



Financial Briefing for the Fiscal Year Ended March 31, 2020

TOKYO ELECTRON DEVICE

April 30, 2020

Agenda



Financial Report for the Fiscal Year Ended March 31, 2020

Corporate Director Yukio Saeki

Forecast for the Fiscal Year Ending March 31, 2021 and Initiatives for Future Growth

President & Representative Director Atsushi Tokushige



Financial Report

Corporate Director Yukio Saeki

Summary of Financial Results for the Fiscal Year Ended March 31, 2020



Net sales	4.0% decrease
Ordinary income	16.1% increase
Net income attributable to owners of parent	2.2% decrease

Sales were down and income was up compared to forecasts

Sales agent agreement with Broadcom Inc. cancelled (March 1, 2020)

No impact on financial results for the fiscal year ended March 31, 2020

Summary of Financial Results: Comparison with Prior Year

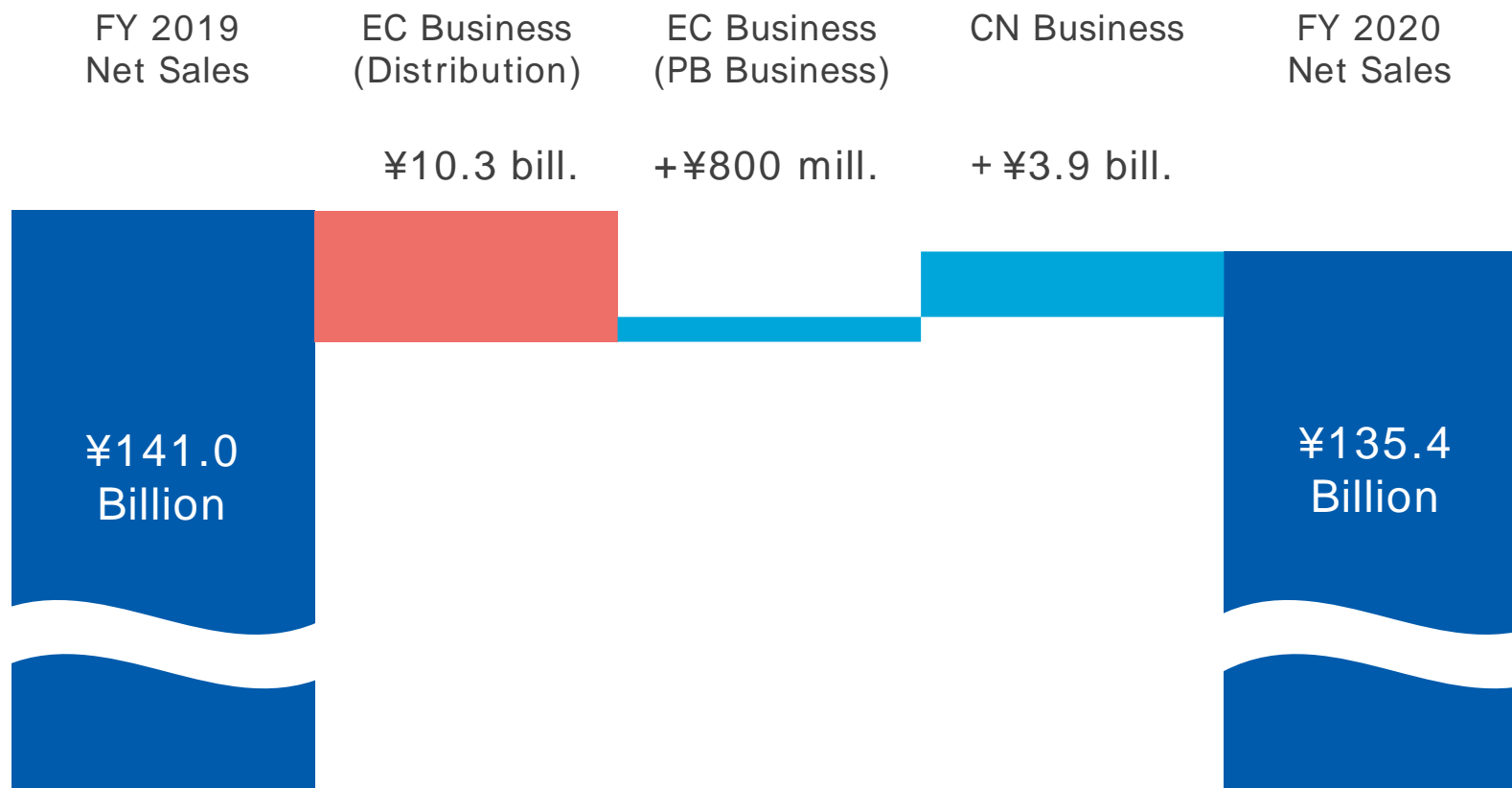


(Million yen)

	FY 2019	FY 2020	Change	FY 2020 Forecast
Net sales	141,000	135,394	5,606	138,000
Cost of sales	121,295	115,491	5,804	
Gross profit	19,705	19,902	197	
Selling, general & administrative expenses	16,179	16,091	88	
Operating income	3,525	3,810	285	
Non-operating income	103	164	60	
Non-operating expenses	551	401	150	
Ordinary income	3,077	3,573	496	3,500
Net income	2,341	2,288	52	2,200
No. of employees	1,210	1,216	6	

*Net income is net income attributable to owners of parent

Summary of Financial Results: Change in Net Sales



* Amounts of change are rounded off

In the segment categories, the PB Business is included in the EC Business.
 PB is an abbreviation of 'Private Brand;' the title was changed from In-House Brand Business, which was used in the past.
 The PB Business includes Tokyo Electron Device Nagasaki Limited (TED Nagasaki) and FAST CORPORATION (FAST).

Sales and Income by Segment



- EC Business: Sales and Income were down due to low demand for semiconductors and delays in the transfer of some trade rights.
- CN Business: Sales and income were up due to strong corporate IT investment

(Million yen)

	FY 2019		FY 2020			
	Net Sales	Segment Income	Net Sales	Change	Segment Income	Change
Electronic Components (EC) business	119,660	1,319	110,138	9,522	871	447
Computer Networks (CN) business	21,340	1,757	25,255	3,915	2,701	944
Total	141,000	3,077	135,394	5,606	3,573	496

