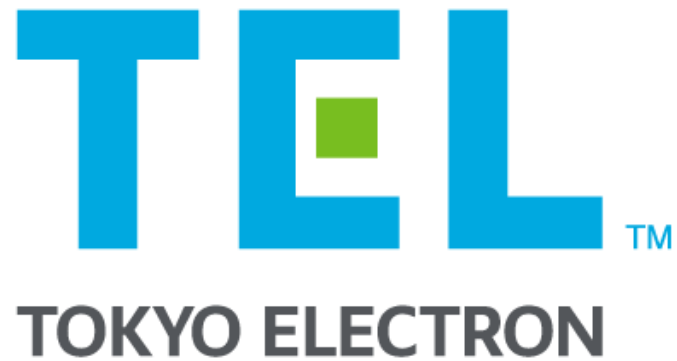


# The 54th Annual General Meeting of Shareholders



**June 20, 2017**

# FY2017 Financial Report

(FY2017: April 1, 2016 – March 31, 2017)

# Consolidated Statement of Income

(Billion Yen)

	FY2016	(%)	FY2017	(%)	Variance
<b>Net sales</b>	<b>663.9</b>	<b>100.0</b>	<b>799.7</b>	<b>100.0</b>	<b>+135.7</b>
<b>SPE</b>	<b>613.0</b>	<b>92.3</b>	<b>749.8</b>	<b>93.8</b>	<b>+136.8</b>
<b>FPD</b>	<b>44.6</b>	<b>6.7</b>	<b>49.3</b>	<b>6.2</b>	<b>+4.6</b>
<b>Others</b>	<b>6.2</b>	<b>1.0</b>	<b>0.4</b>	<b>0.0</b>	<b>▲5.7</b>

SPE: Semiconductor Production Equipment

FPD: Flat Panel Display Production Equipment

**Consolidated sales up 20% YoY,  
highest ever SPE sales**

# Consolidated Statement of Income

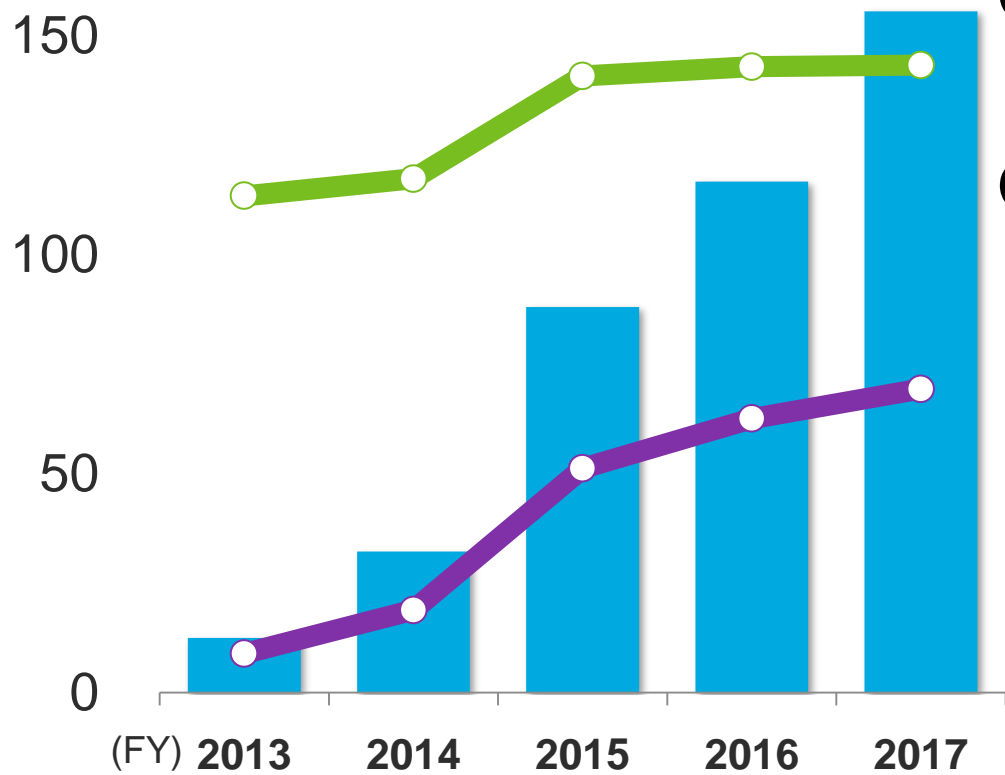
(Billion Yen)

	<b>FY2016</b>	<b>(%)</b>	<b>FY2017</b>	<b>(%)</b>	<b>Variance</b>
<b>Net sales</b>	<b>663.9</b>	<b>100.0</b>	<b>799.7</b>	<b>100.0</b>	<b>+135.7</b>
<b>Gross profit</b>	<b>267.2</b>	<b>40.2</b>	<b>322.2</b>	<b>40.3</b>	<b>+55.0</b>
<b>Operating income</b>	<b>116.7</b>	<b>17.6</b>	<b>155.6</b>	<b>19.5</b>	<b>+38.9</b>
<b>Ordinary income</b>	<b>119.3</b>	<b>18.0</b>	<b>157.5</b>	<b>19.7</b>	<b>+38.1</b>
Unusual or infrequent profit	1.4		0		▲1.4
Unusual or infrequent loss	14.4		8.4		▲5.9
<b>Income before income taxes</b>	<b>106.4</b>	<b>16.0</b>	<b>149.1</b>	<b>18.6</b>	<b>+42.6</b>
<b>Net income attributable to owners of parent</b>	<b>77.8</b>	<b>11.7</b>	<b>115.2</b>	<b>14.4</b>	<b>+37.3</b>

## Record high net income

# Consolidated Profit and Loss Highlights

(Billion Yen)



