

Performance Briefing 3Q of Fiscal Year March, 2015

TDK Corporation **January 30, 2015**

◆ **Consolidated Results for 3Q of FY March 2015**

Consolidated Full Year Projections for FY March 2015

Takakazu Momozuka, Corporate Officer

**Consolidated Results
for 3Q of FY March 2015
Consolidated Full Year Projections
for FY March 2015**

**Takakazu Momozuka
Corporate Officer**

- ◆ **Net sales achieved a historical high in both the third quarter and the nine-month period. In the third quarter, all business segments consisting of passive components, magnetic application products and film application products recorded the highest sales in the history of the Company driven by the robust sales for the ICT (Information and Communications Technology) market.**
- ◆ **Operating income was 53.1 billion yen for the nine-month period, a year-on-year increase of 52%. Well-balanced earning structure has been stable in the major three business segments.**
- ◆ **The full-year earnings projections were revised upward. Year-end dividend will be increased by 10 yen per share.**
- ◆ **In the magnet business, impairment loss was accounted for mainly with respect to metal magnet-related facilities. Impairment loss of goodwill was recorded in the power supply business.**

Consolidated Results for 3Q of FY March 2015

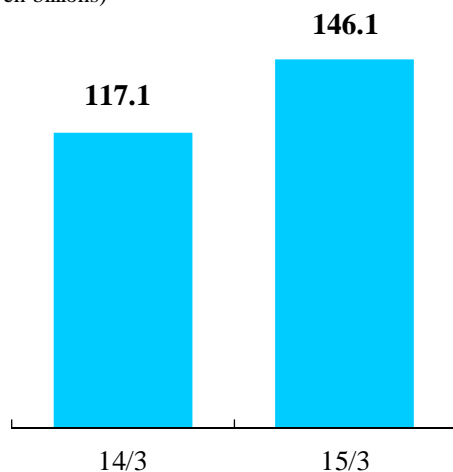


(Yen billions)	FY March 2014 3Q Results	FY March 2015 3Q Results	Change	
			Yen billions	%
Net Sales	258.2	300.4	42.2	16.3
Operating Income	17.9	25.2	7.3	40.8
Operating Income Margin	6.9%	8.4%	+1.5pt	-
Income from Continuing Operations before Income Taxes	17.6	22.2	4.6	26.1
Income from continuing Operations	11.4	17.3	5.9	51.8
Loss from discontinued operations	-1.3	-	-	-
Net income attributable to noncontrolling interests	0.8	0.9	0.1	12.5
Net Income	9.3	16.4	7.1	76.3
Earning Per Share (JPY)	73.99	130.24	-	-
US\$ (JPY)	100.38	114.25	Depreciated by 13.8%	
EURO (JPY)	136.56	142.79	Depreciated by 4.6%	
Ex-rate impact to Net sales & Operating Income	Net sales : Increased by about 29.6 billion Yen Operating income : Increased by about 6.7 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.

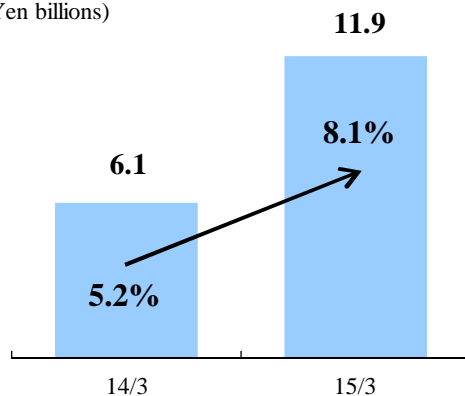
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



Net Sales 146.1 billion yen (up 24.8% year on year)

Operating Income 11.9 billion yen (up 95.1% 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

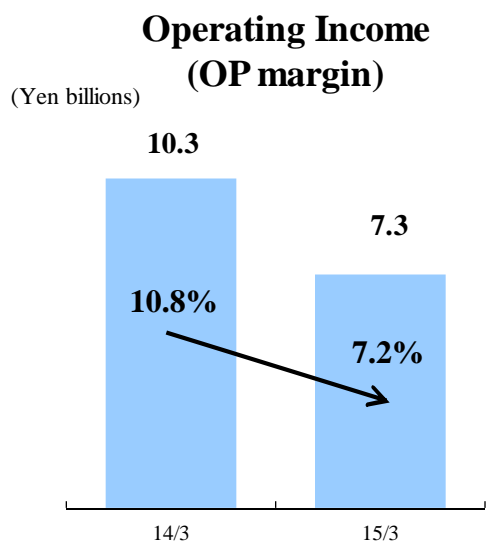
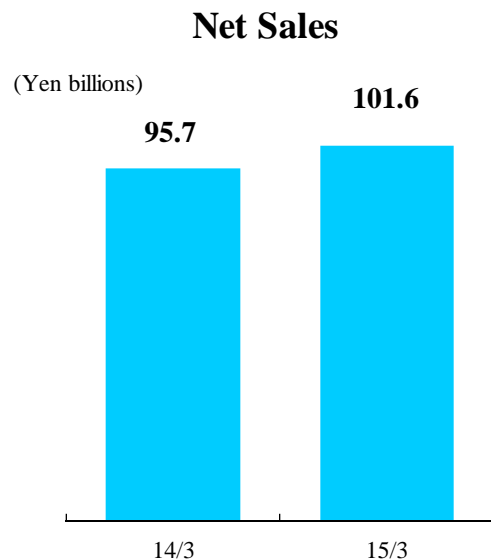
- Sales increased for the robust automobile market and the ICT market centering on demands for North American and Chinese smartphone customers.
- Profits increased due to high utilization.

◆ High-frequency Components

- Sales of discrete products were strong mainly due to buoyant demand from the North American and Chinese smartphone customers.
- 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 VCMs for camera modules and components for automobiles.



Net Sales 101.6 billion yen (up 6.2% year on year)

Operating income 7.3 billion yen (down 29.1% year on year)

◆Recording Devices (HDD Heads)

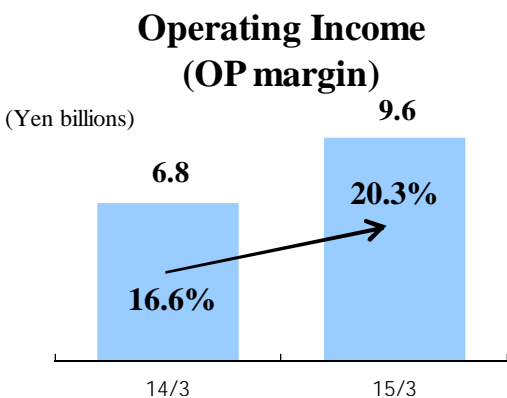
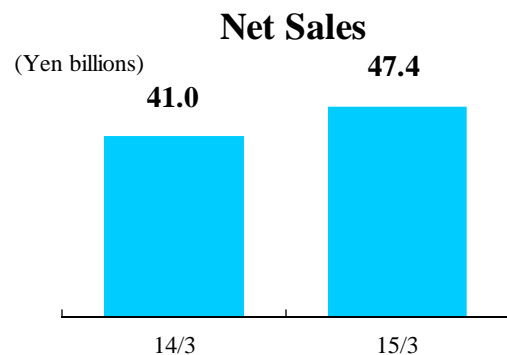
- The volume of shipped products increased marginally on a year-on-year basis.
- Profits increased year on year due to improved productivity and the turnaround of product portfolio reflecting growing sales to data centers.

◆Magnets

- Sales to the automobile market and ICT market decreased. Impairment of metal magnet-related facilities was implemented.

◆Power Supplies

- Sales to the industrial equipment market of products such as semiconductor production equipment, FA equipment and measuring equipment were steady
- Impairment loss in goodwill was recorded.



