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TDK. The electronic components company.

Performance Briefings 3Q of Fiscal Year March, 2013

TDK Corporation January 31, 2013

◆ **Consolidated Results through 3Q of FY March, 2013**
Consolidated Full Year Projections of FY March, 2013
President and CEO Takehiro Kamigama

◆ **Consolidated 3Q Results of FY March, 2013**
Takakazu Momozuka
Corporate Officer,
General Manager of Finance & Accounting Department

◆ **Recording Device Business**
Shigenao Ishiguro
General Manager of Data Storage & Thin Film Technology
Components BG

Consolidated Results through 3Q of FY March, 2013

Consolidated Full Year Projections of FY March, 2013

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

Consolidated Results through 3Q of FY March, 2013

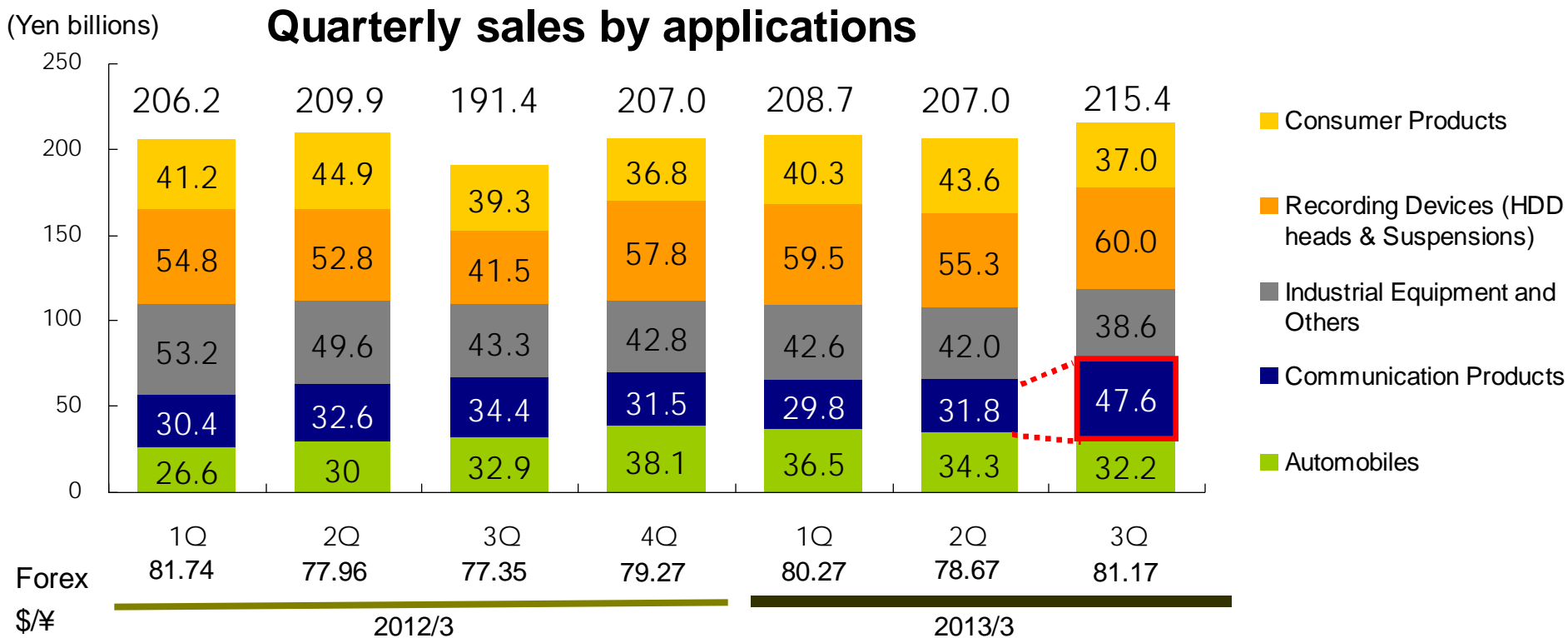


(Yen billions)		FY March 2012 Results through 3Q (2011.4.1-2011.12.31)	FY March 2013 Results through 3Q (2012.4.1-2012.12.31)	Change	
				Yen billions	%
Net Sales		607.5	631.0	23.6	3.9
Operating Income		21.9	25.5	3.6	16.4
Operating Income Margin		3.6%	4.0%	0.4 pt	-
Income from Continuing Operations before Income Taxes		15.0	21.2	6.2	41.5
Net Income		-4.9	10.1	15.1	-
Earning Per Share (JPY)		-38.15	80.59	-	-
Ex-rate	US\$	Yen 79.01	Yen 80.03	Depreciated by 1.3% Appreciated by 7.7%	
	EURO	Yen 110.76	Yen 102.24		
Ex-rate impact to Net sales & Operating Income		Net sales : Increased about 2.5 billion Yen Operating income : Increased about 0.4 billion Yen			

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

Features in 3Q results of FY March 2013

- Sales of HDD head was above our expectations, although HDD market was softer than in a typical year.
- Sales the communications market increased by 50% from second quarter.
 - ✓ Sales of secondary batteries and high frequency components.
- Magnet sales were much lower than expected, particularly to the automobile market (Magnet business is included in other magnetic applications segment)



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

Full Year Projections of FY March 2013



We revised projected consolidated operating results based on changes in the business environment and foreign currency.

(Yen billions)	Projections (As of Oct. 31)	9 months Results	Projections (As of Jan. 31)
Net sales	850.0	631.0	835.0
Operating Income	41.0	25.5	19.0
Income before income taxes	37.0	21.2	14.0
Net Income	20.0	10.1	2.0

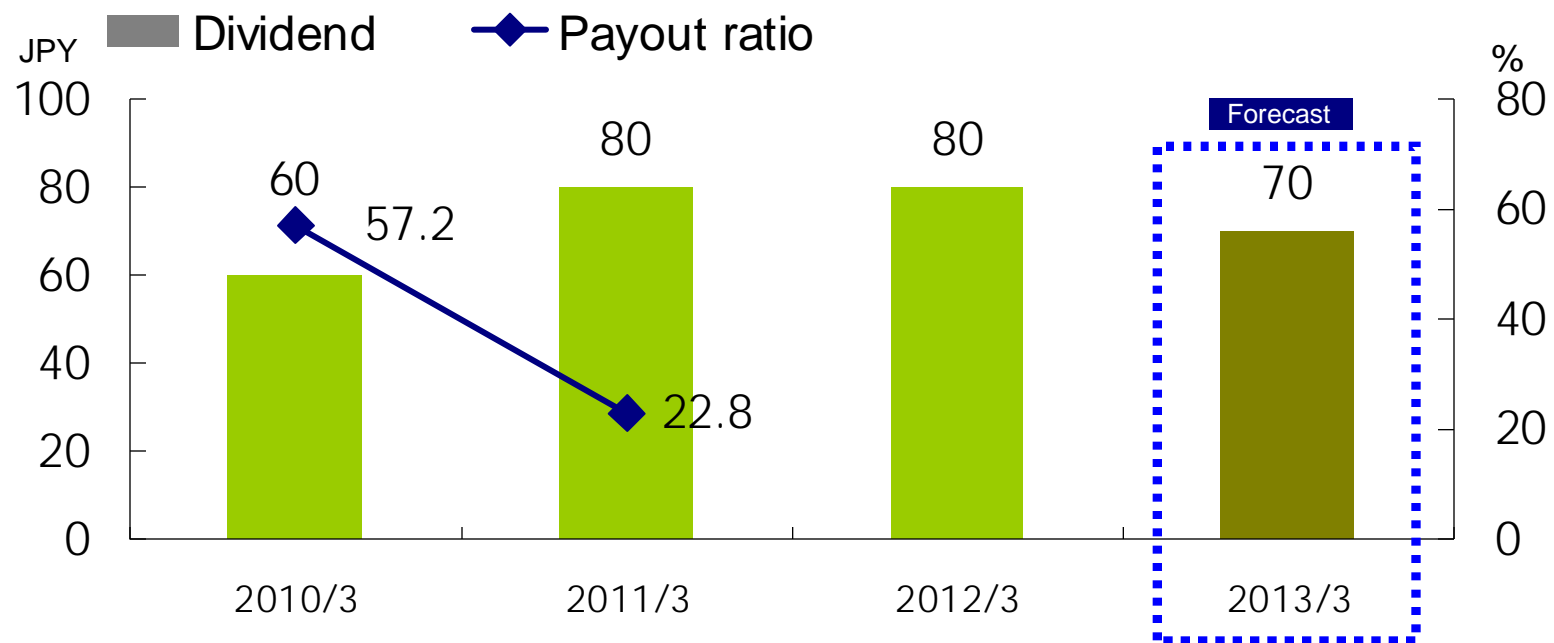
Average yen exchange rates forecast in 4Q of FY March 2013

