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**Performance Briefing  
1Q of Fiscal Year March 2019**

**TDK Corporation**  
Corporate Communications Group  
July 30, 2018

- **Consolidated Results for 1Q of FY March 2019**  
Tetsuji Yamanishi, Senior Vice President

# Consolidated Results for 1Q of FY March 2019

Tetsuji Yamanishi  
Senior Vice President

## Key points concerning earnings for 1Q of FY March 2019

- **Both net sales and operating income increased year on year**
- **Net sales achieved a new record on a quarterly basis**

▭ Net sales rose 18.5% year on year. Operating income increased 53.0% year on year.

▭ In the Passive Components segment, TDK continued to expand the profit base of Capacitors by responding to strong demand in the automotive and the industrial equipment markets.

▭ In the Sensor Application Products segment, the Company posted an increase in net sales driven by a strong automotive market and expanded sales of Magnetic Sensors to the ICT market.

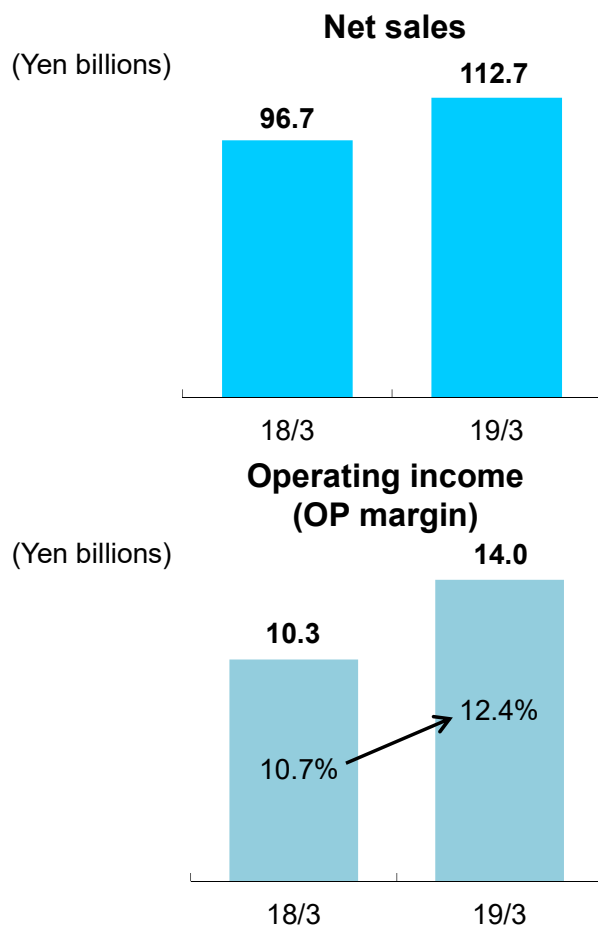
▭ In the Magnetic Application Products segment, both sales and operating income of HDD Heads increased, boosted by a tailwind of strong demand from data centers.

▭ In the Energy Application Products segment, both sales and operating income of Rechargeable Batteries increased due to an expansion in sales to the Chinese smartphone market.

# Consolidated results for 1Q of FY March 2019

	(Yen billions)	FY March 2018 1Q results	FY March 2019 1Q results	Change	
				Yen billions	%
	<b>Net sales</b>	289.5	<b>343.1</b>	53.6	18.5
	<b>Operating income</b>	16.6	<b>25.4</b>	8.8	53.0
	Operating income margin	5.7%	<b>7.4%</b>	+1.7 pt	-
	<b>Income before income taxes</b>	16.9	<b>23.7</b>	6.8	40.2
	<b>Net income</b>	11.0	<b>16.2</b>	5.2	47.3
	<b>Earning per share (JPY)</b>	86.80	<b>128.29</b>	-	-
Ex-rate	US\$ (JPY)	111.16	<b>109.09</b>	Appreciated by 1.9%	
	EURO (JPY)	122.02	<b>130.16</b>	Depreciated by 6.7%	
<b>Ex-rate impact to net sales &amp; operating income</b>		Net sales : Increased by about 2.8 billion Yen Operating income : Increased by about 1.1 billion Yen			

# 1Q results - Passive Components segment



**Net sales 112.7 billion yen (up 16.5% year on year)**  
**Operating income 14.0 billion yen (up 35.9% year on year)**

- **Ceramic Capacitors**

- ↪ Sales and operating income increased year on year against a background of strong demand.
- ↪ Sales mainly to the automotive market increased.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- ↪ Sales and profit increased year on year.
- ↪ Sales to the industrial equipment and the automotive markets increased.

- **Inductive Devices**

- ↪ Sales increased year on year.
- ↪ Sales to the automotive market were firm.

- **High-Frequency Components**

- ↪ Sales increased year on year.
- ↪ Sales to the ICT market increased.

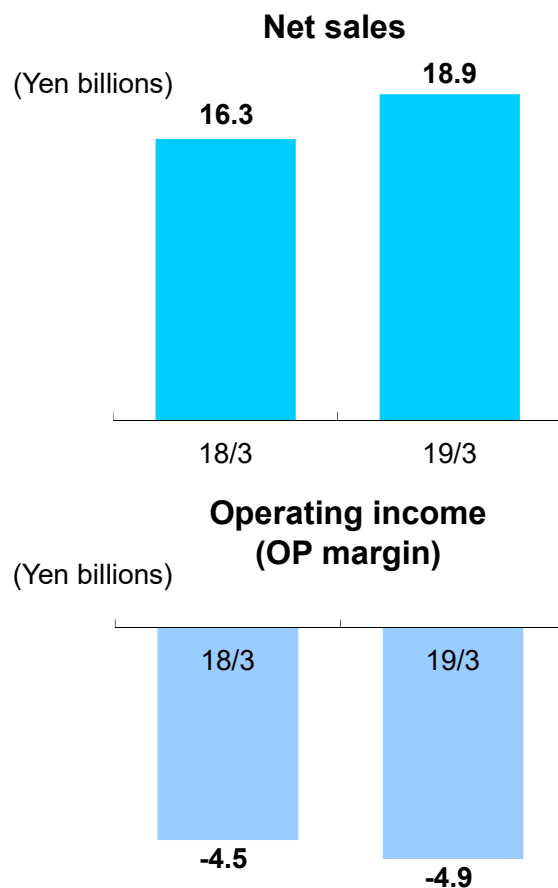
- **Piezoelectric Material Products and Circuit Protection Components**

- ↪ Sales and profit increased year on year.
- ↪ Sales to the automotive and the industrial equipment markets increased.

