

Consolidated Results for 1Q of FY March 2018

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Senior Vice President

- ◆ **Existing businesses absorbed the impact of transferring part of the high-frequency components business.**
 - **Net sales rose 3.8% year on year, while operating income decreased 5.5% year on year.**
 - **Sales to the automotive and industrial equipment markets were solid, leading to improved earnings from passive components and power supplies.**
 - **The HDD market performed firmly, largely in line with the initial forecast.**
 - **Rechargeable batteries generated higher sales and earnings atop continuing growth in sales for mobile applications and new applications.**

- ◆ **TDK completed preparation of business basis for the middle- and long-term growth in the Sensor business.**
 - **TDK integrated the spread-out organization and newly established Sensor System Business Company in April.**
 - **TDK completed the acquisition of InvenSense, Inc. in May.**
 - **TDK started the execution of the growth strategies for earnings expansion.**

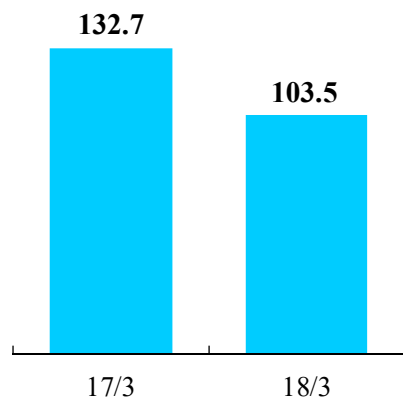
Consolidated Results for 1Q of FY March 2018



	(Yen billions)	FY March 2017 1Q Results	FY March 2018 1Q Results	Change	
				Yen billions	%
Net Sales		278.8	289.5	10.7	3.8
Operating Income		16.5	15.6	(0.9)	-5.5
Operating Income Margin		5.9%	5.4%	-0.5 pt	-
Income before Income Taxes		16.4	16.9	0.5	3.0
Net Income		12.4	11.0	(1.4)	-11.3
Earning Per Share (JPY)		98.32	86.80	-	-
Ex-rate	US\$ /JPY	108.37	111.16	Depreciated by 2.6%	
	EURO /JPY	122.41	122.02	Appreciated by 0.3%	
Ex-rate Impact to Net sales & Operating Income		Net sales : Increased by about 4.0 billion Yen Operating income : Increased by about 1.1 billion Yen			

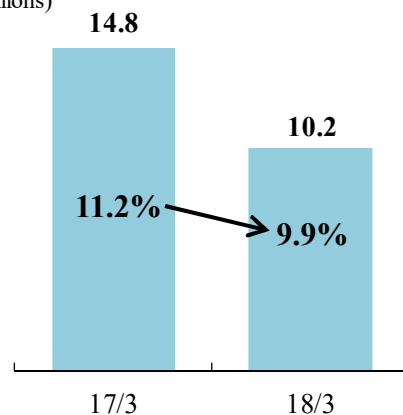
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net Sales 103.5 billion yen (down 22.0% year on year)

Operating Income 10.2 billion yen (down 31.1% year on year)

◆ Ceramic Capacitors

- Sales and profit increased year on year.
- Sales to the automotive market and for home electric appliances increased.

◆ Inductive Devices

- Sales increased year on year.
- Sales to the automotive and the industrial equipment market increased.

◆ High-frequency Components

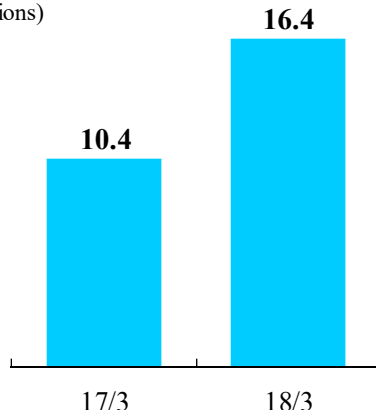
- Sales and profit decreased year on year due to the impact of the partial transfer of business.

◆ Piezoelectric Material Products

- Sales and profit increased year on year.
- Sales of VCM for camera modules increased.

Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net Sales 16.4 billion yen (up 57.7% year on year)

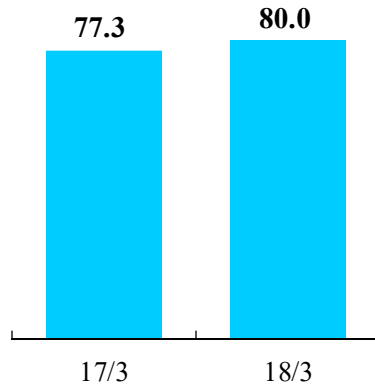
Operating income -4.6 billion yen (down —% year on year)

◆Sensors

- Sales increased year on year due to the consolidation of sales of InvenSense, Inc., following the completion of its acquisition in May.
- Sales of temperature and pressure sensors and magnetic sensors to the automotive market increased year on year.
- There was a larger operating loss mainly due to the recording of acquisition-related costs for InvenSense, Inc.

