

Business Results & Forecast

The second quarter ended September 30, 2015

Nov. 9, 2015

SCREEN Holdings Co., Ltd.

Eiji Kakiuchi, President, COO

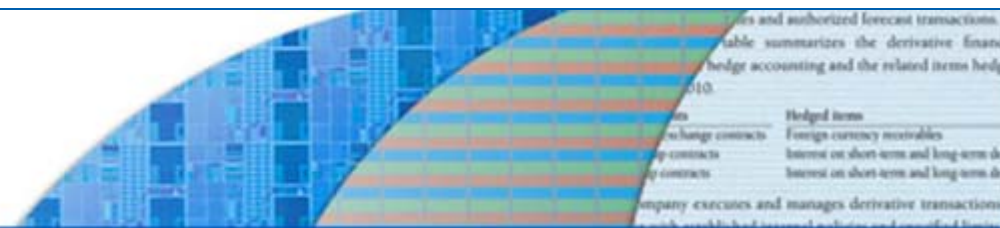
Cautionary statement with respect to these materials;

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. A ratio has been rounded off.



Agenda



1. FY2016 Q2 Business Results

2. Business Situation in 3 segments <SE, GP, FT>

3. Financial Situation

4. FY2016 Business Forecast

5. Three-year Medium-term Management Plan “Challenge2016”
<Interim Report>

6. A Response to Corporate Governance Code

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FY2016 Q2 Business Results <Consolidated>

	FY2015					FY2016				
	Result					Result			Y/Y	Forecast (Aug.10)
	Q1	Q2	1H	Q3	Q4	Q1	Q2	1H	1H	1H
(Unit : Billions of JPY)										
Net sales	52.4	60.0	112.4	49.8	75.3	56.1	73.7	129.8	+17.3	126.0
SE	35.1	40.6	75.7	34.6	47.0	34.7	47.2	81.9	+6.2	80.0
GP	12.1	15.0	27.2	12.1	16.2	14.7	16.5	31.3	+4.0	29.5
Graphic Arts Equip. (GA)	10.2	12.7	22.9	10.4	13.3	12.6	14.0	26.7	+3.8	25.0
PCB Equip. (PE)	1.9	2.3	4.3	1.7	2.8	2.0	2.5	4.5	+0.2	4.5
FT	4.9	4.0	9.0	2.8	11.9	6.3	9.6	15.9	+6.8	16.0
Other	0.1	0.1	0.3	0.1	0.1	0.3	0.2	0.5	+0.1	0.5
Operating income	2.2	4.4	6.7	3.3	7.0	3.2	7.5	10.8	+4.0	9.3
[to net sales ratio]	4.3%	7.5%	6.0%	6.8%	9.3%	5.9%	10.2%	8.3%	-	7.4%
SE	2.9	3.3	6.2	4.0	5.4	2.1	5.8	7.9	+1.6	-
GP	0.4	1.4	1.9	0.1	0.7	0.9	0.7	1.7	(0.1)	-
FT	(0.4)	0.2	(0.2)	(0.8)	1.4	0.1	1.4	1.5	+1.7	-
Other & Adjustments	(0.6)	(0.5)	(1.2)	0.0	(0.5)	0.0	(0.4)	(0.4)	+0.7	-
Ordinary income	2.3	4.2	6.5	2.8	6.7	3.4	7.1	10.6	+4.0	8.8
Profit attributable to owners of parent	1.5	3.1	4.6	3.1	4.3	2.2	6.2	8.4	+3.8	6.8

* SE: Semiconductor solution business, GP: Graphic and precision solution business, FT: Finetech solution business

FY2016 Q2 Business Results <Consolidated>

>>Year-on-year comparison

(Unit: Billions of JPY)

	FY2015 Q2		FY2016 Q2		Difference	
	Value	Ratio	Value	Ratio	Value	Ratio
Net Sales	60.0	100.0%	73.7	100.0%	+13.7	+22.8%
Operating Income	4.4	7.5%	7.5	10.2%	+3.0	+66.9%
Ordinary Income	4.2	7.0%	7.1	9.7%	+2.9	+71.1%
Profit attributable to owners of parent	3.1	5.2%	6.2	8.4%	+3.0	+99.1%

>>Comparison with the previous Quarter

(Unit: Billions of JPY)

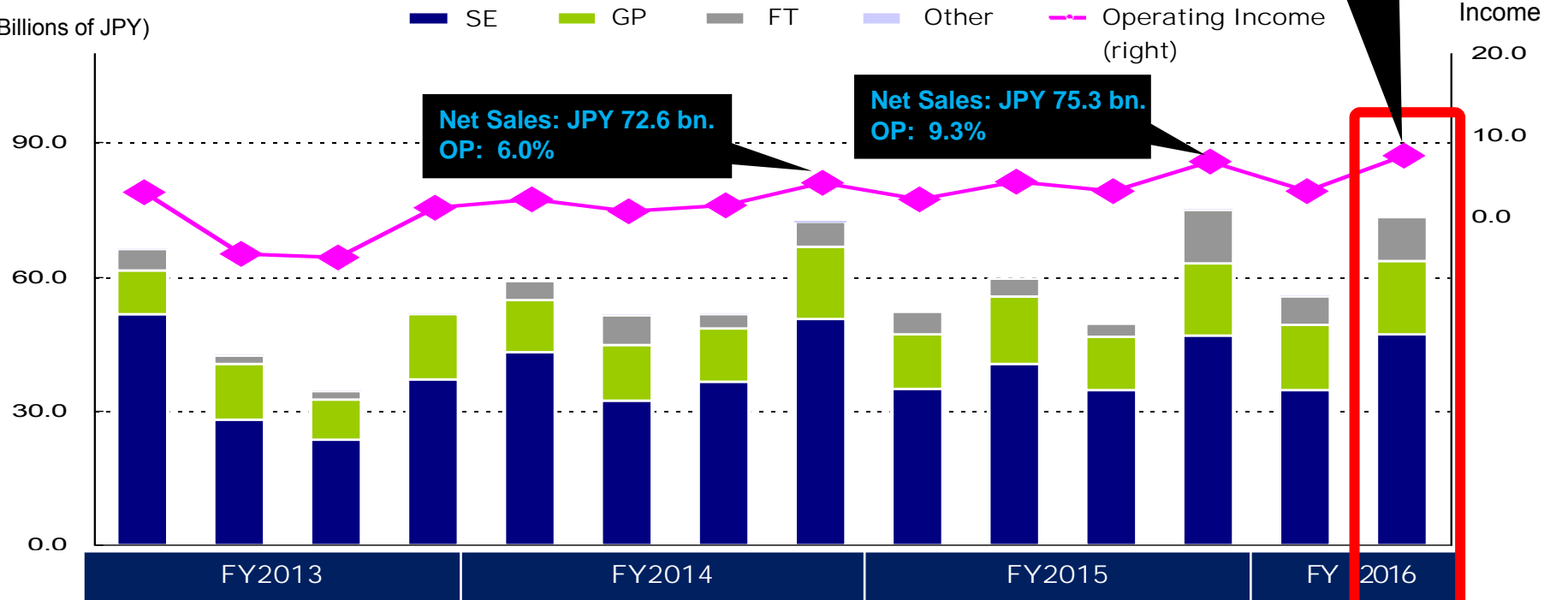
	FY2016 Q1		FY2016 Q2		Difference	
	Value	Ratio	Value	Ratio	Value	Ratio
Net Sales	56.1	100.0%	73.7	100.0%	+17.6	+31.4%
Operating Income	3.2	5.9%	7.5	10.2%	+4.2	+127.6%
Ordinary Income	3.4	6.1%	7.1	9.7%	+3.7	+109.3%
Profit attributable to owners of parent	2.2	4.0%	6.2	8.4%	+3.9	+173.8%

