



Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2020 (Japanese GAAP)

July 28, 2020

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
 URL: <https://www.tel.com>
 Representative: Toshiki Kawai, Representative Director, President & CEO
 Contact: Ken Sasagawa, Vice President of Accounting Dept.
 Telephone: +81-3-5561-7000
 Scheduled start date of dividends payment: -
 Preparation of supplementary materials for the quarterly financial results: Yes
 Quarterly earnings release conference: Yes (for investors and analysts)

Note: Amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results (Cumulative)

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Three months ended	
	June 30, 2019	June 30, 2020
	%	%
Net sales (Millions of yen)	216,421 (26.8)	314,823 45.5
Operating income (Millions of yen)	42,552 (41.2)	73,849 73.6
Ordinary income (Millions of yen)	44,591 (40.7)	75,089 68.4
Net income attributable to owners of parent (Millions of yen)	31,894 (42.8)	56,452 77.0
Net income per share of common stock (Yen):		
Basic	195.68	362.98
Diluted	194.72	360.87
Comprehensive income:	Three months ended June 30, 2020 : 69,131 million yen, 155.4%	
	Three months ended June 30, 2019 : 27,071 million yen, (50.0)%	

(2) Consolidated Financial Position

	As of	
	March 31, 2020	June 30, 2020
Total assets (Millions of yen)	1,278,495	1,278,700
Total net assets (Millions of yen)	829,692	848,360
Equity ratio (%)	64.1	65.3
Equity:	835,096 million yen (as of June 30, 2020)	
	819,301 million yen (as of March 31, 2020)	

2. Dividends

	Year ended	Year ending
	March 31, 2020	March 31, 2021 (Forecast)
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	246.00	306.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	342.00	354.00
Annual dividends per share (Yen)	588.00	660.00

Note: Revision to the dividends forecast most recently announced: None

3. Financial Forecasts for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

Note: Percentages for year ending March 31, 2021 indicate changes from the previous fiscal year, and those for six months ending September 30, 2020 indicate changes from the same period of the previous fiscal year.

	Six months ending		Year ending	
	September 30, 2020 (Cumulative)		March 31, 2021	
		%		%
Net sales (Millions of yen)	620,000	21.9	1,280,000	13.5
Operating income (Millions of yen)	127,000	24.0	275,000	15.9
Ordinary income (Millions of yen)	127,000	19.0	275,000	12.3
Net income attributable to owners of parent (Millions of yen)	95,000	20.7	205,000	10.7
Net income per share (Yen)	610.83		1,318.10	

Note: Revision to the financial forecasts most recently announced: None

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries associated with changes in scope of consolidation): None

(2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes

Please refer to "Notes" on page 11 for further information.

(3) Changes in accounting policies, changes in accounting estimates and restatements

1. Changes in accounting policies along with changes in accounting standards: None

2. Other changes of accounting policies besides the number 1 above: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of June 30, 2020 : 157,210,911 shares

As of March 31, 2020: 157,210,911 shares

2. Number of shares of treasury stock

As of June 30, 2020 : 1,683,324 shares

As of March 31, 2020: 1,685,556 shares

3. Average number of shares outstanding (Cumulative quarterly period)

Three months ended June 30, 2020: 155,526,131 shares

Three months ended June 30, 2019: 162,993,433 shares

Note: The number of shares of treasury stock includes the Company's shares held by "Executive compensation Board Incentive Plan (BIP) trust" and "share-delivering Employee Stock Ownership Plan (ESOP) trust". (471,898 shares as of June 30, 2020, 472,030 shares as of March 31, 2020)
In addition, these Company's shares are included in the treasury stock which is deducted in calculating the average number of shares.

* Status of implementation of quarterly review procedures

This Summary of Consolidated Financial Results is outside the scope of external auditor's quarterly review procedures under the Financial Instruments and Exchange Act.

* Explanation of the appropriate use of financial forecast:

The financial forecasts and estimates in this Summary of Consolidated Financial Results are based on information available to the Company at the time of report issuance and certain assumptions judged to be reasonable by the Company, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Summary of Consolidated Financial Results. Please refer to "1. Qualitative Information on Financial Results for the Current Quarter (3) Description of Financial Estimates Information such as Consolidated Financial Forecasts" on page 6.

