

3Q FY2016 (Apr. 1, 2015 – Dec. 31, 2015) Financial Announcement

January 29, 2016

Agenda:

- 3Q FY2016 Consolidated Financial Summary
Tetsuro Hori, Corporate Director, Senior Vice President & General Manager
- Business Environment & New TEL Corporate Vision
Toshiki Kawai, Representative Director, President & CEO



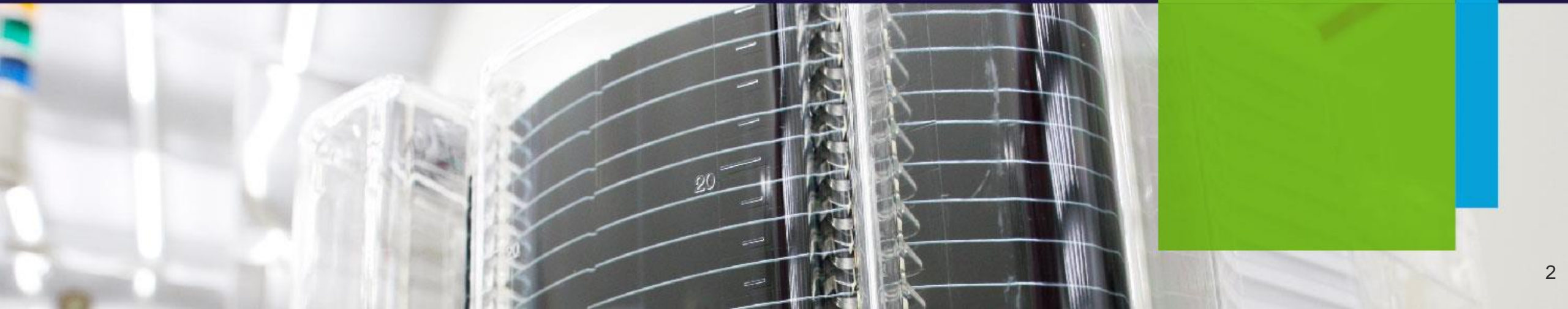
3Q FY2016 Consolidated Financial Summary

3Q FY2016: October 1, 2015 - December 31, 2015
FY2016: April 1, 2015 - March 31, 2016

January 29, 2016

Tetsuro Hori

Corporate Director, Senior Vice President & General Manager



FY2016 3Q Highlights

- Sustained gross profit margin and operating margin at high level for 5 consecutive quarters
- Q3 SPE orders up 30% QoQ. Foundry and 3D-NAND investment increased as expected
- Completed repurchase of 15.4m shares, all cancelled as of Jan 20

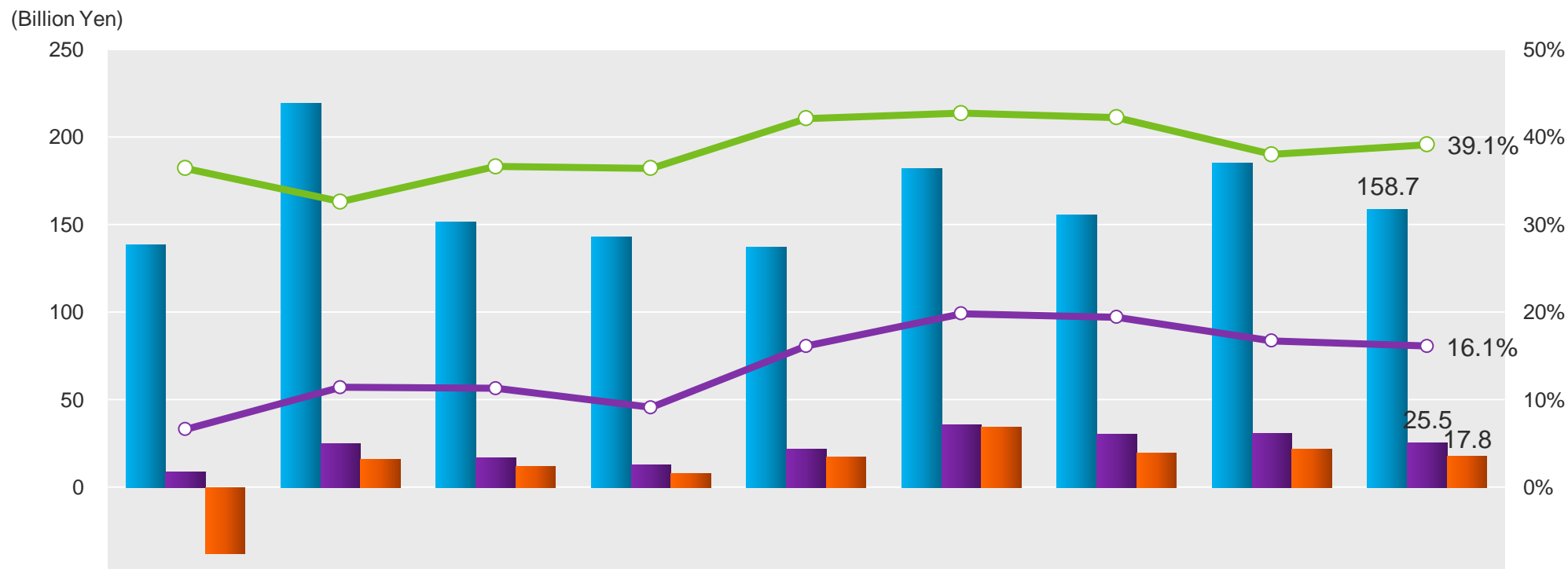
Financial Summary

(Billion Yen)

	FY2016			1Q-3Q		
	1Q	2Q	3Q	FY16	FY15	YoY Change
Net sales	155.7	185.1	158.7	499.7	431.2	+15.9%
Gross profit	65.7	70.3	62.0	198.0	165.0	+20.0%
Gross profit margin	42.2%	38.0%	39.1%	39.6%	38.3%	+1.3pts
SG&A expenses	35.4	39.3	36.5	111.3	112.8	-1.4%
Operating income	30.2	30.9	25.5	86.7	52.1	+66.2%
Operating margin	19.4%	16.7%	16.1%	17.4%	12.1%	+5.3pts
Income before income taxes	29.0	28.4	25.1	82.6	53.8	+53.5%
Net income attributable to owners of parent	19.4	21.8	17.8	59.2	37.4	+58.1%
R&D expenses	17.5	20.0	18.3	55.9	51.7	+8.0%
Capital expenditures	2.1	2.6	2.8	7.6	9.9	-22.7%
Depreciation and amortization	4.6	4.7	4.9	14.2	15.1	-6.0%

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



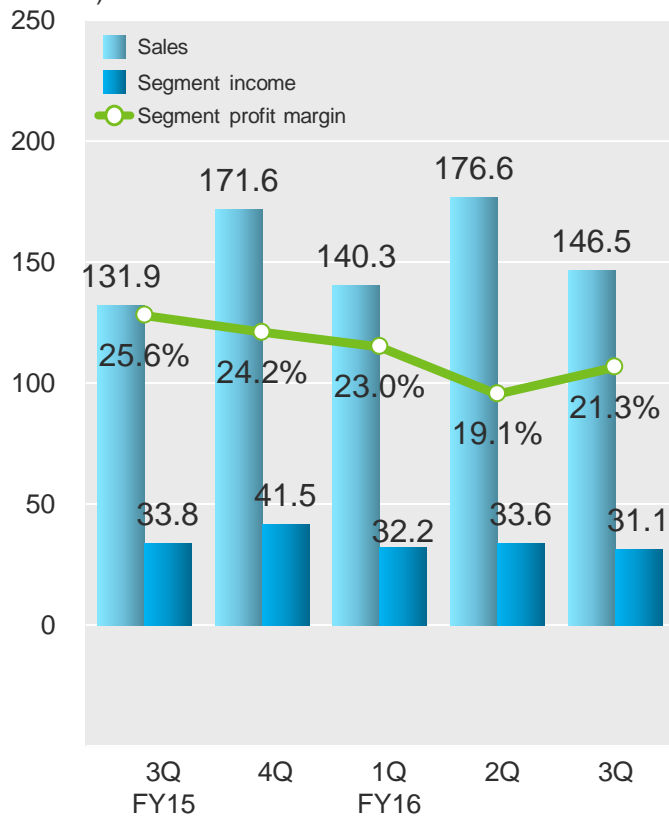
	3Q FY14	4Q	1Q FY15	2Q	3Q	4Q	1Q FY16	2Q	3Q
Net sales	138.4	219.2	151.3	142.9	137.0	181.8	155.7	185.1	158.7
Operating income	9.0	24.9	17.0	13.0	22.0	35.9	30.2	30.9	25.5
Net income attributable to owners of parent	-38.0	16.2	11.8	8.1	17.4	34.4	19.4	21.8	17.8
Gross profit margin	36.4%	32.6%	36.6%	36.4%	42.1%	42.7%	42.2%	38.0%	39.1%
Operating margin	6.6%	11.4%	11.3%	9.1%	16.1%	19.8%	19.4%	16.7%	16.1%

Segment Information

SPE

(Semiconductor Production Equipment)

