

Performance Briefing
First Half of Fiscal Year March, 2015

TDK Corporation
October 31, 2014

◆ **Consolidated Results for First Half of FY March 2015**

Takakazu Momozuka, Corporate Officer

◆ **Consolidated Full Year Projections for FY March 2015**

Takehiro Kamigama, President and CEO

Consolidated Results for First Half of FY March 2015

**Takakazu Momozuka
Corporate Officer**

- ◆ **502.3 billion yen, first half sales, was the highest ever. Operating income was 27.9 billion yen, increased by 64% year on year.**
- ◆ **Passive components achieved record first-half earnings (doubled year on year). There were strong sales to the automobile market and Chinese and North American smartphone customers.**
- ◆ **First half operating income of film application products was same as previous fiscal year despite a slow start in 1Q. Rechargeable batteries saw strong sales to the US smartphone customer from 2Q.**

Consolidated Results for First Half of FY March 2015

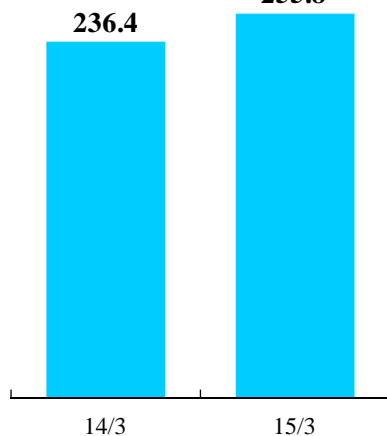


(Yen billions)	FY March 2014 Results through 2Q (2013.4.1-2013.9.30)	FY March 2015 Results through 2Q (2014.4.1-2014.9.30)	Change	
			Yen billions	%
Net Sales	483.8	502.3	18.5	3.8
Operating Income	17.0	27.9	10.9	64.1
Operating Income Margin	3.5%	5.6%	+2.1pt	-
Income from Continuing Operations before Income Taxes	18.1	27.4	9.3	51.4
Income from continuing Operations	10.8	19.6	8.8	81.5
Loss from discontinued operations	-3.8	-	-	-
Net income attributable to noncontrolling interests	0.6	1.4	0.8	133.3
Net Income	6.4	18.1	11.7	182.8
Earning Per Share (JPY)	50.90	144.17	-	-
US\$ (JPY)	98.88	103.02	Depreciated by 4.2%	
EURO (JPY)	130.04	138.96	Depreciated by 6.9%	
Ex-rate impact to Net sales & Operating Income	Net sales : Increased by about 16.9 billion Yen Operating income : Increased by about 3.2 billion Yen			

Note: The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are restated.

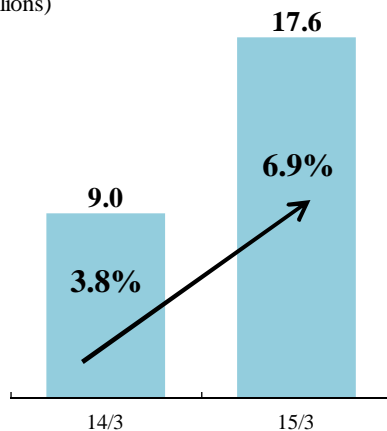
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



Net Sales 255.8 billion yen (up 8.2% year on year)

Operating Income 17.6 billion yen (up 95.6% year on year)

◆ Ceramic Capacitors

- Sales increased year on year, particularly to the steady automobile market.
- Profit margins also improved due to increased productivity.

◆ Inductive Devices

- Sales to a brisk ICT market (particularly for communications equipment) and a steady automotive market increased year on year
- Earnings increased due to an improved product portfolio.

◆ High-frequency Components

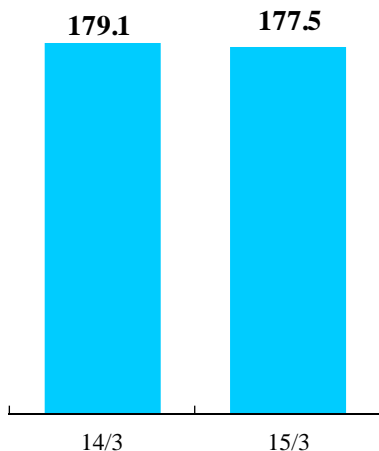
- Sales of discrete products were strong, mainly due to buoyant demand from the Chinese smartphone market.
- Profitability of the business improved year on year due to increased productivity and improved product portfolio

◆ Piezoelectric Material Products

- Both revenues and profits increased year on year mainly due to strong sales of components for automobiles and VCMs for camera modules

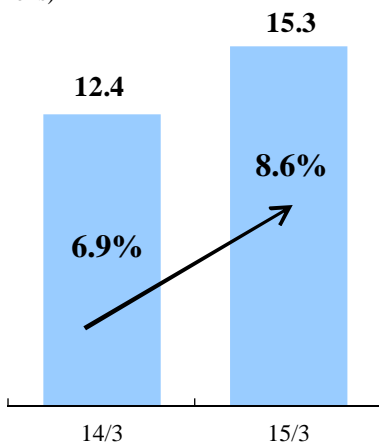
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



Net Sales 177.5 billion yen (down 0.9% year on year)

Operating income 15.3 billion yen (up 23.4% year on year)

◆Recording Devices (HDD Heads)

- Although the volume shipped declined, profits were almost the same as that of previous year due to increased productivity and an improved product portfolio.

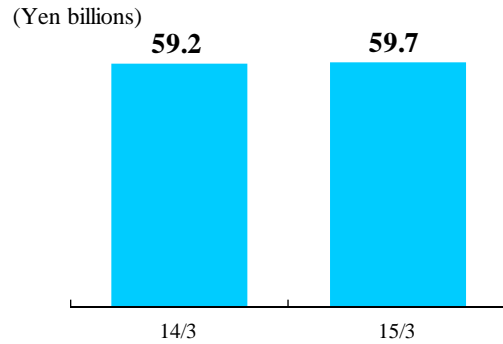
◆Magnets

- Expenses relating to the consolidation of production sites for ferrite magnets, which took place in the same period of the previous year, were no longer incurred. As a result of these factors, losses narrowed compared with the same period of the previous year.

◆Power Supplies

- Sales to the industrial equipment market of products such as semiconductor production equipment, FA equipment and measuring equipment were steady, while the business got back into the black.

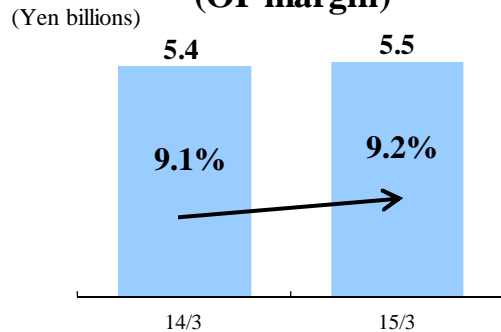
Net Sales



Net sales 59.7 billion yen (up 0.8% year on year)

Operating income 5.5 billion yen (up 1.9% year on year)

Operating Income (OP margin)



◆ Energy Devices (Rechargeable Batteries)

- Despite slow sales in 1Q due to a major North American customer making production adjustments ahead of a new model launch, 2Q sales to North American customer recovered sharply and sales to Chinese customers also expanded.

Breakdown of Operating Income Changes (First Half)

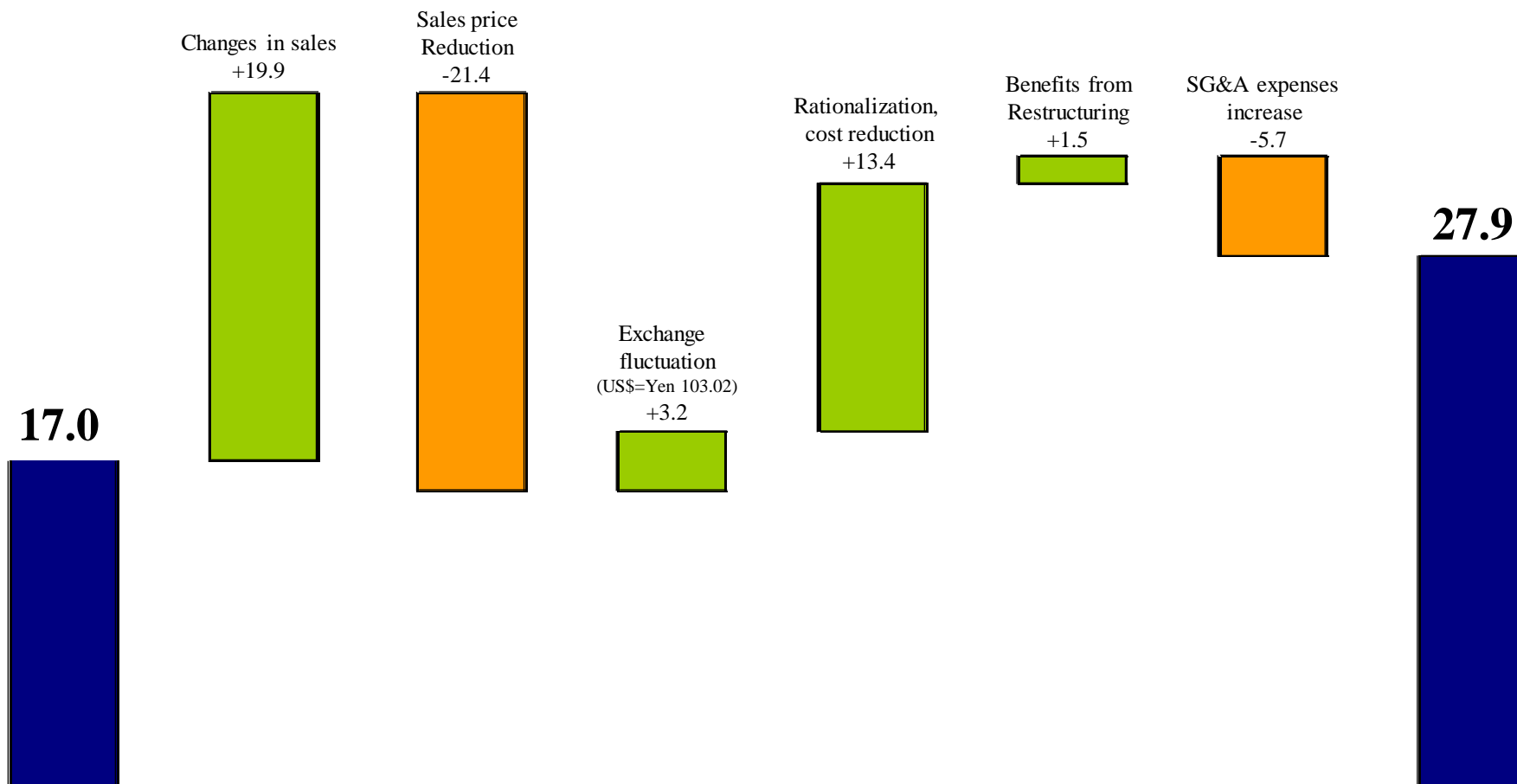


First Half of
FY March 2014
17.0 billion yen

Operating Income + 10.9 billion yen

First Half of
FY March 2015
27.9 billion yen

(Yen billions)



