

# Consolidated Business Results & Forecasts

## FY2020 Third Quarter Ended December 31, 2019

January 29, 2020

**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 3Q Business Results**

**Business Situation in 4 Segments**

**Financial Situation**

**FY2020 Business Forecast**

**Recent News**

**ESG-Related Initiatives**

## FY2020 3Q Summary

- ✓ Sales decreased and profit fell YoY  
We revised full-year forecasts downward
- ✓ 3Q Orders  
SPE: Stayed at around ¥40bn due to later order placement  
FT : Exceeded ¥10bn mainly due to small- and medium-sized OLEDs



## **|| FY2020 3Q Business Results**

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FY2020 3Q Business Results (YoY)

(Billions of JPY)	FY2019						FY2020					Difference (YoY)	
	1Q	2Q	3Q	3Q Total	4Q	Full	1 Q	2Q	3Q	3Q Total			
<b>Net sales</b>	72.5	97.5	82.3	252.4	111.8	364.2	58.2	89.9	77.8	226.0	(26.3)	-10.4%	
<b>Operating income (to net sales ratio)</b>	5.1 7.0%	10.0 10.3%	3.6 4.5%	18.8 7.5%	10.7 9.6%	29.6 8.1%	(4.4) -7.6%	7.8 8.7%	3.9 5.1%	7.3 3.3%	(11.4) -4.2pt	-60.8%	
<b>Ordinary income</b>	5.1	10.1	3.3	18.6	10.6	29.2	(4.2)	7.6	3.7	7.1	(11.4)	-61.5%	
<b>Profit attributable to owners of parent</b>	3.5	6.0	0.5	10.1	7.9	18.0	(2.9)	5.3	2.3	4.7	(5.4)	-53.4%	

FY2020 3Q Business Results (YoY)

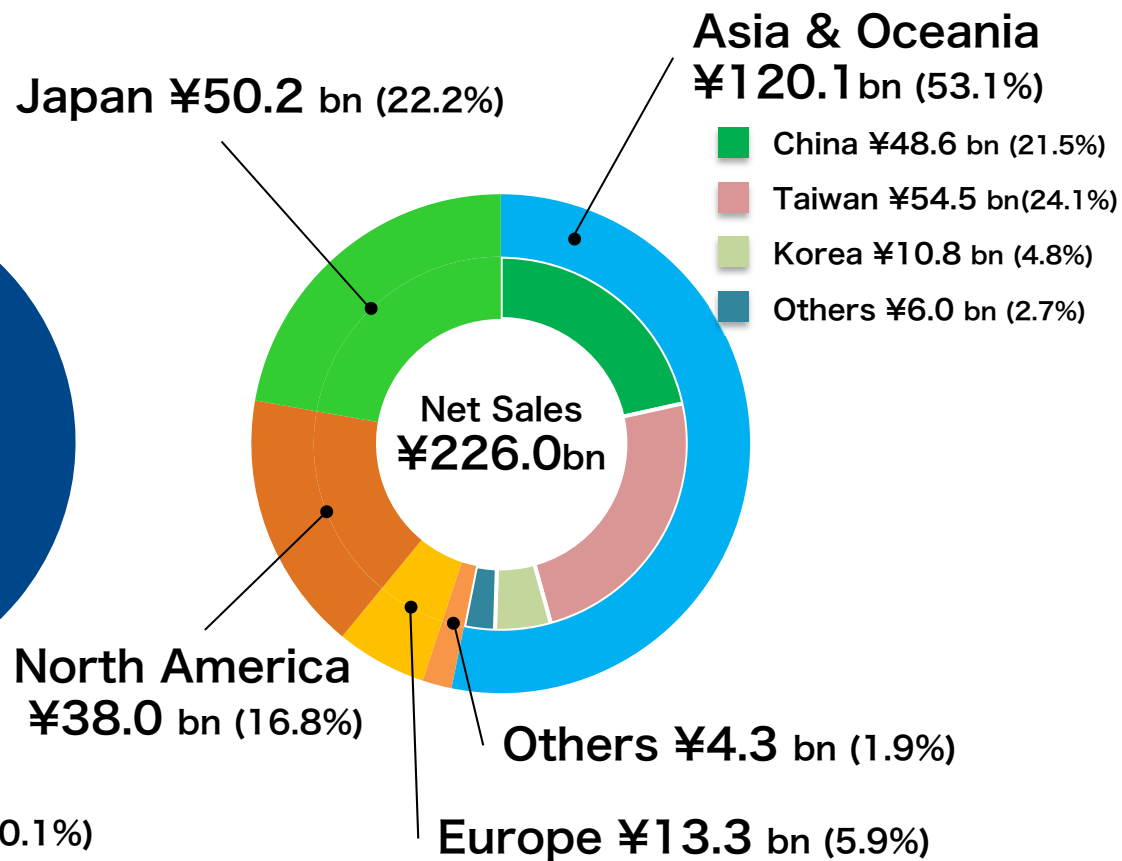
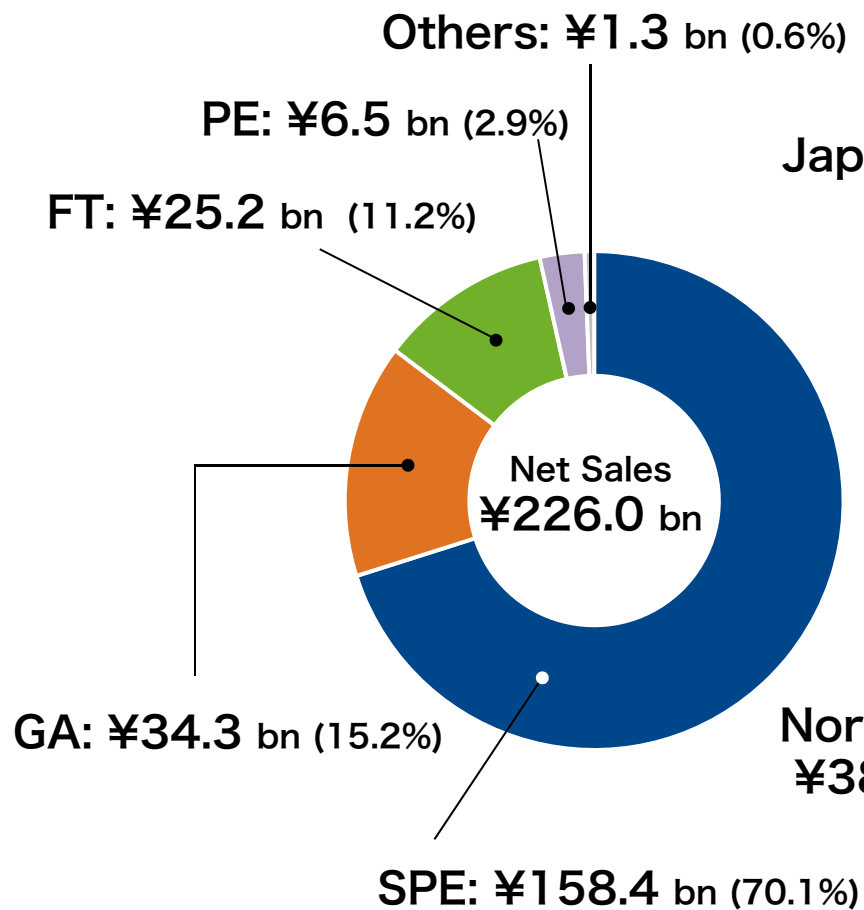
(Billions of JPY)	FY2019						FY2020					
	1Q	2Q	3Q	3Q Total	4Q	Full	1Q	2Q	3Q	3Q Total	Difference (YoY)	
<b>Net sales</b>	72.5	97.5	82.3	252.4	111.8	364.2	58.2	89.9	77.8	226.0	(26.3)	-10.4%
<b>SPE</b>	47.1	65.7	58.2	171.1	81.3	252.5	41.2	65.6	51.5	158.4	(12.6)	-7.4%
<b>GA</b>	11.4	12.4	11.5	35.4	12.8	48.2	9.8	12.9	11.5	34.3	(1.0)	-3.0%
<b>FT</b>	10.3	15.0	10.0	35.4	13.7	49.2	4.8	8.0	12.4	25.2	(10.1)	-28.7%
<b>PE</b>	3.2	3.9	2.0	9.2	3.1	12.3	2.1	2.6	1.7	6.5	(2.6)	-28.8%
<b>Others</b>	0.2	0.4	0.4	1.2	0.6	1.9	0.2	0.6	0.4	1.3	0.1	14.7%
<b>Operating income (to net sales ratio)</b>	5.1 7.0%	10.0 10.3%	3.6 4.5%	18.8 7.5%	10.7 9.6%	29.6 8.1%	(4.4) -7.6%	7.8 8.7%	3.9 5.1%	7.3 3.3%	(11.4) -4.2pt	-60.8%
<b>SPE</b>	3.7	7.8	4.9	16.5	9.3	25.8	(0)	6.5	4.2	10.7	(5.7)	-34.9%
<b>GA</b>	0.2	0.2	0.2	0.6	0.4	1.1	(0.2)	1.1	0	1.0	0.3	58.2%
<b>FT</b>	0.9	1.9	(0.5)	2.3	1.4	3.7	(3.5)	0.5	0.2	(2.7)	(5.1)	-
<b>PE</b>	0.5	0.5	(0)	0.9	(0.2)	0.7	(0)	0	(0.1)	(0.1)	(1.1)	-
<b>Others</b>	(0.3)	(0.4)	(0.8)	(1.6)	(0.2)	(1.8)	(0.5)	(0.4)	(0.4)	(1.4)	0.1	-
<b>Ordinary income</b>	5.1	10.1	3.3	18.6	10.6	29.2	(4.2)	7.6	3.7	7.1	(11.4)	-61.5%
<b>Profit attributable to owners of parent</b>	3.5	6.0	0.5	10.1	7.9	18.0	(2.9)	5.3	2.3	4.7	(5.4)	-53.4%

