

Attracting Tomorrow



**Performance Briefing
3Q of Fiscal Year March 2020**

- **Consolidated Results for 3Q of FY March 2020**
Consolidated Full Year Projections for FY March 2020
Tetsuji Yamanishi, Senior Vice President

**Consolidated Results for
3Q of FY March 2020
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Senior Vice President

Key points concerning earnings for 3Q of FY March 2020

Attracting Tomorrow



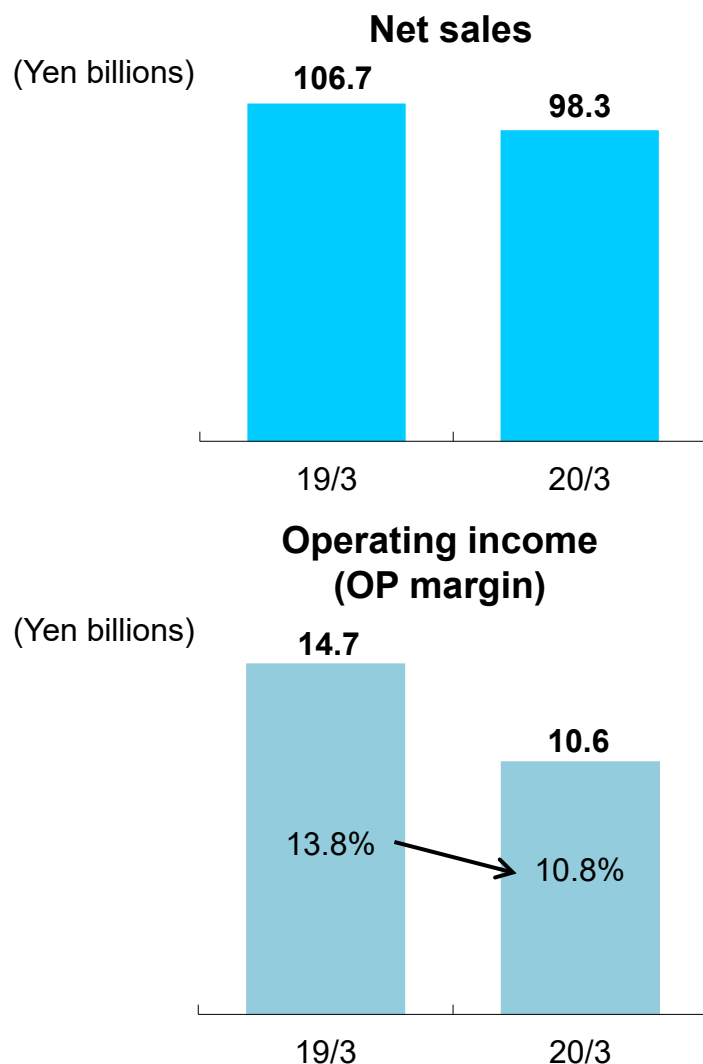
TDK delivered increases in net sales and earnings in 3Q, amid continuing global economic uncertainty and no major changes in the demand environment.

- **Net sales for 3Q rose 1.4% year on year. Operating income increased 23.2% year on year.**
- **Operating income, income before income taxes, and net income all achieved new record highs for a nine-month period.**
 - Rechargeable Batteries maintained high profitability, driving overall earnings.
 - Sales to the ICT market increased year on year, continuing on from the previous quarter to show a strong performance against the backdrop of increased demand for 5G products.
TDK's overall earnings increased due to sales growth in products for use in smartphones and base stations, such as Rechargeable Batteries and High-Frequency Components.
 - Sales in the automotive and the industrial equipment markets declined year on year as a lower-than-expected level of demand persisted.
In the Passive Components segment, TDK posted lower earnings on lower sales.
In the Sensor Application Products segment, an improvement in earnings was delayed as sales to the automotive market remained lackluster.
 - Based on the premise that no rapid recovery in the world economy is expected, TDK will make preparations to steadily capture growth opportunities while anticipating market needs.

Consolidated results for 3Q of FY March 2020

(Yen billions)		FY March 2019 3Q results	FY March 2020 3Q results	Change	
				Yen billions	%
Net sales		350.8	355.6	4.8	1.4
Operating income		32.8	40.4	7.6	23.2
Operating income margin		9.4%	11.4%	+2.0 pt	-
Income before income taxes		31.0	41.2	10.2	32.9
Net income		22.4	29.5	7.1	31.7
Earning per share (JPY)		177.45	233.35	-	-
Ex-rate	US\$ (JPY)	112.90	108.74	Appreciated by 3.7%	
	EURO (JPY)	128.87	120.34	Appreciated by 6.6%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 14.5 billion Yen Operating income : Decreased by about 1.5 billion Yen			

3Q results - Passive Components segment

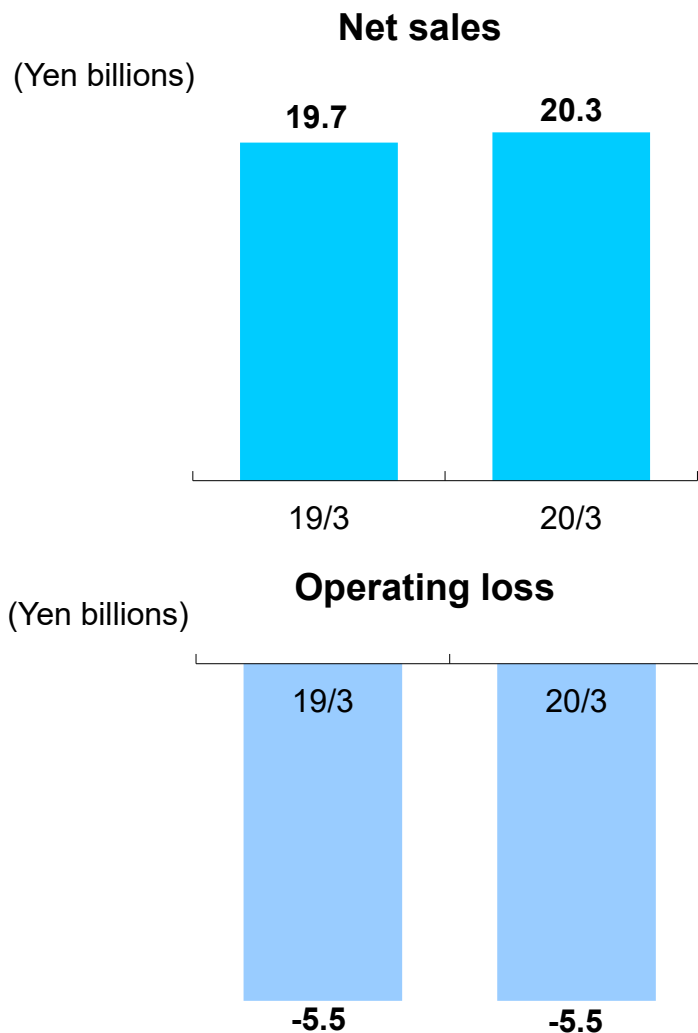


Net sales 98.3 billion yen (down 7.9% year on year)
Operating income 10.6 billion yen (down 27.9% year on year)

