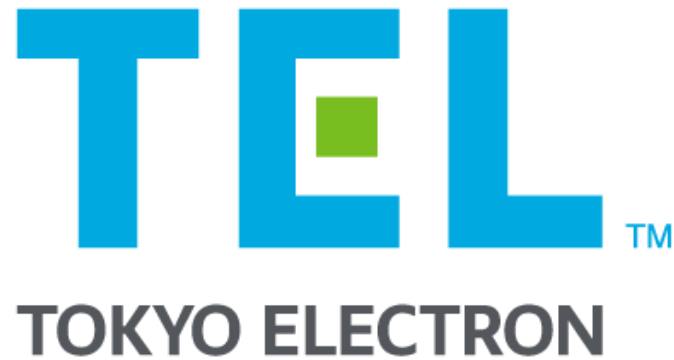


The 55th Annual General Meeting of Shareholders



June 19, 2018

FY2018 Financial Report

(FY2018: April 1, 2017 – March 31, 2018)

Consolidated Statement of Income

(Billion Yen)

	FY2017	(%)	FY2018	(%)	Variance
Net sales	799.7	100.0	1,130.7	100.0	+331.0
SPE	749.8	93.8	1,055.2	93.3	+305.3
FPD	49.3	6.2	75.0	6.7	+25.6
Others	0.4	0.0	0.4	0.0	▲0

SPE: Semiconductor Production Equipment

FPD: Flat Panel Display Production Equipment

**Consolidated sales up 41% YoY exceeding the market growth rate,
over 1,000 Billion yen for the first time**

Consolidated Statement of Income

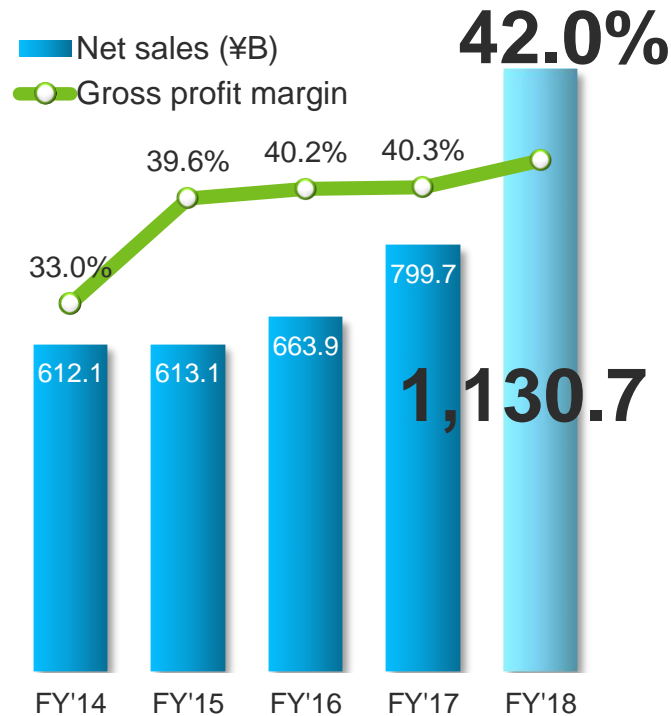
(Billion Yen)

	FY2017	(%)	FY2018	(%)	Variance
Net sales	799.7	100.0	1,130.7	100.0	+331.0
Gross profit	322.2	40.3	475.0	42.0	+152.7
Operating income	155.6	19.5	281.1	24.9	+125.4
Ordinary income	157.5	19.7	280.7	24.8	+123.1
Unusual or infrequent profit	0		0		+0
Unusual or infrequent loss	8.4		5.5		▲2.9
Income before income taxes	149.1	18.6	275.2	24.3	+126.1
Net income attributable to owners of parent	115.2	14.4	204.3	18.1	+89.1

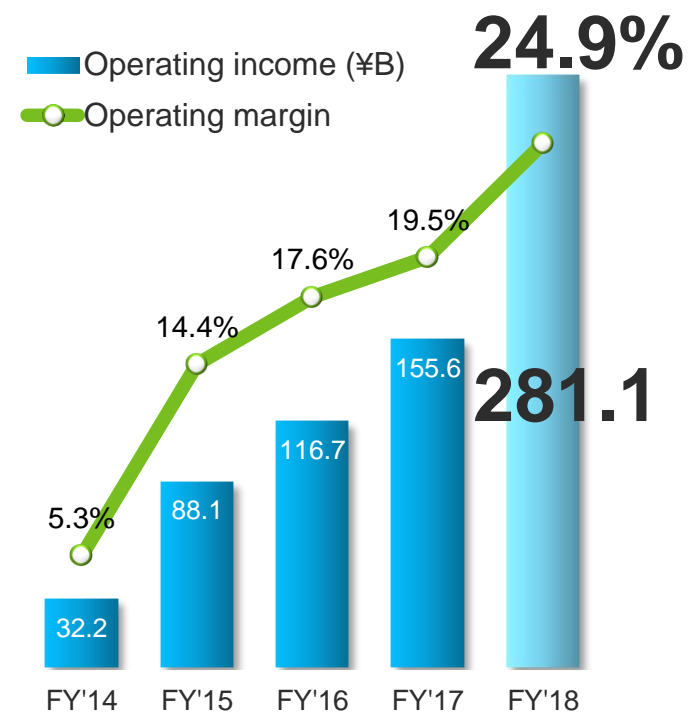
Consolidated sales, and respective income all reached new record highs.

FY2018 (April 2017-March 2018) highlights

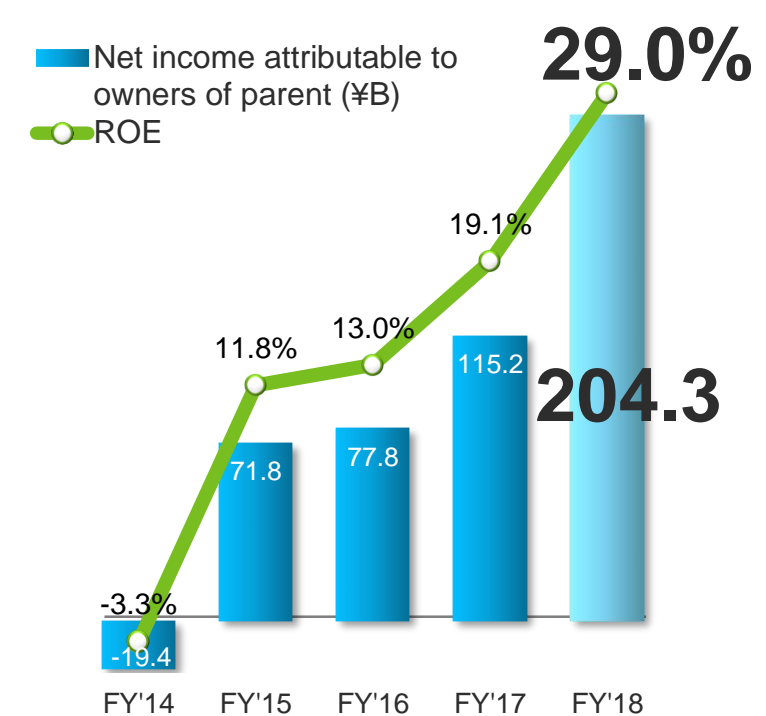
Net Sales and Gross Profit Margin



Operating Income and Operating Margin



Net Income Attributable to Owners of Parent and ROE



In addition to high sales and profit, large improvement in profit margin

Growth drivers

	FY'18 (vs. FY'17)
WFE* market growth WFE market growth based on CY numbers	+37%
TEL sales growth	+41%
TEL operating income growth	+81%



