

FY2013 (April 1, 2012 – March 31, 2013)

Financial Announcement

Agenda :

- FY2013 Consolidated Financial Summary
Yoshiteru Harada, Corporate Director, Executive Officer
- FY2014 Financial Estimates and Management Policy
Tetsuro Higashi, Chairman, President & CEO

April 30, 2013

FY2013 (April 1, 2012 – March 31, 2013)

Consolidated Financial Summary

Yoshiteru Harada
Corporate Director, Executive Officer

April 30, 2013

Financial Summary

(Billion Yen)

	FY2012	FY2013	YoY change
Net sales	633.0	497.2	-21.4%
Gross profit	211.4	158.7	-24.9%
Gross profit margin	33.4%	31.9%	
SG&A expenses	151.0	146.2	-3.2%
Operating income	60.4	12.5	-79.2%
Operating margin	9.5%	2.5%	
Income before income taxes	60.6	17.7	-70.7%
Net income	36.7	6.0	-83.5%
EPS (yen)	205.04	33.91	-83.5%
R&D expenses	81.5	73.2	-10.1%
Capital expenditures	39.5	21.7	-44.9%
Depreciation and amortization	24.1	26.6	+10.1%

Sales declined reflecting slow SPE and FPD CAPEX. Acquisitions focused on future growth caused some increase in expenses but our success in cost reduction efforts resulted in profitability improvement.

1. 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.
2. Profit ratios are calculated using full amounts, before rounding.

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Sales by Division

(Billion Yen)

		FY2012		FY2013		YoY change
		Sales	Composition	Sales	Composition	
	SPE	477.8	75.5%	392.0	78.8%	-18.0%
	FPD/PVE	69.8	11.0%	20.1	4.1%	-71.2%
	EC/CN	84.8	13.4%	84.6	17.0%	-0.2%
	Others	0.4	0.1%	0.4	0.1%	-2.9%
Total		633.0		497.2		-21.4%

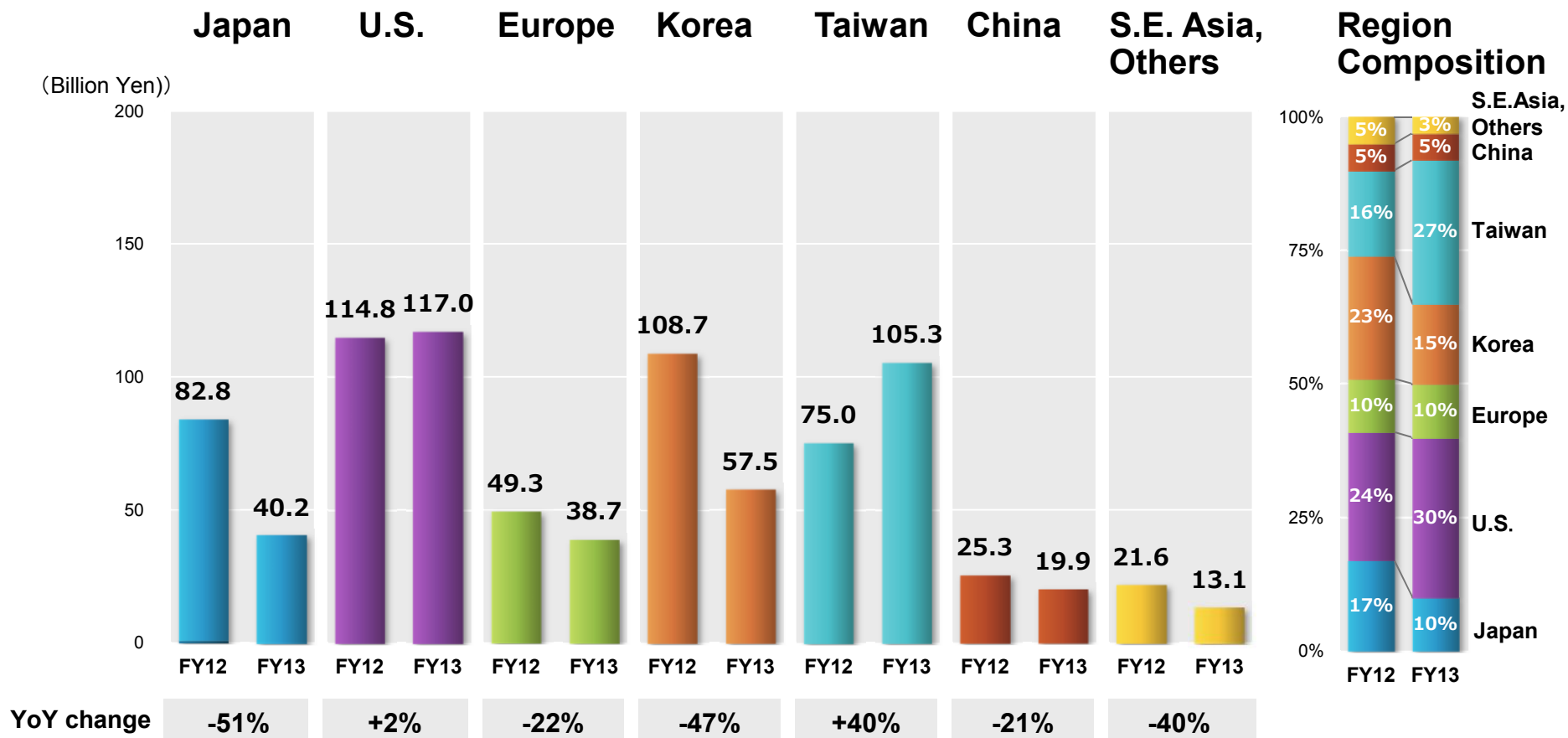
■ **SPE** Slow memory CAPEX led to lower division sales. Sales in Japan and Korea halved. Contrary, sales in Taiwan and the U.S. increased backed by steady logic investment.

■ **FPD** CAPEX for larger size flat panel displays were pushed back and the equipment market shrank severely. As a result, division sales declined significantly.

■ **EC/CN** Domestic sales of electronic components declined due to weak demand but overseas sales grew, resulting in only a small decline in overall components sales. Computer network equipment sales grew slightly.

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SPE Sales by Region

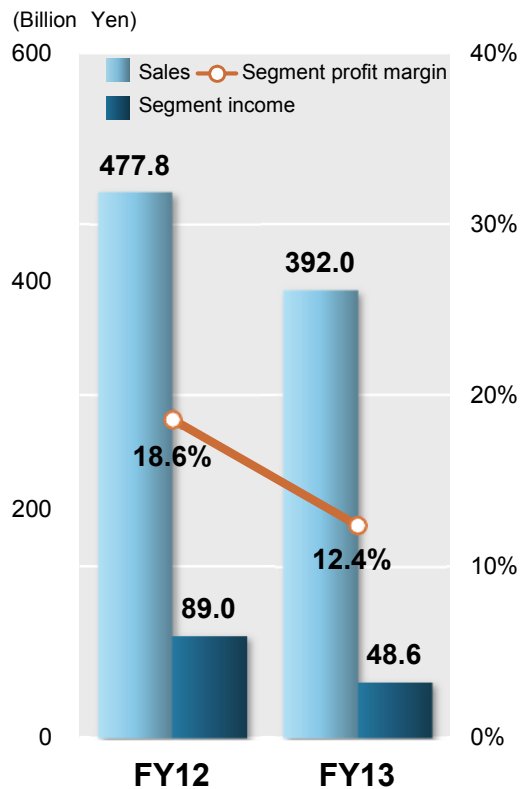


YoY change and region composition are calculated using full amounts, before rounding.