- **Ceramic Capacitors**
 - Sales and profit decreased year on year.
 - Sales increased to the automotive market, while decreased to the industrial equipment market and distributors.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
 - Sales and profit decreased year on year.
 - Sales decreased mainly to the industrial equipment market.
- **Inductive Devices**
 - Sales and profit decreased year on year.
 - Sales decreased to the automotive and the industrial equipment markets.
- **High-Frequency Components**
 - Sales and profit increased year on year.
 - Sales increased to the ICT market.
- **Piezoelectric Material Products and Circuit Protection Components**
 - Sales and profit decreased year on year.
 - Sales decreased to the automotive and the ICT markets.

19/3: FY March 2019

3Q results - Sensor Application Products segment



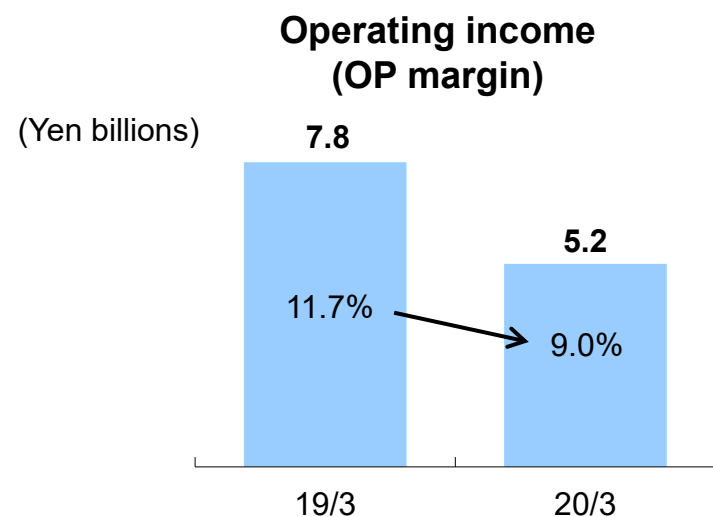
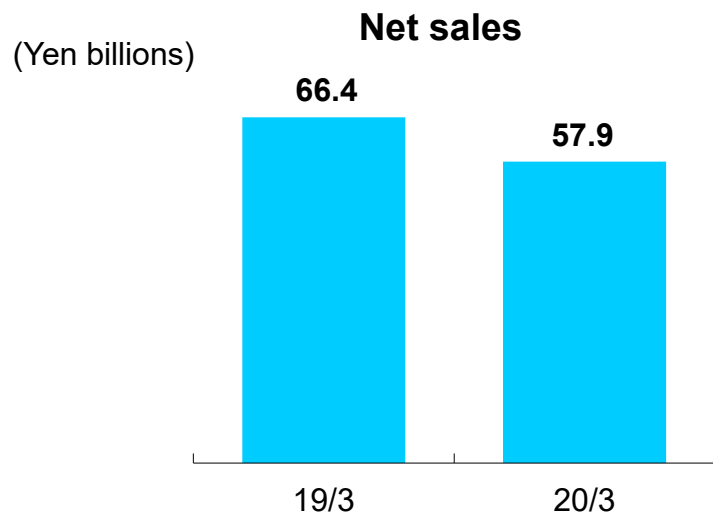
Net sales 20.3 billion yen (up 3.0% year on year)
Operating loss -5.5 billion yen (up —% year on year)

- **Sensors**

- Sales of conventional products (Temperature and Pressure Sensors, and Hall Sensors) to the automotive and the industrial equipment markets declined, with earnings also worsening.
- Earnings from TMR Sensors rose, driven by dramatic growth in sales to the automotive and ICT markets.
- In MEMS Sensors, sales of Motion Sensors increased to the ICT market due to an expanded customer base. In addition, sales to the automotive market and the industrial equipment market, such as drones, also rose due to expansion in the application base.
Sales of MEMS Microphones increased for smartphones and IoT equipment.

19/3: FY March 2019

3Q results - Magnetic Application Products segment

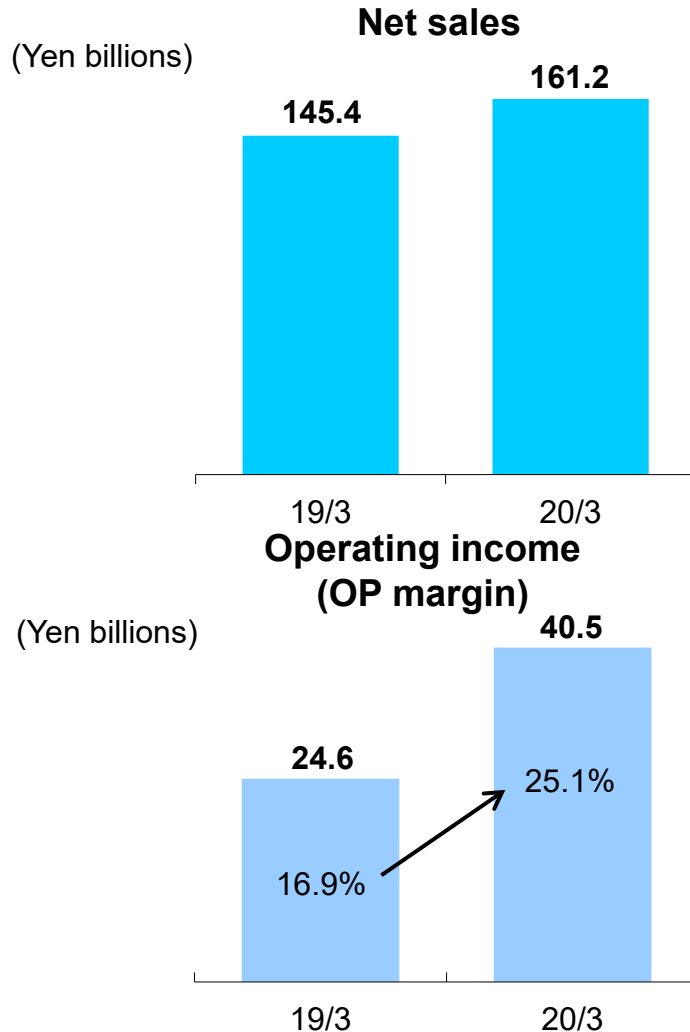


Net sales 57.9 billion yen (down 12.8% year on year)
Operating income 5.2 billion yen (down 33.3% year on year)

- **HDD Heads and HDD Suspension Assemblies**
 - Sales and profit decreased year on year.
 - Volume of HDD assembly decreased sharply.
 - Volume of Suspension Application Products (Additive Metal Deposition Components) decreased.
- **Magnets**
 - Sales and profit decreased year on year.
 - Sales to the industrial equipment market decreased.