18/3: FY March 2018

# 1Q results - Sensor Application Products segment

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**Net sales 18.9 billion yen (up 16.0% year on year)**  
**Operating income -4.9 billion yen (down —% year on year)**

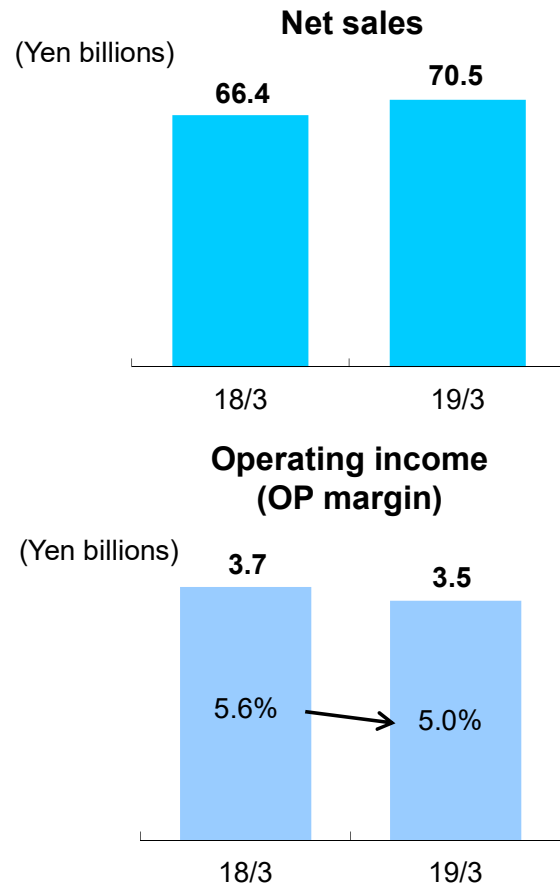
- **Sensors**

- Sales increased year on year.
- Sales of Temperature and Pressure Sensors and Magnetic Sensors increased to the automotive market.
- Sales of Magnetic Sensors also increased to the ICT market.

18/3: FY March 2018

# 1Q results - Magnetic Application Products segment

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18/3: FY March 2018

**Net Sales 70.5 billion yen (up 6.2% year on year)**  
**Operating income 3.5 billion yen (down 5.4% year on year)**

- **HDD Heads**

- Both sales and operating income of HDD Heads increased year on year due to an improved product mix and strong demand from data centers despite a decrease in sales volume.

- **HDD Suspension Assemblies**

- Sales of HDD suspensions increased due to an improved product mix.
- Sales of Suspension Application Products (Additive Metal Deposition Components) increased to the ICT market.

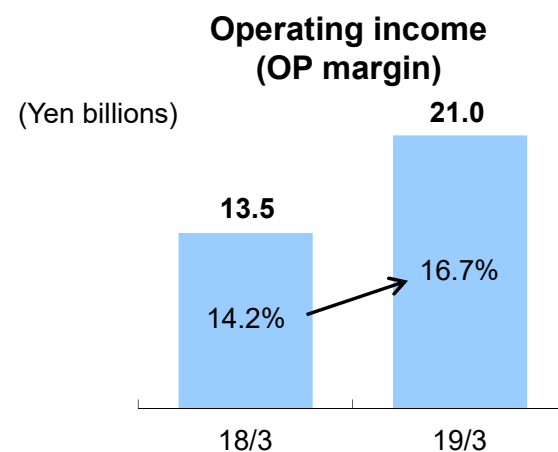
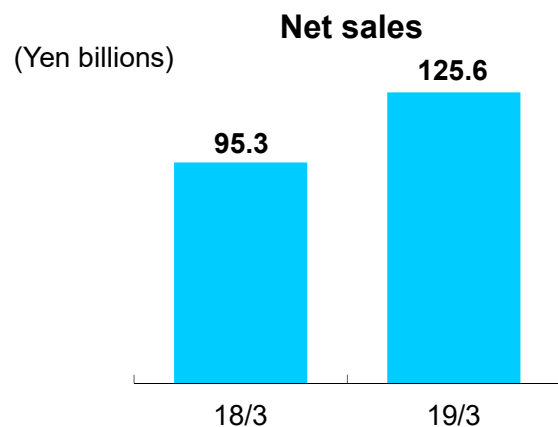
- **Magnets**

- Sales and profit decreased year on year.
- The product mix worsened due to decreased sales for wind power generation.



# 1Q results - Energy Application Products segment

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**Net Sales 125.6 billion yen (up 31.8% year on year)**  
**Operating income 21.0 billion yen (up 55.6% year on year)**

- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- In the ICT market, sales expanded for Chinese smartphones.
- Sales also increased for new applications such as game consoles.

- **Power Supplies**

- Sales of Power Supplies for industrial equipment increased year on year due to strong demand.

