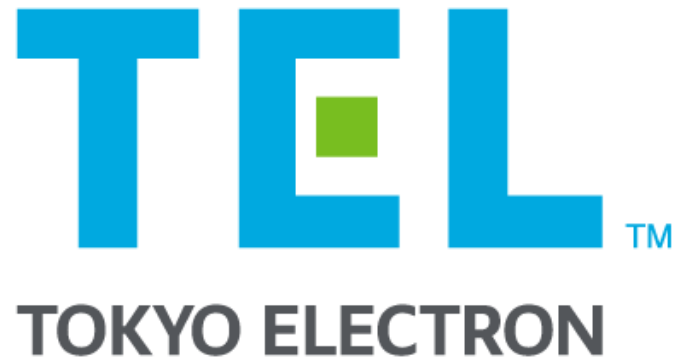


The 56th Annual General Meeting of Shareholders



June 18, 2019

FY2019 Financial Report

(FY2019: April 1, 2018 – March 31, 2019)

Consolidated statement of income

(Billion Yen)

	FY2018		FY2019		
		(%)		(%)	
Net sales	1,130.7	100.0	1,278.2	100.0	+147.5
SPE	1,055.2	93.3	1,166.7	91.3	+111.5
FPD	75.0	6.7	111.2	8.7	+36.1
Others	0.4	0.0	0.1	0.0	-0.2

SPE: Semiconductor Production Equipment

FPD: Flat Panel Display Production Equipment

**Consolidated net sales increased 13% YoY,
exceeding market growth rate**

Consolidated statement of income

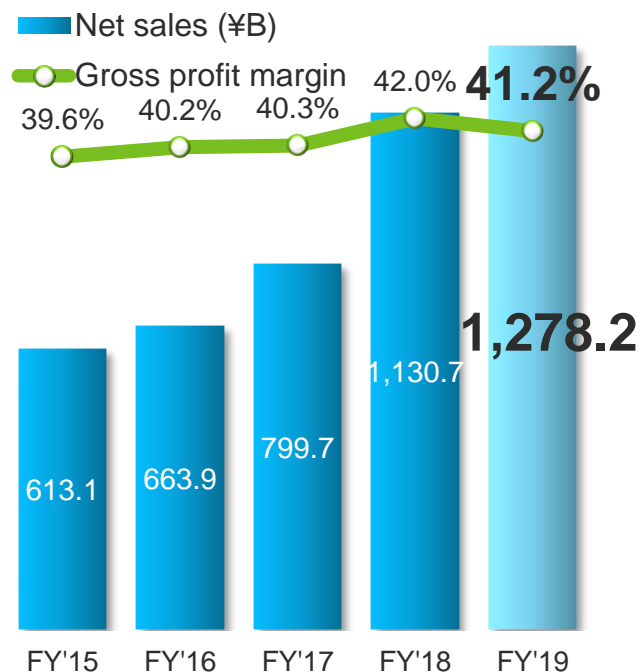
(Billion Yen)

	FY2018		FY2019		
		(%)		(%)	
Net sales	1,130.7	100.0	1,278.2	100.0	+147.5
Gross profit	475.0	42.0	526.1	41.2	+51.1
Operating income	281.1	24.9	310.5	24.3	+29.3
Ordinary income	280.7	24.8	321.6	25.2	+40.9
Income before income taxes	275.2	24.3	321.5	25.2	+46.2
Net income attributable to owners of parent	204.3	18.1	248.2	19.4	+43.8

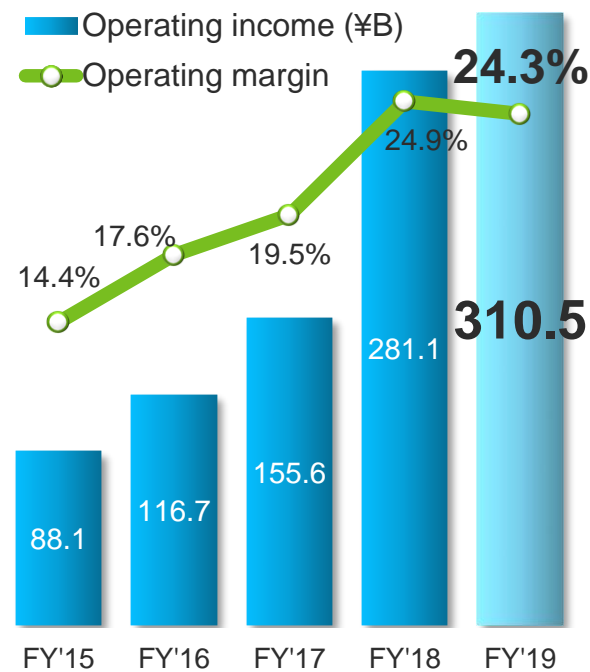
Achieved highest ever sales and profits

Five-year performance

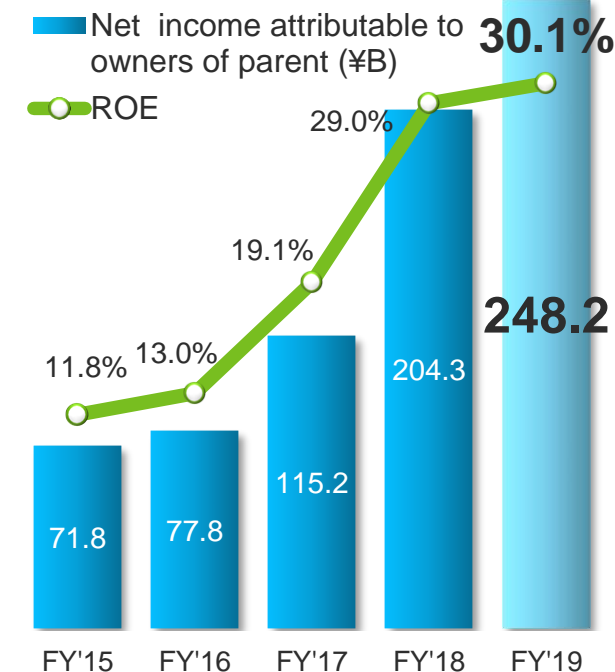
Net Sales and Gross Profit Margin



Operating Income and Operating Margin



Net Income Attributable to Owners of Parent and ROE



Profit margins and ROE continue at high level

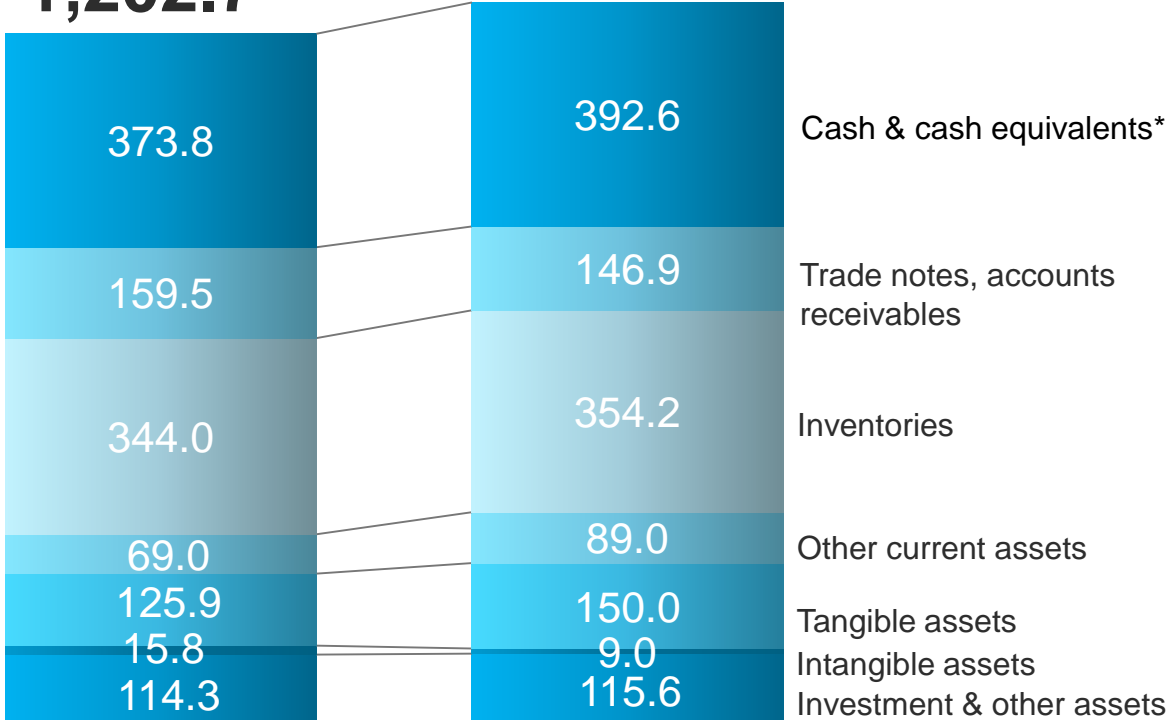
Consolidated balance sheet

Assets

(Billion Yen)

