

**Performance Briefing
1Q of Fiscal Year March, 2018**

**TDK Corporation
July 28, 2017**

◆ Consolidated Results for 1Q of FY March 2018
Tetsuji Yamanishi, Senior Vice President

Consolidated Results for 1Q of FY March 2018

Tetsuji Yamanishi
Senior Vice President

- ◆ **Existing businesses absorbed the impact of transferring part of the high-frequency components business.**
 - **Net sales rose 3.8% year on year, while operating income decreased 5.5% year on year.**
 - **Sales to the automotive and industrial equipment markets were solid, leading to improved earnings from passive components and power supplies.**
 - **The HDD market performed firmly, largely in line with the initial forecast.**
 - **Rechargeable batteries generated higher sales and earnings atop continuing growth in sales for mobile applications and new applications.**

- ◆ **TDK completed preparation of business basis for the middle- and long-term growth in the Sensor business.**
 - **TDK integrated the spread-out organization and newly established Sensor System Business Company in April.**
 - **TDK completed the acquisition of InvenSense, Inc. in May.**
 - **TDK started the execution of the growth strategies for earnings expansion.**

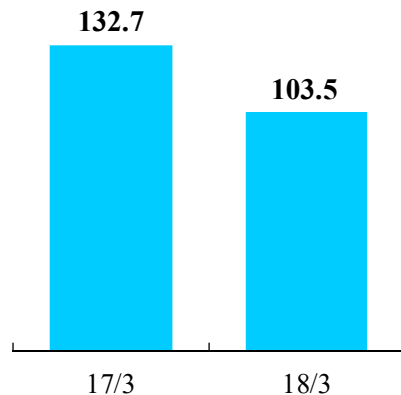
Consolidated Results for 1Q of FY March 2018



| | (Yen billions) | FY March 2017 1Q Results | FY March 2018 1Q Results | Change | |
|--|----------------|---|-----------------------------|---------------------|-------|
| | | | | Yen billions | % |
| Net Sales | | 278.8 | 289.5 | 10.7 | 3.8 |
| Operating Income | | 16.5 | 15.6 | (0.9) | -5.5 |
| Operating Income Margin | | 5.9% | 5.4% | -0.5 pt | - |
| Income before Income Taxes | | 16.4 | 16.9 | 0.5 | 3.0 |
| Net Income | | 12.4 | 11.0 | (1.4) | -11.3 |
| Earning Per Share (JPY) | | 98.32 | 86.80 | - | - |
| Ex-rate | US\$ /JPY | 108.37 | 111.16 | Depreciated by 2.6% | |
| | EURO /JPY | 122.41 | 122.02 | Appreciated by 0.3% | |
| Ex-rate Impact to Net sales & Operating Income | | Net sales : Increased by about 4.0 billion Yen Operating income : Increased by about 1.1 billion Yen | | | |

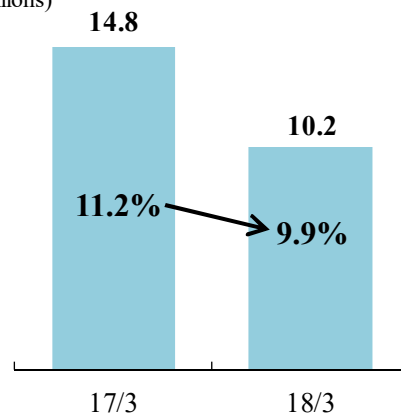
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net Sales 103.5 billion yen (down 22.0% year on year)

Operating Income 10.2 billion yen (down 31.1% year on year)

◆ Ceramic Capacitors

- Sales and profit increased year on year.
- Sales to the automotive market and for home electric appliances increased.

◆ Inductive Devices

- Sales increased year on year.
- Sales to the automotive and the industrial equipment market increased.

◆ High-frequency Components

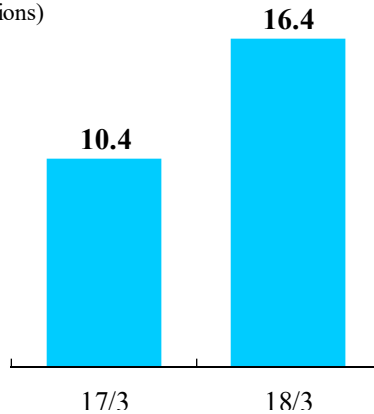
- Sales and profit decreased year on year due to the impact of the partial transfer of business.

◆ Piezoelectric Material Products

- Sales and profit increased year on year.
- Sales of VCM for camera modules increased.

Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net Sales 16.4 billion yen (up 57.7% year on year)

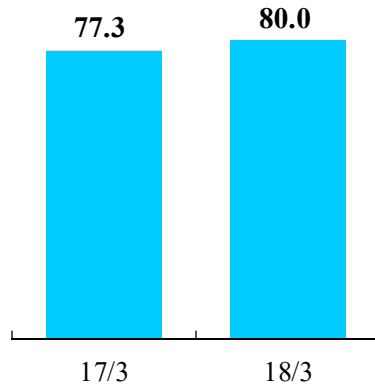
Operating income -4.6 billion yen (down —% year on year)

◆Sensors

- Sales increased year on year due to the consolidation of sales of InvenSense, Inc., following the completion of its acquisition in May.
- Sales of temperature and pressure sensors and magnetic sensors to the automotive market increased year on year.
- There was a larger operating loss mainly due to the recording of acquisition-related costs for InvenSense, Inc.

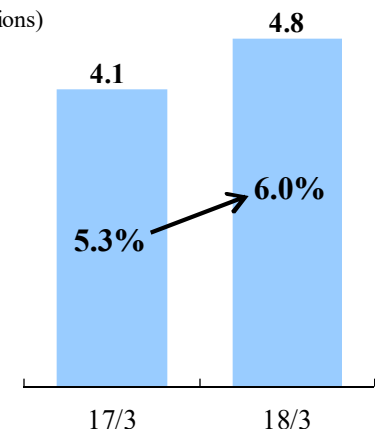
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net Sales 80.0 billion yen (up 3.5% year on year)

Operating income 4.8 billion yen (up 17.1% year on year)

◆ HDD Heads

- Sales decreased year on year.
- Sales of HDD suspensions increased due to the acquisition of Hutchinson Technology Incorporated.

