

TOKYO ELECTRON

1H FY2006 Financial Announcement



November 9, 2005

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.



TOKYO ELECTRON

CORP IR/November 9, 2005



First Half/FY2006 Financial Summary and Revision of FY2006 Financial Estimates

1H FY2006: April 1, 2005 - September 30, 2005
FY2006: April 1, 2005 - March 31, 2006

November 9, 2005



1H FY2006 Financial Summary

Consolidated Financial Results

3

(Billions of Yen)

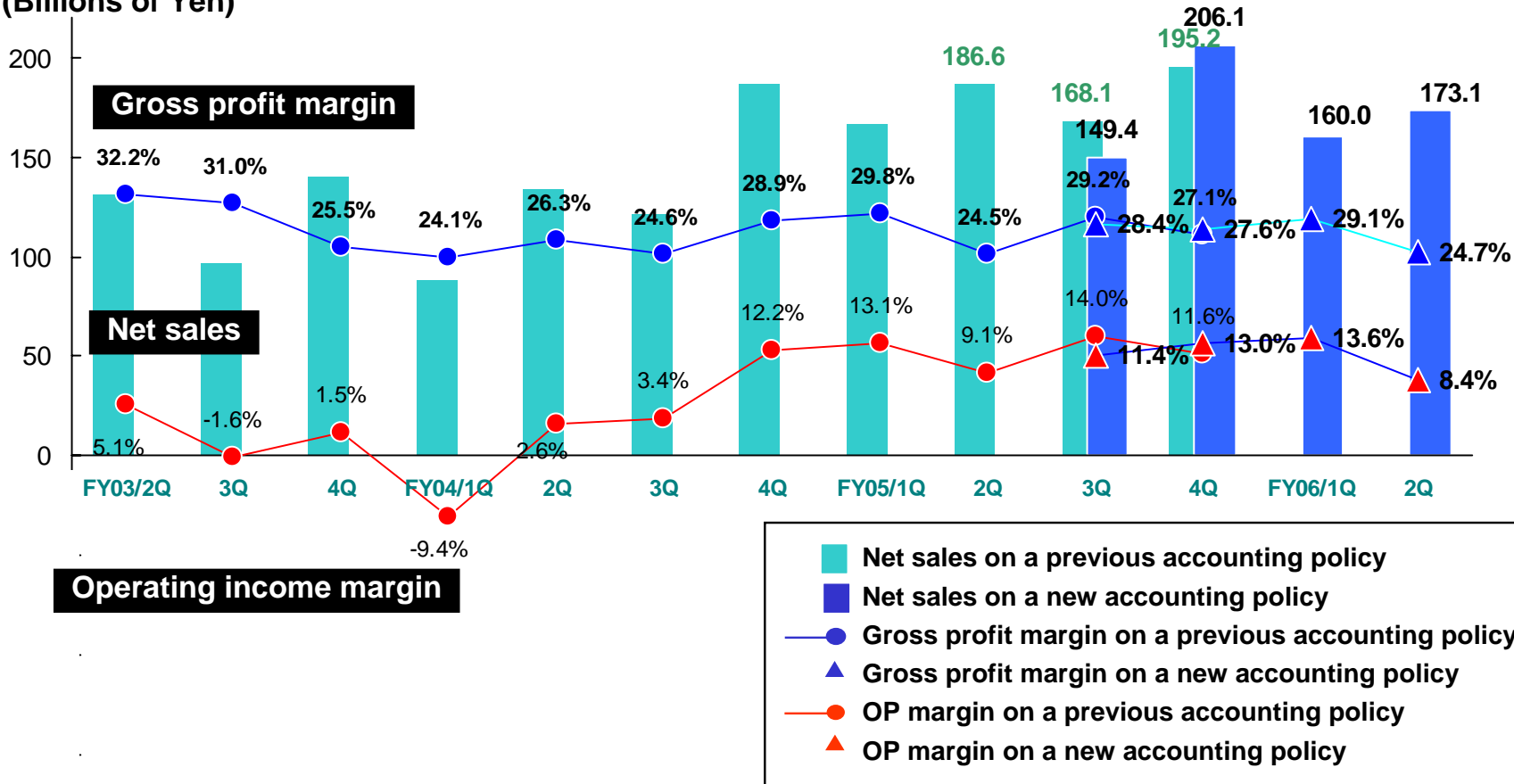
	FY2005 1H	FY2006 1H	YoY change		FY2006 1H	Variance against original estimate
					Original estimate	original estimate
Net Sales	280.1	333.1	+52.9 B	+18.9%	315.0	+18.1 B
SPE	206.0	239.2	+33.1 B	+16.1%	225.0	+14.2 B
FPD	21.0	43.0	+ 22.0 B	+104.8%	41.5	+1.5 B
CN	7.3	8.2	+0.9 B	+12.5%	8.5	-0.2 B
EC	45.1	41.9	-3.2 B	-7.2%	39.5	+2.4 B
Others	0.6	0.6	0.0 B	+4.2%	0.5	+0.1 B
Gross Profit	76.7 (27.4%)	89.2 (26.8%)	+12.5 B		85.0 (27.0%)	+4.2 B
SG&A Expenses	56.4	52.9	-3.4 B		55.0	-2.0 B
Operating Income	20.2 (7.2%)	36.2 (10.9%)	+15.9 B		30.0 (9.5%)	+6.2 B
Ordinary Income	20.9 (7.5%)	36.7 (11.0%)	+15.7 B		30.5 (9.7%)	+6.2 B
EBIT	7.9 (2.8%)	36.5 (11.0%)	+28.6 B		30.5 (9.7%)	+6.0 B
Net Income	1.2 (0.5%)	23.9 (7.2%)	+22.7 B		18.0 (5.7%)	+5.9 B

() Profit ratio

● Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies.

Quarterly Net Sales & Profit Ratio

(Billions of Yen)

