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**Performance Briefing**  
**First Half of Fiscal Year March, 2016**

**TDK Corporation**  
**October 30, 2015**

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◆ **Consolidated Results for First Half of FY March 2016**

Tetsuji Yamanishi, Corporate Officer

◆ **Consolidated Full Year Projections for FY March 2016**

Takehiro Kamigama, President and CEO

# **Consolidated Results for First Half of FY March 2016**

**Tetsuji Yamanishi  
Corporate Officer**

- ◆ **587.6 billion yen, first half sales, was the highest ever. Operating income was 45.6 billion yen, increased by 63% year on year.**
- ◆ **Both sales and operating income of passive components achieved record first-half earnings. (Operating income increased by 88% year on year.) There were strong sales to the automobile market and smartphone customers.**
- ◆ **Both sales and operating income from magnetic application products declined year on year, reflecting sluggish HDD head and magnet sales.**
- ◆ **Film application products saw strong sales of rechargeable batteries for smartphones, and both sales and operating income increased significantly year on year.**

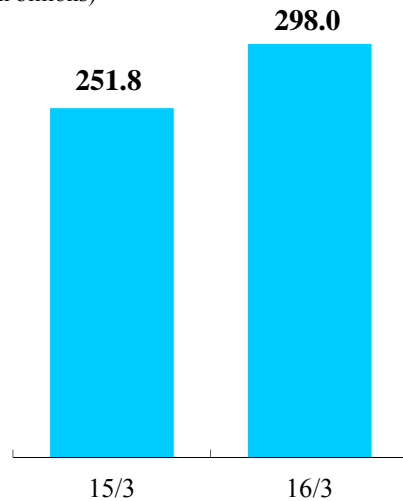
# Consolidated Results for First Half of FY March 2016



(Yen billions)	FY March 2015 Results through 2Q (2014.4.1-2014.9.30)	FY March 2016 Results through 2Q (2015.4.1-2015.9.30)	Change	
			Yen billions	%
<b>Net Sales</b>	502.3	<b>587.6</b>	85.3	17.0
<b>Operating Income</b>	27.9	<b>45.6</b>	17.7	63.4
<b>Operating Income Margin</b>	5.6%	<b>7.8%</b>	+2.2pt	-
<b>Income before Income Taxes</b>	27.4	<b>44.1</b>	16.7	60.9
<b>Net Income</b>	18.1	<b>31.5</b>	13.4	74.0
<b>Earning Per Share (JPY)</b>	144.17	<b>249.69</b>	-	-
US\$ (JPY)	103.02	<b>121.80</b>	Depreciated by 18.2% Appreciated by 2.8%	
EURO (JPY)	138.96	<b>135.11</b>		
<b>Ex-rate impact to Net sales &amp; Operating Income</b>	Net sales : Increased by about 78.8 billion Yen Operating income : Increased by about 14.2 billion Yen			

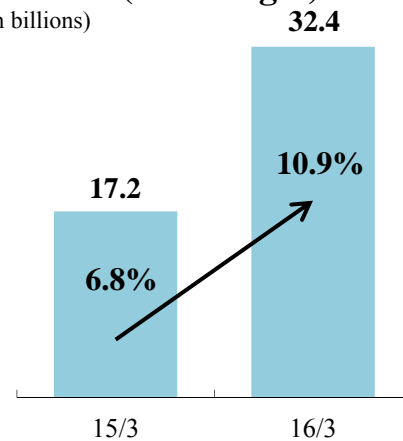
## Net Sales

(Yen billions)



## Operating Income (OP margin)

(Yen billions)



**Net Sales 298.0 billion yen** (up 18.3% year on year)

**Operating Income 32.4 billion yen** (up 88.4% year on year)

### ◆Ceramic Capacitors

- Sales increased year on year, particularly to the steady automobile market.
- Profit margins also improved due to increased productivity.

### ◆Inductive Devices

- Sales to a brisk ICT market (particularly for communications equipment) and a steady automotive market increased year on year.
- Earnings increased due to an improved product portfolio.

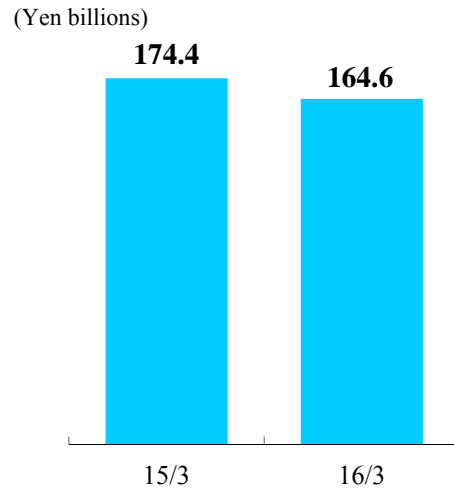
### ◆High-frequency Components

- Sales of discrete products were strong, mainly due to buoyant demand from the Chinese and the North American smartphone markets.
- Profit margins also improved significantly year on year due to increased productivity and improved product portfolio.

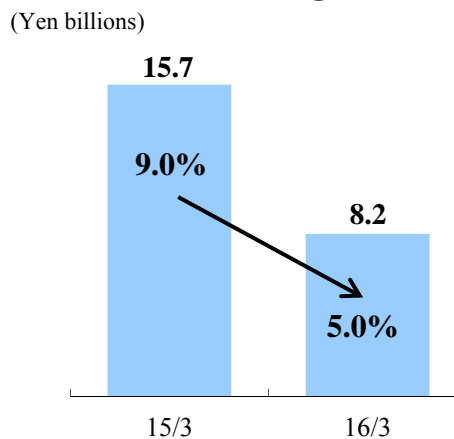
### ◆Piezoelectric Material Products

- Both net sales and operating income increased year on year due to strong sales of OIS for camera modules.

## Net Sales



## Operating Income (OP margin)



**Net Sales 164.6 billion yen** (down 5.6% year on year)

**Operating income 8.2 billion yen** (down 47.8% year on year)

### ◆Recording Devices (HDD Heads)

- The HDD market slowed due to a globally lackluster demand for PCs.
- Shipment volume of HDD heads also declined year on year.