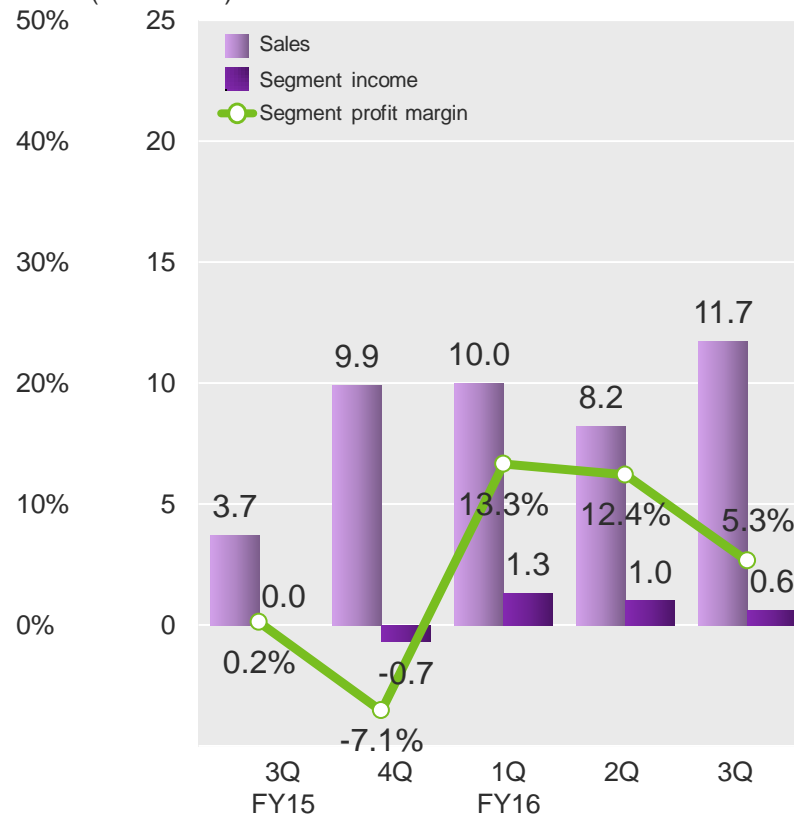
(Billion Yen)



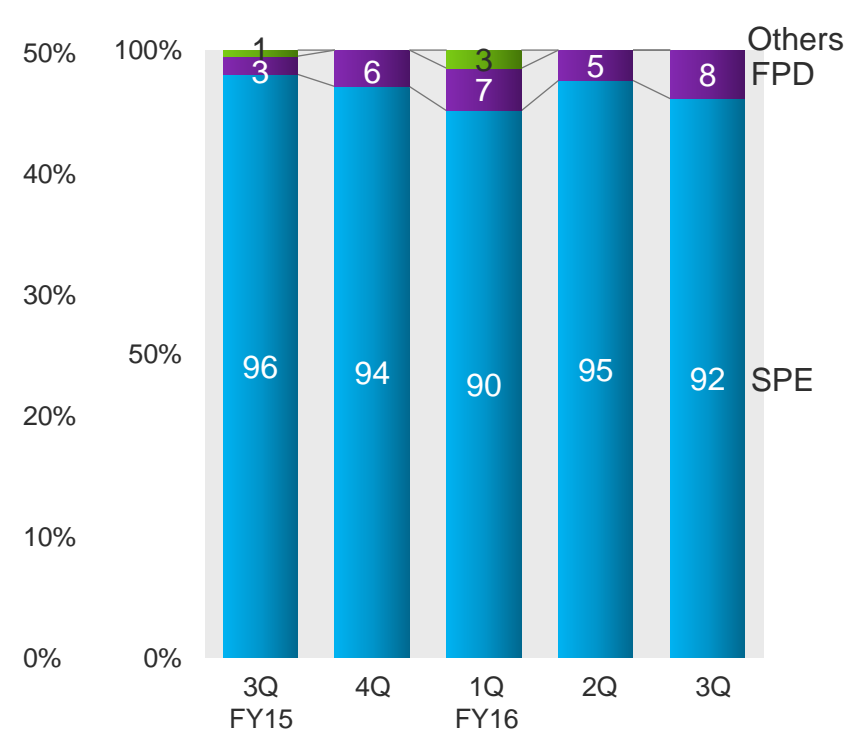
FPD

(Flat Panel Display Production Equipment)

(Billion Yen)

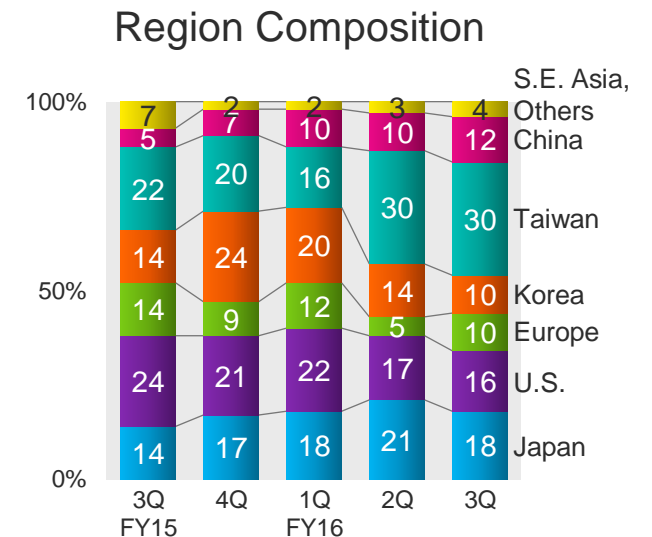
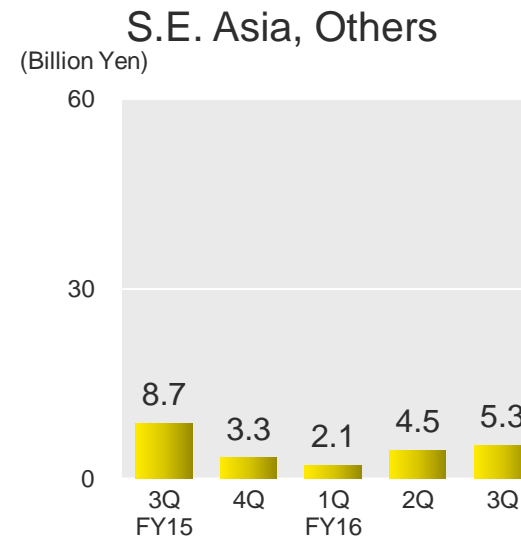
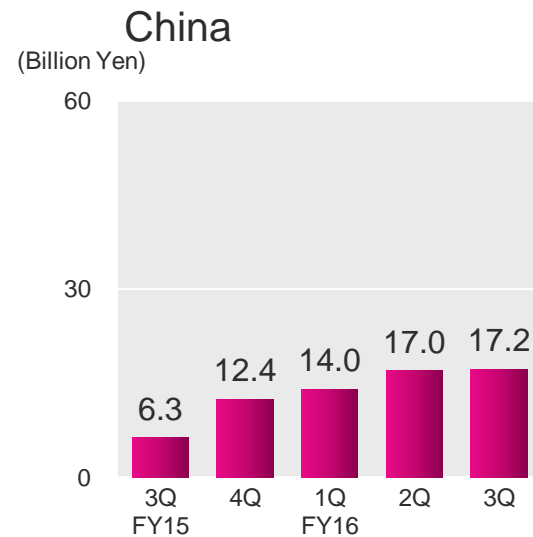
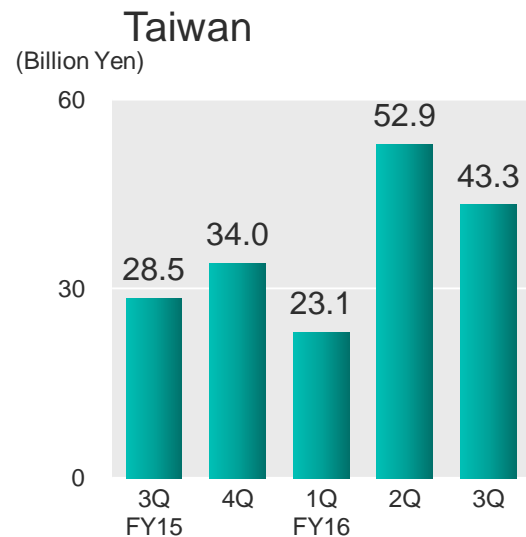
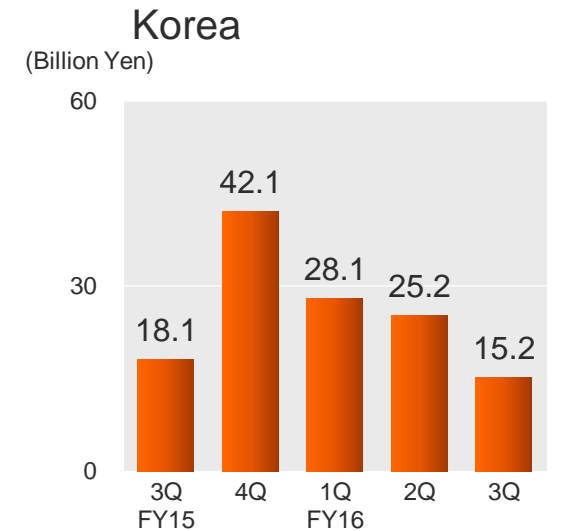
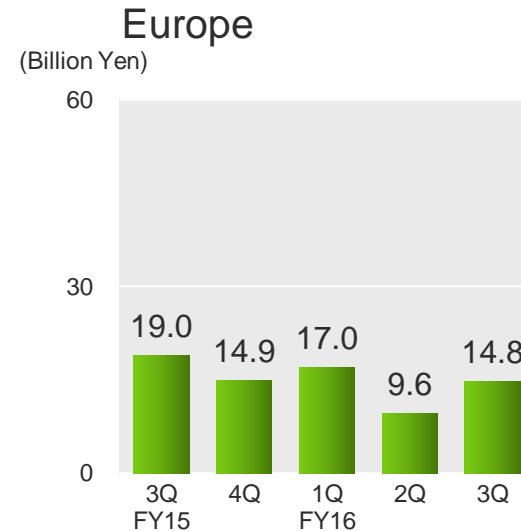
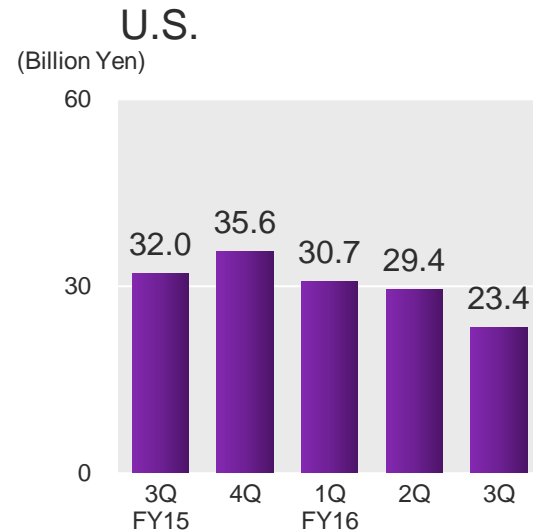
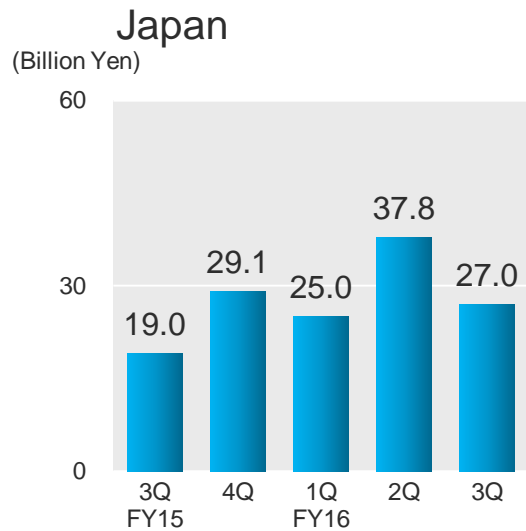


