

# FY2022 (April 2021 – March 2022) Financial Announcement

May 12, 2022

Agenda:

- FY2022 Consolidated Financial Summary  
Yoshikazu Nunokawa, Corporate Director, Executive Vice President & General Manager
- Business Environment and Financial Estimates  
Toshiki Kawai, Representative Director, President & CEO



# Forward Looking Statements

- Disclaimer regarding forward-looking statements

Forward-looking statements with respect to TEL's business plan, prospects and other such information are based on information available at the time of publication. Actual performance and results may differ significantly from the business plan 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, intellectual property-related risks, and impacts from COVID-19.

- 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. Percentages are calculated using full amounts, before rounding.

- Exchange risk

In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD production equipment are denominated in yen. Although some sales and expenses are denominated in foreign currencies, the impact of exchange rate fluctuations on profits is negligible.

FPD: Flat panel display



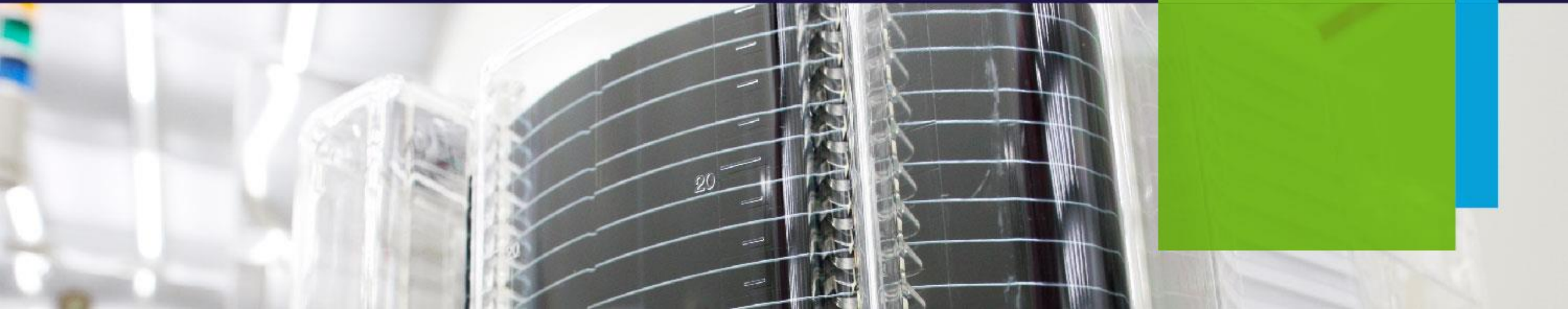
# FY2022 Consolidated Financial Summary

April 1, 2021 – March 31, 2022

May 12, 2022

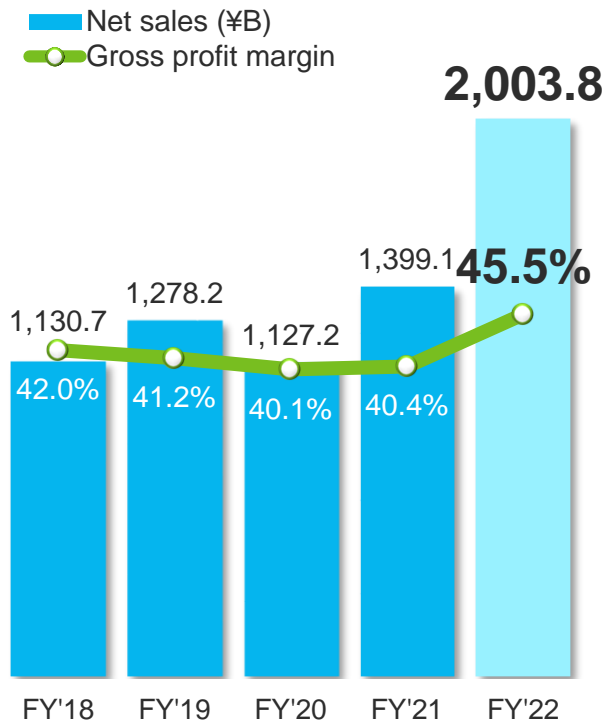
Yoshikazu Nunokawa

Corporate Director, Executive Vice President & General Manager,  
Global Business Platform Division

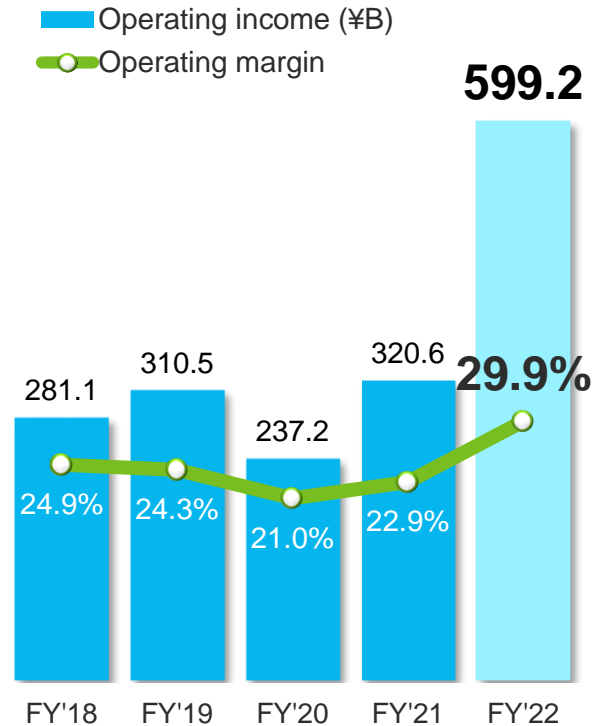


# FY2022 (April 2021 – March 2022) Financial Highlights

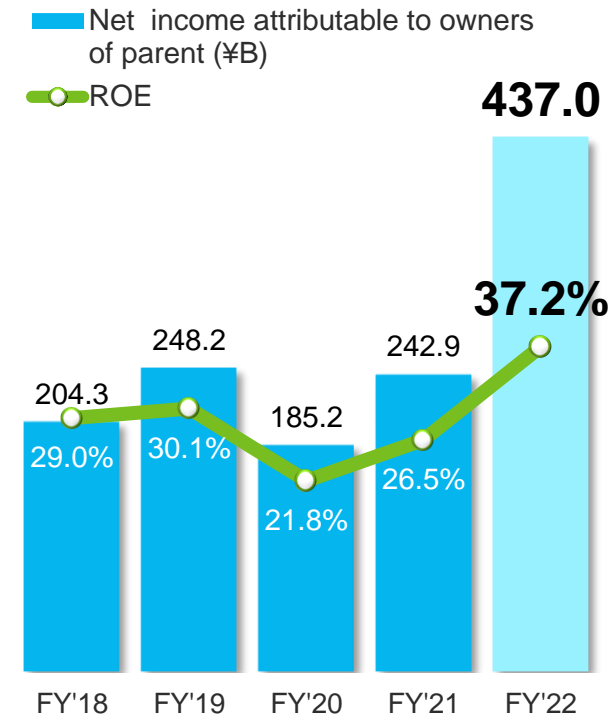
## Net Sales and Gross Profit Margin



## Operating Income and Operating Margin



## Net Income Attributable to Owners of Parent and ROE



- Steadily met the expansion of SPE\*<sup>1</sup> demand. Sales increased by 43%\*<sup>2</sup> YoY
- Gross profit margin, operating margin and ROE reached record high

\*1 SPE: Semiconductor production equipment

\*2 From the beginning of FY2022, the Company applies “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29). Percentages of changes are based on consolidated financial results without the effects of the new standards of the same period of the previous fiscal year.

# Financial Summary

New revenue recognition

	FY2021	FY2022	YoY Change*	(Billion yen) (Reference) FY2022 estimates announced on Feb. 10, 2022
Net sales	1,399.1	2,003.8	+43.2%	1,950.0
SPE	1,315.2	1,943.8	+47.8%	1,890.0
FPD	83.7	59.8	-28.6%	60.0
Gross profit	564.9	911.8	+61.4%	884.0
Gross profit margin	40.4%	45.5%	+5.1pts	45.3%
SG&A expenses	244.2	312.5	+28.0%	314.0
Operating income	320.6	599.2	+86.9%	570.0
Operating margin	22.9%	29.9%	+7.0pts	29.2%
Income before income taxes	317.0	596.6	+88.2%	568.0
Net income attributable to owners of parent	242.9	437.0	+79.9%	416.0
EPS (Yen)	1,562.20	2,807.84	+79.7%	2,672.51
R&D expenses	136.6	158.2	+15.8%	165.0
Capital expenditures	53.8	57.2	+6.3%	64.0
Depreciation and amortization	33.8	36.7	+8.5%	43.0

1. In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD production equipment are denominated in yen. Although some sales and expenses are denominated in foreign currencies, the impact of exchange rate fluctuations on profits is negligible.
2. Profit ratios are calculated using full amounts, before rounding.

CORP IR / May 12, 2022 \* From the beginning of FY2022, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29).

Percentages of changes are based on consolidated financial results without the effects of the new standards of the same period of the previous fiscal year.



