
October 27, 2015

Agenda:
- Introduction
  Tetsuro Higashi, Representative Director, President & CEO
- 2Q FY2016 Consolidated Financial Summary
  Tetsuro Hori, Corporate Director, Senior Vice President & General Manager
- FY2016 Financial Estimates and Medium-term Business Plan
  Toshiki Kawai, Representative Director, Senior Executive Vice President & COO
2Q FY2016 Consolidated Financial Summary

2Q FY2016: July 1, 2015 - September 30, 2015
FY2016: April 1, 2015 - March 31, 2016

October 27, 2015

Tetsuro Hori
Corporate Director, Senior Vice President & General Manager
FY2016: First Half Highlights

- Achieved near-record GP margin (40%) for second consecutive half year period due to improved profitability in SPE business

- First half operating profit doubled YoY, achieved OPM of 18% for second consecutive half year period

- FPD segment first half profit margin 13%
## Financial Summary

### (Billion Yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2015 1H</th>
<th>FY2015 2H</th>
<th>FY2016 1H</th>
<th>YonY Change</th>
<th>(Reference) FY2016 1H estimates announced on July 28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>294.2</td>
<td>318.8</td>
<td>340.9</td>
<td>+15.9%</td>
<td>338.5</td>
</tr>
<tr>
<td>Gross profit</td>
<td>107.4</td>
<td>135.3</td>
<td>136.0</td>
<td>+26.6%</td>
<td></td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>36.5%</td>
<td>42.4%</td>
<td>39.9%</td>
<td>+3.4pts</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>77.3</td>
<td>77.3</td>
<td>74.7</td>
<td>-3.3%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>30.1</td>
<td>57.9</td>
<td>61.2</td>
<td>+103.4%</td>
<td>53.5</td>
</tr>
<tr>
<td>Operating margin</td>
<td>10.2%</td>
<td>18.2%</td>
<td>18.0%</td>
<td>+7.8pts</td>
<td>15.8%</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>29.1</td>
<td>57.7</td>
<td>57.5</td>
<td>+97.7%</td>
<td>52.5</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>20.0</td>
<td>51.8</td>
<td>41.3</td>
<td>+106.7%</td>
<td>37.0</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>34.9</td>
<td>36.3</td>
<td>37.5</td>
<td>+7.5%</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>7.2</td>
<td>5.9</td>
<td>4.8</td>
<td>-33.4%</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>9.7</td>
<td>11.1</td>
<td>9.3</td>
<td>-3.7%</td>
<td></td>
</tr>
</tbody>
</table>

1. In principle, export sales of Tokyo Electron’s mainstay semiconductor and FPD production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking.
2. Profit ratios are calculated using full amounts, before rounding.

**Note:** (Billion Yen)
### Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>254.5</td>
<td>357.6</td>
<td>294.2</td>
<td>318.8</td>
<td>340.9</td>
</tr>
<tr>
<td>Operating income</td>
<td>-1.8</td>
<td>34.0</td>
<td>30.1</td>
<td>57.9</td>
<td>61.2</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>2.4</td>
<td>-21.8</td>
<td>20.0</td>
<td>51.8</td>
<td>41.3</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>31.5%</td>
<td>34.1%</td>
<td>36.5%</td>
<td>42.4%</td>
<td>39.9%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>-0.7%</td>
<td>9.5%</td>
<td>10.2%</td>
<td>18.2%</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

(Billion Yen)
Segment Information

1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research are not included in above reportable segments.
3. As of 1Q FY2016, the PV production equipment business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.
4. In composition of net sales figures, the EC/CN business and PV production equipment business are included in Others.
## Balance Sheet

