

DAINIPPON SCREEN MFG. CO., LTD.

Business Results & Forecast

The Third Quarter Ended December 31, 2013

Senior Managing Director & CFO
Feb. 4, 2014

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Agenda

- 3Q 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

3rd Quarter Ended December 31, 2013

FY2014 3Q Business Results (consolidated)

(Unit : Billions of JPY)	FY2013					FY2014				
	Result (Completion of installation basis)					Result (Completion of installation basis)				Y/Y
	1Q	2Q	3Q	3Q total	4Q	1Q	2Q	3Q	3Q total	3Q total
Net Sales	66.6	42.8	34.8	144.3	55.4	59.3	51.8	52.1	163.2	18.8
SE	51.6	28.0	23.5	103.3	37.3	43.3	32.3	36.7	112.4	9.1
FE	4.8	2.0	2.0	8.9	3.0	4.1	6.8	3.3	14.3	5.3
MP	9.9	12.5	9.0	31.5	14.7	11.6	12.4	11.7	35.8	4.2
Graphic Arts Equip. (MT)	8.9	10.7	8.1	27.8	12.3	10.0	10.4	10.1	30.7	2.8
PCB Equip. (PE)	1.0	1.8	0.9	3.7	2.3	1.5	1.9	1.6	5.1	1.3
Other	0.1	0.1	0.1	0.4	0.2	0.1	0.2	0.2	0.6	0.1
Operating Income	3.1	(4.4)	(4.8)	(6.0)	1.2	2.2	0.8	1.5	4.5	10.6
SE	3.6	(4.4)	(3.1)	(3.9)	0.1	2.1	0.7	1.8	4.7	8.6
FE	0.2	(0.5)	(0.5)	(0.8)	(0.0)	0.1	(0.1)	(0.2)	(0.2)	0.5
MP	(0.3)	1.0	(0.6)	0.0	1.4	0.4	0.5	0.4	1.5	1.4
Other & Adjustments	(0.4)	(0.4)	(0.4)	(1.3)	(0.3)	(0.4)	(0.4)	(0.5)	(1.4)	(0.1)
Ordinary Income	3.3	(4.7)	(5.2)	(6.6)	1.6	2.2	0.3	1.4	4.0	10.7
Net Income	2.0	(8.9)	(5.3)	(12.2)	0.9	1.6	(0.1)	0.6	2.2	14.4

* 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 3Q Business Result (over the previous Q)

Net Sales

3Q JPY 52.1bn. / 2Q JPY 51.8bn. (Differential : JPY0.2bn. increase)

(Unit : Billions of JPY)

Segment	3Q	2Q	Diff.	Point
SE	36.7	32.3	4.4	Both sales of coater/developers and cleaning equipment (batch type and single wafer) increased. By region, sales to North America decreased, but those to Taiwan substantially increased.
FE	3.3	6.8	(3.4)	Investment for China went on as planned.
MP	11.7	12.4	(0.6)	
MT	10.1	10.4	(0.3)	CTP sales decreased, but POD sales increased and ink sales remained strong. Domestic sales decreased due to seasonal factors.
PE	1.6	1.9	(0.3)	Sales of direct imaging system decreased in Japan but remained strong in Korea.

