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TDK. The electronic components company.

Performance Briefings Fiscal Year March, 2013

TDK Corporation April 26, 2013

◆ **Consolidated Full Year Results of FY March, 2013**

Consolidated Full Year Projections of FY March, 2014

Takehiro Kamigama

President and CEO

◆ **Consolidated Full Year Results of FY March, 2013**

Consolidated 4Q Results of FY March, 2013

Takakazu Momozuka

Corporate Officer, General Manager of Finance & Accounting Department

◆ **Passive Components Business**

Hiroyuki Uemura

Executive Vice President

◆ **Recording Device Business**

Shigenao Ishiguro

General Manager of Data Storage & Thin Film Technology Components BG

**Consolidated Full Year Results
of FY March, 2013
Consolidated Full Year Projections of
FY March, 2014**

**Takehiro Kamigama
President and CEO**

Consolidated Full Year Results of FY March, 2013



| (Yen billions) | | FY March 2012 Full Year Results (2011.4.1-2012.3.31) | FY March 2013 Full Year Results (2012.4.1-2013.3.31) | Change | |
|--|------|--|--|---------------------|------|
| | | | | Yen billions | % |
| Net Sales | | 814.5 | 851.6 | 37.1 | 4.6 |
| Operating Income | | 18.7 | 21.6 | 3.0 | 15.8 |
| Operating Income Margin | | 2.3% | 2.5% | 0.2 pt | - |
| Income from Continuing Operations before Income Taxes | | 12.2 | 18.9 | 6.6 | 54.0 |
| Net Income | | -2.5 | 1.2 | 3.6 | - |
| Earning Per Share (JPY) | | -19.06 | 9.50 | - | - |
| Ex-rate | US\$ | Yen 79.07 | Yen 83.03 | Depreciated by 5.0% | |
| | EURO | Yen 109.06 | Yen 107.05 | Appreciated by 1.8% | |
| Ex-rate impact to Net sales & Operating Income | | Net sales : Increased about 32.4 billion Yen Operating income : Increased about 4.1 billion Yen | | | |

◆ Consolidated sales up 4.6%, operating income up 15.8% year on year

- Significant downward revision to initial projections two consecutive fiscal year
- Sales of passive components for communications market were below our expectations
- “Sales of Industrial equipment and others” were down 11.8% year on year (*)
 - Weak industrial equipment market
 - Sales of passive components, magnet and power supply were decreased
- Reevaluation of metal magnet inventory due to rare earth material price down
- HDD market was much softer than our expectations

◆ Restructuring for solid earning base and growth

- Completed restructuring centered on passive components business as planned

◆ Year-end dividend : **¥30** (same as projections on Jan. 31)

- Combined with the interim dividend of ¥40 (actual), the planned annual dividend will be ¥70

*) Sales transition by market applications are listed on page 25-28

Full Year Projections of FY March 2014



| (JPY billion) | | FY March 2013 Full Year Results | FY March 2014 Full Year Projections | Change | |
|--|------|--|--|-------------|-------|
| | | | | JPY billion | % |
| Net Sales | | 851.6 | 930.0 | 78.4 | 9.2 |
| Operating Income | | 21.6 | 30.0 | 8.4 | 38.9 |
| Operating Income Margin | | 2.5% | 3.2% | 0.7pt | - |
| Net income from continuing operations before income taxes | | 18.9 | 28.0 | 9.1 | 48.1 |
| Net Income | | 1.2 | 13.0 | 11.8 | 983.3 |
| Earning Per Share (JPY) | | 9.50 | 103.34 | - | - |
| Deividnedns (JPY) | | 1st half :40 (results) 2nd half :30 (projections) Annual: 70 (projections) | 1st half :30 (projections) 2nd half :40 (projections) Annual: 70 (projections) | - | - |
| Ex-rate | US\$ | Yen 83.03 | Yen 90.00 | - | |
| | EURO | Yen 107.05 | Yen 118.00 | - | |

- **Road to the target**
- **Establishment of strong business base for growth**
- **Growth scenario**

Implemented structural reform to respond to changes in the business environment (FY March 2012 – FY March 2014)

- To optimize business portfolio
- To optimize production bases
- To improve cost structure
- To prioritize the allocation of business resources for growth area

- Sites consolidation of passive components in Japan
- Sold OLED business
- Sold unemployed assets
- Reduced employees worldwide

- Exit non-core business
- Further integrate bases worldwide (Targeting bases not already announced for integration)

Realize the target

(FY March 2015 onward)

Establishment of strong business base for growth

- ◆ FY March 2013 : Implemented restructuring centered on passive components business
- ◆ FY March 2014 : Final stage in business portfolio optimization and restructuring

Promote business portfolio review

- **To withdraw or sell Blu-ray Disc business**
(by the end of March in 2014)
- **To continue streamlining other business and product**

Optimize production bases

- **Further integration of its' bases worldwide**
(Targeting bases not already announced for integration)
- **To optimize direct and indirect cost etc.**

Projected benefits from these actions
8.0 billion yen
(FY March 2015)

■ To spend 10.0 billion yen for above mentioned actions in FY March 2014

Further review of cost structure

To concentrate management resources on growing market and core business

To concentrate management resources on growing market and core business

Passive components

TDK position this business as **center of growth strategy** and revitalize this business for **pillar of profit** of the company

- High frequency components for communications equipment such as smartphone to be on growth track again
- Growth of inductive device continues centered on the communications and automotive market
- Ceramic capacitors generates stable earnings after completion of the restructuring

Recording devices

(Magnet application products)

In response to the change in the HDD industry

For a stable business utilizing the position as an exclusive HDD head specialized manufacturer

- To strengthen R&D for heads integrated in HDD for data center
- To accelerate mass production of TAMR (Thermal Assisted Magnetic Recording) Head
- To develop electronic components by applying HDD head technology

Rechargeable batteries

(Film application products)

With vertical integration business model

To next growth stage

- Vertical integration from materials, cell, packaging (*1)
- To expand functional film, separator business by applying the technology developed in the magnetic tape business(*2)
- To accelerate in-house development of electrode material
- To cultivate new customers in addition to smartphone and tablet manufactures

*1 : Acquired Navitasys Technology Limited in 2Q of FY March 2013 (Packaging)

*2 : Acquired 66% stake in NITTO DENKO (SHANGHAI) ELECTRO-ENERGY CO.,LTD.in November in 2011 and have its shares 77% as of March 31 in 2013 (Separator)

Consolidated Full Year Results of FY March, 2013
Consolidated 4Q Results of FY March, 2013

Takakazu Momozuka
Corporate Officer,
General Manager of Finance & Accounting Department