◆ Magnets

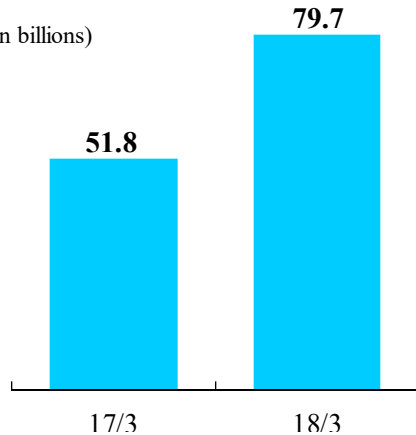
- Sales increased year on year.
- Sales increased for applications such as wind power generators, industrial equipment and home electric appliances.

◆ Power Supplies

- Sales and profit increased year on year, reflecting strong conditions in the industrial equipment market.
- Solid sales for applications such as semiconductor manufacturing equipment and robotics-related applications.

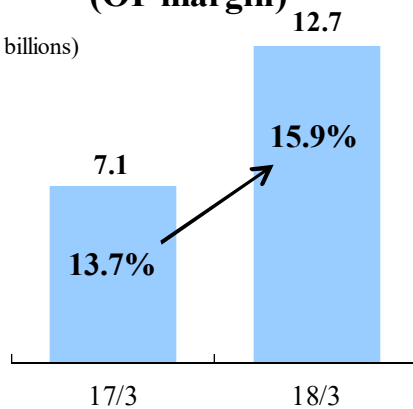
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



17/3: FY March 2017

Net sales 79.7 billion yen (up 53.9% year on year)

Operating income 12.7 billion yen (up 78.9% year on year)

◆ Energy Devices (Rechargeable Batteries)

- Sales and profit increased year on year.
- Sales for mobile applications were firm.
- Sales also increased for new applications such as drones and game consoles.

Quarterly Results by Segment



| (Yen billions) | | 1Q of FY March 2017 (A) | 4Q of FY March 2017 (B) | 1Q of FY March 2018 (C) | YoY Change (C)-(A) | | QoQ Change (C)-(B) | |
|-------------------------|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|----------------|-----------------------|--------------|
| | | | | | Yen billions | % | Yen billions | % |
| Net Sales | Capacitors | 34.4 | 35.0 | 36.3 | 1.9 | 5.5 | 1.3 | 3.7 |
| | Inductive Devices | 35.7 | 37.6 | 37.6 | 1.9 | 5.3 | 0.0 | 0.0 |
| | Other Passive Components | 62.6 | 40.7 | 29.6 | (33.0) | -52.7 | (11.1) | -27.3 |
| | Passive Components | 132.7 | 113.3 | 103.5 | (29.2) | -22.0 | (9.8) | -8.6 |
| | Sensor Application Products | 10.4 | 11.5 | 16.4 | 6.0 | 57.7 | 4.9 | 42.6 |
| | Recording Devices | 55.9 | 63.0 | 56.7 | 0.8 | 1.4 | (6.3) | -10.0 |
| | Other Magnetic Application Products | 21.4 | 22.9 | 23.3 | 1.9 | 8.9 | 0.4 | 1.7 |
| | Magnetic Application Products | 77.3 | 85.9 | 80.0 | 2.7 | 3.5 | (5.9) | -6.9 |
| | Film Application Products | 51.8 | 54.4 | 79.7 | 27.9 | 53.9 | 25.3 | 46.5 |
| | Other | 6.6 | 9.2 | 9.9 | 3.3 | 50.0 | 0.7 | 7.6 |
| | Total | 278.8 | 274.3 | 289.5 | 10.7 | 3.8 | 15.2 | 5.5 |
| Operating Income | Passive Components | 14.8 | 146.7 | 10.2 | (4.6) | -31.1 | (136.5) | -93.0 |
| | Sensor Application Products | (1.0) | (2.2) | (4.6) | (3.6) | - | (2.4) | - |
| | Magnetic Application Products | 4.1 | (7.3) | 4.8 | 0.7 | 17.1 | 12.1 | - |
| | Film Application Products | 7.1 | 5.0 | 12.7 | 5.6 | 78.9 | 7.7 | 154.0 |
| | Other | (1.5) | (2.2) | 0.3 | 1.8 | - | 2.5 | - |
| | Sub total | 23.4 | 140.0 | 23.5 | 0.1 | 0.4 | (116.5) | -83.2 |
| | Corporate and Eliminations | (6.9) | (8.2) | (7.9) | (1.0) | - | 0.3 | - |
| Total | 16.5 | 131.8 | 15.6 | (0.9) | -5.5 | (116.2) | -88.2 | |
| Operating Income Margin | | 5.9% | 48.0% | 5.4% | -0.5 pt | - | -42.6 pt | - |
| Ex-rate | US\$/JPY | 108.37 | 113.85 | 111.16 | | | | |
| | EURO/JPY | 122.41 | 121.25 | 122.02 | | | | |