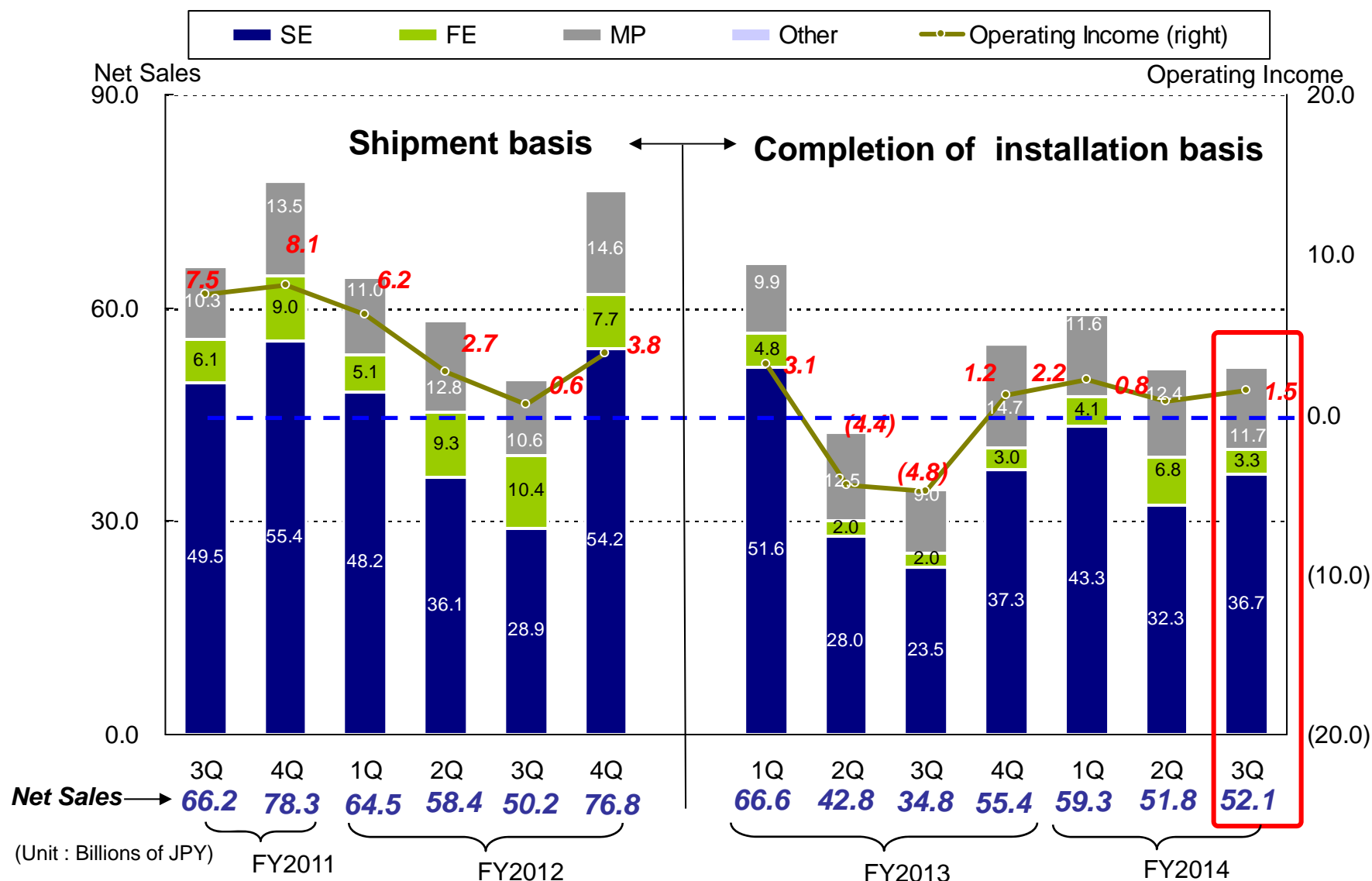
Operating Income

3Q JPY 1.5bn. / 2Q JPY 0.8bn. (Differential : JPY 0.7bn. increase)

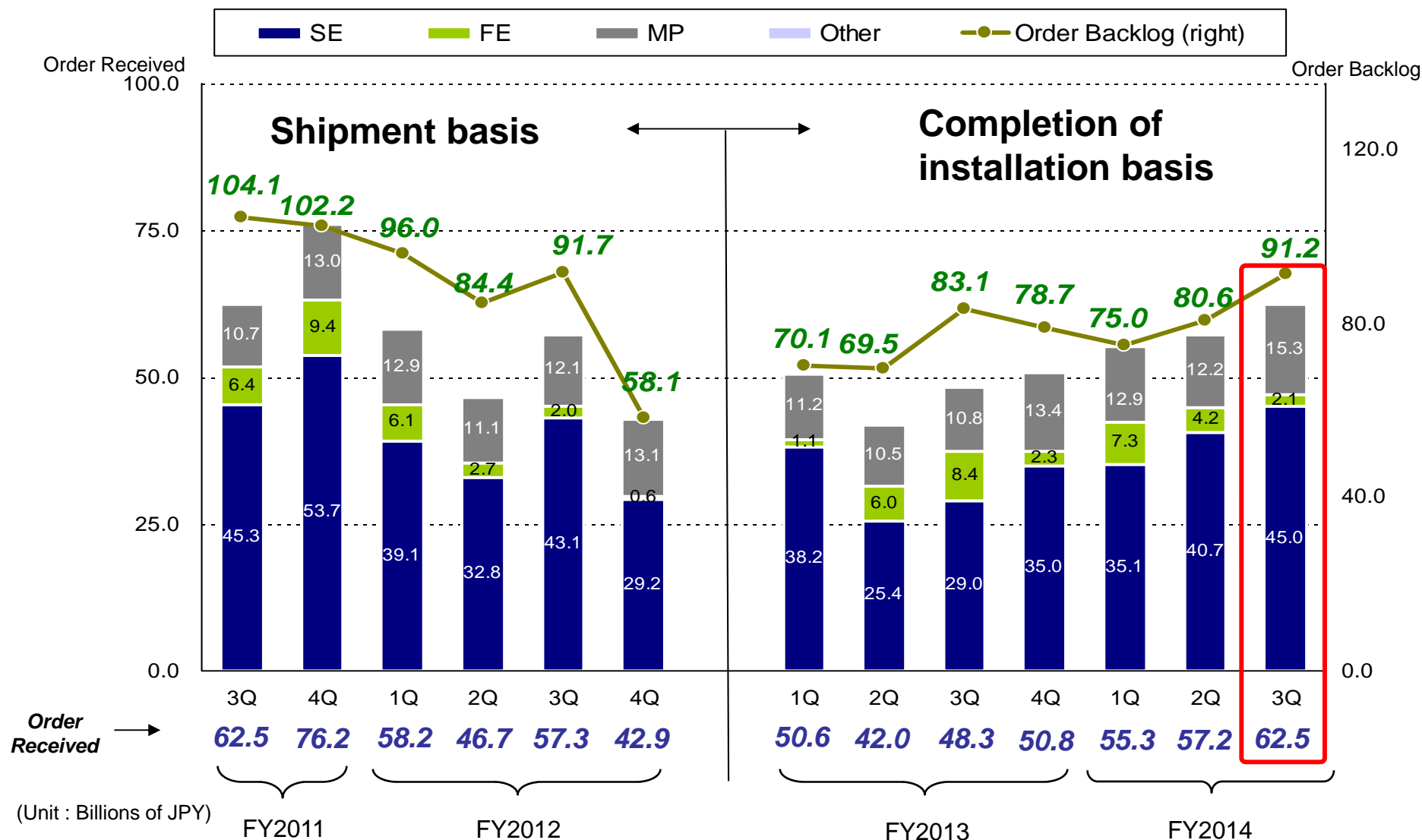
(Unit : Billions of JPY)