Quarterly Net Sales and Operating Income

Net Sales: JPY 73.7 bn.
OP: 10.2%

<Consolidated>

Net Sales
(Unit : Billions of JPY)



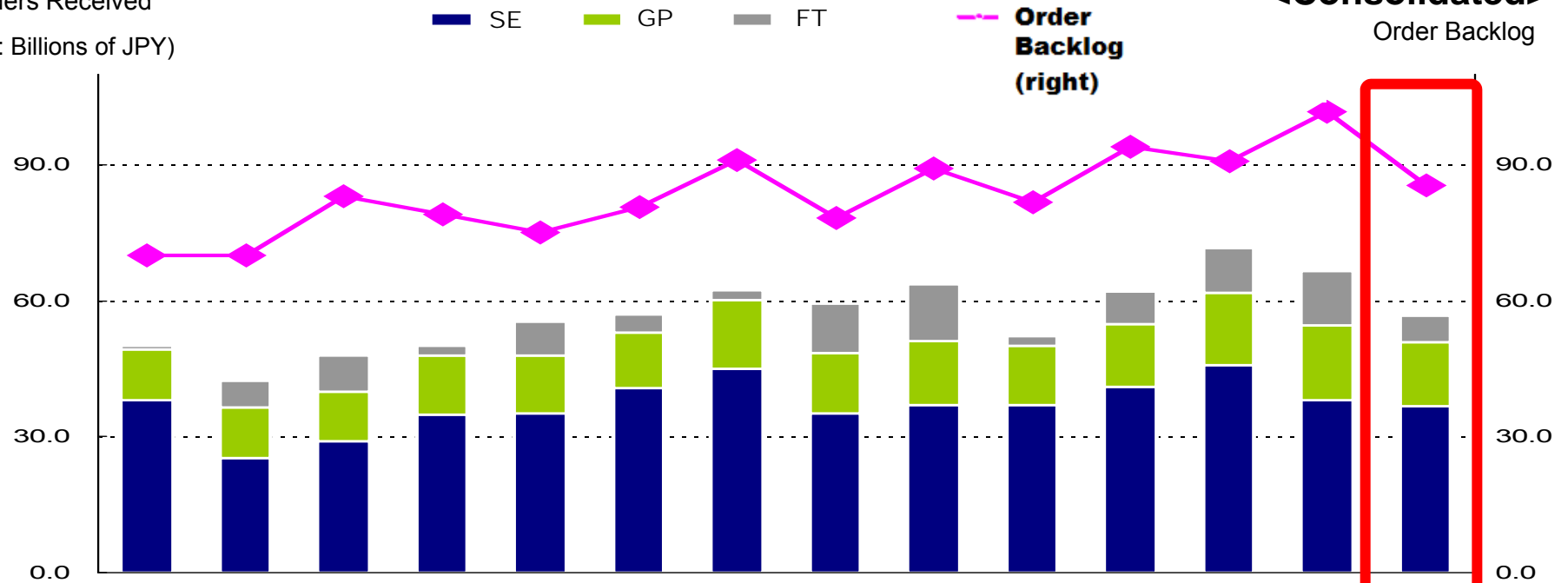
	FY2013				FY2014				FY2015				FY 2016	
Net Sales	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SE	51.6	28.0	23.5	37.3	43.3	32.3	36.7	50.6	35.1	40.6	34.6	47.0	34.7	47.2
GP	9.9	12.5	9.0	14.7	11.6	12.4	11.7	16.2	12.1	15.0	12.1	16.2	14.7	16.5
FT	4.8	2.0	2.0	3.0	4.1	6.8	3.3	5.5	4.9	4.0	2.8	11.9	6.3	9.6
Other	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.3	0.2
Operating income	3.1	(4.4)	(4.8)	1.2	2.2	0.8	1.5	4.3	2.2	4.4	3.3	7.0	3.2	7.5

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

Quarterly Orders Received and Order Backlog

<Consolidated>

Orders Received
(Unit : Billions of JPY)



	FY2013				FY2014				FY2015				FY 2016	
Orders Received	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	50.6	42.0	48.3	50.8	55.3	57.2	62.5	59.6	63.2	52.1	62.0	71.8	66.7	57.3
SE	38.2	25.4	29.0	35.0	35.1	40.7	45.0	35.1	36.6	36.9	41.1	45.9	38.1	36.7
GP	11.2	10.5	10.8	13.4	12.9	12.2	15.3	13.4	14.1	13.2	13.7	16.0	16.4	14.4
FT	1.1	6.0	8.4	2.3	7.3	4.2	2.1	11.0	12.5	2.0	7.2	9.8	12.1	6.0
Order Backlog	70.1	69.5	83.1	78.7	75.0	80.6	91.2	78.4	89.3	81.7	94.1	90.7	101.7	85.5

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

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Business Environment <SE>

>>Year-on-year comparison

(Unit: Billions of JPY)	FY2015 1H		FY2016 1H		Difference	
Net Sales	75.7	100.0%	81.9	100.0%	+6.2	+8.2%
Operating Income	6.2	8.2%	7.9	9.7%	+1.6	+26.7%

(Unit: Billions of JPY)	FY2015 Q2		FY2016 Q2		Difference	
Net Sales	40.6	100.0%	47.2	100.0%	+6.6	+16.3%
Operating Income	3.3	8.2%	5.8	12.3%	+2.4	+73.7%

>>Comparison with the previous Quarter

(Unit: Billions of JPY)	FY2016 Q1		FY2016 Q2		Difference	
Net Sales	34.7	100.0%	47.2	100.0%	+12.5	+36.2%
Operating Income	2.1	6.1%	5.8	12.3%	+3.7	+175.4%

