

1Q FY2017 (April 1, 2016 – June 30, 2016) Financial Announcement

July 29, 2016

Agenda:

- 1Q FY2017 Consolidated Financial Summary
Tetsuro Hori, Representative Director, Executive Vice President & General Manager
- Business Environment and Financial Estimates
Toshiki Kawai, Representative Director, President & CEO



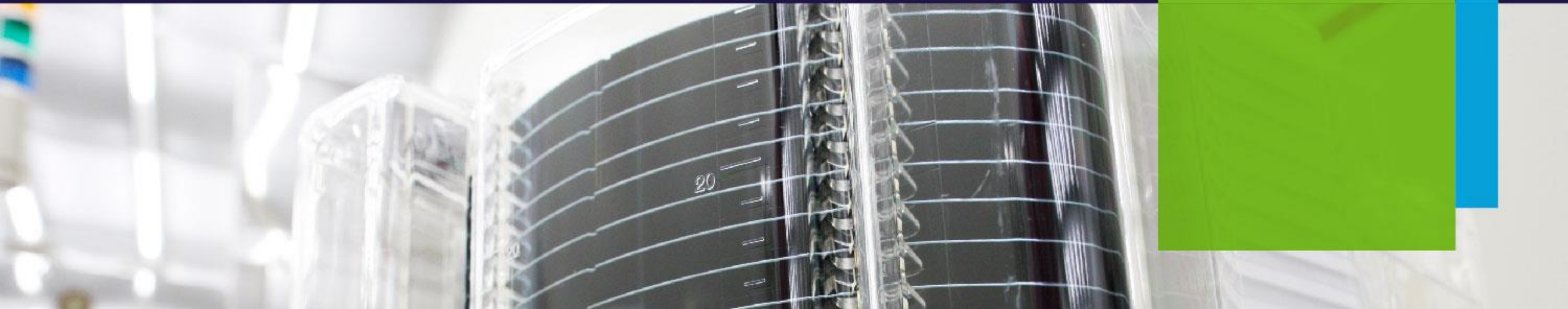
1Q FY2017 Consolidated Financial Summary

1Q FY2017: April 1, 2016 - June 30, 2016
FY2017: April 1, 2016 - March 31, 2017

July 29, 2016

Tetsuro Hori

Representative Director, Executive Vice President & General Manager



FY2017 1Q Highlights

- Sales declined 10% QoQ to 147.9 billion yen as 1Q coincided with an slow period for equipment deliveries. Sales are forecast to increase in 2Q and afterward as initially expected
- SPE sales grew in China and SE Asia driven by 3D NAND and foundries
- Recorded an extraordinary loss of 7.8 billion yen related to the Kumamoto earthquake

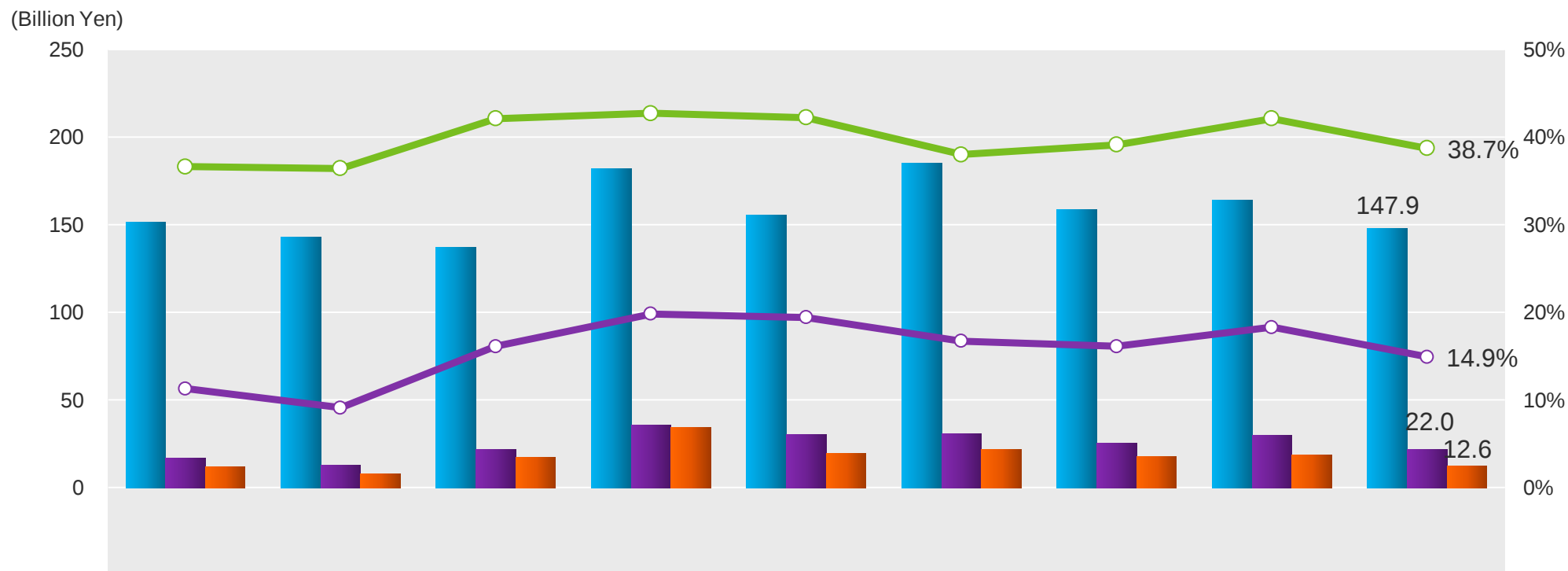
Financial Summary

(Billion Yen)

	FY2016				FY2017	vs. 4Q FY2016
	1Q	2Q	3Q	4Q	1Q	
Net sales	155.7	185.1	158.7	164.2	147.9	-9.9%
Gross profit Gross profit margin	65.7 42.2%	70.3 38.0%	62.0 39.1%	69.1 42.1%	57.3 38.7%	-17.1% -3.4pts
SG&A expenses	35.4	39.3	36.5	39.1	35.2	-9.9%
Operating income Operating margin	30.2 19.4%	30.9 16.7%	25.5 16.1%	30.0 18.3%	22.0 14.9%	-26.4% -3.4pts
Income before income taxes	29.0	28.4	25.1	23.8	16.1	-32.0%
Net income attributable to owners of parent	19.4	21.8	17.8	18.6	12.6	-32.0%
R&D expenses	17.5	20.0	18.3	20.3	17.7	-12.7%
Capital expenditures	2.1	2.6	2.8	5.6	3.8	-31.3%
Depreciation and amortization	4.6	4.7	4.9	4.9	3.9	-19.7%

1. In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking.
2. Profit ratios are calculated using full amounts, before rounding.

