

**Consolidated Results for  
3Q of FY March 2017  
Consolidated Full Year Projections  
for FY March 2017**

**Tetsuji Yamanishi  
Corporate Officer**

## Key points concerning earnings for 3Q of FY March 2017

◆ **Net sales and operating income both achieved new records on a quarterly basis.**

Net sales rose 7.7% and operating income rose 7.3% year on year.

The passive components segment and the film application products segment both posted higher net sales and operating income year on year due to an expansion of sales of high-frequency components and rechargeable batteries.

◆ **The HDD market is performing stronger than initially forecast.**

The magnetic application products segment secured earnings mostly unchanged year on year.

\*HDD market forecast (TDK estimate): initial forecast 400 million units

→ previous forecast 410 million units → current forecast 420 million units

◆ **Based on expectations of the closing of the agreement to establish a joint venture and expand collaboration with Qualcomm, TDK has reflected the impact in its full-year projections for operating results.**

TDK has upwardly revised its full-year projections for consolidated operating results based on the recording of a gain on transfer in the fourth quarter.

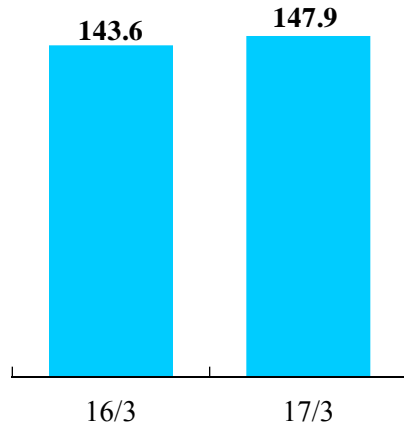
## Consolidated Results for 3Q of FY March 2017

(Yen billions)	FY March 2016 3Q Results	FY March 2017 3Q Results	Change	
			Yen billions	%
Net Sales	301.7	<b>324.8</b>	23.1	7.7
Operating Income	30.3	<b>32.5</b>	2.2	7.3
Operating Income Margin	10.0%	<b>10.0%</b>	+0.0pt	-
Income before Income Taxes	29.9	<b>32.1</b>	2.2	7.4
Net Income	24.9	<b>24.4</b>	(0.5)	-2.0
Earning Per Share (JPY)	197.83	<b>193.52</b>	-	-
Ex-rate	US\$ (JPY)	121.41	<b>109.19</b>	Appreciated by 10.1%
	EURO (JPY)	133.05	<b>117.74</b>	Appreciated by 11.5%
Ex-rate impact to Net sales & Operating Income	Net sales : Decreased by about 37.3 billion Yen Operating income : Decreased by about 7.6 billion Yen			

# 3Q Results - Passive Components Segment

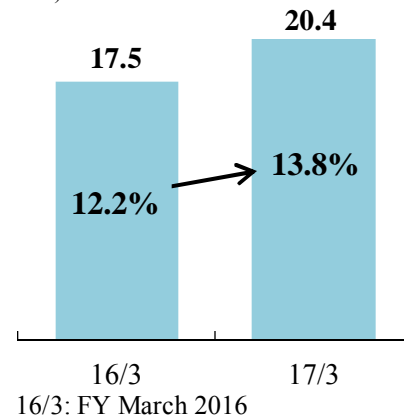
## Net Sales

(Yen billions)



## Operating Income (OP margin)

(Yen billions)



16/3: FY March 2016

**Net Sales 147.9 billion yen** (up 3.0% year on year)

**Operating Income 20.4 billion yen** (up 16.6% year on year)

### ◆ Ceramic Capacitors

- Sales decreased year on year.
- Sales to the automobile market increased, while sales to the ICT markets decreased.

### ◆ Inductive Devices

- Sales decreased year on year.
- Sales to the automobile market increased, while sales to the ICT market decreased.

### ◆ High-frequency Components

- Sales increased year on year.
- Sales of discrete products and diversity modules increased.
- Operating income margin also increased year on year.

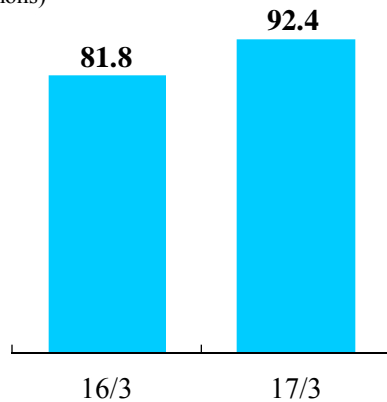
### ◆ Piezoelectric Material Products

- Sales decreased slightly year on year.
- Sales for camera module actuators for Chinese smartphone remained strong.

