

Attracting Tomorrow



TDK Investors Meeting 2019

Attendees

- President and CEO
- Executive Vice President / General Manager of Corporate Strategy HQ
- Senior Vice President / General Manager of Finance & Accounting HQ
- Senior Vice President / CEO of Sensor Systems Business Company
- Corporate Officer / CEO of Electronic Components Business Company
- Corporate Officer / CEO of Energy Solutions Business Company

Shigenao Ishiguro

Seiji Osaka

Tetsuji Yamanishi

Noboru Saito

Shigeki Sato

Fumio Sashida

- **Presentation**

1. Management and Growth Strategy
2. Passive Components Strategy

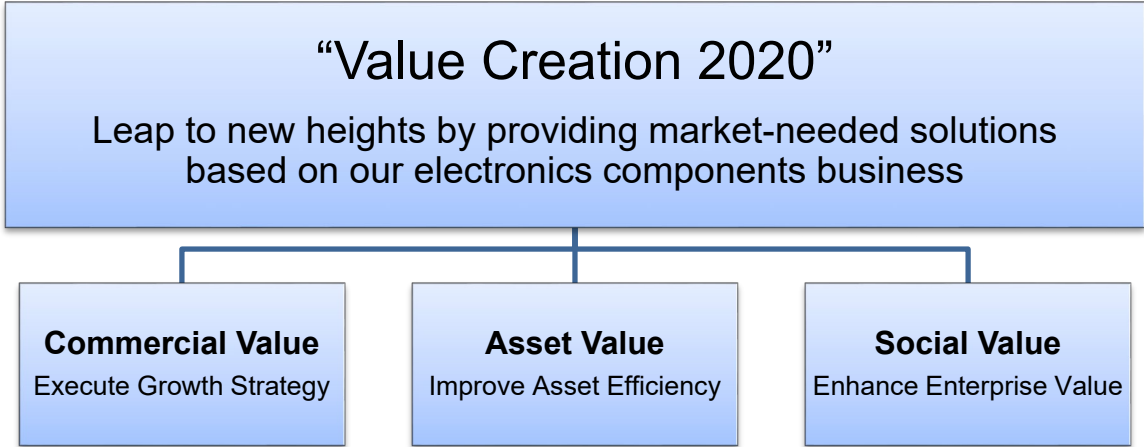
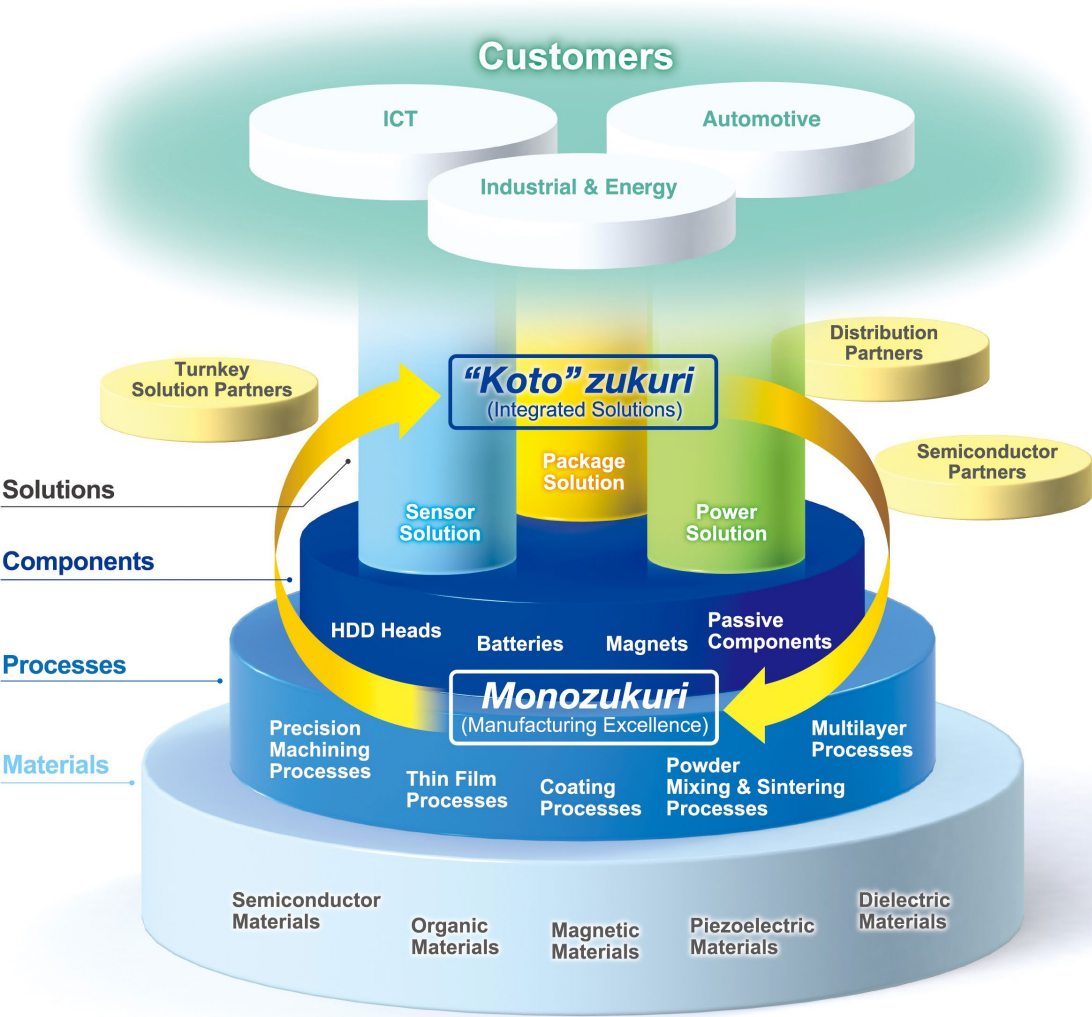
Shigenao Ishiguro
Shigeki Sato

