

# 1Q FY2013 (April 1, 2012 – June 30, 2012)

## Financial Announcement

Agenda:

- 1Q FY2013 Consolidated Financial Summary  
Yoshiteru Harada, Corporate Director, Executive Officer
- Business Environment and Revision of FY2013 Financial Estimates  
Hiroshi Takenaka, President & CEO

July 30, 2012

# 1Q FY2013 Consolidated Financial Summary

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1Q FY2013: April 1, 2012 - June 30, 2012  
FY2013: April 1, 2012 - March 31, 2013

Yoshiteru Harada  
Corporate Director, Executive Officer

July 30, 2012

# Profit and Loss

(Billions of Yen)

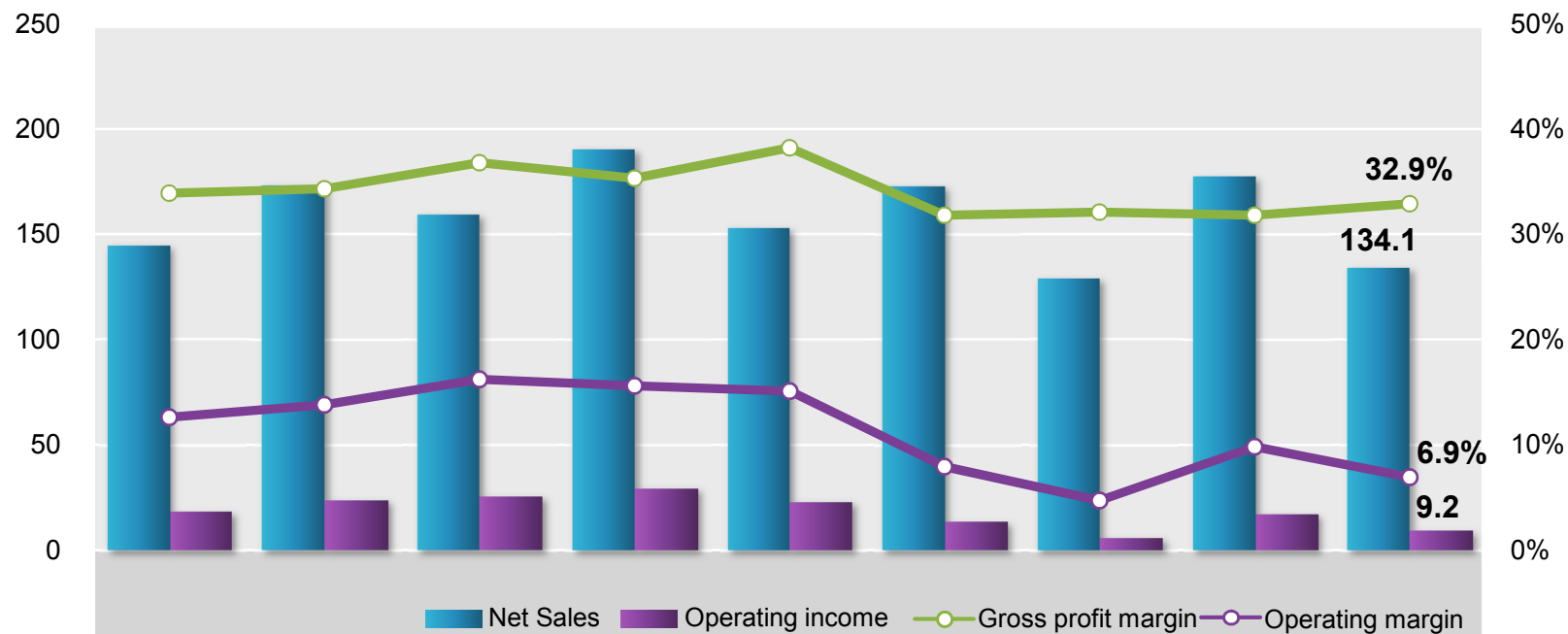
	FY2012				FY2013	
	1Q	2Q	3Q	4Q	1Q	YoY Change
<b>Net sales</b>	<b>153.1</b>	<b>173.2</b>	<b>129.1</b>	<b>177.5</b>	<b>134.1</b>	<b>-12.4%</b>
SPE	120.8	127.5	91.5	137.8	108.7	-10.0%
FPD/PVE	12.5	24.1	16.6	16.5	4.7	-62.0%
EC/CN	19.6	21.3	20.8	22.9	20.6	+4.9%
Others	0.0	0.1	0.0	0.1	0.1	+5.2%
<b>Gross profit</b>	<b>58.4</b> (38.2%)	<b>55.0</b> (31.8%)	<b>41.4</b> (32.1%)	<b>56.4</b> (31.8%)	<b>44.1</b> (32.9%)	<b>-24.6%</b>
<b>SG&amp;A</b>	<b>35.3</b>	<b>41.3</b>	<b>35.3</b>	<b>38.9</b>	<b>34.8</b>	<b>-1.6%</b>
<b>Operating income</b>	<b>23.0</b> (15.1%)	<b>13.7</b> (7.9%)	<b>6.0</b> (4.7%)	<b>17.4</b> (9.8%)	<b>9.2</b> (6.9%)	<b>-59.8%</b>
Income before income taxes	23.4	15.8	6.7	14.6	11.2	-52.0%
<b>Net income</b>	<b>16.6</b>	<b>10.0</b>	<b>0.7</b>	<b>9.3</b>	<b>5.7</b>	<b>-65.6%</b>
<b>EPS(yen)</b>	<b>92.91</b>	<b>55.95</b>	<b>4.21</b>	<b>51.98</b>	<b>31.93</b>	<b>-65.6%</b>
<b>R&amp;D expenses</b>	<b>18.1</b>	<b>22.9</b>	<b>18.7</b>	<b>21.6</b>	<b>17.9</b>	<b>-1.4%</b>
<b>Capital expenditures</b>	<b>5.9</b>	<b>16.6</b>	<b>7.6</b>	<b>9.3</b>	<b>7.6</b>	<b>+29.2%</b>
<b>Depreciation and amortization</b>	<b>4.7</b>	<b>5.7</b>	<b>6.4</b>	<b>7.1</b>	<b>5.5</b>	<b>+17.7%</b>

1. SPE: Semiconductor Production Equipment, FPD/PVE: Flat Panel Display and Photovoltaic Panel Production Equipment, EC/CN: Electric Components and Computer Networks
2. Numbers shown in ( ): Profit ratios
3. Profit ratios are calculated using full amounts, before rounding.

