

**Performance Briefing
3Q of Fiscal Year March, 2018**

**TDK Corporation
January 31, 2018**

◆ Consolidated Results for 3Q of FY March 2018
Consolidated Full Year Projections for FY March 2018
Tetsuji Yamanishi, Senior Vice President

**Consolidated Results for
3Q of FY March 2018
Consolidated Full Year Projections for
FY March 2018**

**Tetsuji Yamanishi
Senior Vice President**

- ◆ **Net sales achieved new records for three consecutive quarters since the beginning of the fiscal year.**
- ◆ **Operating income was largely on par with profit in the same period of the previous fiscal year, even after including M&A-related expenses and the impact of the partial transfer of the High-Frequency Components business.**
 - **In the third quarter, net sales increased 5.0% year on year, while operating income remained mostly unchanged.**
 - **In the Passive Components segment, the Company steadily expanded the profit base of Capacitors by addressing growing demand in the solid automotive and industrial equipment markets.**
 - **In the Sensor Application Products segment, the Company posted a large increase in net sales driven by expanded sales of Magnetic Sensors to the ICT market.**
 - **In the Magnetic Application Products segment, the Company generated higher profit despite largely flat net sales due to the stabilization of earnings from HDD Heads and continuing expansion in sales of Magnets and Power Supplies to the industrial equipment market.**
 - **Both sales and operating income from Rechargeable Batteries achieved new records on a quarterly basis, reflecting continuing expansion in sales for use in smartphones and steady growth in sales for new applications.**

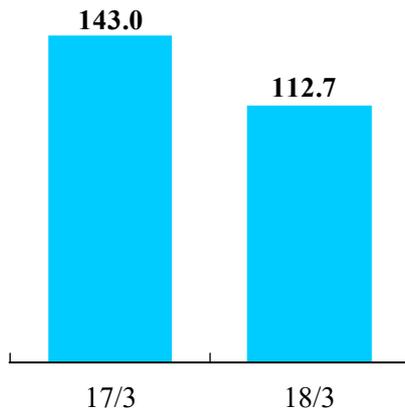
Consolidated Results for 3Q of FY March 2018



(Yen billions)	FY March 2017 3Q Results	FY March 2018 3Q Results	Change	
			Yen billions	%
Net Sales	324.8	341.1	16.3	5.0
Operating Income	32.5	32.4	(0.1)	-0.3
Operating Income Margin	10.0%	9.5%	-0.5 pt	-
Income before Income Taxes	32.1	33.5	1.4	4.4
Net Income	24.4	21.6	(2.8)	-11.5
Earning per Share (JPY)	193.52	170.96	-	-
Ex-rate	US\$ (JPY)	109.19	112.97	Depreciated by 3.5%
	EURO (JPY)	117.74	133.00	Depreciated by 13.0%
Ex-rate Impact to Net Sales & Operating Income	Net Sales : Increased by about 13.7 billion yen Operating Income : Increased by about 1.6 billion yen			

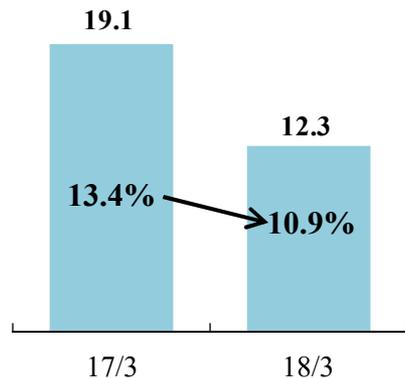
Net Sales

(Yen billions)



Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Net Sales 112.7 billion yen (down 21.2% year on year)

Operating Income 12.3 billion yen (down 35.6% year on year)

◆ Ceramic Capacitors

- Sales and profit increased year on year.
- Sales to the automotive market increased.

◆ Inductive Devices

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

◆ High-Frequency Components

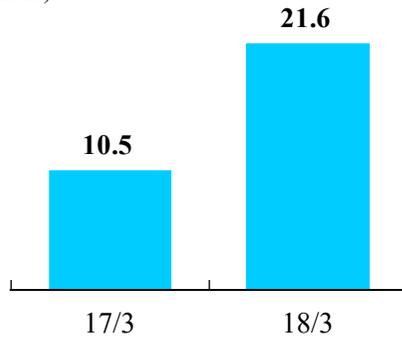
- Sales and profit decreased year on year due to the impact of the partial transfer of business.

◆ Piezoelectric Material Products

- Sales and profit decreased year on year.
- Sales of camera module actuators decreased.

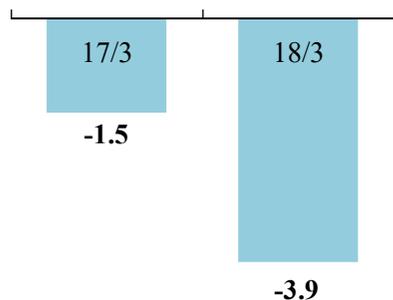
Net Sales

(Yen billions)



Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Net Sales 21.6 billion yen (up 105.7% year on year)

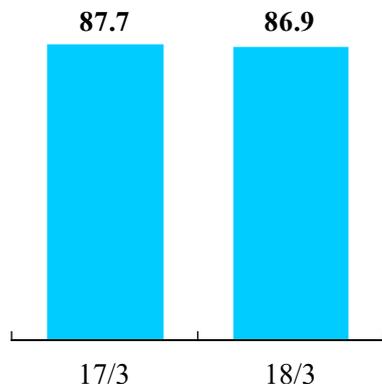
Operating Income -3.9 billion yen (down —% year on year)

◆ 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 Magnetic Sensors increased to the ICT market in step with growth in applications.
- There was a larger operating loss mainly due to the recording of acquisition-related costs for InvenSense, Inc.

