

Attracting Tomorrow



Performance Briefing
First Half of Fiscal Year March, 2018

TDK Corporation
October 30, 2017

◆ **Consolidated Results for First Half of FY March 2018**

Tetsuji Yamanishi, Senior Vice President

◆ **Consolidated Full Year Projections for FY March 2018**

Shigenao Ishiguro, President and CEO

Consolidated Results for First Half of FY March 2018

Tetsuji Yamanishi
Senior Vice President

- ◆ **Net sales achieved new records both on a half-yearly and a quarterly basis.**
- ◆ **Impact of partial transfer of the High-Frequency Components business on operating income was absorbed by profit increase in existing businesses.**
 - **In the first half, net sales increased 7.7% year on year, while operating income declined 4.5% year on year.**
 - **The Passive Components segment strengthened its profit base even after transferring part of the High-Frequency Components business.**
 - **Both sales and operating income in the Magnetic Application Products segment increased year on year due to the stabilization of earnings on HDD Heads and an expansion in sales of Magnets and Power Supplies to the industrial equipment market.**
 - **Both sales and operating income on Rechargeable Batteries achieved new records on both a half-yearly and a quarterly basis, reflecting continuing expansion in the customer base and ongoing growth in sales for new applications.**
 - **In the Sensor Application Products, the Company promoted the growth strategies of the Sensor business under Sensor Systems Business Company.**

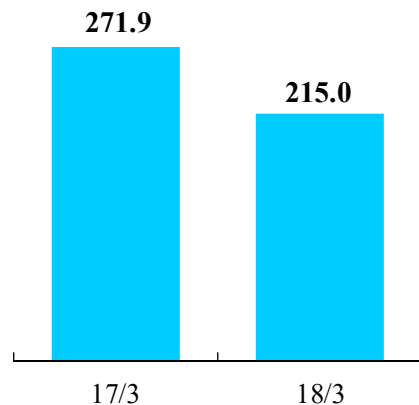
Consolidated Results for First Half of FY March 2018



(Yen billions)	FY March 2017 Results through 2Q (2016.4.1-2016.9.30)	FY March 2018 Results through 2Q (2017.4.1-2017.9.30)	Change	
			Yen billions	%
Net Sales	579.2	623.6	44.4	7.7
Operating Income	44.3	42.3	(2.0)	-4.5
Operating Income Margin	7.6%	6.8%	-0.8pt	-
Income before Income Taxes	44.3	44.3	0.0	0.0
Net Income	32.7	30.7	(2.0)	-6.1
Earning per Share (JPY)	259.01	243.15	-	-
Ex-rate	US\$ (JPY)	105.41	111.08	Depreciated by 5.4%
	EURO (JPY)	118.36	126.16	Depreciated by 6.6%
Ex-rate Impact to Net Sales & Operating Income	Net sales : Increased by about 27.4 billion Yen Operating income : Increased by about 5.0 billion Yen			

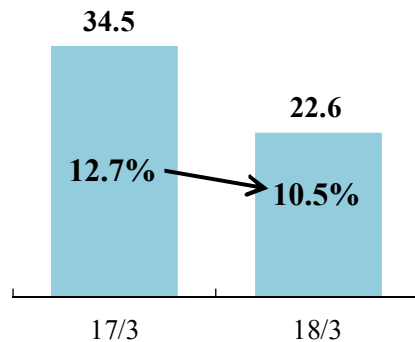
Net Sales

(Yen billions)



Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Net Sales 215.0 billion yen (down 20.9% year on year)

Operating Income 22.6 billion yen (down 34.5% year on year)

◆ Ceramic Capacitors

- Sales and profit increased year on year.
- Sales to the automotive market increased.

◆ Inductive Devices

- Sales increased year on year.
- Sales to the automotive and the industrial equipment market increased.

◆ High-Frequency Components

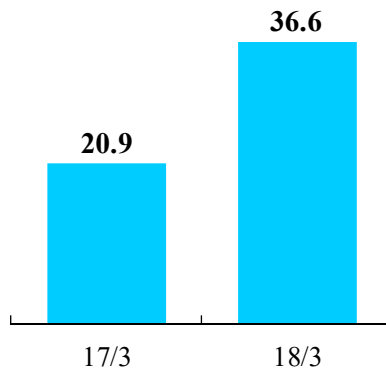
- Sales and profit decreased year on year due to the impact of the partial transfer of business.

◆ Piezoelectric Material Products

- Sales and profit increased year on year.
- Sales of Circuit Protection Components to the industrial equipment market increased.

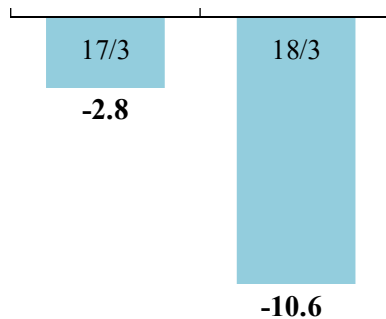
Net Sales

(Yen billions)



Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Net Sales 36.6 billion yen (up 75.1% year on year)

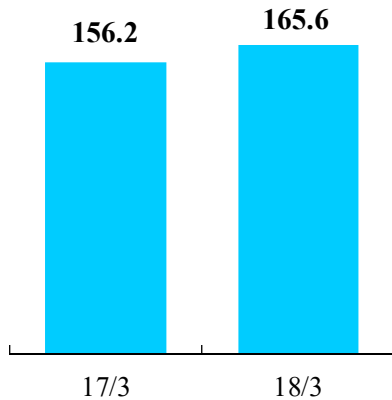
Operating Income -10.6 billion yen (down —% year on year)

◆Sensors

- Sales increased year on year due to the consolidation of sales of InvenSense, Inc., following the completion of its acquisition in May.
- Sales of Temperature and Pressure Sensors and Magnetic Sensors to the automotive market increased year on year.
- There was a larger operating loss mainly due to the recording of acquisition-related costs for InvenSense, Inc.

