

Summary of Consolidated Financial Results

For The Second Quarter Ended September 30, 2019

[Japanese GAAP]

October 30, 2019

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, 2019 (April 1, 2019 to September 30, 2019)

(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, 2019	65,213	(5.2)	1,367	(19.6)	1,340	(3.6)	864	(3.3)
The Second Quarter ended September 30, 2018	68,765	(10.0)	1,701	69.0	1,390	41.4	894	27.8

(Note) Comprehensive income: The Second Quarter ended September 30, 2019 828 million yen [(18.9)%]
 The Second Quarter ended September 30, 2018 1,021 million yen [68.8%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
The Second Quarter ended September 30, 2019	84.78	—
The Second Quarter ended September 30, 2018	88.21	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	76,957	26,746	33.9
As of March 31, 2019	78,352	26,410	32.9

(Reference) Equity: As of September 30, 2019 26,122 million yen As of March 31, 2019 25,805 million yen

2. Dividends

	Annual dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	40.00	—	53.00	93.00
Fiscal year ending March 31, 2020	—	40.00			
Fiscal year ending March 31, 2020 (Forecast)			—	50.00	90.00

(Note) Revision of dividends forecast: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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, 2020	138,000	(2.1)	3,500	13.7	2,200	(6.0)	216.22

(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, 2019	10,445,500 shares
March 31, 2019	10,445,500 shares

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

September 30, 2019	234,709 shares
March 31, 2019	270,846 shares

3) Average number of shares outstanding during the period:

The Second Quarter ended September 30, 2019	10,195,435 shares
The Second Quarter ended September 30, 2018	10,136,852 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 2019 (As of Mar. 31, 2019)	FY 2020 (As of Sep. 30, 2019)
Assets		
Current assets		
Cash and deposits	3,794	5,298
Notes and accounts receivable - trade	34,192	30,210
Electronically recorded monetary claims - operating	1,904	2,233
Merchandise and finished goods	24,119	23,856
Raw materials	693	1,068
Other	5,738	6,419
Allowance for doubtful accounts	(22)	(33)
Total current assets	70,420	69,053
Non-current assets		
Property, plant and equipment	1,740	1,883
Intangible fixed assets	1,961	1,896
Investments and other assets		
Net defined benefit asset	357	383
Other	3,940	3,812
Allowance for doubtful accounts	(66)	(71)
Total investments and other assets	4,230	4,124
Total non-current assets	7,932	7,904
Total assets	78,352	76,957

(Millions of yen)

	FY 2019 (As of Mar. 31, 2019)	FY 2020 (As of Sep. 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,516	9,215
Short-term loans payable	10,321	6,382
Current portion of long-term loans payable	3,191	3,109
Advances received	5,918	8,372
Provision for bonuses	1,419	1,100
Other	2,633	1,958
Total current liabilities	32,000	30,138
Non-current liabilities		
Long-term loans payable	11,925	11,901
Net defined benefit liability	7,409	7,508
Other	607	662
Total non-current liabilities	19,942	20,072
Total liabilities	51,942	50,211
Net assets		
Shareholders' equity		
Capital stock	2,495	2,495
Capital surplus	5,645	5,645
Retained earnings	17,781	18,122
Treasury stock	(401)	(347)
Total shareholders' equity	25,521	25,915
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22	16
Deferred gains or losses on hedges	13	(28)
Foreign currency translation adjustment	187	109
Remeasurements of defined benefit plans	61	109
Total accumulated other comprehensive income	284	207
Non-controlling interests	604	624
Total net assets	26,410	26,746
Total liabilities and net assets	78,352	76,957

