Consolidated Business Results & Forecasts

FY2020 Ended March 31, 2020

May 12, 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)

FY2020 Summary

Sales decreased and profit fell YoY

・Both operating income and ordinary income landed almost as January's forecast
・Profit attributable to owners of parent decreased from the January's forecast due mainly to extraordinary losses.

SPE: In 2H, profit improvement made progress YoY

4Q orders of both SPE and FT exceeded expectations

Agenda

FY2020 Business Results

YoY

(Billions of JPY)

	FY2019					FY2020						
	1Q	2Q	3Q	4Q	Full	1Q	2Q	3Q	4Q	Full	Difference (YoY)	
Net sales	72.5	97.5	82.3	111.8	364.2	58.2	89.9	77.8	97.1	323.2	(40.9)	-11.3%
Operating income (to net sales ratio)	5.1 7.0%	10.0 10.3%	3.6 4.5%	10.7 9.6%	29.6 8.1%	(4.4) -7.6%	7.8 8.7%	3.9 5.1%	5.1 5.3%	12.5 3.9%	(17.0)	-57.6% -4.3pt
Ordinary Income	5.1	10.1	3.3	10.6	29.2	(4.2)	7.6	3.7	4.4	11.6	(17.6)	-60.3%
Profit attributable to owners of parent	3.5	6.0	0.5	7.9	18.0	(2.9)	5.3	2.3	0.2	5.0	(13.0)	-72.3%

FY2020 Business Results

Comparison with January's Forecast

(Billions of JPY)	FY2019	FY2020 Result			FY2020 Forecast		Difference
	Full	1H	2H	Full	January Forecast 2H	January Forecast Full	
Net sales	364.2	148.1	175.0	323.2	178.8	327.0	(3.7)
Operating income (to net sales ratio)	29.6 8.1%	3.4 2.3%	9.1 5.2%	12.5 3.9%	9.6 5.3%	13.0 4.0%	(0.4) -
Ordinary Income	29.2	3.4	8.2	11.6	8.1	11.5	0.1
Profit attributable to owners of Parent	18.0	2.3	2.6	5.0	6.1	8.5	(3.4)
Cash Dividends (JPY)	97			30		46	(16)
Total consolidated shareholder return ratio	25.1%			28.0%		25.3%	-

- Net income decreased significantly compared with January's forecast. It is due mainly to extraordinary losses including a loss on valuation of investment securities and an impairment loss on property, plant and equipment

FY2020 Business Results YoY

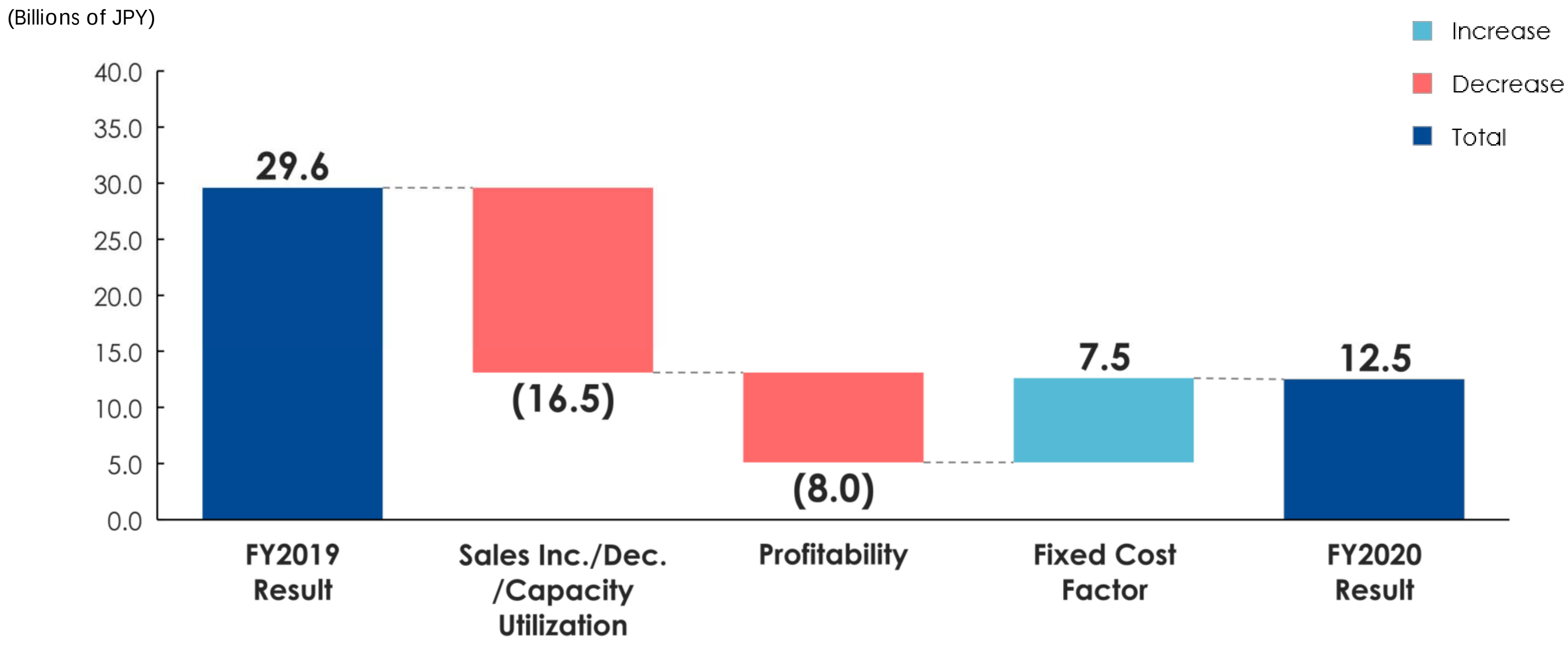
(Billions of JPY)	FY2019 1Q	FY2019 2Q	FY2019 3Q	FY2019 4Q	FY2019 Full	FY2020 1Q	FY2020 2Q	FY2020 3Q	FY2020 4Q	FY2020 Full	Difference (YoY)	
Net sales	**72.5**	**97.5**	**82.3**	**111.8**	**364.2**	**58.2**	**89.9**	**77.8**	**97.1**	**323.2**	**(40.9)**	**-11.3%**
SPE	47.1	65.7	58.2	81.3	252.5	41.2	65.6	51.5	72.0	230.5	(22.0)	-8.7%
GA	11.4	12.4	11.5	12.8	48.2	9.8	12.9	11.5	11.2	45.5	(2.6)	-5.5%
FT	10.3	15.0	10.0	13.7	49.2	4.8	8.0	12.4	9.8	35.1	(14.0)	-28.6%
PE	3.2	3.9	2.0	3.1	12.3	2.1	2.6	1.7	3.4	10.0	(2.2)	-18.6%
Others	0.2	0.4	0.4	0.6	1.9	0.2	0.6	0.4	0.5	1.9	0	3.0%
Operating income (to net sales ratio)	**5.1** **7.0%**	**10.0** **10.3%**	**3.6** **4.5%**	**10.7** **9.6%**	**29.6** **8.1%**	**(4.4)** **-7.6%**	**7.8** **8.7%**	**3.9** **5.1%**	**5.1** **5.3%**	**12.5** **3.9%**	**(17.0)**	**-57.6%** **-4.3pt**
SPE	3.7	7.8	4.9	9.3	25.8	(0)	6.5	4.2	5.3	16.1	(9.7)	-37.6%
GA	0.2	0.2	0.2	0.4	1.1	(0.2)	1.1	0	0.4	1.4	0.3	27.2%
FT	0.9	1.9	(0.5)	1.4	3.7	(3.5)	0.5	0.2	0.2	(2.5)	(6.3)	-
PE	0.5	0.5	(0)	(0.2)	0.7	(0)	0	(0.1)	(0)	(0.2)	(1.0)	-
Others	(0.3)	(0.4)	(0.8)	(0.2)	(1.8)	(0.5)	(0.4)	(0.4)	(0.7)	(2.1)	(0.3)	-
Ordinary income	**5.1**	**10.1**	**3.3**	**10.6**	**29.2**	**(4.2)**	**7.6**	**3.7**	**4.4**	**11.6**	**(17.6)**	**-60.3%**
Profit attributable to owners of parent	**3.5**	**6.0**	**0.5**	**7.9**	**18.0**	**(2.9)**	**5.3**	**2.3**	**0.2**	**5.0**	**(13.0)**	**-72.3%**