### Assets
(Billion Yen)

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents*</td>
<td>230.8</td>
<td>268.1</td>
<td>299.1</td>
<td>317.6</td>
<td>260.7</td>
</tr>
<tr>
<td>Trade notes, accounts receivables</td>
<td>117.7</td>
<td>129.0</td>
<td>102.0</td>
<td>110.8</td>
<td>110.2</td>
</tr>
<tr>
<td>Inventories</td>
<td>156.0</td>
<td>168.2</td>
<td>142.2</td>
<td>175.5</td>
<td>180.7</td>
</tr>
<tr>
<td>Other current assets</td>
<td>39.3</td>
<td>56.0</td>
<td>49.7</td>
<td>66.7</td>
<td>54.0</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>131.8</td>
<td>112.3</td>
<td>111.6</td>
<td>106.8</td>
<td>101.8</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>61.3</td>
<td>29.5</td>
<td>27.6</td>
<td>27.5</td>
<td>21.4</td>
</tr>
<tr>
<td>Investment &amp; other assets</td>
<td>61.7</td>
<td>65.1</td>
<td>68.7</td>
<td>70.8</td>
<td>65.4</td>
</tr>
</tbody>
</table>

### Liabilities & Net Assets
(Billion Yen)

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>798.8</td>
<td>828.5</td>
<td>801.3</td>
<td>876.1</td>
<td>794.6</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>181.3</td>
<td>224.4</td>
<td>205.4</td>
<td>234.9</td>
<td>218.6</td>
</tr>
<tr>
<td>Net assets</td>
<td>607.4</td>
<td>590.6</td>
<td>595.8</td>
<td>641.1</td>
<td>576.0</td>
</tr>
</tbody>
</table>

*Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).
Inventory Turnover and Accounts Receivable Turnover

Turnover days = Inventory or accounts receivable at the end of each quarter / last 12 months sales x 365
## Cash Flow

### Cash Flow from Operating Activities

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>-0.2</td>
<td>44.6</td>
<td>43.3</td>
<td>28.4</td>
<td>47.5</td>
</tr>
</tbody>
</table>

### Cash Flow from Investing Activities

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from investing activities*</td>
<td>-6.7</td>
<td>-4.2</td>
<td>-3.9</td>
<td>-3.6</td>
<td>-3.3</td>
</tr>
</tbody>
</table>

### Cash Flow from Financing Activities

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from financing activities</td>
<td>1.1</td>
<td>-1.2</td>
<td>-6.4</td>
<td>-11.7</td>
<td>-101.0</td>
</tr>
</tbody>
</table>

### Free Cash Flow**

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow**</td>
<td>-7.0</td>
<td>40.3</td>
<td>39.3</td>
<td>24.8</td>
<td>44.2</td>
</tr>
</tbody>
</table>

### Cash on Hand***

<table>
<thead>
<tr>
<th></th>
<th>1H FY14</th>
<th>2H</th>
<th>1H FY15</th>
<th>2H</th>
<th>1H FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand***</td>
<td>230.8</td>
<td>268.1</td>
<td>299.1</td>
<td>317.6</td>
<td>260.7</td>
</tr>
</tbody>
</table>

*Cash flow from investing activities excludes changes in deposits with periods to maturity of over 3 months.
**Free cash flow = cash flow from operating activities + cash flow from investing activities excluding changes in deposits with periods to maturity of over 3 months.
***Cash on hand includes the total of cash + deposits with periods to maturity of over 3 months.
Share Repurchase Status

Cumulative total of shares repurchased
(as of September 30, 2015)

(1) Total number of shares acquired: 12,757,600 shares
(2) Total cost of acquisition: 88,752,003,369 yen

Details of announcement on April 27, 2015

- Type of shares to be acquired: Shares of common stock
- Total number of shares to be acquired: Up to 15.4 million shares
  (Equivalent to 8.59% of outstanding shares excluding treasury stock)
- Total cost of acquisition: Up to 120 billion yen
Supplement Data
# Financial Summary

