

Performance Briefing 3Q of Fiscal Year March, 2017

TDK Corporation January 31, 2017

◆ Consolidated Results for 3Q of FY March 2017
Consolidated Full Year Projections for FY March 2017
Tetsuji Yamanishi, Corporate Officer

**Consolidated Results for
3Q of FY March 2017
Consolidated Full Year Projections
for FY March 2017**

**Tetsuji Yamanishi
Corporate Officer**

Key points concerning earnings for 3Q of FY March 2017

◆ **Net sales and operating income both achieved new records on a quarterly basis.**

Net sales rose 7.7% and operating income rose 7.3% year on year.

The passive components segment and the film application products segment both posted higher net sales and operating income year on year due to an expansion of sales of high-frequency components and rechargeable batteries.

◆ **The HDD market is performing stronger than initially forecast.**

The magnetic application products segment secured earnings mostly unchanged year on year.

*HDD market forecast (TDK estimate): initial forecast 400 million units

→ previous forecast 410 million units → current forecast 420 million units

◆ **Based on expectations of the closing of the agreement to establish a joint venture and expand collaboration with Qualcomm, TDK has reflected the impact in its full-year projections for operating results.**

TDK has upwardly revised its full-year projections for consolidated operating results based on the recording of a gain on transfer in the fourth quarter.

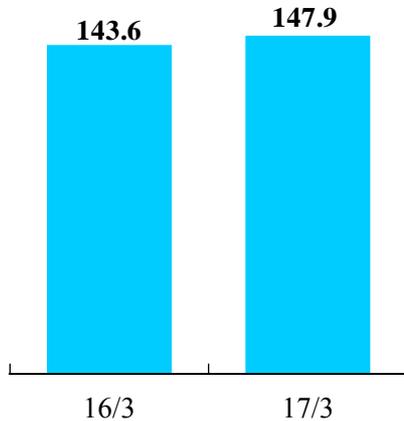
Consolidated Results for 3Q of FY March 2017

(Yen billions)	FY March 2016 3Q Results	FY March 2017 3Q Results	Change	
			Yen billions	%
Net Sales	301.7	324.8	23.1	7.7
Operating Income	30.3	32.5	2.2	7.3
Operating Income Margin	10.0%	10.0%	+0.0pt	-
Income before Income Taxes	29.9	32.1	2.2	7.4
Net Income	24.9	24.4	(0.5)	-2.0
Earning Per Share (JPY)	197.83	193.52	-	-
Ex-rate	US\$ (JPY)	121.41	109.19	Appreciated by 10.1%
	EURO (JPY)	133.05	117.74	Appreciated by 11.5%
Ex-rate impact to Net sales & Operating Income	Net sales : Decreased by about 37.3 billion Yen Operating income : Decreased by about 7.6 billion Yen			

3Q Results - Passive Components Segment

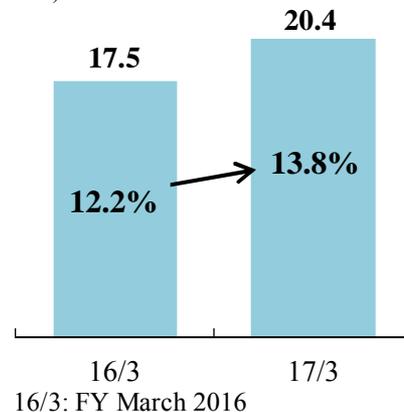
Net Sales

(Yen billions)



Operating Income (OP margin)

(Yen billions)



Net Sales 147.9 billion yen (up 3.0% year on year)

Operating Income 20.4 billion yen (up 16.6% year on year)

◆ Ceramic Capacitors

- Sales decreased year on year.
- Sales to the automobile market increased, while sales to the ICT markets decreased.

◆ Inductive Devices

- Sales decreased year on year.
- Sales to the automobile market increased, while sales to the ICT market decreased.

◆ High-frequency Components

- Sales increased year on year.
- Sales of discrete products and diversity modules increased.
- Operating income margin also increased year on year.

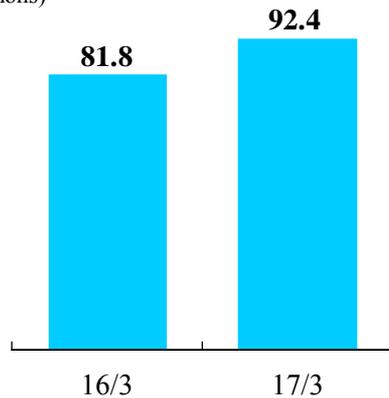
◆ Piezoelectric Material Products

- Sales decreased slightly year on year.
- Sales for camera module actuators for Chinese smartphone remained strong.

3Q Results - Magnetic Application Products Segment

Net Sales

(Yen billions)

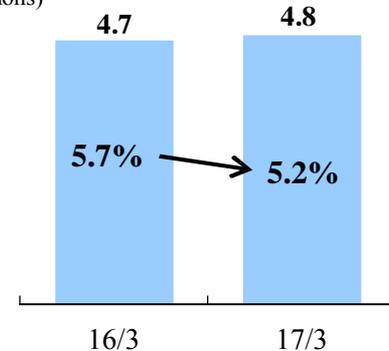


Net Sales 92.4 billion yen (up 13.0% year on year)

Operating income 4.8 billion yen (up 2.1% year on year)

Operating Income (OP margin)

(Yen billions)



16/3: FY March 2016

◆ HDD Heads

- Sales increased year on year.
- HDD head sales were stronger than initially projected, despite the sluggish HDD market.