Segment Information

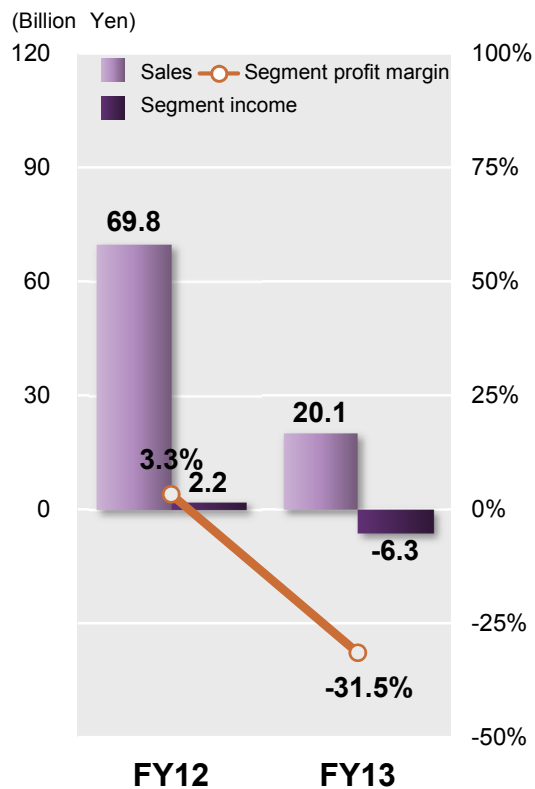
SPE

(Semiconductor Production Equipment)



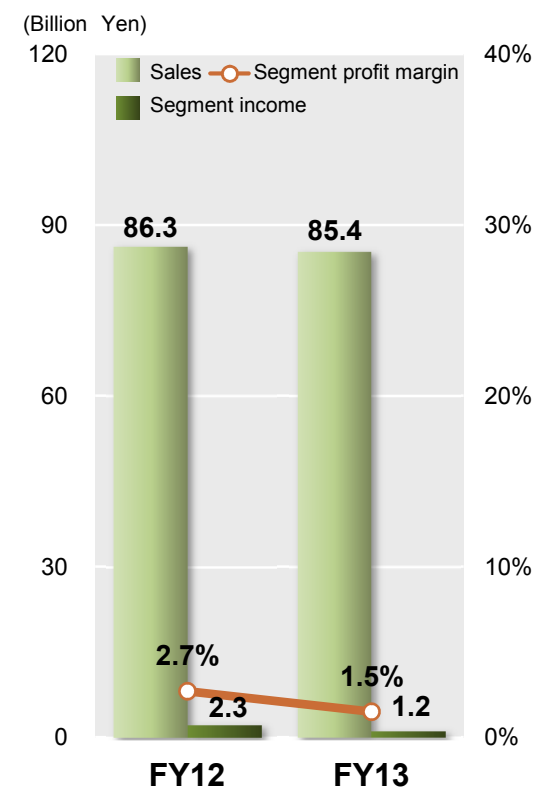
FPD/PVE

(Flat Panel Display and Photovoltaic Cell Production Equipment)



EC/CN

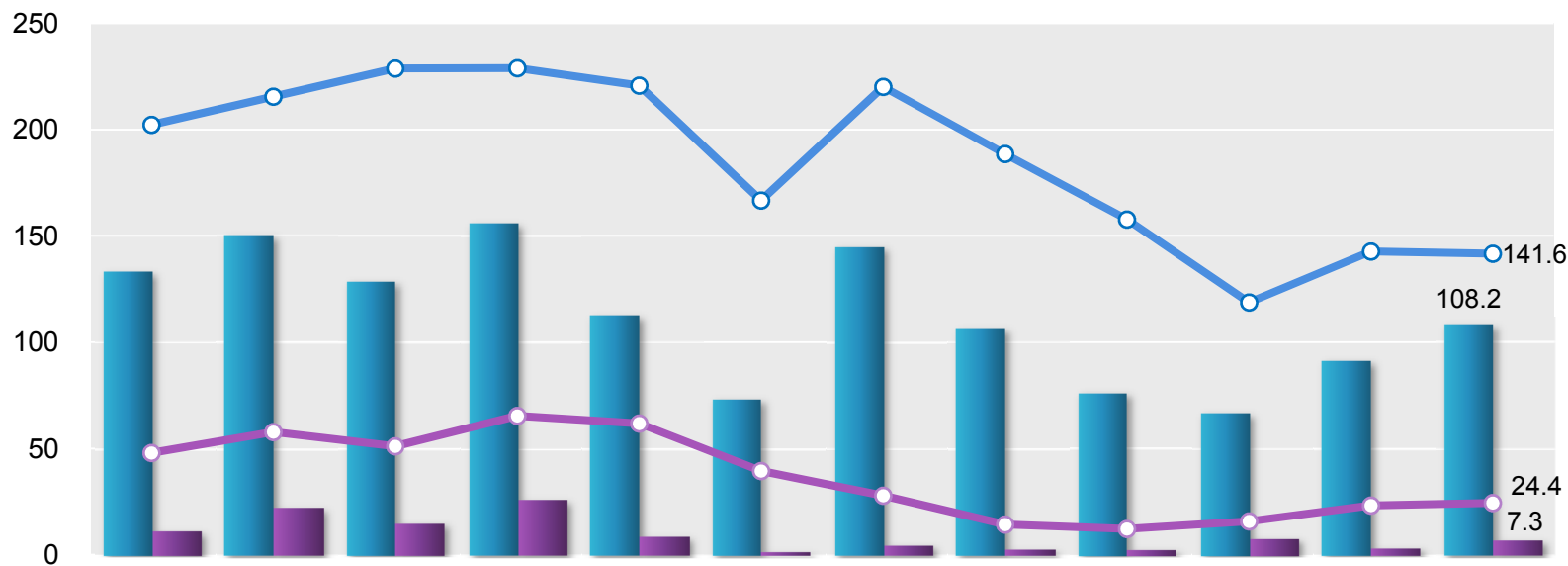
(Electronic Components and Computer Networks)



1. Segment income is adjusted against income before income taxes in the consolidated statement of income.
2. There are expenses that are not allocated to above reportable segments (mainly corporate R&D expenses). FY12: 34.8B yen, FY13: 27.0B yen
3. Profit ratios are calculated using full amounts, before rounding.

Orders, Order Backlog

(Billion Yen)

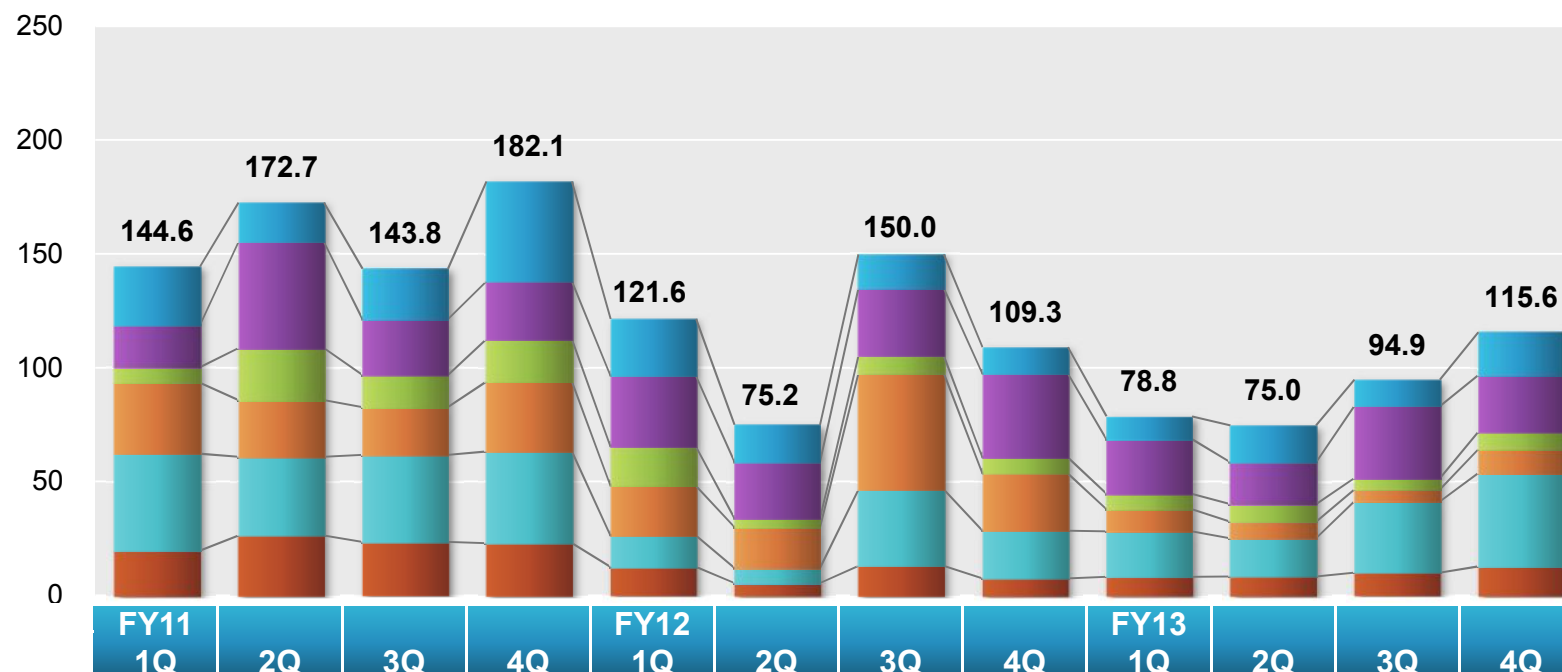


	FY11 1Q	2Q	3Q	4Q	FY12 1Q	2Q	3Q	4Q	FY13 1Q	2Q	3Q	4Q
■ SPE Orders	133.2	150.2	128.6	155.8	112.6	73.5	144.9	106.4	76.0	66.9	91.3	108.2
■ FPD/PVE Orders	11.4	22.4	15.2	26.3	8.9	1.7	5.0	2.8	2.8	8.0	3.6	7.3
○ SPE Order Backlog	202.3	215.5	228.8	228.9	220.7	166.7	220.1	188.6	157.7	118.7	142.6	141.6
○ FPD/PVE Order backlog	47.9	57.8	51.0	65.4	61.8	39.4	27.8	14.2	12.2	15.8	23.2*	24.4*

