

Attracting Tomorrow



**Performance Briefing
First Half of Fiscal Year March 2021**

- **Consolidated Results for First Half of FY March 2021**
Tetsuji Yamanishi, Executive Vice President
- **Consolidated Full Year Projections for FY March 2021**
Shigenao Ishiguro, President and CEO

Consolidated Results for First Half of FY March 2021

Tetsuji Yamanishi
Executive Vice President

Demand for electronic components started to recover due to the resumption of social and economic activities.

Demand related to digital transformation (DX) has also remained robust.

Net sales and operating income were stronger than initially anticipated.

- **Net sales decreased 2.2% year on year. Operating income decreased 9.3% year on year.**
 - **Net sales and operating income for 2Q achieved new record highs for quarterly basis.***
- Net sales and operating income increased year on year.**

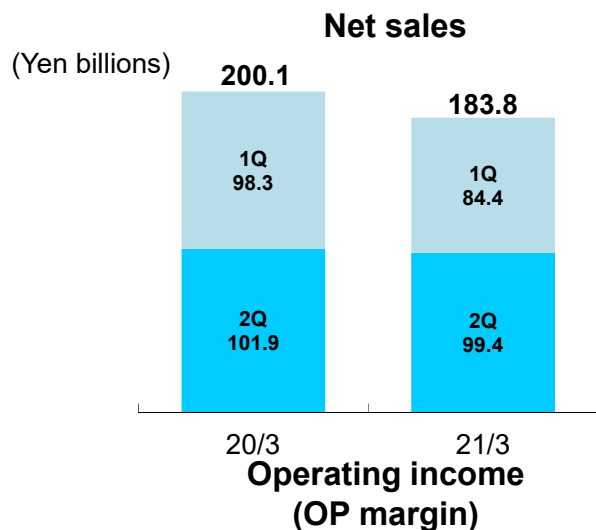
- Orders for the automotive market have recovered rapidly since 2Q, resulting in an increase in sales of Passive Components and Sensors.
- As DX continued to accelerate in 2Q, demand for PCs and tablets for use in working and studying at home and 5G-related demand were robust. This resulted in higher sales of Rechargeable Batteries and Passive Components, which drove consolidated earnings growth.
- Earnings of HDD Heads, sales of which significantly decreased in 1Q due to the COVID-19 pandemic, improved as production at customers recovered steadily.
- Consolidated earnings increased due to the short-term earnings improvement measures enacted in response to the impact of COVID-19.

*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 2021

	(Yen billions)	FY March 2020 Results through 2Q (2019.4.1-2019.9.30)	FY March 2021 Results through 2Q (2020.4.1-2020.9.30)	Change	
				Yen billions	%
Net sales		707.0	691.1	(15.9)	-2.2
Operating income		68.8	62.4	(6.4)	-9.3
Operating income margin		9.7%	9.0%	-0.7pt	-
Income before income taxes		68.6	63.2	(5.4)	-7.9
Net income		44.9	42.2	(2.7)	-6.0
Earning per share (JPY)		355.81	334.27	-	-
Ex-rate	US\$ (JPY)	108.74	106.92	Appreciated by 1.7%	
	EURO (JPY)	121.51	121.27	Appreciated by 0.2%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 13.9 billion Yen Operating income : Decreased by about 0.3 billion Yen			

First half results - Passive Components segment



Net sales 183.8 billion yen (down 8.1% year on year)
Operating income 17.4 billion yen (down 20.2% year on year)

- **Ceramic Capacitors**

- Sales and profit decreased year on year.
- Sales for base stations were robust in the first half. In 2Q, sales to the automotive market recovered to the level of the previous fiscal year.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- Sales decreased while profit increased year on year.
- Sales increased to the automotive and the industrial equipment markets in 2Q.

- **Inductive Devices**

- Sales and profit decreased year on year.
- Sales to the ICT market were robust in the first half. Sales to the automotive market recovered to the level of the previous fiscal year.

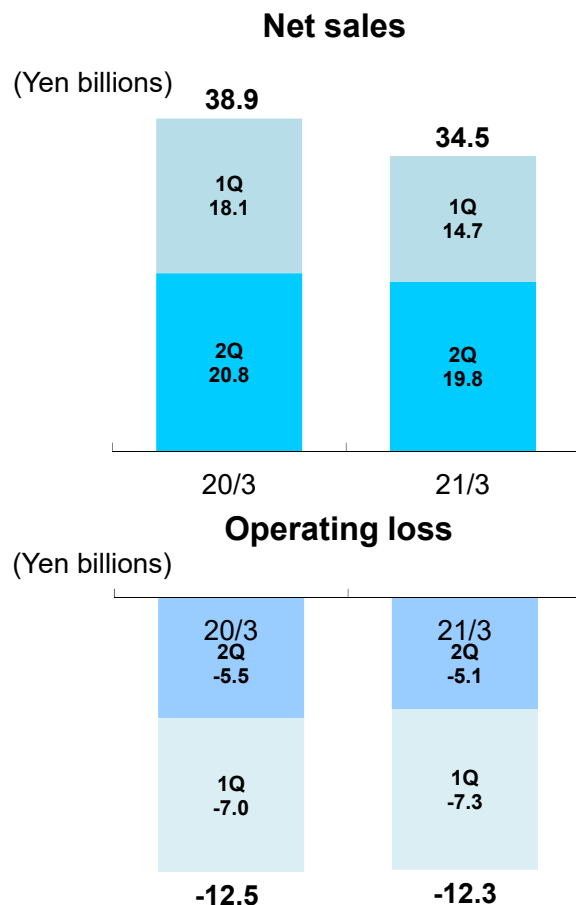
- **High-Frequency Components**

- Sales and profit increased year on year.
- Sales to the ICT market remained strong due to robust 5G-related demand.

