

DAINIPPON SCREEN MFG. CO., LTD.

Business Results & Forecast

The second quarter ended September 30, 2013

President & COO Masahiro Hashimoto
Nov. 5, 2013

Agenda

- 2Q Business Results
- Business Situation
- Future Approaches
- 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

2nd Quarter ended September 30, 2013

FY2014 2Q Business Results (consolidated)

(Unit : Billions of JPY)	FY2013					FY2014				
	Result (Completion of installation basis)					1Q	Result		Y/Y	Forecast (Aug.9)
	1Q	2Q	1H	3Q	4Q		2Q	1H	1H	1H
Net Sales	66.6	42.8	109.4	34.8	55.4	59.3	51.8	111.1	1.6	109.0
SE	51.6	28.0	79.7	23.5	37.3	43.3	32.3	75.6	(4.0)	75.0
FE	4.8	2.0	6.9	2.0	3.0	4.1	6.8	10.9	4.0	10.0
MP	9.9	12.5	22.5	9.0	14.7	11.6	12.4	24.1	1.5	23.5
Graphic Arts Equip. (MT)	8.9	10.7	19.6	8.1	12.3	10.0	10.4	20.5	0.9	20.0
PCB Equip. (PE)	1.0	1.8	2.8	0.9	2.3	1.5	1.9	3.5	0.6	3.5
Other	0.1	0.1	0.3	0.1	0.2	0.1	0.2	0.3	0.0	0.5
Operating Income	3.1	(4.4)	(1.2)	(4.8)	1.2	2.2	0.8	3.0	4.3	2.5
SE	3.6	(4.4)	(0.7)	(3.1)	0.1	2.1	0.7	2.8	3.6	-
FE	0.2	(0.5)	(0.3)	(0.5)	(0.0)	0.1	(0.1)	0.0	0.3	-
MP	(0.3)	1.0	0.7	(0.6)	1.4	0.4	0.5	1.0	0.3	-
Other & Adjustments	(0.4)	(0.4)	(0.9)	(0.4)	(0.3)	(0.4)	(0.4)	(0.8)	0.0	-
Ordinary Income	3.3	(4.7)	(1.4)	(5.2)	1.6	2.2	0.3	2.6	4.0	2.1
Net Income	2.0	(8.9)	(6.9)	(5.3)	0.9	1.6	(0.1)	1.5	8.4	1.5

* 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 2Q Business Result (over the previous Q)

Net Sales

2Q JPY 51.8bn. / 1Q JPY 59.3bn. (Differential : JPY7.4bn. decrease)

(Unit : Billions of JPY)

Segment	2Q	1Q	Diff.	Point	
SE	32.3	43.3	(11.0)	Sales of coater/developers increased. Sales of cleaning equipment (batch type and single wafer) decreased. By region, sales to North America and Europe increased, but those to Taiwan substantially decreased.	
FE	6.8	4.1	2.7	In addition to large-sized glass substrate equipment for TV, sales of equipment for small- and medium-sized glass substrate increased.	
MP	12.4	11.6	0.7		
	MT	10.4	10.0	0.3	CTP sales increased in Japan and overseas. POD sales decreased due to the slowdown in Europe. Ink sales remained strong.
	PE	1.9	1.5	0.4	Sales of direct imaging system remained strong.

