

FY2015 (April 1, 2014 – March 31, 2015)

Financial Announcement

Agenda:

- FY2015 Consolidated Financial Summary
Yoshiteru Harada, Corporate Director, Executive Officer
- Business Environment and Approach to Raising Profitability
Tetsuro Higashi, Chairman, President & CEO

April 27, 2015



TOKYO ELECTRON

Corp IR/April 27, 2015

FY2015 (April 1, 2014 – March 31, 2015)

Consolidated Financial Summary

Yoshiteru Harada
Corporate Director, Executive Officer

April 27, 2015

Financial Summary

	FY2014	FY2015	YoY Change	(Reference) FY2015 estimates announced on March 26	(Billion Yen)
Net sales	612.1	613.1	+0%	609.0	
Gross profit	201.8	242.7	+20%	-	
Gross profit margin	33.0%	39.6%			
SG&A expenses	169.6	154.6	-9%	-	
Operating income	32.2	88.1	+174%	87.0	
Operating margin	5.3%	14.4%			
Income before income taxes	-11.7	86.8	+98.5 _{B Yen}	-	
Net income	-19.4	71.8	+91.2 _{B Yen}	66.0	
EPS (yen)	-108.31	401.08	---	368.24	
R&D expenses	78.6	71.3	-9%	-	
Capital expenditures	12.7	13.1	+3%	-	
Depreciation and amortization	24.8	20.8	-16%	-	

Highest ever gross profit margin

Tokyo Electron Device became an equity-method affiliate, and from FY2015 the EC/CN business was excluded from the scope of consolidation

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.

Sales by Division

(Billion Yen)

	FY2014		FY2015		YoY Change
	Sales	Compo-sition	Sales	Compo-sition	
SPE	478.8	78%	576.2	94%	+20%
FPD	28.3	5%	32.7	5%	+16%
PVE	3.8	1%	3.6	1%	-
EC/CN	100.7	16%			
Others	0.4	0%	0.5	0%	+16%
Total	612.1	100%	613.1	100%	+0%

SPE
(Semiconductor Production Equipment)

Memory, logic investment increased, up 20% YoY

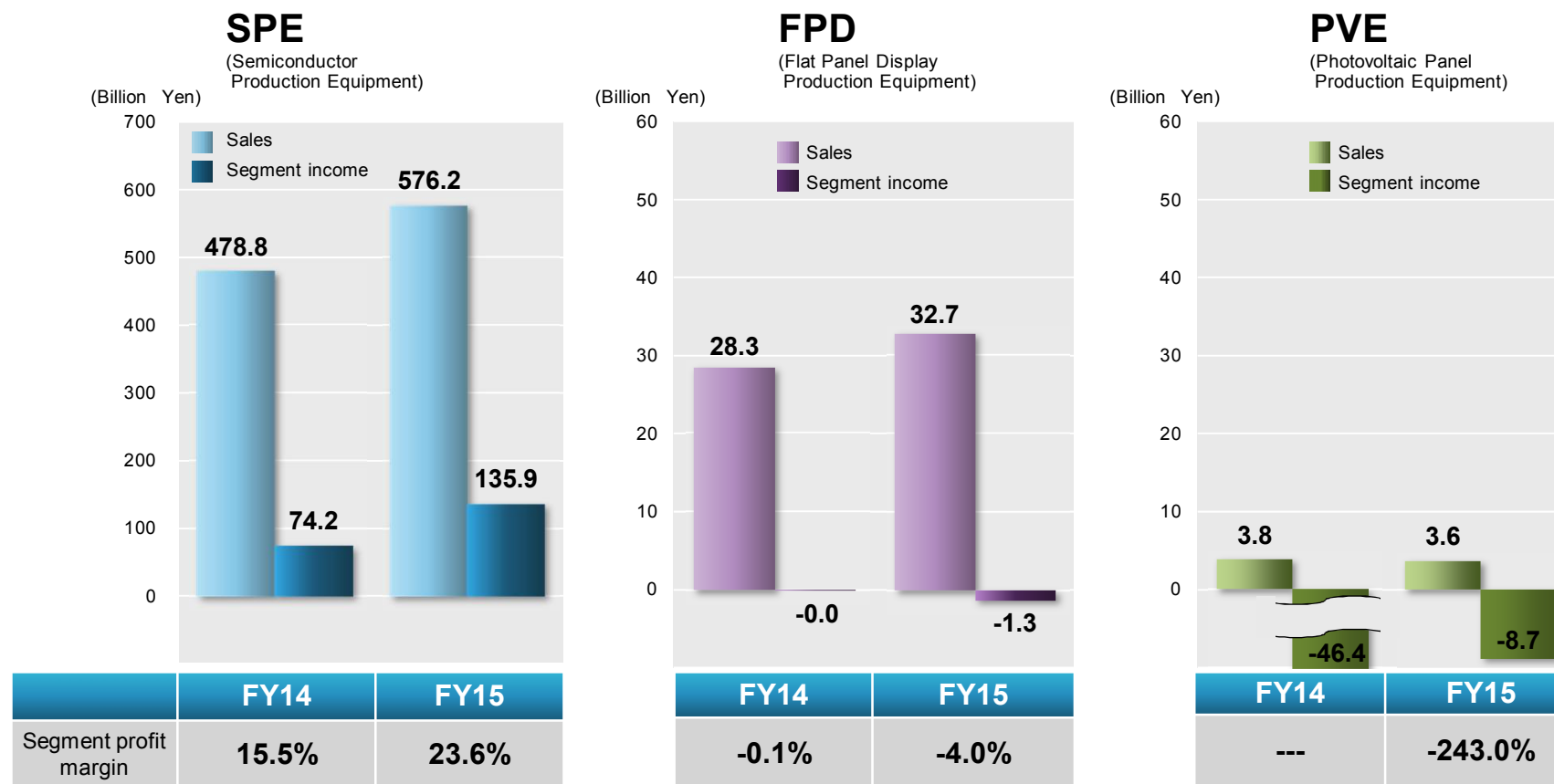
FPD
(Flat Panel Display Production Equipment)

Mainly sales of large panel production equipment to China

PVE
(Photovoltaic Panel Production Equipment)

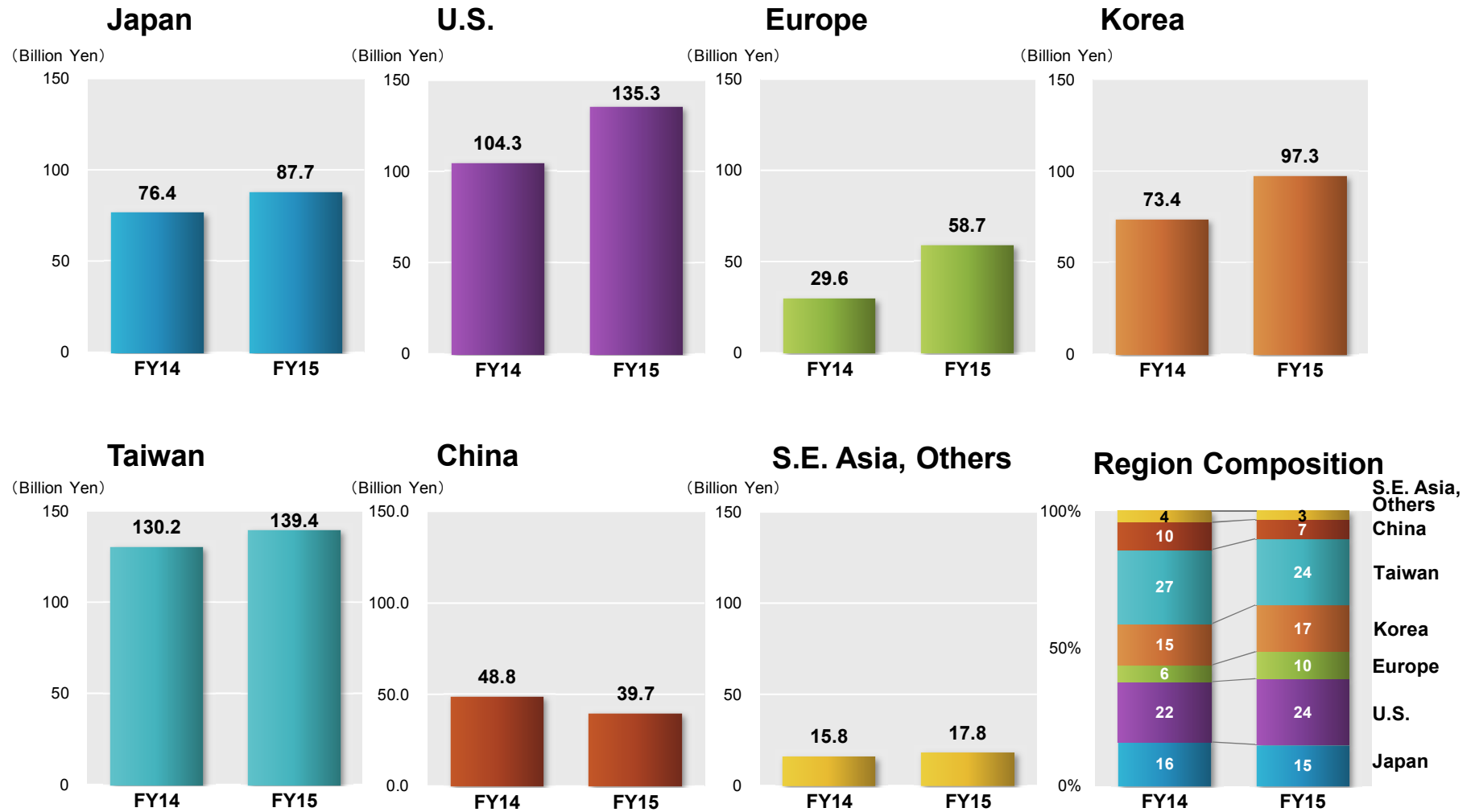
Ceased development, production and sales as of end March 2014.
Maintaining support for delivered equipment.

