

Consolidated Results for First Half of FY March 2020

Tetsuji Yamanishi
Senior Vice President

- **Despite the impact of U.S.-China trade friction gaining momentum and the continuing deceleration of the world economy starting with China, operating income achieved a new record on both a half-yearly and a quarterly basis***

→ Net sales decreased 2.1% year on year. Operating income increased 10.6% year on year.

→ Sales to the ICT market increased year on year, continuing on from the previous quarter to show a strong performance. TDK's overall earnings increased due to sales growth in products for use in smartphones, such as rechargeable batteries.

→ Sales in the automotive and the industrial equipment markets declined year on year in line with a lower-than-expected level of demand due to continuing deceleration in economies such as in China.
In the Passive Components segment, TDK posted lower earnings on lower sales.
In the Sensor Application Products segment, TDK posted lower earnings on lower sales due to lackluster sales to the automotive market.

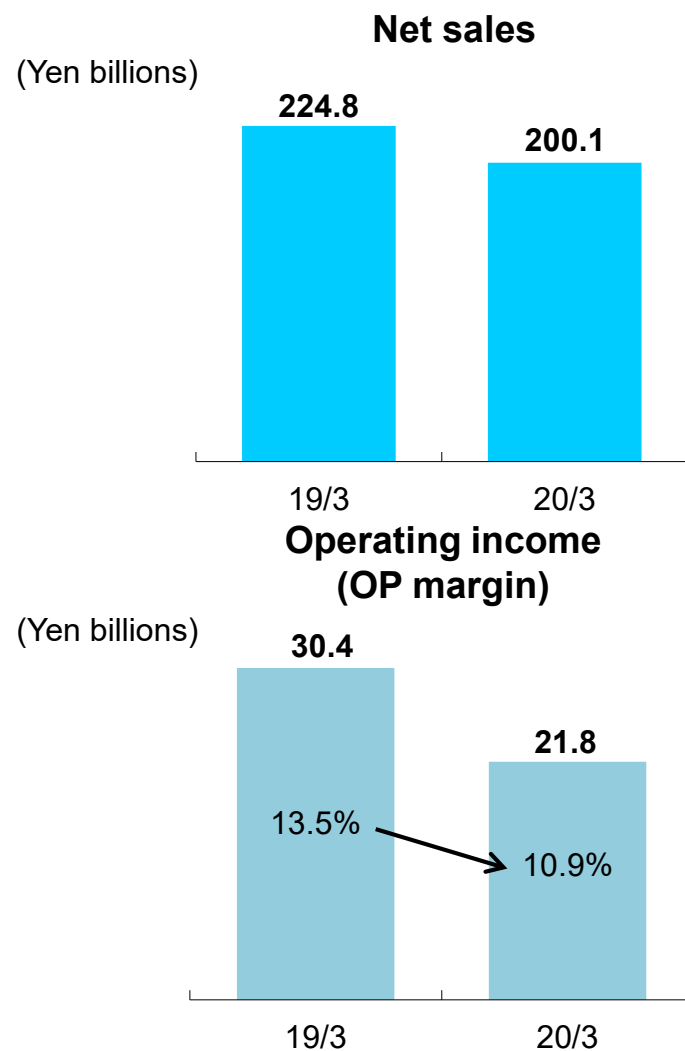
→ There are no expectations for a recovery in the world economy in the second half of the fiscal year and there remain uncertainties in its trajectory. However, TDK aims to accelerate measures based on its growth strategy to improve earnings.

*Operating income is compared on the basis excluding a gain on sale of business recorded in the year ended March 2017.

Consolidated results for first half of FY March 2020

(Yen billions)		FY March 2019 Results through 2Q (2018.4.1-2018.9.30)	FY March 2020 Results through 2Q (2019.4.1-2019.9.30)	Change	
				Yen billions	%
Net sales		721.9	707.0	(14.9)	-2.1
Operating income		62.2	68.8	6.6	10.6
Operating income margin		8.6%	9.7%	+1.1pt	-
Income before income taxes		57.8	68.6	10.8	18.7
Net income		41.1	44.9	3.8	9.2
Earning per share (JPY)		325.30	355.81	-	-
Ex-rate	US\$ (JPY)	110.30	108.74	Appreciated by 1.4%	
	EURO (JPY)	129.9	121.51	Appreciated by 6.5%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 20.0 billion Yen Operating income : Decreased by about 2.0 billion Yen			

