FY2016 (Apr. 1, 2015 – Mar. 31, 2016) Financial Announcement

April 26, 2016

Agenda:

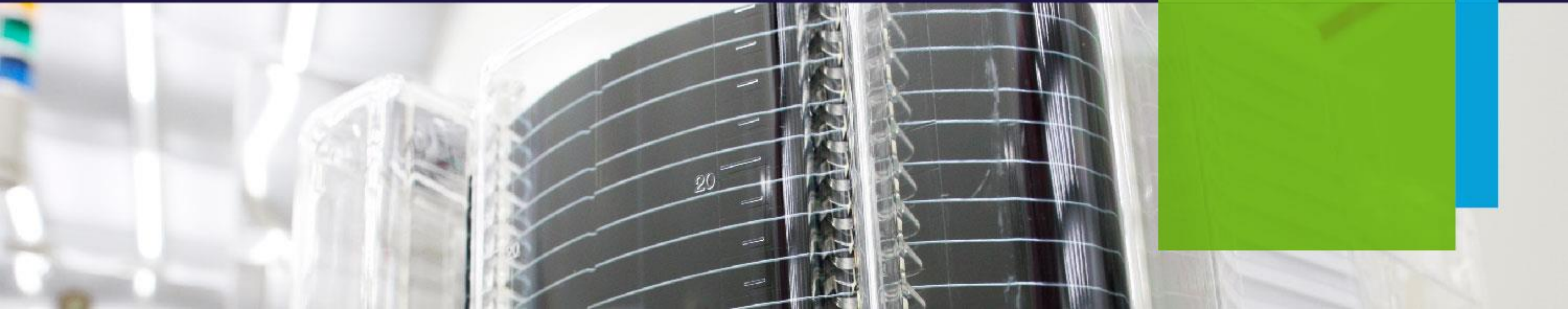
- ➢ FY2016 Consolidated Financial Summary
  Tetsuro Hori, Corporate Director, Senior Vice President & General Manager
- ➢ Business Environment and Actions to Drive the New TEL
  Toshiki Kawai, Representative Director, President & CEO

FY2016 Consolidated Financial Summary

FY2016: April 1, 2015 - March 31, 2016

April 26, 2016

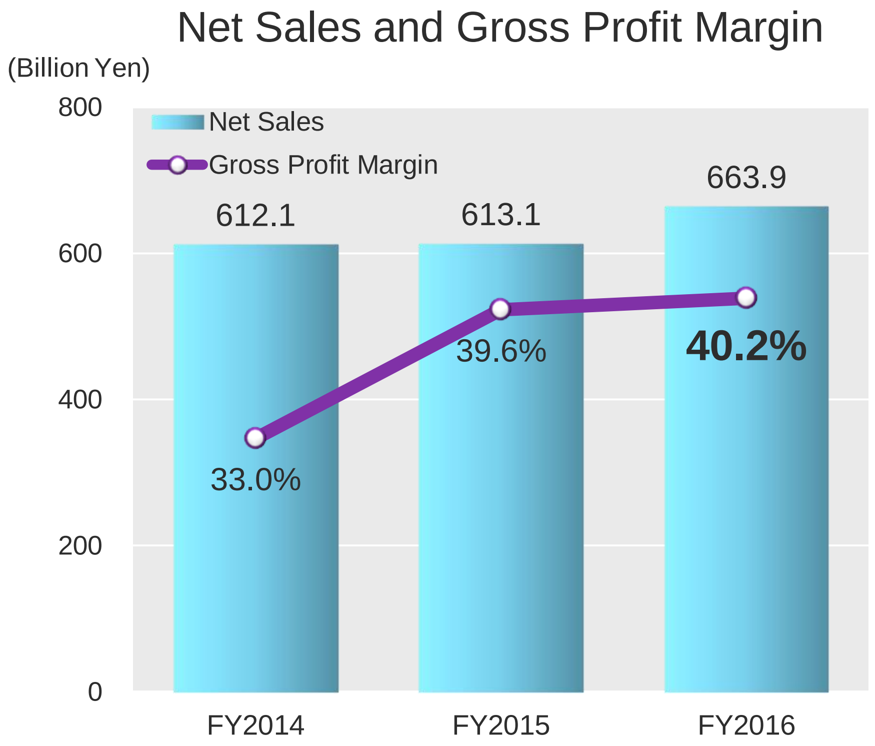
Tetsuro Hori
Corporate Director, Senior Vice President & General Manager

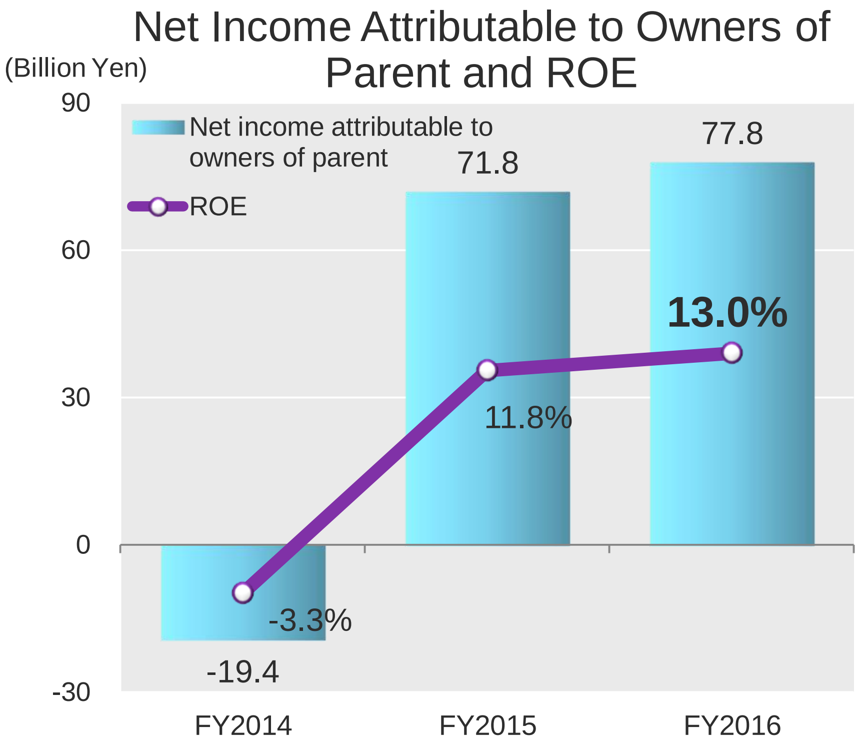


FY2016 Highlights

- Increased sales of both semiconductor and FPD production equipment
- Highest-ever gross profit margin of 40.2%
- Operating margin improved 3.2pts YoY to 17.6%

FY2016 Business Highlights



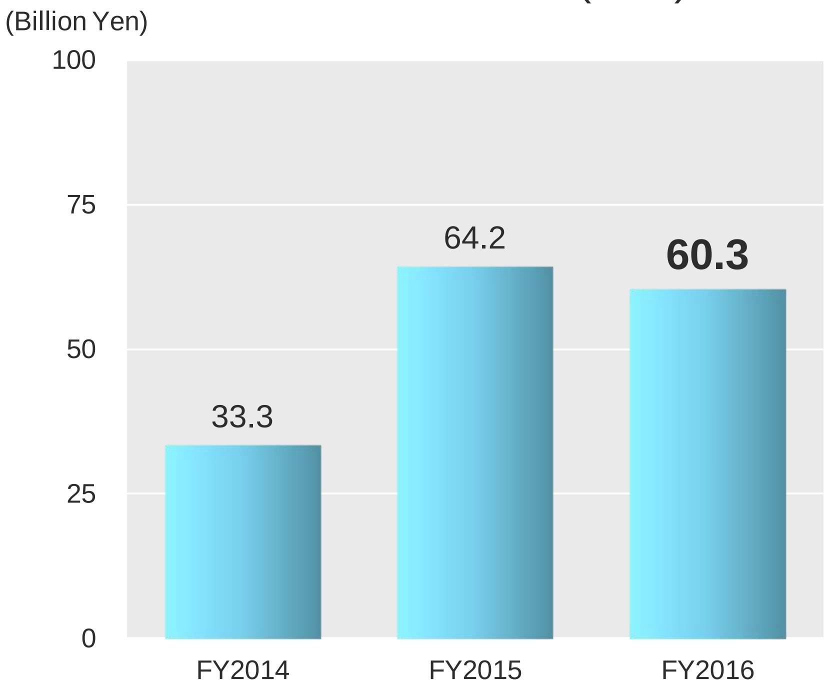


ROE = (Net income attributable to owners of parent / Average total equity) x 100(%)

Sales up 8.3% YoY, achieved highest-ever GPM, ROE improved to 13%

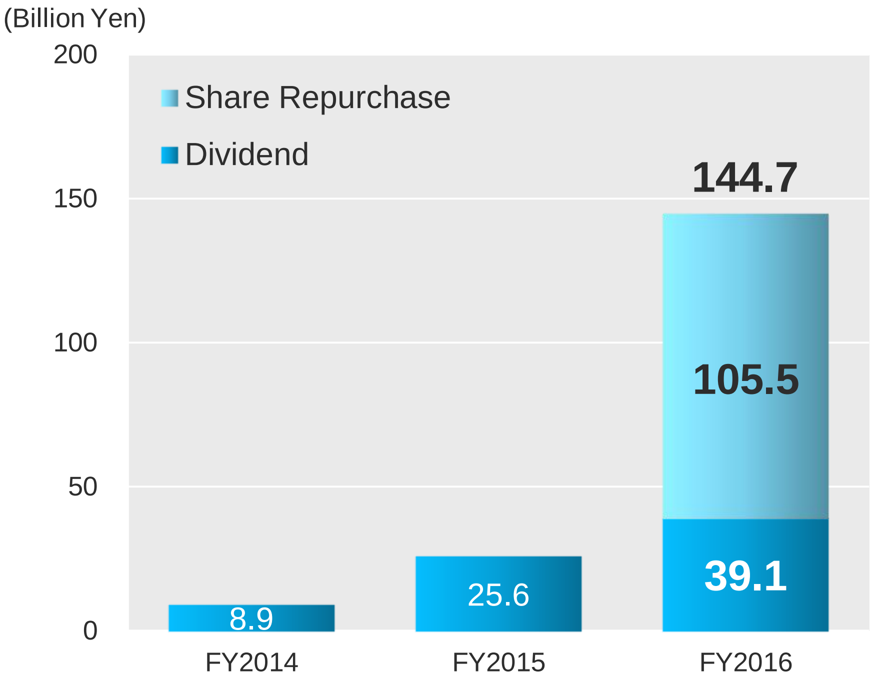
FY2016 Business Highlights

Free Cash Flow (FCF)



