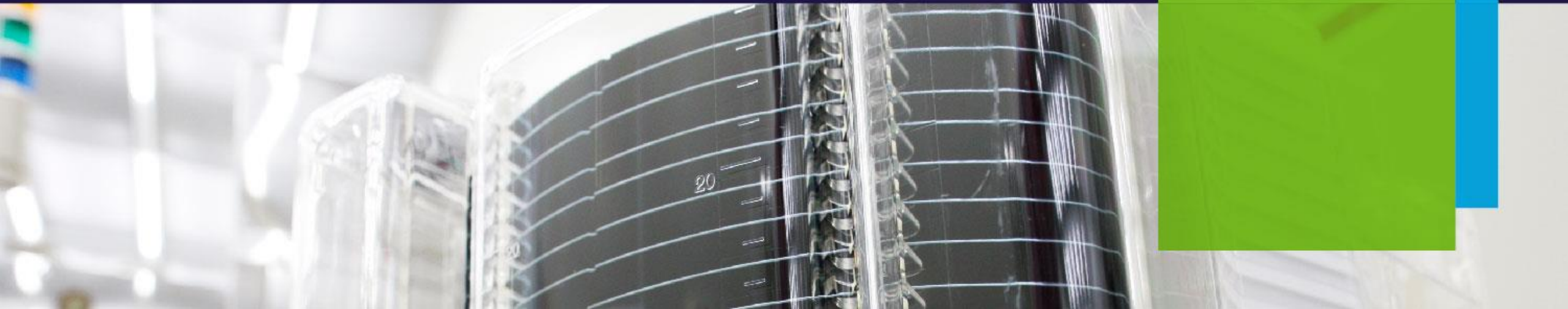


Medium-term Management Plan Progress and TEL Initiatives

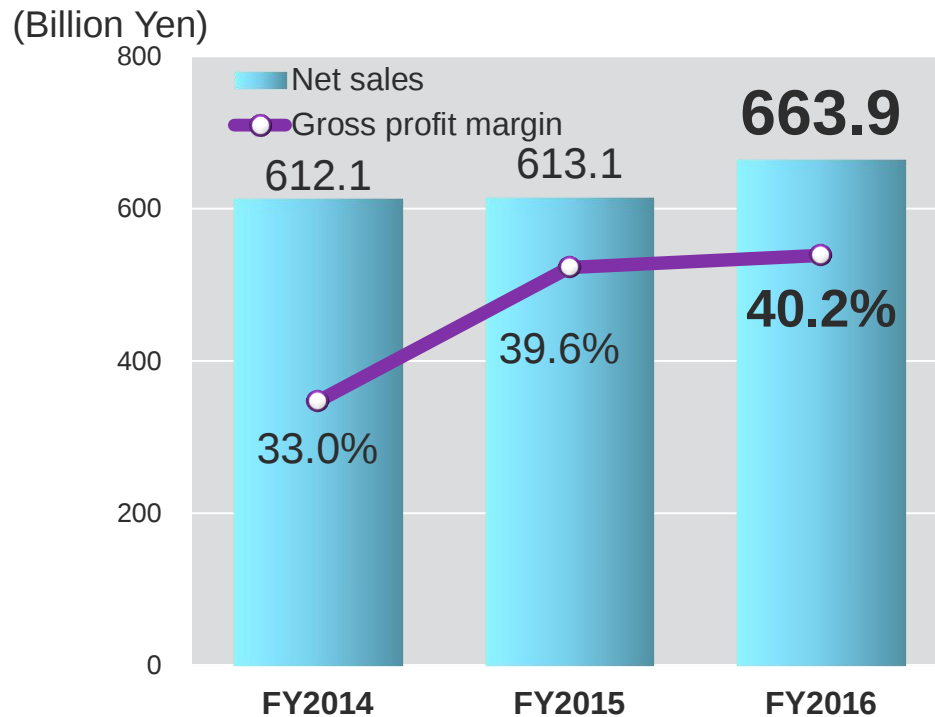
July 7, 2016

Toshiki Kawai
Representative Director, President & CEO

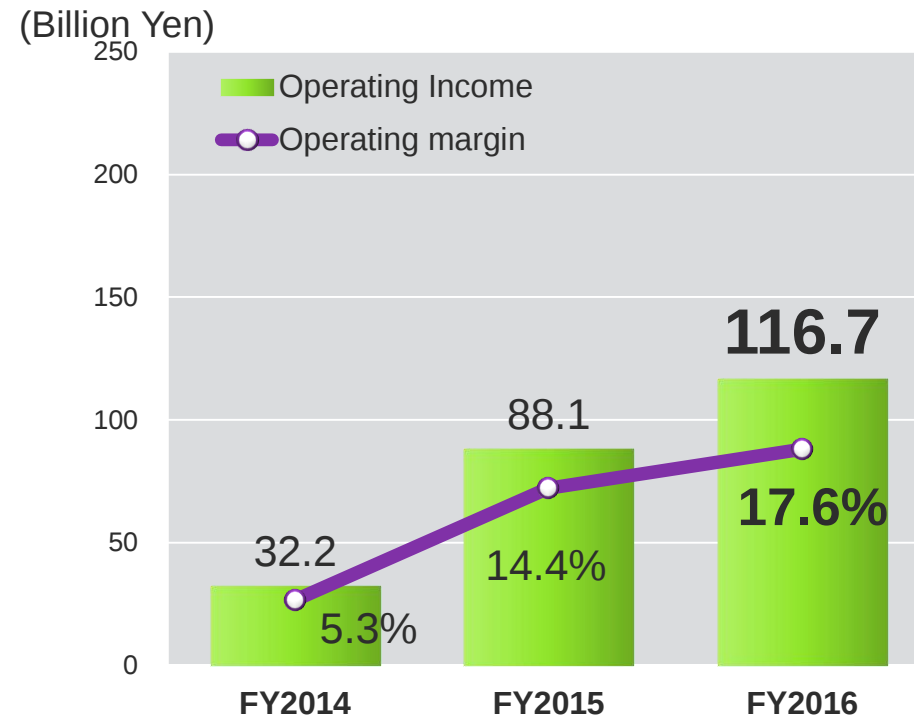


FY2016 Highlights

Net Sales and Gross Profit Margin



Operating Income and Operating Margin



- Increased sales and profit YoY. Achieved sales of ¥663.9B and highest-ever gross profit margin of 40.2%
- Since the 2008 global financial crisis, improved operating income to over ¥100.0B. Substantially improved operating margin to 17.6%, up 3.2 pts YoY

FY2016 Highlights

- Since the 2008 global financial crisis, improved operating income to over ¥100B
- Achieved +8.3% sales increase YoY, GPM of 40.2%, OPM of 17.6% and ROE of 13.0%. Strong progress towards Medium-term Plan targets
- Made steady progress in certification of equipment applications within Medium-term Plan's SPE focus areas (etching, cleaning and ALD systems)
- Implemented reorganization to strengthen product development ability and responsiveness to customers
- Announced new shareholder return policy, cancelled 15.4 million shares of treasury stock, paid highest-ever annual DPS of ¥237
- Announced that we are building a proactive governance structure with emphasis on linkage to Medium-term Plan

FY2017 Consolidated Financial Estimates

(Billion Yen)

		1 st Half	2 nd Half	Full year	YoY changes
Net Sales		330.0	384.0	714.0	+7.5%
Sales by division	SPE	304.0	361.0	665.0	+8.5%
	FPD	26.0	23.0	49.0	+9.7%
Operating Income		49.0 14.8%	75.0 19.5%	124.0 17.4%	+6.2% -0.2pts
Ordinary Income		49.0	75.0	124.0	+ 3.9%
Income before income taxes		39.0	75.0	114.0	+7.1%
Net income attributable to owners of parent		29.0	56.0	85.0	+9.1%

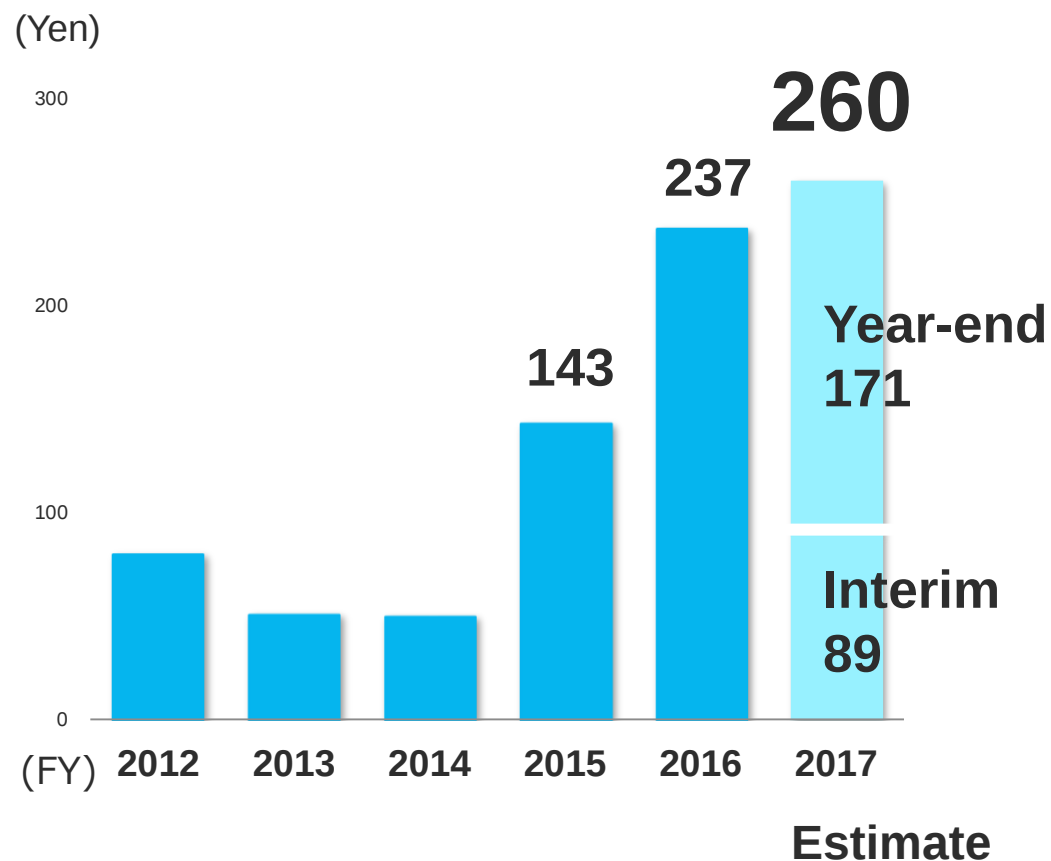
SPE: Semiconductor Production Equipment

FPD: Flat Panel Display Production Equipment

Forecasting further YoY increases in sales and profits

Dividend Forecast

Dividend per share



- **FY2017 DPS(E): ¥260**
- **DPS expected to set new record high for the third consecutive year**

Current Progress with Medium-term Financial Target

	FY2015	FY2016
WFE market size	\$31.9B	\$31.5B
Sales	¥613.1B	¥663.9B
Operating margin	14.4%	17.6%
ROE	11.8%	13.0%

Medium-term financial target

\$30B	\$37B
¥720B	¥900B
20%	25%
15%	20%

Three Focus Areas for New Growth Opportunities



Organizational Reforms to Strengthen TEL

- 1 Unification of development divisions** Implemented (Jan. 2016)
- 2 Establishment of new account structure** Implemented (Jan. 2016)
- 3 Reorganization of business units** Started in Jul. 2016

Optimized organization for further growth

Unification of Development Divisions – Create Strong Next-generation Products

- **Reinforce proposal ability with an eye to markets**
- **Integrate our diverse technologies**
 - Improve performance of individual products
 - Create solutions for patterning, integration, etc.
- **Optimize the use of resources**

Establishment of New Account Structure

Back-ground

- Overseas sales ratio of 80%, consolidation among semiconductor manufacturers
- **Technology diversification**
Optimization of device manufacturing processes, as well as improving performance of individual products

Actions

- Assign regional GM, account GM and account technology GM for each customer
- Pursue technology marketing that creates customer needs

Purposes

- Rapidly identify latent customer needs and provide solutions that exceed customer expectations
- Become the best and sole strategic partner by further enhancing the great trust customers place in us

Reorganization of Business Units

- **Reorganized business units in accordance with 4 strategic markets (deposition, coat & clean, etch, test)**
 - Structure to maximize technological synergies realized with an eye to strategic markets
 - Make effective use of resources
 - Further speed up decision-making

SPE Product Line-up



Coater/developers
CLEAN TRACK™
LITHIUS Pro™ Z



**Single wafer
cleaning system**
CELLESTA™-i



**Plasma etch
system**
Tactras™ Vigus™



**Thermal
processing
system**
TELINDY PLUS™



ALD system
NT333™



**Single wafer
CVD system**
Triase+™EX-II™ TiN



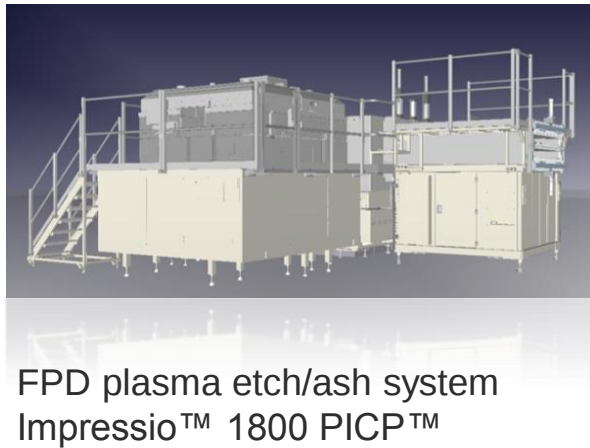
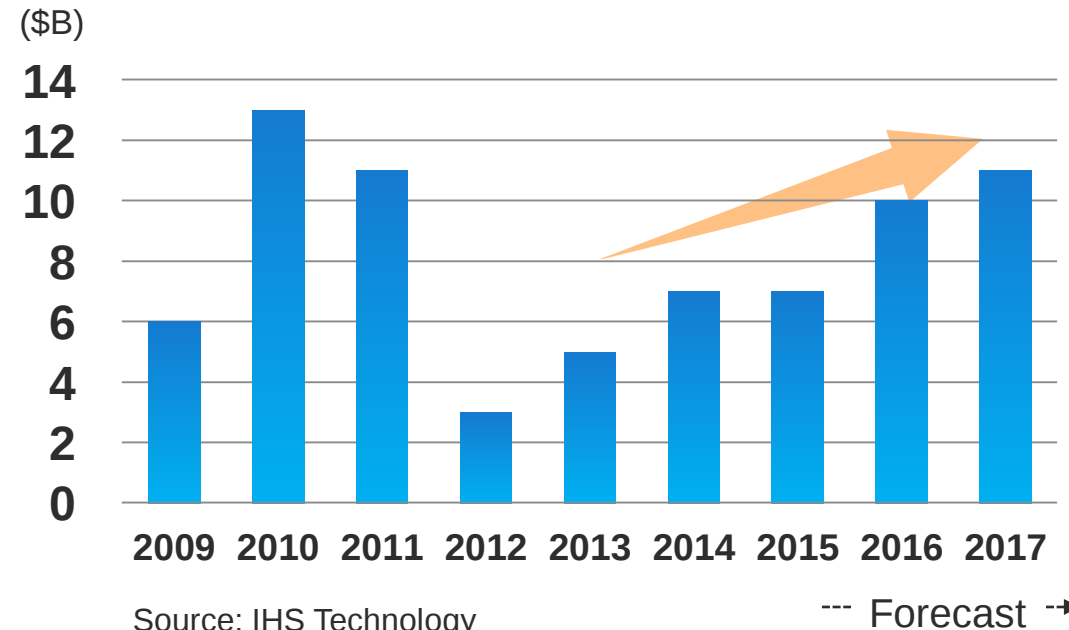
**Multi-cell
test system**
Cellcia™

