

Attracting Tomorrow



Performance Briefing Fiscal Year March 2021

TDK Corporation
Corporate Communications Group
April 28, 2021

- **Consolidated Results for FY March 2021**
Tetsuji Yamanishi, Executive Vice President
- **Consolidated Full Year Projections for FY March 2022**
Shigenao Ishiguro, President & CEO

Consolidated Results for FY March 2021

Tetsuji Yamanishi
Executive Vice President

Key points concerning earnings for FY March 2021

Demand for electronic components continued to recover due to the resumption of social and economic activities as well as production activities from the second quarter, despite a slowdown in the global economy as a result of the conflict between the U.S. and China and the COVID-19 pandemic.

Demand related to digital transformation (DX) and energy transformation (EX) expanded more than initial expectations, and both net sales and operating income reached record highs.*

- **Net sales increased 8.5% year on year. Operating income increased 13.9% year on year.**

- Orders for the automotive market, which had recovered rapidly during 2Q, remained strong, resulting in an increase centered in sales of Passive Components.
- As for sales to the ICT market, DX-related demand was brisk. Sales of Rechargeable Batteries, Passive Components, and Sensors increased for PCs, tablets, and 5G smartphones.
- TDK implemented the short-term earnings improvement measures in response to COVID-19 pandemic, as well as measures to enhance asset efficiency, including business site restructuring, looking ahead to the expected changes in demand trends.

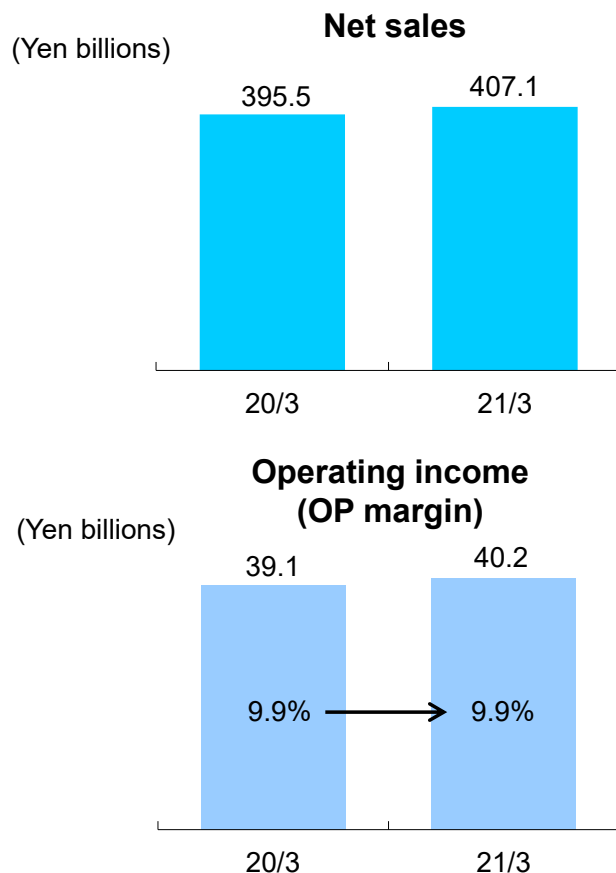
*Operating income is compared on the basis excluding a gain on sale of business recorded in FY March 2017.

Consolidated full year results for FY March 2021

(Yen billions)		FY March 2020 full year results	FY March 2021 full year results	Change	
				Yen billions	%
Net sales		1,363.0	1,479.0	116.0	8.5
Operating income		97.9	111.5	13.6	13.9
Operating income margin		7.2%	7.5%	+0.3 pt	-
Income before income taxes		95.9	121.9	26.0	27.1
Net income		57.8	79.3	21.5	37.2
Earning per share (JPY)		457.47	628.08	-	-
Ex-rate	US\$ (JPY)	108.82	106.05	Appreciated by 2.5%	
	EURO (JPY)	120.92	123.67	Depreciated by 2.3%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 21.7 billion Yen Operating income : Decreased by about 8.1 billion Yen			

FY March 2021 results

- Passive Components segment



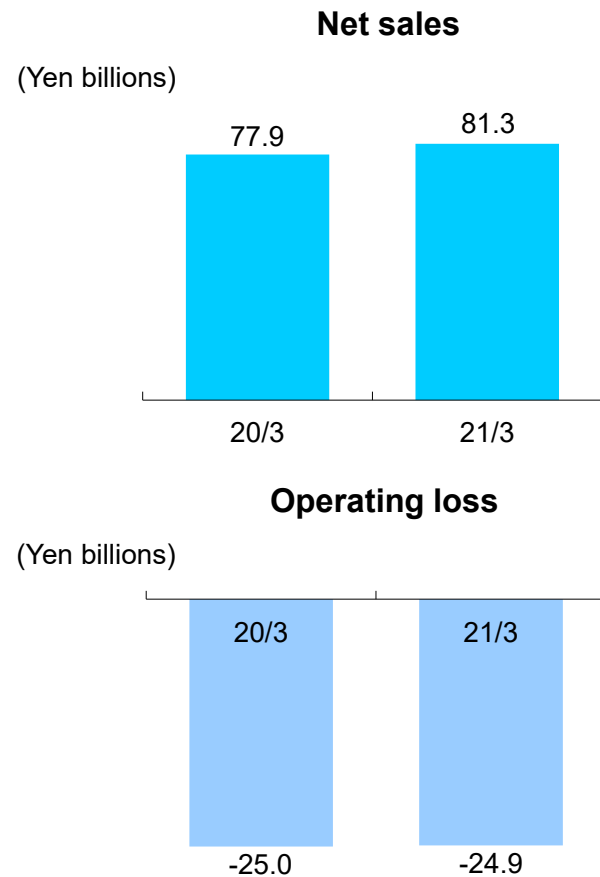
20/3: FY March 2020

Net sales 407.1 billion yen (up 2.9% year on year)
Operating income 40.2 billion yen (up 2.8% year on year)

- **Ceramic Capacitors**
 - ▮ Sales increased and profit decreased year on year.
 - ▮ Sales increased to the automotive.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
 - ▮ Sales increased and profitability improved year on year.
 - ▮ Sales increased to the industrial equipment market.
- **Inductive Devices**
 - ▮ Sales and profit increased year on year.
 - ▮ Sales increased to the ICT market while decreased to the industrial equipment market year on year.
- **High-Frequency Components**
 - ▮ Sales and profit increased year on year.
 - ▮ Sales increased to the ICT market.
- **Piezoelectric Material Products and Circuit Protection Components**
 - ▮ Sales and profit increased year on year.
 - ▮ Sales increased to the industrial equipment market.

