

DAINIPPON SCREEN MFG. CO., LTD.

Business Results & Forecast **The first quarter ended June 30, 2013**

Senior Managing Director & CFO
Aug 9, 2013

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Agenda

- 1Q Business Results
- Business Situation
- Progress of Approaches for Earnings Recovery
- FY2014 Business Forecast

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. Dainippon Screen 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.

Business Results

1st Quarter ended June 30, 2013

FY2014 1Q Business Results (consolidated)

(Unit : Billions of JPY)	FY2013					FY2014		
	Result (Completion of installation basis)					Result	vs.4Q	vs.1Q
	1Q	2Q	3Q	4Q	Full	1Q	%	%
Net Sales	66.6	42.8	34.8	55.4	199.7	59.3	7.0%	-11.0%
SE	51.6	28.0	23.5	37.3	140.6	43.3	16.0%	-16.1%
FE	4.8	2.0	2.0	3.0	12.0	4.1	35.2%	-14.8%
MP	9.9	12.5	9.0	14.7	46.3	11.6	-20.8%	16.9%
Graphic Arts Equip. (MT)	8.9	10.7	8.1	12.3	40.1	10.0	-18.5%	12.6%
PCB Equip. (PE)	1.0	1.8	0.9	2.3	6.1	1.5	-33.2%	54.7%
Other	0.1	0.1	0.1	0.2	0.7	0.1	-40.5%	14.5%
Operating Income	3.1	(4.4)	(4.8)	1.2	(4.8)	2.2	75.1%	-29.7%
SE	3.6	(4.4)	(3.1)	0.1	(3.7)	2.1	1267.8%	-42.3%
FE	0.2	(0.5)	(0.5)	(0.0)	(0.8)	0.1	-	-56.3%
MP	(0.3)	1.0	(0.6)	1.4	1.4	0.4	-70.8%	-
Other & Adjustments	(0.4)	(0.4)	(0.4)	(0.3)	(1.7)	(0.4)	-	-
Ordinary Income	3.3	(4.7)	(5.2)	1.6	(5.0)	2.2	38.4%	-32.8%
Net Income	2.0	(8.9)	(5.3)	0.9	(11.3)	1.6	87.2%	-17.3%

* SE: Semiconductor Equipment, FE: FPD Equipment, MP: Media and Precision Technology

* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

FY2014 1Q Business Result (over the previous Q)

Net Sales

1Q JPY 59.3bn. / 4Q JPY 55.4bn. (Differential : JPY3.8bn. Increase)

(Unit : Billions of JPY)

Segment	1Q	4Q	Diff.	Point
SE	43.3	37.3	5.9	Sales of single wafer cleaning equipment and coater/developers increased. By region, sales to North America and Europe decreased, but those to Taiwan and Japan increased.
FE	4.1	3.0	1.0	Sales of coater/developers for small- and medium-sized glass substrate increased.
MP	11.6	14.7	(3.0)	
MT	10.0	12.3	(2.2)	Sales of consumable supplies (ink) increased, but as for equipment both CTP and POD sales decreased due to seasonal factors.
PE	1.5	2.3	(0.7)	Both sales of exposure system and inspection system decreased.

Operating Income

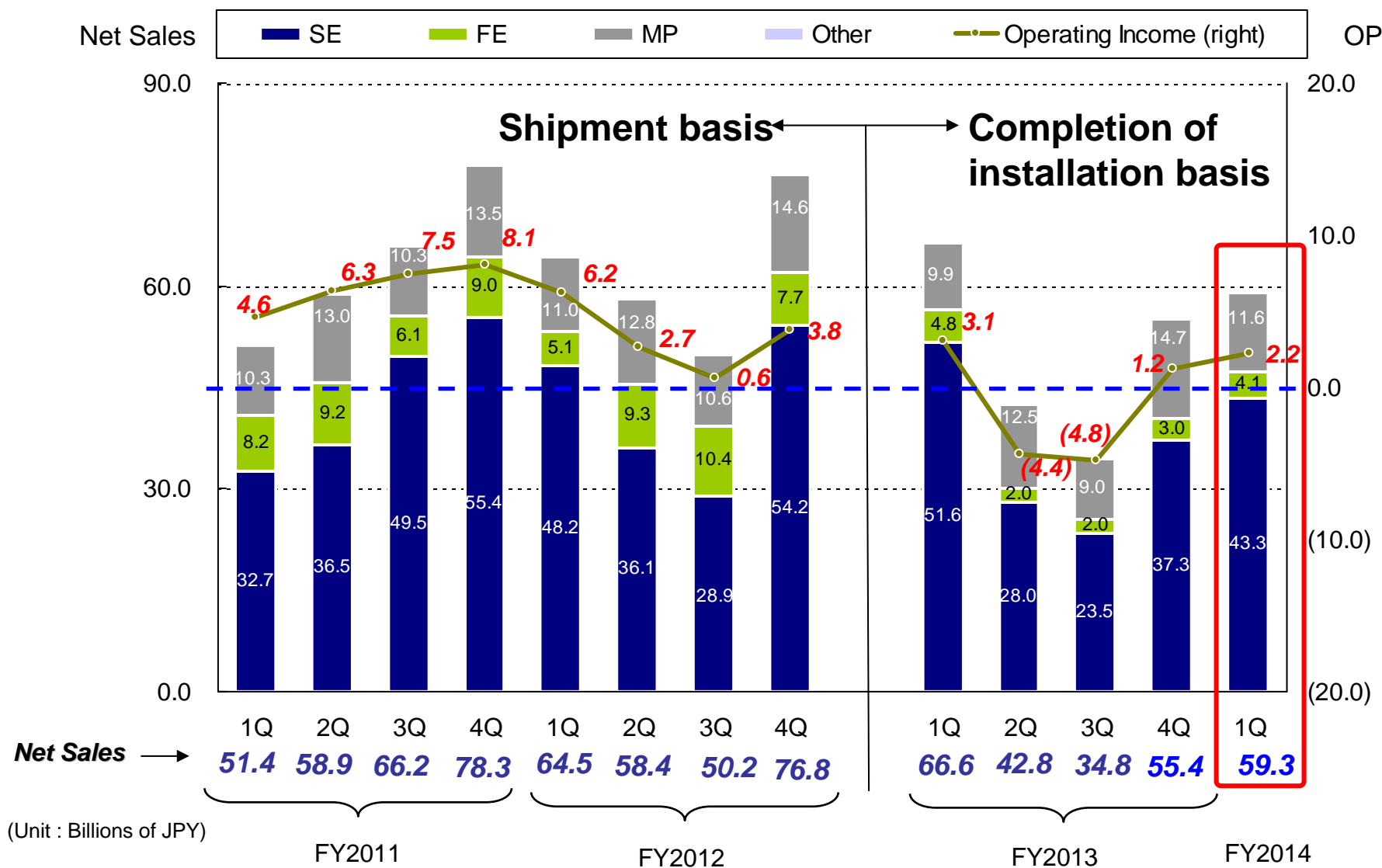
1Q JPY 2.2bn. / 4Q JPY 1.2bn. (Differential : JPY 0.9bn. Increase)