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

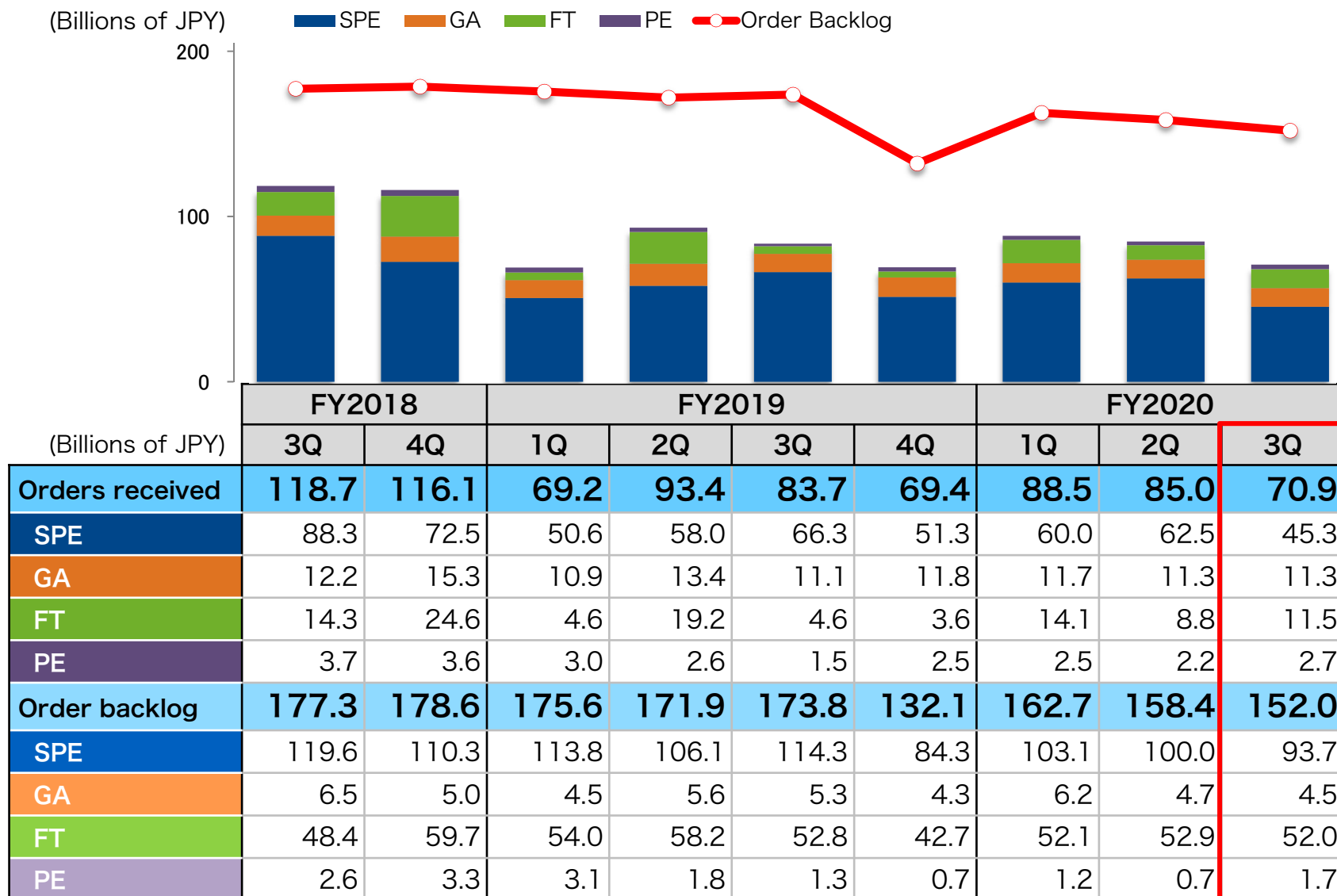
FY2020 3Q Business Results

■ Sales by Segment

■ Sales by Region



## Quarterly Orders Received and Order Backlog







## FY2020 3Q Business Results

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

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## Main Initiatives and Conditions Going Forward

- ✓ **SPE market:** In CY2020, WFE will benefit from growing needs in such fields as 5G, servers, industrial equipment and automotive devices, expected to be around +5% compared with CY2019
- ✓ **Foundry: Expecting an acceleration in miniaturization-related investments**
  - Introduced new processes, smoothly investing in capacity increases, focused on swiftly providing solutions
- ✓ **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: Unchanged anticipating the full-scale resumption of investment after the second half of CY2020**
  - Expect a restart to investment in NAND and DRAM
