

# FY2021 (April 2020 – March 2021) Financial Announcement

April 30, 2021

Agenda:

- FY2021 Consolidated Financial Summary  
Yoshikazu Nunokawa, Corporate Director, Executive Vice President & General Manager
- Business Environment and Financial Estimates  
Toshiki Kawai, Representative Director, President & CEO



# Forward Looking Statements

- Disclaimer regarding forward-looking statements

Forward-looking statements with respect to TEL's business plan, prospects and other such information are based on information available at the time of publication. Actual performance and results may differ significantly from the business plan described here due to changes in various external and internal factors, including the economic situation, semiconductor/FPD market conditions, intensification of sales competition, safety and product quality management, intellectual property-related risks, and impacts from COVID-19.

- 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 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: Flat panel display



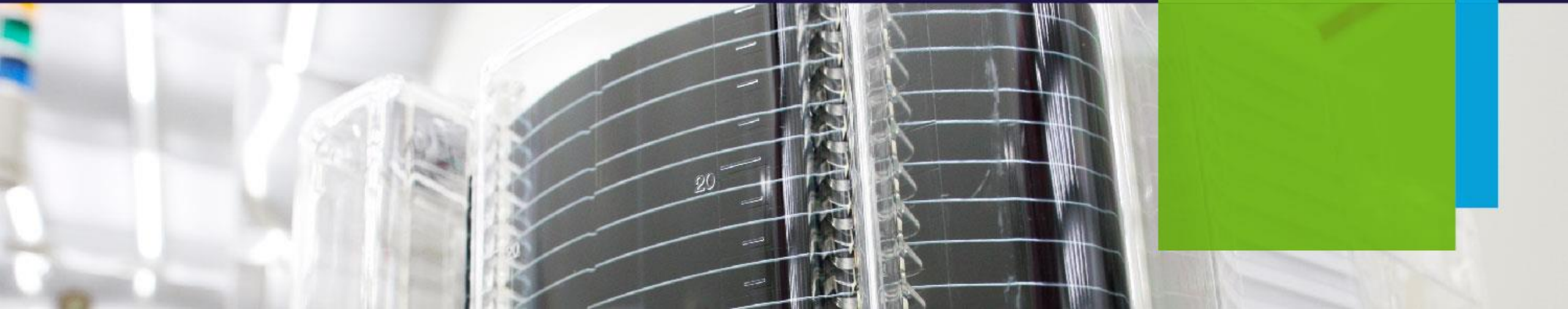
# FY2021 Consolidated Financial Summary

[ FY2021: April 1, 2020 – March 31, 2021 ]

April 30, 2021

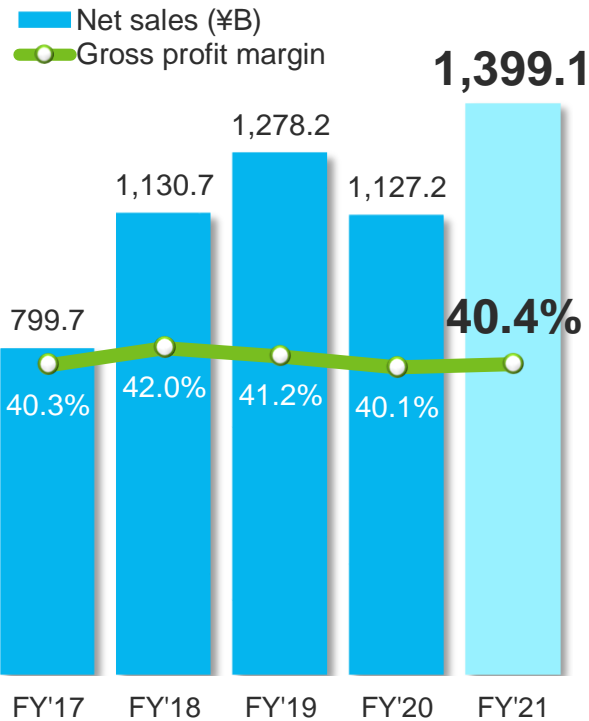
Yoshikazu Nunokawa

Corporate Director, Executive Vice President & General Manager,  
Global Business Platform Division

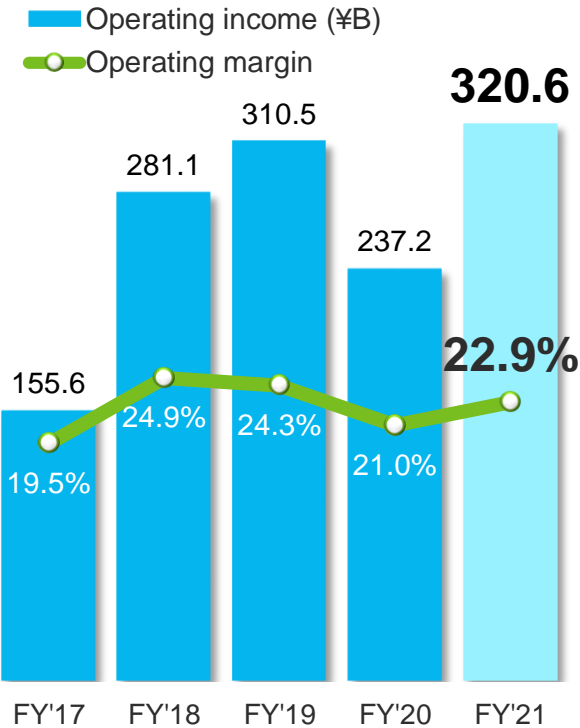


# FY2021 (April 2020 – March 2021) Financial Highlights

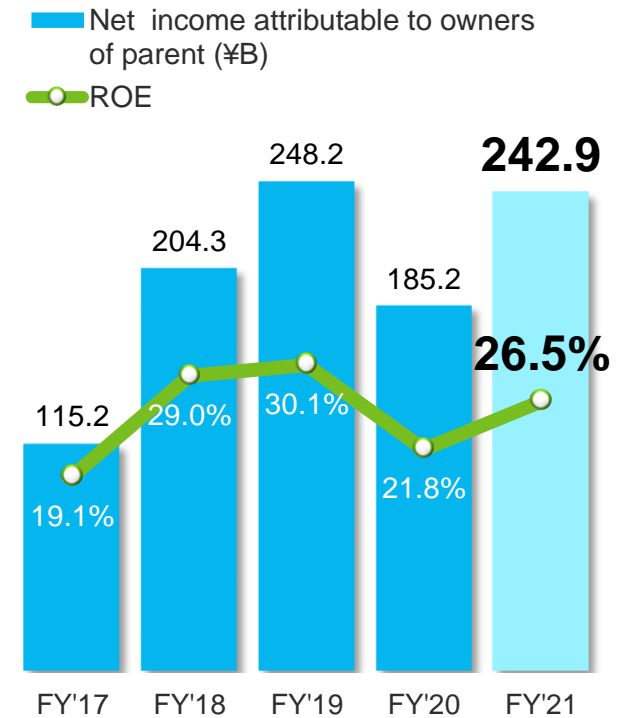
## Net Sales and Gross Profit Margin



## Operating Income and Operating Margin



## Net Income Attributable to Owners of Parent and ROE



- Sales rose 24% YoY on higher SPE\*1 and FPD\*2 demand
- Set new records for net sales, gross profit and operating income

# Financial Summary

(Billion yen)

	FY2020	FY2021	YoY Change	(Reference) FY2021 estimates announced on Jan. 28, 2021
Net sales	1,127.2	1,399.1	+24.1%	1,360.0
SPE	1,060.9	1,315.2	+24.0%	1,280.0
FPD	66.0	83.7	+26.8%	80.0
Gross profit	451.9	564.9	+25.0%	549.0
Gross profit margin	40.1%	40.4%	+0.3pts	40.4%
SG&A expenses	214.6	244.2	+13.8%	243.0
Operating income	237.2	320.6	+35.1%	306.0
Operating margin	21.0%	22.9%	+1.9pts	22.5%
Income before income taxes	244.6	317.0	+29.6%	306.0
Net income attributable to owners of parent	185.2	242.9	+31.2%	230.0
EPS (Yen)	1,170.57	1,562.20	+33.5%	1,479.06
R&D expenses	120.2	136.6	+13.6%	135.0
Capital expenditures	54.6	53.8	-1.5%	56.0
Depreciation and amortization	29.1	33.8	+16.3%	38.0

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.

