

Corporate Profile (As of July 2, 2018)

Company Name: TOKYO ELECTRON DEVICE LIMITED
Established: March 3, 1986
Capital: ¥2,495.75 million
Employees: 1,066 (consolidated, as of March 31, 2018)
World Headquarters: Yokohama East Square,
1-4 Kinko-cho, Kanagawa-ku,
Yokohama City, Kanagawa
221-0056, Japan

Group Company:
FAST CORPORATION
AVAL NAGASAKI CORPORATION
TOKYO ELECTRON DEVICE ASIA PACIFIC LIMITED
TOKYO ELECTRON DEVICE (SHANGHAI) LIMITED
TOKYO ELECTRON DEVICE SINGAPORE PTE. LTD.
TOKYO ELECTRON DEVICE (THAILAND) LIMITED
inrevium AMERICA, INC.
TOKYO ELECTRON DEVICE CN AMERICA, INC.
Affiliated Company:
VISTEL LTD.
Fidus Systems Inc.
Newtouch Electronics (Shanghai) Co.,Ltd.
Newtouch Electronics (Wuxi) Co.,Ltd.

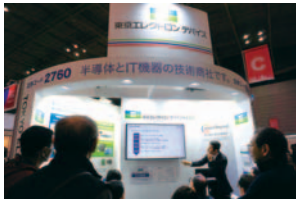
Business Locations (As of July 2, 2018)



Individual Investor IR Activities

We participate in IR fairs for individual investors and conduct Company briefings.

We also make an effort to ensure the timely provision of information, including business overviews and performance information, on the individual investors section of our corporate website.
(<https://www.teldevice.co.jp/eng/>)



Tokyo Stock Exchange IR Festa 2018

Note on forward-looking statements

This Investors Guide was prepared on July 2, 2018. Forward looking statements, including business strategies and business forecasts, were made by the Company's management, based on information available at that time, and may be revised due to changes in the business environment. Therefore, please be advised that the Company cannot guarantee the accuracy or the credibility of the statements. For the latest information, please refer to our information releases or our website.

INVESTORS GUIDE 2018

To Our Shareholders and Investors

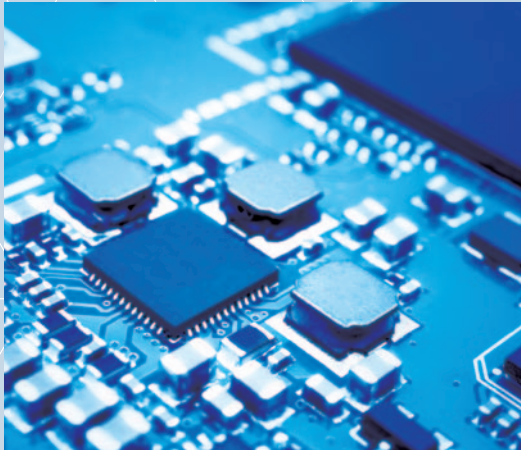
Semiconductors and IT infrastructure are an indispensable presence in modern society.
Tokyo Electron Device is a trading company specializing in the provision of technological support and quality assurance for cutting-edge semiconductors and IT systems.



Electronic Components Business

Net sales : ¥142,076 million (FY2018)
Sales Component Ratio : 88.9%

The Electronic Components Business comprises a trading company business that provides semiconductor products, circuit boards, software and other products, as well as the Private Brand Business, which develops private brand products and contracted development of customer designs and mass production. We leverage our proposal, technical and support capabilities to resolve customer issues.



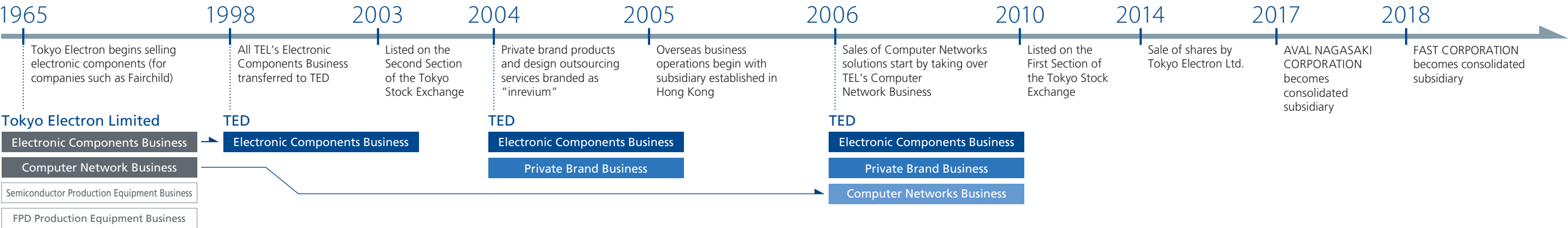
Computer Networks Business

Net sales : ¥17,764 million (FY2018)
Sales Component Ratio : 11.1%

We handle storage, network and security products proposed as cloud age business solutions. We consistently provide optimized solutions for customers, from installation to maintenance support, through the combination of optimal equipment based on technology verification.



History



President's Message



To Our Shareholders and Investors

We would like to express our appreciation to all our shareholders and investors for their ongoing support. Tokyo Electron Device's basic policy on management is to contribute to the development of a highly information-oriented society by striving to increase our technological capabilities, focusing on high value-added business and attempting to achieve stable earnings growth.

The third year of the medium-term management plan VISION 2020, formulated in the fiscal year ended March 31, 2016, ended in the first half of the fiscal year ended March 31, 2018. In the fiscal year ending March 31, 2019, the fourth year of this plan, we will continue steady efforts toward achieving the plan and realizing further growth in the businesses we have cultivated up to now.

We will make a concerted effort, together with shareholders and all stakeholders, to create new value and further enhance enterprise value.

Thank you for your continued support.

Atsushi Tokushige
President & Representative Director



What did performance by business segment look like?

In the Electronic Components Business, semiconductors were used in a variety of fields, such as growing use in robot technologies and automobile control systems driven by various sensors, as the mounting volume also increased.

Based on these conditions, as there was a high level of demand for robots and other industrial equipment, automobile and smartphone products, net sales amounted to ¥142,076 million (+23.5% YoY) and segment ordinary income was ¥1,619 million (+173.7% YoY).

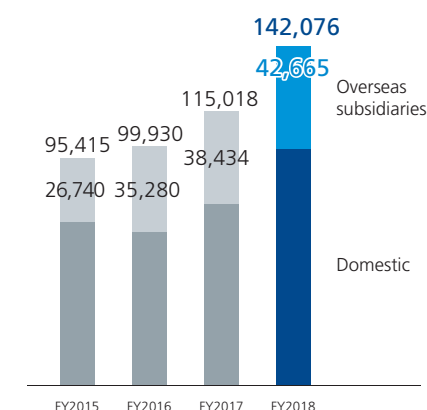
It should be noted that the performance of AVAL NAGASAKI CORPORATION, which became a consolidated subsidiary in July 2017, is included in the Electronic Components Business performance.

Also, in the Computer Networks Business, we are currently engaged in various full-scale efforts toward the adoption of the Internet of Things (IoT), which requires the accumulation and processing of enormous amounts of data.

Given these conditions, the steady growth of equipment sales and maintenance support services through various proposals concerning issues such as data center maintenance and expansion of cloud environments resulted in net sales of ¥17,764 million (+5.5% YoY) and segment ordinary income of ¥1,018 million (+29.5% YoY).