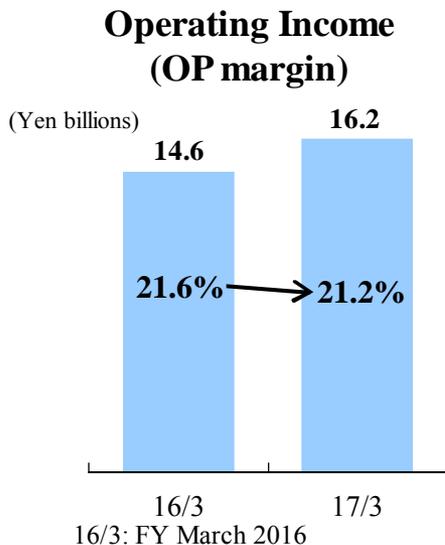
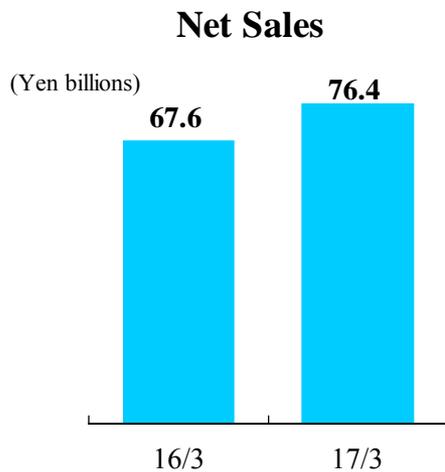
◆ Magnets

- Sales decreased year on year.
- Sales to the HDD market decreased.

◆ Power Supplies

- Sales decreased year on year.
- Sales to the industrial equipment market decreased.

3Q Results - Film Application Products Segment



Net sales 76.4 billion yen (up 13.0% year on year)

Operating income 16.2 billion yen (up 11.0% year on year)

◆ Energy Devices (Rechargeable Batteries)

- Sales increased year on year.
- Sales for smartphones increased significantly.
- Sales for new applications other than smartphones were also strong.
- Maintained same level of high profit margins as in the same period of the previous fiscal year.

Quarterly Results by Segment

(Yen billions)		3Q of FY March 2016 (A)	2Q of FY March 2017 (B)	3Q of FY March 2017 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
Net Sales	Capacitors	36.4	33.7	33.6	(2.8)	-7.7	(0.1)	-0.3
	Inductive Devices	38.9	35.5	36.6	(2.3)	-5.9	1.1	3.1
	Other Passive Components	68.2	74.8	77.7	9.5	13.9	2.9	3.9
	Passive Components	143.6	144.0	147.9	4.3	3.0	3.9	2.7
	Recording Devices	58.5	62.3	70.7	12.2	20.9	8.4	13.5
	Other Magnetic Application Products	23.3	21.6	21.6	(1.7)	-7.3	0.0	0.0
	Magnetic Application Products	81.8	83.9	92.4	10.6	13.0	8.5	10.1
	Film Application Products	67.6	65.2	76.4	8.8	13.0	11.2	17.2
	Other	8.7	7.3	8.1	(0.6)	-6.9	0.8	11.0
	Total	301.7	300.4	324.8	23.1	7.7	24.4	8.1
Operating Income	Passive Components	17.5	20.7	20.4	2.9	16.6	(0.3)	-1.4
	Magnetic Application Products	4.7	2.4	4.8	0.1	2.1	2.4	100.0
	Film Application Products	14.6	13.0	16.2	1.6	11.0	3.2	24.6
	Other	(0.1)	(2.0)	(1.6)	(1.5)	-	0.4	-
	Sub total	36.7	34.1	39.8	3.1	8.4	5.7	16.7
	Corporate and Eliminations	(6.4)	(6.3)	(7.3)	(0.9)	-	(1.0)	-
	Total	30.3	27.8	32.5	2.2	7.3	4.7	16.9
Operating Income margin		10.0%	9.3%	10.0%	+0.0pt	-	+0.7pt	-
Ex-rate	US\$ (Yen)	121.41	102.47	109.19				
	EURO (Yen)	133.05	114.36	117.74				