TOKYO ELECTRON

**Wide range of products that solve customers'
tough technological issues**

FPD Production Equipment Market Again Approaching \$10 Billion

FPD Production Equipment Market



Capture opportunities in the rapidly growing OLED market with new products

Summary

- **Unified development divisions**

- Create strong next-generation products
- Respond to diverse requirements by taking advantage of an extensive product line-up

- **Established new account structure**

- Become the best and sole strategic partner by further enhancing the great trust customers place in us

- **Reorganized business units**

- Focusing on 4 strategic markets, established a structure that will maximize technological synergies

- **Expand revenues in field solutions business**

- **FPD business: Aim for further growth through providing solutions in high value-added areas**

- Ultra-high resolution, low power consumption, large size

SPE R&D Strategy

Sadao Sasaki

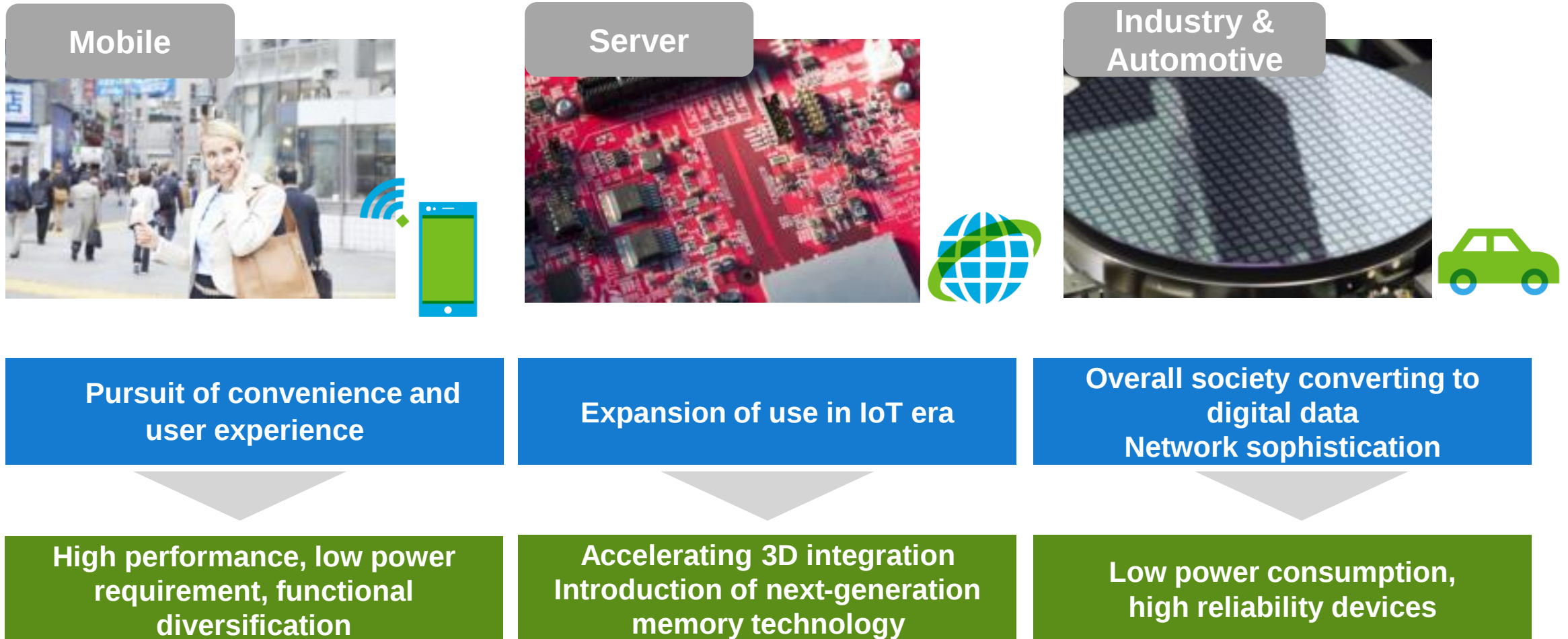
Representative Director, Executive Vice President & General Manager,
Development & Production Division



Contents

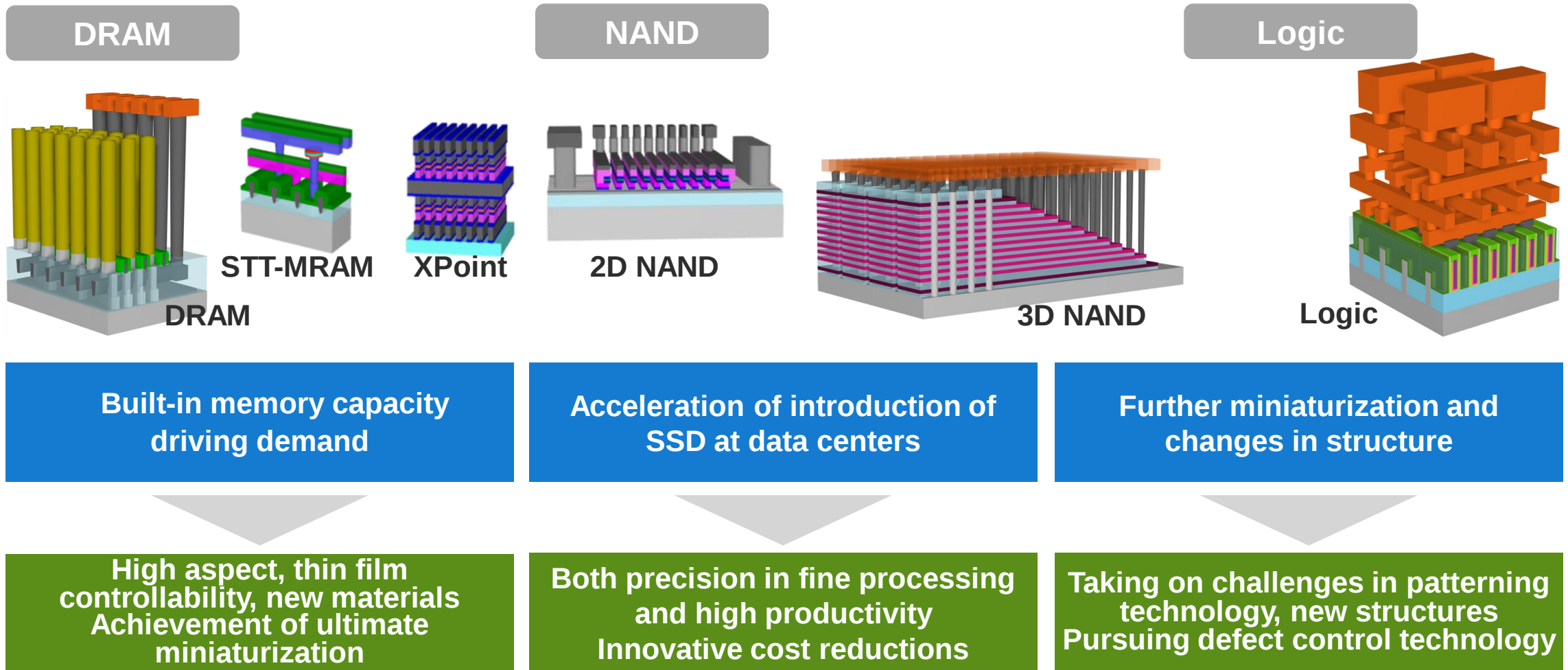
- Leading-edge Technology Requirements and Business Opportunities for TEL
 - Technological Requirements for Next-generation Leading-edge Devices from the Perspective of Trends in Final Products
 - SPE Business Focus Areas
- SPE R&D Strategy
 - Strategy for Strengthening R&D Ability
 - Growth Strategy for Business Focus Areas (Deposition, Cleaning Systems)
 - IoT Technology R&D

Requirements for Next-generation Devices for Final Products



Requirements for continuous miniaturization and devices with high quality and reliability

Manufacturing Technology Requirements for Semiconductor Devices



Grasp of customer needs and rapid provision of equipment, process solutions

SPE Business Focus Areas

	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020
Logic/Foundry	16/14nm	10nm		7nm		
DRAM	20nm	1Xnm	1Ynm		1Znm	
3D NAND	48 Layer	64 Layer			96 Layer	

Coater/developer

Maintain 85%+ market share. Further expand technological differentiation with leading-edge immersion and EUV

Etching system

Expand applications in 3D NAND processes, expand PORs in patterning processes with new technologies

Deposition system

Improve position in ALD products and expand market share in new products, establish volume production process for STT-MRAM*

Cleaning system

Expand sales of batch system for 3D NAND, increase share in single wafer clean through pattern collapse prevention technology

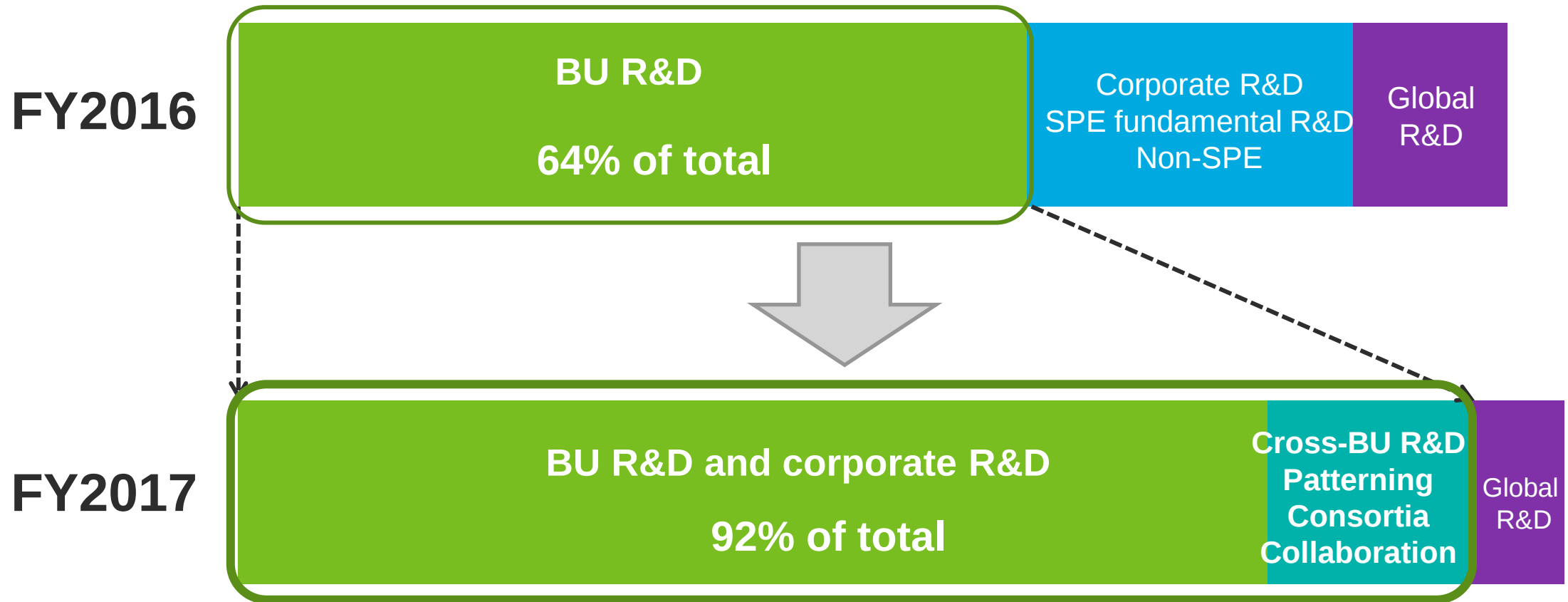
Common technology

Defect control and removal technology, make systems intelligent

SPE R&D Strategy

Unification of R&D Resources

- Selection and concentration of company-wide R&D resources in SPE R&D



*Allocation ratio of R&D engineering staff

3D NAND Key Process Technologies and TEL's Solutions

Plasma dry etch

- Word line isolation
- Channel hole
- Multi-level contact



Chemical dry etch

- Source line pre-clean

Certas™



Word line

EXPEDIUS™-i



Wet etch

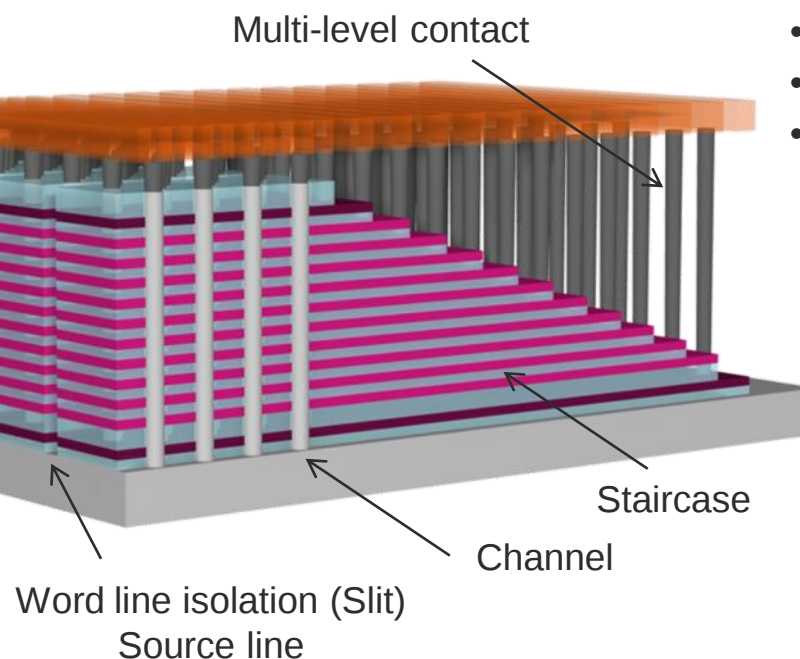
- Replacement word line

CELLESTA™-i



Wet clean

- Bevel clean



Single wafer deposition

- Word line barrier
- Multi-level contact barrier
- Source line barrier

Triase+™



Lithography

- Word line isolation
- Channel hole
- Multiple contact
- Staircase

LITHIUS Pro™ Z



Thermal process (batch deposition)

- Block oxide (high-k)
- Charge trap (ALD SiN)
- Channel Si
- Cap Si

TELINDY PLUS™



Atomic layer deposition

- Core oxide

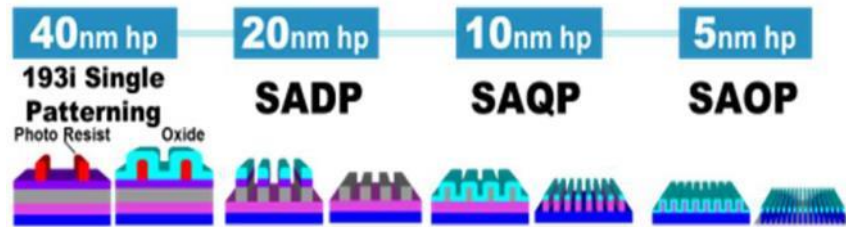


NT333™

SPE Business Strategy: Strategic Collaboration in Patterning

Collaboration with customers

Capture next-generation POR through joint evaluation and by providing integrated solutions that draw on our broad product range



Coater/
Developer



Chemical etching
system



Etching system



Cleaning
system



Deposition
system

Consortia



COLLEGES OF NANOSCALE
SCIENCE + ENGINEERING
SUNY POLYTECHNIC INSTITUTE



Institute of
Microelectronics



New
technologies

New
materials

Leading-edge
lithography

+

TEL's R&D locations

Patterning Solution Project

TEL Technology Center America

SPE R&D Strategy (Deposition, Cleaning)

SPE Business Strategy: Expansion of Deposition System Line-up

Thermal processing system
TELINDY PLUS™



Single wafer deposition system
Triase+™



ALD system
NT333™



Single wafer deposition system
Triase+™



Sputtering system for the next-generation devices
EXIM™



CVD

ALD

PVD

Large batch type
Applicable to various
film deposition

Single wafer type
High coverage ability

Semi-batch type
High productivity SiO₂ ALD

Single wafer type
High precision
metal deposition

Single wafer type
New PVD applicable to multilayer,
laminated film
Won "Semiconductor of the year 2015"