Net sales 47.4 billion yen (up 15.6% year on year)

Operating income 9.6 billion yen (up 41.2% year on year)

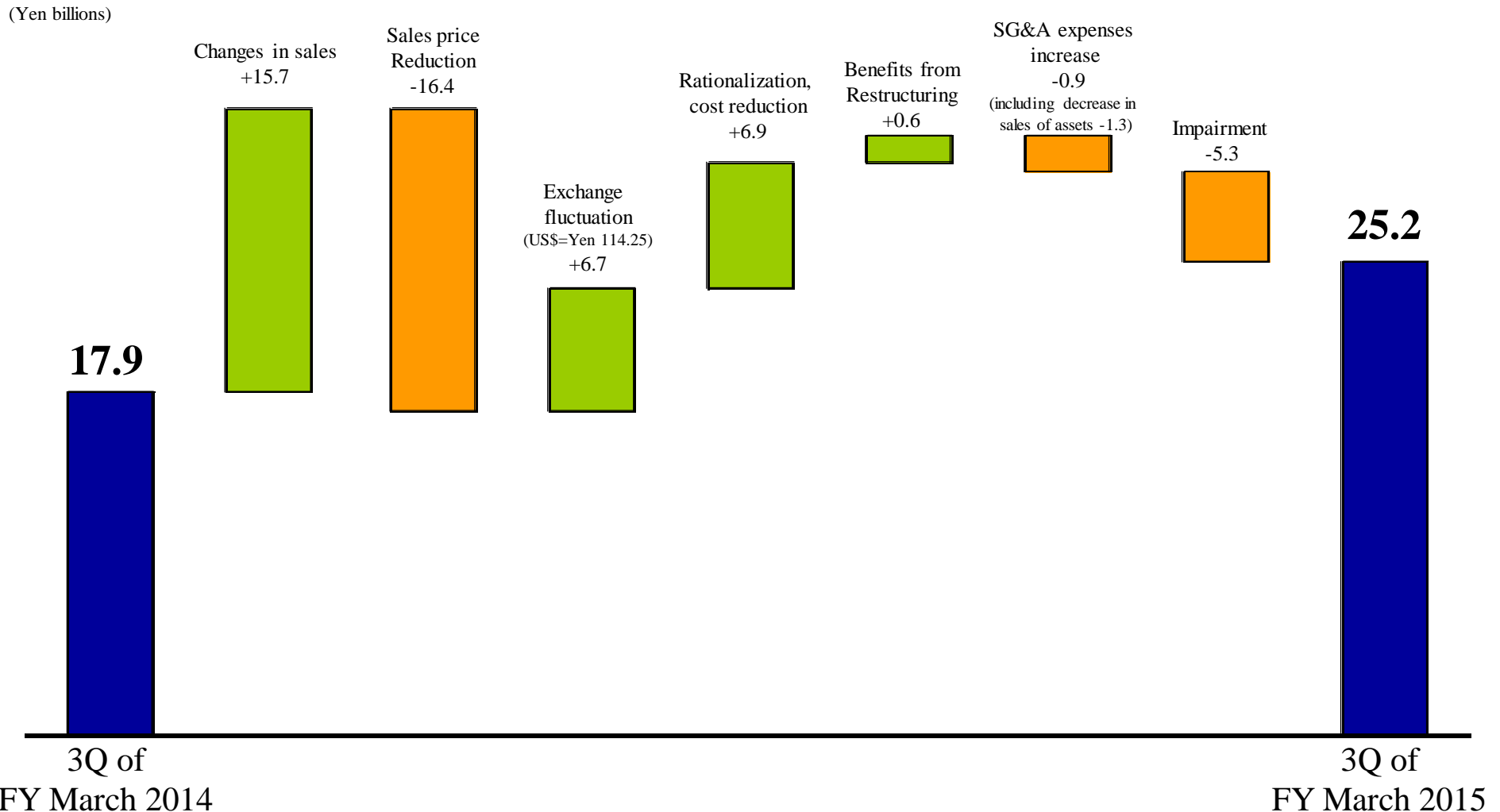
◆ Energy Devices (Rechargeable Batteries)

- Both sales and profits increased year on year due to a growth in sales for new smartphones manufactured by our main customers and the expanded customer portfolio mainly in the Chinese market.

Breakdown of Operating Income Changes (3Q)



Operating Income + 7.3 billion yen



Quarterly Results by Segment



(Yen billions)		3Q of FY March 2014 (A)	2Q of FY March 2015 (B)	3Q of FY March 2015 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	34.7	37.3	37.5	2.8	8.1	0.2	0.5
	Inductive Devices	34.9	38.8	40.3	5.4	15.5	1.5	3.9
	Other Passive Components	47.5	56.2	68.2	20.7	43.6	12.0	21.4
	Passive Components	117.1	132.4	146.1	29.0	24.8	13.7	10.3
	Recording Devices	69.0	63.7	75.1	6.1	8.8	11.4	17.9
	Other Magnetic Application Products	26.8	26.7	26.5	(0.3)	-1.1	(0.2)	-0.7
	Magnetic Application Products	95.7	90.4	101.6	5.9	6.2	11.2	12.4
	Film Application Products	41.0	37.2	47.4	6.4	15.6	10.2	27.4
	Other	4.3	4.8	5.3	1.0	23.3	0.5	10.4
Total	258.2	264.8	300.4	42.2	16.3	35.6	13.4	
Operating Income	Passive Components	6.1	9.8	11.9	5.8	95.1	2.1	21.4
	Magnetic Application Products	10.3	8.2	7.3	(3.0)	-29.1	(0.9)	-11.0
	Film Application Products	6.8	5.2	9.6	2.8	41.2	4.4	84.6
	Other	-0.8	0.1	0.1	0.9	-	0.0	0.0
	Sub total	22.3	23.3	29.0	6.7	30.0	5.7	24.5
	Corporate and Eliminations	-4.4	-5.0	-3.8	0.6	-	1.2	-
Total	17.9	18.3	25.2	7.3	40.8	6.9	37.7	
Operating Income margin		6.9%	6.9%	8.4%	+1.5pt	-	+1.5pt	-
Ex- rate	US\$/Yen	100.38	103.86	114.25				
	EURO/Yen	136.56	137.77	142.79				

Consolidated Results through 3Q of FY March 2015

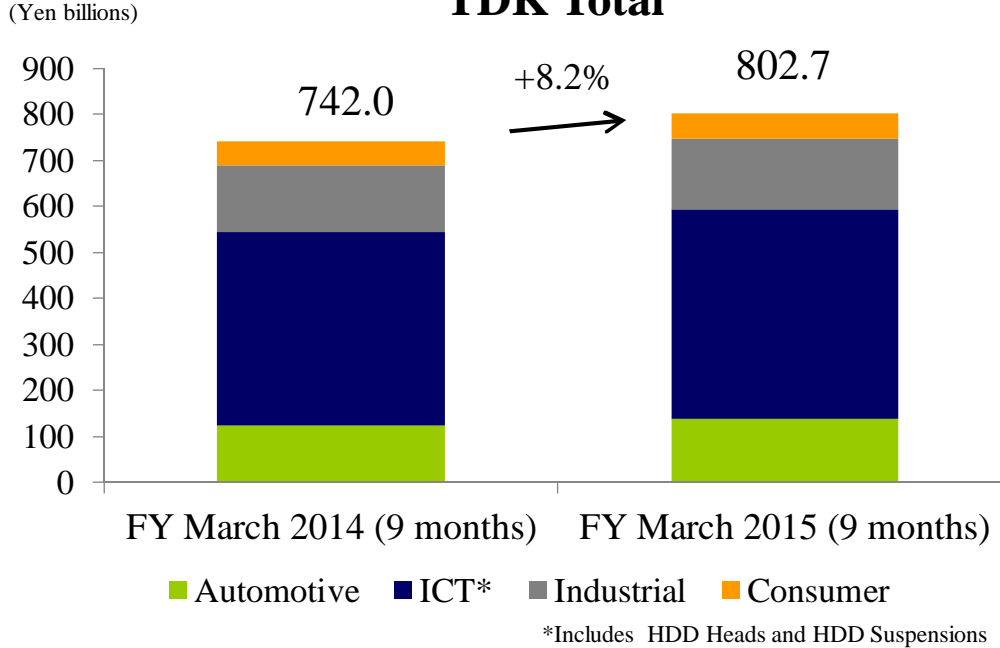


(Yen billions)	FY March 2014 Results through 3Q	FY March 2015 Results through 3Q	Change	
			Yen billions	%
Net Sales	742.0	802.7	60.7	8.2
Operating Income	35.0	53.1	18.1	51.7
Operating Income Margin	4.7%	6.6%	+1.9pt	-
Income from Continuing Operations before Income Taxes	35.7	49.6	13.9	38.9
Income from continuing Operations	22.2	36.9	14.7	66.2
Loss from discontinued operations	-5.1	-	-	-
Net income attributable to noncontrolling interests	1.5	2.3	0.8	53.3
Net Income	15.7	34.5	18.8	119.7
Earning Per Share (JPY)	124.90	274.43	-	-
US\$ (JPY)	99.38	106.78	Depreciated by 7.4%	
EURO (JPY)	132.22	140.24	Depreciated by 6.1%	
Ex-rate impact to Net sales & Operating Income	Net sales : Increased by about 46.5 billion Yen Operating income : Increased by about 9.9 billion Yen			