19/3: FY March 2019

3Q results - Energy Application Products segment



Net sales 161.2 billion yen (up 10.9% year on year)
Operating income 40.5 billion yen (up 64.6% year on year)

- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- Sales expanded for smartphones and notebook PCs.
- Sales of mini cell products expanded for small size equipment such as wireless earphones (True Wireless Stereo).

- **Power Supplies**

- Sales and profit of Power Supplies for industrial equipment decreased year on year due to slowdown in demand.

19/3: FY March 2019

Quarterly results by segment

(Yen billions)		3Q of FY March 2019 (A)	2Q of FY March 2020 (B)	3Q of FY March 2020 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	42.7	39.6	37.3	(5.4)	-12.6	(2.3)	-5.8
	Inductive Devices	37.3	35.7	34.8	(2.5)	-6.7	(0.9)	-2.5
	Other Passive Components	26.7	26.6	26.3	(0.4)	-1.5	(0.3)	-1.1
	Passive Components	106.7	101.9	98.3	(8.4)	-7.9	(3.6)	-3.5
	Sensor Application Products	19.7	20.8	20.3	0.6	3.0	(0.5)	-2.4
	Magnetic Application Products	66.4	54.5	57.9	(8.5)	-12.8	3.4	6.2
	Energy Application Products	145.4	173.7	161.2	15.8	10.9	(12.5)	-7.2
	Other	12.6	19.4	17.9	5.3	42.1	(1.5)	-7.7
	Total	350.8	370.2	355.6	4.8	1.4	(14.6)	-3.9
Operating income	Passive Components	14.7	11.4	10.6	(4.1)	-27.9	(0.8)	-7.0
	Sensor Application Products	(5.5)	(5.5)	(5.5)	0.0	-	0.0	-
	Magnetic Application Products	7.8	3.5	5.2	(2.6)	-33.3	1.7	48.6
	Energy Application Products	24.6	42.5	40.5	15.9	64.6	(2.0)	-4.7
	Other	(1.2)	(0.6)	(2.5)	(1.3)	-	(1.9)	-
	Sub total	40.5	51.2	48.4	7.9	19.5	(2.8)	-5.5
	Corporate and eliminations	(7.7)	(7.3)	(8.0)	(0.3)	-	(0.7)	-
Total	32.8	43.9	40.4	7.6	23.2	(3.5)	-8.0	
Operating income margin		9.4%	11.9%	11.4%	+2.0pt	-	-0.5pt	-
Ex-rate	US\$ (JPY)	112.90	107.39	108.74				
	EURO (JPY)	128.87	119.48	120.34				

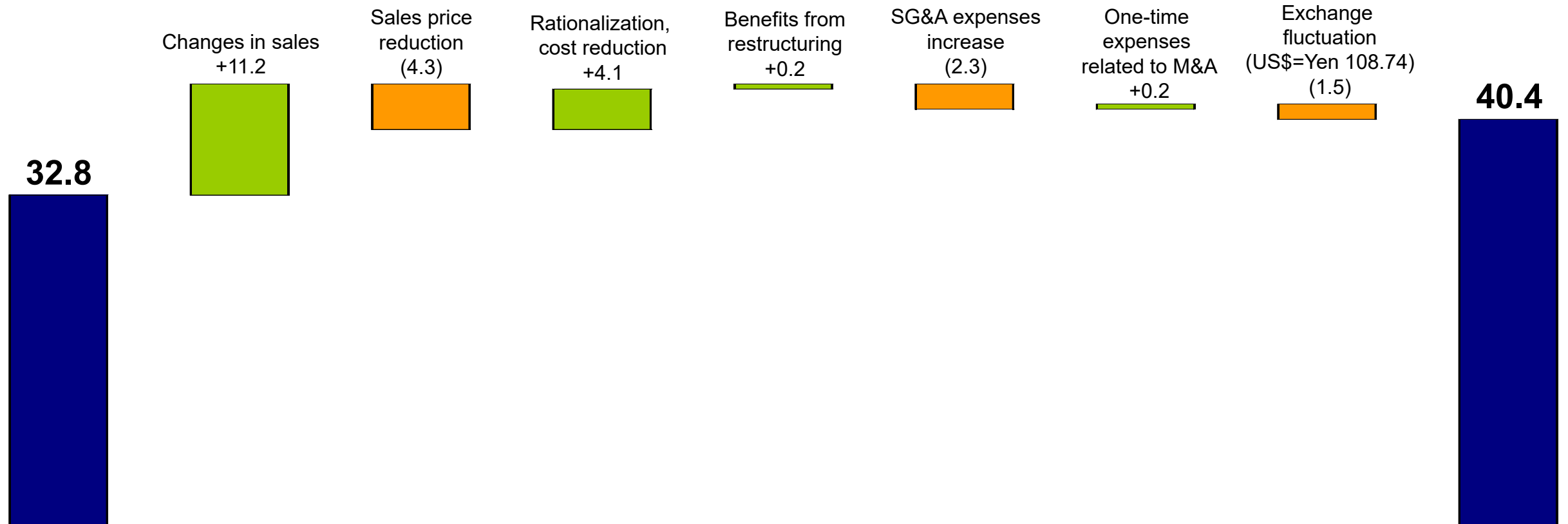
Breakdown of operating income changes

3Q of
FY March 2019
32.8 billion yen

Operating income +7.6 billion yen

3Q of
FY March 2020
40.4 billion yen

(Yen billions)



