

Consolidated Business Results & Forecasts

FY2020 Second Quarter Ended September 30, 2019

October 30, 2019

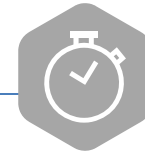
SCREEN Holdings Co., Ltd.
President
Chief Executive Officer
Toshio Hiroe

* 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



FY2020 1H Business Results

Business Situation in 4 Segments

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FY2020 Business Forecast

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ESG-Related Initiatives

FY2020 1H Summary

- ✓ **1H operating results included a decrease in sales and profit YoY, while operating income significantly exceeded forecasts announced in July 2019**
 - Making steady progress in our plans aimed at improving profitability of SPE
- ✓ **Orders received in 2Q**
 - SPE: Net sales was above ¥60.0bn, exceeded orders received in 1Q as expected, maintaining robust performance**
 - FT: Staying virtually in line with our estimation**



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FY2020 1H Business Results (YoY)

(Billions of JPY)	FY2019						FY2020				
	1Q	2Q	1H	3Q	4Q	Full	1Q	2Q	1H	Difference (YoY)	
Net sales	72.5	97.5	170.0	82.3	111.8	364.2	58.2	89.9	148.1	(21.8)	-12.9%
Operating income (to net sales ratio)	5.1 7.0%	10.0 10.3%	15.1 8.9%	3.6 4.5%	10.7 9.6%	29.6 8.1%	(4.4) -7.6%	7.8 8.7%	3.4 2.3%	(11.7) -	-77.4% -6.6pt
Ordinary income	5.1	10.1	15.3	3.3	10.6	29.2	(4.2)	7.6	3.4	(11.8)	-77.7%
Profit attributable to owners of parent	3.5	6.0	9.5	0.5	7.9	18.0	(2.9)	5.3	2.3	(7.2)	-75.1%

FY2020 1H Business Results

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

(Billions of JPY)	FY2019			FY2020							
	1H	2H	Full	1Q	2Q	Difference		1H	1H	Difference	
								Jul Released			
Net sales	170.0	194.1	364.2	58.2	89.9	31.7	54.5%	145.0	148.1	3.1	2.2%
SPE	112.8	139.6	252.5	41.2	65.6	24.4	59.4%	105.0	106.9	1.9	1.8%
GA	23.8	24.3	48.2	9.8	12.9	3.1	31.9%	21.5	22.7	1.2	5.9%
FT	25.4	23.8	49.2	4.8	8.0	3.2	66.7%	13.0	12.8	(0.1)	-1.2%
PE	7.1	5.1	12.3	2.1	2.6	0.5	25.3%	4.5	4.7	0.2	6.3%
Others	0.7	1.1	1.9	0.2	0.6	0.3	137.7%	1.0	0.8	(0.1)	-11.5%
Operating income (to net sales ratio)	15.1 8.9%	14.4 7.4%	29.6 8.1%	(4.4) -7.6%	7.8 8.7%	12.2 -	-	0 0.0%	3.4 2.3%	3.4 2.3pt	-
SPE	11.6	14.2	25.8	(0)	6.5	6.6	-	4.5*	6.5	2.0	44.9%
GA	0.4	0.6	1.1	(0.2)	1.1	1.3	-	0.5*	0.9	0.4	88.4%
FT	2.8	0.9	3.7	(3.5)	0.5	4.1	-	(3.0)*	(3.0)	(0)	-
PE	1.0	(0.2)	0.7	(0)	0	0	-	(0.5)*	(0)	0.4	-
Others	(0.7)	(1.0)	(1.8)	(0.5)	(0.4)	0.1	-	(1.5)*	(0.9)	0.5	-
Ordinary income	15.3	13.9	29.2	(4.2)	7.6	11.9	-	(0.5)	3.4	3.9	-
Profit attributable to owners of parent	9.5	8.4	18.0	(2.9)	5.3	8.2	-	(0.5)	2.3	2.8	-