Financial Performance

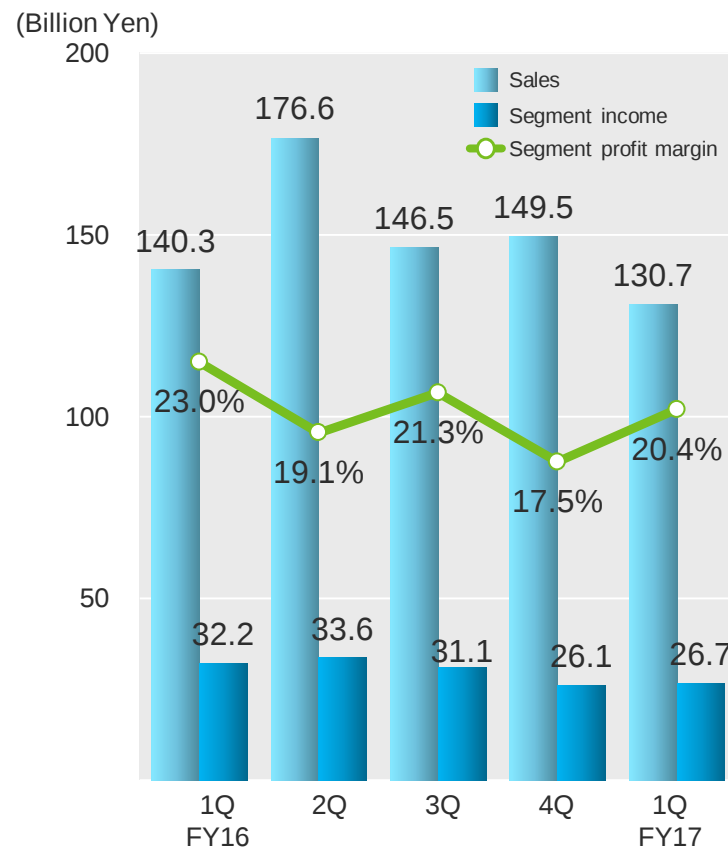


	1Q FY15	2Q	3Q	4Q	1Q FY16	2Q	3Q	4Q	1Q FY17
Net sales	151.3	142.9	137.0	181.8	155.7	185.1	158.7	164.2	147.9
Operating income	17.0	13.0	22.0	35.9	30.2	30.9	25.5	30.0	22.0
Net income attributable to owners of parent	11.8	8.1	17.4	34.4	19.4	21.8	17.8	18.6	12.6
Gross profit margin	36.6%	36.4%	42.1%	42.7%	42.2%	38.0%	39.1%	42.1%	38.7%
Operating margin	11.3%	9.1%	16.1%	19.8%	19.4%	16.7%	16.1%	18.3%	14.9%

Segment Information

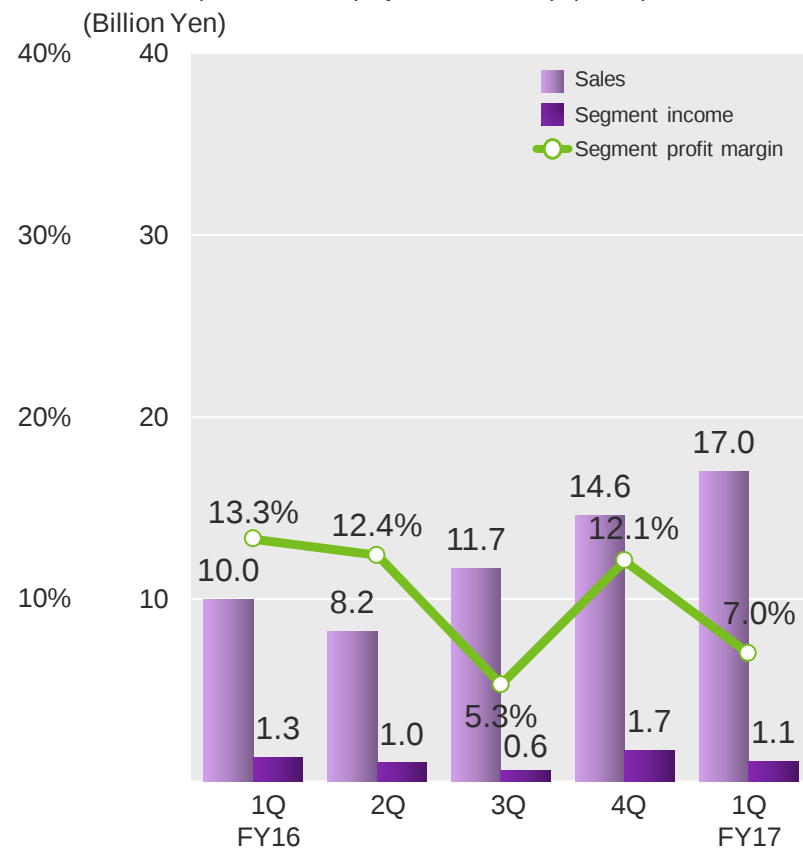
SPE

(Semiconductor Production Equipment)

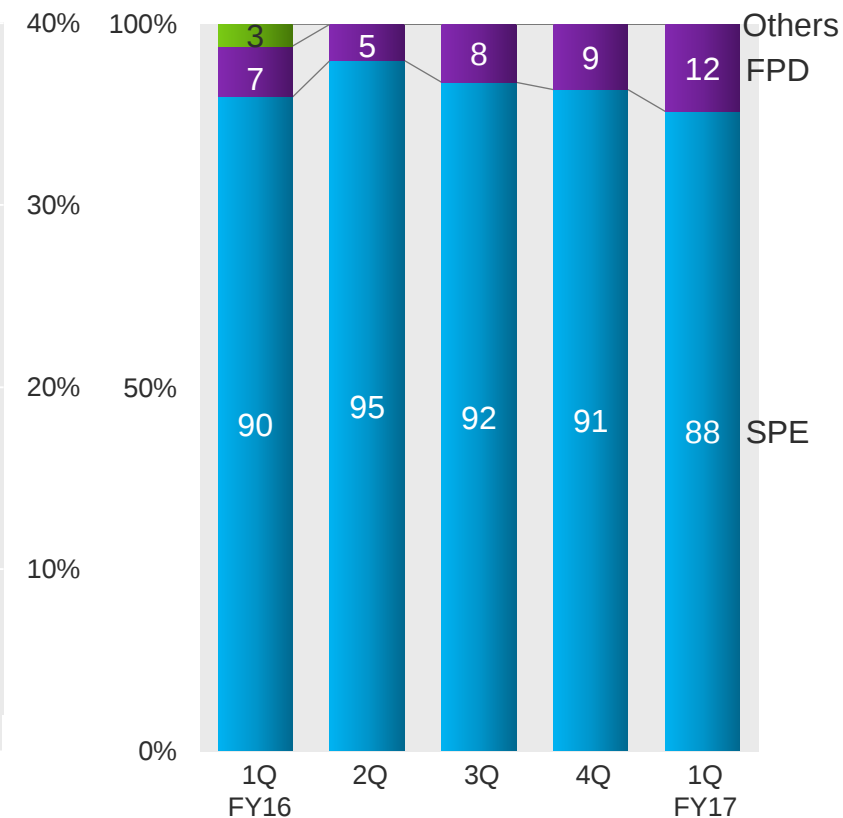


FPD

(Flat Panel Display Production Equipment)



