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# Performance Briefings 1Q of Fiscal Year March, 2014

## TDK Corporation July 31, 2013

◆ **Change in Scope of Responsibilities of Executive Vice Presidents**

Atsuo Kobayashi

Executive Vice President

◆ **Consolidated 1Q Results of FY March, 2014**

Takakazu Momozuka

Corporate Officer

◆ **Recording Device Business**

Atsuo Kobayashi

Executive Vice President

# **Change in Scope of Responsibilities of Executive Vice Presidents**

**Atsuo Kobayashi**  
**Executive Vice President**



**Executive Vice President  
Atsuo Kobayashi**



**Recording Devices  
(HDD head)**



**Power  
Supplies**



**Magnets**



**Applied  
Films**



**Other  
products**



**President  
Takehiro Kamigama**



**Executive Vice President  
Hiroyuki Uemura**



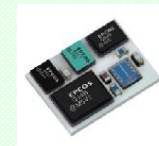
**Capacitors**



**Inductive Devices**



**Piezoelectric  
materials products,  
Circuit protection  
components**



**High-  
frequency  
components**



**Sensors**

# **Consolidated 1Q Results of FY March, 2014**

**Takakazu Momozuka**  
**Corporate Officer**

# Consolidated 1Q results of FY March 2014



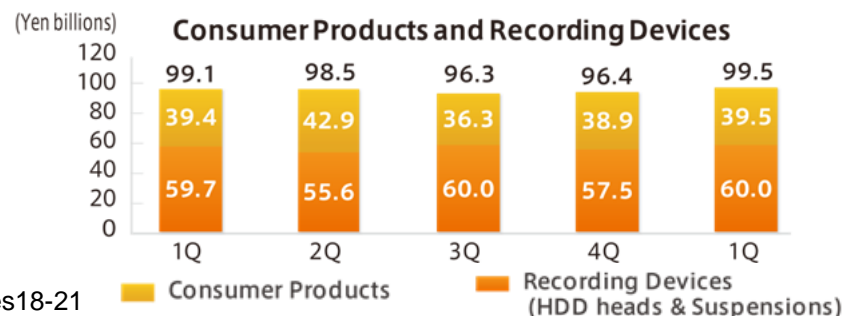
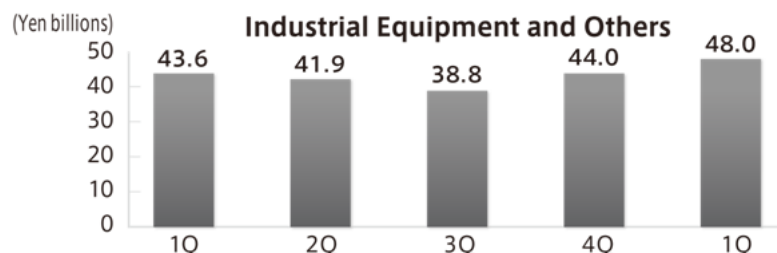
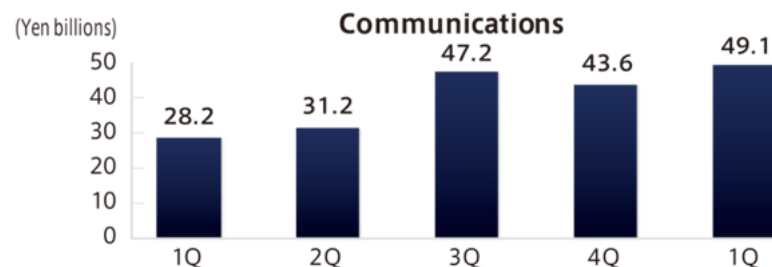
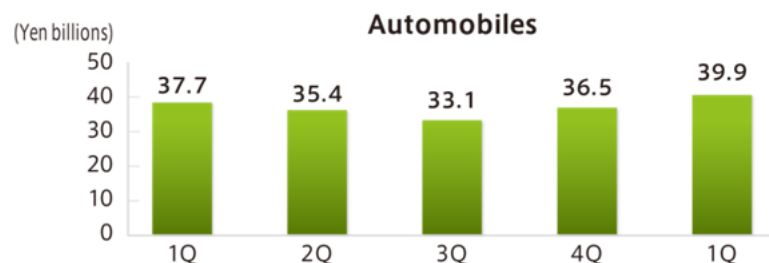
(Yen billions)		FY March 2013 1Q Results	FY March 2014 1Q Results	Change	
				Yen billions	%
Net Sales		208.7	236.5	27.9	13.4
Operating Income		9.2	4.0	(5.2)	-56.8
Operating Income Margin		4.4%	1.7%	-3.0pt	-
Income before Income Taxes		8.8	4.5	(4.3)	-48.9
Net Income		4.5	0.4	(4.1)	-91.7
Earning Per Share (JPY)		35.52	2.96	-	-
Ex-rate	US\$	Yen 80.27	Yen 98.74	Deppreciated by 23.0%	
	EURO	Yen 103.18	Yen 128.96	Deppreciated by 25.0%	
Ex-rate impact to Net sales & Operating Income		Net sales : Increased by about 40.0 billion Yen Operating income : Increased by about 5.9 billion Yen			

# Features in 1Q results of FY March 2014



## ◆ Consolidated sales increased 13.4%, operating income decreased 56.8%

- Sales to the automotive and industrial equipment markets continued to increase after bottoming out in the third quarter of FY March 2013
- Passive components was profitable for the first time in 6 quarters
  - Sales increased to the automotive, industrial equipment and communication equipment markets (\*)
 (For details, please see pages 21-22)
  - Reflects the benefits of restructuring centered on ceramic capacitors and yen depreciation
- Consolidated sales of magnetic application products declined 2.3% year on year, and operating income dropped 68.5%
  - Reflects lower demand for HDD heads (There was a recovery in demand in the first quarter of FY March 2013 related to the Thai floods)
  - Sales of magnets decreased sharply year on year due to rare earth material price decline and other factors

