

# **Business Results & Forecast**

## **The Third Quarter Ended December 31, 2016**

February 6, 2017

\*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.

**Eiji Kakiuchi**

SCREEN Holdings Co., Ltd

President,

Member of the Board and CEO

## Agenda

### 1. FY2017 3Q Business Results



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



### 3. Financial Situation



### 4. FY2017 Business Forecast



### 5. Three-year Medium-term Management Plan



### 6. Recent Hot Topics



## 1. FY2017 3Q Business Results

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

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## 5. Three-year Medium-term Management Plan

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# FY2017 3Q Business Results <Consolidated>

(Billions of JPY)	FY2016						FY2017				YoY Difference	
	1Q	2Q	3Q	3Q Total	4Q	FULL	1Q	2Q	3Q	3Q Total	3Q Total	
Net sales	56.1	73.7	53.0	182.8	76.8	259.6	62.2	73.8	73.8	210.0	27.1	14.9%
SE	34.7	47.2	32.0	114.0	51.7	165.8	41.2	50.3	50.6	142.3	28.2	24.8%
GP	14.7	16.5	13.8	45.1	16.1	61.2	11.4	14.6	12.0	38.1	(7.0)	-15.6%
GA(Graphic Arts Equip.)	12.6	14.0	12.4	39.2	13.0	52.3	9.6	12.4	10.4	32.5	(6.6)	-17.0%
PE(PCB Equip.)	2.0	2.5	1.3	5.9	3.0	8.9	1.8	2.1	1.6	5.5	(0.3)	-6.0%
FT	6.3	9.6	6.9	22.8	8.7	31.5	9.3	8.6	10.8	28.7	5.9	25.9%
Other	0.3	0.2	0.2	0.7	0.2	1.0	0.1	0.2	0.3	0.7	0	1.0%
Operating income	3.2	7.5	4.1	14.9	8.5	23.5	5.1	7.0	9.1	21.3	6.3	42.4%
(to net sales ratio)	5.9%	10.2%	7.9%	8.2%	11.2%	9.1%	8.2%	9.6%	12.4%	10.2%	-	2.0pt
SE	2.1	5.8	3.0	10.9	7.7	18.7	4.3	6.0	8.0	18.4	7.5	68.7%
GP	0.9	0.7	0.4	2.2	0.9	3.1	(0.1)	1.0	0.2	1.1	(1.1)	-49.4%
FT	0.1	1.4	0.6	2.2	0.5	2.7	1.2	0.5	1.1	2.9	0.7	33.5%
Other	0	(0.4)	0	(0.4)	(0.6)	(1.0)	(0.3)	(0.5)	(0.3)	(1.2)	(0.8)	-
Ordinary income	3.4	7.1	4.1	14.7	8.4	23.1	5.0	6.6	9.0	20.7	6.0	40.9%
Profit attributable to Owners of parent	2.2	6.2	3.4	11.9	6.8	18.8	3.7	5.7	6.8	16.3	4.3	36.5%

■ SE : Semiconductor solution business   
 ■ GP : Graphic and precision solution business  
■ FT : Finetech solution business

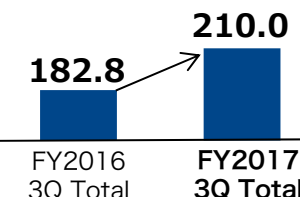
# FY2017 3Q Business Results <Consolidated>

## >>Year-on-year comparison

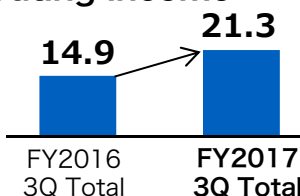
	FY2016	FY2017	Difference	
	3Q Total	3Q Total		
(Billions of JPY)				
Net sales	182.8	210.0	27.1	14.9%
Operating income (to net sales ratio)	14.9 8.2%	21.3 10.2%	6.3 2.0pt	42.4%
Ordinary income	14.7	20.7	6.0	40.9%
Profit attributable to Owners of parent	11.9	16.3	4.3	36.5%

