

# TOKYO ELECTRON

## 3Q FY2006 Financial Announcement



**February 3, 2006**

### **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/February 3, 2006



# 3Q FY2006 Financial Summary

3Q FY2006: October 1, 2005 - December 31, 2005  
FY2006: April 1, 2005 - March 31, 2006

February 3, 2006

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



# 3Q FY2006 Financial Summary

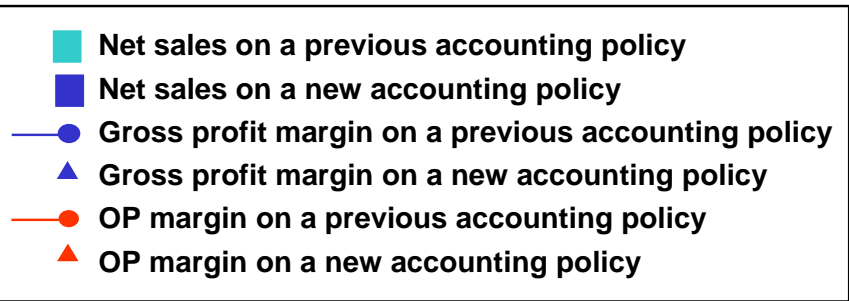
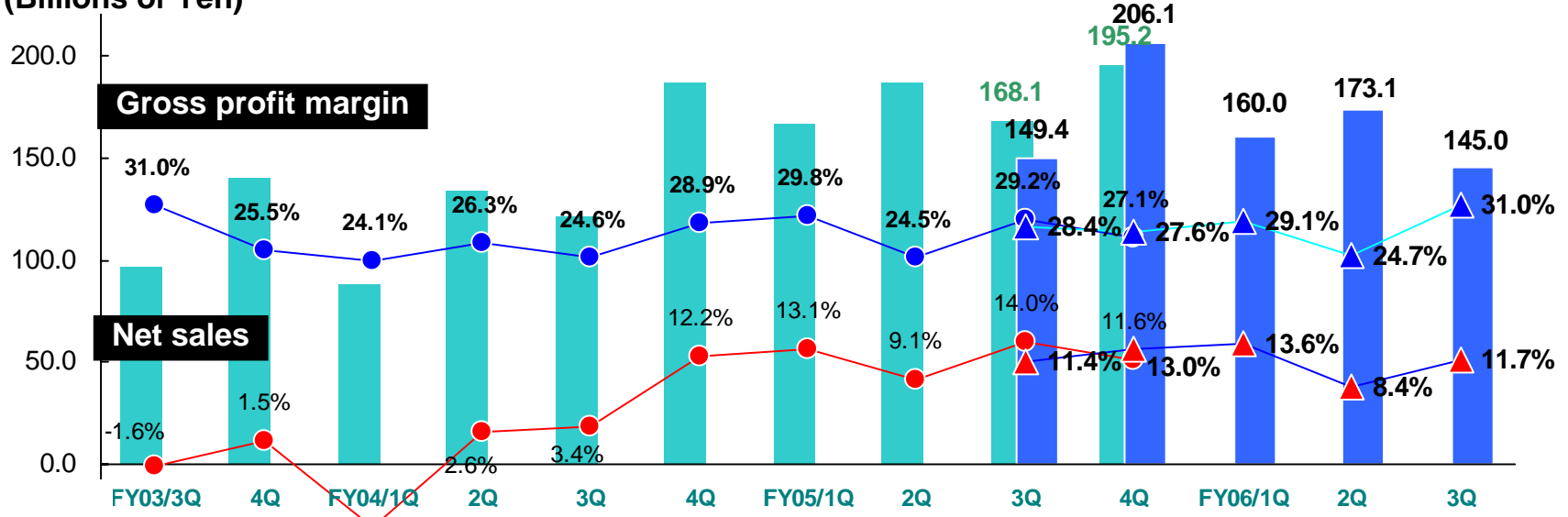
## Consolidated Financial Results

(Billions of Yen)

