

Attracting Tomorrow



**Performance Briefing  
First Half of Fiscal Year March 2019**

- **Consolidated Results for First Half of FY March 2019**  
Tetsuji Yamanishi, Senior Vice President
- **Consolidated Full Year Projections for FY March 2019**  
Shigenao Ishiguro, President and CEO

# Consolidated Results for First Half of FY March 2019

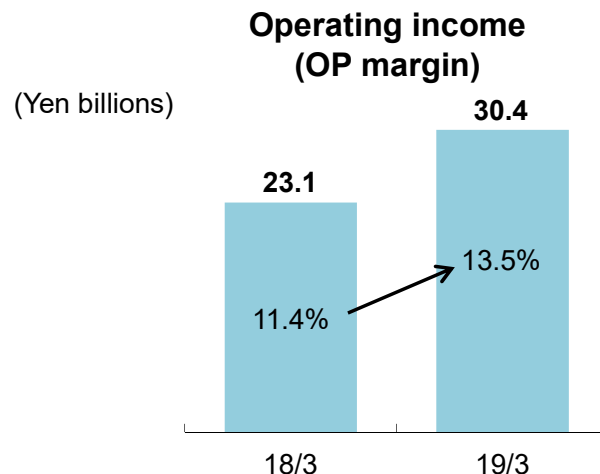
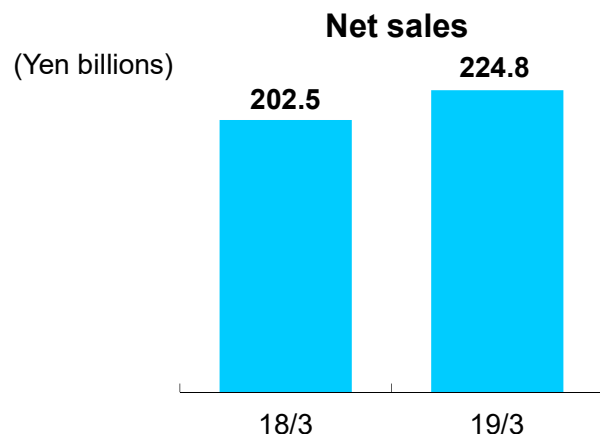
Tetsuji Yamanishi  
Senior Vice President

- **Net sales and operating income both achieved new records both on a half-yearly and a quarterly basis\***
    - Net sales rose 15.8% year on year. Operating income increased 40.7% year on year.
    - In the Passive Components segment, TDK continued to expand earnings centered on Capacitors against a backdrop of strong demand in the automotive market.
    - The ICT market drove overall earnings with brisk sales of Rechargeable Batteries for mobile device applications including smartphones, notebook PCs and tablets.
    - HDD Heads increased profits as strong demand from data centers continued with further support gained from the restructuring of production sites.
    - An impairment loss was recorded for ferrite magnets ahead of revitalizing the magnet business.
- \* Operating income is compared on the basis excluding a gain on sale of business recorded in the year ended March 2017.

# Consolidated results for first half of FY March 2019

	(Yen billions)	FY March 2018 Results through 2Q (2017.4.1-2017.9.30)	FY March 2019 Results through 2Q (2018.4.1-2018.9.30)	Change	
				Yen billions	%
Net sales		623.6	<b>721.9</b>	98.3	15.8
Operating income		44.2	<b>62.2</b>	18.0	40.7
Operating income margin		7.1%	<b>8.6%</b>	+1.5pt	-
Income before income taxes		44.3	<b>57.8</b>	13.5	30.5
Net income		30.7	<b>41.1</b>	10.4	33.9
Earning per share (JPY)		243.15	<b>325.30</b>	-	-
Ex-rate	US\$ (JPY)	111.08	<b>110.30</b>	Appreciated by 0.7%	
	EURO (JPY)	126.16	<b>129.90</b>	Depreciated by 3.0%	
Ex-rate impact to net sales & operating income		Net sales : Increased by about 2.1 billion Yen Operating income : Increased by about 1.5 billion Yen			

# First half results - Passive Components segment



**Net sales 224.8 billion yen (up 11.0% year on year)**  
**Operating income 30.4 billion yen (up 31.6% year on year)**

- **Ceramic Capacitors**

- Sales and earnings increased year on year as strong demand continued.
- 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 and profit increased year on year.
- Sales to the automotive and the ICT markets were firm.

- **High-Frequency Components**

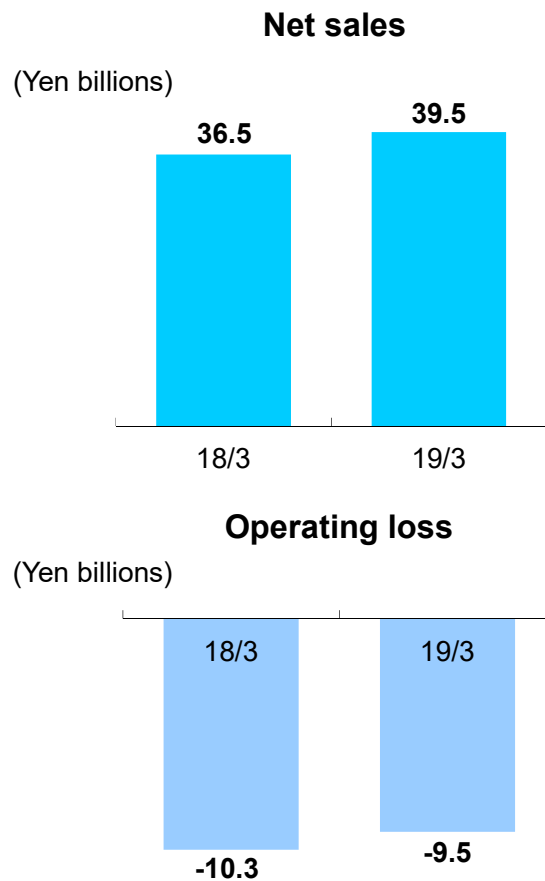
- Sales increased year on year.
- Sales to the ICT market increased.