18/3: FY March 2018

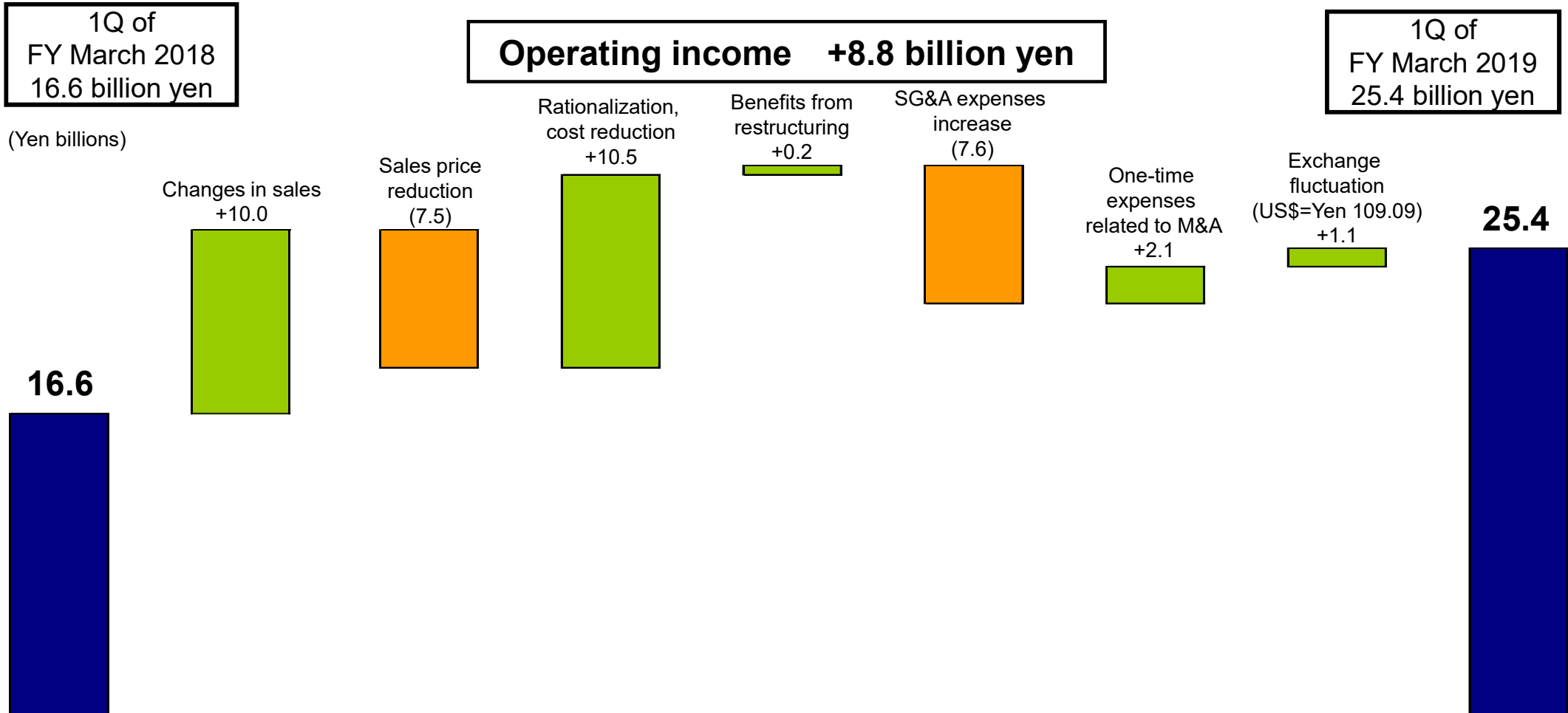
# Quarterly results by segment

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(Yen billions)		1Q of FY March 2018 (A)	4Q of FY March 2018 (B)	1Q of FY March 2019 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	36.3	41.4	<b>44.5</b>	8.2	22.6	3.1	7.5
	Inductive Devices	37.6	39.2	<b>41.3</b>	3.7	9.8	2.1	5.4
	Other Passive Components	22.8	25.3	<b>26.9</b>	4.1	18.0	1.6	6.3
	<b>Passive Components</b>	<b>96.7</b>	<b>105.9</b>	<b>112.7</b>	<b>16.0</b>	<b>16.5</b>	<b>6.8</b>	<b>6.4</b>
	<b>Sensor Application Products</b>	<b>16.3</b>	<b>19.3</b>	<b>18.9</b>	<b>2.6</b>	<b>16.0</b>	<b>(0.4)</b>	<b>-2.1</b>
	<b>Magnetic Application Products</b>	<b>66.4</b>	<b>66.9</b>	<b>70.5</b>	<b>4.1</b>	<b>6.2</b>	<b>3.6</b>	<b>5.4</b>
	<b>Energy Application Products</b>	<b>95.3</b>	<b>100.4</b>	<b>125.6</b>	<b>30.3</b>	<b>31.8</b>	<b>25.2</b>	<b>25.1</b>
	<b>Other</b>	<b>14.8</b>	<b>14.6</b>	<b>15.4</b>	<b>0.6</b>	<b>4.1</b>	<b>0.8</b>	<b>5.5</b>
	<b>Total</b>	<b>289.5</b>	<b>307.1</b>	<b>343.1</b>	<b>53.6</b>	<b>18.5</b>	<b>36.0</b>	<b>11.7</b>
Operating income	<b>Passive Components</b>	<b>10.3</b>	<b>13.6</b>	<b>14.0</b>	<b>3.7</b>	<b>35.9</b>	<b>0.4</b>	<b>2.9</b>
	<b>Sensor Application Products</b>	<b>(4.5)</b>	<b>(4.6)</b>	<b>(4.9)</b>	<b>(0.4)</b>	<b>-</b>	<b>(0.3)</b>	<b>-</b>
	<b>Magnetic Application Products</b>	<b>3.7</b>	<b>0.6</b>	<b>3.5</b>	<b>(0.2)</b>	<b>-5.4</b>	<b>2.9</b>	<b>483.3</b>
	<b>Energy Application Products</b>	<b>13.5</b>	<b>13.0</b>	<b>21.0</b>	<b>7.5</b>	<b>55.6</b>	<b>8.0</b>	<b>61.5</b>
	<b>Other</b>	<b>1.4</b>	<b>(1.8)</b>	<b>(1.0)</b>	<b>(2.4)</b>	<b>-</b>	<b>0.8</b>	<b>-</b>
	<b>Sub total</b>	<b>24.4</b>	<b>20.8</b>	<b>32.5</b>	<b>8.1</b>	<b>33.2</b>	<b>11.7</b>	<b>56.3</b>
	<b>Corporate and eliminations</b>	<b>(7.8)</b>	<b>(8.8)</b>	<b>(7.1)</b>	<b>0.7</b>	<b>-</b>	<b>1.7</b>	<b>-</b>
	<b>Total</b>	<b>16.6</b>	<b>12.0</b>	<b>25.4</b>	<b>8.8</b>	<b>53.0</b>	<b>13.4</b>	<b>111.7</b>
Operating income margin		5.7%	3.9%	<b>7.4%</b>	+1.7pt	-	+3.5pt	-
Ex-rate	US\$ (JPY)	111.16	108.49	<b>109.09</b>				
	EURO (JPY)	122.02	133.25	<b>130.16</b>				