**Gross profit**  
**40.3%**

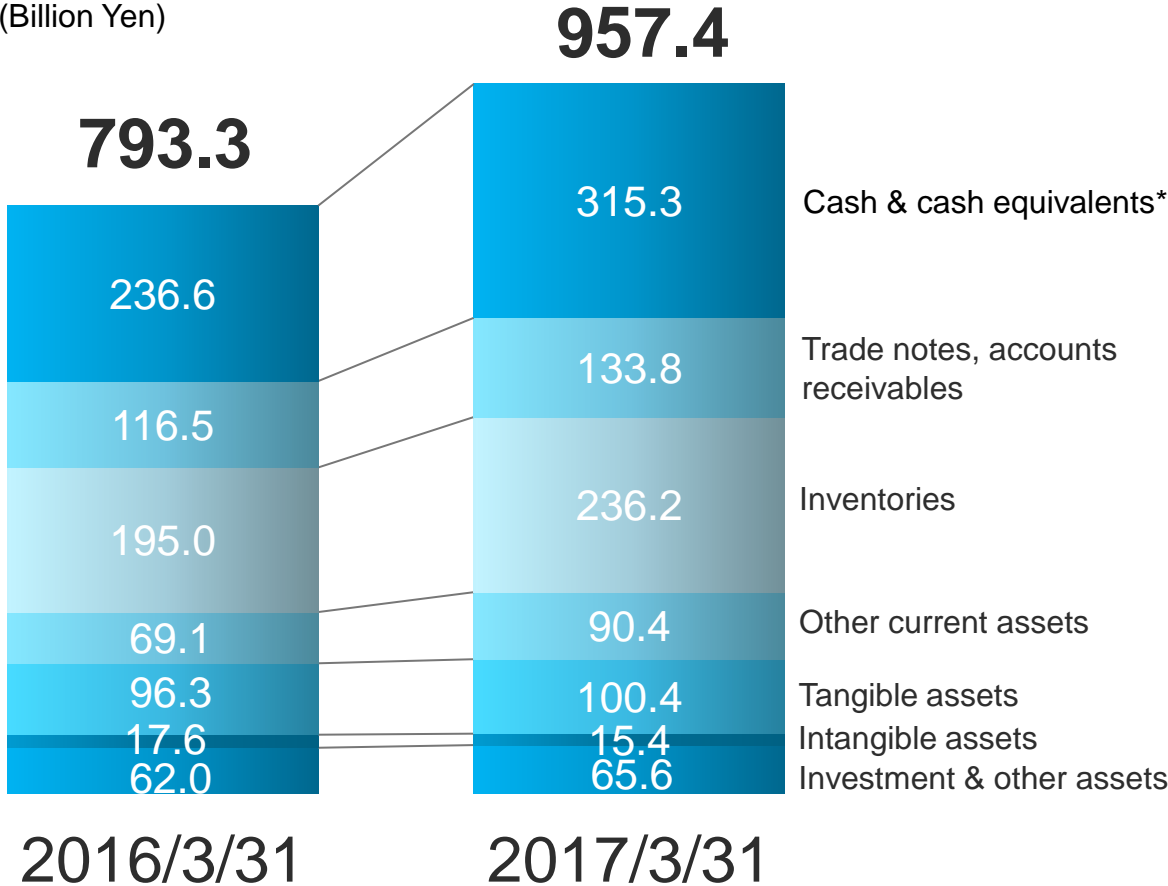
**Operating income**  
**¥155.6B**

**Operating margin**  
**19.5%**

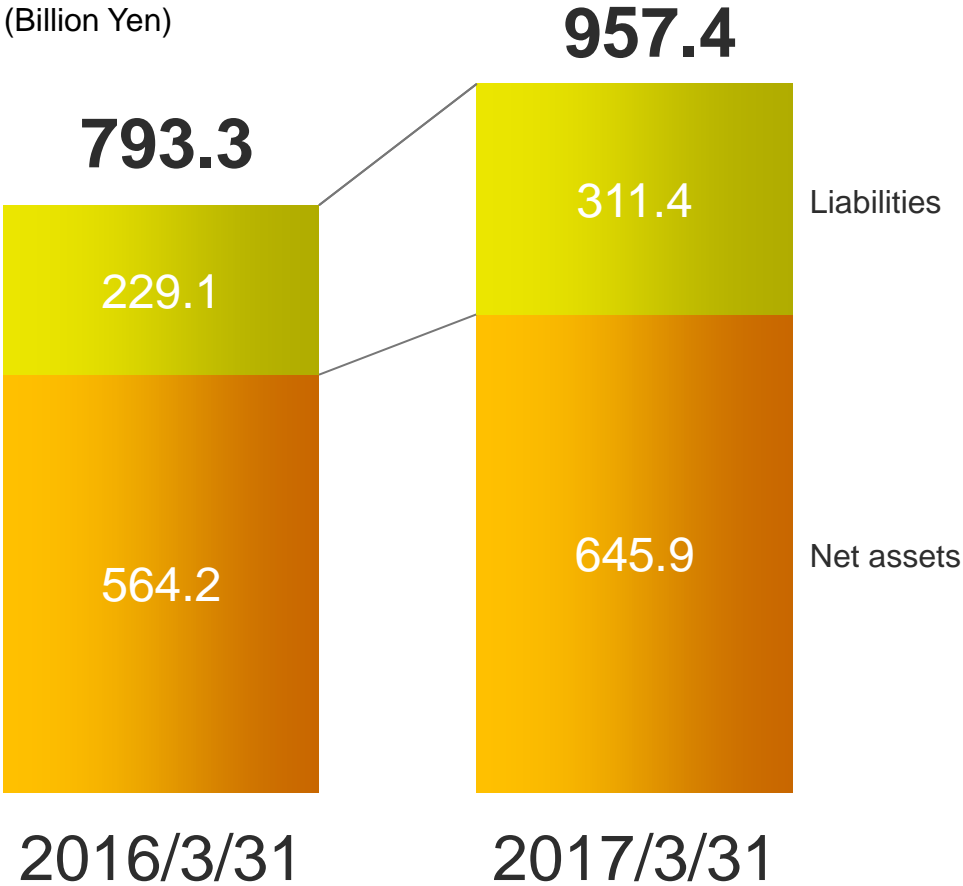
**Set new record highs  
for both gross profit  
margin and operating  
margin**

# Consolidated Balance Sheet

## Assets (Billion Yen)

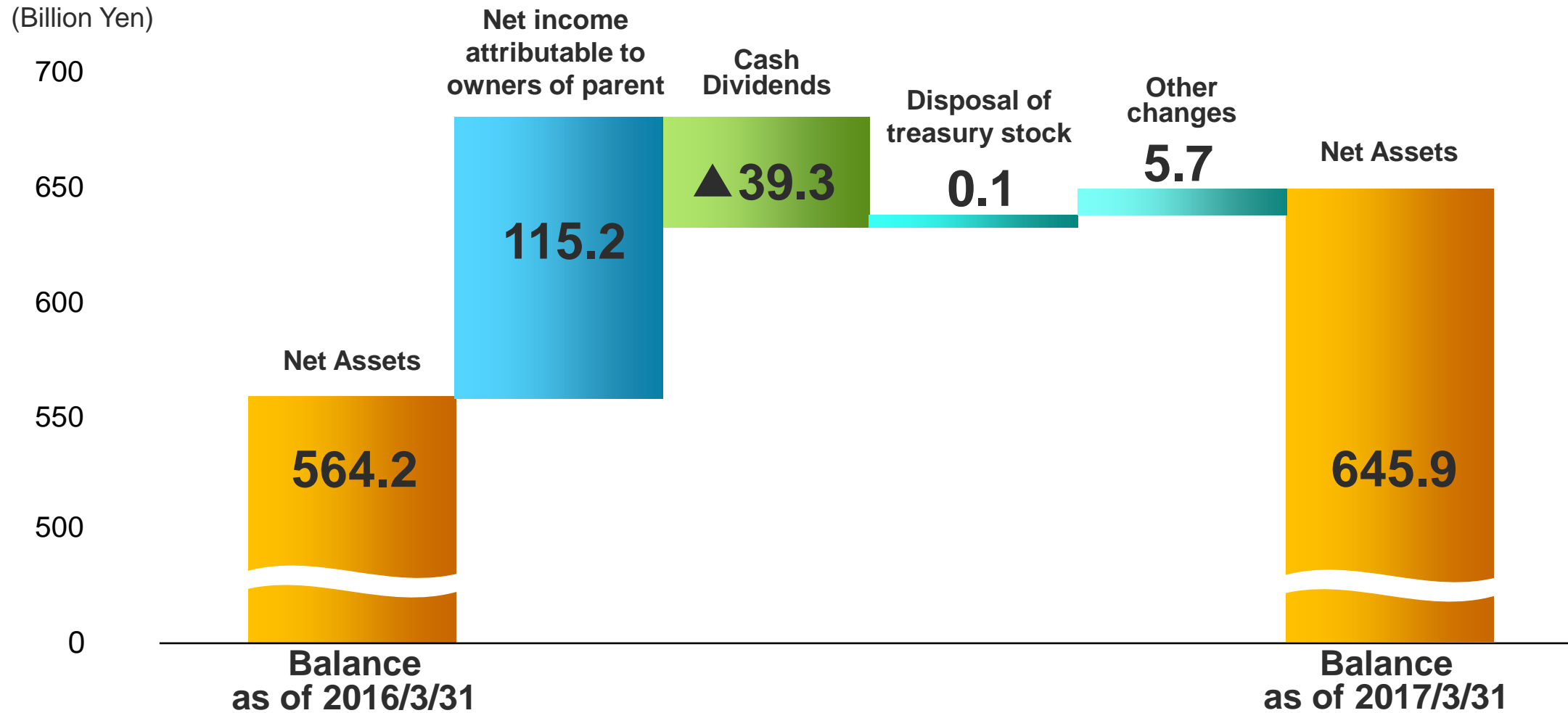


## Liabilities & Net Assets (Billion Yen)



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

# Consolidated Statements of Changes in Net Assets



# Non-consolidated Financial Statement

(Billion Yen)