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

- Sales and profit decreased year on year.
- Sales increased mainly to the automotive market in 2Q.

First half results - Sensor Application Products segment



Net sales 34.5 billion yen (down 11.3% year on year)
Operating loss -12.3 billion yen (down —% year on year)

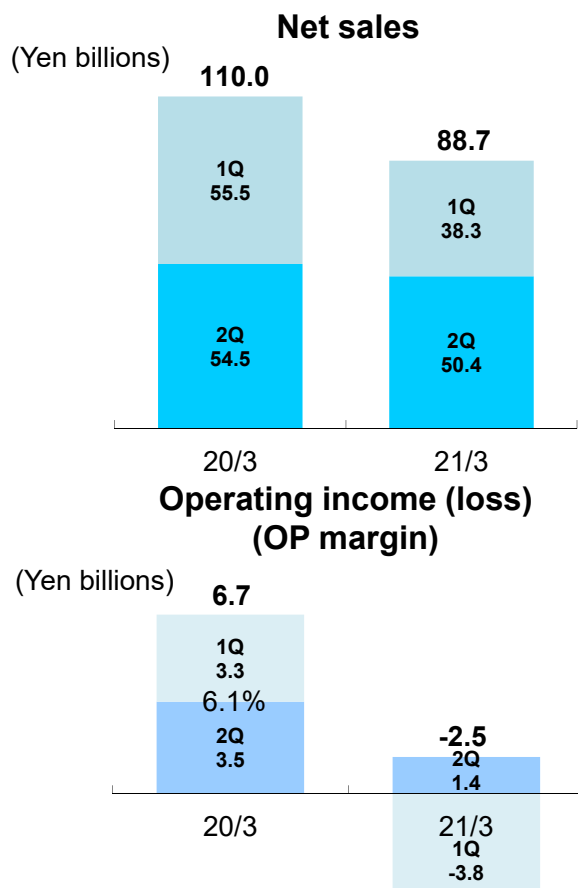
● Sensors

- Sales decreased while operating loss decreased slightly year on year.
- Sales of Temperature and Pressure Sensors increased to the automotive market in 2Q.
- Sales of TMR Sensors to the ICT market were higher than in the previous fiscal year.
- Sales of MEMS Sensors increased to the ICT market in 2Q. Also, sales for game consoles were strong in the first half.

20/3: FY March 2020

First half results - Magnetic Application Products segment

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Net Sales 88.7 billion yen (down 19.4% year on year)

Operating loss -2.5 billion yen (up —% year on year)

- **HDD Heads and HDD Suspension Assemblies**

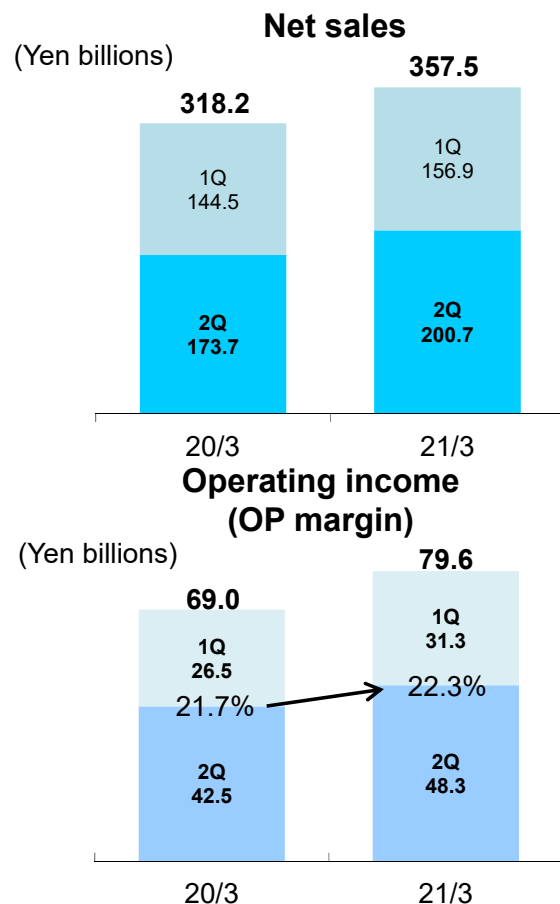
- Sales and profits decreased year on year.
- Sales of HDD assembly business decreased year on year.
- Sales and profit of HDD Suspensions Assemblies increased.
- Although earnings deteriorated in 1Q due to a sharp fall in sales related to the COVID-19 pandemic, earnings improved in 2Q as production at customers recovered steadily.

- **Magnets**

- Sales decreased while operating loss decreased year on year.
- Sales increased to the automotive market in 2Q.

20/3: FY March 2020

First half results - Energy Application Products segment



Net Sales 357.5 billion yen (up 12.4% year on year)
Operating income 79.6 billion yen (up 15.4% year on year)

- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- Sales expanded for PCs and tablets as more people shifted to work and study at home.
- Sales of mini cell and power cell products expanded for non-ICT applications.

- **Power Supplies**

- Sales and profit of Power Supplies for industrial equipment decreased year on year.
- Sales and operating income increased year on year and quarter on quarter in 2Q on the back of strong sales for semiconductor manufacturing equipment and healthcare-related devices.