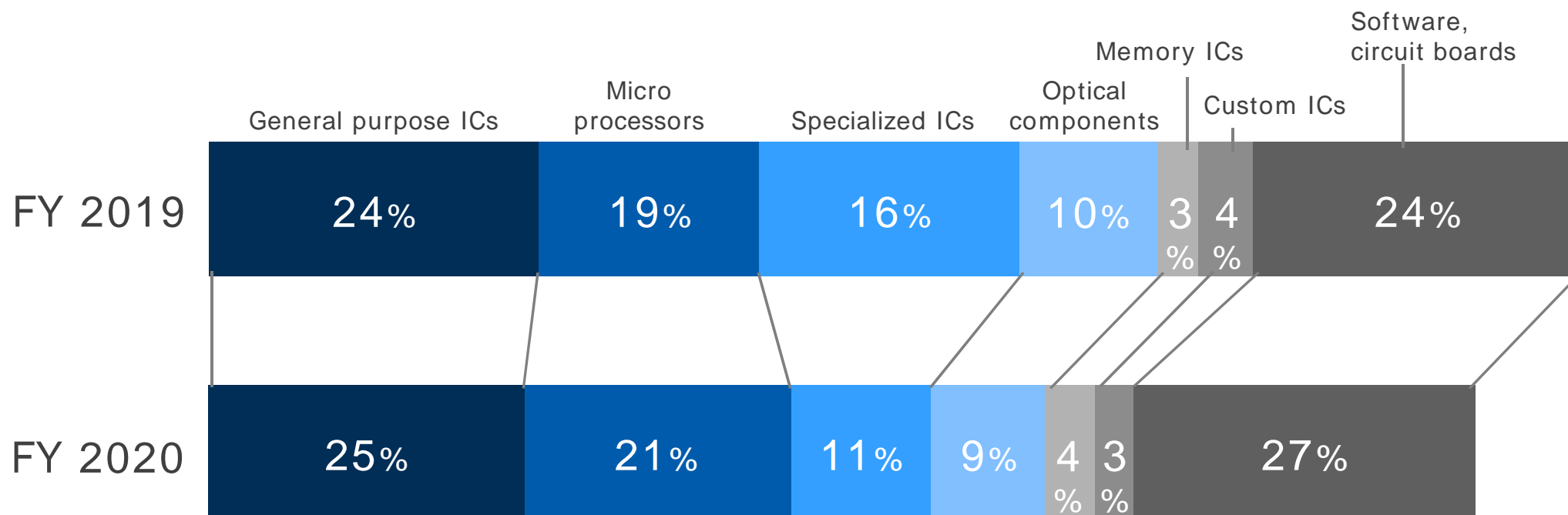
* Segment income is ordinary income

Segment Information: EC Business



Sales Component Ratios by Product Category

- Sales of specialized ICs were down in conjunction with decreases in PCs, computer peripheral devices, and smart phones
- Software and circuit boards were up; TED Nagasaki, FAST, and the cloud business contributed

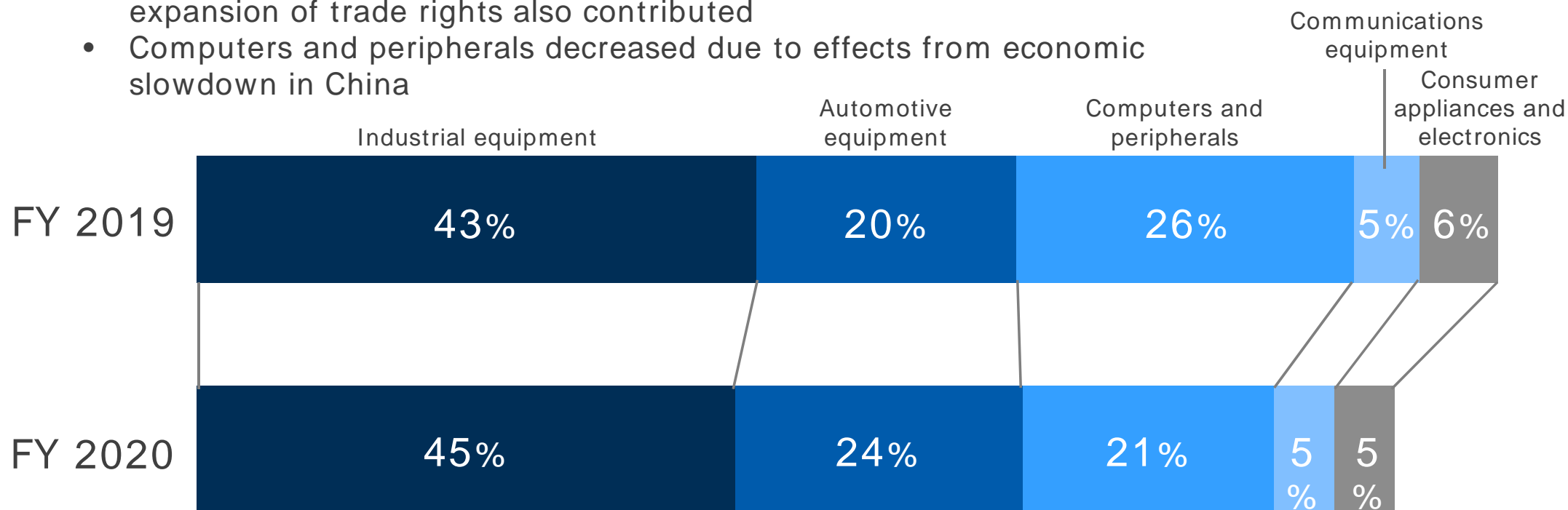


Segment Information: EC Business



Sales Component Ratios by Application

- Automotive equipment increased in terms of sales and ratio; the expansion of trade rights also contributed
- Computers and peripherals decreased due to effects from economic slowdown in China



Consolidated Overseas Subsidiaries: Net Sales—EC Business



- Net sales were down due to the trade friction between the U.S. and China and economic slowdown in China

	FY 2019	FY 2020	Change	Rate of Change
Consolidated overseas subsidiaries net sales (million yen)	35,205	28,083	7,122	20.2%
Consolidated overseas subsidiaries sales ratio	29.4%	25.5%		
Consolidated overseas subsidiaries (\$1M)	317	258	59	18.6%
Exchange rate (yen)	110.92	108.70		

* The consolidated overseas subsidiaries sales ratio is the ratio of net sales in the EC Business

PB Business: Net Sales—EC Business



- inrevium: Contracted design and mass production services for industrial equipment were sluggish
- TED Nagasaki: Sales for semiconductor manufacturing equipment were firm
- FAST: Contributed during the entire fiscal year (nine months in the prior fiscal year)

(Million yen)

	FY 2019	FY 2020	Change	Rate of Change
PB business net sales	10,211	10,972	761	7.5%
Net sales ratio	8.5%	10.0%		

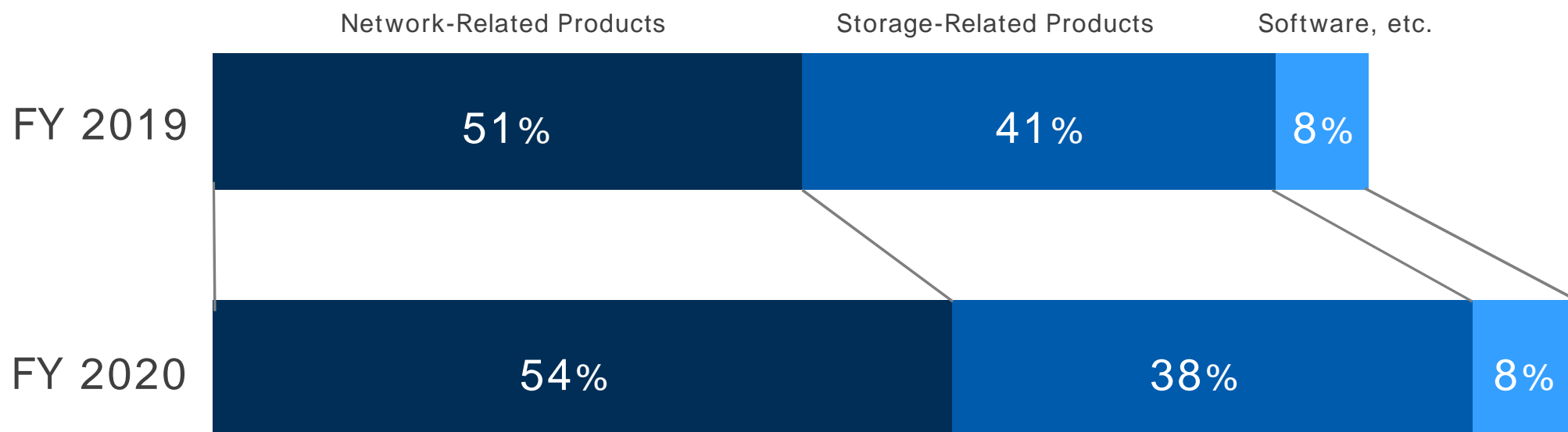
* The net sales ratio is the ratio is the ratio of net sales in the EC business

Segment Information: CN Business



Sales Component Ratios by Product Category

- Sales of network-related products to manufacturers, data centers, and public educational institutions increased
- Net sales increased in all areas