Product line-up responds to high coverage and productivity required in miniaturization and 3D structure

SPE Business Strategy: Cleaning Systems

- Single wafer wet cleaning system will contribute to improved yield for customers through TEL's strengths in areas
 - Pattern collapse prevention technology
 - BEOL polymer removal/metal loss reduction
 - High precision back-side bevel cleaning
- Fulfill high technological needs with dry cleaning
- Realize higher share by accelerating introduction of new technologies for further miniaturization
 - Strengthen back-side bevel cleaning technology
 - Microscopic particle control/removal



Single wafer cleaning system
CELLESTA™

Market share	CY2014	CY2015
Cleaning system	25%	24%



CY2019 Target
>35%

IoT R&D Strategy (Making Equipment Intelligent)

Providing New Added-value

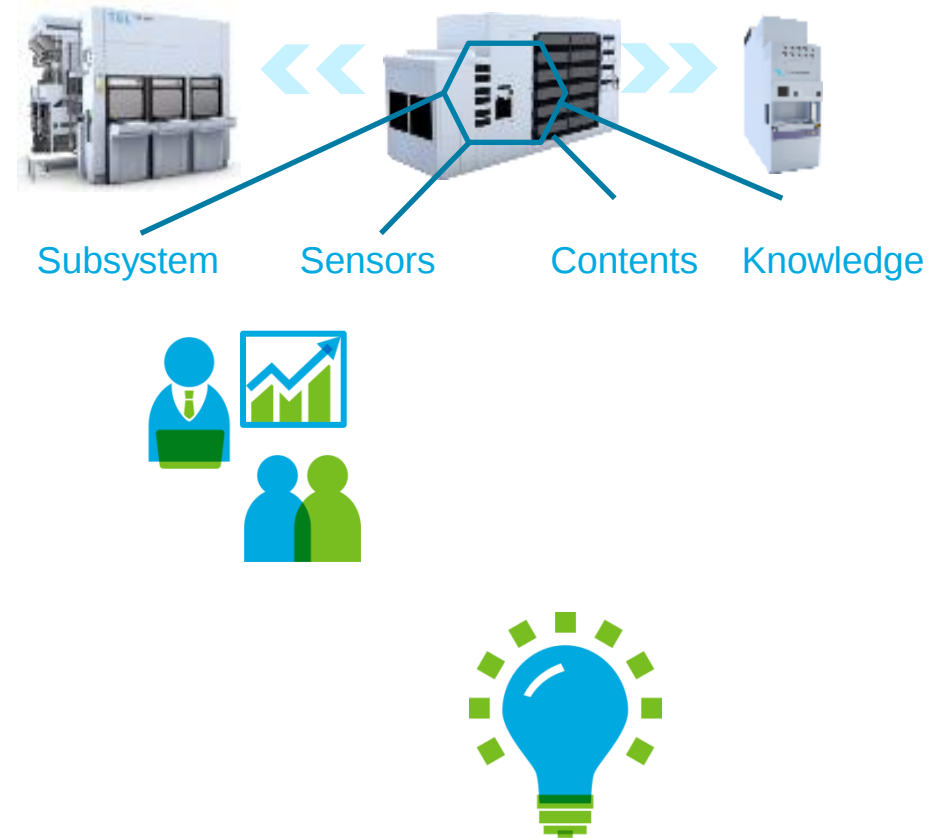
Application of big data and AI through IoT

Use IoT to analyze diverse **data**

Combine with expert **knowledge**

Learns on its own while controlling optimally and safely

Develop **intelligent** equipment



R&D Initiatives



Optimal, safe
equipment control

**Self-diagnosis
ability**

Learning ability

**Autonomous
control ability**

Business value

Higher reliability, lower support requirements with self-diagnosis

Streamlined spare parts stocks through parts lifespan prediction

Improved response speed and avoidance of damage through pre-fault detection

Higher yield through optimal stability control for wafer production

Less downtime, higher utilization rate through PM optimization

Continuously build high profit structure by achieving high efficiency through incorporation of the newest technology

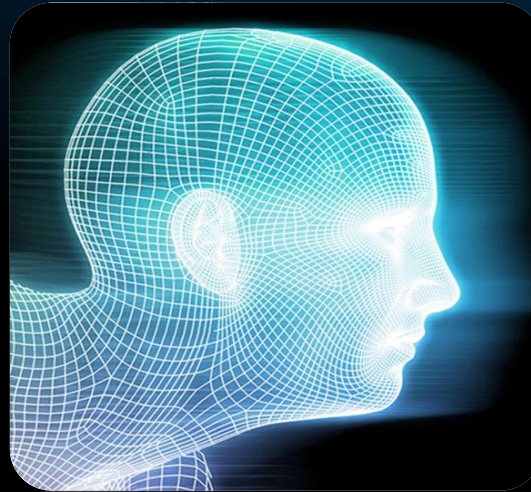
Making SPE Intelligent

Self-diagnosis ability



Optimal equipment management

Learning ability



Absolutely stable operation

Autonomous control ability



Expansion of functions

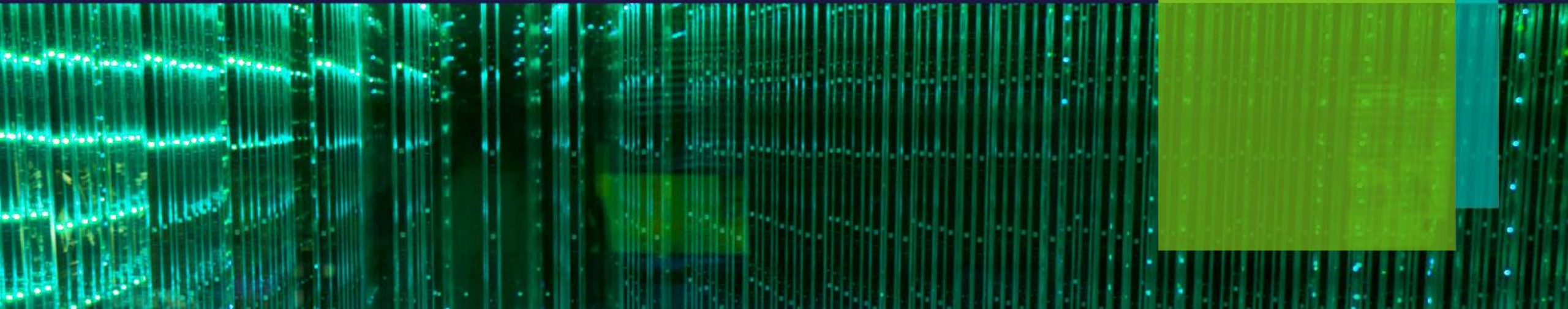
R&D of autonomous production systems

Summary

- **TEL will grow substantially in consideration of the ever-increasing technological demand for SPEs**
- **Strategically strengthen collaboration with customers and consortia to create innovative technology. Aim for growth with existing product enhancement and cross-BU synergies**
 - Promote technological development of patterning solutions
 - Make SPE intelligent
- **Aim to grow our share in etching, deposition, and cleaning through the unification of R&D resources**

Environment Around the Leading-edge Semiconductor Industry: TEL's Patterning Strategies

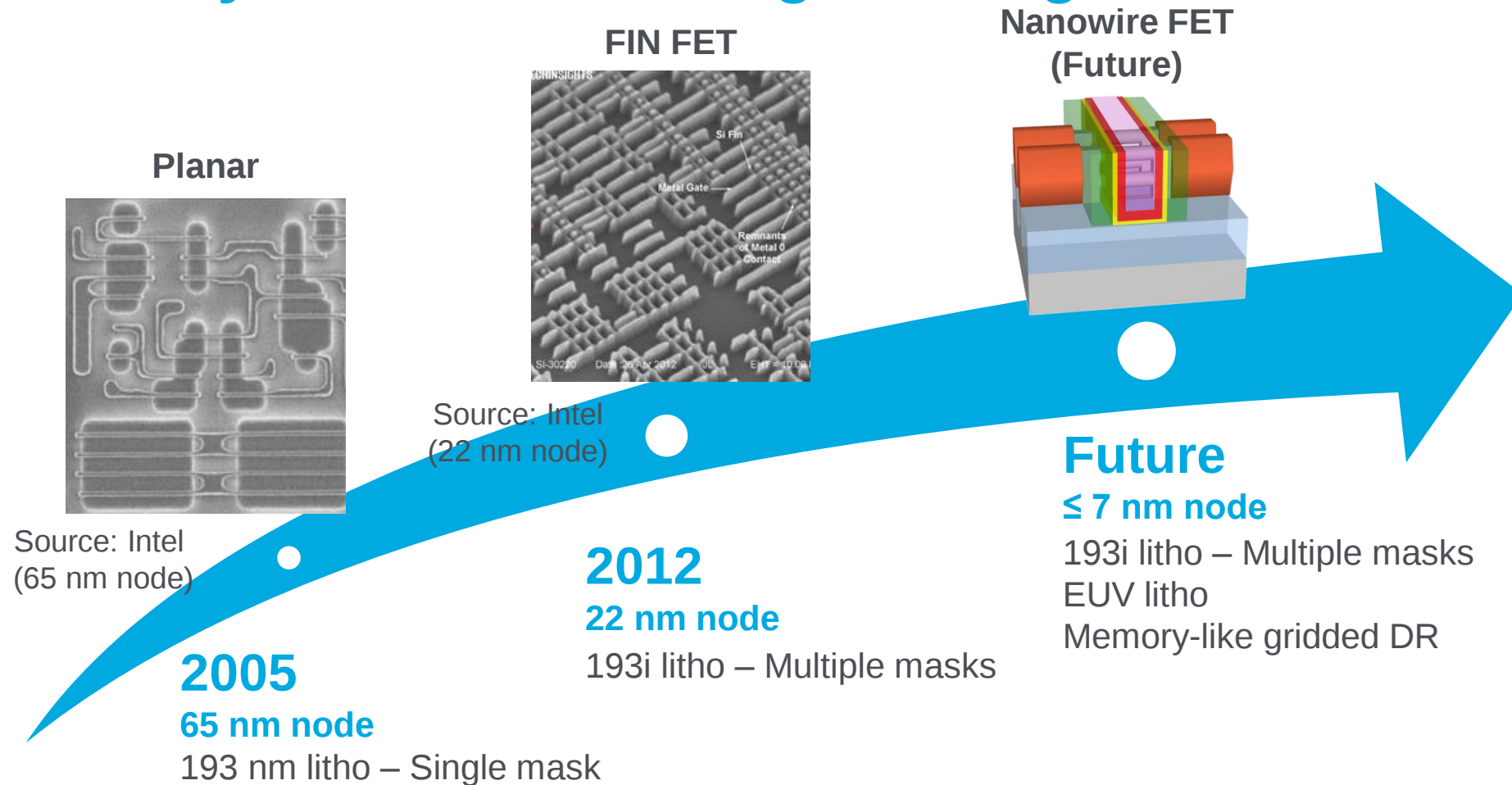
Akihisa Sekiguchi, PhD
Vice President & General Manager
Advanced Semiconductor Technology Division



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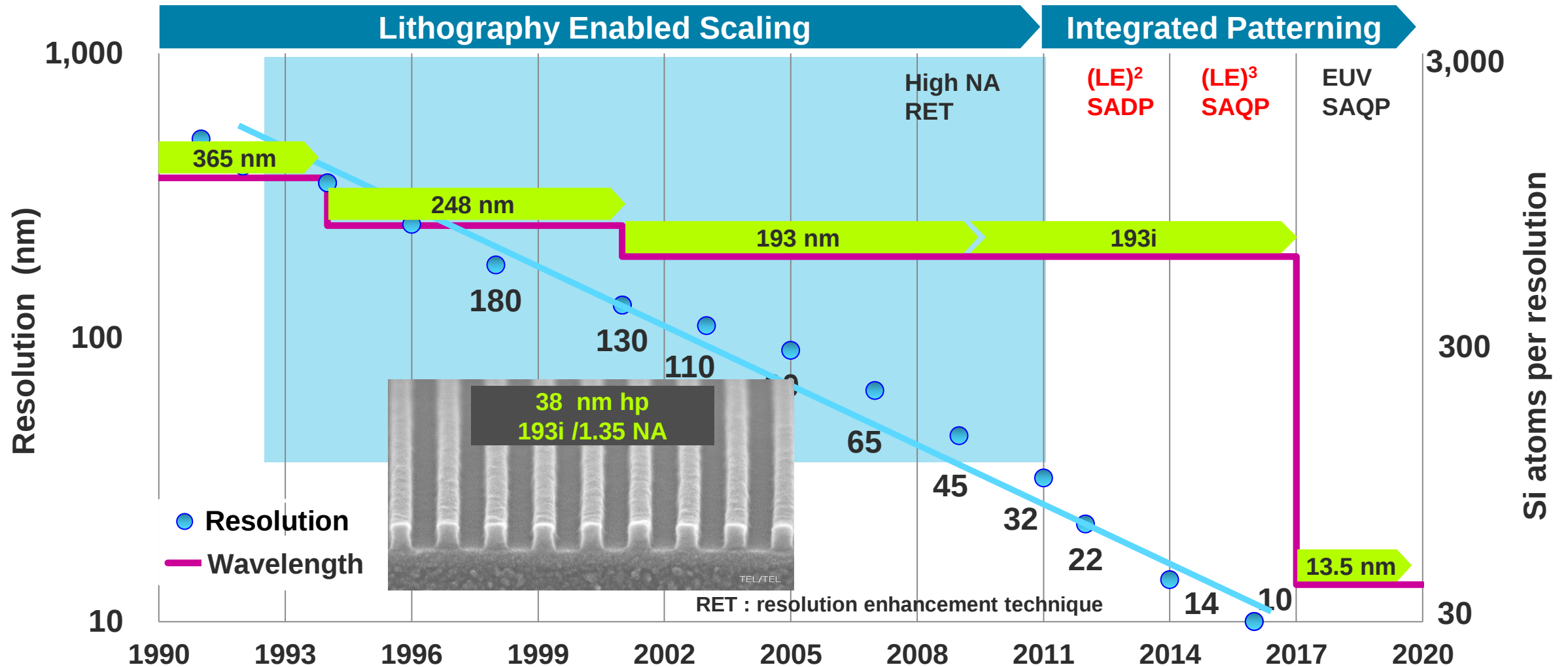
- Technical Challenges in Patterning
 - Sustainability of Device Scaling and Migration to 3D structure
 - Extendibility of Immersion 193 nm (ArF) Exposure Technology and EPE (edge placement error)
- Technical Approaches
 - Unit Process Solution
 - Integrated Patterning Solution (co-optimization of multiple unit processes)
- Next Generation Process
 - Control Techniques in Atomic Scale: ALD (atomic layer deposition) and ALE (atomic layer etch)

Environment of the Leading-edge Semiconductor Industry: Sustainability of Device Scaling and Migration to 3D Structure



Migrating to 3D structure with CD scaling makes process more difficult, but sustains Moore's law

Environment of the Leading-edge Semiconductor Industry: from Immersion 193 nm (ArF) to EUV