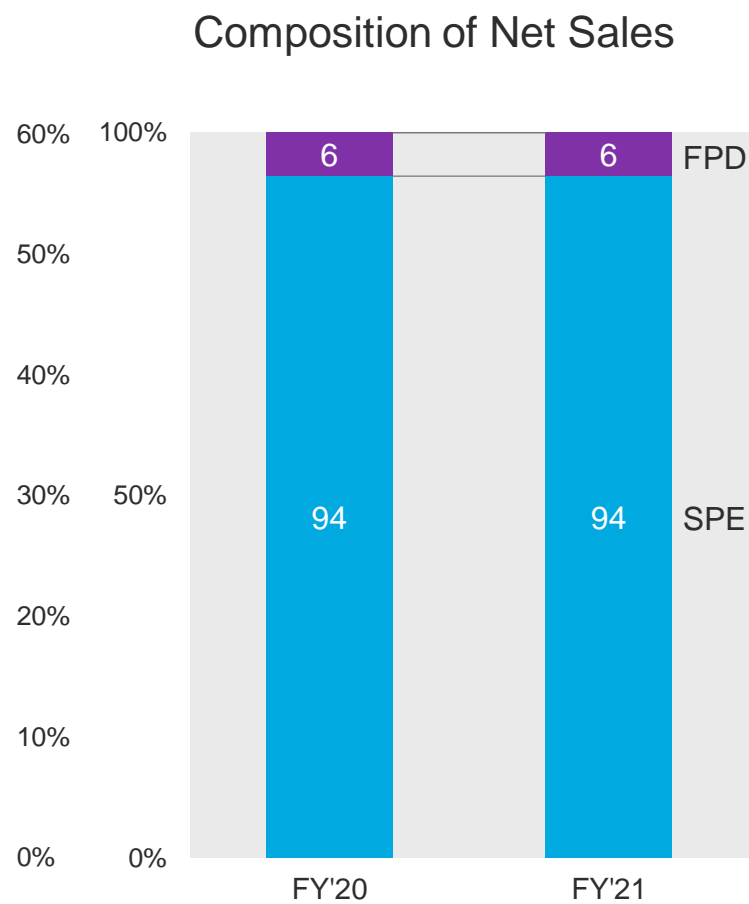
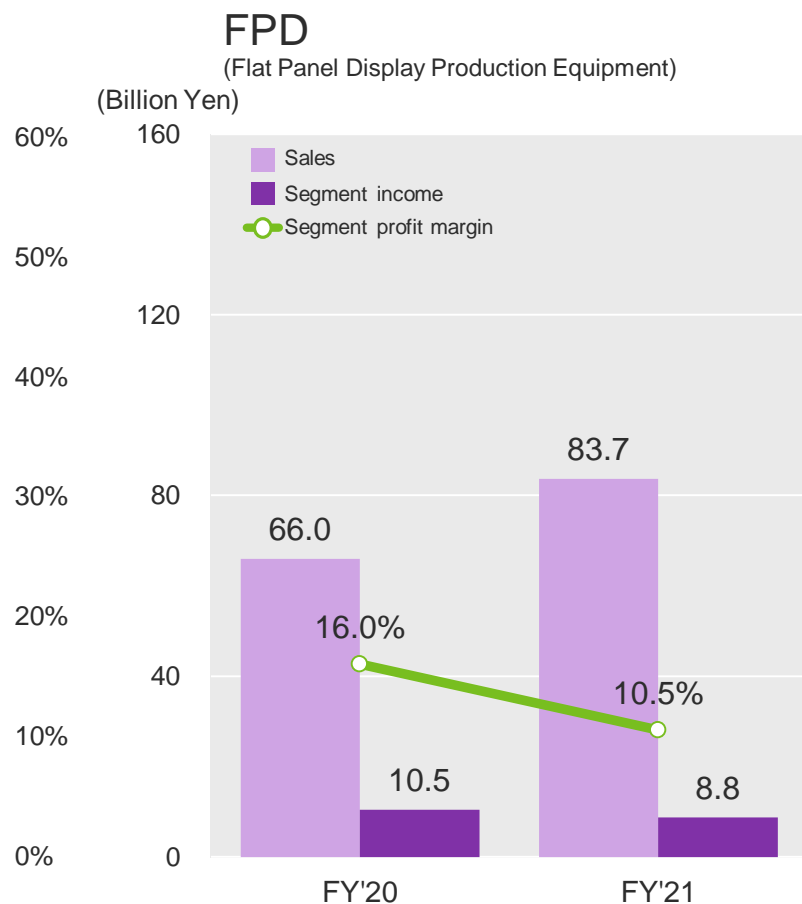
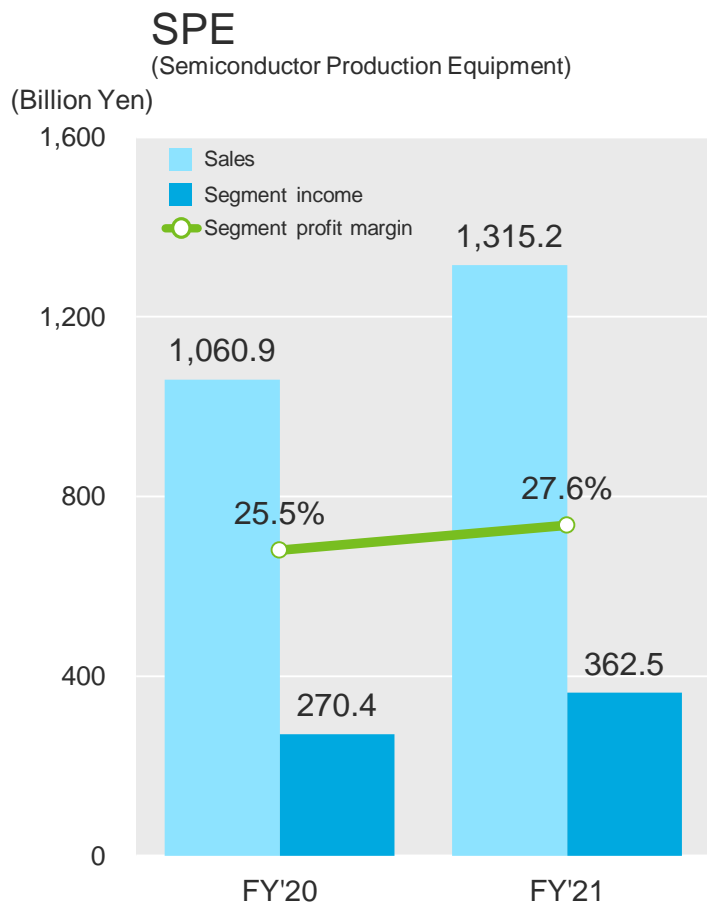
# Financial Summary (Quarterly)

(Billion Yen)

	FY2020	FY2021				vs. Q3 FY2021
	Q4	Q1	Q2	Q3	Q4	
Net sales	323.3	314.8	353.3	291.7	439.2	+50.6%
SPE	308.9	303.7	331.6	264.3	415.4	+57.2%
FPD	14.3	11.0	21.6	27.3	23.7	-13.3%
Gross profit	129.8	128.4	136.3	121.9	178.2	+46.2%
Gross profit margin	40.2%	40.8%	38.6%	41.8%	40.6%	-1.2pts
SG&A expenses	59.7	54.6	62.7	59.0	67.8	+14.9%
Operating income	70.1	73.8	73.5	62.8	110.3	+75.6%
Operating margin	21.7%	23.5%	20.8%	21.6%	25.1%	+3.5pts
Income before income taxes	73.3	74.6	73.0	62.3	106.9	+71.6%
Net income attributable to owners of parent	57.1	56.4	55.5	46.1	84.7	+83.6%
R&D expenses	33.4	30.1	36.2	33.0	37.1	+12.3%
Capital expenditures	11.7	13.2	14.9	8.8	16.8	+90.4%
Depreciation and amortization	8.6	7.1	8.1	8.8	9.7	+9.8%

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.
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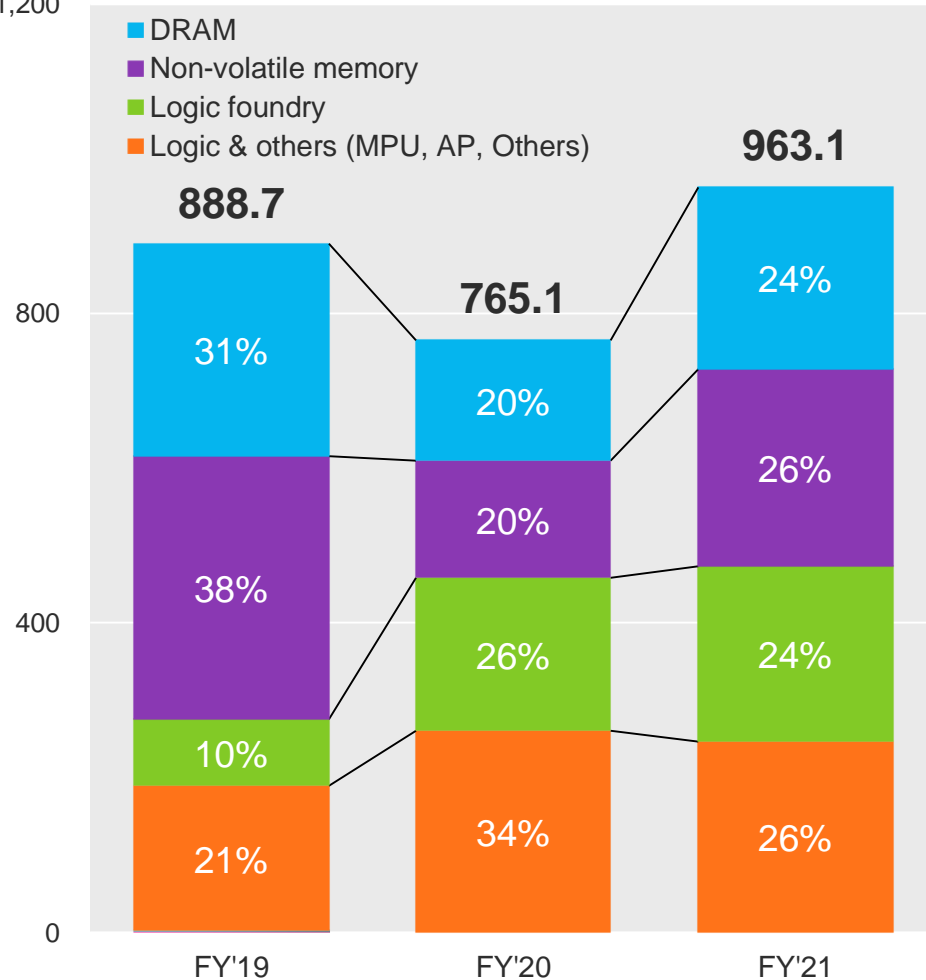
# Segment Information



1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research, etc. and other general and administrative expenses are not included in the above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

# SPE Division: New Equipment Sales by Application

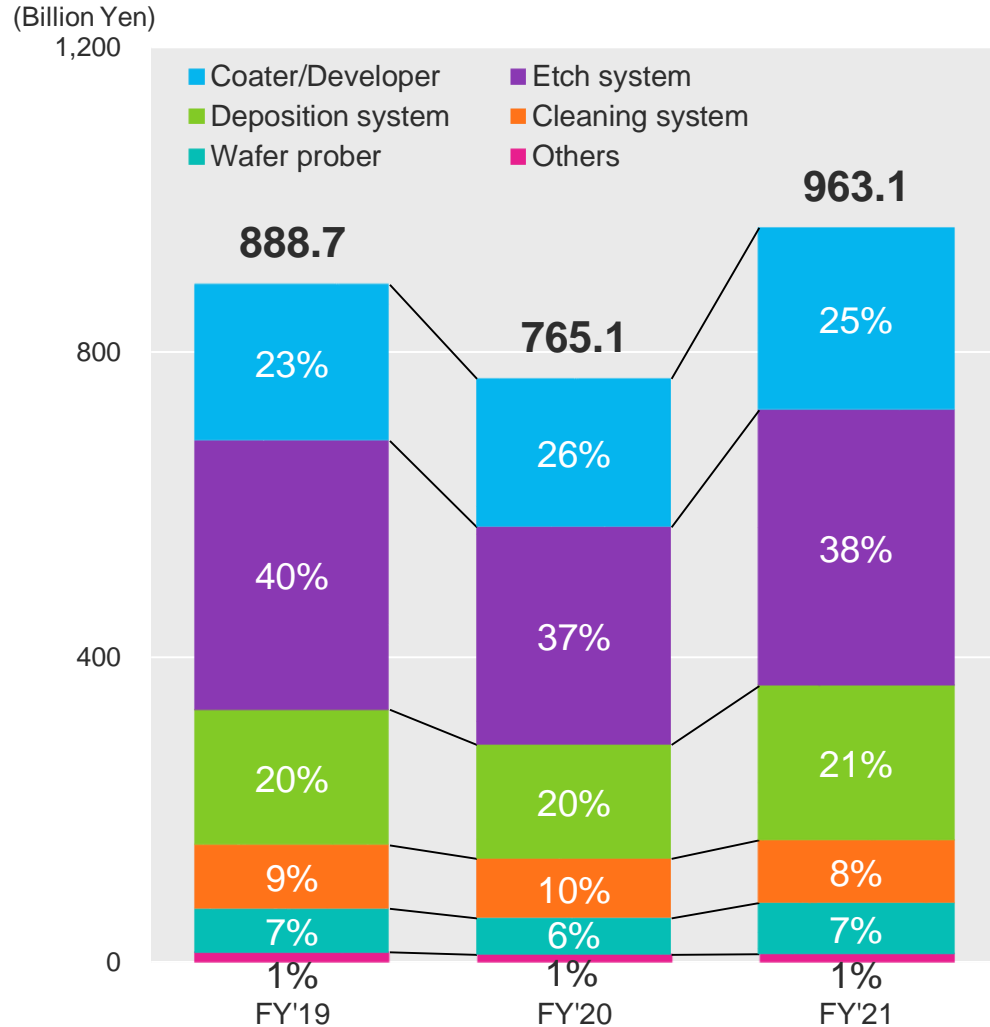
(Billion Yen)  
1,200



- In memory, sales for DRAM and non-volatile memory grew significantly, amid proactive investment for increasing production capacity for leading-edge generations
- In logic/foundry, in addition to leading-edge generations, investment also continued across a broad range spanning 14nm to mature generations