### ◆Magnets

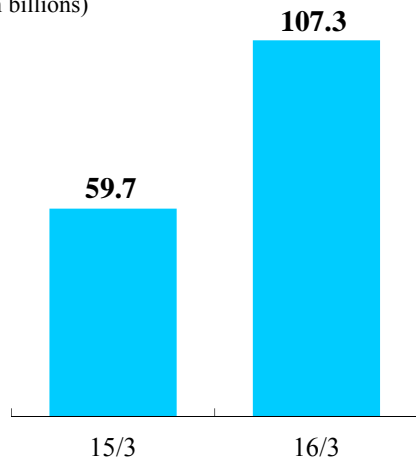
- Sales for use in HDDs were sluggish. Profits declined year on year as a consequence of capacity utilization falling and one-time expenses.

### ◆Power Supplies

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

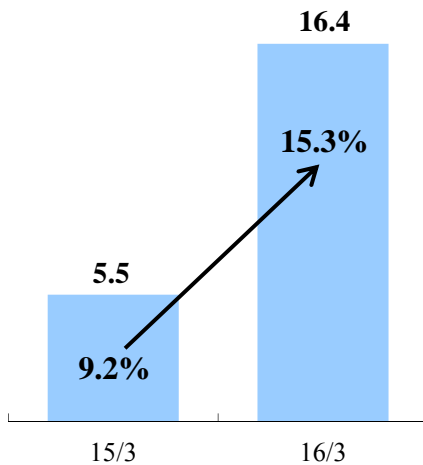
## Net Sales

(Yen billions)



## Operating Income

(Yen billions) (OP margin)



**Net sales 107.3 billion yen** (up 79.7% year on year)

**Operating income 16.4 billion yen** (up 198.2% year on year)

### ◆ Energy Devices (Rechargeable Batteries)

- Sales to major customers in China, South Korea and North America increased.
- Both sales and profits increased substantially year on year.



# Breakdown of Operating Income Changes

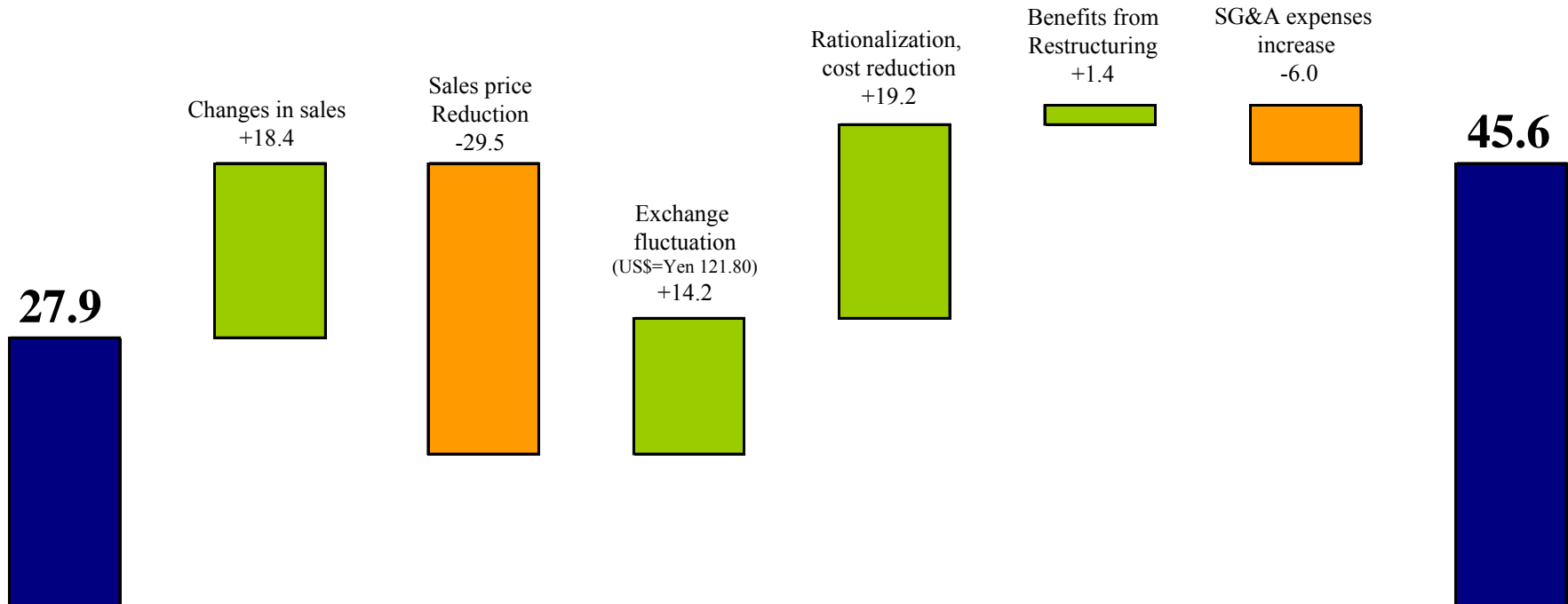


First Half of  
FY March 2015  
27.9 billion yen

**Operating Income + 17.7 billion yen**

First Half of  
FY March 2016  
45.6 billion yen

(Yen billions)



# Consolidated Results for 2Q of FY March 2016



	(Yen billions)	FY March 2015 2Q Results	FY March 2016 2Q Results	Change	
				Yen billions	%
<b>Net Sales</b>		264.8	<b>308.1</b>	43.3	16.4
<b>Operating Income</b>		18.3	<b>27.4</b>	9.1	49.7
<b>Operating Income Margin</b>		6.9%	<b>8.9%</b>	+2.0pt	-
<b>Income before Income Taxes</b>		17.0	<b>25.1</b>	8.1	47.6
<b>Net Income</b>		12.4	<b>18.4</b>	6.0	48.4
<b>Earning Per Share (JPY)</b>		98.43	<b>145.72</b>	-	-
<b>Ex-rate</b>	US\$ /JPY	103.86	<b>122.31</b>	Depreciated by 17.8%	
	EURO /JPY	137.77	<b>136.06</b>	Appreciated by 1.2%	
<b>Ex-rate impact to Net sales &amp; Operating Income</b>	Net sales : Increased by about 39.5 billion Yen Operating income : Increased by about 8.1 billion Yen				

