

Tokyo Electron

1H FY2007 Financial Announcement

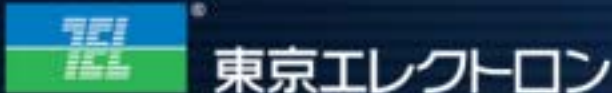
November 14, 2006

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.



First Half/FY2007 Financial Summary

1H FY2007: April 1, 2006 - September 30, 2006
FY2007: April 1, 2006 - March 31, 2007

November 14, 2006



1H FY2007 Financial Summary

Consolidated Financial Results

(Billions of Yen)

	FY2006 1H	FY2007 1H	YoY change		FY2007 1H (28 July estimate)	Variance against Previous estimate
Net Sales	333.1	390.5	+ 57.4B	+17.2%	383.0	+7.5B
SPE	239.2	283.9	+44.6B	+18.7%	279.0	+4.9B
FPD	43.0	52.5	+9.5B	+22.1%	51.0	+1.5B
CN	8.2	8.4	+0.1B	+2.1%	8.5	-0.0B
EC	41.9	45.0	+3.1B	+7.5%	44.0	+1.0B
Others	0.6	0.5	-0.0B	-10.4%	0.5	+0.0B
Gross Profit	89.2 (26.8%)	119.3 (30.6%)	+30.1B	+33.8%	115.0 (30.0%)	+4.3B
SG&A Expense	52.9	61.1	+8.1B	+15.4%	63.0	-1.8B
Operating Income	36.2 (10.9%)	58.2 (14.9%)	+21.9B	+60.7%	52.0 (13.6%)	+6.2B
Ordinary Income	36.7 (11.0%)	58.2 (14.9%)	+21.4B	+58.4%	53.0 (13.8%)	+5.2B
EBIT	36.5 (11.0%)	58.4 (15.0%)	+21.9B	+59.9%	53.0 (13.8%)	+5.4B
Net Income	23.9 (7.2%)	37.2 (9.5%)	+13.2B	+55.2%	33.0 (8.6%)	+4.2B

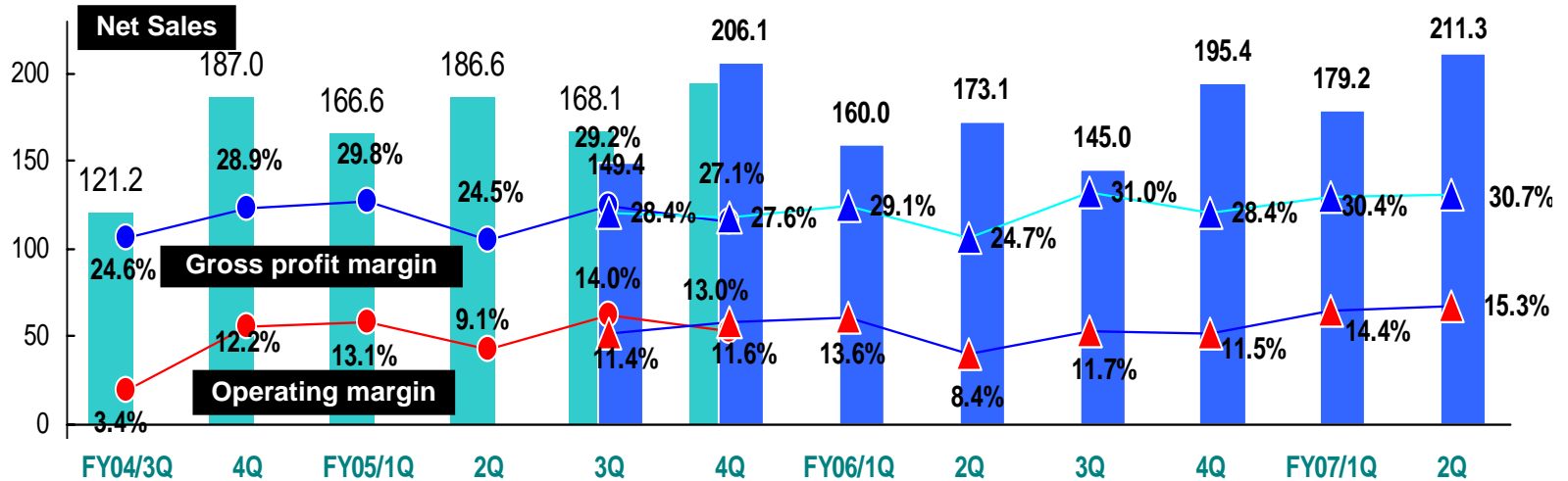
() Profit ratio



1H FY2007 Financial Summary

Quarterly Net Sales & Profit Ratio

(Billions of Yen)



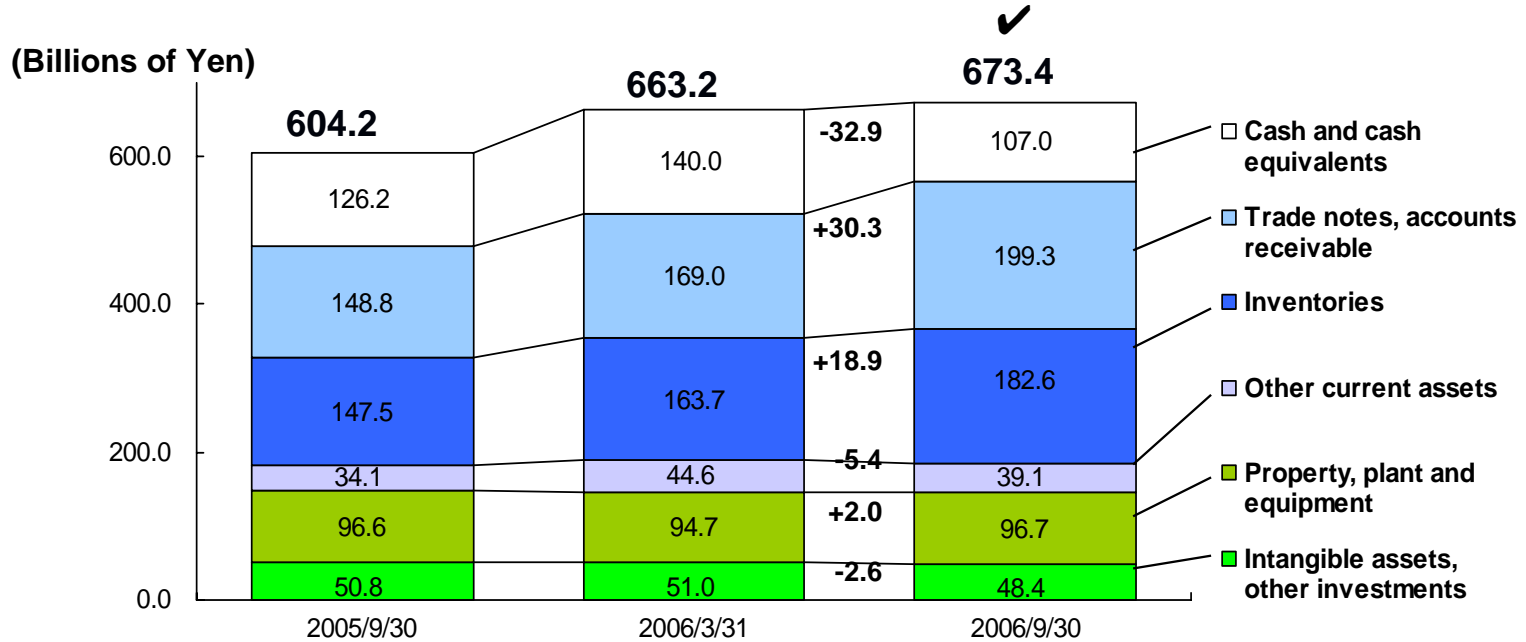
- Net sales on a previous accounting policy
- Net sales on a new accounting policy
- Gross profit margin on a previous accounting policy
- ▲ Gross profit margin on a new accounting policy
- OP margin on a previous accounting policy
- ▲ OP margin on a new accounting policy