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th></th>
<th></th>
<th>FY2016</th>
<th></th>
<th></th>
<th>YonY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
<td>1Q</td>
<td>2Q</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>142.9</td>
<td>137.0</td>
<td>181.8</td>
<td>155.7</td>
<td>185.1</td>
<td></td>
<td>+29.5%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>52.0</td>
<td>57.6</td>
<td>77.6</td>
<td>65.7</td>
<td>70.3</td>
<td></td>
<td>+35.0%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>36.4%</td>
<td>42.1%</td>
<td>42.7%</td>
<td>42.2%</td>
<td>38.0%</td>
<td></td>
<td>+1.6pts</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>39.0</td>
<td>35.5</td>
<td>41.7</td>
<td>35.4</td>
<td>39.3</td>
<td></td>
<td>+0.8%</td>
</tr>
<tr>
<td>Operating income</td>
<td>13.0</td>
<td>22.0</td>
<td>35.9</td>
<td>30.2</td>
<td>30.9</td>
<td></td>
<td>+137.4%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>9.1%</td>
<td>16.1%</td>
<td>19.8%</td>
<td>19.4%</td>
<td>16.7%</td>
<td></td>
<td>+7.6pts</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>14.0</td>
<td>24.7</td>
<td>32.9</td>
<td>29.0</td>
<td>28.4</td>
<td></td>
<td>+101.9%</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>8.1</td>
<td>17.4</td>
<td>34.4</td>
<td>19.4</td>
<td>21.8</td>
<td></td>
<td>+167.6%</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>18.1</td>
<td>16.8</td>
<td>19.5</td>
<td>17.5</td>
<td>20.0</td>
<td></td>
<td>+9.9%</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>3.5</td>
<td>2.6</td>
<td>3.2</td>
<td>2.1</td>
<td>2.6</td>
<td></td>
<td>-24.7%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>5.0</td>
<td>5.4</td>
<td>5.6</td>
<td>4.6</td>
<td>4.7</td>
<td></td>
<td>-5.3%</td>
</tr>
</tbody>
</table>

1. In principle, export sales of Tokyo Electron’s mainstay semiconductor and FPD production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking.
2. Profit ratios are calculated using full amounts, before rounding.
## Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>2Q FY14</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q FY15</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q FY16</th>
<th>2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>151.0</td>
<td>138.4</td>
<td>219.2</td>
<td>151.3</td>
<td>142.9</td>
<td>137.0</td>
<td>181.8</td>
<td>155.7</td>
<td>185.1</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>7.8</td>
<td>9.0</td>
<td>24.9</td>
<td>17.0</td>
<td>13.0</td>
<td>22.0</td>
<td>35.9</td>
<td>30.2</td>
<td>30.9</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of parent</strong></td>
<td>5.4</td>
<td>-38.0</td>
<td>16.2</td>
<td>11.8</td>
<td>8.1</td>
<td>17.4</td>
<td>34.4</td>
<td>19.4</td>
<td>21.8</td>
</tr>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>33.2%</td>
<td>36.4%</td>
<td>32.6%</td>
<td>36.6%</td>
<td>36.4%</td>
<td>42.1%</td>
<td>42.7%</td>
<td>42.2%</td>
<td>38.0%</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>5.2%</td>
<td>6.6%</td>
<td>11.4%</td>
<td>11.3%</td>
<td>9.1%</td>
<td>16.1%</td>
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</table>
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2. R&D expenses such as fundamental research and element research are not included in above reportable segments.
3. As of 1Q FY2016, the PV production equipment business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.
4. In composition of net sales figures, the PV production equipment business is included in Others.
SPE Sales by Region

Japan

(U.S.

Europe

Korea

Region Composition

S.E. Asia, Others

Taiwan

China

(Billion Yen)

(Billion Yen)

(Billion Yen)

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(Billion Yen)
Balance Sheet

Assets
(Billion Yen)

<table>
<thead>
<tr>
<th>2Q FY15</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q FY16</th>
<th>2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>801.3</td>
<td>831.5</td>
<td>876.1</td>
<td>841.9</td>
<td>794.6</td>
</tr>
<tr>
<td>299.1</td>
<td>285.3</td>
<td>317.6</td>
<td>298.9</td>
<td>260.7</td>
</tr>
<tr>
<td>102.0</td>
<td>106.5</td>
<td>110.8</td>
<td>97.9</td>
<td>110.2</td>
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<tr>
<td>142.2</td>
<td>166.9</td>
<td>175.5</td>
<td>194.8</td>
<td>180.7</td>
</tr>
<tr>
<td>49.7</td>
<td>59.5</td>
<td>66.7</td>
<td>48.5</td>
<td>54.0</td>
</tr>
<tr>
<td>111.6</td>
<td>111.7</td>
<td>106.8</td>
<td>105.3</td>
<td>101.8</td>
</tr>
<tr>
<td>27.6</td>
<td>29.1</td>
<td>27.5</td>
<td>27.1</td>
<td>21.4</td>
</tr>
<tr>
<td>68.7</td>
<td>72.1</td>
<td>70.8</td>
<td>69.1</td>
<td>65.4</td>
</tr>
</tbody>
</table>