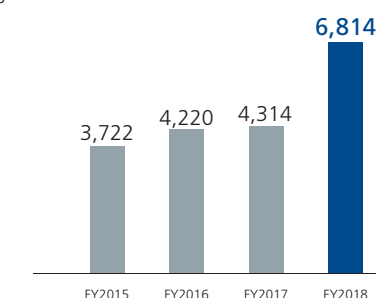
Net sale (Millions of yen)

Electronic Components Business

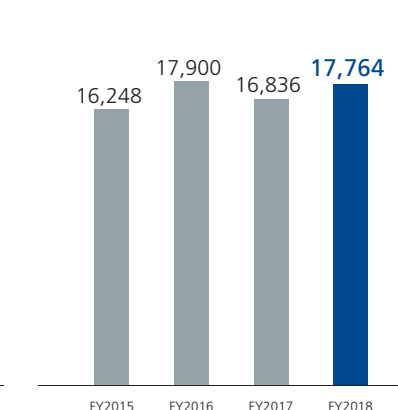


Private Brand Business

Note: Private Brand Business net sales are included in the Electronic Components Business, comprising private brand product inrevium and the AVAL NAGASAKI CORPORATION.



Computer Networks Business



Note: The performance of AVAL NAGASAKI CORPORATION is posted from the second quarter of FY2018.

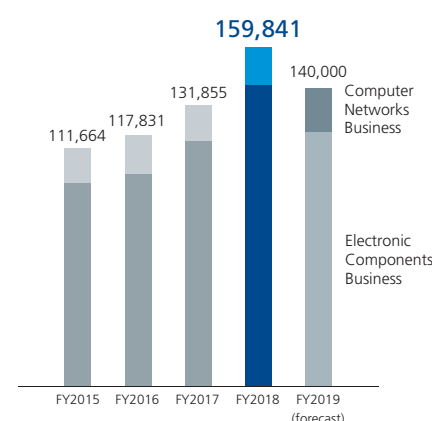
Interview with the President



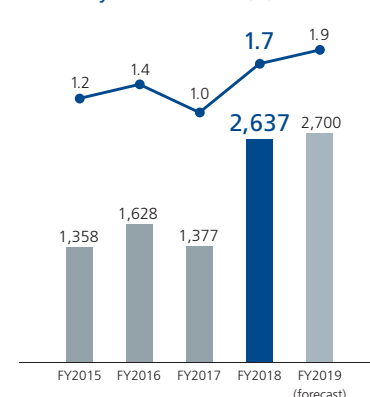
How was business performance in the fiscal year ended March 31, 2018?

As the business environment surrounding the Group remained favorable throughout the year supported by a booming semiconductor market, TED recorded consolidated net sales of ¥159,841 million (+21.2% year on year). In terms of earnings, operating income amounted to ¥2,755 million (+65.5%), ordinary income was ¥2,637 million (+91.4%) and net income attributable to owners of parent was ¥1,598 million (+64.4%)

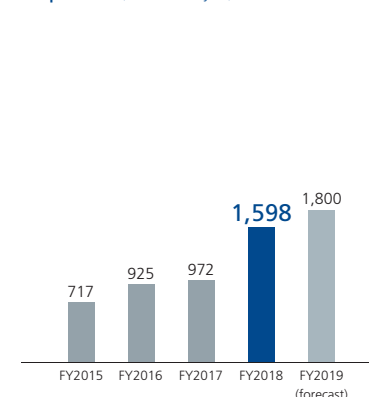
Net sales (Millions of yen)



Ordinary income (Millions of yen) / Ordinary income ratio (%)



Net income attributable to owners of parent (Millions of yen)



What is the outlook for the fiscal year ending March 31, 2019?

Although domestic and overseas economies are expected to continue their moderate recovery, there are movements that are a cause for concern with respect to trade frictions and other factors due to trade policies in each country.

In the electronics industry, while demand for semiconductors and related products is expected to remain strong, the Group is forecasting a decline in revenue compared with the previous fiscal year due to the impact from the cancellation of an agreement with Analog Devices, Inc. At the same time, in terms of profits, we expect an increase in profits as we expect growth in our Private Brand Business and Computer Networks Business.

Given these conditions, the forecast for the consolidated fiscal year ending March 31, 2019, calls for net sales of ¥140,000 million (-12.4% year on year), ordinary income of ¥2,700 million (+2.4%) and net income attributable to owners of parent of ¥1,800 million (+12.6%).

Interview with the President

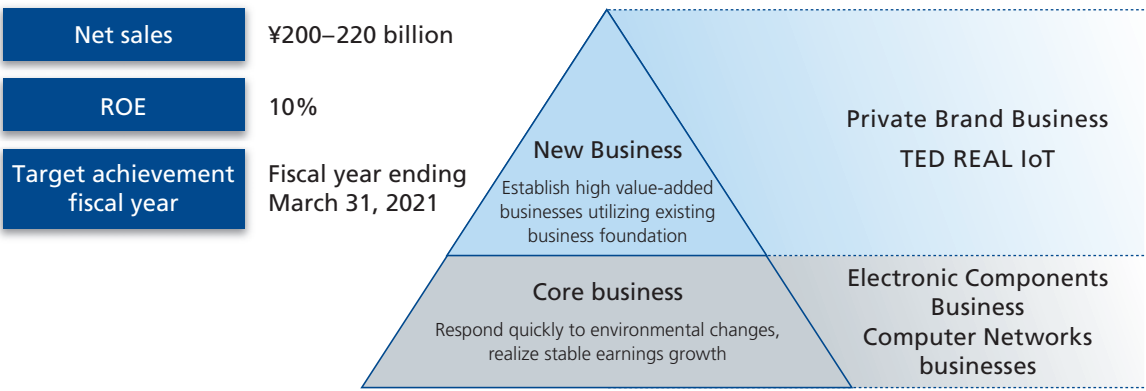


Can you provide an overview explaining the medium-term management plan VISION 2020?

Formulated in the fiscal year ended March 2016, VISION 2020 is based on the fundamental principles of Growth, Stability, and Value Creation. In summary, the plan targets ¥200–¥220 billion in net sales and a return on equity (ROE) of 10% for fiscal 2021.

First of all, our core businesses are defined as the Electronic Components and Computer Networks businesses. In recent years, the environment surrounding each of these businesses has been rapidly changing due to manufacturer management integration and advances in cloud technologies. TED responds quickly to these environmental changes with the aim of realizing stable and sustainable earnings growth.