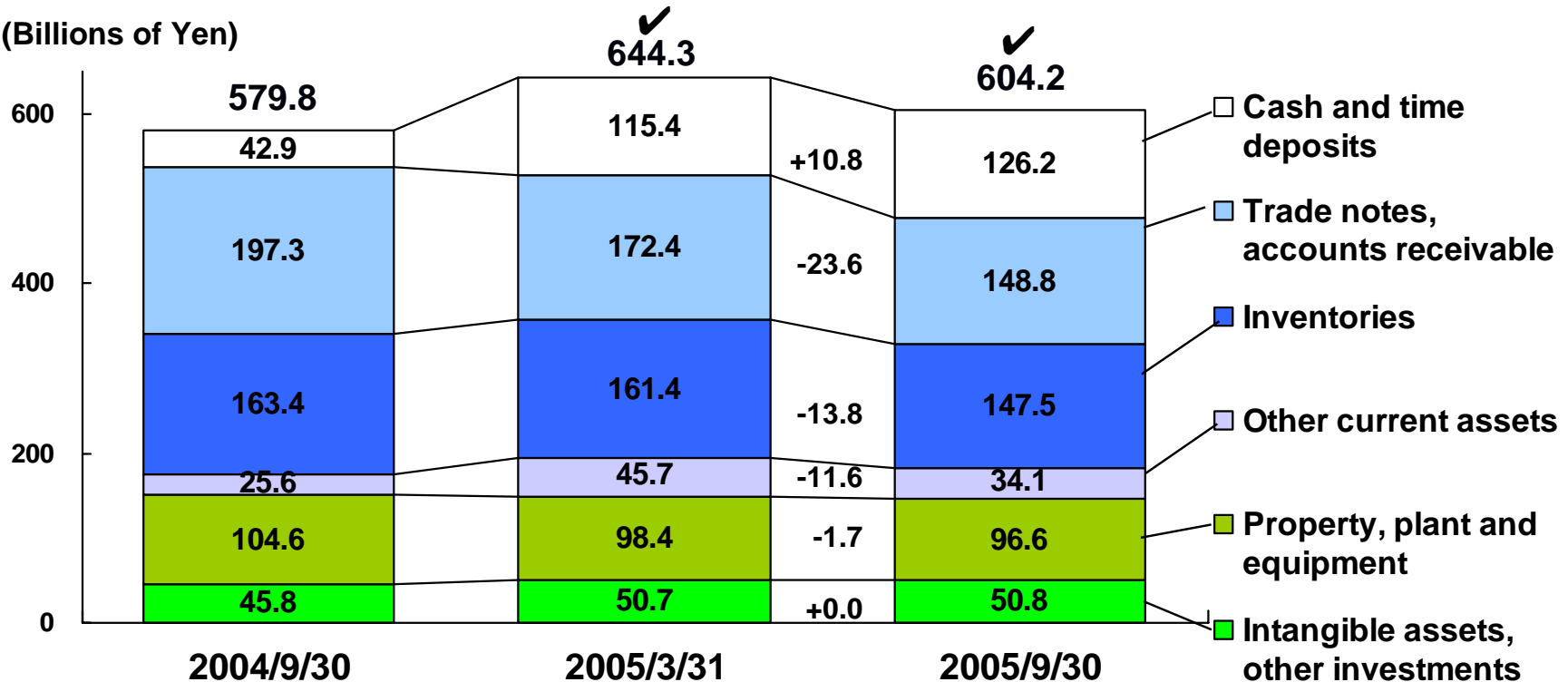


Operating income margin

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

Assets

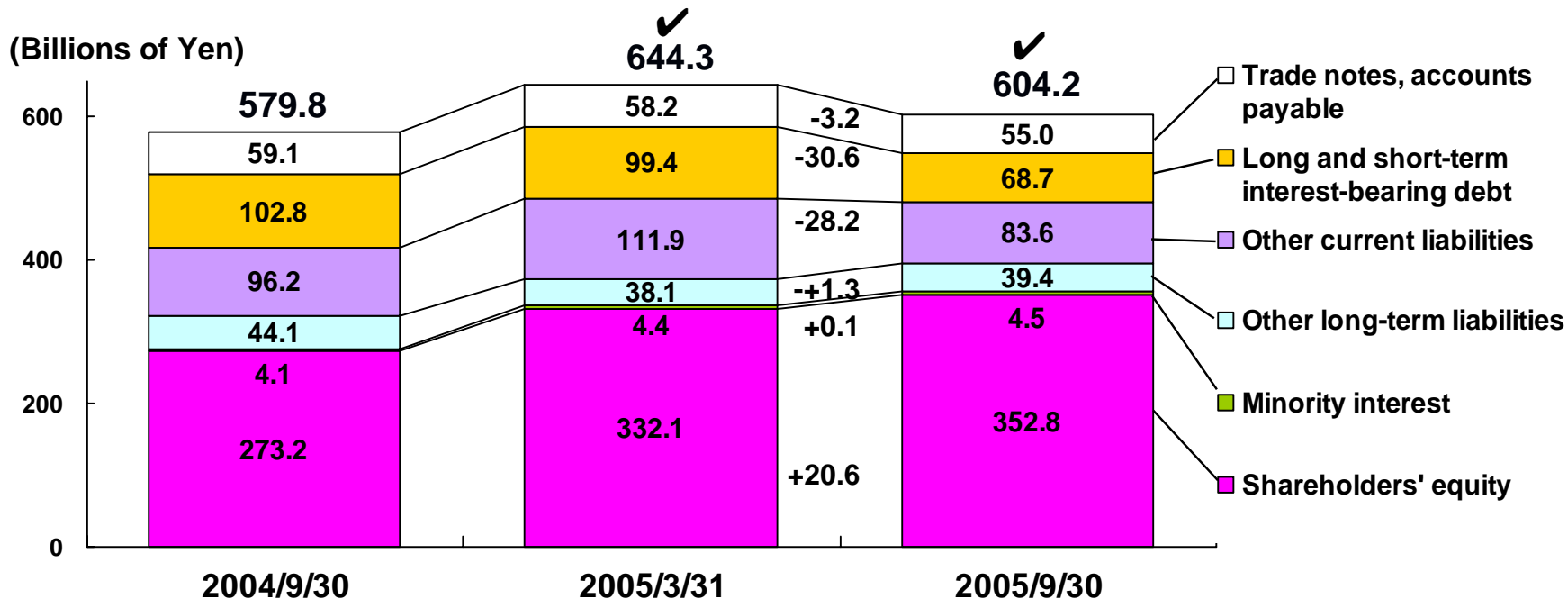
(Billions of Yen)



2005/3/31 vs 2005/9/30

Trade notes, accounts receivable	- 23.6	
Inventories	-13.8	Decrease in finished products (-17.4)
Other current assets	-11.6	Decrease accrued consumption tax (-9.5)

Liabilities & Shareholders' Equity

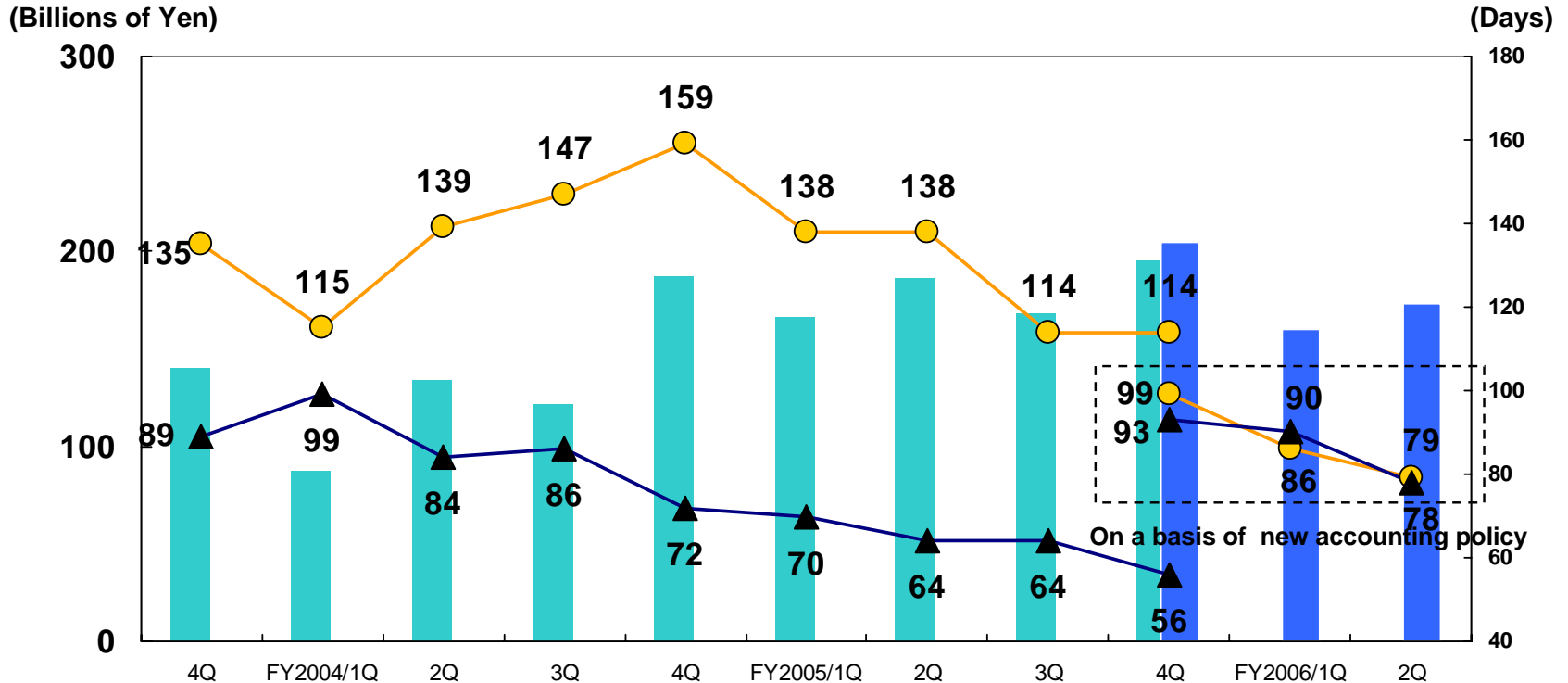
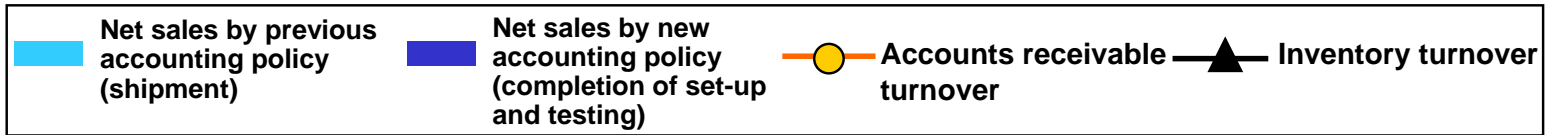


Debt to Equity 37.6% 29.9% 19.5%

2005/3/31 vs 2005/9/30

Long and short-term interest-bearing debt	-30.6	Redemption of SB (-30.0)
Other current liabilities	-28.2	Decrease in customer advances (-18.8)
Shareholders' equity	+20.6	Increase in retained earnings (+18.2)

Inventory Turnover and AR Turnover



- Turnover days = Inventory or AR at the end of each quarter / 12-month moving-average sales x 365
- For calculating turnovers for 1Q/FY2006, "6 months sales (1H/FY2005) on a basis of new accounting policy x 1/2" is used as a figure for 2Q/FY2005 sales.