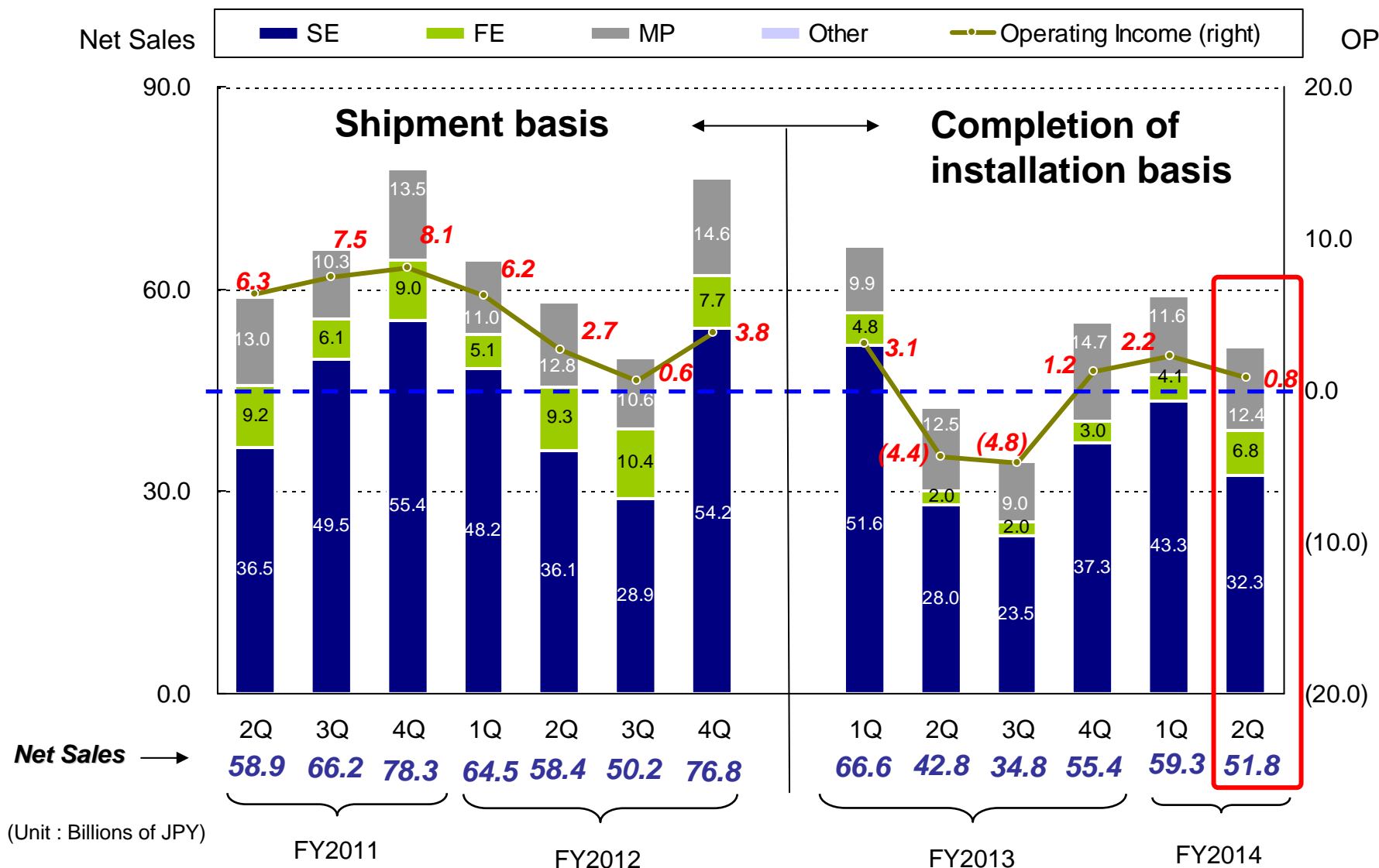
Operating Income

2Q JPY 0.8bn. / 1Q JPY 2.2bn. (Differential : JPY 1.3bn. decrease)

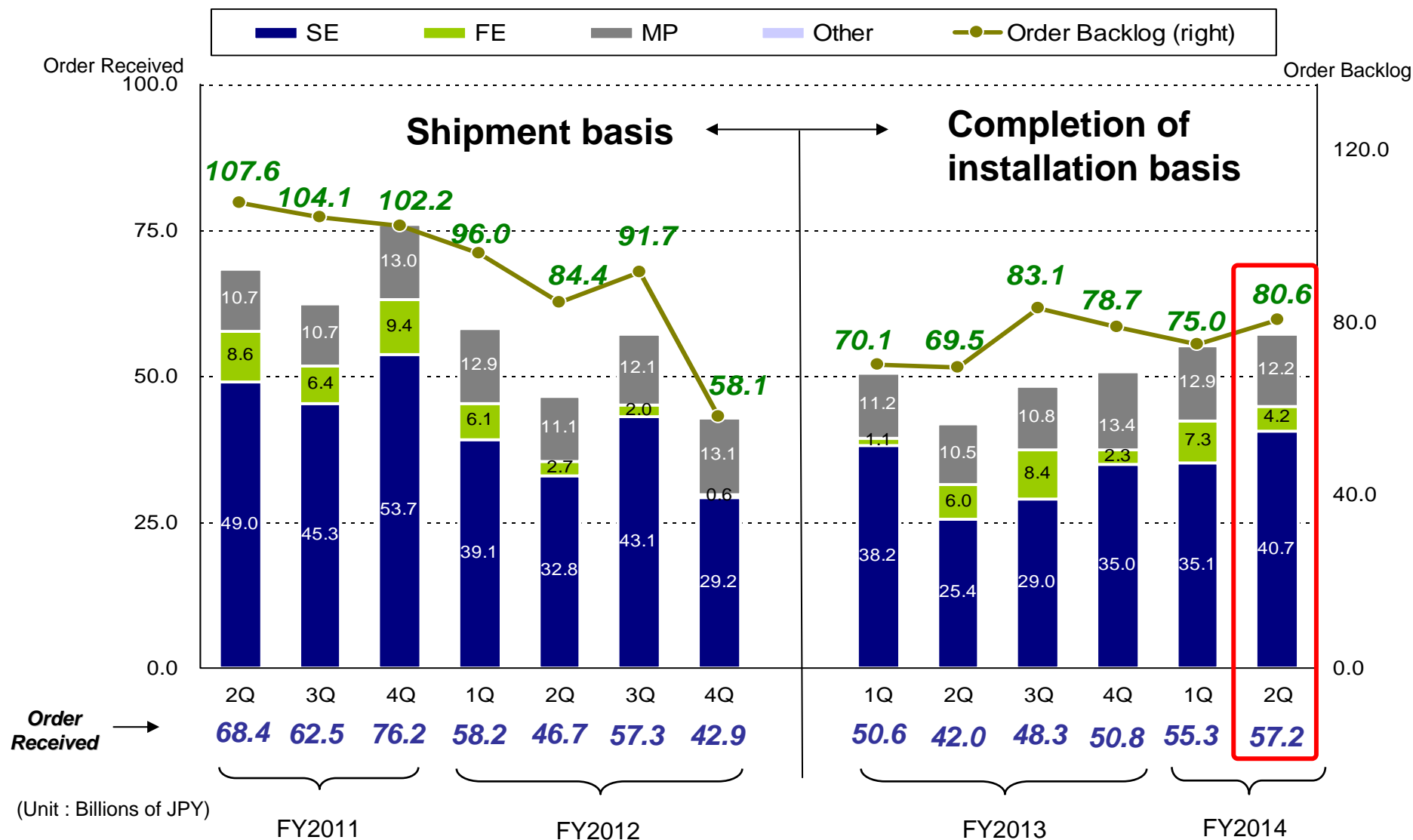
(Unit : Billions of JPY)

