

# Future Business Environment

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# Financial Results and Estimates

- Consolidated Basis -

(Billion Yen)

	3/2002	3/2003		Full Year (E)	YoY Change
	Full Year	1H	2H (E)		
<b>Sales</b>	<b>417.8</b>	<b>223.4</b>	<b>226.6</b>	<b>450.0</b>	<b>8%</b>
<b>SPE</b>	<b>325.7</b>	<b>177.2</b>	<b>177.8</b>	<b>355.0</b>	<b>9%</b>
<b>CND</b>	<b>17.0</b>	<b>8.1</b>	<b>7.9</b>	<b>16.0</b>	<b>-6%</b>
<b>EC</b>	<b>73.7</b>	<b>37.4</b>	<b>40.1</b>	<b>77.5</b>	<b>5%</b>
<b>Other</b>	<b>1.4</b>	<b>0.7</b>	<b>0.8</b>	<b>1.5</b>	<b>6%</b>
<b>Operating Income</b>	<b>-18.3</b>	<b>0.5</b>	<b>3.5</b>	<b>4.0</b>	<b>-</b>
<b>Ordinary Income</b>	<b>-19.5</b>	<b>-0.7</b>	<b>2.7</b>	<b>2.0</b>	<b>-</b>
<b>Net Income</b>	<b>-19.9</b>	<b>-2.5</b>	<b>3.0</b>	<b>0.5</b>	<b>-</b>

Change is calculated based on figures in millions of yen.



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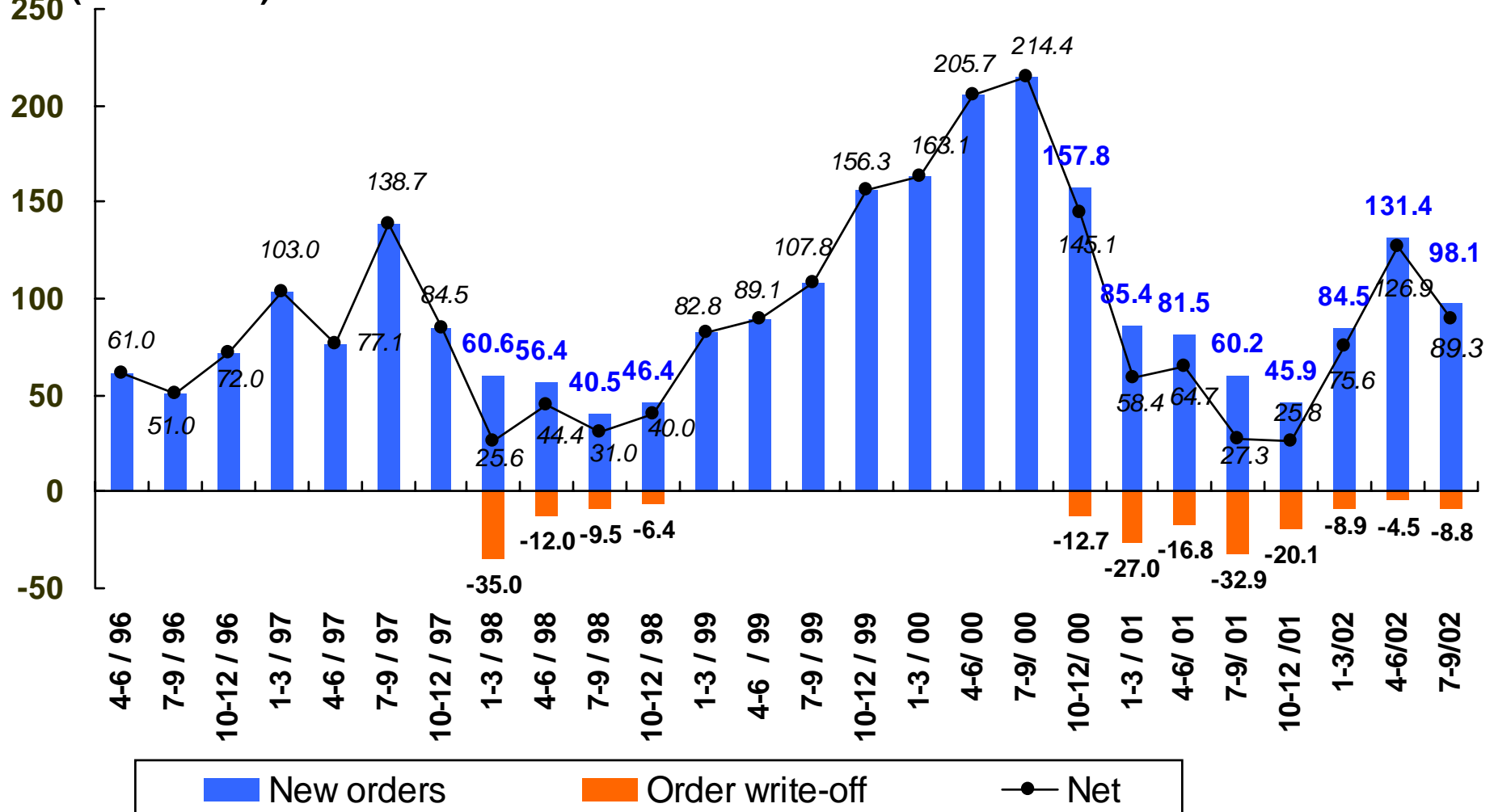
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# SPE Quarterly Order Trend

