

# Performance Briefing Fiscal Year March, 2015

**TDK Corporation**  
**April 28, 2015**

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◆ **Consolidated Results for FY March 2015**

Takakazu Momozuka, Corporate Officer

◆ **Consolidated Full Year Projections for FY March 2016  
and Mid-Term Policy**

Takehiro Kamigama, President and CEO

# Consolidated Results for FY March 2015

**Takakazu Momozuka**  
**Corporate Officer**

◆ **Net sales exceeded 1 trillion yen and reached a record 1,082.6 billion yen.**

Record net sales in the Passive Components and Film Application Products segments are on the back of upward sales trends in the automotive market and smartphones for China and North America.

◆ **Operating income increased 98% year on year to 72.5 billion yen.**

A balanced earnings structure has become the norm in the 3 main segments.

**Net income tripled from the previous year results to 49.4 billion yen.**

◆ **Capital expenditures was implemented proactively in response to robust demand.**

TDK achieved a net cash position for the first time in 7 fiscal years with investments leading cash flow improvements.

# Consolidated Full Year Results for FY March 2015

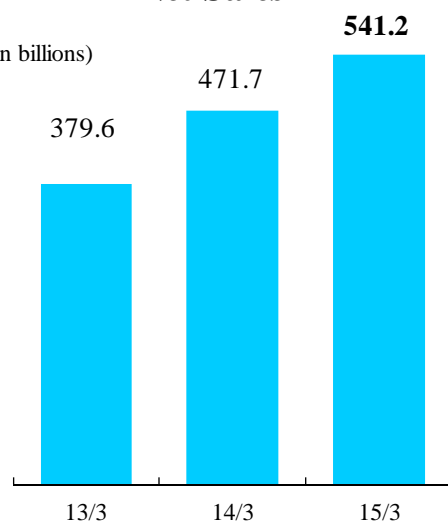


(Yen billions)	FY March 2014 Full Year Results	FY March 2015 Full Year Results	Change	
			Yen billions	%
Net sales	984.5	<b>1,082.6</b>	98.1	10.0
Operating income	36.6	<b>72.5</b>	35.9	98.1
Operating income margin	3.7%	<b>6.7%</b>		-
Income from continuing operations before Income Taxes	39.8	<b>74.5</b>	34.7	87.2
Income from continuing operations	21.8	<b>52.8</b>	31.0	142.2
Loss from discontinued operations	(3.6)	-	-	-
Net income attributable to noncontrolling interests	1.9	<b>3.3</b>	1.4	73.7
Net income	16.3	<b>49.4</b>	33.1	203.1
Earning per share (JPY)	129.47	<b>392.78</b>	-	-
Ex-rate	US\$ (JPY)	100.26	<b>109.84</b>	Depreciated by 9.6%
	EURO (JPY)	134.42	<b>138.88</b>	Depreciated by 3.3%
<b>Ex-rate impact to Net sales &amp; Operating income</b>	Net sales : Increased by about 79.7 billion Yen Operating income : Increased by about 15.0 billion Yen			

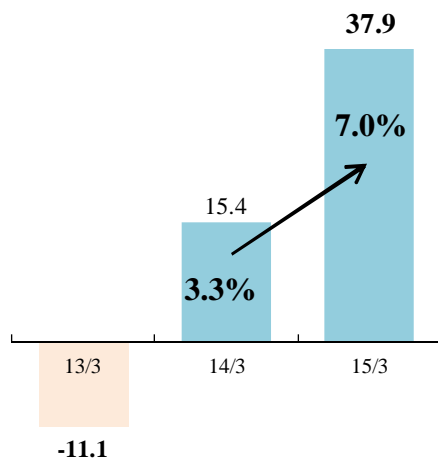
Note: The figures related to the data tape business and the blu-ray business, which became discontinued operations in the year ended March 31, 2014, are restated.

## Net Sales

(Yen billions)



## Operating Income



**Net Sales 541.2 billion yen** (up 14.7% year on year)

**Operating Income 37.9 billion yen** (up 146.1% year on year)

### ● Ceramic Capacitors

- Both sales and profits increased year on year, particularly due to increased sales for automobile market.
- Profit margins also improved due to increased productivity.

### ● Inductive Devices

- Both sales and profits increased year on year due to the robust sales for automobile market and the ICT market centering on demands for the North American and Chinese smartphone customers and also improved product mix.

### ● High-frequency Components

- Both sales and profits increased year on year due to strong sales for the ICT market centering on demands for the North American and Chinese smartphone customers and due to increased productivity.

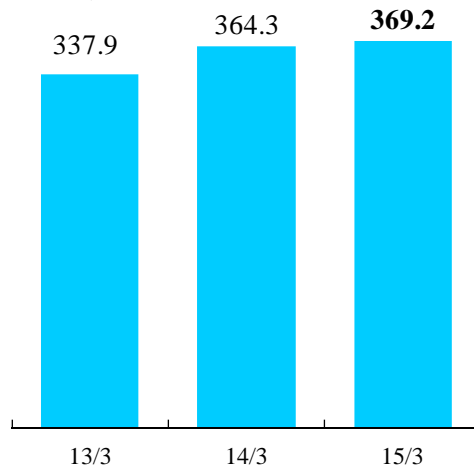
### ● Piezoelectric Material Products

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

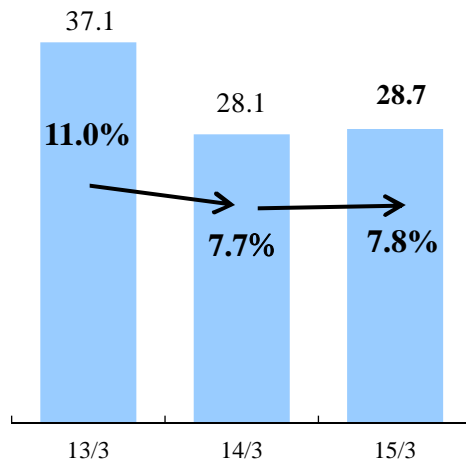
13/3: FY March 2013

## Net Sales

(Yen billions)



## Operating Income



13/3: FY March 2013

**Net sales 369.2 billion yen** (up 1.3% year on year)

**Operating income 28.7 billion yen** (up 2.1% year on year)

### ●Recording Devices

- Sales increased year on year due to increased sales of HDD suspensions even though shipment volume of HDD heads decreased 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.

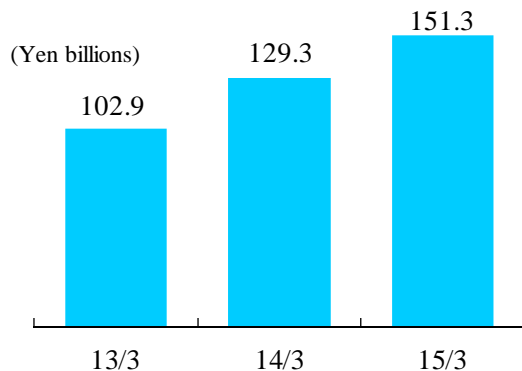
### ●Magnets

- Sales to the automobile market and ICT market decreased.
- Impairment of metal magnet-related facilities was implemented in 3Q.

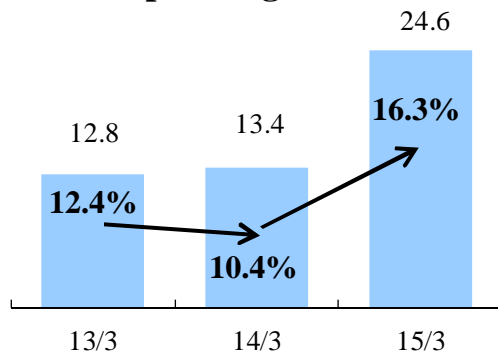
### ●Power Supplies

- Sales increased year on year due to steady sales for the industrial equipment market of products such as semiconductor production equipment and FA equipment.
- Impairment loss in goodwill was implemented in 3Q.

## Net Sales



## Operating Income



**Net sales 151.3 billion yen** (up 17.0% year on year)

**Operating income 24.6 billion yen** (up 83.6% 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.



# FY March 2015 results by Segment



		FY March 2014 Full Year Results		FY March 2015 Full Year Results		Change	
		Yen billion	%	Yen billion	%	Yen billion	%
Net Sales	Capacitors	139.6	14.2	<b>149.0</b>	13.8	9.4	6.7
	Inductive devices	140.3	14.3	<b>154.2</b>	14.2	13.9	9.9
	Other Passive Components	191.7	19.5	<b>238.0</b>	22.0	46.3	24.2
	<b>Passive Components</b>	<b>471.7</b>	<b>47.9</b>	<b>541.2</b>	<b>50.0</b>	<b>69.5</b>	<b>14.7</b>
	Recording devices	256.7	26.1	<b>260.5</b>	24.1	3.8	1.5
	Other Magnetic Application Products	107.6	10.9	<b>108.7</b>	10.0	1.1	1.0
	<b>Magnetic Application Products</b>	<b>364.3</b>	<b>37.0</b>	<b>369.2</b>	<b>34.1</b>	<b>4.9</b>	<b>1.3</b>
	<b>Film Application Products</b>	<b>129.3</b>	<b>13.1</b>	<b>151.3</b>	<b>14.0</b>	<b>22.0</b>	<b>17.0</b>
	<b>Other</b>	<b>19.3</b>	<b>2.0</b>	<b>20.9</b>	<b>1.9</b>	<b>1.6</b>	<b>8.3</b>
	<b>Total</b>	<b>984.5</b>	<b>100.0</b>	<b>1,082.6</b>	<b>100.0</b>	<b>98.1</b>	<b>10.0</b>
Operating Income	<b>Passive Components</b>	<b>15.4</b>	<b>3.3</b>	<b>37.9</b>	<b>7.0</b>	<b>22.5</b>	<b>146.1</b>
	<b>Magnetic Application Products</b>	<b>28.1</b>	<b>7.7</b>	<b>28.7</b>	<b>7.8</b>	<b>0.6</b>	<b>2.1</b>
	<b>Film Application Products</b>	<b>13.4</b>	<b>10.4</b>	<b>24.6</b>	<b>16.3</b>	<b>11.2</b>	<b>83.6</b>
	<b>Other</b>	<b>(3.2)</b>	<b>-16.6</b>	<b>0.3</b>	<b>1.4</b>	<b>3.5</b>	<b>-</b>
	<b>Sub total</b>	<b>53.7</b>	<b>5.5</b>	<b>91.4</b>	<b>8.4</b>	<b>37.7</b>	<b>70.2</b>
	<b>Corporate and eliminations</b>	<b>(17.1)</b>	<b>-</b>	<b>(19.0)</b>	<b>-</b>	<b>(1.9)</b>	<b>-</b>
<b>Total</b>	<b>36.6</b>	<b>3.7</b>	<b>72.5</b>	<b>6.7</b>	<b>35.9</b>	<b>98.1</b>	