(Unit : Billions of JPY)

Segment	1Q	4Q	Diff.	Point
SE	2.1	0.1	1.9	Earnings growth owing to sales increase and cost cutbacks.
FE	0.1	(0.0)	0.1	Earnings recovery owing to sales increase.
MP	0.4	1.4	(1.0)	Profit decline due to sales decrease.

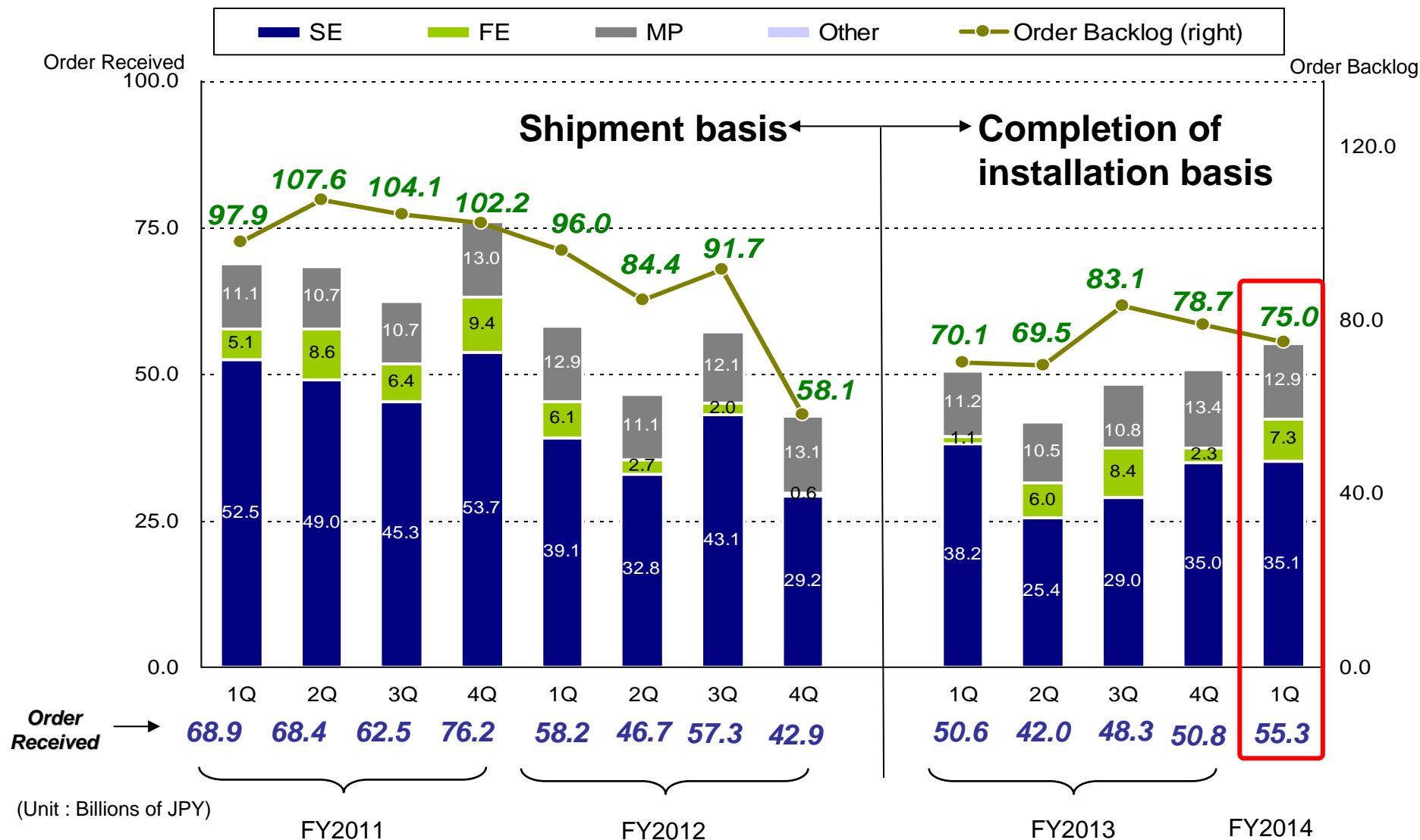
* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