Consolidated Results for 2Q of FY March 2015



(Yen billions)	FY March 2014 2Q Results	FY March 2015 2Q Results	Change	
			Yen billions	%
Net Sales	249.4	264.8	15.4	6.2
Operating Income	12.5	18.3	5.8	46.4
Operating Income Margin	5.0%	6.9%	+1.9pt	-
Income from Continuing Operations before Income Taxes	12.9	17.0	4.1	31.8
Income from continuing Operations	9.3	13.3	4.0	43.0
Loss from discontinued operations	-3.3	-	-	-
Net income attributable to noncontrolling interests	-0.1	0.9	1.0	-
Net Income	6.0	12.4	6.4	106.7
Earning Per Share (JPY)	47.95	98.43	-	-
US\$ (JPY)	99.02	103.86	Depreciated by 4.9%	
EURO (JPY)	131.11	137.77	Depreciated by 5.1%	
Ex-rate impact to Net sales & Operating Income	Net sales : Increased by about 11.1billion Yen Operating income : Increased by about 2.2billion Yen			

Note: The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are restated.

Quarterly Results by Segment

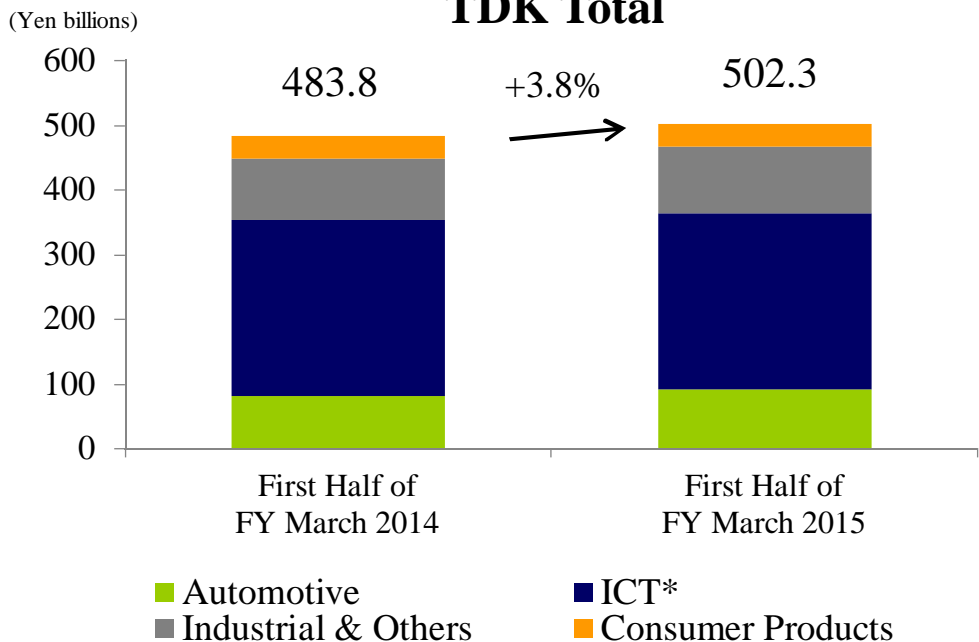


(Yen billions)		2Q of FY March 2014 (A)	1Q of FY March 2015 (B)	2Q of FY March 2015 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	35.1	36.5	37.3	2.2	6.3	0.8	2.2
	Inductive Devices	35.5	36.7	38.8	3.3	9.3	2.1	5.7
	Other Passive Components	48.8	50.2	56.2	7.4	15.2	6.0	12.0
	Passive Components	119.4	123.4	132.4	13.0	10.9	9.0	7.3
	Recording Devices	66.3	59.1	63.7	(2.6)	-3.9	4.6	7.8
	Other Magnetic Application Products	26.6	28.0	26.7	0.1	0.4	(1.3)	-4.6
	Magnetic Application Products	92.9	87.1	90.4	(2.5)	-2.7	3.3	3.8
	Film Application Products	32.7	22.5	37.2	4.5	13.8	14.7	65.3
	Other	4.4	4.5	4.8	0.4	9.1	0.3	6.7
	Total	249.4	237.5	264.8	15.4	6.2	27.3	11.5
Operating Income	Passive Components	6.2	7.8	9.8	3.6	58.1	2.0	25.6
	Magnetic Application Products	7.8	7.1	8.2	0.4	5.1	1.1	15.5
	Film Application Products	3.3	0.3	5.2	1.9	57.6	4.9	-
	Other	-0.8	-0.4	0.1	0.9	-	0.5	-
	Sub total	16.5	14.8	23.3	6.8	41.2	8.5	57.4
	Corporate and Eliminations	-4.0	-5.2	-5.0	(1.0)	-	0.2	-
	Total	12.5	9.6	18.3	5.8	46.4	8.7	90.6
Operating Income margin		5.0%	4.0%	6.9%	+1.9pt	-	+2.9pt	-
Ex- rate	US\$/Yen	99.02	102.17	103.86				
	EURO/Yen	131.11	140.17	137.77				

Sales Results by Priority Markets

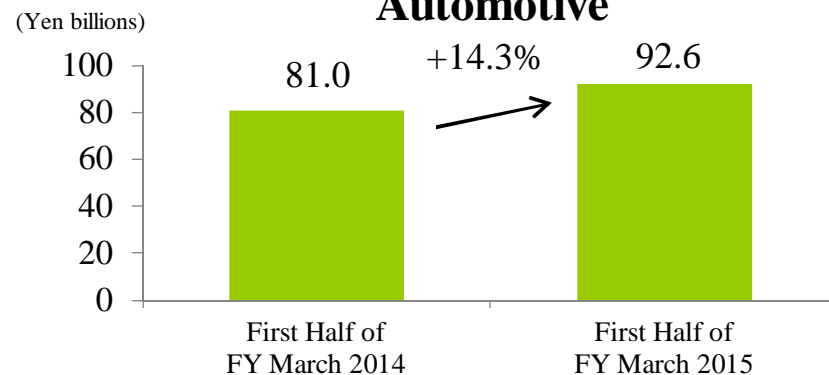


TDK Total

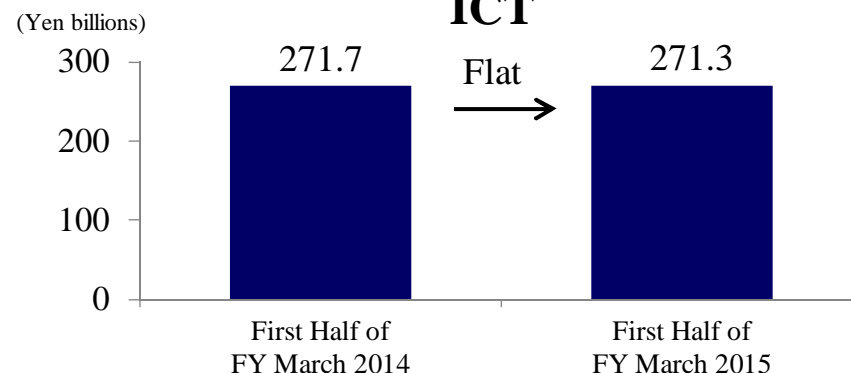


*Includes HDD Heads and HDD Suspensions

Automotive



ICT



Automotive :

Strong sales of passive components

ICT :

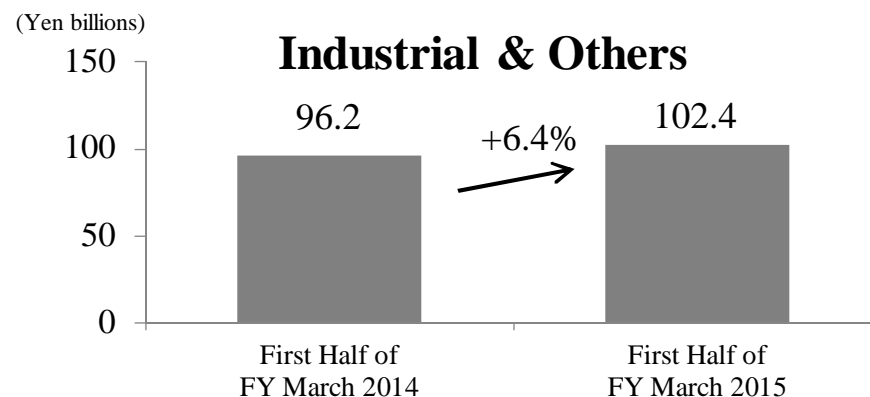
Strong sales of passive components

Weak sales of HDD heads

Industrial & Others :