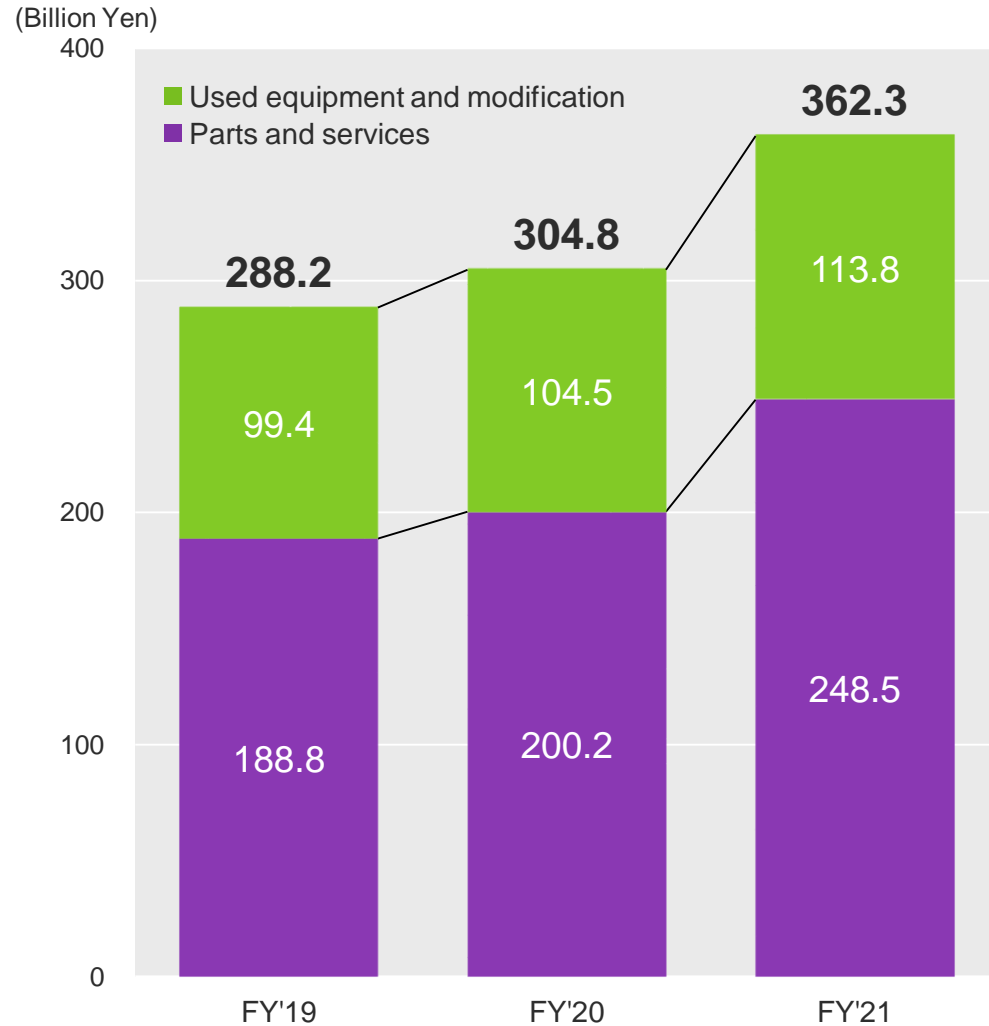


# SPE Division: New Equipment Sales by Product



- Sales proportion of etch and deposition systems rose amid higher investment for non-volatile memory

# Field Solutions Sales

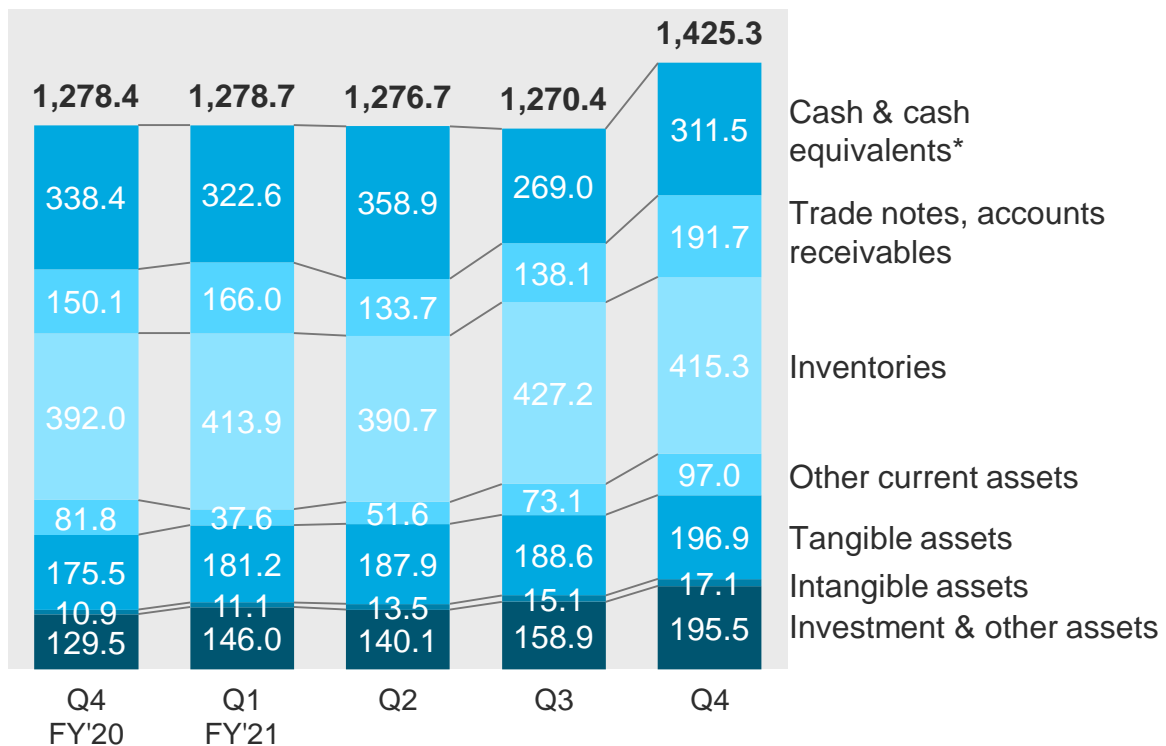


- FY2021 sales in the Field Solutions were ¥362.3 billion, +19% YoY
- Parts and services sales grew significantly on growth in installed base and high utilization rates at customers' fabs

# Balance Sheet (Quarterly)

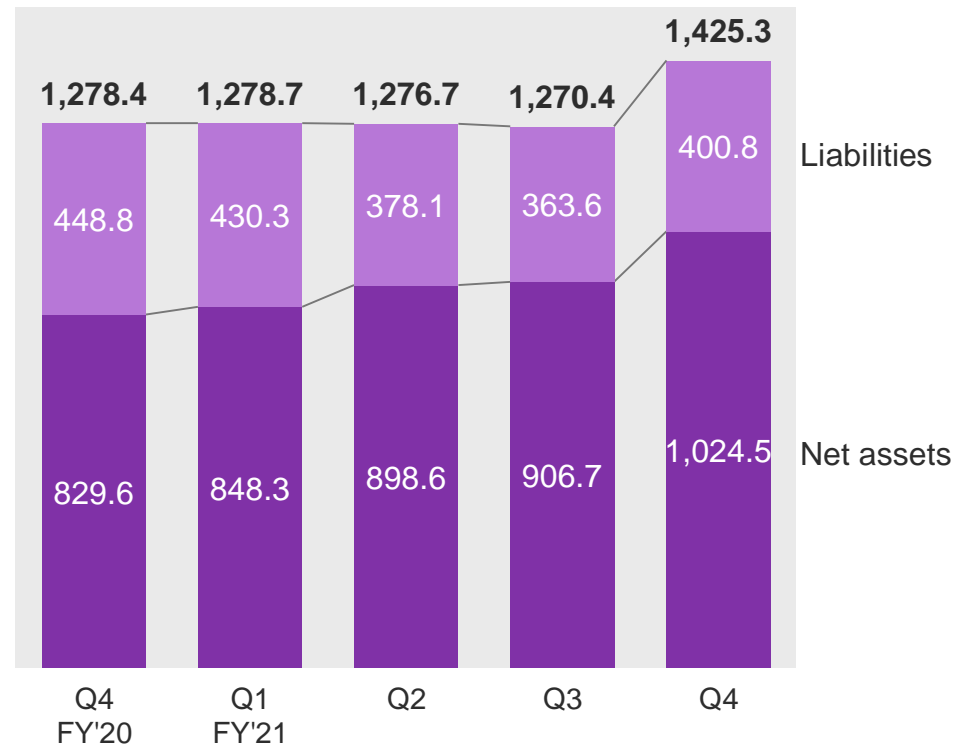
## Assets

(Billion Yen)