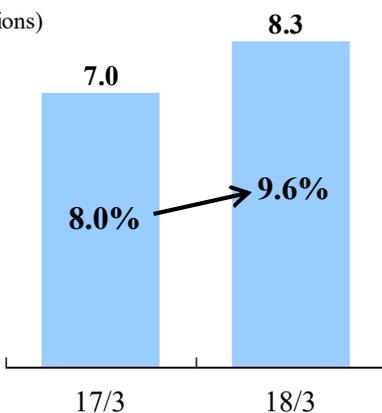
Net Sales

(Yen billions)



Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Net Sales 86.9 billion yen (down 0.9% year on year)

Operating Income 8.3 billion yen (up 18.6% year on year)

◆ HDD Heads

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

◆ Magnets

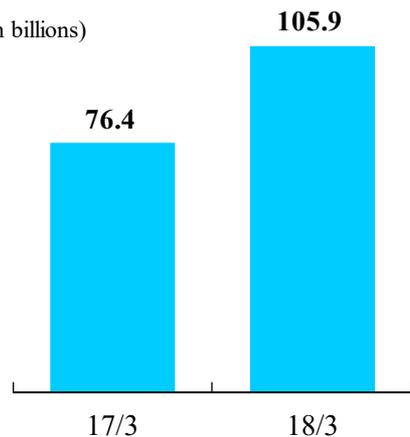
- Sales increased year on year and profitability improved.
- Sales increased for applications such as wind power generators and industrial equipment.

◆ 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.
- Profitability improved due to the launch of new products in the market.

Net Sales

(Yen billions)



Net Sales 105.9 billion yen (up 38.6% year on year)

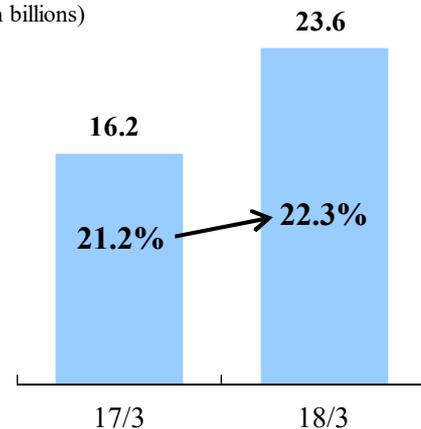
Operating Income 23.6 billion yen (up 45.7% year on year)

◆ 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)		3Q of FY March 2017 (A)	2Q of FY March 2018 (B)	3Q of FY March 2018 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	33.6	39.2	40.1	6.5	19.3	0.9	2.3
	Inductive Devices	36.6	40.5	40.3	3.7	10.1	(0.2)	-0.5
	Other Passive Components	72.8	31.8	32.3	(40.5)	-55.6	0.5	1.6
	Passive Components	143.0	111.5	112.7	(30.3)	-21.2	1.2	1.1
	Sensor Application Products	10.5	20.2	21.6	11.1	105.7	1.4	6.9
	Recording Devices	66.0	61.8	62.3	(3.7)	-5.6	0.5	0.8
	Other Magnetic Application Products	21.6	23.7	24.6	3.0	13.9	0.9	3.8
	Magnetic Application Products	87.7	85.6	86.9	(0.8)	-0.9	1.3	1.5
	Film Application Products	76.4	103.5	105.9	29.5	38.6	2.4	2.3
	Other	7.2	13.3	14.1	6.9	95.8	0.8	6.0
	Total	324.8	334.0	341.1	16.3	5.0	7.1	2.1
Operating Income	Passive Components	19.1	12.4	12.3	(6.8)	-35.6	(0.1)	-0.8
	Sensor Application Products	(1.5)	(6.1)	(3.9)	(2.4)	-	2.2	-
	Magnetic Application Products	7.0	6.1	8.3	1.3	18.6	2.2	36.1
	Film Application Products	16.2	21.3	23.6	7.4	45.7	2.3	10.8
	Other	(1.0)	(1.2)	(0.4)	0.6	-	0.8	-
	Sub Total	39.8	32.5	39.9	0.1	0.3	7.4	22.8
	Corporate and Eliminations	(7.3)	(5.9)	(7.5)	(0.2)	-	(1.6)	-
	Total	32.5	26.6	32.4	(0.1)	-0.3	5.8	21.8
Operating Income Margin	10.0%	8.0%	9.5%	-0.5 pt	-	+1.5 pt	-	
Ex-rate	US\$ (JPY)	109.19	111.01	112.97				
	EURO (JPY)	117.74	130.26	133.00				