Cash Flow

(Billions of Yen)

		1H FY2006 (6 months)	1H FY2005 (6 months)	FY2005 Full year (Reference)
Cash flow from operating activities		53.4	32.9	114.3
	Income before income taxes	36.5	7.9	55.7
	Depreciation and amortization	9.2	10.4	21.4
	AR/Inventories/AP/Customer advances	14.1	- 8.6	22.5
	Tax paid	- 12.5	- 2.1	- 4.7
	Others	6.0	25.3	19.3
Cash flow from investing activities		- 6.3	- 4.2	-7.4
Cash flow from financing activities		- 35.8	- 28.2	-34.3
	Decrease in interest-bearing dept	- 30.7	- 24.2	- 27.6
	Dividends paid	- 5.3	- 1.0	-3.7
	Others	0.1	- 2.8	- 2.9
Net increase in cash and cash equivalents		10.7	0.2	72.7
Cash and cash equivalents at end of term		126.2	42.9	115.4

- CF from operating activities: Increase through raising operating income, faster recovery of AR, and controlling inventories
- CF from investing activities: Use cash mainly for R&D evaluation equipment
- CF from financing activities: Use cash for reducing interest-bearing debt



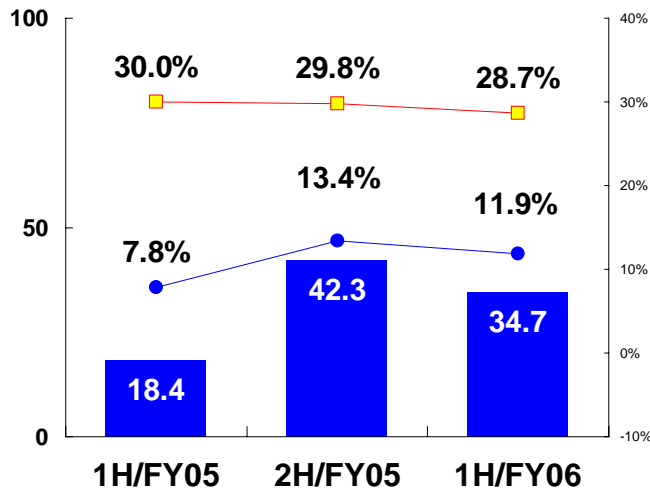
Segment Information by Business Type

Operating income/Operating income margin

Industrial electronic equipment
(SPE, FPD, Computer systems and Networks, other)

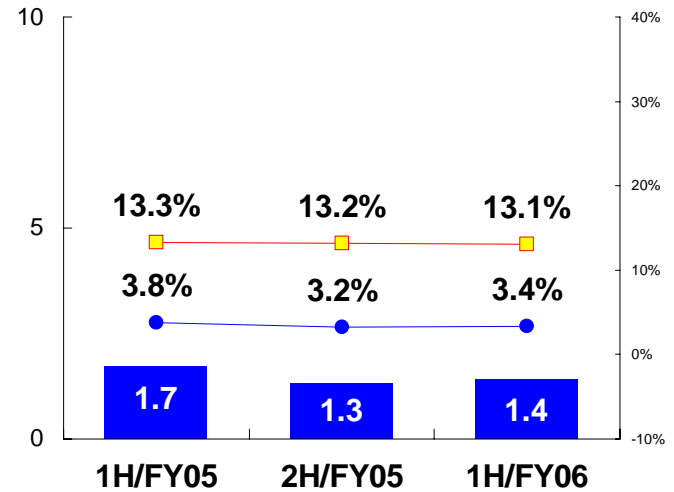
Electronic components
(Semiconductor products, Boards, Software, Other electronic components)

(Billions of Yen)



■ Operating income ● Operating margin
■ Gross margin

(Billions of Yen)

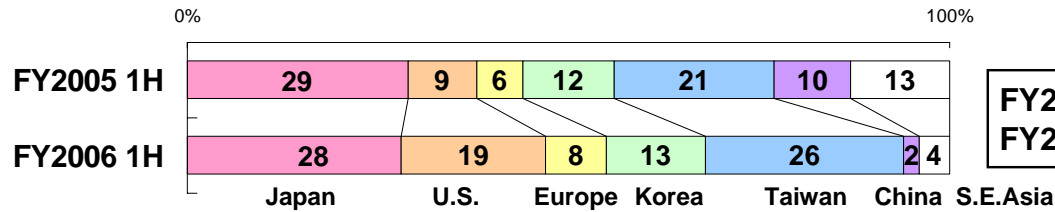
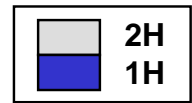


■ Operating income ● Operating margin
■ Gross margin

- Segment gross margin is provided just for reference.
- Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies

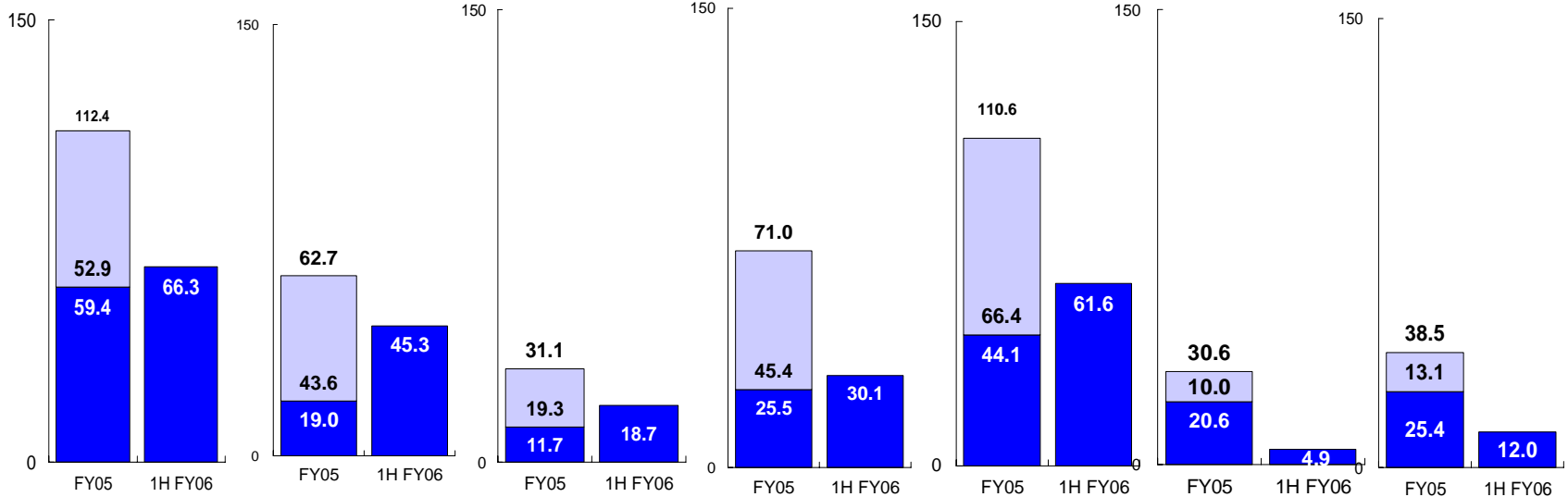
1H FY2006 Financial Summary

SPE Sales by Region



FY2005 1H 206.0 bil yen
 FY2006 1H 239.2 bil yen

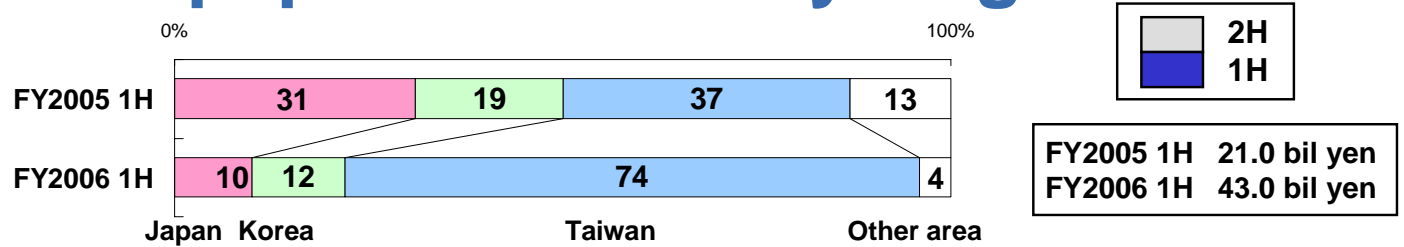
(Billions of Yen)



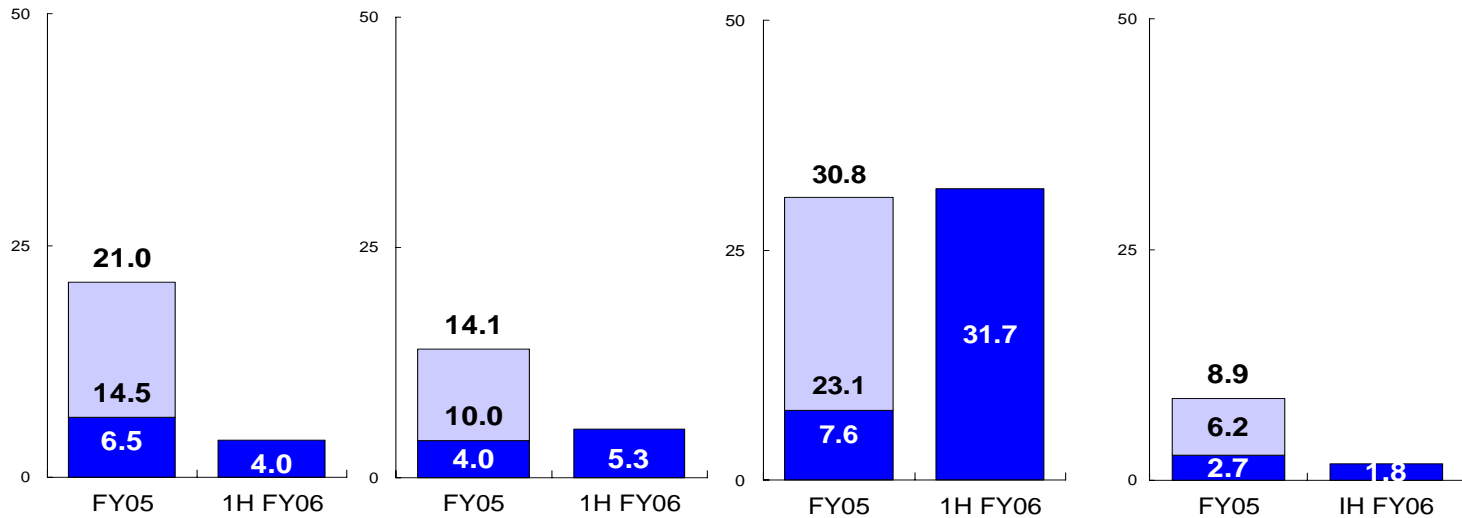
Region	U.S.	Europe	Korea	Taiwan	China	S.E.Asia
1H/FY06 vs 1H/FY05	+138%	+59%	+18%	+39%	-76%	-53%

● Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies.