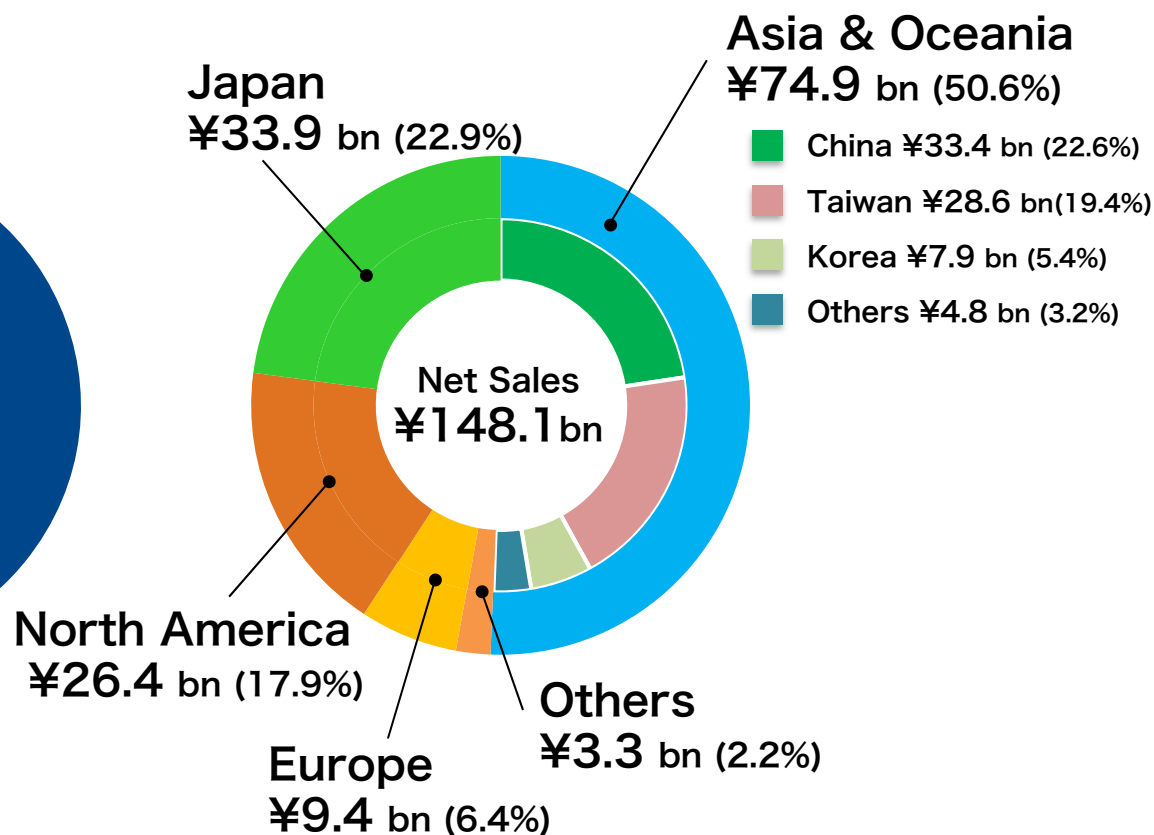
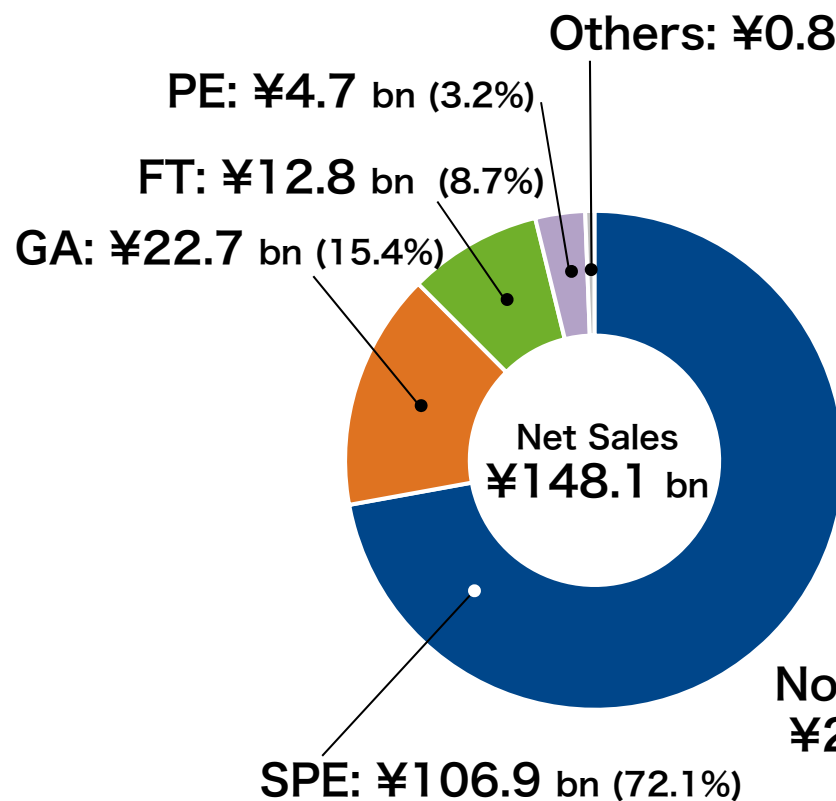
■ SPE: Semiconductor Production Equipment Business
 ■ FT: Display Production Equipment and Coater Business

