

Attracting Tomorrow



# Performance Briefing 3Q of Fiscal Year March 2019

- **Consolidated Results for 3Q of FY March 2019**  
**Consolidated Full Year Projections for FY March 2019**  
Tetsuji Yamanishi, Senior Vice President

# **Consolidated Results for 3Q of FY March 2019 Consolidated Full Year Projections for FY March 2019**

**Tetsuji Yamanishi**  
**Senior Vice President**

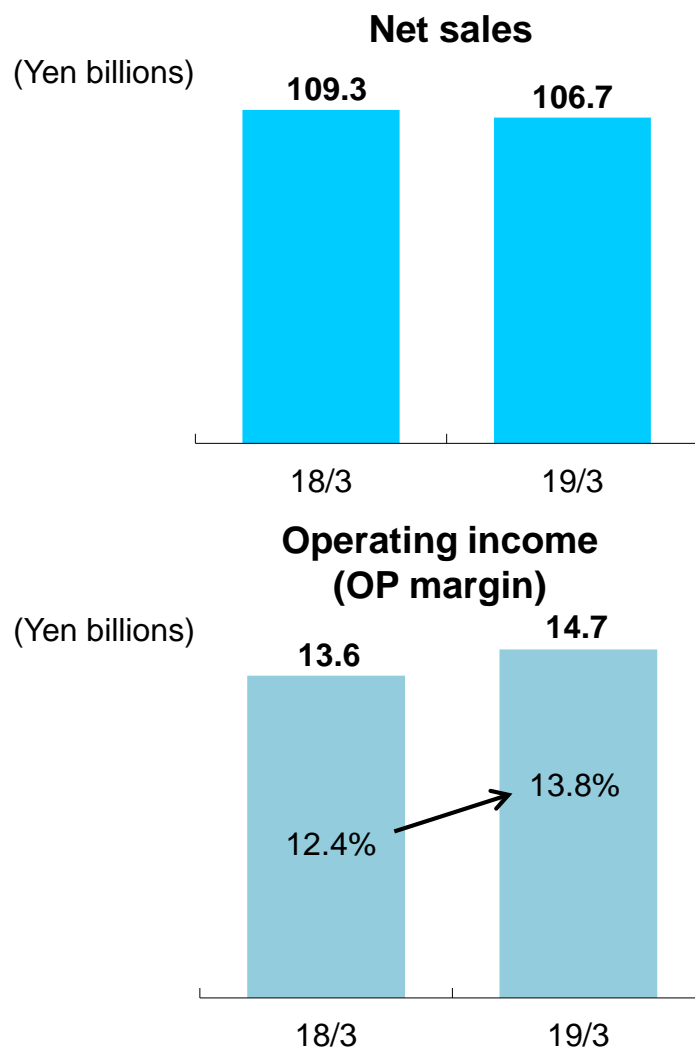
# Key points concerning earnings for 3Q of FY March 2019

- **Net sales for 3Q rose 2.8% year on year. Operating income decreased 2.1% year on year**
- **Net sales, operating income, income before income taxes, and net income all achieved new record highs for a nine-month period**
  - Brisk sales of Capacitors for the automotive market lifted the overall earnings base for the Passive Components segment.
  - Rechargeable Batteries drove overall earnings with expanded sales to the Chinese smartphone market maintaining high profitability.
- **Sharp deterioration in orders from midway through the third quarter due to the impact of the deceleration in the Chinese economy**
  - Revised consolidated full-year projections in light of the significant deterioration in the level of orders assumed at the time of the previous announcement (October 31, 2018).
  - Focused on achieving Medium-Term Plan targets in light of the medium-term management environment.

# Consolidated results for 3Q of FY March 2019

| (Yen billions)                                 |            | FY March 2018<br>3Q results   | FY March 2019<br>3Q results | Change              |      |
|--|------------|---|-----------------------------|---------------------|------|
|  |            |   |                             | Yen billions        | %    |
| Net sales                                      |            | 341.1   | 350.8                       | 9.7                 | 2.8  |
| Operating income                               |            | 33.5  | 32.8                        | (0.7)               | -2.1 |
| Operating income margin                        |            | 9.8%  | 9.4%                        | -0.4 pt             | -    |
| Income before income taxes                     |            | 33.5  | 31.0                        | (2.5)               | -7.5 |
| Net income                                     |            | 21.6  | 22.4                        | 0.8                 | 3.7  |
|  |            |   |                             |                     |      |
| Earning per share (JPY)                        |            | 170.96  | 177.45                      | -                   | -    |
| Ex-rate  | US\$ (JPY) | 112.97  | 112.90                      | Appreciated by 0.1% |      |
|  | EURO (JPY) | 133.00  | 128.87                      | Appreciated by 3.1% |      |
| Ex-rate impact to net sales & operating income |            | Net sales : Decreased by about 4.9 billion Yen<br>Operating income : Decreased by about 0.3 billion Yen |                             |                     |      |