	FY2005		FY2006			
	3Q	1Q-3Q	3Q	YoY change	1Q-3Q	YoY change
<b>Net Sales</b>	<b>149.4</b>	<b>429.6</b>	<b>145.0</b>	<b>-3%</b>	<b>478.1</b>	<b>+11%</b>
SPE	102.0	308.1	104.5	+2%	343.8	+12%
FPD	25.2	46.2	16.6	-34%	59.7	+29%
CN	3.1	10.4	3.2	+5%	11.5	+10%
EC	18.6	63.8	20.2	+9%	62.1	-3%
Others	0.2	0.9	0.2	-9%	0.9	0%
<b>Gross Profit</b>	<b>42.4</b> <b>(28.4%)</b>	<b>119.1</b> <b>(27.7%)</b>	<b>44.9</b> <b>(31.0%)</b>	<b>+6%</b>	<b>134.1</b> <b>(28.1%)</b>	<b>+13%</b>
<b>SG&amp;A Expenses</b>	<b>25.4</b>	<b>81.8</b>	<b>27.9</b>	<b>+2.5B</b>	<b>80.9</b>	<b>-0.8B</b>
<b>Operating Income</b>	<b>17.0</b> <b>(11.4%)</b>	<b>37.2</b> <b>(8.7%)</b>	<b>16.9</b> <b>(11.7%)</b>	<b>-0B</b>	<b>53.2</b> <b>(11.1%)</b>	<b>+15.9B</b>
<b>Ordinary Income</b>	<b>17.4</b>	<b>38.3</b>	<b>16.9</b>	<b>-0.4B</b>	<b>53.7</b>	<b>+15.3B</b>
<b>EBIT</b>	<b>17.3</b>	<b>25.2</b>	<b>16.9</b>	<b>-0.3B</b>	<b>53.5</b>	<b>+28.2B</b>
<b>Net Income</b>	<b>13.4</b>	<b>14.6</b>	<b>10.1</b>	<b>-3.2B</b>	<b>34.1</b>	<b>+19.4B</b>
<b>R&amp;D</b>	<b>10.2</b>	<b>31.5</b>	<b>12.1</b>	<b>+1.9B</b>	<b>34.1</b>	<b>+2.5B</b>
<b>Capex</b>	<b>2.1</b>	<b>6.6</b>	<b>3.5</b>	<b>+1.3B</b>	<b>9.9</b>	<b>+3.3B</b>
<b>Depreciation</b>	<b>5.3</b>	<b>15.8</b>	<b>4.8</b>	<b>-0.4B</b>	<b>14.0</b>	<b>-1.7B</b>

# Quarterly Net Sales & Profit Ratio

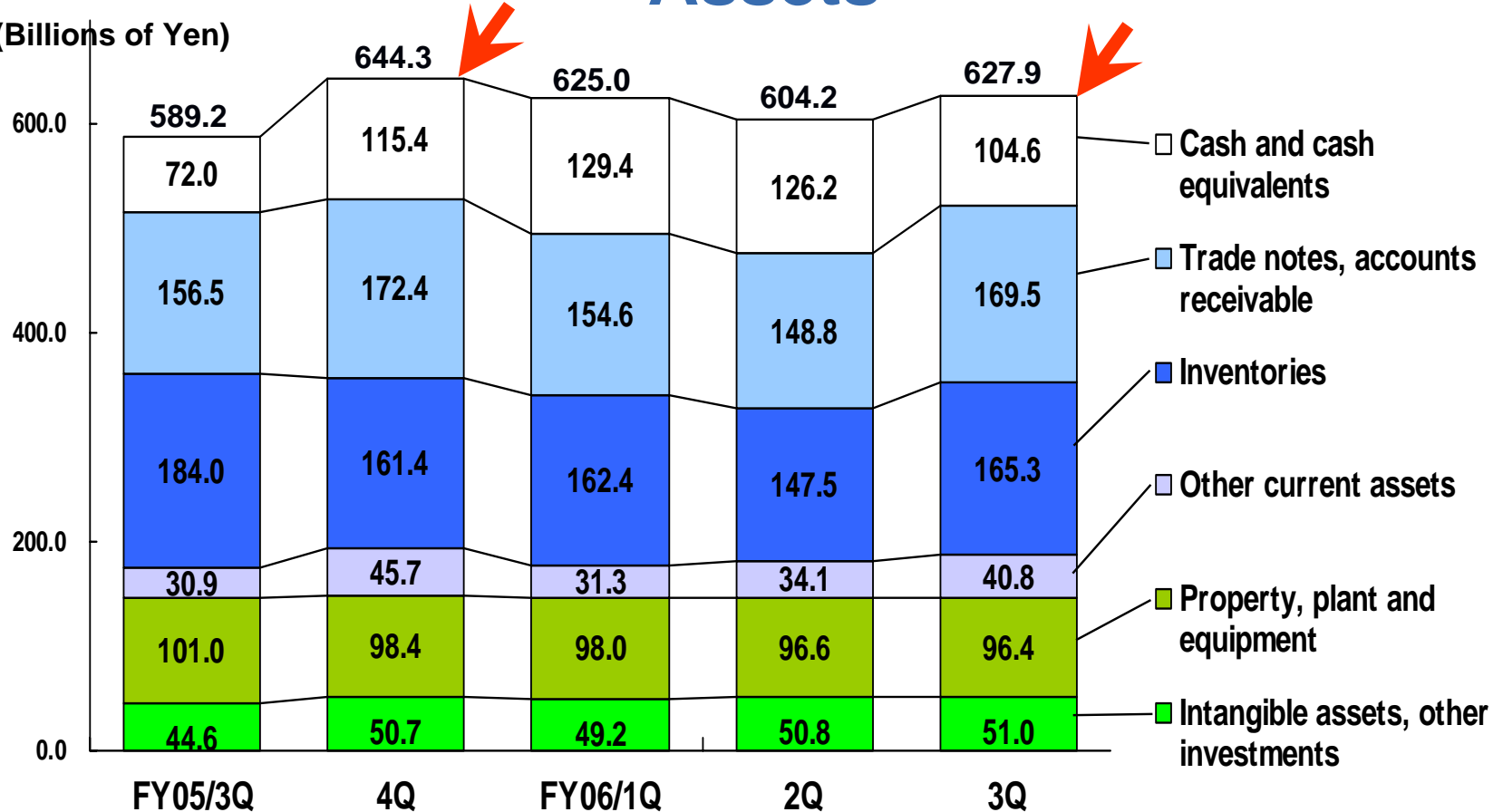
(Billions of Yen)



