

# FY2003 Consolidated Results and Fiscal 2004 Projections

May 7, 2003

Hajime Sawabe President and CEO

## Consolidated Results (FY2003)

(Yen millions)	FY2002	FY2003	Change	Change (%)
Net sales	570,511	608,880	38,369	6.7%
Operating income (loss)	-43,722	22,080	65,802	--
Income (loss) before income taxes	-43,697	18,081	61,778	--
Net income (loss)	-25,771	12,019	37,790	--

# Sales Breakdown

(Yen millions)	FY2002	FY2003	Change	Change (%)
Electronic materials and components	432,886	472,529	39,643	9.2%
Electronic materials	161,846	168,949	7,103	4.4%
Electronic devices	105,937	112,729	6,792	6.4%
Recording devices	147,004	175,986	28,982	19.7%
Semiconductors & Others	18,099	14,865	-3,234	-17.9%
Recording media & systems	137,625	136,351	-1,274	-0.9%
<b>Total sales</b>	<b>570,511</b>	<b>608,880</b>	<b>38,369</b>	<b>6.7%</b>

## Sales by major customer industry (Electronic materials and components)

OA	15% ( Y o Y )
Automobile	21%
Parts	27%
AV	-7%
Communication equip.	-11%

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# Sales by Region

(Yen millions)	FY2002	FY2003	Change	Change (%)
Japan	164,804	165,503	699	0.4%
Americas	109,452	106,060	-3,392	-3.1%
Europe	79,639	78,740	-899	-1.1%
Asia and others	216,616	258,577	41,961	19.4%
Total sales	570,511	608,880	38,369	6.7%
Share of overseas sales	71.1%	72.8%		

## Breakdown of Change in FY2003 Operating Income

(Yen millions)

Change in operating income total (FY2003)	65,800
Changes in sales and product mix	53,300
Rationalization & Purchased materials savings	51,000
Expenses to reform profit structure	28,900
Sales price discounts ( 9.6% )	-64,400
Exchange fluctuations (US\$/Yen 125->122)	-3,000

## Operating Income by Industry Segment

(Yen millions)	FY2002	FY2003	Change	Change (%)
<b>Electronic materials and components</b>				
Net sales	432,886	472,529	39,643	9.2%
Operating income (loss)	-36,346	20,536	56,882	-
<b>Recording media &amp; systems</b>				
Net sales	137,625	136,351	-1,274	-0.9%
Operating income (loss)	-7,376	1,544	8,920	-
<b>Total</b>				
Net sales	570,511	608,880	38,369	6.7%
Operating income (loss)	-43,722	22,080	65,802	-



# Improvement in Cash Flow

	End of Mar. '02 Results	End of Mar. '03 Results
Inventory turnover (months)	1.9	1.46
Fixed asset turnover (times)	2.1	2.5
Trade receivables turnover (months)	3.1	2.8

Free cash flows:

FY2002 : -16.4 billion Yen

FY2003 : +57.7 billion Yen

Improvement: +74.1 billion Yen

## Non-Consolidated Results (FY2003)

(Yen millions)	FY2002 Results	FY2003 Results	Change	Change (%)
Net Sales	317,811	320,697	2,886	0.9%
Operating income (loss)	-8,507	3,182	11,689	--
Current income	7,580	9,078	1,498	19.8%
Net income (loss)	-3,794	133	3,927	--

# Projections for FY2004 Consolidated

May. 7, 2003

(Yen millions)	FY2003 Results	FY2004 Projections	Change	Change (%)
Net Sales	608,880	635,000	26,120	4.3%
Operating income	22,080	41,000	18,920	85.7%
Income before income taxes	18,081	42,000	23,919	132.3%
Net income	12,019	30,000	17,981	149.6%
Exchange rate (U.S.\$=Yen)	122	120		

## Projections for FY2004 Non-Consolidated

May. 7, 2003

(Yen millions)	FY2003 Results	FY2004 Projections	Change	Change (%)
Net Sales	320,697	321,000	303	0.1%
Operating income	3,182	8,000	4,818	151.4%
Current income	9,078	13,000	3,922	43.2%
Net income	133	7,000	6,867	--

# FY2004 Basic Policy

Difficult Operating Environment Likely to Continue

## Response

1. Generate earnings without counting on top-line growth
2. Raise sales even without market growth

## Breakdown of Change in FY2004 Operating Income

(Yen millions)

Change in operating income total (FY2004)	18,900
Changes in sales and product mix	35,100
Rationalization	32,600
Expenses to reform profit structure	3,200
Sales price discounts	-50,000
Exchange fluctuations (US\$/Yen 122->120)	-2,000



## Cautionary Statement 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 and its group companies that are not historical facts. These forward-looking statements are based on current forecasts, estimates, assumptions, plans, beliefs and evaluations in light of information currently available to management. In preparing forecasts and estimates, TDK and its group companies have used as their basis, certain assumptions as necessary, in addition to confirmed historical facts. However, due to their nature, there is no guarantee that these statements and assumptions will prove to be accurate in the future. TDK therefore wishes to caution readers that these statements, facts and certain assumptions are subject to a number of risks and uncertainties and may prove to be inaccurate.

The electronics markets in which TDK and its group companies operate are highly susceptible to rapid changes. Furthermore, TDK and its group companies operate not only in Japan, but in many other countries. As such, factors that can have significant effects on its results include, but are not limited to, shifts in technology, demand, prices, competition, economic environments and foreign exchange rates.

### Note : Net sales

TDK adopted the Emerging Issues Task Force 01-9 ("EITF 01-9"), "Accounting for Consideration Given by a Vendor to a Customer(Including a Reseller of the Vendor's Products)" from the fiscal year beginning April 1, 2002 and the prior year's consolidated financial statements have been restated for the change, accordingly. This change only affects the figures for net sale and SG & A expenses; there is no effect on operating income (loss).