* PV order backlog of 8.4B yen was included in FPD/PVE order backlog in FY13/3Q and FY13/4Q respectively.

Orders by Region: SPE, FPD/PVE

(Billion Yen)

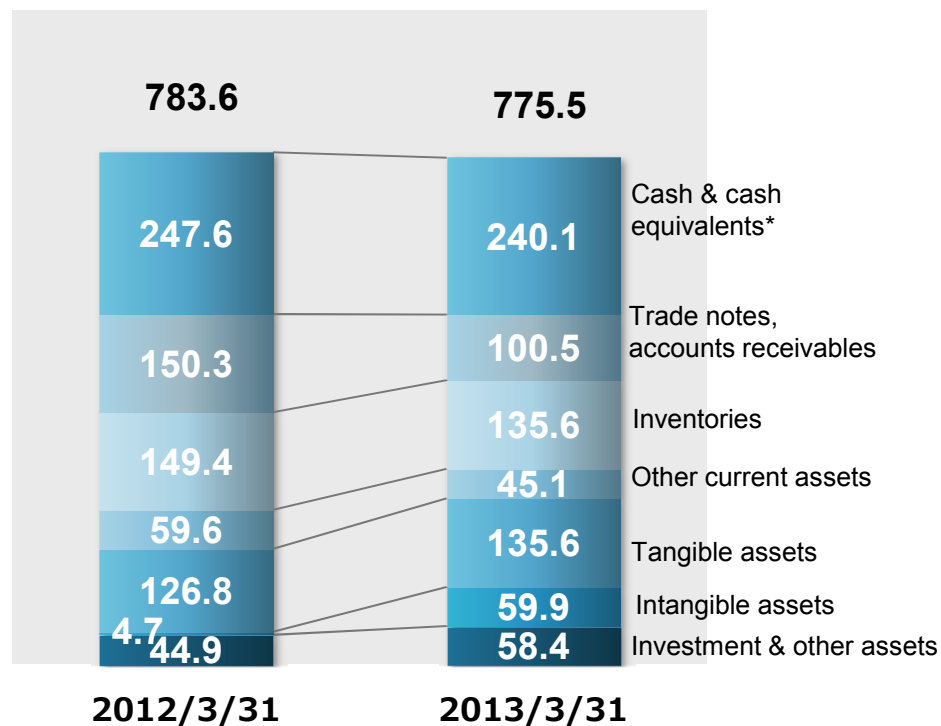


	FY11 1Q	2Q	3Q	4Q	FY12 1Q	2Q	3Q	4Q	FY13 1Q	2Q	3Q	4Q
Japan	25.6	17.3	22.2	43.9	25.0	16.3	14.9	11.7	10.0	16.3	11.5	18.7
U.S.	18.6	46.6	24.5	25.4	31.1	24.8	29.7	36.8	24.0	18.4	31.7	24.9
Europe	6.9	22.8	14.1	18.6	17.2	3.9	7.6	7.0	6.8	7.7	5.0	7.7
Korea	31.1	24.9	21.0	30.7	21.9	17.9	51.1	25.1	9.7	7.3	5.2	10.5
Taiwan	42.5	34.6	38.2	40.3	13.7	6.6	33.5	21.0	20.0	16.7	31.3	41.0
China, S.E. Asia, Others	19.7	26.3	23.5	22.9	12.5	5.4	12.9	7.4	8.1	8.3	10.0	12.7

Balance Sheet

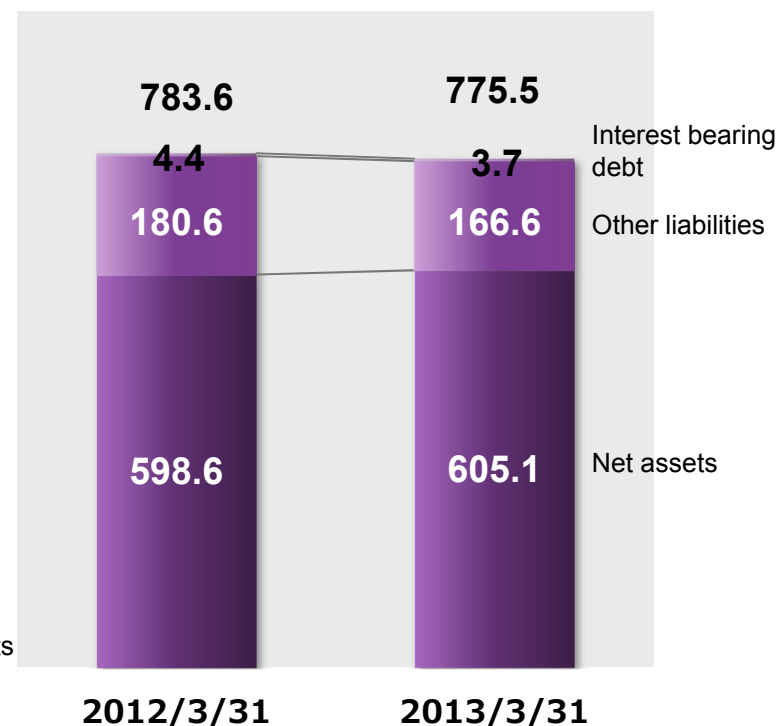
Assets

(Billion Yen)



Liabilities & Net Assets

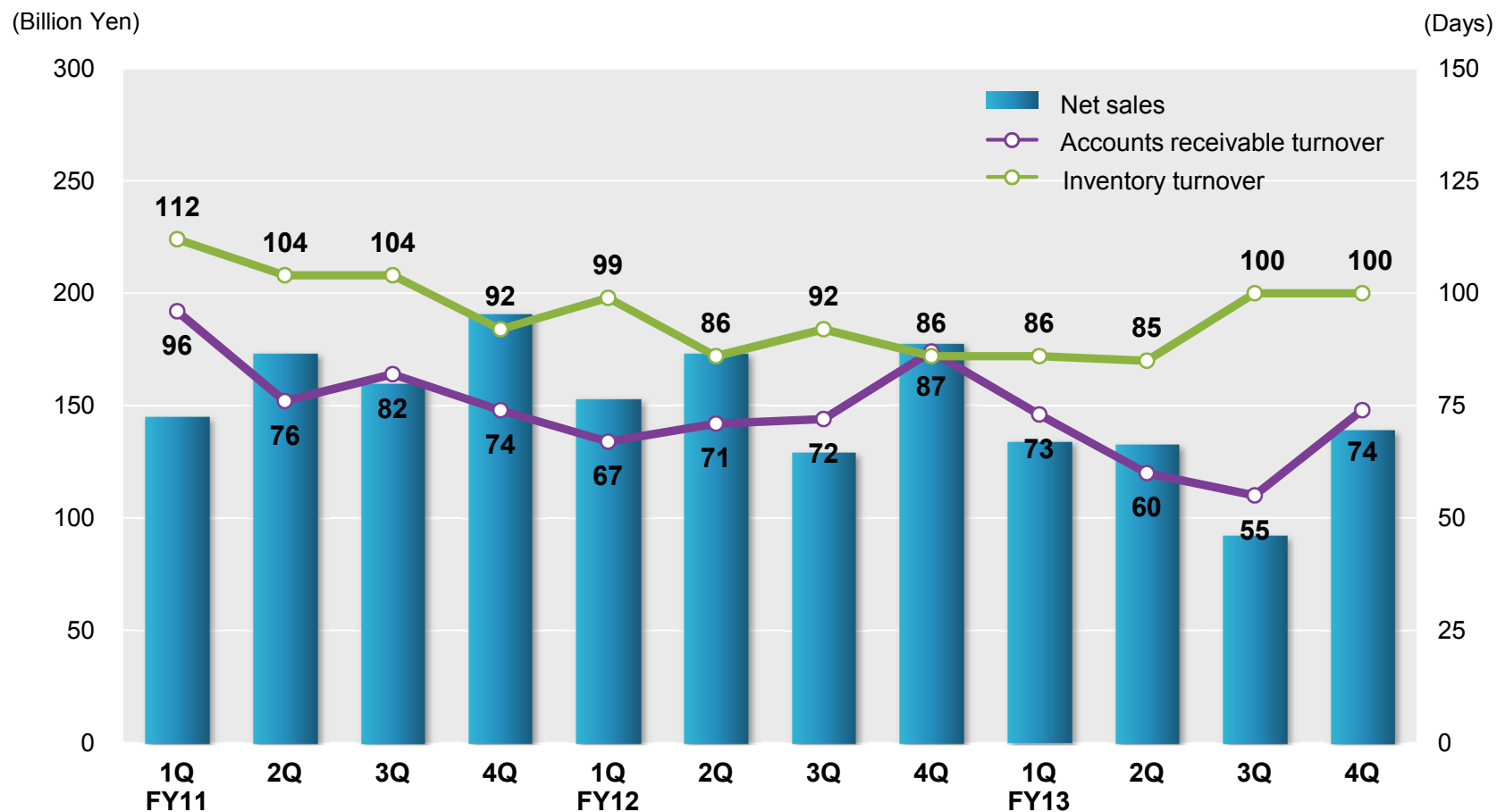
(Billion Yen)