Segment Information



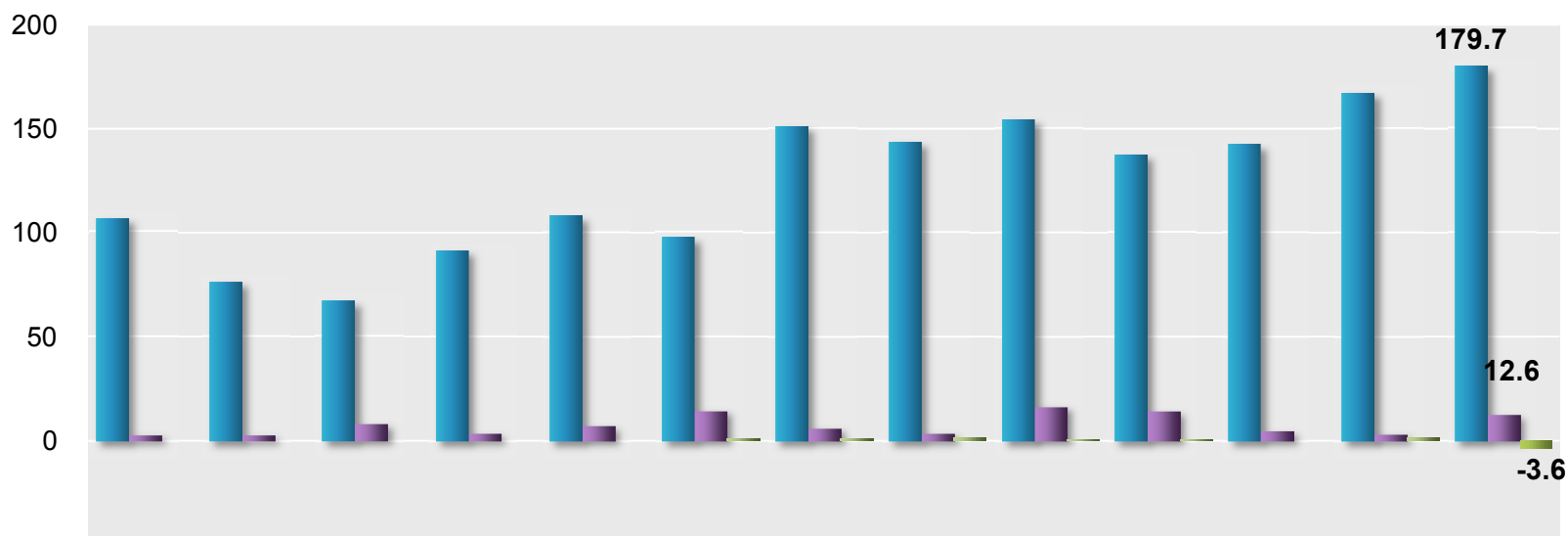
1. There are expenses that are not allocated to above reportable segments (mainly corporate R&D expenses and impairment losses). (FY14; 41.5 B yen, FY15; 40.2 B yen)
2. Segment income is based on income before income taxes.

SPE Sales by Region



Orders, Order Backlog

(Billion Yen)

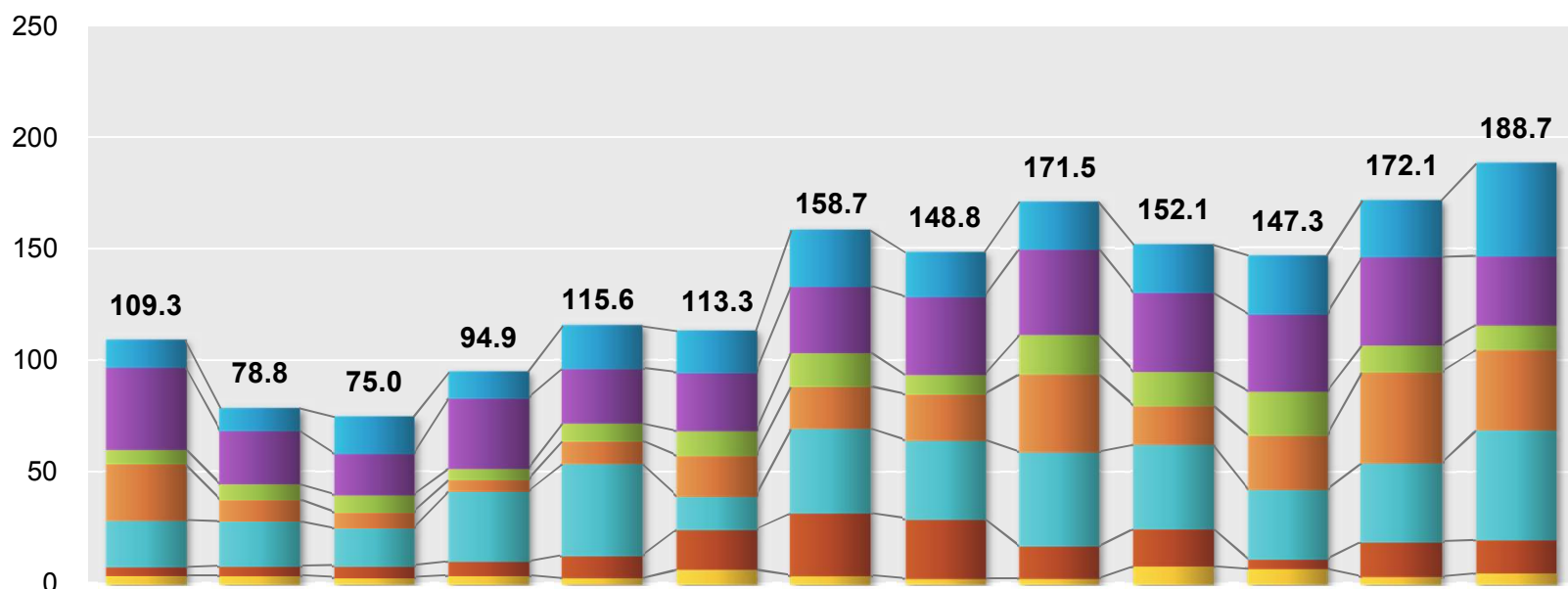


	FY12/4Q	FY13/1Q	2Q	3Q	4Q	FY14/1Q	2Q	3Q	4Q	FY15/1Q	2Q	3Q	4Q
SPE Orders	106.4	76.0	66.9	91.3	108.2	97.7	151.3	143.4	154.4	137.2	142.4	167.2	179.7
FPD Orders	2.8	2.7	8.0	3.6	7.3	14.4	6.3	3.8	16.6	14.2	4.8	3.4	12.6
PVE Orders		0.0	0.0	0.0	0.0	1.1	1.1	1.4	0.5	0.5	0.0	1.4	-3.6
SPE Order backlog	188.6	157.7	118.7	142.6	141.6	164.5	196.0	237.2	209.9	211.0	217.0	252.3	260.4
FPD Order backlog	14.2	12.2	15.8	14.8	16.0	25.5	27.4	22.5	29.0	29.3	29.1	28.8	31.6
PVE Order backlog		0.0	-	8.4	8.4	7.6	7.4	7.7	8.9	8.4	7.2	7.5	3.6

PVE orders and order backlog for and before FY12/4Q are shown together with FPD.

Orders by Region: SPE+FPD+PVE

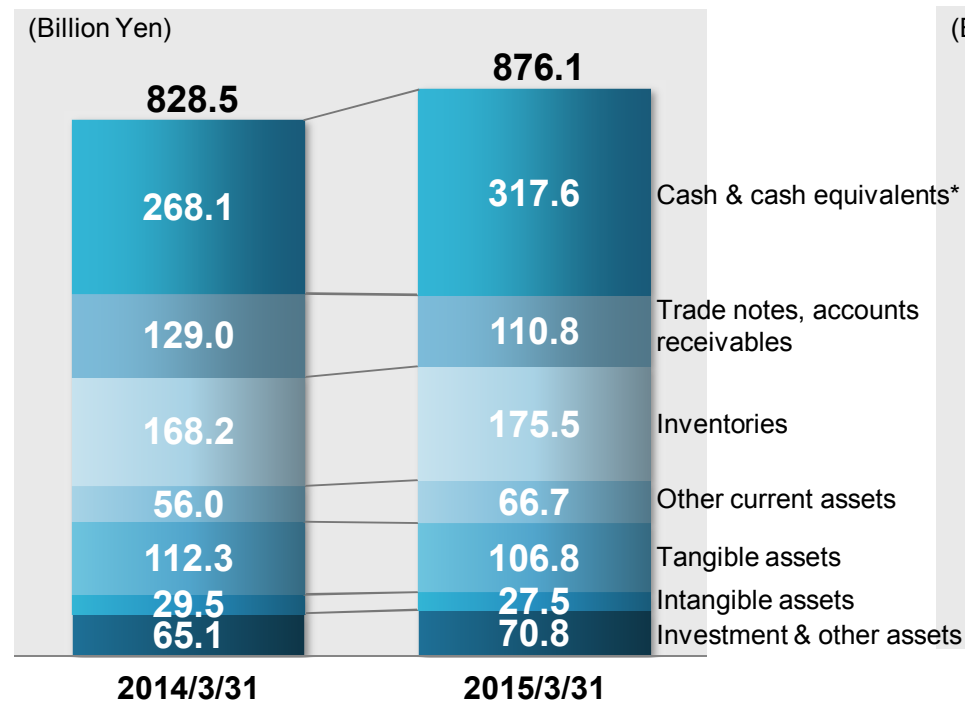
(Billion Yen)