## Year-on-year comparison

### Net sales



### Operating income



## >>Comparison with the previous Quarter

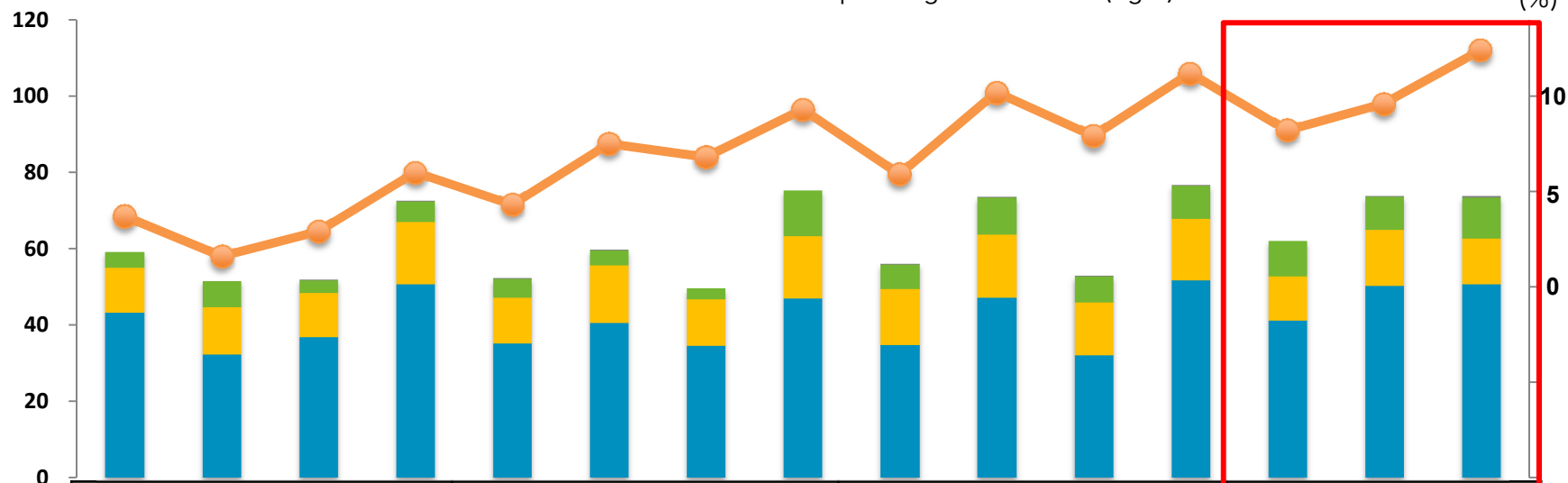
	FY2017	FY2017	Difference	
	2Q	3Q		
(Billions of JPY)				
Net sales	73.8	73.8	0	0%
Operating income (to net sales ratio)	7.0 9.6%	9.1 12.4%	2.0 2.8pt	29.6%
Ordinary income	6.6	9.0	2.4	36.9%
Profit attributable to Owners of parent	5.7	6.8	1.1	19.8%

# Quarterly Net Sales and Operating Income <Consolidated>

Net sales  
(Billions of JPY)

SE GP FT Other Operating Income Ratio(right)

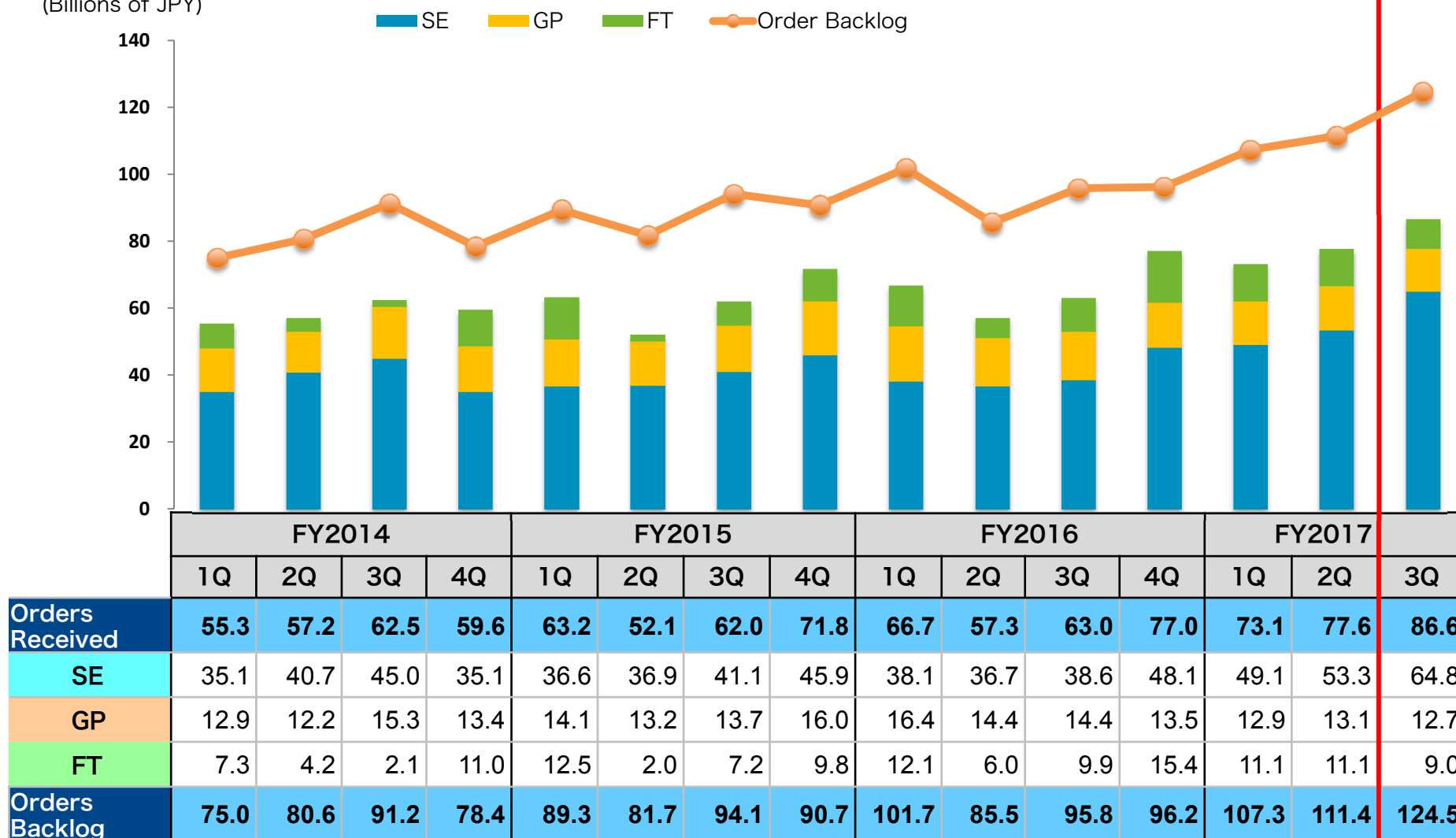
Operating Income ratio  
(%)



