

# Consolidated Business Results & Forecasts

## FY2020 First Quarter Ended June 30, 2019

July 29, 2019

**SCREEN Holdings Co., Ltd.**  
President  
Chief Executive Officer  
**Toshio Hiroe**

\* 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 JPY, except per share figures. A ratio has been rounded off.

\* SCREEN's fiscal year (FY) encompasses the period from April 1 to March 31 of the following calendar year. (Ex. FY2020: April 1, 2019–March 31, 2020)

# Agenda

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**FY2020 1Q Business Results**

**Business Situation in 4 Segments**

**Financial Situation**

**FY2020 Business Forecast**

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**ESG-Related Initiatives**

## FY2020 1Q Summary

- ✓ 1Q results included a decrease in sales and profit, compared with the same period of the previous fiscal year, and we recorded an operating loss
- ✓ The profitability of the SPE segment continued to improve and is expected to continue as forecast for the full year
- ✓ 1Q Orders SPE: ¥60.0bn above forecasts  
FT: ¥14.1bn above forecasts



## **|| FY2020 1Q Business Results**

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**FY2020 1Q Business Results (YoY)**

	FY2019					FY2020		
	1Q	2Q	3Q	4Q	Full	1 Q	Difference(YoY)	
(Billions of JPY)								
<b>Net sales</b>	<b>72.5</b>	<b>97.5</b>	<b>82.3</b>	<b>111.8</b>	<b>364.2</b>	<b>58.2</b>	<b>(14.3)</b>	<b>-19.7%</b>