- **Q&A**

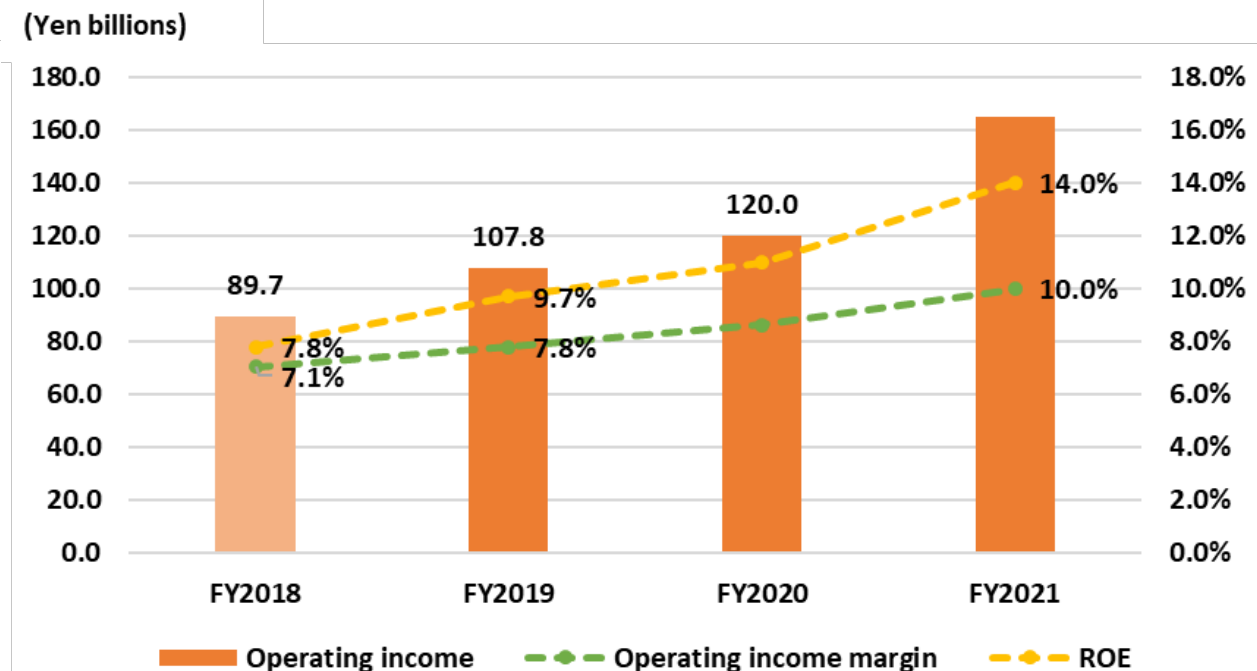
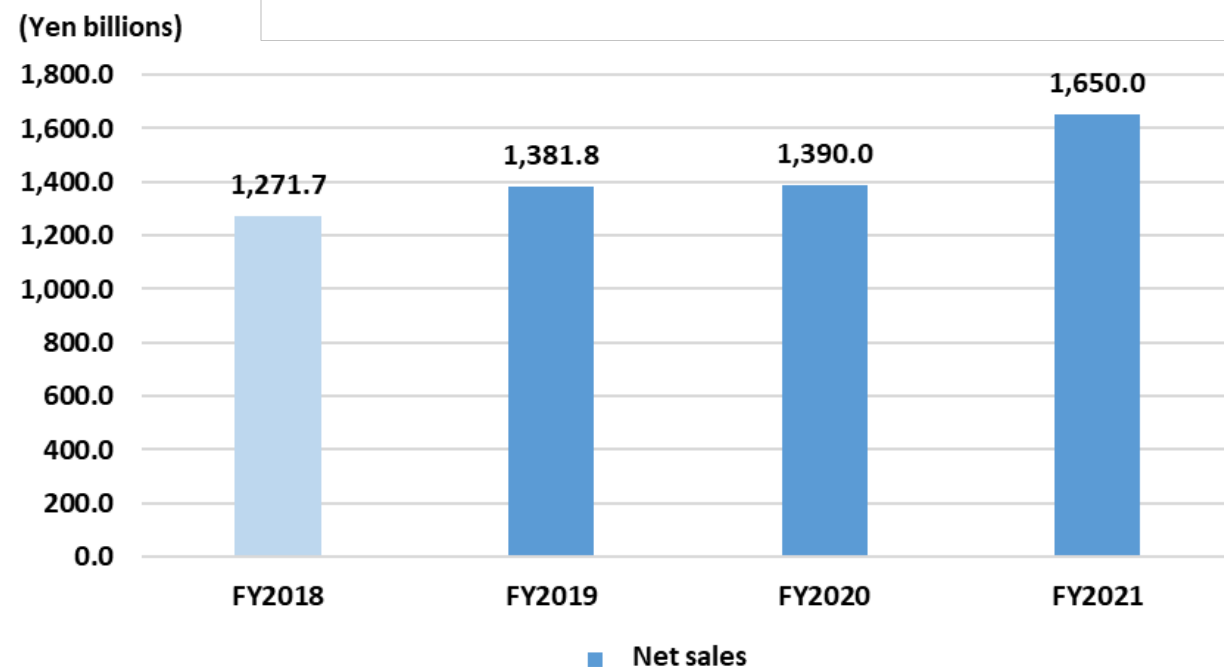
Management and Growth Strategy

Shigenao Ishiguro
President & CEO

“Value Creation 2020”



Mid-Term Financial Targets



Mid-Term Financial Strategy

- Steadily recover growth investments executed towards restructure the business earnings model
- Execute further growth investments based on a well-balanced capital allocation

Well-balanced capital allocation

- Growth investments
- Shareholder returns
- Repayment of interest-bearing debt

Negative free cash flows

Positive free cash flows

Mid-Term Financial Target

Capital efficiency

- OP margin Over 10%
- ROE Over 14%

Return to shareholders

- Increase dividends stably through growth of income per share
- Target a 30% dividend payout ratio

Financial soundness

- Stockholders' equity ratio Over 50%
- Net cash

- **Steady progress in return on growth investment**
 - ✓ Secured consistent positive free cash flow
 - ✓ As planned, sale of shares in RF360 Holdings Singapore used to strengthen fiscal health
- **By achieving medium-term financial targets, established a financial foundation which supports continuous investment focused on further sustainable growth in the medium-to long-term**

- **Bolstered TDK Group governance structure**

- Empowerment & Transparency: Aiming to become a stronger corporate group with individual autonomy for TDK Group companies

- Management structure with two axes: Business Company/ Business Group and Global HQ/ Regional HQ

- **Implementing measures to increase value of human resources**

- Constructing a system to develop, utilize, and promote global human resources, centered on the Human Resources HQ

