

[Summary Information and Financial Statements]

1. Business Results

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2017, the year ended March 31, 2017, were as follows.

In fiscal 2017, the global economy maintained a gradual pace of growth. The emerging economies of China, India and other countries continued to experience higher rates of growth than developed countries. The U.S. and European economies expanded moderately as corporate business conditions, employment levels and personal consumption held firm.

The electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones increased from the previous fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than the previous fiscal year, driven mainly by solid automobile sales in Europe and the U.S. Meanwhile, production of PCs declined compared to the previous fiscal year. Production of hard disk drives (HDDs) declined compared to the previous fiscal year due to the decreased demand for PCs and the continued replacement of the HDDs inside PCs by solid state drives (SSDs).

In this business environment, the TDK's consolidated operating results for fiscal 2017 were as follows.

Summary (April 1, 2016 - March 31, 2017)

Term Item	FY2016 (Apr. 1, 2015 - Mar. 31, 2016)		FY2017 (April 1, 2016 - March 31, 2017)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,152,255	100.0	1,178,257	100.0	10,520,152	26,002	2.3
Operating income	93,414	8.1	208,660	17.7	1,863,036	115,246	123.4
Income before income taxes	91,839	8.0	211,717	18.0	1,890,330	119,878	130.5
Net income attributable to TDK	64,828	5.6	145,099	12.3	1,295,527	80,271	123.8
Per common share :							
Net income attributable to TDK / Basic	Yen 514.23		Yen 1,150.16		U.S.\$ 10.27		
Net income attributable to TDK / Diluted	Yen 504.66		Yen 1,147.57		U.S.\$ 10.25		

Note:

U.S.\$1=Yen 112, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during fiscal 2017 were ¥108.46 and ¥118.92, respectively, as the yen appreciated 9.7% against the U.S. dollar and 10.4% against the euro. This decreased net sales by approximately ¥129.1 billion and operating income by approximately ¥26.7 billion. Besides, operating income for fiscal 2017 included gain on sale of business according to forming a joint venture with Qualcomm Incorporated.

Sales by Product

Term Product	FY2016 (April 1, 2015 - March 31, 2016)		FY2017 (April 1, 2016 - March 31, 2017)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	150,402	13.0	136,790	11.6	1,221,339	(13,612)	-9.1
Inductive Devices	155,121	13.5	145,334	12.4	1,297,625	(9,787)	-6.3
Other Passive Components	277,951	24.1	266,606	22.6	2,380,411	(11,345)	-4.1
Passive Components	583,474	50.6	548,730	46.6	4,899,375	(34,744)	-6.0
Recording Devices	219,836	19.1	262,135	22.3	2,340,491	42,299	19.2
Other Magnetic Application Products	95,486	8.3	87,563	7.4	781,813	(7,923)	-8.3
Magnetic Application Products	315,322	27.4	349,698	29.7	3,122,304	34,376	10.9
Film Application Products	219,893	19.1	247,693	21.0	2,211,545	27,800	12.6
Other	33,566	2.9	32,136	2.7	286,928	(1,430)	-4.3
Total	1,152,255	100.0	1,178,257	100.0	10,520,152	26,002	2.3
Overseas sales	1,061,203	92.1	1,073,024	91.1	9,580,571	11,821	1.1

Notes:

1. U.S.\$1=Yen 112, for convenience only.
2. In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Inductive Devices and Other Passive Components and certain products of Film Application Products were reclassified into Other. The prior year's sales are also reclassified to conform to the new segmentation.

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥548,730 million (U.S.\$ 4,899,375 thousand), down 6.0% year on year from ¥583,474 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥136,790 million (U.S.\$ 1,221,339 thousand), down 9.1% year on year from ¥150,402 million. Sales of Ceramic Capacitors increased to the automotive market, while decreased to the ICT (Information and Communications Technology) and the industrial equipment markets. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment market.

Sales of Inductive Devices decreased by 6.3% year on year from ¥155,121 million to ¥145,334 million (U.S.\$ 1,297,625 thousand). Sales increased to the automotive market, while decreased to the ICT market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components, and Sensors. Sales of Other Passive Components decreased by 4.1% year on year from ¥277,951 million to ¥266,606 million (U.S.\$2,380,411 thousand). Sales of High-Frequency Devices increased to the ICT market, their major market. Sales of Piezoelectric Material Products and Circuit Protection Components increased to the industrial equipment market, while decreased to the automotive and the ICT markets. Sales of Sensors decreased mainly to the industrial equipment market.

2) Magnetic Application Products Segment

This segment is made up of (1) Recording Devices, and (2) Other Magnetic Application Products. Segment sales increased 10.9% year on year, from ¥315,322 million to ¥349,698 million (U.S.\$ 3,122,304 thousand).

Recording Devices comprises mainly HDD Heads, HDD Suspension Assemblies and Magnetic Sensors. It recorded sales of ¥262,135 million (U.S.\$ 2,340,491 thousand), up 19.2% from ¥219,836 million. Sales of HDD Heads increased despite the slump in the HDD market. The sales of Magnetic Sensors made by Micronas Semiconductor Holding AG, which was acquired in March 2016, and the HDD Suspension Assemblies of Hutchinson Technology Incorporated, which was acquired in October 2016, were included within the sales of Recording Devices in fiscal 2017.

