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TDK. The electronic components company.

Performance Briefings First Half of Fiscal Year March, 2013

TDK Corporation October 31, 2012

◆ **Consolidated First Half Results of FY March, 2013**
Consolidated Full Year Projections of FY March, 2013

President and CEO Takehiro Kamigama

◆ **Consolidated 2Q Results of FY March, 2013**

Takakazu Momozuka

Corporate Officer,

General Manger of Finance & Accounting Department

◆ **Recording Device Business**

Shigenao Ishiguro

General Manager of Data Storage & Thin Film Technology

Components BG

**Consolidated First Half Results
of FY March, 2013
Consolidated Full Year Projections of
FY March, 2013**

**President and CEO, TDK Corporation
Takehiro Kamigama**

Consolidated First Half Results of FY March, 2013

(Yen billions)	FY March 2012 Results through 2Q (2011.4.1-2011.9.30)	FY March 2013 Results through 2Q (2012.4.1-2012.9.30)	Change	
			Yen billions	%
Net Sales	416.1	415.6	(0.5)	-0.1
Operating Income	14.5	20.4	5.9	40.9
Operating Income Margin	3.5%	4.9%	1.4 pt	-
Income from Continuing Operations before Income Taxes	11.4	18.3	6.9	60.7
Net Income	6.7	9.7	3.0	44.7
Earning Per Share (JPY)	Yen 52.09	Yen 77.25	-	-
Ex-rate	US\$	Yen 79.84	Yen 79.46	Appreciated by 0.5%
	EURO	Yen 114.00	Yen 100.72	Appreciated by 11.6%
Ex-rate impact to Net sales & Operating Income	Net sales : Lowered about 6.2 billion Yen Operating income : Lowered about 0.9 billion Yen			

※Discontinued operation (Display business) were deducted in above results

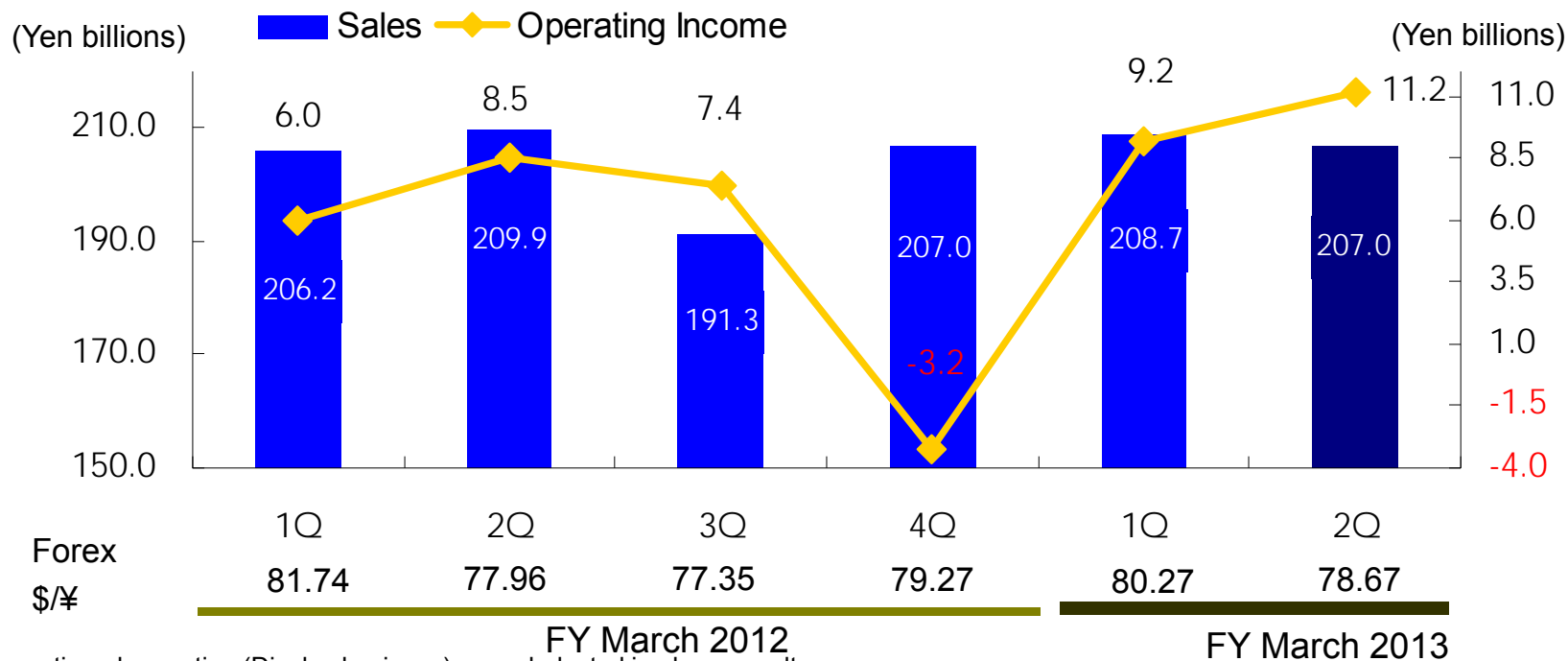
Features in First Half Results of FY March 2013



◆ Consolidated sales decreased 0.1%, operating income increased 40.9%

- Sales of recording devices were below our expectations due to slowdown of HDD market
- Sales increase for communications market in passive components business were below our expectations
- TDK booked an insurance payout of about ¥5.4 billion as operating income related to flooding in Thailand occurred in 2011
- Steady progress in restructuring for profitability improvement

● Quarterly sales and operating income results



※Discontinued operation (Display business) were deducted in above results

Full Year Projections of FY March 2013



Revised full year projections based on change in business environment and first half results

(Yen billions)	Projections (As of Apr. 27)	First Half Results	Projections (As of Oct. 31)
Net sales	900.0	415.6	850.0
Operating Income	57.0	20.4	41.0
Income before income taxes	53.0	18.3	37.0
Net Income	40.0	9.7	20.0

Average yen exchange rates forecast from 3Q of FY March 2013 onward

US\$: ¥77 (same as previous assumption)

EURO: ¥100 (previous assumption : ¥95)

Revised full year projections based on change in business environment and first half results

(Yen billions)	Projections (As of Apr. 27)	First Half Results	Projections (As of Oct. 31)
Capital expenditures	85.0	44.0	80.0
Depreciation and amortization	82.0	36.2	78.0
Research and development	53.0	25.9	51.0

◆ Dividend forecast per a common share

Interim dividend 40 yen

Year-end dividend 40 yen (forecast)

Annual dividend 80 yen (forecast)

TDK has revised the year-end dividend forecast to 40 yen from 50 yen, based on the revision of the consolidated projections for the Fiscal Year March 2013 as well as on the fundamental policy for distribution of earnings.