US\$: ¥85 (previous assumption : ¥77)

EURO: ¥115 (previous assumption : ¥100)

◆ Revision of projected dividends per share

Interim dividend (results) 40 Yen
 Year-end dividend (forecast) 30 Yen (previous forecast : 40 Yen)
 Annual dividend (forecast) 70 Yen (previous forecast : 80 Yen)



**Promote business
portfolio review**

- **Exit non-core businesses**

Optimize production bases

- **Further integrate bases worldwide**
(Targeting bases not already announced for integration)

**Improve management
efficiency**

- **Establish solid business structure
for executing strategy rapidly**

To implement in FY March 2014

- **Execute business strategy very rapidly**
- **Prioritize the allocation of business resources to
core businesses that needed to be strengthened**
- **Improve cost structure**

Consolidated 3Q Results of FY March, 2013

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

Consolidated 3Q Results of FY March, 2013



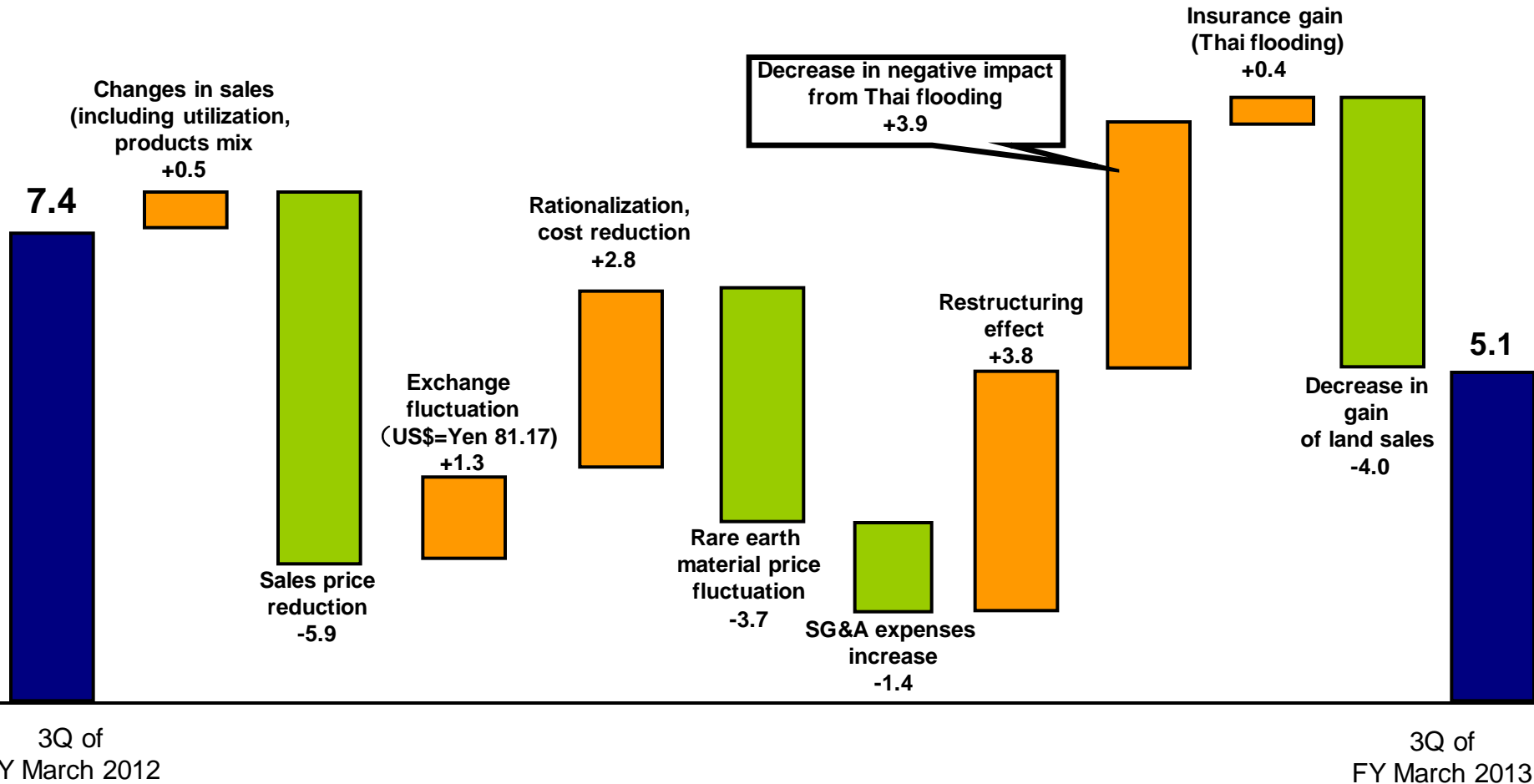
(Yen billions)	FY March 2012 3Q Results (2011.10.1-2011.12.31)	FY March 2013 3Q Results (2012.10.1-2012.12.31)	Change	
			Yen billions	%
Net Sales	191.3	215.4	24.1	12.6
Operating Income	7.4	5.1	(2.3)	-31.3
Operating Income Margin	3.9%	2.4%	-1.5 pt	-
Income from Continuing Operations before Income Taxes	3.6	2.9	(0.7)	-18.9
Net Income	-11.6	0.4	12.1	-
Earning Per Share (JPY)	-90.24	3.33	-	-
Ex-rate	US\$	Yen 77.35	Yen 81.17	Deppreciated by 4.9%
	EURO	Yen 104.30	Yen 105.28	Deppreciated by 0.9%
Ex-rate impact to Net sales & Operating Income	Net sales : Increased about 8.7 billion yen Operating income : Increased about 1.3 billion yen			

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

Breakdown of Operating Income Changes

(Yen billions)

Operating income : -2.3



Segment Information (FY2012 3Q vs. FY2013 3Q, FY2013 2Q vs. FY2013 3Q)



JPY billion		3Q of FY 2012 Oct 1- Dec 31, 2011 (A)	2Q of FY 2013 July 1- Sep 30, 2012 (B)	3Q of FY 2013 Oct 1- Dec 31, 2012 (C)	YoY Change (C) - (A)		QoQ Change (C) - (B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitor	30.6	29.2	26.6	(4.0)	-13.1	(2.6)	-8.9
	Inductive Device	28.6	29.6	30.6	2.0	7.0	1.0	3.4
	Other Passive Comp	30.4	31.7	36.0	5.6	18.4	4.3	13.6
	Passive Components	89.5	90.6	93.1	3.6	4.1	2.5	2.8
	Recording Devices	42.0	55.8	60.2	18.2	43.3	4.4	7.9
	Other Magnetic Application Products	26.0	27.6	24.0	(2.0)	-7.7	(3.6)	-13.0
	Magnetic Application Products	68.0	83.4	84.2	16.2	23.8	0.8	1.0
	Film Application Products	28.2	27.7	33.0	4.9	17.3	5.3	19.1
	Other	5.7	5.2	5.0	(0.7)	-11.7	(0.2)	-3.8
	Total	191.3	207.0	215.4	24.1	12.6	8.4	4.1
Operating Income	Passive Components	1.5	-2.5	-1.8	(3.3)	-	0.7	-
	Magnetic Application Products	7.0	13.2	7.5	0.5	7.5	(5.7)	-43.2
	Film Application Products	2.9	5.0	3.6	0.7	23.8	(1.4)	-28.0
	Other	-0.7	-0.5	-0.6	0.1	-	(0.1)	-
	Sub total	10.8	15.2	8.8	(1.9)	-18.1	(6.4)	-42.1
	Corporate and Eliminations	-3.4	-4.1	-3.7	(0.4)	-	0.4	-
	Total	7.4	11.2	5.1	(2.3)	-31.3	(6.1)	-54.5
Operating Income margin		3.9%	5.4%	2.4%	-	-	-	-