● 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)



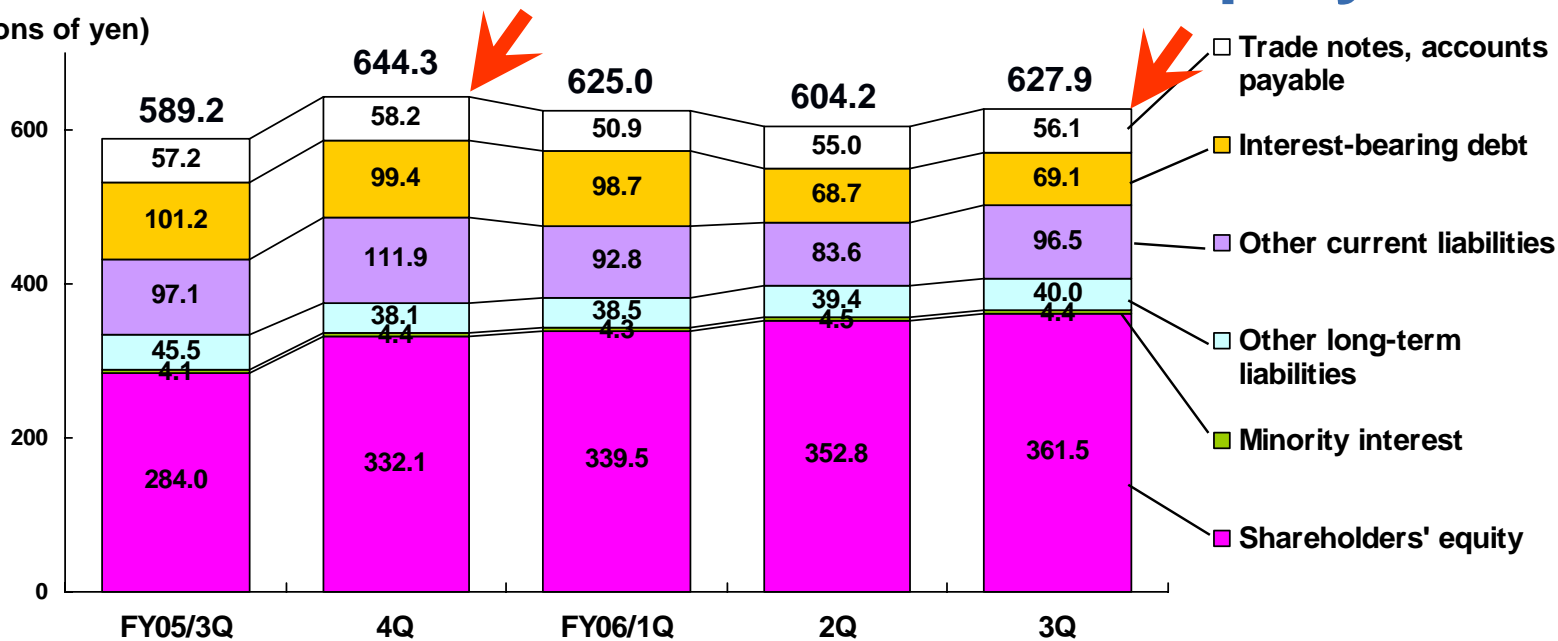
2005/3/31 vs 2005/12/31

Cash and cash equivalents	-10.7	Mainly due to redemption of SB
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# Liabilities & Shareholders' Equity

(Billions of yen)



