

Business Results & Forecast

The Second Quarter Ended September 30, 2016

A horizontal bar composed of four colored segments: blue, orange, green, and purple.

November 7, 2016

*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 2Q 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 “Challenge2016”



6. Recent Hot Topics



1. FY2017 2Q Business Results

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5. Three-year Medium-term Management Plan “Challenge2016”

6. Recent Hot Topics

FY2017 2Q Business Results <Consolidated>

(Billions of JPY)	FY2016						FY2017			Difference	
	1Q	2Q	1H	3Q	4Q	FULL	1Q	2Q	1H	Amount	Percentage
Net sales	56.1	73.7	129.8	53.0	76.8	259.6	62.2	73.8	136.1	6.3	4.9%
SE	34.7	47.2	81.9	32.0	51.7	165.8	41.2	50.3	91.6	9.6	11.8%
GP	14.7	16.5	31.3	13.8	16.1	61.2	11.4	14.6	26.0	(5.3)	-16.9%
GA(Graphic Arts Equip.)	12.6	14.0	26.7	12.4	13.0	52.3	9.6	12.4	22.0	(4.6)	-17.4%
PE(PCB Equip.)	2.0	2.5	4.5	1.3	3.0	8.9	1.8	2.1	3.9	(0.6)	-13.8%
FT	6.3	9.6	15.9	6.9	8.7	31.5	9.3	8.6	17.9	2.0	12.6%
Other	0.3	0.2	0.5	0.2	0.2	1.0	0.1	0.2	0.4	0	-16.1%
Operating income	3.2	7.5	10.8	4.1	8.5	23.5	5.1	7.0	12.1	1.3	12.7%
(to net sales ratio)	5.9%	10.2%	8.3%	7.9%	11.2%	9.1%	8.2%	9.6%	8.9%	-	0.6pt
SE	2.1	5.8	7.9	3.0	7.7	18.7	4.3	6.0	10.3	2.4	31.1%
GP	0.9	0.7	1.7	0.4	0.9	3.1	(0.1)	1.0	0.8	(0.8)	-49.5%
FT	0.1	1.4	1.5	0.6	0.5	2.7	1.2	0.5	1.7	0.1	11.8%
Other	0	(0.4)	(0.4)	0	(0.6)	(1.0)	(0.3)	(0.5)	(0.8)	(0.4)	-
Ordinary income	3.4	7.1	10.6	4.1	8.4	23.1	5.0	6.6	11.6	1.0	10.1%
Profit attributable to Owners of parent	2.2	6.2	8.4	3.4	6.8	18.8	3.7	5.7	9.4	0.9	11.7%

SE : Semiconductor solution business
FT : Finetech solution business

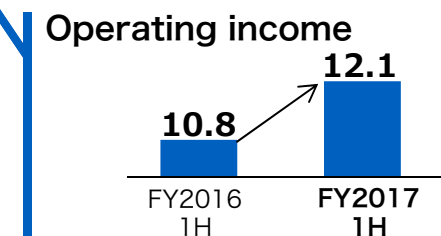
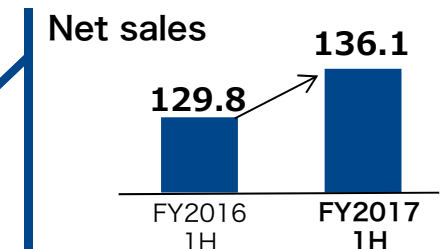
GP : Graphic and precision solution business

FY2017 2Q Business Results<Consolidated>

>>Year-on-year comparison

(Billions of JPY)	FY2016	FY2017	Difference	
	1H	1H		
Net sales	129.8	136.1	6.3	4.9%
Operating income (to net sales ratio)	10.8 8.3%	12.1 8.9%	1.3 0.6pt	12.7%
Ordinary income	10.6	11.6	1.0	10.1%
Profit attributable to Owners of parent	8.4	9.4	0.9	11.7%

Year-on-year comparison



>>Comparison with the previous Quarter

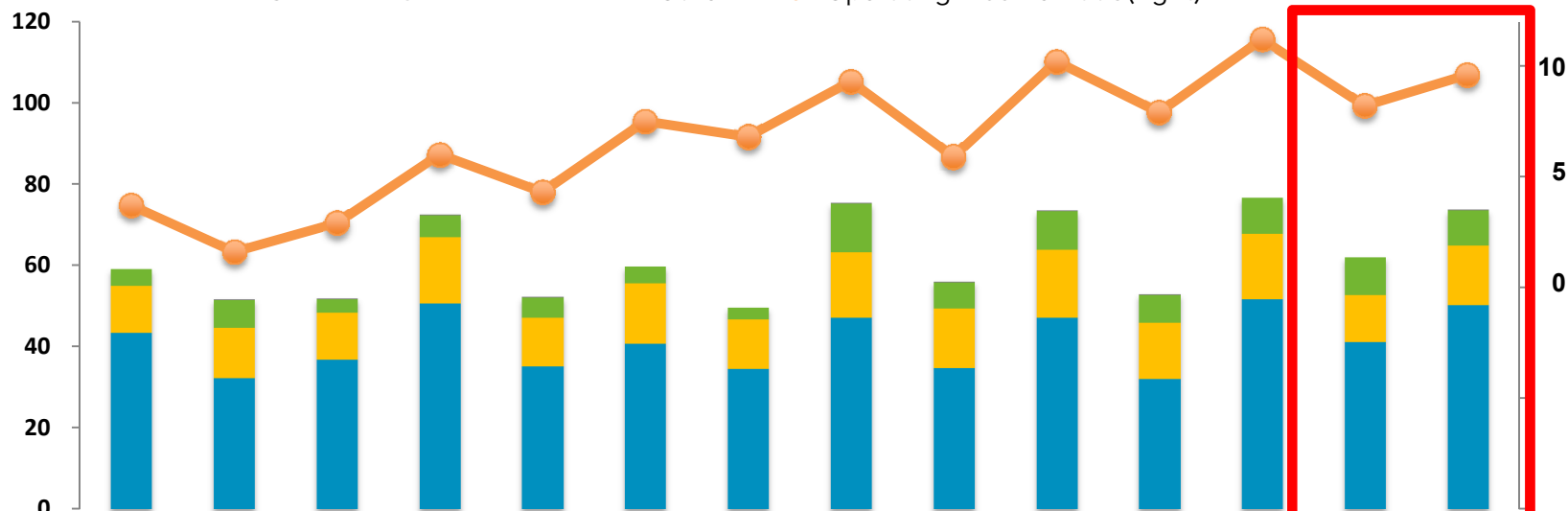
(Billions of JPY)	FY2017	FY2017	Difference	
	1Q	2Q		
Net sales	62.2	73.8	11.6	18.7%
Operating income (to net sales ratio)	5.1 8.2%	7.0 9.6%	1.9 1.3pt	37.8%
Ordinary income	5.0	6.6	1.5	31.5%
Profit attributable to Owners of parent	3.7	5.7	2.0	54.5%

