

Consolidated Results for FY March 2018

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Key points concerning earnings for FY March 2018

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- **Net sales achieved a new record for a fifth consecutive fiscal year**
 - **Operating income rose in real-terms, absorbing the impact of the partial transfer of the High-Frequency Components business**
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- ▮ Net sales rose 7.9% year on year. Operating income decreased 59% year on year.
 - ▮ In the Passive Components segment, TDK continued to expand the profit base of Capacitors by addressing the strong demand in the automotive and the industrial equipment markets. Sales of products for automotive applications increased.
 - ▮ In the Sensor Application Products segment, TDK expanded its product and customer portfolio with a view to widening the target applications, such as the IoT market, and strengthened the foundation to expand its solutions business.
 - ▮ In the Magnetic Application Products segment, TDK secured higher profit despite a decrease in sales volumes of HDD Heads. In Power Supplies and Magnets, TDK increased sales and profits by responding in time to growth in demand in the industrial equipment market.
 - ▮ In Rechargeable Batteries, TDK achieved record high net sales and operating income for a third consecutive year with a steady response to strong demand fluctuations in the smartphone market and steady growth in sales for new applications.

Consolidated full year results for FY March 2018

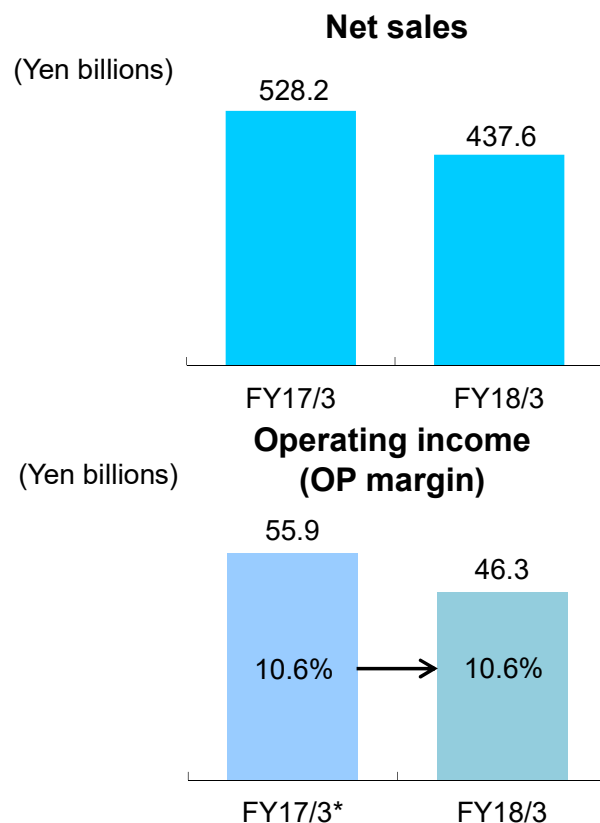
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(Yen billions)		FY March 2017 full year results	FY March 2018 full year results	Change	
				Yen billions	%
Net sales		1,178.3	1,271.7	93.4	7.9
Operating income		208.7	85.6	(123.1)	-59.0
Operating income margin		17.7%	6.7%		-
Income before income taxes		211.7	89.8	(121.9)	-57.6
Net income		145.1	63.5	(81.6)	-56.2
Earning per share (JPY)		1,150.16	502.80	-	-
Ex-rate	US\$ (JPY)	108.46	110.93	Depreciated by 2.3%	
	EURO (JPY)	118.92	129.64	Depreciated by 9.0%	
Ex-rate impact to net sales & operating income		Net sales : Increased by about 35.5 billion Yen Operating income : Increased by about 6.1 billion Yen			

FY March 2018 results

- Passive Components segment



*Excluding the gain on sale of 144.4 billion yen

Net sales 437.6 billion yen (down 17.2% year on year)
Operating income 46.3 billion yen (down 17.2% year on year)