Liabilities & Net Assets
(Billion Yen)

<table>
<thead>
<tr>
<th>2Q FY15</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q FY16</th>
<th>2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>801.3</td>
<td>831.5</td>
<td>876.1</td>
<td>841.9</td>
<td>794.6</td>
</tr>
<tr>
<td>205.4</td>
<td>218.4</td>
<td>234.9</td>
<td>214.5</td>
<td>218.6</td>
</tr>
<tr>
<td>595.8</td>
<td>613.1</td>
<td>641.1</td>
<td>627.3</td>
<td>576.0</td>
</tr>
</tbody>
</table>

Cash & cash equivalents*
Trade notes, accounts receivables
Inventories
Other current assets
Tangible assets
Intangible assets
Investment & other assets

*Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).
Cash Flow

<table>
<thead>
<tr>
<th>2Q FY14</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q FY15</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q FY16</th>
<th>2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>1.1</td>
<td>-11.8</td>
<td>56.5</td>
<td>16.4</td>
<td>26.8</td>
<td>-3.2</td>
<td>31.7</td>
<td>17.3</td>
</tr>
<tr>
<td>Cash flow from investing activities*</td>
<td>-2.3</td>
<td>-1.8</td>
<td>-2.3</td>
<td>-1.2</td>
<td>-2.7</td>
<td>-2.6</td>
<td>-0.9</td>
<td>-2.0</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>2.5</td>
<td>-0.8</td>
<td>-0.4</td>
<td>-4.6</td>
<td>-1.8</td>
<td>-5.4</td>
<td>-6.2</td>
<td>-36.3</td>
</tr>
<tr>
<td>Free cash flow**</td>
<td>-1.1</td>
<td>-13.7</td>
<td>54.1</td>
<td>15.2</td>
<td>24.1</td>
<td>-5.9</td>
<td>30.7</td>
<td>15.3</td>
</tr>
<tr>
<td>Cash on hand***</td>
<td>230.8</td>
<td>212.5</td>
<td>268.1</td>
<td>280.0</td>
<td>299.1</td>
<td>285.3</td>
<td>317.6</td>
<td>298.9</td>
</tr>
</tbody>
</table>

*Cash flow from investing activities excludes changes in deposits with periods to maturity of over 3 months.

**Free cash flow = cash flow from operating activities + cash flow from investing activities excluding changes in deposits with periods to maturity of over 3 months.

***Cash on hand includes the total of cash + deposits with periods to maturity of over 3 months.
FY2016 Financial Estimates and Medium-term Business Plan

October 27, 2015

Toshiki Kawai
Representative Director, Senior Executive Vice President & COO
Business Environment

► SPE Capex

CY2015 WFE capex expected to be similar level to CY2014

- Memory: Up YonY due to investment to expand production
- Foundry: Down YonY due to mobile market slowdown
- Logic: Server and image sensor demand strong but PC demand weakening, overall logic expected to show YonY decline

► FPD Capex

CY2015 demand for LCD panel manufacturing equipment forecast to increase 20% YonY due to increase in capex for large panels and the start of investment in small/medium panels for mobile devices. OLED TV market expected to develop from 2017

(Outlook as of October 2015)
Quarterly Orders

July-September 2015

<table>
<thead>
<tr>
<th></th>
<th>Orders</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPE</td>
<td>122.4B</td>
<td>(-22%)</td>
</tr>
<tr>
<td>FPD</td>
<td>12.5B</td>
<td>(+6%)</td>
</tr>
<tr>
<td>Total</td>
<td>135.0B</td>
<td>(-20%)</td>
</tr>
</tbody>
</table>

