

# Fiscal 2024 Projections

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# Fiscal 2024 Projections

	(JPY bn)	FY2023 Actual	FY2024 Projections	Change	
				JPY bn	%
Net sales		2,180.8	<b>2,020.0</b>	(160.8)	(7.4)%
Operating profit		168.8	<b>190.0</b>	+21.2	+12.5%
Operating profit margin		7.7%	<b>9.4%</b>	+1.7pts	-
Profit before tax		167.2	<b>188.0</b>	+20.8	+12.4%
Net profit		114.2	<b>147.0</b>	+32.8	+28.7%
Earnings per share (JPY)		301.19	<b>387.57</b>	-	-
Dividends (JPY)		106.00	<b>116.00</b>	-	-
USD (JPY)		135.46	<b>130.00</b>	-	-
EUR (JPY)		140.89	<b>142.00</b>	-	-

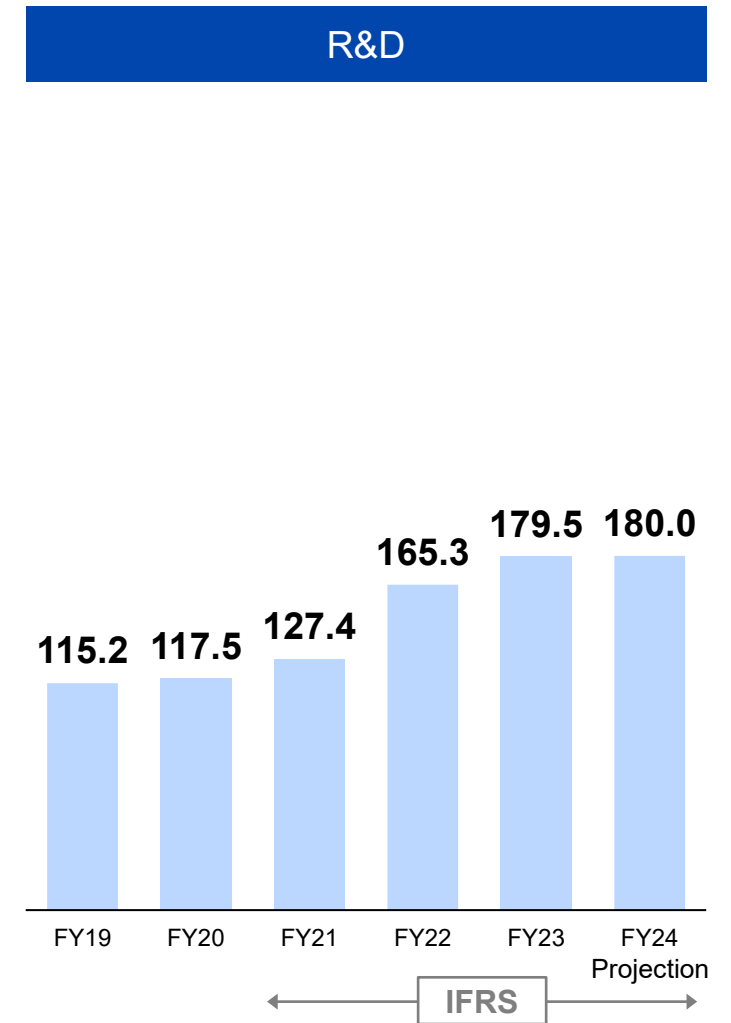
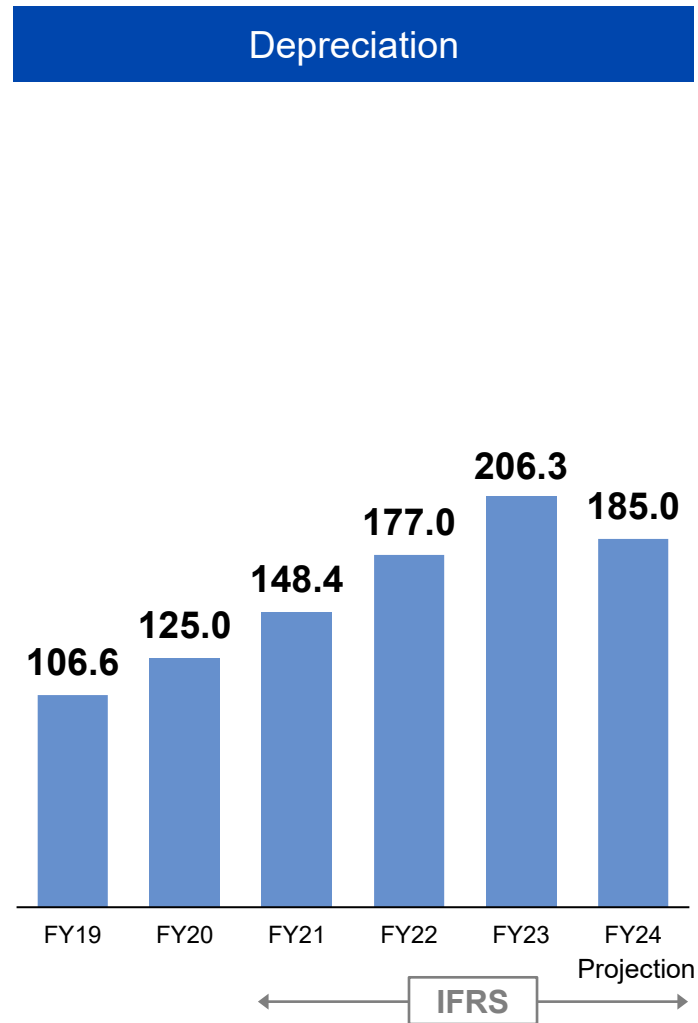
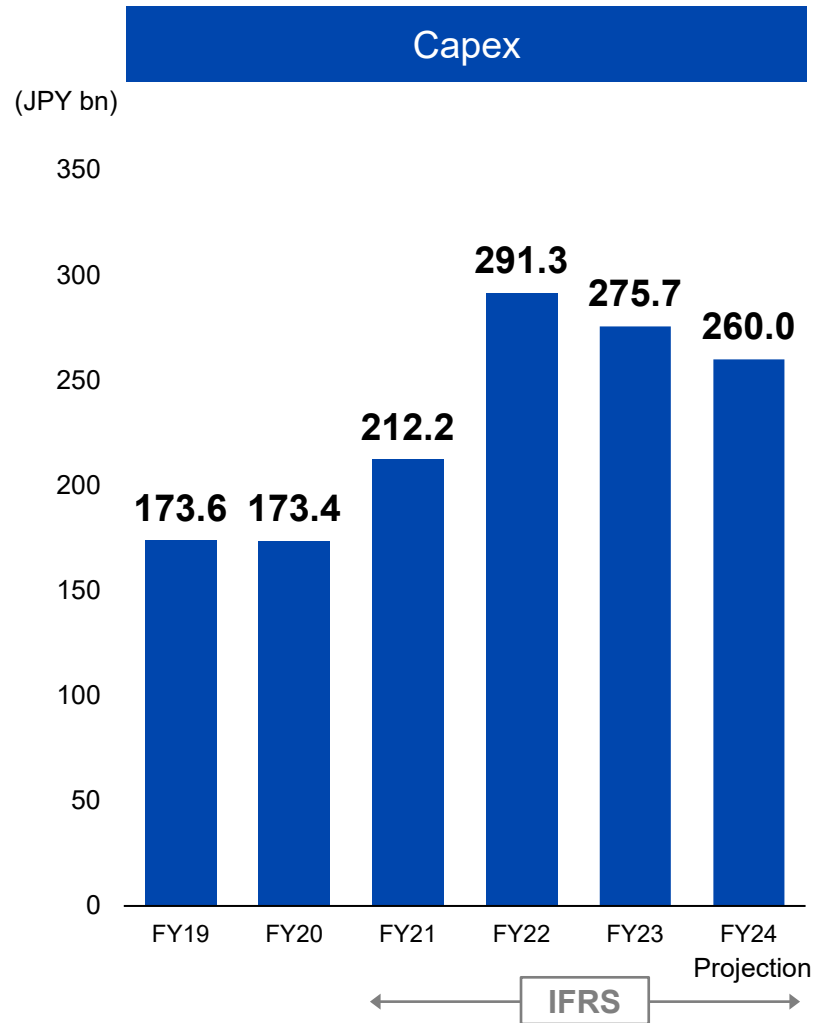
# Forecast production trend in key markets