Quarterly Net Sales and Operating Income (Consolidated)



* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

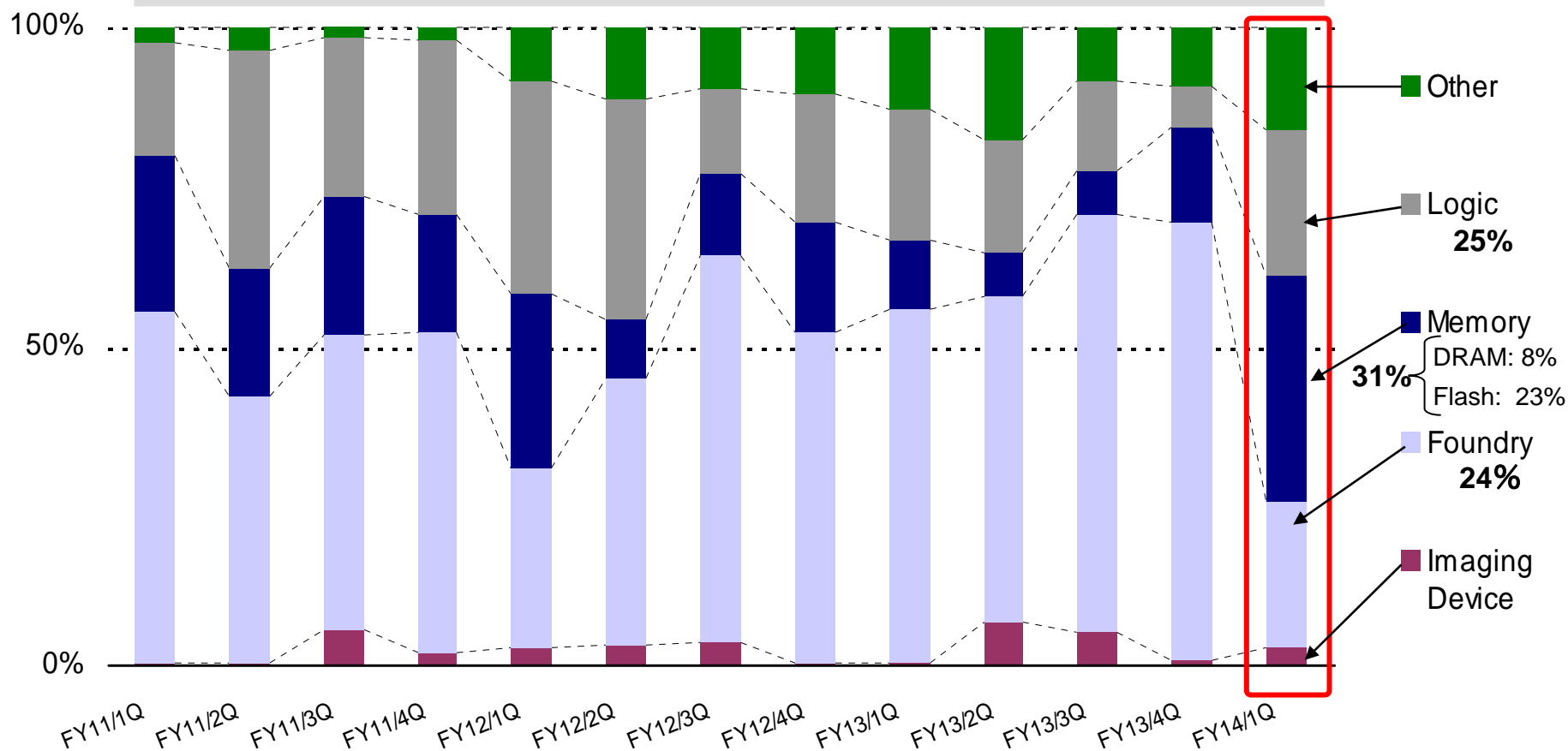
Quarterly Orders Received and Order Backlog (Consolidated)



* Order backlog for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

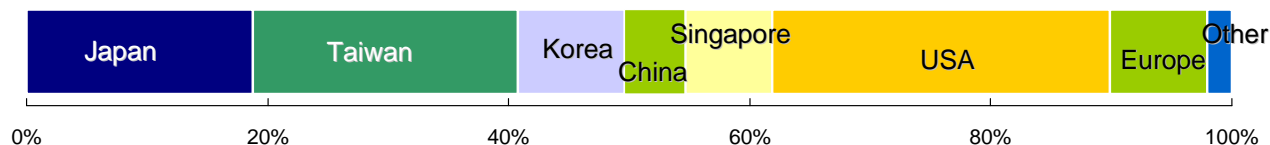
Semiconductor Production Equipment Quarterly Order Received Ratio by Device Application (Nonconsolidated)