Quarterly Net Sales and Operating Income <Consolidated>

Net sales
(Billions of JPY)

SE GP FT Other Operating Income Ratio(right)

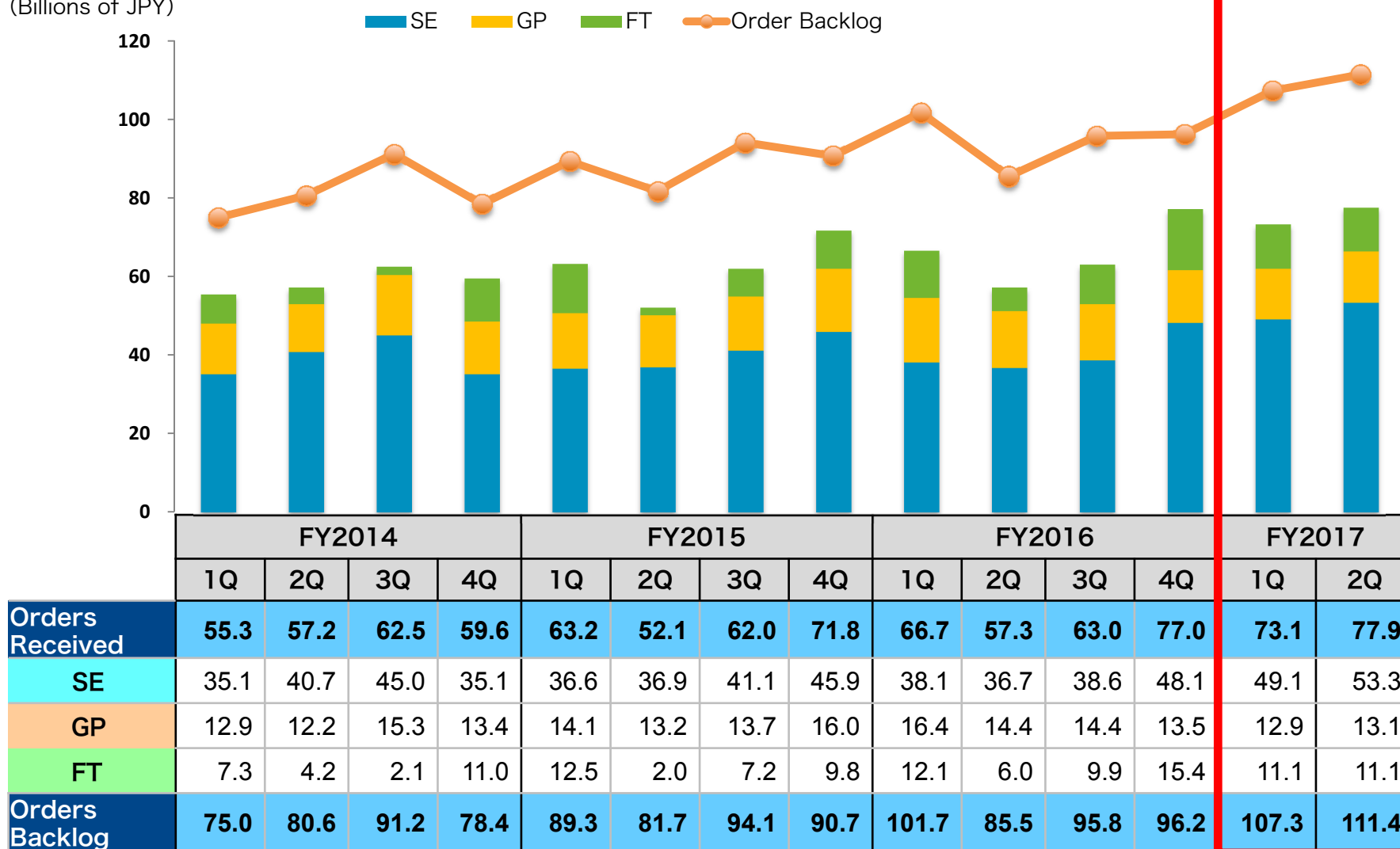
Operating Income ratio
(%)



	FY2014				FY2015				FY2016				FY2017	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
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
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
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
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
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
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
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

Quarterly Orders Received and Orders Backlog<Consolidated>

(Billions of JPY)