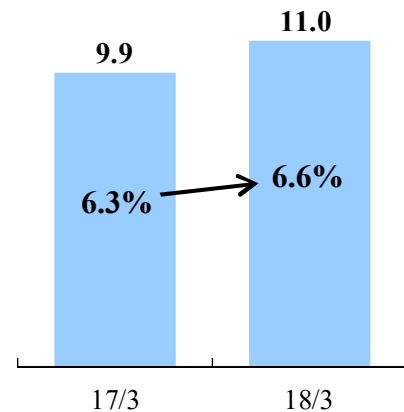
Net Sales

(Yen billions)



Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Net Sales 165.6 billion yen (up 6.0% year on year)

Operating Income 11.0 billion yen (up 11.1% year on year)

◆ HDD Heads

- Sales decreased year on year.
- Sales of HDD Suspensions Assemblies increased due to the acquisition of Hutchinson Technology Incorporated.

◆ Magnets

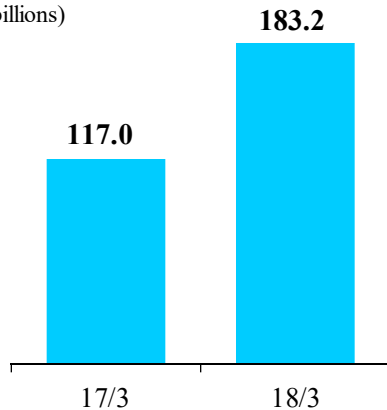
- Sales increased year on year.
- Sales increased for applications such as wind power generators, industrial equipment and home electric appliances.

◆ Power Supplies

- Sales and profit increased year on year, reflecting strong conditions in the industrial equipment market.
- Solid sales for applications such as semiconductor manufacturing equipment and robotics-related applications.

Net Sales

(Yen billions)



Net Sales 183.2 billion yen (up 56.6% year on year)

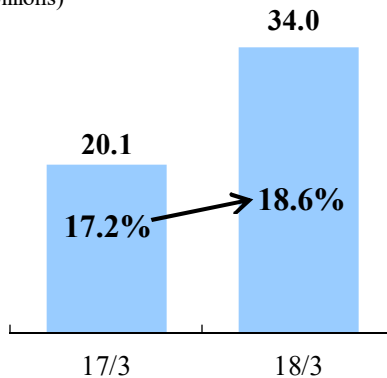
Operating Income 34.0 billion yen (up 69.2% year on year)

◆ Energy Devices (Rechargeable Batteries)

- Sales and profit increased year on year.
- Sales for mobile applications were firm.
- Sales also increased for new applications such as drones and game consoles.

Operating Income (OP Margin)

(Yen billions)



17/3: FY March 2017

Breakdown of Operating Income Changes

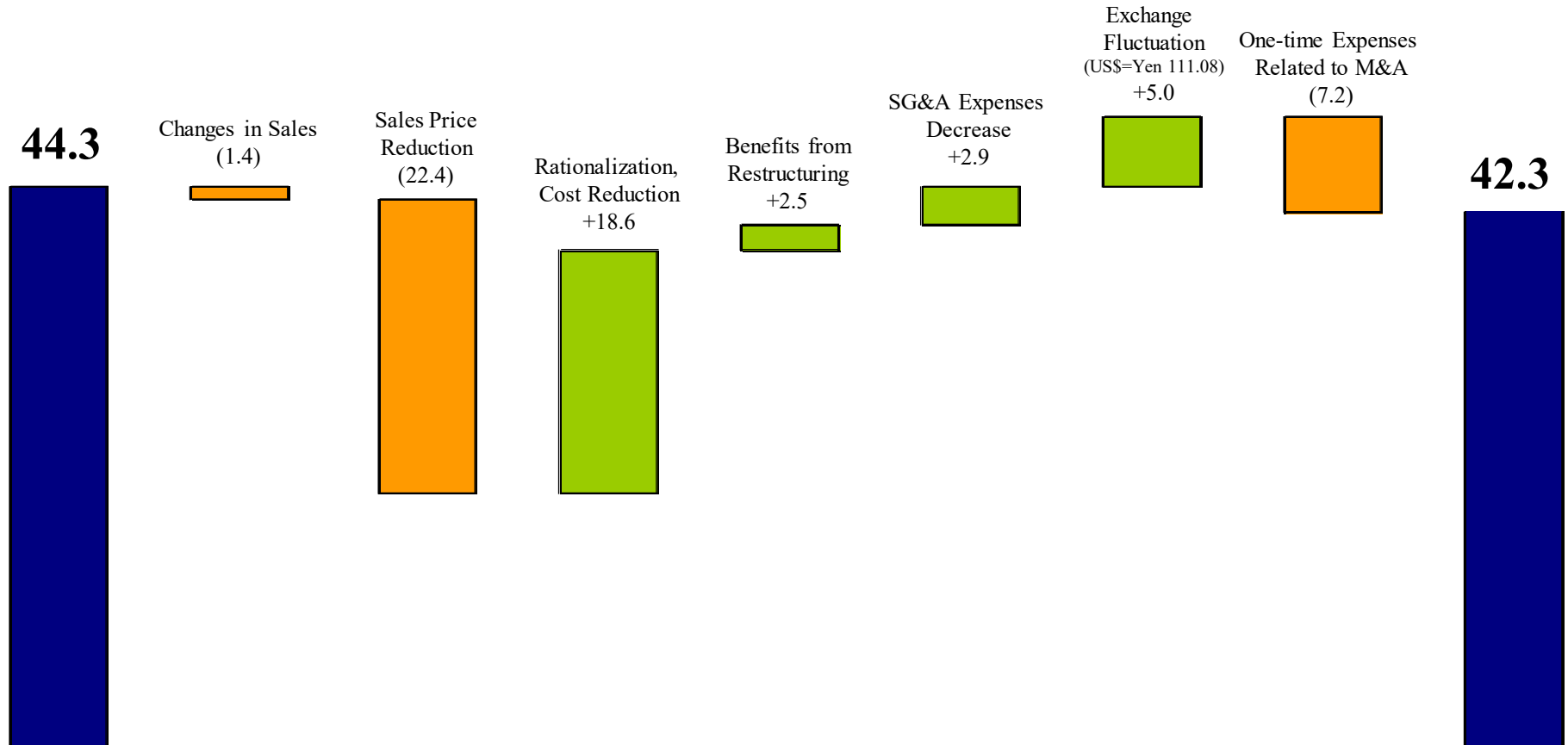


First Half of
FY March 2017
44.3 billion yen

Operating Income -2.0 billion yen

First Half of
FY March 2018
42.3 billion yen

(Yen billions)