Etch system



Cleaning system



ALD system

*ALD: Atomic layer deposition tools

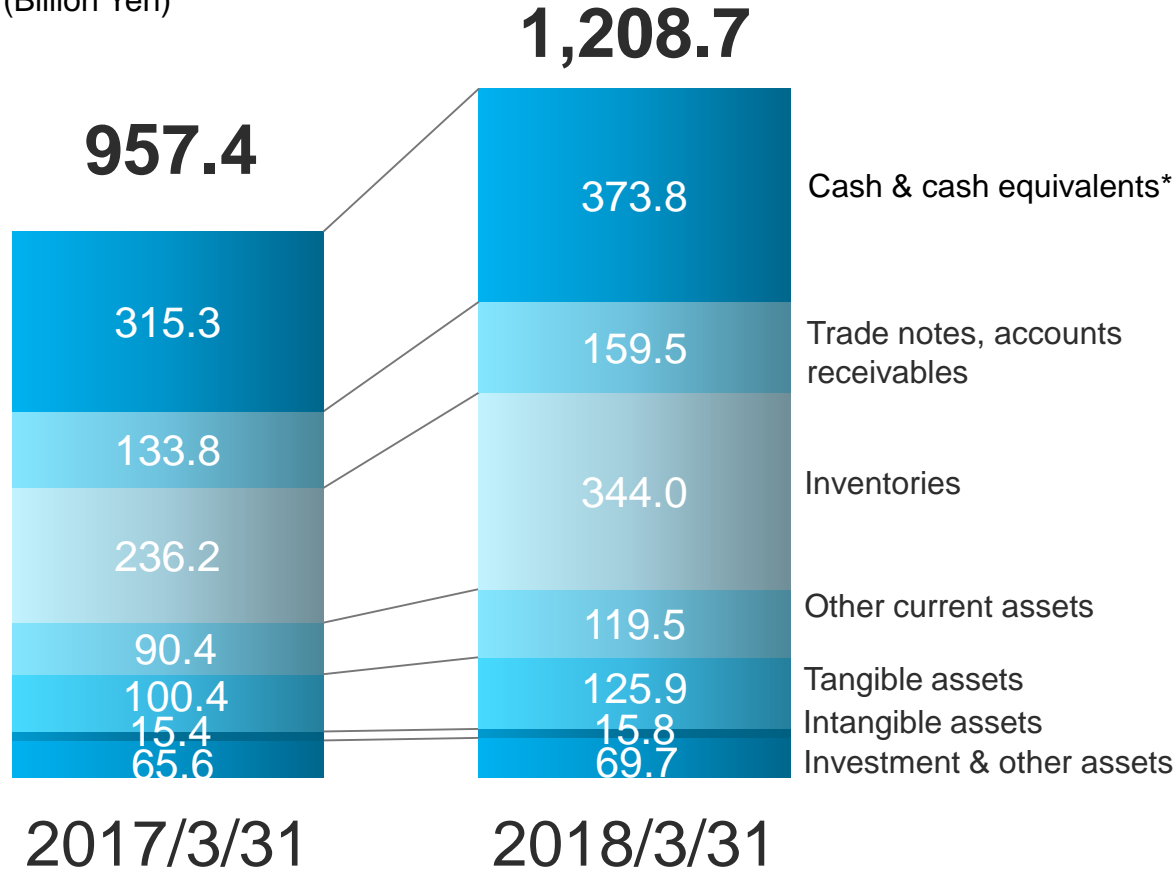
*WFE: Wafer Fab Equipment

Entered and increased market share in growth areas
Outperformed overall market growth

Consolidated Balance Sheet

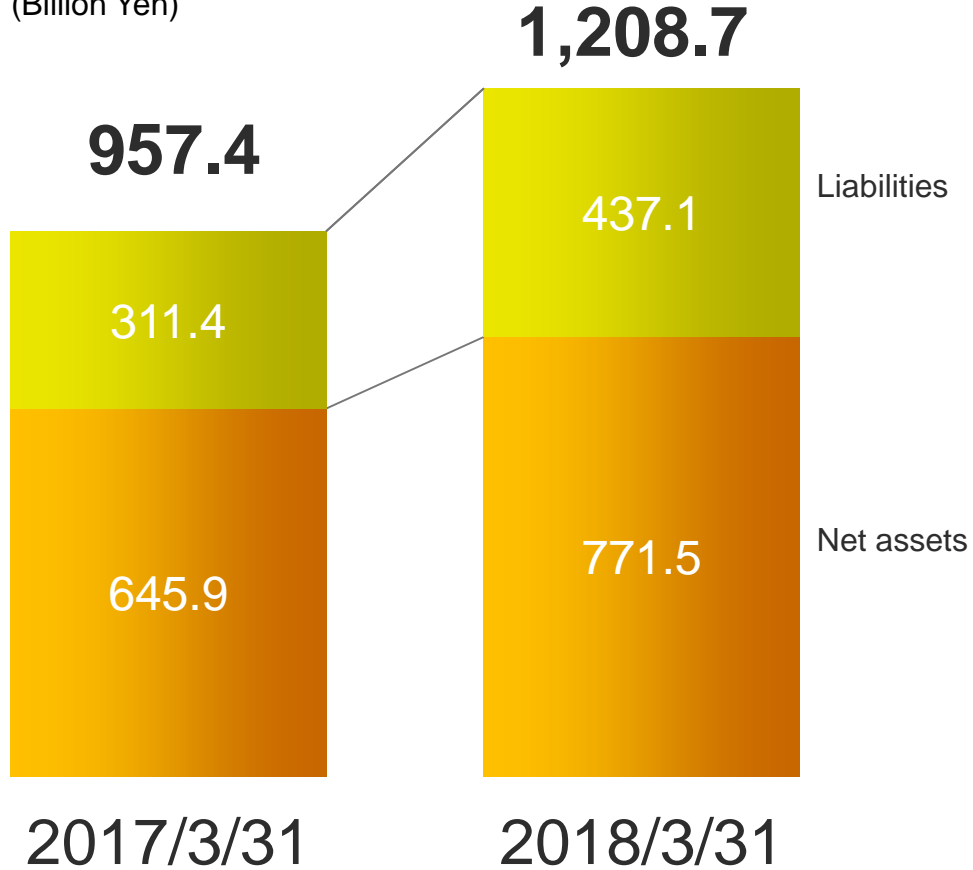
Assets

(Billion Yen)



Liabilities & Net Assets

(Billion Yen)



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

Non-consolidated Financial Statement

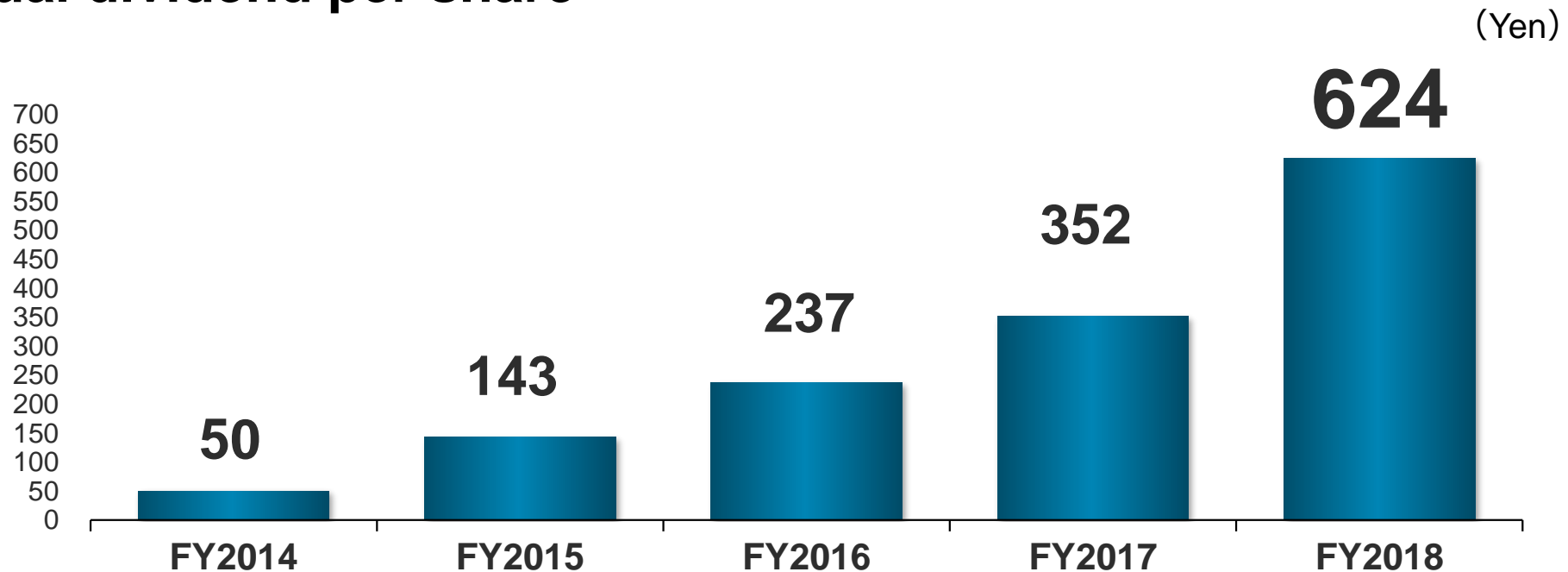
(Billion Yen)

Statement of Income	FY2017	(%)	FY2018	(%)	Variance
Net sales	751.0	100.0	1,052.7	100.0	+301.6
Operating income	60.5	8.1	122.8	11.7	+62.2
Ordinary income	61.8	8.2	128.5	12.2	+66.6
Income before income taxes	63.8	8.5	127.2	12.1	+63.4
Net income	46.6	6.2	91.3	8.7	+44.6

Balance Sheet	FY2017	(%)	FY2018	(%)	Variance
Total assets	768.6	100.0	994.0	100.0	+225.4
Total liabilities	428.1	55.7	636.1	64.0	+207.9
Total net assets	340.5	44.3	357.9	36.0	+17.4
Total liabilities & net assets	768.6	100.0	994.0	100.0	+225.4

FY2018 Dividends

▶ Annual dividend per share



	Interim	Year-end	Annual dividends
FY2018	277yen	347yen	624yen

Total dividends	Payout ratio
102.3 Billion yen	50.1%

FY2019 Financial Estimates

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

Business Environment

■ SPE Capex

CY2018 WFE capex forecast to increase by around 15% YoY driven by buoyant demand for memory

■ FPD Capex

CY2018 demand for FPD manufacturing equipment forecast to increase 10% YoY despite adjustments to investment in small/medium panels for mobile devices, with demand driven by significantly expanded investment on demand for large panels

FY2019 Consolidated Financial Estimates

(Billion Yen)

	1 st Half	2 nd Half	Full year	YoY changes
Net Sales	690.0	710.0	1,400.0	+23.8%
SPE	634.0	654.0	1,288.0	+22.1%
FPD	56.0	56.0	112.0	+49.2%
Operating Income	173.0 25.1%	193.0 27.2%	366.0 26.1%	+30.2% +1.2pts
Ordinary Income	173.0	193.0	366.0	+30.4%
Income before income taxes	173.0	193.0	366.0	+33.0%
Net income attributable to owners of parent	128.0	142.0	270.0	+32.1%