- The ICT market is on the way to recovery while the xEV market is expected to expand.

(Unit mn)	FY2023 Actual	FY2024 Forecast	YoY
Automobile*	84	<b>88</b>	+5%
xEV	17.2	<b>21.9</b>	+27%
Smartphone	1,143	<b>1,118</b>	(2)%
5G Smartphone	593	<b>607</b>	+2%
HDD	153	<b>146</b>	(5)%
Nearline	55	<b>60</b>	+9%
Notebook PC	179	<b>182</b>	+2%
Tablet	153	<b>149</b>	(3)%

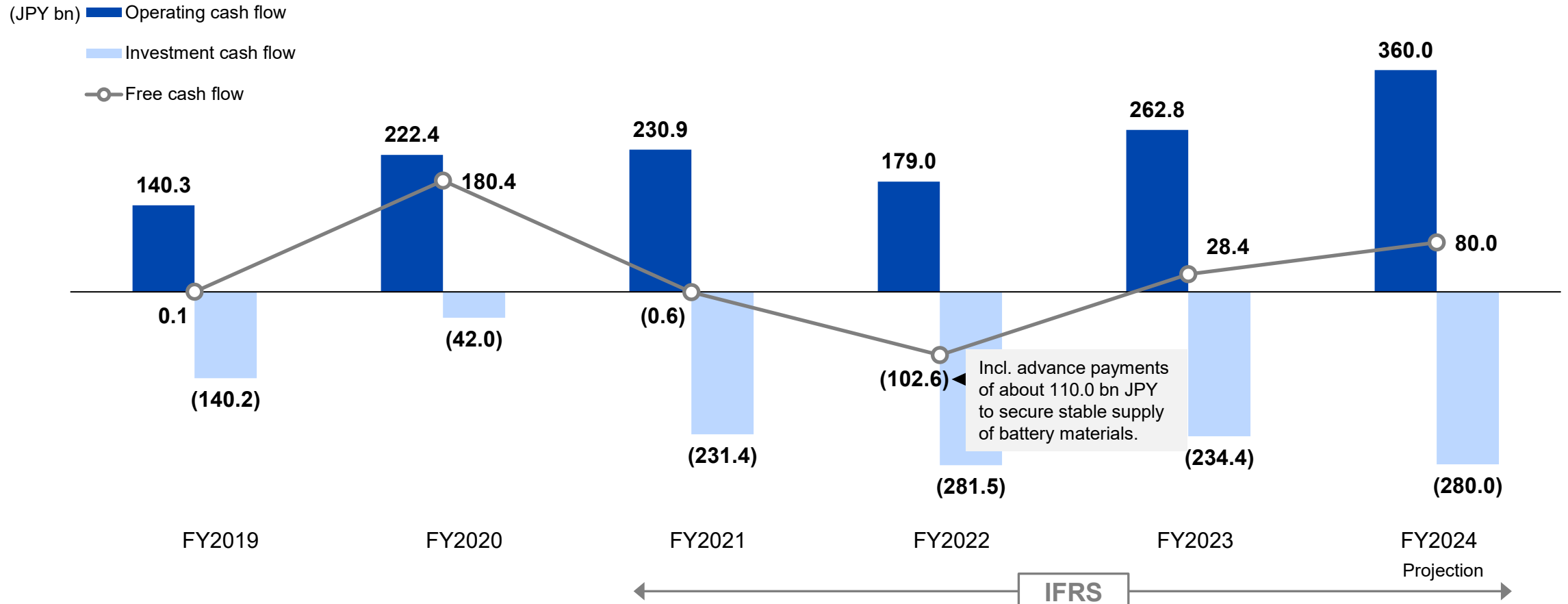
\*:The number of Automobile includes commercial vehicles.