Focus on improving profitability with thorough cost management

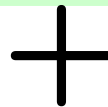
●Reliable execution of structural reforms

- ✓Structural reform effect to be realized in center of passive components business

●Review of capital expenditure and research and development expenses

- ✓Capital expenditure temporarily frozen. To review investment plan.

●Thorough cost down in material purchasing and overhead



●Expansion in passive components business

- ✓Expand our customer base and increase sales of high-frequency components
- ✓Expand sales of new products such as thin-film components

Consolidated 2Q Results of FY March, 2013

**Takakazu Momozuka
Corporate Officer,
General Manager of Finance & Accounting Department**

Consolidated 2Q Results of FY March, 2013



(Yen billions)	FY March 2012 2Q Results (2011.7.1-2011.9.30)	FY March 2013 2Q Results (2012.7.1-2012.9.30)	Change	
			Yen billions	%
Net Sales	209.9	207.0	(2.9)	-1.4
Operating Income	8.5	11.2	2.7	31.8
Operating Income Margin	4.0%	5.4%	1.4 pt	-
Income from Continuing Operations before Income Taxes	7.7	9.5	1.8	22.9
Net Income	4.3	5.3	1.0	22.3
Earning Per Share (JPY)	Yen 33.30	Yen 41.74	-	-
Ex-rate	US\$	Yen 77.96	Yen 78.67	Deppreciated by 0.9%
	EURO	Yen 110.42	Yen 98.28	Appreciated by 11.0%
Ex-rate impact to Net sales & Operating Income	Net sales : Lowered about 1.1billion Yen Operating income : Lowered about 0.2 billion Yen			

※Discontinued operation (Display business) were deducted in above results

Segment Information (FY2012 2Q vs. FY2013 2Q, FY2013 1Q vs. FY2013 2Q)



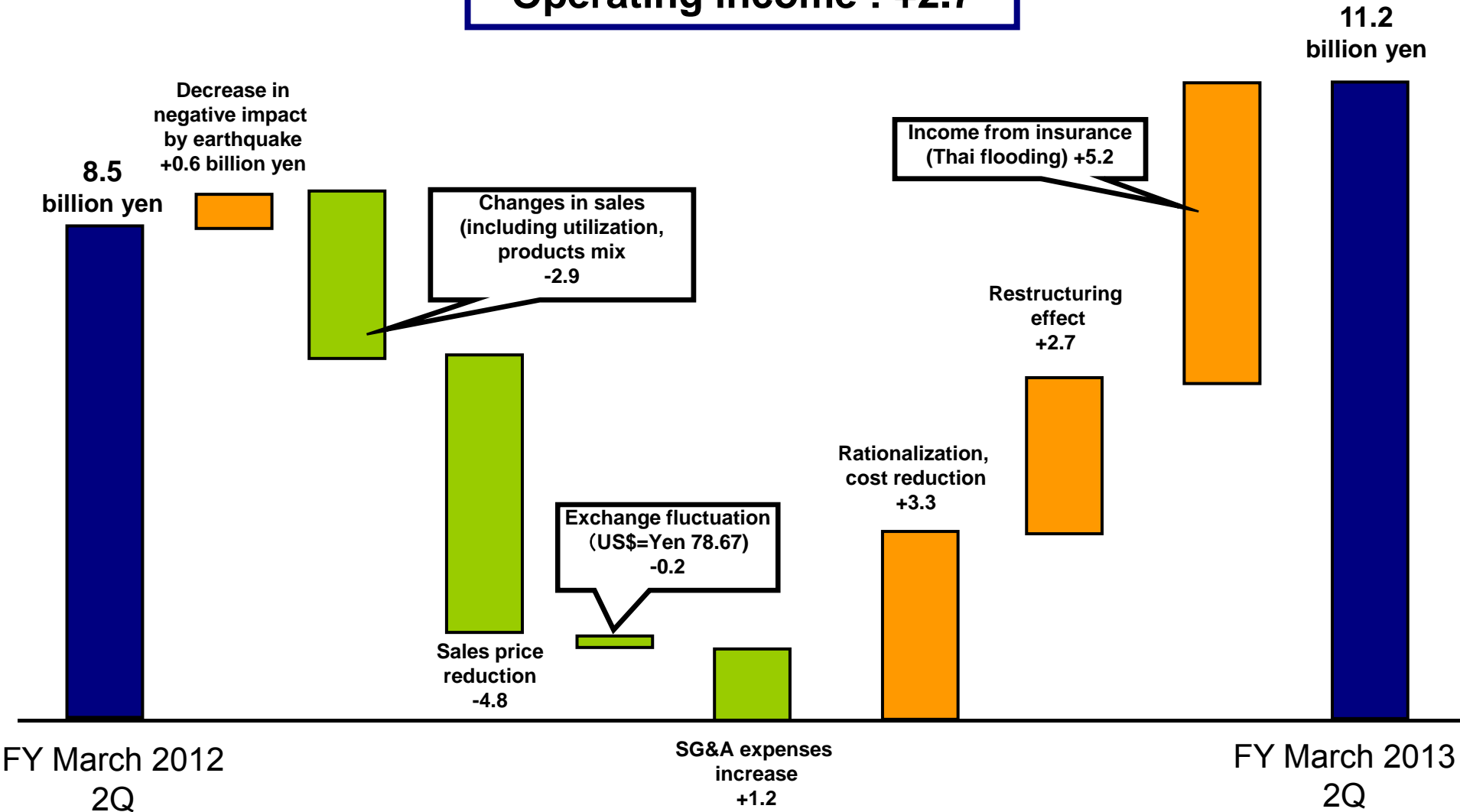
JPY billion		2Q of FY 2012 Jul 1- Sep 30, 2011 (A)	1Q of FY 2013 Apr 1- Jun 30, 2012 (B)	2Q of FY 2013 Jul 1- Sep 30, 2012 (C)	YoY Change (C) - (A)		QoQ Change (C) - (B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitor	34.2	31.4	29.2	(5.0)	-14.6	(2.2)	-7.0
	Inductive Device	31.4	28.2	29.6	(1.8)	-5.7	1.4	5.0
	Other Passive Comp	34.4	31.8	31.7	(2.7)	-7.8	(0.1)	-0.3
	Passive Components	99.9	91.5	90.6	(9.3)	-9.3	(0.9)	-1.0
	Recording Devices	53.3	59.9	55.8	2.5	4.7	(4.1)	-6.8
	Other Magnetic Application Products	27.7	28.3	27.6	(0.1)	-0.4	(0.7)	-2.5
	Magnetic Application Products	81.0	88.2	83.4	2.4	3.0	(4.8)	-5.4
	Film Application Products	22.4	23.2	27.7	5.3	23.8	4.5	19.4
	Other	6.6	5.8	5.2	(1.4)	-21.6	(0.6)	-10.3
	Total	209.9	208.7	207.0	(2.9)	-1.4	(1.7)	-0.8
Operating Income	Passive Components	1.3	-2.9	-2.5	(3.8)	-	0.4	-
	Magnetic Application Products	9.5	14.6	13.2	3.7	38.9	(1.4)	-9.6
	Film Application Products	2.6	2.1	5.0	2.4	92.2	2.9	138.1
	Other	-1.2	-0.4	-0.5	0.8	-	(0.1)	-
	Sub total	12.1	13.4	15.2	3.1	25.6	1.8	13.4
	Corporate and Eliminations	-3.7	-4.2	-4.1	(0.4)	-	0.1	-
	Total	8.5	9.2	11.2	2.7	31.8	2.0	21.7
Operating Income margin		4.0%	4.4%	5.4%	-	-	-	-

