

Attracting Tomorrow



**Performance Briefing  
Fiscal Year March, 2017**

**TDK Corporation  
May 11, 2017**

◆ **Consolidated Results for FY March 2017**

Tetsuji Yamanishi, Corporate Officer

◆ **Consolidated Full Year Projections for FY March 2018**

Tetsuji Yamanishi, Corporate Officer

# Consolidated Results for FY March 2017

**Tetsuji Yamanishi**  
**Corporate Officer**

## ◆ **Net sales and operating income both achieved new records on a full year basis.**

- Net sales rose 2.3% year on year. Operating income rose 123.4% year on year, reflecting the recording of a gain on transfer.
- High-frequency components and rechargeable batteries generated higher earnings, absorbing the impact of the yen's appreciation, thereby driving overall earnings.
- Rechargeable batteries achieved new records on a full year basis in terms of both net sales and operating income.

## ◆ **The HDD market performed stronger than initially forecast.**

- HDD market forecast (TDK estimate):  
initial forecast 400 million units → actual 420 million units

## ◆ **TDK executed a bold transformation of its business portfolio.**

- TDK closed an agreement to establish a joint venture and expand collaboration with Qualcomm.
- TDK undertook new M&A initiatives in line with its growth strategy, executing measures to boldly transform its business portfolio.
- TDK executed structural reforms to strengthen its earnings structure, by accelerating the transformation of the profit structure of existing businesses.

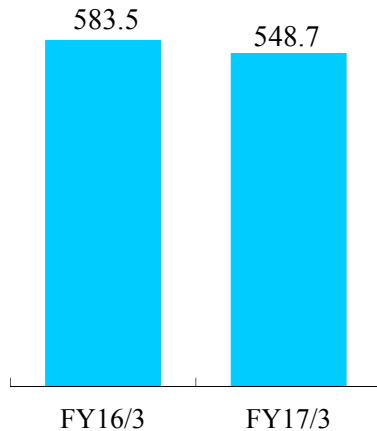
# Consolidated Full Year Results for FY March 2017



(Yen billions)		FY March 2016 Full Year Results	FY March 2017 Full Year Results	Change	
				Yen billions	%
Net sales		1,152.3	<b>1,178.3</b>	26.0	2.3
Operating income		93.4	<b>208.7</b>	115.3	123.4
Operating income margin		8.1%	<b>17.7%</b>		-
Income before Income Taxes		91.8	<b>211.7</b>	119.9	130.6
Net income		64.8	<b>145.1</b>	80.3	123.9
Earning per share (JPY)		514.23	<b>1,150.16</b>	-	-
Ex-rate	US\$ (JPY)	120.13	<b>108.46</b>	Appreciated by 9.7%	
	EURO (JPY)	132.67	<b>118.92</b>	Appreciated by 10.4%	
Ex-rate impact to Net sales & Operating income		Net sales : Decreased by about 129.1 billion Yen Operating income : Decreased by about 26.7 billion Yen			

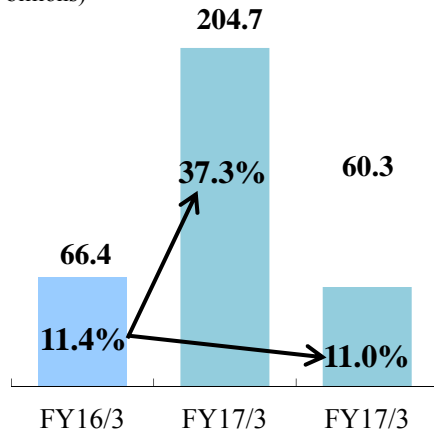
## Net Sales

(Yen billions)



## Operating Income (OP margin)

(Yen billions)



\*Excluding the gain on sale

**Net Sales 548.7 billion yen** (down 6.0% year on year)

**Operating Income 204.7 billion yen** (up 208.3% year on year)

\*Operating income excluding the gain on sale was 60.3 billion yen (down 9.2% year on year).

### ◆ Ceramic Capacitors

- Sales decreased year on year.
- Sales to the automotive market increased, while sales to the ICT and the industrial equipment markets decreased.

### ◆ Inductive Devices

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

### ◆ High-frequency Components

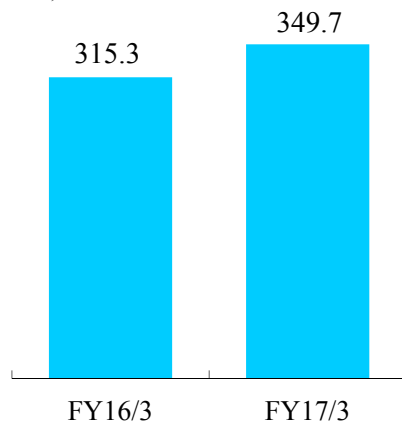
- Most products were transferred to RF360 Holdings Singapore PTE. Ltd., a joint venture established with Qualcomm. (Completed on February 3, 2017)
- Sales decreased year on year, due to lower sales of Wi-Fi modules and the impact of product transfers, despite higher sales of discrete products and diversity modules.
- Operating income margin increased year on year.

### ◆ Piezoelectric Material Products

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

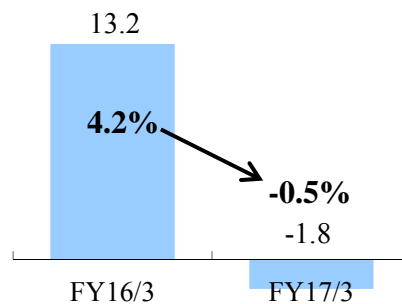
## Net Sales

(Yen billions)



## Operating Income (OP margin)

(Yen billions)



**Net Sales 349.7 billion yen** (up 10.9% year on year)

**Operating income -1.8 billion yen** (—% year on year)

### ◆ HDD Heads

- Sales increased year on year.
- HDD head sales were stronger than initially projected.

### ◆ Magnetic Sensors

- Sales of the magnetic sensors of Micronas Semiconductor Holding AG trended firmly in the automotive market. TDK completed the acquisition of Micronas in 4Q of FY March 2016.

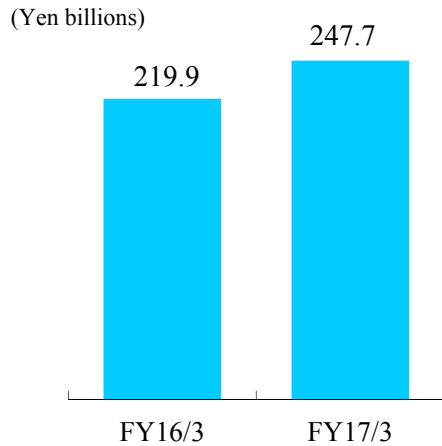
### ◆ Magnets

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

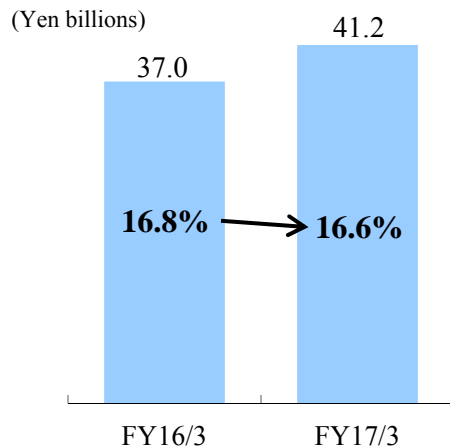
### ◆ Power Supplies

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

## Net Sales



## Operating Income (OP margin)



**Net sales 247.7 billion yen** (up 12.6% year on year)

**Operating income 41.2 billion yen** (up 11.4% year on year)

### ◆ Energy Devices (Rechargeable Batteries)

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



# FY March 2017 Results by Segment



		FY March 2016 Full Year Results		FY March 2017 Full Year Results		Change	
		Yen billion	%	Yen billion	%	Yen billion	%
Net Sales	Capacitors	150.4	13.1	<b>136.8</b>	11.6	(13.6)	-9.0
	Inductive devices	155.1	13.5	<b>145.3</b>	12.3	(9.8)	-6.3
	Other Passive Components	278.0	24.1	<b>266.6</b>	22.6	(11.4)	-4.1
	Passive Components	583.5	50.6	<b>548.7</b>	46.6	(34.8)	-6.0
	Recording devices	219.8	19.1	<b>262.1</b>	22.2	42.3	19.2
	Other Magnetic Application Products	95.5	8.3	<b>87.6</b>	7.4	(7.9)	-8.3
	Magnetic Application Products	315.3	27.4	<b>349.7</b>	29.7	34.4	10.9
	Film Application Products	219.9	19.1	<b>247.7</b>	21.0	27.8	12.6
	Other	33.6	2.9	<b>32.1</b>	2.7	(1.5)	-4.5
	<b>Total</b>	<b>1,152.3</b>	<b>100.0</b>	<b>1,178.3</b>	<b>100.0</b>	<b>26.0</b>	<b>2.3</b>
Operating Income	Passive Components	66.4	11.4	<b>204.7</b>	37.3	138.3	208.3
	Magnetic Application Products	13.2	4.2	<b>(1.8)</b>	-0.5	(15.0)	-
	Film Application Products	37.0	16.8	<b>41.2</b>	16.6	4.2	11.4
	Other	1.2	3.6	<b>(6.7)</b>	-20.9	(7.9)	-
	Sub total	117.8	10.2	<b>237.4</b>	20.1	119.6	101.5
	Corporate and eliminations	(24.4)	-	<b>(28.8)</b>	-	(4.4)	-
<b>Total</b>	<b>93.4</b>	<b>8.1</b>	<b>208.7</b>	<b>17.7</b>	<b>115.3</b>	<b>123.4</b>	