Consolidated results through 3Q of FY March 2020

	(Yen billions)	FY March 2019 Results through 3Q (2018.4.1-2018.12.31)	FY March 2020 Results through 3Q (2019.4.1-2019.12.31)	Change	
				Yen billions	%
Net sales		1,072.7	1,062.7	(10.0)	-0.9
Operating income		94.9	109.2	14.3	15.1
Operating income margin		8.8%	10.3%	+1.5pt	-
Income before income taxes		88.8	109.8	21.0	23.6
Net income		63.5	74.4	10.9	17.2
Earning per share (JPY)		502.78	589.16	-	-
Ex-rate	US\$ (JPY)	111.17	108.74	Appreciated by 2.2%	
	EURO (JPY)	129.55	121.12	Appreciated by 6.5%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 34.5 billion Yen Operating income : Decreased by about 3.5 billion Yen			

FY March 2020 full year / dividend projections

		FY March 2019 full year results (Yen billions)	FY March 2020 full year projections (announced on Apr. 26, 2019)	FY March 2020 full year projections (announced on Oct. 31, 2019)	YoY change	
					Yen billions	%
Net sales		1,381.8	1,420.0	1,390.0	8.2	0.6
Operating income		107.8	120.0	120.0	12.2	11.3
Operating income margin		7.8%	8.5%	8.6%	+0.8 pt	-
Income before income taxes		115.6	118.0	118.0	2.4	2.1
Net income		82.2	84.0	84.0	1.8	2.2
Earning per share (JPY)		651.02	665.11	665.06	-	-
Dividends (JPY)		1st half : 80 2nd half : 80 Annual: 160	1st half : 90 2nd half : 90 Annual : 180	1st half : 90 2nd half : 90 Annual : 180	-	-
Ex-rate	US\$ (JPY)	110.94	108.00	108.00	-	-
	EURO (JPY)	128.48	122.00	122.00	-	-
Capital expenditure		173.6	200.0	200.0	26.4	15.2
Depreciation and amortization		106.6	130.0	130.0	23.4	22.0
Research and development		115.2	120.0	120.0	4.8	4.2

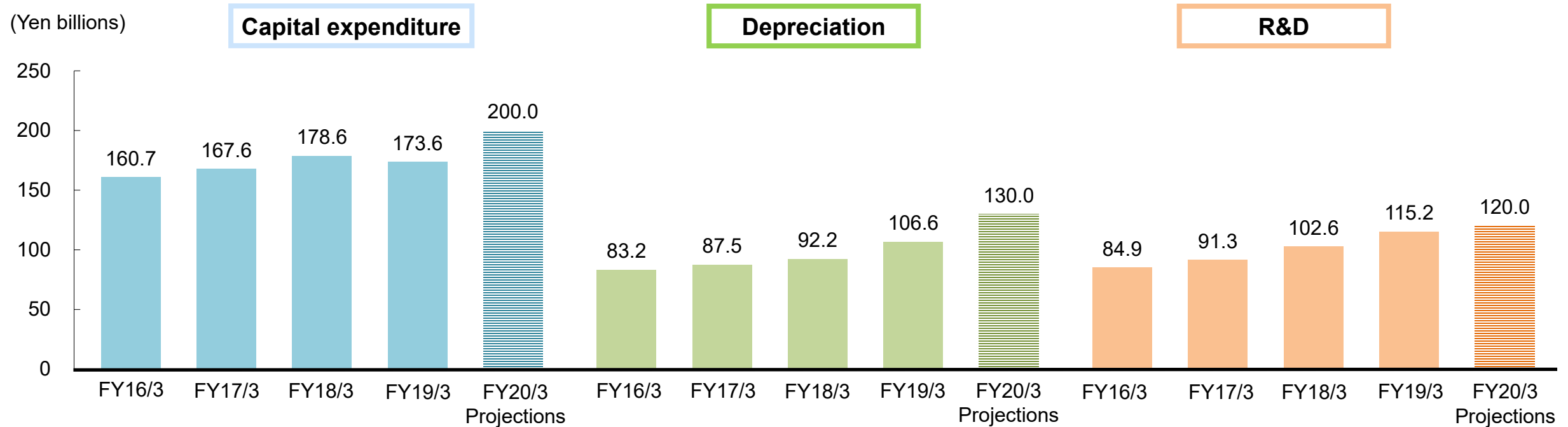
Supplementary Data

Quarterly sales and operating income by segment

		FY March 2019					FY March 2020				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	(Yen billions)										
	Capacitors	44.5	43.9	42.7	42.3	173.3	39.3	39.6	37.3		
	Inductive Devices	38.9	39.5	37.3	34.3	150.0	34.1	35.7	34.8		
	Other Passive Components	29.3	28.7	26.7	25.3	110.1	24.8	26.6	26.3		
	Passive Components	112.7	112.1	106.7	101.9	433.4	98.3	101.9	98.3		
	Sensor Application Products	18.9	20.6	19.7	17.3	76.5	18.1	20.8	20.3		
	Magnetic Application Products	70.5	75.4	66.4	60.5	272.8	55.5	54.5	57.9		
	Energy Application Products	125.6	154.8	145.4	111.8	537.5	144.5	173.7	161.2		
Other	15.4	16.0	12.6	17.6	61.6	20.4	19.4	17.9			
Total	343.1	378.9	350.8	309.1	1,381.8	336.8	370.2	355.6			
Operating income	Passive Components	14.0	16.4	14.7	13.3	58.4	10.3	11.4	10.6		
	Sensor Application Products	(4.9)	(4.6)	(5.5)	(7.2)	(22.1)	(7.0)	(5.5)	(5.5)		
	Magnetic Application Products	3.5	0.9	7.8	4.8	17.0	3.3	3.5	5.2		
	Energy Application Products	21.0	33.3	24.6	12.1	91.0	26.5	42.5	40.5		
	Other	(1.0)	(1.7)	(1.2)	(2.8)	(6.7)	0.3	(0.6)	(2.5)		
	Sub total	32.5	44.4	40.5	20.3	137.6	33.4	51.2	48.4		
	Corporate and eliminations	(7.1)	(7.6)	(7.7)	(7.4)	(29.8)	(8.4)	(7.3)	(8.0)		
Total	25.4	36.8	32.8	12.9	107.8	25.0	43.9	40.4			
Ex-rate	US\$ (JPY)	109.09	111.50	112.90	110.23	110.94	110.10	107.39	108.74		
	EURO (JPY)	130.16	129.63	128.87	125.18	128.48	123.57	119.48	120.34		

