

DAINIPPON SCREEN MFG. CO., LTD.

Business Results & Forecast

Fiscal Year Ended March 31, 2014

President & COO Eiji Kakiuchi
May 7, 2014

Agenda

- FY2014 Business Results
- Business Situation
- FY2015 Business Forecast
- “Challenge2016” [New Three-year Medium-term Management Plan]
- Change to Holding Company Structure

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

Fiscal Year Ended March 31, 2014

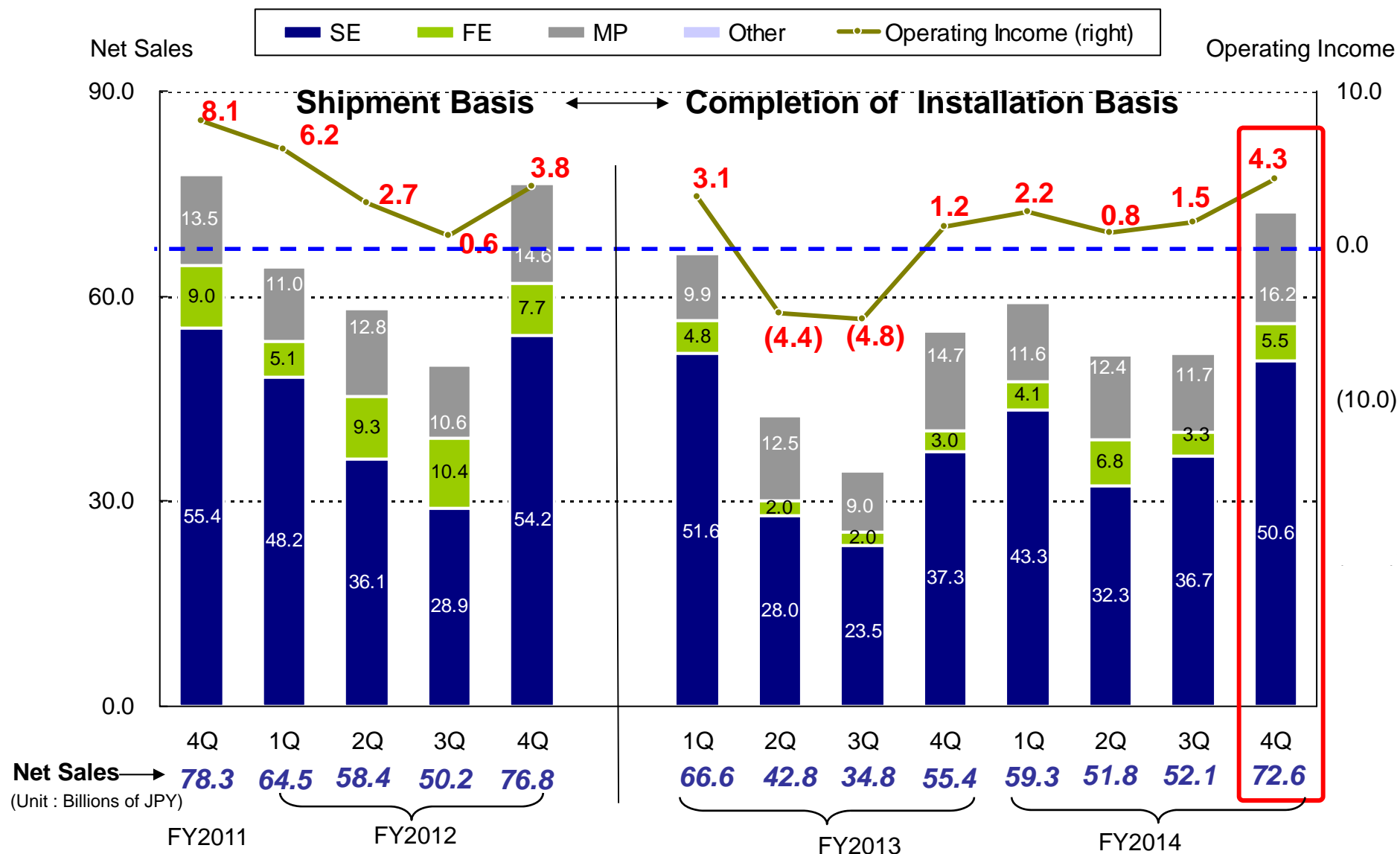
FY2014 Business Results (consolidated)

(Unit : Billions of JPY)	FY2013	FY2014						
	Result (installation basis)	Result						Forecast (Feb. 4)
	Full	1Q	2Q	3Q	4Q	Full	Y/Y	Full
Net Sales	199.7	59.3	51.8	52.1	72.6	235.9	36.1	231.0
SE	140.6	43.3	32.3	36.7	50.6	163.1	22.4	159.5
FE	12.0	4.1	6.8	3.3	5.5	19.8	7.8	20.0
MP	46.3	11.6	12.4	11.7	16.2	52.1	5.8	50.5
Graphic Arts Equip. (MT)	40.1	10.0	10.4	10.1	13.2	43.9	3.7	43.0
PCB Equip. (PE)	6.1	1.5	1.9	1.6	3.0	8.2	2.0	7.5
Other	0.7	0.1	0.2	0.2	0.2	0.8	0.0	1.0
Operating Income	(4.8)	2.2	0.8	1.5	4.3	8.9	13.7	9.0
SE	(3.7)	2.1	0.7	1.8	3.9	8.7	12.5	-
FE	(0.8)	0.1	(0.1)	(0.2)	(0.1)	(0.4)	0.4	-
MP	1.4	0.4	0.5	0.4	1.2	2.7	1.2	-
Other & Adjustments	(1.7)	(0.4)	(0.4)	(0.5)	(0.7)	(2.2)	(0.4)	-
Ordinary Income	(5.0)	2.2	0.3	1.4	4.3	8.3	13.4	8.2
Net Income	(11.3)	1.6	(0.1)	0.6	3.1	5.4	16.7	6.1