# Quarterly Results by Segment



(Yen billions)		2Q of FY March 2015 (A)	1Q of FY March 2016 (B)	2Q of FY March 2016 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	37.3	39.1	<b>39.5</b>	2.2	5.9	0.4	1.0
	Inductive Devices	37.1	37.9	<b>38.6</b>	1.5	4.0	0.7	1.8
	Other Passive Components	55.5	70.8	<b>72.1</b>	16.6	29.9	1.3	1.8
	<b>Passive Components</b>	<b>129.9</b>	<b>147.8</b>	<b>150.2</b>	<b>20.3</b>	<b>15.6</b>	<b>2.4</b>	<b>1.6</b>
	Recording Devices	63.7	54.6	<b>60.7</b>	(3.0)	-4.7	6.1	11.2
	Other Magnetic Application Products	25.5	24.8	<b>24.6</b>	(0.9)	-3.5	(0.2)	-0.8
	<b>Magnetic Application Products</b>	<b>89.2</b>	<b>79.4</b>	<b>85.3</b>	<b>(3.9)</b>	<b>-4.4</b>	<b>5.9</b>	<b>7.4</b>
	<b>Film Application Products</b>	<b>37.2</b>	<b>43.2</b>	<b>64.1</b>	<b>26.9</b>	<b>72.3</b>	<b>20.9</b>	<b>48.4</b>
	<b>Other</b>	<b>8.5</b>	<b>9.2</b>	<b>8.6</b>	<b>0.1</b>	<b>1.2</b>	<b>(0.6)</b>	<b>-6.5</b>
	<b>Total</b>	<b>264.8</b>	<b>279.6</b>	<b>308.1</b>	<b>43.3</b>	<b>16.4</b>	<b>28.5</b>	<b>10.2</b>
Operating Income	<b>Passive Components</b>	9.4	15.0	<b>17.4</b>	8.0	85.1	2.4	16.0
	<b>Magnetic Application Products</b>	8.5	3.8	<b>4.5</b>	(4.0)	-47.1	0.7	18.4
	<b>Film Application Products</b>	5.2	4.7	<b>11.6</b>	6.4	123.1	6.9	146.8
	<b>Other</b>	0.2	0.4	<b>0.2</b>	0.0	0.0	(0.2)	-50.0
	<b>Sub total</b>	<b>23.3</b>	<b>23.9</b>	<b>33.7</b>	<b>10.4</b>	<b>44.6</b>	<b>9.8</b>	<b>41.0</b>
	<b>Corporate and Eliminations</b>	<b>(5.0)</b>	<b>(5.8)</b>	<b>(6.3)</b>	<b>(1.3)</b>	<b>-</b>	<b>(0.5)</b>	<b>-</b>
	<b>Total</b>	<b>18.3</b>	<b>18.1</b>	<b>27.4</b>	<b>9.1</b>	<b>49.7</b>	<b>9.3</b>	<b>51.4</b>
Operating Income margin		6.9%	6.5%	<b>8.9%</b>	+2.0pt	-	+2.4pt	-
Ex-rate	US\$/JPY	103.86	121.29	<b>122.31</b>				
	EURO/JPY	137.77	134.15	<b>136.06</b>				

# **Consolidated Full Year Projections for FY March 2016**

**Takehiro Kamigama  
President and CEO**

# Market trend in the second half

The arrow symbol “→” denotes changes from first-half trend

Priority Markets	Market Trend	
ICT	↗	North American smartphone production to peak in 3Q and projected to remain on par year on year in 4Q.
	→	Chinese and South Korean smartphone production to increase slightly from 2Q to 3Q.
	→	HDD market to become more sluggish than previously expected. (TAM assumption : previously 490 million, currently 463 million).
Automobile	→	Firm sales centered on the North American and European markets expected in the second half, despite year-on-year declines in the Japanese and Chinese markets.
	↗	xEV* production to increase in the second half, driven by Japanese makers launching new models.
Industrial Equipment	→	Demand of renewable energy market to increase with large-scale projects planned in different countries.
		The Japanese industrial equipment market to decelerate due to restrained capital investment.

\* xEV : EV, HEV, PHEV

# Projections for 3Q of FY March 2016 -Image of change in sales

Segment	2Q of FY March 2016	3Q Projections (Q on Q Change)
Passive Components	150.2	±0%
Magnetic Application Products	85.3	-4%~-6%
Film Application Products	64.1	+7%~+9%
Other	8.6	
<b>Total</b>	<b>308.1</b>	<b>±0%</b>

## Forex assumptions

US\$/Yen  
EURO/Yen

122.31  
136.06

115.00  
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	%
<b>Net sales</b>		1,082.6	<b>1,180.0</b>	97.4	9.0%
<b>Operating income</b>		72.5	<b>95.0</b>	22.5	31.0%
<b>Operating income margin</b>		6.7%	<b>8.1%</b>	+1.4pt	-
<b>Net income</b>		49.4	<b>65.0</b>	15.6	31.6%
<b>Earning per share (JPY)</b>		392.78	<b>515.92</b>	-	-
<b>Dividends (JPY)</b>		1st half : 40 2nd half : 50 Annual: 90	<b>1st half : 60 2nd half : 60 Annual : 120</b>	-	-
<b>Ex-rate</b>	US\$/JPY	109.84	<b>115.00</b>	-	-
	EURO/JPY	138.88	<b>130.00</b>	-	-