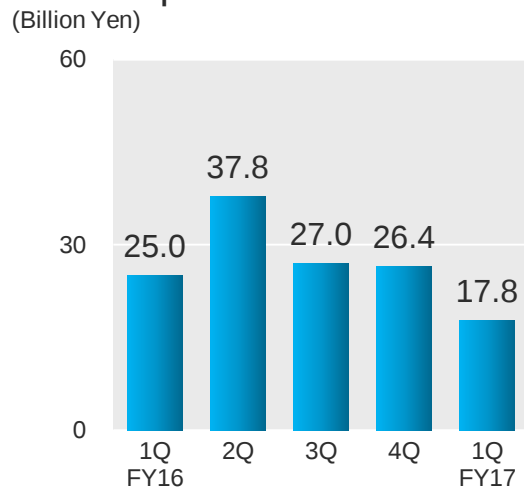
Composition of Net Sales



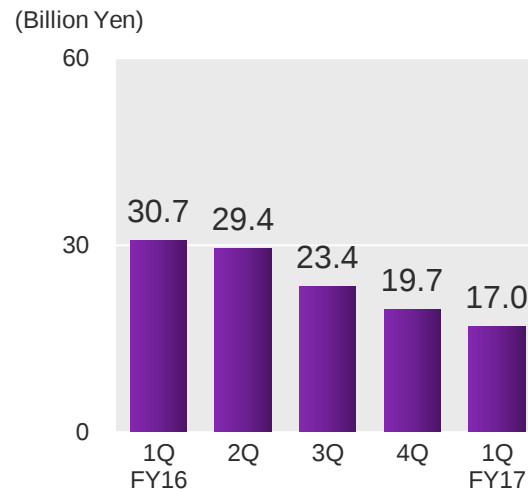
1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research are not included in above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

SPE Sales by Region

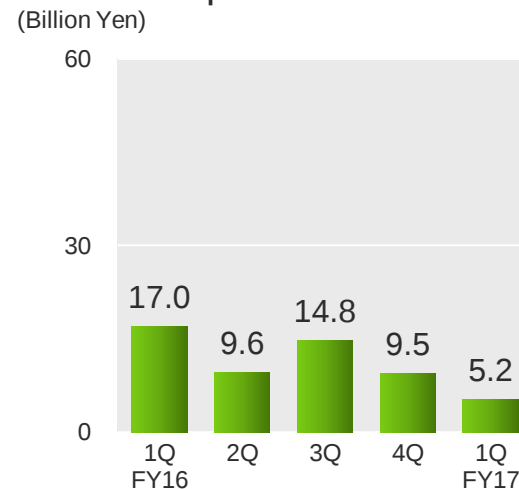
Japan



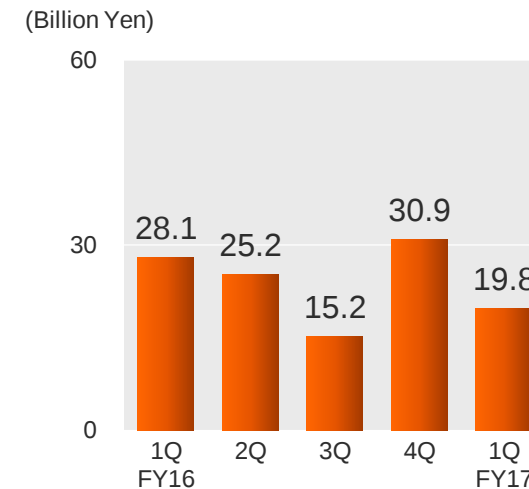
U.S.