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

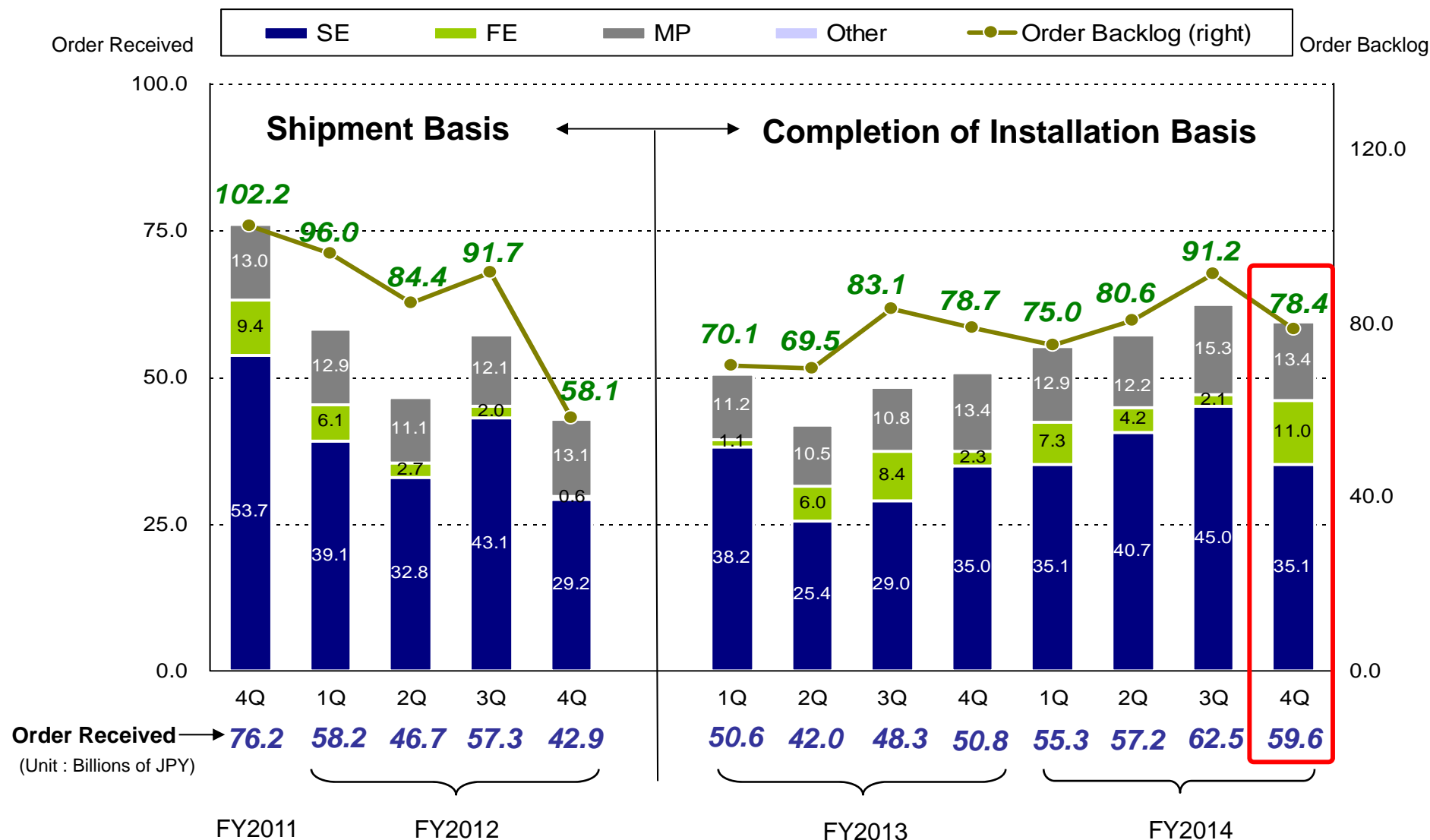
* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

Quarterly Net Sales and Operating Income (Consolidated)



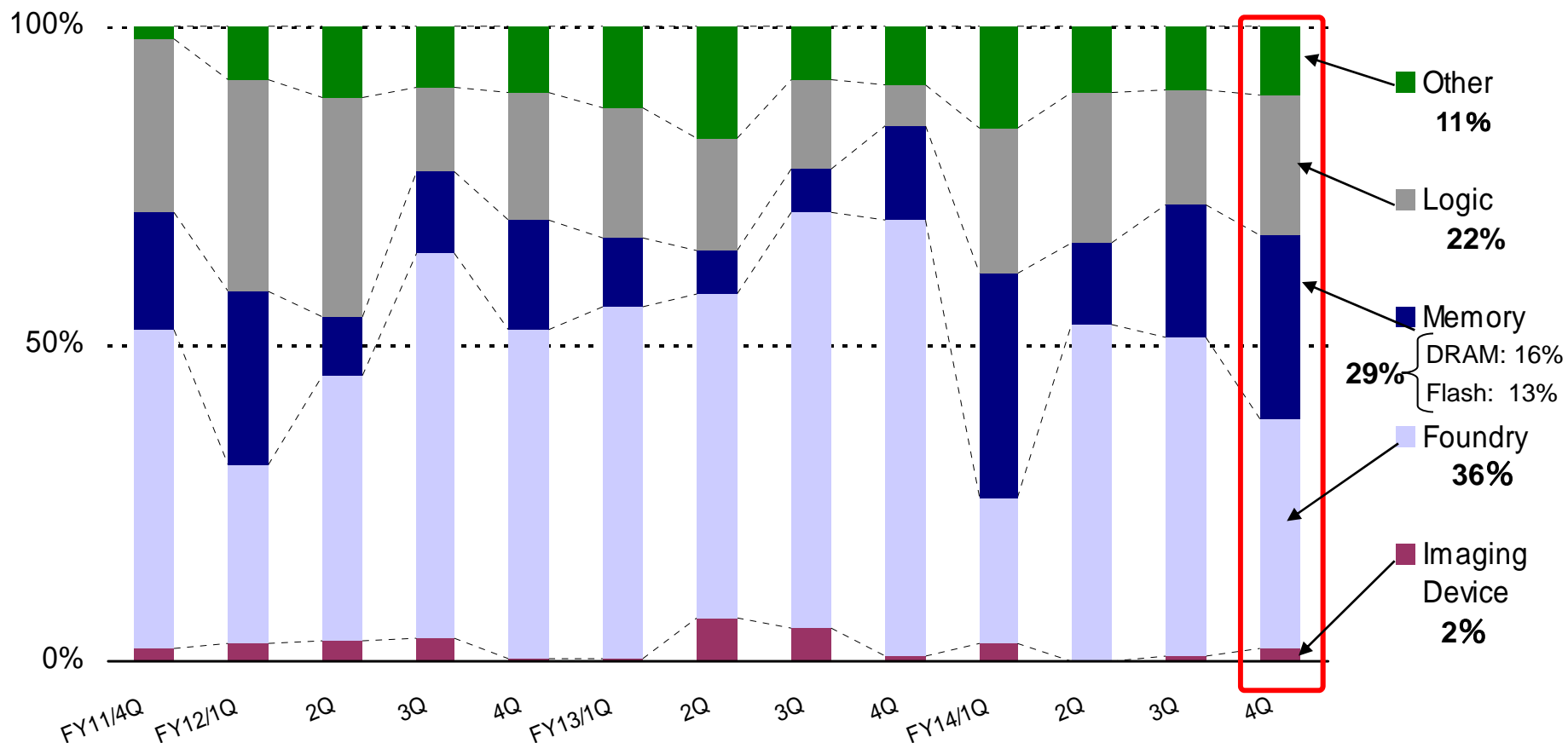
* Amounts for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

