



# Investors' Guide 2019

## Fiscal Years 2009-2019

### **TDK Corporation**

Value and Performance Indicators

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Attracting Tomorrow



## Consolidated Eleven-Year Summary

TDK Corporation and Subsidiaries

Years ended March 31, 2009 through 2019

(Yen Million)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net sales</b>	727,400	792,624	862,492	802,534	841,847	984,525	1,082,560	1,152,255	1,178,257	1,271,747	<b>1,381,806</b>
<b>(Overseas sales)</b>	610,944	704,874	764,807	702,469	747,062	890,520	989,348	1,061,203	1,073,024	1,158,004	<b>1,268,437</b>
<b>Cost of sales</b>	605,943	604,454	645,514	624,271	668,258	763,572	802,225	831,123	855,948	928,525	<b>985,321</b>
<b>Selling, general and administrative expenses</b>	150,189	150,808	147,601	153,951	147,876	179,896	199,795	227,185	239,446	343,222	<b>396,485</b>
<b>Impairment of Long-Lived Assets</b>	8,159	3,044	1,513	3,405	1,275	4,441	5,376	533	16,811	1,282	<b>5,112</b>
<b>Impairment of Goodwill</b>	1,530			530	823		2,705		2,600		
<b>Gain on sale of a part of High-Frequency Devices business</b>									(145,208)	(5,277)	
<b>Production realignment costs</b>				6,570	1,561						
<b>Realignment-related gain; Sales of properties (gain)</b>				(6,732)							
<b>Restructuring cost</b>	15,884	4,875									
<b>Other</b>										(105)	
<b>Operating income (loss)</b>	(54,305)	29,443	67,864	20,539	22,054	36,616	72,459	93,414	208,660	89,692	<b>107,823</b>
<b>Income (loss) before income taxes</b>	(81,630)						74,517	91,839	211,717	89,811	<b>115,554</b>
<b>Income from continuing operations before income taxes</b>		25,576	64,519	14,668	19,765	39,772					
<b>Income taxes</b>	(17,041)	9,401	15,105	11,970	14,616	17,936	21,738	25,216	66,157	25,834	<b>33,004</b>
<b>Income from continuing operations</b>		16,175	49,414	2,698	5,149	21,836	52,779	66,623	145,560	63,977	<b>82,550</b>
<b>Loss (income) from discontinued operations</b>		(3,293)	(4,410)	(4,399)	(619)	(3,602)					
<b>Net income (loss) attributable to TDK</b>	(63,160)	13,520	45,264	(2,454)	1,195	16,288	49,440	64,828	145,099	63,463	<b>82,205</b>
<b>Per common share (Yen) :</b>											
<b>Net income (loss) attributable to TDK Basic</b>	(489.71)	104.82	350.90	(19.06)	9.50	129.47	392.78	514.23	1,150.16	502.80	<b>651.02</b>
<b>Net income (loss) attributable to TDK Diluted</b>	(489.71)	104.74	350.57	(21.42)	5.36	120.97	377.98	504.66	1,147.57	501.47	<b>649.45</b>
<b>Net cash flow</b>	204.75	753.83	951.54	600.98	627.89	787.77	1,027.60	1,171.29	1,839.52	1,229.78	<b>1,491.87</b>
<b>Net assets</b>	4,297	4,215	4,142	3,957	4,461	5,050	5,865	5,355	6,289	6,532	<b>6,947</b>
<b>Dividends</b>	130.00	60.00	80.00	80.00	70.00	70.00	90.00	120.00	120.00	130.00	<b>160.00</b>
<b>Payout ratio (%)</b>	—	57.2	22.8	—	737.2	54.1	22.9	23.3	10.4	25.9	<b>24.6</b>
<b>Total assets</b>	1,101,036	1,091,458	1,060,853	1,072,829	1,169,575	1,239,553	1,404,253	1,450,564	1,664,333	1,905,209	<b>1,992,480</b>
<b>TDK stockholders' equity</b>	554,218	543,756	534,273	498,159	561,169	635,327	738,861	675,361	793,614	824,634	<b>877,290</b>
<b>Working capital</b>	281,536	286,370	199,186	219,918	232,693	279,504	352,364	289,760	388,542	296,899	<b>208,165</b>
<b>Capital expenditures</b>	98,425	64,370	78,638	99,653	85,606	68,606	102,525	160,674	167,631	178,612	<b>173,592</b>
<b>Depreciation and amortization</b>	89,567	83,788	77,594	80,197	77,938	83,109	80,249	83,224	87,491	92,171	<b>106,631</b>
<b>Research and development</b>	57,645	53,942	52,973	52,551	53,943	63,385	70,644	84,920	91,254	102,641	<b>115,155</b>
<b>Ratio of overseas production to net sales (%)</b>	74.0	80.5	83.6	80.2	81.8	86.7	87.9	86.3	86.1	84.5	<b>85.4</b>
<b>Number of employees</b>	66,429	80,590	87,809	79,175	79,863	83,581	88,076	91,648	99,693	102,883	<b>104,781</b>

### Notes:

- In accordance with the provisions of ASC No.205-20, "Presentation of Financial Statements-Discontinued Operations", operating results relating to the data tape business and the blu-ray business are separately presented as discontinued operations in consolidated statements of operations for the year ended March 31, 2014. Also reclassifications are made to the consolidated statements of operations after the year ended March 31, 2010 to conform to the presentation used for the year ended March 31, 2014.
- TDK adopted Accounting Standards Update ("ASU") 2015-03 "Simplifying the Presentation of Debt Issuance Costs" issued by the Financial Accounting Standards Board ("FASB") after the year ended March 31, 2017. As a result, the bond issuance cost that used to be a part of Total assets is presented as a deduction from Total assets from the year ended March 31, 2013.
- TDK adopted Accounting Standards Update ("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" issued by FASB after the year ended March 31, 2019. As a result of this reclassification, cost of sales in the year ended March 31, 2018 decreased by¥1,991 million, operating income increased by¥4,059 million, selling, general and administrative expenses decreased by ¥2,068 million and research and development decreased by ¥816 million.