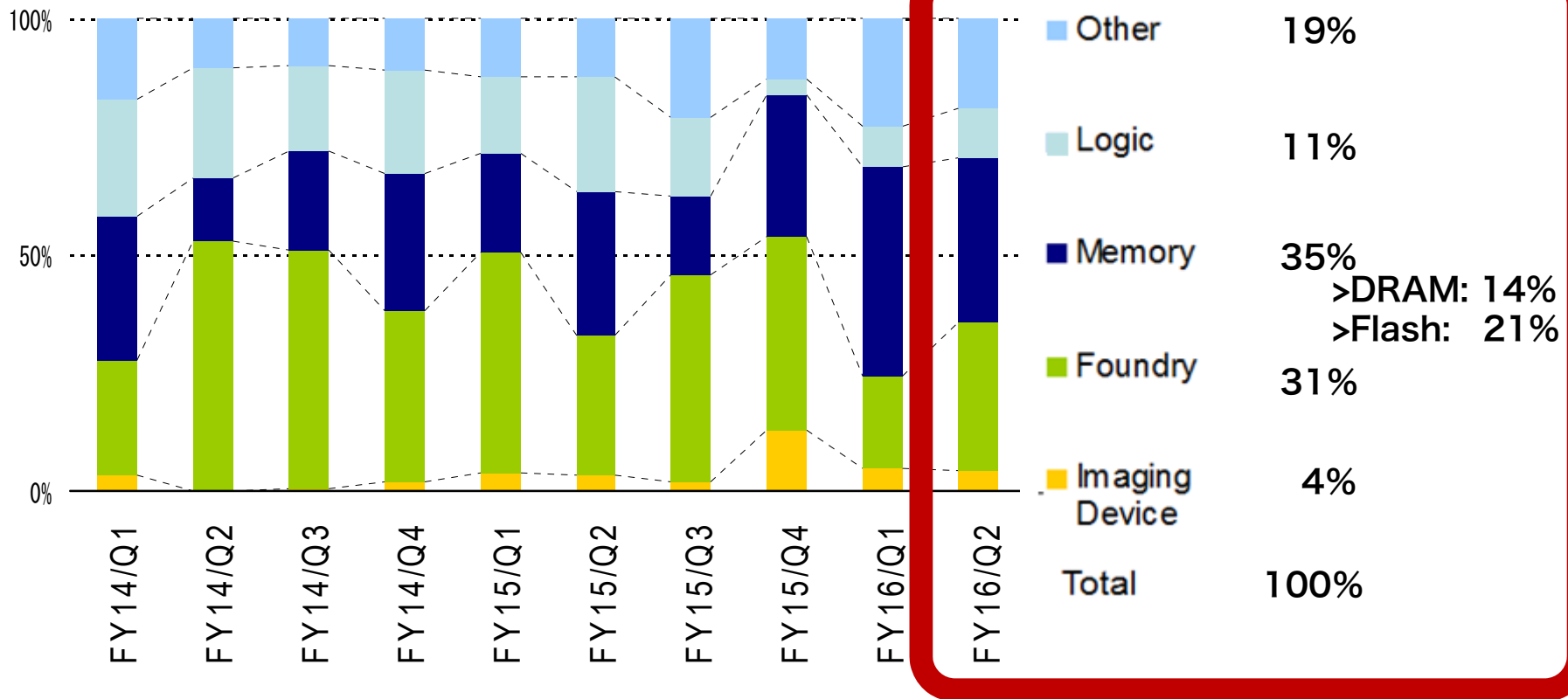
>>Topics

- In the 1st half, sales to logic chip manufacturers and foundries decreased, but sales to memory and image sensor manufacturers increased year on year. By product, sales of mainstay SU-3200 single-wafer cleaning system increased, and sales of batch type cleaning equipment and production equipment for sub-200 mm wafers increased as well, resulting that both sales and profit increased. Especially, Q2 sales and profit both increased, compared with those in the previous Q1.

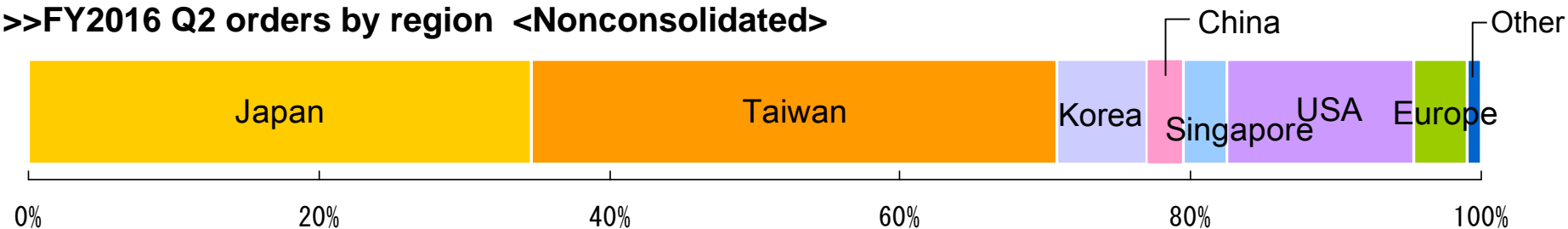
<SE> Quarterly Order Received Ratio by Device Application
<Nonconsolidated>

*Q2 Order received (consolidated): JPY 36.7 bn.

>>Quarterly Order Received Ratio by Device Application <Nonconsolidated>



>>FY2016 Q2 orders by region <Nonconsolidated>



Business Environment <GP>

>>Year-on-year comparison

(Unit: Billions of JPY)	FY2015 1H		FY2016 1H		Difference	
Net Sales	27.2	100.0%	31.3	100.0%	+4.0	+15.0%
Operating Income	1.9	7.0%	1.7	5.7%	(0.1)	-7.2%

(Unit: Billions of JPY)	FY2015 Q2		FY2016 Q2		Difference	
Net Sales	15.0	100.0%	16.5	100.0%	+1.5	+10.0%
Operating Income	1.4	9.7%	0.7	4.8%	(0.6)	-46.3%

>>Comparison with the previous Quarter

(Unit: Billions of JPY)	FY2016 Q1		FY2016 Q2		Difference	
Net Sales	14.7	100.0%	16.5	100.0%	+1.8	+12.3%
Operating Income	0.9	6.7%	0.7	4.8%	(0.1)	-20.1%

>>Topics

- In the GP business in the 1st half, due to efforts to penetrate POD equipment market as well as the depreciation of the yen, sales of graphic arts equipment increased. In the PE business, sales increased compared with the previous fiscal year (both for 1st half and for 2nd quarter). On the other hand, operating income decreased compared with the previous fiscal year (both for 1st half and for 2nd quarter) and also quarter on quarter, reflecting the increase in fixed costs as well as changes in product mix.