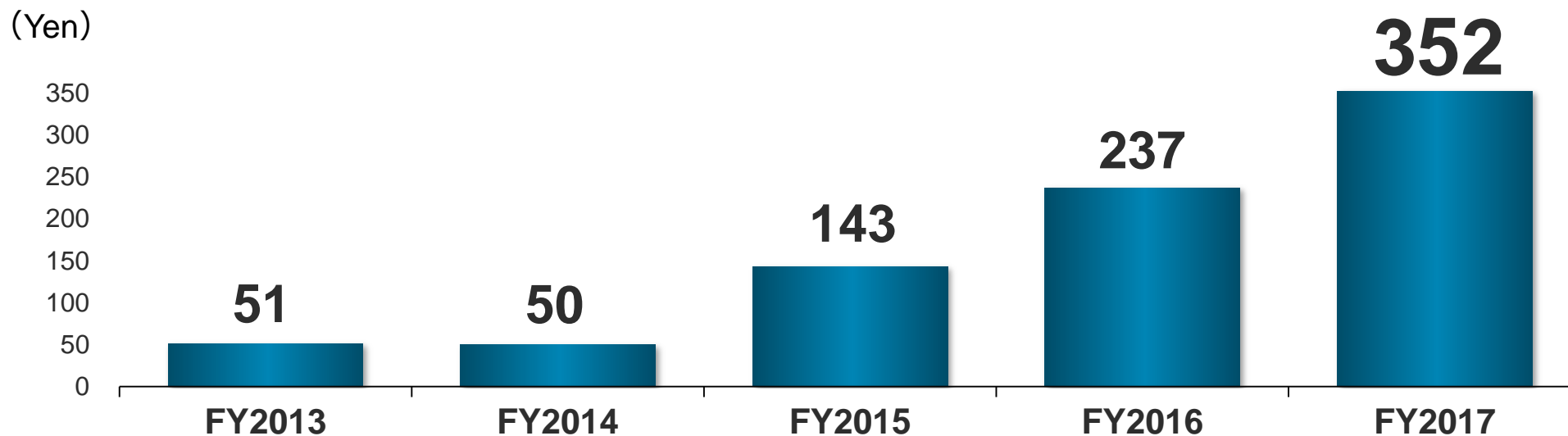
Statement of Income	FY2016		FY2017		Variance
		(%)		(%)	
Net sales	582.6	100.0	751.0	100.0	+168.4
Operating income	42.0	7.2	60.5	8.1	+18.4
Ordinary income	74.8	12.8	61.8	8.2	▲12.9
Income before income taxes	78.5	13.5	63.8	8.5	▲14.7
Net income	63.5	10.9	46.6	6.2	▲16.8

Balance Sheet	FY2016		FY2017		Variance
		(%)		(%)	
Total assets	625.9	100.0	768.6	100.0	+142.6
Total liabilities	296.6	47.4	428.1	55.7	+131.5
Total net assets	329.3	52.6	340.5	44.3	+11.1
Total liabilities & net assets	625.9	100.0	768.6	100.0	+142.6



# FY2017 Dividends

## ▶ Annual dividend per share



	Interim	Year-end	Annual dividends
FY2017	128yen	224yen	352yen

Total dividends	Payout ratio
57.7 Billion yen	50.1%

# FY2018 Financial Estimates

(FY2018: April 1, 2017 – March 31, 2018)

# Business Environment

## ■ SPE Capex

**CY2017 WFE capex forecast to increase by around 10% YoY driven by investment in next generation 3D NAND and advanced logic**

## ■ FPD Capex

**CY2017 demand for FPD manufacturing equipment forecast to increase 30% YoY on continued capex for small/medium panels for mobile devices and capex for large panels ramp-up**

# FY2018 Consolidated Financial Estimates

(Billion Yen)

	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full year	YoY changes
Net Sales	480.0	500.0	980.0	+22.5%
SPE	451.0	459.0	910.0	+21.4%
FPD	29.0	41.0	70.0	+41.7%
Operating Income	104.0 21.7%	112.0 22.4%	216.0 22.0%	+38.7% +2.5pts
Ordinary Income	104.0	112.0	216.0	+37.1%
Income before income taxes	104.0	112.0	216.0	+44.9%
Net income attributable to owners of parent	79.0	84.0	163.0	+41.5%

SPE: Semiconductor Production Equipment

FPD: Flat Panel Display Production Equipment

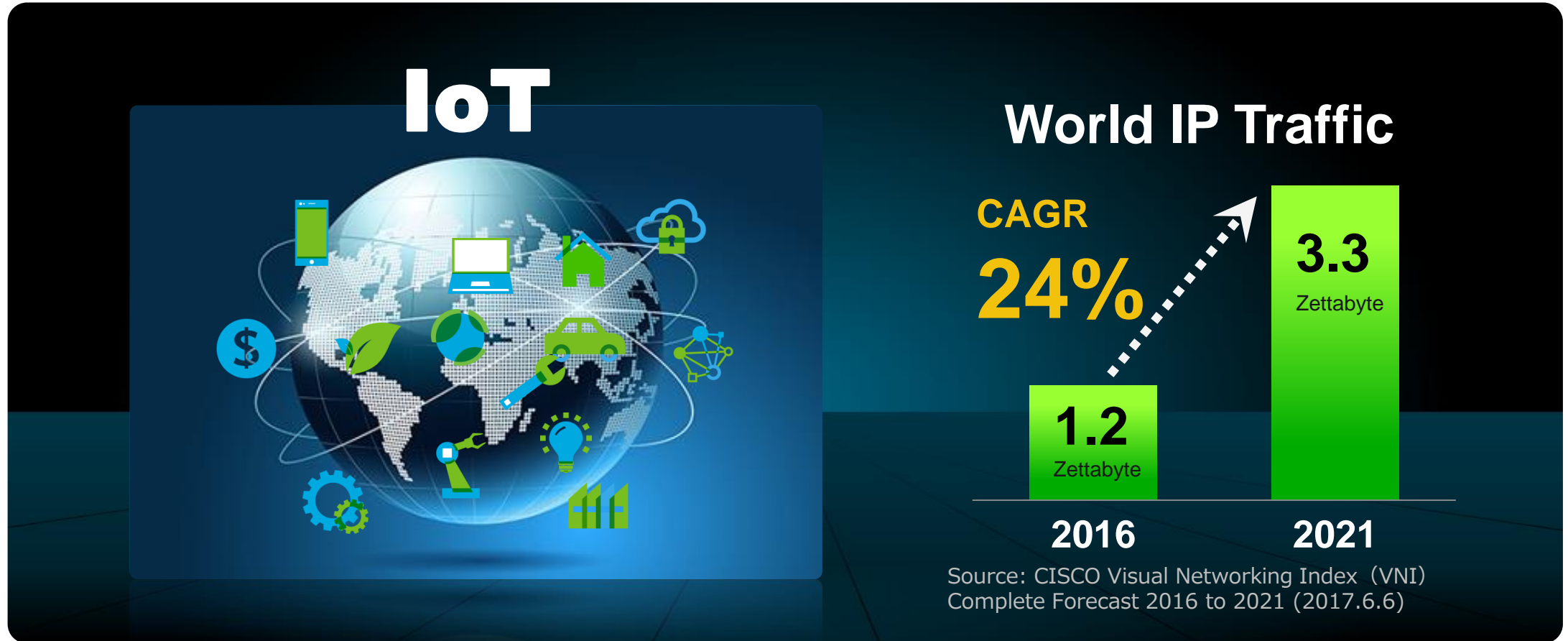
**Expect sales growth to exceed market growth,  
Generating record high profits for second consecutive year**