## Consolidated Performance Indicators (1)

TDK Corporation and Subsidiaries

Years ended March 31, 2009 through 2019

(Yen Million)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net sales</b>	727,400	792,624	862,492	802,534	841,847	984,525	1,082,560	1,152,255	1,178,257	1,271,747	<b>1,381,806</b>
<b>(Overseas sales)</b>	610,944	704,874	764,807	702,469	747,062	890,520	989,348	1,061,203	1,073,024	1,158,004	<b>1,268,437</b>
Ratio to net sales (%)	84.0	88.9	88.7	87.5	88.7	90.5	91.4	92.1	91.1	91.1	<b>91.8</b>
<b>Cost of sales</b>	605,943	604,454	645,514	624,271	668,258	763,572	802,225	831,123	855,948	928,525	<b>985,321</b>
Ratio to net sales (%)	83.3	76.3	74.8	77.8	79.4	77.6	74.1	72.1	72.6	73.0	<b>71.3</b>
<b>Selling, general and administrative expenses</b>	175,762	158,727	149,114	157,724	151,535	184,337	207,876	227,718	113,649	257,630	<b>287,561</b>
Ratio to net sales (%)	24.2	20.0	17.3	19.6	18.0	18.7	19.2	19.8	9.7	20.2	<b>20.8</b>
<b>Operating income (loss)</b>	(54,305)	29,443	67,864	20,539	22,054	36,616	72,459	93,414	208,660	89,692	<b>107,823</b>
Ratio to net sales (%)	(7.5)	3.7	7.9	2.6	2.6	3.7	6.7	8.1	17.7	7.1	<b>7.8</b>
<b>Net income (loss) attributable to TDK</b>	(63,160)	13,520	45,264	(2,454)	1,195	16,288	49,440	64,828	145,099	63,463	<b>82,205</b>
Ratio to net sales (%)	(8.7)	1.7	5.2	(0.3)	0.1	1.7	4.6	5.6	12.3	5.0	<b>5.9</b>
<b>Capital expenditures</b>	98,425	64,370	78,638	99,653	85,606	68,606	102,525	160,674	167,631	178,612	<b>173,592</b>
Percentage of net cash flow (%)	372.7	66.2	64.0	128.2	108.2	69.0	79.1	108.5	72.1	114.8	<b>91.9</b>
<b>Depreciation and amortization</b>	89,567	83,788	77,594	80,197	77,938	83,109	80,249	83,224	87,491	92,171	<b>106,631</b>
<b>Net cash flow</b>	26,407	97,308	122,858	77,743	79,133	99,397	129,689	148,052	232,590	155,634	<b>188,836</b>
<b>Research and development</b>	57,645	53,942	52,973	52,551	53,943	63,385	70,644	84,920	91,254	102,641	<b>115,155</b>
Percentage of net sales (%)	7.9	6.8	6.1	6.5	6.4	6.4	6.5	7.4	7.7	8.1	<b>8.3</b>

### Notes:

1. In accordance with the provisions of ASC No.205-20, "Presentation of Financial Statements-Discontinued Operations", operating results relating to the data tape business and the blu-ray business are separately presented as discontinued operations in consolidated statements of operations for the year ended March 31, 2014. Also reclassifications are made to the consolidated statements of operations after the year ended March 31, 2010 to conform to the presentation used for the year ended March 31, 2014.

2. TDK adopted Accounting Standards Update ("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" issued by FASB after the year ended March 31, 2019. As a result of this reclassification, cost of sales in the year ended March 31, 2018 decreased by ¥1,991 million, operating income increased by ¥4,059 million, selling, general and administrative expenses decreased by ¥2,068 million and research and development decreased by ¥816 million.