	change	Main factor of change
Intangible assets	+55.2	Increase in goodwill/others resulting from corporate acquisitions (+53.7)

*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 x 365

Cash Flow

(Billion Yen)

	FY2012	FY2013
Cash flow from operating activities	29.7	84.2
Income before income taxes	60.6	17.7
Depreciation and amortization	24.1	26.6
Increase/decrease in accounts receivable	- 15.5	57.5
Increase/decrease in inventories	16.0	20.2
Increase/decrease in accounts payable	- 5.8	- 15.4
Income taxes paid	- 47.6	- 7.6
Others	- 2.1	- 14.8
Cash flow from investing activities	- 8.3	- 141.7
Capital expenditures	- 36.0	- 19.0
Cash paid for acquisitions	- 0.3	- 56.1
Term deposits over 3 months	31.0	- 66.0
Others	- 2.9	- 0.5
Cash flow from financing activities	- 27.3	- 10.6
Dividends paid	- 23.1	- 9.3
Others	- 4.2	- 1.3
Cash and cash equivalents at end of term	158.7	85.3
Term deposits over 3 months at end of term (short-term investments, etc. included)	88.8	154.8
Cash and deposits at end of term (short-term investments, etc. included)	247.6	240.1

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Supplement



TOKYO ELECTRON

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Financial Summary

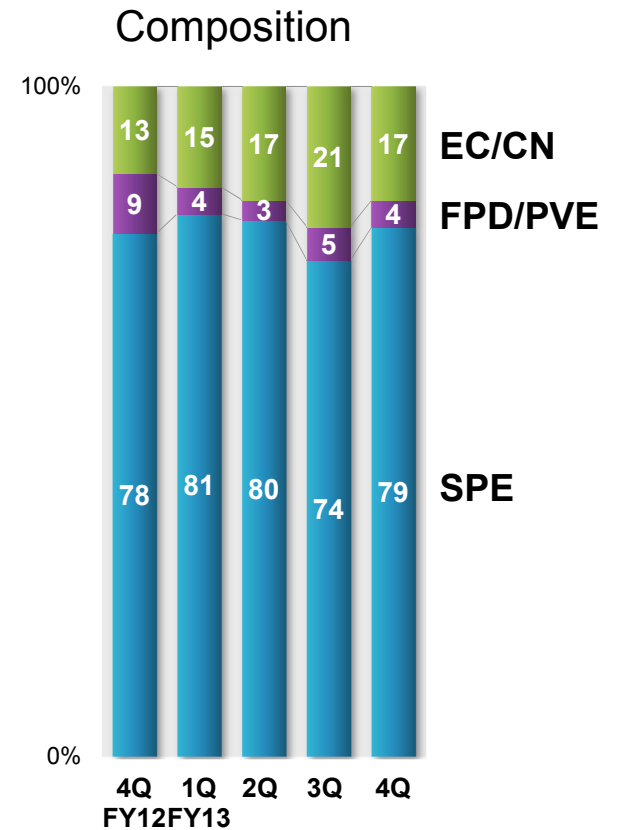
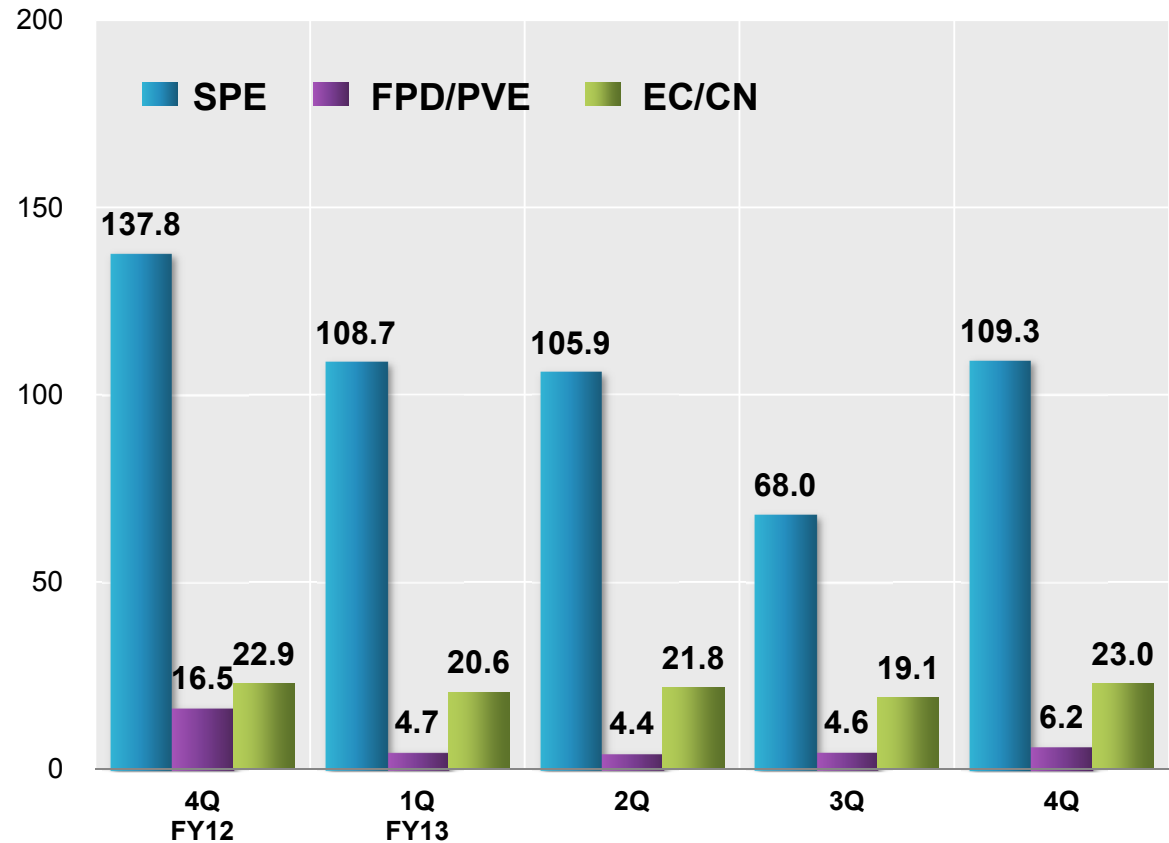
(Billion Yen)