FY March 2021 results

- Sensor Application Products segment



Net sales 81.3 billion yen (up 4.4% year on year)
Operating loss -24.9 billion yen (down —% year on year)

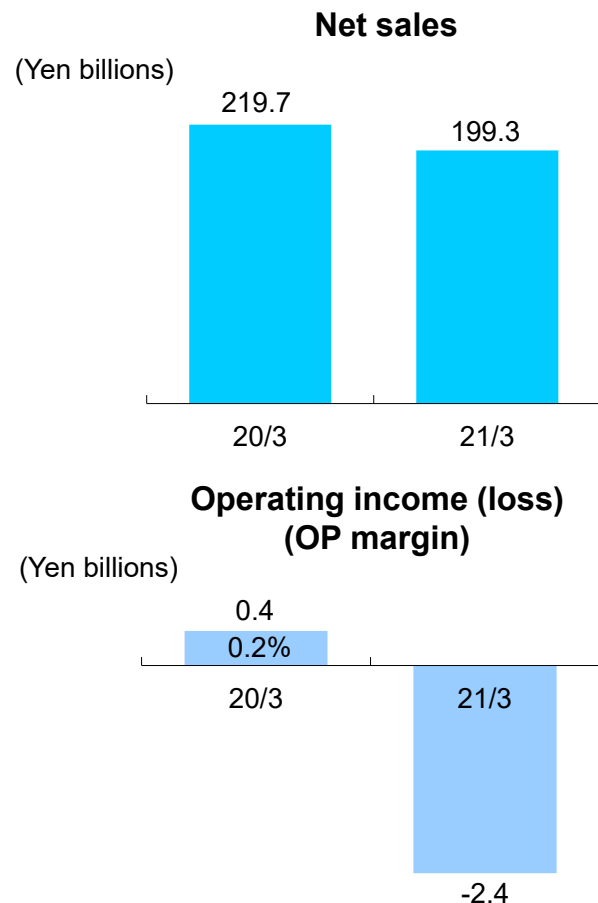
● Sensors

- In the first half of the year, sales decreased year on year, reflecting a sharp drop in sales to the automotive market. In the second half, sales increased significantly due to the recovery of demand and the expansion of the customer base and the application base, resulting in record sales in the fourth quarter.
- Although one-time expenses were recorded in the fourth quarter, profit improved due to the enhanced efficiency of development costs as well as the effects of cost improvement measures.
- Earnings from TMR Sensors rose, driven by dramatic growth in sales to the ICT market.
- Sales of MEMS sensors increased, owing to the expansion of the customer base for motion sensors and the launch of new businesses for MEMS microphones.

20/3: FY March 2020

FY March 2021 results

- Magnetic Application Products segment



20/3: FY March 2020

Net Sales 199.3 billion yen (down 9.3% year on year)
Operating loss -2.4 billion yen (up —% year on year)

- **HDD Heads and HDD Suspension Assemblies**

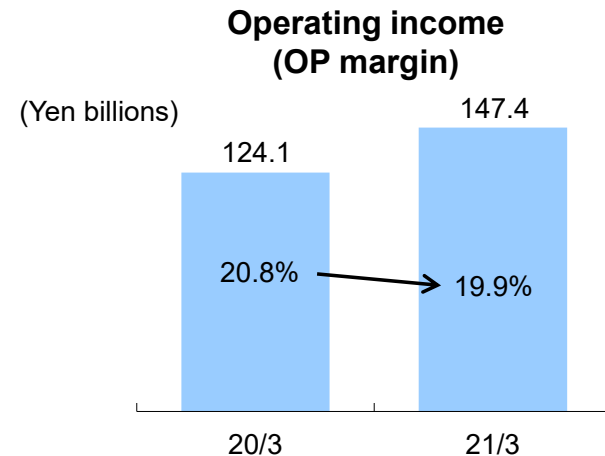
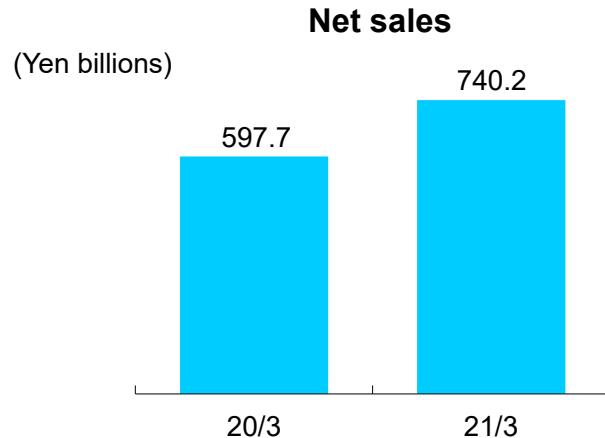
- Sales and profit of HDD heads decreased significantly year on year due to the plant closures (lockdowns) of a major customer, and the earnings of the Magnetic Application Products segment worsened as a whole.
- Sales and profit of HDD suspension assemblies increased year on year due to the sales expansion of μ DSA.

- **Magnets**

- Sales decreased year on year, reflecting a decline in sales to the automotive market. The amount of loss diminished due to a decrease in one-time expenses.

FY March 2021 results

- Energy Application Products segment



20/3: FY March 2020

Net sales 740.2 billion yen (up 23.8% year on year)
Operating income 147.4 billion yen (up 18.8% year on year)

- **Energy Devices (Rechargeable Batteries)**

- ▮ Sales and profit increased year on year. Profit increase rate declined slightly due to upfront investments for the launch of new power cell products.
- ▮ Sales for mobile applications (smartphones, tablets, notebook PCs) performed strongly, especially sales for tablets and notebook PCs increased dramatically.
- ▮ Sales for game consoles and sales of mini cell products increased.
- ▮ Sales of power cell products expanded mainly for residential energy storage systems and electric motorcycles.

- **Power Supplies**

- ▮ Sales and profit from power supplies for industrial equipment improved year on year.
- ▮ Sales declined for EV power supplies.

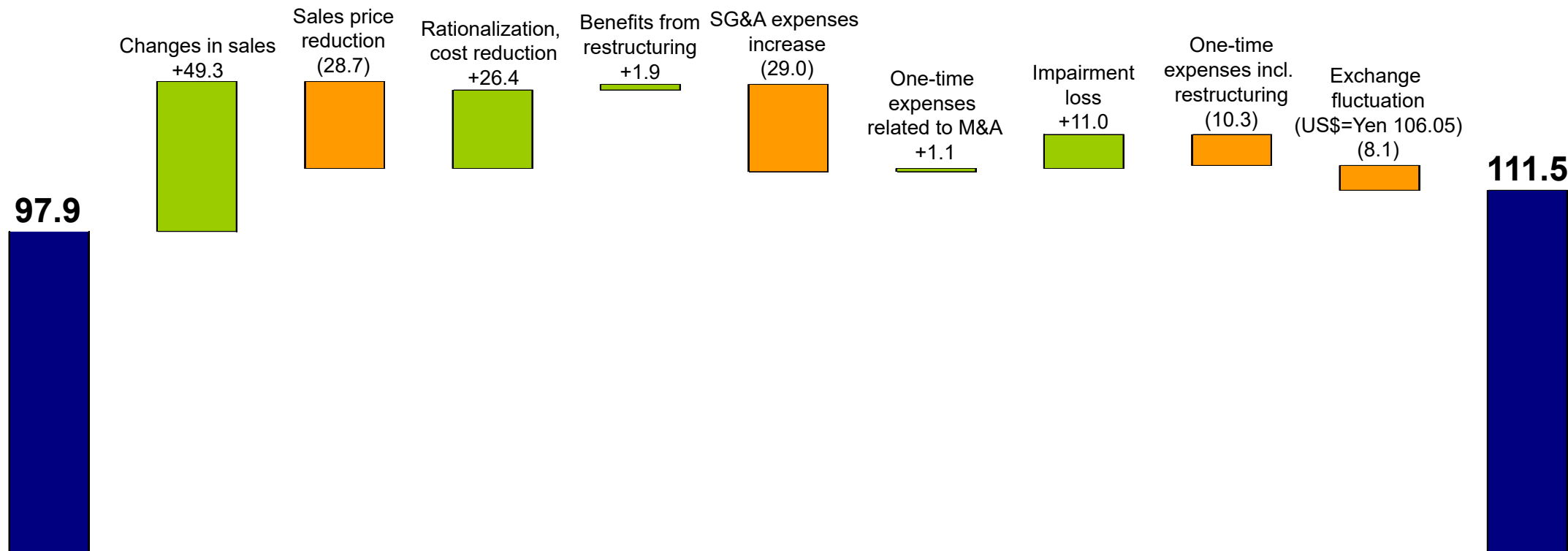
Breakdown of operating income changes

FY March 2020
97.9 billion yen

Operating income +13.6 billion yen

FY March 2021
111.5 billion yen

(Yen billions)