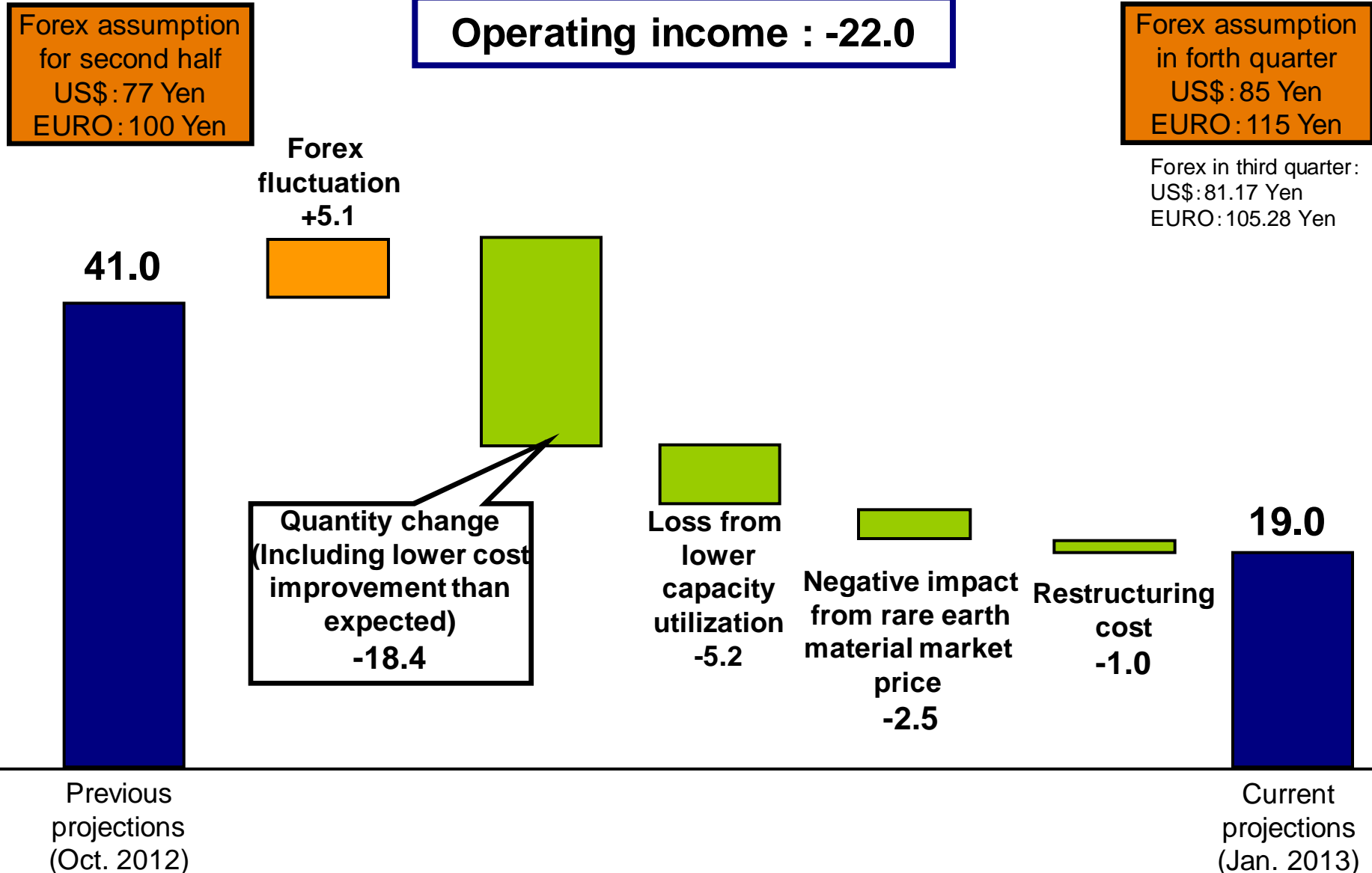
Ex-rate	US\$	Yen 77.35	Yen 78.67	Yen 81.17
	EURO	Yen 104.03	Yen 98.28	Yen 105.28

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

Change in operating income projections for FY March 2013



(Yen billions)



Projections for FY March 2013 – Image of change in sales

Segment	1Q Results	2Q Results	3Q Results	4Q Projections (versus 3Q)	Remarks
Passive components	91.5	90.6	93.1	+2~4%	
Magnetic application products	88.2	83.4	84.2	-8~-10%	Sales of HDD head and Magnet will decrease
Film application products	23.2	27.7	33.0	-17~-19%	Sales of secondary battery will decrease due to production adjustment in a certain customer
Other	5.8	5.2	5.0	-5~-10%	
Total	208.7	207.0	215.4	-5%	

Forex \$/¥ 80.27 78.67 81.17 85.00
 (Assumption in 4Q)

Recording Device Business

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

Recording Device Business



● HDD market

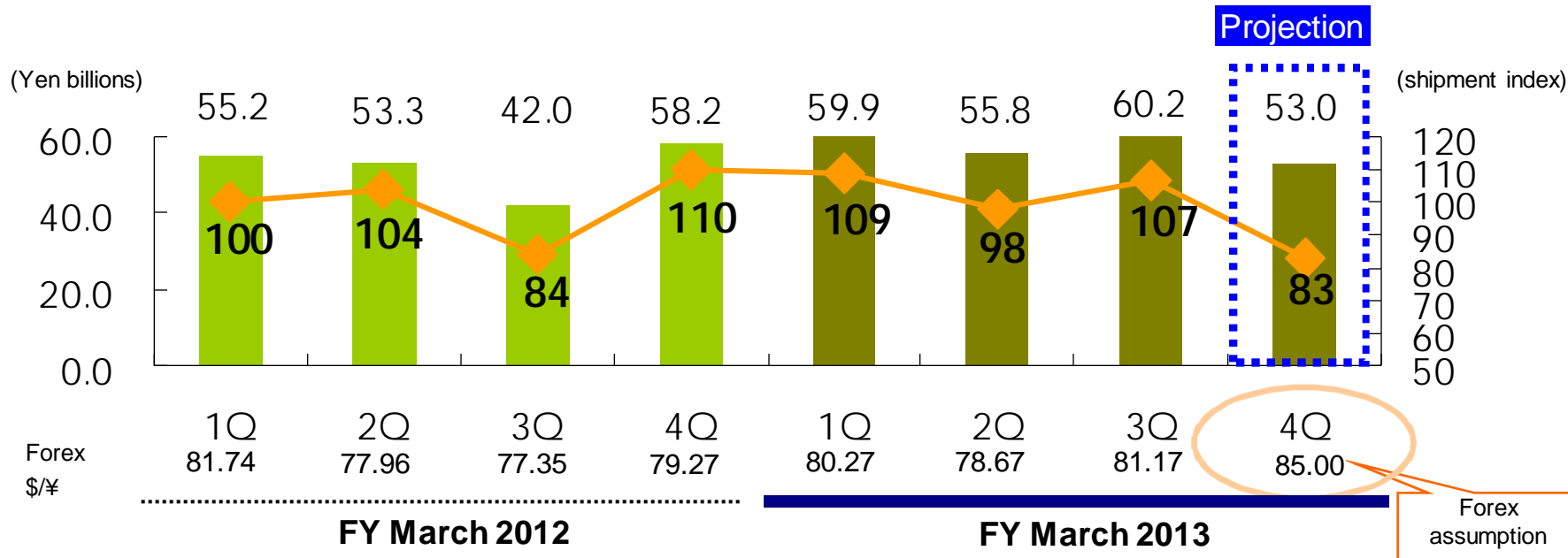
FY March 2013 (TDK's forecast as of October-end) : About 575 million units