1. FY2017 2Q 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 “Challenge2016”



6. Recent Hot Topics

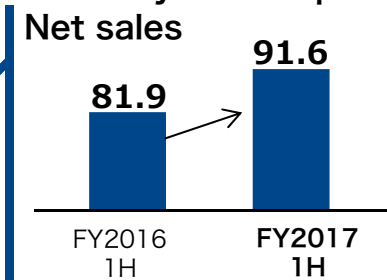


Business Environment<SE>

>>Year-on-year comparison

	FY2016	FY2017	Difference	
	1H	1H		
(Billions of JPY)				
Net sales	81.9	91.6	9.6	11.8%
Operating income (to net sales ratio)	7.9 9.7%	10.3 11.3%	2.4 1.7pt	31.1%

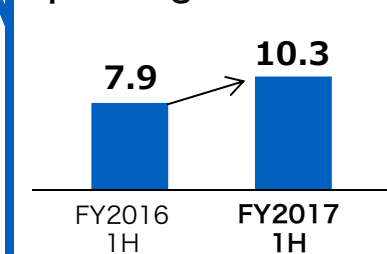
Year-on-year comparison



>>Comparison with the previous Quarter

	FY2016	FY2017	Difference	
	1Q	2Q		
(Billions of JPY)				
Net sales	41.2	50.3	9.0	22.0%
Operating income (to net sales ratio)	4.3 10.5%	6.0 12.0%	1.7 1.5pt	39.7%

Operating income



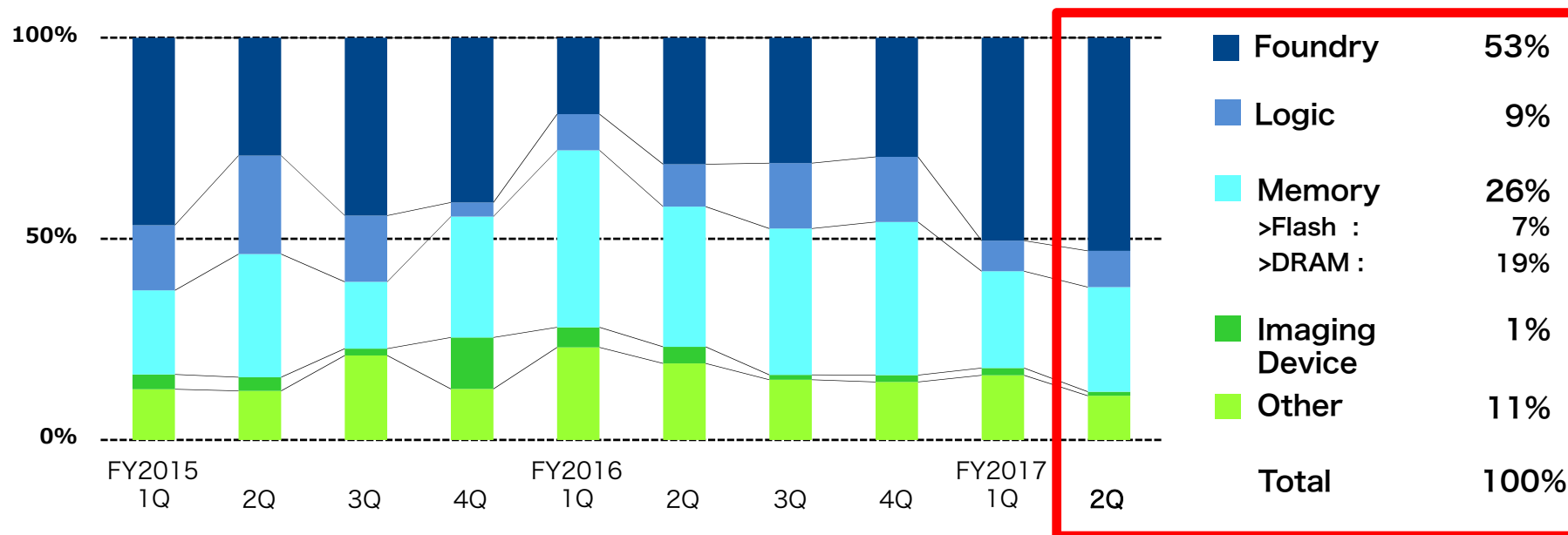
TOPICS

- For 1H, both sales and profit increased year on year, reflecting vigorous investment by foundries for miniaturization and flash memory (mainly 3D-NAND).
- As for business forecast for the FY2017, both sales and profit are expected to be upwardly revised from the previous August forecast on the back of robust investment by foundries for miniaturization and 3D-NAND.

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

*2Q Orders received (Consolidated) : JPY 53.3 bn.

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



>>FY2017 2Q orders by region <Nonconsolidated>

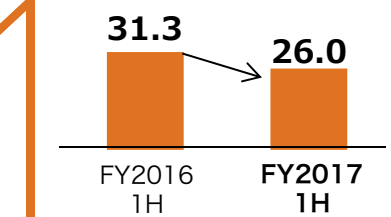


Business Environment<GP>

>>Year-on-year comparison

(Billions of JPY)	FY2016	FY2017	Difference	
	1H	1H		
Net sales	31.3	26.0	(5.3)	-16.9%
Operating income (to net sales ratio)	1.7 5.7%	0.8 3.4%	(0.8) -2.2Pt	-49.5%

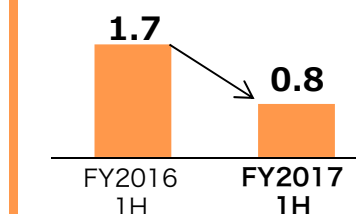
Year-on-year comparison Net sales



>>Comparison with the previous Quarter

(Billions of JPY)	FY2016	FY2017	Difference	
	1Q	2Q		
Net sales	11.4	14.6	3.1	27.5%
Operating income (to net sales ratio)	(0.1) -1.2%	1.0 7.0%	1.1 8.2pt	-

Operating income



TOPICS

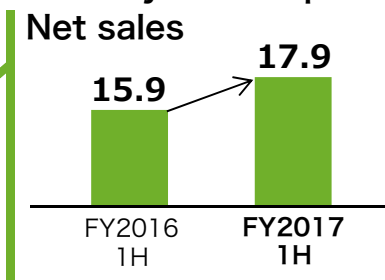
- For 1H, both sales and profit decreased from the previous August forecast. However, the business result of 2Q improved thanks to disappearance of hesitant buying before “drupa”, the world’s largest comprehensive printing equipment exhibition on 1Q. For 2H, business situation is expected to go upward by POD sales expansion mainly in overseas albeit with foreign exchange rate fluctuation risks.
- PE decided to spin off its PCB-related equipment business from GP as a new business operating company on April 1, 2017 in order to deal with the dramatically changing electronic device industry.