- **Ceramic Capacitors**

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

- **Inductive Devices**

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

- **High-Frequency Components**

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

- **Piezoelectric Material Products and Circuit Protection Components**

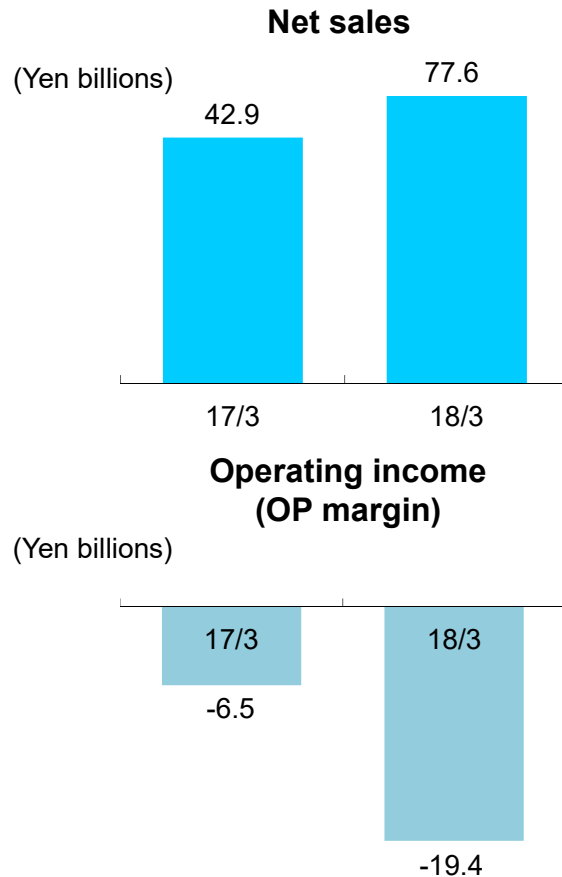
- ↳ Sales increased year on year.
- ↳ Sales to the automotive and the industrial equipment markets increased.

17/3: FY March 2017

FY March 2018 results

- Sensor Application segment

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Net sales 77.6 billion yen (up 80.9% year on year)
Operating income -19.4 billion yen (down —% year on year)

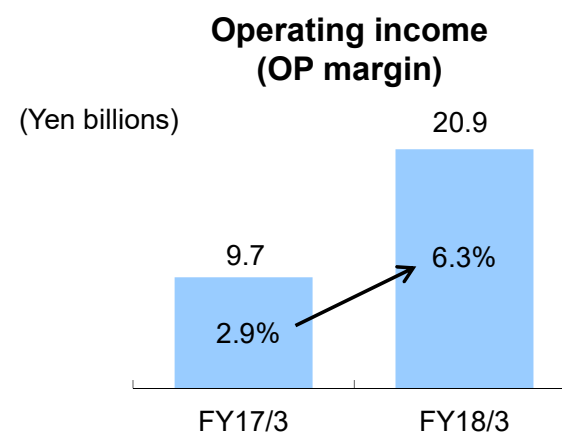
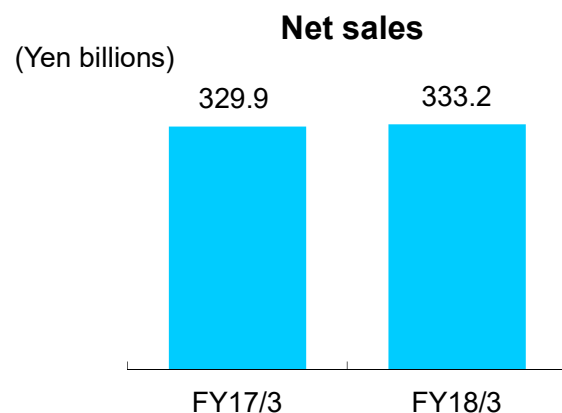
● Sensors

- Sales increased year on year due to the consolidation of sales of InvenSense, Inc., following the completion of its acquisition in May.
- Sales of Magnetic Sensors increased to the ICT market in step with growth in applications.
- There was a larger operating loss due to the recording of acquisition-related costs for InvenSense, Inc. etc.
- Expanded the product and customer portfolio and strengthened the foundation to expand the solutions business.

17/3: FY March 2017

FY March 2018 results

- Magnetic Application Products segment



17/3: FY March 2017

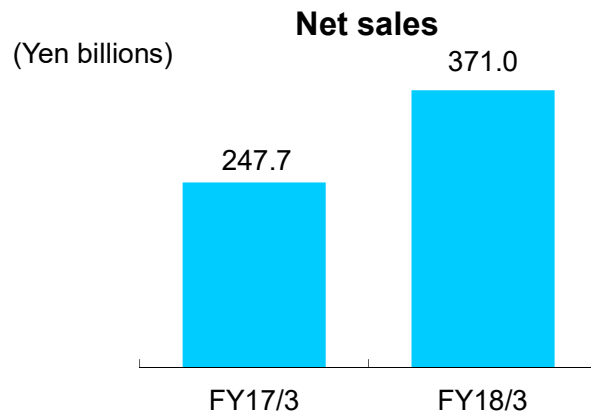
Net Sales 333.2 billion yen (up 1.0% year on year)
Operating income 20.9 billion yen (up 115.5% year on year)

- **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 and profitability improved.
 - ↪ Sales increased for applications such as wind power generators and industrial equipment.
- **Power Supplies**
 - ↪ Sales and profit increased year on year, reflecting strong condition in the industrial equipment market.
 - ↪ Sales were strong for applications such as semiconductor manufacturing equipment and robotics-related applications.
 - ↪ Profitability improved due to the launch of new products in the market.