- Previous policy : Shipment base
- New policy : Confirmation of set up & testing base, and Warranty reserve 4



1H FY2007 Financial Summary

Assets



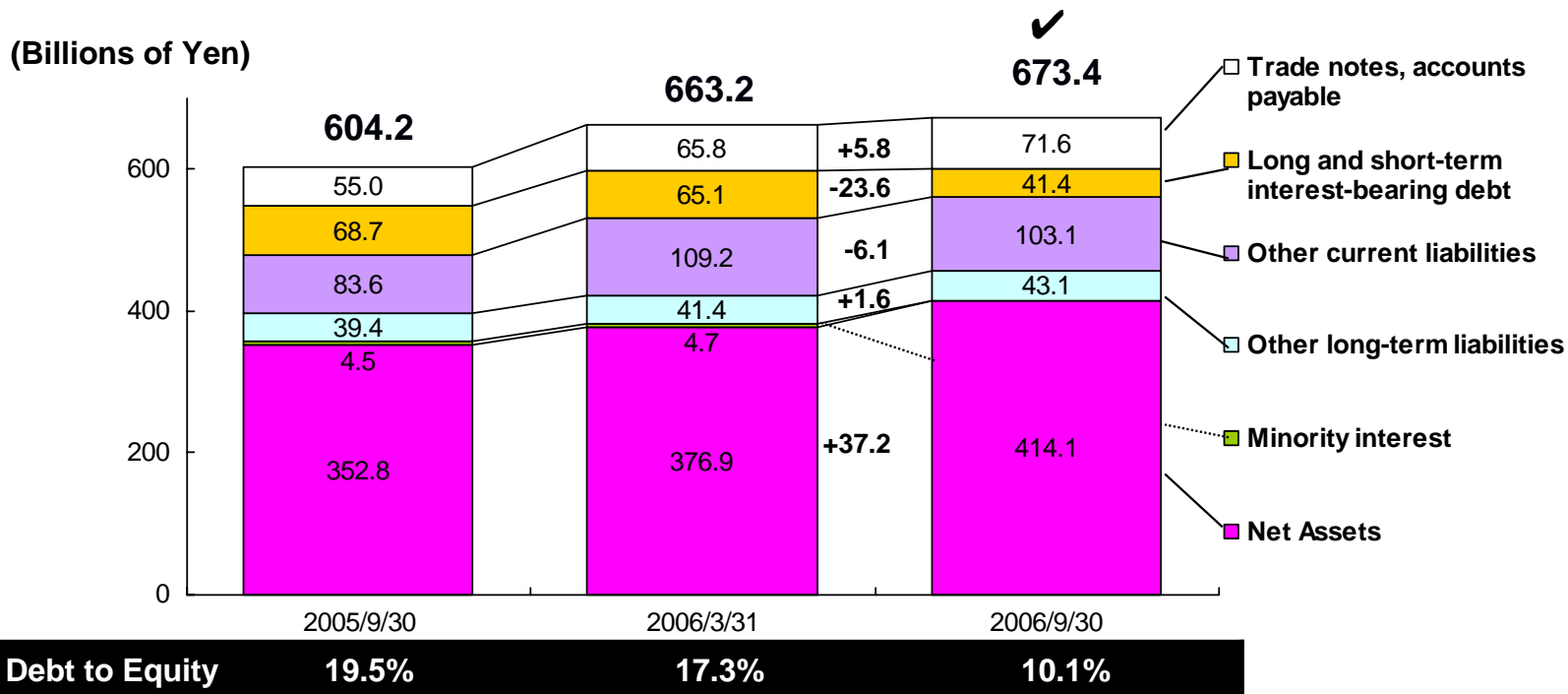
2006/3/31 vs 2006/9/30

Cash and cash equivalent	-32.9	Redemption of SB (-24.5)
Trade notes, accounts receivable	+30.3	Increase in net sales
Inventories	+18.9	Increase of work in progress inventory caused by the shipping volume increase