Results of FY March 2013 by segment



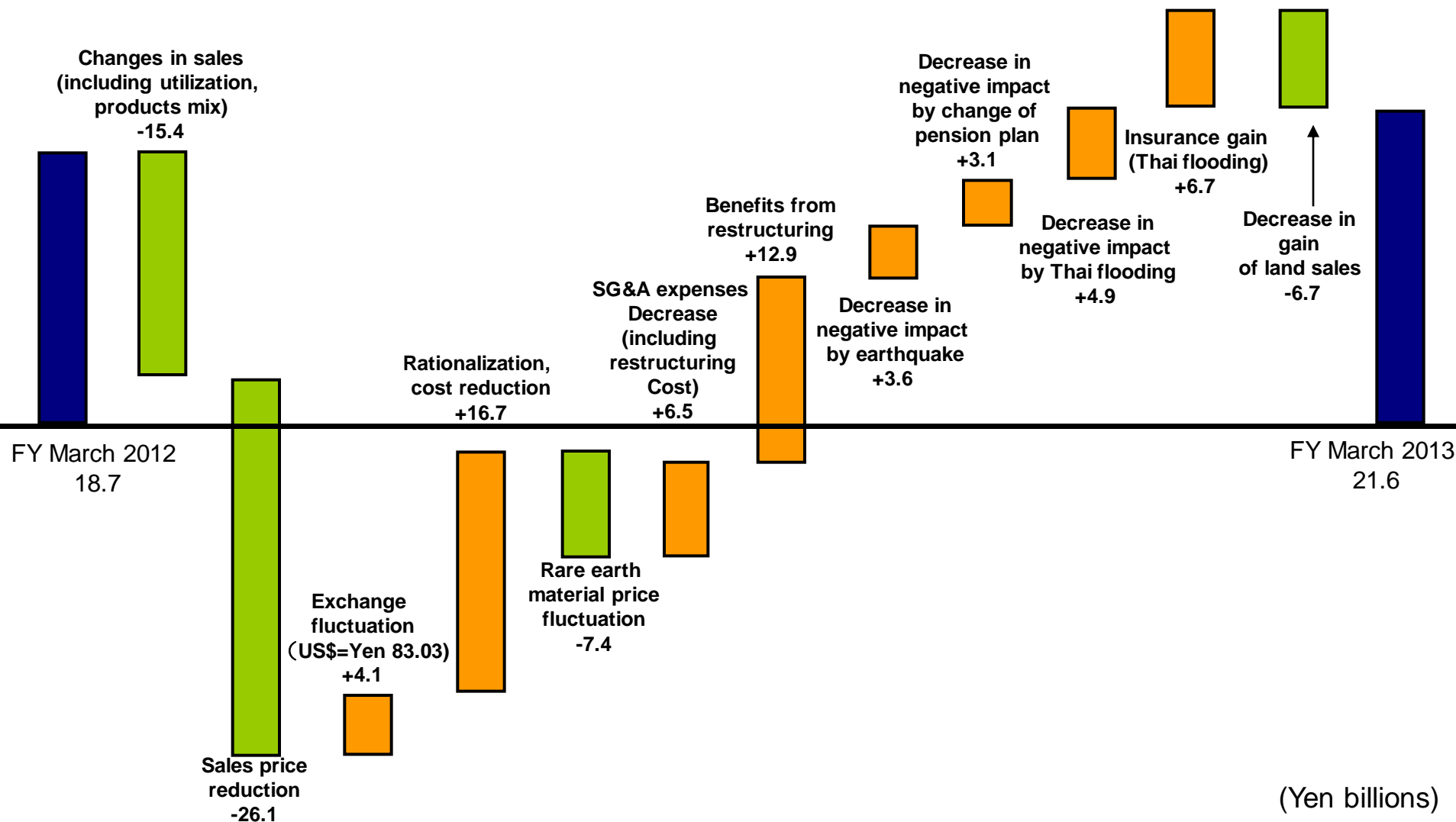
| | | FY March 2012 Full Year Results | | FY March 2013 Full Year Results | | Change | |
|------------------|-------------------------------------|------------------------------------|-------|------------------------------------|-------|-------------|-------|
| | | Yen billion | % | Yen billion | % | Yen billion | % |
| Net Sales | Capacitors | 132.4 | 16.3 | 118.0 | 13.9 | (14.4) | -10.9 |
| | Inductive devices | 121.2 | 14.9 | 119.6 | 14.0 | (1.6) | -1.3 |
| | Other Passive Components | 128.0 | 15.7 | 142.1 | 16.7 | 14.0 | 11.0 |
| | Passive Components | 381.6 | 46.9 | 379.6 | 44.6 | (2.0) | -0.5 |
| | Recording devices | 208.7 | 25.6 | 233.5 | 27.4 | 24.8 | 11.9 |
| | Other Magnetic Application Products | 107.7 | 13.2 | 104.4 | 12.3 | (3.3) | -3.0 |
| | Magnetic Application Products | 316.4 | 38.8 | 337.9 | 39.7 | 21.5 | 6.8 |
| | Applied Film Products | 92.7 | 11.4 | 112.6 | 13.2 | 19.9 | 21.5 |
| | Other | 23.8 | 2.9 | 21.4 | 2.5 | (2.4) | -10.1 |
| Total | | 814.5 | 100.0 | 851.6 | 100.0 | 37.1 | 4.6 |
| Operating Income | Passive Components | (6.6) | -1.7 | (11.1) | -2.9 | (4.4) | - |
| | Magnetic Application Products | 39.0 | 12.3 | 37.1 | 11.0 | (1.9) | -5.0 |
| | Applied Film Products | 6.3 | 6.7 | 12.4 | 11.0 | 6.2 | 98.5 |
| | Other | (4.8) | -20.3 | (1.8) | -8.3 | 3.1 | - |
| | Sub total | 33.8 | 4.2 | 36.7 | 4.3 | 2.8 | 8.4 |
| | Corporate and eliminations | (15.1) | | (15.0) | | 0.1 | |
| Total | | 18.7 | 2.3 | 21.6 | 2.5 | 3.0 | 15.8 |

Breakdown of Operating Income Changes

FY March 2012
18.7 billion yen

Operating Income +3.0 billion yen

FY March 2013
21.6 billion yen



(Yen billions)

Financial Position



| (JPY billion) | March End, 2012 | March End, 2013 | Change |
|------------------------------------|----------------------------|----------------------------|---------------|
| Total Asset | 1,072.8 | 1,169.6 | 96.8 |
| Total Liability | 560.8 | 589.0 | 28.2 |
| Stockholders's Equity | 498.2 | 561.2 | 63.0 |
| (comprehensive income) | (230.8) | (159.0) | 71.8 |
| Stockholders's Equity ratio | 46.4% | 48.0% | 1.6pt |
| Cash and Cash equivalents | 173.4 | 223.5 | 50.1 |
| Interest-bearing Debt | 272.8 | 295.6 | 22.8 |
| Net Cash | (99.4) | (72.1) | 27.3 |

Segment Information (4Q of FY2012 vs. 4Q of FY2013, 3Q vs. 4Q)



| JPY billion | | 4Q of FY 2012 Jan 1- Mar 31, 2012 (A) | 3Q of FY 2013 Oct 1- Dec 31, 2012 (B) | 4Q of FY 2013 Jan 1- Mar 31, 2013 (C) | YoY Change (C) - (A) | | QoQ Change (C) - (B) | |
|-------------------------|--------------------------------------|---|---|---|-------------------------|-------|-------------------------|-------|
| | | | | | Yen billions | % | Yen billions | % |
| Net Sales | Capacitor | 31.6 | 26.6 | 30.7 | (0.9) | -2.8 | 4.1 | 15.4 |
| | Inductive Device | 28.4 | 30.6 | 31.2 | 2.8 | 9.9 | 0.6 | 2.0 |
| | Other Passive Comp | 30.5 | 36.0 | 42.5 | 12.0 | 39.3 | 6.5 | 18.1 |
| | Passive Components | 90.5 | 93.1 | 104.4 | 13.9 | 15.4 | 11.3 | 12.1 |
| | Recording Divices | 58.2 | 60.2 | 57.6 | (0.6) | -1.0 | (2.6) | -4.3 |
| | Other Magnetic Application Products | 29.7 | 24.0 | 24.5 | (5.2) | -17.5 | 0.5 | 2.1 |
| | Magnetic Application Products | 87.8 | 84.2 | 82.1 | (5.7) | -6.5 | (2.1) | -2.5 |
| | Film Application Products | 24.2 | 33.0 | 28.6 | 4.4 | 18.2 | (4.4) | -13.3 |
| | Other | 4.6 | 5.0 | 5.4 | 0.8 | 17.4 | 0.4 | 8.0 |
| | Total | 207.0 | 215.4 | 220.5 | 13.5 | 6.5 | 5.1 | 2.4 |
| Operating Income | Passive Components | -13.2 | -1.8 | (3.9) | 9.3 | - | (2.1) | - |
| | Magnetic Application Products | 14.0 | 7.5 | 1.8 | (12.2) | -87.1 | (5.7) | -76.0 |
| | Film Application Products | -0.5 | 3.6 | 1.7 | 2.2 | - | (1.9) | -52.8 |
| | Other | -2.6 | -0.6 | (0.3) | 2.3 | - | 0.3 | - |
| | Sub total | -2.3 | 8.8 | (0.8) | 1.5 | - | (9.6) | - |
| | Corporate and Eliminations | -0.9 | -3.7 | (3.0) | (2.1) | - | 0.7 | - |
| | Total | -3.2 | 5.1 | (3.8) | (0.6) | - | (8.9) | - |
| Operating Income margin | | -1.5% | 2.4% | -1.7% | -0.2pt | - | -4.1pt | - |
| Ex-rate | US\$ | Yen 79.27 | Yen 81.17 | Yen 92.20 | | | | |
| | EURO | Yen 103.94 | Yen 105.28 | Yen 121.74 | | | | |