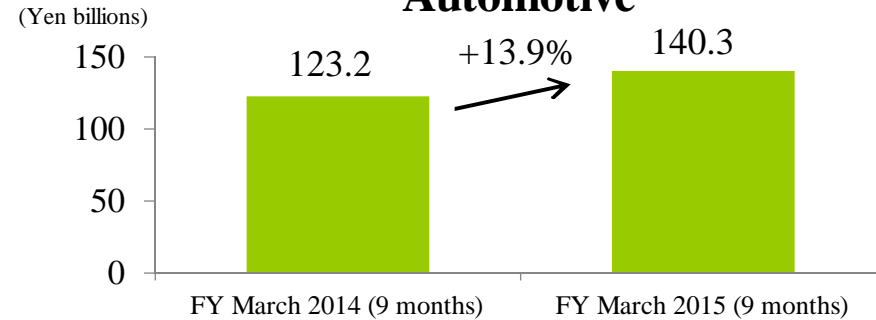
Note: The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are restated.

Sales Results by Priority Markets (through 3Q)

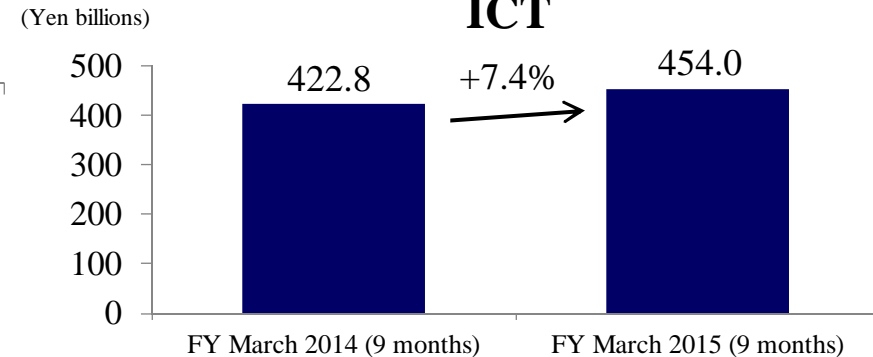
TDK Total



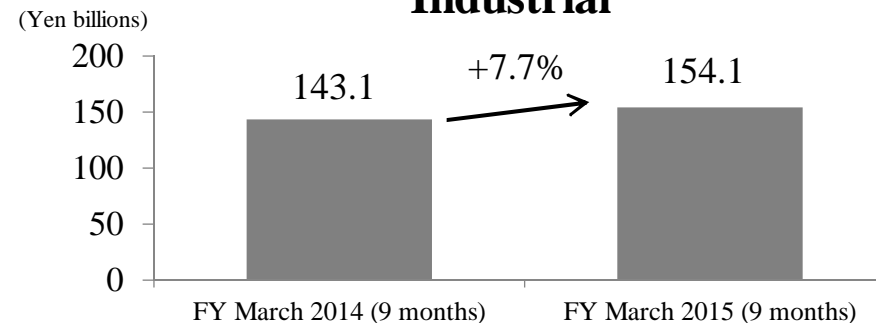
Automotive



ICT



Industrial



Automotive :

Strong sales of passive components

ICT :

Increase in sales of passive components and rechargeable batteries

Industrial & Others :

Increase in sales of power supplies to the industrial equipment market

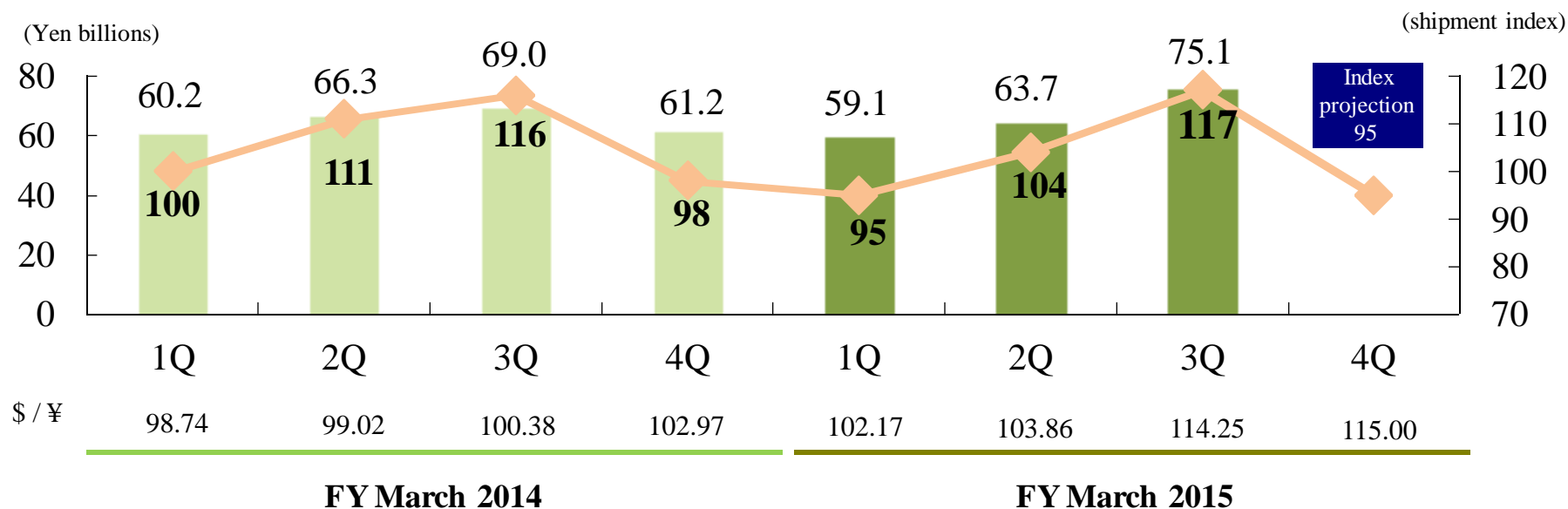
● HDD market in FY March 2015 *TDK's estimation

About 535 million units (end of April)

About 560 million units (Current estimation)

● Shipment index

■ Recording Device Sales (Left, including HDD Head (HGA) and HDD Suspension)
◆ HDD Head Shipment Index (Right)



FY March 2015 Full Year Projections



Upward revision from previous announcement figures (October 31)

	(Yen billions)	FY March 2014 Full Year Results	FY March 2015 Full Year Projections (announced Apr. 28)	FY March 2015 Full Year Projections (announced Oct. 31)	FY March 2015 Full Year Projections (revised)	Y o Y Change	
						Yen billions	%
Net Sales		984.5	1,050.0	1,050.0	1,080.0	95.5	9.7%
Operating Income		36.6	57.0	63.0	70.0	33.4	91.3%
Operating Income Margin		3.7%	5.4%	6.0%	6.5%	+2.8pt	-
Income from continuing operations before income taxes		39.8	56.0	62.0	68.0	28.2	70.9%
Net Income		16.3	34.0	37.0	42.0	25.7	157.7%
Earning Per Share (JPY)		129.47	270.23	293.98	333.51	-	-
Ex-rate	US\$	Yen 100.26	Yen 100.00	Yen 105.00 (Second half)	Yen 115.00 (4Q)	-	
	EURO	Yen 134.42	Yen 135.00	Yen 135.00 (Second half)	Yen 135.00 (4Q)	-	

Year-end dividend will be increased by 10 yen per share, based on the upward revision of the full year projections for FY March 2015.