# Capex, Depreciation, R&D

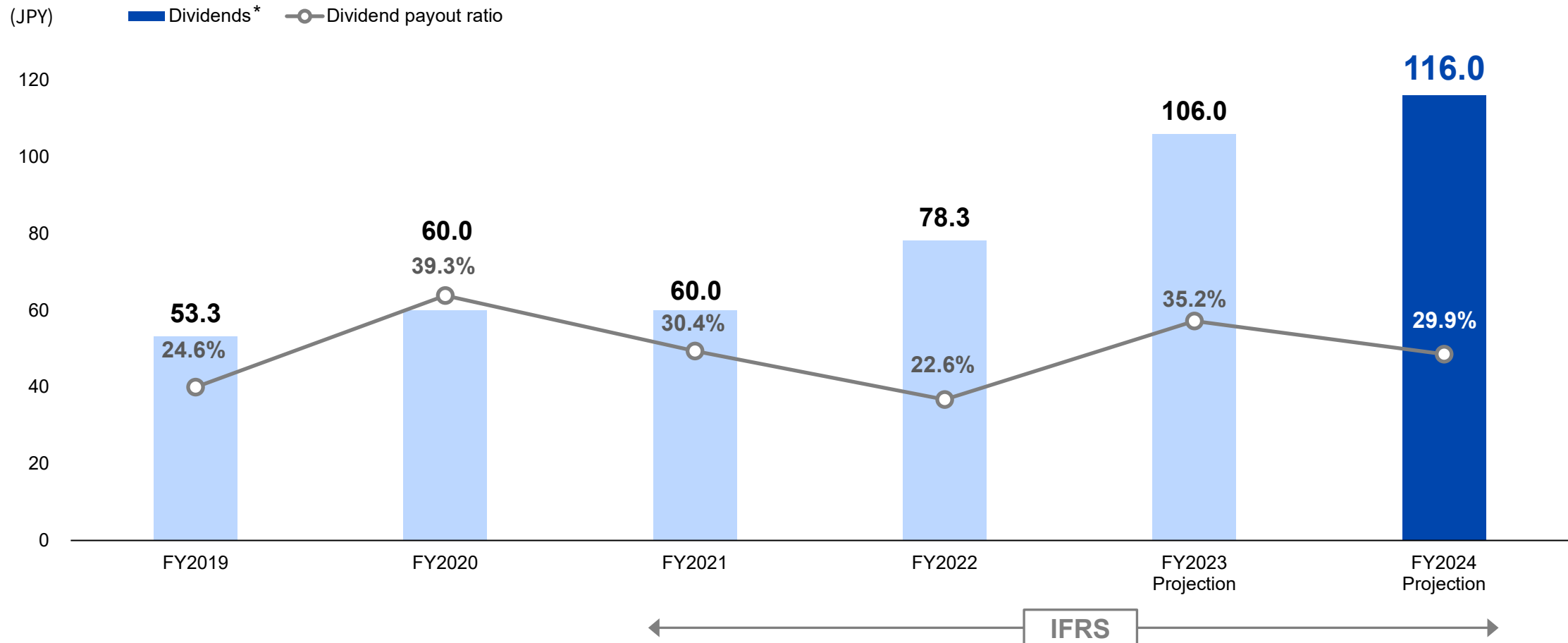


# Cash flows

- Operating cash flow increased on the back of profitability improvement mainly in Passive Components and Sensor Application Products.
- Free cash flow is expected to be 80.0 bn JPY for FY2024 due to a decline in investment in Energy Application Products.



# Shareholder returns



\* Dividends are calculated on the basis of the 3-for-1 share split as of October 1, 2021.

# Projections by segment

- Sales are expected to increase year on year in three segments excluding Energy Application Products.

(JPY bn)	FY2023 Actual	FY2024 Projections (YoY)	Factors
Passive Components	578.7	+9 ~ +12%	<ul style="list-style-type: none"> <li>• Sales of ceramic capacitors and film capacitors, which are for automobile applications, are expected to increase.</li> <li>• Sales of inductive devices to the automotive and the industrial equipment markets are expected to increase.</li> </ul>
Sensor Application Products	169.5	+7 ~ +10%	<ul style="list-style-type: none"> <li>• Sales of magnetic sensors and MEMS microphones for ICT applications are expected to increase.</li> <li>• Sales of magnetic sensors and temperature and pressure sensors, which are for automobile applications, are expected to increase.</li> </ul>
Magnetic Application Products	200.6	+2 ~ +5%	<ul style="list-style-type: none"> <li>• The HDD production volume is expected to decline by 5%.</li> <li>• Lag in recovery of the HDD market related to data centers.</li> </ul>
Energy Application Products	1,173.4	(22) ~ (19)%	<ul style="list-style-type: none"> <li>• Production of ICT-related devices is expected to remain sluggish.</li> <li>• Sales price decrease for rechargeable batteries is expected in line with a decline in raw material prices.</li> <li>• Sales of medium capacity rechargeable batteries are expected to decrease as a result of the transfer to a JV.</li> </ul>
Other	58.7	-	
<b>Total</b>	<b>2,180.8</b>	<b>2,020.0</b>	

(Note) In accordance with the reorganization for 1Q of FY2024, certain products of Other are reclassified into capacitors of Passive Components. Thus, the FY2023 figures are also reclassified to conform to the new segmentation.

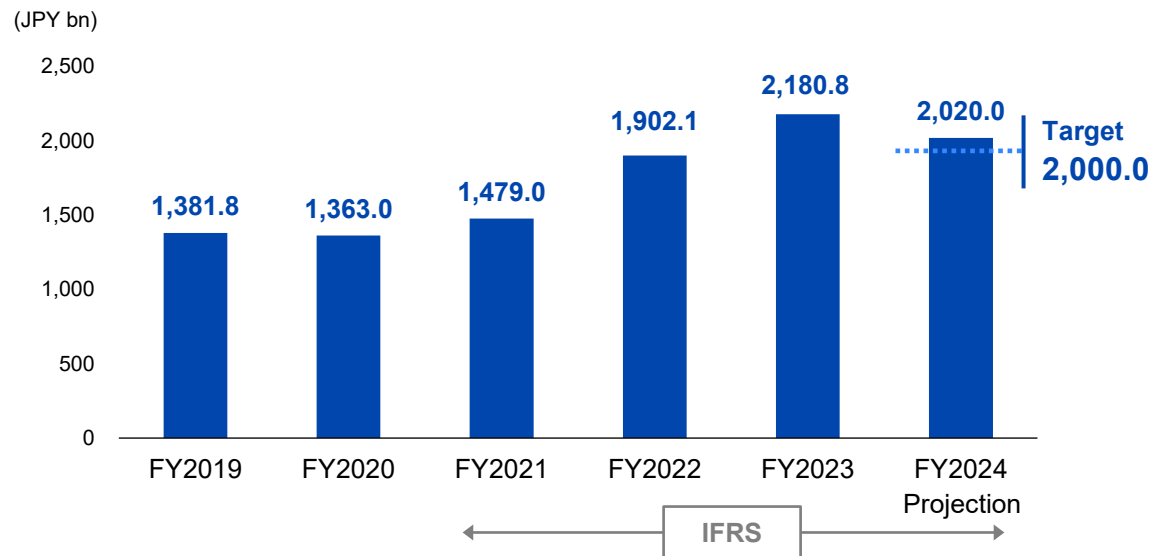
# Progress Report on Medium-Term Plan - Value Creation 2023 -



# Value Creation 2023: Progress overview

- Diversification of revenue sources has progressed as the Passive Components growth and Sensor Application Products turned profitable.
- Determined to make investments to boost capacity of brisk demand products such as Passive Components and TMR sensors.
- Restructuring of underperforming businesses such as the Magnetic Application Products remains issues.