SPE: Semiconductor Production Equipment

FPD: Flat Panel Display Production Equipment

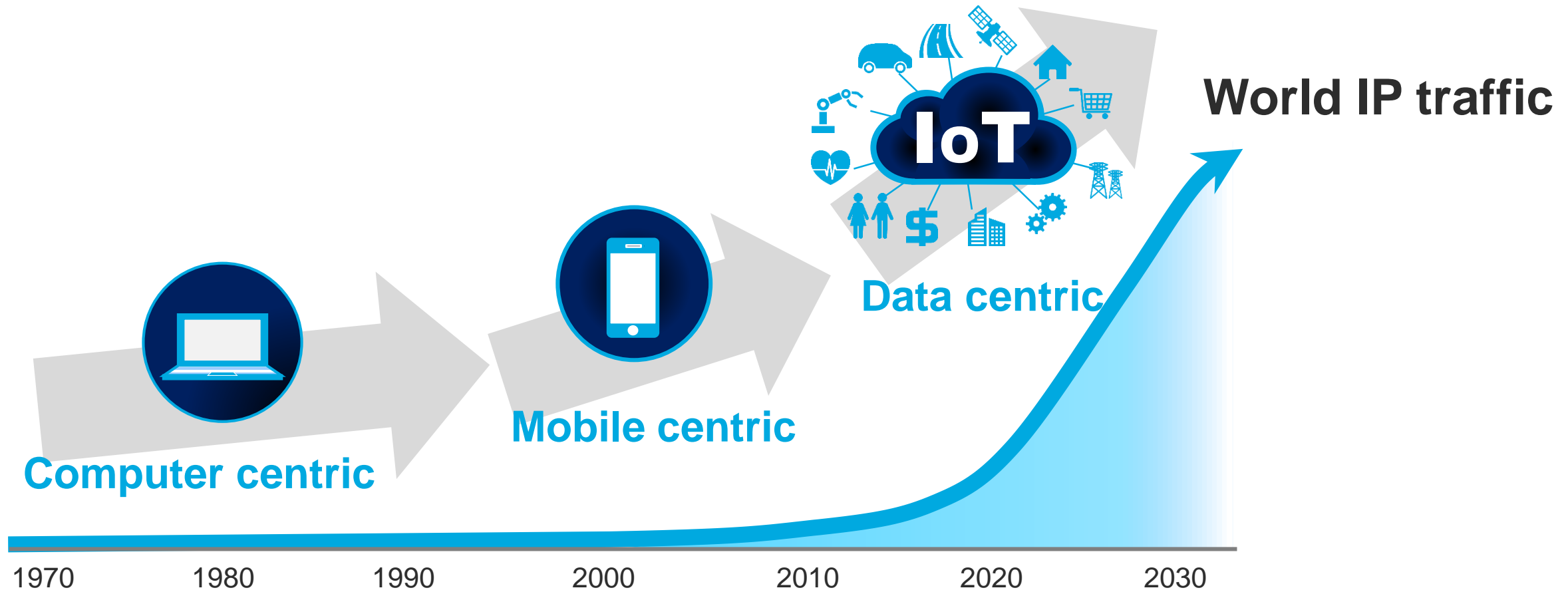
**Expect sales growth to exceed market growth,
Generating record high profits* for third consecutive year**

Aiming for further growth

1. **Business environment and TEL**
2. **New financial model**
3. **Supporting sustainable development of society**
4. **Returns to shareholders**

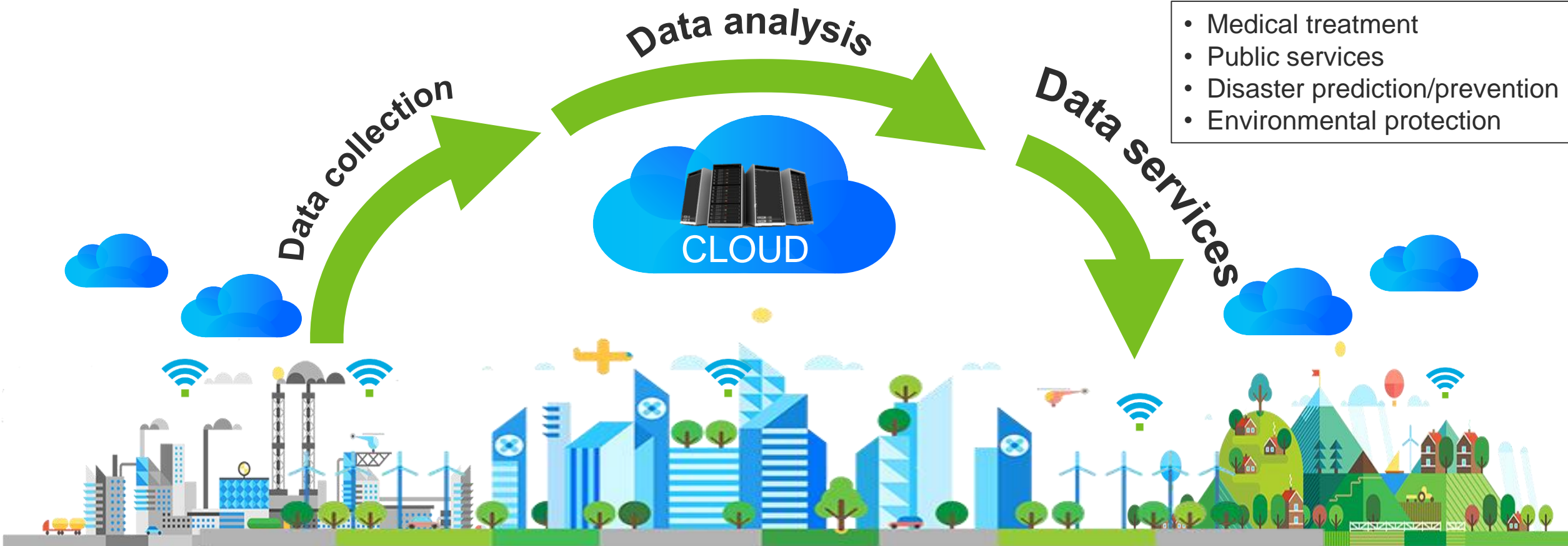
Business environment and TEL

We are now at an inflection point



**With the spread of IoT technology,
the age of big data is beginning**

Big data – Tremendous possibilities



Data is fostering a more prosperous society

Applications and services Big Data will realize

Telemedicine



Smart cities



Smart grids



Smart mobility



IoT 5G CLOUD AI
VR/AR/MR

Autonomous driving



Smart fabs



Industrial automation



Further semiconductor evolution required

Large investment in the Cloud

Hyperscale data center* Construction boom

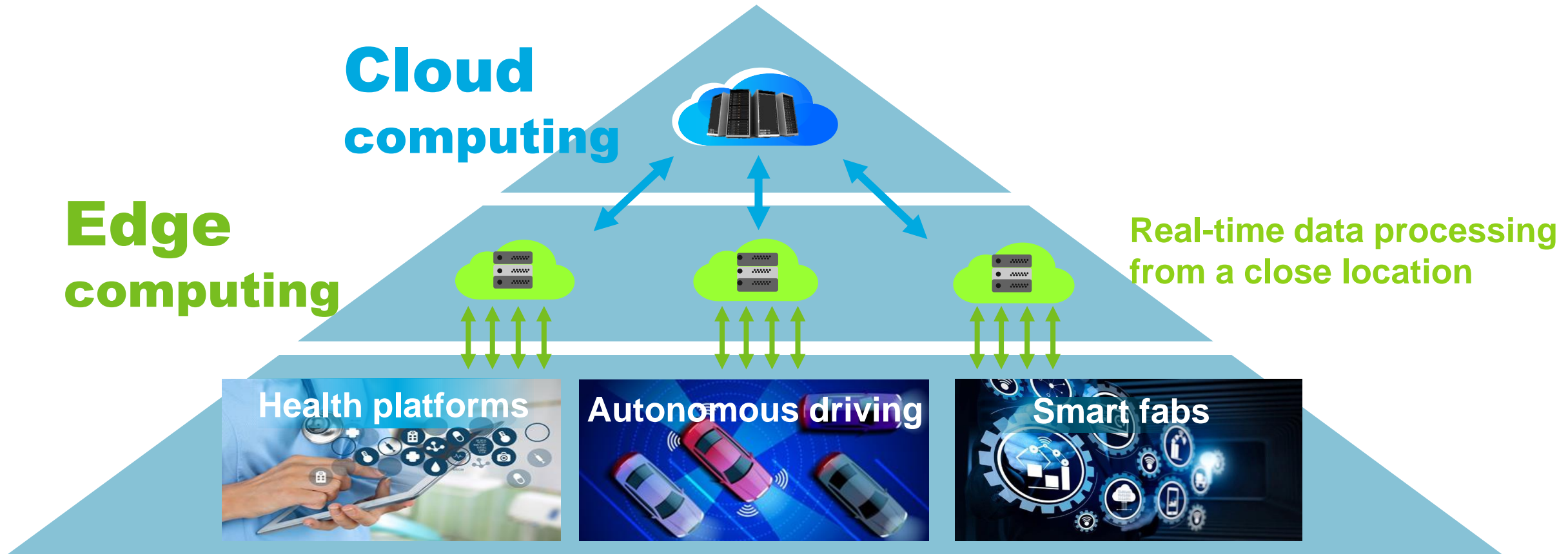


- Continued data growth (CAGR27%^{*2})
- Necessary to replace servers every 5 years

*1: CISCO's definition: Operator with annual revenue of over \$1B from IaaS/PaaS, over \$2B from SaaS, over \$4B from internet, search and social networking, and over \$8B in e-commerce/payment processing.
*2: Source: CISCO GCI2017.2 CAGR of data center traffic 2016-2021