	FY2014				FY2015				FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	59.3	51.8	52.1	72.6	52.4	60.0	49.8	75.3	56.1	73.7	53.0	76.8	62.2	73.8	73.8
SE	43.3	32.3	36.7	50.6	35.1	40.6	34.6	47.0	34.7	47.2	32.0	51.7	41.2	50.3	50.6
GP	11.6	12.4	11.7	16.2	12.1	15.0	12.1	16.2	14.7	16.5	13.8	16.1	11.4	14.6	12.0
FT	4.1	6.8	3.3	5.5	4.9	4.0	2.8	11.9	6.3	9.6	6.9	8.7	9.3	8.6	10.8
Other	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.3	0.2	0.2	0.2	0.1	0.2	0.3
Operating income	2.2	0.8	1.5	4.3	2.2	4.4	3.3	7.0	3.2	7.5	4.1	8.5	5.1	7.0	9.1
Operating income ratio(%)	3.7	1.6	2.9	6.0	4.3	7.5	6.8	9.3	5.9	10.2	7.9	11.2	8.2	9.6	12.4

# Quarterly Orders Received and Orders Backlog <Consolidated>

(Billions of JPY)



## 1. FY2017 3Q Business Results



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



## 3. Financial Situation



## 4. FY2017 Business Forecast



## 5. Three-year Medium-term Management Plan



## 6. Recent Hot Topics





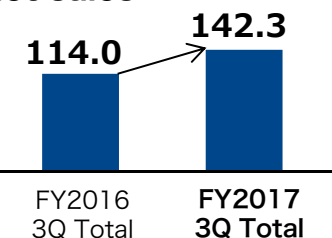
## Business Environment <SE>

### >>Year-on-year comparison

(Billions of JPY)	FY2016	FY2017	Difference	
	3Q Total	3Q Total		
Net sales	114.0	142.3	28.2	24.8%
Operating income (to net sales ratio)	10.9 9.6%	18.4 13.0%	7.5 3.4pt	68.7%

### Year-on-year comparison

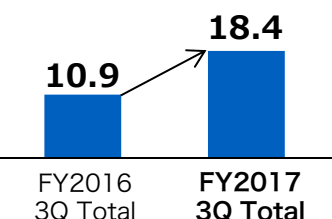
#### Net sales



### >>Comparison with the previous Quarter

(Billions of JPY)	FY2017	FY2017	Difference	
	2Q	3Q		
Net sales	50.3	50.6	0.2	0.5%
Operating income (to net sales ratio)	6.0 12.0%	8.0 16.0%	2.0 4.0pt	33.8%