Business Environment <FT>

>>Year-on-year comparison

(Unit: Billions of JPY)	FY2015 1H		FY2016 1H		Difference	
Net Sales	9.0	100.0%	15.9	100.0%	+6.8	+76.0%
Operating Income	(0.2)	-2.2%	1.5	9.9%	+1.7	-

(Unit: Billions of JPY)	FY2015 Q2		FY2016 Q2		Difference	
Net Sales	4.0	100.0%	9.6	100.0%	+5.5	+136.4%
Operating Income	0.2	5.3%	1.4	14.6%	+1.1	+554.3%

>>Comparison with the previous Quarter

(Unit: Billions of JPY)	FY2016 Q1		FY2016 Q2		Difference	
Net Sales	6.3	100.0%	9.6	100.0%	+3.3	+52.6%
Operating Income	0.1	2.8%	1.4	14.6%	+1.2	+710.3%

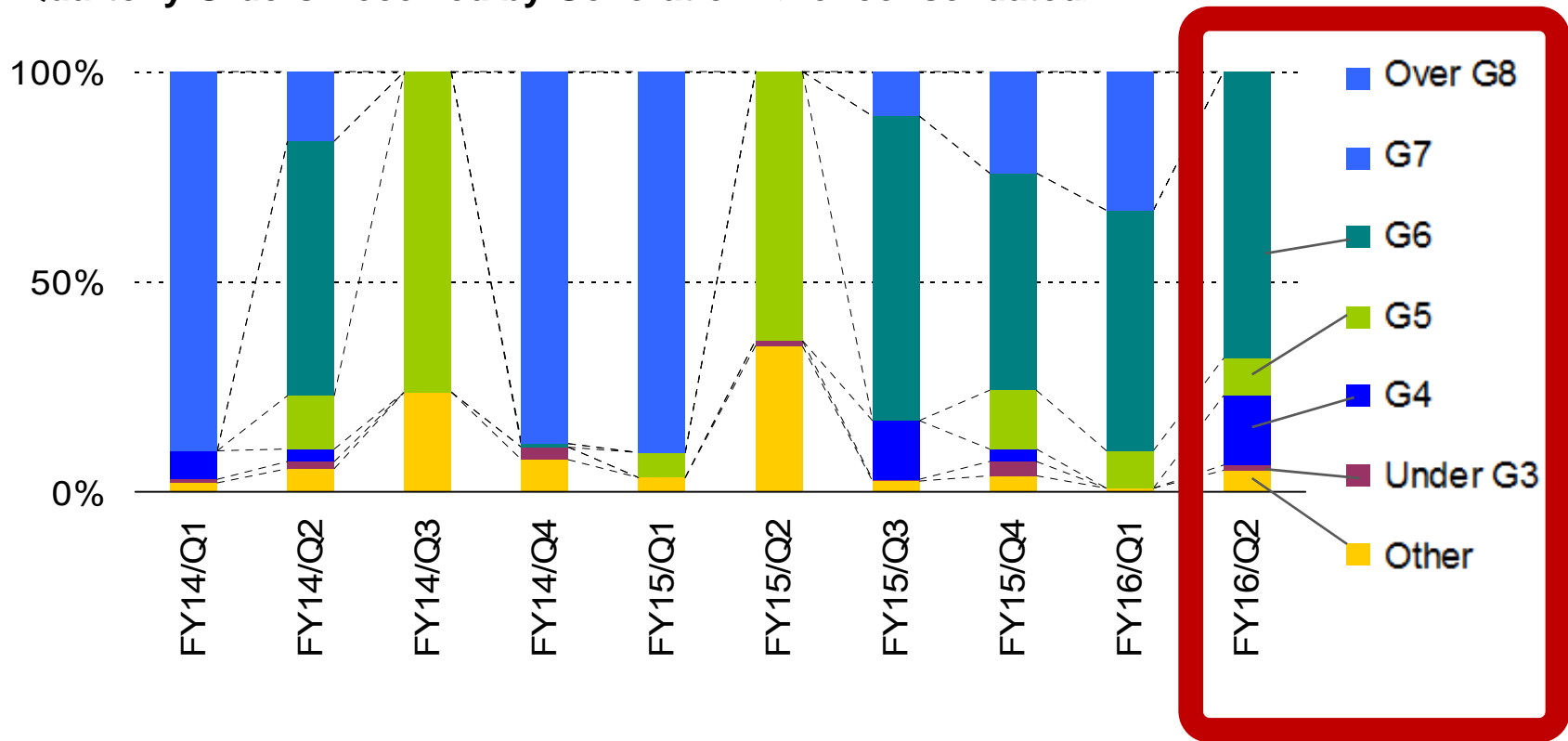
>>Topics

- Sales in the 1st half remained almost as forecast in August. On the other hand, operating income exceeded the forecast. With sales increase, actions toward value engineering for the mainstay product, production equipment for large-sized TV LCD panels proceeded, leading to an improvement in profitability.

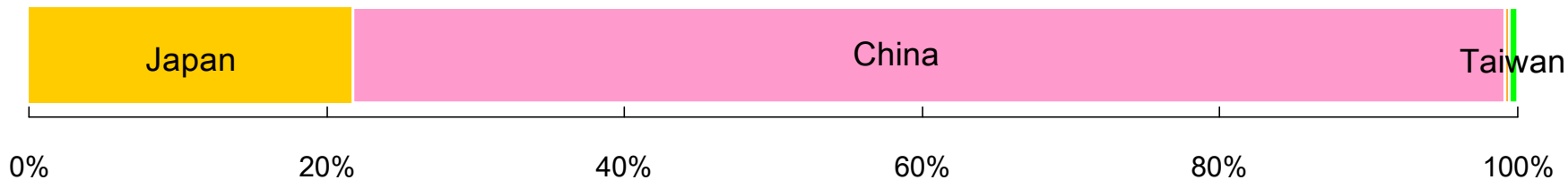
<FT> Quarterly Orders Received by Generation <Nonconsolidated>

* Q2 Order received (Consolidated) : JPY 6.0 bn.