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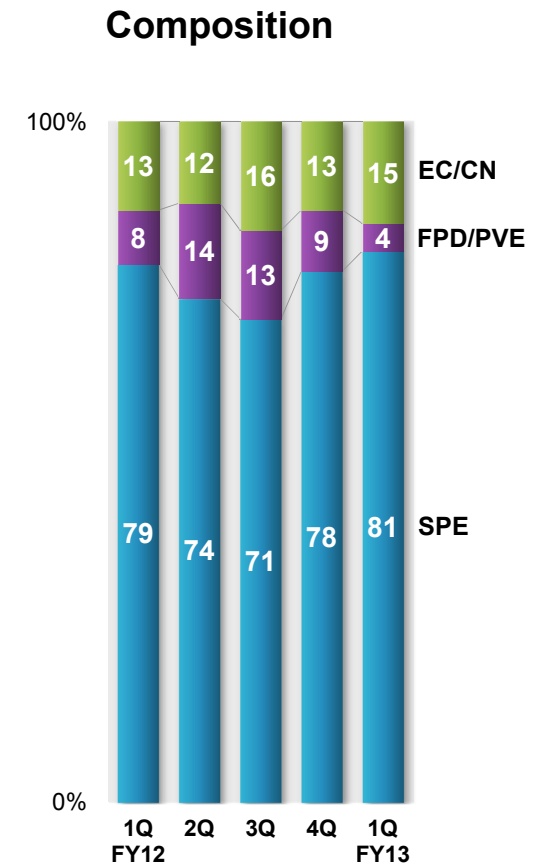
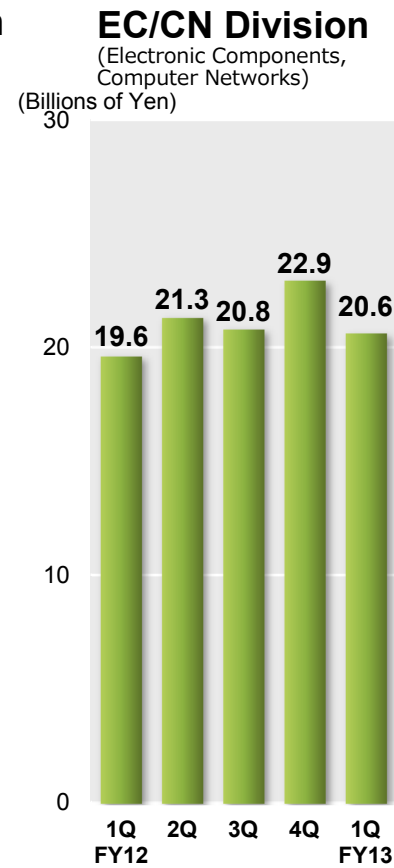
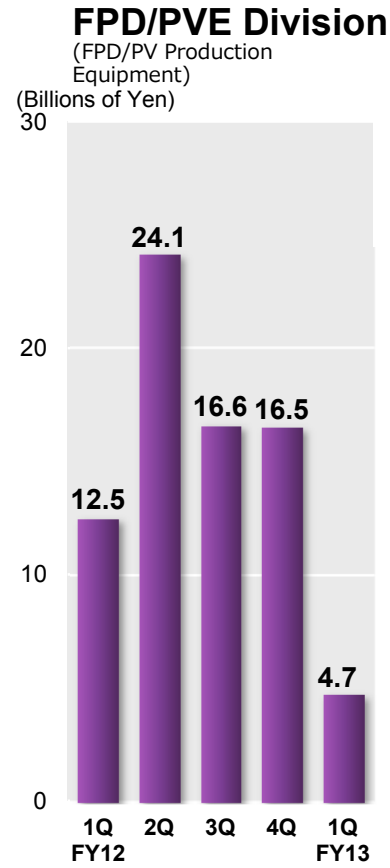
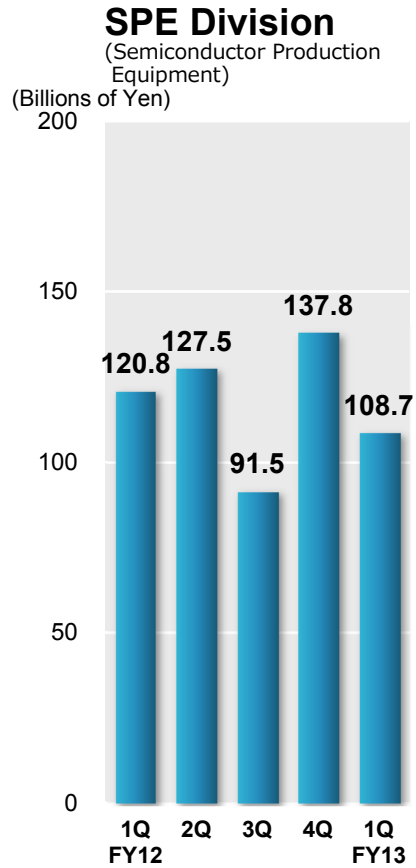
# Net Sales & Operating Margin

(Billions of Yen)