FPD Equipment Sales by Region



(Billions of Yen)

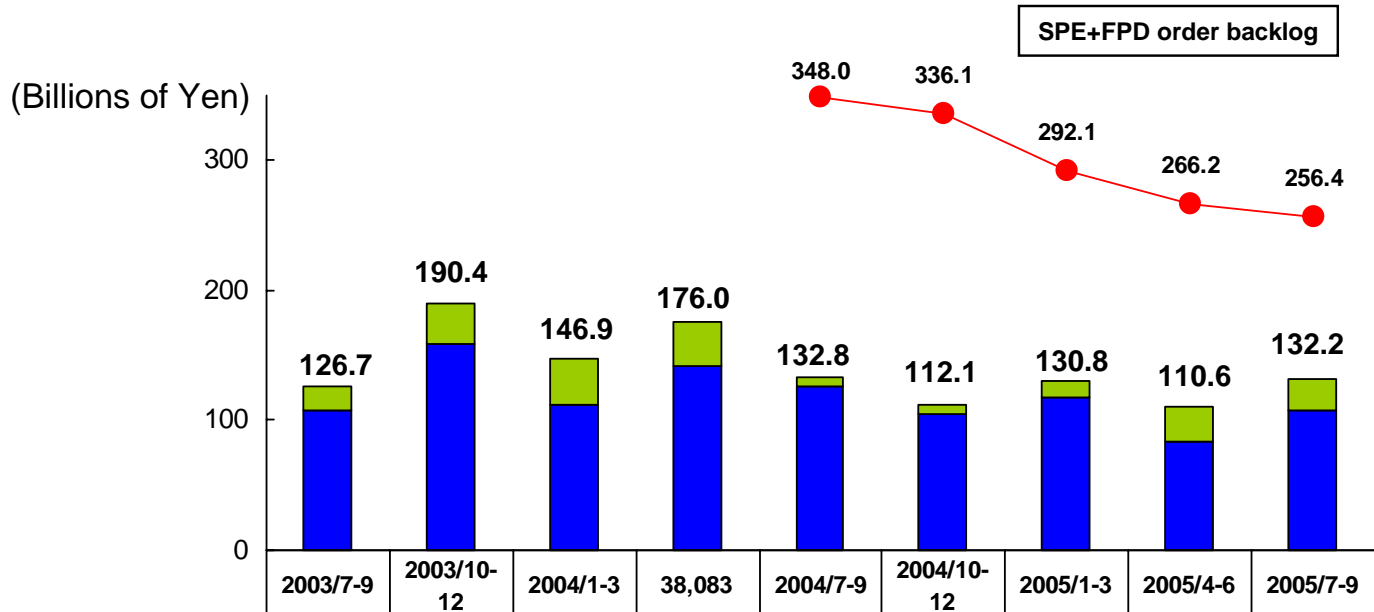


Japan	Korea	Taiwan	Other area
1H/FY06 vs 1H/FY05 - 38%	+31%	+314%	- 31%

● Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies.

Quarterly SPE+FPD Order, Order Backlog

Net, Non-consolidated Basis



FPD Production Equipment	19.2	31.6	34.7	34.9	6.0	6.6	13.6	27.6	24.0
SPE	107.5	158.7	112.1	141.0	126.8	105.4	117.2	82.9	108.1
Order backlog (confirmation of set-up and testing basis)					348.0	336.1	292.1	266.2	256.4

Order backlog breakdown

FPD	81.0	66.0	69.8	74.8
SPE	255.1	226.0	196.3	181.6



FY2006 Revision of Financial Estimates



Consolidated Financial Forecast

(Billions of Yen)

	FY2005	FY2006 (E)				FY2006
	Full year	1H	2H (E) Revised	Full year (E) Revised	YoY change	Full year (E) Original estimate
Net Sales	635.7	333.1	316.8	650.0	+2.2%	610.0
SPE	457.1	239.2	227.7	467.0	+2.1%	435.0
FPD	75.0	43.0	36.9	80.0	+6.6%	72.5
CN	15.9	8.2	8.7	17.0	+6.5%	18.0
EC	86.2	41.9	43.0	85.0	-1.4%	83.5
Others	1.2	0.6	0.3	1.0	-21.0%	1.0
Operating Income	63.9 (10.1)	36.2 (10.9)	31.7 (10.0)	68.0 (10.5)	+4.1 _{B yen}	60.0 (9.8)
Ordinary Income	65.6 (10.3)	36.7 (11.0)	32.2 (10.2)	69.0 (10.6)	+3.4 _{B yen}	61.0 (10.0)
EBIT	55.7 (8.8)	36.5 (11.0)	32.2 (10.2)	68.8 (10.6)	+13.1 _{B yen}	61.0 (10.0)
Net Income	61.6 (9.7)	23.9 (7.2)	20.0 (6.3)	44.0 (6.8)	-17.6 _{B yen}	36.0 (5.9)

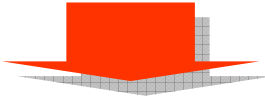
() Profit ratio

•Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies.



Dividends Estimate Revised

Increasing FY2006 dividends, based on solid results and returning profits to shareholders

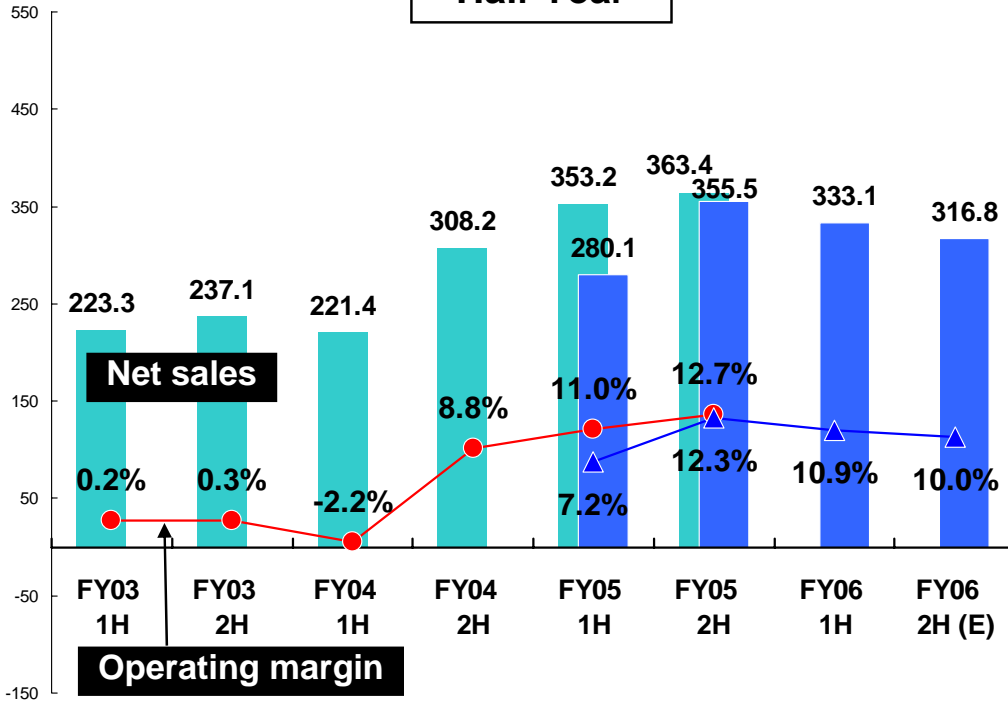
	Interim	Year-end	Year Total
Previous Plan	21 yen	21 yen	42 yen
			
Revised Plan	25 yen	25 yen	50 yen

Estimated pay-out ratio (consolidated basis): 20.2%

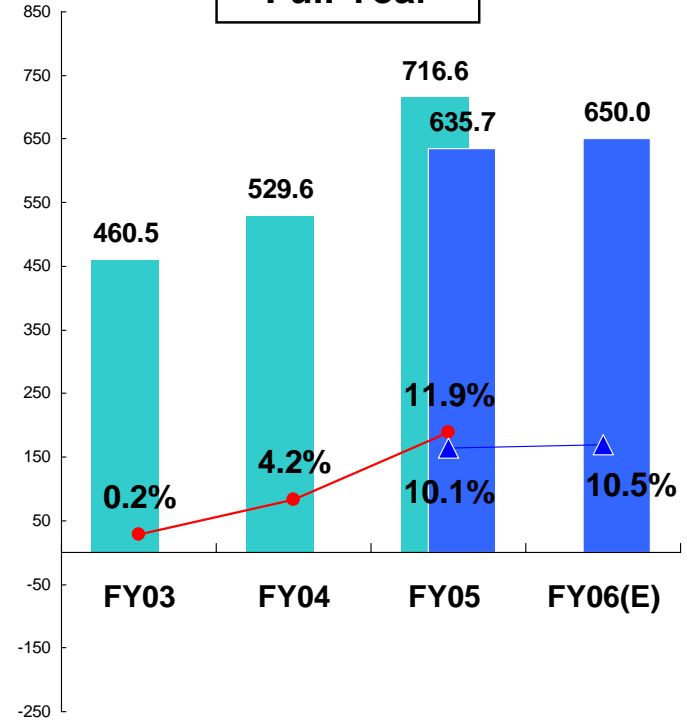
Net Sales & Profit Ratio

(Billions of Yen)