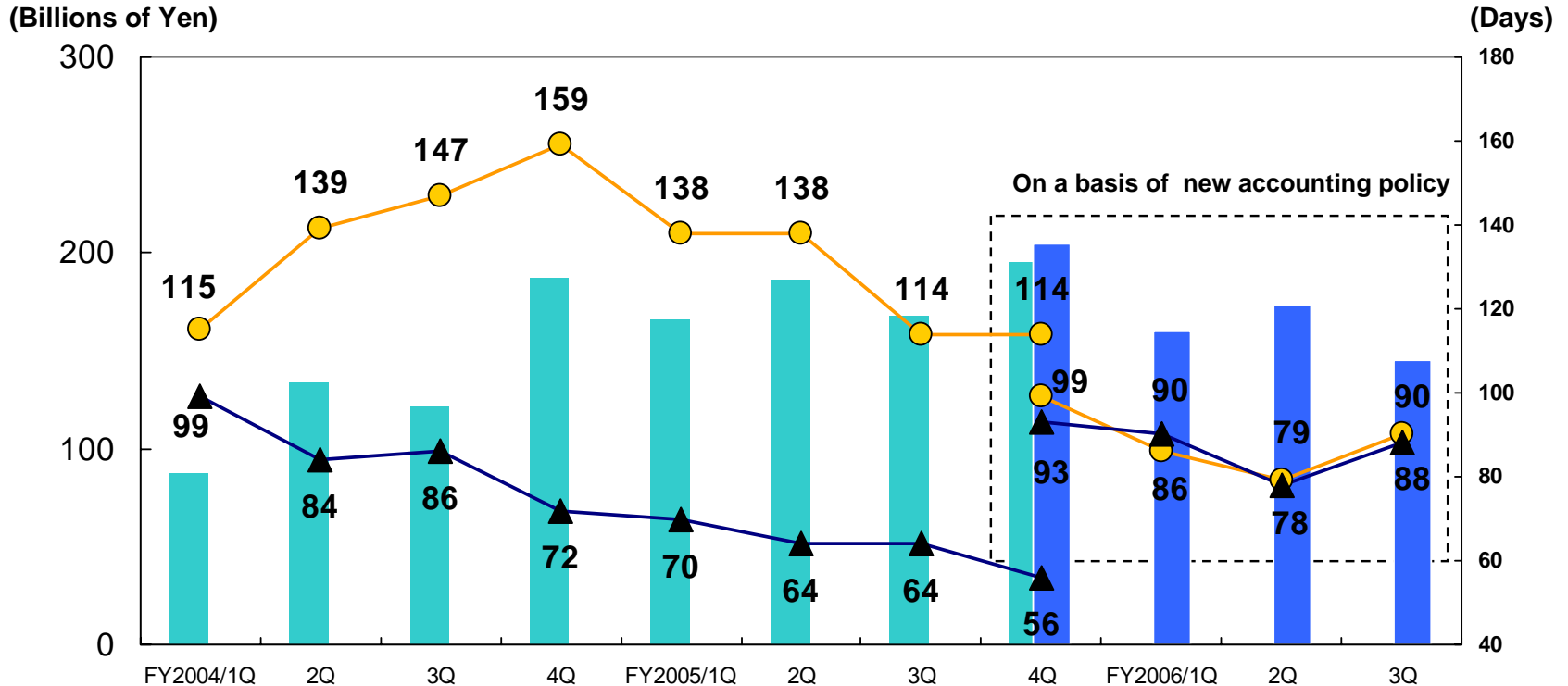
## Debt to Equity Ratio



## 2005/3/31 vs 2005/12/31

Interest-bearing debt	-30.2	Redemption of SB ( -30.0 )
Other current liabilities	-15.3	Decrease in customer advances ( -5.9), Decrease in accrued employees' bonuses ( -4.1 )
Shareholders' equity	+29.3	Increase in retained earnings ( +23.9 )

# 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)

	3Q FY2006		3Q FY2005
	3Q (3 month)	1Q-3Q (9 month)	1Q-3Q (9 month)
Cash flow from operating activities	▲15.9	37.5	67.4
Cash flow from investing activities	▲1.5	▲7.9	▲5.8
Cash flow from financing activities	▲4.0	▲39.8	▲32.5
Effect of exchange rate changes on cash and cash equivalents	0.0	▲0.4	0.4
Net increases in cash and cash equivalents	▲21.5	▲10.7	29.4
Cash and cash equivalents at end of term	104.6		72.0

CF from operating activities: Decrease due to rise in A/R and inventories since end of 2Q FY2006



# 3Q FY2006 Financial Summary

## Quarterly Sales by Division

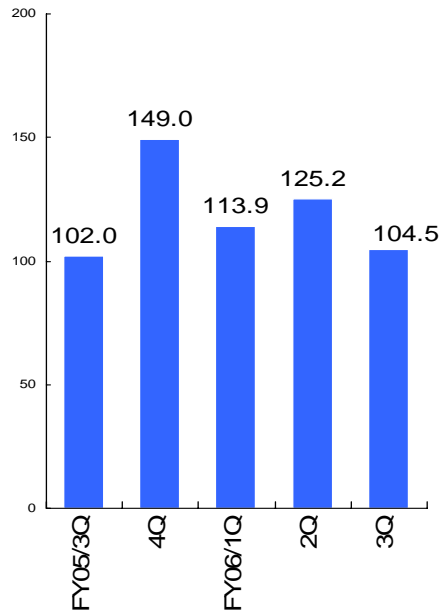
**SPE Division**  
(Semiconductor Production Equipment)