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

Analysis of Comparison in Operating Income

FY2020

FY2020 Result -Comparison with FY2019-

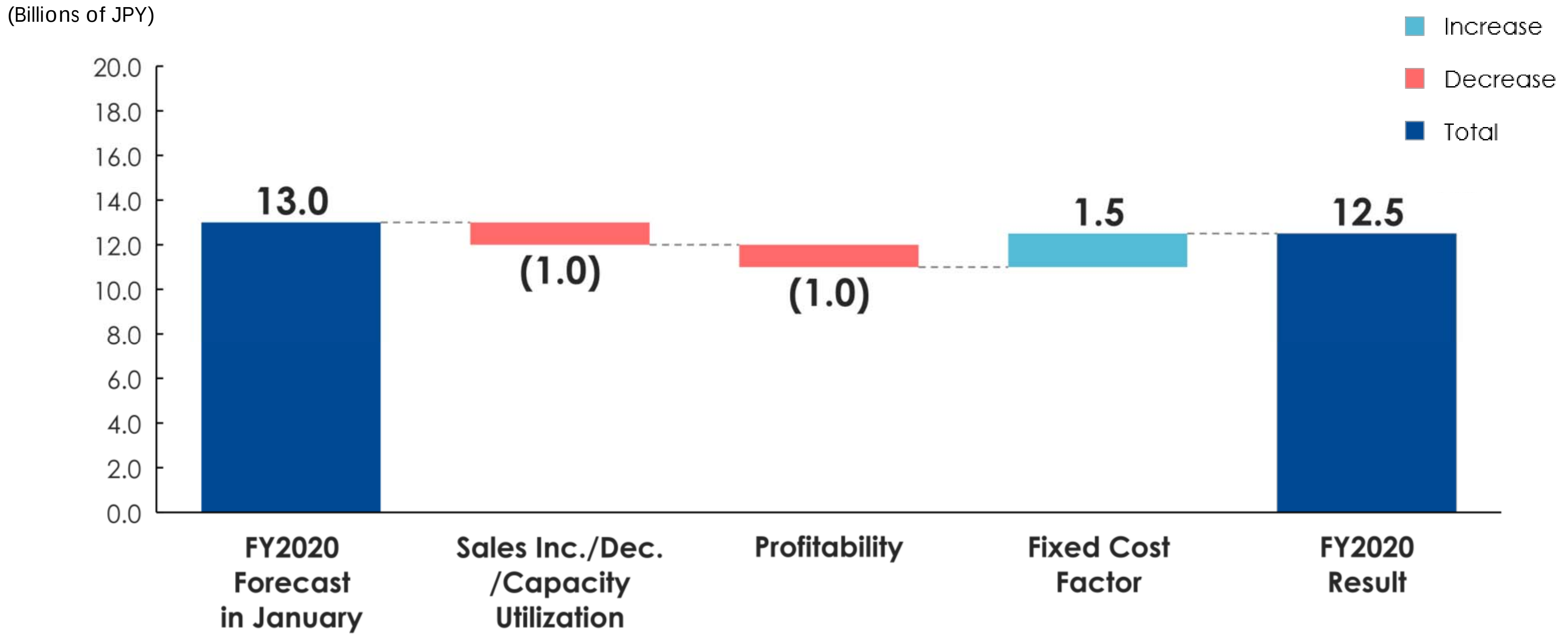


>>Fixed costs were significantly reduced to cover lower profitability

* Operating Income Factor: approximate numbers per 0.5 bn

Analysis of Comparison in Operating Income

FY2020 Result -Comparison with January's Forecast-

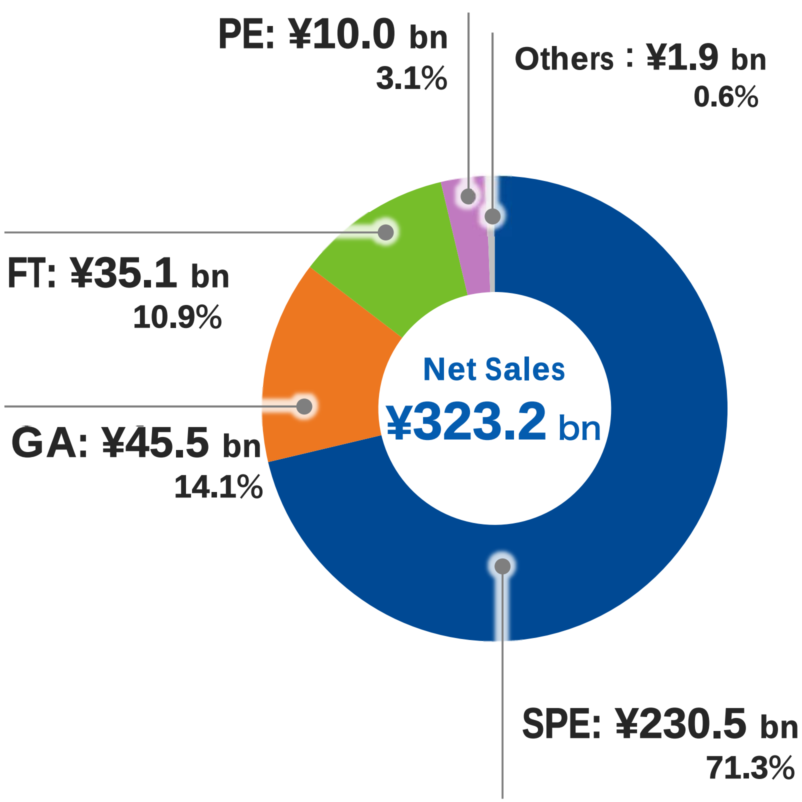


>>Operating income was almost in line with the January's forecast
>>Steadily cover the negative portion of profitability by reducing fixed costs

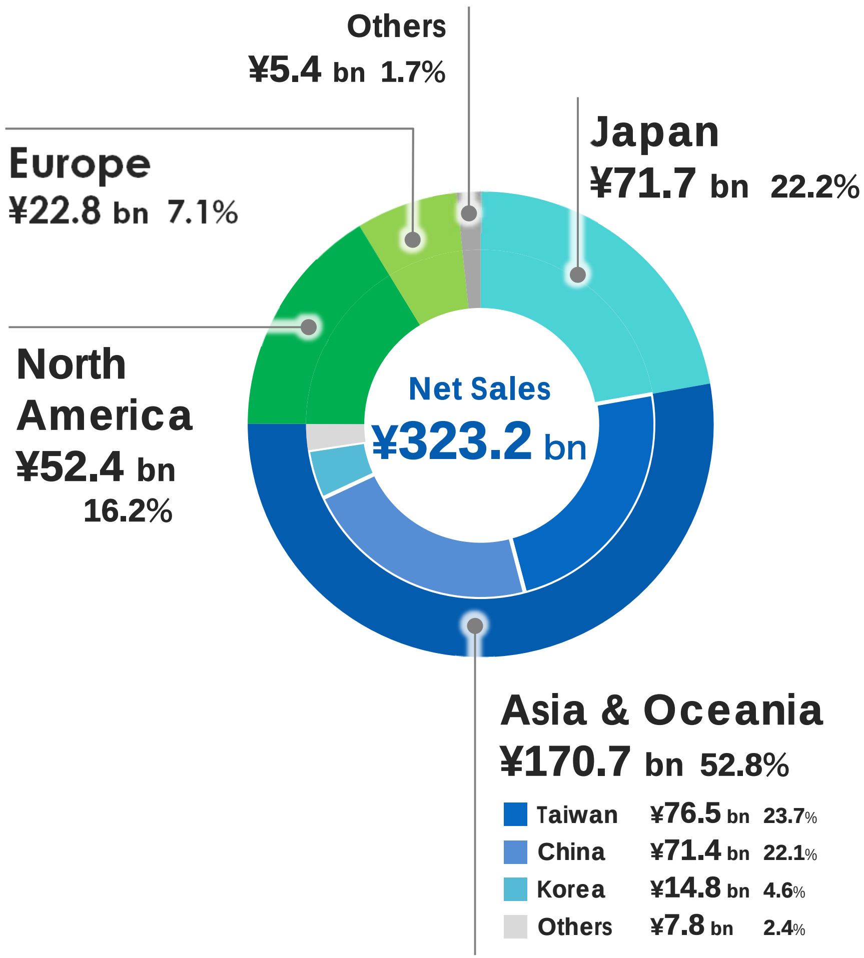
* Operating Income Factor: approximate numbers per 0.5 bn