Business Environment<FT>

>>Year-on-year comparison

(Billions of JPY)	FY2016	FY2017	Difference	
	1H	1H		
Net sales	15.9	17.9	2.0	12.6%
Operating income (to net sales ratio)	1.5 9.9%	1.7 9.9%	0.1 0.0pt	11.8%

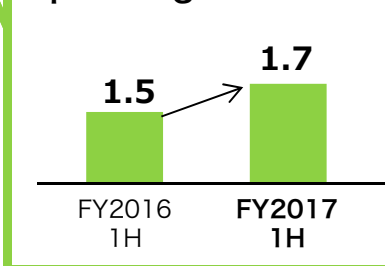
Year-on-year comparison



>>Comparison with the previous Quarter

(Billions of JPY)	FY2016	FY2017	Difference	
	1Q	2Q		
Net sales	9.3	8.6	(0.7)	-7.7%
Operating income (to net sales ratio)	1.2 13.5%	0.5 5.9%	(0.7) -7.7pt	-60.1%

Operating income



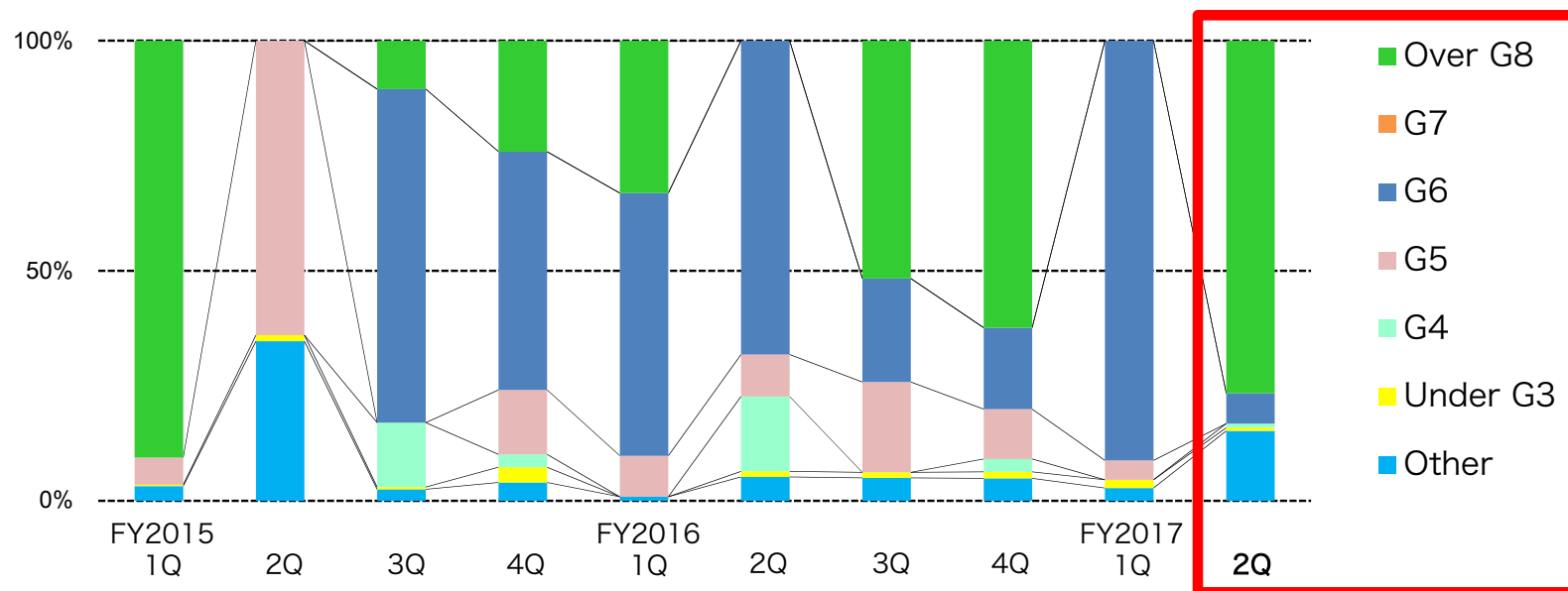
TOPICS

- For 1H, sales of production equipment for large-sized panels temporally fell in China, but small- and medium-sized panels in Japan and Taiwan increased year on year.
- Order situation continues to remain strong. For 3Q or later, the situation will stay good 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>

*2Q Orders received (Consolidated) : JPY 11.1 bn.



