



Summary of Consolidated Financial Results for the Third Quarter Ended December 31, 2020 (Japanese GAAP)

January 28, 2021

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
 URL: <https://www.tel.com>
 Representative: Toshiki Kawai, Representative Director, President & CEO
 Contact: Ken Sasagawa, Vice President of Accounting Dept.
 Telephone: +81-3-5561-7000
 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, 2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results (Cumulative)

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

	Nine months ended	
	December 31, 2019	December 31, 2020
	%	%
Net sales (Millions of yen)	803,896 (16.2)	959,885 19.4
Operating income (Millions of yen)	167,164 (28.6)	210,297 25.8
Ordinary income (Millions of yen)	171,645 (29.0)	210,652 22.7
Net income attributable to owners of parent (Millions of yen)	128,052 (30.5)	158,179 23.5
Net income per share of common stock (Yen):		
Basic	804.74	1,017.21
Diluted	800.25	1,011.30
Comprehensive income:	Nine months ended December 31, 2020: 188,002 million yen, 36.6% Nine months ended December 31, 2019: 137,600 million yen, (22.1)%	

(2) Consolidated Financial Position

	As of	
	March 31, 2020	December 31, 2020
Total assets (Millions of yen)	1,278,495	1,270,407
Total net assets (Millions of yen)	829,692	906,723
Equity ratio (%)	64.1	70.4
Equity:	894,790 million yen (as of December 31, 2020) 819,301 million yen (as of March 31, 2020)	

2. Dividends

	Year ended	Year ending
	March 31, 2020	March 31, 2021
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	246.00	360.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	342.00	380.00 (Forecast)
Annual dividends per share (Yen)	588.00	740.00 (Forecast)

Note: Revision to the dividends forecast most recently announced: Yes

3. Financial Forecasts for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Note: Percentages for year ending March 31, 2021 indicate changes from the previous fiscal year.

	Year ending March 31, 2021	
		%
Net sales (Millions of yen)	1,360,000	20.6
Operating income (Millions of yen)	306,000	29.0
Ordinary income (Millions of yen)	306,000	24.9
Net income attributable to owners of parent (Millions of yen)	230,000	24.2
Net income per share (Yen)	1,479.06	

Note: Revision to the financial forecasts most recently announced: Yes

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries associated with changes in scope of consolidation): None

(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, 2020: 157,210,911 shares

As of March 31, 2020: 157,210,911 shares

2. Number of shares of treasury stock

As of December 31, 2020: 1,705,858 shares

As of March 31, 2020: 1,685,556 shares

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

Nine months ended December 31, 2020: 155,504,372 shares

Nine months ended December 31, 2019: 159,122,554 shares

Note: The number of shares of treasury stock includes the Company's shares held by "Executive compensation Board Incentive Plan (BIP) trust" and "share-delivering Employee Stock Ownership Plan (ESOP) trust". (617,378 shares as of December 31, 2020, 472,030 shares as of March 31, 2020)

In addition, these Company's shares are included in the treasury stock which is deducted in calculating the average number of shares.

* Status of implementation of quarterly review procedures

This Summary of Consolidated Financial Results is outside the scope of external auditor's 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 online conference for investors and analysts on January 28, 2021.

Supplementary materials to be used at the conference will be posted on the Company's website.

1. Qualitative Information on Financial Results for the Current Quarter

(1) Description of Operating Results

Although the global economy for the first three quarters of the current fiscal year continues to be affected by the novel coronavirus (COVID-19) pandemic as it was in the second quarter, in the electronics industry, where the Tokyo Electron (TEL) Group operates, an increase in demand for semiconductors due to expanding applications of information and communication technologies such as IoT, AI, 5G, the market for semiconductor production equipment is continuing to expand. Under these circumstances, the consolidated financial results (cumulative) for the first three quarters of the current fiscal year were net sales of 959,885 million yen (year-on-year growth of 19.4%), operating income of 210,297 million yen (year-on-year growth of 25.8%), ordinary income of 210,652 million yen (year-on-year growth of 22.7%) and net income attributable to owners of parent of 158,179 million yen (year-on-year growth of 23.5%).

The overview of each business segment is as described below.

(i) Semiconductor Production Equipment

Consistent with the increase in semiconductor demand, our customers' facilities investments have remained strong. Inventory adjustments for memory devices are progressing, with visible improvements in the balance between supply and demand, while capital investment for logic/foundry semiconductors remains at a high level. Consequently, net sales to external customers in this segment for the first three quarters of the current fiscal year were 899,762 million yen (year-on-year growth of 19.6%).

(ii) Flat Panel Display (FPD) Production Equipment

Capital investment for large-sized LCD panels for televisions has continued, and capital investment for small to medium-sized OLED panels for mobile devices remained strong. In China, which has the largest market, delays in equipment installations caused by the effects of COVID-19 have been resolved, and net sales have increased since the second quarter. Consequently, net sales to external customers in this segment for the first three quarters of the current fiscal year were 60,025 million yen (year-on-year growth of 16.1%).