As of the April-June 2015 quarter, the PVE business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.
## Composition of SPE Orders by Application: Equipment Only

<table>
<thead>
<tr>
<th>Application</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logic &amp; others (MPU, AP, Others)</td>
<td>29</td>
<td>27</td>
<td>32</td>
<td>35</td>
<td>35</td>
<td>28</td>
</tr>
<tr>
<td>Logic Foundry</td>
<td>26</td>
<td>24</td>
<td>28</td>
<td>31</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Flash memory</td>
<td>26</td>
<td>32</td>
<td>13</td>
<td>9</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>DRAM</td>
<td>19</td>
<td>17</td>
<td>27</td>
<td>25</td>
<td>31</td>
<td>35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>13/7-9</th>
<th>10-12</th>
<th>14/1-3</th>
<th>4-6</th>
<th>7-9</th>
<th>10-12</th>
<th>15/1-3</th>
<th>4-6</th>
<th>7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logic &amp; others (MPU, AP, Others)</td>
<td>29</td>
<td>27</td>
<td>32</td>
<td>35</td>
<td>35</td>
<td>28</td>
<td>31</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Logic Foundry</td>
<td>26</td>
<td>24</td>
<td>28</td>
<td>31</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Flash memory</td>
<td>26</td>
<td>32</td>
<td>13</td>
<td>9</td>
<td>14</td>
<td>17</td>
<td>16</td>
<td>28</td>
<td>19</td>
</tr>
<tr>
<td>DRAM</td>
<td>19</td>
<td>17</td>
<td>27</td>
<td>25</td>
<td>31</td>
<td>35</td>
<td>32</td>
<td>27</td>
<td>30</td>
</tr>
</tbody>
</table>
SPE Orders by Region

(Billion Yen)

<table>
<thead>
<tr>
<th></th>
<th>13/7-9</th>
<th>10-12</th>
<th>14/1-3</th>
<th>4-6</th>
<th>7-9</th>
<th>10-12</th>
<th>15/1-3</th>
<th>4-6</th>
<th>7-9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>20.1</td>
<td>18.4</td>
<td>19.8</td>
<td>20.4</td>
<td>24.9</td>
<td>24.0</td>
<td>40.8</td>
<td>29.0</td>
<td>29.0</td>
</tr>
<tr>
<td>U.S.</td>
<td>29.8</td>
<td>35.3</td>
<td>38.9</td>
<td>35.1</td>
<td>34.7</td>
<td>39.5</td>
<td>30.7</td>
<td>23.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Europe</td>
<td>14.4</td>
<td>7.2</td>
<td>17.0</td>
<td>15.0</td>
<td>19.0</td>
<td>10.8</td>
<td>12.7</td>
<td>8.9</td>
<td>9.4</td>
</tr>
<tr>
<td>Korea</td>
<td>18.9</td>
<td>20.5</td>
<td>29.5</td>
<td>17.3</td>
<td>22.1</td>
<td>40.8</td>
<td>35.1</td>
<td>14.8</td>
<td>9.3</td>
</tr>
<tr>
<td>Taiwan</td>
<td>37.3</td>
<td>34.6</td>
<td>41.8</td>
<td>37.0</td>
<td>30.5</td>
<td>34.5</td>
<td>41.3</td>
<td>48.3</td>
<td>37.8</td>
</tr>
<tr>
<td>China</td>
<td>26.9</td>
<td>24.9</td>
<td>4.8</td>
<td>4.7</td>
<td>4.5</td>
<td>14.2</td>
<td>14.2</td>
<td>25.7</td>
<td>10.4</td>
</tr>
<tr>
<td>S.E. Asia, Others</td>
<td>3.6</td>
<td>2.2</td>
<td>2.2</td>
<td>7.5</td>
<td>6.4</td>
<td>3.2</td>
<td>4.5</td>
<td>5.6</td>
<td>3.7</td>
</tr>
</tbody>
</table>