FY March 2020 projections and forex sensitivity

Expenses



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

- **US\$: Sales 7.0 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, 2019	September End, 2019	December End, 2019	Change from Sep End, 2019
Total asset	1,992.5	1,952.7	2,051.4	98.7
Total liability	1,108.7	1,091.1	1,139.3	48.2
Stockholders's equity	877.3	856.3	906.7	50.4
(comprehensive income)	(124.4)	(176.5)	(144.2)	32.3
Stockholders's equity ratio	44.0%	43.9%	44.2%	+0.3pt
Cash and cash equivalents	329.7	330.2	377.3	47.1
Interest-bearing debt (*1)	520.3	458.2	457.5	(0.7)
Net cash (*2)	(190.6)	(128.0)	(80.2)	47.8

*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments (except operating lease obligations)

*2: Cash and cash equivalents - Interest-bearing debt

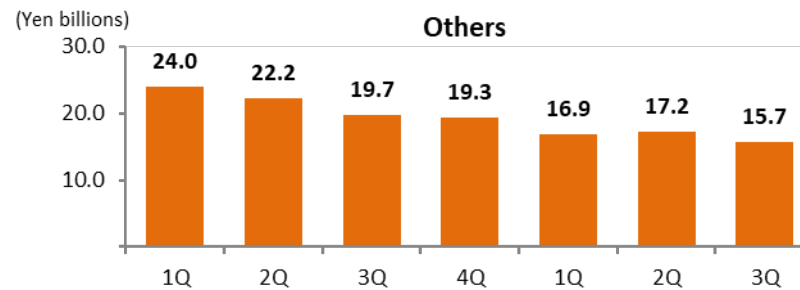
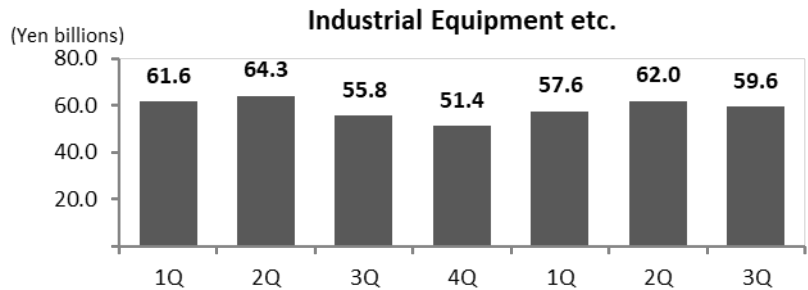
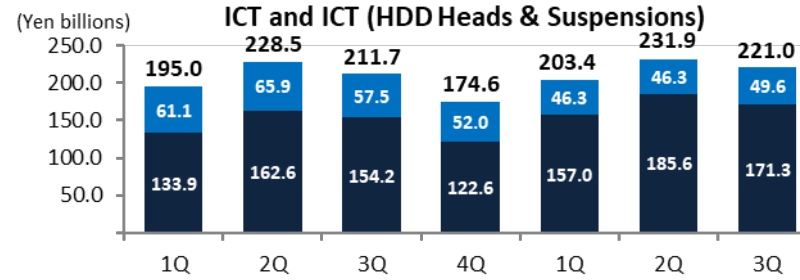
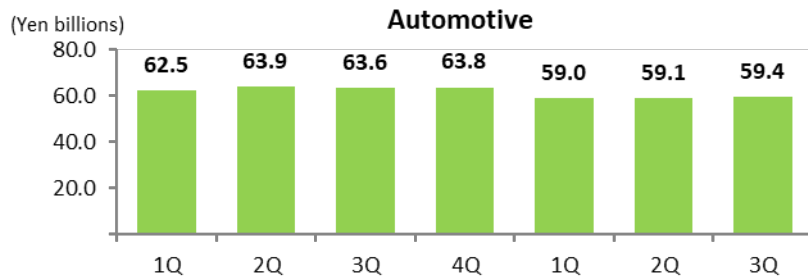
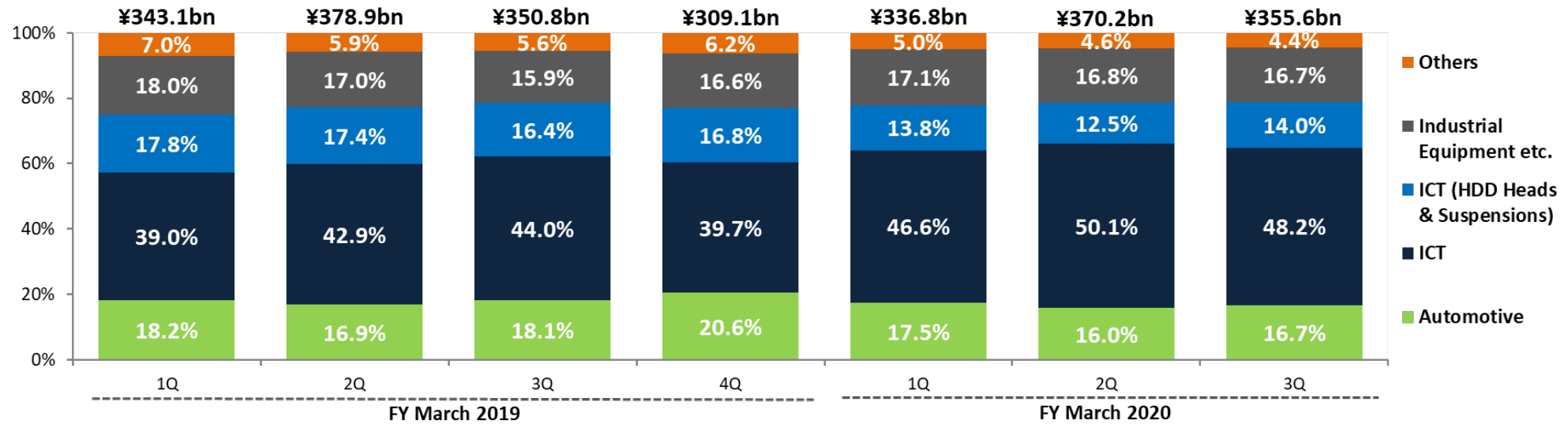
Cash flows

(Yen billions)	FY March 2019 Results through 3Q	FY March 2020 Results through 3Q	YoY change
Operating cash flow	90.4	149.5	59.1
Investing cash flow	(95.8)	11.4	107.2
Free cash flow	(5.4)	160.9	166.3
Financing cash flow	21.2	(89.4)	(110.6)
Effect of exchange rate changes on cash and cash equivalents	(1.9)	(7.3)	(5.4)