1,202.7

1,257.6



2018/3/31

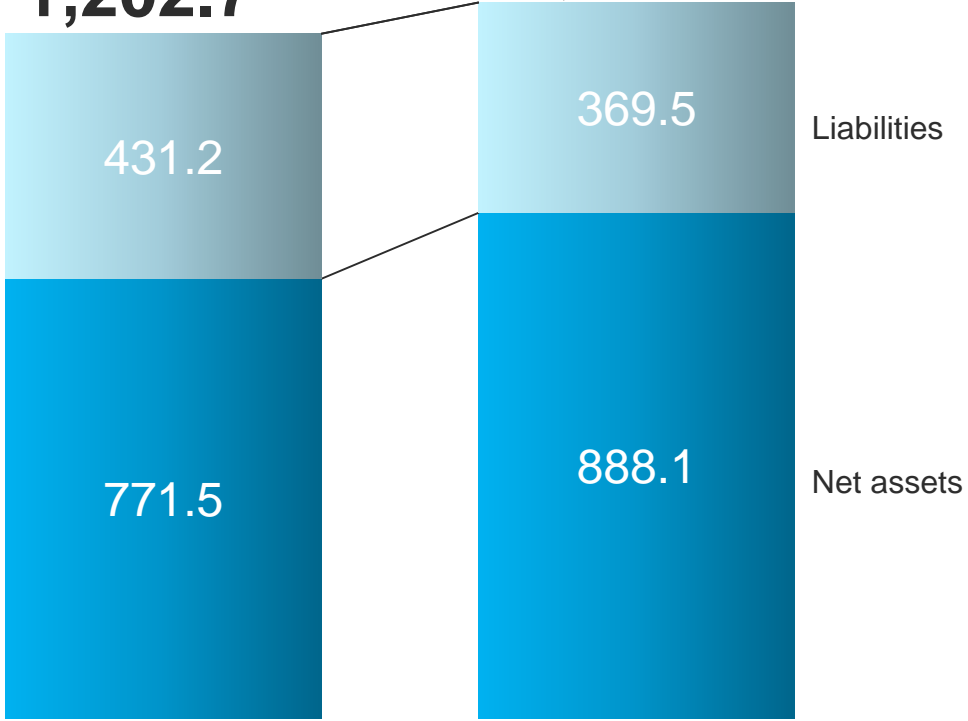
2019/3/31

Liabilities & Net Assets

(Billion Yen)

1,202.7

1,257.6



2018/3/31

2019/3/31

*Include time deposits + Short-term investments, etc. (Securities on B/S).

Non-consolidated financial statement

(Billion Yen)

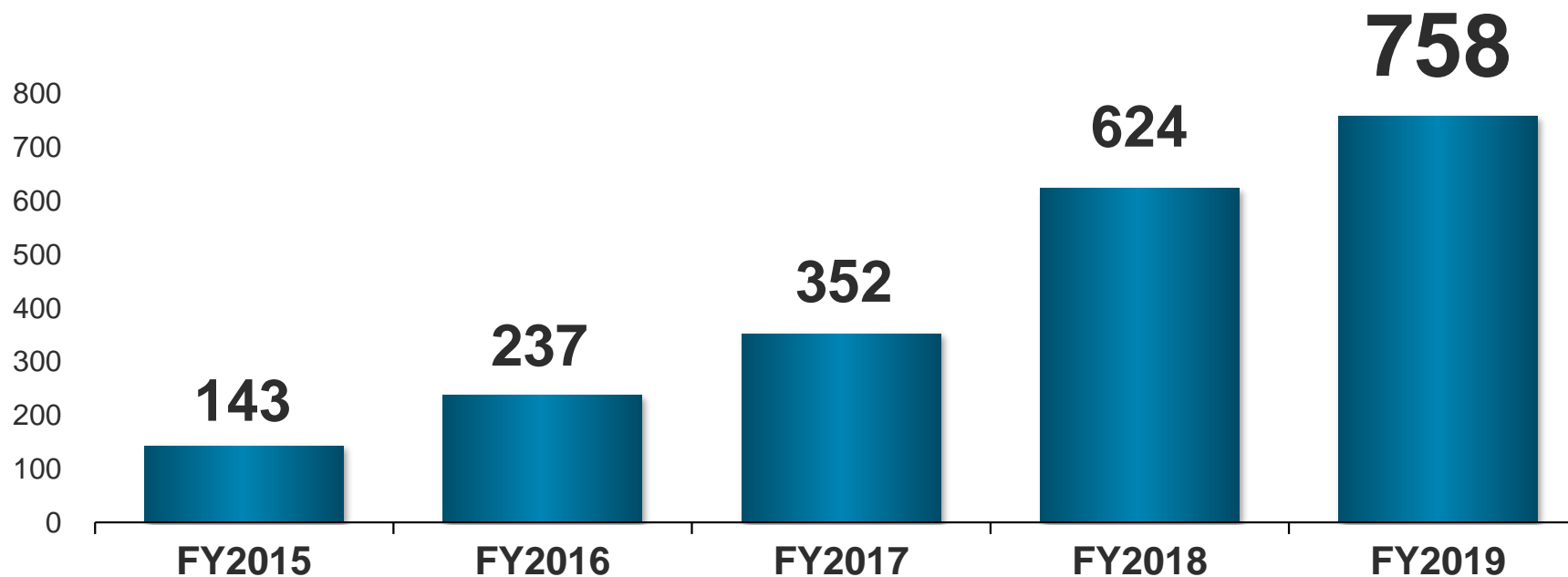
Statement of Income	FY2018		FY2019		Variance
		(%)		(%)	
Net sales	1,052.7	100.0	1,158.4	100.0	+105.7
Operating income	122.8	11.7	146.2	12.6	+23.4
Ordinary income	128.5	12.2	352.6	30.4	+224.1
Income before income taxes	127.2	12.1	359.6	31.0	+232.3
Net income	91.3	8.7	312.7	27.0	+221.3

Balance Sheet	FY2018		FY2019		Variance
		(%)		(%)	
Total assets	994.0	100.0	978.1	100.0	-15.9
Total liabilities	636.1	64.0	437.7	44.8	-198.3
Total net assets	357.9	36.0	540.3	55.2	+182.4
Total liabilities & net assets	994.0	100.0	978.1	100.0	-15.9

FY2019 dividends

▶ Annual dividend per share

(Yen)



	Interim	Year-end	Annual dividends
FY2019	413 yen	345 yen	758 yen

Total dividends	Payout ratio
124.4 Billion yen	50.1%

FY2020 Financial Estimates

(FY2020: April 1, 2019 – March 31, 2020)

CY2019 capex forecast

- **Due to investment constraints in 1st half of this year, equipment market expected to decrease compared to last year**
 - **SPE: 15~20% decrease**
 - **FPD: about 30% decrease**

- **Recovery expected starting late 2019**

Background:

 - **CPU supply shortage improvement**
 - **Memory inventory adjustment**
 - **Datacenter investment recovery with high-performance CPU release**

FY2020 consolidated financial estimates

(Billion yen)

	1 st Half	2 nd Half	Full year	YoY changes
Net sales	490.0	610.0	1,100.0	- 13.9%
SPE	450.0	580.0	1,030.0	- 11.7%
FPD	40.0	30.0	70.0	- 37.1%
Operating income	85.0 17.3%	135.0 22.1%	220.0 20.0%	- 29.2% - 4.3pts
Ordinary income	85.0	135.0	220.0	- 31.6%
Income before income taxes	85.0	135.0	220.0	- 31.6%
Net income attributable to owners of parent	63.0	101.0	164.0	- 33.9%

SPE: Semiconductor Production Equipment FPD: Flat Panel Display Production Equipment

**Continue to invest in our growth
to prepare for market recovery and future industry growth**

Targeting Further Growth

1. Business highlights
2. Business environment and TEL
3. New financial model for medium-term management plan
4. TEL ESG activities
5. Returns to shareholders

1. Business highlights

FY'19 highlights

Net sales

¥1,278.2B
(YoY +13.0%)



Operating income

¥310.5B
(YoY +10.5%)



Net income attributable to owners of parent

¥248.2B
(YoY +21.5%)



ROE

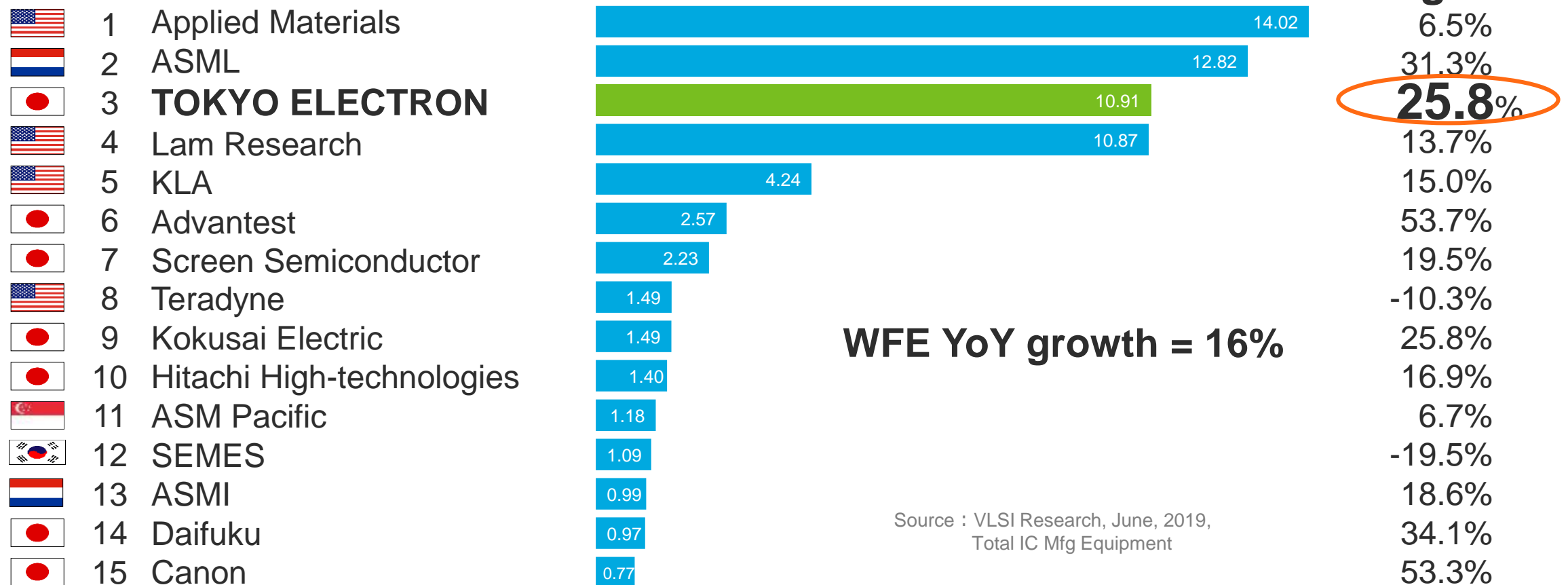
30.1%
(YoY +1.1pts)



