



MEMBERSHIP
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Announcement Regarding New Medium-Term Management Plan, VISION 2025

TOKYO ELECTRON DEVICE LIMITED (the “Company”) is pleased to announce that we have formulated a new Medium-Term Management Plan VISION 2025 effective through the target fiscal year ending March 31, 2025 (the “VISION 2025”), which is designed to further enhance our corporate value after the current Medium-Term Management Plan VISION 2020 (the “VISION 2020”) expires in its final fiscal year ending March 31, 2021.

1. Progress in the VISION 2020

The table below shows the results for VISION 2020’s base fiscal year ended March 31, 2015, in comparison with the estimates for the target fiscal year ending March 31, 2021^{*1}.

	First fiscal year ended March 31, 2015	Target (final) fiscal year ending March 31, 2021 (Estimates)	Comparison
Net sales	¥111.6 billion	¥138.0 billion	Up 23.7%
Ordinary income ratio	1.2%	3.0%	Up 1.8 percentage points
ROE	3.1%	10.0% ^{*2}	Up 6.9 percentage points ^{*2}
(Reference) Ordinary income	¥1.36 billion	¥4.10 billion	Threefold increase

*1 The estimates for the target fiscal year ending March 31, 2021 are derived from the financial forecasts disclosed on April 28, 2020 (the “Financial Forecasts”). As the above estimates are described in the Financial Forecasts according to the assumption that the impact of the novel coronavirus disease (“COVID-19”) in general will likely continue until around September 2020, these may be possibly modified under the spreading circumstances of COVID-19.

*2. The above ROE for the fiscal year ending March 31, 2021 is not specified in, but estimated from the Financial Forecasts.

In our 2018’s forecast (which contains the most recently revised figures), we put target net sales for VISION 2020 at 200.0 billion yen, ordinary income ratio at 3.5%, and ROE at 15%. However, net sales will likely fall below the target due to the changing market environment and a delay in the full-scale launch of our Private Brand Business.

On the other hand, we expect to achieve positive results in profit against the first fiscal year, which will likely bring about a substantial improvement in ROE.

Though our future outlook is unclear under the spreading circumstances of COVID-19, we will strive to achieve the targets set out in the Financial Forecasts.

2. New Medium-Term Management Plan, VISION 2025

(1) Business environment

As the growth of emerging economies will slow down in the future and the whole world will enter the era of low economic growth, we can expect the arrival of a “highly efficient smart society (Society 5.0).” Under the spreading circumstances of COVID-19, we are forced to review our lifestyle and working environment, and furthermore, as companies have introduced remote working and taken various steps to resolve issues associated with information sharing and processing, they are expected to face demand for the following digital transformation technologies from now onward:

- Artificial intelligence (AI) hardware
- Stand-alone evolvable security and service infrastructure through the application of AI
- Highly efficient data storage and network systems
- Self-driving systems
- Advanced collaborative robot systems
- Innovative measurement systems for digital manufacturing
- Next-generation manufacturing systems

As many of the elements necessary for above technologies overlap with our lines of products and services and our own developed technologies, we believe we can leverage the advantages we have established so far.

(2) Our mission — Driving digital transformation

In view of the direction of our society, we have set out the corporate mission of “providing products and services that can achieve digital transformation, thus contributing to sustainable development of a highly efficient smart society.”

(3) Our vision — To become a manufacturer with a technical trading firm function

To achieve the mission mentioned above, we will shift our business focus to a “manufacturer with a technical trading firm function.”

The technical trading firm function will help us shift to a highly profitable business model that will generate profits from data business, service business and stock business. By maintaining and expanding our customer base through the sale of semiconductor products that will support technological advancement in growth areas, we will evolve this function to the foundation of highly profitable business.

We envision the following points as what will be the key focuses as a manufacturer:

- A manufacturing system manufacturer that fully utilizes data science, image processing and robotics in manufacturing goods
- An original design manufacturer (ODM) based on skills acquired through design and mass production service
- A design development division that has superior system development and proposal capabilities
- Highly efficient smart factories for mass customization

(4) Main activities in our business areas

- EC Business (Electronic Components Business)
 - ✓ Provide customers with solutions through our solid sales channel based on our lines of products
 - ✓ Improve profitability by providing design manufacturing service focused on flagship products
 - ✓ Establish cloud-based IoT business based on our own developed platform
 - ✓ Pursue higher operational efficiency

- PB Business (Private Brand Business)
 - ✓ Realize/provide AI-based industrial equipment through the development of “manufacturing systems” that fully utilize data science, image processing and robotics
 - ✓ Provide “development and manufacturing service” that would enable sustainable growth with customers based on our abundant development experience and high-quality manufacturing base

- CN Business (Computer Network Business)
 - ✓ Adopt new technologies and provide highly reliable consulting and engineering services
 - ✓ Continue investment in security and AI product business
 - ✓ Improve and stabilize profitability by launching subscription business and professional service

(5) Financial model for VISION 2025

We will continue to pursue sustainable growth through higher profit and earnings as before and will set a new “financial model” effective through the target fiscal year ending March 31, 2025.

	Financial Targets
Net sales	¥200.0 billion ± 10%
Ordinary income ratio	> 5%
ROE	> 15%

	Business Structure	
	Percentage of total sales	Ordinary income ratio
EC Business	70%	> 2%
PB Business	10%	> 10%
CN Business	20%	> 13%

Through the effort to achieve the new Medium-Term Management Plan VISION 2025, we will endeavor to further enhance our corporate value to meet the expectations of our stakeholders.