



TDK Corporation
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Contact:
TDK Corporation (Tokyo)

Corporate Communications Group
Kazushige Atsumi

+81(3)6778-1055

Consolidated results (U.S. GAAP) for the 2nd quarter of FY March 2020

Summary (April 1, 2019 - September 30, 2019)

Term Item	1H of FY2019 (April 1, 2018 - Sep. 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	721,940	100.0	707,029	100.0	6,546,565	(14,911)	-2.1
Operating income	62,180	8.6	68,843	9.7	637,435	6,663	10.7
Income before income taxes	57,799	8.0	68,648	9.7	635,630	10,849	18.8
Net income attributable to TDK	41,076	5.7	44,938	6.4	416,093	3,862	9.4
Per common share :							
Net income attributable to TDK / Basic	Yen 325.30		Yen 355.81		U.S.\$ 3.30		
Net income attributable to TDK / Diluted	Yen 324.46		Yen 355.01		U.S.\$ 3.29		
Capital expenditures	77,023	-	90,847	-	841,176	13,824	17.9
Depreciation and amortization	52,370	7.3	59,684	8.4	552,630	7,314	14.0
Research and development	57,429	8.0	58,265	8.2	539,491	836	1.5
Result of financial income (loss)	1,372	-	2,737	-	25,343	1,365	-
Ratio of overseas production	87.7%	-	85.7%	-	-		
Number of employees	107,898	-	106,255	-	-		

2nd quarter consolidated results (July 1, 2019 - September 30, 2019)

Term Item	2Q of FY2019 (Jul. 1, 2018 - Sep. 30, 2018)		2Q of FY2020 (July 1, 2019 - September 30, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	378,872	100.0	370,214	100.0	3,427,907	(8,658)	-2.3
Operating income	36,760	9.7	43,863	11.8	406,139	7,103	19.3
Income before income taxes	34,064	9.0	43,945	11.9	406,898	9,881	29.0
Net income attributable to TDK	24,879	6.6	29,350	7.9	271,759	4,471	18.0
Per common share :							
Net income attributable to TDK / Basic	Yen 197.03		Yen 232.37		U.S.\$ 2.15		
Net income attributable to TDK / Diluted	Yen 196.56		Yen 231.87		U.S.\$ 2.15		
Capital expenditures	34,736	-	39,952	-	369,926	5,216	15.0
Depreciation and amortization	26,898	7.1	30,112	8.1	278,815	3,214	11.9
Research and development	29,688	7.8	29,681	8.0	274,824	(7)	-0.0
Result of financial income (loss)	580	-	1,334	-	12,352	754	-
Ratio of overseas production	87.0%	-	84.3%	-	-		

Note:

U.S.\$1=Yen 108, for convenience only.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2020

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first half of fiscal 2020, the period from April 1 to September 30, 2019, are as follows.

During the first half of fiscal 2020, there was a sense of uncertainty about the future as the impact of trade friction between the U.S. and China gained momentum and the global economy continued to decelerate starting with China.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, the automotive market saw a year-on-year decrease in automobile sales volume not only in China, which is the world's largest automobile market, but also emerging countries such as India despite a continued increase in the number of components installed per vehicle. In the industrial equipment market, demand was subdued. The Information and Communications Technology (ICT) market saw a rise in demand for 5G-related products despite that smartphone production slightly fell year on year.

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2020 were as follows.

Summary (April 1, 2019 - September 30, 2019)

Term Item	1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	721,940	100.0	707,029	100.0	6,546,565	(14,911)	-2.1
Operating income	62,180	8.6	68,843	9.7	637,435	6,663	10.7
Income before income taxes	57,799	8.0	68,648	9.7	635,630	10,849	18.8
Net income attributable to TDK	41,076	5.7	44,938	6.4	416,093	3,862	9.4
Per common share :							
Net income attributable to TDK / Basic	Yen 325.30		Yen 355.81		U.S.\$ 3.30		
Net income attributable to TDK / Diluted	Yen 324.46		Yen 355.01		U.S.\$ 3.29		

Note:

U.S.\$1=Yen 108, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first half of fiscal 2020 were ¥108.74 and ¥121.51, respectively, as the yen appreciated 1.4% against the U.S. dollar and 6.5% against the euro. This decreased net sales by approximately ¥20.0 billion and operating income by approximately ¥2.0 billion.