Breakdown of Operating Income Changes

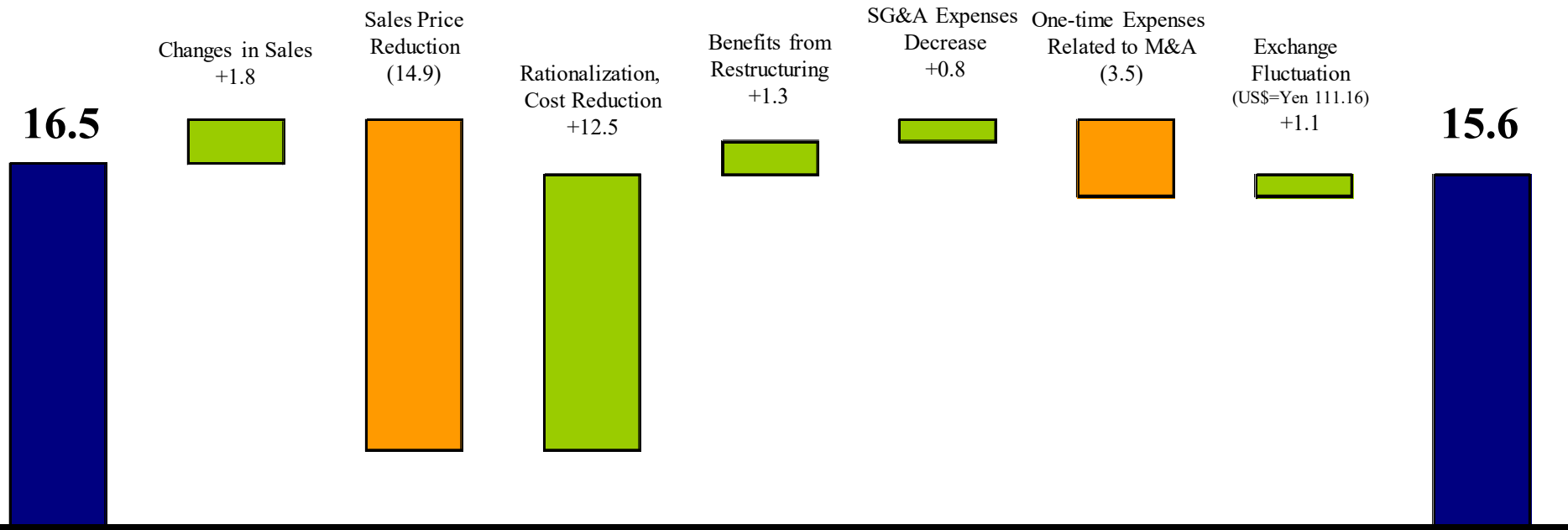


1Q of
FY March 2017
16.5 billion yen

Operating Income -0.9 billion yen

1Q of
FY March 2018
15.6 billion yen

(Yen billions)



Projections for 2Q of FY March 2018 -Image of Change in Sales



(Yen billions)

| Segment | 1Q of FY March 2018 | 2Q Projections (Q on Q Change) |
|-------------------------------|------------------------|-----------------------------------|
| Passive Components | 103.5 | +5%~+7% |
| Sensor Application Products | 16.4 | +16%~+18% |
| Magnetic Application Products | 80.0 | ±0% |
| Film Application Products | 79.7 | +7%~+9% |
| Other | 9.9 | — |
| Total | 289.5 | +5%~+7% |

Forex assumptions

| | | |
|----------|--------|--------|
| US\$/Yen | 111.16 | 108.00 |
| EURO/Yen | 122.02 | 118.00 |

FY March 2018 Full Year / Dividend Projections



| (Yen billions) | | FY March 2017 Full Year Results | FY March 2018 Full Year Projections (announced on May 10, 2017) | FY March 2018 Full Year Projections (announced on Jul. 28, 2017) | YoY Change | |
|-------------------------------|-----------|---|---|--|--------------|-------|
| | | | | | Yen billions | % |
| Net Sales | | 1,178.3 | 1,110.0 | 1,190.0 | 11.7 | 1.0 |
| Operating Income | | 208.7 | 80.0 | 80.0 | (128.7) | -61.7 |
| Operating Income Margin | | 17.7% | 7.2% | 6.7% | -11.0 pt | - |
| Income before Income Taxes | | 211.7 | 79.0 | 79.0 | (132.7) | -62.7 |
| Net Income | | 145.1 | 55.0 | 55.0 | (90.1) | -62.1 |
| Earning per Share (JPY) | | 1,150.16 | 435.82 | 435.79 | - | - |
| Dividends (JPY) | | 1st half : 60 2nd half : 60 Annual: 120 | 1st half : 60 2nd half : 70 Annual : 130 | 1st half : 60 2nd half : 70 Annual : 130 | - | - |
| Ex-rate | US\$(JPY) | 108.46 | 108.00 | 108.00 | - | - |
| | EURO(JPY) | 118.92 | 118.00 | 118.00 | - | - |
| Capital Expenditure | | 167.6 | 160.0 | 160.0 | (7.6) | -4.5 |
| Depreciation and Amortization | | 87.5 | 88.0 | 88.0 | 0.5 | 0.6 |
| Research and Development | | 91.3 | 86.0 | 94.0 | 2.7 | 3.0 |