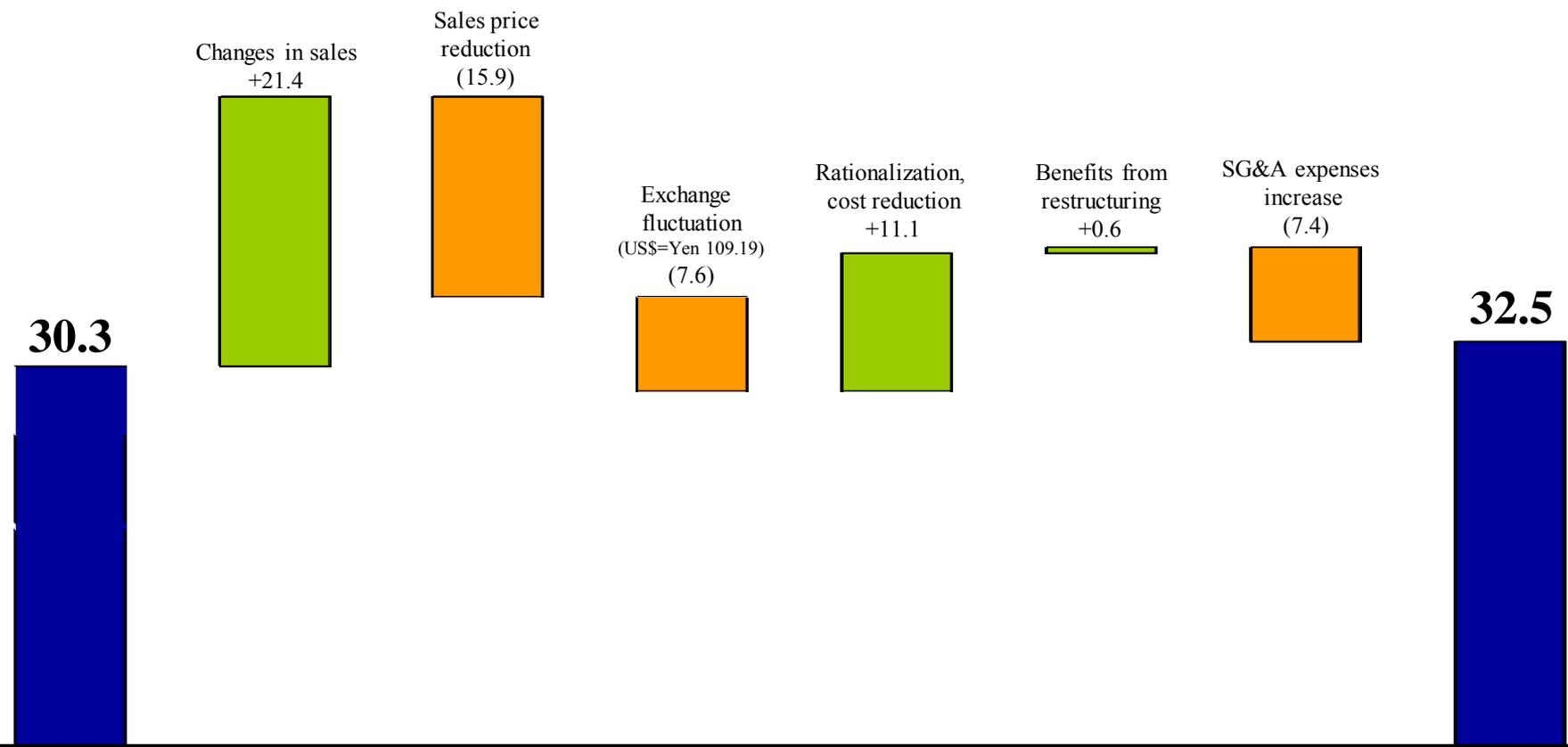
Breakdown of Operating Income Changes

3Q of
FY March 2016
30.3 billion yen

Operating Income +2.2 billion yen

3Q of
FY March 2017
32.5 billion yen

(Yen billions)



Consolidated Results through 3Q of FY March 2017

	(Yen billions)	FY March 2016 Results through 3Q (2015.4.1~2015.12.31)	FY March 2017 Results through 3Q (2016.4.1~2016.12.31)	Change	
				Yen billions	%
Net Sales		889.3	904.0	14.7	1.7
Operating Income		75.9	76.8	0.9	1.2
Operating Income Margin		8.5%	8.5%	+0.0 pt	-
Income before Income Taxes		73.9	76.4	2.5	3.4
Net Income		56.4	57.1	0.7	1.2
Earning Per Share (JPY)		447.54	452.53	-	-
Ex-rate	US\$ (JPY)	121.67	106.67	Appreciated by 12.3%	
	EURO (JPY)	134.42	118.15	Appreciated by 12.1%	
Ex-rate impact to Net sales & Operating Income		Net sales : Decreased by about 123.0 billion Yen Operating income : Decreased by about 25.7 billion Yen			

FY March 2017 Full Year / Dividend Projections

	FY March 2016 Full Year Results (Yen billions)	FY March 2017 Full Year Projections (announced Apr. 28, 2016)	FY March 2017 Full Year Projections (announced Oct. 31, 2016)	FY March 2017 Full Year Projections (announced Jan. 31, 2017)	YoY Change	
					Yen billions	%
Net Sales	1,152.3	1,160.0	1,140.0	1,150.0	(2.3)	-0.2
Operating Income	93.4	74.0	76.0	213.0	119.6	128.1
Operating Income Margin	8.1%	6.4%	6.7%	18.5%	+10.4 pt	-
Income before income taxes	91.8	73.0	75.0	212.0	120.2	130.9
Net Income	64.8	50.0	52.0	145.0	80.2	123.8
Earning Per Share (JPY)	514.23	396.44	412.19	1,149.34	-	-
Dividends (JPY)	1st half : 60 2nd half : 60 Annual: 120	1st half : 60 2nd half : 60 Annual : 120	1st half : 60 2nd half : 60 Annual : 120	1st half : 60 2nd half : 60 Annual : 120	-	-
Ex-rate	US\$ (JPY)	120.13	110.00	100.00 (Second half)	110.00 (4Q)	-
	EURO (JPY)	132.67	125.00	110.00 (Second half)	118.00 (4Q)	-
Capital Expenditure	160.7	200.0	190.0	190.0	29.3	18.2
Depreciation and amortization	83.2	95.0	90.0	90.0	6.8	8.2
Research and development	84.9	90.0	90.0	90.0	5.1	6.0

