

3Q FY2015 (April 1, 2014 – December 31, 2014)

Financial Announcement

Agenda:

- 3Q FY2015 Consolidated Financial Summary

Yoshiteru Harada, Corporate Director, Executive Officer

- Business Environment and Pursuing Profitable Growth

Tetsuro Higashi, Chairman, President & CEO

January 30, 2015



TOKYO ELECTRON

3Q FY2015 Consolidated Financial Summary

3Q FY2015: October 1, 2014 - December 31, 2014
FY2015 : April 1, 2014 - March 31, 2015

Yoshiteru Harada
Corporate Director, Executive Officer

January 30, 2015

Profit and Loss

(Billion Yen)

	FY2015			1Q-3Q		
	1Q	2Q	3Q	FY15	FY14	YoY change
Net sales	151.3	142.9	137.0	431.2	392.9	+10%
Gross profit	55.3	52.0	57.6	165.0	130.3	+27%
Gross profit margin	36.6%	36.4%	42.1%	38.3%	33.2%	
SG&A expenses	38.3	39.0	35.5	112.8	123.1	-8%
Operating income	17.0	13.0	22.0	52.1	7.2	+620%
Operating margin	11.3%	9.1%	16.1%	12.1%	1.8%	
Income before income taxes	15.0	14.0	24.7	53.8	-37.5	+91.3 _{B Yen}
Net income	11.8	8.1	17.4	37.4	-35.6	+73.0 _{B Yen}
R&D expenses	16.7	18.1	16.8	51.7	57.3	-10%
Capital expenditures	3.7	3.5	2.6	9.9	8.2	+21%
Depreciation and amortization	4.7	5.0	5.4	15.1	18.6	-19%

GPM and OPM at high levels

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.
3. The EC/CN business was excluded from the scope of consolidation from this fiscal year (FY2015).

Sales by Division

(Billion Yen)

	FY2015						1Q-3Q				
	1Q		2Q		3Q		FY15		FY14		YoY change
	Sales	Compo-sition	Sales	Compo-sition	Sales	Compo-sition	Sales	Compo-sition	Sales	Compo-sition	
SPE	136.1	90%	136.5	95%	131.9	96%	404.6	94%	297.0	76%	+36%
FPD	13.9	9%	5.0	4%	3.7	3%	22.7	5%	18.2	5%	+25%
PVE	1.1	1%	1.2	1%	1.1	1%	3.4	1%	4.4	1%	-23%
EC/CN									72.8	18%	---
Others	0.1	0%	0.1	0%	0.1	0%	0.4	0%	0.3	0%	+26%
Total	151.3	100%	142.9	100%	137.0	100%	431.2	100%	392.9	100%	+10%

SPE
(Semiconductor Production Equipment)

Continued steady sales for DRAM.

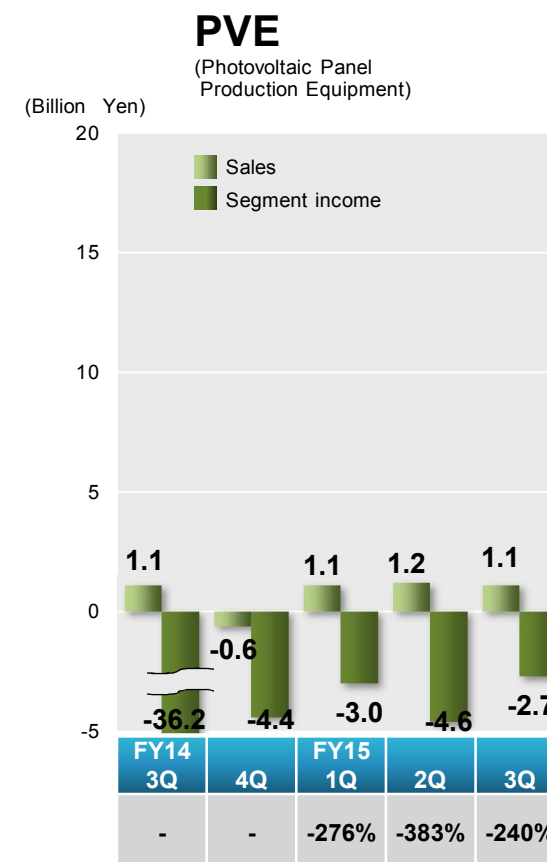
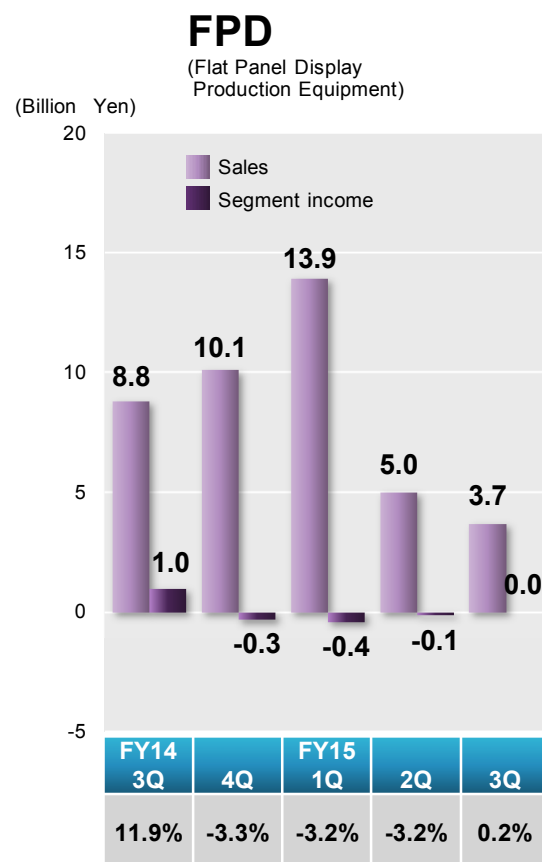
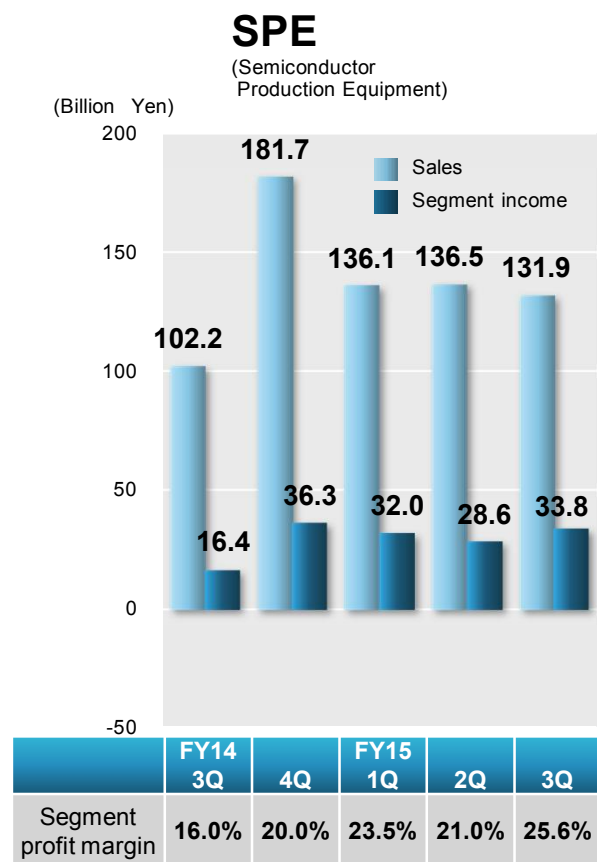
FPD
(Flat Panel Display Production Equipment)