# Financial Summary (Quarterly)

New revenue recognition

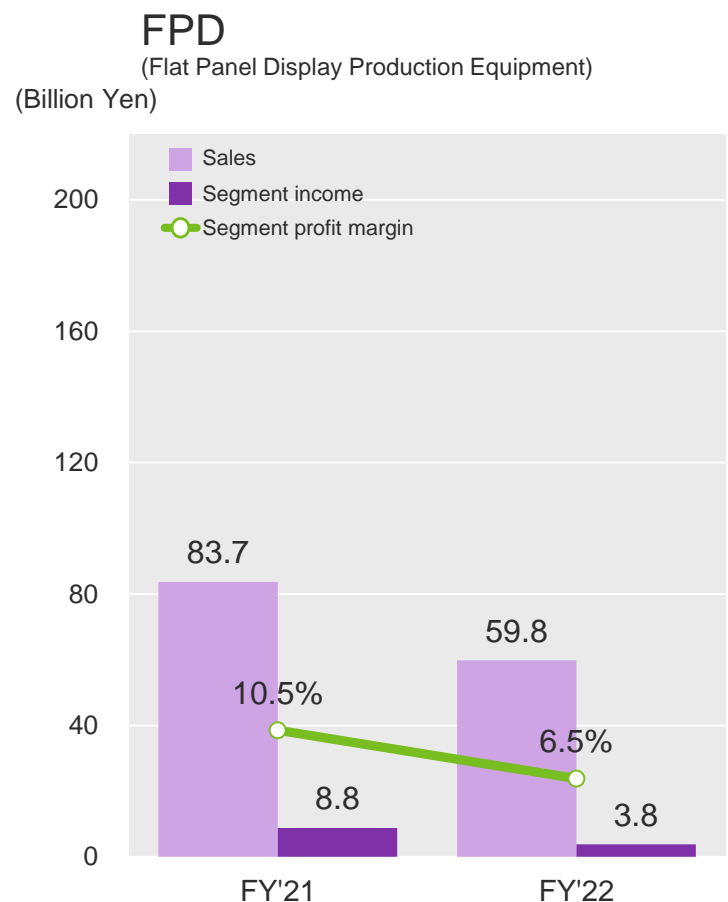
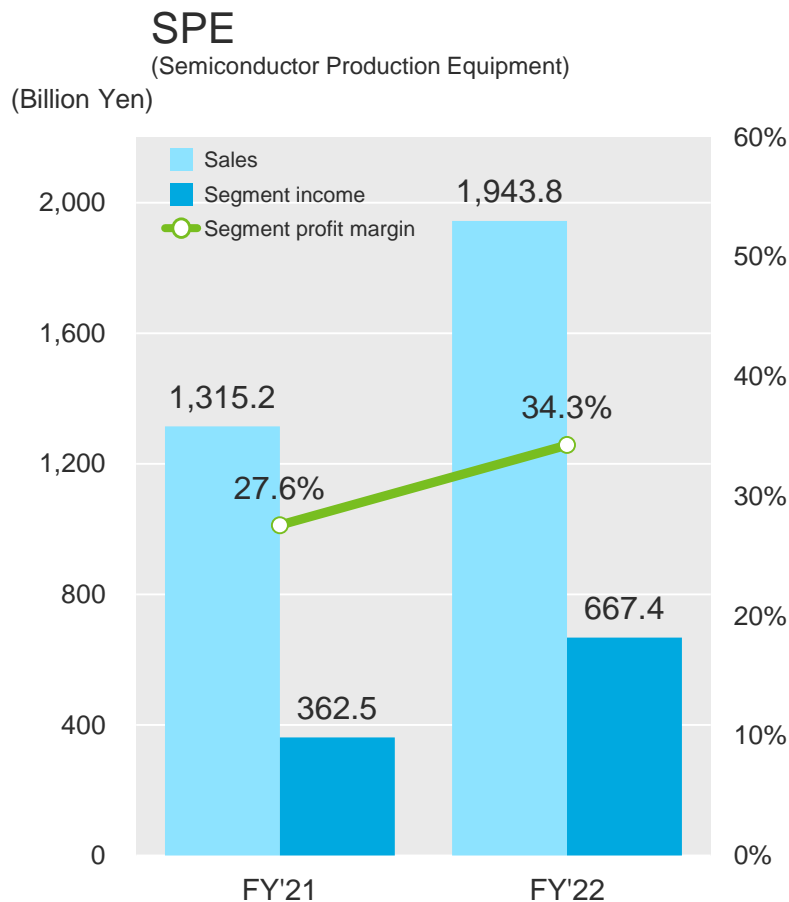
(Billion Yen)

	FY2021	FY2022				vs. Q3 FY2022
	Q4	Q1	Q2	Q3	Q4	
Net sales	439.2	452.0	480.4	506.4	564.8	+11.5%
SPE	415.4	437.9	467.8	488.8	549.2	+12.4%
FPD	23.7	14.0	12.5	17.6	15.5	-12.1%
Gross profit	178.2	210.9	211.9	233.0	255.9	+9.8%
Gross profit margin	40.6%	46.7%	44.1%	46.0%	45.3%	-0.7pts
SG&A expenses	67.8	69.1	79.0	76.9	87.3	+13.5%
Operating income	110.3	141.7	132.8	156.0	168.5	+8.0%
Operating margin	25.1%	31.4%	27.7%	30.8%	29.8%	-1.0pts
Income before income taxes	106.9	138.0	135.0	155.5	168.1	+8.1%
Net income attributable to owners of parent	84.7	100.3	99.8	110.0	126.8	+15.3%
R&D expenses	37.1	34.3	41.1	38.5	44.1	+14.6%
Capital expenditures	16.8	10.6	14.5	17.4	14.7	-15.4%
Depreciation and amortization	9.7	7.9	8.8	9.6	10.2	+6.3%

1. In principle, export sales of Tokyo Electron's mainstay semiconductor and FPD production equipment are denominated in yen. Although some sales and expenses are denominated in foreign currencies, the impact of exchange rate fluctuations on profits is negligible.

2. Profit ratios are calculated using full amounts, before rounding.

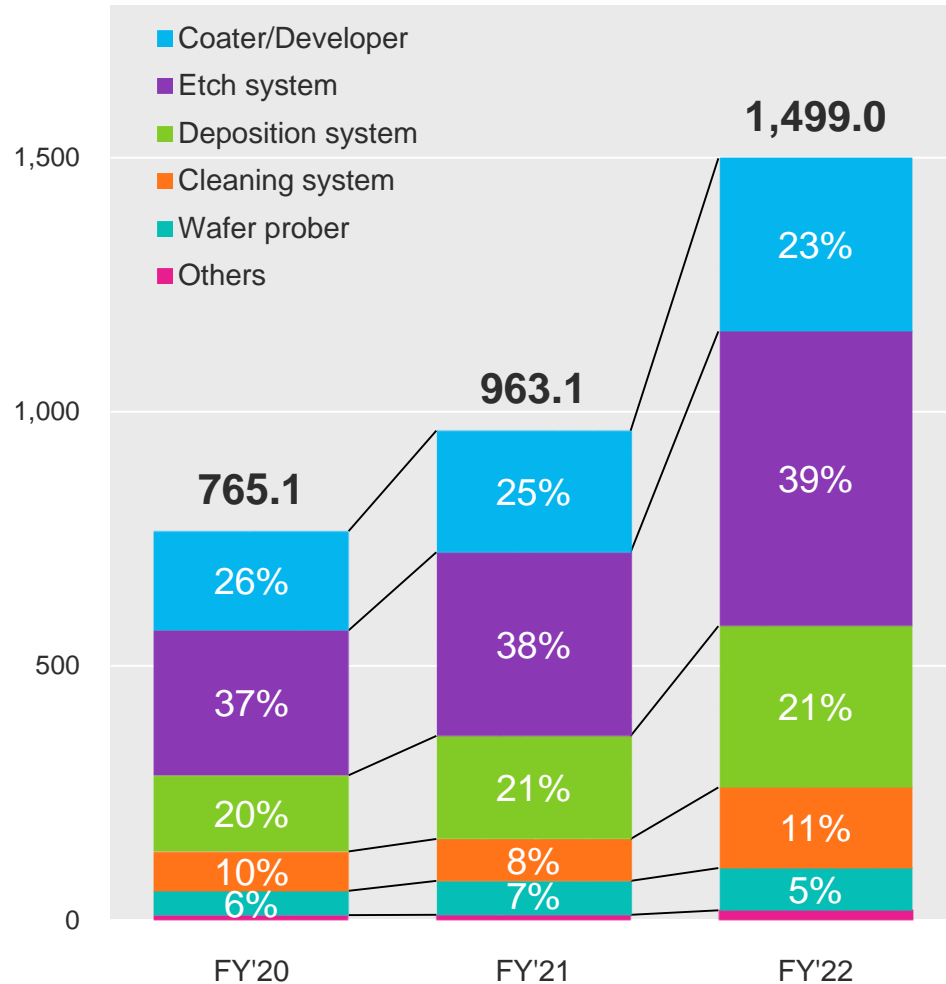
# Segment Information



1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research, etc. and other general and administrative expenses are not included in the above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

# SPE Division: New Equipment Sales by Product

(Billion Yen)

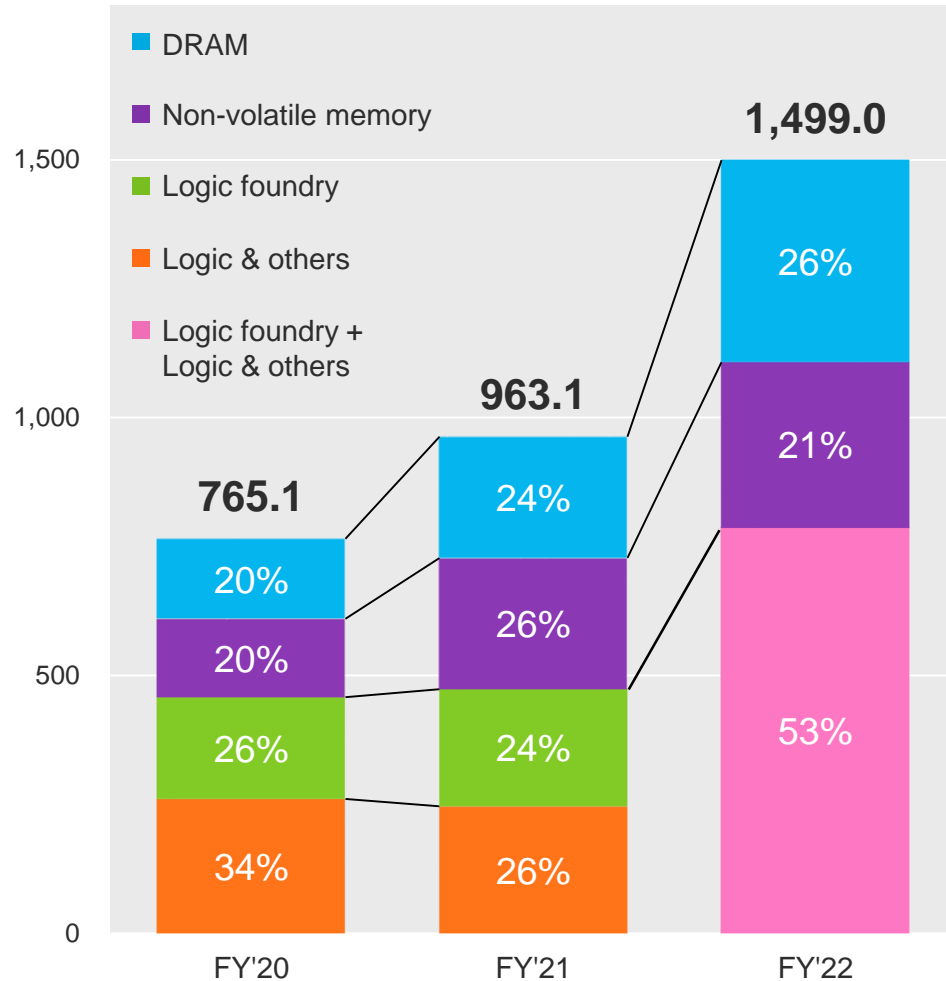


- FY2022 new equipment sales increased by 56% YoY to ¥1,499.0B
- Sales of all equipment increased YoY due to the increase in market share in major products as well as successful response to sharp growth in demand