# Breakdown of Operating Income Changes

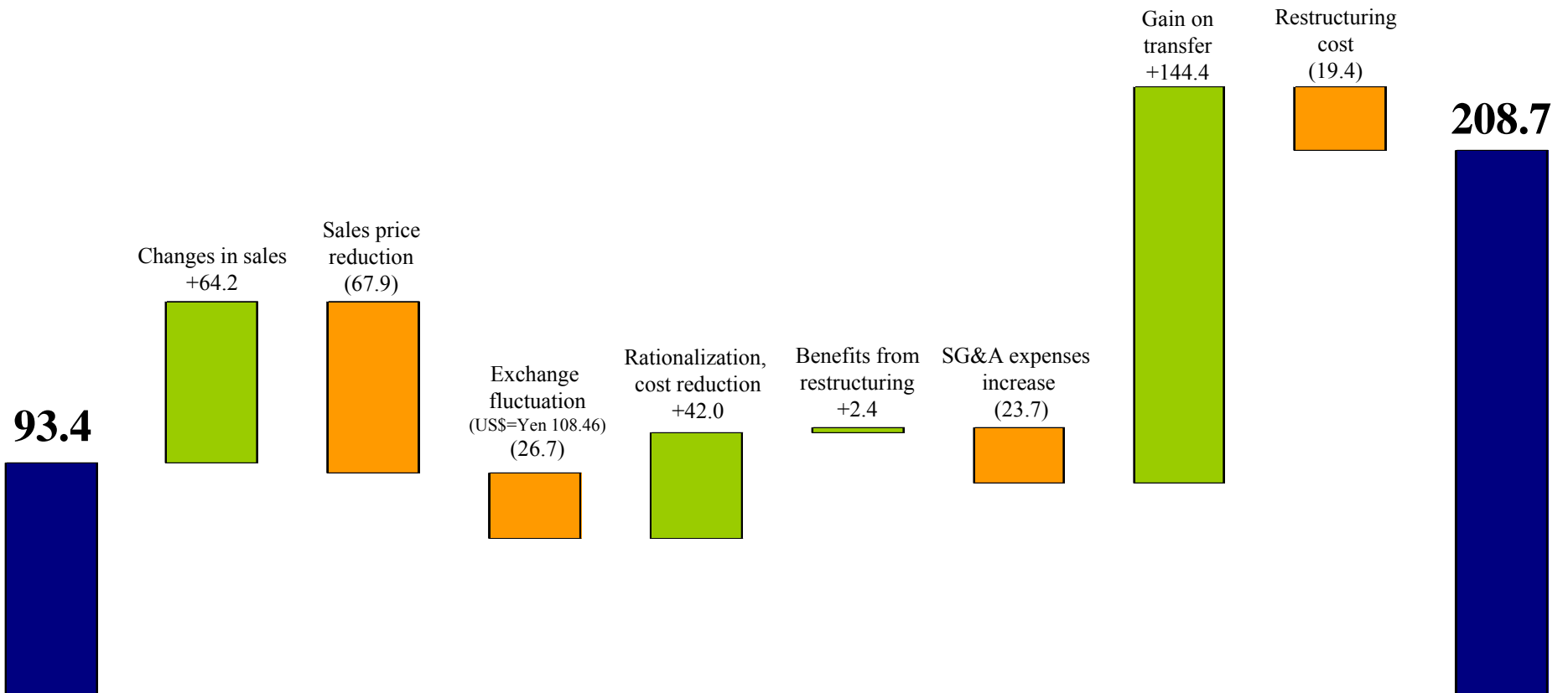


FY March 2016  
93.4 billion yen

**Operating Income +115.3 billion yen**

FY March 2017  
208.7 billion yen

(Yen billions)



# FY March 2017 Quarterly Results by Segment



(Yen billions)		4Q of FY March 2016 (A)	3Q of FY March 2017 (B)	4Q of FY March 2017 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	35.4	33.6	<b>35.0</b>	(0.4)	-1.1	1.4	4.2
	Inductive Devices	36.3	36.6	<b>37.6</b>	1.3	3.6	1.0	2.7
	Other Passive Components	65.8	77.7	<b>46.5</b>	(19.3)	-29.3	(31.2)	-40.2
	<b>Passive Components</b>	<b>137.4</b>	<b>147.9</b>	<b>119.1</b>	(18.3)	-13.3	(28.8)	-19.5
	Recording Devices	46.0	70.7	<b>68.1</b>	22.1	48.0	(2.6)	-3.7
	Other Magnetic Application Products	22.9	21.6	<b>22.9</b>	0.0	0.0	1.3	6.0
	<b>Magnetic Application Products</b>	<b>68.9</b>	<b>92.4</b>	<b>91.0</b>	22.1	32.1	(1.4)	-1.5
	<b>Film Application Products</b>	<b>46.1</b>	<b>76.4</b>	<b>54.4</b>	8.3	18.0	(22.0)	-28.8
	<b>Other</b>	<b>10.5</b>	<b>8.1</b>	<b>9.8</b>	(0.7)	-6.7	1.7	21.0
	<b>Total</b>	<b>262.9</b>	<b>324.8</b>	<b>274.3</b>	11.4	4.3	(50.5)	-15.5
Operating Income	<b>Passive Components</b>	16.5	20.4	<b>147.6</b>	131.1	794.5	127.2	623.5
	<b>Magnetic Application Products</b>	0.2	4.8	<b>(10.8)</b>	(11.0)	-	(15.6)	-
	<b>Film Application Products</b>	5.6	16.2	<b>5.0</b>	(0.6)	-10.7	(11.2)	-69.1
	<b>Other</b>	1.2	(1.6)	<b>(1.7)</b>	(2.9)	-	(0.1)	-
	<b>Sub total</b>	23.5	39.8	<b>140.1</b>	116.6	496.2	100.3	252.0
	<b>Corporate and Eliminations</b>	(6.0)	(7.3)	<b>(8.2)</b>	(2.2)	-	(0.9)	-
	<b>Total</b>	<b>17.5</b>	<b>32.5</b>	<b>131.8</b>	114.3	-	99.3	305.5
Operating Income margin		6.7%	10.0%	<b>48.0%</b>	41.3pt	-	38.0pt	-
Ex-rate	US\$ (JPY)	115.46	109.19	<b>113.85</b>				
	EURO (JPY)	127.37	117.74	<b>121.25</b>				

# **Consolidated Full Year Projections for FY March 2018**

**Tetsuji Yamanishi**  
**Corporate Officer**

# FY March 2018 Full Year / Dividend Projections



		FY March 2017 Full Year Results	FY March 2018 Full Year Projections	YoY Change	
				Yen billions	%
(Yen billions)					
Net sales		1,178.3	<b>1,110.0</b>	(68.3)	-5.8
Operating income		208.7	<b>80.0</b>	(128.7)	-61.7
Operating income margin		17.7%	<b>7.2%</b>	-10.5 pt	-
Income before income taxes		211.7	<b>79.0</b>	(132.7)	-62.7
Net income		145.1	<b>55.0</b>	(90.1)	-62.1
Earning per share (JPY)		1,150.16	<b>435.82</b>	-	-
Dividends (JPY)		1st half : 60 2nd half : 60 Annual: 120	<b>1st half : 60 2nd half : 70 Annual : 130</b>	-	-
Ex-rate	US\$ (JPY)	108.46	<b>108.00</b>	-	-
	EURO (JPY)	118.92	<b>118.00</b>	-	-
Capital expenditure		167.6	<b>160.0</b>	(7.6)	-4.5
Depreciation and amortization		87.5	<b>88.0</b>	0.5	0.6
Research and development		91.3	<b>86.0</b>	(5.3)	-5.8