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

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

18/3: FY March 2018

# First half results - Sensor Application Products segment

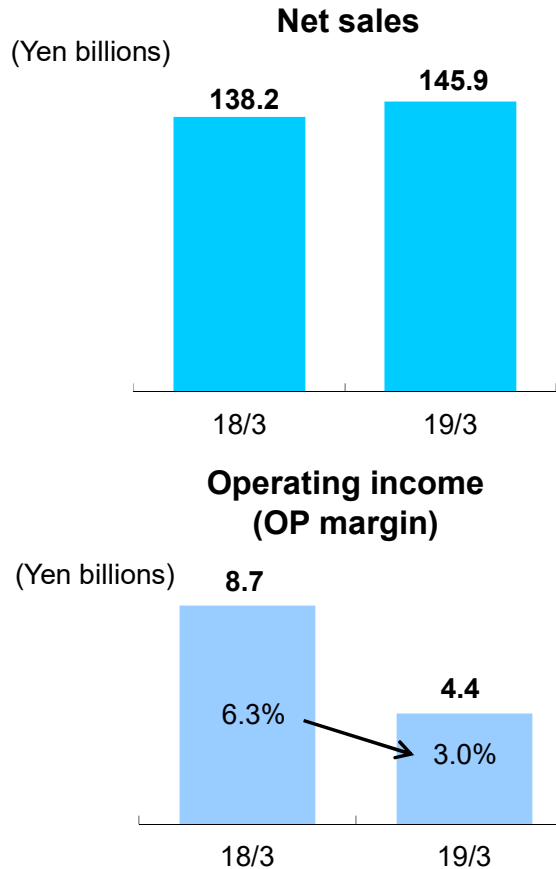


**Net sales 39.5 billion yen (up 8.2% year on year)**  
**Operating loss -9.5 billion yen (down —% year on year)**

- **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



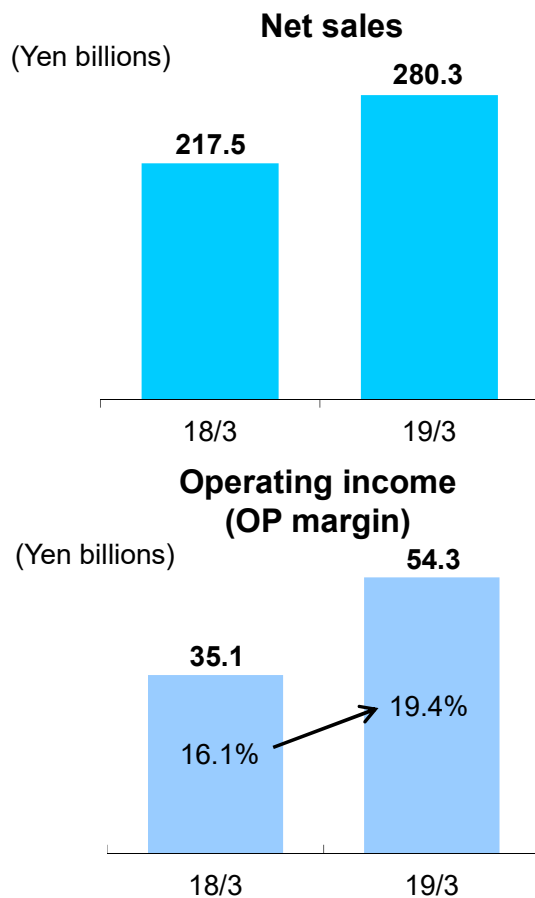
18/3: FY March 2018

**Net Sales 145.9 billion yen (up 5.6% year on year)**  
**Operating income 4.4 billion yen (down 49.4% 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 increase in sales volume and 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.
  - ↪ Impairment loss recorded in 2Q.



# First half results - Energy Application Products segment



**Net Sales 280.3 billion yen (up 28.9% year on year)**  
**Operating income 54.3 billion yen (up 54.7% year on year)**

- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- In the ICT market, sales expanded for mobile device application such as smartphones, notebook PCs, tablets.
- Sales also increased for new applications such as game consoles.

