

Consolidated Results for 1Q of FY March 2019

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Key points concerning earnings for 1Q of FY March 2019

- **Both net sales and operating income increased year on year**
- **Net sales achieved a new record on a quarterly basis**

▭ Net sales rose 18.5% year on year. Operating income increased 53.0% year on year.

▭ In the Passive Components segment, TDK continued to expand the profit base of Capacitors by responding to strong demand in the automotive and the industrial equipment markets.

▭ In the Sensor Application Products segment, the Company posted an increase in net sales driven by a strong automotive market and expanded sales of Magnetic Sensors to the ICT market.

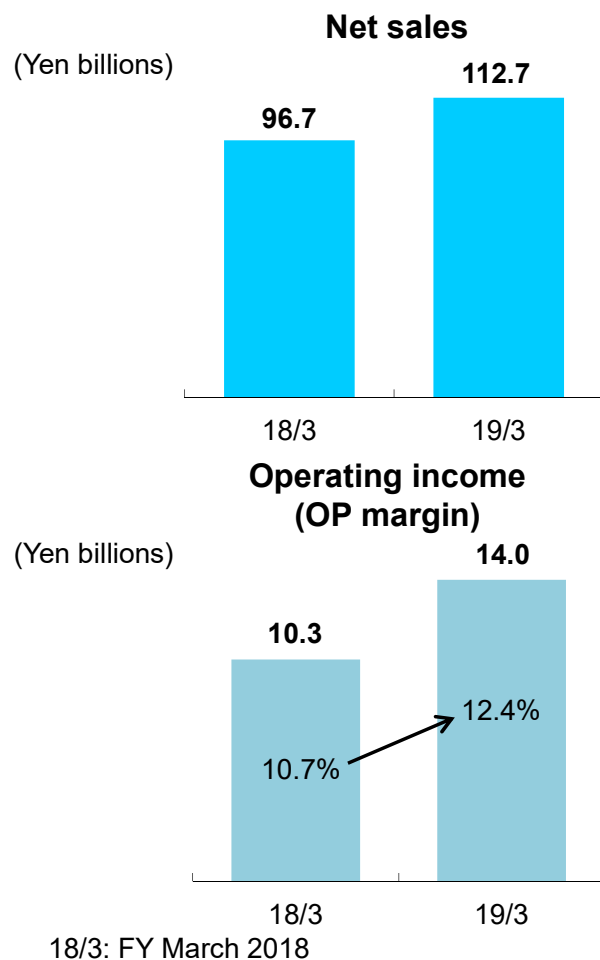
▭ In the Magnetic Application Products segment, both sales and operating income of HDD Heads increased, boosted by a tailwind of strong demand from data centers.

▭ In the Energy Application Products segment, both sales and operating income of Rechargeable Batteries increased due to an expansion in sales to the Chinese smartphone market.

Consolidated results for 1Q of FY March 2019

	(Yen billions)	FY March 2018 1Q results	FY March 2019 1Q results	Change	
				Yen billions	%
	Net sales	289.5	343.1	53.6	18.5
	Operating income	16.6	25.4	8.8	53.0
	Operating income margin	5.7%	7.4%	+1.7 pt	-
	Income before income taxes	16.9	23.7	6.8	40.2
	Net income	11.0	16.2	5.2	47.3
	Earning per share (JPY)	86.80	128.29	-	-
Ex-rate	US\$ (JPY)	111.16	109.09	Appreciated by 1.9%	
	EURO (JPY)	122.02	130.16	Depreciated by 6.7%	
Ex-rate impact to net sales & operating income		Net sales : Increased by about 2.8 billion Yen Operating income : Increased by about 1.1 billion Yen			

1Q results - Passive Components segment



Net sales 112.7 billion yen (up 16.5% year on year)
Operating income 14.0 billion yen (up 35.9% year on year)

- **Ceramic Capacitors**

- ↪ Sales and operating income increased year on year against a background of strong demand.
- ↪ Sales mainly to the automotive market increased.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- ↪ Sales and profit increased year on year.
- ↪ Sales to the industrial equipment and the automotive markets increased.

- **Inductive Devices**

- ↪ Sales increased year on year.
- ↪ Sales to the automotive market were firm.