## Consolidated Performance Indicators (2)

TDK Corporation and Subsidiaries

Years ended March 31, 2009 through 2019

(Yen Million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on investment (%)</b>	(8.5)	1.8	6.7	(0.4)	0.2	2.3	6.2	7.7	15.9	6.0	<b>7.5</b>
<b>Return on equity (%)</b>	(9.9)	2.5	8.4	(0.5)	0.2	2.7	7.2	9.2	19.8	7.8	<b>9.7</b>
<b>Return on total assets (%)</b>	(6.2)	1.2	4.2	(0.2)	0.1	1.4	3.7	4.5	9.3	3.6	<b>4.2</b>
<b>Total assets</b>	1,101,036	1,091,458	1,060,853	1,072,829	1,169,575	1,239,553	1,404,253	1,450,564	1,664,333	1,905,209	<b>1,992,480</b>
<b>Asset turnover (Times)</b>	0.71	0.73	0.81	0.76	0.76	0.82	0.82	0.81	0.76	0.71	<b>0.71</b>
<b>Fixed assets</b>	348,645	318,205	318,403	332,325	365,901	374,032	427,254	487,639	464,667	545,641	<b>603,110</b>
<b>Fixed asset turnover (Times)</b>	2.4	2.4	2.7	2.5	2.4	2.7	2.7	2.5	2.5	2.5	<b>2.4</b>
<b>Inventories</b>	105,684	105,069	121,679	137,231	137,868	136,387	151,012	157,129	154,499	207,532	<b>226,892</b>
<b>Inventory turnover (Times)</b>	7.48	7.64	7.69	6.29	6.19	7.18	7.53	7.48	7.56	7.03	<b>6.36</b>
<b>Stockholders' equity</b>	554,218	543,756	534,273	498,159	561,169	635,327	738,861	675,361	793,614	824,634	<b>877,290</b>
<b>Stockholders' equity ratio (%)</b>	50.3	49.8	50.4	46.4	48.0	51.3	52.6	46.6	47.7	43.3	<b>44.0</b>
<b>Current ratio (Times)</b>	2.41	2.14	1.61	1.67	1.62	1.75	1.91	1.64	1.81	1.49	<b>1.29</b>
<b>Debt / Equity ratio (Times)</b>	0.52	0.50	0.46	0.55	0.55	0.45	0.40	0.56	0.53	0.73	<b>0.70</b>
<b>Interest coverage ratio (Times)</b>	—	7.5	23.1	7.6	8.8	11.6	25.6	31.4	62.1	21.5	<b>27.8</b>

Notes:

1. TDK adopted Accounting Standards Update ("ASU") 2015-03 "Simplifying the Presentation of Debt Issuance Costs" issued by the Financial Accounting Standards Board ("FASB") after the year ended March 31, 2017. As a result, the bond issuance cost that used to be a part of Total assets is presented as a deduction from Total assets from the year ended March 31, 2013. Besides, Return on investment, Return on total assets, Asset turnover and Debt / Equity ratio are also recalculated and presented.

## Consolidated Statements of Operations

TDK Corporation and Subsidiaries

Years ended March 31, 2009 through 2019

(Yen Million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net sales</b>	727,400	792,624	862,492	802,534	841,847	984,525	1,082,560	1,152,255	1,178,257	1,271,747	<b>1,381,806</b>
<b>Cost of sales</b>	605,943	604,454	645,514	624,271	668,258	763,572	802,225	831,123	855,948	928,525	<b>985,321</b>
<b>Gross profit</b>	121,457	188,170	216,978	178,263	173,589	220,953	280,335	321,132	322,309	343,222	<b>396,485</b>
<b>Selling, general and administrative expenses</b>	150,189	150,808	147,601	153,951	147,876	179,896	199,795	227,185	239,446	257,630	<b>287,561</b>
<b>Impairment of Long-Lived Assets</b>	8,159	3,044	1,513	3,405	1,275	4,441	5,376	533	16,811	1,282	<b>5,112</b>
<b>Impairment of Goodwill</b>	1,530			530	823		2,705		2,600		
<b>Gain on sale of a part of High-Frequency Devices business</b>									(145,208)	(5,277)	
<b>Production realignment costs</b>				6,570	1,561						
<b>Realignment-related gain; Sales of properties</b>				(6,732)							
<b>Restructuring cost</b>	15,884	4,875									
<b>Other</b>										(105)	
<b>Operating income (loss)</b>	(54,305)	29,443	67,864	20,539	22,054	36,616	72,459	93,414	208,660	89,692	<b>107,823</b>
<b>Other income (deductions):</b>											
<b>Interest and dividend income</b>	3,980	3,130	1,354	1,986	2,893	3,365	4,075	4,496	4,152	6,369	<b>7,746</b>
<b>Interest expense</b>	(2,336)	(4,010)	(2,849)	(2,977)	(2,842)	(3,457)	(2,992)	(3,116)	(3,428)	(4,461)	<b>(4,155)</b>
<b>Equity in earnings (loss) of affiliates</b>	(17,011)	(1,678)	(780)	(557)	(2,388)	1,444	725	1,462	1,396	2,989	<b>1,795</b>
<b>Gain (loss) on sale of securities</b>	172	146	150	1,137	476	2,583	1,422	(1,578)	80	(248)	<b>463</b>
<b>Loss on securities</b>	(6,621)	(1,509)	(259)	(5,373)	(1,190)	(447)	(150)	(1,567)	0	0	<b>0</b>
<b>Foreign exchange gain (loss)</b>	(5,392)	(1,118)	(2,285)	(787)	(136)	(1,302)	(1,846)	(2,394)	368	(786)	<b>(4,412)</b>
<b>Other-net</b>	(117)	1,172	1,324	700	898	970	824	1,122	489	(3,744)	<b>6,294</b>
	(27,325)	(3,867)	(3,345)	(5,871)	(2,289)	3,156	2,058	(1,575)	3,057	119	<b>7,731</b>
<b>Income (loss) before income taxes</b>	(81,630)						74,517	91,839	211,717	89,811	<b>115,554</b>
<b>Income from continuing operations before income taxes</b>		25,576	64,519	14,668	19,765	39,772					
<b>Income taxes</b>	(17,041)	9,401	15,105	11,970	14,616	17,936	21,738	25,216	66,157	25,834	<b>33,004</b>
<b>Income from continuing operations</b>		16,175	49,414	2,698	5,149	21,836	52,779	66,623	145,560	63,977	<b>82,550</b>
<b>Loss (income) from discontinued operations</b>		(3,293)	(4,410)	(4,399)	(619)	(3,602)					
<b>Net income (loss)</b>	(64,589)	12,882	45,004	(1,701)	4,530	18,234	52,779	66,623	145,560	63,977	<b>82,550</b>
<b>Less: Net income (loss) attributable to noncontrolling interests</b>	(1,429)	(638)	(260)	753	3,335	1,946	3,339	1,795	461	514	<b>345</b>
<b>Net income (loss) attributable to TDK</b>	(63,160)	13,520	45,264	(2,454)	1,195	16,288	49,440	64,828	145,099	63,463	<b>82,205</b>

