

[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2019

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first three months of fiscal 2019, the period from April 1 to June 30, 2018, are as follows.

During the first quarter of fiscal 2019, the global economy was generally bullish in spite of concerns about the impact of trade friction between the U.S. and China. In the U.S. and Europe, economies stayed firm while backed by brisk personal consumption and corporate business conditions and Japan remained on a recovery trend supported by strong capital expenditure and corporate business conditions. The economies of emerging countries continued to maintain growth rates higher than those of developed countries despite the rate of growth slowing in China.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, demand for components in the automotive market continued to surge, fueled by a continued increase in the number of components installed per vehicle in step with the spread of Advanced Driving Assistance Systems (ADAS). In the industrial equipment market, demand continued to be firm, supported mainly by surging investment in semiconductors and corporate investment in automation. In the ICT (Information and Communications Technology) market, production of smartphones reached a higher level than in the same period of the previous fiscal year. Hard Disk Drive (HDD) demand was strong for data center applications although production of HDDs declined compared to the same period of the previous fiscal year.

In this business environment, the TDK's consolidated operating results for the first quarter of fiscal 2019 were as follows.

Term Item	1Q of FY2018 (April. 1, 2017 - June. 30, 2017)		1Q of FY2019 (April 1, 2018 - June 30, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	289,526	100.0	343,068	100.0	3,090,703	53,542	18.5
Operating income	16,602	5.7	25,420	7.4	229,009	8,818	53.1
Income before income taxes	16,936	5.8	23,735	6.9	213,829	6,799	40.1
Net income attributable to TDK	10,955	3.8	16,197	4.7	145,919	5,242	47.9
Per common share :							
Net income attributable to TDK / Basic	Yen 86.80		Yen 128.29		U.S.\$ 1.16		
Net income attributable to TDK / Diluted	Yen 86.61		Yen 127.94		U.S.\$ 1.15		

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. The prior year's results are reclassified due to adoption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postrequirement Benefit Cost". As a result of this reclassification, operating income increased by ¥964 million. Please refer to page 11 for more detailed information.

Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2019 were ¥109.09 and ¥130.16, respectively, as the yen appreciated 1.9% against the U.S. dollar and the yen depreciated 6.7% against the euro. This increased net sales by approximately ¥2.8 billion and operating income by approximately ¥1.1 billion.

Sales by Product

Term Product	1Q of FY2018 (April 1, 2017 - June 30, 2017)		1Q of FY2019 (April 1, 2018 - June 30, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	36,280	12.5	44,461	13.0	400,550	8,181	22.5
Inductive Devices	37,603	13.0	41,312	12.0	372,180	3,709	9.9
Other Passive Components	22,837	7.9	26,949	7.9	242,784	4,112	18.0
Passive Components	96,720	33.4	112,722	32.9	1,015,514	16,002	16.5
Sensor Application Products	16,317	5.7	18,869	5.5	169,991	2,552	15.6
Magnetic Application Products	66,381	22.9	70,476	20.5	634,919	4,095	6.2
Energy Application Products	95,316	32.9	125,587	36.6	1,131,414	30,271	31.8
Other	14,792	5.1	15,414	4.5	138,865	622	4.2
Total	289,526	100.0	343,068	100.0	3,090,703	53,542	18.5
Overseas sales	260,993	90.1	314,891	91.8	2,836,856	53,898	20.7

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. In accordance with the reorganization in 1Q of FY2019, Energy Application Products segment was newly established. Certain products of Other Passive Components segment were reclassified into Other segment, certain products of Other segment were reclassified into Other Passive Components segment and certain products of Sensor Application Products segment were reclassified into Other segment. 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 ¥112,722 million (U.S.\$ 1,015,514 thousand), up 16.5% year on year from ¥96,720 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥44,461 million (U.S.\$ 400,550 thousand), up 22.5% year on year from ¥36,280 million. Sales of Ceramic Capacitors increased mainly to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased mainly to the industrial equipment market.

Sales of Inductive Devices increased by 9.9% year on year from ¥37,603 million to ¥41,312 million (U.S.\$ 372,180 thousand). Sales increased mainly to the automotive market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Sales of Other Passive Components increased by 18.0% year on year from ¥22,837 million to ¥26,949 million (U.S.\$ 242,784 thousand). Sales increased mainly to the ICT market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 15.6% from ¥16,317 million to ¥18,869 million (U.S.\$ 169,991 thousand). Sales increased mainly to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales increased 6.2% year on year, from ¥66,381 million to ¥70,476 million (U.S.\$ 634,919 thousand). Sales of HDD Heads and HDD Suspension Assemblies for data center servers increased.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 31.8% from ¥95,316 million to ¥125,587 million (U.S.\$ 1,131,414 thousand). Sales of Energy Devices increased significantly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 4.2% from ¥14,792 million to ¥15,414 million (U.S.\$ 138,865 thousand).

The main businesses making up the four 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
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries), Power Supplies
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 20.7% year on year from ¥260,993 million to ¥314,891 million (U.S.\$ 2,836,856 thousand). Overseas sales accounted for 91.8% of consolidated net sales, a 1.7 percentage point increase from 90.1% in the first quarter of fiscal 2018. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2018.

Total assets	¥1,969,614 million	(3.4% increase)
Total TDK stockholders' equity	¥834,898 million	(1.2% increase)
Stockholders' equity ratio	42.4%	(0.9 point decrease)

As of June 30, 2018, total assets increased by ¥64,405 million compared with March 31, 2018. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) decreased by ¥41,145 million, while net trade receivables, net property, plant and equipment and inventories increased by ¥41,872 million, ¥27,296 million and ¥20,375 million, respectively.

