

Consolidated Results for 1Q of FY March 2016

Tetsuji Yamanishi
Corporate Officer

- ◆ **Operating income increased by 88.5% year on year.**
We have established a structure whereby profits are generated through synergies among our 3 core business segments (passive components, magnetic application and film application segments).
- ◆ **The passive components segment saw a significant 92.3% year on year increase in operating income, mainly driven by high-frequency components. This marks a record high quarterly operating income.**
- ◆ **The film application products segment (rechargeable batteries) saw significant year on year increases in both sales and operating income, owing to the growth in sales to the Chinese and Korean customers in addition to the North American main customer.**
- ◆ **Operating income from the magnetic application products segment declined, reflecting sluggish HDD head sales. We have revised down the initial forecast for overall HDD market sales volume.**
(HDD market sales volume: 530 million units → 490 million units)

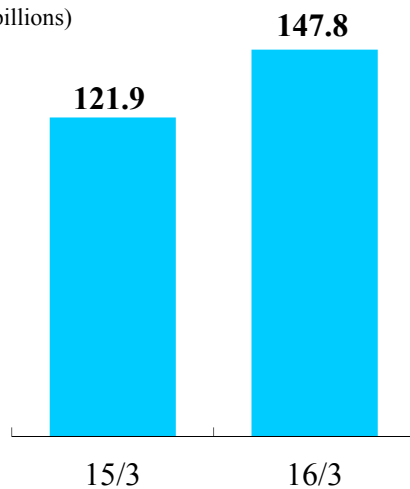
Consolidated Results for 1Q of FY March 2016



	(Yen billions)	FY March 2015 1Q Results	FY March 2016 1Q Results	Change	
				Yen billions	%
Net Sales		237.5	279.6	42.1	17.7
Operating Income		9.6	18.1	8.5	88.5
Operating Income Margin		4.0%	6.5%	+2.5pt	-
Income from Continuing Operations before Income Taxes		10.4	18.9	8.5	81.7
Net Income		5.8	13.1	7.3	125.9
Earning Per Share (JPY)		45.73	103.96	-	-
Ex-rate	US\$ /JPY	102.17	121.29	Depreciated by 18.7%	
	EURO /JPY	140.17	134.15	Appreciated by 4.3%	
Ex-rate impact to Net sales & Operating Income	Net sales : Increased by about 39.3 billion Yen Operating income : Increased by about 6.1 billion Yen				

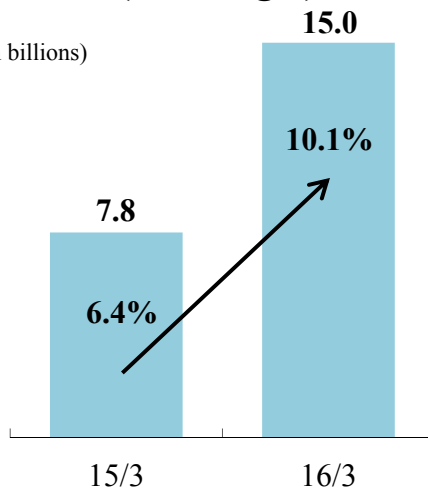
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



15/3: FY March 2015

Net Sales 147.8 billion yen (up 21.2% year on year)

Operating Income 15.0 billion yen (up 92.3% year on year)

◆ Ceramic Capacitors

- Sales increased year on year, particularly to the automobile market, which accounts for around half of total sales.
- Profit margins also improved due to improved productivity.

◆ Inductive Devices

- Sales to the ICT market and the automobile market increased year on year.
- Earnings increased due to an improved product portfolio.

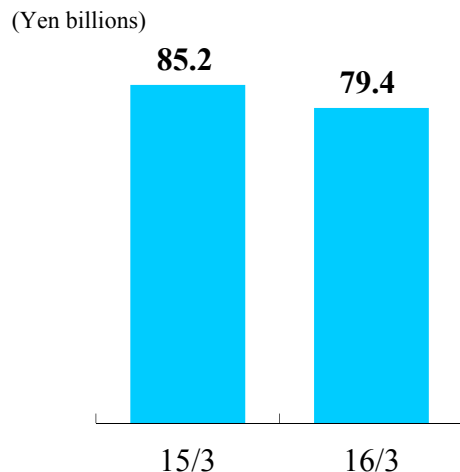
◆ High-frequency Components

- Sales of discrete products were firm due to production capacity expansion.
- Profits increased significantly year on year.