Achieved significant increase in sales and profit

SPE business growing

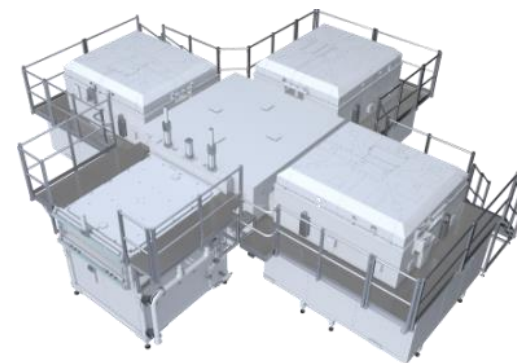
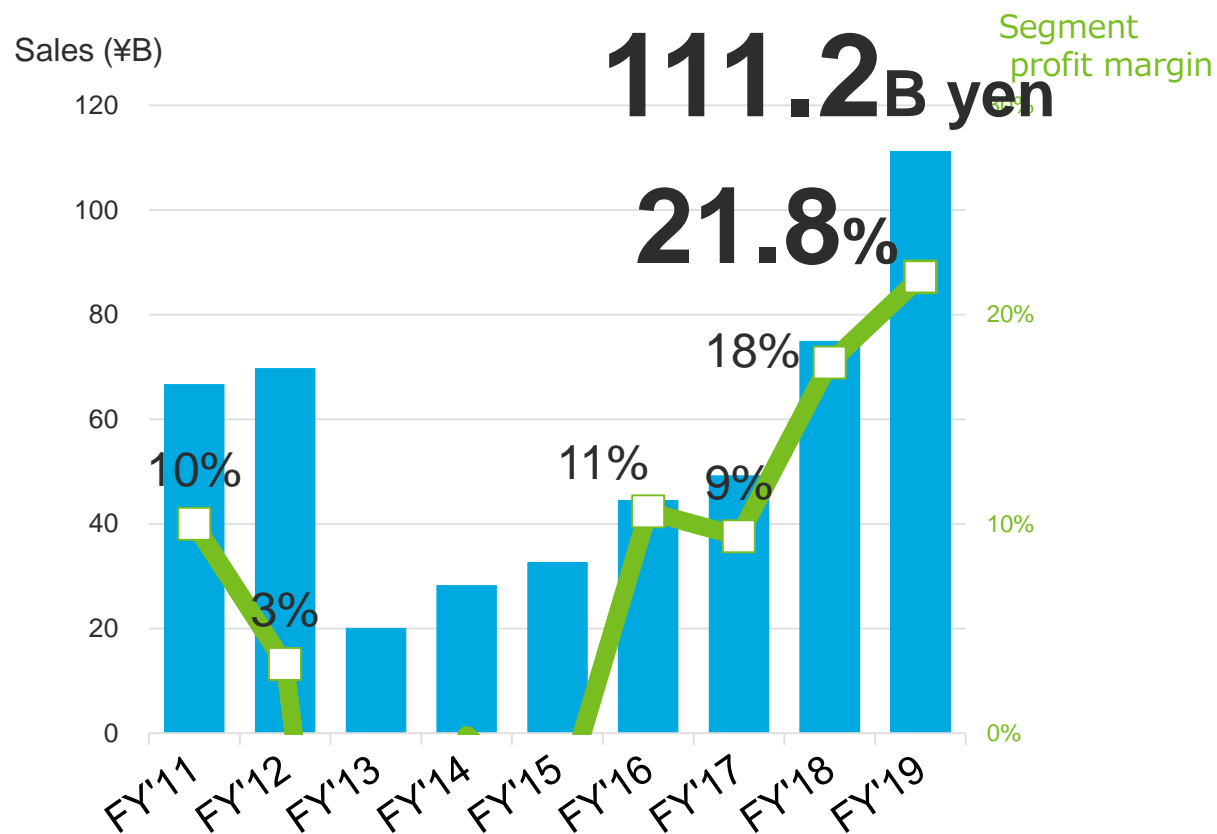
CY2018 SPE makers TOP15 – sales ranking (Billions of US\$)