➤1Q Order received : JPY 35.1 bn. (consolidated)



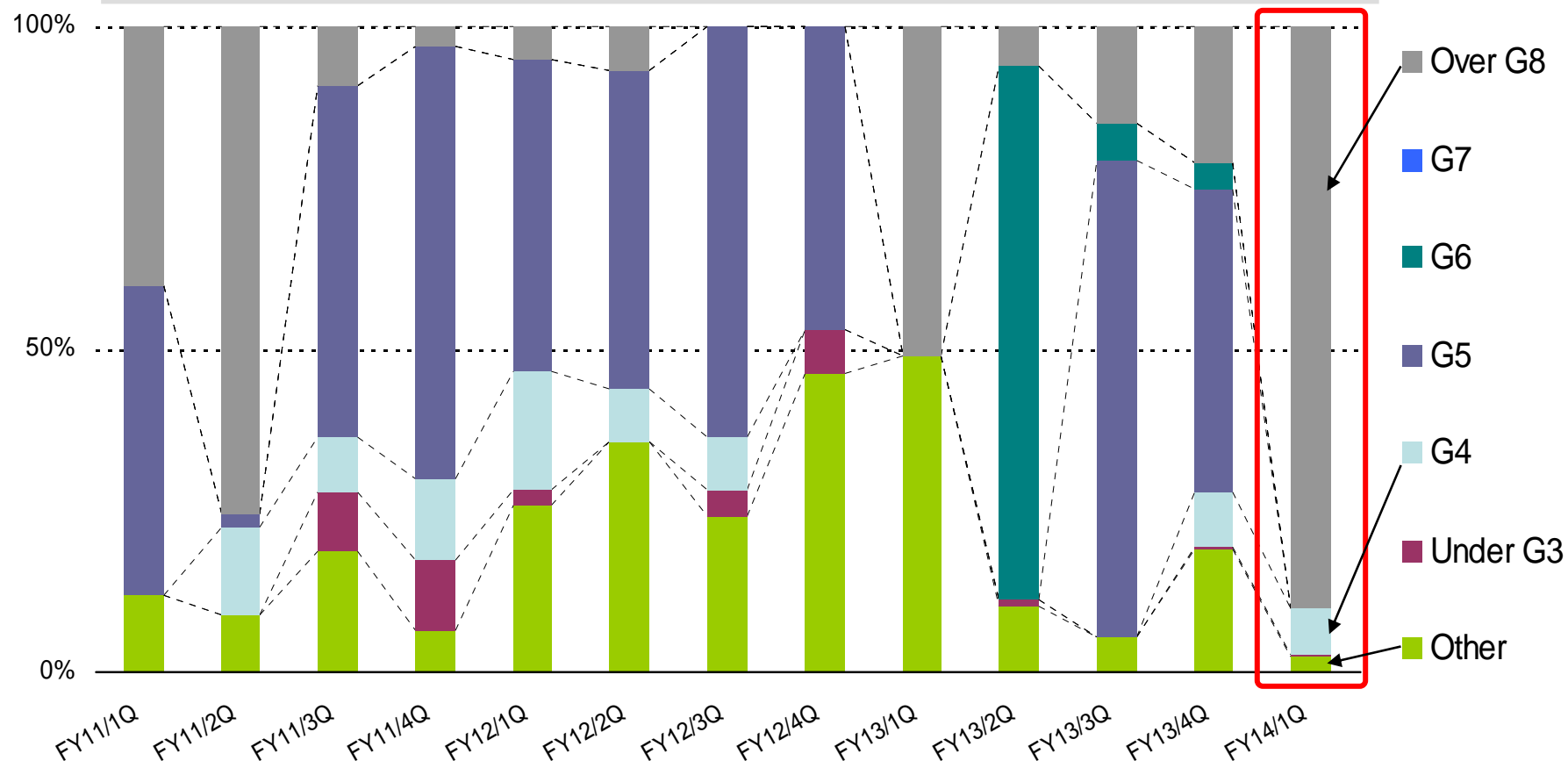
*Parts are classified as Other from FY12/2Q

FY2014 1Q orders
by region
(Nonconsolidated)



FPD Production Equipment Quarterly Orders Received by Generation (Nonconsolidated)

➤1Q order received : JPY 7.3 bn. (consolidated)



*Calculated by gross in FY12/4Q

FY2014 1Q orders
by region
(Nonconsolidated)



Trend in B/S (consolidated)

