

TOKYO ELECTRON

1Q FY2005 Financial Announcement



July 30, 2004

Disclaimer regarding Forward-looking Statement

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.

1Q FY2005 Financial Summary and Revision of FY2005 Financial Estimates

1Q FY2005: April 1, 2004 - June 30, 2004
FY2005: April 1, 2004 - March 31, 2005

July 30, 2004

- All figures are rounded down to the nearest hundred million yen.
- YoY change (growth) is calculated based on figures in millions of yen.



1Q FY2005 Financial Summary

Quarterly Financial Results

3

(Billions of Yen)



	FY2004								FY2005	
	1Q		2Q		3Q		4Q		1Q	
Net Sales	87.7		133.6		121.2		187.0		166.6	
Gross Profit	21.1	24.1%	35.0	26.3%	29.7	24.6%	54.1	28.9%	49.5	29.8%
SG&A Expenses	29.4	33.5%	31.5	23.7%	25.5	21.2%	31.2	16.7%	27.7	16.7%
Operating Income	-8.2	-9.4%	3.4	2.6%	4.1	3.4%	22.8	12.2%	21.8	13.1%
Ordinary Income	-8.7	-10.0%	3.1	2.3%	4.0	3.3%	22.7	12.2%	22.0	13.2%
EBIT	-9.0	-10.3%	0.4	0.3%	3.8	3.1%	19.7	10.5%	21.9	13.2%
Net Income	-10.3	-11.8%	0.5	0.4%	2.7	2.3%	15.3	8.2%	19.8	11.9%

Right column: percentage in net sales

R&D Expenses	10.8	11.7	10.1	11.4	9.7
Capital Expenditures	1.8	2.5	2.4	4.1	2.2
Depreciation	6.0	6.3	6.2	6.3	5.2



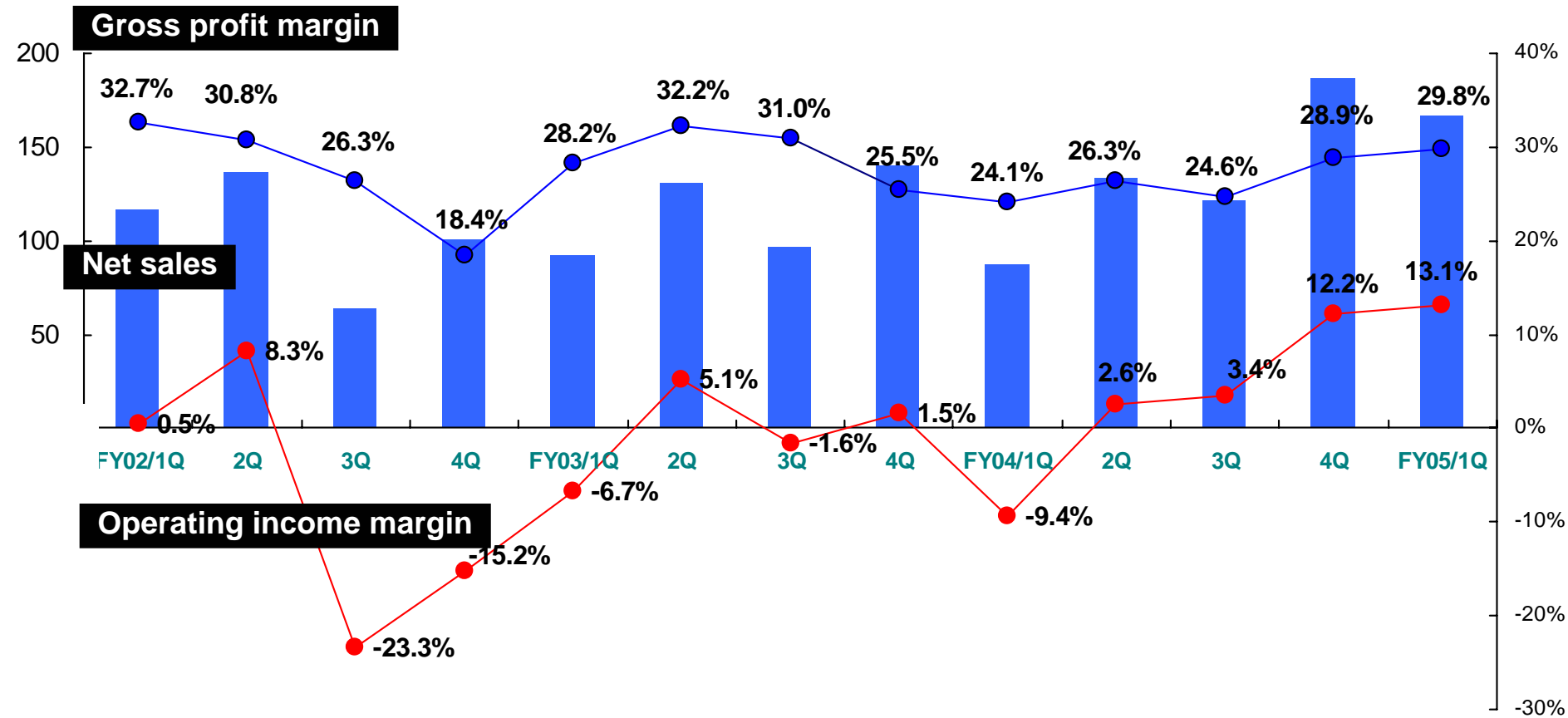
TOKYO ELECTRON

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Quarterly Net Sales & Profit Ratio

(Billions of Yen)



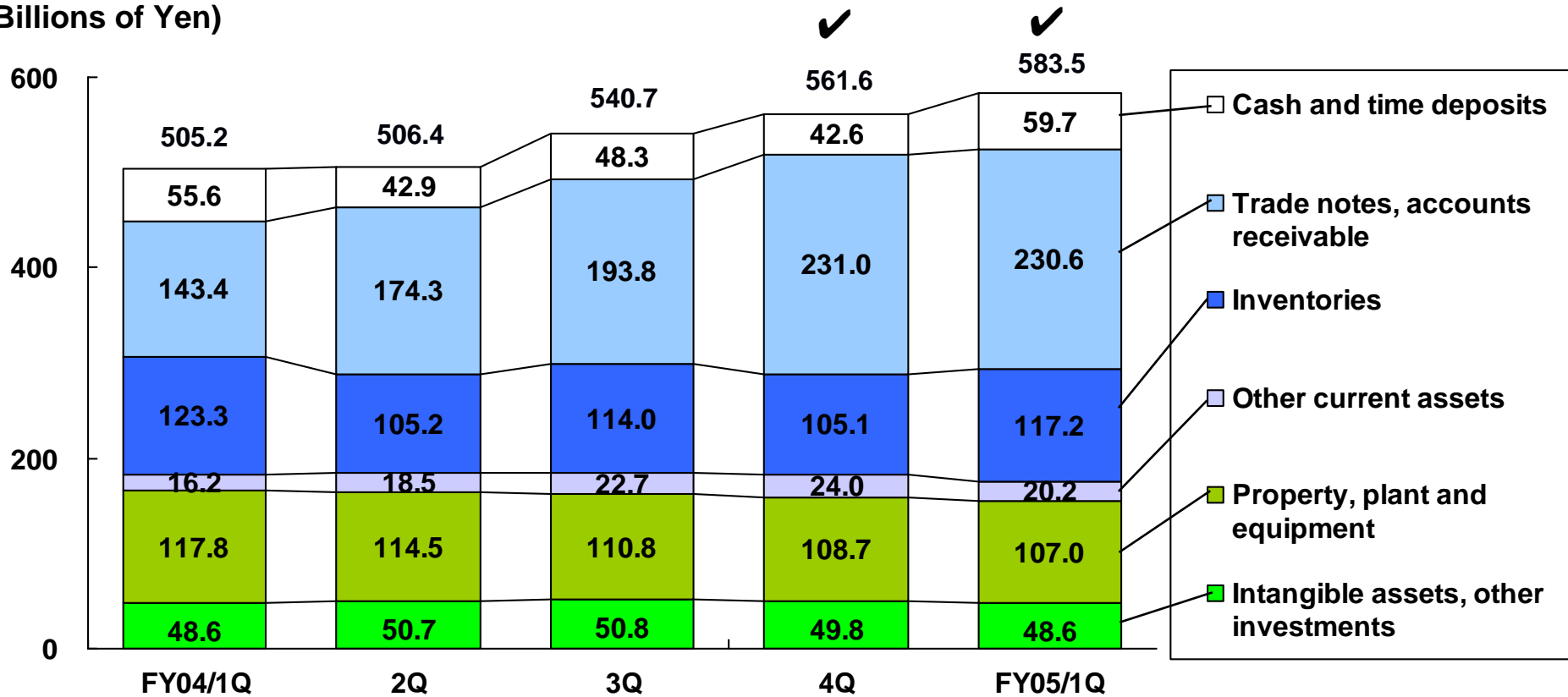
- From 1Q/ FY2004, some of the field engineering related expenses, which were previously included in SG&A, are classified as COGS.