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)	FY 2020 (from Apr. 1, 2019 to Sep. 30, 2019)
Net sales	68,765	65,213
Cost of sales	59,381	55,824
Gross profit	9,383	9,389
Selling, general and administrative expenses		
Salaries and allowances	3,039	3,211
Provision for bonuses	867	1,001
Retirement benefit expenses	475	414
Other	3,301	3,394
Total selling, general and administrative expenses	7,682	8,021
Operating income	1,701	1,367
Non-operating income		
Share of profit of entities accounted for using equity method	–	21
Dividend income of insurance	41	35
Other	28	33
Total non-operating income	69	90
Non-operating expenses		
Interest expenses	96	57
Foreign exchange losses	252	39
Other	31	20
Total non-operating expenses	380	117
Ordinary income	1,390	1,340
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	1	2
Loss on valuation of investment securities	20	–
Loss on liquidation of subsidiaries and associates	–	5
Other	0	0
Total extraordinary losses	22	9
Net income before income taxes	1,368	1,331
Income taxes	446	426
Net income	922	905
Net income attributable to non-controlling interests	27	40
Net income attributable to owners of parent	894	864

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)	FY 2020 (from Apr. 1, 2019 to Sep. 30, 2019)
Net income	922	905
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	(5)
Deferred gains or losses on hedges	(110)	(42)
Foreign currency translation adjustment	146	(78)
Remeasurements of defined benefit plans, net of tax	80	48
Share of other comprehensive income of associates accounted for using equity method	(6)	0
Total other comprehensive income	99	(77)
Comprehensive income	1,021	828
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	993	787
Comprehensive income attributable to non-controlling interests	27	40

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)	FY 2020 (from Apr. 1, 2019 to Sep. 30, 2019)
Cash flows from operating activities		
Net income before income taxes	1,368	1,331
Depreciation	227	273
Amortization of goodwill	8	17
Increase (decrease) in provision for bonuses	(236)	(318)
Increase (decrease) in net defined benefit liability	124	72
Interest expenses	96	57
Foreign exchange losses (gains)	893	(43)
Loss (gain) on valuation of investment securities	20	–
Decrease (increase) in notes and accounts receivable - trade	9,595	3,555
Decrease (increase) in inventories	1,016	(398)
Increase (decrease) in notes and accounts payable - trade	(1,177)	638
Increase (decrease) in accounts payable - other	(255)	(227)
Increase (decrease) in advances received	978	2,454
Decrease (increase) in consumption taxes refund receivable	1,105	(10)
Decrease (increase) in accounts receivable - other	945	173
Decrease (increase) in prepaid expenses	(254)	(724)
Other, net	(695)	(31)
Subtotal	13,760	6,818
Interest and dividend income received	4	7
Interest expenses paid	(98)	(57)
Income taxes paid	(948)	(516)
Net cash provided by (used in) operating activities	12,718	6,251
Cash flows from investing activities		
Purchase of property, plant and equipment	(86)	(341)
Proceeds from sales of property, plant and equipment	174	0
Purchase of intangible assets	(22)	(50)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,833)	–
Proceeds from the liquidation of subsidiaries and associates	–	44
Other, net	(0)	(7)
Net cash provided by (used in) investing activities	(1,767)	(354)

(Millions of yen)

	FY 2019 (from Apr. 1, 2018 to Sep. 30, 2018)	FY 2020 (from Apr. 1, 2019 to Sep. 30, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(7,169)	(3,825)
Repayments of long-term loans payable	(3,235)	(105)
Proceeds from disposal of treasury shares	47	68
Cash dividends paid	(364)	(553)
Dividends paid to non-controlling interests	(21)	(20)
Other, net	(1)	(18)
Net cash provided by (used in) financing activities	(10,744)	(4,455)
Effect of exchange rate change on cash and cash equivalents	6	(15)
Net increase (decrease) in cash and cash equivalents	212	1,426
Cash and cash equivalents at beginning of period	3,406	3,534
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	70
Cash and cash equivalents at end of period	3,619	5,032

(4) Segment Information

I. 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.

II. For the Period ended September 30, 2019 (From Apr. 1, 2019 to Sep. 30, 2019)

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	54,282	10,930	65,213	–	65,213
Inter-segment	–	–	–	–	–
Total	54,282	10,930	65,213	–	65,213
Segment income	444	895	1,340	–	1,340

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