# For further growth

1. **Business environment and our business**
2. **Medium-term business planning**
3. **Returns to shareholders**

# 1. Business environment and our business

# Era of IoT



**The amount of data is dramatically increasing with the growing number of connected devices**

# Infrastructure evolution supporting the IoT era



**Cloud, datacenter**

**Datacenter servers require higher capabilities  
due to big data processing**



# Infrastructure evolution supporting the IoT era



**5G will establish the infrastructure for an IoT society**

# Services realized with 5G

## Smooth video streaming



More images and videos

## Self-driving



No delay allowed in data processing

5G

**Higher capacity and speed exceeding 4G generate new services**

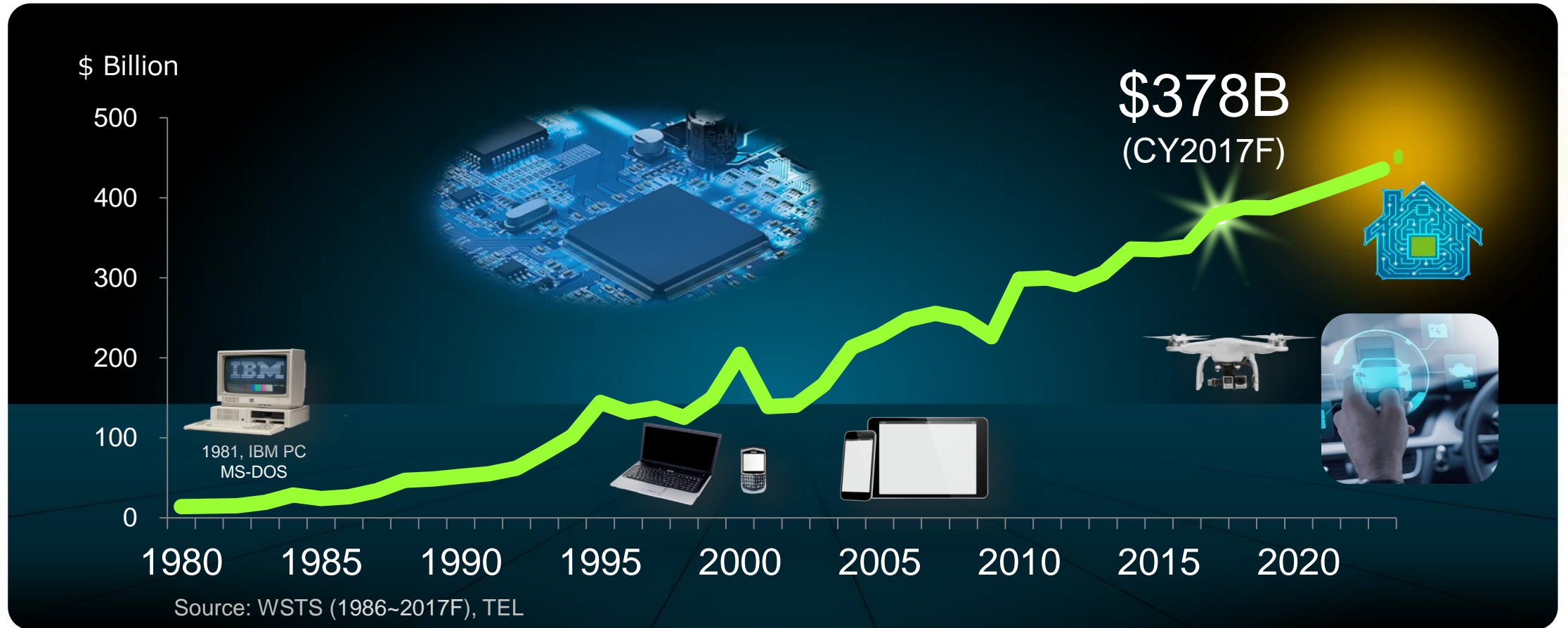
# Evolution of society



**Semiconductors will be increasingly integrated throughout society**

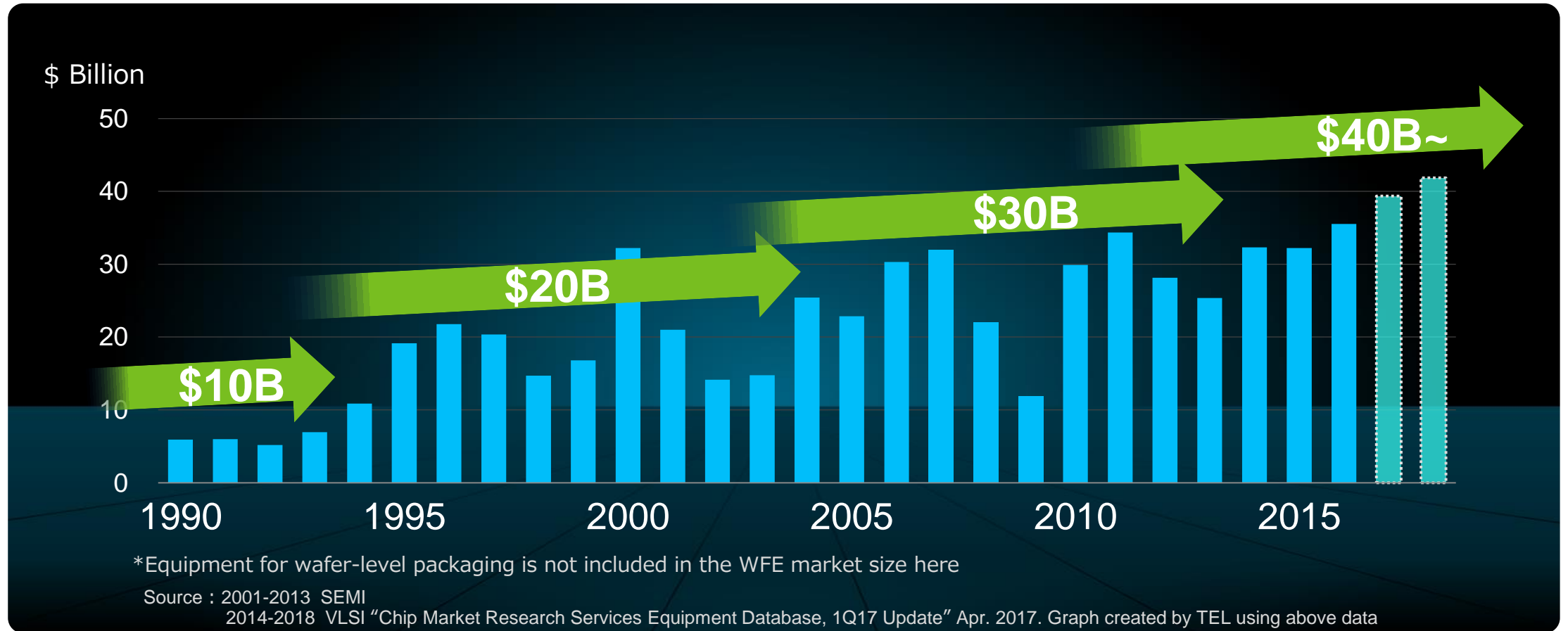
# **Semiconductor industry going on to the next phase of growth**