1Q FY2005 Financial Summary

Quarterly Assets

(Billions of Yen)



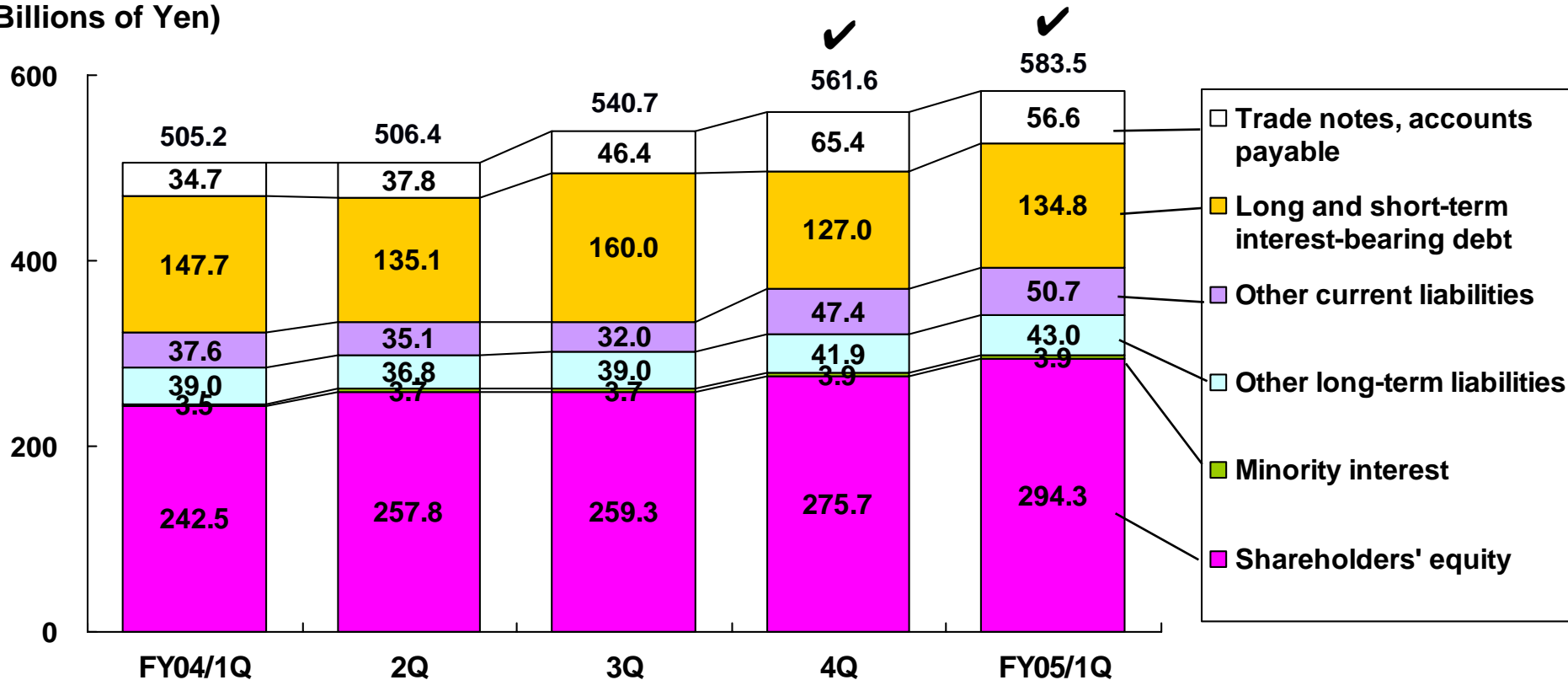
2004/3/31 vs 2004/6/30

Cash and time deposits, securities	+17.1	
Inventories	+12.0	Increase due to increase in production



Quarterly Liabilities & Shareholders' Equity

(Billions of Yen)



2004/3/31 vs 2004/6/30

Long and short-term interest-bearing debt	+7.8	Commercial paper (+10.0)
Shareholders' equity	+18.5	Increase in retained earnings (+18.6)