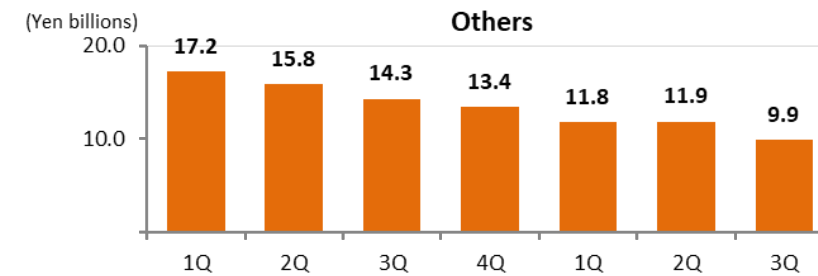
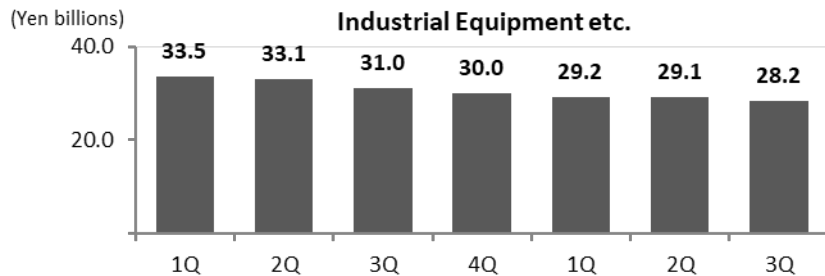
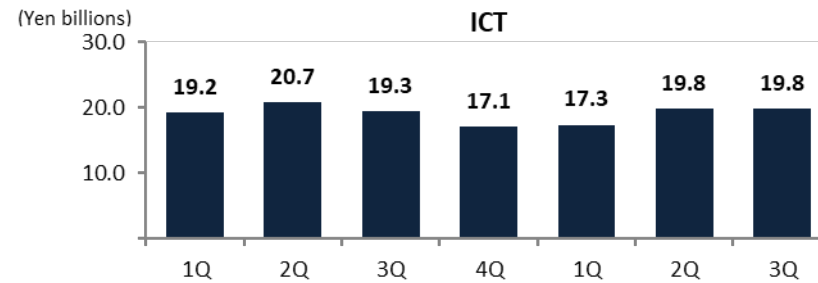
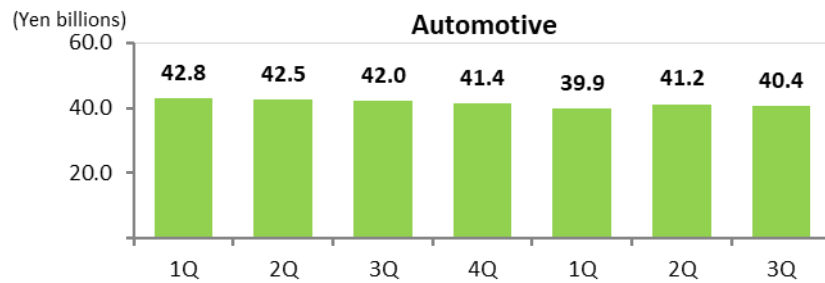
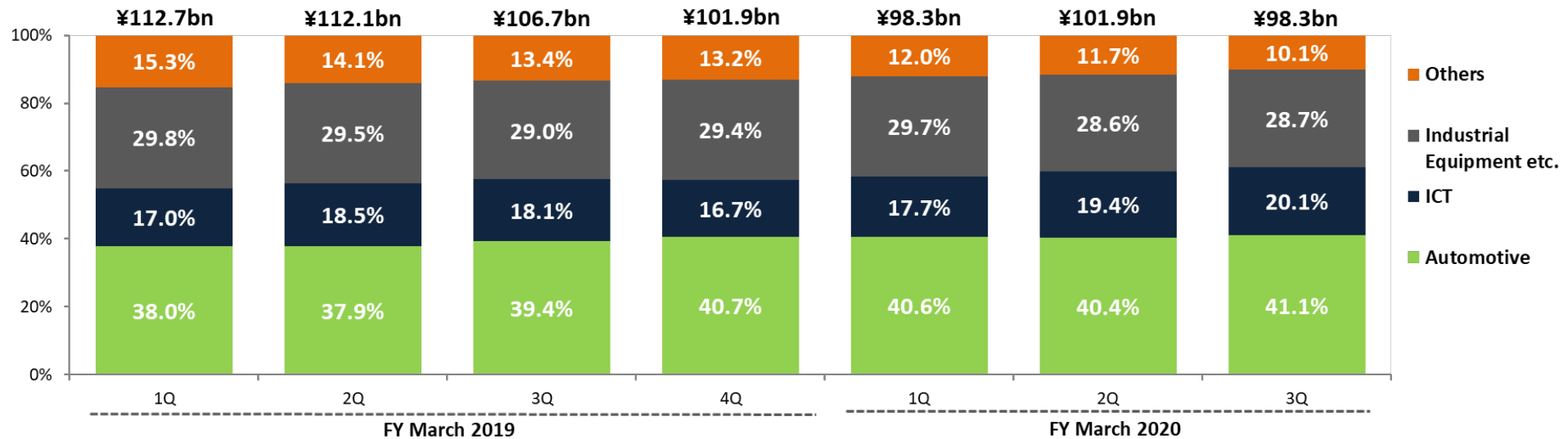
Cash and cash equivalents	293.5	353.5	60.0
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(Yen billions)	FY March 2019 Results through 3Q	FY March 2020 Results through 3Q	YoY change
Capital expenditures	117.2	129.9	12.7
Depreciation and amortization	79.8	91.4	11.6

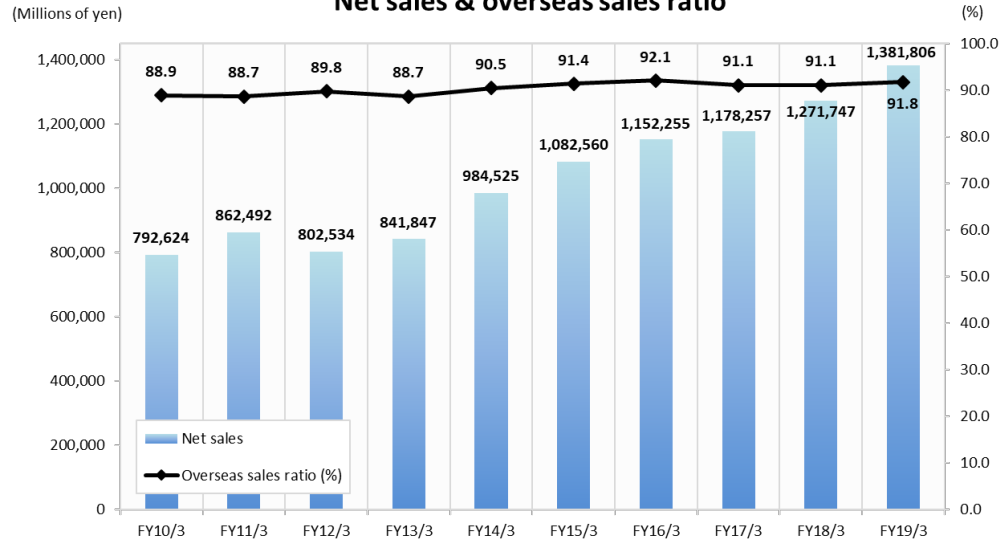
Quarterly sales by applications (1Q of FY March 2019 – 3Q of FY March 2020)