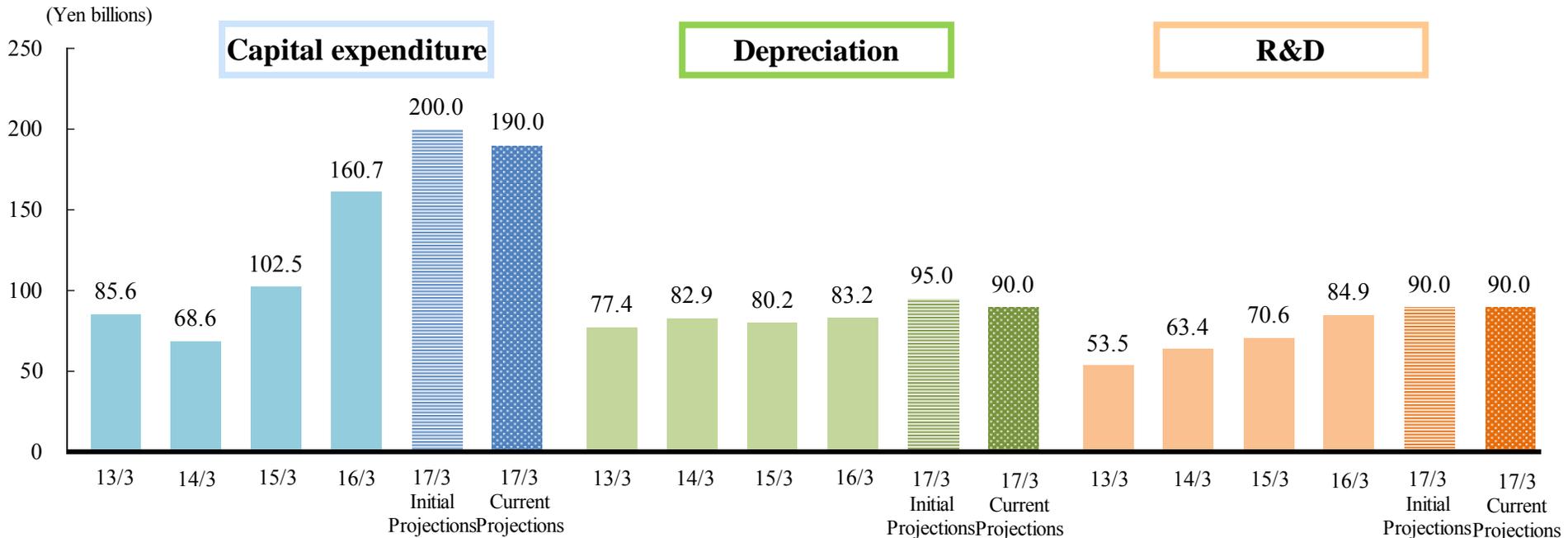
Supplementary Data

Quarterly sales and operating income by segment

		FY March 2016					FY March 2017				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	(Yen billions)										
	Capacitors	39.1	39.5	36.4	35.4	150.4	34.4	33.7	33.6		
	Inductive Devices	39.7	40.2	38.9	36.3	155.1	35.7	35.5	36.6		
	Other Passive Components	71.4	72.6	68.2	65.8	278.0	67.6	74.8	77.7		
	Passive Components	150.3	152.2	143.6	137.4	583.5	137.7	144.0	147.9		
	Recording Devices	54.6	60.7	58.5	46.0	219.8	61.0	62.3	70.7		
	Other Magnetic Application Products	24.8	24.6	23.3	22.9	95.5	21.4	21.6	21.6		
	Magnetic Application Products	79.4	85.3	81.8	68.9	315.3	82.4	83.9	92.4		
	Film Application Products	42.9	63.3	67.6	46.1	219.9	51.8	65.2	76.4		
	Other	7.0	7.3	8.7	10.5	33.6	6.9	7.3	8.1		
Total	279.6	308.1	301.7	262.9	1,152.3	278.8	300.4	324.8			
Operating Income	Passive Components	15.0	17.4	17.5	16.5	66.4	16.0	20.7	20.4		
	Magnetic Application Products	3.8	4.5	4.7	0.2	13.2	1.7	2.4	4.8		
	Film Application Products	5.1	11.8	14.6	5.6	37.0	7.1	13.0	16.2		
	Other	0.0	0.1	(0.1)	1.2	1.2	(1.4)	(2.0)	(1.6)		
	Sub total	23.9	33.7	36.7	23.5	117.8	23.4	34.1	39.8		
	Corporate and Eliminations	(5.8)	(6.3)	(6.4)	(6.0)	(24.4)	(6.9)	(6.3)	(7.3)		
Total	18.1	27.4	30.3	17.5	93.4	16.5	27.8	32.5			
Ex-rate	US\$ (JPY)	121.29	122.31	121.41	115.46	120.13	108.37	102.47	109.19		
	EURO (JPY)	134.15	136.06	133.05	127.37	132.67	122.41	114.36	117.74		

FY March 2017 Projections and Forex sensitivity

Expenses



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

- **US\$: Sales 5.0 billion yen, Operating Income 1.2 billion yen**
- **EURO : Sales 3.0 billion yen, Operating Income 0.7 billion yen**

13/3: FY March 2013

Financial Position

(Yen billions)	March End, 2016	September End, 2016	December End, 2016	Change from Sep End, 2016
Total Asset	1,450.6	1,483.5	1,676.8	193.3
Total Liability	765.9	874.8	948.6	73.8
Stockholders's Equity	675.4	601.6	719.9	118.3
(Comprehensive Income)	(102.3)	(195.4)	(94.3)	101.1
Stockholders's Equity Ratio	46.6%	40.6%	42.9%	+2.3pt
Cash and Cash Equivalents	307.4	304.5	311.7	7.2
Interest-bearing Debt (*1)	335.7	403.3	416.4	13.1
Net Cash (*2)	(28.3)	(98.8)	(104.7)	(5.9)