Supplementary Data

Quarterly Sales and Operating Income by Segment



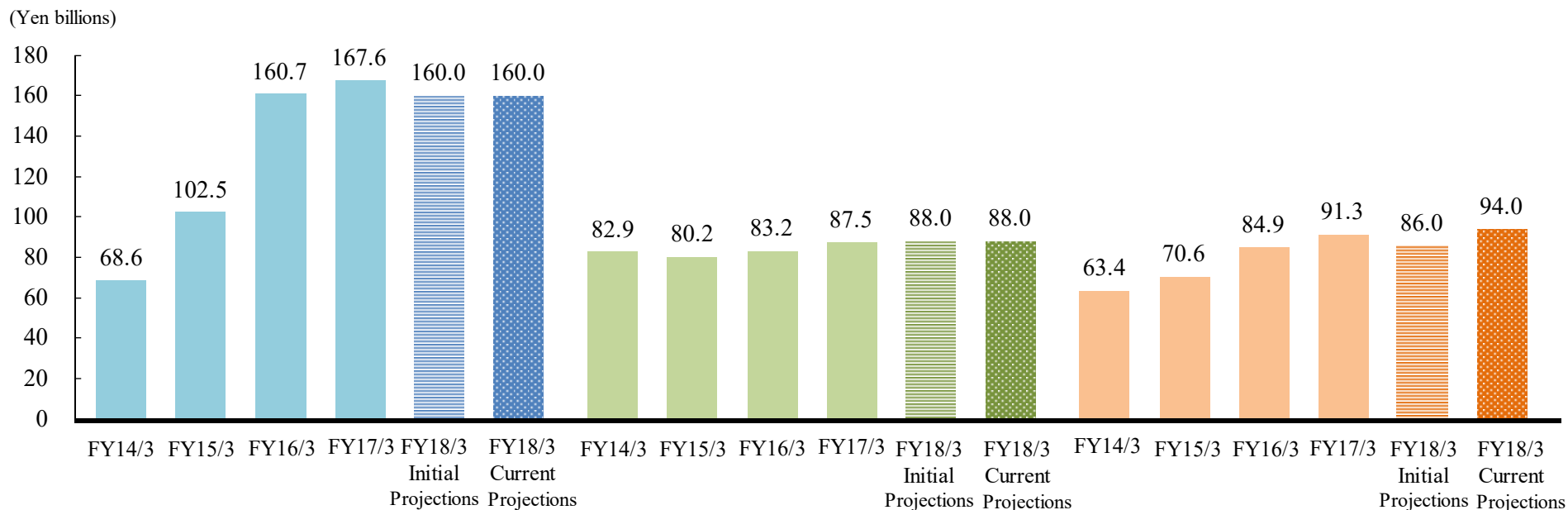
| (Yen billions) | | FY March 2017 | | | | | FY March 2018 | | | | |
|------------------|--------------------------------------|---------------|--------------|--------------|----------------|--------------|---------------|----|----|----|-------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Net Sales | Capacitors | 34.4 | 33.7 | 33.6 | 35.0 | 136.8 | 36.3 | | | | |
| | Inductive Devices | 35.7 | 35.5 | 36.6 | 37.6 | 145.3 | 37.6 | | | | |
| | Other Passive Components | 62.6 | 70.0 | 72.8 | 40.7 | 246.1 | 29.6 | | | | |
| | Passive Components | 132.7 | 139.2 | 143.0 | 113.3 | 528.2 | 103.5 | | | | |
| | Sensor Application Products | 10.4 | 10.5 | 10.5 | 11.5 | 42.9 | 16.4 | | | | |
| | Recording Devices | 55.9 | 57.3 | 66.0 | 63.0 | 242.3 | 56.7 | | | | |
| | Other Magnetic Application Products | 21.4 | 21.6 | 21.6 | 22.9 | 87.6 | 23.3 | | | | |
| | Magnetic Application Products | 77.3 | 78.9 | 87.7 | 85.9 | 329.9 | 80.0 | | | | |
| | Film Application Products | 51.8 | 65.2 | 76.4 | 54.4 | 247.7 | 79.7 | | | | |
| | Other | 6.6 | 6.6 | 7.2 | 9.2 | 29.6 | 9.9 | | | | |
| Total | 278.8 | 300.4 | 324.8 | 274.3 | 1,178.3 | 289.5 | | | | | |
| Operating Income | Passive Components | 14.8 | 19.7 | 19.1 | 146.7 | 200.3 | 10.2 | | | | |
| | Sensor Application Products | (1.0) | (1.8) | (1.5) | (2.2) | (6.5) | (4.6) | | | | |
| | Magnetic Application Products | 4.1 | 5.8 | 7.0 | (7.3) | 9.7 | 4.8 | | | | |
| | Film Application Products | 7.1 | 13.0 | 16.2 | 5.0 | 41.2 | 12.7 | | | | |
| | Other | (1.5) | (2.6) | (1.0) | (2.2) | (7.3) | 0.3 | | | | |
| | Sub total | 23.4 | 34.1 | 39.8 | 140.0 | 237.4 | 23.5 | | | | |
| | Corporate and Eliminations | (6.9) | (6.3) | (7.3) | (8.2) | (28.8) | (7.9) | | | | |
| Total | 16.5 | 27.8 | 32.5 | 131.8 | 208.7 | 15.6 | | | | | |
| Ex-rate | US\$/JPY | 108.37 | 102.47 | 109.19 | 113.85 | 108.46 | 111.16 | | | | |
| | EURO/JPY | 122.41 | 114.36 | 117.74 | 121.25 | 118.92 | 122.02 | | | | |

Expenses

Capital expenditure

Depreciation

R&D



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

- **US\$: Sales 6.0 billion yen, Operating Income 1.2 billion yen**
- **EURO : Sales 1.5 billion yen, Operating Income 0.2 billion yen**

Financial Position



| (Yen billions) | March End, 2017 | June End, 2017 | Change |
|------------------------------------|--------------------|-------------------|---------------|
| Total Asset | 1,664.3 | 1,913.0 | 248.7 |
| Total Liability | 862.2 | 1,103.1 | 240.9 |
| Stockholders's Equity | 793.6 | 801.2 | 7.6 |
| (comprehensive income) | (108.6) | (104.5) | 4.1 |
| Stockholders's Equity Ratio | 47.7% | 41.9% | -5.8pt |

| | | | |
|-----------------------------------|--------------|----------------|----------------|
| Cash and Cash Equivalents | 386.5 | 386.0 | (0.5) |
| Interest-bearing Debt (*1) | 334.1 | 529.5 | 195.4 |
| Net Cash (*2) | 52.4 | (143.5) | (195.9) |