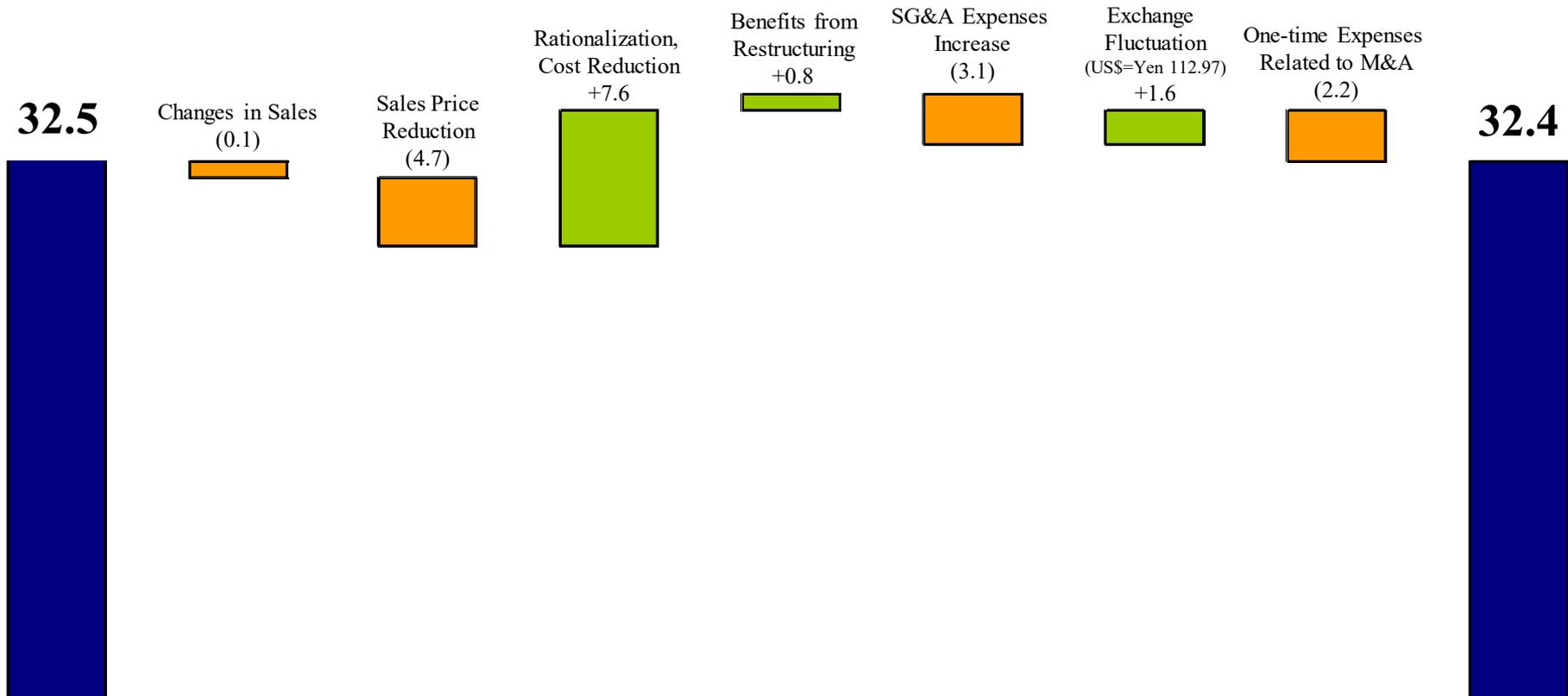
Breakdown of Operating Income Changes

3Q of
FY March 2017
32.5 billion yen

Operating Income -0.1 billion yen

3Q of
FY March 2018
32.4 billion yen

(Yen billions)



Consolidated Results through 3Q of FY March 2018



	(Yen billions)	FY March 2017 Results through 3Q (2016.4.1~2016.12.31)	FY March 2018 Results through 3Q (2017.4.1~2017.12.31)	Change	
				Yen billions	%
Net Sales		904.0	964.7	60.7	6.7
Operating Income		76.8	74.7	(2.1)	-2.7
Operating Income Margin		8.5%	7.7%	-0.8 pt	-
Income before Income Taxes		76.4	77.7	1.3	1.7
Net Income		57.1	52.3	(4.8)	-8.4
Earning per Share (JPY)		452.53	414.12	-	-
Ex-rate	US\$ (JPY)	106.67	111.72	Depreciated by 4.7%	
	EURO (JPY)	118.15	128.45	Depreciated by 8.7%	
Ex-rate Impact to Net Sales & Operating Income		Net Sales : Increased by about 41.1 billion yen Operating Income : Increased by about 6.6 billion yen			

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 Oct. 30, 2017)	FY March 2018 Full Year Projections (announced on Jan. 31, 2018)	YoY Change	
						Yen billions	%
Net Sales		1,178.3	1,110.0	1,250.0	1,250.0	71.7	6.1
Operating Income		208.7	80.0	85.0	85.0	(123.7)	-59.3
Operating Income Margin		17.7%	7.2%	6.8%	6.8%	-10.9 pt	-
Income before Income Taxes		211.7	79.0	88.0	88.0	(123.7)	-58.4
Net Income		145.1	55.0	60.0	60.0	(85.1)	-58.6
Earning per Share (JPY)		1,150.16	435.82	475.37	475.36	-	-
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	1st half : 60 2nd half : 70 Annual : 130	-	-
Ex-rate	US\$(JPY)	108.46	108.00	108.00 (2nd half)	108.00 (4Q)	-	-
	EURO(JPY)	118.92	118.00	127.00 (2nd half)	127.00 (4Q)	-	-
Capital Expenditure		167.6	160.0	170.0	170.0	2.4	1.4
Depreciation and Amortization		87.5	88.0	90.0	90.0	2.5	2.9
Research and Development		91.3	86.0	99.0	99.0	7.7	8.4