Composition of Net Sales



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. As of 1Q FY2016, the PV production equipment business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.
4. In composition of net sales figures, the PV production equipment business is included in Others.

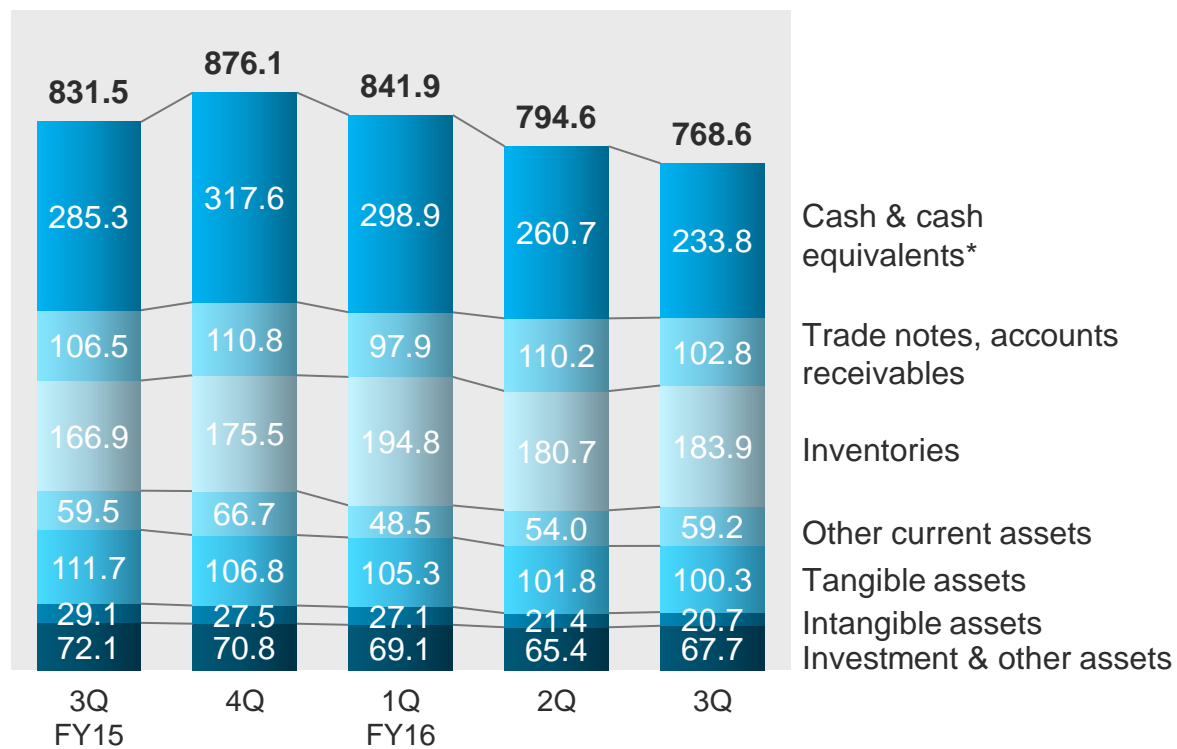
SPE Sales by Region



Balance Sheet

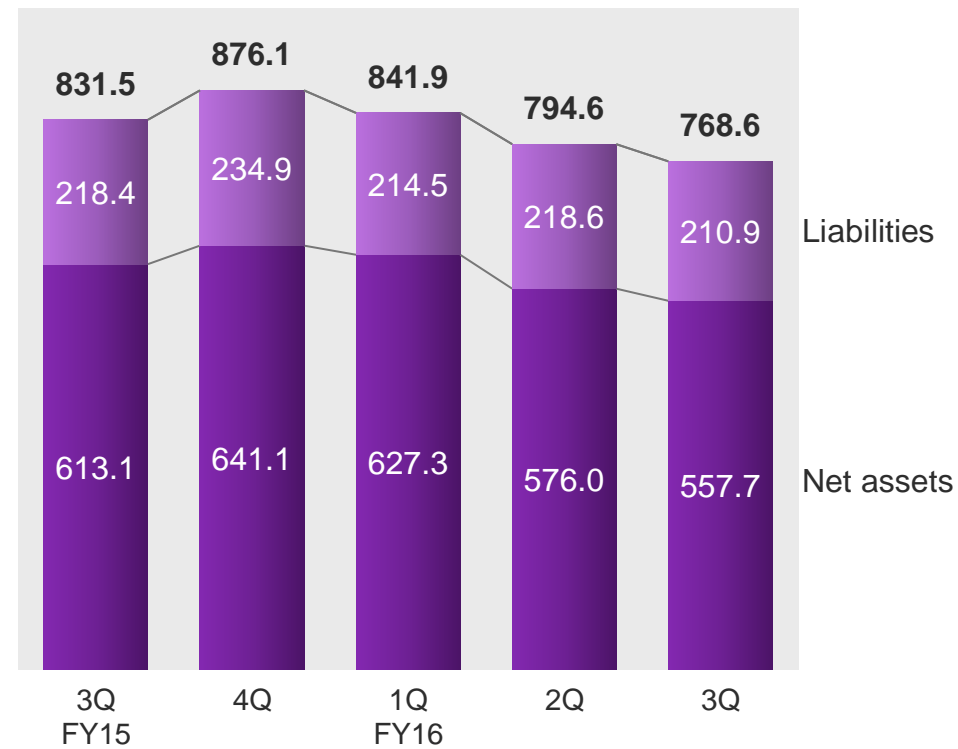
Assets

(Billion Yen)