FY March 2021 quarterly results by segment

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(Yen billions)		4Q of FY March 2020 (A)	3Q of FY March 2021 (B)	4Q of FY March 2021 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	37.7	41.9	44.3	6.6	17.5	2.4	5.7
	Inductive Devices	33.0	39.0	39.0	6.0	18.2	0.0	0.0
	Other Passive Components	26.3	28.5	30.6	4.3	16.3	2.1	7.4
	Passive Components	97.0	109.5	113.9	16.9	17.4	4.4	4.0
	Sensor Application Products	18.7	23.0	23.9	5.2	27.8	0.9	3.9
	Magnetic Application Products	51.8	55.9	54.6	2.8	5.4	(1.3)	-2.3
	Energy Application Products	118.3	195.4	187.3	69.0	58.3	(8.1)	-4.1
	Other	14.5	11.9	12.5	(2.0)	-13.8	0.6	5.0
Total		300.4	395.7	392.2	91.8	30.6	(3.5)	-0.9
Operating income	Passive Components	6.7	13.4	9.5	2.8	41.8	(3.9)	-29.1
	Sensor Application Products	(7.0)	(4.1)	(8.5)	(1.5)	-	(4.4)	-
	Magnetic Application Products	(11.5)	4.2	(4.1)	7.4	-	(8.3)	-
	Energy Application Products	14.7	42.8	25.0	10.3	70.1	(17.8)	-41.6
	Other	(5.8)	(3.0)	(8.3)	(2.5)	-	(5.3)	-
	Sub total	(3.0)	53.3	13.6	16.6	-	(39.7)	-74.5
	Corporate and eliminations	(8.4)	(8.2)	(9.5)	(1.1)	-	(1.3)	-
	Total	(11.4)	45.1	4.1	15.5	-	(41.0)	-90.9
Operating income margin		-	11.4%	1.0%	- pt	-	-10.4 pt	-
Ex-rate	US\$ (JPY)	109.05	104.50	105.87				
	EURO (JPY)	120.32	124.46	127.75				

Consolidated Full Year Projections for FY March 2022

Shigenao Ishiguro
President & CEO

Key points concerning projections for FY March 2022

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● Market forecast

- ↪ The world economy will shift from negative growth to positive growth (W/W: -3.3%/FY2021 → 6.0%/FY2022).
- ↪ Although the risk of the conflict between the U.S. and China and the COVID-19 pandemic remains, production activities will continue to recover as a result of COVID-19 vaccines and economic stimulus measures.
- ↪ Production of automobiles and smartphones is expected to increase year on year, while production of PCs and tablets is expected to be at the same level as the previous fiscal year.
- ↪ Demand for high-power rechargeable batteries will expand as a result of the spread of electric mobility and the promotion of a shift to renewable energy.

● In fiscal 2022, the trends of DX / EX are expected to accelerate, and TDK will need to accelerate efforts to firmly grasp these trends.

Actively make investments toward achieving further growth of core businesses and promote organizational and system development.

- ↪ Growth investment : Rechargeable batteries (full-scale launch of power cell business, expansion of Indian market)
Passive components (expansion of production capacity for xEVs, ADAS, and 5G-related products)
Heads and suspension assemblies (market launch of new technologies, expansion of suspension application products)
- ↪ Sensor business : Accumulate positive results of ongoing sales expansion measures and improve profitability significantly)
- ↪ Organization and systems : Strengthen antenna functions (establishment of a new corporate marketing function)
Shorten time to market (manufacturing and sales integrated Business Company)
Enhance manufacturing strengths and promote sustainability management

● Shareholder returns

- ↪ Increase dividend forecast by 10 yen to 190 yen per year

Market forecast of FY March 2022

Production Trend (Unit: Mil. unit)	FY2021	FY2022(Y o Y)
Automobile*	79	83 (+5%)
<i>therein</i> xEV	5.7	6.9 (+21%)
Smartphone	1,349	1,369 (+1%)
<i>therein</i> 5G Smartphone	300	470 (+57%)
HDD	250	243 (-3%)
<i>therein</i> Nearline	61	64 (+5%)
Notebook PC	214	212 (±0%)
Tablet	165	157 (-5%)

*The number of Automobile includes commercial vehicles.

Projections for FY March 2022

- Image of changes in sales

(Yen billions)

Segment	FY March 2021 full year results	FY March 2022 full year projections (YoY change)
Passive Components	407.1	+4~+7%
Sensor Application Products	81.3	+22~+25%
Magnetic Application Products	199.3	+9~+12%
Energy Application Products	740.2	+8~+11%
Other	51.1	—
Total	1,479.0	1,600.0

Forex assumptions

US\$(JPY)
EURO(JPY)

106.05
123.67

105.00
124.00

FY March 2022 full year / dividend projections

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(Yen billions)		FY March 2021 full year results	FY March 2022 full year projections (announced on April 28, 2021)	YoY change	
				Yen billions	%
Net sales		1,479.0	1,600.0	121.0	8.2
Operating income		111.5	150.0	38.5	34.5
Operating income margin		7.5%	9.4%	+1.9 pt	-
Income before income taxes		121.9	150.0	28.1	23.1
Net income		79.3	100.0	20.7	26.1
Earning per share (JPY)		628.08	791.62	-	-
Dividends (JPY)		Interim : 90 Year-end : 90 Annual: 180	Interim : 95 Year-end : 95 Annual : 190	-	-
Ex-rate	US\$ (JPY)	106.05	105.00	-	
	EURO (JPY)	123.67	124.00	-	
Capital expenditure		212.4	300.0	87.6	41.2
Depreciation and amortization		140.3	160.0	19.7	14.0
Research and development		127.0	140.0	13.0	10.2

