

# **Consolidated Results for First Half of FY March 2018**

**Tetsuji Yamanishi**  
**Senior Vice President**

- ◆ **Net sales achieved new records both on a half-yearly and a quarterly basis.**
- ◆ **Impact of partial transfer of the High-Frequency Components business on operating income was absorbed by profit increase in existing businesses.**
  - **In the first half, net sales increased 7.7% year on year, while operating income declined 4.5% year on year.**
  - **The Passive Components segment strengthened its profit base even after transferring part of the High-Frequency Components business.**
  - **Both sales and operating income in the Magnetic Application Products segment increased year on year due to the stabilization of earnings on HDD Heads and an expansion in sales of Magnets and Power Supplies to the industrial equipment market.**
  - **Both sales and operating income on Rechargeable Batteries achieved new records on both a half-yearly and a quarterly basis, reflecting continuing expansion in the customer base and ongoing growth in sales for new applications.**
  - **In the Sensor Application Products, the Company promoted the growth strategies of the Sensor business under Sensor Systems Business Company.**

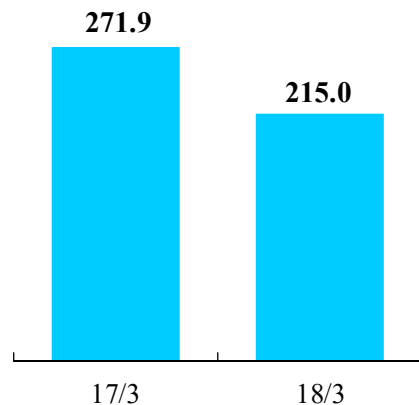
# Consolidated Results for First Half of FY March 2018



(Yen billions)	FY March 2017 Results through 2Q (2016.4.1-2016.9.30)	FY March 2018 Results through 2Q (2017.4.1-2017.9.30)	Change	
			Yen billions	%
Net Sales	579.2	<b>623.6</b>	44.4	7.7
Operating Income	44.3	<b>42.3</b>	(2.0)	-4.5
Operating Income Margin	7.6%	<b>6.8%</b>	-0.8pt	-
Income before Income Taxes	44.3	<b>44.3</b>	0.0	0.0
Net Income	32.7	<b>30.7</b>	(2.0)	-6.1
Earning per Share (JPY)	259.01	<b>243.15</b>	-	-
Ex-rate	US\$ (JPY)	105.41	<b>111.08</b>	Depreciated by 5.4%
	EURO (JPY)	118.36	<b>126.16</b>	Depreciated by 6.6%
Ex-rate Impact to Net Sales & Operating Income	Net sales : Increased by about 27.4 billion Yen Operating income : Increased by about 5.0 billion Yen			

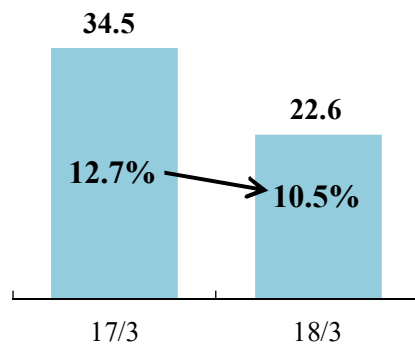
## Net Sales

(Yen billions)



## Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

**Net Sales 215.0 billion yen** (down 20.9% year on year)

**Operating Income 22.6 billion yen** (down 34.5% year on year)

### ◆ Ceramic Capacitors

- Sales and profit increased year on year.
- Sales to the automotive market increased.

### ◆ Inductive Devices

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

### ◆ High-Frequency Components

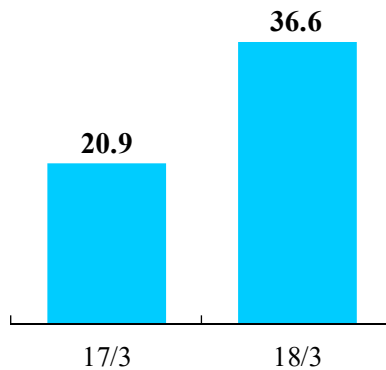
- Sales and profit decreased year on year due to the impact of the partial transfer of business.

### ◆ Piezoelectric Material Products

- Sales and profit increased year on year.
- Sales of Circuit Protection Components to the industrial equipment market increased.

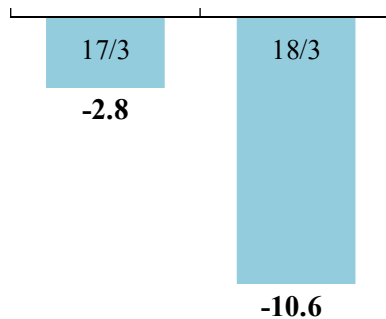
## Net Sales

(Yen billions)



## Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

**Net Sales 36.6 billion yen** (up 75.1% year on year)

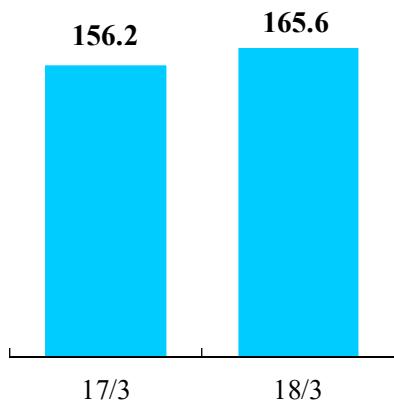
**Operating Income -10.6 billion yen** (down —% year on year)

### ◆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.

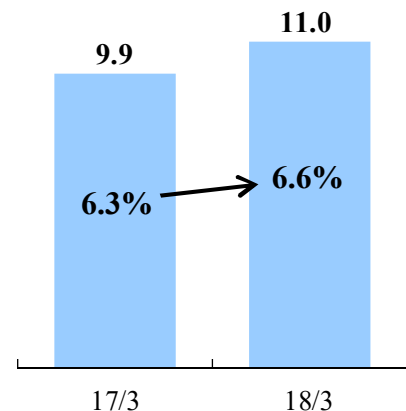
## Net Sales

(Yen billions)



## Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

**Net Sales 165.6 billion yen** (up 6.0% year on year)

**Operating Income 11.0 billion yen** (up 11.1% year on year)

### ◆ HDD Heads

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

### ◆ Magnets

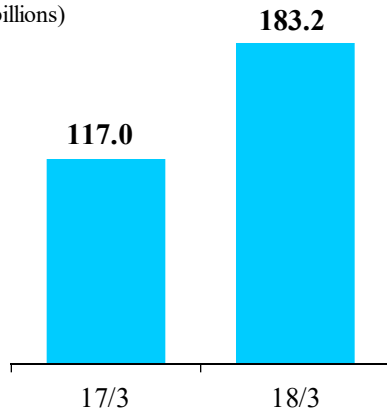
- Sales increased year on year.
- Sales increased for applications such as wind power generators, industrial equipment and home electric appliances.

### ◆ 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)



**Net Sales 183.2 billion yen** (up 56.6% year on year)

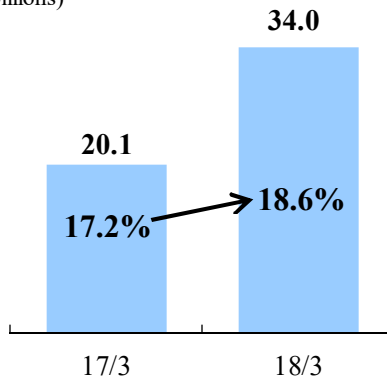
**Operating Income 34.0 billion yen** (up 69.2% year on year)