Supplementary Data

Quarterly Sales and Operating Income by Segment



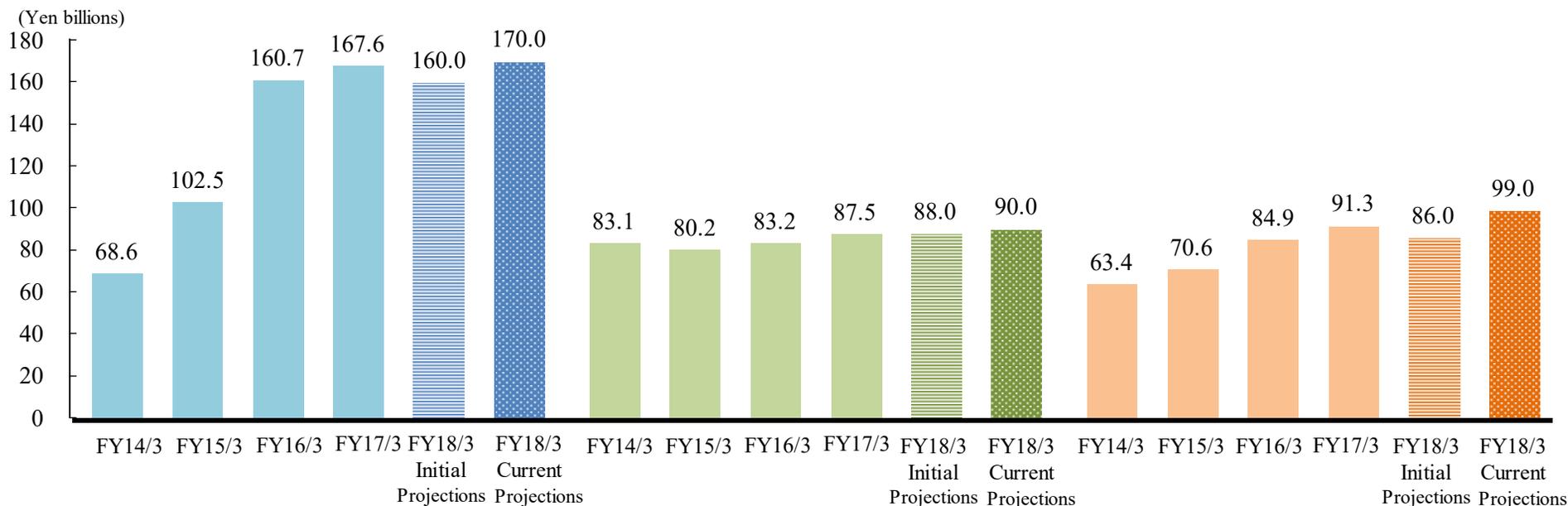
		FY March 2017					FY March 2018				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	(Yen billions)										
	Capacitors	34.4	33.7	33.6	35.0	136.8	36.3	39.2	40.1		
	Inductive Devices	35.7	35.5	36.6	37.6	145.3	37.6	40.5	40.3		
	Other Passive Components	62.6	70.0	72.8	40.7	246.1	29.6	31.8	32.3		
	Passive Components	132.7	139.2	143.0	113.3	528.2	103.5	111.5	112.7		
	Sensor Application Products	10.4	10.5	10.5	11.5	42.9	16.4	20.2	21.6		
	Recording Devices	55.9	57.3	66.0	63.0	242.3	56.7	61.8	62.3		
	Other Magnetic Application Products	21.4	21.6	21.6	22.9	87.6	23.3	23.7	24.6		
	Magnetic Application Products	77.3	78.9	87.7	85.9	329.9	80.0	85.6	86.9		
	Film Application Products	51.8	65.2	76.4	54.4	247.7	79.7	103.5	105.9		
	Other	6.6	6.6	7.2	9.2	29.6	9.9	13.3	14.1		
Total	278.8	300.4	324.8	274.3	1,178.3	289.5	334.0	341.1			
Operating Income	Passive Components	14.8	19.7	19.1	146.7	200.3	10.2	12.4	12.3		
	Sensor Application Products	(1.0)	(1.8)	(1.5)	(2.2)	(6.5)	(4.6)	(6.1)	(3.9)		
	Magnetic Application Products	4.1	5.8	7.0	(7.3)	9.7	4.8	6.1	8.3		
	Film Application Products	7.1	13.0	16.2	5.0	41.2	12.7	21.3	23.6		
	Other	(1.5)	(2.6)	(1.0)	(2.2)	(7.3)	0.3	(1.2)	(0.4)		
	Sub Total	23.4	34.1	39.8	140.0	237.4	23.5	32.5	39.9		
	Corporate and Eliminations	(6.9)	(6.3)	(7.3)	(8.2)	(28.8)	(7.9)	(5.9)	(7.5)		
Total	16.5	27.8	32.5	131.8	208.7	15.6	26.6	32.4			
Ex-rate	US\$ (JPY)	108.37	102.47	109.19	113.85	108.46	111.16	111.01	112.97		
	EURO (JPY)	122.41	114.36	117.74	121.25	118.92	122.02	130.26	133.00		

Expenses

Capital Expenditure

Depreciation

R&D



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

- **US\$: Sales 7.0 billion yen, Operating Income 1.2 billion yen**
- **EURO : Sales 1.5 billion yen, Operating Income 0.2 billion yen**

Financial Position



(Yen billions)	March End, 2017	September End, 2017	December End, 2017	Change from Sep End, 2017
Total Asset	1,664.3	1,944.2	1,963.7	19.5
Total Liability	862.2	1,111.3	1,093.3	(18.0)
Stockholders' Equity	793.6	826.3	863.5	37.2
(Comprehensive Income)	(108.6)	(92.5)	(69.4)	23.1
Stockholders' Equity Ratio	47.7%	42.5%	44.0%	+1.5pt
Cash and Cash Equivalents	386.5	349.7	317.3	(32.4)
Interest-bearing Debt (*1)	334.1	514.8	492.9	(21.9)
Net Cash (*2)	52.4	(165.1)	(175.6)	(10.5)

