

Summary of Consolidated Financial Results For The Third Quarter Ended December 31, 2018 [Japanese GAAP]

January 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 Third Quarter Ended December 31, 2018 (April 1, 2018 to December 31, 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 Third Quarter ended December 31, 2018	103,995	(12.9)	2,603	23.7	2,103	14.2	1,526	20.2
The Third Quarter ended December 31, 2017	119,427	27.3	2,104	390.6	1,841	300.5	1,270	251.9

(Note) Comprehensive income: The Third Quarter ended December 31, 2018 1,733 million yen [32.7%]
 The Third Quarter ended December 31, 2017 1,306 million yen [408.3%]

	Basic net income per share	Diluted net income per share
	Yen	Yen
The Third Quarter ended December 31, 2018	150.51	—
The Third Quarter ended December 31, 2017	125.79	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	81,258	25,387	30.5
As of March 31, 2018	86,478	24,401	27.6

(Reference) Equity: As of December 31, 2018 24,803 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: None

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: None

***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):

December 31, 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:

December 31, 2018	276,583 shares
March 31, 2018	322,655 shares

3) Average number of shares outstanding during the period:

The Third Quarter ended December 31, 2018	10,143,374 shares
The Third Quarter ended December 31, 2017	10,097,457 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 Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	3,606	4,731
Notes and accounts receivable - trade	42,263	33,395
Electronically recorded monetary claims - operating	1,566	1,833
Merchandise and finished goods	25,638	26,837
Other	7,352	6,599
Allowance for doubtful accounts	-	(23)
Total current assets	80,427	73,373
Non-current assets		
Property, plant and equipment	1,241	1,674
Intangible fixed assets	258	2,001
Investments and other assets		
Net defined benefit asset	410	438
Other	4,182	3,837
Allowance for doubtful accounts	(41)	(66)
Total investments and other assets	4,551	4,209
Total non-current assets	6,051	7,884
Total assets	86,478	81,258

(Millions of yen)

	FY 2018 (As of Mar. 31, 2018)	FY 2019 (As of Dec. 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,497	10,001
Short-term loans payable	21,065	12,950
Current portion of long-term loans payable	3,096	2,200
Provision for bonuses	1,237	470
Other	8,222	8,955
Total current liabilities	44,117	34,578
Non-current liabilities		
Long-term loans payable	10,096	12,974
Net defined benefit liability	7,371	7,723
Other	492	593
Total non-current liabilities	17,959	21,292
Total liabilities	62,077	55,870
Net assets		
Shareholders' equity		
Capital stock	2,495	2,495
Capital surplus	5,645	5,645
Retained earnings	16,234	16,967
Treasury stock	(478)	(409)
Total shareholders' equity	23,897	24,698
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43	13
Deferred gains or losses on hedges	132	116
Foreign currency translation adjustment	102	192
Remeasurements of defined benefit plans	(338)	(217)
Total accumulated other comprehensive income	(59)	105
Non-controlling interests	563	584
Total net assets	24,401	25,387
Total liabilities and net assets	86,478	81,258

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Dec. 31, 2017)	FY 2019 (from Apr. 1, 2018 to Dec. 31, 2018)
Net sales	119,427	103,995
Cost of sales	106,378	89,800
Gross profit	13,049	14,195
Selling, general and administrative expenses		
Salaries and allowances	4,335	4,635
Provision for bonuses	444	431
Retirement benefit expenses	559	716
Other	5,606	5,808
Total selling, general and administrative expenses	10,944	11,591
Operating income	2,104	2,603
Non-operating income		
Dividend income of insurance	41	41
Other	36	43
Total non-operating income	78	85
Non-operating expenses		
Interest expenses	102	139
Foreign exchange losses	187	405
Other	51	42
Total non-operating expenses	341	586
Ordinary income	1,841	2,103
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	-	207
Gain on bargain purchase	46	-
Total extraordinary income	46	207
Extraordinary losses		
Loss on sales of non-current assets	-	0
Loss on retirement of non-current assets	7	4
Loss on valuation of investment securities	-	20
Total extraordinary losses	7	24
Net income before income taxes	1,881	2,285
Income taxes	576	717
Net income	1,305	1,568
Net income attributable to non-controlling interests	34	41
Net income attributable to owners of parent	1,270	1,526

