



Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2018 (Japanese GAAP)

July 26, 2018

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
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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 Three Months Ended June 30, 2018 (April 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results (Cumulative)

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

	Three months ended			
	June 30, 2017		June 30, 2018	
		%		%
Net sales (Millions of yen)	236,396	59.8	295,569	25.0
Operating income (Millions of yen)	54,790	148.0	72,418	32.2
Ordinary income (Millions of yen)	55,149	129.0	75,212	36.4
Net income attributable to owners of parent (Millions of yen)	41,252	225.2	55,741	35.1
Net income per share of common stock (Yen):				
Basic	251.42		339.65	
Diluted	250.65		338.34	
Comprehensive income:	Three months ended June 30, 2018 : 54,152 million yen, 22.9%			
	Three months ended June 30, 2017 : 44,059 million yen, - %			

(2) Consolidated Financial Position

	As of	
	March 31, 2018	June 30, 2018
Total assets (Millions of yen)	1,202,796	1,185,050
Total net assets (Millions of yen)	771,509	772,332
Equity ratio (%)	63.8	64.5
Equity:	764,352 million yen (as of June 30, 2018)	
	767,146 million yen (as of March 31, 2018)	

2. Dividends

	Year ended	Year ending
	March 31, 2018	March 31, 2019 (Forecast)
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	277.00	390.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	347.00	433.00
Annual dividends per share (Yen)	624.00	823.00

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

3. Financial Forecasts for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

Note: Percentages for year ending March 31, 2019 indicate changes from the previous fiscal year, and those for six months ending September 30, 2018 indicate changes from the same period of the previous fiscal year.

	Six months ending		Year ending	
	September 30, 2018 (Cumulative)		March 31, 2019	
		%		%
Net sales (Millions of yen)	690,000	33.5	1,400,000	23.8
Operating income (Millions of yen)	173,000	40.3	366,000	30.2
Ordinary income (Millions of yen)	173,000	40.6	366,000	30.4
Net income attributable to owners of parent (Millions of yen)	128,000	41.2	270,000	32.1
Net income per share (Yen)	779.95		1,645.20	

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): 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 June 30, 2018 :	165,210,911 shares
As of March 31, 2018:	165,210,911 shares
 2. Number of shares of treasury stock

As of June 30, 2018 :	1,096,874 shares
As of March 31, 2018:	1,097,342 shares
 3. Average number of shares outstanding (Cumulative quarterly period)

Three months ended June 30, 2018:	164,113,708 shares
Three months ended June 30, 2017:	164,076,929 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 earnings release conference for investors and analysts on July 26, 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

In the first quarter of the current fiscal year, the global economy including Europe and China remained strong, with a continued robust economy in the U.S.

In the electronics industry, where the Tokyo Electron (TEL) Group operates, market conditions for semiconductors and electronic components were favorable, with continued capital investment in data centers backed by a dramatic increase in global data traffic with the advent of the IoT era.

Under these circumstances, the consolidated financial results (cumulative) for the first quarter of the current fiscal year were net sales of 295,569 million yen (year-on-year growth of 25.0%), operating income of 72,418 million yen (year-on-year growth of 32.2%), ordinary income of 75,212 million yen (year-on-year growth of 36.4%) and net income attributable to owners of parent of 55,741 million yen (year-on-year growth of 35.1%).

The overview of each business segment is as described below.

(i) Semiconductor Production Equipment

The semiconductor production equipment market was robust, with capital investment by semiconductor manufacturers continuing in areas such as DRAM, 3D NAND flash memory and logic semiconductors driven by demand for data centers. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 280,400 million yen (year-on-year growth of 26.3%).

(ii) Flat Panel Display (FPD) Production Equipment

The FPD production equipment market was robust, with large-scale capital investment for large-sized LCD panels used for televisions in China in addition to continued capital investment for small to medium-sized OLED panels for smartphones. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 15,113 million yen (year-on-year growth of 5.5%).