>>Quarterly Orders Received by Generation <Nonconsolidated>



>>FY2016 Q2 orders by region <Nonconsolidated>



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Trend in B/S <Consolidated>

Assets

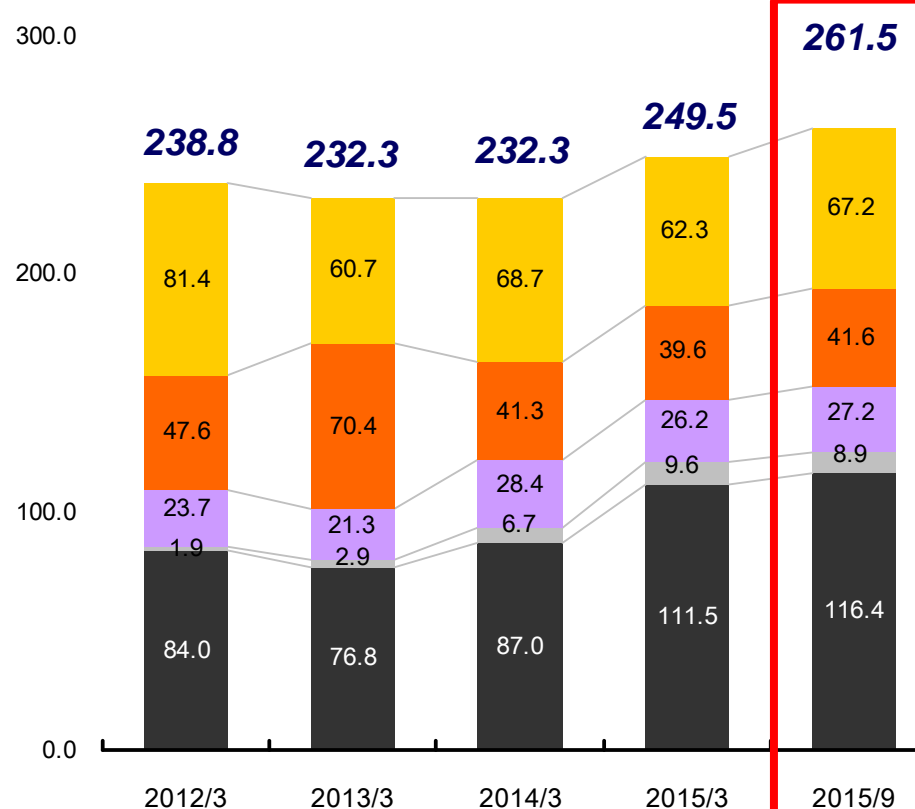
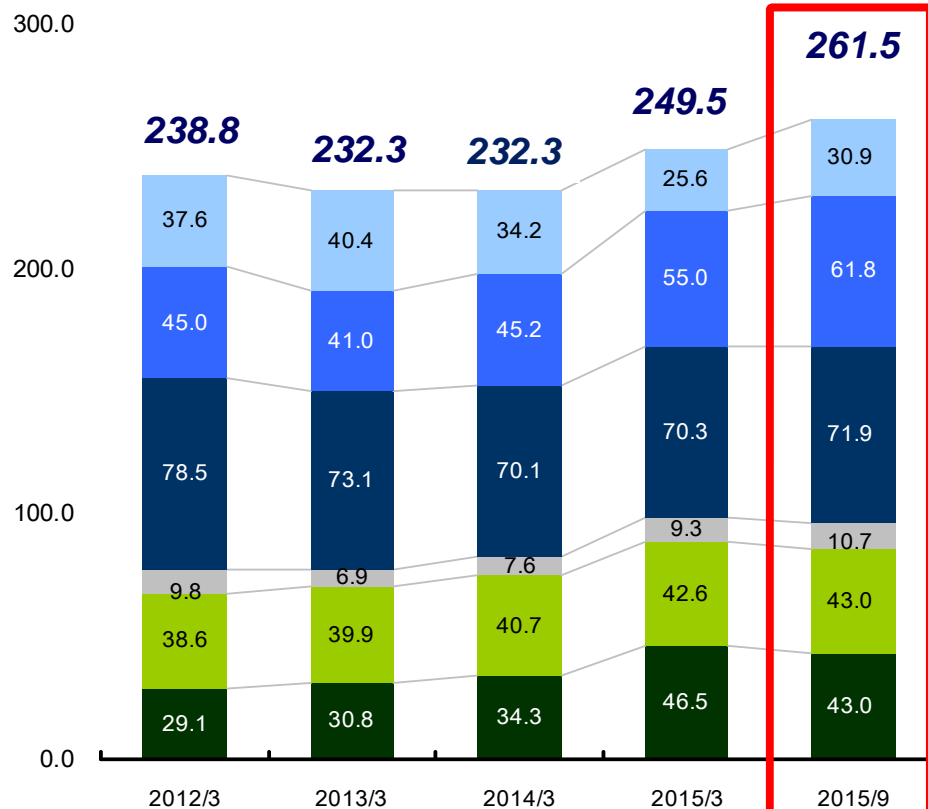
(Unit: Billions of JPY)