- **Power Supplies**

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

18/3: FY March 2018

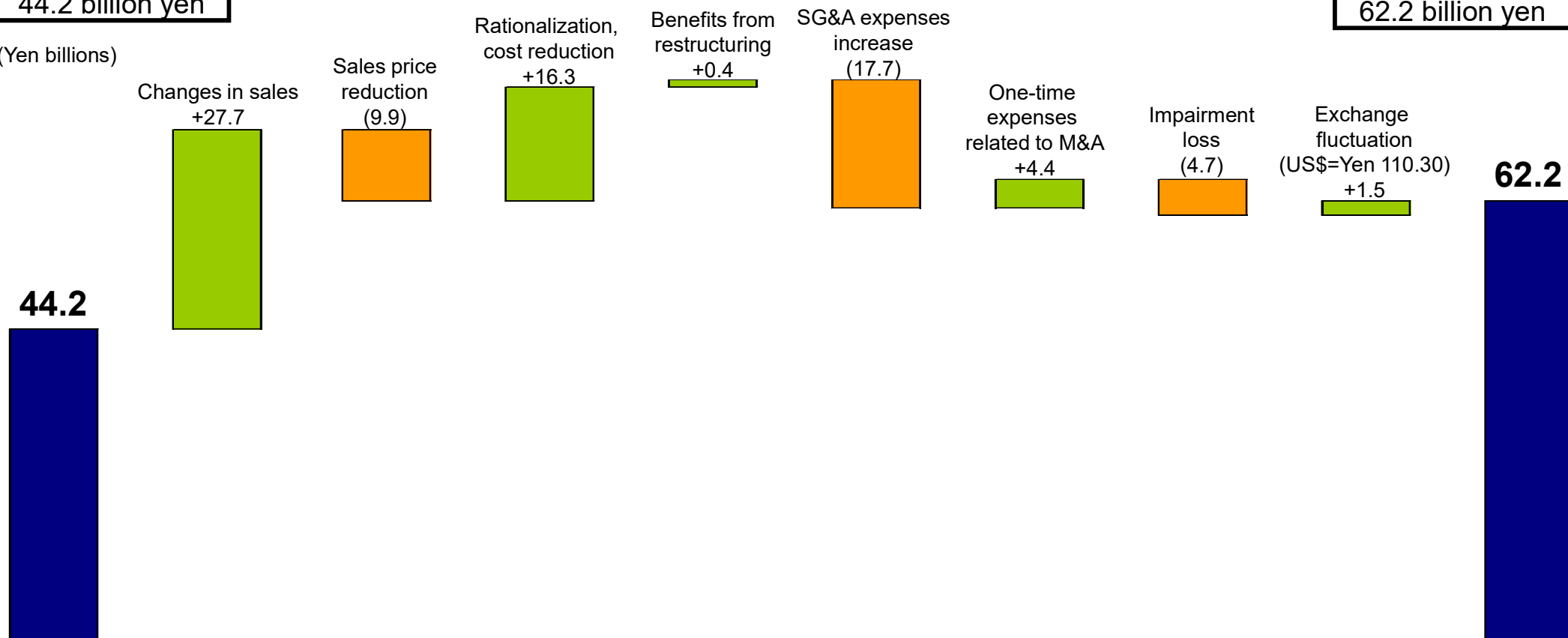
# Breakdown of operating income changes

First half of  
FY March 2018  
44.2 billion yen

**Operating income +18.0 billion yen**

First half of  
FY March 2019  
62.2 billion yen

(Yen billions)



# Consolidated results for 2Q of FY March 2019

(Yen billions)		FY March 2018 2Q results	FY March 2019 2Q results	Change	
				Yen billions	%
<b>Net sales</b>		334.0	<b>378.9</b>	44.9	13.4
<b>Operating income</b>		27.6	<b>36.8</b>	9.2	33.3
Operating income margin		8.3%	<b>9.7%</b>	+1.4 pt	-
<b>Income before income taxes</b>		27.3	<b>34.1</b>	6.8	24.9
<b>Net income</b>		19.7	<b>24.9</b>	5.2	26.4
<b>Earning per share (JPY)</b>		156.35	<b>197.03</b>	-	-
Ex-rate	US\$ (JPY)	111.01	<b>111.50</b>	Depreciated by 0.4%	
	EURO (JPY)	130.26	<b>129.63</b>	Appreciated by 0.5%	
<b>Ex-rate impact to net sales &amp; operating income</b>		Net sales : Decreased by about 0.7 billion Yen Operating income : Increased by about 0.4 billion Yen			

# Quarterly results by segment

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		2Q of FY March 2018 (A)	1Q of FY March 2019 (B)	2Q of FY March 2019 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	39.2	44.5	<b>43.9</b>	4.7	12.0	(0.6)	-1.3
	Inductive Devices	40.5	41.3	<b>41.6</b>	1.1	2.7	0.3	0.7
	Other Passive Components	26.2	26.9	<b>26.6</b>	0.4	1.5	(0.3)	-1.1
	<b>Passive Components</b>	<b>105.8</b>	<b>112.7</b>	<b>112.1</b>	<b>6.3</b>	<b>6.0</b>	<b>(0.6)</b>	<b>-0.5</b>
	<b>Sensor Application Products</b>	<b>20.2</b>	<b>18.9</b>	<b>20.6</b>	<b>0.4</b>	<b>2.0</b>	<b>1.7</b>	<b>9.0</b>
	<b>Magnetic Application Products</b>	<b>71.8</b>	<b>70.5</b>	<b>75.4</b>	<b>3.6</b>	<b>5.0</b>	<b>4.9</b>	<b>7.0</b>
	<b>Energy Application Products</b>	<b>122.2</b>	<b>125.6</b>	<b>154.8</b>	<b>32.6</b>	<b>26.7</b>	<b>29.2</b>	<b>23.2</b>
	<b>Other</b>	<b>14.1</b>	<b>15.4</b>	<b>16.0</b>	<b>1.9</b>	<b>13.5</b>	<b>0.6</b>	<b>3.9</b>
	<b>Total</b>	<b>334.0</b>	<b>343.1</b>	<b>378.9</b>	<b>44.9</b>	<b>13.4</b>	<b>35.8</b>	<b>10.4</b>
Operating income	<b>Passive Components</b>	<b>12.8</b>	<b>14.0</b>	<b>16.4</b>	<b>3.6</b>	<b>28.1</b>	<b>2.4</b>	<b>17.1</b>
	<b>Sensor Application Products</b>	<b>(5.8)</b>	<b>(4.9)</b>	<b>(4.6)</b>	<b>1.2</b>	<b>-</b>	<b>0.3</b>	<b>-</b>
	<b>Magnetic Application Products</b>	<b>5.0</b>	<b>3.5</b>	<b>0.9</b>	<b>(4.1)</b>	<b>-82.0</b>	<b>(2.6)</b>	<b>-74.3</b>
	<b>Energy Application Products</b>	<b>21.6</b>	<b>21.0</b>	<b>33.3</b>	<b>11.7</b>	<b>54.2</b>	<b>12.3</b>	<b>58.6</b>
	<b>Other</b>	<b>(0.2)</b>	<b>(1.0)</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>-</b>	<b>(0.7)</b>	<b>-</b>
	<b>Sub total</b>	<b>33.4</b>	<b>32.5</b>	<b>44.4</b>	<b>11.0</b>	<b>32.9</b>	<b>11.9</b>	<b>36.6</b>
	<b>Corporate and eliminations</b>	<b>(5.8)</b>	<b>(7.1)</b>	<b>(7.6)</b>	<b>(1.8)</b>	<b>-</b>	<b>(0.5)</b>	<b>-</b>
<b>Total</b>	<b>27.6</b>	<b>25.4</b>	<b>36.8</b>	<b>9.2</b>	<b>33.3</b>	<b>11.4</b>	<b>44.9</b>	
Operating income margin		8.3%	7.4%	<b>9.7%</b>	+1.4pt	-	+2.3pt	-
Ex-rate	US\$ (JPY)	111.01	109.09	<b>111.50</b>				
	EURO (JPY)	130.26	130.16	<b>129.63</b>				

# Consolidated Full Year Projections for FY March 2019

Shigenao Ishiguro  
President and CEO

# Projections for 3Q of FY March 2019

## - Image of changes in sales

(Yen billions)