Assets

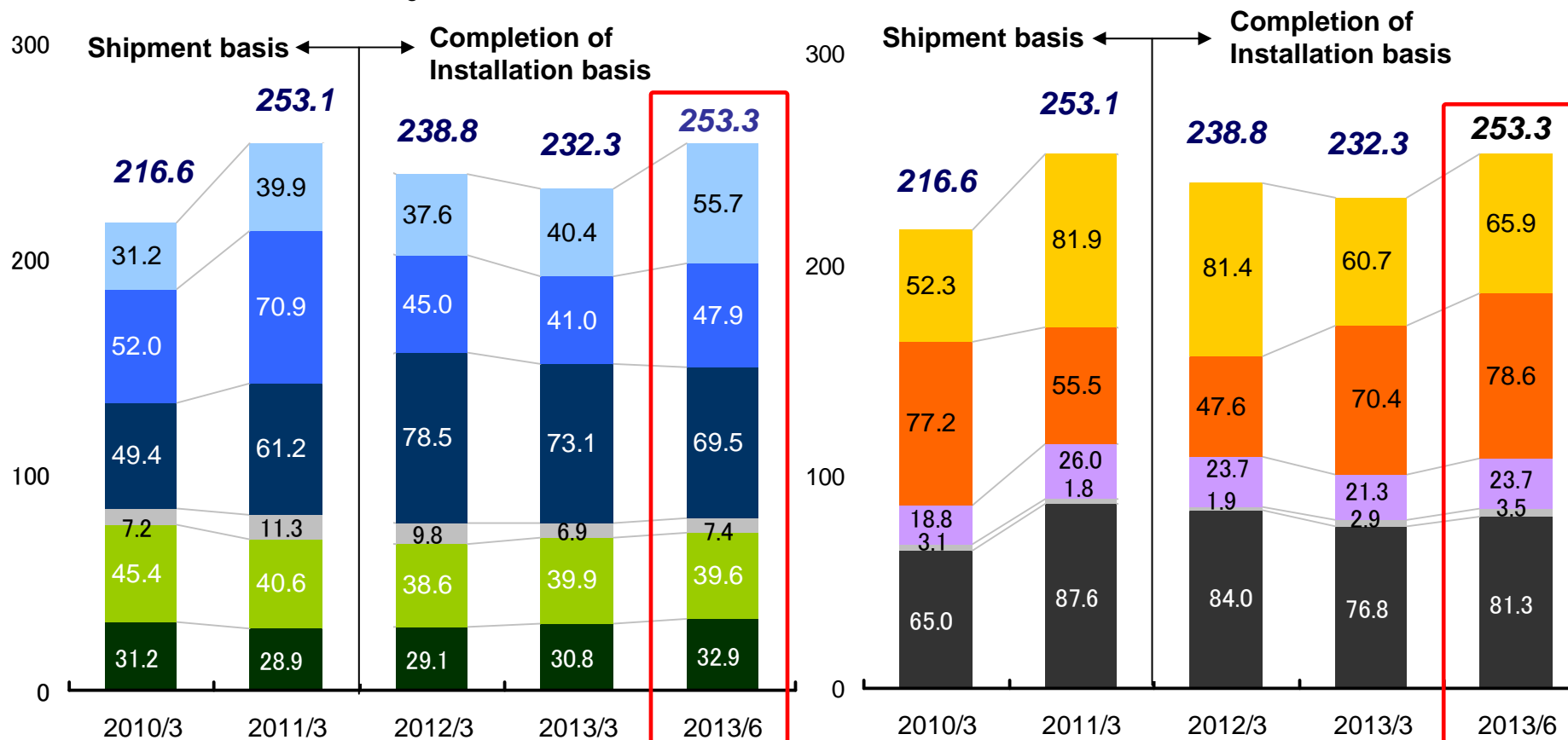
(Unit: Billions of JPY)

- Cash & time deposits
- Notes & accounts receivable
- Inventories
- Other current asset
- Property, plant & equipment
- Intangible assets/investment

Liabilities & Net Assets

(Unit: Billions of JPY)

- Notes & accounts payable
- Interest-bearing debt
- Other current liabilities
- Other noncurrent liabilities
- Net assets

