

To Our Stakeholders

Aiming Even Higher

Maximizing Corporate Value
at the Dawn of the IoT Era



Tetsuo Tsuneishi
Chairman of the Board

Toshiki Kawai
President & CEO

To begin, we would like to express our thanks for the continued support of our investors and all of Tokyo Electron's stakeholders.

In 2016, semiconductor manufacturers made aggressive capital investment, reflecting demand generated by the increasing use of semiconductor components in smartphones and the adoption of higher-speed servers. As a result, the wafer fab equipment market grew significantly.

In this environment, Tokyo Electron posted strong fiscal 2017 results. The gross profit margin, operating margin, and net income all reached record highs. We also paid a record high annual dividend of ¥352 per share. However, we regard these

results as just another point marking Tokyo Electron's continuing growth journey.

With the full-fledged arrival of the internet of things (IoT), the semiconductor and display industries are beginning to shift to an accelerated growth trajectory. After reexamining our outlook for the industry and Tokyo Electron's business opportunities, we revised the financial model used in the medium-term management plan for the period ending March 2020. Under the new model, we assume a larger market and are targeting sales of around ¥1 trillion as well as major improvement in profitability.

We will continue to push boldly forward, aiming to reach the goals of the medium-term plan and achieve sustainable growth of corporate value. This will be based on our vision of being a truly global company generating high added value and profits in the semiconductor and flat panel display industries through innovative technologies and groundbreaking proactive solutions that integrate diverse technologies. We look forward to your continued support as we move forward.