FY March 2013 (TDK's forecast as of January-end) : About 566 million units

● Shipment index

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

◆ HDD Head Shipment Index (Right)



Supplementary Data

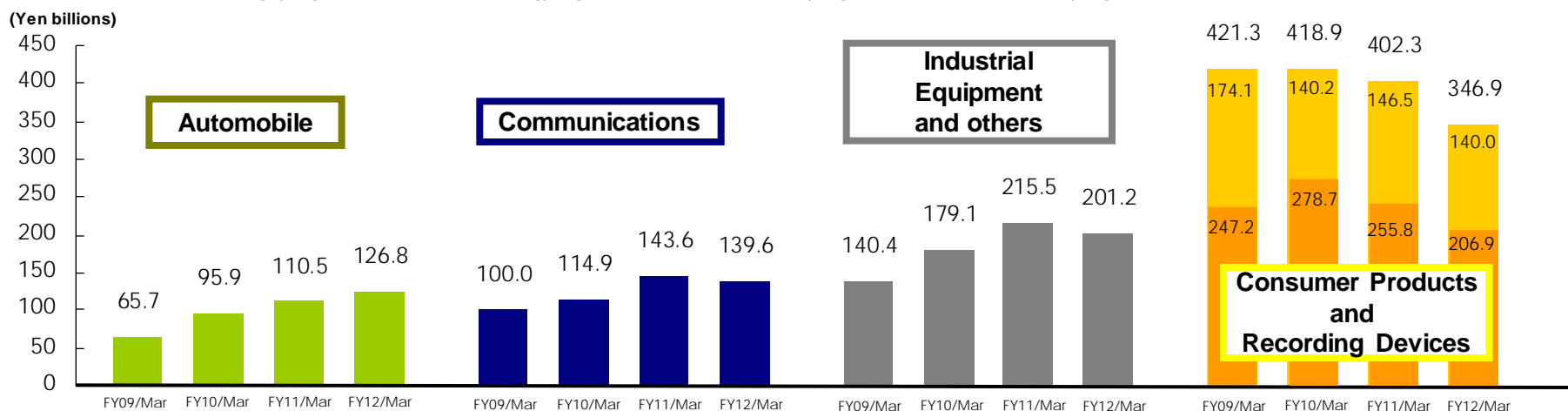
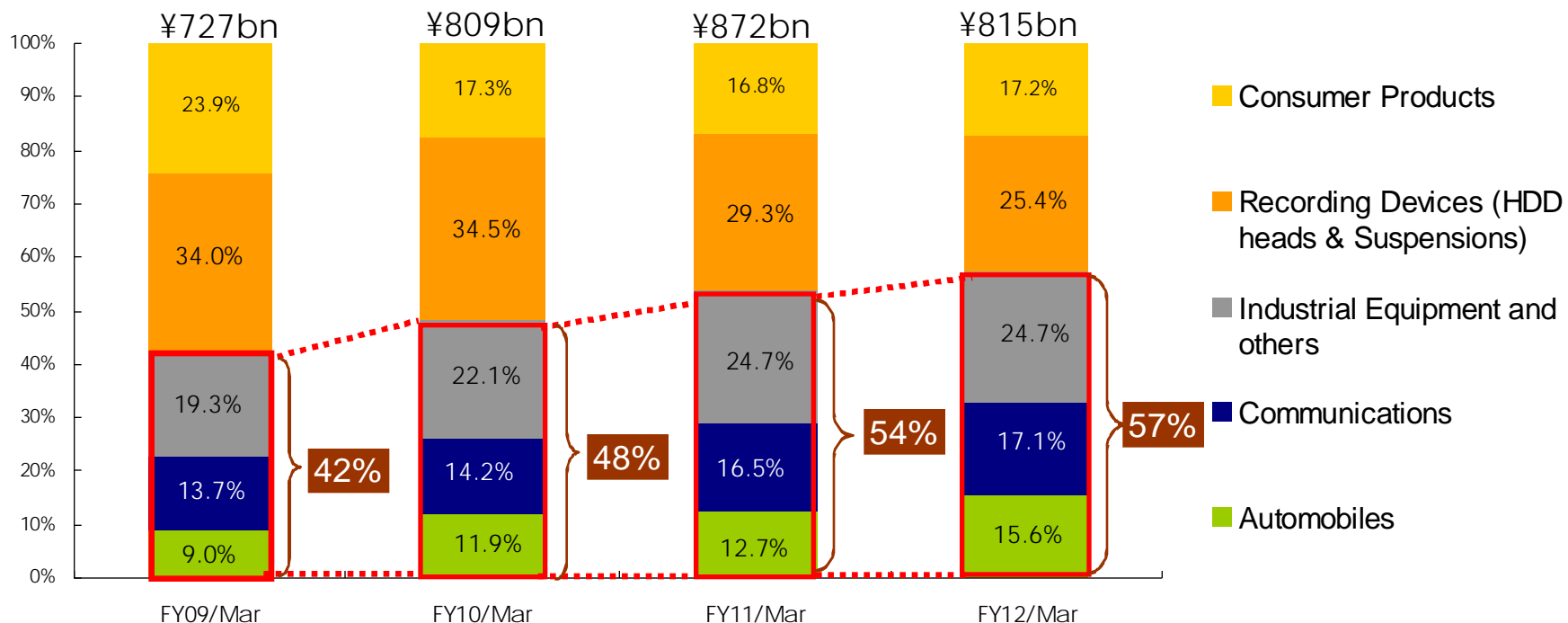
Quarterly sales and operating income by segment



		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	26.6			
	Inductive Devices	32.9	31.4	28.6	28.4	121.2	28.2	29.6	30.6			
	Other Passive Components	32.8	34.4	30.4	30.5	128.0	31.8	31.7	36.0			
	Passive Components	101.7	99.9	89.5	90.5	381.6	91.5	90.6	93.1			
	Recording Devices	55.2	53.3	42.0	58.2	208.7	59.9	55.8	60.2			
	Other Magnetic Application Products	24.4	27.7	26.0	29.7	107.7	28.3	27.6	24.0			
	Magnetic Application Products	79.6	81.0	68.0	87.8	316.4	88.2	83.4	84.2			
	Film Application Products	18.0	22.4	28.2	24.2	92.7	23.2	27.7	33.0			
	Other	6.7	6.6	5.7	4.6	23.8	5.8	5.2	5.0			
	Total	206.2	209.9	191.3	207.0	814.5	208.7	207.0	215.4			
Operating Income	Passive Components	3.8	1.3	1.5	-13.2	-6.6	-2.9	-2.5	-1.8			
	Magnetic Application Products	8.6	9.5	7.0	14.0	39.0	14.6	13.2	7.5			
	Film Application Products	1.2	2.6	2.9	-0.5	6.3	2.1	5.0	3.6			
	Other	-0.4	-1.2	-0.7	-2.6	-4.8	-0.4	-0.5	-0.6			
	Sub-total	13.2	12.2	10.8	-2.3	33.8	13.4	15.2	8.8			
	Corporate and Eliminations	-7.2	-3.7	-3.4	-0.9	-15.1	-4.2	-4.1	-3.7			
	Total	6.0	8.5	7.4	-3.2	18.7	9.2	11.2	5.1			
Ex-rate	¥/USD	81.74	77.96	77.35	79.27	79.07	80.27	78.67	81.17			
	¥/EURO	117.62	110.42	104.30	103.94	109.06	103.18	98.28	105.28			