- **High-Frequency Components**

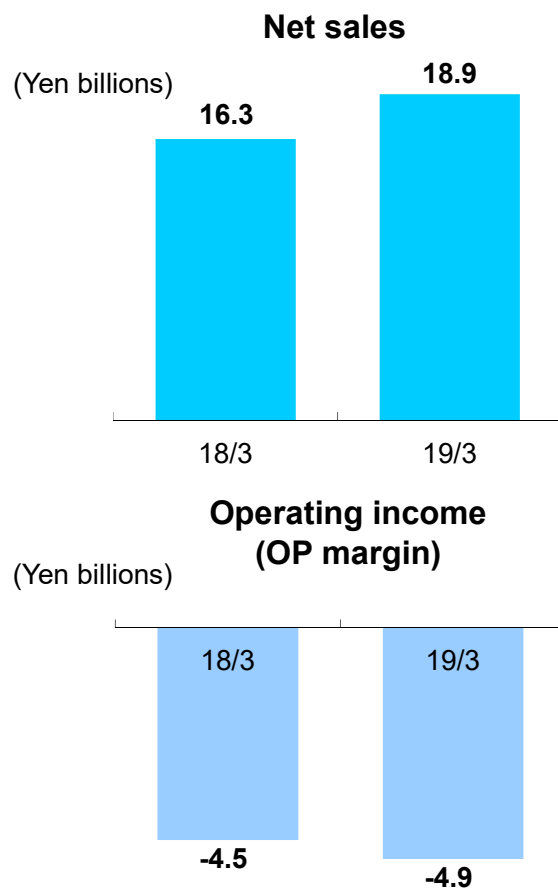
- ↪ Sales increased year on year.
- ↪ Sales to the ICT market increased.

- **Piezoelectric Material Products and Circuit Protection Components**

- ↪ Sales and profit increased year on year.
- ↪ Sales to the automotive and the industrial equipment markets increased.

1Q results - Sensor Application Products segment

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Net sales 18.9 billion yen (up 16.0% year on year)
Operating income -4.9 billion yen (down —% year on year)

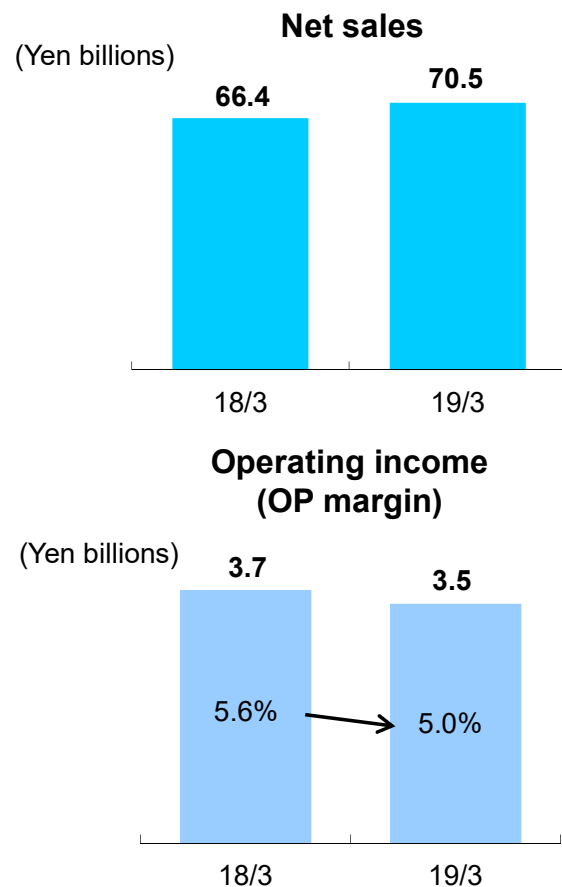
- **Sensors**

- Sales increased year on year.
- Sales of Temperature and Pressure Sensors and Magnetic Sensors increased to the automotive market.
- Sales of Magnetic Sensors also increased to the ICT market.

18/3: FY March 2018

1Q results - Magnetic Application Products segment

Attracting Tomorrow



18/3: FY March 2018

Net Sales 70.5 billion yen (up 6.2% year on year)
Operating income 3.5 billion yen (down 5.4% year on year)

- **HDD Heads**

- Both sales and operating income of HDD Heads increased year on year due to an improved product mix and strong demand from data centers despite a decrease in sales volume.