- ✓ **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: Focused on investments in 300mm power semiconductors, including for IoT (5G, automotive devices, etc.), AI, and IGBT. We expect to continue capital investment in the Chinese market.**

## SPE: Business Situation

Comparison(YoY)	FY2019	FY2020	Difference	
	3Q Total	3Q Total		
(Billions of JPY)				
<b>Net sales</b>	<b>171.1</b>	<b>158.4</b>	<b>(12.6)</b>	<b>-7.4%</b>
<b>Operating income (to net sales ratio)</b>	<b>16.5</b> 9.7%	<b>10.7</b> 6.8%	<b>(5.7)</b> -2.9pt	<b>-34.9%</b>

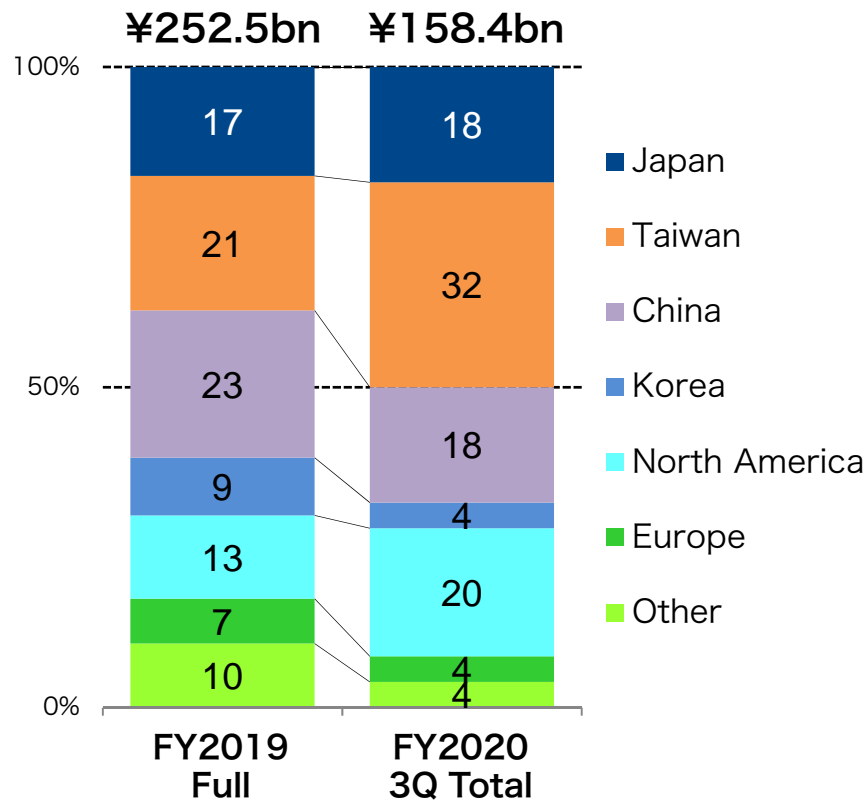
Comparison(QoQ)	FY2020	FY2020	Difference	
	2Q	3Q		
(Billions of JPY)				
<b>Net sales</b>	<b>65.6</b>	<b>51.5</b>	<b>(14.1)</b>	<b>-21.5%</b>
<b>Operating income (to net sales ratio)</b>	<b>6.5</b> 10.0%	<b>4.2</b> 8.2%	<b>(2.3)</b> -1.8pt	<b>-35.4%</b>

### Outlook

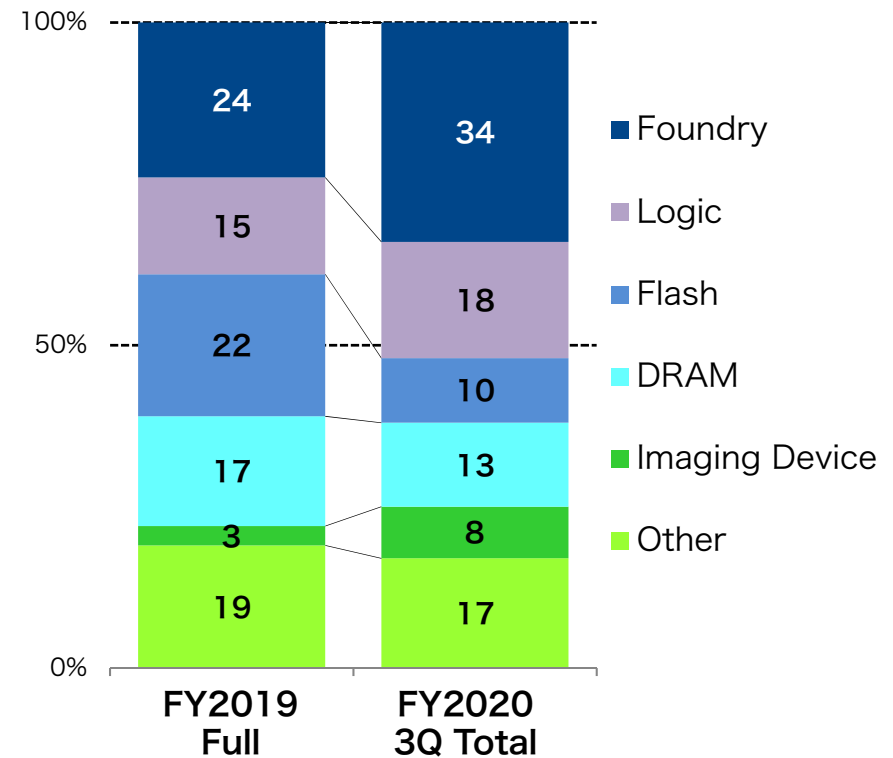
- Sales: Decreased YoY as sales of foundries, logic chips, and image devices continued their upward trend despite a large decrease in memory sales
- Operating income: Decreased YoY due mainly to lower sales