Free cash flow = (Cash flow from operating activities) + (Cash flow from investing activities excluding term deposits over 3 months)

Shareholder Returns



FY2016: Interim dividend of 125 yen per share, plan to pay year-end dividend of 112 yen per share for an annual dividend of 237 yen

Generated FCF of 60.3 billion yen, conducted repurchase of 15.4 million shares of treasury stock, plan to pay our highest-ever dividend

Financial Summary

(Billion Yen)

	FY2015	FY2016	YoY Change	(Reference) FY2016 estimates announced on October 28
Net sales	613.1	663.9	+8.3%	660.0
Gross profit	242.7	267.2	+10.1%	
Gross profit margin	39.6%	40.2%	+0.6pts	
SG&A expenses	154.6	150.4	-2.7%	
Operating income	88.1	116.7	+32.5%	105.0
Operating margin	14.4%	17.6%	+3.2pts	15.9%
Income before income taxes	86.8	106.4	+22.6%	100.0
Net income attributable to owners of parent	71.8	77.8	+8.4%	72.0
EPS(Yen)	401.08	461.10	+60.02	
R&D expenses	71.3	76.2	+6.9%	78.0
Capital expenditures	13.1	13.3	+1.2%	15.0
Depreciation and amortization	20.8	19.2	-7.8%	21.0

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.

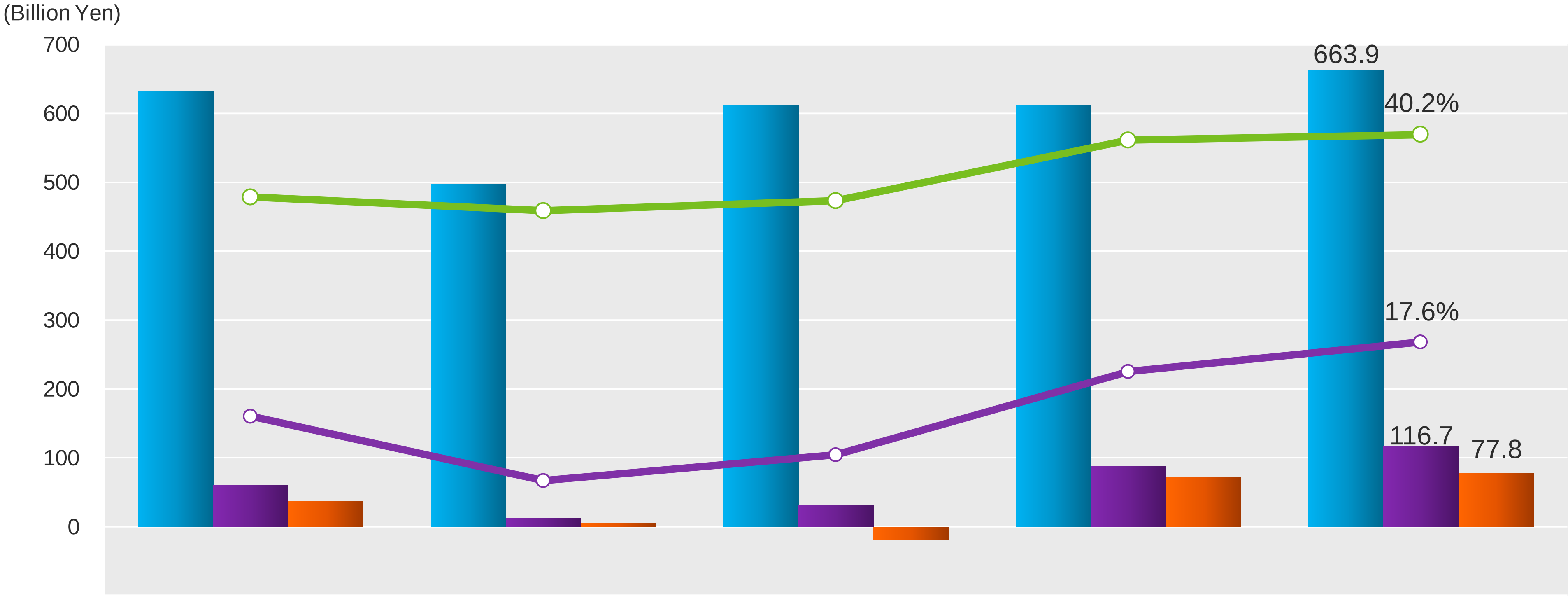
Financial Summary

(Billion Yen)

	FY2015	FY2016				
	4Q	1Q	2Q	3Q	4Q	YoY Change
Net Sales	181.8	155.7	185.1	158.7	164.2	-9.7%
SPE	171.6	140.3	176.6	146.5	149.5	-12.9%
FPD	9.9	10.0	8.2	11.7	14.6	+47.9%
PVE	0.1					
Others	0.1	5.3	0.3	0.5	0.0	-
Gross profit	77.6	65.7	70.3	62.0	69.1	-11.0%
Gross profit margin	42.7%	42.2%	38.0%	39.1%	42.1%	-0.6pts
SG&A expenses	41.7	35.4	39.3	36.5	39.1	-6.4%
Operating income	35.9	30.2	30.9	25.5	30.0	-16.4%
Operating margin	19.8%	19.4%	16.7%	16.1%	18.3%	-1.5pts
Income before income taxes	32.9	29.0	28.4	25.1	23.8	-27.8%
Net income attributable to owners of parent	34.4	19.4	21.8	17.8	18.6	-45.8%
R&D expenses	19.5	17.5	20.0	18.3	20.3	+4.1%
Capital expenditures	3.2	2.1	2.6	2.8	5.6	+74.3%
Depreciation and amortization	5.6	4.6	4.7	4.9	4.9	-12.5%

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. As of 1Q FY2016, the PV production equipment business was no longer material as stipulated in the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information. Therefore, it has been excluded from segmental reporting.

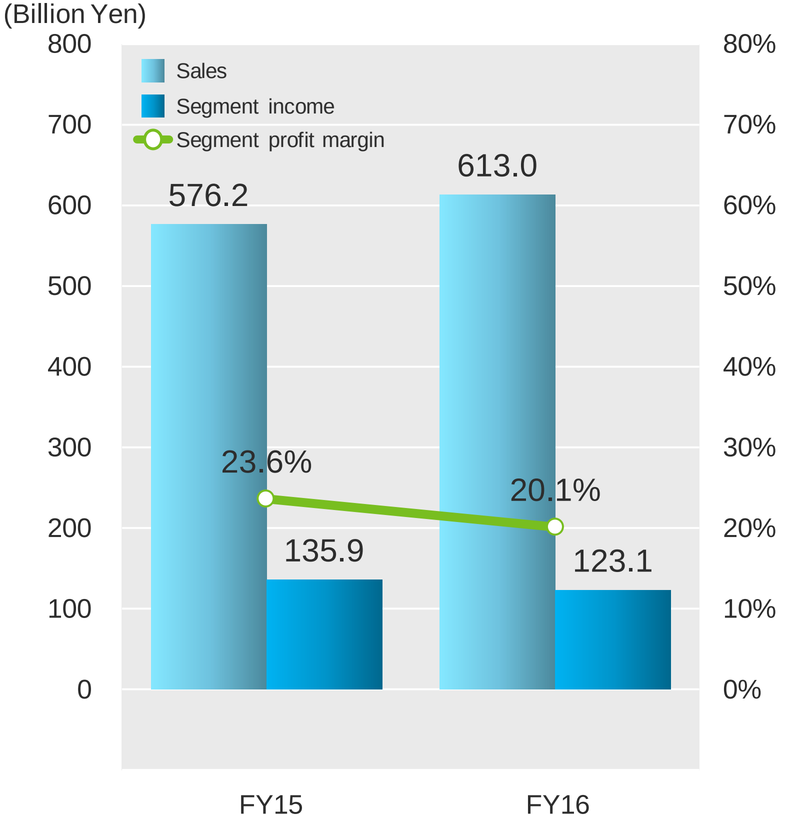
Financial Performance



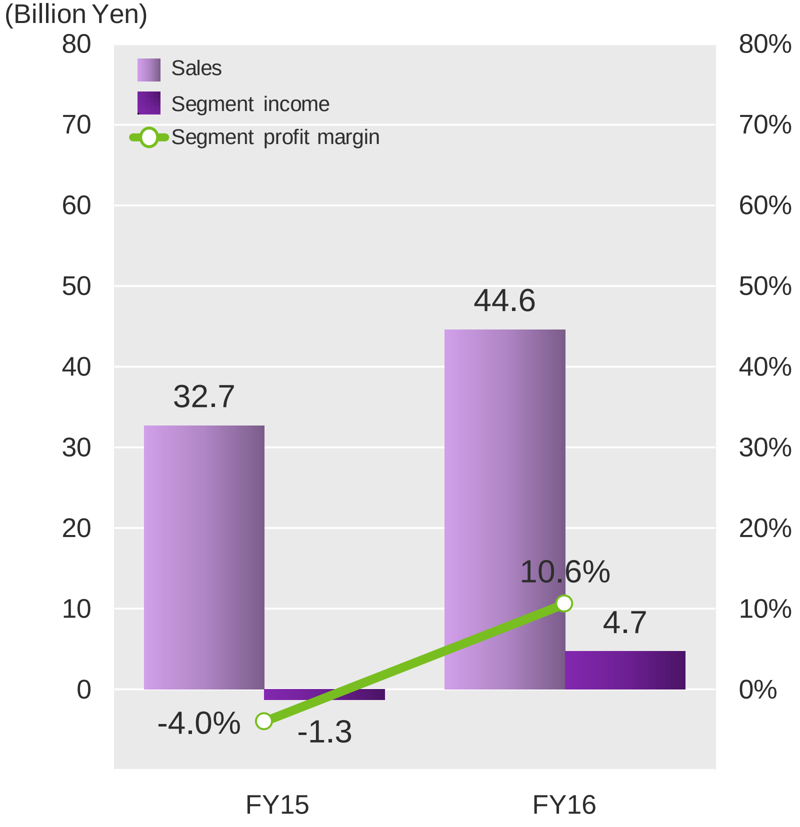
	FY12	FY13	FY14	FY15	FY16
Net sales	633.0	497.2	612.1	613.1	663.9
Operating income	60.4	12.5	32.2	88.1	116.7
Net income attributable to owners of parent	36.7	6.0	-19.4	71.8	77.8
Gross profit margin	33.4%	31.9%	33.0%	39.6%	40.2%
Operating margin	9.5%	2.5%	5.3%	14.4%	17.6%