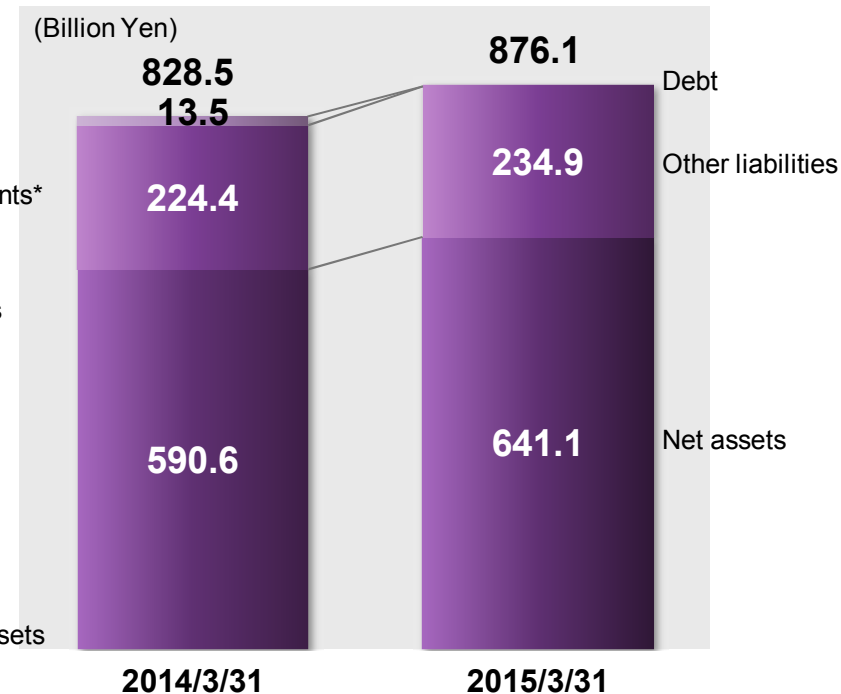
	FY12 4Q	FY13 1Q	2Q	3Q	4Q	FY14 1Q	2Q	3Q	4Q	FY15 1Q	2Q	3Q	4Q
Japan	11.7	10.0	16.3	11.5	18.7	18.3	24.7	19.6	20.9	21.2	25.9	25.2	41.4
U.S.	36.8	24.0	18.4	31.7	24.9	26.4	29.8	35.3	38.9	35.2	34.8	39.6	30.8
Europe	7.0	6.8	7.7	5.0	7.7	10.9	15.3	8.5	17.5	15.5	19.9	12.0	11.4
Korea	25.1	9.7	7.3	5.2	10.5	18.2	19.1	20.6	35.0	17.6	24.1	41.0	36.1
Taiwan	21.0	20.0	16.7	31.3	41.0	14.9	37.8	35.2	42.3	37.7	31.3	35.1	49.2
China	3.7	4.4	5.4	6.4	10.2	18.3	28.0	27.0	14.4	16.9	4.5	15.7	14.9
S.E. Asia, Others	3.7	3.6	2.8	3.6	2.4	6.1	3.6	2.2	2.3	7.7	6.5	3.2	4.6

Balance Sheet

Assets



Liabilities & Net Assets

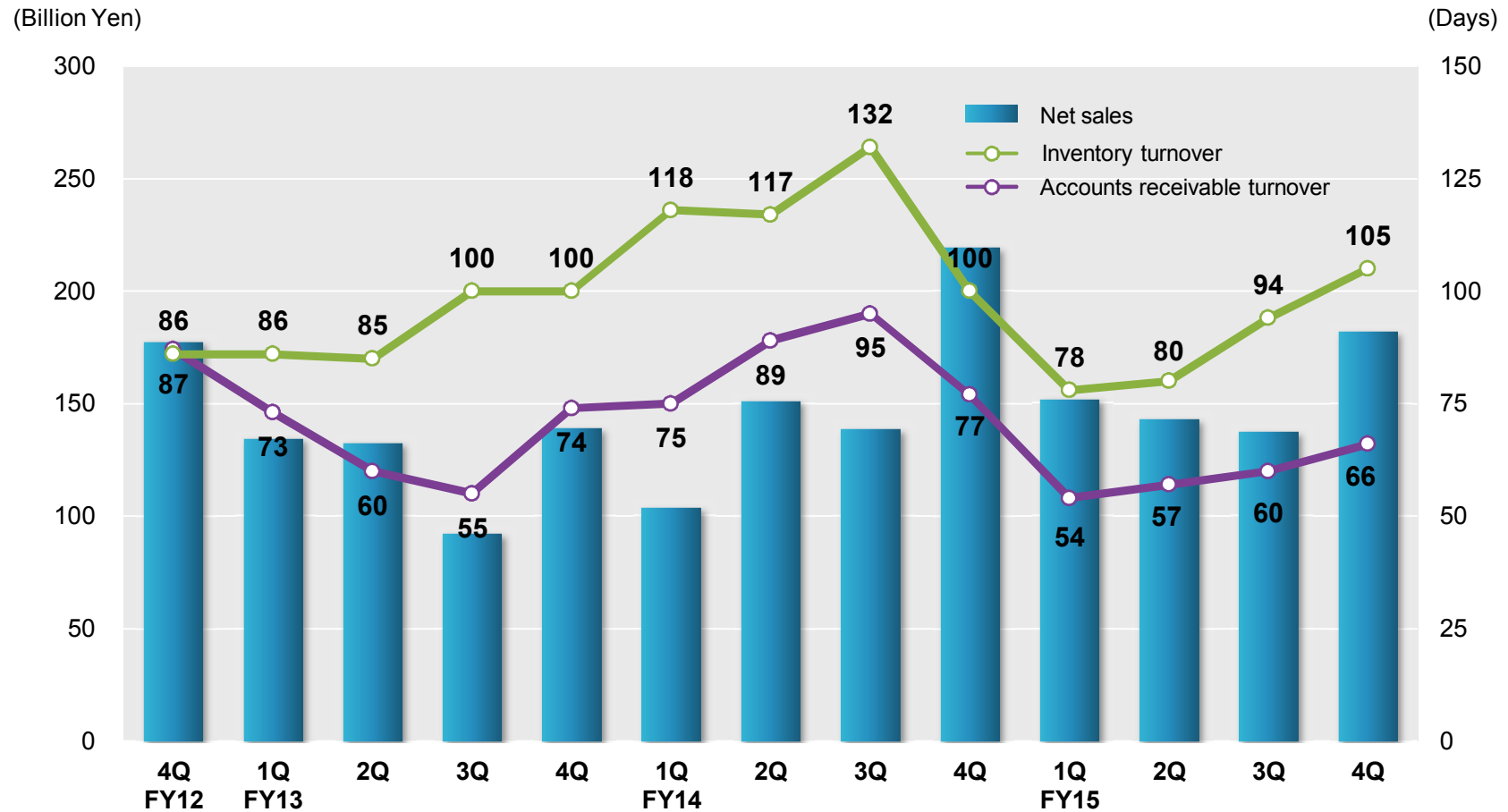


Reference: Comparisons with beginning of FY2015

		Changes from beginning of FY2015 (Billion Yen)
Assets	Cash & cash equivalents	+50.8
	Trade notes, accounts receivables	+4.5
	Inventories	+28.7
	Tangible assets	-4.4
Liabilities	Accounts payable	+10.6

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

Inventory Turnover and AR Turnover



Turnover days = Inventory or AR at the end of each quarter / last 12 months sales x 365

Cash Flow

(Billion Yen)

	FY2014	FY2015
Cash flow from operating activities	44.4	71.8
Income before income taxes	-11.7	86.8
Depreciation and amortization	24.8	20.8
Impairment loss	46.9	2.5
Increase/decrease in accounts receivable	-25.3	-1.3
Increase/decrease in inventories	-32.0	-26.8
Increase/decrease in accounts payable	15.6	9.4
Income taxes paid	-1.7	-24.2
Others	27.9	4.5
Cash flow from investing activities	-19.5	155.7
Capital expenditures	-9.4	-11.8
Term deposits over 3 months	-8.5	163.3
Others	-1.6	4.3
Cash flow from financing activities	-0.1	-18.2
Dividends paid	-9.1	-17.9
Others	8.9	-0.2
Cash and cash equivalents at end of term	104.7	317.6
Term deposits over 3 months at end of term (short-term investments, etc. included)	163.3	0.0
Cash and deposits at end of term (short-term investments, etc. included)	268.1	317.6