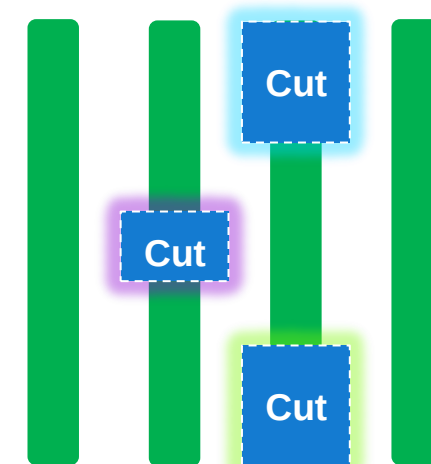
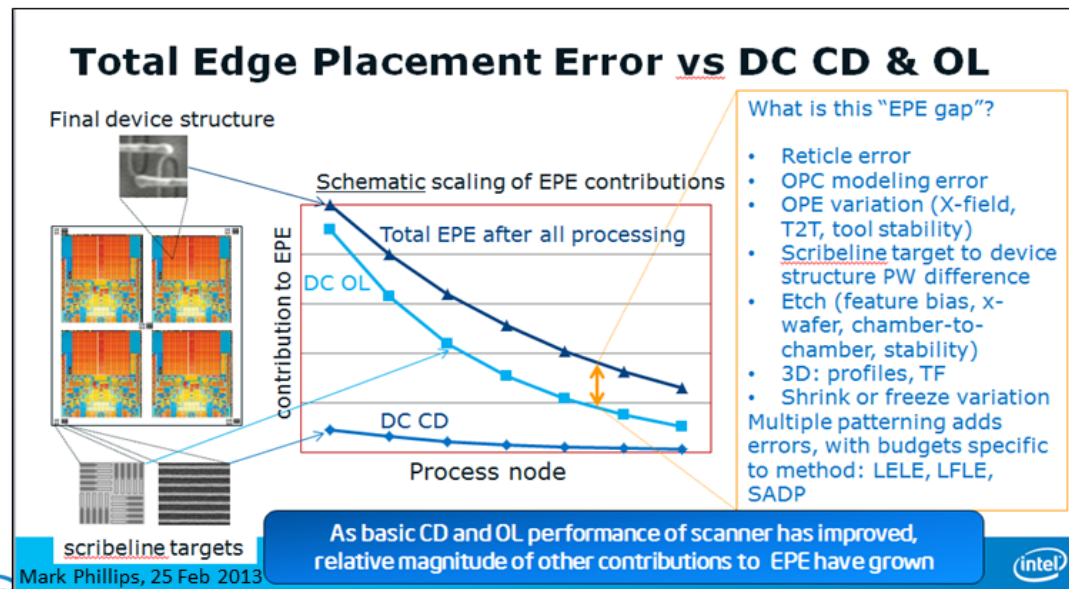


Lithography has already migrated from single exposure of immersion 193 nm to integrated patterning

Technical Challenges: Resolution and EPE

3. Resolution isn't the only challenge

- Total Edge Placement Error is the biggest technical challenge to scaling (limiting before device physics)
 - Must reduce EPE contributions from all process steps (not just Litho) in order to take full advantage of resolution benefits of EUVL

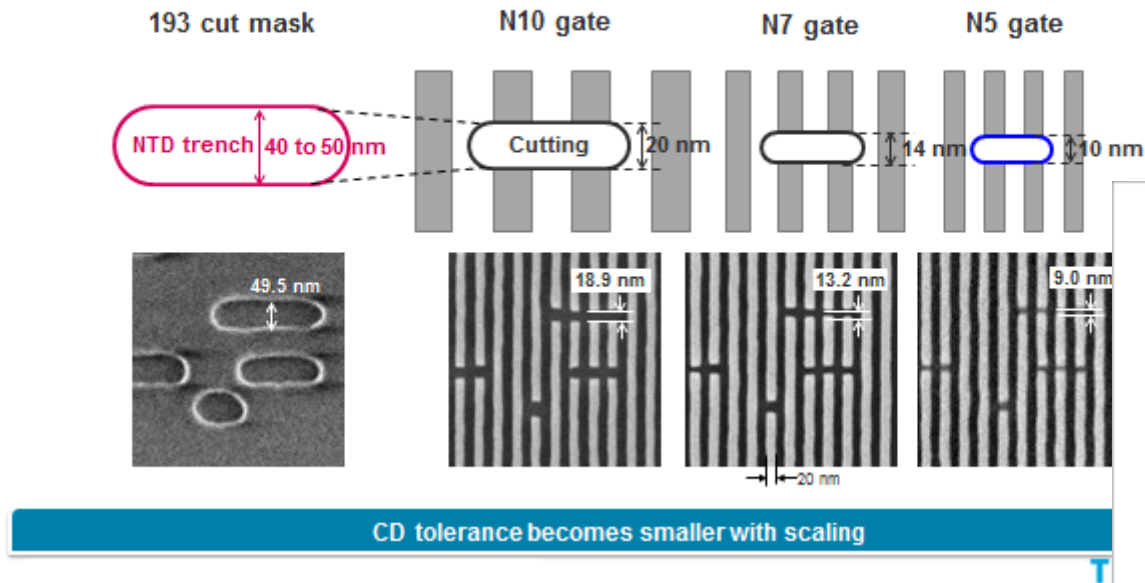


EPE (edge placement error)

Precision of edge placement needs to be at the nm scale, which is more critical than resolution

Progress in Conventional Process: Precision in Cutting and Shrinking

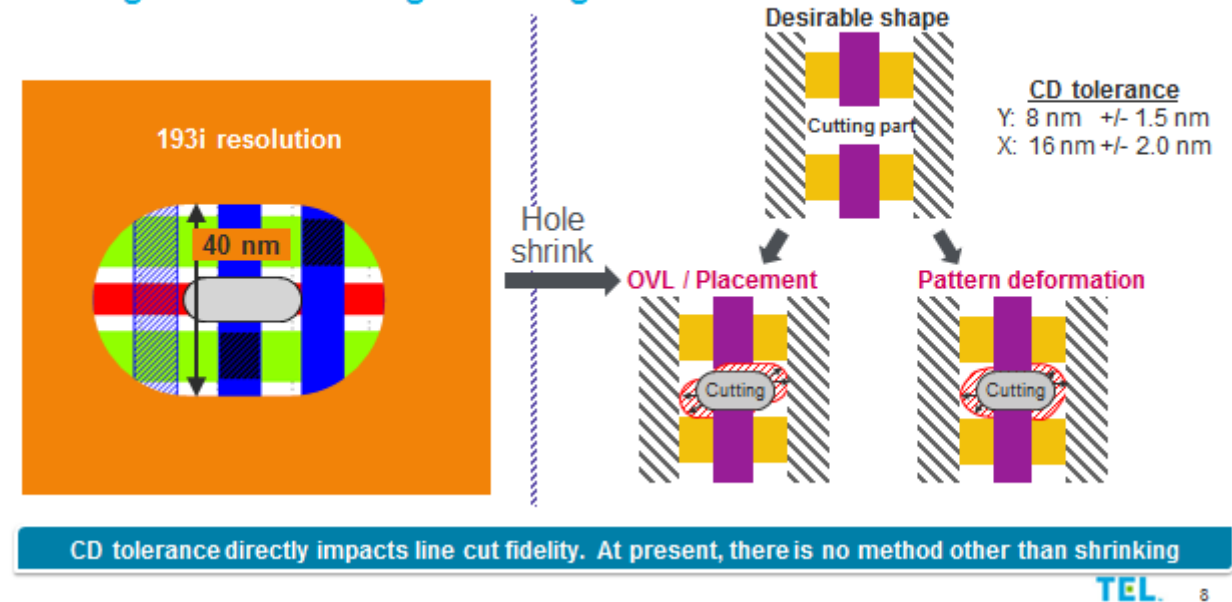
Integrated Patterning Challenges – CD Tolerance



Line cutting technique

Hole shrinking technique

Integrated Patterning Challenges – CD tolerance

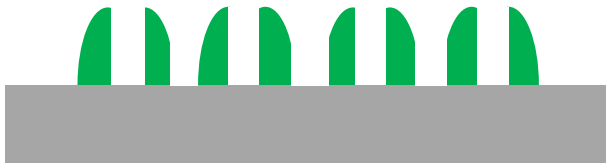


Continuous improvement of etching and thin film formation is key in patterning

Evolution of Self-aligned Technology: Necessity of New Integration and Module Development

SAMP

(self-aligned
multiple patterning)



SAMP requires ALD, which can control deposition thickness at the nm scale

SAB

(self-aligned block)



SAB is enabled by taking advantage of different etch selectivity between different combinations (complex material combination)

SAC

(self-aligned contact)



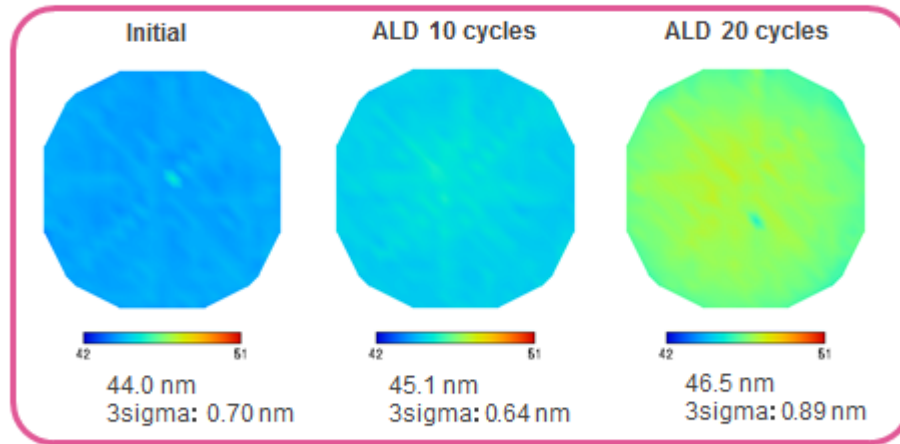
ALD and ALE are indispensable to SAC, which is now dominant in MOL contact

Innovative solutions can be found by combining a variety of our equipment and processes

Evolution of Unit Process Technology: Atomic Level Controllability

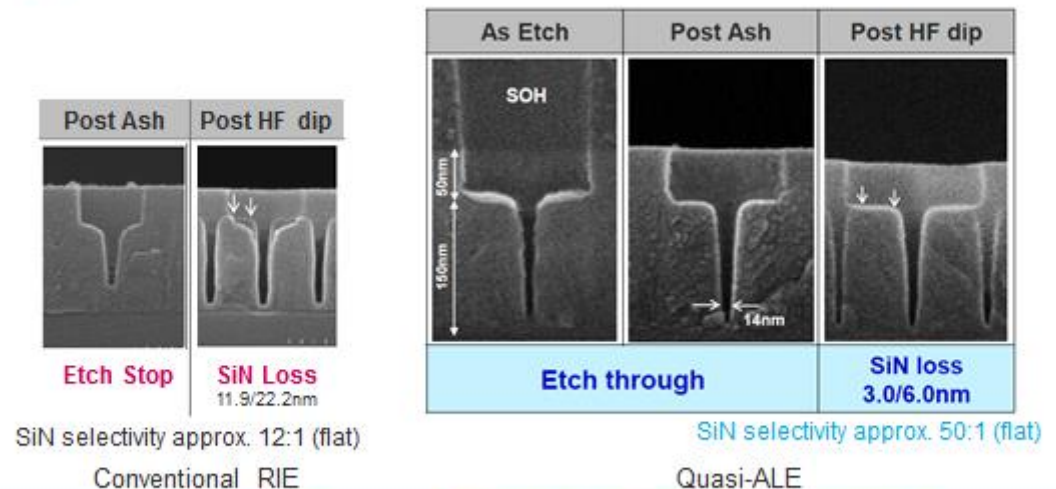
Performance of Atomic Layer Deposition (ALD)

The contour map shows the application of ALD on PR surface



It is possible to control the CD to 1 nm levels while keeping CDU

Application of Quasi-ALE to SAC Etch

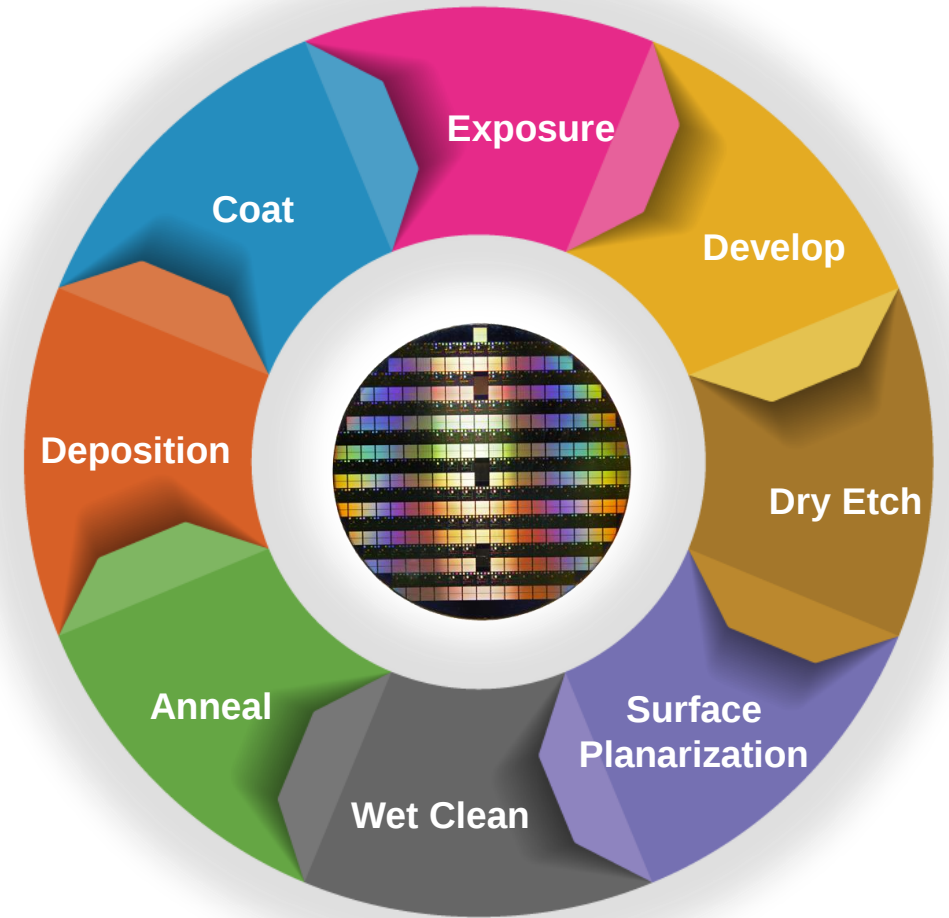


Quasi-ALE increases SiO2 etch selectivity to SiN without etch stop

ALD and ALE require both deposition and etch process/equipment technologies

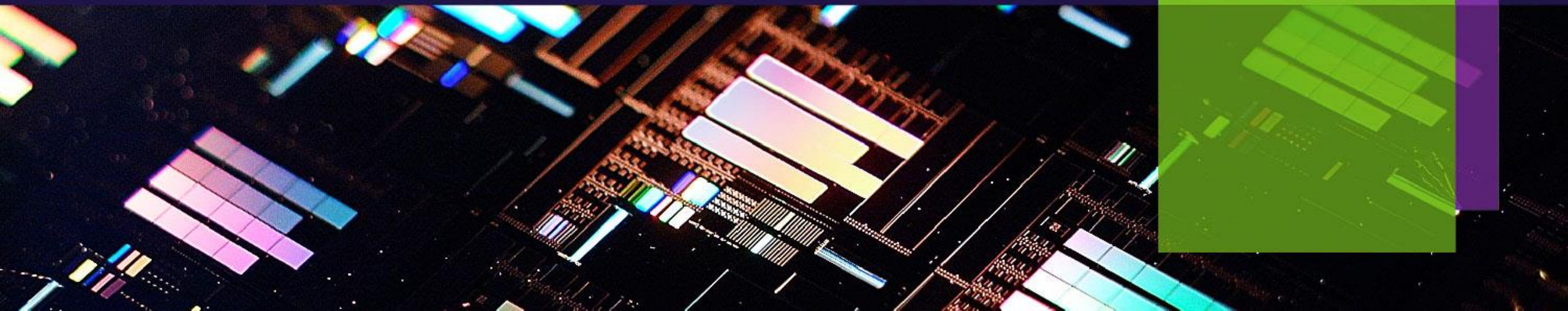
Summary of Patterning Technology

- **Scaling will still be important in logic devices**
- **Process will become more complex**
- **Integrated solutions have become indispensable in addition to continuous improvement in unit process**
- **Our key strength is the variety in our product lineup – deposition, etch, clean, coat**