Led by sales of production equipment for large-sized panels.

PVE
(Photovoltaic Panel Production Equipment)

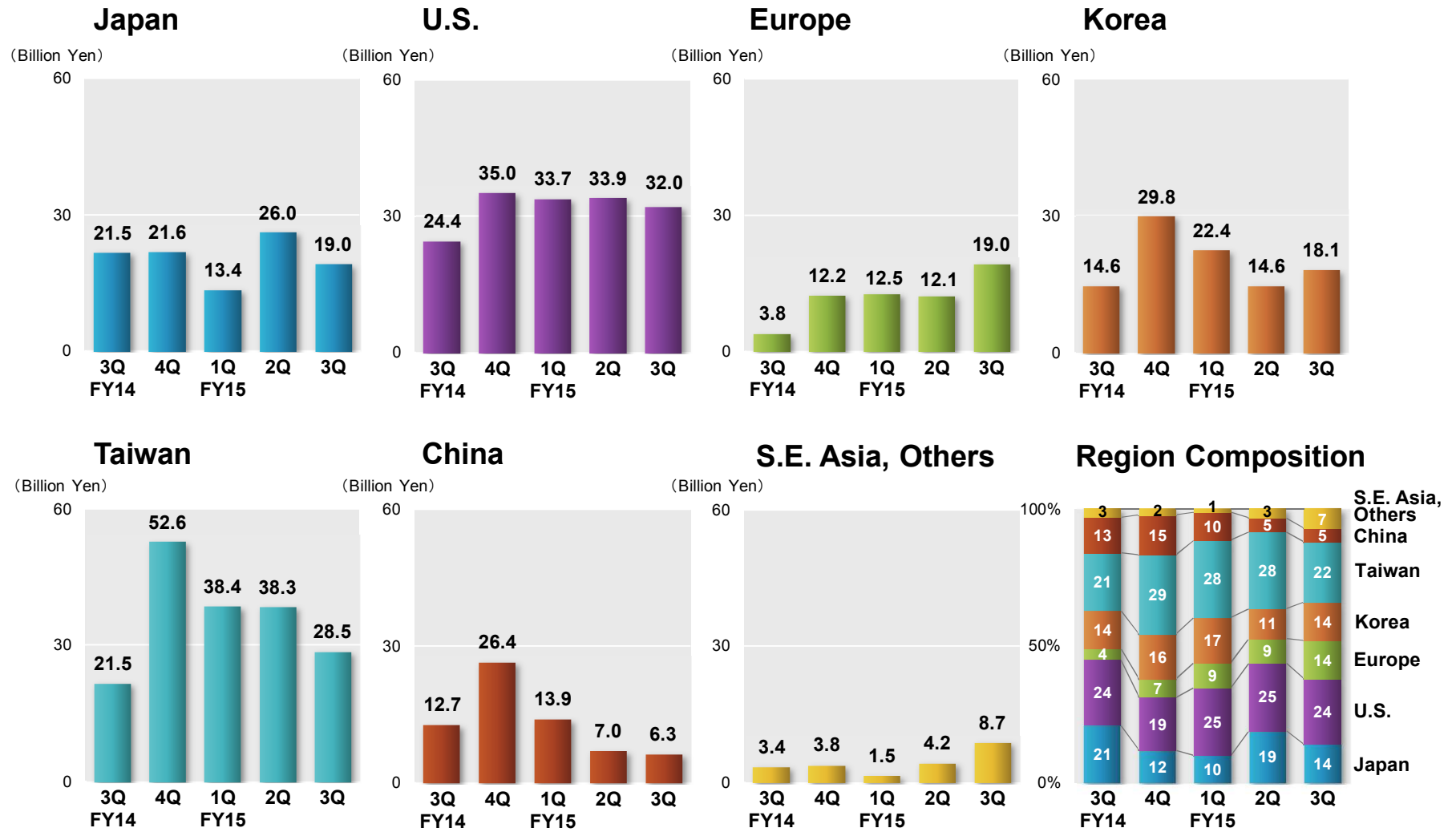
Ceased development, production and sales as of end March 2014.
Maintaining support for delivered equipment.