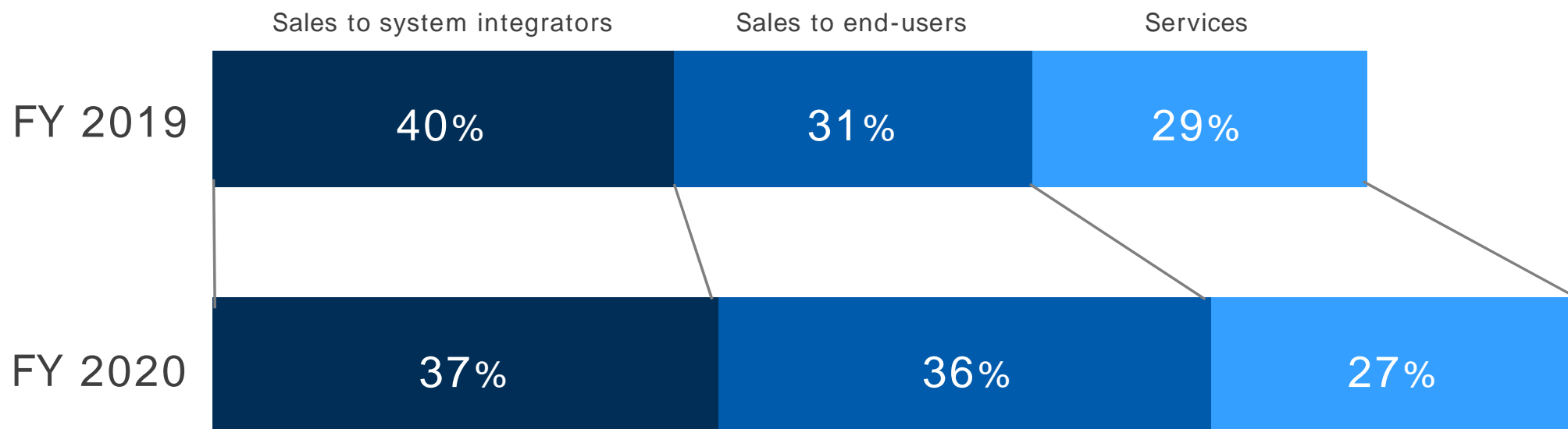


Segment Information: CN Business



Sales Component Ratios by Sales Format

- Equipment sales and maintenance services were strong
- Net sales increased in all areas

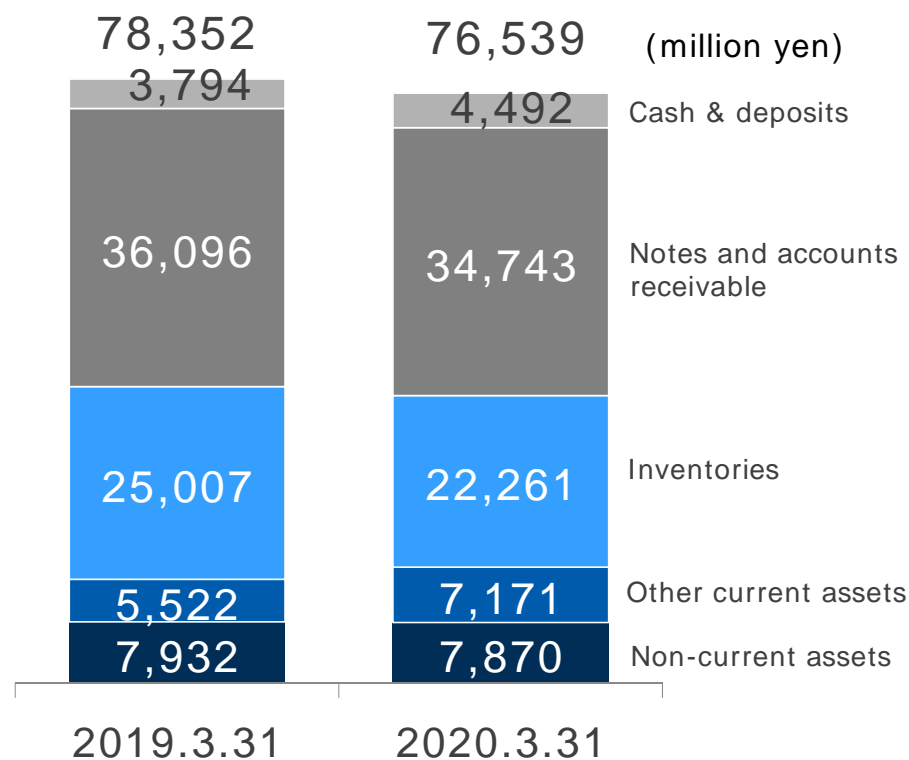


Balance Sheet



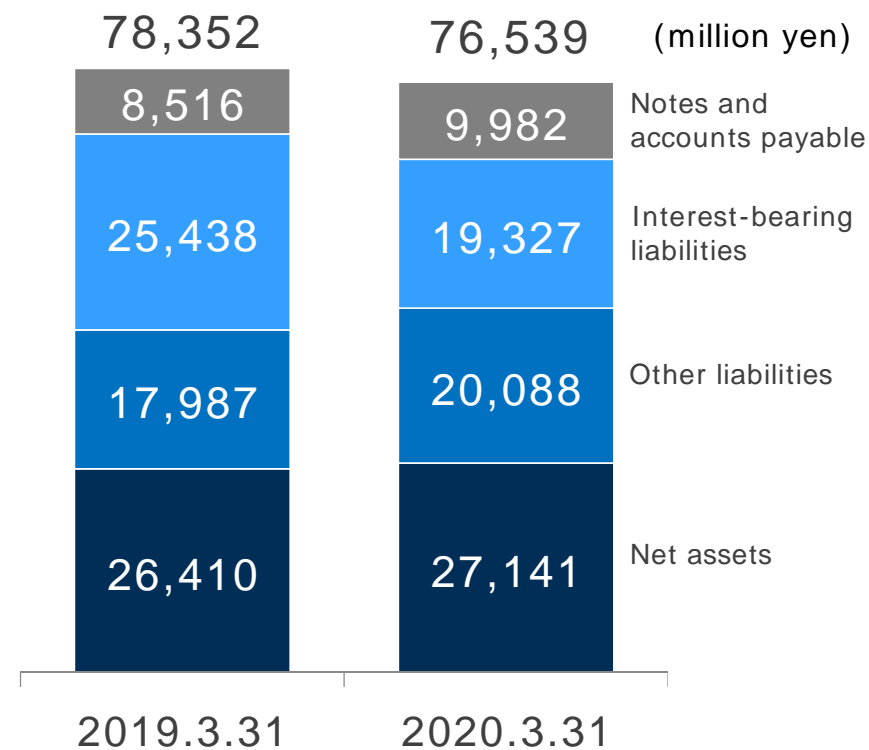
Assets

- Notes and accounts receivables and inventories decreased as a result of lower net sales