1H FY2007 Financial Summary

Liabilities & Net Asset



2006/3/31 vs 2006/9/30

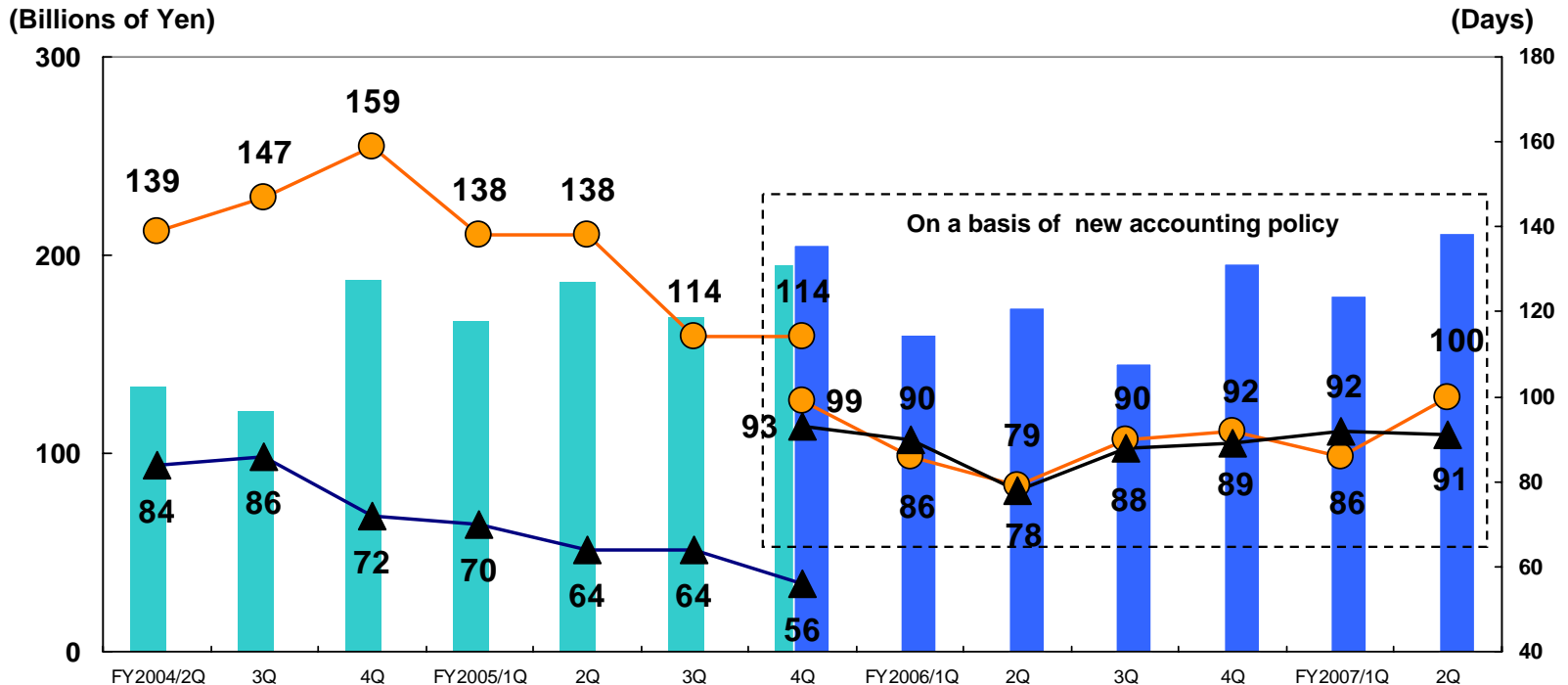
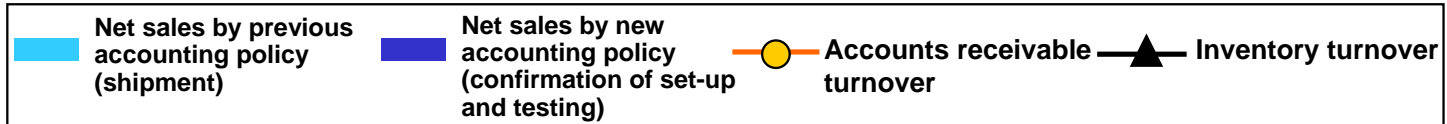
Long and short-term interest-bearing debt	-23.6	Redemption of SB (-24.5)
Net Assets	+37.2	Increase in retained earnings (+31.5)

- FY2007 : Total Owners' equity = Net Asset – (Subscription rights to shares + Minority interests)
- FY2006 : Shareholders' equity shown as Net Asset.



1H FY2007 Financial Summary

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.



1H FY2007 Financial Summary

Cash Flow

(Billions of Yen)

	FY2006 1H 6months	FY2007 1H 6months	FY2006 Full year (Reference)
Cash flow from operating activities	53.4	4.4	78.8
Income before income taxes	36.5	58.4	75.3
Depreciation and amortization	9.2	8.8	19.1
AR/Inventories/AP/Customer advances	14.1	- 47.2	- 3.0
Tax paid	- 12.5	- 23.1	- 19.5
Others	6.0	7.6	6.9
Cash flow from investing activities	- 6.3	- 39.4	- 10.5
Payment for purchase of property, plant, equipment, etc	- 6.3	- 9.4	- 10.5
Payment into time deposits	-	- 30.0	-
Cash flow from financing activities	- 35.8	- 28.0	- 43.4
Decrease in interest-bearing debt	- 30.7	- 23.6	- 34.4
Dividends paid	- 5.3	- 5.3	- 9.7
Others	0.1	0.9	0.8
Net increase in cash and cash equivalents	10.7	- 62.9	24.5
Cash and cash equivalents at end of term	126.2	77.0	140.0

- CF from operating activities: Decrease through AR and inventories increases
- CF from investing activities: Payment into time deposits
- CF from financing activities: Use cash for redemption of SB



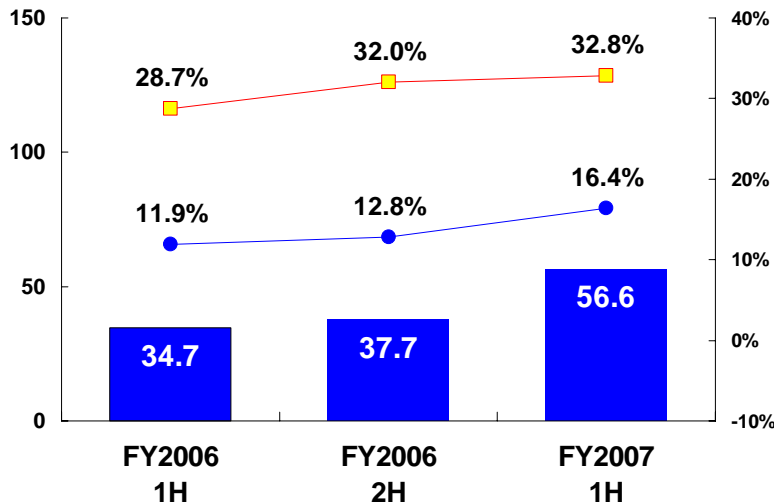
Segment Information by Business Type

Operating income/Operating margin

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

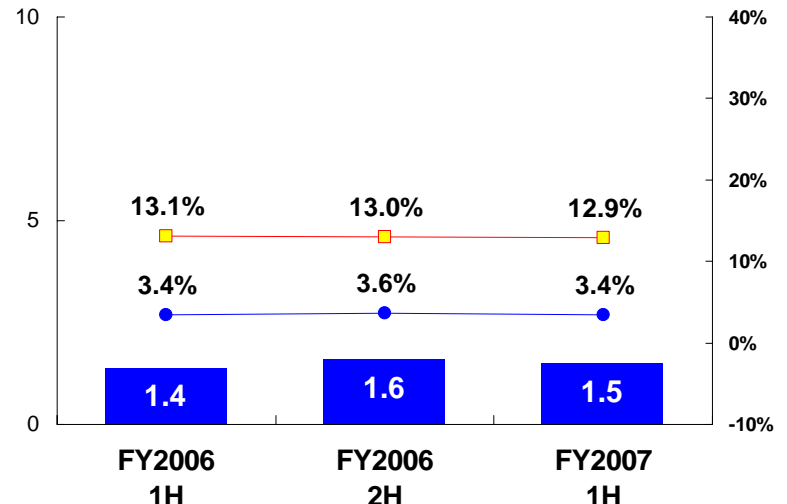
Electronic components
(Semiconductor products, Boards, Software, Other electronic components)

(Billions of Yen)



■ Operating income ● Operating margin
■ Gross margin

(Billions of Yen)



■ Operating income ● Operating margin
■ Gross margin

● Segment gross margin is provided for reference.