*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



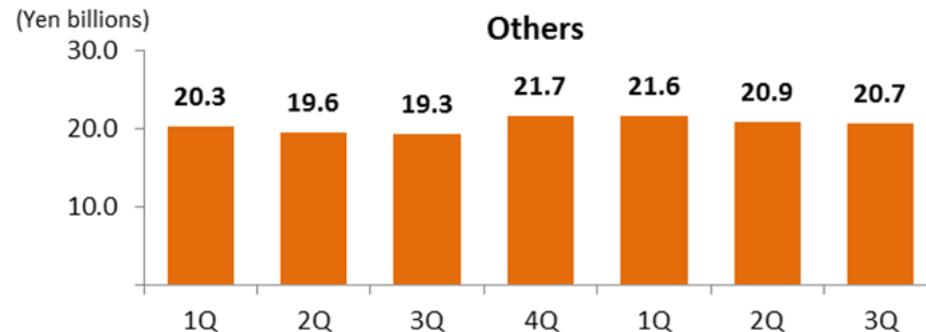
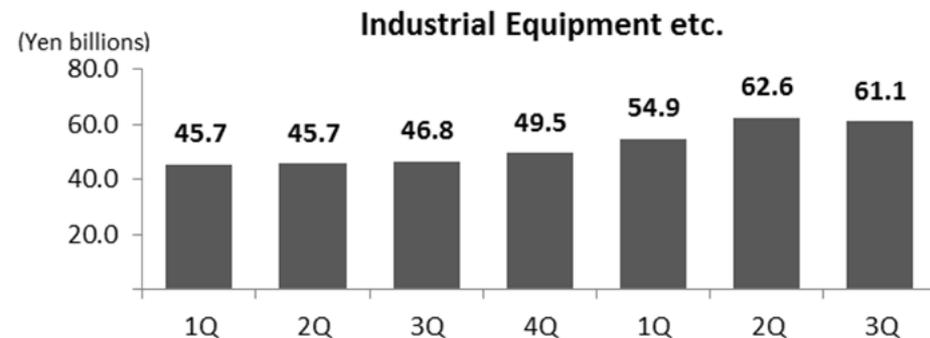
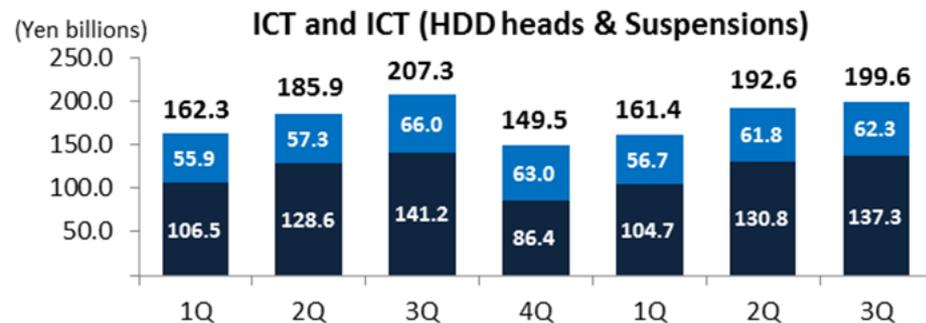
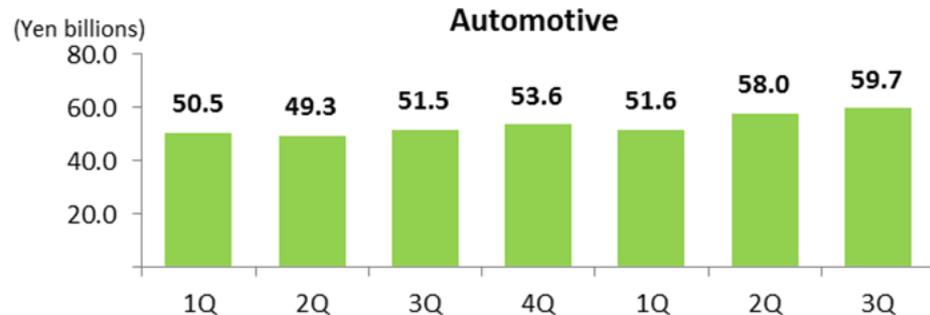
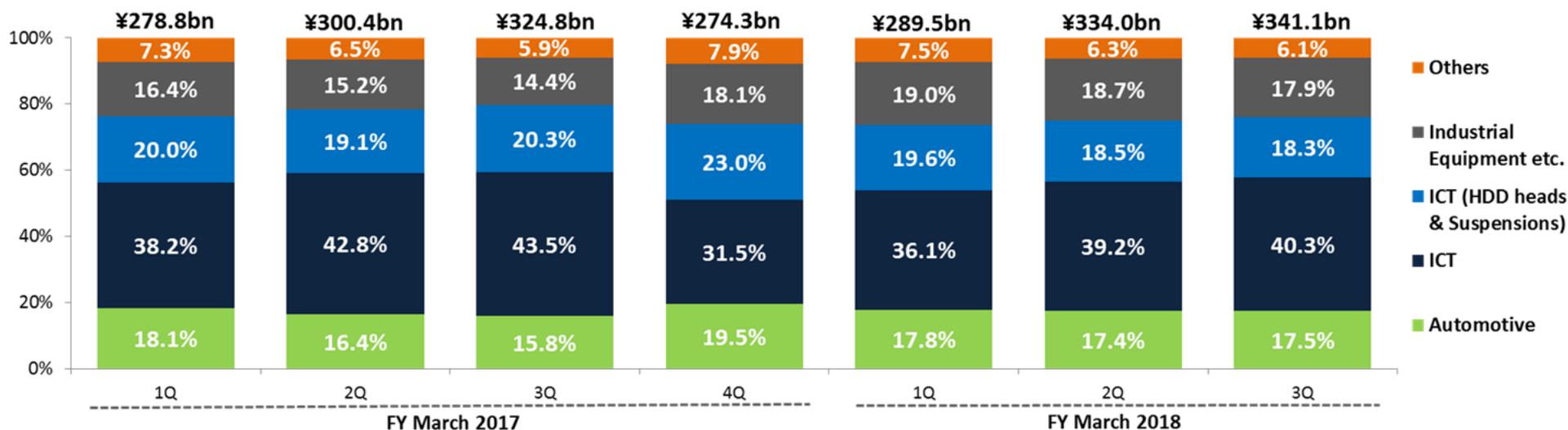
(Yen billions)	FY March 2017 Results through 3Q	FY March 2018 Results through 3Q	YoY Change
Operating Cash Flow	115.4	31.0	(84.4)
Investing Cash Flow	(137.8)	(203.7)	(65.9)
Free Cash Flow	(22.4)	(172.7)	(150.3)
Financing Cash Flow	43.1	113.0	69.9
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4.6	8.7	4.1

