



## Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2017 (Japanese GAAP)

January 30, 2018

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo  
 Security Code: 8035  
 URL: <http://www.tel.com>  
 Representative: Toshiki Kawai, Representative Director, President & CEO  
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 Scheduled start date of dividends payment: -  
 Preparation of supplementary materials for the quarterly financial results: Yes  
 Quarterly earnings release conference: Yes (for investors and analysts)

Note: Amounts are rounded down to the nearest million yen.

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 to December 31, 2017)

#### (1) Consolidated Operating Results (Cumulative)

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Nine months ended			
	December 31, 2016		December 31, 2017	
		%		%
Net sales (Millions of yen)	539,087	7.9	774,750	43.7
Operating income (Millions of yen)	94,160	8.5	181,411	92.7
Ordinary income (Millions of yen)	95,692	8.7	180,426	88.5
Net income attributable to owners of parent (Millions of yen)	67,918	14.7	131,384	93.4
Net income per share of common stock (Yen):				
Basic	414.01		800.71	
Diluted	412.90		797.98	
Comprehensive income:	Nine months ended December 31, 2017: 144,220 million yen, 110.3% Nine months ended December 31, 2016: 68,563 million yen, 25.9%			

#### (2) Consolidated Financial Position

	As of	
	March 31, 2017	December 31, 2017
Total assets (Millions of yen)	957,447	1,091,505
Total net assets (Millions of yen)	645,999	709,582
Equity ratio (%)	67.2	64.6
Equity:	705,185 million yen (as of December 31, 2017) 643,094 million yen (as of March 31, 2017)	

### 2. Dividends

	Year ended March 31, 2017	Year ending March 31, 2018
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	128.00	277.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	224.00	328.00 (Forecast)
Annual dividends per share (Yen)	352.00	605.00 (Forecast)

Note: Revision to the dividends forecast most recently announced: None

**3. Financial Forecasts for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)**

Note: Percentages for year ending March 31, 2018 indicate changes from the previous fiscal year.

	Year ending March 31, 2018	
		%
Net sales (Millions of yen)	1,130,000	41.3
Operating income (Millions of yen)	271,000	74.1
Ordinary income (Millions of yen)	271,000	72.0
Net income attributable to owners of parent (Millions of yen)	198,000	71.9
Net income per share (Yen)	1,206.66	

Note: Revision to the financial forecasts most recently announced: None

**Notes**

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries associated with changes in scope of consolidation): Yes

New: 0 company (-) Excluded: 1 company (Tokyo Electron Tohoku Ltd.)

Please refer to "Notes" on page 11 for further information.

(2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes

Please refer to "Notes" on page 11 for further information.

(3) Changes in accounting policies, changes in accounting estimates and restatements

1. Changes in accounting policies along with changes in accounting standards: None

2. Other changes of accounting policies besides the number 1 above: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of December 31, 2017 : 165,210,911 shares

As of March 31, 2017 : 165,210,911 shares

2. Number of shares of treasury stock

As of December 31, 2017: 1,106,038 shares

As of March 31, 2017: 1,135,104 shares

3. Average number of shares outstanding (Cumulative quarterly period)

Nine months ended December 31, 2017: 164,083,989 shares

Nine months ended December 31, 2016: 164,049,252 shares

\* Status of implementation of quarterly review procedures

This Summary of Consolidated Financial Results is outside the scope of the quarterly review procedures under the Financial Instruments and Exchange Act.

\* Explanation of the appropriate use of financial forecast:

The financial forecasts and estimates in this Summary of Consolidated Financial Results are based on information available to the Company at the time of report issuance and certain assumptions judged to be reasonable by the Company, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Summary of Consolidated Financial Results. Please refer to "1. Qualitative Information on Financial Results for the Current Quarter (3) Description of Financial Estimates Information such as Consolidated Financial Forecasts" on page 6.

The Company plans to hold an earnings release conference for investors and analysts on January 30, 2018.

Supplementary materials to be handed out at the conference will be posted simultaneously on the Company's website.

## 1. Qualitative Information on Financial Results for the Current Quarter

### (1) Description of Operating Results

For the first three quarters of the current fiscal year, both the U.S. and EU economic recovery has been steady and the Chinese economy remained stable, reflecting the gradual recovery in the global economy overall.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, there was robust demand for memory used in data centers and smartphones resulting from the increased volume in data transmission between electronic devices, and as a result, market conditions for semiconductors and electronic components remain favorable.