Appendix



TOKYO ELECTRON

Corp IR/April 27, 2015

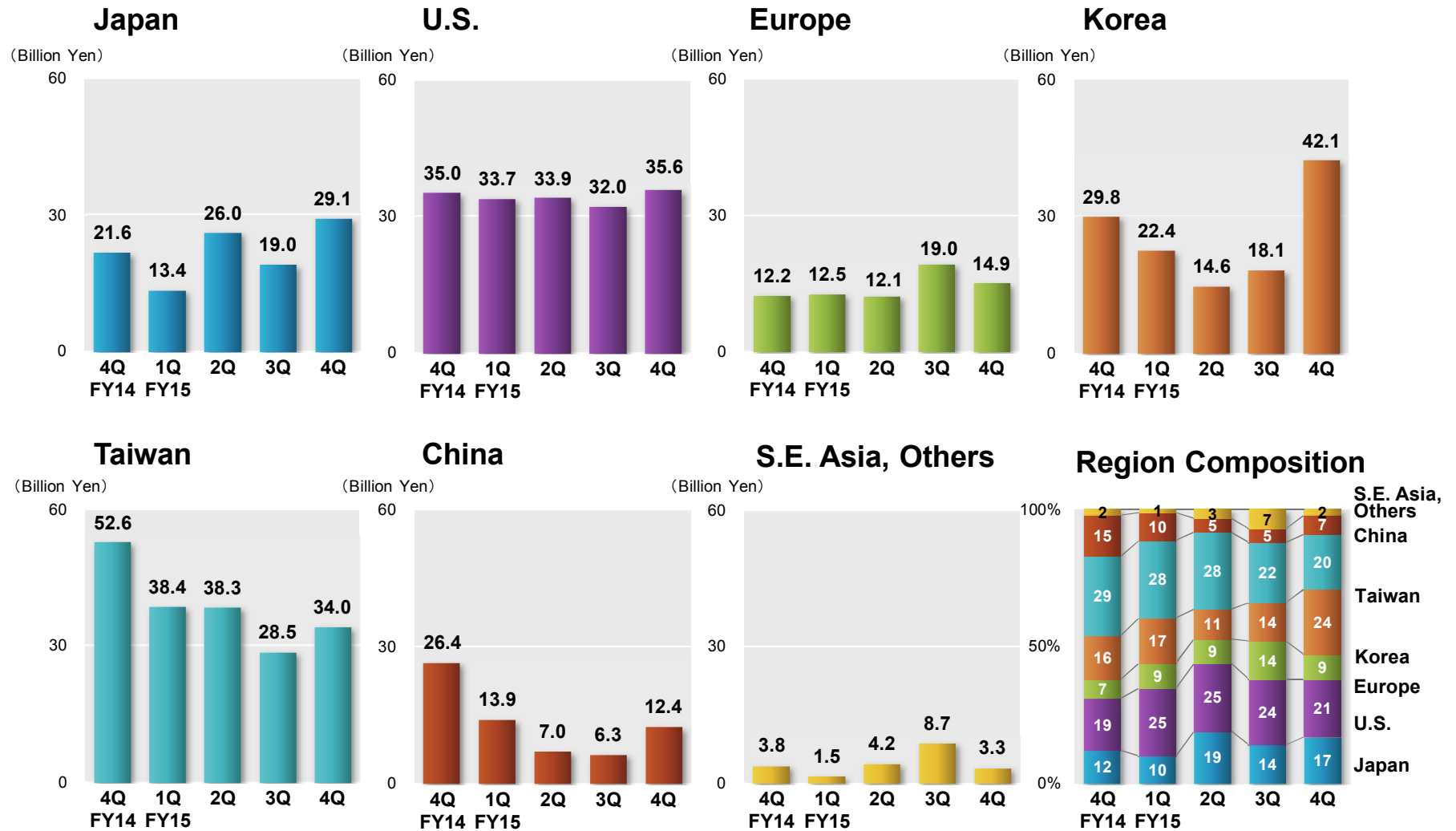
Financial Summary

(Billion Yen)

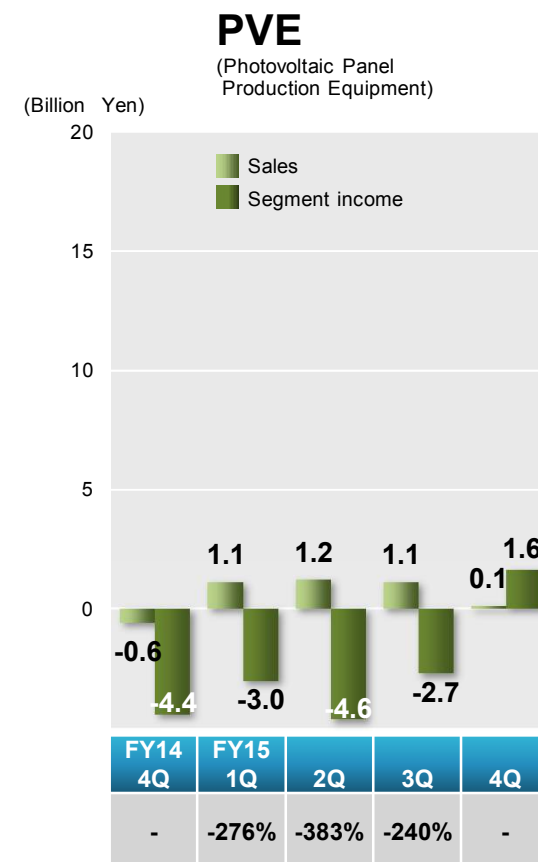
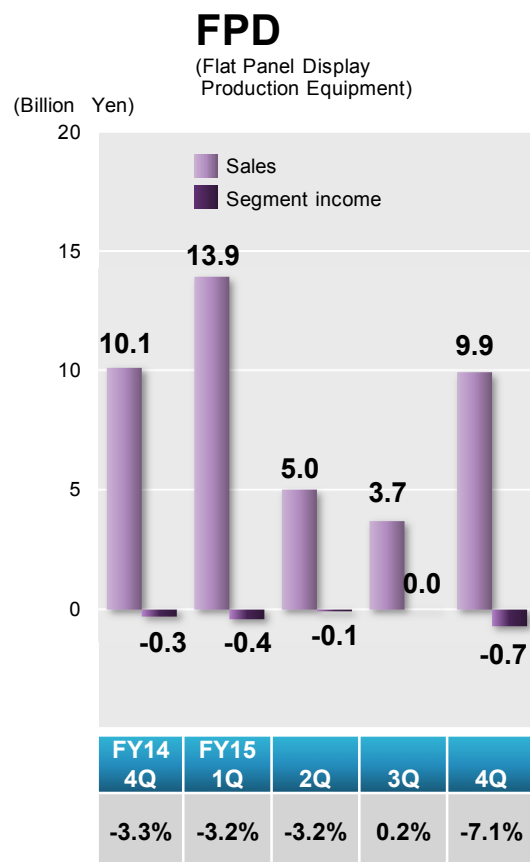
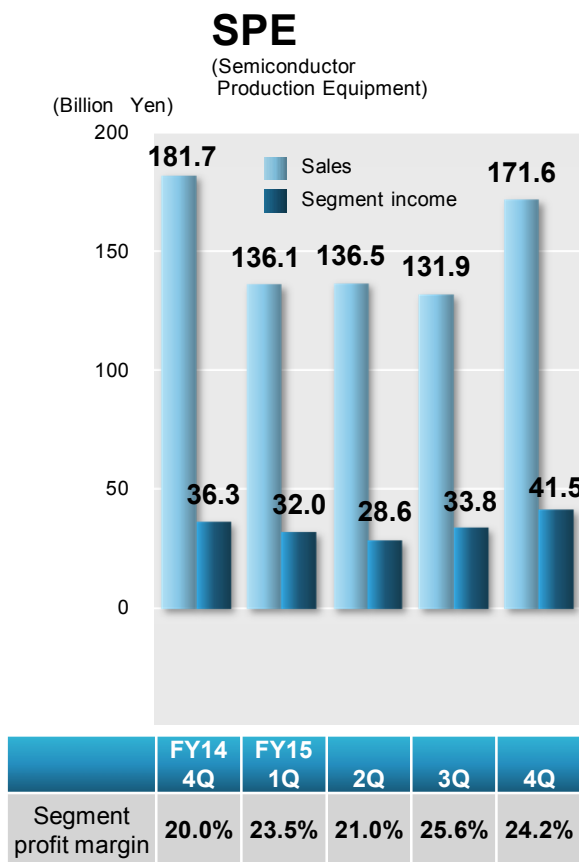
	FY2014	FY2015				
	4Q	1Q	2Q	3Q	4Q	4Q YoY
Net sales	219.2	151.3	142.9	137.0	181.8	-17%
SPE	181.7	136.1	136.5	131.9	171.6	-6%
FPD	10.1	13.9	5.0	3.7	9.9	-2%
PVE	-0.6	1.1	1.2	1.1	0.1	-
EC/CN	27.9					
Others	0.1	0.1	0.1	0.1	0.1	-8%
Gross profit	71.5	55.3	52.0	57.6	77.6	+9%
Gross profit margin	32.6%	36.6%	36.4%	42.1%	42.7%	
SG&A expenses	46.5	38.3	39.0	35.5	41.7	-10%
Operating income	24.9	17.0	13.0	22.0	35.9	+44%
Operating margin	11.4%	11.3%	9.1%	16.1%	19.8%	
Income before income taxes	25.7	15.0	14.0	24.7	32.9	+28%
Net income	16.2	11.8	8.1	17.4	34.4	+112%
R&D expenses	21.2	16.7	18.1	16.8	19.5	-8%
Capital expenditures	4.5	3.7	3.5	2.6	3.2	-29%
Depreciation and amortization	6.2	4.7	5.0	5.4	5.6	-9%

1. In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD/PV 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 and YoY changes are calculated using full amounts, before rounding.

SPE Sales by Region



Segment Information

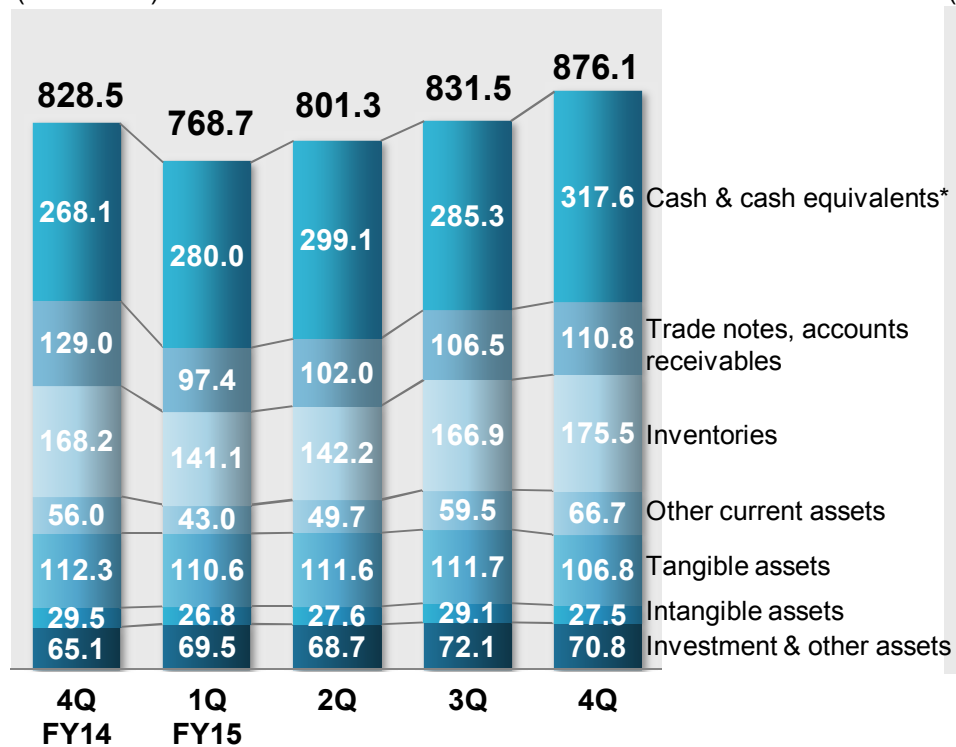


1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research are not included in above reportable segments.

