

Attracting Tomorrow



Performance Briefing 3Q of Fiscal Year March 2021

- **Consolidated Results for 3Q of FY March 2021**
Consolidated Full Year Projections for FY March 2021
Tetsuji Yamanishi, Executive Vice President

**Consolidated Results for
3Q of FY March 2021
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Executive Vice President

Key points concerning earnings for 3Q of FY March 2021

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Demand for electronic components continued to recover due to the resumption of social and economic activities as well as production activities amid the COVID-19 pandemic. Sales and profits increased year on year as demand related to digital transformation (DX) and energy transformation (EX) remained brisk.

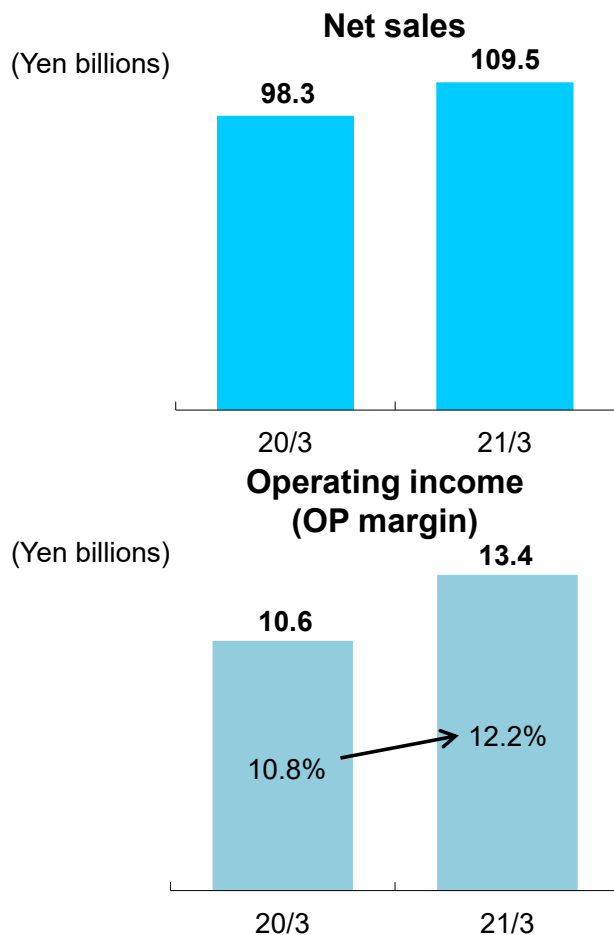
- **Net sales increased 11.3% year on year. Operating income increased 11.6% year on year.**
- **Net sales and operating income for 3Q achieved new record highs for quarterly basis.***
 - Orders for the automotive market, which had recovered rapidly during 2Q, remained strong in 3Q, resulting in an increase in sales of Passive Components and Sensors.
 - As for sales to the ICT market, DX-related demand remained brisk. Sales of Rechargeable Batteries and Passive Components increased, mainly for PCs and tablets for use in working and studying at home and 5G smartphones.
 - Full-year projections were revised upward in light of operating results through 3Q and the latest order levels.
 - TDK will continue to implement the short-term earnings improvement measures in response to COVID-19 pandemic, while promoting measures to enhance asset efficiency, including business site restructuring, looking ahead to the expected changes in demand trends.

*Operating income is compared on the basis excluding a gain on sale of business recorded in FY March 2017.

Consolidated results for 3Q of FY March 2021

(Yen billions)		FY March 2020 3Q results	FY March 2021 3Q results	Change	
				Yen billions	%
Net sales		355.6	395.7	40.1	11.3
Operating income		40.4	45.1	4.7	11.6
Operating income margin		11.4%	11.4%	-	-
Income before income taxes		41.2	46.2	5.0	12.1
Net income		29.5	30.9	1.4	4.7
Earning per share (JPY)		233.35	244.22	-	-
Ex-rate	US\$ (JPY)	108.74	104.50	Appreciated by 3.9%	
	EURO (JPY)	120.34	124.46	Depreciated by 3.4%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 7.0 billion Yen Operating income : Decreased by about 4.3 billion Yen			

3Q results - Passive Components segment



20/3: FY March 2020

Net sales 109.5 billion yen (up 11.4% year on year)
Operating income 13.4 billion yen (up 26.4% year on year)

- **Ceramic Capacitors**

- ▮ Sales and profit increased year on year.
- ▮ Sales increased to the automotive market and distributors, while decreased to the ICT market.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- ▮ Sales and profit increased year on year.
- ▮ Sales increased to the automotive and the industrial equipment markets.

- **Inductive Devices**

- ▮ Sales and profit increased year on year.
- ▮ Sales increased to the automotive and the ICT markets.

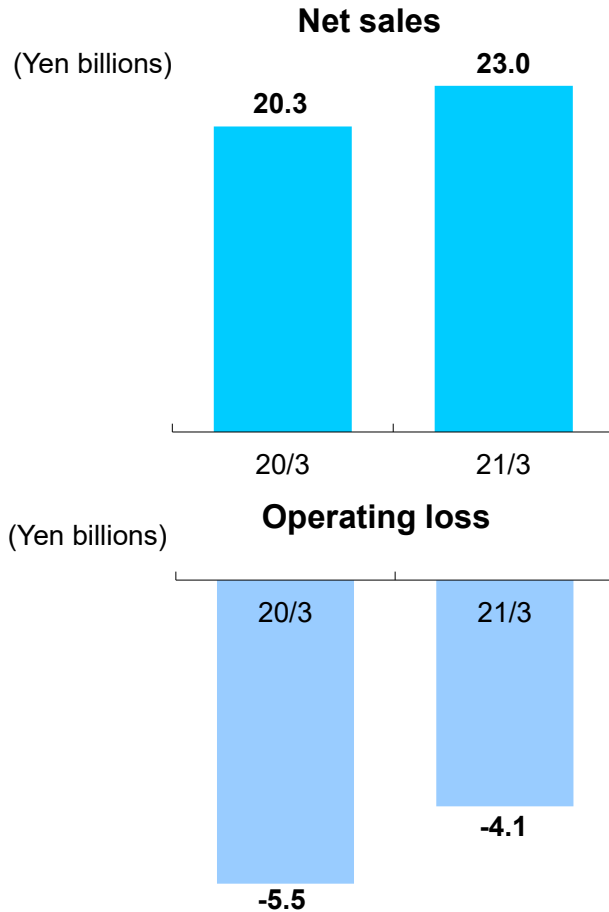
- **High-Frequency Components**

- ▮ Sales and profit increased year on year.
- ▮ Sales increased to the automotive and the ICT markets.