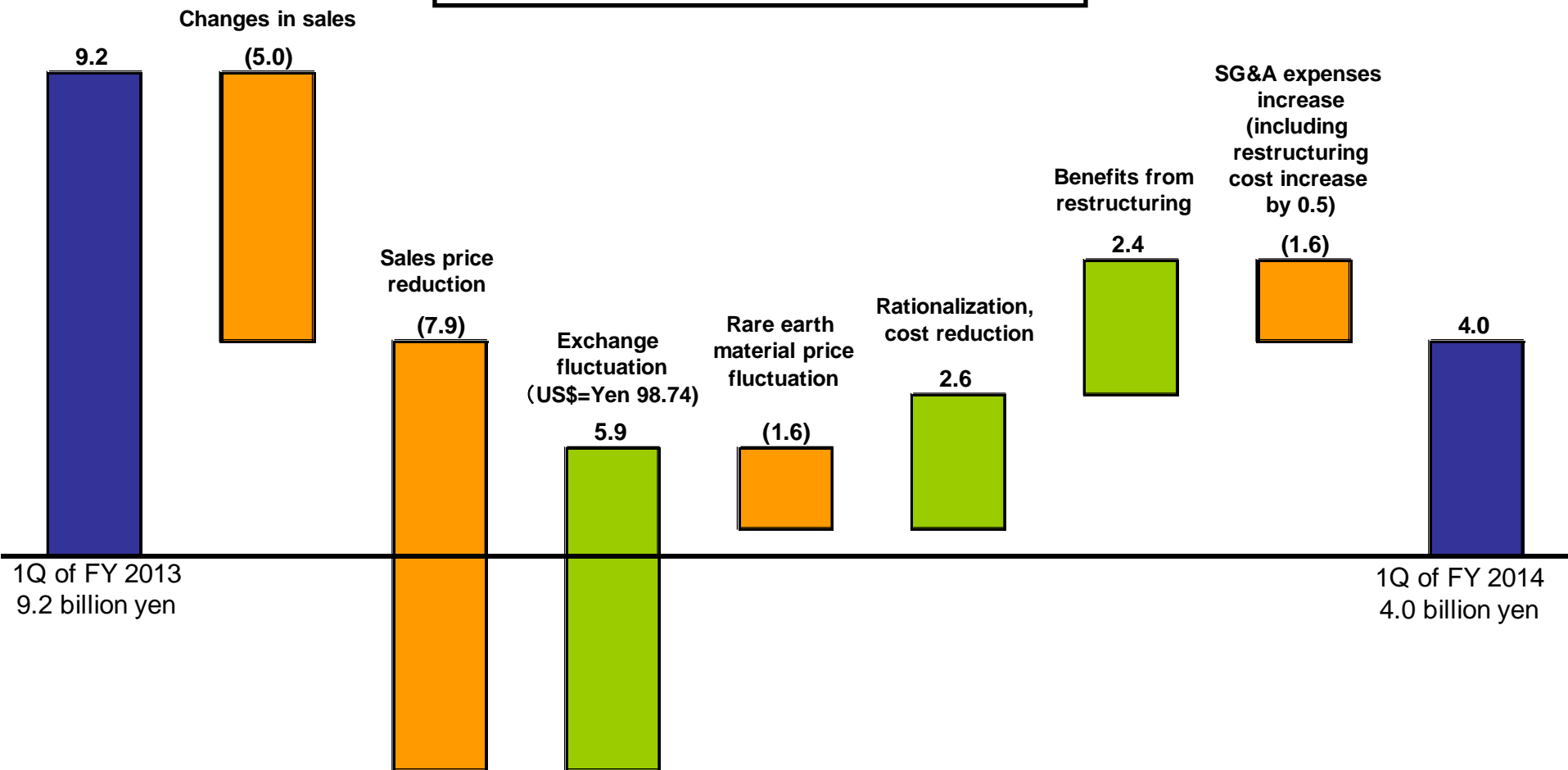


(\*) For details about sales transition by market applications, please see pages 18-21

# Breakdown of Operating Income Changes

(Yen billions)

**Operating Income -5.2 billion yen**





# Segment Information

(FY2013 1Q vs.FY2014 1Q, FY2013 4Q vs. FY2014 1Q)



(Yen billions)		1Q of FY 2013 Apr 1- Jun 30, 2012 (A)	4Q of FY 2013 Jan 1- Mar 31, 2013 (B)	1Q of FY 2014 Apr 1- Jun 30, 2013 (C)	YoY Change (C) - (A)		QoQ Change (C) - (B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitor	31.4	30.7	33.7	2.3	7.3	3.0	9.8
	Inductive Device	28.2	31.2	35.0	6.8	24.1	3.8	12.2
	Other Passive Comp	31.8	42.5	48.3	16.5	51.9	5.8	13.6
	<b>Passive Components</b>	<b>91.5</b>	<b>104.4</b>	<b>117.0</b>	<b>25.5</b>	<b>27.9</b>	<b>12.6</b>	<b>12.1</b>
	Recording Devices	59.9	57.6	60.2	0.3	0.5	2.6	4.5
	Other Magnetic Application Products	28.3	24.5	26.0	(2.3)	-8.1	1.5	6.1
	<b>Magnetic Application Products</b>	<b>88.2</b>	<b>82.1</b>	<b>86.2</b>	<b>(2.0)</b>	<b>-2.3</b>	<b>4.1</b>	<b>5.0</b>
	<b>Film Application Products</b>	<b>23.2</b>	<b>28.6</b>	<b>28.6</b>	<b>5.4</b>	<b>23.3</b>	<b>0.0</b>	<b>0.0</b>
	<b>Other</b>	<b>5.8</b>	<b>5.4</b>	<b>4.7</b>	<b>(1.1)</b>	<b>-19.0</b>	<b>(0.7)</b>	<b>-13.0</b>
	<b>Total</b>	<b>208.7</b>	<b>220.5</b>	<b>236.5</b>	<b>27.8</b>	<b>13.3</b>	<b>16.0</b>	<b>7.3</b>
Operating Income	<b>Passive Components</b>	<b>(2.9)</b>	<b>(3.9)</b>	<b>2.8</b>	<b>5.7</b>	<b>-</b>	<b>6.7</b>	<b>-</b>
	<b>Magnetic Application Products</b>	<b>14.6</b>	<b>1.8</b>	<b>4.6</b>	<b>(10.0)</b>	<b>-68.5</b>	<b>2.8</b>	<b>155.6</b>
	<b>Film Application Products</b>	<b>2.1</b>	<b>1.7</b>	<b>1.6</b>	<b>(0.5)</b>	<b>-23.8</b>	<b>(0.1)</b>	<b>-5.9</b>
	<b>Other</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>-</b>	<b>(0.5)</b>	<b>-</b>
	<b>Sub total</b>	<b>13.4</b>	<b>(0.8)</b>	<b>8.2</b>	<b>(5.2)</b>	<b>-38.8</b>	<b>9.0</b>	<b>-</b>
	<b>Corporate and Eliminations</b>	<b>(4.2)</b>	<b>(3.0)</b>	<b>(4.2)</b>	<b>0.0</b>	<b>-</b>	<b>(1.2)</b>	<b>-</b>
	<b>Total</b>	<b>9.2</b>	<b>(3.8)</b>	<b>4.0</b>	<b>(5.2)</b>	<b>-56.5</b>	<b>7.8</b>	<b>-</b>
Operating Income margin		4.4%	-1.7%	1.7%	-2.7pt	-	3.4pt	-
Ex- rate	US\$	Yen 80.27	Yen 92.20	Yen 98.74				
	EURO	Yen 103.18	Yen 121.74	Yen 128.96				

# Financial Position



(Yen billions)	March End, 2013	June End, 2013	Change	(Ref. June End, 2012)
<b>Total Asset</b>	1,169.6	1,224.0	54.4	1,047
<b>Total Liability</b>	589.0	615.0	26.0	562
<b>Stockholders's Equity</b>	561.2	588.7	27.5	471
(comprehensive income)	(159.0)	(127.0)	32.0	(258)
<b>Stockholders's Equity ratio</b>	48.0%	48.1%	+0.1pt	45.0%
<b>Cash and Cash equivalents(*1)</b>	223.5	244.8	21.3	171
<b>Interest-bearing Debt(*2)</b>	295.6	304.4	8.8	281
<b>Net Cash(*3)</b>	(72.1)	(59.6)	12.5	(110)

\*1: Cash and Cash equivalents + Short-term investments

\*2: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments

\*3: Cash and Cash equivalents - Interest-bearing Debt

(Yen billions)	FY March 2013 1Q Results	FY March 2014 1Q Results	Change
<b>Capital Expenditures</b>	23.9	14.4	(9.5)
<b>Depreciation and amortization</b>	17.9	20.7	2.8