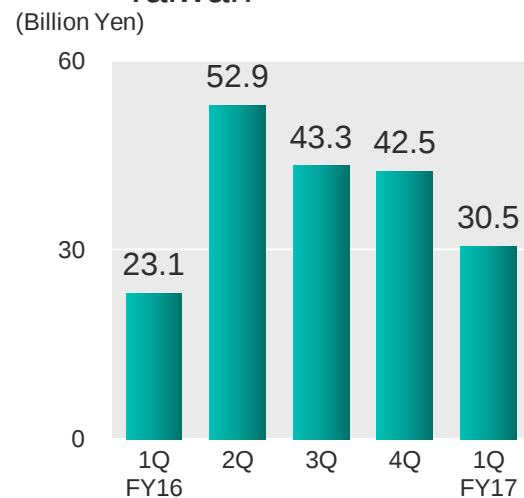
Europe



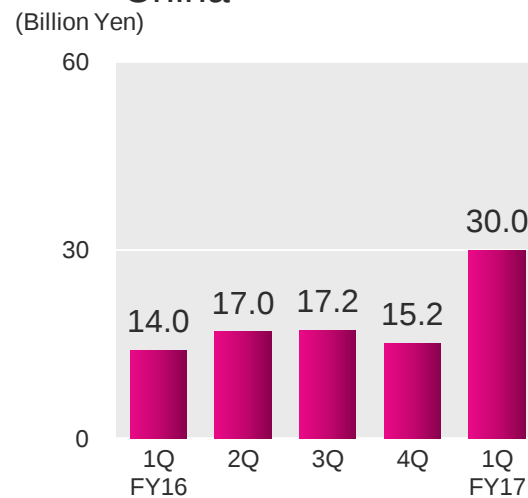
Korea



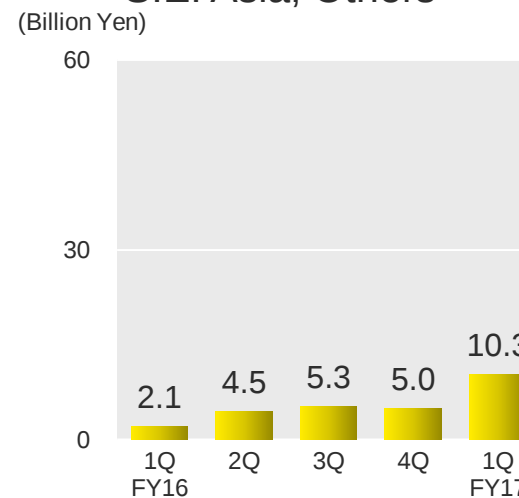
Taiwan



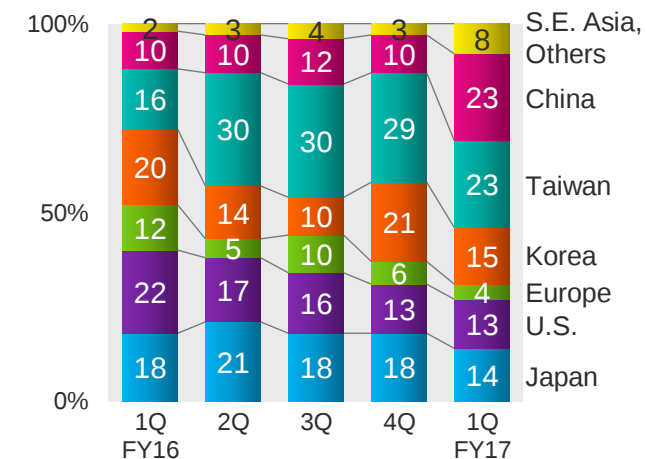
China



S.E. Asia, Others



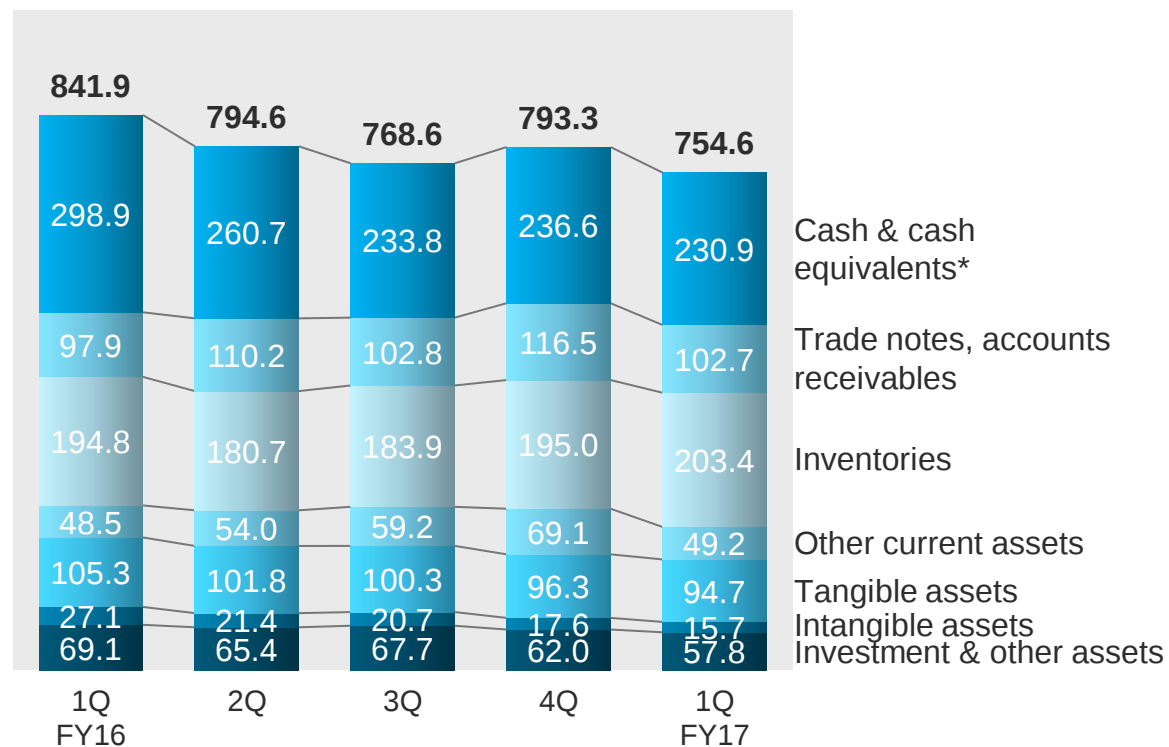
Region Composition



Balance Sheet

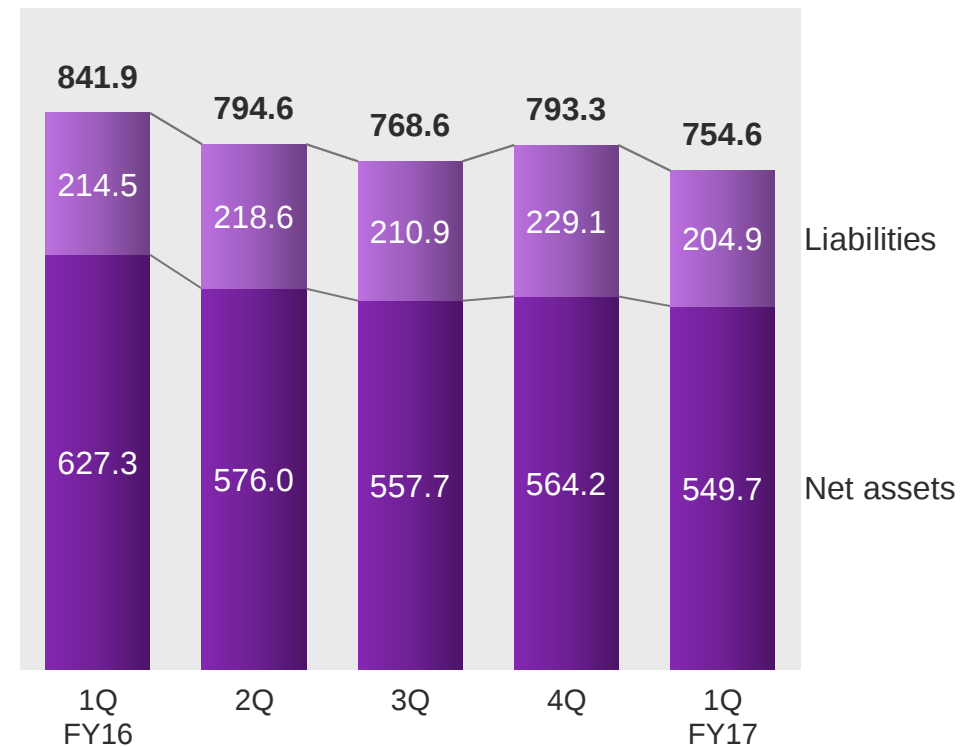
Assets

(Billion Yen)