FY2020 Business Results

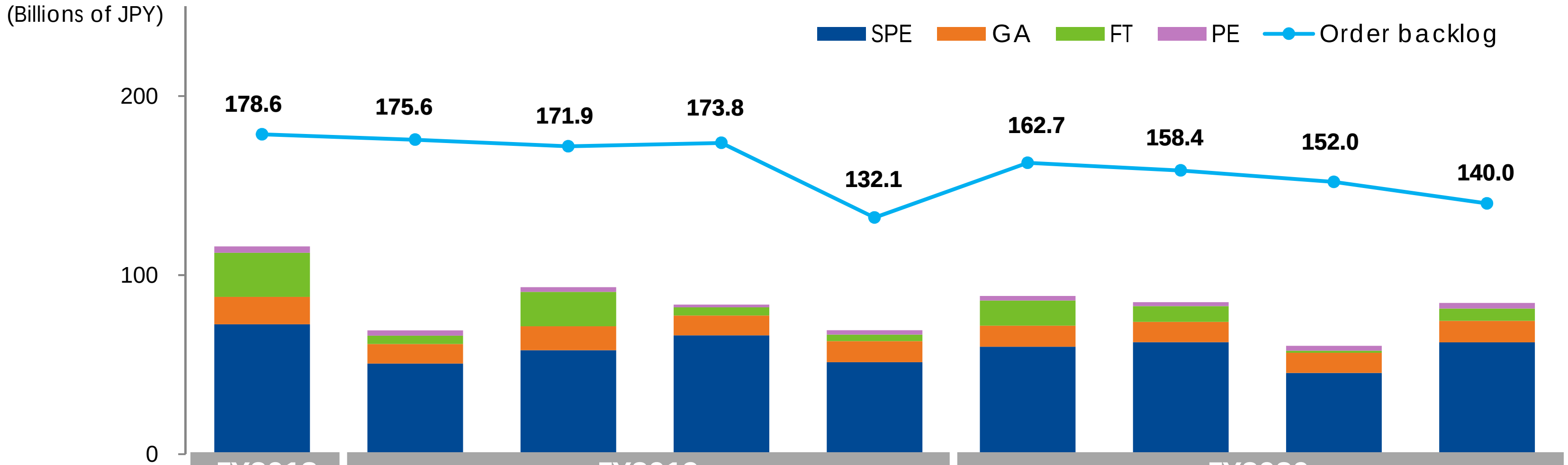
Sales by Segment



Sales by Region



Quarterly Orders Received and Order Backlog



(Billions of JPY)	FY2018	FY2019				FY2020			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders received	**116.1**	**69.2**	**93.4**	**83.7**	**69.4**	**88.5**	**85.0**	**70.9**	**84.6**
SPE	72.5	50.6	58.0	66.3	51.3	60.0	62.5	45.3	62.4
GA	15.3	10.9	13.4	11.1	11.8	11.7	11.3	11.3	12.0
FT	24.6	4.6	19.2	4.6	3.6	14.1	8.8	11.5	6.9
PE	3.6	3.0	2.6	1.5	2.5	2.5	2.2	2.7	3.1
Order backlog	**178.6**	**175.6**	**171.9**	**173.8**	**132.1**	**162.7**	**158.4**	**152.0**	**140.0**
SPE	110.3	113.8	106.1	114.3	84.3	103.1	100.0	93.7	84.1
GA	5.0	4.5	5.6	5.3	4.3	6.2	4.7	4.5	5.3
FT	59.7	54.0	58.2	52.8	42.7	52.1	52.9	52.0	49.1
PE	3.3	3.1	1.8	1.3	0.7	1.2	0.7	1.7	1.3

Business Situation

SPE

Main Initiatives and Conditions Going Forward

Market Outlook etc.

- Our medium- to long-term outlook with regard to the expansion of WFE remains unchanged. Upward trends in demand for 5G-related and other communications devices and servers remain constant
- In the short term, we are not positioned to offer our forecasts on WFE market conditions in CY2020 as it is difficult to predict when the spread of COVID-19 can be contained and how severe its economic impact will be
- Foundry: Ongoing investments aimed at promoting miniaturization
  - Stay flexible and responsive even if the latest conditions with regard to demand necessitate changes in our plans, striving to enhance our customer support capabilities
- Logic: Demand associated with mass-production and device upgrading remained firm
  - Maintain the timely supply of our devices by stepping up collaboration with customers