# Full Year Projections of FY March 2014



(Yen billions)	FY March 2013 Full Year Results	FY March 2014 Full Year Projections	Change	
			Yen billions	%
<b>Net Sales</b>	851.6	<b>930.0</b>	78.4	9.2
<b>Operating Income</b>	21.6	<b>30.0</b>	8.4	38.9
<b>Operating Income Margin</b>	2.5%	<b>3.2%</b>	0.7pt	-
<b>Income before income taxes</b>	18.9	<b>28.0</b>	9.1	48.1
<b>Net Income</b>	1.2	<b>13.0</b>	11.8	983.3
<b>Earning Per Share (JPY)</b>	9.50	<b>103.34</b>	-	-

● No change in full year projections for FY March 2014 compared with that of April 26, 2013

● Average yen exchange rates forecast from 2Q of FY March 2014 onward

US\$: ¥90 (same as previous assumption)

EURO: ¥118 (same as previous assumption)

# **Recording Device Business**

**Atsuo Kobayashi**  
**Executive Vice President**

## ●HDD market

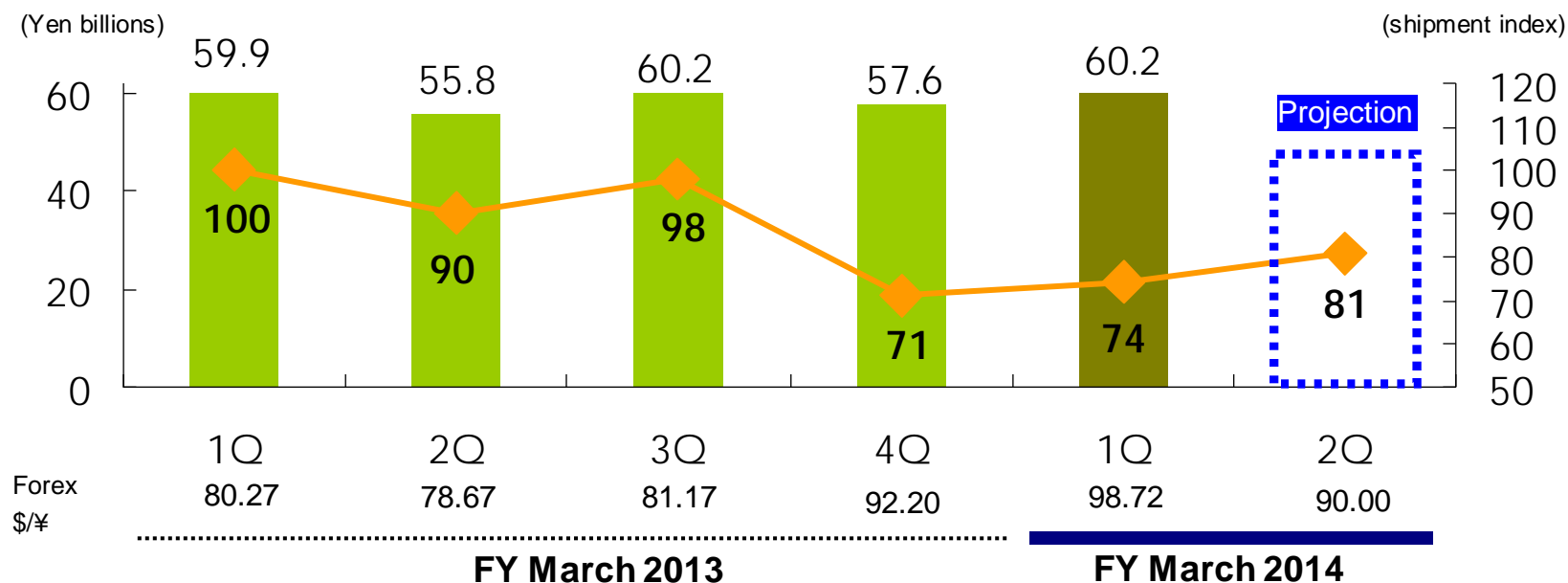
**FY March 2013 (TDK's estimation) : About 570 million units**

**FY March 2014 (TDK's forecast, same as previous forecast) : About 530 million units**

## ●Shipment index

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

◆ HDD Head Shipment Index (Right)



# Supplementary Data

# FY March 2014 Projections –Capex, Depreciation, R&D-

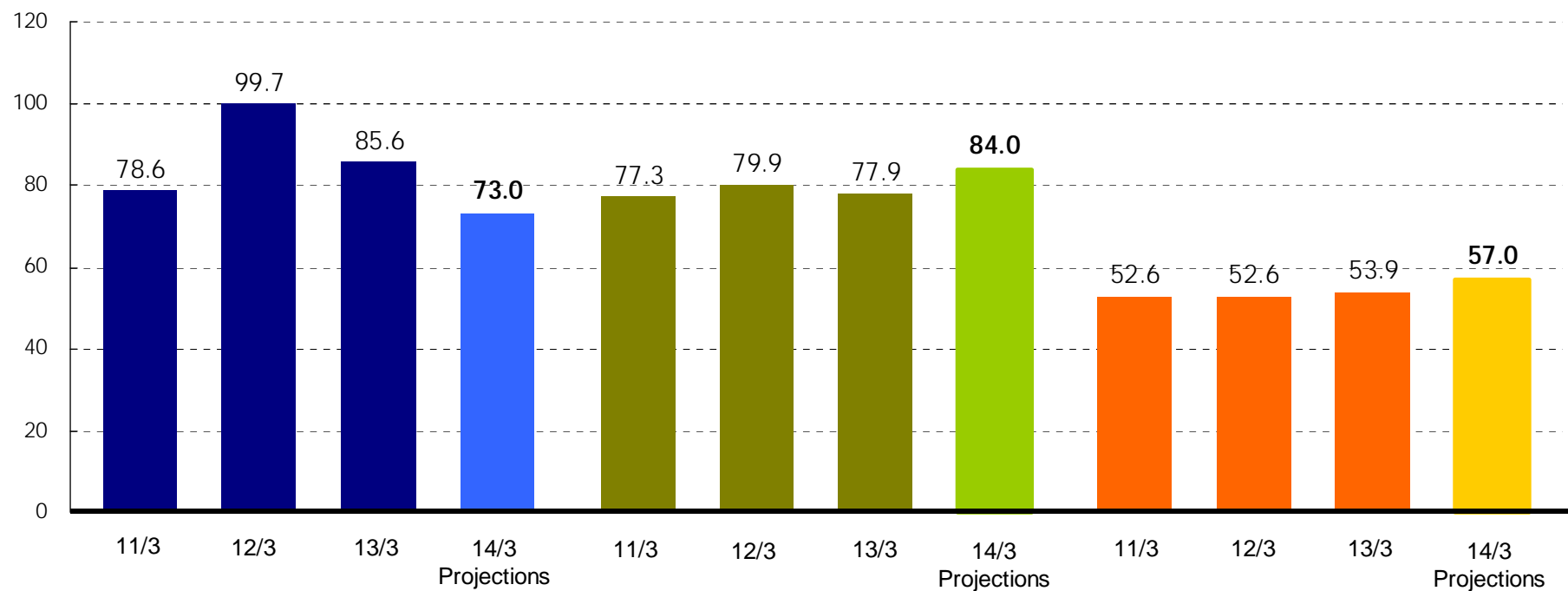


(Yen billions)