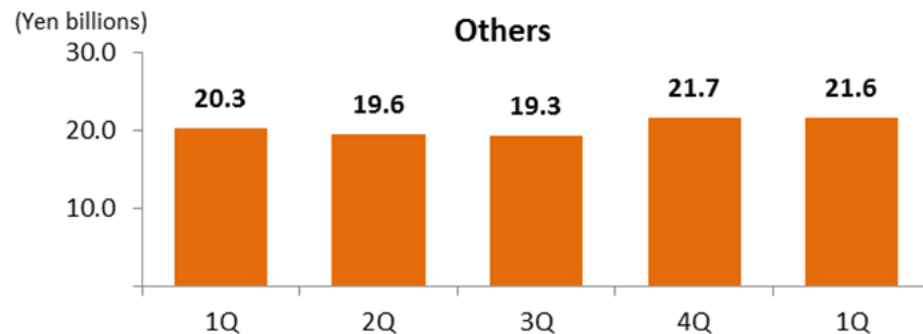
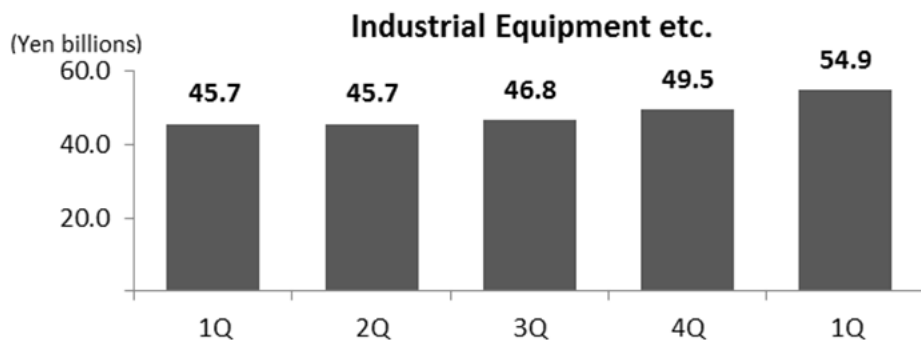
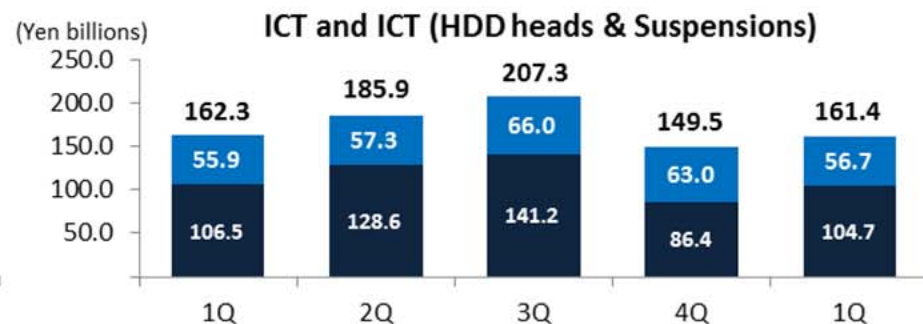
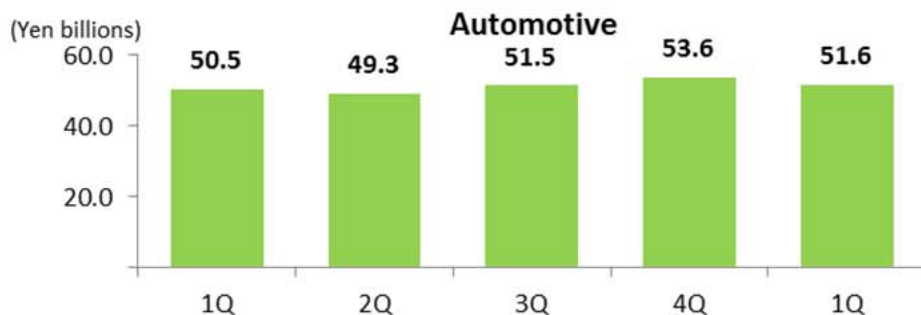
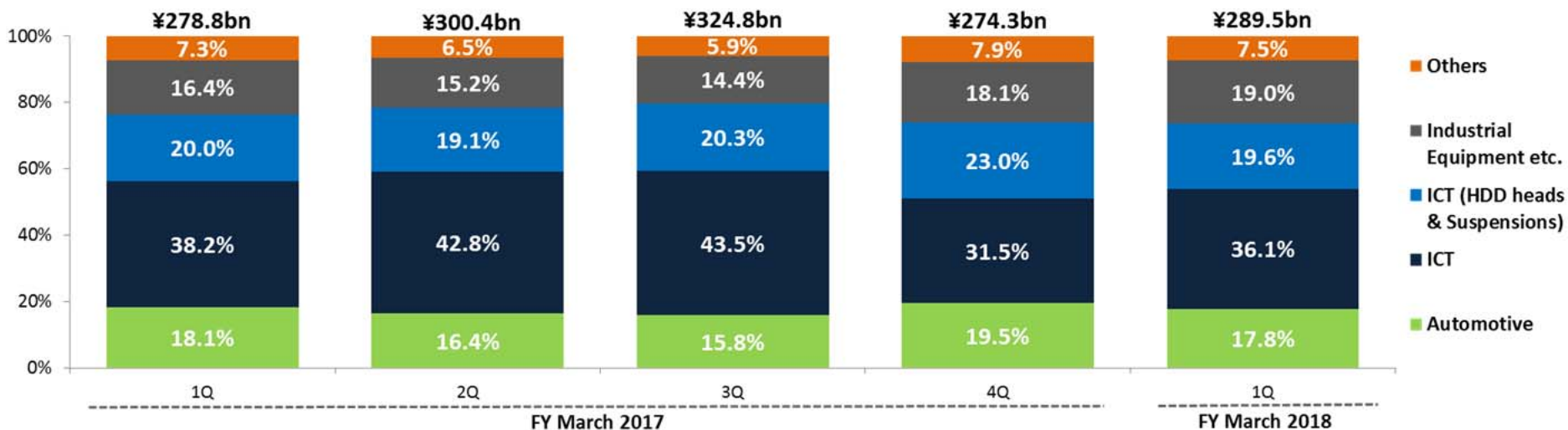
| (Yen billions) | 1Q of FY March 2017 | 1Q of FY March 2018 | Change |
|--------------------------------------|------------------------|------------------------|---------------|
| Capital Expenditures | 53.5 | 42.9 | (10.6) |
| Depreciation and Amortization | 20.6 | 20.6 | 0.0 |

