

# **1H FY March 2006 Financial Announcement Meeting**

**Tetsuro Higashi, Chairman & CEO**

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# 1. Review of First Half of Fiscal Year March 2006

Market trends



Market strengthened after Summer

- PCs and Cellphones strong in BRICs and other emerging markets
- Expanding applications (iPod, etc.) for NAND Flash
- Increasing investment for game devices (Real-time image-processing technology is key)
- Communications equipment and in-car device markets are steadily expanding
- FPD equipment orders also firm for strong demand of LCD TVs

# 1. Review of First Half of Fiscal Year March 2006

## Results: Key points

- Sales, profit and margins each revised up

Sales: 610 Billion Yen ➡ 650 Billion Yen

Operating profit: 60 Billion Yen ➡ 68 Billion Yen

Operating profit margin: 9.8% ➡ 10.5%

- Improved cash flow
- New product releases
- Order volume higher than 3 month prior forecast
- Dividend forecast revised up

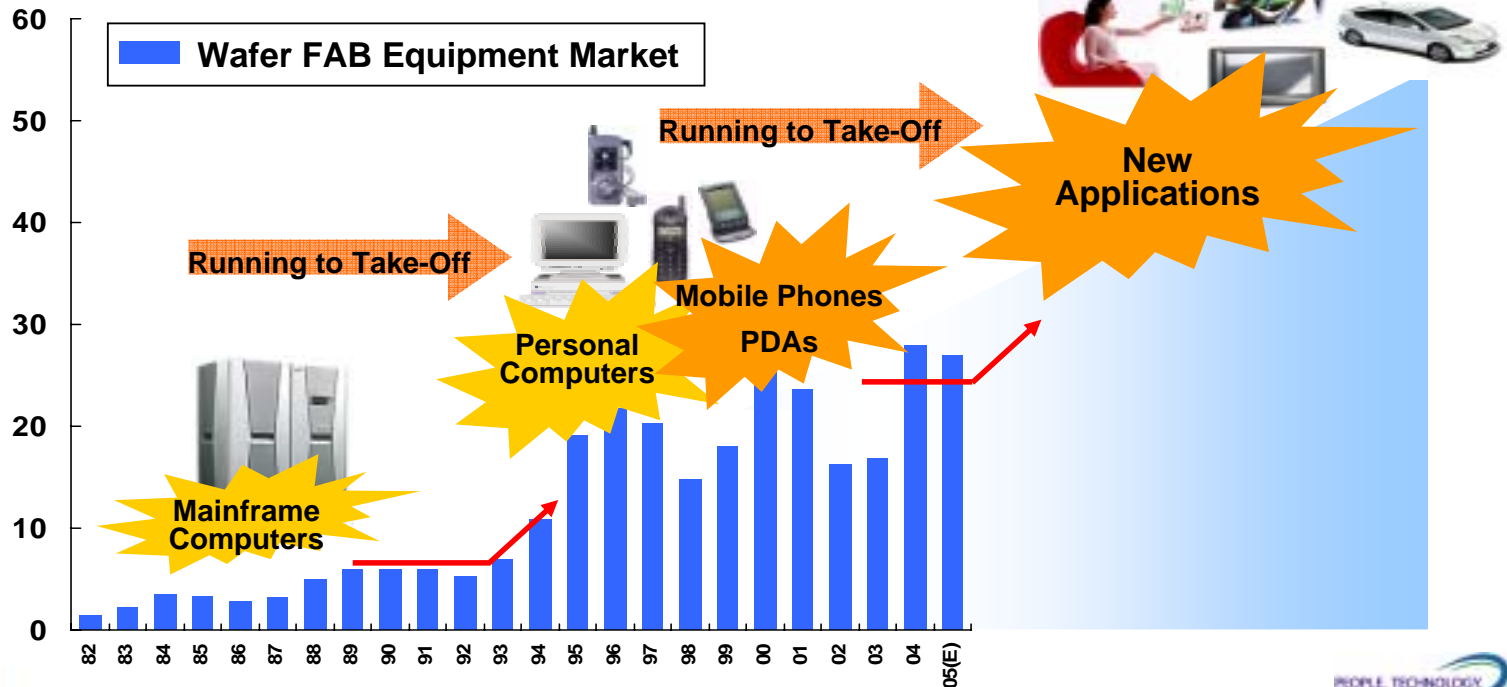
Cash dividends per share (FY2006): 42 Yen ➡ 50 Yen

## 2. Medium- to Long-term Outlook

- Semiconductors and FPDs are becoming the critical technologies supporting future growth industries on a worldwide scale

### i. Applications

(Billions of US Dollars)

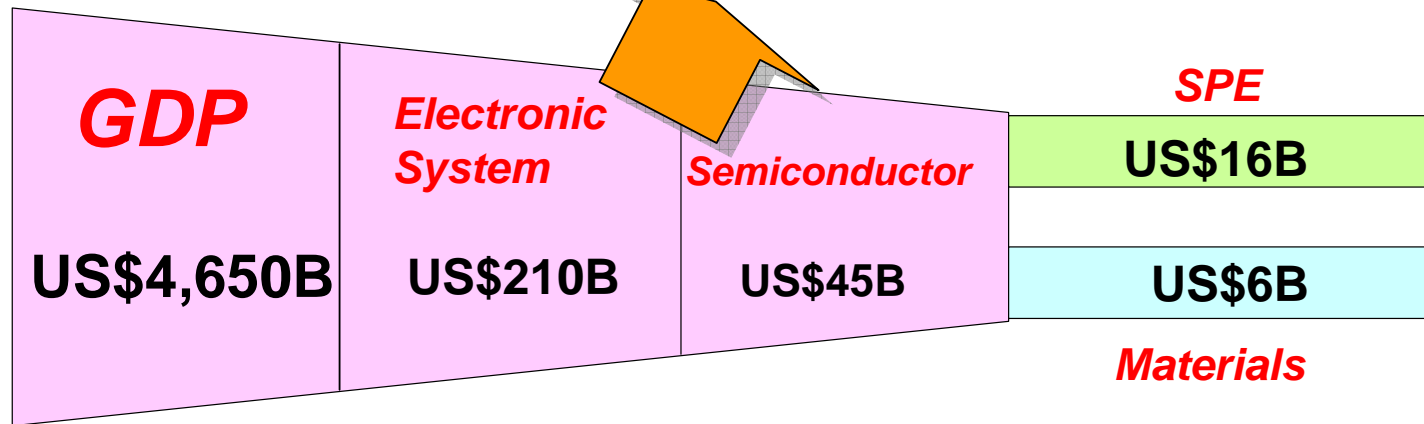


## 2. Medium- to Long-term Outlook

### ii. Industries

(Japan, CY2000)

Transport	Broadcast	Finance	Medical	Education
US\$390B	US\$250B	US\$345B	US\$330B	US\$310B



Source: Mr. Makimoto, SEAJ

### iii. Market

The market is expanding from some developed regions to a worldwide scale including the BRICs

## 2. Medium- to Long-term Outlook

- For an industry with a ¥20 trillion+ scale a near-10% growth rate is very high
- Sustaining growth and the creation of profit based on technological revolution and the creation of profit are the drivers of this industry

## 3. Key Measures

### Reinforce profitable growth

- Pursue improved product development and commercialization
- Search out new applications in existing product domains and cultivate new markets
- Strengthen links with key customers and development partners
- Increase profitability (New products, cost reduction)
- Improve cash flow management through control of accounts receivable and inventory



# 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. Round applies for percentage calculations.