

Summary of Consolidated Financial Results

For the Fiscal Year Ended March 31, 2019 [Japanese GAAP]

April 25, 2019

Company name: TOKYO ELECTRON DEVICE LIMITED
 Stock exchange listing: Tokyo Stock Exchange 1st Section (Code 2760)
 URL: <https://www.teldevice.co.jp/eng/>
 Representative: Atsushi Tokushige, President & Representative Director
 Contact: Hiroki Tanaka, Director, Financial Department
 TEL: +81-45-443-4000
 Scheduled date for the general meeting of shareholders: June 19, 2019
 Scheduled date for dividend payment: June 3, 2019

(Amounts are rounded down to the nearest million yen.)

1. Consolidated financial highlights for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

(% 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	%
Fiscal year ended March 31, 2019	141,000	(11.8)	3,525	27.9	3,077	16.7	2,341	46.5
Fiscal year ended March 31, 2018	159,841	21.2	2,755	65.5	2,637	91.4	1,598	64.4

(Note) Comprehensive income: Fiscal year ended March 31, 2019 2,747 million yen [80.4%]
 Fiscal year ended March 31, 2018 1,522 million yen [16.9%]

	Basic net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	230.65	—	9.4	3.7	2.5
Fiscal year ended March 31, 2018	158.22	—	6.8	3.3	1.7

(Reference) Share of profit (loss) of entities accounted for using equity method: As of March 31, 2019 9 million yen As of March 31, 2018 (52) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	78,352	26,410	32.9	2,536.29
As of March 31, 2018	86,478	24,401	27.6	2,354.83

(Reference) Equity: As of March 31, 2019 25,805 million yen As of March 31, 2018 23,837 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2019	12,335	(1,708)	(10,504)	3,534
Fiscal year ended March 31, 2018	(7,993)	(896)	9,869	3,406

2. Dividends

	Annual dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2018	—	30.00	—	36.00	66.00	689	41.7	2.9
Fiscal year ended March 31, 2019	—	40.00	—	53.00	93.00	971	40.3	3.8
Fiscal year ending March 31, 2020 (Forecast)	—	40.00	—	50.00	90.00		41.6	

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
Six months ending September 30, 2019 (cumulative)	68,000	(1.1)	1,000	(28.1)	630	(29.5)	61.92
Fiscal year ending March 31, 2020	150,000	6.4	3,500	13.7	2,200	(6.0)	216.22

*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 shares):

March 31, 2019	10,445,500 shares
March 31, 2018	10,445,500 shares

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

March 31, 2019	270,846 shares
March 31, 2018	322,655 shares

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

Fiscal year ended March 31, 2019	10,150,477 shares
Fiscal year ended March 31, 2018	10,103,362 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 treasury shares.

(Reference) Non-consolidated financial highlights for the fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2019	108,812	(0.3)	2,139	207.5	2,284	63.3	2,651	342.4
Fiscal year ended March 31, 2018	109,092	21.9	695	195.7	1,399	94.1	599	22.5

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2019	261.18	—
Fiscal year ended March 31, 2018	59.31	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	68,438	22,932	33.5	2,253.89
As of March 31, 2018	76,800	21,100	27.5	2,084.45

(Reference) Equity: As of March 31, 2019 22,932 million yen As of March 31, 2018 21,100 million yen

*This 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)

	Fiscal Year 2018 (As of Mar. 31, 2018)	Fiscal Year 2019 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposits	3,606	3,794
Notes and accounts receivable - trade	42,263	34,192
Electronically recorded monetary claims - operating	1,566	1,904
Merchandise and finished goods	25,638	24,119
Prepaid expenses	3,319	4,017
Other	4,032	2,414
Allowance for doubtful accounts	-	(22)
Total current assets	80,427	70,420
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,695	1,822
Accumulated depreciation	(1,119)	(1,186)
Buildings and structures, net	576	636
Machinerys and equipment	231	249
Accumulated depreciation	(35)	(100)
Machinery and equipment, net	195	149
Tools, furniture and fixtures	1,573	1,782
Accumulated depreciation	(1,316)	(1,344)
Tools, furniture and fixtures, net	256	438
Land	198	510
Construction in progress	6	-
Other	11	11
Accumulated depreciation	(2)	(5)
Other, net	9	5
Total property, plant and equipment	1,241	1,740
Intangible assets		
Goodwill	-	502
Technical assets	-	776
Customer related assets	-	492
Other	258	190
Total intangible assets	258	1,961
Investments and other assets		
Net defined benefit asset	410	357
Deferred tax assets	3,217	3,011
Other	964	928
Allowance for doubtful accounts	(41)	(66)
Total investments and other assets	4,551	4,230
Total non-current assets	6,051	7,932
Total assets	86,478	78,352