- **Shortening the product development cycle**

- Achieving development which unifies Business Group and production techniques

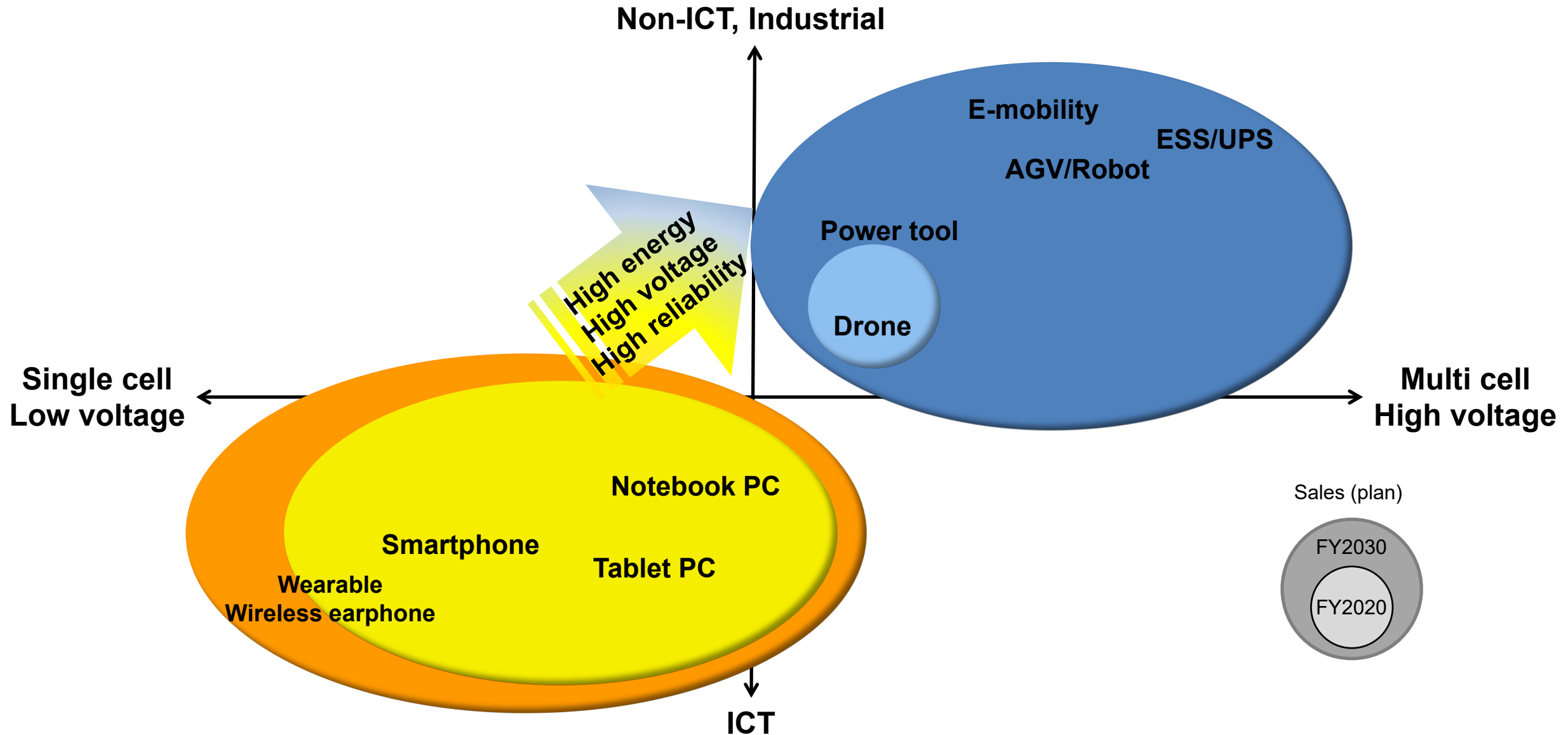
- **Contributing to sustainability**

- Expanding TDK's social value by contributing to DX (digital transformation) and EX (energy transformation)

Steadily expanding the infrastructure that supports TDK's growth and growth strategy