Segment Information



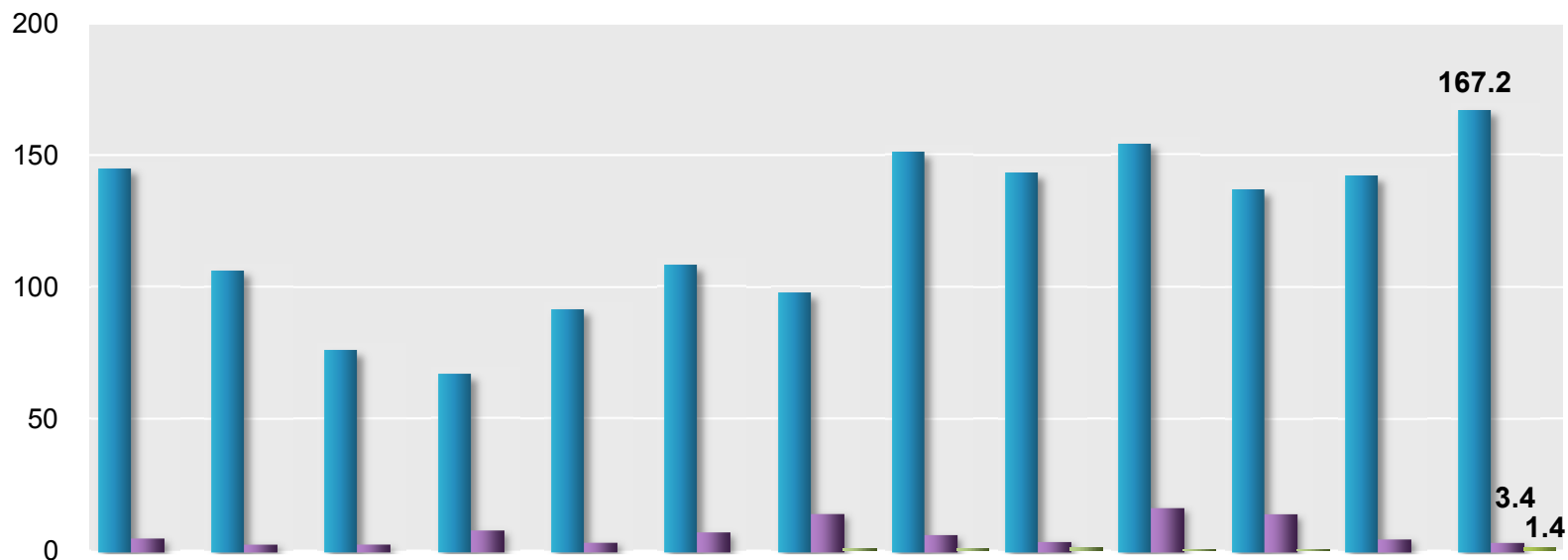
1. Formerly the FPD/PVE segment, FPD and PVE are disclosed separately from FY14/1Q.
2. Segment income is based on income before income taxes.
3. There are expenses that are not allocated to above reportable segments.
4. For the PVE segment, FY14/4Q sales were reassessed according to degree of progress on a percentage of completion basis.

SPE Sales by Region



Orders, Order Backlog

(Billion Yen)