Under these circumstances, the consolidated financial results (cumulative) for the first three quarters of the current fiscal year were net sales of 774,750 million yen (year-on-year growth of 43.7%), operating income of 181,411 million yen (year-on-year growth of 92.7%), ordinary income of 180,426 million yen (year-on-year growth of 88.5%) and net income attributable to owners of parent of 131,384 million yen (year-on-year growth of 93.4%).

The overview of each business segment is as described below.

#### (i) Semiconductor Production Equipment

The supply of DRAM and NAND flash memory continued to be constrained against the backdrop of strong demand for semiconductors used in data centers, which has driven increased capital investment to support growth in memory devices. Furthermore, in terms of logic semiconductors, there has also been capital investment to support increased server demand. As a result, the semiconductor production equipment market conditions were favorable. Under these circumstances, net sales to external customers in this segment for the first three quarters of the current fiscal year were 729,154 million yen (year-on-year growth of 44.0%).

#### (ii) Flat Panel Display (FPD) Production Equipment

The market including China for production equipment used for large-sized LCD panels for televisions continues to expand. In addition, capital investment in small to medium-sized flat panel displays for mobile devices has continued, which leads to favorable market conditions for FPD production equipment. Consequently, net sales to external customers in this segment for the first three quarters of the current fiscal year were 45,289 million yen (year-on-year growth of 39.9%).

#### (iii) Other

Net sales to external customers in this segment for the first three quarters of the current fiscal year were 306 million yen (year-on-year decrease of 9.3%).

(For reference)

**Consolidated Operating Results**

(Millions of yen)

	FY2018			
	1Q	2Q	3Q	Total
Net Sales	236,396	280,580	257,773	774,750
Semiconductor Production Equipment	221,969	265,773	241,411	729,154
Japan	26,776	38,468	35,112	100,357
North America	24,097	32,077	29,121	85,296
Europe	25,382	26,931	19,621	71,935
South Korea	68,375	101,790	79,479	249,645
Taiwan	45,897	36,646	42,155	124,699
China	26,757	23,073	22,648	72,479
Southeast Asia	4,683	6,786	13,271	24,741
FPD Production Equipment	14,323	14,701	16,264	45,289
Other	104	104	97	306
Operating Income	54,790	68,527	58,092	181,411
Ordinary Income	55,149	67,917	57,360	180,426
Net Income Attributable to Owners of Parent	41,252	49,415	40,715	131,384

Note: Intersegment sales or transfers are eliminated.

**(2) Description of Financial Conditions****(i) Financial Conditions**

Current assets at the end of the third quarter of the current fiscal year were 882,052 million yen, an increase of 106,113 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 96,607 million yen in inventories, an increase of 42,375 million yen in cash and deposit, an increase of 18,454 million yen in trade notes and accounts receivable, and a decrease of 56,500 million yen in short-term investments included in securities.

Tangible fixed assets increased by 20,425 million yen from the end of the previous fiscal year, to 120,866 million yen. Intangible fixed assets increased by 1,137 million yen from the end of the previous fiscal year, to 16,538 million yen. Investments and other assets increased by 6,381 million yen from the end of the previous fiscal year, to 72,047 million yen.

As a result, total assets increased by 134,058 million yen from the end of the previous fiscal year, to 1,091,505 million yen.

Current liabilities increased by 67,317 million yen from the end of the previous fiscal year, to 315,087 million yen. This was largely due to an increase of 44,307 million yen in customer advances and an increase of 16,347 million yen in trade notes and accounts payable.

Long-term liabilities increased by 3,158 million yen from the end of the previous fiscal year, to 66,836 million yen.

Net assets increased by 63,582 million yen from the end of the previous fiscal year, to 709,582 million yen. This was largely due to an increase of 131,384 million yen in net income attributable to owners of parent and a decrease resulting from the payment of 82,203 million yen in year-end dividends for the previous fiscal year and interim dividends for the current fiscal year. As a result, the equity ratio was 64.6%

**(ii) Cash Flows**

Cash and cash equivalents at the end of the third quarter of the current fiscal year increased by 60,875 million yen compared to the end of the previous fiscal year, to 225,241 million yen. The combined balance including 76,000 million yen in time deposits and short-term investments with maturities of at least three months that are not included in cash and cash equivalents was 301,241 million yen, a decrease of 14,124 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first three quarters of the current fiscal year was as described below.

Cash flows from operating activities were positive 98,409 million yen, an increase of 5,099 million yen compared to the same period of the previous fiscal year. The major positive factors were 179,627 million yen in net income before income taxes, a 42,925 million yen increase in customer advances, 14,531 million yen in depreciation and amortization, and a 13,505 million yen increase in trade notes and accounts payable. The major negative factors were a 94,407 million yen increase in inventories, 49,347 million yen in income taxes paid, and a 16,642 million yen increase in trade notes and accounts receivable.