# About the Change of Reporting Segment

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

## Current reporting segments

Passive  
Components

Magnetic  
Application  
Products

Film  
Application  
Products

+

Other

## New reporting segments

Passive  
Components

Sensor  
Application  
Products

Magnetic  
Application  
Products

Film  
Application  
Products

+

Other

- Temperature, pressure sensors (Passive Components)
- Magnetic sensors (Magnetic Application Components)
- MEMS microphone (Other)

# Projections for FY March 2018 - Image of Changes in Sales

(Yen billions)

Segment	FY March 2017 Full Year Results	FY March 2018 Full Year Projections (YoY Change)
Passive Components	528.3	-17~-20%
Sensor Application Products	42.9	+27~+30%
Magnetic Application Products	329.7	-6~-9%
Film Application Products	247.7	+8~+11%
Other	29.6	—
<b>Total</b>	<b>1,178.3</b>	<b>1,110.0</b>

Forex assumptions

US\$(JPY)  
EURO(JPY)

108.46  
118.92

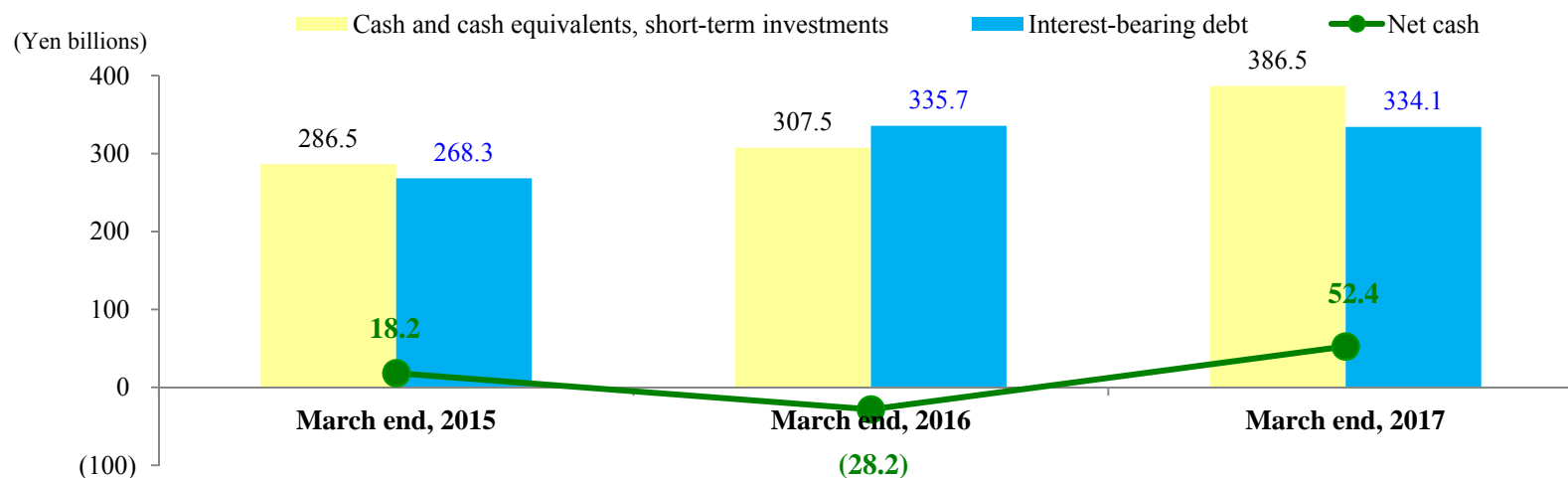
108.00  
118.00

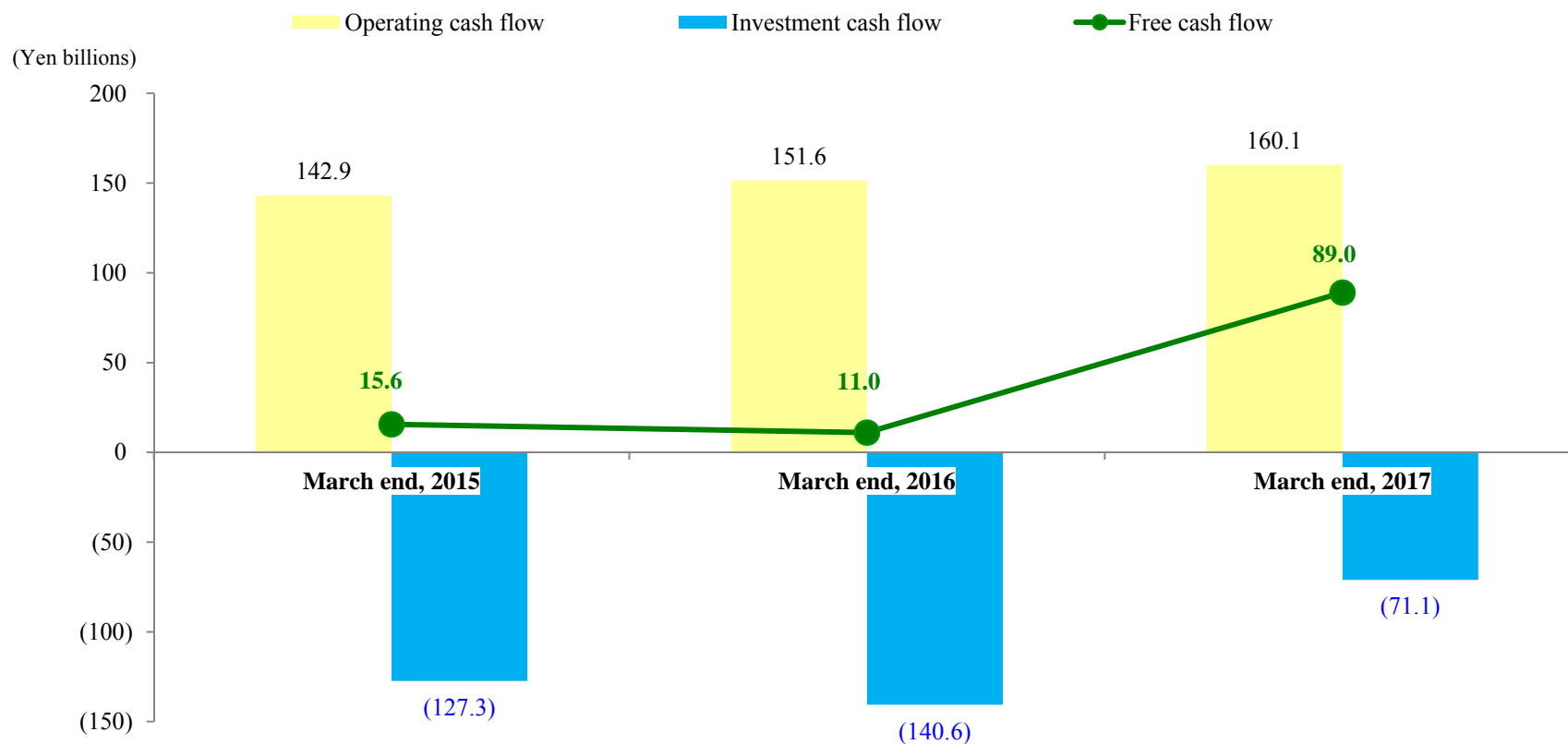
# Supplementary Data



# Financial Position

(Yen billions)	March end, 2015	March end, 2016	March end, 2017	Change 2016-2017
Total Assets	1,404.3	1,450.6	1,664.3	213.7
Total Liabilities	646.3	765.9	862.2	96.3
Stockholder's Equity	738.9	675.4	793.6	118.2
(comprehensive income)	(5.9)	(102.3)	(108.6)	(6.3)
Stockholder's Equity Ratio	52.6%	46.6%	47.7%	1.1pt
Cash and Cash Equivalents, Short-term Investments	286.5	307.5	386.5	79.0
Interest-bearing Debt	268.3	335.7	334.1	(1.6)
Net Cash	18.2	(28.2)	52.4	80.6