Increase in sales of power supplies to the industrial equipment market

Industrial & Others



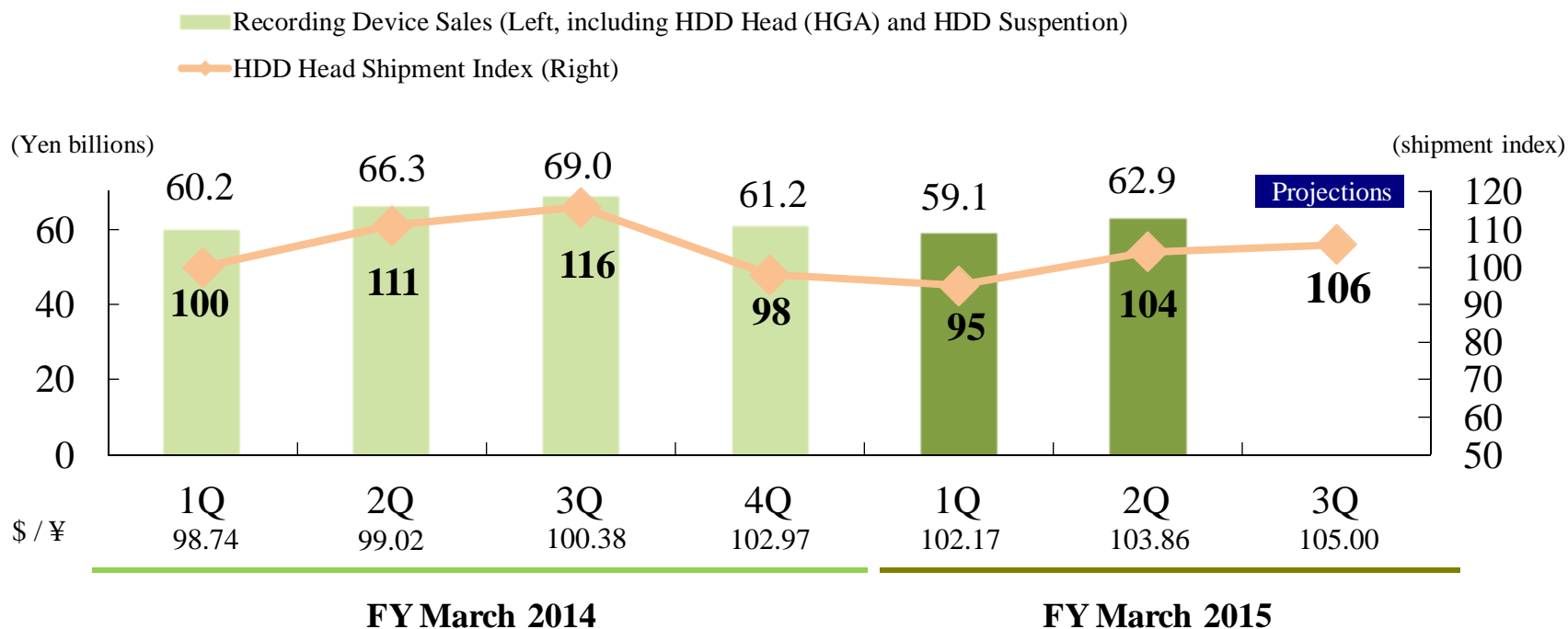
● HDD market in FY March 2015 *TDK's estimation

About 535 million units (end of April)

About 552 million units (end of July)

About 560 million units (Current estimation, increase by 8 million units from the previous estimation)

● Shipment index



Consolidated Full Year Projections for FY March 2015

**Takehiro Kamigama
President and CEO**

Priority Markets	Market Trend	
ICT	↗	Chinese smartphone production to shift from an adjustment phase in 2Q to recovery in 3Q.
	↗	Strong North American smartphone production to peak in 3Q, with a year-on-year increase also projected for 4Q.
	→	HDD market expected to continue outperforming initial projections in the second half
Automobile	→	Strong market performance expected to continue in the second half, mainly by North American and European customers
	→	First-half car sales in Japan down year on year, second half performance expected to be level or slightly up year-on-year
	→	xEV* sales growth slowing in the main markets of Japan and North America
Industrial Equipment	→	Machine tool- and robot-related markets expected to maintain strong performance in the second half

The arrow symbol “→” denotes changes from first-half trend

* xEV : EV, HEV, PHEV

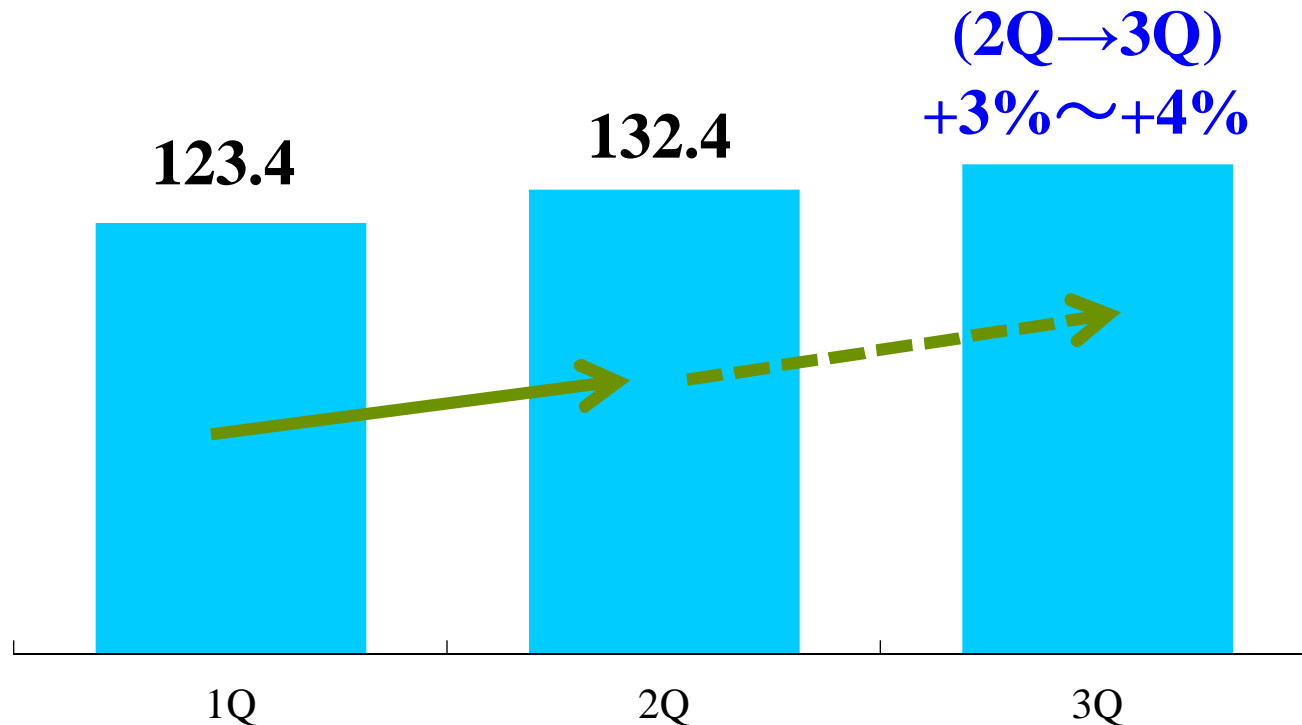
Second half trend of main products



Segments	Products	Second Half Trend
Passive Components	Inductive devices	Increase in sales of metal inductors (thin-film, multilayer) Increase in sales of high-frequency coil (multilayer)
	High-frequency components	Increase in sales of discrete products
	Piezoelectric material product	Increase in sales of VCMs (high resolution, high-performance products), OIS enquires to increase
Magnetic Application Products	HDD heads	Increase in shipments (2Q→3Q)
	Magnets	Decrease in sales of VCM and magnet for HDD
	Power supplies	Decline in customer demand for EV power supplies
Film Application Products	Rechargeable batteries	Demand for North American and Chinese customers to peak in 3Q, with a year-on-year increase also projected for 4Q.

(Yen billions)

Passive Components

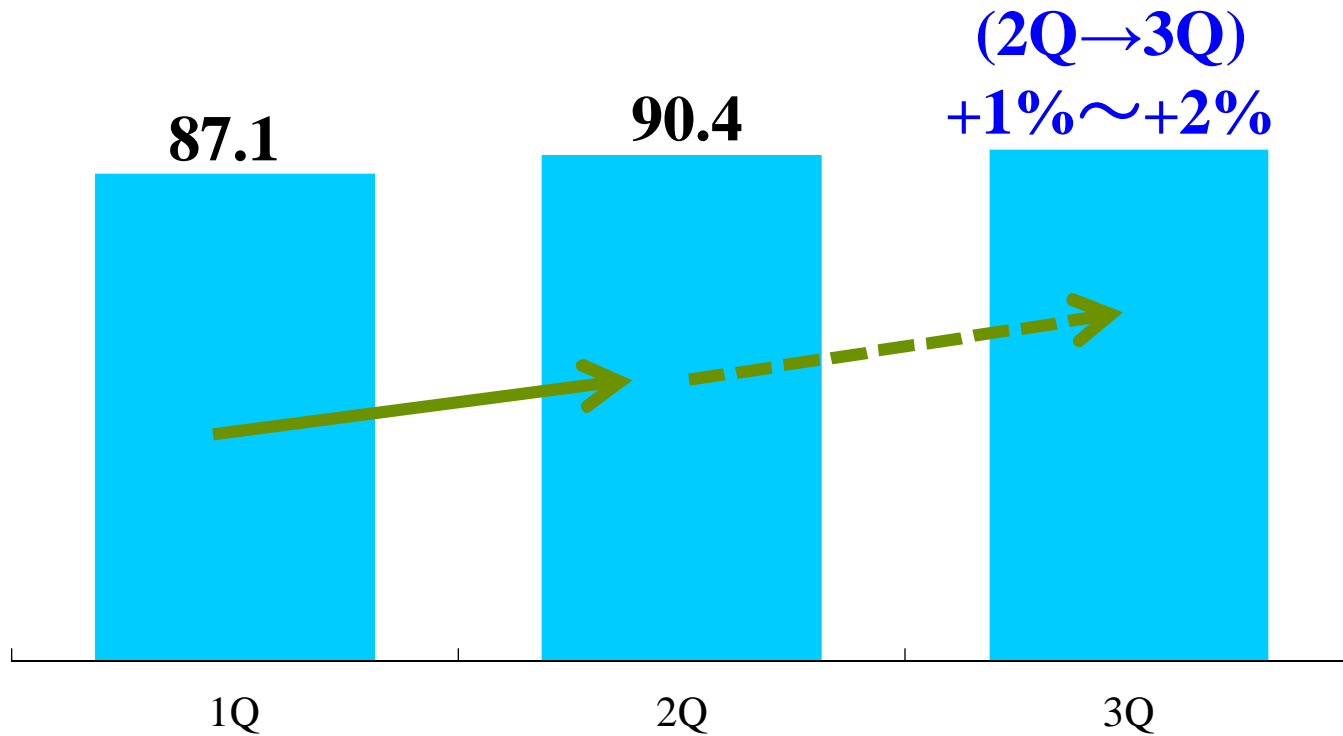


Foreign Exchange rate

	1Q results	2Q results	3Q assumptions
US\$/JPY	102.17	103.86	105.00
Euro/JPY	140.17	137.77	135.00