Cash flows from investing activities were positive 40,986 million yen compared to the positive 43 million yen in the same period of the previous fiscal year. These were largely due to an inflow of 75,000 million yen from a decrease in time deposits and short-term investments, and the payment of 31,126 million yen for the purchase of fixed assets.

Cash flows from financing activities were negative 82,544 million yen compared to the negative 39,378 million yen in the same period of the previous fiscal year. This was largely due to the payment of 82,203 million yen in dividends.

**Consolidated Statements of Cash Flows (Summary)**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Cash flows from operating activities	93,310	98,409
Income before income taxes	87,632	179,627
Depreciation and amortization	12,779	14,531
Decrease (increase) in trade notes and accounts receivable	(9,723)	(16,642)
Decrease (increase) in inventories	(35,458)	(94,407)
Increase (decrease) in trade notes and accounts payable	5,428	13,505
Other, net	32,650	1,794
Cash flows from investing activities	43	40,986
Decrease (increase) in time deposits and short-term investments	14,032	75,000
Other (Acquisition of fixed assets)	(13,989)	(34,013)
Cash flows from financing activities	(39,378)	(82,544)
Effect of exchange rate changes on cash and cash equivalents	679	4,023
Net increase (decrease) in cash and cash equivalents	54,654	60,875
Cash and cash equivalents at beginning of period	95,638	164,366
Cash and cash equivalents at end of period	150,293	225,241
Cash and cash equivalents, time deposits and short-term investments with maturities of at least three months	277,293	301,241

**(3) Description of Financial Estimates Information such as Consolidated Financial Forecasts**

There are no changes in the forecast of consolidated financial results for the entire fiscal year ending March 31, 2018 from the forecasts released at the time of the previous announcement on October 31, 2017.

Note: The financial forecasts and estimates stated in this announcement are based on certain assumptions judged to be reasonable by the Company in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance. The company does not promise that the forecasts or estimates will be accurate.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products (and their success or failure), and global conditions in the semiconductor related industry. Consequently, actual sales and profits may differ substantially from the projections stated in this announcement.

## Consolidated Balance Sheets

	(Millions of yen)	
	As of	As of
	March 31, 2017	December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposit	70,866	113,241
Trade notes and accounts receivable	133,858	152,312
Securities	244,500	188,000
Merchandise and finished goods	152,629	220,434
Work in process	51,112	71,887
Raw materials and supplies	32,514	40,542
Others	90,520	95,714
Allowance for doubtful accounts	(63)	(81)
Total current assets	775,938	882,052
<b>Long-term assets</b>		
Tangible fixed assets	100,441	120,866
Intangible fixed assets		
Others	15,401	16,538
Total intangible fixed assets	15,401	16,538
Investments and other assets		
Others	67,482	73,498
Allowance for doubtful accounts	(1,816)	(1,450)
Total investments and other assets	65,666	72,047
Total long-term assets	181,508	209,453
<b>Total assets</b>	957,447	1,091,505

## Consolidated Balance Sheets

	(Millions of yen)	
	As of	As of
	March 31, 2017	December 31, 2017
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	79,217	95,564
Income taxes payable	31,069	31,663
Accrued employees' bonuses	21,853	18,754
Other allowances	10,470	13,927
Customer advances	67,976	112,283
Others	37,183	42,894
Total current liabilities	<u>247,770</u>	<u>315,087</u>
<b>Long-term liabilities</b>		
Other allowances	374	374
Net liability for defined benefits	55,825	56,882
Others	7,476	9,578
Total long-term liabilities	<u>63,677</u>	<u>66,836</u>
<b>Total liabilities</b>	<u>311,447</u>	<u>381,923</u>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	54,961	54,961
Capital surplus	78,023	78,011
Retained earnings	503,325	552,431
Treasury stock, at cost	(7,766)	(7,575)
Total shareholders' equity	<u>628,543</u>	<u>677,827</u>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains (losses) on investment securities	10,788	17,752
Net deferred gains (losses) on hedging instruments	59	(139)
Foreign currency translation adjustments	5,789	12,517
Accumulated remeasurements of defined benefit plans	(2,086)	(2,772)
Total accumulated other comprehensive income (loss)	<u>14,551</u>	<u>27,357</u>
<b>Share subscription rights</b>	2,620	4,396
<b>Non-controlling interests</b>	284	-
<b>Total net assets</b>	<u>645,999</u>	<u>709,582</u>
<b>Total liabilities and net assets</b>	<u>957,447</u>	<u>1,091,505</u>