Consolidated Results for 2Q of FY March 2018



	(Yen billions)	FY March 2017 2Q Results	FY March 2018 2Q Results	Change	
				Yen billions	%
Net Sales		300.4	334.0	33.6	11.2
Operating Income		27.8	26.6	(1.2)	-4.3
Operating Income Margin		9.3%	8.0%	-1.3pt	-
Income before Income Taxes		27.9	27.3	(0.6)	-2.2
Net Income		20.3	19.7	(0.6)	-3.0
Earning per Share (JPY)		160.71	156.35	-	-
Ex-rate	US\$ (JPY)	102.47	111.01	Depreciated by 8.3%	
	EURO (JPY)	114.36	130.26	Depreciated by 13.9%	
Ex-rate Impact to Net Sales & Operating Income	Net sales : Increased by about 23.4 billion Yen Operating income : Increased by about 3.9 billion Yen				

Quarterly Results by Segment



(Yen billions)		2Q of FY March 2017 (A)	1Q of FY March 2018 (B)	2Q of FY March 2018 (C)	YoY Change (C)-(A)		QoQ Change (C)-(B)	
					Yen billions	%	Yen billions	%
					Net Sales	Capacitors	33.7	36.3
Inductive Devices	35.5	37.6	40.5	5.0		14.1	2.9	7.7
Other Passive Components	70.0	29.6	31.8	(38.2)		-54.6	2.2	7.4
Passive Components	139.2	103.5	111.5	(27.7)		-19.9	8.0	7.7
Sensor Application Products	10.5	16.4	20.2	9.7		92.4	3.8	23.2
Recording Devices	57.3	56.7	61.8	4.5		7.9	5.1	9.0
Other Magnetic Application Products	21.6	23.3	23.7	2.1		9.7	0.4	1.7
Magnetic Application Products	78.9	80.0	85.6	6.7		8.5	5.6	7.0
Film Application Products	65.2	79.7	103.5	38.3		58.7	23.8	29.9
Other	6.6	9.9	13.3	6.7		101.5	3.4	34.3
Total	300.4	289.5	334.0	33.6		11.2	44.5	15.4
Operating Income	Passive Components	19.7	10.2	12.4	(7.3)	-37.1	2.2	21.6
	Sensor Application Products	(1.8)	(4.6)	(6.1)	(4.3)	-	(1.5)	-
	Magnetic Application Products	5.8	4.8	6.1	0.3	5.2	1.3	27.1
	Film Application Products	13.0	12.7	21.3	8.3	63.8	8.6	67.7
	Other	(2.6)	0.3	(1.2)	1.4	-	(1.5)	-
	Sub total	34.1	23.5	32.5	(1.6)	-4.7	9.0	38.3
	Corporate and Eliminations	(6.3)	(7.9)	(5.9)	0.4	-	2.0	-
	Total	27.8	15.6	26.6	(1.2)	-4.3	11.0	70.5
Operating Income Margin		9.3%	5.4%	8.0%	-1.3 pt	-	+2.6 pt	-
Ex-rate	US\$/JPY	102.47	111.16	111.01				
	EURO/JPY	114.36	122.02	130.26				

Consolidated Full Year Projections for FY March 2018

**Shigenao Ishiguro
President and CEO**

Projections for 3Q of FY March 2018 - Image of Change in Sales



(Yen billions)

Segment	2Q of FY March 2018	3Q Projections (Q on Q Change)
Passive Components	111.5	+2%~+5%
Sensor Application Products	20.2	+2%~+5%
Magnetic Application Products	85.6	-4%~-7%
Film Application Products	103.5	+1%~+3%
Other	13.3	—
Total	334.0	+1%~+3%

Forex assumptions

US\$/Yen

111.01

108.00

EURO/Yen

130.26

127.00

FY March 2018 Full Year / Dividend Projections



	(Yen billions)	FY March 2017 Full Year Results	FY March 2018 Full Year Projections (announced on May 10, 2017)	FY March 2018 Full Year Projections (announced on Jul. 28, 2017)	FY March 2018 Full Year Projections (announced on Oct. 30, 2017)	YoY Change	
						Yen billions	%
Net Sales		1,178.3	1,110.0	1,190.0	1,250.0	71.7	6.1
Operating Income		208.7	80.0	80.0	85.0	(123.7)	-59.3
Operating Income Margin		17.7%	7.2%	6.7%	6.8%	-10.9 pt	-
Income before Income Taxes		211.7	79.0	79.0	88.0	(123.7)	-58.4
Net Income		145.1	55.0	55.0	60.0	(85.1)	-58.6
Earning per Share (JPY)		1,150.16	435.82	435.79	475.37	-	-
Dividends (JPY)		1st half : 60 2nd half : 60 Annual: 120	1st half : 60 2nd half : 70 Annual : 130	1st half : 60 2nd half : 70 Annual : 130	1st half : 60 2nd half : 70 Annual : 130	-	-
Ex-rate	US\$(JPY)	108.46	108.00	108.00	108.00 (Second half)	-	-
	EURO(JPY)	118.92	118.00	118.00	127.00 (Second half)	-	-
Capital Expenditure		167.6	160.0	160.0	170.0	2.4	1.4
Depreciation and Amortization		87.5	88.0	88.0	90.0	2.5	2.9
Research and Development		91.3	86.0	94.0	99.0	7.7	8.4