Segment	2Q	1Q	Diff.	Point
SE	0.7	2.1	(1.3)	Even with the effects of improvement in variable cost ratio and rising factory operating rates, the marginal profit decreased due to the substantial sales decrease.
FE	(0.1)	0.1	(0.2)	Profit decline due to the effects of falling factory operating rates and product mix.
MP	0.5	0.4	0.1	Earnings growth owing to sales increase.

Quarterly Net Sales and Operating Income (Consolidated)

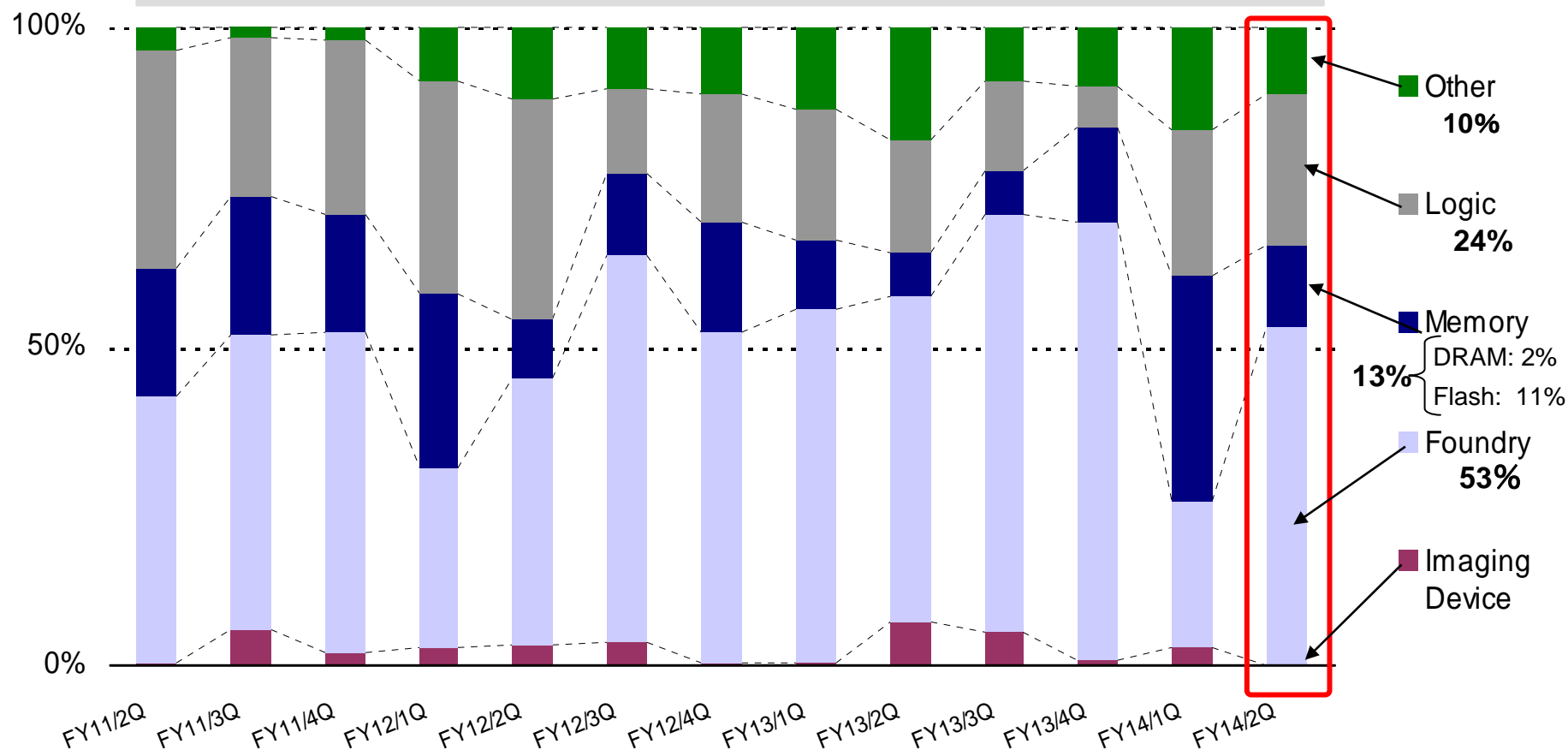


* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.