Sales by Product

Term Product	1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	88,344	12.2	78,922	11.1	730,760	(9,422)	-10.7
Inductive Devices	78,416	10.9	69,811	9.9	646,398	(8,605)	-11.0
Other Passive Components	58,062	8.0	51,407	7.3	475,991	(6,655)	-11.5
Passive Components	224,822	31.1	200,140	28.3	1,853,149	(24,682)	-11.0
Sensor Application Products	39,477	5.5	38,919	5.5	360,361	(558)	-1.4
Magnetic Application Products	145,866	20.2	109,994	15.6	1,018,463	(35,872)	-24.6
Energy Application Products	280,348	38.8	318,177	45.0	2,946,083	37,829	13.5
Other	31,427	4.4	39,799	5.6	368,509	8,372	26.6
Total	721,940	100.0	707,029	100.0	6,546,565	(14,911)	-2.1
Overseas sales	665,724	92.2	653,364	92.4	6,049,667	(12,360)	-1.9

Notes:

1. U.S.\$1=Yen 108, for convenience only.
2. In accordance with the reorganization in 1Q of FY2020, certain products of Inductive Devices were reclassified into Other Passive Components. 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 ¥200,140 million (U.S.\$ 1,853,149 thousand), down 11.0% year on year from ¥224,822 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥78,922 million (U.S.\$ 730,760 thousand), down 10.7% year on year from ¥88,344 million. Sales of Ceramic Capacitors increased to the automotive and the ICT markets, while decreased to the industrial equipment market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment and the automotive markets.

Sales of Inductive Devices decreased by 11.0% year on year from ¥78,416 million to ¥69,811 million (U.S.\$ 646,398 thousand). Sales decreased mainly to the automotive and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 11.5% year on year from ¥58,062 million to ¥51,407 million (U.S.\$ 475,991 thousand). Sales decreased 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 decreased by 1.4% from ¥39,477 million to ¥38,919 million (U.S.\$ 360,361 thousand). Sales increased to the ICT market, while decreased to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 24.6% year on year from ¥145,866 million to ¥109,994 million (U.S.\$ 1,018,463 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased to the industrial equipment market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 13.5% from ¥280,348 million to ¥318,177 million (U.S.\$ 2,946,083 thousand). Sales of Energy Devices increased significantly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 26.6% from ¥31,427 million to ¥39,799 million (U.S.\$ 368,509 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 decreased by 1.9% year on year from ¥665,724 million to ¥653,364 million (U.S.\$ 6,049,667 thousand). Overseas sales accounted for 92.4% of consolidated net sales, a 0.2 percentage point increase from 92.2% in the first half of fiscal 2019. 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 September 30, 2019.

Total assets	¥1,952,697 million	(2.0% decrease)
Total TDK stockholders' equity	¥856,271 million	(2.4% decrease)
Stockholders' equity ratio	43.9%	(0.1 point decrease)

As of September 30, 2019, total assets decreased by ¥39,783 million compared with March 31, 2019. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥427 million. While net trade receivables and right-of-use assets of operating leases increased by ¥64,153 million and ¥41,828 million, respectively, investments in securities decreased by ¥122,580 million.

Total liabilities decreased by ¥17,595 million from March 31, 2019. Operating lease obligations (including current portion of operating lease obligations) increased by ¥37,518 million, and current installments of long-term debt decreased by ¥50,308 million.

Total TDK stockholders' equity, which is included in total equity, decreased by ¥21,019 million from March 31, 2019. Accumulated other comprehensive income (loss) decreased by ¥52,045 million, due to a decrease in foreign currency translation adjustments compared with March 31, 2019.