(Millions of yen)

	Fiscal Year 2018 (As of Mar. 31, 2018)	Fiscal Year 2019 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,497	8,516
Short-term loans payable	21,065	10,321
Current portion of long-term loans payable	3,096	3,191
Advances received	5,193	5,918
Provision for bonuses	1,237	1,419
Other	3,028	2,633
Total current liabilities	44,117	32,000
Non-current liabilities		
Long-term loans payable	10,096	11,925
Net defined benefit liability	7,371	7,409
Other	492	607
Total non-current liabilities	17,959	19,942
Total liabilities	62,077	51,942
Net assets		
Shareholders' equity		
Capital stock	2,495	2,495
Capital surplus	5,645	5,645
Retained earnings	16,234	17,781
Treasury shares	(478)	(401)
Total shareholders' equity	23,897	25,521
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43	22
Deferred gains or losses on hedges	132	13
Foreign currency translation adjustment	102	187
Remeasurements of defined benefit plans	(338)	61
Total accumulated other comprehensive income	(59)	284
Non-controlling interests	563	604
Total net assets	24,401	26,410
Total liabilities and net assets	86,478	78,352

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal Year 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Net sales	159,841	141,000
Cost of sales	142,160	121,295
Gross profit	17,680	19,705
Selling, general and administrative expenses		
Salaries and allowances	5,764	6,252
Provision for bonuses	1,098	1,334
Retirement benefit expenses	744	961
Other	7,317	7,631
Total selling, general and administrative expenses	14,924	16,179
Operating income	2,755	3,525
Non-operating income		
Foreign exchange gains	47	–
Guarantee commission received	14	14
Dividend income of insurance	41	41
Other	27	47
Total non-operating income	131	103
Non-operating expenses		
Interest expenses	148	182
Foreign exchange losses	–	315
Other	101	54
Total non-operating expenses	249	551
Ordinary income	2,637	3,077
Extraordinary income		
Gain on sales of non-current assets	0	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	–	3
Loss on retirement of non-current assets	9	4
Loss on valuation of investment securities	180	20
Loss on valuation of golf club membership	9	–
Total extraordinary losses	199	27
Net income before income taxes	2,485	3,257
Income taxes - current	1,213	1,049
Income taxes - deferred	(383)	(195)
Total income taxes	829	853
Net income	1,655	2,403
Net income attributable to non-controlling interests	56	61
Net income attributable to owners of parent	1,598	2,341

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal Year 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Net income	1,655	2,403
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(21)
Deferred gains or losses on hedges	60	(118)
Foreign currency translation adjustment	(111)	93
Remeasurements of defined benefit plans, net of tax	(106)	399
Share of other comprehensive income of entities accounted for using equity method	3	(8)
Total other comprehensive income	(132)	344
Comprehensive income	1,522	2,747
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,466	2,685
Comprehensive income attributable to non-controlling interests	56	61

(3) Consolidated Statements of Changes in Shareholders' equity
Fiscal Year 2018 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,495	5,645	15,262	(550)	22,853
Changes of items during period					
Dividends of surplus			(626)		(626)
Net income attributable to owners of parent			1,598		1,598
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				72	72
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	971	72	1,044
Balance at end of current period	2,495	5,645	16,234	(478)	23,897

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	22	72	210	(232)	72	2	22,928
Changes of items during period							
Dividends of surplus							(626)
Net income attributable to owners of parent							1,598
Purchase of treasury shares							(0)
Disposal of treasury shares							72
Net changes of items other than shareholders' equity	20	60	(107)	(106)	(132)	561	428
Total changes of items during period	20	60	(107)	(106)	(132)	561	1,473
Balance at end of current period	43	132	102	(338)	(59)	563	24,401

Fiscal Year 2019 (Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,495	5,645	16,234	(478)	23,897
Changes of items during period					
Dividends of surplus			(793)		(793)
Net income attributable to owners of parent			2,341		2,341
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				76	76
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,547	76	1,624
Balance at end of current period	2,495	5,645	17,781	(401)	25,521

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	43	132	102	(338)	(59)	563	24,401
Changes of items during period							
Dividends of surplus							(793)
Net income attributable to owners of parent							2,341
Purchase of treasury shares							(0)
Disposal of treasury shares							76
Net changes of items other than shareholders' equity	(21)	(118)	84	399	344	40	384
Total changes of items during period	(21)	(118)	84	399	344	40	2,008
Balance at end of current period	22	13	187	61	284	604	26,410

