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TDK. The electronic components company.

Earnings release conference 2Q Fiscal Year March, 2011

TDK Corporation
Oct. 28, 2010

- ◆ **Consolidated results 1H.FY March,2011**
- ◆ **Projection for FY March,2011**
Takehiro Kamigama/President & CEO
- ◆ **Consolidated results 2Q.FY March,2011**
Takakazu Momozuka
General Manager, Finance & Accounting Department
- ◆ **Passive components business**
Shinichi Araya/Director, Senior Vice President
- ◆ **Recording device business**
Atsuo Kobayashi/General Manager, Senior Vice President

Consolidated results 1H.FY March,2011 Projection for FY March,2011

**Mr Takehiro Kamigama
President & CEO**

Consolidated results 1H FY March,2011

	1H FY2010 (Apr 1.2009 – Sep 30.2009)		1H FY2011 (Apr 1.2010 – Sep 30.2010)		Change	
	Yen millions	%	Yen millions	%	Yen millions	%
Net Sales	385,851	100.0	442,234	100	56,383	14.6
Operating Income(Loss)	5,402	1.4	37,188	8.4	31,786	588.4
Income before income tax(Loss)	953	0.2	34,644	7.8	33,691	–
Net income(Loss) attributable to TDK Corp	1,140	0.3	26,116	5.9	24,976	–
Per common share Net income(loss) attributable to TDK Corp/Basic	Yen(8.84)		Yen(202.46)			
Exchange rate US \$ vs JP Yen EURO vs JP Yen	Yen 95.50 Yen 133.21		Yen 88.89 Yen 113.80		Yen appreciation 7.0% 14.6%	
Ex-rate impact to Net sales & Operating Income	Net sales: Lowered 28.2 billion Yen Operating income: Lowered 8.4 billion Yen					

Features in 1H FY March,2011 results

- ◆ **Electronics markets were supposed to continuously recover in 1H.However, its momentum has started to slow. The degree of recovery differs by finished products.**
 - ✓ Steady growth in smart phones, tablet PCs、 automobile and industrial equipment field.
 - ✓ Slow down in Flat TV, LCD panels, note PCs, HDD
- ◆ **Net sales steady growth in passive components**
 - ✓ **Increased 23.3% year on year**
 - Higher sales of capacitors and inductors for broad range of finished products
 - Higher sales of high frequency components for mobile phones attributable to EPCOS synergy.
- ◆ **5.1% net sales growth in Magnetic application products**
Year on Year
 - Sales of HDD heads slow down due to HDD production adjustment and Japanese Yen appreciation

Projection for FY March,2011

Visibility in electronics markets for 2nd H FY Mar'11 is not clear at this moment

Term Item	FY2011 (April 1, 2010 - March 31, 2011)	FY2011 (April 1, 2010 - March 31, 2011)	FY2010 (April 1, 2009 - March 31, 2010)	vs FY2010 Changes	
	Forecast in October'10	Forecast in April'10&July'10	Actual	(Yen millions)	%
	(Yen millions)	(Yen millions)	(Yen millions)		
Net Sales	880,000	880,000	808,858	71,142	8.8
Operating Income	62,000	62,000	25,774	36,226	140.6
Income before income taxes	60,000	60,000	21,907	38,093	173.9
Net income attributable to TDK	45,000	45,000	13,520	31,480	232.8
Capital expenditures	75,000	75,000	64,370	10,630	16.5
Depreciation and amortization	82,000	82,000	83,788	(1,788)	-2.1
Research and development	53,000	53,000	53,942	(942)	-1.7

Ex-rate for the projection

1 U.S\$=Yen 80

1 Euro =Yen 115

Forecast for the dividends payment FY Mar 2011

◆ Forecast for the dividends payment in FY Mar'11

Interim dividend JPY 40

Year-end dividend JPY 40(Forecast)

Annual dividend JPY 80(Forecast)

Actions for CY2011

- ◆ Visibility to electronics markets are not clear
- ◆ Higher priority on growth markets
by introducing new products
 - **Growth markets for us**
 - ✓ Communication market (High-end 3G phones, Smart phones)
 - ✓ Electric Vehicle/Hybrid EV/Plug in HEV, General automobile
 - ✓ Environmental and renewable energy equipment
- ◆ Accelerate production efficiency improvement
centered in China facilities