20/3: FY March 2020

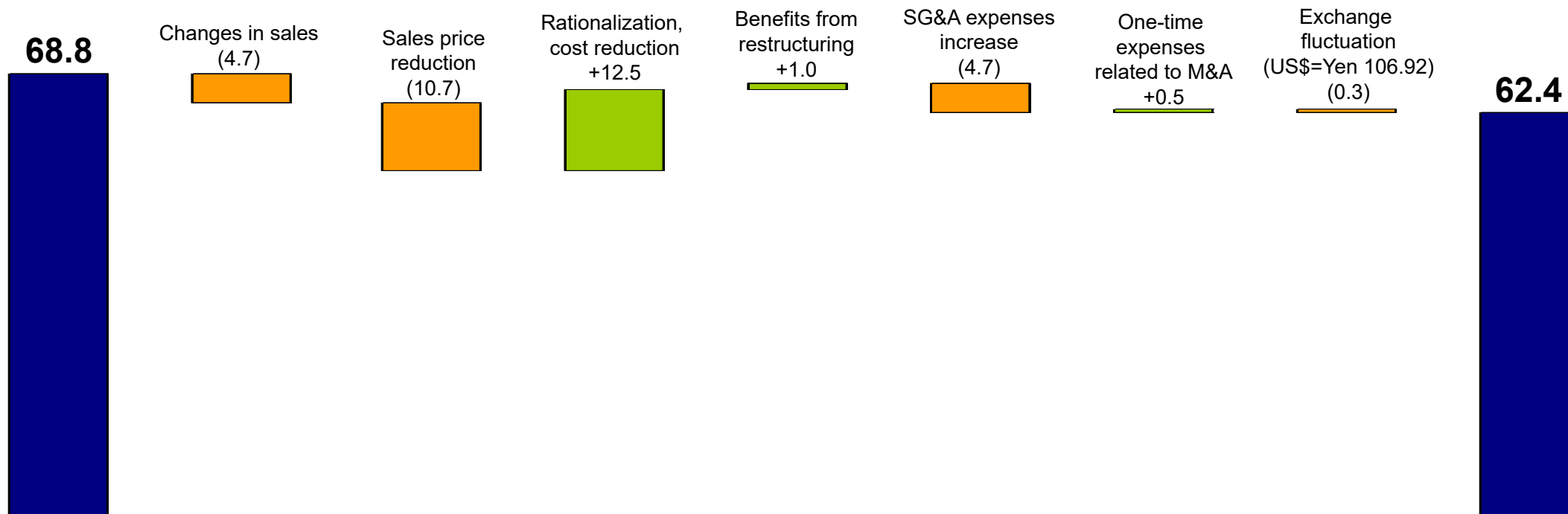
Breakdown of operating income changes

First half of
FY March 2020
68.8 billion yen

Operating income -6.4 billion yen

First half of
FY March 2021
62.4 billion yen

(Yen billions)



Consolidated results for 2Q of FY March 2021

	(Yen billions)	FY March 2020 2Q results	FY March 2021 2Q results	Change	
				Yen billions	%
Net sales		370.2	381.7	11.5	3.1
Operating income		43.9	44.0	0.1	0.2
Operating income margin		11.9%	11.5%	-0.4 pt	-
Income before income taxes		43.9	42.5	(1.4)	-3.2
Net income		29.4	29.0	(0.4)	-1.4
Earning per share (JPY)		232.37	229.83	-	-
Ex-rate	US\$ (JPY)	107.39	106.23	Appreciated by 1.1%	
	EURO (JPY)	119.48	124.06	Depreciated by 3.8%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 2.6 billion Yen Operating income : Decreased by about 1.6 billion Yen			

Quarterly results by segment

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(Yen billions)		2Q of FY March 2020 (A)	1Q of FY March 2021 (B)	2Q of FY March 2021 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	39.6	33.3	38.6	(1.0)	-2.5	5.3	15.9
	Inductive Devices	35.7	27.4	34.6	(1.1)	-3.1	7.2	26.3
	Other Passive Components	26.6	23.6	26.2	(0.4)	-1.5	2.6	11.0
	Passive Components	101.9	84.4	99.4	(2.5)	-2.5	15.0	17.8
	Sensor Application Products	20.8	14.7	19.8	(1.0)	-4.8	5.1	34.7
	Magnetic Application Products	54.5	38.3	50.4	(4.1)	-7.5	12.1	31.6
	Energy Application Products	173.7	156.9	200.7	27.0	15.5	43.8	27.9
	Other	19.4	15.2	11.4	(8.0)	-41.2	(3.8)	-25.0
	Total	370.2	309.4	381.7	11.5	3.1	72.3	23.4
Operating income	Passive Components	11.4	7.7	9.7	(1.7)	-14.9	2.0	26.0
	Sensor Application Products	(5.5)	(7.3)	(5.1)	0.4	-	2.2	-
	Magnetic Application Products	3.5	(3.8)	1.4	(2.1)	-60.0	5.2	-
	Energy Application Products	42.5	31.3	48.3	5.8	13.6	17.0	54.3
	Other	(0.6)	(1.9)	(2.8)	(2.2)	-	(0.9)	-
	Sub total	51.2	26.0	51.5	0.3	0.6	25.5	98.1
	Corporate and eliminations	(7.3)	(7.6)	(7.5)	(0.2)	-	0.1	-
	Total	43.9	18.4	44.0	0.1	0.2	25.6	139.1
	Operating income margin	11.9%	5.9%	11.5%	-0.4pt	-	+5.6pt	-
Ex-rate	US\$ (JPY)	107.39	107.61	106.23				
	EURO (JPY)	119.48	118.45	124.06				

Consolidated Full Year Projections for FY March 2021

Shigenao Ishiguro
President and CEO

Key points concerning revisions to FY March 2021 full year projections

● Market forecast (changes from initial forecasts)

- ↪ Global economic growth rate fell slightly while indicators for the U.S. and China are improving.
- ↪ Demand for PCs and tablets for working and studying at home is expected to grow sharply.
- ↪ Sales of smartphones are expected to recover to a higher level than initially anticipated.
- ↪ Sales of automobiles are expected to drop below initial forecasts, despite an increase in forecasts for China and Japan.