**FPD Division**  
(FPD Production Equipment)

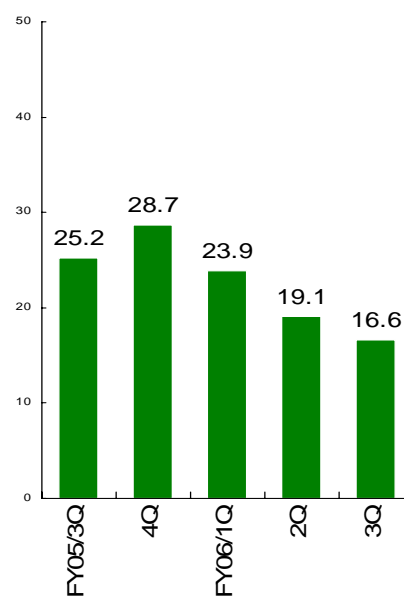
**CN Division**  
(Computer Network)

**EC Division**  
(Electronic Components)

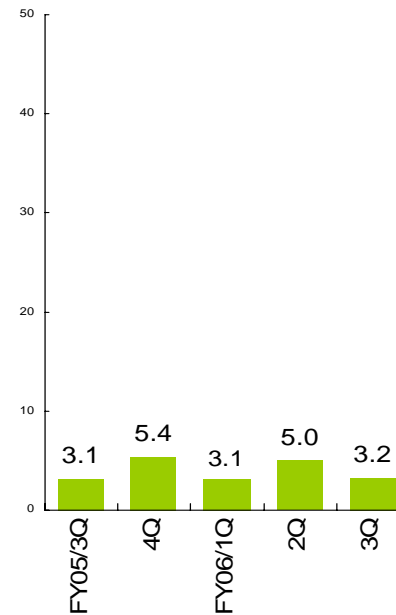
(Billions of Yen)



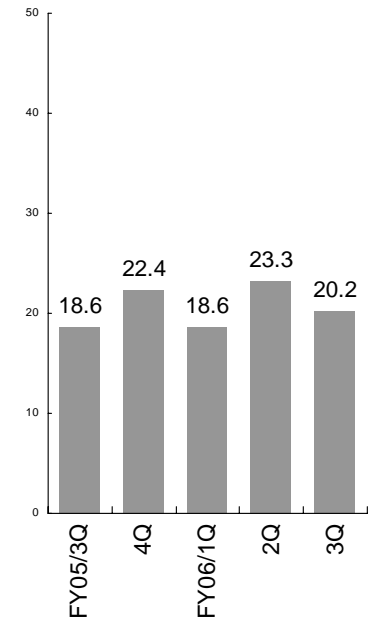
(Billions of Yen)



(Billions of Yen)



(Billions of Yen)

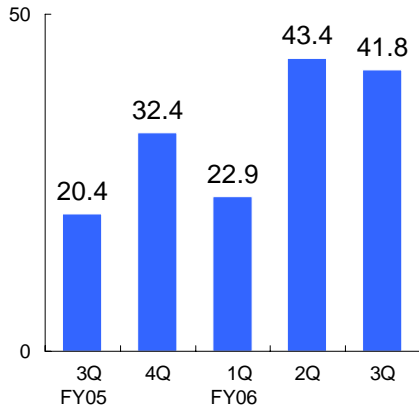


● In addition to the above 4 divisions, there is “Others” division. (3Q sales of 0.2 billion yen)

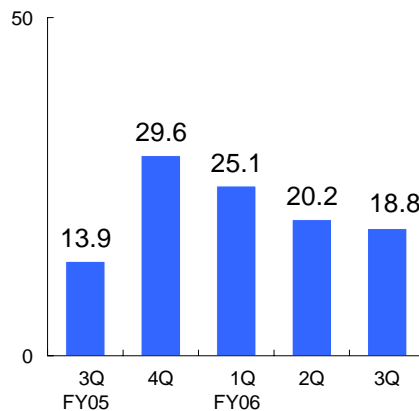
# Quarterly SPE Sales by Region

(Billions of Yen)

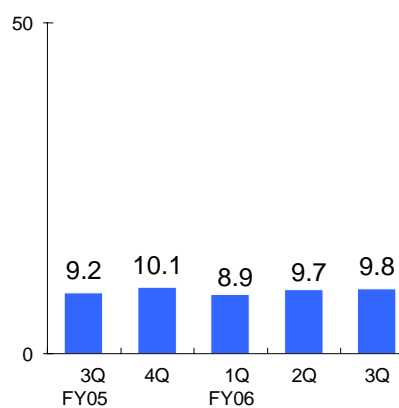
## Japan



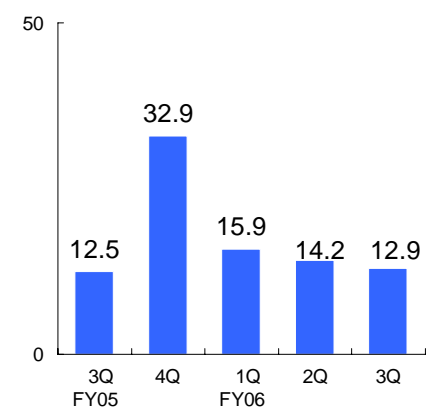
## U.S.