1H FY2007 Financial Summary

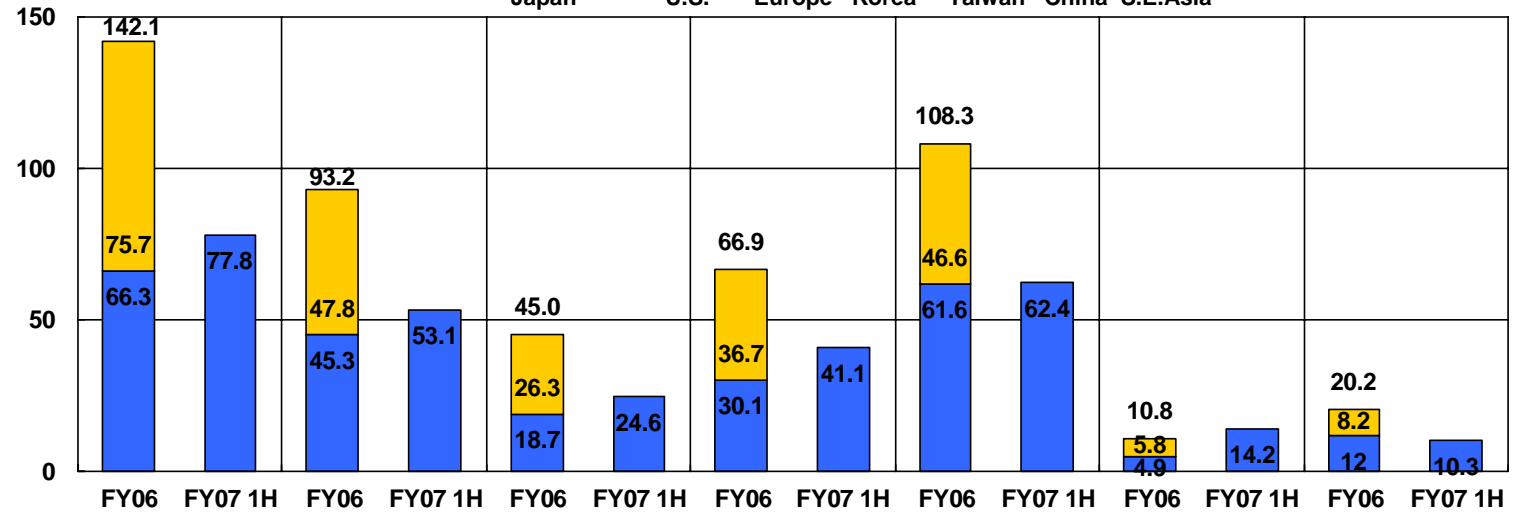
SPE Sales by Region



	Japan	U.S.	Europe	Korea	Taiwan	China	S.E.Asia
FY2006 1H	28	19	8	13	26	2	4
FY2007 1H	27	19	9	14	22	5	4

FY2006 1H 239.2 bil yen
 FY2007 1H 283.9 bil yen

(Billions of Yen)



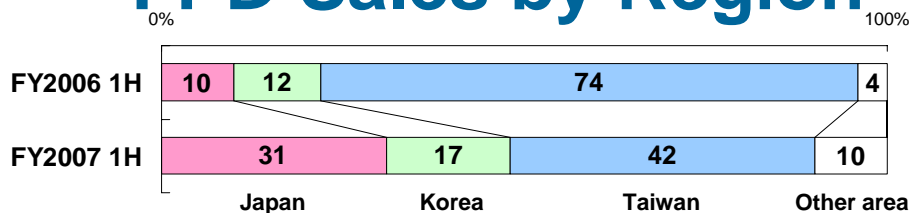
1H/FY07 vs 1H/FY06

Region	U.S.	Europe	Korea	Taiwan	China	S.E.Asia
Japan	+17%	+32%	+37%	+1%	+186%	-14%



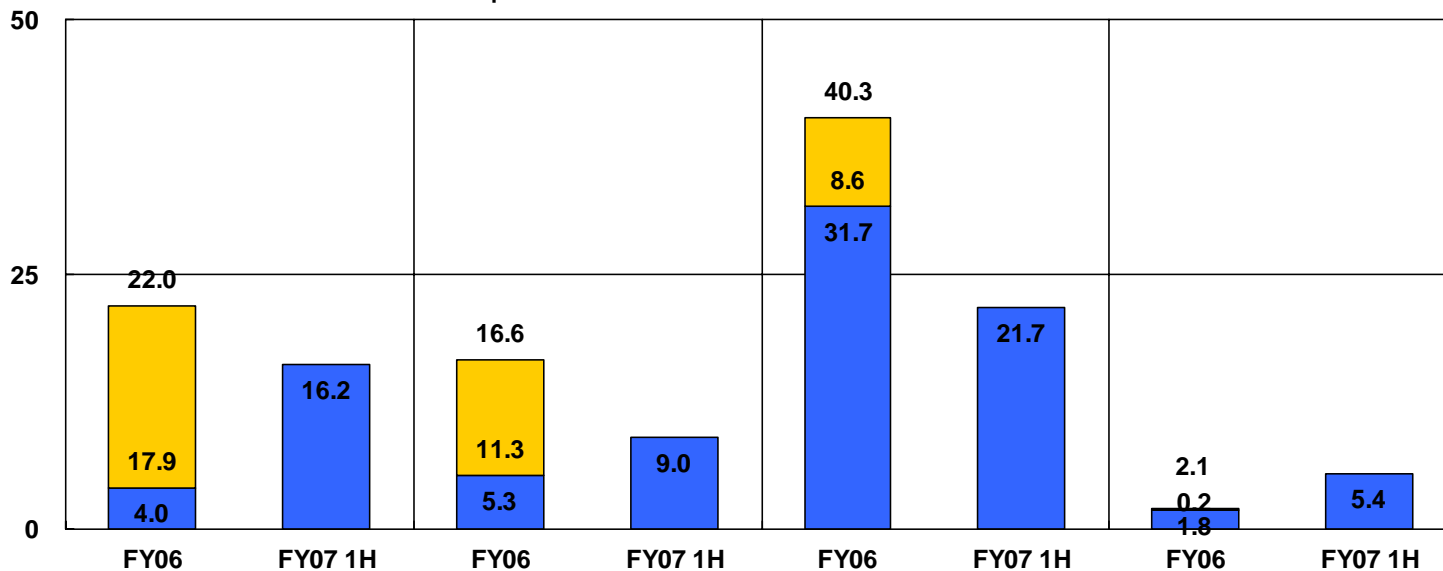
1H FY2007 Financial Summary

FPD Sales by Region



FY2006 1H 43.0 bil yen
 FY2007 1H 52.5 bil yen

(Billions of Yen)