*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments

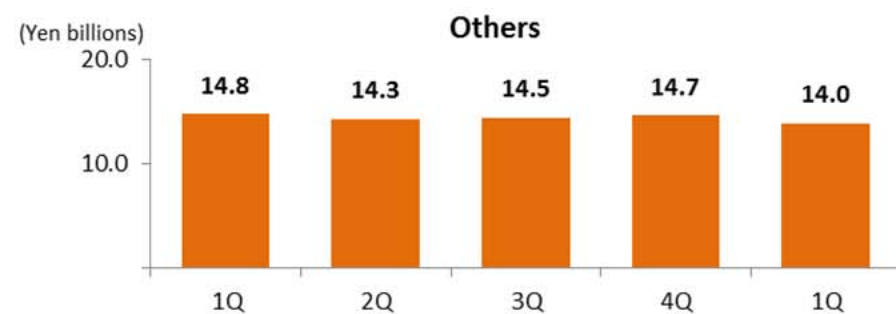
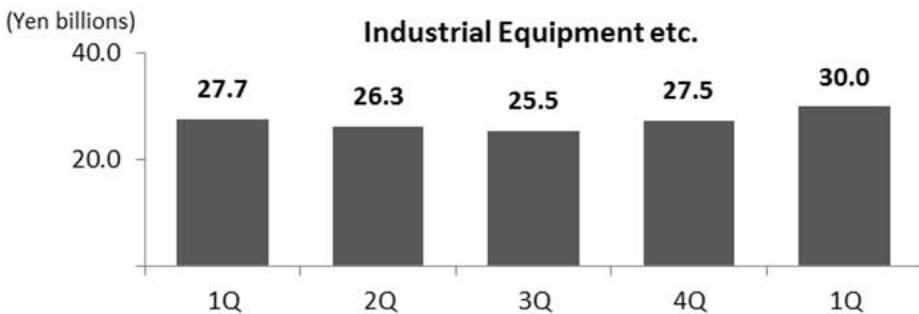
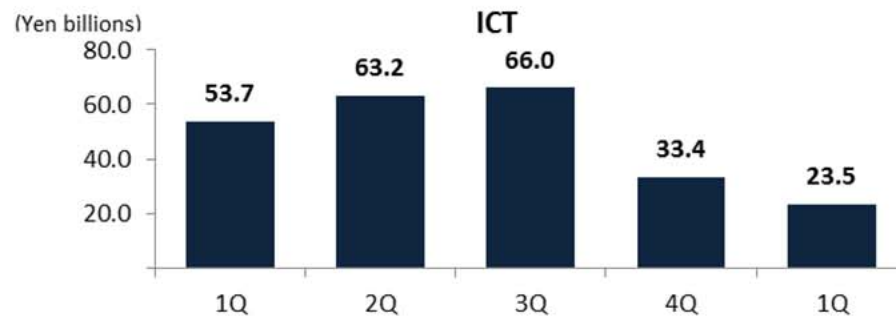
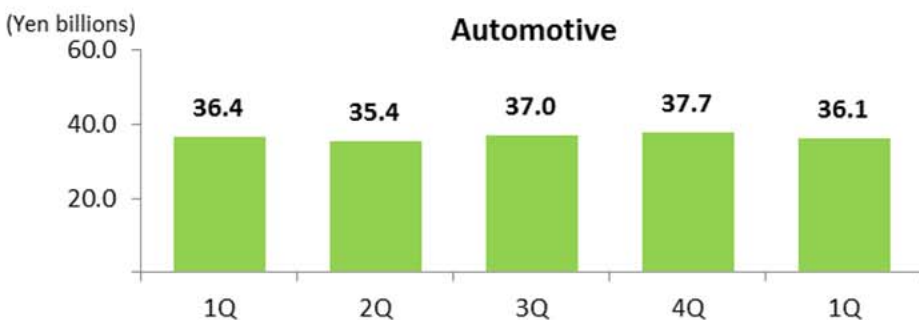
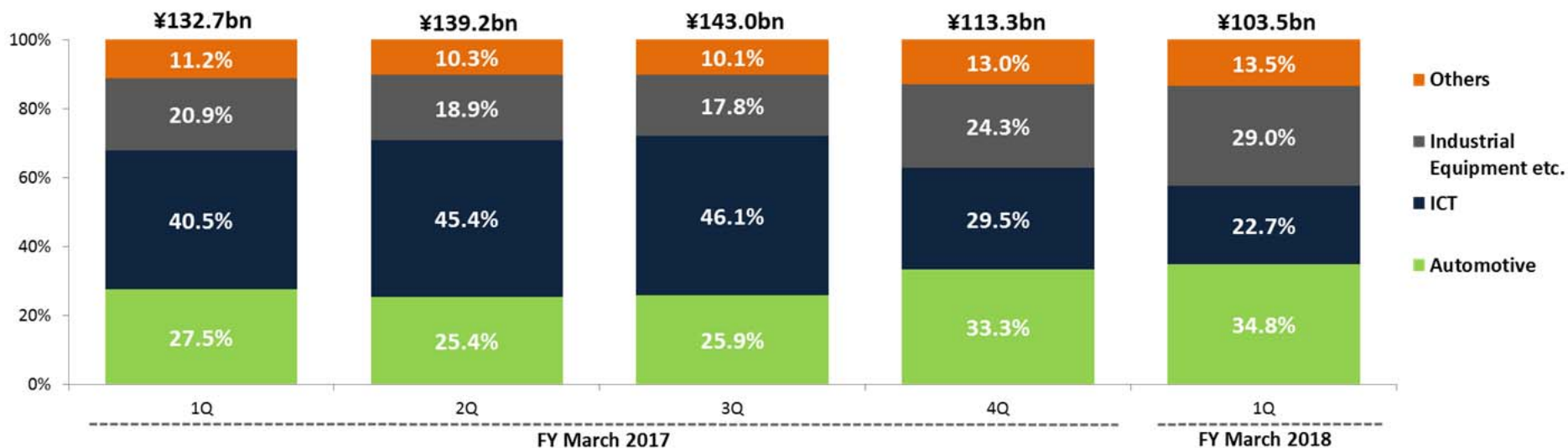
*2: Cash and Cash equivalents - Interest-bearing Debt

| (Yen billions) | FY March 2017 Results through 1Q | FY March 2018 Results through 1Q | YoY Change |
|---|---|---|-----------------------|
| Operating Cash Flow | 8.7 | (19.6) | (28.3) |
| Investing Cash Flow | (48.2) | (176.3) | (128.1) |
| Free Cash Flow | (39.5) | (195.9) | (156.4) |
| Financing Cash Flow | 37.3 | 168.3 | 131.0 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (24.9) | 2.3 | 27.2 |
| Cash and Cash Equivalents | 258.4 | 305.1 | 46.7 |