Continued strong demand for memory

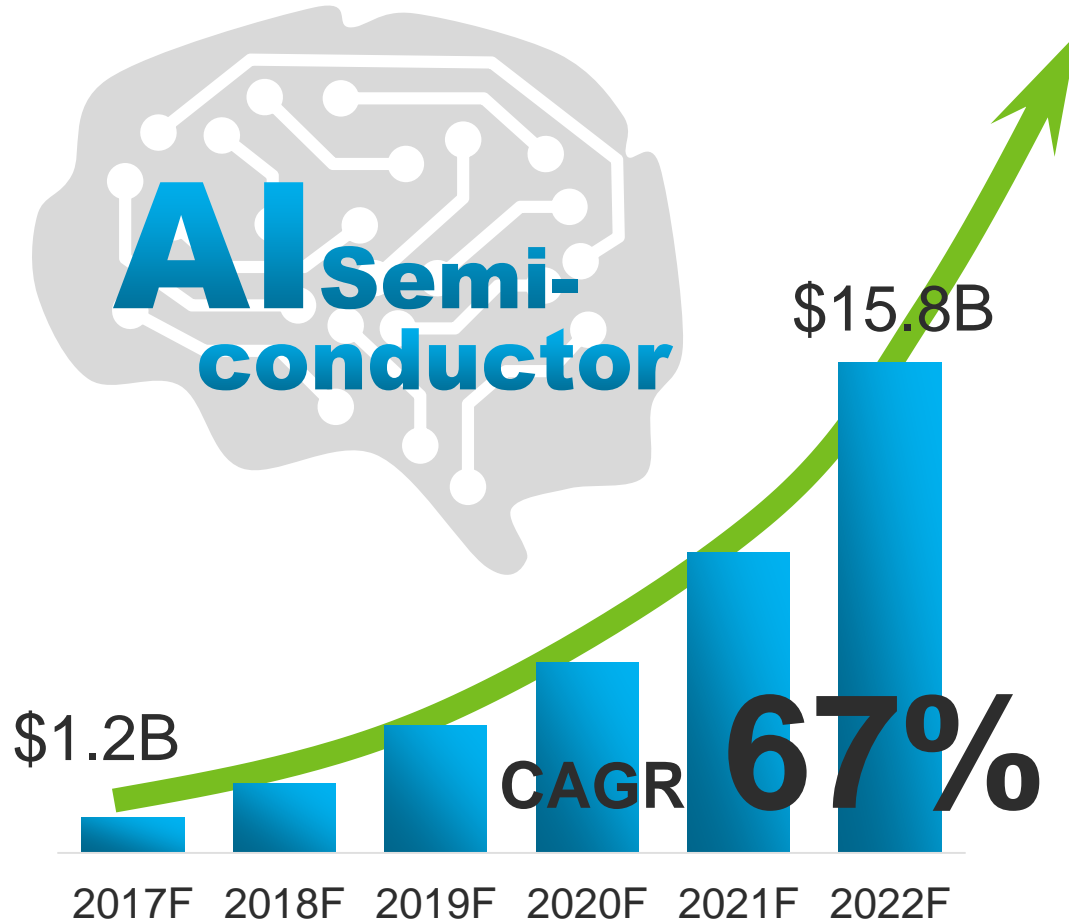
New trend: Edge computing



Market growth for services where delays are unacceptable

Leading-edge chips with high speed and lower power consumption are essential

Artificial intelligence (AI)



Source: Gartner Forecast : AI Neural Network Processing Semiconductor Revenue, Worldwide, 2018, issued on 11 January 2018
Graph based on Gartner research; created by TEL

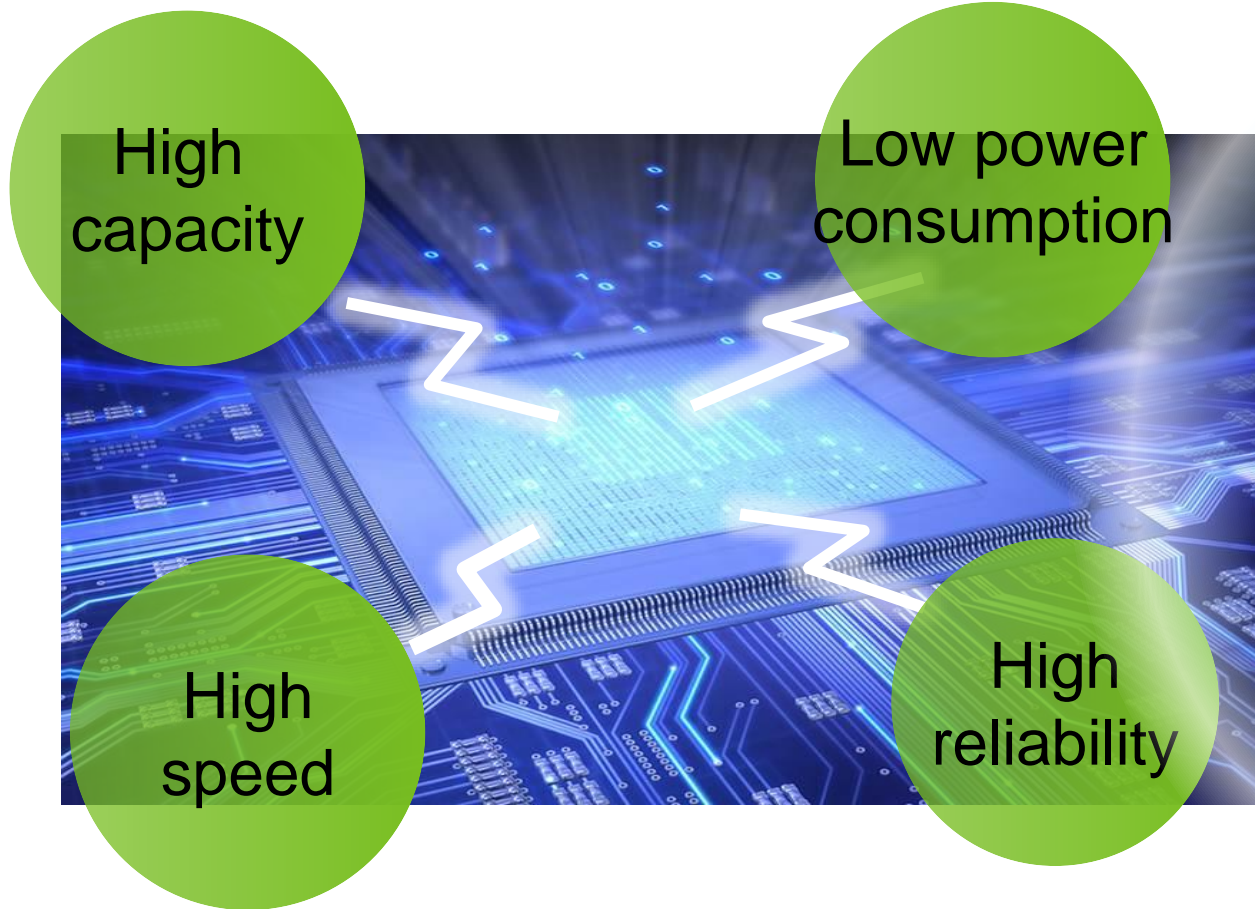
AI spreading with amazing speed

Competition of AI chip development intensifying



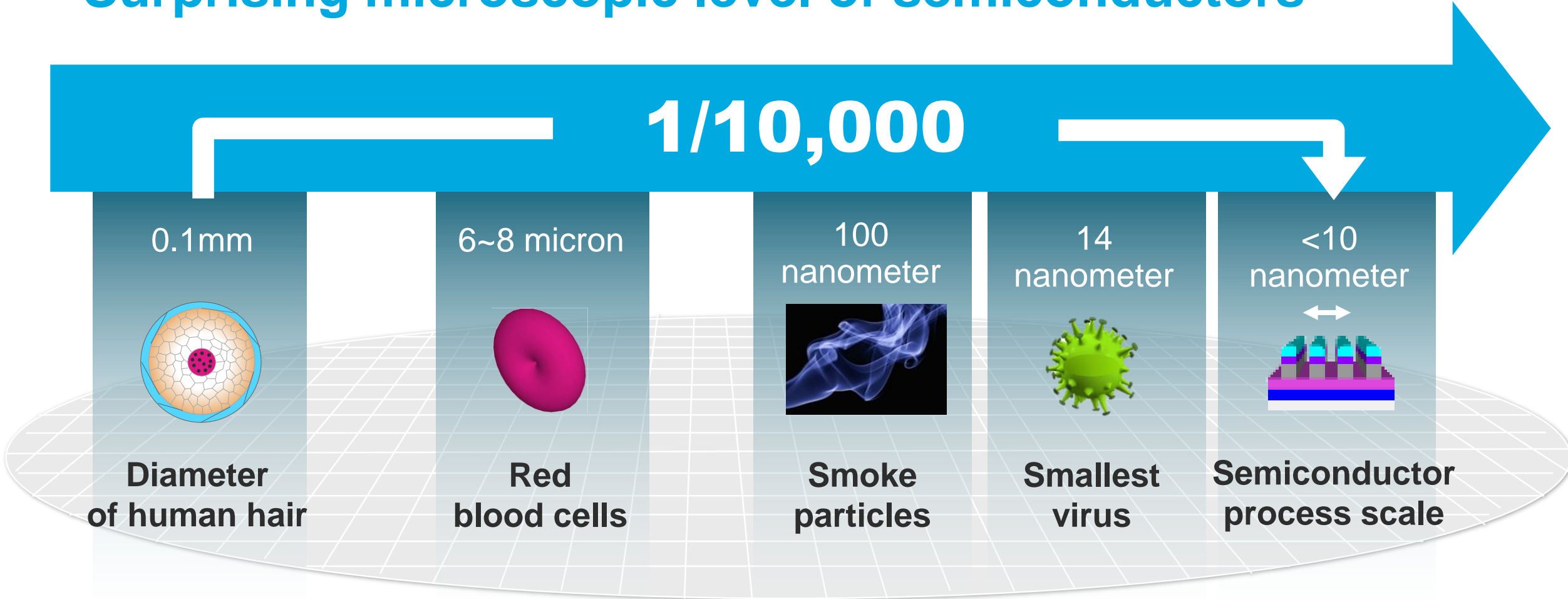
**“Data-driven society” is
driving growth of semiconductor industry**