Other Magnetic Application Products include Power Supplies and Magnets. Sales decreased by 8.3% year on year from ¥95,486 million to ¥87,563 million (U.S.\$ 781,813 thousand). Sales of Power Supplies decreased mainly to the industrial equipment market. Also, sales of Magnets decreased mainly to the ICT market for use in HDDs.

3) Film Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries). Segment sales increased by 12.6% from ¥219,893 million to ¥247,693 million (U.S.\$ 2,211,545 thousand).

Sales of Energy Devices increased significantly to the ICT market.

4) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 4.3% from ¥33,566 million to ¥32,136 million (U.S.\$ 286,928 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows:

New Classification	Constituent Main Business
Passive Components	Ceramic Capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils / Ferrite Cores / Transformers), High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components, Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Magnetic Sensors, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 1.1% year on year from ¥1,061,203 million to ¥1,073,024 million (U.S.\$ 9,580,571 thousand). Overseas sales accounted for 91.1% of consolidated net sales, a 1.0 percentage point decrease from 92.1% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 26.

[Fiscal 2018 Consolidated Projections]

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2018, the year ending March 31, 2018, are as follows.

Term Item	FY2018 (April 1, 2017 - March 31, 2018)	FY2017 (April 1, 2016 - March 31, 2017)	vs FY2017 Changes	
	Projection in April '17	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,110,000	1,178,257	(68,257)	-5.8
Operating income	80,000	208,660	(128,660)	-61.7
Income before income taxes	79,000	211,717	(132,717)	-62.7
Net income attributable to TDK	55,000	145,099	(90,099)	-62.1
Capital expenditures	160,000	167,631	(7,631)	-4.6
Depreciation and amortization	88,000	87,491	509	0.6
Research and development	86,000	91,254	(5,254)	-5.8

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥108 and ¥118 respectively will be assumed for fiscal 2018.

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 Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’s actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are 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.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of March 31, 2017.

Total assets	¥1,664,333 million	(14.7% increase)
Total TDK stockholders' equity	¥793,614 million	(17.5% increase)
Stockholders' equity ratio	47.7%	(1.1 point increase)

As of March 31, 2017, total assets increased by ¥213,769 million compared with March 31, 2016. Net liquidity (cash and cash equivalent, short-term investments) increased by ¥79,087 million and net trade receivables increased by ¥28,691 million, respectively. On the other hand, property, plant and equipment decreased by ¥22,972 million.

Total liabilities increased by ¥96,284 million from March 31, 2016. While short-term debt decreased by ¥81,003 million, long-term debt, excluding current installments increased by ¥73,109 million and trade payables increased by ¥63,980 million, respectively.

Total TDK stockholders' equity, which is included in total equity, increased by ¥118,253 million from March 31, 2016. Retained earnings increased by ¥126,376 million.

2) Cash Flows

(Yen millions)

	FY 2016	FY 2017	Change
Net cash provided by operating activities	151,563	160,136	8,573
Net cash used in investing activities	(140,585)	(71,111)	69,474
Net cash provided by (used in) financing activities	29,305	(37,753)	(67,058)
Effect of exchange rate changes on cash and cash equivalents	(19,919)	(6,352)	13,567
Net increase in cash and cash equivalents	20,364	44,920	24,556
Cash and cash equivalents at beginning of period	265,104	285,468	20,364
Cash and cash equivalents at end of period	285,468	330,388	44,920

Operating activities provided net cash of ¥160,136 million (U.S.\$1,429,786 thousand), an increase of ¥8,573 million year on year. There was an increase in trade payables.

Investing activities used net cash of ¥71,111 million (U.S.\$634,920 thousand), a decrease of ¥69,474 million year on year. There was a decrease in proceeds from sale of business.

Financing activities used net cash of ¥37,753 million (U.S.\$337,080 thousand), changed by ¥67,058 million year on year. There was a change in short-term debt.

3) Trends in Cash Flow Indicators

	FY2014	FY2015	FY2016	FY2017
1) Stockholders' equity ratio (%)	51.3	52.6	46.6	47.7
2) Stockholders' equity ratio on a market value basis (%)	43.7	76.6	54.3	53.5
3) No. of years to redeem debt	2.10	1.88	2.22	2.09
4) Interest coverage ratio (times)	36.8	47.7	48.6	46.7

[Notes]

1) Stockholders' equity ratio = Total stockholders' equity/Total assets

2) Stockholders' equity ratio on a market value basis = Market capitalization (*1)/Total assets

(*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury shares

3) No. of years to redeem debt = Interest-bearing liabilities (*2)/Cash flows from operating activities

(*3)

(*2) Interest-bearing liabilities: "Short-term debt," "current installments of long-term debt," and "long-term debt, excluding current installments" on the consolidated balance sheets.

(*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.

4) Interest coverage ratio = Cash flows from operating activities/Interest payments (*4)

(*4) Interest payments: "Interest expense" on the consolidated statements of income

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2017 and Fiscal 2018 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

TDK plans to pay a year-end dividend of ¥60 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 29, 2017. Combined with the interim dividend of ¥60 per common share paid in December 2016, the planned dividend per common share applicable to the year will be ¥120.

TDK plans to pay an interim dividend of ¥60 per common share and a year-end dividend of ¥70 per common share respectively in Fiscal 2018.

(Yen)	FY 2018 Forecast	FY 2017
Interim dividend	60.00	(Actual) 60.00
Year-end dividend	70.00	(Forecast) 60.00
Annual dividend	130.00	(Forecast) 120.00