Projections for FY March 2014 – Image of change in sales



| Segment | FY March 2013 Results | FY March 2014 Projections (vs. FY March 2013) | Main factor and premise of projections |
|-------------------------------|-----------------------|---|---|
| Passive components | 379.6 | +15~+20% | Increase in sales of high frequency components inductive devices, circuit protection components for information and communication equipment Gradual recovery of aluminum and film capacitors for industrial equipment market Stable increase of sales for automobile market |
| Magnetic application products | 337.9 | -2~0% | Mainly due to maturation of HDD market |
| Film application products | 112.6 | +15~+20% | Increase in sales of secondary battery and functional film (ITO film) for information and communication market |
| Other | 21.4 | - | - |
| Total | 851.6 | 930.0 | |

| | | |
|----------------|--------|------------------|
| | | Forex assumption |
| Forex \$/Yen | 83.03 | 90.00 |
| Forex EURO/Yen | 107.05 | 118.00 |

Passive Components Business

Hiroyuki Uemura
Executive Vice President

Capacitor

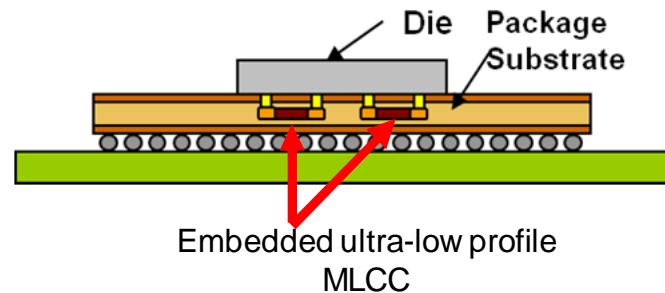
Ceramic Capacitor

- ❑ Completed sites consolidation worldwide in FY March 2013
- ❑ Established stable earning structure by restructuring effects
- ❑ To shift resources to growth strategy in FY March 2014
- ❑ Automotive market is the highest prioritized market
- ❑ To develop customized products for target applications utilizing key technologies cultivated through automotive business
- ❑ To launch new products as mentioned below
- ❑ To develop components for ultra-miniaturized power supply module collaborating with coil technology

Customized products

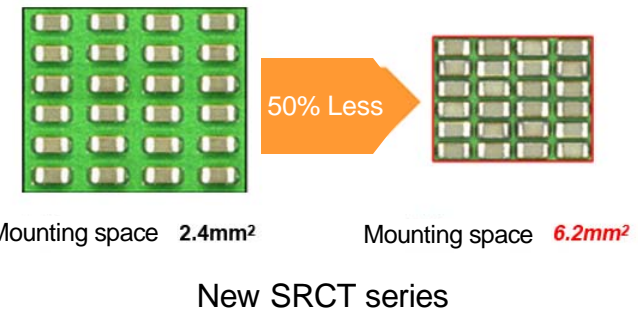


Mega Cap.: strong for PCB bending



Embedded ultra-low profile MLCC

New MLCC processed for high-density mounting



High Frequency Components

- ❑ To improve profitability and increase sales by launching module and SAW device
- ❑ Production capacity of SAW filter (including duplexer) is being increased
 - To respond to recent order increase
 - To respond to demand increase (both discrete and module) in the medium term
- ❑ To accelerate design-in activities for next-generation communication technology (such as carrier aggregation)
- ❑ To launch thin-film filter
- ❑ To optimize customers' portfolio
- ❑ To maximize TDK group synergy
 - Optimal allocation of development resources/optimization of production line placement

FEMiD (example)

Components built in the module

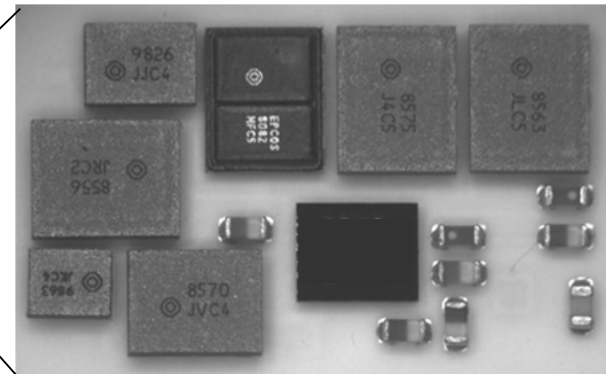
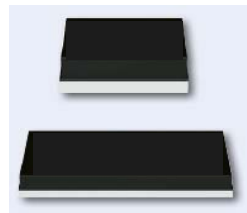
SAW Duplexer x4

SAW/BAW Duplexer x1

SAW Filter x2

Swich x1

Passive components for matching x8



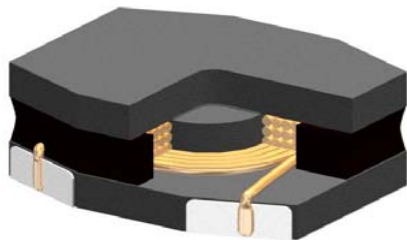
Inductive Device

- ❑ Full product line-up of power inductors
 - Stable production by optimization of customers' portfolio
 - To expand production capacity and sales of metal power inductors
 - To provide flexible solutions with full range of products to customers (Thin film, Wire-wound, Multi layer processes)
- ❑ To develop & expand biz of high frequency inductors

Piezo Device

- ❑ To expand production capacity for responding to strong market requirement of VCM(*1), OIS(*2) for smart phone camera module

Power inductors

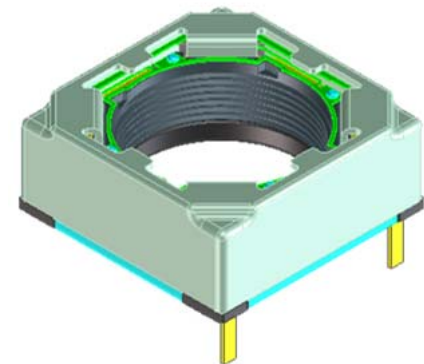


(Wire wound coil)



(Thin film coil)

VCM



*1 : Voice Coil Motor

*2 : Optical Image Stabilizer

Recording Device Business

Shigenao Ishiguro
General Manager of Data Storage &
Thin Film Technology Components BG