# Supplementary Data

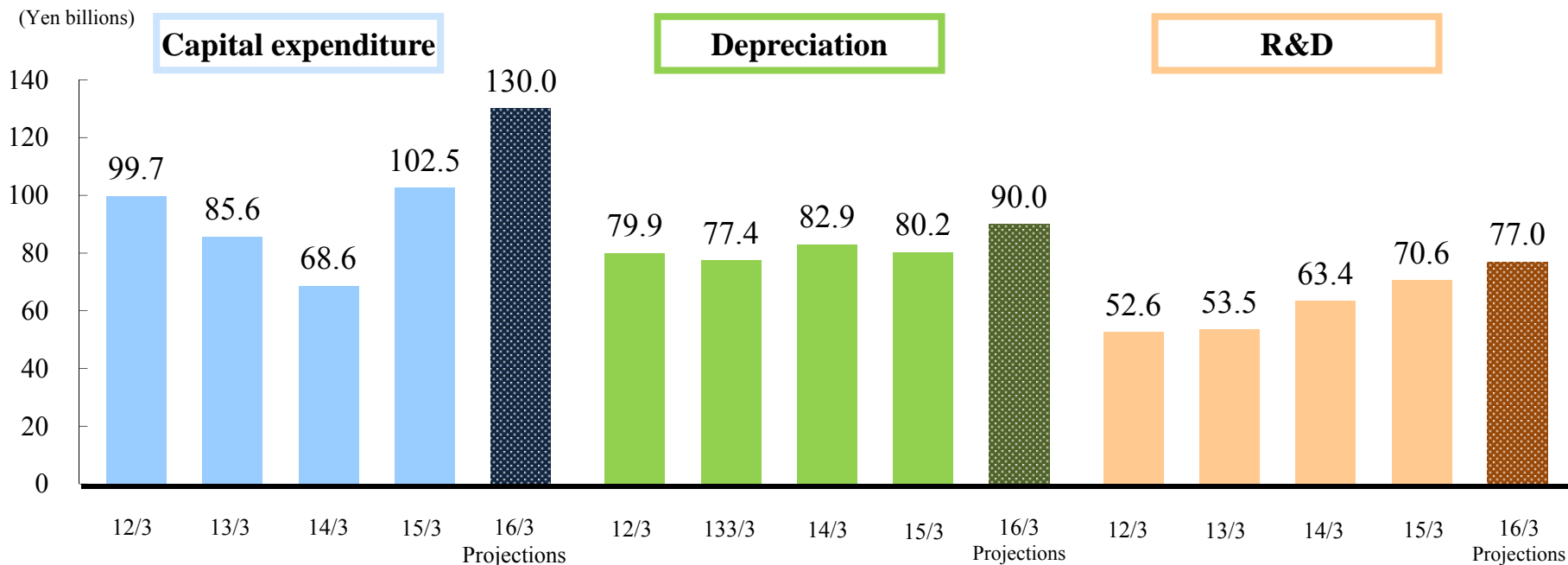


# Quarterly sales and operating income by segment



		FY March 2015					FY March 2016				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	(Yen billions)										
	Capacitors	36.5	37.3	37.5	37.6	149.0	39.1	39.5			
	Inductive Devices	35.7	37.1	38.1	36.4	147.3	37.9	38.6			
	Other Passive Components	49.7	55.5	67.6	62.8	235.8	70.8	72.1			
	<b>Passive Components</b>	<b>121.9</b>	<b>129.9</b>	<b>143.2</b>	<b>136.9</b>	<b>532.0</b>	<b>147.8</b>	<b>150.2</b>			
	Recording Devices	59.1	63.7	75.1	62.6	260.5	54.6	60.7			
	Other Magnetic Application Products	26.2	25.5	25.3	25.9	102.8	24.8	24.6			
	<b>Magnetic Application Products</b>	<b>85.2</b>	<b>89.2</b>	<b>100.4</b>	<b>88.5</b>	<b>363.3</b>	<b>79.4</b>	<b>85.3</b>			
	<b>Film Application Products</b>	<b>22.5</b>	<b>37.2</b>	<b>47.4</b>	<b>44.1</b>	<b>151.3</b>	<b>43.2</b>	<b>64.1</b>			
<b>Other</b>	<b>7.8</b>	<b>8.5</b>	<b>9.4</b>	<b>10.3</b>	<b>35.9</b>	<b>9.2</b>	<b>8.6</b>				
<b>Total</b>	<b>237.5</b>	<b>264.8</b>	<b>300.4</b>	<b>279.9</b>	<b>1,082.6</b>	<b>279.6</b>	<b>308.1</b>				
Operating Income	<b>Passive Components</b>	<b>7.8</b>	<b>9.4</b>	<b>11.4</b>	<b>8.0</b>	<b>36.6</b>	<b>15.0</b>	<b>17.4</b>			
	<b>Magnetic Application Products</b>	<b>7.3</b>	<b>8.5</b>	<b>7.7</b>	<b>6.3</b>	<b>29.7</b>	<b>3.8</b>	<b>4.5</b>			
	<b>Film Application Products</b>	<b>0.3</b>	<b>5.2</b>	<b>9.6</b>	<b>9.4</b>	<b>24.6</b>	<b>4.7</b>	<b>11.6</b>			
	<b>Other</b>	<b>(0.5)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.2</b>			
	<b>Sub-total</b>	<b>14.8</b>	<b>23.3</b>	<b>29.0</b>	<b>24.3</b>	<b>91.4</b>	<b>23.9</b>	<b>33.7</b>			
	Corporate and Eliminations	(5.2)	(5.0)	(3.8)	(5.0)	(18.9)	(5.8)	(6.3)			
<b>Total</b>	<b>9.6</b>	<b>18.3</b>	<b>25.2</b>	<b>19.4</b>	<b>72.5</b>	<b>18.1</b>	<b>27.4</b>				
Ex-rate	US\$/JPY	102.17	103.86	114.25	119.21	109.84	121.29	122.31			
	EURO/JPY	140.17	137.77	142.79	134.74	138.88	134.15	136.06			

## Expenses



## Forex Sensitivity (impact by 1 (one) yen change)

● **US\$ : Sales 5.0 billion yen, Operating Income 1.4 billion yen**

(Yen billions)	March End, 2015	June End, 2015	September End, 2015	Change from June End, 2015
<b>Total Asset</b>	<b>1,404.3</b>	<b>1,467.8</b>	<b>1,445.1</b>	<b>(22.7)</b>
<b>Total Liability</b>	<b>646.3</b>	<b>683.9</b>	<b>701.5</b>	<b>17.6</b>
<b>Stockholders's Equity</b>	<b>738.9</b>	<b>763.9</b>	<b>735.7</b>	<b>(28.2)</b>
(comprehensive income)	<b>(5.9)</b>	<b>12.1</b>	<b>(15.8)</b>	<b>(27.9)</b>
<b>Stockholders's Equity ratio</b>	<b>52.6%</b>	<b>52.0%</b>	<b>50.9%</b>	<b>-1.1pt</b>
<b>Cash and Cash equivalents</b>	<b>286.5</b>	<b>302.3</b>	<b>269.2</b>	<b>(33.1)</b>
<b>Interest-bearing Debt (*1)</b>	<b>268.3</b>	<b>287.0</b>	<b>300.2</b>	<b>13.2</b>
<b>Net Cash (*2)</b>	<b>18.2</b>	<b>15.3</b>	<b>(31.0)</b>	<b>(46.3)</b>