Supplementary Data

Quarterly Sales and Operating Income by Segment



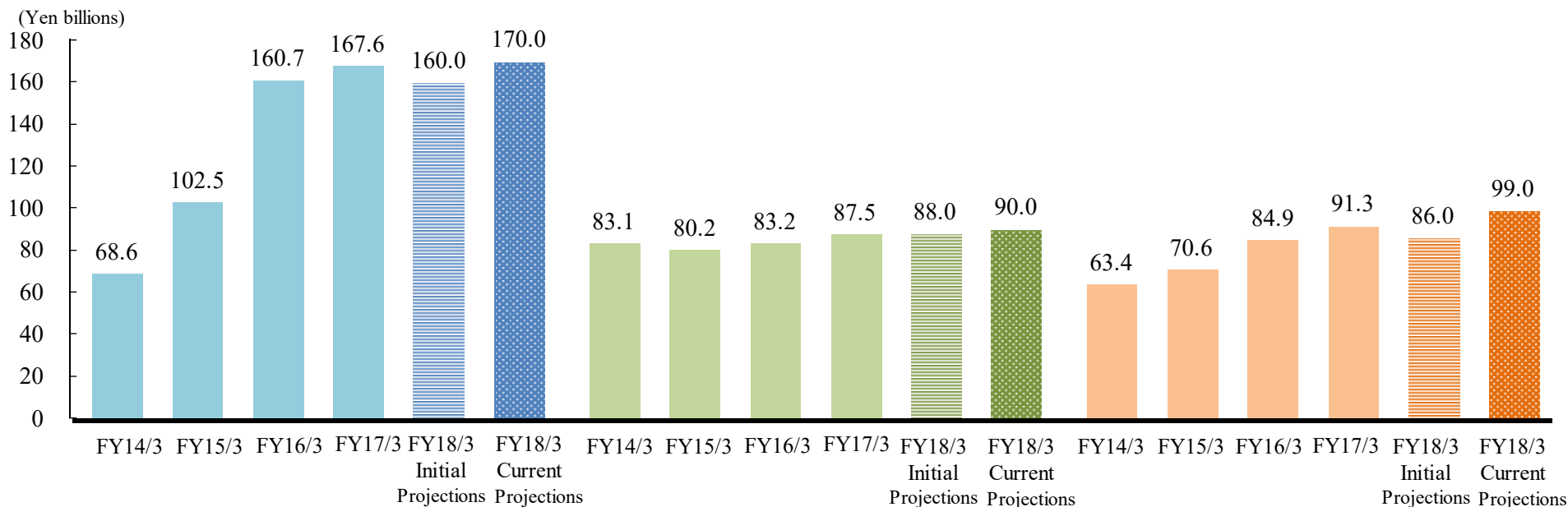
(Yen billions)		FY March 2017					FY March 2018				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	Capacitors	34.4	33.7	33.6	35.0	136.8	36.3	39.2			
	Inductive Devices	35.7	35.5	36.6	37.6	145.3	37.6	40.5			
	Other Passive Components	62.6	70.0	72.8	40.7	246.1	29.6	31.8			
	Passive Components	132.7	139.2	143.0	113.3	528.2	103.5	111.5			
	Sensor Application Products	10.4	10.5	10.5	11.5	42.9	16.4	20.2			
	Recording Devices	55.9	57.3	66.0	63.0	242.3	56.7	61.8			
	Other Magnetic Application Products	21.4	21.6	21.6	22.9	87.6	23.3	23.7			
	Magnetic Application Products	77.3	78.9	87.7	85.9	329.9	80.0	85.6			
	Film Application Products	51.8	65.2	76.4	54.4	247.7	79.7	103.5			
	Other	6.6	6.6	7.2	9.2	29.6	9.9	13.3			
Total	278.8	300.4	324.8	274.3	1,178.3	289.5	334.0				
Operating Income	Passive Components	14.8	19.7	19.1	146.7	200.3	10.2	12.4			
	Sensor Application Products	(1.0)	(1.8)	(1.5)	(2.2)	(6.5)	(4.6)	(6.1)			
	Magnetic Application Products	4.1	5.8	7.0	(7.3)	9.7	4.8	6.1			
	Film Application Products	7.1	13.0	16.2	5.0	41.2	12.7	21.3			
	Other	(1.5)	(2.6)	(1.0)	(2.2)	(7.3)	0.3	(1.2)			
	Sub total	23.4	34.1	39.8	140.0	237.4	23.5	32.5			
	Corporate and Eliminations	(6.9)	(6.3)	(7.3)	(8.2)	(28.8)	(7.9)	(5.9)			
Total	16.5	27.8	32.5	131.8	208.7	15.6	26.6				
Ex-rate	US\$/JPY	108.37	102.47	109.19	113.85	108.46	111.16	111.01			
	EURO/JPY	122.41	114.36	117.74	121.25	118.92	122.02	130.26			

Expenses

Capital Expenditure

Depreciation

R&D



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

- **US\$: Sales 7.0 billion yen, Operating Income 1.2 billion yen**
- **EURO : Sales 1.5 billion yen, Operating Income 0.2 billion yen**

Financial Position



(Yen billions)	March End, 2017	June End, 2017	September End, 2017	Change from June End, 2017
Total Asset	1,664.3	1,913.0	1,944.2	31.2
Total Liability	862.2	1,103.1	1,111.3	8.2
Stockholders's Equity	793.6	801.2	826.3	25.1
(Comprehensive Income)	(108.6)	(104.5)	(92.5)	12.0
Stockholders's Equity Ratio	47.7%	41.9%	42.5%	+0.6pt
Cash and Cash Equivalentents	386.5	386.0	349.7	(36.3)
Interest-bearing Debt (*1)	334.1	529.5	514.8	(14.7)
Net Cash (*2)	52.4	(143.5)	(165.1)	(21.6)