(iii) Other

Net sales to external customers in this segment for the first three quarters of the current fiscal year were 98 million yen (year-on-year decrease of 36.1%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY2021			
	1Q	2Q	3Q	Total
Net Sales	314,823	353,337	291,725	959,885
Semiconductor Production Equipment	303,772	331,684	264,305	899,762
Japan	49,150	56,852	36,149	142,152
North America	42,343	44,009	34,501	120,854
Europe	15,774	16,311	12,797	44,883
South Korea	67,013	72,199	39,318	178,531
Taiwan	50,926	53,914	52,513	157,354
China	73,957	79,123	70,541	223,622
Southeast Asia, and Others	4,605	9,274	18,483	32,364
FPD Production Equipment	11,013	21,623	27,388	60,025
Others	37	29	31	98
Operating Income	73,849	73,579	62,868	210,297
Ordinary Income	75,089	73,138	62,424	210,652
Net Income Attributable to Owners of Parent	56,452	55,559	46,167	158,179

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 907,639 million yen, a decrease of 54,844 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 68,500 million yen in short-term investments included in securities, a decrease of 11,982 million yen in trade notes and accounts receivable, a decrease of 10,519 million yen in prepaid consumption tax, and an increase of 35,167 million yen in inventories.

Tangible fixed assets increased by 13,049 million yen from the end of the previous fiscal year, to 188,629 million yen. Intangible fixed assets increased by 4,260 million yen from the end of the previous fiscal year, to 15,182 million yen. Investments and other assets increased by 29,446 million yen from the end of the previous fiscal year, to 158,955 million yen.

As a result, total assets decreased by 8,087 million yen from the end of the previous fiscal year, to 1,270,407 million yen.

Current liabilities decreased by 86,701 million yen from the end of the previous fiscal year, to 295,876 million yen. This was largely due to a decrease of 51,821 million yen in customer advances, a decrease of 17,132 million yen in income taxes payable, and a decrease of 10,784 million yen in accrued employees' bonuses.

Long-term liabilities increased by 1,582 million yen from the end of the previous fiscal year, to 67,807 million yen.

Net assets increased by 77,031 million yen from the end of the previous fiscal year, to 906,723 million yen. This was largely due to an increase of 158,179 million yen in net income attributable to owners of parent, a decrease resulting from the payment of 109,542 million yen in year-end dividends for the previous fiscal year and interim dividends for the current fiscal year, and an increase of 25,757 million yen in net unrealized gains on investment securities. As a result, the equity ratio was 70.4%.

(ii) Cash Flows

Cash and cash equivalents at the end of the third quarter of the current fiscal year decreased by 19,469 million yen compared to the end of the previous fiscal year, to 228,490 million yen. The combined balance including 40,573 million yen in time deposits and short-term investments with maturities of more than three months that are not included in cash and cash equivalents was 269,063 million yen, a decrease of 69,343 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 87,272 million yen, a decrease of 106,075 million yen compared to the same period of the previous fiscal year. The major positive factors were 210,044 million yen in income before income taxes, 24,116 million yen in depreciation and amortization, and a 12,821 million yen decrease in trade notes and accounts receivable. The major negative factors were 69,865 million yen in payment of income taxes, a 52,554 million yen decrease in customer advances, and a 33,465 million yen increase in inventories.

Cash flows from investing activities were positive 5,834 million yen compared to positive 37,868 million yen in the same period of the previous fiscal year. This was largely due to an inflow of 49,880 million yen from a decrease in time deposits and short-term investments and the payment of 37,652 million yen for the purchase of fixed assets.

Cash flows from financing activities were negative 114,392 million yen compared to negative 249,922 million yen in the same period of the previous fiscal year. This was largely due to the payment of 109,542 million yen in dividends, and the payment of 4,335 million yen for repurchase of treasury stock.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities	193,348	87,272
Income before income taxes	171,255	210,044
Depreciation and amortization	20,498	24,116
Decrease (increase) in trade notes and accounts receivable	20,265	12,821
Decrease (increase) in inventories	(35,363)	(33,465)
Increase (decrease) in trade notes and accounts payable	12,816	(61)
Other, net	3,876	(126,182)
Cash flows from investing activities	37,868	5,834
Decrease (increase) in time deposits and short-term investments	80,000	49,880
Other (Acquisition of fixed assets)	(42,131)	(44,045)
Cash flows from financing activities	(249,922)	(114,392)
Repurchase of treasury stock	(154,092)	(4,335)
Other (Dividends paid)	(95,829)	(110,056)
Effect of exchange rate changes on cash and cash equivalents	(1,652)	1,815
Net increase (decrease) in cash and cash equivalents	(20,357)	(19,469)
Cash and cash equivalents at beginning of period	232,634	247,959
Cash and cash equivalents at end of period	212,277	228,490
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	292,277	269,063

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

Consistent with the increase in semiconductor demand due to expanding applications of information and communication technologies such as IoT, AI, 5G, the market for semiconductor production equipment is continuing to expand. Based on the most recent trends in facilities investments by our customers and the most recent trends in results, we would like to amend the consolidated results projections for the full year announced on October 29, 2020 as follows.