\*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments

\*2: Cash and Cash equivalents - Interest-bearing Debt

# Cash Flows

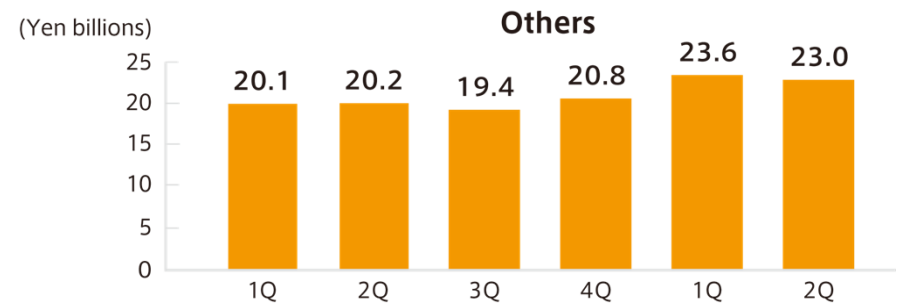
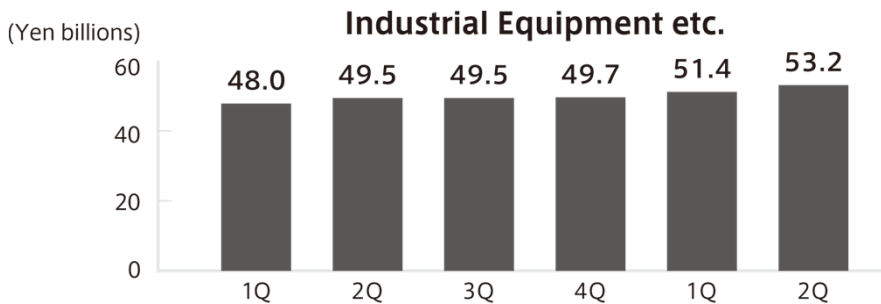
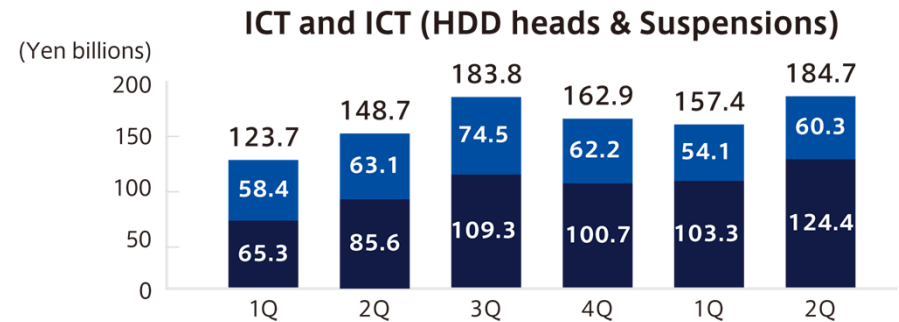
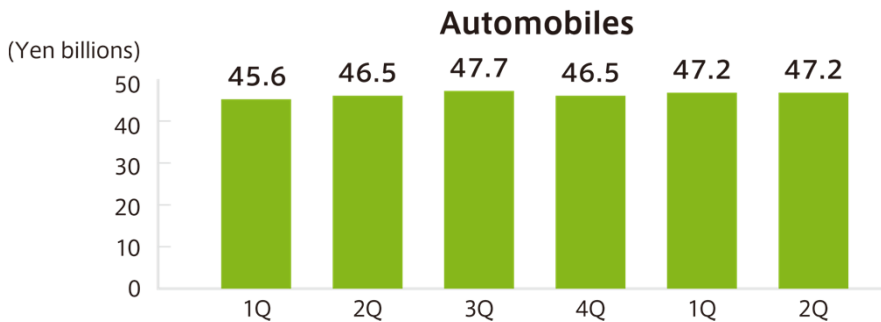
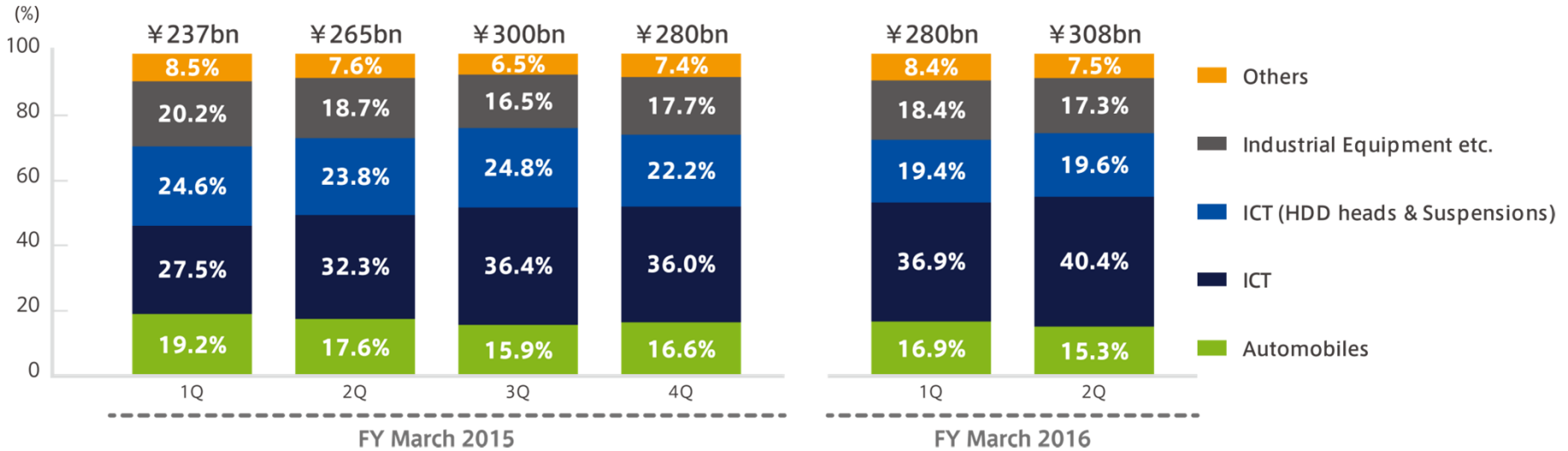