Balance Sheet

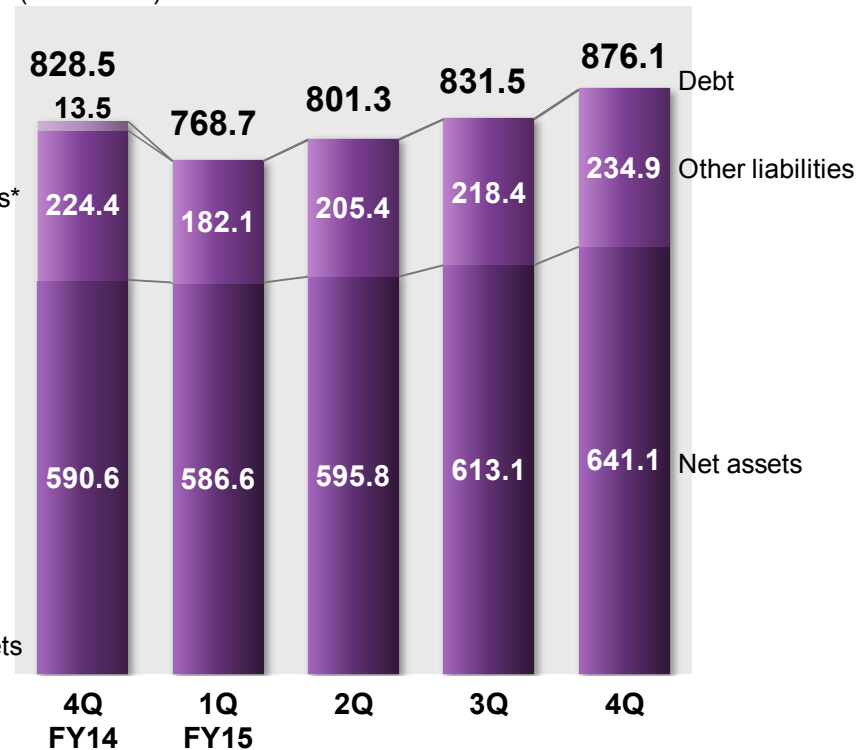
Assets

(Billion Yen)



Liabilities & Net Assets

(Billion Yen)



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

Number of Employees

(Person)

	FY2014	FY2015
Japan	8,205	7,166
U.S.	1,652	1,622
Europe	888	644
Asia	1,559	1,412
Total	12,304	10,844



Business Environment and Approach to Raising Profitability

Tetsuro Higashi
Chairman, President & CEO

April 27, 2015

FY2015 Business Highlights



TOKYO ELECTRON

Corp IR/April 27, 2015

FY2015 Business Highlights

- ▶ SPE business: Improved profitability and product competitiveness
 - Sales up 20% YonY, outpaced market growth
 - WFE market share up from 10.5% to 13.6%
 - Expanded market share in our focus areas of cleaning and etching business
 - Sales of the Field Solutions business up around 35% YonY
 - Profitability up due to sustained improvements in development and production efficiency

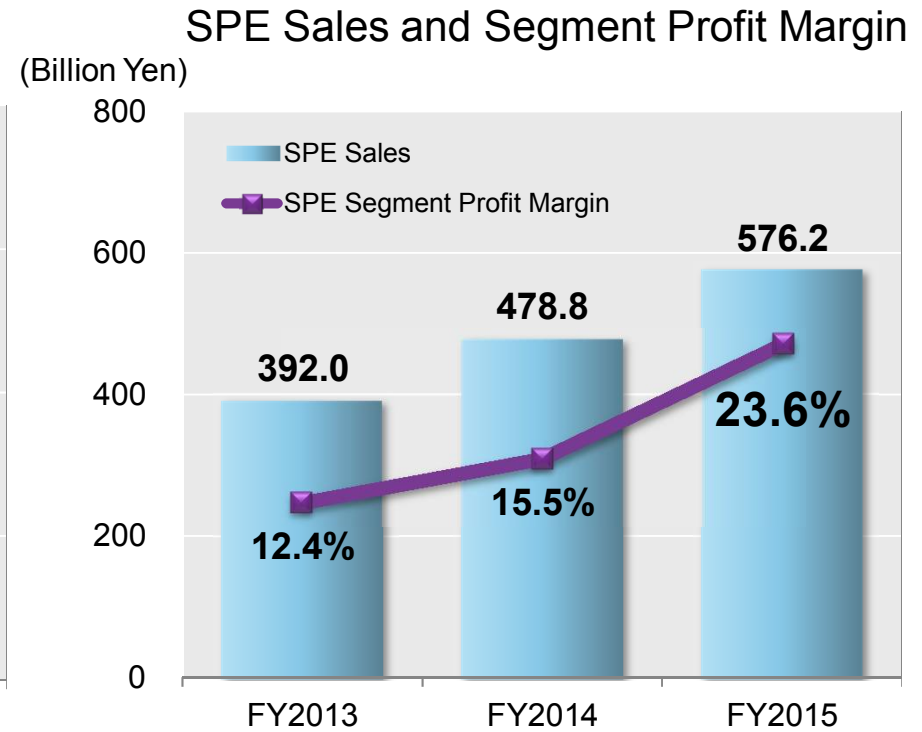
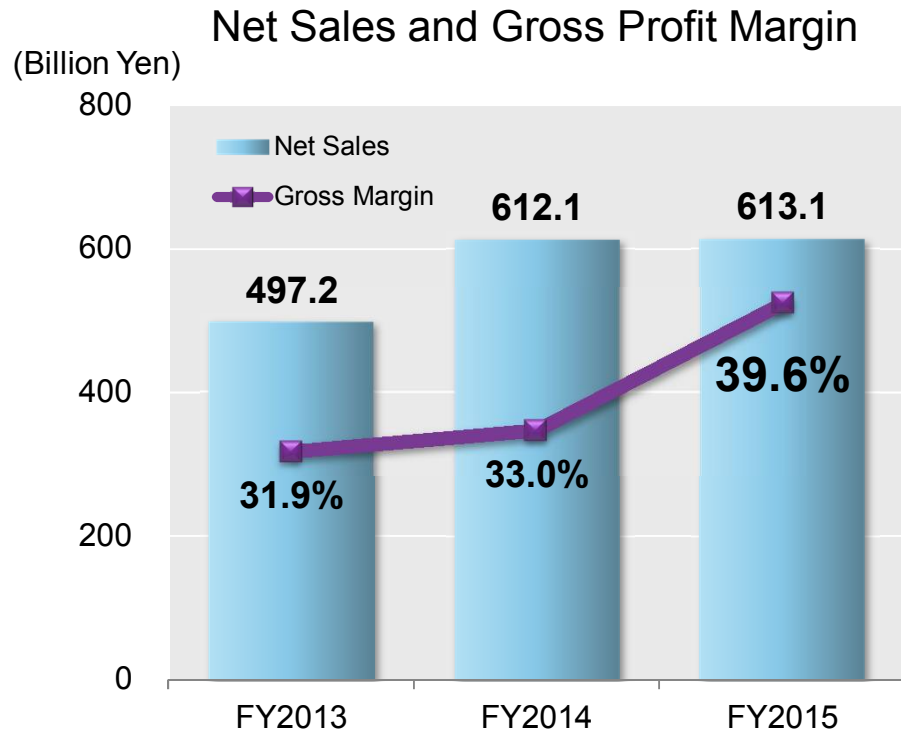
Enhanced profitability and competitiveness of
core SPE business

FY2015 Business Highlights

- ▶ Focusing management resources on SPE/FPD business
 - Exit from PVE business progressing on plan
 - Decided on dissolution schedule of TEL Solar AG and debt relief, dissolution and liquidation process to start from June 2015, expected to complete in July 2016
 - From this fiscal year will continue only maintenance support, major reduction in losses expected
 - EC/CN business deconsolidated
 - Sold part of shareholding in Tokyo Electron Device, change from consolidated subsidiary to equity-method affiliate