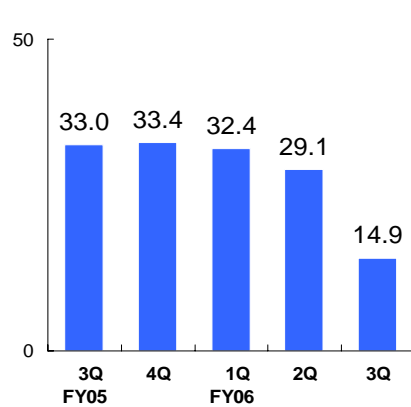
## Europe



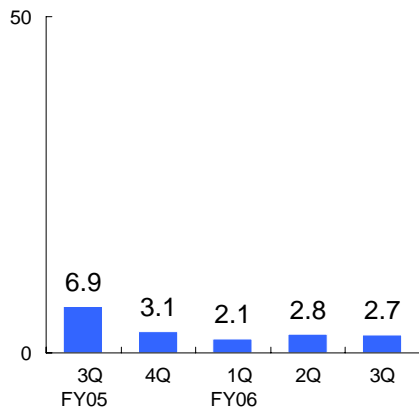
## Korea



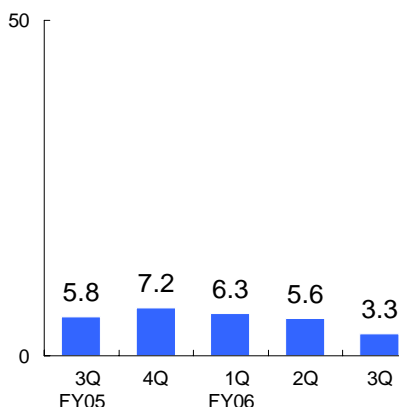
## Taiwan



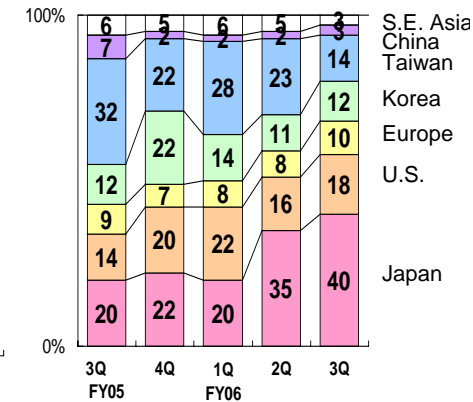
## China



## S.E. Asia



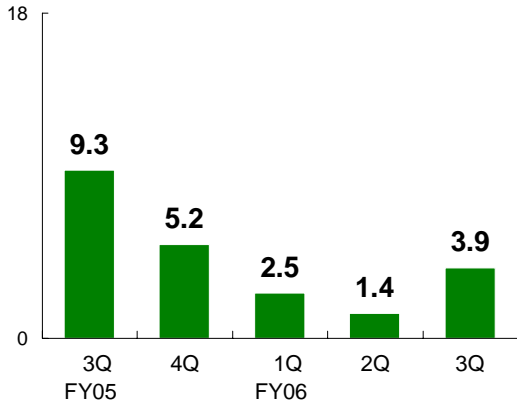
## Quarterly Composition



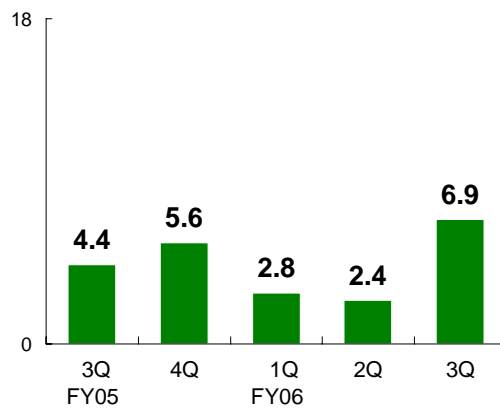
# Quarterly FPD Equipment Sales by Region

(Billions of Yen)