(iii) Other

Net sales to external customers in this segment for the first quarter of the current fiscal year were 55 million yen (year-on-year decrease of 46.9%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY 2018 Full Year					FY 2019 1Q
		1Q	2Q	3Q	4Q	
Net Sales	1,130,728	236,396	280,580	257,773	355,977	295,569
Semiconductor Production Equipment	1,055,234	221,969	265,773	241,411	326,079	280,400
Japan	145,507	26,776	38,468	35,112	45,150	51,146
North America	119,243	24,097	32,077	29,121	33,946	28,496
Europe	96,940	25,382	26,931	19,621	25,005	17,755
South Korea	371,946	68,375	101,790	79,479	122,301	88,986
Taiwan	169,063	45,897	36,646	42,155	44,364	26,315
China	104,322	26,757	23,073	22,648	31,842	54,964
Southeast Asia	48,210	4,683	6,786	13,271	23,468	12,734
FPD Production Equipment	75,068	14,323	14,701	16,264	29,779	15,113
Other	425	104	104	97	118	55
Operating Income	281,172	54,790	68,527	58,092	99,761	72,418
Ordinary Income	280,737	55,149	67,917	57,360	100,311	75,212
Net Income Attributable to Owners of Parent	204,371	41,252	49,415	40,715	72,986	55,741

Note: Intersegment sales or transfers are eliminated.

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

Current assets at the end of the first quarter of the current fiscal year were 917,319 million yen, a decrease of 29,277 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 67,000 million yen in short-term investments included in securities, a decrease of 42,450 million yen in prepaid consumption tax, an increase of 48,710 million yen in cash and deposits, and an increase of 37,535 million yen in inventories.

Tangible fixed assets increased by 5,343 million yen from the end of the previous fiscal year, to 131,296 million yen.

Intangible fixed assets increased by 1,410 million yen from the end of the previous fiscal year, to 17,292 million yen.

Investments and other assets increased by 4,776 million yen from the end of the previous fiscal year, to 119,141 million yen.

As a result, total assets decreased by 17,746 million yen from the end of the previous fiscal year, to 1,185,050 million yen.

Current liabilities decreased by 17,962 million yen compared to the end of the previous fiscal year, to 350,490 million yen. This was largely due to a 40,594 million yen decrease in income taxes payable, a 17,369 million yen decrease in accrued employees' bonuses, and a 39,439 million yen increase in customer advances.

Long-term liabilities decreased by 606 million yen from the end of the previous fiscal year, to 62,227 million yen.

Net assets increased by 822 million yen from the end of the previous fiscal year, to 772,332 million yen. This was largely due to an increase of 55,741 million yen in net income attributable to owners of parent and an increase of 3,617 million yen in share subscription rights, and a decrease resulting from the payment of 56,947 million yen in year-end dividends for the previous fiscal year and a decrease of 1,589 million yen in accumulated other comprehensive income. As a result, the equity ratio was 64.5%.

The above comparisons to the previous fiscal year are made on the condition that "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of the first quarter of this fiscal year, and such amendments was also retrospectively applied to the balances as of the end of previous fiscal year.

(ii) Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year decreased by 27,289 million yen compared to the end of the previous fiscal year, to 230,588 million yen. The combined balance including 125,000 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 355,588 million yen, a decrease of 18,289 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first quarter of the current fiscal year was as described below.

Cash flows from operating activities were positive 51,470 million yen, an increase of 27,007 million yen compared to the same period of the previous fiscal year. The major positive factors were 75,205 million yen in income before income taxes, a 42,431 million yen decrease in prepaid consumption tax, a 39,950 million yen increase in customer advances, and an 8,403 million yen decrease in trade notes and accounts receivable. The major negative factors were 59,924 million yen in payment of income taxes, a 37,454 million yen increase in inventories, and a 17,480 million yen decrease in accrued employees' bonuses.

Cash flows from investing activities were negative 21,153 million yen compared to positive 15,692 million yen in the same period of the previous fiscal year. The main factors were payments of 10,767 million yen for the purchase of fixed assets and 9,000 million yen associated with an increase in time deposits and short-term investments.

Cash flows from financing activities were negative 56,948 million yen, compared to negative 36,800 million yen in the same period of the previous fiscal year. This was mainly due to the payment of 56,947 million yen in dividends.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Three month ended June 30, 2017	Three month ended June 30, 2018
Cash flows from operating activities	24,463	51,470
Income before income taxes	55,147	75,205
Depreciation and amortization	4,243	5,078
Decrease (increase) in trade notes and accounts receivable	(5,719)	8,403
Decrease (increase) in inventories	(28,814)	(37,454)
Increase (decrease) in trade notes and accounts payable	(95)	(7,929)
Other, net	(298)	8,166
Cash flows from investing activities	15,692	(21,153)
Decrease (increase) in time deposits and short-term investments	25,000	(9,000)
Other (Acquisition of fixed assets)	(9,307)	(12,153)
Cash flows from financing activities	(36,800)	(56,948)
Effect of exchange rate changes on cash and cash equivalents	946	(657)
Net increase (decrease) in cash and cash equivalents	4,301	(27,289)
Cash and cash equivalents at beginning of period	164,366	257,877
Cash and cash equivalents at end of period	168,668	230,588
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	294,668	355,588

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

There are no changes in the consolidated financial forecast for the fiscal year ending March 31, 2019 from the forecasts released at the time of the previous announcement on April 25, 2018.