# Composition of Sales

■ By Region –destination based- (Consolidated)

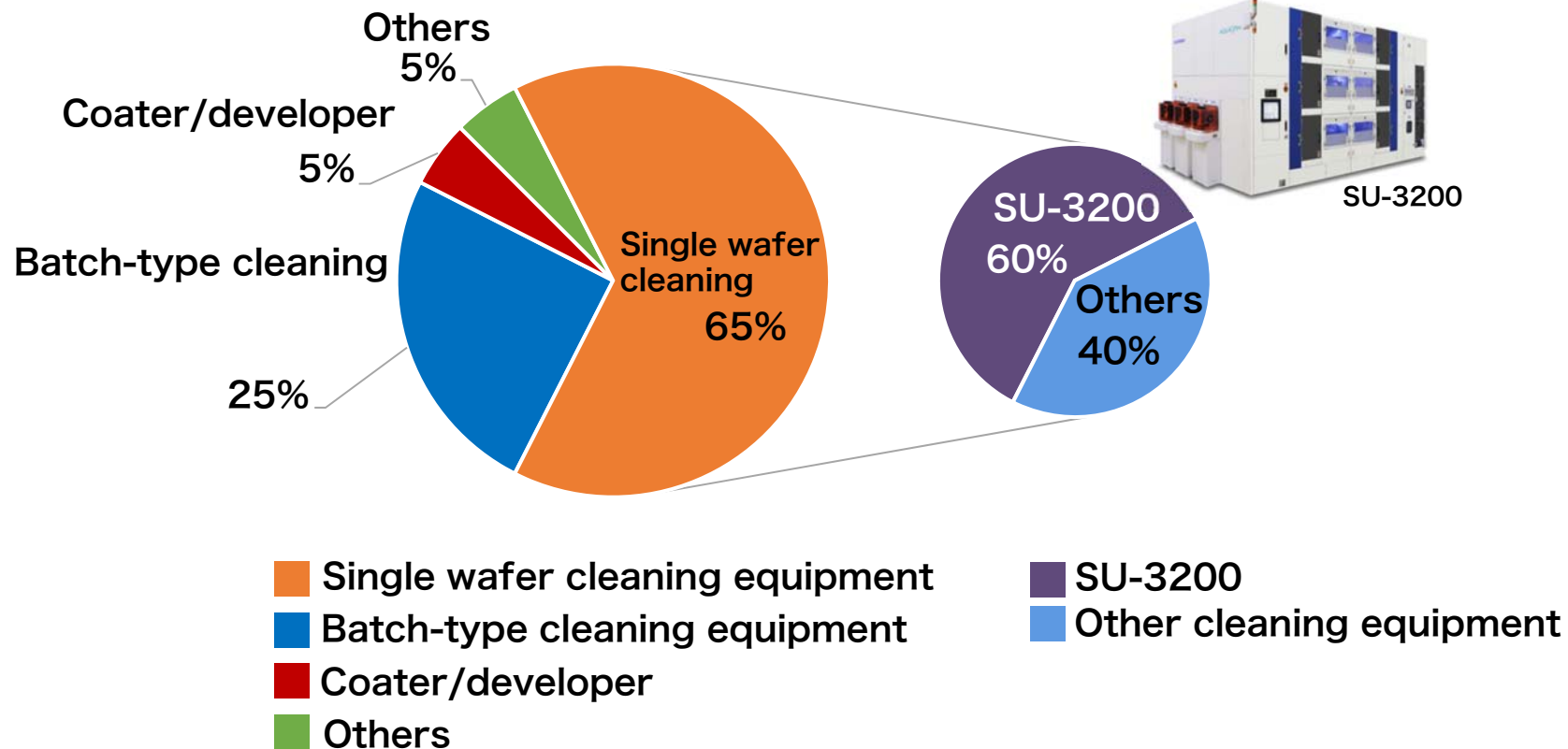


■ By Application Device (Nonconsolidated)



## Composition of Sales (Nonconsolidated)

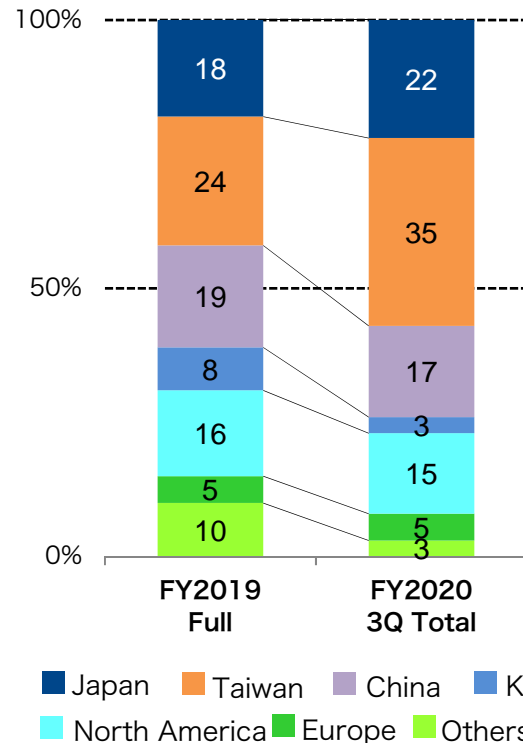
### ■ FY2020 3Q Total Sales Ratio of Cleaning Equipment by Product