Quarterly Orders Received and Order Backlog (Consolidated)



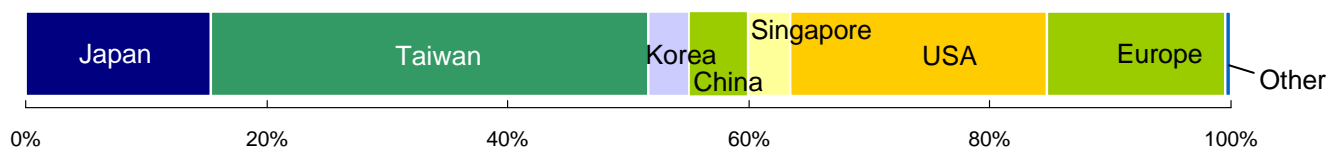
* Order backlog for FY2013 in SE and FE have been reclassified with amounts calculated applying retroactively completion of installation basis.

➤ **4Q Order Received : JPY 35.1 bn. (consolidated)**

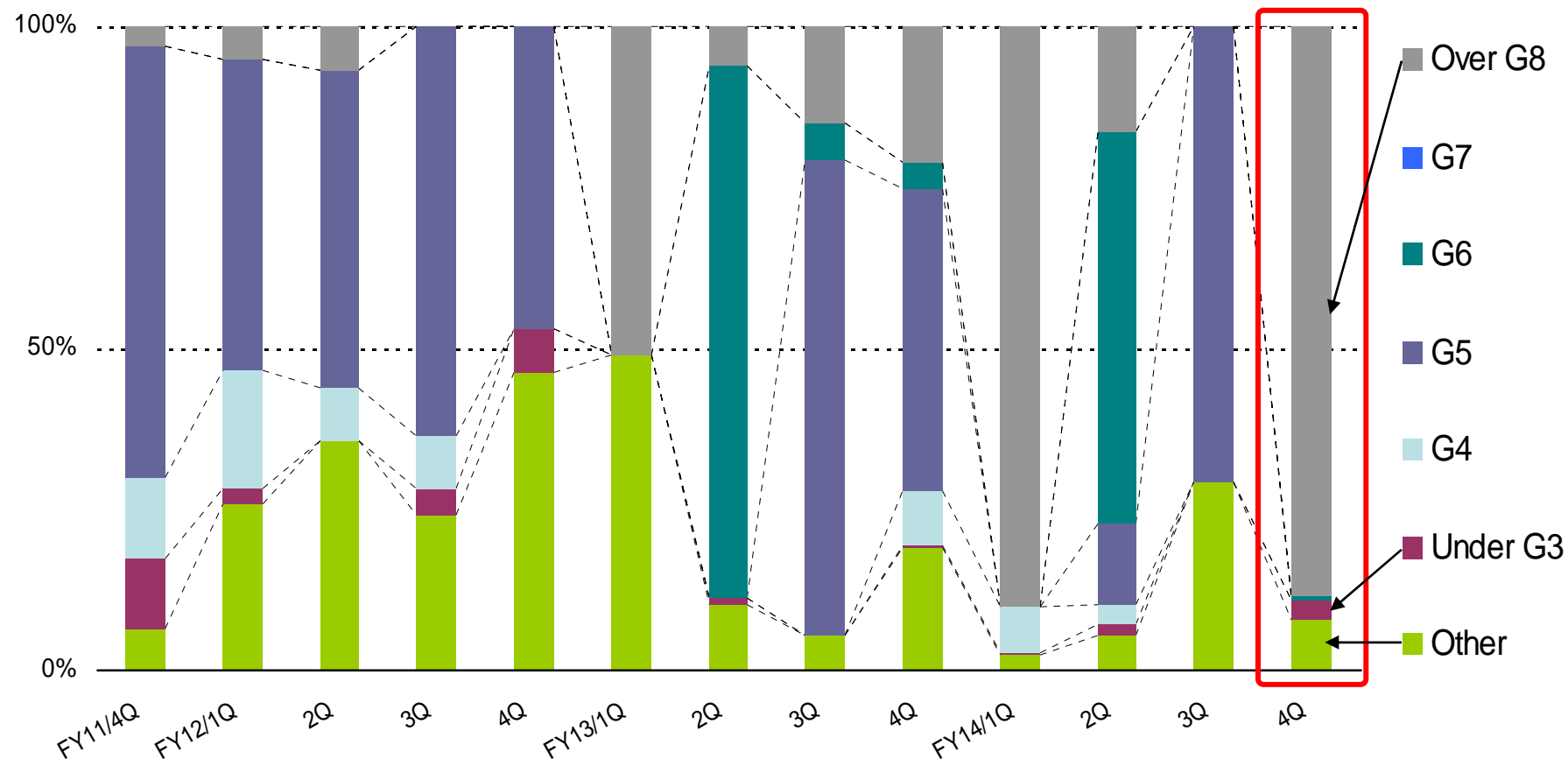


*Parts are classified as Other from FY12/2Q

FY2014 3Q orders
by region
(Nonconsolidated)