Etching System: Business Strategies

Yoshinobu Mitano
Vice President & General Manager, ES BU



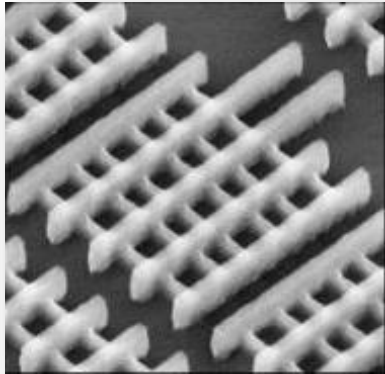
Current Situation of Etching Market and TEL

- Expansion in etching market continues due to growth in 3D NAND and patterning processes
- Sales in 3D NAND expected to be double those of previous year
- Leveraging our technological advantage, we have seen good progress in the first year of the Medium-term Plan

Technologies Sought for Leading-edge Logic Devices

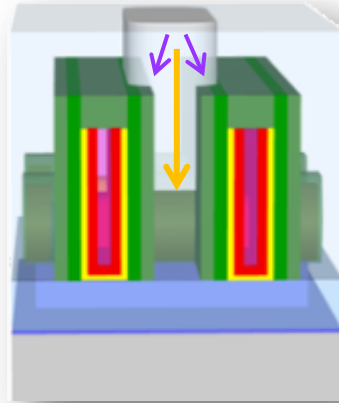
Demand for Advanced Device

FIN FET (FEOL)



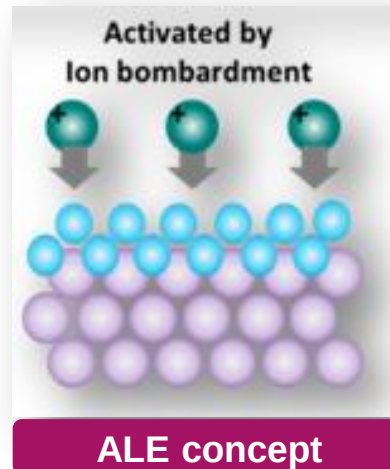
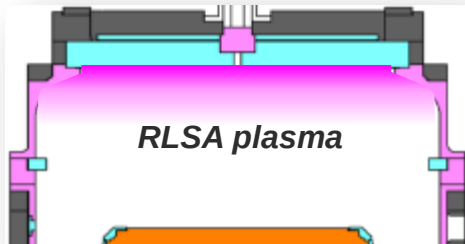
Source: Intel

SAC etch (MEOL)



- Low damage/CD uniformity
- High selectivity
- Vertical form

Key Technology/Solution

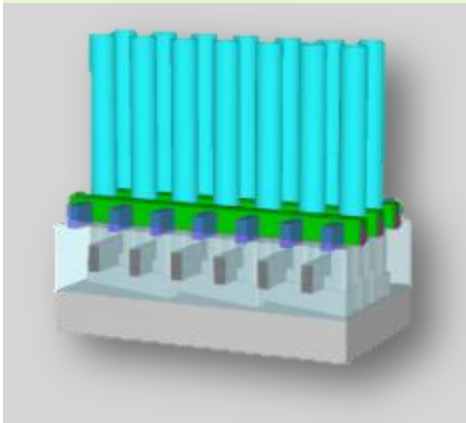


- Low electron temperatures
- Radical control
- ALE technology

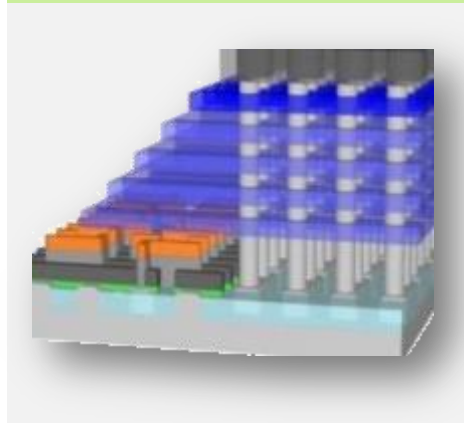
Etching Technologies Demanded for Cutting-edge Memory

Demand for Advanced Device

DRAM

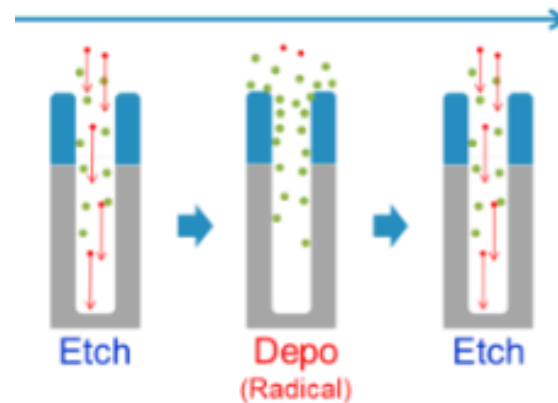
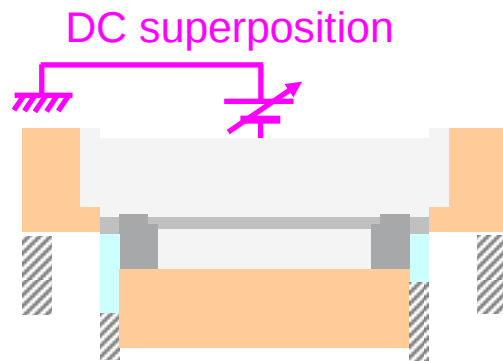


3D NAND



- High selectivity to mask
- Vertical etching
- Productivity

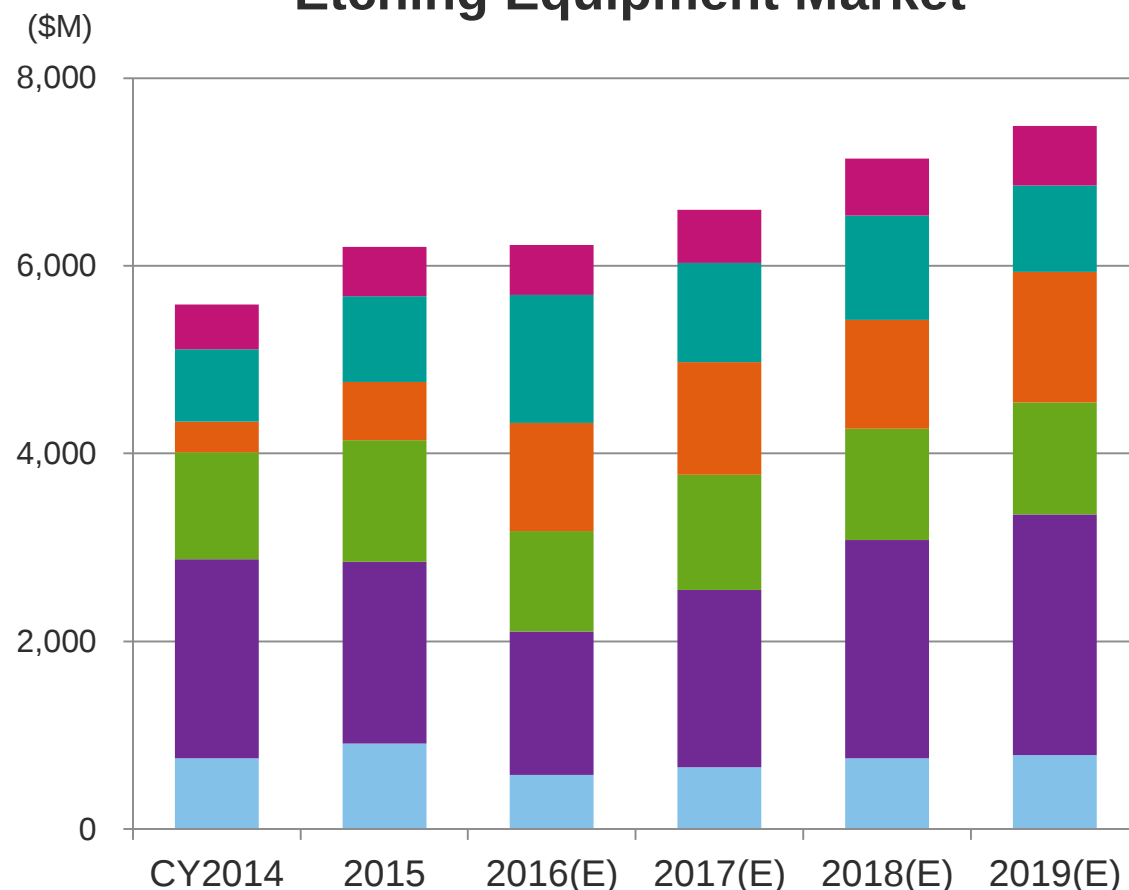
Key Technology/Solution



- TEL's unique DC superposition technology
- Dynamic processing
- Process control at the wafer edge

Etching Equipment Market and Business Opportunities

Etching Equipment Market



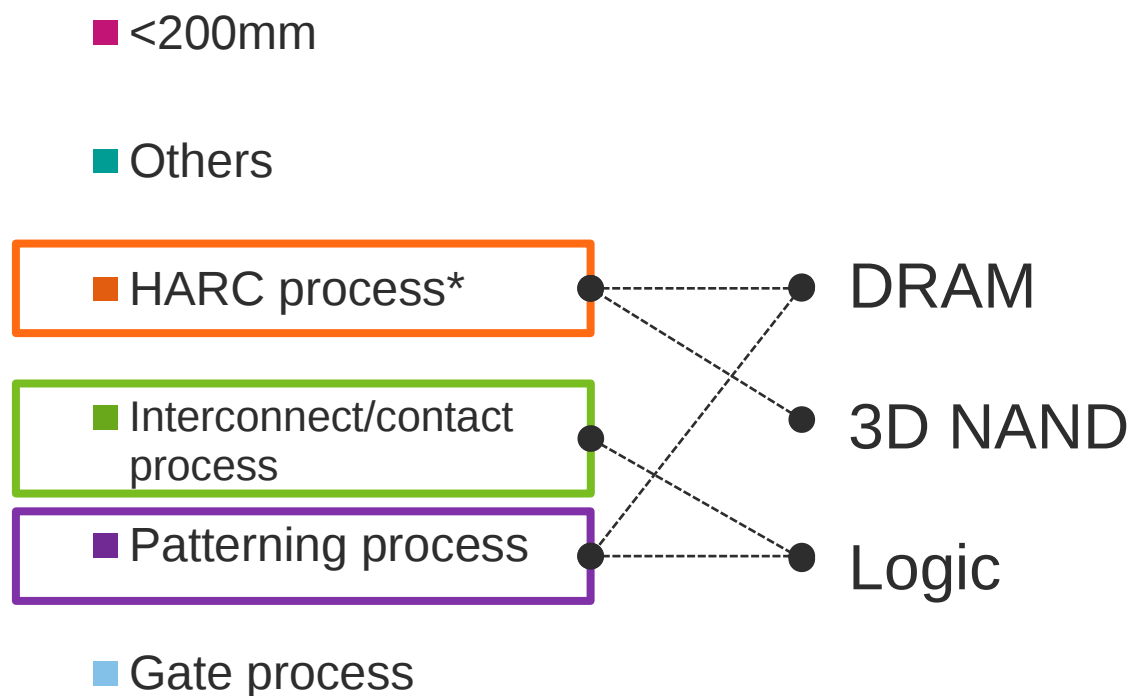
Dry etch total market size: Gartner, "Forecast: Semiconductor Wafer-Level Manufacturing Equipment, Worldwide, 1Q16 Update" 14 April 2016

Based on sales revenue

Graph made by TEL based on Gartner's research

*By application ratios are based on TEL estimates

Main applications and target devices



*HARC (High Aspect Ratio Contact) process: A process for forming holes that requires advanced processing technology

HARC Processing for DRAM/3D NAND

- Market needs

- Further HARC vertical processing through miniaturization (DRAM) and stacking (3D NAND) needed

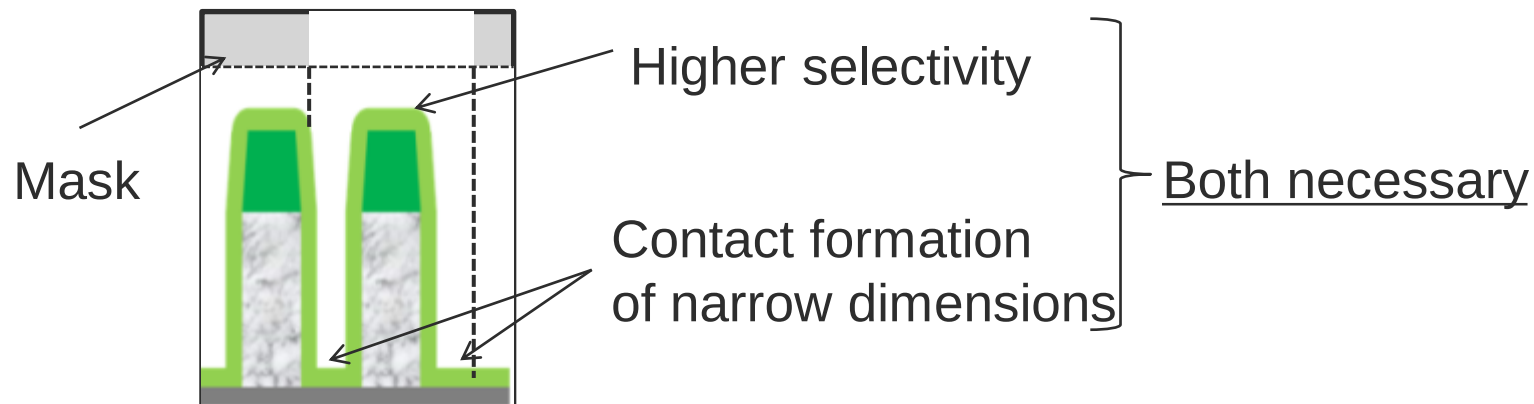


- TEL actions and results

- In DRAM processing, achieved vertical processing of 18nm and beyond
- In 3D NAND, made progress with slit processing, in addition to multi-layer contact processing
- Improved productivity through improved processing performance at wafer edge (increased number of chips in yield)