Supplementary Data

Financial position

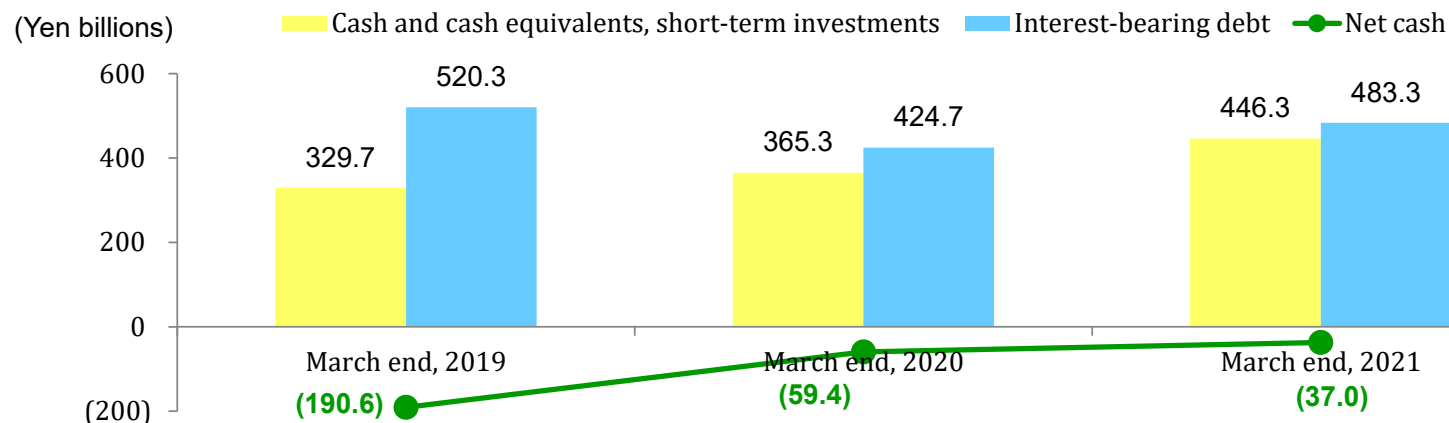
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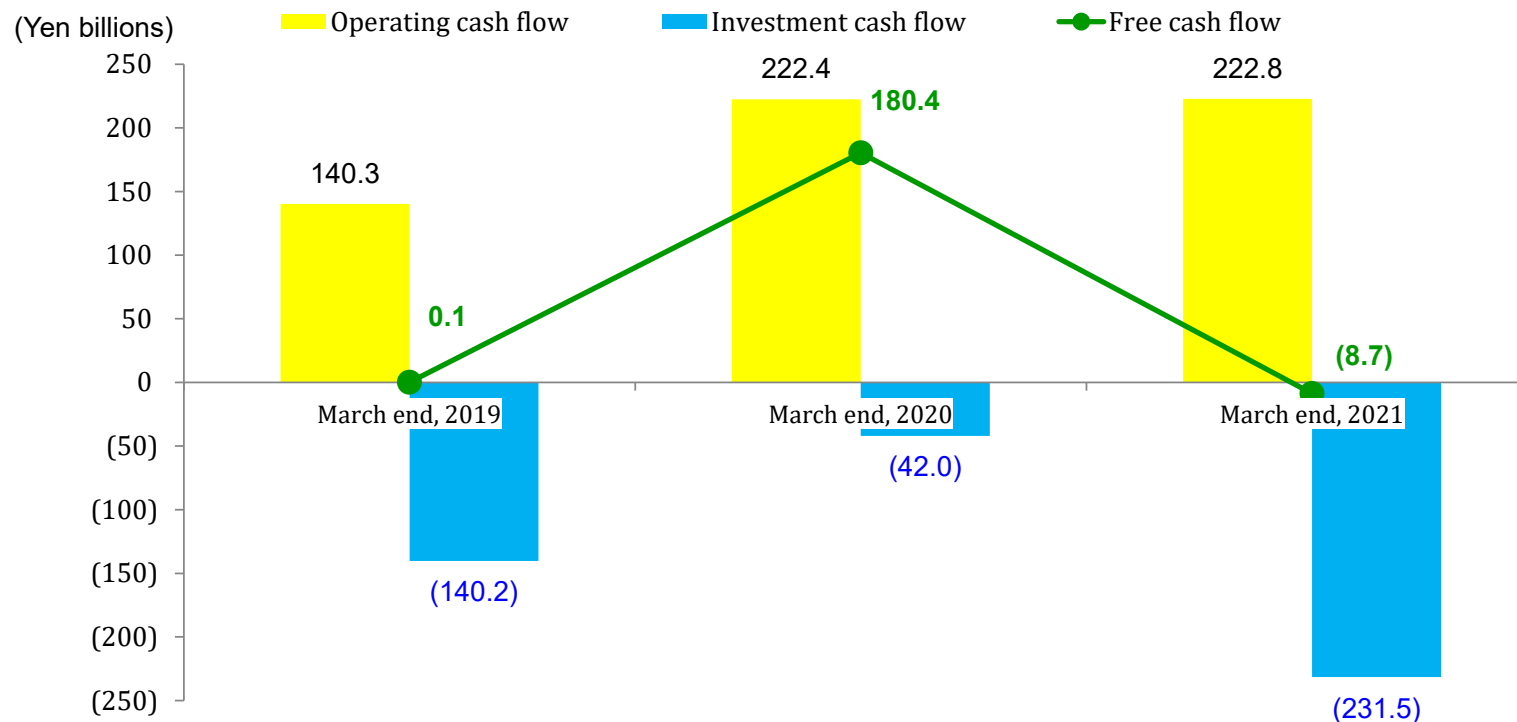
(Yen billions)	March end, 2019	March end, 2020	March end, 2021	Change 2020-2021
Total assets	1,992.5	1,943.4	2,401.4	458.0
Total liabilities	1,108.7	1,094.8	1,395.1	300.3
Stockholder's equity	877.3	844.0	1,003.5	159.5
(comprehensive income)	(124.4)	(190.1)	(82.7)	107.4
Stockholder's equity ratio	44.0%	43.4%	41.8%	-1.6 pt
Cash and cash equivalents, short-term investments, marketable securities	329.7	365.3	446.3	81.0
Interest-bearing debt (*1)	520.3	424.7	483.3	58.6
Net cash (*2)	(190.6)	(59.4)	(37.0)	22.4

*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)	March end, 2019	March end, 2020	March end, 2021	Change 2020-2021
Capital expenditures	173.6	173.4	212.4	39.0
Depreciation and amortization	106.6	125.0	140.3	15.3

Quarterly sales and operating income by segment

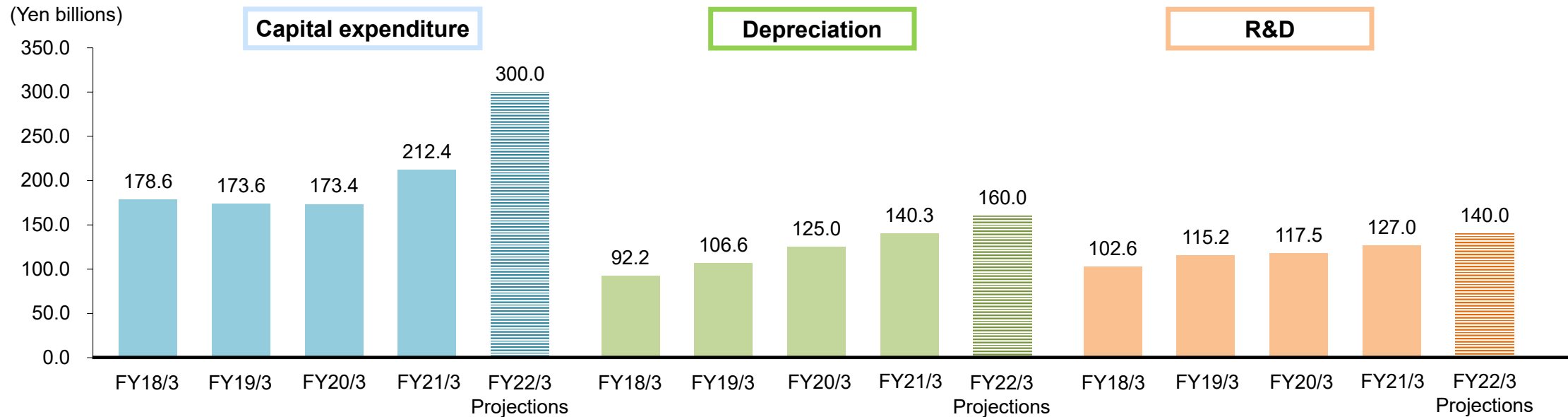
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(Yen billions)		FY March 2020					FY March 2021				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	39.3	39.6	37.3	37.7	153.9	33.3	38.6	41.9	44.3	158.2
	Inductive Devices	34.1	35.7	34.8	33.0	137.6	27.4	34.6	39.0	39.0	140.0
	Other Passive Components	24.8	26.6	26.3	26.3	104.0	23.6	26.2	28.5	30.6	109.0
	Passive Components	98.3	101.9	98.3	97.0	395.5	84.4	99.4	109.5	113.9	407.1
	Sensor Application Products	18.1	20.8	20.3	18.7	77.9	14.7	19.8	23.0	23.9	81.3
	Magnetic Application Products	55.5	54.5	57.9	51.8	219.7	38.3	50.4	55.9	54.6	199.3
	Energy Application Products	144.5	173.7	161.2	118.3	597.7	156.9	200.7	195.4	187.3	740.2
	Other	20.4	19.4	17.9	14.5	72.3	15.2	11.4	11.9	12.5	51.1
	Total	336.8	370.2	355.6	300.4	1,363.0	309.4	381.7	395.7	392.2	1,479.0
Operating income	Passive Components	10.3	11.4	10.6	6.7	39.1	7.7	9.7	13.4	9.5	40.2
	Sensor Application Products	(7.0)	(5.5)	(5.5)	(7.0)	(25.0)	(7.3)	(5.1)	(4.1)	(8.5)	(24.9)
	Magnetic Application Products	3.3	3.5	5.2	(11.5)	0.4	(3.8)	1.4	4.2	(4.1)	(2.4)
	Energy Application Products	26.5	42.5	40.5	14.7	124.1	31.3	48.3	42.8	25.0	147.4
	Other	0.3	(0.6)	(2.5)	(5.8)	(8.6)	(1.9)	(2.8)	(3.0)	(8.3)	(16.1)
	Sub total	33.4	51.2	48.4	(3.0)	130.0	26.0	51.5	53.3	13.6	144.3
	Corporate and eliminations	(8.4)	(7.3)	(8.0)	(8.4)	(32.2)	(7.6)	(7.5)	(8.2)	(9.5)	(32.7)
	Total	25.0	43.9	40.4	(11.4)	97.9	18.4	44.0	45.1	4.1	111.5
Ex-rate	US\$ (JPY)	110.10	107.39	108.74	109.05	108.82	107.61	106.23	104.50	105.87	106.05
	EURO (JPY)	123.57	119.48	120.34	120.32	120.92	118.45	124.06	124.46	127.75	123.67