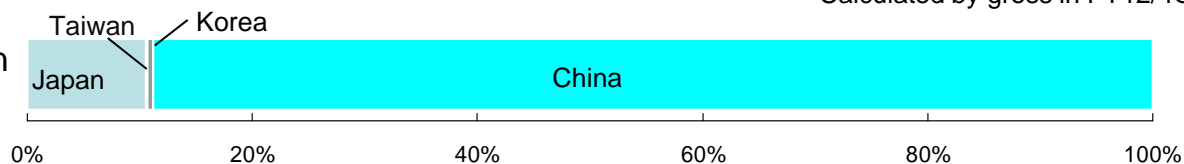


➤ 4Q Order Received : JPY 11.0 bn. (consolidated)



*Calculated by gross in FY12/4Q

FY2014 4Q orders by region
(Nonconsolidated)



Trend in B/S (consolidated)

Assets

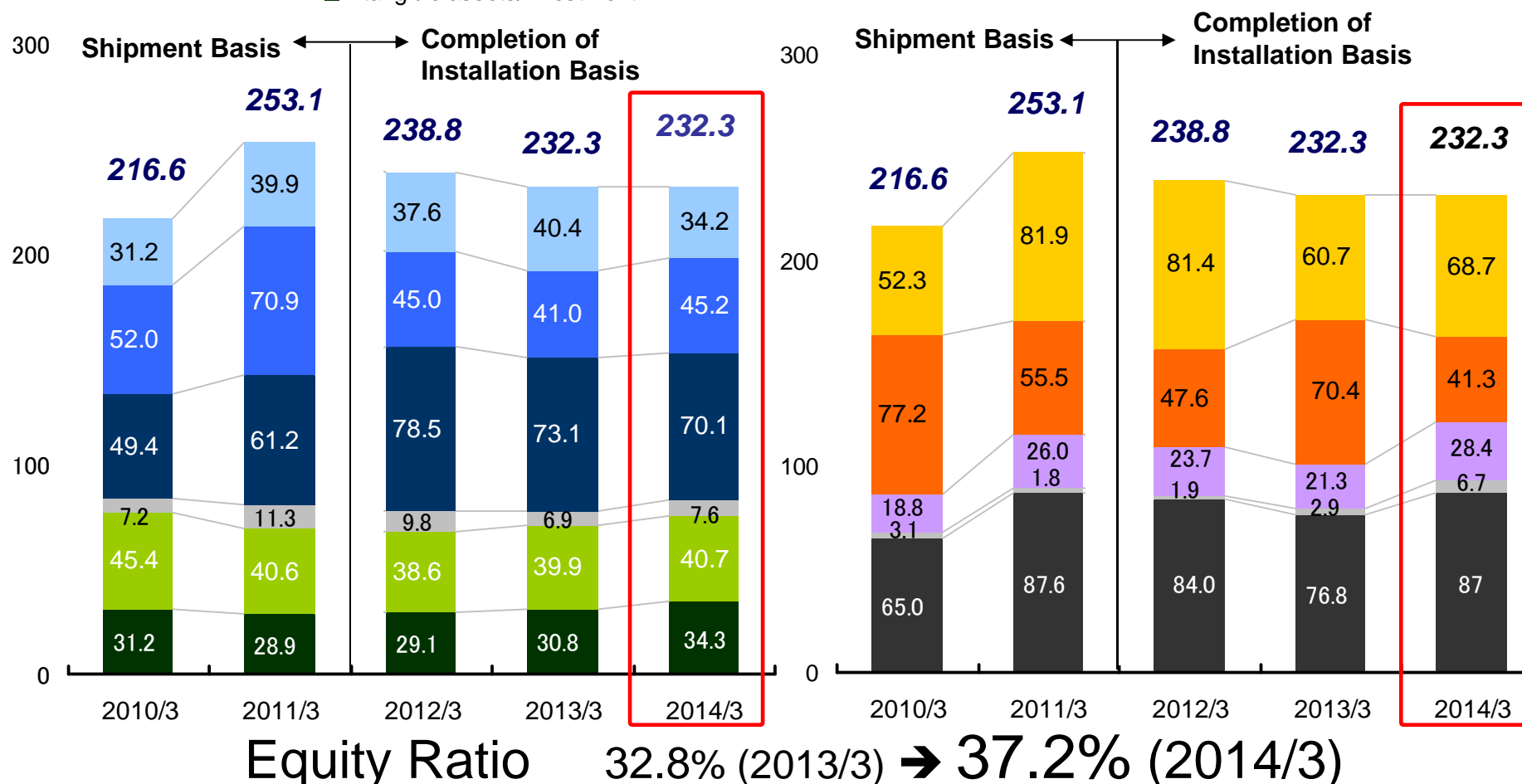
(Unit: Billions of JPY)

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

Liabilities & Net Assets

(Unit: Billions of JPY)