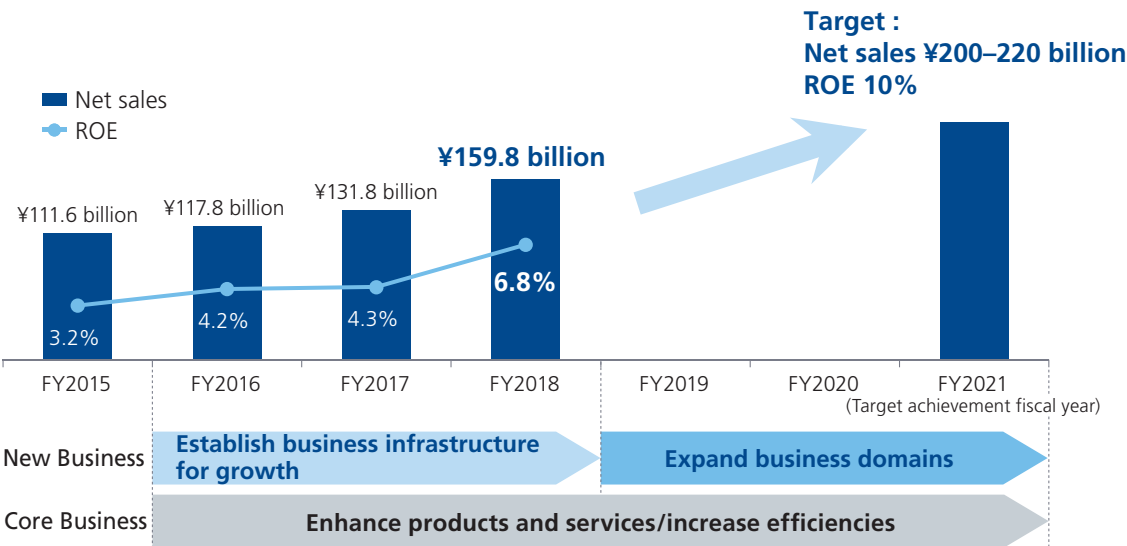
Furthermore, the Electronic Components Business includes the Private Brands Business, which TED positions as a new business engaged in establishing new business models with high added value while collaborating with customers, suppliers and partners and leveraging proprietary technologies cultivated up to now.



At the end of the third year of VISION 2020, how is the plan progressing?

The three-year period ending in March 31, 2018, was a period of growth preparation; the three-year period beginning in the fiscal year ending March 31, 2019, is positioned as a period for achieving growth.

For the past three years, in our core businesses we have engaged in efforts focusing on growth markets and products, expanding our customer base, improving profitability and realizing operational efficiencies. In the Electronic Components Business, which is aimed at industrial and automotive equipment, and the Computer Networks Business, comprising mainly cloud-related products and next-generation security products, we acquired new product lines and expanded our customer base.



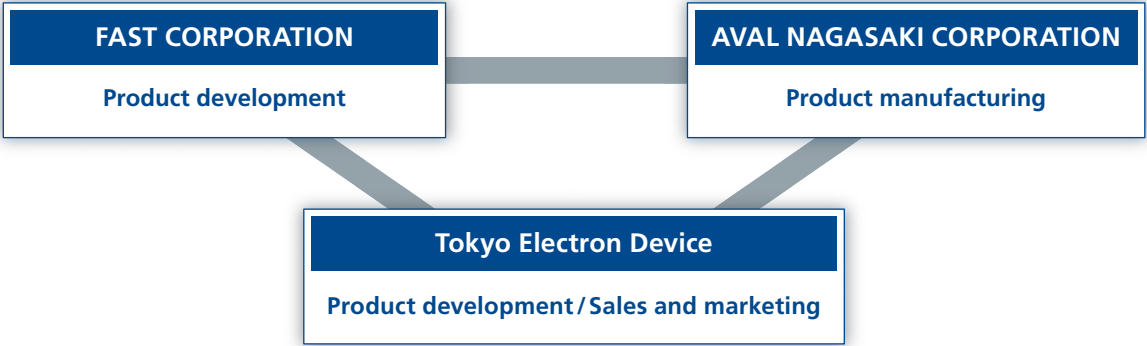
We achieved certain results in improving profit margins and improving operational efficiency.

In terms of new business, we focused efforts on establishing business infrastructure in the Private Brand Business, which is expected to be highly profitable. To increase both business scale and profitability in this business and realize VISION 2020, we faced three issues:

Establish or acquire business that will become the core of the labor-saving market; establish or acquire image processing core technologies contributing to labor-saving segment products; improve product manufacturing efficiency and increase quality. As a resolution to these issues,

AVAL NAGASAKI CORPORATION was made a consolidated subsidiary in July 2017, enabling improved efficiency and increased quality within our design and contracted production services, which are based on high functionality and small-lot, large variety production, as well as our Private Brand Business product manufacturing.

Furthermore, FAST CORPORATION, which develops and sells general purpose image processing devices and robot vision systems for factory automation, became a wholly owned subsidiary in July 2018, enabling us to acquire image processing core technologies for labor-saving segment products. In combination with TED development, sales and marketing functions, this establishes a business foundation supporting Private Brand Business manufacturing function.



FAST CORPORATION



FAST CORPORATION

Profile (as of March 31, 2018)
Location: Yamato city, Kanagawa prefecture
Business: Development, manufacture and sales of general purpose image processing equipment
Net sales: ¥2,752 million
Number of employees: 110

Overview of share acquisition
Acquisition date: July 2, 2018
Proportion of voting rights: 100.0%
Acquisition price: ¥2,066 million

AVAL NAGASAKI CORPORATION



AVAL NAGASAKI

Profile (as of March 31, 2018)
Location: Isahaya city, Nagasaki prefecture
Business: Development, design, manufacture and sale of electronic devices
Net sales: ¥2,762 million
Number of employees: 127

Overview of share acquisition
Acquisition date: July 1, 2017
Proportion of voting rights: 74.04%
Acquisition price: ¥1,392 million

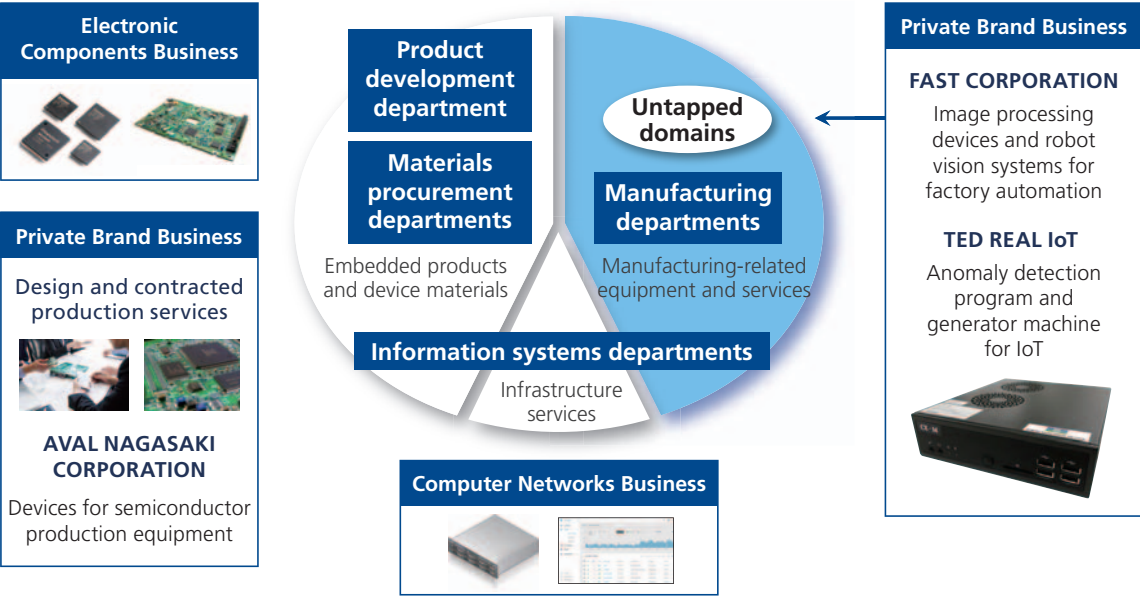
Interview with the President



How will you develop new business going forward?

TED customers are mainly in the manufacturing industry, with the Electronic Components Business selling semiconductors and electronic components, the Private Brand Business selling design and contracted production services to customer product development and materials procurement departments and the Computer Networks Business selling ICT infrastructure and services to customer information systems departments.