Segment	3Q	2Q	Diff.	Point
SE	1.8	0.7	1.0	The marginal profit increased thanks to sales increase, even with the effects of product mix.
FE	(0.2)	(0.1)	(0.1)	The marginal profit decreased due to sales decrease, but it was partially offset with a positive effect of rising factory operating rates.
MP	0.4	0.5	(0.1)	The marginal profit decreased due to sales decrease, but it was partially offset with a positive effect of rising factory operating rates toward 4Q sales.

Quarterly Net Sales and Operating Income (Consolidated)

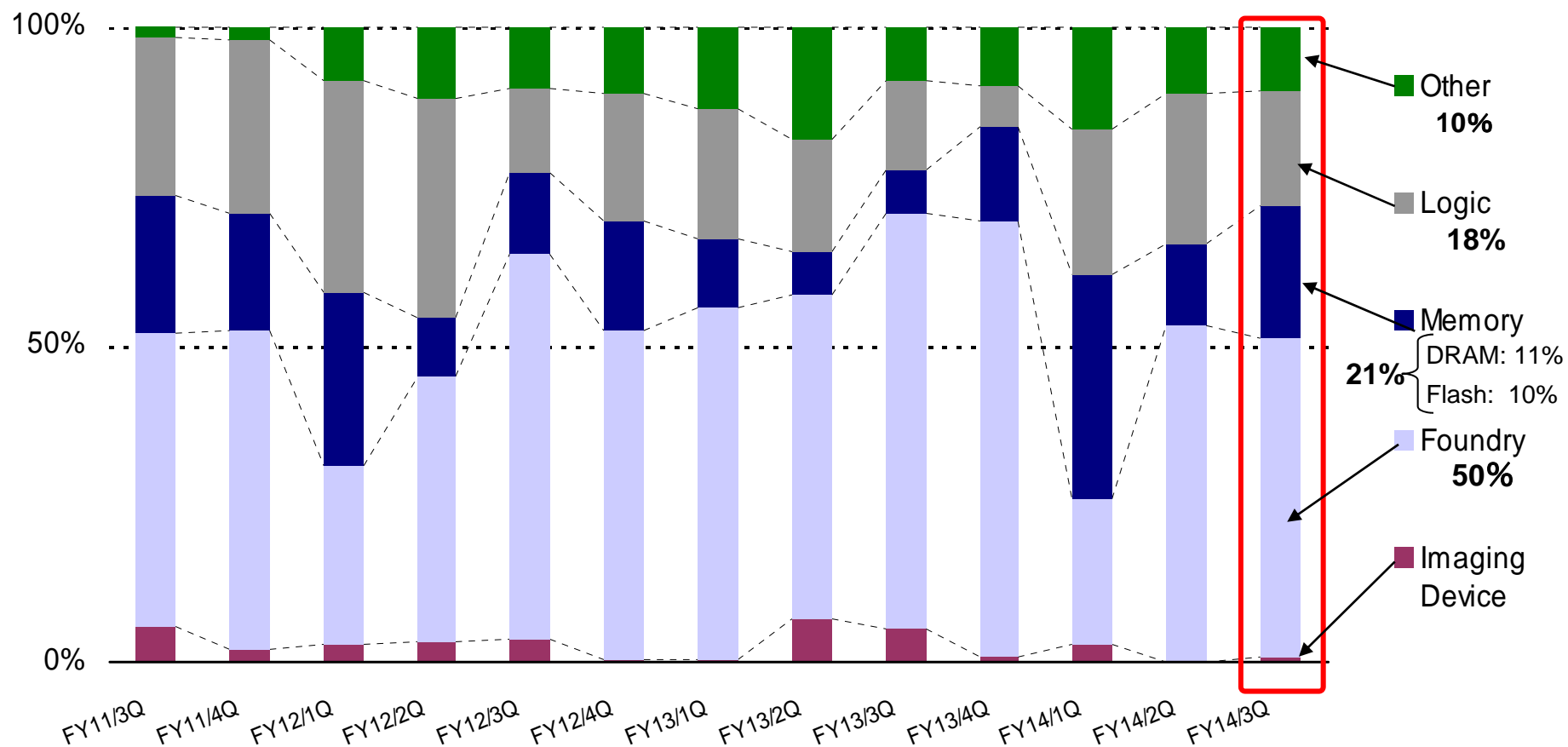


* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.