Segment	2Q of FY March 2019	3Q projections (QoQ change)
Passive Components	112.1	+1%~+3%
Sensor Application Products	20.6	±0%
Magnetic Application Products	75.4	-5%~-7%
Energy Application Products	154.8	±0%
Other	16.0	—
<b>Total</b>	<b>378.9</b>	<b>-1%~-3%</b>

Forex assumptions

US\$(JPY)  
EURO(JPY)

111.50  
129.63

110.00  
130.00

# FY March 2019 full year / dividend projections

		FY March 2018 full year results	FY March 2019 full year projections (announced on Apr. 27, 2018)	FY March 2019 full year projections (announced on Oct. 31, 2018)	YoY change	
					Yen billions	%
Net sales		1,271.7	<b>1,340.0</b>	<b>1,420.0</b>	148.3	11.7
Operating income		89.7	<b>100.0</b>	<b>120.0</b>	30.3	33.8
Operating income margin		7.1%	<b>7.5%</b>	<b>8.5%</b>	+1.4 pt	-
Income before income taxes		89.8	<b>98.0</b>	<b>114.0</b>	24.2	26.9
Net income		63.5	<b>70.0</b>	<b>80.0</b>	16.5	26.0
Earning per share (JPY)		502.80	<b>554.43</b>	<b>633.53</b>	-	-
Dividends (JPY)		1st half : 60 2nd half : 70 Annual: 130	<b>1st half : 70 2nd half : 70 Annual : 140</b>	<b>1st half : 80 2nd half : 80 Annual : 160</b>	-	-
Ex-rate	US\$ (JPY)	110.93	<b>105.00</b>	<b>110.00 (2nd half)</b>	-	-
	EURO (JPY)	129.64	<b>129.00</b>	<b>130.00 (2nd half)</b>	-	-
Capital expenditure		178.6	<b>210.0</b>	<b>210.0</b>	31.4	17.6
Depreciation and amortization		92.2	<b>110.0</b>	<b>110.0</b>	17.8	19.3
Research and development		102.6	<b>110.0</b>	<b>110.0</b>	7.4	7.2

# Supplementary Data

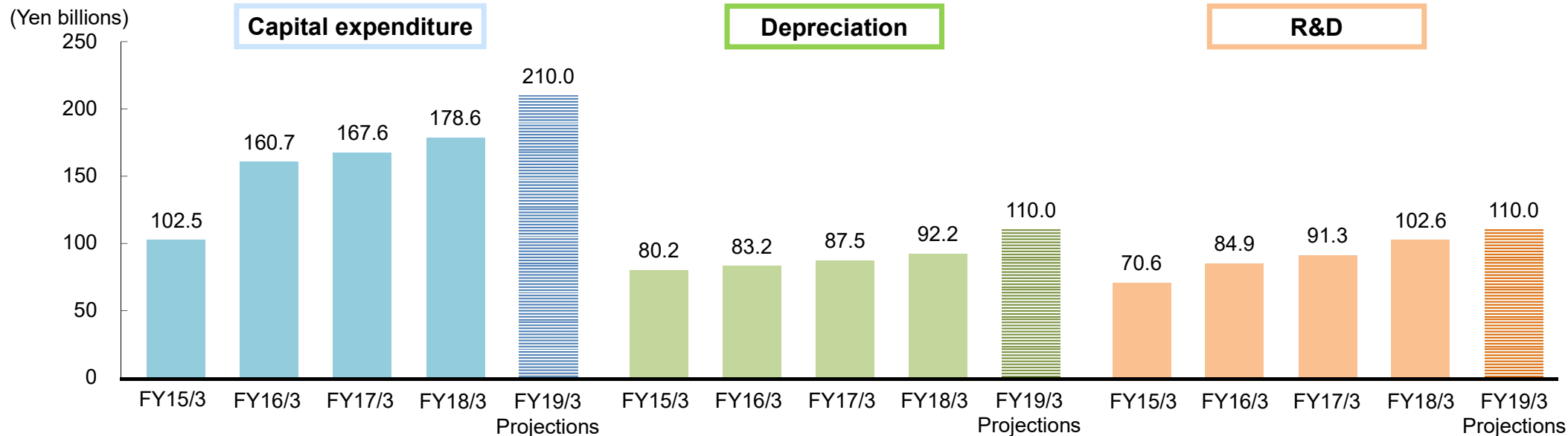


# Quarterly sales and operating income by segment

(Yen billions)		FY March 2018					FY March 2019				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	36.3	39.2	40.1	41.4	157.0	44.5	43.9			
	Inductive Devices	37.6	40.5	40.3	39.2	157.5	41.3	41.6			
	Other Passive Components	22.8	26.2	28.9	25.3	103.2	26.9	26.6			
	<b>Passive Components</b>	<b>96.7</b>	<b>105.8</b>	<b>109.3</b>	<b>105.9</b>	<b>417.8</b>	<b>112.7</b>	<b>112.1</b>			
	<b>Sensor Application Products</b>	<b>16.3</b>	<b>20.2</b>	<b>21.6</b>	<b>19.3</b>	<b>77.4</b>	<b>18.9</b>	<b>20.6</b>			
	<b>Magnetic Application Products</b>	<b>66.4</b>	<b>71.8</b>	<b>72.5</b>	<b>66.9</b>	<b>277.5</b>	<b>70.5</b>	<b>75.4</b>			
	<b>Energy Application Products</b>	<b>95.3</b>	<b>122.2</b>	<b>125.0</b>	<b>100.4</b>	<b>442.8</b>	<b>125.6</b>	<b>154.8</b>			
	<b>Other</b>	<b>14.8</b>	<b>14.1</b>	<b>12.8</b>	<b>14.6</b>	<b>56.3</b>	<b>15.4</b>	<b>16.0</b>			
	<b>Total</b>	<b>289.5</b>	<b>334.0</b>	<b>341.1</b>	<b>307.1</b>	<b>1,271.7</b>	<b>343.1</b>	<b>378.9</b>			
Operating income	<b>Passive Components</b>	<b>10.3</b>	<b>12.8</b>	<b>13.6</b>	<b>13.6</b>	<b>50.2</b>	<b>14.0</b>	<b>16.4</b>			
	<b>Sensor Application Products</b>	<b>(4.5)</b>	<b>(5.8)</b>	<b>(3.7)</b>	<b>(4.6)</b>	<b>(18.6)</b>	<b>(4.9)</b>	<b>(4.6)</b>			
	<b>Magnetic Application Products</b>	<b>3.7</b>	<b>5.0</b>	<b>6.9</b>	<b>0.6</b>	<b>16.1</b>	<b>3.5</b>	<b>0.9</b>			
	<b>Energy Application Products</b>	<b>13.5</b>	<b>21.6</b>	<b>24.3</b>	<b>13.0</b>	<b>72.4</b>	<b>21.0</b>	<b>33.3</b>			
	<b>Other</b>	<b>1.4</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(1.8)</b>	<b>(0.7)</b>	<b>(1.0)</b>	<b>(1.7)</b>			
	<b>Sub total</b>	<b>24.4</b>	<b>33.4</b>	<b>40.9</b>	<b>20.8</b>	<b>119.4</b>	<b>32.5</b>	<b>44.4</b>			
	Corporate and eliminations	(7.8)	(5.8)	(7.4)	(8.8)	(29.7)	(7.1)	(7.6)			
	<b>Total</b>	<b>16.6</b>	<b>27.6</b>	<b>33.5</b>	<b>12.0</b>	<b>89.7</b>	<b>25.4</b>	<b>36.8</b>			
Ex-rate	US\$ (JPY)	111.16	111.01	112.97	108.49	110.93	109.09	111.50			
	EURO (JPY)	122.02	130.26	133.00	133.25	129.64	130.16	129.63			