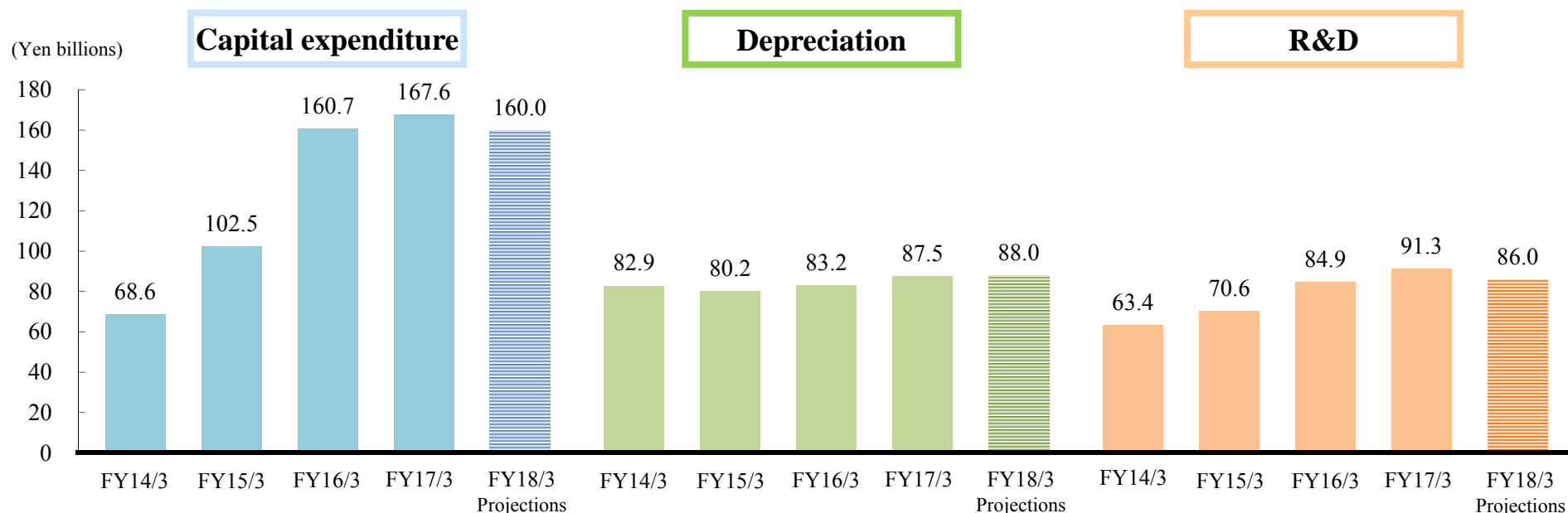
(Yen billions)	March end, 2015	March end, 2016	March end, 2017	Change 2016-2017
Capital Expenditures	102.5	160.7	167.6	6.9
Depreciation and Amortization	80.2	83.2	87.5	4.3

# Quarterly Sales and Operating Income by Segment



		(Yen billions)	FY March 2016					FY March 2017				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	Capacitors	39.1	39.5	36.4	35.4	150.4	34.4	33.7	33.6	35.0	136.8	
	Inductive Devices	39.7	40.2	38.9	36.3	155.1	35.7	35.5	36.6	37.6	145.3	
	Other Passive Components	71.4	72.6	68.2	65.8	278.0	67.6	74.8	77.7	46.5	266.6	
	<b>Passive Components</b>	<b>150.3</b>	<b>152.2</b>	<b>143.6</b>	<b>137.4</b>	<b>583.5</b>	<b>137.7</b>	<b>144.0</b>	<b>147.9</b>	<b>119.1</b>	<b>548.7</b>	
	Recording Devices	54.6	60.7	58.5	46.0	219.8	61.0	62.3	70.7	68.1	262.1	
	Other Magnetic Application Products	24.8	24.6	23.3	22.9	95.5	21.4	21.6	21.6	22.9	87.6	
	<b>Magnetic Application Products</b>	<b>79.4</b>	<b>85.3</b>	<b>81.8</b>	<b>68.9</b>	<b>315.3</b>	<b>82.4</b>	<b>83.9</b>	<b>92.4</b>	<b>91.0</b>	<b>349.7</b>	
	<b>Film Application Products</b>	<b>42.9</b>	<b>63.3</b>	<b>67.6</b>	<b>46.1</b>	<b>219.9</b>	<b>51.8</b>	<b>65.2</b>	<b>76.4</b>	<b>54.4</b>	<b>247.7</b>	
<b>Other</b>	<b>7.0</b>	<b>7.3</b>	<b>8.7</b>	<b>10.5</b>	<b>33.6</b>	<b>6.9</b>	<b>7.3</b>	<b>8.1</b>	<b>9.8</b>	<b>32.1</b>		
<b>Total</b>	<b>279.6</b>	<b>308.1</b>	<b>301.7</b>	<b>262.9</b>	<b>1,152.3</b>	<b>278.8</b>	<b>300.4</b>	<b>324.8</b>	<b>274.3</b>	<b>1,178.3</b>		
Operating Income	Passive Components	15.0	17.4	17.5	16.5	66.4	16.0	20.7	20.4	147.6	204.7	
	Magnetic Application Products	3.8	4.5	4.7	0.2	13.2	1.7	2.4	4.8	(10.8)	(1.8)	
	Film Application Products	5.1	11.8	14.6	5.6	37.0	7.1	13.0	16.2	5.0	41.2	
	Other	0.0	0.1	(0.1)	1.2	1.2	(1.4)	(2.0)	(1.6)	(1.7)	(6.7)	
	<b>Sub total</b>	<b>23.9</b>	<b>33.7</b>	<b>36.7</b>	<b>23.5</b>	<b>117.8</b>	<b>23.4</b>	<b>34.1</b>	<b>39.8</b>	<b>140.1</b>	<b>237.4</b>	
	Corporate and Eliminations	(5.8)	(6.3)	(6.4)	(6.0)	(24.4)	(6.9)	(6.3)	(7.3)	(8.2)	(28.8)	
<b>Total</b>	<b>18.1</b>	<b>27.4</b>	<b>30.3</b>	<b>17.5</b>	<b>93.4</b>	<b>16.5</b>	<b>27.8</b>	<b>32.5</b>	<b>131.8</b>	<b>208.7</b>		
Ex-rate	US\$ (JPY)	121.29	122.31	121.41	115.46	120.13	108.37	102.47	109.19	113.85	108.46	
	EURO (JPY)	134.15	136.06	133.05	127.37	132.67	122.41	114.36	117.74	121.25	118.92	