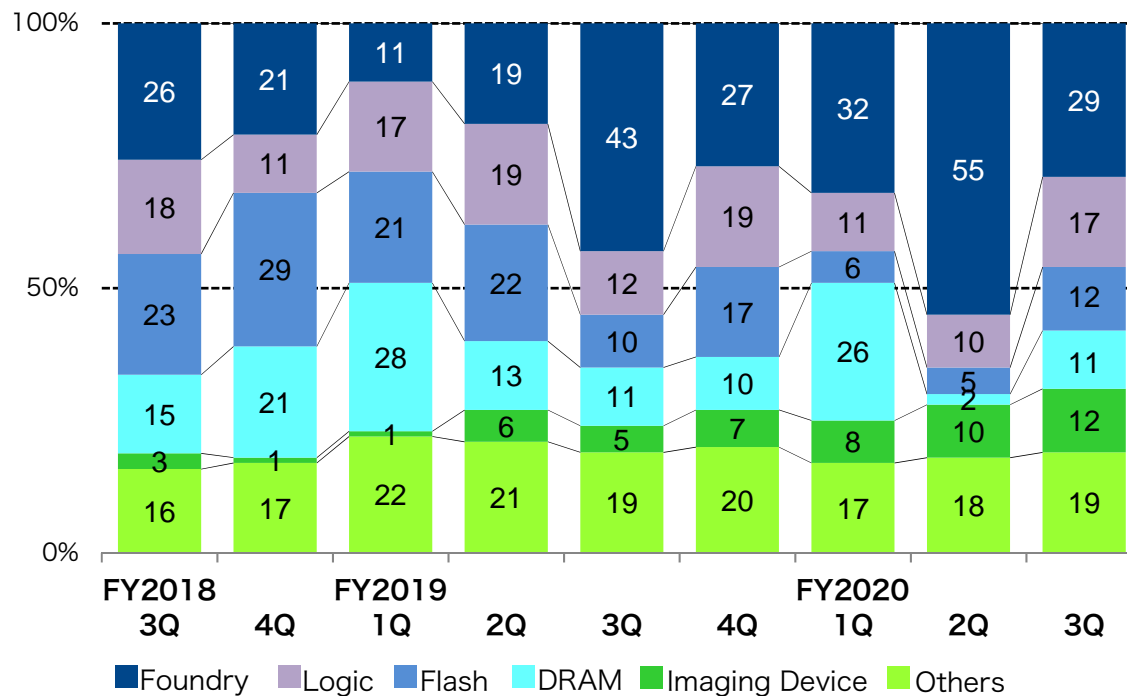
※ Ratio: approximate numbers per 5%

# Orders Received Ratio (Nonconsolidated)

■ By Region



■ Quarterly by Application Device



- By Application Device: Foundries decreased compared with the 2Q. Imaging Devices were firm
- By Region (3Q total): Foundries were strong in Taiwan, which has the largest manufacturers, as well as in Japan and China
- 3Q consolidated orders: Stayed at ¥45.3bn due in part to changes in the timing of orders

## GA: Business Situation

Comparison(YoY) (Billions of JPY)	FY2019	FY2020	Difference	
	3Q Total	3Q Total		
<b>Net sales</b>	<b>35.4</b>	<b>34.3</b>	<b>(1.0)</b>	<b>-3.0%</b>
<b>Operating income (to net sales ratio)</b>	<b>0.6</b> 1.9%	<b>1.0</b> 3.0%	<b>0.3</b> 1.2pt	<b>58.2%</b>

Comparison(QoQ) (Billions of JPY)	FY2020	FY2020	Difference	
	2Q	3Q		
<b>Net sales</b>	<b>12.9</b>	<b>11.5</b>	<b>(1.4)</b>	<b>-10.8%</b>
<b>Operating income (to net sales ratio)</b>	<b>1.1</b> 9.0%	<b>0</b> 0.8%	<b>(1.0)</b> -8.2pt	<b>-91.7%</b>

### Outlook

- Sales decreased and profit fell YoY. Reduction of fixed costs, etc. contributed to lifting profits
- The sales of after-sales services, especially ink, steadily rose

FT: Business Situation

Comparison(YoY) (Billions of JPY)	FY2019	FY2020	Difference	
	3Q Total	3Q Total		
Net sales	35.4	25.2	(10.1)	-28.7%
Operating income (to net sales ratio)	2.3 6.6%	(2.7) -11.1%	(5.1) -17.7pt	-

Comparison(QoQ) (Billions of JPY)	FY2020	FY2020	Difference	
	2Q	3Q		
Net sales	8.0	12.4	4.4	55.0%
Operating income (to net sales ratio)	0.5 6.8%	0.2 1.7%	(0.3) -5.1pt	-60.5%

Outlook

- Sales decreased and profit fell YoY. Profit was in low position due to a decrease in the sales and a rise in the variable cost ratio
- 3Q orders (consolidated) were ¥11.5bn, centered on OLEDs



**PE: Business Situation**

Comparison(YoY)	FY2019	FY2020	Difference	
	3Q Total	3Q Total		
(Billions of JPY)				
<b>Net sales</b>	<b>9.2</b>	<b>6.5</b>	<b>(2.6)</b>	<b>-28.8%</b>
<b>Operating income (to net sales ratio)</b>	<b>0.9</b> 10.6%	<b>(0.1)</b> -2.9%	<b>(1.1)</b> -13.4pt	<b>-</b>

Comparison(QoQ)	FY2020	FY2020	Difference	
	2Q	3Q		
(Billions of JPY)				
<b>Net sales</b>	<b>2.6</b>	<b>1.7</b>	<b>(0.8)</b>	<b>-33.1%</b>
<b>Operating income (to net sales ratio)</b>	<b>0</b> 0.5%	<b>(0.1)</b> -8.6%	<b>(0.1)</b> -9.1pt	<b>-</b>

**Outlook**

- Sales decreased and profit fell YoY.
- The environment surrounding orders recovered as stagnation in smart-phone related investment bottomed out. And sales of automotive-related investment kept stable