- **Piezoelectric Material Products and Circuit Protection Components**

- ▮ Sales and profit increased year on year.
- ▮ Sales increased mainly to the automotive and the industrial equipment markets.

3Q results - Sensor Application Products segment



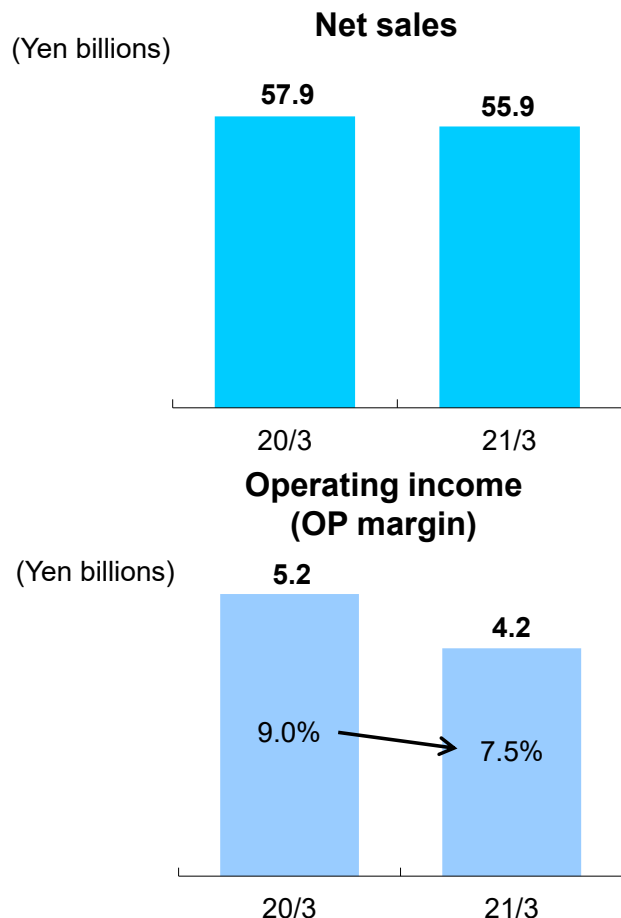
Net sales 23.0 billion yen (up 13.3% year on year)
Operating loss -4.1 billion yen (down —% year on year)

- **Sensors**

- ▮ Sales of Temperature Sensors to the automotive and the industrial equipment markets increased.
- ▮ Earnings from TMR Sensors rose, driven by dramatic growth in sales to the ICT market.
- ▮ In MEMS Sensors, sales of Motion Sensors increased to the ICT market due to the expanded customer base.

20/3: FY March 2020

3Q results - Magnetic Application Products segment



Net sales 55.9 billion yen (down 3.5% year on year)
Operating income 4.2 billion yen (down 19.2% year on year)

- **HDD Heads and HDD Suspension Assemblies**

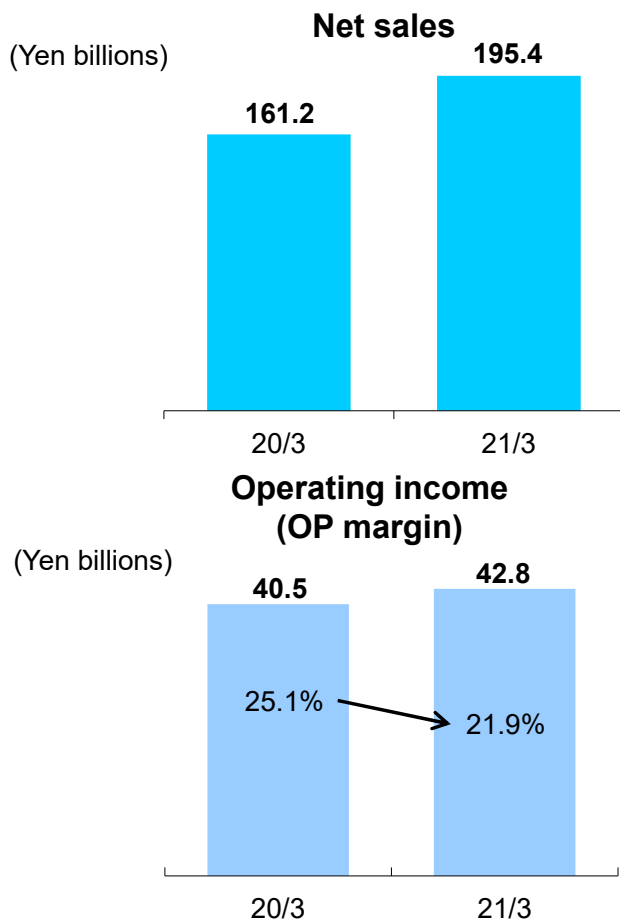
- ▮ Sales and profit of HDD Heads decreased year on year.
- ▮ Sales and profit of HDD Suspension Assemblies increased due to sales of Suspensions and Suspension Application Products expanded.