- **HDD Suspension Assemblies**

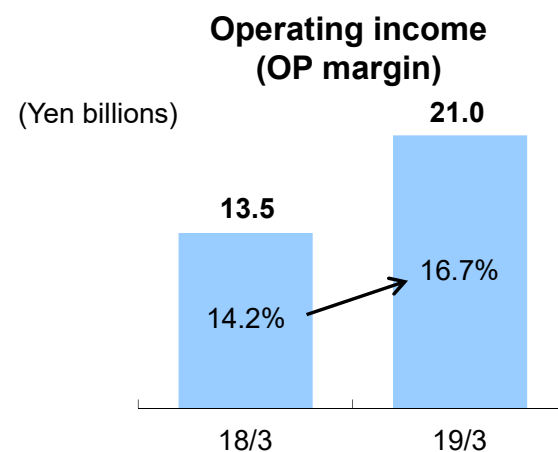
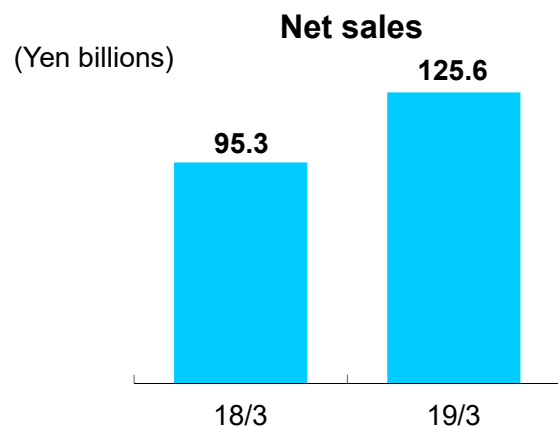
- Sales of HDD suspensions increased due to an improved product mix.
- Sales of Suspension Application Products (Additive Metal Deposition Components) increased to the ICT market.

- **Magnets**

- Sales and profit decreased year on year.
- The product mix worsened due to decreased sales for wind power generation.

1Q results - Energy Application Products segment

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Net Sales 125.6 billion yen (up 31.8% year on year)
Operating income 21.0 billion yen (up 55.6% year on year)

- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- In the ICT market, sales expanded for Chinese smartphones.
- Sales also increased for new applications such as game consoles.

- **Power Supplies**

- Sales of Power Supplies for industrial equipment increased year on year due to strong demand.