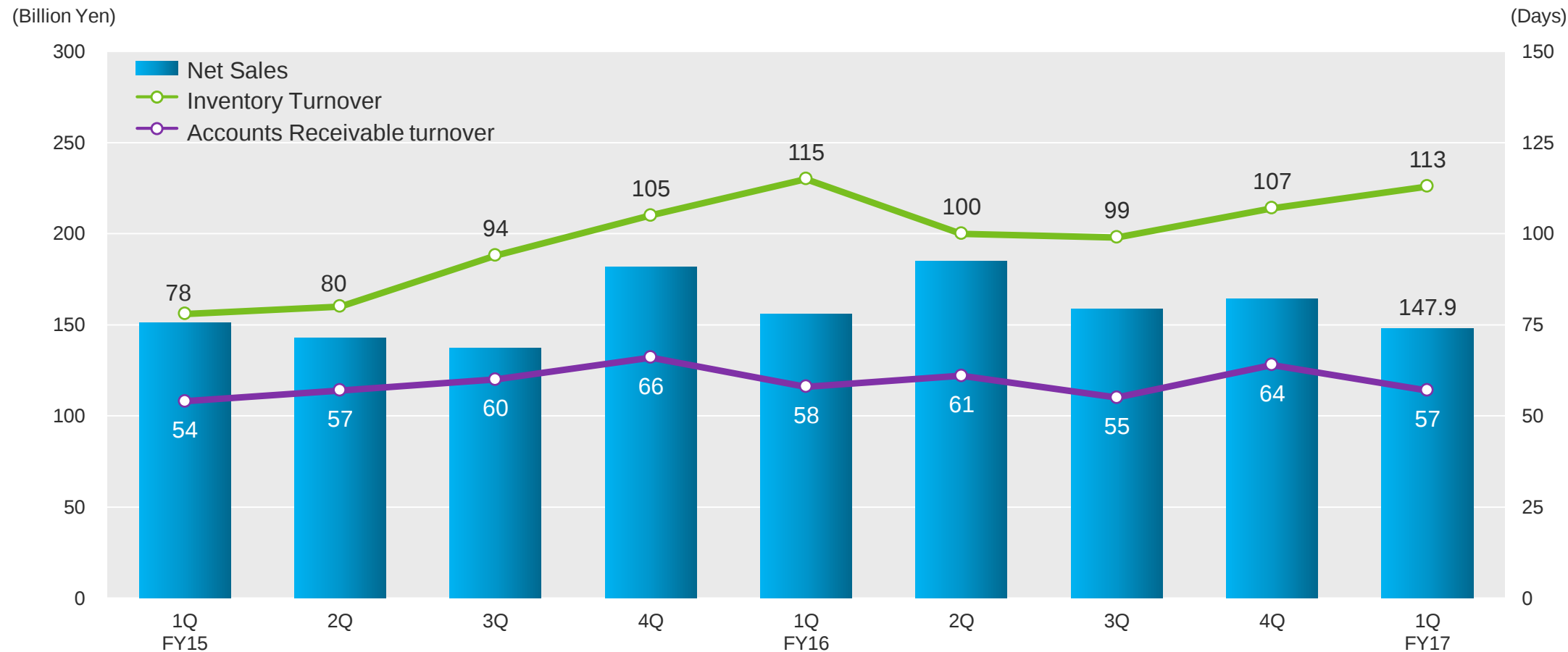
Liabilities & Net Assets

(Billion Yen)



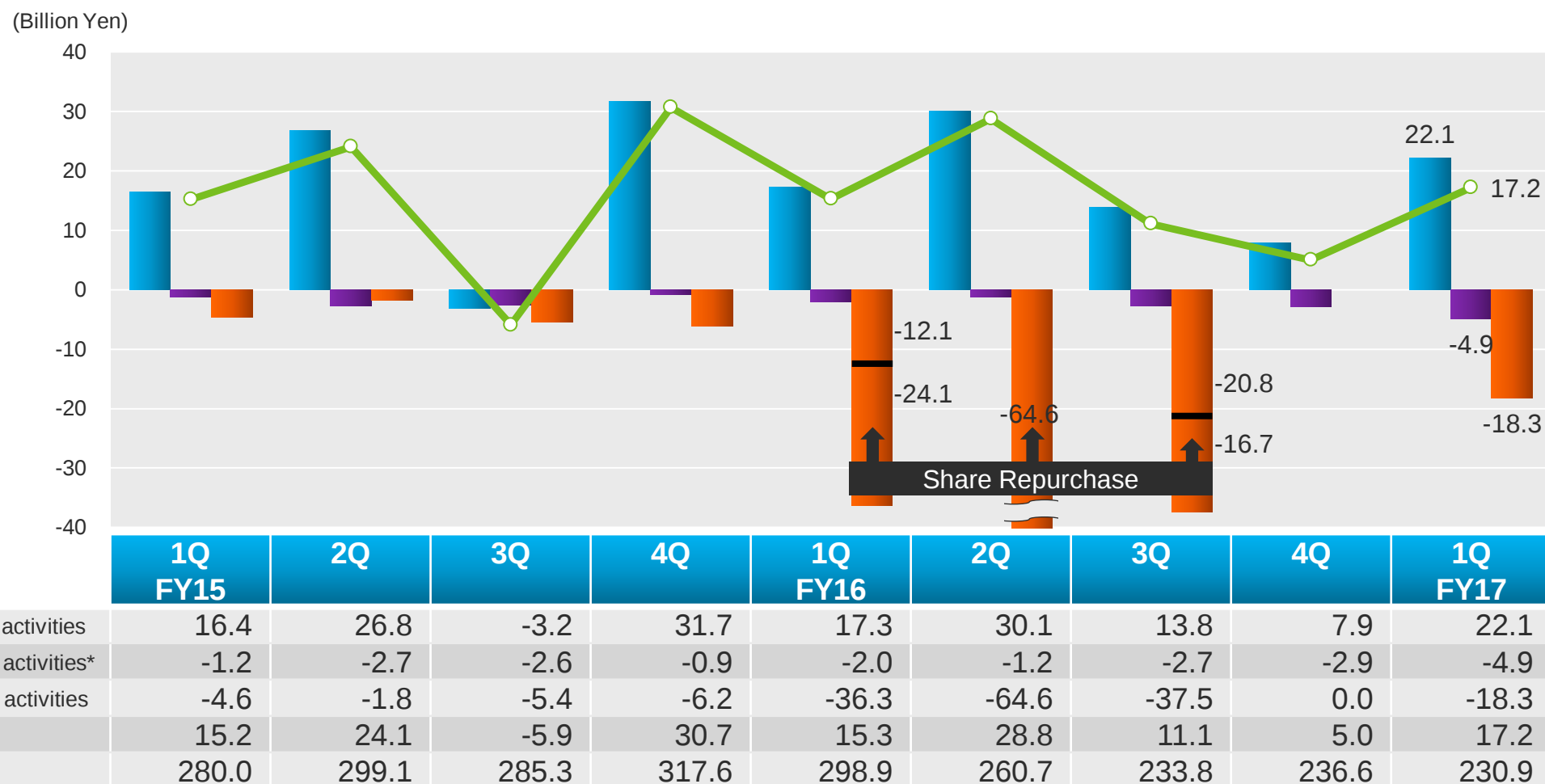
*Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).