Half Year



Full Year



- OP margin on a basis of previous accounting policy
- Net sales on a basis of new accounting policy
- ▲ OP margin on a basis of new accounting policy



Projected Net Sales by Division

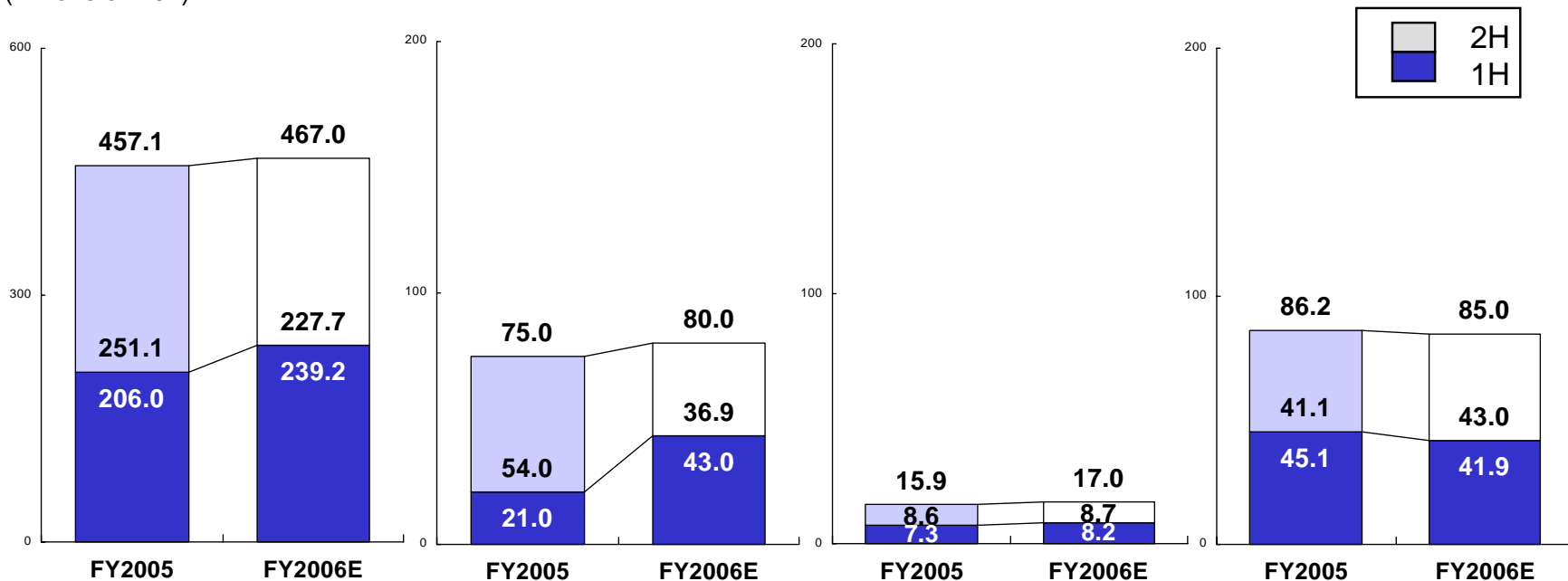
SPE Division
(Semiconductor Production Equipment)

FPD Division
(FPD Production Equipment)

CN Division
(Computer Network)

EC Division
(Electronic Components)

(Billions of Yen)



YoY change +2%

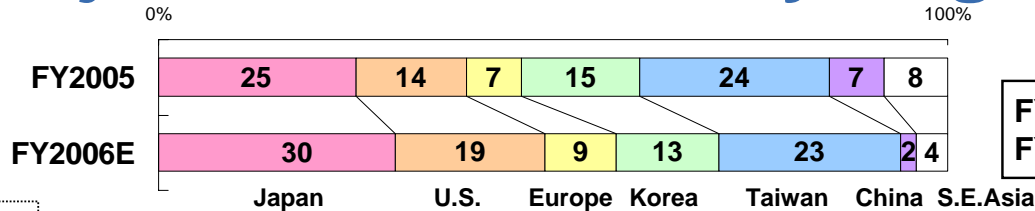
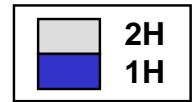
+7%

+7%

- 1%

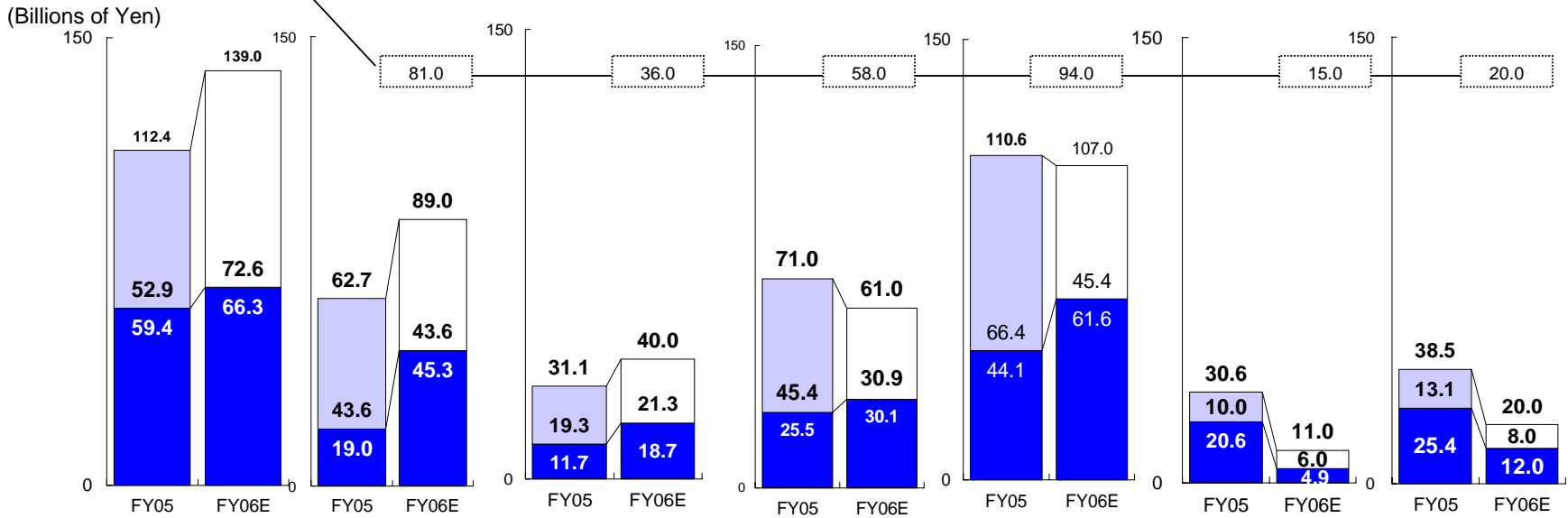
- Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies.
- In addition to the above 4 divisions, there is "Others" division. (Estimated full year sales of 1 billion yen)