#### Operating income



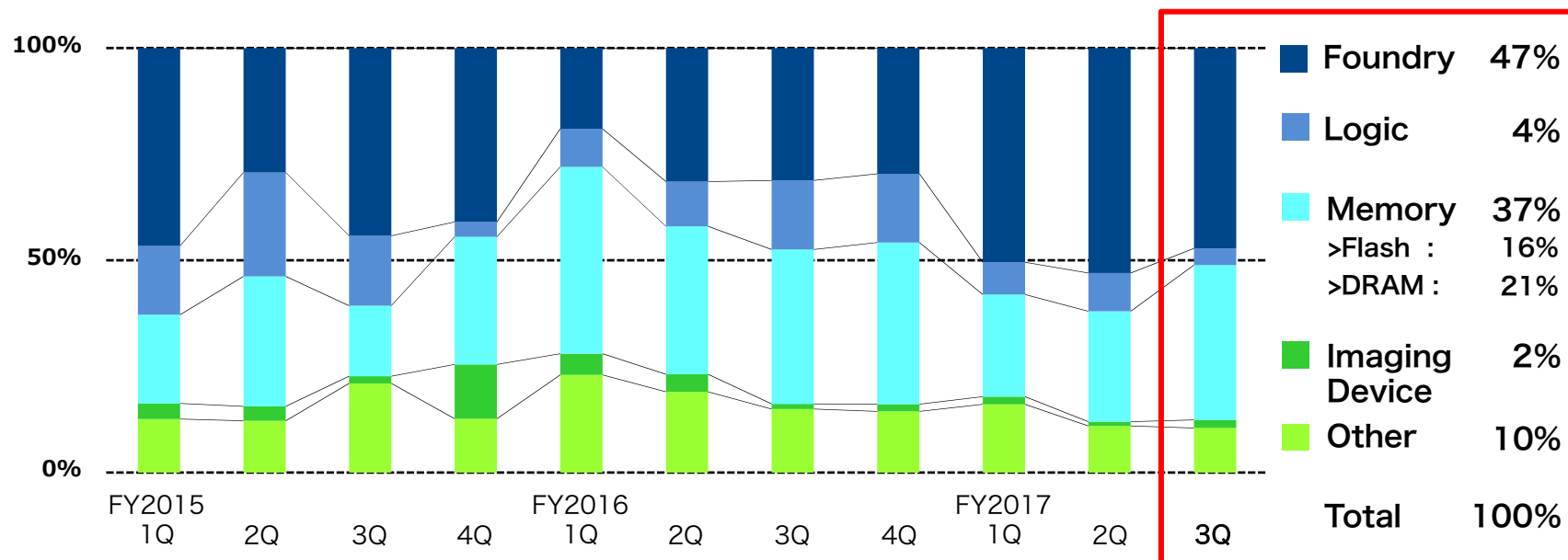
## TOPICS

- For the nine months that ended on Dec 31, 2016, both sales and profit increased YoY, reflecting vigorous investment by foundries for miniaturization and flash memories mainly as 3D-NAND. Received order largely increased up to JPY 64.8bn (quarterly historical record) from 53.3bn on 2Q.
- As for business forecast for the remaining FY2017, both sales and order are expected to stay at high level. The FY2018 is expected to witness robust market investment by foundries and flash memories as well as DRAM for miniaturization.

# <SE>Quarterly Orders Received Ratio by Device Application <Nonconsolidated>

\*3Q Orders received (Consolidated) : JPY 64.8 bn.

## >>Quarterly Orders Received Ratio by Device Application <Nonconsolidated>



## >>FY2017 3Q orders by region <Nonconsolidated>



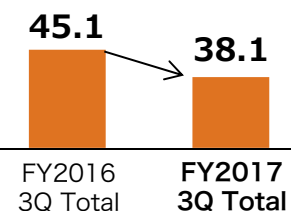
## Business Environment <GP>

### >>Year-on-year comparison

(Billions of JPY)	FY2016	FY2017	Difference	
	3Q Total	3Q Total		
Net sales	45.1	38.1	(7.0)	-15.6%
Operating income (to net sales ratio)	2.2 5.0%	1.1 3.0%	(1.1) -2.0pt	-49.4%

### Year-on-year comparison

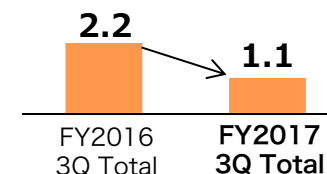
#### Net sales



### >>Comparison with the previous Quarter

(Billions of JPY)	FY2017	FY2017	Difference	
	2Q	3Q		
Net sales	14.6	12.0	(2.5)	-17.3%
Operating income (to net sales ratio)	1.0 7.0%	0.2 2.0%	(0.7) -5.0pt	-76.3%

#### Operating income



## TOPICS

- For the nine months that ended on Dec 31, 2016, the appreciation of yen contributed to a decrease in overseas sales YoY in GA (Graphic arts) business, and in PE (PCB-related equipment) business sales slightly decreased. Despite efforts to reduce variable costs, operating income decreased due to the significant impact of the decline in sales.
- GA will strive to generate profit by POD sales expansion in 4Q onward.  
PE, scheduled to spin off from GP as a new business operating company on Apr 1, 2017, will seek profitable sales growth of direct imaging system.

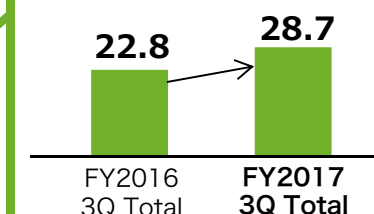
## Business Environment <FT>

### >>Year-on-year comparison

(Billions of JPY)	FY2016	FY2017	Difference	
	3Q Total	3Q Total		
Net sales	22.8	28.7	5.9	25.9%
Operating income (to net sales ratio)	2.2 9.7%	2.9 10.3%	0.7 0.6pt	33.5%

### Year-on-year comparison

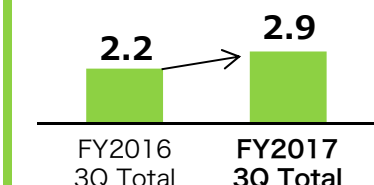
#### Net sales



### >>Comparison with the previous Quarter

(Billions of JPY)	FY2017	FY2017	Difference	
	2Q	3Q		
Net sales	8.6	10.8	2.2	25.6%
Operating income (to net sales ratio)	0.5 5.9%	1.1 11.0%	0.6 5.2pt	136.3%