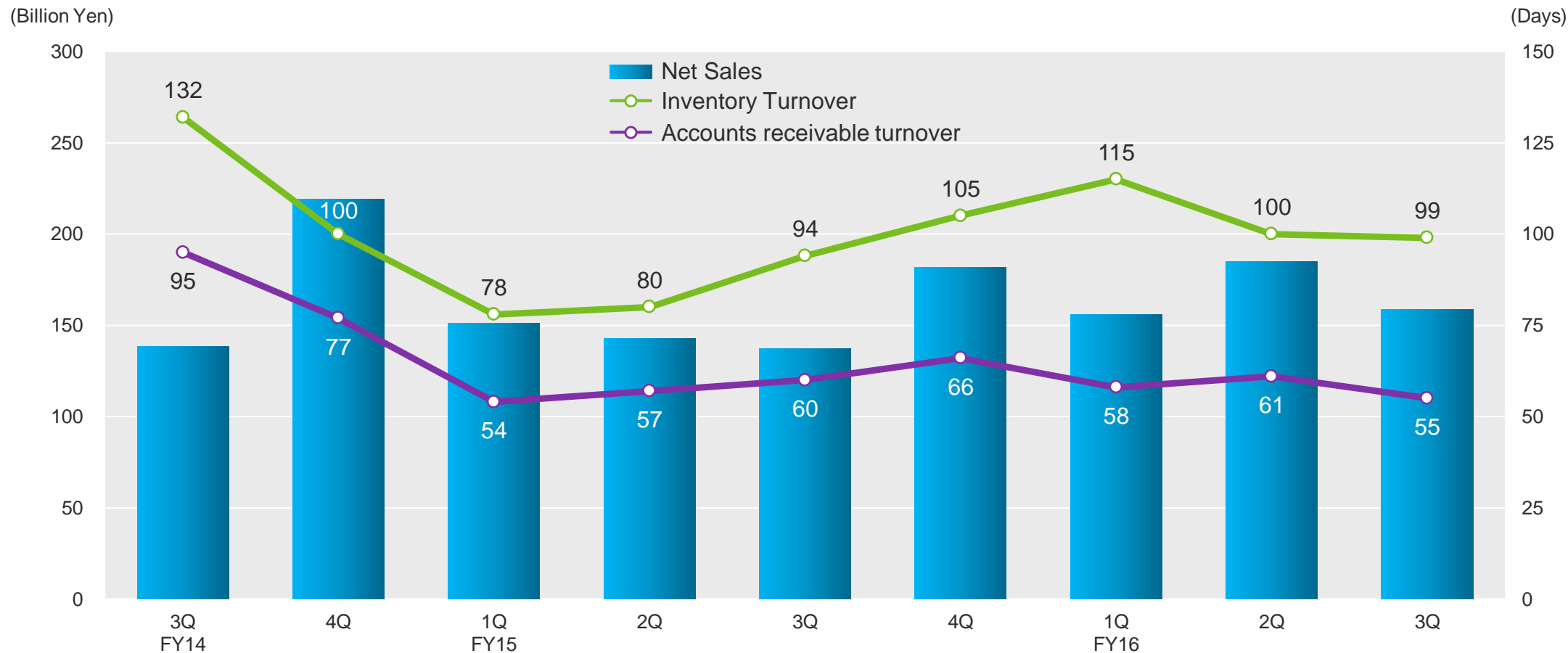
Liabilities & Net Assets

(Billion Yen)



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

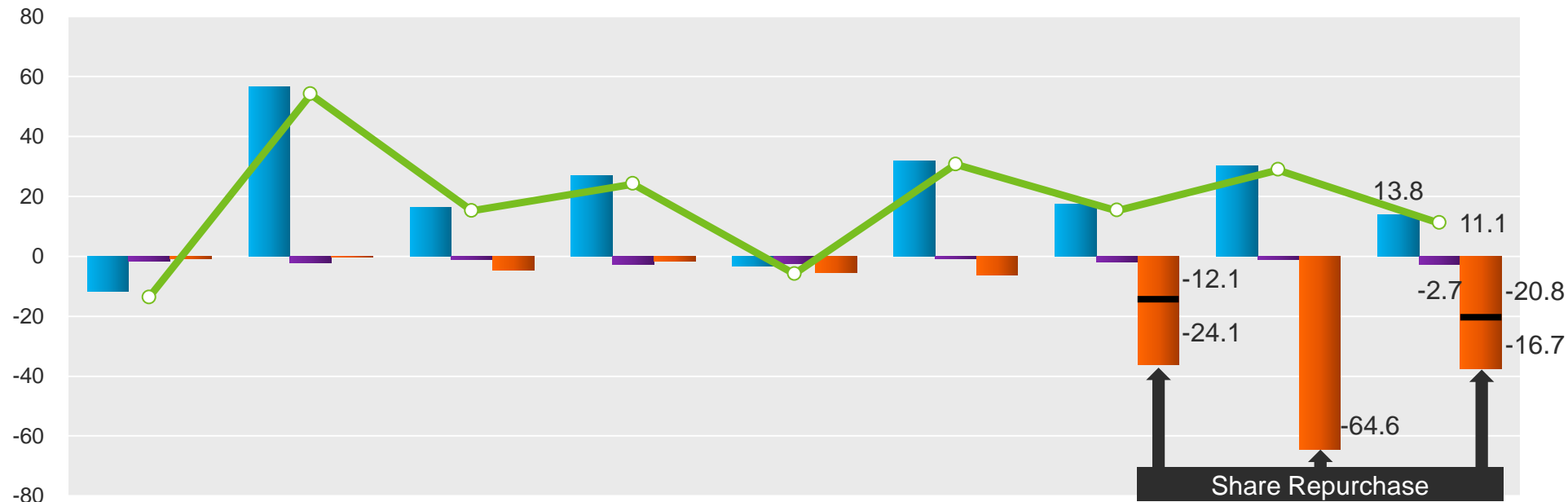
Inventory Turnover and Accounts Receivable Turnover



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

Cash Flow

(Billion Yen)



	3Q FY14	4Q	1Q FY15	2Q	3Q	4Q	1Q FY16	2Q	3Q
Cash flow from operating activities	-11.8	56.5	16.4	26.8	-3.2	31.7	17.3	30.1	13.8
Cash flow from investing activities*	-1.8	-2.3	-1.2	-2.7	-2.6	-0.9	-2.0	-1.2	-2.7
Cash flow from financing activities	-0.8	-0.4	-4.6	-1.8	-5.4	-6.2	-36.3	-64.6	-37.5
Free cash flow**	-13.7	54.1	15.2	24.1	-5.9	30.7	15.3	28.8	11.1
Cash on hand***	212.5	268.1	280.0	299.1	285.3	317.6	298.9	260.7	233.8

Cash flow from operating activities	-11.8	56.5	16.4	26.8	-3.2	31.7	17.3	30.1	13.8
Cash flow from investing activities*	-1.8	-2.3	-1.2	-2.7	-2.6	-0.9	-2.0	-1.2	-2.7
Cash flow from financing activities	-0.8	-0.4	-4.6	-1.8	-5.4	-6.2	-36.3	-64.6	-37.5
Free cash flow**	-13.7	54.1	15.2	24.1	-5.9	30.7	15.3	28.8	11.1
Cash on hand***	212.5	268.1	280.0	299.1	285.3	317.6	298.9	260.7	233.8

*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.

Share Repurchase and Cancellation Completed

Cancellation of 15.4m shares completed (Jan 20, 2016)
(Representing 8.53% of pre-cancellation outstanding shares)

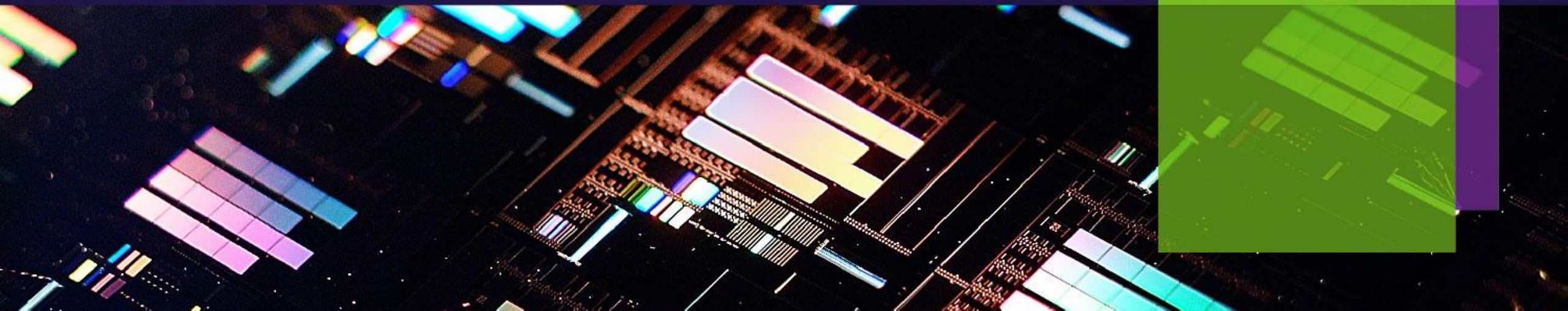
Outstanding shares after cancellation: 165,210,911 shares



Business Environment & New TEL Corporate Vision

January 29, 2016

Toshiki Kawai
Representative Director, President & CEO



Business Environment

▶ SPE Capex

CY2016 WFE capex expected to be similar level to CY2015

- Memory: DRAM investment past its peak, 3D-NAND investment to expand
- Foundry/Logic: Overall demand expected to be in line with CY2015 as start of cutting-edge node investment offsets slowing smartphone and PC demand

▶ FPD Capex

CY2016 demand for FPD production equipment expected to be firm, similar level to CY2015, mainly driven by capex for small/medium panels for mobile devices