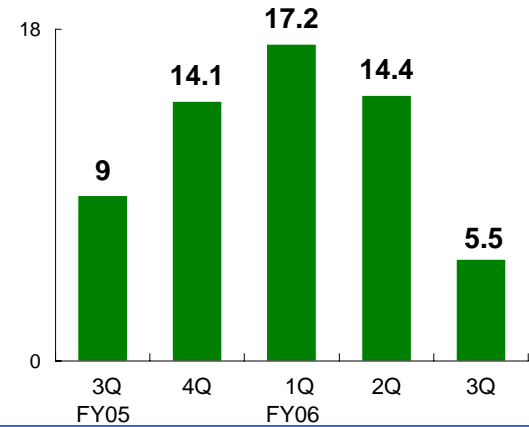
## Japan



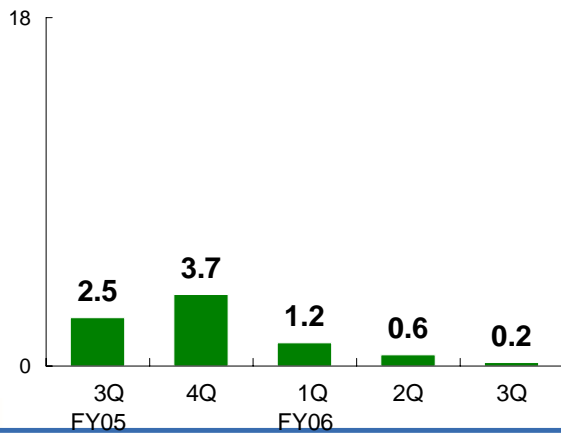
## Korea



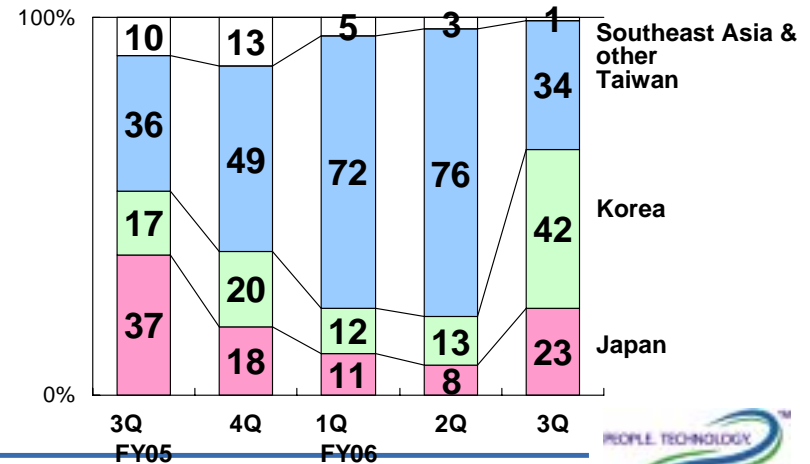
## Taiwan



## Southeast Asia and other



## Quarterly Composition



TOKYO ELECTRON



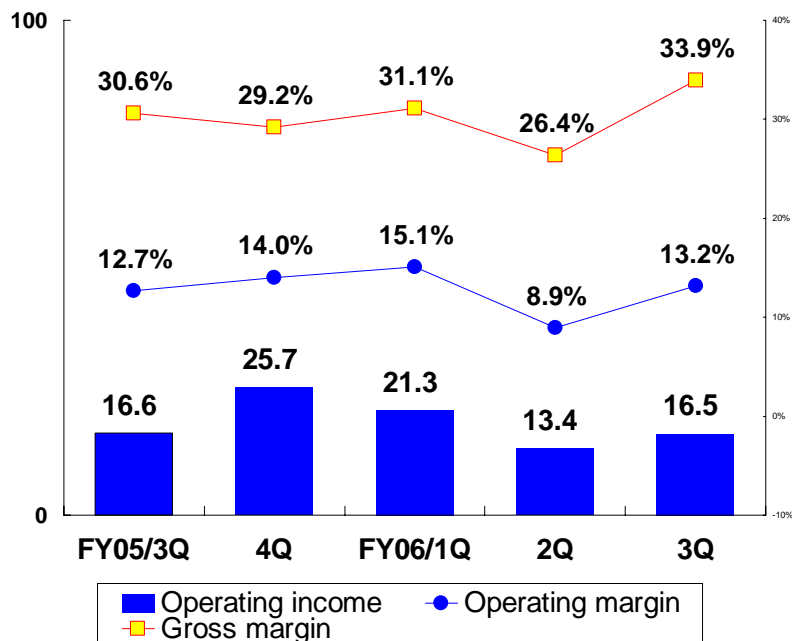
# Segment Information by Business Type

Operating income/Operating income margin

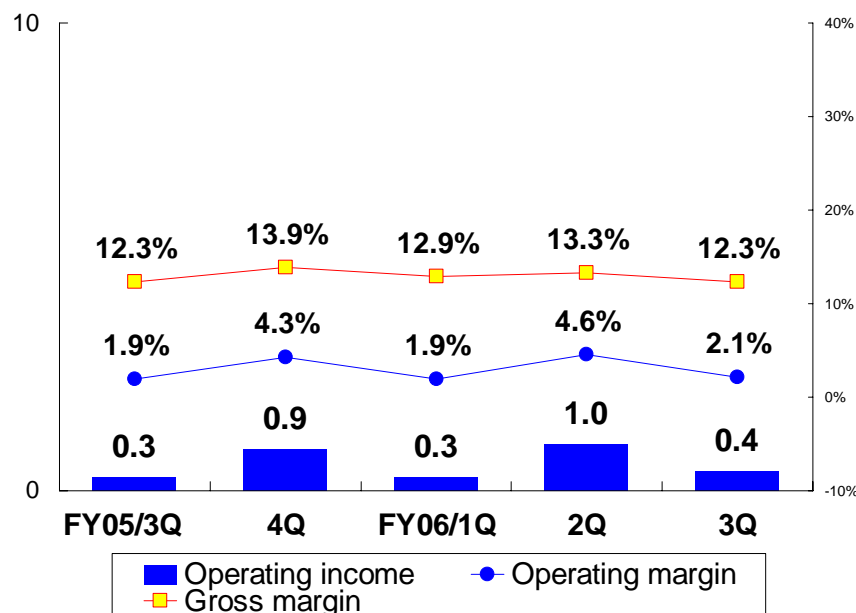
**Industrial electronic equipment**  
(SPE, FPD, Computer systems and Networks, other)

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