<b>Operating income (to net sales ratio)</b>	<b>5.1</b> <b>7.0%</b>	<b>10.0</b> <b>10.3%</b>	<b>3.6</b> <b>4.5%</b>	<b>10.7</b> <b>9.6%</b>	<b>29.6</b> <b>8.1%</b>	<b>(4.4)</b> <b>-7.6%</b>	<b>(9.5)</b> —	— <b>-14.6pt</b>
<b>Ordinary income</b>	<b>5.1</b>	<b>10.1</b>	<b>3.3</b>	<b>10.6</b>	<b>29.2</b>	<b>(4.2)</b>	<b>(9.3)</b>	—
<b>Profit attributable to owners of parent</b>	<b>3.5</b>	<b>6.0</b>	<b>0.5</b>	<b>7.9</b>	<b>18.0</b>	<b>(2.9)</b>	<b>(6.4)</b>	—

## FY2020 1Q Business Results (YoY)

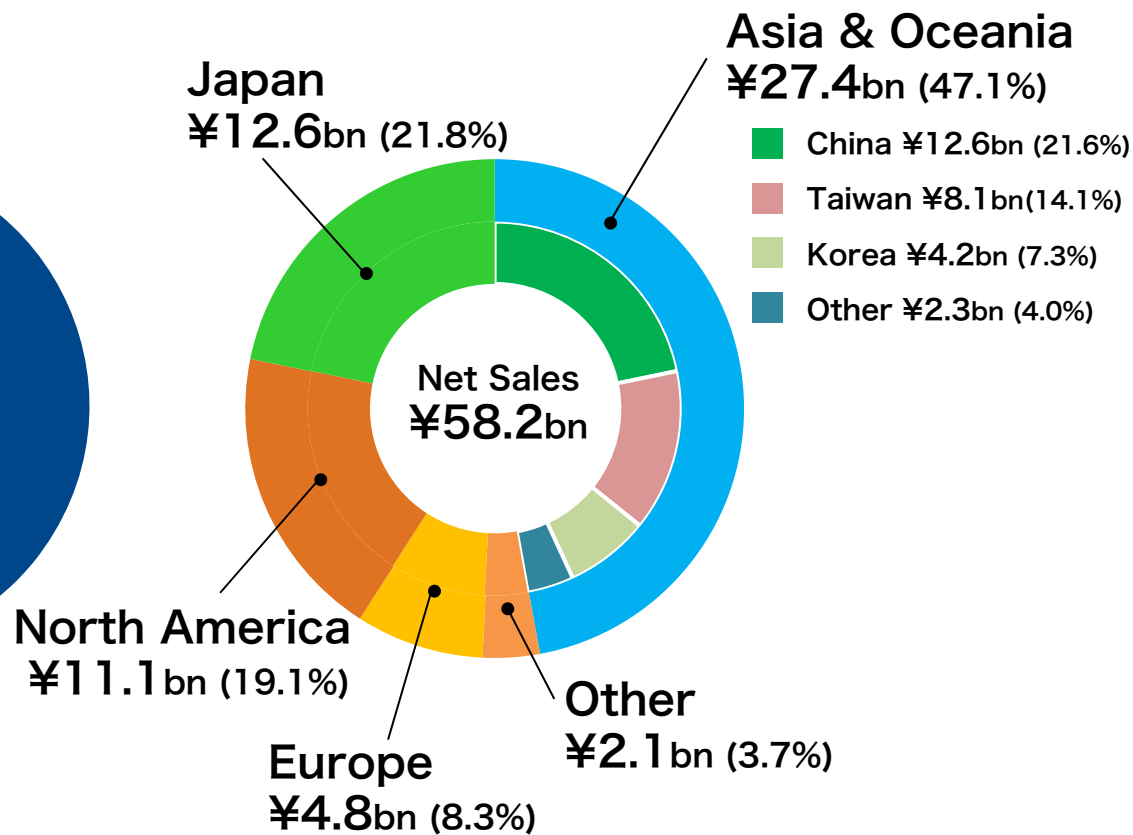
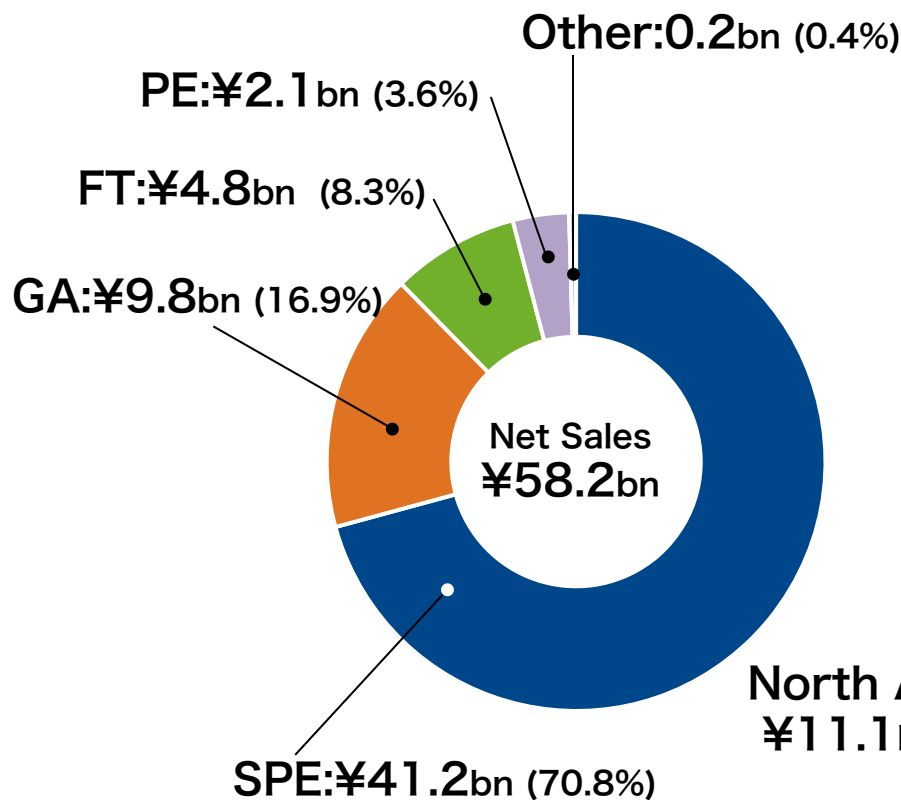
(Billions of JPY)	FY2019					FY2020		
	1Q	2Q	3Q	4Q	Full	1 Q	Difference(YoY)	
<b>Net sales</b>	<b>72.5</b>	<b>97.5</b>	<b>82.3</b>	<b>111.8</b>	<b>364.2</b>	<b>58.2</b>	<b>(14.3)</b>	<b>-19.7%</b>
SPE	47.1	65.7	58.2	81.3	252.5	41.2	(5.9)	-12.6%
GA	11.4	12.4	11.5	12.8	48.2	9.8	(1.6)	-14.3%
FT	10.3	15.0	10.0	13.7	49.2	4.8	(5.5)	-53.6%
PE	3.2	3.9	2.0	3.1	12.3	2.1	(1.1)	-34.7%
Other	0.2	0.4	0.4	0.6	1.9	0.2	(0)	-8.8%
<b>Operating income (to net sales ratio)</b>	<b>5.1</b> <b>7.0%</b>	<b>10.0</b> <b>10.3%</b>	<b>3.6</b> <b>4.5%</b>	<b>10.7</b> <b>9.6%</b>	<b>29.6</b> <b>8.1%</b>	<b>(4.4)</b> <b>-7.6%</b>	<b>(9.5)</b>	<b>-14.6pt</b>
SPE	3.7	7.8	4.9	9.3	25.8	(0)	(3.7)	—
GA	0.2	0.2	0.2	0.4	1.1	(0.2)	(0.4)	—
FT	0.9	1.9	(0.5)	1.4	3.7	(3.5)	(4.4)	—
PE	0.5	0.5	(0)	(0.2)	0.7	(0)	(0.5)	—
Other	(0.3)	(0.4)	(0.8)	(0.2)	(1.8)	(0.5)	(0.2)	—
<b>Ordinary income</b>	<b>5.1</b>	<b>10.1</b>	<b>3.3</b>	<b>10.6</b>	<b>29.2</b>	<b>(4.2)</b>	<b>(9.3)</b>	—
<b>Profit attributable to owners of parent</b>	<b>3.5</b>	<b>6.0</b>	<b>0.5</b>	<b>7.9</b>	<b>18.0</b>	<b>(2.9)</b>	<b>(6.4)</b>	—