Cash and Cash Equivalents	293.9	279.4	(14.5)
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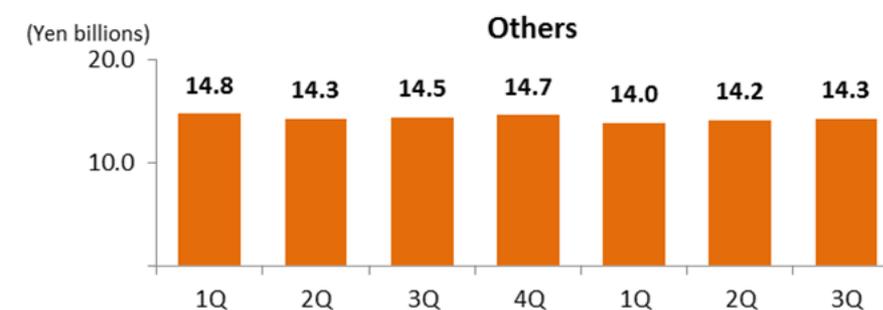
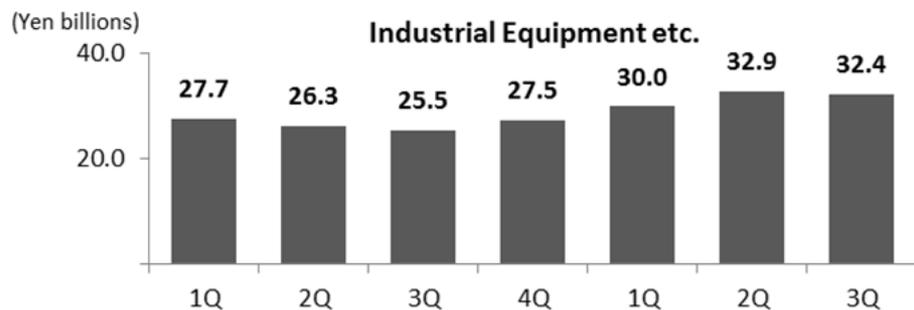
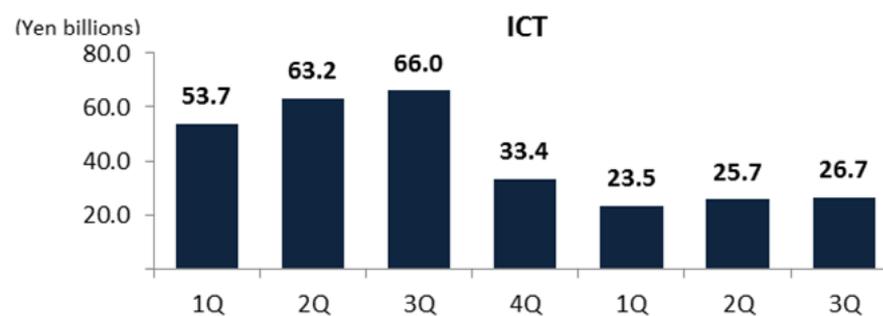
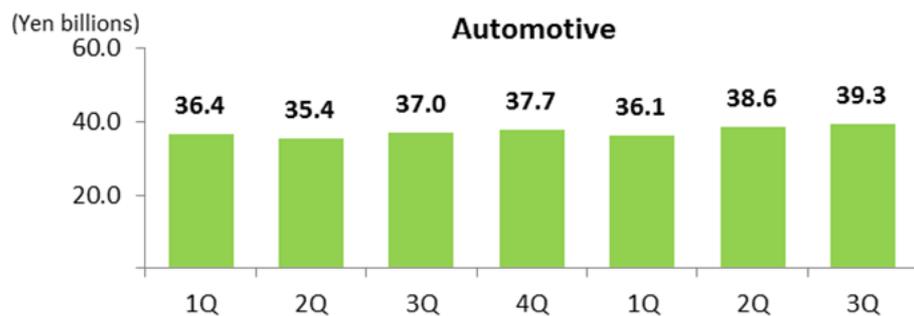
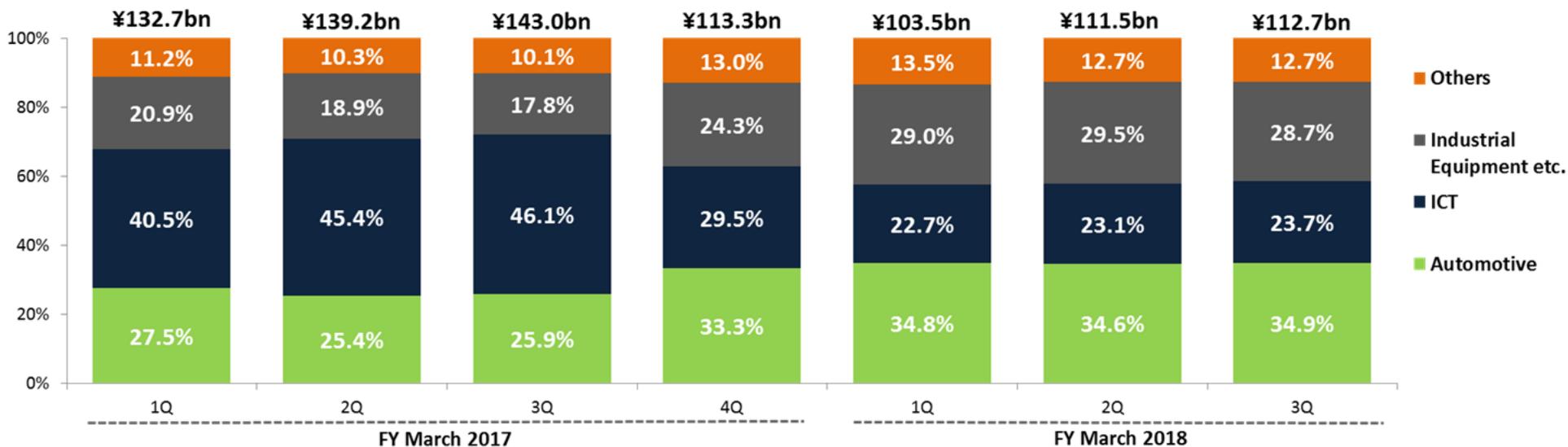
(Yen billions)	FY March 2017 Results through 3Q	FY March 2018 Results through 3Q	YoY Change
Capital Expenditures	134.5	133.0	(1.5)
Depreciation and Amortization	64.5	67.2	2.7