Segment Information

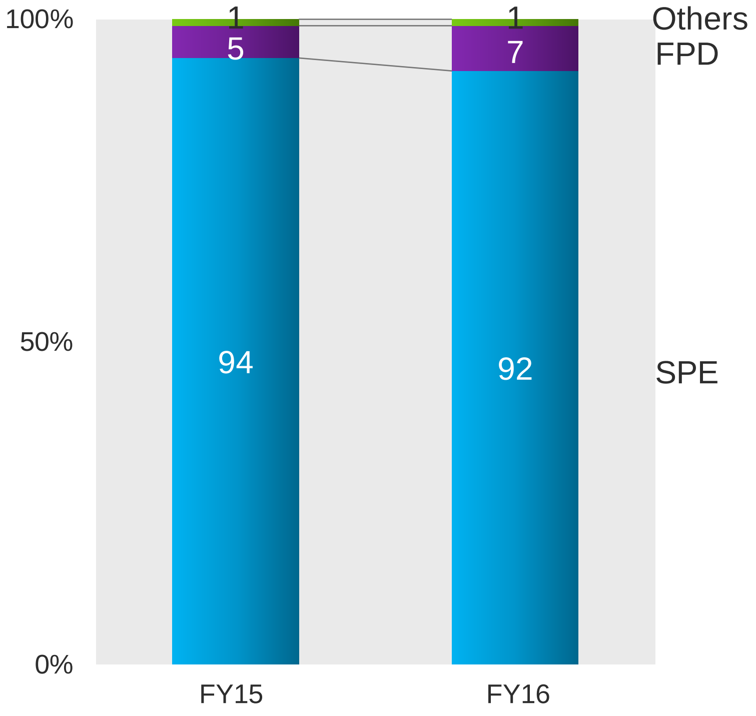
SPE
(Semiconductor Production Equipment)



FPD
(Flat Panel Display Production Equipment)



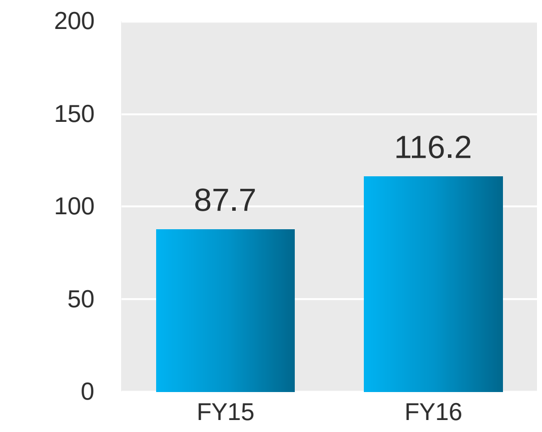
Composition of Net Sales



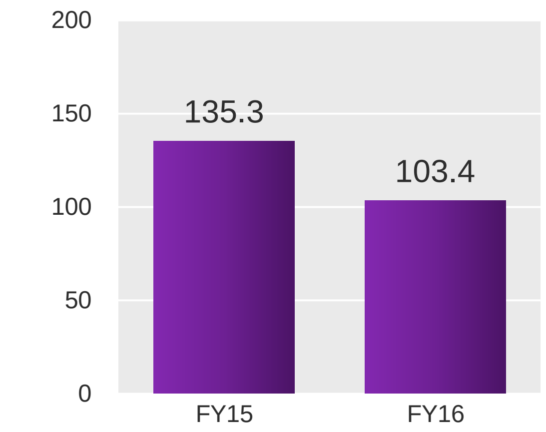
1. Segment income is based on income before income taxes.
2. R&D expenses such as fundamental research and element research are not included in above reportable segments.
3. Composition of net sales figures is based on the sales to customers.

SPE Sales by Region

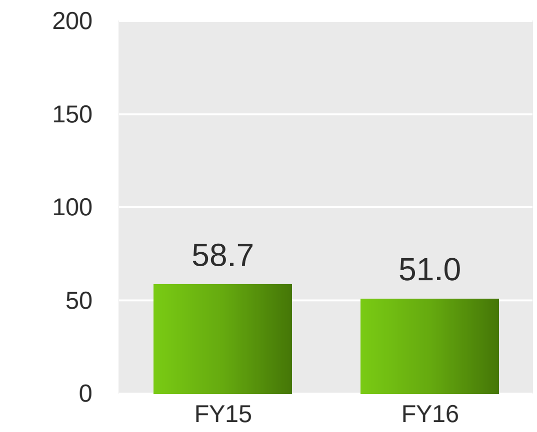
Japan



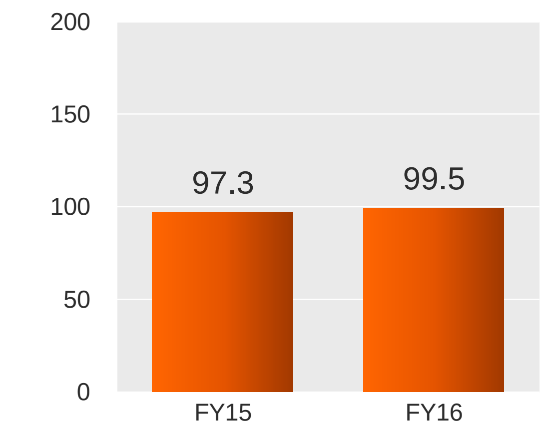
U.S.