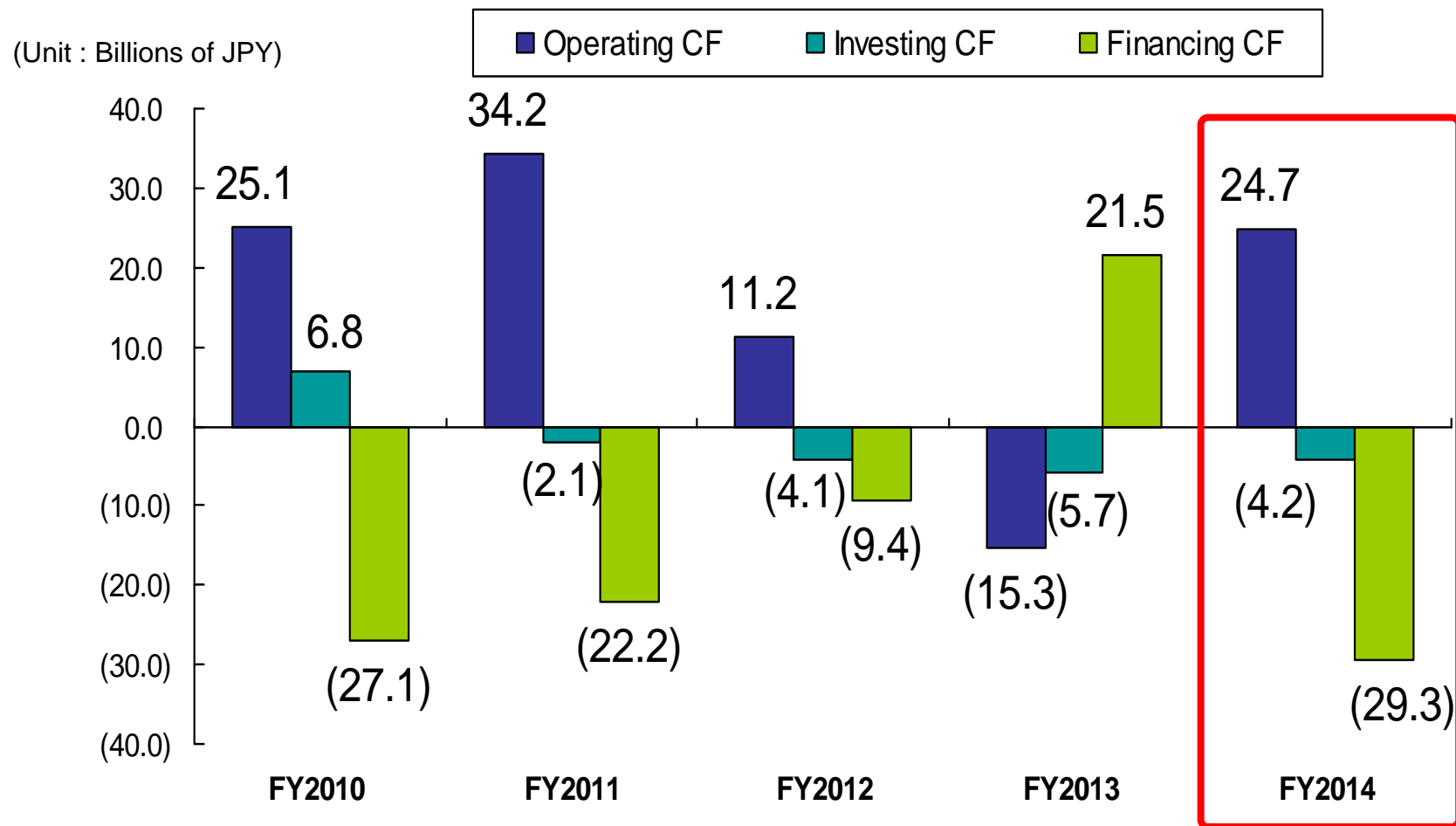
- Notes & accounts payable
- Interest-bearing debt
- Other current liabilities
- Other noncurrent liabilities
- Net assets



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

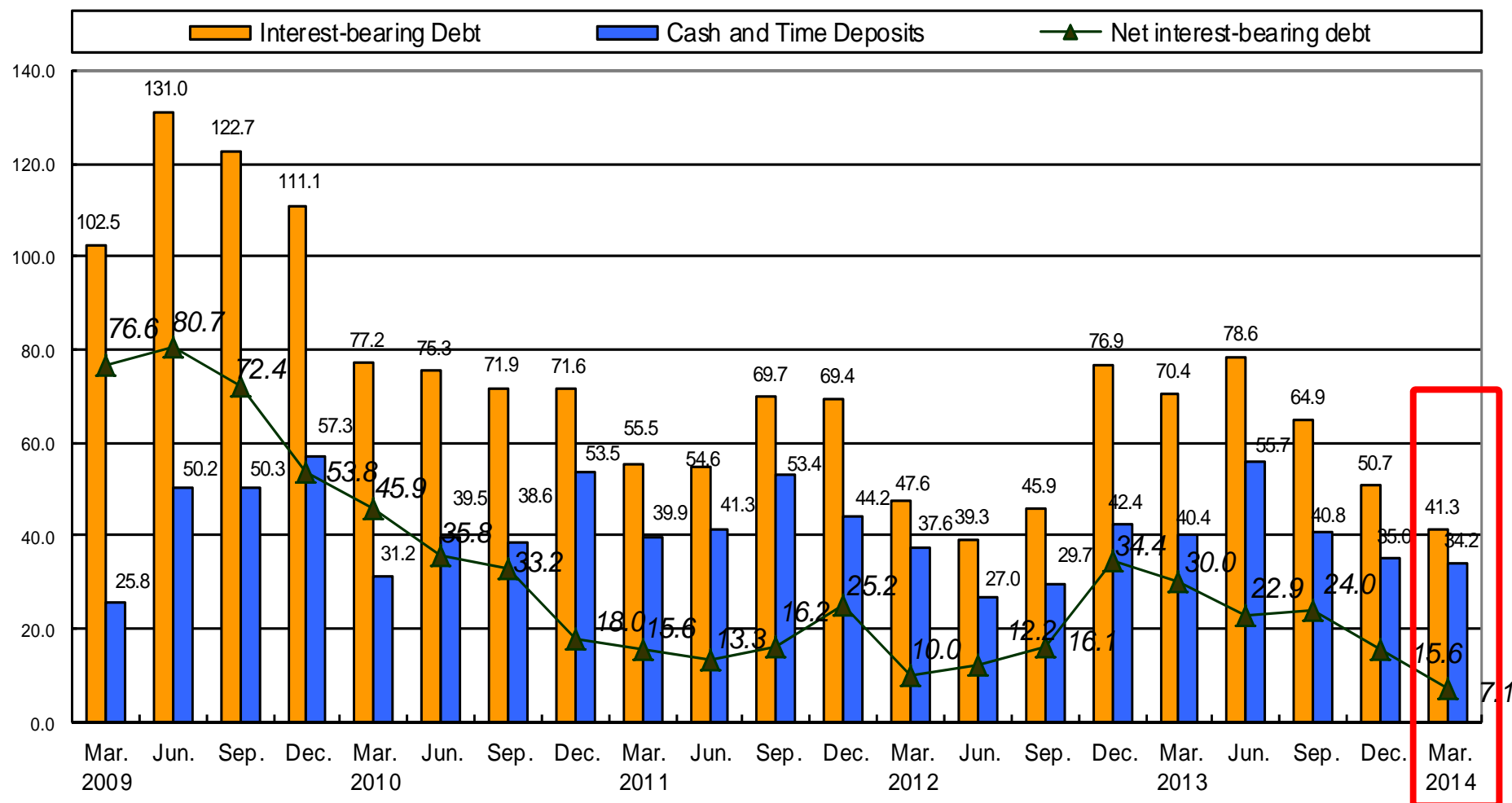
Consolidated Cash Flows

Free Cash Flow : JPY20.5 bn.