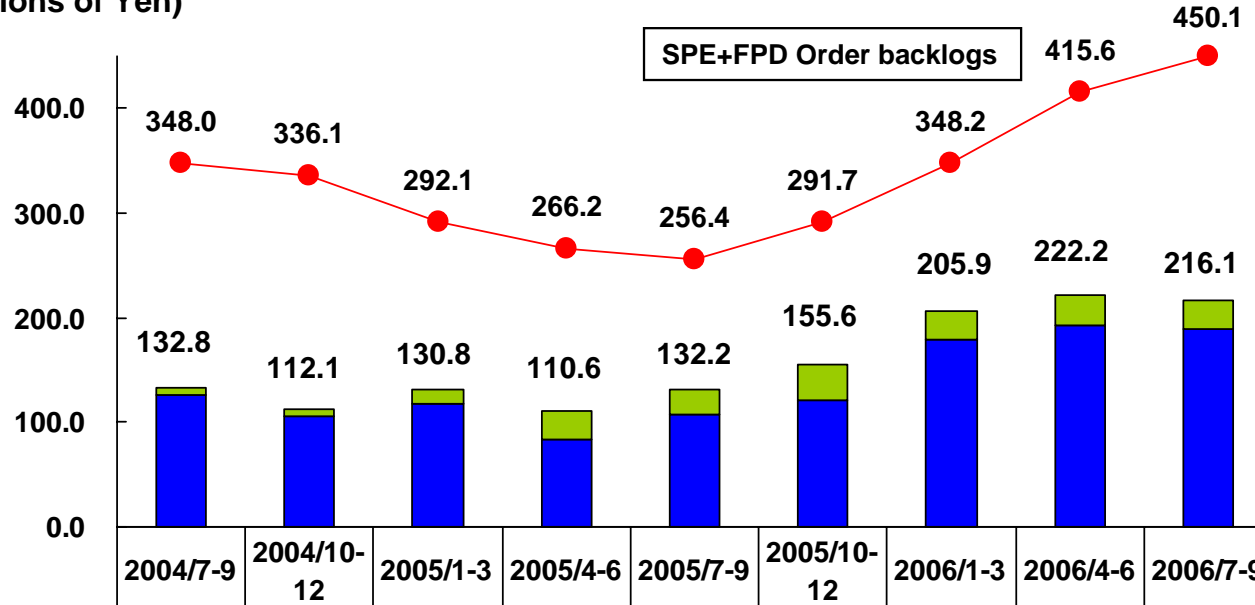
1H/FY07 vs 1H/FY06

Japan	Korea	Taiwan	Other area
+299%	+71%	-31%	+188%



Quarterly SPE+FPD Order, Order Backlog

(Billions of Yen)



FPD Production Equipment	6.0	6.6	13.6	27.6	24.0	34.4	27.7	29.6	27.5
SPE	126.8	105.4	117.2	82.9	108.1	121.1	178.2	192.6	188.6
Order backlog	348.0	336.1	292.1	266.2	256.4	291.7	348.2	415.6	450.1

Order backlog
breakdown

FPD	66.0	69.8	74.8	92.7	99.0	99.7	103.6
SPE	226.0	196.3	181.6	199.0	249.1	315.8	346.4

● Order and backlogs are on consolidated basis from 2006/1-3 quarter.



Quarterly Results



2Q FY2007 Financial Summary

Consolidated Financial Results

(Billions of Yen)

	FY2006				FY2007			
	3Q		4Q		1Q		2Q	
Net Sales	145.0		195.4		179.2		211.3	
Gross Profit	44.9	31.0%	55.5	28.4%	54.4	30.4%	64.9	30.7%
SG&A Expense	27.9	19.3%	33.0	16.9%	28.5	16.0%	32.5	15.4%
Operating income	16.9	11.7%	22.4	11.5%	25.8	14.4%	32.3	15.3%
Ordinary Income	16.9	11.7%	22.2	11.4%	26.7	14.9%	31.4	14.9%
EBIT	16.9	11.7%	21.7	11.1%	27.3	15.2%	31.1	14.7%
Net Income	10.1	7.0%	13.8	7.1%	16.2	9.1%	20.9	9.9%

Right column: Net Sales ratio

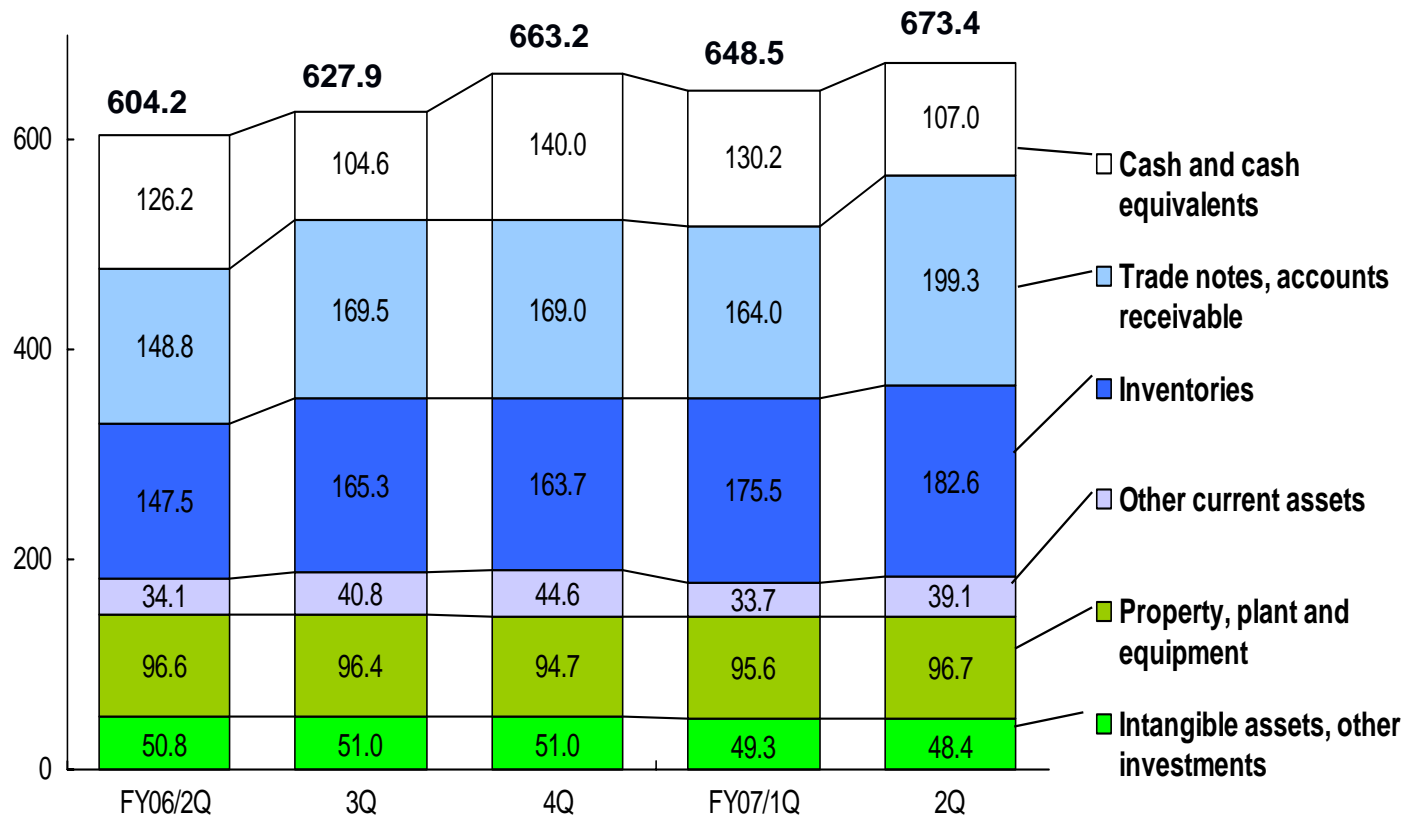
R&D Expenses	12.1	15.0	12.6	14.5
Capex	3.5	3.3	4.7	4.9
Depreciation	4.8	5.0	4.2	4.5