Projected SPE Sales by Region



FY2005 457.1 bil yen
FY2006E 467.0 bil yen

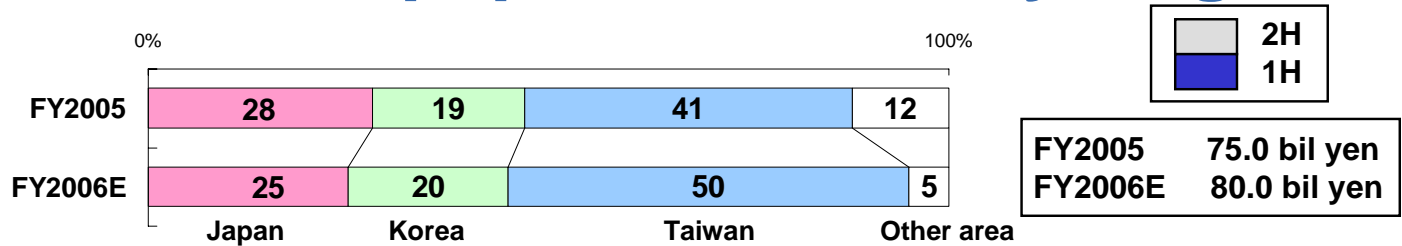
FY06 Original Estimate 131.0



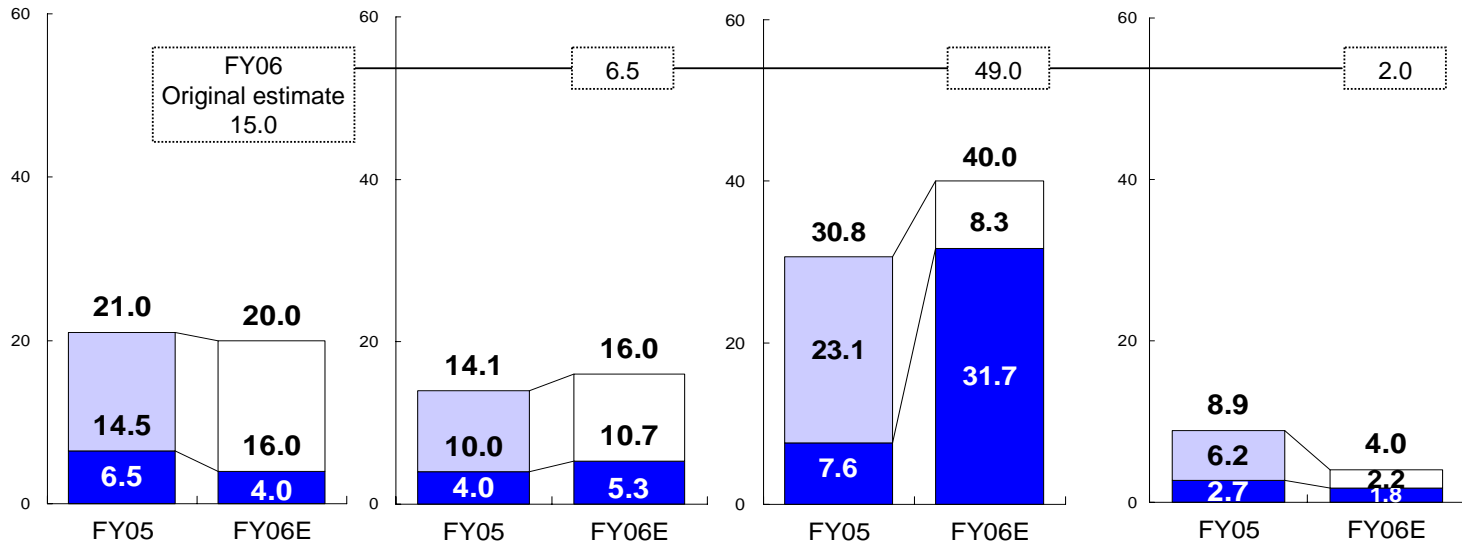
Region	YoY change
Japan	+24%
U.S.	+42%
Europe	+29%
Korea	- 14%
Taiwan	- 3%
China	- 64%
S.E.Asia	- 48%

●Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies.

Projected FPD Equipment Sales by Region



(Billions of Yen)

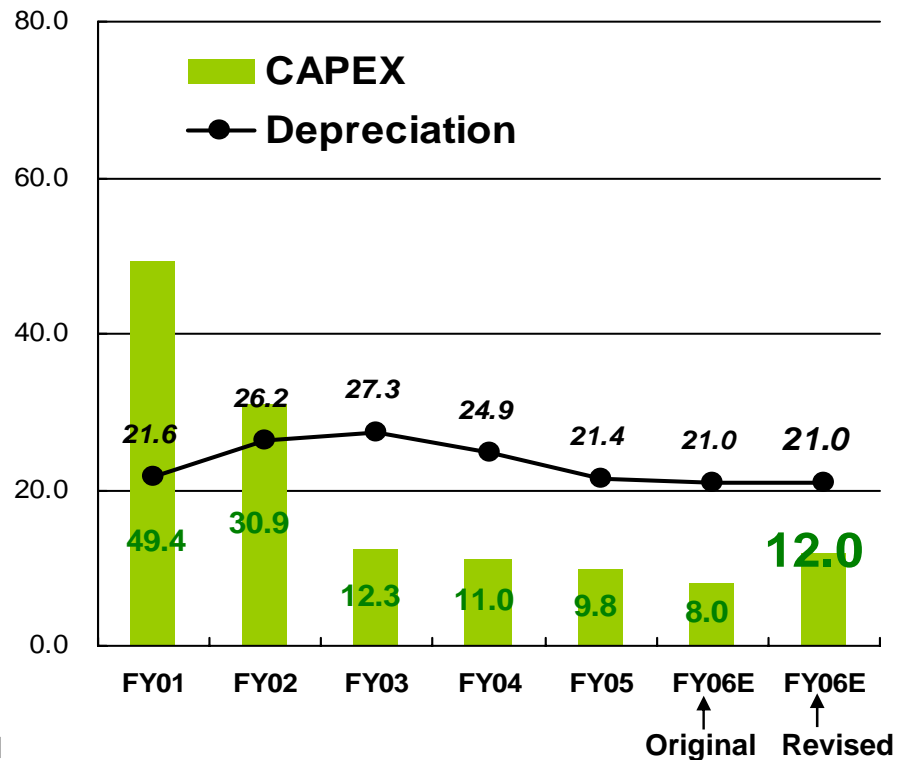
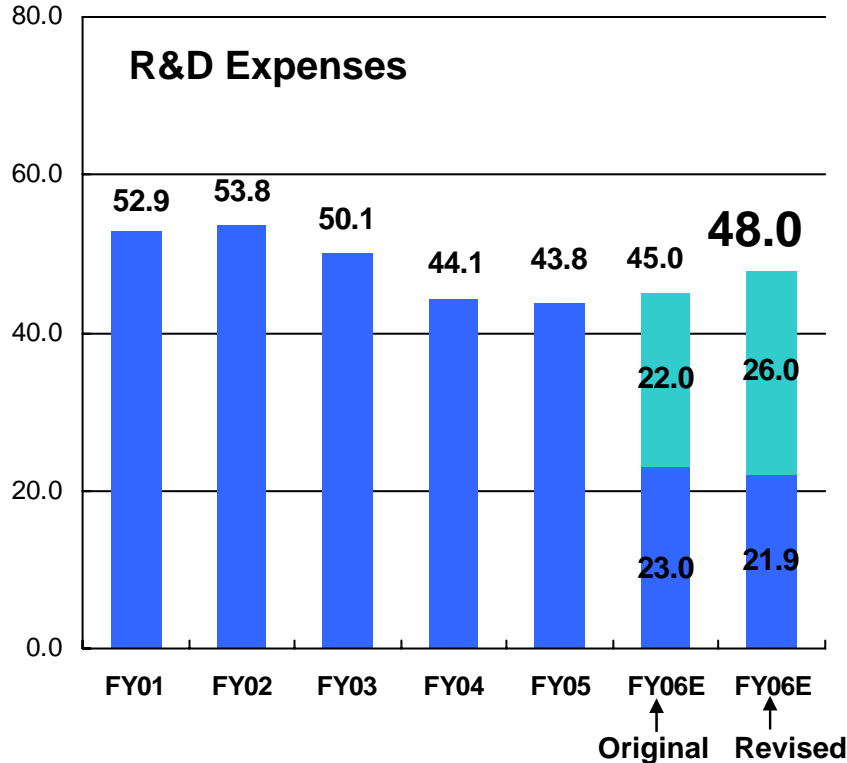


Region	YoY change
Japan	-5%
Korea	+13%
Taiwan	+30%
Other area	-55%

● Changes in accounting policies were made in 1H/FY05. All figures above are based on new accounting policies

Projected R&D Expenses and Capital Expenditures

(Billions of Yen)



Increasing FY06 R&D expenses to 48.0 bil. yen, CAPEX to 12.0 bil. yen



Quarterly Results



TOKYO ELECTRON

CORP IR/November 9, 2005



Quarterly Financial Results

(Billions of Yen)