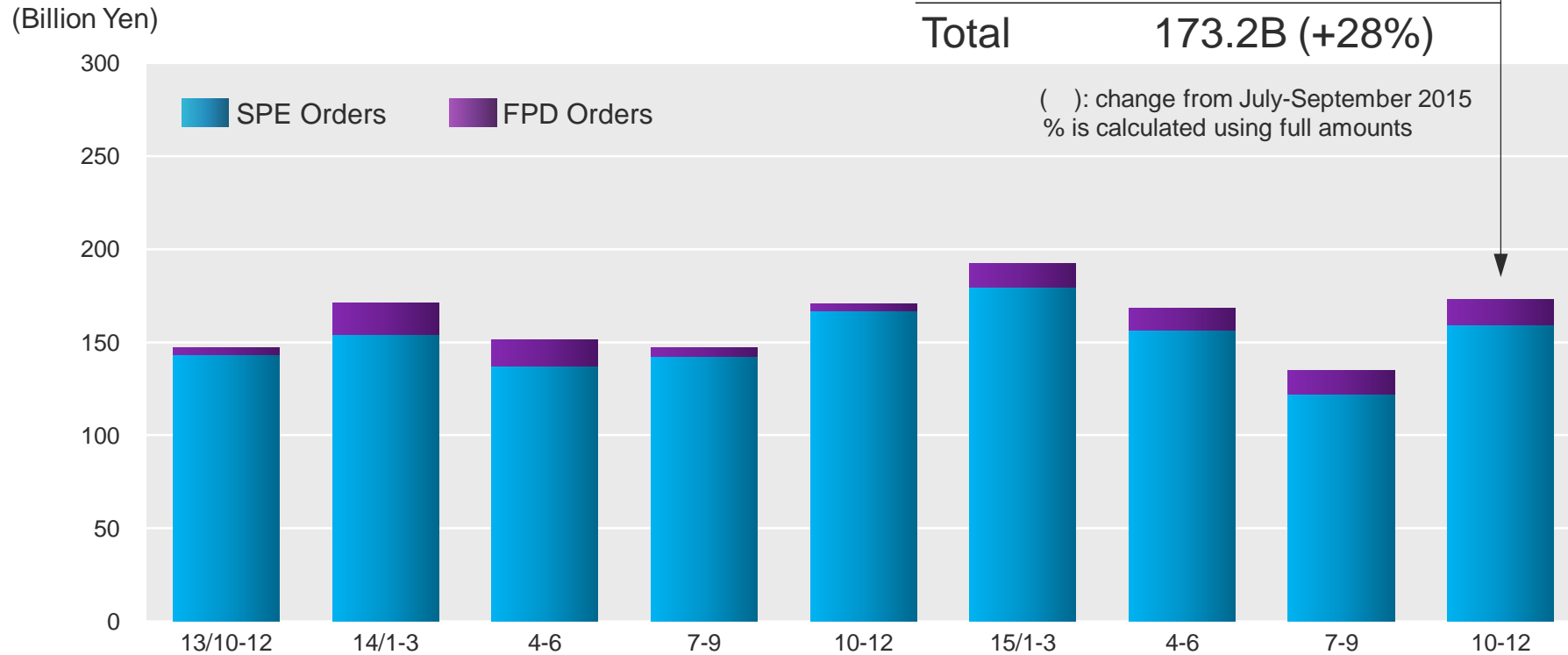
(Outlook as of January 2016)

The semiconductor production process can be divided into two sequential sub-processes referred to as front-end (wafer fabrication) and back-end (assembly and test) production. WFE (wafer fabrication equipment) is used in the front-end production process.

Quarterly Orders

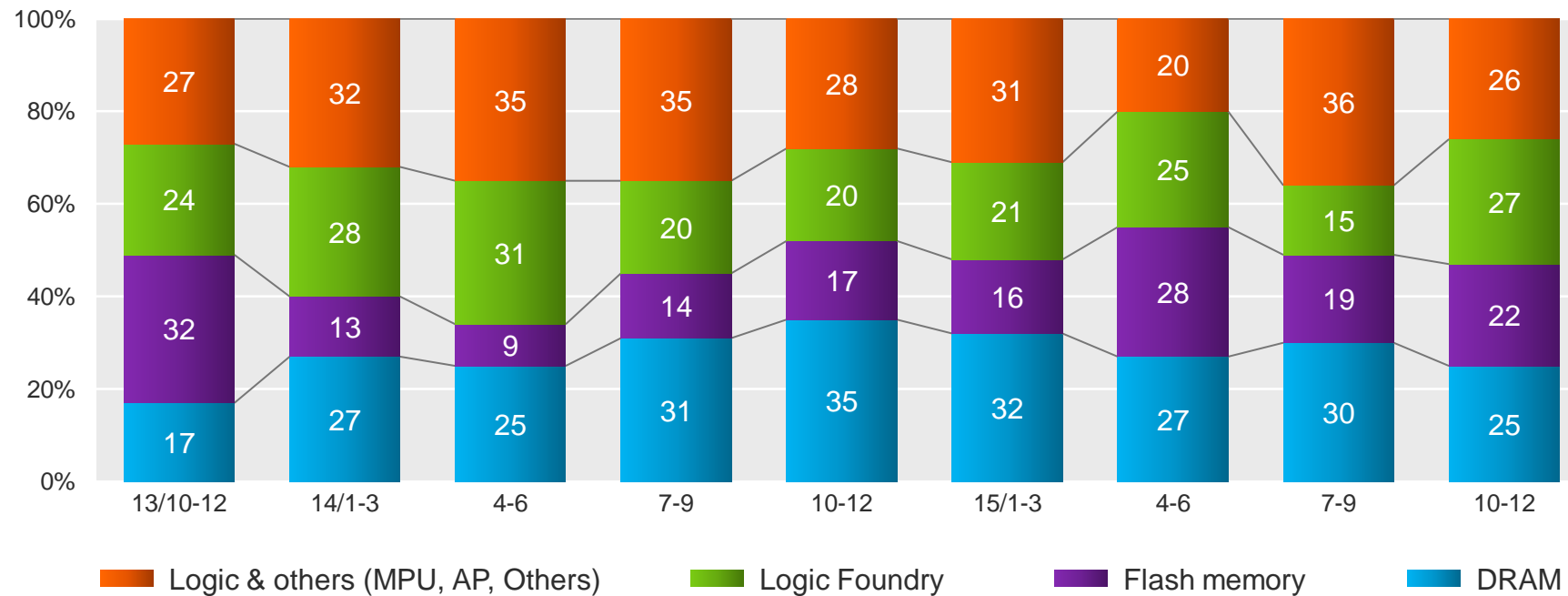
October-December 2015

SPE	159.3B (+30%)
FPD	13.9B (+12%)
Total	173.2B (+28%)



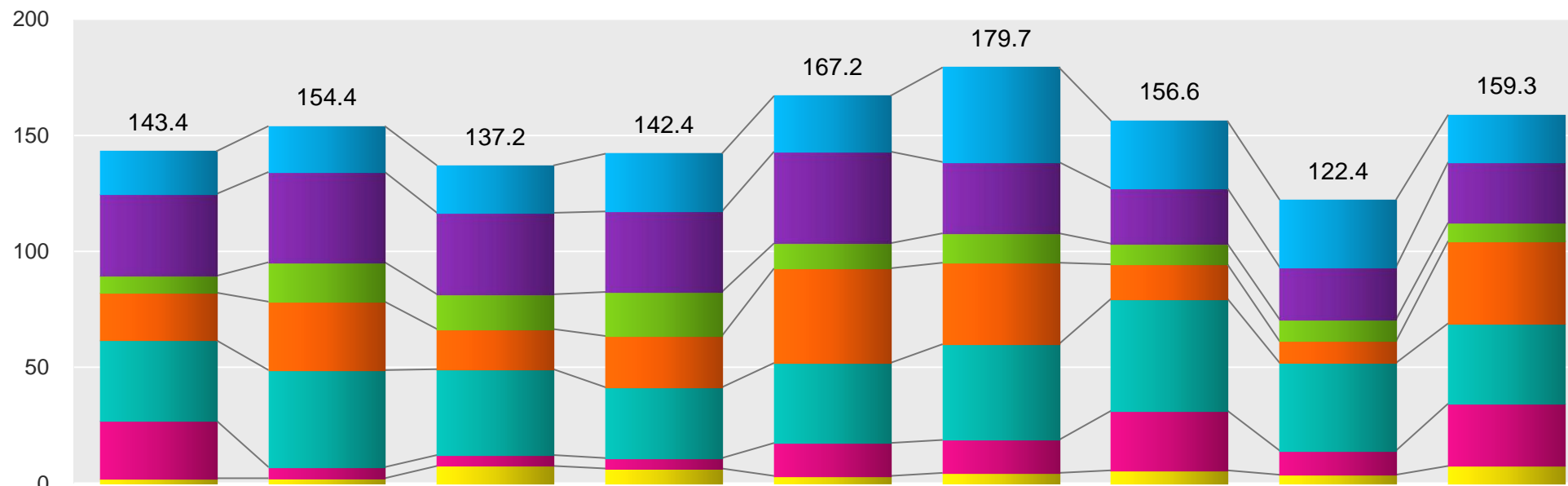
As of the April-June 2015 quarter, the PVE business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.

Composition of SPE Orders by Application: Equipment Only



SPE Orders by Region

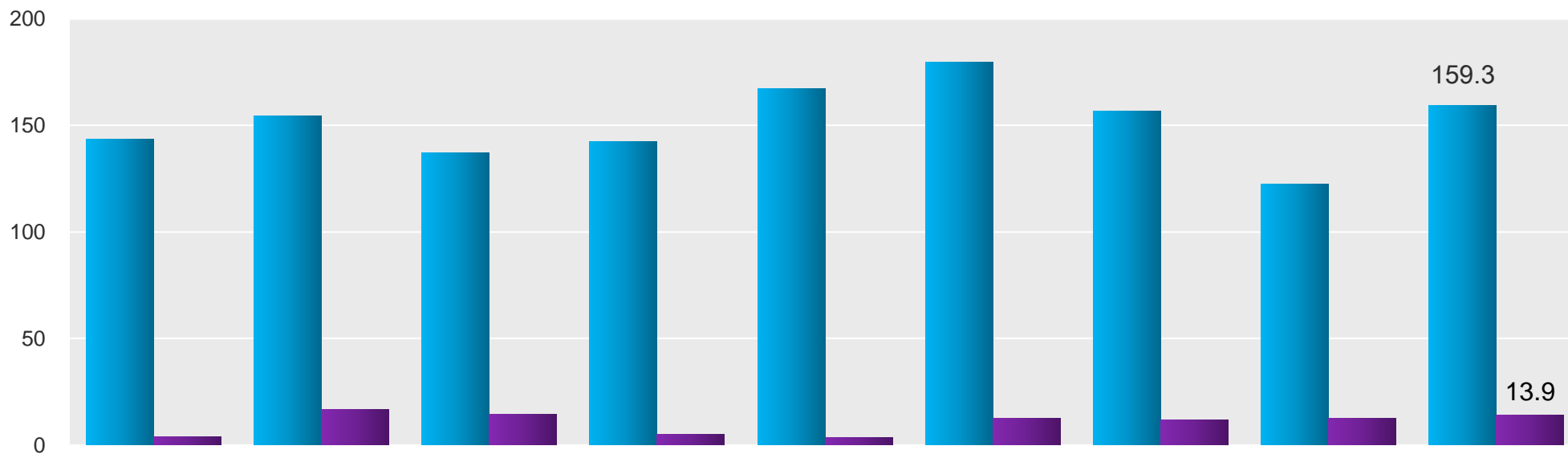
(Billion Yen)