<b>(Yen billions)</b>	<b>FY March 2015 Results through 2Q</b>	<b>FY March 2016 Results through 2Q</b>	<b>YoY Change</b>
<b>Operating Cash Flow</b>	<b>43.9</b>	<b>60.9</b>	<b>17.0</b>
<b>Investing Cash Flow</b>	<b>(45.0)</b>	<b>(67.4)</b>	<b>(22.4)</b>
<b>Free Cash Flow</b>	<b>(1.1)</b>	<b>(6.5)</b>	<b>(5.4)</b>
<b>Financing Cash Flow</b>	<b>(18.9)</b>	<b>(3.4)</b>	<b>15.5</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>13.4</b>	<b>(2.2)</b>	<b>(15.6)</b>

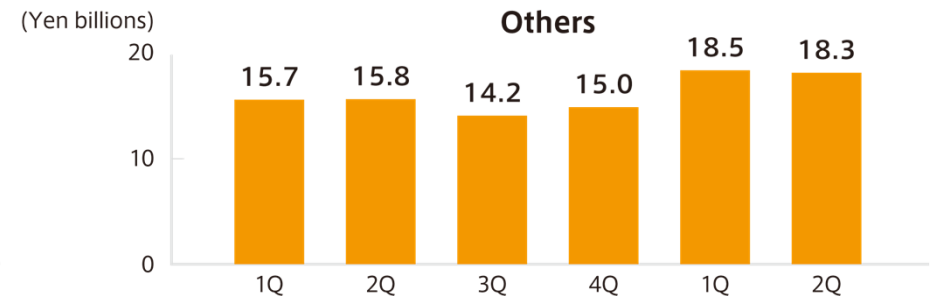
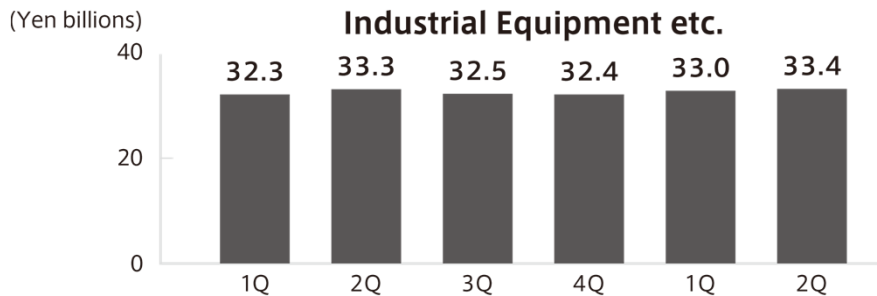
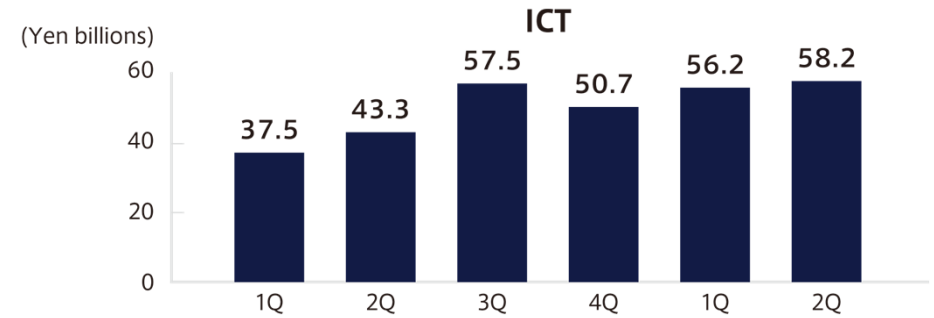
