

Business Results & Forecast

The Second Quarter Ended September 30, 2014

Nov. 10, 2014

SCREEN Holdings Co., Ltd.

President (COO)
Eiji Kakiuchi

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. SCREEN Holdings 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.



Agenda

1. FY2015 2Q Business Results
2. Business Situation in 3 Segments <SE, FE, MP>
3. Financial Situation
4. Approaches toward the Enhancement of Corporate Value
5. FY2015 Business Forecast
6. Overview

FY2015 2Q Business Results (consolidated)

(Unit : Billions of JPY)	FY2014					FY2015				
	Result					Result			Y/Y	Forecast (Aug.5)
	1Q	2Q	1H	3Q	4Q	1Q	2Q	1H	1H	1H
Net sales	59.3	51.8	111.1	52.1	72.6	52.4	60.0	112.4	1.3	113.0
SE	43.3	32.3	75.6	36.7	50.6	35.1	40.6	75.7	0.1	77.0
FE	4.1	6.8	10.9	3.3	5.5	4.9	4.0	9.0	(1.9)	9.0
MP	11.6	12.4	24.1	11.7	16.2	12.1	15.0	27.2	3.1	26.5
Graphic Arts Equip. (MT)	10.0	10.4	20.5	10.1	13.2	10.2	12.7	22.9	2.3	22.6
PCB Equip. (PE)	1.5	1.9	3.5	1.6	3.0	1.9	2.3	4.3	0.7	3.9
Other	0.1	0.2	0.3	0.2	0.2	0.1	0.1	0.3	(0.0)	0.5
Operating income	2.2	0.8	3.0	1.5	4.3	2.2	4.4	6.7	3.7	4.7
SE	2.1	0.7	2.8	1.8	3.9	2.9	3.3	6.2	3.3	-
FE	0.1	(0.1)	0.0	(0.2)	(0.1)	(0.4)	0.2	(0.2)	(0.2)	-
MP	0.4	0.5	1.0	0.4	1.2	0.4	1.4	1.9	0.8	-
Other & Adjustments	(0.4)	(0.4)	(0.8)	(0.5)	(0.7)	(0.6)	(0.5)	(1.2)	(0.3)	-
Ordinary income	2.2	0.3	2.6	1.4	4.3	2.3	4.2	6.5	3.9	4.5
Net income	1.6	(0.1)	1.5	0.6	3.1	1.5	3.1	4.6	3.0	3.0

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

FY2015 2Q Business Results (consolidated)

>>Year-on-year comparison

(Unit: Billions of JPY)

	FY2014 2Q		FY2015 2Q		Difference (15/3 2Q - 14/3 2Q)	
Net Sales	51.8	100.0%	60.0	100.0%	8.1	15.8%
Operating Income	0.8	1.6%	4.4	7.5%	3.6	446.5%
Ordinary Income	0.3	0.8%	4.2	7.0%	3.8	979.7%
Net Income	(0.1)	-0.2%	3.1	5.2%	3.2	-

>>Comparison with the previous Quarter

(Unit: Billions of JPY)

	FY2015 1Q		FY2015 2Q		Difference (15/3 2Q - 15/3 1Q)	
Net Sales	52.4	100.0%	60.0	100.0%	7.5	14.4%
Operating Income	2.2	4.3%	4.4	7.5%	2.2	100.8%
Ordinary Income	2.3	4.5%	4.2	7.0%	1.8	78.4%
Net Income	1.5	2.9%	3.1	5.2%	1.5	103.0%

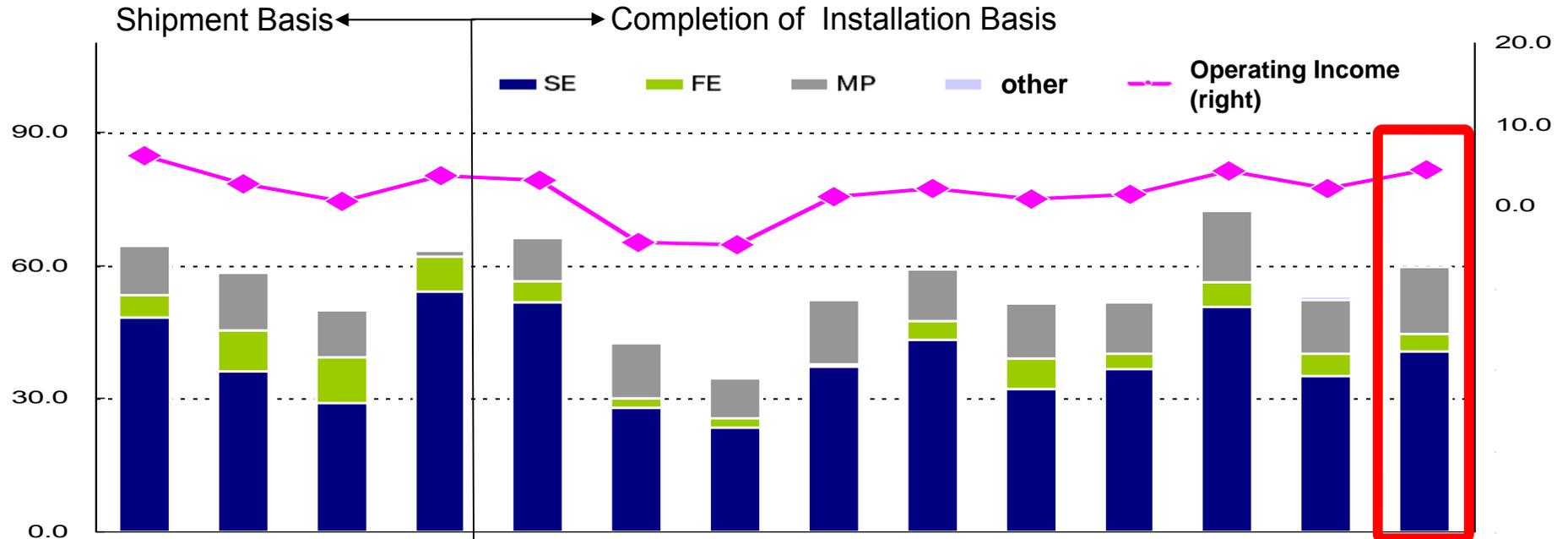
Quarterly Net Sales and Operating Income