	13/10-12	14/1-3	4-6	7-9	10-12	15/1-3	4-6	7-9	10-12
Japan	18.4	19.8	20.4	24.9	24.0	40.8	29.0	29.0	20.4
U.S.	35.3	38.9	35.1	34.7	39.5	30.7	23.9	22.6	26.1
Europe	7.2	17.0	15.0	19.0	10.8	12.7	8.9	9.4	7.9
Korea	20.5	29.5	17.3	22.1	40.8	35.1	14.8	9.3	35.5
Taiwan	34.6	41.8	37.0	30.5	34.5	41.3	48.3	37.8	34.6
China	24.9	4.8	4.7	4.5	14.2	14.2	25.7	10.4	26.9
S.E. Asia, Others	2.2	2.2	7.5	6.4	3.2	4.5	5.6	3.7	7.5

Orders, Order Backlog

(Billion Yen)



	13/10-12	14/1-3	4-6	7-9	10-12	15/1-3	4-6	7-9	10-12
SPE Orders	143.4	154.4	137.2	142.4	167.2	179.7	156.6	122.4	159.3
FPD Orders	3.8	16.6	14.2	4.8	3.4	12.6	11.8	12.5	13.9
SPE Order backlog	237.2	209.9	211.0	217.0	252.3	260.4	276.7	222.6	235.4
FPD Order backlog	22.5	29.0	29.3	29.1	28.8	31.6	33.3	37.6	39.9

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FY2016 Financial Estimates (Announced on October 27, 2015)

- Full-year operating profit of over 100.0 billion yen and OPM of 16% expected due to further increases in profitability

(Billion Yen)

	FY2015 (Actual)	FY2016 (Estimate)				YoY change
		1 st half	2 nd half	Full year		
		Actual	Estimates	Estimates		
Net Sales	613.1	340.9	319.1	660.0	+8%	
SPE	576.2	316.9	293.1	610.0	+6%	
FPD	32.7	18.2	25.8	44.0	+35%	
Operating income	88.1	61.2	43.8	105.0	+16.8	
Lower line: OP margin	14.4%	18.0%	13.7%	15.9%	+1.5pts	
Income before income taxes	86.8	57.5	42.5	100.0	+13.1	
Net income attributable to owners of parent	71.8	41.3	30.7	72.0	+0.1	

New TEL Corporate Vision

The IoT Future

Potential economic impact of IoT in 2025

Up to \$11.1tn

(2015: \$900bn)

Connected devices in 2020

50bn

(2014: 14.2 bn)

2019 semiconductor market

\$388bn

(2014: \$340bn)

2019 WFE market

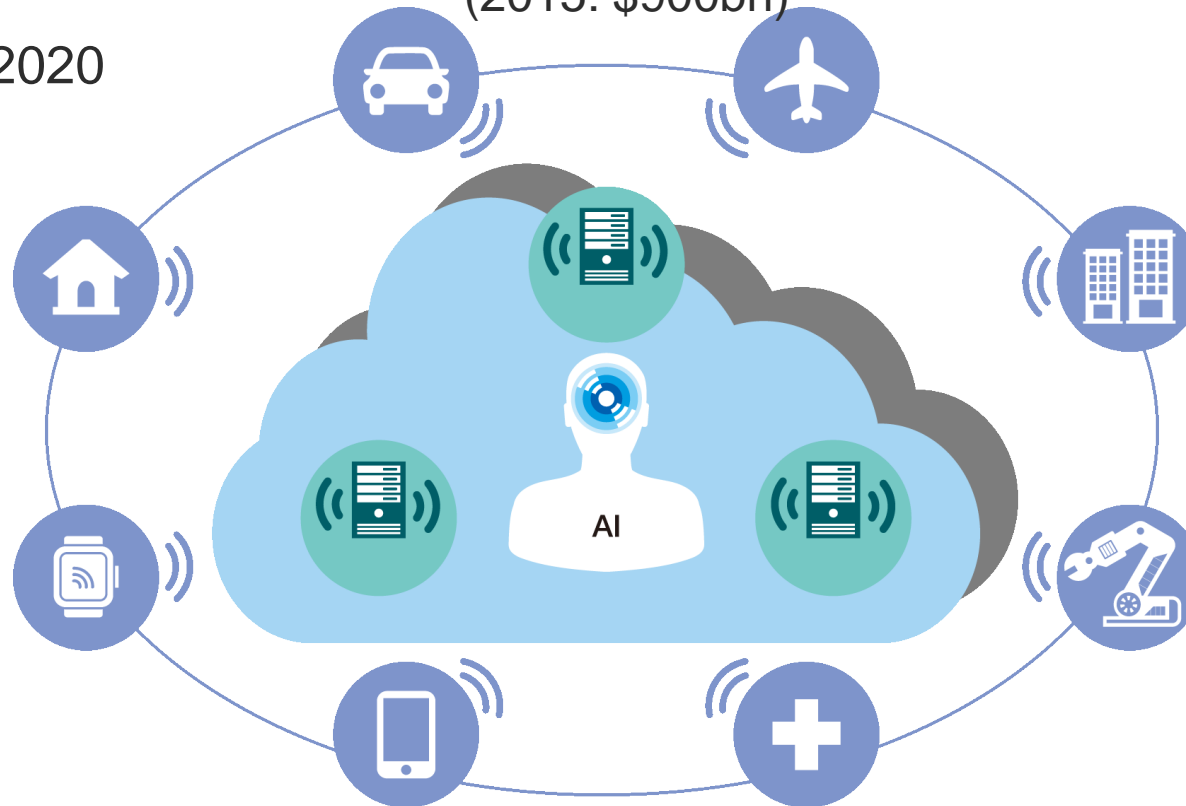
\$39bn

(2014: \$32bn)

IP Traffic

CAGR 23%

(2014-2019)



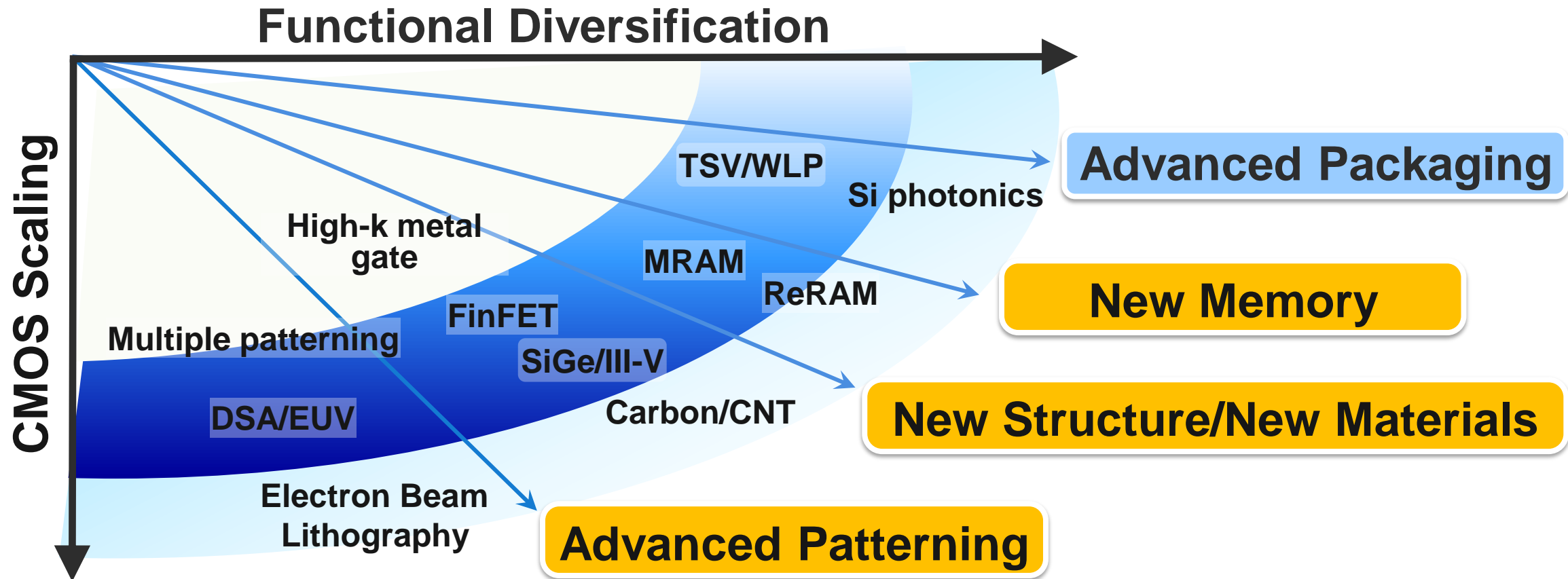
Source: CISCO, McKinsey & Company,

W.W. semiconductor market : Gartner, Semiconductor Forecast Database Worldwide 4Q15 Update