(4) Consolidated Statements of Cash Flow

(Millions of yen)

	Fiscal Year 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from operating activities		
Net income before income taxes	2,485	3,257
Depreciation	560	483
Amortization of goodwill	–	26
Gain on bargain purchase	(46)	–
Increase (decrease) in provision for bonuses	361	178
Increase (decrease) in net defined benefit liability	266	270
Interest expenses	148	182
Foreign exchange losses (gains)	(682)	668
Loss on valuation of investment securities	180	20
Loss (gain) on sales of investment securities	–	(207)
Decrease (increase) in notes and accounts receivable - trade	(5,180)	8,816
Decrease (increase) in inventories	(3,302)	1,760
Increase (decrease) in notes and accounts payable - trade	(863)	(2,353)
Increase (decrease) in accounts payable - other	24	(129)
Increase (decrease) in advances received	589	652
Decrease (increase) in consumption taxes refund receivable	(356)	579
Decrease (increase) in accounts receivable - other	(889)	787
Decrease (increase) in prepaid expenses	(471)	(675)
Other, net	88	(275)
Subtotal	(7,089)	14,042
Interest and dividend income received	5	11
Interest expenses paid	(148)	(182)
Income taxes paid	(761)	(1,536)
Net cash provided by (used in) operating activities	(7,993)	12,335
Cash flows from investing activities		
Purchase of property, plant and equipment	(140)	(224)
Proceeds from sales of property, plant and equipment	1	182
Purchase of intangible assets	(116)	(38)
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	(24)	(1)
Net cash provided by (used in) investing activities	(896)	(1,708)

(Millions of yen)

	Fiscal Year 2018 (from Apr. 1, 2017 to Mar. 31, 2018)	Fiscal Year 2019 (from Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,489	(11,254)
Proceeds from long-term loans payable	4,000	4,800
Repayments of long-term loans payable	(96)	(3,351)
Proceeds from disposal of treasury shares	83	97
Cash dividends paid	(605)	(770)
Dividends paid to non-controlling interests	–	(21)
Other, net	(2)	(3)
Net cash provided by (used in) financing activities	9,869	(10,504)
Effect of exchange rate change on cash and cash equivalents	(5)	5
Net increase (decrease) in cash and cash equivalents	973	128
Cash and cash equivalents at beginning of period	2,433	3,406
Cash and cash equivalents at end of period	3,406	3,534

(5) Segment Information

1. Overview of Reported Segments

(1) The method to categorize reported segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

(2) Products and services categorized for each reported segments

The Company operates its business activities under separated sales units for each group of products and services. The Company categorizes two reported segments, “Electric Components Business” and “Computer Networks Business”.

“Electric Components Business” focuses on sales of semiconductor products and other electric components, and “Computer Networks Business” focuses on sales of computer network devices and data storage servers.

2. Basis for Calculating Net sales, Income (loss), Assets, Liabilities, and Other Items by Reported Segment

The accounting methods used for reportable segments are the same as those used for preparing the Consolidated Financial Statements.

3. Information on Amounts of Net sales, Income (loss), Assets, Liabilities, and other Items by Reportable Segment

Fiscal Year 2018 (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

	Segments			Adjustments	Consolidated statements of income (Note)
	Electronic Components Business	Computer Networks Business	Total		
Net sales:					
Outside customers	142,076	17,764	159,841	—	159,841
Inter-segment	—	—	—	—	—
Total	142,076	17,764	159,841	—	159,841
Segment income	1,619	1,018	2,637	—	2,637
Segment assets	75,254	11,224	86,478	—	86,478
Other items					
Depreciation	357	183	540	—	540
Amortization of goodwill	—	—	—	—	—
Interest expenses	145	3	148	—	148
Increase in property, plant, and equipment, and intangible assets	689	115	804	—	804

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

Fiscal Year 2019 (Apr. 1, 2018 to Mar. 31, 2019)

(Millions of yen)

	Segments			Adjustments	Consolidated statements of income (Note)
	Electronic Components Business	Computer Networks Business	Total		
Net sales:					
Outside customers	119,660	21,340	141,000	—	141,000
Inter-segment	—	—	—	—	—
Total	119,660	21,340	141,000	—	141,000
Segment income	1,319	1,757	3,077	—	3,077
Segment assets	64,047	14,305	78,352	—	78,352
Other items					
Depreciation	328	138	466	—	466
Amortization of goodwill	26	—	26	—	26
Interest expenses	177	4	182	—	182
Increase in property, plant, and equipment, and intangible assets	2,723	133	2,857	—	2,857

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