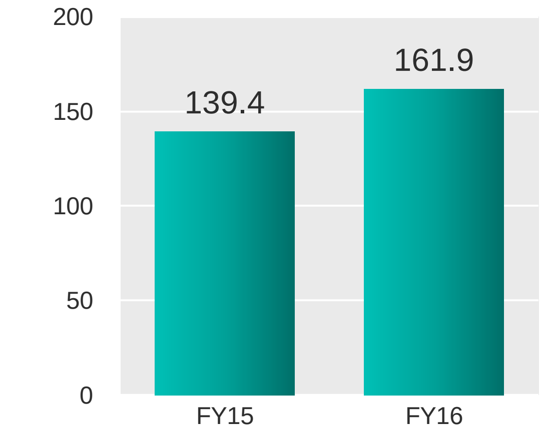
Europe



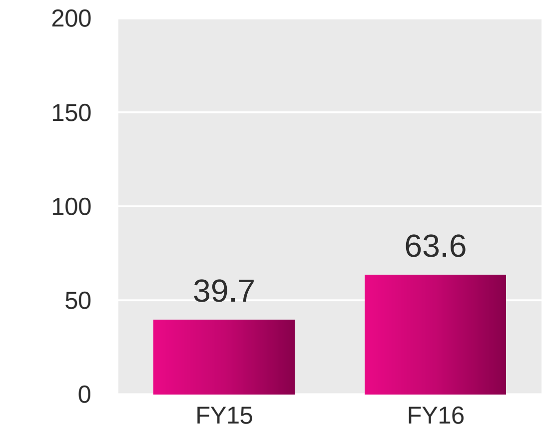
Korea



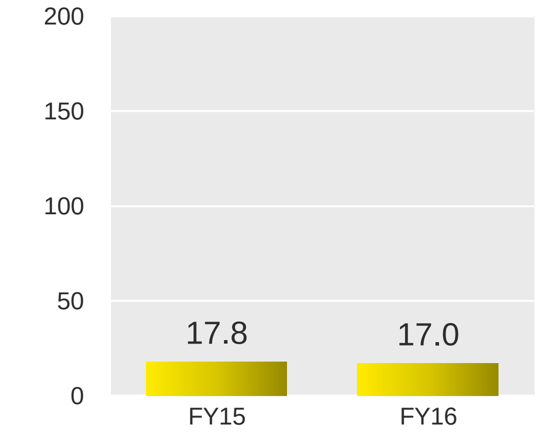
Taiwan



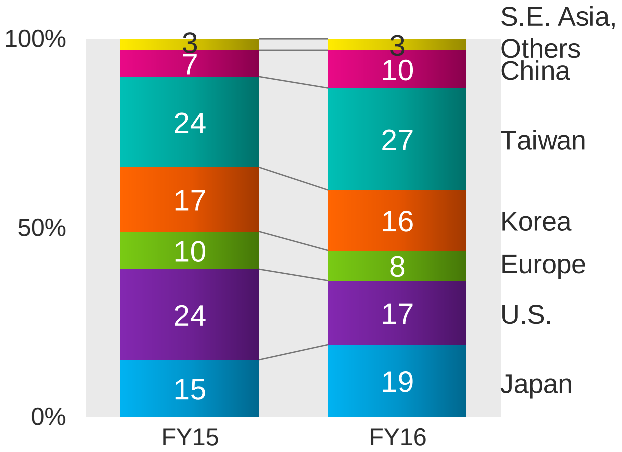
China



S.E. Asia, Others



Region Composition

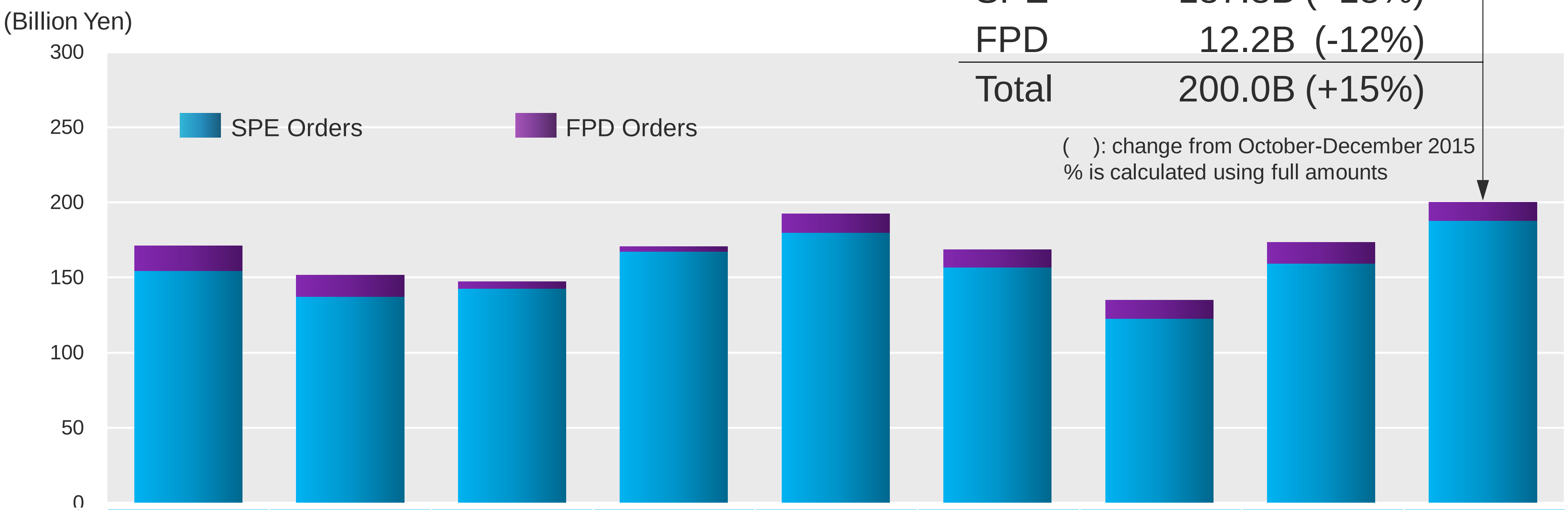


Quarterly Orders, Order Backlog

January-March 2016

SPE	187.8B (+18%)
FPD	12.2B (-12%)
Total	200.0B (+15%)

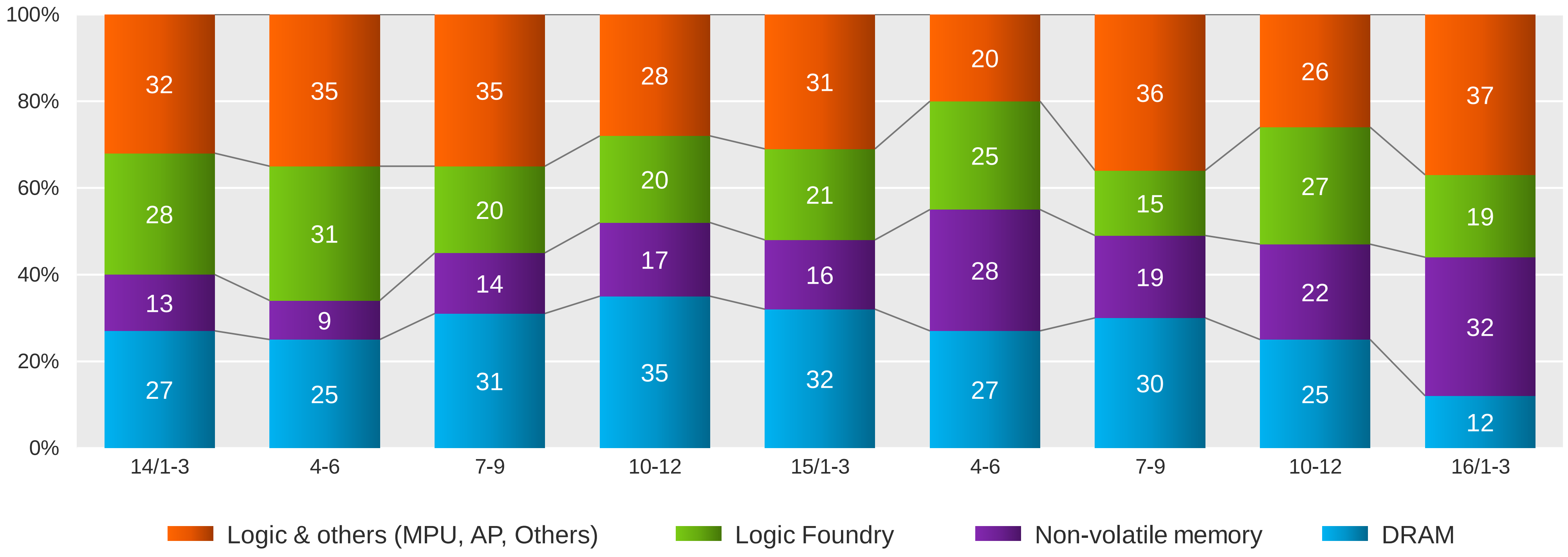
( ): change from October-December 2015
% is calculated using full amounts



	14/1-3	4-6	7-9	10-12	15/1-3	4-6	7-9	10-12	16/1-3
SPE Orders	154.4	137.2	142.4	167.2	179.7	156.6	122.4	159.3	187.8
FPD Orders	16.6	14.2	4.8	3.4	12.6	11.8	12.5	13.9	12.2
SPE Order backlog	209.9	211.0	217.0	252.3	260.4	276.7	222.6	235.4	273.7
FPD Order backlog	29.0	29.3	29.1	28.8	31.6	33.3	37.6	39.9	37.4

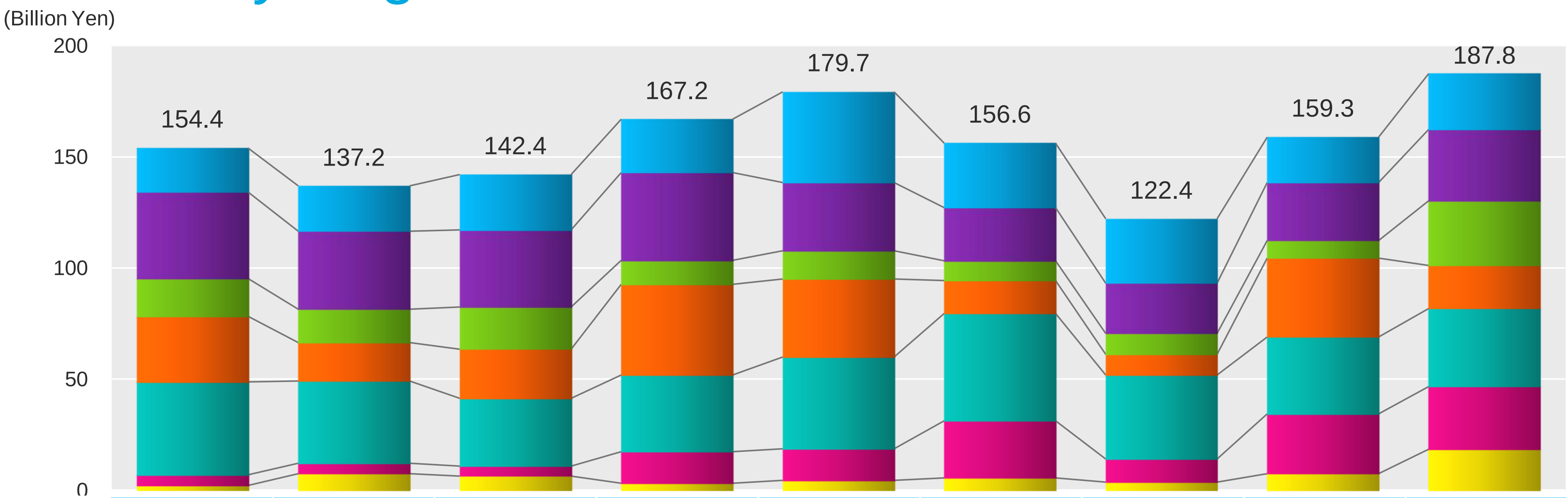
SPE orders up 18% YoY driven by orders for logic and non-volatile memory