■ GA: Graphic Arts Equipment Business
 ■ PE: PCB-related Equipment Business

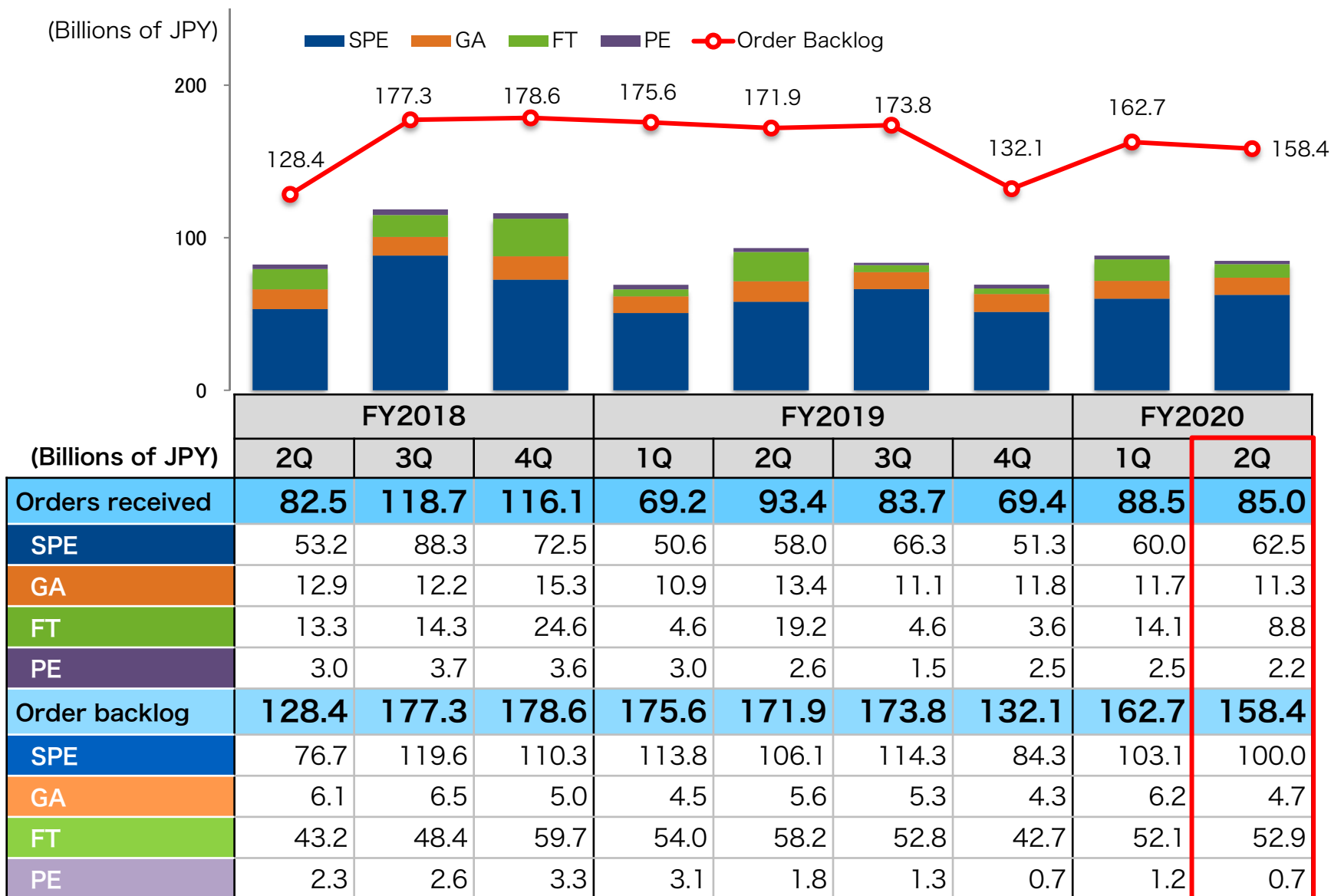
FY2020 1H Business Results

Sales by Segment

Sales by Region



Quarterly Orders Received and Order Backlog





FY2020 1H Business Results

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ESG-Related Initiatives

Main Initiatives and Conditions Going Forward

- ✓ **SPE market:** In CY2020, WFE will benefit from growing needs in such fields as servers, industrial equipment, automotive devices and AI. Expecting sales to total more than \$50 bn, +5~10% compared with CY2019
- ✓ **Foundry:** Expecting significant growth in miniaturization-related investments
 - Focus on securing responsiveness to newly introduced processes and meeting needs for larger capacities and higher performance in a timely manner
- ✓ **Logic:** Seeing robust investment in mass-production facilities and that for promoting miniaturization
 - Maintain close collaboration with customers while transitioning to cutting-edge nodes in addition to securing a stable volume of orders arising from additional investments associated with the mass-production of existing nodes
- ✓ **Memory:** Anticipating the resumption of investment after the second half of CY2020
 - Pay close attention to current trends as we have seen signs of the partial resumption of NAND-related investments
- ✓ **Image devices:** Seeing robust investment due to the growing popularity of smartphones with multiple cameras
 - Strive to meet customer needs, expecting to achieve quantitative growth
- ✓ **Others:** Investments in power semiconductors, etc., are active, due to expectations arising from the popularization of IoT (including those related to 5G and automotive devices) and the adoption of 300mm wafers. In China, capital investment will continue

SPE: Business Situation

Comparison(YoY)	FY2019	FY2020	Difference	
	1H	1H		
(Billions of JPY)				
Net sales	112.8	106.9	(5.9)	-5.3%
Operating income (to net sales ratio)	11.6 10.3%	6.5 6.1%	(5.0) -4.2pt	-43.8%

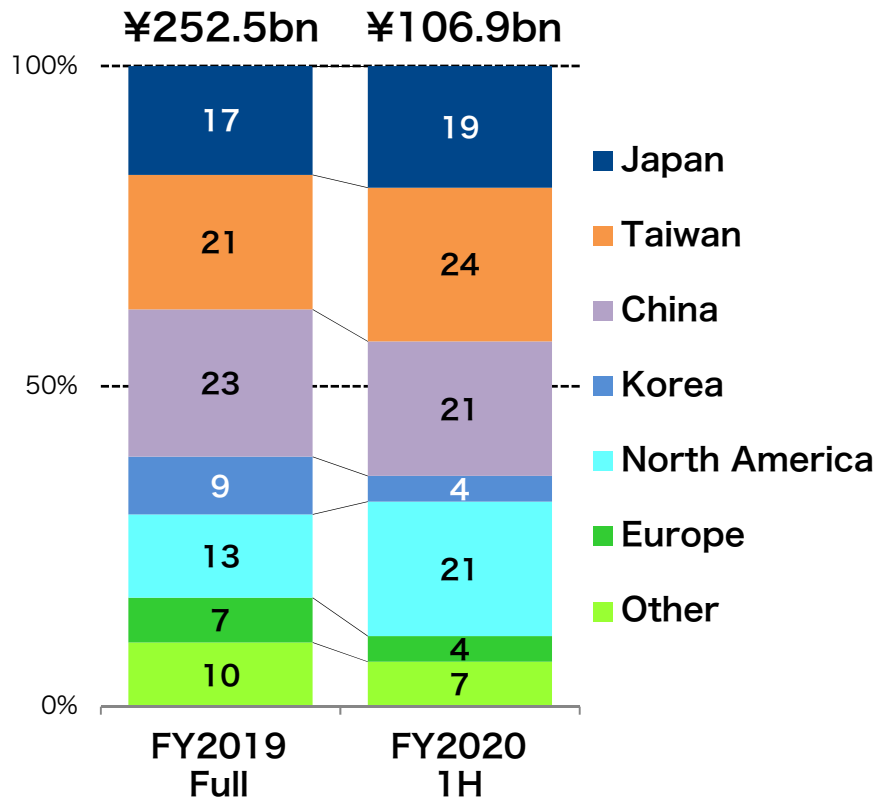
Comparison(QoQ)	FY2020	FY2020	Difference	
	1Q	2Q		
(Billions of JPY)				
Net sales	41.2	65.6	24.4	59.4%
Operating income (to net sales ratio)	(0) -0.1%	6.5 10.0%	6.6	—