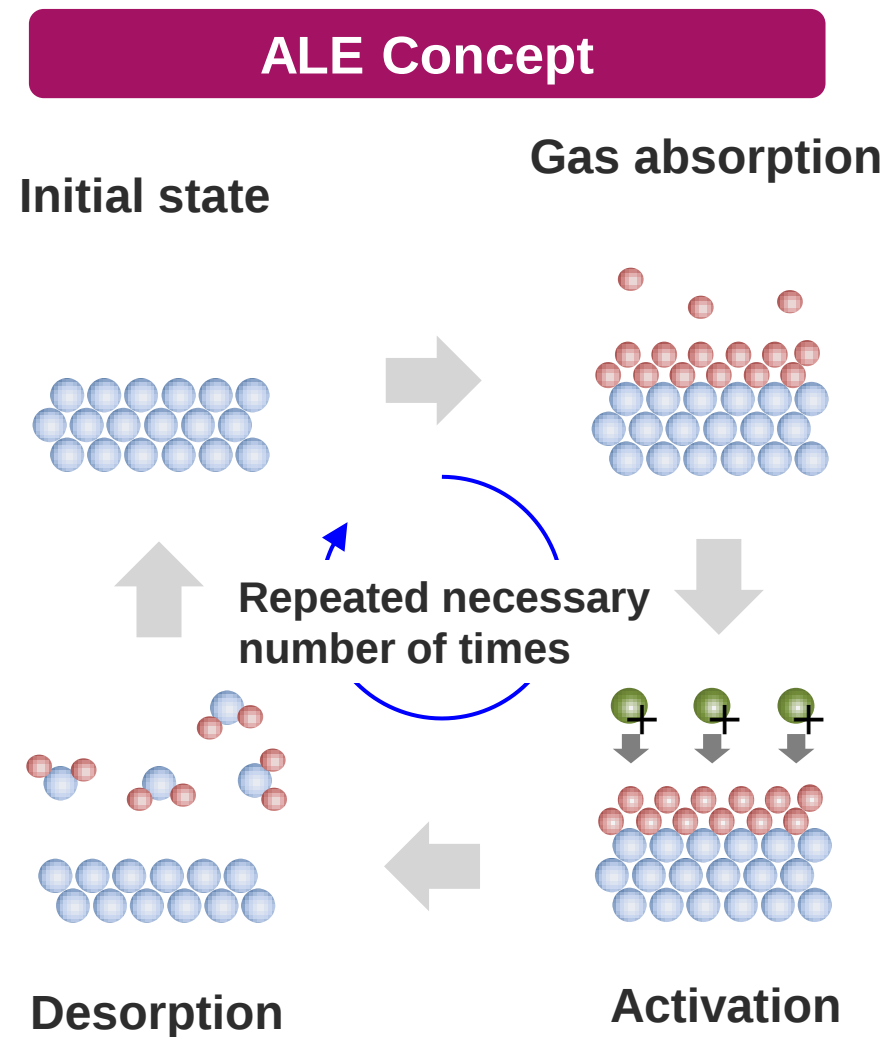
BEOL/Contact Processing

■ Market needs



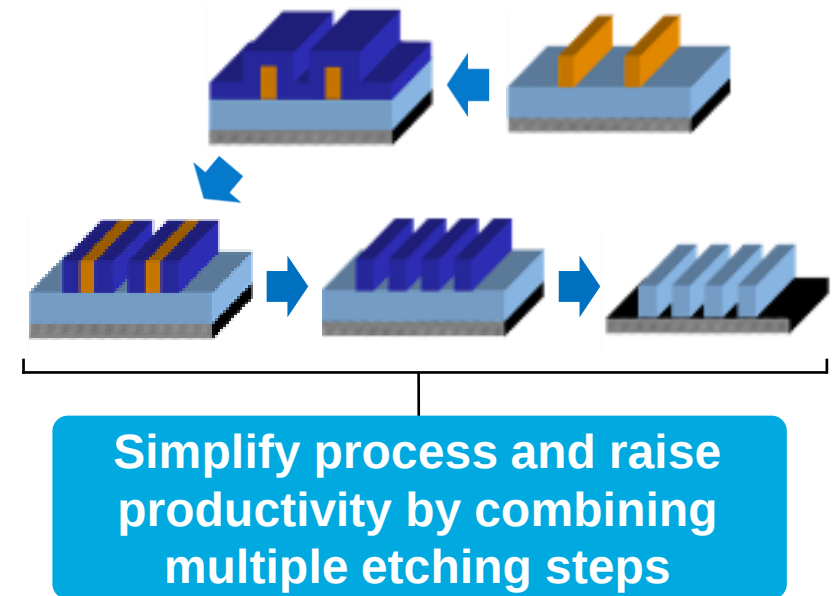
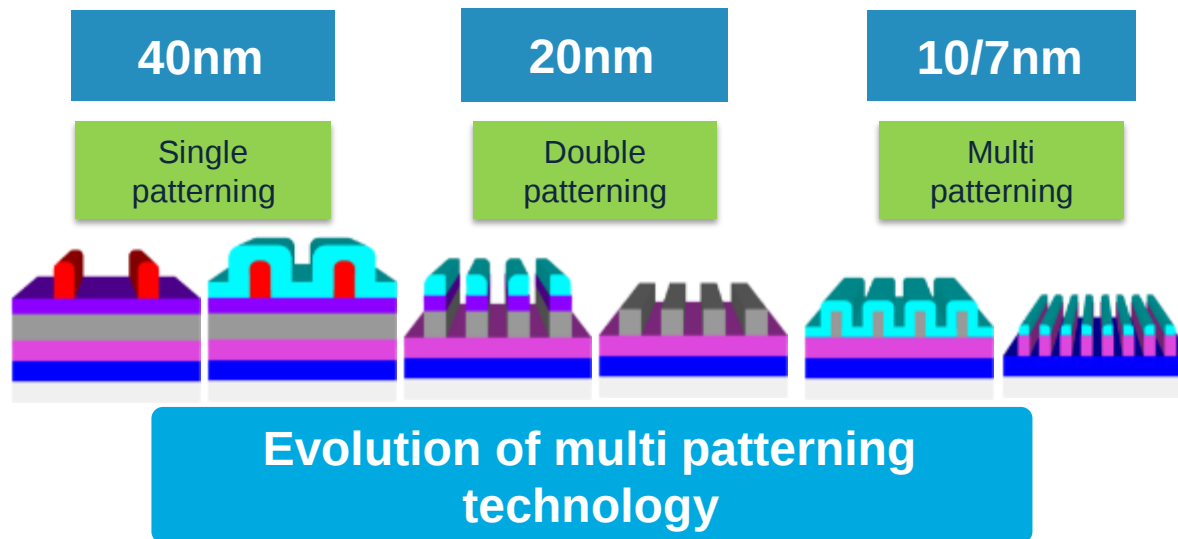
■ TEL actions and results

- Realized high-selectivity ALE through optimization of electricity supply system
- Higher productivity through improvements to gas supply system



Patterning for Logic/DRAM

■ Market needs



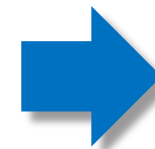
■ TEL's initiatives and results

- Logic: Utilize the strengths in our oxide etching to handle expanding patterning processes
- DRAM: Realize productivity merits through process simplification and leveraging equipment adoption in logic customers

Summary

- Achieve Medium-term Plan target (raise profitability on 10 pt increase in share) through stable position in logic interconnect/contact process, our initiative to realize HARC/patterning market needs

Market Share	CY2014	CY2015
Etching system	26%	19%



CY2019 Target
>36%

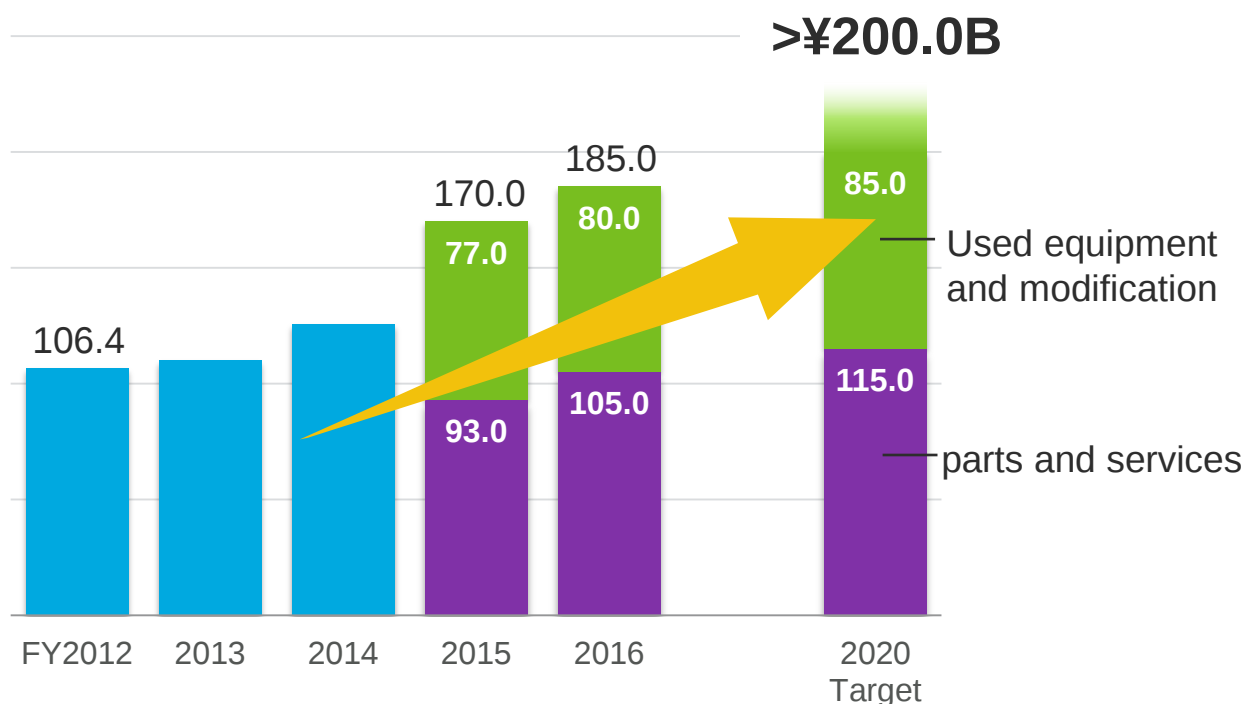
Field Solution Business Strategies

Kiyoshi Sunohara
Senior Vice President & General Manager, FS BU



FY2016 Highlights and Revenue Plan

Field Solutions Sales



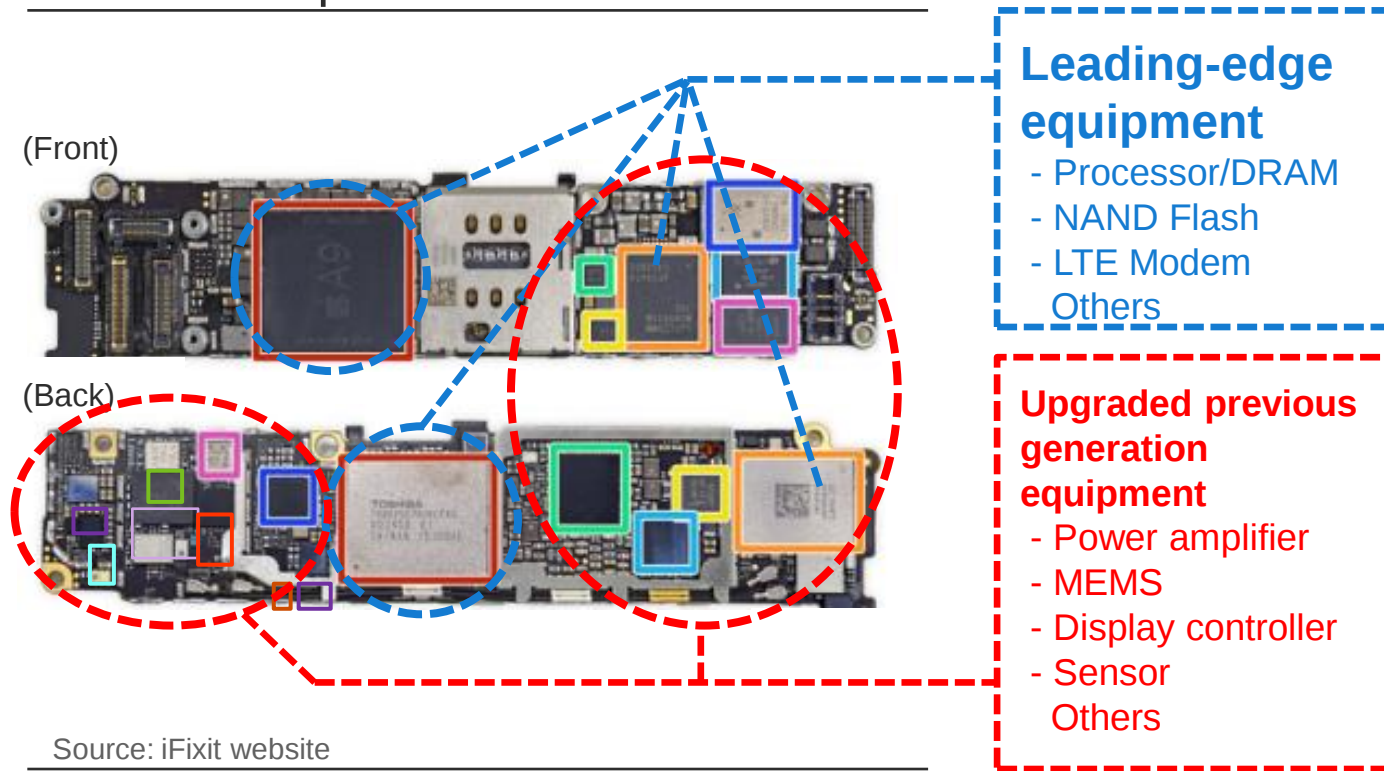
FY2016 Highlights

- Grew sales ¥15.0B YoY
- Began supplying remanufactured equipment
- Introduced new TELeMetrics™ service
 - 50 fabs remotely connected
- Installed base of 59,000 units

Increased earnings in both the used equipment/modification and parts/service segments

IoT Expanding Business Opportunities

Chips for iPhone 6S



Customer needs driven by IoT

- Used equipment/modification
 - Fast delivery/low price
 - Compatibility with new applications
 - Upgrades based on changes in (technological) needs
- Parts/services
 - Stable operation of equipment
 - Reduced running costs
 - Long life support for equipment

Upgrades to leading-edge technology being sought for all generations of equipment

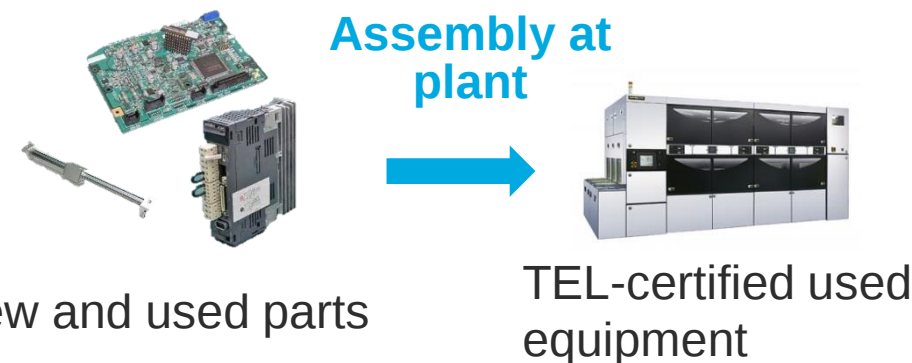
A Business Model Utilizing Makers' Strengths

Used equipment/modification

1. Reliable equipment supply structure

■ Remanufactured equipment model

In addition to our existing used equipment supply, upgrade and resale business, supply remanufactured equipment made with new and used parts

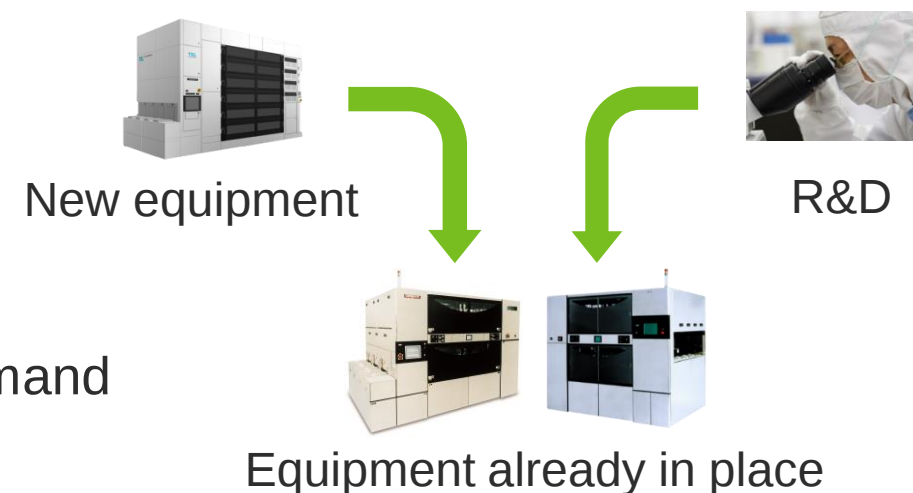


- Leading-edge abilities
- Upgrade kit

2. Upgrades that meet customers' needs

■ Increased capabilities and life-span extension of equipment already in place

With the rise of diverse device needs due to IoT, there is demand for reuse of equipment already in place through life-span extension. We provide upgrades that address these needs