■ SPE: Semiconductor Production Equipment Business   
 ■ GA: Graphic Arts Equipment Business  
■ FT: Display Production Equipment and Coater Business   
 ■ PE: PCB-related Equipment Business

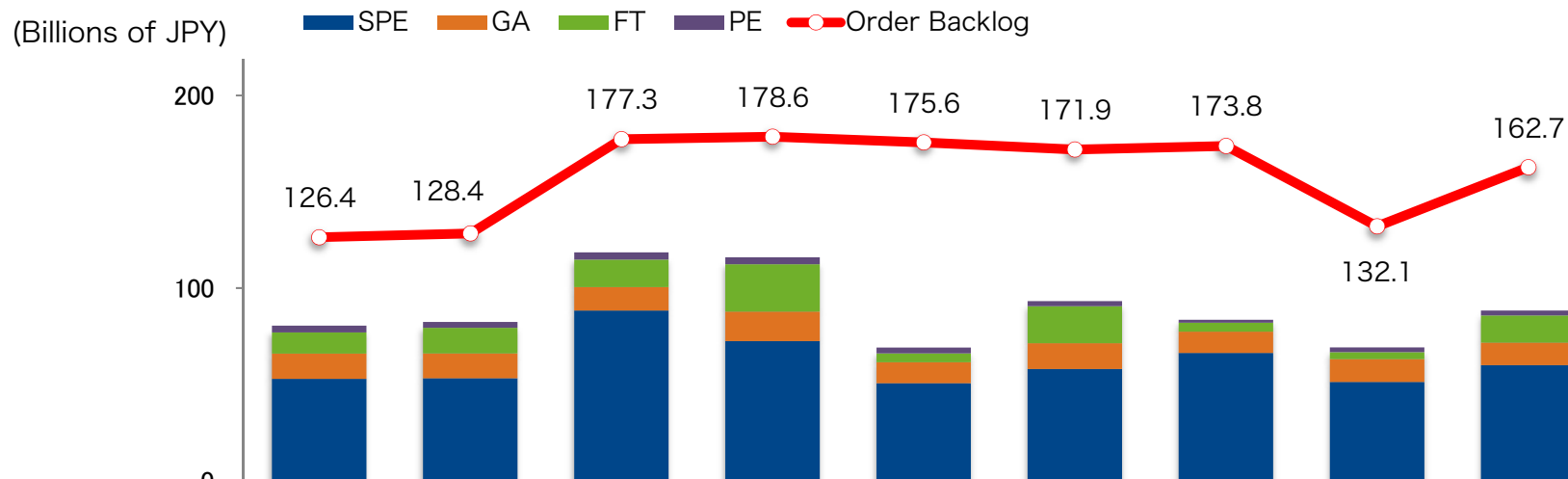
# FY2020 1Q Business Results

## ■ Sales by Segment

## ■ Sales by Region



## Quarterly Orders Received and Order Backlog



(Billions of JPY)	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Orders received</b>	<b>80.6</b>	<b>82.5</b>	<b>118.7</b>	<b>116.1</b>	<b>69.2</b>	<b>93.4</b>	<b>83.7</b>	<b>69.4</b>	<b>88.5</b>
SPE	52.9	53.2	88.3	72.5	50.6	58.0	66.3	51.3	60.0
GA	13.1	12.9	12.2	15.3	10.9	13.4	11.1	11.8	11.7
FT	11.0	13.3	14.3	24.6	4.6	19.2	4.6	3.6	14.1
PE	3.5	3.0	3.7	3.6	3.0	2.6	1.5	2.5	2.5
<b>Order backlog</b>	<b>126.4</b>	<b>128.4</b>	<b>177.3</b>	<b>178.6</b>	<b>175.6</b>	<b>171.9</b>	<b>173.8</b>	<b>132.1</b>	<b>162.7</b>
SPE	76.7	76.7	119.6	110.3	113.8	106.1	114.3	84.3	103.1
GA	7.1	6.1	6.5	5.0	4.5	5.6	5.3	4.3	6.2
FT	39.8	43.2	48.4	59.7	54.0	58.2	52.8	42.7	52.1
PE	2.7	2.3	2.6	3.3	3.1	1.8	1.3	0.7	1.2





## FY2020 1Q Business Results

### **|| Business Situation in 4 Segments**

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ESG-Related Initiatives

## Main Initiatives and Conditions Going Forward

- ✓ **SPE market: In CY2019, our outlook on the WFE (wafer fab equipment) market has not been changed much, expected to be worth mid \$40bn, down 15–20% YoY**
  - There is no change in our outlook on the market over the medium to long term, too
- ✓ **Memory: The timing of investment recovery appears to be delayed. A full recovery may be pushed back to CY2020**
  - We are carefully watching the situation and ready to restart investment
- ✓ **Foundry: Investment in miniaturization will proceed favorably, and investment is expected to expand ahead of schedule**
  - We aim to bolster our response to leading-edge processes and deliver equipment in a timely manner
- ✓ **Logic: Investment in mass production and miniaturization will proceed right along**
  - We will strengthen support for further investments into existing nodes and processes to switch over to leading-edge nodes
- ✓ **IoT-related investment: Applicable area covers diverse fields**
  - Investment in sensors, including CMOS sensors and power semiconductors will ramp up. MEMS will be firm, too
- ✓ **Semiconductor Market in China: Investment will recover and rise**
  - We will steadily receive orders such as second-round investment by local memory makers and investment in miniaturization by existing foundry makers while paying careful attention to U.S.-China trade tensions

## SPE: Business Situation

Comparison(YoY)	FY2019	FY2020	Difference	
	1Q	1Q		
(Billions of JPY)				
<b>Net sales</b>	<b>47.1</b>	<b>41.2</b>	<b>(5.9)</b>	<b>-12.6%</b>
<b>Operating income (to net sales ratio)</b>	<b>3.7 8.0%</b>	<b>(0) -0.1%</b>	<b>(3.7) -8.1pt</b>	<b>—</b>

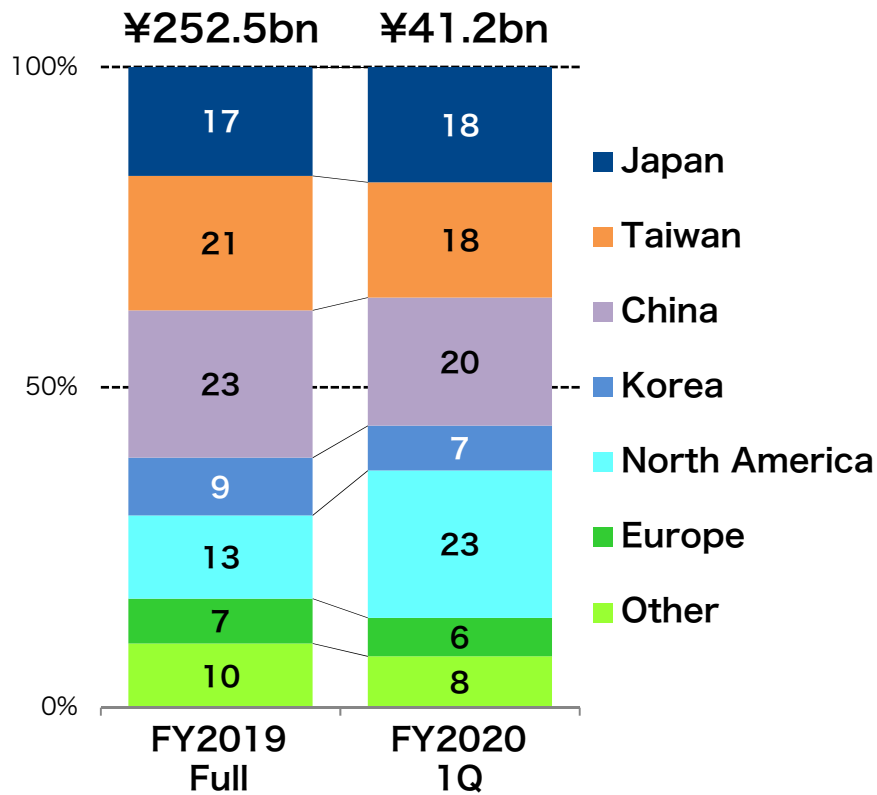
Comparison(QoQ)	FY2019	FY2020	Difference	
	4Q	1Q		
(Billions of JPY)				
<b>Net sales</b>	<b>81.3</b>	<b>41.2</b>	<b>(40.1)</b>	<b>-49.4%</b>
<b>Operating income (to net sales ratio)</b>	<b>9.3 11.5%</b>	<b>(0) -0.1%</b>	<b>(9.3) -11.5pt</b>	<b>—</b>