FY March 2022 projections and forex sensitivity

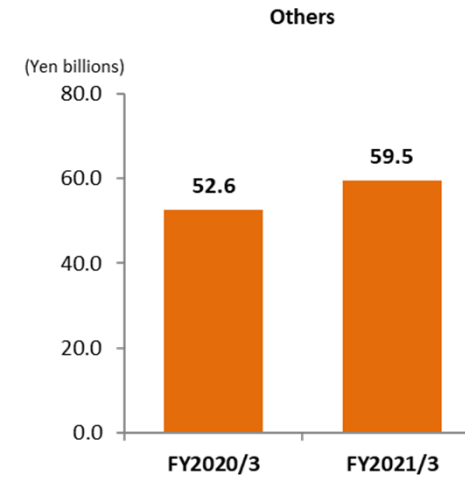
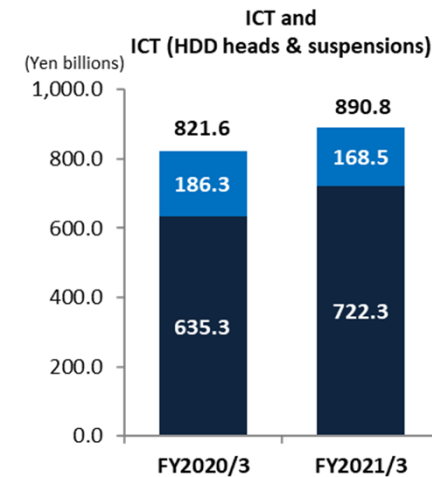
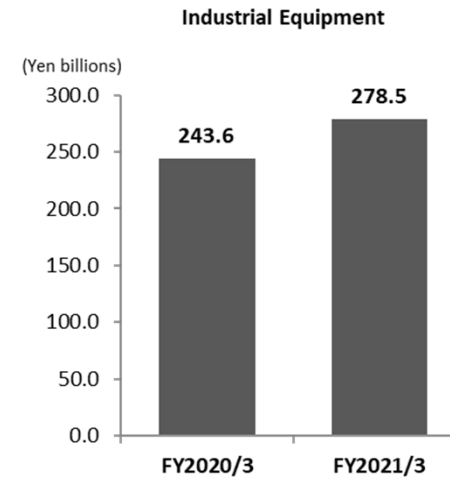
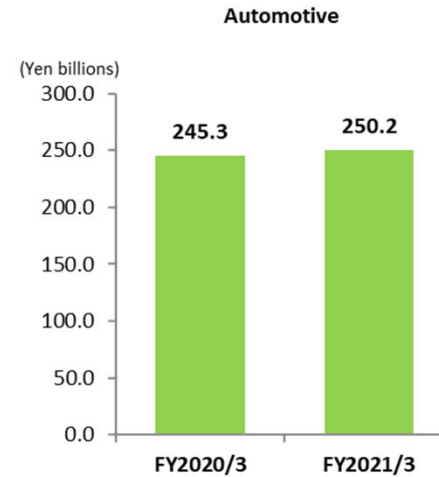
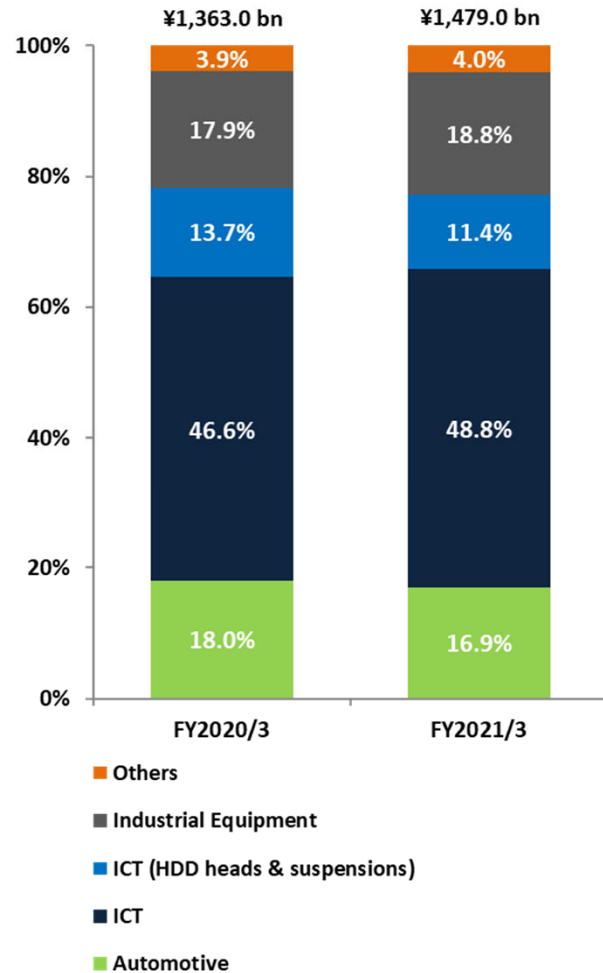
Expenses