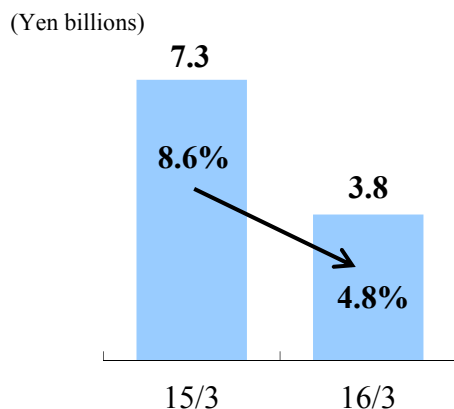
◆ Piezoelectric Material Products

- Both revenues and profits increased year on year, mainly due to strong sales of OIS for camera modules and circuit protection components for automobile market and industrial equipment market.

Net Sales



Operating Income (OP margin)



15/3: FY March 2015

Net Sales 79.4 billion yen (down 6.8% year on year)

Operating income 3.8 billion yen (down 47.9% year on year)

◆ Recording Devices (HDD Heads)

- The PC market slowed down compared to the previous year, in which demand for replacement of the retiring Windows XP operating system was seen, with the HDD market slowing down as well. As a result, our shipment volume of HDD heads declined significantly. Both sales and profits for this category declined year on year.

◆ Magnets

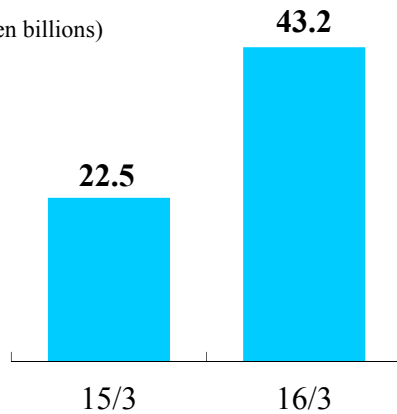
- Sales to the automobile and ICT markets (for HDDs) decreased.

◆ Power Supplies

- Sales to the industrial equipment market of products such as semiconductor production equipment, FA equipment and measuring equipment remained strong.

Net Sales

(Yen billions)

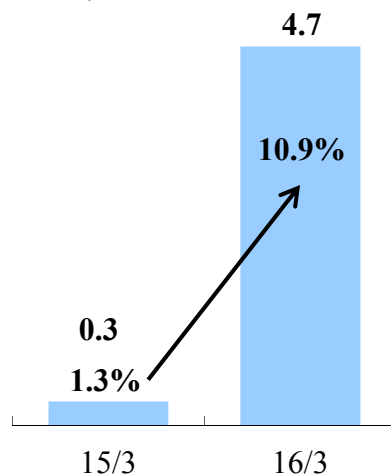


Net sales 43.2 billion yen (up 92.0% year on year)

Operating income 4.7 billion yen (16 times increases year on year)

Operating Income (OP margin)

(Yen billions)



◆ Energy Devices (Rechargeable Batteries)

- Both sales and profits increased year on year due to strong sales to major customer in North America, as well as substantial growth in sales to the Chinese and Korean market.

15/3: FY March 2015

Quarterly Results by Segment



		1Q of FY March 2015 (A)	4Q of FY March 2015 (B)	1Q of FY March 2016 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	36.5	37.6	39.1	2.6	7.1	1.5	4.0
	Inductive Devices	35.7	36.4	37.9	2.2	6.2	1.5	4.1
	Other Passive Components	49.7	62.8	70.8	21.1	42.5	8.0	12.7
	Passive Components	121.9	136.9	147.8	25.9	21.2	10.9	8.0
	Recording Devices	59.1	62.6	54.6	(4.5)	-7.6	(8.0)	-12.8
	Other Magnetic Application Products	26.2	25.9	24.8	(1.4)	-5.3	(1.1)	-4.2
	Magnetic Application Products	85.2	88.5	79.4	(5.8)	-6.8	(9.1)	-10.3
	Film Application Products	22.5	44.1	43.2	20.7	92.0	(0.9)	-2.0
	Other	7.8	10.3	9.2	1.4	17.9	(1.1)	-10.7
	Total	237.5	279.9	279.6	42.1	17.7	(0.3)	-0.1
Operating Income	Passive Components	7.8	8.0	15.0	7.2	92.3	7.0	87.5
	Magnetic Application Products	7.3	6.3	3.8	(3.5)	-47.9	(2.5)	-39.7
	Film Application Products	0.3	9.4	4.7	4.4	-	(4.7)	-50.0
	Other	(0.5)	0.6	0.4	0.9	-	(0.2)	-33.3
	Sub total	14.8	24.3	23.9	9.1	61.5	(0.4)	-1.6
	Corporate and Eliminations	(5.2)	(5.0)	(5.8)	(0.6)	-	(0.8)	-
	Total	9.6	19.4	18.1	8.5	88.5	(1.3)	-6.7
Operating Income margin		4.0%	6.9%	6.5%	+2.5pt	-	-0.4pt	-
Ex-rate	US\$/JPY	102.17	119.21	121.29				
	EURO/JPY	140.17	134.74	134.15				