Inventory Turnover and Accounts Receivable Turnover



Turnover days = inventory or accounts receivable at the end of each quarter / last 12 months sales x 365

Cash Flow



* Cash flow from investing activities excludes changes in deposits with periods to maturity of over 3 months.

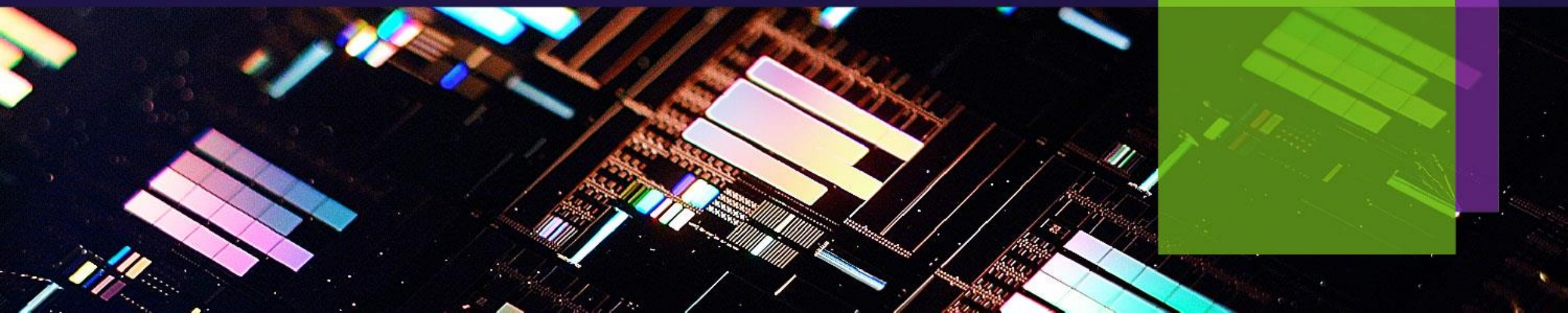
** Free cash flow = cash flow from operating activities + cash flow from investing activities excluding changes in deposits with periods to maturity of over 3 months.

*** Cash on hand includes the total of cash + deposits with periods to maturity of over 3 months.

Business Environment and Financial Estimates

July 29, 2016

Toshiki Kawai
Representative Director, President & CEO



Business Environment

▶ SPE Capex

CY2016 WFE* capex expected to be similar level to CY2015

- Memory: Growing for 3D NAND. Past its peak for DRAM
- Foundry/logic: As expected, firm investment in advanced nodes

▶ FPD Capex

CY2016 demand for TFT Array Process** FPD manufacturing equipment forecast to increase 20% YoY, primarily for small/medium panels for mobile devices

(Outlook as of July 2016)

Equipment market firm on 3D NAND and advanced logic ramp-up

* WFE (Wafer Fab Equipment): The semiconductor production process can be divided into two sequential sub-processes: front-end (wafer fabrication) and back-end (assembly and test) production. WFE is used in the front-end production process.

** TFT Array Process: Process for manufacturing substrate that realizes display images

Quarterly Orders, Order Backlog

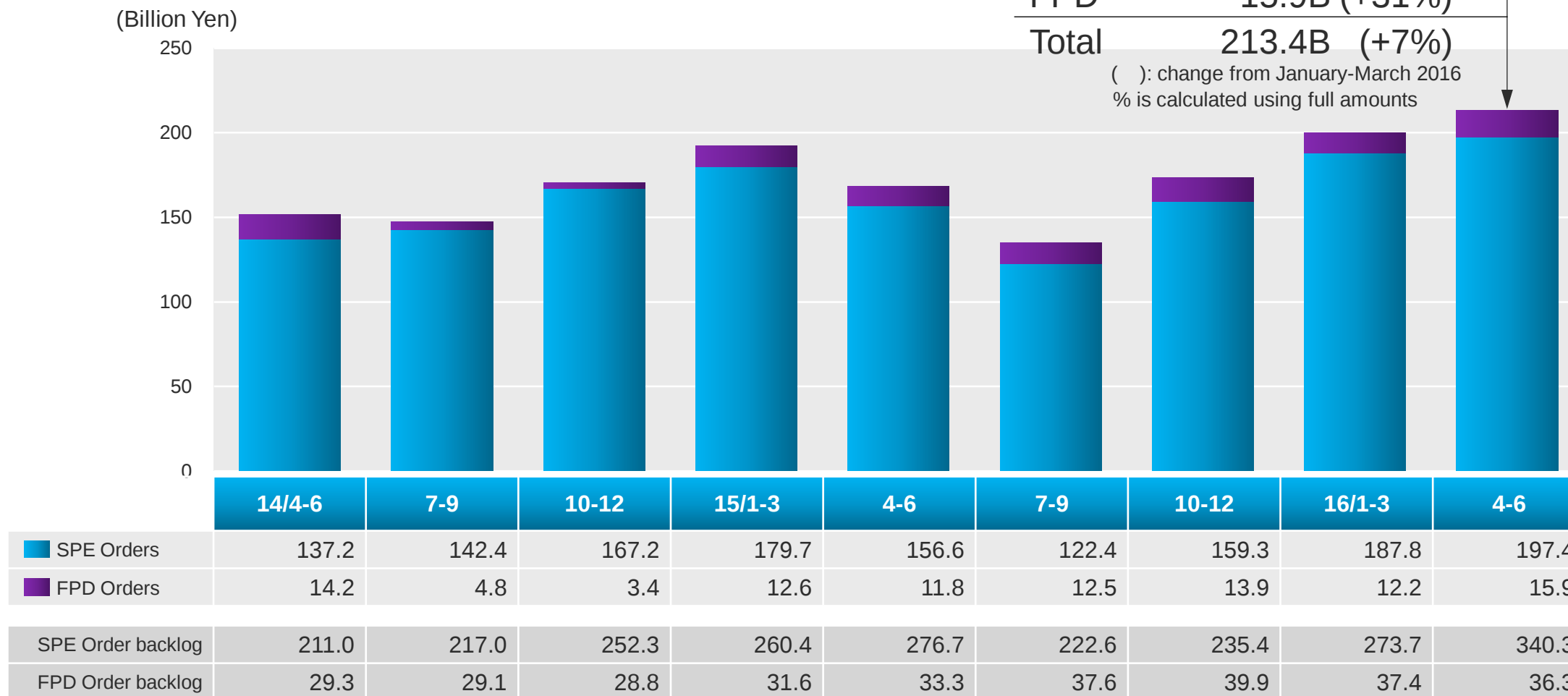
April-June 2016

SPE 197.4B (+5%)