Targeting significant profitability uplift
through business restructuring

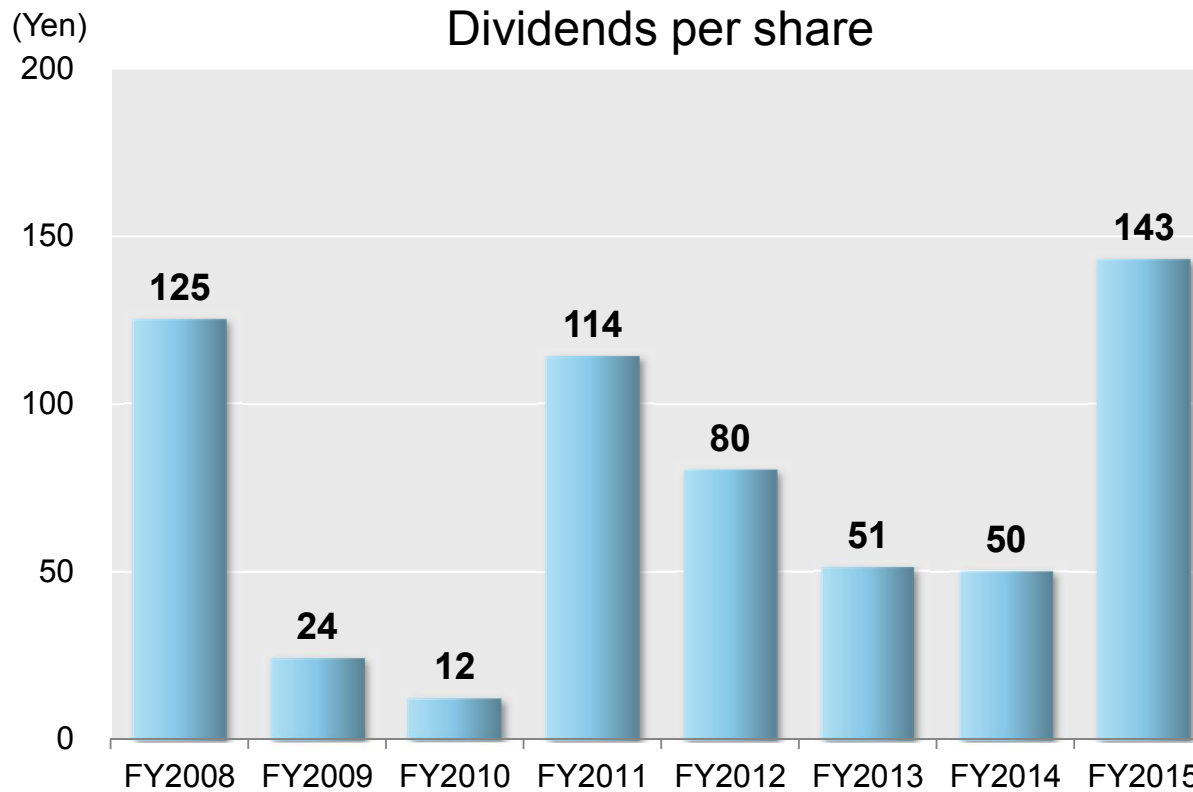
FY2015 Business Highlights



*Segment income is based on income before income taxes.

Highest ever gross profit margin, matched highest ever SPE segment profit margin

FY2015 Business Highlights



- FY2013 51 yen dividends include 20 yen memorial dividend of 50th anniversary (interim 10, year-end 10)
- Dividend payout ratio changed from around 20% to around 35% from FY2011 year end dividend

Highest ever dividends

Business Environment and Strategy

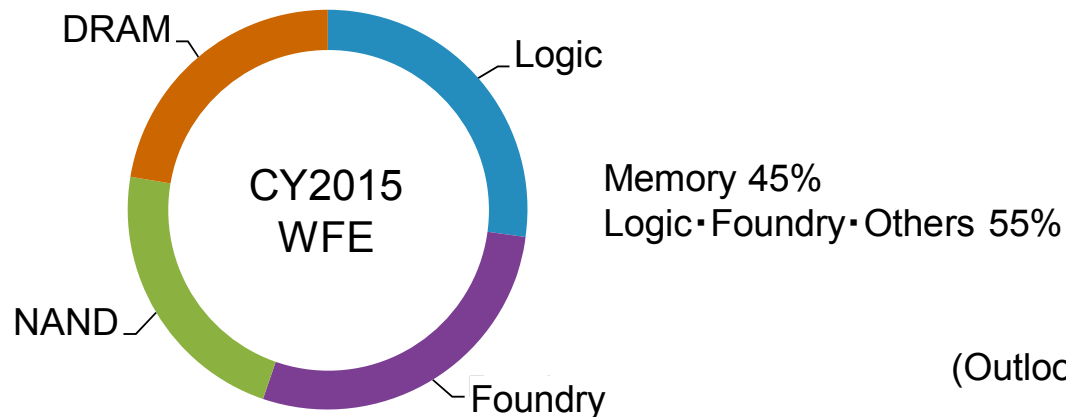
SPE Business Environment

▶ SPE Capex

CY2015 WFE capex is expected to rise around 5% YoY.

Capex (mainly memory) expected to grow due to strong semiconductor demand driven by buoyant mobile demand and shift to high performance/ low energy servers for data centers

- DRAM/NAND: Continued active investment to increase production
- Foundry: Start of 1Xnm cutting edge logic investment
- Logic: Continued steady investment driven by strong server markets



(Outlook as of April 2015)

Drivers of CY2015 SPE Capex

- ▶ CY2015 capex driven by buoyant mobile demand and shift to high performance/low energy servers