First half results - Passive Components segment

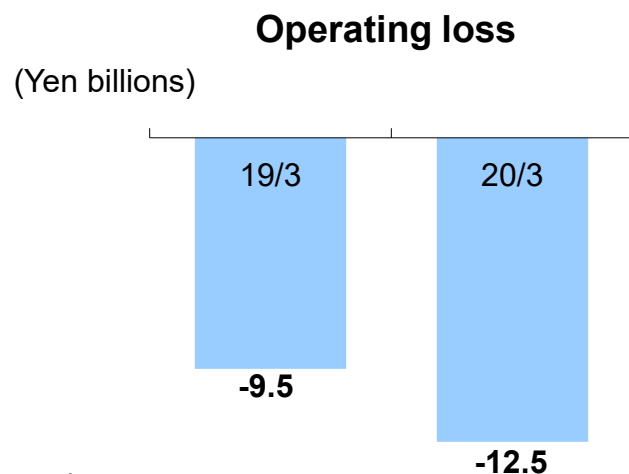
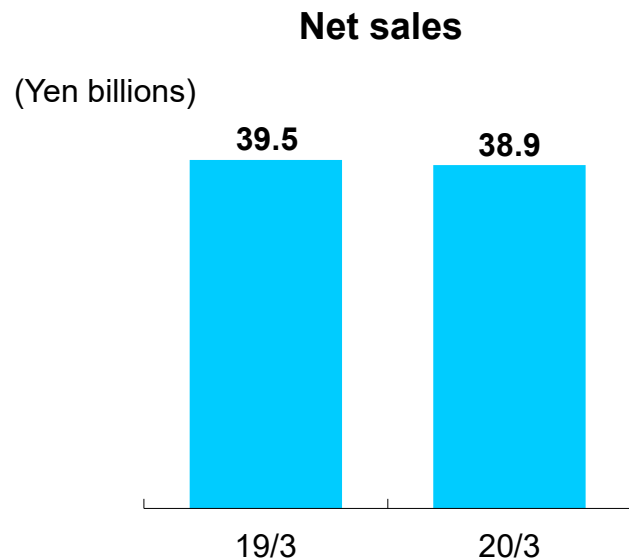


Net sales 200.1 billion yen (down 11.0% year on year)
Operating income 21.8 billion yen (down 28.3% year on year)

- **Ceramic Capacitors**
 - Sales decreased and profit increased year on year.
 - Sales to the automotive and the ICT markets increased, while sales to distributors decreased.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
 - Sales and profit decreased year on year.
 - Sales decreased mainly to the industrial equipment market.
- **Inductive Devices**
 - Sales and profit decreased year on year.
 - Sales decreased mainly to the automotive market.
- **High-Frequency Components**
 - Sales increased year on year.
 - Sales have increased in response to the rise in demand for 5G.
- **Piezoelectric Material Products and Circuit Protection Components**
 - Sales and profit decreased year on year.
 - Sales decreased mainly to the automotive and the industrial equipment markets.

19/3: FY March 2019

First half results - Sensor Application Products segment



Net sales 38.9 billion yen (down 1.5% year on year)
Operating loss -12.5 billion yen (up —% year on year)

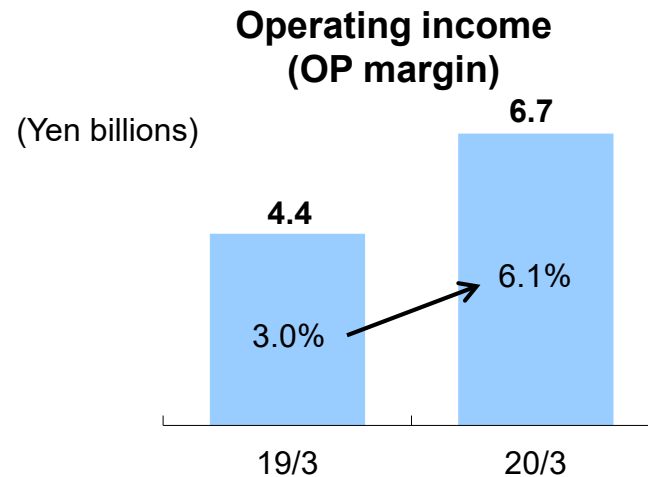
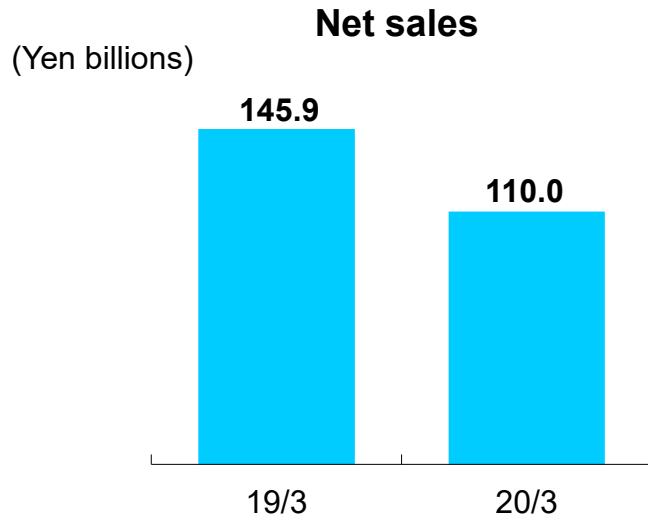
- **Sensors**

- Sales and profits decreased year on year.
- In Magnetic Sensors, sales of Hall Sensors decreased to the automotive market, while sales of TMR Sensors increased to the ICT market.
- Sales of MEMS Sensors increased to the ICT market.