Ex-rate	US\$	Yen 77.96	Yen 80.27	Yen 78.67
	EURO	Yen 110.42	Yen 103.18	Yen 98.28

※Discontinued operation (Display business) were deducted in above results

Breakdown of Operating Income Changes

Operating income : +2.7



Projections for FY March 2013 – Image of change in sales

Segment	1Q Results	2Q Results	3Q Projections (versus 2Q)	4Q Projections (versus 3Q)	Remarks
Passive components	91.5	90.6	+8~10%	+3~5%	Sales of high-frequency components and inductive devices will be mainly increased
Magnetic application products	88.2	83.4	-1~-2%	-2~-3%	
Film application products	23.2	27.7	+16~18%	±0%	Sales of secondary batteries will be mainly increased
Other	5.8	5.2	±0%	±0%	
Total	208.7	207.0	+about 5%	±0%	

Forex \$/¥

80.27

78.67

77.00 (Assumption in second half)

Recording Device Business

Shigenao Ishiguro
General Manager of Data Storage &
Thin Film Technology Components BG

●HDD market

FY March 2013 (TDK's forecast as of July-end) : About 660 million units

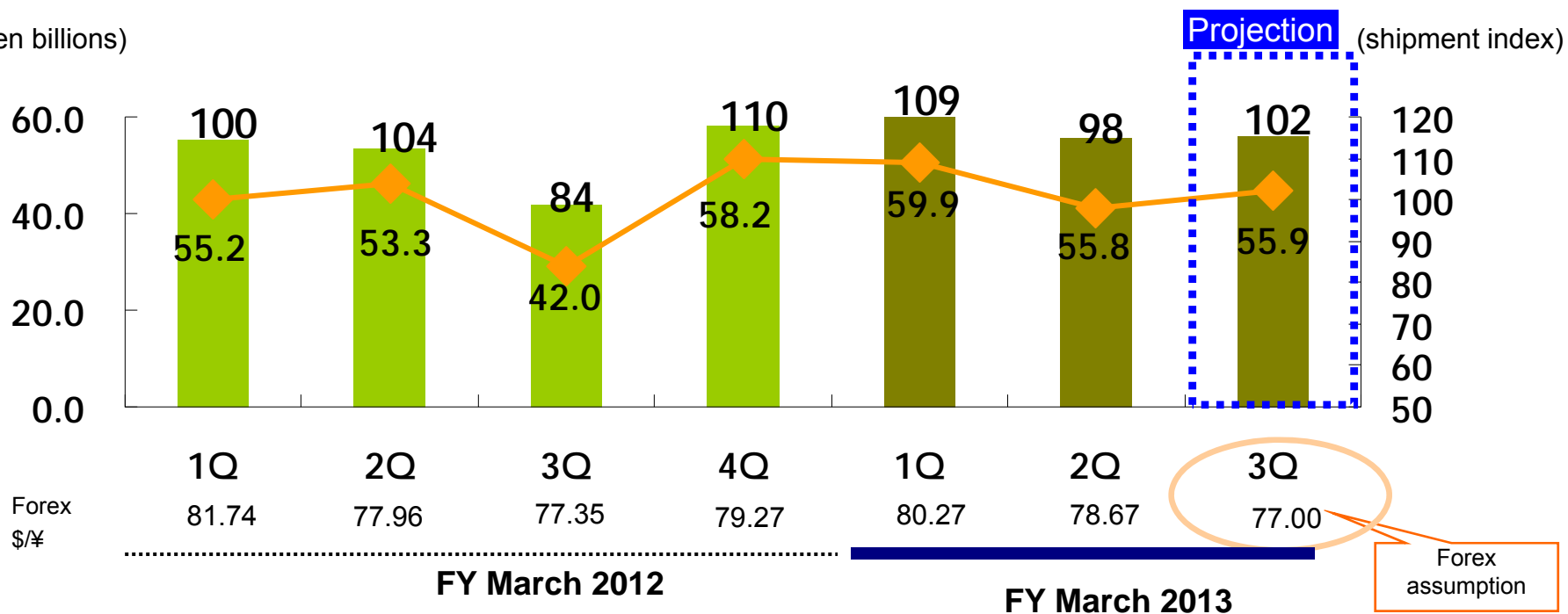
FY March 2013 (TDK's forecast as of October-end) : About 575 million units

●Shipment index

■ Recording Device Sales (Left, including HDD Head (HGA) and HDD Suspension)

◆ HDD Head Shipment Index (Right)

(Yen billions)