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

➤ 3Q Order Received : JPY 45.0 bn. (consolidated)



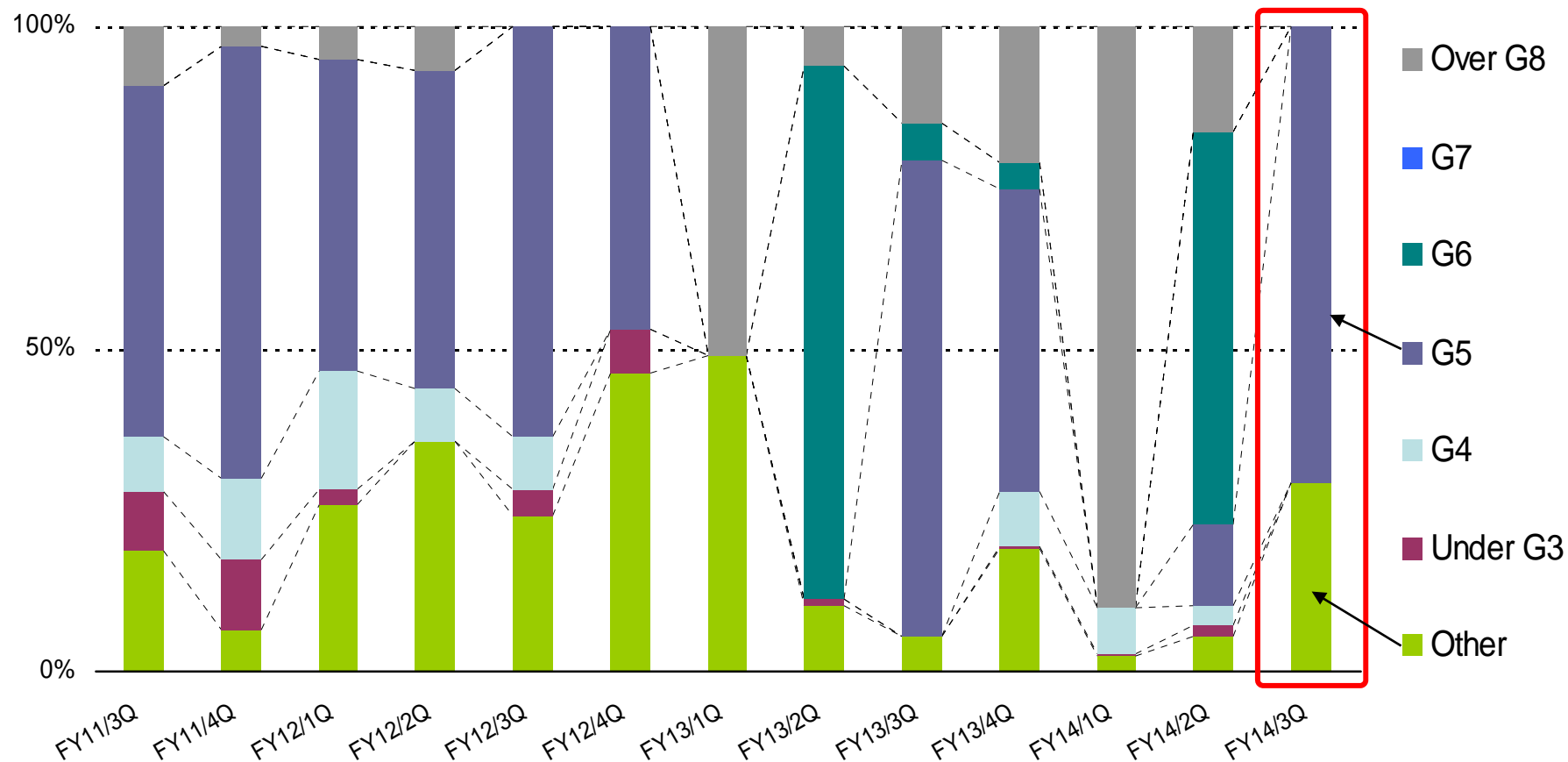
*Parts are classified as Other from FY12/2Q

FY2014 3Q orders
by region
(Nonconsolidated)



FPD Production Equipment Quarterly Orders Received by Generation (Nonconsolidated)

➤ 3Q Order Received : JPY 2.1 bn. (consolidated)



*Calculated by gross in FY12/4Q

FY2014 3Q orders
by region
(Nonconsolidated)



Trend in B/S (consolidated)