CORP IR / October 27, 2015
Orders, Order Backlog

As of the April-June 2015 quarter, the PVE business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.
Revision of FY2016 Financial Estimates
Revision of FY2016 Financial Estimates

- Full-year operating profit of over 100.0 billion yen and OPM of 16% expected due to further increases in profitability

<table>
<thead>
<tr>
<th></th>
<th>FY2015 (Actual)</th>
<th>FY2016 (Estimate)</th>
<th>YonY change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>New estimates</td>
<td>Adjustment*</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>613.1</td>
<td>340.9</td>
<td>319.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+12.6</td>
</tr>
<tr>
<td><strong>SPE</strong></td>
<td>576.2</td>
<td>316.9</td>
<td>293.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+14.1</td>
</tr>
<tr>
<td><strong>FPD</strong></td>
<td>32.7</td>
<td>18.2</td>
<td>25.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-1.2</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>88.1</td>
<td>61.2</td>
<td>43.8</td>
</tr>
<tr>
<td>Lower line: OP margin</td>
<td>14.4%</td>
<td>18.0%</td>
<td>13.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+2.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+0.2 pts</td>
</tr>
<tr>
<td><strong>Income before</strong></td>
<td>86.8</td>
<td>57.5</td>
<td>42.5</td>
</tr>
<tr>
<td><strong>income taxes</strong></td>
<td></td>
<td></td>
<td>+1.0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>71.8</td>
<td>41.3</td>
<td>30.7</td>
</tr>
<tr>
<td>attributable to</td>
<td></td>
<td></td>
<td>+1.7</td>
</tr>
<tr>
<td>owners of parent</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*B: Adjustments: changes from the figures announced on July 28, 2015.
SPE: semiconductor production equipment  FPD: flat panel display production equipment
FY2016 Dividend Forecast

- A dividend of 219 yen is expected based on the new shareholder return policy announced in July (payout ratio of 50%)

Our previous dividend policy since FY2011 year-end dividend was performance-linked payout ratio of around 35%.
R&D Expense, Capex Plans

R&D expenses: 74.0 billion yen → Revised up to 78.0 billion yen
Capex: 12.0 billion yen → Revised up to 15.0 billion yen
Approaches to achieve medium-term plan targets
Financial Model (toward FY2020)

Aiming for global-level profitability

<table>
<thead>
<tr>
<th></th>
<th>FY2016 (Estimate)</th>
<th>FY2020 (Medium-term plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WFE $32B</td>
<td>WFE $30B</td>
</tr>
<tr>
<td>Net Sales</td>
<td>660.0</td>
<td>720.0</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>39%</td>
<td>42%</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>152.0</td>
<td>160.0</td>
</tr>
<tr>
<td>SG&amp;A expense ratio</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>ROE</td>
<td></td>
<td>15%</td>
</tr>
</tbody>
</table>

The semiconductor production process can be divided into two sequential sub-processes referred to as front-end (wafer fabrication) and back-end (assembly and test) production. WFE (wafer fabrication equipment) is used in the front-end production process.

- Outperform market growth
  - Focus on SPE growth areas: Etching, Deposition and Cleaning
  - Strengthen Field Solutions business

- Enhance operational efficiency
  - Raise efficiency of development and manufacturing
  - Reduce SG&A/Sales ratio
SPE Business Strategy: Etching System

Targeting increased share in the expanding markets for patterning process and memory HARC process
- Further enhance TEL’s strengths in HARC technology, use our clear lead in productivity and processing precision to contribute to 3D-NAND/DRAM technology inflection and improve customer productivity
- Make a major contribution to lower customer costs through combining multiple etching steps into one in advanced patterning processes

<table>
<thead>
<tr>
<th>Market Share Plan</th>
<th>CY2014 (Actual)</th>
<th>CY2019 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Etching system</td>
<td>26%</td>
<td>&gt;36%</td>
</tr>
<tr>
<td>Oxide etch</td>
<td>62%</td>
<td>&gt;70%</td>
</tr>
<tr>
<td>Conductor etch</td>
<td>7%</td>
<td>&gt;20%</td>
</tr>
</tbody>
</table>