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

➤2Q Order received : JPY 40.7 bn. (consolidated)



*Parts are classified as Other from FY12/2Q

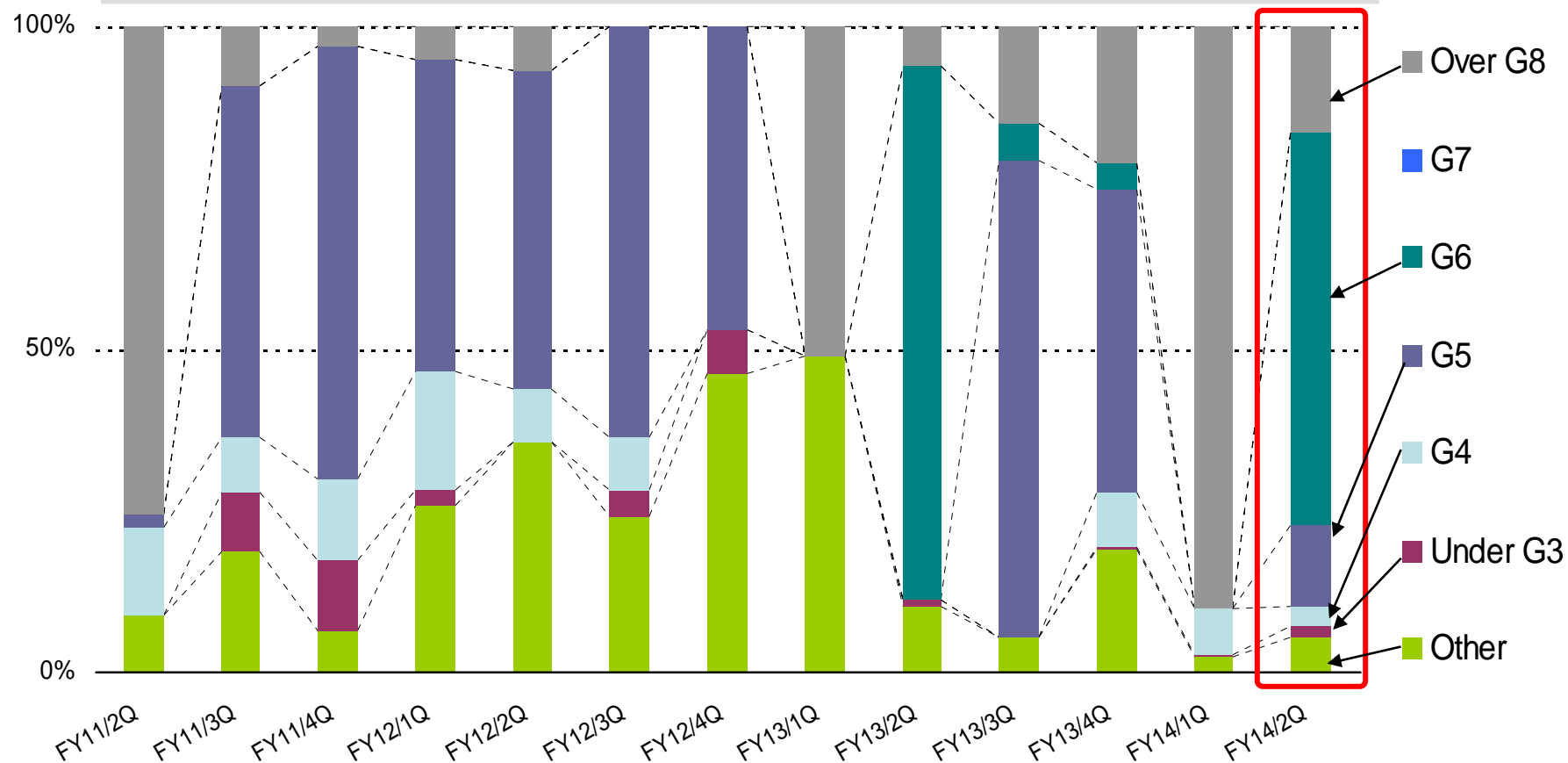
FY2014 2Q orders
by region
(Nonconsolidated)



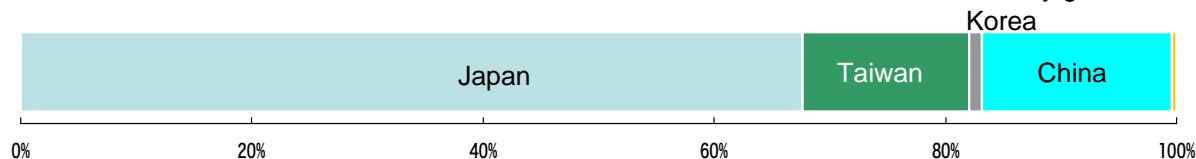
FPD Production Equipment

Quarterly Orders Received by Generation (Nonconsolidated)