Supplementary Data

Quarterly sales and operating income by segment



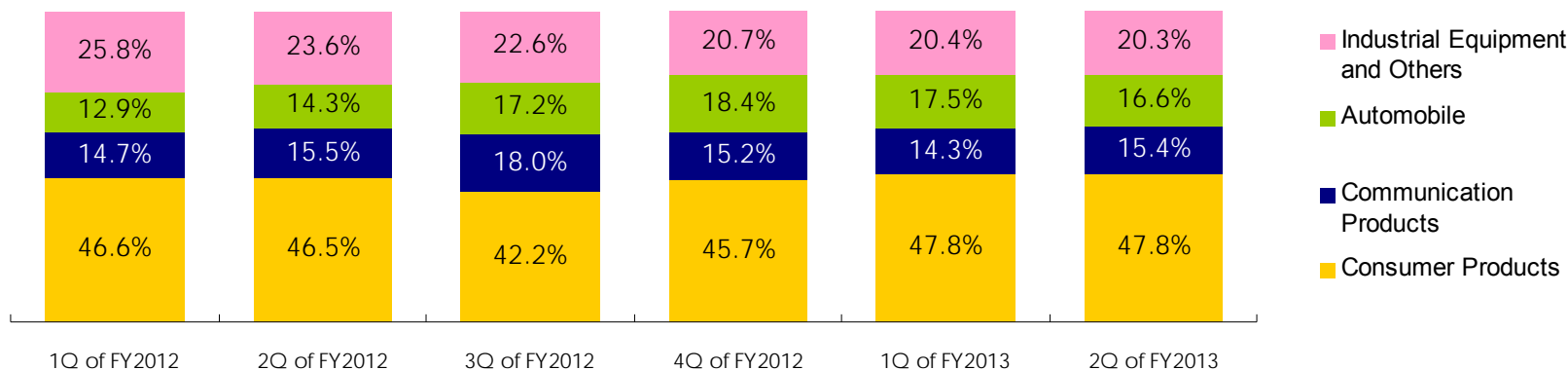
Yen billions		FY March 2012					FY March 2013				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	Capacitors	36.1	34.2	30.6	31.6	132.4	31.4	29.2			
	Inductive Devices	32.9	31.4	28.6	28.4	121.2	28.2	29.6			
	Other Passive Components	32.8	34.4	30.4	30.5	128.0	31.8	31.7			
	Passive Components	101.7	99.9	89.5	90.5	381.6	91.5	90.6			
	Recording Devices	55.2	53.3	42.0	58.2	208.7	59.9	55.8			
	Other Magnetic Application Products	24.4	27.7	26.0	29.7	107.7	28.3	27.6			
	Magnetic Application Products	79.6	81.0	68.0	87.8	316.4	88.2	83.4			
	Film Application Products	18.0	22.4	28.2	24.2	92.7	23.2	27.7			
	Other	6.7	6.6	5.7	4.6	23.8	5.8	5.2			
	Total	206.2	209.9	191.3	207.0	814.5	208.7	207.0			
Operating Income	Passive Components	3.8	1.3	1.5	-13.2	-6.6	-2.9	-2.5			
	Magnetic Application Products	8.6	9.5	7.0	14.0	39.0	14.6	13.2			
	Film Application Products	1.2	2.6	2.9	-0.5	6.3	2.1	5.0			
	Other	-0.4	-1.2	-0.7	-2.6	-4.8	-0.4	-0.5			
	Sub-total	13.2	12.2	10.7	-2.3	33.8	13.4	15.2			
	Corporate and Eliminations	-7.2	-3.7	-3.4	-0.9	-15.1	-4.2	-4.1			
	Total	6.0	8.5	7.4	-3.2	18.7	9.2	11.2			
Ex-rate	¥/USD	81.74	77.96	77.35	79.27	79.07	80.27	78.67			
	¥/EURO	117.62	110.42	104.30	103.94	109.06	103.18	98.28			

※Discontinued operation (Display business) were deducted in above results

Quarterly sales by applications (1Q of FY2012 –2Q FY2013)



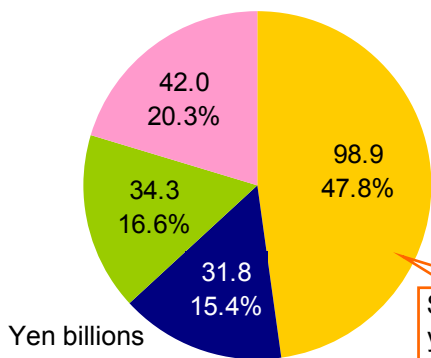
<Quarterly sales by applications>



<Quarterly sales by applications (Yen billions)>

2Q of FY March 2013 breakdown by applications

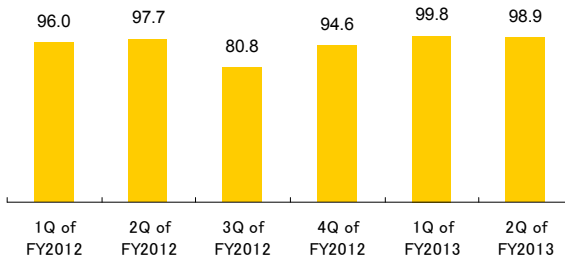
Net sales 207.0 billion yen



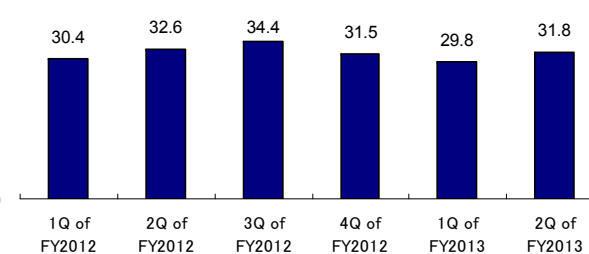
Sales of 55.2 bn yen of recording device included

- Consumer Products
- Communication Products
- Automobile
- Industrial Equipment and Others