## Outlook

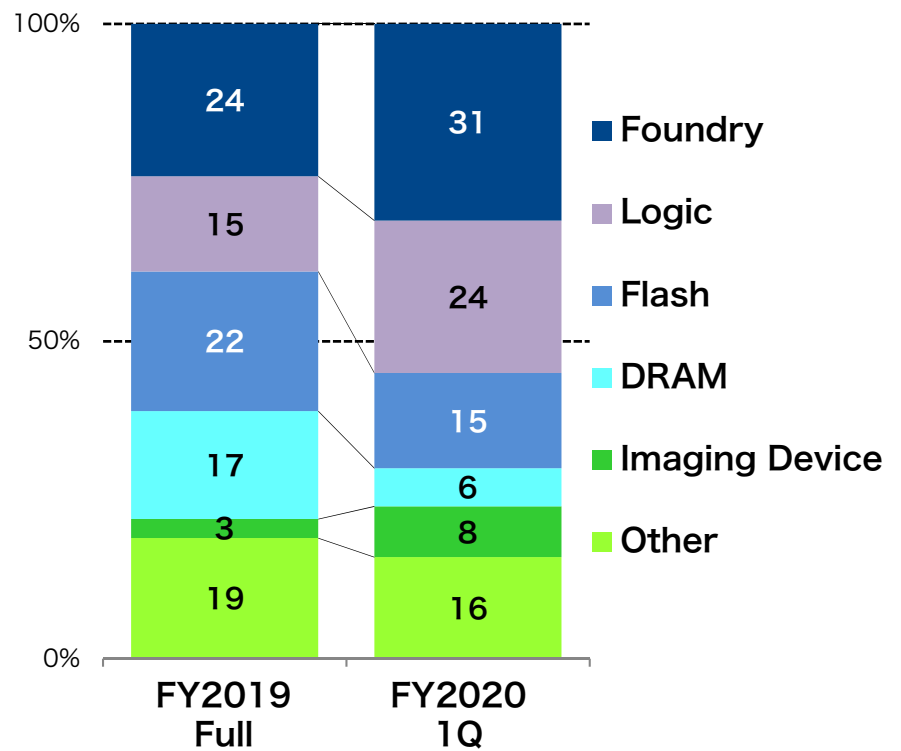
- Sales to foundries and logic chip manufacturers increased YoY, and sales to memory manufacturers fell, despite firm sales of IoT-related equipment
- We recorded an operating loss due mainly to a large decrease in sales and a rise in the variable cost ratio. Profitability will be improved for our effort in improvement activities form FY2019 2H (1Q operating loss is temporary)

# Composition of Sales

■ By Region -destination- (Consolidated)

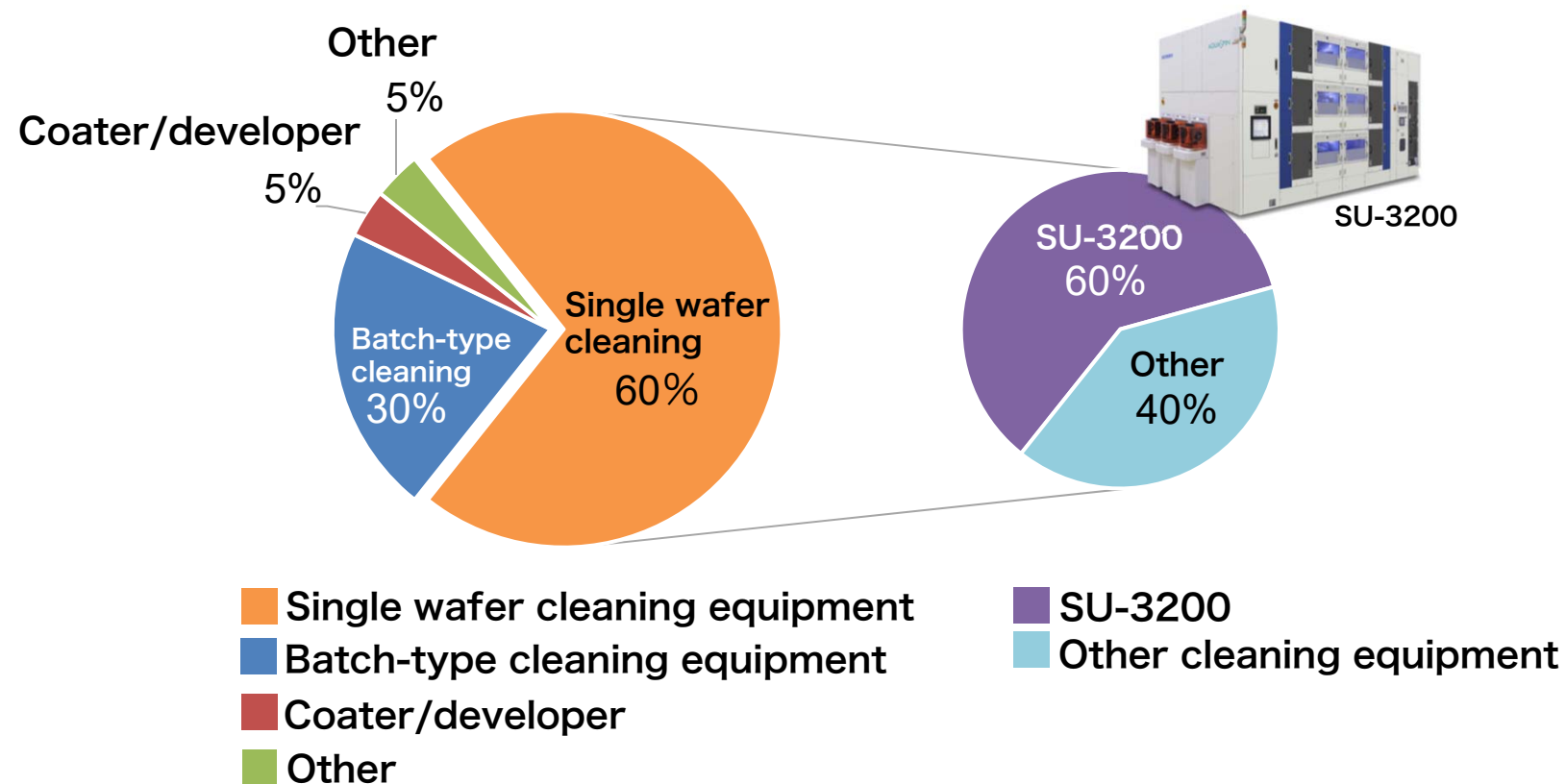


■ By Application Device (Nonconsolidated)