- Memory: Strive to secure our future preparedness to seize demand arising from the full-scale resumption of investment
  - Push ahead with preparations to seize future demand arising from the resumption of large-scale investment while stepping up our firm support for investment projects currently under way
  - Paying constant attention to the establishment of new forms of NAND
- Imaging Device: Benefitted from robust investment due to growth in demand for smartphone camera applications
  - Promptly meet customer needs that arise at the timing of investments while enhancing support for new customers
- Other: Expecting further growth in demand in such fields as IoT and other communications-related equipment, AI devices and power semiconductors. Paying constant attention to the Chinese market as it retains significant potential

Business Situation

SPE

Comparison (YoY)

(Billions of JPY)

	FY2019 Full	FY2020 Full	Difference	
Net sales	252.5	230.5	(22.0)	-8.7%
Operating income (to net sales ratio)	25.8 10.2%	16.1 7.0%	(9.7)	-37.6% -3.2pt

Comparison (QoQ)

(Billions of JPY)

	FY2020 3Q	FY2020 4Q	Difference	
Net sales	51.5	72.0	20.4	39.6%
Operating income (to net sales ratio)	4.2 8.2%	5.3 7.5%	1.1	26.6% -0.8pt

Outlook

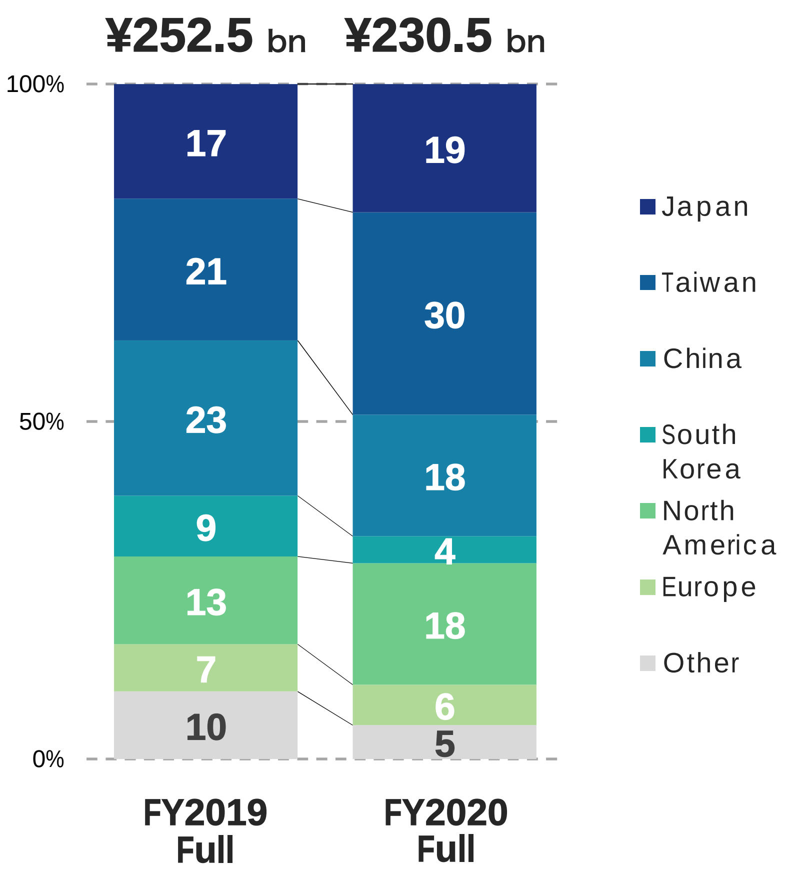
- YoY: Both sales and profits decreased due to stagnant memory investments
- QoQ: Both sales and profits increased due to increased sales in almost all applications
- Compared to January's forecast: COVID-19 caused postponed equipment sales, but negative impact was minimized due to increase in after-sales services

Composition of Sales

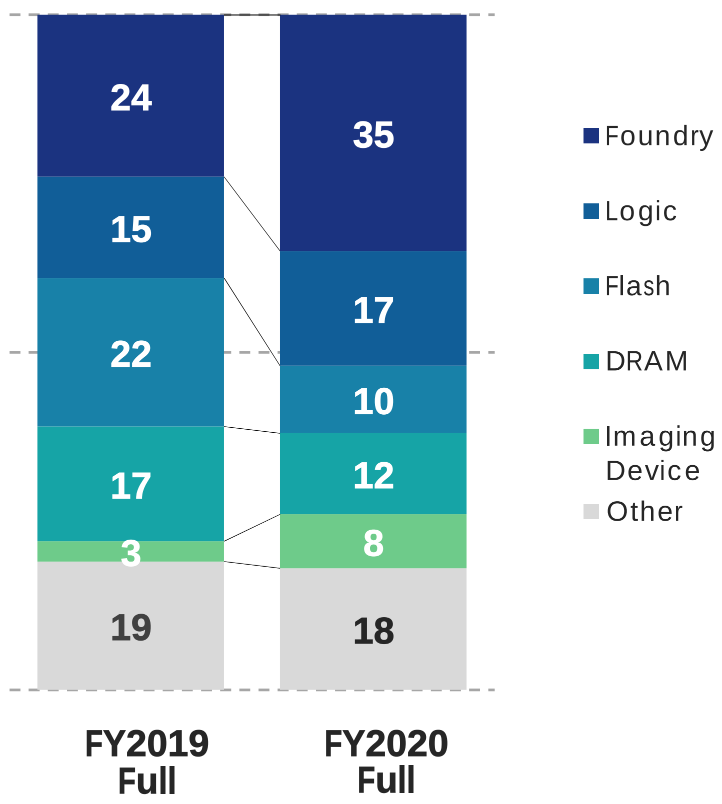
By Region (Consolidated) / By Application Device (Nonconsolidated)