# Breakdown of Operating Income Changes

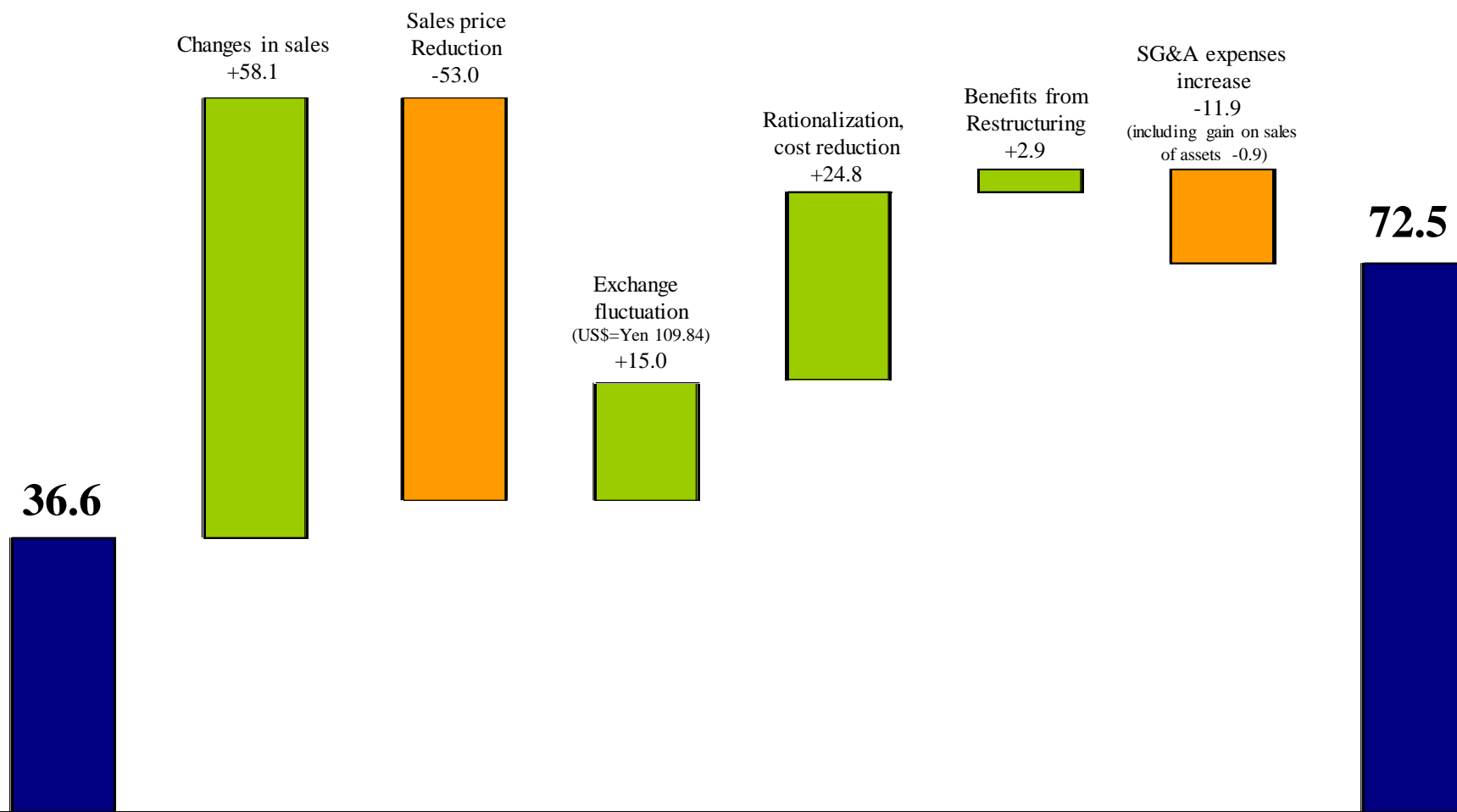


FY March 2014  
36.6 billion yen

**Operating Income +35.9 billion yen**

FY March 2015  
72.5 billion yen

(Yen billions)



# FY March 2015 Quarterly Results by Segment

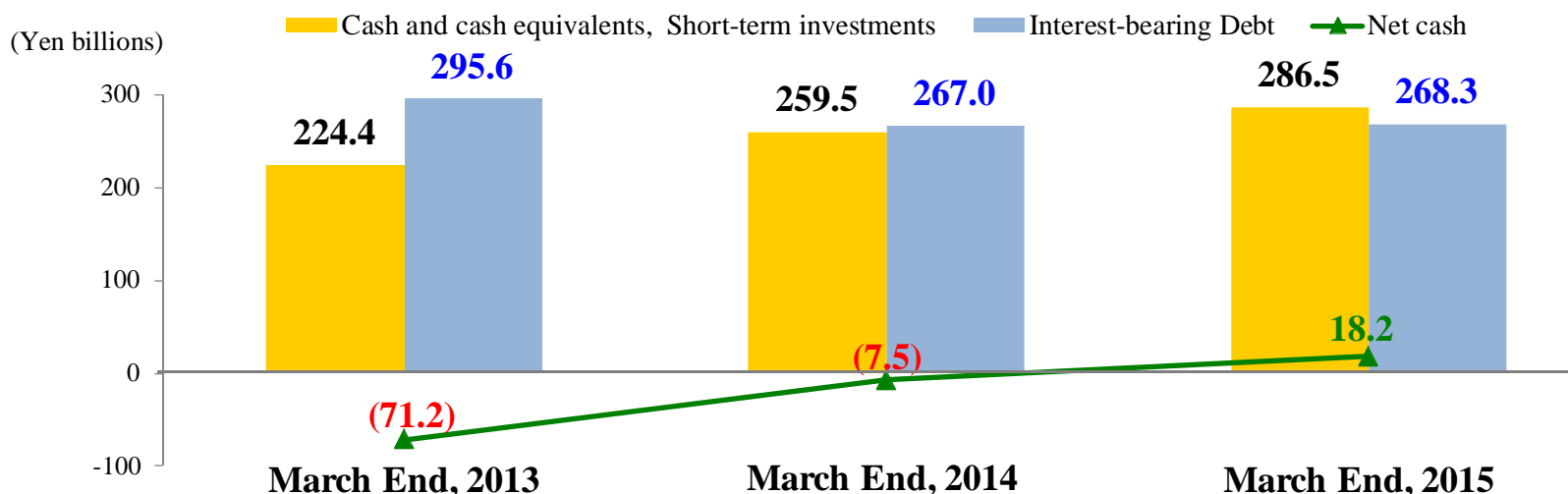


(Yen billions)		4Q of FY March 2014 (A)	3Q of FY March 2015 (B)	4Q of FY March 2015 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	36.1	37.5	<b>37.6</b>	1.5	4.2	0.1	0.3
	Inductive Devices	34.9	40.3	<b>38.4</b>	3.5	10.0	(1.9)	-4.7
	Other Passive Components	47.1	68.2	<b>63.4</b>	16.3	34.6	(4.8)	-7.0
	<b>Passive Components</b>	<b>118.1</b>	<b>146.1</b>	<b>139.4</b>	<b>21.3</b>	<b>18.0</b>	<b>(6.7)</b>	<b>-4.6</b>
	Recording Devices	61.2	75.1	<b>62.6</b>	1.4	2.3	(12.5)	-16.6
	Other Magnetic Application Products	28.3	26.5	<b>27.5</b>	(0.8)	-2.8	1.0	3.8
	<b>Magnetic Application Products</b>	<b>89.5</b>	<b>101.6</b>	<b>90.1</b>	<b>0.6</b>	<b>0.7</b>	<b>(11.5)</b>	<b>-11.3</b>
	<b>Film Application Products</b>	<b>29.1</b>	<b>47.4</b>	<b>44.1</b>	<b>15.0</b>	<b>51.5</b>	<b>(3.3)</b>	<b>-7.0</b>
	<b>Other</b>	<b>5.8</b>	<b>5.3</b>	<b>6.3</b>	<b>0.5</b>	<b>8.6</b>	<b>1.0</b>	<b>18.9</b>
	<b>Total</b>	<b>242.5</b>	<b>300.4</b>	<b>279.9</b>	<b>37.4</b>	<b>15.4</b>	<b>(20.5)</b>	<b>-6.8</b>
Operating Income	<b>Passive Components</b>	<b>0.3</b>	<b>11.9</b>	<b>8.3</b>	<b>8.0</b>	<b>-</b>	<b>(3.6)</b>	<b>-30.3</b>
	<b>Magnetic Application Products</b>	<b>5.4</b>	<b>7.3</b>	<b>6.1</b>	<b>0.7</b>	<b>13.0</b>	<b>(1.2)</b>	<b>-16.4</b>
	<b>Film Application Products</b>	<b>1.1</b>	<b>9.6</b>	<b>9.4</b>	<b>8.3</b>	<b>754.5</b>	<b>(0.2)</b>	<b>-2.1</b>
	<b>Other</b>	<b>(0.8)</b>	<b>0.1</b>	<b>0.5</b>	<b>1.3</b>	<b>-</b>	<b>0.4</b>	<b>400.0</b>
	<b>Sub total</b>	<b>6.1</b>	<b>29.0</b>	<b>24.3</b>	<b>18.2</b>	<b>298.4</b>	<b>(4.7)</b>	<b>-16.2</b>
	<b>Corporate and Eliminations</b>	<b>(4.5)</b>	<b>(3.8)</b>	<b>(5.0)</b>	<b>(0.5)</b>	<b>-</b>	<b>(1.2)</b>	<b>-</b>
	<b>Total</b>	<b>1.7</b>	<b>25.2</b>	<b>19.4</b>	<b>17.7</b>	<b>-</b>	<b>(5.8)</b>	<b>-23.0</b>
Operating Income margin		0.7%	8.4%	<b>6.9%</b>	+6.2pt	-	-1.5pt	-
Ex-rate	US\$(JPY)	102.97	114.25	<b>119.21</b>				
	EURO(JPY)	141.12	142.79	<b>134.74</b>				