(Yen billions)

Magnetic application products

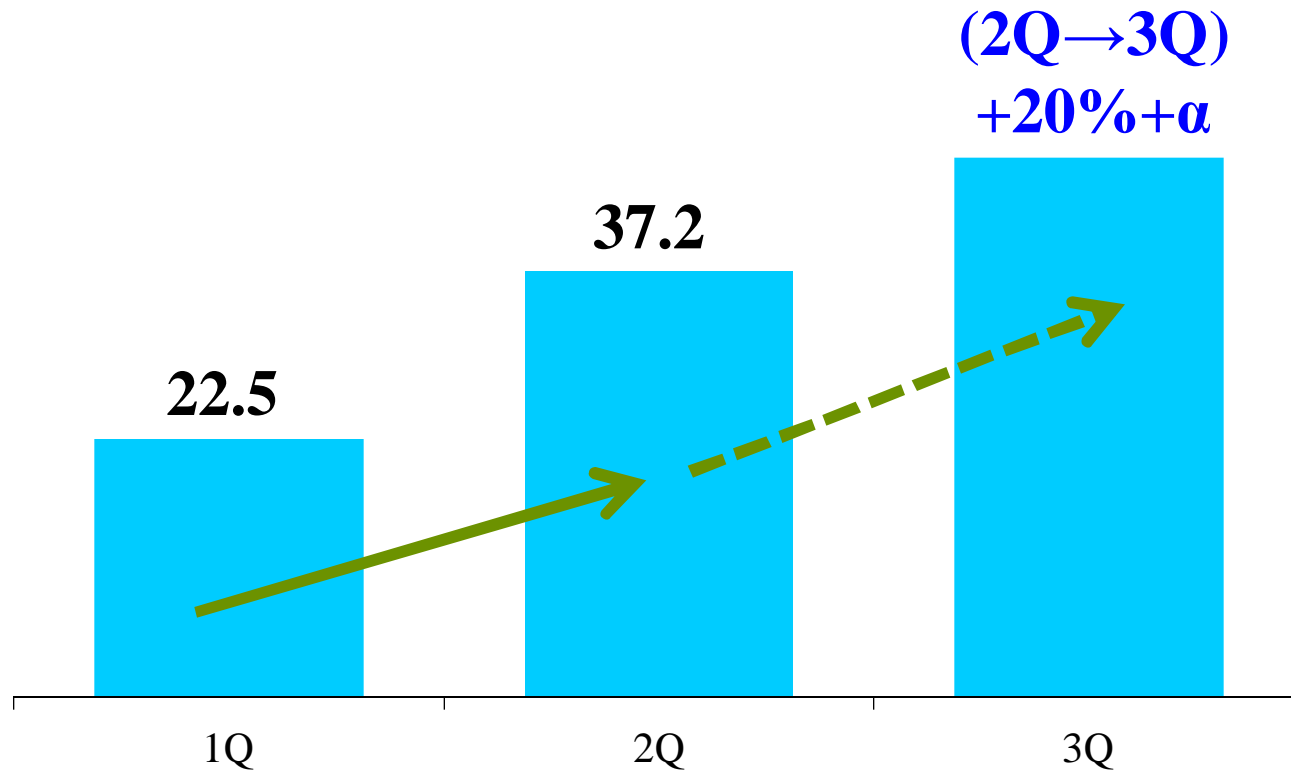


Foreign Exchange rate

	1Q results	2Q results	3Q assumptions
US\$/JPY	102.17	103.86	105.00
Euro/JPY	140.17	137.77	135.00

(Yen billions)

Film application products

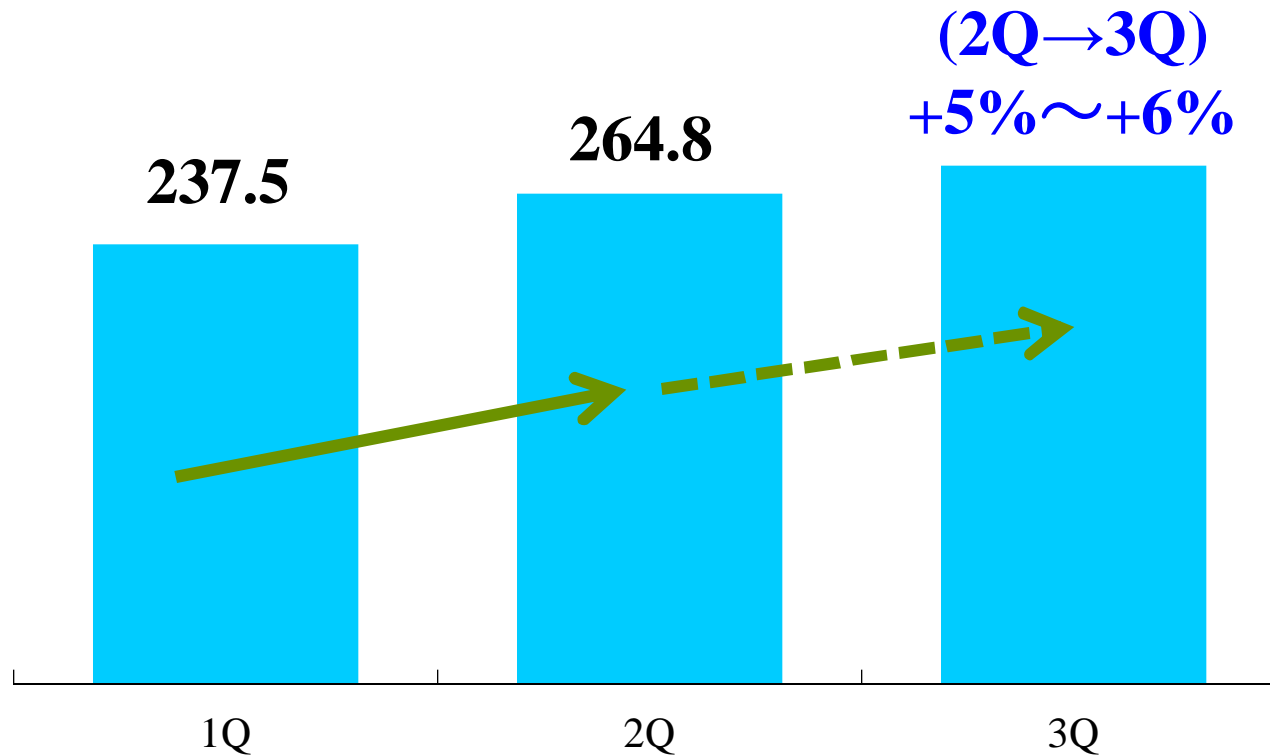


Foreign Exchange rate

	1Q results	2Q results	3Q assumptions
US\$/JPY	102.17	103.86	105.00
Euro/JPY	140.17	137.77	135.00

(Yen billions)

Total



Foreign Exchange rate

	1Q results	2Q results	3Q assumptions
US\$/JPY	102.17	103.86	105.00
Euro/JPY	140.17	137.77	135.00

FY March 2015 Full Year / Dividend Projections



Upward revision from initial announcement figures (April 28)

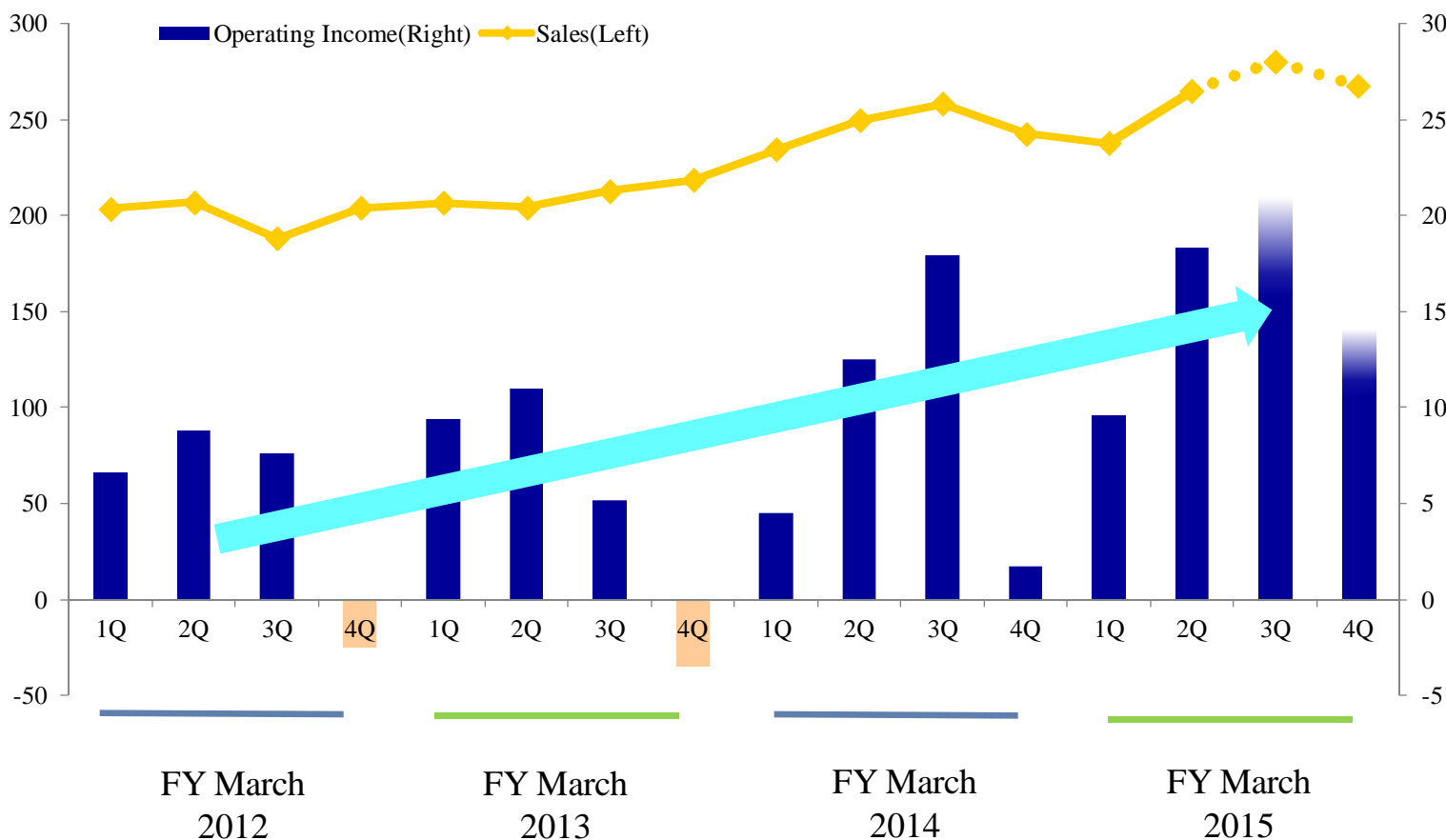
(Yen billions)		FY March 2014 Full Year Results	FY March 2015 Full Year Projections (announced Apr. 28)	FY March 2015 Full Year Projections (Revised)	Y o Y Change	
					Yen billions	%
Net Sales		984.5	1,050.0	1,050.0	65.5	6.7%
Operating Income		36.6	57.0	63.0	26.4	72.1%
Operating Income Margin		3.7%	5.4%	6.0%	+2.3pt	-
Income from continuing operations before income		39.8	56.0	62.0	22.2	55.8%
Net Income		16.3	34.0	37.0	20.7	127.0%
Earning Per Share (JPY)		129.47	270.23	293.98	-	-
Dividends (JPY)		1st half :30 2nd half :40 Annual: 70	1st half :40 2nd half :40 Annual: 80	1st half :40 2nd half :40 Annual: 80	-	-
Ex-rate	US\$	Yen 100.26	Yen 100.00	Yen 105.00 (Second half)	-	-
	EURO	Yen 134.42	Yen 135.00	Yen 135.00 (Second half)	-	-
Capital Expenditure		68.6	80.0	90.0	21.4	31.2%
Depreciation and amortization		82.9	83.0	83.0	0.1	0.1%
Research and development		63.4	68.0	68.0	4.6	7.3%