Source : VLSI Research, June, 2019,
Total IC Mfg Equipment

TEL's growth outperformed market growth

FPD business surging



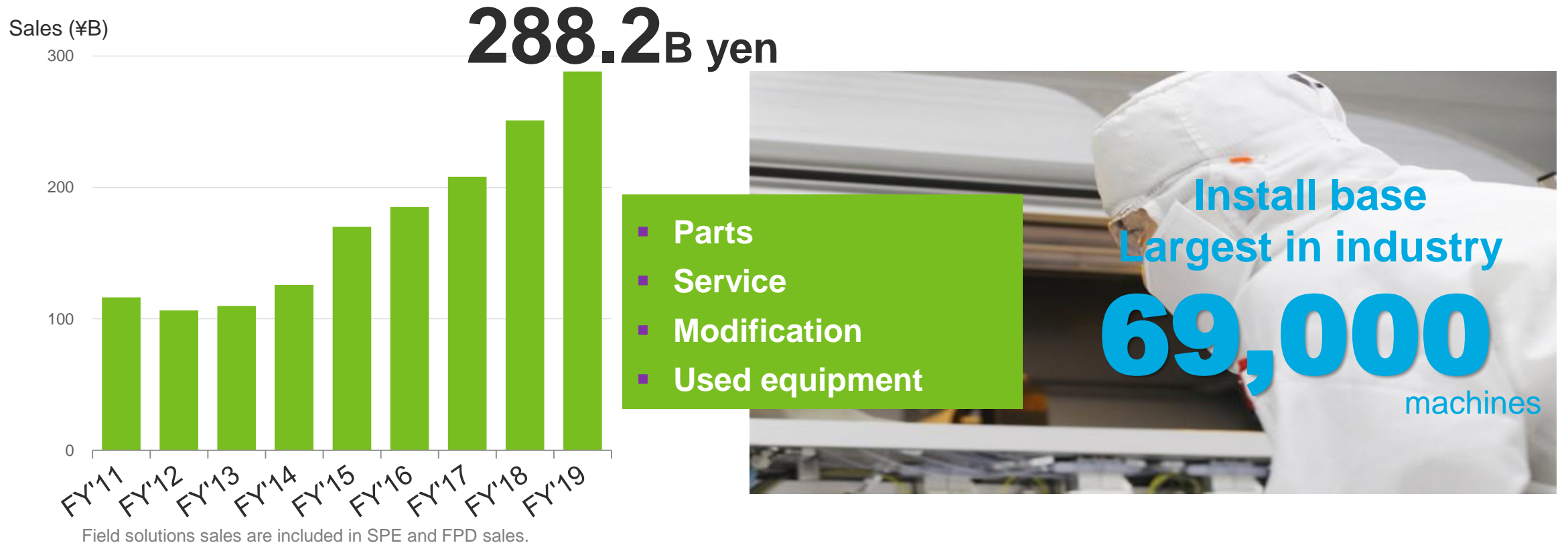
FPD plasma etch/ash system
Impressio™



Inkjet printing system for
Manufacturing OLED panels
Elius™

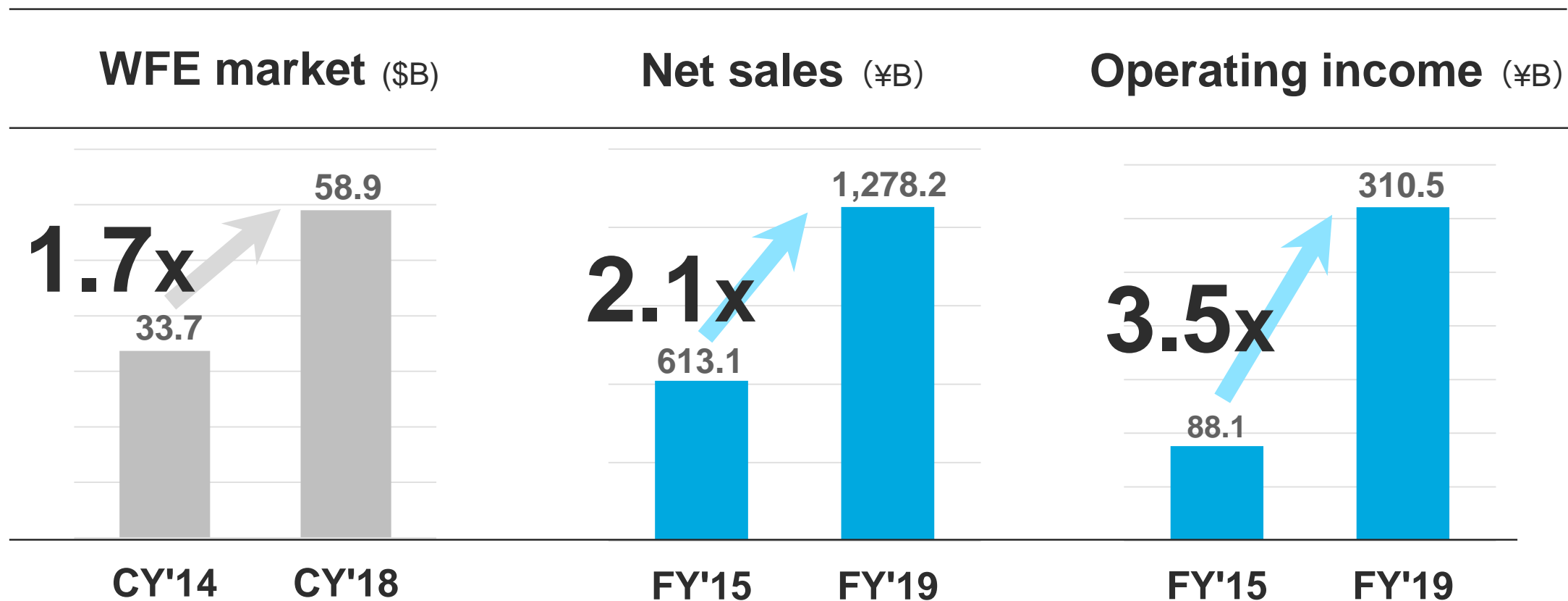
Achieved record-high sales and profits

Field solution business expanding



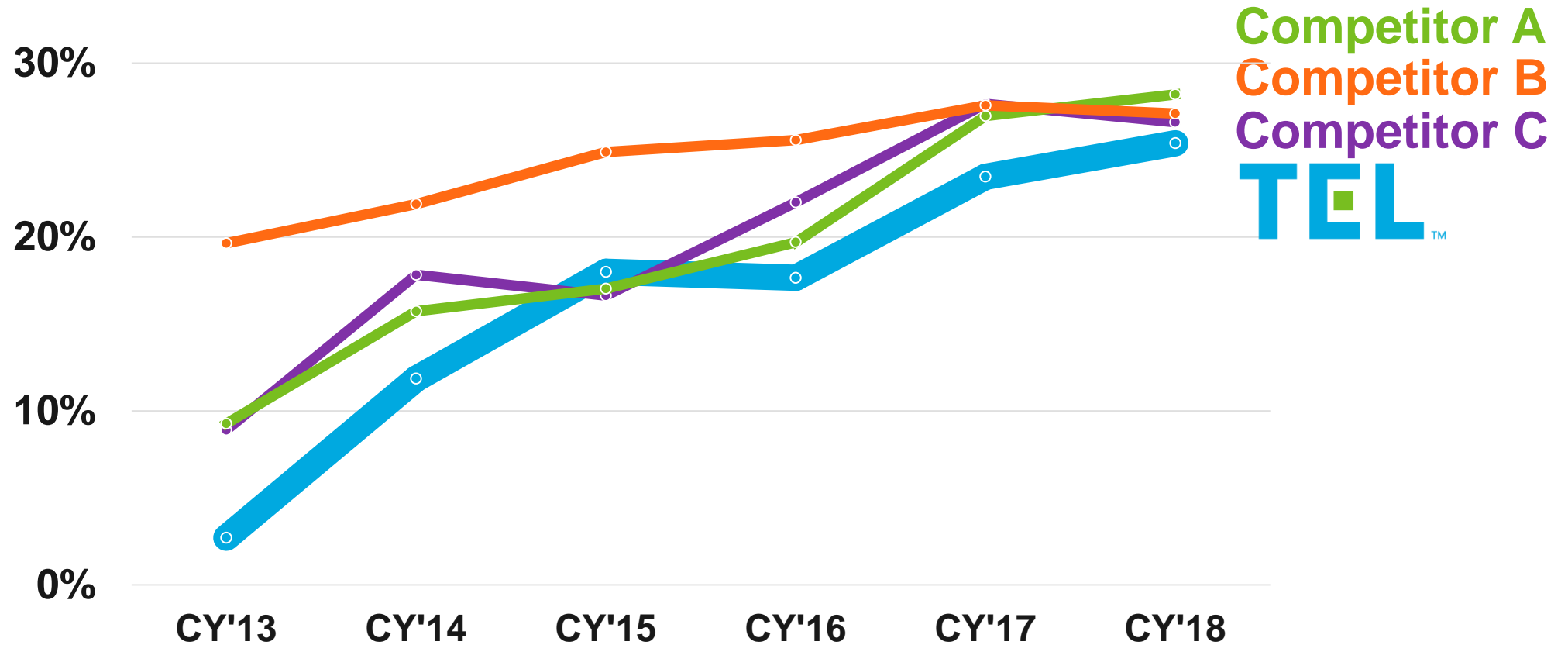
**Stable revenue business
leveraging the industry's largest install base**