● Upward revision to full year projections

- ↪ Full year projections were upgraded in light of operating results for the first half, especially higher performance of 2Q than anticipated, and the recent stronger booking momentum.

● Continuing aggressive investment in markets that are certain to grow

- ↪ TDK will continue investing in growth, mainly in Rechargeable Batteries for non-ICT markets. The consolidated capital expenditure plan was revised upward.

● Revisions to interim and year-end dividend projections

- ↪ Following the revisions to full year projections, the interim and year-end dividend projections were increased by ¥10 per share each, for a total of ¥180 per share for the year.

Projections for 3Q of FY March 2021

- Image of changes in sales

(Yen billions)

Segment	2Q of FY March 2021	3Q projections (QoQ change)
Passive Components	99.4	-1%~-4%
Sensor Application Products	19.8	+8%~+11%
Magnetic Application Products	50.4	-5%~-8%
Energy Application Products	200.7	+0%~+3%
Other	11.4	—
Total	381.7	±0%

Forex assumptions

US\$(JPY)
EURO(JPY)

106.23
124.06

105.00
124.00

FY March 2021 full year / dividend projections

		FY March 2020 full year results (Yen billions)	FY March 2021 full year projections (announced on Jul. 30, 2020)	FY March 2021 full year projections (announced on Oct. 30, 2020)	YoY change	
					Yen billions	%
Net sales		1,363.0	1,290.0	1,400.0	37.0	2.7
Operating income		97.9	70.0	110.0	12.1	12.4
Operating income margin		7.2%	5.4%	7.9%	+0.7 pt	-
Income before income taxes		95.9	70.0	111.0	15.1	15.7
Net income		57.8	48.0	76.0	18.2	31.5
Earning per share (JPY)		457.47	379.98	601.64	-	-
Dividends (JPY)		1st half : 90 2nd half : 90 Annual: 180	1st half : 80 2nd half : 80 Annual : 160	1st half : 90 2nd half : 90 Annual : 180	-	-
Ex-rate	US\$ (JPY)	108.82	105.00	106.00	-	-
	EURO (JPY)	120.92	117.00	123.00	-	-
Capital expenditure		173.4	180.0	200.0	26.6	15.3
Depreciation and amortization		125.0	140.0	140.0	15.0	12.0
Research and development		117.5	120.0	120.0	2.5	2.1