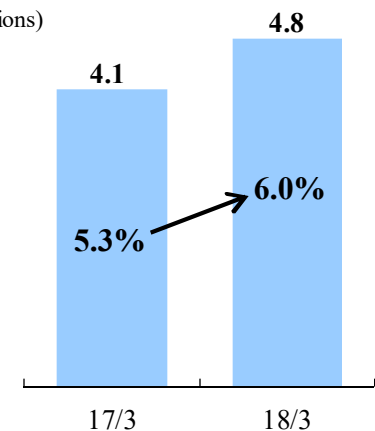
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net Sales 80.0 billion yen (up 3.5% year on year)

Operating income 4.8 billion yen (up 17.1% year on year)

◆ HDD Heads

- Sales decreased year on year.
- Sales of HDD suspensions increased due to the acquisition of Hutchinson Technology Incorporated.

◆ Magnets

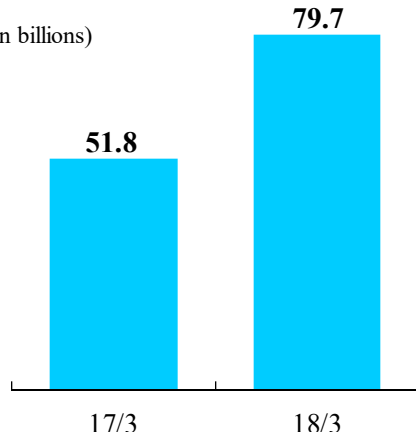
- Sales increased year on year.
- Sales increased for applications such as wind power generators, industrial equipment and home electric appliances.

◆ Power Supplies

- Sales and profit increased year on year, reflecting strong conditions in the industrial equipment market.
- Solid sales for applications such as semiconductor manufacturing equipment and robotics-related applications.

Net Sales

(Yen billions)



Net sales 79.7 billion yen (up 53.9% year on year)

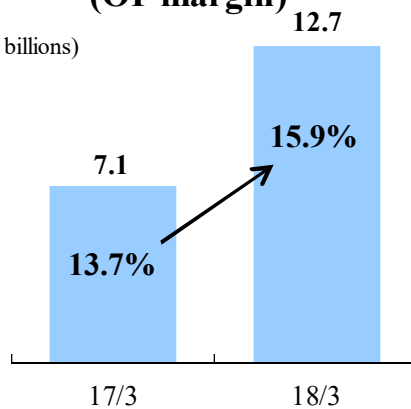
Operating income 12.7 billion yen (up 78.9% year on year)

◆ Energy Devices (Rechargeable Batteries)

- Sales and profit increased year on year.
- Sales for mobile applications were firm.
- Sales also increased for new applications such as drones and game consoles.

Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Quarterly Results by Segment



(Yen billions)		1Q of FY March 2017 (A)	4Q of FY March 2017 (B)	1Q of FY March 2018 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	34.4	35.0	36.3	1.9	5.5	1.3	3.7
	Inductive Devices	35.7	37.6	37.6	1.9	5.3	0.0	0.0
	Other Passive Components	62.6	40.7	29.6	(33.0)	-52.7	(11.1)	-27.3
	Passive Components	132.7	113.3	103.5	(29.2)	-22.0	(9.8)	-8.6
	Sensor Application Products	10.4	11.5	16.4	6.0	57.7	4.9	42.6
	Recording Devices	55.9	63.0	56.7	0.8	1.4	(6.3)	-10.0
	Other Magnetic Application Products	21.4	22.9	23.3	1.9	8.9	0.4	1.7
	Magnetic Application Products	77.3	85.9	80.0	2.7	3.5	(5.9)	-6.9
	Film Application Products	51.8	54.4	79.7	27.9	53.9	25.3	46.5
	Other	6.6	9.2	9.9	3.3	50.0	0.7	7.6
	Total	278.8	274.3	289.5	10.7	3.8	15.2	5.5
Operating Income	Passive Components	14.8	146.7	10.2	(4.6)	-31.1	(136.5)	-93.0
	Sensor Application Products	(1.0)	(2.2)	(4.6)	(3.6)	-	(2.4)	-
	Magnetic Application Products	4.1	(7.3)	4.8	0.7	17.1	12.1	-
	Film Application Products	7.1	5.0	12.7	5.6	78.9	7.7	154.0
	Other	(1.5)	(2.2)	0.3	1.8	-	2.5	-
	Sub total	23.4	140.0	23.5	0.1	0.4	(116.5)	-83.2
	Corporate and Eliminations	(6.9)	(8.2)	(7.9)	(1.0)	-	0.3	-
	Total	16.5	131.8	15.6	(0.9)	-5.5	(116.2)	-88.2
Operating Income Margin		5.9%	48.0%	5.4%	-0.5 pt	-	-42.6 pt	-
Ex-rate	US\$/JPY	108.37	113.85	111.16				
	EURO/JPY	122.41	121.25	122.02				