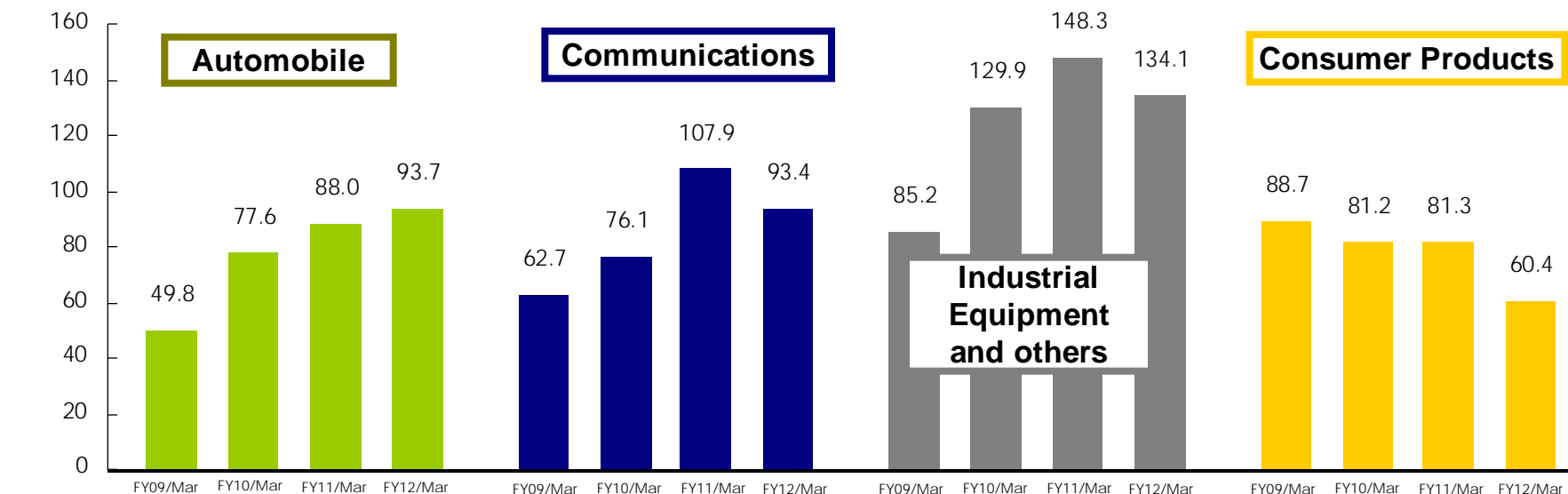
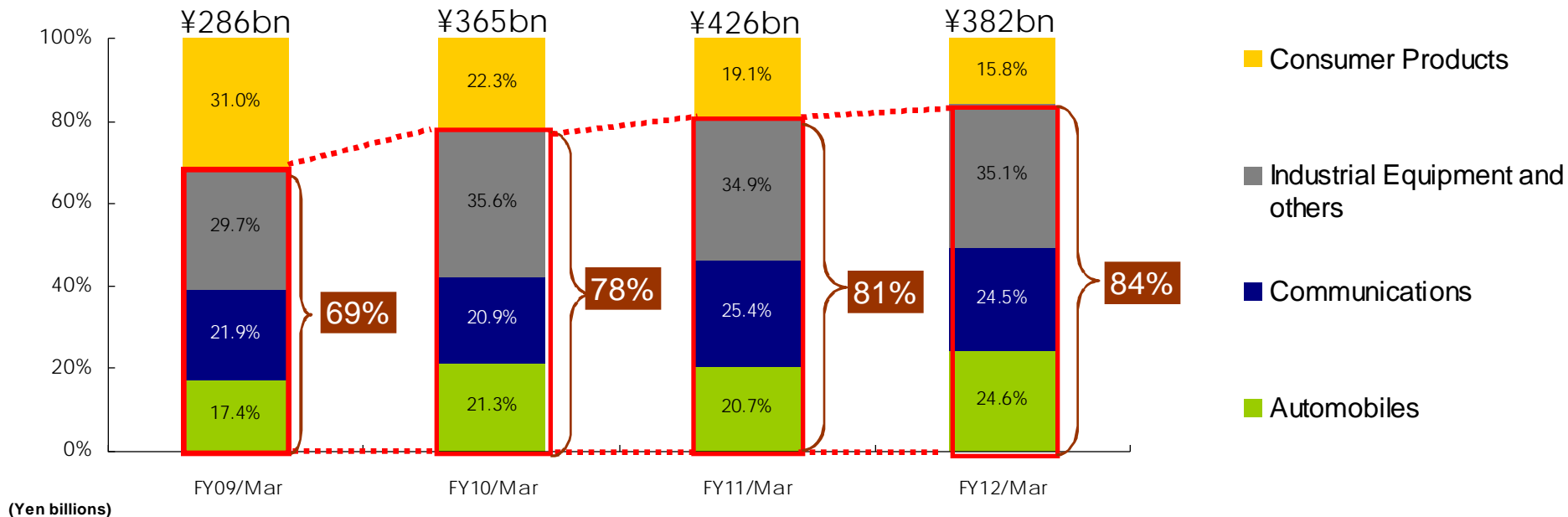
※Discontinued operation (Display business) were deducted in above results

Annual Sales by applications (FY2009/Mar – FY2012/Mar)