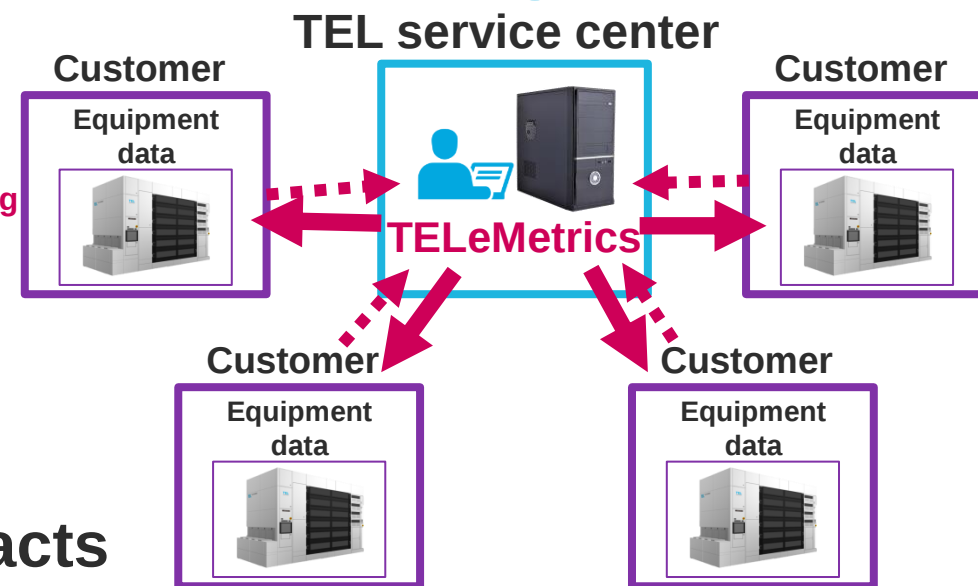
A Business Model Utilizing Makers' Strengths

Parts/services

1. TELeMetrics™ Service

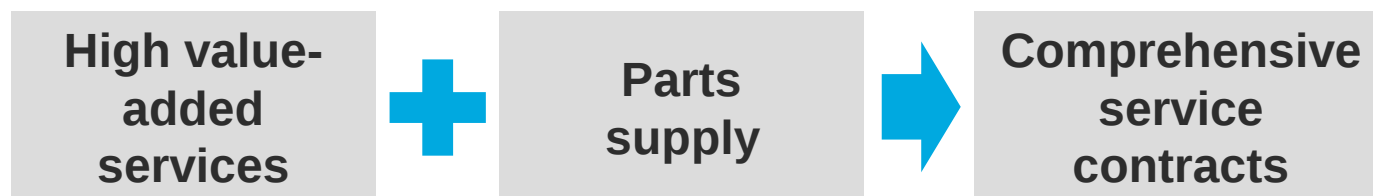
Supply high value-added services through real time monitoring of operational status of customer equipment

- Predictive maintenance
- Improved throughput
- Chamber-to-chamber matching
- Fewer defects

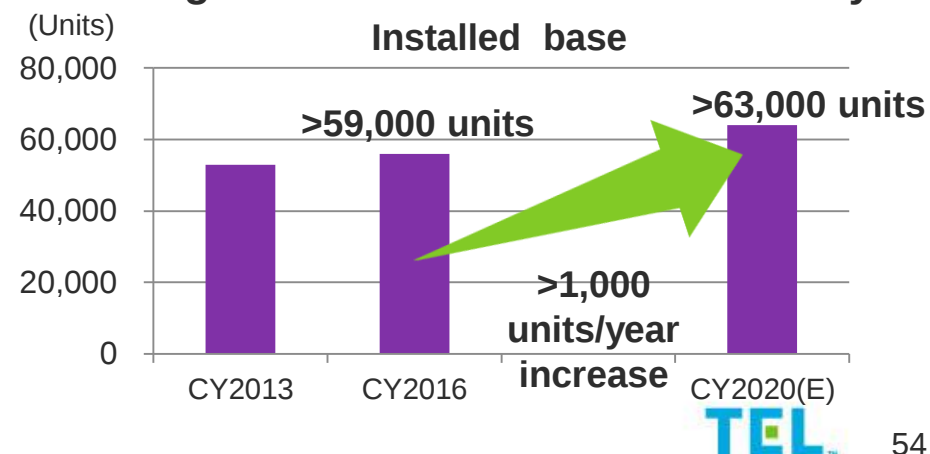


2. Growing share through annual parts contracts

In addition to increasing the number of installed units, supply contracts that meet customer needs by combining parts-based service, consumables and repairs



Largest installed base in the industry



Summary

- **We are driving our business through a business model that utilizes makers' strengths in response to diverse technological needs being expanded by IoT**
- **We will achieve sales growth and increased profitability by expanding a broad range of businesses, including services, parts, used equipment and upgrades**

FPD Business Strategy

Tsuguhiko Matsuura
Vice President & General Manager, FPD BU



Display Trend

Business opportunities in technological inflection around OLED

	Conventional	Advanced display
Major end products	Notebook  Monitor  TV  Smartphone, tablet  OLED TV* 4K, 8K TV  Flexible* 	
Display technology	a- Si LCD	 LTPS, metal oxide, OLED
Required features	Large screen, low cost 	High resolution, flexible large screen TVs (>65", 8K)

*Source: LG Display website

FPD Production Equipment Market and Medium-term Plan

- Increase share and profitability in market that has begun to grow again
- FY2020 target: sales ¥60.0B, operating margin over 20%
(FY2016 sales ¥44.6B, segment profit margin* 10%)

Others

Cell, module processes, etc.

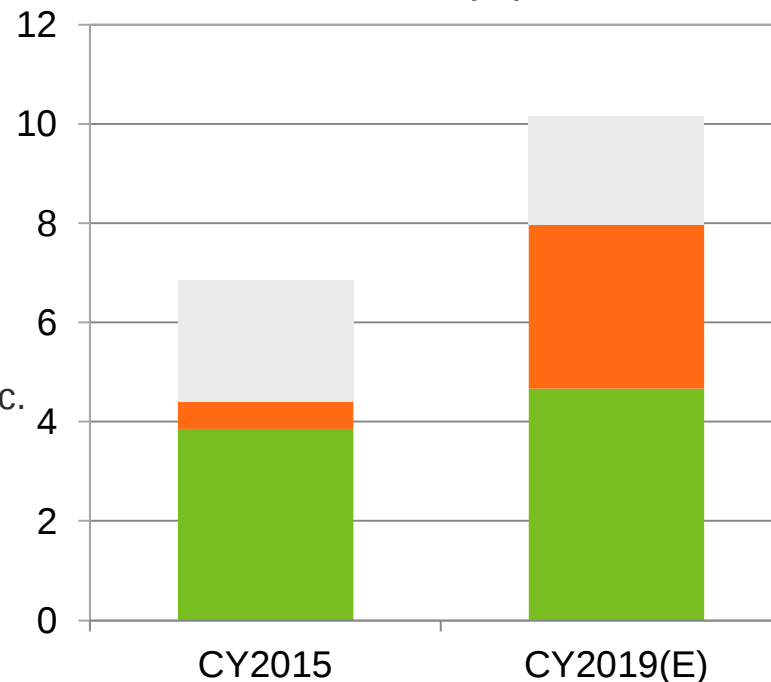
OLED

OLED-specific manufacturing.
Emitting layer deposition, encapsulation, etc.

TFT Array**

Substrate fabrication process.
Essential manufacturing process
common to both LCD and OLED

(\$B) FPD Production Equipment Market



Source: IHS Technology, Display Supply Demand Equipment Tracker Data Tables Q1 2016

Grow sales in leading-edge sectors where we can differentiate

- Inkjet OLED printing system
- G10.5 compatible etching system and coater/developers
- High performance PICPTM*** etching system

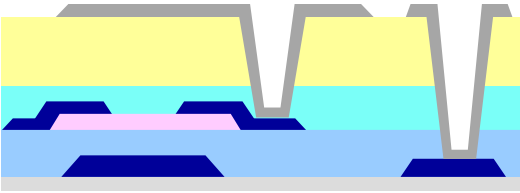
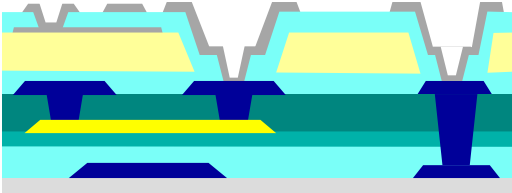
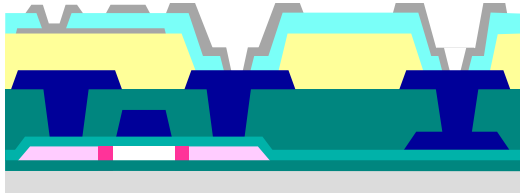
* Segment profit margin is based on profit margin before income tax

** TFT Array: Substrate that realizes display images

*** PICP: Plasma source for producing extremely uniform high density plasma on substrate

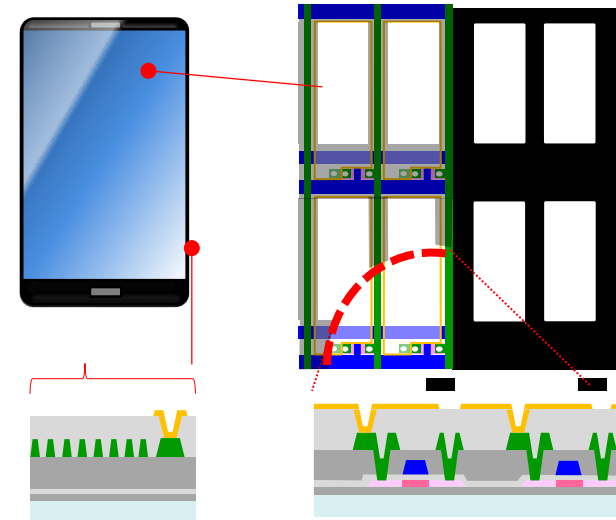
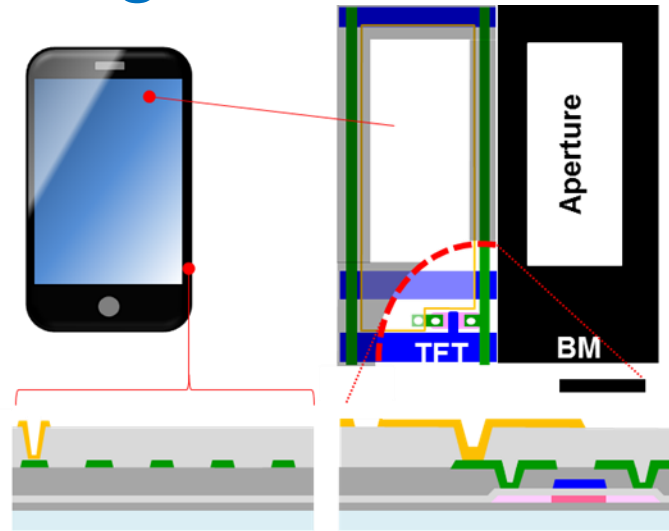
Opportunity - Metal Oxide/LTPS

Sophistication of LCD/OLED etching technology, increased number of processes

TFT	a-Si	Metal oxide	LTPS
Representation of structure			
Application	LCD TV Monitor	Tablet OLED TV	Smartphone (LCD, OLED)
Number of masks	5	6 ~ 8	9 ~13
Dry etch processes	3 a-Si, SiNx	3 SiO, SiNx	~11 SiO, Metal

PICP™ Etching System

Our proprietary high precision plasma technology. Currently growing share in LTPS LCD/OLED



Miniaturization of TFT
Reduced diameter of contact holes
Thick film/miniaturization of interconnect
Increased size of substrate

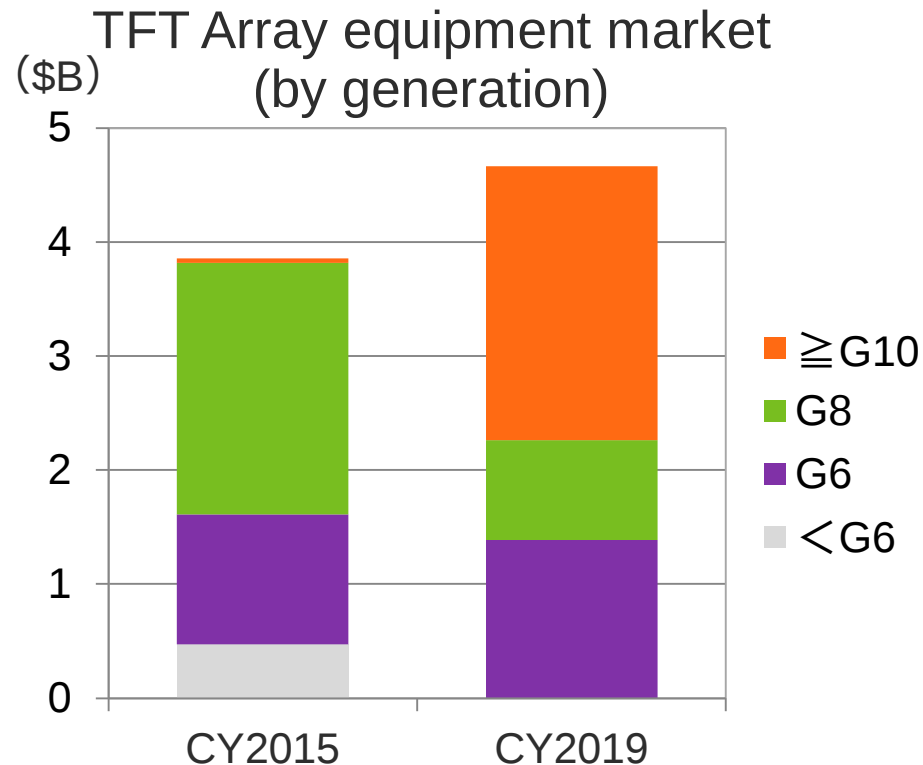


Merits of PICP™ etching system

Increased precision in etching process
Suppression of process changes during continuous processing
Underlayer loss suppression
(uniformity, selectivity)

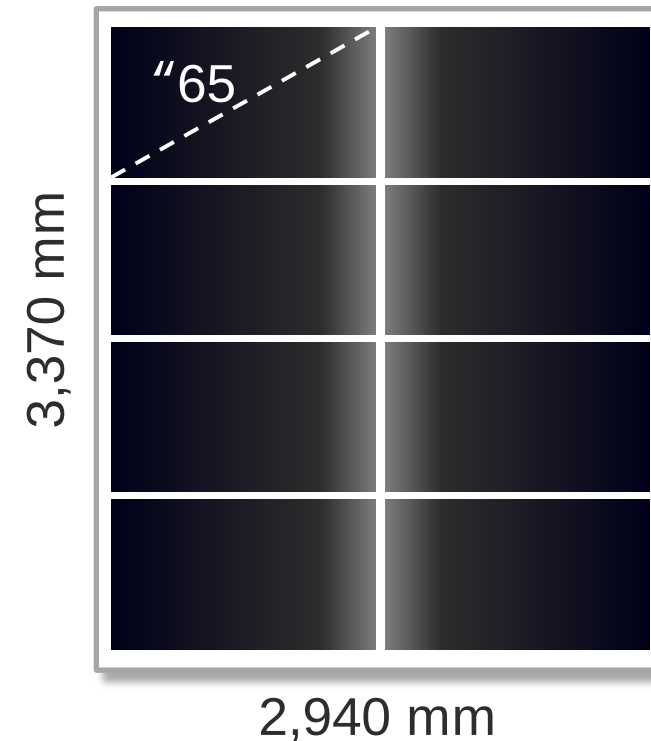
Opportunity – Growth of Large Panel TV Market/G10.5 Substrate Size

Expect to capture high share in rapidly growing G10.5 market on G10 results and differentiated technology (large area plasma suppression, air floating coater)