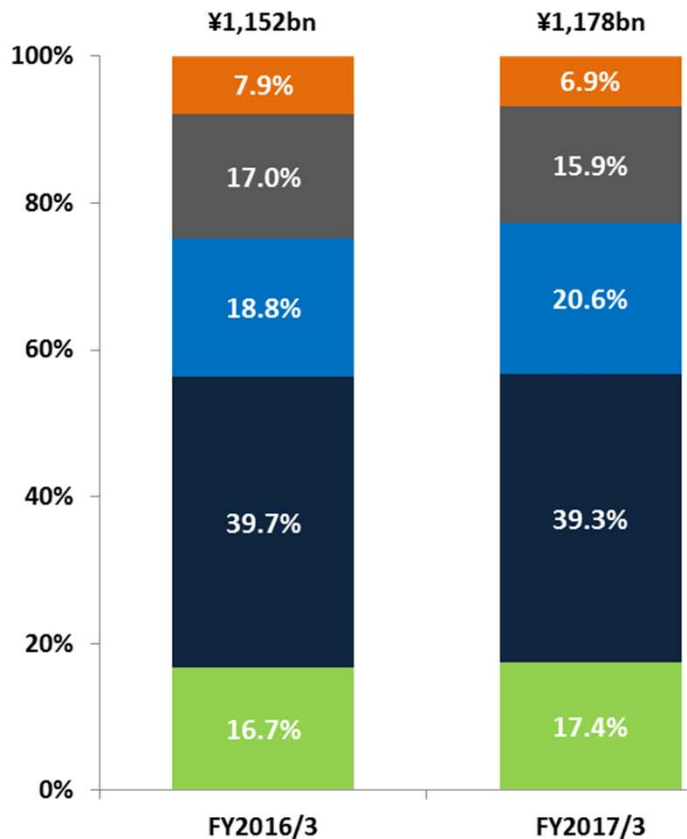
## Expenses



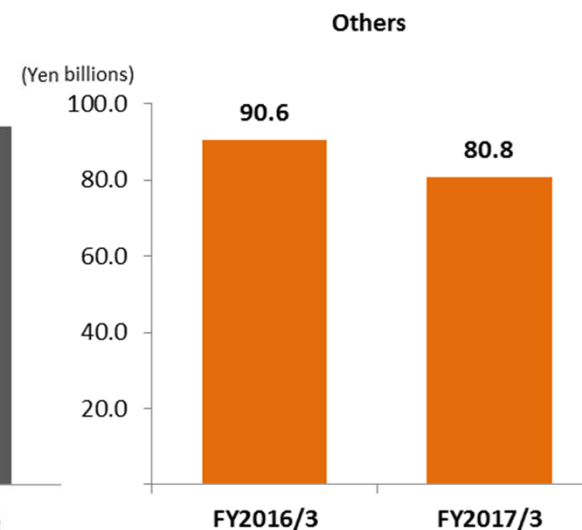
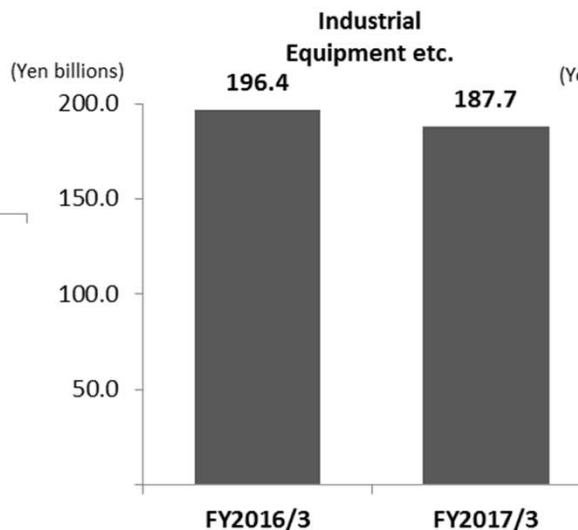
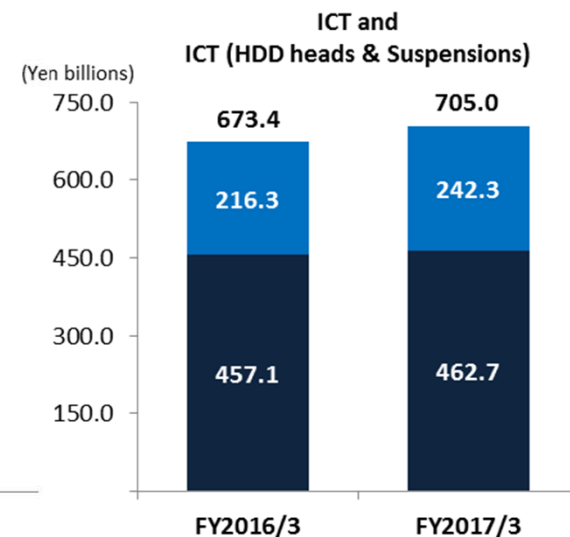
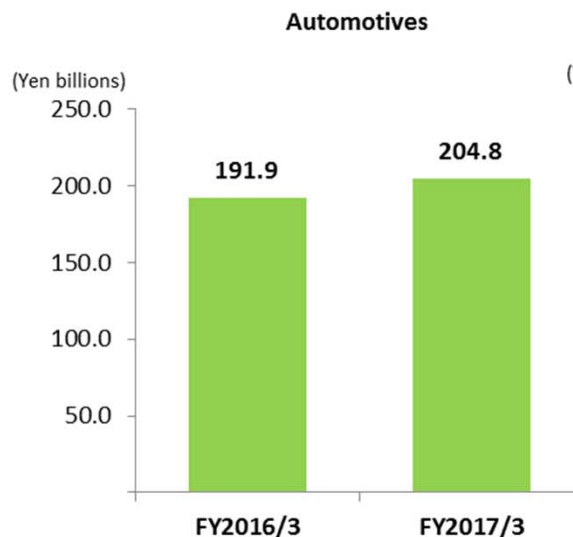
## Forex Sensitivity (impact by 1 (one) yen change)

- **US\$ : Sales 5.8 billion yen, Operating Income 1.2 billion yen**
- **EURO : Sales 2.9 billion yen, Operating Income 0.7 billion yen**

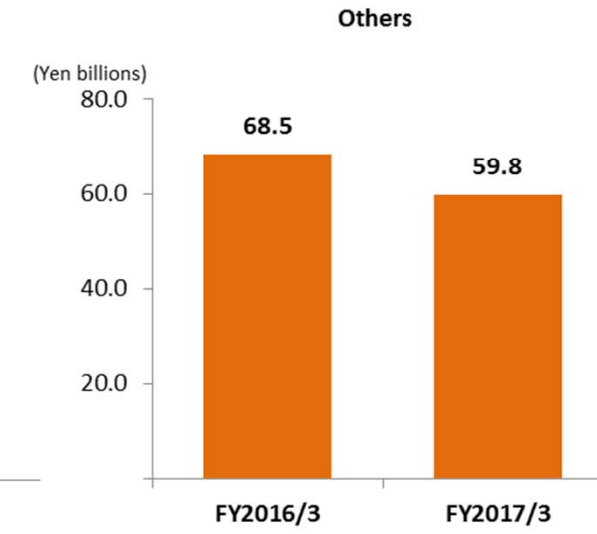
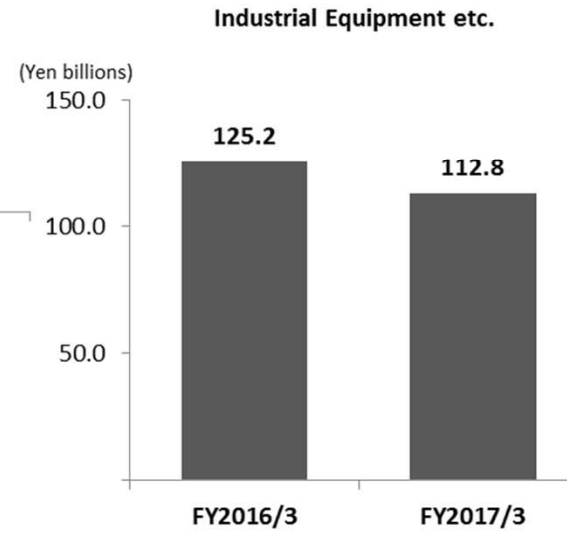
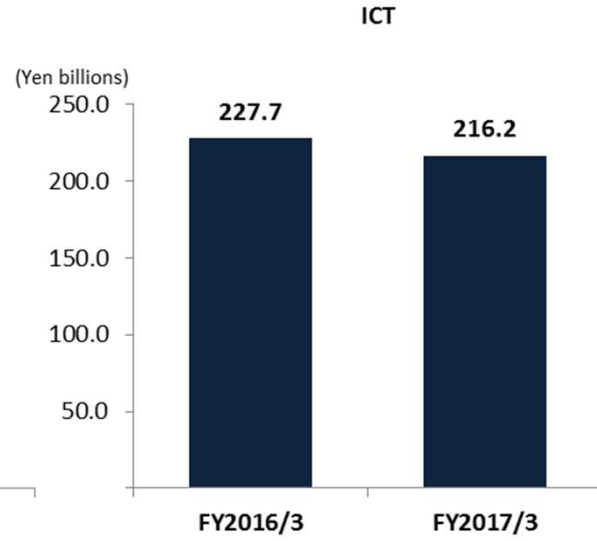
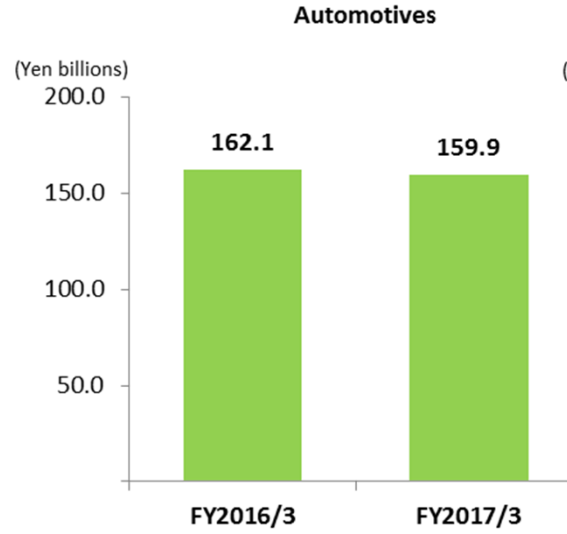
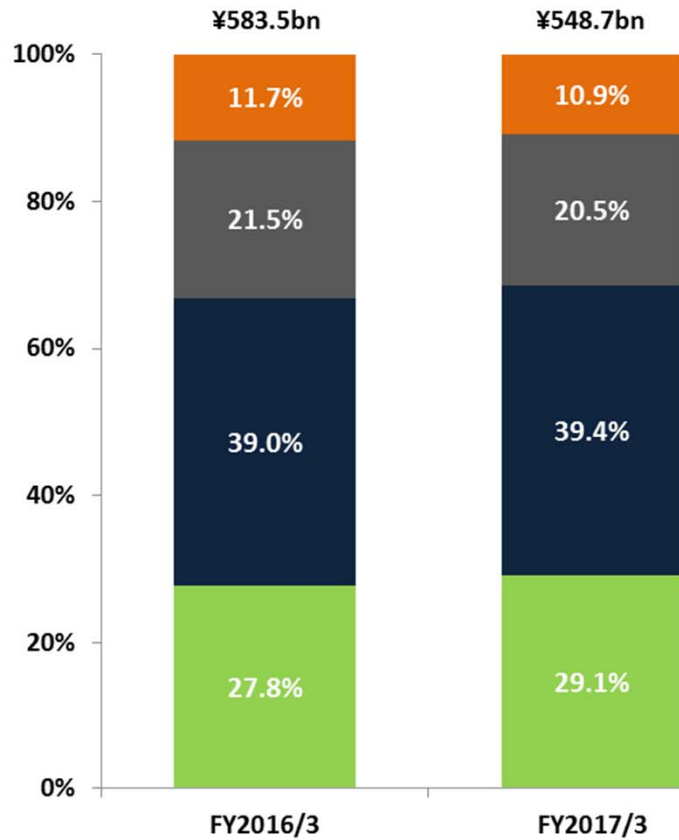
# Annual Sales by Applications (FY March 2016 – FY March 2017)