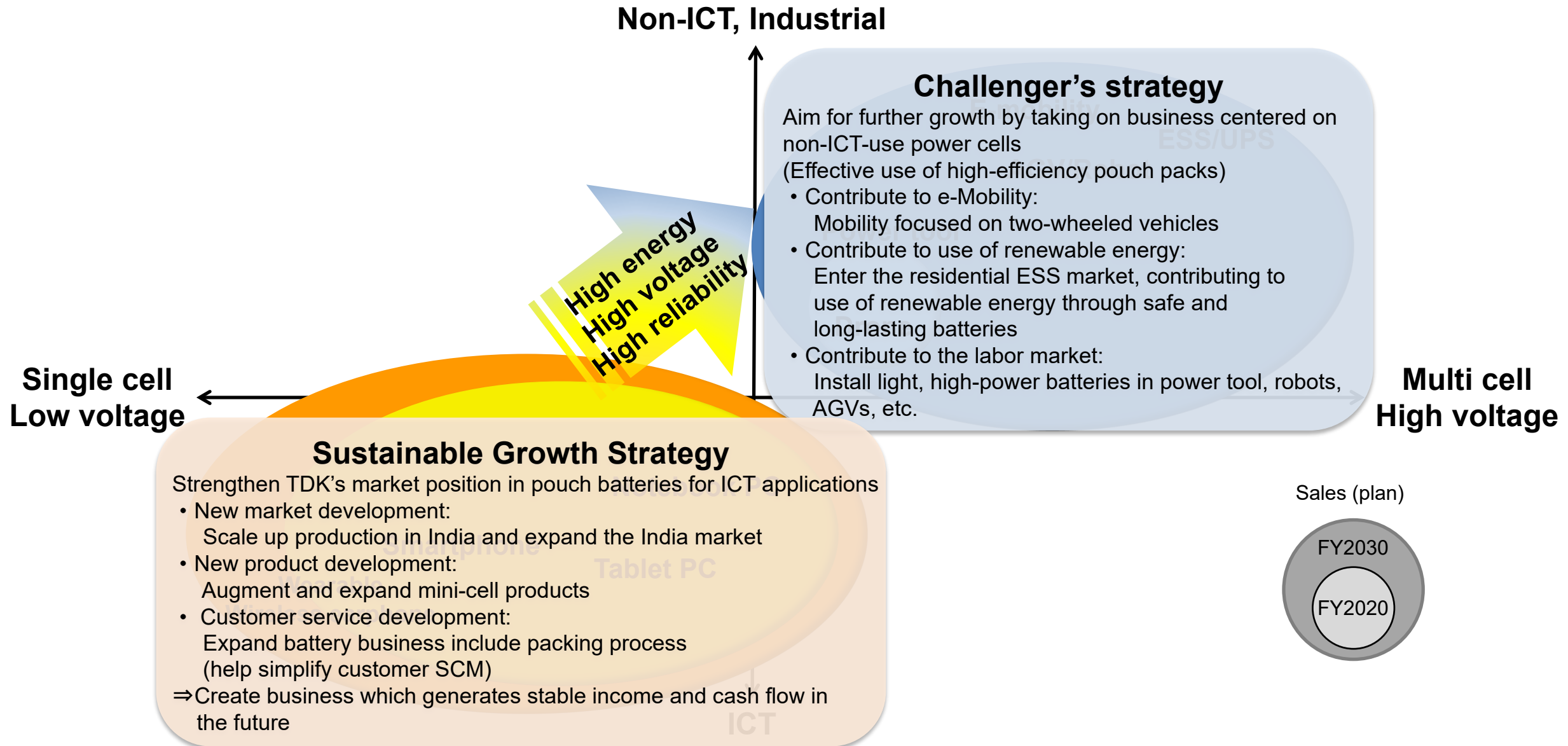
Main Business Growth Strategies

Battery Business Strategy



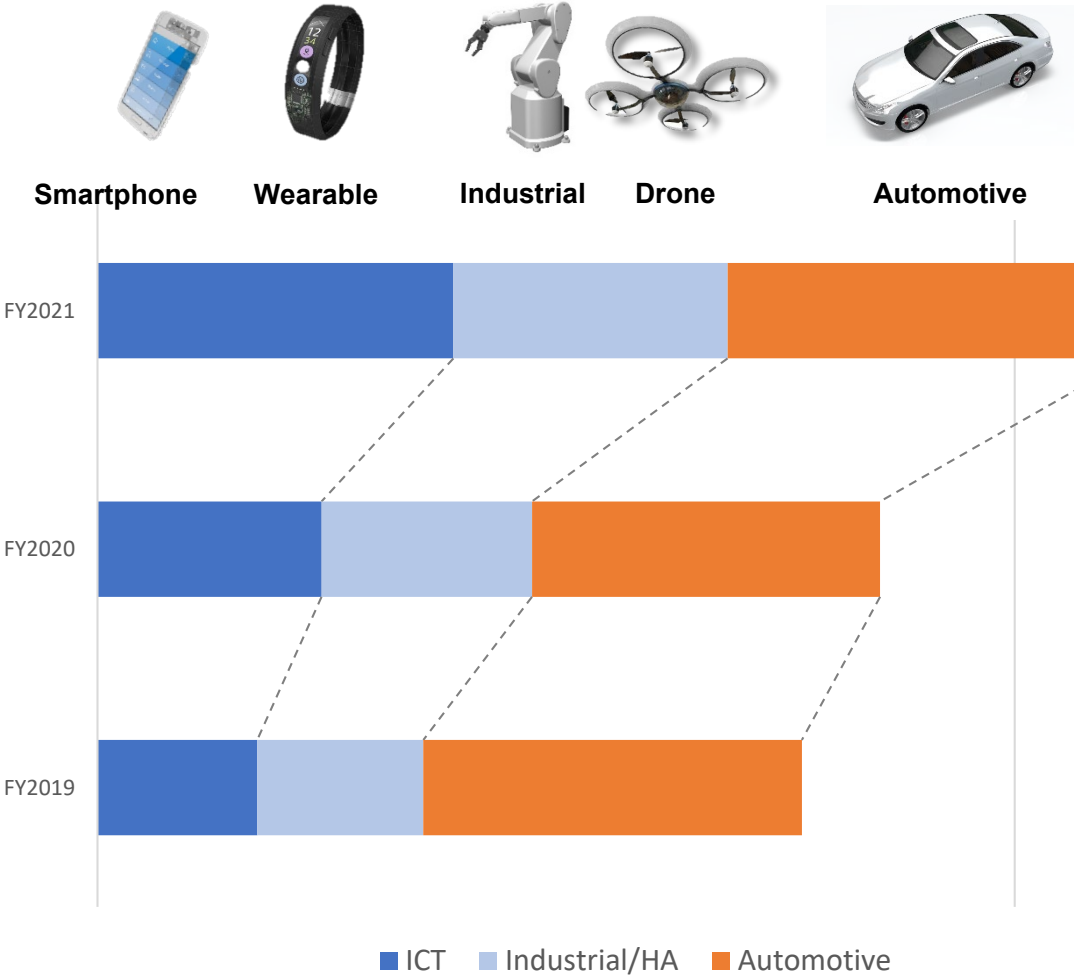
Battery Business Strategy

Attracting Tomorrow

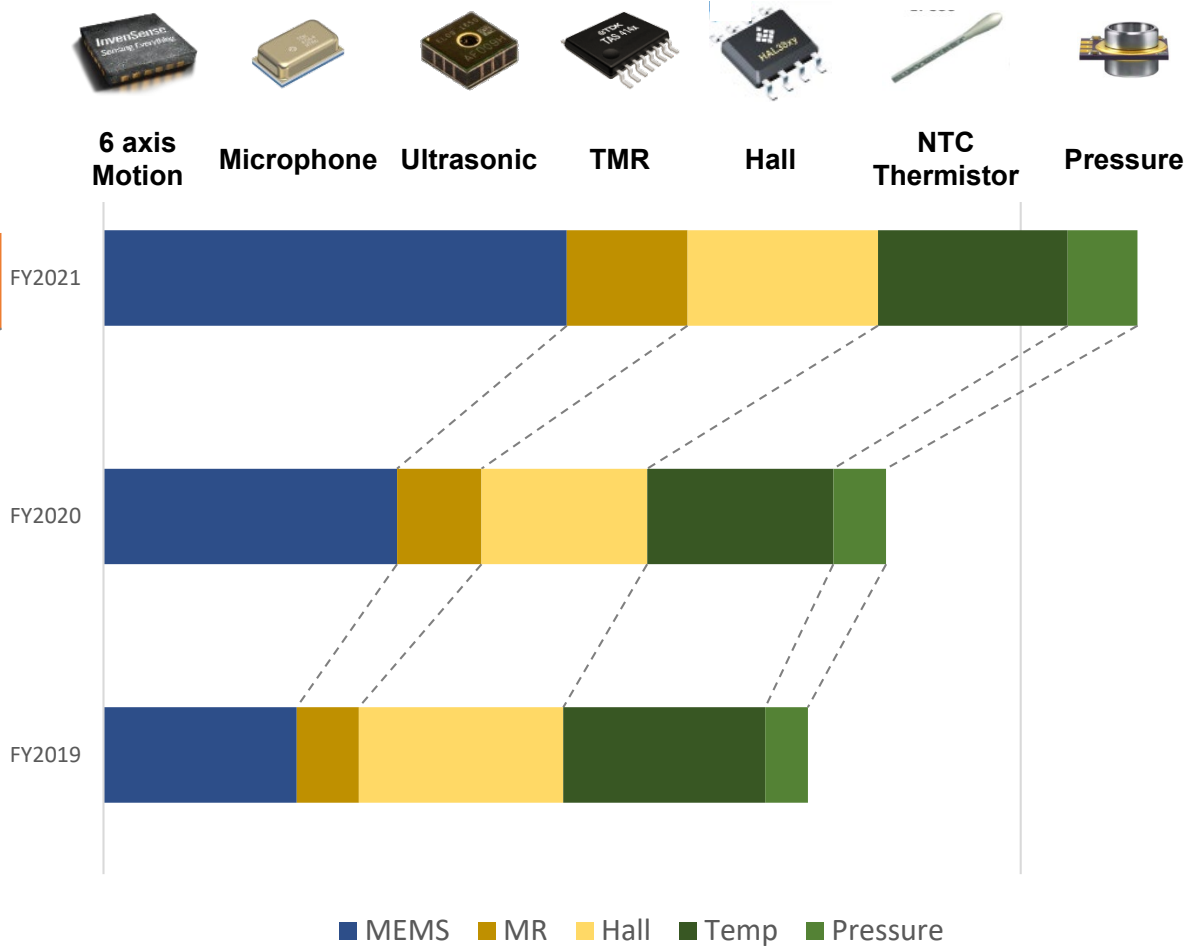


Sensor Business Plan

Sales by Market



Sales by Product



Two Measures for Steady Business Growth

Customer Expansion

TMR Sensor



- Expand automotive customers
- Grow consumer business

MEMS Sensor



- Expand 6 axis MEMS Motion Sensors to major Asian customers
- Increase business to non-mobile product customers (game consoles, drones, AR/VR etc.)
- Increase business to automotive applications (navigation etc.)