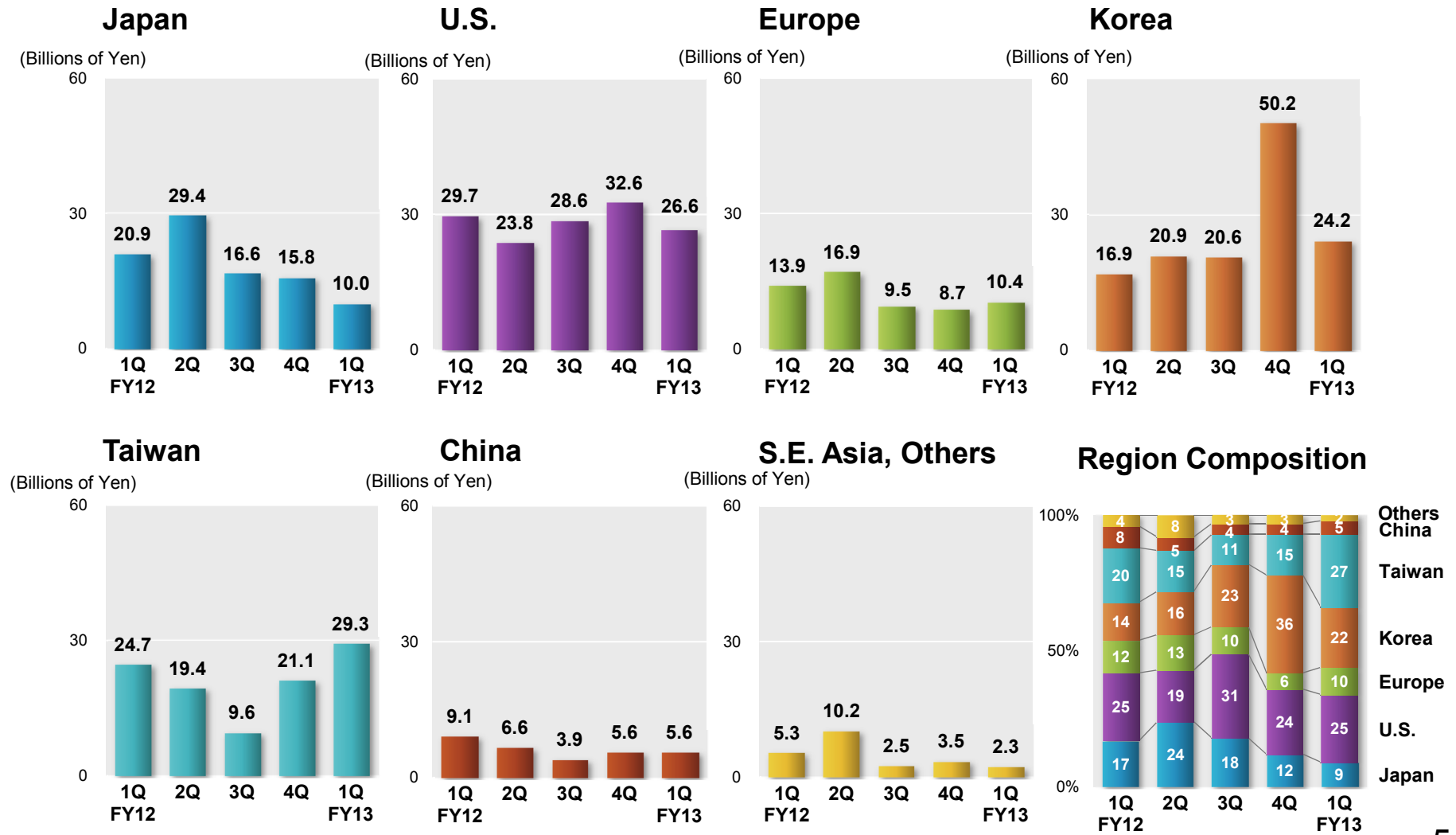


	FY11/1Q	2Q	3Q	4Q	FY12/1Q	2Q	3Q	4Q	FY13/1Q
Net Sales	144.8	173.5	159.6	190.6	153.1	173.2	129.1	177.5	134.1
Operating income	18.3	24.0	25.8	29.7	23.0	13.7	6.0	17.4	9.2
Gross profit margin	33.9%	34.3%	36.8%	35.3%	38.2%	31.8%	32.1%	31.8%	32.9%
Operating margin	12.6%	13.8%	16.2%	15.6%	15.1%	7.9%	4.7%	9.8%	6.9%

# Net Sales by Division

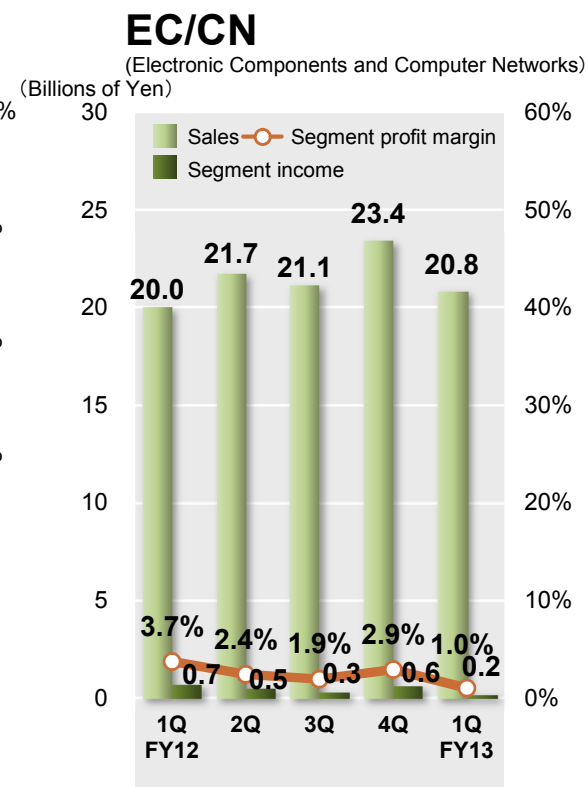
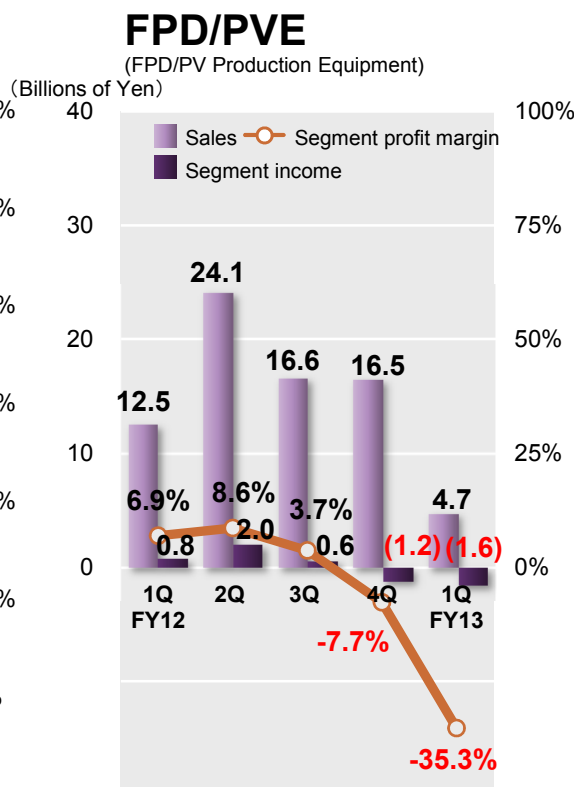
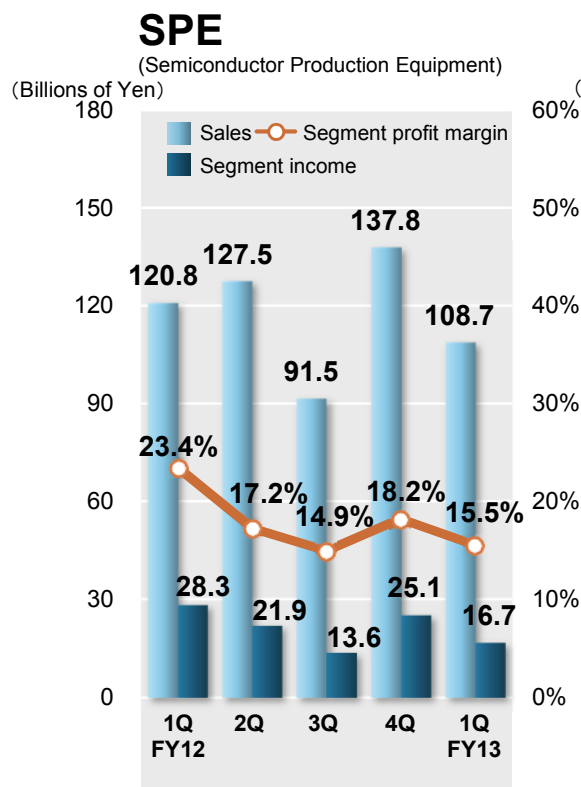