Semiconductors in Era of IoT and Big Data



Large amount of diverse, more sophisticated semiconductors required

Surprising microscopic level of semiconductors

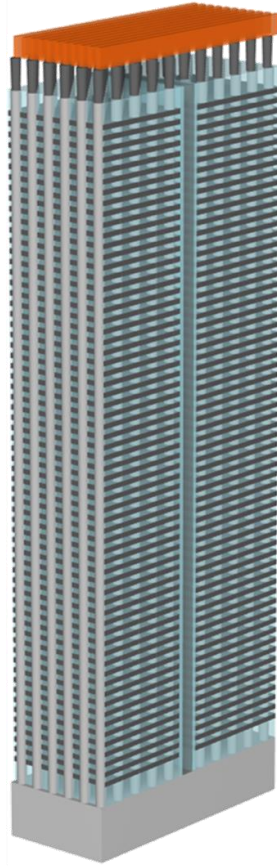


Semiconductor technology moving toward the ultimate nano-electronics

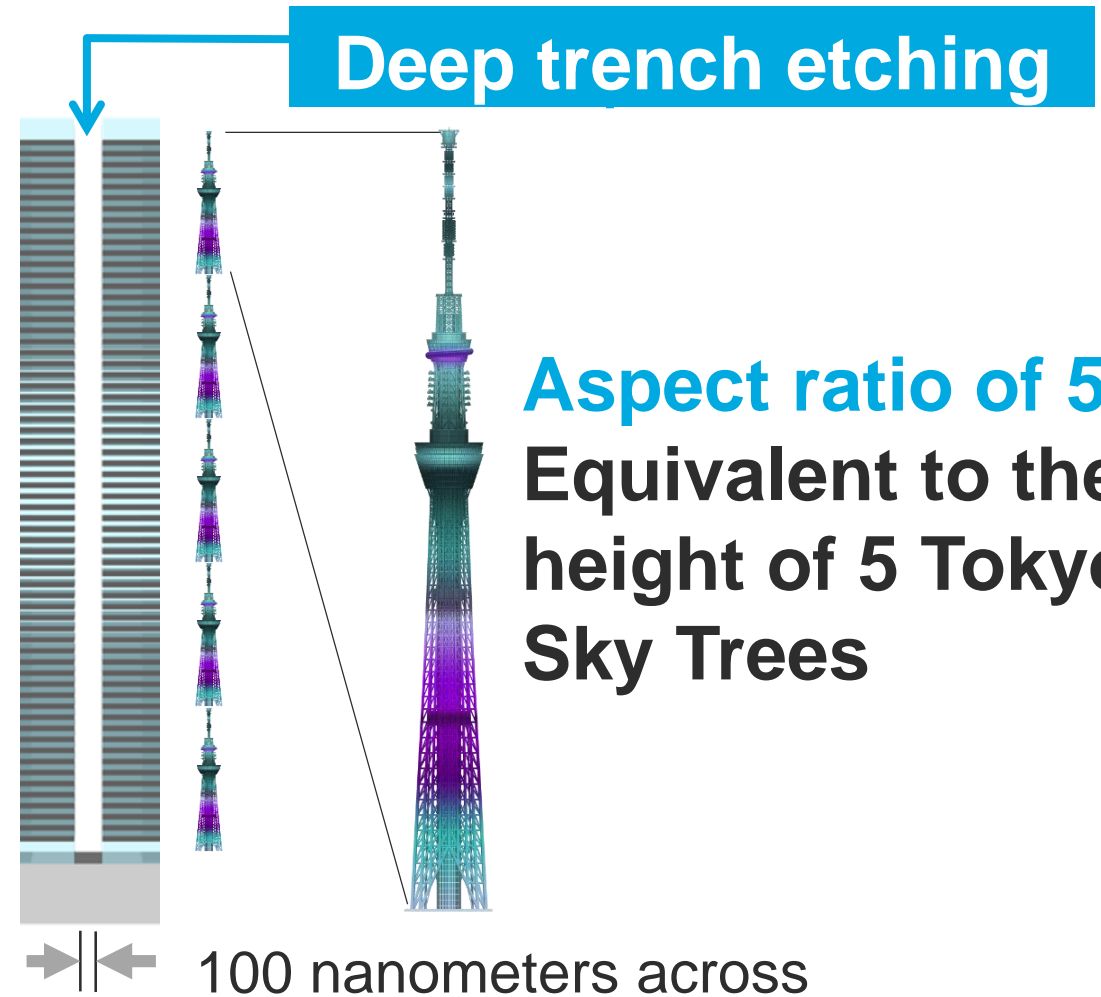
3D NAND memory process

Structure of a 3D NAND memory cell

64 layers



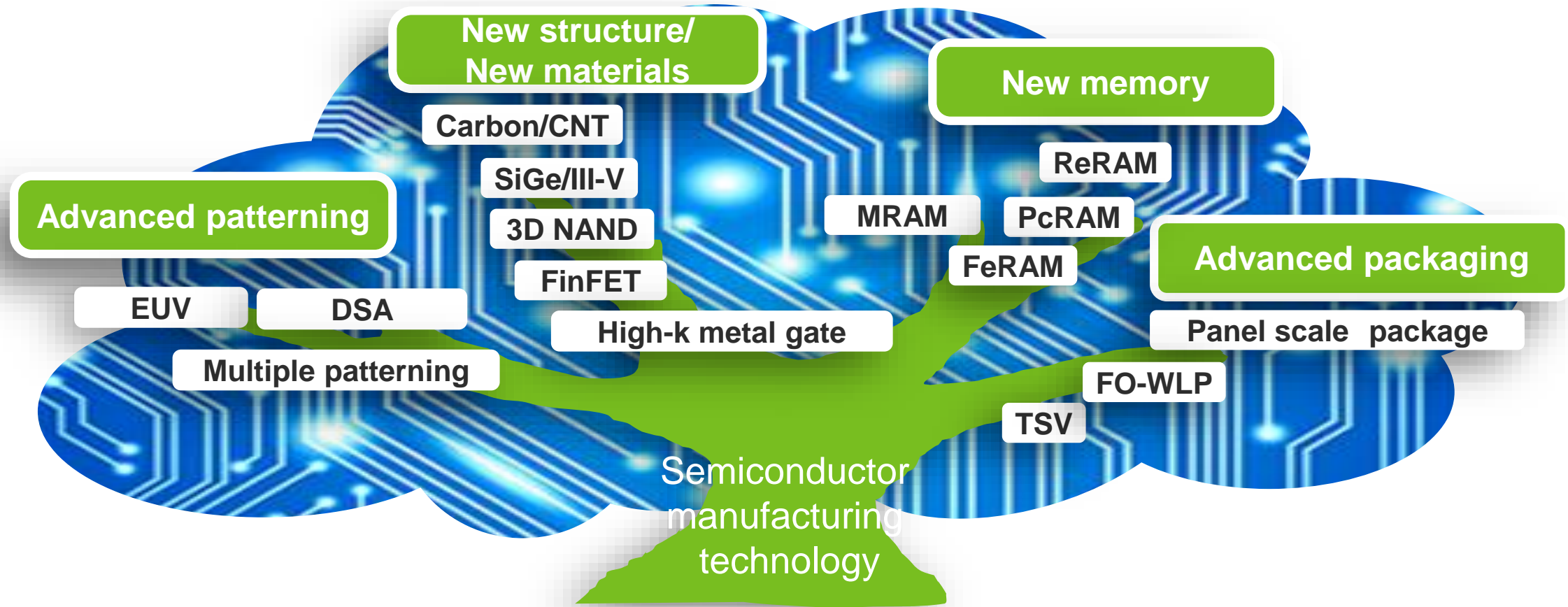
4~5
microns



Aspect ratio of 50:1
Equivalent to the height of 5 Tokyo Sky Trees

Ultrafine process technology required

Semiconductor evolution continues



**Wide variety of new technologies
will support evolution of semiconductors**

In the IoT era, displays will also change



Applications for display are expanding

Technological trends in displays

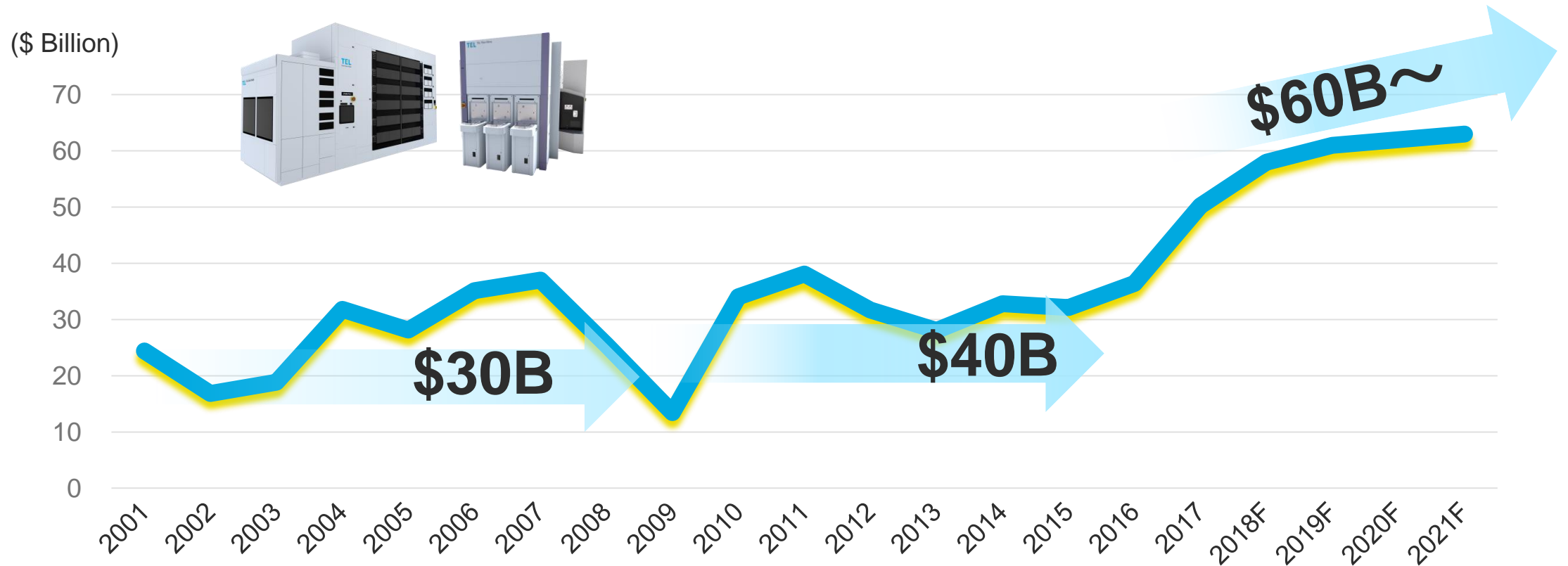


- Increase in size
- High resolution
- OLED
- Design
(Flexible, Bending, Free format)

Technological evolution of displays continues