# 3Q Results - Magnetic Application Products Segment

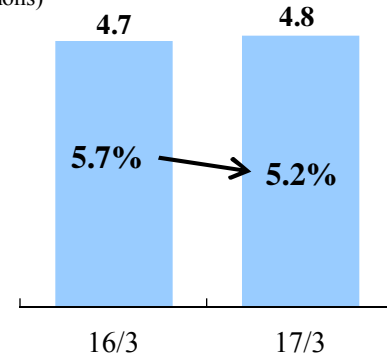
## Net Sales

(Yen billions)



## Operating Income (OP margin)

(Yen billions)



16/3: FY March 2016

**Net Sales 92.4 billion yen** (up 13.0% year on year)

**Operating income 4.8 billion yen** (up 2.1% year on year)

### ◆ HDD Heads

- Sales increased year on year.
- HDD head sales were stronger than initially projected, despite the sluggish HDD market.

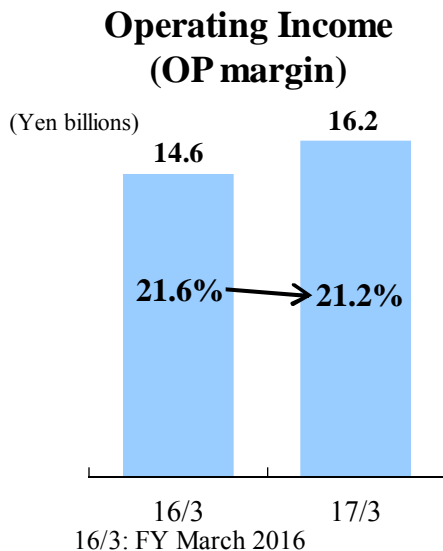
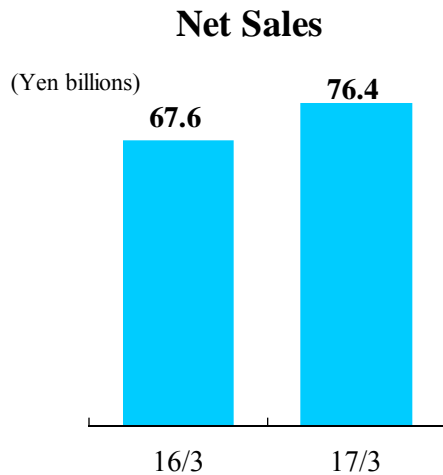
### ◆ Magnets

- Sales decreased year on year.
- Sales to the HDD market decreased.

### ◆ Power Supplies

- Sales decreased year on year.
- Sales to the industrial equipment market decreased.

# 3Q Results - Film Application Products Segment



**Net sales 76.4 billion yen** (up 13.0% year on year)

**Operating income 16.2 billion yen** (up 11.0% year on year)

## ◆ Energy Devices (Rechargeable Batteries)

- Sales increased year on year.
- Sales for smartphones increased significantly.
- Sales for new applications other than smartphones were also strong.
- Maintained same level of high profit margins as in the same period of the previous fiscal year.