# SPE Sales by Region





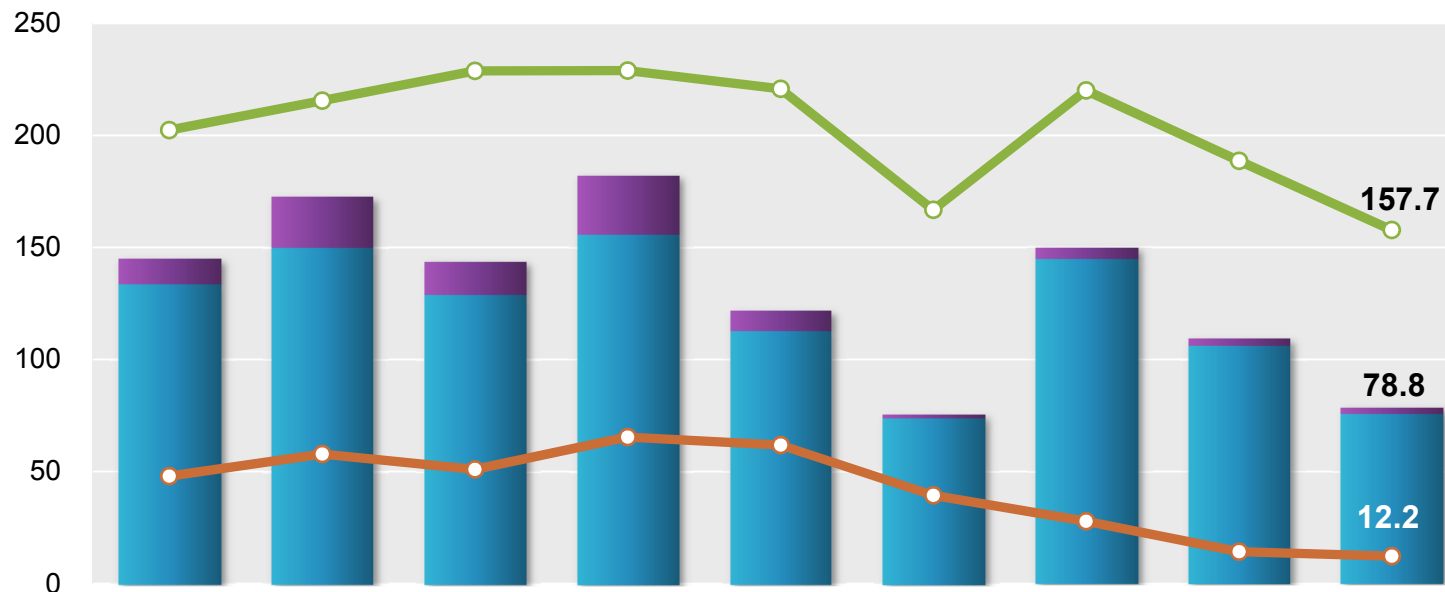
# Segment Information



1. R&D expenses such as fundamental research and element research are not included in above reportable segments.
2. Segment income is based on income before income taxes.
3. Profit ratios are calculated using full amounts, before rounding.

# Orders, Order Backlog

(Billions of Yen)

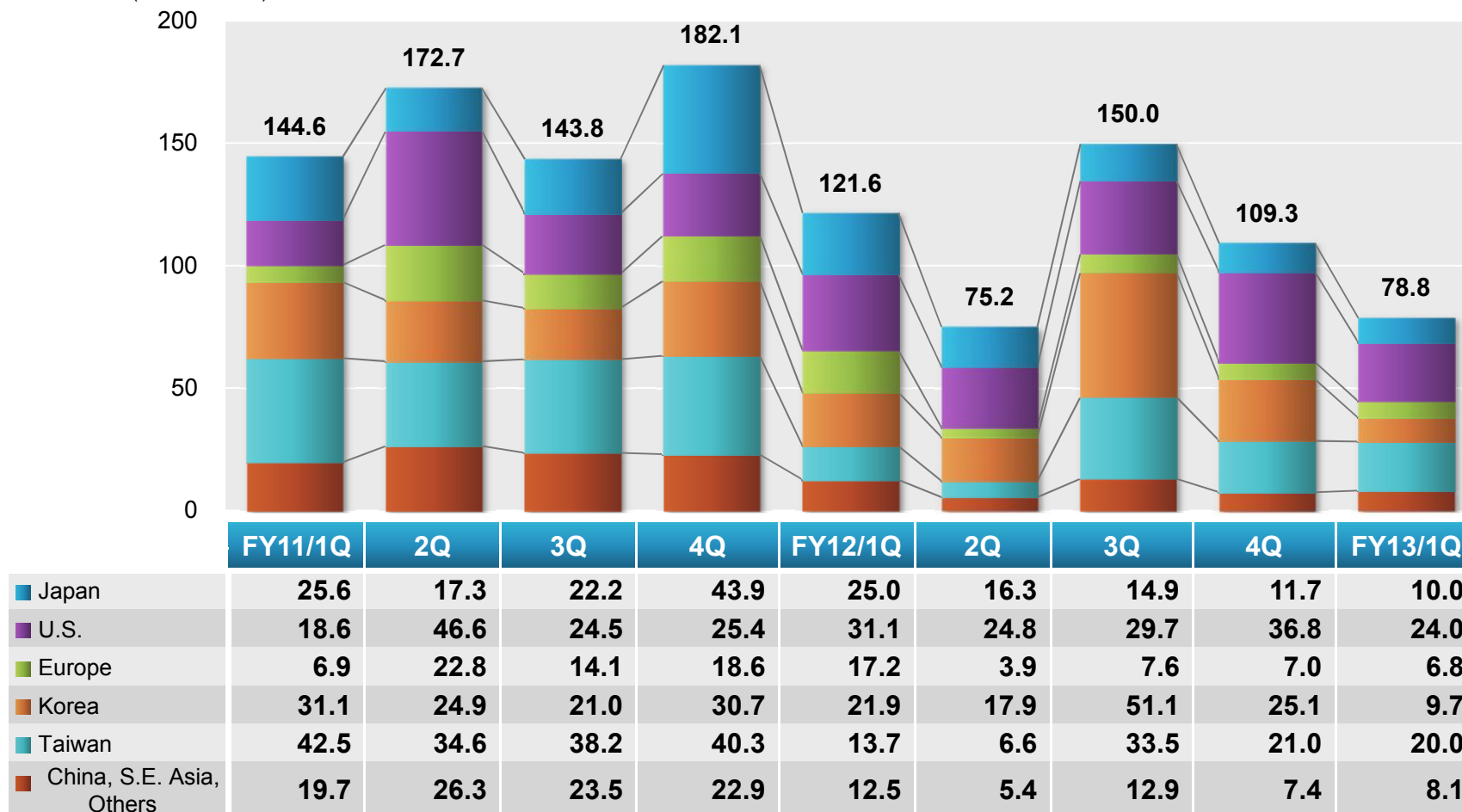


	FY11/1Q	2Q	3Q	4Q	FY12/1Q	2Q	3Q	4Q	FY13/1Q
SPE Orders	133.2	150.2	128.6	155.8	112.6	73.5	144.9	106.4	76.0
FPD/PVE Orders	11.4	22.4	15.2	26.3	8.9	1.7	5.0	2.8	2.8
SPE Order backlog	202.3	215.5	228.8	228.9	220.7	166.7	220.1	188.6	157.7
FPD/PVE Order backlog	47.9	57.8	51.0	65.4	61.8	39.4	27.8	14.2	12.2