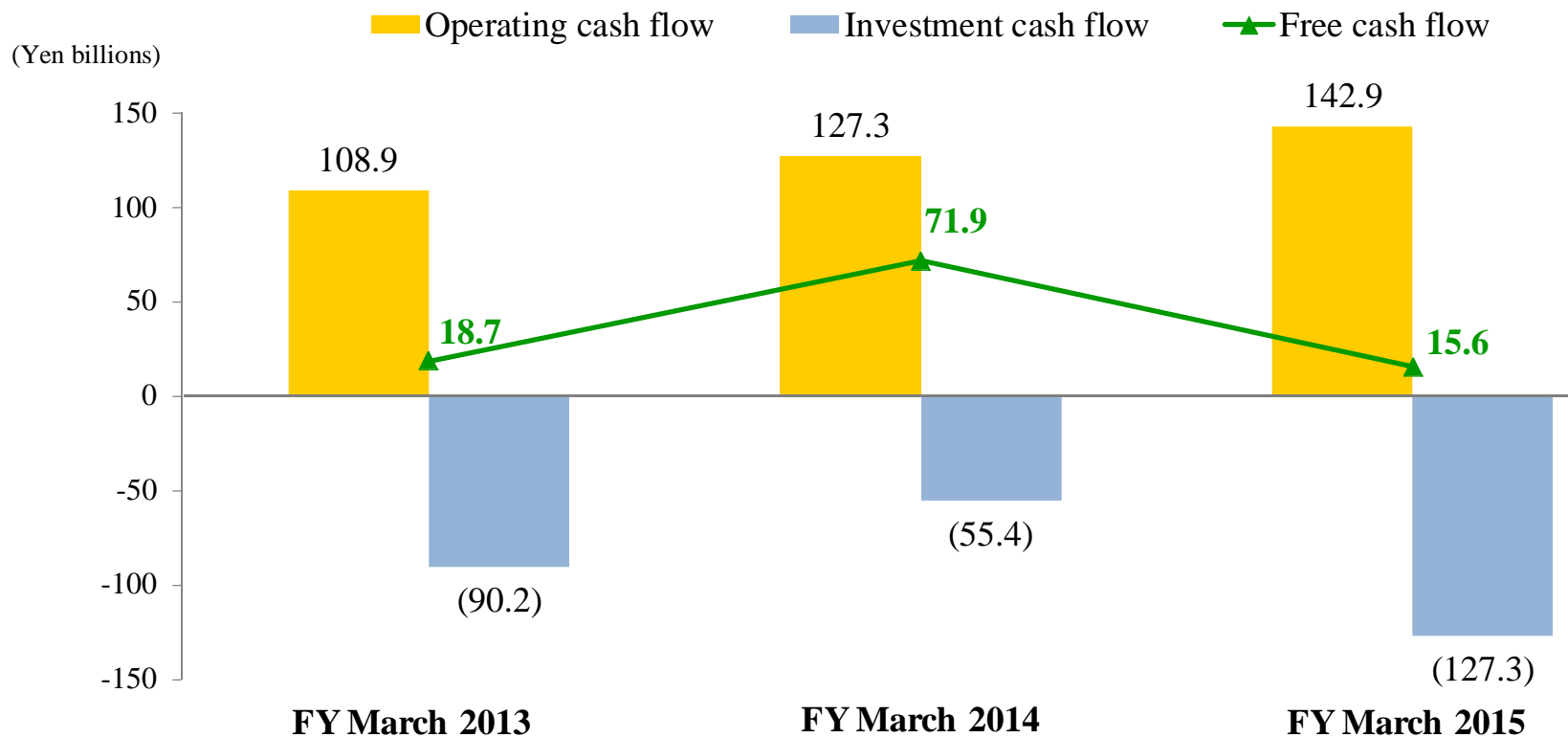
# Financial Position

(Yen billions)	March End, 2013	March End, 2014	March End, 2015	Change 2014-2015
Total Assets	1,169.6	1,239.6	1,404.3	164.7
Total Liabilities	589.0	587.3	646.3	59.0
Stockholder's equity	561.2	635.3	738.9	103.6
(comprehensive income)	(159.0)	(87.1)	(5.9)	81.2
Stockholder's equity ratio	48.0%	51.3%	52.6%	1.3%

Cash and cash equivalents, Short-term investments	224.4	259.5	286.5	27.0
Interest-bearing Debt	295.6	267.0	268.3	1.3
Net Cash	(71.2)	(7.5)	18.2	25.7



# Free Cash Flow



(Yen billions)	FY March 2013	FY March 2014	FY March 2015	Change 2014-2015
<b>Capital Expenditure</b>	<b>85.6</b>	<b>68.6</b>	<b>102.5</b>	<b>33.9</b>
<b>Depreciation</b>	<b>77.9</b>	<b>83.1</b>	<b>80.2</b>	<b>(2.9)</b>

# **Consolidated Full Year Projections for FY March 2016 and Mid-Term Policy**

**Takehiro Kamigama  
President and CEO**

# Consolidated Full Year Projections for FY March 2016

# FY March 2016 Full Year / Dividend Projections



	(Yen billions)	FY March 2015 Full Year Results	FY March 2016 Full Year Projections	YoY Change	
				Yen billions	%
<b>Net sales</b>		1,082.6	<b>1,180.0</b>	97.4	9.0%
<b>Operating income</b>		72.5	<b>95.0</b>	22.5	31.0%
<b>Operating income margin</b>		6.7%	<b>8.1%</b>	+1.4pt	-
<b>Income from continuing operations before income taxes</b>		74.5	<b>95.0</b>	20.5	27.5%
<b>Net income</b>		49.4	<b>65.0</b>	15.6	31.6%
<b>Earning per share (JPY)</b>		392.78	<b>515.92</b>	-	-
<b>Dividends (JPY)</b>		1st half : 40 2nd half : 50 Annual: 90	<b>1st half : 60 2nd half : 60 Annual : 120</b>	-	-
<b>Ex-rate</b>	US\$(JPY)	109.84	<b>115.00</b>	-	
	EURO(JPY)	138.88	<b>130.00</b>	-	



# Projections for FY March 2016 -Image of change in sales

(Yen billions)

Segment	FY March 2015 Full Year Results	FY March 2016 Full Year Projections (YoY Change)
Passive Components	541.2	+7~+10%
Magnetic Application Products	369.2	±0%
Film Application Products	151.3	+25%+α
Other	20.9	-
<b>Total</b>	<b>1,082.6</b>	<b>1,180.0</b>

Forex assumptions

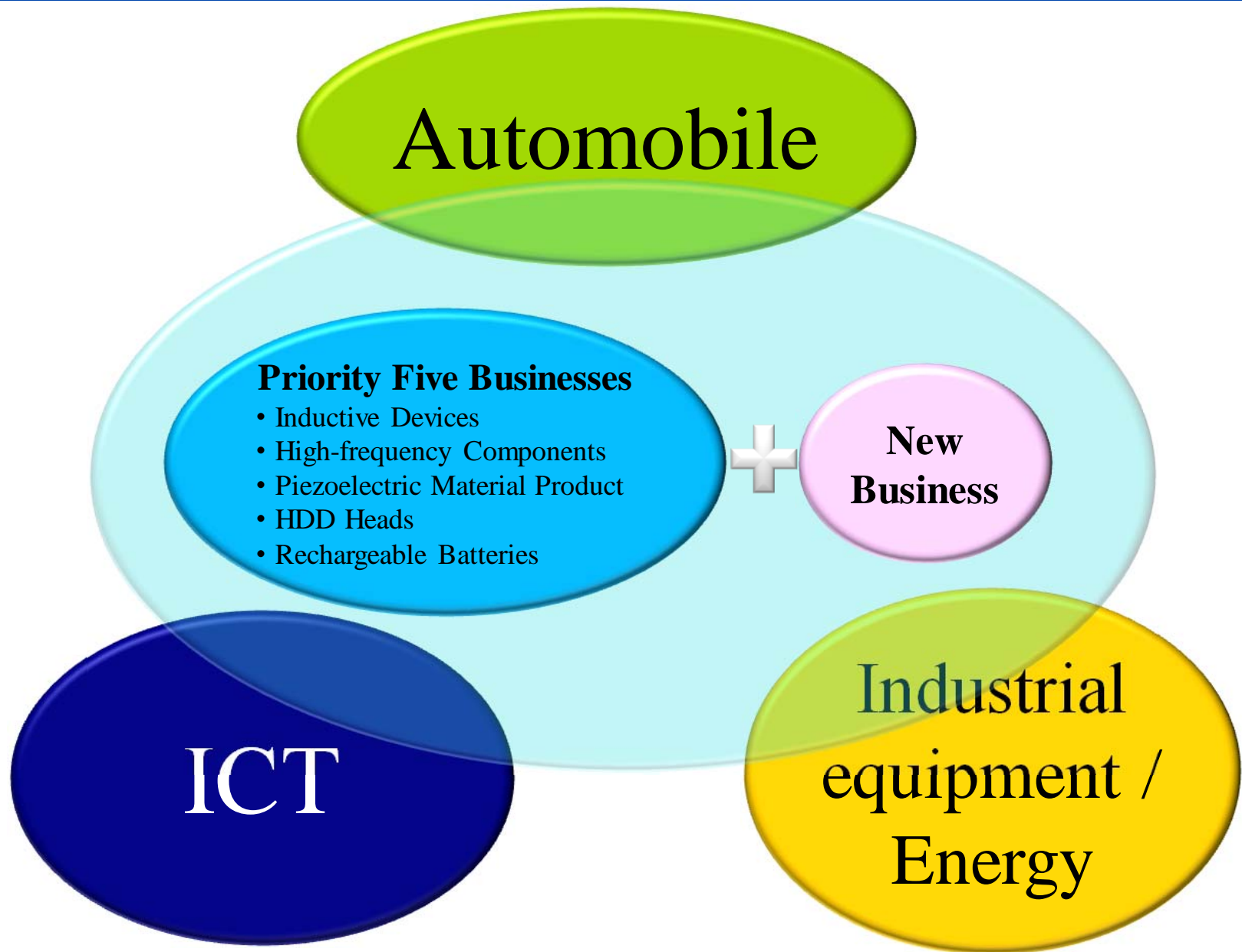
US\$(JPY) 109.84  
EURO(JPY) 138.88

115.00  
130.00

Segment	The Market Environment and Key Themes
<b>Passive Components</b> (Inductive Devices)	Share expansion of thin-film and multi-layered products in the ICT and automotive markets
<b>Passive Components</b> (High-frequency Components)	Sales growth of small, high performance discrete components (TC-SAW, BAW) as a result of the LTE market expanding Expanded market share of modular products
<b>Passive Components</b> (Piezoelectric Materials)	Expansion of the OIS business (increased usage rate among smartphones in China)
<b>Magnetic Application Products</b> (HDD Heads)	Unit decrease in the HDD market due to demand for PCs diminishing 551 million units in FY March 2015 ⇒530 million units in FY March 2016 (3.8% decrease) Continued expansion in products for data centers, and improved product mix
<b>Film Application Products</b> (Rechargeable Batteries)	Continued expansion in demand for polymer batteries as a result of thinner profile mobile devices Customer portfolio expansion

# Mid-Term Policy

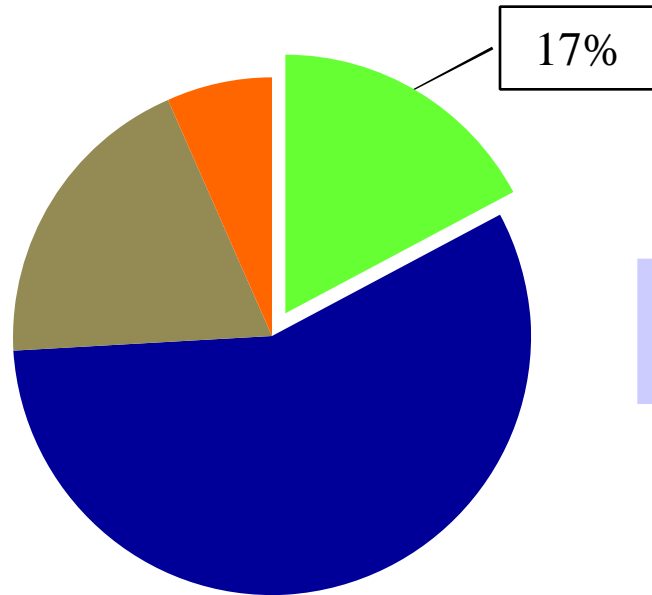
## (FY March 2016 – FY March 2018)