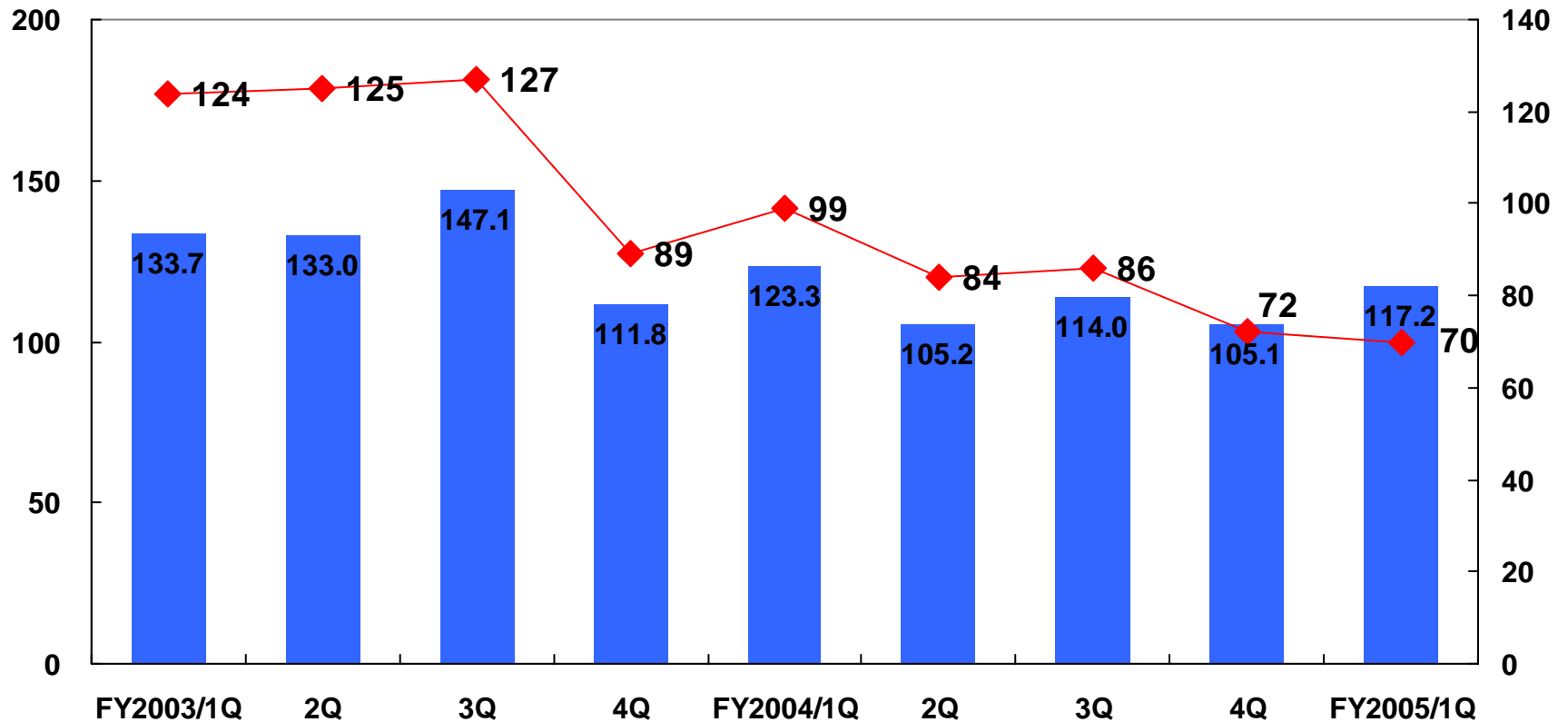


1Q FY2005 Financial Summary

Inventory Turnover

(Billions of Yen)

(Days)



Inventory
 Inventory turnover

Turnover days = Inventories at end of each quarter / 12-month moving-average sales x 365



Quarterly Net Sales by Division

SPE

(Semiconductor Production Equipment)
FY2004: calculation below

FPD

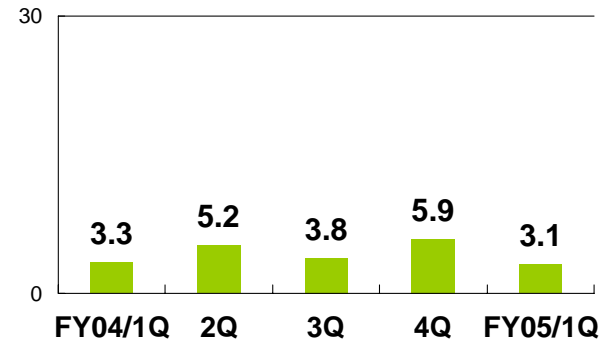
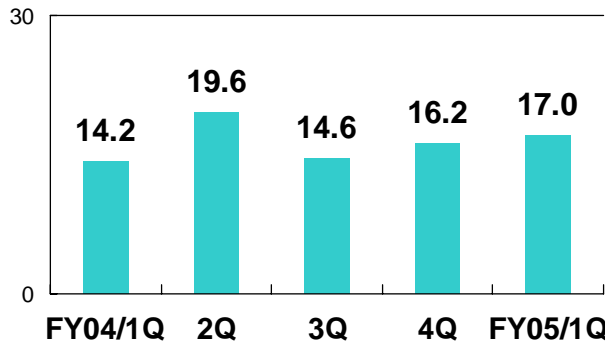
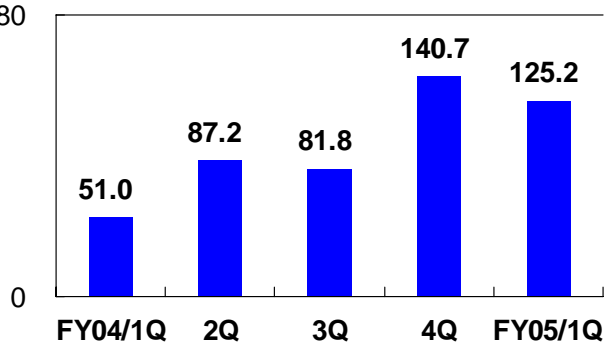
(Flat Panel Display
Production Equipment)

FY2004: non-consolidated basis

CN

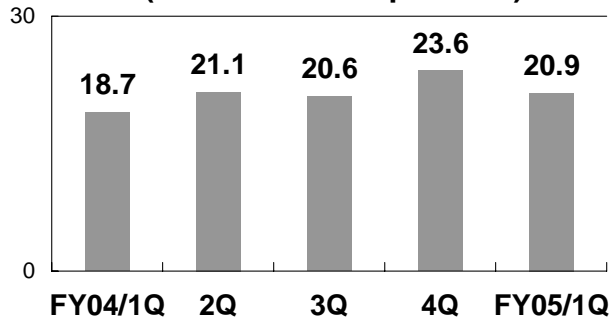
(Computer Network)

(Billions of Yen)

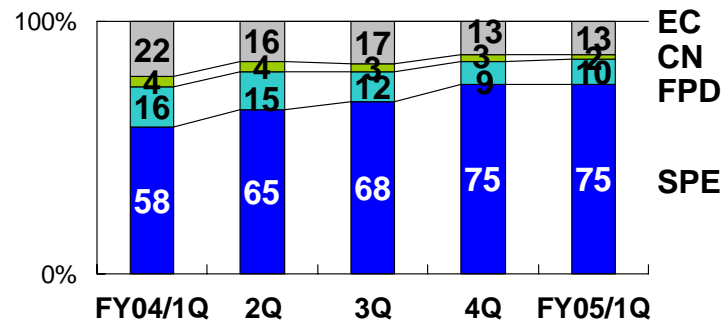


EC

(Electronic Components)



Composition



From FY2005, sales of FPD Production Equipment Division, which were included in sales of SPE Division, are disclosed separately on a consolidated basis. The figures of 1Q-4Q FY2004 were calculated as below:

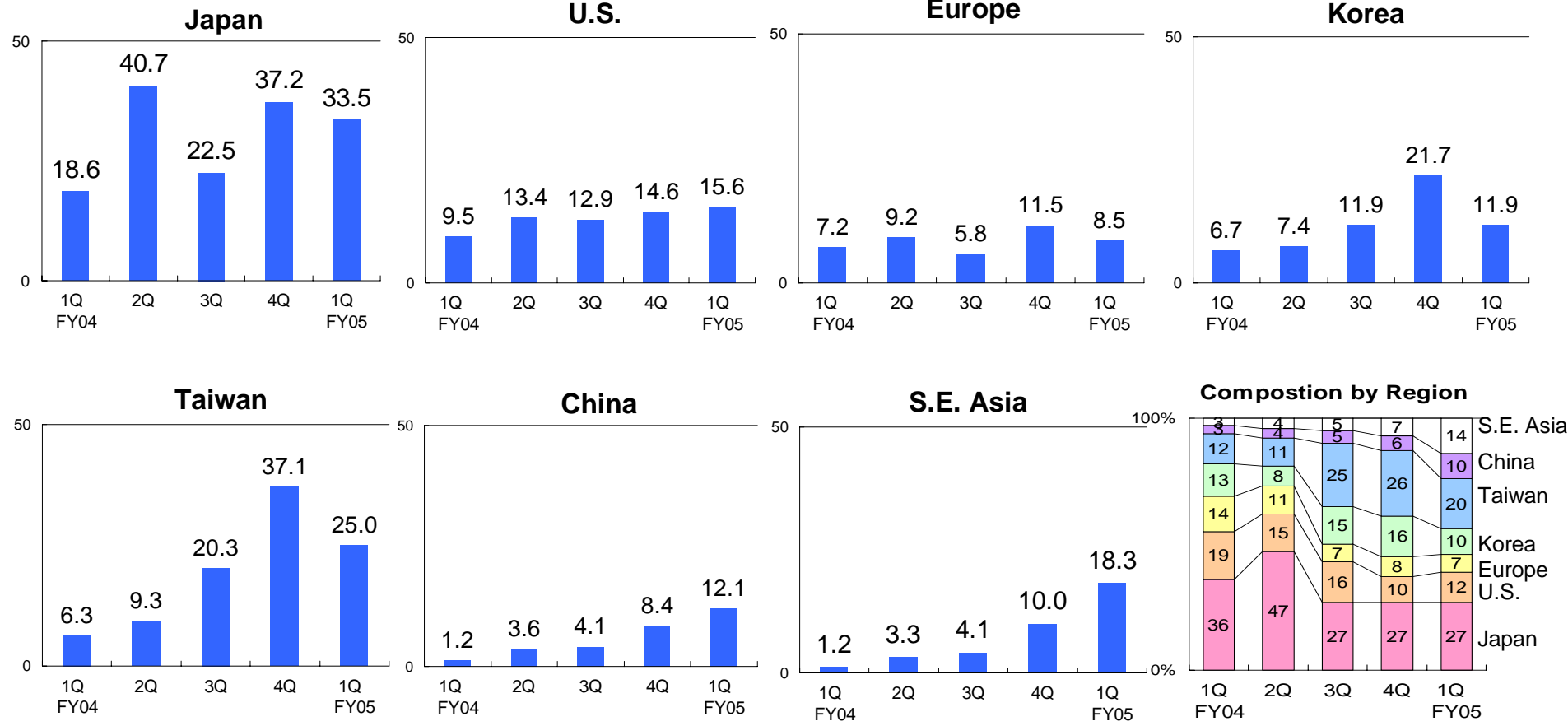
- 1Q-4Q FY2004 SPE sales: SPE sales (consolidated) – FPD sales (non-consolidated)
- 1Q-4Q FY2004 FPD sales: FPD sales (non-consolidated)



1Q FY2005 Financial Summary

SPE Sales by Region

(Billions of Yen)

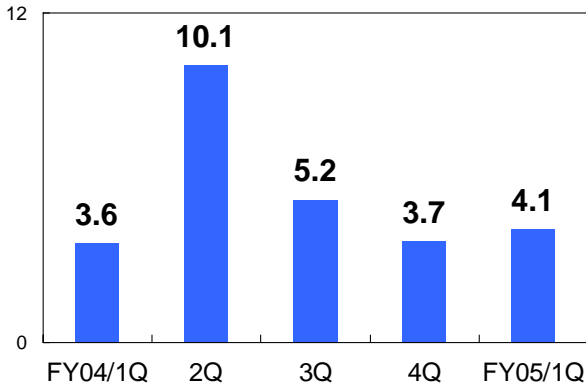


Figures of 1Q-4Q FY2004 = conventional SPE sales by region (consolidated) – FPD sales by region (non-consolidated)

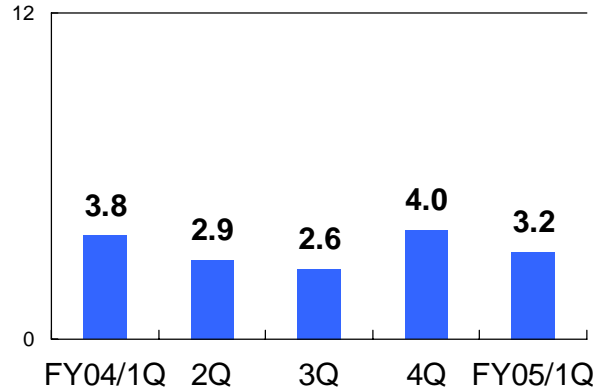
Quarterly FPD Sales by Region

(Billions of Yen)

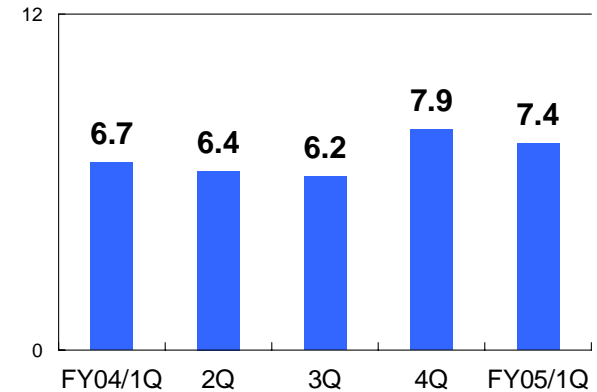
Japan



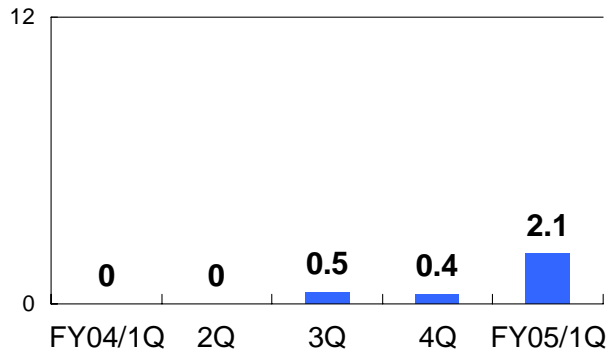
Korea



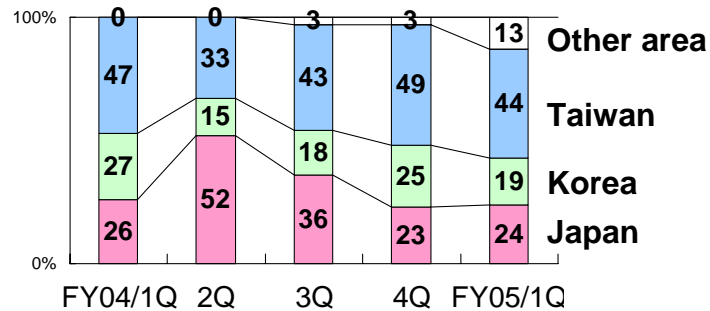
Taiwan



Other area



Composition by Region



Figures of 1Q-4Q FY2004 (non-consolidated), Figures of 1Q FY2005 (consolidated basis)