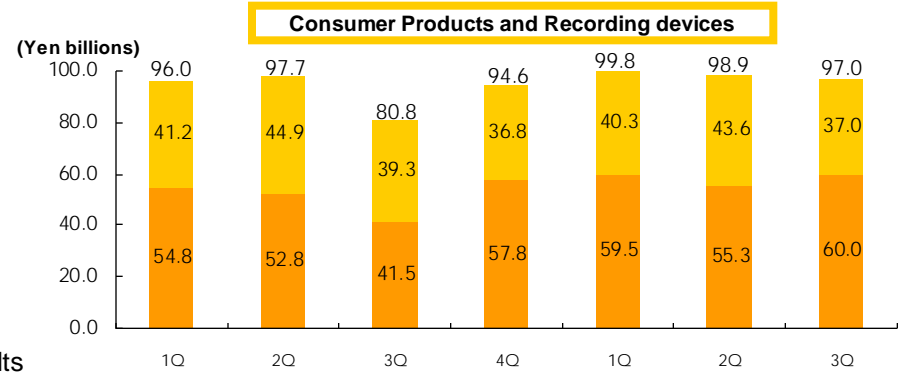
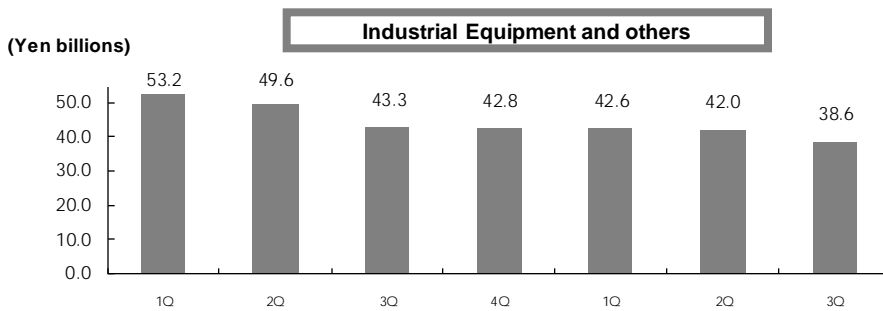
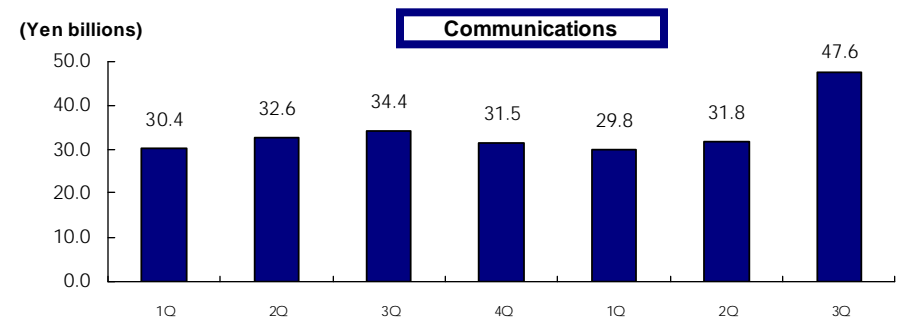
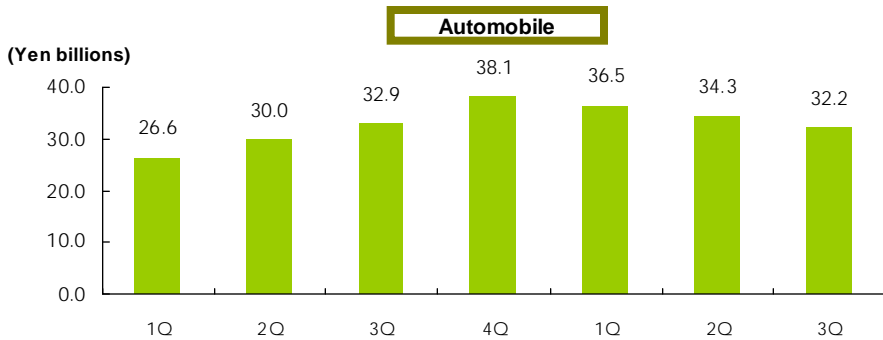
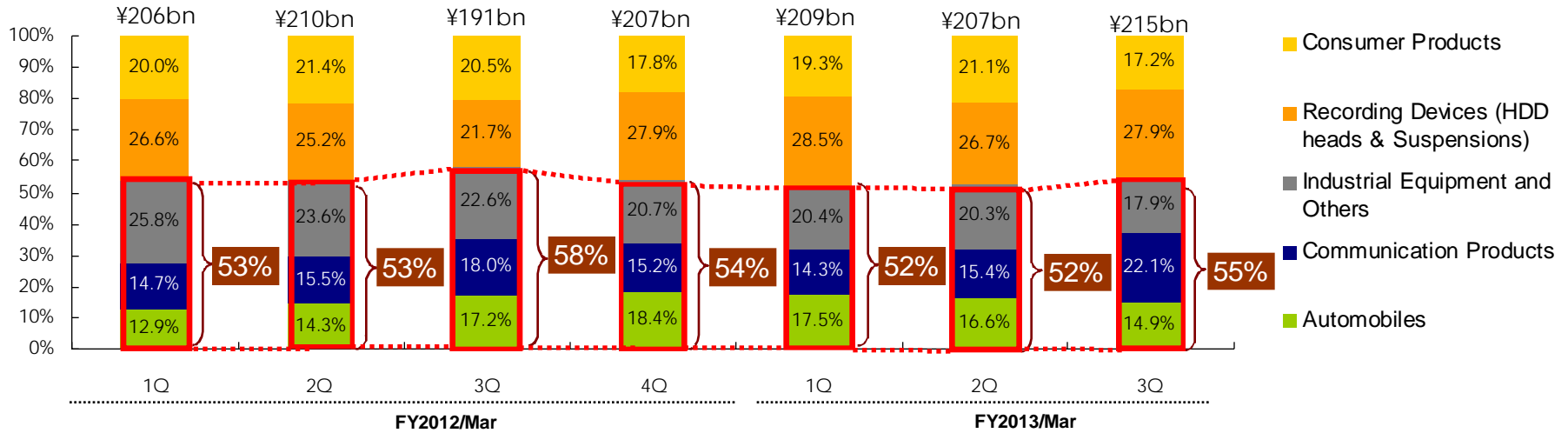
※Consolidation of EPCOS from the second half of 2009/3
 ※Discontinued operation (Display business) are included in 2009/3 and 2010/3.

Passive Components Business Annual sales by applications (FY2009/Mar – FY2012/Mar)



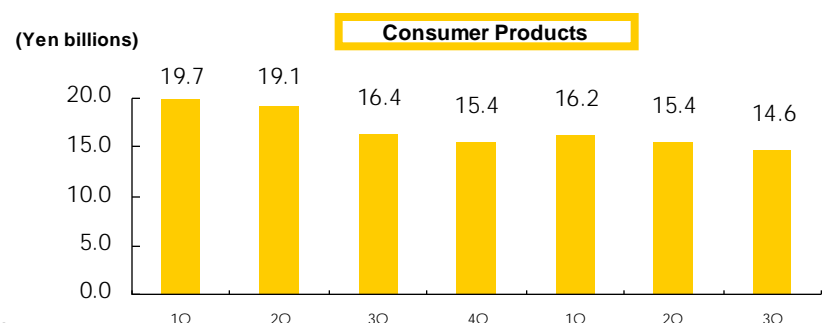
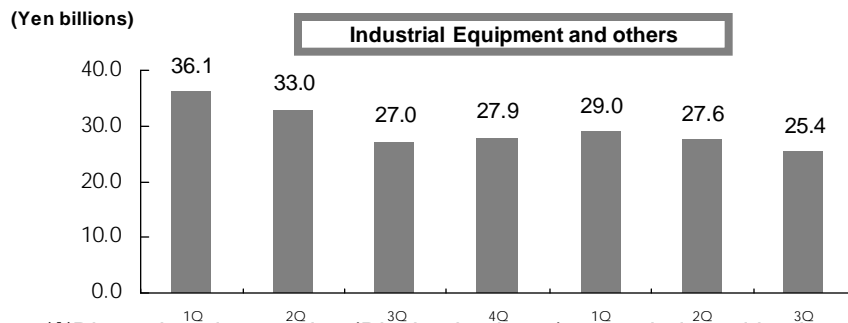
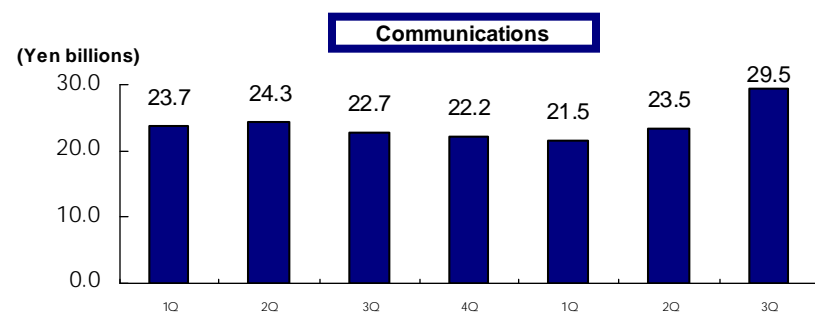
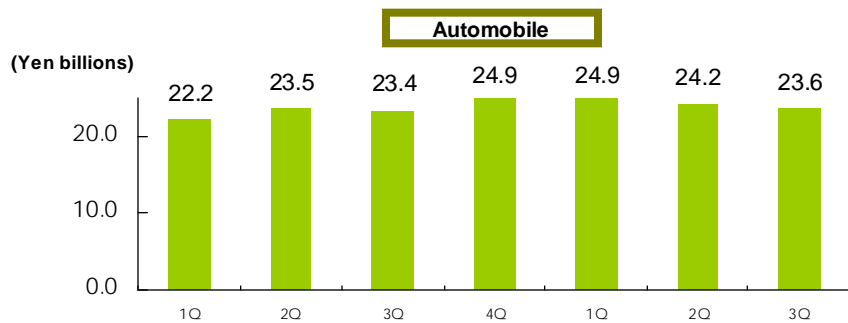
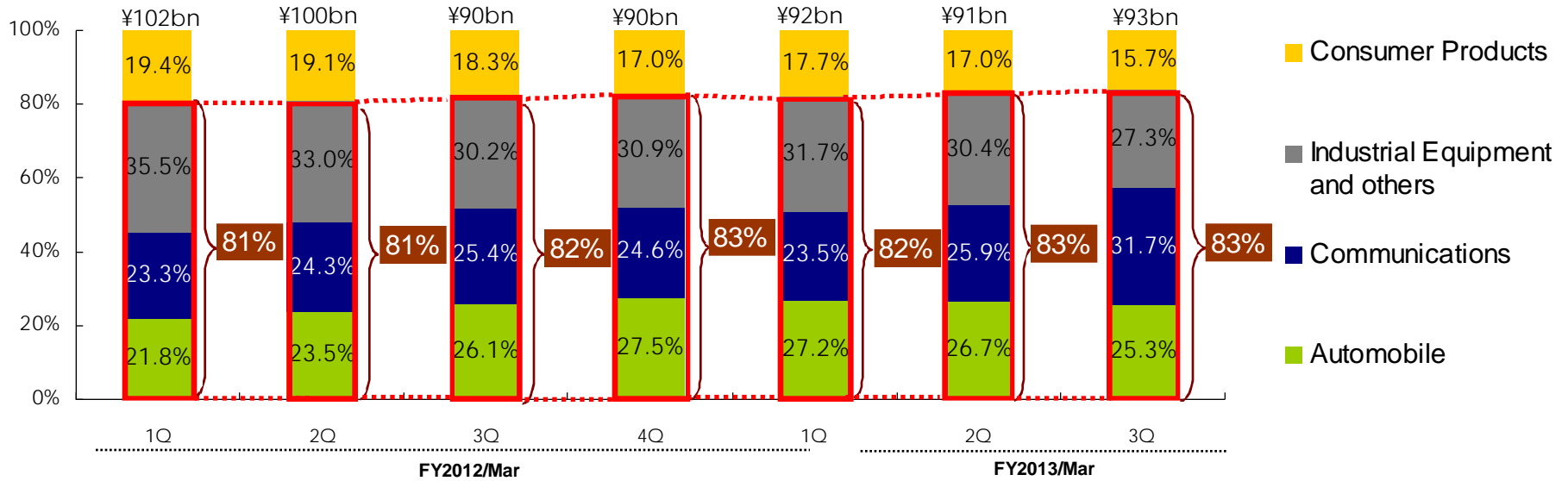
※Consolidation of EPCOS from the second half of 2009/3
 ※Discontinued operation (Display business) are included in 2009/3 and 2010/3.