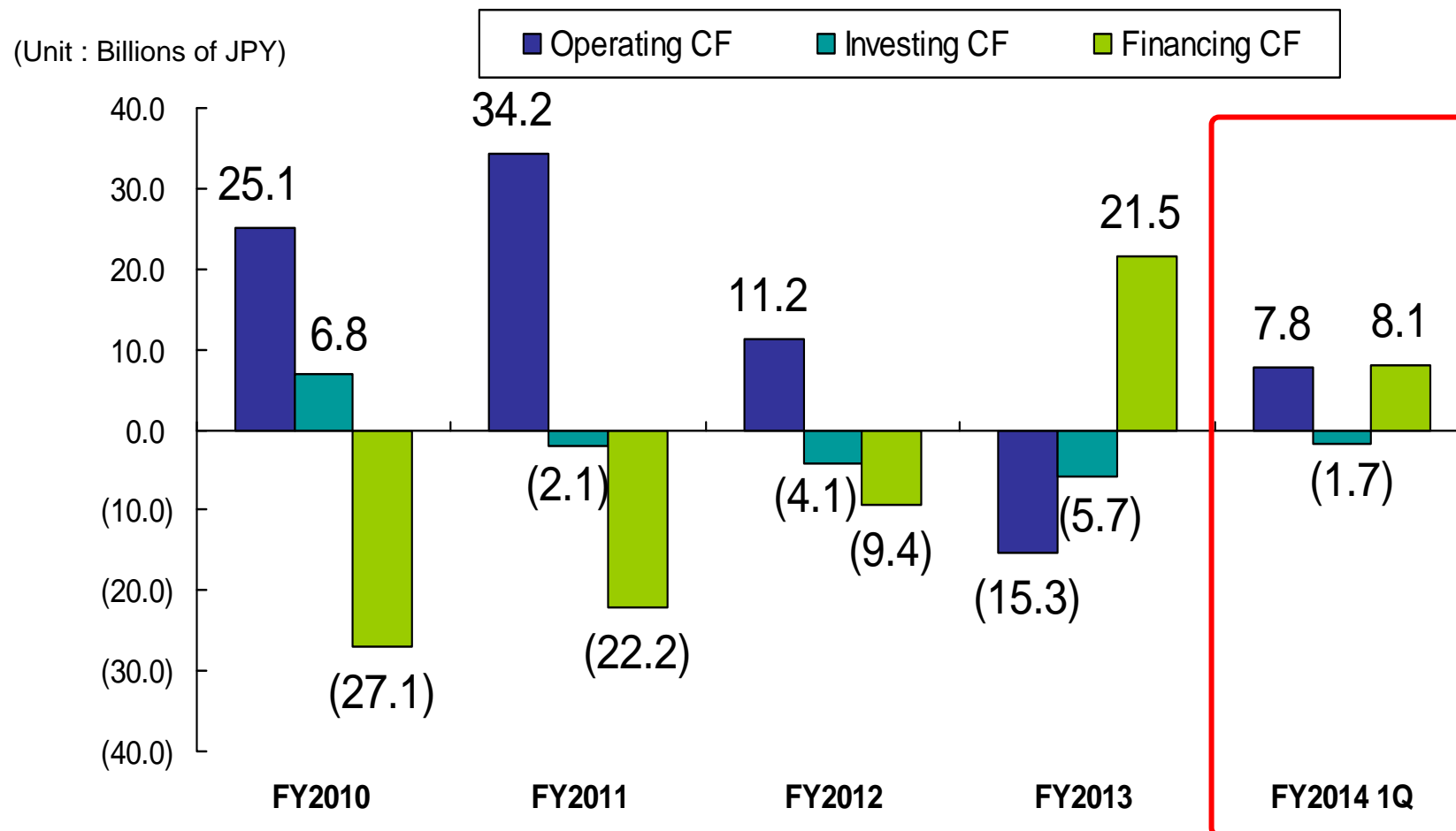


Equity Ratio 32.8% (2013/3) → 31.9% (2013/6)

* Amounts for 2012/3 and 2013/3 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

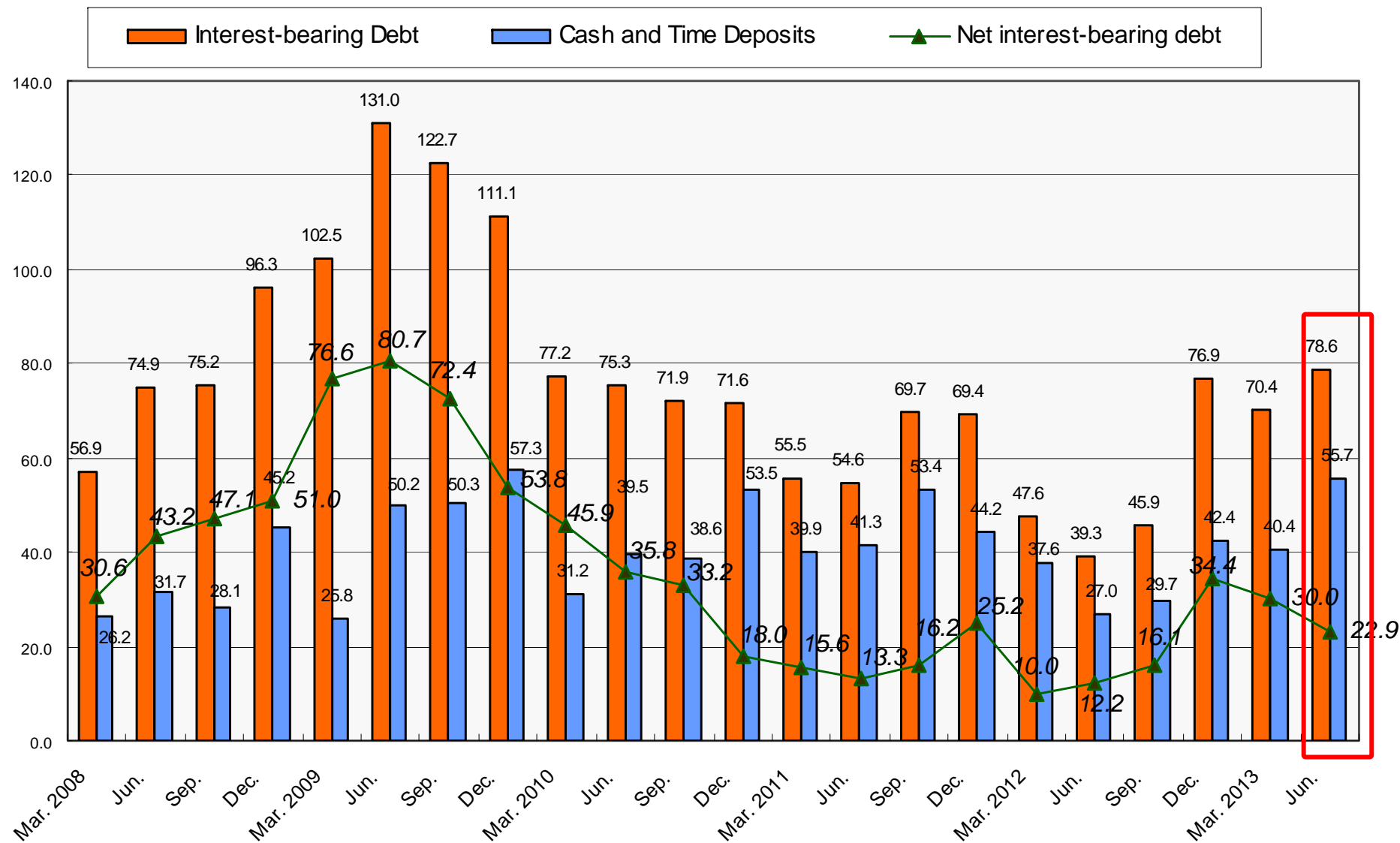
Consolidated Cash Flows

Free Cash Flow : JPY6.1 bn.