At the same time, we have not been providing enough production management equipment and services to the manufacturing departments of these same customers. Over the next three years, we will strengthen initiatives in untapped domains and expand business domains to achieve VISION 2020 with our IoT development service “TED REAL IoT” and FAST CORPORATION image processing devices and robot vision systems for factory automation.



Can you explain the Company’s capital policy?

In VISION 2020, we are promoting new initiatives centered on business planning, including efforts focused on the Private Brand Business, in an attempt to strengthen and enhance manufacturer functionality. As a result of these changes to our business portfolio, we forecast capital requirements such as future capital investments and R&D investments, while also considering the trend toward increasing working capital in line with existing business in our trading company business, making the health of our financial standing an issue. In light of this, we formulated a new capital policy aimed at enhanced equity and external debt control.

[Basic approach regarding capital policy]

- Enhancing enterprise value is defined as realizing returns that exceed shareholder expectations for rate of return (cost of capital), with increased ROE positioned as one objective.
- Maintain a constant awareness of optimal capital structure and capital ratio in light of business scope and characteristics, respond to investments in growth businesses and working capital requirements.
- Regarding shareholder return, we will provide stable and ongoing dividends with the consolidated dividend payout ratio as the basis for reference indicators. Regarding the acquisition of treasury shares, this is determined as part of our shareholder return policy along with dividends, with overall consideration for the status of cashflows, the market liquidity of shares, future facility capital requirements and other factors.

[Numerical targets]

(ROE)
Regarding ROE, an indicator of capital efficiency, the Company is targeting 10% over the medium-term.

(Dividend policy)
In consideration of future capital investments, capital required for R&D and working capital trends, for the foreseeable future, the Company aims for a consolidated dividend payout ratio of 40%.

Fiscal Year	Payout ratio (%)
FY2015	38.0
FY2016	32.0
FY2017	30.0
FY2018	41.7
FY2019 (forecast)	40.5

Performance by Segment

TED operates two business segments, comprising the Electronic Components Business and the Computer Networks Business. The Private Brand Business belongs to the Electronic Components Business.

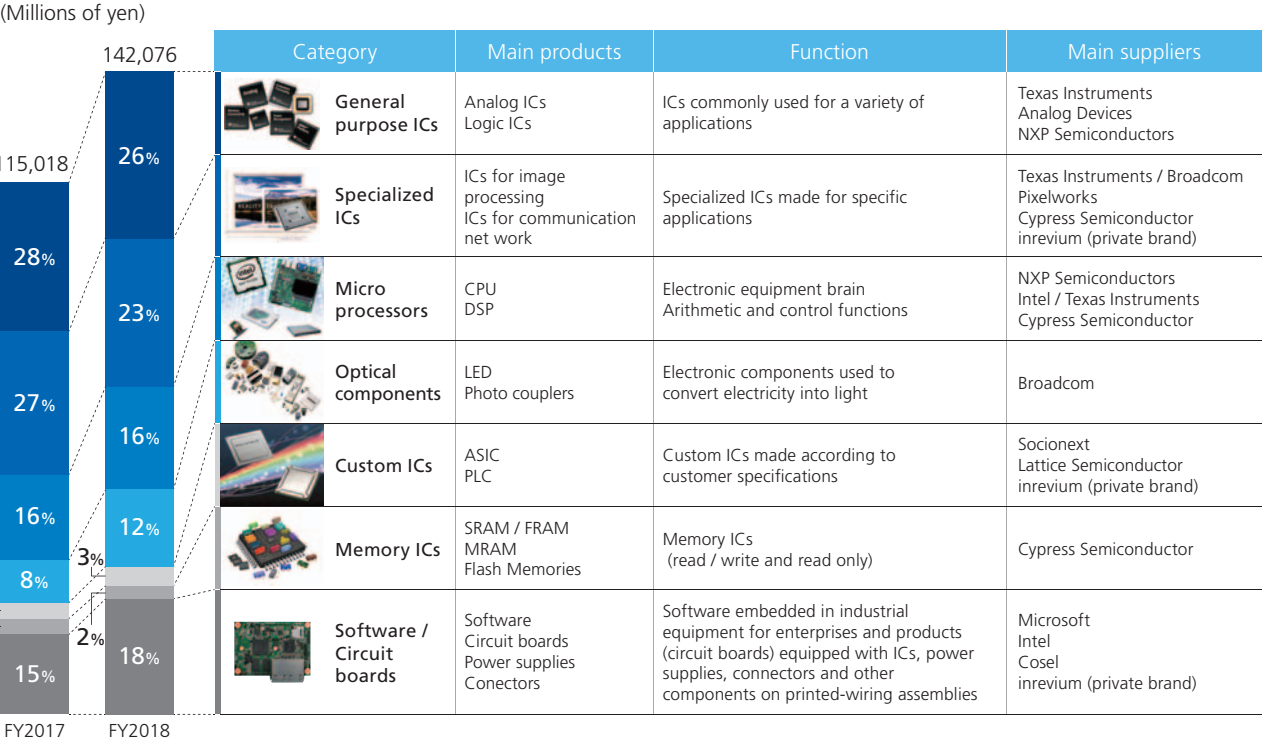
Electronic Components Business

The Electronic Components Business handles a lineup of semiconductor products from more than 50 companies, mainly leading overseas manufacturers.

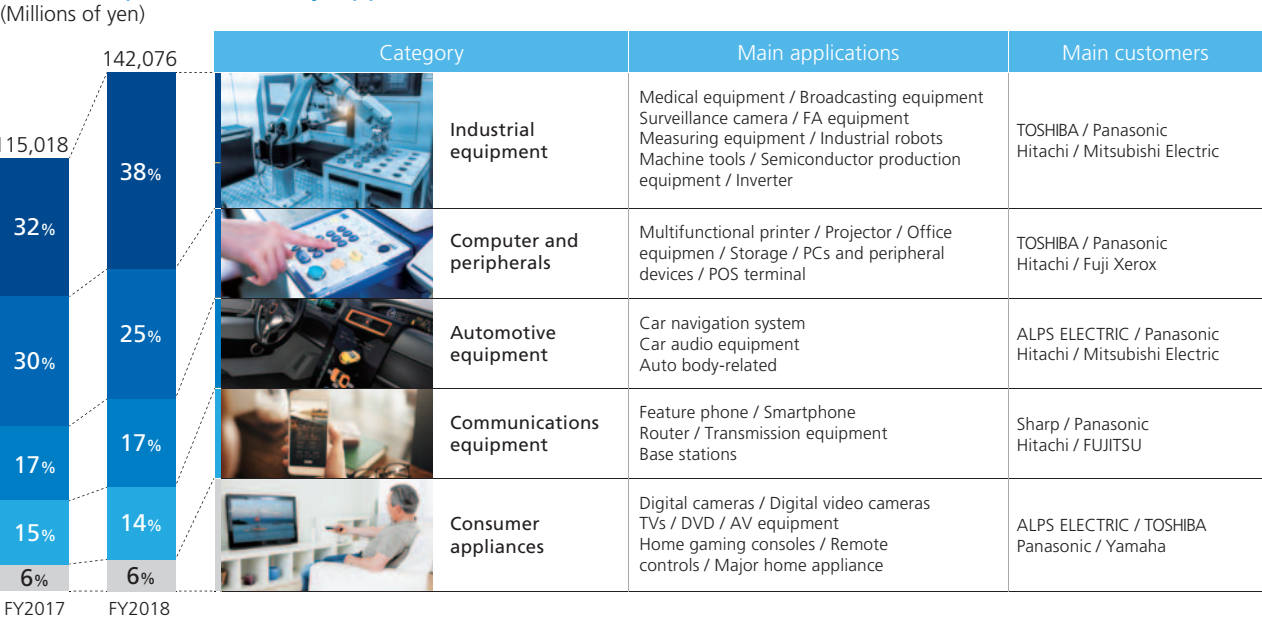
Based on strengths such as technical support provided by product-specific engineers, our products are used in a wide range of final products, mainly from major appliance and electronics manufacturers. We focus efforts on the industrial equipment and automotive equipment sectors.