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

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

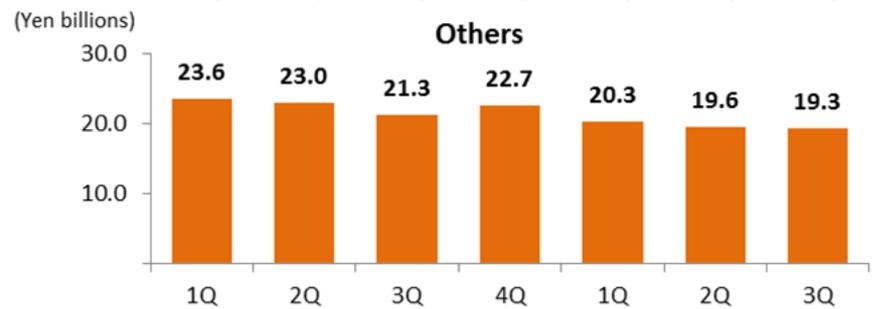
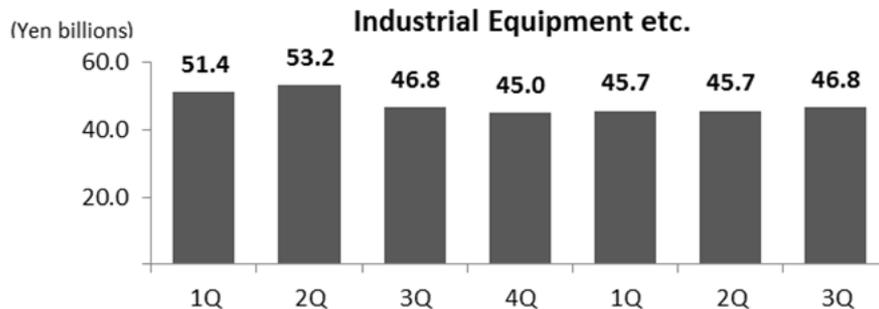
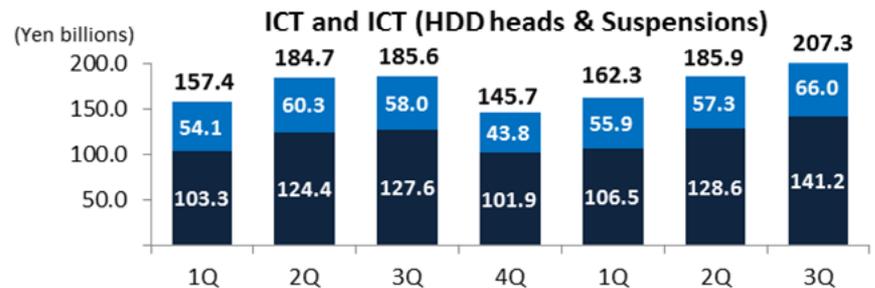
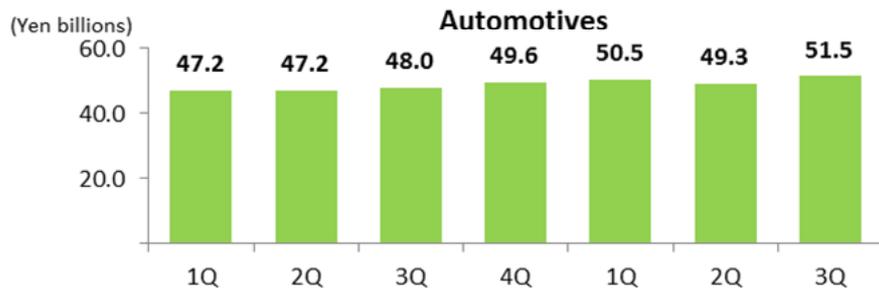
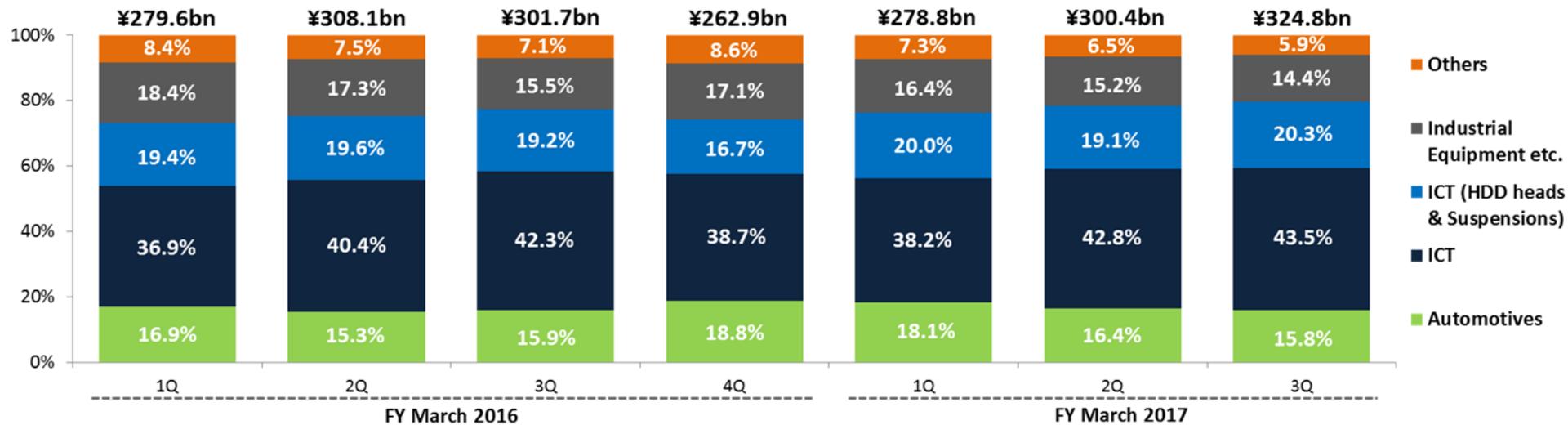
Cash Flows