SPE

By Region -destination-



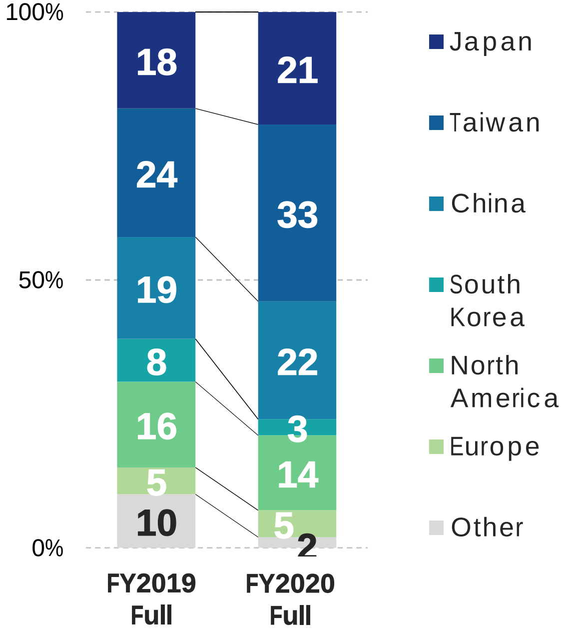
By Application Device



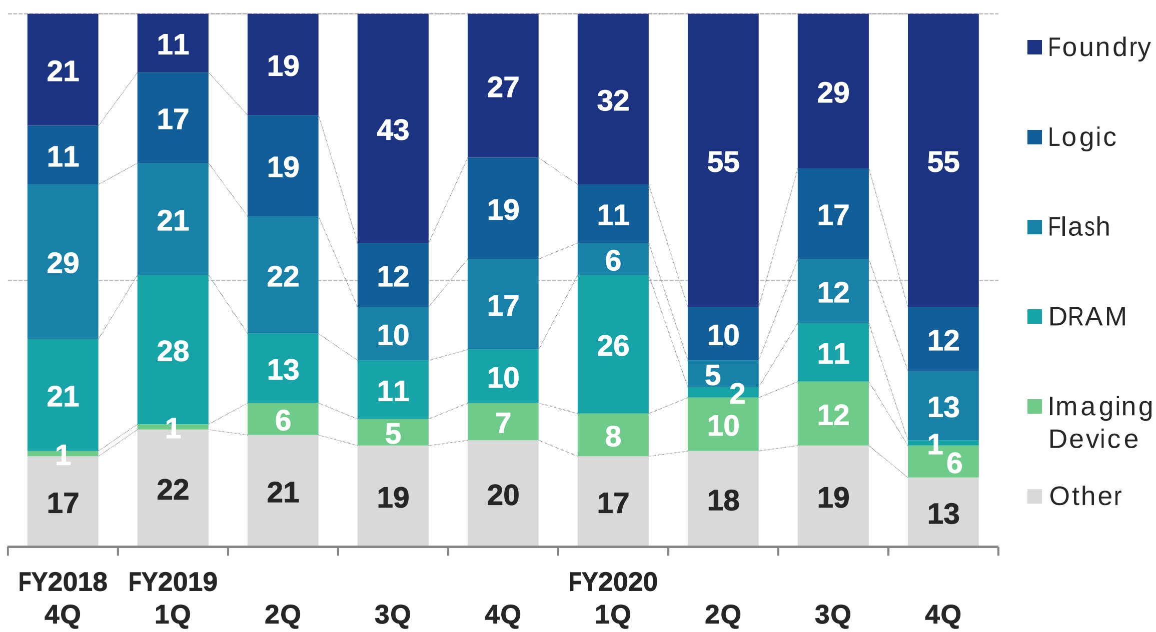
Orders Received Ratio (Nonconsolidated)

SPE

By Region -destination-



Quarterly by Application Device



- By Region (the Full Year): Increased in Taiwan, China and Japan, decreased in North America and South Korea
- 4Q Consolidated Orders : Better than expected landed at ¥62.4 bn, increased less than 40% from 3Q and increased more than 20% from FY2019
- By Application Device: Foundry increased over 50% compared with the 3Q again. DRAM was sluggish

Business Situation

Comparison (YoY)

(Billions of JPY)

	FY2019 Full	FY2020 Full	Difference	
Net sales	48.2	45.5	(2.6)	-5.5%
Operating income (to net sales ratio)	1.1 2.4%	1.4 3.2%	0.3	27.2% 0.8pt

Comparison (QoQ)

(Billions of JPY)

	FY2020 3Q	FY2020 4Q	Difference	
Net sales	11.5	11.2	(0.3)	-2.8%
Operating income (to net sales ratio)	0 0.8%	0.4 3.7%	0.3	4.3 times 2.8pt

Outlook

- YoY: Sales decreased due to sluggish sales of equipment, although sales of ink and other after-sales services increased steadily. Operating income increased due to a reduction of fixed costs
- QoQ: Lower sales but higher profits supported by solid after-sales services
- Compared to January's forecast: Sales were in line with the plan, however profits were not achieved

Business Situation

FT

Comparison (YoY)

(Billions of JPY)

	FY2019 Full	FY2020 Full	Difference	
Net sales	49.2	35.1	(14.0)	-28.6%
Operating income (to net sales ratio)	3.7 7.7%	(2.5) -7.3%	(6.3)	- -15.0pt

Comparison (QoQ)

(Billions of JPY)

	FY2020 3Q	FY2020 4Q	Difference	
Net sales	12.4	9.8	(2.5)	-20.6%
Operating income (to net sales ratio)	0.2 1.7%	0.2 2.3%	0	6.8% 0.6pt