- **Magnets**

- ▮ Sales and profit increased year on year.
- ▮ Sales increased mainly to the industrial equipment market.

20/3: FY March 2020

3Q results - Energy Application Products segment



Net sales 195.4 billion yen (up 21.2% year on year)
Operating income 42.8 billion yen (up 5.7% year on year)

- **Energy Devices (Rechargeable Batteries)**
 - ▮ Sales and profit increased year on year.
 - ▮ Sales expanded for smartphones, notebook PCs, and tablets.
 - ▮ Sales of mini cell products expanded for small size equipment such as wireless earphones (True Wireless Stereo).
 - ▮ Sales of power cell products expanded for electric motorcycles and residential energy storage systems.
- **Power Supplies**
 - ▮ Sales and profit of Power Supplies for industrial equipment increased year on year.

20/3: FY March 2020

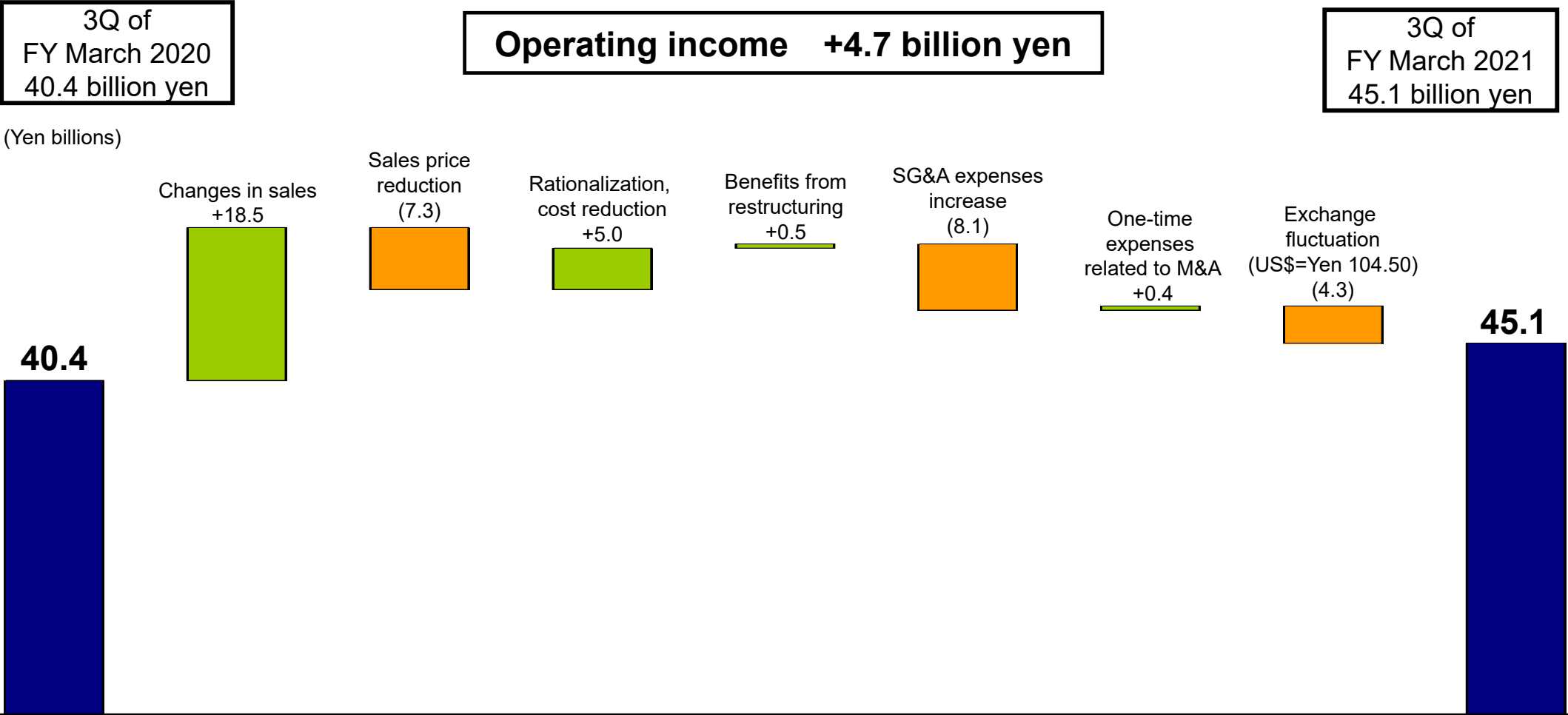
Quarterly results by segment

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(Yen billions)		3Q of FY March 2020 (A)	2Q of FY March 2021 (B)	3Q of FY March 2021 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	37.3	38.6	41.9	4.6	12.3	3.3	8.5
	Inductive Devices	34.8	34.6	39.0	4.2	12.1	4.4	12.7
	Other Passive Components	26.3	26.2	28.5	2.2	8.4	2.3	8.8
	Passive Components	98.3	99.4	109.5	11.2	11.4	10.1	10.2
	Sensor Application Products	20.3	19.8	23.0	2.7	13.3	3.2	16.2
	Magnetic Application Products	57.9	50.4	55.9	(2.0)	-3.5	5.5	10.9
	Energy Application Products	161.2	200.7	195.4	34.2	21.2	(5.3)	-2.6
	Other	17.9	11.4	11.9	(6.0)	-33.5	0.5	4.4
	Total	355.6	381.7	395.7	40.1	11.3	14.0	3.7
Operating income	Passive Components	10.6	9.7	13.4	2.8	26.4	3.7	38.1
	Sensor Application Products	(5.5)	(5.1)	(4.1)	1.4	-	1.0	-
	Magnetic Application Products	5.2	1.4	4.2	(1.0)	-19.2	2.8	200.0
	Energy Application Products	40.5	48.3	42.8	2.3	5.7	(5.5)	-11.4
	Other	(2.5)	(2.8)	(3.0)	(0.5)	-	(0.2)	-
	Sub total	48.4	51.5	53.3	4.9	10.1	1.8	3.5
	Corporate and eliminations	(8.0)	(7.5)	(8.2)	(0.2)	-	(0.7)	-
	Total	40.4	44.0	45.1	4.7	11.6	1.1	2.5
Operating income margin		11.4%	11.5%	11.4%	-	-	-0.1pt	-
Ex-rate	US\$ (JPY)	108.74	106.23	104.50				
	EURO (JPY)	120.34	124.06	124.46				