	FY2012	FY2013				
	4Q	1Q	2Q	3Q	4Q	4Q YoY
Net sales	177.5	134.1	132.4	91.9	138.7	-21.8%
SPE	137.8	108.7	105.9	68.0	109.3	-20.7%
FPD/PVE	16.5	4.7	4.4	4.6	6.2	-62.3%
EC/CN	22.9	20.6	21.8	19.1	23.0	+0.6%
Others	0.1	0.1	0.1	0.0	0.1	-5.6%
Gross profit	56.4	44.1	41.5	28.2	44.8	-20.5%
Gross profit margin	31.8%	32.9%	31.4%	30.7%	32.3%	
SG&A expenses	38.9	34.8	38.6	35.1	37.6	-3.4%
Operating income	17.4	9.2	2.9	-6.8	7.2	-58.8%
Operating margin	9.8%	6.9%	2.2%	-7.5%	5.2%	
Income before income taxes	14.6	11.2	4.3	-6.1	8.4	-42.4%
Net income	9.3	5.7	0.3	-7.0	7.0	-24.7%
R&D expenses	21.6	17.9	19.4	17.4	18.3	-15.0%
Capital expenditures	9.3	7.6	5.2	5.9	2.9	-68.2%
Depreciation and amortization	7.1	5.5	6.2	6.6	8.2	+14.2%

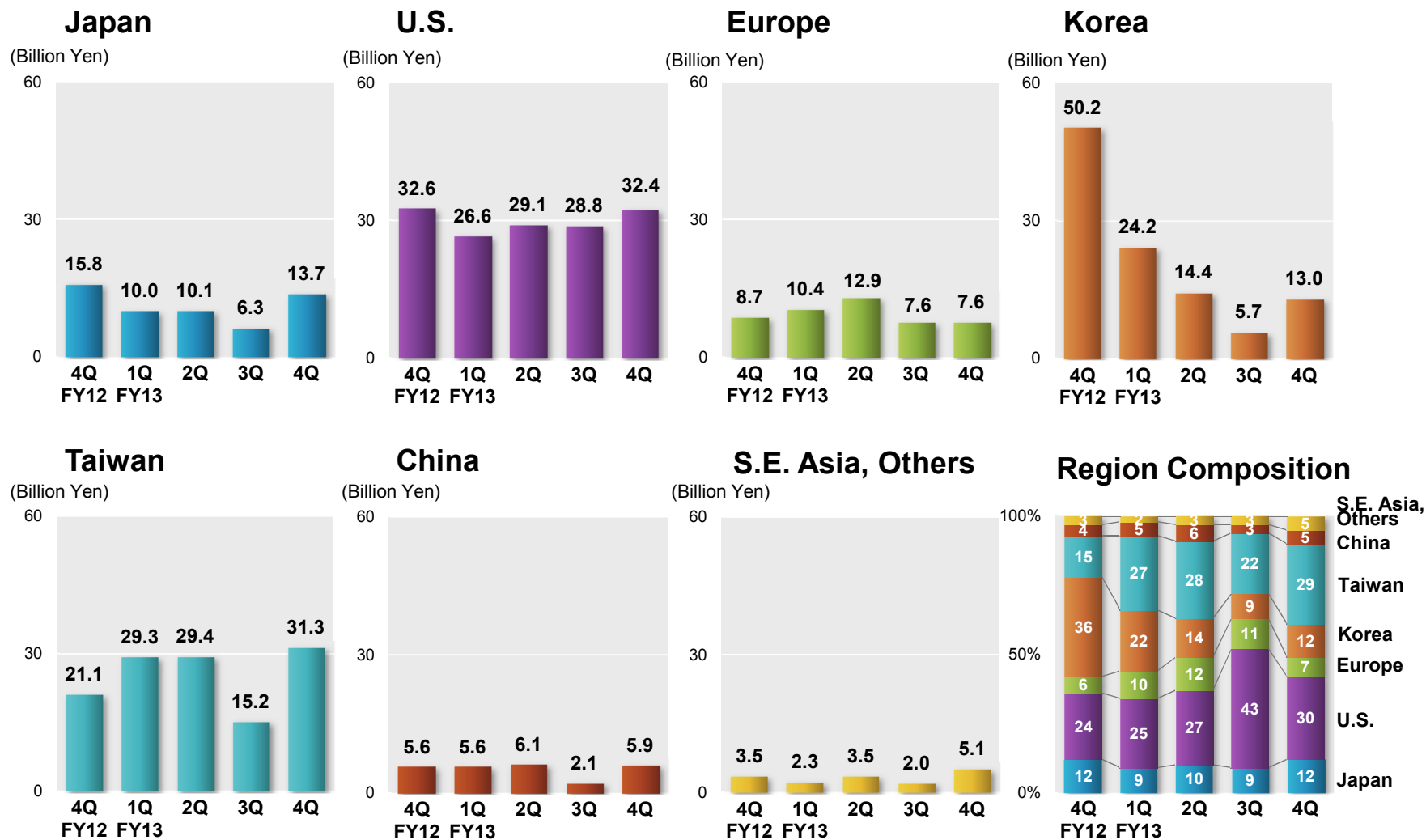
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Sales by Division

(Billion Yen)



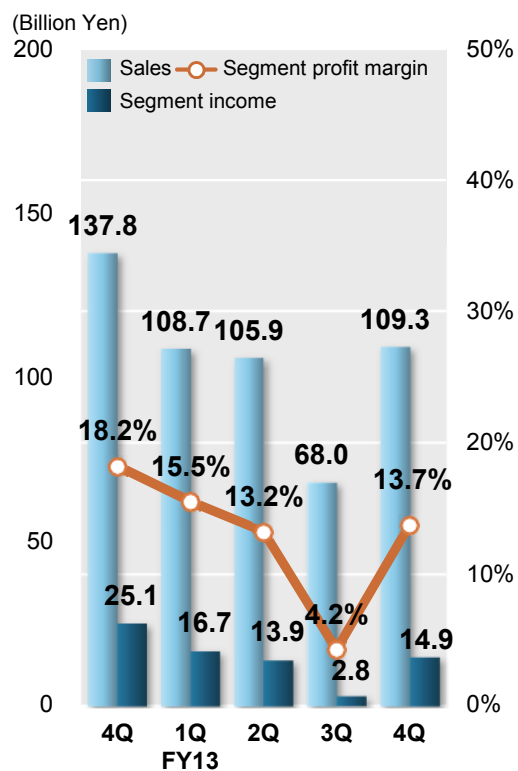
SPE Sales by Region



Segment Information

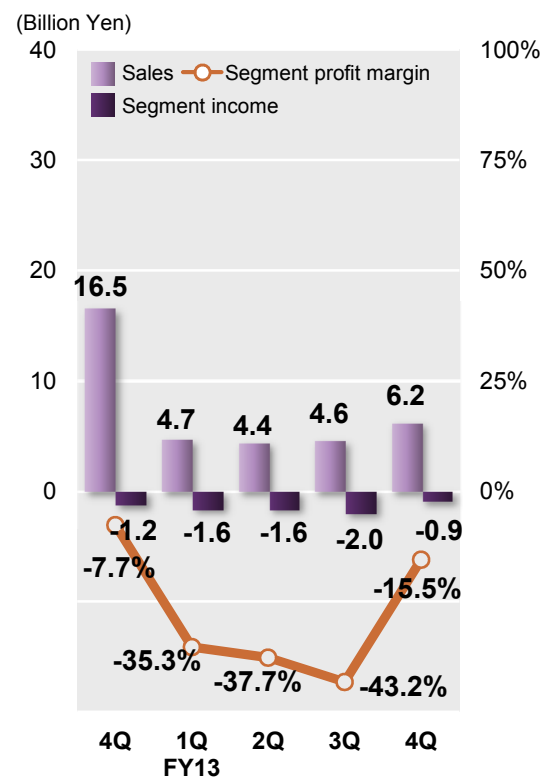
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(Semiconductor Production Equipment)



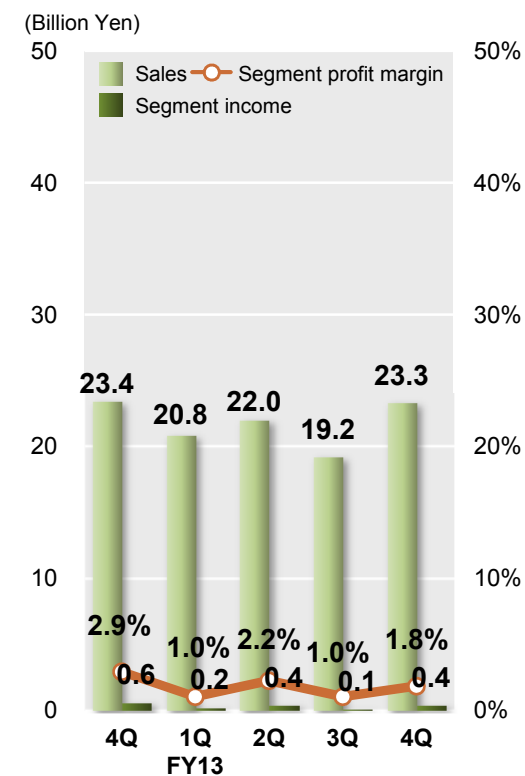
FPD/PVE

(Flat Panel Display and Photovoltaic Cell Production Equipment)