Outlook

- YoY: Both sales and profits decreased. It is due to postponed delivery date in small- and medium-sized equipment and a raised variable cost ratio caused by the product mix, although sales in large-sized equipment increased
- QoQ: Sales decreased mainly due to delays in setting up the equipment
- Compared to January's forecast: Sales decreased due to COVID-19, while profits were in line with expectations

Business Situation

PE

Comparison (YoY)

(Billions of JPY)

	FY2019 Full	FY2020 Full	Difference	
Net sales	12.3	10.0	(2.2)	-18.6%
Operating income (to net sales ratio)	0.7 6.2%	(0.2) -2.6%	(1.0)	- -8.8pt

Comparison (QoQ)

(Billions of JPY)

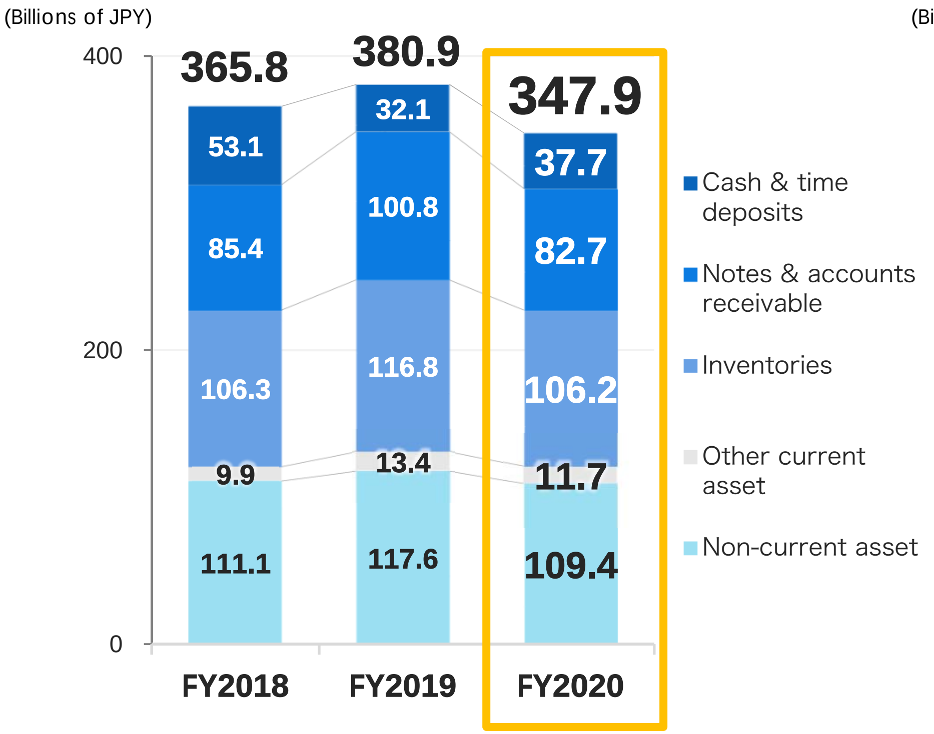
	FY2020 3Q	FY2020 4Q	Difference	
Net sales	1.7	3.4	1.7	96.4%
Operating income (to net sales ratio)	(0.1) -8.6%	(0) -2.0%	0	- 6.6pt

Outlook

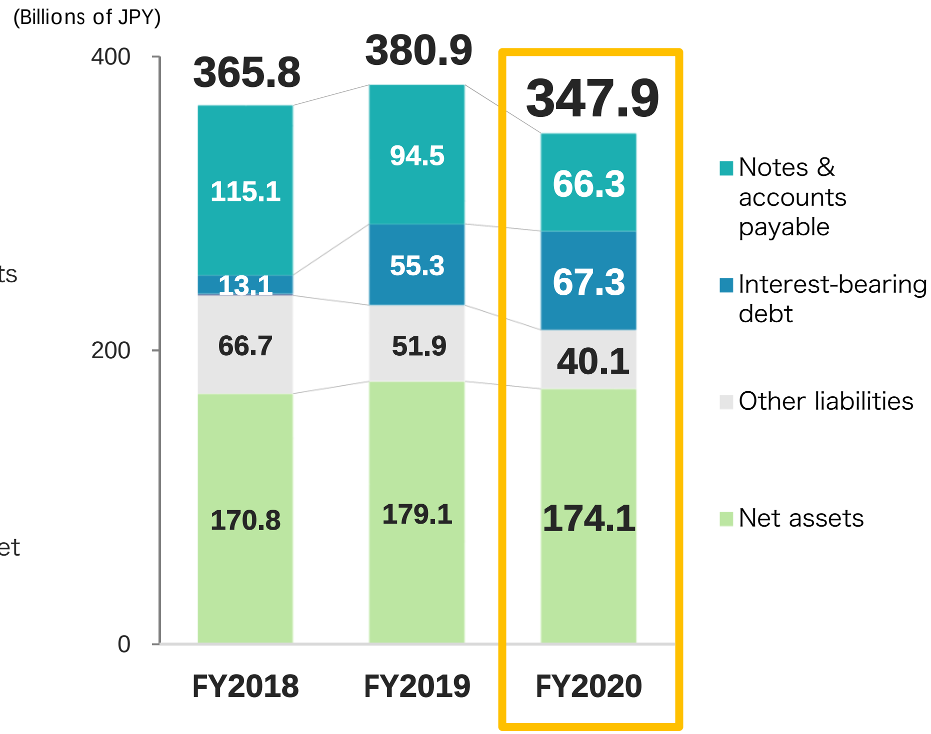
- YoY: Both sales and profits decreased. It is due to sluggish sales of direct imaging equipment caused by a stagnation in smartphone related investment
- QoQ: Sales increased supported by 5G-related investment
- Compared to January's forecast: Sales decreased due to COVID-19, while profits were in line with expectations