Outlook

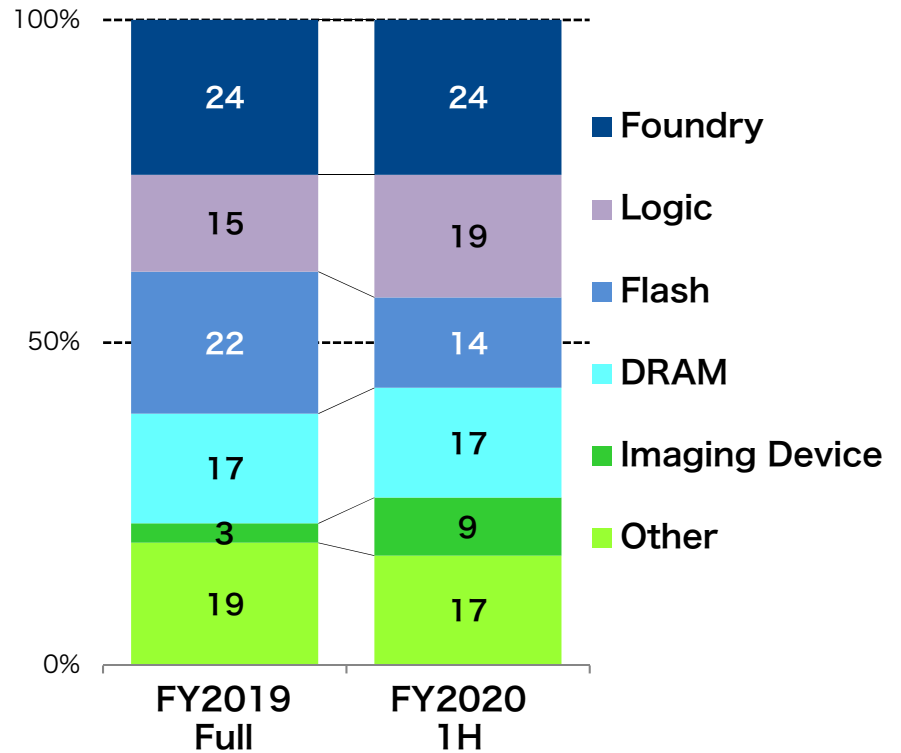
- Sales to foundries, logic chip and imaging device manufacturers increased YoY
- Operating income: Decreased YoY due mainly to lower sales and a rise in the variable cost ratio; continued profitability improvement thanks to ongoing efforts from late FY2019. Significant improvement is achieved in both net sales and profits compared to 1Q

Composition of Sales

■ By Region –destination based- (Consolidated)

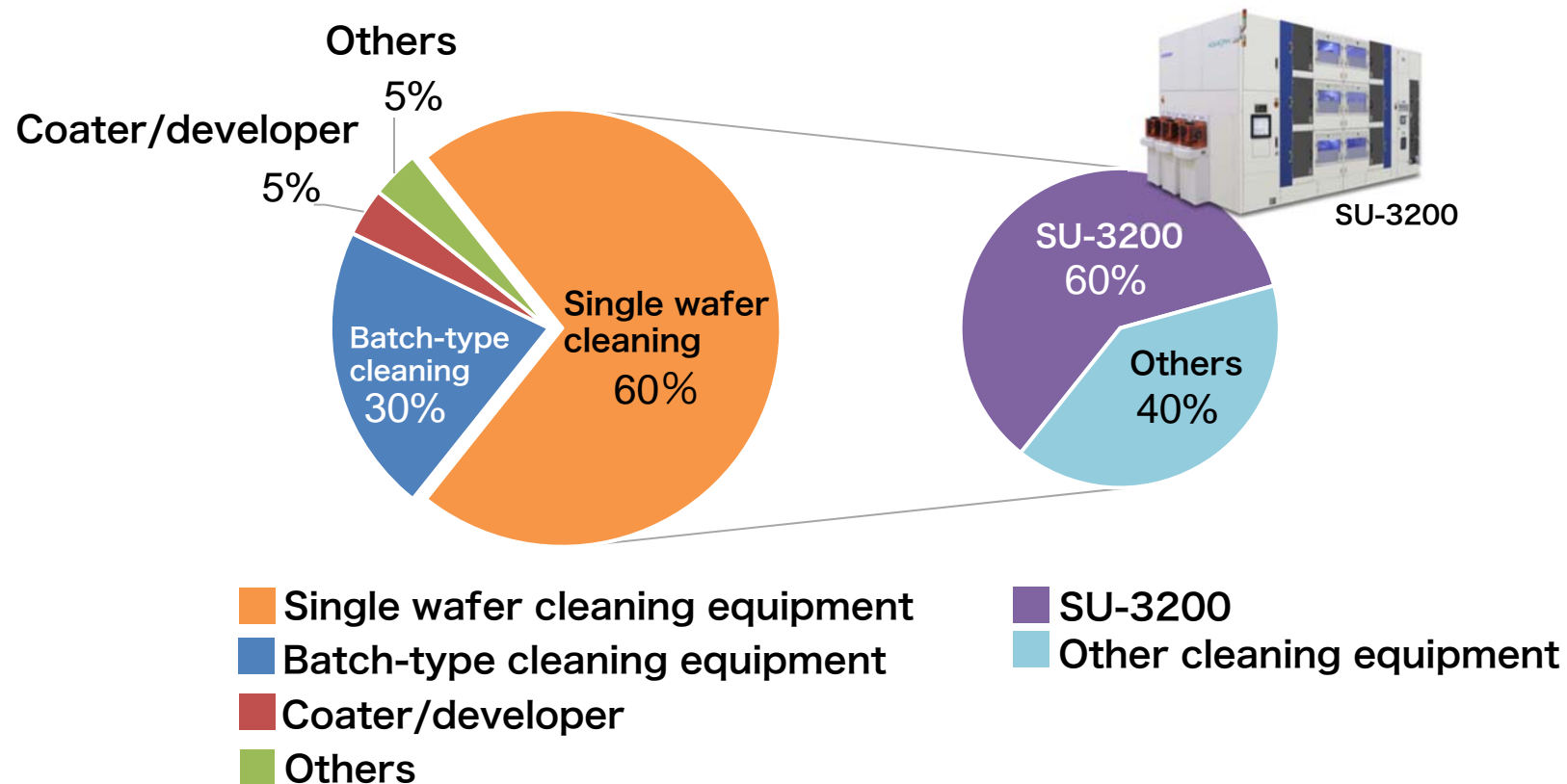


■ By Application Device (Nonconsolidated)