Interest-bearing Debt (Consolidated)

(Unit: Billions of JPY)



Business Area

Business Environment

SE

4Q

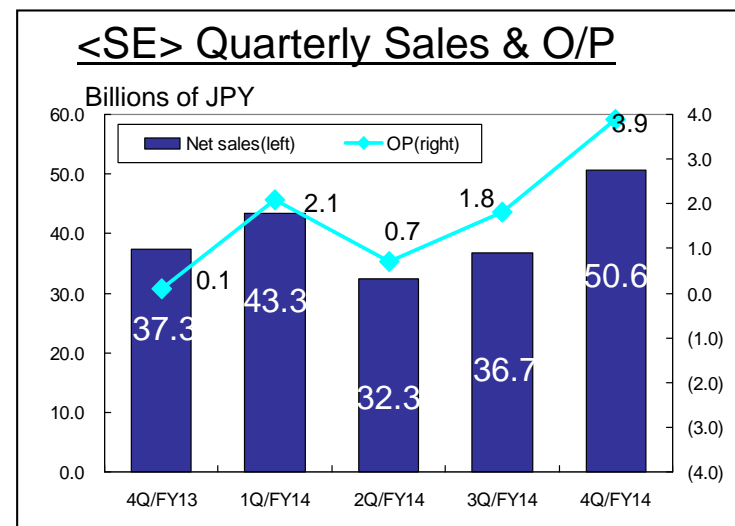
- Sales of cleaning equipment (both batch-type and single wafer) for foundry were leading
- Order received fell below Feb. forecast due to the change in the timing of investment
- For CY2013, our market share of coater/developers increased 5 % year on year *

Single wafer cleaning equipment maintained a high market share

*Ref. :Gartner, "Market Share: Semiconductor Equipment, Worldwide, 2013" 31 March 2014
Revenue from Shipments of Photoresist Processing (Track), Worldwide

Outlook for FY2015

- Considering the current order situation, sales in the first half of FY2015 will decrease compared with the second half of FY2014
- No change in the prospect that leading-edge investment by foundry will drive the equipment market
- Will respond to such customers' needs as 3D, FinFET, miniaturization and diversified material



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

Business Environment

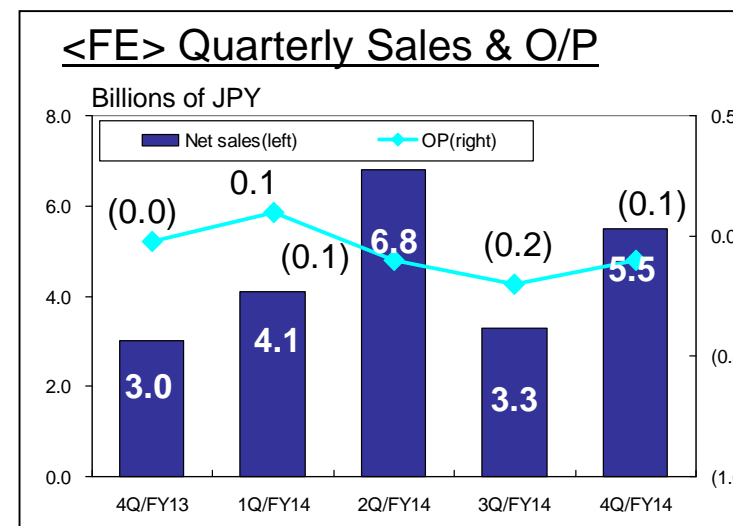
FE

4Q

- Both sales and earnings largely went on as Feb. forecast
- Orders received significantly increased thanks to China deals
- Aiming for receiving further orders, larger-scale business deals are under way

Outlook for FY2015

- Sales are expected to increase thanks to investment for LCD TVs in China
 - Sales in a new field will expand using the already possessed coating technology (wet & dry)
- Aim for a return to the black by strengthening cost reduction including Value Engineering actions and overseas procurement



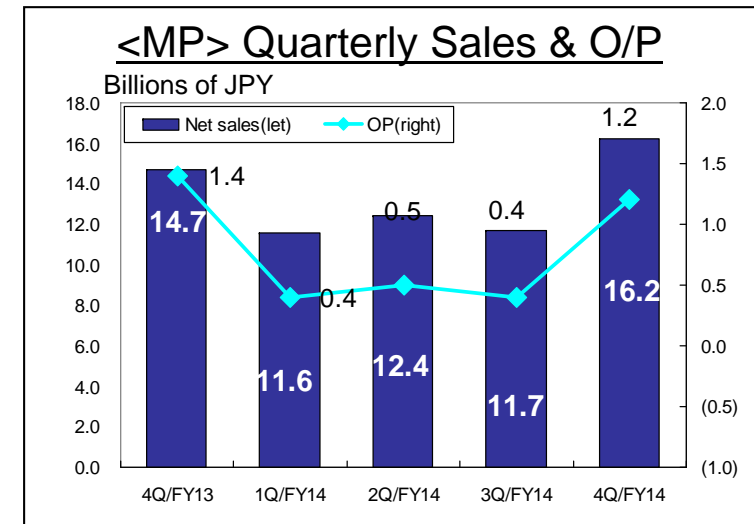
*Amounts for FY13 have been reclassified with amounts calculated applying retroactively completion of installation basis.