Assets

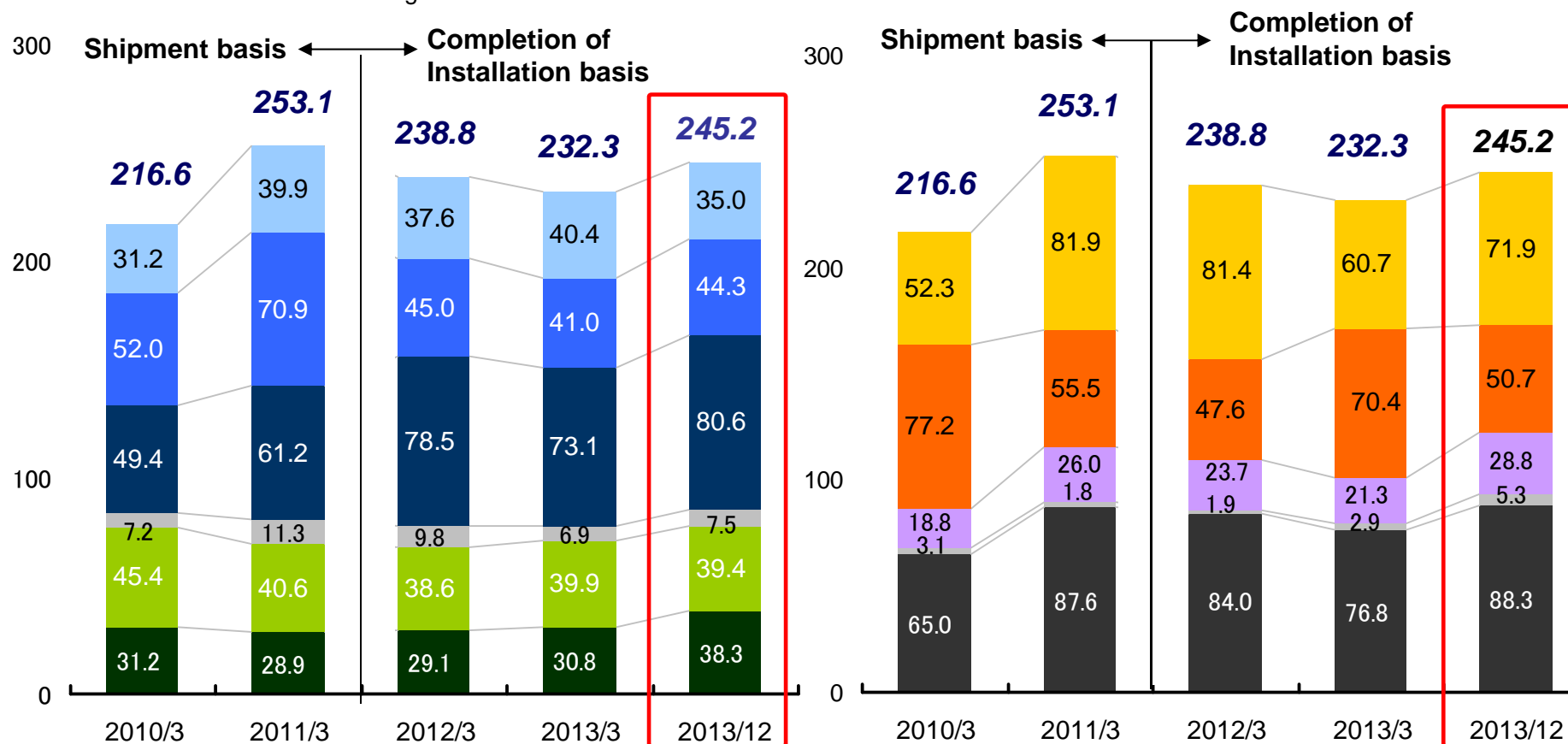
(Unit: Billions of JPY)