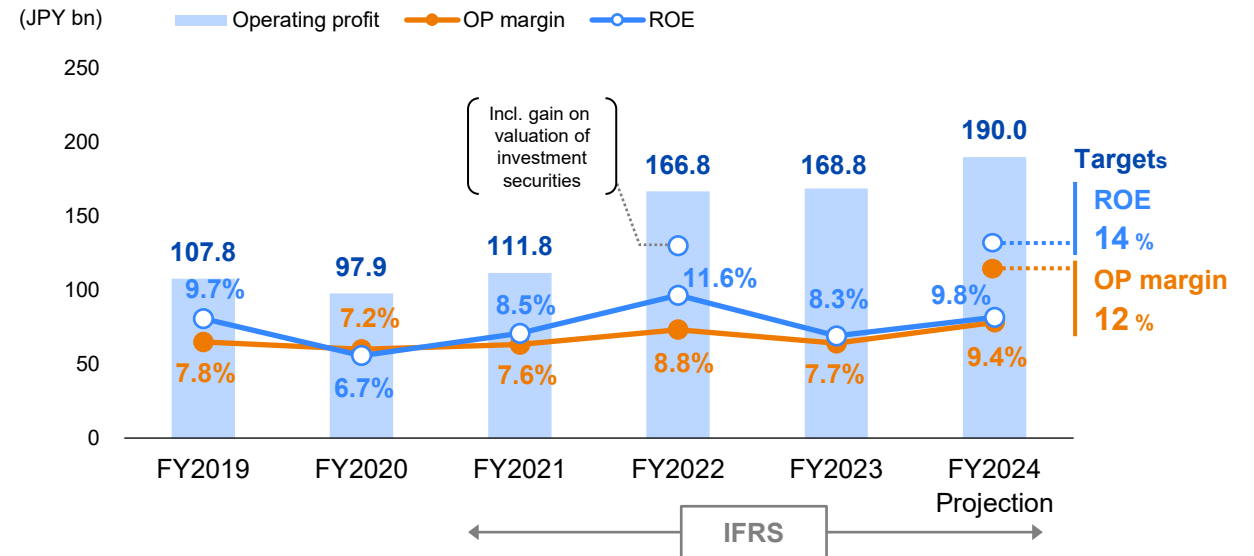
## Net sales



### Progress

- Passive Components growth.
- Sensor Application Products growth as profitability improved.
- Investment in increased production of passive components, TMR sensors, etc.
- Profitability of medium capacity rechargeable batteries was achieved ahead of schedule.
- Implemented business base-focused strategy to respond to geopolitical risks.