(Consolidated)

Net Sales

(Unit : Billions of JPY)

Operating Income

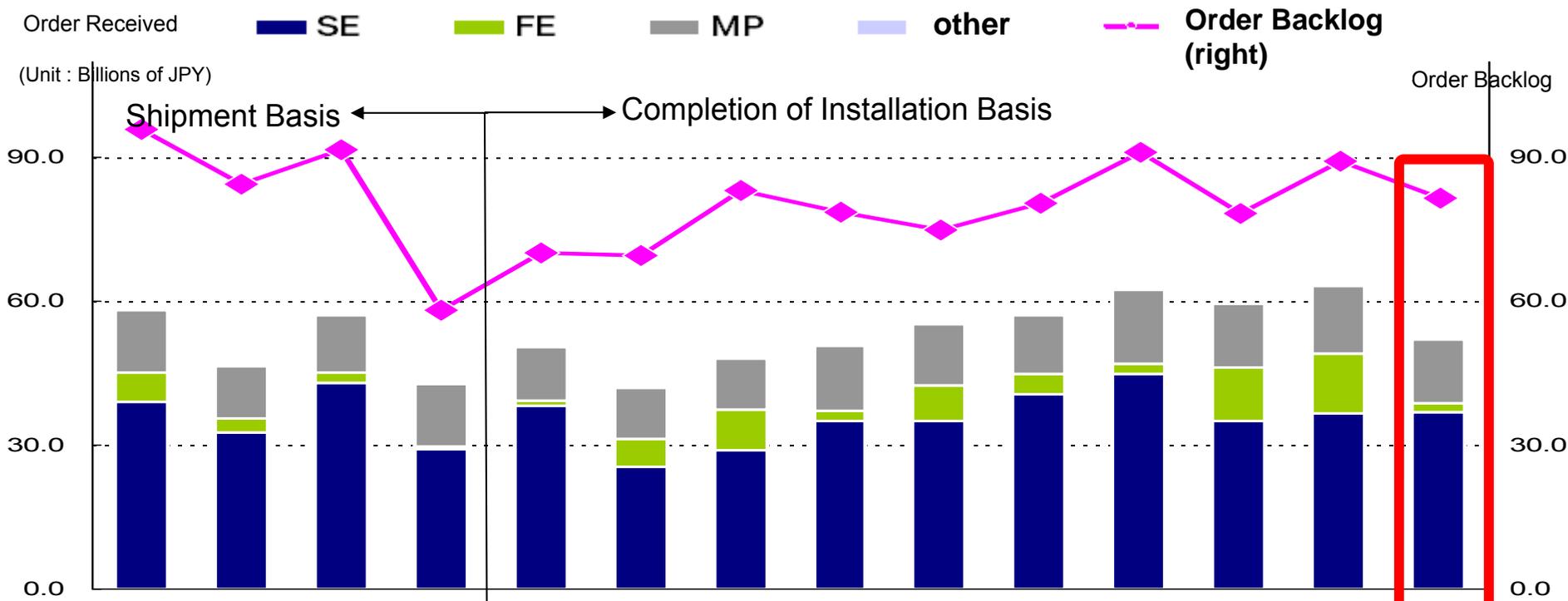


Net Sales	FY2012				FY2013				FY2014				FY2015	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
SE	48.2	36.1	28.9	54.2	51.6	28.0	23.5	37.3	43.3	32.3	36.7	50.6	35.1	40.6
FE	5.1	9.3	10.4	7.7	4.8	2.0	2.0	3.0	4.1	6.8	3.3	5.5	4.9	4.0
MP	11.0	12.8	10.6	14.6	9.9	12.5	9.0	14.7	11.6	12.4	11.7	16.2	12.1	15.0
Operating income	6.2	2.7	0.6	3.8	3.1	(4.4)	(4.8)	1.2	2.2	0.8	1.5	4.3	2.2	4.4

* 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)