The Company plans to hold an online conference for investors and analysts on July 28, 2020. Supplementary materials to be used at the conference will be posted on the Company's website.

1. Qualitative Information on Financial Results for the Current Quarter

(1) Description of Operating Results

Although the global economy in the first quarter of the current fiscal year was impacted by the novel coronavirus (COVID-19) pandemic, in the electronics industry, where the Tokyo Electron (TEL) Group operates, investments have been made against the backdrop of expanding applications of information and communication technologies in the IoT, AI, and 5G. In addition, due to increased demand stemming from an increase in teleworking, online classes, use of video streaming services and so on, the market for semiconductor production equipment is expanding.

Under these circumstances, the consolidated financial results (cumulative) for the first quarter of the current fiscal year were net sales of 314,823 million yen (year-on-year growth of 45.5%), operating income of 73,849 million yen (year-on-year growth of 73.6%), ordinary income of 75,089 million yen (year-on-year growth of 68.4%), and net income attributable to owners of parent of 56,452 million yen (year-on-year growth of 77.0%).

The overview of each business segment is as described below.

(i) Semiconductor Production Equipment

DRAM and NAND flash memory market began to recover from the previous fiscal year, due to improvements in the balance between supply and demand as a result of the situation described above. Furthermore, capital investment in logic and foundry semiconductors has also continued, resulting in a solid market for semiconductor production equipment. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 303,772 million yen (year-on-year growth of 53.3%).

(ii) Flat Panel Display (FPD) Production Equipment

Capital investment for large-sized LCD panels for televisions has continued, and furthermore, capital investment for small to medium-sized OLED panels for mobile devices is expected to show signs of recovery in the future. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 11,013 million yen (year-on-year decrease of 39.6%).

(iii) Other

Net sales to external customers in this segment for the first quarter of the current fiscal year were 37 million yen (year-on-year decrease of 32.1%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY 2020 Full Year					FY 2021 1Q
		1Q	2Q	3Q	4Q	
Net Sales	1,127,286	216,421	292,021	295,453	323,390	314,823
Semiconductor Production Equipment	1,060,997	198,137	271,866	282,027	308,964	303,772
Japan	159,141	32,534	41,024	35,944	49,637	49,150
North America	205,772	28,550	58,893	61,033	57,294	42,343
Europe	58,899	20,270	14,439	10,863	13,326	15,774
South Korea	151,577	36,903	36,418	31,066	47,189	67,013
Taiwan	256,401	48,333	48,713	76,228	83,127	50,926
China	193,667	27,090	56,834	59,112	50,629	73,957
Southeast Asia	35,537	4,454	15,542	7,778	7,761	4,605
FPD Production Equipment	66,092	18,229	20,101	13,380	14,381	11,013
Other	197	54	53	45	43	37
Operating Income	237,292	42,552	59,901	64,710	70,128	73,849
Ordinary Income	244,979	44,591	62,100	64,953	73,334	75,089
Net Income Attributable to Owners of Parent	185,206	31,894	46,828	49,329	57,154	56,452

Note: Intersegment sales or transfers are eliminated.

(2) Description of Financial Conditions**(i) Financial Conditions**

Current assets at the end of the first quarter of the current fiscal year were 940,287 million yen, a decrease of 22,196 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 58,500 million yen in short-term investments included in securities, a decrease of 47,226 million yen in prepaid consumption tax, an increase of 42,749 million yen in cash and deposits, an increase of 21,920 million yen in inventories, and an increase of 15,875 million yen in trade notes and accounts receivable.

Tangible fixed assets increased by 5,627 million yen from the end of the previous fiscal year, to 181,207 million yen.

Intangible fixed assets increased by 247 million yen from the end of the previous fiscal year, to 11,169 million yen.

Investments and other assets increased by 16,527 million yen from the end of the previous fiscal year, to 146,036 million yen.

As a result, total assets increased by 205 million yen from the end of the previous fiscal year, to 1,278,700 million yen.

Current liabilities decreased by 18,279 million yen from the end of the previous fiscal year, to 364,299 million yen.

This was largely due to a decrease of 28,276 million yen in income taxes payable, a decrease of 15,281 million yen in accrued employees' bonuses, and an increase of 27,448 million yen in customer advances.

Long-term liabilities decreased by 183 million yen from the end of the previous fiscal year, to 66,040 million yen.

