

Summary of Consolidated Financial Results

For The Second Quarter Ended September 30, 2018

[Japanese GAAP]

October 29, 2018

Company name: TOKYO ELECTRON DEVICE LIMITED
 Stock exchange listing: Tokyo Stock Exchange 1st Section (Code 2760)
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(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Highlights for the Second Quarter Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (cumulative)

(% indicates changes from the same period of previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
The Second Quarter ended September 30, 2018	68,765	(10.0)	1,701	69.0	1,390	41.4	894	27.8
The Second Quarter ended September 30, 2017	76,431	26.9	1,006	–	983	211.6	699	200.0

(Note) Comprehensive income: The Second Quarter ended September 30, 2018 1,021 million yen [68.8%]
 The Second Quarter ended September 30, 2017 604 million yen [–%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
The Second Quarter ended September 30, 2018	88.21	–
The Second Quarter ended September 30, 2017	69.31	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	77,568	25,059	31.6
As of March 31, 2018	86,478	24,401	27.6

(Reference) Equity: As of September 30, 2018 24,489 million yen As of March 31, 2018 23,837 million yen

2. Dividends

	Annual dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	–	30.00	–	36.00	66.00
Fiscal year ending March 31, 2019	–	40.00			
Fiscal year ending March 31, 2019 (Forecast)			–	40.00	80.00

(Note) Revision of dividends forecast: Yes

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the same period of previous fiscal year.)

	Net sales		Ordinary income		Net income attributable to owners of parent		Basic net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2019	140,000	(12.4)	2,700	2.4	2,000	25.1	197.30

(Note) Revision of financial forecasts: Yes

*Notes

- (1) Changes of significant subsidiaries during the period : None
- (2) Changes in accounting policies, accounting estimates, and restatements
 - 1) Changes due to revision of accounting standards : None
 - 2) Changes in accounting standards other than 1) : None
 - 3) Changes in accounting estimates : None
 - 4) Restatements : None

- (3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the end of the period (including treasury stock):

September 30, 2018	10,445,500 shares
March 31, 2018	10,445,500 shares

- 2) Number of shares of treasury stock at the end of the period:

September 30, 2018	299,183 shares
March 31, 2018	322,655 shares

- 3) Average number of shares outstanding during the period:

The Second Quarter ended September 30, 2018	10,136,852 shares
The Second Quarter ended September 30, 2017	10,091,572 shares

(Note) The Company has adopted the Directors' Compensation BIP (Board Incentive Plan) Trust and the Employee Shareholding Association ESOP (Employee Stock Ownership Plan) Trust, and has included the number of the Company's shares held by both Trusts accordingly in the number of shares of treasury stock.

*This quarterly financial report is outside the scope of an audit procedure by the Certified Public Accountant or the Audit firm.

*Explanation of the appropriate use of finance forecasts and other special notes

The financial forecasts and other estimates herein are based on currently available information and certain assumptions deemed reasonable at time of report issuance. The Company does not guarantee the achievement of these forecasts. Actual operating results may differ significantly from these forecasts due to various factors.

Consolidated Financial Statements and Segment Information

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY 2018 (As of Mar. 31, 2018)	FY 2019 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposits	3,606	3,872
Notes and accounts receivable - trade	42,263	33,598
Electronically recorded monetary claims - operating	1,566	1,888
Merchandise and finished goods	25,638	24,813
Raw materials	439	869
Other	6,912	4,536
Allowance for doubtful accounts	-	(23)
Total current assets	80,427	69,554
Non-current assets		
Property, plant and equipment	1,241	1,656
Intangible fixed assets	258	2,050
Investments and other assets		
Net defined benefit asset	410	428
Other	4,182	3,945
Allowance for doubtful accounts	(41)	(66)
Total investments and other assets	4,551	4,307
Total non-current assets	6,051	8,014
Total assets	86,478	77,568

(Millions of yen)

	FY 2018 (As of Mar. 31, 2018)	FY 2019 (As of Sep. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,497	9,700
Short-term loans payable	21,065	14,546
Current portion of long-term loans payable	3,096	222
Provision for bonuses	1,237	1,004
Other	8,222	8,485
Total current liabilities	44,117	33,959
Non-current liabilities		
Long-term loans payable	10,096	10,210
Net defined benefit liability	7,371	7,744
Other	492	594
Total non-current liabilities	17,959	18,549
Total liabilities	62,077	52,509
Net assets		
Shareholders' equity		
Capital stock	2,495	2,495
Capital surplus	5,645	5,645
Retained earnings	16,234	16,752
Treasury stock	(478)	(443)
Total shareholders' equity	23,897	24,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43	33
Deferred gains or losses on hedges	132	21
Foreign currency translation adjustment	102	242
Remeasurements of defined benefit plans	(338)	(258)
Total accumulated other comprehensive income	(59)	39
Non-controlling interests	563	570
Total net assets	24,401	25,059
Total liabilities and net assets	86,478	77,568