Product Expansion

Hall Sensor



- Start shipping of 2D/3D sensors

TMR Sensor



- Add compass to product portfolio
- Continue increasing automotive application business

MEMS Sensor

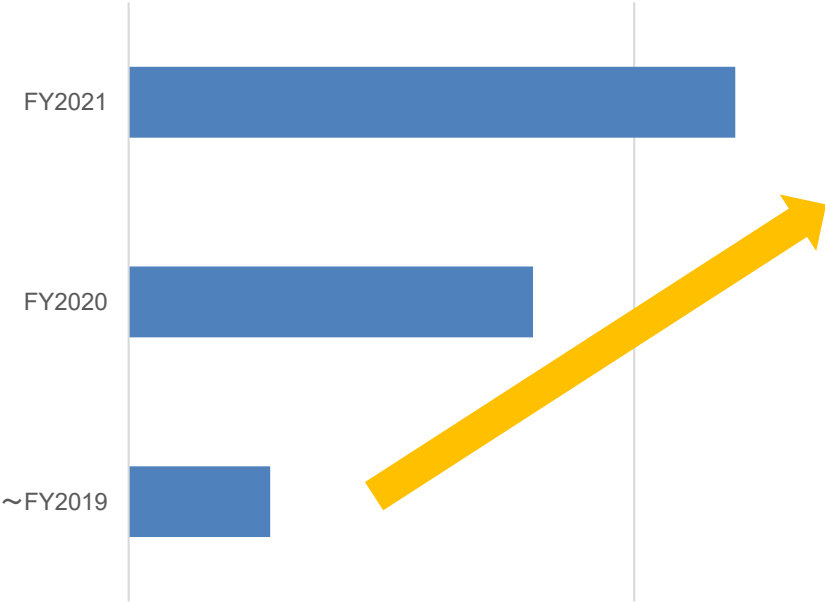


- Keep expanding MEMS Microphone business
- Start shipping of Ultrasonic Time of Flight (ToF) Sensors