Growth over the past 5 years



**Outperformed market growth
by increasing market share and improving productivity**

Comparison of operating margin

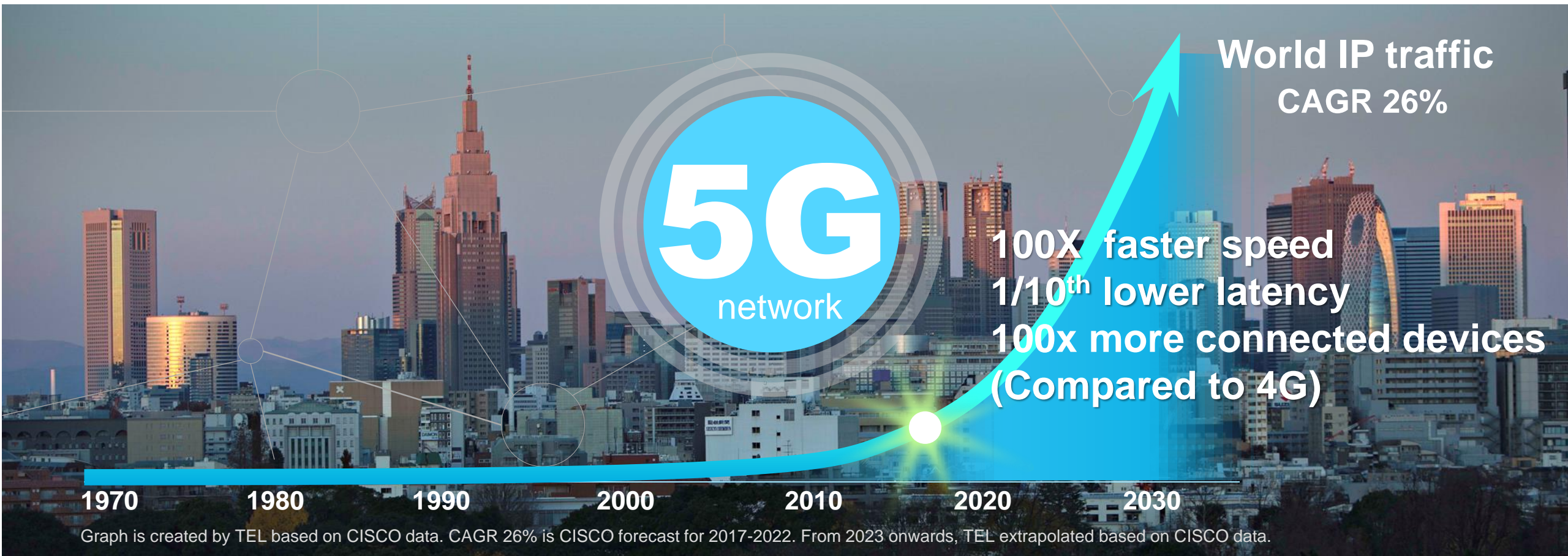


Reclassified quarterly results of each company into CY basis

Aiming to be global No.1 in operating margin

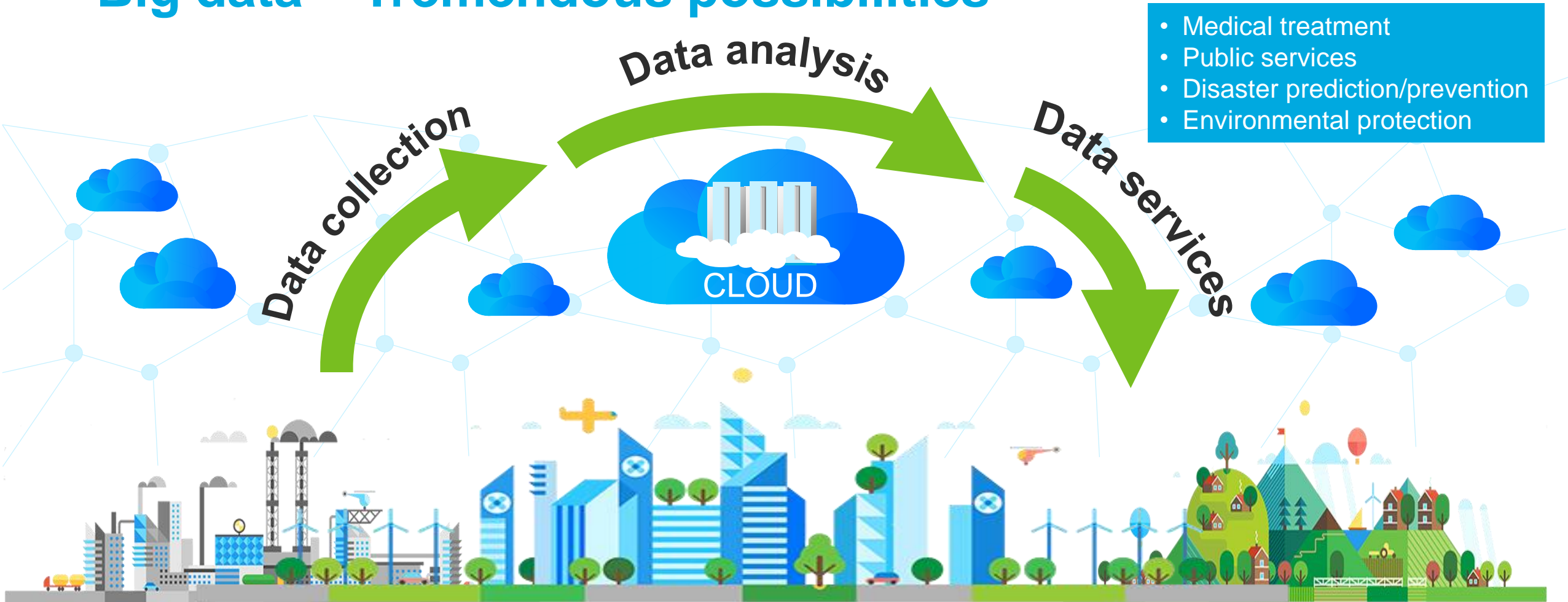
2. Business environment and TEL

2019 marks the first year of 5G



Big data era is only beginning

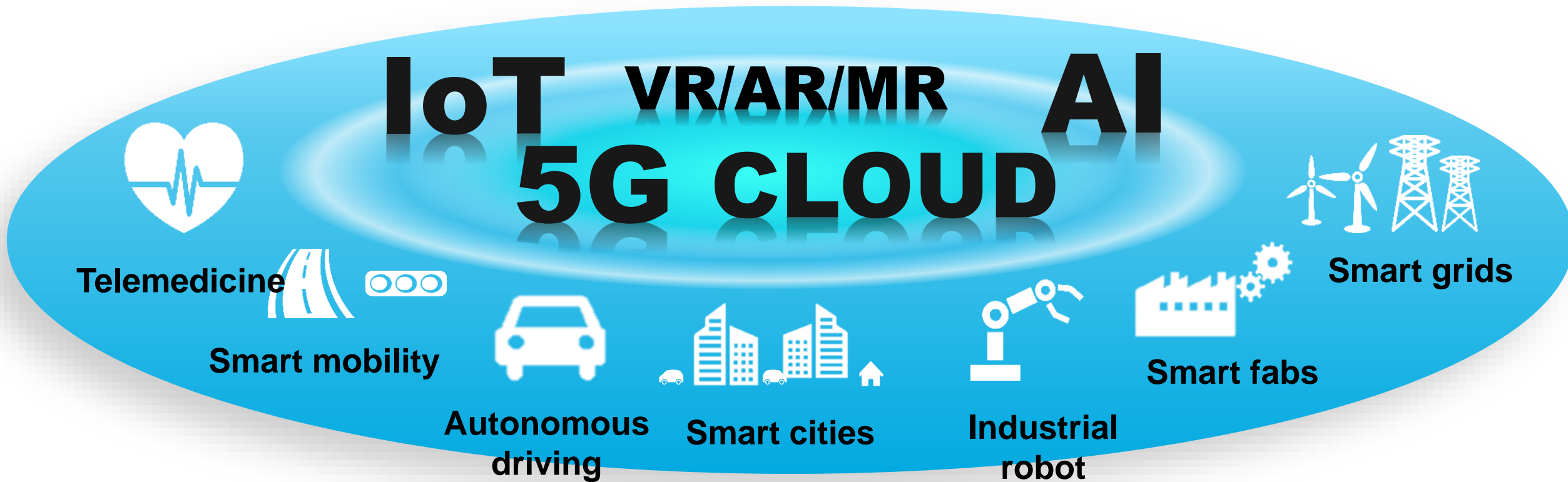
Big data – Tremendous possibilities



- Medical treatment
- Public services
- Disaster prediction/prevention
- Environmental protection

Society will prosper through data

Technologies that support big data era



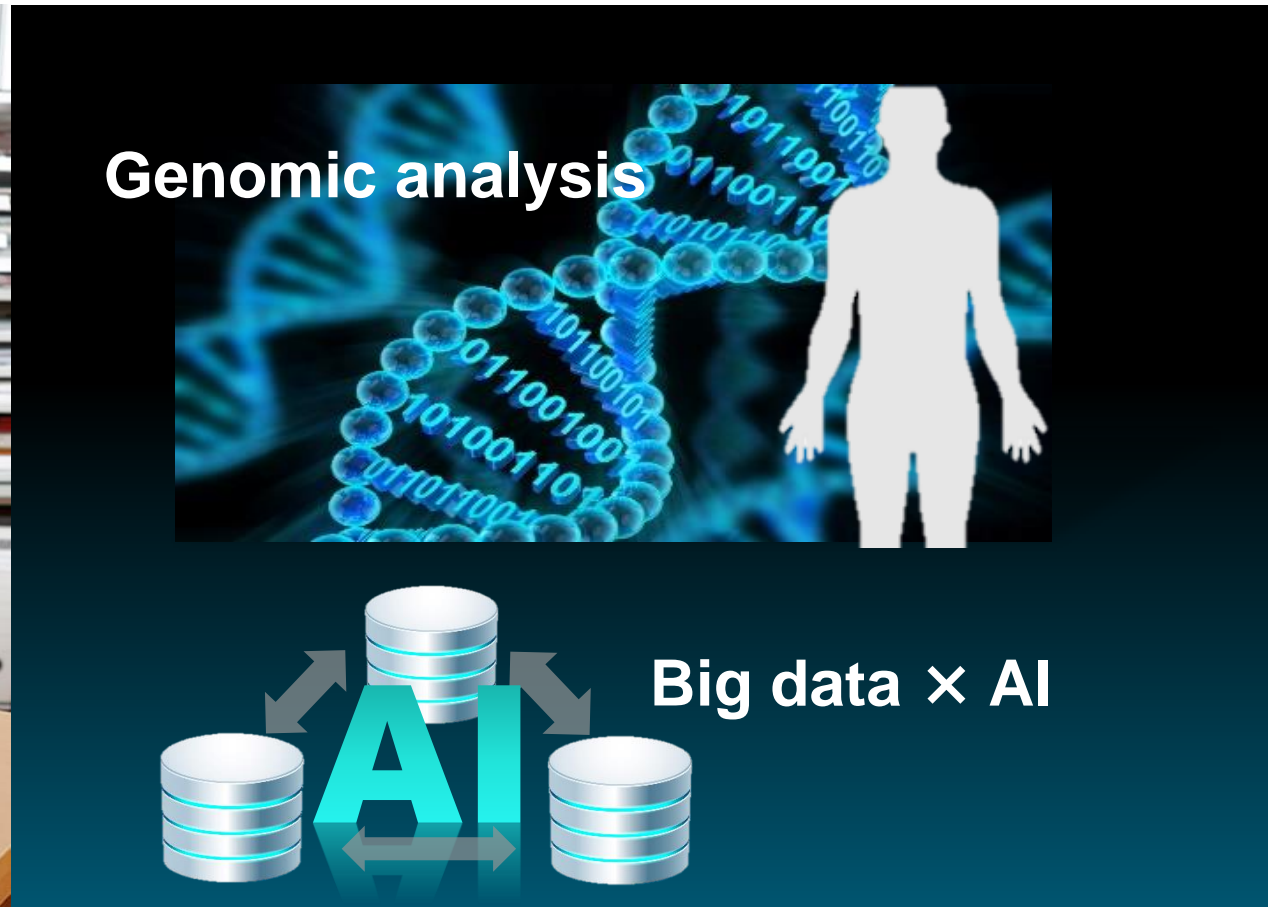
Innovative applications and services will appear