FPD 15.9B (+31%)

Total 213.4B (+7%)

(): change from January-March 2016
% is calculated using full amounts



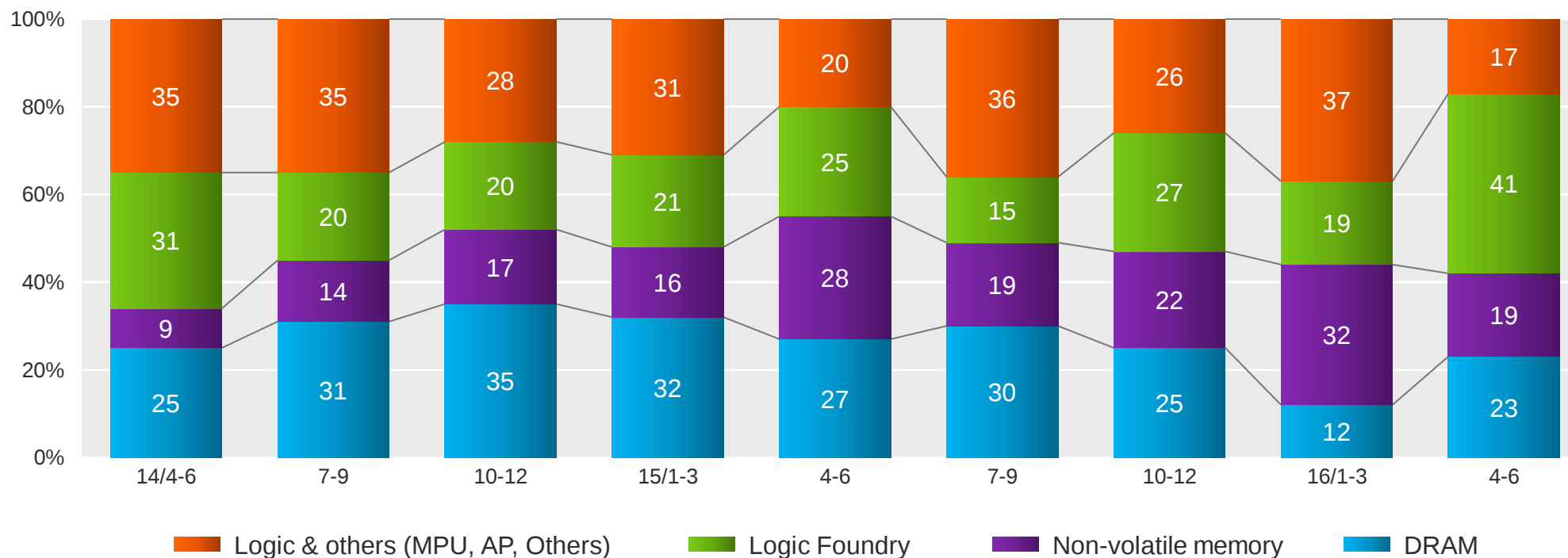
**Highest level of orders received since April-June quarter of 2007,
driven by advanced nodes for foundry**

Background to Increase in Orders for April-June Quarter of 2016

- Order increase largely driven by foundry
 - Increasing mobile device functionality driving expanding demand for 10nm generation advanced logic semiconductors
 - Increased investment in a broad range of equipment (28nm and above) for production aimed at the Chinese market
- Investment for 3D NAND/DRAM continuing to strengthen
- FS* business orders also at high level, approximately 20% increase QoQ

*FS: Field Solutions

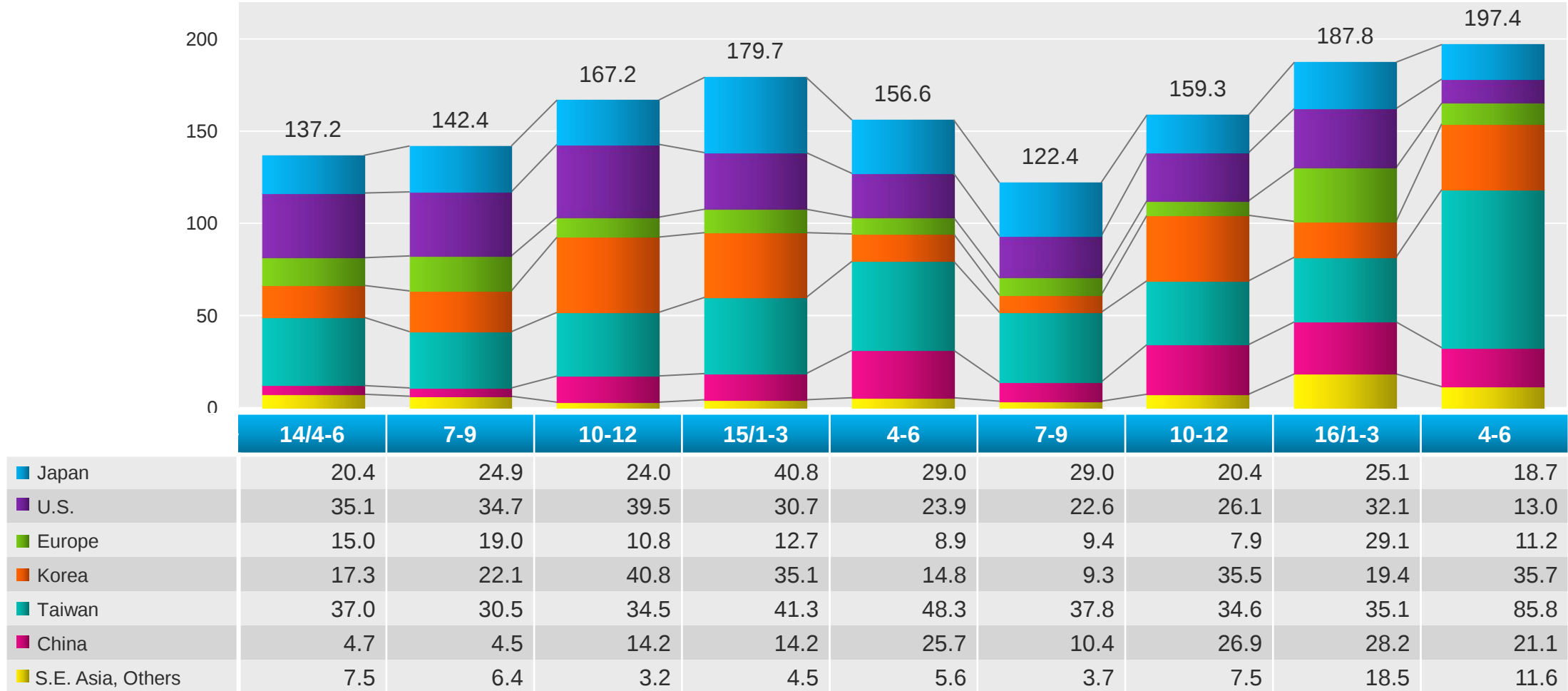
Composition of SPE Orders by Application: Equipment Only