### Notes:

1. In accordance with the provisions of ASC No.205-20, "Presentation of Financial Statements-Discontinued Operations," operating results relating to the data tape business and the blu-ray business are separately presented as discontinued operations in consolidated statements of operations for the year ended March 31, 2014. Also reclassifications are made to the consolidated statements of operations after the year ended March 31, 2010 to conform to the presentation used for the year ended March 31, 2014.

2. In accordance with the provisions of ASC No.2017-07, "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," cost of sales and selling, general and administrative expenses in the year ended March 31, 2018 were reclassified amount were ¥1,991 million, ¥2,068 million, respectively.

## Consolidated Balance Sheets

TDK Corporation and Subsidiaries

Years ended March 31, 2009 through 2019

(Yen Million)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Assets</b>											
<b>Current assets:</b>											
<b>Cash and cash equivalents</b>	165,705	132,984	129,091	167,015	213,687	250,848	265,104	285,468	330,388	279,624	<b>289,175</b>
<b>Short-term investments</b>	23,993	67,873	50,803	6,368	9,830	8,691	20,091	21,964	56,131	43,613	<b>40,505</b>
<b>Marketable securities</b>	17,968	22,405	17,736	827	900	—	1,301	—	—	54	<b>57</b>
<b>Trade receivables:</b>											
<b>Notes</b>	5,309	5,709	5,828	6,678	7,618	6,751	9,311	14,465	40,867	55,162	<b>56,690</b>
<b>Accounts</b>	119,633	165,706	161,105	172,583	183,829	201,411	231,141	213,508	215,783	250,568	<b>252,654</b>
<b>Allowance for doubtful receivables</b>	(2,231)	(2,066)	(1,691)	(1,400)	(1,367)	(1,690)	(2,363)	(1,755)	(1,741)	(1,714)	<b>(1,190)</b>
<b>Net trade receivables</b>	122,711	169,349	165,242	177,861	190,080	206,472	238,089	226,218	254,909	304,016	<b>308,154</b>
<b>Inventories</b>	105,684	105,069	121,679	137,231	137,868	136,387	151,012	157,129	154,499	207,532	<b>226,892</b>
<b>Income tax receivables</b>	13,085	5,916	3,579	5,210	4,975	5,311	4,766	4,660	6,153	6,068	<b>6,775</b>
<b>Prepaid expenses and other current assets</b>	32,011	34,151	38,752	51,309	53,288	45,576	59,878	45,555	64,056	59,029	<b>50,927</b>
<b>Total current assets</b>	481,157	537,747	526,882	545,821	610,628	653,285	740,241	740,994	866,136	899,936	<b>922,485</b>
<b>Investments in securities</b>	35,047	38,324	34,117	35,451	32,213	38,401	45,733	35,335	161,825	155,240	<b>155,306</b>
<b>Property, plant and equipment, at cost:</b>											
<b>Land</b>	27,800	26,213	24,624	23,570	24,174	23,828	23,566	24,422	23,714	23,337	<b>23,146</b>
<b>Buildings</b>	240,454	237,646	221,569	218,633	234,672	239,881	252,103	266,721	299,196	318,899	<b>344,888</b>
<b>Machinery and equipment</b>	624,164	619,885	603,608	636,359	707,877	765,617	828,355	858,126	762,788	834,484	<b>921,639</b>
<b>Construction in progress</b>	23,798	22,591	33,253	44,340	36,708	25,623	64,159	86,183	64,118	82,015	<b>71,592</b>
	916,216	906,335	883,054	922,902	1,003,431	1,054,949	1,168,183	1,235,452	1,149,816	1,258,735	<b>1,361,265</b>
<b>Less accumulated depreciation</b>	(567,571)	(588,130)	(564,651)	(590,577)	(637,530)	(680,917)	(740,929)	(747,813)	(685,149)	(713,094)	<b>(758,155)</b>
<b>Net property, plant and equipment</b>	348,645	318,205	318,403	332,325	365,901	374,032	427,254	487,639	464,667	545,641	<b>603,110</b>
<b>Goodwill</b>	55,198	52,051	48,488	47,313	56,438	63,891	63,230	73,012	61,031	157,858	<b>164,794</b>
<b>Intangible assets</b>	87,938	79,987	69,688	61,262	57,604	54,214	47,776	45,824	51,821	85,531	<b>88,693</b>
<b>Deferred income taxes</b>	75,556	53,716	52,930	38,802	29,674	28,563	24,085	37,776	29,546	31,131	<b>35,238</b>
<b>Other assets</b>	17,495	11,428	10,345	11,855	17,117	27,167	55,934	29,984	29,307	29,872	<b>22,854</b>
<b>Total assets</b>	1,101,036	1,091,458	1,060,853	1,072,829	1,169,575	1,239,553	1,404,253	1,450,564	1,664,333	1,905,209	<b>1,992,480</b>

Notes:

1. TDK adopted Accounting Standards Update ("ASU") 2015-03 "Simplifying the Presentation of Debt Issuance Costs" issued by the Financial Accounting Standards Board ("FASB") after the year ended March 31, 2017. As a result, the bond issuance cost that used to be a part of Other assets is presented as a deduction from Other assets from the year ended March 31, 2013.