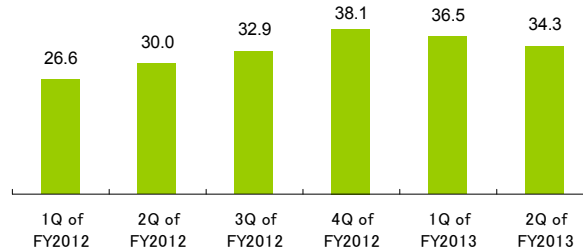
Consumer Products



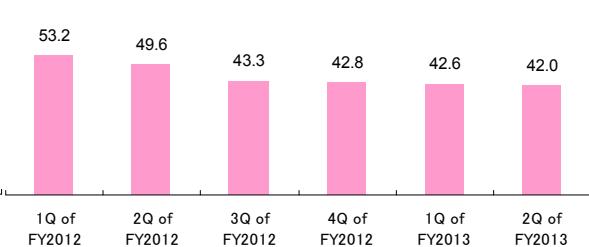
Communication Products



Automobile

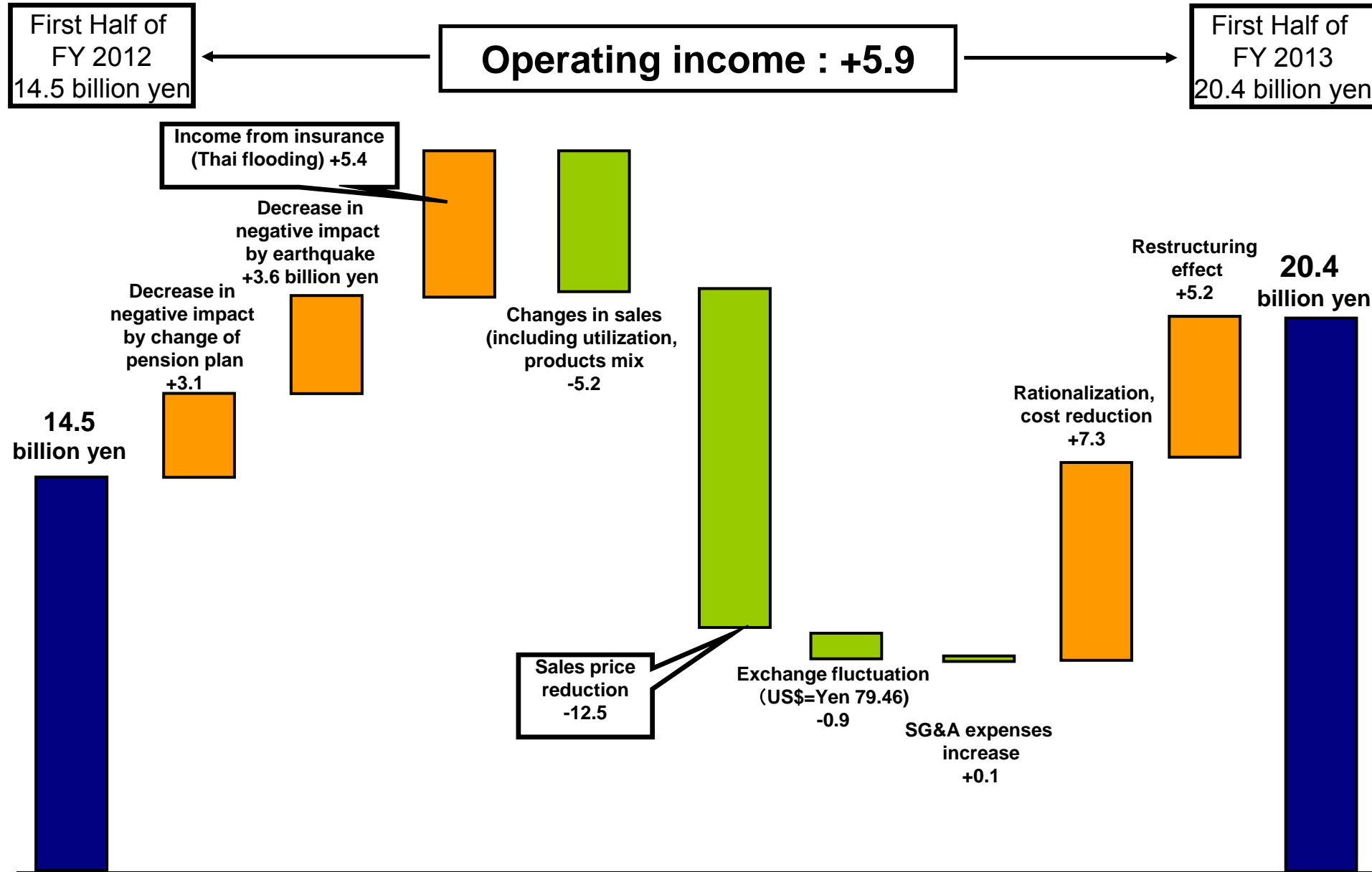


Industrial Equipment and Others



※Discontinued operation (Display business) were deducted in above results

Breakdown of Operating Income Changes



Financial Position



(JPY billion)	March End, 2012	June End, 2012	Sep End, 2012	Q on Q Change
Total Asset	1,072.8	1,046.5	1,048.1	1.6
Total Liability	560.8	561.8	563.4	1.6
Interest-bearing Debt	272.8	280.7	284.1	3.4
Stockholders's Equity	498.2	470.7	469.6	-1.0
(comprehensive income)	-230.8	-257.8	-264.3	-6.5
Stockholders's Equity ratio	46.4%	45.0%	44.8%	-0.2pt

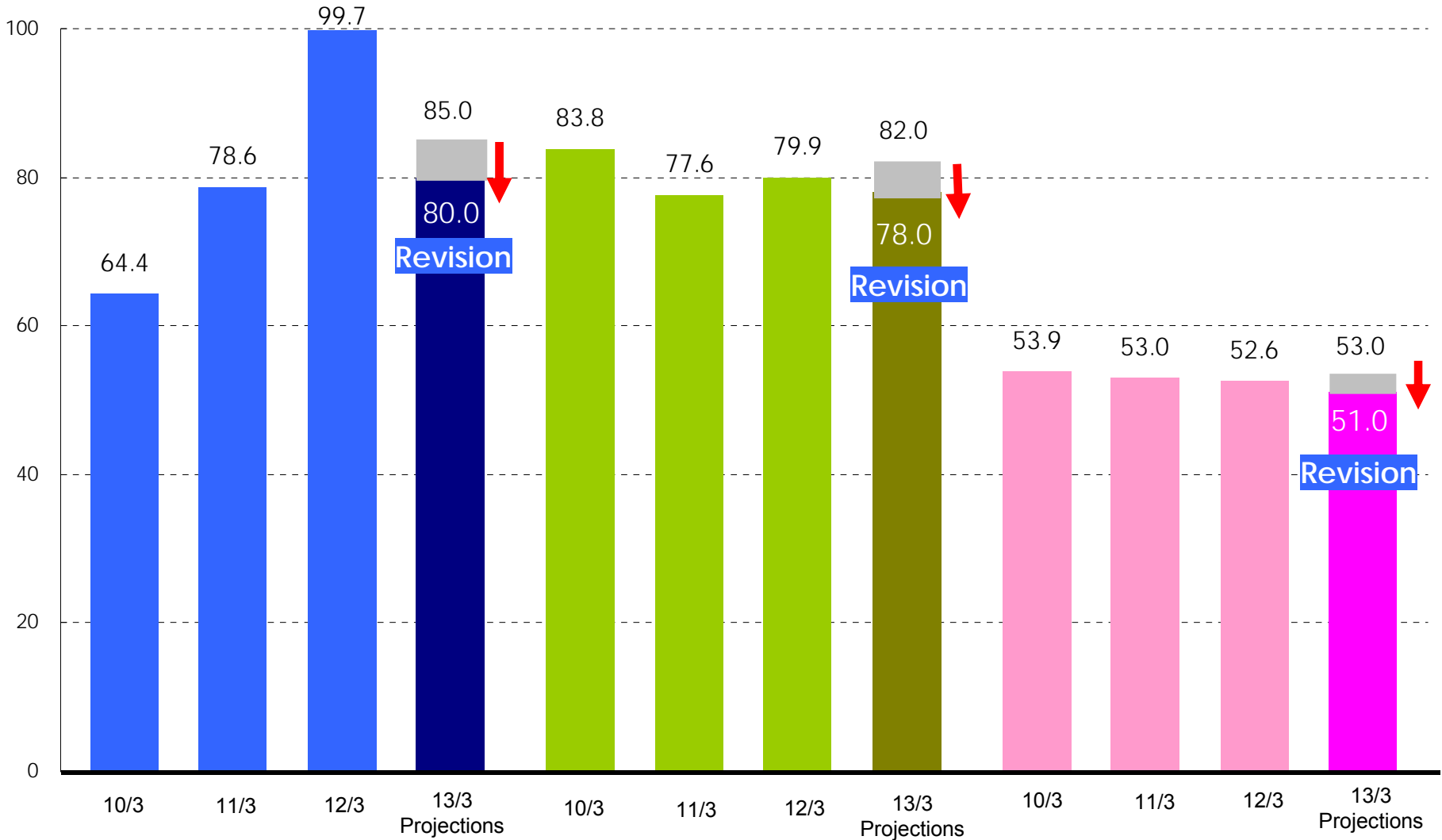
FY March 2013 Projections –Capex, Depreciation, R&D-