◆ Projected dividend per share

	Previous projections (October 31)	Revised projections	
Interim dividend	40 yen	40 yen	
Year-end dividend	40 yen	50 yen	(projections)
Annual dividend	80 yen	90 yen	(projections)

Financial Position



(Yen billions)	March End, 2014	Sep End, 2014	Dec End, 2014	Change from Sep End, 2014
Total Asset	1,239.6	1,312.3	1,425.8	113.5
Total Liability	587.3	620.2	661.8	41.6
Stockholders' Equity	635.3	673.7	745.8	72.1
(comprehensive income)	-87.1	-51.9	16.2	68.1
Stockholders' Equity ratio	51.3%	51.3%	52.3%	+1.0pt
Cash and Cash equivalents (*1)	259.5	258.3	283.8	25.5
Interest-bearing Debt (*2)	267.0	267.3	285.7	18.4
Net Cash (*3)	-7.5	-9.0	-1.9	7.1

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

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

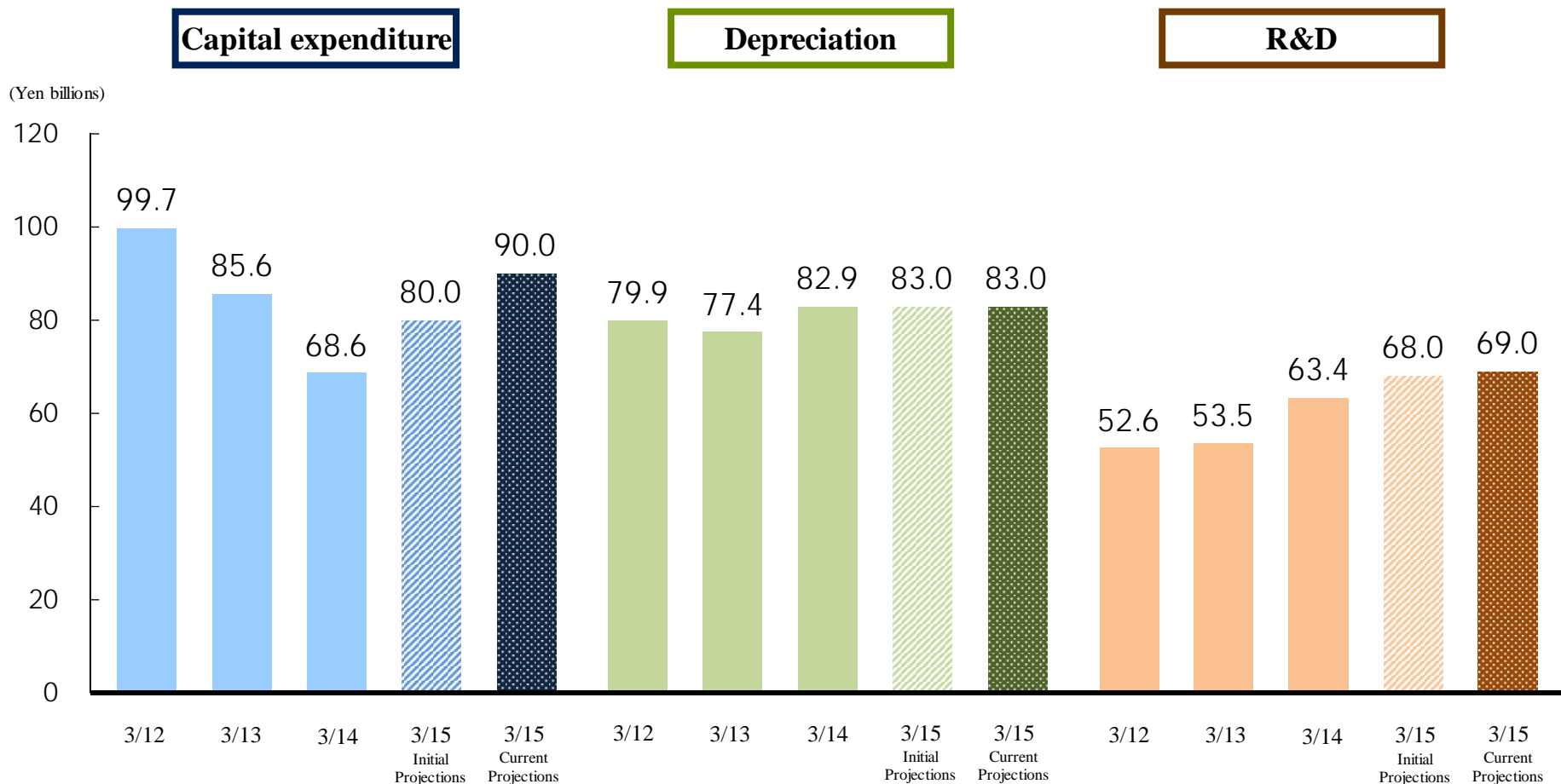
*3: Cash and Cash equivalents - Interest-bearing Debt

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	37.5		
	Inductive Devices	35.0	35.5	34.9	34.9	140.3	36.7	38.8	40.3		
	Other Passive Components	48.3	48.8	47.5	47.1	191.7	50.2	56.2	68.2		
	Passive Components	117.0	119.4	117.1	118.1	471.7	123.4	132.4	146.1		
	Recording Devices	60.2	66.3	69.0	61.2	256.7	59.1	63.7	75.1		
	Other Magnetic Application Products	26.0	26.6	26.8	28.3	107.7	28.0	26.7	26.5		
	Magnetic Application Products	86.2	92.9	95.7	89.5	364.3	87.1	90.4	101.6		
	Film Application Products	26.5	32.7	41.0	29.1	129.3	22.5	37.2	47.4		
	Other	4.7	4.4	4.3	5.8	19.3	4.5	4.8	5.3		
	Total	234.4	249.4	258.2	242.5	984.5	237.5	264.8	300.4		
Operating Income	Passive Components	2.8	6.2	6.1	0.3	15.4	7.8	9.8	11.9		
	Magnetic Application Products	4.6	7.8	10.3	5.4	28.1	7.1	8.2	7.3		
	Film Application Products	2.1	3.3	6.8	1.1	13.4	0.3	5.2	9.6		
	Other	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(0.4)	0.1	0.1		
	Sub-total	8.7	16.5	22.3	6.1	53.7	14.8	23.3	29.0		
	Corporate and Eliminations	(4.2)	(4.0)	(4.4)	(4.5)	(17.1)	(5.2)	(5.0)	(3.8)		
Total	4.5	12.5	17.9	1.7	36.6	9.6	18.3	25.2			
Ex-rate	¥/USD	98.74	99.02	100.38	102.97	100.23	102.17	103.86	114.25		
	¥/EURO	128.96	131.11	136.56	141.12	134.42	140.17	137.77	142.79		