## Consolidated Balance Sheets

TDK Corporation and Subsidiaries  
Years ended March 31, 2009 through 2019

(Yen Million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Liabilities and Equity</b>											
<b>Current liabilities:</b>											
<b>Short-term debt</b>	71,049	79,946	98,294	131,168	146,624	132,237	136,098	158,683	77,680	124,573	<b>221,310</b>
<b>Current installments of long-term debt</b>	3,497	10,554	55,968	11,729	51,515	37,147	751	36,228	42,517	64,566	<b>91,276</b>
<b>Trade payables:</b>											
<b>Notes</b>	2,015	2,470	2,541	3,102	15,813	19,643	28,763	40,805	87,157	122,849	<b>92,583</b>
<b>Accounts</b>	48,955	82,518	81,014	84,564	69,202	76,045	82,828	71,859	89,487	103,942	<b>97,309</b>
<b>Accrued expenses</b>	63,314	63,249	72,966	73,271	76,649	86,664	118,336	123,892	148,609	159,618	<b>192,800</b>
<b>Income taxes payables</b>	1,942	3,541	4,545	5,133	4,110	7,922	6,510	5,267	16,650	10,989	<b>3,781</b>
<b>Other current liabilities</b>	8,849	9,099	12,368	16,936	14,022	14,123	14,591	14,500	15,494	16,500	<b>15,261</b>
<b>Total current liabilities</b>	<b>199,621</b>	<b>251,377</b>	<b>327,696</b>	<b>325,903</b>	<b>377,935</b>	<b>373,781</b>	<b>387,877</b>	<b>451,234</b>	<b>477,594</b>	<b>603,037</b>	<b>714,320</b>
<b>Long-term debt, excluding current installments</b>	210,083	179,554	90,707	129,943	97,414	97,587	131,454	140,826	213,935	293,880	<b>207,682</b>
<b>Retirement and severance benefits</b>	98,007	84,304	80,036	88,254	94,521	93,777	105,687	147,136	125,202	125,137	<b>129,050</b>
<b>Deferred income taxes</b>	14,284	11,312	9,511	4,048	4,808	5,202	5,422	9,562	29,786	35,432	<b>38,588</b>
<b>Other noncurrent liabilities</b>	16,000	15,242	13,137	12,635	14,281	16,963	15,806	17,173	15,698	16,491	<b>19,084</b>
<b>Total liabilities</b>	<b>537,995</b>	<b>541,789</b>	<b>521,087</b>	<b>560,783</b>	<b>588,959</b>	<b>587,310</b>	<b>646,246</b>	<b>765,931</b>	<b>862,215</b>	<b>1,073,977</b>	<b>1,108,724</b>
<b>TDK stockholders' equity:</b>											
<b>Common stock</b>	32,641	32,641	32,641	32,641	32,641	32,641	32,641	32,641	32,641	32,641	<b>32,641</b>
<b>Additional paid-in capital</b>	64,257	61,124	61,258	63,927	64,199	57,635	39,755	21,083	15,349	8,738	<b>5,958</b>
<b>Legal reserve</b>	20,772	21,823	21,459	23,803	25,426	26,651	29,685	34,221	37,727	45,366	<b>44,436</b>
<b>Retained earnings</b>	605,622	606,445	643,025	627,861	617,377	624,919	661,159	707,508	833,884	874,563	<b>935,649</b>
<b>Accumulated other comprehensive income (loss)</b>	(162,741)	(172,092)	(217,979)	(230,849)	(159,016)	(87,134)	(5,882)	(102,285)	(108,575)	(119,492)	<b>(124,435)</b>
<b>Treasury stock</b>	(6,333)	(6,185)	(6,131)	(19,224)	(19,458)	(19,385)	(18,497)	(17,807)	(17,412)	(17,182)	<b>(16,959)</b>
<b>Total TDK stockholders' equity</b>	<b>554,218</b>	<b>543,756</b>	<b>534,273</b>	<b>498,159</b>	<b>561,169</b>	<b>635,327</b>	<b>738,861</b>	<b>675,361</b>	<b>793,614</b>	<b>824,634</b>	<b>877,290</b>
<b>Noncontrolling interests</b>	8,823	5,913	5,493	13,887	19,447	16,916	19,146	9,272	8,504	6,598	<b>6,466</b>
<b>Total equity</b>	<b>563,041</b>	<b>549,669</b>	<b>539,766</b>	<b>512,046</b>	<b>580,616</b>	<b>652,243</b>	<b>758,007</b>	<b>684,633</b>	<b>802,118</b>	<b>831,232</b>	<b>883,756</b>
<b>Total liabilities and equity</b>	<b>1,101,036</b>	<b>1,091,458</b>	<b>1,060,853</b>	<b>1,072,829</b>	<b>1,169,575</b>	<b>1,239,553</b>	<b>1,404,253</b>	<b>1,450,564</b>	<b>1,664,333</b>	<b>1,905,209</b>	<b>1,992,480</b>

Notes:

1. TDK adopted Accounting Standards Update ("ASU") 2015-03 "Simplifying the Presentation of Debt Issuance Costs" issued by the Financial Accounting Standards Board ("FASB") after the year ended March 31, 2017. As a result, the bond issuance cost that used to be a part of Long-term debt, excluding current installments is presented as a deduction from Long-term debt, excluding current installments from the year ended March 31, 2013.