➤ 2Q order received : JPY 4.2 bn. (consolidated)



FY2014 2Q orders
by region
(Nonconsolidated)



Trend in B/S (consolidated)

Assets

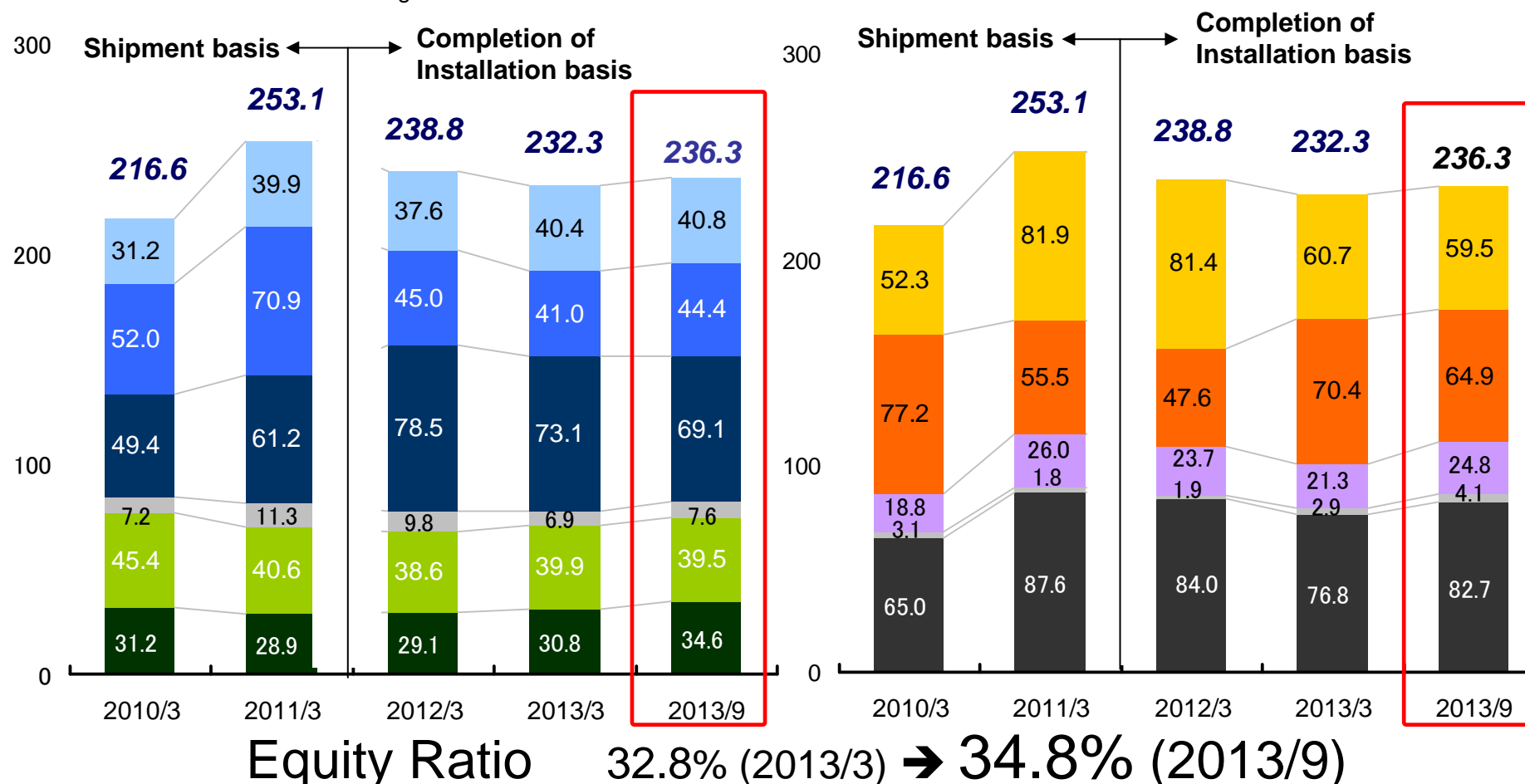
(Unit: Billions of JPY)

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

Liabilities & Net Assets

(Unit: Billions of JPY)