	FY2012				FY2013				FY2014				FY2015	
Order Received	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
SE	39.1	32.8	43.1	29.2	38.2	25.4	29.0	35.0	35.1	40.7	45.0	35.1	36.6	36.9
FE	6.1	2.7	2.0	0.6	1.1	6.0	8.4	2.3	7.3	4.2	2.1	11.0	12.5	2.0
MP	12.9	11.1	12.1	13.1	11.2	10.5	10.8	13.4	12.9	12.2	15.3	13.4	14.1	13.2
Order Backlog	96.0	84.4	91.7	58.1	70.1	69.5	83.1	78.7	75.0	80.6	91.2	78.4	89.3	81.7

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

Business Environment (SE)

>>Year-on-year comparison

(Unit: Billions of JPY)	FY2014 2Q		FY2015 2Q		Difference (15/3 2Q - 14/3 2Q)	
Net Sales	32.3	100.0%	40.6	100.0%	8.3	25.8%
Operating Income	0.7	2.4%	3.3	8.2%	2.5	324.5%

>>Comparison with the previous Quarter

(Unit: Billions of JPY)	FY2015 1Q		FY2015 2Q		Difference (15/3 2Q - 15/3 1Q)	
Net Sales	35.1	100.0%	40.6	100.0%	5.5	15.8%
Operating Income	2.9	8.3%	3.3	8.2%	0.4	15.2%

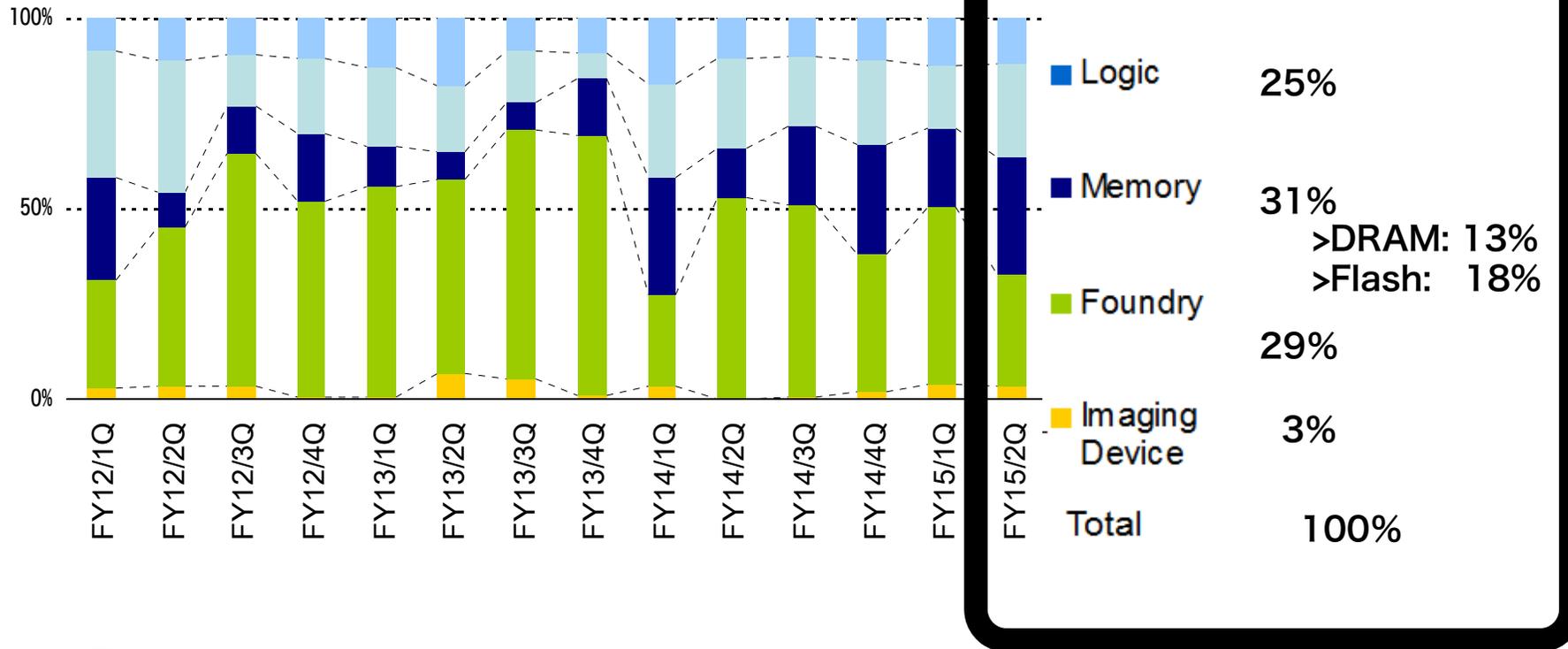
Topics>>

- Year-on-year: Substantial improvement in operating profit ratio owing to the improvement of variable cost ratio as well as sales increase
- Versus previous Q: Increased profit due to sales increase and an improvement of variable cost ratio despite increases in loss on valuation of inventory and fixed costs
- Orders received: Increased orders by memory and logic makers covered decreased orders by foundries. The 3Q orders are expected to increase compared to 2Q, led by foundries.
- Business environment: Expect a steady market environment thanks to investment in miniaturization