## Composition of Sales (Nonconsolidated)

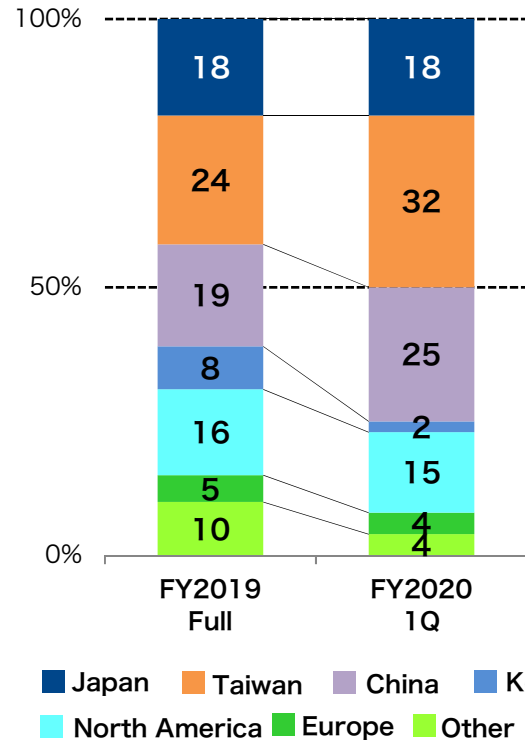
### ■ FY2020 1Q by Cleaning Equipment



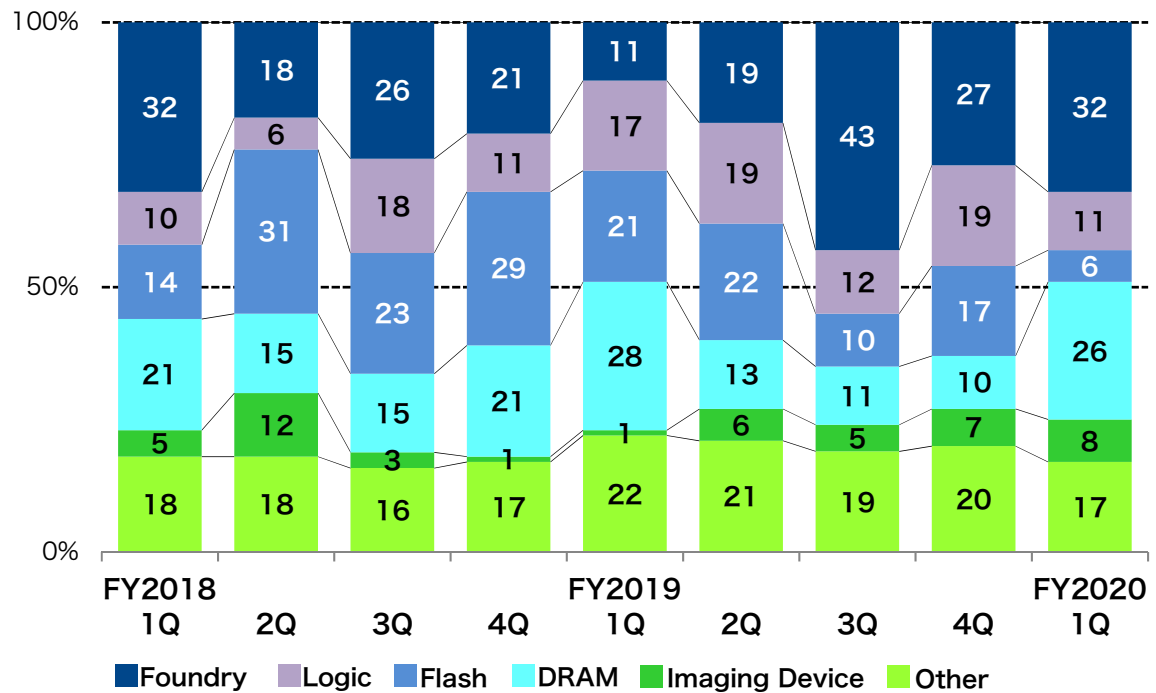
※ Ratio: approximate numbers per 5%

# Orders Received Ratio (Nonconsolidated)

■ By Region



■ Quarterly by Application Device



- Foundry orders were strong, and memory orders rose slightly (DRAM increased markedly, and NAND decreased significantly)
- 1Q consolidated orders totaled ¥60.0bn, above forecasts
- 2Q consolidated orders are expected to perform roughly on par with 1Q

## GA: Business Situation

Comparison(YoY) (Billions of JPY)	FY2019	FY2020	Difference	
	1Q	1Q		
<b>Net sales</b>	<b>11.4</b>	<b>9.8</b>	<b>(1.6)</b>	<b>-14.3%</b>
<b>Operating income (to net sales ratio)</b>	<b>0.2</b> 2.0%	<b>(0.2)</b> -2.3%	<b>(0.4)</b> -4.3pt	<b>—</b>

Comparison(QoQ) (Billions of JPY)	FY2019	FY2020	Difference	
	4Q	1Q		
<b>Net sales</b>	<b>12.8</b>	<b>9.8</b>	<b>(2.9)</b>	<b>-23.4%</b>
<b>Operating income (to net sales ratio)</b>	<b>0.4</b> 3.8%	<b>(0.2)</b> -2.3%	<b>(0.7)</b> -6.1pt	<b>—</b>

### Outlook

- Sales decreased and profit fell YoY
- Sales of CTP and POD decreased
- The sales ratio of after-sales services, especially ink, steadily rose

## FT: Business Situation

Comparison(YoY)	FY2019	FY2020	Difference	
	1Q	1Q		
(Billions of JPY)				
<b>Net sales</b>	<b>10.3</b>	<b>4.8</b>	<b>(5.5)</b>	<b>-53.6%</b>
<b>Operating income (to net sales ratio)</b>	<b>0.9</b> 8.7%	<b>(3.5)</b> -74.0%	<b>(4.4)</b> -82.7pt	—

Comparison(QoQ)	FY2019	FY2020	Difference	
	4Q	1Q		
(Billions of JPY)				
<b>Net sales</b>	<b>13.7</b>	<b>4.8</b>	<b>(8.9)</b>	<b>-65.1%</b>
<b>Operating income (to net sales ratio)</b>	<b>1.4</b> 10.4%	<b>(3.5)</b> -74.0%	<b>(4.9)</b> -84.4pt	—

### Outlook

- Sales decreased and profit fell YoY. Profit fell significantly due to a rise in the variable cost ratio
- 1Q consolidated orders were ¥14.1bn. Mainly OLED orders grew QoQ
- 2Q consolidated orders are also expected to exceed ¥10.0bn



PE: Business Situation

Comparison(YoY)	FY2019	FY2020	Difference	
	1Q	1Q		
(Billions of JPY)				
Net sales	3.2	2.1	(1.1)	-34.7%
Operating income (to net sales ratio)	0.5 16.3%	(0) -2.3%	(0.5) -18.6pt	—

Comparison(QoQ)	FY2019	FY2020	Difference	
	4Q	1Q		
(Billions of JPY)				
Net sales	3.1	2.1	(1.0)	-32.3%
Operating income (to net sales ratio)	(0.2) -6.4%	(0) -2.3%	(0.1) 4.1pt	—