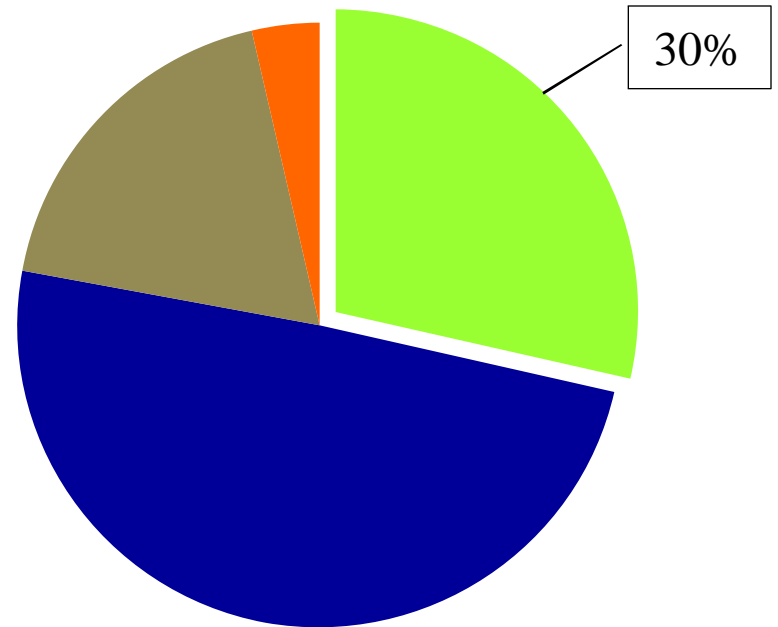
# Sales Growth Projections by Priority Markets

Sales ratio for Automobile market to be 30%

FY March 2015



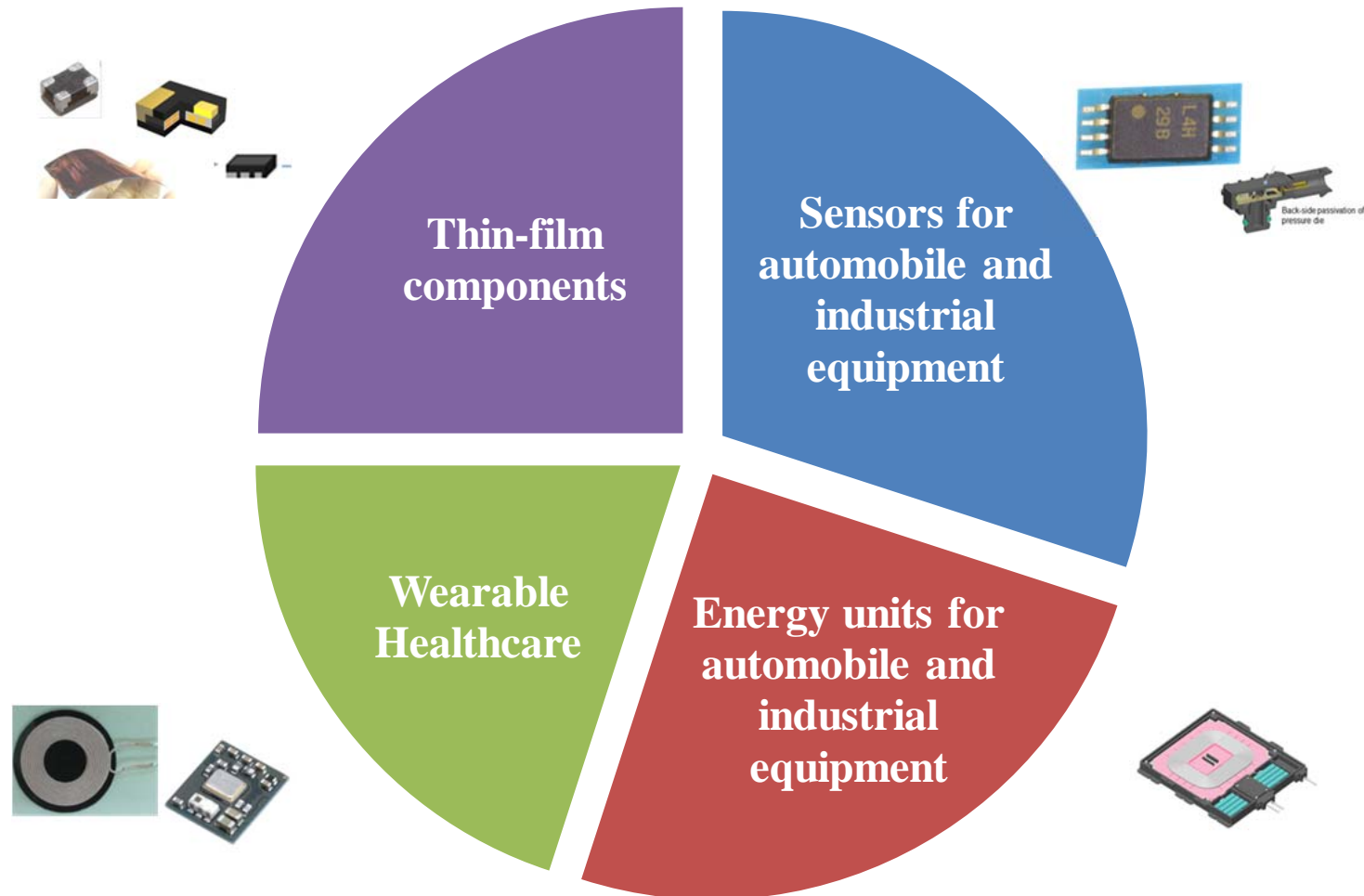
FY March 2018



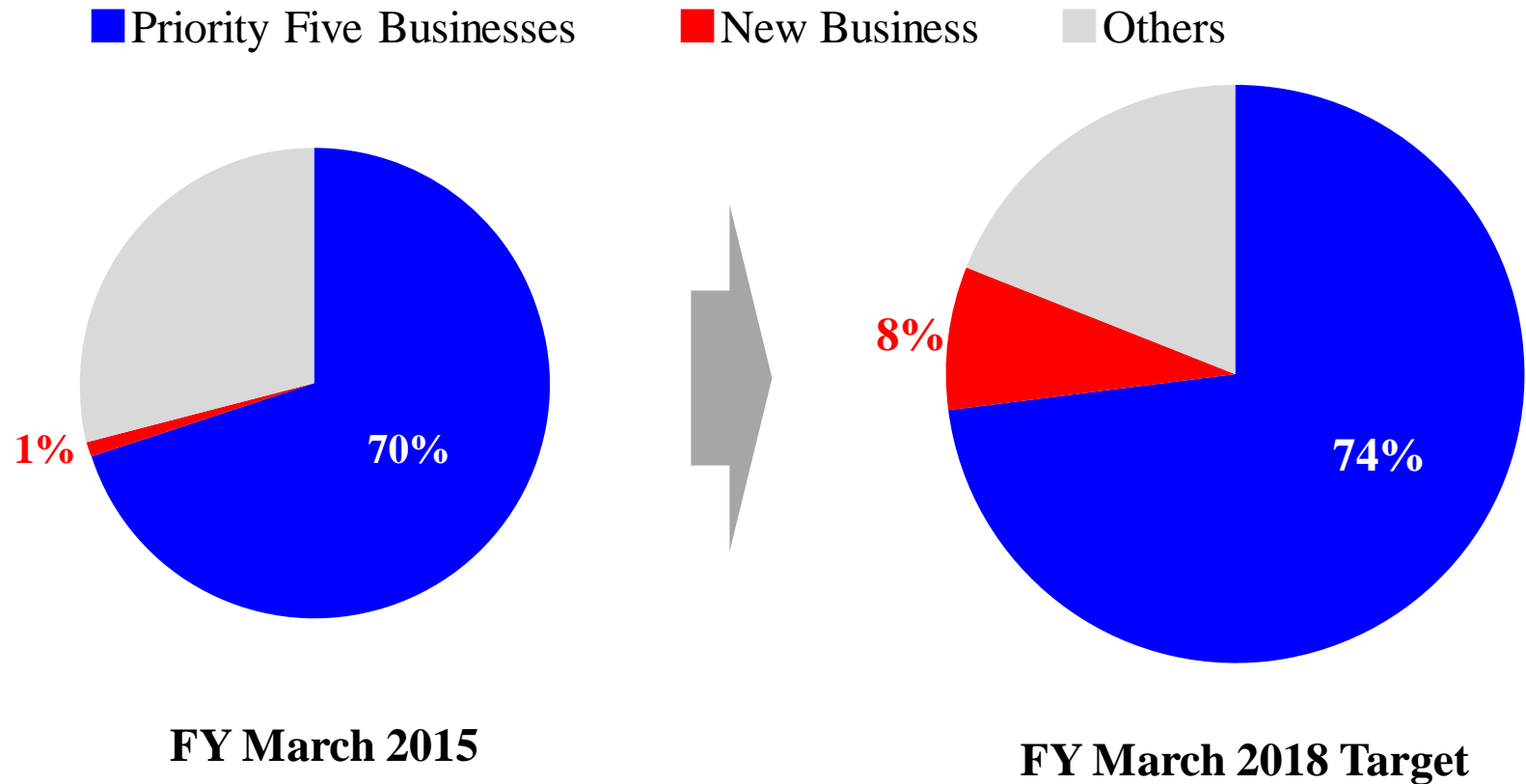
■ Automobile ■ ICT\* ■ Industrial & Others ■ Consumer