Recording Device Business



● HDD market

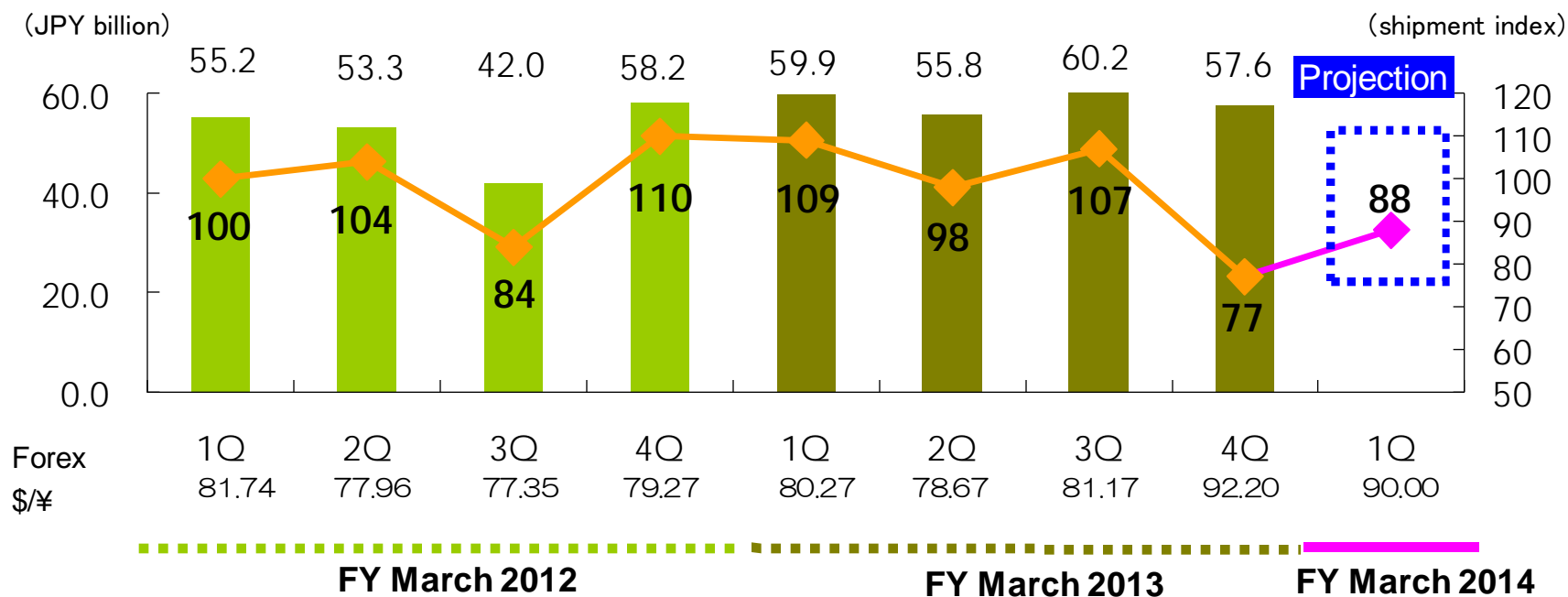
FY March 2013 (TDK's forecast) : About 570 million units

FY March 2014 (TDK's forecast) : About 530 million units

● Shipment index

■ Recording Device Sales (Left, including HDD Head (HGA) and HDD Suspension)

◆ HDD Head Shipment Index (Right)



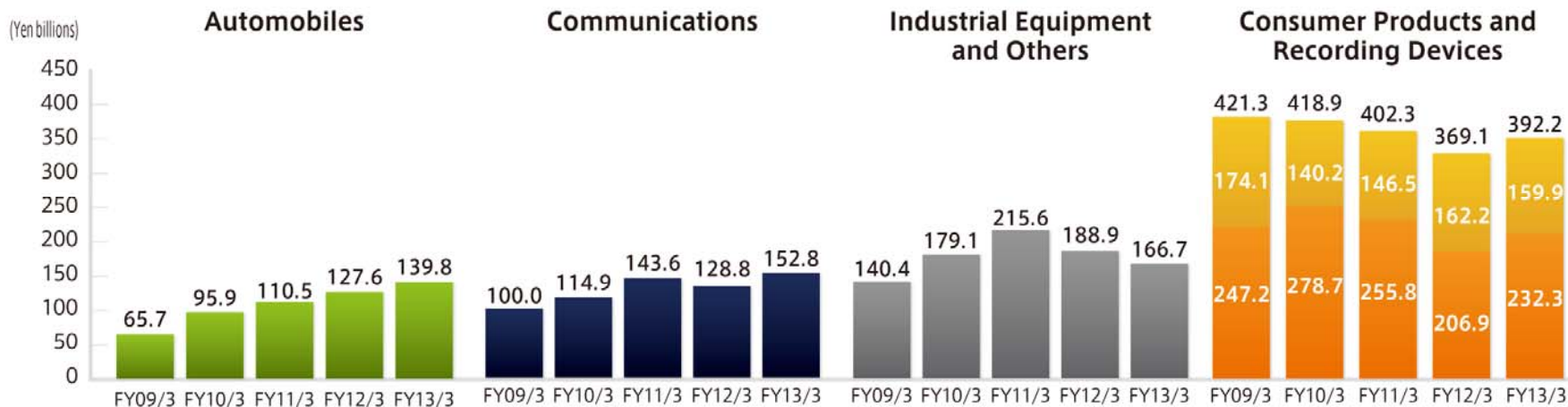
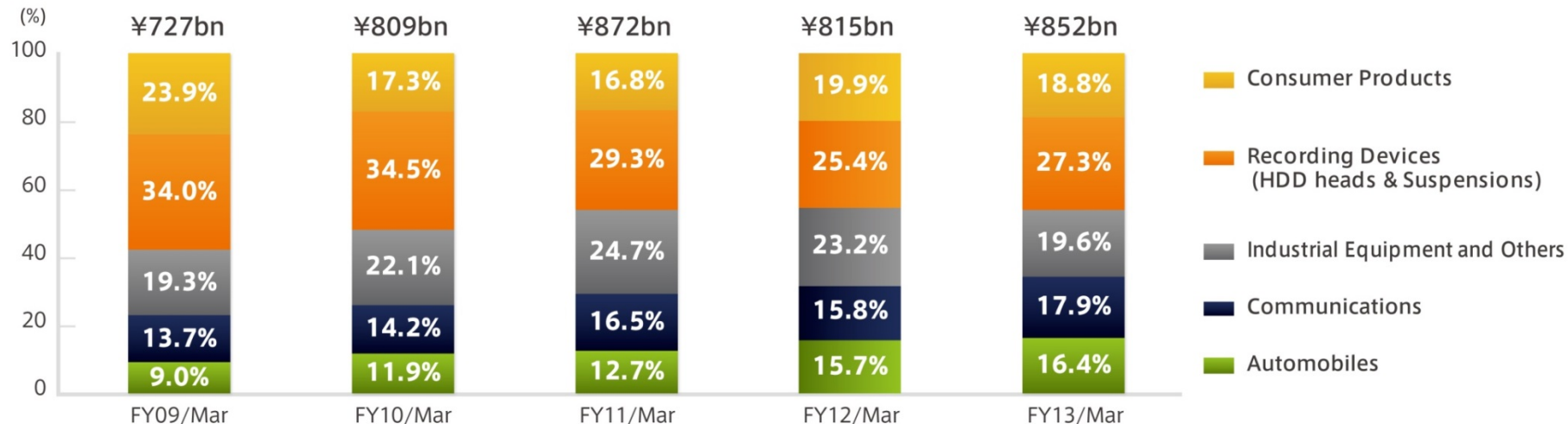
Supplementary Data