Composition of Sales (Nonconsolidated)

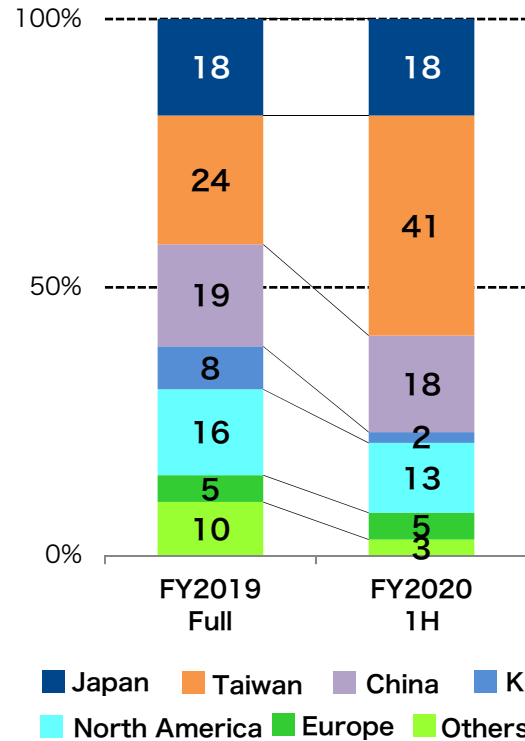
■ FY2020 1H Sales Ratio of Cleaning Equipment by Product



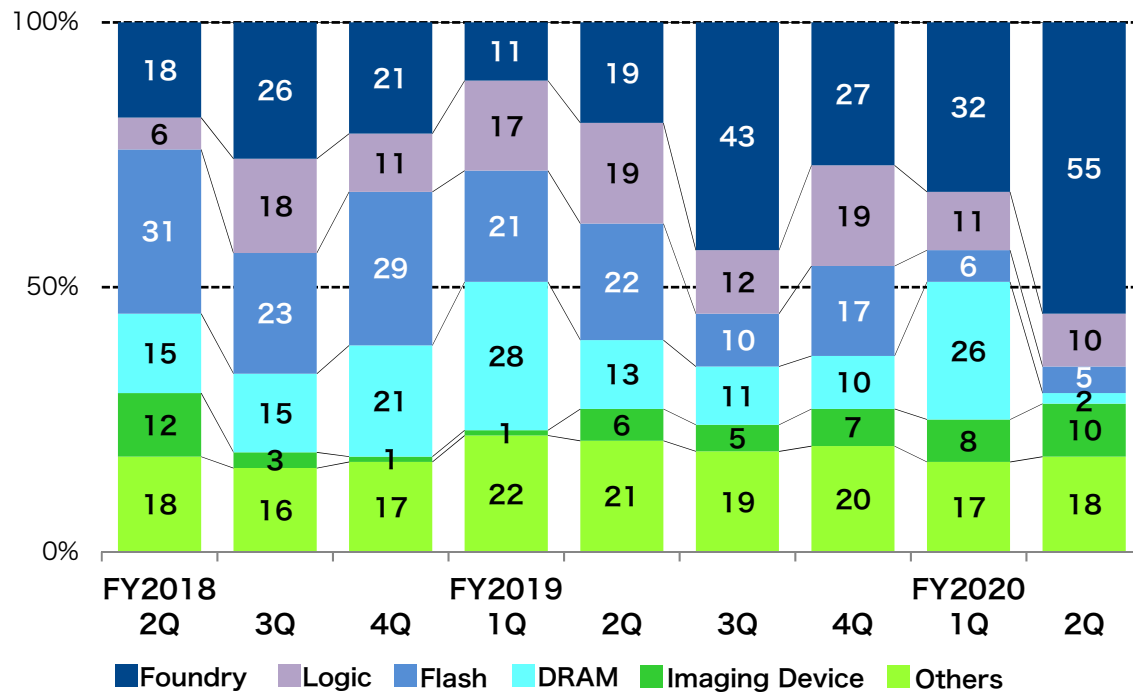
※ Ratio: approximate numbers per 5%

Orders Received Ratio (Nonconsolidated)

■ By Region



■ Quarterly by Application Device



- Foundry orders were extremely strong, imaging device orders were also above forecasts. Logic chip orders were firm However, memory was sluggish
- 2Q consolidated orders totaled ¥62.5bn, above 1Q

GA: Business Situation

Comparison(YoY) (Billions of JPY)	FY2019	FY2020	Difference	
	1H	1H		
Net sales	23.8	22.7	(1.1)	-4.6%
Operating income (to net sales ratio)	0.4 1.9%	0.9 4.1%	0.4 2.3pt	110.9%

Comparison(QoQ) (Billions of JPY)	FY2020	FY2020	Difference	
	1Q	2Q		
Net sales	9.8	12.9	3.1	31.9%
Operating income (to net sales ratio)	(0.2) -2.3%	1.1 9.0%	1.3	—

Outlook

- Sales decreased and profit increased YoY. Profit increased significantly due in part to fixed cost reductions
- The sales ratio of after-sales services, especially ink, steadily rose
- Sales and profit increased compared to 1Q

FT: Business Situation

Comparison(YoY) (Billions of JPY)	FY2019	FY2020	Difference	
	1H	1H		
Net sales	25.4	12.8	(12.5)	-49.5%
Operating income (to net sales ratio)	2.8 11.2%	(3.0) -23.5%	(5.8)	—

Comparison(QoQ) (Billions of JPY)	FY2020	FY2020	Difference	
	1Q	2Q		
Net sales	4.8	8.0	3.2	66.7%
Operating income (to net sales ratio)	(3.5) -74.0%	0.5 6.8%	4.1	—