\*Includes HDD Heads and HDD Suspensions

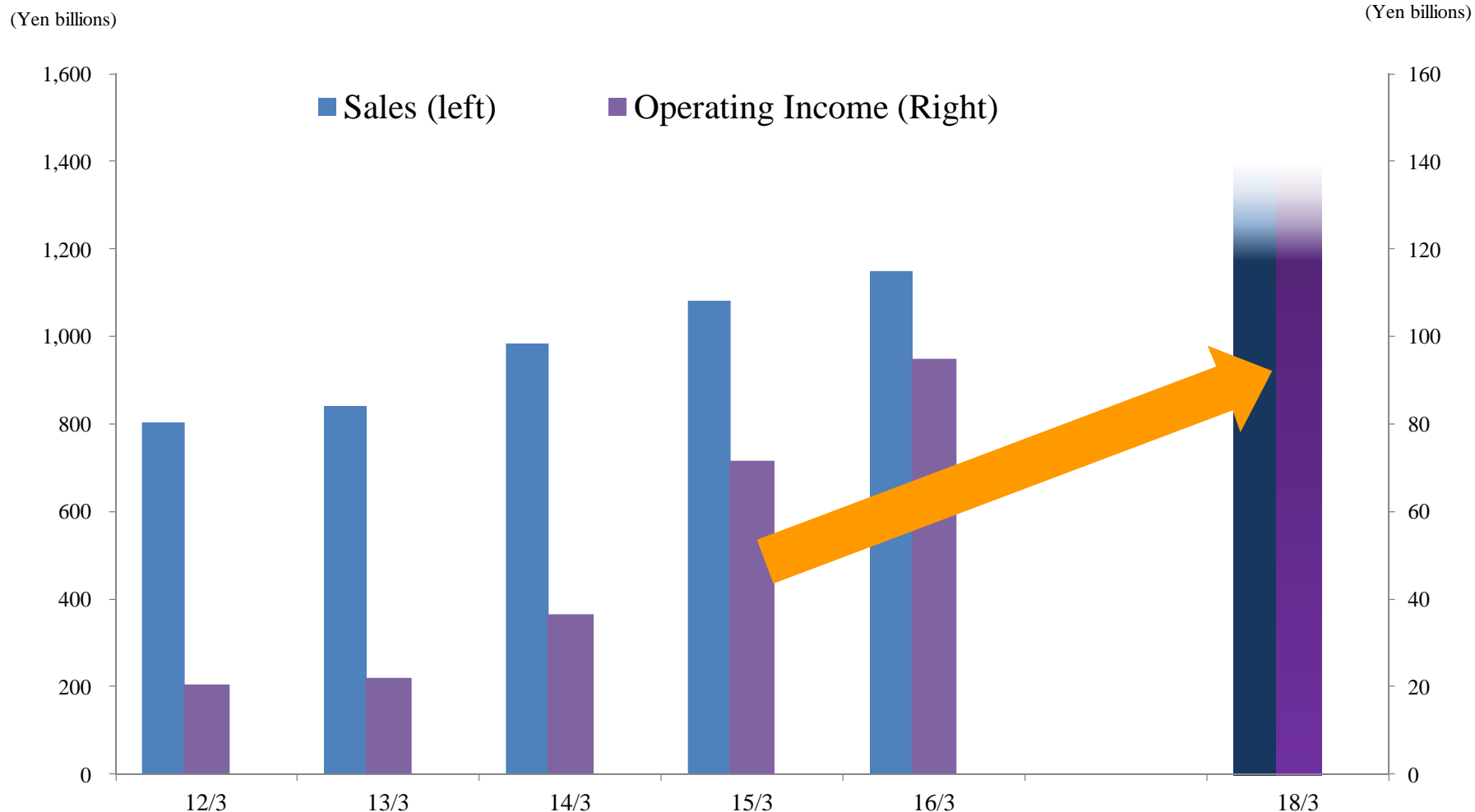
**Aim for over 100.0 billion yen or more in sales by FY March 2018**



# Sales Growth of Priority Five Businesses & New Business



# Operating results and mid-term projections



\*Forex assumptions after FY March 2016 onward : US\$ 115 yen, EURO 130 yen

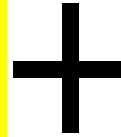


## Industrial 4.0

Monitoring network with the sensor and ICT

Real time control of manufacturing process

Big data analyses  $\Rightarrow$  feedback to Monozukuri



## Pursuit of zero defects

Construct an origin control scheme

Monozukuri innovation

Inventory control innovation

Energy control innovation



Implement this innovation to Akita new factory  
 $\Rightarrow$  Roll out to other factories

(Yen billions)

## Total investment over the next 3 years (Mid-Term Business Plan)

## FY March 2016 Projections

<b>Capital Expenditure</b>	<b>350.0~ 400.0</b>	<b>130.0</b>
<b>R&amp;D Investment</b>	<b>About 230.0</b>	<b>77.0</b>

- Construction of new factory buildings in the Akita area
- Production capacity increase in the 5 core businesses
- Investment in new products and new businesses

## Growth Investment

- Investment in new products, new businesses, and M&A
- Increase production capacity of existing businesses

## Return to Shareholders

- Stabilize or increase dividends through EPS growth
- Target a 30% dividend payout ratio

	<b>FY March 2015 Results</b>	<b>FY March 2018 Target</b>
<b>Operating Income Margin</b>	6.7%	Over 10%
<b>ROE</b>	7.2%	Over 10%

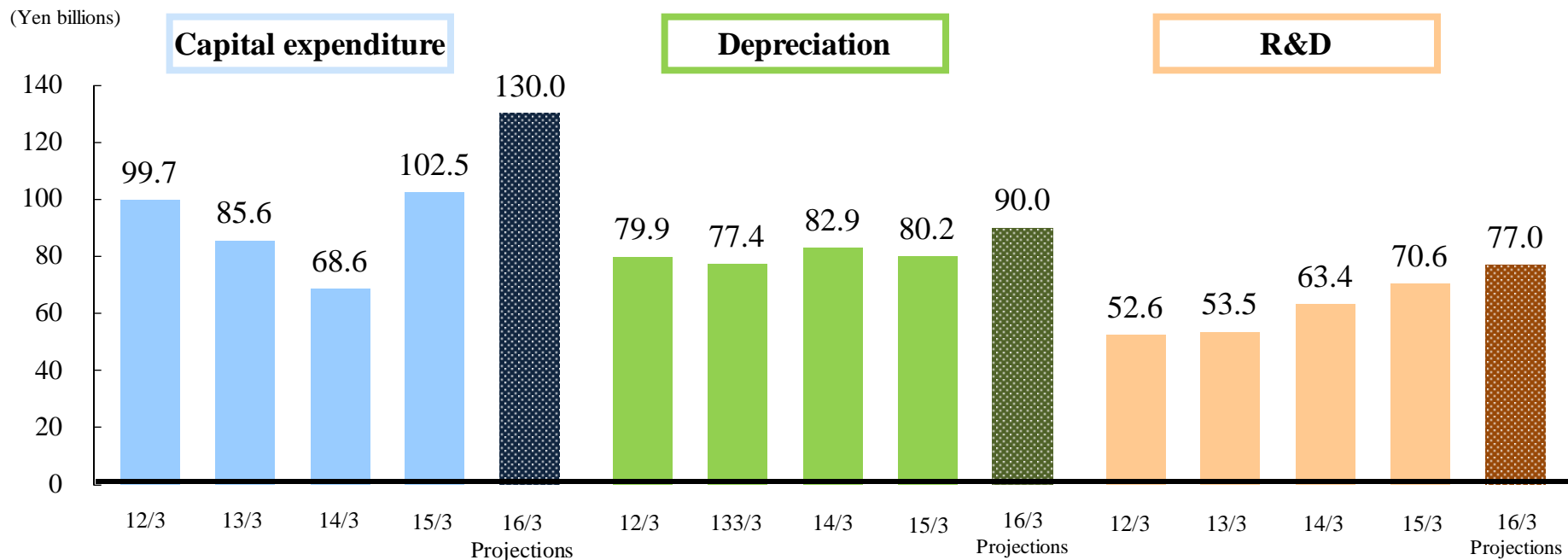
# Supplementary Data

# 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	37.6	149.0
	Inductive Devices	35.0	35.5	34.9	34.9	140.3	36.7	38.8	40.3	38.4	154.2
	Other Passive Components	48.3	48.8	47.5	47.1	191.7	50.2	56.2	68.2	63.4	238.0
	<b>Passive Components</b>	<b>117.0</b>	<b>119.4</b>	<b>117.1</b>	<b>118.1</b>	<b>471.7</b>	<b>123.4</b>	<b>132.4</b>	<b>146.1</b>	<b>139.4</b>	<b>541.2</b>
	Recording Devices	60.2	66.3	69.0	61.2	256.7	59.1	63.7	75.1	62.6	260.5
	Other Magnetic Application Products	26.0	26.6	26.8	28.3	107.7	28.0	26.7	26.5	27.5	108.7
	<b>Magnetic Application Products</b>	<b>86.2</b>	<b>92.9</b>	<b>95.7</b>	<b>89.5</b>	<b>364.3</b>	<b>87.1</b>	<b>90.4</b>	<b>101.6</b>	<b>90.1</b>	<b>369.2</b>
	<b>Film Application Products</b>	<b>26.5</b>	<b>32.7</b>	<b>41.0</b>	<b>29.1</b>	<b>129.3</b>	<b>22.5</b>	<b>37.2</b>	<b>47.4</b>	<b>44.1</b>	<b>151.3</b>
	<b>Other</b>	<b>4.7</b>	<b>4.4</b>	<b>4.3</b>	<b>5.8</b>	<b>19.3</b>	<b>4.5</b>	<b>4.8</b>	<b>5.3</b>	<b>6.3</b>	<b>20.9</b>
	<b>Total</b>	<b>234.4</b>	<b>249.4</b>	<b>258.2</b>	<b>242.5</b>	<b>984.5</b>	<b>237.5</b>	<b>264.8</b>	<b>300.4</b>	<b>279.9</b>	<b>1,082.6</b>
Operating Income	Passive Components	2.8	6.2	6.1	0.3	15.4	7.8	9.8	11.9	8.3	37.9
	Magnetic Application Products	4.6	7.8	10.3	5.4	28.1	7.1	8.2	7.3	6.1	28.7
	Film Application Products	2.1	3.3	6.8	1.1	13.4	0.3	5.2	9.6	9.4	24.6
	Other	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(0.4)	0.1	0.1	0.5	0.3
	<b>Sub total</b>	<b>8.7</b>	<b>16.5</b>	<b>22.3</b>	<b>6.1</b>	<b>53.7</b>	<b>14.8</b>	<b>23.3</b>	<b>29.0</b>	<b>24.3</b>	<b>91.4</b>
	Corporate and Eliminations	(4.2)	(4.0)	(4.4)	(4.5)	(17.1)	(5.2)	(5.0)	(3.8)	(5.0)	(19.0)
<b>Total</b>	<b>4.5</b>	<b>12.5</b>	<b>17.9</b>	<b>1.7</b>	<b>36.6</b>	<b>9.6</b>	<b>18.3</b>	<b>25.2</b>	<b>19.4</b>	<b>72.5</b>	
Ex-rate	US\$(JPY)	98.74	99.02	100.38	102.97	100.26	102.17	103.86	114.25	119.21	109.84
	EURO(JPY)	128.96	131.11	136.56	141.12	134.42	140.17	137.77	142.79	134.74	138.88