#### Operating income



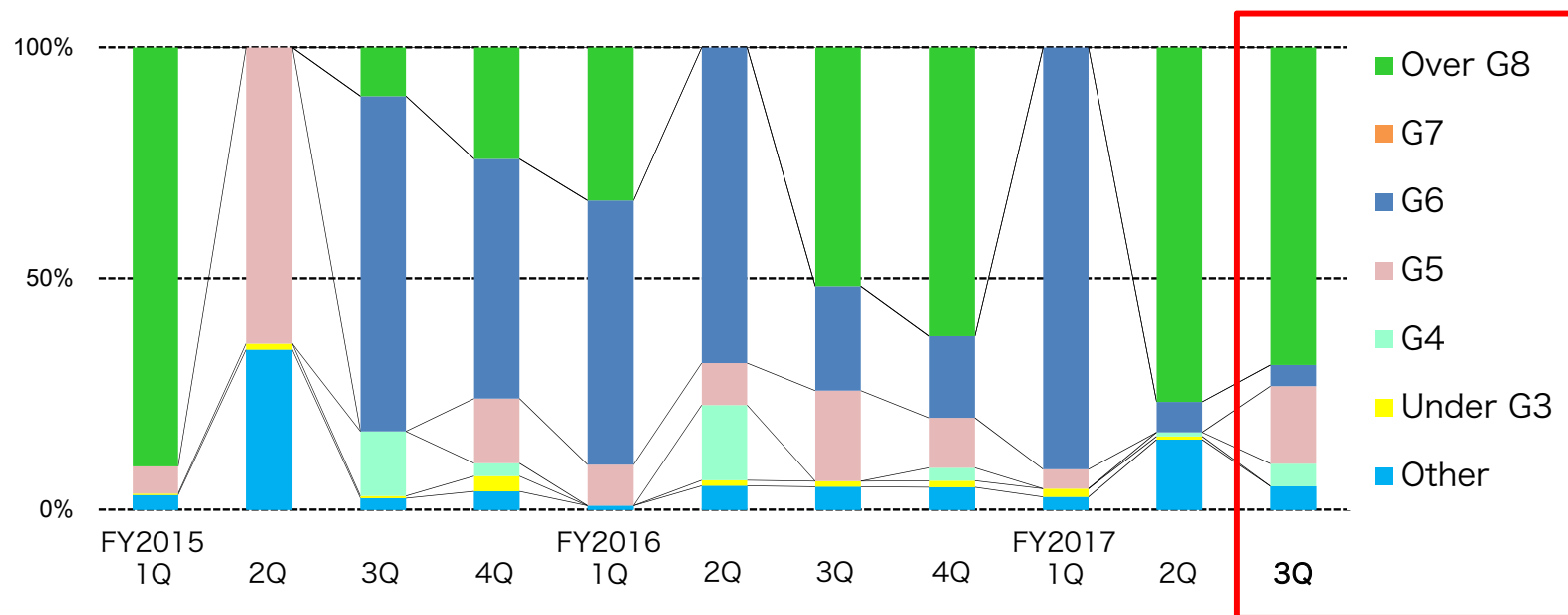
## TOPICS

- For the nine months that ended on Dec 31, 2016, sales of production equipment for large-sized LCD in China fell YoY due to the effect of investment timing, but small-and medium-sized panels in Japan and Taiwan increased. As a result, we achieved operating income ratio of over 10%.
- Order situation remains favorable. For 4Q onward, the trend will stay at high level on the back of strong investment in not only LCD but also OLED and its related new field.

## <FT>Quarterly Orders Received by Generation <Nonconsolidated>

### >>Quarterly Orders Received by Generation <Nonconsolidated>

\*3Q Orders received (Consolidated) : JPY 9.0 bn.