Liabilities & Net Assets

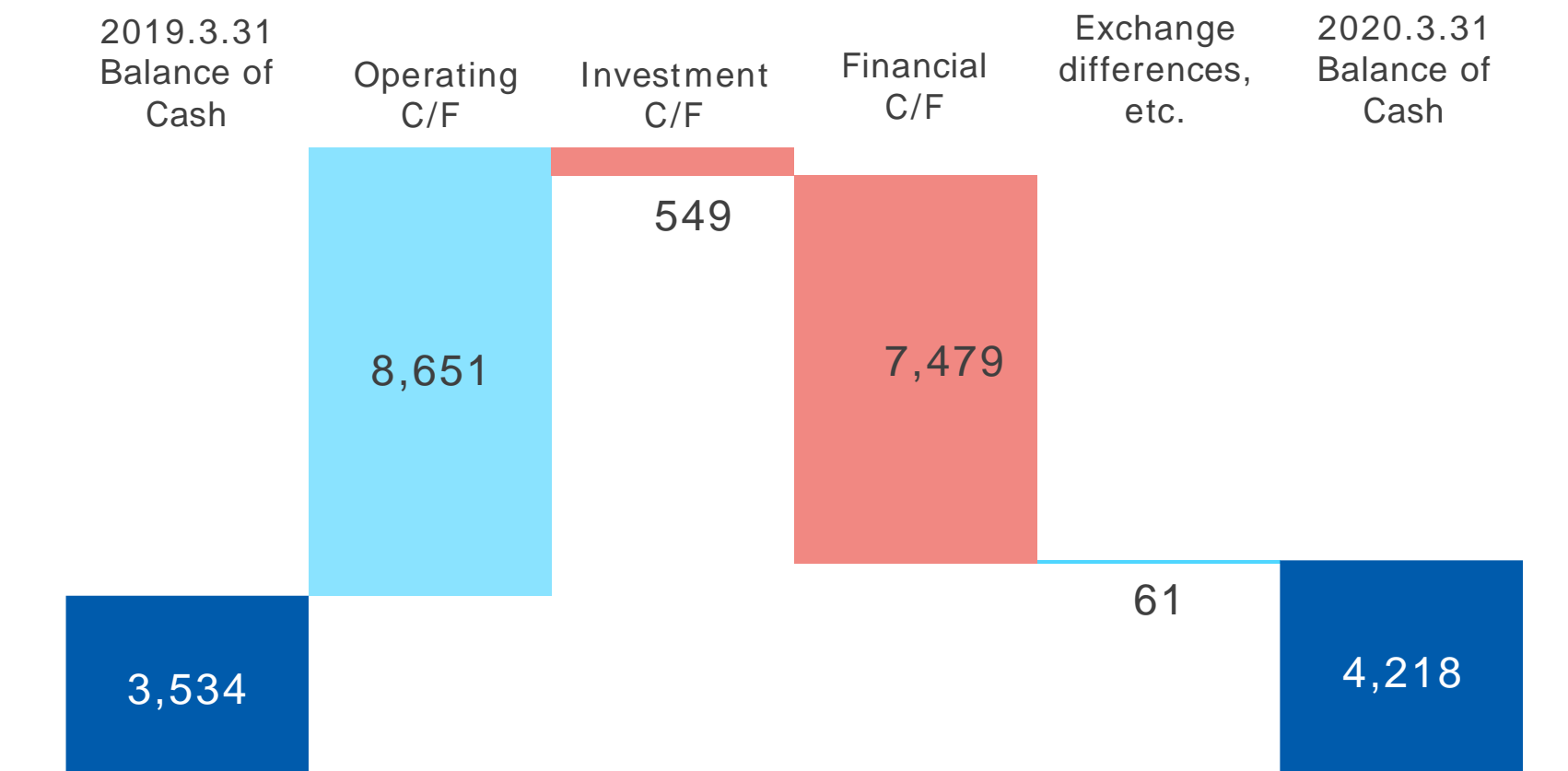
- Interest-bearing liabilities decreased as a result of repayment of loans through a reduction in operating capital



Statement of Cash Flows



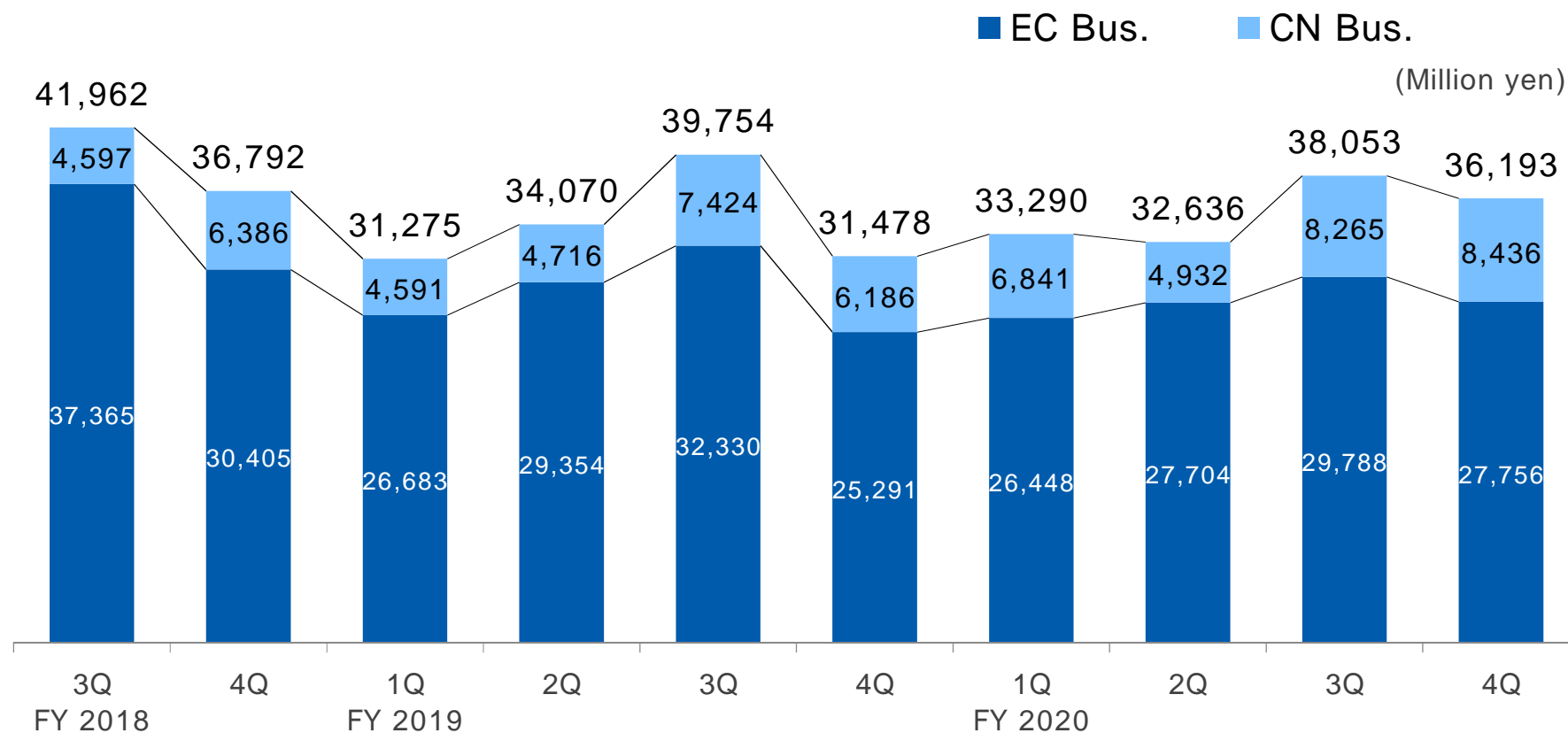
(Million yen)



Changes in Orders Received



- EC Business: Recovery since the 1st quarter, firm more recently
- CN Business: Strong orders received as a result of expansion of corporate IT investment demand



* TED Nagasaki is included in orders received starting with the 2nd quarter of FY 2018

* FAST is included in orders received starting with the 2nd quarter of FY 2019



Forecast of Financial Results for the Fiscal Year Ending March 31, 2021 and Initiatives for Future Growth

- President & Representative
Director Atsushi Tokushige

Forecast of Financial Results for the Fiscal Year Ending March 31, 2021

Assumptions of Business Plan for Fiscal Year Ending March 31, 2021



Companywide

- Effects from spreading of COVID-19 infections
In the first half, there will be effects from the slowdown in economic activities, but there will be a recovery starting in the second half after infections peak

EC Business

- The slowdown in China will continue as a result of the problems between the U.S. and China
- The increased sales effects from capturing new customer trade rights will be offset by the following items:
 - Decrease in sales for automotive uses due to the effects of COVID-19
 - Decrease in sales from cancellation of the agency agreement with Broadcom