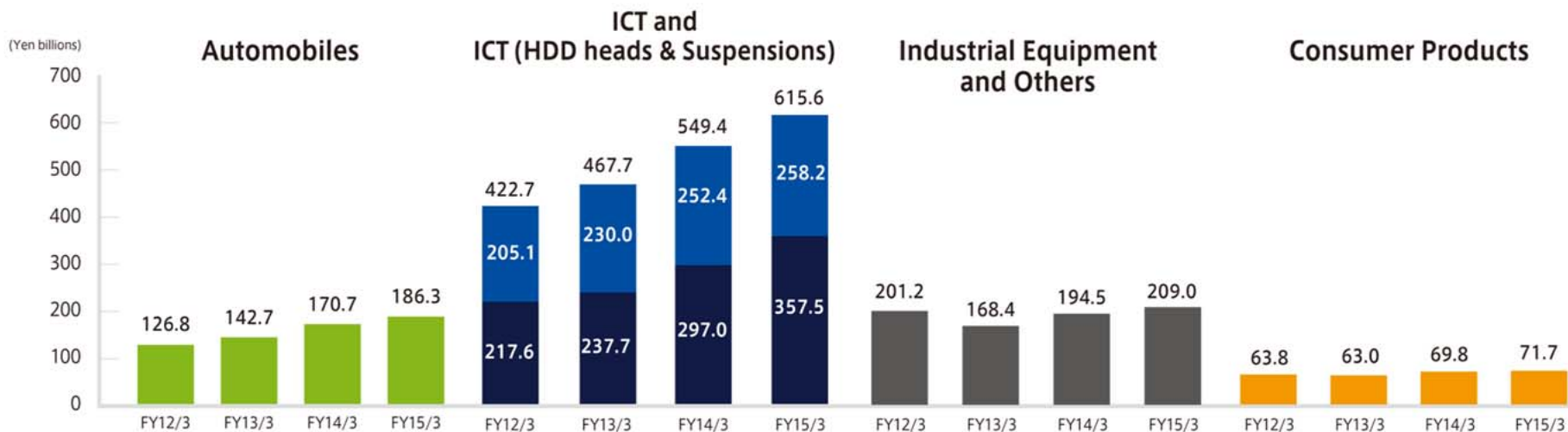
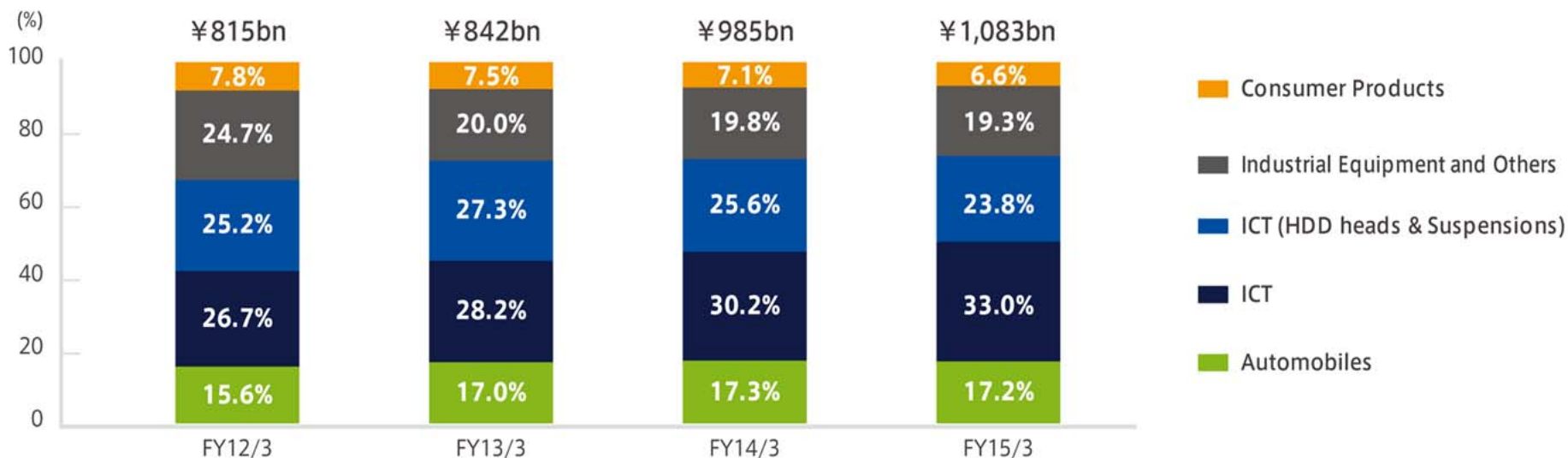
## Expenses



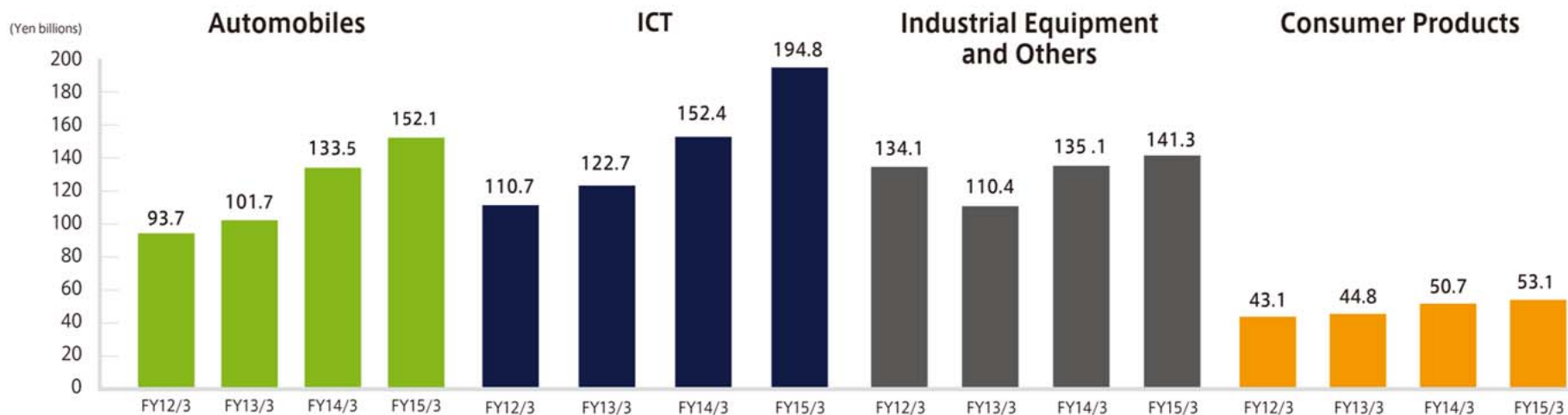
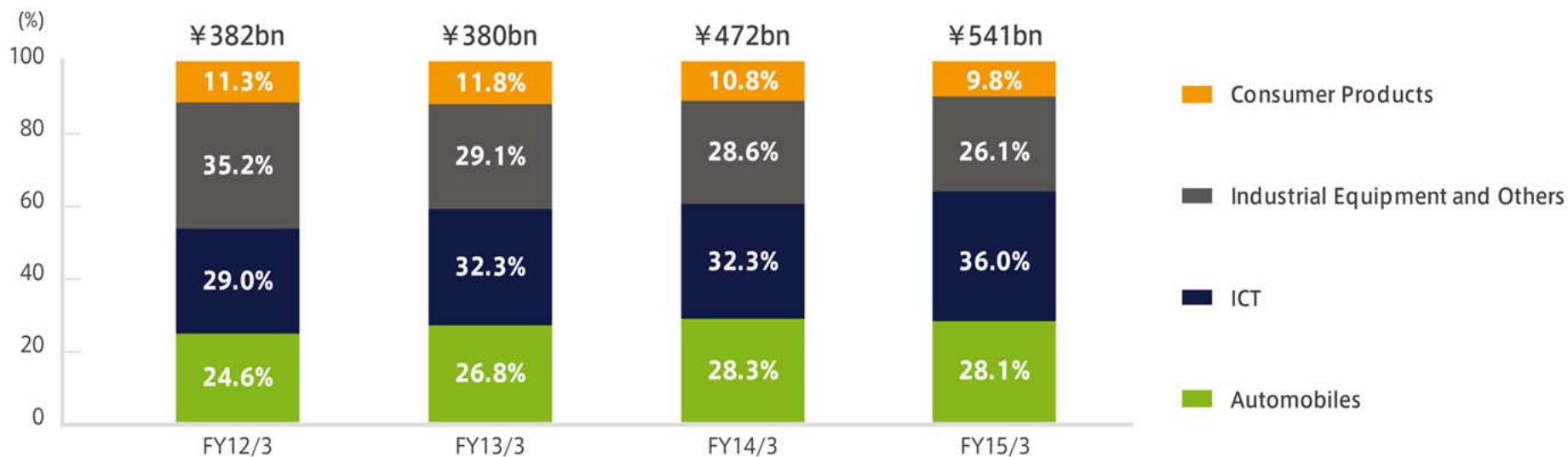
## Forex Sensitivity (impact by 1 (one) yen change)