(Billions of Yen)



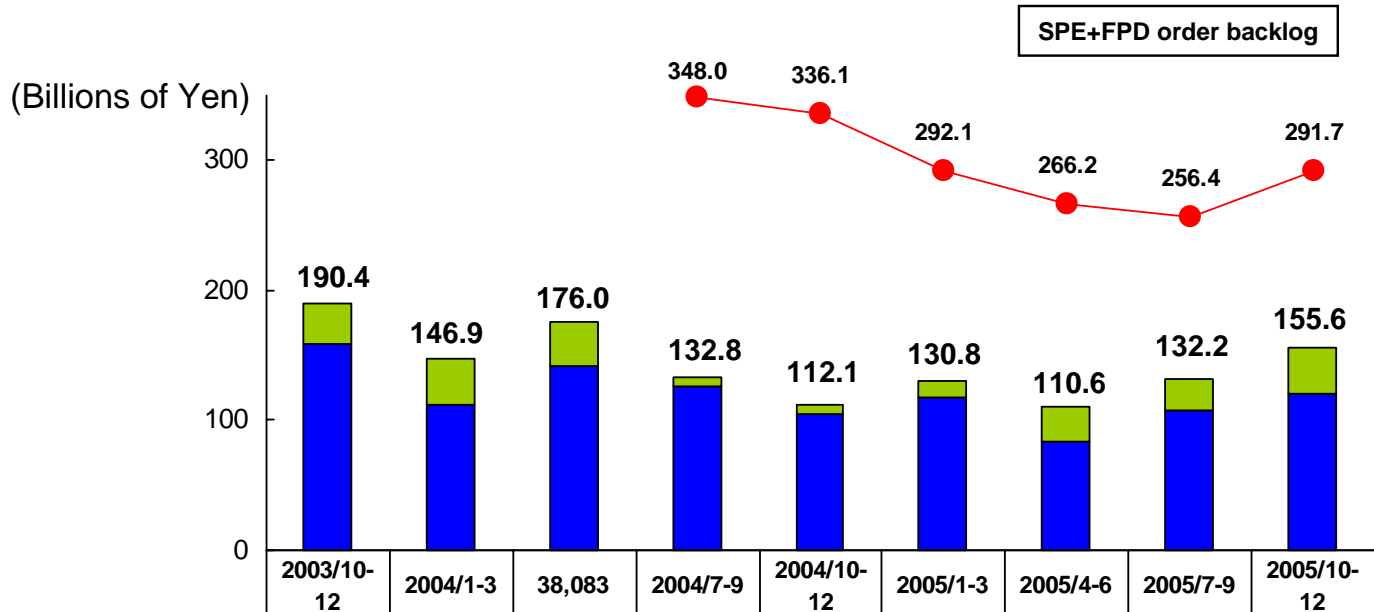
(Billions of Yen)



● Segment gross margin is provided just for reference.

# Quarterly SPE+FPD Order, Order Backlog

## Net, Non-consolidated Basis



FPD Production Equipment	31.6	34.7	34.9	6.0	6.6	13.6	27.6	24.0	34.4
SPE	158.7	112.1	141.0	126.8	105.4	117.2	82.9	108.1	121.1
Order backlog (confirmation of set-up and testing basis)				348.0	336.1	292.1	266.2	256.4	291.7

### Order backlog breakdown

FPD	81.0	66.0	69.8	74.8	92.7
SPE	255.1	226.0	196.3	181.6	199.0