- Others
- Industrial Equipment etc.
- ICT (HDD heads & Suspensions)
- ICT
- Automotives

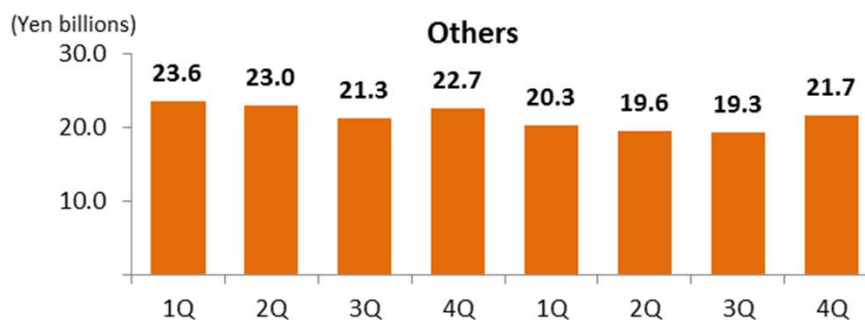
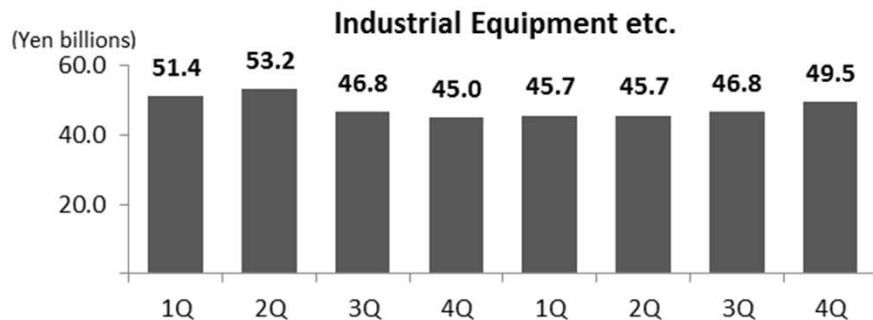
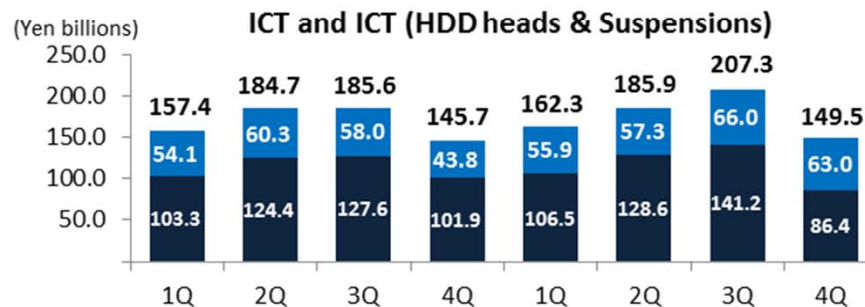
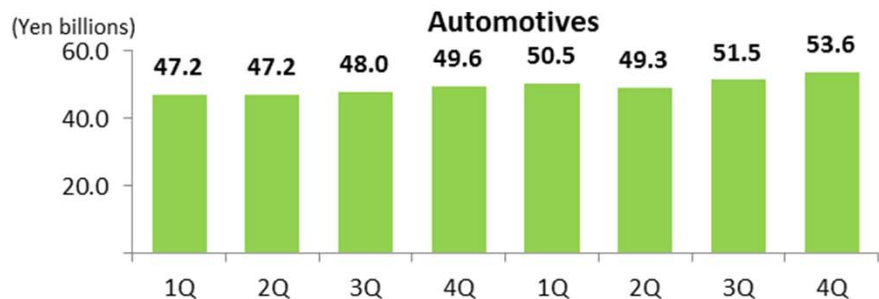
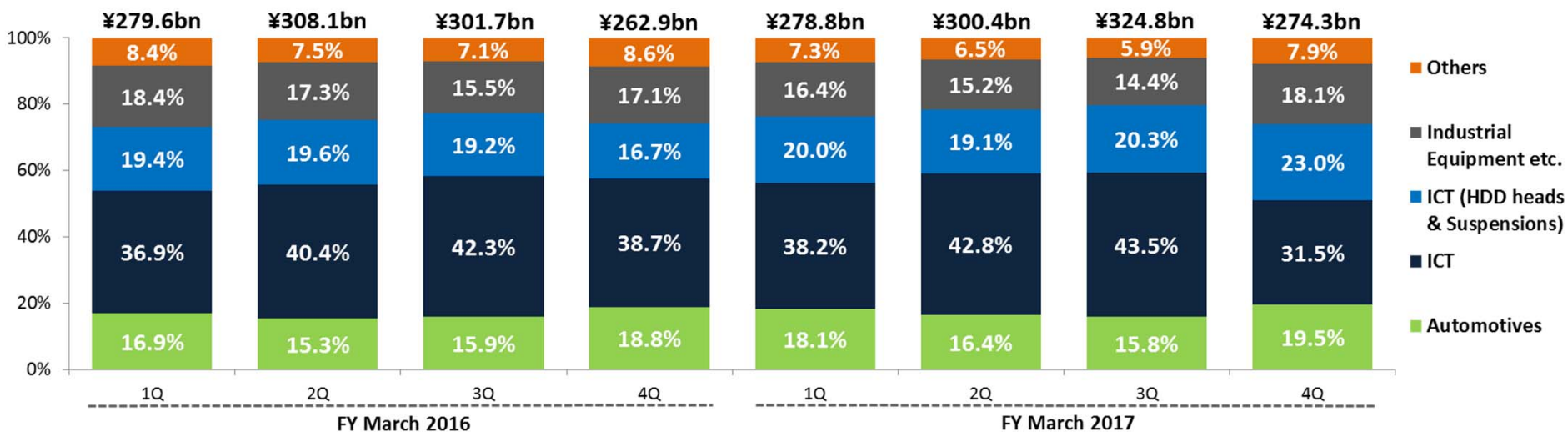