● **US\$ : Sales 5.0 billion yen, Operating Income 1.4 billion yen**

# Annual Sales by applications (FY March 2012 – FY March 2015)

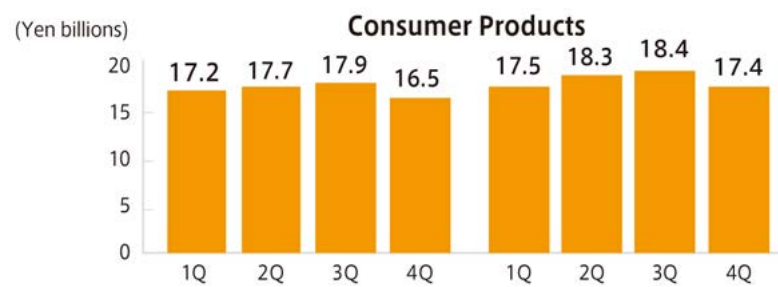
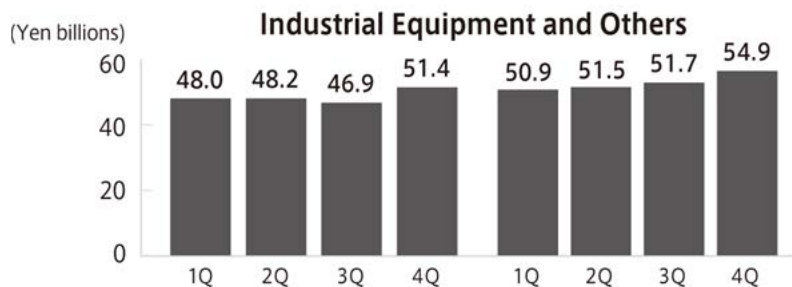
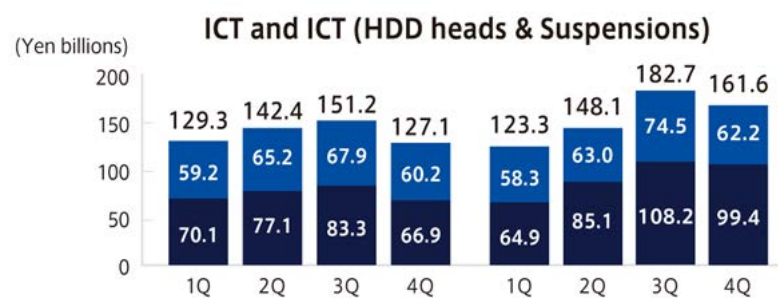
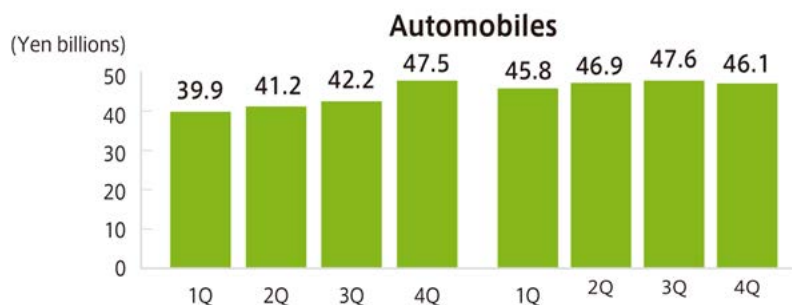
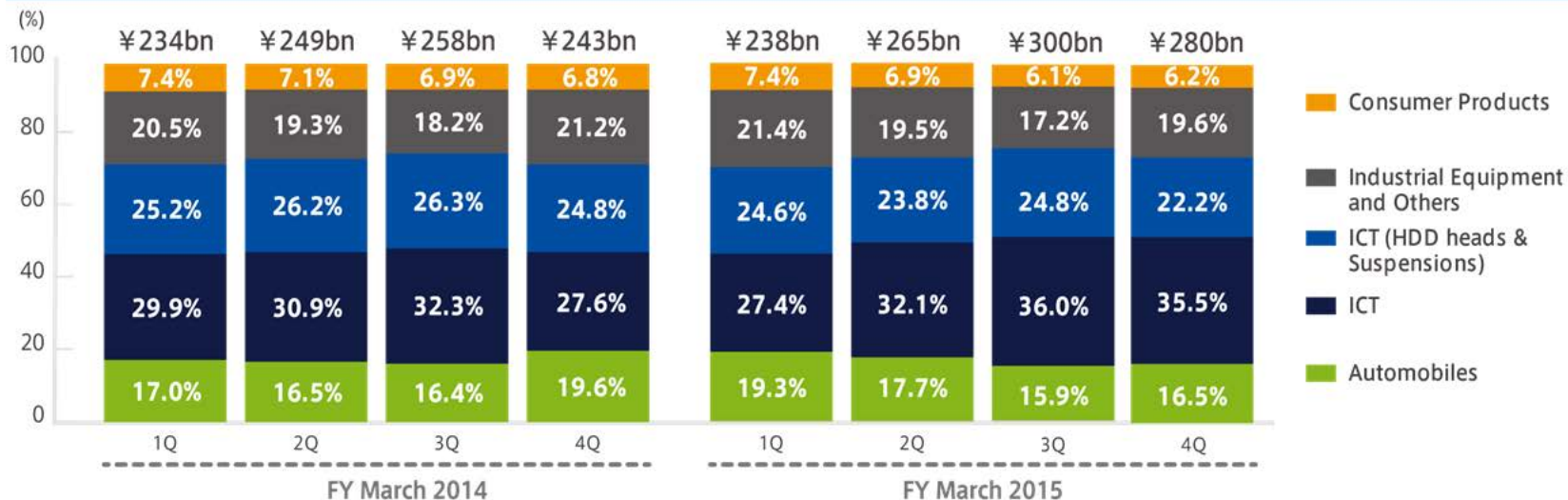


# Passive Components Business Annual sales by applications (FY March 2012– FY March 2015)

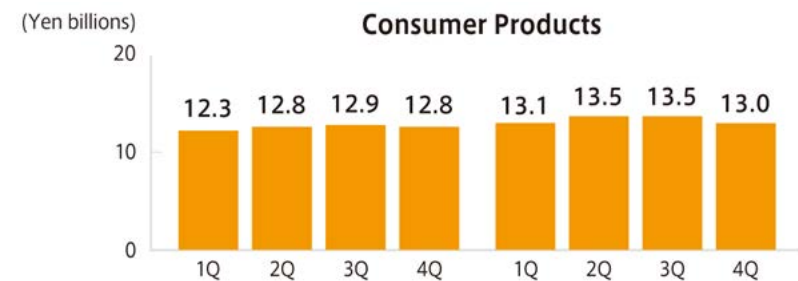
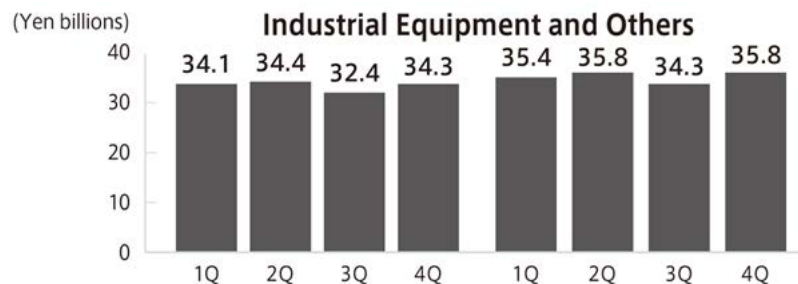
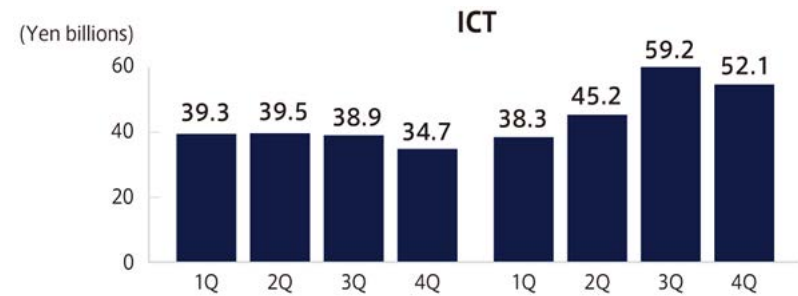
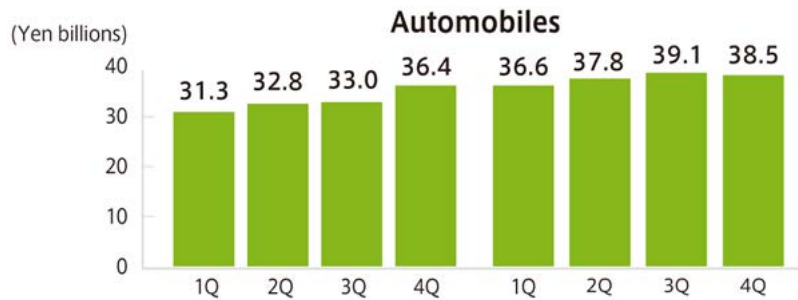
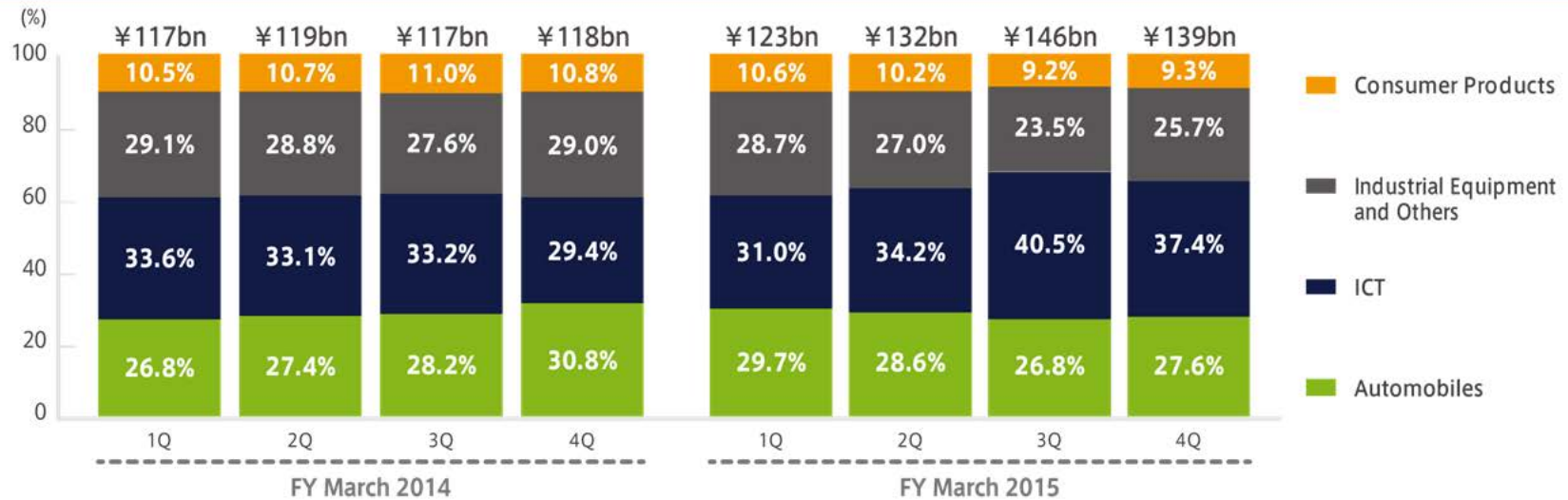




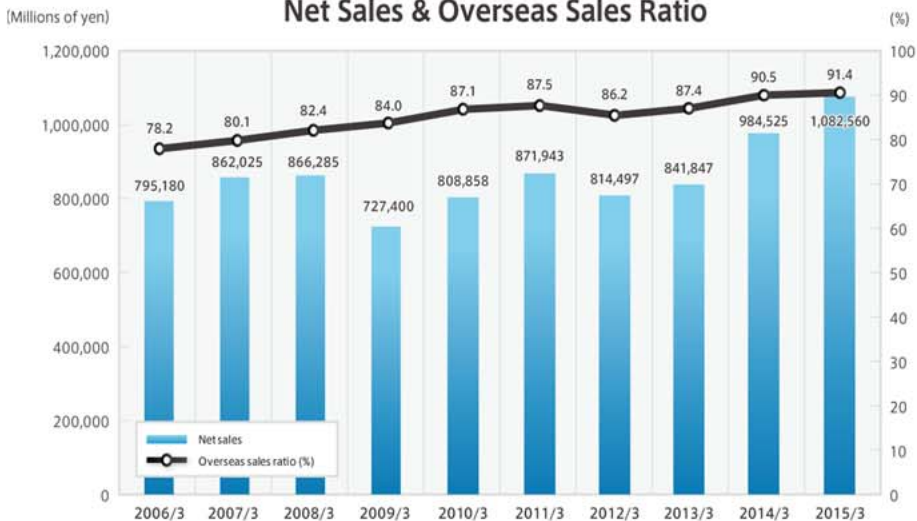
# Quarterly sales by applications (1Q of FY March 2014 –4Q of FY March 2015)