Sales and operating income trend

**Significant improvement in passive components business.
Company-wide profitability is improving through a more
balanced earning structure.**

Sales : Yen billions

Operating income : Yen billions



Supplementary Data

Quarterly sales and operating income by segment



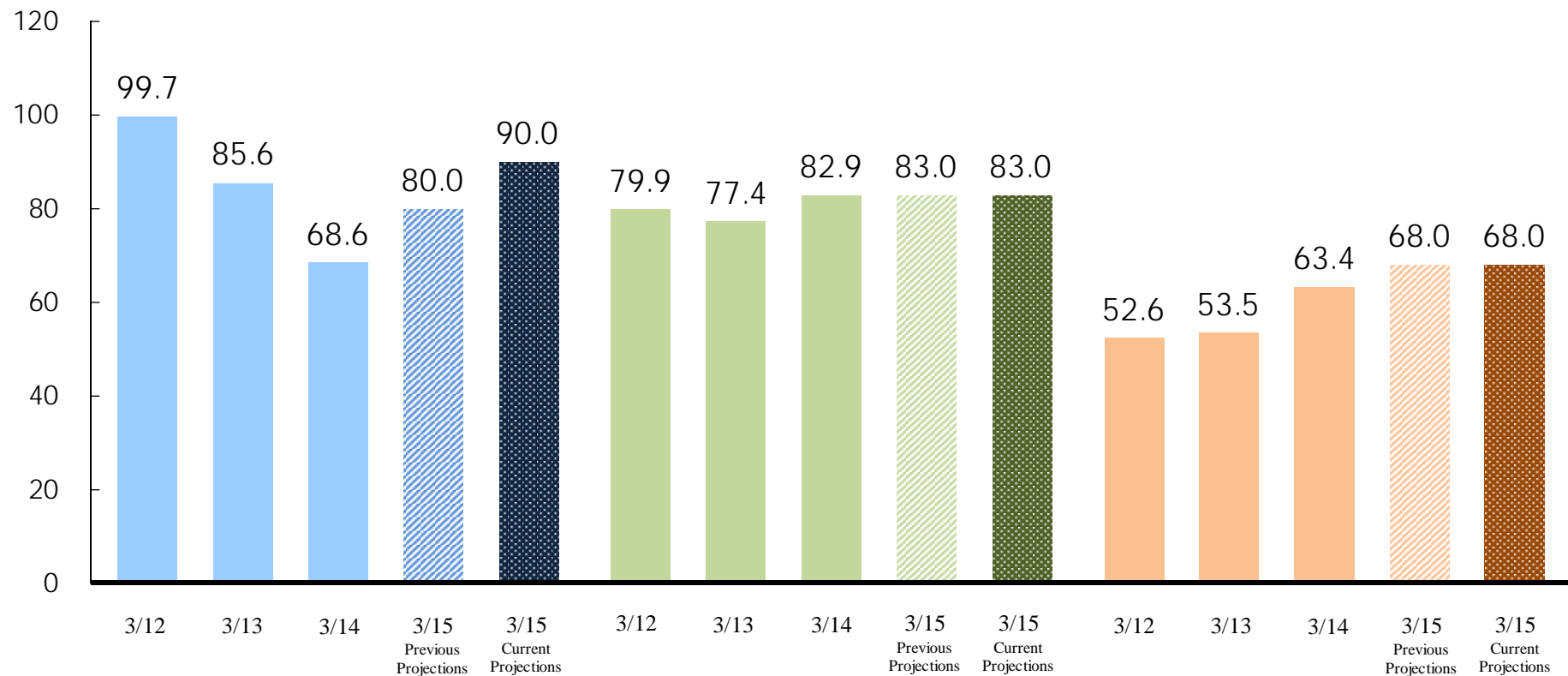
		Yen billions	FY March 2014					FY March 2015				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	Capacitors	33.7	35.1	34.7	36.1	139.6	36.5	37.3				
	Inductive Devices	35.0	35.5	34.9	34.9	140.3	36.7	38.8				
	Other Passive Components	48.3	48.8	47.5	47.1	191.7	50.2	56.2				
	Passive Components	117.0	119.4	117.1	118.1	471.7	123.4	132.4				
	Recording Devices	60.2	66.3	69.0	61.2	256.7	59.1	63.7				
	Other Magnetic Application Products	26.0	26.6	26.8	28.3	107.7	28.0	26.7				
	Magnetic Application Products	86.2	92.9	95.7	89.5	364.3	87.1	90.4				
	Film Application Products	26.5	32.7	41.0	29.1	129.3	22.5	37.2				
Other	4.7	4.4	4.3	5.8	19.3	4.5	4.8					
	Total	234.4	249.4	258.2	242.5	984.5	237.5	264.8				
Operating Income	Passive Components	2.8	6.2	6.1	0.3	15.4	7.8	9.8				
	Magnetic Application Products	4.6	7.8	10.3	5.4	28.1	7.1	8.2				
	Film Application Products	2.1	3.3	6.8	1.1	13.4	0.3	5.2				
	Other	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(0.4)	0.1				
	Sub-total	8.7	16.5	22.4	6.1	53.7	14.8	23.3				
	Corporate and Eliminations	(4.3)	(4.0)	(4.4)	(4.5)	(17.1)	(5.2)	(5.0)				
	Total	4.5	12.5	17.9	1.7	36.6	9.6	18.3				
Ex-rate	¥/USD	98.74	99.02	100.38	102.97	100.23	102.17	103.86				
	¥/EURO	128.96	131.11	136.56	141.12	134.42	140.17	137.77				

Capital expenditure

Depreciation

R&D

(Yen billions)



3/12 : FY March 2012

Financial Position



(Yen billions)	March End, 2014	June End, 2014	Sep End, 2014	Change from June End, 2014
Total Asset	1,239.6	1,241.3	1,312.3	71.0
Total Liability	587.3	605.2	620.2	15.0
Stockholders's Equity	635.3	618.2	673.7	55.5
(comprehensive income)	-87.1	-96.8	-51.9	44.9
Stockholders's Equity ratio	51.3%	49.8%	51.3%	+1.5pt
Cash and Cash equivalents (*1)	259.5	257.5	258.3	0.8
Interest-bearing Debt (*2)	267.0	281.8	267.3	(14.5)
Net Cash (*3)	-7.5	-24.3	-9.0	15.3