# Quarterly Results by Segment

(Yen billions)		3Q of FY March 2016 (A)	2Q of FY March 2017 (B)	3Q of FY March 2017 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	36.4	33.7	<b>33.6</b>	(2.8)	-7.7	(0.1)	-0.3
	Inductive Devices	38.9	35.5	<b>36.6</b>	(2.3)	-5.9	1.1	3.1
	Other Passive Components	68.2	74.8	<b>77.7</b>	9.5	13.9	2.9	3.9
	<b>Passive Components</b>	<b>143.6</b>	<b>144.0</b>	<b>147.9</b>	4.3	3.0	3.9	2.7
	Recording Devices	58.5	62.3	<b>70.7</b>	12.2	20.9	8.4	13.5
	Other Magnetic Application Products	23.3	21.6	<b>21.6</b>	(1.7)	-7.3	0.0	0.0
	<b>Magnetic Application Products</b>	<b>81.8</b>	<b>83.9</b>	<b>92.4</b>	10.6	13.0	8.5	10.1
	<b>Film Application Products</b>	<b>67.6</b>	<b>65.2</b>	<b>76.4</b>	8.8	13.0	11.2	17.2
	<b>Other</b>	<b>8.7</b>	<b>7.3</b>	<b>8.1</b>	(0.6)	-6.9	0.8	11.0
	<b>Total</b>	<b>301.7</b>	<b>300.4</b>	<b>324.8</b>	23.1	7.7	24.4	8.1
Operating Income	<b>Passive Components</b>	17.5	20.7	<b>20.4</b>	2.9	16.6	(0.3)	-1.4
	<b>Magnetic Application Products</b>	4.7	2.4	<b>4.8</b>	0.1	2.1	2.4	100.0
	<b>Film Application Products</b>	14.6	13.0	<b>16.2</b>	1.6	11.0	3.2	24.6
	<b>Other</b>	(0.1)	(2.0)	<b>(1.6)</b>	(1.5)	-	0.4	-
	<b>Sub total</b>	36.7	34.1	<b>39.8</b>	3.1	8.4	5.7	16.7
	<b>Corporate and Eliminations</b>	(6.4)	(6.3)	<b>(7.3)</b>	(0.9)	-	(1.0)	-
	<b>Total</b>	<b>30.3</b>	<b>27.8</b>	<b>32.5</b>	2.2	7.3	4.7	16.9
<b>Operating Income margin</b>		10.0%	9.3%	<b>10.0%</b>	+0.0pt	-	+0.7pt	-
Ex-rate	<b>US\$ (Yen)</b>	121.41	102.47	<b>109.19</b>				
	<b>EURO (Yen)</b>	133.05	114.36	<b>117.74</b>				