# World semiconductor market



**Entering the IoT era, the semiconductor market is greatly expanding**

# Expansion of WFE\* market



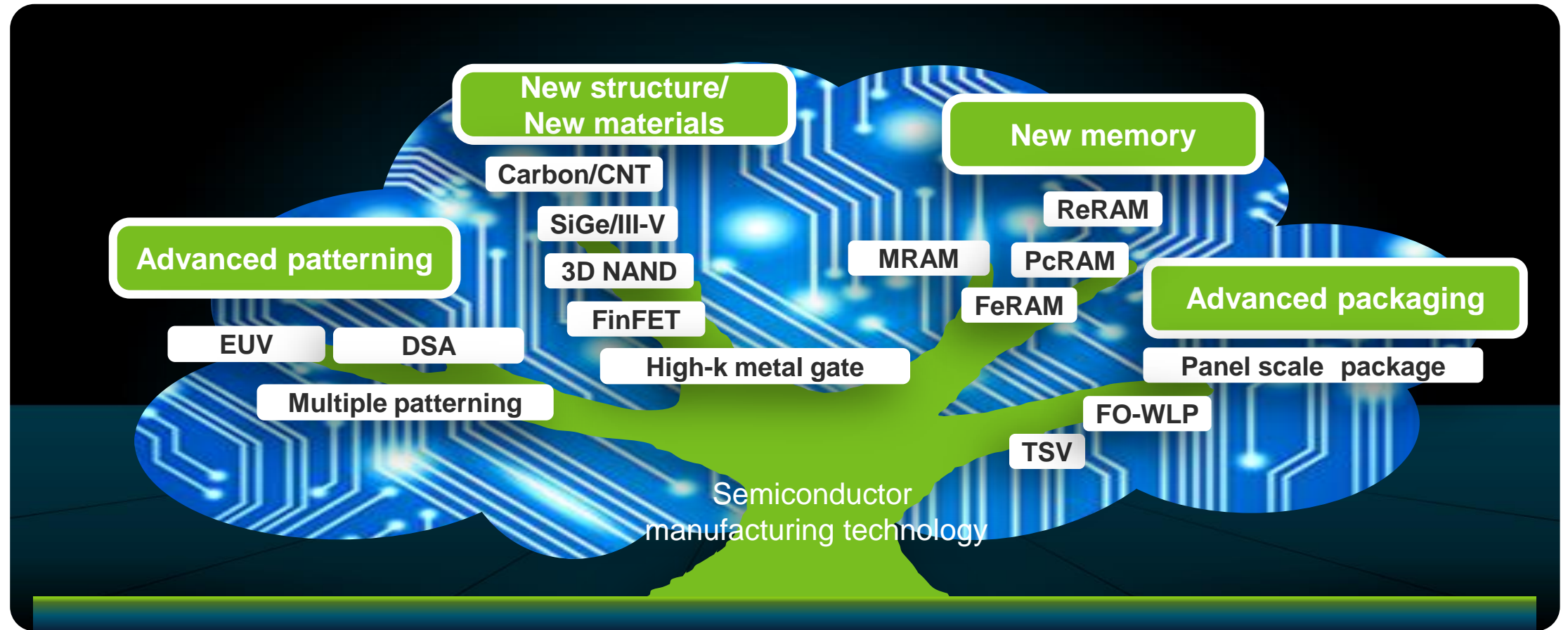
## WFE market is heading for its next growth phase

# Amazing level of semiconductor scaling



**Semiconductor technology is bound for ultimate nanoelectronics**

# Semiconductor evolution



**Evolution of semiconductors involves new, extensive technologies**



# TEL SPE products

## Semiconductor Production Equipment



**Coater/Developers**  
CLEAN TRACK™  
LITHIUS Pro™ Z



**Single wafer  
cleaning system**  
CELLESTA™-j



**Plasma  
etch system**  
Tactras™ Vigus™



**Thermal  
processing  
system**  
TELINDY PLUS™



**ALD system**  
NT333™



**Single wafer  
deposition system**  
Triase+™ EX-II™ TiN



**Multi-cell  
test system**  
Cellcia™

**Exceptional performance and a variety of product lineup  
drive technology innovations**

# IoT stimulates growth in the display industry

# Growing use of displays as interface devices

Functionalities sought in displays:

**Ultra-high resolution, low power consumption, flexibility (processability)**



Smartphone



Head mounted display



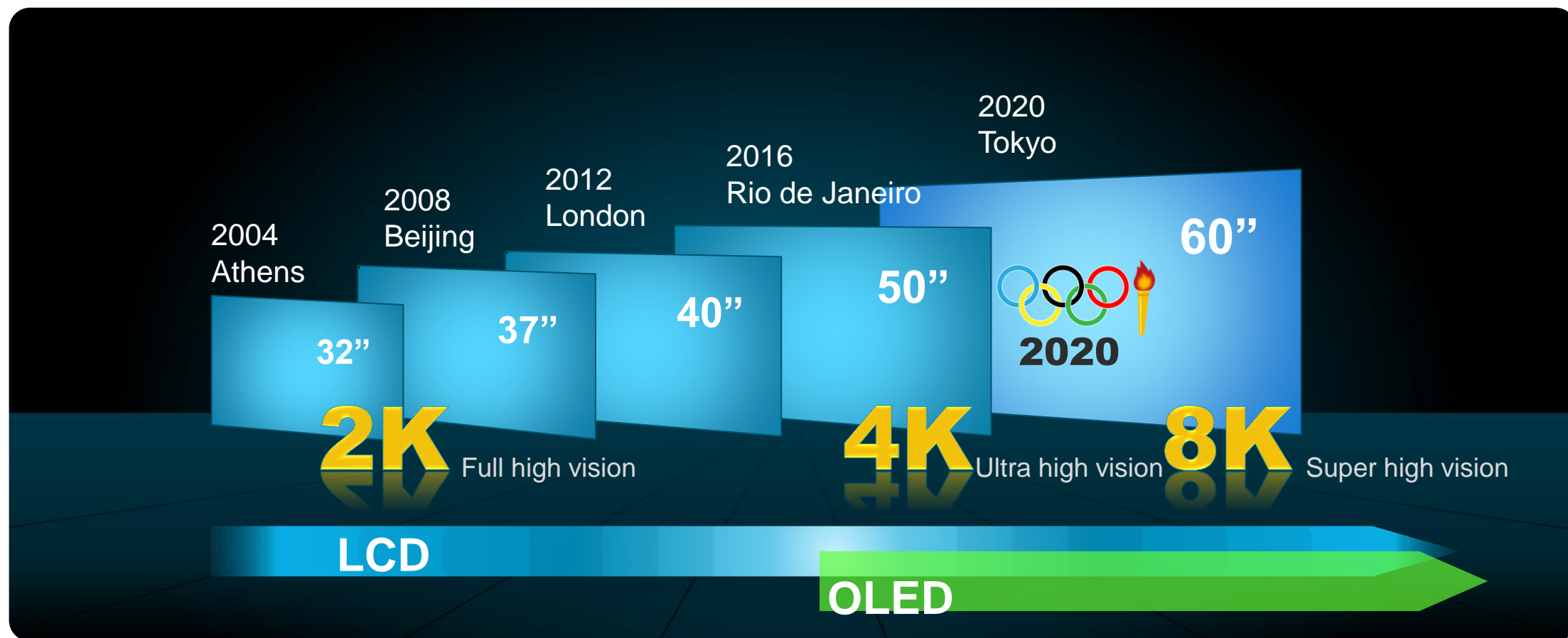
In-car display



Flexible display

**The display market continues further expansion and technological improvement**

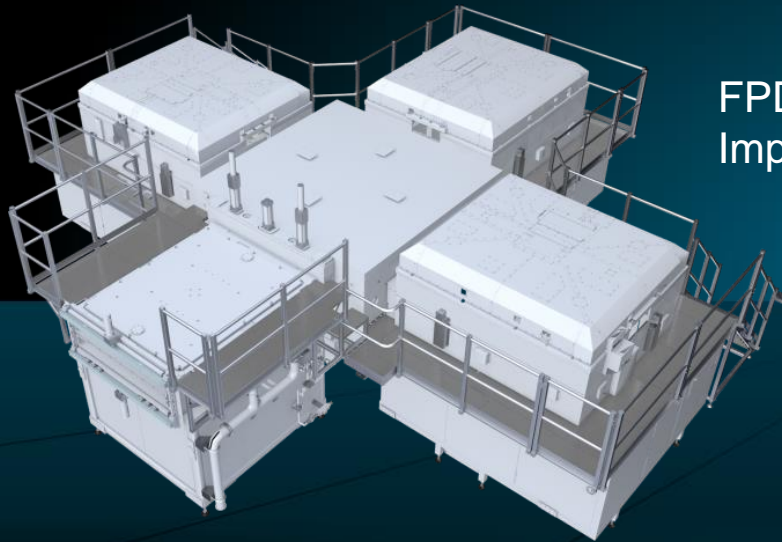
# Evolution of TV screen



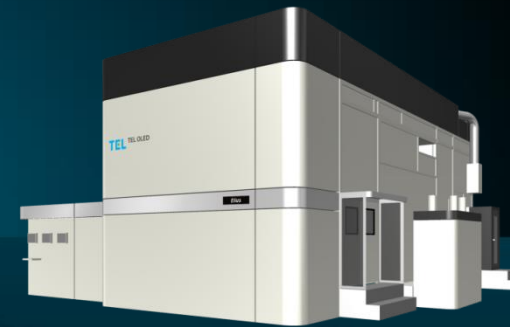
**Even larger sized displays with higher resolution  
More TV manufacturers launching OLED TV**