# Passive Components Business Annual Sales by Applications (FY March 2016– FY March 2017)



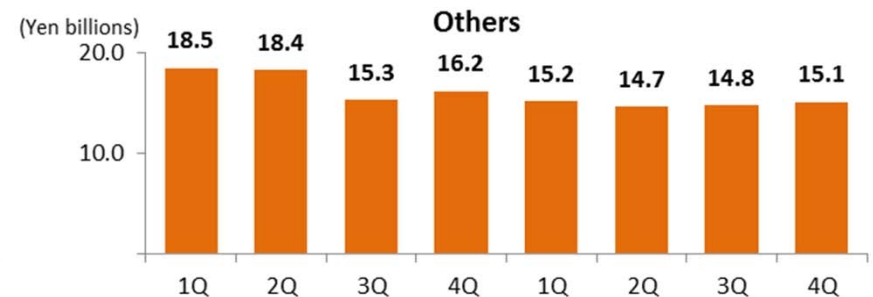
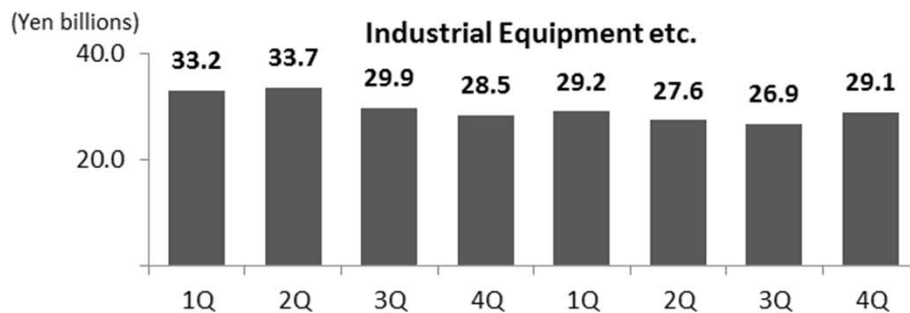
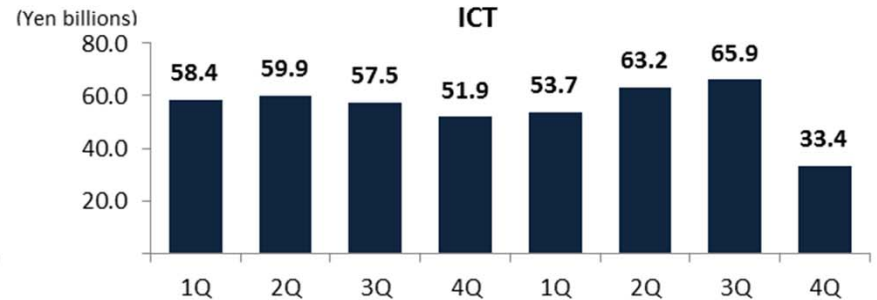
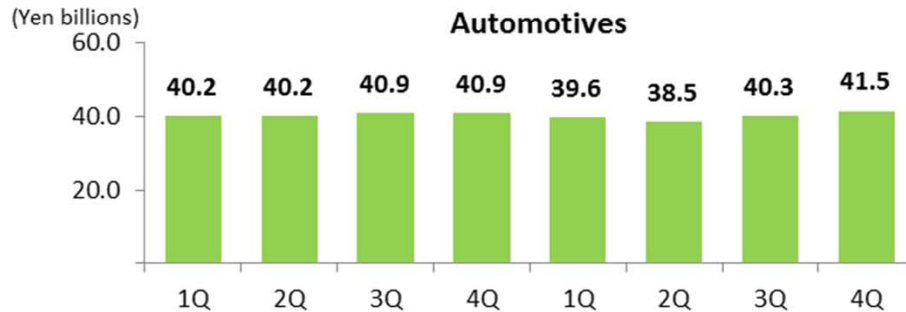
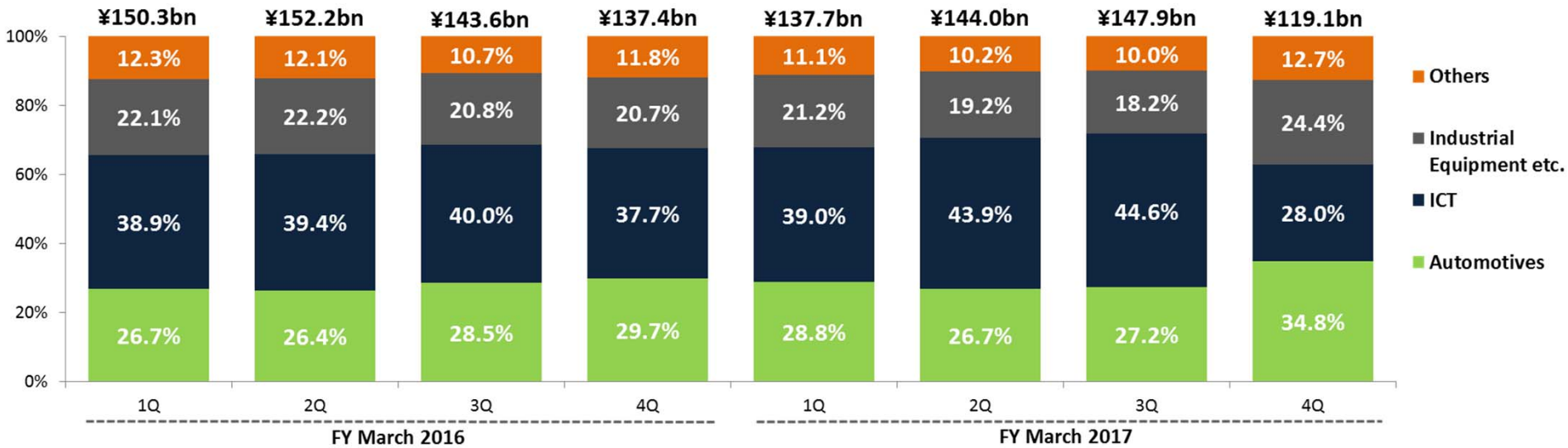
- Others
- Industrial Equipment etc.
- ICT
- Automotives

# Quarterly Sales by Applications (1Q of FY March 2016 - 4Q of FY March 2017)



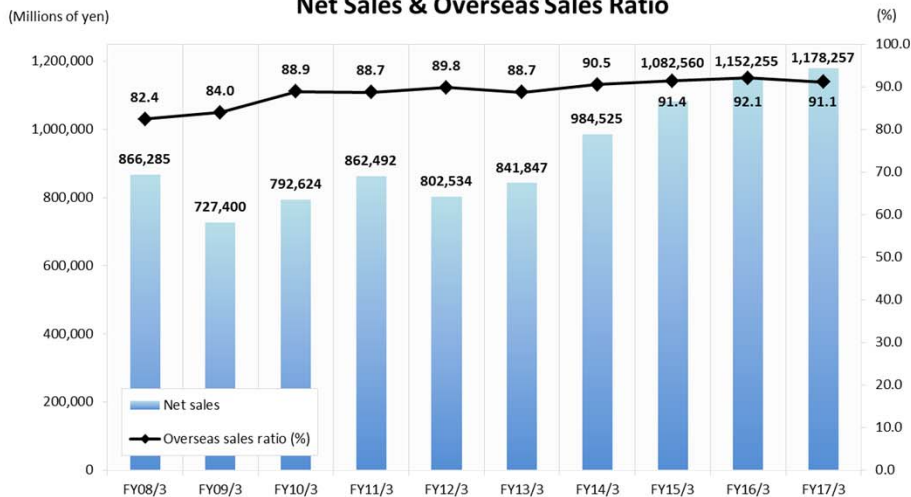
# Passive Components Business Quarterly Sales by Applications