Capital expenditure

Depreciation

R&D

(JPY billion)



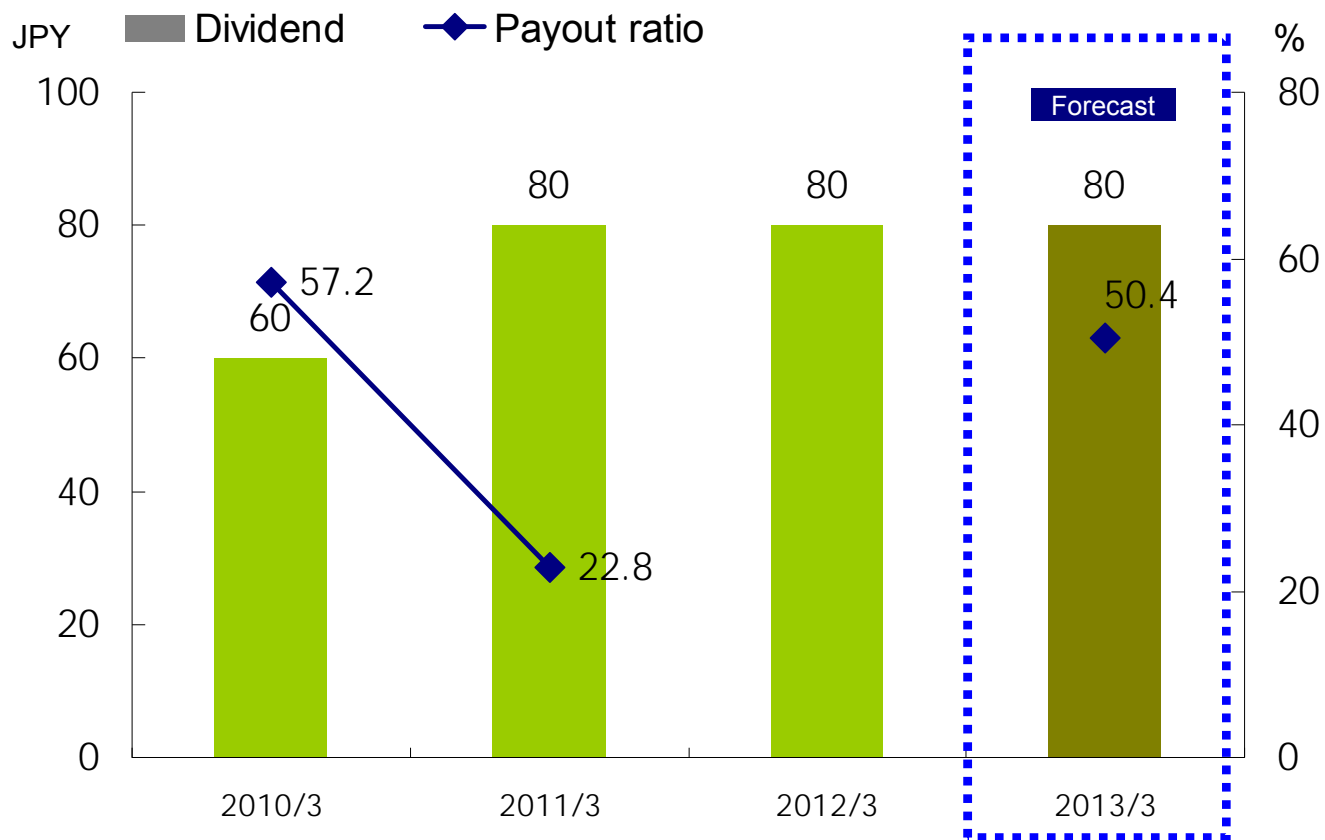
FY March 2013 Dividend Forecast

◆ Revision of projected dividends per share

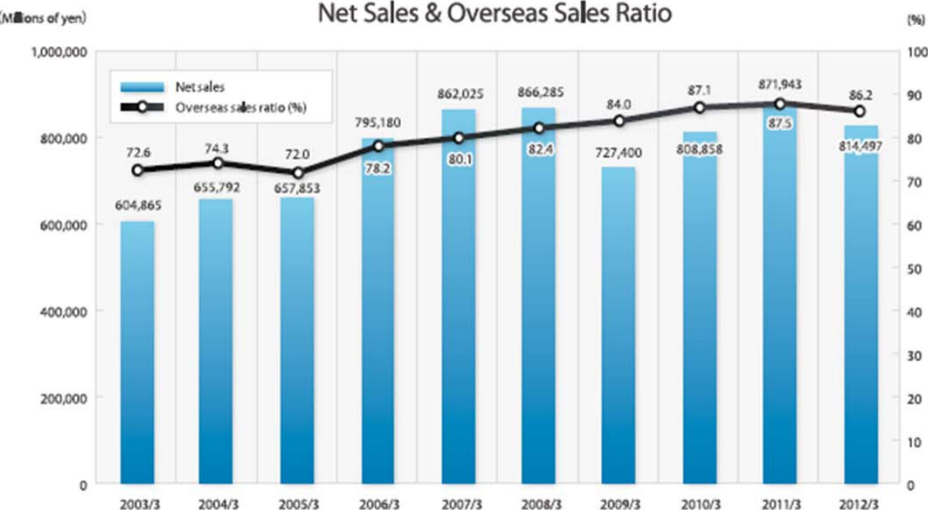
Interim dividend 40 Yen

Year-end dividend 40 Yen (forecast) ← Previous forecast : 50 Yen