Outlook

- Sales decreased and profit fell YoY. Profit deteriorated due to a decrease in the sales and a rise in the variable cost ratio (effect of product mix, such as new projects)
- 2Q consolidated orders, mainly OLED, were ¥8.8bn, within expectations

PE: Business Situation

Comparison(YoY)	FY2019	FY2020	Difference	
	1H	1H		
(Billions of JPY)				
Net sales	7.1	4.7	(2.3)	-33.3%
Operating income (to net sales ratio)	1.0 14.9%	(0) -0.7%	(1.0)	—

Comparison(QoQ)	FY2020	FY2020	Difference	
	1Q	2Q		
(Billions of JPY)				
Net sales	2.1	2.6	0.5	25.3%
Operating income (to net sales ratio)	(0) -2.3%	0 0.5%	0	—

Outlook

- Sales decreased and profit fell YoY
- Sales to smartphone-related investment remained sluggish, while sales of automotive-related investment kept stable



FY2020 1H Business Results

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FY2020 Business Forecast

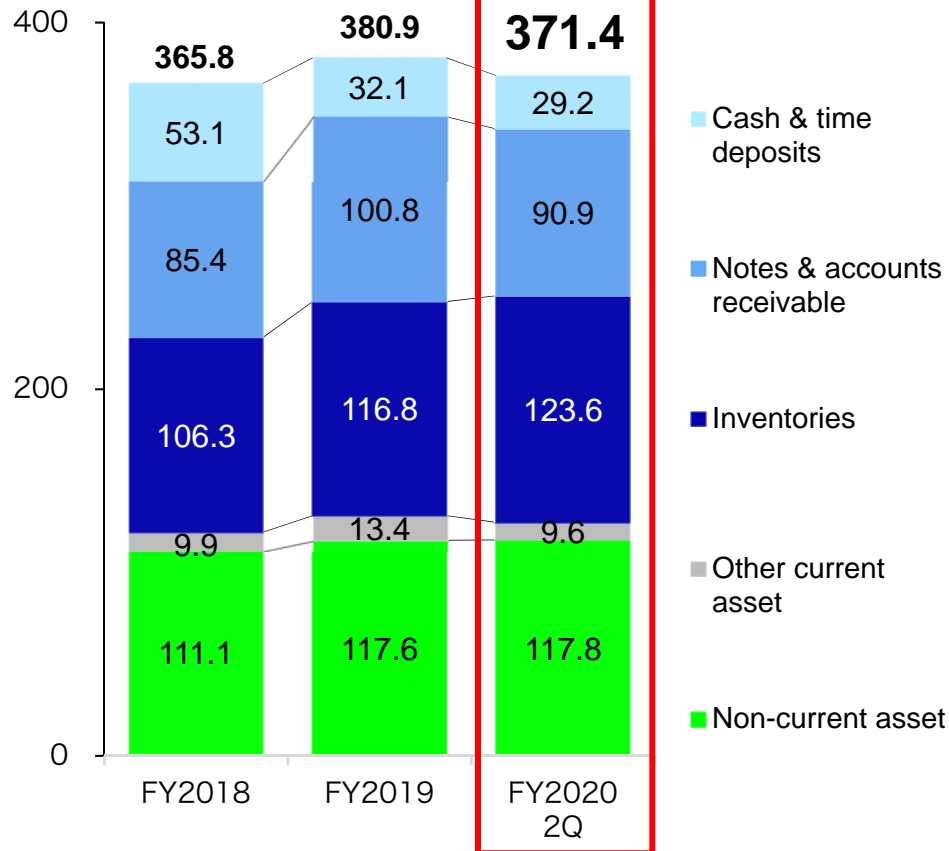
Recent News

ESG-Related Initiatives

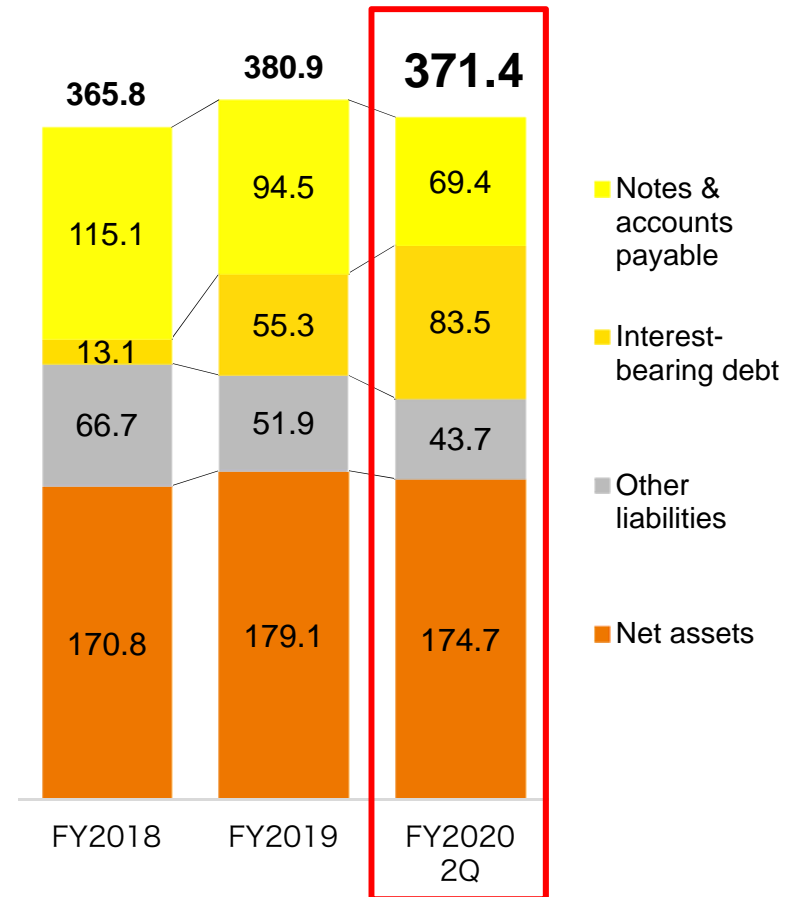
Financial Situation: Trend in B/S

Assets

(Billions of JPY)