EC/CN

(Electronic Components and Computer Networks)

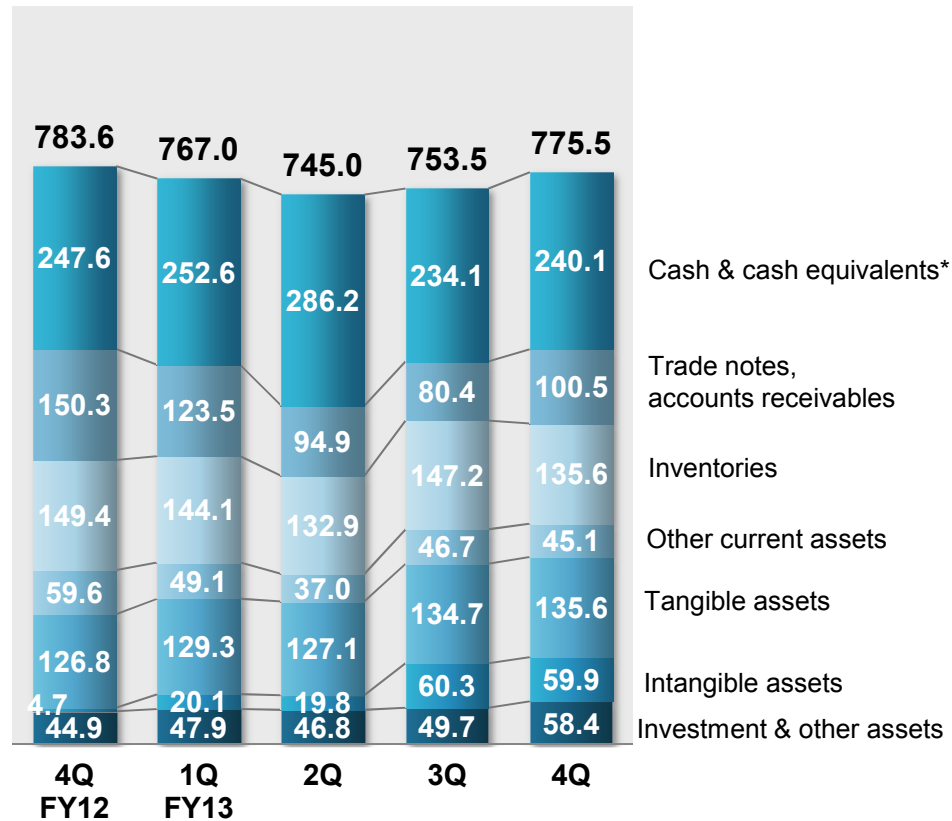


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Balance Sheet

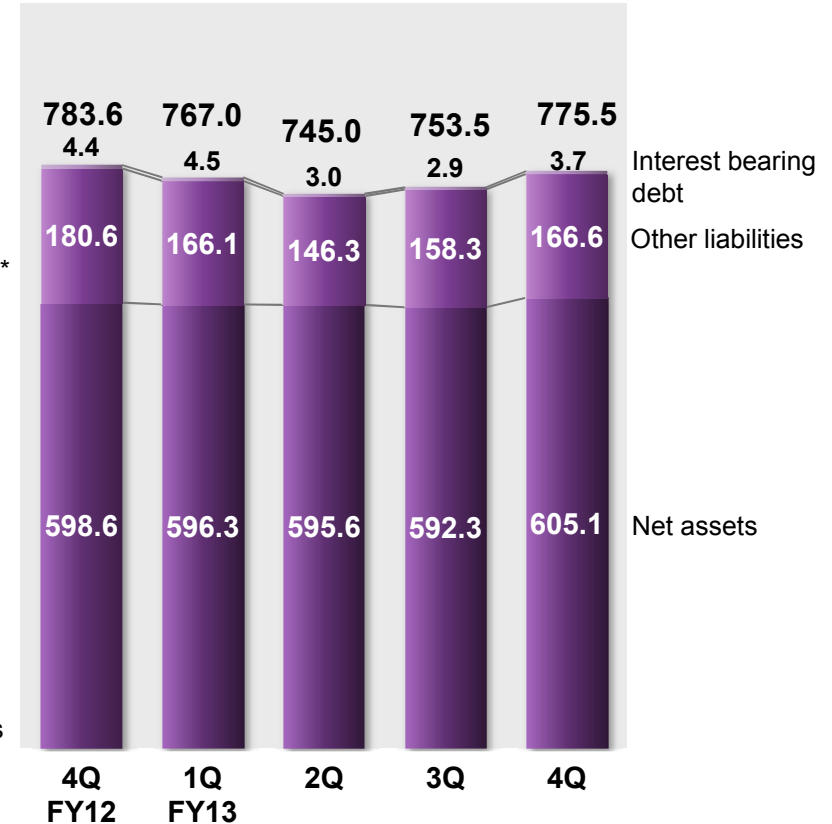
Assets

(Billion Yen)



Liabilities & Net Assets

(Billion Yen)



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

Number of Employees

(Person)

	FY2012	FY2013
Japan	8,004	8,186
U.S.	1,150	1,633
Europe	313	888
Asia	1,217	1,494
Total	10,684	12,201

FY2014 Financial Estimates and Management Policy

Tetsuro Higashi
Chairman, President & CEO

April 30, 2013

FY2013 Review



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FY2013 Highlights(1)

▶ Enhanced position in SPE

Market share up

Coater/developer 85%→89%, Cleaning System 16%→18%,
Thermal processing system (batch) 58%→60% (Source: Gartner)

Won POR status

Etching systems: For RLSA won POR status with several US logic makers
Cleaning systems: Won POR status with several Korea/Taiwan customers
Thermal processing: New product (NT333) won several development POR

▶ Fixed costs reduction ¥16billion

Cost reductions in existing areas: ¥23billion

Cost increases due to acquisitions: ¥7billion

▶ FPD: Began production in Kunshan, China

Improved response to customers, equipment production started

FY2013 Highlights(2)

▶ Made acquisitions in areas of focus/growth

◆ NEXX Systems (now TEL NEXX)

- Strengthened product line up in advanced packaging areas

◆ FSI International (now TEL FSI)

- SPM cutting-edge high-dosed resist stripping/cleaning technology
- Aerosol method physical cleaning for fine patterns

◆ Magnetic Solutions (now TEL Magnetic Solutions)

- Annealing technology that form the core of next-generation STT-MRAM

◆ Oerlikon Solar (now TEL Solar)

- Addressing a new medium/long-term growth field

SPM: Sulfuric Acid & Hydrogen Peroxide Mixture

STT-MRAM: Spin Transfer Torque-Magneto-resistive Random Access Memory

FY2013 Highlights(3)

- ▶ **Development lead in next-generation STT-MRAM**

Joint development program with Tohoku University and imec

- ▶ **Accelerated development of DSA, cutting-edge patterning technology**

Developed unique technology using our strengths in Litho-Cell area

Joint development program with leading consortium (imec, leti)

- ▶ **Strengthened development of cutting-edge 3D interconnect and advanced packaging technology**

Strengthened product line up to lead integrated module development

Stronger ties with leading-edge customers, joint development programs

DSA: Directed Self-Assembly

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Business Environment



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Business Environment (outlook as of April 2013)

▶ SPE capex

CY2013 WFE market expected to be almost flat YonY.

Foundry maintains leading-edge investment but PC demand remains weak, so overall logic capex is slightly down. Memory capex expected to increase driven by buoyant Smartphone and tablet demand and expanding SSD demand.