Qualification plan: TMR and Hall Sensor

TMR Sensor

Number of approved programs



Steering
Torque and
Angle



BLDC Motor
Position

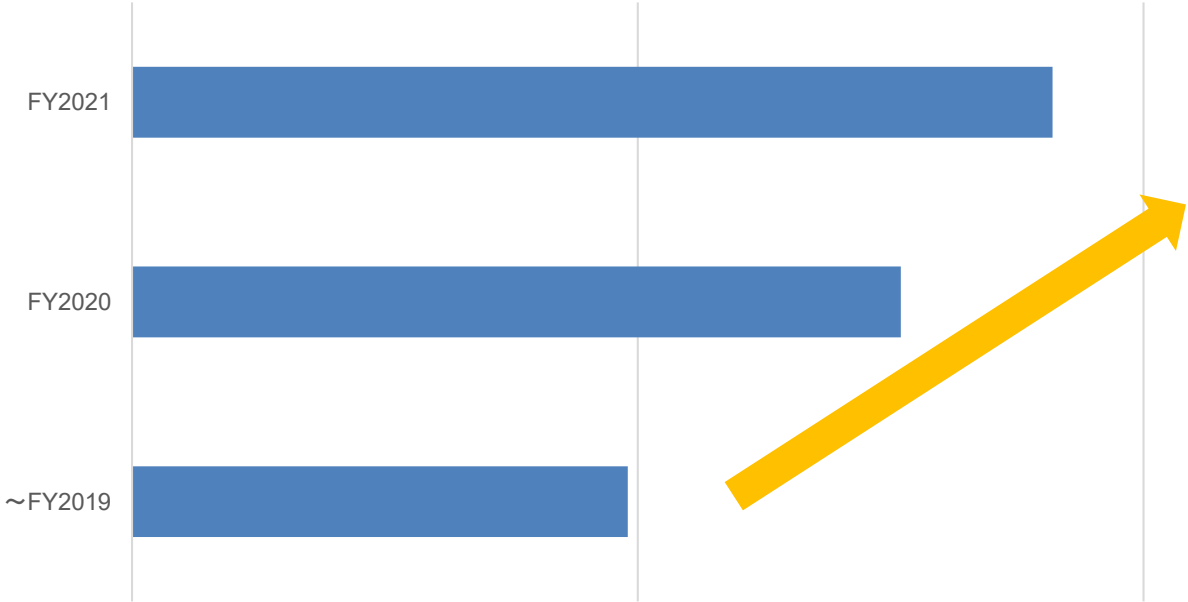


Robotics



2D/3D Hall Sensor

Number of approved programs



EGR



Transmission
Gear Sensors



Gear Shift
Position

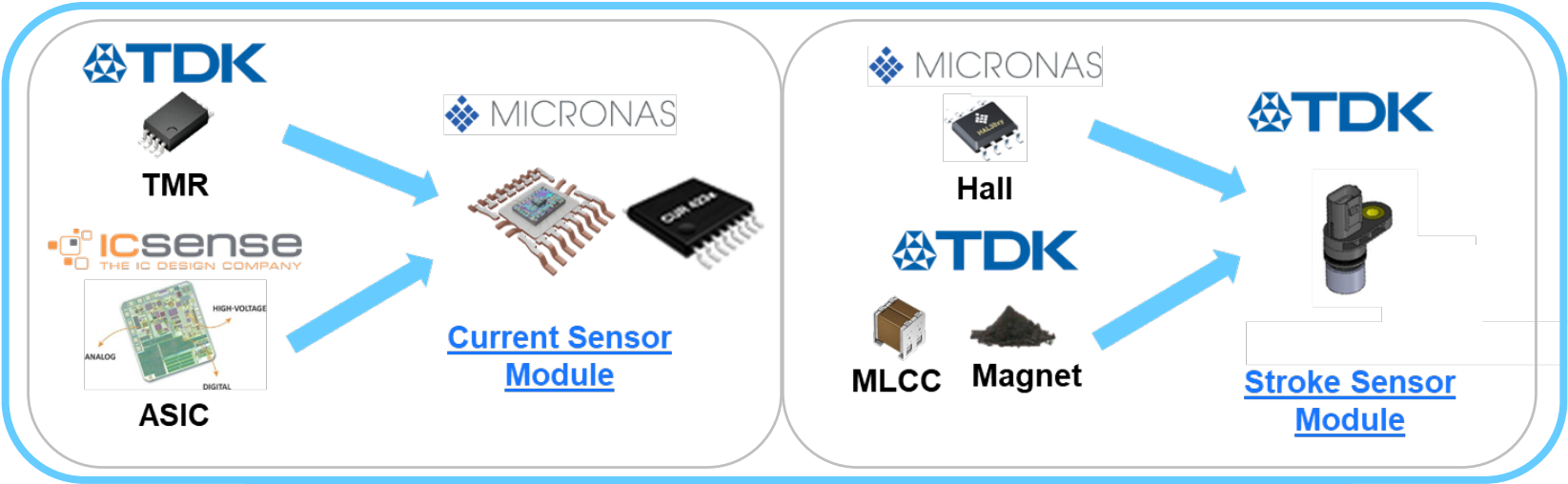


Pedal Position



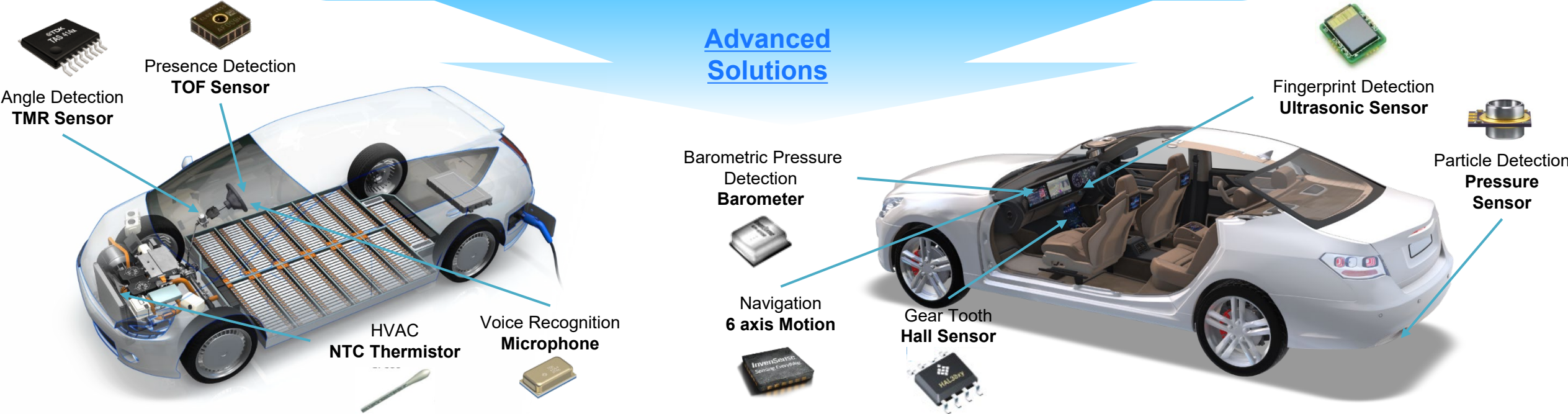
Integrated Sensing Solutions

Current
Sensor
Module



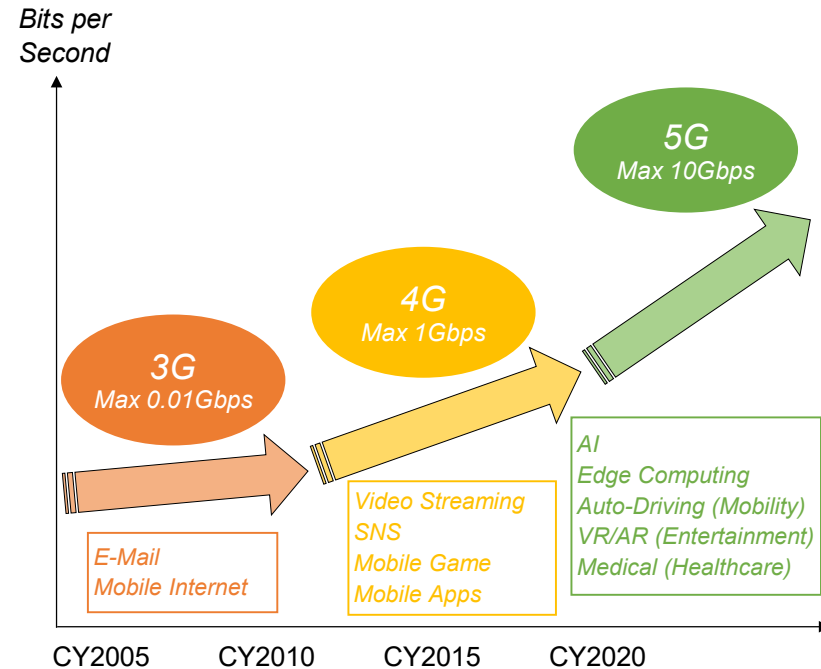
Stroke
Sensor
Module

Advanced Solutions

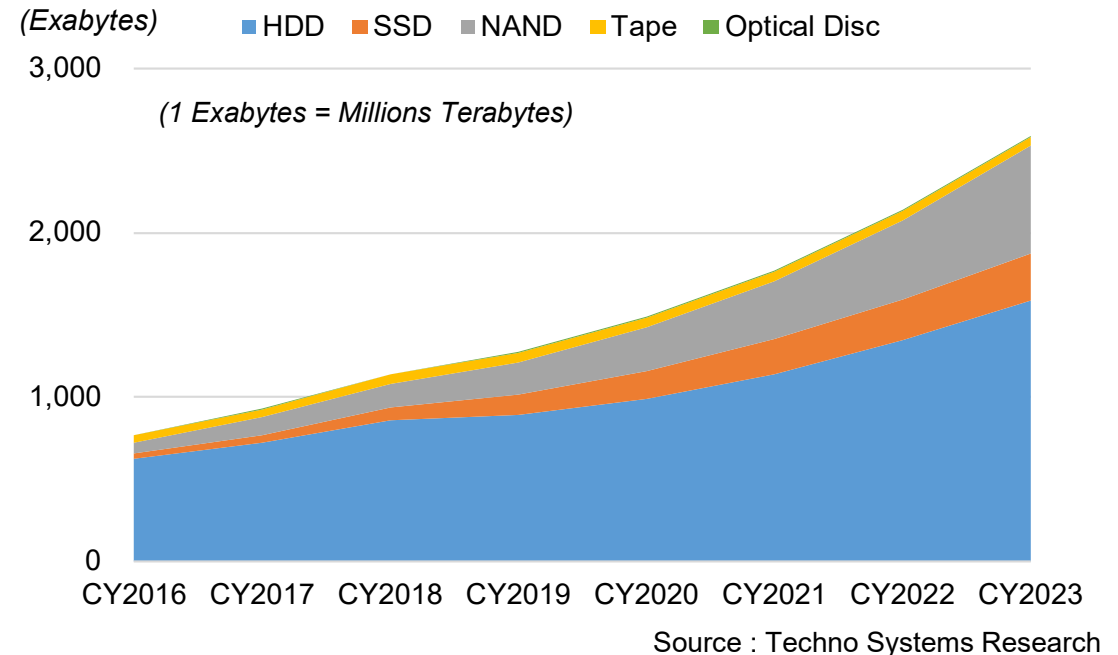


HDD Head: Worldwide Data & Storage Expansion

< Mobile Communication Network Transition >



< Storage Shipment Capacity (Yearly) >

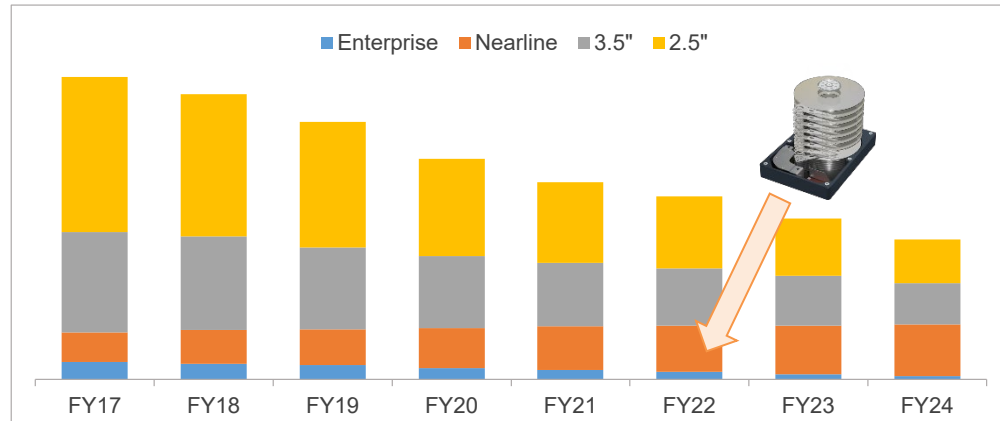


- The progress of communication network leads the data expansion in the world.
- Storage demand continues to increase with worldwide data growth and HDD will stay as main storage.