# Breakdown of operating income changes



# Projections for 2Q of FY March 2019

## - Image of changes in sales

(Yen billions)

Segment	1Q of FY March 2019	2Q projections (QoQ change)
Passive Components	112.7	±0%
Sensor Application Products	18.9	+8~+11%
Magnetic Application Products	70.5	+5~+7%
Energy Application Products	125.6	+9~+12%
Other	15.4	—
<b>Total</b>	<b>343.1</b>	<b>+5~+7%</b>

Forex assumptions

US\$(JPY)  
EURO(JPY)

109.09  
130.16

105.00  
129.00

# FY March 2019 full year / dividend projections

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		FY March 2018 full year results	FY March 2019 full year projections (announced on Apr. 27, 2018)	YoY change	
				Yen billions	%
(Yen billions)					
Net sales		1,271.7	<b>1,340.0</b>	68.3	5.4
Operating income		89.7	<b>100.0</b>	10.3	11.5
Operating income margin		7.1%	<b>7.5%</b>	+0.4 pt	-
Income before income taxes		89.8	<b>98.0</b>	8.2	9.1
Net income		63.5	<b>70.0</b>	6.5	10.2
Earning per share (JPY)		502.80	<b>554.43</b>	-	-
Dividends (JPY)		1st half : 60 2nd half : 70 Annual: 130	<b>1st half : 70 2nd half : 70 Annual : 140</b>	-	-
Ex-rate	US\$ (JPY)	110.93	<b>105.00</b>	-	
	EURO (JPY)	129.64	<b>129.00</b>	-	
Capital expenditure		178.6	<b>210.0</b>	31.4	17.6
Depreciation and amortization		92.2	<b>110.0</b>	17.8	19.3
Research and development		102.6	<b>110.0</b>	7.4	7.2

# Supplementary Data

# Quarterly sales and operating income by segment

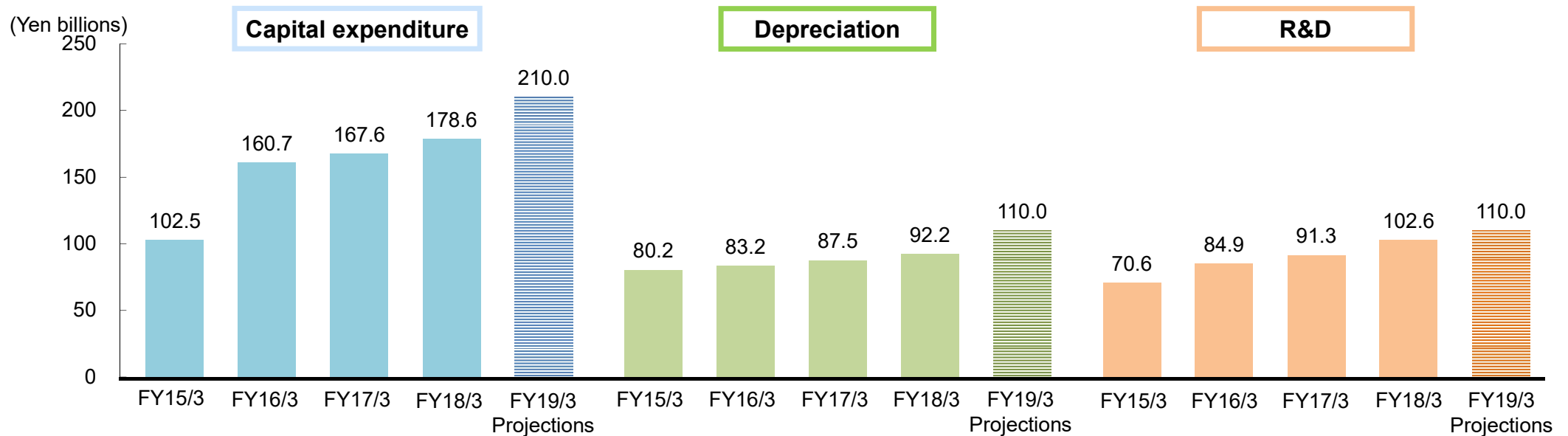
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		FY March 2018					FY March 2019				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	(Yen billions)										
	Capacitors	36.3	39.2	40.1	41.4	157.0	44.5				
	Inductive Devices	37.6	40.5	40.3	39.2	157.5	41.3				
	Other Passive Components	22.8	26.2	28.9	25.3	103.2	26.9				
	<b>Passive Components</b>	<b>96.7</b>	<b>105.8</b>	<b>109.3</b>	<b>105.9</b>	<b>417.8</b>	<b>112.7</b>				
	<b>Sensor Application Products</b>	<b>16.3</b>	<b>20.2</b>	<b>21.6</b>	<b>19.3</b>	<b>77.4</b>	<b>18.9</b>				
	<b>Magnetic Application Products</b>	<b>66.4</b>	<b>71.8</b>	<b>72.5</b>	<b>66.9</b>	<b>277.5</b>	<b>70.5</b>				
	<b>Energy Application Products</b>	<b>95.3</b>	<b>122.2</b>	<b>125.0</b>	<b>100.4</b>	<b>442.8</b>	<b>125.6</b>				
Other	14.8	14.1	12.8	14.6	56.3	15.4					
<b>Total</b>	<b>289.5</b>	<b>334.0</b>	<b>341.1</b>	<b>307.1</b>	<b>1,271.7</b>	<b>343.1</b>					
Operating income	<b>Passive Components</b>	<b>10.3</b>	<b>12.8</b>	<b>13.6</b>	<b>13.6</b>	<b>50.2</b>	<b>14.0</b>				
	<b>Sensor Application Products</b>	<b>(4.5)</b>	<b>(5.8)</b>	<b>(3.7)</b>	<b>(4.6)</b>	<b>(18.6)</b>	<b>(4.9)</b>				
	<b>Magnetic Application Products</b>	<b>3.7</b>	<b>5.0</b>	<b>6.9</b>	<b>0.6</b>	<b>16.1</b>	<b>3.5</b>				
	<b>Energy Application Products</b>	<b>13.5</b>	<b>21.6</b>	<b>24.3</b>	<b>13.0</b>	<b>72.4</b>	<b>21.0</b>				
	<b>Other</b>	<b>1.4</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(1.8)</b>	<b>(0.7)</b>	<b>(1.0)</b>				
	<b>Sub total</b>	<b>24.4</b>	<b>33.4</b>	<b>40.9</b>	<b>20.8</b>	<b>119.4</b>	<b>32.5</b>				
	Corporate and eliminations	(7.8)	(5.8)	(7.4)	(8.8)	(29.7)	(7.1)				
<b>Total</b>	<b>16.6</b>	<b>27.6</b>	<b>33.5</b>	<b>12.0</b>	<b>89.7</b>	<b>25.4</b>					
Ex-rate	US\$ (JPY)	111.16	111.01	112.97	108.49	110.93	109.09				
	EURO (JPY)	122.02	130.26	133.00	133.25	129.64	130.16				