Quarterly sales by applications (1Q/FY2012/Mar – 3Q/FY2013/Mar)



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

Passive Components Business quarterly sales by applications (1Q/FY2012/Mar – 3Q/FY2013/Mar)



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

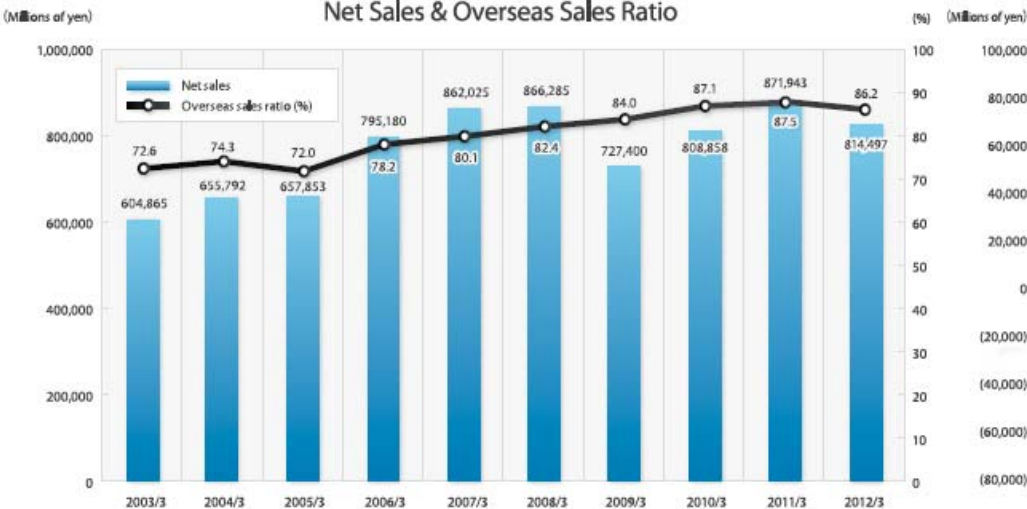
Financial Position



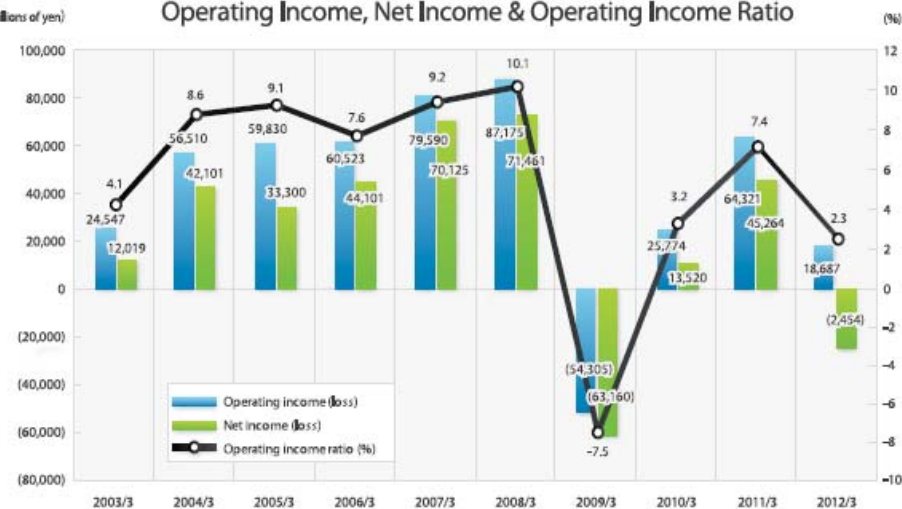
(JPY billion)	March End, 2012	Sep End, 2012	Dec End, 2012	Q on Q Change
Total Asset	1,072.8	1,048.1	1,125.0	76.9
Total Liability	560.8	563.4	581.0	17.6
Interest-bearing Debt	272.8	284.1	288.5	4.4
Stockholders's Equity	498.2	469.6	526.5	56.9
(comprehensive income)	-230.8	-264.3	-202.6	61.7
Stockholders's Equity ratio	46.4%	44.8%	46.8%	2.0pt

(Yen billions)	Projections (As of Oct. 31)	Results through 3Q	Projections (As of Jan. 31)
Capital expenditures	80.0	63.3	80.0
Depreciation and amortization	78.0	56.2	78.0
Research and development	51.0	39.3	51.0