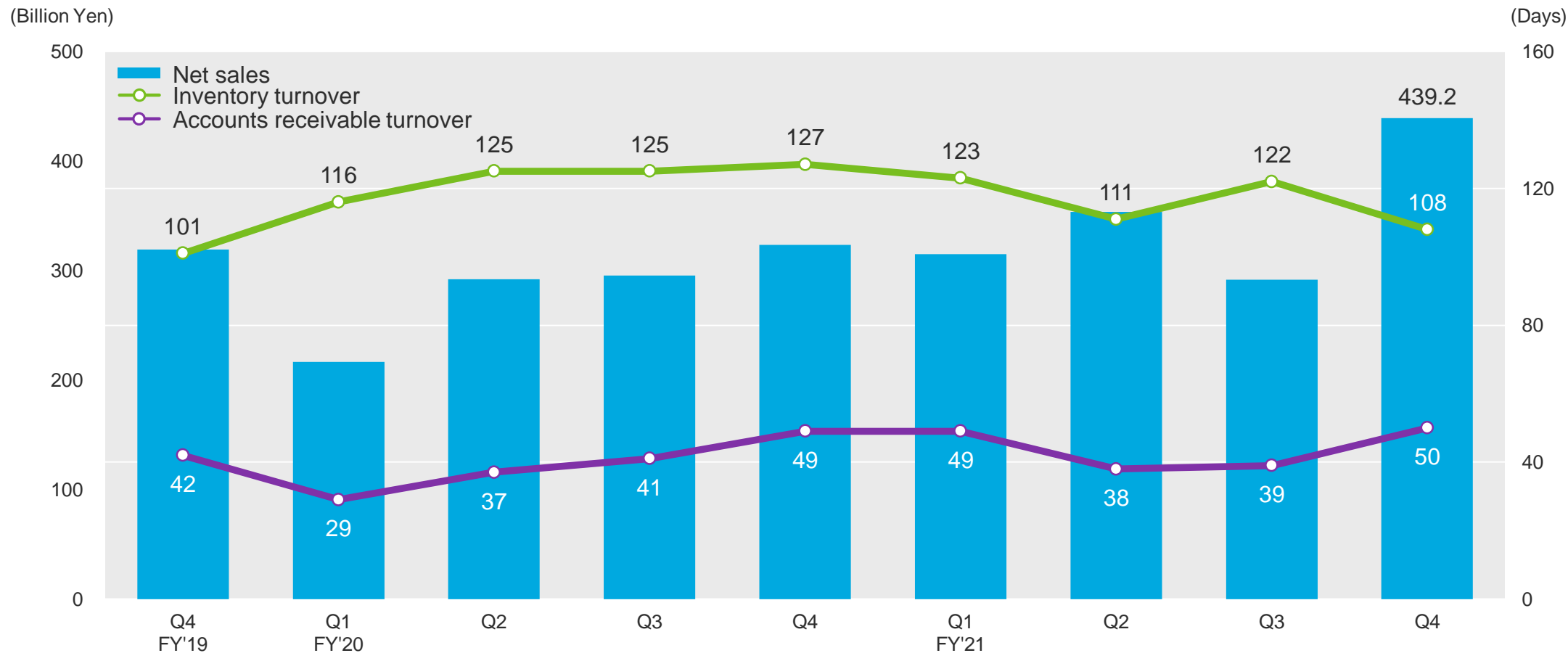


## Liabilities & Net Assets

(Billion Yen)

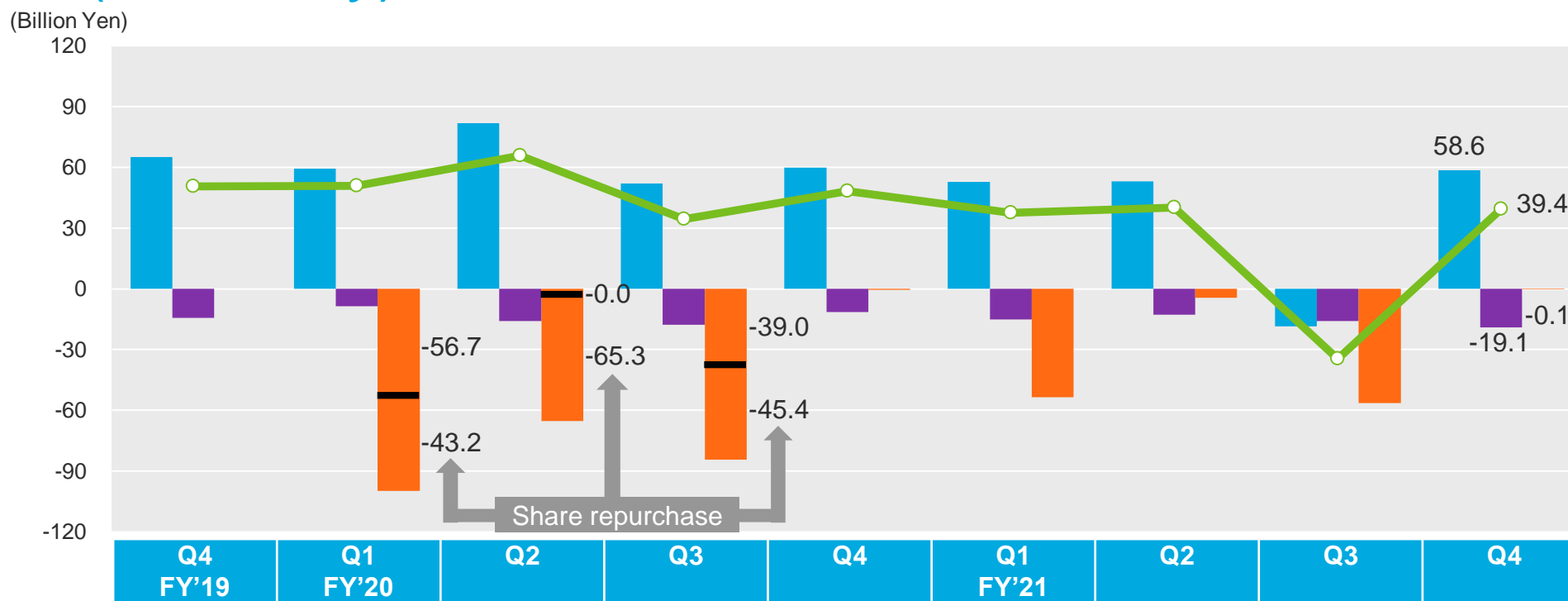


# Inventory Turnover and Accounts Receivable Turnover (Quarterly)



Turnover days = inventory or accounts receivable at the end of each quarter / last 12 months sales x 365

# Cash Flow (Quarterly)



	Q4 FY'19	Q1 FY'20	Q2	Q3	Q4	Q1 FY'21	Q2	Q3	Q4
Cash flow from operating activities	65.0	59.4	81.7	52.1	59.7	52.7	53.1	-18.6	58.6
Cash flow from investing activities*1	-14.4	-8.5	-15.8	-17.7	-11.4	-15.1	-12.8	-16.0	-19.1
Cash flow from financing activities	-0.0	-99.9	-65.4	-84.4	-0.4	-53.5	-4.4	-56.4	-0.1
Free cash flow*2	50.5	50.9	65.8	34.4	48.3	37.6	40.2	-34.7	39.4
Cash on hand*3	392.6	340.8	339.9	292.2	338.4	322.6	358.9	269.0	311.5

\*1 Cash flow from investing activities excludes changes in time deposits and short-term investments.

\*2 Free cash flow = cash flow from operating activities + cash flow from investing activities (excluding changes in time deposits and short-term investments).

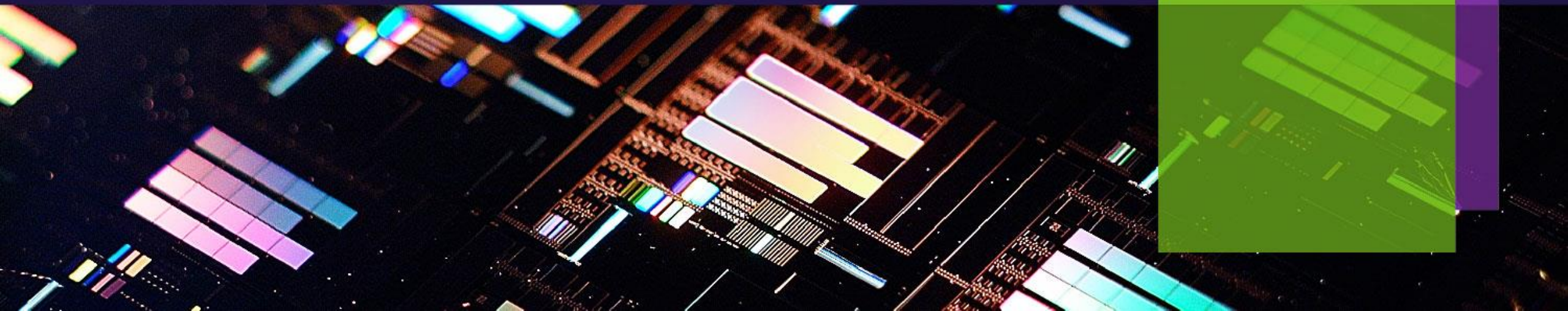
\*3 Cash on hand includes cash and cash equivalents + time deposits and short-term investments with original maturities of more than three months.



# Business Environment and Financial Estimates

April 30, 2021

Toshiki Kawai  
Representative Director, President & CEO



# FY2021 Business Highlights

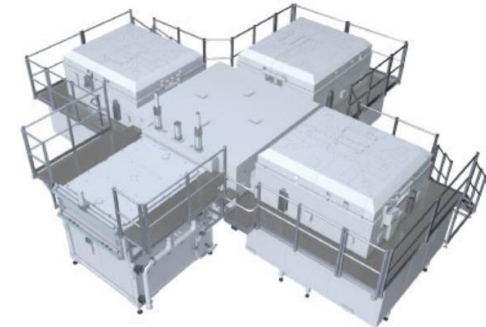
- Results exceeded forecasts. Sales and operating income reached record highs
  - Business activities progressed well despite COVID-19 environment. Accomplished equipment installations through collaboration between our plants and overseas subsidiaries
  - SPE: Released new product and platform
  - FPD: Released etch systems featuring the new PICP™ Pro chamber for high resolution processing
  - Field solutions: Continued to be firm on high utilization rate of customers' fabs



CELLESTA™ SCD



Episode™ UL



Impressio™ 1800 PICP™ Pro



# FY2021 Business Highlights

- R&D expenses reached a record high. Continued growth investment
- Tohoku and Yamanashi plants began operation. Built up production capability to accommodate higher demand
- Enhanced digital transformation (DX) activities. Moved Sapporo office and opened TEL Digital Design Square
- Revised our medium-term environmental goals for 2030

Tohoku plant  
(Began operation in July 2020)



Yamanashi plant  
(Began operation in August 2020)



TEL Digital Design Square  
(Opened in November 2020)





## Business Environment (Outlook as of April 2021)

### ▶ WFE\*<sup>1</sup> capex

Strong investment in logic/foundry as well as accelerating investment in memory, driven by the spread of 5G mobile and data center investment.

The market is expected to grow around 30% YoY in CY2021

### ▶ FPD production equipment capex for TFT array process\*<sup>2</sup>

YoY rise in OLED investment for mobile applications, but LCD investment in large panels is expected to weaken. Although market growth driven by OLED investment can be looked forward to, a YoY decrease of around 30% is expected in CY2021 amid the transition from LCD to OLED in investment in large panels

\*1 WFE (Wafer fab equipment): The semiconductor production process is divided into front-end production, in which circuits are formed on wafers and inspected, and back-end production, in which wafers are cut into chips, assembled and inspected again. Wafer fab equipment refers to the production equipment used in front-end production and in wafer-level packaging production.