# Orders by Region: SPE, FPD/PVE

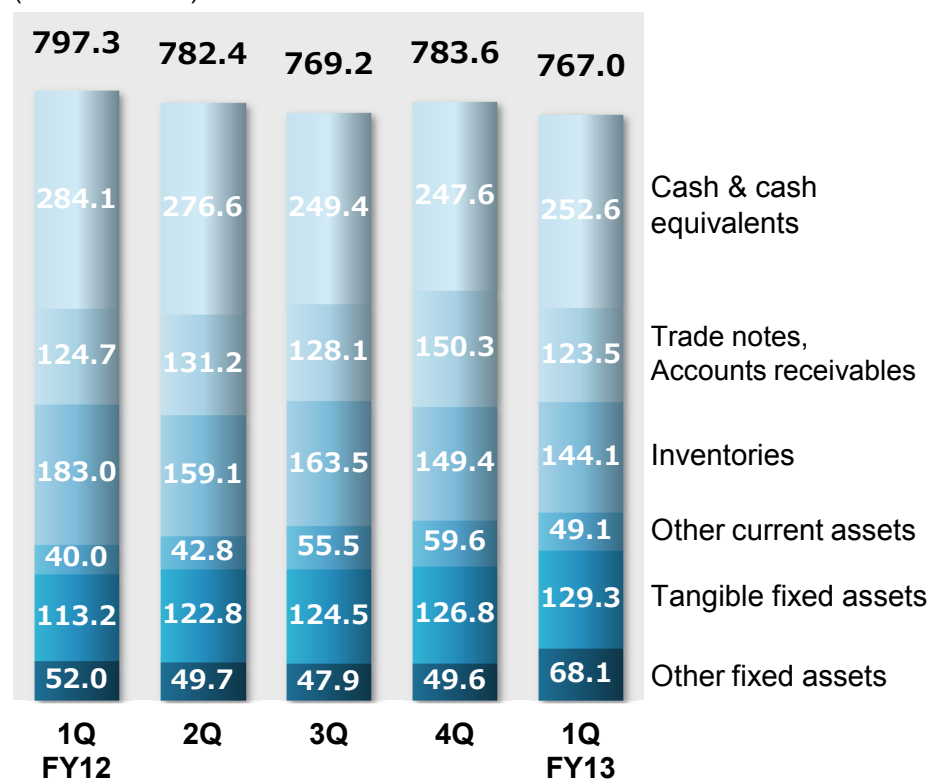
(Billions of Yen)



# Balance Sheet

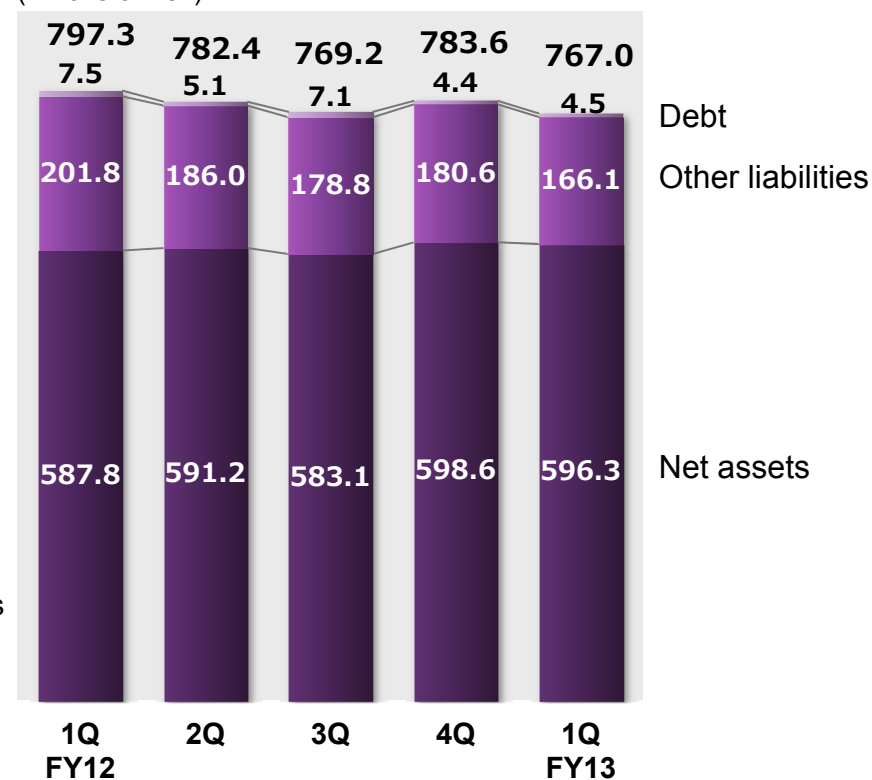
## Assets

(Billions of Yen)



## Liabilities & Net Assets

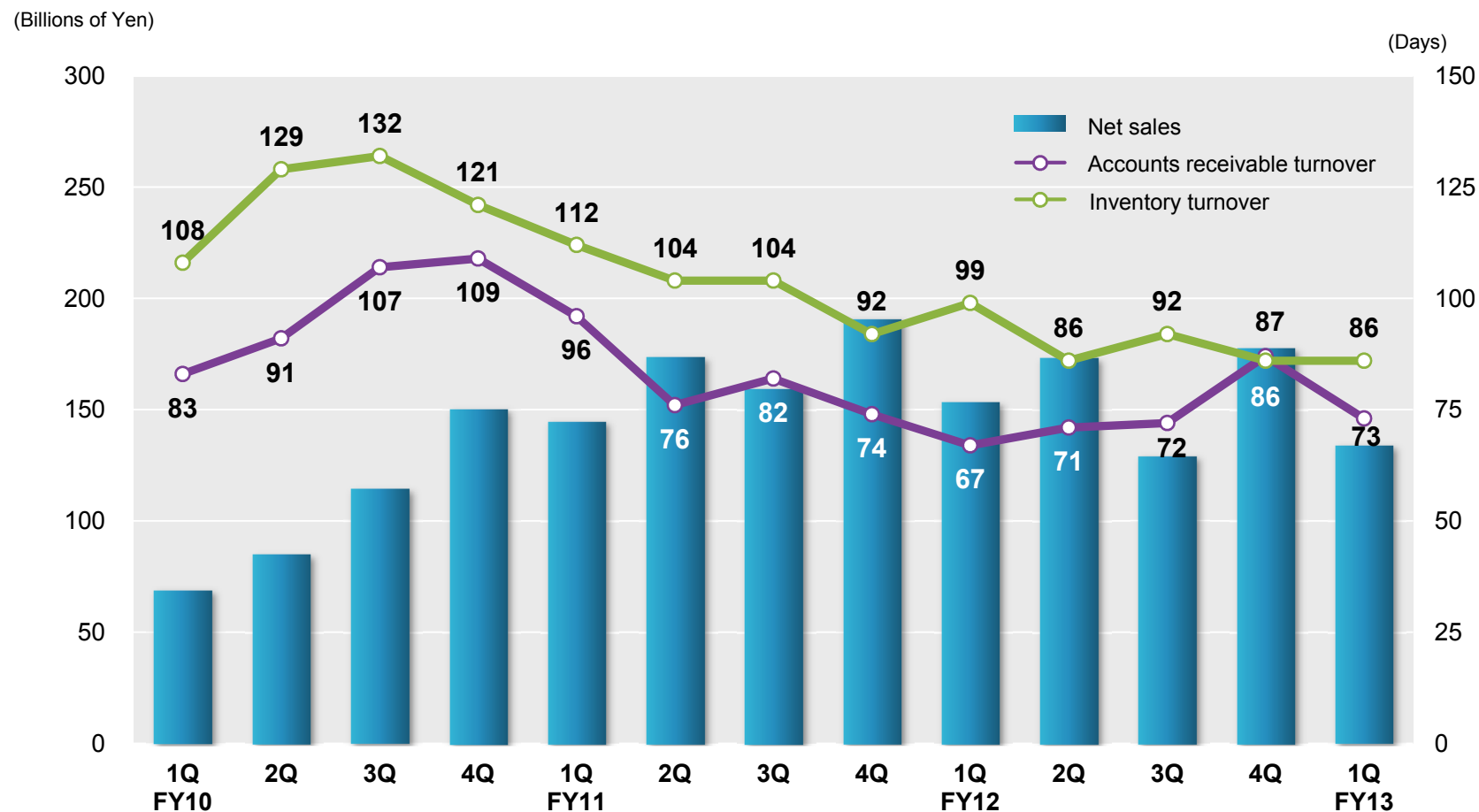
(Billions of Yen)



1QFY13 ¥68.1B other fixed assets includes ¥15.5B goodwill on corporate acquisition, etc.