Breakdown of operating income changes



Consolidated results through 3Q of FY March 2021

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(Yen billions)	FY March 2020 Results through 3Q (2019.4.1-2019.12.31)	FY March 2021 Results through 3Q (2020.4.1-2020.12.31)	Change	
			Yen billions	%
Net sales	1,062.7	1,086.8	24.1	2.3
Operating income	109.2	107.5	(1.7)	-1.6
Operating income margin	10.3%	9.9%	-0.4pt	-
Income before income taxes	109.8	109.4	(0.4)	-0.4
Net income	74.4	73.1	(1.3)	-1.7
Earning per share (JPY)	589.16	578.49	-	-
Ex-rate	US\$ (JPY)	108.74	106.11	Appreciated by 2.4%
	EURO (JPY)	121.12	122.34	Depreciated by 1.0%
Ex-rate impact to net sales & operating income	Net sales : Decreased by about 20.9 billion Yen Operating income : Decreased by about 4.6 billion Yen			

FY March 2021 full year / dividend projections

(Yen billions)		FY March 2020 full year results	FY March 2021 full year projections (announced on Jul. 30, 2020)	FY March 2021 full year projections (announced on Oct. 30, 2020)	FY March 2021 full year projections (announced on Jan. 29, 2021)	YoY change	
						Yen billions	%
Net sales		1,363.0	1,290.0	1,400.0	1,450.0	87.0	6.4
Operating income		97.9	70.0	110.0	110.0	12.1	12.4
Operating income margin		7.2%	5.4%	7.9%	7.6%	+0.4 pt	-
Income before income taxes		95.9	70.0	111.0	116.0	20.1	21.0
Net income		57.8	48.0	76.0	76.0	18.2	31.5
Earning per share (JPY)		457.47	379.98	601.64	601.64	-	-
Dividends (JPY)		Interim : 90 Year-end : 90 Annual: 180	Interim : 80 Year-end : 80 Annual : 160	Interim : 90 Year-end : 90 Annual : 180	Interim : 90 Year-end : 90 Annual : 180	-	-
Ex-rate	US\$ (JPY)	108.82	105.00	106.00	105.00	-	
	EURO (JPY)	120.92	117.00	123.00	123.00	-	
Capital expenditure		173.4	180.0	200.0	200.0	26.6	15.3
Depreciation and amortization		125.0	140.0	140.0	140.0	15.0	12.0
Research and development		117.5	120.0	120.0	120.0	2.5	2.1