**Capital expenditure**

**Depreciation**

**R&D**



# Quarterly sales and operating income by segment



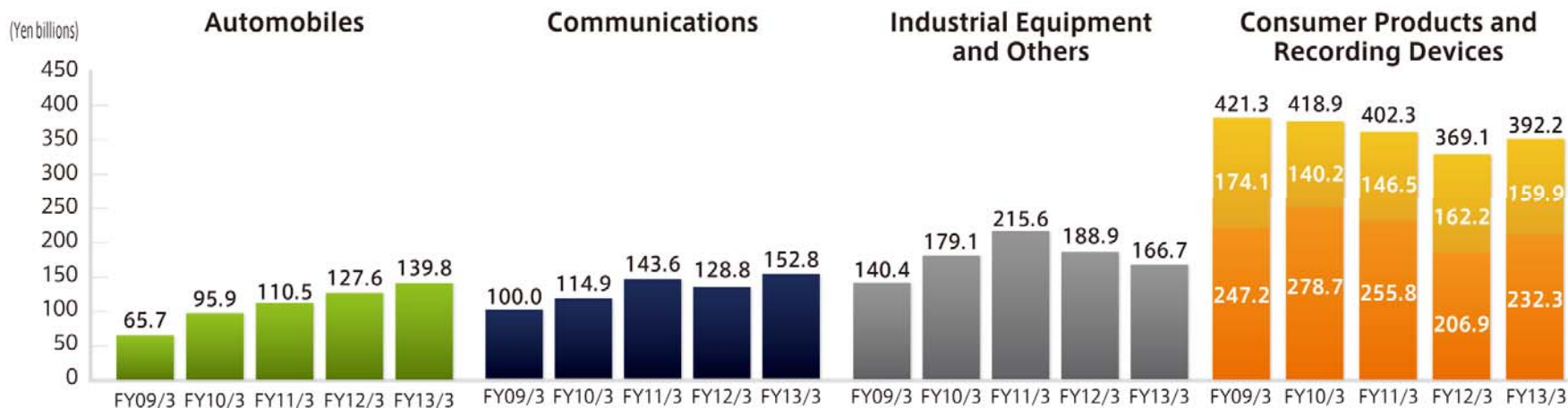
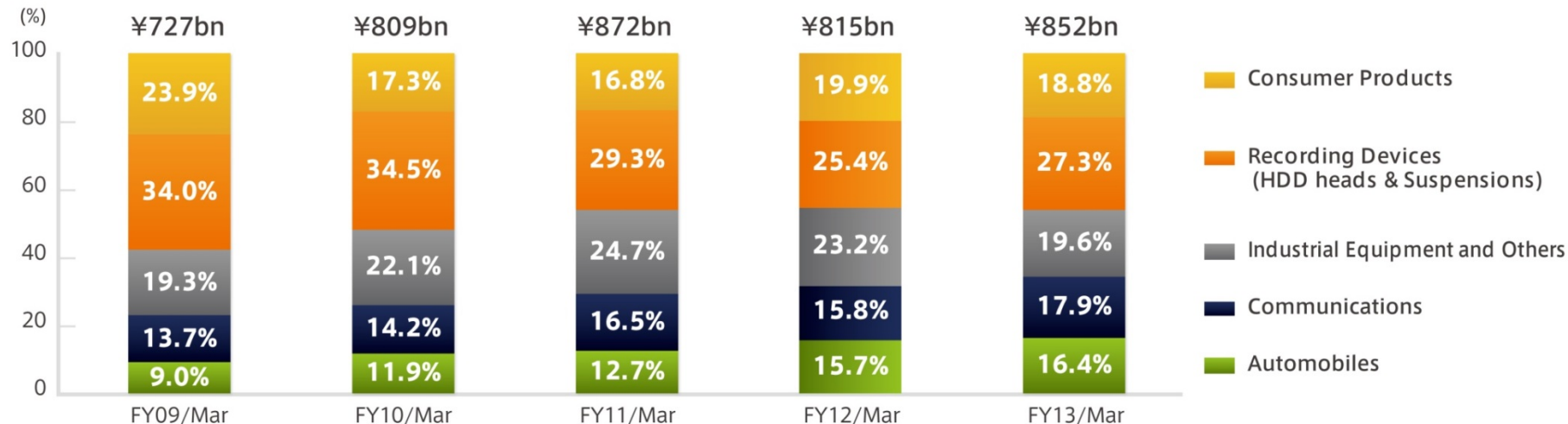
Yen billions			FY March 2013					FY March 2014				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales		Capacitors	31.4	29.2	26.6	30.7	118.0	33.7				
		Inductive Devices	28.2	29.6	30.6	31.2	119.6	35.0				
		Other Passive Components	31.8	31.7	36.0	42.5	142.1	48.3				
		<b>Passive Components</b>	<b>91.5</b>	<b>90.6</b>	<b>93.1</b>	<b>104.4</b>	<b>379.6</b>	<b>117.0</b>				
		Recording Devices	59.9	55.8	60.2	57.6	233.5	60.2				
		Other Magnetic Application Products	28.3	27.6	24.0	24.5	104.4	26.0				
		<b>Magnetic Application Products</b>	<b>88.2</b>	<b>83.4</b>	<b>84.2</b>	<b>82.1</b>	<b>337.9</b>	<b>86.2</b>				
		<b>Film Application Products</b>	<b>23.2</b>	<b>27.7</b>	<b>33.0</b>	<b>28.6</b>	<b>112.6</b>	<b>28.6</b>				
		<b>Other</b>	<b>5.8</b>	<b>5.2</b>	<b>5.0</b>	<b>5.4</b>	<b>21.4</b>	<b>4.7</b>				
		<b>Total</b>	<b>208.7</b>	<b>207.0</b>	<b>215.4</b>	<b>220.5</b>	<b>851.6</b>	<b>236.5</b>				
Operating Income		<b>Passive Components</b>	<b>-2.9</b>	<b>-2.5</b>	<b>-1.8</b>	<b>-3.9</b>	<b>-11.1</b>	<b>2.8</b>				
		<b>Magnetic Application Products</b>	<b>14.6</b>	<b>13.2</b>	<b>7.5</b>	<b>1.8</b>	<b>37.1</b>	<b>4.6</b>				
		<b>Film Application Products</b>	<b>2.1</b>	<b>5.0</b>	<b>3.6</b>	<b>1.7</b>	<b>12.4</b>	<b>1.6</b>				
		<b>Other</b>	<b>-0.4</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-1.8</b>	<b>-0.8</b>				
		<b>Sub-total</b>	<b>13.4</b>	<b>15.2</b>	<b>8.8</b>	<b>-0.8</b>	<b>36.7</b>	<b>8.2</b>				
		Corporate and Eliminations	-4.2	-4.1	-3.7	-3.0	-15.0	-4.2				
		<b>Total</b>	<b>9.2</b>	<b>11.2</b>	<b>5.1</b>	<b>-3.8</b>	<b>21.6</b>	<b>4.0</b>				
Ex-rate	¥/USD		80.27	78.67	81.17	92.20	83.03	98.74				
	¥/EURO		103.18	98.28	105.28	121.74	107.05	128.96				