Outlook

- Sales decreased and profit fell YoY
- Sales to smartphone-related investment remained sluggish. We were unable to offset this with steady sales of automotive-related investment



FY2020 1Q Business Results

Business Situation in 4 Segments

**|| Financial Situation**

FY2020 Business Forecast

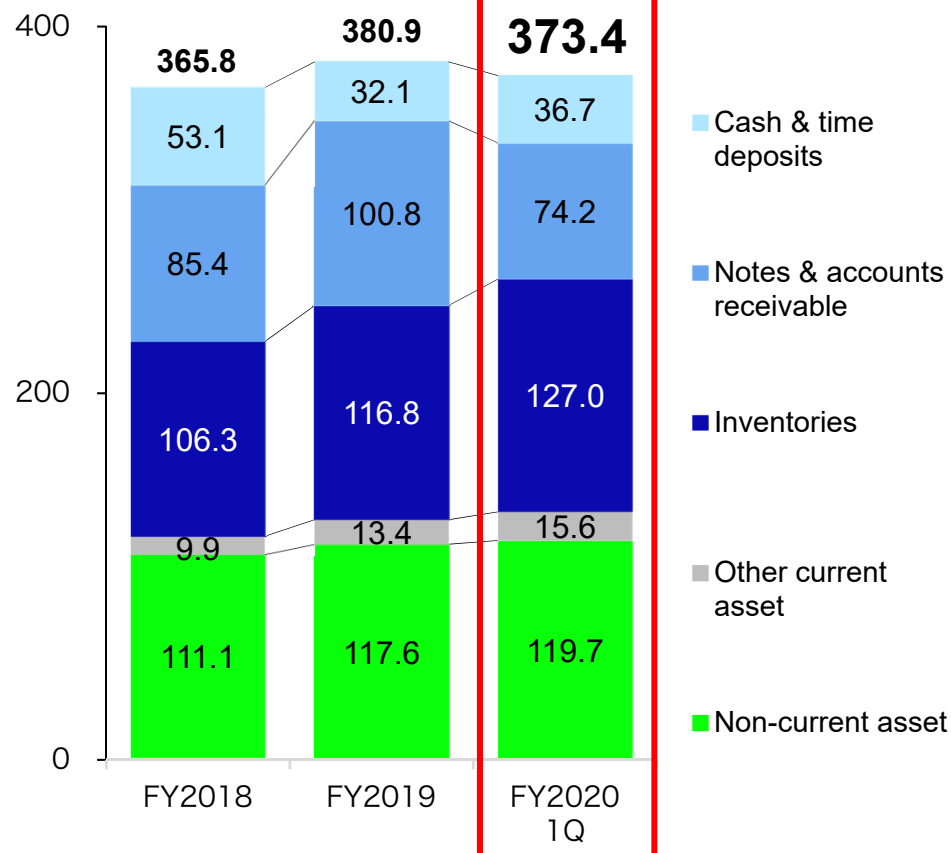
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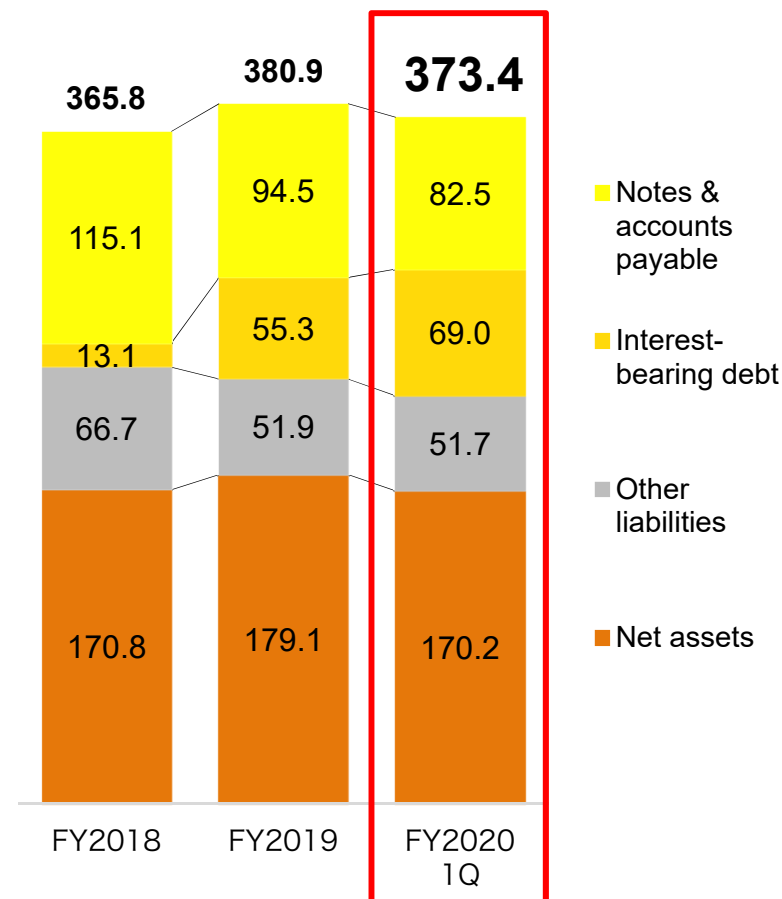
## Financial Situation: Trend in B/S

### Assets

(Billions of JPY)