Due to the termination of distributor agreements with one of our major business partners, Analog Devices, Inc., nearly all transactions with this company were ended in the fiscal year ended March 31, 2018. Transactions with this company by product item include general purpose IC, and by application include mainly industrial equipment, automotive equipment and communications equipment.

Sales Component Ratio by Product Category



Sales Component Ratio by Application



Performance by Segment

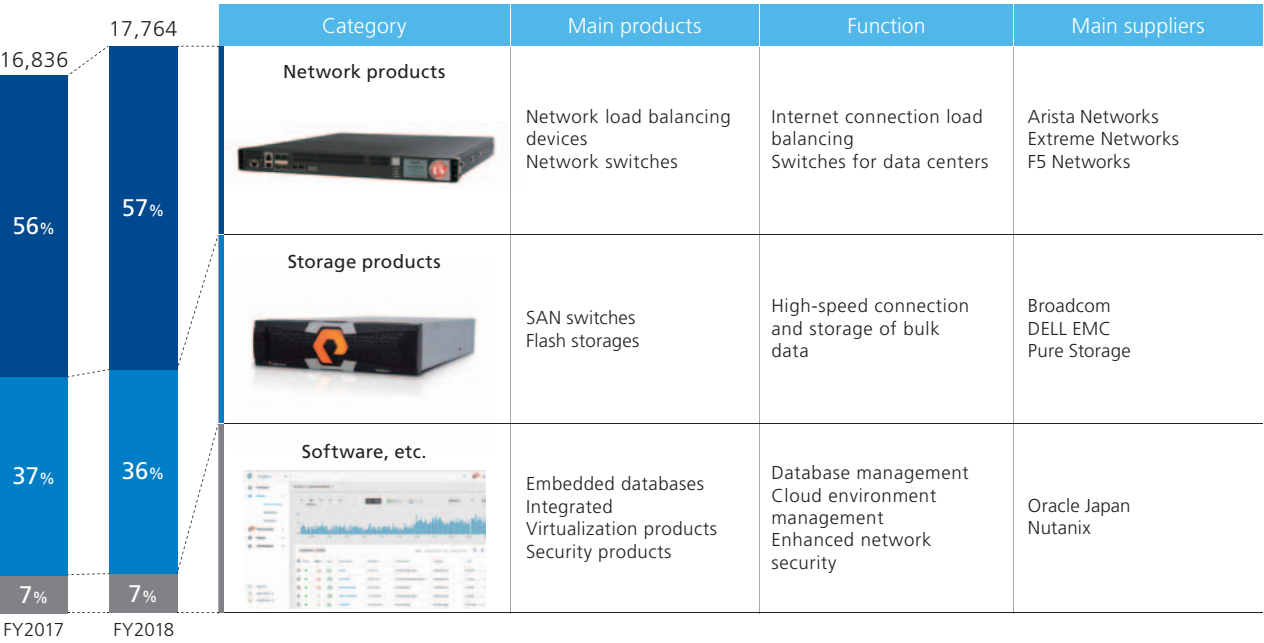
Computer Networks Business

The Computer Networks Business handles products from more than 20 companies, mostly North American IT manufacturers with unique technologies.

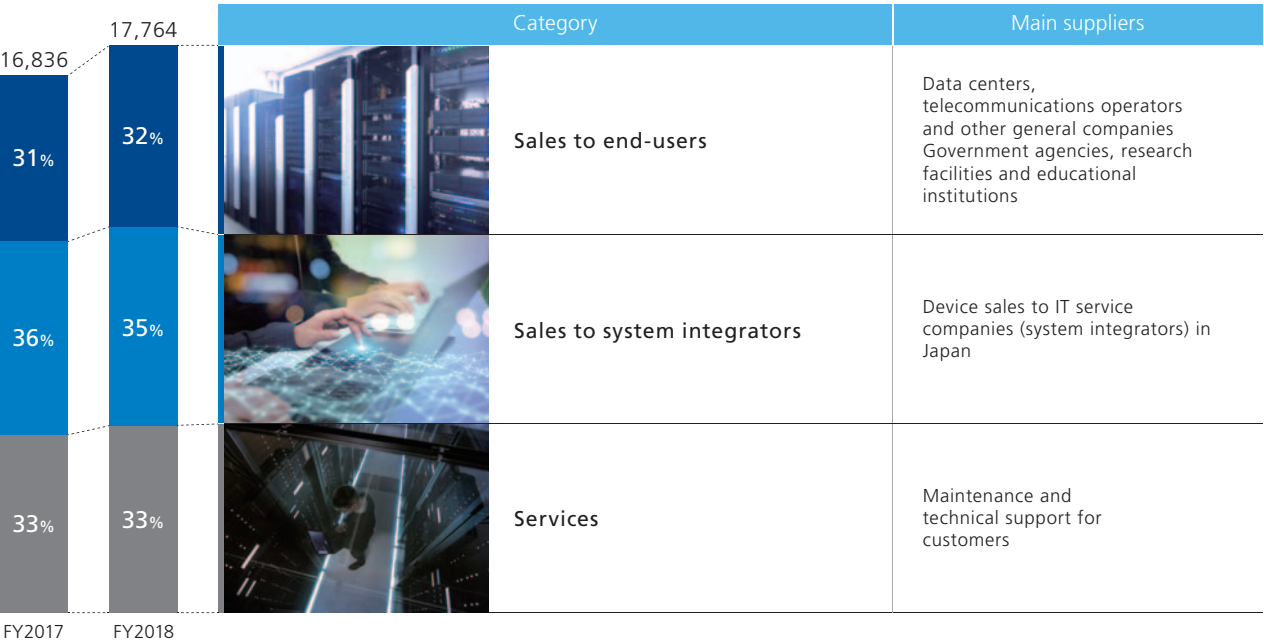
With a lineup of innovative and highly specialized network, storage, and server devices and security products, we propose solutions leveraging our technical capabilities combined with optimal devices based on technology verification.

TED is expanding its lineup in this business to include security services, converged systems and other products where growth is expected.

Sales Component Ratio by Product Category
(Millions of yen)



Sales Component Ratio by Application
(Millions of yen)



Private Brand Business

* The Private Brand Business belongs to the Electronic Components Business.

The Private Brand Business is comprised of design and contracted production services, private brand products and consolidated subsidiary AVAL NAGASAKI CORPORATION. We will attempt to improve our earnings structure by strengthening the highly profitable Private Brand Business.

Furthermore, FAST CORPORATION which became a consolidated subsidiary in July 2018 is expected to contribute to performance in the second half of the fiscal year ending March 31, 2019.

Design and manufacturing services

This integrated service works with customers on specification development, prototype design and evaluation, production trials and mass production. With the Design & Development Center (Yokohama), which has a long track record of design and development, as the core of these activities, we also operate affiliated companies in China (Shanghai and Wuxi) and Canada (Ottawa). Furthermore, we will attempt to further expand these services through tie-ups with consolidated subsidiary AVAL NAGASAKI CORPORATION, which is engaged in design and manufacturing.