# FY March 2019 projections and forex sensitivity

## Expenses



## 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

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(Yen billions)	March End, 2018	June End, 2018	Change
<b>Total asset</b>	<b>1,905.2</b>	<b>1,969.6</b>	<b>64.4</b>
<b>Total liability</b>	<b>1,074.0</b>	<b>1,127.8</b>	<b>53.8</b>
<b>Stockholders's equity</b>	<b>824.6</b>	<b>834.9</b>	<b>10.3</b>
(comprehensive income)	(119.5)	(113.5)	6.0
<b>Stockholders's equity ratio</b>	<b>43.3%</b>	<b>42.4%</b>	<b>-0.9pt</b>
<b>Cash and cash equivalents</b>	<b>323.3</b>	<b>282.1</b>	<b>(41.2)</b>
<b>Interest-bearing debt (*1)</b>	<b>483.0</b>	<b>521.9</b>	<b>38.9</b>
<b>Net cash (*2)</b>	<b>(159.7)</b>	<b>(239.8)</b>	<b>(80.1)</b>

(Yen billions)	1Q of FY March 2018	1Q of FY March 2019	Change
<b>Capital expenditures</b>	<b>42.9</b>	<b>42.3</b>	<b>(0.6)</b>
<b>Depreciation and amortization</b>	<b>20.6</b>	<b>25.5</b>	<b>4.9</b>

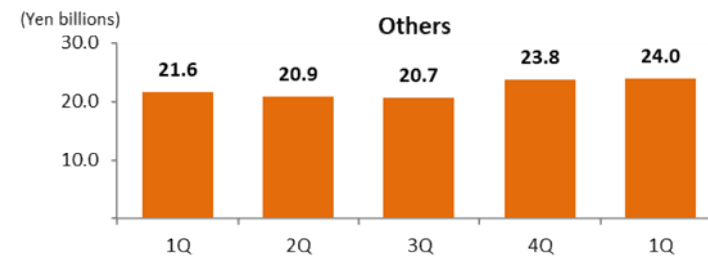
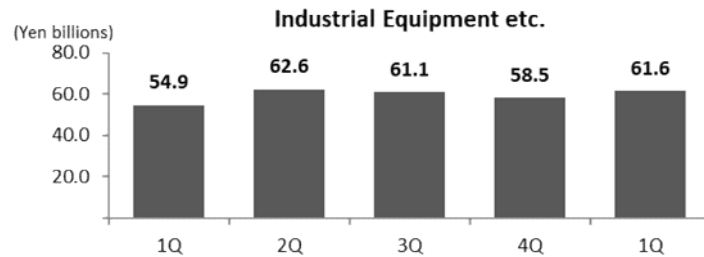
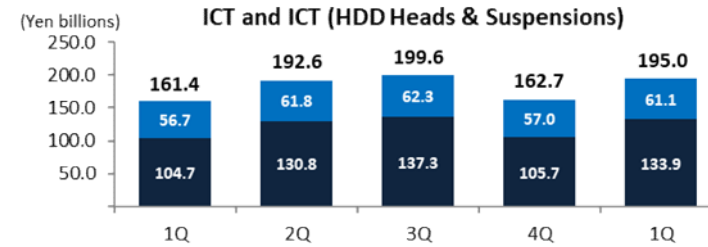
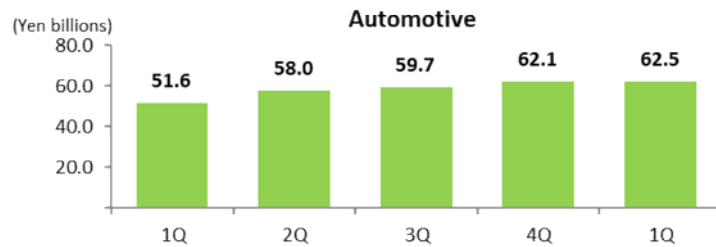
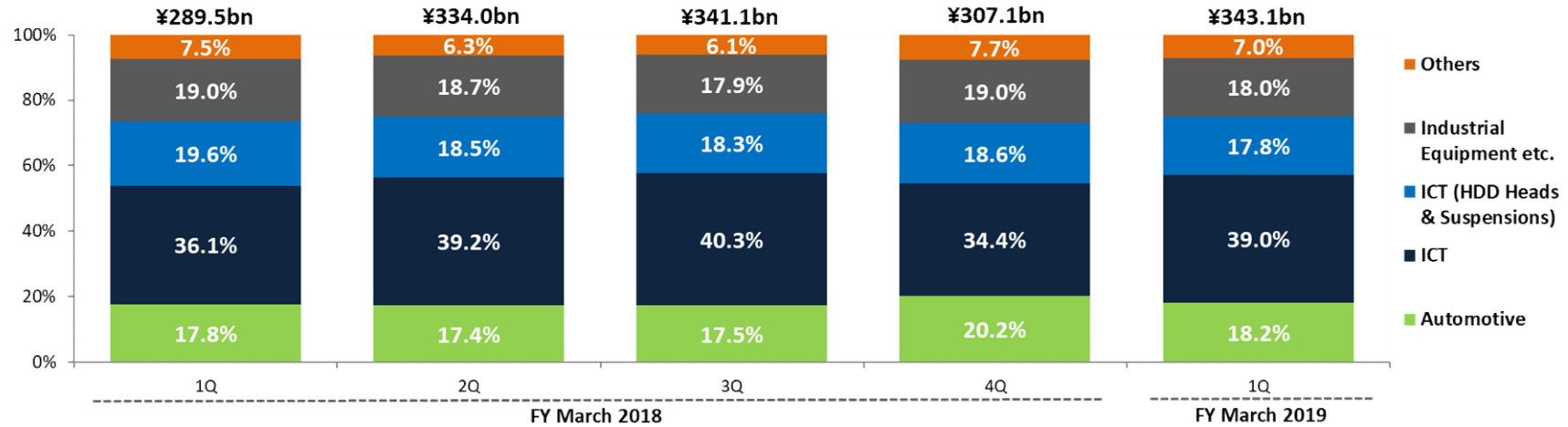
\*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments

\*2: Cash and cash equivalents - Interest-bearing debt

# Cash flows

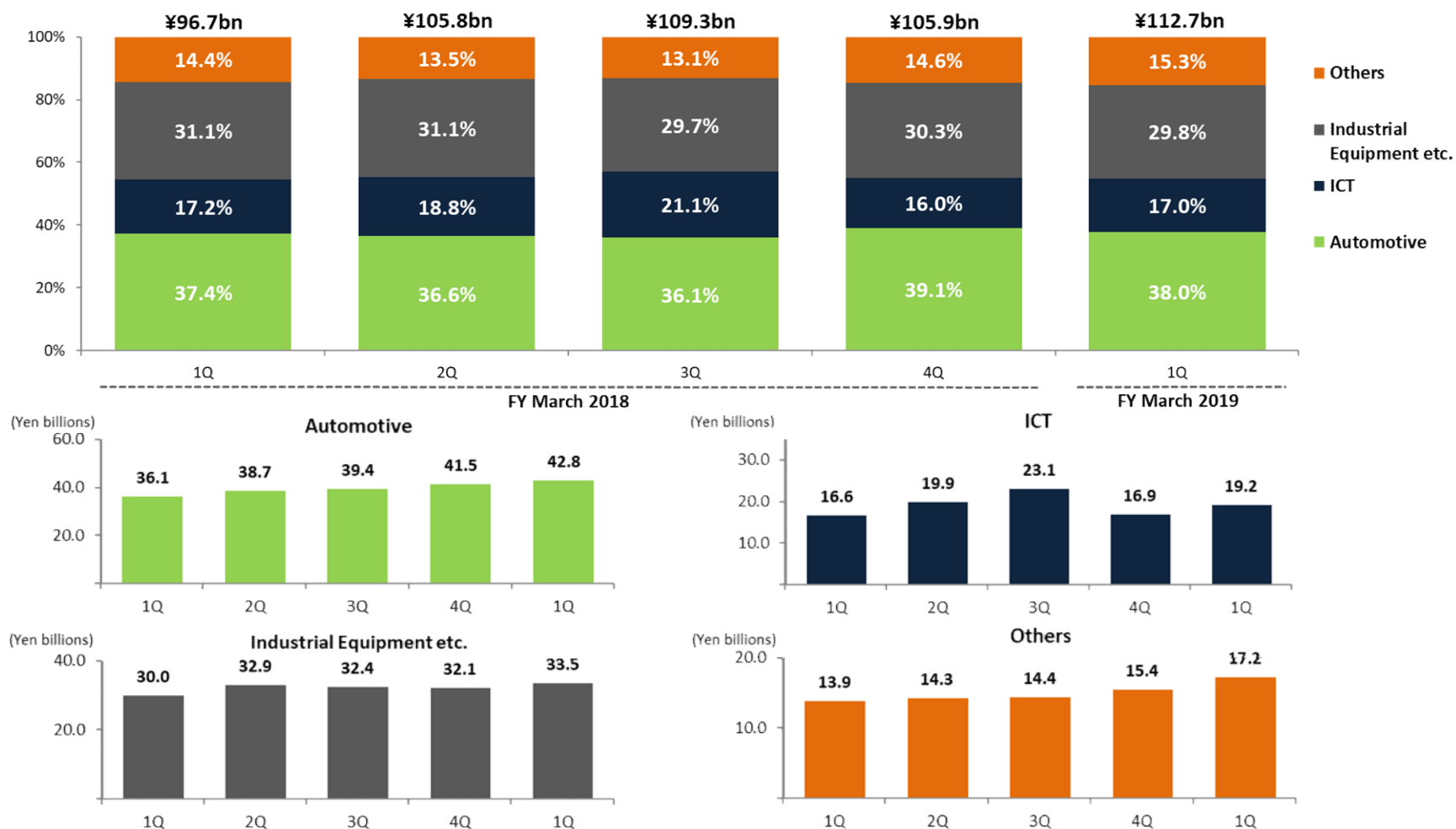
<b>(Yen billions)</b>	<b>FY March 2018 Results through 1Q</b>	<b>FY March 2019 Results through 1Q</b>	<b>YoY change</b>
<b>Operating cash flow</b>	<b>(19.6)</b>	<b>(36.3)</b>	<b>(16.7)</b>
<b>Investing cash flow</b>	<b>(176.3)</b>	<b>(23.5)</b>	<b>152.8</b>
<b>Free cash flow</b>	<b>(195.9)</b>	<b>(59.8)</b>	<b>136.1</b>
<b>Financing cash flow</b>	<b>168.3</b>	<b>26.0</b>	<b>(142.3)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2.3</b>	<b>5.5</b>	<b>3.2</b>
<b>Cash and cash equivalents</b>	<b>305.1</b>	<b>251.4</b>	<b>(53.7)</b>