- 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

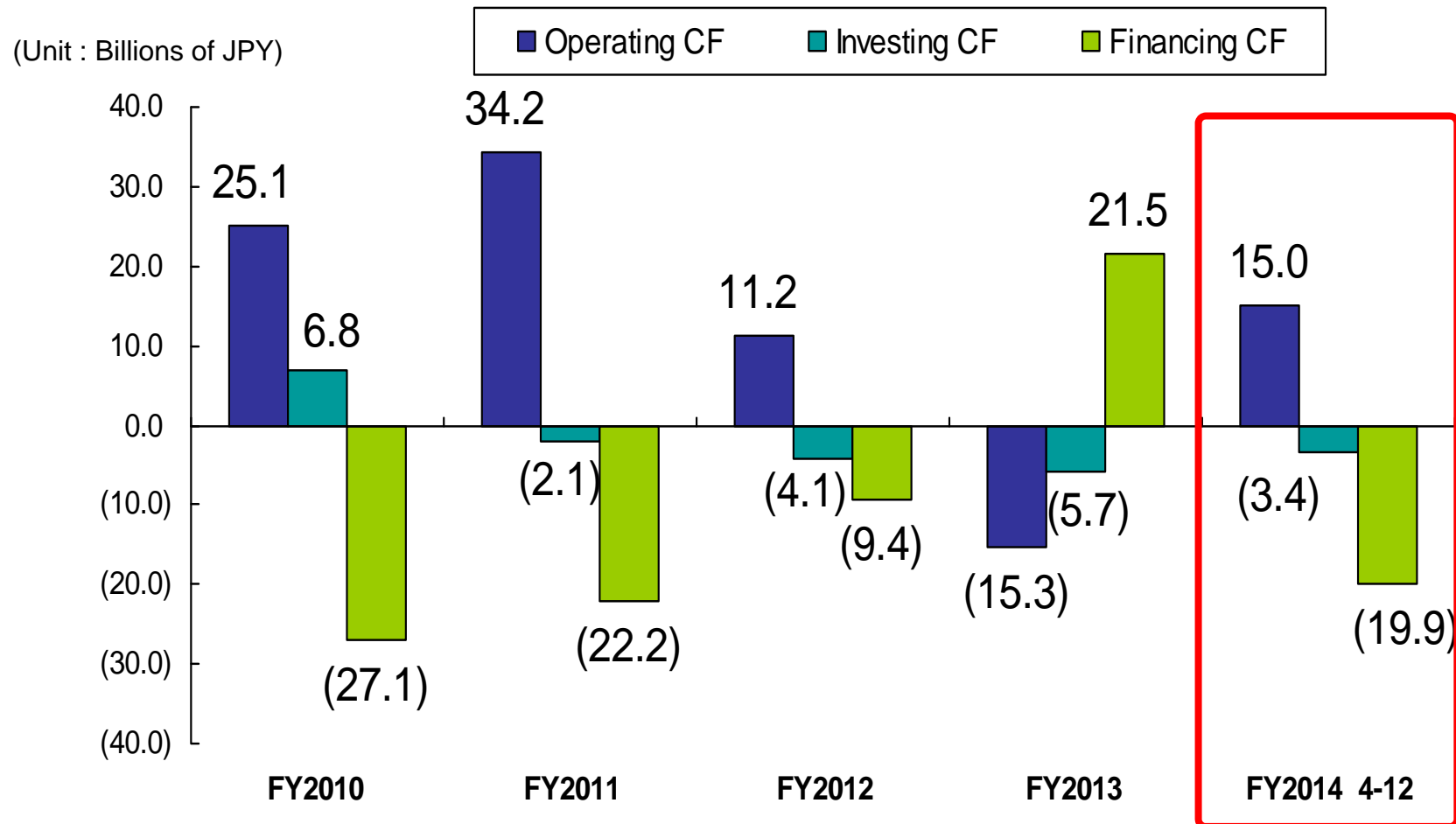


Equity Ratio 32.8% (2013/3) → 35.8% (2013/12)

