving variable costs and restructuring for non profitable area
- Differentiating our products and improving profitability
- Strengthening financial base
- Setting to draw a mid and long term strategy

# Outline of Mid Term Business Plan

## Target

Ensuring profitability of the downside  
Recovering decreased equity (improving equity ratio)

## Basic policy

Establishment of stable profit structure and building a new foundation for the growth

- Growth with balancing existing business (ensuring black) and new business
- Strengthening marketing, R&D and manufacturing
- Development of infrastructure to globalization