# 3Q results - Passive Components segment

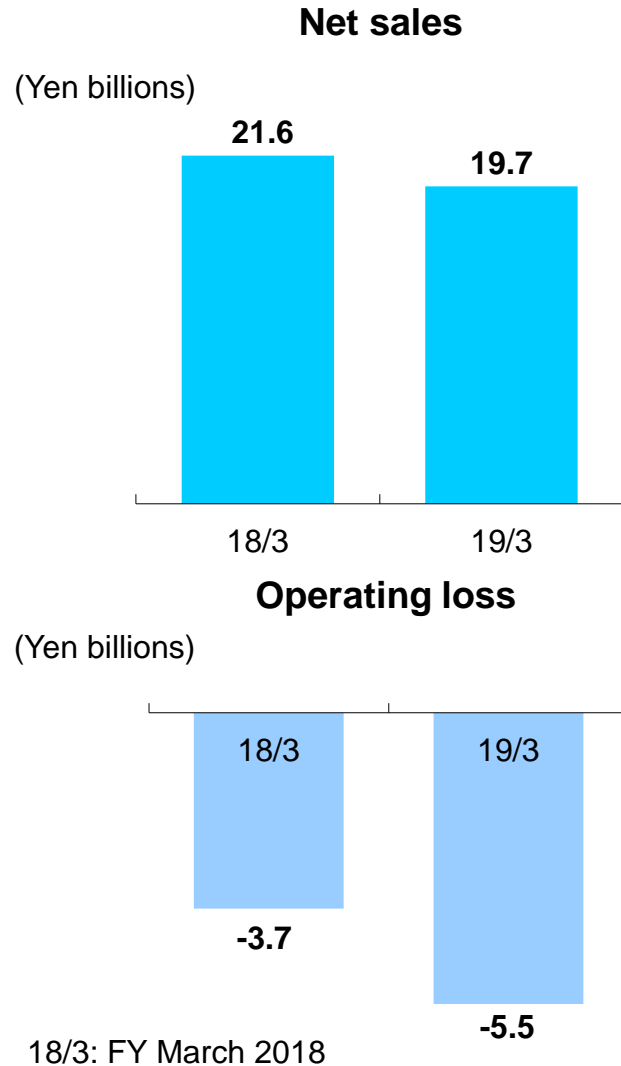


18/3: FY March 2018

**Net sales 106.7 billion yen (down 2.4% year on year)**  
**Operating income 14.7 billion yen (up 8.1% year on year)**

- **Ceramic Capacitors**
  - Sales and profit increased year on year.
  - Sales increased due to strong demand in the automotive market.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
  - Sales and profit decreased year on year.
  - Sales to the industrial equipment market decreased.
- **Inductive Devices**
  - Sales declined year on year while operating income maintained the same level.
  - Sales decreased for applications such as industrial equipment, game consoles, and home electric appliances.
- **High-Frequency Components**
  - Sales increased year on year.
  - Sales to the ICT market increased.
- **Piezoelectric Material Products and Circuit Protection Components**
  - Sales declined year on year while operating income maintained the same level.
  - Sales to the ICT market decreased.