<SE> Quarterly Order Received Ratio by Device Application
(Nonconsolidated)

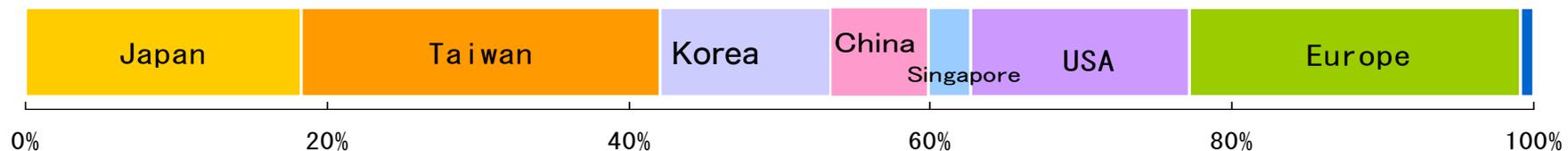
>> Quarterly Order Received Ratio by Device Application
(Nonconsolidated)

*2Q Order received : JPY 36.9 bn. (consolidated)



>> FY2014 2Q orders by region
(Nonconsolidated)

*Parts are classified as Other from FY12/2Q



Business Environment (FE)

>>Year-on-year comparison

(Unit: Billions of JPY)	FY2014 2Q		FY2015 2Q		Difference (15/3 2Q - 14/3 2Q)	
	Net Sales	6.8	100.0%	4.0	100.0%	(2.7)
Operating Income	(0.1)	-1.5%	0.2	5.3%	0.3	-

>>Comparison with the previous Quarter

(Unit: Billions of JPY)	FY2015 1Q		FY2015 2Q		Difference (15/3 2Q - 15/3 1Q)	
	Net Sales	4.9	100.0%	4.0	100.0%	(0.9)
Operating Income	(0.4)	-8.3%	0.2	5.3%	0.6	-

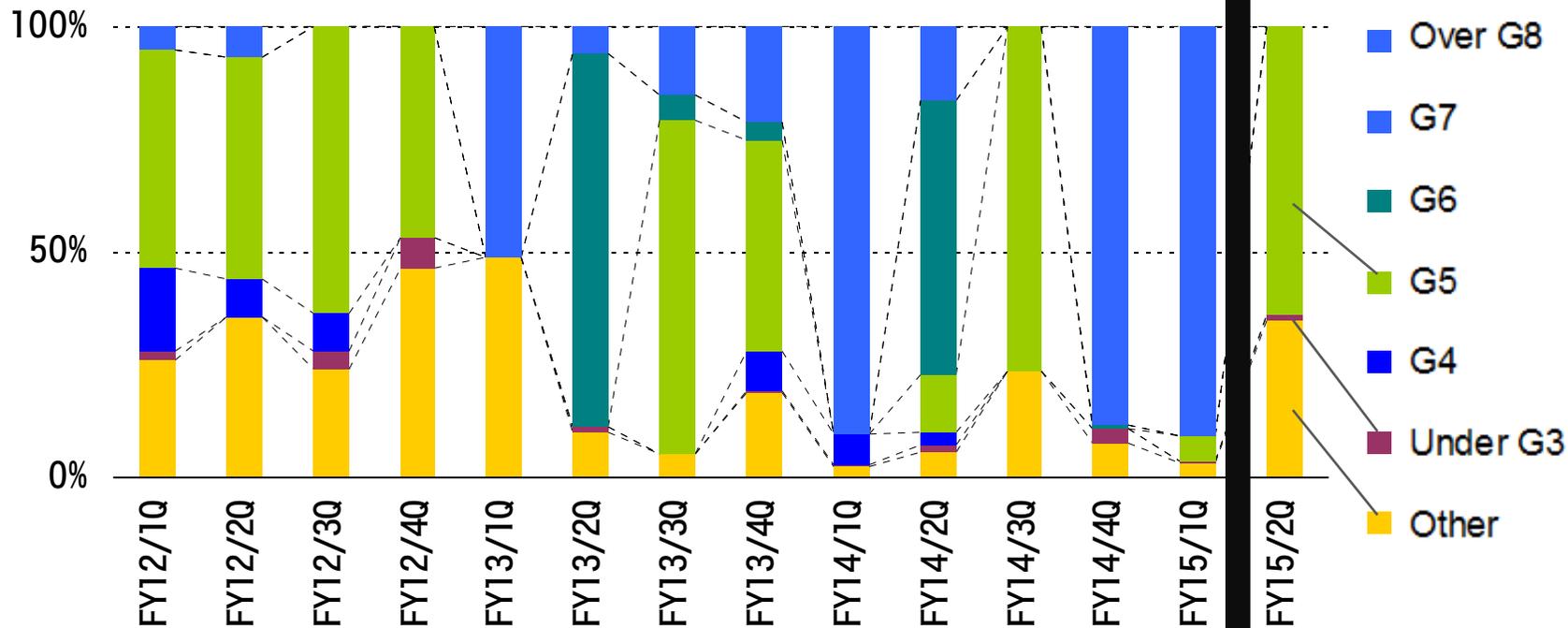
Topics>>

- Sales/profit: Sales decreased but operating income improved year on year. Production equipment for large-sized TV LCD panels toward China and for small- and medium-sized toward Japan is driving. Expect a substantial increase in 4Q.
- Orders received: The favorable orders persisting for the last two quarters (Jan. to June 2014) took a pause in 2Q, that is within our assumption. Expect a recovery with orders for China and small- and medium-sized (Japan, Asia) in 3Q.
- Business environment: Investment in China shows signs of a shift from large-sized panels to small- and medium-sized. There is a move to resume investment in Taiwan as well.