Quarterly Sales by Applications

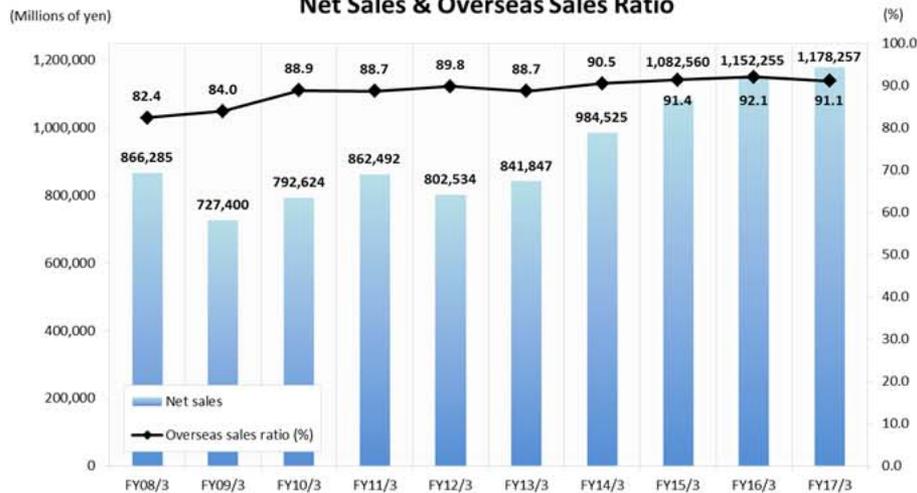
(1Q of FY March 2017 – 3Q of FY March 2018)



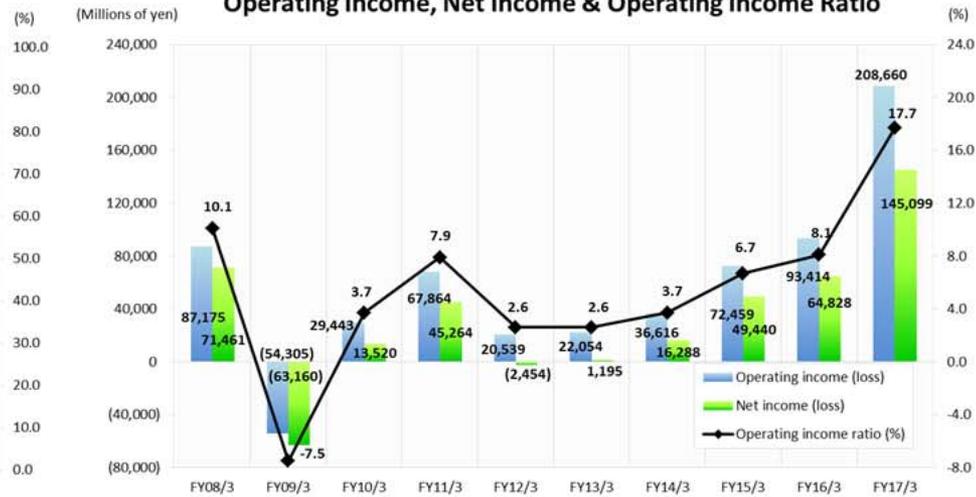
Passive Components Business Quarterly Sales by Applications (1Q of FY March 2017 – 3Q of FY March 2018)



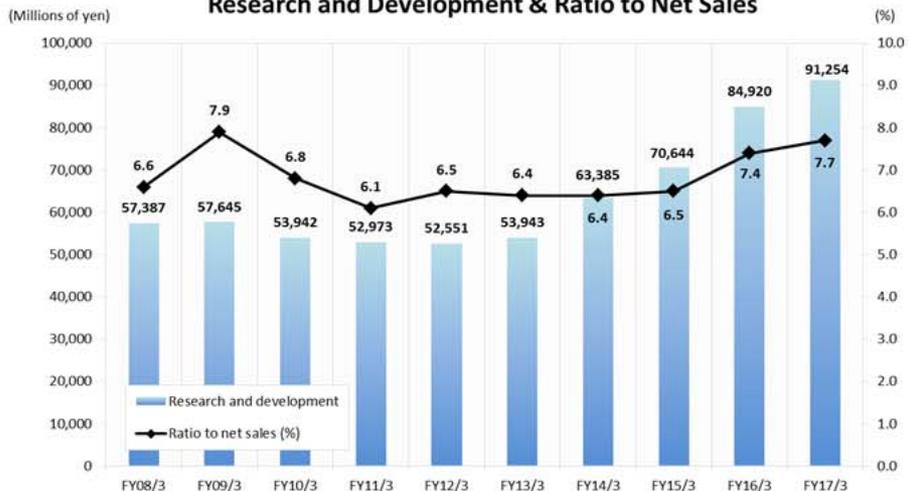
Net Sales & Overseas Sales Ratio



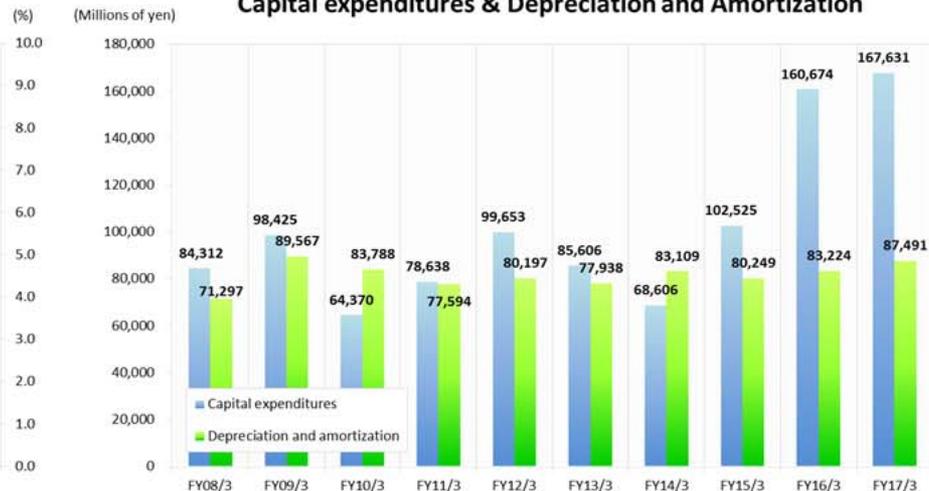
Operating Income, Net Income & Operating Income Ratio