Business Environment

MP

4Q

- Sales exceeded Feb. forecast both in Graphic Arts equipment and PCB related equipment (Domestic sales were affected by demand ahead of the consumption tax hike)
- POD for label had a healthy start-up



Outlook for FY2015

- Graphic Arts: Enhance product for the package industry
- Graphic Arts: Try to expand CTP in emerging countries
- PCB: Release a new product of direct imaging system toward emerging countries
- PCB: Release a transparent electrodes monitor for touch panels
- Both: Create high added value in an post-sales business

Business Forecast
Fiscal Year Ending March 31, 2015

Business Forecast for FY2015

4Q Forecast Rate: USD1= 100 yen, EUR1= 135 yen

(Unit : Billions of JPY)

	FY2014			FY2015		
	Result			Forecast		
	1st H	2nd H	Full	1st H Forecast	2nd H Forecast	Full Forecast
Net Sales	111.1	124.8	235.9	108.0	128.0	236.0
SE	75.6	87.4	163.1	73.0	81.5	154.5
FE	10.9	8.8	19.8	8.5	18.0	26.5
MP	24.1	28.0	52.1	26.0	27.5	53.5
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PCB Equip. (PE)	3.5	4.6	8.2	3.7	3.8	7.5
Other	0.3	0.4	0.8	0.5	1.0	1.5
Operating Income	3.0	5.8	8.9	3.5	6.5	10.0
SE	2.8	5.8	8.7	-	-	-
FE	0.0	(0.4)	(0.4)	-	-	-
MP	1.0	1.7	2.7	-	-	-
Other & Adjustments	(0.8)	(1.3)	(2.2)	-	-	-
Ordinary Income	2.6	5.7	8.3	3.0	6.0	9.0
Net Income	1.5	3.8	5.4	2.2	5.3	7.5

Forecast of annual cash dividends for FY2015 : JPY 5.00 per share (year-end cash dividend)

New Three-year Medium-term
Management Plan
“Challenge2016”
(April 1, 2014 to March 31, 2017)

Review of the Previous Three-year Medium-term Management Plan “*NextStage70*” (1)

■ Summary of the Previous Plan (FY2012/3 - FY2014/3)

Fundamental policies: “Establishing a Stable Earnings Structure” and
“Building a Foundation for New Growth”

Numerical Targets:

- Equity ratio above 50%, Reducing net interest-bearing debt to zero (as of March 31, 2014)
- Net sales JPY 800 bn., Operating income JPY 70 bn., Net income JPY 50 bn. (For each, 3 years total)

■ External Environment

- Shift from PC to mobile devices
- Accelerated shrinkage of the LCD equipment industry
- Oligopolization of customer (SE, FE)
- Delayed recovery in European economy (MP)

■ Internal factors

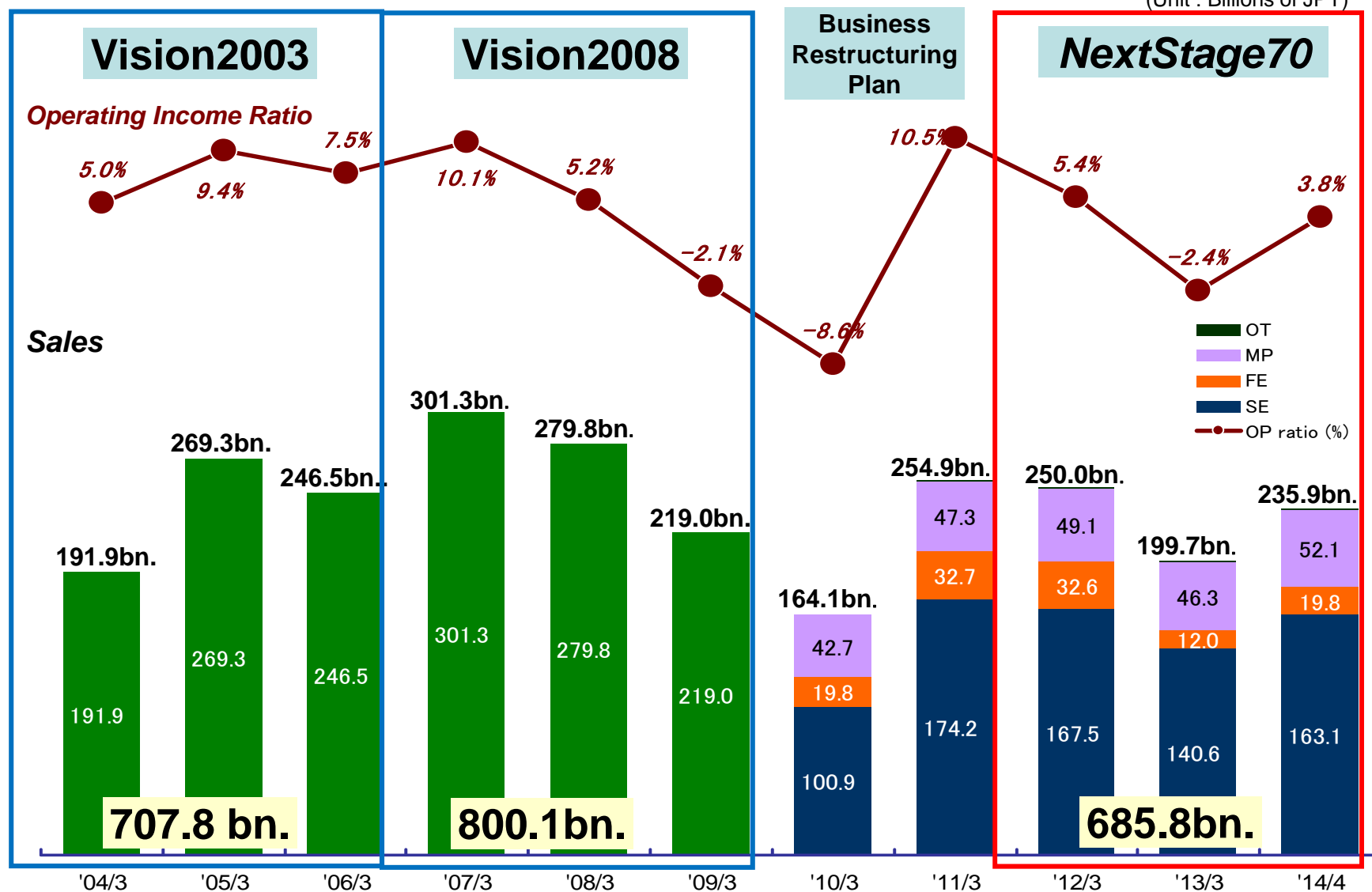
- Lack in durability under a declining market conditions (The red in FY2013)
- Uncompleted earnings structure reforms
- Product release in the new fields are under way