Interest-bearing Debt (Consolidated)

(Unit: Billions of JPY)



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

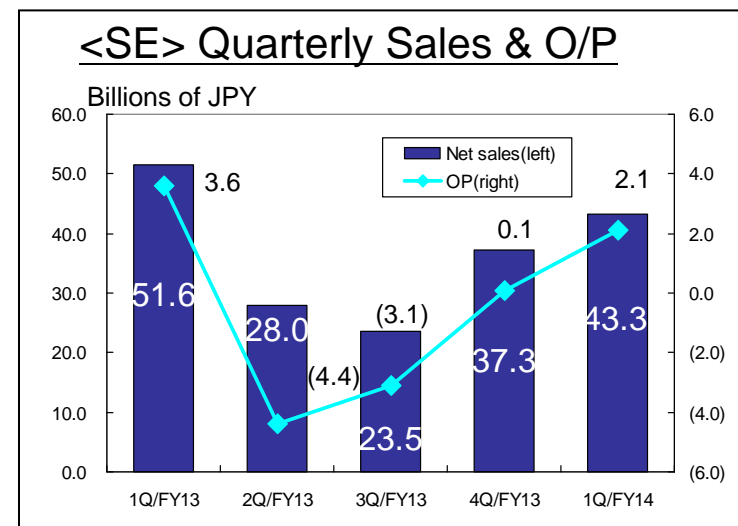
Business Area

Business Environment

SE

1Q

- From FY14_1Q, the revenue recognition was changed to completion of installation basis.
- Orders received by foundry decreased compared to 4Q, but those by logic and memory increased, resulting in the same level as 4Q.



* Amounts for FY13 have been reclassified with amounts calculated applying retroactively completion of installation basis.

Outlook for 2Q and after

- In the 1st half of FY14, sales for memory and foundry are expected to exceed our forecast in May.
 - Continue to obtain benefits of the expansion of cleaning equipment market associated with the miniaturization.
 - The results of cost reduction will be partially offset by the effects of product mix, etc.
- The improvement in variable cost ratio will start to fully contribute to earnings from the 2nd half of FY14.

Business Environment

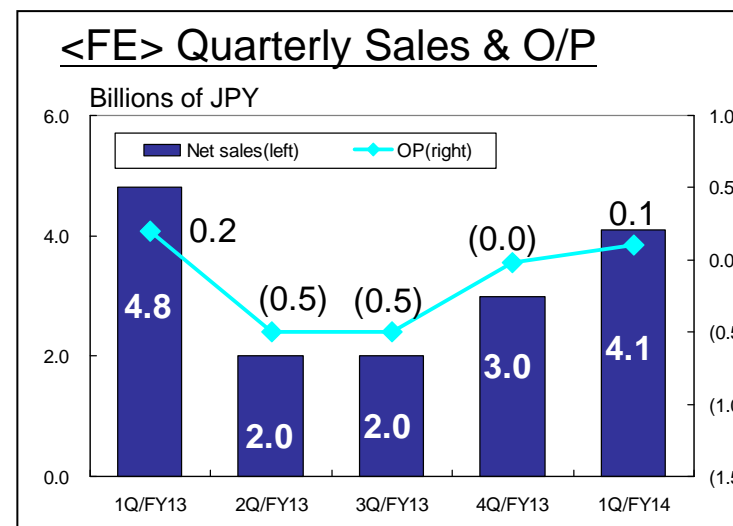
FE

1 Q

- From FY14_1Q, the revenue recognition was changed to completion of installation basis.
- Sales to Japan remained on the same level, while those to Korea increased.
- Acquired large-scale orders in China.
- Modification business remained strong.

Outlook for 2Q and after

- Business deals toward the year 2014 are under way.
- Make continuing efforts to receive orders in China.



Amounts for FY13 have been reclassified with amounts calculated applying retroactively completion of installation basis.

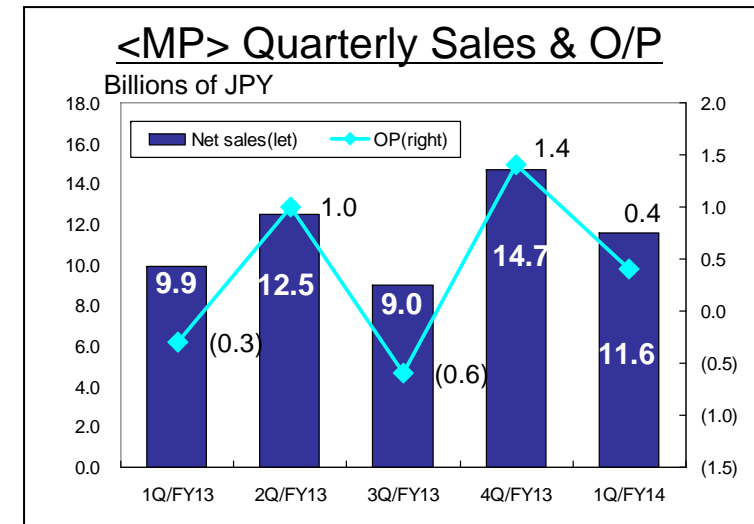
MP

1 Q

- As to graphic arts equipment, sales in the U.S. and Japan remained strong as a whole, despite having the effects of an economic slowdown in Europe and a growth recession in China.
- As to PCB related equipment, sales of direct imaging system remained strong in Korea.

