

# TDK Corporation Consolidated Results

3rd quarter of Fiscal Year 2005

(October 1, 2004 – December 31, 2004)

January 31, 2005

## 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 for 3<sup>rd</sup> quarter of FY2005

(Unit:Yen millions)	3Q of FY2004	<b>3Q of FY2005</b>	Change	Change(%)
Net sales	181,851	<b>174,657</b>	-7,194	-4.0%
Cost of sales	128,695	<b>127,820</b>	-875	-0.7%
SG & A expenses	35,017	<b>30,115</b>	-4,902	-14.0%
Operating income	18,139	<b>16,722</b>	-1,417	-7.8%
Income before income taxes	18,712	<b>16,718</b>	-1,994	-10.7%
Income taxes	4,504	<b>4,446</b>	-58	-1.3%
Net income	14,132	<b>12,209</b>	-1,923	-13.6%

## Sales Breakdown

(Unit:Yen millions)	3Q of FY2004	3Q of FY2005	Change	Change(%)
<b>Electronic materials and components</b>	142,134	<b>144,185</b>	2,051	1.4%
Electronic materials	42,998	<b>43,002</b>	4	0.0%
Electronic devices	28,957	<b>30,571</b>	1,614	5.6%
Recording devices	65,425	<b>65,351</b>	-74	-0.1%
Semiconductors & others	4,754	<b>5,261</b>	507	10.7%
<b>Recording media &amp; systems</b>	39,717	<b>30,472</b>	-9,245	-23.3%
<b>Total sales</b>	181,851	<b>174,657</b>	-7,194	-4.0%

## Breakdown of Changes in Operating income (comparison with 3Q of FY04)

**3rd Quarter of FY2005**

(Unit:Yen millions)

<b>[ Changes in operating income Total]</b>	<b>-1,400</b>
Changes in sales and product mix	<b>8,300</b>
Purchased materials saving	<b>3,900</b>
Rationalization and cost reductions	<b>9,000</b>
Sales price discounts(11%)	<b>-21,700</b>
Exchange fluctuations (1U.S.\$=Yen 109 -> 106)	<b>-900</b>

## Cash flows

(Unit:Yen millions)	3Q of FY2004	3Q of FY2005	Change
Net cash provided by operating activities	22,384	<b>20,624</b>	-1,760
Net cash used in investing activities	-8,922	<b>-12,200</b>	-3,278
Net cash used in financing activities	-3,109	<b>-3,864</b>	-755
Effect of exchange rate changes on cash and cash equivalents	-3,164	<b>-5,262</b>	-2,098
Net increase in cash and cash equivalents	7,189	<b>-702</b>	-7,891
Cash and cash equivalents at beginning of period	193,406	<b>235,969</b>	42,563
Cash and cash equivalents at end of period	200,595	<b>235,267</b>	34,672

## Operating income by Industry segment

(Unit:Yen millions)	3Q of FY2004	3Q of FY2005	Change	Change (%)
<b>Electronic materials and components</b>				
Net sales	142,134	<b>144,185</b>	2,051	1.4%
Operating income	18,920	<b>19,039</b>	119	0.6%
<b>Recording media and systems</b>				
Net sales	39,717	<b>30,472</b>	-9,245	-23.3%
Operating income (loss)	-781	<b>-2,317</b>	-1,536	-196.7%
<b>Total</b>				
Net sales	181,851	<b>174,657</b>	-7,194	-4.0%
Operating income	18,139	<b>16,722</b>	-1,417	-7.8%

# Consolidated Projections for the year ended March 31, 2005

Jan. 31, 2005

(Unit:Yen millions)	FY2004 [Results]	<b>FY2005</b> [Projections]	Change	Change (%)
Net sales	658,862	<b>660,000</b>	1,138	0.2%
Operating income	54,322	<b>60,000</b>	5,678	10.5%
Income before income taxes	55,603	<b>62,000</b>	6,397	11.5%
Net income	42,101	<b>44,500</b>	2,399	5.7%
Exchange rate (U.S.\$=Yen)	113	108 *		

\* An average exchange rate of Yen105=US\$1 for fiscal 2005 from the forth quarter.