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Dec. 31, 2017)	FY 2019 (from Apr. 1, 2018 to Dec. 31, 2018)
Net income	1,305	1,568
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(29)
Deferred gains or losses on hedges	(59)	(15)
Foreign currency translation adjustment	25	92
Remeasurements of defined benefit plans, net of tax	19	120
Share of other comprehensive income of associates accounted for using equity method	6	(2)
Total other comprehensive income	1	164
Comprehensive income	1,306	1,733
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,271	1,691
Comprehensive income attributable to non-controlling interests	34	41

(3) Consolidated Statements of Cash Flow

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Dec. 31, 2017)	FY 2019 (from Apr. 1, 2018 to Dec. 31, 2018)
Cash flows from operating activities		
Net income before income taxes	1,881	2,285
Depreciation	409	348
Amortization of goodwill	–	17
Gain on bargain purchase	(46)	–
Increase (decrease) in provision for bonuses	(366)	(770)
Increase (decrease) in net defined benefit liability	152	127
Interest expenses	102	139
Foreign exchange losses (gains)	184	600
Loss (gain) on valuation of investment securities	–	20
Loss (gain) on sales of investment securities	–	(207)
Decrease (increase) in notes and accounts receivable - trade	(5,736)	9,685
Decrease (increase) in inventories	(5,406)	(1,453)
Increase (decrease) in notes and accounts payable - trade	(451)	(873)
Increase (decrease) in accounts payable - other	(78)	306
Increase (decrease) in advances received	1,001	1,363
Decrease (increase) in consumption taxes refund receivable	(445)	587
Decrease (increase) in accounts receivable - other	98	879
Decrease (increase) in prepaid expenses	(173)	(235)
Other, net	(563)	(635)
Subtotal	(9,436)	12,184
Interest and dividend income received	4	9
Interest expenses paid	(101)	(139)
Income taxes paid	(722)	(1,475)
Net cash provided by (used in) operating activities	(10,256)	10,579
Cash flows from investing activities		
Purchase of property, plant and equipment	(95)	(206)
Proceeds from sales of property, plant and equipment	–	181
Purchase of intangible assets	(106)	(35)
Purchase of investment securities	(20)	–
Proceeds from sales of investment securities	–	207
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(595)	(1,833)
Other, net	(4)	3
Net cash provided by (used in) investing activities	(822)	(1,682)

(Millions of yen)

	FY 2018 (from Apr. 1, 2017 to Dec. 31, 2017)	FY 2019 (from Apr. 1, 2018 to Dec. 31, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	9,065	(8,632)
Proceeds from long-term loans payable	4,000	4,800
Repayments of long-term loans payable	(72)	(3,293)
Proceeds from disposal of treasury shares	72	86
Cash dividends paid	(605)	(770)
Dividends paid to non-controlling interests	–	(21)
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	12,459	(7,833)
Effect of exchange rate change on cash and cash equivalents	6	5
Net increase (decrease) in cash and cash equivalents	1,387	1,069
Cash and cash equivalents at beginning of period	2,433	3,406
Cash and cash equivalents at end of period	3,820	4,475

(4) Segment Information

I. For the Period ended December 31, 2017 (From Apr. 1, 2017 to Dec. 31, 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	107,140	12,286	119,427	–	119,427
Inter-segment	–	–	–	–	–
Total	107,140	12,286	119,427	–	119,427
Segment income	1,406	435	1,841	–	1,841

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

II. For the Period ended December 31, 2018 (From Apr. 1, 2018 to Dec. 31, 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	90,600	13,395	103,995	–	103,995
Inter-segment	–	–	–	–	–
Total	90,600	13,395	103,995	–	103,995
Segment income	1,405	697	2,103	–	2,103

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