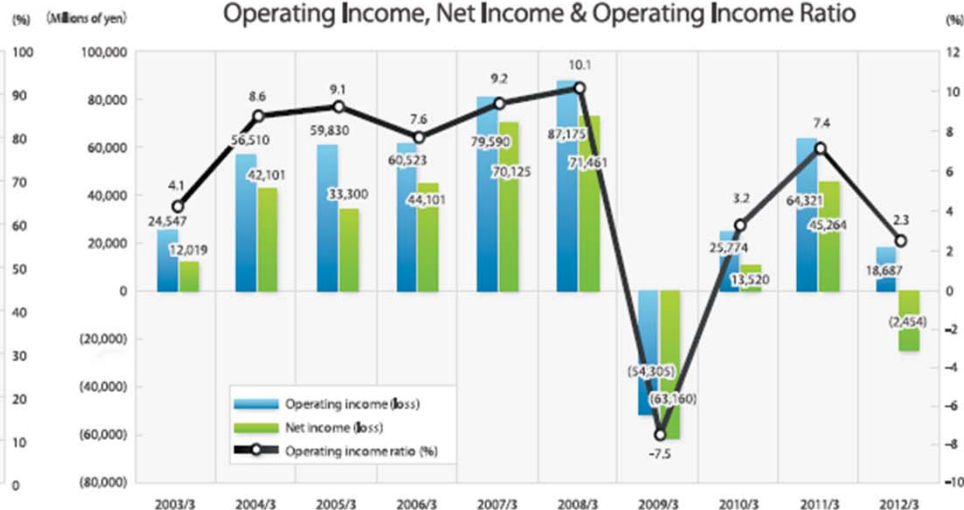
Annual dividend 80 Yen (forecast) ← Previous forecast : 90 Yen



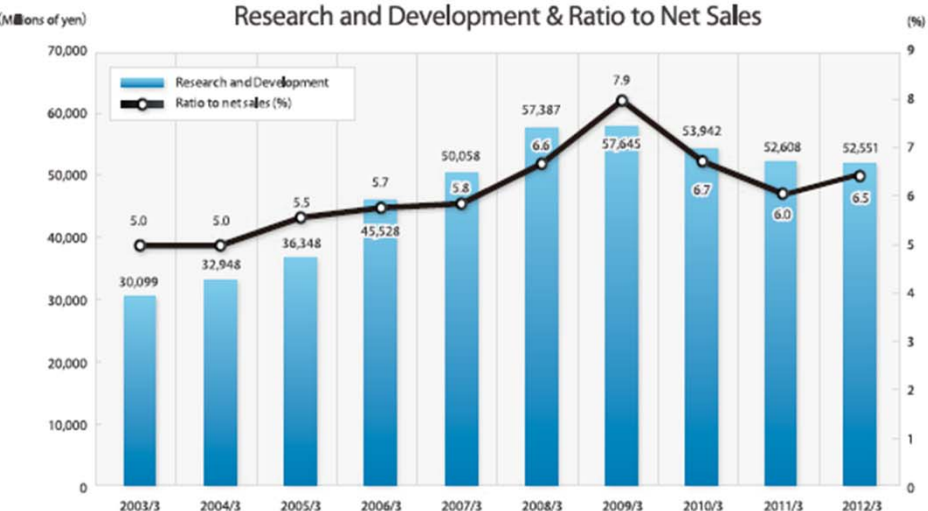
Net Sales & Overseas Sales Ratio



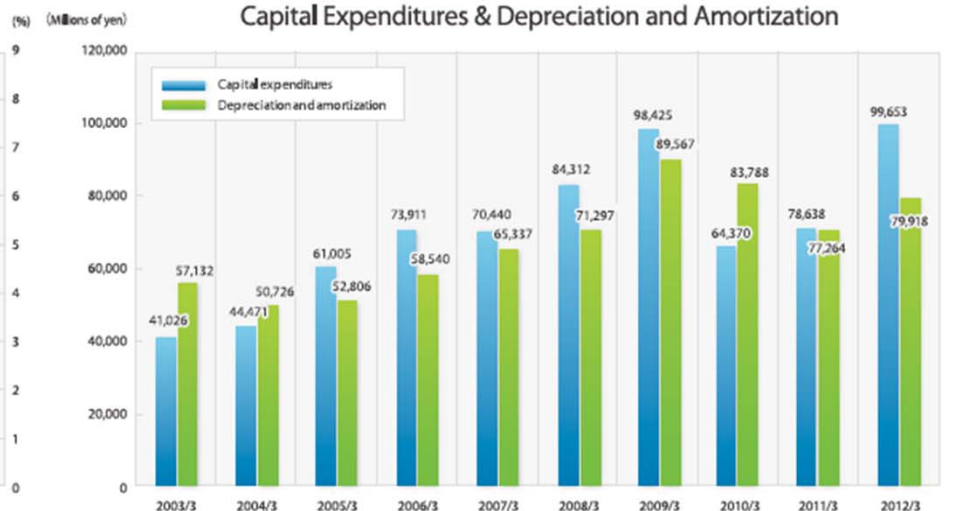
Operating Income, Net Income & Operating Income Ratio

