

# **Business Environment and Revision of FY2011 Financial Estimates**

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**TOKYO ELECTRON**

# Business Environment



# Business Environment

## ▶ **SPE capex**

- Global economic recovery has led to a strong surge in demand for semiconductors and a rapid recovery in orders
- A number of new lines are planned in the second half of CY2010 and first half of CY2011
- WFE\* investment in CY2010 expected to increase more than double

## ▶ **FPD capex**

Sustained boom in demand for flat screen TVs, mainly in China; continuing investment in new line construction

## ▶ **PV capex**

Crystal silicon and compound (Cd-Te) performing well due to price advantage, thin film silicon sluggish but expected to grow in medium/long term

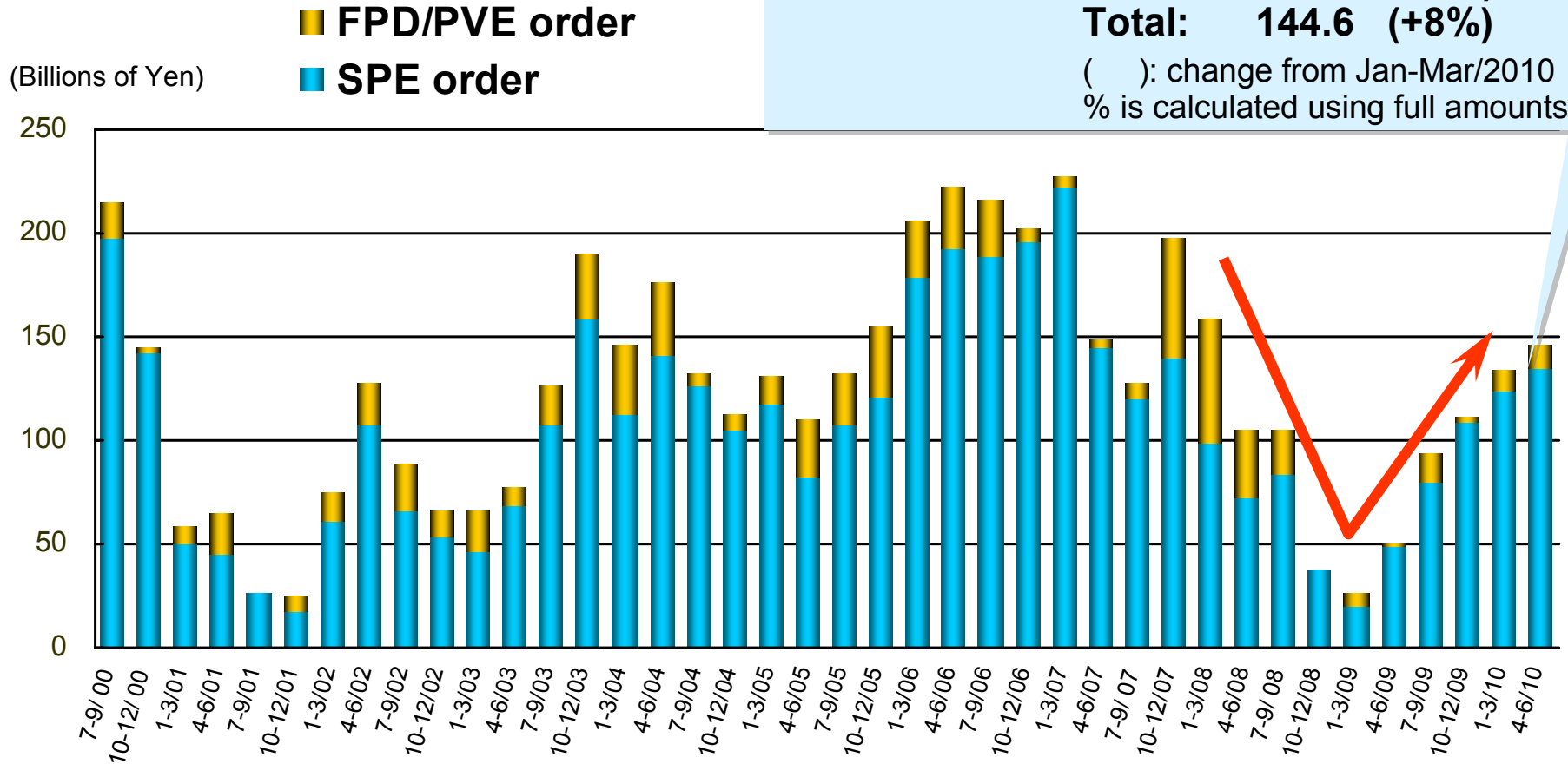


\*Wafer Fab Equipment

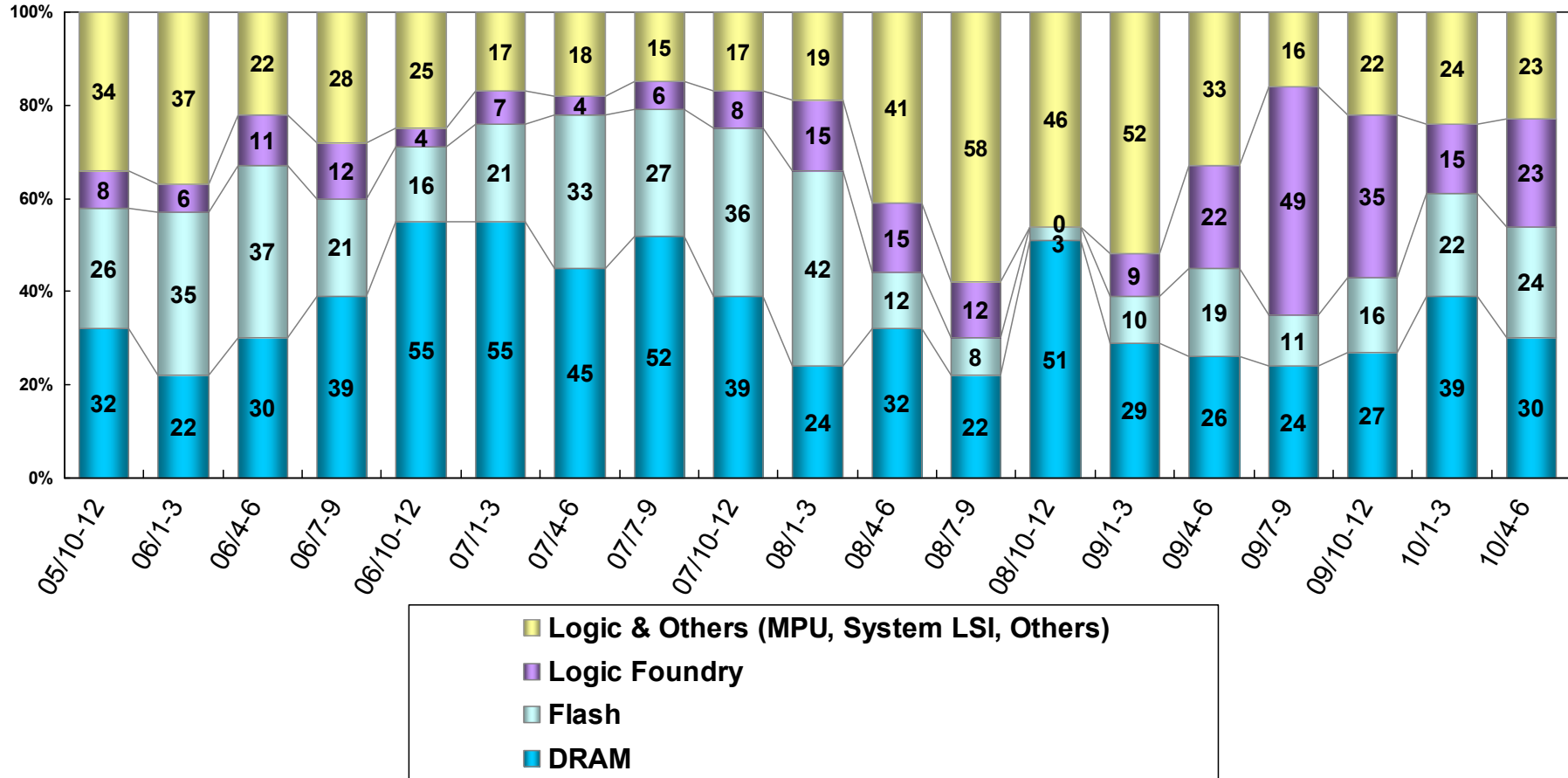
# Quarterly SPE+FPD/PVE Orders

<b>Apr-Jun/2010</b>	<b>SPE</b>	<b>133.2</b>	<b>(+8%)</b>
	<b>FPD/PVE</b>	<b>11.4</b>	<b>(+8%)</b>
	<b>Total:</b>	<b>144.6</b>	<b>(+8%)</b>

( ) : change from Jan-Mar/2010  
% is calculated using full amounts



# SPE Orders by Application (Equipment only)



(TEL estimate)



# Revision of FY2011 Financial Estimates



# Revision of FY2011 Financial Estimates

## Estimates raised due to 1H improvement in SPE revenues

(Billions of yen)

	FY2010	FY2011 (E)					
		1H (E) Revised	Adjust- ments*	2H (E) Unchanged	Full year (E) Revised	Adjust- ments*	YoY change
<b>Net sales</b>	418.6	<b>325.0</b>	<b>+10.0</b>	345.0	<b>670.0</b>	<b>+10.0</b>	+60%