Composition of SPE Orders by Application: Equipment Only



Higher proportion of logic and non-volatile memory

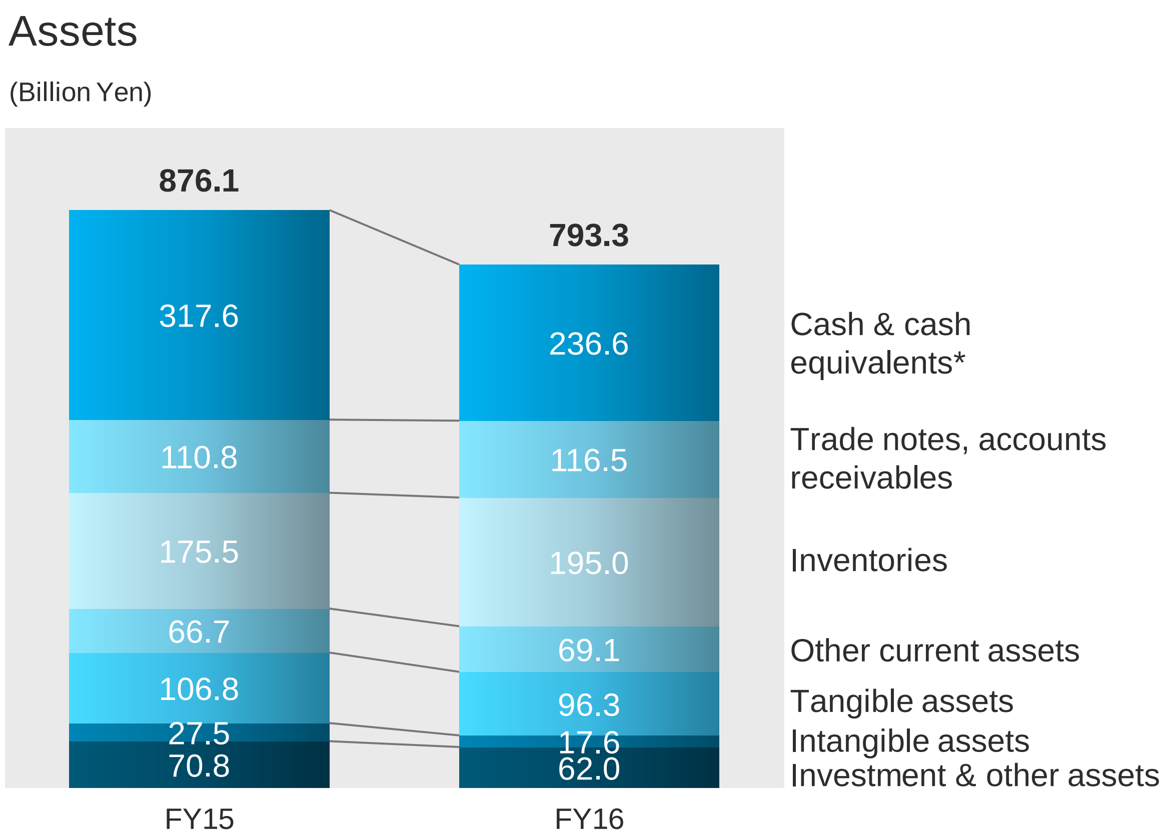
SPE Orders by Region

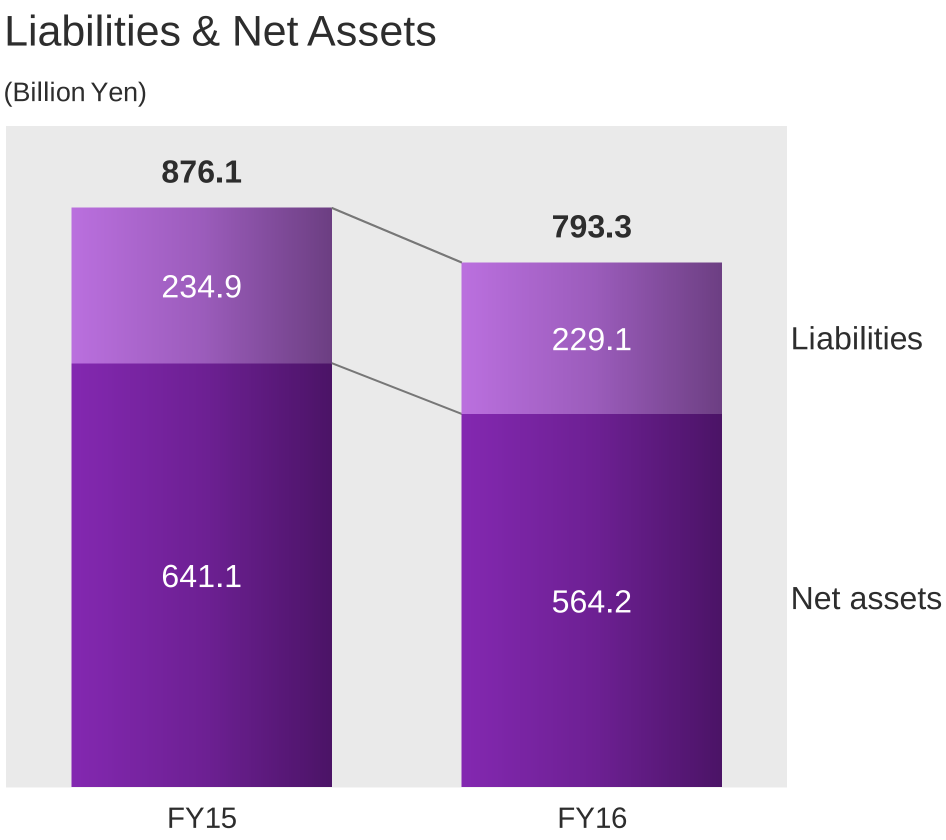


	14/1-3	4-6	7-9	10-12	15/1-3	4-6	7-9	10-12	16/1-3
Japan	19.8	20.4	24.9	24.0	40.8	29.0	29.0	20.4	25.1
U.S.	38.9	35.1	34.7	39.5	30.7	23.9	22.6	26.1	32.1
Europe	17.0	15.0	19.0	10.8	12.7	8.9	9.4	7.9	29.1
Korea	29.5	17.3	22.1	40.8	35.1	14.8	9.3	35.5	19.4
Taiwan	41.8	37.0	30.5	34.5	41.3	48.3	37.8	34.6	35.1
China	4.8	4.7	4.5	14.2	14.2	25.7	10.4	26.9	28.2
S.E. Asia, Others	2.2	7.5	6.4	3.2	4.5	5.6	3.7	7.5	18.5