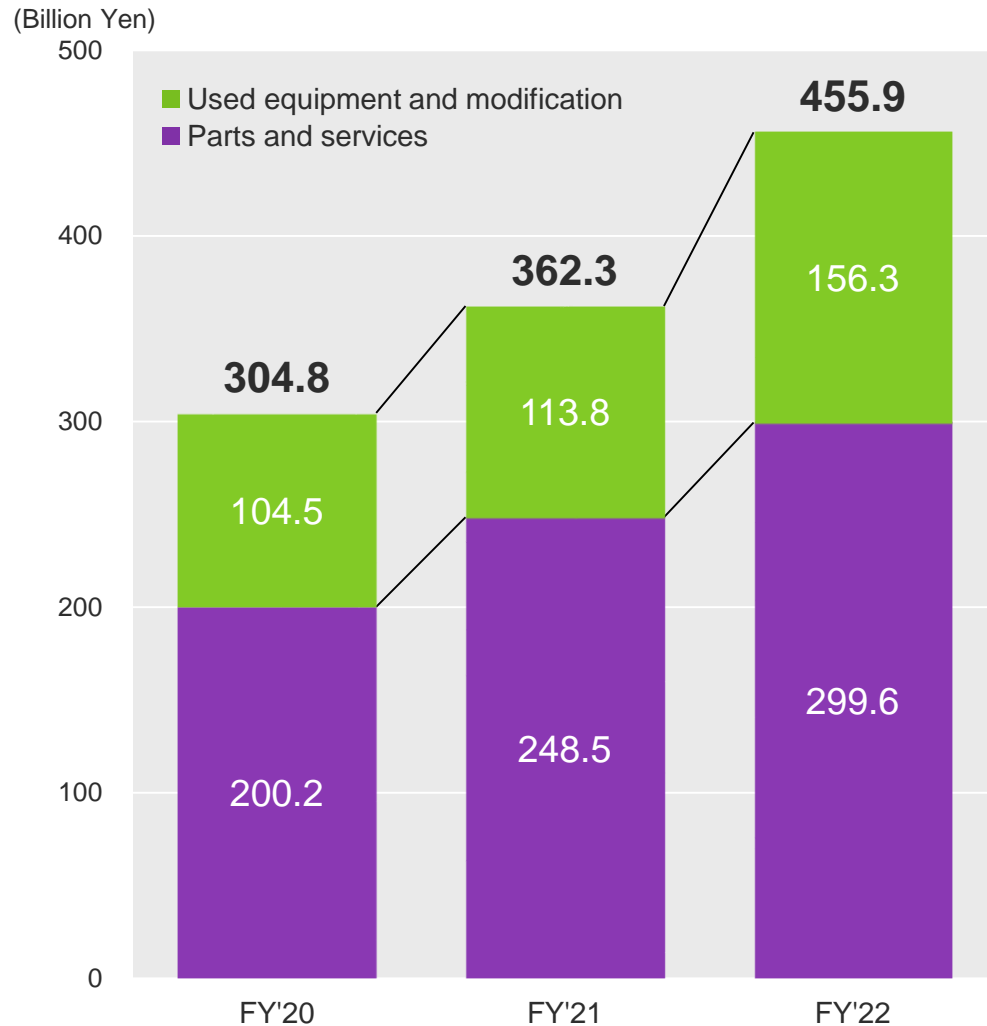
# SPE Division: New Equipment Sales by Application

(Billion Yen)



- Sales increased for all applications
- In logic/foundry, sales increased significantly against a backdrop of solid investment across a wide range of generations from leading-edge to mature
- In DRAM, in addition to recovery in customers' capex, newly acquired PORs contributed to sales increase

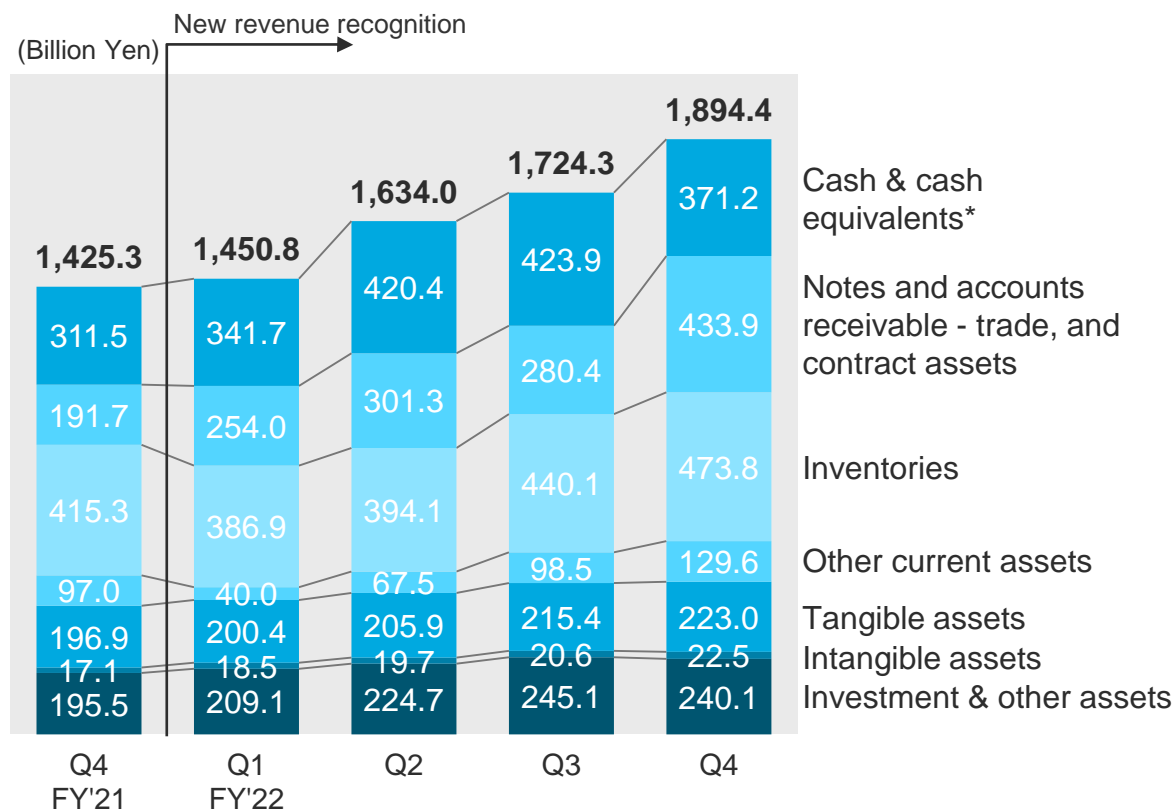
# Field Solutions Sales



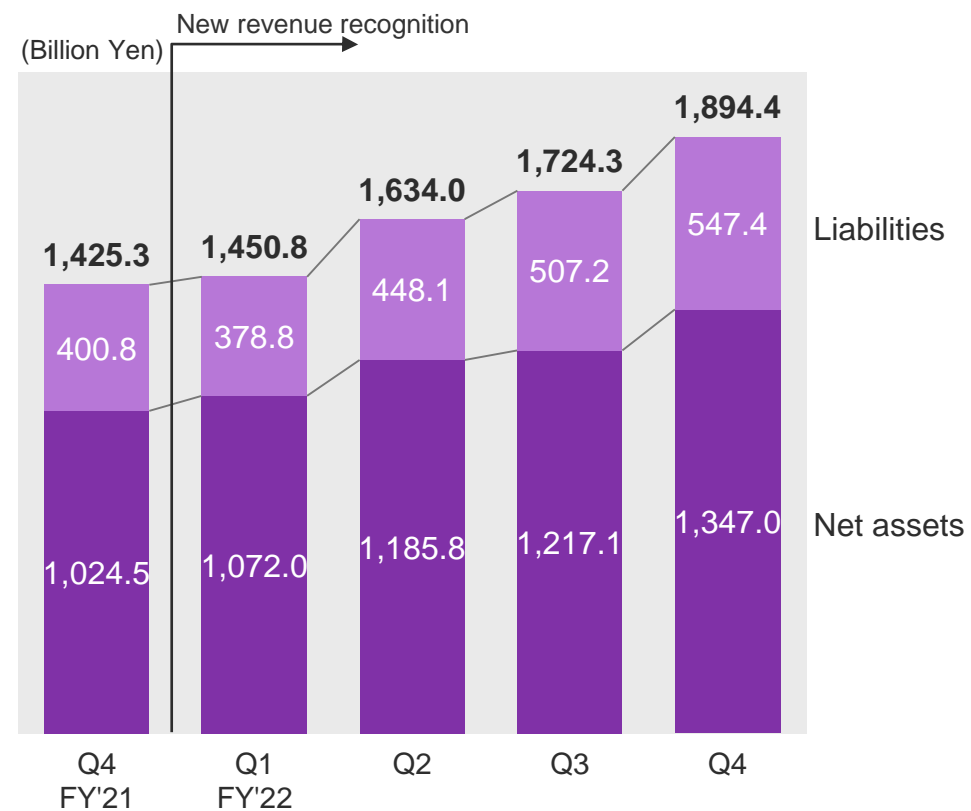
- FY2022 Field Solutions sales increased by 26% YoY to ¥455.9B
- Parts and services sales continued to be solid. Modification sales also increased significantly driven by strong demand for mature generations

# Balance Sheet (Quarterly)

## Assets

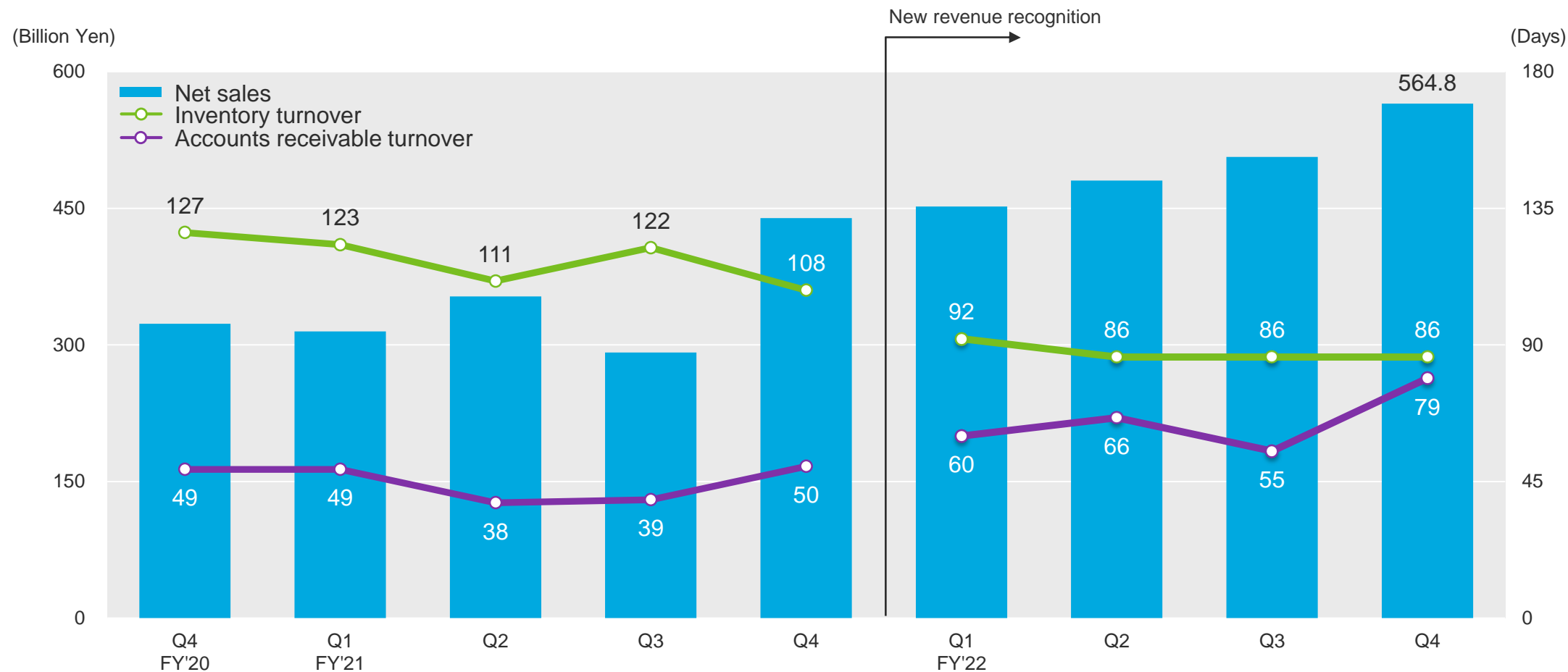


## Liabilities & Net Assets



\* Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S)