2Q FY2007 Financial Summary

Assets

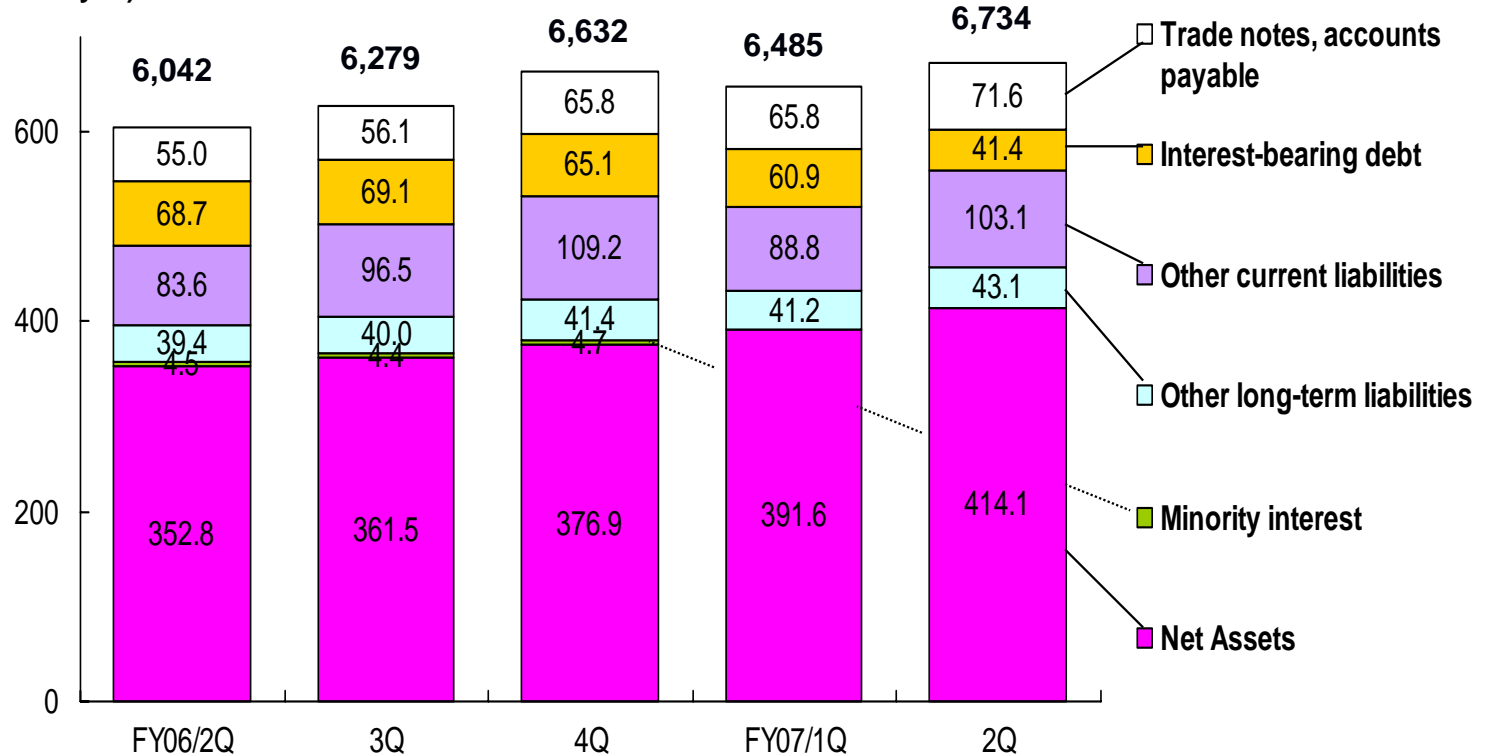
(Billions of Yen)



2Q FY2007 Financial Summary

Liabilities & Net Asset

(Billions of yen)



Debt to Equity Ratio

19.5%

19.1%

17.3%

15.8%

10.1%

- FY2007 : Total Owners' equity = Net Asset – (Subscription rights to shares + Minority interests)
- FY2006 : Shareholders' equity shown as Net Asset.

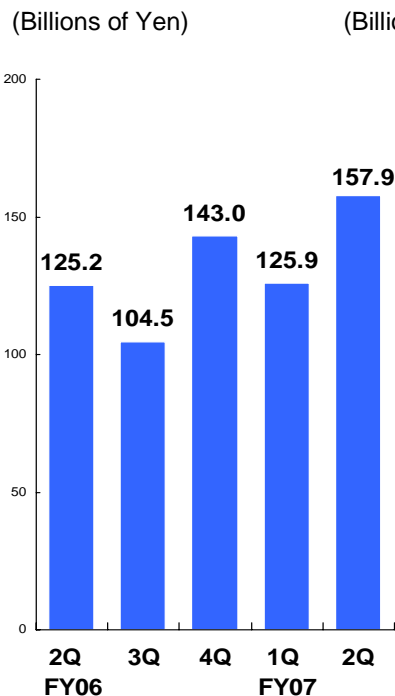


2Q FY2007 Financial Summary

Quarterly Sales by Division

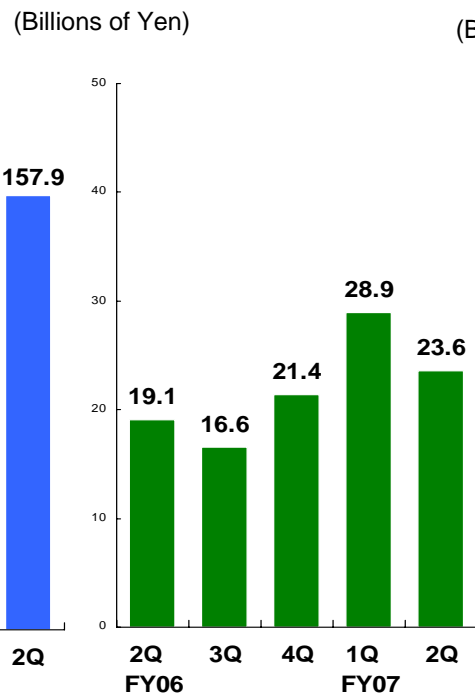
SPE Division

(Semiconductor Production Equipment)