*1: Cash and Cash equivalents + Short-term investments

*2: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments

*3: Cash and Cash equivalents - Interest-bearing Debt

Cash Flows

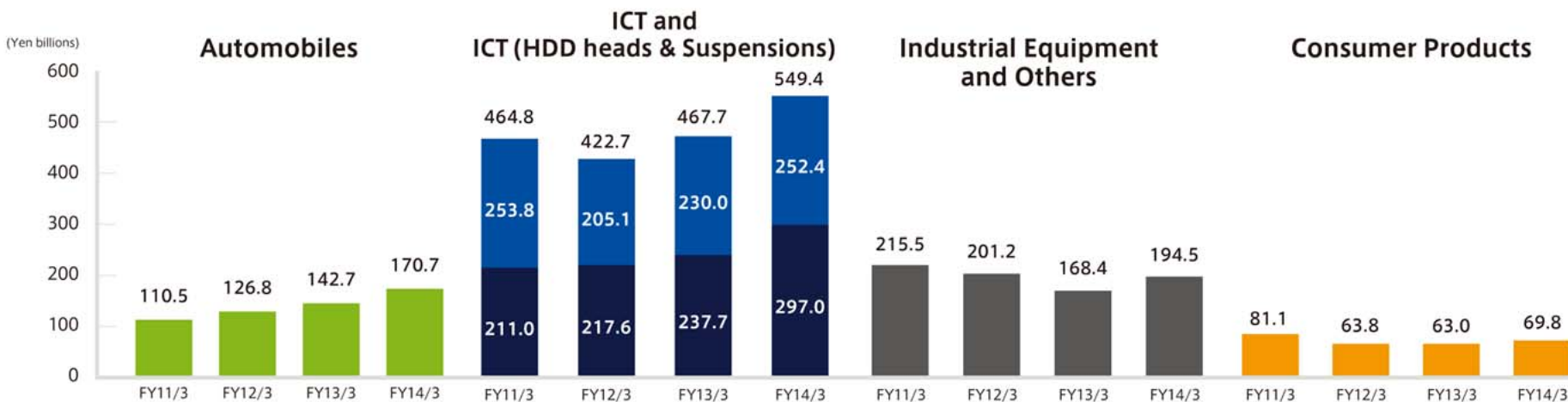
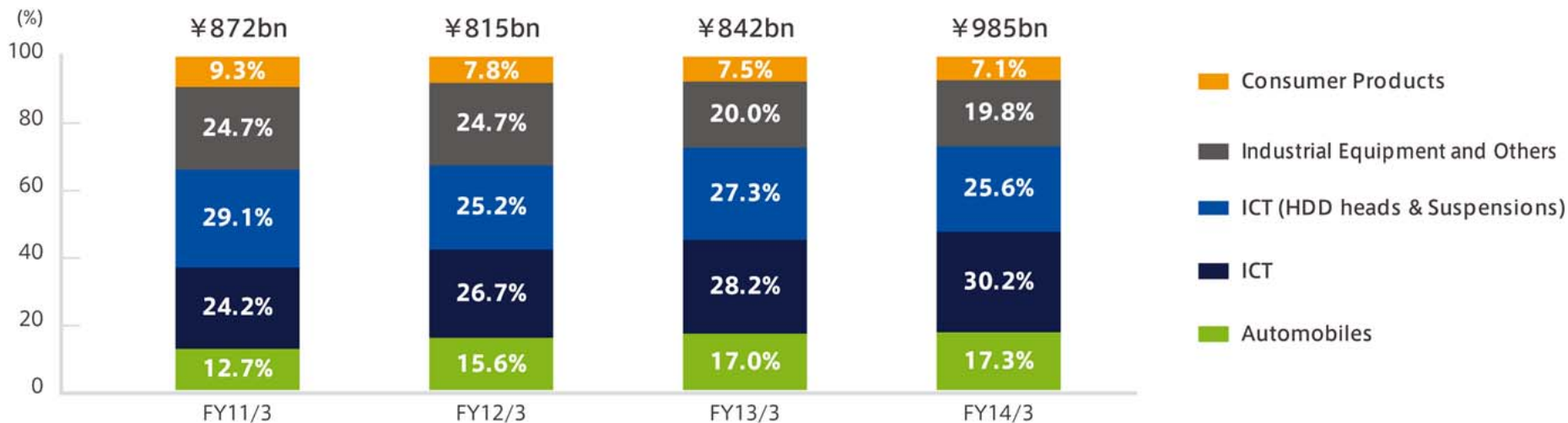


(Yen billions)	FY March 2014 Results through 2Q	FY March 2015 Results through 2Q	YoY Change
Operating Cash Flow	57.3	43.9	(13.4)
Investing Cash Flow	-23.0	-45.0	(22.0)
Free Cash Flow	34.3	-1.1	(35.4)
Financing Cash Flow	-21.4	-18.9	2.5
Effect of exchange rate changes on cash and cash equivalents	8.8	13.4	4.6

Cash and Cash Equivalents	235.4	244.2	8.8
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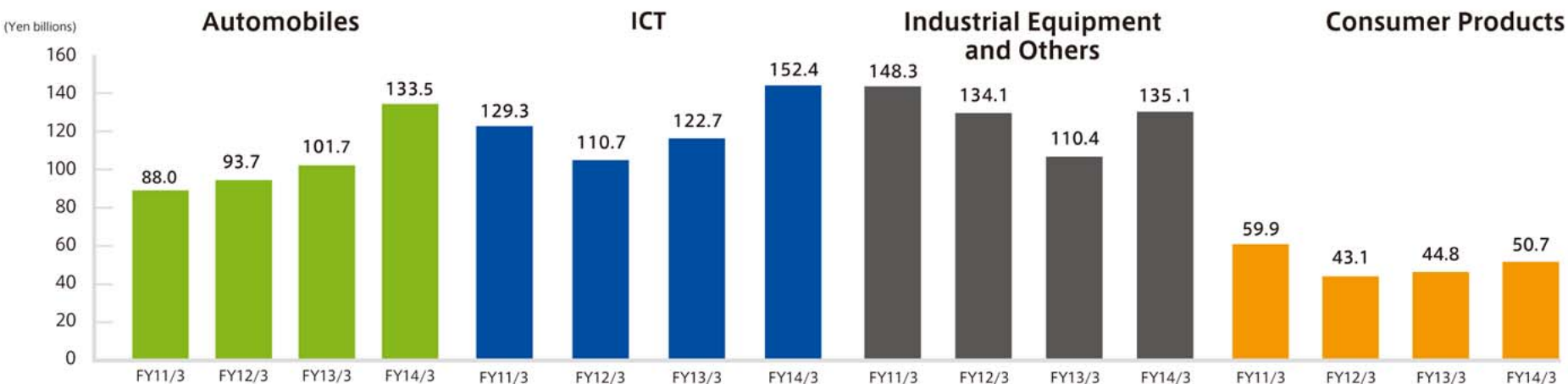
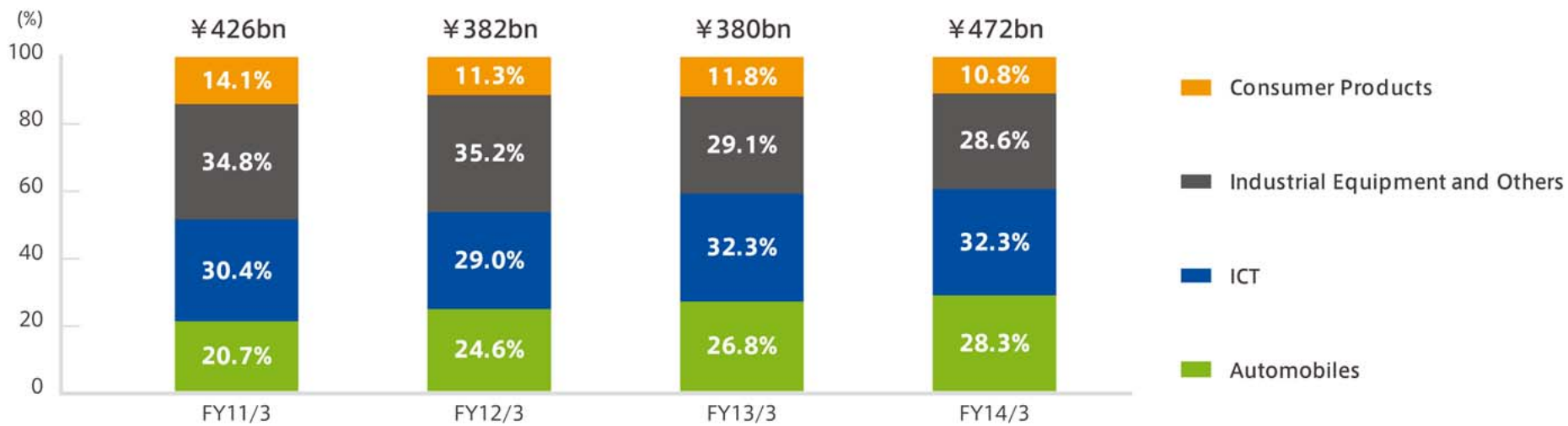
(Yen billions)	FY March 2014 Results through 2Q	FY March 2015 Results through 2Q	YoY Change
Capital Expenditures	29.3	42.8	13.5
Depreciation and amortization	41.1	39.2	(1.9)

Annual Sales by applications (FY March 2011 – FY March 2014)