Record-high quarterly value of foundry orders

SPE Orders by Region

(Billion Yen)



Continue growth in foundry in Taiwan and memory in South Korea

FY2017 Financial Estimates

FY2017 Financial Estimates (no change from May 12, 2016 announcement)

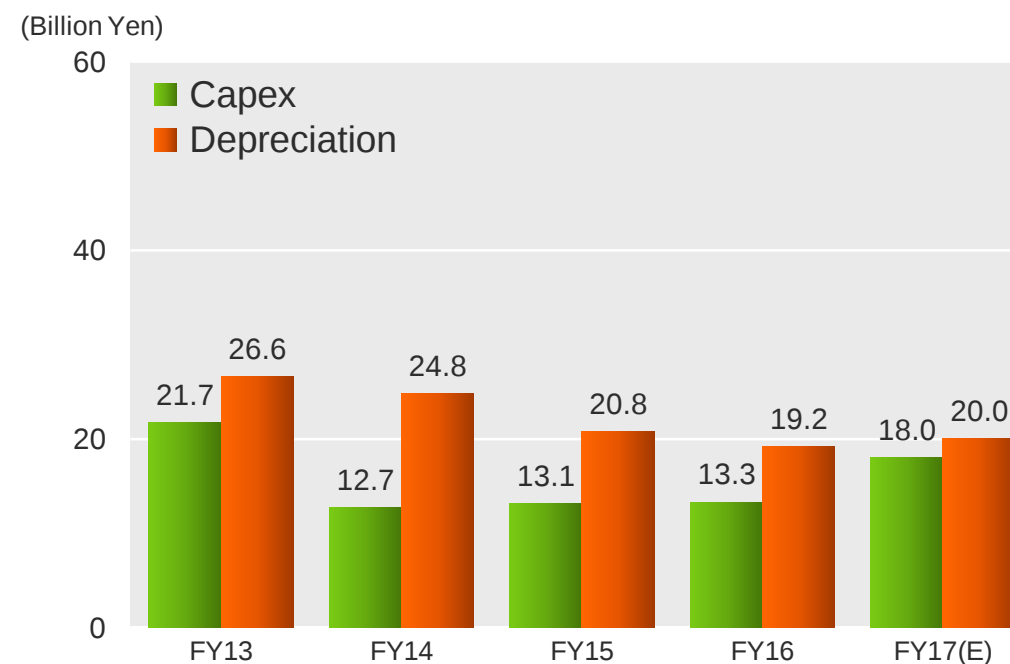
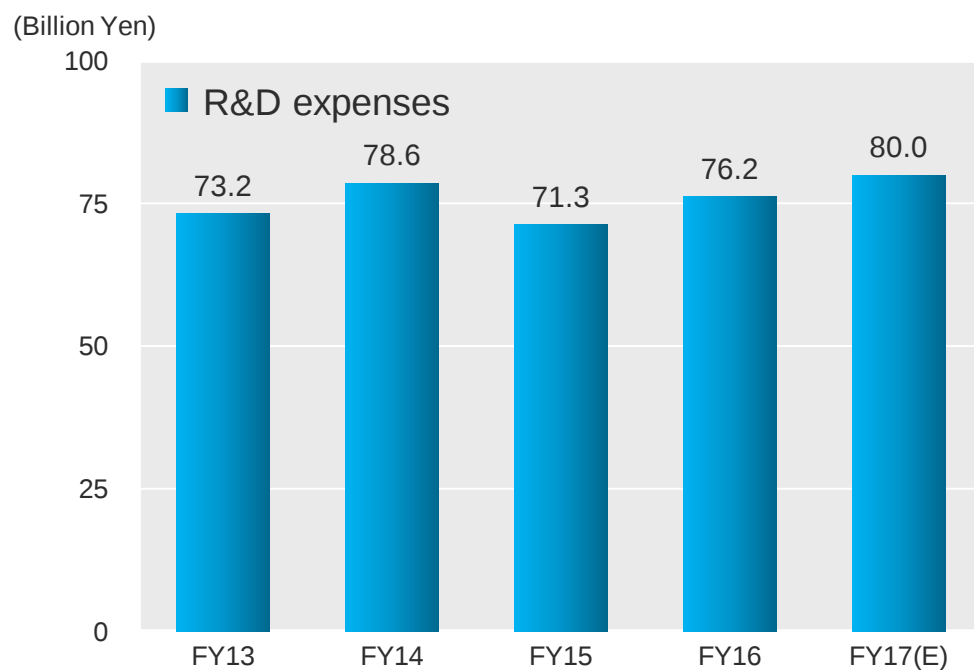
(Billion Yen)

	FY2016 (Actual)	FY2017 Estimates			
		1 st half	2 nd half	Full year	YoY change
Net sales	663.9	330.0	384.0	714.0	+7.5%
SPE	613.0	304.0	361.0	665.0	+8.5%
FPD	44.6	26.0	23.0	49.0	+9.7%
Operating income	116.7	49.0	75.0	124.0	+7.3
Operating margin	17.6%	14.8%	19.5%	17.4%	-0.2pts
Extraordinary income/loss	-12.9	-10.0	-	-10.0	+2.9
Income before income taxes	106.4	39.0	75.0	114.0	+7.6
Net income attributable to owners of parent	77.8	29.0	56.0	85.0	+7.2
Dividend per share (Yen)	237	89	171	260	+23

SPE: Semiconductor Production Equipment, FPD: Flat Panel Display Production Equipment

Forecasting further YoY increases in sales and profits

R&D Expenses, Capex Plans (no change from May 12, 2016 announcement)



Increase R&D expenses and capex in growth areas

- Disclaimer regarding forward-looking statement

Forecast of TEL's performance and future prospects and other sort of information published are made based on information available at the time of publication. Actual performance and results may differ significantly from the forecast described here due to changes in various external and internal factors, including the economic situation, semiconductor/FPD market conditions, intensification of sales competition, safety and product quality management, and intellectual property-related risks.

- Processing of numbers

For the amount listed, because fractions are rounded down, there may be the cases where the total for certain account titles does not correspond to the sum of the respective figures for account titles. Percentages are calculated using full amounts, before rounding.

- Exchange Risk

In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD panel production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking. Accordingly, the effect of exchange rates on profits is negligible.

FPD: Flat panel display