

# Financial Results

Taking a broad overview of the electronics market, which has a bearing on the consolidated business results of TDK, the production of smartphones, which have been experiencing increasing demand, was driven largely by the release of new device models by major manufacturers, thereby raising production levels significantly over the last fiscal year. The production of tablet devices, which also saw an increase in demand, similarly demonstrated considerably elevated levels over the previous fiscal year. Propped up by brisk sales in the United States, the production of automobiles in the market as a whole increased over the last fiscal year. Additionally, the market environment for industrial equipment also gradually improved over the previous fiscal year due to a recovery in capital expenditure for the likes of semiconductor manufacturing equipment and FA equipment.

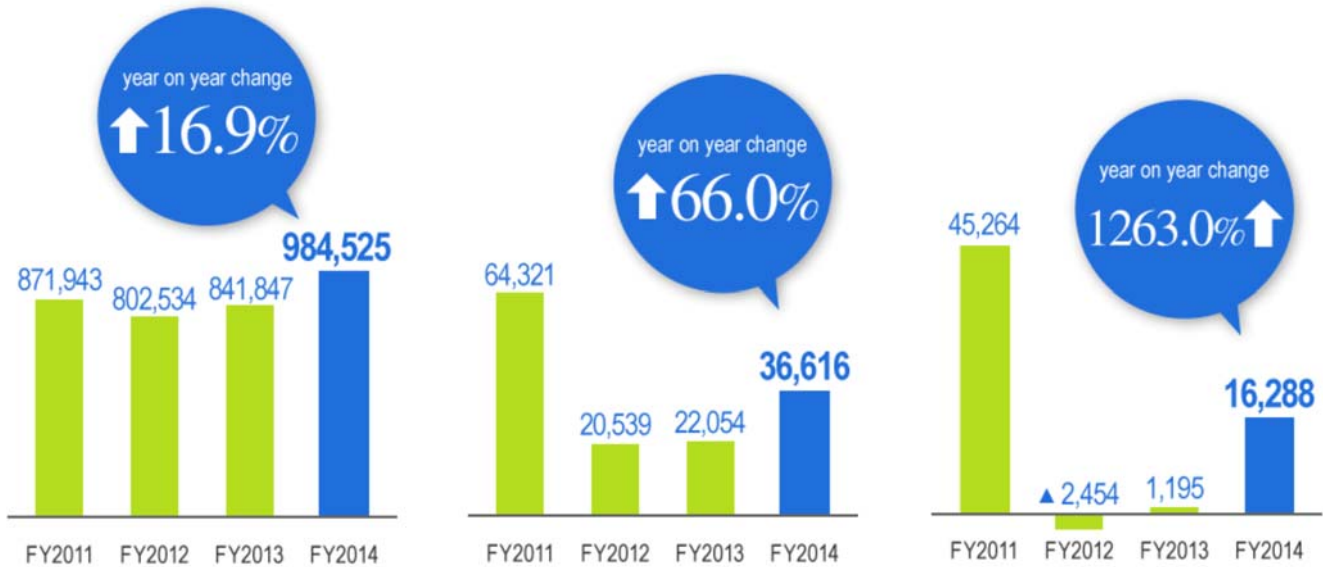
Meanwhile, although last-minute demand prior to the consumption tax hike in Japan appeared to help push up demand for PCs slightly in that country, as a whole, PC production levels fell below those during the previous fiscal year under the impact of growth in the tablet device market. For hard disk drives (HDDs) as well, although there were signs of an increase in demand for HDDs for next-generation game consoles as well as HDDs for PCs spurred by the end of support for Windows XP, production levels for HDDs fell relative to the last fiscal year, during which special demand prompted by the large floods in Thailand was temporarily present.

Amid such operating conditions, the consolidated business results of the TDK Group came to ¥984,525 million in net sales, a year-on-year increase of 16.9% over the ¥841,847 million in net sales reported for the previous fiscal year, and ¥36,616 million in operating income, a year-on-year increase of 66.0% over the ¥22,054 million in operating income reported for the previous fiscal year.

**Net Sales**  
(millions of yen)

**Operating Income**  
(millions of yen)

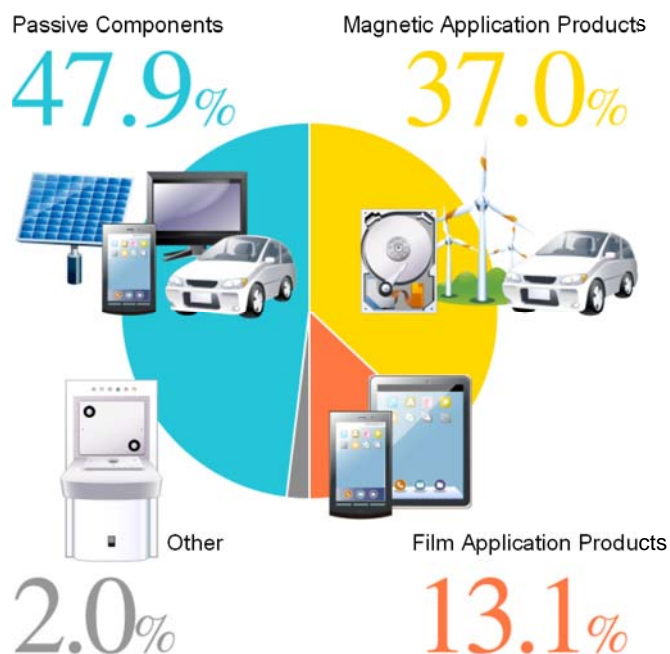
**Net Income**  
(millions of yen)



\*FY2011: Fiscal year ended March 2011

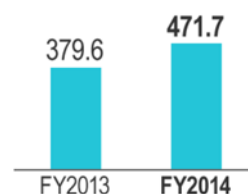
Note: Operating results relating to the data tape business and Blu-ray business are separately presented as discontinued operations in consolidated statements of income for FY2014. Also reclassifications are made to consolidated statement of income for FY2012 and FY2013 to conform to the presentation used for FY2014.