Continued active investment in logic and memory

Mobile DRAM
Bit growth 50-55%
Capacity 1GB⇒2GB/3GB

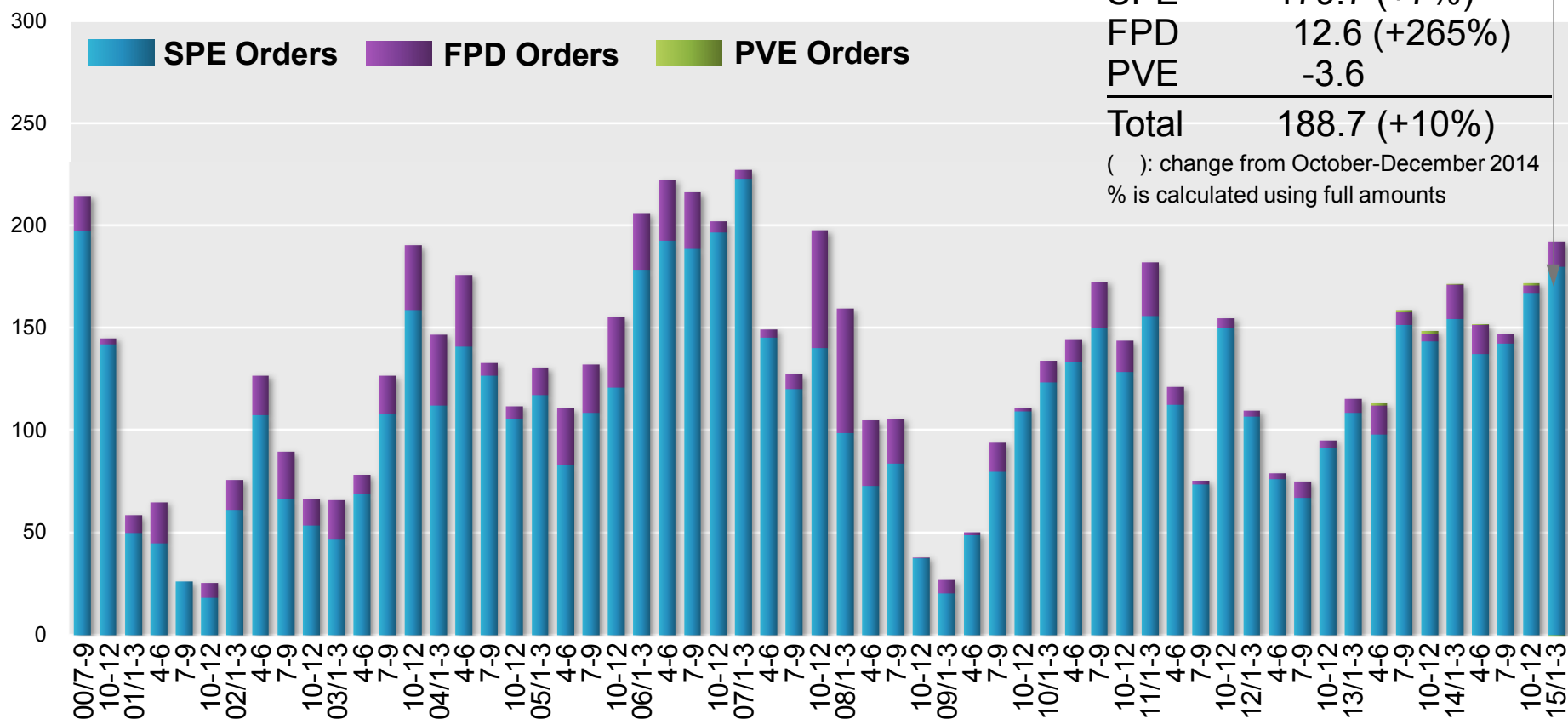
Server DRAM
Capacity 30-35%

Cutting edge logic
high performance/low power
1Xnm FinFET

Server/PC SSD
Bit growth 55-60%

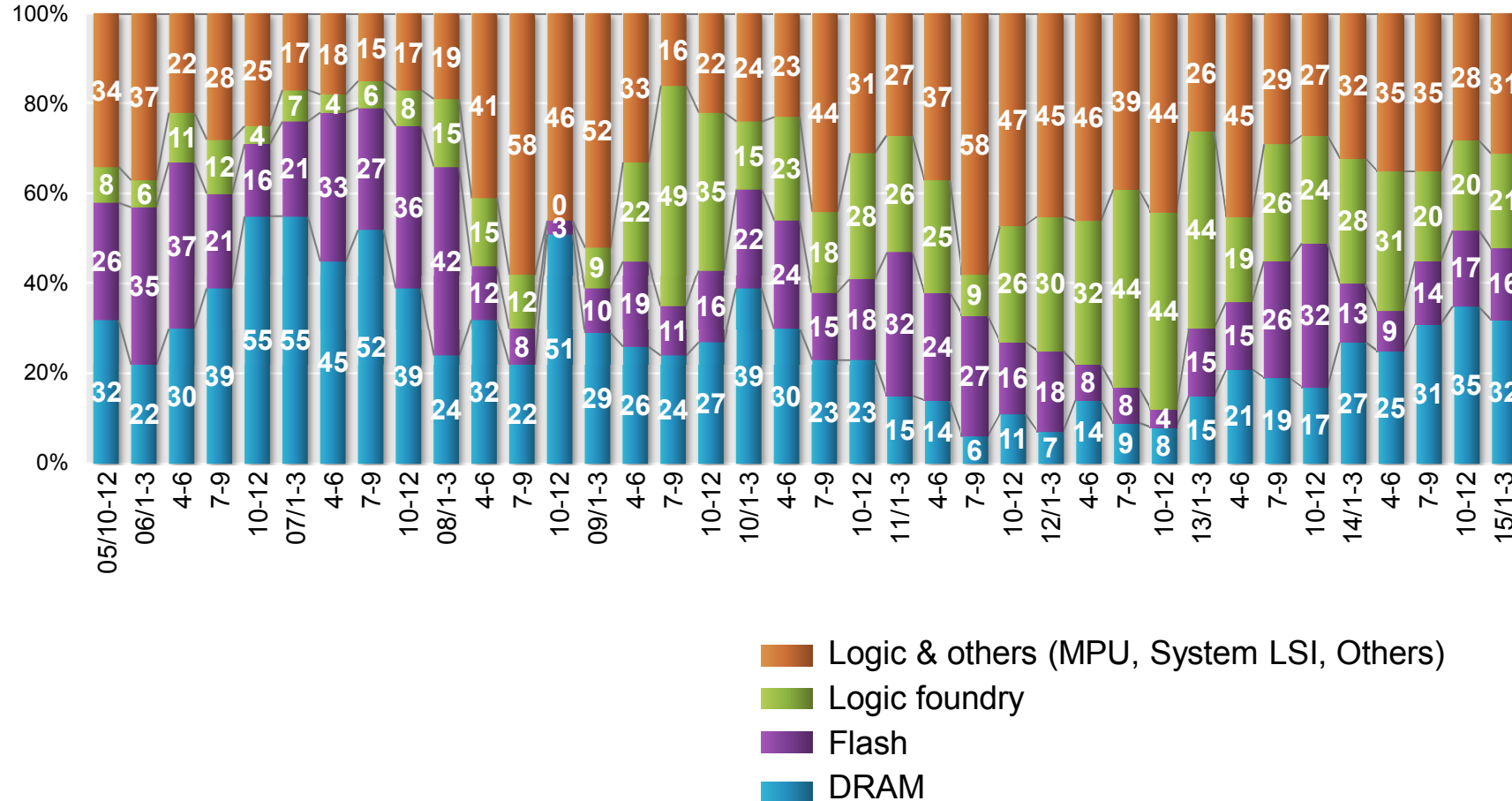
Quarterly Orders

(Billion Yen)



PVE orders for or before 2012/1-3 are included in FPD orders.

SPE Orders by Application: Equipment only



SPE Business Strategy

Cleaning system

▶ FY2015 results

- Major uplift in share compared to 2013:
Highest ever market share driven by our proprietary miniaturization technology for both memory and logic

▶ FY2016 key issues

- Accelerate product strategy based on our proprietary technology, increase process steps of single wafer cleaning system
- Expand applications of dry cleaning system



Single Wafer
Cleaning System
CELLESTA™-j

Etching system

▶ FY2015 results

- Share up on 2013:
- Higher revenue from patterning and HARC processes for memory
- Acquired POR for STT-MRAM equipment

▶ FY2016 key issues

- Focus on expanding patterning process market
- Expand applications in HARC process for memory



Plasma Etch System
Tactras™

STT-MRAM: Spin Transfer Torque-Magnetoresistive Random Access Memory, HARC: High Aspect Ratio Contact

SPE Business Strategy

Thermal processing system

▶ FY2015 results

- Share up on 2013: Expanded both memory and logic applications in the increasingly important ALD market

▶ FY2016 key issues

- Focus on the ALD market where sustained growth expected
- Expand applications of latest model (NT333)



ALD System
NT333™

Coater/Developer

▶ FY2015 results

- Share maintained at high level compared to 2013: OEE improvement and lower running cost through defect prevention functions of latest model along with comprehensive support led to high rating by customers

▶ FY2016 key issues

- Accelerate development of cutting edge sub-10nm immersion node patterning technology
- Continue development of next-generation lithography technology (EUV/DSA)



Coater/Developer
CLEAN TRACK™
LITHIUS Pro™ Z

OEE: overall equipment efficiency, EUV: extreme ultraviolet, DSA: directed self-assembly

SPE Business Strategy

Single wafer deposition system

▶ FY2015 results

- Share up on 2013: In the expanding metal ALD market, customer penetration of metallization systems (Triase+ EX-II) proceeded as planned, with its excellent thin-film controllability, low temperature, and uniformity
- PVD equipment for STT-MRAM adopted by customers and received favorable reviews



Metallization System
Triase+™ EX-II™

▶ FY2016 key issues

- Customer penetration of Triase+ EX-II in logic

Test system/3DI

▶ FY2015 results

- Share up on 2013: new integrated test system adopted by customers, led to lower test costs and received favorable reviews
- Start of prober production in Taiwan led to improved profitability



Integrated test system
Cellcia™

▶ FY2016 key issues

- Customer penetration of Cellcia, accelerate packaging technology development in IME

STT-MRAM: Spin Transfer Torque-Magnetoresistive Random Access Memory, IME: Institute of Microelectronics

SPE Business Strategy

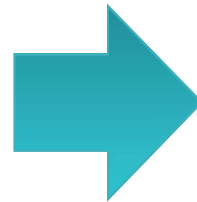
Field Solutions (FS)

▶ FY2015 results

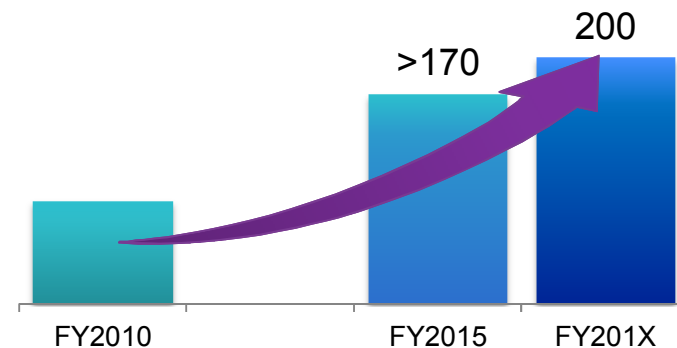
- Sales of over 170 billion yen, exceeded the 150 billion yen annual sales target set when FSBU established in 2009

▶ FY2016 key issues

- Aim to expand sales in the growing used equipment/refurbishing business
- Aim to increase service sales by providing new services (eMetrics) to lower customers operation costs



Sales (Billion Yen)



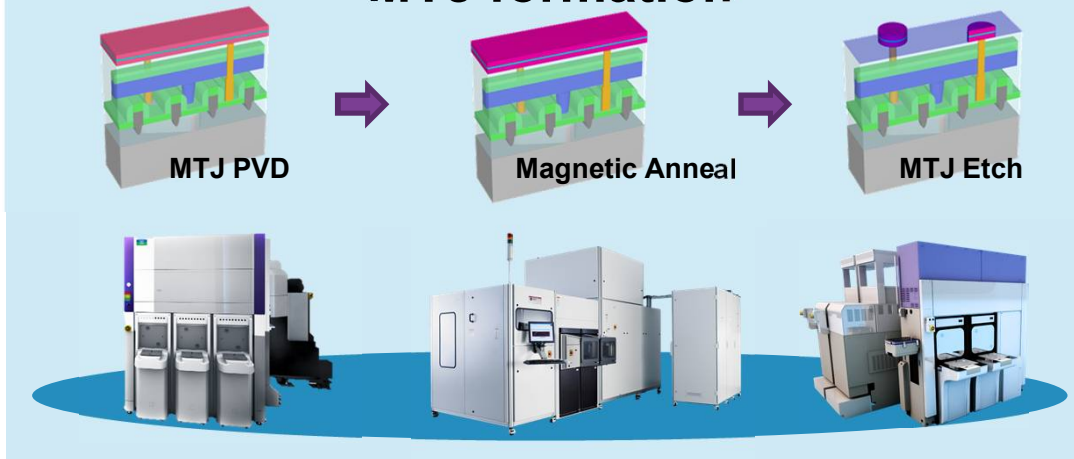
Growing expectations of equipment makers with high solutions capability

SPE Business Strategy

STT-MRAM

- ▶ Adoption by multiple customers of our equipment with high productivity and thin film controllability
- ▶ Lead technology development with customers, Tohoku university and consortia

Possess all the necessary equipment for MTJ formation



Features of STT-MRAM

- ◆ Non-volatile memory
- ◆ High-speed, low power consumption
- ◆ High density

Aim to establish technology for volume production of next-generation memory

STT-MRAM: Spin Transfer Torque-Magnetoresistive Random Access Memory MTJ: Magnetic Tunnel Junction

FPD Business Environment and Strategy

▶ FPD Capex

- CY2015 demand for LCD panel manufacturing equipment forecast to increase 20% YonY due to increase in capex for large panels and the start of investment in small/medium panels for mobile devices. OLED TV market expected to develop from 2017

(Outlook as of April 2015)

▶ Business Strategy

- Plan to sustain revenue growth with latest ICP etch system in response to new technological needs for high resolution panels (4K), OLED
- Aim to expand sales of inkjet printing system for manufacturing OLED panels



Inkjet printing system for manufacturing OLED panels
Elius™ 2500

- Highly efficient usage of materials
- Atmosphere environment process

FY2016 Financial Estimates

(FY2016 : April 1, 2015 - March 31, 2016)