HDD Market Forecast & Roadmap

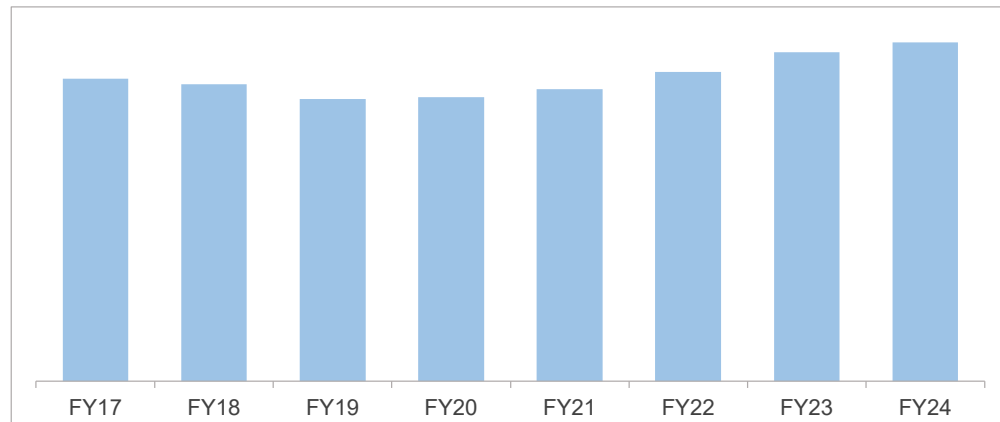
< WW HDD Demand Forecast >

Source : TDK Forecast



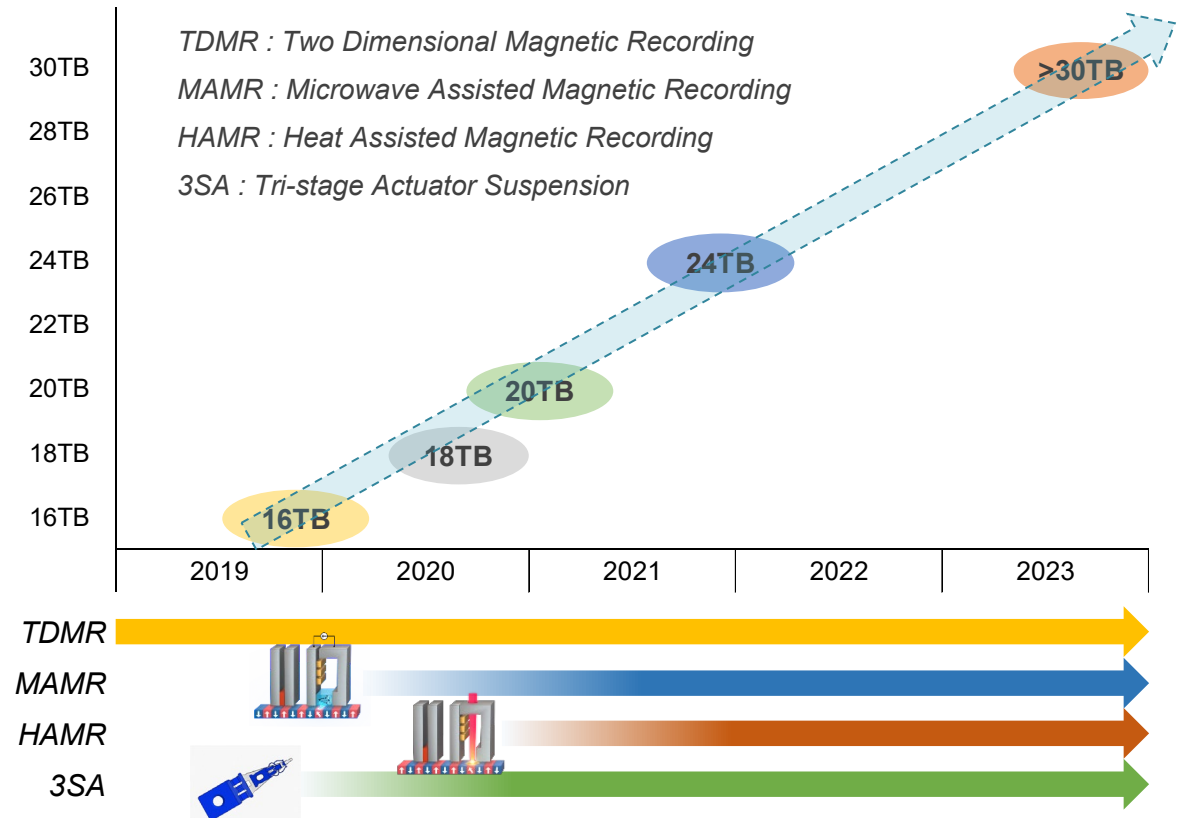
< WW HDD Head Demand Forecast >

FY20 : April 2019 ~ March 2020

























FY20 : April 2019 ~ March 2020

< HDD Technology & Capacity Roadmap >



- While HDD units are expected to decrease, HDD will survive in high capacity applications. Nearline HDD should lift up HDD Head demand. We are working for new technologies such as MAMR, HAMR and 3SA to realize further capacity increase.

Market trend for FY2021 (as of Nov.)

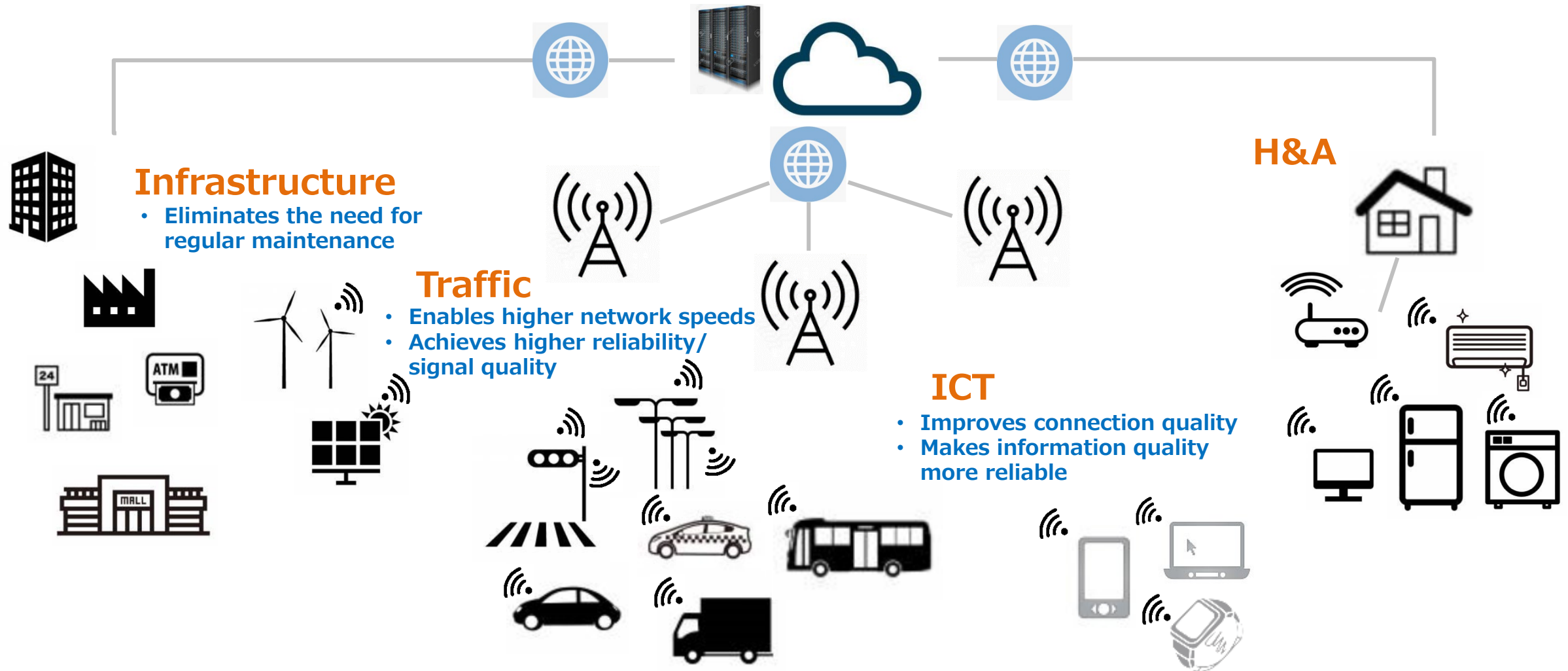
Economic outlook	FY2020 YoY	FY2021 YoY
GDP (Worldwide)	 (Recede)	 (Slightly improve)
Semi conductor market	 -12.1%	 +5.4%
Production Trend	FY2020 YoY	FY2021 YoY
Smartphone	 -1.1%	 +0.4%
5G Smartphone	 (New set)	 +570%
Cellular LPWA (M2M, IoT)	 +222%	 +65%
Automobile	 -6.1%	 +0.4%
xEV	 +38%	 +53%
Telematics (eCall)	 +1%	 +16%
EV Station (DC Fast Charging)	 +35%	 +19%
Photovoltaics	 +18%	 +8%
TWS (True Wireless Stereo)	 +53%	 +41%