# Cash Flow

(Yen billions)	FY March 2013 1Q Results	FY March 2014 1Q Results	Remarks
<b>Operating Cash Flow</b>	21.5	<b>22.8</b>	<b>Decreased 1.3 billion yen</b> <Increase factor> Increase in depreciation: 2.9 billion yen Decrease in inventory: 6.3 billion yen  <Decrease factor> Decrease in net income: 4.0 billion yen
<b>Investing Cash Flow</b>	(20.3)	<b>(16.0)</b>	<b>Decreased 4.3 billion yen</b> <Increase factor> • Increase in purchase of short-term investments: 5.6 billion yen • Decrease in proceeds from sales of assets: 2.6 billion yen  <Decrease factor> • Decrease in capital expenditure: 9.5 billion yen • Increase in proceeds from sale and maturity of short-term investments: 3.0 billion yen
<b>Free Cash Flow</b>	1.2	<b>6.8</b>	<b>Increased 5.6 billion yen</b>
<b>Financing Cash Flow</b>	4.4	<b>2.7</b>	<b>Decreased 1.7 billion yen</b> <Increase factor> • Increase in proceeds from long-term debt: 12.0 billion yen  <Decrease factor> • Decrease in short-term debt: 16.8 billion yen
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(6.8)	<b>10.0</b>	<b>Increased 16.8 billion yen</b>
<b>Cash and Cash Equivalents</b>	165.7	<b>233.1</b>	<b>Increased 67.4 billion</b>

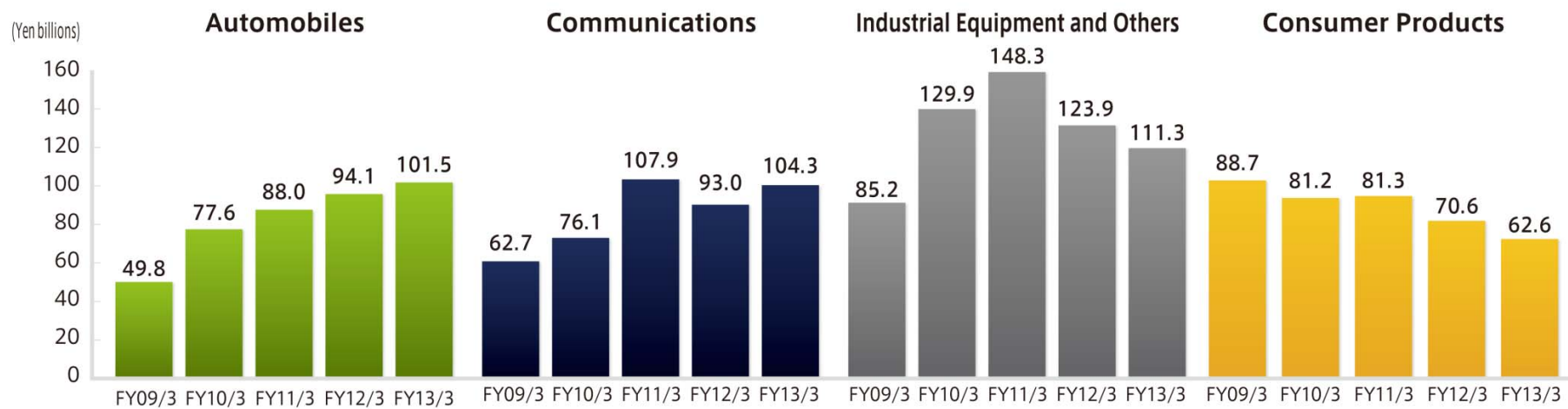
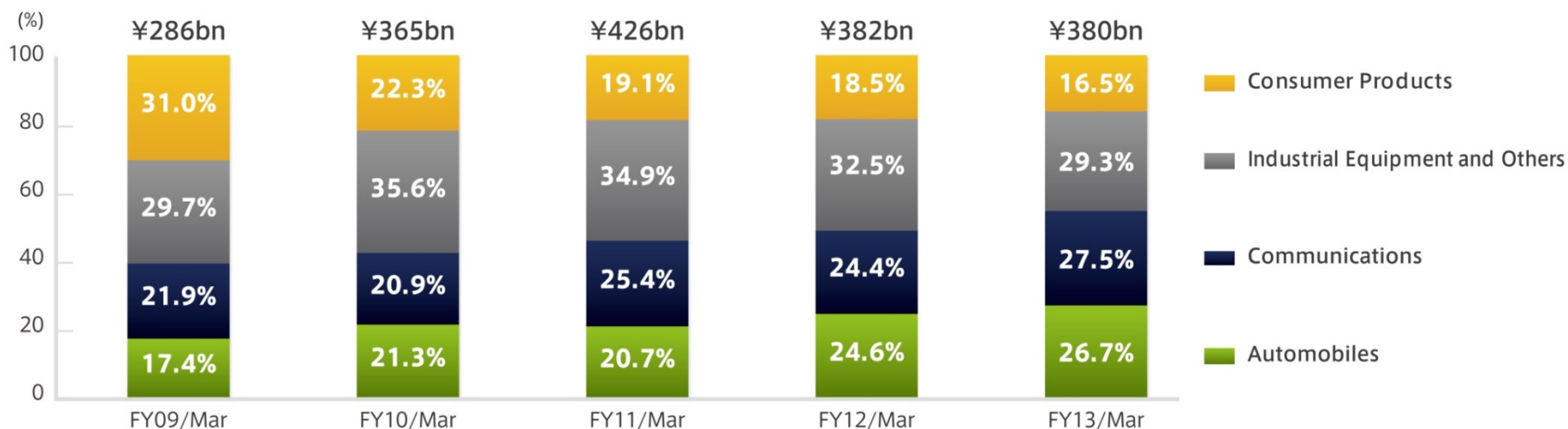
# Annual Sales by applications (FY2009/Mar – FY2013/Mar)



※ Consolidation of EPCOS from the second half of 2009/3

※ Discontinued operation (Display business) are included in 2009/3 and 2010/3.