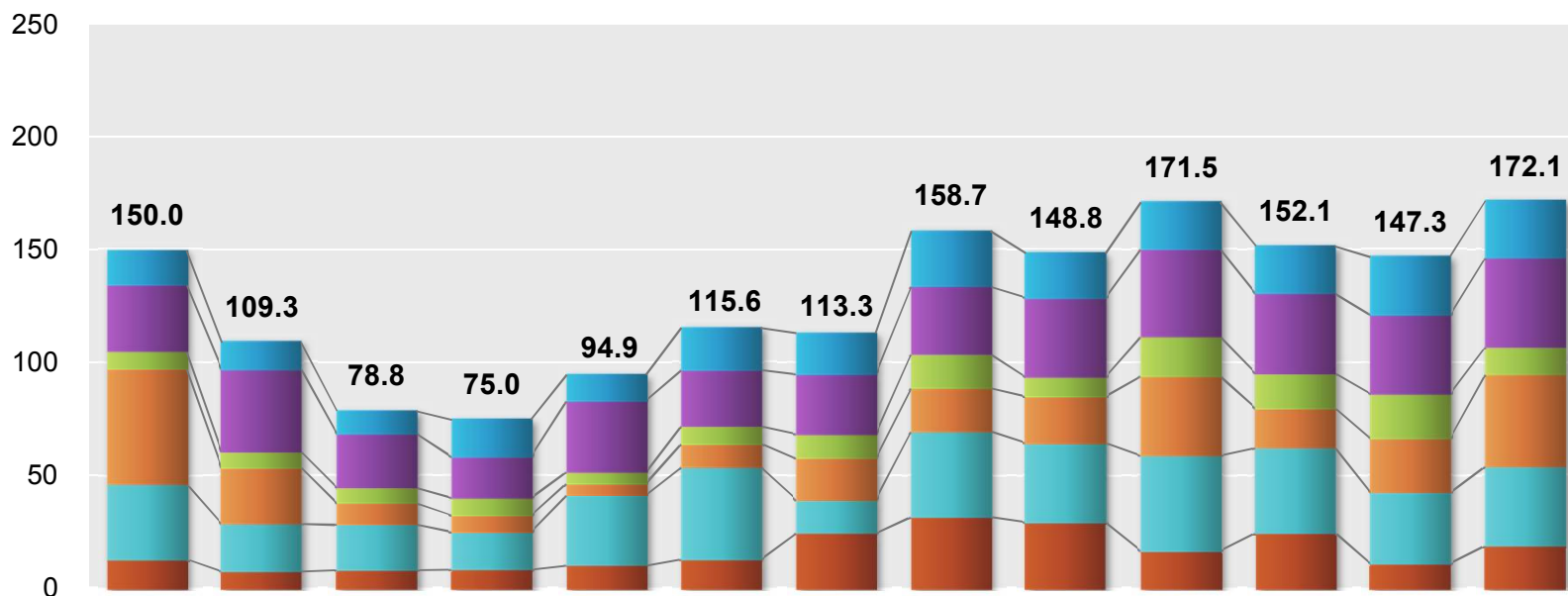


	FY12 3Q	FY12 4Q	FY13 1Q	FY13 2Q	FY13 3Q	FY13 4Q	FY14 1Q	FY14 2Q	FY14 3Q	FY14 4Q	FY15 1Q	FY15 2Q	FY15 3Q
SPE Orders	144.9	106.4	76.0	66.9	91.3	108.2	97.7	151.3	143.4	154.4	137.2	142.4	167.2
FPD Orders	5.0	2.8	2.7	8.0	3.6	7.3	14.4	6.3	3.8	16.6	14.2	4.8	3.4
PVE Orders			0.0	0.0	0.0	0.0	1.1	1.1	1.4	0.5	0.5	0.0	1.4
SPE Order backlog	220.1	188.6	157.7	118.7	142.6	141.6	164.5	196.0	237.2	209.9	211.0	217.0	252.3
FPD Order backlog	27.8	14.2	12.2	15.8	14.8	16.0	25.5	27.4	22.5	29.0	29.3	29.1	28.8
PVE Order backlog			0.0	-	8.4	8.4	7.6	7.4	7.7	8.9	8.4	7.2	7.5

PVE orders and order backlog for and before FY12/4Q are shown together with FPD.

Orders by Region: SPE+FPD+PVE

(Billion Yen)

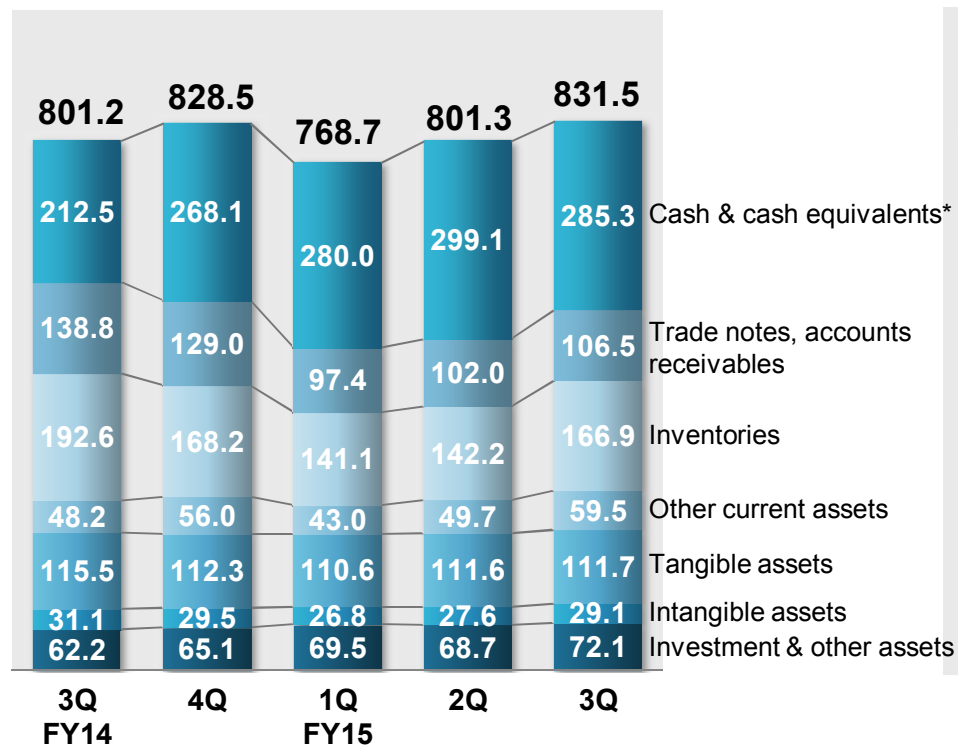


	FY12 3Q	4Q	FY13 1Q	2Q	3Q	4Q	FY14 1Q	2Q	3Q	4Q	FY15 1Q	2Q	3Q
Japan	14.9	11.7	10.0	16.3	11.5	18.7	18.3	24.7	19.6	20.9	21.2	25.9	25.2
U.S.	29.7	36.8	24.0	18.4	31.7	24.9	26.4	29.8	35.3	38.9	35.2	34.8	39.6
Europe	7.6	7.0	6.8	7.7	5.0	7.7	10.9	15.3	8.5	17.5	15.5	19.9	12.0
Korea	51.1	25.1	9.7	7.3	5.2	10.5	18.2	19.1	20.6	35.0	17.6	24.1	41.0
Taiwan	33.5	21.0	20.0	16.7	31.3	41.0	14.9	37.8	35.2	42.3	37.7	31.3	35.1
China, S.E. Asia, Others	12.9	7.4	8.1	8.3	10.0	12.7	24.4	31.7	29.3	16.7	24.6	11.0	19.0