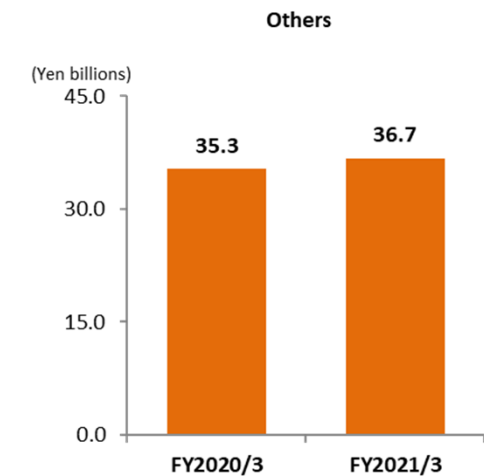
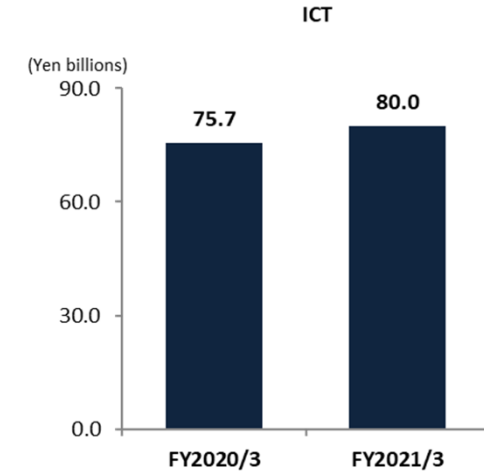
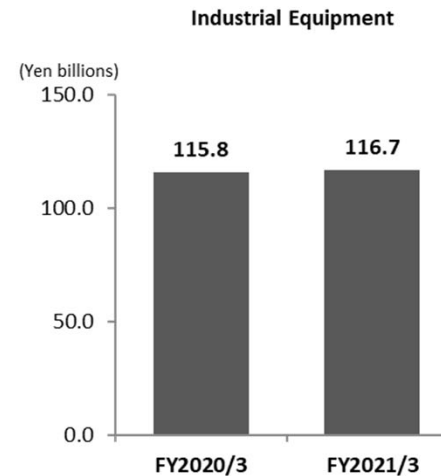
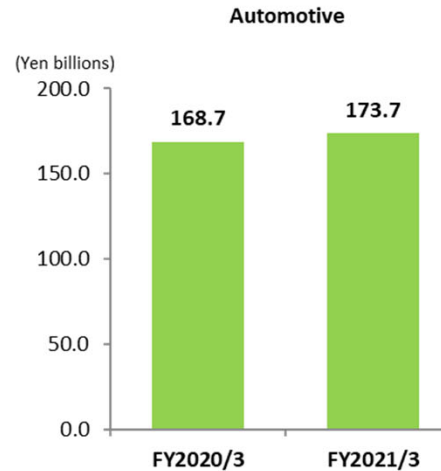
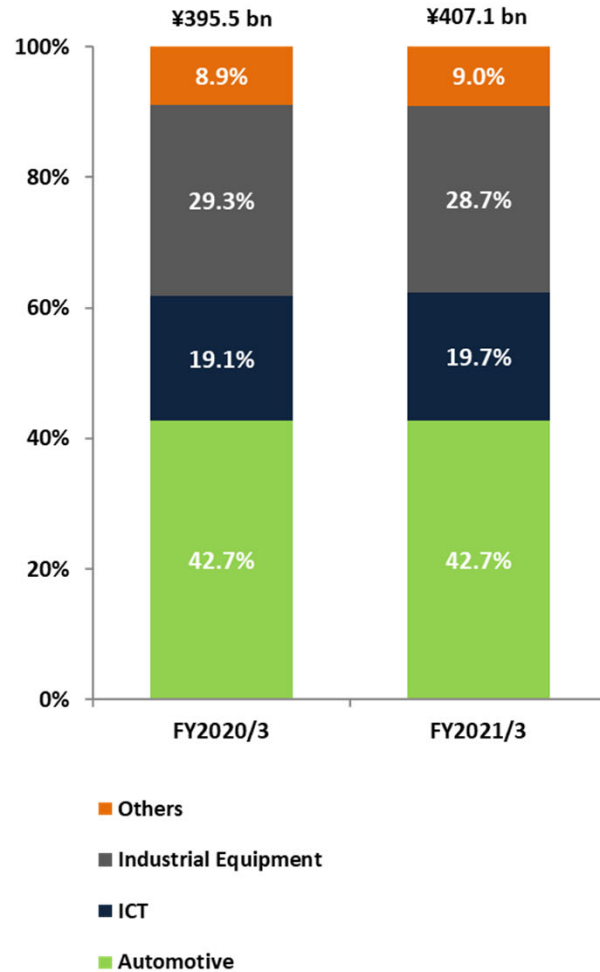
Forex sensitivity (impact by 1 (one) yen change)

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

Annual sales by markets (FY March 2020 - FY March 2021)

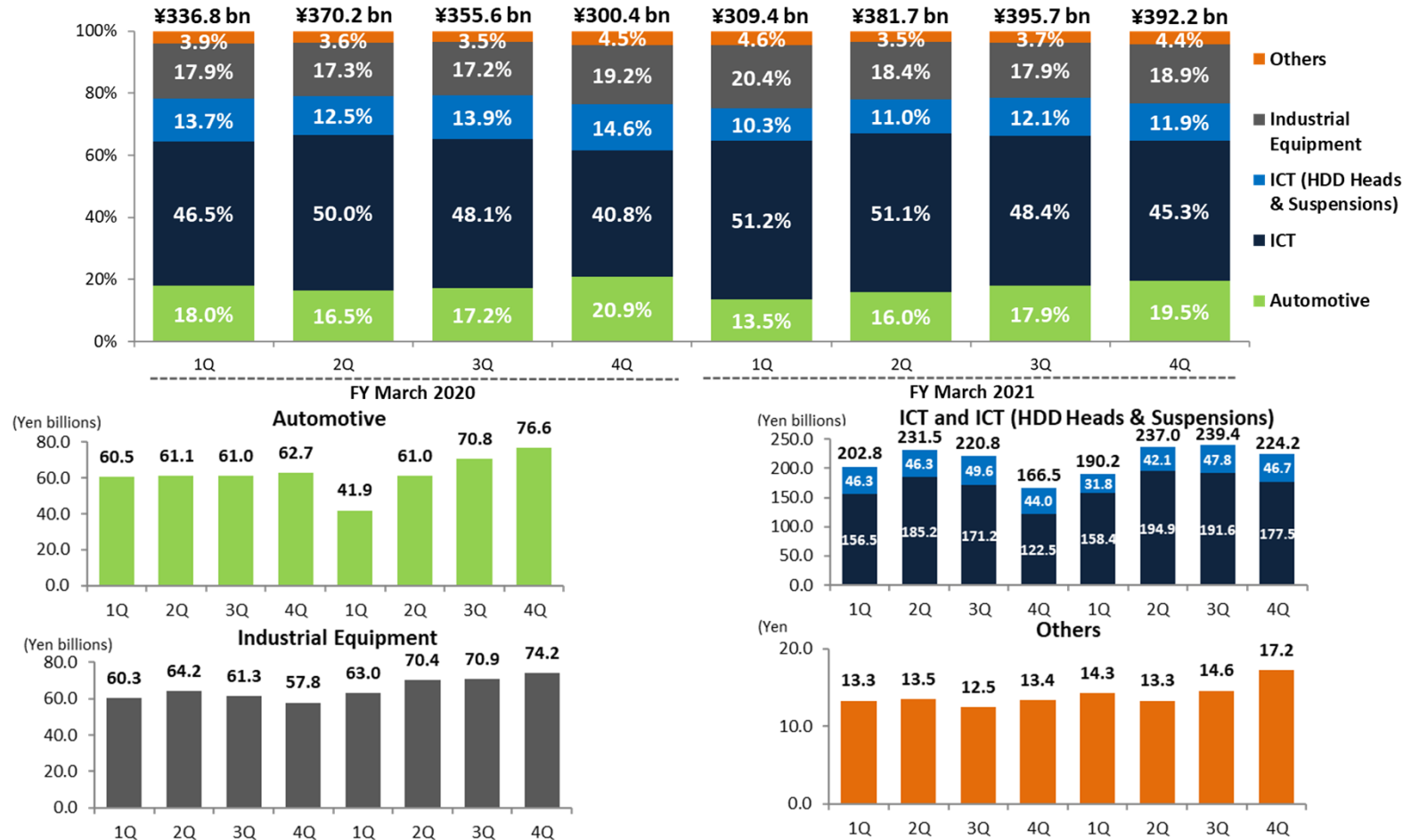


Passive Components business annual sales by markets (FY March 2020 - FY March 2021)