\*2 TFT array process: The processes of manufacturing the substrates with the electric circuit functions that drive displays

# CY2021 WFE Market and Business Opportunities by Application

- **Logic/Foundry: Approx. 30% increase YoY**
  - Market environment: Drive WFE market with further proactive investment on expanded applications accompanying advances in ICT\*
  - Opportunities: Business expansion in more complex patterning processes
- **DRAM: Approx. 45% increase YoY**
  - Market environment: Supply tight due to higher 5G mobile, PC and data center demand. Expect high level of investment
  - Opportunities: Response to new technologies and materials for scaling
- **Non-volatile memory: Approx. 15% increase YoY**
  - Market environment: Steady investment continues for bit demand growth over the medium- to long-term
  - Opportunities: Differentiation through high value-added etch and clean

# FY2022 Financial Estimates

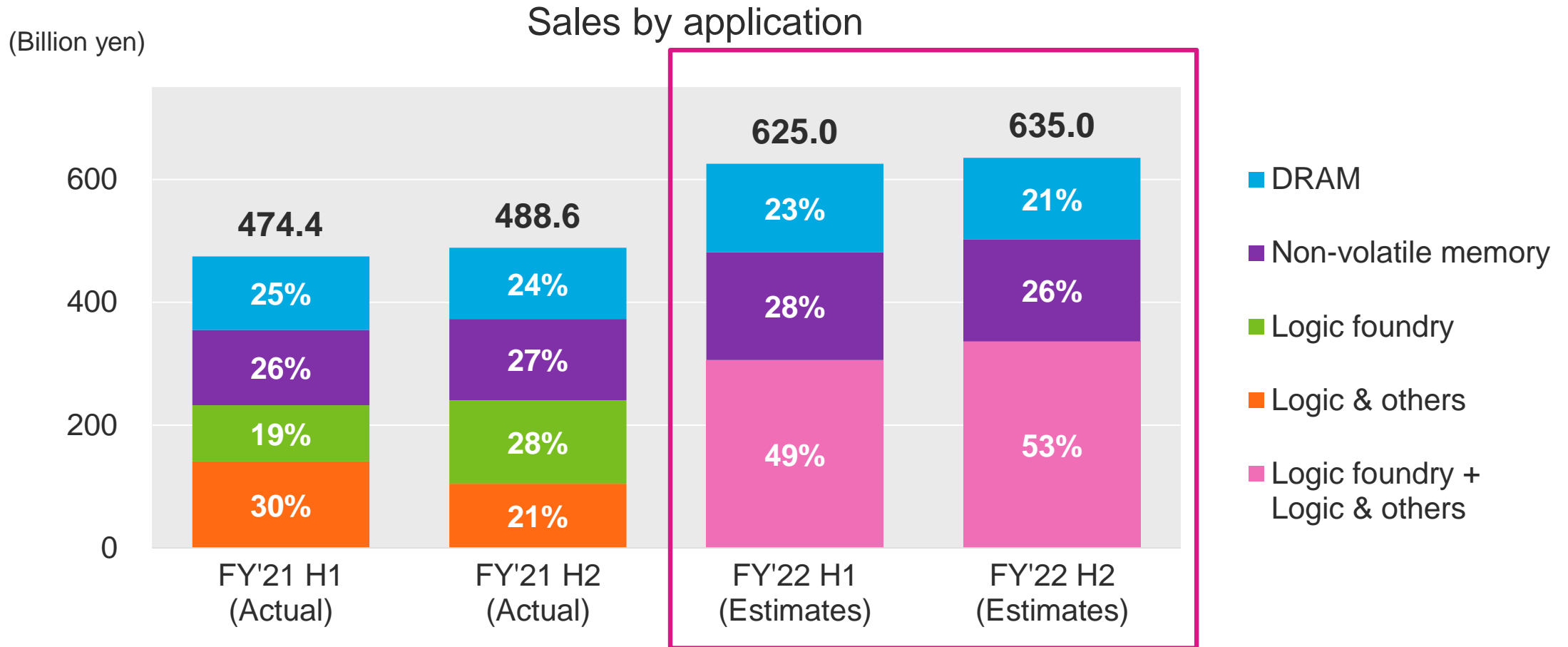
# FY2022 Financial Estimates

(Billion yen)

	FY2021 (Actual)	FY2022 (Estimates)			
		H1	H2	Full year	Full year YoY change
Net sales	1,399.1	840.0	860.0	1,700.0	-
SPE	1,315.2	814.0	829.0	1,643.0	-
FPD	83.7	26.0	31.0	57.0	-
Gross profit	564.9	365.0	374.0	739.0	-
Gross profit margin	40.4%	43.5%	43.5%	43.5%	-
SG&A expenses	244.2	147.0	150.0	297.0	-
Operating income	320.6	218.0	224.0	442.0	-
Operating margin	22.9%	26.0%	26.0%	26.0%	-
Income before income taxes	317.0	218.0	224.0	442.0	-
Net income attributable to owners of parent	242.9	163.0	167.0	330.0	-
Net income per share (Yen)	1,562.20	1,047.89	-	2,121.49	-

## Expect record high sales and profits

# FY2022 SPE Division New Equipment Sales Forecast

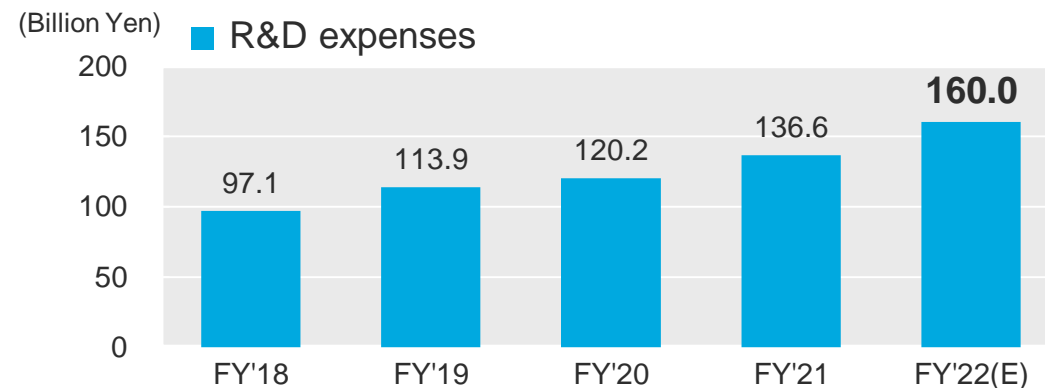


Expect to significantly surpass FY2021's record high

Percentages on the graph show the composition ratio of new equipment sales. Field solutions sales are not included.

# FY2022 R&D Expenses, Capex Plan

- R&D Expenses ¥160.0B
  - Continue investing based on focus areas and sustainable growth
- Capex ¥64.0B
  - Actively invest in advanced technologies R&D and to meet increasing production
- Depreciation ¥43.0B



Miyagi Technology Innovation Center  
(etch systems)

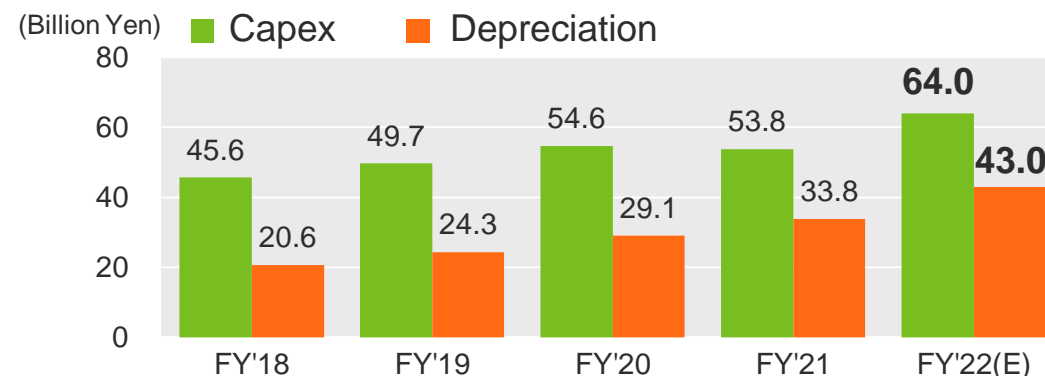


Kurokawa-gun, Miyagi Prefecture:  
approx. ¥7.0B construction cost  
(Completion scheduled for  
September 2021)

New development building  
(deposition system, gas chemical etch system, corporate R&D)

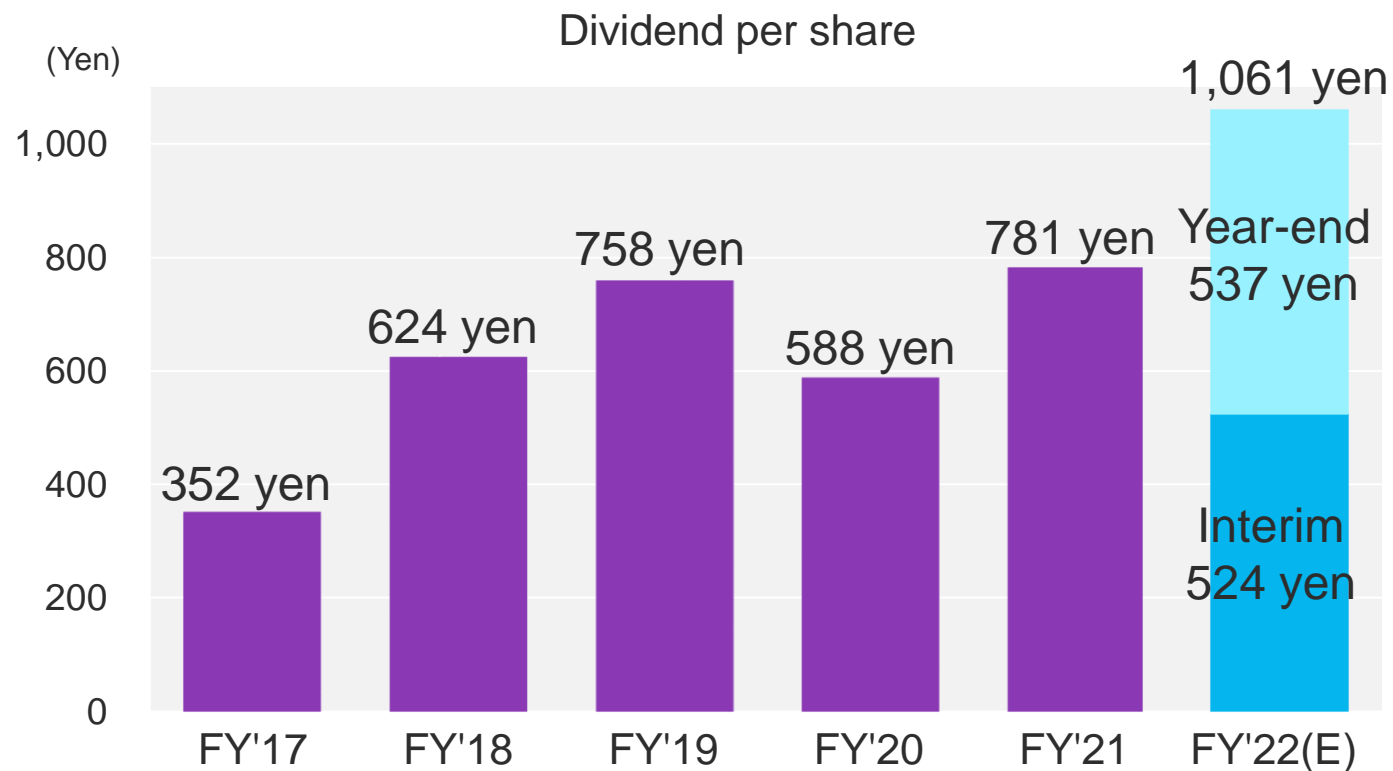


Nirasaki City, Yamanashi Prefecture:  
approx. ¥11.0B construction cost  
(Completion scheduled for  
Spring 2023)