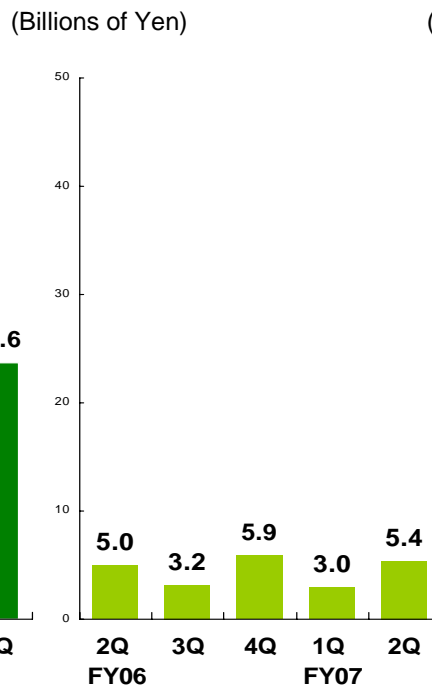
FPD Division

(FPD Production Equipment)



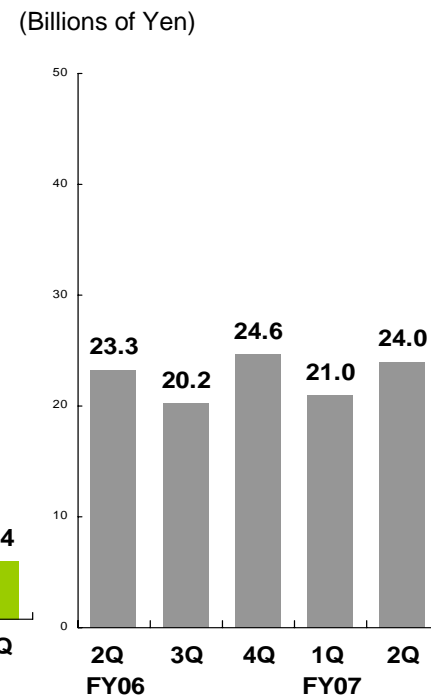
CN Division

(Computer Network)



EC Division

(Electronic Components)



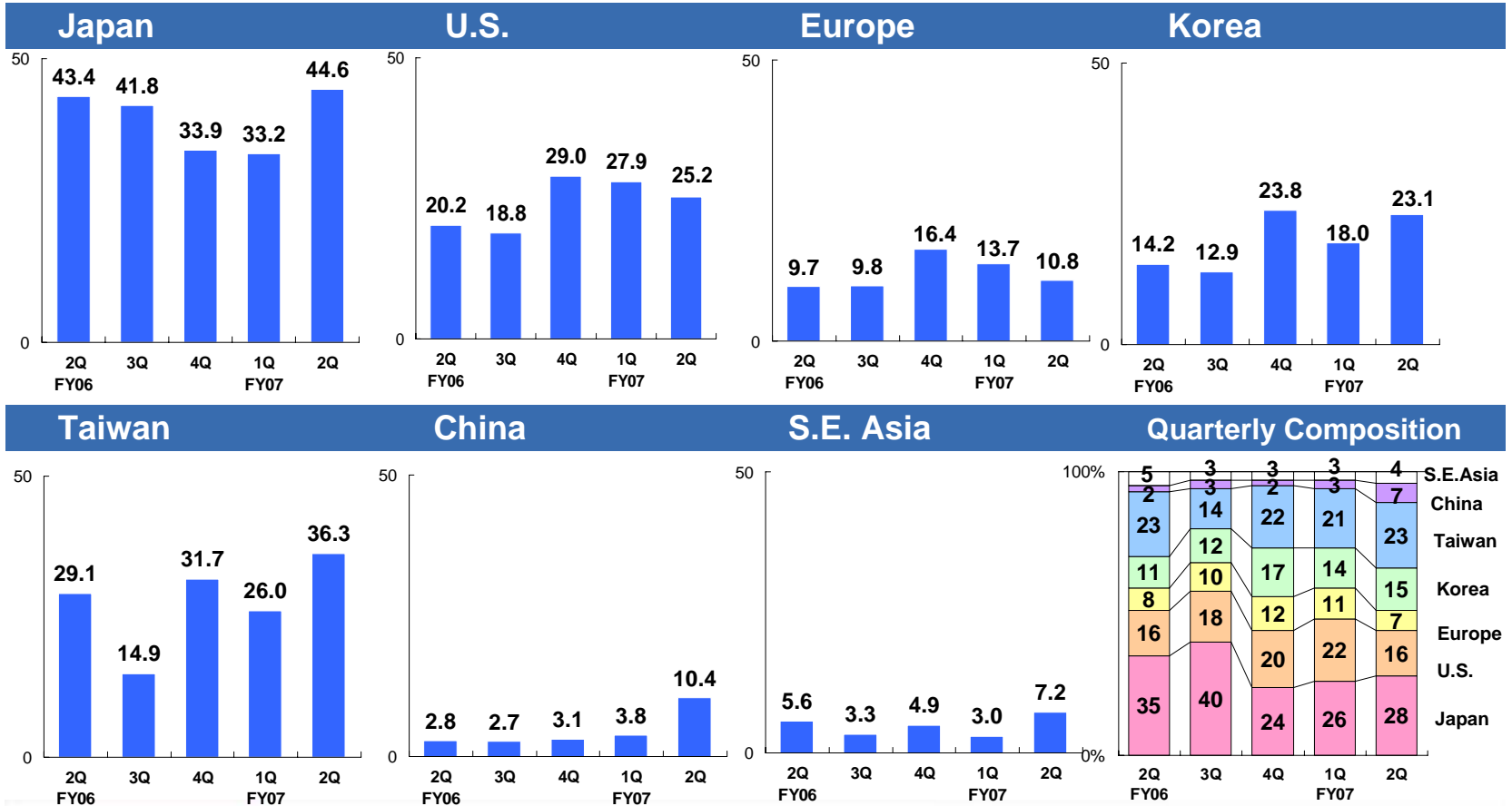
● In addition to the above 4 divisions, there is "Others" division. (2Q sales of 0.2 billion yen)



2Q FY2007 Financial Summary

Quarterly SPE Sales by Region

(Billions of Yen)

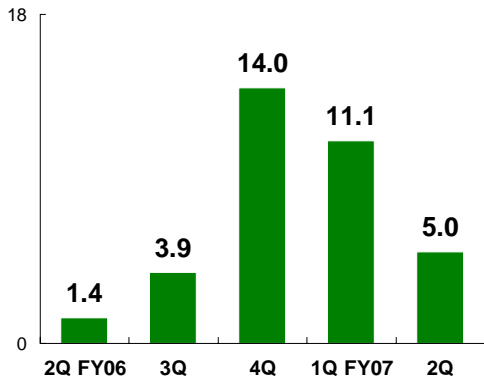


2Q FY2007 Financial Summary

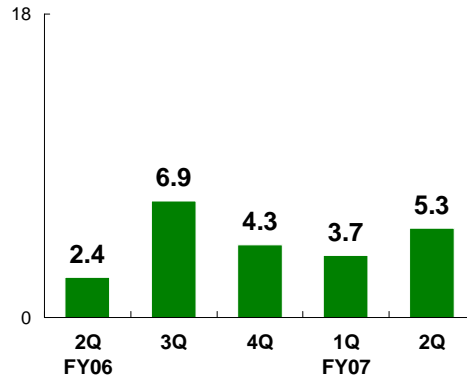
Quarterly FPD Equipment Sales by Region

(Billions of Yen)