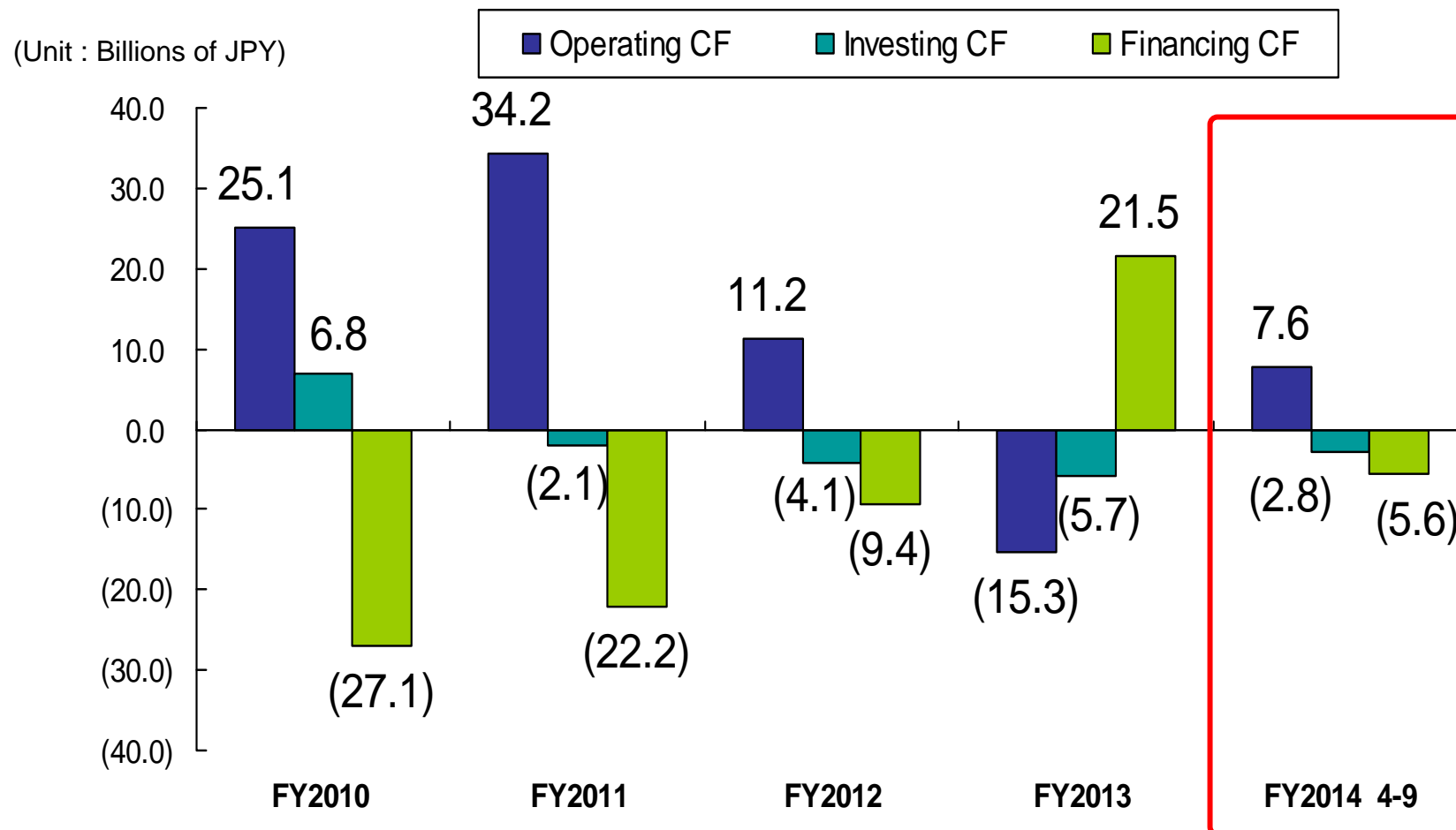
- Notes & accounts payable
- Interest-bearing debt
- Other current liabilities
- Other noncurrent liabilities
- Net assets