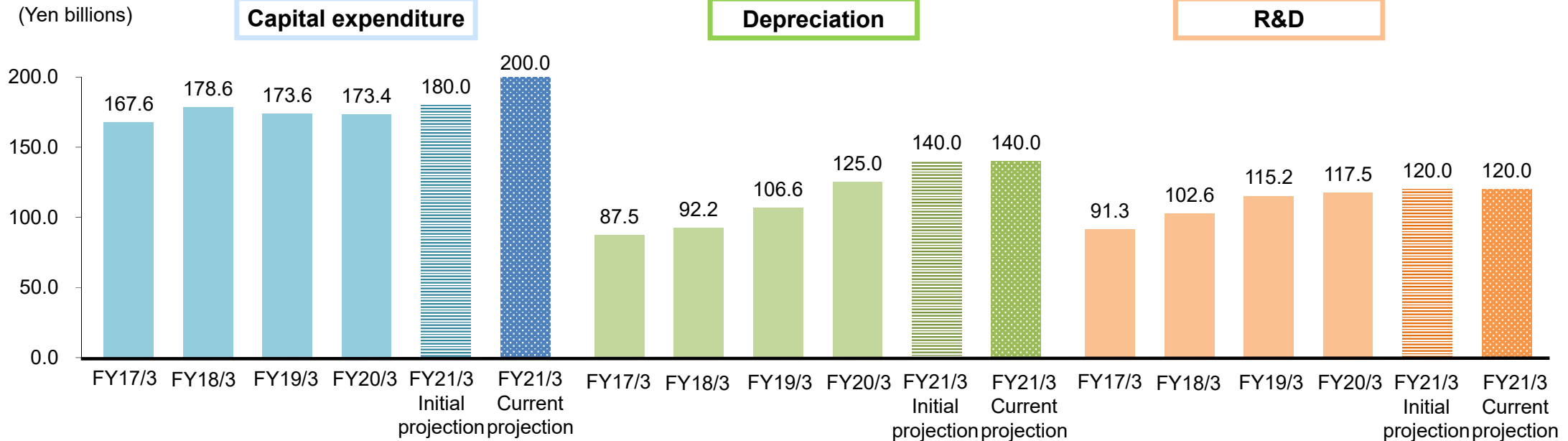
Supplementary Data

Quarterly sales and operating income by segment

(Yen billions)		FY March 2020					FY March 2021				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	39.3	39.6	37.3	37.7	153.9	33.3	38.6			
	Inductive Devices	34.1	35.7	34.8	33.0	137.6	27.4	34.6			
	Other Passive Components	24.8	26.6	26.3	26.3	104.0	23.6	26.2			
	Passive Components	98.3	101.9	98.3	97.0	395.5	84.4	99.4			
	Sensor Application Products	18.1	20.8	20.3	18.7	77.9	14.7	19.8			
	Magnetic Application Products	55.5	54.5	57.9	51.8	219.7	38.3	50.4			
	Energy Application Products	144.5	173.7	161.2	118.3	597.7	156.9	200.7			
	Other	20.4	19.4	17.9	14.5	72.3	15.2	11.4			
	Total	336.8	370.2	355.6	300.4	1,363.0	309.4	381.7			
Operating income	Passive Components	10.3	11.4	10.6	6.7	39.1	7.7	9.7			
	Sensor Application Products	(7.0)	(5.5)	(5.5)	(7.0)	(25.0)	(7.3)	(5.1)			
	Magnetic Application Products	3.3	3.5	5.2	(11.5)	0.4	(3.8)	1.4			
	Energy Application Products	26.5	42.5	40.5	14.7	124.1	31.3	48.3			
	Other	0.3	(0.6)	(2.5)	(5.8)	(8.6)	(1.9)	(2.8)			
	Sub total	33.4	51.2	48.4	(3.0)	130.0	26.0	51.5			
	Corporate and eliminations	(8.4)	(7.3)	(8.0)	(8.4)	(32.2)	(7.6)	(7.5)			
	Total	25.0	43.9	40.4	(11.4)	97.9	18.4	44.0			
Ex-rate	US\$ (JPY)	110.10	107.39	108.74	109.05	108.82	107.61	106.23			
	EURO (JPY)	123.57	119.48	120.34	120.32	120.92	118.45	124.06			

FY March 2021 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

(Yen billions)	March End, 2020	June End, 2020	September End, 2020	Change
Total asset	1,943.4	1,984.8	2,081.6	96.8
Total liability	1,094.8	1,138.0	1,205.4	67.4
Stockholders's equity	844.0	842.2	872.7	30.5
(comprehensive income)	(190.1)	(193.6)	(187.9)	5.7
Stockholders's equity ratio	43.4%	42.4%	41.9%	-0.5pt
Cash and cash equivalents	365.3	360.1	382.4	22.3
Interest-bearing debt (*1)	424.7	461.0	475.8	14.8
Net cash (*2)	(59.4)	(100.9)	(93.4)	7.5

*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments (except operating lease obligations)

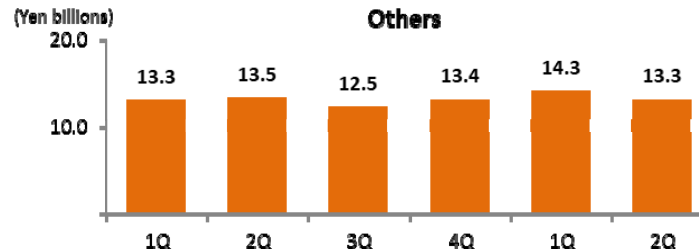
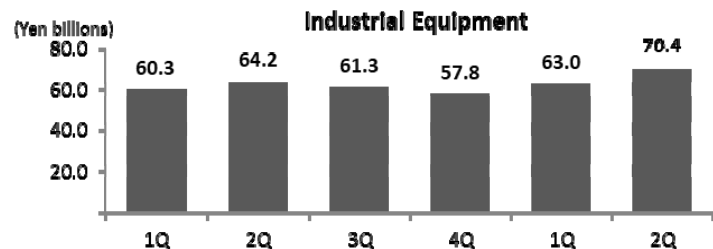
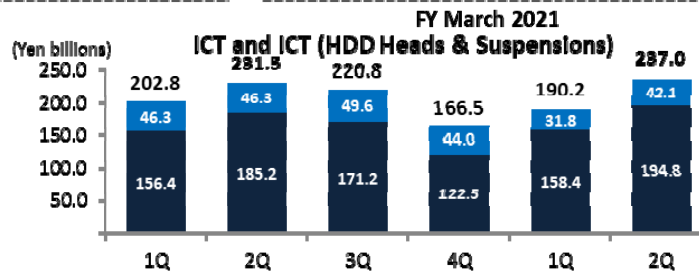
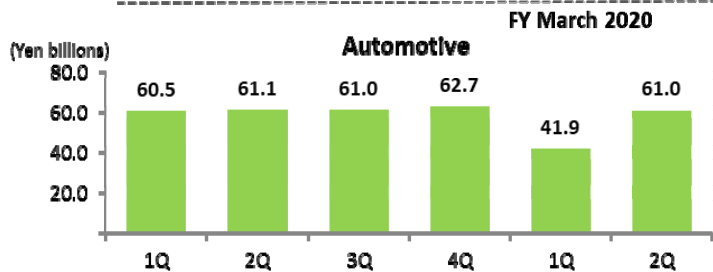
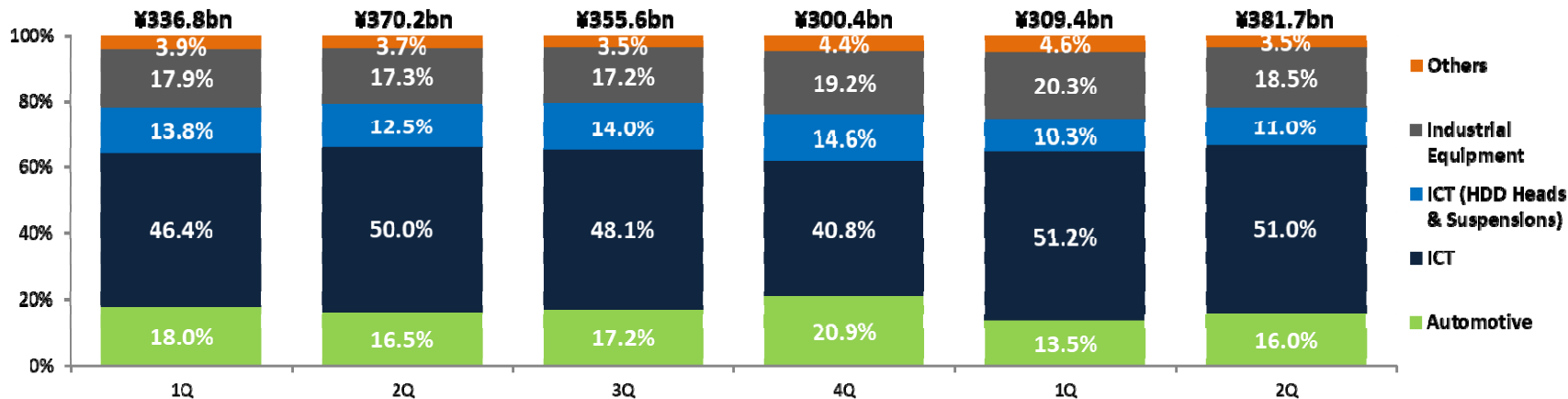
*2: Cash and cash equivalents - Interest-bearing debt