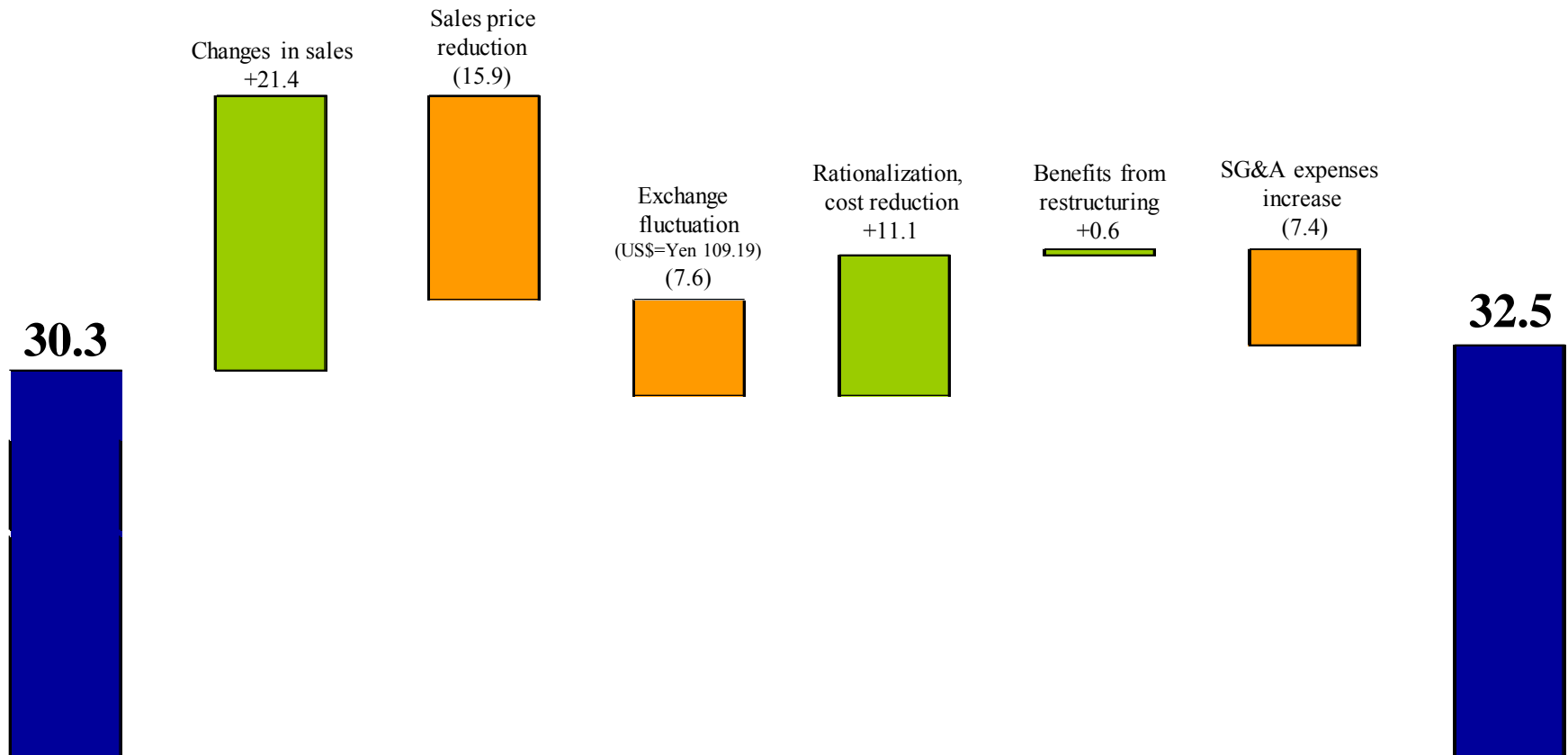
# Breakdown of Operating Income Changes

3Q of  
FY March 2016  
30.3 billion yen

**Operating Income +2.2 billion yen**

3Q of  
FY March 2017  
32.5 billion yen

(Yen billions)





## Consolidated Results through 3Q of FY March 2017

	(Yen billions)	FY March 2016 Results through 3Q (2015.4.1~2015.12.31)	FY March 2017 Results through 3Q (2016.4.1~2016.12.31)	Change	
				Yen billions	%
Net Sales		889.3	<b>904.0</b>	14.7	1.7
Operating Income		75.9	<b>76.8</b>	0.9	1.2
Operating Income Margin		8.5%	<b>8.5%</b>	+0.0 pt	-
Income before Income Taxes		73.9	<b>76.4</b>	2.5	3.4
Net Income		56.4	<b>57.1</b>	0.7	1.2
Earning Per Share (JPY)		447.54	<b>452.53</b>	-	-
Ex-rate	US\$ (JPY)	121.67	<b>106.67</b>	Appreciated by 12.3%	
	EURO (JPY)	134.42	<b>118.15</b>	Appreciated by 12.1%	
Ex-rate impact to Net sales & Operating Income		Net sales : Decreased by about 123.0 billion Yen Operating income : Decreased by about 25.7 billion Yen			

# FY March 2017 Full Year / Dividend Projections

	FY March 2016 Full Year Results (Yen billions)	FY March 2017 Full Year Projections (announced Apr. 28, 2016)	FY March 2017 Full Year Projections (announced Oct. 31, 2016)	FY March 2017 Full Year Projections (announced Jan. 31, 2017)	YoY Change	
					Yen billions	%
Net Sales	1,152.3	1,160.0	1,140.0	<b>1,150.0</b>	(2.3)	-0.2
Operating Income	93.4	74.0	76.0	<b>213.0</b>	119.6	128.1
Operating Income Margin	8.1%	6.4%	6.7%	<b>18.5%</b>	+10.4 pt	-
Income before income taxes	91.8	73.0	75.0	<b>212.0</b>	120.2	130.9
Net Income	64.8	50.0	52.0	<b>145.0</b>	80.2	123.8
Earning Per Share (JPY)	514.23	396.44	412.19	<b>1,149.34</b>	-	-
Dividends (JPY)	1st half : 60 2nd half : 60 Annual: 120	1st half : 60 2nd half : 60 Annual : 120	1st half : 60 2nd half : 60 Annual : 120	<b>1st half : 60 2nd half : 60 Annual : 120</b>	-	-
Ex-rate	US\$ (JPY)	120.13	110.00	100.00 (Second half)	<b>110.00 (4Q)</b>	-
	EURO (JPY)	132.67	125.00	110.00 (Second half)	<b>118.00 (4Q)</b>	-
Capital Expenditure	160.7	200.0	190.0	<b>190.0</b>	29.3	18.2
Depreciation and amortization	83.2	95.0	90.0	<b>90.0</b>	6.8	8.2
Research and development	84.9	90.0	90.0	<b>90.0</b>	5.1	6.0

## Cautionary Statements with Respect to Forward-Looking Statements

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