▶ FPD capex

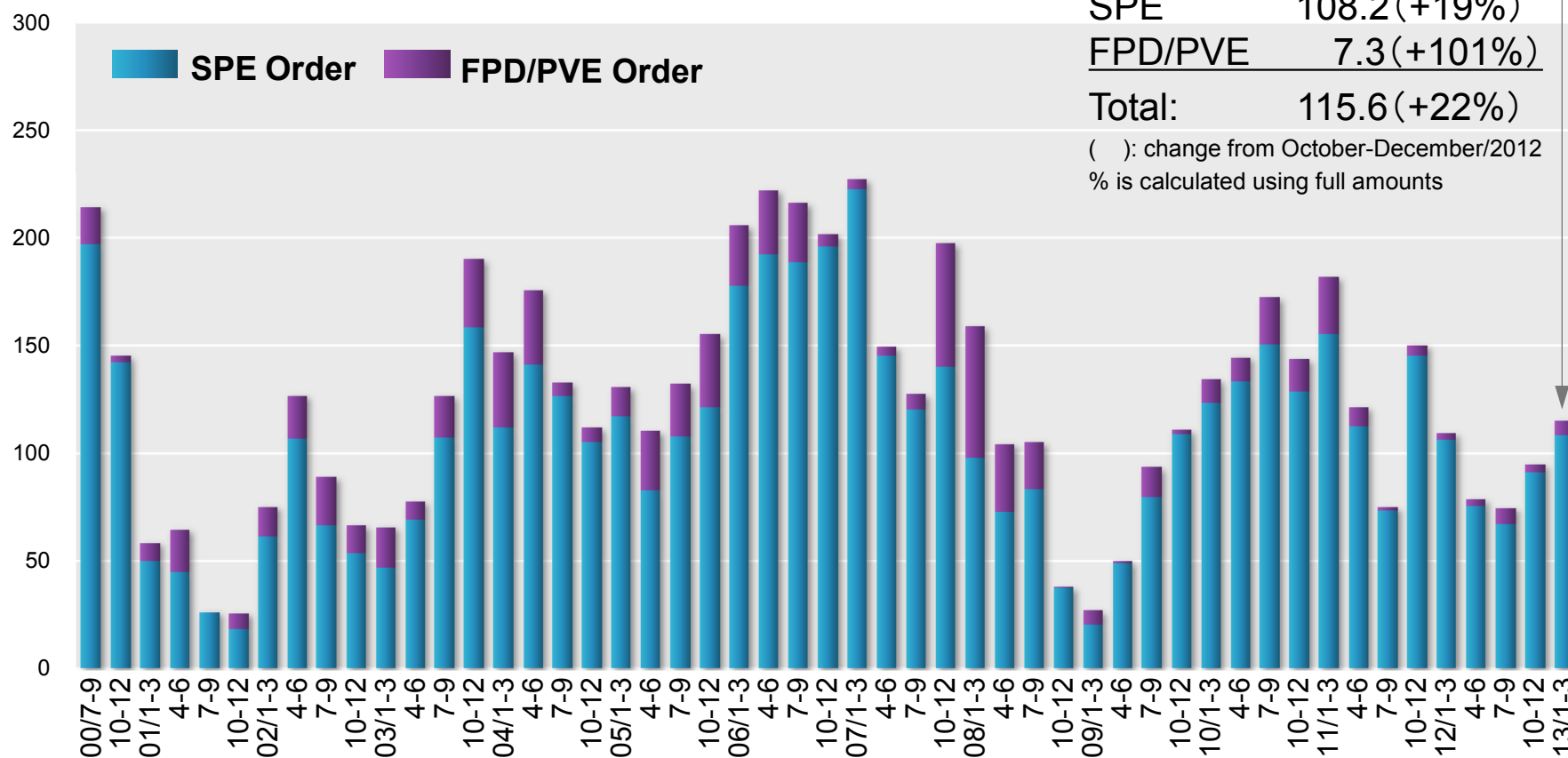
CY2013 demand for LCD panel equipment expected to grow around 50% YonY due to revival of Chinese demand for large panel equipment and continued strength in small and medium-sized panel investment.

▶ PV capex

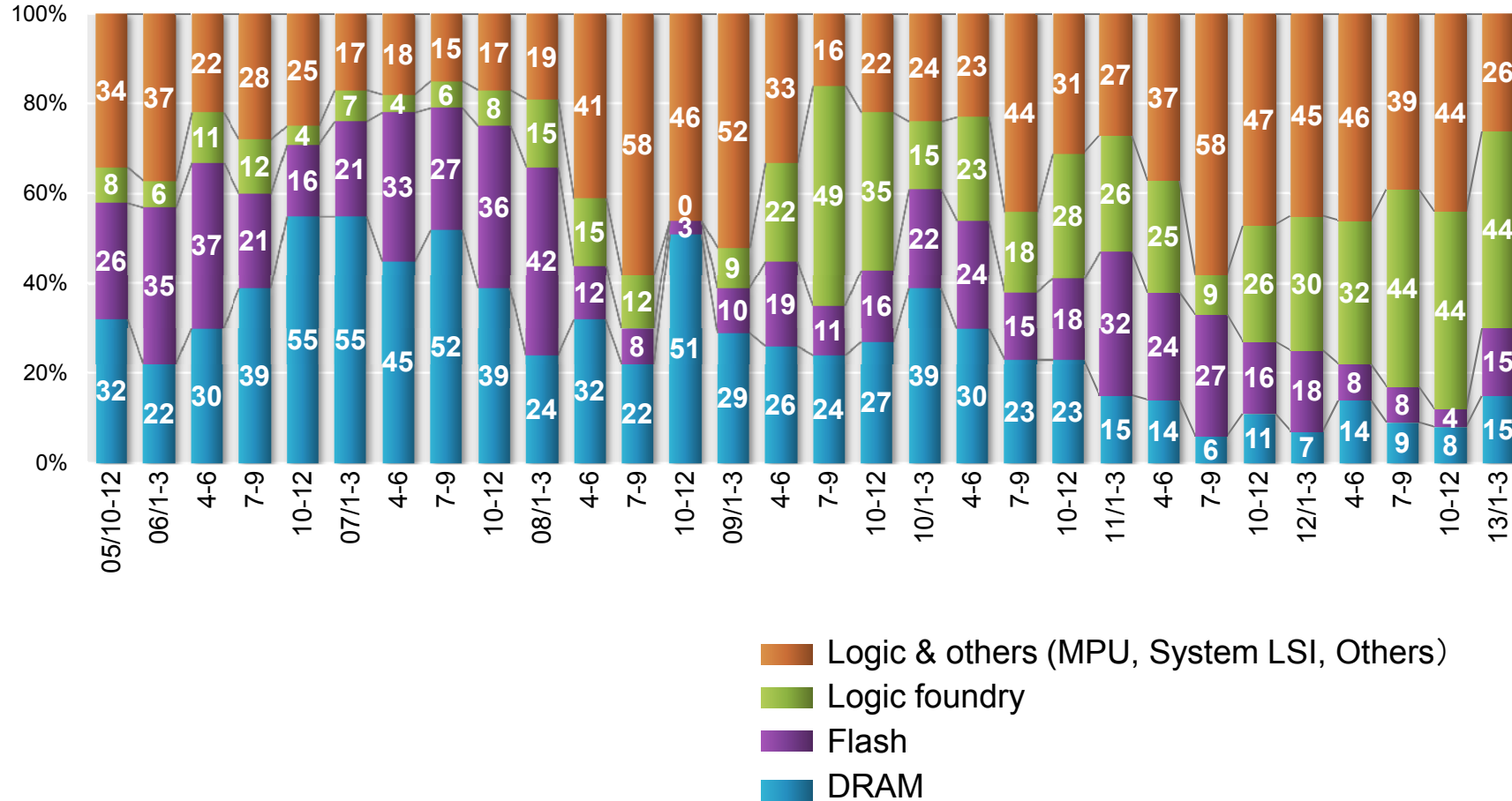
The market for solar panels and scale of solar power generation are continuing to expand and medium/long-term growth expected. We expect demand for power generation in China and sunbelt regions to increase and expect increased investment in thin-film silicon panels.