Liabilities & Net Assets

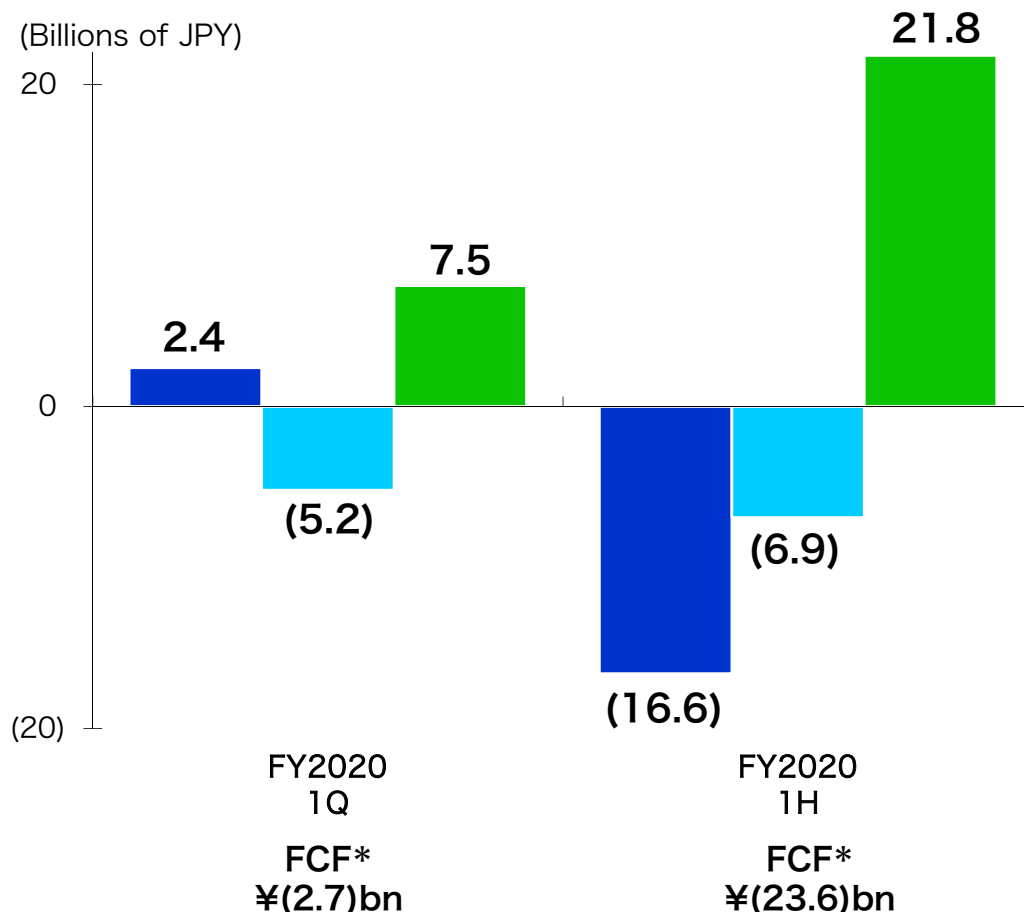


Equity Ratio : 47.0% (FY2019 4Q) → 47.0% (FY2020 2Q)

* 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 ■ Investing CF ■ Financing CF



Operating CF

Net cash used in operating activities amounted to ¥16.6 bn. This was because the sum of a decrease in notes and accounts payable including electronically recorded obligations, an increase in inventories, and other outflows exceeded a decrease in accounts receivable including electronically recorded monetary claims, depreciation and amortization, income before income taxes, and other inflows.

Investing CF

Net cash used in investing activities amounted to ¥6.9 bn. 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 ¥21.8 bn. This was mainly due to an increase in short-term loans payable, despite cash dividends paid.

Operating CF worsened as a result of the impact from notes and accounts payable due to holidays at the end of the previous fiscal year and increased inventory due to high order backlog

* FCF: Free Cash Flow



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FY2020 Business Forecast

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

	FY2019 Full Result	FY2020					
		1H		2H Forecast		Full Forecast	
		Jul Released Forecast	Oct Released Result	Jul Released	Oct Released	Jul Released	Oct Released
(Billions of JPY)							
Net sales	364.2	145.0	148.1	179.0	180.8	324.0	329.0
SPE	252.5	105.0	106.9	114.0	122.1	219.0	229.0
GA	48.2	21.5	22.7	24.0	23.2	45.5	46.0
FT	49.2	13.0	12.8	33.0	28.2	46.0	41.0
PE	12.3	4.5	4.7	6.5	6.2	11.0	11.0
Others	1.9	1.0	0.8	1.5	1.1	2.5	2.0
Operating income (to net sales ratio)	29.6 8.1%	0 0.0%	3.4 2.3%	25.0 14.0%	21.6 11.9%	25.0 7.7%	25.0 7.6%
SPE	25.8	4.5*	6.5	17.5*	18.5*	22.0*	25.0*
GA	1.1	0.5*	0.9	2.5*	2.0*	3.0*	3.0*
FT	3.7	(3.0)*	(3.0)	6.0*	3.0*	3.0*	0*
PE	0.7	(0.5)*	(0)	0.5*	0*	0*	0*
Others	(1.8)	(1.5)*	(0.9)	(1.5)*	(2.0)*	(3.0)*	(3.0)*
Ordinary income	29.2	(0.5)	3.4	23.0	19.1	22.5	22.5
Profit attributable to owners of parent	18.0	(0.5)	2.3	17.5	14.6	17.0	17.0