3/12 : FY March 2012

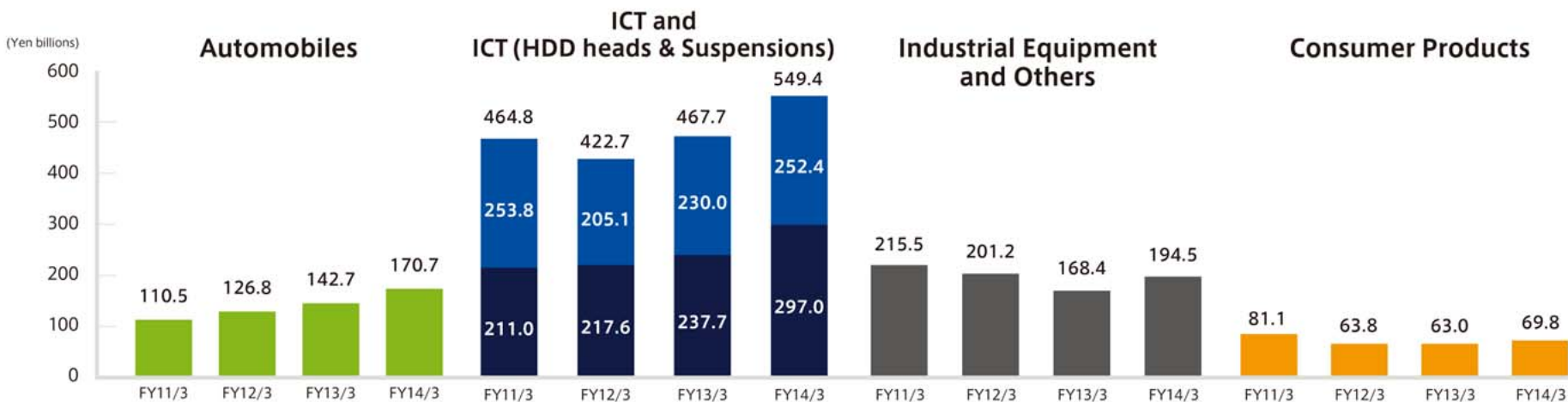
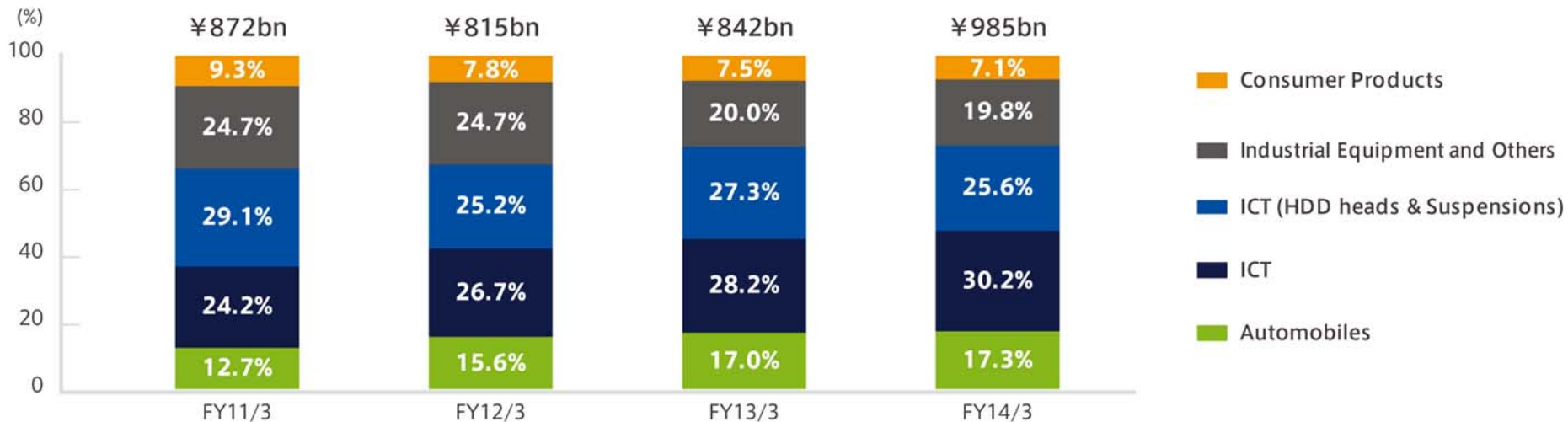
Cash Flows



(Yen billions)	FY March 2014 Results through 3Q	FY March 2015 Results through 3Q	YoY Change
Operating Cash Flow	85.5	89.3	3.8
Investing Cash Flow	-43.1	-93.1	(50.0)
Free Cash Flow	42.4	-3.8	(46.2)
Financing Cash Flow	-19.4	-19.7	(0.3)
Effect of exchange rate changes on cash and cash equivalents	27.6	36.2	8.6
Cash and Cash Equivalents	264.3	263.6	(0.7)

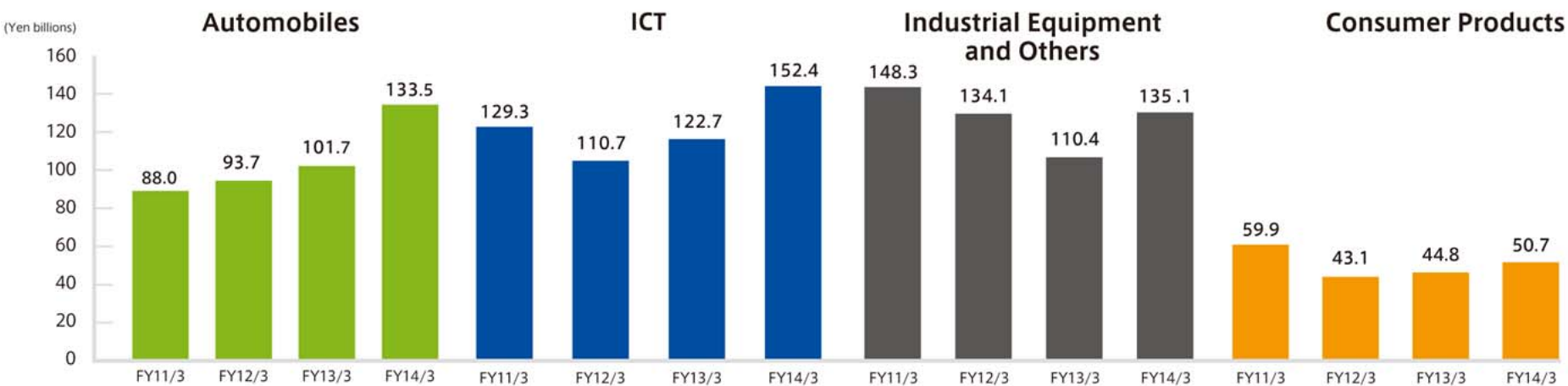
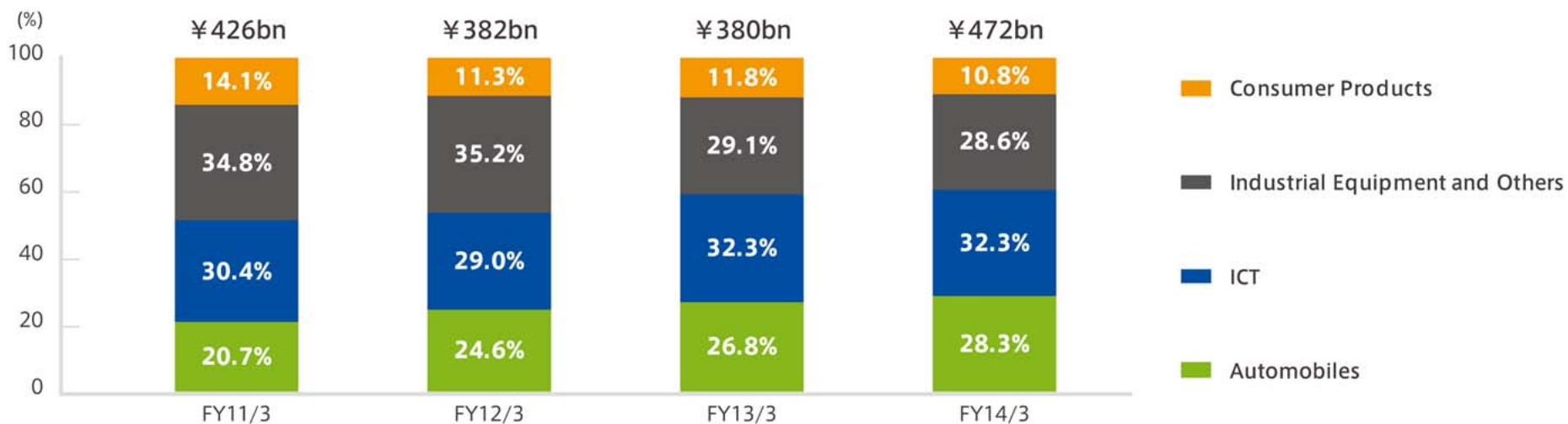
(Yen billions)	FY March 2014 Results through 3Q	FY March 2015 Results through 3Q	YoY Change
Capital Expenditures	47.9	70.6	22.7
Depreciation and amortization	61.8	59.8	(2.0)