<FE> Quarterly Order Received Ratio by Device Application (Nonconsolidated)

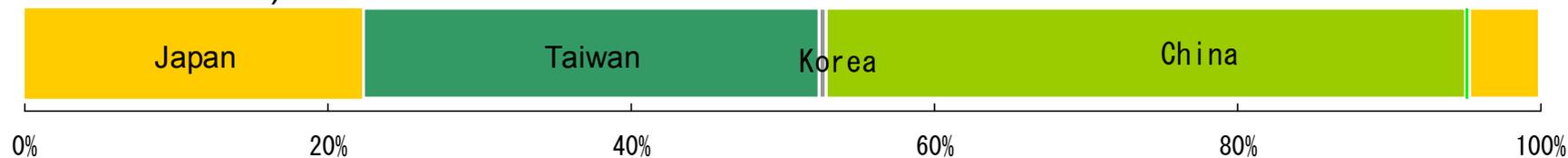
>> Quarterly Order Received Ratio by Device Application (Nonconsolidated)

*2Q Order received : JPY 2.0 bn. (consolidated)



*Calculated by gross in FY12/4Q

>> FY2014 2Q orders by region (Nonconsolidated)



Business Environment (MP)

>>Year-on-year comparison

(Unit: Billions of JPY)	FY2014 2Q		FY2015 2Q		Difference (15/3 2Q - 14/3 2Q)	
	Net Sales	12.4	100.0%	15.0	100.0%	2.6
Operating Income	0.5	4.8%	1.4	9.7%	0.8	147.1%

>>Comparison with the previous Quarter

(Unit: Billions of JPY)	FY2015 1Q		FY2015 2Q		Difference (15/3 2Q - 15/3 1Q)	
	Net Sales	12.1	100.0%	15.0	100.0%	2.8
Operating Income	0.4	3.7%	1.4	9.7%	1.0	229.1%

Topics>>

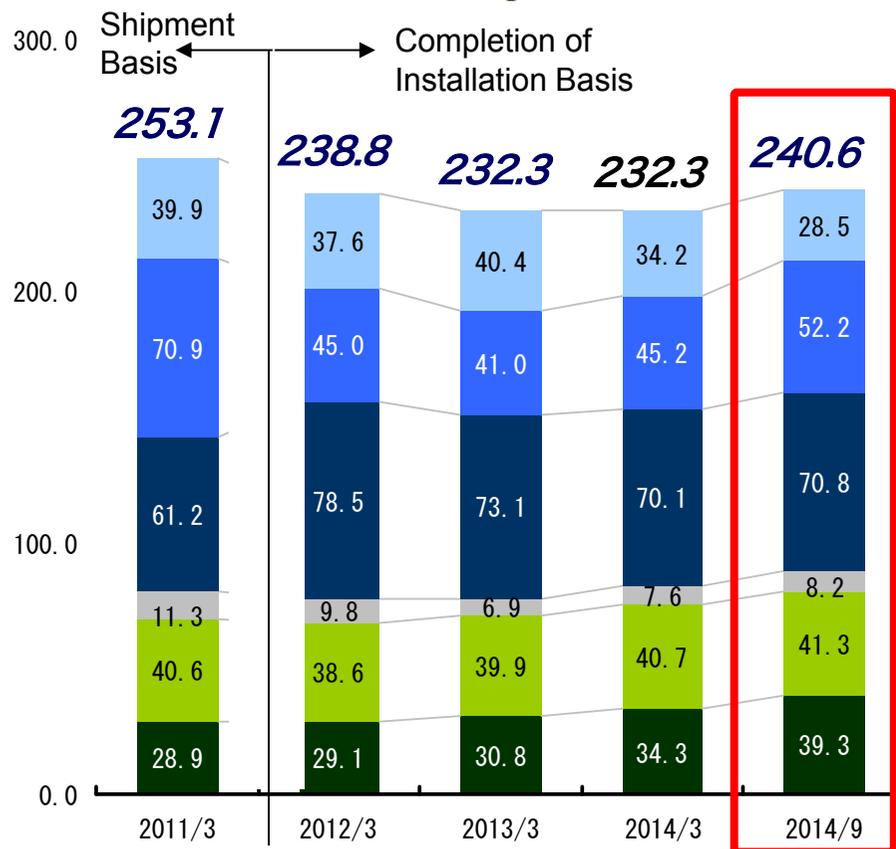
- Sales: MT: Increased by JPY 2.6 bn. 2Q year on year. CTP sales were firm in Japan and the United Kingdom. The effects of weakening yen had a positive impact.
PE: Sales of direct imaging systems increased due to the strong demand for smartphones.
- Operating income: MT: Earnings recovery in sales companies overseas as well as the effects of weakening yen made a contribution.
- Business environment: MT: There has been an ongoing domestic demand for replacement of CTP.
POD showed signs of recovery in Europe.