2) Cash Flows

(Yen millions)

	FY 2019 2Q	FY 2020 2Q	Change
Net cash provided by operating activities	7,678	59,872	52,194
Net cash provided (used) in investing activities	(55,046)	64,595	119,641
Net cash provided (used) by financing activities	14,730	(77,034)	(91,764)
Effect of exchange rate changes on cash and cash equivalents	4,120	(16,236)	(20,356)
Net increase (decrease) in cash and cash equivalents	(28,518)	31,197	59,715
Cash and cash equivalents at beginning of period	279,624	289,175	9,551
Cash and cash equivalents at end of period	251,106	320,372	69,266

Operating activities provided net cash of ¥59,872 million (U.S.\$554,370 thousand), an increase of ¥52,194 million year on year. It mainly came from a decrease in working capital.

Investing activities provided net cash of ¥64,595 million (U.S.\$598,102 thousand), changed by ¥119,641 million year on year. It mainly came from proceeds from sale of investments in affiliates.

Financing activities used net cash of ¥77,034 million (U.S.\$713,278 thousand), changed by ¥91,764 million year on year. It mainly came from a decrease in debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2020 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2020, the year ending March 31, 2020, are as follows.

Term Item	FY2020 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2019 - March 31, 2020)	FY2019 (April 1, 2018 - March 31, 2019)	vs FY2019 Changes	
	Projection in October '19	Projection in April '19	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,390,000	1,420,000	1,381,806	8,194	0.6
Operating income	120,000	120,000	107,823	12,177	11.3
Income before income taxes	118,000	118,000	115,554	2,446	2.1
Net income attributable to TDK	84,000	84,000	82,205	1,795	2.2
Capital expenditures	200,000	200,000	173,592	26,408	15.2
Depreciation and amortization	130,000	130,000	106,631	23,369	21.9
Research and development	120,000	120,000	115,155	4,845	4.2

(Notes)

The Chinese economy has decelerated due to the trade friction between the U.S. and China gaining momentum, and the impact on the world economy has expanded. TDK has revised its forecasts, reflecting the situation, based on changes in order status it had assumed when it made the previous announcement (April 26, 2019).

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥108 and ¥122 respectively will be assumed from the third 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

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842)”.

This ASU requires lessees to recognize most leases on their consolidated balance sheets but recognize expenses on their consolidated statements of income in a manner similar to the previous guidance. Additionally, this ASU expands qualitative and quantitative disclosures related to leases.

TDK adopted this ASU from April 1, 2019. TDK applied the package of practical expedients that allows us not to reassess whether any existing contracts at or expired contracts prior to the adoption date are or contain leases, lease classification and whether any initial direct costs qualify for capitalization, to use hindsight in determining the lease term and in assessing impairment of the right-of-use assets, in addition to applying the short term lease exception. TDK also adopted the transition method which no restatement of comparative periods and no reassessment of land easements not previously accounted for as a lease that exist at or expired prior to the adoption date are required. The right-of-use assets of operating leases and operating lease obligations recognized at April 1, 2019 was ¥38,016 million and ¥35,690 million, respectively and are included in Noncurrent assets and liabilities in the accompanying consolidated balance sheets.

The adoption of this ASU did not have a material impact on TDK’s results of operations.

Targeted Improvements to Accounting for Hedging Activities

In August 2017, FASB issued ASU 2017-12 “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities”. This ASU amends existing guidance to simplify the application of hedge accounting in certain situations and enables an entity to better portray the economic results of an entity’s risk management activities in its financial statements. This ASU eliminates the requirement to separately measure and report hedge ineffectiveness, and requires an entity to present the earnings effect of the hedging instrument in the same line item of the consolidated statements of income in which the earnings effect of the hedged item is reported. TDK adopted this ASU from April 1, 2019.

The adoption of this ASU did not have a material impact on TDK’s results of operations and financial position.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2020 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 2020 are as follows. TDK keeps initial dividend forecast unchanged.