Data opens the way to the future



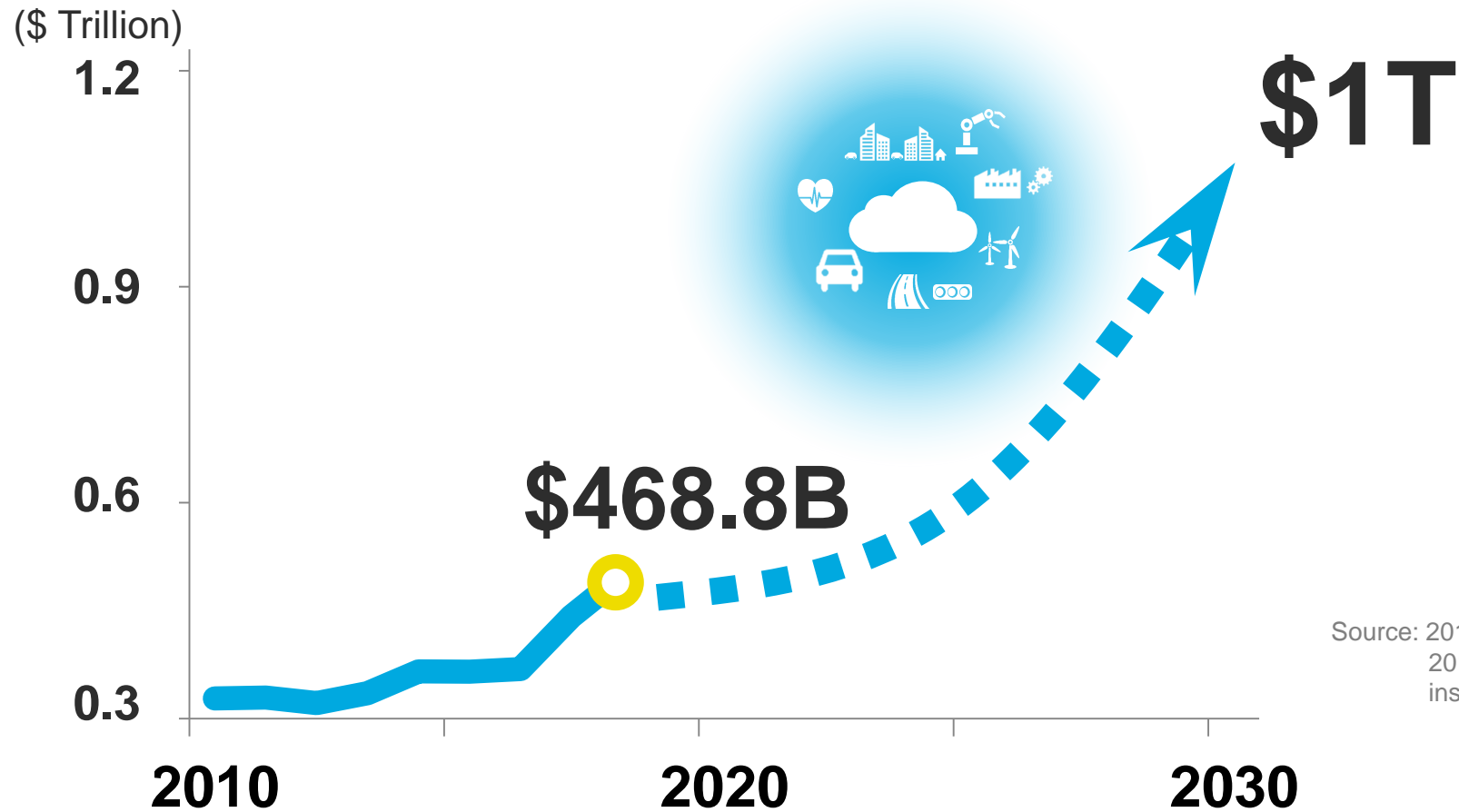
Autonomous driving

Data opens the way to the future



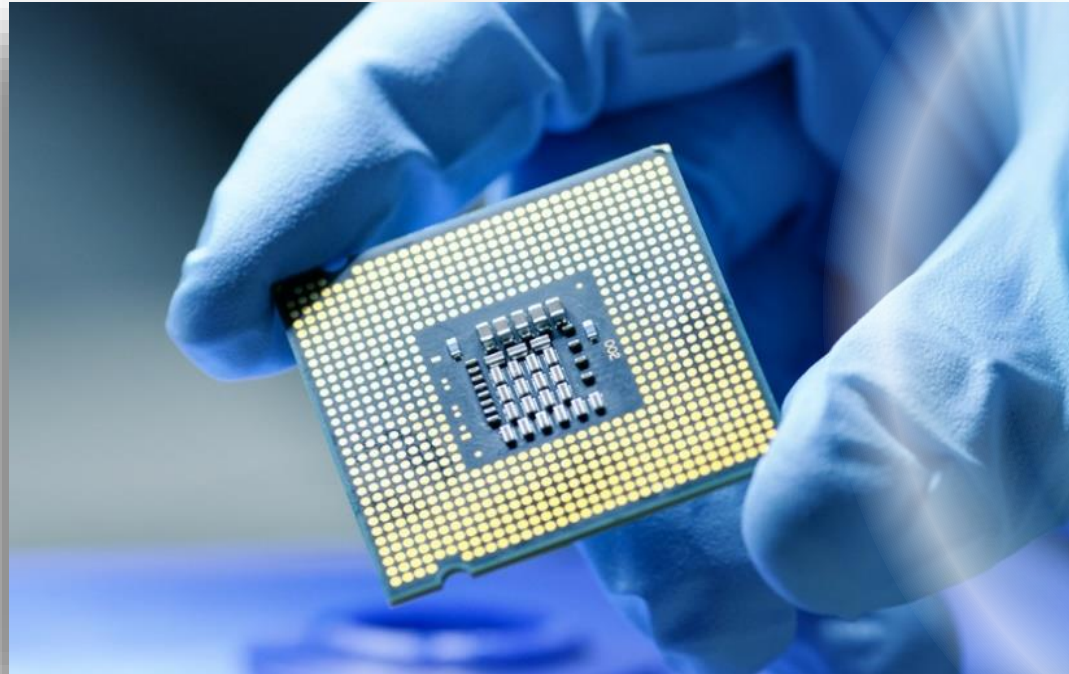
Evolution of medical care

Semiconductor industry outlook



Expected to double in the next 10 years

What's required of semiconductors to bring prosperity

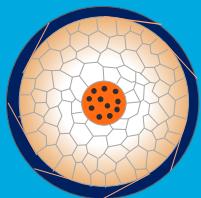


**Larger capacity, higher speed, lower power consumption
and higher reliability**

Astonishing microscopic level of semiconductors

1/20,000

Diameter
of human hair



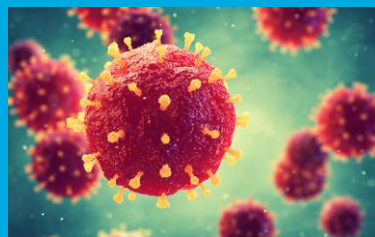
0.1 mm

Smoke particles



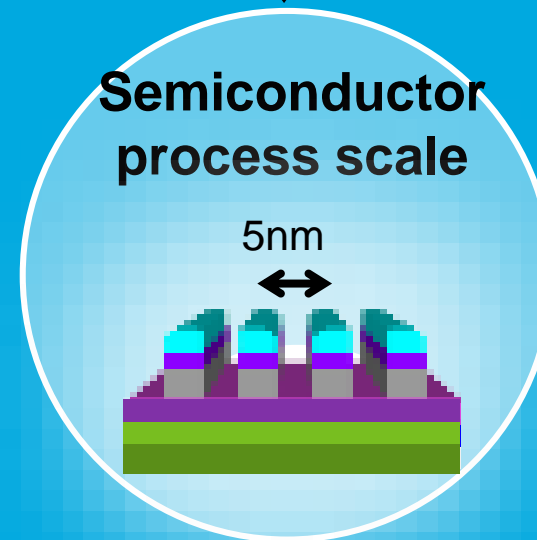
100 nanometer

Smallest virus



14 nanometer

Semiconductor
process scale



5 nanometer

Width of DNA

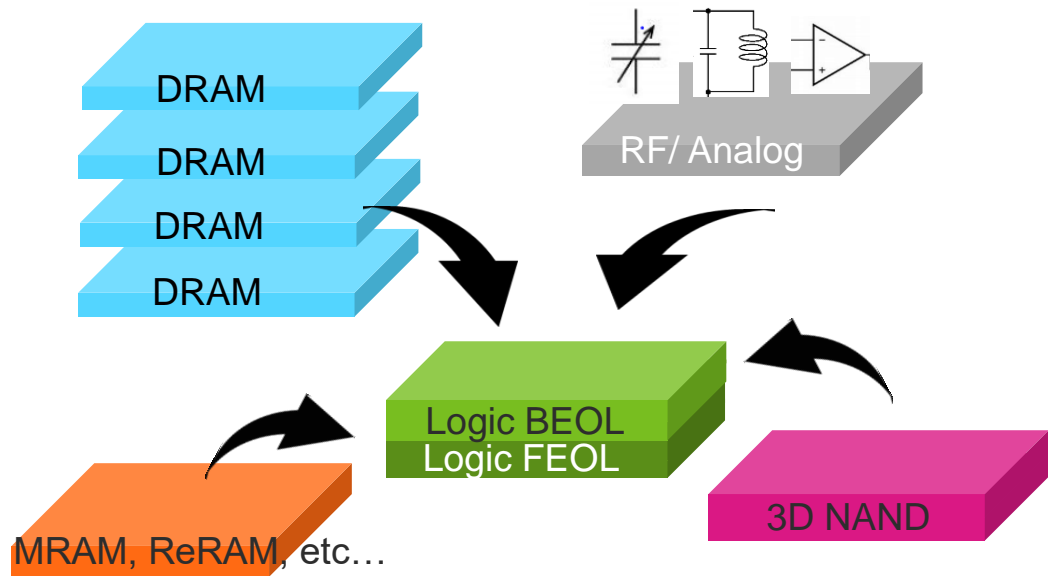


2 nanometer

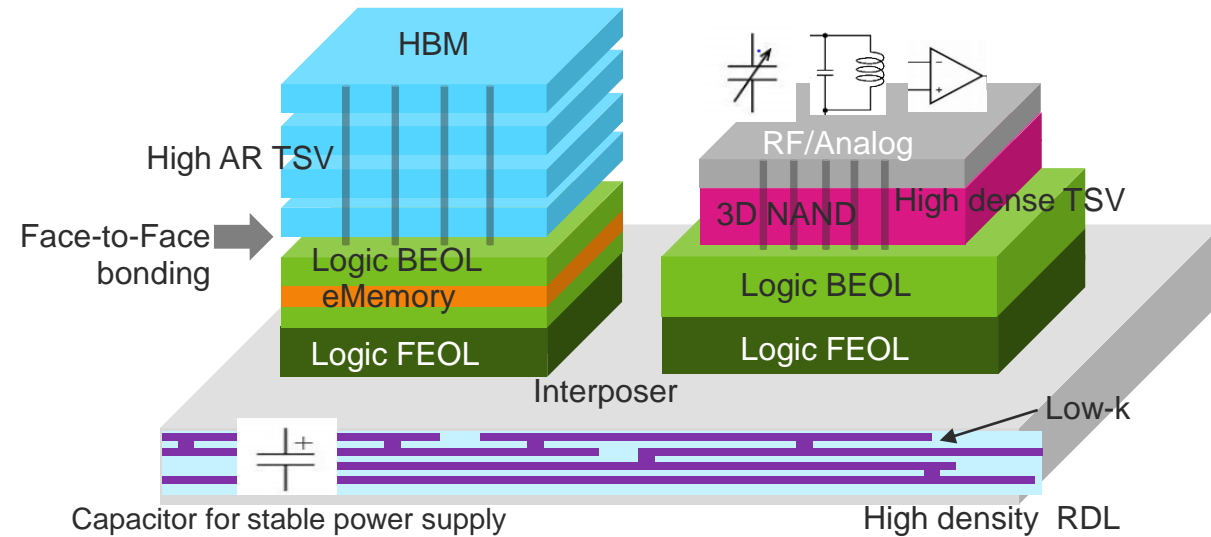
1 nanometer = 1/1,000,000,000 meter

Semiconductor technology moving toward the ultimate nano-electronics

Semiconductor evolution continues



Future Devices System for HPC*/AI/5G/IoT



HPC*: High Performance Computing

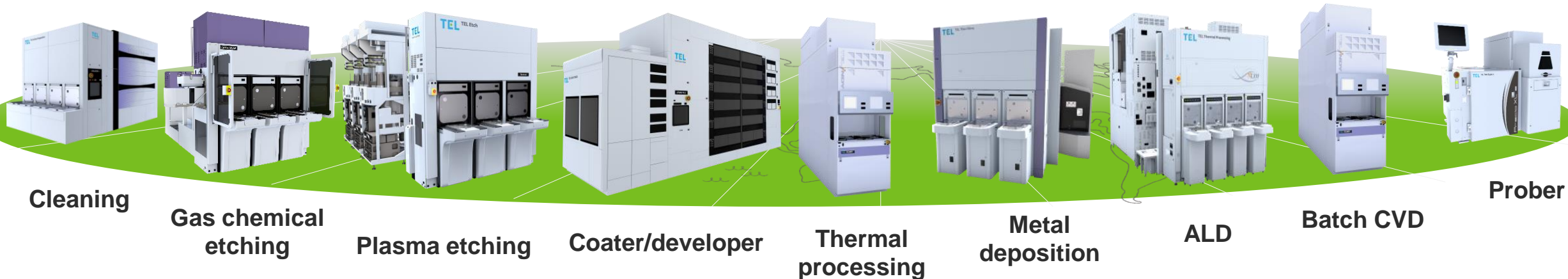
Technologies will further advance and diversify

An era demanding comprehensive capabilities from equipment suppliers

SPE product line-up

Major products and market position

#2 #1 #2 #1 #1 #1 #2 #2 #1



**Overwhelming comprehensive capability
with diverse products and high market position**



Vision

A truly global company generating high added value and profits in the semiconductor and flat panel display industries through **innovative technologies** and groundbreaking proactive solutions that **integrate diverse technologies.**

3. New financial model for medium-term management plan