Consolidated results 2Q.FY March,2011

Mr Takakazu Momozuka
General Manager
Finance & Accounting Department

Consolidated results 2Q.FY March,2011

	2Q FY2010 (July 1.2009 – Sep 30.2009)		2Q FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen millions	%	Yen millions	%	Yen millions	%
Net Sales	204,305	100.0	220,309	100.0	16,004	7.8
Operating Income(Loss)	9,047	4.4	16,979	7.7	7,932	87.7
Income before income tax(Loss)	6,371	3.1	15,826	7.2	9,455	148.4
Net income(Loss) attributable to TDK Corp	4,356	2.1	11,593	5.3	7,237	166.1
Per common share Net income(loss) attributable to TDK Corp/Basic	Yen(33.77)		Yen(89.87)			
Exchange rate US \$ vs JP Yen EURO vs JP Yen	Yen 93.73 Yen 133.75		Yen 85.88 Yen 110.67		Yen appreciation 8.4% 17.3%	
Ex-rate impact to Net sales & Operating Income	Net sales: Lowered 18.9 billion Yen Operating income: Lowered 5.2 billion Yen					

Net sales comparison FY 2Q Mar'11 vs FY 2Q Mar'10

	2Q of FY2010 (July 1.2009 – Sep 30.2009)		2Q of FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Capacitors	33.6	16.4	37.7	17.1	4.2	12.4
Inductive devices	28.9	14.2	34.3	15.6	5.4	18.6
Other	31.3	15.3	37.5	17.0	6.2	19.8
Passive components TTL	93.8	45.9	109.5	49.7	15.7	16.8
Recording devices	71.0	34.8	65.3	29.7	(5.7)	(8.0)
Other	25.2	12.3	26.9	12.2	1.7	6.7
Magnetic application products TTL	96.3	47.1	92.2	41.9	(4.0)	(4.2)
Other	14.3	7.0	18.6	8.4	4.3	30.0
Net Sales	204.3	100.0	220.3	100.0	16.0	7.8

Segment information 2Q'Mar11 vs 2Q'Mar10

Net sales by industry segment

	2Q FY2010 (July 1.2009 – Sep 30.2009)		2Q FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Passive components	93.8	45.9	109.5	49.7	15.7	16.8
Magnetic Application Prodcuts	96.3	47.1	92.2	41.9	(4.0)	△ 4.2
Others	14.3	7.0	18.6	8.4	4.3	30.0
Total Net Sales	204.3	100.0	220.3	100.0	16.0	7.8

Segment profit(loss) by industry segment

	2Q FY2010 (July 1.2009 – Sep 30.2009)		2Q FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Passive components (Loss)	0.2	0.2	7.3	6.6	7.1	–
Magnetic Application Prodcuts	11.3	11.8	12.5	13.6	1.2	10.8
Others	1.2	8.6	1.7	9.0	0.4	36.3
sub total	12.7	6.2	21.5	9.8	8.8	69.1
Corporate and Eliminations	-3.7		-4.5		-0.8	0.0
Total Operating income(loss)	9.0	4.4	17.0	7.7	7.9	87.7

Statement of operation in 2Q, FY March 2011 results

[2nd quarter results]

Item	Term	2Q of FY2010 (July 1, 2009 - Sept. 30, 2009)		2Q of FY2011 (July 1, 2010 - Sep. 30, 2010)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales		204,305	100.0	220,309	100.0	2,622,726	16,004	7.8
Cost of sales		156,011	76.4	163,996	74.4	1,952,333	7,985	5.1
Gross profit		48,294	23.6	56,313	25.6	670,393	8,019	16.6
Selling, general and administrative expenses		38,493	18.8	39,334	17.9	468,262	841	2.2
Restructuring cost		754	0.4	-	-	-	(754)	-
Operating income		9,047	4.4	16,979	7.7	202,131	7,932	87.7
Other income (deductions):								
Interest and dividend income		480		306		3,643	(174)	
Interest expense		(1,349)		(759)		(9,036)	590	
Foreign exchange gain (loss)		(1,104)		(977)		(11,631)	127	
Other-net		(703)		277		3,298	980	
Total other income (deductions)		(2,676)	-1.3	(1,153)	-0.5	(13,726)	1,523	-
Income before income taxes		6,371	3.1	15,826	7.2	188,405	9,455	148.4
Income taxes		2,079	1.0	4,188	1.9	49,857	2,109	101.4
Net income		4,292	2.1	11,638	5.3	138,548	7,346	171.2
Less: Net income (loss) attributable to noncontrolling interests		(64)	-0.0	45	0.0	536	109	-
Net income attributable to TDK		4,356	2.1	11,593	5.3	138,012	7,237	166.1

Note:

U.S.\$1=Yen 84, for convenience only.