## (1Q of FY March 2016 - 4Q of FY March 2017)

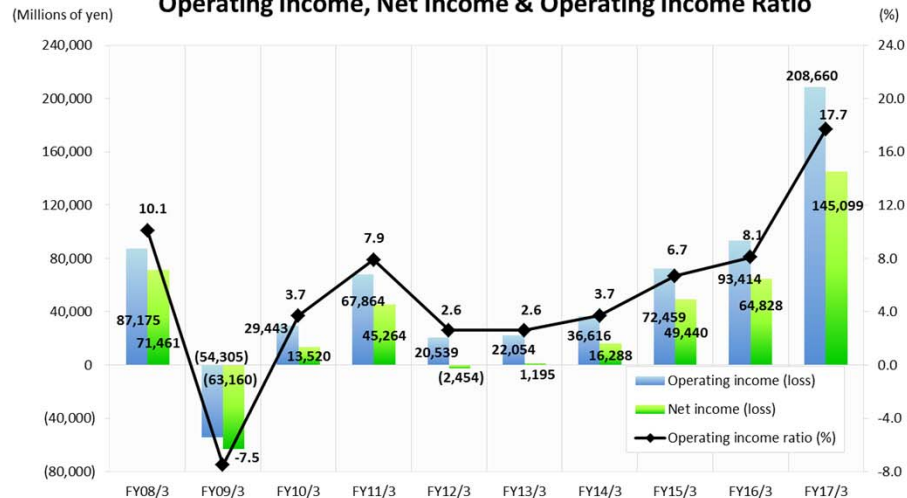




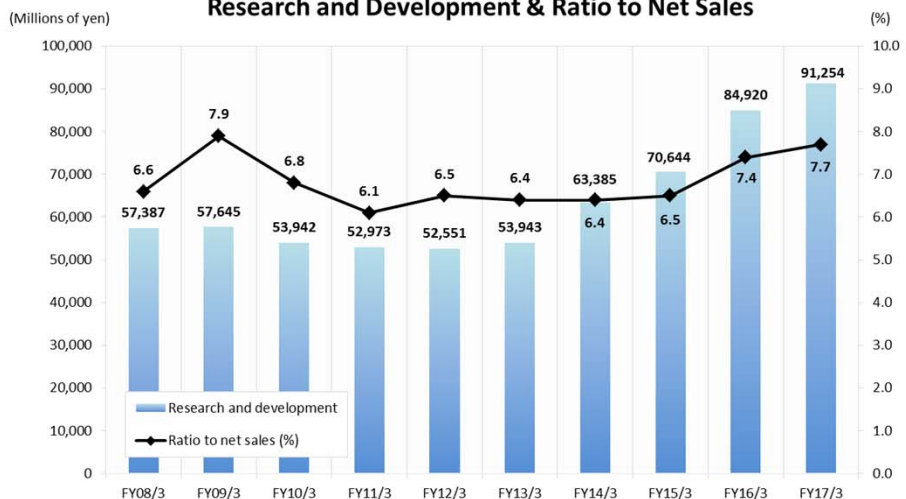
### Net Sales & Overseas Sales Ratio



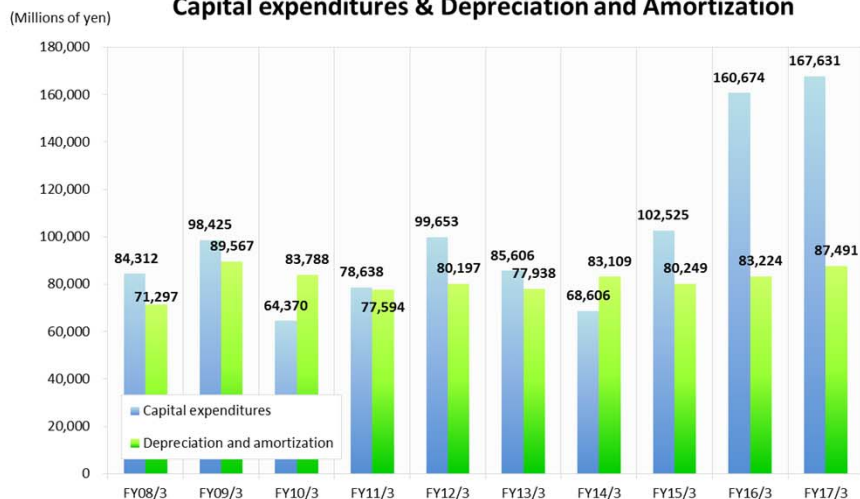
### Operating Income, Net Income & Operating Income Ratio

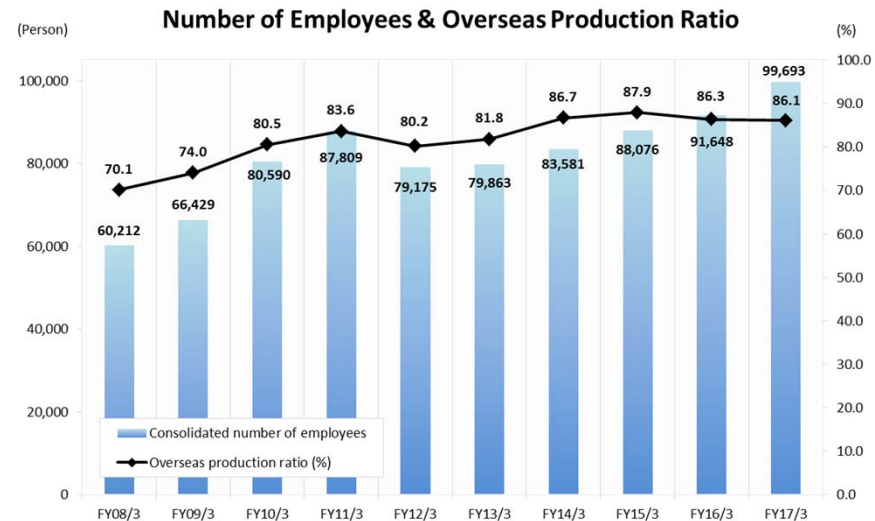
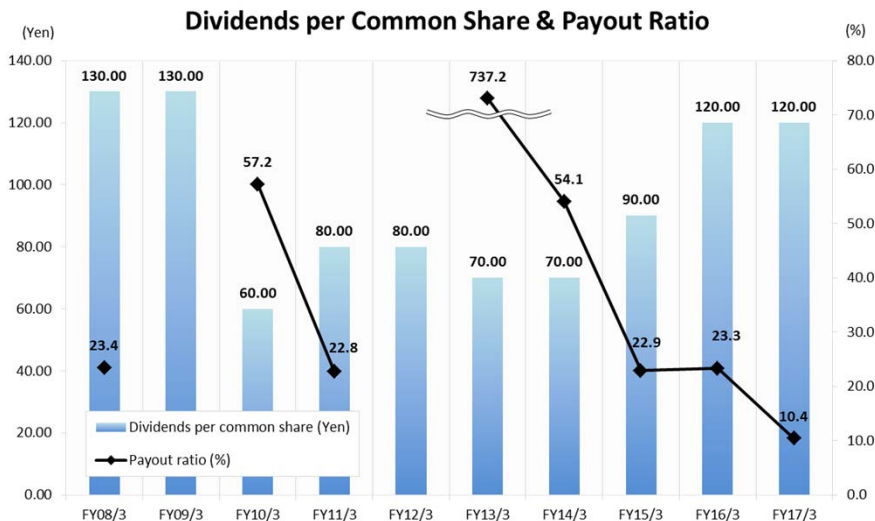
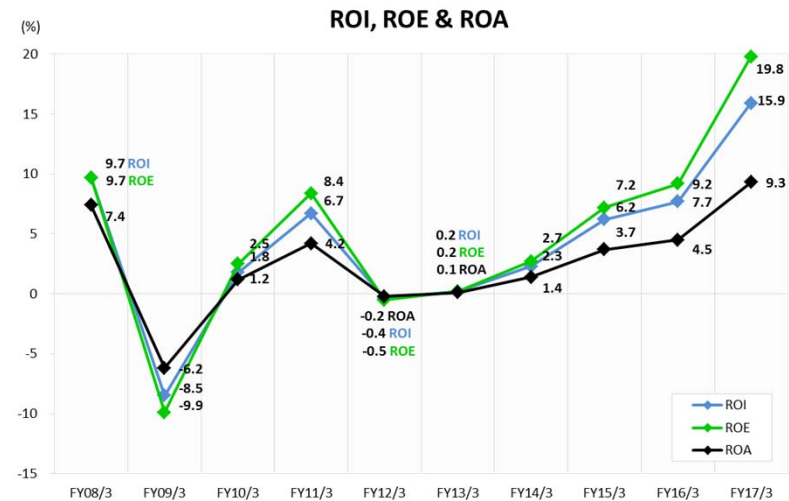
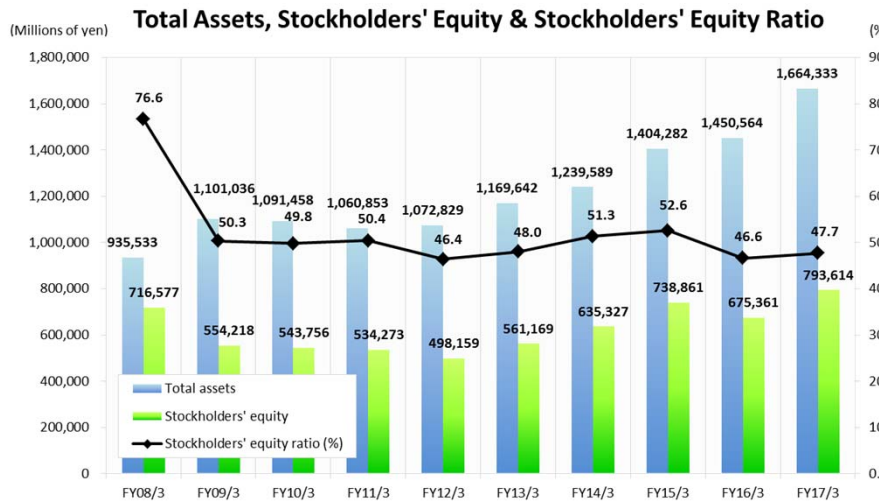


### Research and Development & Ratio to Net Sales



### Capital expenditures & Depreciation and Amortization





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The electronics markets in which the TDK Group operates are highly susceptible to rapid changes, risks, uncertainties, and other factors that can have significant effects on the TDK Group including, but 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. Also, since the purpose of these materials is only to give readers a general outline of business performance, many numerical values are shown in units of a billion yen. Because original values, which are managed in units of a million yen, are rounded off, the totals, differences, etc. shown in these materials may appear inaccurate. If detailed figures are necessary, please refer to our financial statements and supplementary materials.



Text data including Q&A of performance briefing will be uploaded on following site  
[http://www.global.tdk.com/ir/ir\\_events/conference/2017/4q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2017/4q_1.htm)