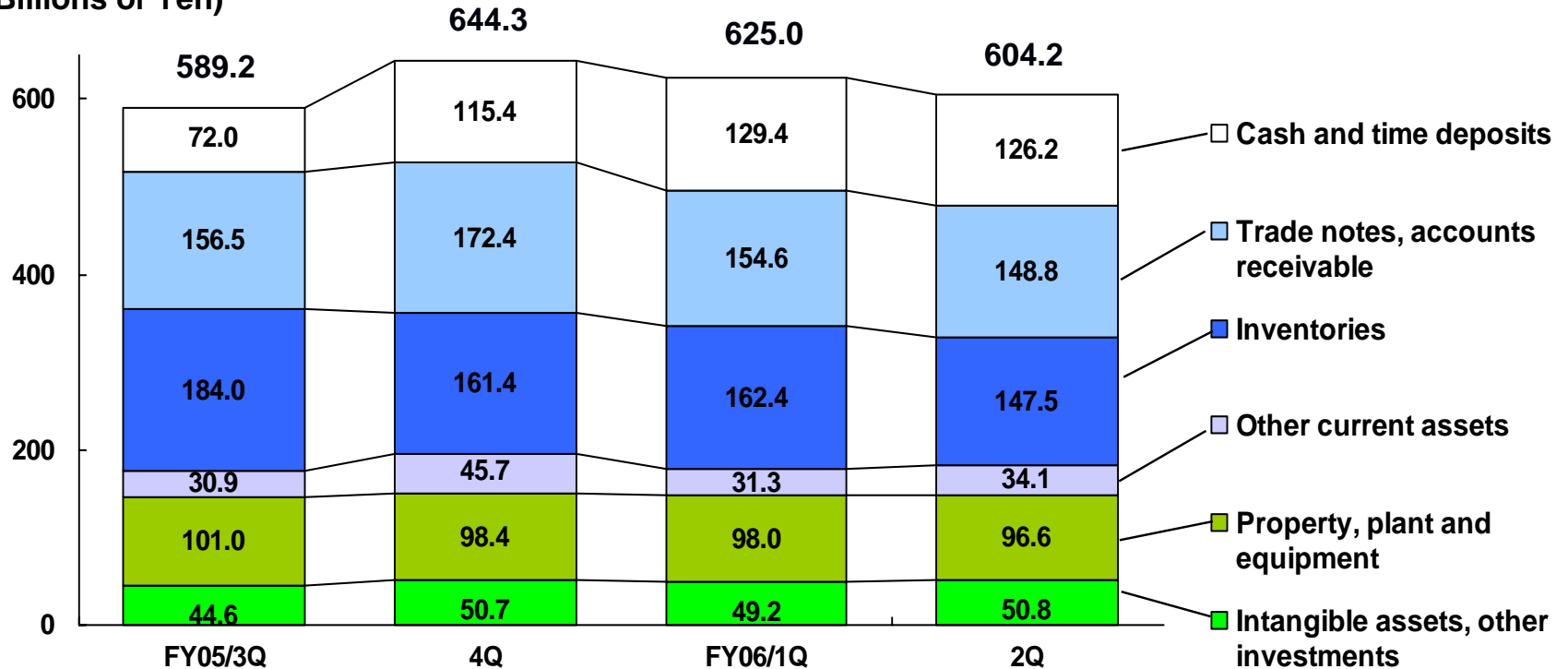
	FY2005				FY2006			
	3Q		4Q		1Q		2Q	
Net Sales	149.4		206.1		160.0		173.1	
Gross Profit	42.4	28.4%	56.7	27.6%	46.5	29.1%	42.7	24.7%
SG&A Expenses	25.4		30.0		24.7		28.2	
Operating Income	17.0	11.4%	26.6	13.0%	21.7	13.6%	14.5	8.4%
Ordinary Income	17.4	11.7%	27.2	13.2%	21.7	13.6%	15.0	8.7%
EBIT	17.3	11.6%	30.4	14.8%	22.0	13.8%	14.4	8.4%
Net Income	13.4	9.0%	46.9	22.8%	13.2	8.3%	10.7	6.2%

Right column: Profit ratio

R&D Expenses	10.2	12.2	9.8	12.0
Capital Expenditures	2.1	3.2	3.7	2.6
Depreciation	5.3	5.6	4.5	4.7

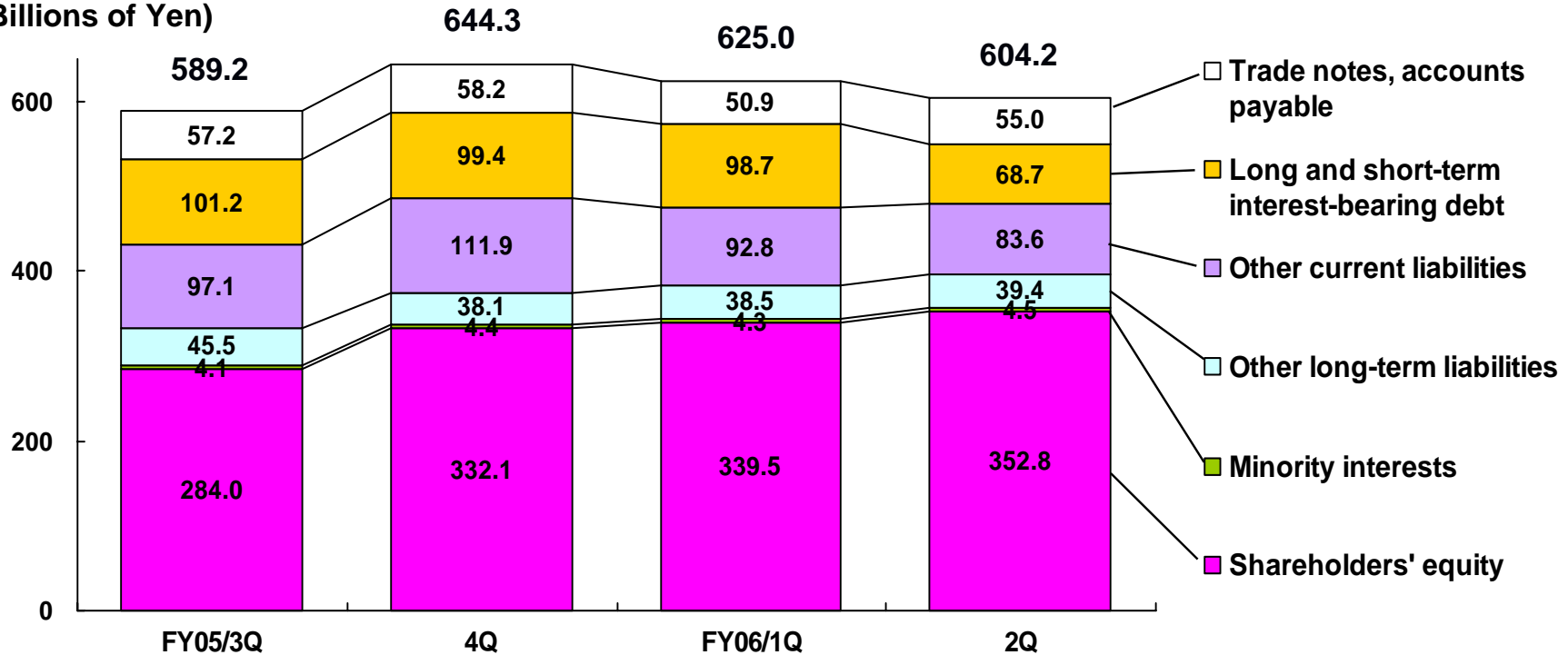
Quarterly Assets

(Billions of Yen)



Quarterly Liabilities & Shareholders' Equity

(Billions of Yen)



Debt to Equity ratio



Quarterly Sales by Division

SPE Division

(Semiconductor Production Equipment)

FPD Division

(FPD Production Equipment)

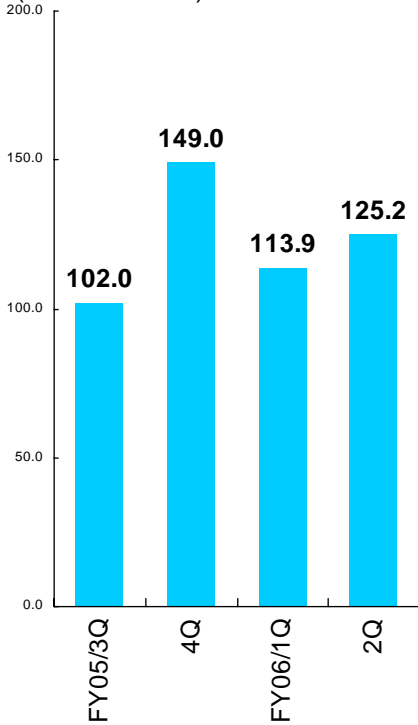
CN Division

(Computer Network)

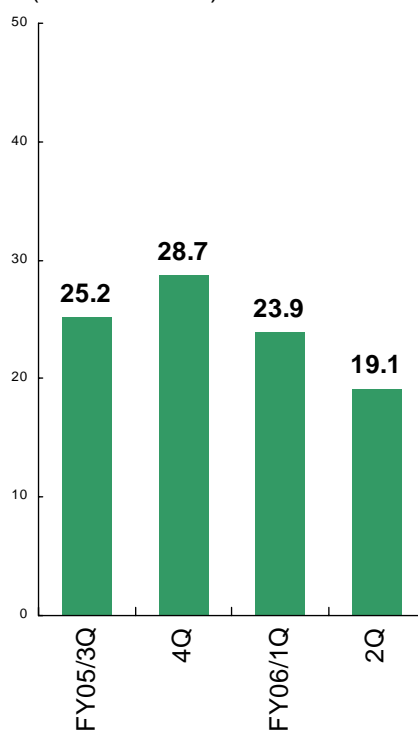
EC Division

(Electronic Components)

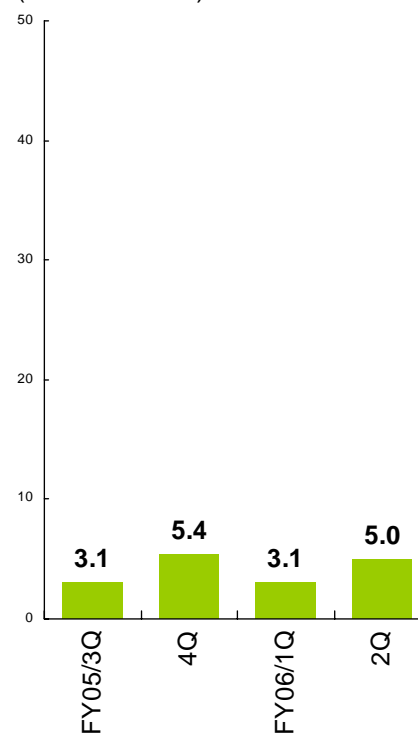
(Billions of Yen)