Breakdown of Operating Income Changes

(Unit: Billion Yen)

【Change in operating income total】 **7.9**

Change in sales and products mix 19.8

Rationalization and cost reduction and Purchased materials saving 6.5

SG&A expenses Increase (3.0)

Exchange fluctuations (US\$=Yen 93.7=>85.9) (5.2)

Sales price reduction (4.4%) (10.2)

Segment information 1Q'Mar11 vs 2Q'Mar11

Net sales by industry segment

	1Q FY2011 (Apr 1.2010 – Jun 30.2010)		2Q FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Passive components	105.1	47.3	109.5	49.7	4.4	4.2
Magnetic Application Prodcuts	100.3	45.2	92.2	41.9	(8.0)	(8.0)
Others	16.6	7.5	18.6	8.4	2.0	12.2
Total Net Sales	221.9	100.0	220.3	100.0	(1.6)	(0.7)

Segment profit(loss) by industry segment

	1Q FY2011 (Apr 1.2010 – Jun 30.2010)		2Q FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Passive components	6.2	6	7.3	6.6	1.1	17.6
Magnetic Application Prodcuts	16.1	16.0	12.5	13.6	(3.5)	(22.0)
Others	1.1	6.3	1.7	9.0	0.6	59.8
sub total	23.3	11	21.5	9.8	(1.8)	(7.8)
Corporate and Eliminations	-3.1		-4.5		(1.4)	45.3
Total Operating income(loss)	20.2	9	17.0	7.7	(3.2)	(16.0)

Passive Components business

Mr. Shinichi Araya

Director, Senior Vice President

Net sales comparison in Passive components

2Q' FY Mar11 vs 2Q' FY Mar10

	2Q of FY2010 (July 1.2009 – Sep 30.2009)		2Q of FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Capacitors	33.6	35.8	37.7	34.5	4.2	12.4%
Inductive devices	28.9	30.8	34.3	31.3	5.4	18.6%
Other passive components	31.3	33.2	37.5	34.2	6.2	19.8%
Total Passive components	93.8	100.0	109.0	100.0	15.7	16.8%

1Q' FY Mar11 vs 2Q' FY Mar11

	1Q of FY2010 (April 1.2010 – June 30.2010)		2Q of FY2011 (July 1.2010 – Sep 30.2010)		Change	
	Yen billion	%	Yen billion	%	Yen billion	%
Capacitors	38.0	36.2	37.7	34.5	(0.2)	-0.6%
Inductive devices	32.5	30.9	34.3	31.3	1.8	5.5%
Other passive components	34.6	32.9	37.5	34.2	2.9	8.3%
Total Passive components	105.1	100.0	109.0	100.0	4.4	4.2%

Business overview in Passive components (1Q vs 2Q)

Sector	1Q'FY Mar11 vs 2Q'FY Mar11	Sales status
Capacitors	△0.6%	<p>Ceramic capacitors Steady sales in automobile and communication markets.</p> <p>Aluminum & Film capacitors Net sales slightly down despite steady sales in automobile and industrial, renewable energy equipment due to Japanese Yen appreciation.</p>
Inductive devices	+5.5%	<p>Higher sales of EMI filters and power choke coils and other products in mobile phones centered on smart phones, tablet PCs.</p> <p>Higher sales of noise filters in industrial and renewable energy equipment.</p>
Other passive components	+8.3%	<p>High-frequency components Higher sales in WiFi modules, RF modules, RF filters attributable to EPCOS synergy.</p> <p>Piezoelectric, circuit protection components & Sensor Steady sales of actuators and circuit protection components in communication field, centered on smart phones. Steady sales of sensor, piezoelectric components in automobile and industrial equipment field.</p>

Recording device business

Mr. Atsuo Kobayashi

General Manager, Senior Vice President

Net Sales results & forecast in FY Mar'11

(Unit: Billion Yen)

As of July 29'2010

As of October 28'2010

1st H	140.0	137.0 (Results)
2nd H	153.4	110.9 (Forecast)
Total	293.4	247.9 (Forecast)

Supplementary Data

Sector classification changes

【Previous Classification】

Classification		Constituent Main business
Electronic materials and Components	Electronic materials	Ceramic capacitors
		Ferrite cores
		Magnets
	Electronic devices	Inductive devices
		High-frequency devices
		Sensors & Actuators
		Power supplies
	Recording devices	HDD Heads
		others
	Other	Al electrolytic capacitors
		Film capacitors
		Inductors
		Ceramic components
		Sensors
Energy devices		
others		
Recording media	Recording media	

【New Classification】

Sector	Main business
Passive components	Ceramic capacitors
	Al electrolytic capacitors
	Film capacitors
	Inductive devices (Coils/Ferrite cores/Transformers)
	High-frequency devices
	Piezoelectric materials products, Circuit protection devices
	Sensors
Magnetic Application Products	Recording devices
	Power supplies
	Magnets
	Recording media
Other	Energy devices
	Mechatronics
	Other

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