Quarterly sales and operating income by segment



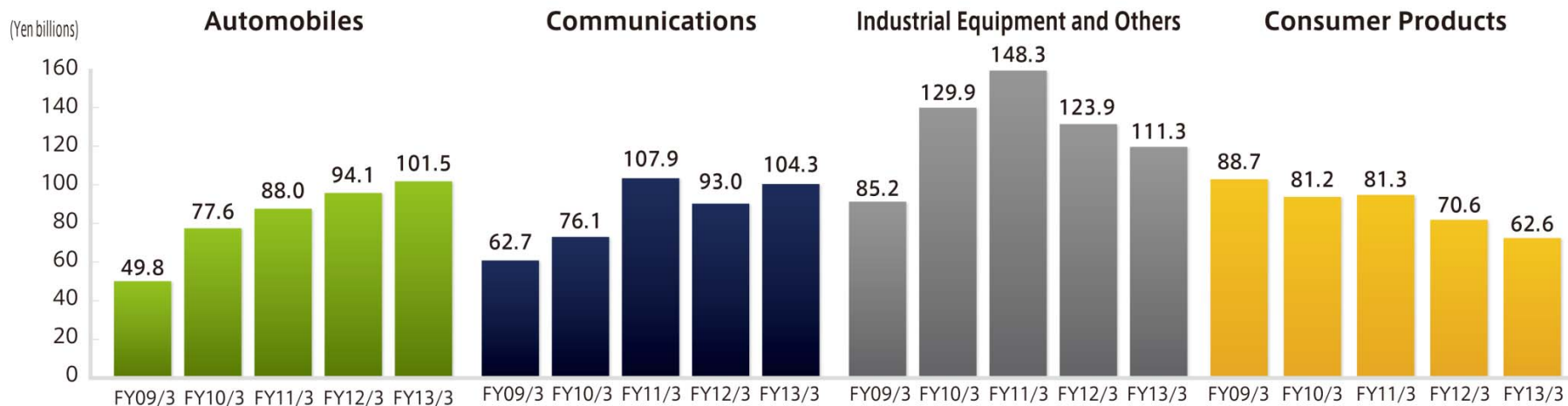
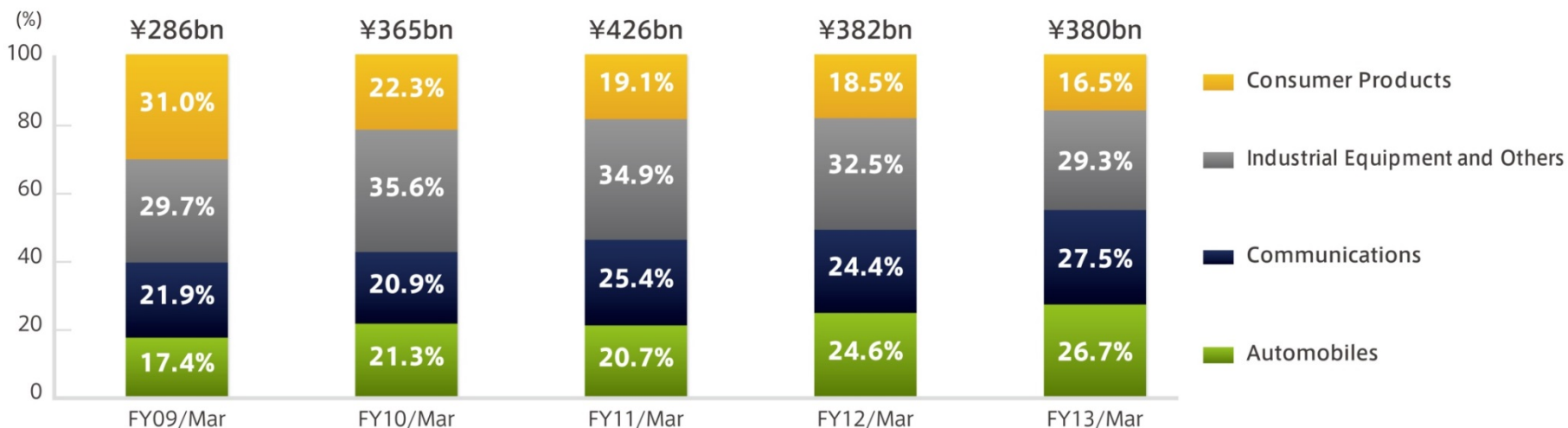
| Yen billions | | FY March 2012 | | | | | FY March 2013 | | | | |
|------------------|--------------------------------------|---------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|--------------|---------------|
| | | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Net Sales | Capacitors | 36.1 | 34.2 | 30.6 | 31.6 | 132.4 | 31.4 | 29.2 | 26.6 | 30.7 | 118.0 |
| | Inductive Devices | 32.9 | 31.4 | 28.6 | 28.4 | 121.2 | 28.2 | 29.6 | 30.6 | 31.2 | 119.6 |
| | Other Passive Components | 32.8 | 34.4 | 30.4 | 30.5 | 128.0 | 31.8 | 31.7 | 36.0 | 42.5 | 142.1 |
| | Passive Components | 101.7 | 99.9 | 89.5 | 90.5 | 381.6 | 91.5 | 90.6 | 93.1 | 104.4 | 379.6 |
| | Recording Devices | 55.2 | 53.3 | 42.0 | 58.2 | 208.7 | 59.9 | 55.8 | 60.2 | 57.6 | 233.5 |
| | Other Magnetic Application Products | 24.4 | 27.7 | 26.0 | 29.7 | 107.7 | 28.3 | 27.6 | 24.0 | 24.5 | 104.4 |
| | Magnetic Application Products | 79.6 | 81.0 | 68.0 | 87.8 | 316.4 | 88.2 | 83.4 | 84.2 | 82.1 | 337.9 |
| | Film Application Products | 18.0 | 22.4 | 28.2 | 24.2 | 92.7 | 23.2 | 27.7 | 33.0 | 28.6 | 112.6 |
| | Other | 6.7 | 6.6 | 5.7 | 4.6 | 23.8 | 5.8 | 5.2 | 5.0 | 5.4 | 21.4 |
| | Total | 206.2 | 209.9 | 191.3 | 207.0 | 814.5 | 208.7 | 207.0 | 215.4 | 220.5 | 851.6 |
| Operating Income | Passive Components | 3.8 | 1.3 | 1.5 | (13.2) | (6.6) | (2.9) | (2.5) | (1.8) | (3.9) | (11.1) |
| | Magnetic Application Products | 8.6 | 9.5 | 7.0 | 14.0 | 39.0 | 14.6 | 13.2 | 7.5 | 1.8 | 37.1 |
| | Film Application Products | 1.2 | 2.6 | 2.9 | (0.5) | 6.3 | 2.1 | 5.0 | 3.6 | 1.7 | 12.4 |
| | Other | (0.4) | (1.2) | (0.7) | (2.6) | (4.8) | (0.4) | (0.5) | (0.6) | (0.3) | (1.8) |
| | Sub-total | 13.2 | 12.2 | 10.8 | (2.3) | 33.8 | 13.4 | 15.2 | 8.8 | (0.8) | 36.7 |
| | Corporate and Eliminations | (7.2) | (3.7) | (3.4) | (0.9) | (15.1) | (4.2) | (4.1) | (3.7) | (3.0) | (15.0) |
| Total | 6.0 | 8.5 | 7.4 | (3.2) | 18.7 | 9.2 | 11.2 | 5.1 | (3.8) | 21.6 | |
| Ex-rate | ¥/USD | 81.74 | 77.96 | 77.35 | 79.27 | 79.07 | 80.27 | 78.67 | 81.17 | 92.20 | 83.03 |
| | ¥/EURO | 117.62 | 110.42 | 104.30 | 103.94 | 109.06 | 103.18 | 98.28 | 105.28 | 121.74 | 107.05 |

Annual Sales by applications (FY2009/Mar – FY2013/Mar)