- 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

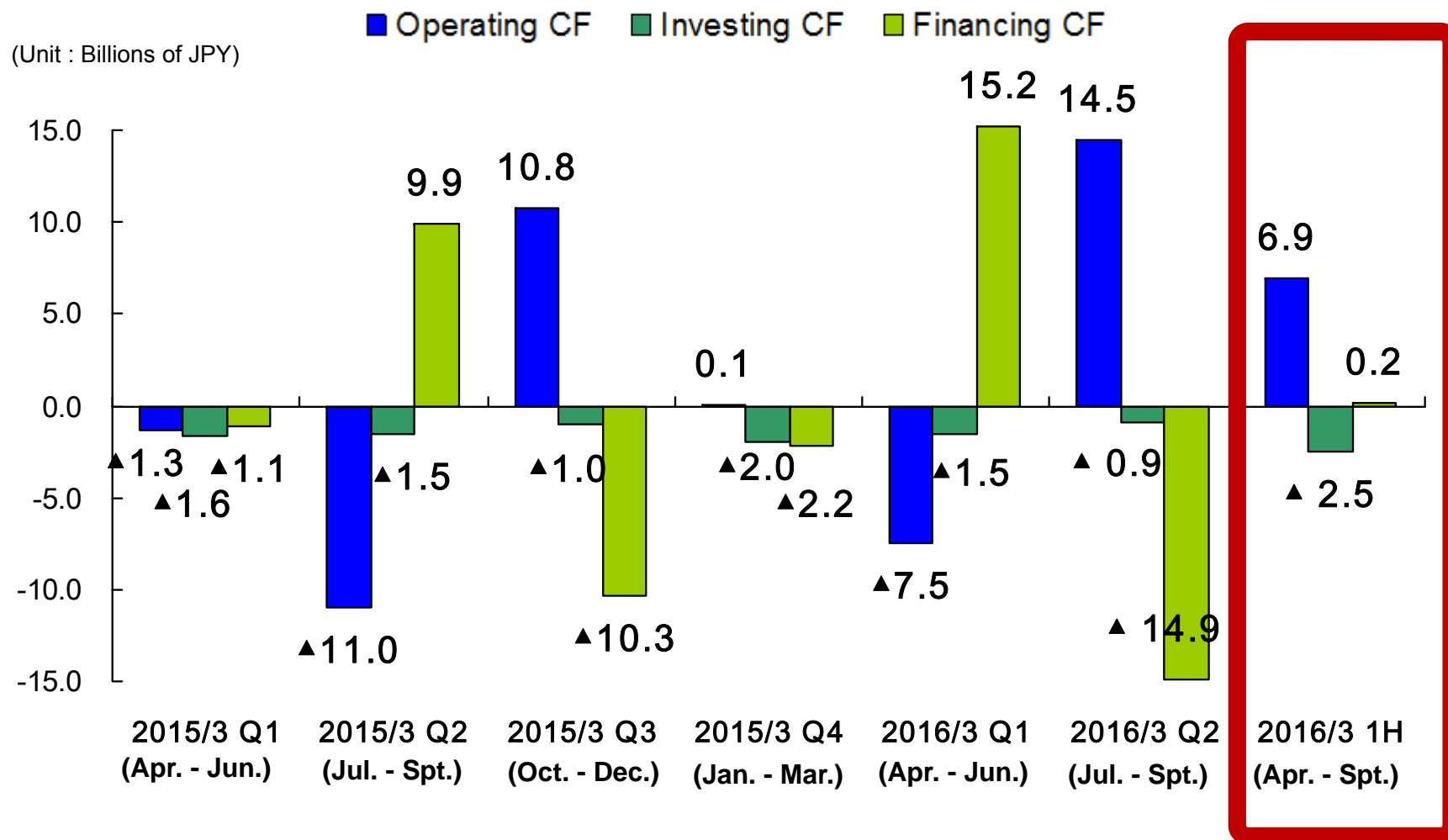


Equity Ratio 44.4% (2015/3) → 41.6%(2015/6) → 44.2% (2015/9)

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

Cash Flows <Consolidated>

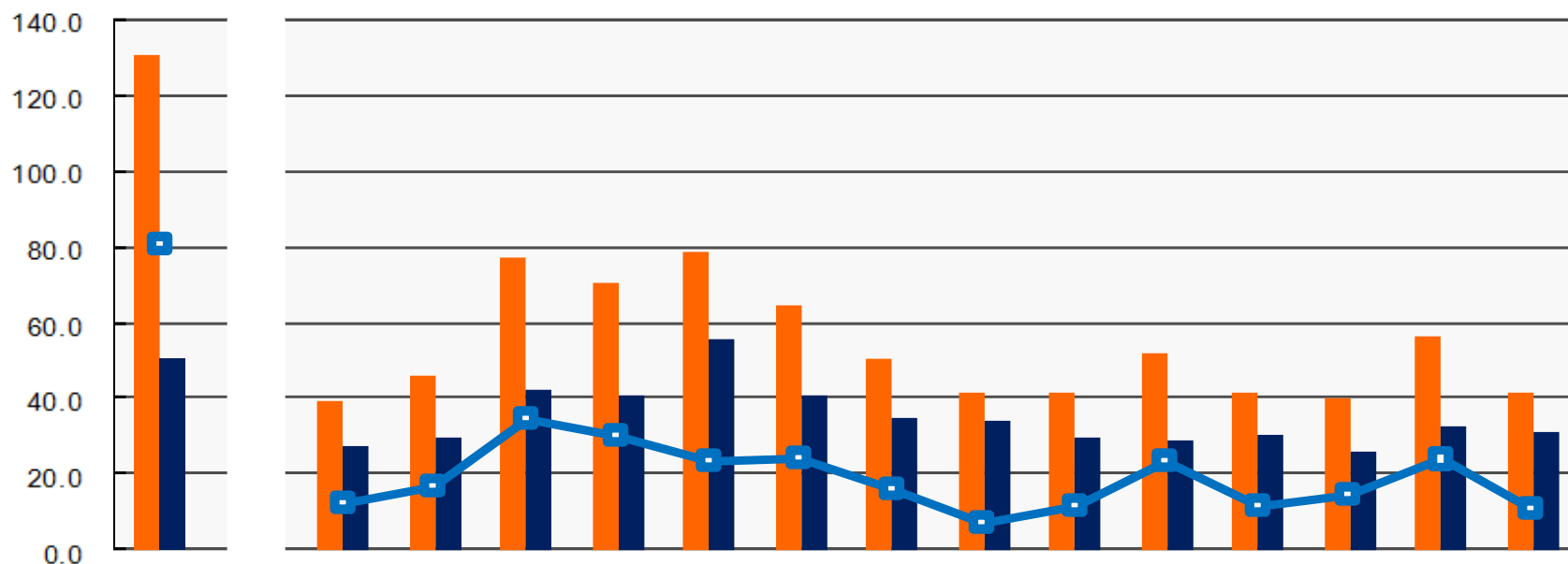
>>FY2016 Q2 Total Free Cash Flow: JPY 4.4 bn.



Interest-bearing Debt <Consolidated>

(Unit: Billions of JPY)

Interest-bearing Debt Cash and Time Deposits Net interest-bearing debt



	FY 2010	FY2013				FY2014				FY2015				FY2016	
	Jun.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Interest-bearing debt	131.0	39.3	45.9	76.9	70.4	78.6	64.9	50.7	41.3	41.3	52.0	41.7	39.6	56.5	41.6
Cash and time deposit	50.2	27.0	29.7	42.4	40.4	55.7	40.8	35.0	34.2	29.8	28.5	30.2	25.6	32.7	30.9
Net interest-bearing debt	80.7	12.3	16.1	34.4	30.0	22.9	24.0	15.6	7.1	11.5	23.5	11.4	14.0	23.8	10.7

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Business Forecast for FY2016 <Consolidated>

(Unit : Billions of JPY)

	FY2015	FY2016				
	Full	1st H	2nd H Forecast		Full Forecast	
	Result	Result	Aug. 10	Nov. 9	Aug. 10	Nov. 9
Net Sales	237.6	129.8	123.0	119.1	249.0	249.0
SE	157.4	81.9	79.0	76.0	159.0	158.0
GP	55.7	31.3	29.5	27.6	59.0	59.0
FT	23.7	15.9	13.5	15.0	29.5	31.0
Other	0.6	0.5	1.0	0.4	1.5	1.0
Operating income	17.1	10.8	10.2	8.6	19.5	19.5
[to net sales ratio]	7.2%	8.3%	8.3%	7.3%	7.8%	7.8%
Ordinary income	16.0	10.6	10.2	8.3	19.0	19.0
Profit attributable to owners of parent	12.1	8.4	7.7	6.0	14.5	14.5

*Assumed Exchange Rate>> USD1=115 yen, EUR1=130 yen

*Forecast of annual cash dividends for FY2016>> JPY 10.00 per share (year-end cash dividend)

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<Interim Report>**

6. A Response to Corporate Governance Code

Three-year Medium-term Management Plan and its Directions

<Challenges in May 2014 on release>

■ Directions to move forward

→ Toward higher earnings structure

→ To launch businesses in new field

→ To strengthen financial standing

To further enhance what is the strength

Three targets :