# TEL FPD products

## FPD Production Equipment



FPD Etch/Ash system  
Impressio™



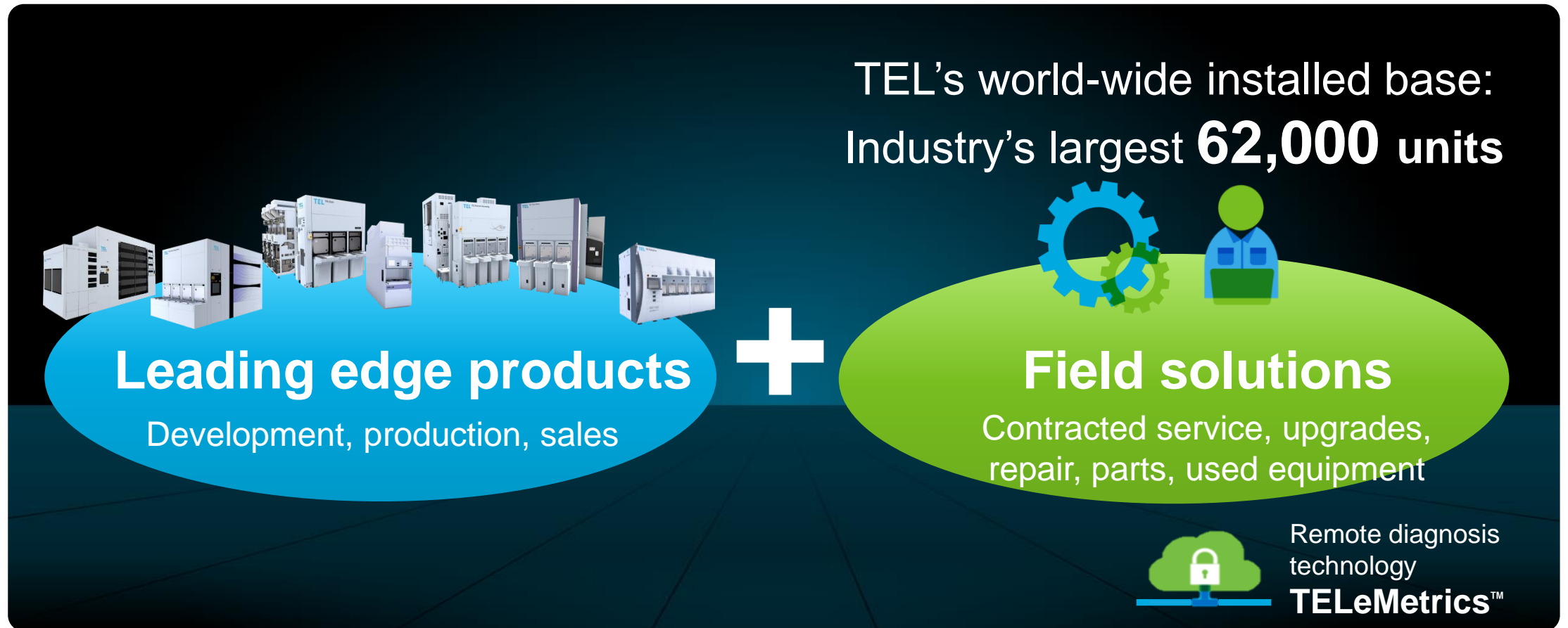
Inkjet printing system for  
manufacturing OLED panels  
Elius™

**TEL launches new products in the rapidly growing  
OLED equipment market**

**TEL creates and delivers high-value added technologies like no other that the world has never seen**

**TEL's excellence is more than development  
and sales of leading-edge products**

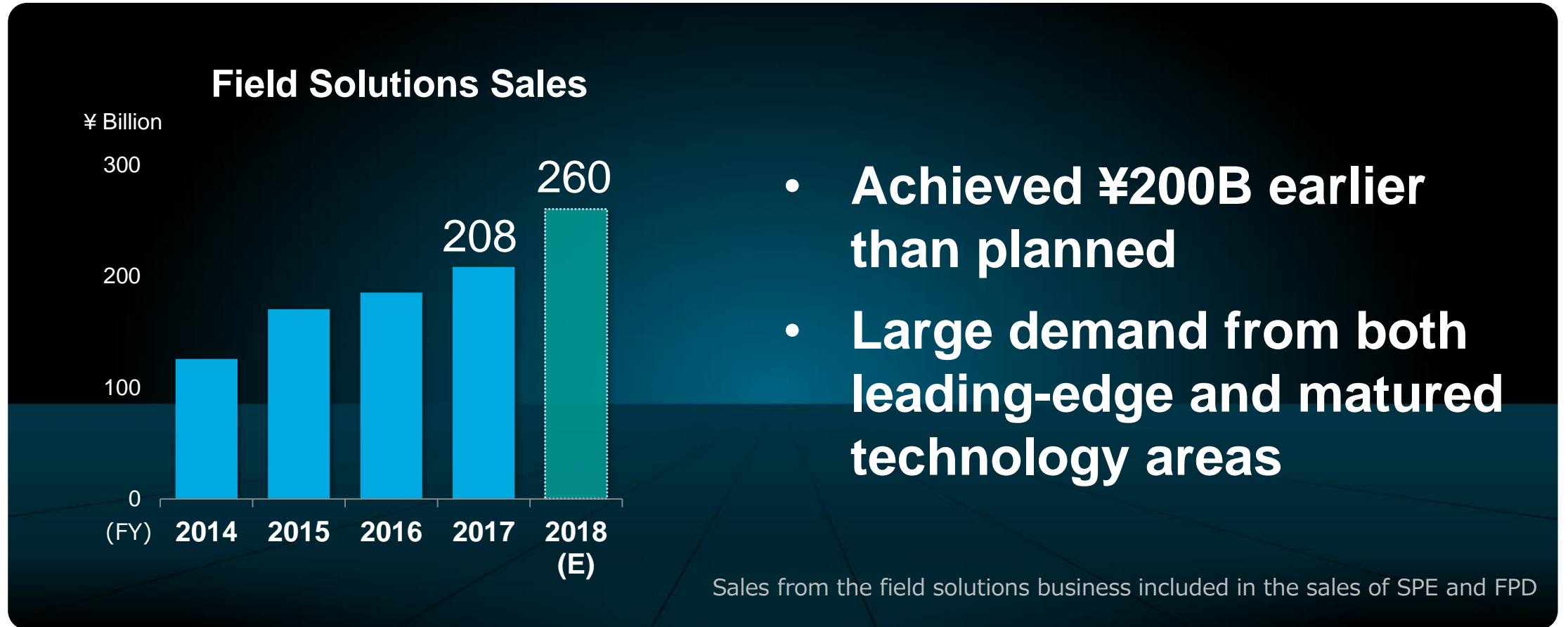
# Intensive efforts for service business