>>FY2017 2Q orders by region <Nonconsolidated>



1. FY2017 2Q 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 “Challenge2016”



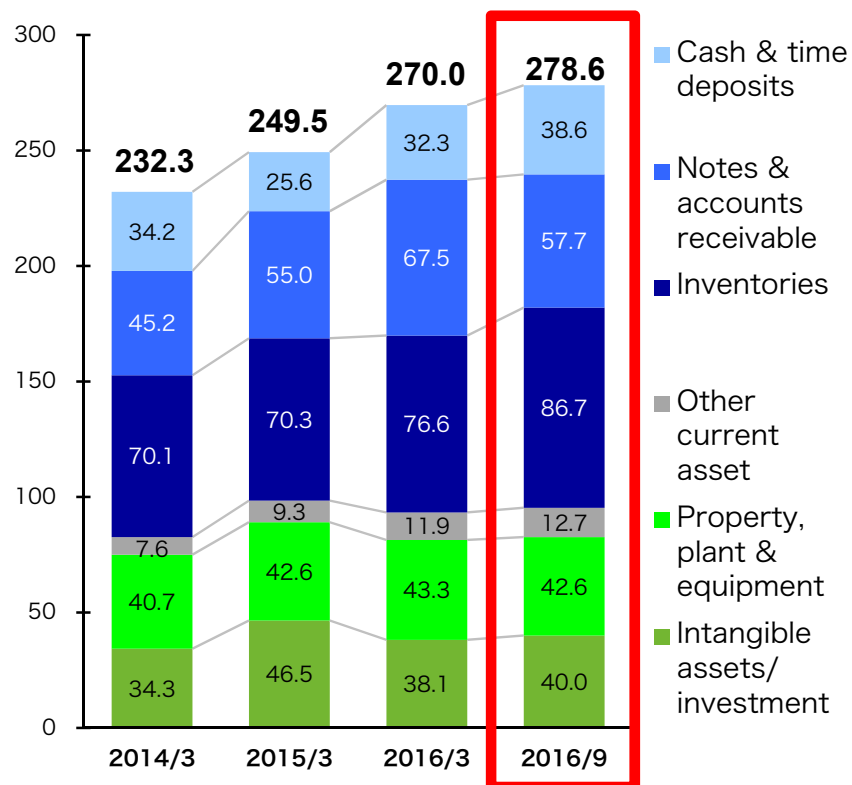
6. Recent Hot Topics



Trend in B/S <Consolidated>

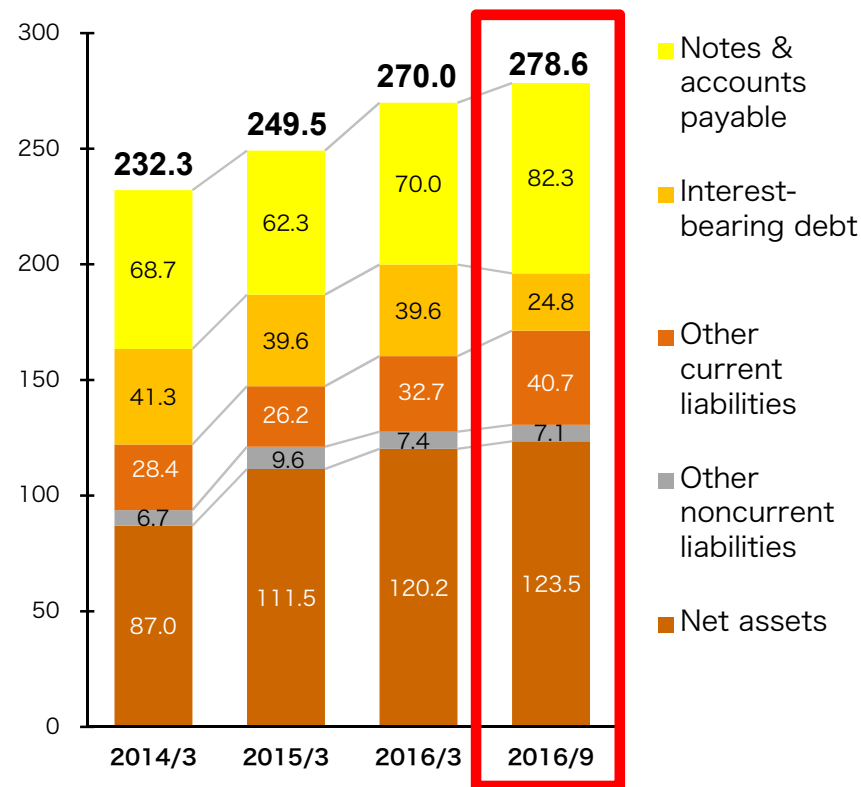
>>Assets

(Billions of JPY)



>>Liabilities & Net Assets

(Billions of JPY)