1. To complete earnings structure reforms

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

2. To launch businesses in new fields

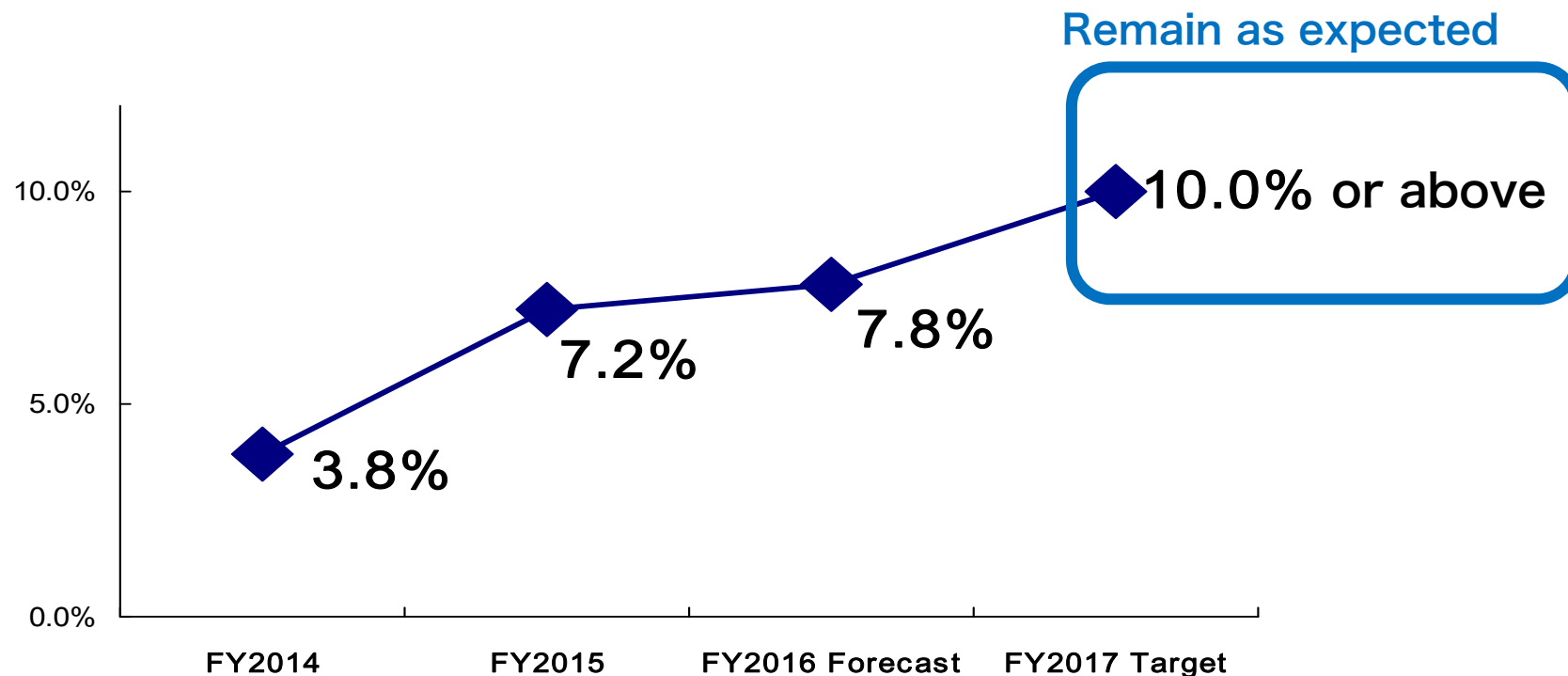
- Generate profits in the four new business fields

3. To strengthen financial standing

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

Target 1: To complete earnings structure reforms

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

**●Future focused theme:**

To lower the break-even sales and to improve operating margin

Target 2. To launch businesses in new fields

- Generate profits in the four new business fields in the final year of the plan

Currently keep moving toward the commercialization

Have already released the technology and product in each business field

● Expansion of product line-up:

- Life science: 3D cell culture spheroid counter
Inkjet printer for tablets
- Inspection and measuring: Automatic inspection system for forged part (right picture)
- Energy: Film deposition, etc.
- Printed electronics (ultraprecise printing)

**■ Topics ■**

//News release on 5th November

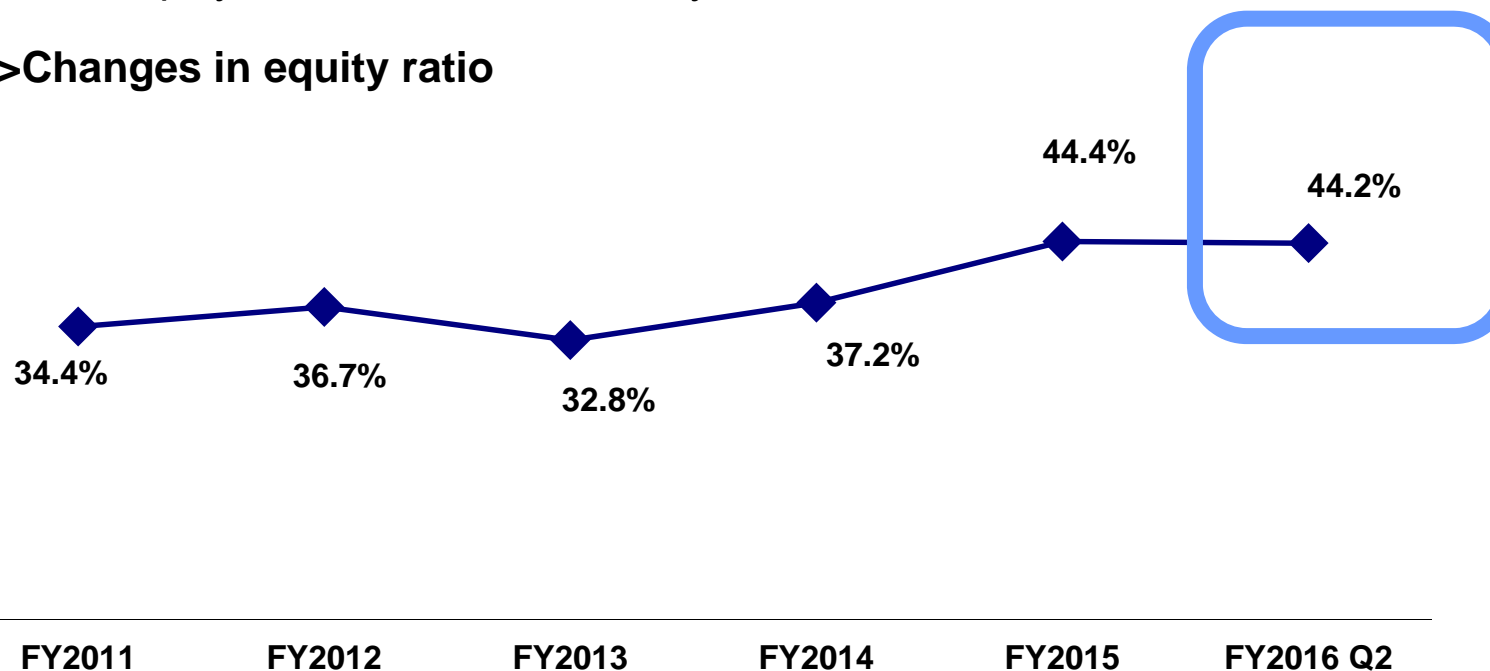
“SCREEN Develops New Platemaking Technology for Printed Electronics”

- Developed a world-first platemaking technology that allows simplified batch production of complex electronic circuits.