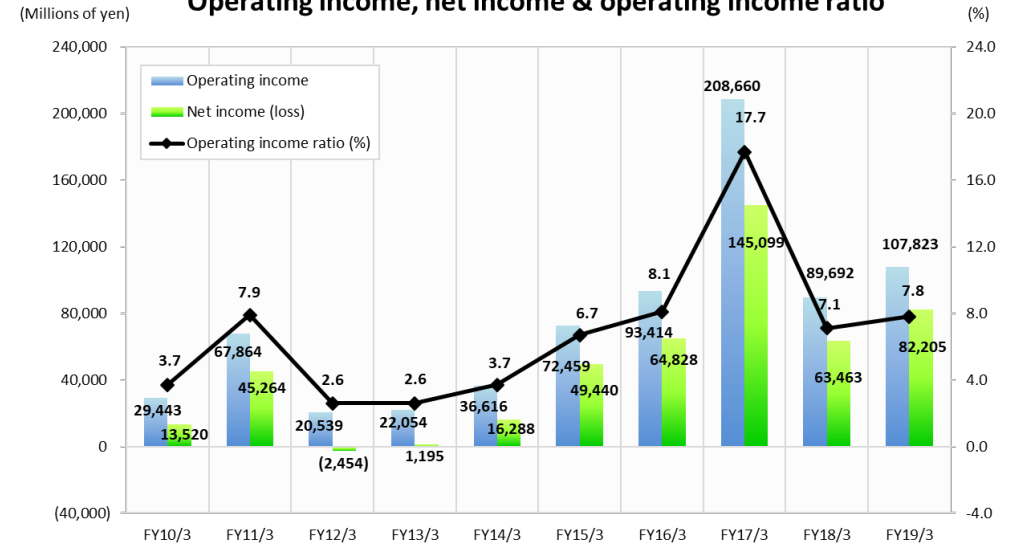
Passive Components business quarterly sales by applications (1Q of FY March 2019 – 3Q of FY March 2020)



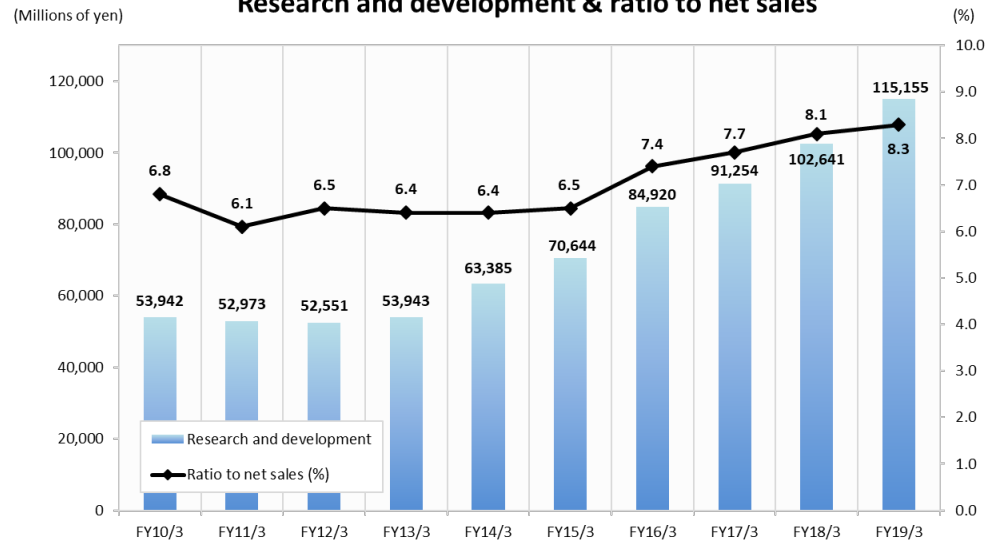
Net sales & overseas sales ratio



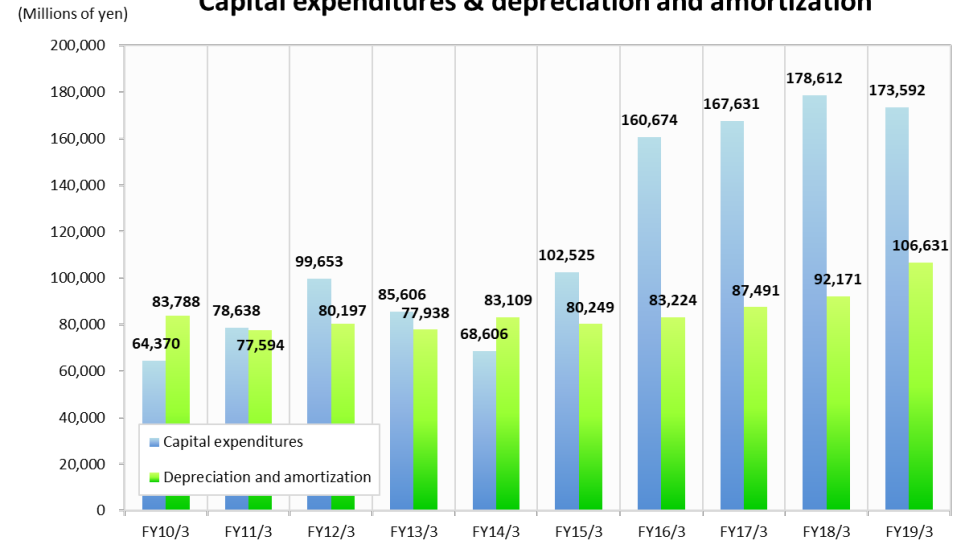
Operating income, net income & operating income ratio