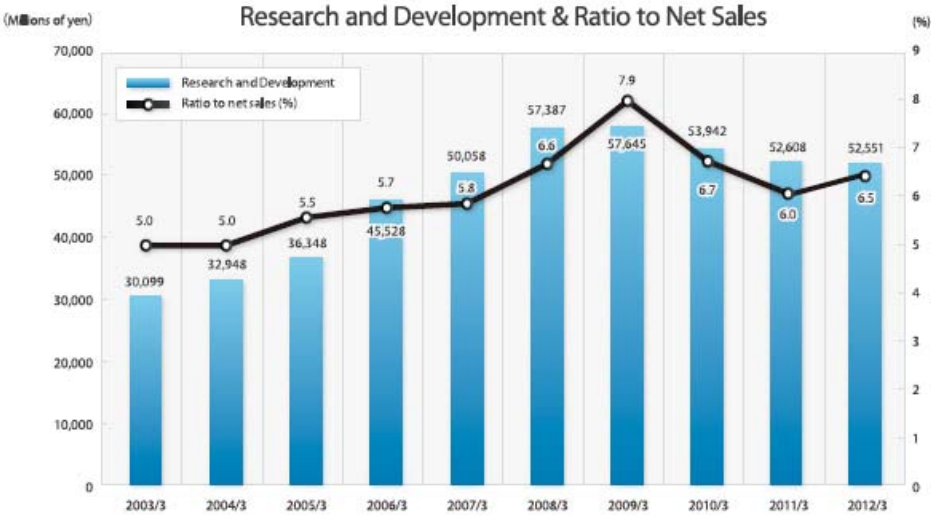
Net Sales & Overseas Sales Ratio



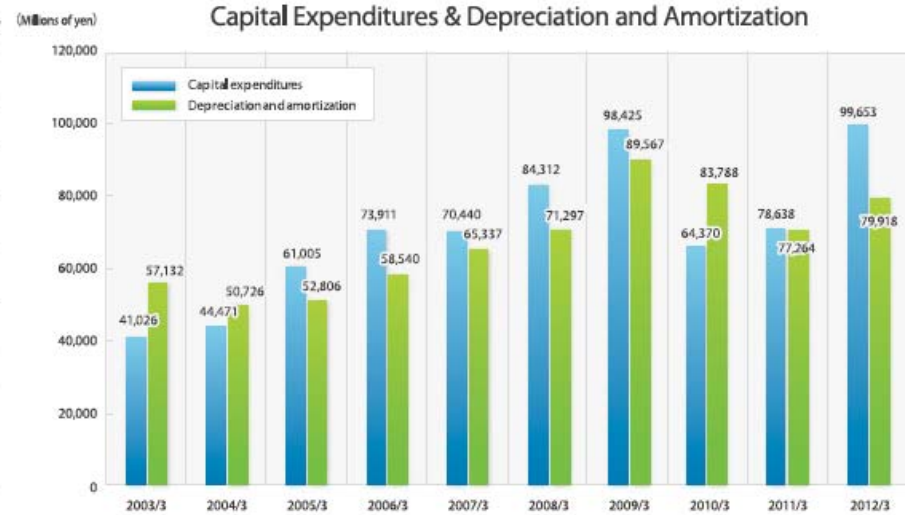
Operating Income, Net Income & Operating Income Ratio

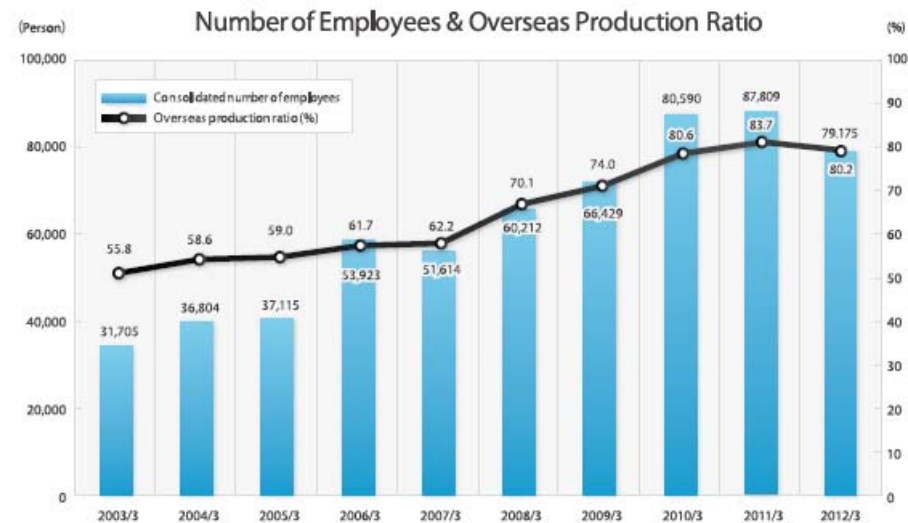
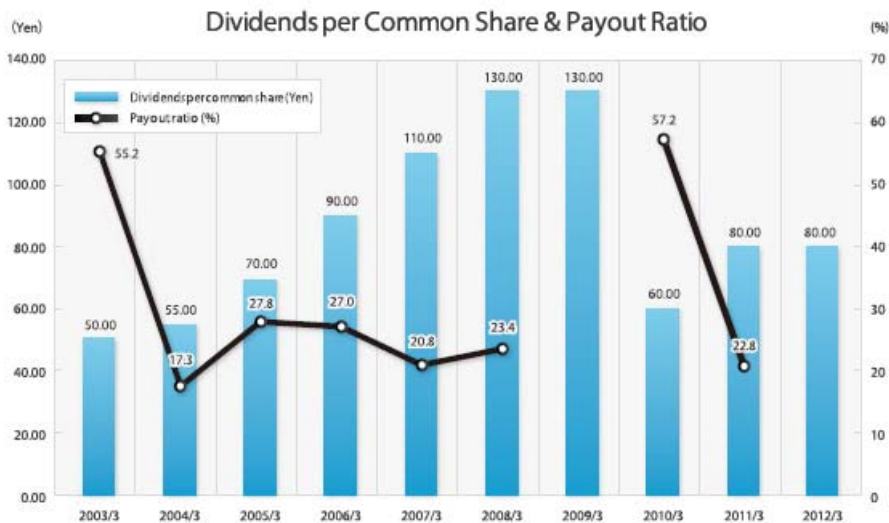
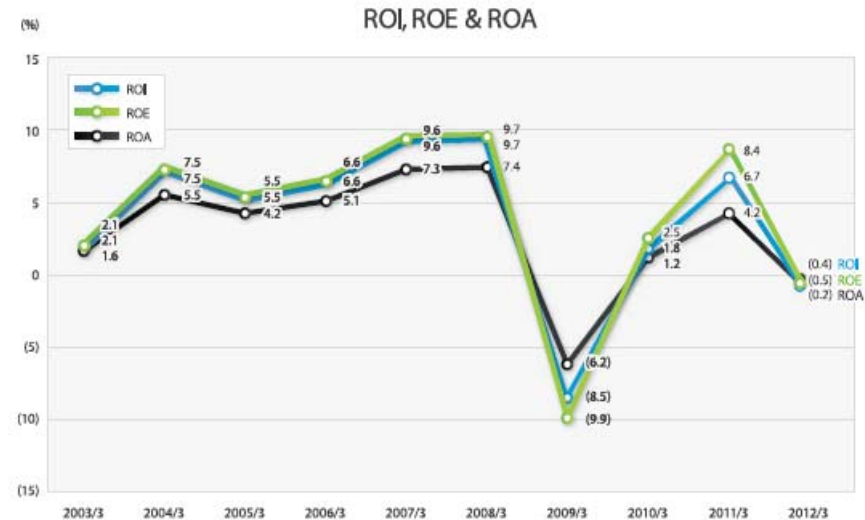
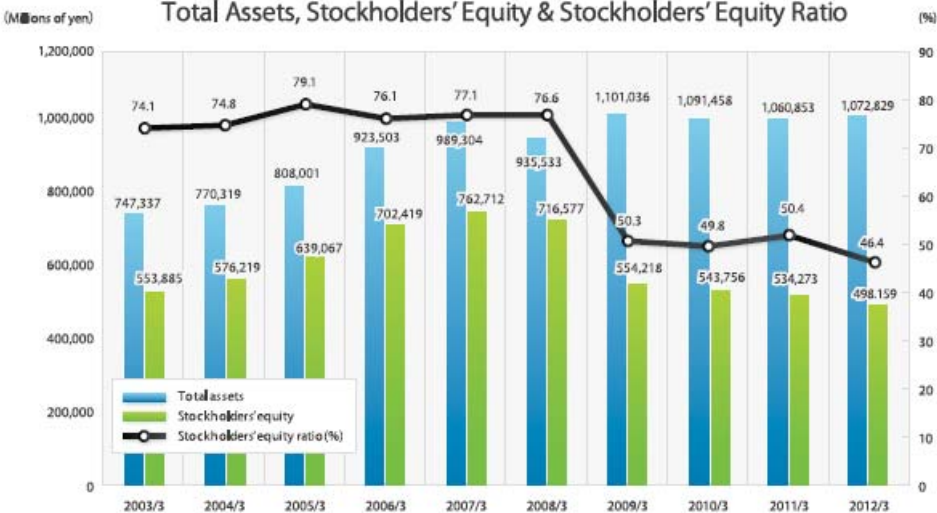


Research and Development & Ratio to Net Sales



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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http://www.global.tdk.com/ir/ir_events/conference/2013/3q_1.htm