# FY March 2019 projections and forex sensitivity

## Expenses



## 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

<b>(Yen billions)</b>	<b>March End, 2018</b>	<b>June End, 2018</b>	<b>September End, 2018</b>	<b>Change</b>
<b>Total asset</b>	<b>1,905.2</b>	<b>1,969.6</b>	<b>2,028.3</b>	<b>58.7</b>
<b>Total liability</b>	<b>1,074.0</b>	<b>1,127.8</b>	<b>1,147.3</b>	<b>19.5</b>
<b>Stockholders's equity</b>	<b>824.6</b>	<b>834.9</b>	<b>874.6</b>	<b>39.7</b>
(comprehensive income)	<b>(119.5)</b>	<b>(113.5)</b>	<b>(96.0)</b>	<b>17.5</b>
<b>Stockholders's equity ratio</b>	<b>43.3%</b>	<b>42.4%</b>	<b>43.1%</b>	<b>+0.7pt</b>
<b>Cash and cash equivalents</b>	<b>323.3</b>	<b>282.1</b>	<b>280.8</b>	<b>(1.3)</b>
<b>Interest-bearing debt (*1)</b>	<b>483.0</b>	<b>521.9</b>	<b>518.1</b>	<b>(3.8)</b>
<b>Net cash (*2)</b>	<b>(159.7)</b>	<b>(239.8)</b>	<b>(237.3)</b>	<b>2.5</b>

\*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

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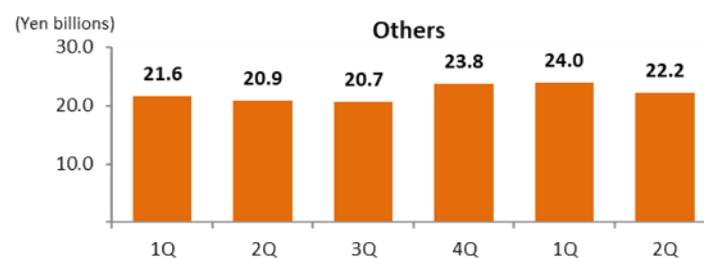
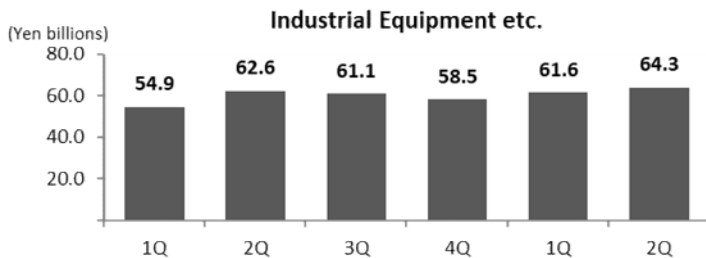
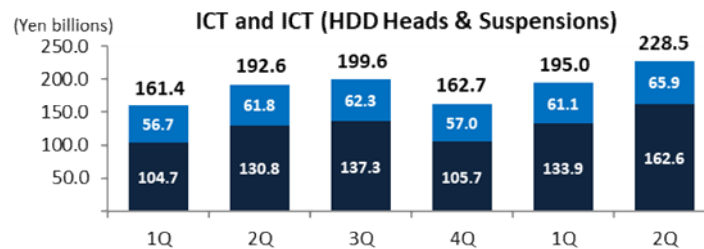
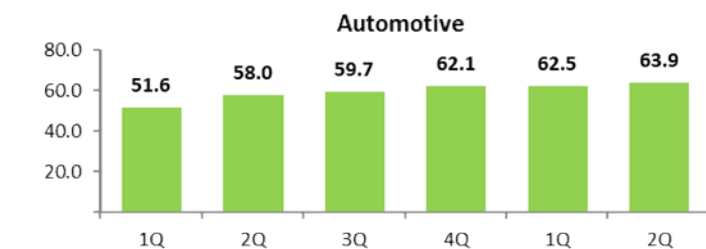
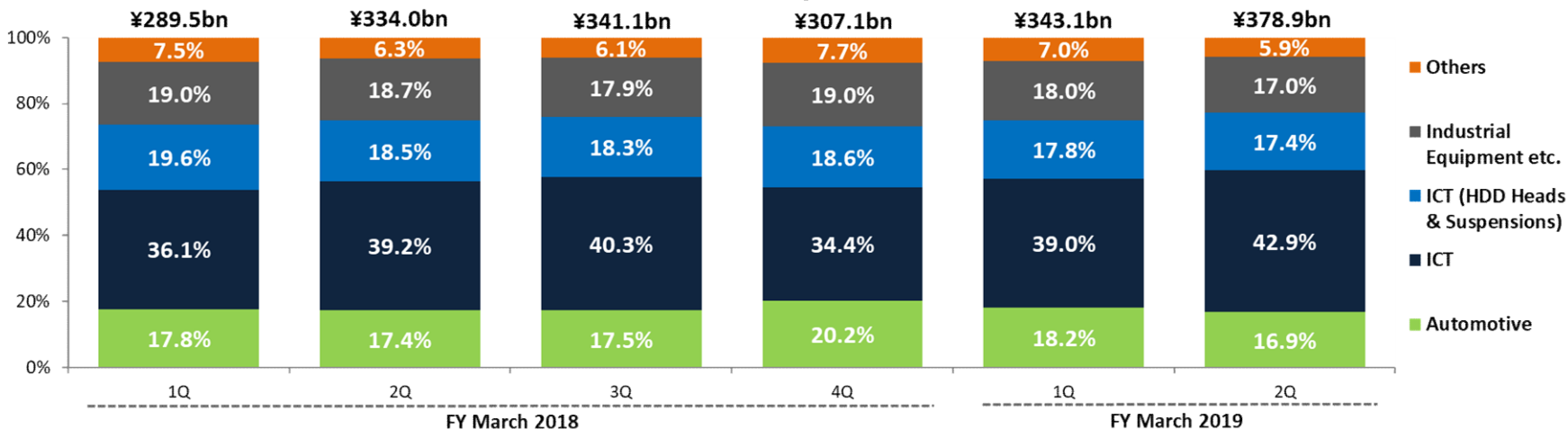