## Consolidated Statements of Cash Flows

TDK Corporation and Subsidiaries

Years ended March 31, 2009 through 2019

(Yen Million)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Cash flows from operating activities:</b>											
Net income (loss)	(64,589)	12,882	45,004	(1,701)	4,530	18,234	52,779	66,623	145,560	63,977	<b>82,550</b>
Loss from discontinued operations, net of tax											
Income from continuing operations											
Adjustments to reconcile net income (loss) to net cash provided by operating activities:											
Depreciation and amortization	89,567	83,788	77,594	80,197	77,938	83,109	80,249	83,224	87,491	92,171	<b>106,631</b>
Loss (gain) on sale or disposal of property, plant and equipment	20,309	2,154	1,227	(5,396)	1,203	(1,519)	860	1,105	601	704	<b>2,249</b>
Impairment loss on long-lived assets		4,674	1,513	5,124	1,275	6,149	5,376	533	16,811	1,282	<b>5,112</b>
Deferred income taxes	(23,457)	10,401	(1,710)	2,092	5,110	(1,215)	3,009	2,001	30,723	(1,354)	<b>5,458</b>
Loss (gain) on securities, net	6,449	1,363	109	4,236	714	(2,136)	(1,272)	3,145	(80)	248	<b>(463)</b>
Gain on sale of business to Imation Corp.											
Gain on sale of a part of High-Frequency Devices business									(149,538)	(5,427)	
Gain on sale of a subsidiary			(389)								
Equity in earnings of affiliates, net of cash dividends received			827	650	2,393	(1,424)	(669)	(1,417)	(1,280)	(2,924)	<b>(1,768)</b>
Changes in assets and liabilities:											
Decrease (increase) in trade receivables	55,746	(51,137)	(10,601)	(14,805)	14,487	4,349	4,919	(7,262)	(59,152)	(51,961)	<b>(3,388)</b>
Decrease (increase) in inventories	13,458	(1,947)	(22,782)	(18,075)	13,493	13,011	(4,368)	(10,591)	(21,709)	(49,731)	<b>(22,952)</b>
Increase (decrease) in trade payables	(39,595)	36,029	9,309	4,784	(20,327)	(1,446)	(12,375)	16,460	67,913	53,761	<b>(12,241)</b>
Increase (decrease) in accrued expenses	(8,721)	8,044	6,343	(103)	1,264	3,589	7,892	(509)	12,467	8,410	<b>8,541</b>
Increase (decrease) in income taxes payables, net	(17,272)	8,501	3,731	(977)	(1,081)	2,967	(1,682)	(1,293)	11,097	(6,280)	<b>(7,153)</b>
Increase (decrease) in retirement and severance benefits, net	1,239	6,076	(277)	2,201	(202)	2,053	536	(3,966)	1,646	(1,560)	<b>(2,770)</b>
Other-net	26,055	(2,581)	(8,019)	(2,893)	8,145	1,587	7,596	3,510	17,586	(10,006)	<b>(6,142)</b>
Net cash provided by operating activities	59,189	118,247	101,879	55,334	108,942	127,308	142,850	151,563	160,136	91,310	<b>140,274</b>
<b>Cash flows from investing activities:</b>											
Capital expenditures	(98,425)	(64,370)	(78,638)	(99,653)	(85,606)	(68,606)	(102,525)	(160,674)	(167,631)	(178,612)	<b>(173,592)</b>
Proceeds from sales of tangible and intangible assets	1,351	1,262	1,203	12,029	4,246	5,206	7,698	3,918	21,085	9,083	<b>3,921</b>
Proceeds from sale and maturity of short-term investments	10,707	114,540	162,360	55,951	12,363	21,844	21,828	30,348	38,697	168,256	<b>92,197</b>
Payment for purchase of short-term investments	(33,388)	(159,406)	(151,539)	(12,705)	(14,496)	(20,232)	(30,861)	(27,352)	(73,632)	(156,621)	<b>(87,581)</b>
Proceeds from sale and maturity of securities	4,455	17,505	20,869	19,576	2,335	5,269	707	4,833	523	24,933	<b>435</b>
Payment for purchase of securities	(17,708)	(22,314)	(17,350)	(3,535)	(748)	(1,746)	(248)	(1,112)	(837)	(1,208)	<b>(803)</b>
Acquisitions of assets	(393)		(522)								
Proceeds from sale of business	624	780									
Acquisition of subsidiaries, net of cash acquired	(136,146)			(545)	(5,633)	(922)		(15,165)	(16,819)	(141,499)	<b>(2,548)</b>
Acquisition of affiliates	(153)		(2)								
Acquisition of businesses, net of cash acquired											
Acquisition of minority interests											
Proceeds from sale of a subsidiary			973								
Proceeds from sale of discontinued operations											
Proceeds from sale of a part of High-Frequency Devices business									128,210	30,365	<b>11,462</b>
Other-net	(6,334)	6,040	1,305	(1,016)	(2,617)	3,749	(23,911)	24,619	(707)	(796)	<b>(5,734)</b>
Net cash used in investing activities	(275,410)	(105,963)	(61,341)	(29,898)	(90,156)	(55,438)	(127,312)	(140,585)	(71,111)	(246,099)	<b>(140,179)</b>
<b>Cash flows from financing activities:</b>											
Proceeds from long-term debt	204,906	519	6,340	50,306	40,416	33,747	34,777	22,700	119,275		
Repayment of long-term debt	(2,428)	(28,277)	(49,522)	(56,046)	(37,710)	(51,867)	(37,320)	(1,289)	(52,246)		
Proceeds from debt with maturities longer than three months									2,457	151,096	<b>5,166</b>
Repayment of debt with maturities longer than three months									(1,578)	(64,863)	<b>(68,930)</b>
Net Increase (decrease) in debt with maturities of three months	39,531	7,653	19,616	32,487	12,124	(16,634)	(916)	50,213	(81,942)	48,067	<b>95,824</b>
Dividends paid	(18,056)	(11,609)	(9,035)	(10,321)	(10,070)	(7,554)	(10,069)	(13,864)	(15,132)	(15,138)	<b>(18,948)</b>
Acquisition of noncontrolling interests	(166)	(7,236)	(4)	(1,201)		(13,981)	(24,633)	(28,504)	(8,914)	(8,796)	<b>(3,590)</b>
Other-net	(150)	581	745	(2,296)	(365)	171	2,918	49	327	(278)	<b>(87)</b>
Net cash provided by (used in) financing activities	223,637	(38,369)	(31,860)	12,929	4,395	(56,118)	(35,243)	29,305	(37,753)	110,088	<b>9,435</b>
Net cash provided by (used in) discontinued operations											
Effect of exchange rate changes on cash and cash equivalents	(7,816)	(6,636)	(12,571)	(441)	23,491	21,409	33,961	(19,919)	(6,352)	(6,063)	<b>21</b>
Net increase (decrease) in cash and cash equivalents	(400)	(32,721)	(3,893)	37,924	46,672	37,161	14,256	20,364	44,920	(50,764)	<b>9,551</b>
Cash and cash equivalents, beginning of year	166,105	165,705	132,984	129,091	167,015	213,687	250,848	265,104	285,468	330,388	<b>279,624</b>
Cash and cash equivalents, end of year	165,705	132,984	129,091	167,015	213,687	250,848	265,104	285,468	330,388	279,624	<b>289,175</b>