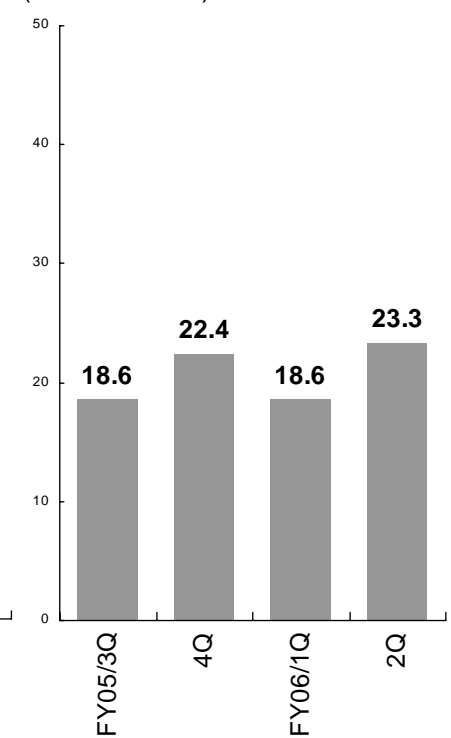
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)

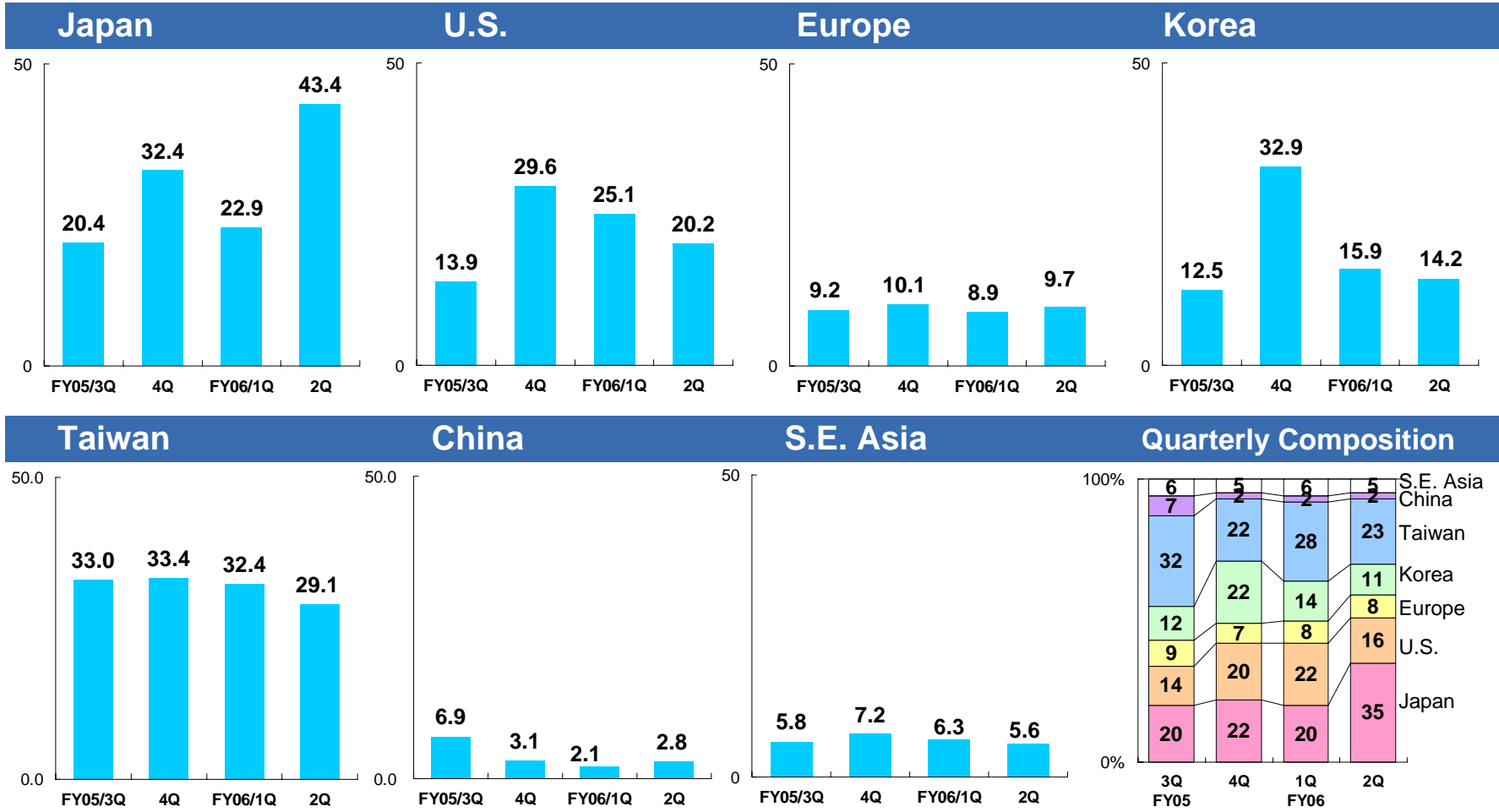


● In addition to the above 4 divisions, there is “Others” division. (2Q sales of 0.3 billion yen)




Quarterly SPE Sales by Region

(Billions of Yen)



Cash Flow

(Billions of Yen)

	FY2005				FY2006 	
	1Q	2Q	3Q	4Q	1Q	2Q
Cash flow from operating activities	13.7	19.2	34.4	46.9	24.5	28.9
Cash flow from investing activities	-3.0	-1.1	-1.6	-1.5	-4.0	-2.3
Cash flow from financing activities	6.6	-34.8	-4.3	-1.7	-6.1	-29.7
Net increase in cash and cash equivalents	17.1	-16.8	29.1	43.3	13.9	-3.2
Cash and cash equivalents at end of term	59.7	42.9	72.0	115.4	129.4	126.2



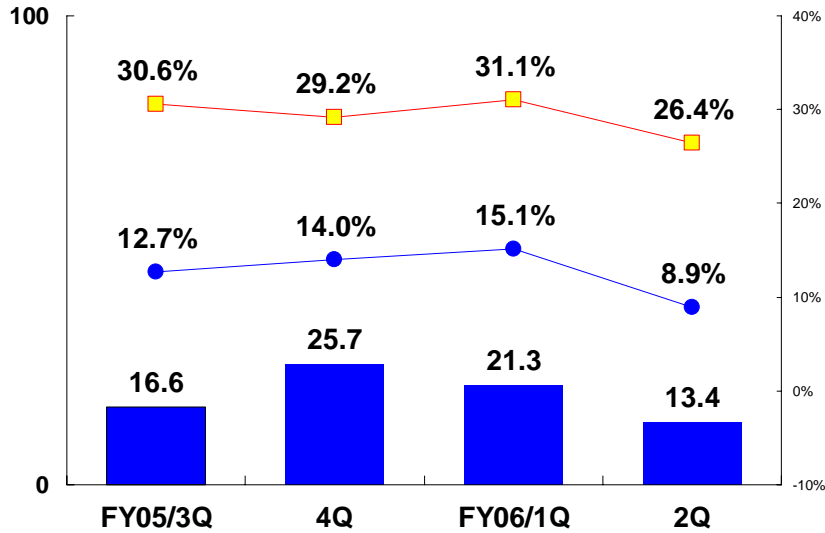
Segment Information by Business Type

Operating income/Operating income margin

Industrial electronic equipment
(SPE, FPD, Computer systems and Networks, other)

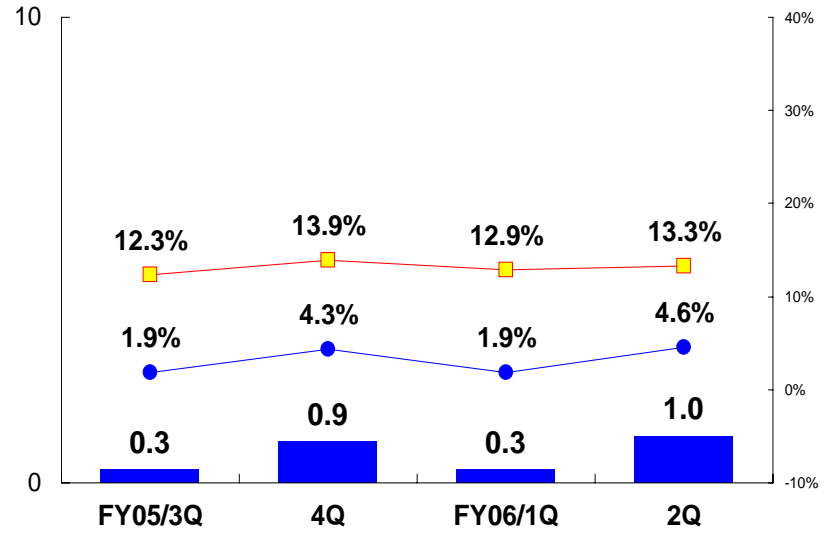
Electronic components
(Semiconductor products, Boards, Software, Other electronic components)

(Billions of Yen)



■ Operating income ● Operating margin
■ Gross margin

(Billions of Yen)



■ Operating income ● Operating margin
■ Gross margin

● Segment gross margin is provided just for reference.