Printro **I** nics

Target 3: To strengthen financial standing

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

>>Changes in equity ratio**● Future focused theme >>**

- To maximize FCF by optimizing working capital (Shorten a cash conversion cycle)
 - To improve the efficiency of asset using (Starts liquidation of crossholding shares)
- Aim to reduce net interest-bearing debt to zero as of the end of March 2017

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A Response to Corporate Governance Code

The SCREEN Group takes an approach to corporate governance to pursue the transparency, soundness, efficiency and speed of corporate management, and aims to enhance corporate value in a medium- and long-term perspective with efforts to secure all stakeholders' benefits.

- 1) Company Form: A company with a board of corporate auditors
The existing "Compensation Advisory Committee" was changed to the "Nominating and Compensation Advisory Committee" with an additional power to nominate candidates for directors and candidates for corporate auditors.
- 2) The Group governance under holding company structure
To clarify functional segregation a Holding Company enhances a function to oversee the Group, and Business Operating and Functional Support Companies have a function to execute operation.

A Response to Corporate Governance Code

3) A Holding Company's Board of Directors

<Function>

To establish basic policies and basic strategy for the Group management

To decide and approve important matters with regard to the Group

To oversee the Group business execution

<Form>

Clearly stated that "Outside directors account for more than a third of all directors"

* From June 2002, outside directors comprise three members.

4) Appointment of corporate auditors and directors

Clearly-stated "Criteria for appointing candidates for directors" "Criteria for appointing candidates for corporate auditors"

Clearly-stated "Criteria for independence of outside directors and corporate auditors"

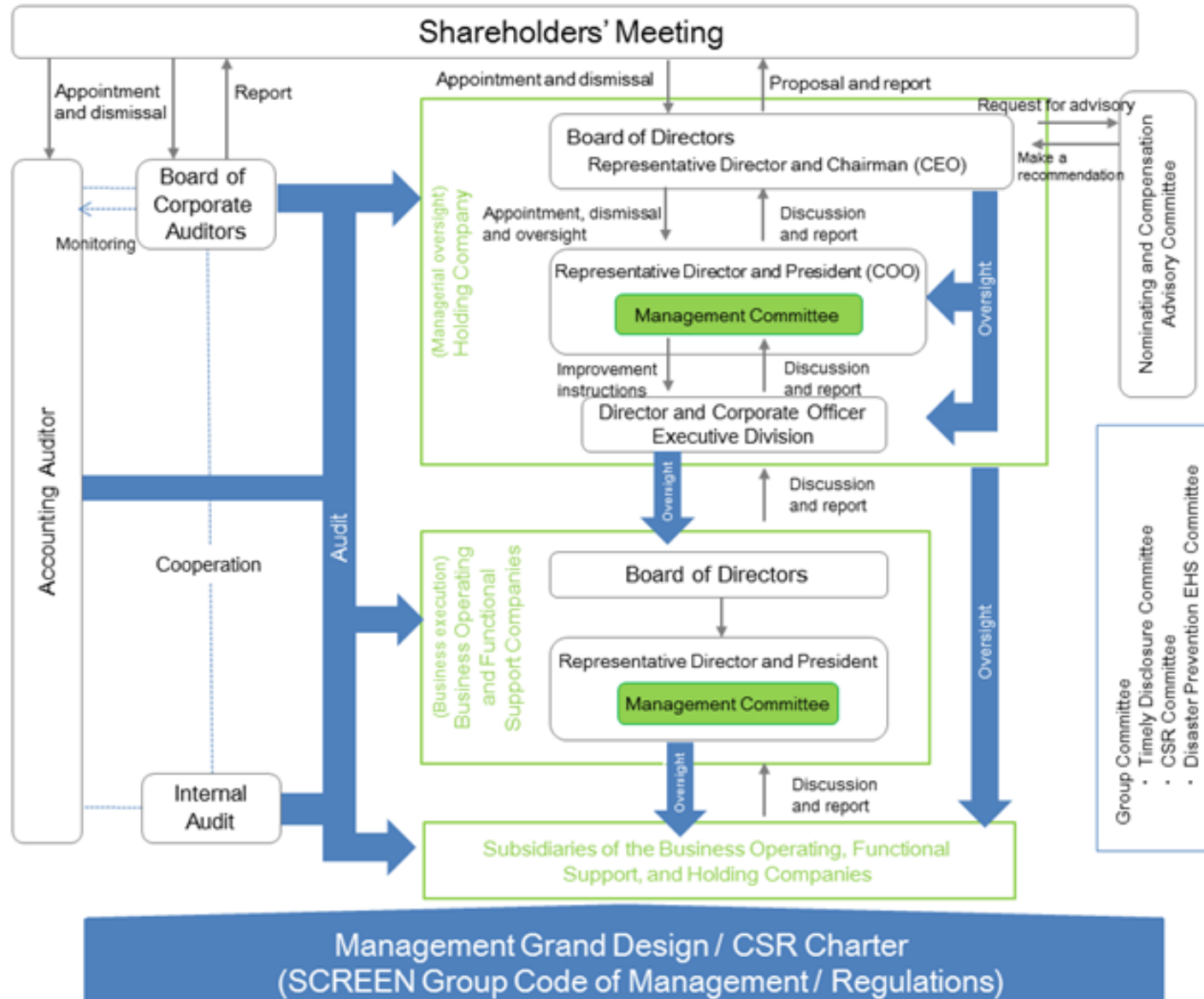
5) Cross-shareholdings

To enhance corporate value in a medium- and long-term perspective, shares deemed necessary from a corporate strategic standpoint are held, and principal shares are regularly monitored.

6) The "Disclosure Policy" (Information disclosure policy) was newly established.

A Response to Corporate Governance Code

>> Corporate Governance Structure



SCREEN

Fit your needs, Fit your future