**Technological innovation will
continue to expand the market**

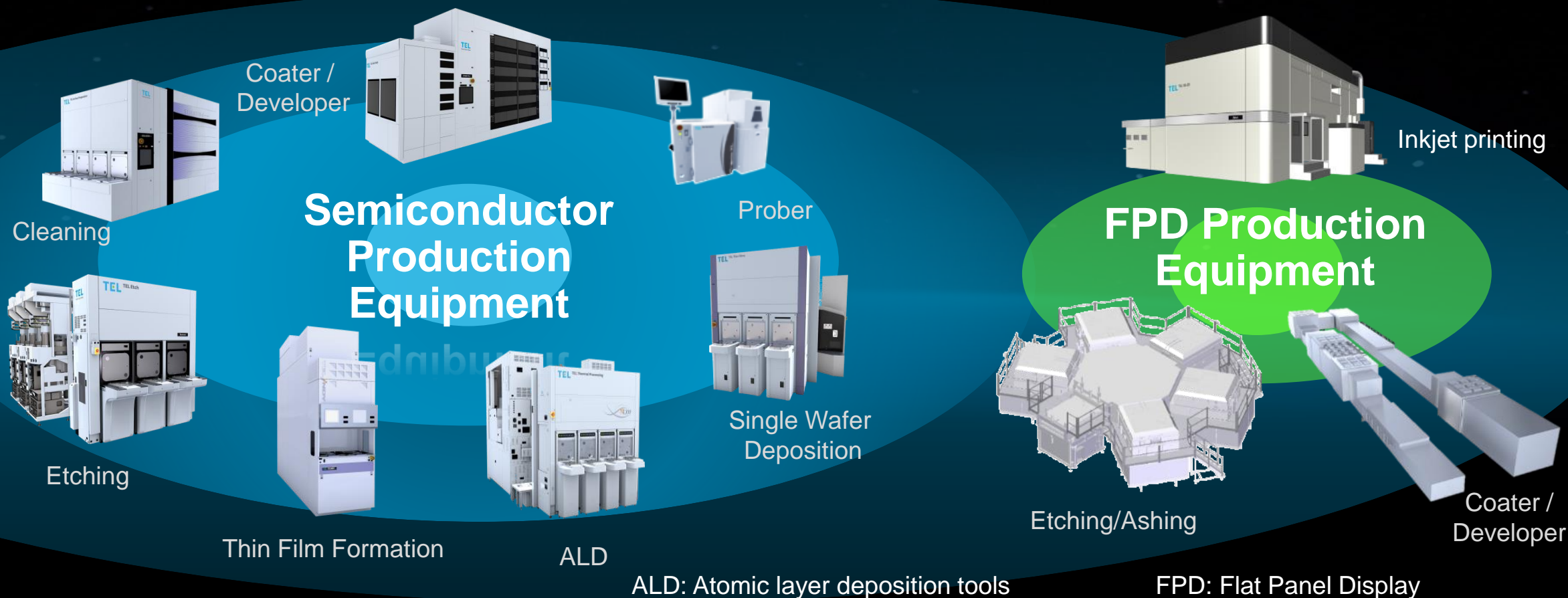
WFE Market outlook



Source: 2001~2017; SEAJ, SEMI, SEMI Japan (Wafer Process +Test), 2018~2021; TEL estimate

WFE semiconductor equipment market moving into a new phase

TEL's product line-up



**Driving technology innovation with
a diverse product portfolio and leading-edge technology**

**Revising financial model
based on further market expansion
and high growth opportunities**

New financial model

Progress on previous medium-term management plan

WFE	FY'16 (Actual)	FY'17 (Actual)	FY'18 (Actual)	FY'19 (Estimate)	(Previous) FY'20 financial model	
Market size	\$31B	\$37	\$51B	\$58B	\$42B	\$45B
Net sales	¥663.9B	¥799.7B	¥1.13T	¥1.40T	¥1.05T	¥1.20T
Operating margin	17.6%	19.5%	24.9%	26.1%	24%	26%
ROE	13.0%	19.1%	29.0%	-	20~25%	

Continuing with our plan to strengthen competitiveness of products and raising profitability

New financial model (FY2021)