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

# Inventory Turnover and AR Turnover



\*Turnover days=Inventory or AR at the end of each quarter/ last 12 months sales × 365

# Cash Flow

(Billions of Yen)

	FY2012				FY2013
	1Q	2Q	3Q	4Q	1Q
Cash flow from operating activities	<b>18.0</b>	<b>8.6</b>	<b>-4.9</b>	<b>7.9</b>	<b>35.8</b>
Cash flow from investing activities	<b>-58.7</b>	<b>-13.7</b>	<b>53.3</b>	<b>10.8</b>	<b>-46.0</b>
Payment for corporate acquisition	-	-	-	-	-15.8
Payment for purchase of property, plant, equipment and others	-4.7	-12.2	-14.1	-8.1	-9.2
Term deposits over 3 months	-54.0	-1.4	67.4	19.0	-21.0
Cash flow from financing activities	<b>-14.2</b>	<b>-2.5</b>	<b>-7.7</b>	<b>-2.8</b>	<b>-4.8</b>
Cash and cash equivalents at end of term	110.1	101.1	141.4	158.7	142.8
Cash and deposits at end of term (Short-term investments, etc. included)	<b>284.1</b>	<b>276.6</b>	<b>249.4</b>	<b>247.6</b>	<b>252.6</b>

# Business Environment and Revision of FY2013 Financial Estimates

Hiroshi Takenaka, President & CEO

July 30, 2012

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# Business Environment

# Business Environment (As of July 2012)

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## ▶ **SPE capex**

Smartphone demand is below initial expectations and PC demand is also sluggish. As a result, apart from some investment in cutting-edge areas, overall SPE capex is weak.

## ▶ **FPD capex**

Due to flagging TV panel market, demand for LCD production equipment for large panels weak, but demand for small- and medium size continue to grow.

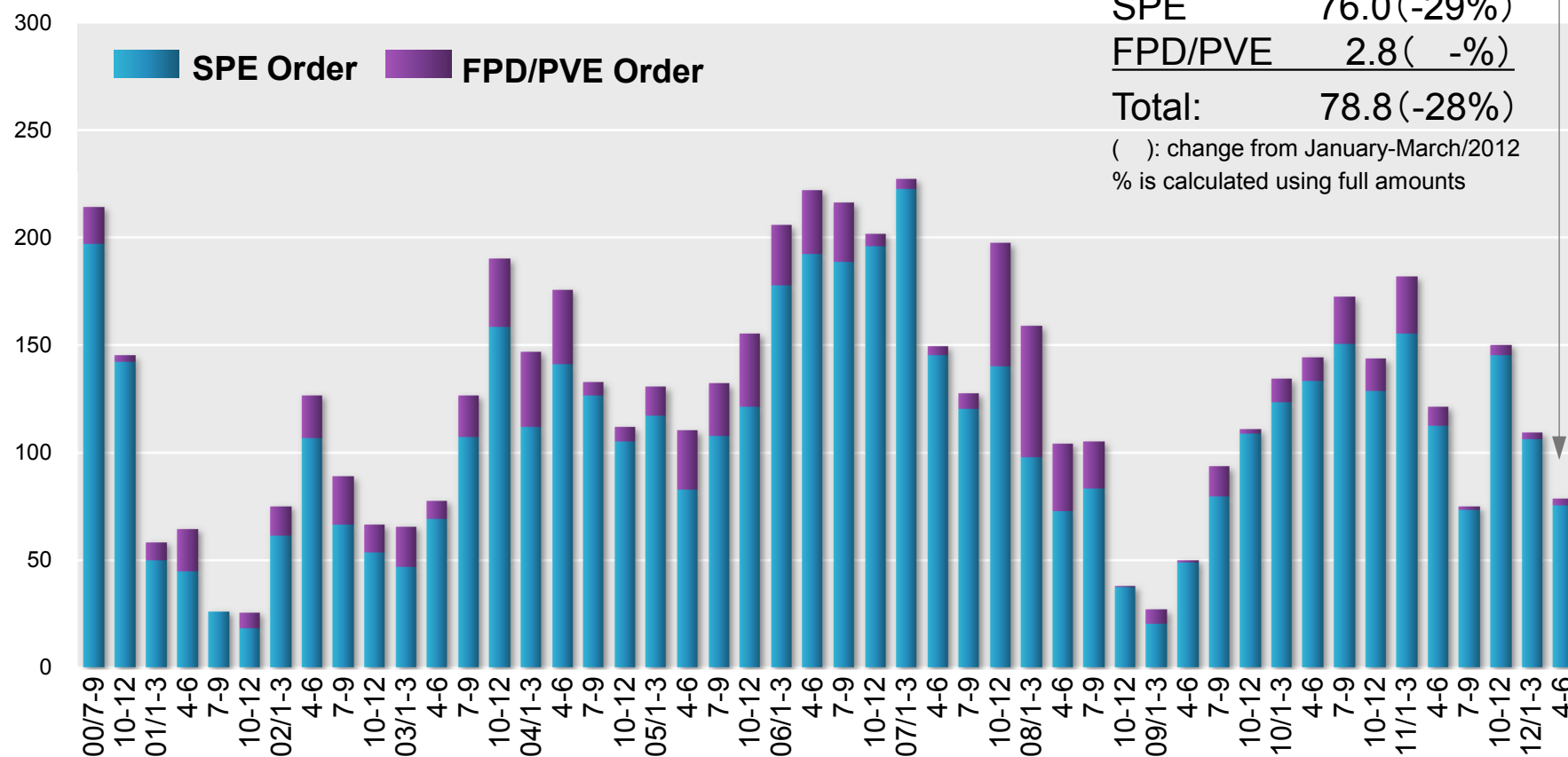
## ▶ **PV capex**

Continued growth expected in medium- and long-term, but due to price declines stemming from overcapacity, capex currently sluggish.