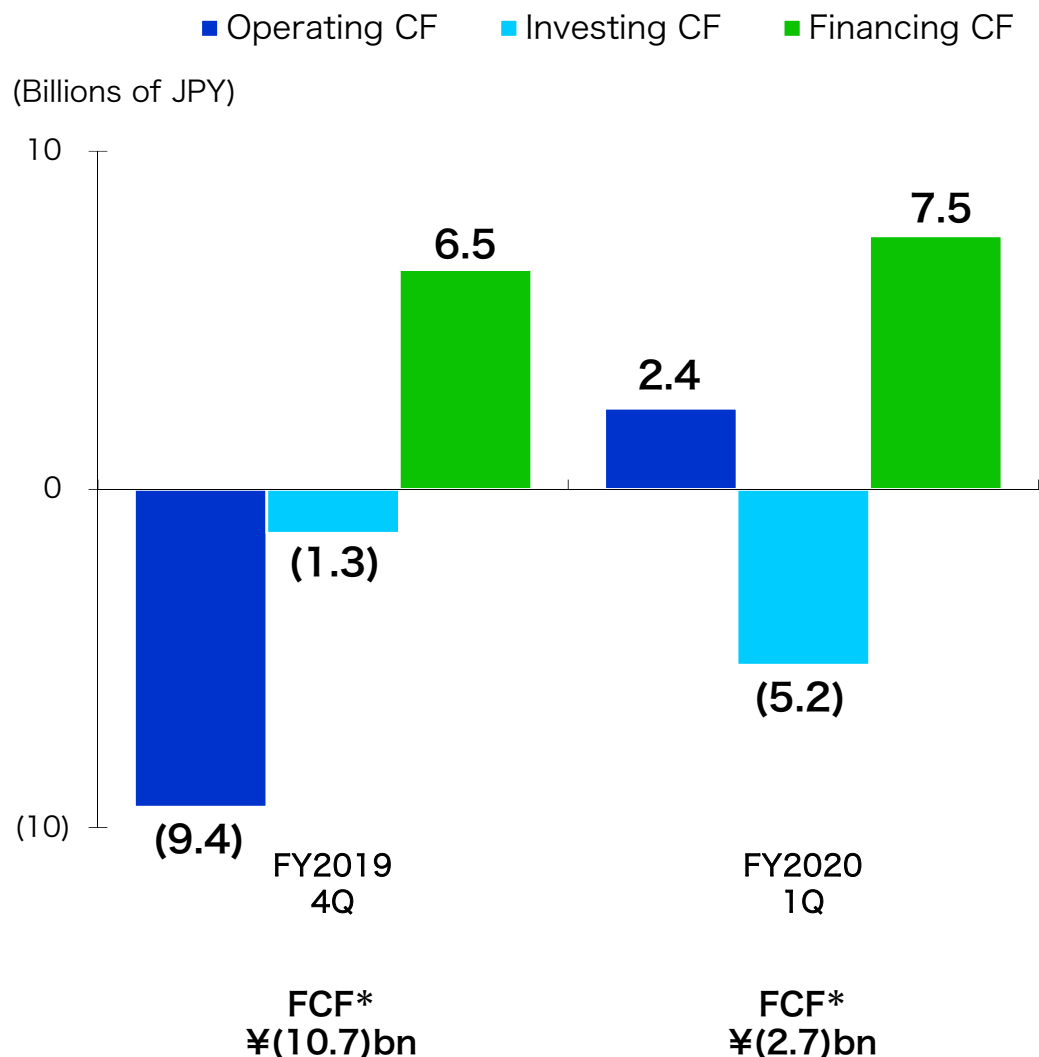
### Liabilities & Net Assets



**Equity Ratio : 47.0% (FY2019 4Q) → 45.5% (FY2020 1Q)**

\* SCREEN adopts the Partial Amendments to Accounting Standard for Tax Effect Accounting from the beginning of FY2019. The results from FY2018 have been retroactively adjusted in line with the partial amendment.

# Cash Flows



### Operating CF

Net cash provided by operating activities amounted to ¥2.4bn. This was because the sum of a decrease in notes and accounts receivable including electronically recored monetaly claims, an increase in other current liabilities, and other inflows exceeded an increase in inventories, a decrease in notes and accounts payable including electronically recorded obligations, income taxes paid, and other outflows.

### Investing CF

Net cash used in investing activities amounted to ¥5.2bn. This was largely attributable to the purchase of property, plant and equipment, such as equipment for R&D.

### Financing CF

Net cash provided by financing activities amounted to ¥7.5bn. This was due to an increase in short-term loans payable, despite cash dividends paid.

\* FCF: Free Cash Flow



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## Business Forecast for FY2020

\*Forecast operating income by segment: approximate numbers per 0.5bn

(Billions of JPY)	FY2019 (Result) Full	FY2020 (Forecast)					
		1H		2H		Full	
		May	July	May	July	May	July
<b>Net sales</b>	<b>364.2</b>	<b>147.0</b>	<b>145.0</b>	<b>180.0</b>	<b>179.0</b>	<b>327.0</b>	<b>324.0</b>
SPE	252.5	100.0	105.0	120.0	114.0	220.0	219.0
GA	48.2	24.0	21.5	25.0	24.0	49.0	45.5
FT	49.2	16.5	13.0	26.5	33.0	43.0	46.0
PE	12.3	5.5	4.5	6.5	6.5	12.0	11.0
Other	1.9	1.0	1.0	2.0	1.5	3.0	2.5
<b>Operating income (to net sales ratio)</b>	<b>29.6 8.1%</b>	<b>4.0 2.7%</b>	<b>0 0.0%</b>	<b>22.5 12.5%</b>	<b>25.0 14.0%</b>	<b>26.5 8.1%</b>	<b>25.0 7.7%</b>
SPE	25.8	4.0*	4.5*	18.0*	17.5*	22.0*	22.0*
GA	1.1	1.5*	0.5*	2.5*	2.5*	4.0*	3.0*
FT	3.7	0*	(3.0)*	3.5*	6.0*	3.5*	3.0*
PE	0.7	0*	(0.5)*	0.5*	0.5*	0.5*	0*
Other	(1.8)	(1.5)*	(1.5)*	(2.0)*	(1.5)*	(3.5)*	(3.0)*
<b>Ordinary income</b>	<b>29.2</b>	<b>3.0</b>	<b>(0.5)</b>	<b>21.0</b>	<b>23.0</b>	<b>24.0</b>	<b>22.5</b>
<b>Profit attributable to owners of parent</b>	<b>18.0</b>	<b>2.5</b>	<b>(0.5)</b>	<b>15.5</b>	<b>17.5</b>	<b>18.0</b>	<b>17.0</b>