Outlook for 2 Q and after

- POD sales will be sluggish in Europe.
- Inkjet label printing system will be launched with a view to POD expansion into package industry.
- POD sales promotion on the domestic market will be enhanced at JGAS (Oct. 2nd to 5th).
- Try to further increase sales of direct imaging system by releasing high-end equipment.



Progress of Approaches for Earnings Recovery

Structure Reform

1. Efficient use of R&D expenses and capital investment

Going on as forecast in May

2. Reduction of variable costs

Delayed improvement in SE variable cost ratio in the 1st half of FY2014

- Effects of product mix
- Timing for cost reduction to contribute to earnings is behind.

Will improve in the 2nd half of FY2014 (as forecast in May)

3. Reconstitution of business structure

Improvement of unprofitable businesses is under way.

Build new businesses – Life science in addition to Energy, Printed electronics, and Inspection/ Measurement.

Urgent Countermeasures

1. Personnel costs & benefits cutbacks

Going on as forecast in May

Business Forecast
Fiscal Year Ending March 31, 2014

Business Forecast for FY2014

Rate: USD1= 95 yen, EUR1= 125 yen

(Unit : Billions of JPY)

	FY2013			FY2014					
	Result (Completion of Installation)			Forecast (May.10)			Forecast (Aug.9)		
	1st H	2nd H	Full	1st H	2nd H	Full	1st H	2nd H	Full
Net Sales	109.4	90.3	199.7	102.0	102.0	204.0	109.0	102.0	211.0
SE	79.7	60.9	140.6	68.0	65.0	133.0	75.0	65.0	140.0
FE	6.9	5.1	12.0	9.5	11.5	21.0	10.0	11.5	21.5
MP	22.5	23.7	46.3	24.0	25.0	49.0	23.5	25.0	48.5
Graphic Arts Equip. (MT)	19.6	20.5	40.1	20.4	21.4	41.8	20.0	21.4	41.4
PCB Equip. (PE)	2.8	3.2	6.1	3.6	3.6	7.2	3.5	3.6	7.1
Other	0.3	0.4	0.7	0.5	0.5	1.0	0.5	0.5	1.0
Operating Income	(1.2)	(3.5)	(4.8)	2.5	4.0	6.5	2.5	4.0	6.5
SE	(0.7)	(2.9)	(3.7)	-	-	-	-	-	-
FE	(0.3)	(0.5)	(0.8)	-	-	-	-	-	-
MP	0.7	0.7	1.4	-	-	-	-	-	-
Other & Adjustments	(0.9)	(0.8)	(1.7)	-	-	-	-	-	-
Ordinary Income	(1.4)	(3.6)	(5.0)	2.1	3.4	5.5	2.1	3.4	5.5
Net Income	(6.9)	(4.4)	(11.3)	1.5	2.5	4.0	1.5	2.5	4.0

Forecast of annual cash dividends for FY2014 : JPY 3.00 per share
(year-end cash dividend)Unchanged

SCREEN

<<Reference>> FY2013 Consolidated Business Results

<SE & FE Segment Sales, Completion of installation basis>

(Figures have been rounded down to eliminate amounts less than one million yen, except per share figures.)

		Consolidated Business Results Completion of installation basis					
		1Q	2Q	1st Half	3Q	4Q	Full
Total	Net sales	66,623	42,843	109,466	34,895	55,433	199,795
	Gross profit	14,828	7,460	22,288	6,530	13,186	42,005
	Selling, general and administrative expenses	11,682	11,891	23,573	11,341	11,923	46,838
	Operating income	3,146	(4,431)	(1,284)	(4,811)	1,262	(4,833)
	Ordinary income	3,320	(4,770)	(1,450)	(5,214)	1,612	(5,052)
	Net income	2,042	(8,955)	(6,913)	(5,322)	902	(11,333)
SE	Net sales	51,654	28,086	79,740	23,577	37,371	140,689
	Operating income	3,654	(4,433)	(779)	(3,127)	154	(3,752)
FE	Net sales	4,845	2,055	6,901	2,087	3,053	12,041
	Operating income	258	(563)	(304)	(509)	(21)	(835)
MP	Net sales	9,977	12,546	22,524	9,070	14,729	46,323
	Operating income	(303)	1,004	700	(686)	1,460	1,474
Other	Net sales	145	154	300	160	279	739
	Operating income	(95)	(39)	(134)	(106)	82	(158)
Adjustments	Operating income	(367)	(399)	(766)	(381)	(412)	(1,560)

Total assets	222,402	208,213		228,308	232,390	
Equity	82,098	72,520		71,139	76,249	
Equity ratio	36.9%	34.8%		31.2%	32.8%	