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

*2: Cash and cash equivalentents - Interest-bearing debt

Cash Flows

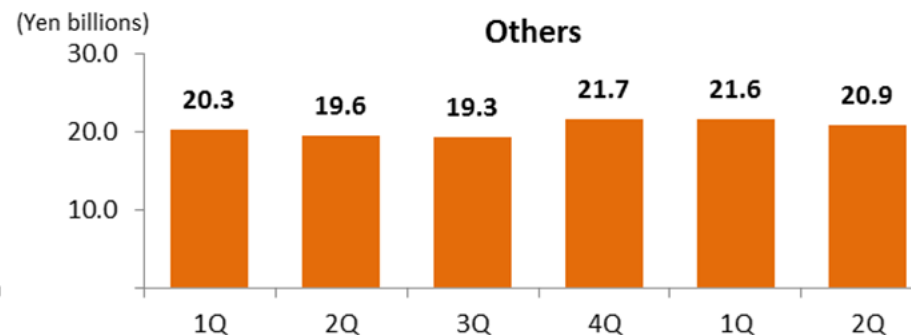
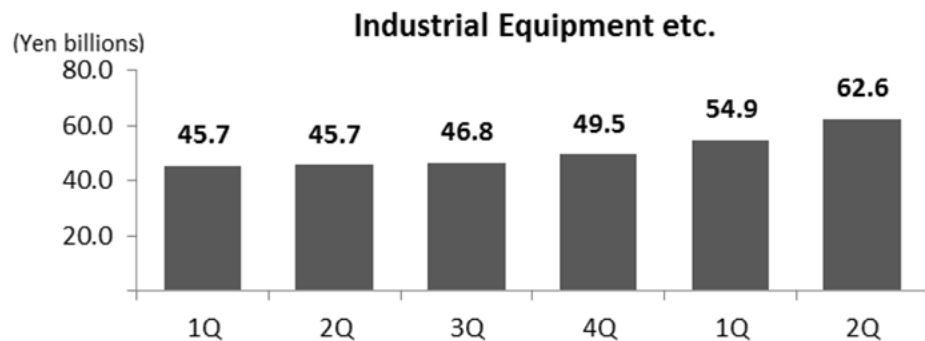
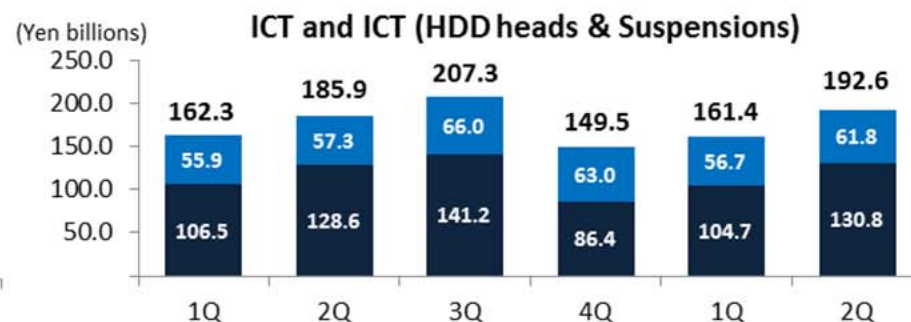
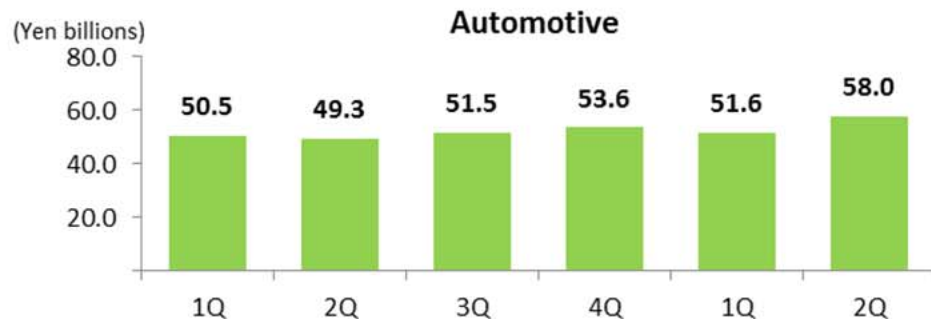
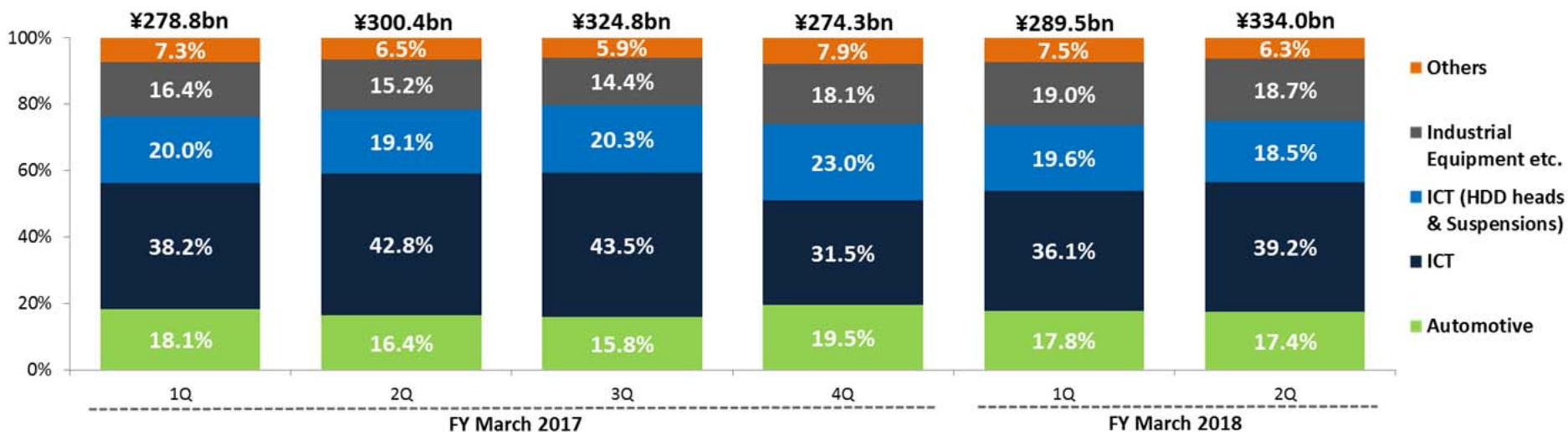


(Yen billions)	FY March 2017 Results through 2Q	FY March 2018 Results through 2Q	YoY Change
Operating Cash Flow	54.6	(10.8)	(65.4)
Investing Cash Flow	(87.5)	(198.8)	(111.3)
Free Cash Flow	(32.9)	(209.6)	(176.7)
Financing Cash Flow	62.3	143.3	81.0
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(30.1)	6.5	36.6
Cash and Cash Equivalents	284.7	270.6	(14.1)