PB Business

- Investment in semiconductor manufacturing equipment will resume for the full-scale introduction of 5G services
- Increase in contracted design and mass production business

Assumptions of Business Plan for Fiscal Year Ending March 31, 2021



CN Business

- Increases in data communications volumes will continue and solid performance will be maintained
- Introduction of security products will accelerate as a result of the expansion of teleworking
- Sales will decrease as a result of cancellation of the agency agreement with Broadcom
- Business with public educational institutions will enter a transitional period

Forecast of Financial Results for the Fiscal Year Ending March 31, 2021

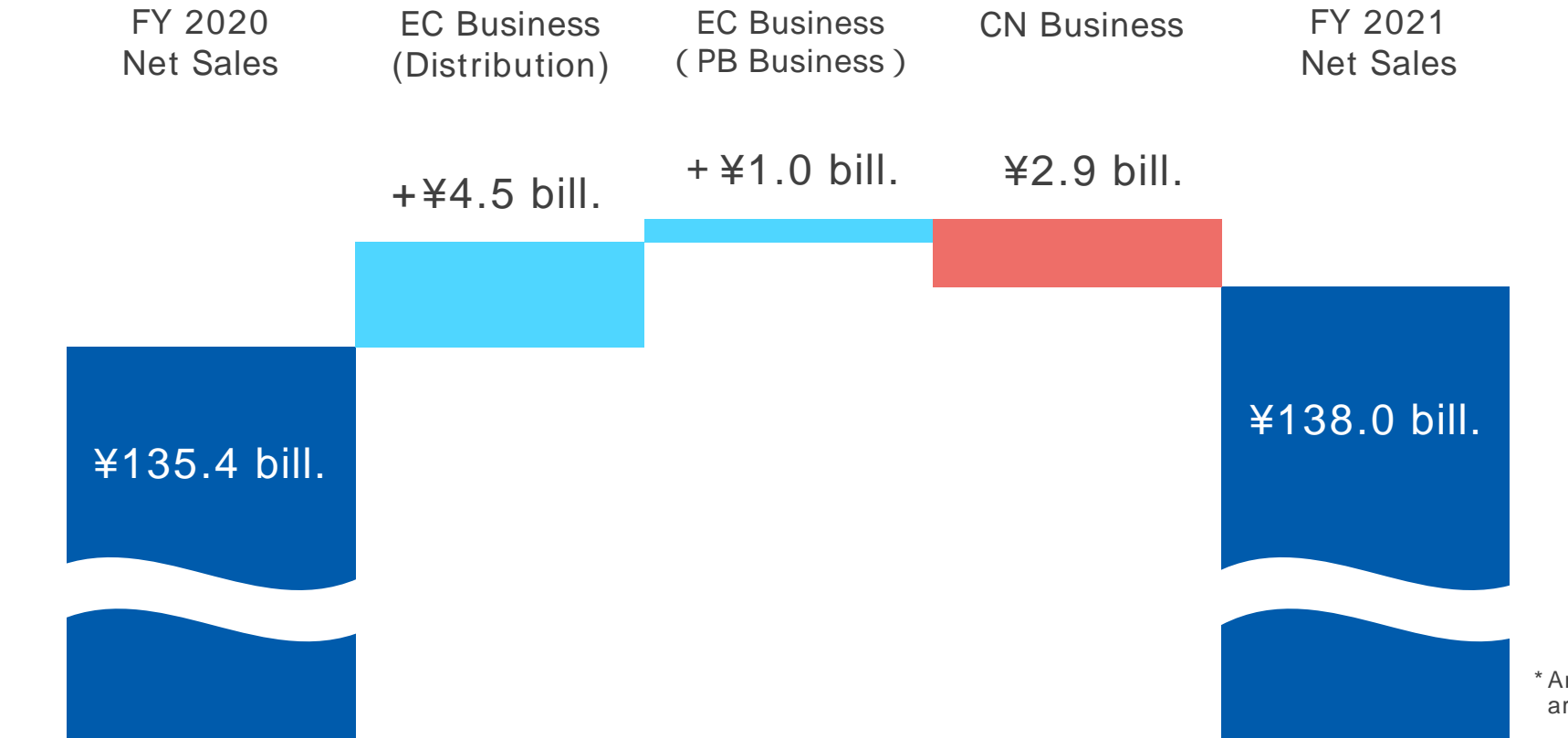


(Million yen)

	FY 2020	FY 2021			YoY Change	
	Full Year	1st Half Forecast	2nd Half Forecast	Full Year Forecast	Change	Rate of Change
Net sales	135,394	65,000	73,000	138,000	2,605	1.9%
EC Business	110,138	54,900	60,700	115,600	5,461	5.0%
CN Business	25,255	10,100	12,300	22,400	2,855	11.3%
Ordinary income (income ratio)	3,573 (2.6%)	1,100 (1.7%)	3,000 (4.1%)	4,100 (3.0%)	526	14.7%
Net income (income ratio)	2,288 (1.7%)	700 (1.1%)	2,000 (2.7%)	2,700 (2.0%)	411	18.0%

*Net income is net income attributable to owners of parent

Forecast of Financial Results: Changes in Net Sales

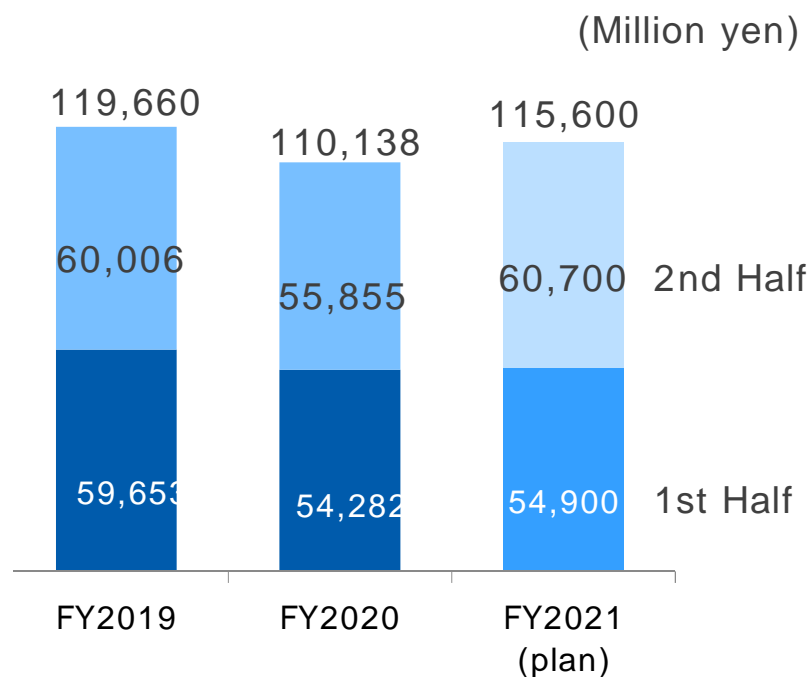


* Amounts of change are rounded off

Measures for the Fiscal Year Ending March 31, 2021: EC Business



Net Sales



Measures

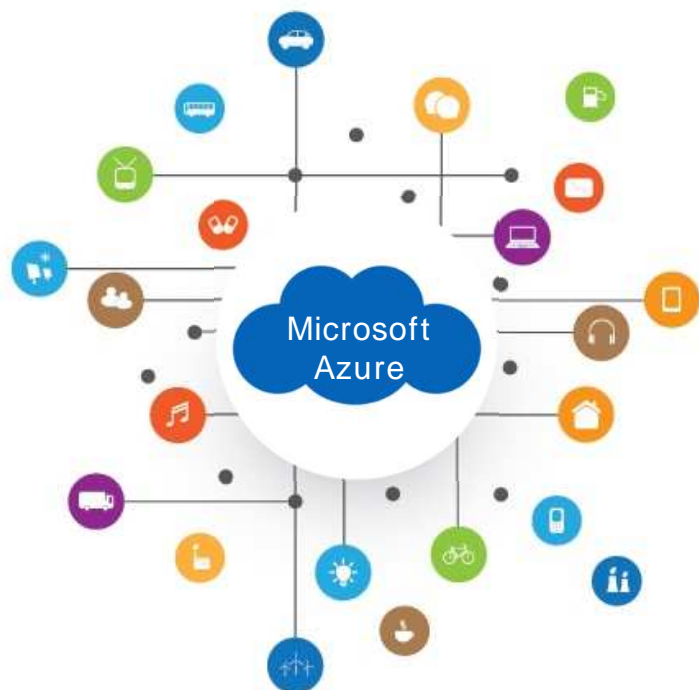
- Promote design activities by new transfer customers
- Pursue highly efficient operations
- Promote cloud (fee based) business
- Promote sales of AMS semiconductors for automotive use