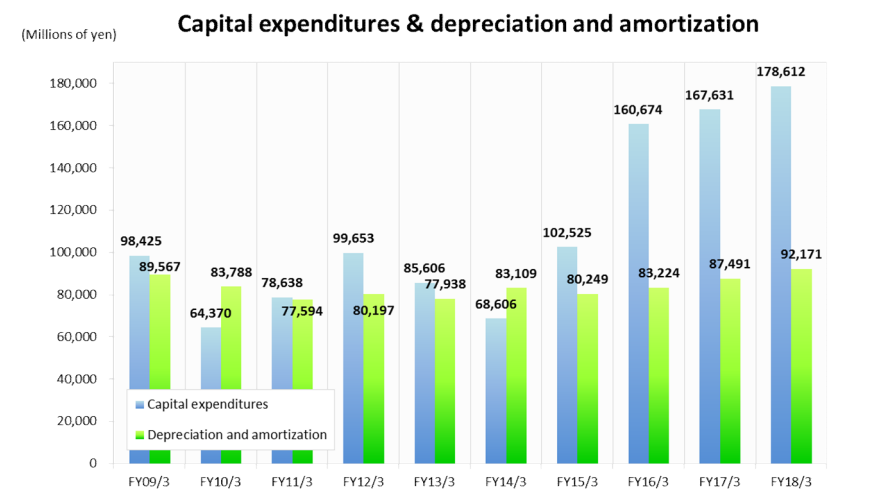
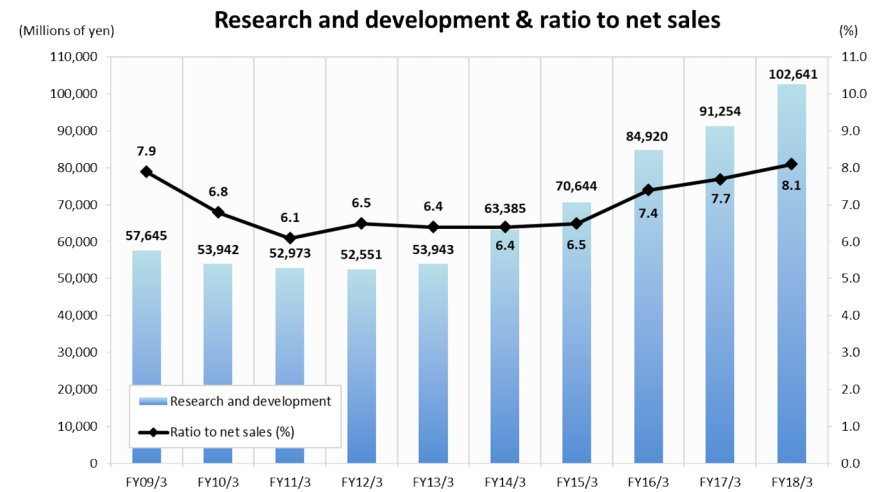
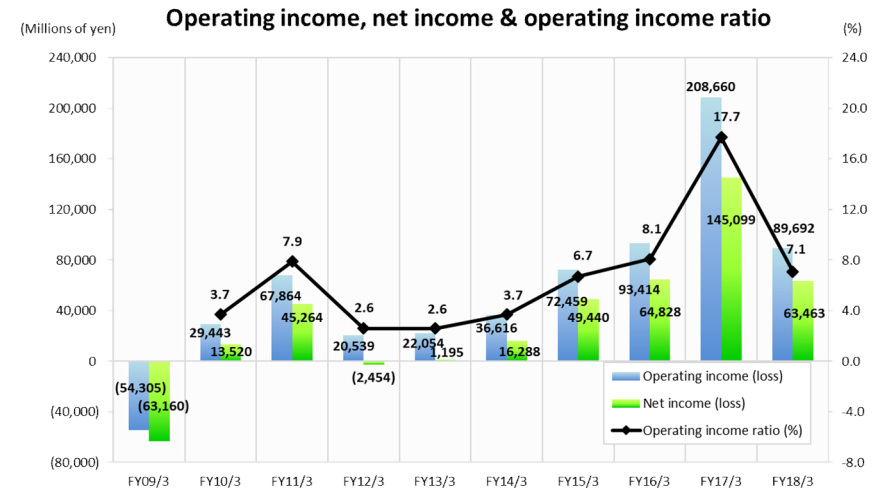
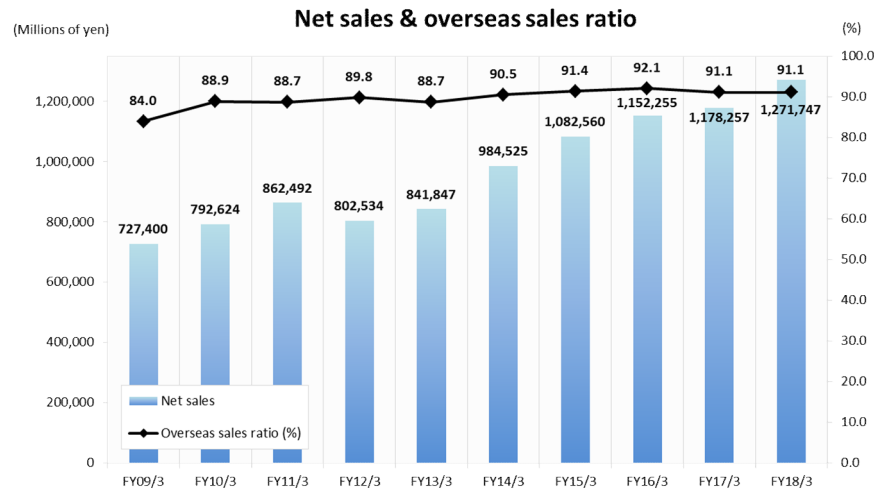
# Quarterly sales by applications (1Q of FY March 2018 – 1Q of FY March 2019)