# 3Q results - Sensor Application Products segment

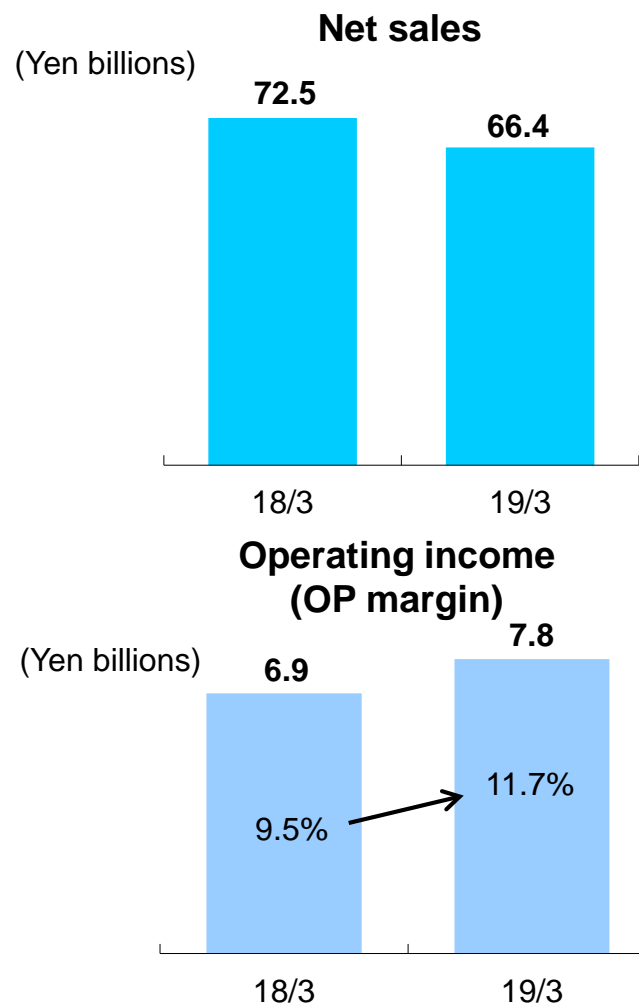


**Net sales 19.7 billion yen (down 8.8% year on year)**  
**Operating loss -5.5 billion yen (up —% year on year)**

- **Sensors**

- Temperature and Pressure Sensors achieved higher sales year on year atop growth in sales for automobiles, while operating income maintained the same level.
- Magnetic Sensors achieved higher sales and profit atop growth in sales of Hall Sensors for automobiles. TMR Sensors saw improved profitability despite a decline in sales for smartphones.
- MEMS Sensors saw declines in sales and profits as sales of existing products slumped due to the impact of the deceleration in the Chinese economy.

# 3Q results - Magnetic Application Products segment



18/3: FY March 2018

**Net Sales 66.4 billion yen (down 8.4% year on year)**  
**Operating income 7.8 billion yen (up 13.0% year on year)**

- **HDD Heads and HDD Suspension Assemblies**

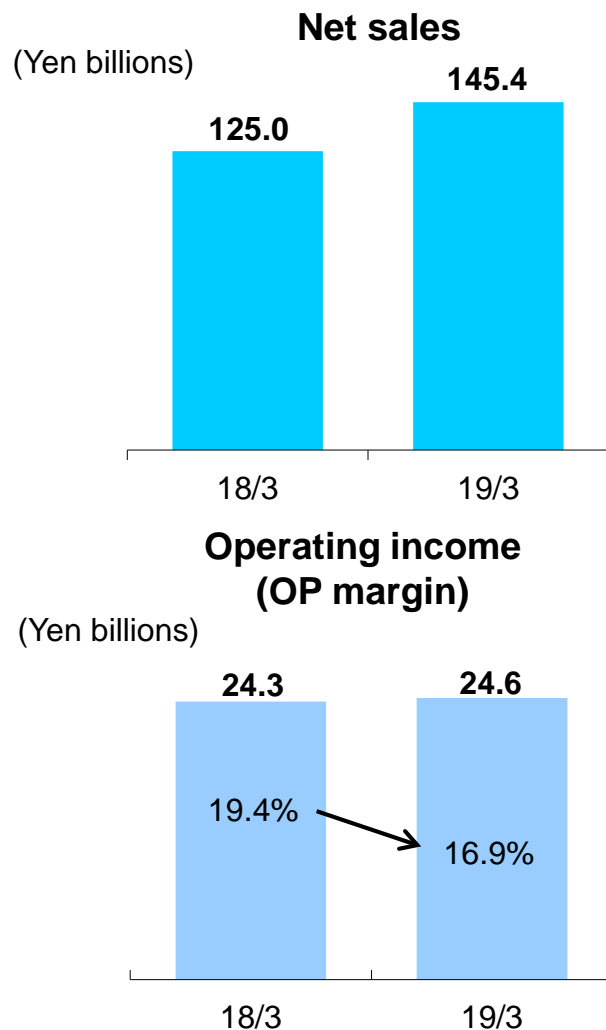
- Sales decreased while profit increased year on year.
- Sales decreased mainly due to lower volume of HDD assembly.
- Profit increased due to the improved product mix of HDD Heads and Suspension Assemblies, as well as the enhanced profitability of Suspension Application Products (Additive Metal Deposition Components).

- **Magnets**

- Sales and profit decreased year on year.
- Sales decreased for wind power generation and industrial equipment.