## Operating profit, OP margin, ROE

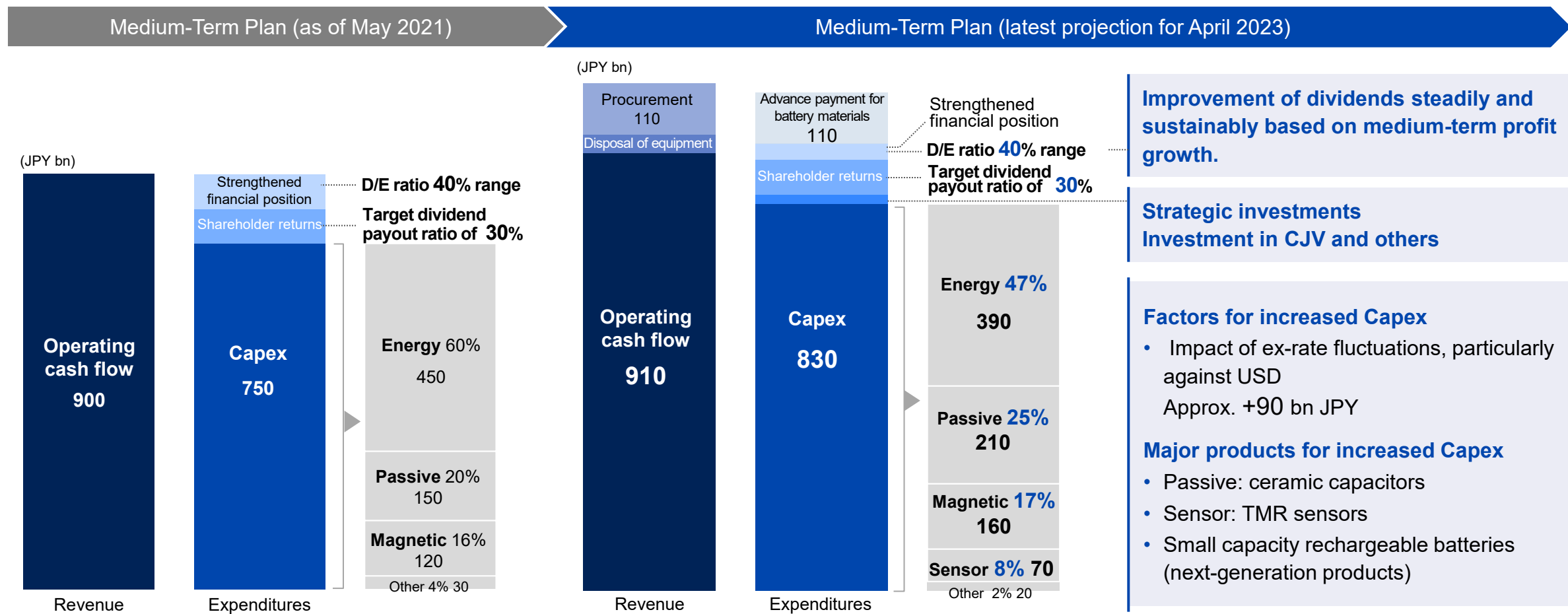


### Challenges

- Profitability of the recording device business deteriorated due to sluggish HDD demand.
- Profitability improvement of underperforming businesses has been delayed.
- Responded to soaring energy cost, etc. (rationalization measures)

# Capital allocation plan

- Investment in Energy Application Products was reduced as the commencement of the JVs in medium capacity rechargeable batteries.
- Increase of investment in Passive Components, such as ceramic capacitors for automobile applications, and Sensor Application Products, such as TMR sensors.
- Aiming for positive free cash flow after shareholder returns. (excluding approx. 110 bn JPY in the advance payments for battery materials)



**Improvement of dividends steadily and sustainably based on medium-term profit growth.**

**Strategic investments**  
Investment in CJV and others

**Factors for increased Capex**

- Impact of ex-rate fluctuations, particularly against USD  
Approx. +90 bn JPY

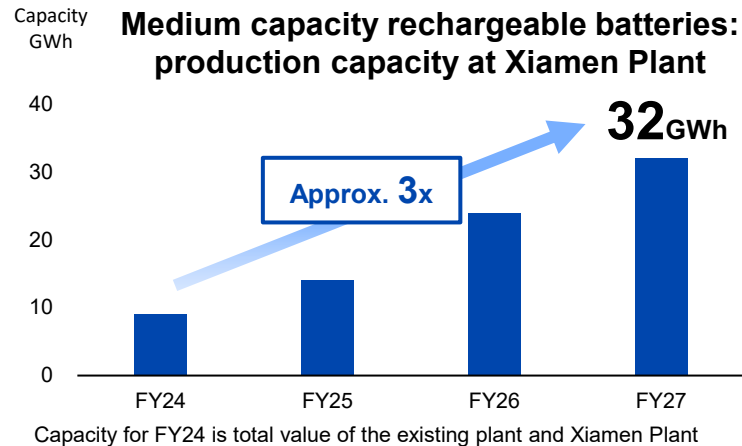
**Major products for increased Capex**

- Passive: ceramic capacitors
- Sensor: TMR sensors
- Small capacity rechargeable batteries (next-generation products)

# Growth strategies: medium capacity rechargeable batteries

- Commence production at the new manufacturing site as planned.