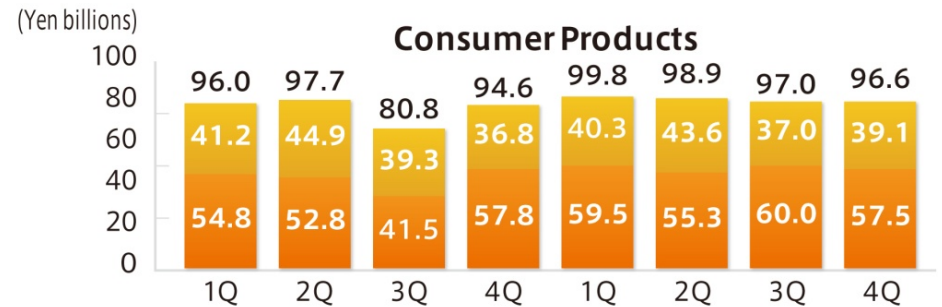
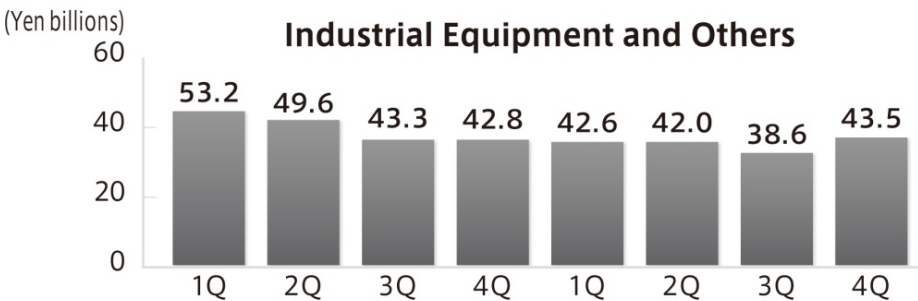
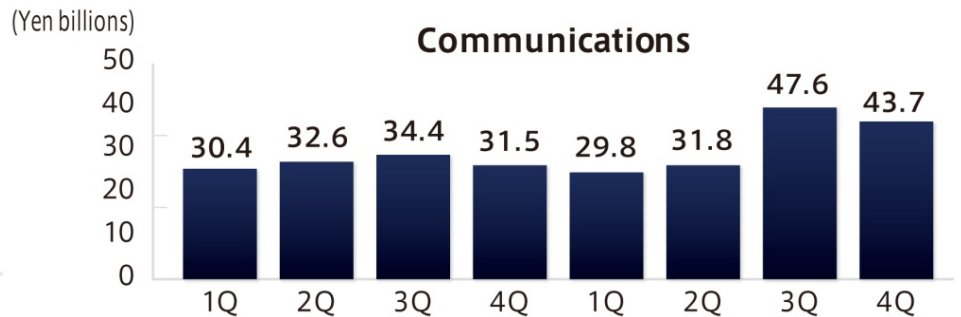
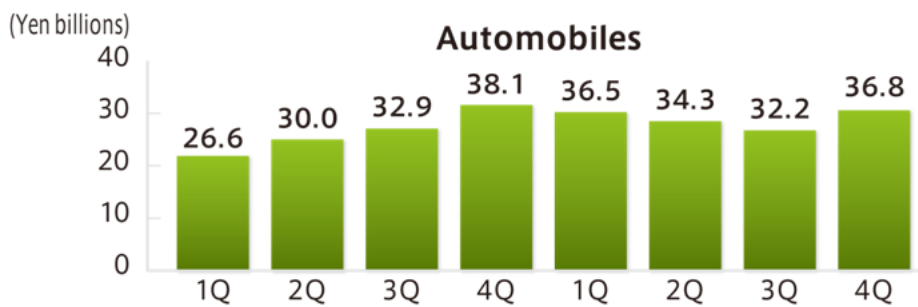
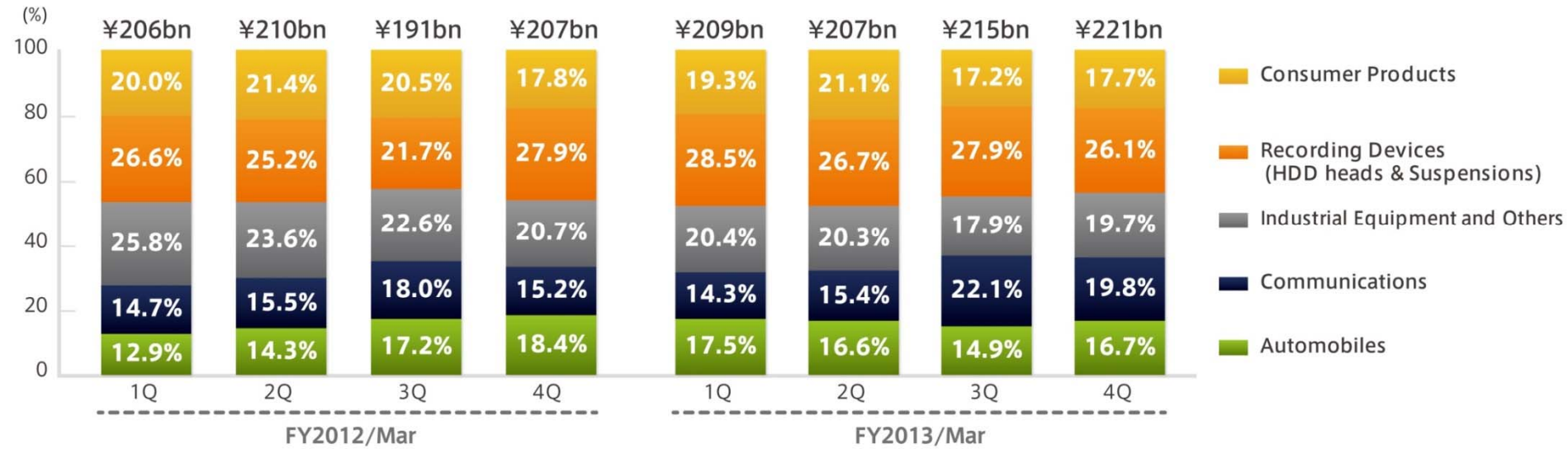
※ Consolidation of EPCOS from the second half of 2009/3
 ※ Discontinued operation (Display business) are included in 2009/3 and 2010/3.

Passive Components Business Annual sales by applications (FY2009/Mar –FY2013/Mar)