FY March 2018 results

- Film Application Products segment

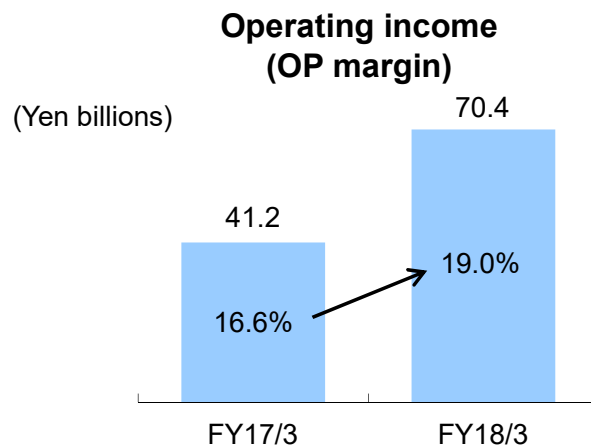
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Net sales 371.0 billion yen (up 49.8% year on year)
Operating income 70.4 billion yen (up 70.9% year on year)

- **Energy Devices (Rechargeable Batteries)**

- ▮ Sales and profit increased year on year.
- ▮ Sales to the ICT market were strong.
- ▮ Sales also increased for new applications such as drones and game consoles.



17/3: FY March 2017

FY March 2018 results by segment

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		FY March 2017 full year results		FY March 2018 full year results		Change	
		Yen billion	%	Yen billion	%	Yen billion	%
Net sales	Capacitors	136.8	11.6	157.0	12.3	20.2	14.8
	Inductive Devices	145.3	12.3	157.5	12.4	12.2	8.4
	Other Passive Components	246.1	20.9	123.1	9.7	(123.0)	-50.0
	Passive Components	528.2	44.8	437.6	34.4	(90.6)	-17.2
	Sensor Application Products	42.9	3.6	77.6	6.1	34.7	80.9
	Recording Devices	242.3	20.6	237.9	18.7	(4.4)	-1.8
	Other Magnetic Application Products	87.6	7.4	95.4	7.5	7.8	8.9
	Magnetic Application Products	329.9	28.0	333.2	26.2	3.3	1.0
	Film Application Products	247.7	21.0	371.0	29.2	123.3	49.8
	Other	29.6	2.5	52.3	4.1	22.7	76.7
	Total	1,178.3	100.0	1,271.7	100.0	93.4	7.9
Operating income	Passive Components	200.3	37.9	46.3	10.6	(154.0)	-76.9
	Sensor Application Products	(6.5)	-	(19.4)	-	(12.9)	-
	Magnetic Application Products	9.7	2.9	20.9	6.3	11.2	115.5
	Film Application Products	41.2	16.6	70.4	19.0	29.2	70.9
	Other	(7.3)	-	(2.4)	-	4.9	-
	Sub total	237.4	20.1	115.8	9.1	(121.6)	-51.2
	Corporate and eliminations	(28.8)	-	(30.1)	-	(1.3)	-
	Total	208.7	17.7	85.6	6.7	(123.1)	-59.0