Consolidated Forecast for the Year Ending March 31, 2021

(Billions of yen)

	Revised forecast		Previous forecast (October 29, 2020)
Net Sales	1,360.0	20.6%	1,300.0
Semiconductor Production Equipment	1,280.0	20.6%	1,220.0
FPD Production Equipment	80.0	21.0%	80.0
Operating Income	306.0	29.0%	281.0
Ordinary Income	306.0	24.9%	281.0
Net Income Attributable to Owners of Parent	230.0	24.2%	210.0

Notes:

*1. Percentages indicate changes from the same period of the previous fiscal year.

*2. Intersegment sales or transfers are eliminated.

Note: The financial forecasts and estimates stated in this Summary of Consolidated Financial Results 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 described in this Summary of Consolidated Financial Results.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
ASSETS		
Current assets		
Cash and deposits	149,906	149,063
Trade notes and accounts receivable	150,134	138,152
Securities	188,500	120,000
Merchandise and finished goods	267,625	284,794
Work in process	69,514	76,794
Raw materials and supplies	54,924	65,644
Others	81,983	73,277
Allowance for doubtful accounts	(105)	(85)
Total current assets	962,484	907,639
Long-term assets		
Tangible fixed assets	175,580	188,629
Intangible fixed assets		
Others	10,921	15,182
Total intangible fixed assets	10,921	15,182
Investments and other assets		
Others	130,922	160,338
Allowance for doubtful accounts	(1,413)	(1,382)
Total investments and other assets	129,509	158,955
Total long-term assets	316,011	362,768
Total assets	1,278,495	1,270,407

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	95,938	96,944
Income taxes payable	52,654	35,522
Customer advances	135,326	83,504
Accrued employees' bonuses	29,139	18,354
Accrued warranty expenses	14,534	12,873
Other allowances	2,492	2,388
Others	52,493	46,288
Total current liabilities	382,578	295,876
Long-term liabilities		
Other allowances	110	160
Net defined benefit liabilities	60,635	61,181
Others	5,478	6,465
Total long-term liabilities	66,224	67,807
Total liabilities	448,802	363,683
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	702,990	750,872
Treasury stock, at cost	(29,310)	(31,525)
Total shareholders' equity	806,652	852,318
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	20,126	45,884
Net deferred gains (losses) on hedging instruments	(52)	50
Foreign currency translation adjustments	(4,111)	(577)
Accumulated remeasurements of defined benefit plans	(3,313)	(2,886)
Total accumulated other comprehensive income (loss)	12,648	42,471
Share subscription rights	10,391	11,933
Total net assets	829,692	906,723
Total liabilities and net assets	1,278,495	1,270,407

Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	803,896	959,885
Cost of sales	481,819	573,149
Gross profit	322,076	386,736
Selling, general & administrative expenses		
Research and development expenses	86,784	99,475
Others	68,128	76,963
Total selling, general and administrative expenses	154,912	176,439
Operating income	167,164	210,297
Non-operating income		
Dividend income	802	778
Foreign exchange gain	1,510	-
Others	2,683	2,804
Total non-operating income	4,996	3,583
Non-operating expenses		
Foreign exchange loss	-	2,481
Commission for purchase of treasury stock	174	-
Additional payment of customs duty	173	-
Others	168	746
Total non-operating expenses	515	3,227
Ordinary income	171,645	210,652
Unusual or infrequent profit		
Gain on sales of fixed assets	31	20
Total unusual or infrequent profit	31	20
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	380	627
Others	41	-
Total unusual or infrequent loss	421	627
Income before income taxes	171,255	210,044
Income taxes	43,203	51,864
Net income	128,052	158,179
Net income attributable to owners of parent	128,052	158,179

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net income	128,052	158,179
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	11,515	25,745
Net deferred gains (losses) on hedging instruments	(38)	93
Foreign currency translation adjustments	(3,821)	3,582
Remeasurements of defined benefit plans	1,886	438
Share of other comprehensive income of associates accounted for using the equity method	6	(37)
Total other comprehensive income (loss)	9,548	29,822
Comprehensive income	137,600	188,002
(Breakdown)		
Comprehensive income attributable to owners of parent	137,600	188,002

Notes

Going concern: None

Significant changes in Shareholders' Equity: None

Changes in significant subsidiaries during the period: None

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

The company and 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, 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 and inkjet printing systems used in the manufacture of OLED 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, 2020 (April 1, 2020 to December 31, 2020)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	899,762	60,025	15,961	975,748
Segment profit (loss)	237,186	7,616	643	245,445

	Adjustments *2	Consolidated *3
Net sales	(15,863)	959,885
Segment profit (loss)	(35,400)	210,044

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. "Adjustments" for segment profit (loss) totaling (35,400) million yen mainly consists of research and development costs of (16,216) million yen pertaining to the fundamental research and element research of TEL and other general and administrative costs that do not belong to reportable segments.

*3. Segment profit (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