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



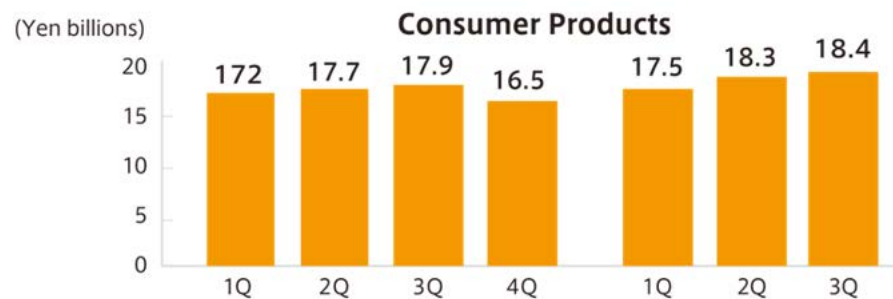
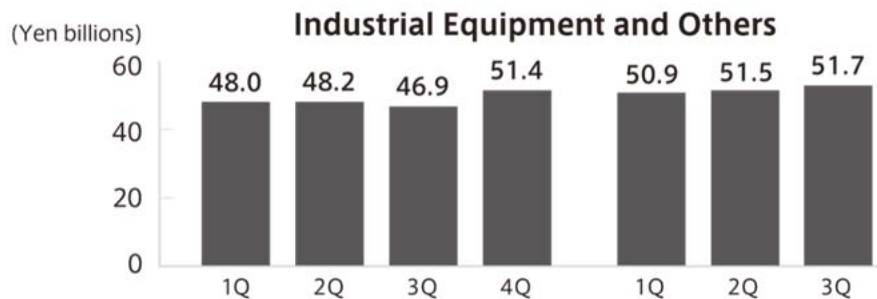
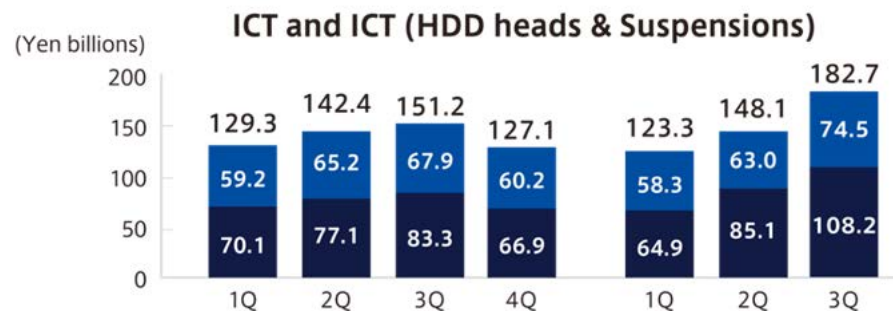
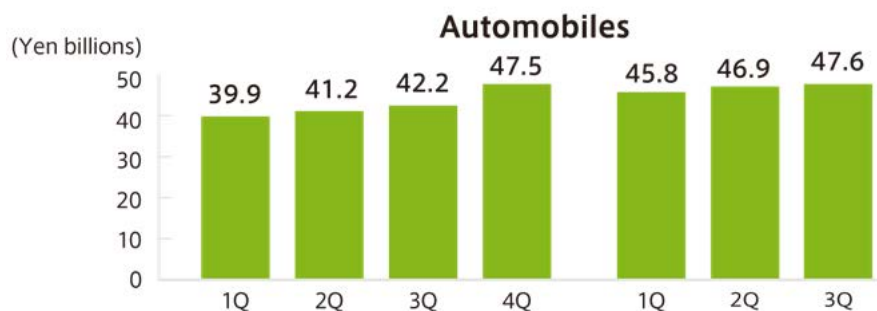
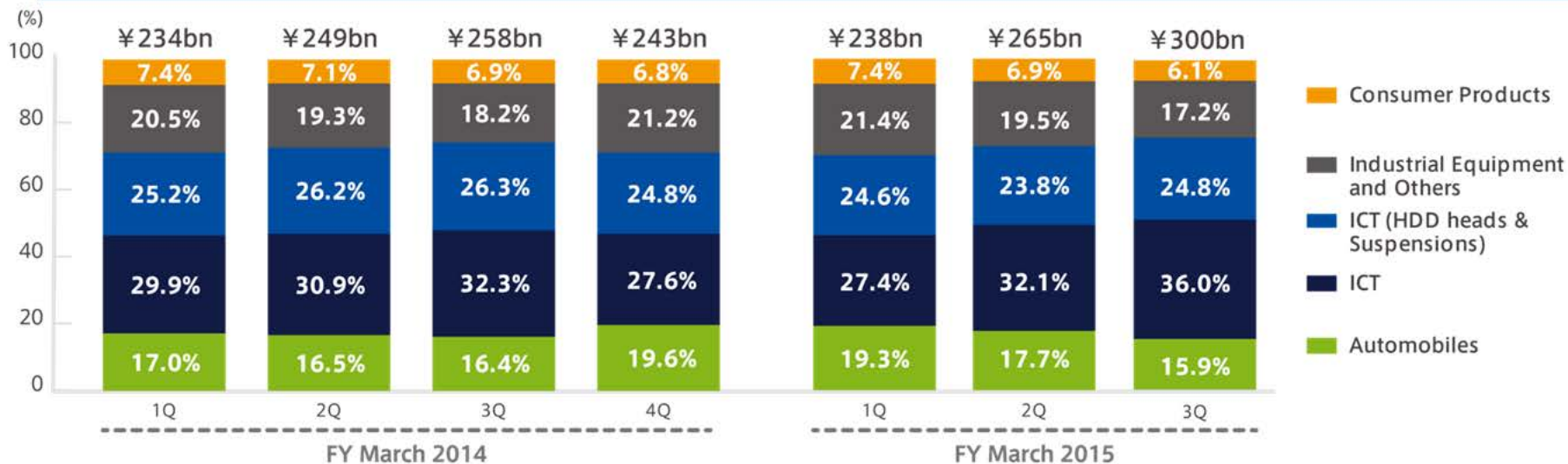
FY11/3 : FY March 2011