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

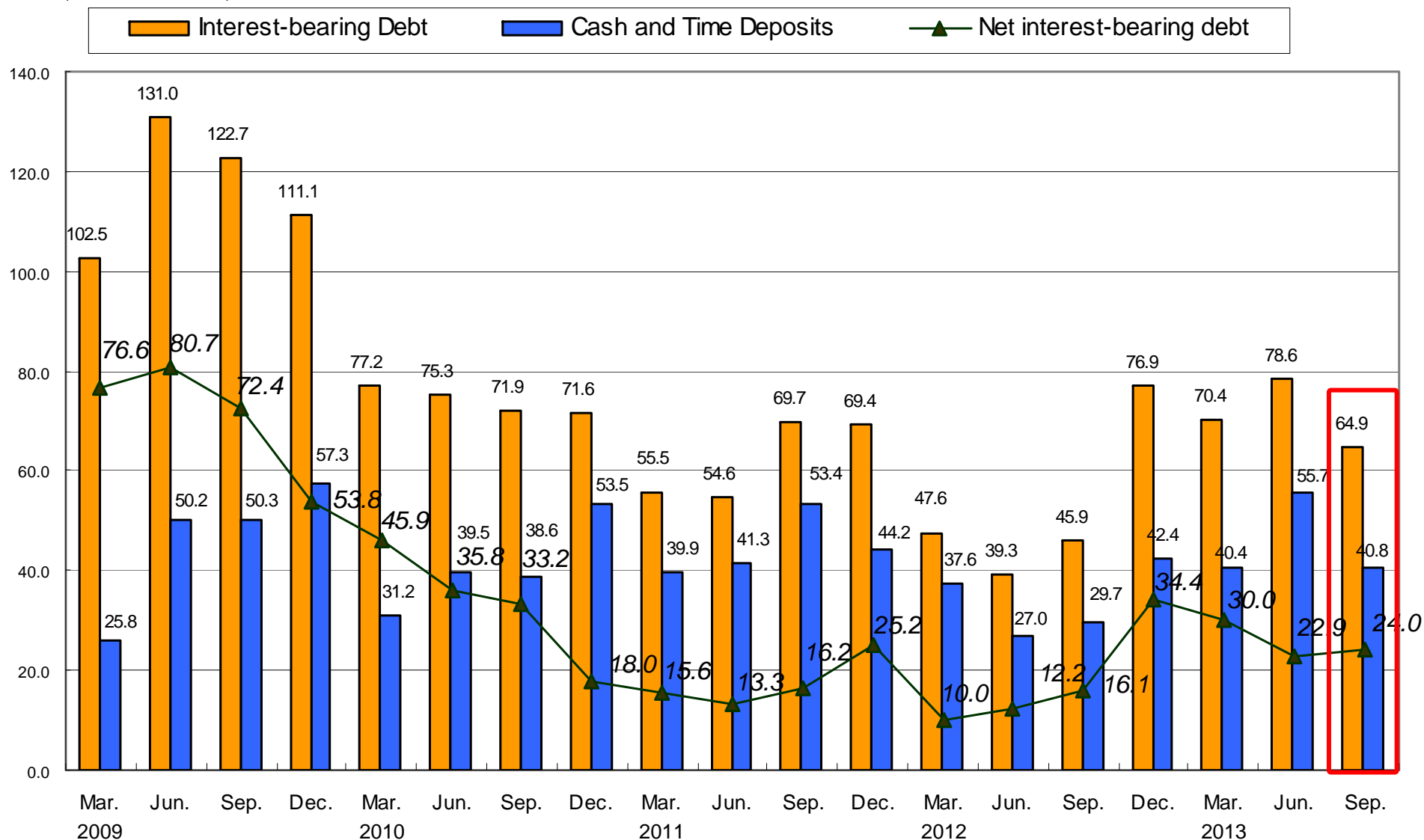
Consolidated Cash Flows

1st H Free Cash Flow : JPY4.8 bn.



Interest-bearing Debt (Consolidated)

(Unit: Billions of JPY)



Business Area

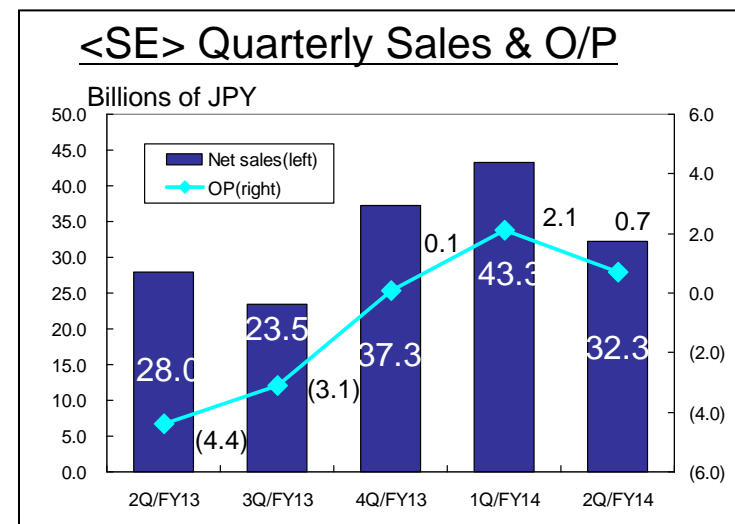
SE

2Q

- Because of drop-off months in investment, sales decreased compared to 1Q. (upwards of JPY 0.6 bn. from Aug. forecast)
- Orders exceeded our assumption thanks to an aggressive investment by foundry.
- The variable cost ratio for the 1st half was improved on a year-to-year comparison.
- Coater/developers recovered steadily.
- Acquired 100% ownership of SOKUDO by stock acquisition. (September 27)

Outlook for 3Q and after

- Reflecting a strong order situation, the business forecast for the 2nd half was revised.
- The production equipment market in 2014 is expected to grow by around 10%.



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

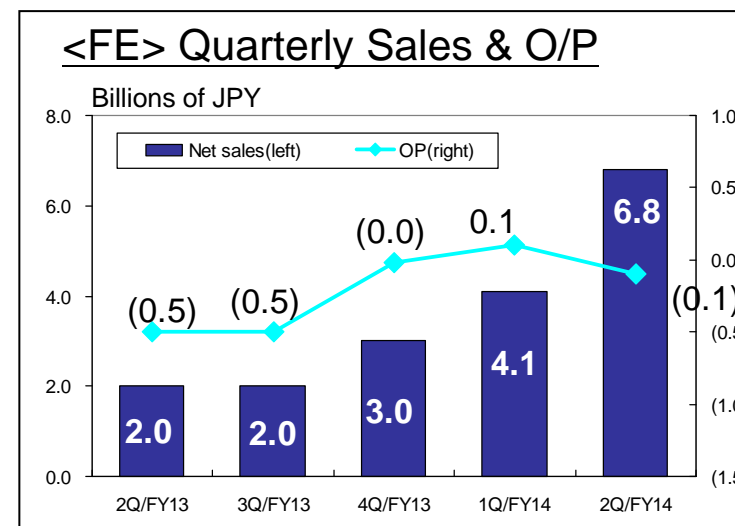
FE

2Q

- Investment for China remained strong.
- By moving up the schedule, sales exceeded our assumption.
- Product mix and factory operating rates had an effect on profitability.
- Acquired orders of equipment for small- and medium-sized toward Japan.