Measures for the Fiscal Year Ending March 31, 2021: EC Business



Cloud (Fee Based) Business



Microsoft Azure

- Subscription-type business
- Cloud solution provider program

Microsoft Azure
customers
441 companies
(+136 cos. from prior year)

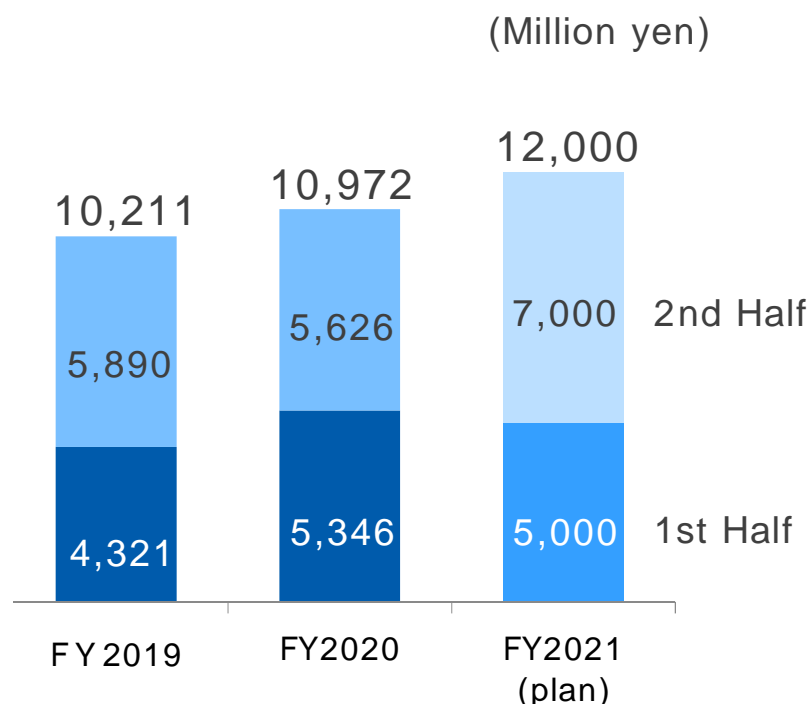
No. of resellers
154 companies
(+42 cos. from prior year)

Secure High Profitability

Measures for the Fiscal Year Ending March 31, 2021: PB Business (EC Business)



Net Sales



Measures

- inrevium (TED)
 - Reinforce contracted design and mass production services for the healthcare and pharmaceutical fields
 - Develop and sell private brand products
- TED Nagasaki
 - Expand business for semiconductor manufacturing equipment
 - Promote sales of electric power system products
 - Reinforce production structures for TED contracted mass production projects
- FAST
 - Expand business for image inspection systems
 - Promote development of vision robots

Measures for the Fiscal Year Ending March 31, 2021: PB Business (EC Business)



Contracted design and mass production services for the healthcare and pharmaceutical fields

- DMS and ODM for healthcare equipment and specimen testing equipment
- Reinforce production structures compatible with small-lot production of diverse products (TED Nagasaki)

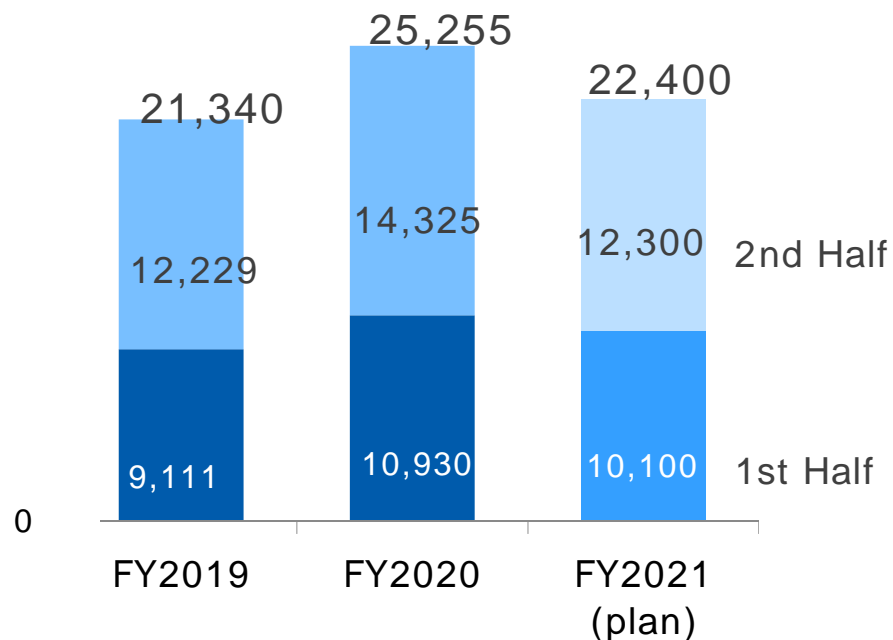


Measures for the Fiscal Year Ending March 31, 2021: CN Business



Net Sales

(Million yen)



Measures

- Reinforce sales of core products
- Increase sales of security products and enhance SOC services
- Reinforce marketing of AI-related products

Measures for the Fiscal Year Ending March 31, 2021: CN Business



Security Solutions

Demand for security measures is increasing in conjunction with the acceleration of the introduction of teleworking by companies