# Quarterly Orders

(Billions of Yen)



## April-June/2012

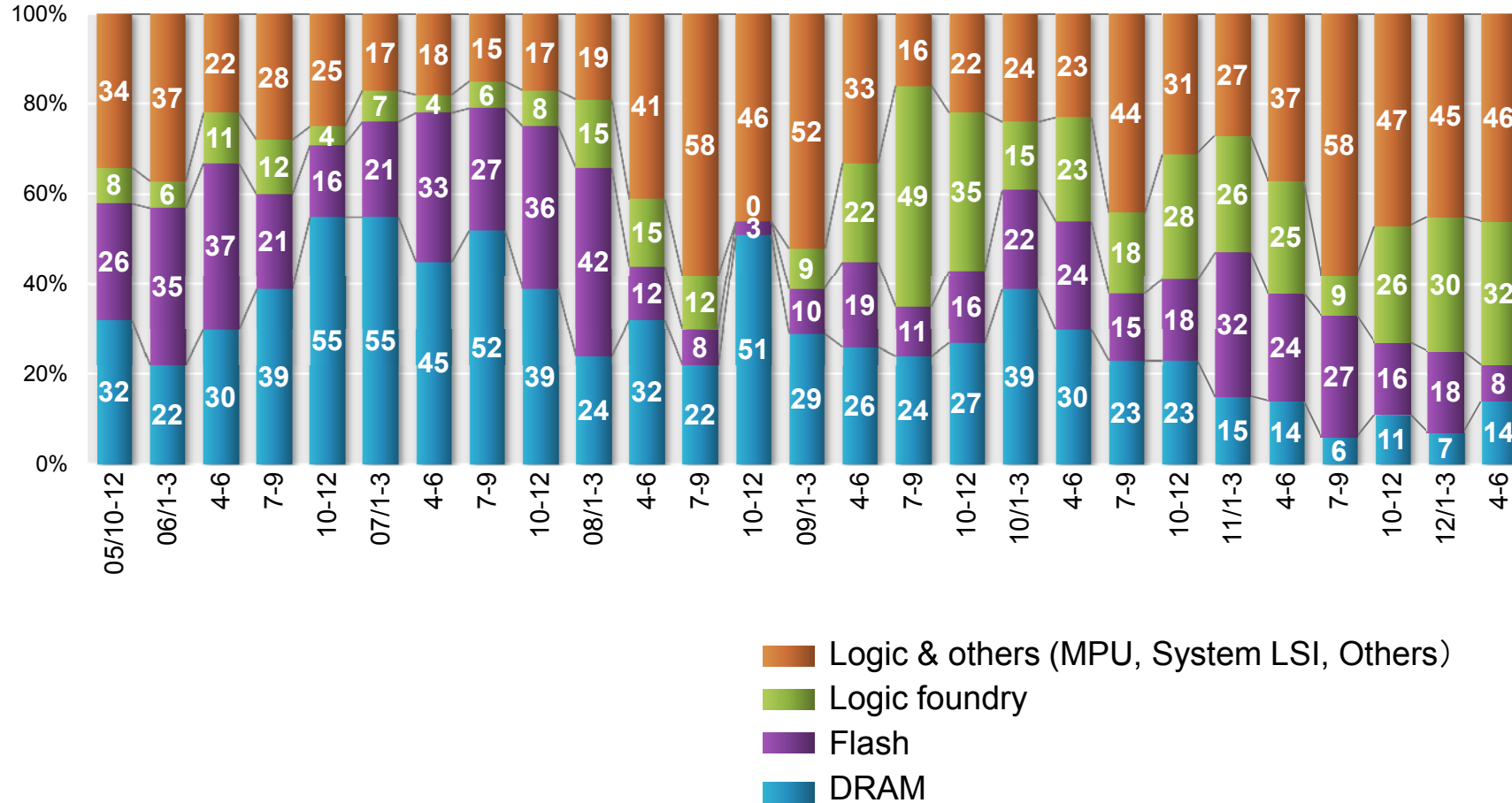
SPE 76.0 (-29%)

FPD/PVE 2.8 (-%)

Total: 78.8 (-28%)

( ) : change from January-March/2012  
% is calculated using full amounts

# SPE Orders by Application: Equipment only



# SPE Capex Outlook

2012

- ▶ Global economic growth decelerating  
Europe deteriorating, China softening
- ▶ Electronic device market weaker than expected  
PCs & smartphones
- ▶ NAND production adjustment

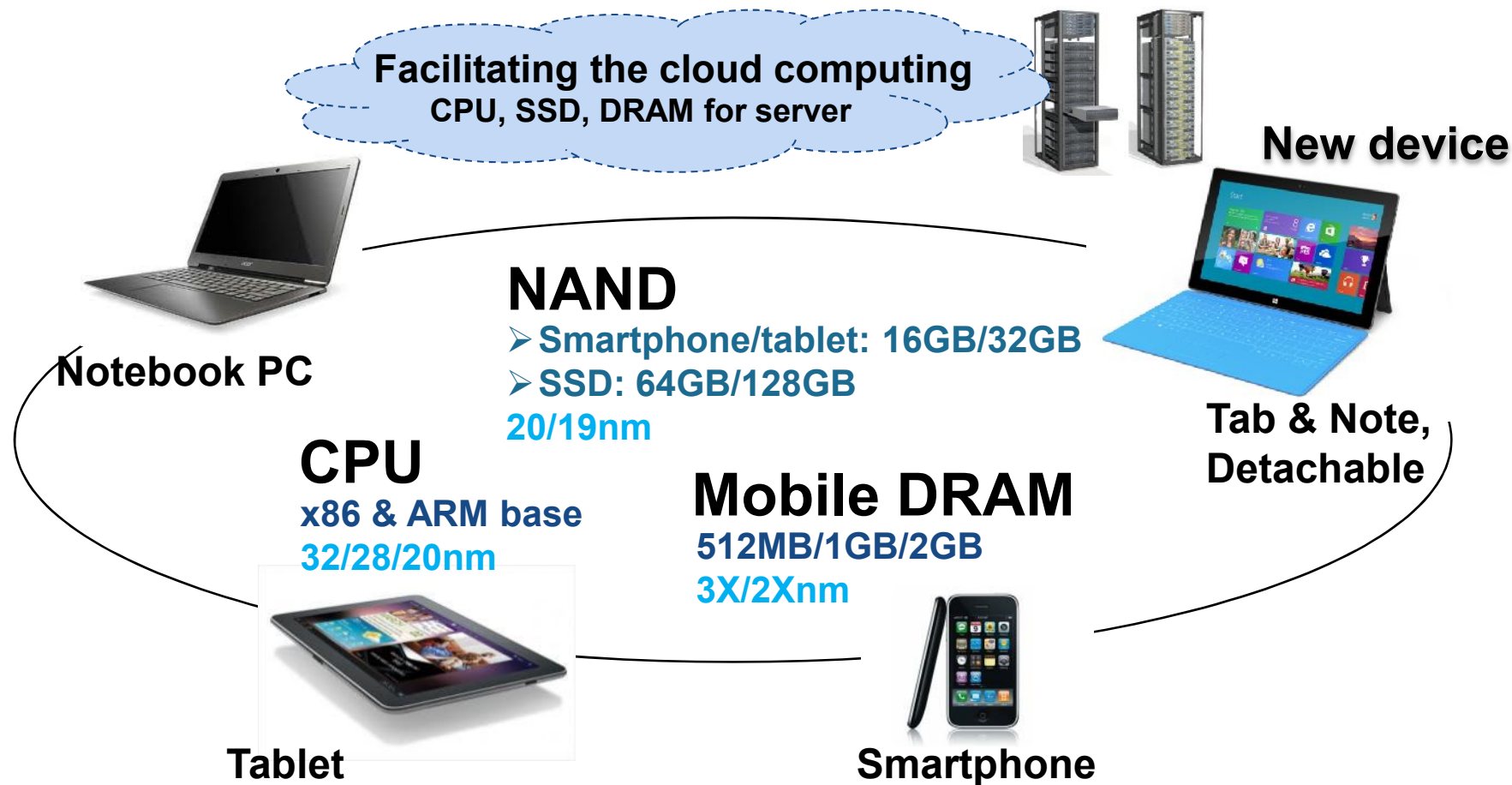
NAND and foundry investment currently slowing