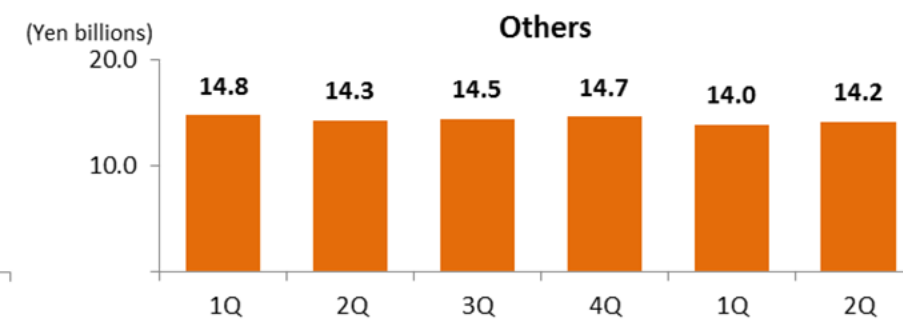
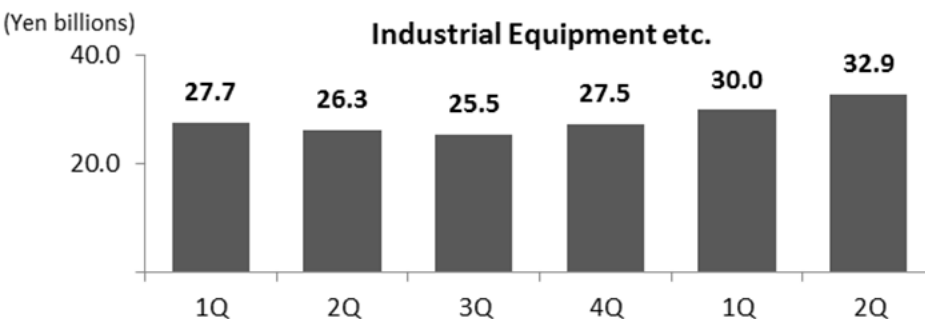
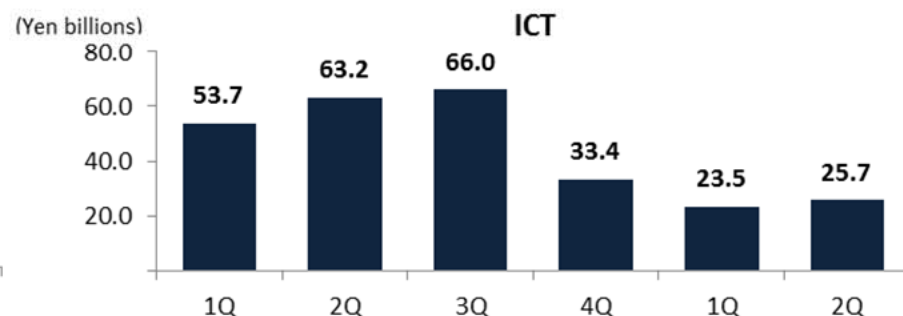
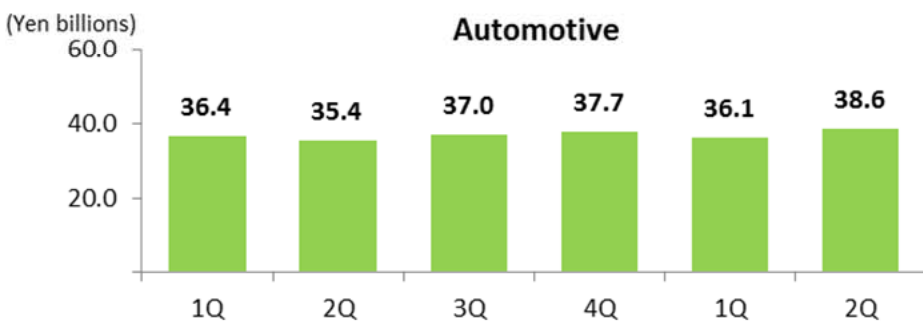
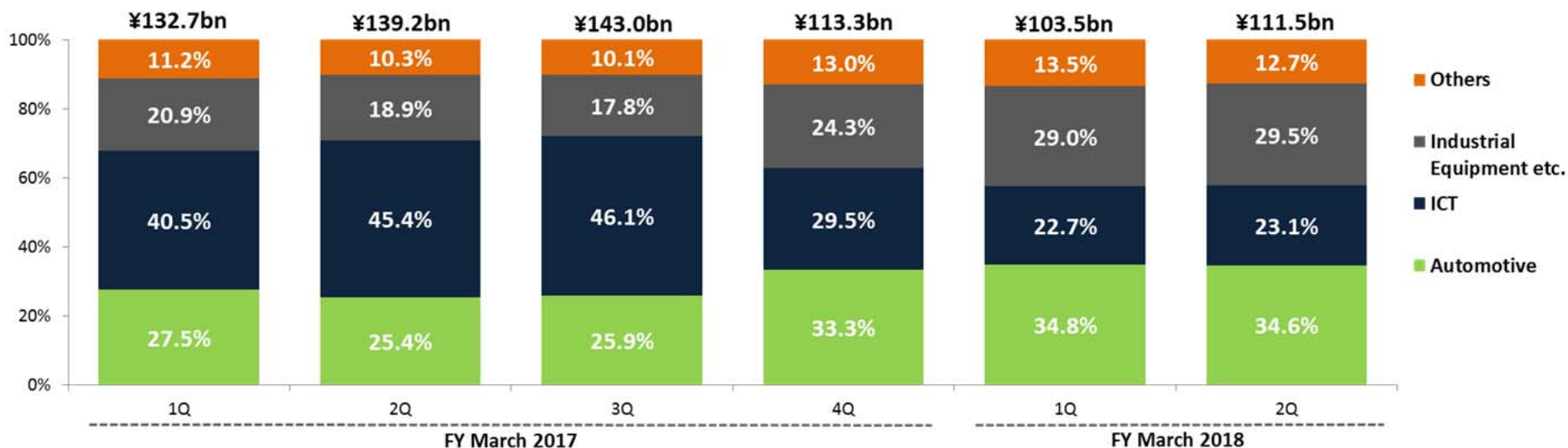
(Yen billions)	FY March 2017 Results through 2Q	FY March 2018 Results through 2Q	YoY Change
Capital Expenditures	87.8	84.7	(3.1)
Depreciation and Amortization	41.4	43.2	1.8