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 those described in this Summary of Consolidated Financial Results.

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
ASSETS		
Current assets		
Cash and deposits	87,377	136,088
Trade notes and accounts receivable	159,570	151,363
Securities	286,500	219,500
Merchandise and finished goods	220,497	255,658
Work in process	75,504	71,221
Raw materials and supplies	48,069	54,726
Others	69,137	28,855
Allowance for doubtful accounts	(59)	(94)
Total current assets	946,597	917,319
Long-term assets		
Tangible fixed assets	125,952	131,296
Intangible fixed assets		
Others	15,882	17,292
Total intangible fixed assets	15,882	17,292
Investments and other assets		
Others	115,786	120,568
Allowance for doubtful accounts	(1,422)	(1,427)
Total investments and other assets	114,364	119,141
Total long-term assets	256,199	267,730
Total assets	1,202,796	1,185,050

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	108,607	100,376
Income taxes payable	66,046	25,451
Accrued employees' bonuses	34,467	17,097
Accrued warranty expenses	11,284	12,470
Other allowances	4,618	1,437
Customer advances	100,208	139,648
Others	43,218	54,008
Total current liabilities	368,452	350,490
Long-term liabilities		
Other allowances	374	374
Net defined benefit liabilities	59,309	59,024
Others	3,150	2,827
Total long-term liabilities	62,834	62,227
Total liabilities	431,287	412,718
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	625,390	624,182
Treasury stock, at cost	(7,518)	(7,515)
Total shareholders' equity	750,843	749,639
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	17,134	15,119
Net deferred gains (losses) on hedging instruments	278	(101)
Foreign currency translation adjustments	5,507	5,779
Accumulated remeasurements of defined benefit plans	(6,618)	(6,084)
Total accumulated other comprehensive income (loss)	16,302	14,712
Share subscription rights	4,363	7,980
Total net assets	771,509	772,332
Total liabilities and net assets	1,202,796	1,185,050

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	236,396	295,569
Cost of sales	139,244	173,085
Gross profit	97,152	122,483
Selling, general & administrative expenses		
Research and development expenses	21,187	26,131
Others	21,173	23,933
Total selling, general and administrative expenses	42,361	50,065
Operating income	54,790	72,418
Non-operating income		
Foreign exchange gain	-	1,891
Others	800	935
Total non-operating income	800	2,826
Non-operating expenses		
Maintenance and operation costs of closed facilities	19	12
Foreign exchange loss	412	-
Others	10	19
Total non-operating expenses	441	32
Ordinary income	55,149	75,212
Unusual or infrequent profit		
Gain on sales of fixed assets	46	0
Total unusual or infrequent profit	46	0
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	47	7
Others	0	-
Total unusual or infrequent loss	47	7
Income before income taxes	55,147	75,205
Income taxes	13,880	19,463
Net income	41,267	55,741
Net income attributable to non-controlling interests	14	-
Net income attributable to owners of parent	41,252	55,741

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net income	41,267	55,741
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	1,908	(2,008)
Net deferred gains (losses) on hedging instruments	(23)	(347)
Foreign currency translation adjustments	1,123	243
Remeasurements of defined benefit plans	(183)	519
Share of other comprehensive income of associates accounted for using the equity method	(33)	2
Total other comprehensive income (loss)	2,791	(1,589)
Comprehensive income	44,059	54,152
(Breakdown)		
Comprehensive income attributable to owners of parent	44,045	54,152
Comprehensive income attributable to non-controlling interests	13	-

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 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

Additional information

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) was adopted from the beginning of the first quarter of this fiscal year. As a result, deferred tax assets are classified as "Investments and other assets" and deferred tax liabilities are classified as "Long term liabilities" respectively.

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. 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

Three months ended June 30, 2018 (April 1, 2018 to June 30, 2018)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	280,400	15,113	5,041	300,555
Segment profit (loss)	78,366	2,446	8	80,821

	Adjustments *2	Consolidated *3
Net sales	(4,985)	295,569
Segment profit (loss)	(5,616)	75,205

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 loss totaling 5,616 million yen mainly consists of research and development costs of 3,841 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