(Yen billions)	FY March 2016 Results through 3Q	FY March 2017 Results through 3Q	YoY Change
Operating Cash Flow	117.5	115.4	(2.1)
Investing Cash Flow	(103.4)	(137.8)	(34.4)
Free Cash Flow	14.1	(22.4)	(36.5)
Financing Cash Flow	46.2	43.1	(3.1)
Effect of Exchange Rate Chagens on Cash and Cash Equivalentents	(2.4)	4.6	7.0

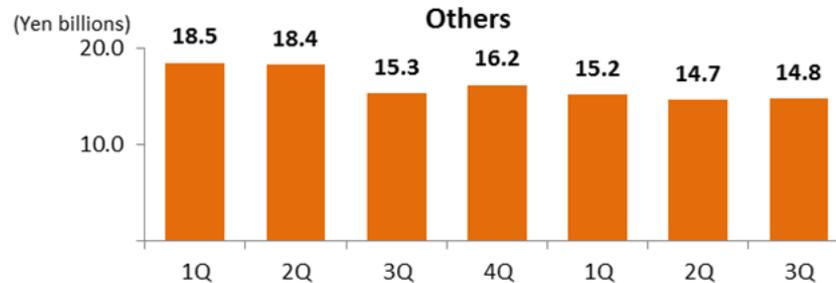
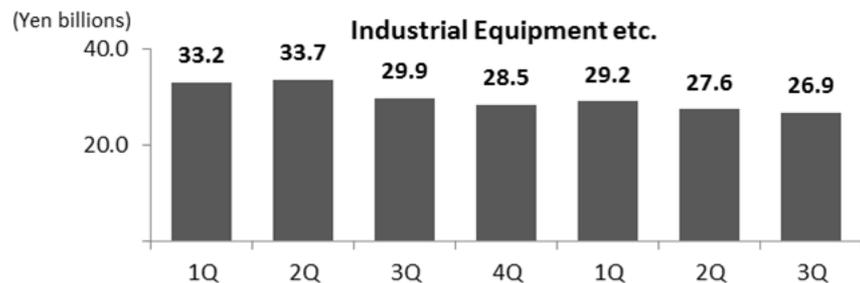
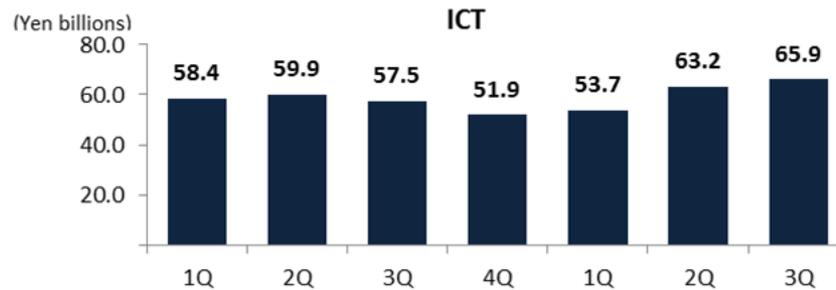
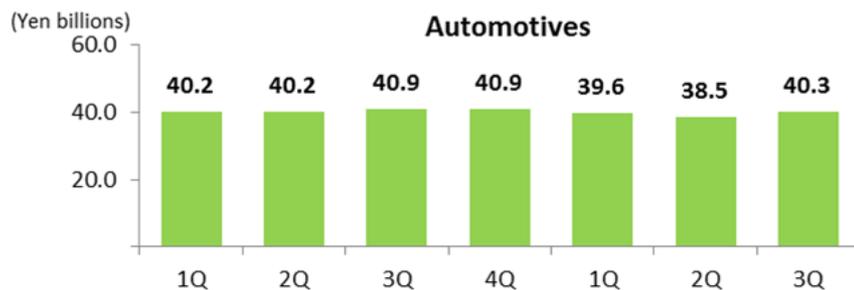
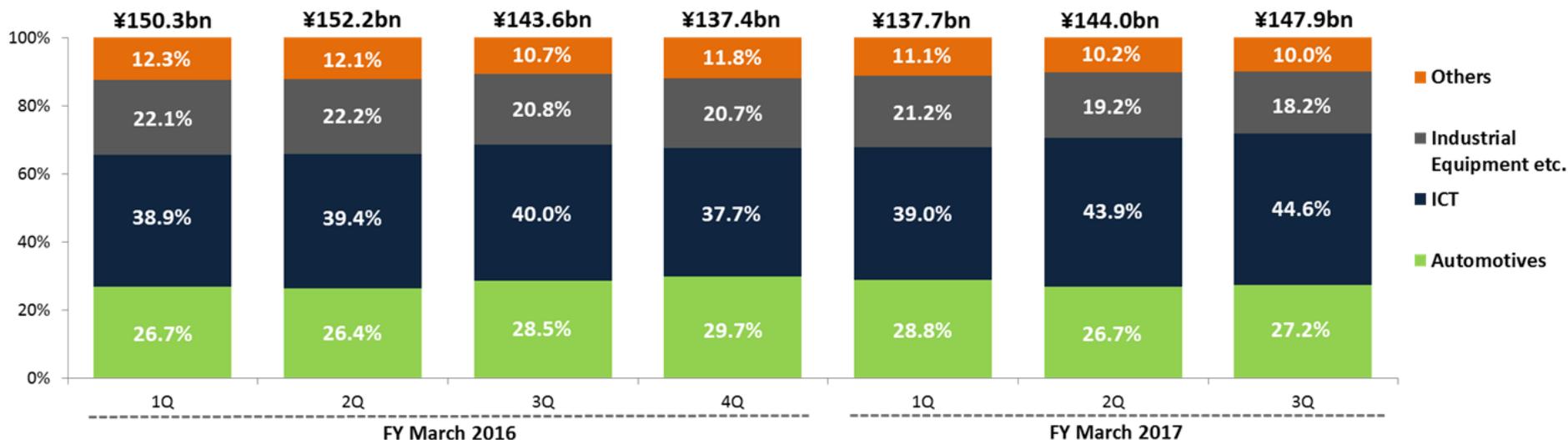
Cash and Cash Equivalentents	323.0	293.9	(29.1)
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(Yen billions)	FY March 2016 Results through 3Q	FY March 2017 Results through 3Q	YoY Change
Capital Expenditures	114.8	134.5	19.7
Depreciation and Amortization	62.5	64.5	2.0