Logic increased in Europe and non-volatile memory increased in Southeast Asia

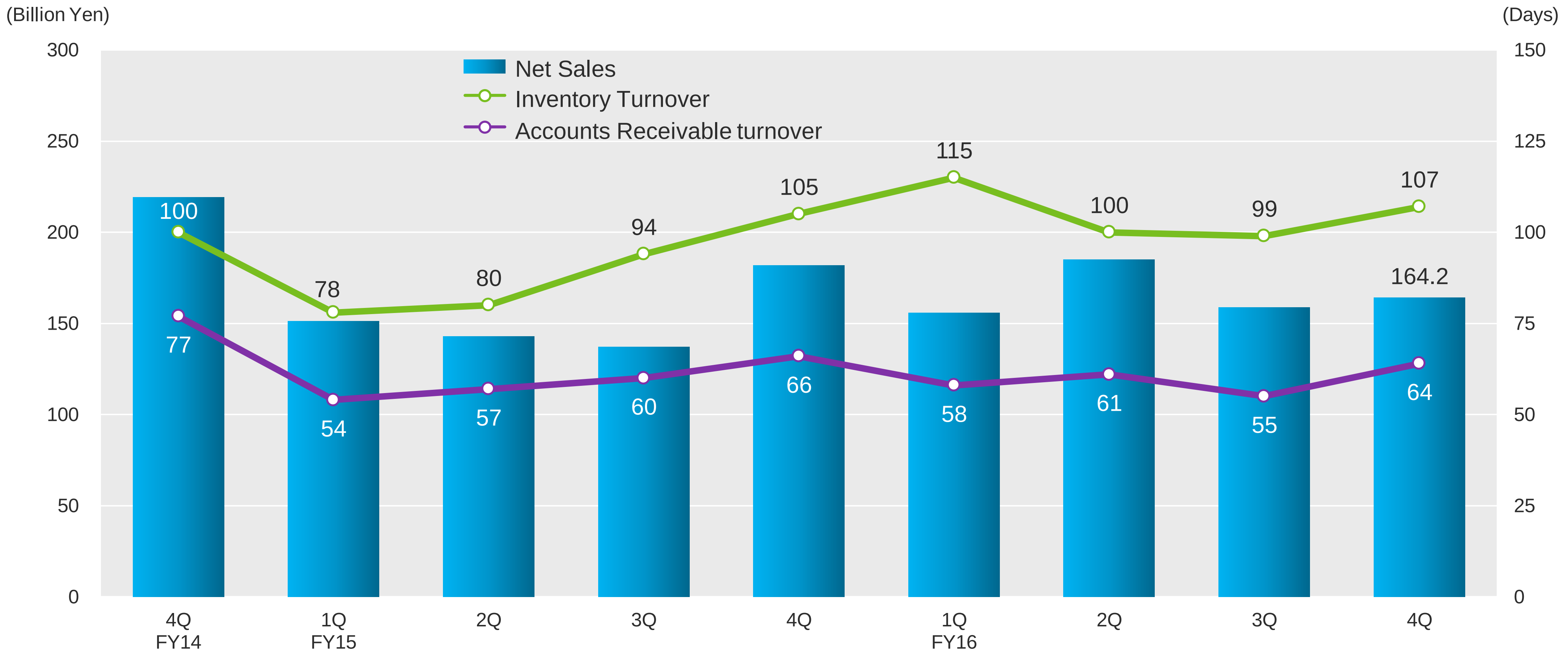
Balance Sheet





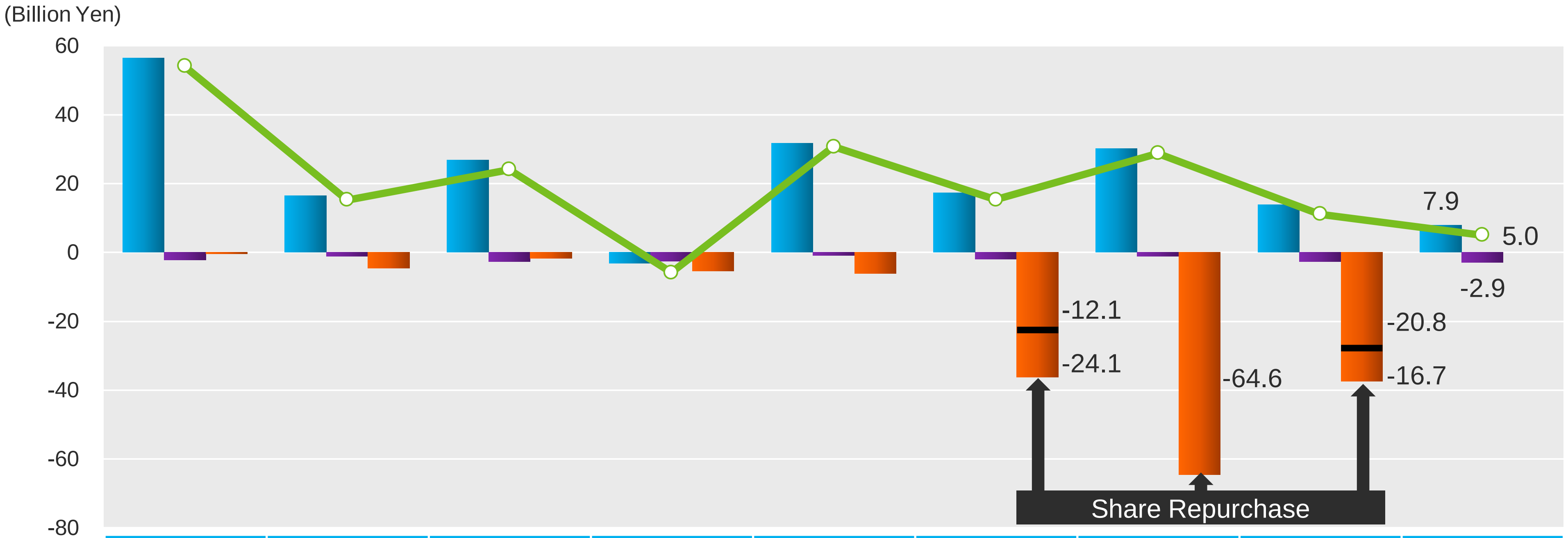
*Cash and cash equivalents: Cash and deposits + Short-term investments, etc. (Securities in B/S).

Inventory Turnover and Accounts Receivable Turnover



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

Cash Flow



	4Q FY14	1Q FY15	2Q	3Q	4Q	1Q FY16	2Q	3Q	4Q
Cash flow from operating activities	56.5	16.4	26.8	-3.2	31.7	17.3	30.1	13.8	7.9
Cash flow from investing activities*	-2.3	-1.2	-2.7	-2.6	-0.9	-2.0	-1.2	-2.7	-2.9
Cash flow from financing activities	-0.4	-4.6	-1.8	-5.4	-6.2	-36.3	-64.6	-37.5	0.0
Free cash flow**	54.1	15.2	24.1	-5.9	30.7	15.3	28.8	11.1	5.0
Cash on hand***	268.1	280.0	299.1	285.3	317.6	298.9	260.7	233.8	236.6

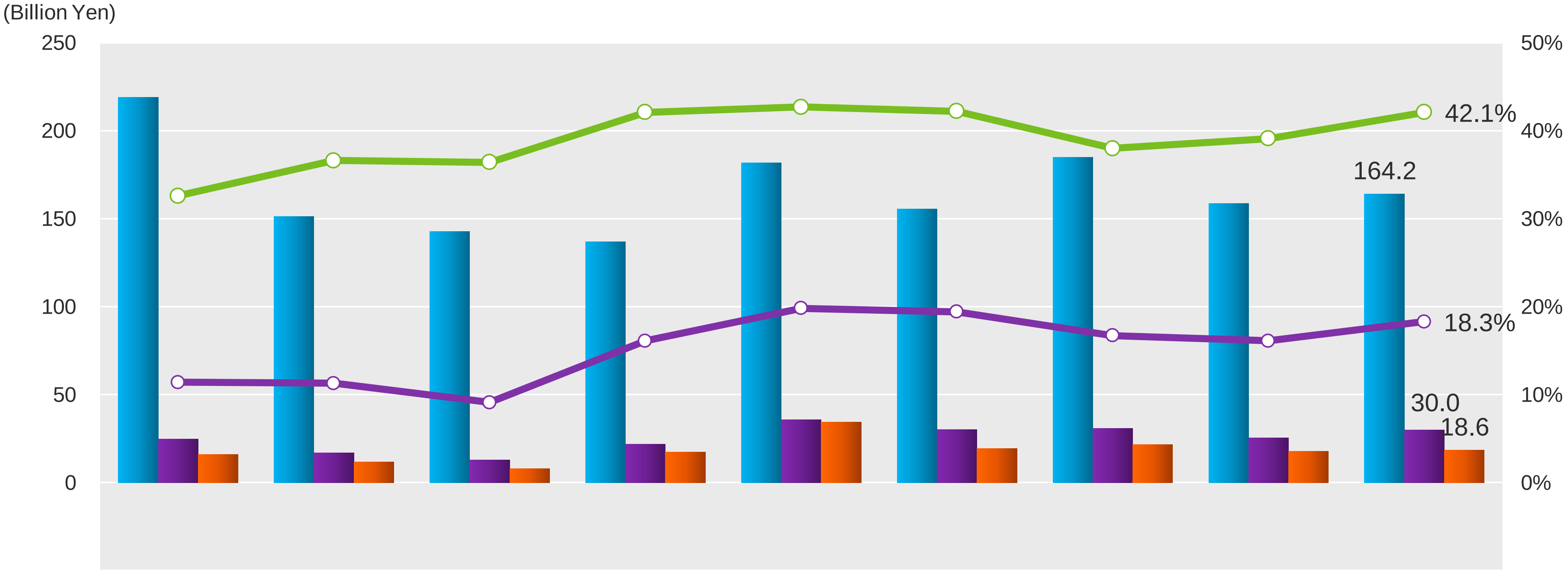
*Cash flow from investing activities excludes changes in deposits with periods to maturity of over 3 months.

**Free cash flow = cash flow from operating activities + cash flow from investing activities excluding changes in deposits with periods to maturity of over 3 months.