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

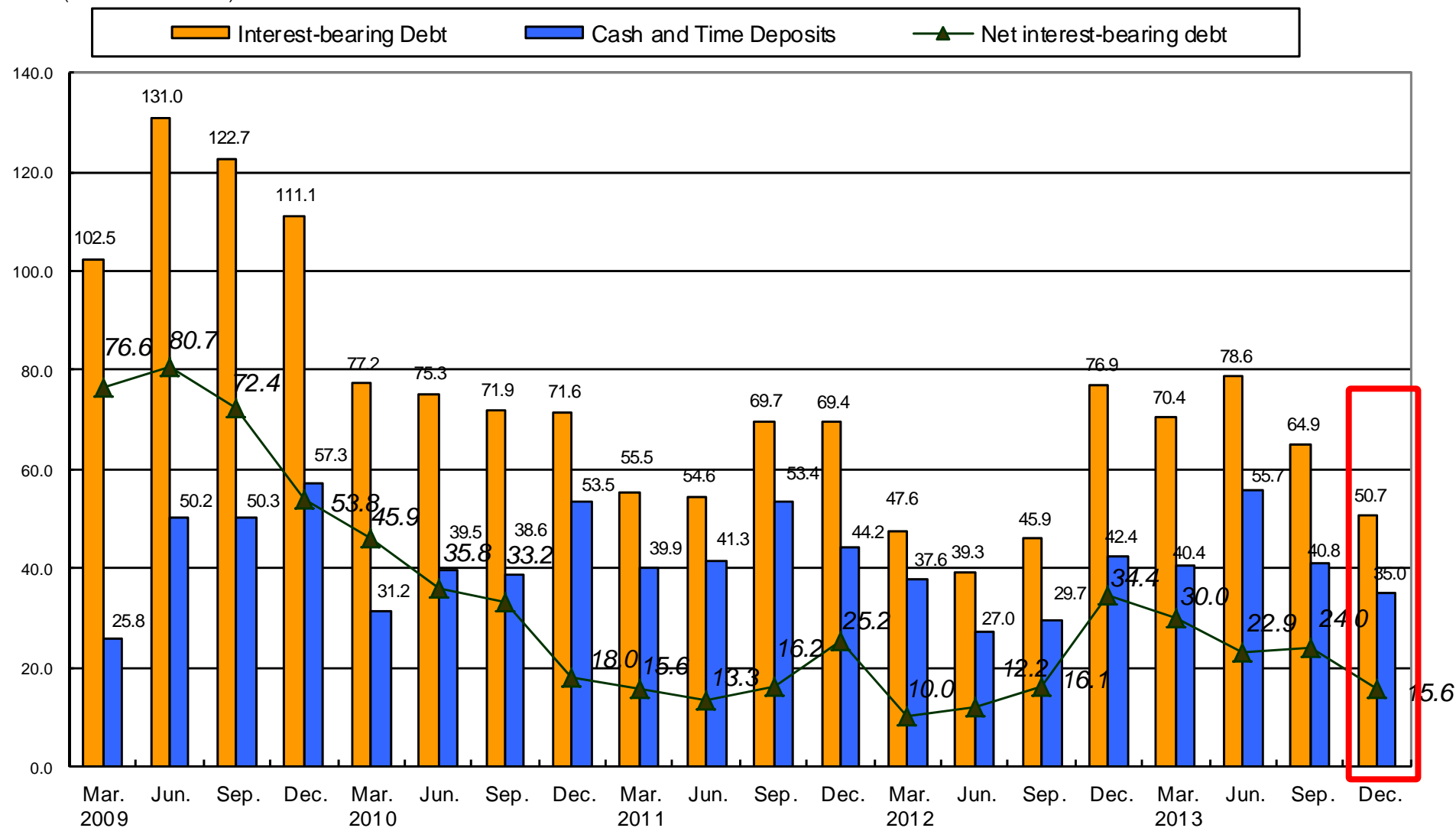
Consolidated Cash Flows

3Q Total Free Cash Flow : JPY11.5 bn.



Interest-bearing Debt (Consolidated)

(Unit: Billions of JPY)



Business Area

SE

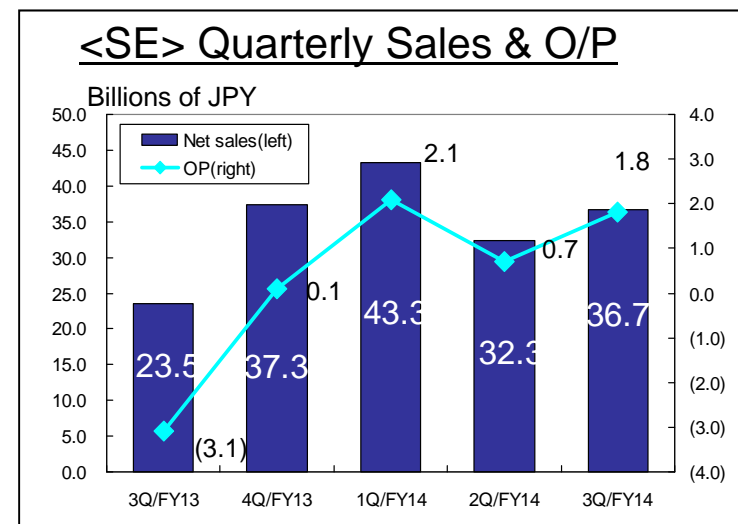
3Q

- Sales increased compared to 2Q, led by foundry
- Sales of coater/developers increased, and business results of SOKUDO were improved
- The quarterly operating profit ratio recovered to the 5% level
- Orders received exceeded our assumption, following that orders for memory in addition to those by foundry increased

Outlook for 4Q and after

- 4Q sales are expected to increase compared to 3Q, led by foundry and logic
- 4Q orders are expected to remain at a high level owing to increasing orders for memory
- Focus on “Frontier Project*,” along with expansion of in-car semiconductor

*Frontier Project: Development & sales activities of products mainly targeting green devices including power semiconductor or MEMS, referring to product line where we cultivate a new field



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

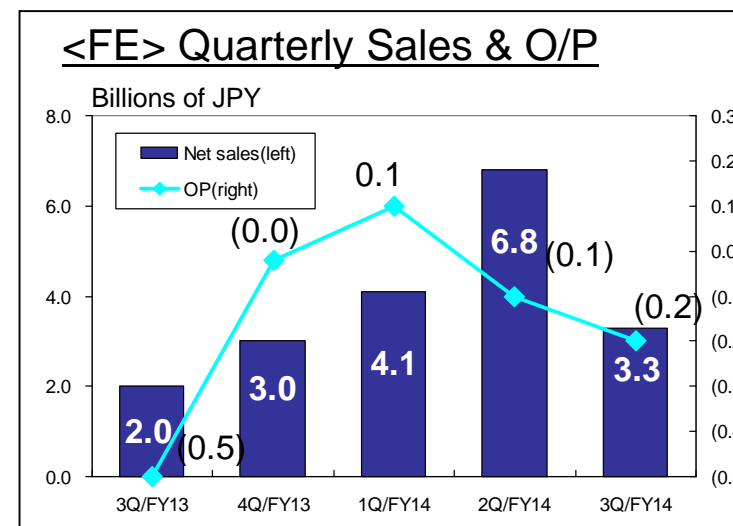
FE

3Q

- Sales decreased, but it was largely within the scope of the assumption
- Sales level remained low, resulting in the continuing red at operating profit level
- Expect to get large-scale orders in China while recording of orders will be postponed until 4Q