**Installed equipment brings new business opportunities,  
creating another value**



# Growing field solution business



**IoT brings wide-ranging demand, leading to improved profitability**

**TEL provides extensive support for its  
customers' semiconductor/ display  
manufacturing**

## 2. Medium-term business planning

# Current progress with medium-term financial targets

	FY2015	2017/3	2018/3(E)	Medium-term financial targets (July, 2015 announced)	
WFE*					
<b>Market size</b>	<b>\$31.9B</b>	<b>\$35.0B</b>	<b>\$38.0B</b>	<b>\$30.0B</b>	<b>\$37.0B</b>
<b>Net sales</b>	<b>¥613.1B</b>	<b>¥799.7B</b>	<b>¥980.0B</b>	<b>¥720.0B</b>	<b>¥900.0B</b>
<b>Operating margin</b>	<b>14.4%</b>	<b>19.5%</b>	<b>22.0%</b>	<b>20%</b>	<b>25%</b>
<b>ROE</b>	<b>11.8%</b>	<b>19.1%</b>	<b>-</b>	<b>15%</b>	<b>20%</b>

**Steady improvement in results**  
**Continue to focus on improving profit margins**

\*\* Equipment for wafer –level packaging is not included in the WFE market size here

# **New targets set due to changes in market conditions**

# New medium-term financial targets (toward FY2020)

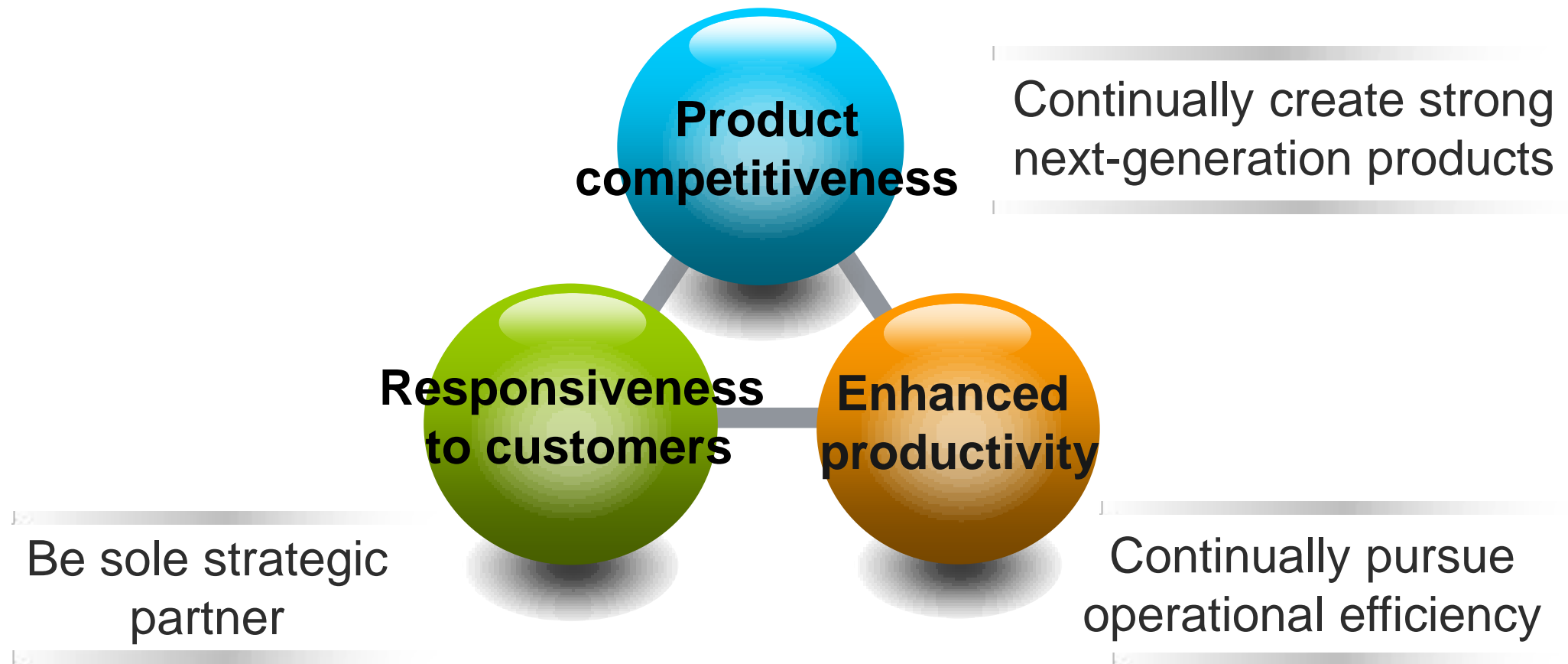
\*Equipment for wafer-level package is included in the WFE market size here

<b>WFE*</b>		
<b>Market size</b>	<b>\$42B</b>	<b>\$45B</b>
<b>Net sales</b>	<b>¥1,050B</b>	<b>¥1,200B</b>
<b>Operating margin</b>	<b>24%</b>	<b>26%</b>
<b>ROE</b>	<b>20%~25%</b>	