Cash flows

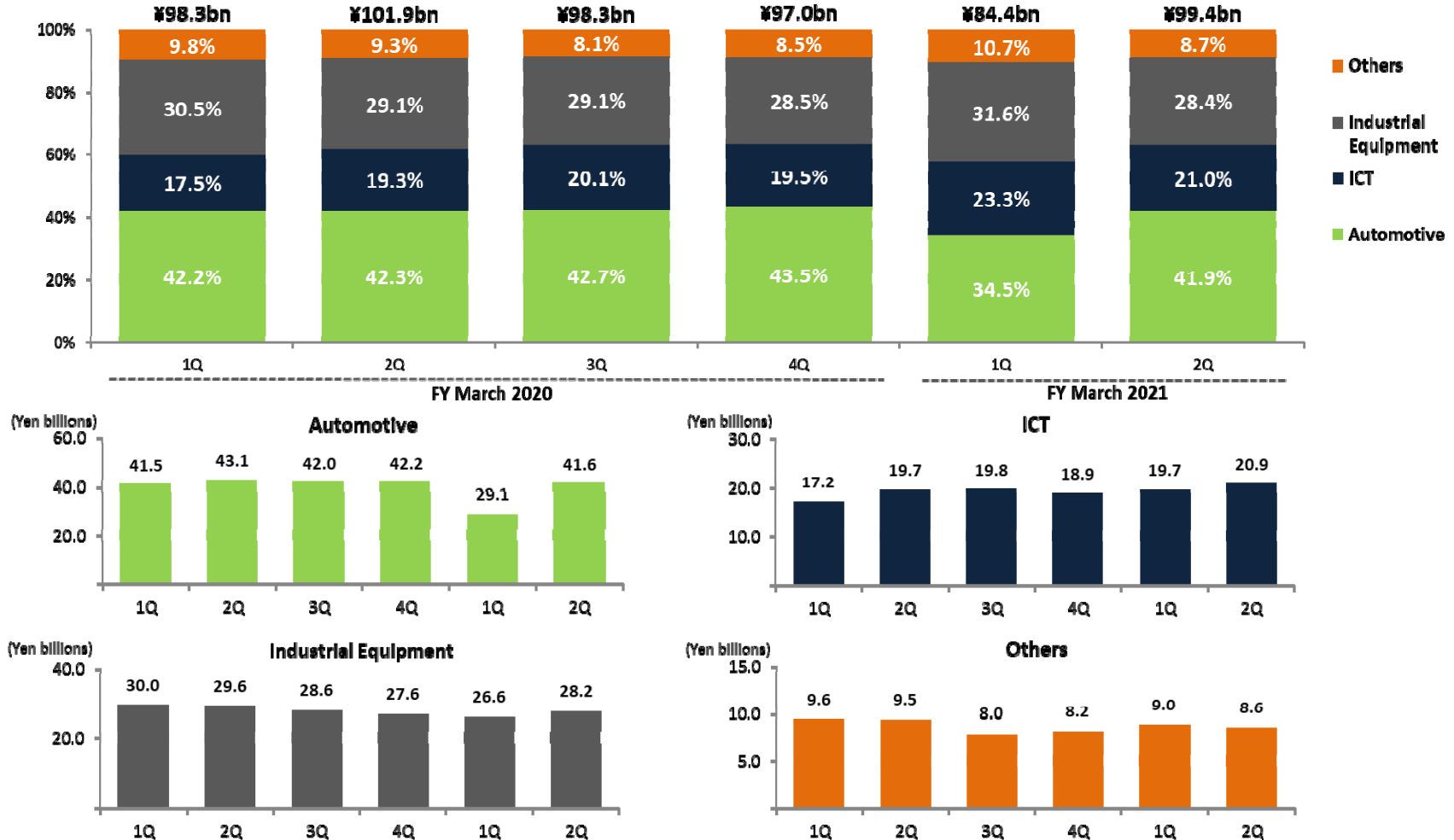
(Yen billions)	FY March 2020 Results through 2Q	FY March 2021 Results through 2Q	YoY change
Operating cash flow	59.9	73.1	13.2
Investing cash flow	64.6	(98.4)	(163.0)
Free cash flow	124.5	(25.3)	(149.8)
Financing cash flow	(77.0)	35.4	112.4
Effect of exchange rate changes on cash and cash equivalents	(16.2)	(0.2)	16.0
Cash and cash equivalents	320.4	342.6	22.2

(Yen billions)	FY March 2020 Results through 2Q	FY March 2021 Results through 2Q	YoY change
Capital expenditures	90.8	97.1	6.3
Depreciation and amortization	59.7	64.7	5.0

