

Medium-term Management Plan (Fiscal 2016-2020)

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A New Beginning for
Tokyo Electron
Becoming Truly Global

Operating margin: 20-25%

ROE: 15-20%

Medium-term Business Targets

Tokyo Electron aims to achieve world-class profitability within our industry by attaining an operating margin of 25% and ROE of 20% by fiscal 2020, assuming a wafer fab equipment market size of US\$37 billion.

In light of the rapidly changing nature of the markets we serve, we are working to build a structure that will even sustain an operating margin of 20% and ROE of 15% if the market contracts to US\$30 billion.

	Fiscal 2016	Fiscal 2020 (Medium-term Management Plan)	
Wafer fab equipment market size	US\$31.5 billion	US\$37 billion	US\$30 billion
Net sales	¥663.9 billion	¥900 billion	¥720 billion
Gross profit margin	40.2%	44%	42%
Selling, general and administrative expenses	¥150.4 billion	¥170 billion	¥160 billion
Ratio of SG&A expenses to net sales	22.6%	19%	22%
Operating income	¥116.8 billion	¥225 billion	¥145 billion
Operating margin	17.6%	25%	20%
Net income attributable owners of parent	¥ 77.9 billion	¥155 billion	¥100 billion
ROE	13.0%	20%	15%

Vision

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.

Management Policy

- Strengthen business and technological platforms to aim for world-class profitability.
- Respond to changes in the market environment and customer needs, grasp the true needs of customers, and generate demand by offering timely solutions that combine Tokyo Electron's technological strengths.

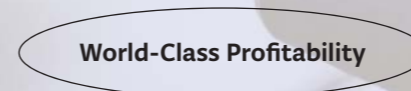
Executive Framework

- Powerful executive framework under the new CEO
- Corporate senior staff (CSS) that enable swift business execution
- Bringing broad perspectives into management, including younger members
- Actively utilizing global talent

Main Measures

Tokyo Electron will achieve world-class profitability through sales expansion that outpaces market growth and greater operational efficiency.

Three Areas for Improvement



► Reorganization centered on strengthening development divisions to better offer next-generation technology solutions

- Provide solutions combining cutting-edge technologies
- Reevaluate development priorities and focus resources on key areas (etching, deposition and cleaning systems)
- Assign account technology general managers for each customer

► Expand the field solutions business (used equipment sales, upgrades and various other services) by leveraging Tokyo Electron's installed base—among the highest in the industry—and providing solutions to needs presented by the internet of things.