Financial Situation: Trend in B/S

Assets



Liabilities & Net Assets

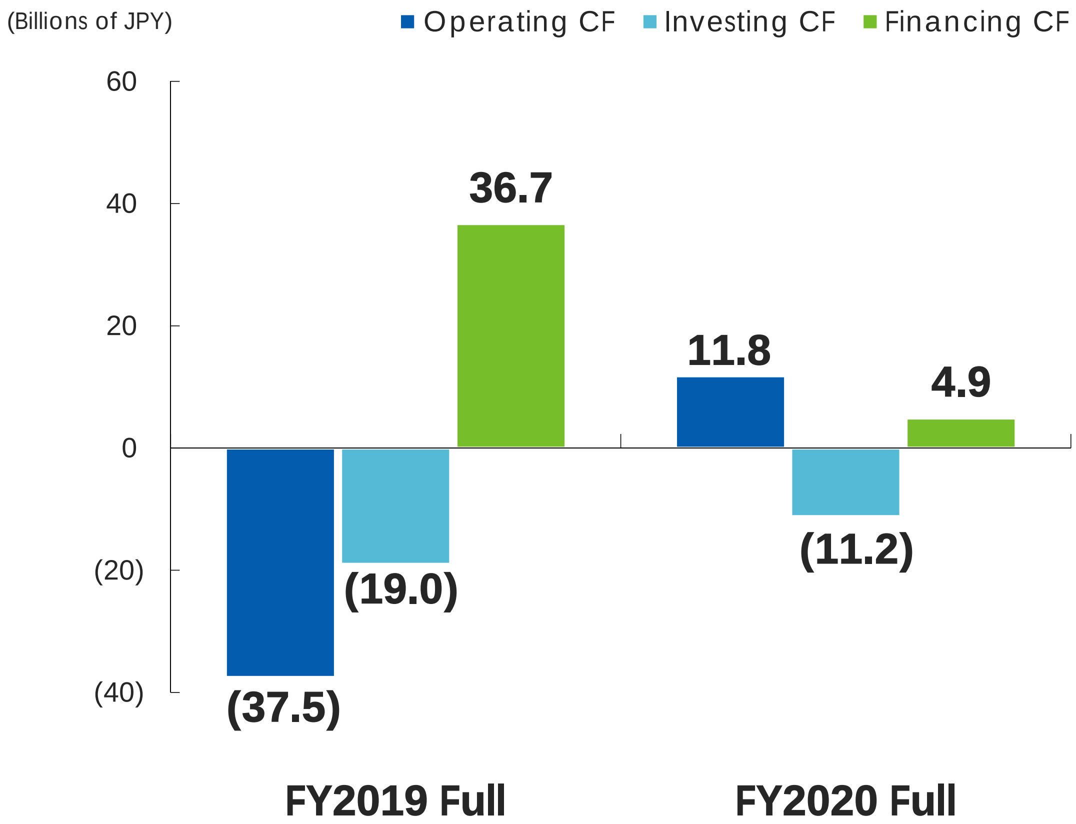


Total assets decreased of ¥32.9 bn compared with the end of FY2019. This was largely due to a decrease in notes and accounts receivable including electronically recorded monetary claims and inventories, despite an increase in cash and time deposits.

Equity Ratio 47.0% (FY2019) ▶ 50.0% (FY2020)

* 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.

Financial Situation: Cash Flows



FCF* ¥(56.5) bn (FY2019 Full)

FCF* ¥0.5 bn (FY2020 Full)

Operating CF

Net cash provided by operating activities amounted to ¥11.8 bn. This was because the sum of a decrease in notes and accounts receivable including electronically recorded monetary claims, a decrease in inventories, income before income taxes, depreciation and amortization and other inflows exceeded notes and accounts payable including electronically recorded obligations and other outflows.

Investing CF

Net cash used in investing activities amounted to ¥11.2 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 ¥4.9 bn. This was due mainly to an increase in short-term loans payable, despite cash dividends paid.

* FCF: Free Cash Flow

FCF improved from FY2019, mainly due to a decrease a decrease in notes and accounts receivable including electronically recorded monetary claims, a decrease in inventories, and a decrease in the amount of fixed assets acquired.

Business Outlook Going Forward etc.

- Currently, we are refraining from announcing full-year operating results forecasts as it is difficult to reasonably estimate the impact of the spread of COVID-19 on our business performance.
  However, we will promptly disclose business forecast when it becomes possible

- Due to the reasons described above, we will also refrain from disclosing the details of the new three-year medium-term management plan that we had been intending to announce in May 2020

- As for SPE operations, customer sentiment toward investment remains strong, with consolidated operating results for FY2021 1Q in terms of both net sales and operating income being expected to improve compared with the same period of the previous fiscal year

Our Response to COVID-19 (as of May 12, 2020)

Customer response and support

- Utilizing such solutions as teleconferencing for meeting with customers in the course of sales activities while ensuring timely response to customer requests
- Made it a rule to ensure that the installation and launch of equipment is handled solely by local staff as much as possible, even though schedule delays in some countries and regions

Production and shipments

- Impact on our supply chains, including those associated with the procurement of parts, is minor. We will pay constant attention
- Impact on the production and shipment of equipment is minor. We will focus on maintaining stable supply

Corporate organizations

- January 24, 2020, is currently engaged in the confirmation of employee status with regard to COVID-19 infection and the implementation of preemptive measures to counter infection
  - Thus far, 4 employees (overseas) were confirmed as having been infected with the disease. However, all such employees have recovered after experiencing mild symptoms

Financial position

- Amid a sense of uncertainty regarding the future due to the spread of COVID-19, we will curb cash outflows for the time being while retaining a robust level of cash on hand supported by sufficient liquidity. Having secured a total unused loan facility of ¥30.0 bn backed by existing commitment lines, we are currently negotiating with financial institutions that have already clarified their strong support of our operations to obtain an additional loan facility in preparation for the prolongation of the negative economic impact

Overview of the Previous Three-year Medium-term Management Plan and the Future Initiatives

Review on Challenge 2019

Targets	Changes in three year			
		FY2018	**FY2019**	**FY2020**
1. Expand Sales Consolidated annual net sales Approx. ¥300 bn	Net sales	¥339.3 bn	¥364.2 bn	¥323.2 bn
2. Maintain and Improve Profitability Operating income ratio in the final year of the plan 13% or above	Operating income ratio	12.6%	8.1%	3.9%
3. Maintain and Improve Capital Efficiency ROE Approx.15%	ROE	18.2%	10.3%	2.8%

- Established robust business foundations supported by annual net sales of ¥300.0 bn thanks to the success of growth investment
  - In 1H of the three-year plan, the ratio of operating income to net sales and market capitalization hit record highs, while our targets for net cash flows and other performance indices have been met
- On the other hand, we have seen growth in sales in 2H, albeit with temporary operational confusion. Some issues must be addressed to offset a decrease in profitability and create cash flows in a disadvantageous environment arising from the deterioration of market conditions

>>Based on the new medium-term management plan, we will refresh our focus on pursuing improvement in corporate value

Overview of the Previous Three-year Medium-term Management Plan and the Future Initiatives