Accelerate investment in R&D and capex in view of growing market and diversification of new technology needs

# FY2022 Dividend Forecast



## TEL shareholder return policy

**Dividend payout ratio: 50%**

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

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

**We will flexibly consider share buybacks**

Expect to pay DPS of 1,061 yen, in-line with 50% dividend payout ratio

# Medium-term Management Plan

(Billion yen)

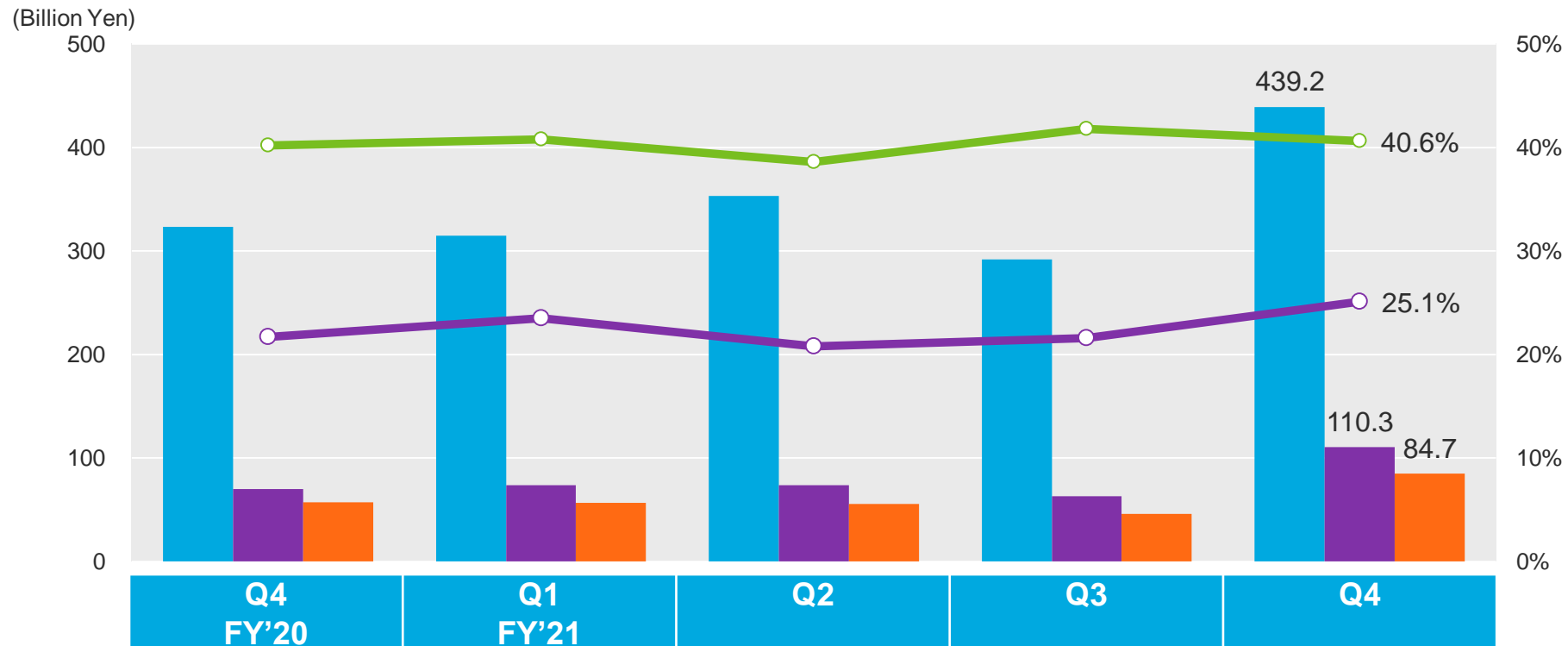
	FY2021 (Actual)	FY2022 (Estimates)	By FY2024 (Plan)		
Net sales	1,399.1	1,700.0	1,500.0	1,700.0	2,000.0
Gross profit	564.9	739.0	650.0	740.0	890.0
Gross profit margin	40.4%	43.5%	43.3%	43.5%	44.5%
SG&A expenses	244.2	297.0	252.0	264.0	290.0
SG&A expenses to sales ratio	17.5%	17.5%	16.8%	15.5%	14.5%
Operating income	320.6	442.0	398.0	476.0	>600.0
Operating margin	22.9%	26.0%	26.5%	28.0%	>30.0%
ROE	26.5%	--	>30%		

No change to financial model  
Making good progress towards achieving targets



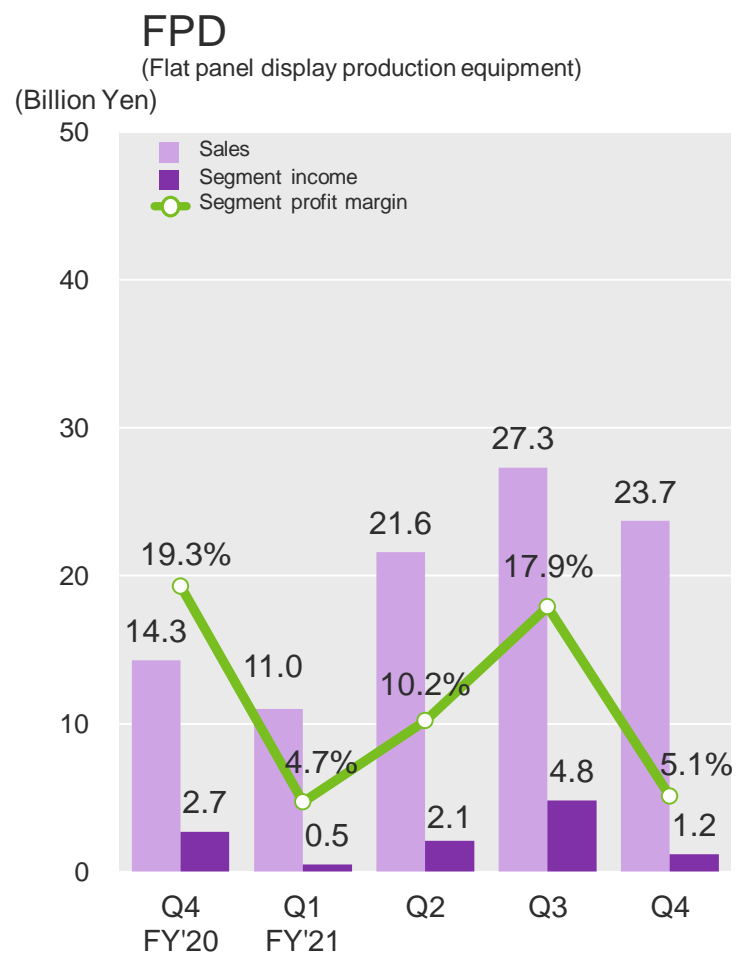
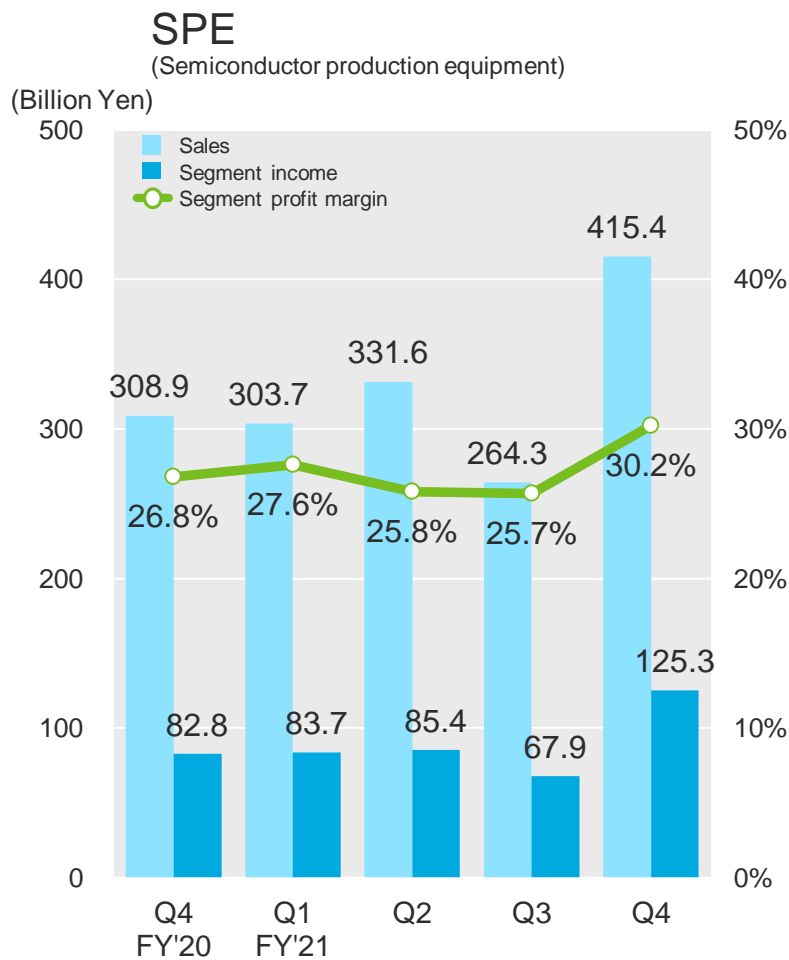
# Appendix

# Financial Performance (Quarterly)



Net sales	323.3	314.8	353.3	291.7	439.2
Operating income	70.1	73.8	73.5	62.8	110.3
Net income attributable to owners of parent	57.1	56.4	55.5	46.1	84.7
Gross profit margin	40.2%	40.8%	38.6%	41.8%	40.6%
Operating margin	21.7%	23.5%	20.8%	21.6%	25.1%