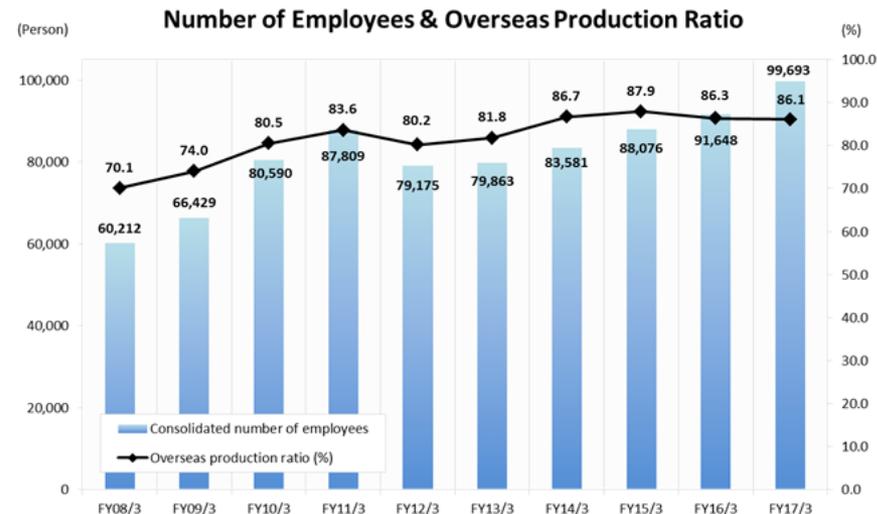
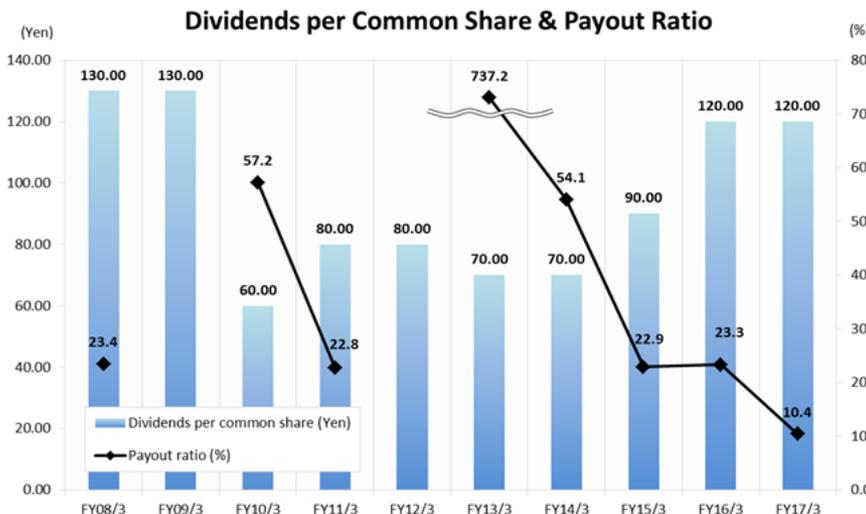
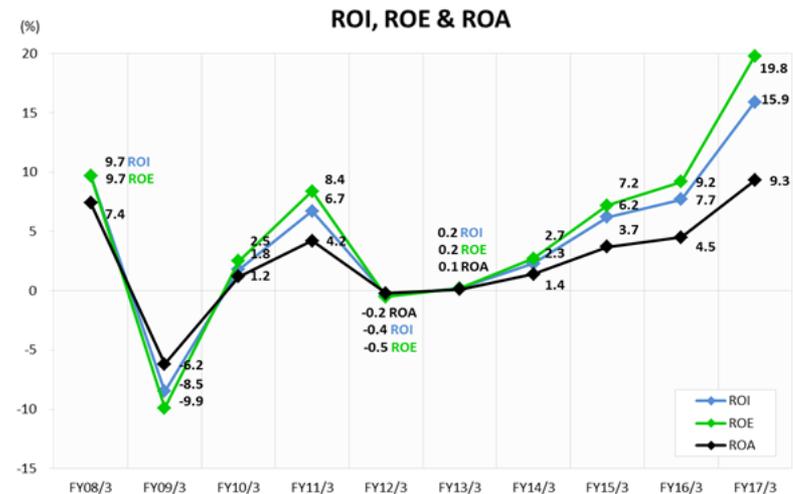
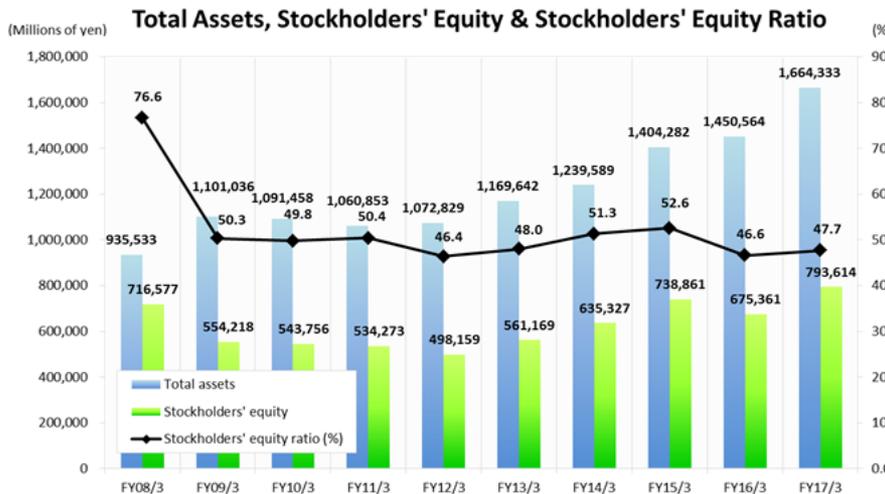


Research and Development & Ratio to Net Sales



Capital expenditures & Depreciation and Amortization





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The electronics markets in which the TDK Group operates are highly susceptible to rapid changes, risks, uncertainties, and other factors that can have significant effects on the TDK Group including, but not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations. Also, since the purpose of these materials is only to give readers a general outline of business performance, many numerical values are shown in units of a billion yen. Because original values, which are managed in units of a million yen, are rounded off, the totals, differences, etc. shown in these materials may appear inaccurate. If detailed figures are necessary, please refer to our financial statements and supplementary materials.



Text data including Q&A of performance briefing will be uploaded on following site
http://www.global.tdk.com/corp/en/ir/ir_events/conference/2018/3q_1.htm