Design and manufacturing services flow



Private Brand Products *inrevium*

We are focusing efforts on the development of private brand inrevium products targeting the labor-saving and energy-saving sectors.

Private brand product examples

SD host controller LSI
This host controller LSI is for use with SD card system equipment. Its ease of use has led to SD cards being adopted for consumer equipment as well as industrial equipment, medical equipment and a wide range of other sectors.

ORIGAMI
This video codec module product from Image Matters (Belgium) is equipped with functions necessary for the development of broadcasting equipment, medical equipment and other image processing equipment.

DynaFlash
Jointly developed with the Ishikawa Watanabe Laboratory at the University of Tokyo, this high-speed projector is able to project 1,000 images per second. Targeted applications include measurement sensors that project onto objects moving on production lines and for saving labor in industrial sectors where inspections are conducted visually.

TOF Camera
Sensing camera able to measure distances based on the time required for near infrared light to be reflected as it travels between the light source and target object. Intended applications include factory automation, robots and other industrial equipment as well as entrance/exit management and other security applications.

AVAL NAGASAKI CORPORATION

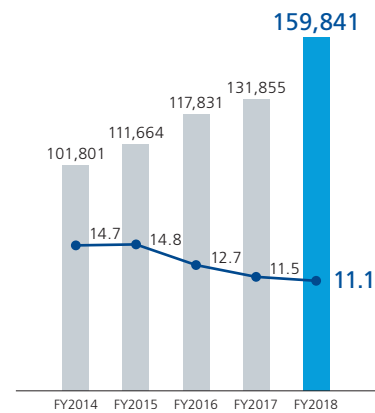
AVAL NAGASAKI is engaged in the contracted development and production of semiconductor manufacturing devices and other industrial equipment.



Consolidated Achievement Highlight

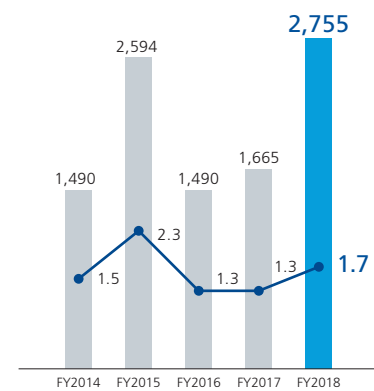
Profitability

Net sales (Millions of yen) / Gross margin (%)



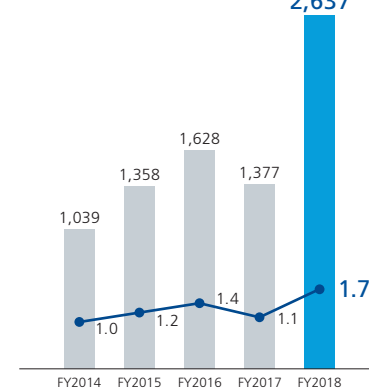
* Gross margin = Gross profit / Net sales

Operating income (Millions of yen) / Operating margin (%)



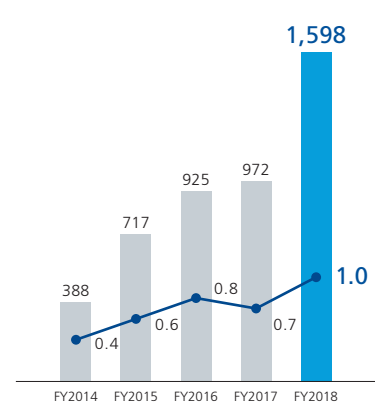
* Operating margin = Operating income / Net sales

Ordinary income (Millions of yen) / Ordinary income ratio (%)



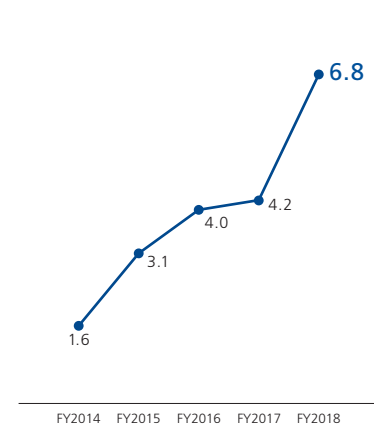
* Ordinary income ratio = Ordinary income / Net sales

Net income attributable to owners of parent (Millions of yen) / Net income attributable to owners of parent margin (%)



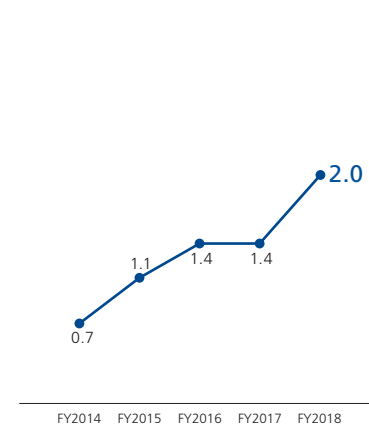
* Net income attributable to owners of parent margin = Net income attributable to owners of parent / Net sales

Return on equity (ROE) (%)



* Return on equity (ROE) = Net income attributable to owners of parent / Average shareholders' equity at the beginning and end of the term

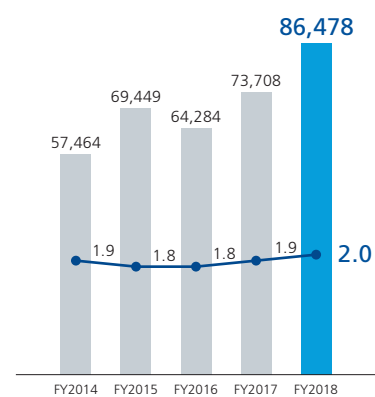
Return on assets (ROA) (%)



* Return on assets (ROA) = Net income attributable to owners of parent / Average total assets at the beginning and end of the term

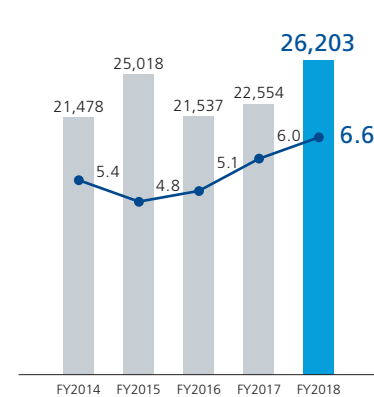
Efficiency

Total assets (Millions of yen) / Asset turnover ratio (Times)



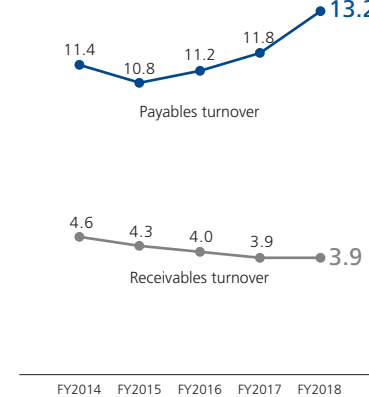
* Asset turnover ratio = Net sales / Average total assets at the beginning and end of the term

Inventories (Millions of yen) / Inventory turnover ratio (Times)



* Inventory turnover ratio = Net sales / Average inventories at the beginning and end of the term