Net assets increased by 18,667 million yen from the end of the previous fiscal year, to 848,360 million yen. This was largely due to an increase of 56,452 million yen in net income attributable to owners of parent, a decrease resulting from the payment of 53,351 million yen in year-end dividends for the previous fiscal year, and an increase of 12,348 million yen in net unrealized gains on investment securities. As a result, the equity ratio was 65.3%.

(ii) Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year increased by 14,245 million yen compared to the end of the previous fiscal year, to 262,204 million yen. The combined balance including 60,451 million yen in time deposits and short-term investments with maturities of more than three months that are not included in cash and cash equivalents was 322,656 million yen, a decrease of 15,750 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first quarter of the current fiscal year was as described below.

Cash flows from operating activities were positive 52,784 million yen, a decrease of 6,682 million yen compared to the same period of the previous fiscal year. The major positive factors were 74,667 million yen in income before income taxes, a 47,247 million yen decrease in prepaid consumption tax, and a 27,283 million yen increase in customer advances. The major negative factors were 49,229 million yen in payment of income taxes, a 22,694 million yen increase in inventories, and a 15,830 million yen increase in trade notes and accounts receivable.

Cash flows from investing activities were positive 14,891 million yen compared to positive 66,452 million yen in the same period of the previous fiscal year. This was largely due to an inflow of 30,000 million yen due to a decrease in time deposits and short-term investments and the payment of 12,798 million yen for the purchase of fixed assets.

Cash flows from financing activities were negative 53,530 million yen compared to negative 99,994 million yen in the same period of the previous fiscal year. This was largely due to the payment of 53,351 million yen in dividends.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from operating activities	59,466	52,784
Income before income taxes	44,572	74,667
Depreciation and amortization	6,081	7,152
Decrease (increase) in trade notes and accounts receivable	48,762	(15,830)
Decrease (increase) in inventories	(29,534)	(22,694)
Increase (decrease) in trade notes and accounts payable	945	880
Other, net	(11,360)	8,609
Cash flows from investing activities	66,452	14,891
Decrease (increase) in time deposits and short-term investments	75,000	30,000
Other (Acquisition of fixed assets)	(8,547)	(15,108)
Cash flows from financing activities	(99,994)	(53,530)
Effect of exchange rate changes on cash and cash equivalents	(2,673)	100
Net increase (decrease) in cash and cash equivalents	23,251	14,245
Cash and cash equivalents at beginning of period	232,634	247,959
Cash and cash equivalents at end of period	255,886	262,204
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	340,886	322,656

(3) Description of Financial Estimates Information such as Consolidated Financial Forecasts

There are no changes in the consolidated financial forecast for the fiscal year ending March 31, 2021 from the forecasts released at the time of the previous announcement on June 18, 2020.

Note: The financial forecasts and estimates stated in this Summary of Consolidated Financial Results are based on certain assumptions judged to be reasonable by the Company in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance. The company does not promise that the forecasts or estimates will be accurate.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products (and their success or failure), and global conditions in the semiconductor related industry. Consequently, actual sales and profits may differ substantially from the projections described in this Summary of Consolidated Financial Results.

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
ASSETS		
Current assets		
Cash and deposits	149,906	192,656
Trade notes and accounts receivable	150,134	166,010
Securities	188,500	130,000
Merchandise and finished goods	267,625	278,614
Work in process	69,514	75,370
Raw materials and supplies	54,924	60,000
Others	81,983	37,731
Allowance for doubtful accounts	(105)	(95)
Total current assets	962,484	940,287
Long-term assets		
Tangible fixed assets	175,580	181,207
Intangible fixed assets		
Others	10,921	11,169
Total intangible fixed assets	10,921	11,169
Investments and other assets		
Others	130,922	147,437
Allowance for doubtful accounts	(1,413)	(1,401)
Total investments and other assets	129,509	146,036
Total long-term assets	316,011	338,413
Total assets	1,278,495	1,278,700