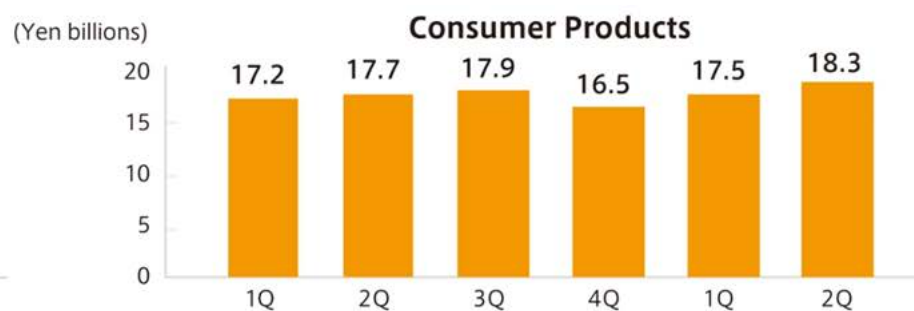
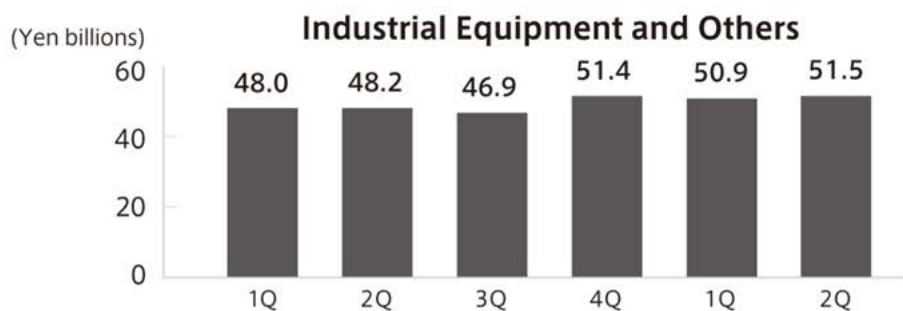
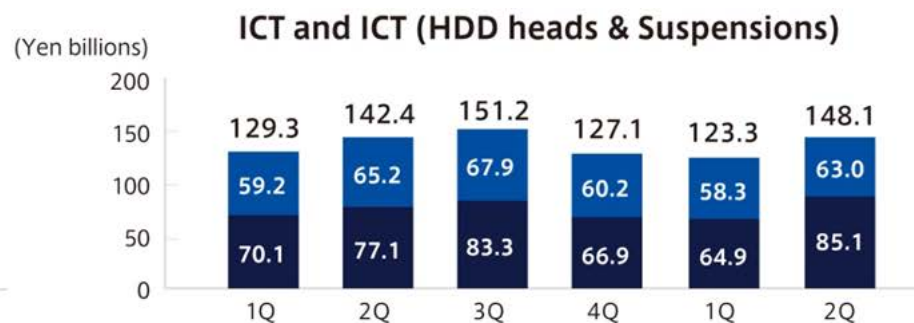
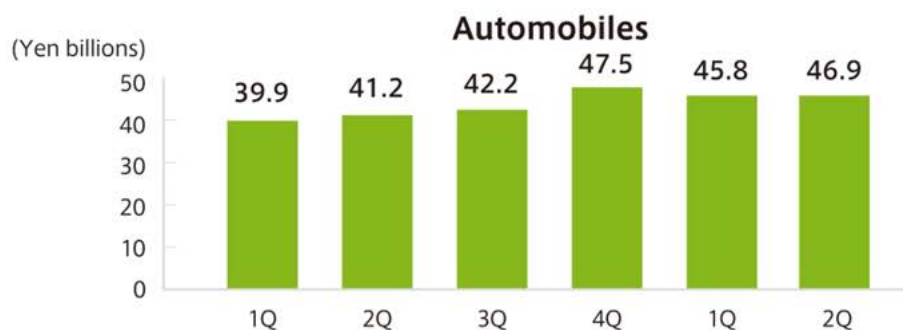
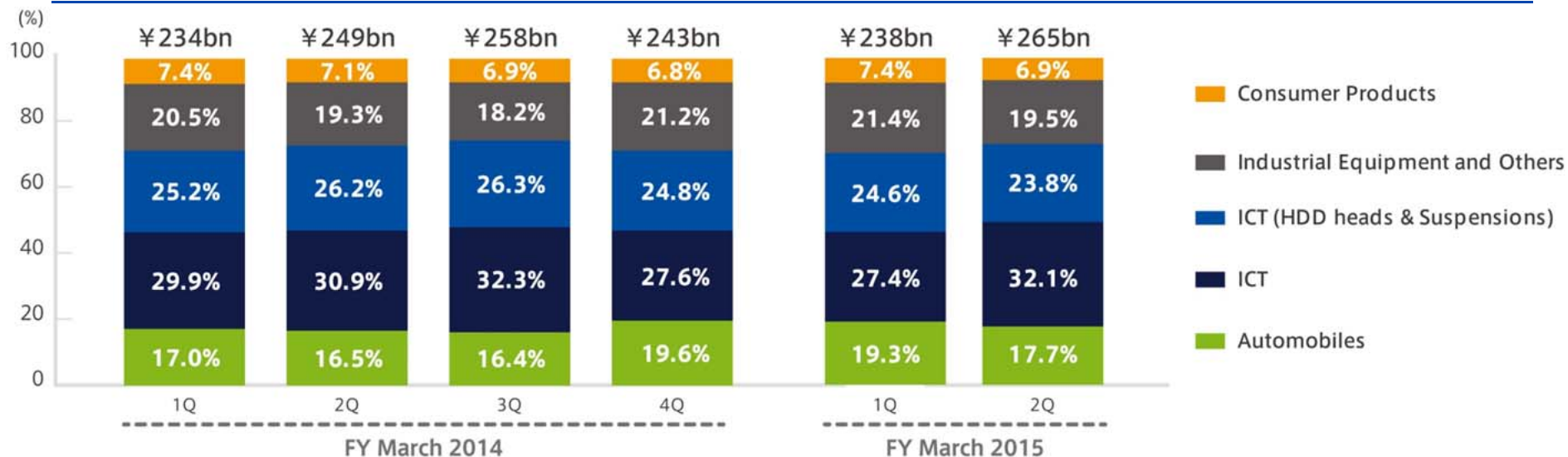
FY11/3 : FY March 2011

Passive Components Business Annual sales by applications (FY March 2011 – FY March 2014)

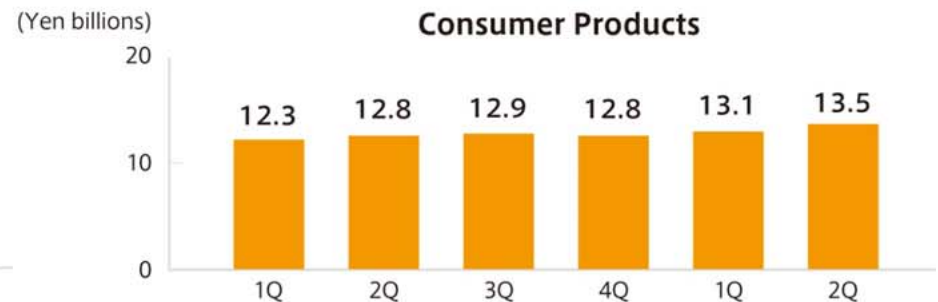
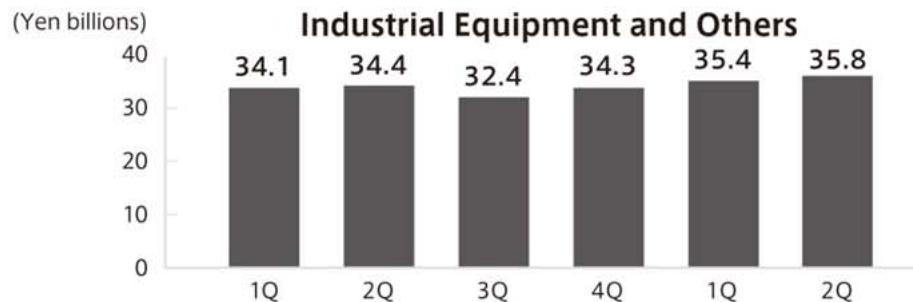
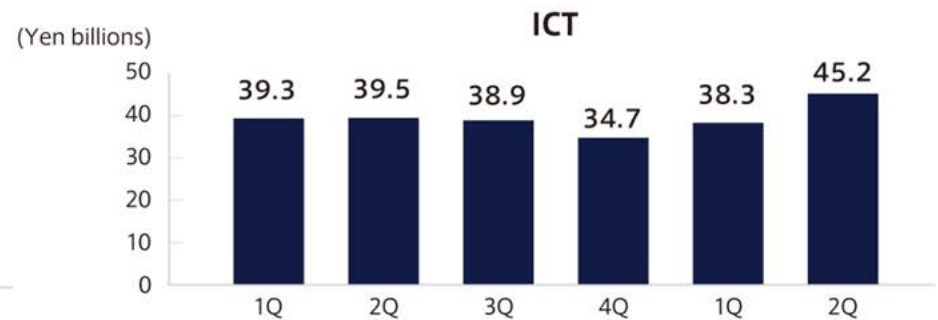
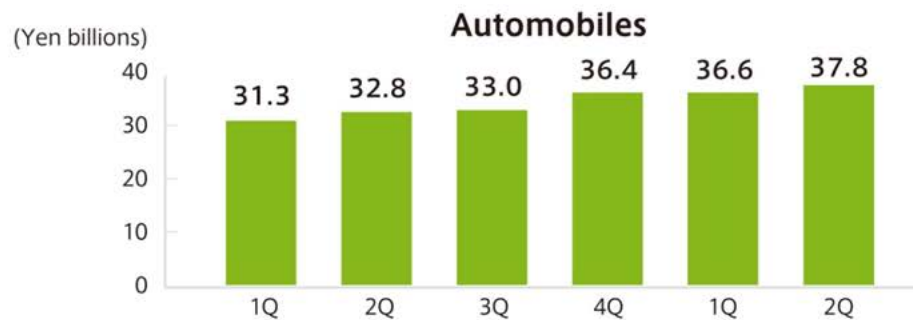
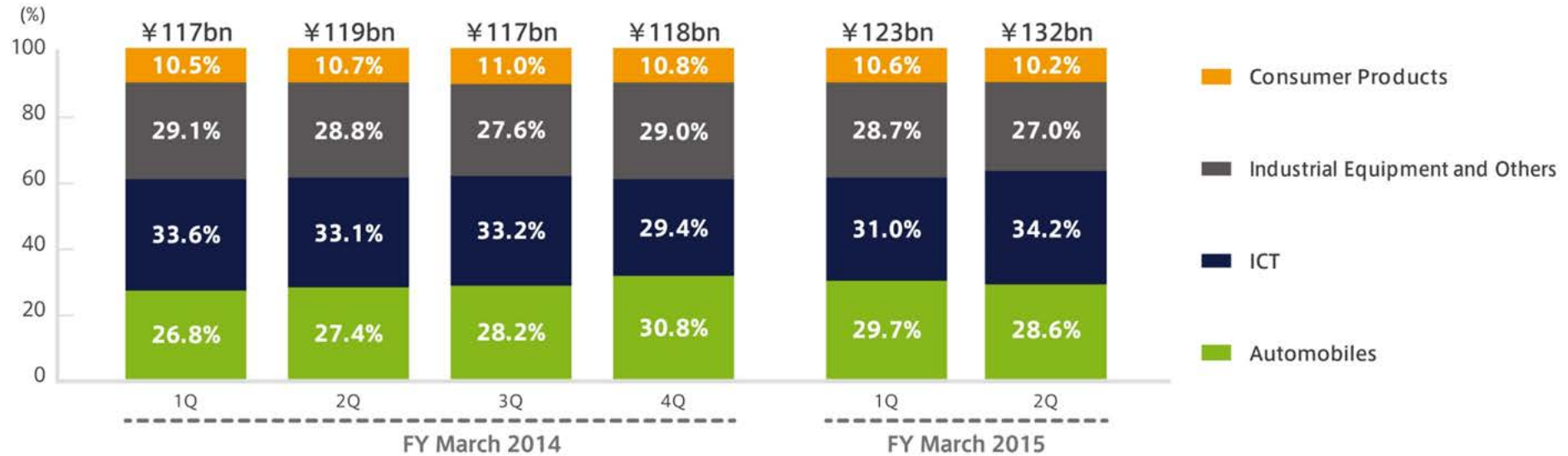