Revision of financial model

- With the adoption of IoT, AI and 5G, the transition to a data society is accelerating. The expansion of semiconductor applications and demand for technological innovation to enable this transition is expected to drive medium- to long-term growth in both semiconductor and FPD manufacturing equipment markets.
- We are closely watching macroeconomic trends such as the US-China trade friction and Brexit. We also have an environment with high-growth opportunities as mentioned above. For these reasons, we revised the FY2021 financial model announced last year. We also added a further growth target for the medium- and long-term.

New financial model

Financial Model (within 5 years)			
Net sales	1.5 T yen	1.7 T yen	2 T yen
Operating margin	26.5%	28%	>30%
ROE	>30%		

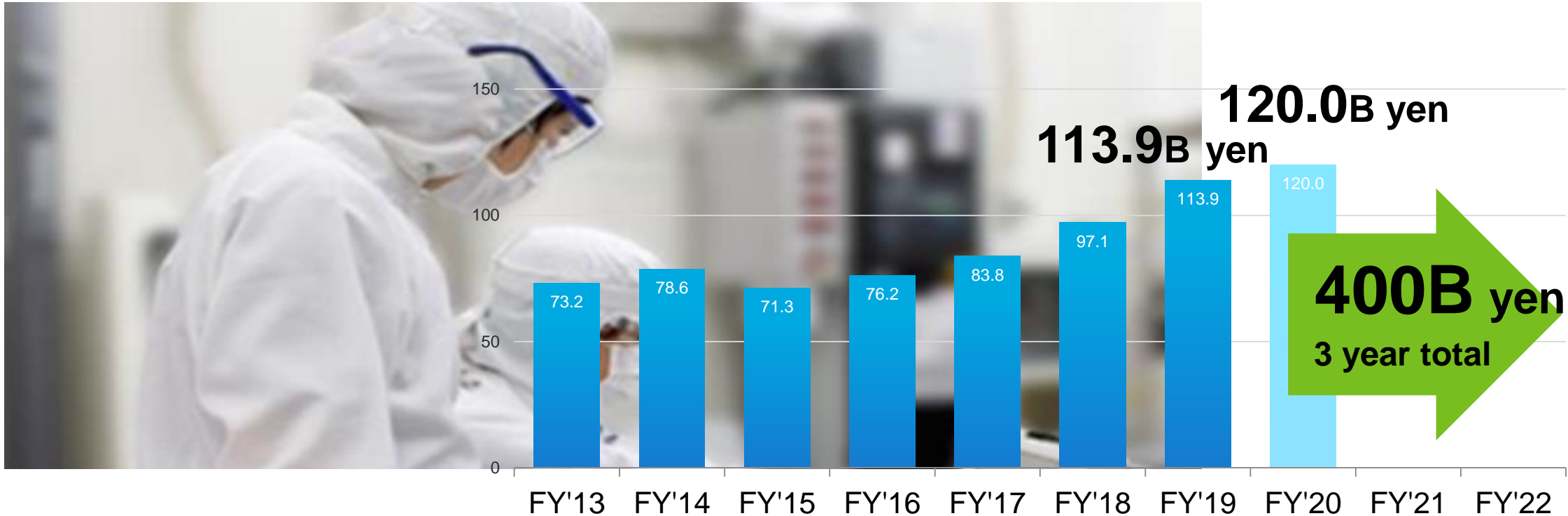
Aiming to have global No.1 operating margin & ROE

Three focus areas for growth



Continuous pursuit of “Best Products & Best Service”

R&D investment



Looking at future growth

Investing a total of 400 billion yen in R&D over the next 3 years

4. TEL ESG activities

TEL's stance on ESG



Safety, Quality and Compliance
Our Top Priority

It's our pride

Further increasing corporate value

Offence

Achieve world-class operating margin and ROE of over 30%

&

Offence

- Safety
- Quality
- Compliance
- Engagement



Contributing to the environment

**Continuing to reduce energy consumption
is a big challenge in the IoT era**



**TEL is creating a better society by providing
technological solutions**

Establish medium-term environmental targets for 2030

CO₂ emission reduction goal

Products

30% reduction

Per-wafer (vs 2013)

Facilities

20% reduction

Total emissions (vs 2018)