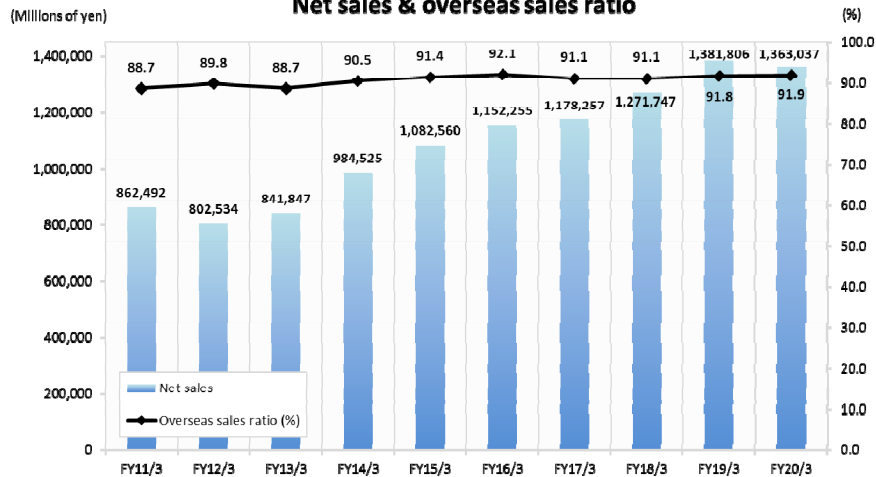
Quarterly sales by markets (1Q of FY March 2020 – 2Q of FY March 2021)



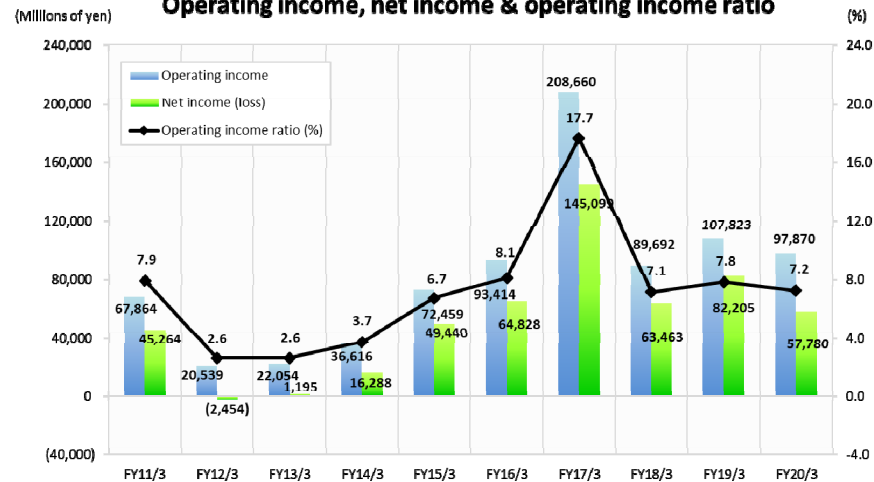
Passive Components business quarterly sales by markets (1Q of FY March 2020 – 2Q of FY March 2021)



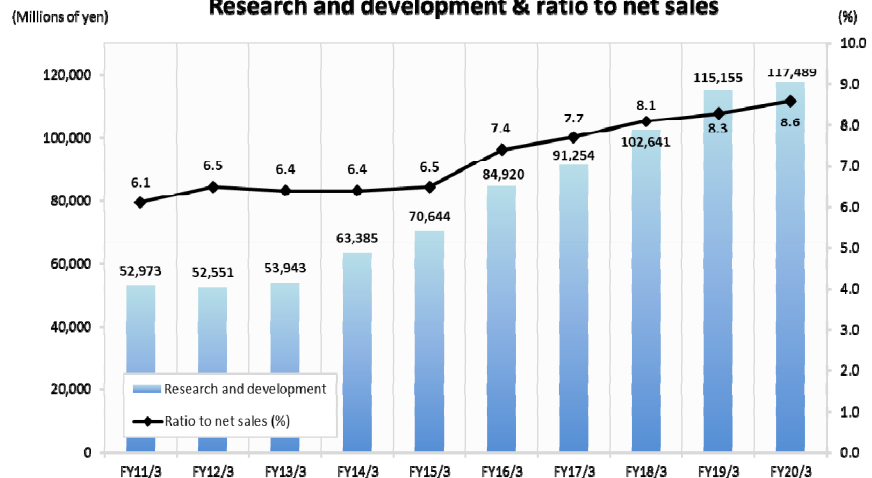
Net sales & overseas sales ratio



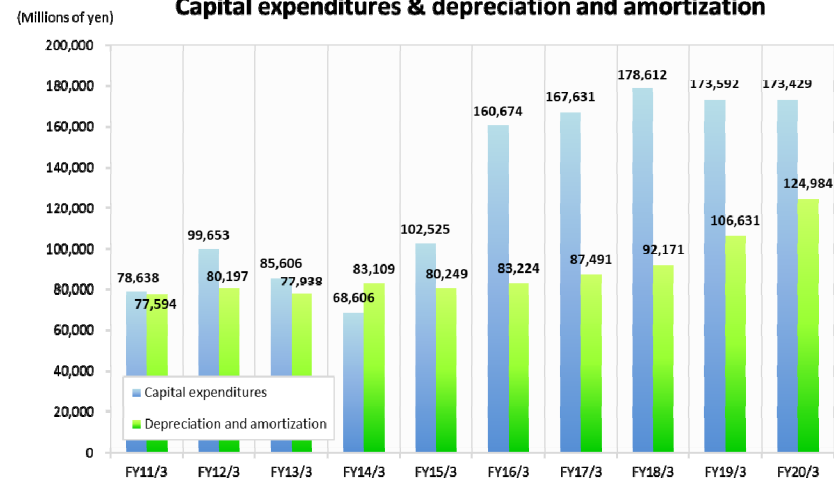
Operating income, net income & operating income ratio