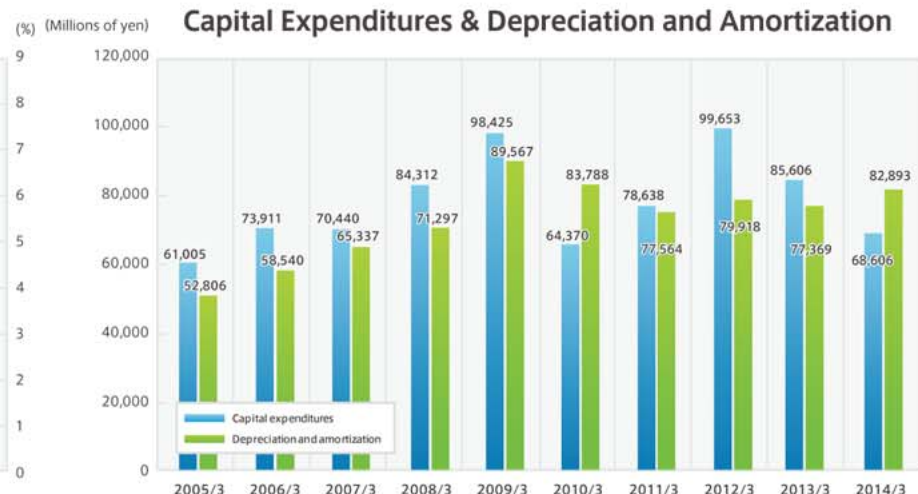
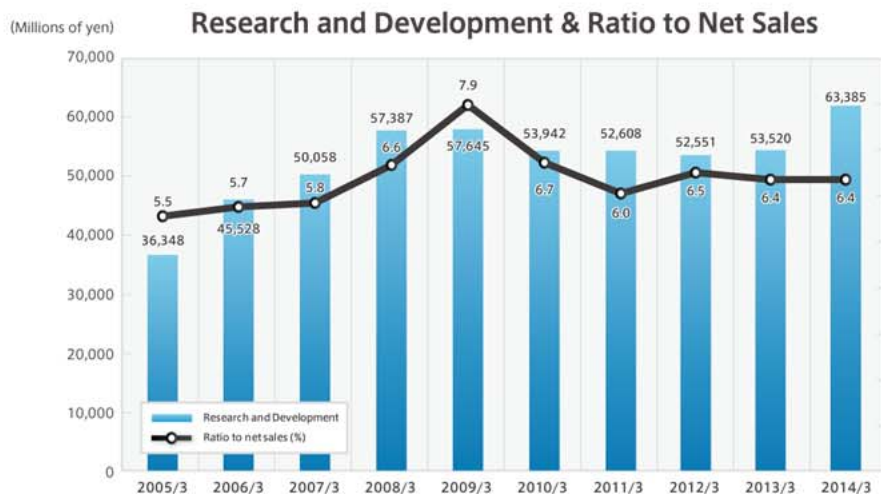
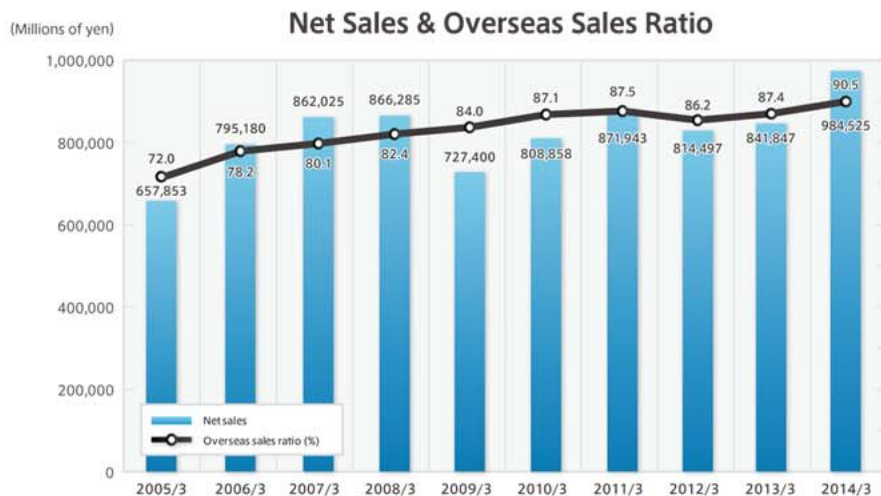
FY11/3 : FY March 2011

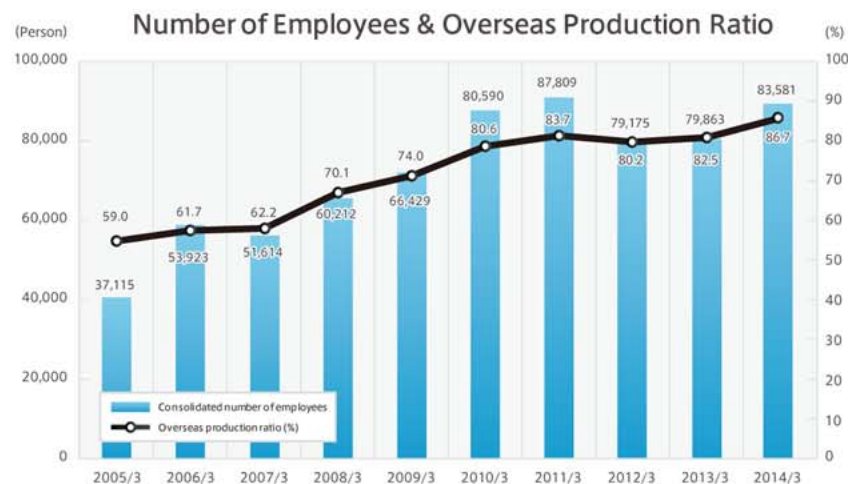
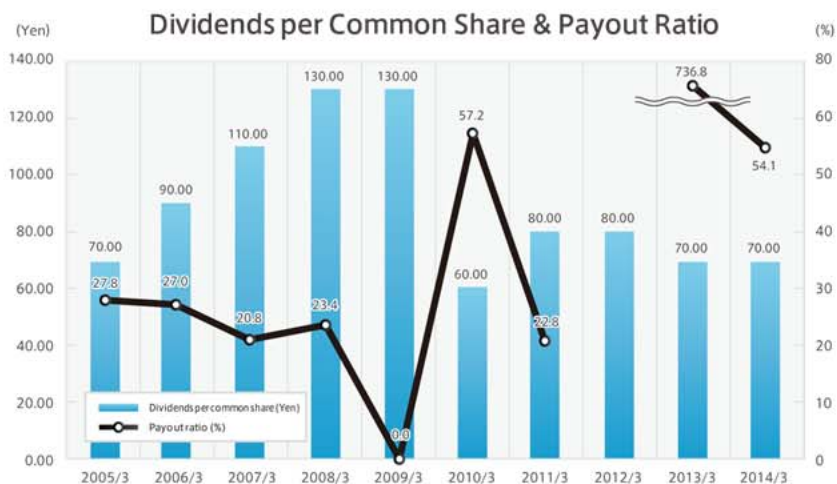
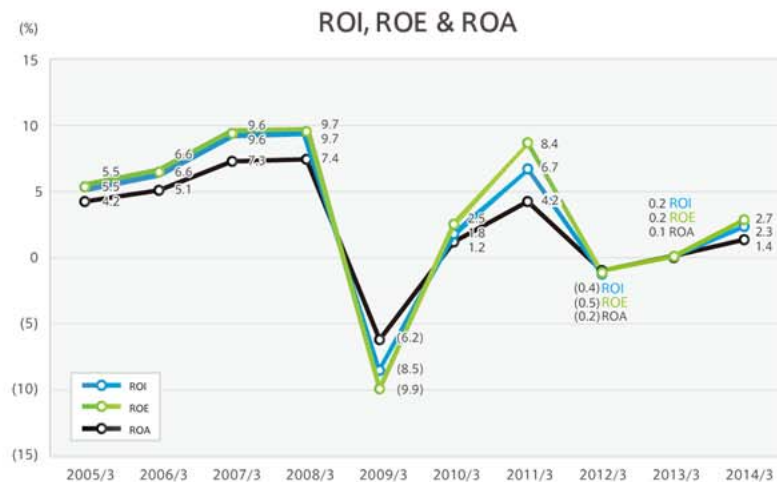
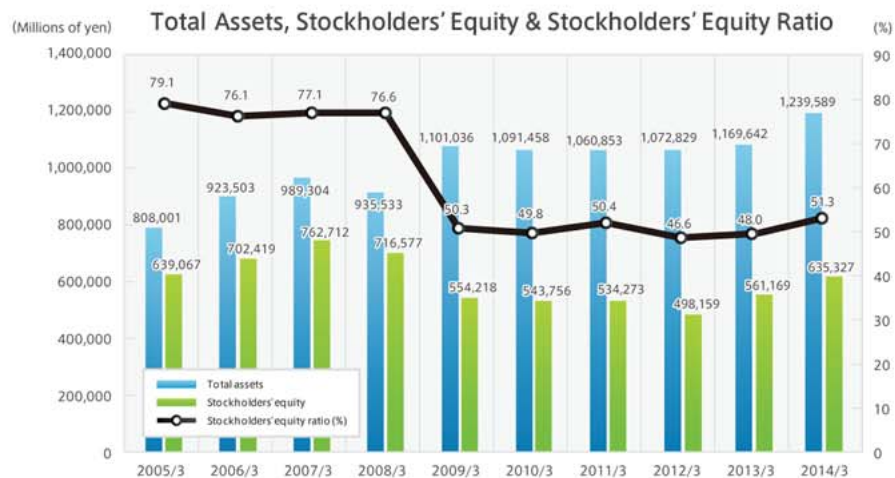
Quarterly sales by applications (1Q of FY March 2014 – 2Q of FY March 2015)



Passive Components Business quarterly sales by applications (1Q of FY March 2014 –2Q of FY March 2015)







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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/2015/2q_1.htm