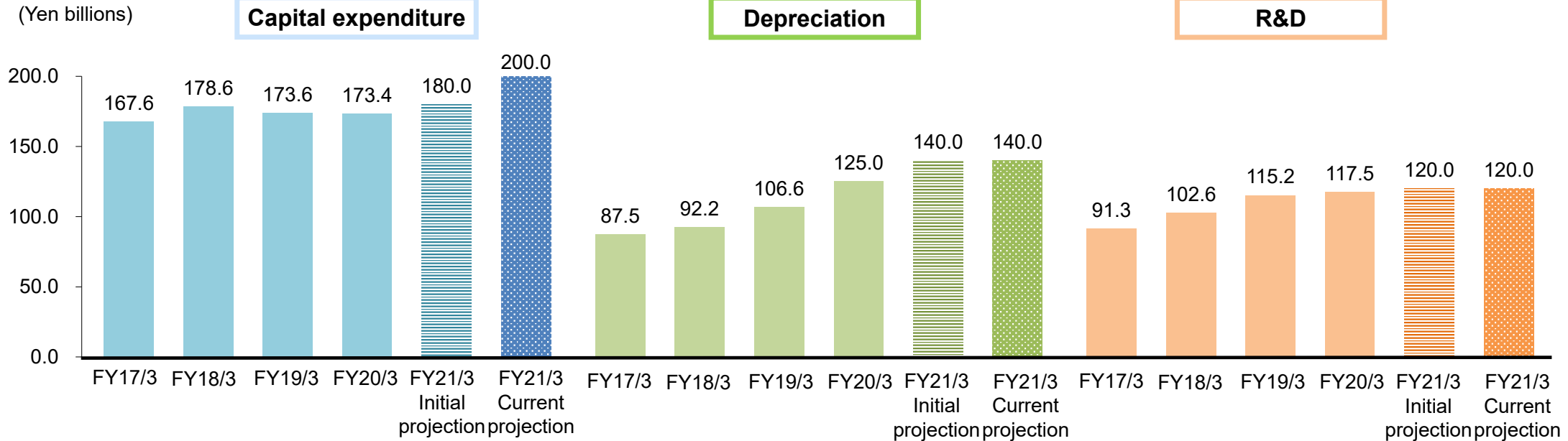
Supplementary Data

Quarterly sales and operating income by segment

			FY March 2020					FY March 2021				
(Yen billions)			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales		Capacitors	39.3	39.6	37.3	37.7	153.9	33.3	38.6	41.9		
		Inductive Devices	34.1	35.7	34.8	33.0	137.6	27.4	34.6	39.0		
		Other Passive Components	24.8	26.6	26.3	26.3	104.0	23.6	26.2	28.5		
		Passive Components	98.3	101.9	98.3	97.0	395.5	84.4	99.4	109.5		
		Sensor Application Products	18.1	20.8	20.3	18.7	77.9	14.7	19.8	23.0		
		Magnetic Application Products	55.5	54.5	57.9	51.8	219.7	38.3	50.4	55.9		
		Energy Application Products	144.5	173.7	161.2	118.3	597.7	156.9	200.7	195.4		
		Other	20.4	19.4	17.9	14.5	72.3	15.2	11.4	11.9		
		Total	336.8	370.2	355.6	300.4	1,363.0	309.4	381.7	395.7		
Operating income		Passive Components	10.3	11.4	10.6	6.7	39.1	7.7	9.7	13.4		
		Sensor Application Products	(7.0)	(5.5)	(5.5)	(7.0)	(25.0)	(7.3)	(5.1)	(4.1)		
		Magnetic Application Products	3.3	3.5	5.2	(11.5)	0.4	(3.8)	1.4	4.2		
		Energy Application Products	26.5	42.5	40.5	14.7	124.1	31.3	48.3	42.8		
		Other	0.3	(0.6)	(2.5)	(5.8)	(8.6)	(1.9)	(2.8)	(3.0)		
		Sub total	33.4	51.2	48.4	(3.0)	130.0	26.0	51.5	53.3		
		Corporate and eliminations	(8.4)	(7.3)	(8.0)	(8.4)	(32.2)	(7.6)	(7.5)	(8.2)		
		Total	25.0	43.9	40.4	(11.4)	97.9	18.4	44.0	45.1		
Ex-rate	US\$ (JPY)		110.10	107.39	108.74	109.05	108.82	107.61	106.23	104.50		
	EURO (JPY)		123.57	119.48	120.34	120.32	120.92	118.45	124.06	124.46		

FY March 2021 projections and forex sensitivity

Expenses



Forex sensitivity (impact by 1 (one) yen change)

- **US\$** : Sales 7.0 billion yen, Operating income 1.2 billion yen
- **EURO** : Sales 1.5 billion yen, Operating income 0.2 billion yen

Financial position

	March End, 2020	September End, 2020	December End, 2020	Change from Sep End, 2020
(Yen billions)				
Total asset	1,943.4	2,081.6	2,208.4	126.8
Total liability	1,094.8	1,205.4	1,305.1	99.7
Stockholders's equity	844.0	872.7	900.4	27.7
(comprehensive income)	(190.1)	(187.9)	(179.6)	8.3
Stockholders's equity ratio	43.4%	41.9%	40.8%	-1.1pt
Cash and cash equivalents	365.3	382.4	436.8	54.4
Interest-bearing debt (*1)	424.7	475.8	502.1	26.3
Net cash (*2)	(59.4)	(93.4)	(65.3)	28.1

*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments (except operating lease obligations)

*2: Cash and cash equivalents - Interest-bearing debt

Cash flows

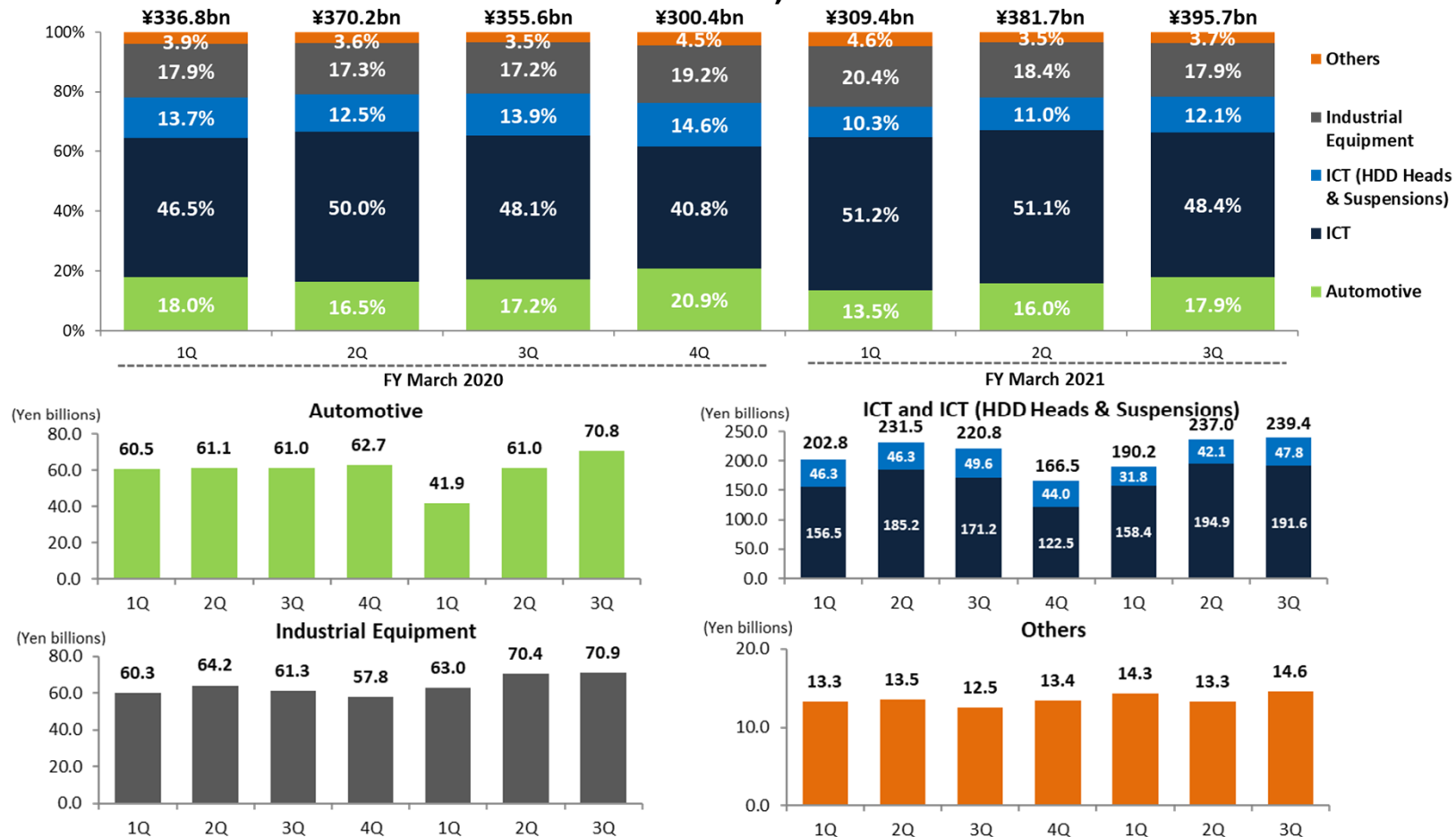
(Yen billions)	FY March 2020 Results through 3Q	FY March 2021 Results through 3Q	YoY change
Operating cash flow	149.5	162.9	13.4
Investing cash flow	11.4	(164.9)	(176.3)
Free cash flow	160.9	(2.0)	(162.9)
Financing cash flow	(89.4)	50.2	139.6
Effect of exchange rate changes on cash and cash equivalents	(7.3)	2.3	9.6