### >>FY2017 3Q orders by region <Nonconsolidated>



## 1. FY2017 3Q Business Results



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



## 3. Financial Situation



## 4. FY2017 Business Forecast



## 5. Three-year Medium-term Management Plan



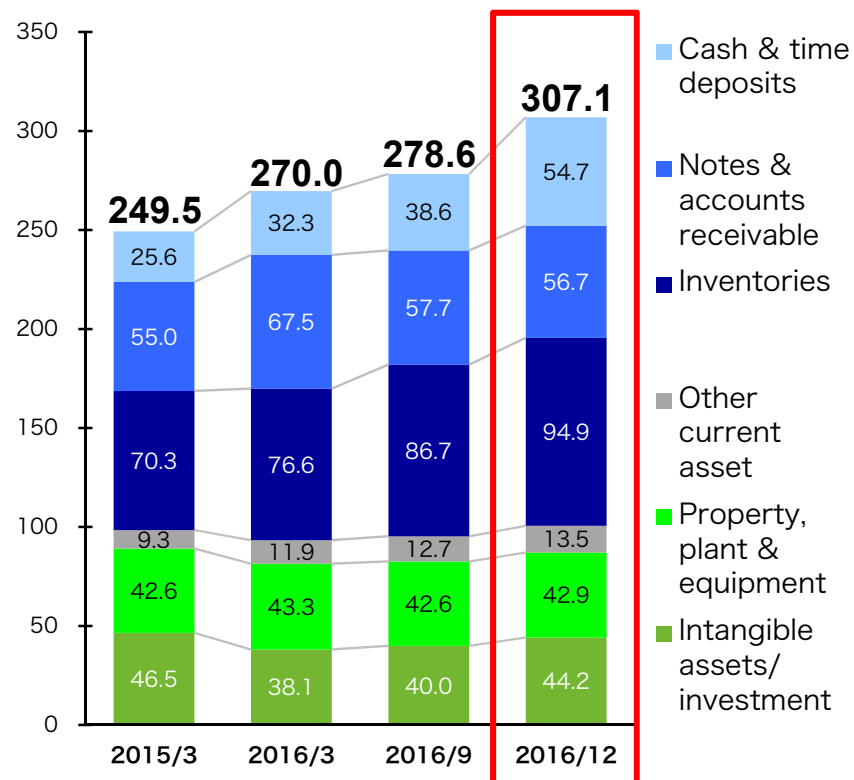
## 6. Recent Hot Topics



## Trend in B/S <Consolidated>

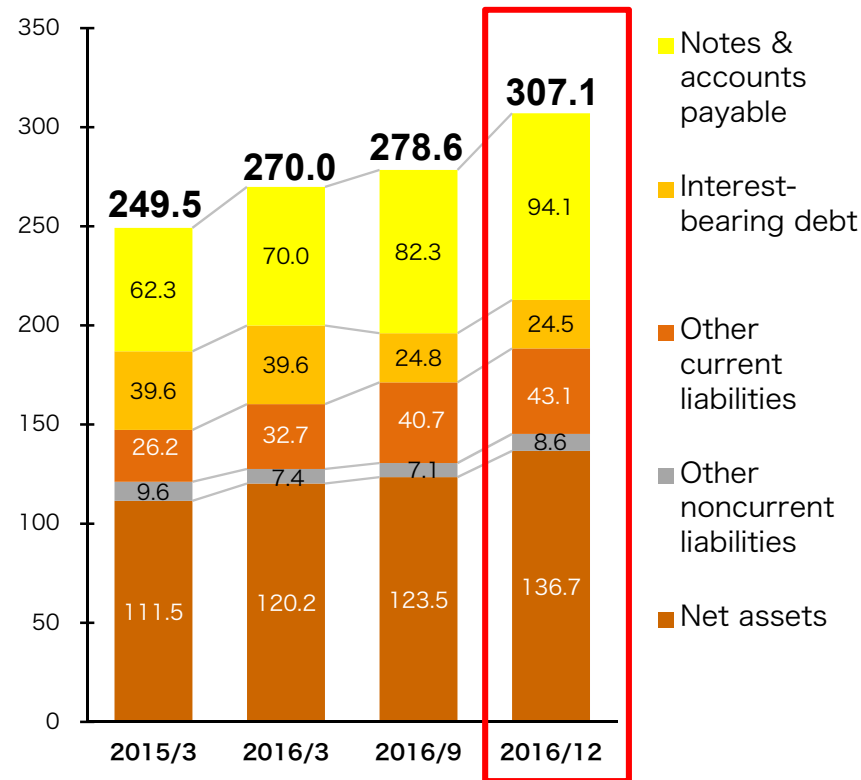
### >>Assets

(Billions of JPY)



### >>Liabilities & Net Assets

(Billions of JPY)