Quarterly sales by markets (FY March 2020 - FY March 2021)

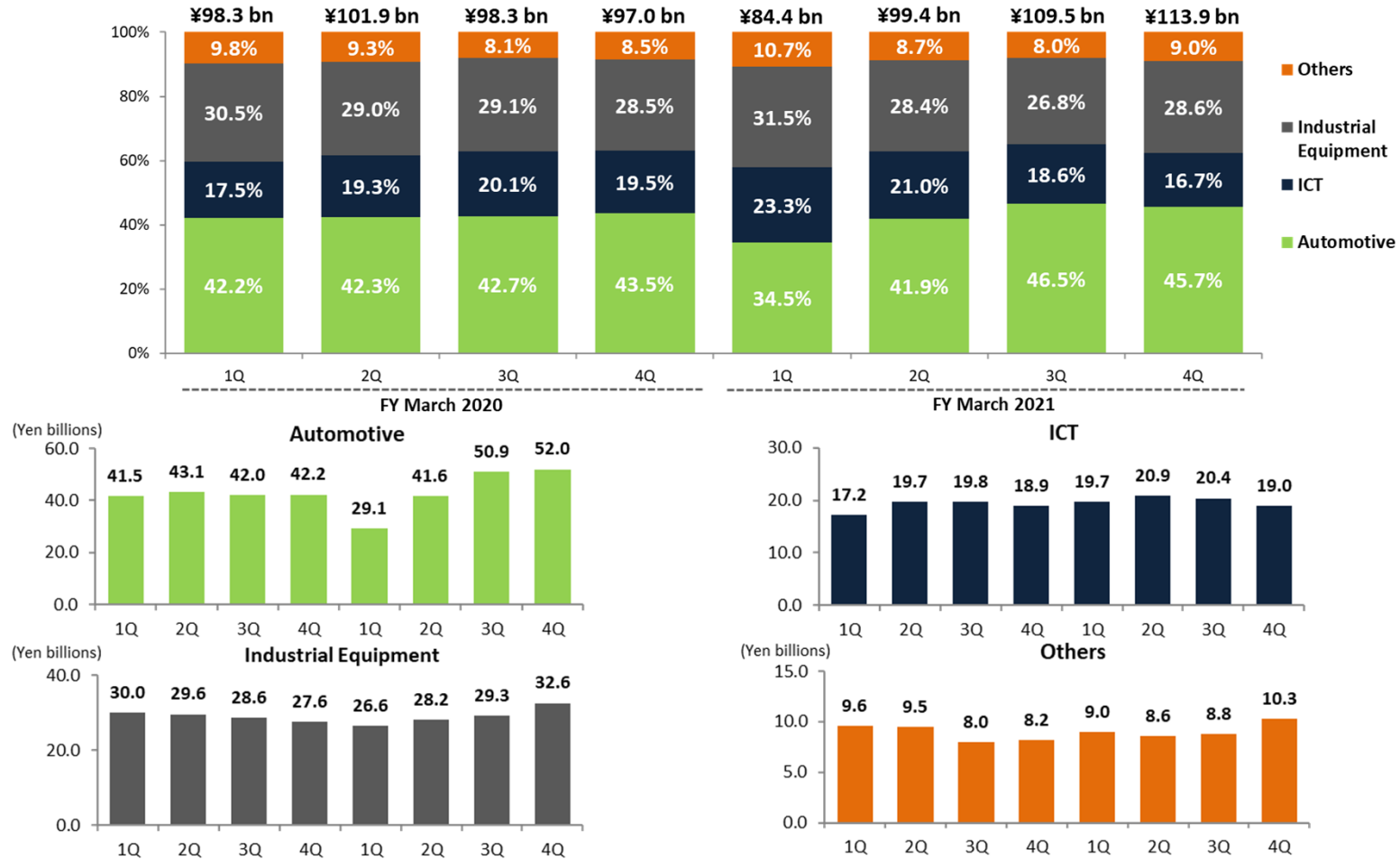
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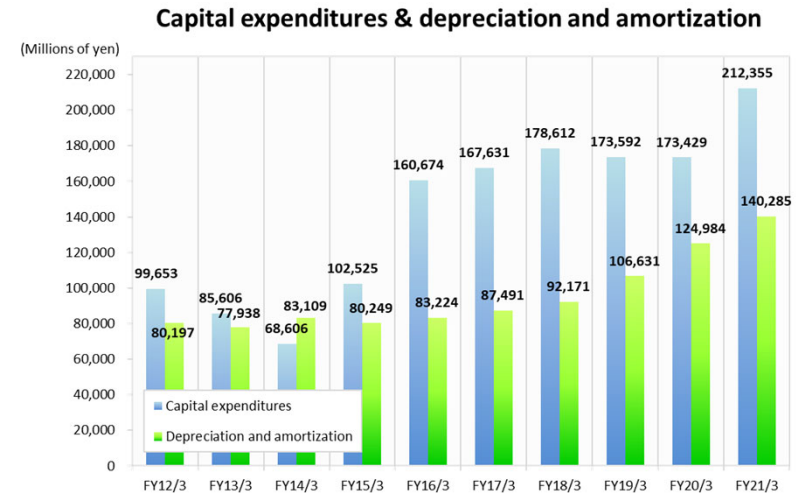
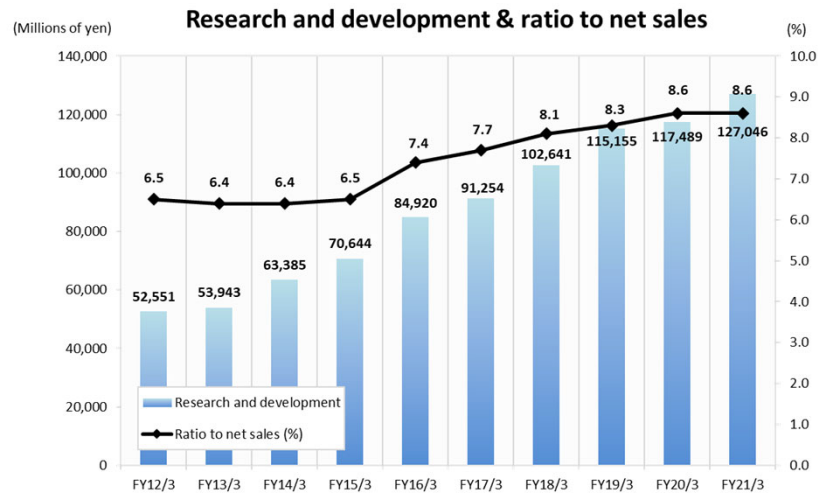
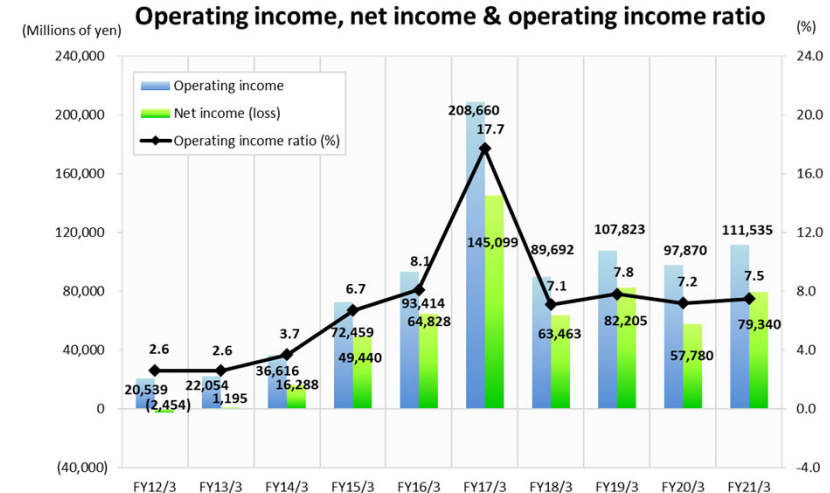
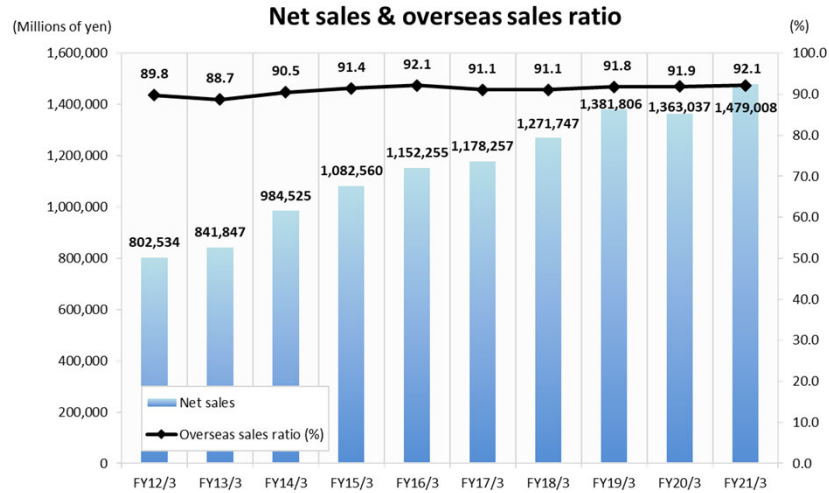
(Note) In accordance with the redefinition of markets in 1Q of FY2021, certain products of Others were reclassified into Automotive, ICT, and Industrial Equipment. The prior year's sales are also reclassified to conform to the new segmentation.