19/3: FY March 2019

First half results - Magnetic Application Products segment

Attracting Tomorrow

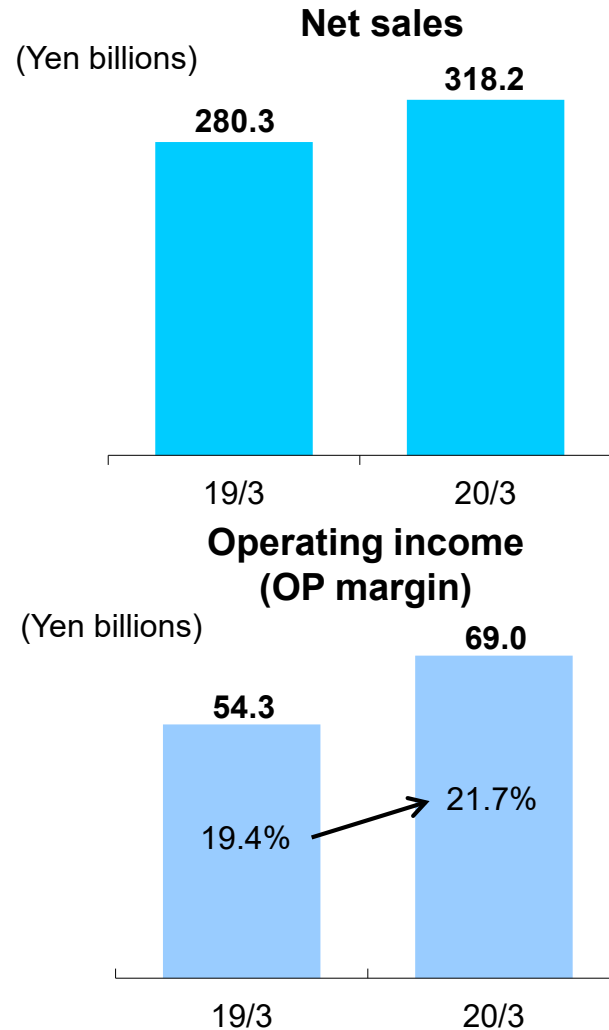


19/3: FY March 2019

Net Sales 110.0 billion yen (down 24.6% year on year)
Operating income 6.7 billion yen (up 52.3% year on year)

- **HDD Heads**
 - Sales and profits decreased year on year.
 - Sales of HDD assembly business decreased.
- **HDD Suspension Assemblies**
 - Sales of HDD Suspensions Assemblies decreased and profit increased.
 - Sales of Suspension Application Products (Additive Metal Deposition Components) increased to the ICT market.
- **Magnets**
 - Sales decreased and profit increased year on year.

First half results - Energy Application Products segment



Net Sales 318.2 billion yen (up 13.5% year on year)
Operating income 69.0 billion yen (up 27.1% year on year)

- **Energy Devices (Rechargeable Batteries)**
 - Sales and profit increased year on year.
 - In the ICT market, sales expanded for mobile device application such as smartphones, wearable devices.
- **Power Supplies**
 - Sales and profit of Power Supplies for industrial equipment decreased year on year.