# Inventory Turnover and Accounts Receivable Turnover

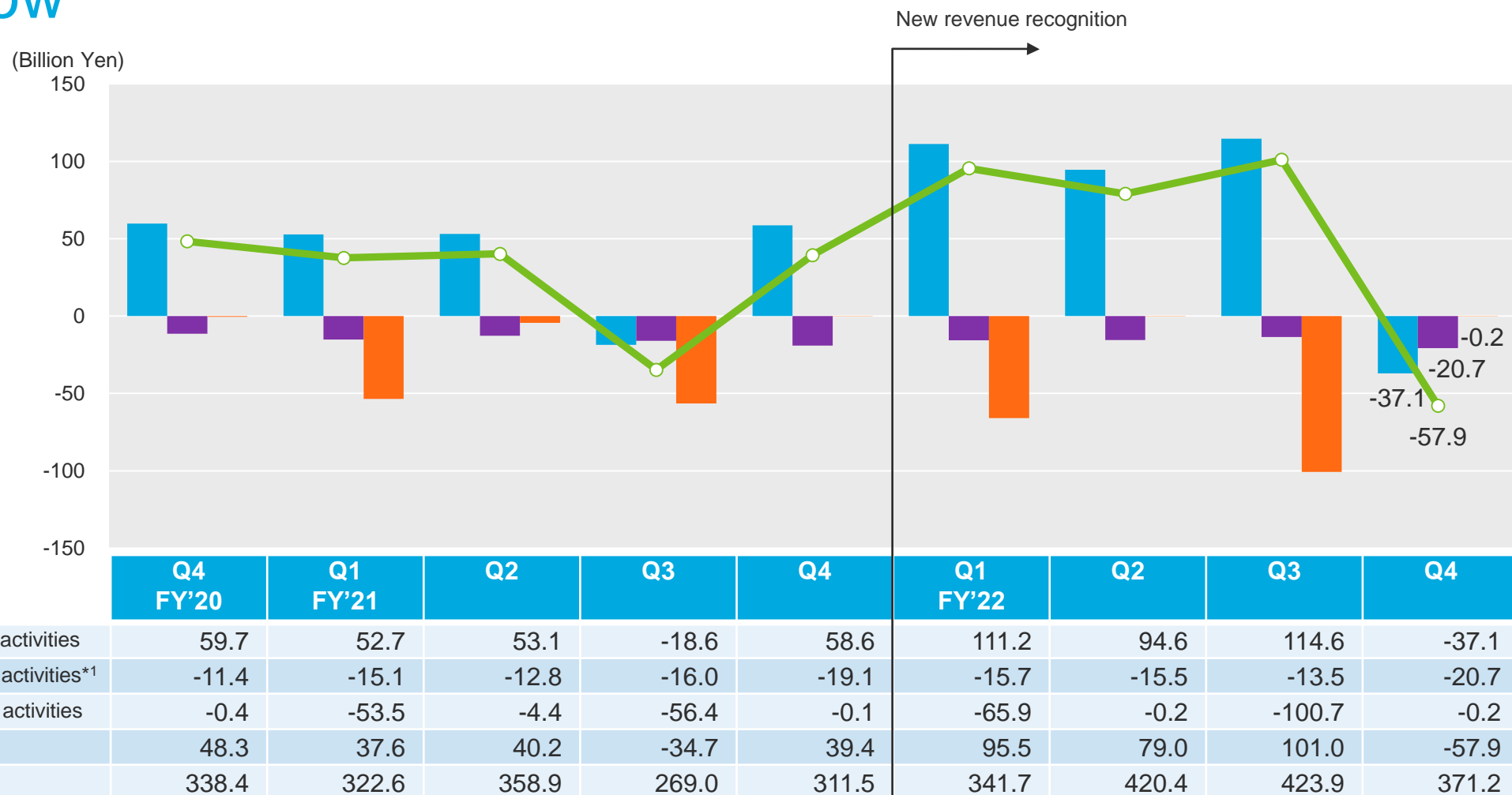


Turnover days = inventory or accounts receivable at the end of each quarter / last 12 months sales x 365

Note: Accounts receivable includes contract assets.

The turnovers in FY'22 are calculated based on the sales of the past four quarters including the relevant quarter, respectively, although the revenue recognition standards are different.

# Cash Flow



\*1 Cash flow from investing activities excludes changes in time deposits and short-term investments.

\*2 Free cash flow = cash flow from operating activities + cash flow from investing activities (excluding changes in time deposits and short-term investments)

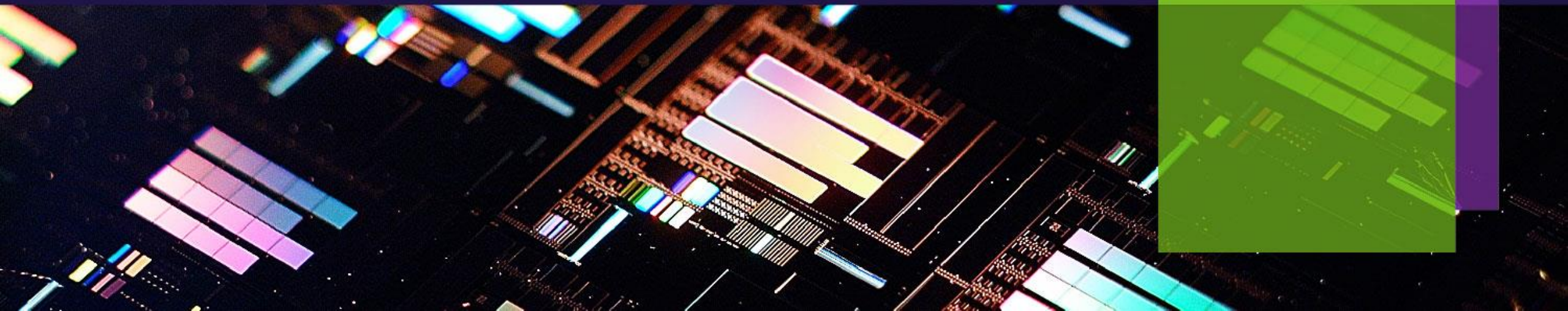
\*3 Cash on hand includes cash and cash equivalents + time deposits and short-term investments with original maturities of more than three months.



# Business Environment and Financial Estimates

May 12, 2022

Toshiki Kawai  
Representative Director, President & CEO





## FY2022 Business Highlights

- Record-high sales and profits. Achieved the financial model of Medium-term Management Plan\* two years ahead of schedule
  - Net sales: ¥2 trillion+, Operating margin: 29.9%, ROE: 37.2%
  - PORs acquired by high value-added strategic products contributed to sales/profits. Also, market share in major products increased
  - Field Solutions sales exceeded the target
  - Proactively executed procurement and production to meet sharp market growth
  - Implemented record-high R&D investment of ¥158.2B and capex of ¥57.2B for future growth

\*Medium-term Management Plan announced on May 28, 2019

# CY2022 Business Environment (Outlook as of May 2022)

- WFE\*<sup>1</sup> market

- Expect to grow around 20% YoY.

- Continued expansion is expected on the rise in demand for a wide range of generations of logic, from leading-edge to mature, and memory driven by the ongoing digital shift of society

- FPD production equipment market (TFT array process\*<sup>2</sup>)

- Expect to increase slightly.

- Increased investment accompanying adoption of new applications in automotive, etc.,

- and new technologies for mobile. The transition from LCD to OLED progressing from small panels, expected to expand to large panels.

\*1 WFE (Wafer fab equipment): The semiconductor production process is divided into front-end production, in which circuits are formed on wafers and inspected, and back-end production, in which wafers are cut into chips, assembled and inspected again. Wafer fab equipment refers to the production equipment used in front-end production and in wafer-level packaging production.