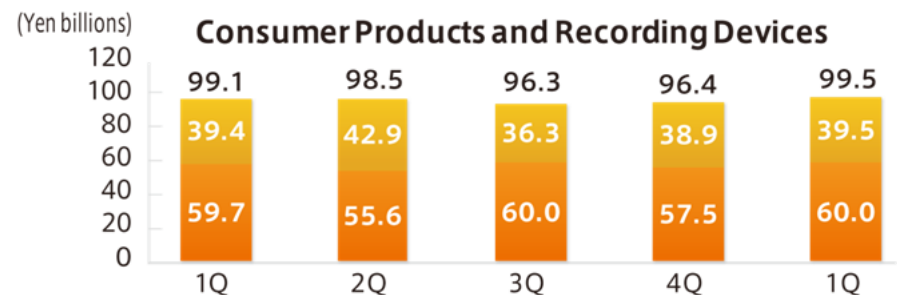
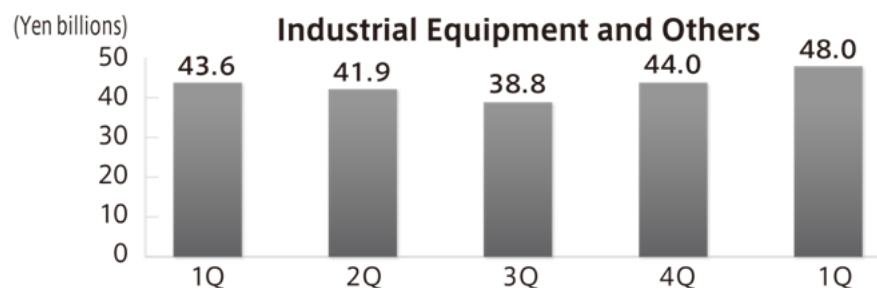
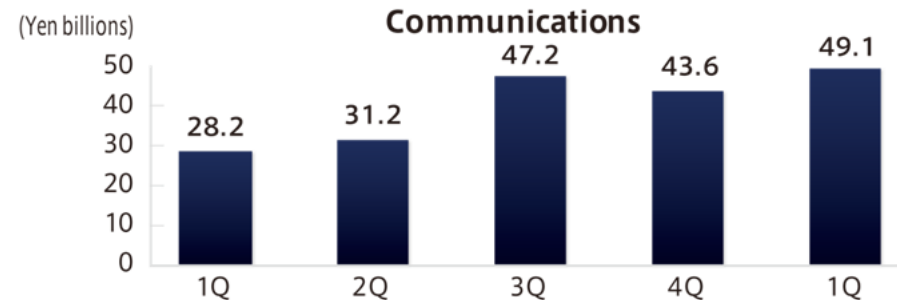
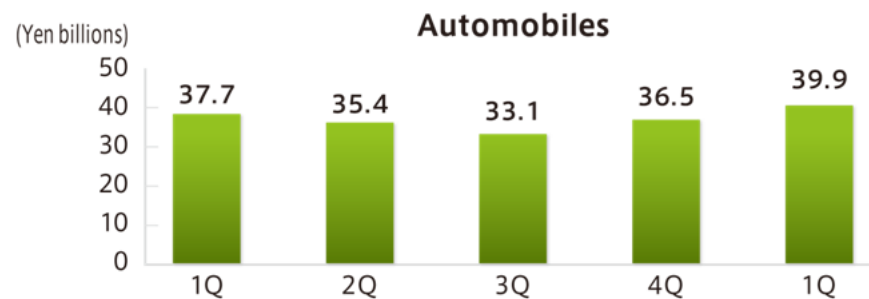
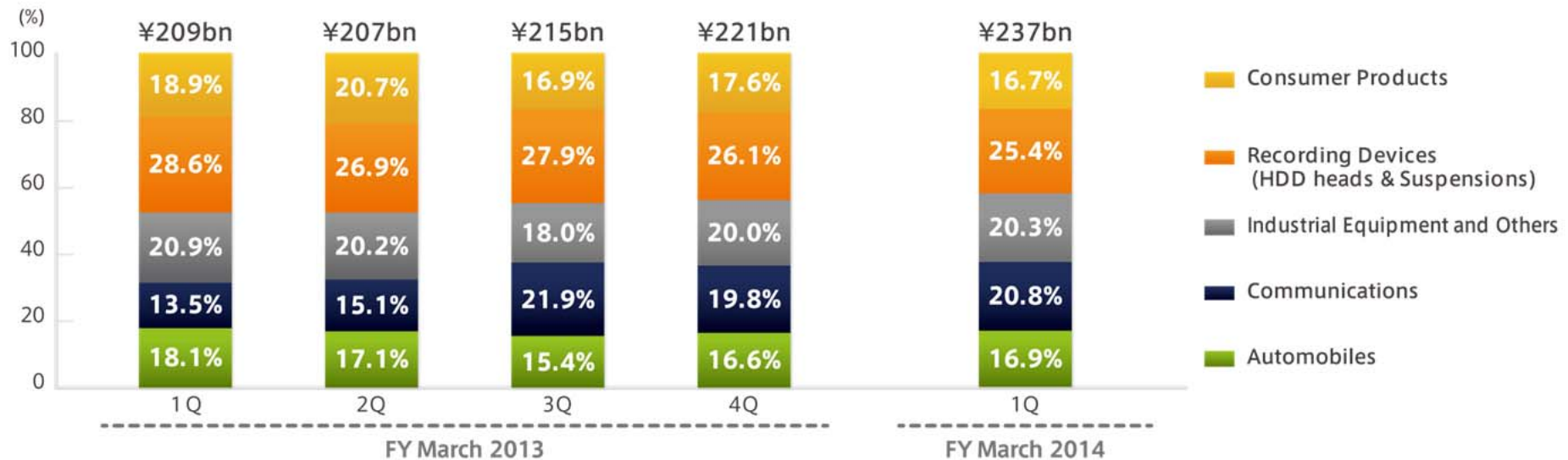
# Passive Components Business Annual sales by applications (FY2009/Mar –FY2013/Mar)



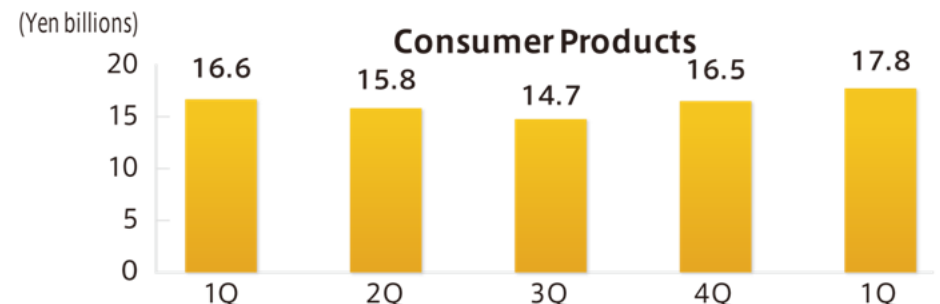
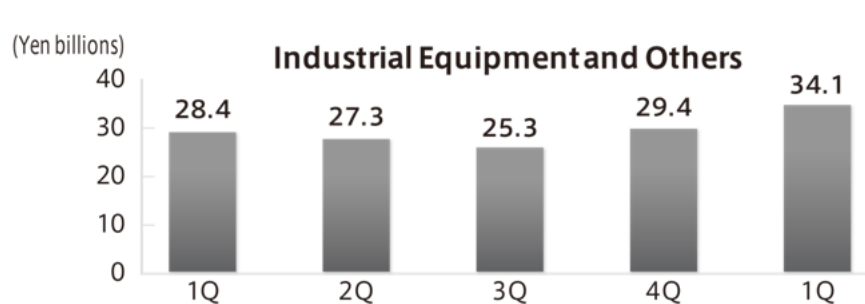
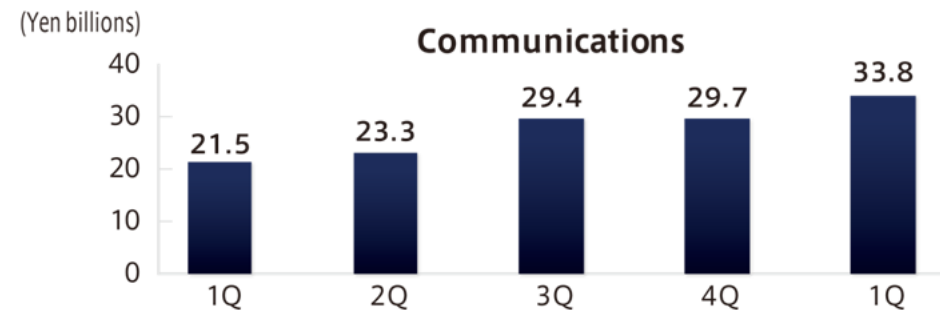
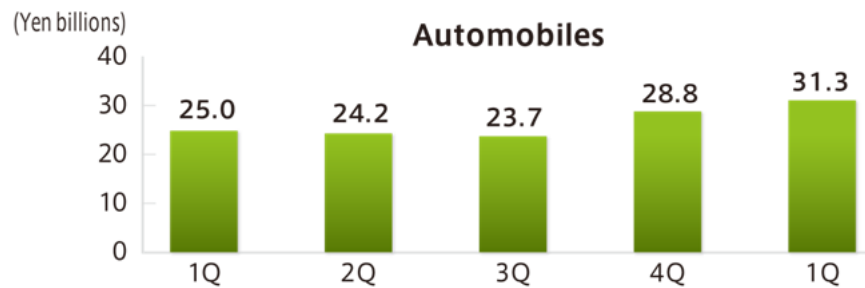
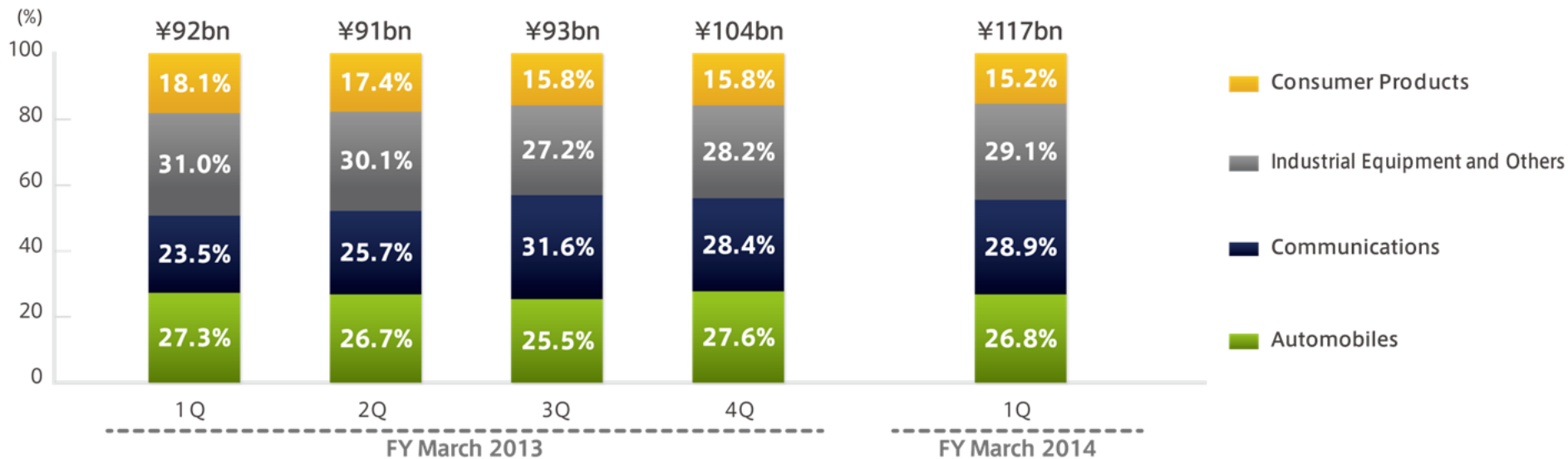
※ Consolidation of EPCOS from the second half of 2009/3