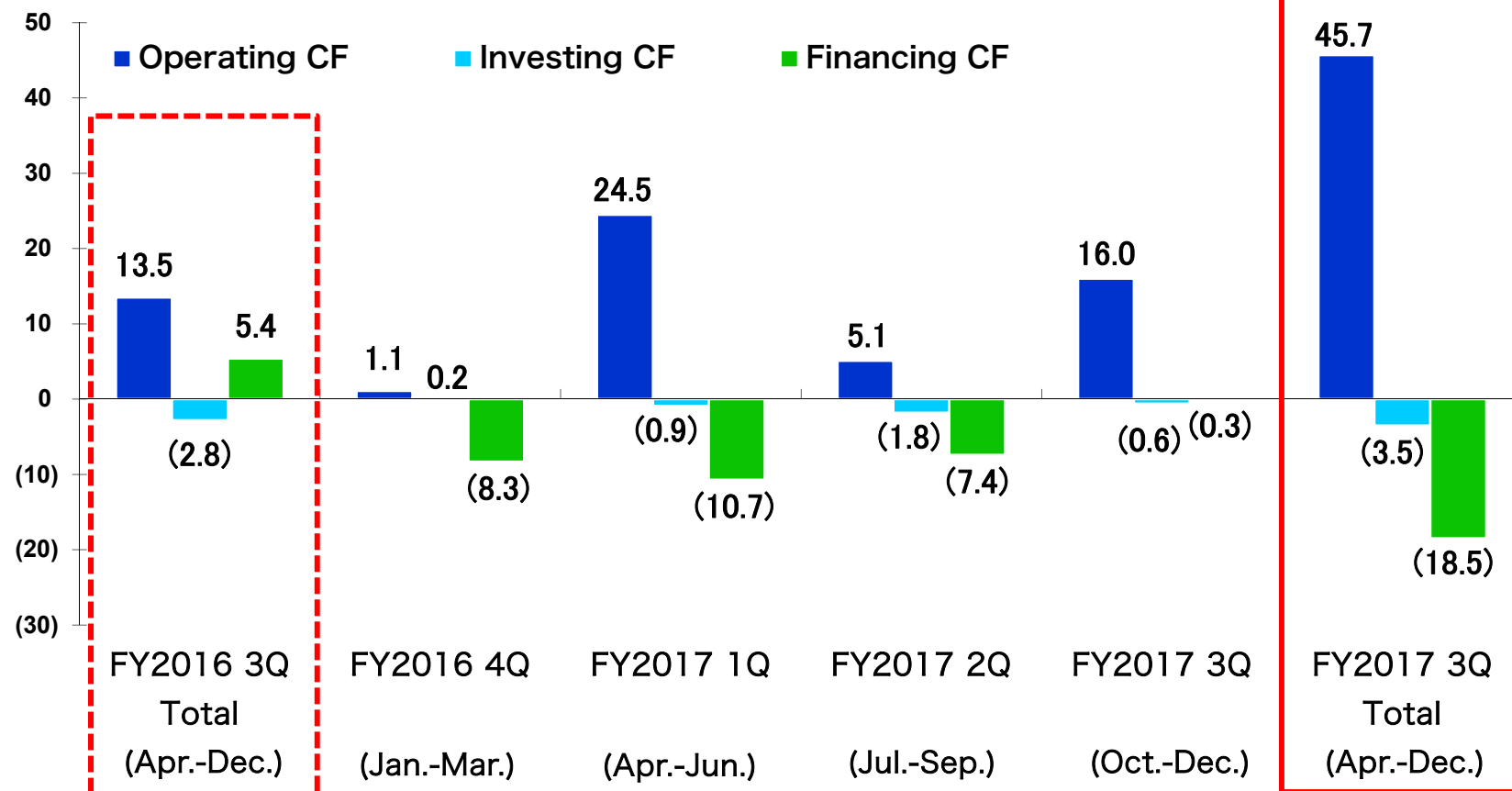
Equity Ratio : 44.3% (2016/3)



**44.5% (2016/12)**

## Cash Flows <Consolidated>

(Billions of JPY)