Quarterly Sales by Applications

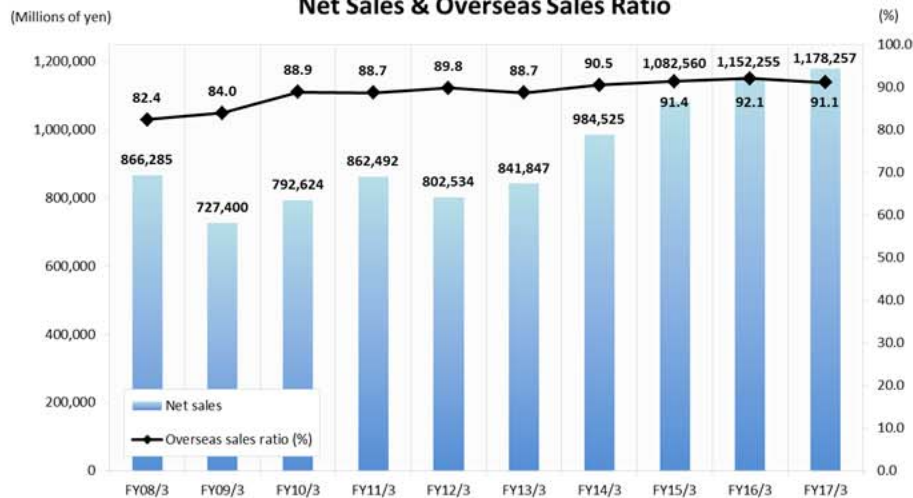
(1Q of FY March 2017 – 2Q of FY March 2018)



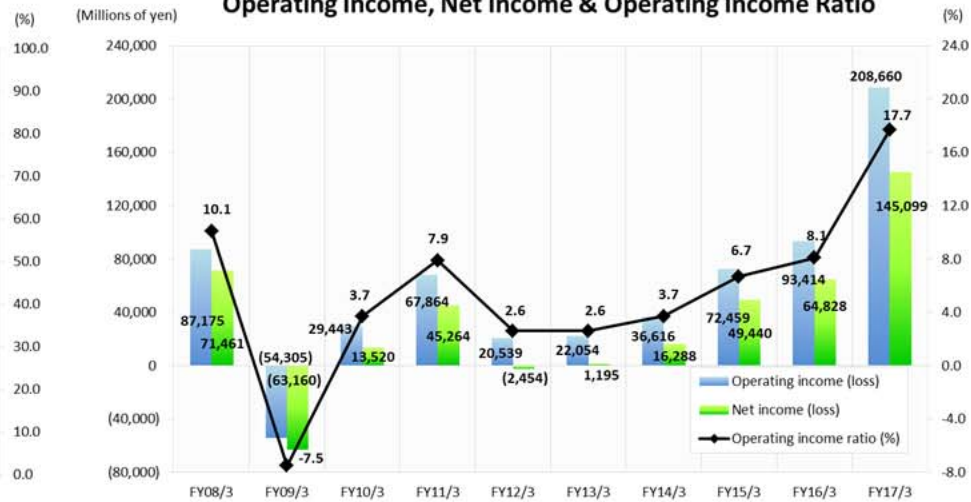
Passive Components Business Quarterly Sales by Applications (1Q of FY March 2017 – 2Q of FY March 2018)



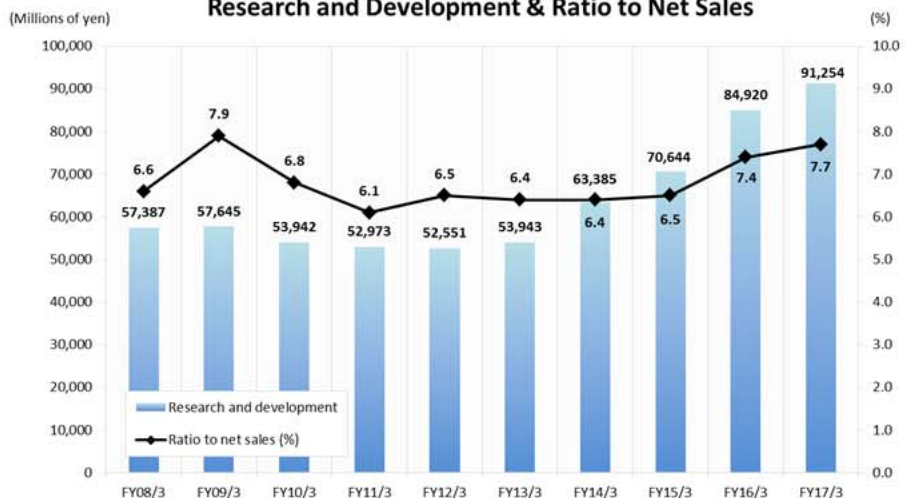
Net Sales & Overseas Sales Ratio



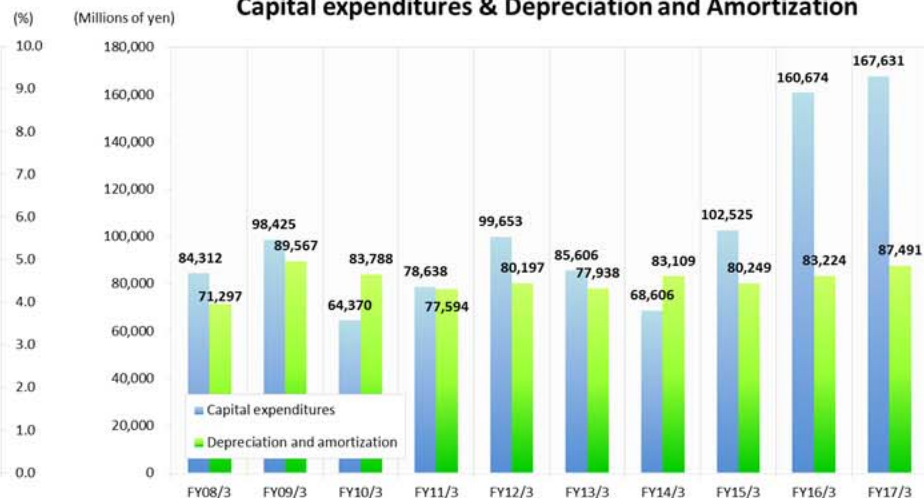
Operating Income, Net Income & Operating Income Ratio