## Sales by Segment



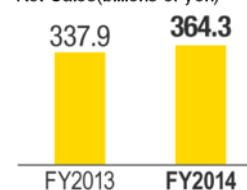
### Passive Components

Net Sales (billions of yen)



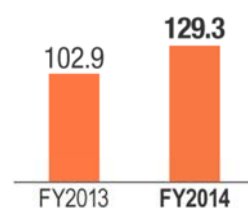
### Magnetic Application Products

Net Sales (billions of yen)



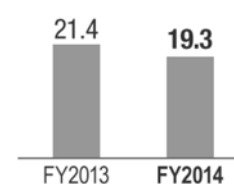
### Film Application Products

Net Sales (billions of yen)



### Other

Net Sales (billions of yen)



\*FY2013: Fiscal year ended March 2013

## Financial Highlights

Years ended March 31 or as of March 31

(millions of yen)

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Net Sales	655,792	657,853	795,180	862,025	866,285	727,400	805,194	871,943	802,534	841,847	<b>984,525</b>
(Overseas sales)	487,169	473,828	621,522	690,673	714,172	610,944	703,190	763,046	691,962	736,015	<b>890,520</b>
Cost of sales	476,407	484,323	585,780	622,819	635,529	605,943	614,341	654,180	624,271	668,258	<b>763,572</b>
Selling, general, and administrative expenses	122,875	119,886	142,052	159,106	158,921	159,878	158,976	153,442	157,886	151,535	<b>184,337</b>
Transfer to the government of the substitutional portion of the Employees' Pension Fund:											
Subsidy from the government										(33,533)	
Loss on settlement										27,347	
Gain on sales of business to Imation Corp.							(15,340)				
Restructuring cost			6,825	510		15,884	4,922				
Production realignment cost									6,570		
Realignment-related gain; Sale of properties									(6,732)		
Operating income (loss)	56,510	59,830	60,523	79,590	87,175	(54,305)	26,955	64,321	20,539	22,054	<b>36,616</b>
Income (loss) before income taxes				88,665	91,505	(81,630)					
Income (loss) from continuing operations before income taxes	55,847	60,728	66,103				23,088	60,620	14,668	19,765	<b>39,772</b>
Income taxes	12,133	23,284	21,057	16,985	19,948	(17,041)	9,401	15,105	11,970	14,616	<b>17,936</b>
Income (loss) from continuing operations	43,355	36,965	44,411				13,687	45,515	2,698	5,149	<b>21,836</b>
Loss (income) from discontinued operations	1,254	3,665	310				(805)	(511)	(4,399)	(619)	<b>(3,602)</b>
Net income (loss) attributable to TDK	42,101	33,300	44,101	70,125	71,461	(63,160)	13,520	45,264	(2,454)	1,195	<b>16,288</b>

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Per common share (Yen):											
Net income (loss) attribute to TDK basic	317.80	251.71	333.50	529.88	551.72	(489.71)	104.82	350.90	(19.06)	9.50	<b>129.47</b>
Net income (loss) attributable to TDK diluted	317.69	251.56	333.20	529.29	551.19	(489.71)	104.74	350.57	(21.42)	5.36	<b>120.97</b>
Net cash flow	700.46	650.47	775.50	1,022.45	1,101.11	204.75	750.77	948.98	589.91	623.37	<b>787.06</b>
Net assets	4,352	4,832	5,311	5,759	5,557	4,297	4,215	4,142	3,957	4,460	<b>5,049</b>
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Dividends per common share (Yen)	55.00	70.00	90.00	110.00	130.00	130.00	60.00	80.00	80.00	<b>70.00</b>	<b>70.00</b>
Payout ratio (%)	17.3	27.8	27.0	20.8	23.4	—	57.2	22.8	—	736.8	<b>54.1</b>
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Total assets	770,319	808,001	923,503	989,304	935,533	1,101,036	1,091,458	1,060,853	1,072,829	1,169,642	<b>1,239,589</b>
Stockholders' equity	576,219	639,067	702,419	762,712	716,577	554,218	543,756	534,273	498,159	561,169	<b>635,327</b>
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Working capital	360,555	379,746	397,131	449,830	300,859	281,536	286,370	199,186	219,918	232,693	<b>279,504</b>
Capital expenditures	44,471	61,005	73,911	70,440	84,312	98,425	64,370	78,638	99,653	85,606	<b>68,606</b>
Depreciation and amortization	50,726	52,806	58,540	65,337	71,297	89,567	83,392	77,264	78,492	77,369	<b>82,893</b>
Research and development	32,948	36,348	45,528	50,058	57,387	57,645	53,874	52,608	51,968	53,520	<b>63,385</b>
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Ratio of overseas production to net sales (%)	58.6	59.0	61.7	62.2	70.1	74.0	80.5	83.7	85.8	82.5	<b>86.7</b>
Number of employees	36,804	37,115	53,923	51,614	60,212	66,429	80,590	87,809	79,175	79,863	<b>83,581</b>

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