***Cash on hand includes the total of cash + deposits with periods to maturity of over 3 months.

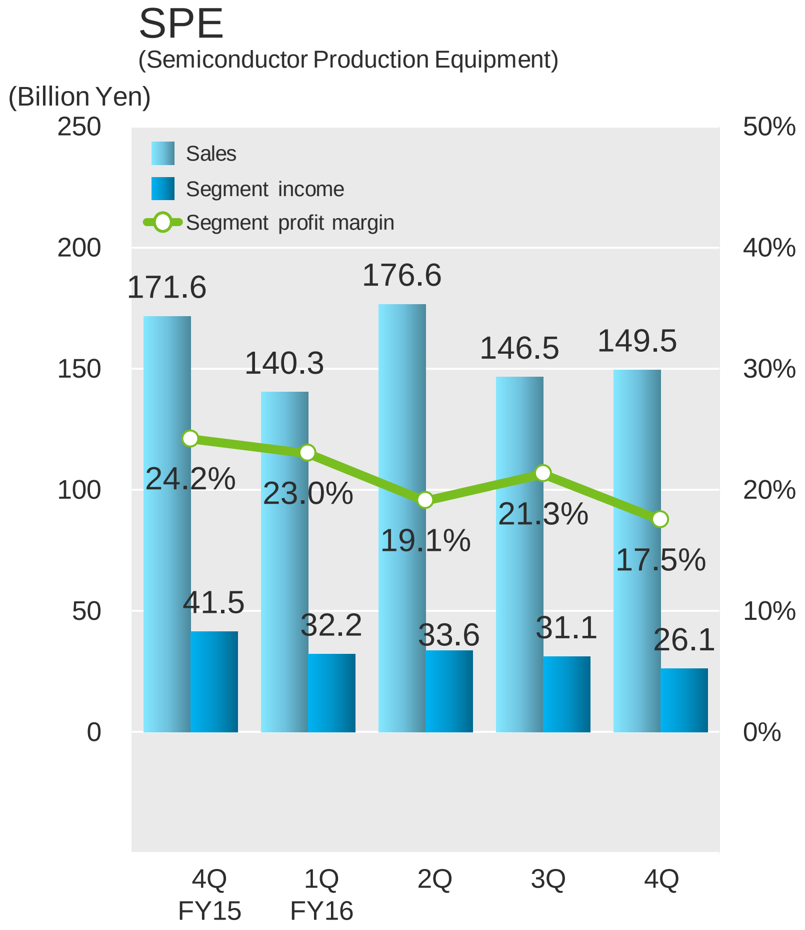
Appendix

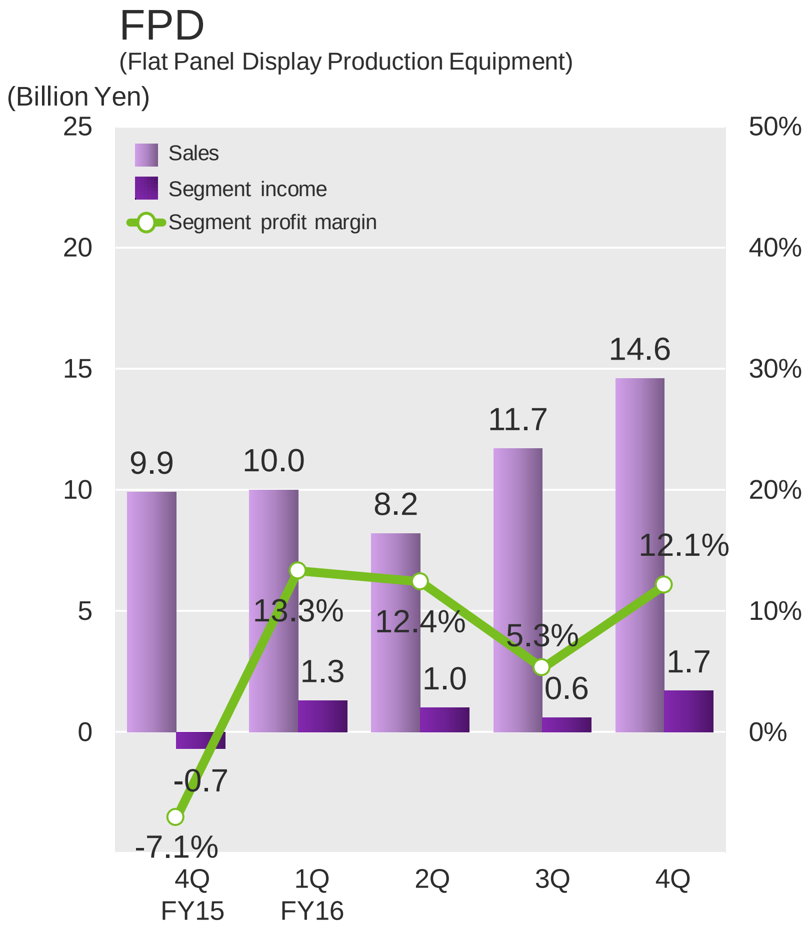
Financial Performance

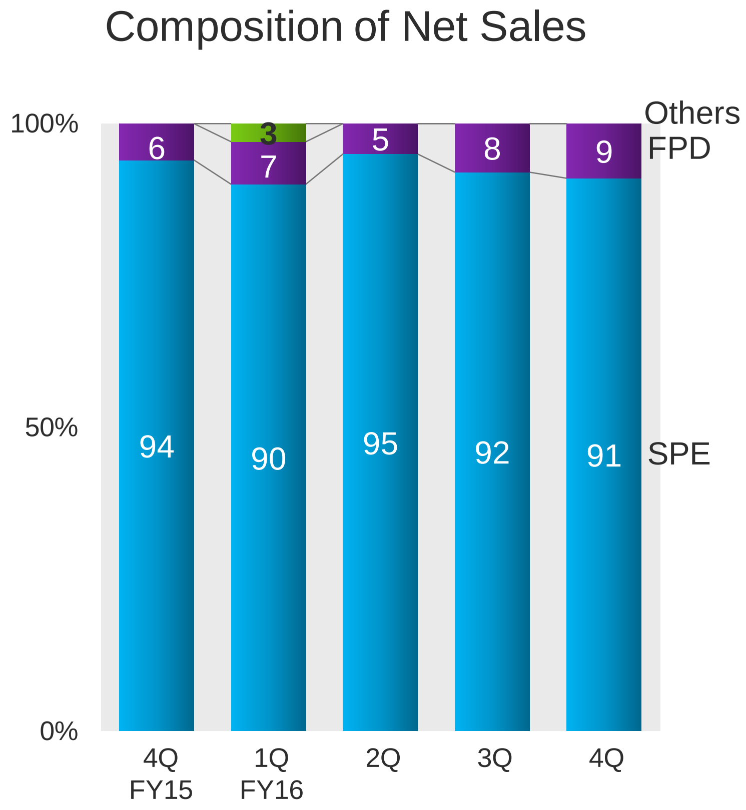


	4Q FY14	1Q FY15	2Q	3Q	4Q	1Q FY16	2Q	3Q	4Q
Net sales	219.2	151.3	142.9	137.0	181.8	155.7	185.1	158.7	164.2
Operating income	24.9	17.0	13.0	22.0	35.9	30.2	30.9	25.5	30.0
Net income attributable to owners of parent	16.2	11.8	8.1	17.4	34.4	19.4	21.8	17.8	18.6
Gross profit margin	32.6%	36.6%	36.4%	42.1%	42.7%	42.2%	38.0%	39.1%	42.1%
Operating margin	11.4%	11.3%	9.1%	16.1%	19.8%	19.4%	16.7%	16.1%	18.3%

Segment Information







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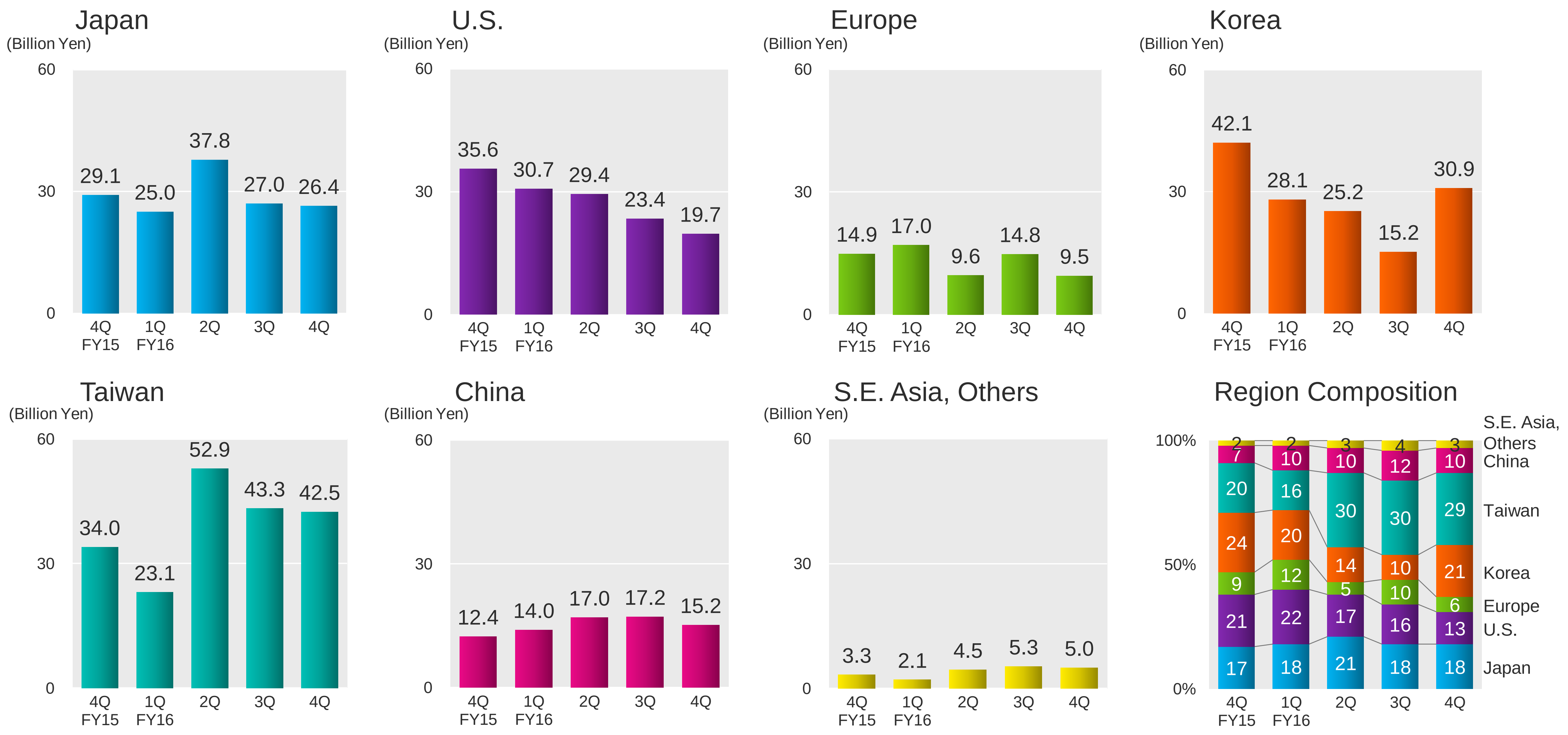
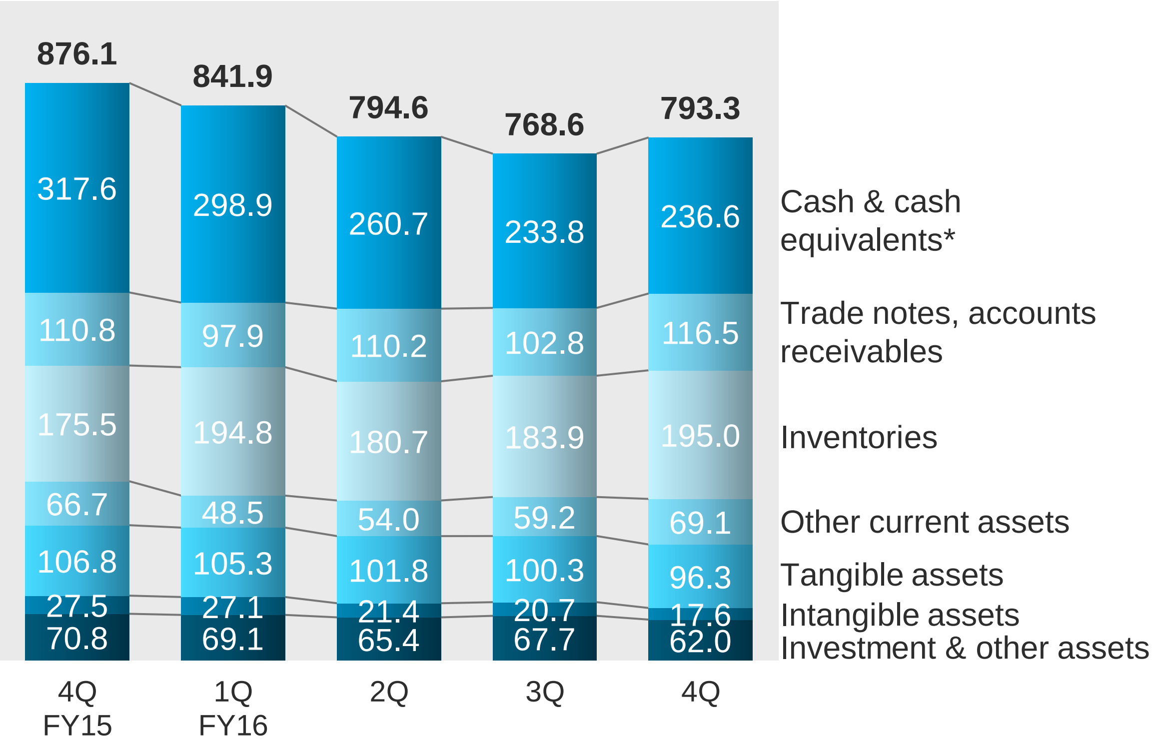
SPE Sales by Region