Safely access internal networks
under a virtual environment

Secure Remote
Access



Virtualization Platform

NUTANIX

Safe use of cloud services from
mobile PCs

Cloud Security



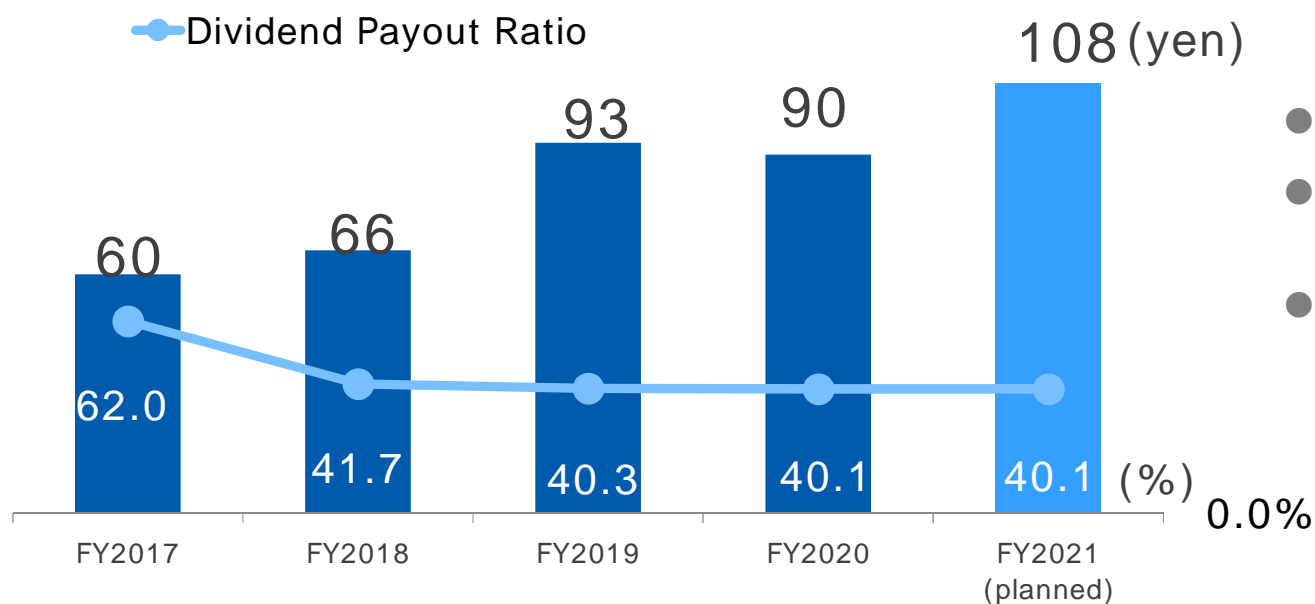
Endpoint Security



Dividends Per Share



	FY 2020	FY 2021
Interim	¥40	¥40 (planned)
Year-End	¥50	¥68 (planned)



- Record high payout amount
- Target of 40% consolidated payout ratio
- Stable and continuous dividends have been paid

Initiatives for Future Growth

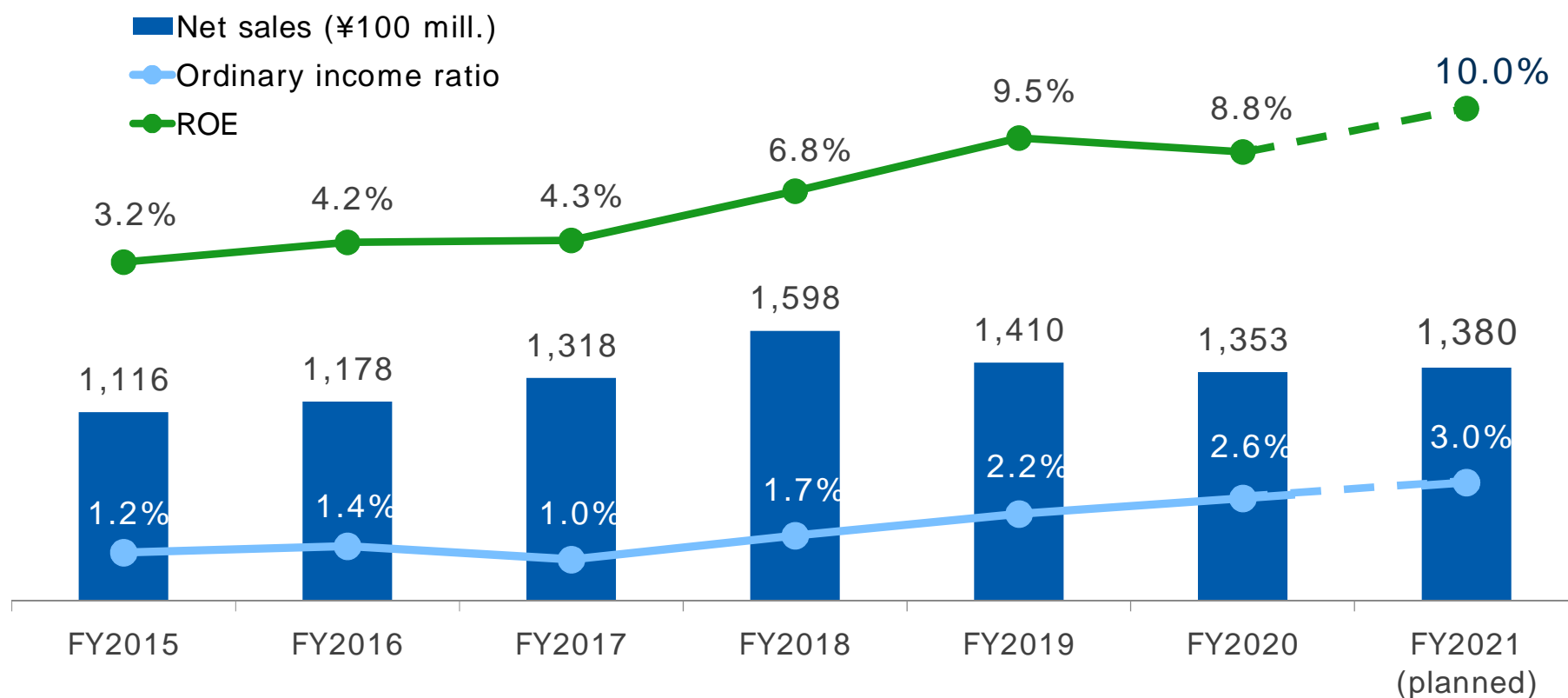
VISION2020 Medium-Term Management Plan



Numerical targets for the fiscal year ending March 31, 2021

Net sales: ¥200 bill.; Ordinary income ratio: At least 3.5%; ROE: 15%

Even if targets are not achieved, ordinary income and net income will reach record levels



* ROE for FY2021 is an estimated value based on forecast results

Initiatives for Future Growth



Promote comprehensive system development contracting

Reinforce private brand product development by leveraging our technological assets

Introduce new products and establish a technical service framework

Accelerate the IoT business in the industrial sector

Promote comprehensive system development contracting



RIKEN & MDGRAPE-4A supercomputer for pharmaceutical applications



- Special-purpose supercomputer for high-speed molecule simulations
- TED developed board with special-purpose LSI and designed and manufactured the supercomputer
- The computer is being used to perform simulations of the virus that causes COVID-19 novel coronavirus infections. The data was released to pharmaceutical researchers in March 2020

Reinforce private brand product development by leveraging our technological assets



CX-M

Maintenance

Enhance the functions of the CX-M series of machines for predictive maintenance AI generation



TV-Counter

Inspection

Incorporate TED and FAST technologies into new products according to customer needs



TriMath

Processing

Develop robotic vision systems

Introduce new products and establish a technical service framework

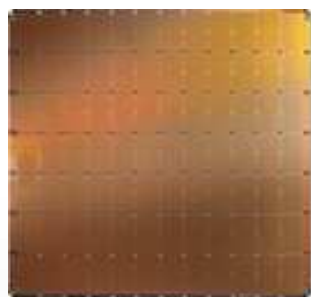


CS-1 Ultra-High-Speed Deep Learning System



Cerebras Systems 'CS-1

- December 2019
 - Sales agent agreement signed with Cerebras Systems
 - Handling of CS-1 AI special-purpose machine starts
 - Deep learning greatly shortens learning times
- There are also plans to develop the service business



WSE, a 21.5 cm square large semiconductor mounted in the CS-1

The Future Image TED Seeks



Mission

DRIVING DIGITAL TRANSFORMATION

Provide products and services that achieve a digital transformation and contribute to the sustainable development of a high-efficiency smart society

Vision

Become a manufacturer with technology trading company functions



Medium-Term Management Plan for the Next Term

To be announced in the first quarter of this fiscal year



Cautionary Notes Regarding this Document

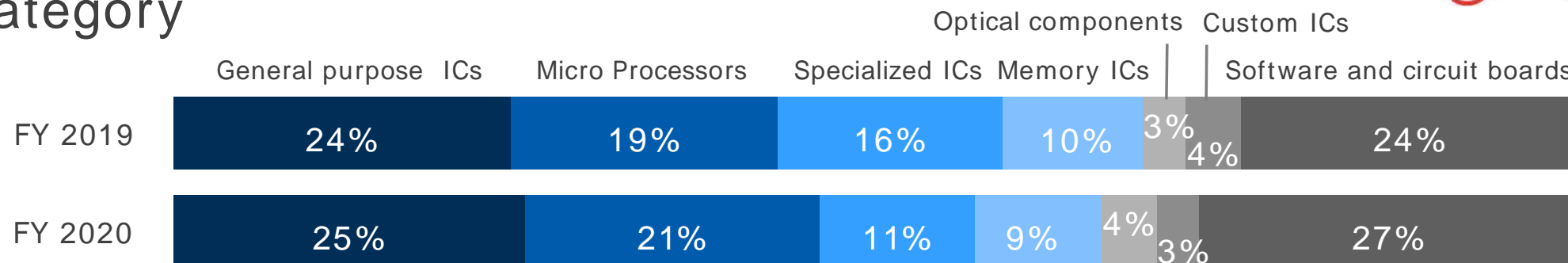
The forward-looking projections in this document were developed based on information available at this time. Please note that the Company's actual future results may differ from those indicated in this document due to various factors that have direct and indirect impacts on the Company's results.