TOKYO ELECTRON

Corp IR/April 27, 2015

FY2016 Financial Estimates

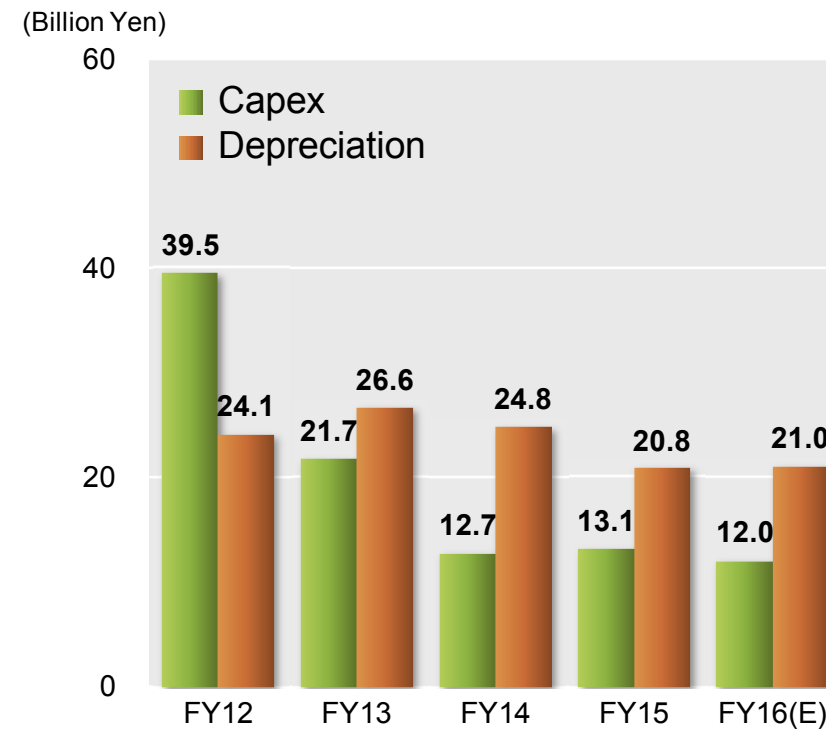
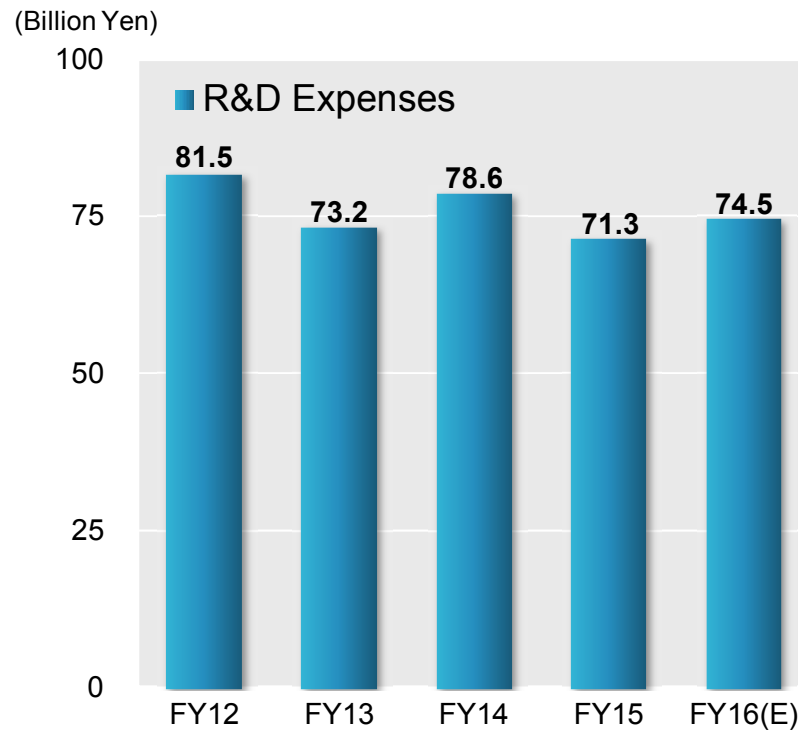
- ▶ Operating income to be improved by 27% due to sales growth greater than market growth

(Billion Yen)

	FY2015 (Actual)	FY2016 Estimates			
		1 st Half	2 nd Half	Full year	YoY change
Net Sales	613.1	320.0	355.0	675.0	+10%
SPE	576.2	300.0	325.0	625.0	+9%
FPD	32.7	17.5	29.5	47.0	+44%
PVE	3.6	2.5	0.5	3.0	-
Operating income	88.1	47.0	65.0	112.0	+27%
Lower line: OP margin	14.4%	14.7%	18.3%	16.6%	+2.2pts
Income before income taxes	86.8	46.0	65.0	111.0	+28%
Net income	71.8	33.0	46.0	79.0	+10%

SPE: Semiconductor Production Equipment FPD: Flat Panel Display Production Equipment
PVE: Photovoltaic Panel Production Equipment

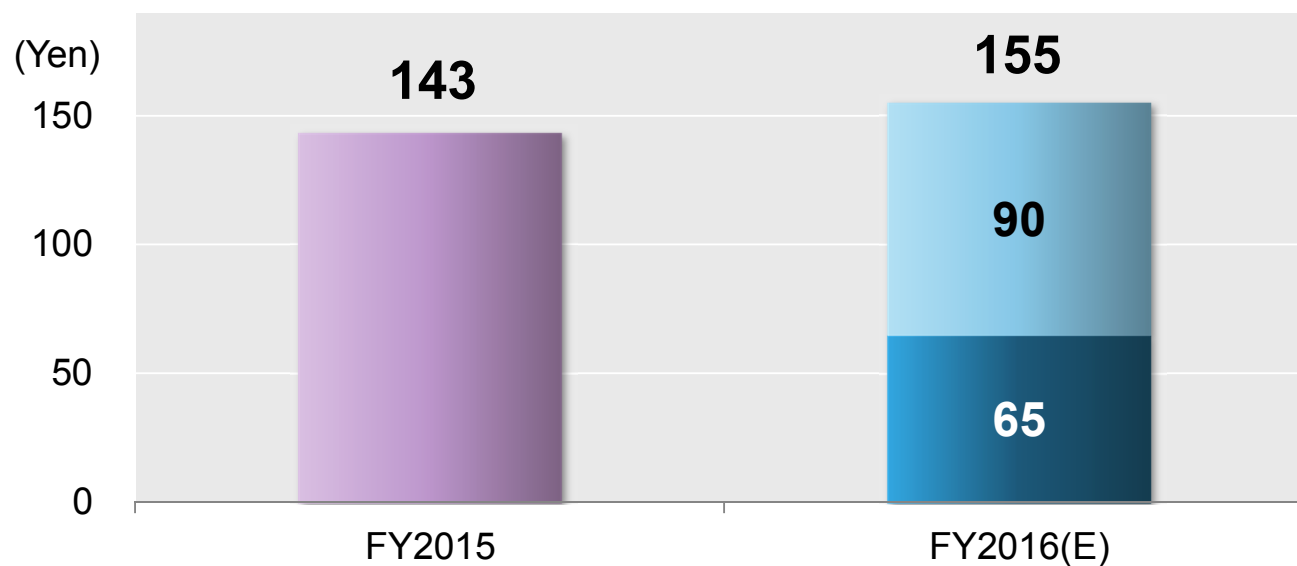
R&D Expenses and CAPEX



Development investment targeting growth will be maintained at a high level while facilities capex will be limited

FY2016 Dividend Forecast

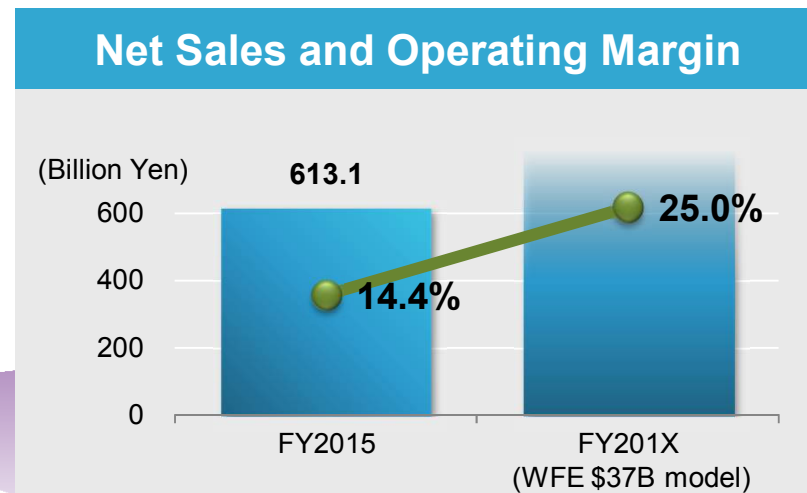
Dividend per share (E)		
Interim	Year-end	Year Total
65 yen	90 yen	155 yen



FY2016 dividend forecast to set a new record again

Pursue Profitable Growth through Technology Inflection

- ▶ Shift to 3D devices and use of new materials is creating growth opportunities: Raise profitability by launching innovative products
- ▶ Aim to further raise profitability by increasing efficiency of development and production
 - Continue cost reductions from design stage onwards
 - Improve quality through integration of development, production and service and reduce manufacturing lead time



Medium-term goal of 25% OPM or higher

Share Repurchase Plan

Up to ¥120B Share Repurchase Plan

- Type of shares to be acquired: Shares of common stock
- Total number of shares to be acquired: Up to 15.4 million shares
- Total cost of acquisition: Up to 120 billion yen
- Period of acquisition: From May 14, 2015 to May 13, 2016

We will continue to utilize our cash resources to further grow our business, develop innovative solutions to increase corporate value.

The share repurchase plan was decided in light of future cash flows.

**We will actively pursue the creation of
further shareholder value**

New challenges

- ▶ We will formulate a new medium-term business plan including new initiatives
- ▶ We will review our capital policy and seek to provide enhanced shareholder returns

We will take on the challenges
of further innovative changes

▶ **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/PV 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/PV 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/PV: Flat panel display/Photovoltaic