Breakdown of operating income changes

FY March 2017
208.7 billion yen

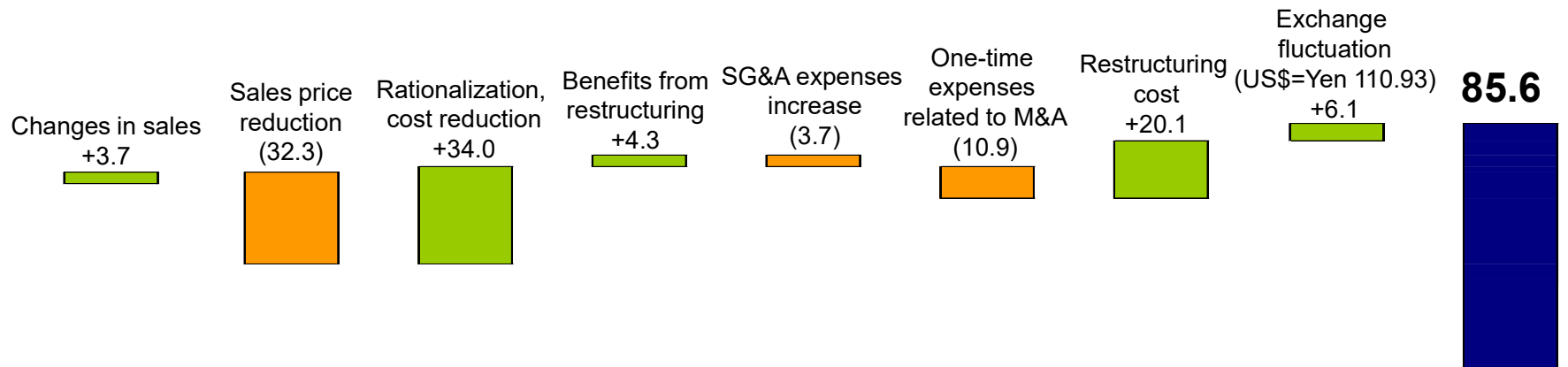
Operating income -123.1 billion yen

FY March 2018
85.6 billion yen

(Yen billions)

208.7

Gain on transfer
(144.4)



FY March 2018 quarterly results by segment

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(Yen billions)		4Q of FY March 2017 (A)	3Q of FY March 2018 (B)	4Q of FY March 2018 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	35.0	40.1	41.4	6.4	18.3	1.3	3.2
	Inductive Devices	37.6	40.3	39.2	1.6	4.3	(1.1)	-2.7
	Other Passive Components	40.7	32.3	29.3	(11.4)	-28.0	(3.0)	-9.3
	Passive Components	113.3	112.7	109.9	(3.4)	-3.0	(2.8)	-2.5
	Sensor Application Products	11.5	21.6	19.4	7.9	68.7	(2.2)	-10.2
	Recording Devices	63.0	62.3	57.0	(6.0)	-9.5	(5.3)	-8.5
	Other Magnetic Application Products	22.9	24.6	23.7	0.8	3.5	(0.9)	-3.7
	Magnetic Application Products	85.9	86.9	80.7	(5.2)	-6.1	(6.2)	-7.1
	Film Application Products	54.4	105.9	81.9	27.5	50.6	(24.0)	-22.7
	Other	9.2	14.1	15.1	5.9	64.1	1.0	7.1
	Total	274.3	341.1	307.1	32.8	12.0	(34.0)	-10.0
Operating income	Passive Components	146.7	12.3	11.3	(135.4)	-92.3	(1.0)	-8.1
	Sensor Application Products	(2.2)	(3.9)	(4.8)	(2.6)	-	(0.9)	-
	Magnetic Application Products	(7.3)	8.3	1.6	8.9	-	(6.7)	-
	Film Application Products	5.0	23.6	12.8	7.8	156.0	(10.8)	-45.8
	Other	(2.2)	(0.4)	(1.1)	1.1	-	(0.7)	-
	Sub total	140.0	39.9	19.8	(120.2)	-85.9	(20.1)	-50.4
	Corporate and eliminations	(8.2)	(7.5)	(8.9)	(0.7)	-	(1.4)	-
	Total	131.8	32.4	10.9	(120.9)	-	(21.5)	-66.4
	Operating income margin	48.0%	9.5%	3.5%	-44.5pt	-	-6.0pt	-
Ex-rate	US\$ (JPY)	113.85	112.97	108.49				
	EURO (JPY)	121.25	133.00	133.25				

About the change of reporting segment

TDK's reporting segments will change from the previous four segments: Passive Components, Sensor Application Products, Magnetic Application Products, and Film Application Products; to Passive Components, Sensor Application Products, Magnetic Application Products, and Energy Application Products. TDK's businesses will be classified into these reporting segments and Other, which comprises businesses that do not belong to the reporting segment.

Current reporting segments

Passive
Components

Sensor
Application
Products

Magnetic
Application
Products

Film
Application
Products

+

Other

New reporting segments

Passive
Components

Sensor
Application
Products

Magnetic
Application
Products

Energy
Application
Products

+

Other

Power Systems (Magnetic Application Products)
Energy Devices (Film Application Products)
Energy Systems (Other)

Cautionary statements with respect to forward-looking statements

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