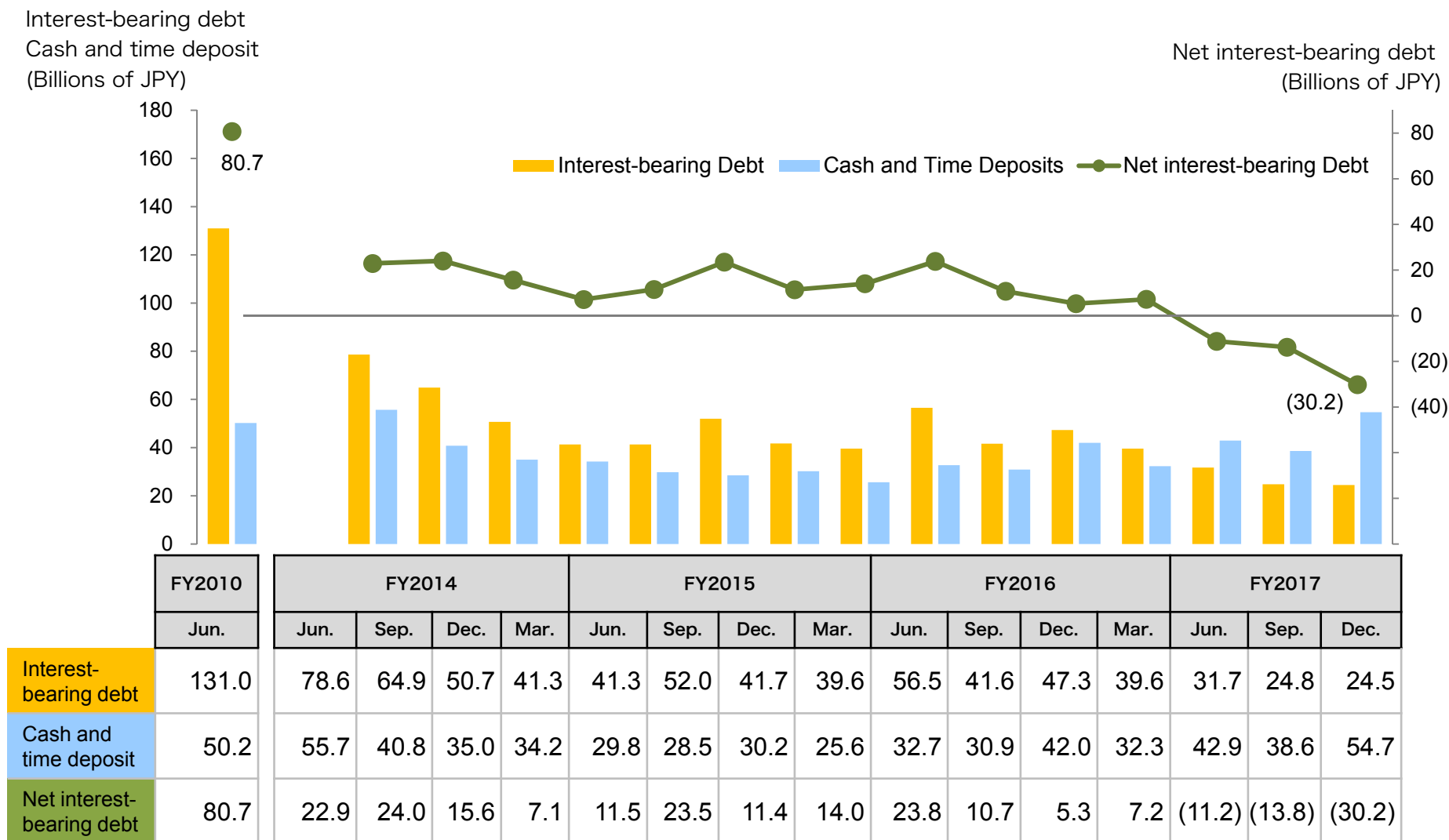


**FY2017 3Q Total Free Cash Flow**

**JPY 42.2 bn.**



# Interest-bearing Debt <Consolidated>



## 1. FY2017 3Q Business Results



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



## 3. Financial Situation



## 4. FY2017 Business Forecast



## 5. Three-year Medium-term Management Plan



## 6. Recent Hot Topics



# Business Forecast for FY2017 <Consolidated>

(Billions of JPY)	FY2016			FY2017				
	1H	2H	Total	1H	2H Forecast		Full forecast	
					Nov.7	Feb.6	Nov.7	Feb.6
Net sales	129.8	129.8	259.6	136.1	147.9	157.9	284.0	294.0
SE	81.9	83.8	165.8	91.6	98.3	108.8	190.0	200.5
GP	31.3	29.9	61.2	26.0	28.4	27.9	54.5	54.0
FT	15.9	15.6	31.5	17.9	19.5	20.1	37.5	38.0
Other	0.5	0.4	1.0	0.4	1.5	1.0	2.0	1.5
Operating income (to net sales ratio)	10.8 8.3%	12.7 9.8%	23.5 9.1%	12.1 8.9%	16.8 11.4%	18.8 11.9%	29.0 10.2%	31.0 10.5%
Ordinary income	10.6	12.5	23.1	11.6	16.3	18.3	28.0	30.0
Profit attributable to Owners of parent	8.4	10.3	18.8	9.4	13.5	15.0	23.0	24.5

\*Assumed Exchange Rate>> USD1=110 yen    EUR1=120 yen

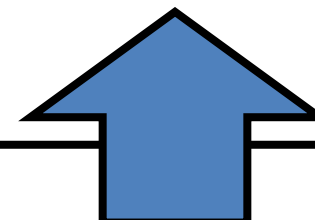
## Shareholder Return <FY2017>

To target a total consolidated shareholder return ratio of 25%\*

\*Our policy released in March 20, 2015

>>When the following targets of the three-year mid-term management plan are achieved.

- ✓ Operating income to net sales ratio of 10% or above
- ✓ An equity ratio of 50 % or above



Cash dividend forecast>> JPY 75.00

With the revision of business forecast, we decided to revise cash dividend (previous forecast: JPY 70.00) and

Expect to acquire our own shares during the period from Feb 7 to Mar 31, 2017 with an upper limit of JPY 2bn or 330 thousand shares whichever comes first.

## 1. FY2017 3Q Business Results



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



## 3. Financial Situation



## 4. FY2017 Business Forecast



## 5. Three-year Medium-term Management Plan



## 6. Recent Hot Topics



## Three-year Medium-term Management Plan “Challenge2016” <2014 April – 2017 March>

### Three targets>>

#### 1. To complete earnings structure reforms

- Operating income to net sales ratio of 10% or above

#### 2. To strengthen financial standing

- An equity ratio of 50% or above

#### 3. To launch businesses in new fields

- Generate profits in the four new business fields



Highly likely to be achieved



Postponed to the next mid-term plan

## Direction of New Mid-term Management Plan

<April 2017 to March 2020>

- >> Increase topline
- >> Raise cash flow

Enhance  
Corporate Value

M&A growth

Organic growth

The Benefit of “Challenge2016”>> Maintain & Improve Profitability  
& Strong Financial Base

## 1. FY2017 3Q Business Results



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## Recent Hot Topics

2016 November – 2017 February

- **HD >> • Developed cold forged parts inspection technology**  
Reduces outflow of defective components, detecting extremely fine defects on the order of several tens of micrometers
- **JCR (Japan Credit Rating Agency) upgraded rating one notch from “BBB” to “BBB+”**
- **SE >> • Developed direct imaging system for FOPLP (Fan-Out Panel Level Packages)**  
Delivers industry-leading 2.0 μm resolution used in semiconductor packaging processes
- **Expanded collaboration with LETI to cover laser anneal technology**
- **GP >> • Hiragino Fonts adopted for information signs in Kobe City, Japan**
- **FT >> • Developed fuel cell production system realizing time and cost reduction**  
Direct coating method enables mass production system

**SCREEN**

**Fit your needs, Fit your future**