\*2 TFT array process: The processes of manufacturing the substrates with the electric circuit functions that drive displays

# CY2022 WFE Market by Application

- Logic/Foundry: Approx. 25% increase YoY
  - Drive WFE market with continued proactive investment on expanded applications accompanying advances in ICT\*
- DRAM: Approx. 15% increase YoY
  - Expect high level of investment driven by spread of 5G mobile, higher data center demand and adoption of DDR5
- Non-volatile memory: Approx. 10% increase YoY
  - Continued firm investment driven by progressing adoption of SSDs and rising memory contents

# FY2023 Financial Estimates

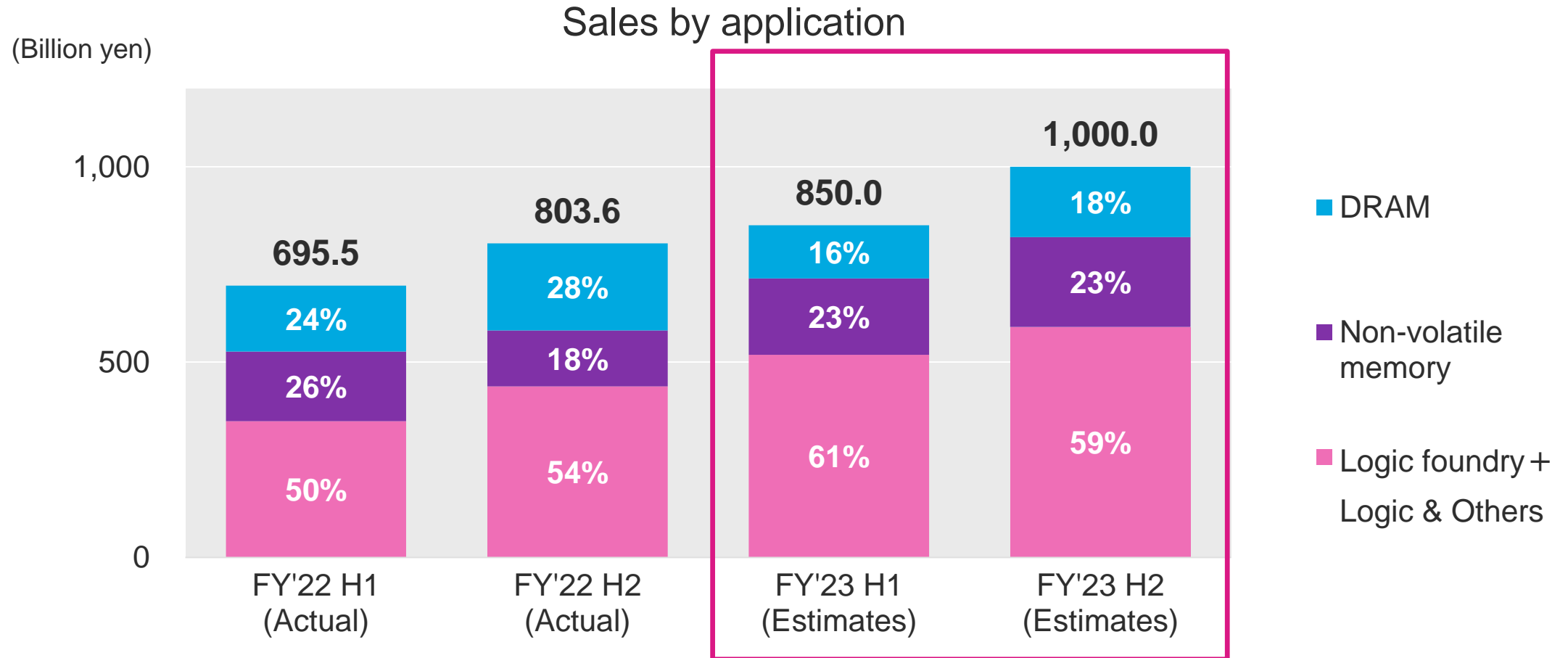
# FY2023 Financial Estimates

(Billion yen)

	FY2022 (Actual)	FY2023 (Estimate)			
		H1	H2	Full Year	Full year YoY change
Net sales	2,003.8	1,100.0	1,250.0	2,350.0	+17.3%
SPE	1,943.8	1,070.0	1,225.0	2,295.0	+18.1%
FPD	59.8	30.0	25.0	55.0	-8.1%
Gross profit	911.8	495.0	580.0	1,075.0	+17.9%
Gross profit margin	45.5%	45.0%	46.4%	45.7%	+0.2pts
SG&A expenses	312.5	176.0	183.0	359.0	+14.9%
Operating income	599.2	319.0	397.0	716.0	+19.5%
Operating margin	29.9%	29.0%	31.8%	30.5%	+0.6pts
Income before income taxes	596.6	319.0	397.0	716.0	+20.0%
Net income attributable to owners of parent	437.0	234.0	289.0	523.0	+19.7%
Net income per share (Yen)	2,807.84	1,502.41	-	3,357.96	+550.12

## Expect record high sales and profits

# FY2023 SPE Division New Equipment Sales Forecast

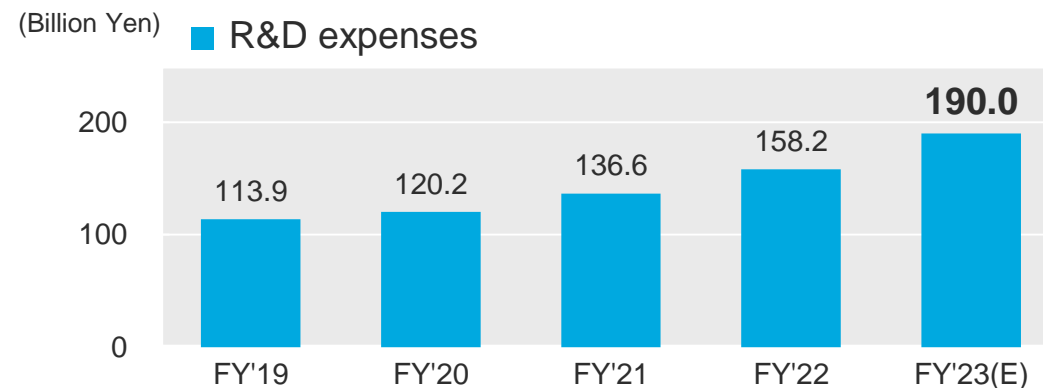


Sales for logic are expected to grow in line with the expansion of customers' investment. Sales for memory are expected to remain at a high level



# FY2023 R&D Expenses, Capex Plan

- R&D Expenses ¥190.0B
  - Continue investing based on focus areas and sustainable growth
- Capex ¥75.0B
  - Actively invest in advanced technologies R&D and to meet increasing production
- Depreciation ¥46.0B



New development building  
(Coater/Developers, Surface preparation systems)

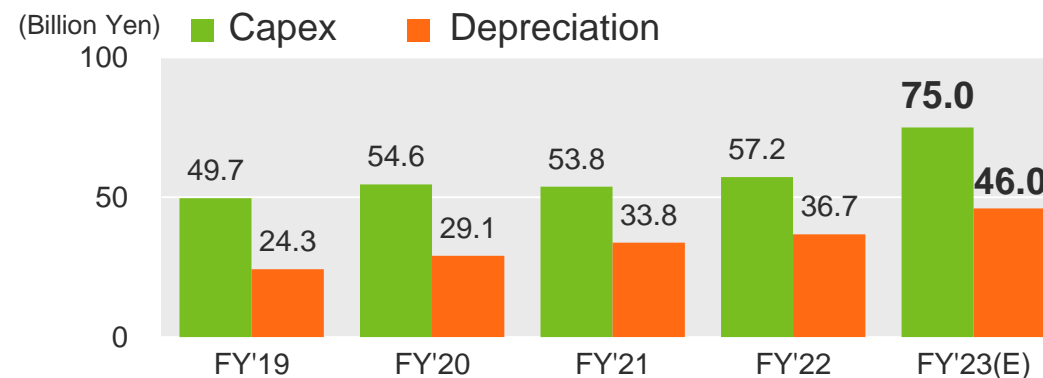


Koshi-city, Kumamoto Prefecture:  
approx. ¥30.0B construction cost  
(Completion scheduled for fall 2024)

New development building  
(Etch systems)

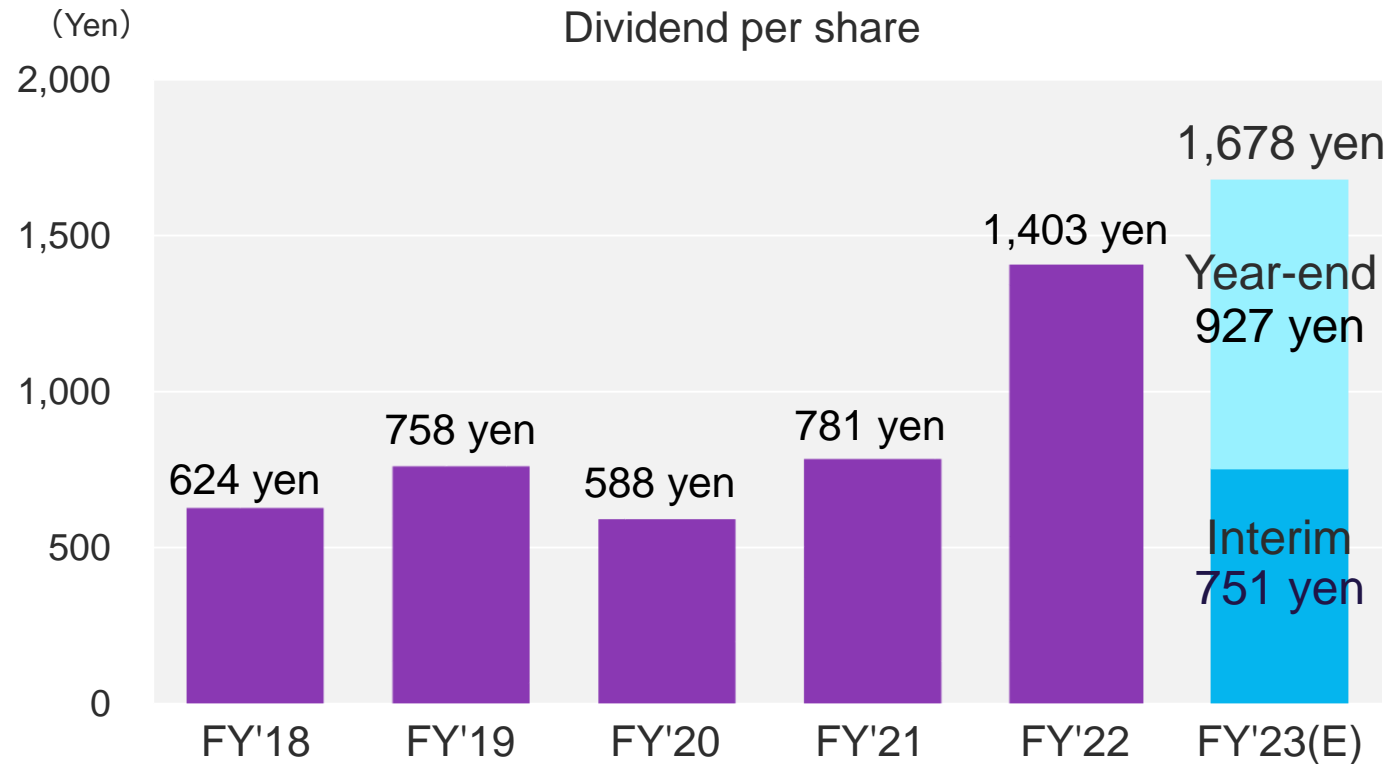


Kurokawa-gun, Miyagi Prefecture:  
approx. ¥47.0B construction cost  
(Completion scheduled for spring 2025)



Accelerate investment in R&D and capex in view of growing market and diversification of new technology needs

# FY2023 Dividend Forecast



## TEL shareholder return policy

**Dividend payout ratio: 50%**

**Annual DPS of not less than 150 yen**

We will review our dividend policy if the company does not generate net income for two consecutive fiscal years