Cash and cash equivalents	353.5	383.3	29.8
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(Yen billions)	FY March 2020 Results through 3Q	FY March 2021 Results through 3Q	YoY change
Capital expenditures	129.9	154.4	24.5
Depreciation and amortization	91.4	101.0	9.6

Quarterly sales by markets (1Q of FY March 2020 – 3Q of FY March 2021)

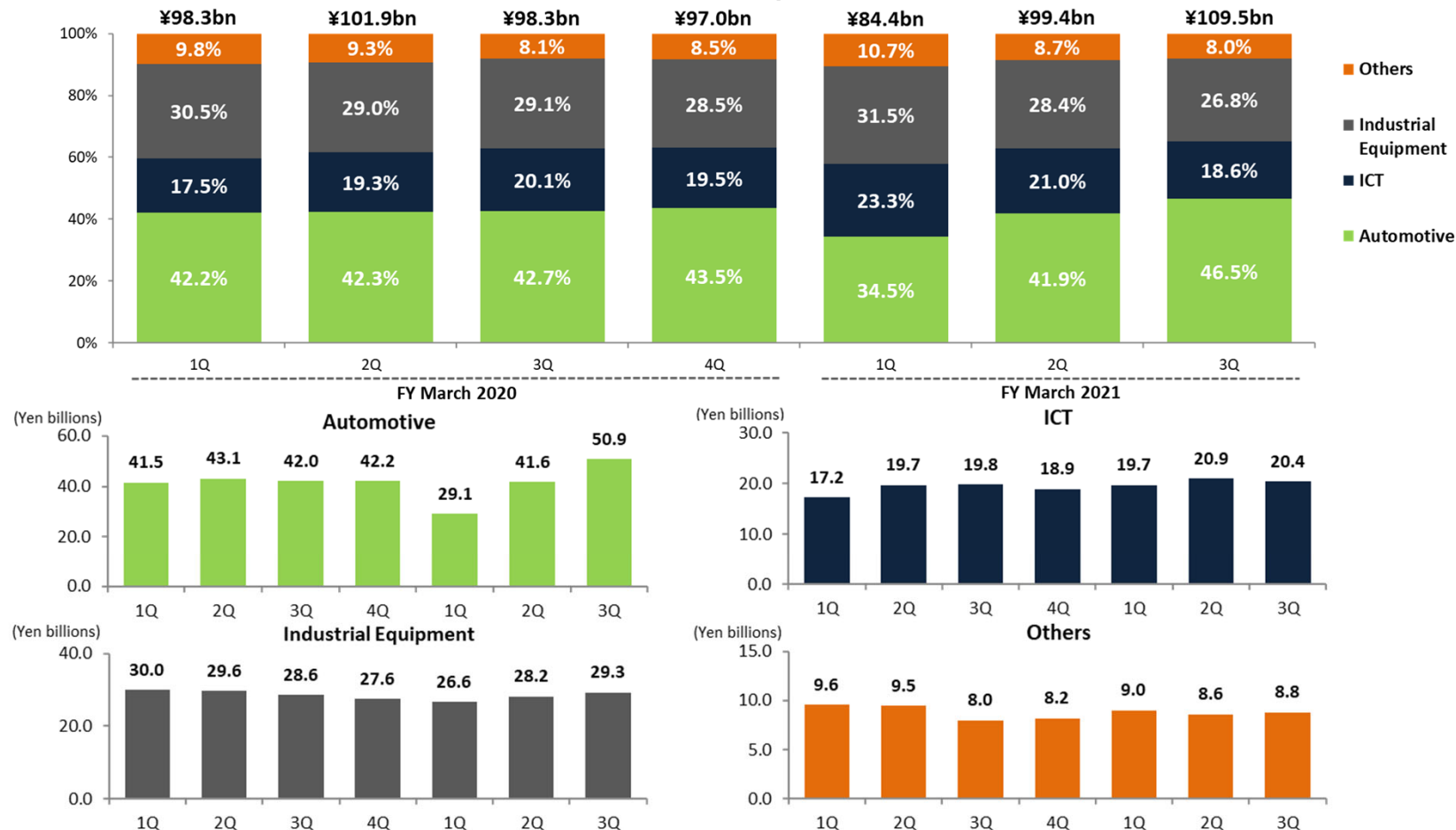