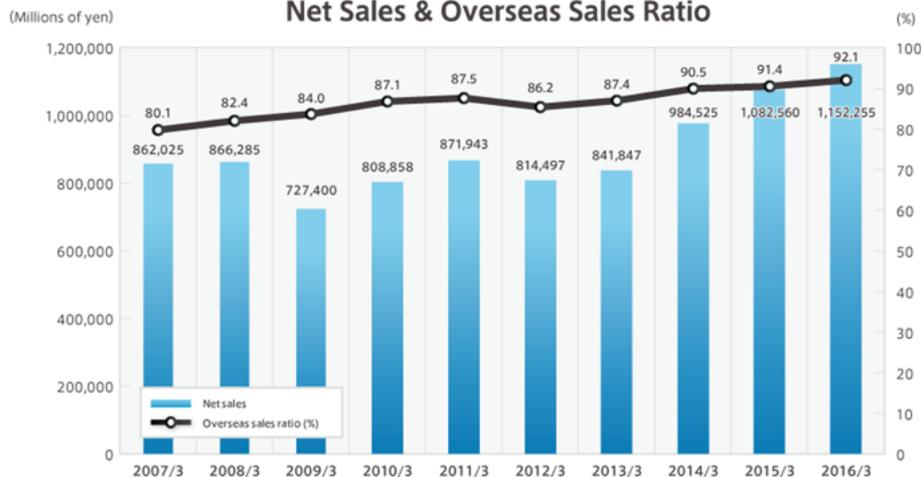
Quarterly sales by applications (1Q of FY March 2016 - 3Q of FY March 2017)



Passive Components Business quarterly sales by applications (1Q of FY March 2016 - 3Q of FY March 2017)



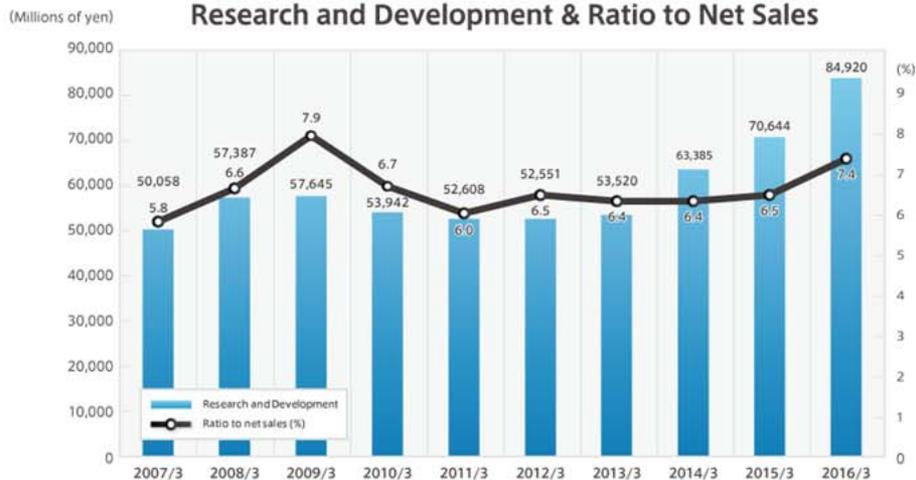
Net Sales & Overseas Sales Ratio



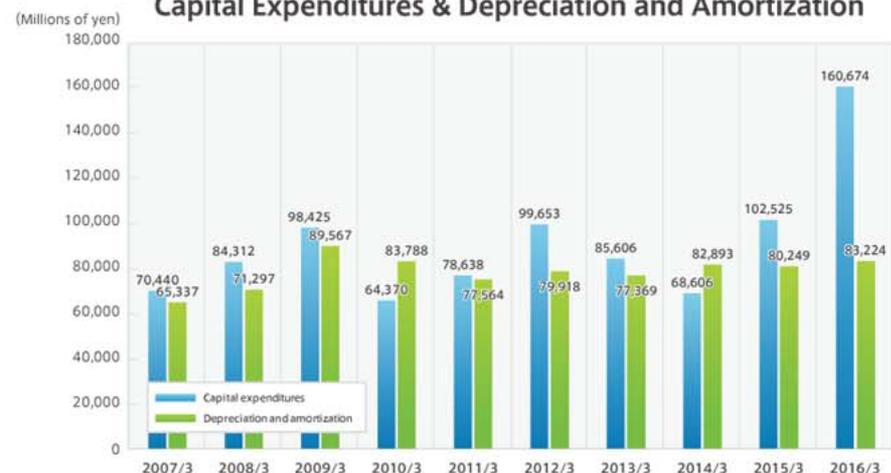
Operating Income, Net Income & Operating Income Ratio