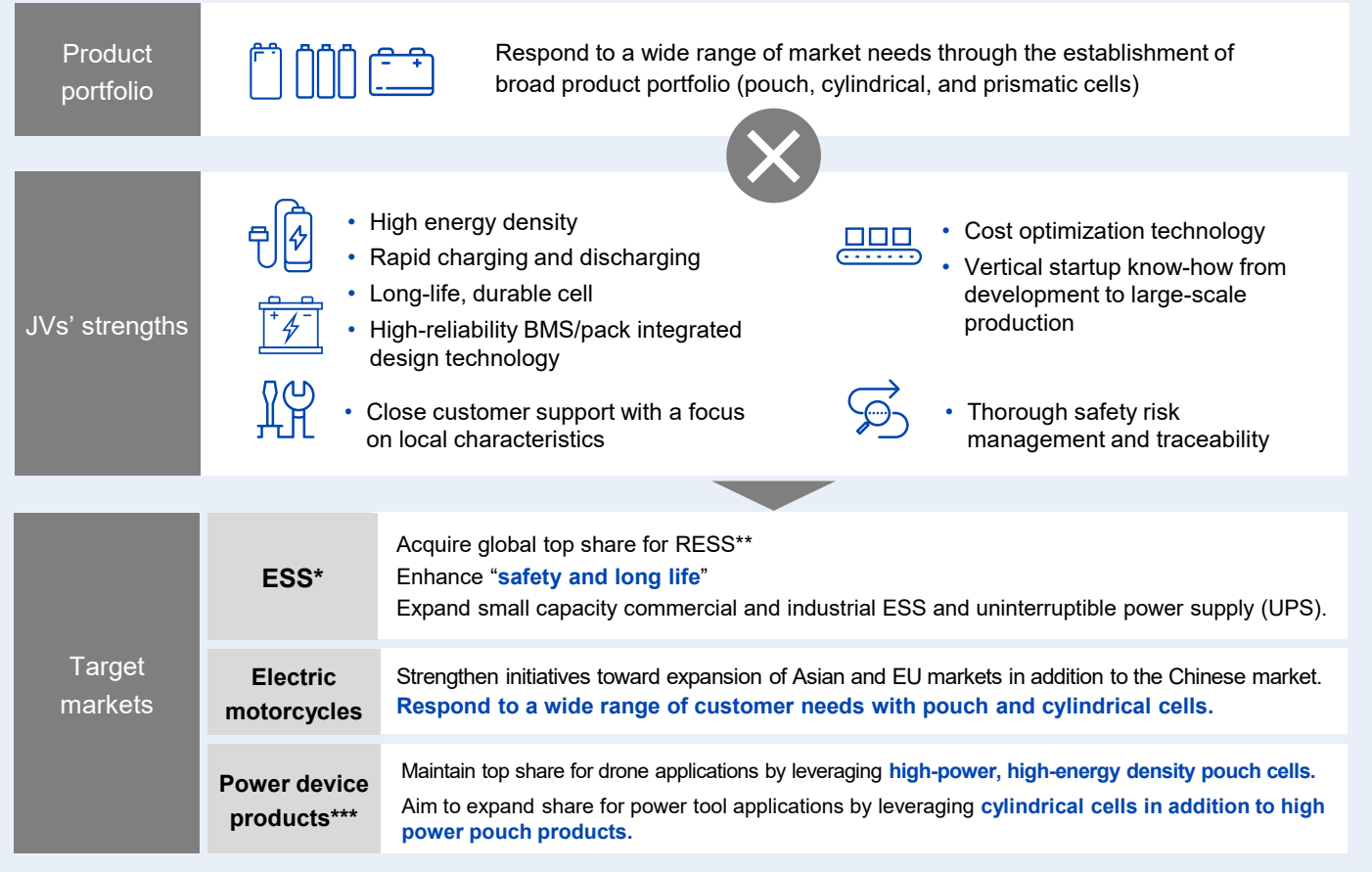
## New manufacturing site in Xiamen City, Fujian Province (April 2023~)



**Aim to attain global No.1 position by combining the strengths of two companies**

**Approx. 500 bn JPY in net sales\* by 2030**

\*TDK Group consolidation



\*ESS=Energy Storage System \*\*RESS=Residential Energy Storage System \*\*\*Power device products= Drone, Power Tool, Cleaner, etc.

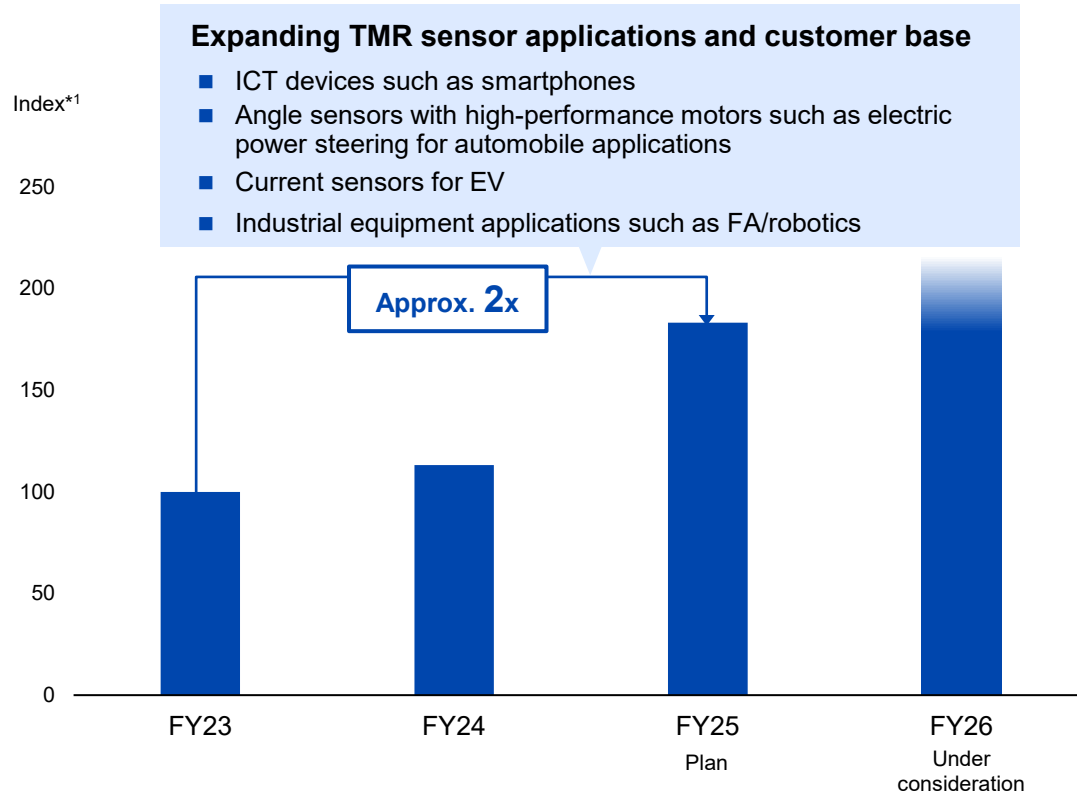
# Growth strategies: Sensor Application Products and Passive Components

- Make active investments to increase capacity of products for which brisk demand increase is expected.