	(Yen)	
	FY2020	FY2019 Actual
Interim dividend	90.00	80.00
Year-end dividend	(Forecast) 90.00	80.00
Annual dividend	(Forecast) 180.00	160.00

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS									
Term Item	As of March 31, 2019		As of September 30, 2019			Change from March 31, 2019	As of June 30, 2019		Change from June 30, 2019
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	922,485	46.3	982,290	50.3	9,095,278	59,805	923,079	45.8	59,211
Cash and cash equivalents	289,175		320,372		2,966,407	31,197	262,291		58,081
Short-term investments	40,505		9,737		90,158	(30,768)	34,556		(24,819)
Marketable securities	57		55		509	(2)	55		0
Net trade receivables	308,154		372,307		3,447,287	64,153	330,626		41,681
Inventories	226,892		221,277		2,048,861	(5,615)	234,215		(12,938)
Other current assets	57,702		58,542		542,056	840	61,336		(2,794)
Noncurrent assets	1,069,995	53.7	970,407	49.7	8,985,250	(99,588)	1,094,305	54.2	(123,898)
Investments in securities	155,306		32,726		303,019	(122,580)	151,337		(118,611)
Net property, plant and equipment	603,110		603,274		5,585,870	164	607,325		(4,051)
Right-of-use assets of operating leases	-		41,828		387,296	41,828	37,091		4,737
Goodwill	164,794		159,535		1,477,176	(5,259)	160,155		(620)
Other assets	146,785		133,044		1,231,889	(13,741)	138,397		(5,353)
TOTAL	1,992,480	100.0	1,952,697	100.0	18,080,528	(39,783)	2,017,384	100.0	(64,687)

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2019		As of September 30, 2019			Change from March 31, 2019	As of June 30, 2019		Change from June 30, 2019
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	714,320	35.8	694,295	35.6	6,428,657	(20,025)	767,487	38.1	(73,192)
Short-term debt	221,310		232,947		2,156,917	11,637	254,115		(21,168)
Current installments of long-term debt	91,276		40,968		379,333	(50,308)	111,622		(70,654)
Current portion of operating lease obligations	-		6,767		62,657	6,767	5,963		804
Trade payables	189,892		207,016		1,916,815	17,124	193,684		13,332
Accrued expenses	192,800		182,825		1,692,824	(9,975)	180,971		1,854
Other current liabilities	19,042		23,772		220,111	4,730	21,132		2,640
Noncurrent liabilities	394,404	19.8	396,834	20.3	3,674,389	2,430	397,639	19.7	(805)
Long-term debt, excluding current installments	207,682		184,265		1,706,158	(23,417)	184,469		(204)
Long-term operating lease obligations	-		30,751		284,731	30,751	28,965		1,786
Retirement and severance benefits	129,050		121,442		1,124,463	(7,608)	126,098		(4,656)
Other noncurrent liabilities	57,672		60,376		559,037	2,704	58,107		2,269
Total liabilities	1,108,724	55.6	1,091,129	55.9	10,103,046	(17,595)	1,165,126	57.8	(73,997)
Common stock	32,641		32,641		302,231	-	32,641		-
Additional paid-in capital	5,958		2,044		18,926	(3,914)	6,114		(4,070)
Legal reserve	44,436		45,085		417,454	649	44,867		218
Retained earnings	935,649		969,835		8,979,954	34,186	940,703		29,132
Accumulated other comprehensive income (loss)	(124,435)		(176,480)		(1,634,074)	(52,045)	(161,297)		(15,183)
Treasury stock	(16,959)		(16,854)		(156,056)	105	(16,924)		70
Total TDK stockholders' equity	877,290	44.0	856,271	43.9	7,928,435	(21,019)	846,104	41.9	10,167
Noncontrolling interests	6,466	0.4	5,297	0.2	49,047	(1,169)	6,154	0.3	(857)
Total equity	883,756	44.4	861,568	44.1	7,977,482	(22,188)	852,258	42.2	9,310
TOTAL	1,992,480	100.0	1,952,697	100.0	18,080,528	(39,783)	2,017,384	100.0	(64,687)

Note:

U.S.\$1=Yen 108, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income (Loss)

[1st half results]