Balance Sheet

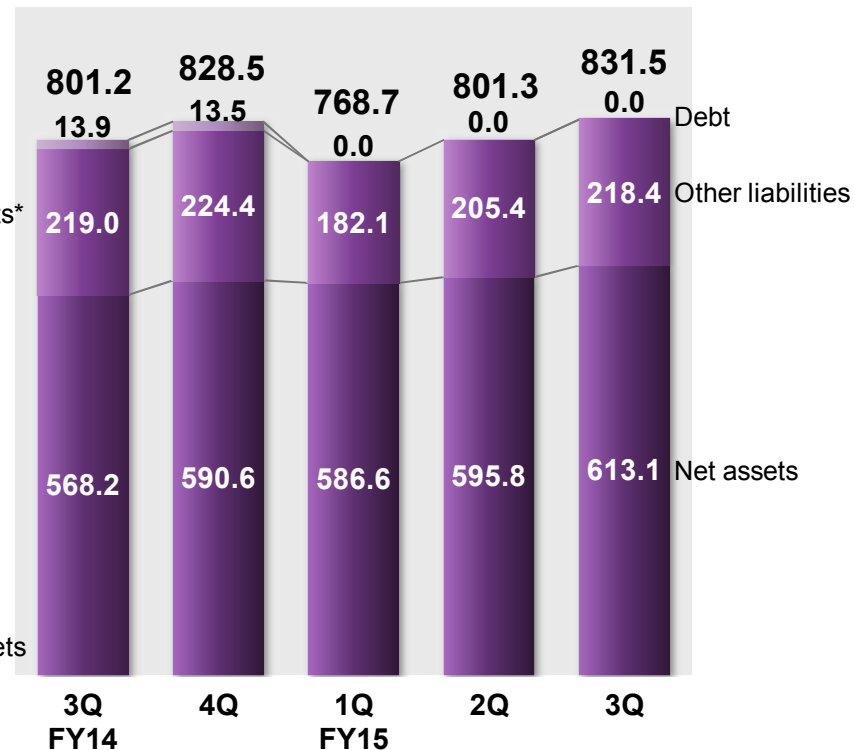
Assets

(Billion Yen)



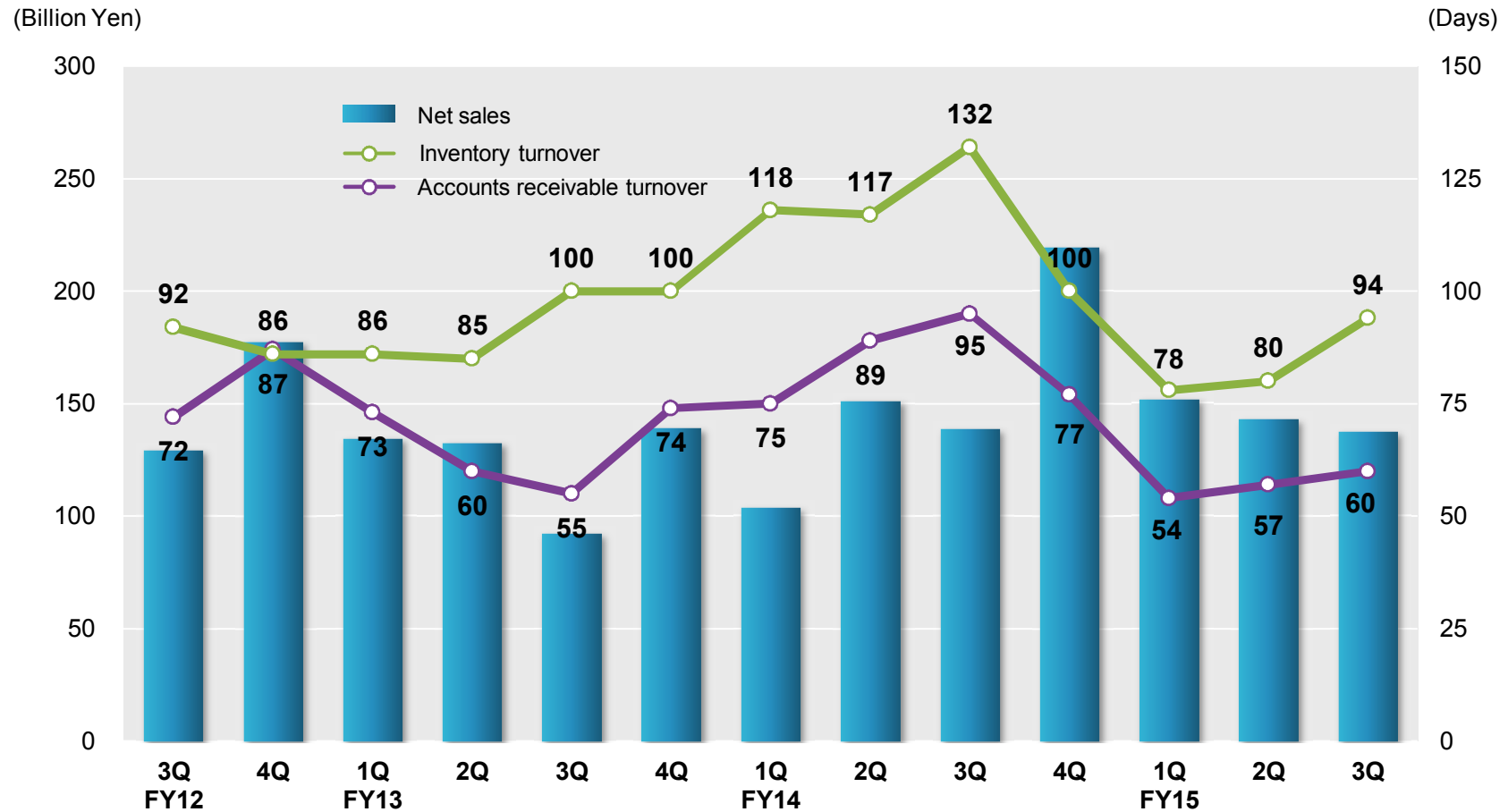
Liabilities & Net Assets

(Billion Yen)



- *Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).
- The EC/CN business was excluded from the scope of consolidation from this fiscal year (FY2015).