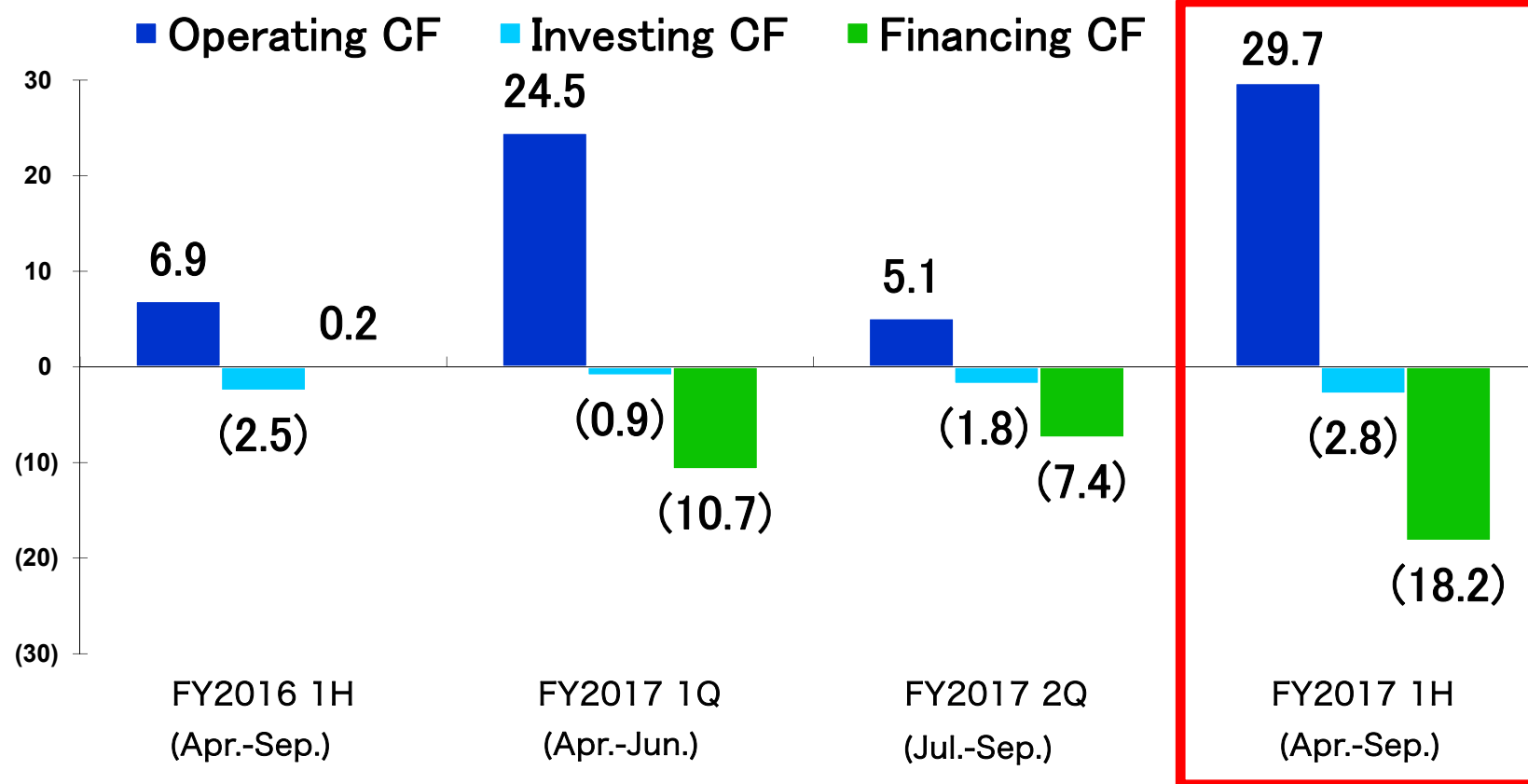
Equity Ratio : 44.3% (2016/3)



44.3% (2016/9)

Cash Flows <Consolidated>

(Billions of JPY)



FY2017 2Q Total Free Cash Flow

JPY 26.9 bn.

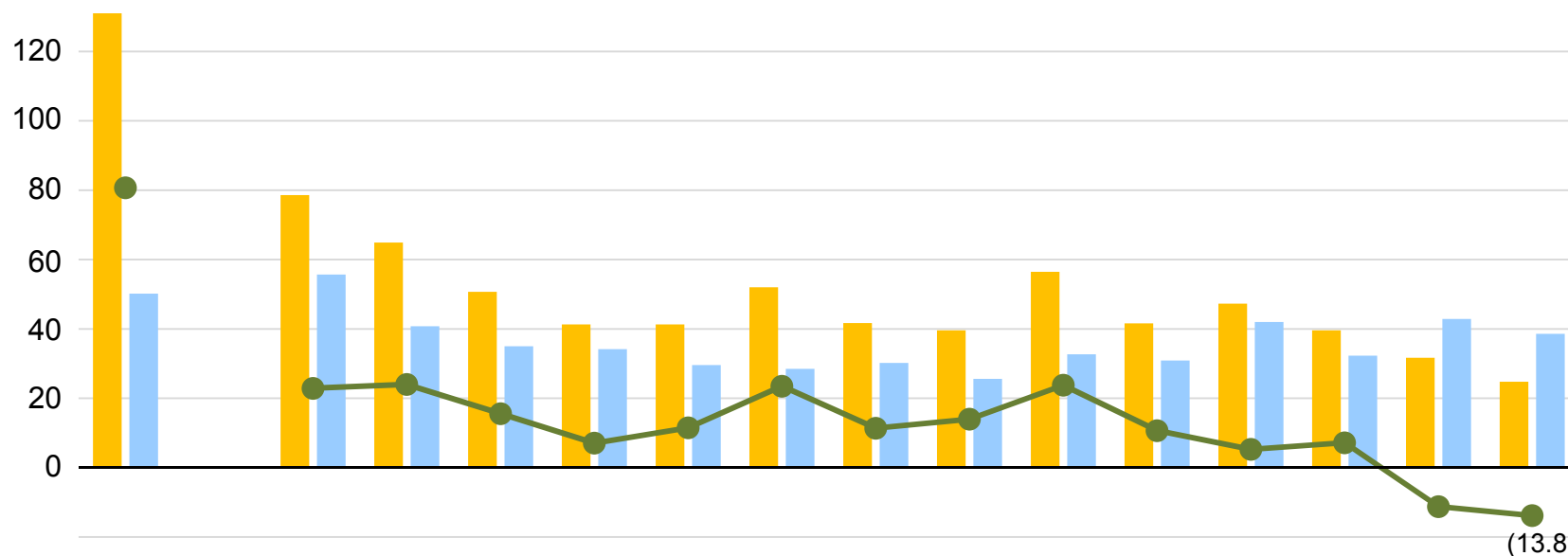
Interest-bearing Debt <Consolidated>

(Billions of JPY)