## Non-consolidated Basis

(Billion Yen)



Orders for FPD production equipment are included.

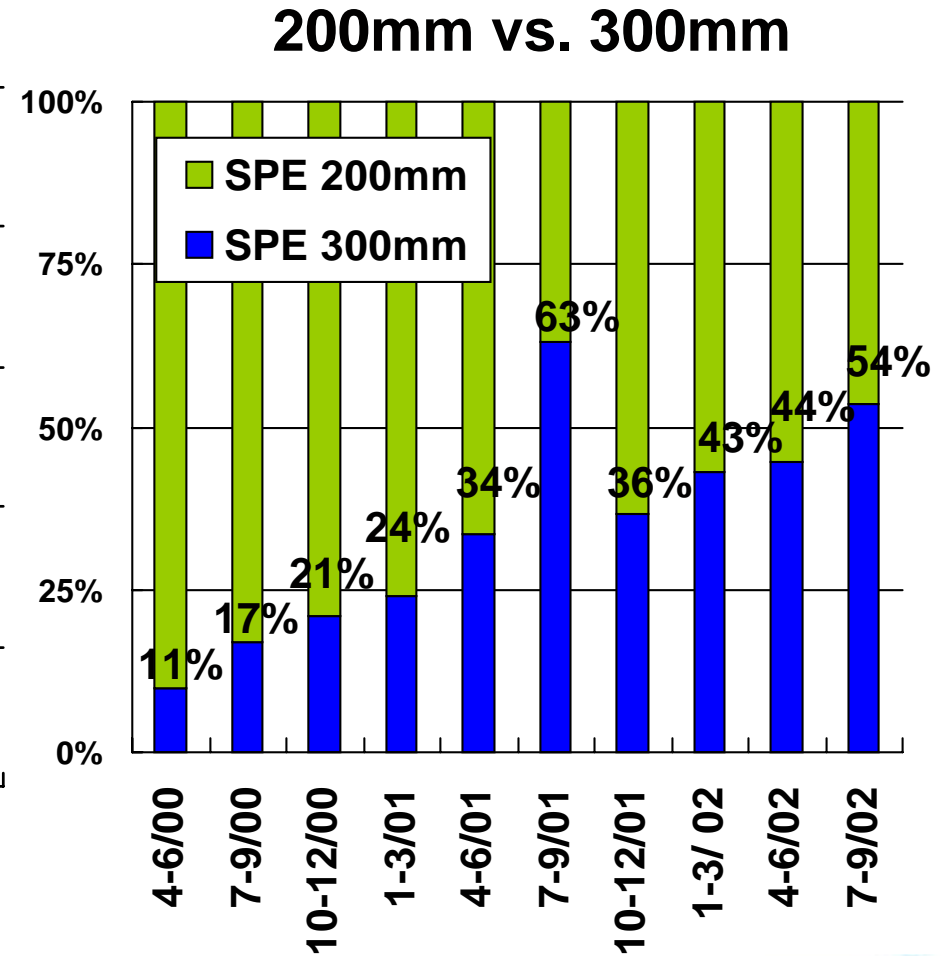
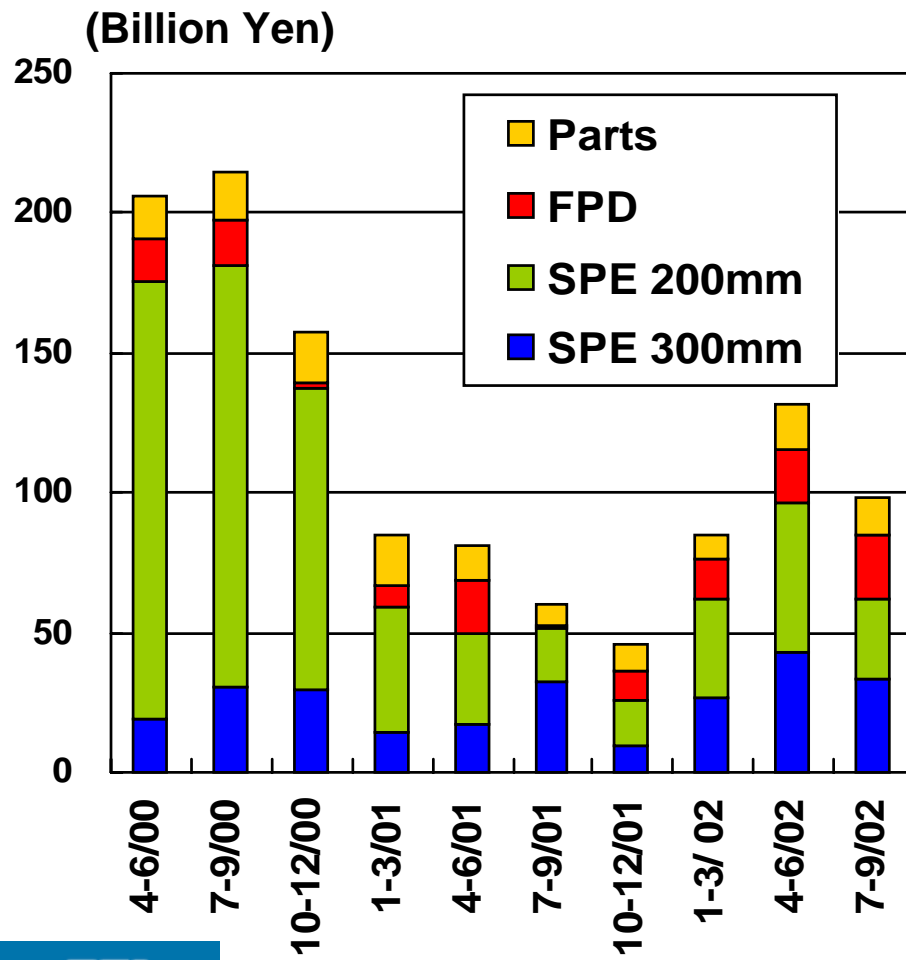