<b>(Yen billions)</b>	<b>FY March 2018 Results through 2Q</b>	<b>FY March 2019 Results through 2Q</b>	<b>YoY change</b>
<b>Operating cash flow</b>	<b>(10.8)</b>	<b>7.7</b>	<b>18.5</b>
<b>Investing cash flow</b>	<b>(198.8)</b>	<b>(55.0)</b>	<b>143.8</b>
<b>Free cash flow</b>	<b>(209.6)</b>	<b>(47.3)</b>	<b>162.3</b>
<b>Financing cash flow</b>	<b>143.3</b>	<b>14.7</b>	<b>(128.6)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>6.5</b>	<b>4.1</b>	<b>(2.4)</b>

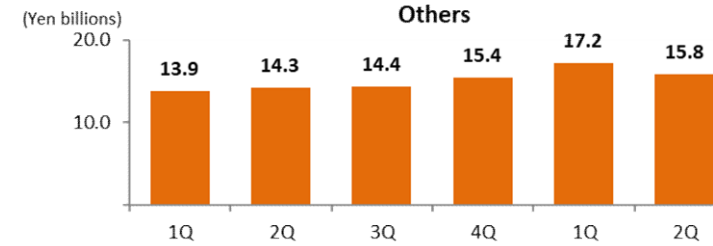
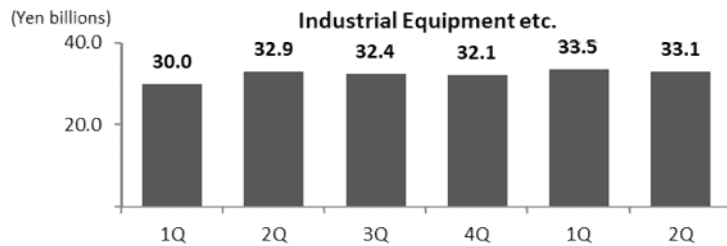
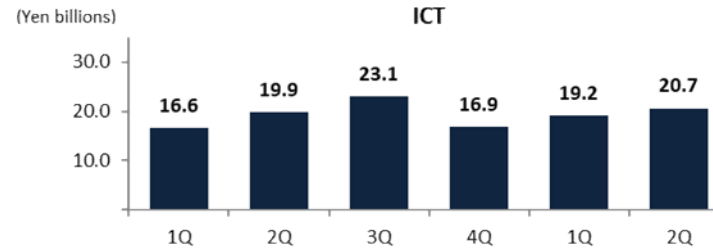