<b>SPE</b>	262.3	<b>250.0</b>	<b>+10.0</b>	261.0	<b>511.0</b>	<b>+10.0</b>	+95%
<b>FPD/PVE</b>	71.3	<b>32.0</b>	-	37.0	<b>69.0</b>	-	-3%
<b>EC/CN</b>	84.4	<b>43.0</b>	-	47.0	<b>90.0</b>	-	+7%
<b>Others</b>	0.4	-	-	-	-	-	-
<b>Operating income</b>	-2.1 (-0.5)	<b>40.5 (12.5)</b>	<b>+7.5</b>	46.0 (13.3)	<b>86.5 (12.9)</b>	<b>+7.5</b>	+88.6
<b>Ordinary income</b>	2.5 ( 0.6)	<b>42.0 (12.9)</b>	<b>+8.0</b>	46.0 (13.3)	<b>88.0 (13.1)</b>	<b>+8.0</b>	+85.5
<b>EBIT</b>	-7.7 (-1.9)	<b>42.0 (12.9)</b>	<b>+8.0</b>	46.0 (13.3)	<b>88.0 (13.1)</b>	<b>+8.0</b>	+95.7
<b>Net income</b>	-9.0 (-2.2)	<b>30.0 ( 9.2)</b>	<b>+8.0</b>	33.0 ( 9.6)	<b>63.0 ( 9.4)</b>	<b>+8.0</b>	+72.0
<b>Dividend (Yen)</b>	12	<b>34</b>	<b>+9</b>	37	<b>71</b>	<b>+9</b>	