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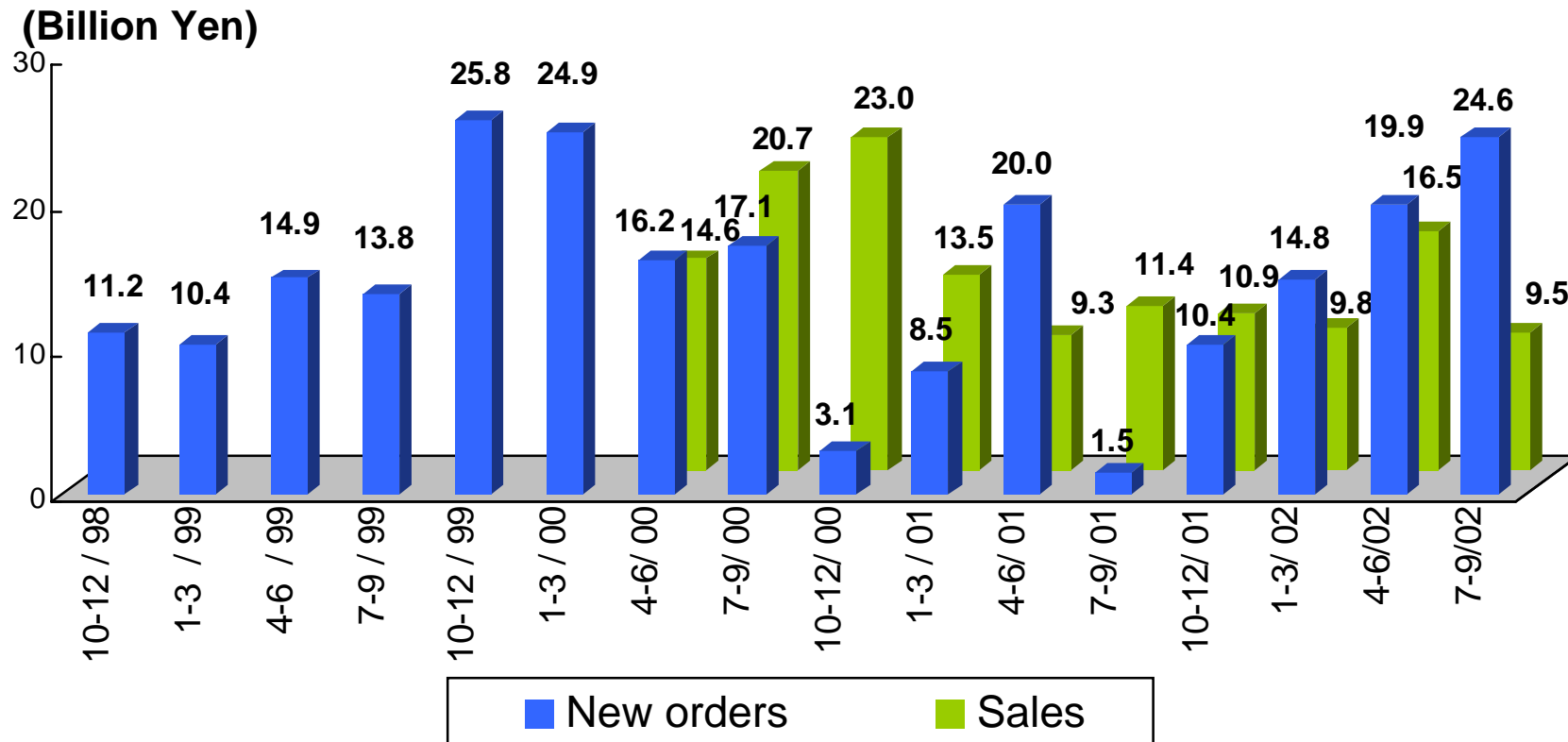