Trend in B/S (consolidated)

Assets

(Unit: Billions of JPY)

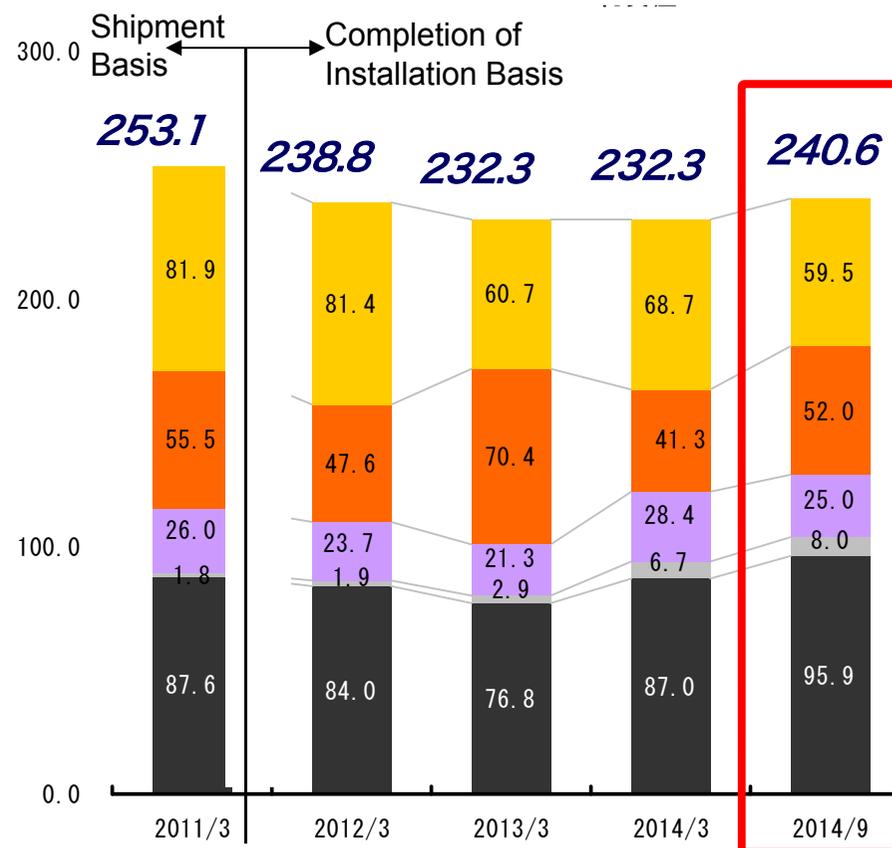
- Cash & time deposits
- Notes & accounts receivable
- Inventories
- Other current asset
- Property, plant & equipment
- Intangible assets/investment



Liabilities & Net Assets

(Unit: Billions of JPY)

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



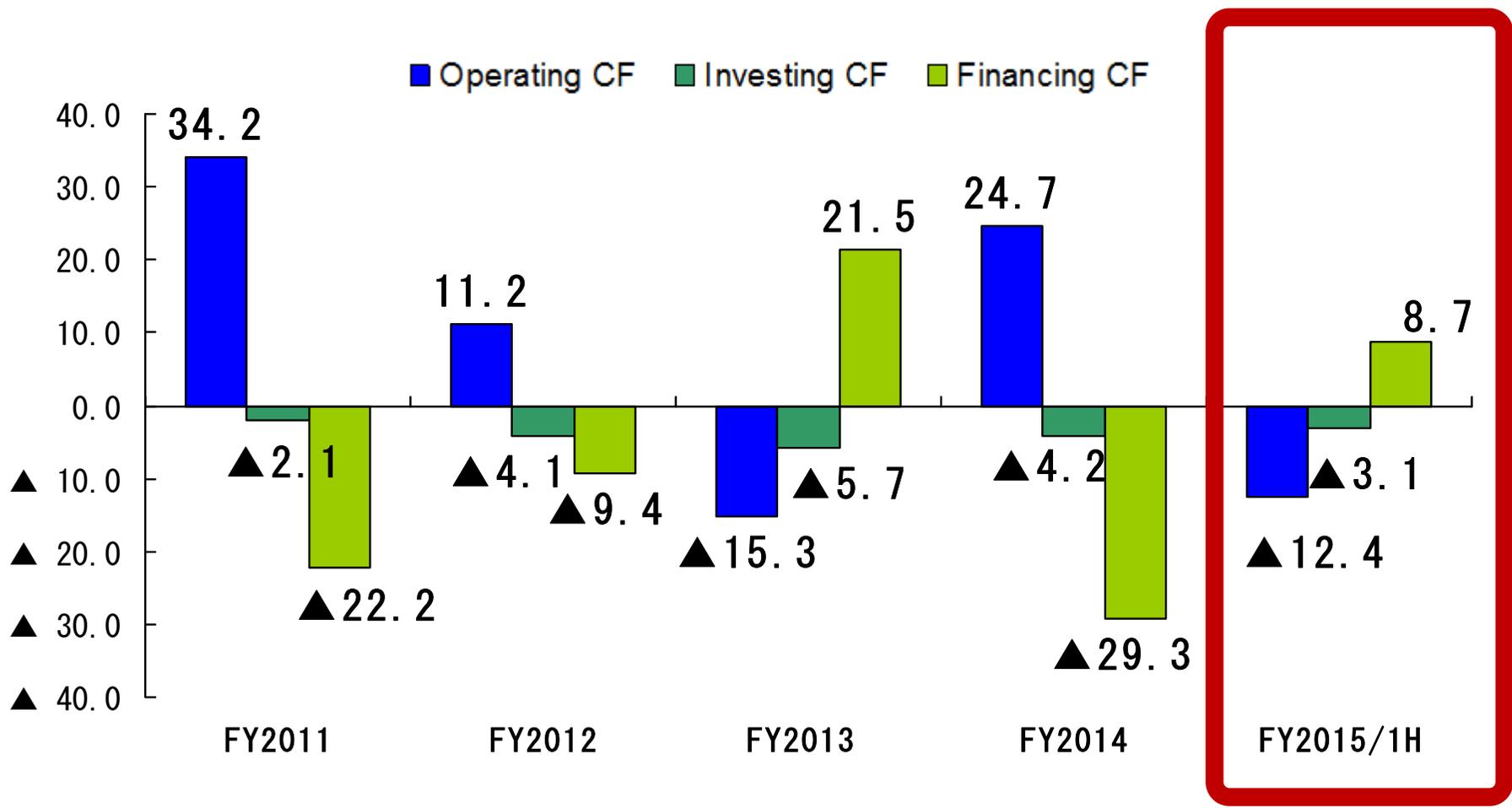
Equity Ratio 37.2% (2014/3) → 39.6% (2014/9)