FY2020 3Q Business Results

Business Situation in 4 Segments

**|| Financial Situation**

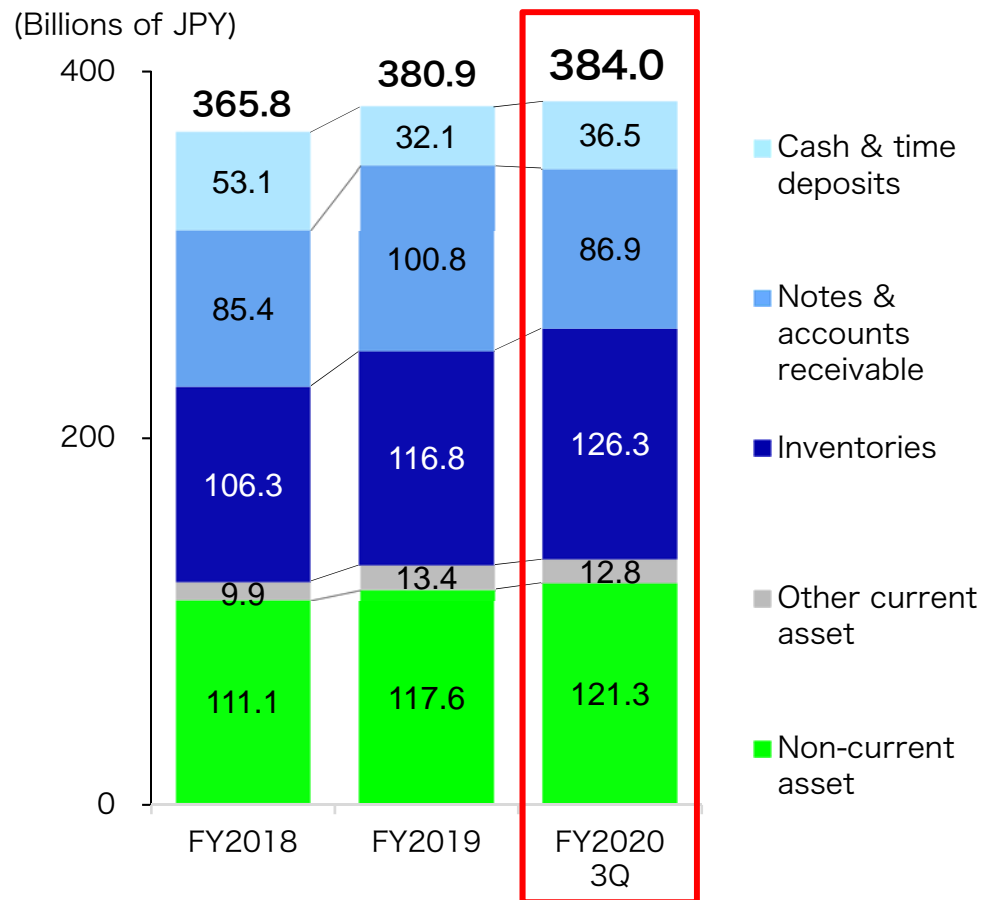
FY2020 Business Forecast

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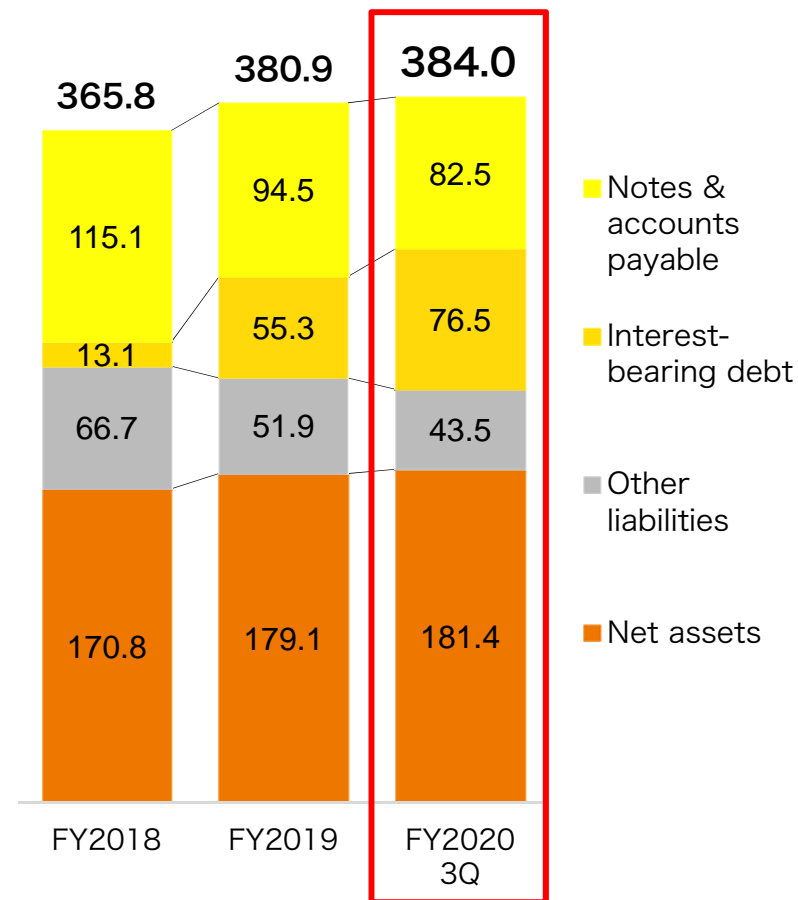
ESG-Related Initiatives