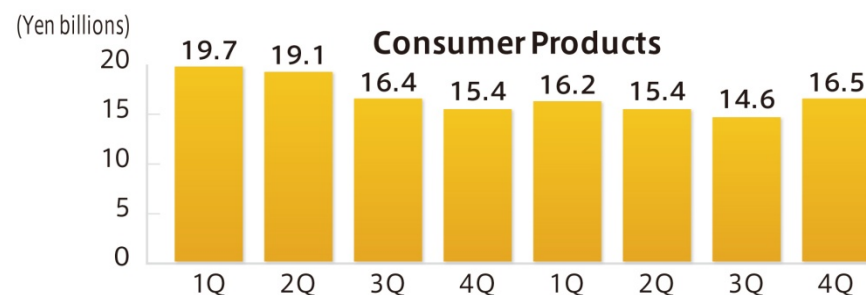
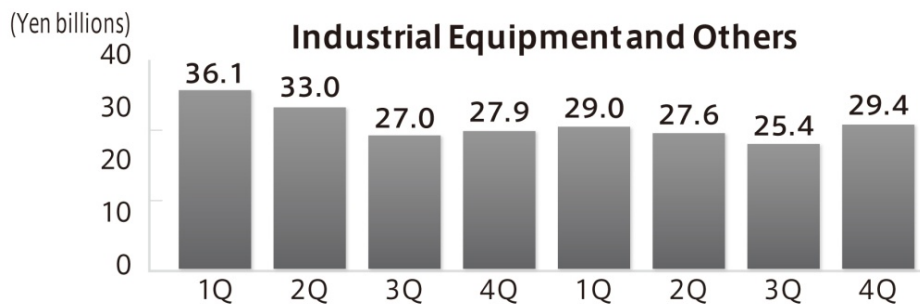
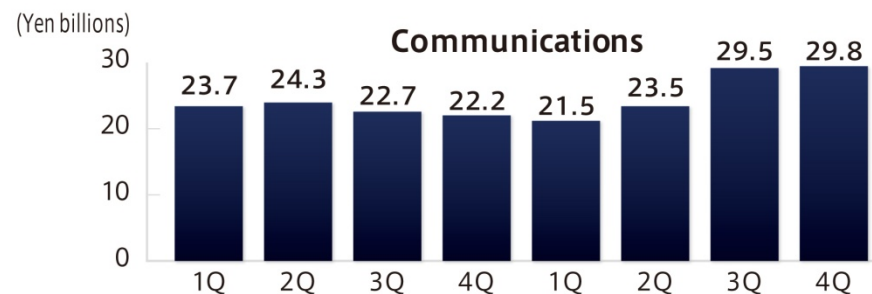
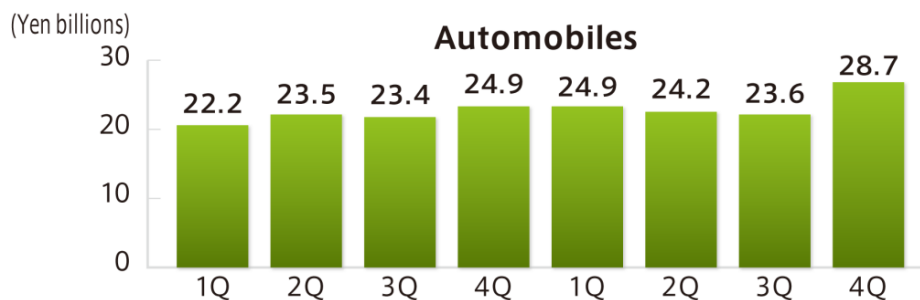
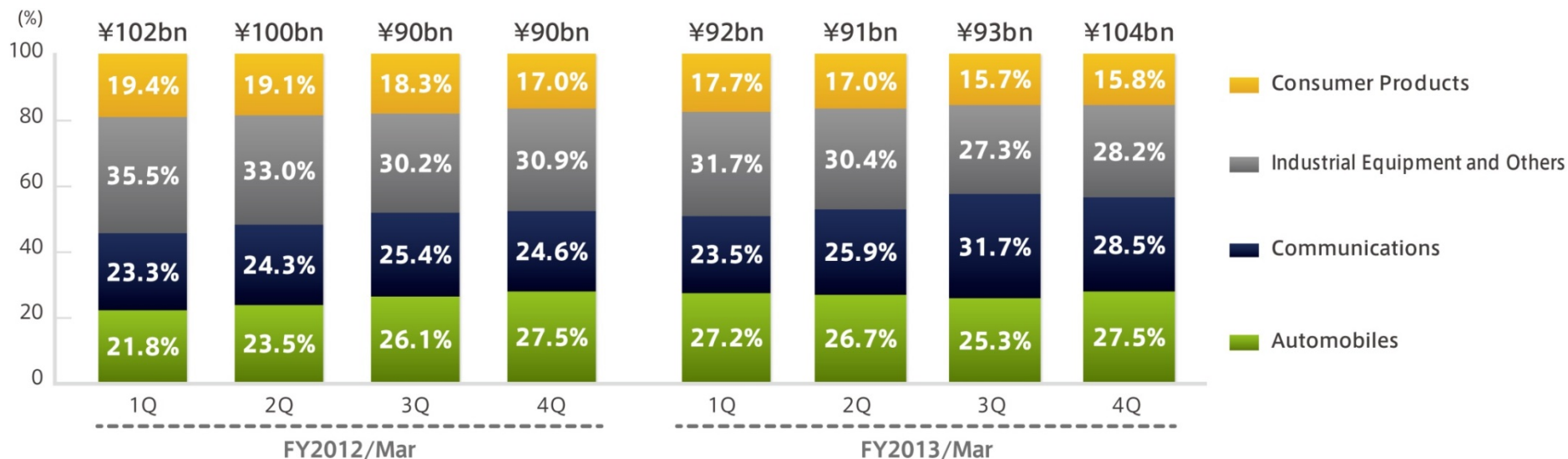


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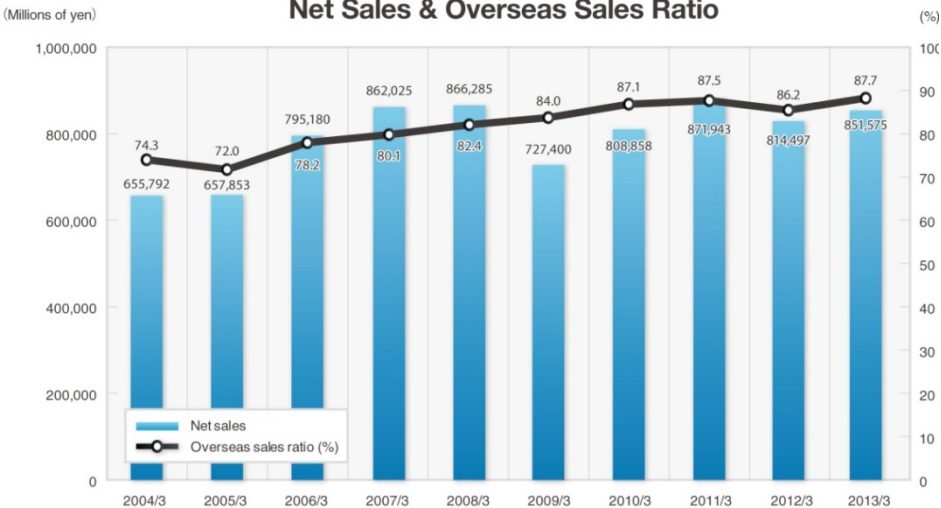
Quarterly sales by applications (1Q/FY2012/Mar – 4Q/FY2013/Mar)



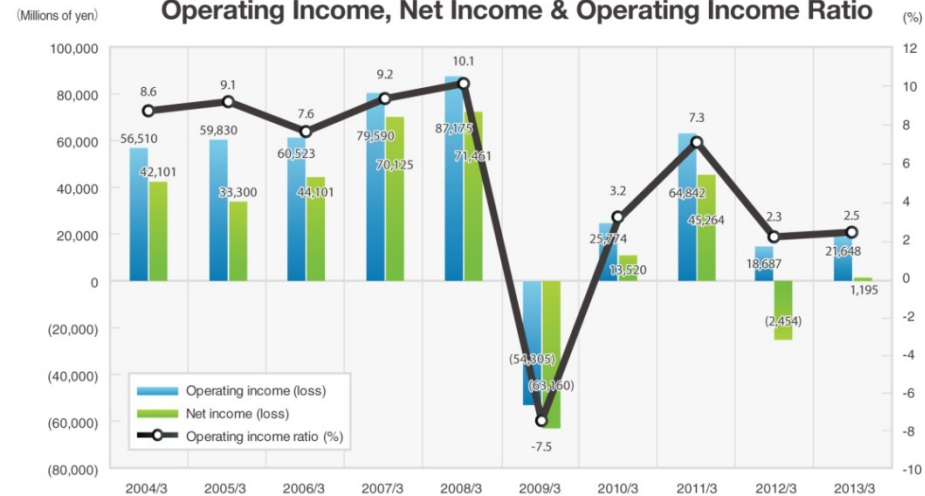
Passive Components Business quarterly sales by applications (1Q/FY2012/Mar – 4Q/FY2013/Mar)