Inventory Turnover and AR Turnover



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

Cash Flow

	FY2015 1Q-3Q	FY2014 1Q-3Q
Cash flow from operating activities	40.0	-12.1
Income before income taxes	53.8	-37.5
Depreciation and amortization	15.1	18.6
Impairment loss	-	46.5
Increase/decrease in accounts receivable	3.5	-34.7
Increase/decrease in inventories	-15.9	-53.3
Increase/decrease in accounts payable	-2.2	12.5
Income taxes paid	-21.8	-0.5
Others	7.5	36.3
Cash flow from investing activities	126.7	16.7
Capital expenditures	-9.1	-6.9
Term deposits over 3 months	133.3	25.4
Others	2.5	-1.6
Cash flow from financing activities	-11.9	0.2
Dividends paid	-11.6	-9.1
Others	-0.2	9.3
Cash and cash equivalents at end of term	255.3	83.1
Term deposits over 3 months at end of term (short-term investments, etc. included)	30.0	129.3
Cash and deposits at end of term (short-term investments, etc. included)	285.3	212.5

(Billion Yen)



Business Environment and Pursuing Profitable Growth

Tetsuro Higashi
Chairman, President & CEO

January 30, 2015

Business Environment



TOKYO ELECTRON

Corp IR/January 30, 2015

Business Environment

▶ SPE Capex

CY2015 WFE capex is expected to rise around 10% YoY. Backed by strong mobile device and enterprise server markets, semiconductor demand robust. Capex forecast to expand mainly driven by memory

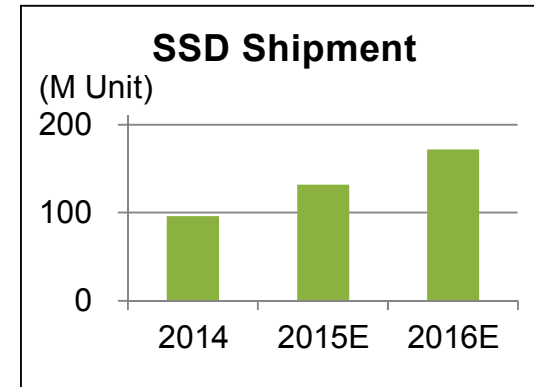
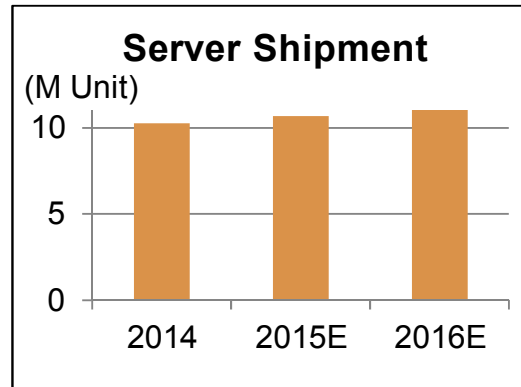
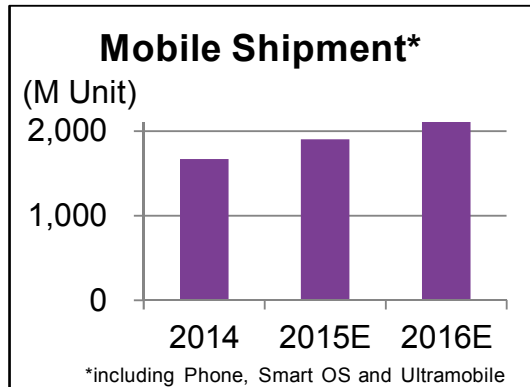
- DRAM/NAND: Continued active investment to increase production
- Foundry: Start of 1Xnm cutting edge logic investment
- Logic: Continued steady, high-level investment driven by strong PC/server markets

▶ FPD Capex

CY2015 demand for LCD panel manufacturing equipment forecast to remain firm overall as increased investment in small/medium panels for mobile devices offsets decline in large panel investment. OLED TV market expected to develop from 2016

(Outlook as of January 2015)

Drivers of CY2015 SPE Capex



Charts created by Tokyo Electron (TEL) based on Gartner research. Market: Worldwide, TEL sees Ex Factory Production Units as Shipment
Source: Gartner Semiconductor Forecast Database, Worldwide, 4Q14 Update, 19 December 2014