NAND inventory adjustments completed,  
improving supply/demand balance

2013

- ▶ Mobile device drive the demand
- ▶ Restart of NAND capacity investment
- ▶ Full-scale foundry 32/28nm investment
- ▶ Start of foundry 20nm investment

# Wide Array of Electronic Devices Driving Semiconductor Demand



New devices with greater semiconductor capacity also appearing

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# Revision of FY2013 Financial Estimates



**TOKYO ELECTRON**

CORP IR/July 30, 2012



# Revision of FY2013 Financial Estimates

(Billions of Yen)

	FY2012	FY2013						YoY change
		1H		2H		Full year		
		New estimates	Adjustments	New estimates	Adjustments	New estimates	Adjustments	
Net sales	<b>633.0</b>	<b>268.0</b>	-7.0	<b>262.0</b>	-53.0	<b>530.0</b>	-60.0	<b>-16%</b>
SPE	477.8	216.0	-7.0	200.0	-51.0	416.0	-58.0	-13%
FPD/PVE	69.8	9.0	-	9.0	-2.0	18.0	-2.0	-74%
EC/CN	84.8	43.0	-	53.0	-	96.0	-	+13%
Others	0.4	-	-	-	-	-	-	-
Operating income	<b>60.4</b>	<b>9.5</b>	-3.0	<b>10.5</b>	-24.0	<b>20.0</b>	-27.0	<b>-40.4</b>
Lower line: OP margin	<b>9.5%</b>	<b>3.5%</b>	-1.0pts	<b>4.0%</b>	-7.0pts	<b>3.8%</b>	-4.2pts	<b>-5.7pts</b>
Income before income taxes	<b>60.6</b>	<b>12.5</b>	-	<b>13.0</b>	-22.5	<b>25.5</b>	-22.5	<b>-35.1</b>
Net income	<b>36.7</b>	<b>6.0</b>	-1.4	<b>8.0</b>	-14.6	<b>14.0</b>	-16.0	<b>-22.7</b>

\*Adjustments: changes from the figures announced on April 27

## Estimates revised downward due to reduced SPE sales

SPE: Semiconductor Production Equipment

FPD/PVE: Flat Panel Display and Photovoltaic Panel Production Equipment

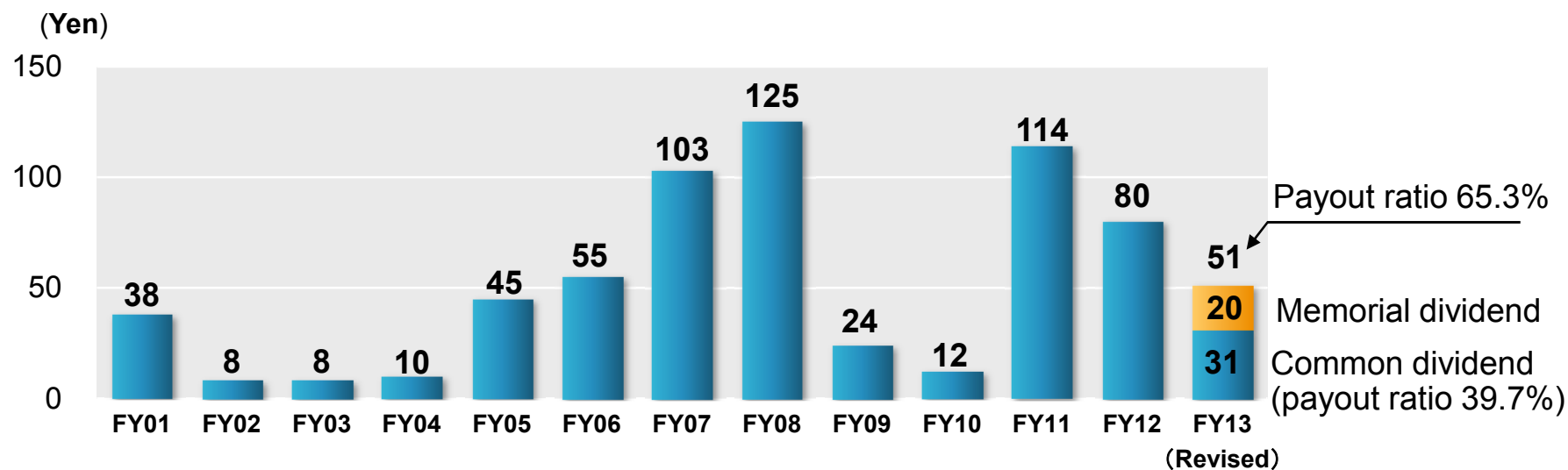
EC/CN: Electronic Components and Computer Networks

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# Revision of FY2013 Dividend Forecast

Dividend per share (E)			
	Interim	Year-end	Year total
Previous estimates (4/27)	¥25	¥55	¥80
Revised estimates	¥25	¥26	¥51

20 yen memorial dividend of 50<sup>th</sup> anniversary is included above (interim 10, year-end 10).

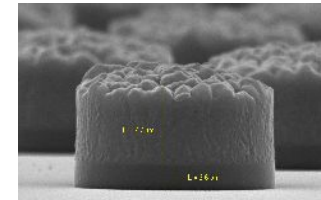


\*Changed dividend payout ratio from around 20% to around 35% from FY11 year end dividend.



# Acquisition of NEXX Systems Closed May 1, 2012

- ▶ New company name: TEL NEXX, Inc.
- ▶ Purchase price: 15.8B yen
- ▶ Technologies: Deposition for advanced wafer level packaging
  - ▶ Electroplating (ECD)
  - ▶ PVD











Multi-layer ECD at micro bump



Cu plating in high aspect ratio TSV

## TEL product lineup for advanced wafer level packaging

**NEXX products**

 <b>Synapse™ V</b> Wafer bonder	 <b>CLEAN TRACK™ LITHIUS™ Pro</b> Patterning	 <b>Tactras™ FAVIAS™</b> Deep Si etcher	 <b>CELLESTA™+</b> Cleaning	 <b>TELINDY PLUS™ VDP</b> Dielectric liner deposition	 <b>Apollo</b> Physical Vapor Deposition	 <b>Stratus</b> Electrochemical Deposition	 <b>Synapse™ Z</b> Wafer de-bonder
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# Summary

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1. Due to mobile device and PC growth being weaker than assumed, NAND and foundry investment below expectations
2. SPE sales did not reach expected levels due to changes in market environment; financial forecasts revised down
3. Carefully examining the effects of adjustment phase and reducing costs to appropriate levels

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▶ **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 cell 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