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Sep. 30, 2017)	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Net sales	76,431	68,765
Cost of sales	68,151	59,381
Gross profit	8,279	9,383
Selling, general and administrative expenses		
Salaries and allowances	2,874	3,039
Provision for bonuses	835	867
Retirement benefit expenses	373	475
Other	3,189	3,301
Total selling, general and administrative expenses	7,273	7,682
Operating income	1,006	1,701
Non-operating income		
Dividend income of insurance	41	41
Other	30	28
Total non-operating income	71	69
Non-operating expenses		
Interest expenses	66	96
Foreign exchange losses	-	252
Other	28	31
Total non-operating expenses	94	380
Ordinary income	983	1,390
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on bargain purchase	46	-
Total extraordinary income	46	0
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	6	1
Loss on valuation of investment securities	-	20
Total extraordinary losses	6	22
Net income before income taxes	1,023	1,368
Income taxes	308	446
Net income	715	922
Net income attributable to non-controlling interests	15	27
Net income attributable to owners of parent	699	894

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Sep. 30, 2017)	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Net income	715	922
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(10)
Deferred gains or losses on hedges	(135)	(110)
Foreign currency translation adjustment	16	146
Remeasurements of defined benefit plans, net of tax	13	80
Share of other comprehensive income of associates accounted for using equity method	(0)	(6)
Total other comprehensive income	(110)	99
Comprehensive income	604	1,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	589	993
Comprehensive income attributable to non-controlling interests	15	27

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Sep. 30, 2017)	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Cash flows from operating activities		
Net income before income taxes	1,023	1,368
Depreciation	261	227
Amortization of goodwill	–	8
Gain on bargain purchase	(46)	–
Increase (decrease) in provision for bonuses	98	(236)
Increase (decrease) in net defined benefit liability	172	124
Interest expenses	66	96
Foreign exchange losses (gains)	147	893
Loss (gain) on valuation of investment securities	–	20
Decrease (increase) in notes and accounts receivable - trade	(2,489)	9,595
Decrease (increase) in inventories	(3,131)	1,016
Increase (decrease) in notes and accounts payable - trade	633	(1,177)
Increase (decrease) in accounts payable - other	(89)	(255)
Increase (decrease) in advances received	909	978
Decrease (increase) in consumption taxes refund receivable	57	1,105
Decrease (increase) in accounts receivable - other	76	945
Decrease (increase) in prepaid expenses	(365)	(254)
Other, net	(197)	(695)
Subtotal	(2,873)	13,760
Interest and dividend income received	3	4
Interest expenses paid	(66)	(98)
Income taxes paid	(536)	(948)
Net cash provided by (used in) operating activities	(3,473)	12,718
Cash flows from investing activities		
Purchase of property, plant and equipment	(50)	(86)
Proceeds from sales of property, plant and equipment	–	174
Purchase of intangible assets	(90)	(22)
Purchase of investment securities	(20)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(595)	(1,833)
Other, net	(2)	(0)
Net cash provided by (used in) investing activities	(759)	(1,767)

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Sep. 30, 2017)	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,203	(7,169)
Repayments of long-term loans payable	(48)	(3,235)
Proceeds from disposal of treasury shares	41	47
Cash dividends paid	(302)	(364)
Dividends paid to non-controlling interests	–	(21)
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	4,894	(10,744)
Effect of exchange rate change on cash and cash equivalents	2	6
Net increase (decrease) in cash and cash equivalents	664	212
Cash and cash equivalents at beginning of period	2,433	3,406
Cash and cash equivalents at end of period	3,097	3,619

(4) Segment Information

I. For the Period ended September 30, 2017 (From Apr. 1, 2017 to Sep. 30, 2017)

1. Information on the amount of net sales and income (loss) by segments

(Millions of yen)

	Segments			Adjustments	Consolidated statements of income (Note)
	Electronic Components Business	Computer Networks Business	Total		
Net sales:					
Outside customers	68,468	7,963	76,431	–	76,431
Inter-segment	–	–	–	–	–
Total	68,468	7,963	76,431	–	76,431
Segment income	691	291	983	–	983

(Note) Total amount of segment income coincides with the ordinary income in the consolidated statements of income.

II. For the Period ended September 30, 2018 (From Apr. 1, 2018 to Sep. 30, 2018)

1. Information on the amount of net sales and income (loss) by segments

(Millions of yen)

	Segments			Adjustments	Consolidated statements of income (Note)
	Electronic Components Business	Computer Networks Business	Total		
Net sales:					
Outside customers	59,653	9,111	68,765	–	68,765
Inter-segment	–	–	–	–	–
Total	59,653	9,111	68,765	–	68,765
Segment income	882	508	1,390	–	1,390

(Note) Total amount of segment income coincides with the ordinary income in the consolidated statements of income.