Statements of Income

Item	1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	721,940	100.0	707,029	100.0	6,546,565	(14,911)	-2.1
Cost of sales	512,117	70.9	494,888	70.0	4,582,296	(17,229)	-3.4
Gross profit	209,823	29.1	212,141	30.0	1,964,269	2,318	1.1
Selling, general and administrative expenses	144,966	20.1	144,641	20.5	1,339,269	(325)	-0.2
Other operating expense (income)	2,677	0.4	(1,343)	-0.2	(12,435)	(4,020)	-
Operating income	62,180	8.6	68,843	9.7	637,435	6,663	10.7
Other income (deductions):							
Interest and dividend income	3,556		4,735		43,843	1,179	
Interest expense	(2,184)		(1,998)		(18,500)	186	
Foreign exchange gain (loss)	(1,583)		(703)		(6,509)	880	
Other-net	(4,170)		(2,229)		(20,639)	1,941	
Total other income (deductions)	(4,381)	-0.6	(195)	-0.0	(1,805)	4,186	-
Income before income taxes	57,799	8.0	68,648	9.7	635,630	10,849	18.8
Income taxes	16,538	2.3	23,610	3.3	218,611	7,072	42.8
Net income	41,261	5.7	45,038	6.4	417,019	3,777	9.2
Less: Net income attributable to noncontrolling interests	185	0.0	100	0.0	926	(85)	-45.9
Net income attributable to TDK	41,076	5.7	44,938	6.4	416,093	3,862	9.4

Note:

U.S.\$1=Yen 108, for convenience only.

Statements of Comprehensive Income (Loss)

Item	1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	41,261	45,038	417,019		3,777
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	24,337	(54,339)	(503,140)		(78,676)
Pension liability adjustments	2,137	2,081	19,269		(56)
Net unrealized gains (losses) on securities	(1)	(36)	(333)		(35)
Total other comprehensive income (loss)	26,473	(52,294)	(484,204)		(78,767)
Comprehensive income (loss)	67,734	(7,256)	(67,185)		(74,990)
Comprehensive income (loss) attributable to noncontrolling interests	58	(168)	(1,555)		(226)
Comprehensive income (loss) attributable to TDK	67,676	(7,088)	(65,630)		(74,764)

Note:

U.S.\$1=Yen 108, for convenience only.

[2nd quarter results]

Statements of Income

Term Item	2Q of FY2019 (July 1, 2018 - September 30, 2018)		2Q of FY2020 (July 1, 2019 - September 30, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	378,872	100.0	370,214	100.0	3,427,907	(8,658)	-2.3
Cost of sales	263,847	69.6	254,068	68.6	2,352,481	(9,779)	-3.7
Gross profit	115,025	30.4	116,146	31.4	1,075,426	1,121	1.0
Selling, general and administrative expenses	74,625	19.7	72,759	19.7	673,694	(1,866)	-2.5
Other operating expense (income)	3,640	1.0	(476)	-0.1	(4,407)	(4,116)	-
Operating income	36,760	9.7	43,863	11.8	406,139	7,103	19.3
Other income (deductions):							
Interest and dividend income	1,646		2,215		20,509	569	
Interest expense	(1,066)		(881)		(8,157)	185	
Foreign exchange gain (loss)	(630)		257		2,379	887	
Other-net	(2,646)		(1,509)		(13,972)	1,137	
Total other income (deductions)	(2,696)	-0.7	82	0.1	759	2,778	-
Income before income taxes	34,064	9.0	43,945	11.9	406,898	9,881	29.0
Income taxes	9,101	2.4	14,562	4.0	134,833	5,461	60.0
Net income	24,963	6.6	29,383	7.9	272,065	4,420	17.7
Less: Net income attributable to noncontrolling interests	84	0.0	33	0.0	306	(51)	-60.7
Net income attributable to TDK	24,879	6.6	29,350	7.9	271,759	4,471	18.0

Note:

U.S.\$1=Yen 108, for convenience only.