HARC (High Aspect Ratio Contact) process: Advanced processing technology required for deep hole etching

CY2014 (Actual) vs CY2019 (Plan):
- Oxide etch: 62% vs >70%
- Conductor etch: 7% vs >20%
SPE Business Strategy: Thermal Processing System

Targeting increased share in ALD market with its growing demand and in DRAM applications

- Establish a leading position in ALD market. Achieve both high quality film formation and high productivity needed for miniaturization and for 3D structure with the NT333 semi-batch ALD system

- Differentiation through our clear lead in productivity for next generation DRAM

Market Share Plan

<table>
<thead>
<tr>
<th></th>
<th>CY2014 (Actual)</th>
<th>CY2019 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal Processing System</td>
<td>55%</td>
<td>&gt;65%</td>
</tr>
</tbody>
</table>

ALD system SAM*

*SAM: Served Available Market

Source: TEL estimate
SPE Business Strategy: Cleaning System

Targeting increased share in single wafer clean and dry clean through expanding applications with our proprietary technologies

- Single wafer wet cleaning system will contribute to improved yield for customers through TEL’s strengths in areas including pattern collapse prevention technology, BEOL polymer removal/metal loss reduction, and high precision back-side bevel cleaning

- Fulfill high technological needs with dry cleaning

<table>
<thead>
<tr>
<th>Market Share Plan</th>
<th>CY2014 (Actual)</th>
<th>CY2019 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning System</td>
<td>25%</td>
<td>&gt;35%</td>
</tr>
<tr>
<td>Wet</td>
<td>19%</td>
<td>&gt;30%</td>
</tr>
<tr>
<td>Dry</td>
<td>68%</td>
<td>&gt;75%</td>
</tr>
</tbody>
</table>

Cleaning Market Breakdown
Creation of Strong Next Generation Products

Strengthen development of key sectors under direct control of COO

- Direct engagement in customer development from earlier stages
  - Present proposals for next generation technology faster
- Unified management of development resources
  - Development organization across our BUs
    - Patterning solution projects
  - Allocation of resources to strategic products
    - Reallocate 10 billion yen of R&D costs to key sectors

Reinforce proposal ability for next generation technologies with new development structure

Composition of R&D expense

- FY2016
- FY2017

Key sectors: Etch, Deposition and Clean
Initiatives to Expand Field Solutions Business

Grow business opportunities

- Expanding semiconductor demand led by IoT
- Advancing and diversifying technological needs
- TEL’s install base: 57,000 units

Large role for used equipment and comprehensive parts and service contracts in maximizing profit
Initiatives to Expand Field Solutions Business

**Used equipment and modification**
- Supply maker-certified used equipment to expanding 200mm equipment market due to IoT

**Comprehensive parts and service contracts**
- Propose service packages to meet customer needs (comprehensive contracts)
  - Supply new “TELeMetrics” service
    - Contribute to increased productivity for customers through remote connection of customer equipment to TEL service centers to realize stable operation of equipment

**Increase sales by over 30.0 billion yen thorough supporting customers’ productivity improvement**
Disclaimer regarding forward-looking statement
Forecast of TEL’s performance and future prospects and other sort of information published are made based on information available at the time of publication. Actual performance and results may differ significantly from the forecast described here due to changes in various external and internal factors, including the economic situation, semiconductor/FPD/PV market conditions, intensification of sales competition, safety and product quality management, and intellectual property-related risks.

Processing of numbers
For the amount listed, because fractions are rounded down, there may be the cases where the total for certain account titles does not correspond to the sum of the respective figures for account titles. Percentages are calculated using full amounts, before rounding.

Exchange Risk
In principle, export sales of Tokyo Electron’s mainstay semiconductor and FPD/PV panel production equipment are denominated in yen. While some settlements are denominated in dollars, exchange risk is hedged as forward exchange contracts are made individually at the time of booking. Accordingly, the effect of exchange rates on profits is negligible.

FPD/PV: Flat panel display/Photovoltaic