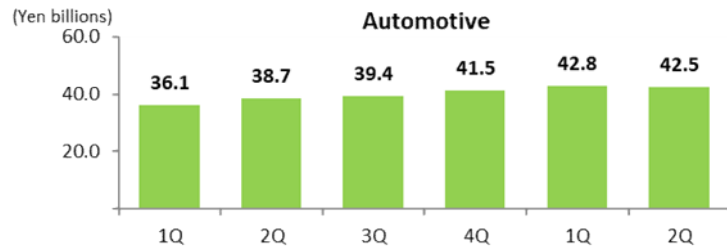
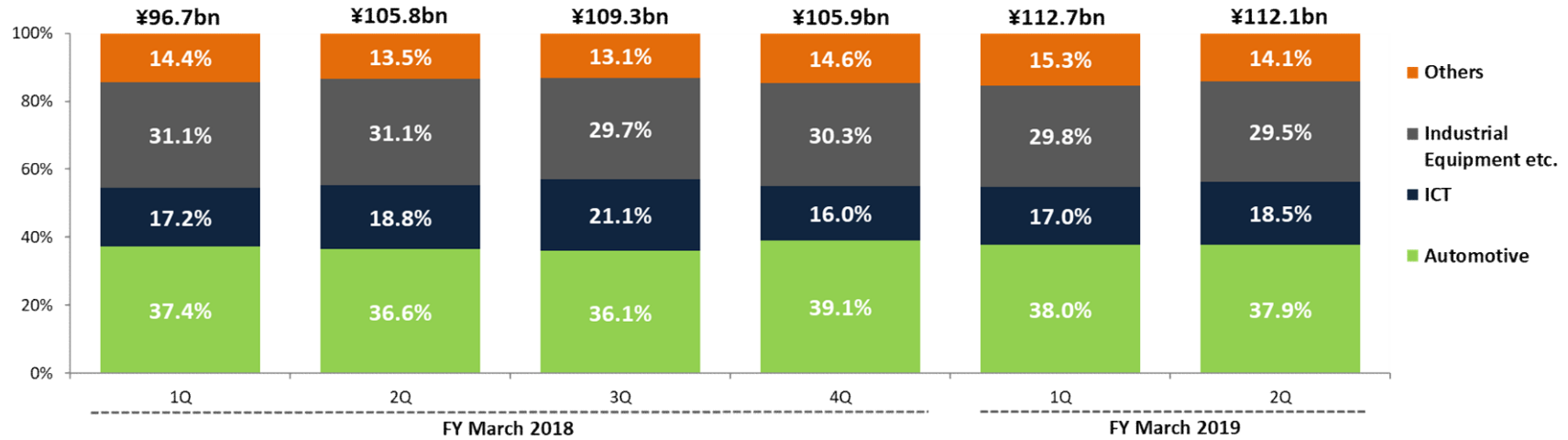
<b>Cash and cash equivalents</b>	<b>270.6</b>	<b>251.1</b>	<b>(19.5)</b>
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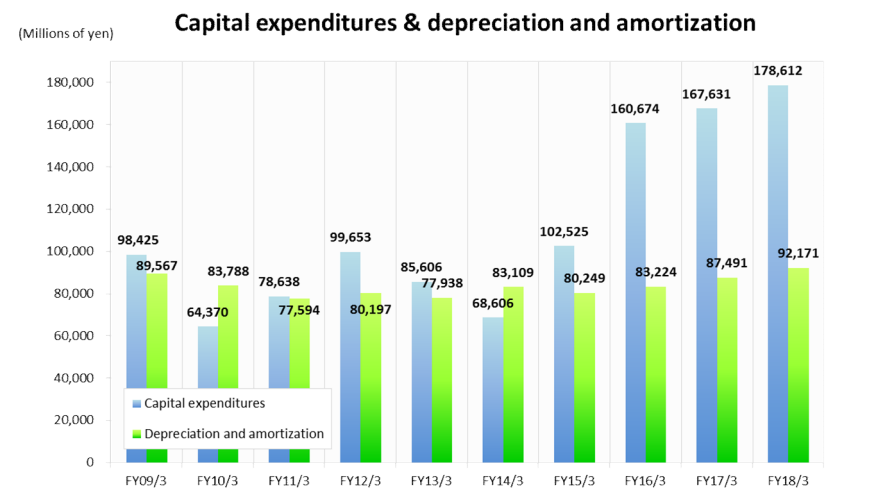
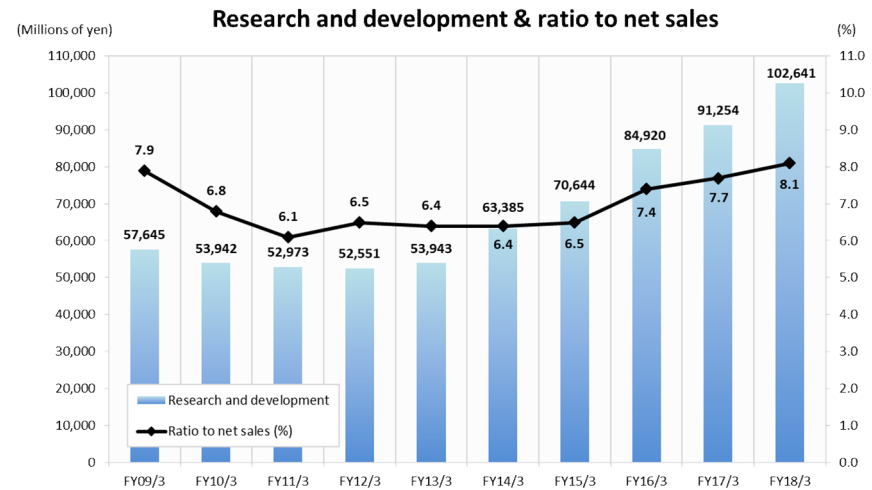
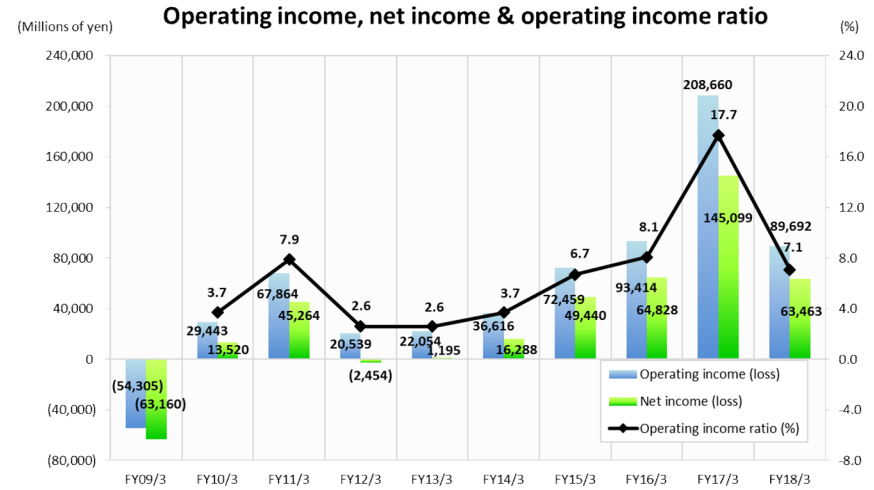
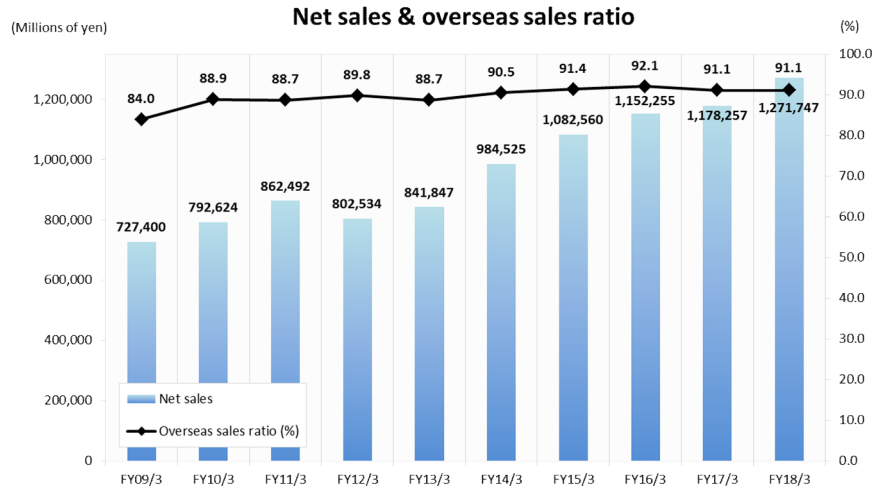
<b>(Yen billions)</b>	<b>FY March 2018 Results through 2Q</b>	<b>FY March 2019 Results through 2Q</b>	<b>YoY change</b>
<b>Capital expenditures</b>	<b>84.7</b>	<b>77.0</b>	<b>(7.7)</b>
<b>Depreciation and amortization</b>	<b>43.2</b>	<b>52.4</b>	<b>9.2</b>