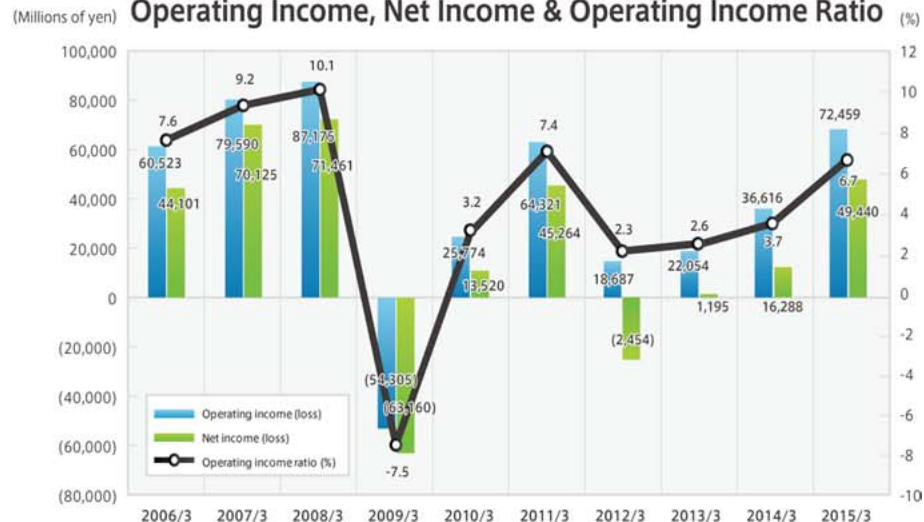
# Passive Components Business quarterly sales by applications (1Q of FY March 2014 –4Q of FY March 2015)



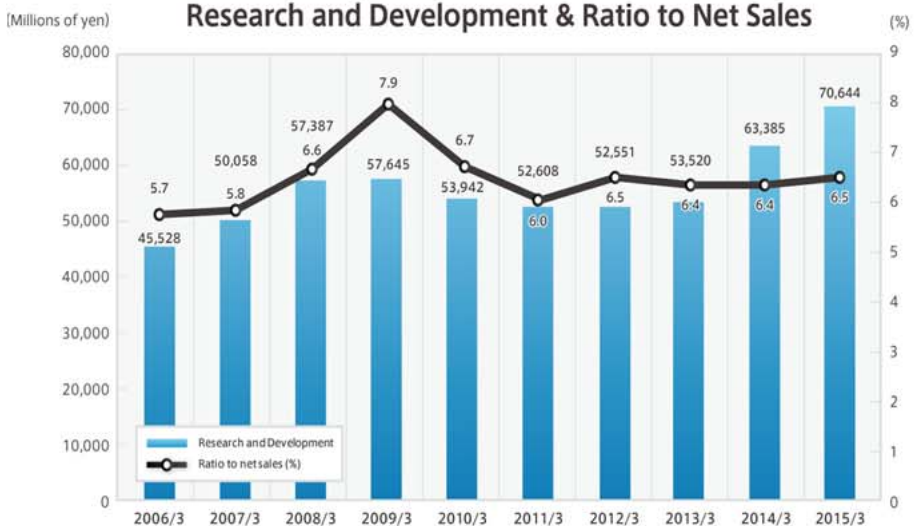
### Net Sales & Overseas Sales Ratio



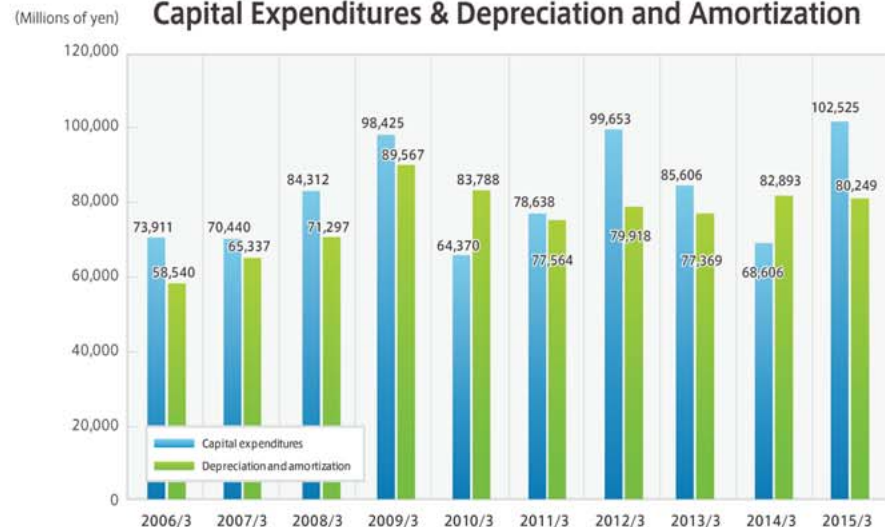
### Operating Income, Net Income & Operating Income Ratio

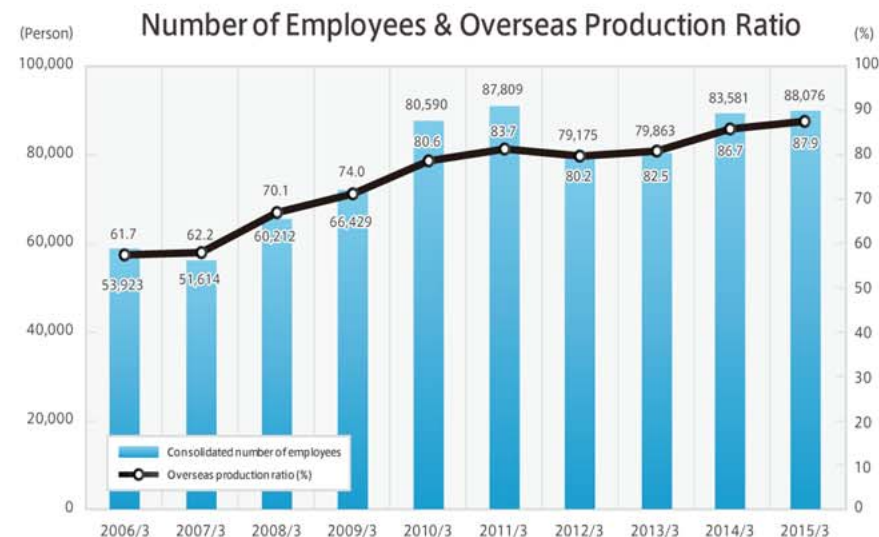
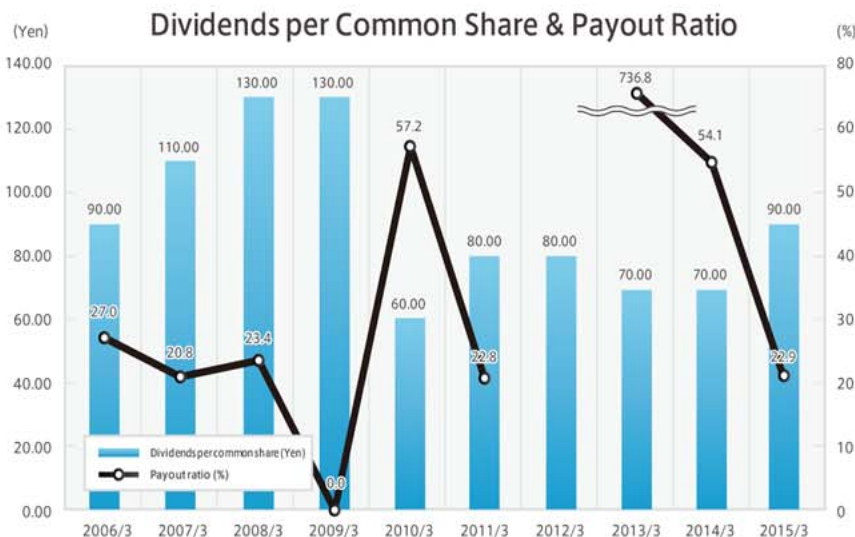
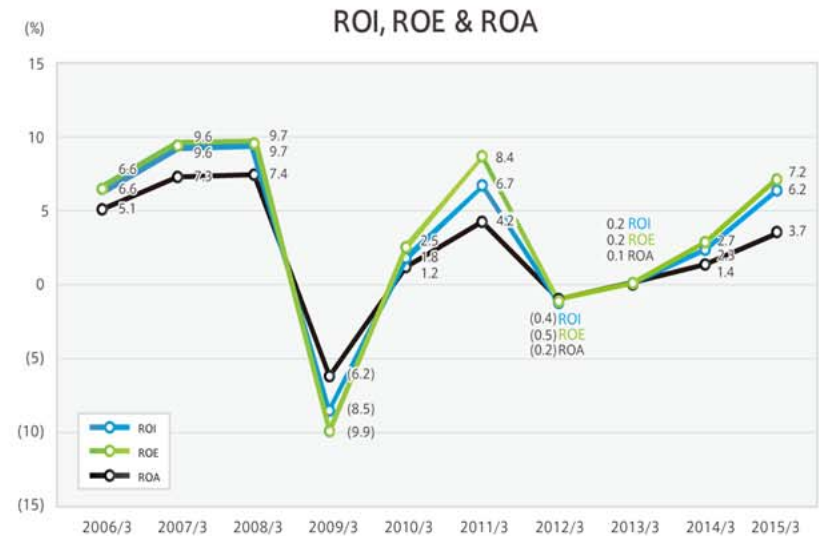
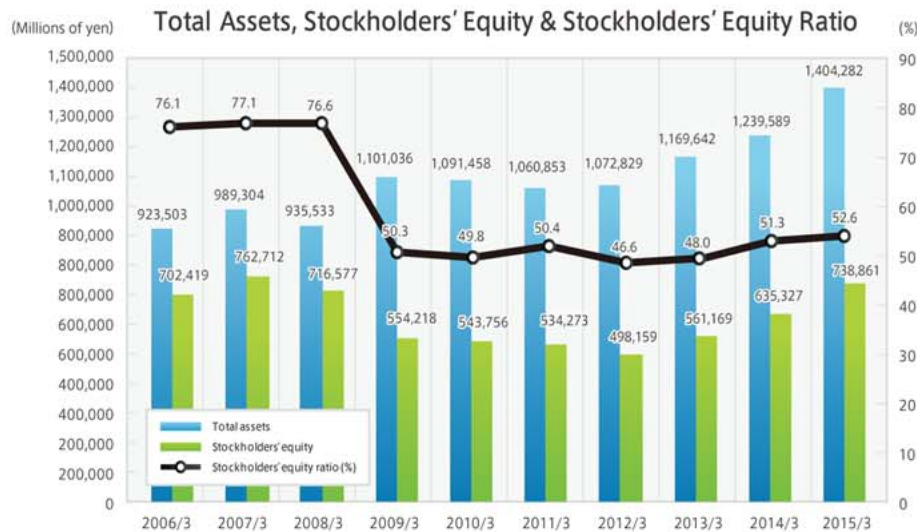


### Research and Development & Ratio to Net Sales



### Capital Expenditures & Depreciation and Amortization







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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/2015/4q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2015/4q_1.htm)