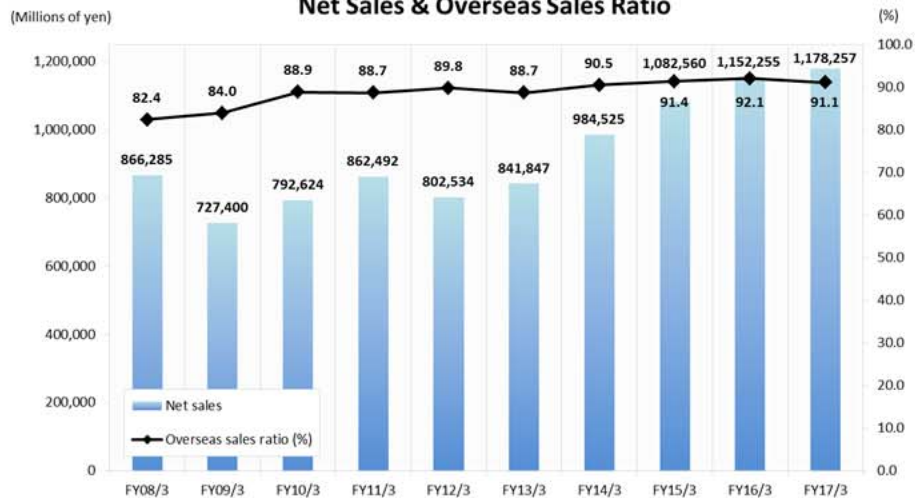
Quarterly Sales by Applications (1Q of FY March 2017 –1Q of FY March 2018)



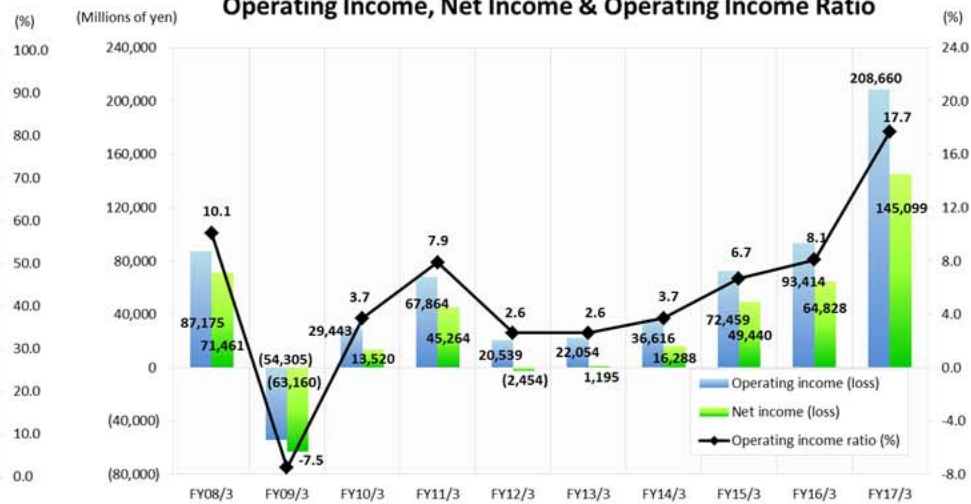
Passive Components Business Quarterly Sales by Applications (1Q of FY March 2017 –1Q of FY March 2018)



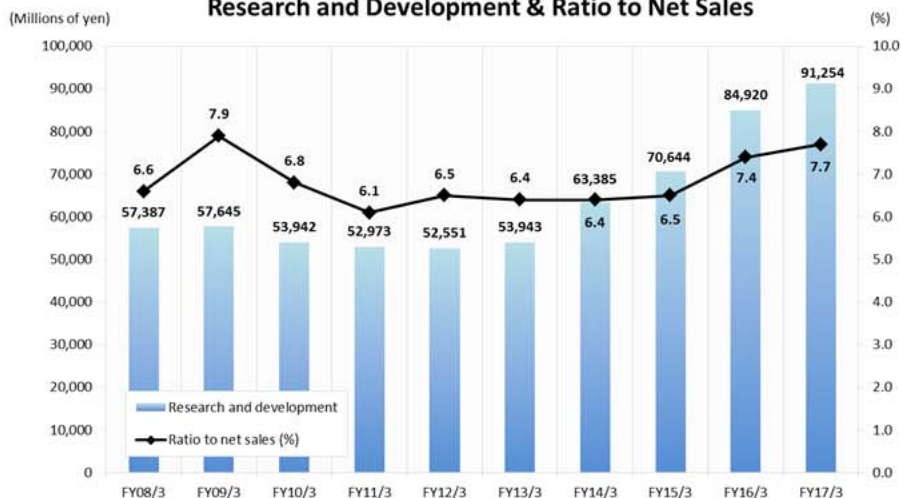
Net Sales & Overseas Sales Ratio



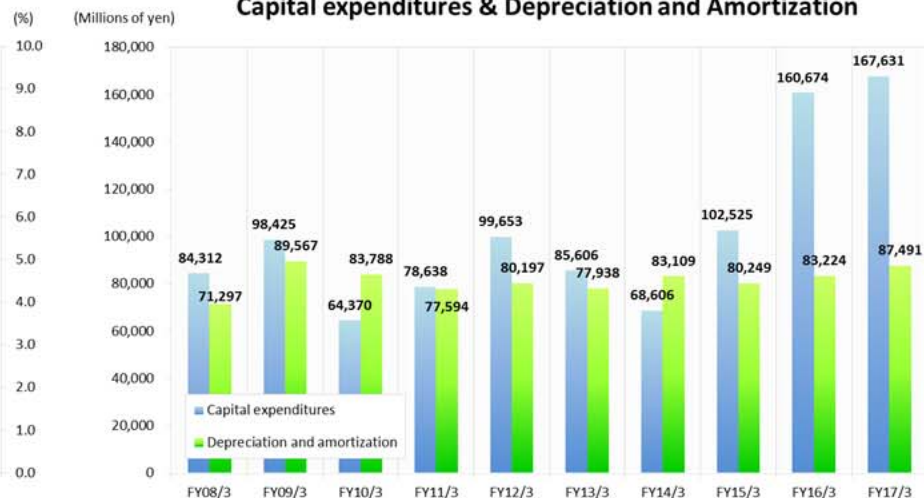
Operating Income, Net Income & Operating Income Ratio