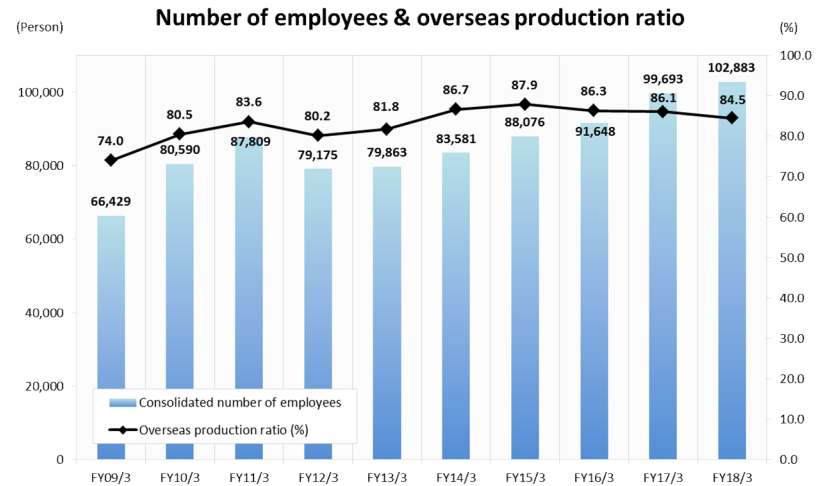
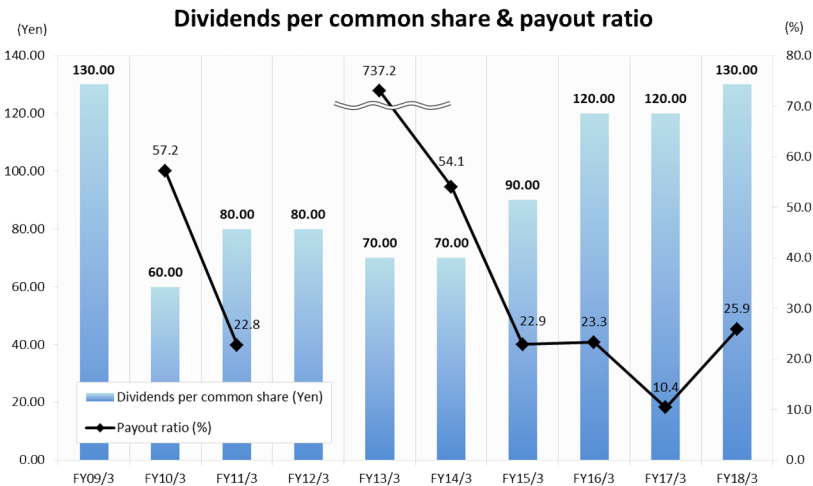
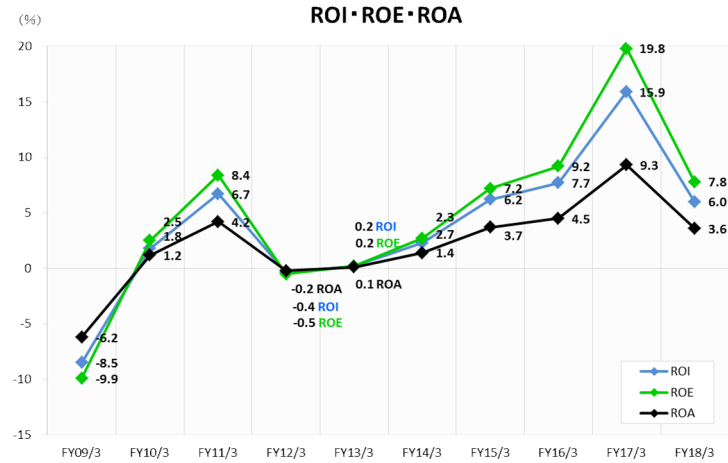
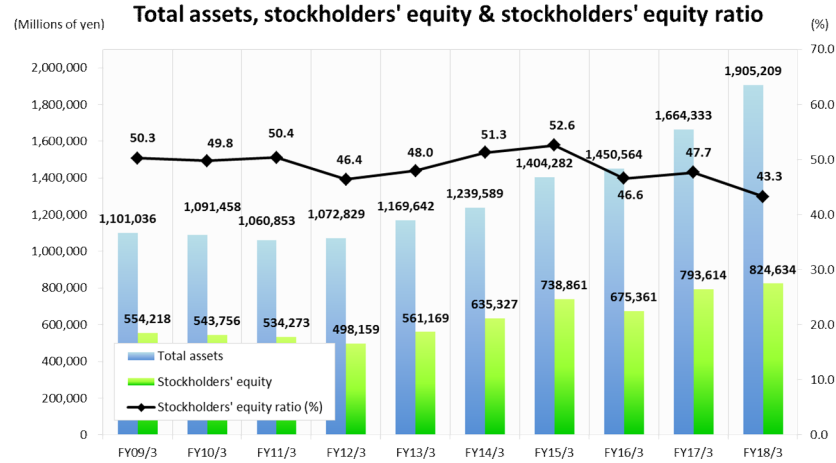
# Quarterly sales by applications (1Q of FY March 2018 – 2Q of FY March 2019)



# Passive Components business quarterly sales by applications (1Q of FY March 2018 – 2Q of FY March 2019)









# 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/2019/2q\\_1.htm](http://www.global.tdk.com/ir/ir_events/conference/2019/2q_1.htm)