18/3: FY March 2018

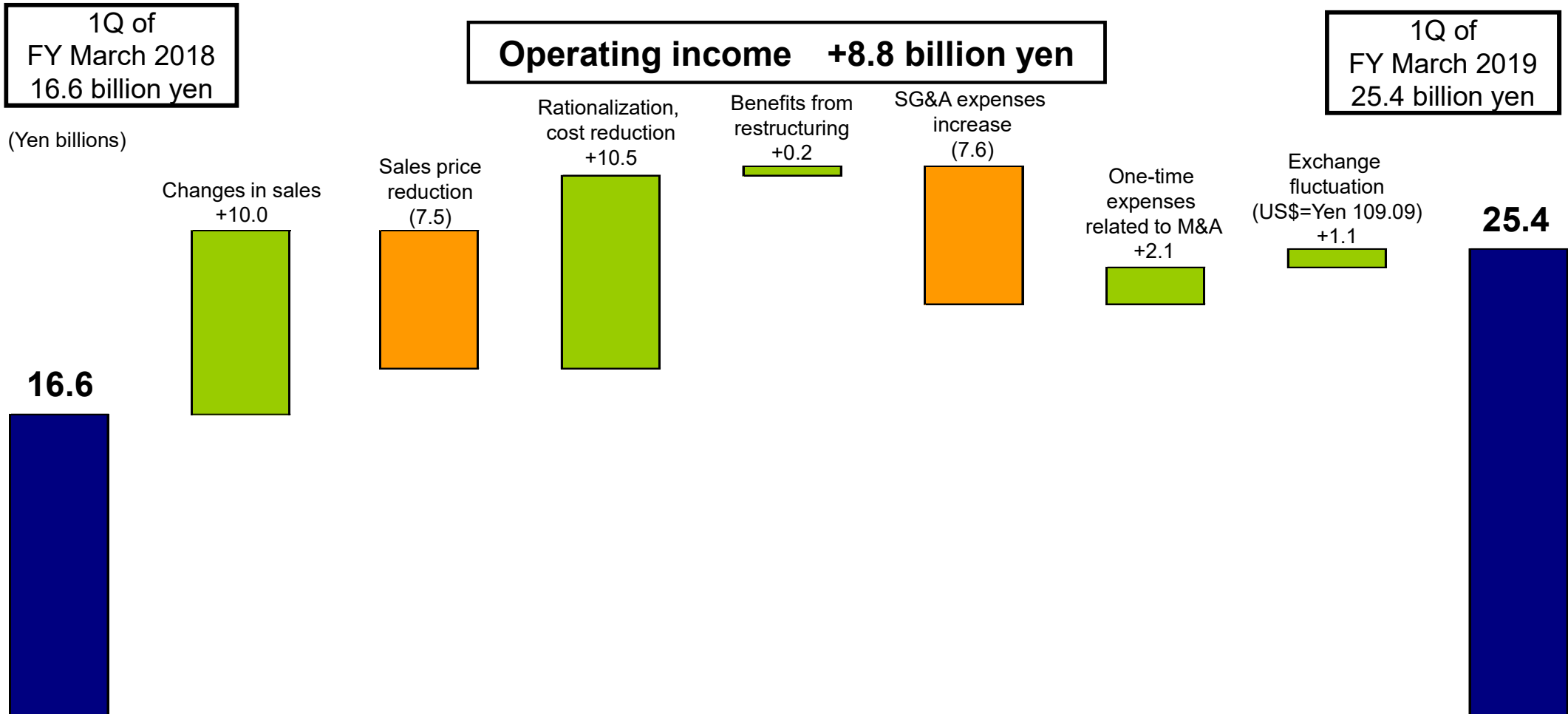
Quarterly results by segment

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(Yen billions)		1Q of FY March 2018 (A)	4Q of FY March 2018 (B)	1Q of FY March 2019 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	36.3	41.4	44.5	8.2	22.6	3.1	7.5
	Inductive Devices	37.6	39.2	41.3	3.7	9.8	2.1	5.4
	Other Passive Components	22.8	25.3	26.9	4.1	18.0	1.6	6.3
	Passive Components	96.7	105.9	112.7	16.0	16.5	6.8	6.4
	Sensor Application Products	16.3	19.3	18.9	2.6	16.0	(0.4)	-2.1
	Magnetic Application Products	66.4	66.9	70.5	4.1	6.2	3.6	5.4
	Energy Application Products	95.3	100.4	125.6	30.3	31.8	25.2	25.1
	Other	14.8	14.6	15.4	0.6	4.1	0.8	5.5
	Total	289.5	307.1	343.1	53.6	18.5	36.0	11.7
Operating income	Passive Components	10.3	13.6	14.0	3.7	35.9	0.4	2.9
	Sensor Application Products	(4.5)	(4.6)	(4.9)	(0.4)	-	(0.3)	-
	Magnetic Application Products	3.7	0.6	3.5	(0.2)	-5.4	2.9	483.3
	Energy Application Products	13.5	13.0	21.0	7.5	55.6	8.0	61.5
	Other	1.4	(1.8)	(1.0)	(2.4)	-	0.8	-
	Sub total	24.4	20.8	32.5	8.1	33.2	11.7	56.3
	Corporate and eliminations	(7.8)	(8.8)	(7.1)	0.7	-	1.7	-
Total	16.6	12.0	25.4	8.8	53.0	13.4	111.7	
Operating income margin		5.7%	3.9%	7.4%	+1.7pt	-	+3.5pt	-
Ex-rate	US\$ (JPY)	111.16	108.49	109.09				
	EURO (JPY)	122.02	133.25	130.16				

Breakdown of operating income changes



Projections for 2Q of FY March 2019

- Image of changes in sales

(Yen billions)

Segment	1Q of FY March 2019	2Q projections (QoQ change)
Passive Components	112.7	±0%
Sensor Application Products	18.9	+8~+11%
Magnetic Application Products	70.5	+5~+7%
Energy Application Products	125.6	+9~+12%
Other	15.4	—
Total	343.1	+5~+7%

Forex assumptions

US\$(JPY)
EURO(JPY)

109.09
130.16

105.00
129.00

FY March 2019 full year / dividend projections

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		FY March 2018 full year results	FY March 2019 full year projections (announced on Apr. 27, 2018)	YoY change	
				Yen billions	%
(Yen billions)					
Net sales		1,271.7	1,340.0	68.3	5.4
Operating income		89.7	100.0	10.3	11.5
Operating income margin		7.1%	7.5%	+0.4 pt	-
Income before income taxes		89.8	98.0	8.2	9.1
Net income		63.5	70.0	6.5	10.2
Earning per share (JPY)		502.80	554.43	-	-
Dividends (JPY)		1st half : 60 2nd half : 70 Annual: 130	1st half : 70 2nd half : 70 Annual : 140	-	-
Ex-rate	US\$ (JPY)	110.93	105.00	-	-
	EURO (JPY)	129.64	129.00	-	-
Capital expenditure		178.6	210.0	31.4	17.6
Depreciation and amortization		92.2	110.0	17.8	19.3
Research and development		102.6	110.0	7.4	7.2

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