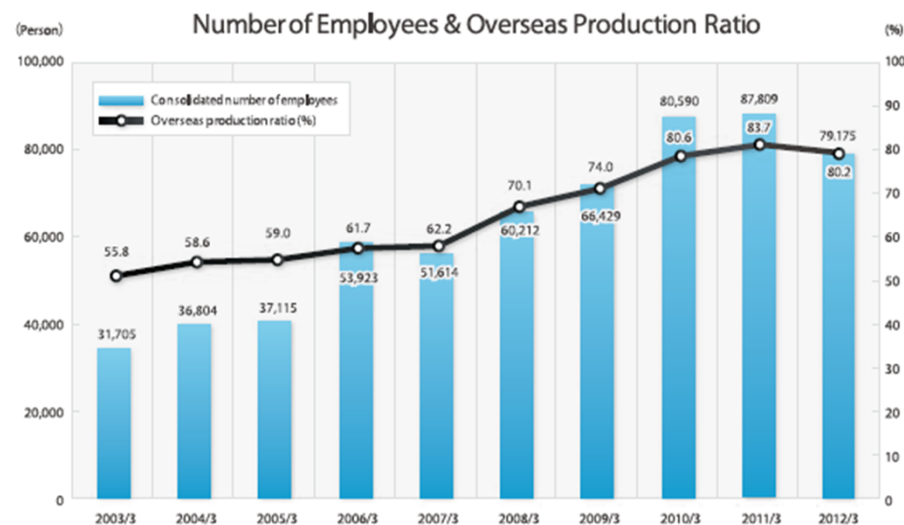
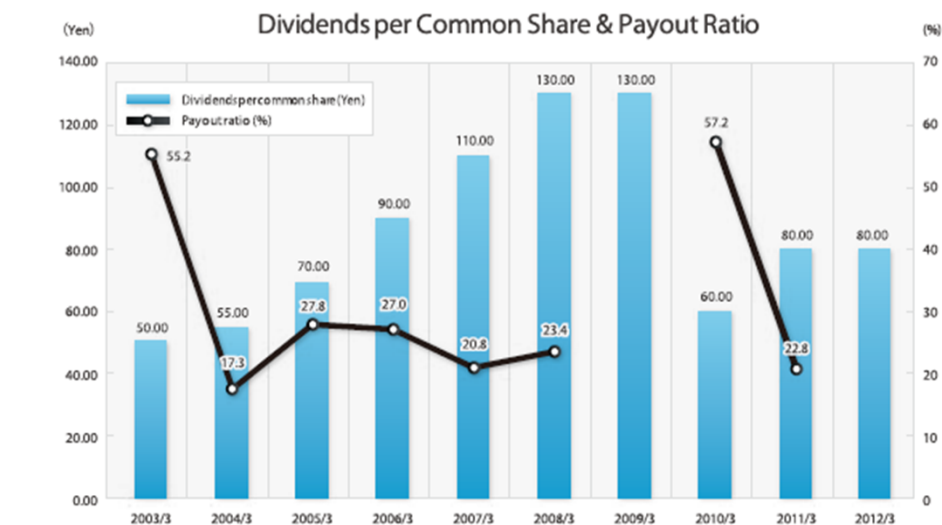
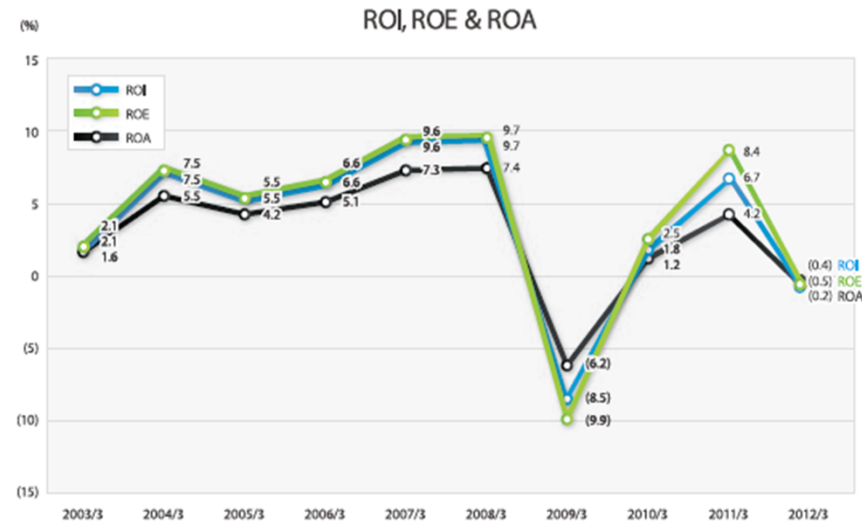
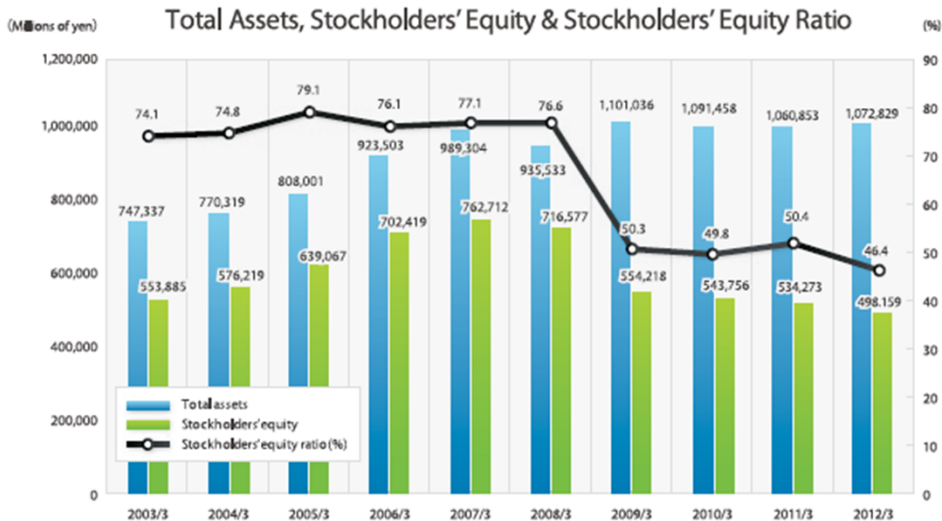


Research and Development & Ratio to Net Sales



Capital Expenditures & Depreciation and Amortization





Reference information regarding segment reclassification

Since FY March 2012 (=previous fiscal year), TDK has had three reporting segments— Passive Components, Magnetic Application Products and Film Application Products— as well as Other, which includes products not included in these three reporting segments.

Previous segment

Previous Classification	Constituent Main Business
Passive Components	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets, Recording media
Other	Energy devices (rechargeable batteries), Mechatronics (production equipments), other

Reporting segment

+

Other

Current segment

New Classification	Constituent Main Business
Passive Components*	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets
Film Application Products	Energy devices (rechargeable batteries), Applied films (former recording media)
Other	Mechatronics (production equipments), other

Reporting segment

+

Other

Recording media, which belonged to the Magnetic Application Products Segment, has been renamed applied films due to the termination of some products and acquisition of a battery separators business, which has resulted in the main products being functional film products. This is now shown as a new reporting segment Film Application Products effective from fiscal 2012, and also includes energy devices which have similar core technologies and markets. Energy devices previously belonged to Other.

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