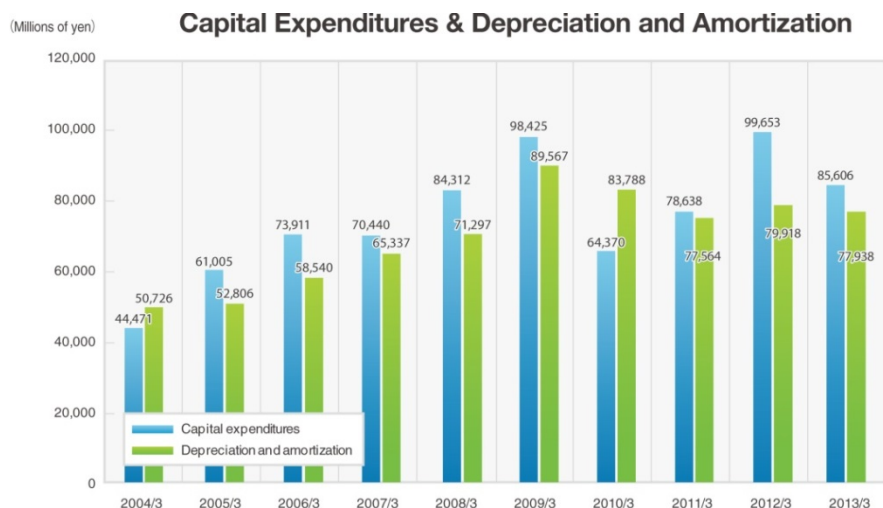
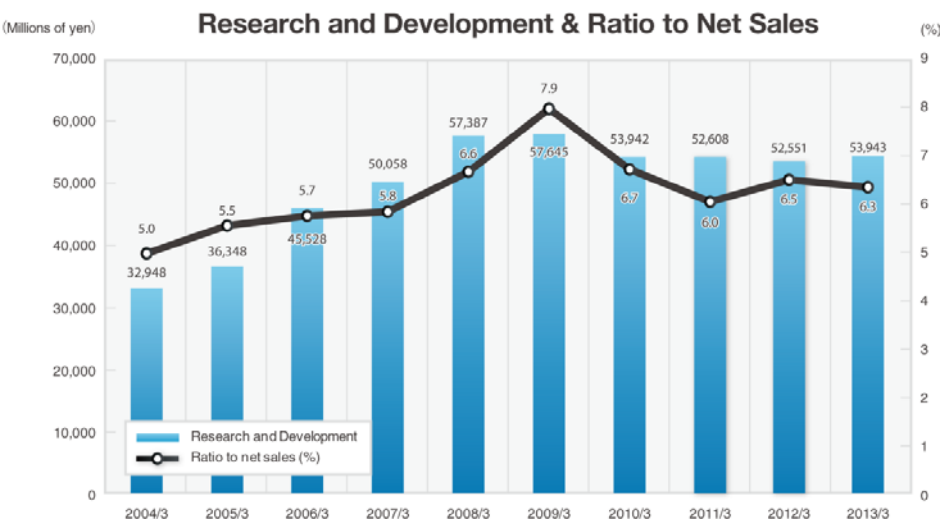
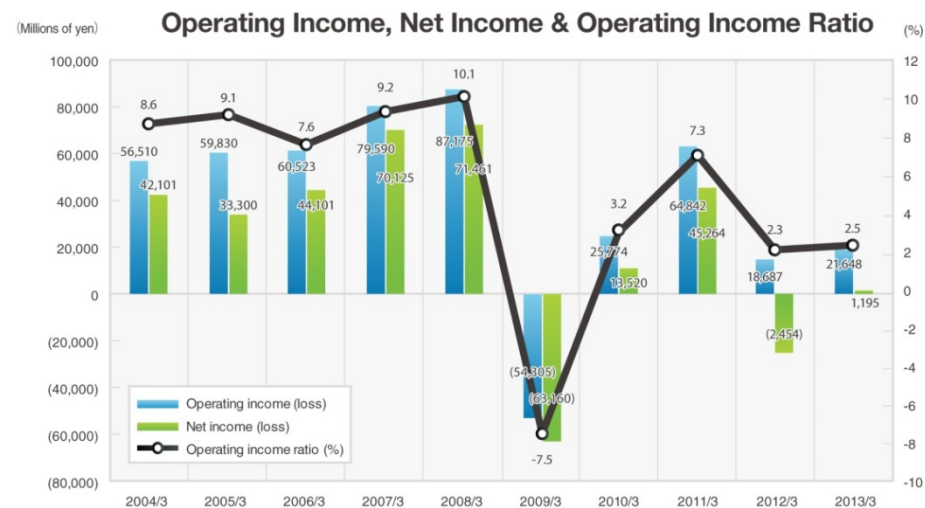
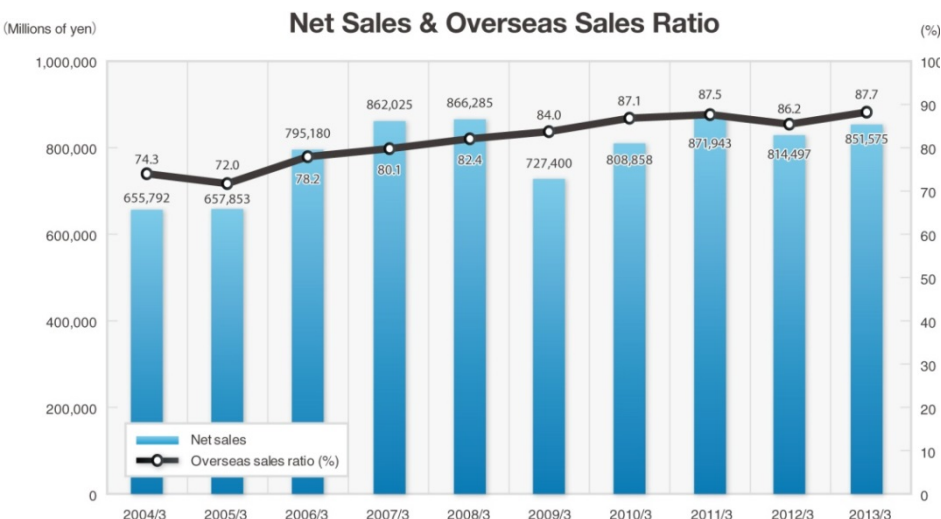
※ Discontinued operation (Display business) are included in 2009/3 and 2010/3.