## Consolidated Statements of Income

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Net sales</b>	539,087	774,750
Cost of sales	327,468	453,261
<b>Gross profit</b>	<u>211,619</u>	<u>321,488</u>
Selling, general & administrative expenses		
Research and development expenses	58,977	70,018
Others	58,481	70,058
Total selling, general and administrative expenses	<u>117,458</u>	<u>140,077</u>
<b>Operating income</b>	<u>94,160</u>	<u>181,411</u>
Non-operating income		
Share of profit of associates accounted for using the equity method	125	456
Others	1,957	1,780
Total non-operating income	<u>2,083</u>	<u>2,237</u>
Non-operating expenses		
Foreign exchange loss	351	2,986
Others	200	235
Total non-operating expenses	<u>551</u>	<u>3,222</u>
<b>Ordinary income</b>	<u>95,692</u>	<u>180,426</u>
Unusual or infrequent profit		
Gain on sales of fixed assets	50	72
Others	6	-
Total unusual or infrequent profit	<u>57</u>	<u>72</u>
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	160	335
Loss on disaster	7,828	-
Loss on valuation of investment securities	53	536
Others	74	-
Total unusual or infrequent loss	<u>8,116</u>	<u>871</u>
<b>Income before income taxes</b>	<u>87,632</u>	<u>179,627</u>
Income taxes	19,678	48,214
<b>Net income</b>	<u>67,953</u>	<u>131,412</u>
Net income attributable to non-controlling interests	35	28
<b>Net income attributable to owners of parent</b>	<u>67,918</u>	<u>131,384</u>

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>Net income</b>	67,953	131,412
<b>Other comprehensive income (loss)</b>		
Net unrealized gains (losses) on investment securities	643	6,960
Net deferred gains (losses) on hedging instruments	(57)	(177)
Foreign currency translation adjustments	(128)	6,717
Remeasurements of defined benefit plans	189	(693)
Share of other comprehensive income of associates accounted for using the equity method	(36)	0
Total other comprehensive income (loss)	<u>609</u>	<u>12,807</u>
<b>Comprehensive income</b>	<u>68,563</u>	<u>144,220</u>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	68,516	144,191
Comprehensive income attributable to non-controlling interests	47	29

## Notes

**Going concern: None**

**Significant changes in Shareholders' Equity: None**

**Changes in significant subsidiaries during the period: Yes**

The absorption-type merger of Tokyo Electron Yamanashi Ltd. and Tokyo Electron Tohoku Ltd. was performed, effective July 1, 2017 with Tokyo Electron Yamanashi Ltd. as the surviving company and Tokyo Electron Tohoku Ltd. as the absorbed company, and the name of the surviving company following the merger was changed to Tokyo Electron Technology Solutions Ltd.

**Adoption of special accounting methods for preparation of quarterly financial statements: Yes**

The company and a part of its consolidated subsidiaries calculate tax expenses by reasonably estimating the annual effective tax rate on income before income taxes after the application of tax effect accounting for the fiscal year, and applying this rate to income before income taxes for the current quarter under review.

**Changes in accounting policies, changes in accounting estimates and restatements: None**

## Segment information

### (i) General information about reportable segments

A reportable segment is a component or an aggregated component of TEL Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of TEL Group consists of segments by products and services based on business units (BUs), and TEL Group identifies as a reportable segment, "semiconductor production equipment (SPE)" and "flat panel display (FPD) production equipment". Products of the SPE segment consist of coater/developers, etch systems, thermal processing systems, single wafer deposition systems, cleaning systems, wafer probers used in the wafer testing process and other semiconductor production equipment. The SPE segment principally develops, manufactures, sells such products and provide services on them.

Products of the FPD production equipment segment consist of coater/developers, etch/ash systems used in the manufacture of flat panel displays. The FPD production equipment segment principally develops, manufactures, sells such products and provide services on them.

### (ii) Net sales and profit or loss in reportable segments

Nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	729,154	45,289	14,036	788,480
Segment profit (loss)	213,863	5,812	(53)	219,622

	Eliminations and Corporate *2	Consolidated *3
Net sales	(13,730)	774,750
Segment profit (loss)	(39,995)	179,627

#### Notes:

\*1. "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

\*2. "Eliminations and Corporate" segment loss totaling 39,995 million yen includes corporate expenses not allocated to any reportable segments. The corporate expenses consist of research and development costs of 16,303 million yen, pertaining to the fundamental research and element research of TEL.

\*3. Segment profit or loss is adjusted against income before income taxes in Consolidated Statements of Income.

### (iii) Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant gains on negative goodwill: None