### ◆ 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.

## Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

# Breakdown of Operating Income Changes

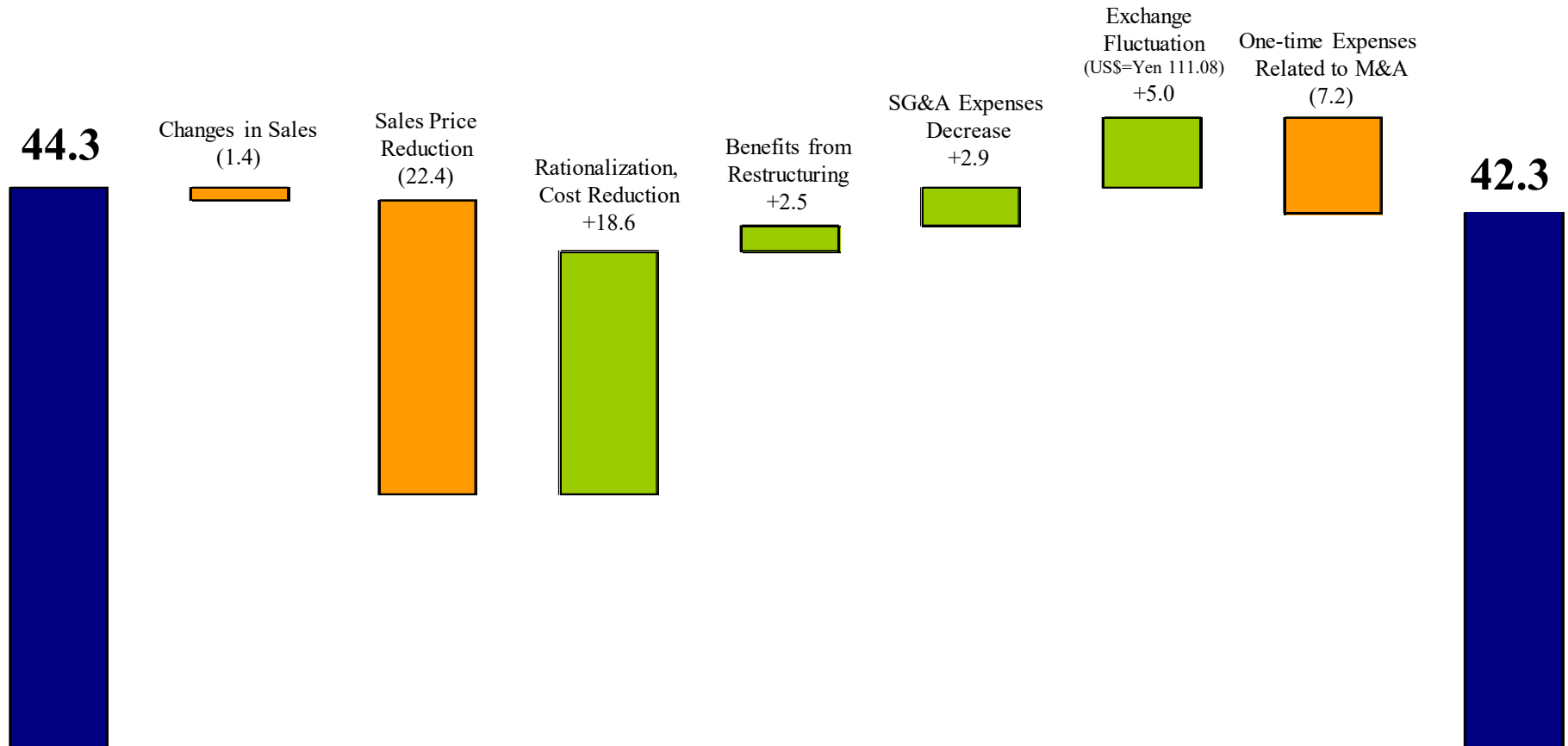


First Half of  
FY March 2017  
44.3 billion yen

**Operating Income -2.0 billion yen**

First Half of  
FY March 2018  
42.3 billion yen

(Yen billions)





# Consolidated Results for 2Q of FY March 2018



	(Yen billions)	FY March 2017 2Q Results	FY March 2018 2Q Results	Change	
				Yen billions	%
<b>Net Sales</b>		300.4	<b>334.0</b>	33.6	11.2
<b>Operating Income</b>		27.8	<b>26.6</b>	(1.2)	-4.3
<b>Operating Income Margin</b>		9.3%	<b>8.0%</b>	-1.3pt	-
<b>Income before Income Taxes</b>		27.9	<b>27.3</b>	(0.6)	-2.2
<b>Net Income</b>		20.3	<b>19.7</b>	(0.6)	-3.0
<b>Earning per Share (JPY)</b>		160.71	<b>156.35</b>	-	-
<b>Ex-rate</b>	US\$ (JPY)	102.47	<b>111.01</b>	Depreciated by 8.3%	
	EURO (JPY)	114.36	<b>130.26</b>	Depreciated by 13.9%	
<b>Ex-rate Impact to Net Sales &amp; Operating Income</b>		Net sales : Increased by about 23.4 billion Yen Operating income : Increased by about 3.9 billion Yen			

# Quarterly Results by Segment



(Yen billions)		2Q of FY March 2017 (A)	1Q of FY March 2018 (B)	2Q of FY March 2018 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
					Net Sales	Capacitors	33.7	36.3
Inductive Devices	35.5	37.6	40.5	5.0		14.1	2.9	7.7
Other Passive Components	70.0	29.6	31.8	(38.2)		-54.6	2.2	7.4
<b>Passive Components</b>	139.2	103.5	111.5	(27.7)		-19.9	8.0	7.7
<b>Sensor Application Products</b>	10.5	16.4	20.2	9.7		92.4	3.8	23.2
Recording Devices	57.3	56.7	61.8	4.5		7.9	5.1	9.0
Other Magnetic Application Products	21.6	23.3	23.7	2.1		9.7	0.4	1.7
<b>Magnetic Application Products</b>	78.9	80.0	85.6	6.7		8.5	5.6	7.0
<b>Film Application Products</b>	65.2	79.7	103.5	38.3		58.7	23.8	29.9
<b>Other</b>	6.6	9.9	13.3	6.7		101.5	3.4	34.3
<b>Total</b>	300.4	289.5	334.0	33.6		11.2	44.5	15.4
Operating Income	<b>Passive Components</b>	19.7	10.2	12.4	(7.3)	-37.1	2.2	21.6
	<b>Sensor Application Products</b>	(1.8)	(4.6)	(6.1)	(4.3)	-	(1.5)	-
	<b>Magnetic Application Products</b>	5.8	4.8	6.1	0.3	5.2	1.3	27.1
	<b>Film Application Products</b>	13.0	12.7	21.3	8.3	63.8	8.6	67.7
	<b>Other</b>	(2.6)	0.3	(1.2)	1.4	-	(1.5)	-
	<b>Sub total</b>	34.1	23.5	32.5	(1.6)	-4.7	9.0	38.3
	<b>Corporate and Eliminations</b>	(6.3)	(7.9)	(5.9)	0.4	-	2.0	-
	<b>Total</b>	27.8	15.6	26.6	(1.2)	-4.3	11.0	70.5
Operating Income Margin		9.3%	5.4%	8.0%	-1.3 pt	-	+2.6 pt	-
Ex-rate	US\$/JPY	102.47	111.16	111.01				
	EURO/JPY	114.36	122.02	130.26				

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/2018/2q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2018/2q_1.htm)