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

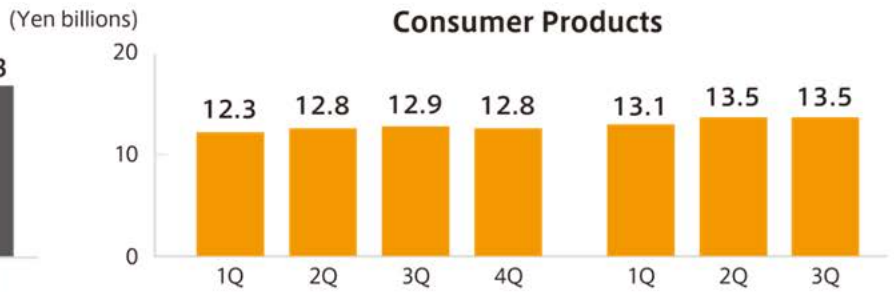
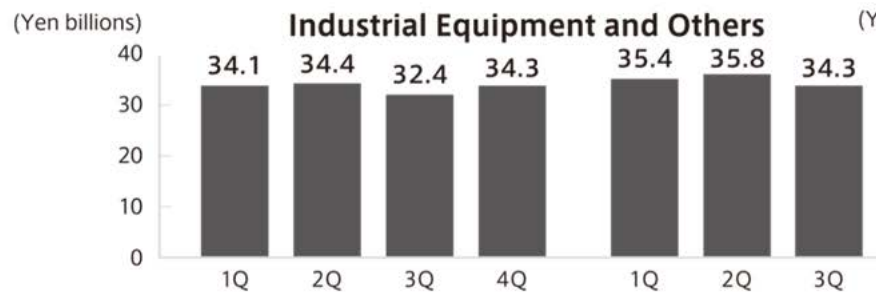
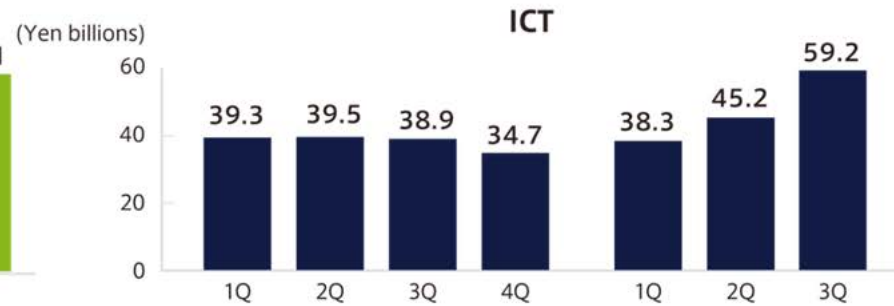
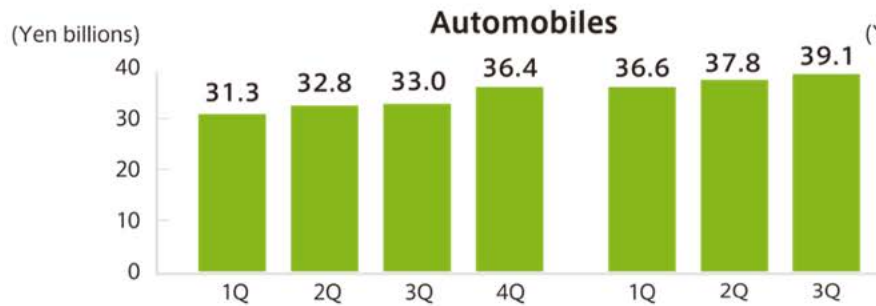
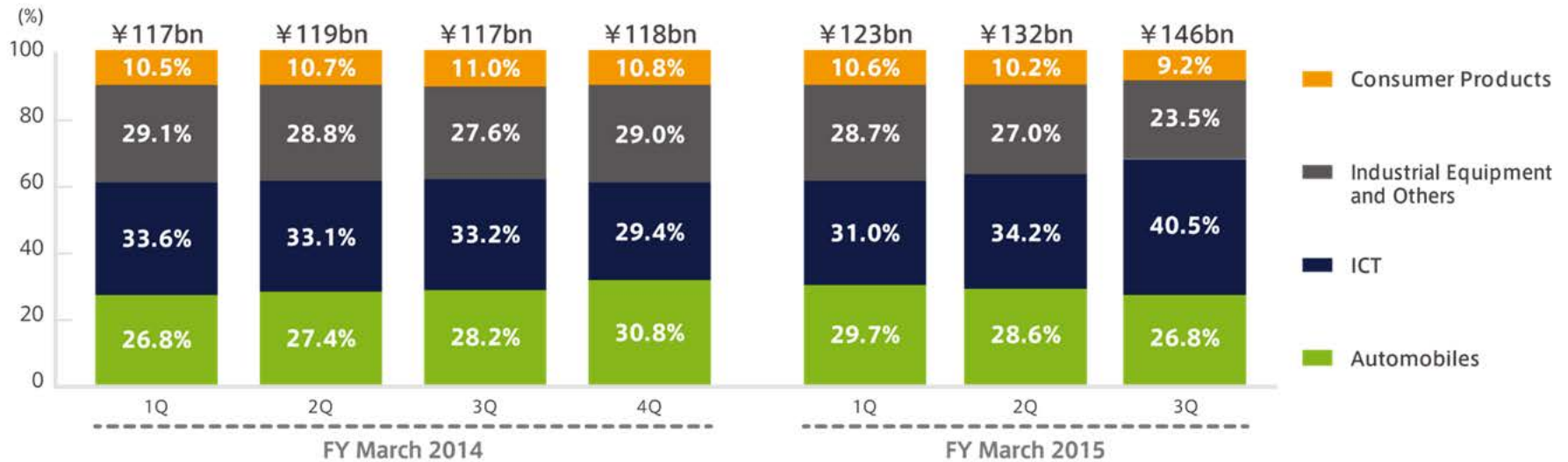


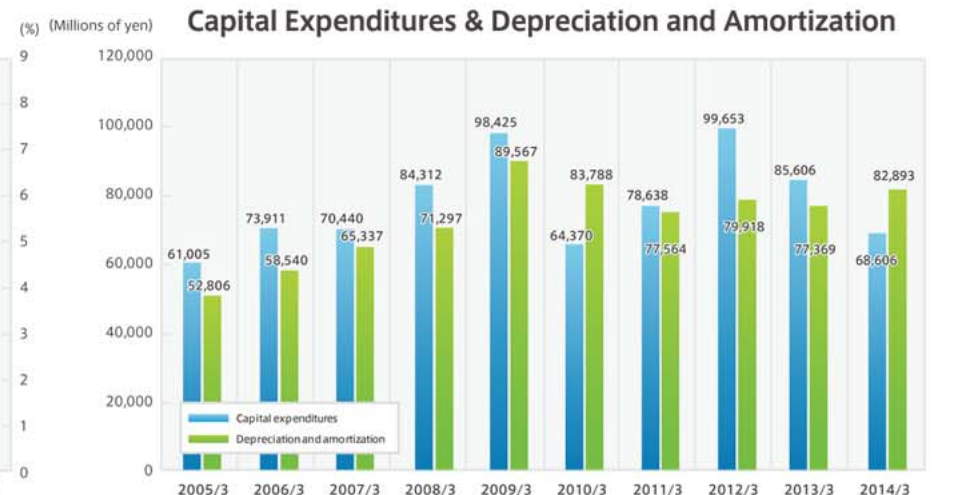
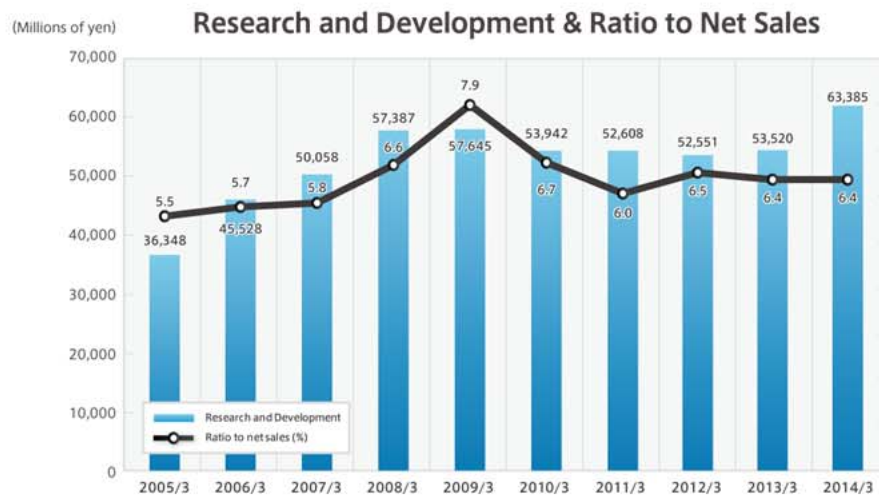
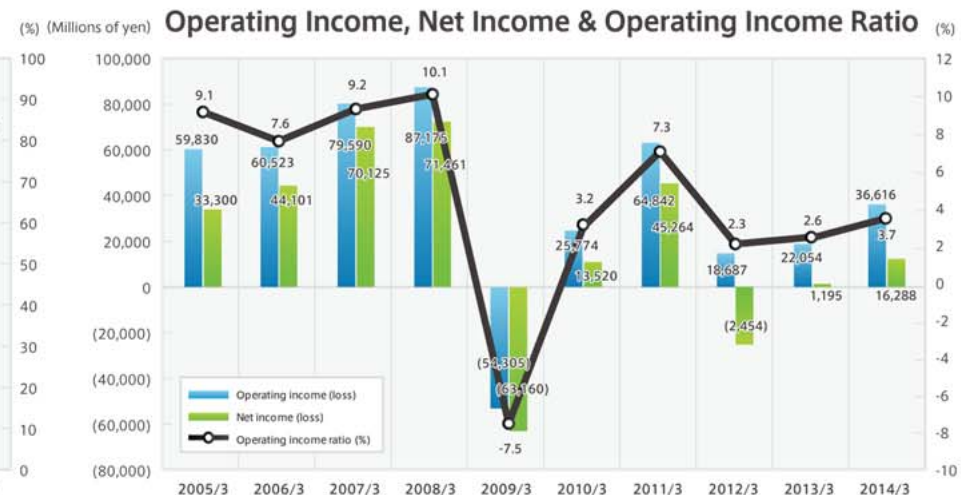
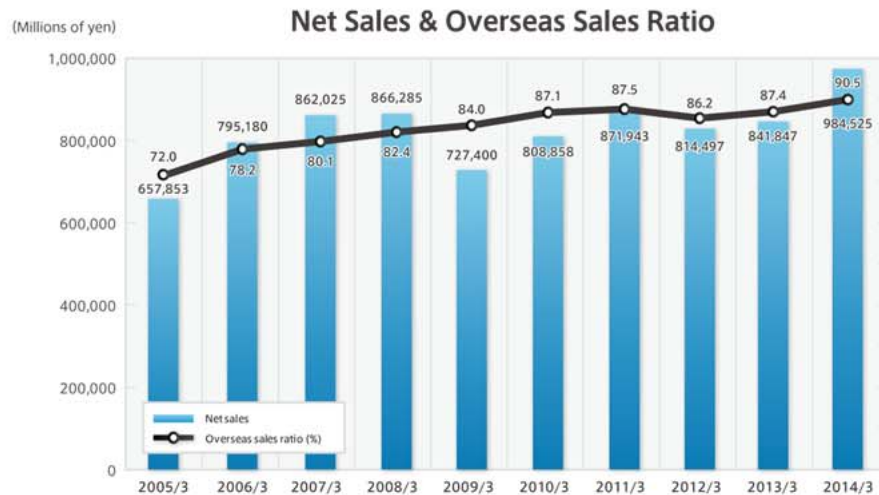
FY11/3 : FY March 2011