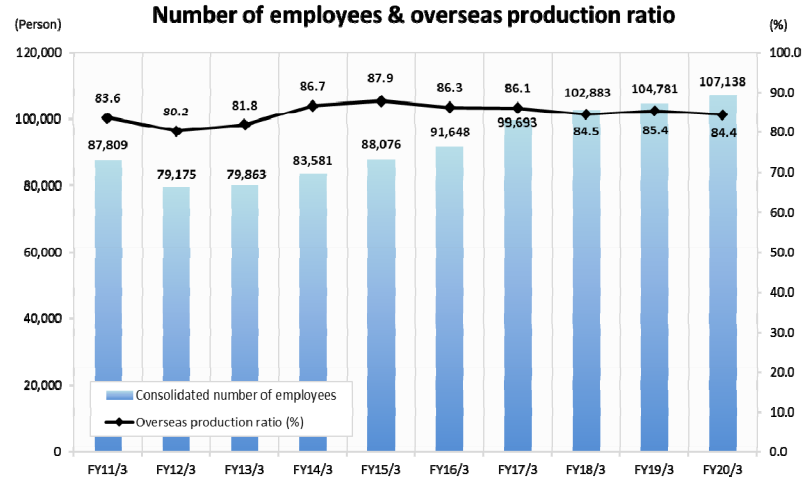
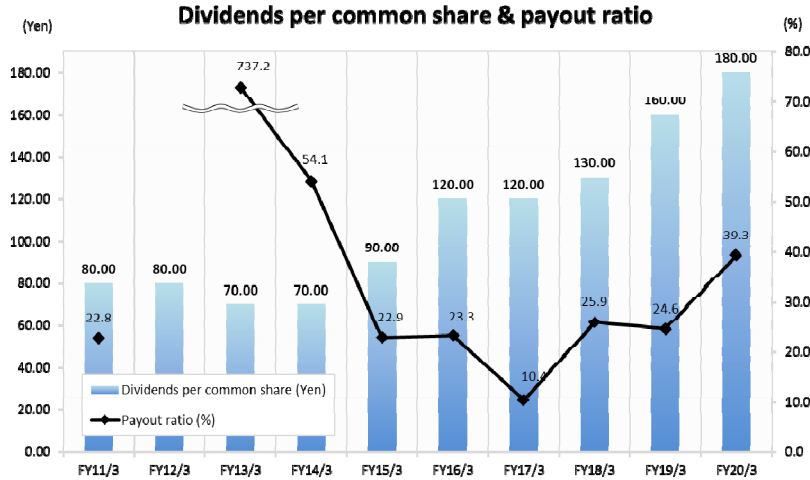
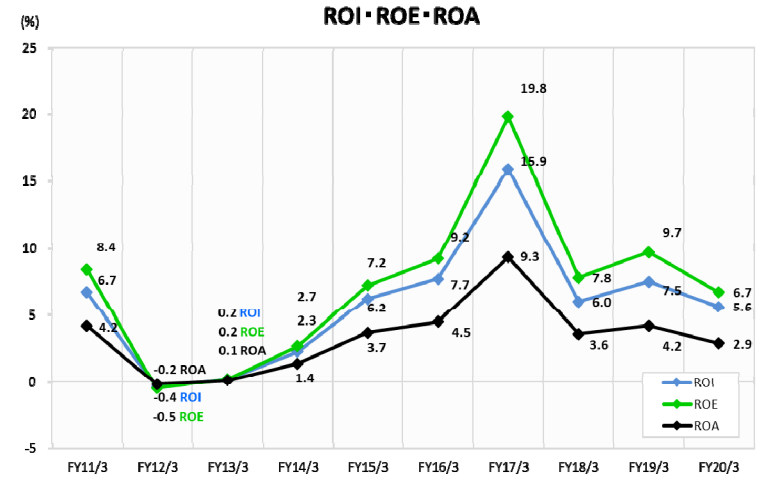
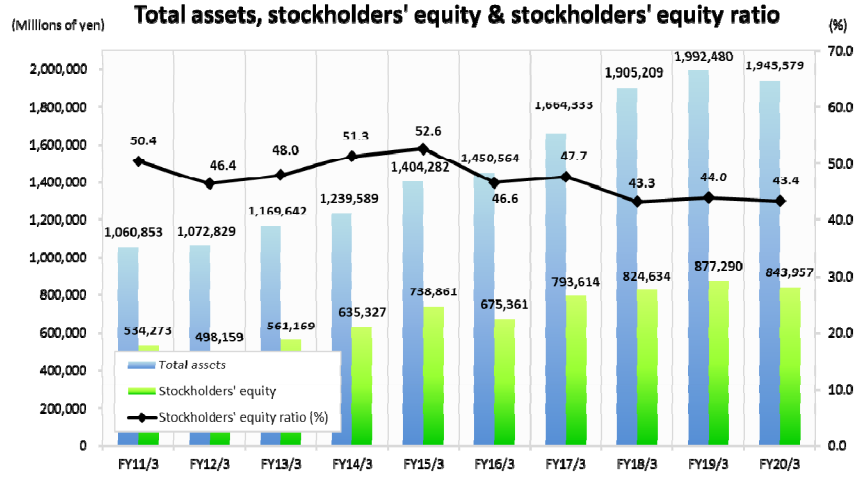


Research and development & ratio to net sales



Capital expenditures & depreciation and amortization





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.



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