Breakdown of Operating Income Changes

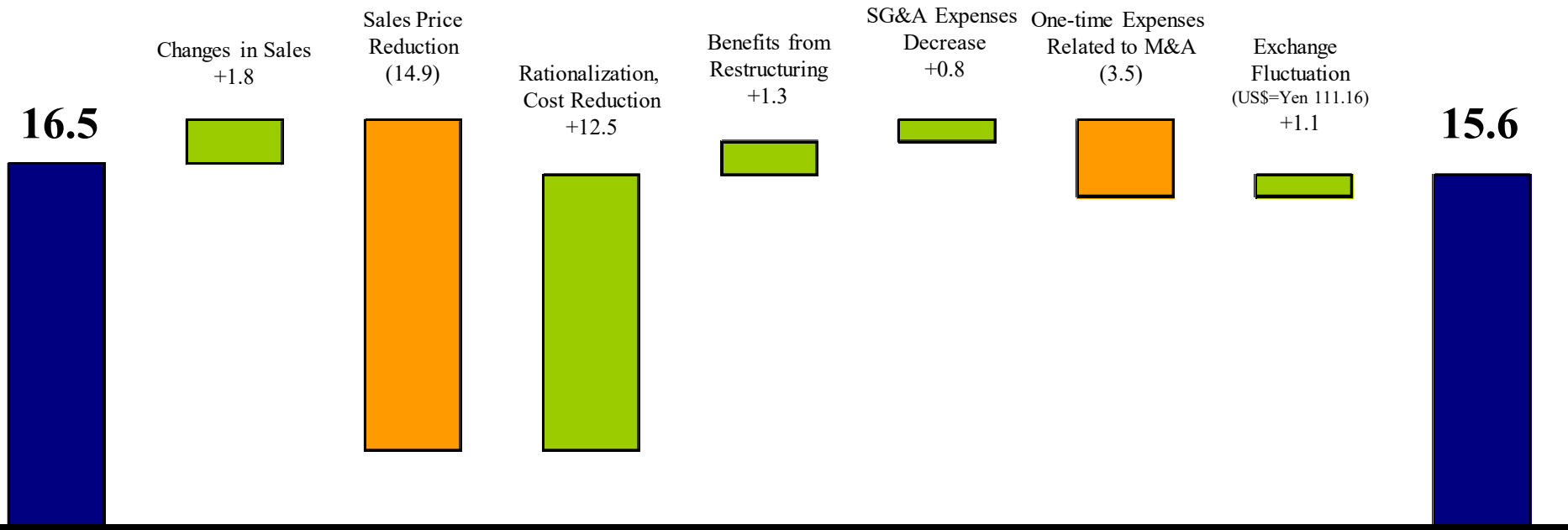


1Q of
FY March 2017
16.5 billion yen

Operating Income -0.9 billion yen

1Q of
FY March 2018
15.6 billion yen

(Yen billions)



Projections for 2Q of FY March 2018 -Image of Change in Sales



(Yen billions)

Segment	1Q of FY March 2018	2Q Projections (Q on Q Change)
Passive Components	103.5	+5%~+7%
Sensor Application Products	16.4	+16%~+18%
Magnetic Application Products	80.0	±0%
Film Application Products	79.7	+7%~+9%
Other	9.9	—
Total	289.5	+5%~+7%

Forex assumptions

US\$/Yen	111.16	108.00
EURO/Yen	122.02	118.00

FY March 2018 Full Year / Dividend Projections



(Yen billions)		FY March 2017 Full Year Results	FY March 2018 Full Year Projections (announced on May 10, 2017)	FY March 2018 Full Year Projections (announced on Jul. 28, 2017)	YoY Change	
					Yen billions	%
Net Sales		1,178.3	1,110.0	1,190.0	11.7	1.0
Operating Income		208.7	80.0	80.0	(128.7)	-61.7
Operating Income Margin		17.7%	7.2%	6.7%	-11.0 pt	-
Income before Income Taxes		211.7	79.0	79.0	(132.7)	-62.7
Net Income		145.1	55.0	55.0	(90.1)	-62.1
Earning per Share (JPY)		1,150.16	435.82	435.79	-	-
Dividends (JPY)		1st half : 60 2nd half : 60 Annual: 120	1st half : 60 2nd half : 70 Annual : 130	1st half : 60 2nd half : 70 Annual : 130	-	-
Ex-rate	US\$(JPY)	108.46	108.00	108.00	-	-
	EURO(JPY)	118.92	118.00	118.00	-	-
Capital Expenditure		167.6	160.0	160.0	(7.6)	-4.5
Depreciation and Amortization		87.5	88.0	88.0	0.5	0.6
Research and Development		91.3	86.0	94.0	2.7	3.0

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