Interest-bearing Debt

Cash and Time Deposits

Net interest-bearing Debt



	FY2010	FY2014				FY2015				FY2016				FY2017	
	Jun.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.
Interest-bearing debt	131.0	78.6	64.9	50.7	41.3	41.3	52.0	41.7	39.6	56.5	41.6	47.3	39.6	31.7	24.8
Cash and time deposit	50.2	55.7	40.8	35.0	34.2	29.8	28.5	30.2	25.6	32.7	30.9	42.0	32.3	42.9	38.6
Net interest-bearing debt	80.7	22.9	24.0	15.6	7.1	11.5	23.5	11.4	14.0	23.8	10.7	5.3	7.2	(11.2)	(13.8)

1. FY2017 2Q Business Results



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4. FY2017 Business Forecast



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6. Recent Hot Topics



Business Forecast for FY2017 <Consolidated>

(Billions of JPY)	1st H		2nd H		FULL		Difference
	August	Result	August	November	August	November	
Net sales	133.0	136.1	132.0	147.9	265.0	284.0	19.0
SE	86.9	91.6	82.1	98.3	169.0	190.0	21.0
GP	27.6	26.0	29.9	28.4	57.5	54.5	(3.0)
FT	17.8	17.9	18.2	19.5	36.0	37.5	1.5
Other	0.7	0.4	1.8	1.5	2.5	2.0	(0.5)
Operating income (to net sales ratio)	11.7 8.8%	12.1 8.9%	15.3 11.6%	16.8 11.4%	27.0 10.2%	29.0 10.2%	2.0 0.0pt
Ordinary income	11.4	11.6	15.1	16.3	26.5	28.0	1.5
Profit attributable to Owners of parent	8.5	9.4	12.0	13.5	20.5	23.0	2.5

*Assumed Exchange Rate>> USD1=105yen EUR1=115yen

*Forecast of annual cash dividends for FY2017>> JPY 70.00 per share
(After revision on October 1, 2016)

1. FY2017 2Q Business Results



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



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4. FY2017 Business Forecast



5. Three-year Medium-term Management Plan “Challenge2016”



6. Recent Hot Topics



“Challenge2016” and its Progress

<April 2014 to March 2017>

Three targets :