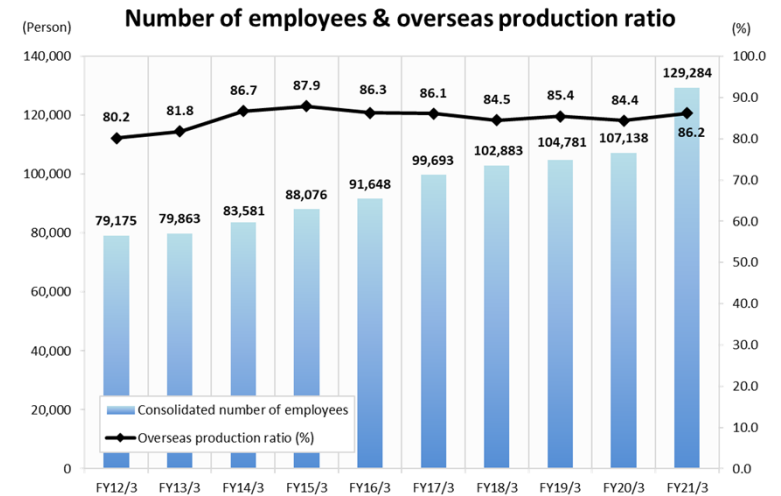
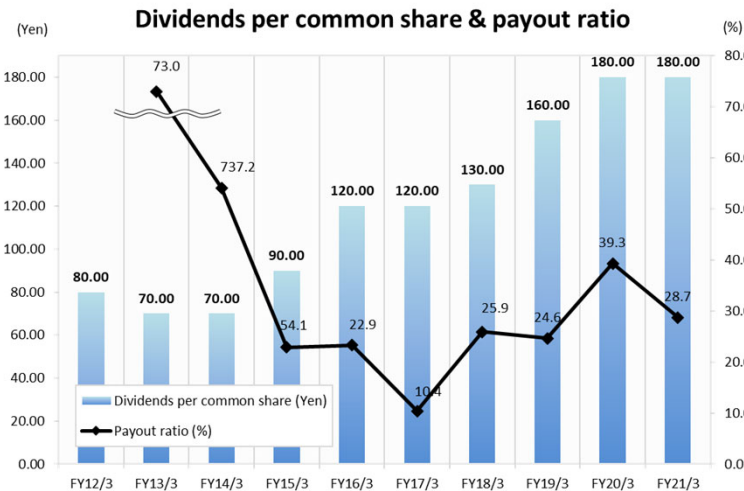
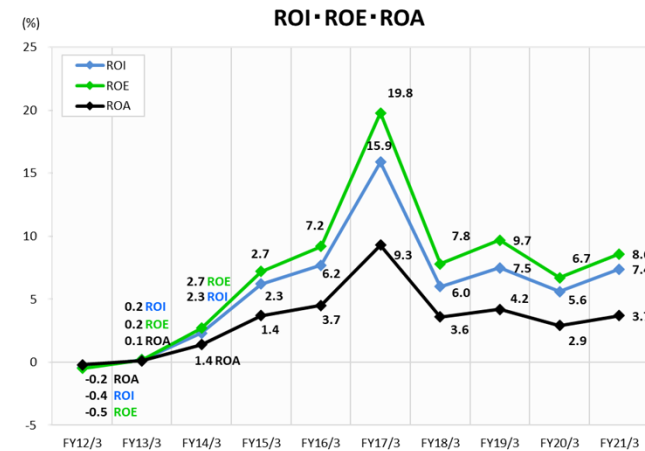
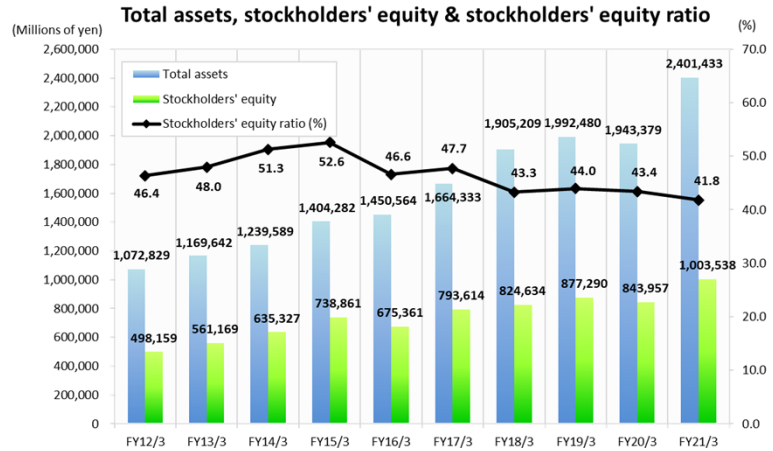
Passive Components business quarterly sales by markets (FY March 2020 - FY March 2021)

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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.





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.



Text data including Q&A of performance briefing will be uploaded on following site.
https://www.tdk.com/en/ir/ir_events/conference/2021/4q_1.html