# Quarterly sales by applications (1Q of FY March 2013 – 1Q of FY March 2014)

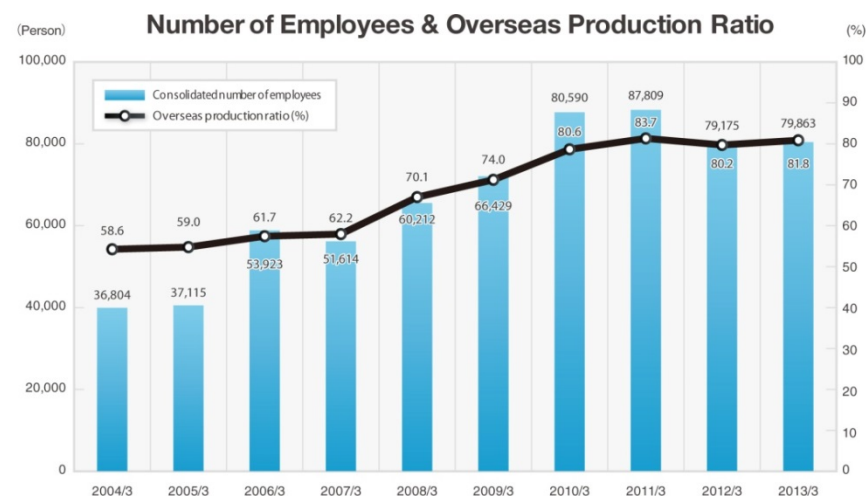
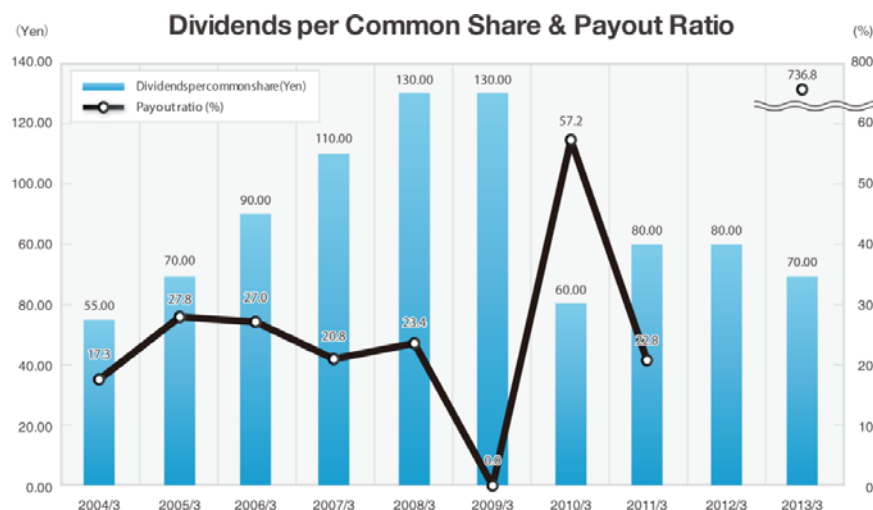
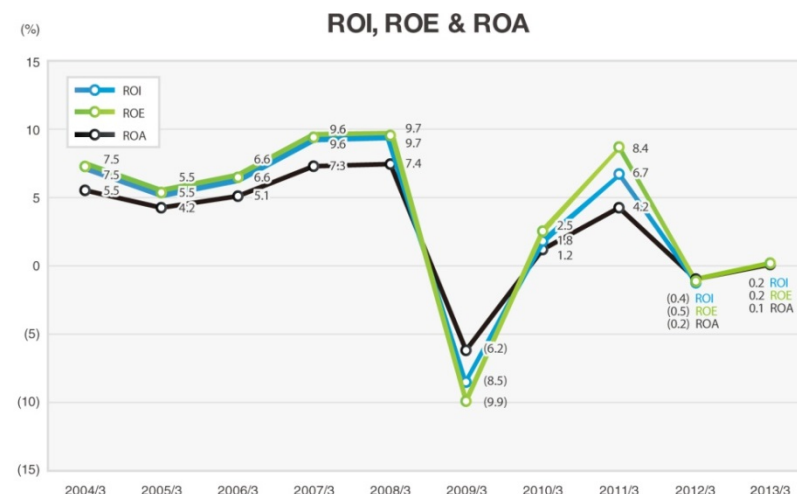
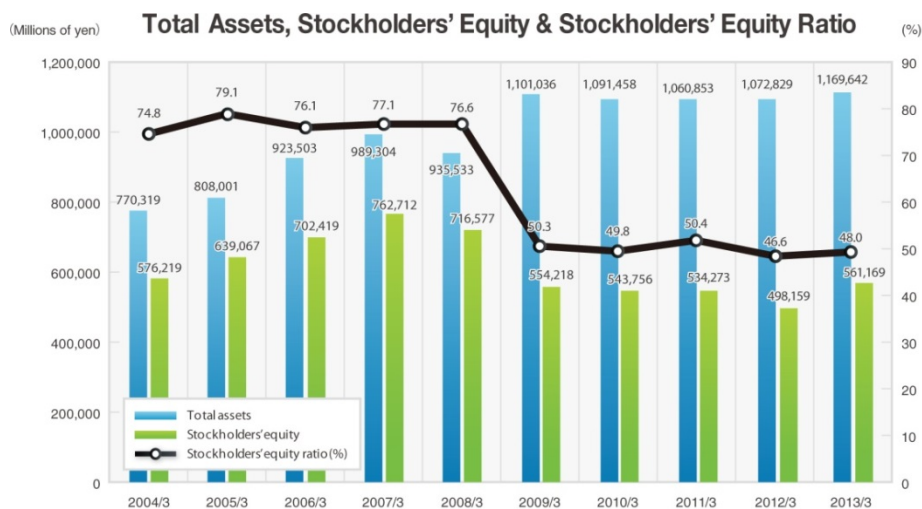


# Passive Components Business quarterly sales by applications (1Q of FY March 2013 – 1Q of FY March 2014)









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Text data including Q&A of performance briefing will be uploaded on following site  
[http://www.global.tdk.com/ir/ir\\_events/conference/2014/1q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2014/1q_1.htm)