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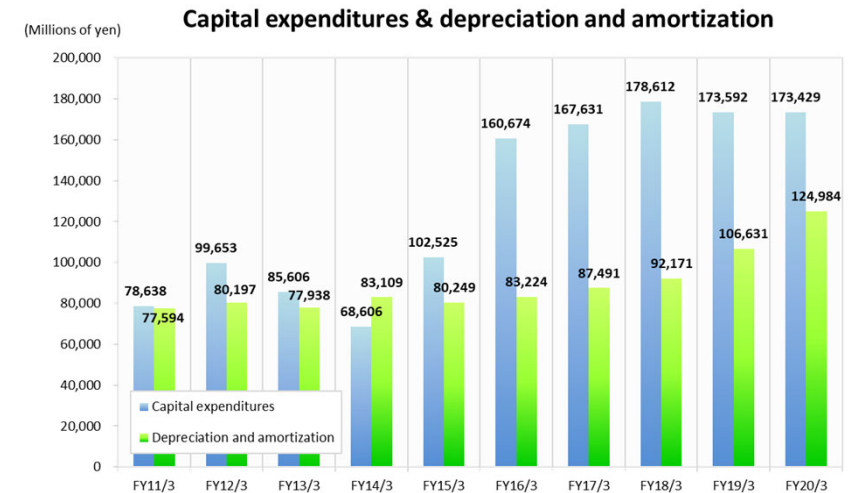
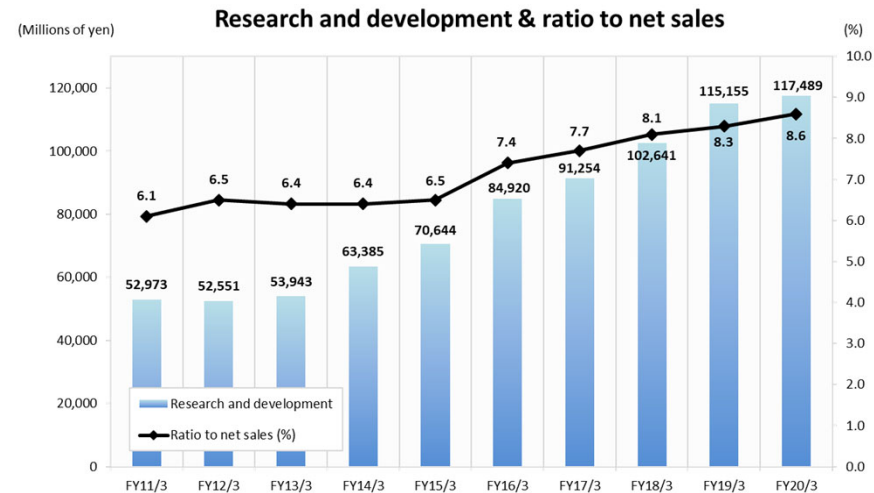
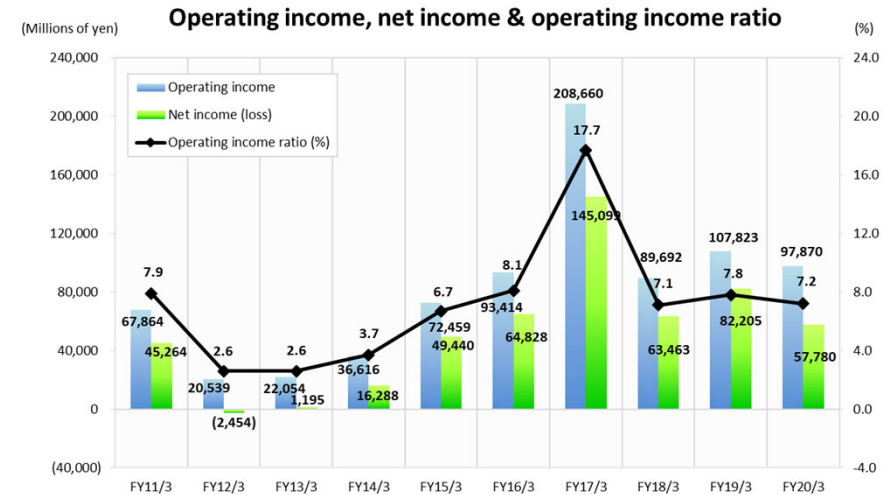
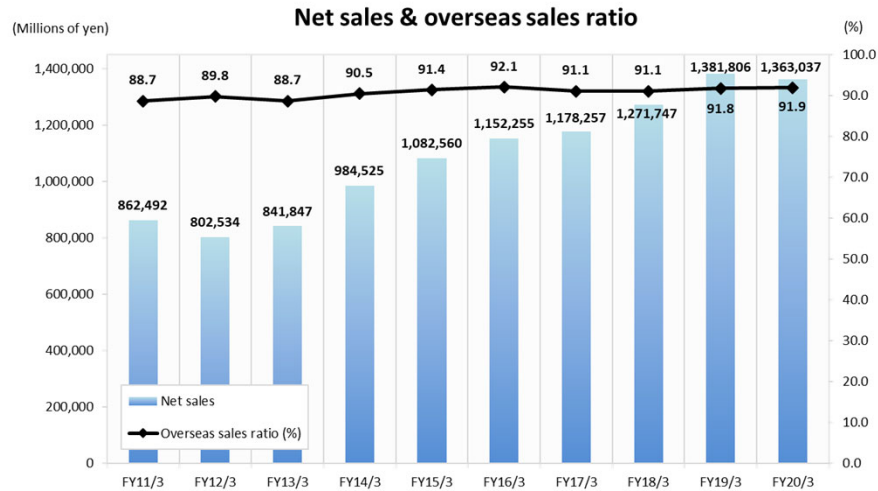
(Note) In accordance with the redefinition of markets in 1Q of FY2021, certain products of Others were reclassified into Automotive, ICT, and Industrial Equipment. The prior year's sales are also reclassified to conform to the new segmentation.