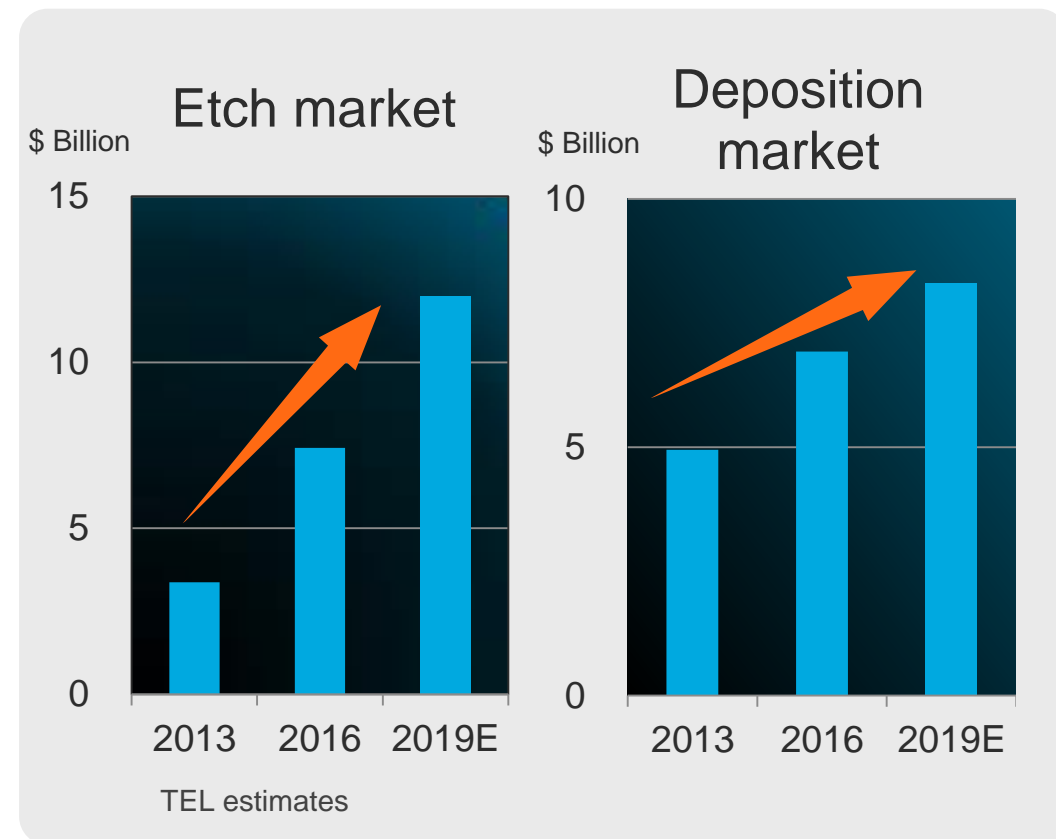
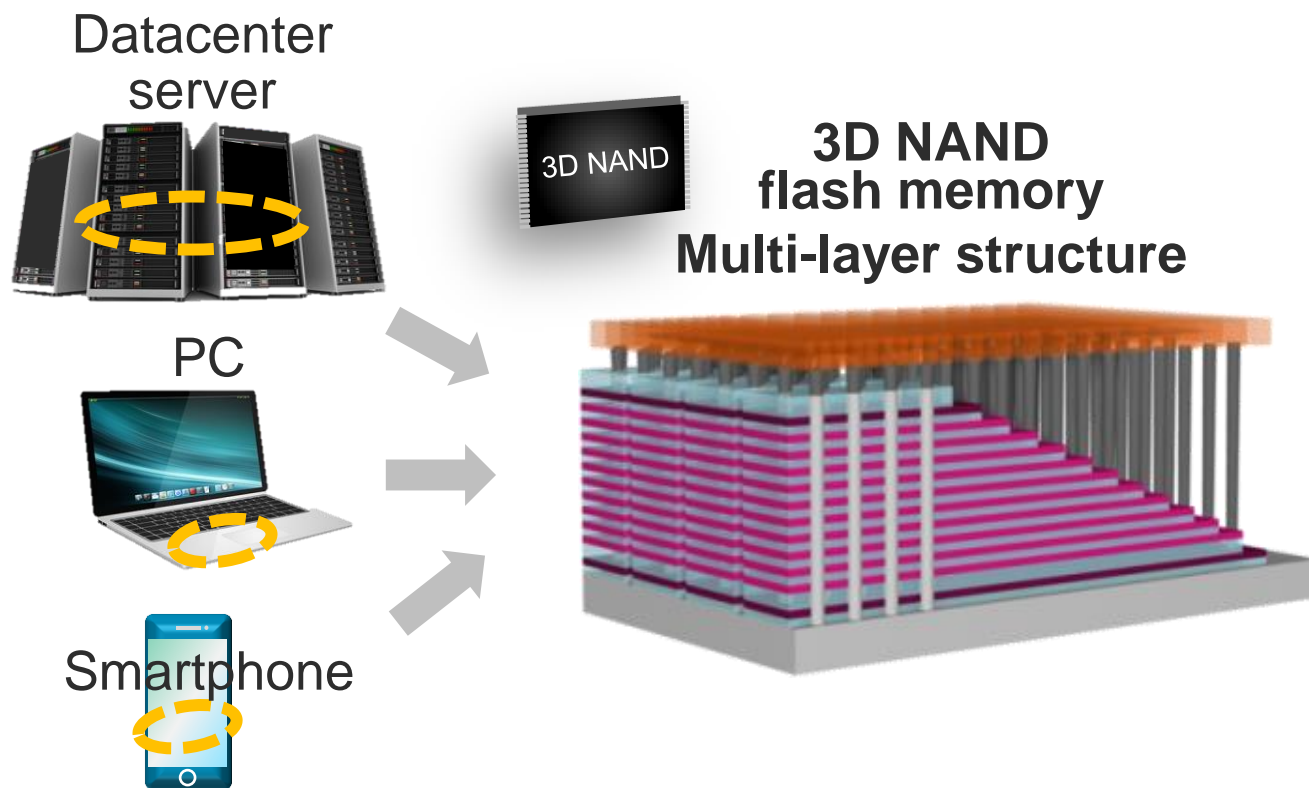
**Pursue a global standard level of profitability**

# Three focus items for new growth opportunities

Pursue profits and enhance corporate value



# Increasing equipment demand driven by 3D NAND



**The increasing number of layers brings great business opportunities to etch and deposition segments**



# Strengthening our Etcher business (Tokyo Electron Miyagi)

## New R&D facility

Completion scheduled for  
Aug. 2018

## Logistics facility

Completion scheduled for  
Dec. 2017



Future demand for etcher  
expected to expand



Tactras™ Vigus™

## Strengthening product competitiveness, enhancing productivity

# **Being in the phase of growth, strengthening corporate constitution matters**

# 3. Returns to shareholders

# Basic policy on shareholder returns

**Create added-value through innovative technologies and groundbreaking proactive solutions**



**Pursue profits, enhance corporate value**



**Appropriate returns to stakeholders**

# TEL shareholder return policy

**Dividend payout ratio : 50%**

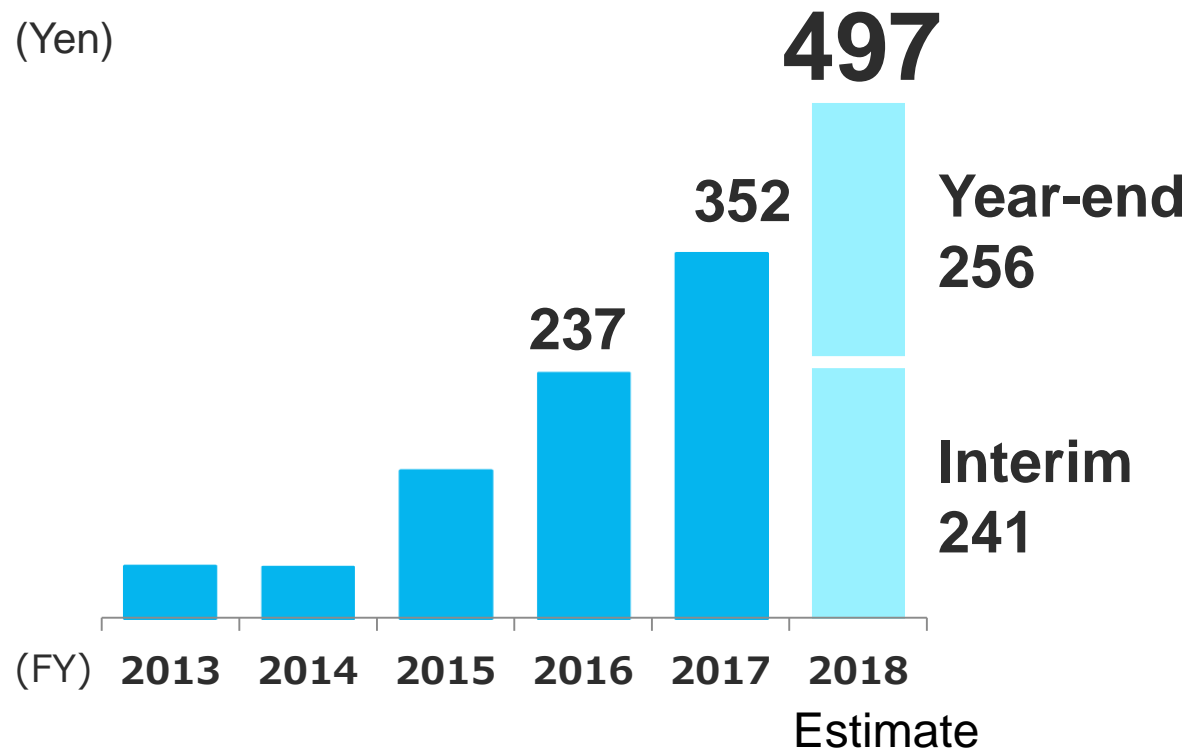
**Annual DPS of not less than 150 yen**

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**We will review our dividend policy if the company does not generate net income for two consecutive fiscal years**

# Dividend forecast

## Dividend per share



**DPS for FY2018(E)  
expected to increase  
more than 40% YoY**



# Semiconductor and display are heading for its next growth phase



**TEL technology contributes to the evolution of semiconductors and displays, the importance of which is growing in all industries**





**Pursue a global standard level of profitability,  
aim for sustained growth in corporate value**