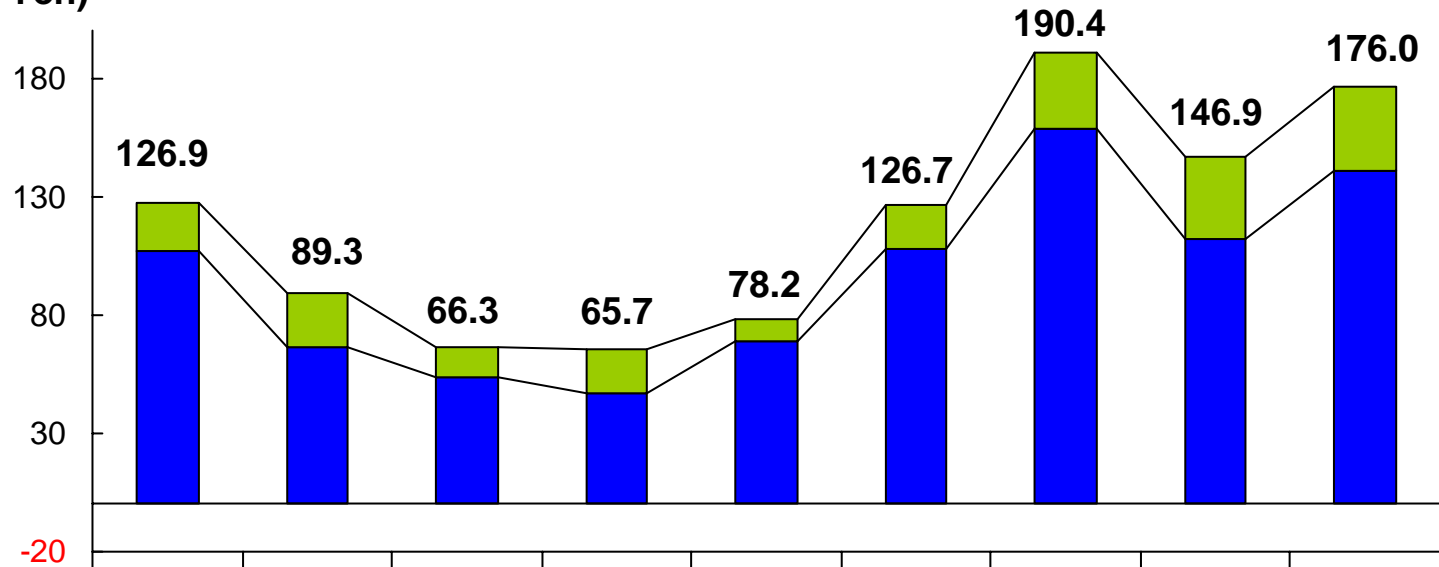


1Q FY2005 Financial Summary

Quarterly SPE+FPD Order

Net, Non-consolidated Basis

(Billions of Yen)



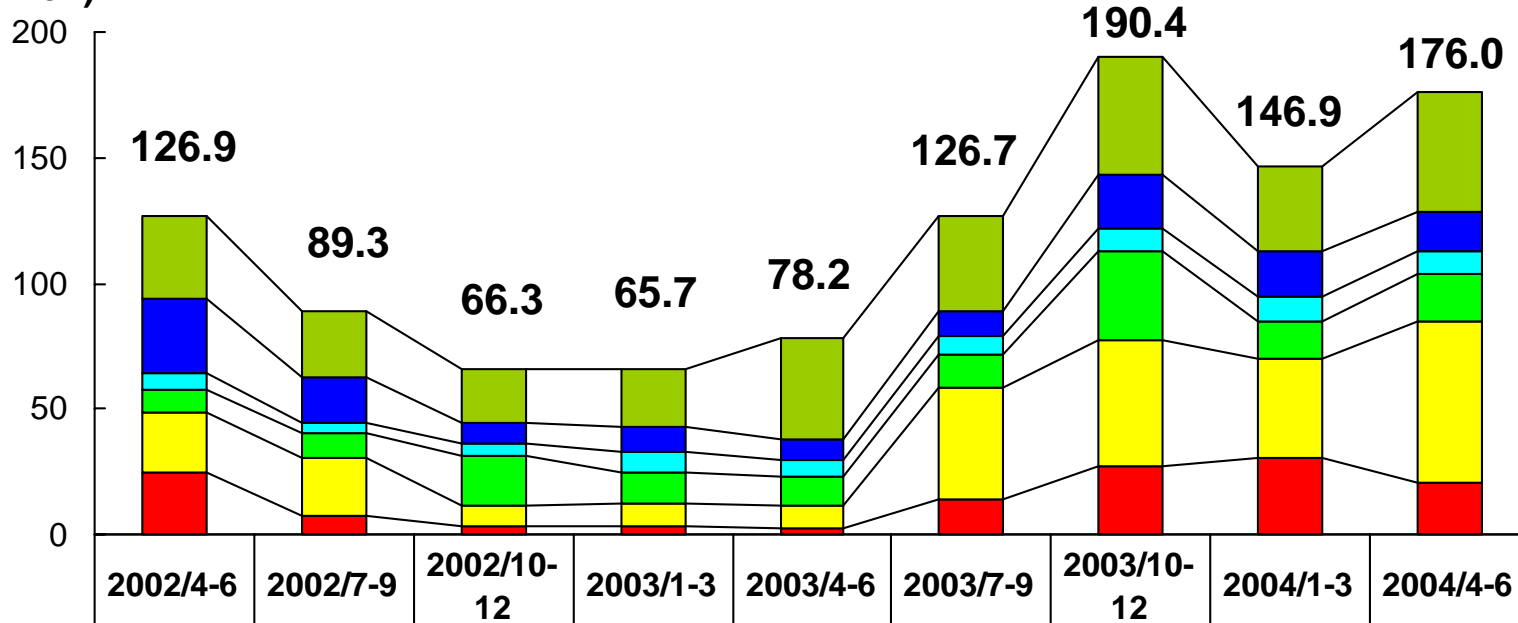
	2002/ 4-6	2002/ 7-9	2002/ 10-12	2003/ 1-3	2003/ 4-6	2003/ 7-9	2003/ 10-12	2004/ 1-3	2004/ 4-6
■ FPD Production Equipment	19.9	22.8	13.0	19.2	9.3	19.2	31.6	34.7	34.9
■ Semiconductor Production Equipment	107.0	66.4	53.2	46.5	68.8	107.5	158.7	112.1	141.0



Quarterly SPE+FPD Order by Region

Net, Non-consolidated Basis

(Billions of Yen)



	2002/4-6	2002/7-9	2002/10-12	2003/1-3	2003/4-6	2003/7-9	2003/10-12	2004/1-3	2004/4-6
■ Japan	33.2	26.3	21.5	22.5	40.1	37.4	46.8	33.8	47.6
■ U.S.	29.2	18.3	8.4	10.0	8.5	9.8	21.4	18.1	15.6
■ Europe	6.4	4.4	4.9	8.7	6.2	7.6	9.2	9.9	9.0
■ Korea	9.0	9.7	19.9	11.8	11.4	13.0	35.0	15.1	18.9
■ Taiwan	24.2	22.7	8.3	9.2	9.1	45.0	50.2	39.4	64.1
■ China, S.E.Asia, other	24.7	7.7	3.1	3.4	2.8	13.7	27.5	30.4	20.6



FY2005 Revision of Financial Estimates

(April 1, 2004 – March 31, 2005)



Consolidated Financial Forecast

(Billions of Yen)