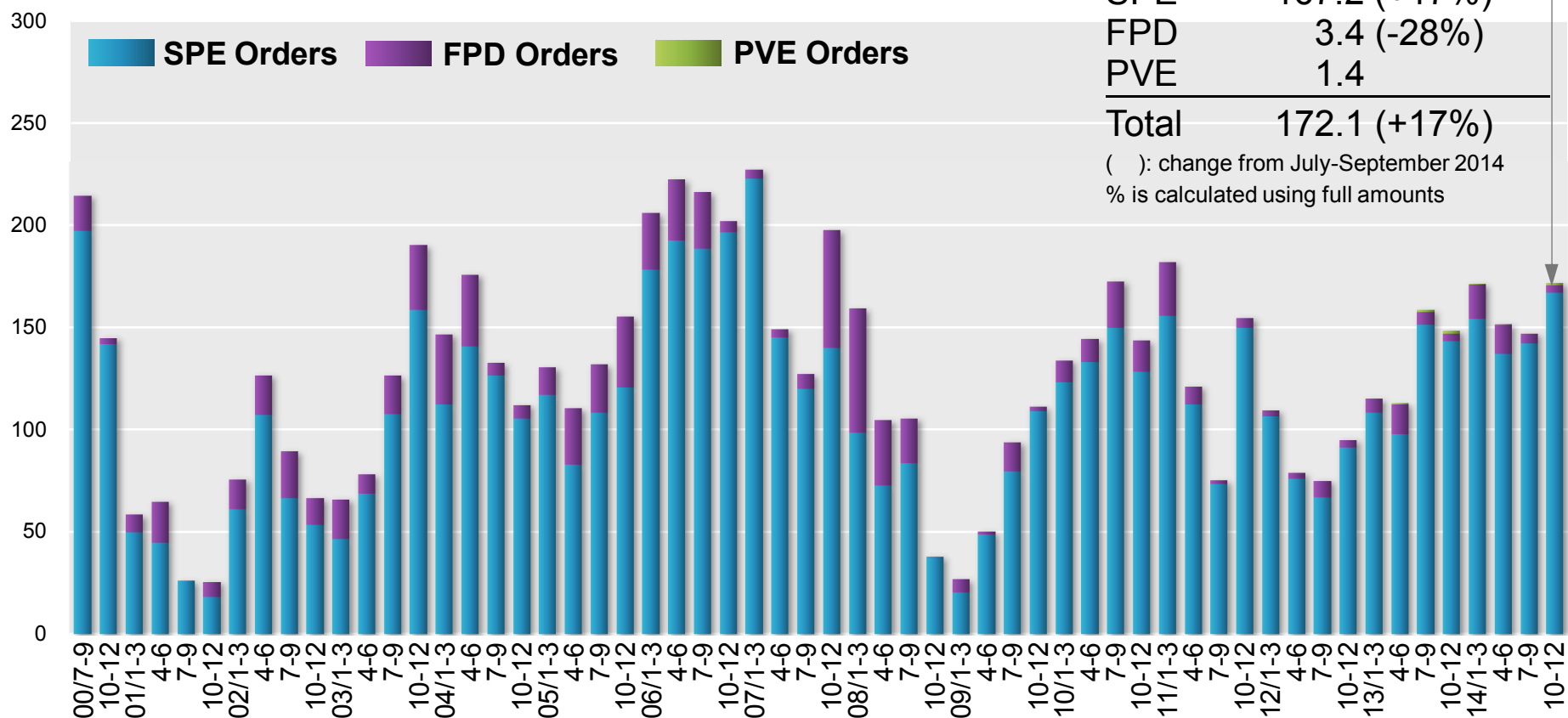
- Mobile DRAM bit growth 50-55%: Mobile shipment numbers and capacity increasing
- Expanding DRAM demand for server
- NAND bit growth 35-40%: Large contribution from SSD for PC/server
- Pursuit of higher performance (faster, lower power consumption): Shift to 1Xnm cutting edge logic

Capex driven by strong mobile, server demand

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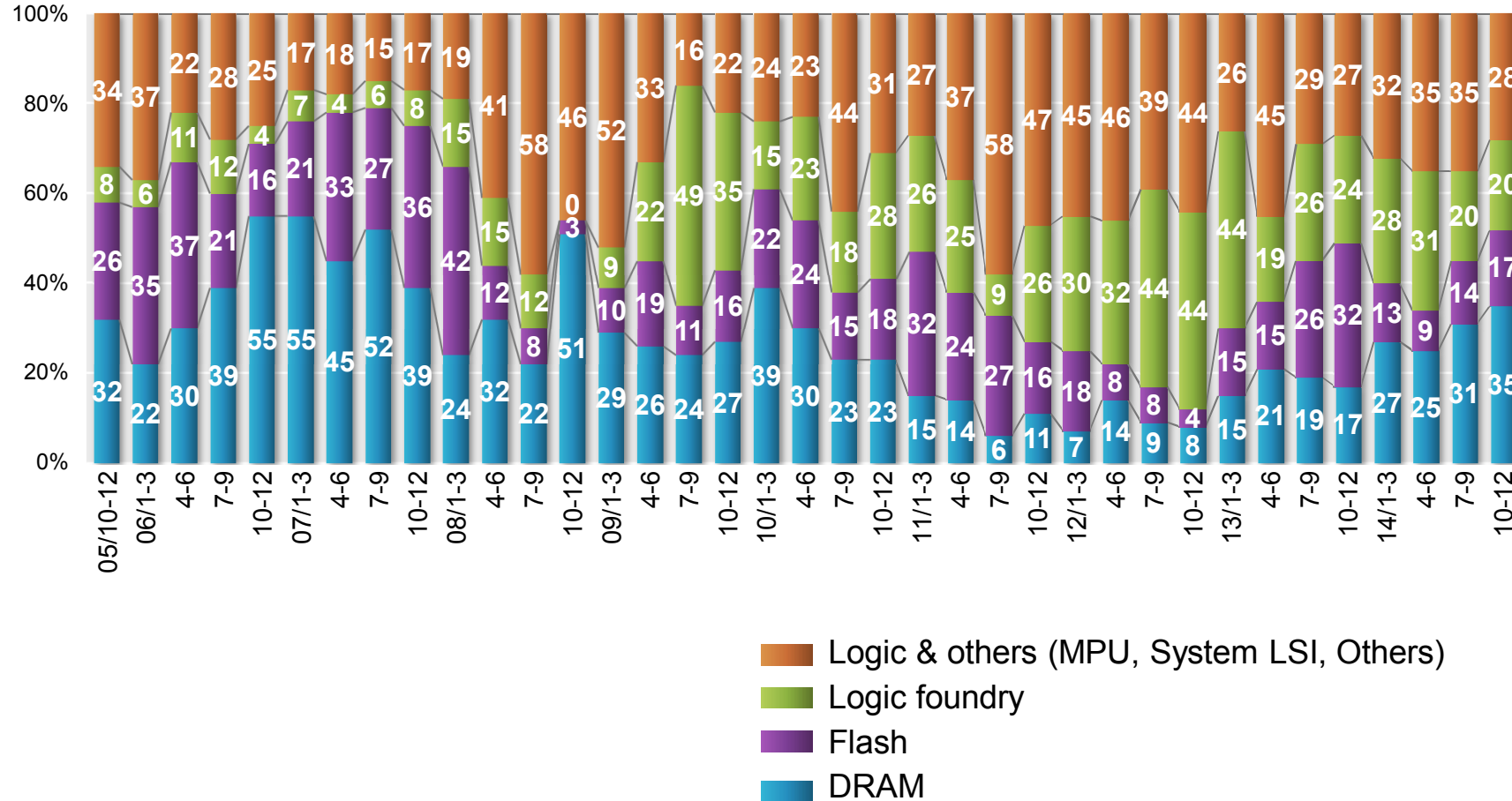
Quarterly Orders