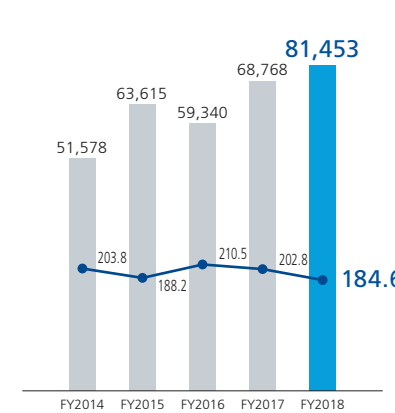
Receivables turnover (Times) / Payables turnover (Times)



* Receivables turnover = Net sales / Average notes and accounts receivable at the beginning and end of the term
* Payables turnover = Cost of sales / Average accounts payable at the beginning and end of the term

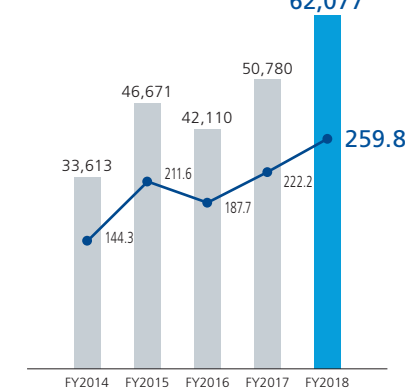
Safety

Current assets (Millions of yen) / Current ratio (%)



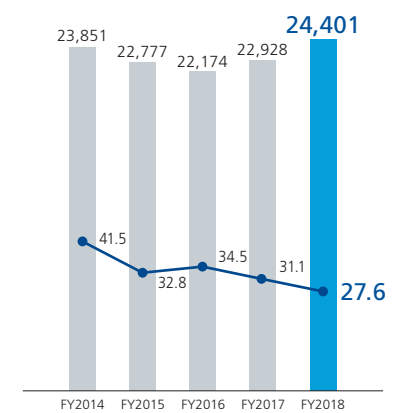
* Current ratio = Current assets / Current liabilities

Total liabilities (Millions of yen) / Debt-equity ratio (%)



* Debt-equity ratio = Liabilities / Shareholders' equity

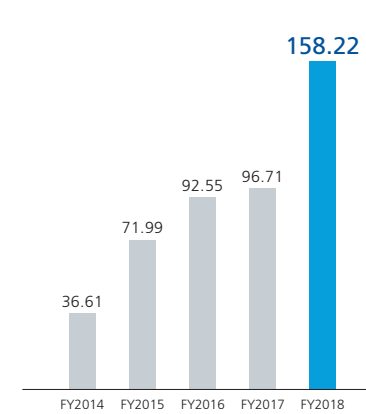
Net assets (Millions of yen) / Capital ratio (%)



* Capital ratio = Net assets / Total assets

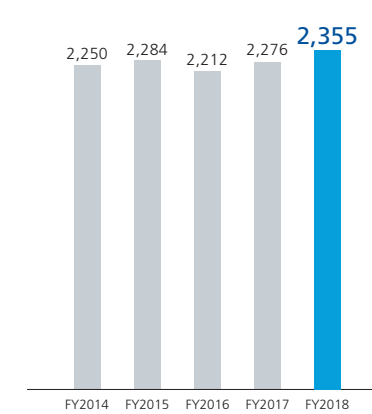
Per Share Data and Others

Earnings per share (EPS)* (Yen)



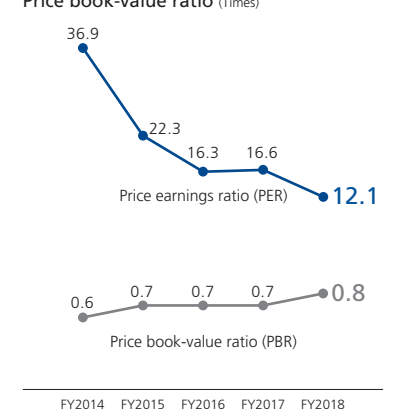
* Earnings per share (EPS) = Net income attributable to owners of parent / Average number of shares issued in the term

Book-value per share (Yen)



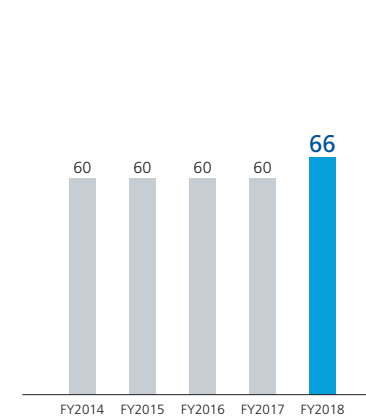
* Book-value per share = Net assets at the end of the term / Number of shares issued at the end of the term

Price earnings ratio (Times) / Price book-value ratio (Times)



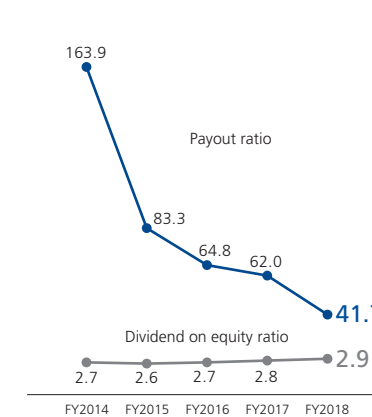
* Price earnings ratio (PER) = Share price at the end of the term / Net income per share
* Price book-value ratio (PBR) = Share price at the end of the term / Net assets per share

Dividends per share (Yen)



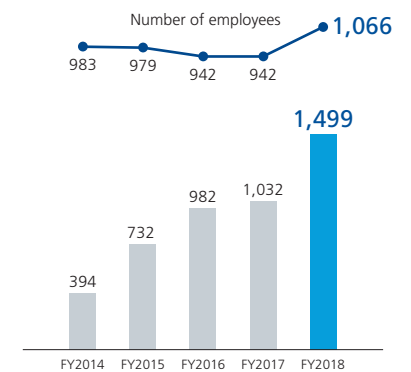
* Dividends per share = Paid interim dividend and year-end dividend / Number of shares issued

Payout ratio (%) / Dividend on equity ratio (%)



* Payout ratio = Paid interim dividend and year-end dividend / Net income
* Dividend on equity ratio = Total dividend / Average of net assets at the beginning

Net income attributable to owners of parent per employee (Thousands of yen) / Number of employees (Persons)



* Net income attributable to owners of parent per employee = Net income attributable to owners of parent / Number of employees at the end of the term

Note: Per-share figures in the above graphs reflect amounts after the stock split (100 shares for one) on October 1, 2014.

Consolidated Achievement Highlight

Consolidated Balance Sheets (Millions of yen)

Account	FY2017 As of March 31, 2017	FY2018 As of March 31, 2018
1 Assets		
Current assets	68,768	81,453
Non-current assets:	4,940	5,025
Property, plant and equipment	816	1,241
Intangible assets	431	258
Investments and other assets	3,693	3,525
Total assets	73,708	86,478
2 Liabilities		
Current liabilities	33,913	44,117
Non-current liabilities	16,867	17,959
Total liabilities	50,780	62,077
3 Net assets		
Shareholders' equity:	22,853	23,897
Capital stock	2,495	2,495
Capital surplus	5,645	5,645
Retained earnings	15,262	16,234
Treasury shares	(550)	(478)
Accumulated other comprehensive income	72	(59)
Non-controlling interests	2	563
Total net assets	22,928	24,401
Total liabilities and net assets	73,708	86,478

Note: The above amounts are rounded down to the nearest million yen.

1 Assets

Total assets at March 31, 2018, amounted to ¥86,478 million, an increase of 12,770 million from the end of the previous fiscal year. This was due mainly to an increase in notes and accounts receivable-trade, as well as merchandise and finished goods (included in current assets).