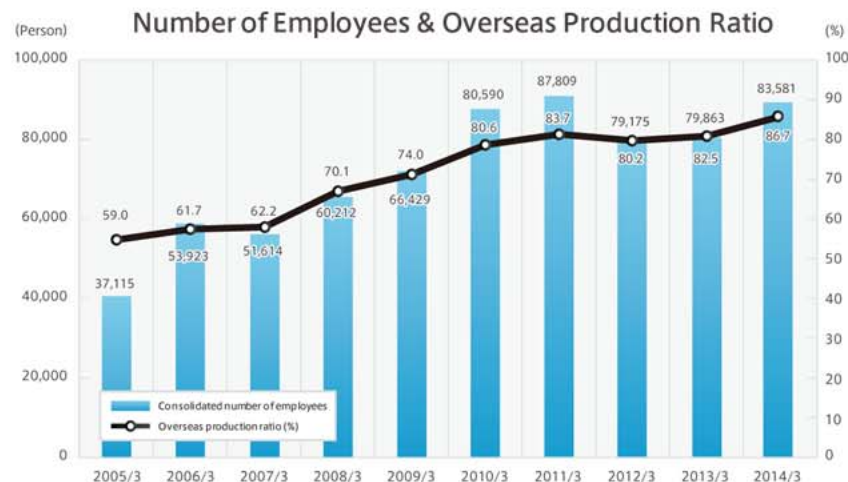
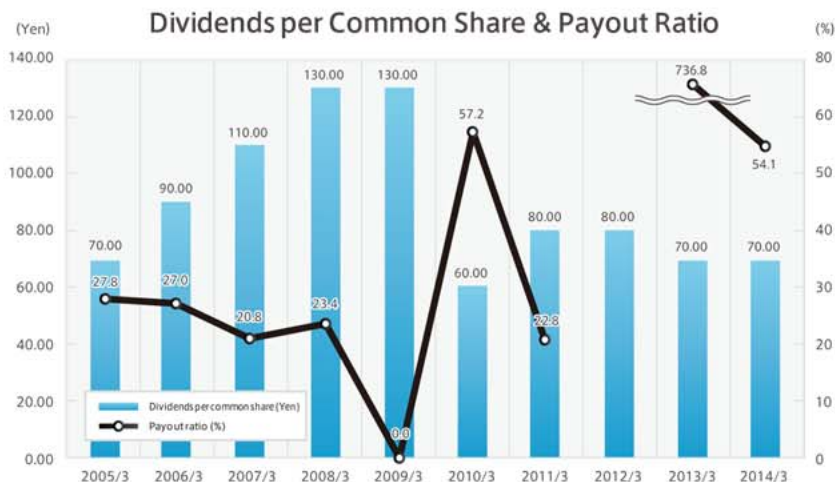
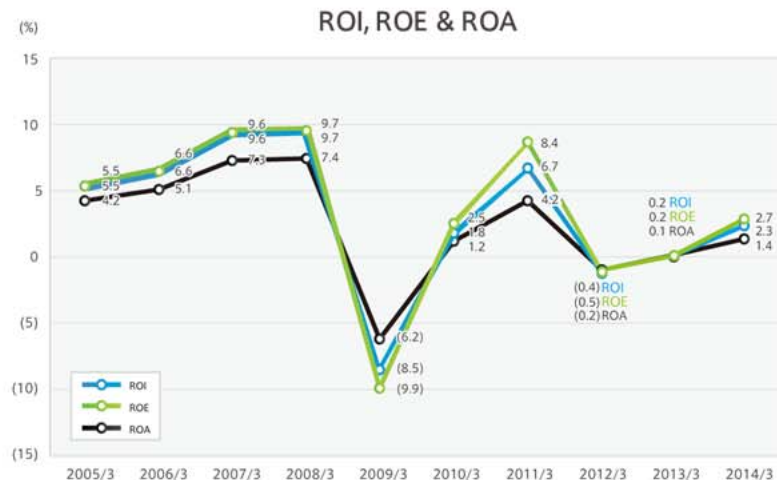
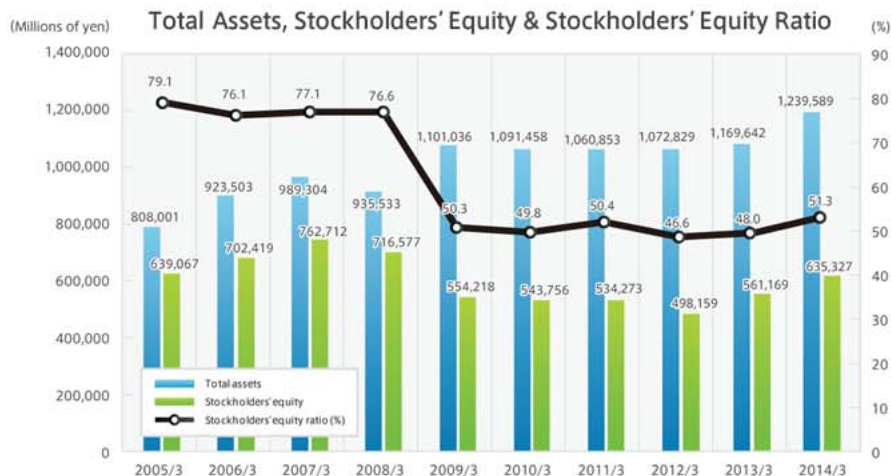
Quarterly sales by applications (1Q of FY March 2014 – 3Q of FY March 2015)



Passive Components Business quarterly sales by applications (1Q of FY March 2014 –3Q of FY March 2015)







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The electronics markets in which the TDK Group operates are highly susceptible to rapid changes, risks, uncertainties, and other factors that can have significant effects on the TDK Group including, but not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations. Also, since the purpose of these materials is only to give readers a general outline of business performance, many numerical values are shown in units of a billion yen. Because original values, which are managed in units of a million yen, are rounded off, the totals, differences, etc. shown in these materials may appear inaccurate. If detailed figures are necessary, please refer to our financial statements and supplementary materials.



Text data including Q&A of performance briefing will be uploaded on following site
http://www.global.tdk.com/ir/ir_events/conference/2015/3q_1.htm