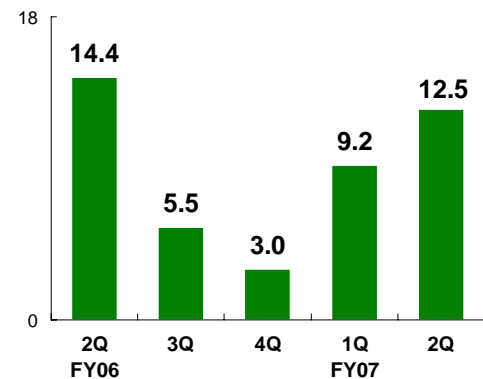
Japan



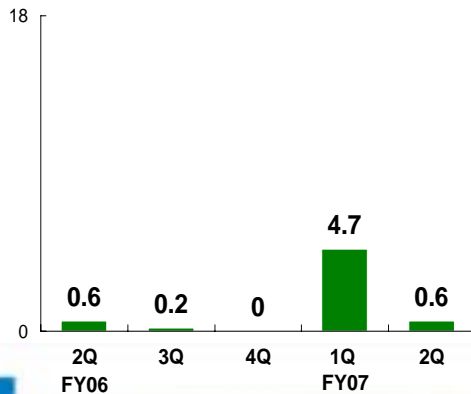
Korea



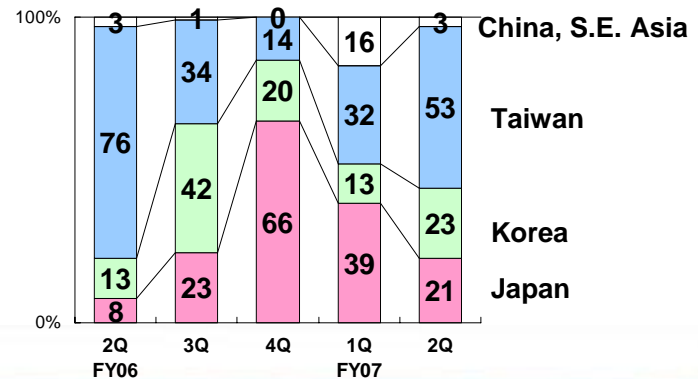
Taiwan



China, Southeast Asia & Other



Quarterly Composition



2Q FY2007 Financial Summary

Cash Flow

(Billions of Yen)

	FY2006				FY2007	
	1Q	2Q	3Q	4Q	1Q	2Q
Cash flow from operating activities	24.5	28.9	- 15.9	41.3	3.8	0.6
Cash flow from investing activities	- 4.0	- 2.3	- 1.5	- 2.5	- 4.2	- 35.1
Cash flow from financing activities	- 6.1	- 29.7	- 4.0	- 3.5	- 9.3	- 18.6
Net increases in cash and cash equivalents	13.9	- 3.2	- 21.5	35.3	- 9.7	- 53.1
Cash and cash equivalents at end of term	129.4	126.2	104.6	140.0	130.2	77.0



2Q FY2007 Financial Summary

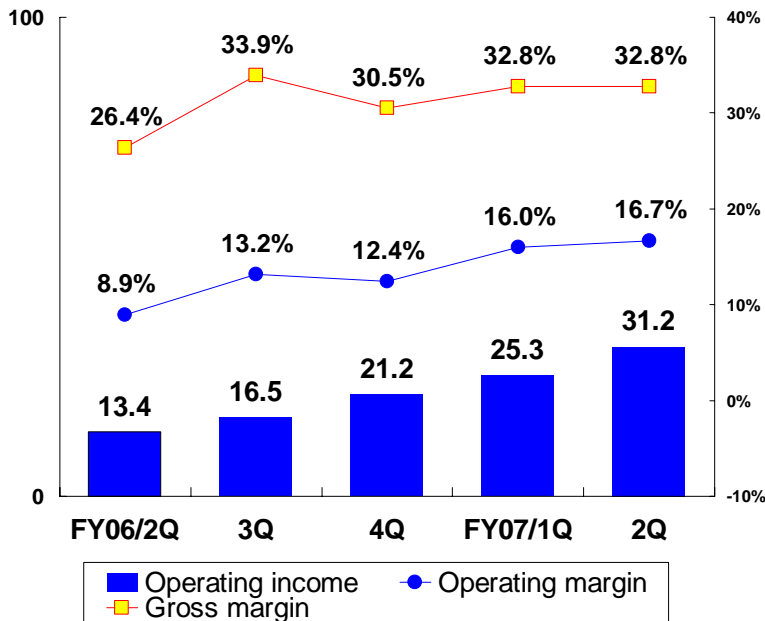
Segment Information by Business Type

Operating income/Operating margin

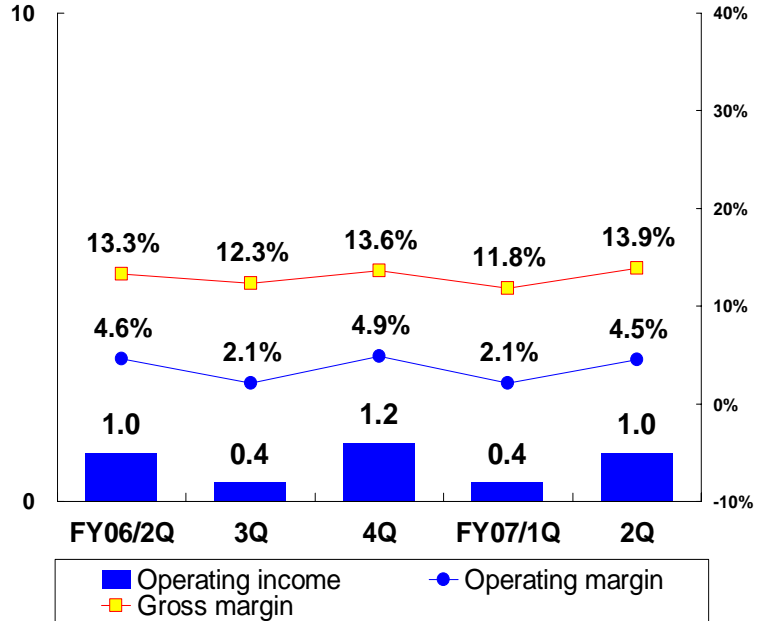
Industrial electronic equipment
 (SPE, FPD, Computer systems and Networks, Other)

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

(Billions of Yen)



(Billions of Yen)



● Segment gross margin is provided for reference.