Breakdown of Operating Income Changes

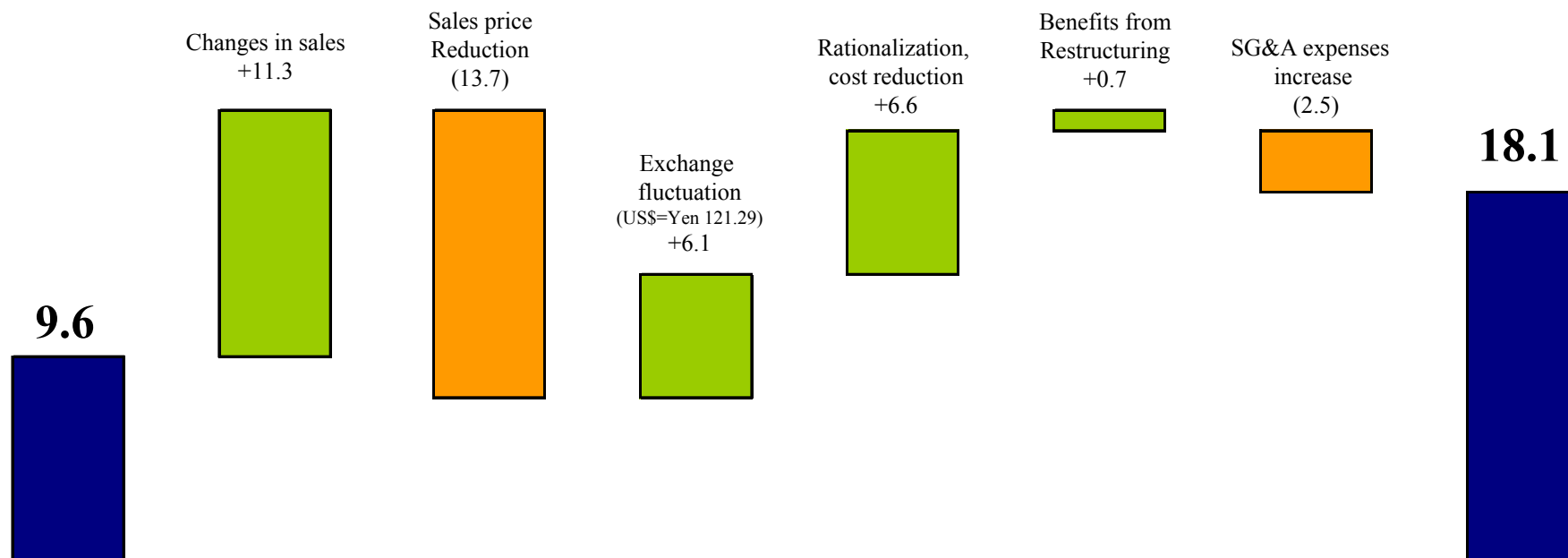


1Q of
FY March 2015
9.6 billion yen

Operating Income +8.5 billion yen

1Q of
FY March 2016
18.1 billion yen

(Yen billions)



Projections for 2Q of FY March 2016 -Image of change in sales

Segment	1Q of FY March 2016	2Q Projections (Q on Q Change)	Main factor and premise of projections
Passive Components	147.8	+3%~+4%	Increase in sales of various products for the ICT market and the automobile market
Magnetic Application Products	79.4	+4%~+5%	Increase in sales of HDD heads on the back of recovery in demand
Film Application Products	43.2	+30%+ α	Increase in sales of rechargeable batteries for the ICT market (sales growth driven by higher demand for new product to be launched by our primary customer)
Other	9.2		
Total	279.6	+8%~+10%	

Forex assumptions

US\$/Yen	121.29	115.00
EURO/Yen	134.15	130.00

FY March 2016 Full Year / Dividend Projections



TDK keeps initial projections (announced on April 28) unchanged.

		FY March 2015 Full Year Results	FY March 2016 Full Year Projections	YoY Change	
				Yen billions	%
Net sales		1,082.6	1,180.0	97.4	9.0%
Operating income		72.5	95.0	22.5	31.0%
Operating income margin		6.7%	8.1%	+1.4pt	-
Net income		49.4	65.0	15.6	31.6%
Earning per share (JPY)		392.78	515.92	-	-
Dividends (JPY)		1st half : 40 2nd half : 50 Annual: 90	1st half : 60 2nd half : 60 Annual : 120	-	-
Ex-rate	US\$/JPY	109.84	115.00	-	
	EURO/JPY	138.88	130.00	-	

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