Passive Components Strategy

Shigeki Sato
CEO of Electronic Components
Business Company

Impact from the Spread of 5G

5G will connect all infrastructure and devices, providing services and utilizing massive quantities of data



A world where everything is connected

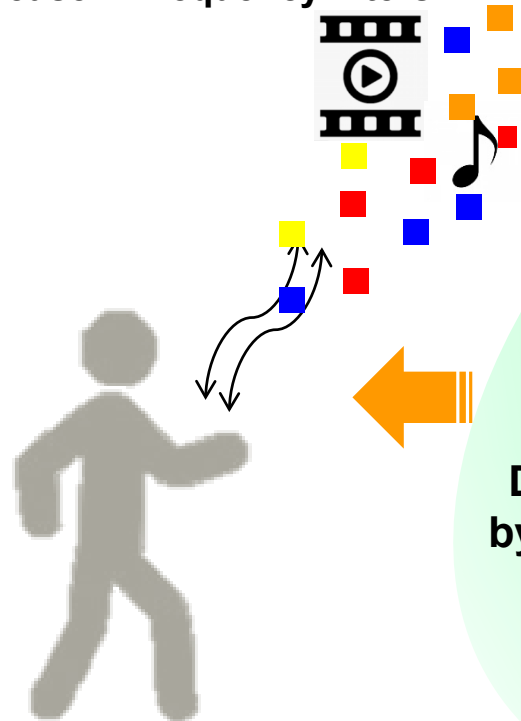
→ Increase in demand for electronic components

5G

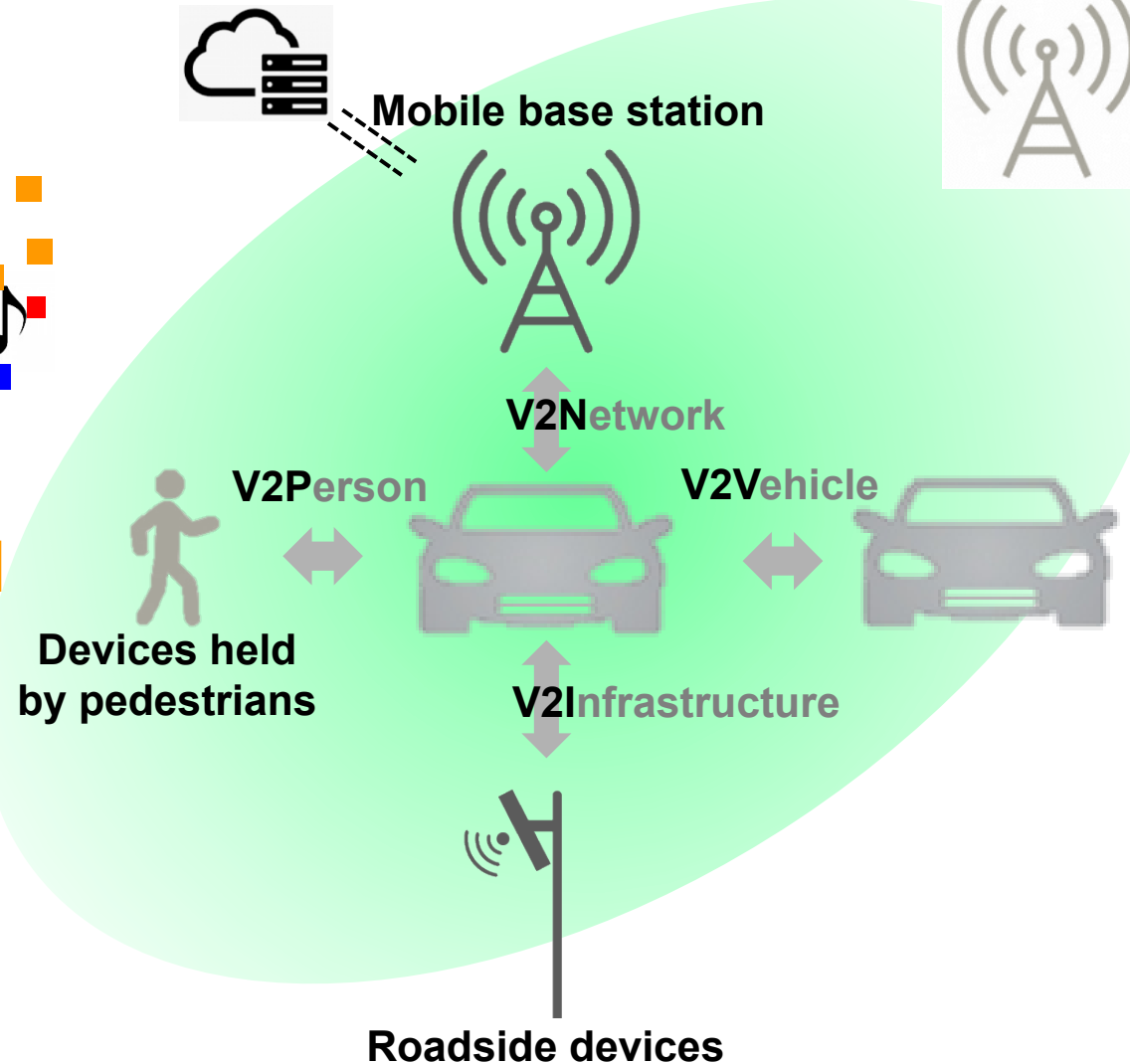
Full launch of 5G

Increase in frequency bands

→ Increase in frequency filters



V2X



Autonomous Driving

More electronic control units (ECU) installed in cars, connecting them to the network

→ Increase in interface filters