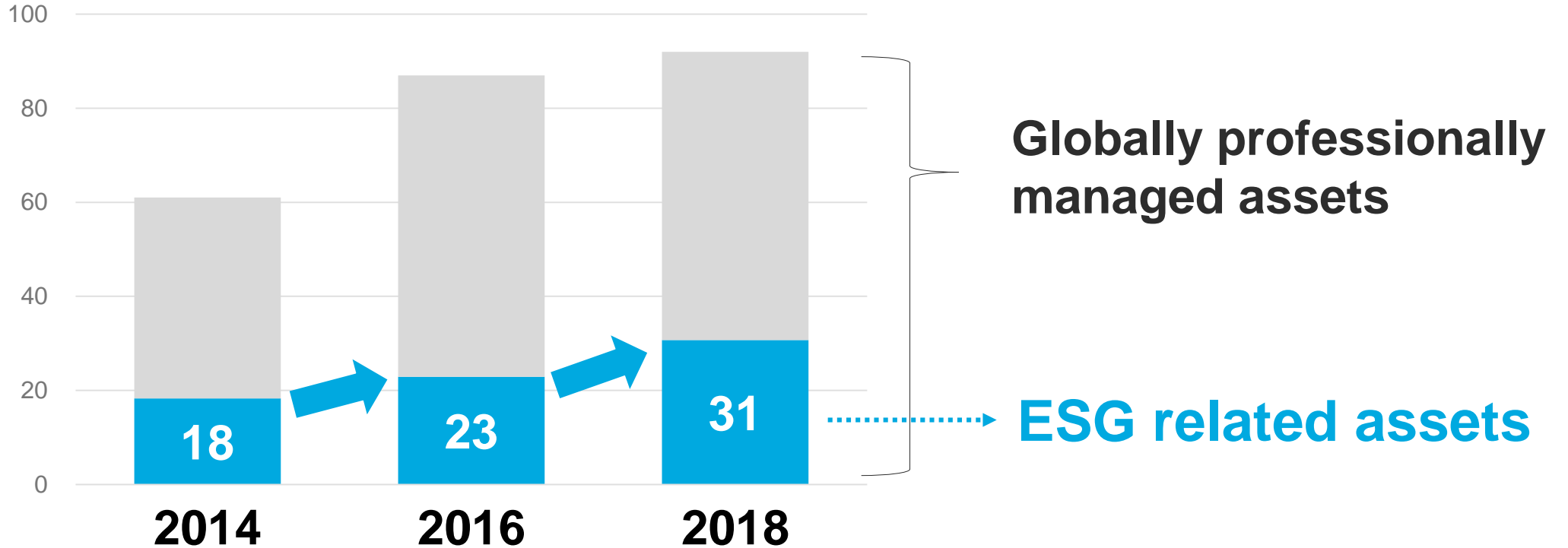
1% reduction

Energy consumption
at each facility (YoY)

**As a leading corporation in environmental management,
TEL works actively to conserve the global environment**

ESG investment

(Trillion \$)



Source: 2016, 2018 Global Sustainable Investment Review

**ESG investment has expanded rapidly
and has reached one-third of total investment**

External assessments toward our activities

TEL is included on several ESG-related indices



TEL ESG programs have received very positive reviews

5. Returns to shareholders

Basic approach for shareholder returns

**Create value through innovative technologies
and proactive, groundbreaking solutions**



Pursue profits, enhance corporate value



Appropriate returns to shareholders

TEL shareholder return policy

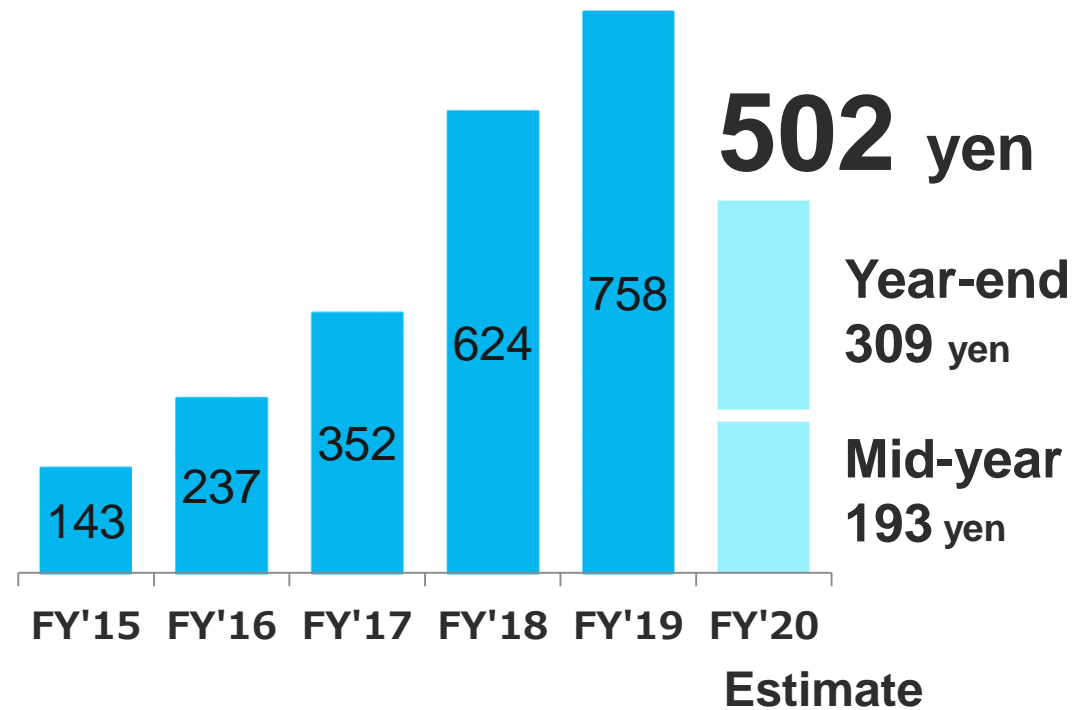
Dividend payout ratio: 50%

Annual DPS of not less than 150 yen

Review dividend policy if the company does not generate net income for two consecutive fiscal years.

Dividend forecast for FY'20

Dividend per share



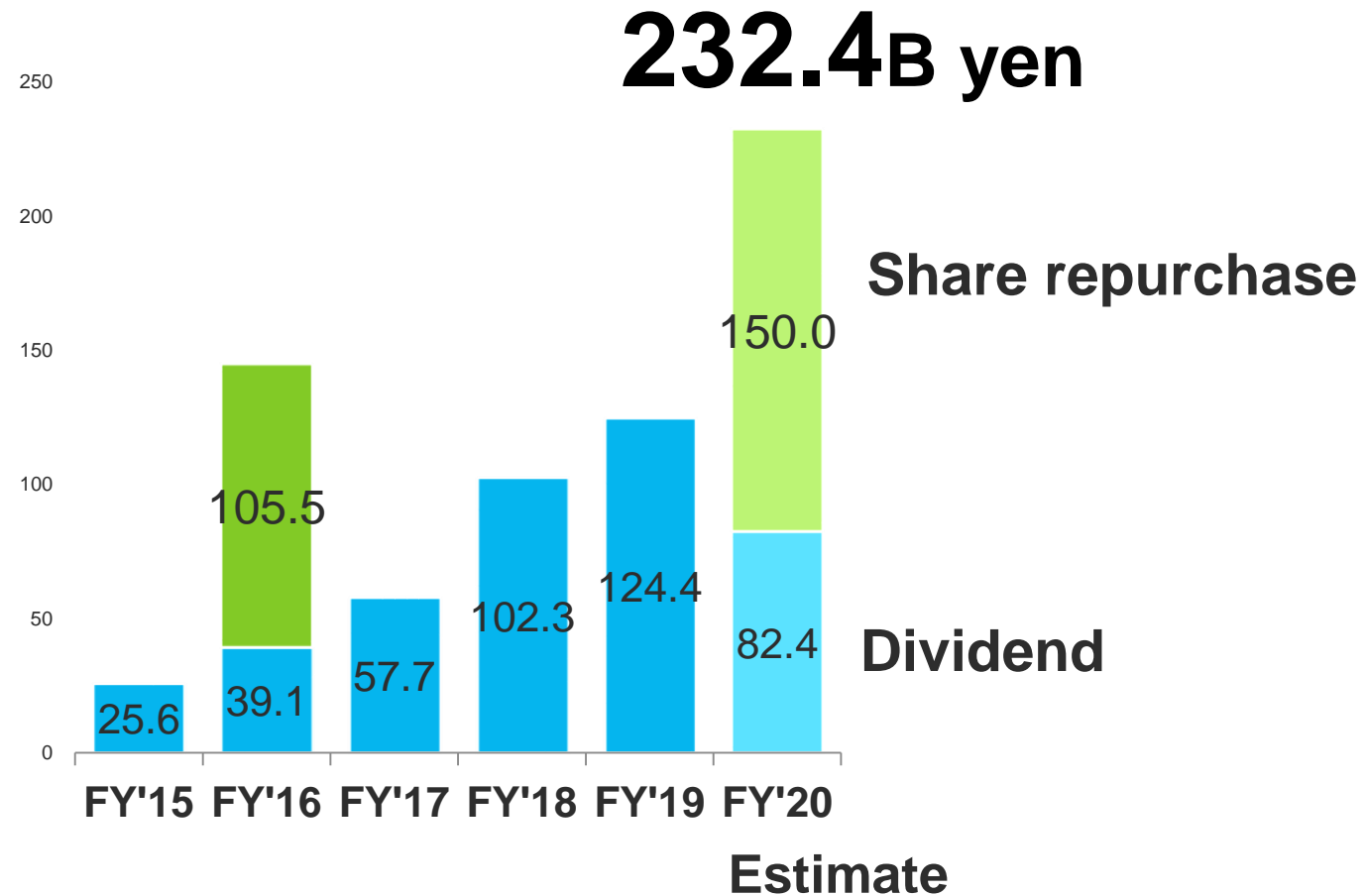
Forecasting to pay a dividend of 502 yen per share

Share repurchase plan

Implement share repurchase of up to 150B yen

- Type of shares to be acquired: Shares of common stock
- Total number of shares to be acquired: Up to 14 million shares
(Equivalent to 8.5% of outstanding shares excluding treasury stock)
- Total cost of acquisition: Up to 150 billion yen
- Period of acquisition: From May 28, 2019 to December 31, 2019

Total shareholder return



Anticipating highest ever shareholder return

**We will continue to increase
shareholder value in the future**

TEL™

TOKYO ELECTRON