Total liabilities increased by ¥53,841 million from March 31, 2018. Short-term debt increased by ¥44,258 million.

Total TDK stockholders' equity, which is included in total equity, increased by ¥10,264 million from March 31, 2018. Accumulated other comprehensive income (loss) increased by ¥6,002 million, due to an increase in foreign currency translation adjustments compared with March 31, 2018.

2) Cash Flows

(Yen millions)

	FY 2017 1Q	FY 2018 1Q	Change
Net cash used by operating activities	(19,643)	(36,284)	(16,641)
Net cash used in investing activities	(176,265)	(23,494)	152,771
Net cash provided by financing activities	168,347	26,020	(142,327)
Effect of exchange rate changes on cash and cash equivalents	2,303	5,511	3,208
Net decrease in cash and cash equivalents	(25,258)	(28,247)	(2,989)
Cash and cash equivalents at beginning of period	330,388	279,624	(50,764)
Cash and cash equivalents at end of period	305,130	251,377	(53,753)

Operating activities used net cash of ¥36,284 million (U.S.\$326,883 thousand), an increase of ¥16,641 million year on year. It mainly came from an increase in working capital.

Investing activities used net cash of ¥23,494 million (U.S.\$211,658 thousand), a decrease of ¥152,771 million year on year. It mainly came from a decrease in acquisition of subsidiaries.

Financing activities provided net cash of ¥26,020 million (U.S.\$234,414 thousand), a decrease of ¥142,327 million year on year. It mainly came from a decrease in proceeds from debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2019 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2019, the year ending March 31, 2019, are as follows.

Term Item	FY2019 (April 1, 2018 - March 31, 2019)	FY2018 (April 1, 2017 - March 31, 2018)	vs FY2018 Changes	
	Projection in April '18	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,340,000	1,271,747	68,253	5.4
Operating income	100,000	89,692	10,308	11.5
Income before income taxes	98,000	89,811	8,189	9.1
Net income attributable to TDK	70,000	63,463	6,537	10.3
Capital expenditures	210,000	178,612	31,388	17.6
Depreciation and amortization	110,000	92,171	17,829	19.3
Research and development	110,000	102,641	7,359	7.2

(Notes)

Management has judged that there are no major changes from TDK's projections as of April 27, 2018, having reviewed demand and other factors for electronic components used in major finished products. The review was based on production forecasts and other information currently available to TDK (as defined below) regarding the electronics market and major finished products. The prior year's results are reclassified due to adoption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postrequirement Benefit Cost". As a result of this reclassification, operating income increased by ¥4,059 million and research and development decreased ¥816 million. Please refer to page 11 for more detailed information.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥105 and ¥129 respectively will be assumed from the second quarter onward.

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. Other Information

(1) Changes in Significant Subsidiaries

Nothing to report.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

(3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 “Revenue from Contracts with Customers” as amended.

This ASU requires an entity to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. TDK adopted this ASU from April 1, 2018 by the modified retrospective method to all contracts to recognize cumulative-effect adjustments to retained earnings.

The adoption of this ASU did not have a material impact on the cumulative-effects to retained earnings as of April 1, 2018 and TDK’s results of operations and financial position.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, FASB issued ASU 2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities”. This ASU requires that equity investments that do not result in consolidation and are not accounted for under the equity method be measured at fair value with changes in fair value recognized in net income. TDK adopted this ASU from April 1, 2018 by the modified retrospective method to recognize a cumulative-effect adjustment to retained earnings.

According to the adoption of this ASU, TDK recognized a cumulative-effect adjustment to retained earnings of ¥3,083 million as of April 1, 2018 for the after-tax unrealized gains of equity investments classified as available-for-sale securities previously recognized in accumulated other comprehensive income.

Intra-Entity Transfers of Assets Other than Inventory

In October 2016, FASB issued ASU 2016-16 “Intra-Entity Transfers of Assets Other than Inventory”. This ASU eliminates the exception to defer the income tax consequence of intra-entity transfers of assets other than inventory until the assets are ultimately sold to an outside party and requires the recognition of tax consequence when those transfers occur. TDK adopted this ASU from April 1, 2018 by the modified retrospective method to recognize a cumulative-effect adjustment to retained earnings.

According to the adoption of this ASU, TDK recognized a cumulative-effect adjustment to retained earnings of ¥6,374 million as a reduction as of April 1, 2018.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, FASB issued ASU 2017-07 “Recognition and Measurement of Financial Assets and Financial Liabilities”. This ASU requires an entity to disaggregate the service cost component from the other components of net benefit cost and report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component, such as in other income (deductions). The amendments also allow only the service cost component to be eligible for capitalization (for example, as a cost of internally manufactured inventory). The amendments in this guidance should be applied retrospectively for the presentation of the service cost component and the other components of net benefit cost, and prospectively for the capitalization of the service cost component of net benefit cost. TDK adopted this ASU from April 1, 2018.

According to the adoption of this ASU which requires to disaggregate the service cost component from the other components of net benefit cost, ¥466 million from cost of sales, ¥498 million from selling, general and administrative expenses and ¥199 million from research and development expenses included in selling, general and administrative expenses were reclassified to other income (deductions) for the first quarter of fiscal 2018. The adoption of this ASU which allows only the service cost component to be eligible for capitalization did not have a material impact on TDK’s results of operations and financial position.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2019 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.

Projected dividends per share for fiscal 2019 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2019 Forecast	FY2018 Actual
Interim dividend	70.00	60.00
Year-end dividend	70.00	70.00
Annual dividend	140.00	130.00