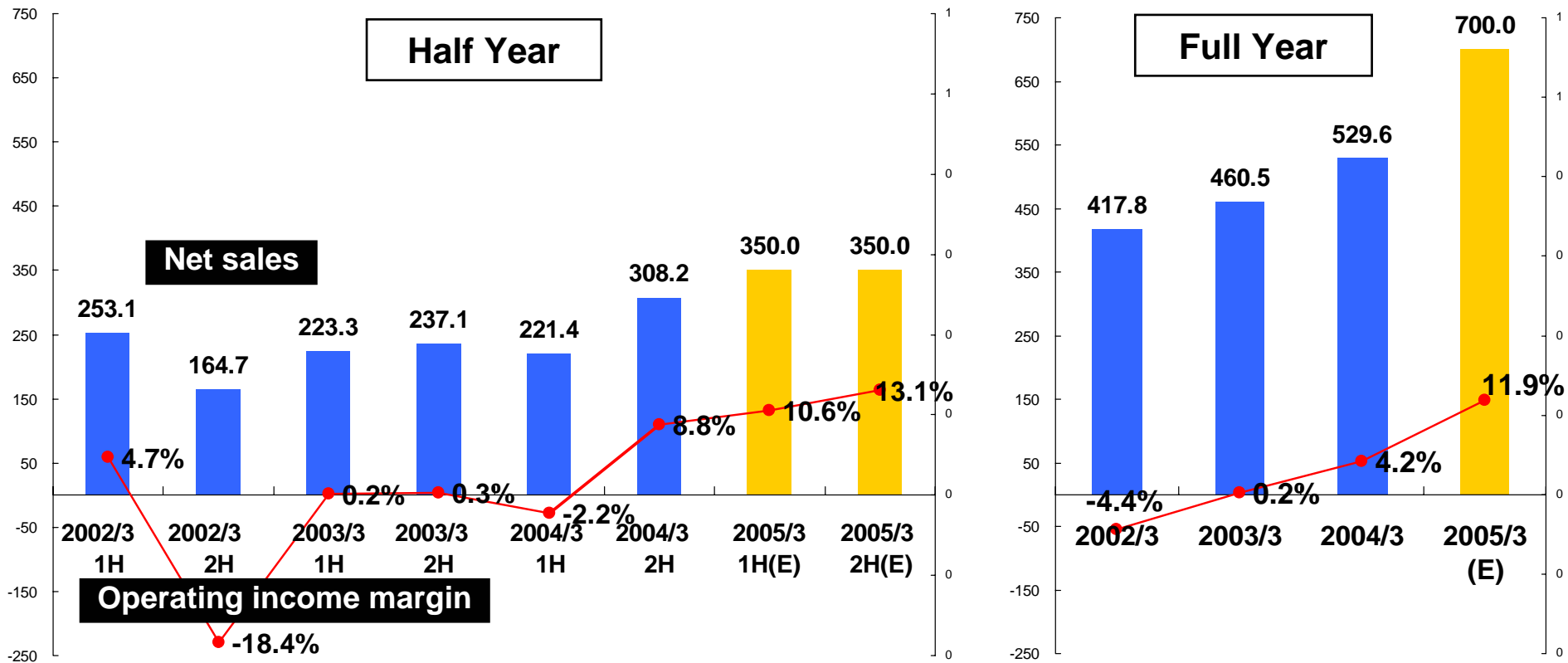
	FY2004 Full Year	Revised FY2005(E)			Y/Y Change	
		1H(E)	2H(E)	Full Year (E)		
Net Sales	529.6	350.0	350.0	700.0	+32%	
SPE	425.7	254.0	255.0	509.0	+39%	
FPD		41.5	40.5	82.0		
CN		9.0	9.0	18.0		-2%
EC		45.0	45.0	90.0		+7%
Others		0.5	0.5	1.0		-19%
Operating Income	22.2 (4.2%)	37.0 (10.6%)	46.0 (13.1%)	83.0 (11.9%)	3.7 times	
Ordinary Income	21.1 (4.0%)	38.0 (10.9%)	47.0 (13.4%)	85.0 (12.1%)	4.0 times	
EBIT	14.9 (2.8%)	37.5 (10.7%)	47.0 (13.4%)	84.5 (12.1%)	5.7 times	
Net Income	8.2 (1.6%)	33.0 (9.4%)	34.0 (9.7%)	67.0 (9.6%)	8.1 times	

Previous Estimates (Apr. 30)

Previous FY2005(E)		
1H(E)	2H(E)	Full Year (E)
310.0	320.0	630.0
220.0	220.0	440.0
36.5	43.5	80.0
9.0	10.0	19.0
44.0	46.0	90.0
0.5	0.5	1.0
27.0 (8.7%)	31.0 (9.7%)	58.0 (9.2%)
28.0 (9.0%)	32.0 (10.0%)	60.0 (9.5%)
28.0 (9.0%)	32.0 (10.0%)	60.0 (9.5%)
24.0 (7.7%)	28.0 (8.8%)	52.0 (8.3%)

Net Sales & Profit Ratio

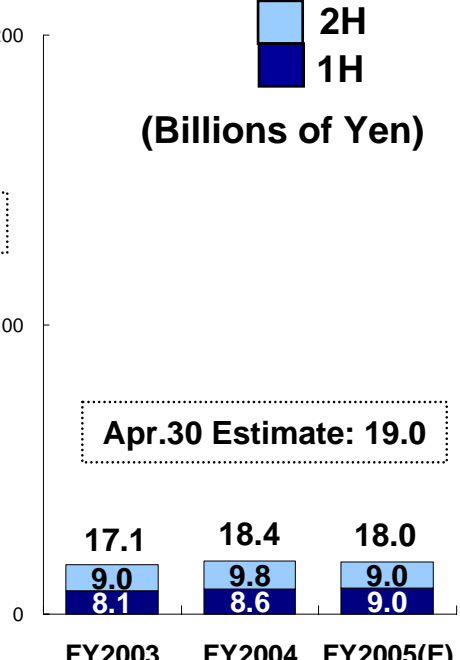
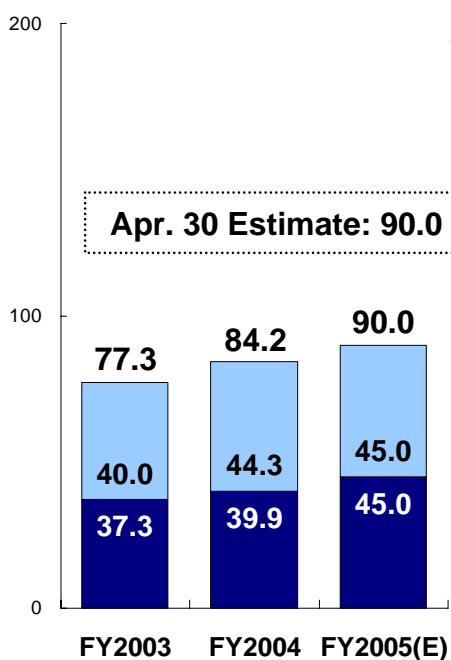
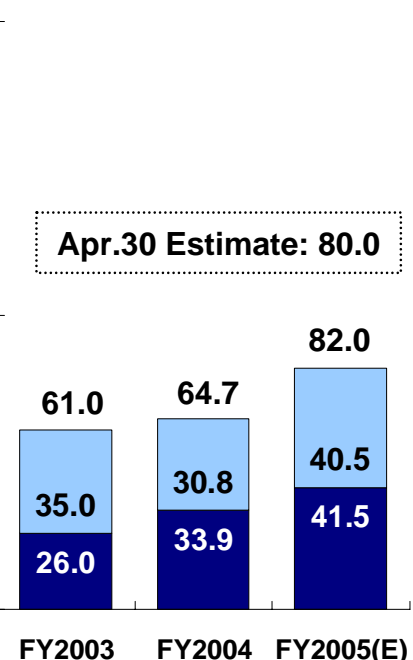
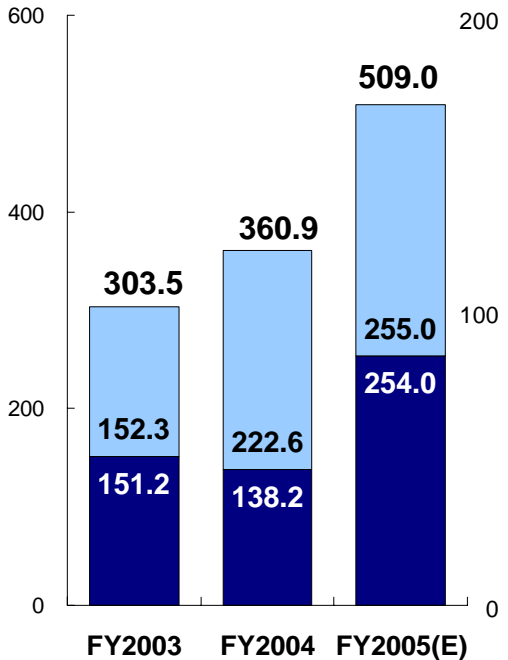
(Billions of Yen)