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

Consolidated Cash Flows

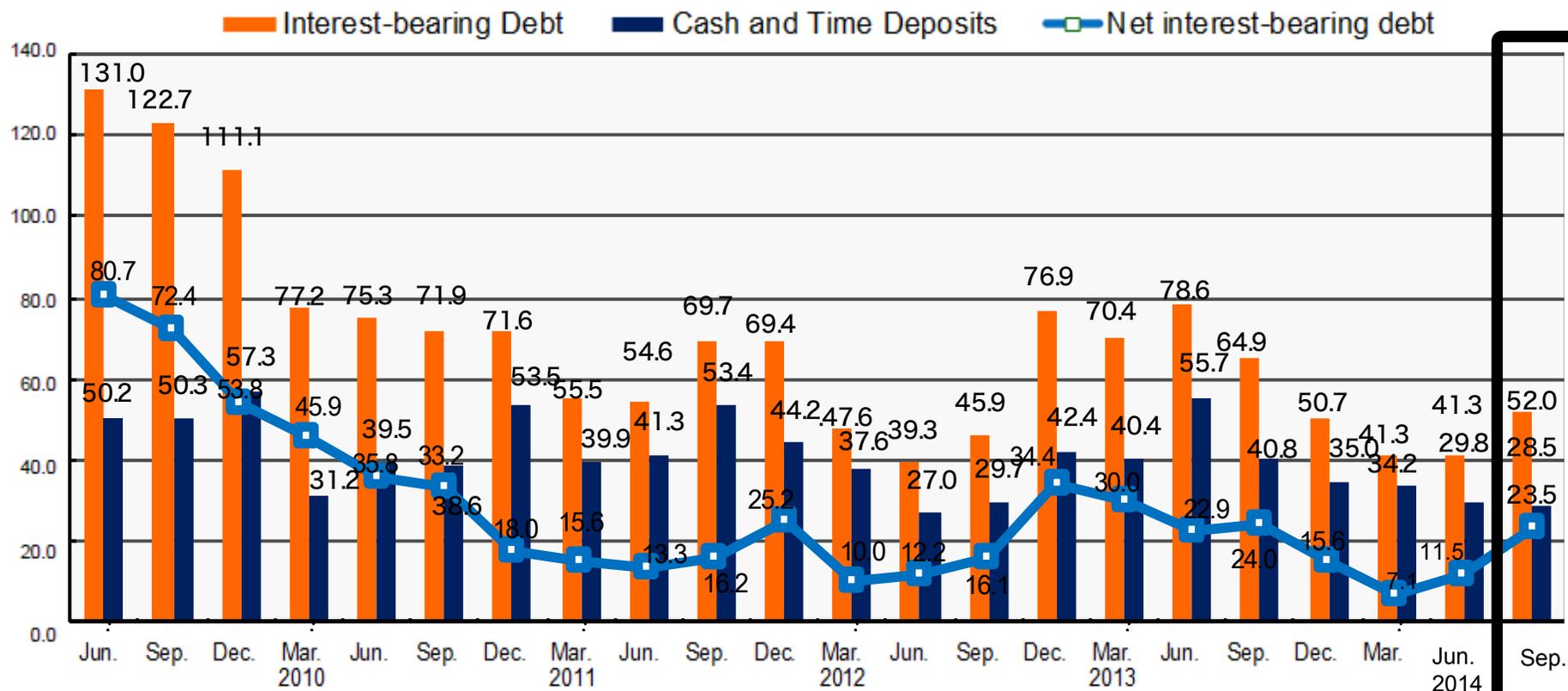
>> FY2015 1H Free Cash Flow : JPY(15.5) bn.