W.W.WFE market : Gartner, Forecast Semiconductor Wafer-Level Manufacturing Equipment Worldwide 4Q15 Update



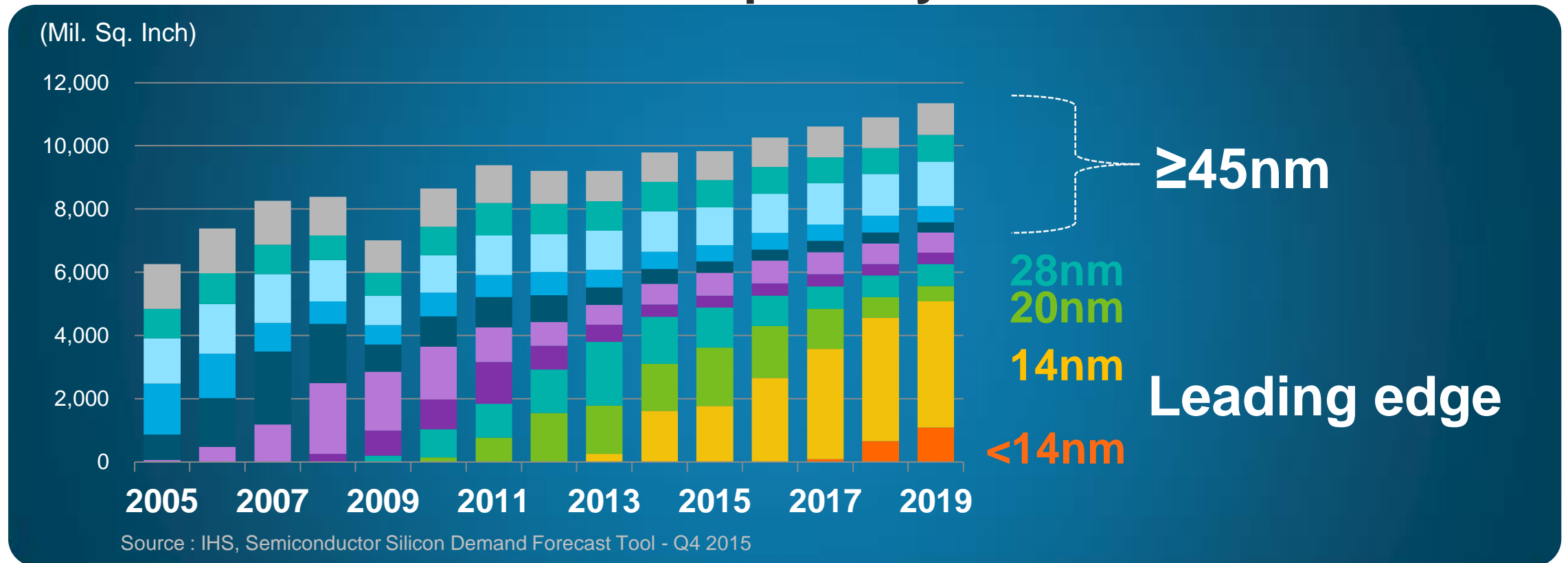
Semiconductor Technological Innovations



Evolution of semiconductors involves new, extensive technologies

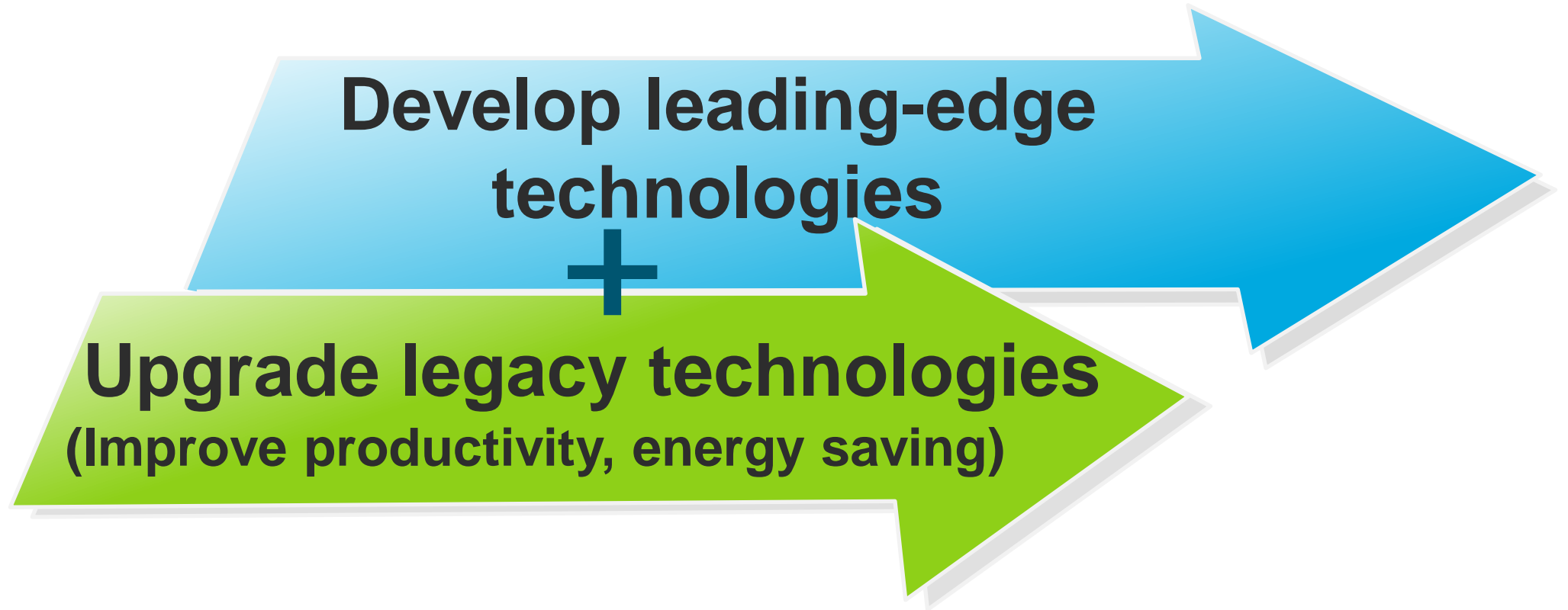
Semiconductor Manufacturing Process Nodes for IoT

Wafer Consumption by Nodes



Manufacturing process nodes going multi-generational

Basic Strategy



Respond to multi-generation shift

Technology Inflection Points Create Business Opportunities

To Our Stakeholders Message from the COO



As Technology Advances, New Opportunities Arise

» Under a new executive framework designed to maximize Tokyo Electron's strengths, we are pursuing world-class product competitiveness and profitability and thus seeking to enhance corporate value.

has an important part to play in the arrival of this new era, as do the cutting-edge production equipment technologies that support such innovation.

The semiconductor industry is now right on the brink of the most important inflection points in its history. Until now, semiconductors have developed through ongoing miniaturization. However, as miniaturization progresses, barriers that cannot be overcome by existing technologies. To break through these barriers, innovative new technologies are emerging. These include 3D structure devices, such as 3D NAND flash and FinFET, the use of new semiconductor materials, and multiple patterning that realizes finer patterns by using etch and deposition with current lithography technology. By developing products suited for these new technologies, Tokyo Electron raised its market share in every one of its product categories in 2014. We regard technological inflection points as unparalleled opportunities for business expansion.

demands grow more advanced, process control across product categories grows more important. Tokyo Electron will therefore leverage the strength of its large and diverse product lineup to develop higher-added-value products. We are concentrating resources in areas that are expected to grow and streamlining development to accelerate the implementation of our product strategies.

As a market leader in the fields of SPC and FPD production equipment, we seek to contribute to the creation of a bright future for the world and, in doing so, continue to increase Tokyo Electron's corporate value. To make Tokyo Electron a truly global company, we will do our utmost to achieve world-class profitability and product competitiveness. To succeed, I ask for your continued support and confidence as we continue to move forward.

Expanding our Competitive Strengths to Maximize Growth Opportunities

I am pleased to have assumed the position of representative director, senior executive vice president and COO in June 2015. I would like to thank our shareholders and other stakeholders for their support and confidence.