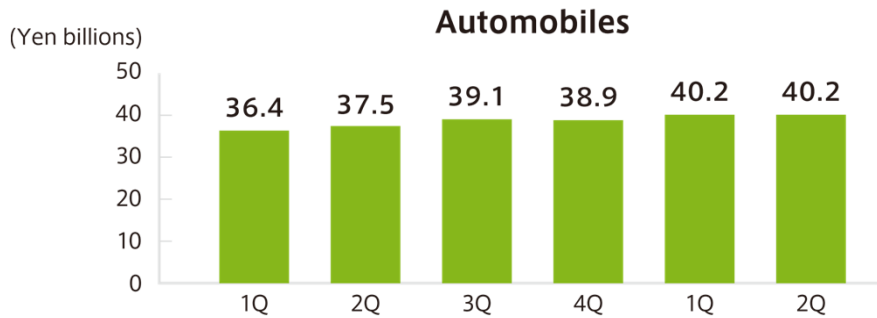
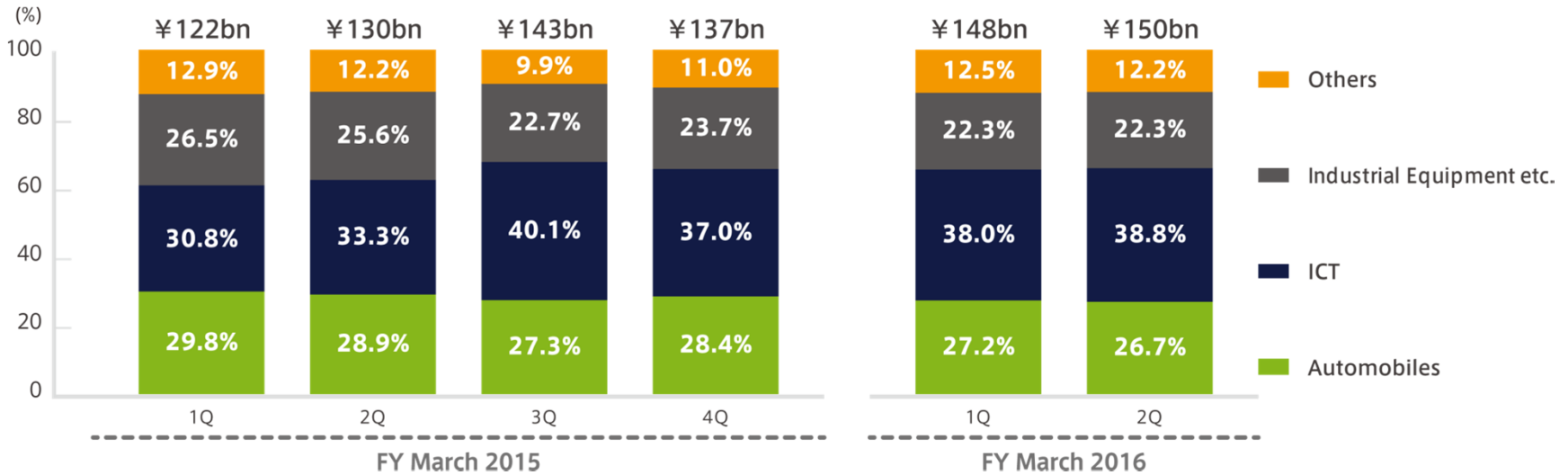
<b>Cash and Cash Equivalents</b>	<b>244.2</b>	<b>253.0</b>	<b>8.8</b>
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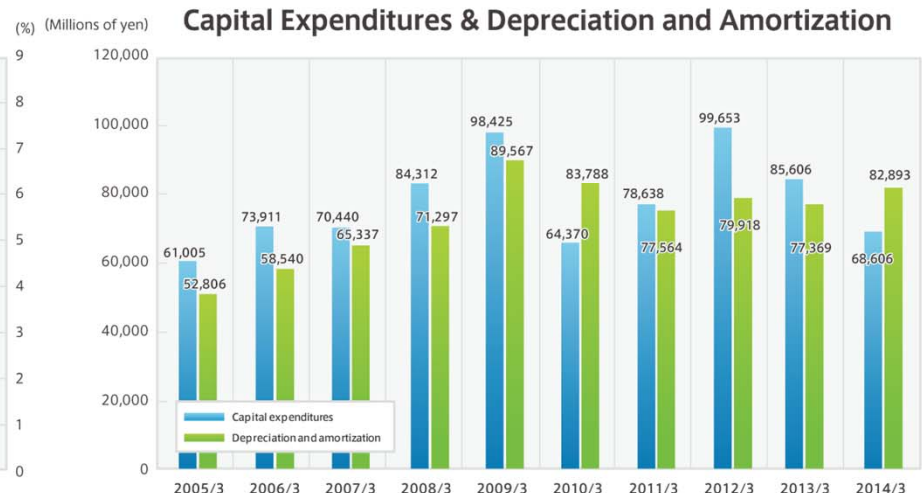
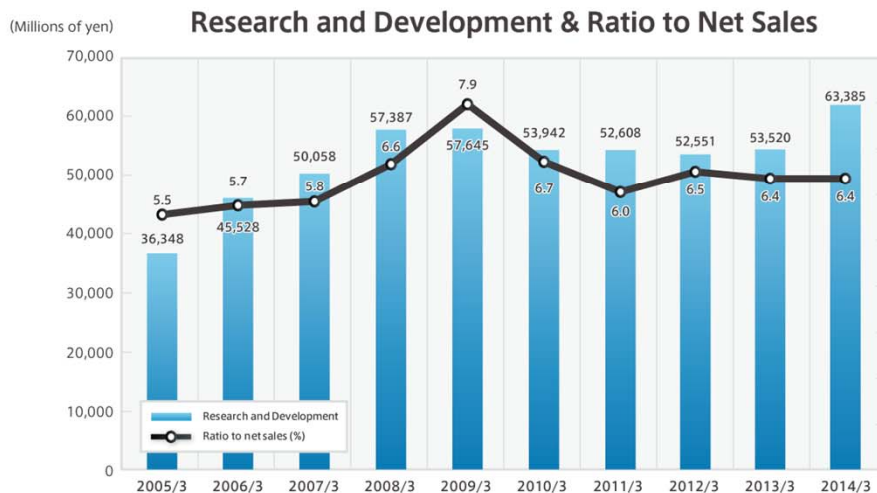
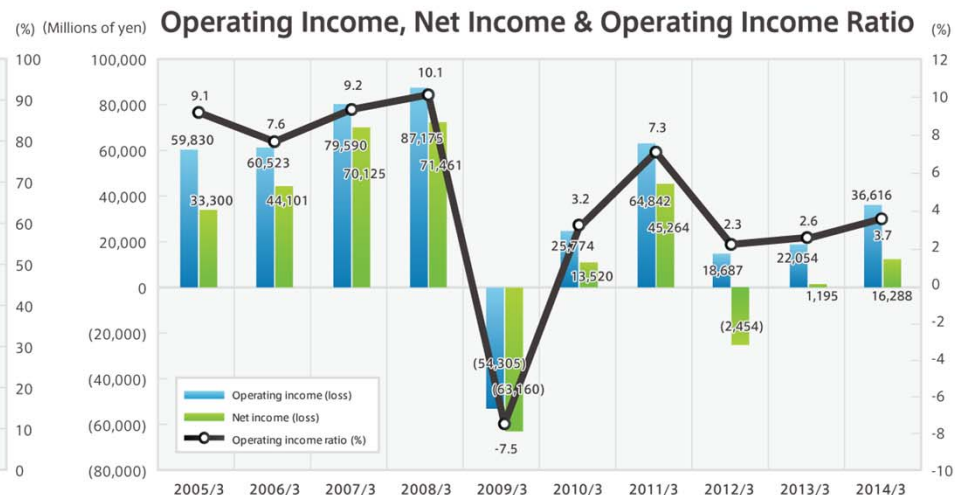
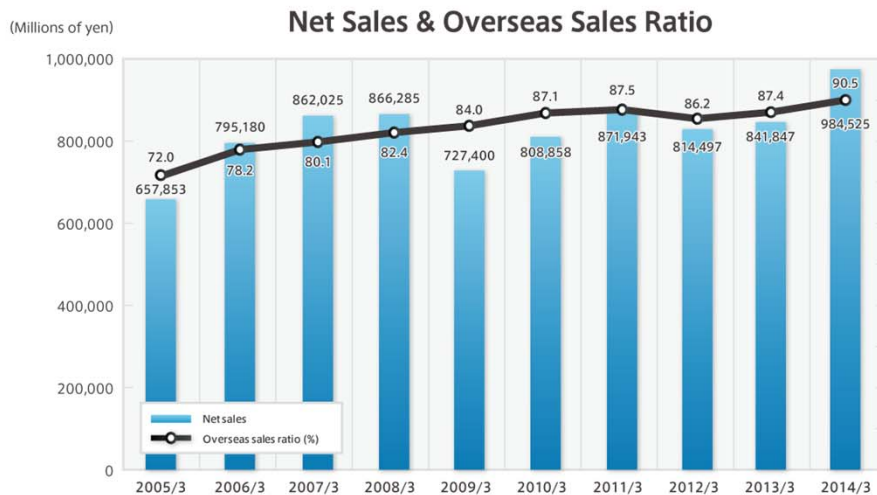
<b>(Yen billions)</b>	<b>FY March 2015 Results through 2Q</b>	<b>FY March 2016 Results through 2Q</b>	<b>YoY Change</b>
<b>Capital Expenditures</b>	<b>42.8</b>	<b>72.5</b>	<b>29.7</b>
<b>Depreciation and amortization</b>	<b>39.2</b>	<b>41.6</b>	<b>2.4</b>