(Billion Yen)



PVE orders for or before 2012/1-3 are included in FPD orders.

SPE Orders by Application: Equipment only



FY2015 Financial Estimates

(FY2015 : April 1, 2014 - March 31, 2015)



TOKYO ELECTRON

Corp IR/January 30, 2015

FY2015 Financial Estimates

(Unchanged from the estimates announced on October 29, 2014)

- ▶ Profitability improved, operating income in the 2nd half to be up 40% on the 1st half

(Billion Yen)

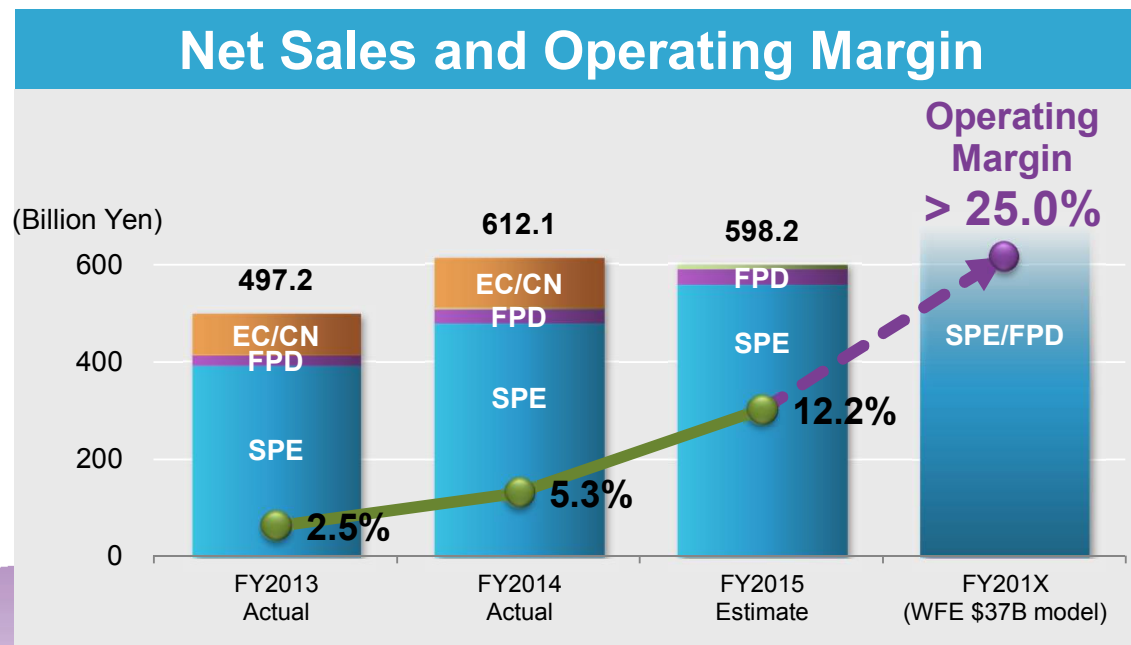
	FY2014	FY2015				YoY Change
		1 st half	2 nd half	Full year		
		Actual	Estimates (Reference)	Estimates (Reference)		
Net Sales	612.1	294.2	304.0	598.2	-2%	
SPE	478.8	272.6	285.0	557.7	+16%	
FPD	28.3	19.0	13.0	32.0	+13%	
PVE	3.8	2.3	6.0	8.3	-	
EC/CN*	100.7					
Others	0.4	0.2	-	0.2	-	
Operating income	32.2	30.1	43.0	73.1	+40.9	
Lower line; OP margin	5.3%	10.2%	14.2%	12.2%	+6.9pts	
Income before income taxes	-11.7	29.1	-	-	-	
Net income	-19.4	20.0	-	-	-	

Since the effective date of the business combination still remains undetermined, 2nd half and full year forecasts are not formal financial estimates and are included for reference.

* Tokyo Electron Device, which operates the EC/CN business, changed from consolidated subsidiary to equity method affiliate from FY2015.

Pursue Profitable Growth through Technology Inflection

- ▶ Shift to 3D devices and use of new materials is creating growth opportunities: Raise profitability by launching innovative products
- ▶ Aim to further enhance profitability by optimizing business resources



Medium-term goal of 25% OPM or higher

Summary

1. CY2015 WFE forecast to rise by around 10% YonY. Capex driven by memory, backed by strong mobile device and enterprise server markets.
2. Medium-term goal to raise OPM to 25% or higher by launching innovative, new technology products and significantly enhancing operational efficiency.
3. We are actively engaged with regulators around the world regarding a coordinated proposal that would allow us to move forward with our proposed business combination with Applied Materials as soon as possible.

▶ **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