## Expansion plan for TMR sensors

Double production capacity in FY2025 compared with FY2023 level.

Production expansion plan for TMR Sensors

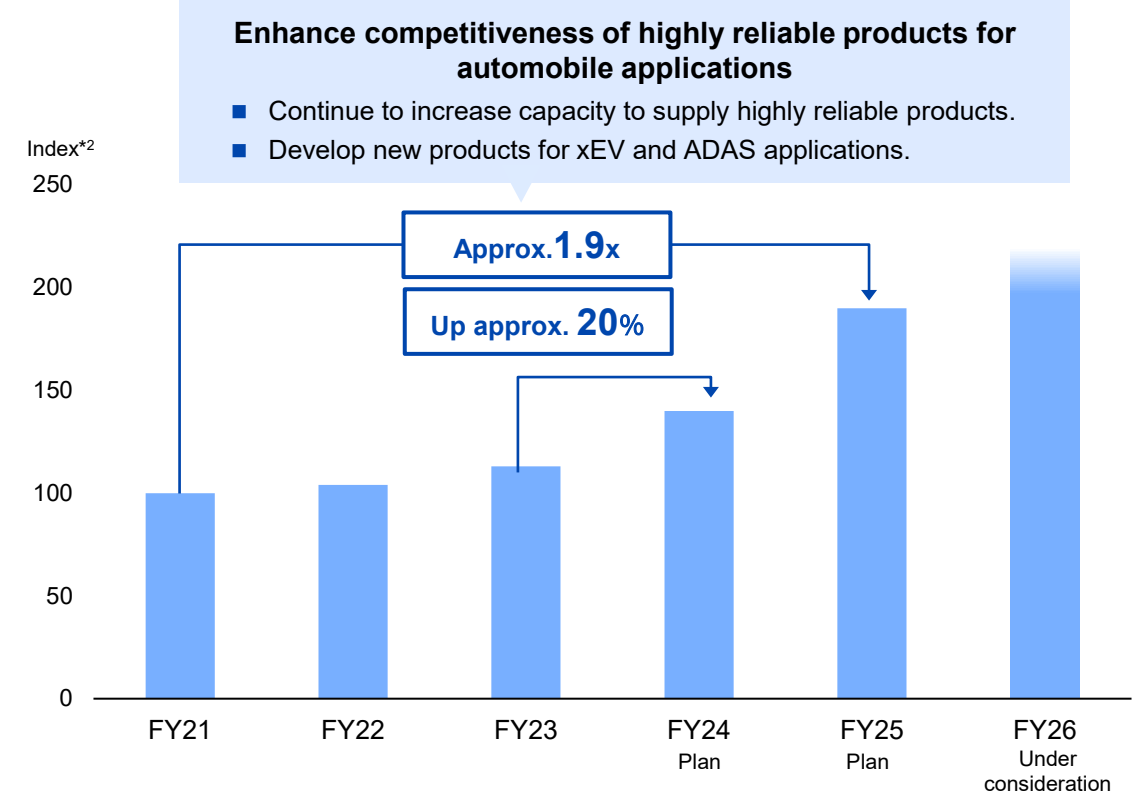


\*1: An Index based on the production volume at the end of FY2023, set at 100.

## Expansion plan for ceramic capacitors for automobile applications

Considering investment to increase production for FY2025 and thereafter.

Production expansion plan for ceramic capacitors



\*2: An Index based on the production volume at the end of FY2021, set at 100.


**E**

**EX**

Effective use of energy and expanded use of renewable energy toward the realization of net zero CO2 emissions by 2050

**Supply chain management**

Ensure societal and environmental consideration in the supply chain




## Key progress updates

- Certification application submitted to SBTi in September 2022.
- Joined RE100 in December 2022.
- RE 50% is expected to be achieved by the end of 2024, one year ahead of the target of 2025.
  - Convert electricity sources at the manufacturing sites in Tohoku and Niigata areas to 100% renewal energy-based sources on April 1, 2023.
  - Convert electricity sources at all manufacturing sites in Japan to 100% renewal energy-based sources by the end of 2023.

**S**

**HR management**

Efforts to strengthen human resources




- Implemented team member engagement surveys around the world, as a part of our aim at improving their satisfaction.
- Enact TDK Health Declaration and join the alliance of domestic companies.

**G**

**Pursuing both delegation of authority and internal controls**

Empowerment and transparency



- Penetration of group management based on Global Common Regulations.
- Strengthened regional headquarters functions.

# Cautionary statements with respect to forward-looking statements

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Text data including Q&A of performance briefing will be uploaded on following site.  
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