19/3: FY March 2019

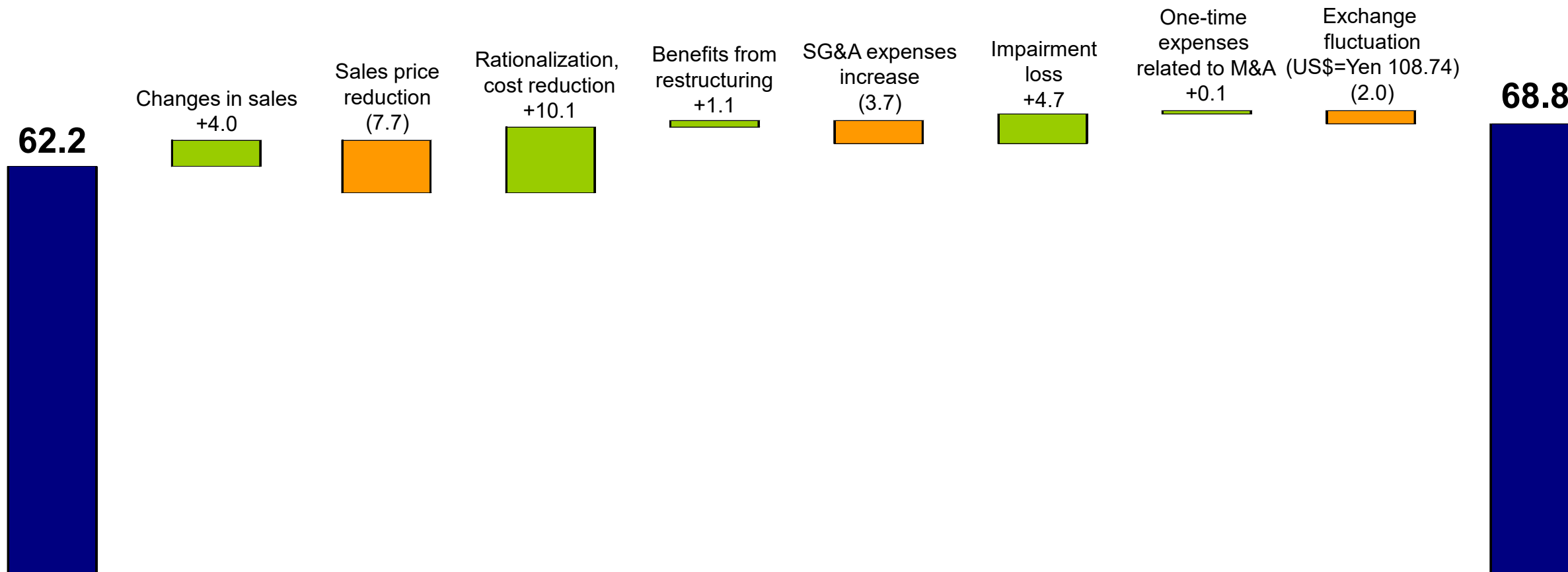
Breakdown of operating income changes

First half of
FY March 2019
62.2 billion yen

Operating income +6.6 billion yen

First half of
FY March 2020
68.8 billion yen

(Yen billions)



Consolidated results for 2Q of FY March 2020

(Yen billions)		FY March 2019 2Q results	FY March 2020 2Q results	Change	
				Yen billions	%
Net sales		378.9	370.2	(8.7)	-2.3
Operating income		36.8	43.9	7.1	19.3
Operating income margin		9.7%	11.9%	+2.2 pt	-
Income before income taxes		34.1	43.9	9.8	28.7
Net income		24.9	29.4	4.5	18.1
Earning per share (JPY)		197.03	232.37	-	-
Ex-rate	US\$ (JPY)	111.50	107.39	Appreciated by 3.7%	
	EURO (JPY)	129.63	119.48	Appreciated by 7.8%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 16.1 billion Yen Operating income : Decreased by about 2.6 billion Yen			

Quarterly results by segment

		2Q of FY March 2019 (A)	1Q of FY March 2020 (B)	2Q of FY March 2020 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	43.9	39.3	39.6	(4.3)	-9.8	0.3	0.8
	Inductive Devices	39.5	34.1	35.7	(3.8)	-9.6	1.6	4.7
	Other Passive Components	28.7	24.8	26.6	(2.1)	-7.3	1.8	7.3
	Passive Components	112.1	98.3	101.9	(10.2)	-9.1	3.6	3.7
	Sensor Application Products	20.6	18.1	20.8	0.2	1.0	2.7	14.9
	Magnetic Application Products	75.4	55.5	54.5	(20.9)	-27.7	(1.0)	-1.8
	Energy Application Products	154.8	144.5	173.7	18.9	12.2	29.2	20.2
	Other	16.0	20.4	19.4	3.4	21.3	(1.0)	-4.9
	Total	378.9	336.8	370.2	(8.7)	-2.3	33.4	9.9
Operating income	Passive Components	16.4	10.3	11.4	(5.0)	-30.5	1.1	10.7
	Sensor Application Products	(4.6)	(7.0)	(5.5)	(0.9)	-	1.5	-
	Magnetic Application Products	0.9	3.3	3.5	2.6	288.9	0.2	6.1
	Energy Application Products	33.3	26.5	42.5	9.2	27.6	16.0	60.4
	Other	(1.7)	0.3	(0.6)	1.1	-	(0.9)	-
	Sub total	44.4	33.4	51.2	6.8	15.3	17.8	53.3
	Corporate and eliminations	(7.6)	(8.4)	(7.3)	0.3	-	1.1	-
	Total	36.8	25.0	43.9	7.1	19.3	18.9	75.6
	Operating income margin	9.7%	7.4%	11.9%	+2.2pt	-	+4.5pt	-
Ex-rate	US\$ (JPY)	111.50	110.10	107.39				
	EURO (JPY)	129.63	123.57	119.48				

Cautionary statements with respect to forward-looking statements

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.
https://www.tdk.com/corp/en/ir/ir_events/conference/2020/2q_1.htm