## Financial Situation: Trend in B/S

### Assets



### Liabilities & Net Assets

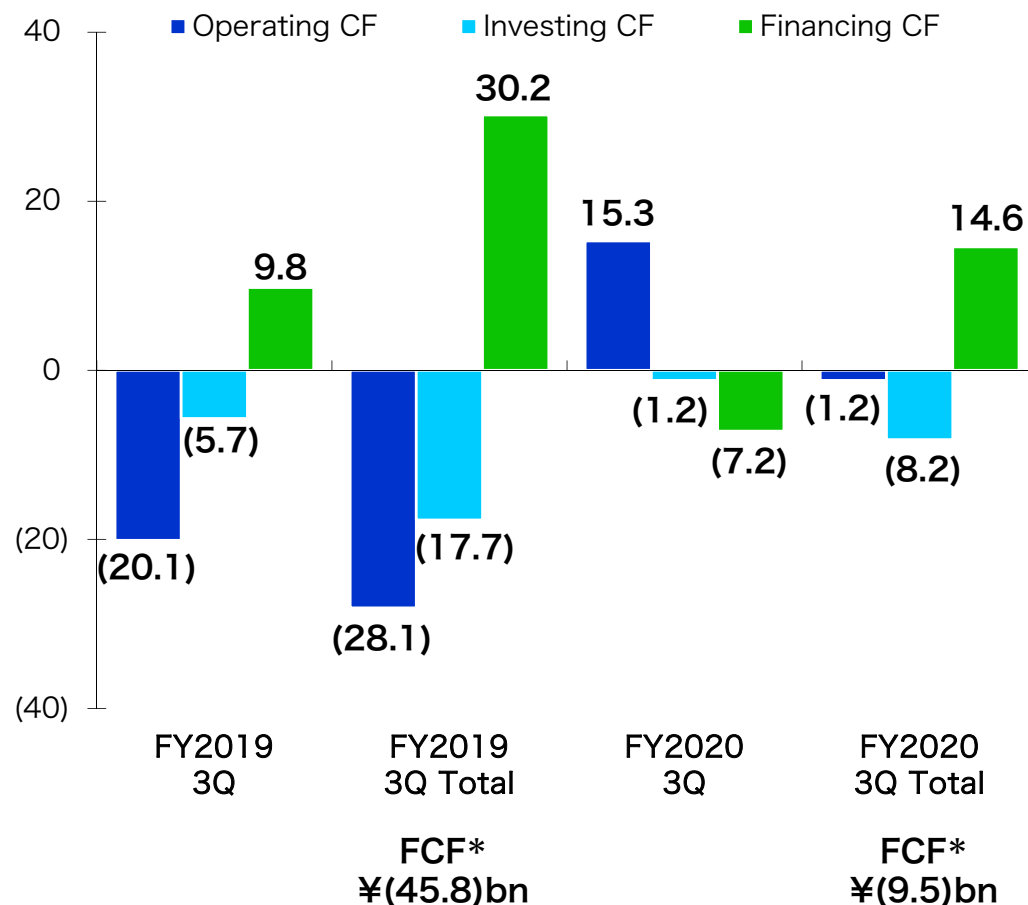


**Equity Ratio : 47.0% (FY2019 4Q) → 47.2% (FY2020 3Q)**

\* 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

(Billions of JPY)



### Operating CF

Net cash used in operating activities amounted to ¥1.2bn. This was because the sum of an increase in inventories, a decrease in notes and accounts payable including electronically recorded obligations, and other outflows exceeded a decrease in accounts receivable including electronically recorded monetary claims, income before income taxes, depreciation and amortization, and other inflows.

### Investing CF

Net cash used in investing activities amounted to ¥8.2bn. 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 ¥14.6bn. This was mainly due to an increase in short-term loans payable, despite cash dividends paid.

\* FCF: Free Cash Flow



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## FY2020 Business Forecast

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

(Billions of JPY)	FY2019 Full Result	FY2020						
		1H	2H Forecast			Full Forecast		
		Result	Jul Released	Oct Released	Jan Released	Jul Released	Oct Released	Jan Released
<b>Net sales</b>	<b>364.2</b>	<b>148.1</b>	<b>179.0</b>	<b>180.8</b>	<b>178.8</b>	<b>324.0</b>	<b>329.0</b>	<b>327.0</b>
SPE	252.5	106.9	114.0	122.1	124.6	219.0	229.0	231.5
GA	48.2	22.7	24.0	23.2	22.7	45.5	46.0	45.5
FT	49.2	12.8	33.0	28.2	24.7	46.0	41.0	37.5
PE	12.3	4.7	6.5	6.2	5.7	11.0	11.0	10.5
Others	1.9	0.8	1.5	1.1	1.1	2.5	2.0	2.0
<b>Operating income (to net sales ratio)</b>	<b>29.6</b> 8.1%	<b>3.4</b> 2.3%	<b>25.0</b> 14.0%	<b>21.6</b> 11.9%	<b>9.6</b> 5.3%	<b>25.0</b> 7.7%	<b>25.0</b> 7.6%	<b>13.0</b> 4.0%
SPE	25.8	6.5	17.5*	18.5*	10.0*	22.0*	25.0*	16.5*
GA	1.1	0.9	2.5*	2.0*	1.0*	3.0*	3.0*	2.0*
FT	3.7	(3.0)	6.0*	3.0*	0.5*	3.0*	0*	(2.5)*
PE	0.7	(0)	0.5*	0*	0*	0*	0*	0*
Others	(1.8)	(0.9)	(1.5)*	(2.0)*	(2.0)*	(3.0)*	(3.0)*	(3.0)*
<b>Ordinary income</b>	<b>29.2</b>	<b>3.4</b>	<b>23.0</b>	<b>19.1</b>	<b>8.1</b>	<b>22.5</b>	<b>22.5</b>	<b>11.5</b>
<b>Profit attributable to owners of parent</b>	<b>18.0</b>	<b>2.3</b>	<b>17.5</b>	<b>14.6</b>	<b>6.1</b>	<b>17.0</b>	<b>17.0</b>	<b>8.5</b>

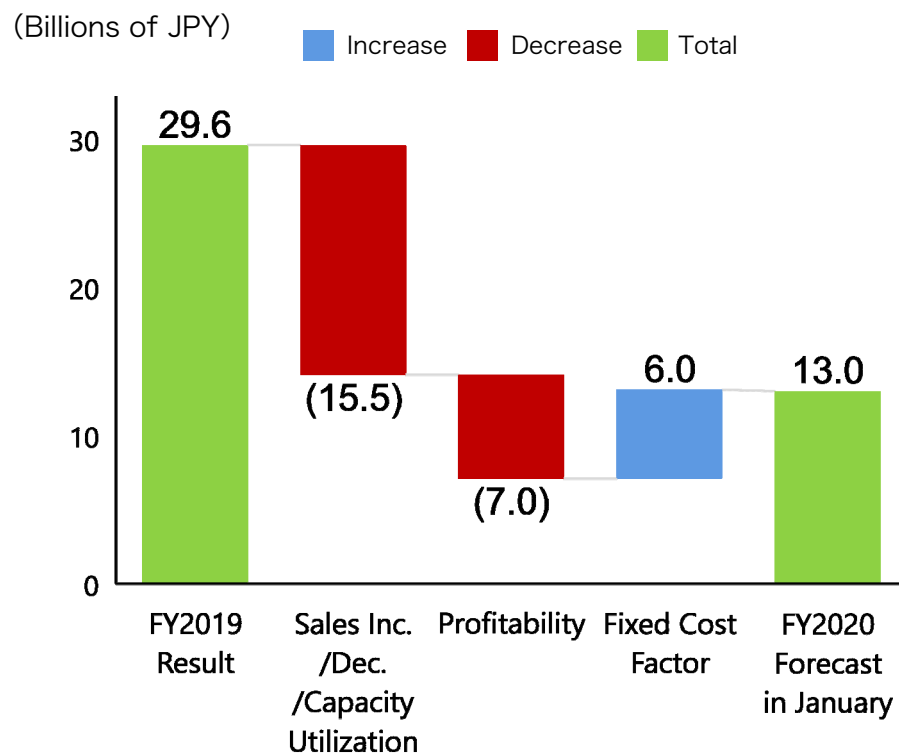
Assumed Exchange Rate in FY2020 >> USD1 = ¥105, EUR1 = ¥115

