

Consolidated Results 1<sup>st</sup> half of FY05  
&  
Projections for FY March 2005

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## Cautionary Statements with Respect of 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 bases, 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.

## Consolidated Results FY March 2005

(Yen millions)	1stH of FY04	1stH of FY05	Change	Change (%)
Net sales	316,279	318,770	2,491	0.8%
Operating income	24,020	26,889	2,869	11.9%
Income before income taxes	25,014	28,804	3,790	15.2%
Net income	19,257	19,869	612	3.2%

## Sales Breakdown

(Yen millions)	1stH of FY04	1stH of FY05	Change	Change (%)
Electronic materials and components	254,352	262,364	8,012	3.1%
Electronic materials	82,302	91,036	8,734	10.6%
Electronic devices	52,451	57,511	5,060	9.6%
Recording devices	111,423	103,333	-8,090	-7.3%
Semiconductors & Others	8,176	10,484	2,308	28.2%
Recording media & systems	61,927	56,406	-5,521	-8.9%
<b>Total sales</b>	<b>316,279</b>	<b>318,770</b>	<b>2,491</b>	<b>0.8%</b>

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

	1st half FY March 2005 Sales Weight (%)	Sales Change (%) vs. Mar 2004	
IT Home Electronics	63%	Minus	2%
High-Speed, Large Capacity Networks	10%	Plus	16%
Car Electronics	9%	Plus	5%
Others	18%	Plus	16%

Note: Sales of Electronics materials and components =100%

- |                             |   |
|-----------------------------|---|
| 1. IT Home Electronics      | Decline of HDD heads business                 |
| 2 .High-Speed, L-C Networks | Growth of components for Cellular Phones      |
| 3. Car Electronics          | Growth of electric components for automobiles |
| 4. Others                   | Growth of components for industrial machinery |

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## Sales by Region

(Yen millions)	1stH of FY04	1stH of FY05	Change	Change (%)
Japan	81,536	87,632	6,096	7.5%
Americas	43,328	40,288	-3,040	-7.0%
Europe	36,987	36,204	-783	-2.1%
Asia and others	154,428	154,646	218	0.1%
Total sales	316,279	318,770	2,491	0.8%
Share of overseas sale	74.2%	72.5%		

## Breakdown of Operating Income Changes FY March 2005

(Unit:Yen millions)

<b>[Changes in operating income 1st Half]</b>	<b>2,900</b>
Changes in sales and product mix	<b>25,000</b>
Rationalization and cost reductions	<b>16,600</b>
Sales price discounts (9.7%)	<b>-34,200</b>
Exchange fluctuations(1U.S.\$=Yen 118 -> 110)	<b>-5,900</b>
Others	<b>1,400</b>



## Operating Income by Division

(Yen millions)	FY Mar 2004	FY Mar 2005	Change	Change (%)
<b>Electronic materials and components</b>				
Net sales	254,352	262,364	8,012	3.1%
Operating income	25,832	29,908	4,076	15.8%
Ratio (%)	10.2%	11.4%		
<b>Recording media &amp; systems</b>				
Net sales	61,927	56,406	-5,521	-8.9%
Operating income	-1,812	-3,019	-1,207	
Ratio (%)	-2.9%	-5.4%		
<b>Total</b>				
Net sales	316,279	318,770	2,491	0.8%
Operating income	24,020	26,889	2,869	11.9%
Ratio (%)	7.6%	8.4%		

# Cash Flows

Item	1st Half of FY 04	1st half of FY 05
	JPY million	JPY million
<b>Cash flows from operating activities:</b>	52,031	38,415
<b>Cash flows from investing activities:</b>	-18,535	-29,107
<b>Cash flows from financing activities:</b>	-5,292	-5,701
Effect of exchange rate changes on cash and cash equivalents	-5,349	5,207
Net increase in cash and cash equivalents	22,855	8,814
Cash and cash equivalents at beginning of period	170,551	227,155
Cash and cash equivalents at end of period	193,406	235,969
<b>Free Cash Flow</b>	33,496	9,308

## Non-Consolidated Results FY March 2005

(Yen millions)	1stH of FY04	1stH of FY05	Change	Change (%)
Net sales	152,474	167,709	15,235	10.0%
Operating income	1,062	5,696	4,634	436.3%
Current Income	4,819	22,169	17,350	360.0%
Net income	1,127	15,883	14,756	1309.3%

## Projections for FY March 2005 Consolidated

(Yen millions)	Oct. 28, 2004			
	FY Mar 2004 Results	FY Mar 2005 Projections	Change	Change (%)
Net Sales	658,862	680,000	21,138	3.2%
Operating income	54,322	60,000	5,678	10.5%
Income before income taxes	55,603	62,000	6,397	11.5%
Net income	42,101	46,500	4,399	10.4%
Exchange rate (U.S.\$=Yen)	113	105 <sup>*</sup>		

\* For the 2nd half

## Summary of the 1<sup>st</sup> half FY March 2005

- ❑ Growth of Passive components set off the decline of Recording devices.
- ❑ Electronic materials & components sector grew YoY.
  - Increase of Operating Income by 16%
  - O-P ratio reached 11.4% from 10.2%
- ❑ Declines in sales and Operating income of Recording Media and Systems sector
  - Reforms of earnings structure