# 3Q results - Energy Application Products segment



**Net Sales 145.4 billion yen (up 16.3% year on year)**  
**Operating income 24.6 billion yen (up 1.2% year on year)**

- **Energy Devices (Rechargeable Batteries)**
  - Sales and profit increased year on year.
  - Sales expanded for mobile device application such as smartphones, notebook PCs, and tablets.
- **Power Supplies**
  - Sales and profit of Power Supplies for industrial equipment decreased year on year due to slowdown in demand.

18/3: FY March 2018

# Quarterly results by segment

| (Yen billions)          |                                      | 3Q of<br>FY March 2018<br>(A) | 2Q of<br>FY March 2019<br>(B) | 3Q of<br>FY March 2019<br>(C) | YoY change<br>(C)-(A) |             | QoQ change<br>(C)-(B) |              |
|-------------------------|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------|-------------|-----------------------|--------------|
|                         |                                      |                               |                               |                               | Yen billions          | %           | Yen billions          | %            |
| Net sales               | Capacitors                           | 40.1                          | 43.9                          | 42.7                          | 2.6                   | 6.5         | (1.2)                 | -2.7         |
|                         | Inductive Devices                    | 40.3                          | 41.6                          | 39.5                          | (0.8)                 | -2.0        | (2.1)                 | -5.0         |
|                         | Other Passive Components             | 28.9                          | 26.6                          | 24.5                          | (4.4)                 | -15.2       | (2.1)                 | -7.9         |
|                         | <b>Passive Components</b>            | <b>109.3</b>                  | <b>112.1</b>                  | <b>106.7</b>                  | <b>(2.6)</b>          | <b>-2.4</b> | <b>(5.4)</b>          | <b>-4.8</b>  |
|                         | <b>Sensor Application Products</b>   | <b>21.6</b>                   | <b>20.6</b>                   | <b>19.7</b>                   | <b>(1.9)</b>          | <b>-8.8</b> | <b>(0.9)</b>          | <b>-4.4</b>  |
|                         | <b>Magnetic Application Products</b> | <b>72.5</b>                   | <b>75.4</b>                   | <b>66.4</b>                   | <b>(6.1)</b>          | <b>-8.4</b> | <b>(9.0)</b>          | <b>-11.9</b> |
|                         | <b>Energy Application Products</b>   | <b>125.0</b>                  | <b>154.8</b>                  | <b>145.4</b>                  | <b>20.4</b>           | <b>16.3</b> | <b>(9.4)</b>          | <b>-6.1</b>  |
|                         | <b>Other</b>                         | <b>12.8</b>                   | <b>16.0</b>                   | <b>12.6</b>                   | <b>(0.2)</b>          | <b>-1.6</b> | <b>(3.4)</b>          | <b>-21.3</b> |
|                         | <b>Total</b>                         | <b>341.1</b>                  | <b>378.9</b>                  | <b>350.8</b>                  | <b>9.7</b>            | <b>2.8</b>  | <b>(28.1)</b>         | <b>-7.4</b>  |
| Operating income        | <b>Passive Components</b>            | <b>13.6</b>                   | <b>16.4</b>                   | <b>14.7</b>                   | <b>1.1</b>            | <b>8.1</b>  | <b>(1.7)</b>          | <b>-10.4</b> |
|                         | <b>Sensor Application Products</b>   | <b>(3.7)</b>                  | <b>(4.6)</b>                  | <b>(5.5)</b>                  | <b>(1.8)</b>          | <b>-</b>    | <b>(0.9)</b>          | <b>-</b>     |
|                         | <b>Magnetic Application Products</b> | <b>6.9</b>                    | <b>0.9</b>                    | <b>7.8</b>                    | <b>0.9</b>            | <b>13.0</b> | <b>6.9</b>            | <b>766.7</b> |
|                         | <b>Energy Application Products</b>   | <b>24.3</b>                   | <b>33.3</b>                   | <b>24.6</b>                   | <b>0.3</b>            | <b>1.2</b>  | <b>(8.7)</b>          | <b>-26.1</b> |
|                         | <b>Other</b>                         | <b>(0.2)</b>                  | <b>(1.7)</b>                  | <b>(1.2)</b>                  | <b>(1.0)</b>          | <b>-</b>    | <b>0.5</b>            | <b>-</b>     |
|                         | <b>Sub total</b>                     | <b>40.9</b>                   | <b>44.4</b>                   | <b>40.5</b>                   | <b>(0.4)</b>          | <b>-1.0</b> | <b>(3.9)</b>          | <b>-8.8</b>  |
|                         | <b>Corporate and eliminations</b>    | <b>(7.4)</b>                  | <b>(7.6)</b>                  | <b>(7.7)</b>                  | <b>(0.3)</b>          | <b>-</b>    | <b>(0.1)</b>          | <b>-</b>     |
|                         | <b>Total</b>                         | <b>33.5</b>                   | <b>36.8</b>                   | <b>32.8</b>                   | <b>(0.7)</b>          | <b>-2.1</b> | <b>(4.0)</b>          | <b>-10.9</b> |
| Operating income margin |                                      | 9.8%                          | 9.7%                          | 9.4%                          | -0.4pt                | -           | -0.3pt                | -            |
| Ex-rate                 | US\$ (JPY)                           | 112.97                        | 111.50                        | 112.90                        |                       |             |                       |              |
|                         | EURO (JPY)                           | 133.00                        | 129.63                        | 128.87                        |                       |             |                       |              |