■ Numerical Results

- Equity ratio: 37.2%, Net interest-bearing debt: JPY 7.1 bn. (as of March 31, 2014)
- Net sales: JPY 685.8 bn., Operating income: JPY 17.5 bn., Net income: JPY (1.2) bn. (For each, 3-years total)

Review of the previous Three-year Medium-term Management Plan “NextStage70” (2)

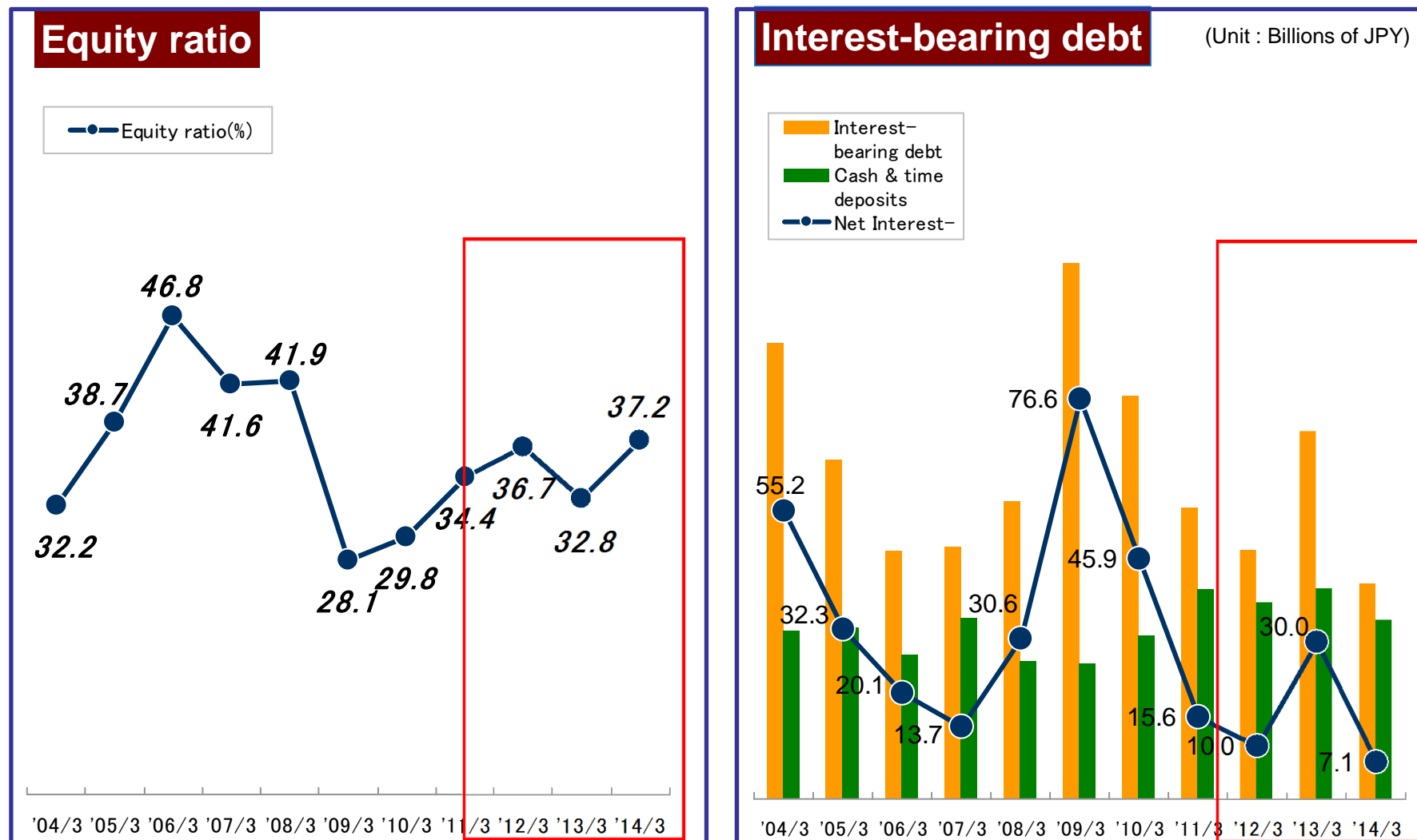
(Unit : Billions of JPY)



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Review of the previous Three-year Medium-term Management Plan “NextStage70” (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.

1. Preconditions and Directions for New Three-year Medium-term Management Plan

■ External Environment

- Macroeconomic growth inclusive of risks
- Independent stance >> Alliance stance
- Change of the industry structure in the existing businesses
(Price reduction, Oligopolization, Short-term cycle)

■ Our Own Challenges

- Complete earnings structure reforms
- Enter into new business fields
- Strengthen financial position to tolerate the market fluctuation

■ Directions to move forward

- Toward higher earnings structure
- To launch businesses in new fields
- To strengthen financial standing

2. Targets

■ Complete earnings structure reforms and achieve consistently higher earnings

- Achieve operating income to net sales of 10% or above in the final year of the plan

■ Launch businesses in new fields

- Generate profits in each new business field in the final year of the plan
 - Energy field
 - Life science field
 - Inspection and measuring field
 - Printed electronics field

■ Strengthen financial standing

- Achieve an equity ratio of 50% or above by March 31, 2017

3. Fundamental Policies

- Enhance profitability through a holding company structure
- Build a high-profit business portfolio
- Promote balance sheet management
- Advance CSR management

Change to Holding Company Structure

Change to Holding company structure

1. Purpose

Achievement of “Challenge2016” and further growth

2. Contents

Demerger by absorption type company split

3. Schedule

May 7, 2014	Establishment of preparatory subsidiaries (registration of incorporation)
June 26, 2014	Resolution of ordinary general meeting of shareholders
October 1, 2014	Company Splits(effective date)

Outline of Change to Holding Company Structure

Change to a holding company structure with split of three businesses, shared services operations and manufacturing support and contracting operations