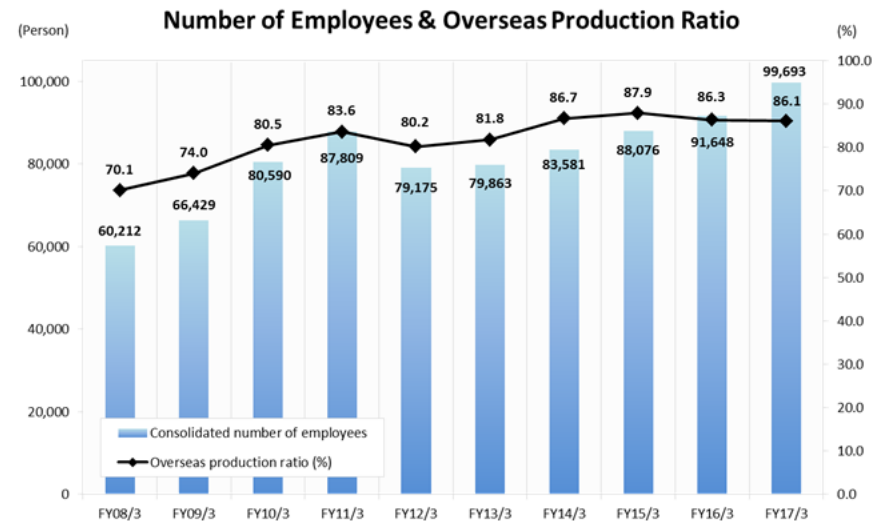
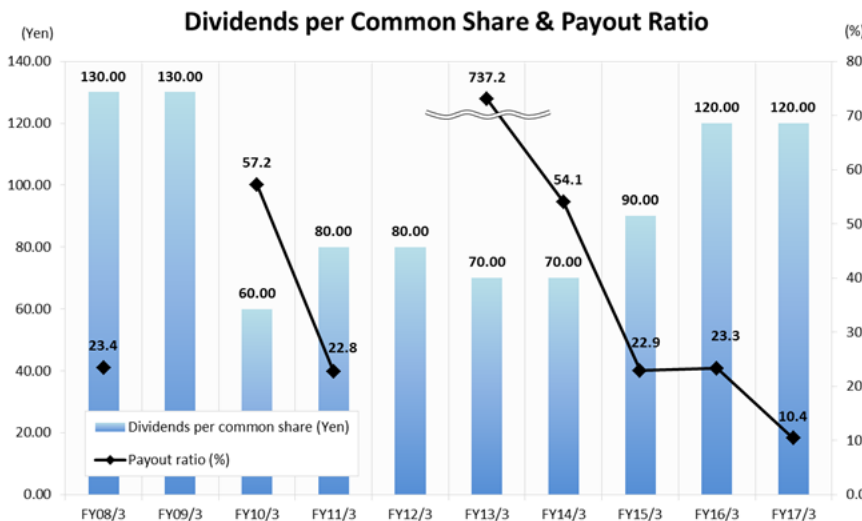
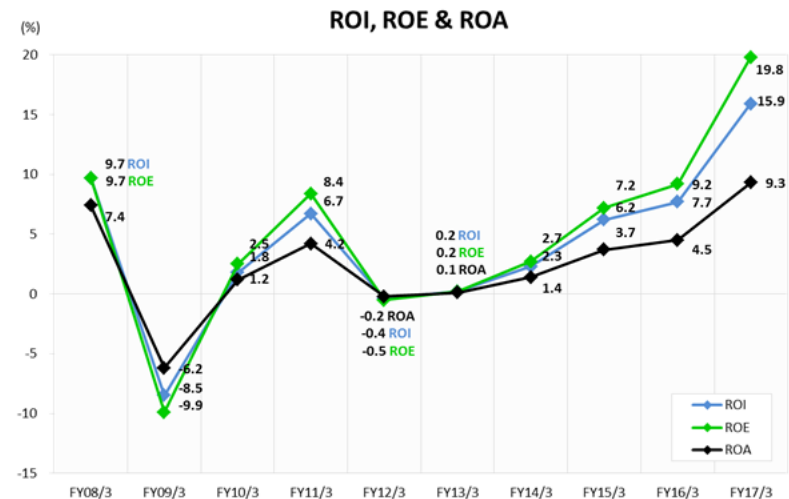
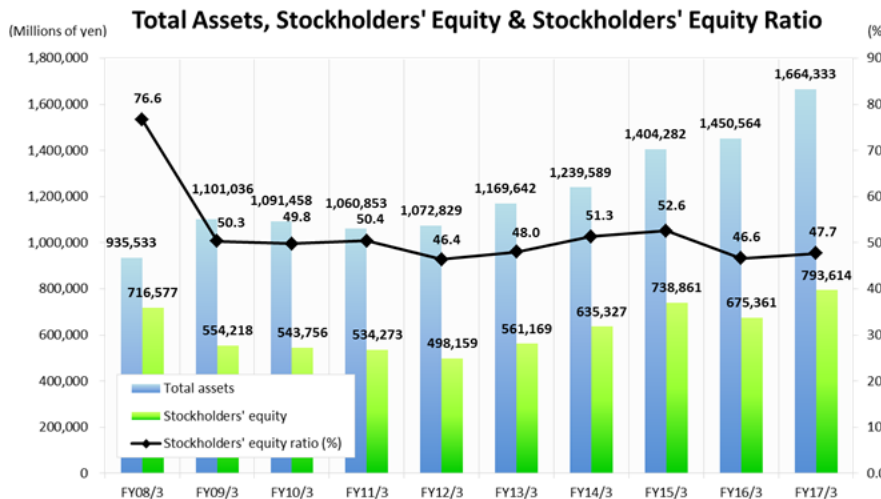


Research and Development & Ratio to Net Sales



Capital expenditures & Depreciation and Amortization





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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/2018/2q_1.htm