Notes:

1. As a result of the reclassification of Cash flows from financing activities in the year ended March 31, 2019, the figures for the years ended March 31, 2017 and 2018 are also reclassified from "Proceeds from long-term debt," "Repayment of long-term debt," and "Increase (decrease) in short-term debt, net" to "Proceeds from debt with maturities longer than three months," "Repayment of debt with maturities longer than three months," and "Net Increase (decrease) in debt with maturities of three months."



## Segment Information (1)

TDK Corporation and Subsidiaries  
Years ended March 31, 2009 through 2019

(Yen Million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total</b>											
<b>Sales</b>	727,400	792,624	862,492	802,534	841,847	984,525	1,082,560	1,152,255	1,178,257	1,271,747	<b>1,381,806</b>
<b>Operating income (loss)</b>	(54,305)	29,443	67,864	20,539	22,054	36,616	72,459	93,414	208,660	89,692	<b>107,823</b>
<b>Assets</b>	1,101,036	1,091,458	1,060,853	1,072,829	1,169,575	1,239,553	1,404,253	1,450,564	1,664,333	1,905,209	<b>1,992,480</b>
<b>Sales by Sector</b>											
<b>Electronic materials</b>	145,111										
Share to net sales (%)	20.0										
<b>Electronic devices</b>	166,164										
Share to net sales (%)	22.8										
<b>Recording devices</b>	247,233										
Share to net sales (%)	34.0										
<b>Others</b>	168,892										
Share to net sales (%)	23.2										
<b>Sales by Segment*<sup>1</sup></b>											
<b>Passive Components</b>	286,489	364,805	431,111								
Share to net sales (%)	39.4	46.0	50.0								
<b>Magnetic Application Products</b>	370,332	371,170	359,030								
Share to net sales (%)	50.9	46.8	41.6								
<b>Other</b>	70,579	56,649	72,351								
Share to net sales (%)	9.7	7.1	8.4								
<b>Sales by Segment*<sup>2</sup></b>											
<b>Passive Components</b>		361,096	425,532	381,576	379,614	466,130	531,998	583,474	548,730		
Share to net sales (%)		45.6	49.3	47.5	45.1	47.3	49.1	50.6	46.6		
<b>Magnetic Application Products</b>		368,235	356,473	316,402	337,947	357,018	363,347	315,322	349,698		
Share to net sales (%)		46.5	41.3	39.4	40.1	36.3	33.6	27.4	29.7		
<b>Film Application Products</b>		40,168	49,146	80,764	102,893	129,304	151,275	219,893	247,693		
Share to net sales (%)		5.1	5.7	10.1	12.2	13.1	14.0	19.1	21.0		
<b>Other</b>		23,125	31,341	23,792	21,393	32,073	35,940	33,566	32,136		
Share to net sales (%)		2.9	3.6	3.0	2.6	3.3	3.3	2.9	2.7		
<b>Sales by Segment*<sup>3</sup></b>											
<b>Passive Components</b>									528,225	437,639	
Share to net sales (%)									44.8	34.4	
<b>Sensor Application Products</b>									42,850	77,578	
Share to net sales (%)									3.7	6.1	
<b>Magnetic Application Products</b>									329,850	333,235	
Share to net sales (%)									28.0	26.2	
<b>Film Application Products</b>									247,693	370,953	
Share to net sales (%)									21.0	29.2	
<b>Other</b>									29,639	52,342	
Share to net sales (%)									2.5	4.1	
<b>Sales by Segment*<sup>4</sup></b>											
<b>Passive Components</b>										417,757	<b>433,406</b>
Share to net sales (%)										32.9	<b>31.4</b>
<b>Sensor Application Products</b>										77,355	<b>76,467</b>
Share to net sales (%)										6.1	<b>5.5</b>
<b>Magnetic Application Products</b>										277,548	<b>272,807</b>
Share to net sales (%)										21.8	<b>19.7</b>
<b>Energy Application Products</b>										442,822	<b>537,502</b>
Share to net sales (%)										34.8	<b>38.9</b>
<b>Other</b>										56,265	<b>61,624</b>
Share to net sales (%)										4.4	<b>4.5</b>