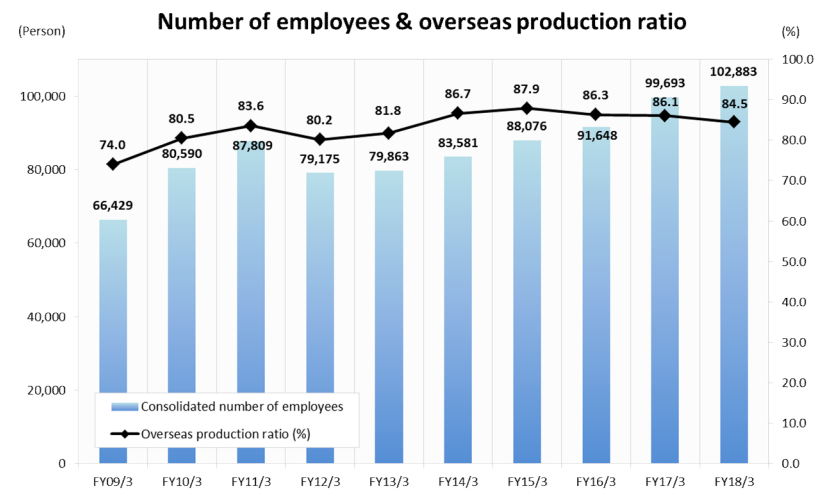
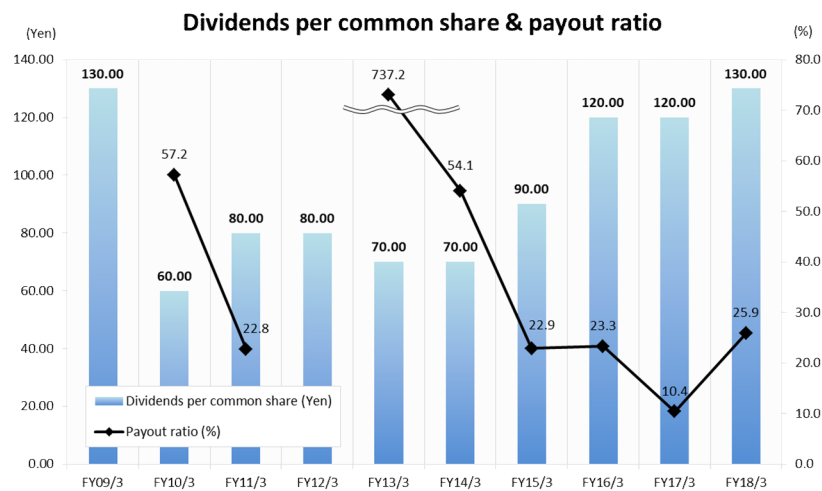
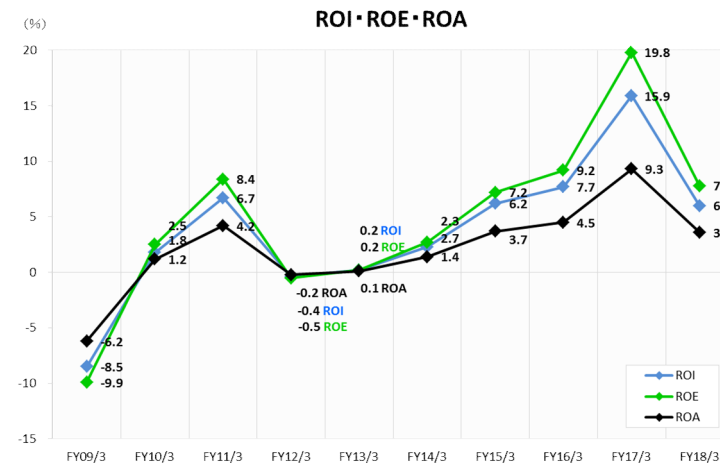
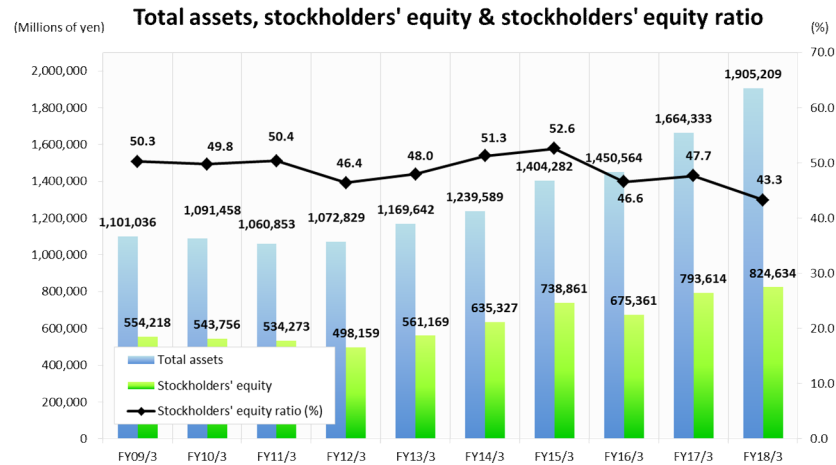


# Passive Components business quarterly sales by applications (1Q of FY March 2018 – 1Q of FY March 2019)

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# Cautionary statements with respect to forward-looking statements

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This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

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/ir/ir\\_events/conference/2019/1q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2019/1q_1.htm)