**We will flexibly consider share buybacks**

Expect to pay annual DPS of 1,678 yen

# Medium-term Management Plan

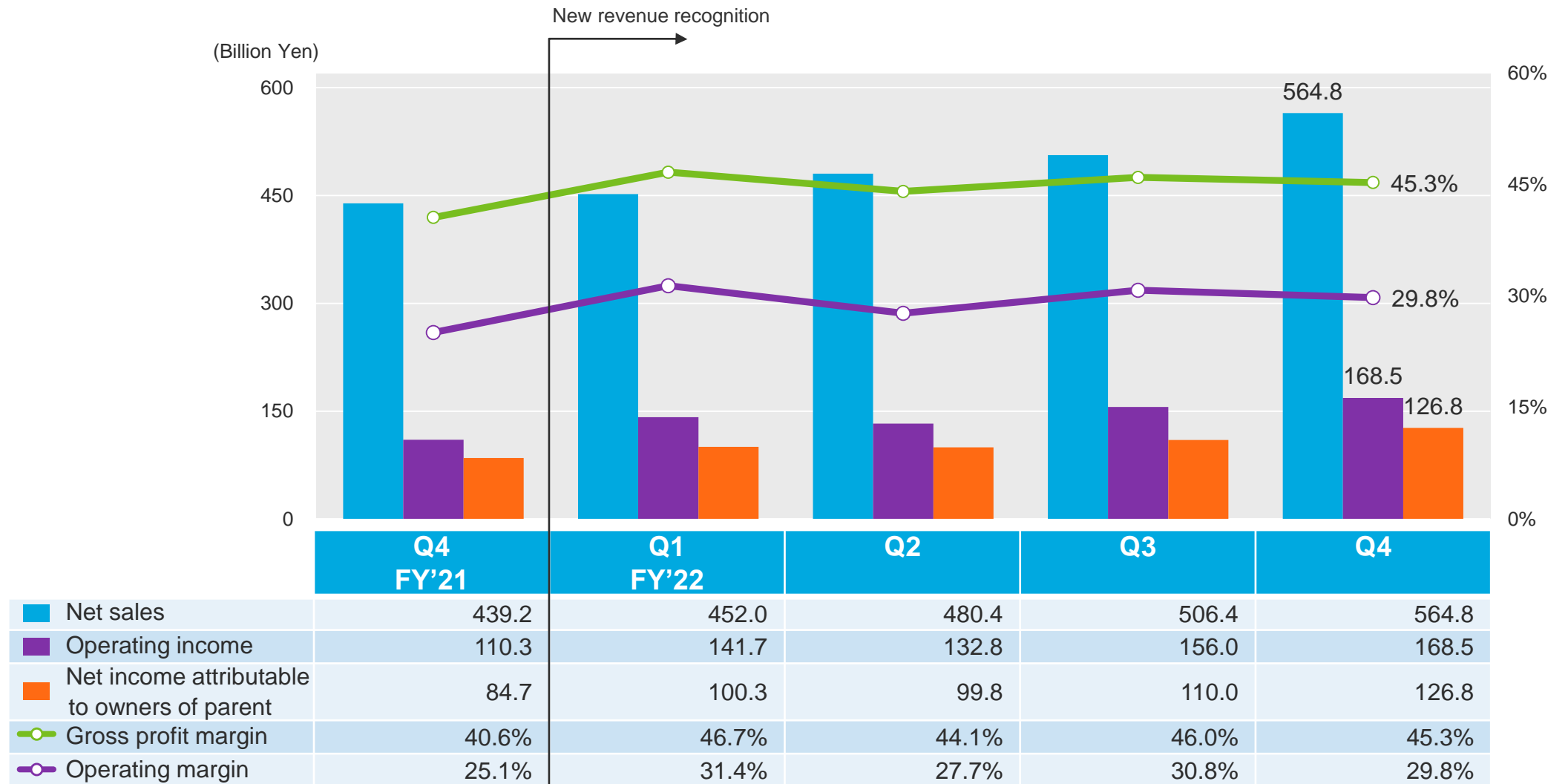
(Billion yen)

	FY2021 (Actual)	FY2022 (Actual)	By FY2024 (Plan)		
Net sales	1,399.1	<b>2,003.8</b>	1,500.0	1,700.0	<b>2,000.0</b>
Gross profit	564.9	<b>911.8</b>	650.0	740.0	<b>890.0</b>
Gross profit margin	40.4%	<b>45.5%</b>	43.3%	43.5%	<b>44.5%</b>
SG&A expenses	244.2	<b>312.5</b>	252.0	264.0	<b>290.0</b>
SG&A expenses to sales ratio	17.5%	<b>15.6%</b>	16.8%	15.5%	<b>14.5%</b>
Operating income	320.6	<b>599.2</b>	398.0	476.0	<b>&gt;600.0</b>
Operating margin	22.9%	<b>29.9%</b>	26.5%	28.0%	<b>&gt;30.0%</b>
ROE	26.5%	<b>37.2%</b>	<b>&gt;30%</b>		

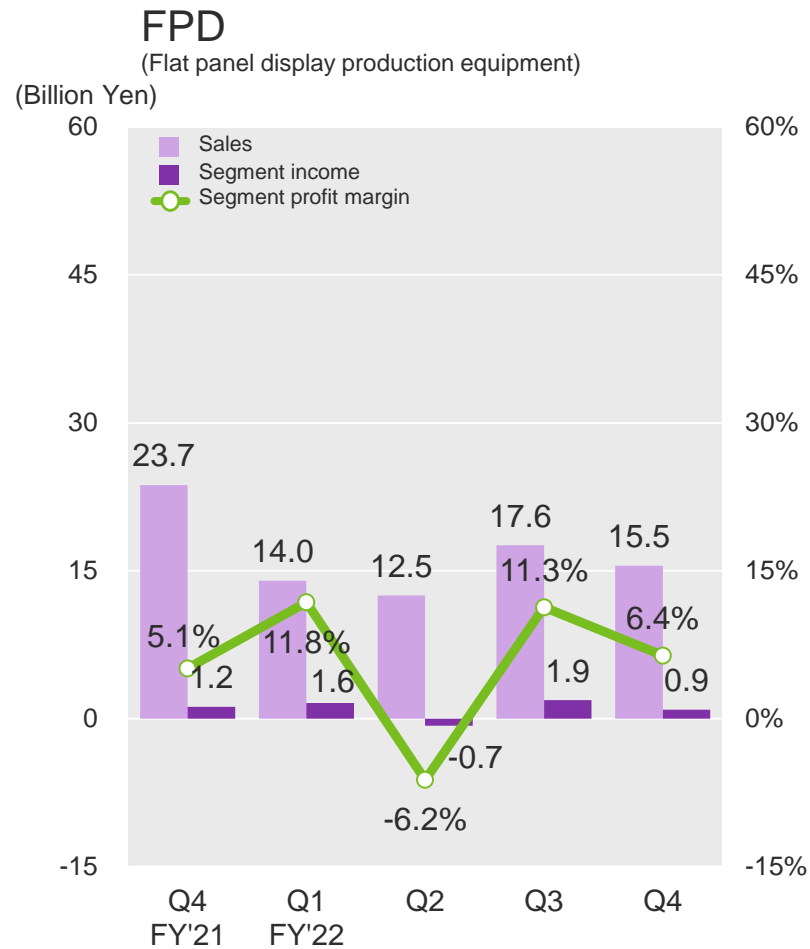
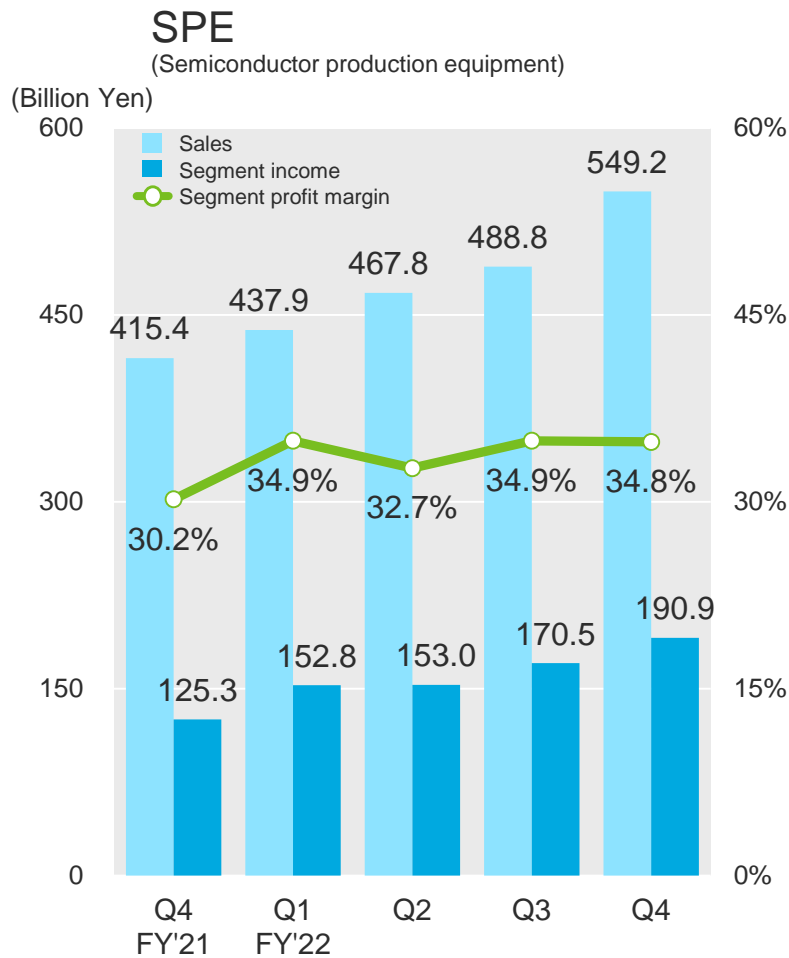
Achieved the financial model of ¥2 trillion two years ahead of schedule.  
Currently formulating new Medium-term Management Plan towards further growth