2 Liabilities

Total liabilities amounted to ¥62,077 million, an increase of ¥11,297 million from the end of the previous fiscal year. This was due mainly to rises in short-term loans payable and long-term loans payable.

3 Net assets

Total net assets amounted to ¥24,401 million, an increase of ¥1,473 million from the end of the previous fiscal year. This was due mainly to a rise in retained earnings.

Consolidated Statements of Income (Millions of yen)

Account	FY2017 From April 1, 2016 to March 31, 2017	FY2018 From April 1, 2017 to March 31, 2018
Net sales	131,855	159,841
Cost of sales	116,709	142,160
Gross profit	15,146	17,680
Selling, general and administrative expenses	13,481	14,924
Operating income	1,665	2,755
Non-operating income	106	131
Non-operating expenses	393	249
Ordinary income	1,377	2,637
Extraordinary income	61	46
Extraordinary losses	4	199
Net income before income taxes	1,435	2,485
Total income taxes	463	829
Net income	972	1,655
Net income attributable to non-controlling interests	—	56
Net income attributable to owners of parent	972	1,598

Note: The above amounts are rounded down to the nearest million yen.

Consolidated Statements of Cash Flow (Millions of yen)

Account	FY2017 From April 1, 2016 to March 31, 2017	FY2018 From April 1, 2017 to March 31, 2018
4 Cash flows from operating activities	(4,685)	(7,993)
5 Cash flows from investing activities	(262)	(896)
6 Cash flows from financing activities	4,739	9,869
Effect of exchange rate change on cash and cash equivalents	4	(5)
Net increase (decrease) in cash and cash equivalents	(204)	973
Cash and cash equivalents at the beginning of the period	2,637	2,433
Cash and cash equivalents at end of period	2,433	3,406

Note: The above amounts are rounded down to the nearest million yen.

4 Cash flows from operating activities

Net cash used by operating activities amounted to ¥7,993 million (used ¥4,685 million in the previous fiscal year). This was due mainly to an increase in inventories and other factors that decreased cash, exceeding an increase in advances received and other factors that increased cash.

5 Cash flows from investing activities

Net cash used in investing activities amounted to ¥896 million (used ¥262 million in the previous fiscal year). This was due mainly to purchase of shares of subsidiaries resulting in change in scope of consolidation.

6 Cash flows from financing activities

Net cash provided in financing activities amounted to ¥9,869 million (provided ¥4,739 million in the previous fiscal year). This was due mainly to rises in short-term loans payable and long-term loans payable.

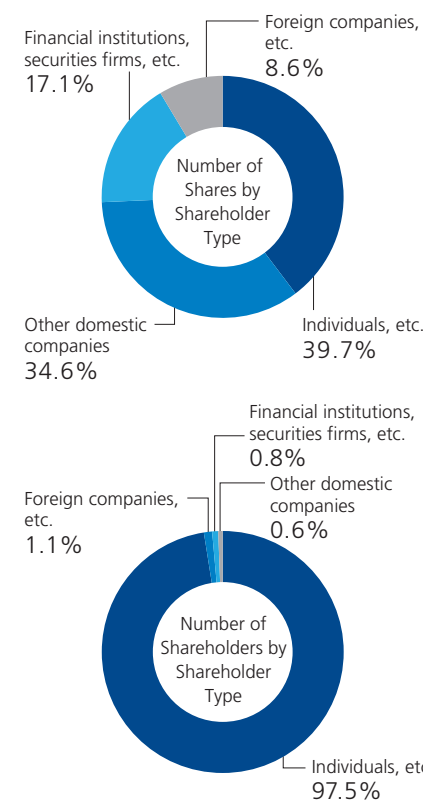
Stock Information

(As of March 31, 2018)

Shares of the Company

Securities code	2760
Number of authorized shares	25,600,000 shares
Number of issued shares	10,445,500 shares
Number of shareholders	6,906 shareholders
Trading unit	100 shares

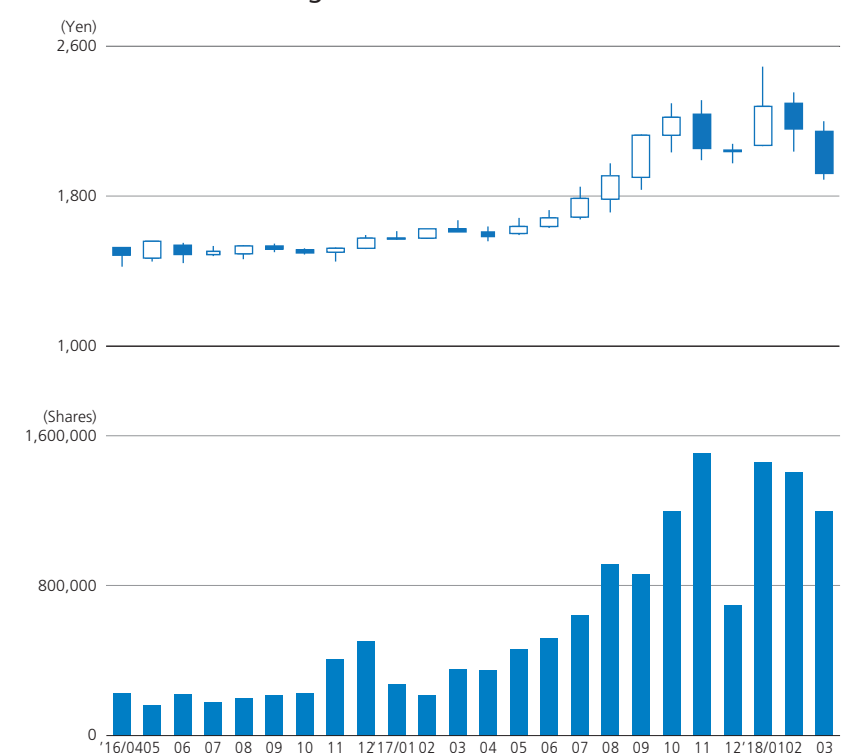
Distribution of Shares



Major Shareholders

Shareholders	Number of shares held	Shareholding ratio (%)
Tokyo Electron Limited	3,532,700	33.82
Tokyo Electron Device Employee Shareholder Association	402,117	3.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	296,100	2.83
Japan Trustee Services Bank, Ltd (Trust Account)	193,600	1.85
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	182,500	1.75

Stock Price and Trading Volume



Directors, Auditors and Executive Officers

(As of June 20, 2018)

Corporate Director

Chairman of the Board	Noriyuki Kuga
President & Representative Director	Atsushi Tokushige
Representative Director	Masami Hasegawa
Corporate Director	Yukio Saeki
Corporate Director	Akihiro Kamikogawa
Corporate Director	Kazuki Shinoda
Corporate Director (Part-time)	Tetsuo Tsuneishi
Outside Director	Kunio Ishikawa
Outside Director	Hisayoshi Fuwa

Audit & Supervisory Board Member

Audit & Supervisory Board Member	Nobuo Kawai
Audit & Supervisory Board Member	Takashi Nakamura
Outside Audit & Supervisory Board Member	Hisami Fukumori
Outside Audit & Supervisory Board Member	Kazuko Naruse

Vice President

Atsushi Tokushige
Masami Hasegawa
Yukio Saeki
Akihiro Kamikogawa
Kazuki Shinoda
Toshikazu Mishina
Yasuo Hatsumi
Yoshinao Jozen
Tatsushi Yasumura
Kunio Iwata
Kenji Dohi
Tadashi Koyama