If any material changes are made, the Company will announce them at that time. The company names, product names, service names, and logos used in this document are the trademarks or registered trademarks of their respective holders.



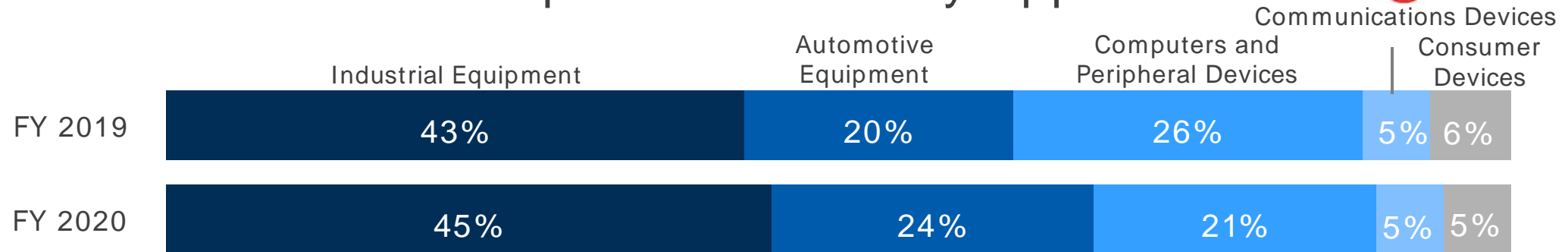
Supplementary Materials

EC Business: Sales Component Ratios by Product Category



Product	Rate of Change	Main Causes	Main Suppliers
General purpose ICs	3.9%	Cancellation of Linear Technology agency agreement; all fields decreased	TI, NXP
Micro processors	2.0%	Automotive and base stations increased; POS decreased	TI, NXP, Intel, Cypress (including Spansion)
Specialized ICs	39.3%	Storage, projectors, and smart phones decreased	TI, Pixelworks, Excelitas, NXP, Inrevium
Optical components	17.9%	Industrial equipment (FA equipment) decreased	Broadcom (Avago Technologies)
Memory ICs	8.5%	Automotive increased	Cypress (including Spansion)
Custom ICs	17.3%	Industrial equipment decreased	Lattice, Socionext, Inrevium
Software and circuit boards	5.0%	Industrial equipment increased; TED Nagasaki and FAST contributed; cloud business increased	Microsoft, Intel, SanDisk, Inrevium

EC Business: Sales Composition Ratios by Application



Application	Rate of Change	Main Uses	TED Trends
Industrial equipment	3.1%	Medical equipment, broadcasting equipment, surveillance cameras, FA equipment, measuring equipment, industrial robots, machine tools, semiconductor production equipment inverters	Decreases in optical components and custom ICs; contributions by TED Nagasaki and FAST
Automotive equipment	13.2%	Car navigation systems, car audio equipment, auto body-related products	Increases in micro processors and memory
Computers and peripherals	25.8%	Multifunctional printers, projectors, office equipment, storage, PCs and peripheral devices, POS terminals	Decreases in specialized ICs for storage, specialized ICs for projectors, POS processors
Communications Devices	7.1%	Smart phones, routers, transmission equipment, base stations	Decrease in specialized ICs for smart phones
Consumer Devices	32.5%	Digital cameras, digital video cameras, TVs/DVD/AV equipment, home gaming consoles, remote controls, major home appliances	Decrease in specialized ICs

CN Business: Sales Composition Ratios by Product Type



Product	Rate of Change	Main Causes	Main Customers
Network-Related Products	25.3%	Strong sales of network switches to manufacturing industries and data centers Increased sales to public educational institutions	Arista Networks F5 Networks
Storage-Related Products	7.4%	Strong sales of flash storage and SAN switches to communications businesses and system integrators	Broadcom DELL EMC Pure Storage
Software, other	30.9%	Increase in virtualization platforms	Nutanix

Product Categories



	Category	Main Products	Functions
EC Business	General purpose ICs	Analog ICs, logic ICs	ICs used in common in various applications
	Micro processors	CPUs, DSPs	Brains of electronic devices, calculation and control functions
	Specialized ICs	Image processing ICs Communications and network ICs	Specialized ICs made for specific applications
	Optical components	LEDs, photo couplers	Electronic components used to convert electricity into light
	Memory ICs	SRAM, FRAM, MRAM Flash memory	Memory ICs for specific ICs. Readable/writable ICs and read-only ICs are available
	Custom ICs	ASIC, PLD	Made according to customer specs
	Software and circuit boards	Software, boards, Power supplies, connectors	Software embedded in industrial equipment for enterprises and products (circuit boards) equipped with ICs, power supplies, connectors and other components on printed-wiring assemblies
CN Business	Network-related products	Network load distribution devices Security related devices	Distribute Internet connection loads, bolster network security
	Storage-related products	SAN switches Flash storage	Connect to and store large volumes of data at high speed
	Software, etc.	Virtualization platforms	Database management, cloud environment management

VISION 2020 REVIEW (Backup Materials)



	30th Term (base year)	35th Term	36th Term (final year)	Growth (36th term/30th term)	Corrected Target	Degree of Achievement of Target
Net sales	¥111.6 bill.	¥135.4 bill.	¥138.0 bill.	23.7% increase	¥200.0 bill.	69%
Ordinary income ratio	1.2%	2.6%	3.0%	1.8 point increase	3.5%	0.5 points
ROE	3.1%	8.8%	10.0%	6.9 point increase	15.0%	5.0 points
Ordinary income	¥1.36 bill.	¥3.57 bill.	¥4.10 bill.	3.0 times	—	—
Net income	¥720 mill.	¥2.29 bill.	¥2.70 bill.	3.8 times	—	—
Net income ratio	0.6%	1.7%	2.0%	1.4 point increase	—	—
Dividends per share	¥60	¥90	¥106	¥46 increase	—	—

<u>Performance Records Since Listing</u>		<u>36th term Internal Budget</u>		<u>36th Term Announced/35th Term Results Growth Rate</u>	
Net sales	¥159.8 bill. 33rd term (2018/3)	Net sales	¥147.0 bill.	Net sales	1.9%
Ordinary income ratio	3.4% 23rd term (2008/3)	Ordinary income	¥4.2 bill.		increase
ROE	15.7% 18th term (2003/3)		(2.9%)	Ordinary income	14.8% increase (0.4 point increase)
Ordinary income amt.	¥3.85 bill. 23rd term (2008/3)	Net income	¥2.8 bill.	Net income	17.9% increase (0.3 point increase)
Net income amt.	¥2.34 bill. 34th term (2019/3)		(1.9%)		
Net income ratio	2.1% 26th term (2011/3)			<u>35th Term/34th Term Growth Rate</u>	
				Net sales	4.0% decrease
				Ordinary income	15.9% increase (0.4 point increase)
				Net income	2.1% decrease (±0 points)