Outlook for 3Q and after

- 3Q orders are expected to increase in light of acquisition of large-scale orders in China.
- Some sales will be recorded in the next year, postponed from this 2nd half due to the timing of installation.
- Timing for full-scale investment toward OLED TVs is slightly behind.



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

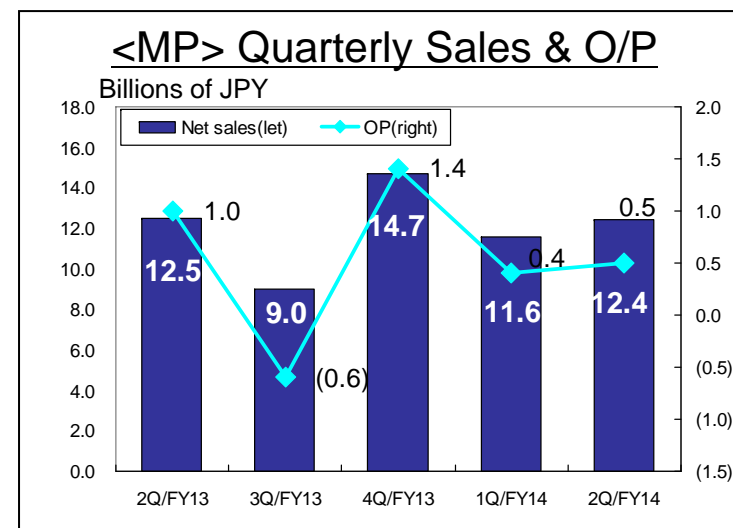
MP

2Q

- As to graphic arts equipment, sales in Asia and Oceania increased compared to 1Q.
CTP sales remained strong in Japan and overseas
- As to PCB related equipment, sales of direct imaging system remained robust in Korea and increased in Japan.

Outlook for 3Q and after

- POD: Inkjet label printing system was launched, expanding in application.
- CTP: Strengthen product line-up toward emerging countries, aimed at growing the market share in China.
- Direct imaging system: Focus on Taiwan and China, in addition to Korea and Japan.



Future Approaches

■ Approaches for Earnings Improvement

- Fixed costs – Expect to increase by around JPY 2.0 bn.
for the full year compared to the previous term
 - Enhancement of R&D
 - Increase in personnel costs
- Variable cost ratio – Expect to reduce by around 3 points in SE
for the full year compared to the previous term
 - Reduction in variable cost ratio is progressing
 - Continuously enhance efforts for the reduction

■ Approaches for Strengthening the Business (Product) Foundation

- (SE) Improve the position in coater/developers
- (SE) Solidify the absolute position in cleaning equipment
- (FE) Early launch of a new field
- (MP) Expand POD application and enhance CTP toward emerging countries
- (New) Expand new businesses

Approaches
for this year
will lead to an
earnings
increase after
next year

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 (Aug.9)			Result and Forecast (Nov.5)		
	1st H	2nd H	Full	1st H	2nd H	Full	1st H	2nd H Forecast	Full Forecast
Net Sales	109.4	90.3	199.7	109.0	102.0	211.0	111.1	115.8	227.0
SE	79.7	60.9	140.6	75.0	65.0	140.0	75.6	80.3	156.0
FE	6.9	5.1	12.0	10.0	11.5	21.5	10.9	9.5	20.5
MP	22.5	23.7	46.3	23.5	25.0	48.5	24.1	25.3	49.5
Graphic Arts Equip. (MT)	19.6	20.5	40.1	20.0	21.4	41.4	20.5	21.8	42.4
PCB Equip. (PE)	2.8	3.2	6.1	3.5	3.6	7.1	3.5	3.5	7.1
Other	0.3	0.4	0.7	0.5	0.5	1.0	0.3	0.6	1.0
Operating Income	(1.2)	(3.5)	(4.8)	2.5	4.0	6.5	3.0	4.7	7.8
SE	(0.7)	(2.9)	(3.7)	-	-	-	2.8	-	-
FE	(0.3)	(0.5)	(0.8)	-	-	-	0.0	-	-
MP	0.7	0.7	1.4	-	-	-	1.0	-	-
Other & Adjustments	(0.9)	(0.8)	(1.7)	-	-	-	(0.8)	-	-
Ordinary Income	(1.4)	(3.6)	(5.0)	2.1	3.4	5.5	2.6	4.3	7.0
Net Income	(6.9)	(4.4)	(11.3)	1.5	2.5	4.0	1.5	3.5	7.1

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

SCREEN