Projected Net Sales by Division

Apr.30 Estimate: 440.0

2H
1H
(Billions of Yen)



SPE*1

FPD*2

EC

CN

*1 FY2003 and FY2004: Conventional SPE sales (consolidated) – FPD sales (non-consolidated)

*2 FY2003 and FY2004: non-consolidated basis

Other sales for FY2005(E): 1.0 billion yen



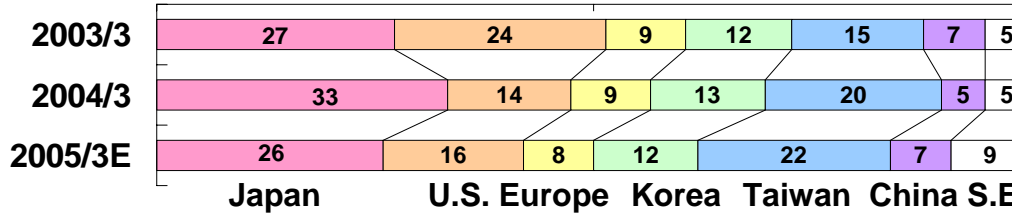
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Projected SPE Sales by Region

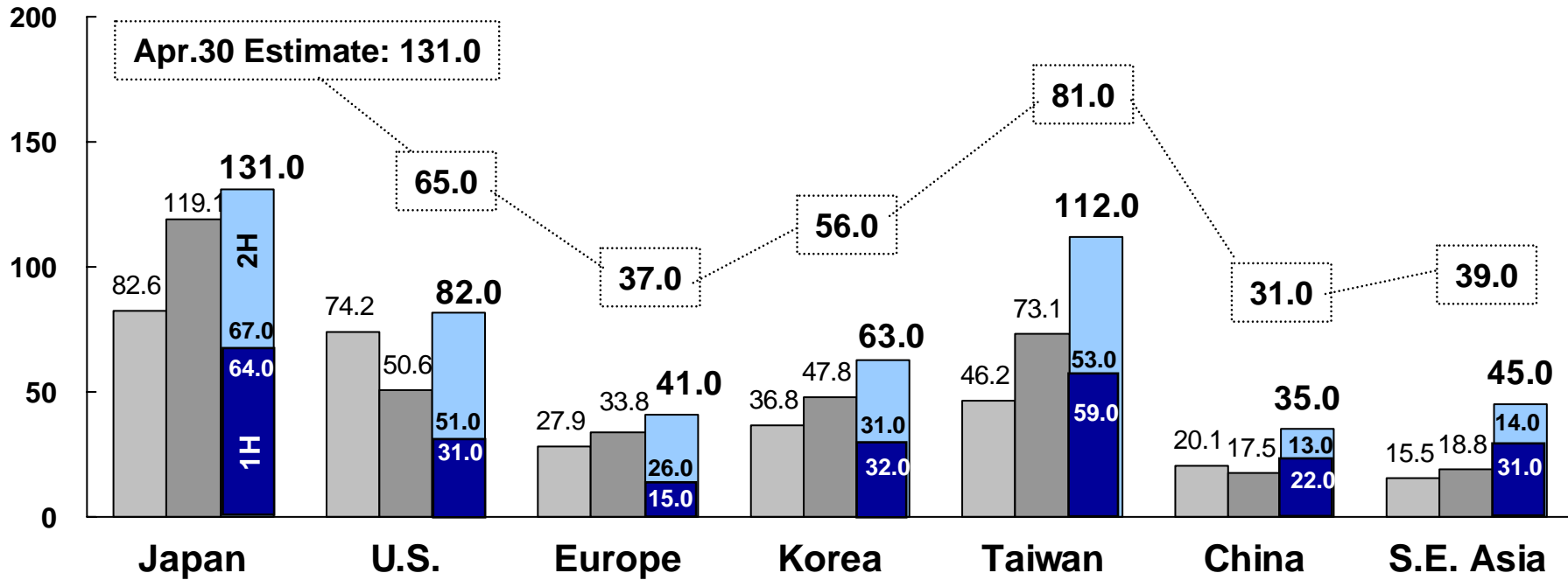
Composition

0% 50% 100%



2003/3 303.5 bil. Yen
 2004/3 360.9 bil. Yen
 2005/3E 509.0 bil. Yen

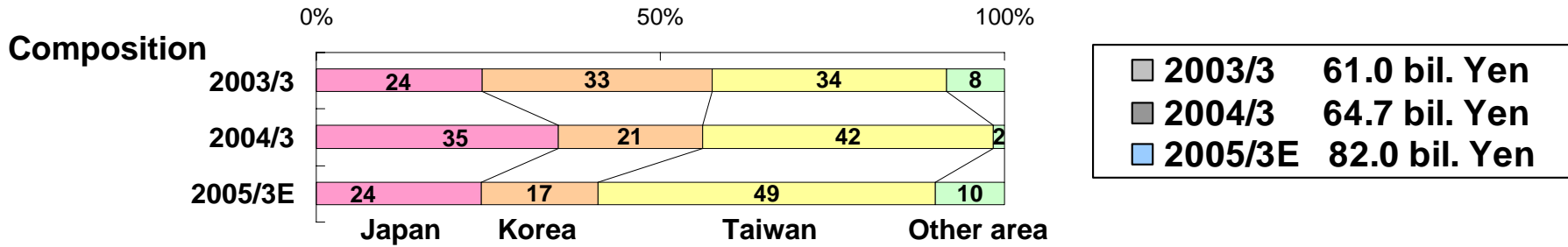
(Billions of Yen)