\*1. From the year ended March 31, 2010, the business result is disclosed with the new business segments of "Passive Components," "Magnetic Application Products," and "Other."

\*2. From the year ended March 31, 2012, the business result is disclosed with the new business segments of "Passive Components," "Magnetic Application Products," "Film Application Products," and "Other."

\*3. From the year ended March 31, 2018, the business result is disclosed with the new business segments of "Passive Components," "Sensor Application Products," "Magnetic Application Products," "Film Application Products," and "Other."

\*4. From the year ended March 31, 2019, the business result is disclosed with the new business segments of "Passive Components," "Sensor Application Products," "Magnetic Application Products," "Energy Application Products," and "Other."

### Notes:

- In accordance with the provisions of ASC No.205-20, "Presentation of Financial Statements-Discontinued Operations", operating results relating to the data tape business and the blu-ray business are separately presented as discontinued operations in consolidated statements of operations for the year ended March 31, 2014. Also reclassifications are made to the consolidated statements of operations after the year ended March 31, 2010 to conform to the presentation used for the year ended March 31, 2014.
- As a result of the reorganization in the year ended March 31, 2016, certain products of the Passive Components segment and the Magnetic Application Products segment were reclassified into Other for the figures for the years ended March 31, 2014 and 2015.
- As a result of the reorganization in the year ended March 31, 2017, 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 figures for the years ended March 31, 2016 were also reclassified to conform to the new segmentation.
- TDK adopted Accounting Standards Update ("ASU") 2015-03 "Simplifying the Presentation of Debt Issuance Costs" issued by the Financial Accounting Standards Board ("FASB") after the year ended March 31, 2017. As a result, the bond issuance cost that used to be a part of Total assets is presented as a deduction from Total assets from the year ended March 31, 2013.
- As a result of the reorganization in the year ended March 31, 2018, Sensor Application Products was newly established. Certain products of Other were reclassified into Passive Components and certain products of Magnetic Application Products were reclassified into Other. The figures for the years ended March 31, 2017 were also reclassified to conform to the new segmentation.
- As a result of the reorganization in the year ended March 31, 2019, Energy Application Products was newly established. Certain products of Other Passive Components in Passive Components were reclassified into Other, and certain products of Other were reclassified into Other Passive Components in Passive Components, and certain portion of Sensor Application Products were reclassified into Other. The figures for the year ended March 31, 2018 were also reclassified to conform to the new segmentation.

## Segment Information (2)

FY March 2018 (Yen Million)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	Q3 (Oct.-Dec.)	Q4 (Jan.-Mar.)
<b>Sales</b>				
Passive Components	96,720	105,822	109,267	105,948
Sensor Application Products	16,317	20,162	21,591	19,285
Magnetic Application Products	66,381	71,773	72,531	66,863
Energy Application Products	95,316	122,168	124,966	100,372
Other	14,792	14,120	12,771	14,582
	<b>289,526</b>	<b>334,045</b>	<b>341,126</b>	<b>307,050</b>

FY March 2019 (Yen Million)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	Q3 (Oct.-Dec.)	Q4 (Jan.-Mar.)
<b>Sales</b>				
Passive Components	112,722	112,100	106,702	101,882
Sensor Application Products	18,869	20,608	19,701	17,289
Magnetic Application Products	70,476	75,390	66,410	60,531
Energy Application Products	125,587	154,761	145,372	111,782
Other	15,414	16,013	12,618	17,579
	<b>343,068</b>	<b>378,872</b>	<b>350,803</b>	<b>309,063</b>

### Notes:

1. As a result of the reorganization in the year ended March 31, 2019, Energy Application Products was newly established. Certain products of Other Passive Components in Passive Components were reclassified into Other, and certain products of Other were reclassified into Other Passive Components in Passive Components, and certain portion of Sensor Application Products were reclassified into Other. The figures for the year ended March 31, 2018 were also reclassified to conform to the new segmentation.