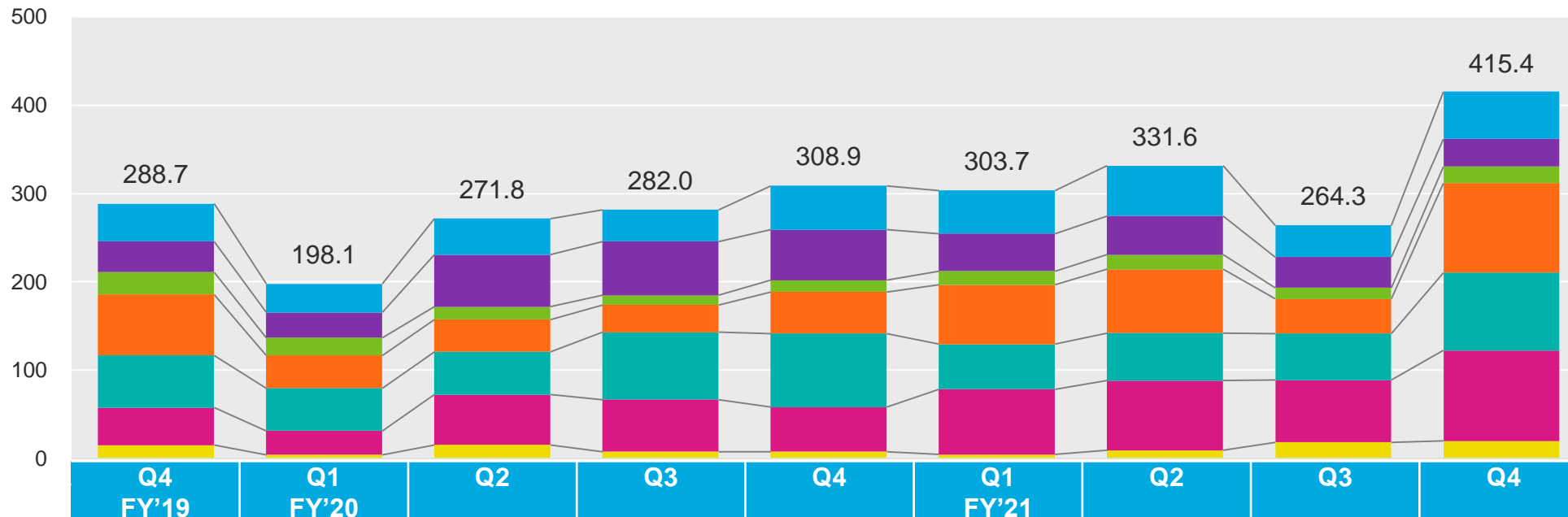
# Segment Information (Quarterly)



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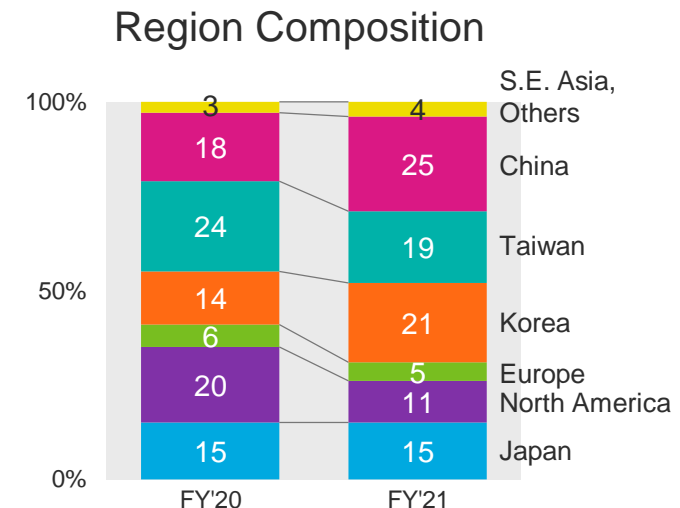
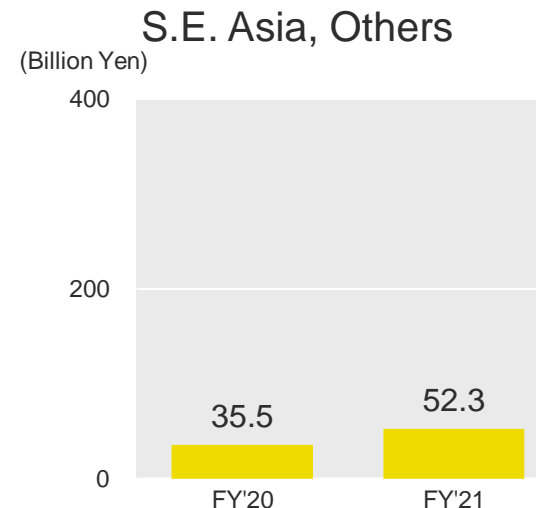
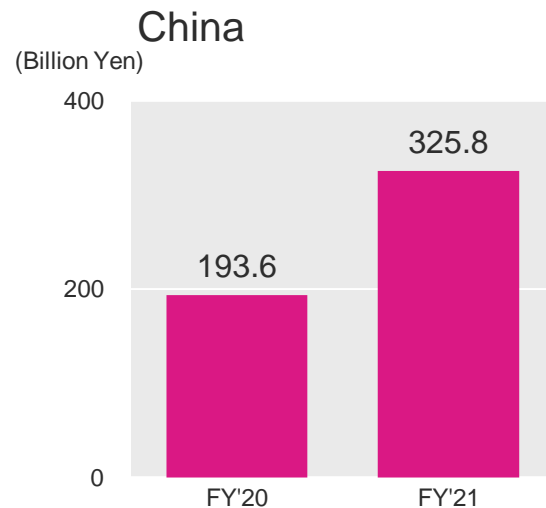
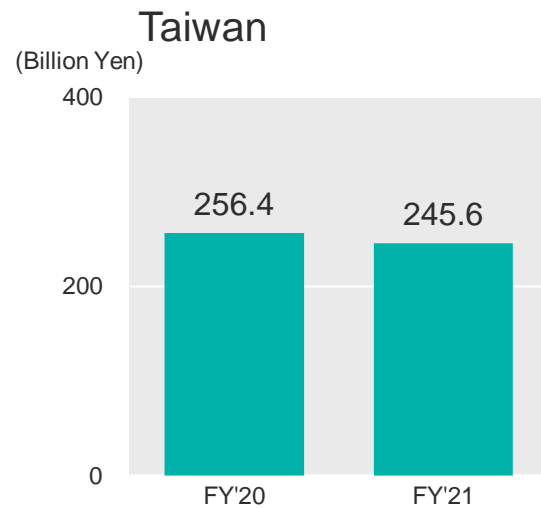
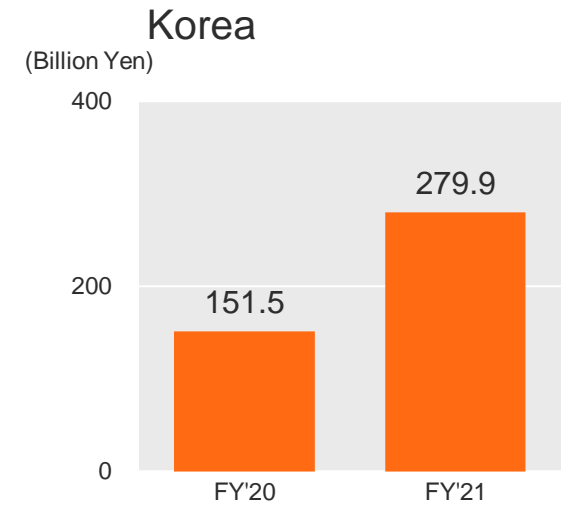
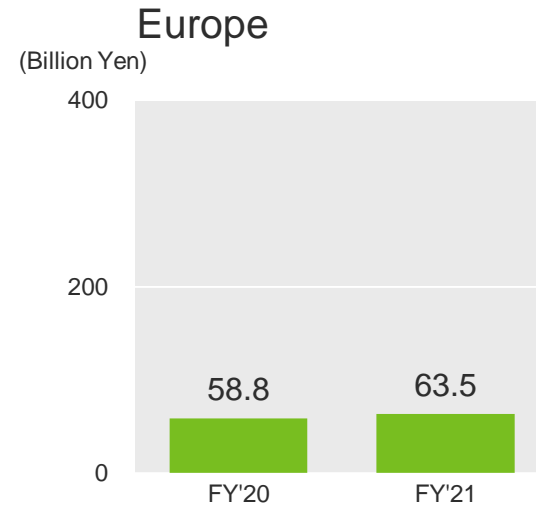
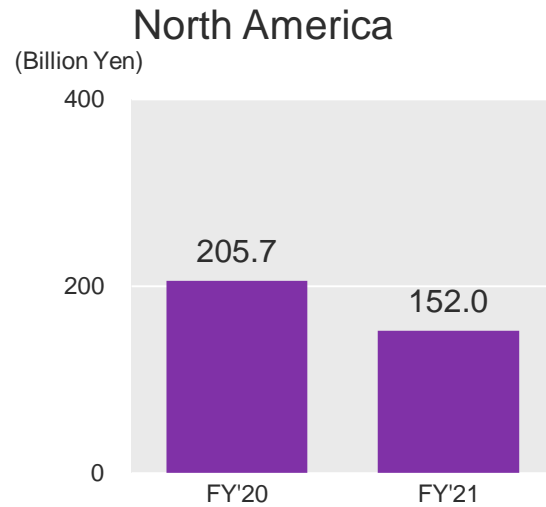
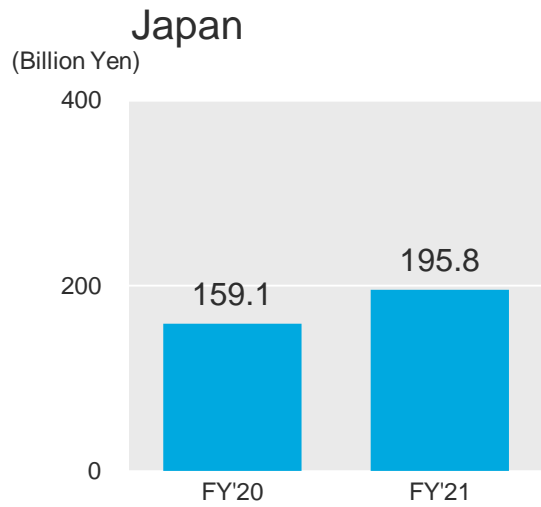
# SPE Division: Sales by Region (Quarterly)

(Billion Yen)