Statements of Comprehensive Income

Term Item	2Q of FY2019 (July 1, 2018 - September 30, 2018)		2Q of FY2020 (July 1, 2019 - September 30, 2019)		Change
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	24,963	29,383	272,065		4,420
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	16,286	(16,281)	(150,749)		(32,567)
Pension liability adjustments	1,147	1,074	9,944		(73)
Net unrealized gains (losses) on securities	2	(22)	(204)		(24)
Total other comprehensive income (loss)	17,435	(15,229)	(141,009)		(32,664)
Comprehensive income	42,398	14,154	131,056		(28,244)
Comprehensive income (loss) attributable to noncontrolling interests	0	(32)	(296)		(32)
Comprehensive income attributable to TDK	42,398	14,186	131,352		(28,212)

Note:

U.S.\$1=Yen 108, for convenience only.

(3) Statements of Cash Flows

Item	Term	1H of FY2019 (April 1, 2018 - September 30, 2018)	1H of FY2020 (April 1, 2019 - September 30, 2019)	
		(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:				
Net income		41,261	45,038	417,019
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		52,370	59,684	552,630
Impairment of long-lived assets		4,720	242	2,241
Deferred income taxes		1,931	5,183	47,991
Loss (gain) on securities, net		2,841	144	1,333
Changes in assets and liabilities:				
Decrease (increase) in trade receivables		(82,321)	(80,268)	(743,222)
Decrease (increase) in inventories		(22,500)	(6,103)	(56,510)
Increase (decrease) in trade payables		11,761	30,203	279,657
Increase (decrease) in accrued expenses		(246)	2,189	20,268
Decrease (increase) in other assets and liabilities, net		(1,488)	3,645	33,750
Other-net		(651)	(85)	(787)
Net cash provided by operating activities		7,678	59,872	554,370
Cash flows from investing activities:				
Capital expenditures		(77,023)	(90,847)	(841,176)
Proceeds from sales of tangible and intangible assets		1,820	1,764	16,333
Proceeds from sale and maturity of short-term investments		60,771	56,284	521,148
Payment for purchase of short-term investments		(44,966)	(26,940)	(249,444)
Proceeds from sale and maturity of securities		232	712	6,593
Payment for purchase of securities		(743)	(373)	(3,454)
Proceeds from sale of business, net of cash transferred		7,530	-	-
Proceeds from sale of investments in affiliates		-	124,484	1,152,630
Other-net		(2,667)	(489)	(4,528)
Net cash provided by (used in) investing activities		(55,046)	64,595	598,102
Cash flows from financing activities:				
Proceeds from debt with maturities longer than three months		2,053	808	7,481
Repayment of debt with maturities longer than three months		(36,641)	(76,026)	(703,945)
Net increase (decrease) in debt with maturities of three months or less		61,717	13,977	129,417
Dividends paid		(8,843)	(10,901)	(100,935)
Acquisition of noncontrolling interests		(3,590)	(4,879)	(45,176)
Other-net		34	(13)	(120)
Net cash provided by (used in) financing activities		14,730	(77,034)	(713,278)
Effect of exchange rate changes on cash and cash equivalents		4,120	(16,236)	(150,333)
Net increase (decrease) in cash and cash equivalents		(28,518)	31,197	288,861
Cash and cash equivalents at beginning of period		279,624	289,175	2,677,546
Cash and cash equivalents at end of period		251,106	320,372	2,966,407

Note:

U.S.\$1=Yen 108, for convenience only.

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

TDK has four reporting segments: Passive Components, Sensor Application Products, Magnetic Application Products and Energy Application Products, as well as Other, which includes products not included in these four reporting segments.