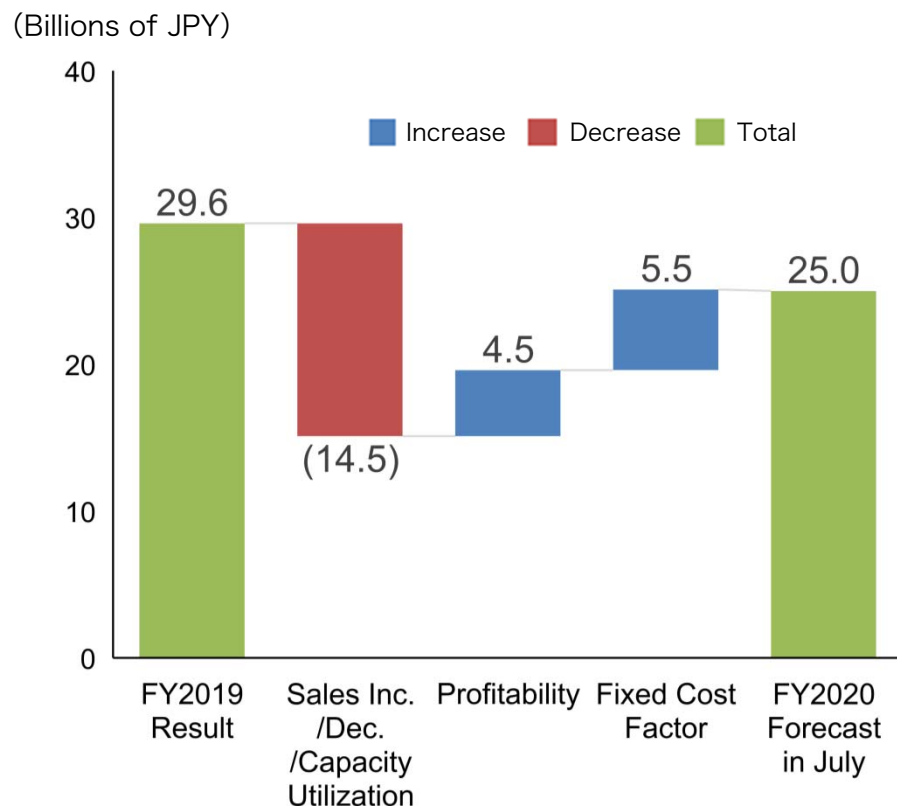
Assumed Exchange Rate in FY2020 >> USD1 = ¥105, EUR1 = ¥120

Forecast of annual cash dividends for FY2020 >> JPY 97.00 per share (year-end cash dividend)

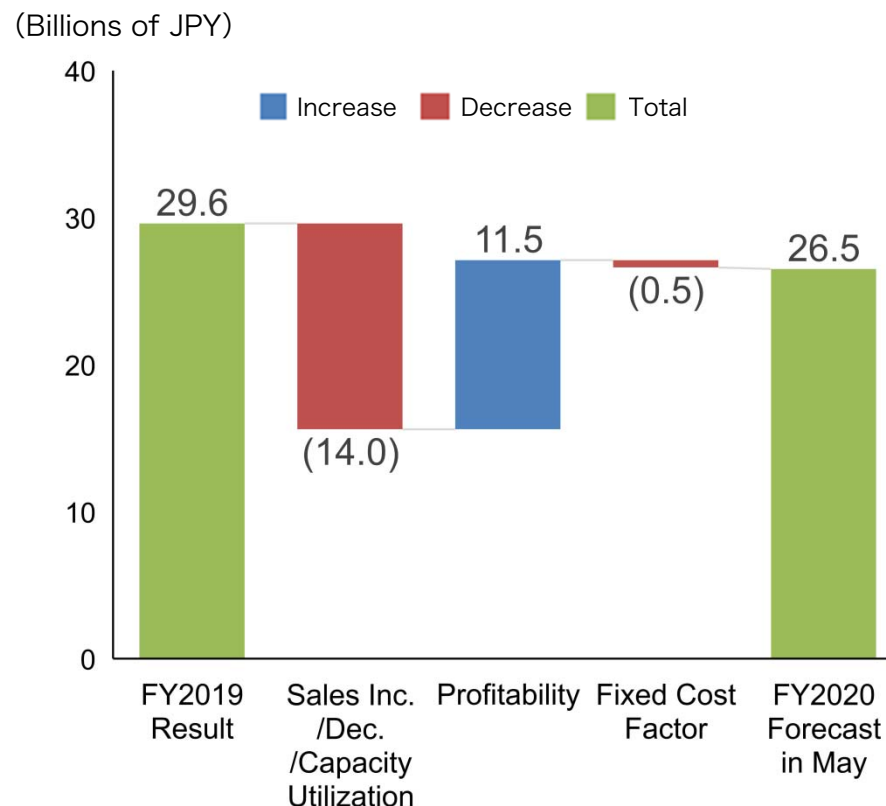
Assumed exchange rate sensitivity in FY2020 (Operating income base) >> To USD: ¥110 million To EUR: ¥40 million

## FY2020 Analysis of Comparison in Operating Income (YoY)

### FY2020 Forecast in July Comparison with FY2019 result



### FY2020 Forecast in May Comparison with FY2019 result



\* Operating Income Factor: approximate numbers per 0.5bn



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**■ ■ Recent News**

ESG-Related Initiatives



## Recent News

### HD

- Supported the Kansai University SDGs Forum
- Successfully built an internal-organ perfusion system to support transplant surgery
  - Developed a heat-insulating bag and cannula for organ perfusion that help preserve organs for perfusion transplants

### GA

- In the U.S. Image Test Labs survey, the Truepress Jet520HD was the only inkjet printer that received a quality assessment placing it on par with offset printers
- The Hiragino font was selected as the brand-designated font for Miyako Hotels & Resorts



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## ESG-Related Initiatives



The SCREEN Group recognizes significant similarities between its Corporate Philosophy and the UN's Sustainable Development Goals (SDGs). In line with this recognition, the Group places emphasis on and is proactively taking on the initiatives particular 6 High-Materiality Tasks listed below among 17 goals. The Group is thus helping to create a peaceful and prosperous society in which no one is left behind while supporting sustainable growth in regions around the globe.

### >> 6 High-Materiality Tasks



### Selected for ESG-related stock indices

→SCREEN Holdings Co., Ltd. is a constituent of the FTSE4Good Index Series (since 2014), the FTSE Blossom Japan Index (since 2017), and the SNAM Sustainability Index (since 2018).



FTSE4Good



FTSE Blossom Japan



Member of SNAM Sustainability Index 2019

## For Reference: Changes in Main Index

(Billions of JPY)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (Forecast)
Net sales	237.6	259.6	300.2	339.3	364.2	324.0
Operating income	17.1	23.5	33.7	42.7	29.6	25.0
Operating income ratio (%)	7.2	9.1	11.2	12.6	8.1	7.7
Total assets	249.5	270.0	300.6	365.8	380.9	—
Equity	110.8	119.6	142.8	170.8	179.1	—
Equity ratio(%)	44.4	44.3	47.5	46.7	47.0	—
ROE(%)	12.3	16.3	18.4	18.2	10.3	—
Depreciation and amortization	4.8	5.0	5.3	5.7	6.8	10.0
Capital expenditures	6.6	6.3	8.2	14.4	24.0	11.0
R&D expenses	13.9	15.1	17.7	20.8	22.8	22.0
EPS (JPY)	255.35	396.75	511.96	608.62	387.10	364.33

**SCREEN**