# 200mm vs. 300mm (Bookings)



# FPD Production Equipment Quarterly Bookings and Sales

## Non-consolidated Basis



- Order amounts for and prior to 1-3/2000 period were for systems only.
- TEL began quarterly financial reporting from 4-6/2000 period.



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# Confirmation of This FY's Target

## Current environment

We can see some improvement in environment for the future, but the current investment climate is still severe

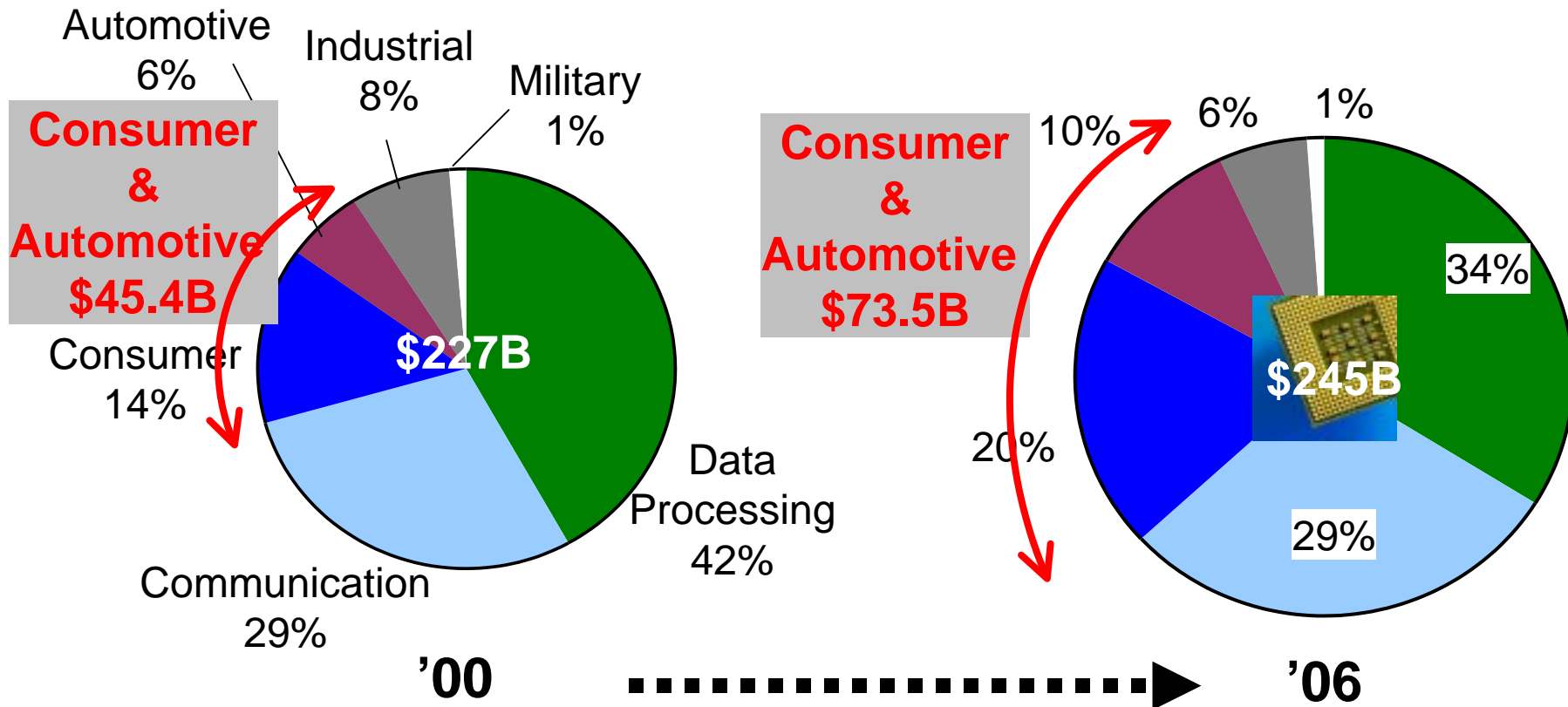
## This FY's Target

**“Black ink” on net income level**

- Measures:
- Strengthening sales activities (gaining orders for refurbishment, used equipment and services)
  - Reviewing all R&D projects to prioritize
  - Minimizing the number of subcontracted workers
  - Material and processing costs reduction
  - Promotion of cycle time improvement project



# Semiconductor Consumption by Applications



(Dataquest, Dec. '01)



# New Stream of Semiconductor Industry

**U.S.** Beginning large scale investment in the nanotechnology area by businesses, government and academic organization, aiming for technology leadership

**Asia (Taiwan/ Korea)** Now has world leading semiconductor makers in Korea and Taiwan

Acceleration of alliance with U.S. and European companies

**Japan** Concentration on System LSI products

One new high value memory chip company emerging

**China** This year started investment in the semiconductor field based on the national project to strengthen the IT industry



# TEL's Arrangement for the New Stream

**Strengthening of global alliance with customers and suppliers**

**U.S.**            **Strengthening of technology development and marketing in the U.S.**  
**Joint development with technology leaders**

**Asia  
(Taiwan/  
Korea)**        **Strengthening of relationships with customers through activities ranging from development to service offerings**  
**Expanding international procurement**

**Japan  
Europe**        **Development and supply of equipment for small volume varied production (TELFORMULA, Tellius, Trias-SPA, E-beam direct writing system)**

**China**            **Strengthening of training and technology service**  
**Expansion of refurbishment and used equipment business**



# Mid-term Management Target

## Research & Development

Focusing on innovative differentiated products (next generation gate, BEOL etc.)

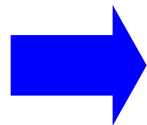
Review of R&D items periodically

## Promotion of cycle time improvement (by half) activities

Reduction of work-in-process inventories

Improvement of account receivable turnover

Production cost and indirect cost reduction



**“Financial strength improvement”  
as a mid-term target**





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The projections outlined in this presentation were created based on the best information available at the time they were created. The semiconductor production equipment industry is characterized by large and rapid technological change and fierce competition. There are also various factors such as world economic conditions and semiconductor market conditions which directly and indirectly impact the Company's results. As a result, future projections may differ from those in this presentation. The Company makes announcements when the changes are large.