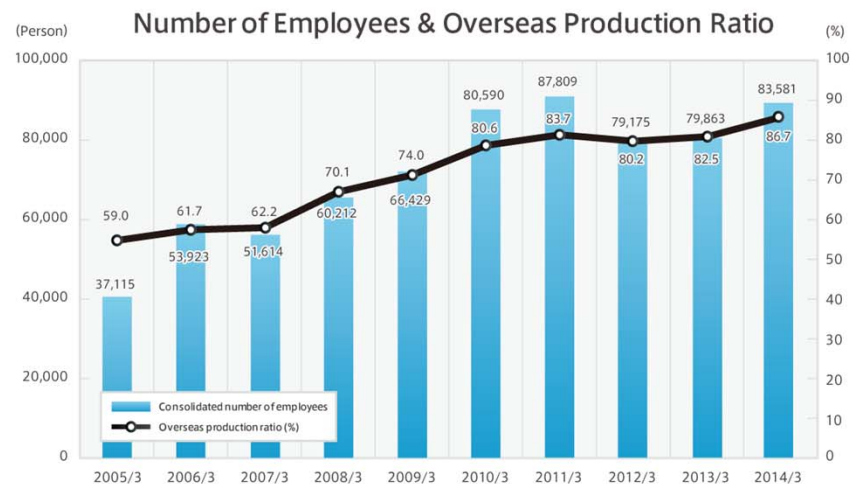
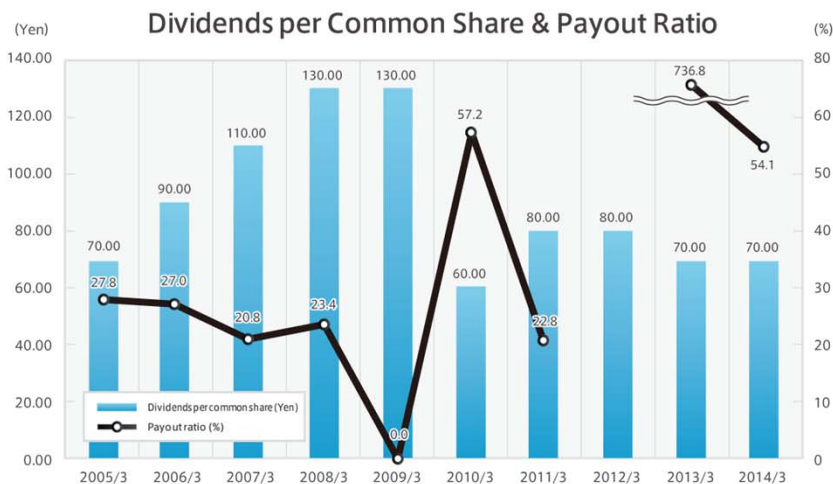
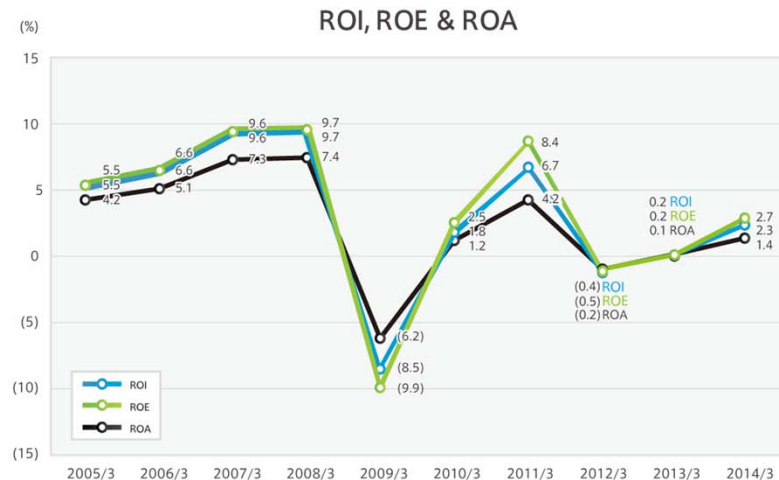
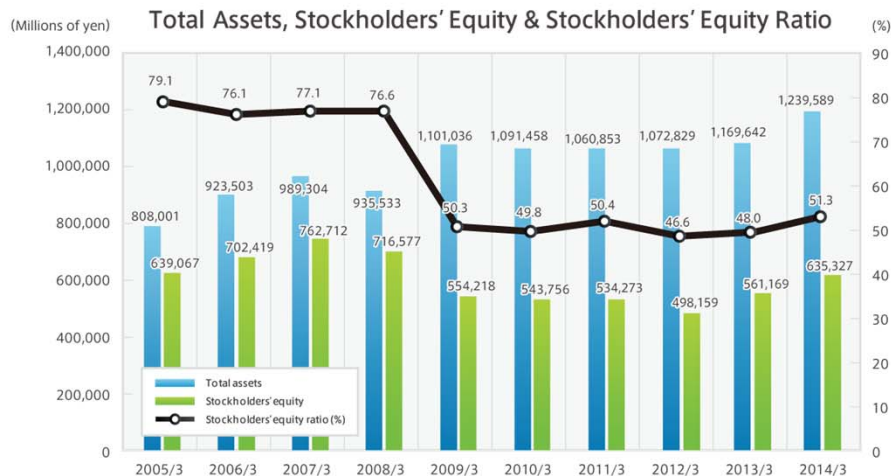
# Quarterly sales by applications (1Q of FY March 2015 – 2Q of FY March 2016)



# Passive Components Business quarterly sales by applications (1Q of FY March 2015 –2Q of FY March 2016)









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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/2015/2q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2015/2q_1.htm)