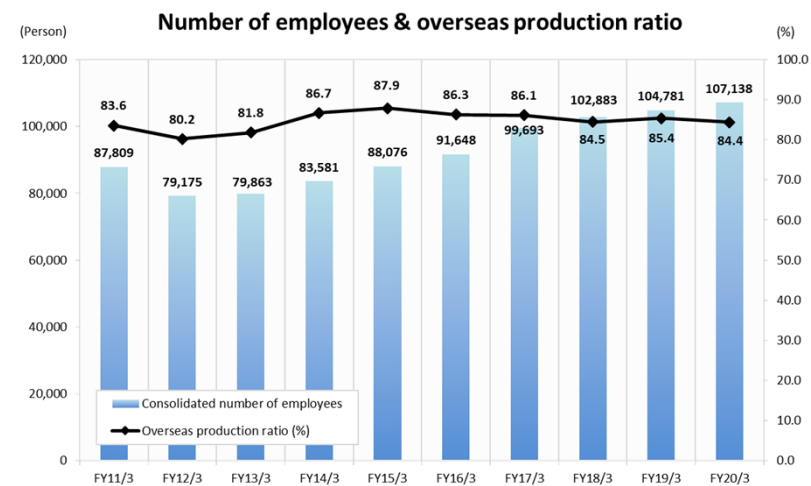
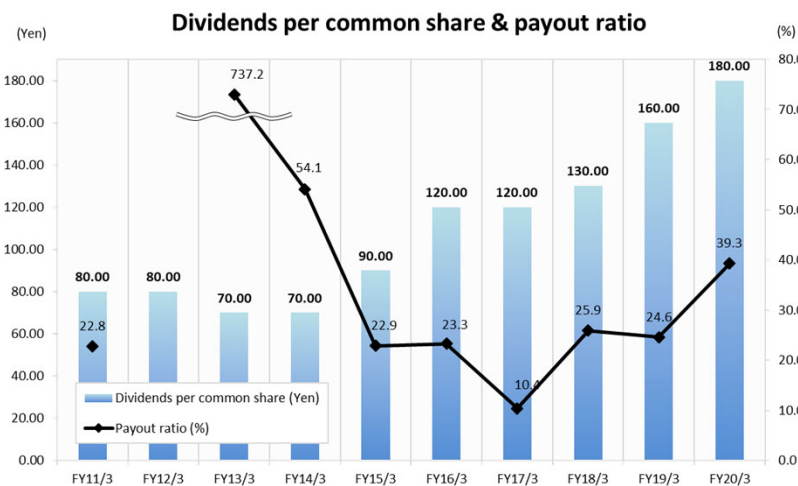
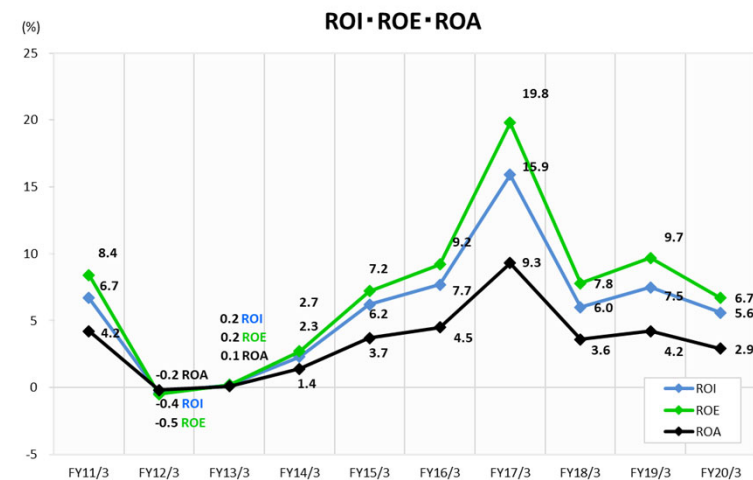
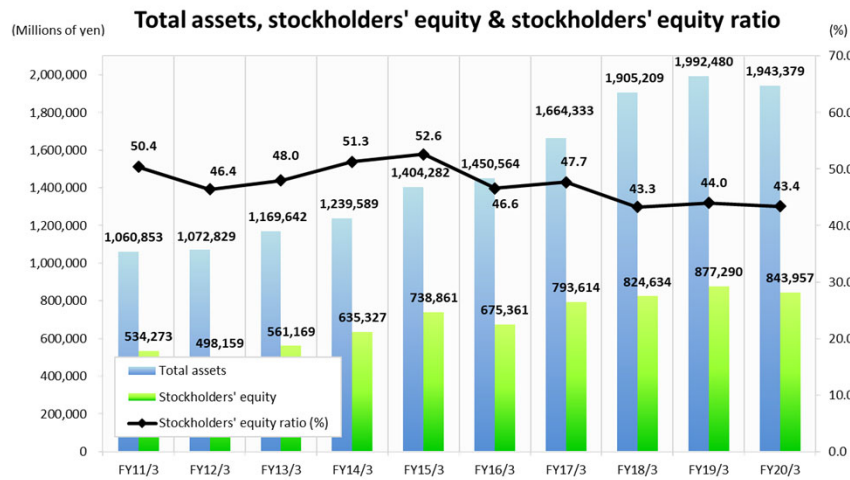
Passive Components business quarterly sales by markets (1Q of FY March 2020 – 3Q of FY March 2021)

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Cautionary statements with respect to forward-looking statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

The electronics markets in which the TDK Group operates are highly susceptible to rapid changes, risks, uncertainties, and other factors that can have significant effects on the TDK Group including, but not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations. Also, since the purpose of these materials is only to give readers a general outline of business performance, many numerical values are shown in units of a billion yen. Because original values, which are managed in units of a million yen, are rounded off, the totals, differences, etc. shown in these materials may appear inaccurate. If detailed figures are necessary, please refer to our financial statements and supplementary materials.



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