[1st half results]

		1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	224,822	31.1	200,140	28.3	1,853,149	(24,682)	-11.0
	Intersegment	1,692		1,456		13,481	(236)	-13.9
	Total	226,514		201,596		1,866,630	(24,918)	-11.0
Sensor Application Products	External customers	39,477	5.5	38,919	5.5	360,361	(558)	-1.4
	Intersegment	40		58		537	18	45.0
	Total	39,517		38,977		360,898	(540)	-1.4
Magnetic Application Products	External customers	145,866	20.2	109,994	15.6	1,018,463	(35,872)	-24.6
	Intersegment	37		3,358		31,093	3,321	-
	Total	145,903		113,352		1,049,556	(32,551)	-22.3
Energy Application Products	External customers	280,348	38.8	318,177	45.0	2,946,083	37,829	13.5
	Intersegment	7		-		-	(7)	-
	Total	280,355		318,177		2,946,083	37,822	13.5
Other	External customers	31,427	4.4	39,799	5.6	368,509	8,372	26.6
	Intersegment	14,637		13,853		128,269	(784)	-5.4
	Total	46,064		53,652		496,778	7,588	16.5
Intersegment eliminations		(16,413)		(18,725)		(173,380)	(2,312)	
Total		721,940	100.0	707,029	100.0	6,546,565	(14,911)	-2.1

Note:

U.S.\$1=Yen 108, for convenience only.

Segment profit (loss) by industry segment

		1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		30,401	13.5	21,759	10.9	201,472	(8,642)	-28.4
Sensor Application Products		(9,504)	-24.1	(12,549)	-32.2	(116,194)	(3,045)	-
Magnetic Application Products		4,407	3.0	6,748	6.1	62,481	2,341	53.1
Energy Application Products		54,348	19.4	68,950	21.7	638,426	14,602	26.9
Other		(2,756)	-8.8	(319)	-0.8	(2,954)	2,437	-
Sub total		76,896	10.7	84,589	12.0	783,231	7,693	10.0
Corporate and Eliminations		(14,716)		(15,746)		(145,796)	(1,030)	
Operating income		62,180	8.6	68,843	9.7	637,435	6,663	10.7

Note:

U.S.\$1=Yen 108, for convenience only.

[2nd quarter results]

		2Q of FY2019 (July 1, 2018 - September 30, 2018)		2Q of FY2020 (July 1, 2019 - September 30, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	112,100	29.6	101,871	27.5	943,250	(10,229)	-9.1
	Intersegment	891		692		6,407	(199)	-22.3
	Total	112,991		102,563		949,657	(10,428)	-9.2
Sensor Application Products	External customers	20,608	5.4	20,777	5.6	192,380	169	0.8
	Intersegment	7		43		398	36	514.3
	Total	20,615		20,820		192,778	205	1.0
Magnetic Application Products	External customers	75,390	19.9	54,465	14.7	504,305	(20,925)	-27.8
	Intersegment	14		576		5,333	562	-
	Total	75,404		55,041		509,638	(20,363)	-27.0
Energy Application Products	External customers	154,761	40.9	173,664	46.9	1,608,000	18,903	12.2
	Intersegment	-		-		-	-	-
	Total	154,761		173,664		1,608,000	18,903	12.2
Other	External customers	16,013	4.2	19,437	5.3	179,972	3,424	21.4
	Intersegment	7,826		7,215		66,806	(611)	-7.8
	Total	23,839		26,652		246,778	2,813	11.8
Intersegment eliminations		(8,738)		(8,526)		(78,944)	212	
Total		378,872	100.0	370,214	100.0	3,427,907	(8,658)	-2.3

Note:

U.S.\$1=Yen 108, for convenience only.

Segment profit (loss) by industry segment

		2Q of FY2019 (July 1, 2018 - September 30, 2018)		2Q of FY2020 (July 1, 2019 - September 30, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		16,379	14.6	11,420	11.2	105,741	(4,959)	-30.3
Sensor Application Products		(4,563)	-22.1	(5,528)	-26.6	(51,185)	(965)	-
Magnetic Application Products		939	1.2	3,450	6.3	31,944	2,511	267.4
Energy Application Products		33,323	21.5	42,481	24.5	393,342	9,158	27.5
Other		(1,716)	-10.7	(634)	-3.3	(5,870)	1,082	-
Sub total		44,362	11.7	51,189	13.8	473,972	6,827	15.4
Corporate and Eliminations		(7,602)		(7,326)		(67,833)	276	
Operating income		36,760	9.7	43,863	11.8	406,139	7,103	19.3

Note:

U.S.\$1=Yen 108, for convenience only.