1. To complete earnings structure reforms

- Operating income to net sales of 10% or above in the final year of the plan

2. To strengthen financial standing

- An equity ratio of 50% or above by March 31, 2017

3. To launch businesses in new fields

- Generate profits in the four new business fields

Achievement is well within sight

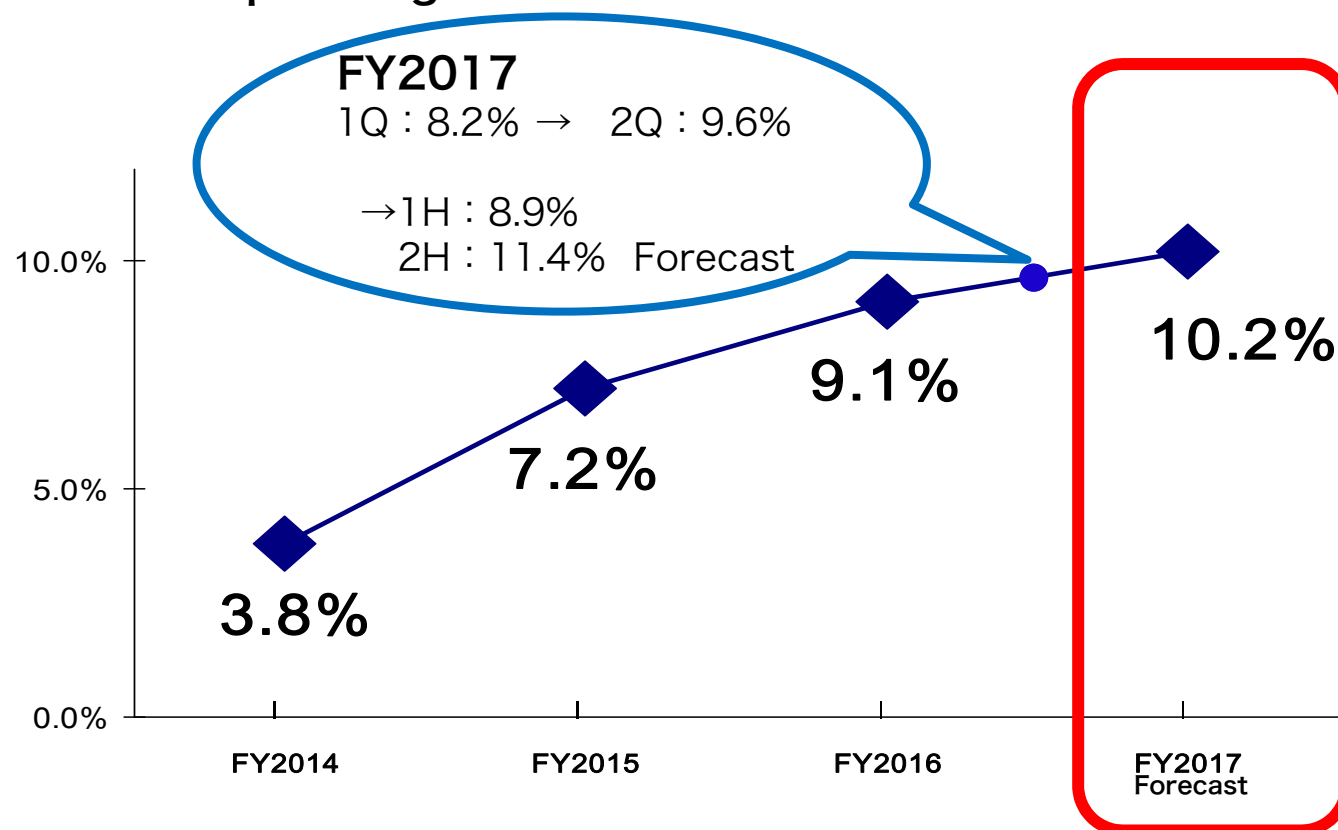
Postponed to the next year or later

- Deposition tech business in FT steadily improving

Three-year Medium-term Management Plan “Challenge2016” and its progress

Target 1 : To complete earnings structure reforms

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

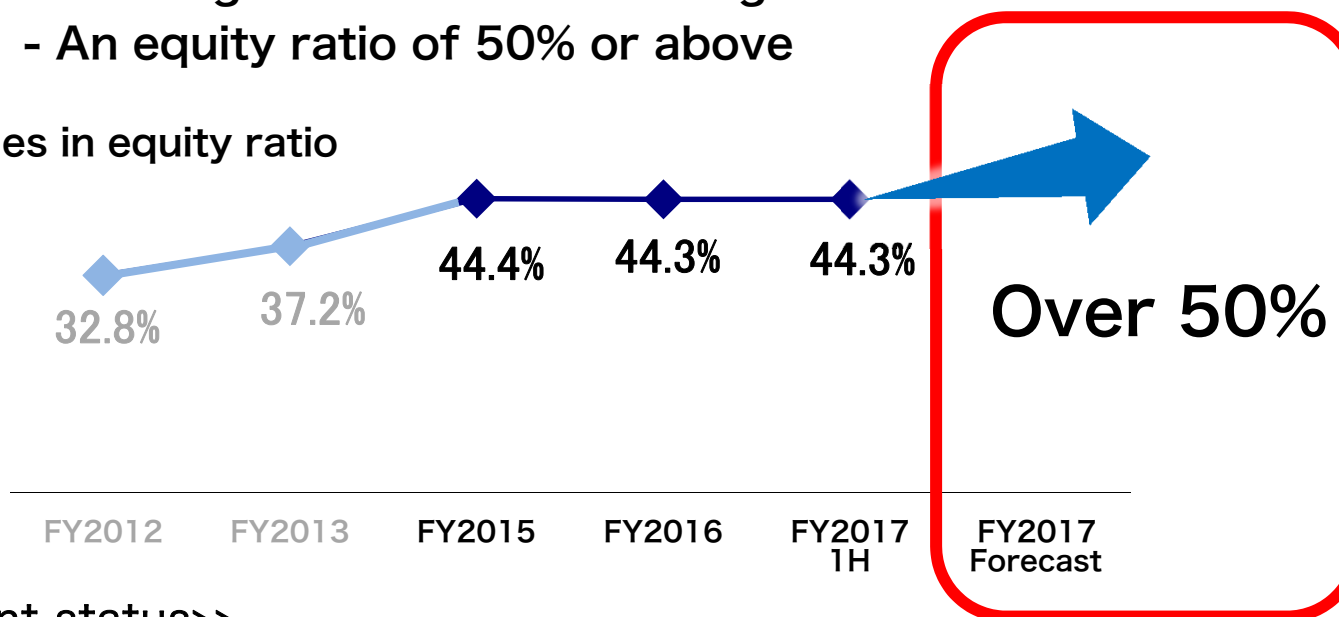


>> Achievement well within sight. Operating income to net sales ratio anticipated to reach over 11% in 2H.

Three-year Medium-term Management Plan “Challenge2016” and its progress

Target 2: To strengthen financial standing
- An equity ratio of 50% or above

>> Changes in equity ratio



- **Current status>>**

Despite a decrease in foreign currency translation adjustment due to the appreciation of the yen, total net assets increased attributable to an increase in retained earnings.

On the other hand, cash and time deposits increased due to recovery of notes & accounts receivable. As a result of the above and an increase in inventories due to strong order situation, the equity ratio as of September 30, 2017 stood at 44.3%.

- **Focused theme in 2H>>**

To downsize the balance sheet, for example, through reduction of loans payable in liabilities by making use of cash and time deposits.

“Challenge2016” and its progress

Target 3: To launch businesses in new fields

- Generate profits in the new business fields

FY2016>> New products have been introduced in each area toward the establishment of businesses, contributing to significant progress in sales performance.

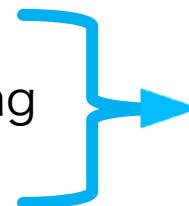
FY2017>> • Order and sales volume has expanded in energy related to FT deposition technology.

e.g.,) Electrode coater/dryer for lithium-ion battery

-Supplied to several companies and research institutions

-Expected to turn black in FY2018.

- Life science
- Inspection and measuring
- Printed electronics



Delayed more than expected.
Larger sales and profits
anticipated
in FY2018 or later.

1. FY2017 2Q Business Results



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6. Recent Hot Topics



Recent Hot Topics

2016 August - October

- HD >>**
 - Changed the number of shares per share unit from 1,000 to 100 after consolidating every five shares into one share.
 - Funded US venture company developing next-generation lithium ion batteries.
 - Established SCREEN IP Solutions Co., Ltd. for intellectual property service-related operations with its operations started on October 1.
 - Established SCREEN Advanced System Solutions Co., Ltd. for software-related Business with its operations started on October 1.
 - Joined United Nations Global Compact.
- SE >>**
 - Launched SU-3300, a new single wafer cleaning system featuring world-leading productivity and high processing performance.
 - Reached agreement with IBM Research to collaborate on advanced logic process research in Albany, New York.
- GP >>**
 - Decided to spin off PCB-related equipment business as a new business operating company on April 1, 2017 to create a business structure more consistent with the electronic device industry.
- FT >>**
 - Established SCREEN Finetech Solutions Shanghai Co., Ltd., a subsidiary in Shanghai to handle sales and maintenance services related to FT (Finetech solution) business with its operations started on September 1.

SCREEN

Fit your needs, Fit your future