Source: IHS Technology, Display Supply Demand Equipment Tracker Data Tables Q1 2016

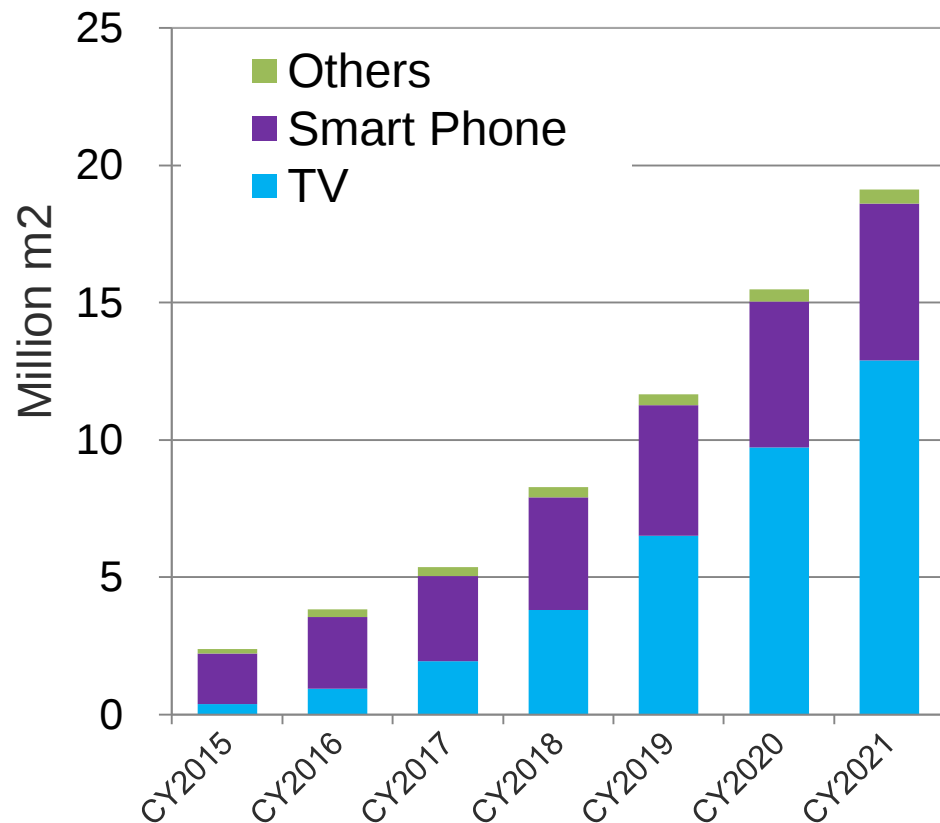
Possible to make 65 inch TV with eight panels



Opportunity – Growth of OLED TV Market

Market launch of inkjet printing system for start after 2018

Forecast for OLED area demand



Source: IHS Technology, Display Long Term Demand Forecast Tracker 1Q16

Inkjet printing system
for manufacturing OLED panels *EliusTM2500*



Material utilization efficiency
far higher than evaporation method

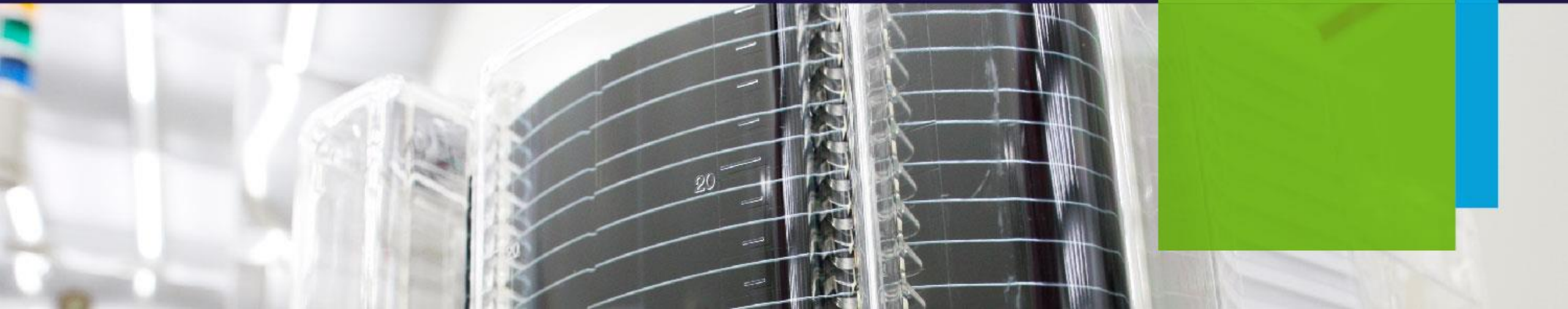
Summary

- **Increase share and profitability in market that has begun to grow again.**
FY2020 target: sales ¥60.0B, operating margin over 20%
- **For leading-edge production processes, focus on areas where we have technological superiority**
 - **High performance PICP™ etching system**
 - **G10.5 compatible etching system and coater/developer**
 - **Inkjet printing system for OLED TV**

Medium-term Management Plan: Financial Progress

Tetsuro Hori

Representative Director, Executive Vice President & General Manager
Corporate Administration Division



Financial Model

(Billion Yen)

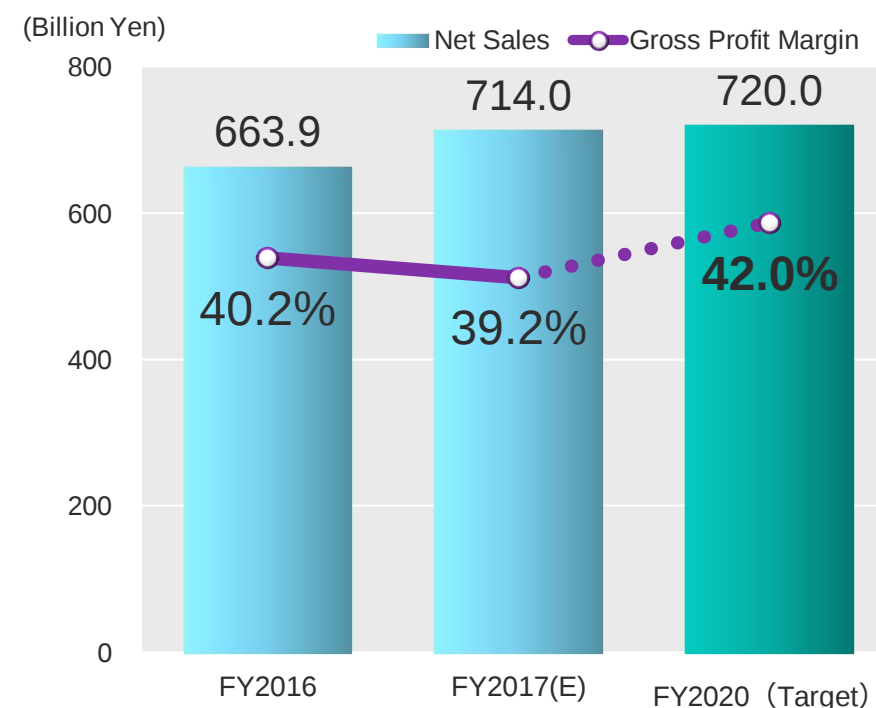
	FY2016 (Actual)	FY2017 (Estimate)	FY2020 (Medium-term plan)	
	WFE \$31B	WFE \$31B	WFE \$30B	WFE \$37B
Net Sales	663.9	714.0	720.0	900.0
SPE	613.0	665.0	660.0	840.0
FPD	44.6	49.0	60.0	60.0
Gross profit	267.2	280.0	305.0	395.0
Gross profit margin	40.2%	39.2%	42%	44%
SG&A expenses	150.4	156.0	160.0	170.0
SG&A expense ratio	22.6%	21.8%	22%	19%
Operating income	116.7	124.0	145.0	225.0
Operating margin	17.6%	17.4%	20%	25%
Net income attributable to owners parent	77.8	85.0	100.0	155.0
ROE	13%	-	15%	20%

Our Initiatives as Seen From Our Financial Model

Comparison of FY2017 (estimate) and ¥720B sales Model

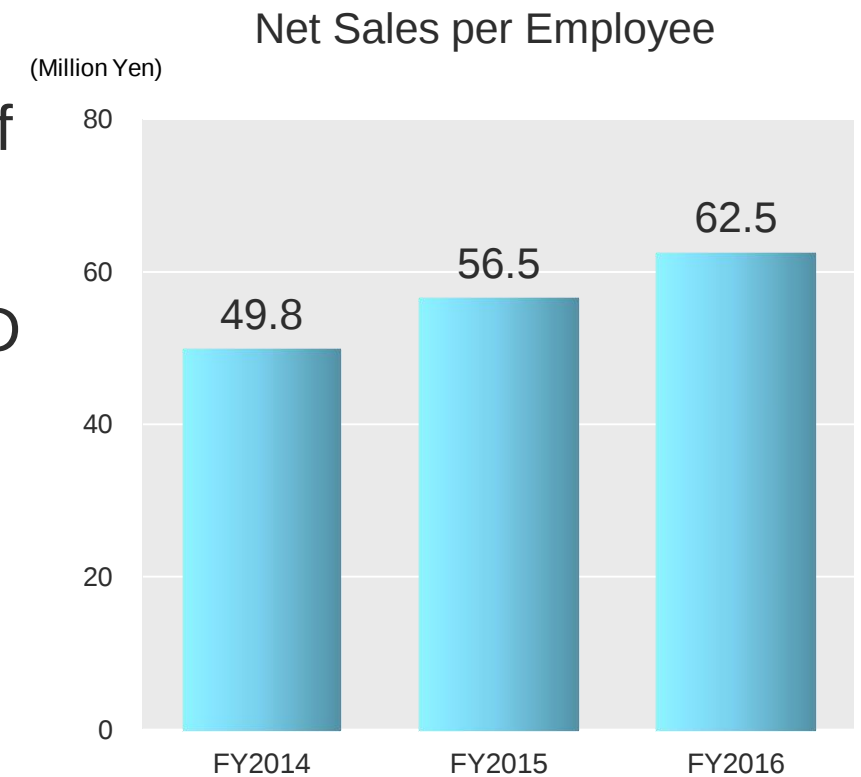
- Challenge: Net sales are around target level, but gross margin is still 3 pts short of FY2020 target
- Response:
 1. Supply markets with equipment and services that are even more differentiated. Plan to increase profitability by providing high added-value
 2. Aim to reduce cost of sales ratio by more quickly achieving the equipment performance demanded by customers and further raising quality
 3. Lower outsourcing costs by reducing delivery time

Net Sales and Gross Profit Margin



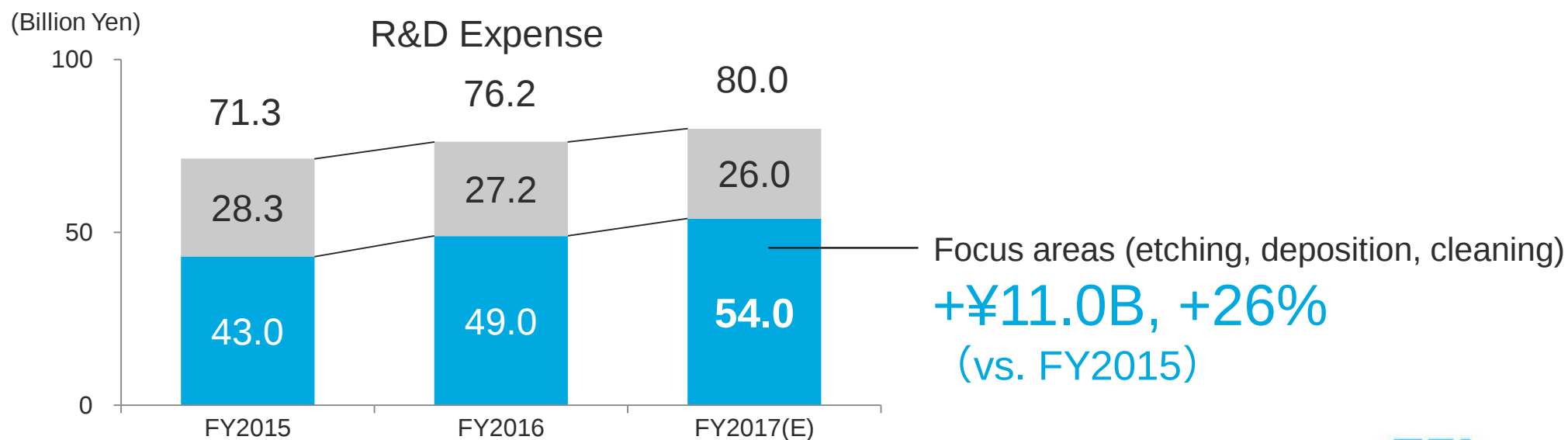
Control of SG&A Expenses

- Progress: Level of SG&A expenses is as planned
- Going forward:
 1. Pursue greater efficiency through unification of R&D divisions
 2. Rebalance SG&A expenses, reallocate to R&D expenses
 - Increase productivity by strengthening IT systems
 - Balance sales growth and inventory control for space saving
 - Aim to expand sales in excess of staff increases



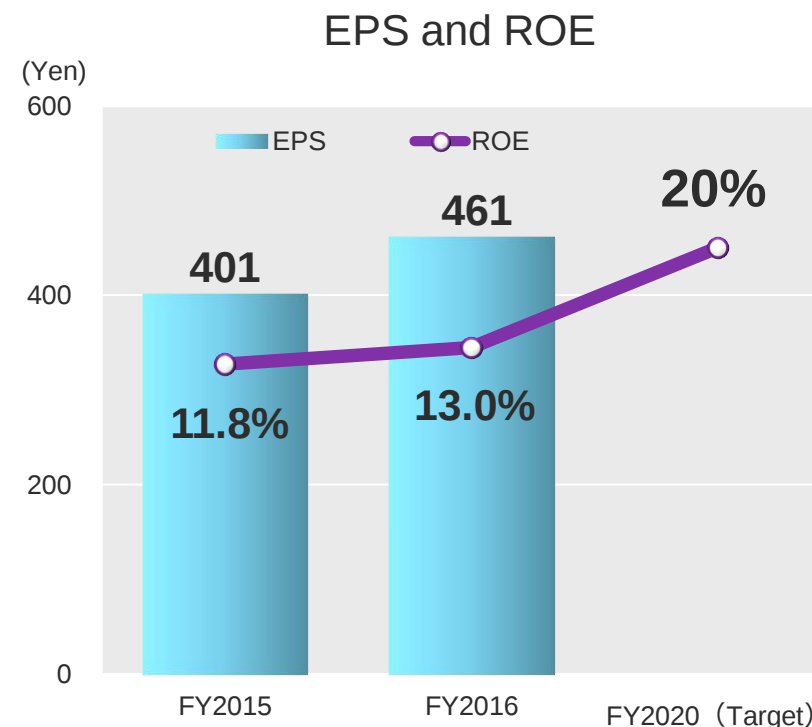
Increasing Efficiency of R&D

- Strengthen R&D across the business units that integrate leading-edge technologies in each product
- Focus resources on strategic products
 - R&D expenses for focus areas ¥54.0B
(Increase by +¥11.0B, 26% vs. FY2015)



Assets and Capital Efficiency (Sales ¥900B Model)

- Accounts Receivable Turnover
 - Current approx. 60 days: Appropriate
- Inventory Turnover
 - Current 107 days → Target 85 days
- ROE
 - Current 13% → Target 20%



ROE = Net income attributable to owners of parent /
Average total number of shares outstanding in each
fiscal year (excluding the treasury stock)

Summary

- Making progress towards achieving our FY2020 financial model
- Key to achieving profit margin target is further improving competitive strength of products and raising gross profit margin through higher quality
- Progress in raising R&D and operational efficiency

Pursue global standard profitability
Aim to further enhance our corporate value

- 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



TOKYO ELECTRON