(Unit : Billions of JPY)



Interest-bearing Debt (Consolidated)

(Unit: Billions of JPY)



>> FY2015 Sep. ■ Interest-bearing debt: 52.0 bn.
 ■ Cash and time deposits: 28.5 bn.
 ■ Net interest-bearing debt: 23.5 bn.

Enhancement of Corporate Value

Medium-term Management Plan

>>Positioned as a medium- and long-term growth strategy)

“Challenge2016”

- 1. Complete earnings structure reforms
- 2. Launch businesses in new fields
- 3. Strengthen financial standing

Management to improve ROE

>>Aim to be included in JPX-Nikkei 400)

Profit ratio improvement, well-balanced shareholders’ equity control

Maximize FCF

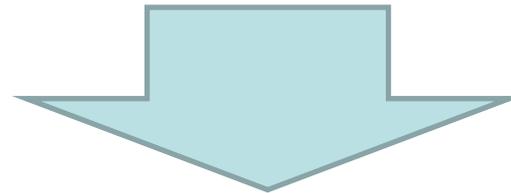
>>Aim to raise the rating)

Secure investment resource to grow more, strengthen financial durability

Progress of Medium-term Management Plan

1. Complete earnings structure reforms and achieve consistently higher earnings

- 1) Increase marginal profit by concentrating mainstay models
- 2) Improve product mix
- 3) Strengthen predictor management and prompt response



**The effects have already been partially apparent
in the 1st half of FYE2015.**

Progress of Medium-term Management Plan

2. Launch businesses in new fields

1) Life science

- 3D cell culture scanner: release of new product
- Inkjet printer for tablets: release in March 2015
- Joint development with a bio-venture company is under way.

2) Inspection and measuring

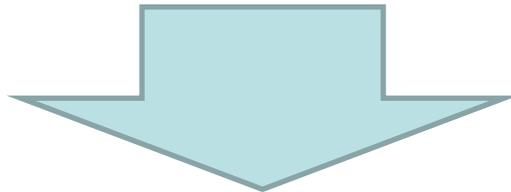
A preview was held using demonstration equipment for in-car parts, receiving positive responses from potential customers.

3) Energy

Make approaches to a number of applications based on coating technology

4) Printed electronics

Process technology is currently under development, having the advantage of providing front-end/post-process equipment and process technology.

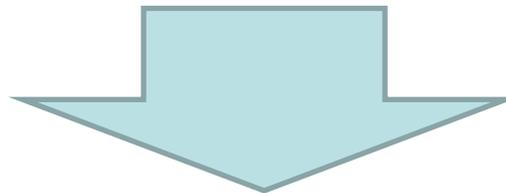


Progress situation varies by theme, but accelerate our efforts toward commercializing with members in development, marketing and sales divisions working together in connection with change to a holding company structure.

3. Strengthen financial standing

- 1) Reduction in working capital
- 2) Efficient use of assets
- 3) Decrease in net interest-bearing debt

Control by the following
Benchmarks:
inventory level,
product lead time,
amount of receivables,
CCC*



With company split, carefully controlled in line
with business features

CCC* : Cash Conversion Cycle

Business Forecast for FY2015 (consolidated)

(Unit : Billions of JPY)

	FY2014	FY2015				
	Full	1stH	2nd H Forecast		Full Forecast	
	Result	Result	Forecast (Aug.5)	Forecast (Nov.10)	Forecast (Aug.5)	Forecast (Nov.10)
Net Sales	235.9	112.4	128.0	129.5	241.0	242.0
S E	163.1	75.7	81.5	86.2	158.5	162.0
F E (F T*)	19.8	9.0	18.0	14.4	27.0	23.5
MP (G P*)	52.1	27.2	27.5	28.2	54.0	55.5
O T	0.8	0.3	1.0	0.6	1.5	1.0
Operating income	8.9	6.7	6.5	7.9	11.2	14.7
Ordinary income	8.3	6.5	6.0	7.6	10.5	14.2
Net income	5.4	4.6	5.3	6.5	8.3	11.2

•FY2015 Forecast Rate >> USD1=105 yen, EUR1=135 yen

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

Unchanged from May forecast

*Note) FT: Former "FPD Equipment (FE)"

→ Finetech Solutions (FT)

GP: Former "Media and Precision Technology (MP)"

→ Graphic and Precision Solutions (GP)

- >>Completed the change to holding company structure.
- >>Earnings structure reforms have been going well.
- >>Both market conditions of semiconductor production equipment and FPD production equipment are expected to remain strong.
- >>Establish a program toward the enhancement of corporate value including medium-term management plan.

SCREEN

Fit your needs, Fit your future