# Appendix

# Financial Performance (Quarterly)



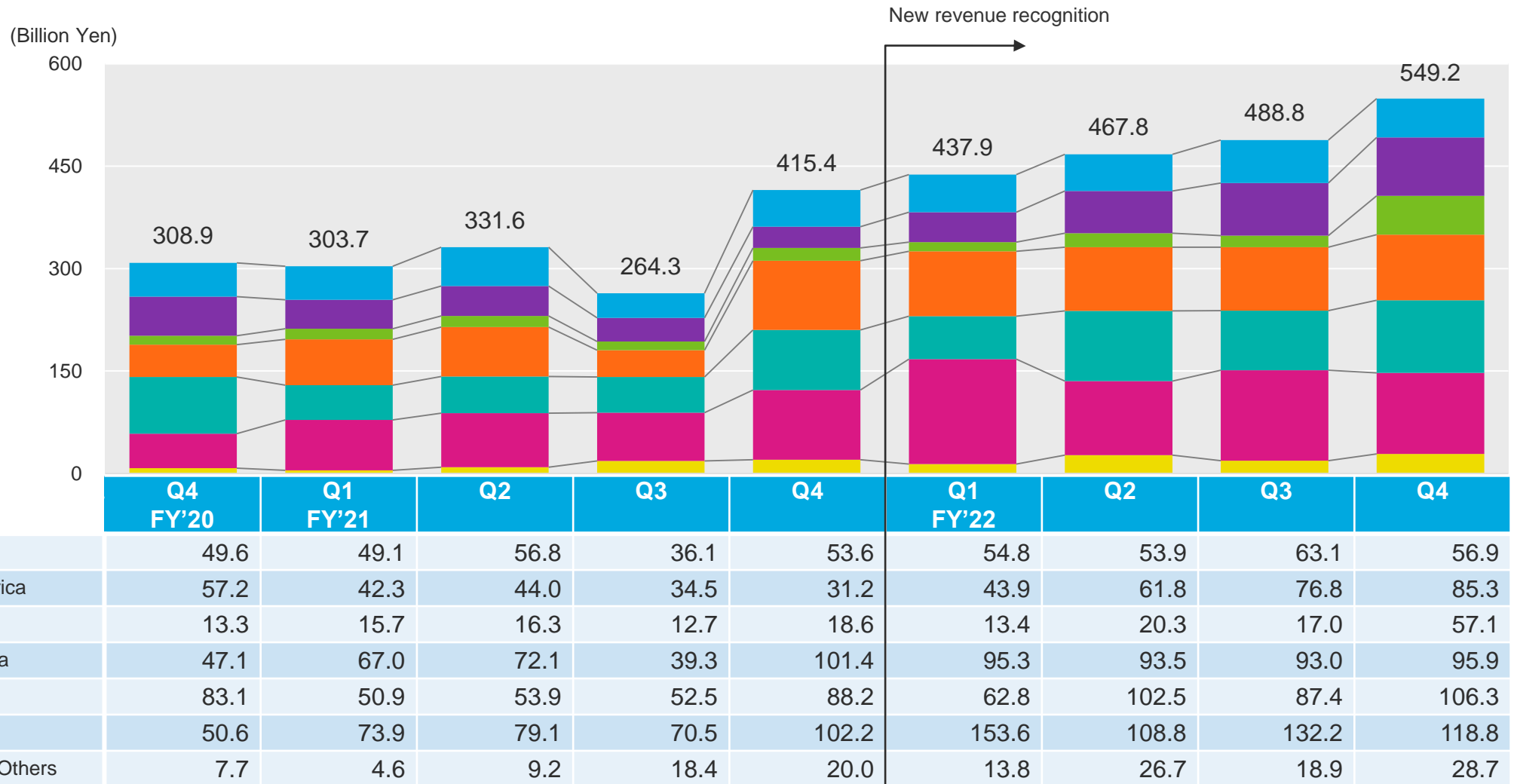
# Segment Information (Quarterly)



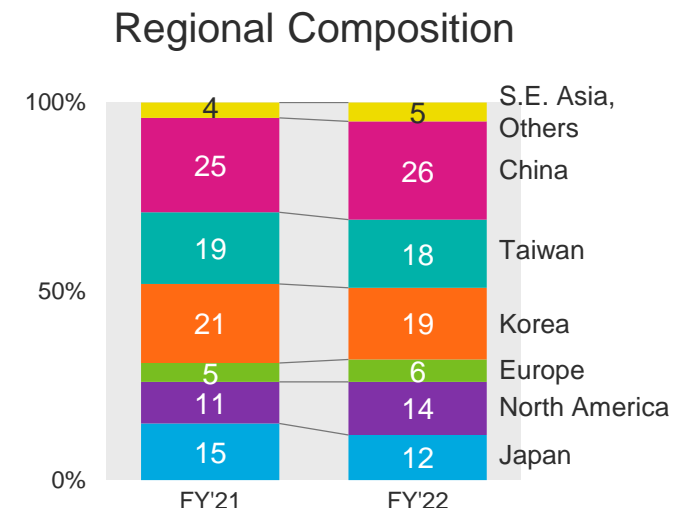
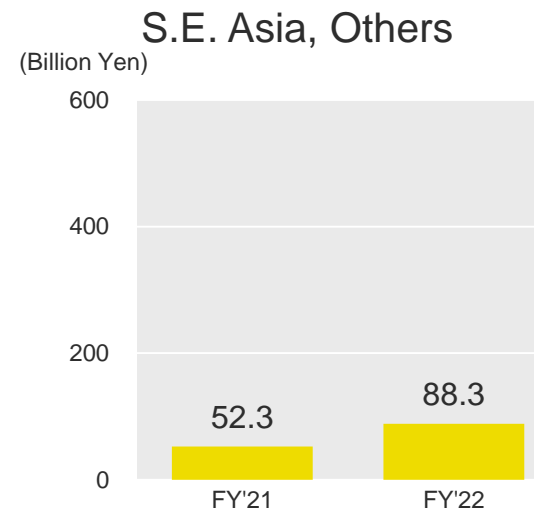
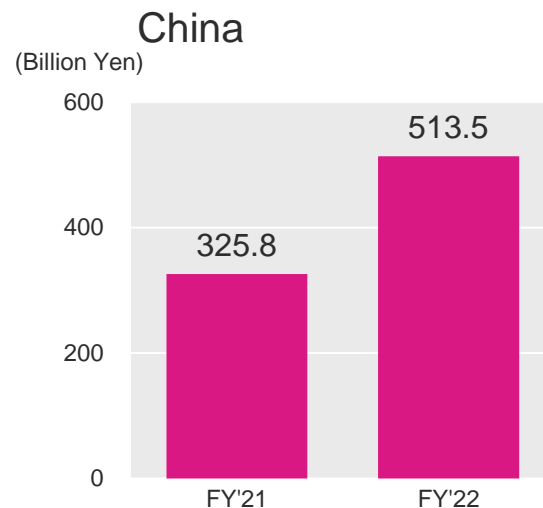
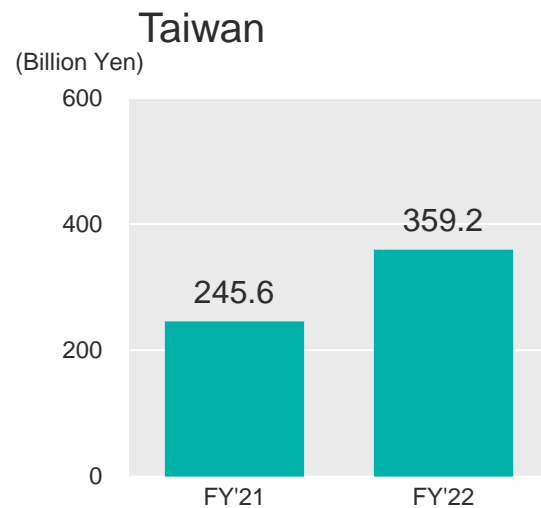
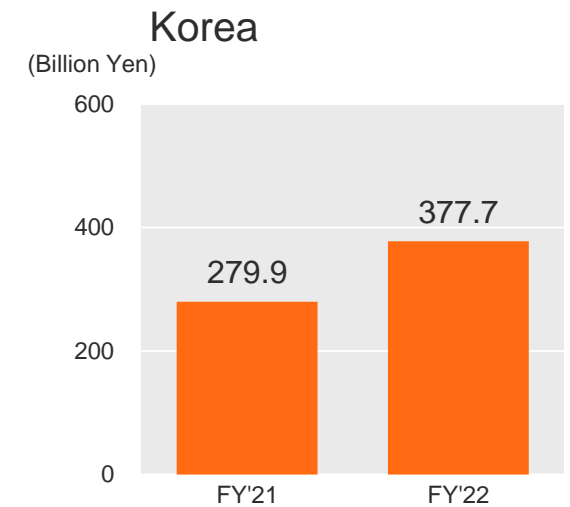
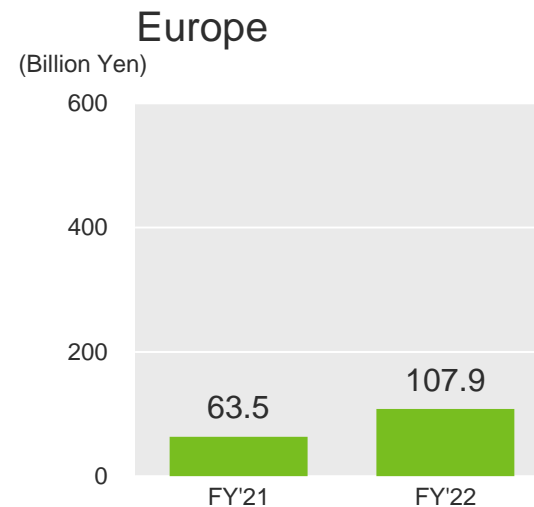
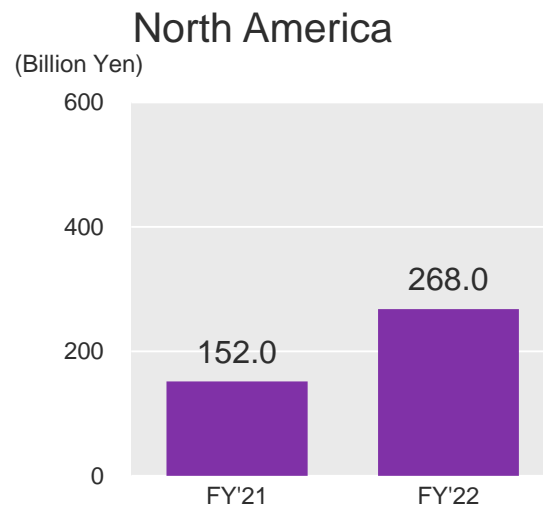
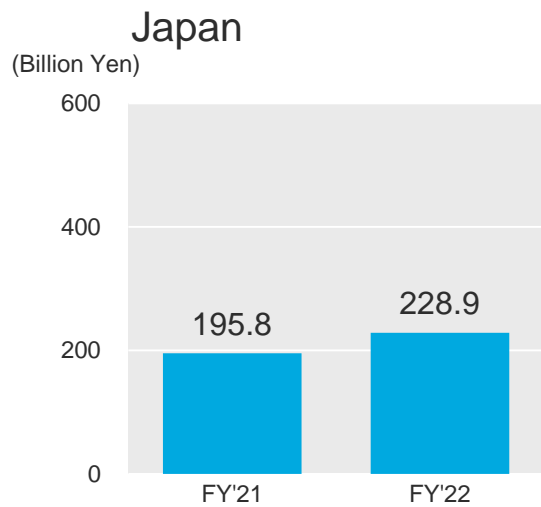
1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research, etc. and other general and administrative expenses are not included in the above reportable segments.
3. Composition of net sales figures is based on the sales to customers.