WFE

Market size

\$55B

\$62B

Net sales

¥1.5T

¥1.7T

Operating margin

26.5%

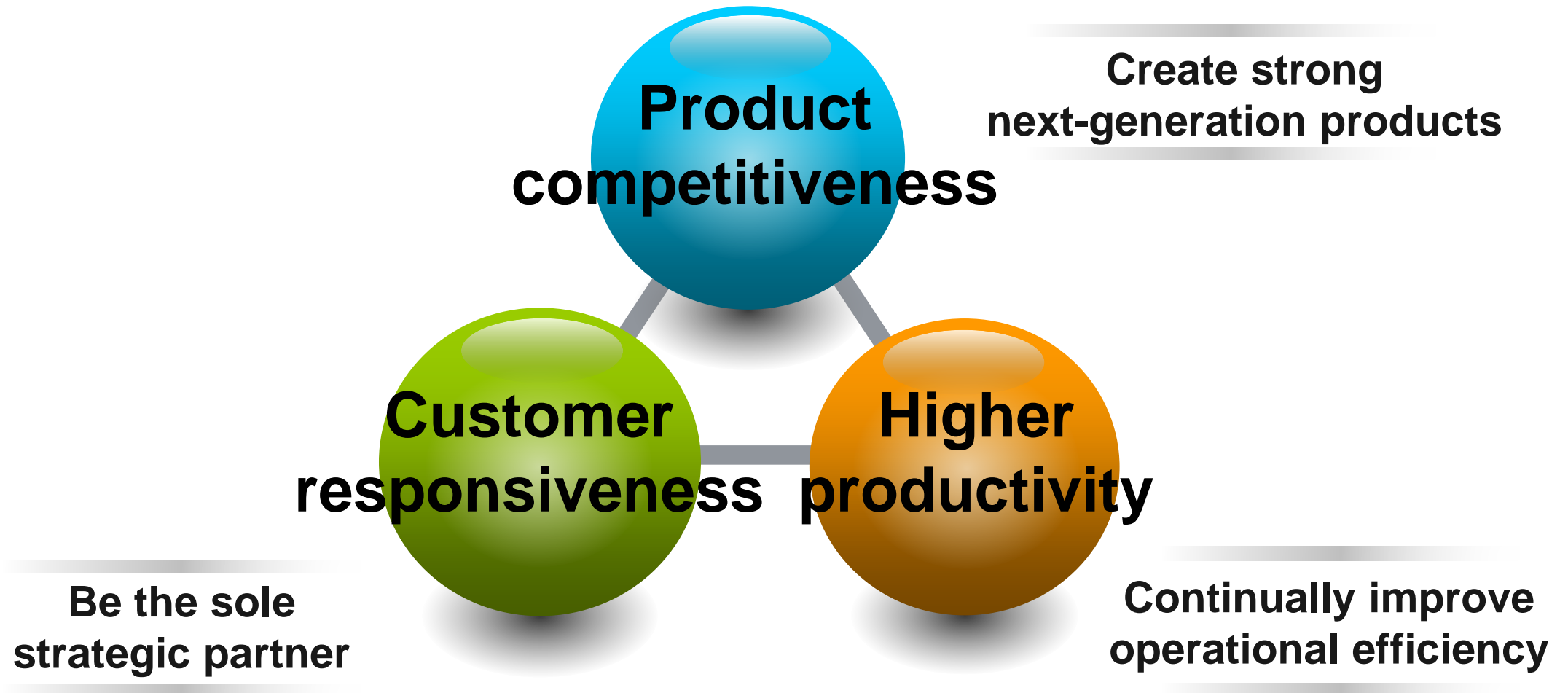
28%

ROE

30% ~ 35%

**Aiming for a world-class operating margin greater than 30%
in the medium- to long-term**

Three focus areas for new growth



Investment in R&D



Investing in focus areas and future technology

Increasing development and production capability

Miyagi plant



Yamanashi plant

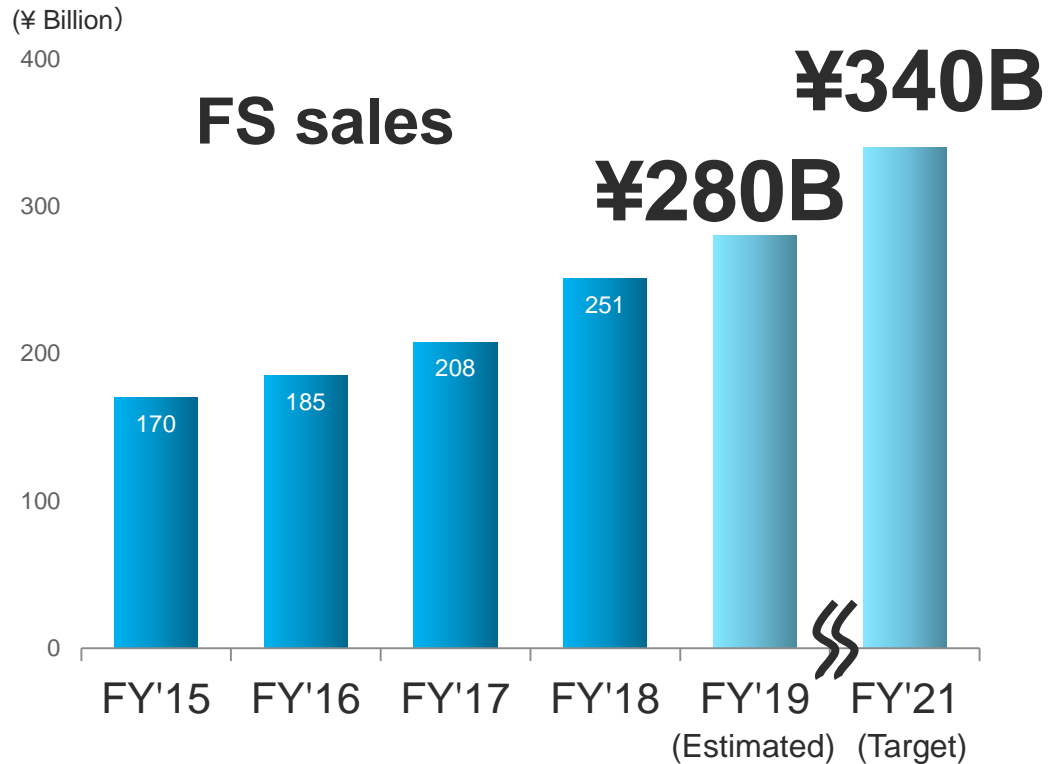


Tohoku plant

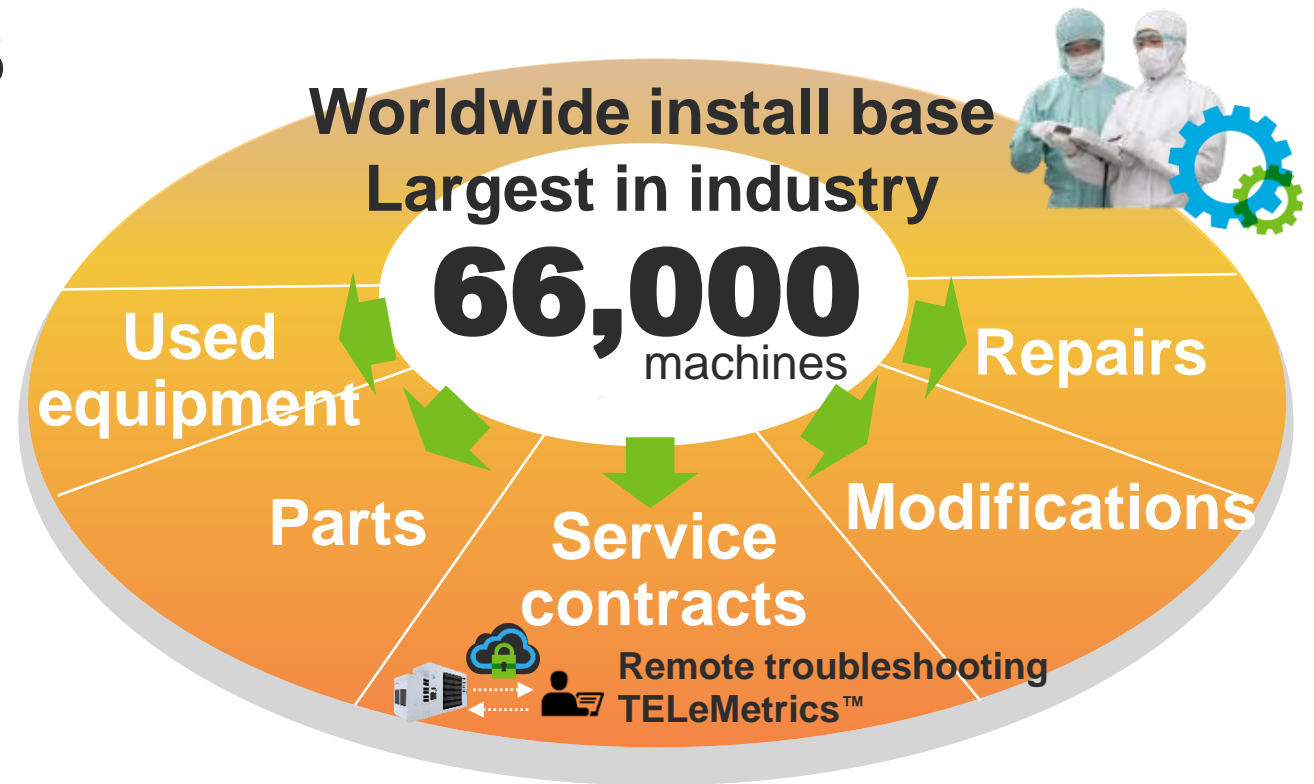


Expanding development and production for growth areas: etch and deposition

Field solutions business expanding



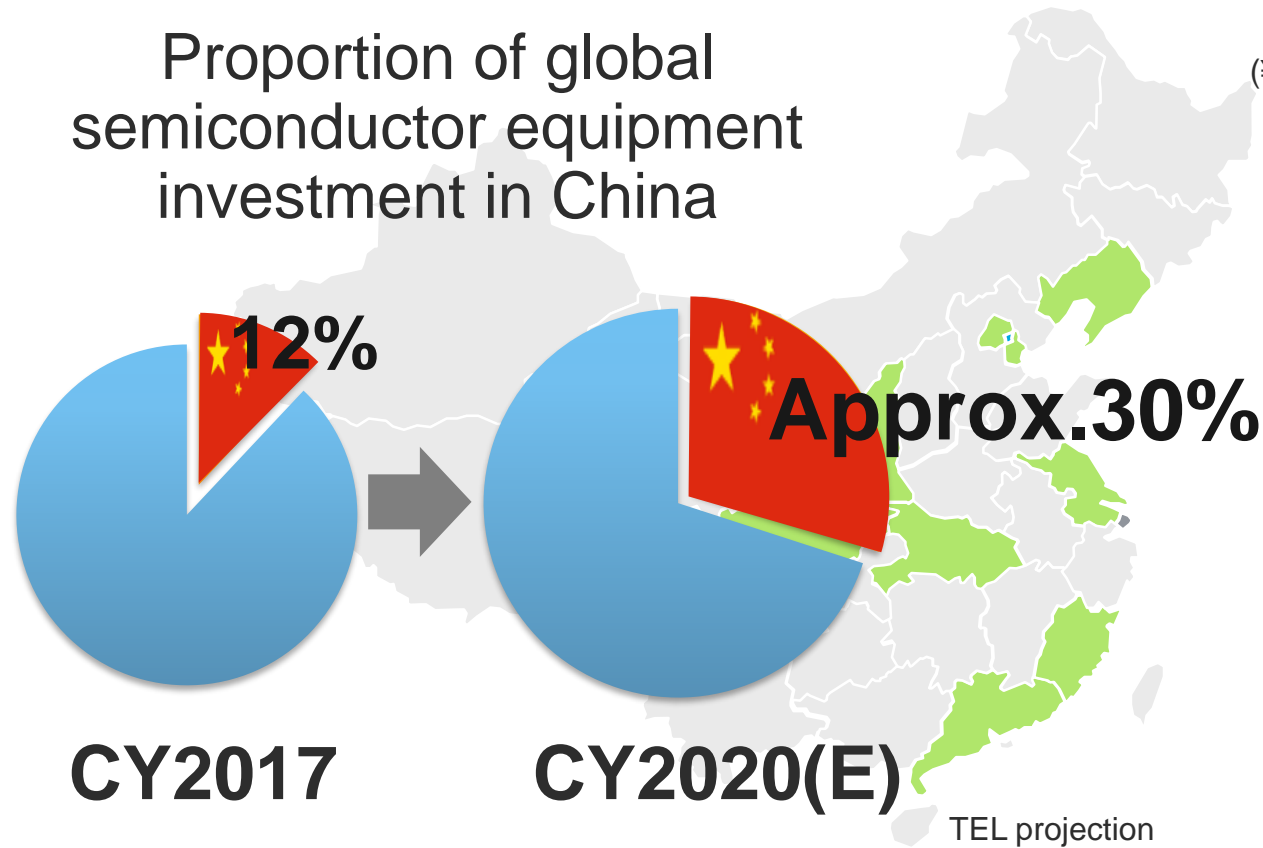
Field solutions sales are included in SPE and FPD sales. Numbers are approximate.