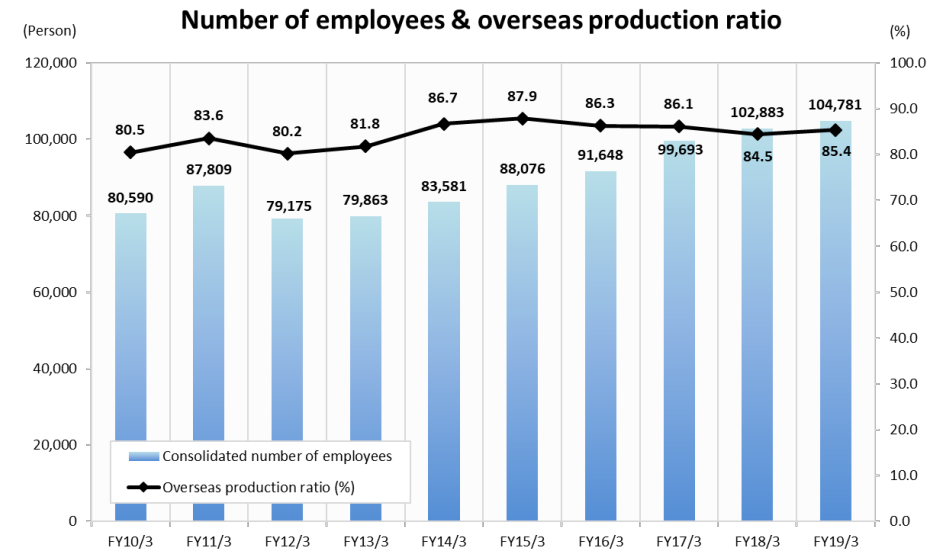
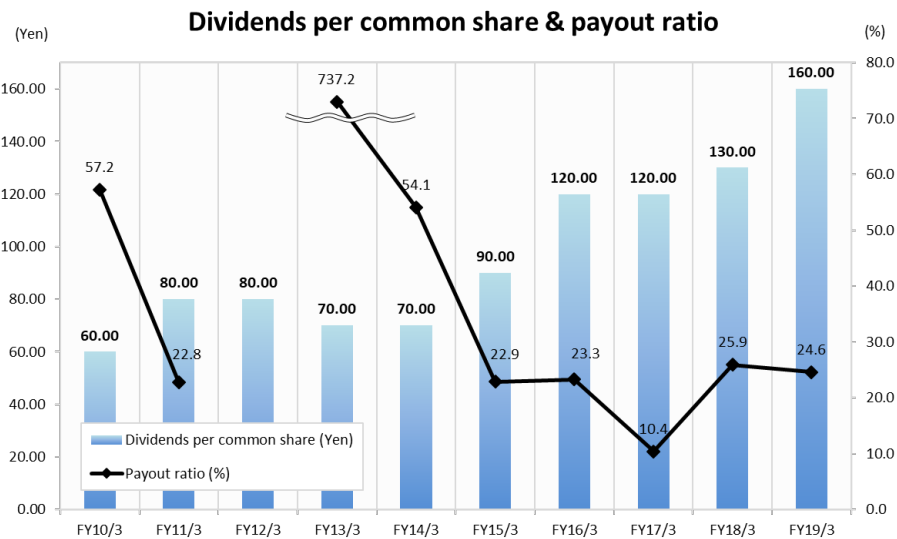
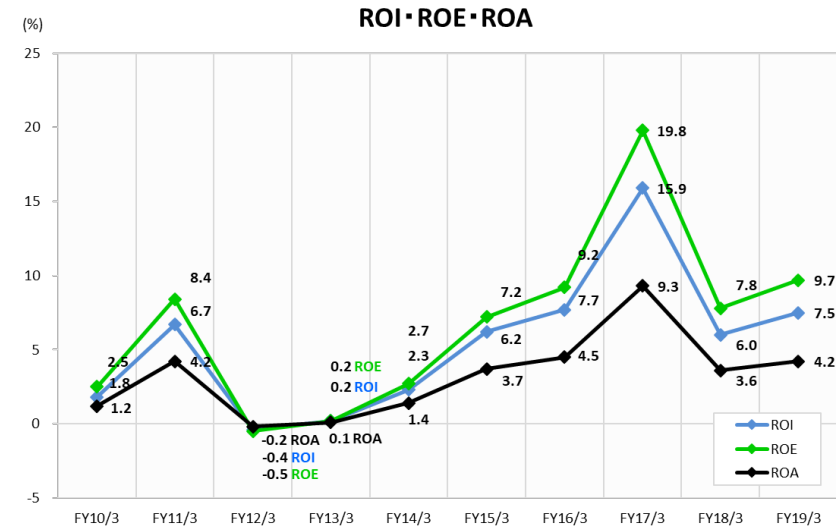
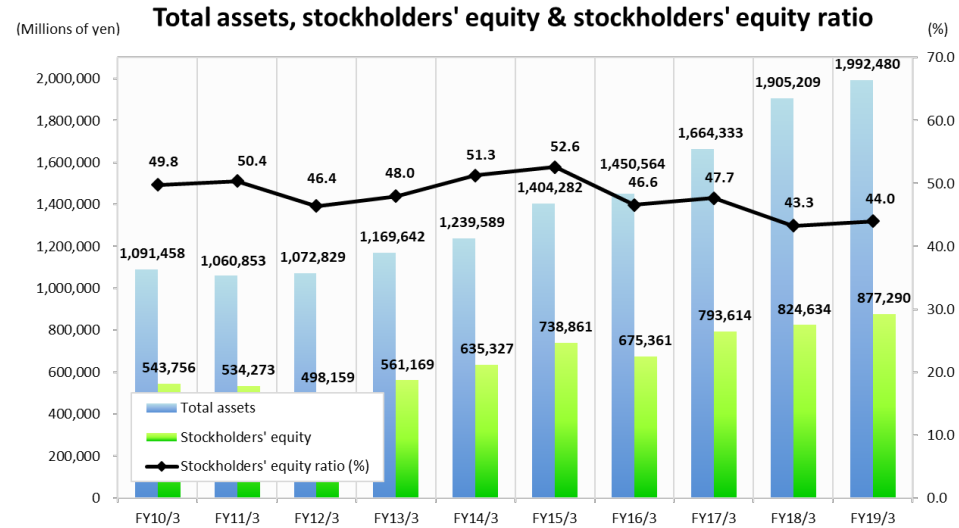


Research and development & ratio to net sales



Capital expenditures & depreciation and amortization





Cautionary statements with respect to forward-looking statements

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.



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https://www.tdk.com/corp/en/ir/ir_events/conference/2020/3q_1.htm