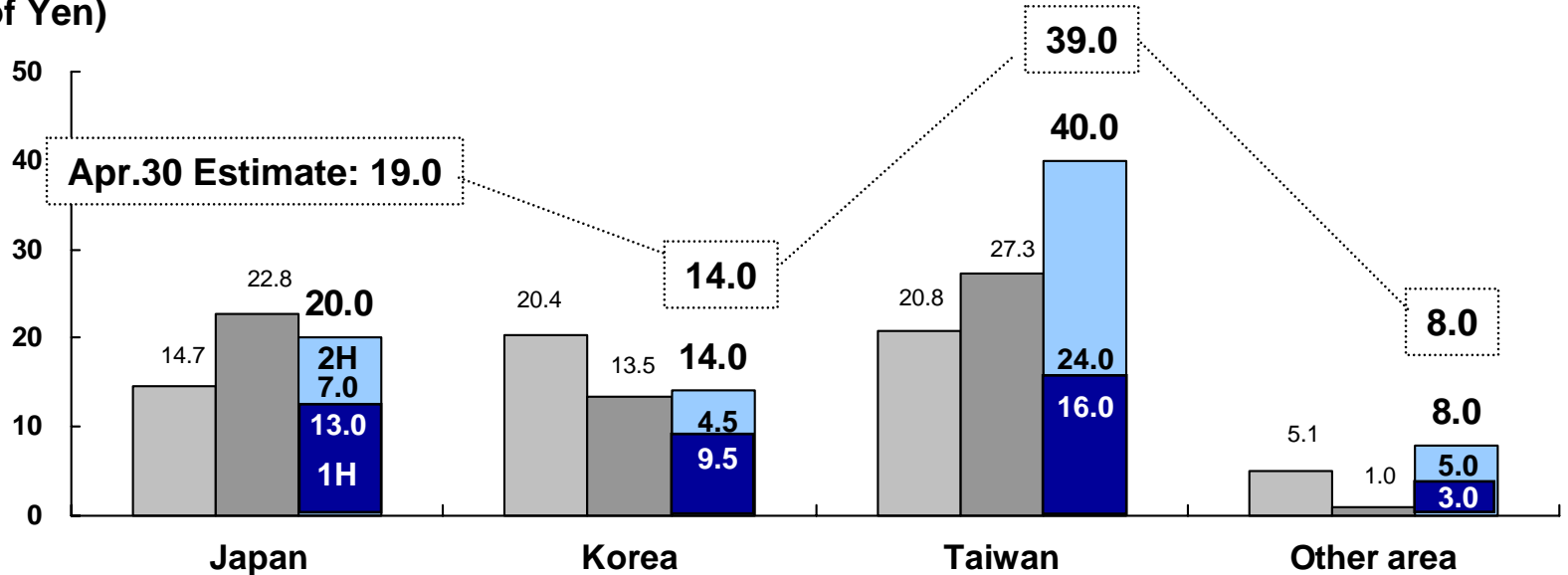
Y/Y change	+10%	+62%	+21%	+32%	+53%	+99%	+139%
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Figures of FY2003, FY2004 = conventional SPE sales by region (consolidated) – FPD sales by region (non-consolidated)

Projected FPD Sales by Region



(Billions of Yen)



Y/Y change	- 12%	+3%	+46%	+653%
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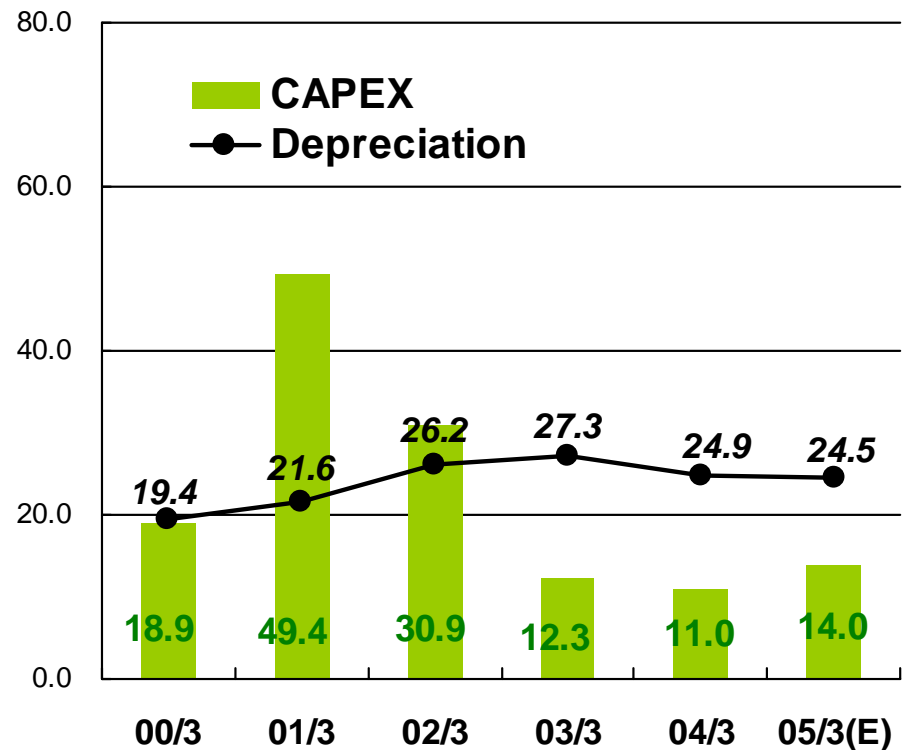
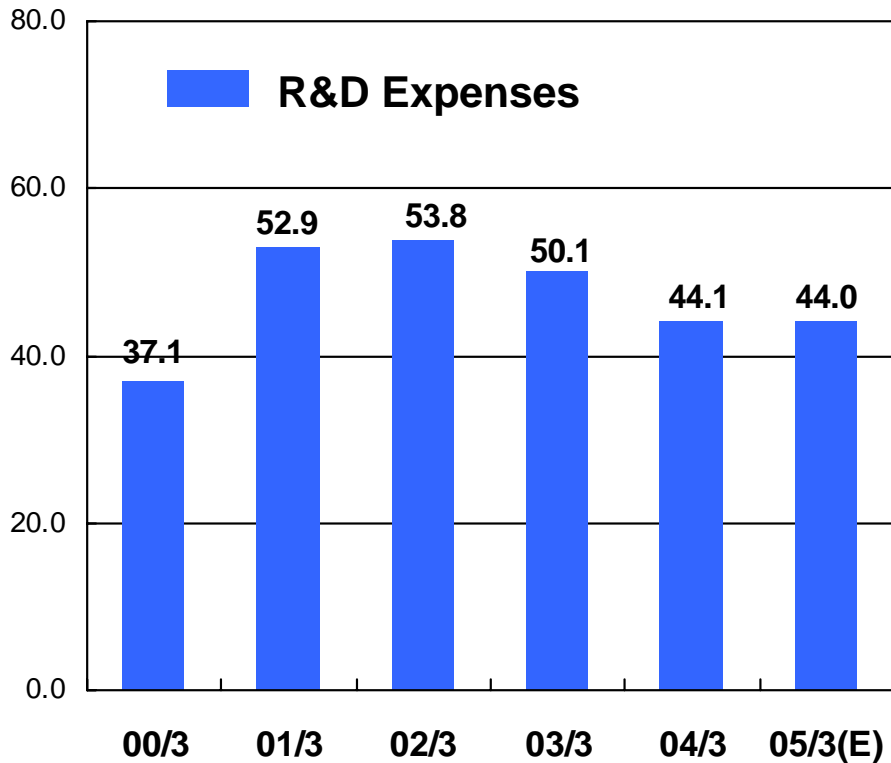
- Figures of FY2003, FY2004: non-consolidated basis
- Figures of FY2005: consolidated basis



Projected R&D Expenses and Capital Expenditures

Same as Apr.30 Estimate

(Billions of Yen)



20

FY2005 Revision of Financial Estimates

SPE Sales Composition by Product

Non-consolidated Basis

	1Q FY2005	Full Year FY2005 (E)
Coater/developer	35.7%	33.5%
Etch System	31.4%	29.3%
Thermal Processing System	17.6%	16.3%
Single Wafer Deposition System	2.6%	5.7%
Cleaning System	4.6%	5.8%
Wafer Prober	7.9%	7.9%
Import Products	0.2%	1.5%
Total	100.0%	100.0%

From FY2005, sales of FPD Production Equipment Division, which were included in sales of SPE Division, are separately disclosed. This table shows sales composition of SPE products only.