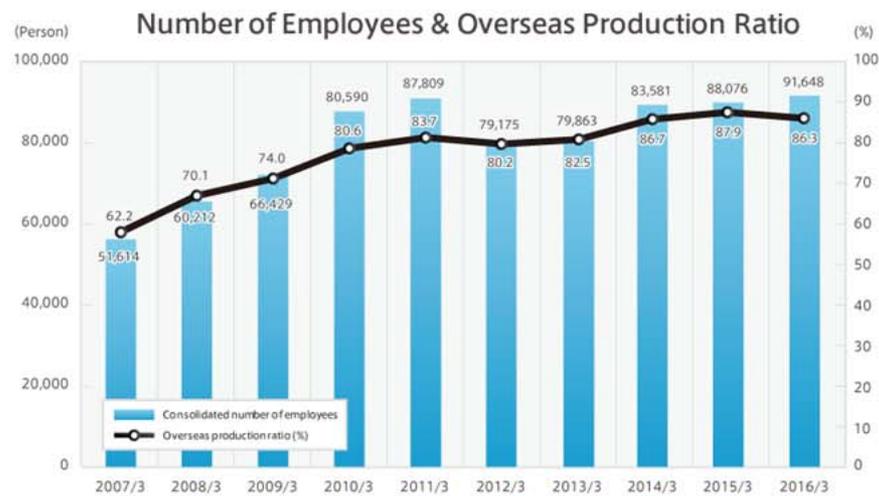
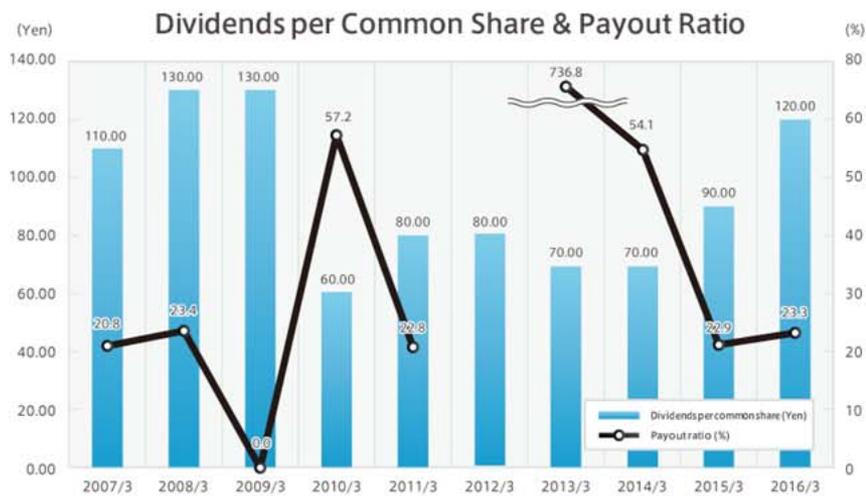
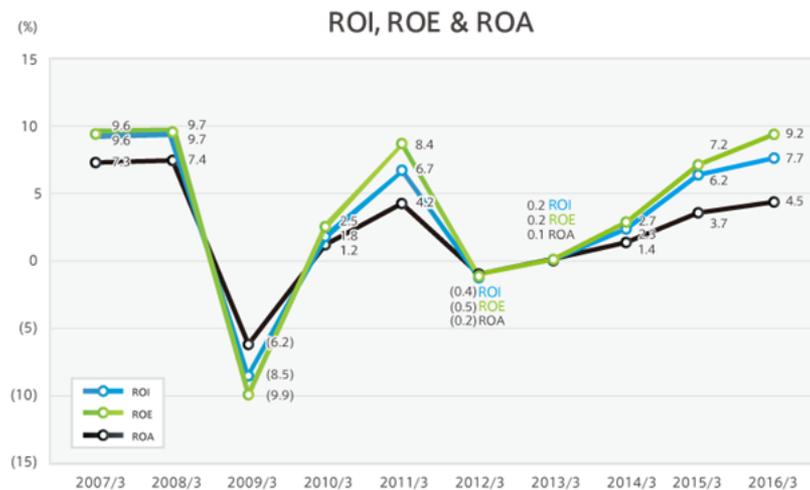
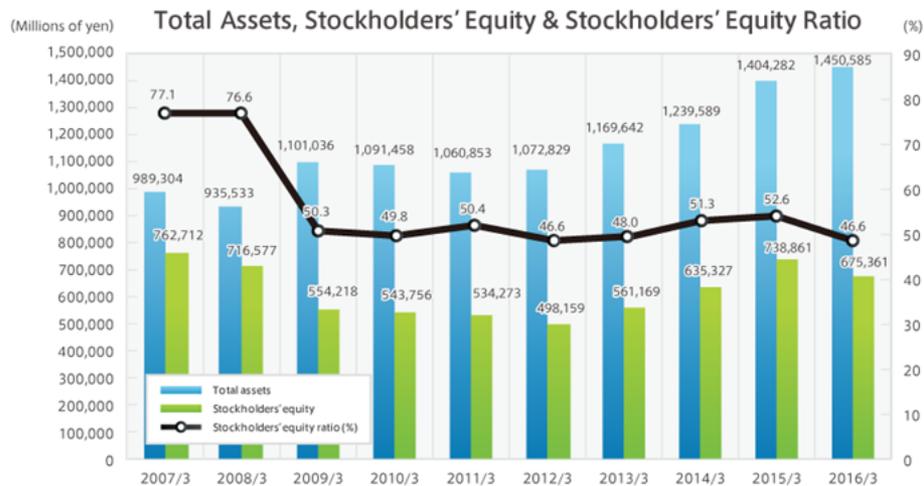
Research and Development & Ratio to Net Sales



Capital Expenditures & Depreciation and Amortization



2007/3 : FY March 2007



Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK, or its group companies (TDK Group). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of the TDK Group in light of the information currently available to it, and contain known and unknown risks, uncertainties, and other factors. The TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties, and other factors, the TDK Group's actual results, performance, achievements, or financial position could be materially different from any future results, performance, achievements, or financial position expressed or implied by these forward-looking statements, and the TDK Group undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in laws and ordinances.

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/2017/3q_1.htm