Future Initiatives

1. Build an optimal business portfolio in light of the market environment and customer needs

Cultivate peripheral needs associated with existing businesses our focus on the cultivation of peripheral needs associated with existing businesses while taking on the ongoing challenge of creating new businesses

2. Pursue the profitability and efficiency of existing businesses

Create cash flows by improving the profitability and efficiency of existing businesses (the utilization of ROIC indices)

3. Promote ESG-oriented management

Participate in the Science Based Targets (SBT) initiative while enhancing risk management in addition to efforts to create a company in which every employee can experience personal growth in the course of their career development

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

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

G (Business Foundations): Implementing a system of both passive and active governance while strategically disclosing ESG information

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Evaluating Effectiveness of the Board of Directors

A third-party organization has conducted a survey and summary of evaluation results will be disclosed on website around the end of May

Continued Shareholder Engagement since FY2019

Aiming for sustainable management, we are strengthening dialogue on ESG issues

Conducted a Survey for Investors and Analysts in March for FY2020

The overall rating is 4.0 or higher on a 5-point scale

- Although the content of IR materials especially in expansion of coverage was enhanced and the content of the financial results briefing (large meeting) was rated as an improvement over last year, they were slightly below the overall average. we aim for further improvement
- Frequently used materials are the FAQ on website

ESG-Related Initiatives

E (Environmental): Creating environmental value and contributing to low carbon society and circular economy

13 CLIMATE ACTION

SCREEN Targets 30% Greenhouse Gas Reduction by 2030, Approved by Science Based Targets Initiative[*1]

- SCREEN commits to reduce absolute scope 1[*2] and 2[*3] GHG emissions 30% by 2030 from a 2018 base year
- SCREEN also commits to reduce absolute scope 3[*4] GHG emissions from the use of sold products 20% by 2030 from a 2018 base year

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

*1 SBT: Science-based targets are emissions reduction targets in line with what the latest climate science says is needed to meet the goals of the Paris Agreement – to limit global warming to well-below 2˚C above pre-industrial levels and pursue efforts to limit warming to limit warming to 1.5˚C.
*2 Scope 1: Direct emission associated with fuel consumption and production processes
*3 Scope 2: Indirect emission associated with consumption of power or heat purchased from outside
*4 Scope 3: Indirect emission other than Scope 1 or 2

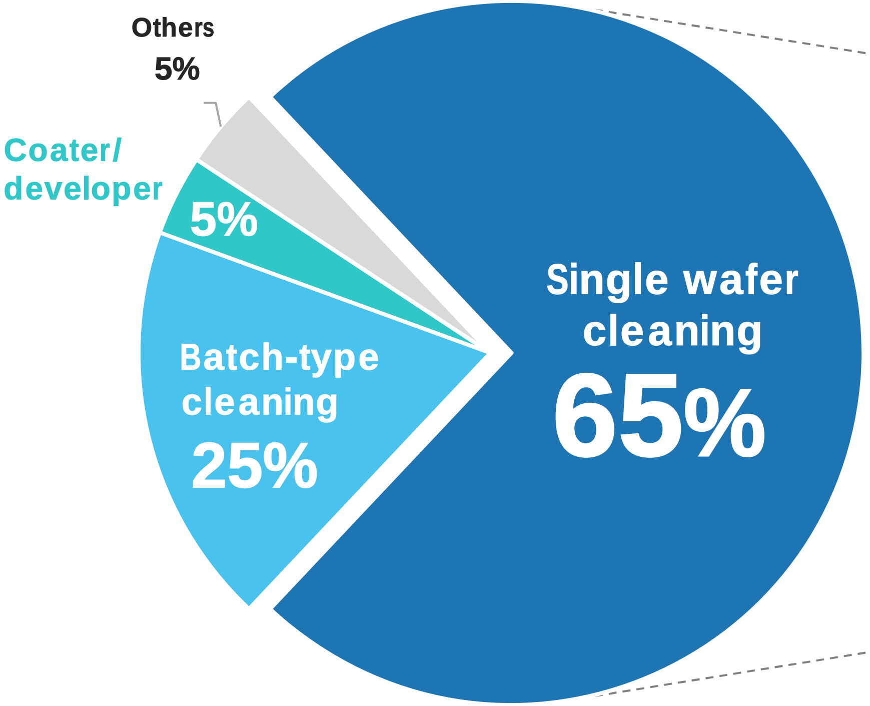
Reference: Changes in Main Index

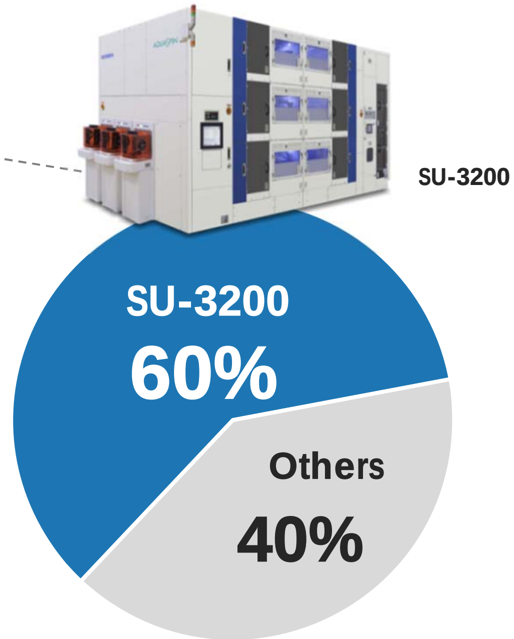
(Billions of JPY)	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	259.6	300.2	339.3	364.2	323.2
Operating income	23.5	33.7	42.7	29.6	12.5
Operating income ratio (%)	9.1	11.2	12.6	8.1	3.9
Total assets	270.0	300.6	365.8	380.9	347.9
Equity	119.6	142.8	170.8	179.1	173.9
Equity ratio (%)	44.3	47.5	46.7	47.0	50.0
ROE (%)	16.3	18.4	18.2	10.3	2.8
Depreciation and amortization	5.0	5.3	5.7	6.8	8.8
Capital expenditures	6.3	8.2	14.4	24.0	7.9
R&D expenses	15.1	17.7	20.8	22.8	21.5
EPS (JPY)	396.75	511.96	608.62	387.10	107.37

Reference: Composition of Sales (Nonconsolidated)

SPE

FY2020 Total Sales Ratio of by Cleaning Equipment by Product





unit: %	FY2017	FY2018	FY2019	FY2020
Single wafer cleaning	70	65	65	65
Batch-type cleaning	20	30	20	25
Coater/ developer	5	5	10	5
Other	5	0	5	5

* Ratio: approximate numbers per 5%