Balance Sheet

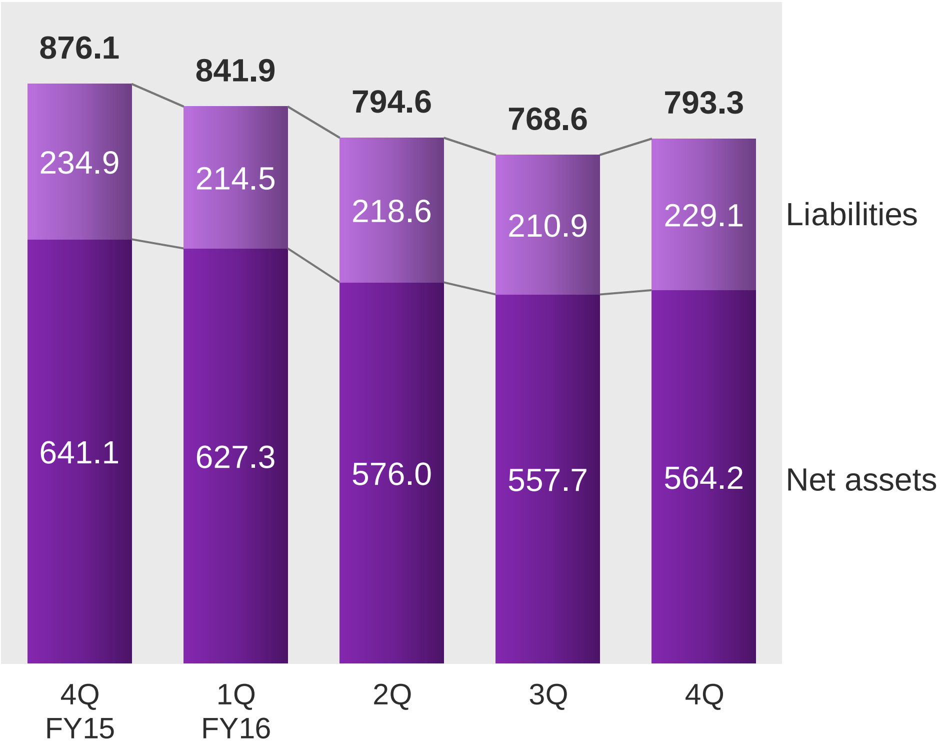
Assets

(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

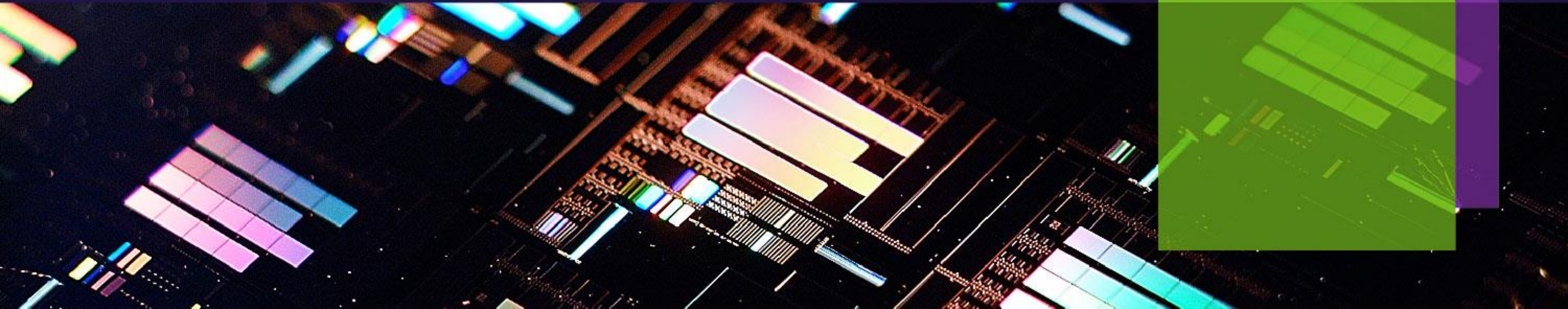
(Person)

		FY2015	FY2016
	Japan	7,166	7,060
	U.S.	1,622	1,586
	Europe	644	435
	Asia	1,412	1,548
Total		10,844	10,629

Business Environment and Actions to Drive the New TEL

April 26, 2016

Toshiki Kawai
Representative Director, President & CEO



FY2016 Business Highlights

- Since the 2008 global financial crisis improved operating income to over ¥100.0B
- Achieved a +8.3% sales increase YoY, GPM of 40.2% and an OPM of 17.6%
- Announced Medium-term Plan toward FY2020 and began deploying new structure
- Announced new shareholder return policy, cancelled 15.4 million shares* of treasury stock, plan to pay highest-ever dividend
- Steady progress in acquisition of PORs** (certification of technology) in our SPE focus areas as part of Medium-term Plan
- Announced that we are building a proactive governance structure with emphasis on linkage to Medium-term Plan

* 8.53% of outstanding shares prior to cancellation

** POR (Process of Record): Certification of the equipment used in customers' semiconductor production processes

FY2016 SPE Business Summary

Market share	CY2014	CY2015	CY2019 goals
Etching System	26%	19%	>36%
Thermal Processing System	55%	54%	>65%
Single Wafer Deposition System	5%	6%	>10%
Cleaning System	25%	24%	>35%
Sales	**FY2015**	**FY2016**	**FY2020 goal**
Field Solutions Business	>¥170.0B	>¥185.0B	>¥200.0B

- Progress in acquiring POR in focus areas, no change in Medium-term Plan goals

Etching System	Advanced patterning technology combining multiple etching steps, expanded 3D-NAND HARC processes*
ALD System	Improved position in ALD** in both batch and semi-batch system
Cleaning System	Being adopted in key processes for logic and memory, expanded dry cleaning applications

* HARC (High Aspect Ratio Contact) processes: Advanced processing technology required for deep hole etching
** ALD (Atomic Layer Deposition): An atomic level film deposition technique

FY2017 Key Issues for the SPE Business

Coater/Developer	Maintain 85%+ share in leading-edge immersion and EUV
Etching System	Expand applications in 3D-NAND processes, expand patterning processes with new products
Thermal Processing System	Improve position in ALD products, increase PORs in semi-batch ALD system
Single Wafer Deposition System	Expand SAMs* with new products, establish volume production process for STT-MRAM**
Cleaning System	Expand sales of batch system for 3D-NAND, strengthen single wafer & dry system
Test System	Increase penetration of Cellcia™ for 3D-NAND

* SAM : Served Available Market
** STT-MRAM (Spin Transfer Torque-Magnetoresistive Random Access Memory): Magnetic memory that shows promise for low power consumption

Actions to Drive Forward the New TEL

Unify development framework, create leading next generation products

- Optimally allocate development resources to focus areas
- Unite TEL's diverse technologies (wet/dry/atmospheric pressure/low pressure/ plasma/temperature control) and create solutions for equipment for the next generation and beyond
- Strategic business collaboration with consortia, materials producers
- Respond to multi-generational, diverse semiconductor technology in the IoT*/AI** era

* IoT : Internet of Things
** AI : Artificial Intelligence

Actions to Drive Forward the New TEL

Implement a new customer account management system

Back-ground	▪ Changing customer demands Moving from performance of individual pieces of equipment to optimization of device manufacturing techniques/processes ▪ 80% overseas sales ratio, reorganization among semiconductor makers
Actions	▪ Appoint person in charge of sales/development for each customer ▪ Pursue technological marketing to generate customer needs
Goal	▪ Achieve top share and increase profitability through value-added products

Business Environment

► SPE Capex

CY2016 WFE* capex expected to be similar level to CY2015

- Memory: DRAM investment past its peak, 3D-NAND investment expanding
- Foundry/logic: Expand investment in advanced nodes from second half of 2016

► FPD Capex

CY2016 demand for TFT Array Process** FPD manufacturing equipment forecast to increase 20% YoY, primarily for small/medium panels for mobile devices

（Outlook as of April 2016）

Despite an unstable macroeconomic environment, the equipment market is expected to be firm as it rides a wave of technological innovation

* WFE (Wafer Fab Equipment): The semiconductor production process can be divided into two sequential sub-processes: front-end (wafer fabrication) and back-end (assembly and test) production. WFE is used in the front-end production process.

** TFT Array Process: Process for manufacturing substrate that realizes display images

FPD Business Strategy

- FY2016 results
  - Grew sales 37% YoY, achieved segment profit margin of 10.6%
  - Began accepting orders for G10.5 substrate size equipment, Impressio™ 3300 etching system, Exceliner™ 3300 coater/developer
- FY2017 key issues
  - Grow share in mobile panel market through our new PICP™* etching system
  - Establish OLED panel volume production process with inkjet printing system

*PICP (Planer Inductively Coupled Plasma): Plasma source for producing extremely uniform high density plasma on substrate

FY2017 Forecasts for Business Results and Dividend

- Effects of and responses to the Kumamoto earthquake
  – There was no major effect on TEL buildings and facilities
  – Currently, a delay of approximately 4 weeks is expected on production. However, we will implement a program to reduce delays through special shifts, including on weekends and holidays, and will also aim to reduce start-up time upon delivery to customers.
  Overall, a return to normal production is expected by the end of June
- For our business results forecast for FY2017, we expect TEL sales to grow faster than the market. However, in order to properly assess the impact of the earthquake we plan to announce our business results forecast on May 12, 2016

A real global company generating high added-value and profits to Semiconductor and FPD industries through innovative technologies and groundbreaking proactive solutions with integrated diverse technologies

- 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

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