Outlook for 4Q and after

- 4Q sales are expected to recover and earnings will be improved as well
- Several large-scale business deals in China are under way. 4Q orders are expected to recover to a large degree

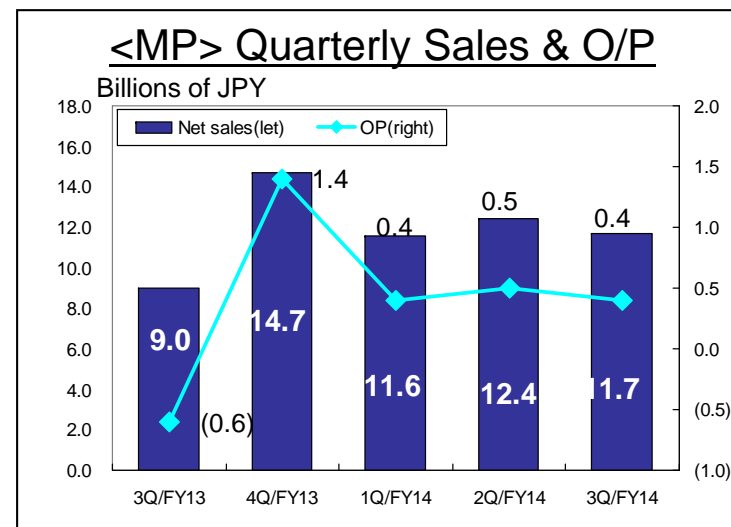


*Amounts for FY13 have been reclassified with amounts calculated applying retroactively completion of installation basis.

MP

3Q

- As to graphic arts equipment, domestic sales decreased, but sales in North America remained strong. POD sales increased overseas, and consumable supplies sales remained strong as well.
- As to PCB related equipment, sales of direct imaging system remained robust in Korea



Outlook for 4Q and after

- POD: A sales structure of inkjet label printing system will be enhanced, preparing a demonstrations environment and arranging distributors in Japan, North America and Europe.
- CTP: Strengthen product line-up toward emerging countries, aimed at growing the market share in China. Try to steadily acquire orders for replacement demand in developed countries.
- Direct imaging system: Focus on Taiwan and China, in addition to Korea and Japan

Future Approaches

Progress of Business Challenges**■ Earnings structure reform plan**

- Improving the variable cost ratio is under way
- SE: Earnings recovery in the coater/developers business is under way
- FE: Earnings recovery, Increase in orders backlog is expected toward the next fiscal year
- MP: Sales expansion of POD equipment and increase in consumable supplies business
- New Field: Get life science business on track

■ Enhancement of balance sheet

- Equity ratio: 2013/3/31 32.8% ➡ 2013/12/31 35.8%
- Net interest-bearing debt: 2013/3/31 JPY 30.0 bn. ➡ 2013/12/31 JPY 15.6 bn.

Promote & Enhance**Future Focused Theme**

- Accomplishing the earnings structure reform plan
- Early commercialization in new business field



**Toward
continuous
growth**

Business Forecast
Fiscal Year Ending March 31, 2014

Business Forecast for FY2014

4Q Forecast Rate: USD1= 100 yen, EUR1= 130 yen

(Unit : Billions of JPY)

	FY2013	FY2014				
	Result (Completion of Installation)	Result	Forecast (Nov. 5)		Forecast (Feb. 4)	
	Full	1st H	2nd H Forecast	Full Forecast	2nd H Forecast	Full Forecast
Net Sales	199.7	111.1	115.8	227.0	119.8	231.0
SE	140.6	75.6	80.3	156.0	83.8	159.5
FE	12.0	10.9	9.5	20.5	9.0	20.0
MP	46.3	24.1	25.3	49.5	26.3	50.5
Graphic Arts Equip. (MT)	40.1	20.5	21.8	42.4	22.4	43.0
PCB Equip. (PE)	6.1	3.5	3.5	7.1	3.9	7.5
Other	0.7	0.3	0.6	1.0	0.6	1.0
Operating Income	(4.8)	3.0	4.7	7.8	5.9	9.0
SE	(3.7)	2.8	-	-	-	-
FE	(0.8)	0.0	-	-	-	-
MP	1.4	1.0	-	-	-	-
Other & Adjustments	(1.7)	(0.8)	-	-	-	-
Ordinary Income	(5.0)	2.6	4.3	7.0	5.5	8.2
Net Income	(11.3)	1.5	3.5	5.1	4.4	6.1

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

SCREEN