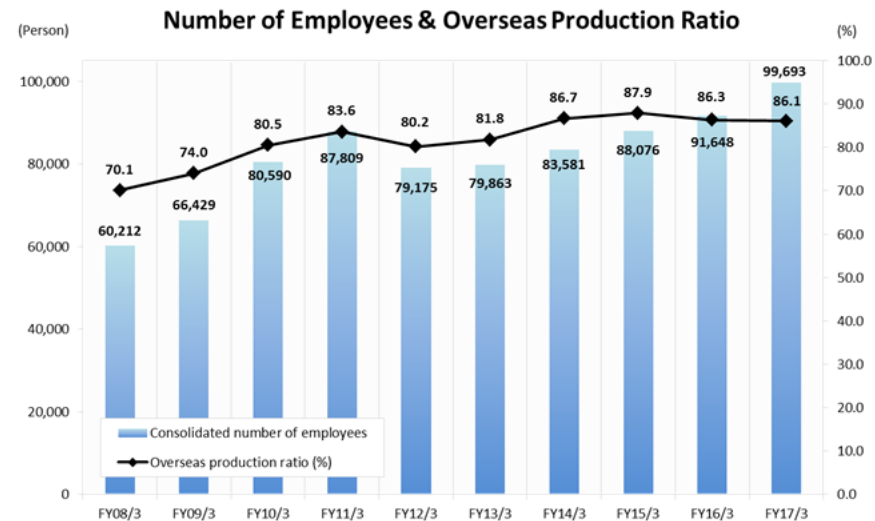
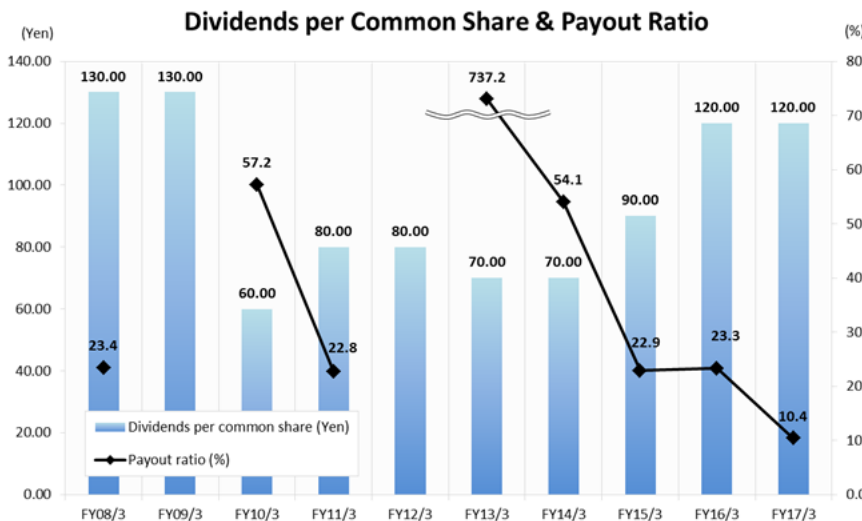
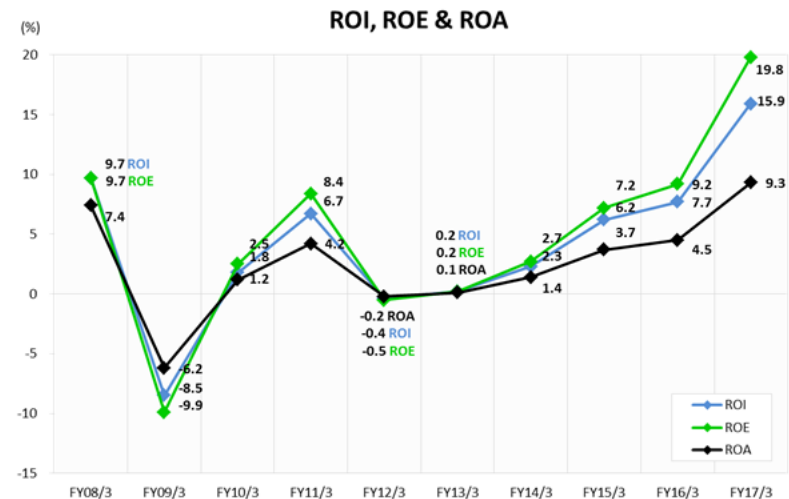
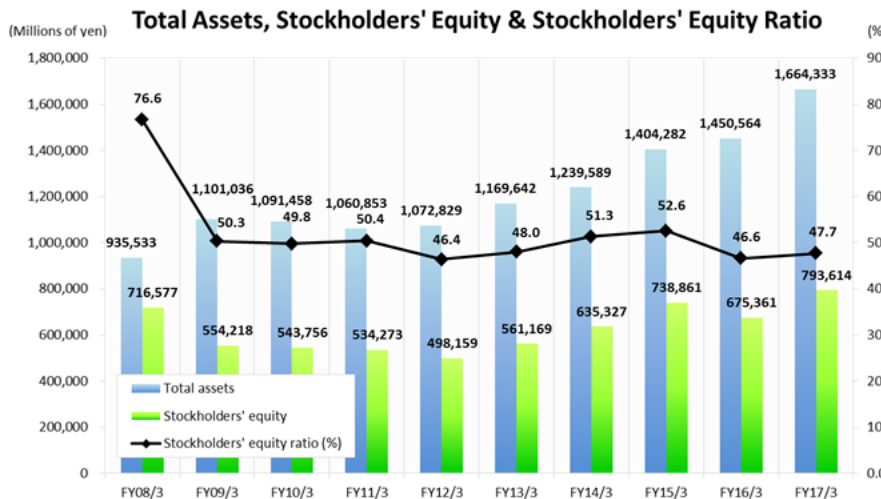


Research and Development & Ratio to Net Sales



Capital expenditures & Depreciation and Amortization





This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

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/2018/1q_1.htm