The Internet of things (IoT), which will connect not only conventional PCs and mobile devices, but also various other objects, is nearly upon us. According to Cisco Systems, a U.S.-based networking equipment manufacturer, the number of devices connected to the Internet is expected to grow from 14.5 billion in 2014 to 50 billion in 2020, and annual global IP traffic is thus expected to grow an average of 21% per year from 2013 to 2018. Technological innovation in semiconductors

Going forward, under a new organizational structure, we will focus on our mainstay semiconductor production equipment (SPE) and flat panel display (FPD) production equipment businesses to further enhance product competitiveness. First, we are forcefully implementing our region and account management structures to construct an organizational system that can better respond to customers' needs by quickly offering sophisticated solutions. Furthermore, as technological

June 2015



Toshiki Kawai
Senior Executive Vice President & COO

(From TEL Annual Report 2015)

New TEL Vision

A real global company generating high added-value and profits to Semiconductor and FPD industries through innovative technologies and groundbreaking proactive solutions with integrated diverse technologies



TOKYO ELECTRON

New corporate logo

Goals

- 1. Reward shareholder support for TEL's growth potential**
Further enhance shareholder value, sustain new shareholder return policy
- 2. Support fulfilling lives for employees and their families**
Make compensation system more closely matched to role and contribution
- 3. Contribute to industry and society**



Pursue profits



Raise corporate value

TEL's innovative technology and industry leading solutions

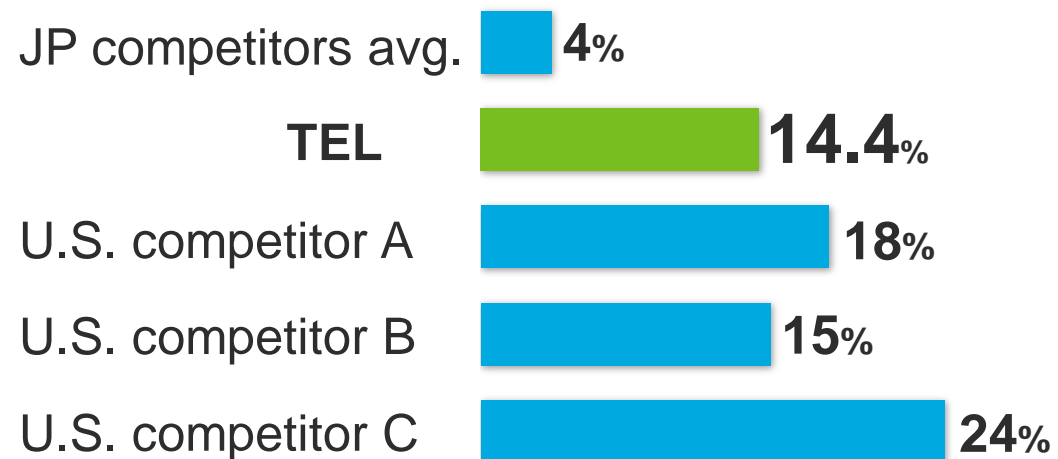
New TEL Medium-term Direction

1. **Best in Class = “strong business platform”**
2. **Best Fit in New Market = “responding to diversity”**

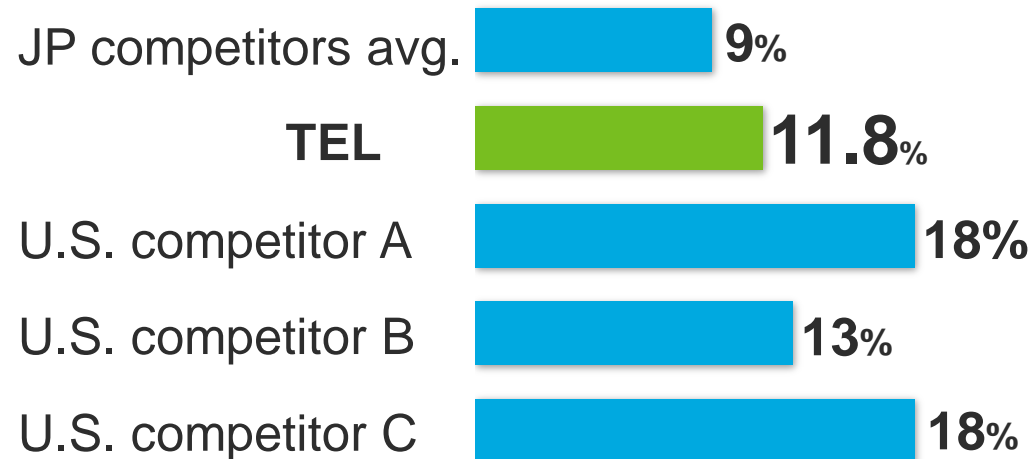


Profit Margin Benchmarking (Most Recent FY)

Operating margin



ROE

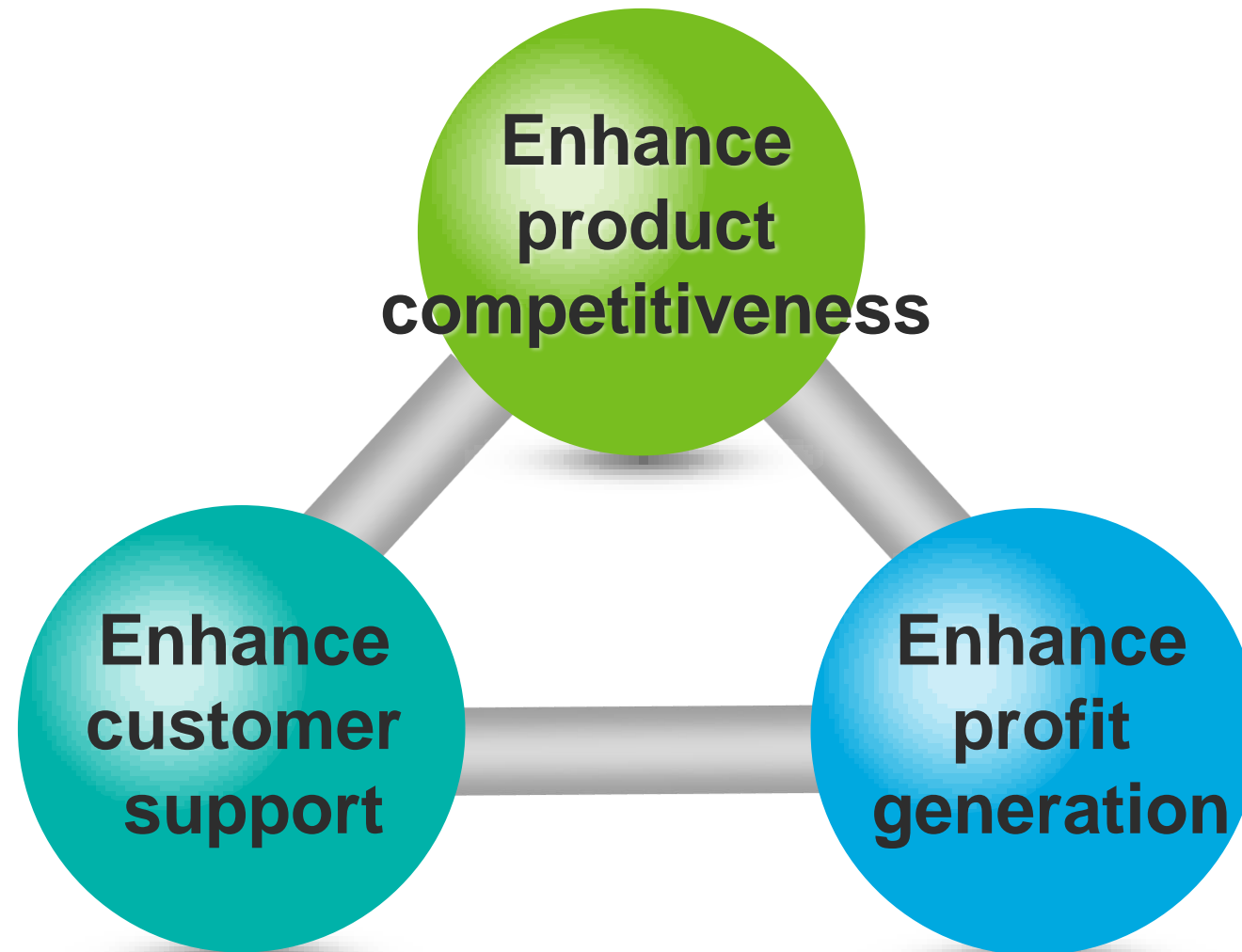


Medium-term Plan Financial Model

Wafer Fab Equipment Market size	\$30B	\$37B
Sales	¥720.0B	¥900.0B
Operating margin	20%	25%
ROE	15%	20%

Aiming for global-level profitability

New TEL: Enhance TEL in Three Key Areas



New Executive Team (Effective January 1, 2016)



Representative Director,
President & CEO
T.Kawai



Representative Director,
Senior Executive V.P.
Development & Production
H.Kitayama

Business Div.



GM
T.Kawai



Deputy GM
H.Tsutsumi

BUGMs

Development & Production Div.



GM
S.Sasaki



Deputy GM
M.Akimoto



Deputy GM
G.Chung

Global Field Div.



GM
H.Ito



Deputy GM
K.Washino

Corp. Admin. Div.



GM
T.Hori



Deputy GM
T.Nagakubo

Corporate Governance

TEL Corporate Governance Guidelines (effective December 2015)

Proactive governance to achieve sustainable growth

- TEL uses the Audit & Supervisory Board governance system and has achieved effective governance based on the supervision of management by the Audit & Supervisory Board
 - The Board of Directors' role is to make major operational decisions and supervise their execution



- Nomination Committee and Compensation Committee are in place to ensure fair, effective, and transparent management
- The Corporate Senior Staff formulates and advances company strategy

Approach to Key Issues

- **Stronger linkage between performance appraisal, rewards and medium-term plan**
(Supplementary Principle 4-2-1, 4-3-1 of “Japan’s Corporate Governance Code”)
 - TEL has ensured a degree of linkage of rewards to medium-term performance, but will consider a compensation system that provides stronger linkage to the Medium-term Management Plan
 - TEL believes it is important to provide greater incentives linked to sustainable growth and will therefore consider personnel evaluation methods that are more directly linked to progress on the Medium-term Management Plan
- **Board of Director effectiveness disclosure**
(Supplementary Principle 4-11-3)
 - TEL will debate concerning the effectiveness of the Board of Directors from this fiscal year onward and intends to compile its own analysis and evaluation and disclose a summary of the results

- 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

TEL™

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