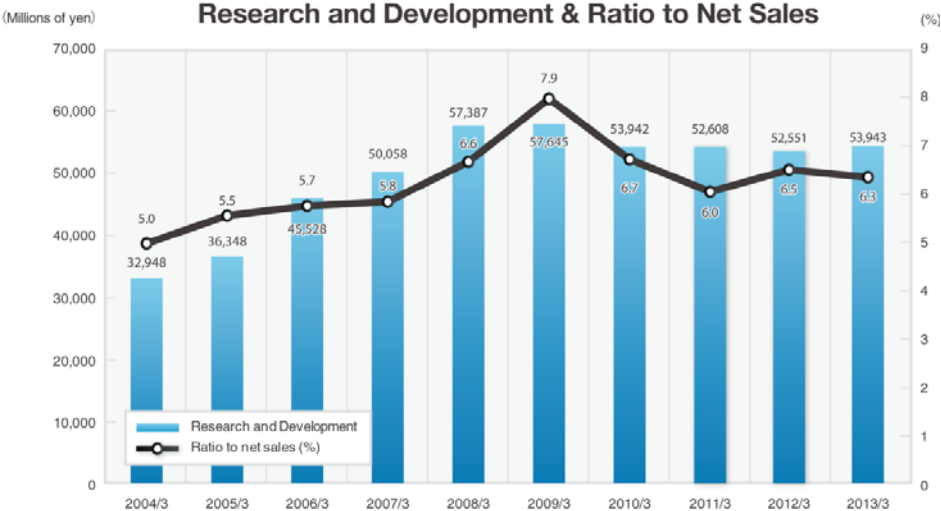
Net Sales & Overseas Sales Ratio



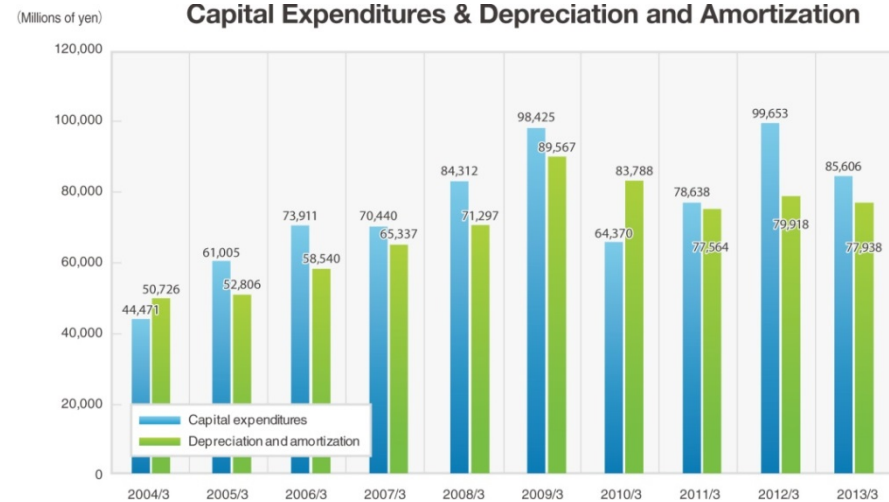
Operating Income, Net Income & Operating Income Ratio



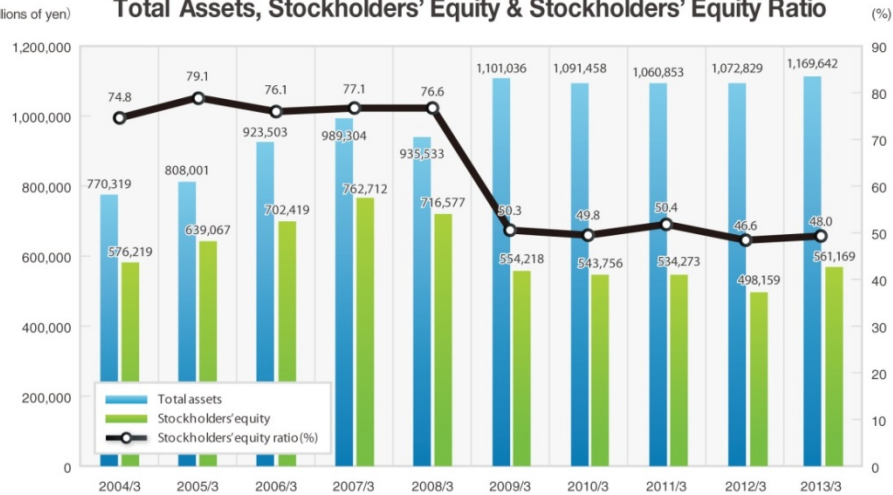
Research and Development & Ratio to Net Sales



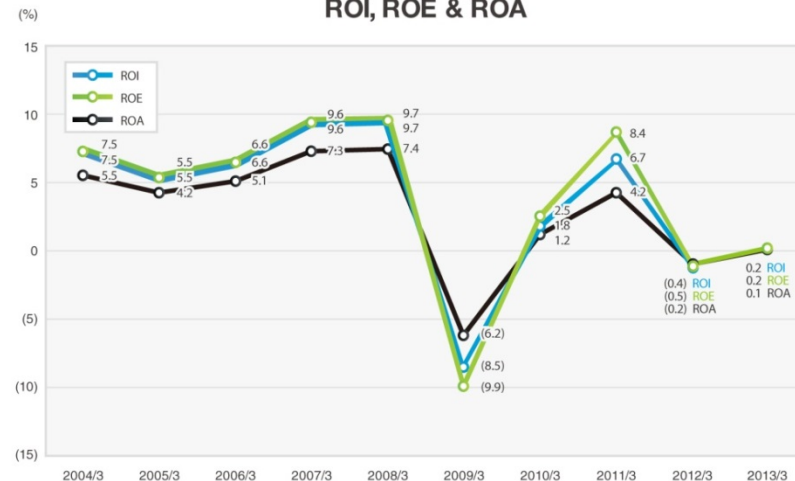
Capital Expenditures & Depreciation and Amortization



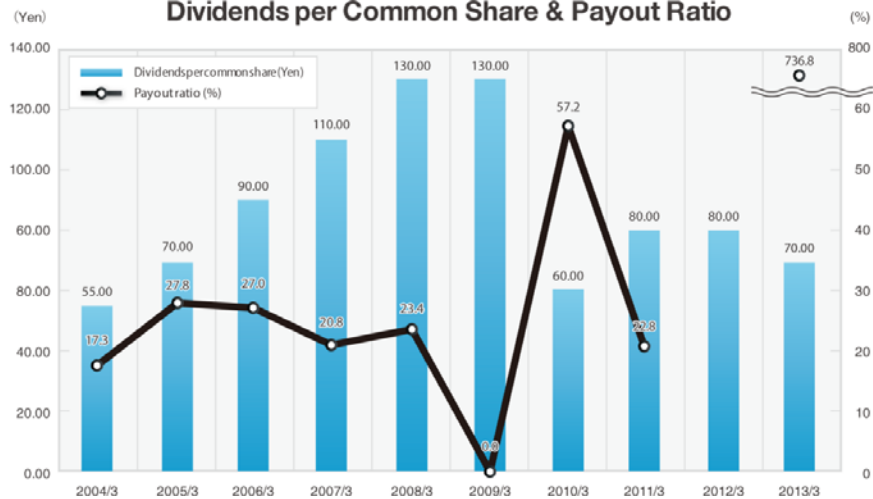
Total Assets, Stockholders' Equity & Stockholders' Equity Ratio



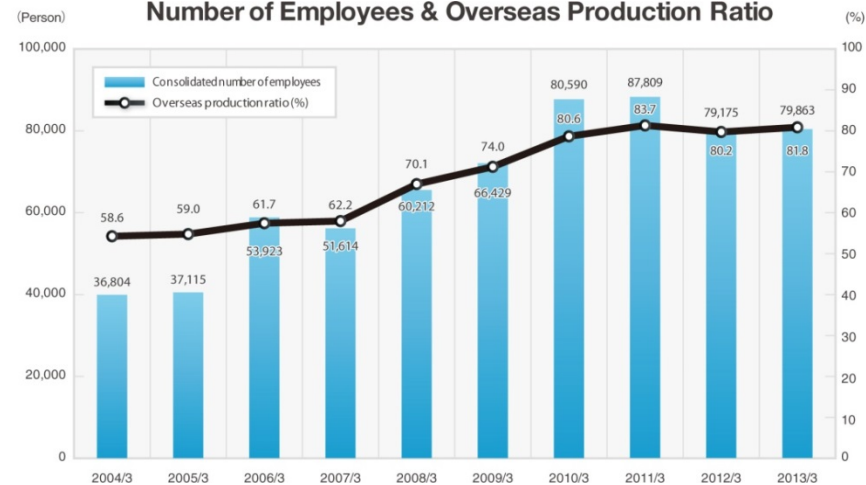
ROI, ROE & ROA



Dividends per Common Share & Payout Ratio



Number of Employees & Overseas Production Ratio



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Text data including Q&A of performance briefing will be uploaded on following site
http://www.global.tdk.com/ir/ir_events/conference/2013/4q_1.htm