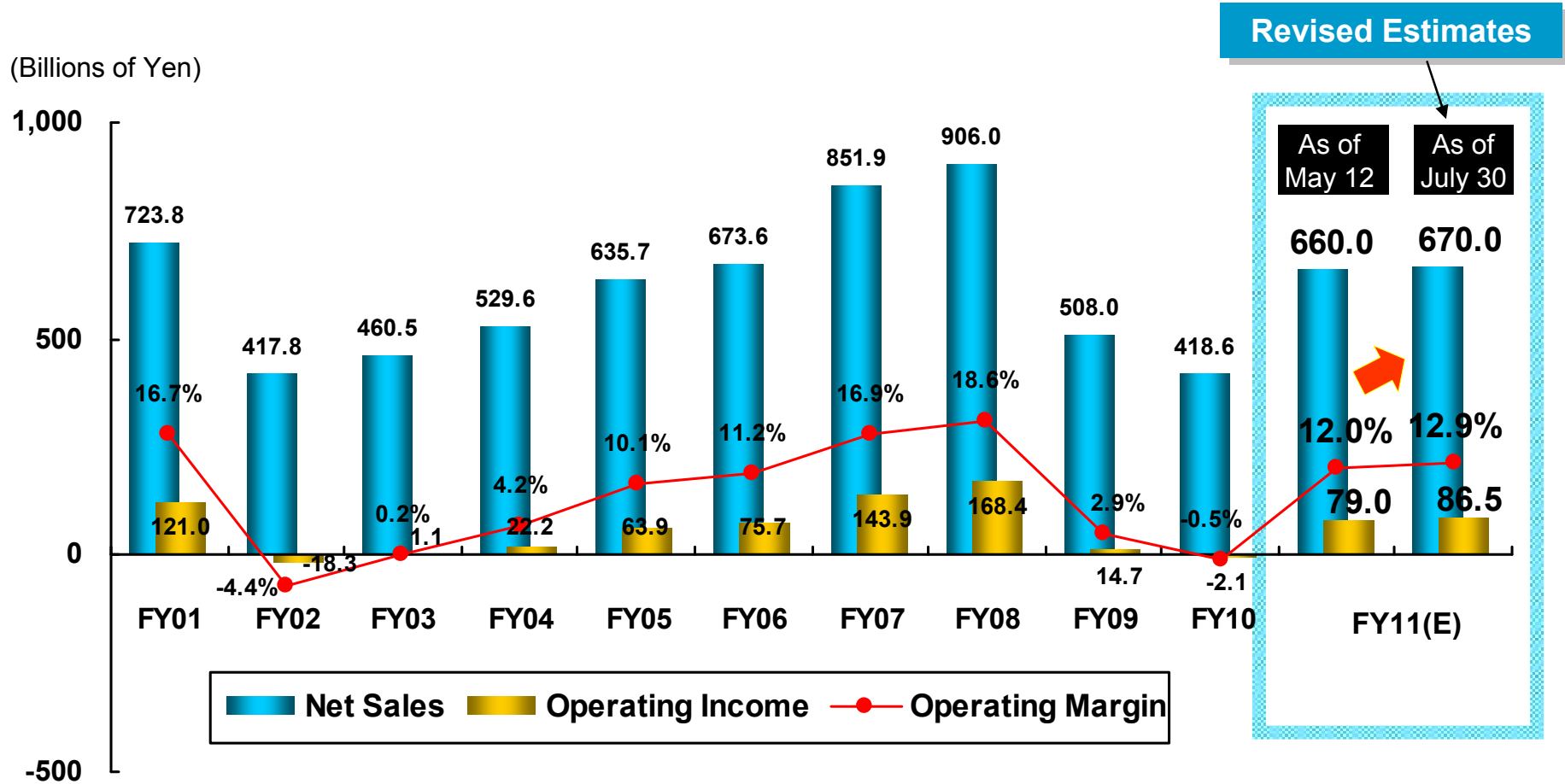
\* increase/decrease from the initial estimates announced on May 12

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.

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



# Net Sales, Operating Income, Operating Margin





# Growing sales and profits in an improving business environment

## ▶ SPE

Investing for increasing capacity and accelerating development to meet booming demand

- **New Miyagi plant:**

- Ground breaking Jul/2010, complete Mar/2011

- **Existing plants:**

- **TEL Kyushu: 20% capacity increase**

- (Coater/Developers, Cleaning Systems)

- Start Jul/2010, complete Dec/2010

- **TEL Tohoku: 30% capacity increase**

- (Thermal Processing Systems)

- Start Sep/2010, complete Jan/2011



Image of completed New Miyagi plant

## ▶ FPD

Responding to intensifying competition by pursuing costs reductions in design, procurement, and logistics



# Summary

- 1. 2010 SPE industry capex more than double 2009 level; 2011 expecting double digit growth**
- 2. Moving towards 2011, SPE orders continue to be robust; Decided to expand capacity to meet strong demand**
- 3. FPD capex: Continued investment in new lines, mainly in China; TEL to focus on cost reductions and new development**
- 4. Sales and profit forecasts raised due to first half improvement in SPE revenues**