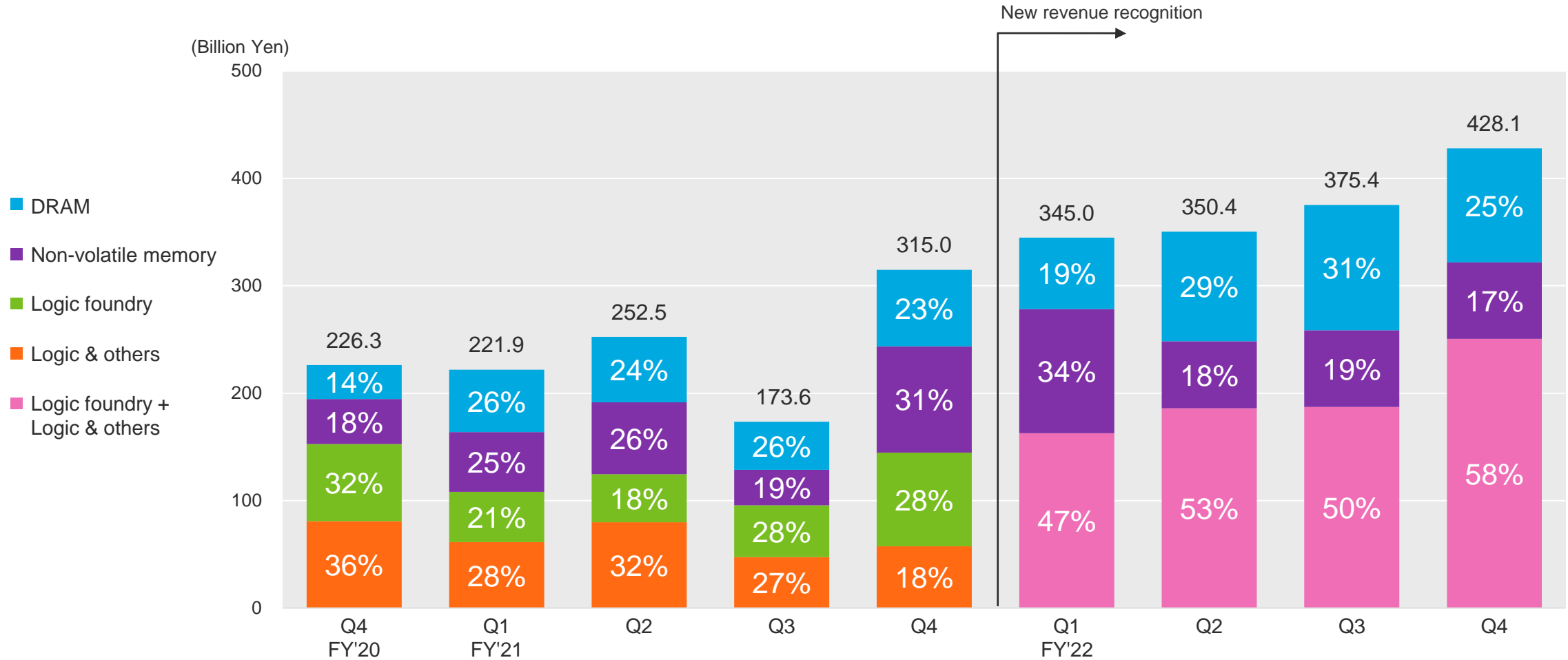
# SPE Division: Sales by Region (Quarterly)



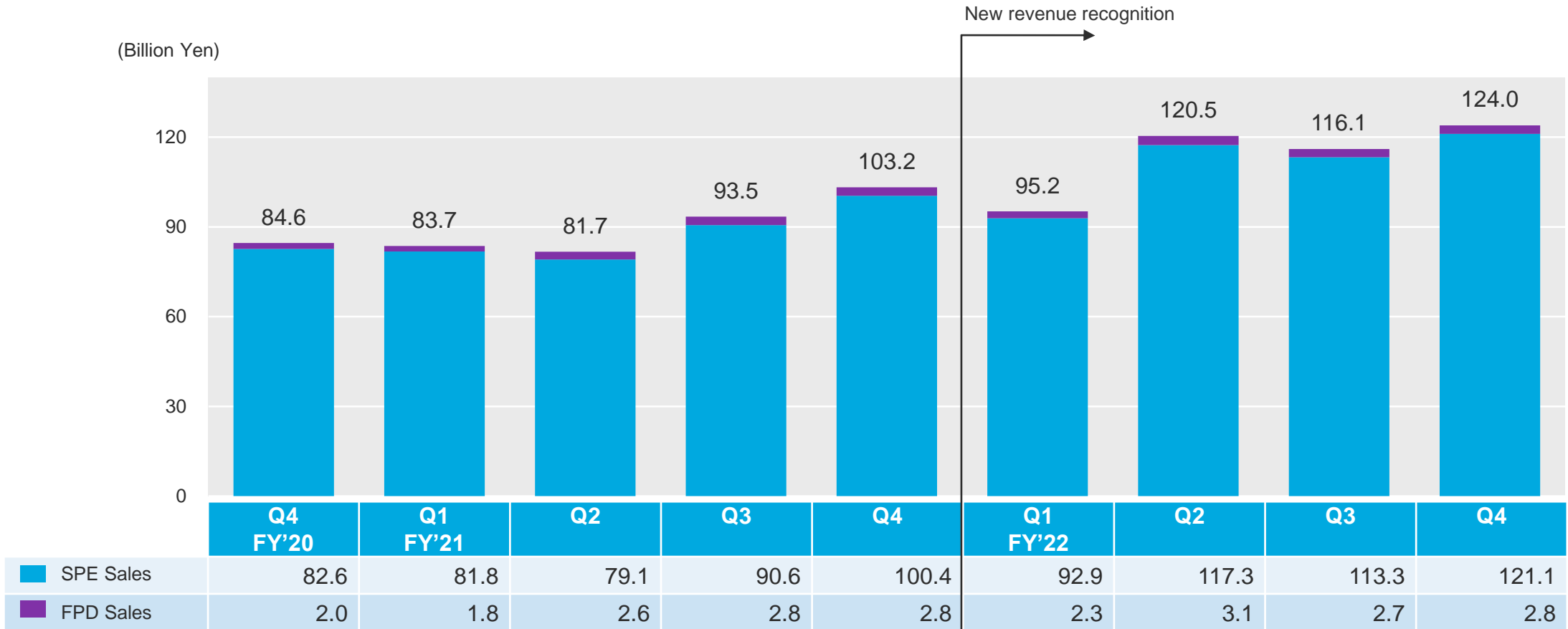
# SPE Division: Sales by Region



# SPE Division: New Equipment Sales by Application (Quarterly)

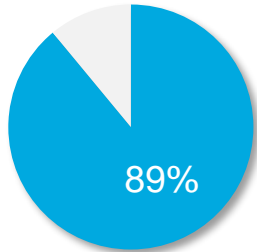


# Field Solutions Sales (Quarterly)

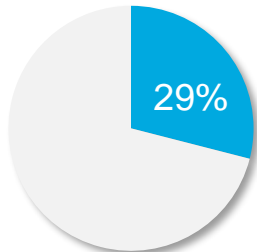


# TEL™ Main Products World Market Share (CY2021)

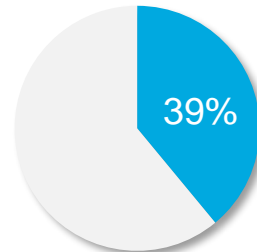
## Semiconductor Production Equipment (SPE)



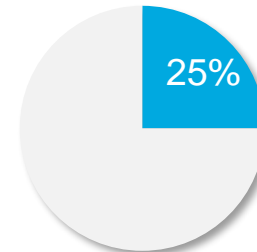
Coater/Developer



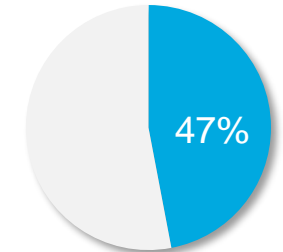
Dry Etch System



Deposition System

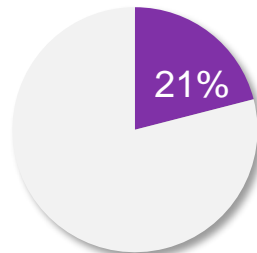


Cleaning System



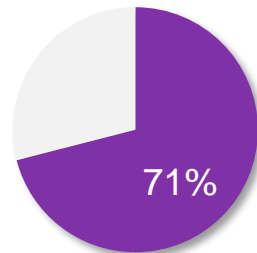
Wafer Prober\*

## FPD Production Equipment (FY2022)

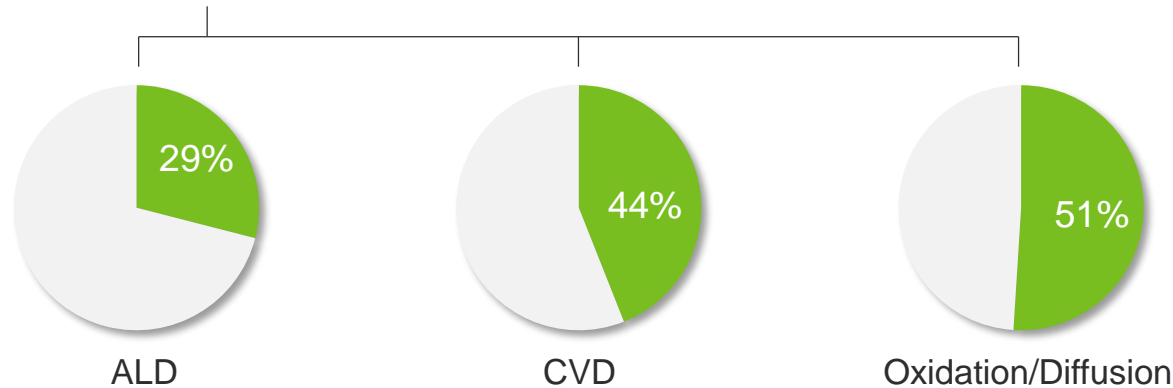


FPD Coater/Developer

Source (FPD) : TEL



FPD Etcher/Asher



Source

SPE (excluding Wafer Prober) : Gartner®, "Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2021", Bob Johnson, Gaurav Gupta, 7 April 2022

Graph/chart created by TEL based on Gartner research.

Coater/Developer: Photoresist Processing (Track), Dry Etch System: Dry Etch, Deposition System: Tube CVD + Atomic Layer Deposition Tools + Oxidation/Diffusion Furnaces + Nontube LPCVD, ALD: Atomic Layer Deposition Tools, CVD: Tube CVD + Nontube LPCVD, Oxidation/Diffusion: Oxidation/diffusion Furnaces, Cleaning System: Single Wafer Processors + Wet Stations + Batch Spray Processors + Scrubbers + Other Clean Equipment **GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.**

\* SPE (Wafer Prober) : TechInsights Manufacturing Analysis Inc. (VLSIresearch), April 2022  
Charts/graphics created by Tokyo Electron based on : TechInsights Manufacturing Analysis Inc. (VLSIresearch)

**TEL**™

**TOKYO ELECTRON**