Quarterly Orders

(Billions of Yen)



SPE Orders by Application: Equipment only



FY2014 Financial Estimates



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FY2014 Financial Estimates

(Billions of Yen)

	FY2013	FY2014 (E)			
		1 st half	2 nd half	Full year	YoY change
Net sales	497.2	252.0	318.0	570.0	+15%
SPE	392.0	190.0	240.0	430.0	+10%
FPD/PVE	20.1	20.0	31.0	51.0	+153%
EC/CN	84.6	42.0	47.0	89.0	+5%
Others	0.4	-	-	-	-
Operating income	12.5	-8.0	26.0	18.0	+43%
	2.5%	-3.2%	8.2%	3.2%	+0.7pts
Income before income taxes	17.7	-7.0	27.0	20.0	+13%
Net income	6.0	-3.0	16.0	13.0	+114%
EPS (Yen)	33.91	-16.74	89.29	72.55	+38.64

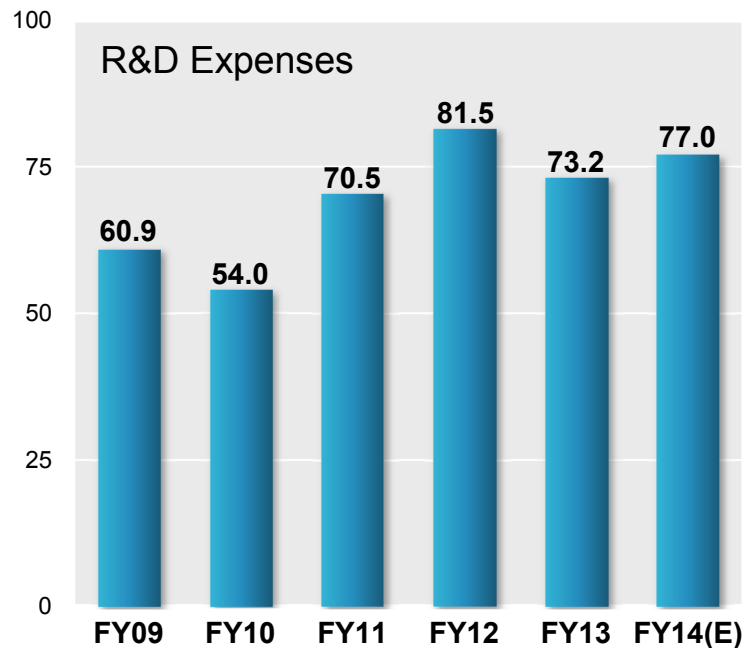
SPE: Semiconductor Production Equipment, FPD/PVE: Flat Panel Display and Photovoltaic Cell Production Equipment,
EC/CN: Electronic Components and Computer Networks

Expect recovery from mid-year through investment in cutting-edge miniaturization and capacity increases

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R&D Expenses and CAPEX

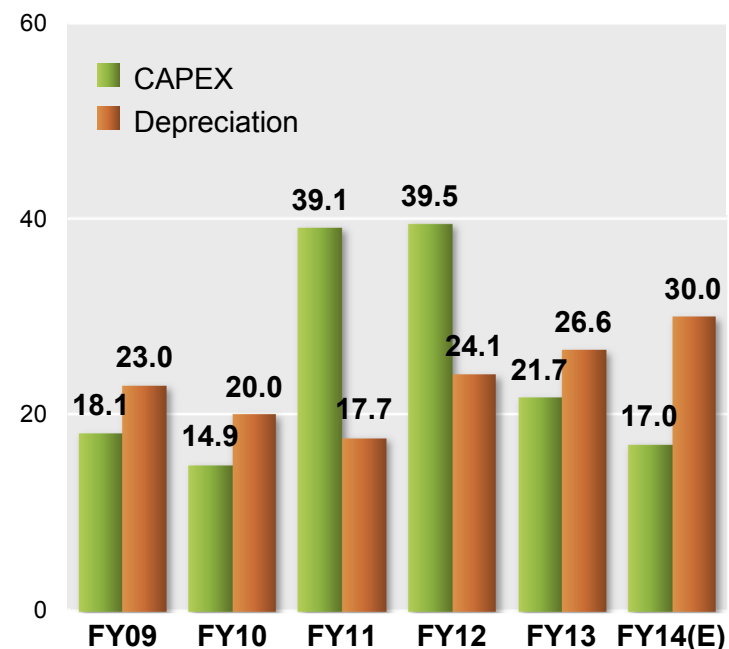
(Billions of Yen)



FY14(E) R&D

- Existing business: around 60%
 - New business field: around 40%
- (New memory, Advanced packaging, OLED, PV, etc.)

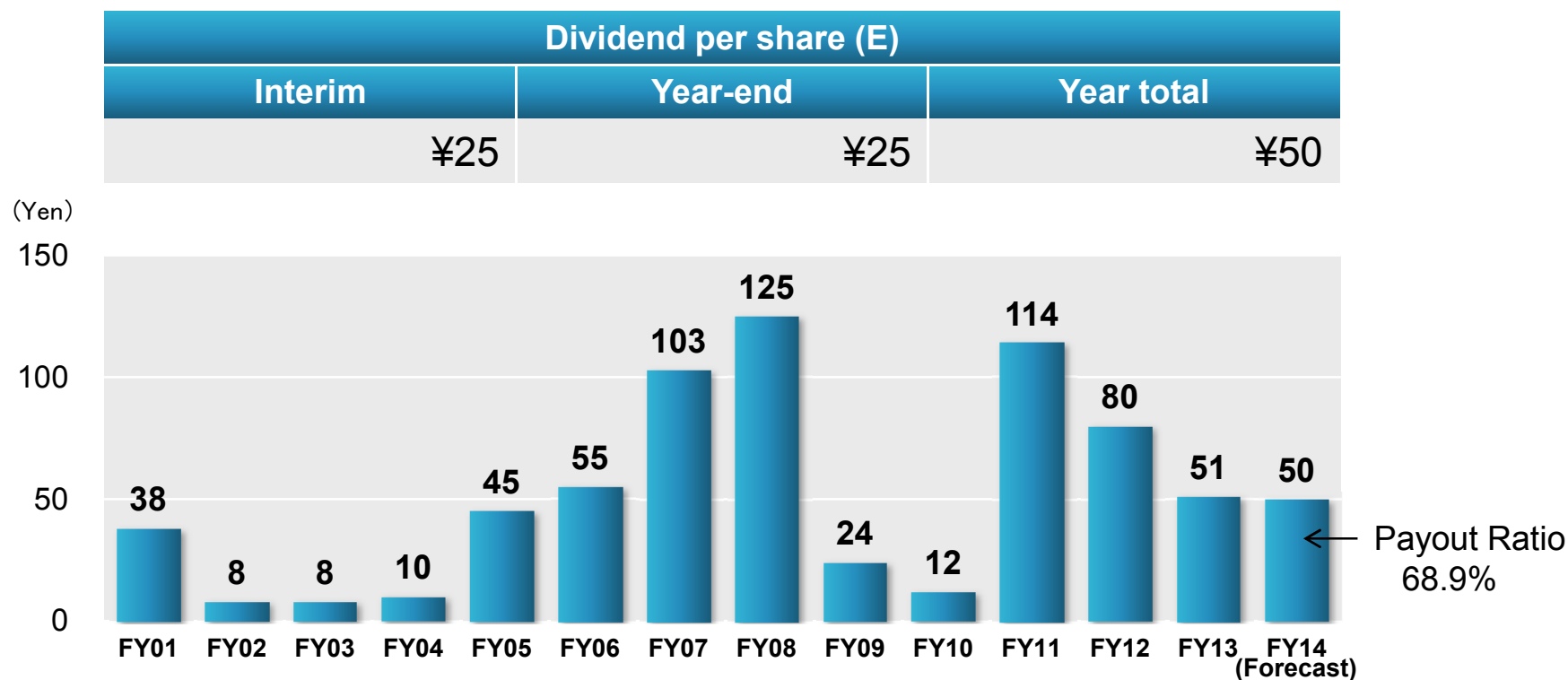
(Billions of Yen)



Depreciation of FY13 and FY14(E) includes 1.3 billion yen and 4.0 billion yen, respectively, for 4 new subsidiaries.

Continue R&D in growth areas, manage capex

FY2014 Dividend Forecast



- FY13 51 yen dividends include 20 yen memorial dividend of 50th anniversary (interim 10, year-end 10)
- Dividend payout ratio changed from around 20% to around 35% from FY11 year end dividend

Performance-based dividend policy remains unchanged but we plan FY14 dividends considering our financial conditions and economic trends

Management Policy

Management Policy

- ▶ Management stance: Technology innovation creates markets, and delivers profits
- ▶ Customer comes first: Enhance technical support on a global level
- ▶ From the workplace to the top executives build a company that is driven by creativity, passion, a spirit of challenge and a sense of full responsibility
- ▶ Realize a world-class, high profit company and achieve further growth

▶ **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