Assumed Exchange Rate in FY2020 >> USD1 = ¥105, EUR1 = ¥115

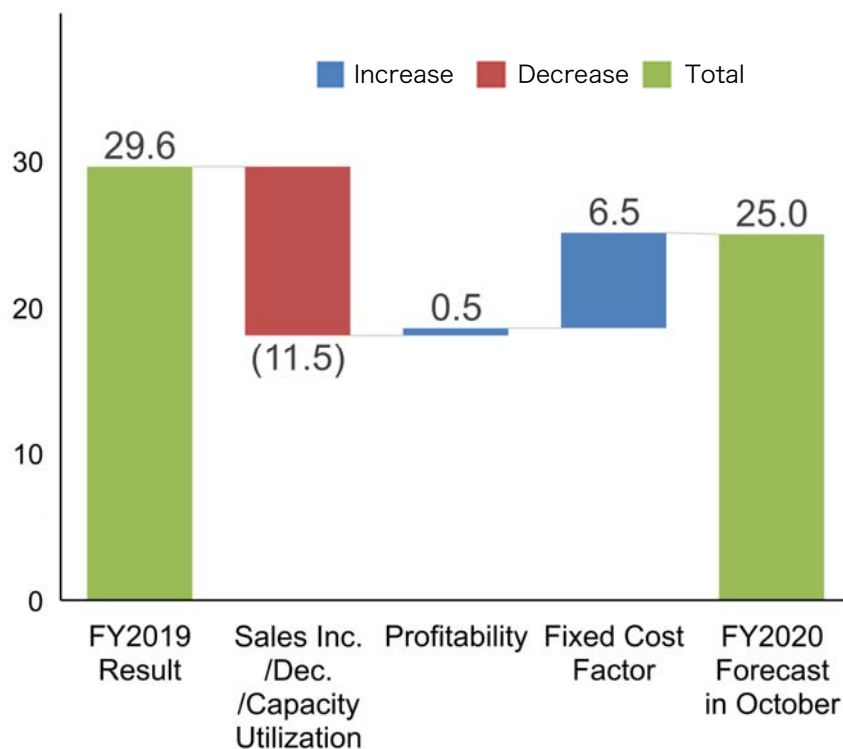
Forecast of annual cash dividends for FY2020 >> JPY 97.00 per share (year-end cash dividend)

Assumed exchange rate sensitivity in FY2020 (Operating income base) >> To USD: ¥80 million To EUR: ¥40 million

Analysis of Comparison in Operating Income YoY

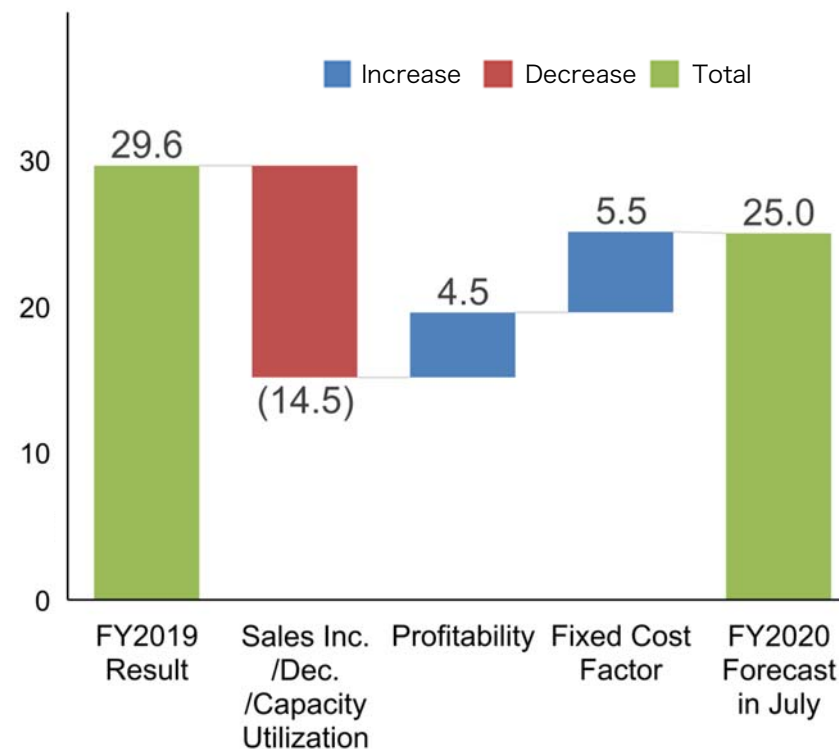
FY2020 Forecast in October
Comparison with FY2019

(Billions of JPY)



FY2020 Forecast in July
Comparison with FY2019

(Billions of JPY)



* Operating Income Factor: approximate numbers per 0.5bn

Increasing SPE net sales and reducing fixed costs will have recovered declined profitability primarily due to FT



FY2020 1H Business Results

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ESG-Related Initiatives

Recent News

HD

- Supplied additional funding to venture company developing cell/microorganism research devices
 - Move accelerated SCREEN's product development in life sciences field
- Conducted a joint drill aimed at securing responsiveness to cyberattacks with Kyoto Prefectural Police
- Provided aid to the victims of Typhoon Hagibis

SPE

- Chosen by Shiga Prefecture to receive an award under a 2019 prefectural program aimed at commending contributors to a low carbon society

GA

- Developed new digital label press featuring cutting-edge color reproduction and scalability
- Shipments of Truepress Jet520 series reached 1,500 systems, including OEM partner models
- Launched high-speed digital press with enhanced drying performance



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ESG-Related Initiatives

SUSTAINABLE DEVELOPMENT GOALS

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



We strengthen shareholders relations (engagement) activity based on ESG

- Enhancement of disclosure of non-financial information
Annual Report 2019 was released at the end of August, including contents such as Value Creation by the SCREEN Group, Top Management Roundtable and so on. At the same time, Fact Book and Sustainability Data Book were also updated.
- Continuously strengthening shareholders relations / ESG engagement
Conducted dialogue with voting representatives and ESG investment representatives globally

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	329.0
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	7.6
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	9.5
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	364.29

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Fit your needs, Fit your future