Forecast of annual cash dividends for FY2020 >> JPY 46.00 per share (year-end cash dividend)

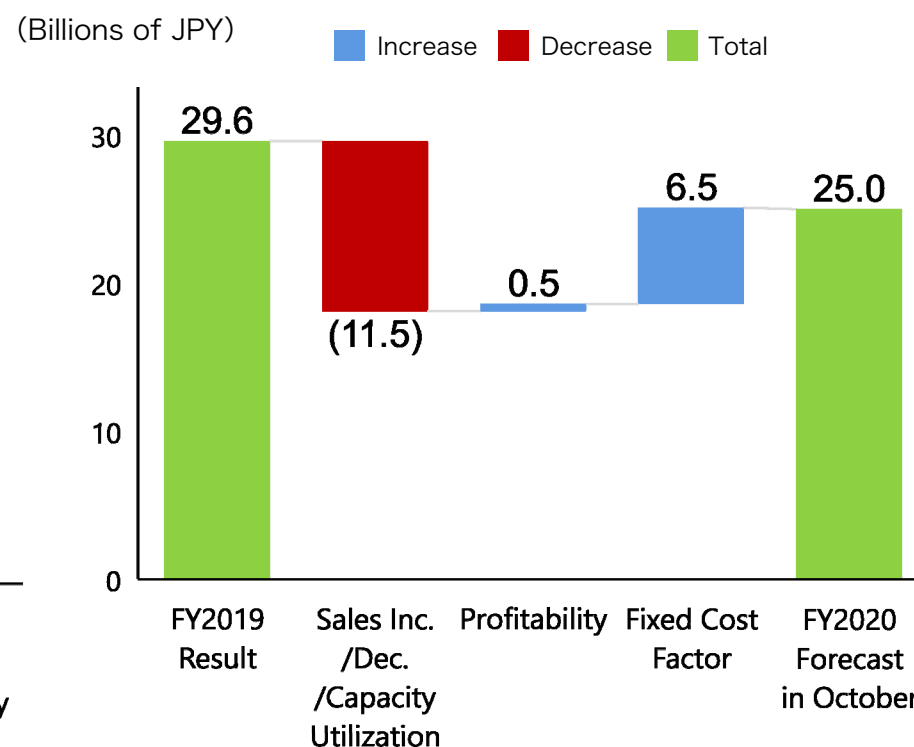
Assumed exchange rate sensitivity in FY2020 (Operating income base) >> To USD: ¥80 million To EUR: ¥40 million

## Analysis of Comparison in Operating Income YoY

**FY2020 Forecast in January**  
Comparison with FY2019



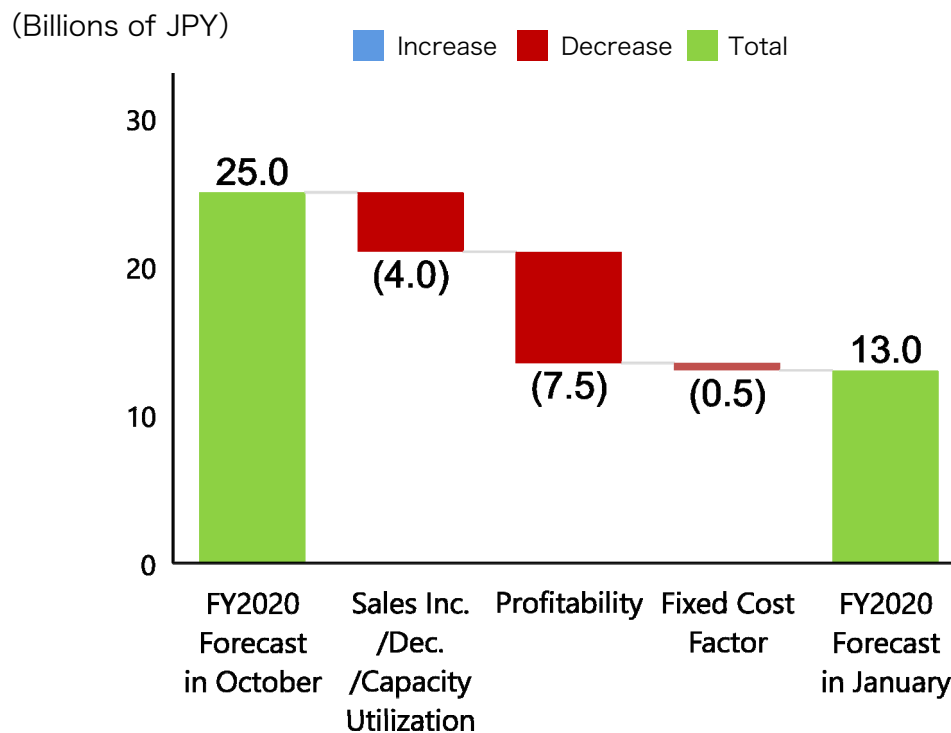
**FY2020 Forecast in October**  
Comparison with FY2019



\* Operating Income Factor: approximate numbers per ¥0.5bn

## Analysis of Comparison in Operating Income YoY

### FY2020 Forecast in January Comparison with Forecast in October



\* Operating Income Factor: approximate numbers per ¥0.5bn





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## Recent News ( October 2019 – January 2020 )

### HD

- Signed an agreement with the Kyoto prefectural government regarding comprehensive collaboration on revitalizing the area
  - Working together to create a regional society for a new era

### SPE

- SCREEN signs agreement with Applied Materials to collaborate at the META center



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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**

4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



### Signed an agreement with the Kyoto prefectural government regarding comprehensive collaboration on revitalizing the area

With the aim of ensuring that the city has the vitality to be a world leader, we will collaborate with the Kyoto prefectural government on the eight articles laid out in the 20-year vision for Kyoto as defined in the government's general plan.

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SCREEN Holdings Co., Ltd.

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## 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	327.0
Operating income	17.1	23.5	33.7	42.7	29.6	13.0
Operating income ratio (%)	7.2	9.1	11.2	12.6	8.1	4.0
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	9.1
Capital expenditures	6.6	6.3	8.2	14.4	24.0	10.0
R&D expenses	13.9	15.1	17.7	20.8	22.8	21.0
EPS (JPY)	255.35	396.75	511.96	608.62	387.10	182.15

**SCREEN**

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