Previously sold equipment brings additional business opportunities and value

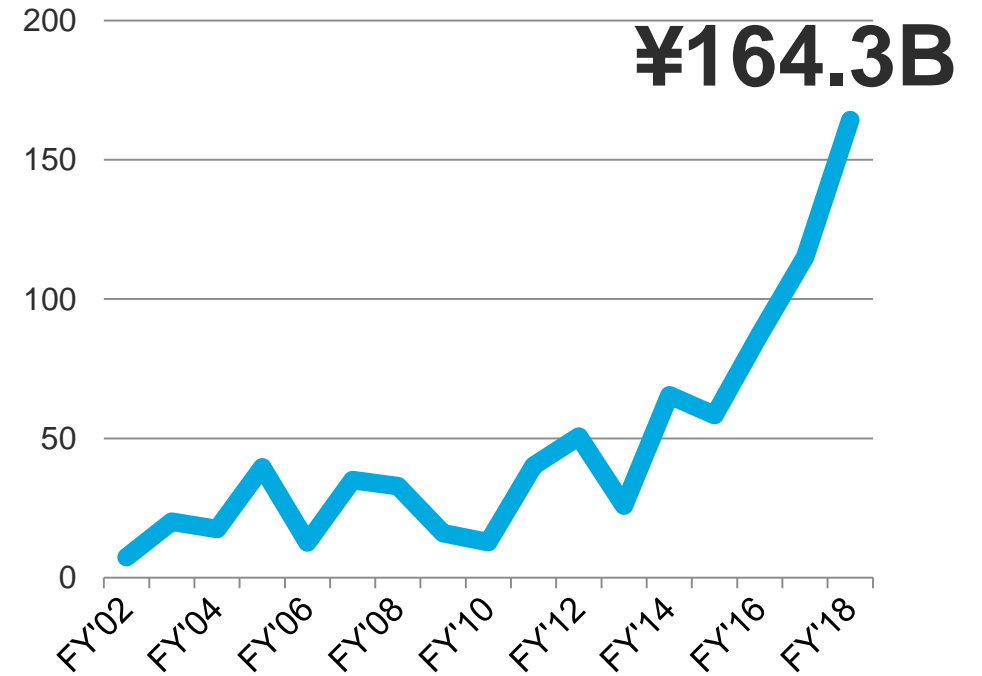
Market expansion in China

Proportion of global semiconductor equipment investment in China



TEL sales in China*

(¥ Billion)



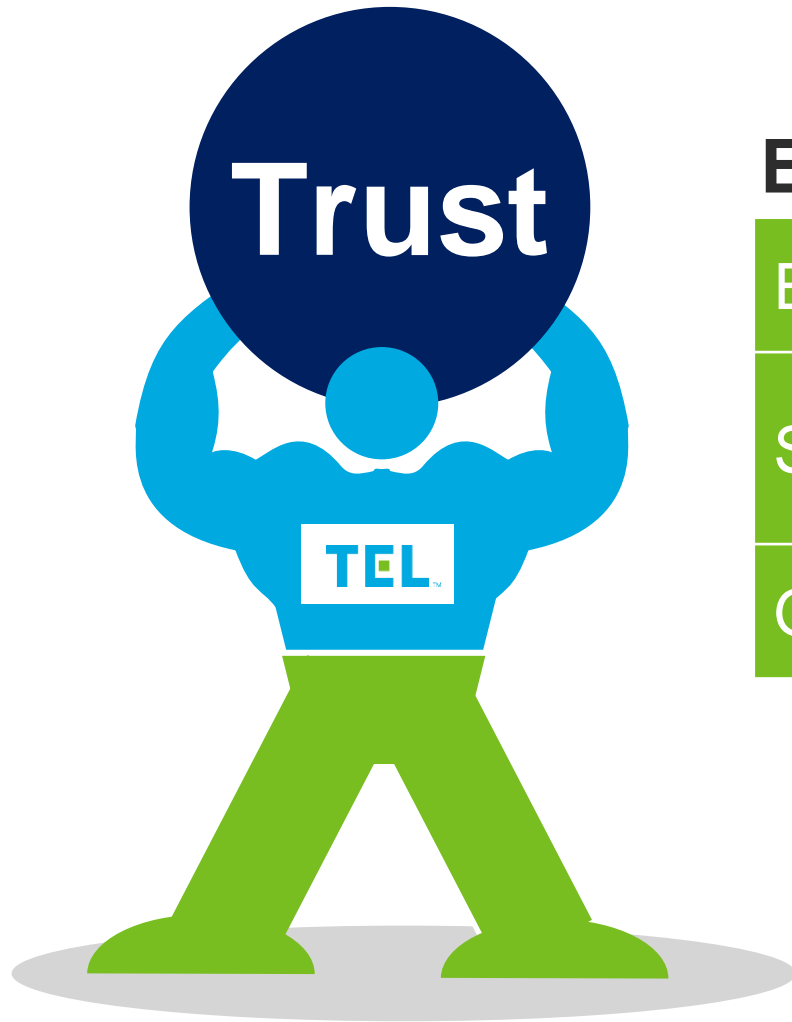
*SPE+FPD

Building a solid base for this growth market

**TEL is focused on ultimate
miniaturization technology, high reliability,
and world-class post-sales services**

Supporting sustainable development of society (ESG)

Further improve value for society



ESG Programs

E: Environment	Climate change, Water, Biodiversity, Environmental management
S: Social	Human rights, Employment/labor, Health & safety, Supply chain management, Local community
G: Governance	Corporate governance, Compliance, Risk management

Continue to grow with the trust of all stakeholders

External assessments

TEL is included on several ESG-related indices



TEL ESG (Environmental, Social, Governance) programs have received very positive reviews

TEL named as one of
Thomson Reuters'
**Top 100 Global
Tech Leaders**

Jan 2018



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

TEL's mission and responsibility to provide cutting-edge technology for society will continue to increase in the future

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%

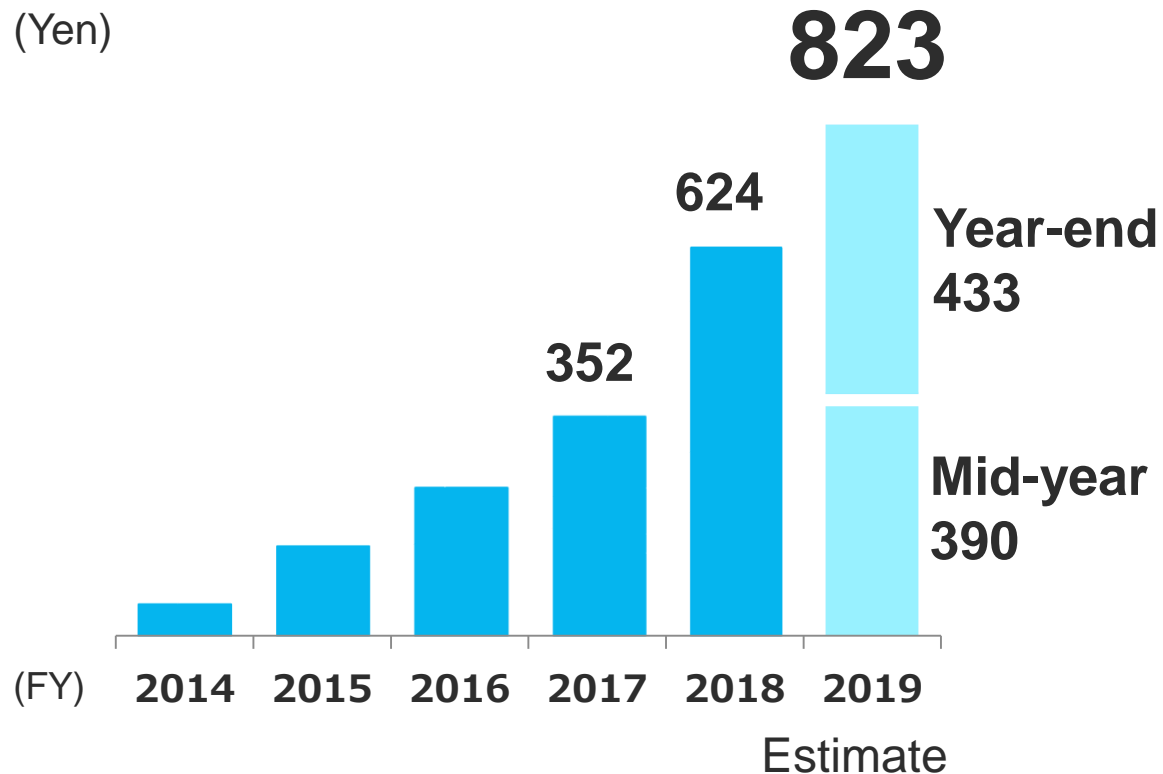
Annual DPS of not less than 150 yen

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

Dividend forecast

Dividend per share

(Yen)



**DPS for March 2019
expected to increase
over 30% YoY**

TEL™

TOKYO ELECTRON