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1) Exchange rates used for conversion

Item	Term	As of September 30, 2018		As of September 30, 2019		As of March 31, 2019	
		US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period		113.57	132.14	107.92	118.02	110.99	124.56

2) Sales by region

[1st half results]

Region	Term	1H of FY2019 (April 1, 2018 - September 30, 2018)		1H of FY2020 (April 1, 2019 - September 30, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		56,878	7.9	49,874	7.1	461,796	(7,004)	-12.3
Europe		85,768	11.9	73,714	10.4	682,537	(12,054)	-14.1
Asia and others		523,078	72.4	529,776	74.9	4,905,334	6,698	1.3
Overseas sales total		665,724	92.2	653,364	92.4	6,049,667	(12,360)	-1.9
Japan		56,216	7.8	53,665	7.6	496,898	(2,551)	-4.5
Net sales		721,940	100.0	707,029	100.0	6,546,565	(14,911)	-2.1

[2nd quarter results]

Region	Term	2Q of FY2019 (July 1, 2018 - September 30, 2018)		2Q of FY2020 (July 1, 2019 - September 30, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		28,520	7.5	24,080	6.5	222,963	(4,440)	-15.6
Europe		42,042	11.1	36,571	9.9	338,620	(5,471)	-13.0
Asia and others		280,271	74.0	282,274	76.2	2,613,648	2,003	0.7
Overseas sales total		350,833	92.6	342,925	92.6	3,175,231	(7,908)	-2.3
Japan		28,039	7.4	27,289	7.4	252,676	(750)	-2.7
Net sales		378,872	100.0	370,214	100.0	3,427,907	(8,658)	-2.3

Notes:

1. U.S.\$1=Yen 108, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of September 30, 2019, TDK Corporation had 139 consolidated subsidiaries (13 in Japan and 126 overseas). TDK Corporation also had 5 affiliates (3 in Japan and 2 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Term Product	1Q of FY2019 (April 1, 2018 - June 30, 2018)		2Q of FY2019 (July 1, 2018 - September 30, 2018)		3Q of FY2019 (October 1, 2018 - December 31, 2018)		4Q of FY2019 (January 1, 2019 - March 31, 2019)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	44,461	13.0	43,883	11.6	42,721	12.2	42,266	13.7
Inductive Devices	38,938	11.4	39,478	10.4	37,301	10.6	34,274	11.0
Other	29,323	8.5	28,739	7.6	26,680	7.6	25,342	8.2
Passive Components	112,722	32.9	112,100	29.6	106,702	30.4	101,882	32.9
Sensor Application Products	18,869	5.5	20,608	5.4	19,701	5.6	17,289	5.6
Magnetic Application Products	70,476	20.5	75,390	19.9	66,410	18.9	60,531	19.6
Energy Application Products	125,587	36.6	154,761	40.9	145,372	41.5	111,782	36.2
Other	15,414	4.5	16,013	4.2	12,618	3.6	17,579	5.7
Total	343,068	100.0	378,872	100.0	350,803	100.0	309,063	100.0

Term Product	1Q of FY2020 (April 1, 2019 - June 30, 2019)		2Q of FY2020 (July 1, 2019 - September 30, 2019)		
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	39,279	11.7	39,643	10.7	367,065
Inductive Devices	34,149	10.1	35,662	9.6	330,204
Other	24,841	7.4	26,566	7.2	245,981
Passive Components	98,269	29.2	101,871	27.5	943,250
Sensor Application Products	18,142	5.4	20,777	5.6	192,380
Magnetic Application Products	55,529	16.5	54,465	14.7	504,305
Energy Application Products	144,513	42.9	173,664	46.9	1,608,000
Other	20,362	6.0	19,437	5.3	179,972
Total	336,815	100.0	370,214	100.0	3,427,907

Notes:

1. U.S.\$1=Yen 108, for convenience only.
2. In accordance with the reorganization in 1Q of FY2020, certain products of Inductive Devices were reclassified into Other Passive Components. The prior year's sales are also reclassified to conform to the new segmentation.