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	95,938	96,977
Income taxes payable	52,654	24,378
Customer advances	135,326	162,774
Accrued warranty expenses	14,534	14,158
Accrued employees' bonuses	29,139	13,858
Other allowances	2,492	816
Others	52,493	51,336
Total current liabilities	382,578	364,299
Long-term liabilities		
Other allowances	110	110
Net defined benefit liabilities	60,635	60,412
Others	5,478	5,518
Total long-term liabilities	66,224	66,040
Total liabilities	448,802	430,340
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	702,990	706,069
Treasury stock, at cost	(29,310)	(29,273)
Total shareholders' equity	806,652	809,768
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	20,126	32,475
Net deferred gains (losses) on hedging instruments	(52)	(73)
Foreign currency translation adjustments	(4,111)	(3,919)
Accumulated remeasurements of defined benefit plans	(3,313)	(3,153)
Total accumulated other comprehensive income (loss)	12,648	25,327
Share subscription rights	10,391	13,263
Total net assets	829,692	848,360
Total liabilities and net assets	1,278,495	1,278,700

Consolidated Statements of Income

	(Millions of yen)	
	Three months ended	Three months ended
	June 30, 2019	June 30, 2020
Net sales	216,421	314,823
Cost of sales	126,537	186,325
Gross profit	89,884	128,497
Selling, general & administrative expenses		
Research and development expenses	25,692	30,142
Others	21,639	24,505
Total selling, general and administrative expenses	47,332	54,648
Operating income	42,552	73,849
Non-operating income		
Dividend income	434	737
Foreign exchange gain	1,043	-
Others	623	825
Total non-operating income	2,101	1,562
Non-operating expenses		
Foreign exchange loss	-	154
Arrangement fee	-	100
Others	62	67
Total non-operating expenses	62	322
Ordinary income	44,591	75,089
Unusual or infrequent profit		
Gain on sales of fixed assets	0	13
Total unusual or infrequent profit	0	13
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	19	435
Total unusual or infrequent loss	19	435
Income before income taxes	44,572	74,667
Income taxes	12,677	18,214
Net income	31,894	56,452
Net income attributable to owners of parent	31,894	56,452

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended	Three months ended
	June 30, 2019	June 30, 2020
Net income	31,894	56,452
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	749	12,340
Net deferred gains (losses) on hedging instruments	98	(8)
Foreign currency translation adjustments	(6,381)	207
Remeasurements of defined benefit plans	715	163
Share of other comprehensive income of associates accounted for using the equity method	(4)	(24)
Total other comprehensive income (loss)	(4,822)	12,678
Comprehensive income	27,071	69,131
(Breakdown)		
Comprehensive income attributable to owners of parent	27,071	69,131

Notes

Going concern: None

Significant changes in Shareholders' Equity: None

Changes in significant subsidiaries during the period: None

Adoption of special accounting methods for preparation of quarterly financial statements: Yes

The company and part of its consolidated subsidiaries calculate tax expenses by reasonably estimating the annual effective tax rate on income before income taxes after the application of tax effect accounting for the fiscal year, and applying this rate to income before income taxes for the current quarter under review.

Changes in accounting policies, changes in accounting estimates and restatements: None

Segment information

(i) General information about reportable segments

A reportable segment is a component or an aggregated component of TEL Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of TEL Group consists of segments by products and services based on business units (BUs), and TEL Group identifies as a reportable segment, "semiconductor production equipment (SPE)" and "flat panel display (FPD) production equipment". Products of the SPE segment consist of coater/developers, etch systems, deposition systems, cleaning systems, wafer probers used in the wafer testing process and other semiconductor production equipment. The SPE segment principally develops, manufactures, sells such products and provide services on them.

Products of the FPD production equipment segment consist of coater/developers, etch/ash systems used in the manufacture of flat panel displays and inkjet printing systems used in the manufacture of OLED panels. The FPD production equipment segment principally develops, manufactures, sells such products and provide services on them.

(ii) Net sales and profit or loss in reportable segments

Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	303,772	11,013	5,481	320,267
Segment profit (loss)	83,776	522	197	84,496

	Adjustments *2	Consolidated *3
Net sales	(5,444)	314,823
Segment profit (loss)	(9,828)	74,667

Notes:

*1. "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

*2. "Adjustments" for segment profit (loss) totaling (9,828) million yen mainly consists of research and development costs of (5,173) million yen pertaining to the fundamental research and element research of TEL and other general and administrative costs that do not belong to reportable segments.

*3. Segment profit (loss) is adjusted against income before income taxes in Consolidated Statements of Income.

(iii) Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant gains on negative goodwill: None