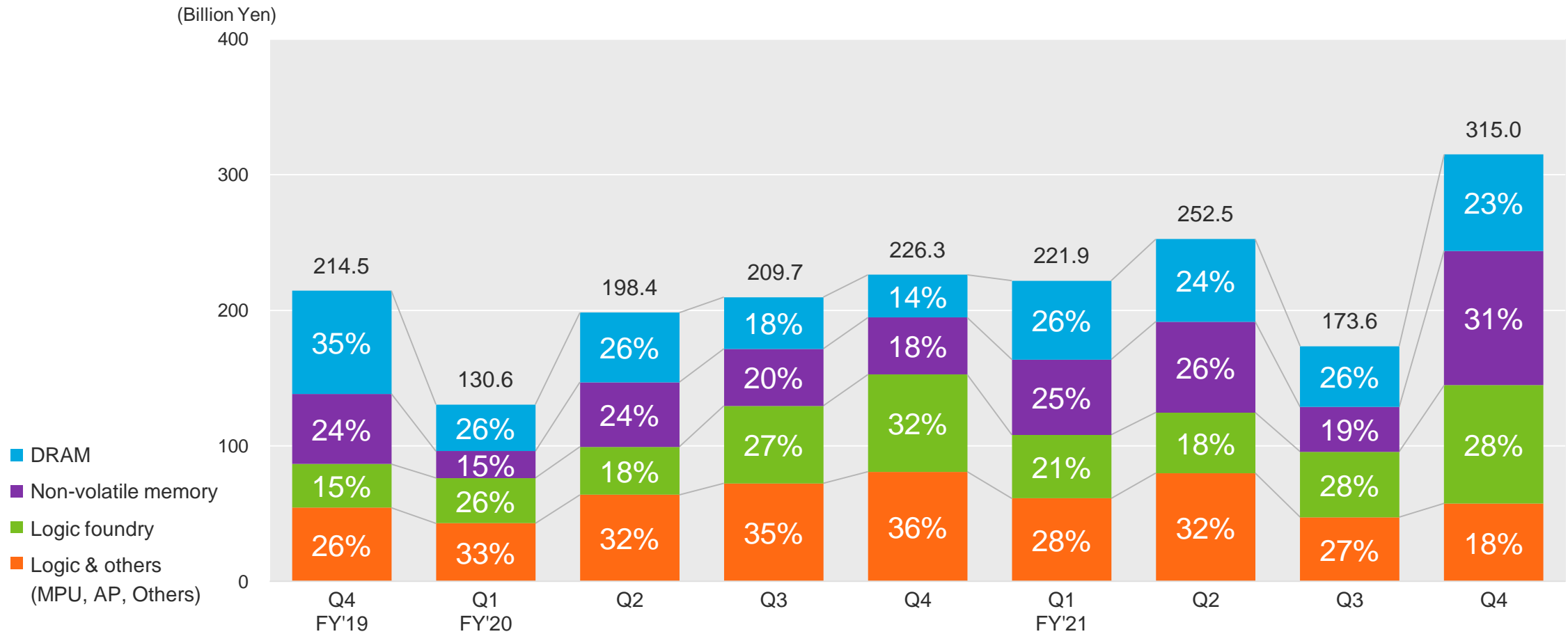


	Q4 FY'19	Q1 FY'20	Q2	Q3	Q4	Q1 FY'21	Q2	Q3	Q4
Japan	42.7	32.5	41.0	35.9	49.6	49.1	56.8	36.1	53.6
North America	34.7	28.5	58.8	61.0	57.2	42.3	44.0	34.5	31.2
Europe	25.3	20.2	14.4	10.8	13.3	15.7	16.3	12.7	18.6
South Korea	68.9	36.9	36.4	31.0	47.1	67.0	72.1	39.3	101.4
Taiwan	59.1	48.3	48.7	76.2	83.1	50.9	53.9	52.5	88.2
China	42.5	27.0	56.8	59.1	50.6	73.9	79.1	70.5	102.2
S. E. Asia, Others	15.2	4.4	15.5	7.7	7.7	4.6	9.2	18.4	20.0

# SPE Division: Sales by Region

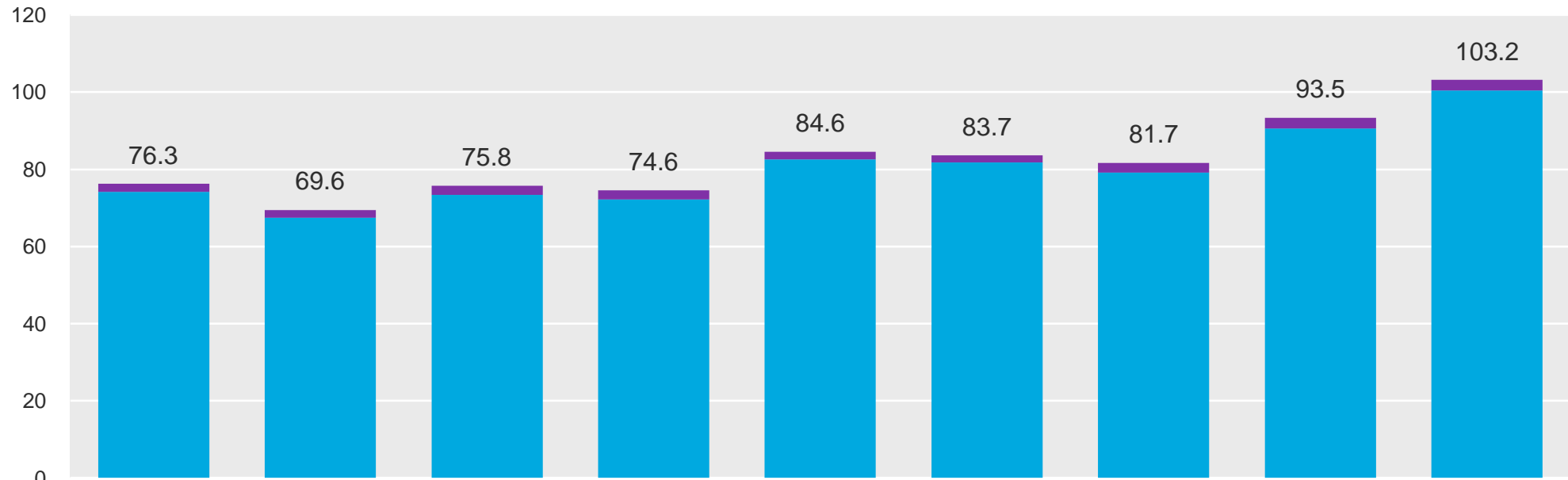


# SPE Division: New Equipment Sales by Application (Quarterly)



# Field Solutions Sales (Quarterly)

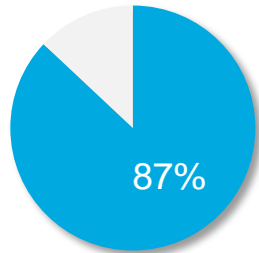
(Billion Yen)



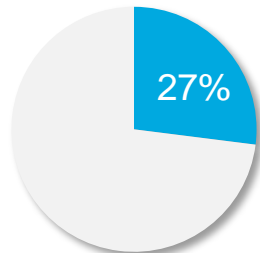
	Q4 FY'19	Q1 FY'20	Q2	Q3	Q4	Q1 FY'21	Q2	Q3	Q4
SPE Sales	74.2	67.4	73.4	72.2	82.6	81.8	79.1	90.6	100.4
FPD Sales	2.1	2.1	2.3	2.3	2.0	1.8	2.6	2.8	2.8

# TEL Main Products World Market Share (CY2020)

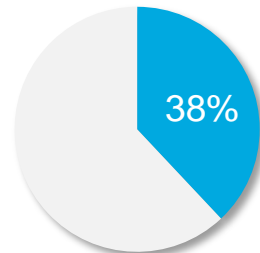
## Semiconductor Production Equipment



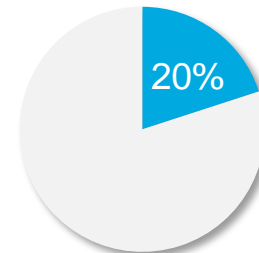
Coater/Developer



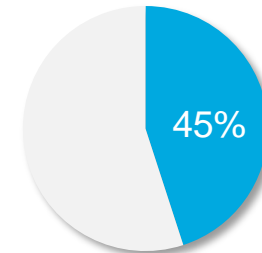
Dry Etch System



Deposition System

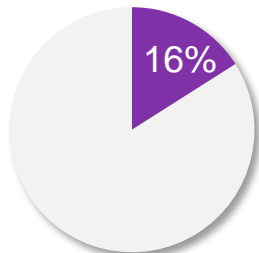


Cleaning System



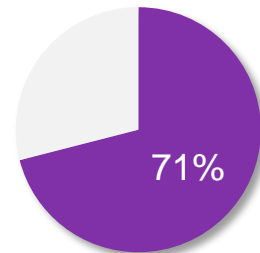
Wafer Prober\*

## FPD Production Equipment (FY2021)

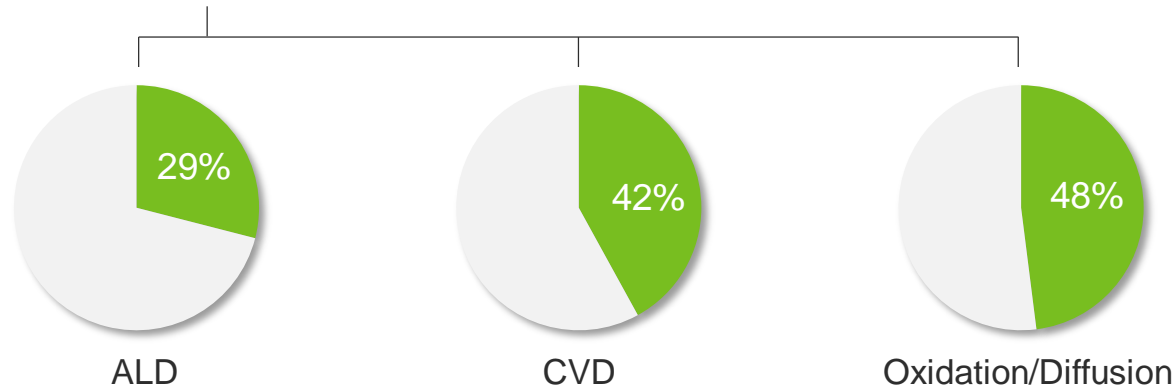


FPD Coater/Developer

Source (FPD) : TEL survey



FPD Etcher/Asher



Source

SPE (excluding Wafer Prober) : Gartner, "Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2020", Bob Johnson, Gaurav Gupta, 8 April 2021

Graph/chart created by TEL based on Gartner research.

Coater/Developer: Photoresist Processing (Track), Dry Etch System: Dry Etch, Deposition System: Tube CVD + Atomic Layer Deposition Tools + Oxidation/Diffusion Furnaces + Nontube LPCVD, ALD: Atomic Layer Deposition Tools, CVD: Tube CVD + Nontube LPCVD, Oxidation/Diffusion: Oxidation/diffusion Furnaces, Cleaning System: Single Wafer Processors + Wet Stations + Batch Spray Processors + Scrubbers + Other Clean Equipment

\* SPE (Wafer Prober) : VLSI Research, April 2021

Charts/graphics created by Tokyo Electron based on VLSI Research



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