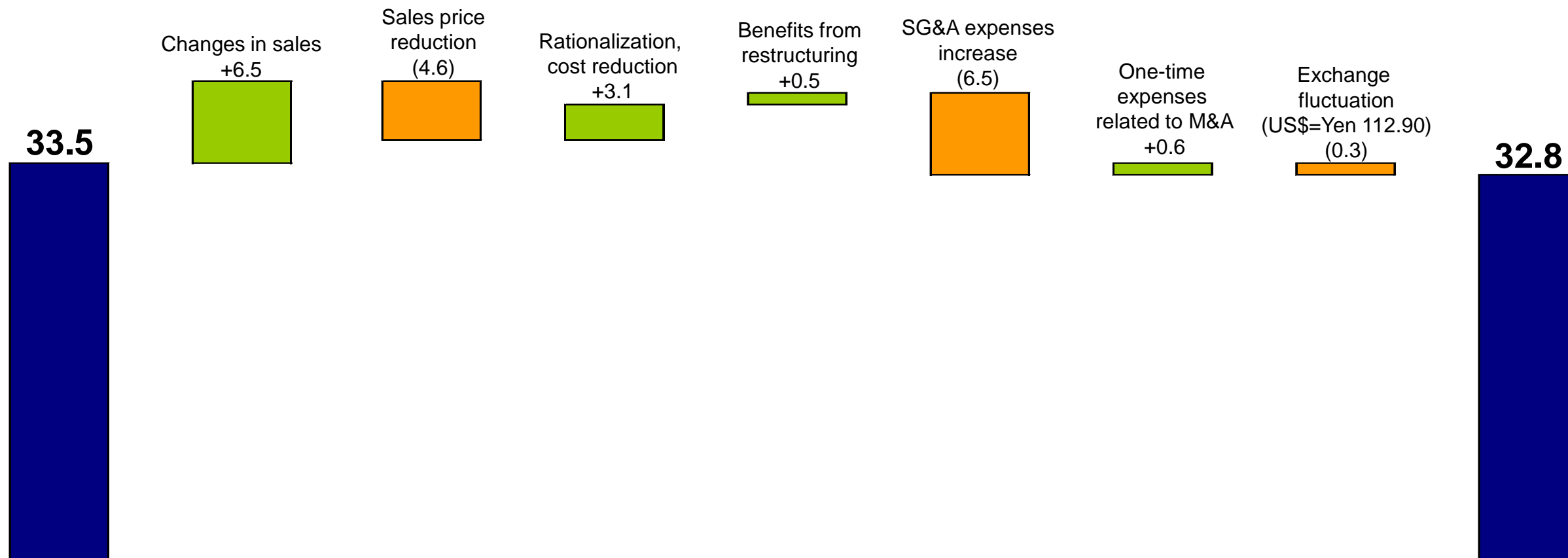
# Breakdown of operating income changes

3Q of  
FY March 2018  
33.5 billion yen

**Operating income -0.7 billion yen**

3Q of  
FY March 2019  
32.8 billion yen

(Yen billions)



# Consolidated results through 3Q of FY March 2019

| (Yen billions)                                 |            | FY March 2018<br>Results through 3Q<br>(2017.4.1-2017.12.31)  | FY March 2019<br>Results through 3Q<br>(2018.4.1-2018.12.31) | Change              |      |
|--|------------|---|--|---------------------|------|
|  |            |   |  | Yen billions        | %    |
| Net sales                                      |            | 964.7   | 1,072.7  | 108.0               | 11.2 |
| Operating income                               |            | 77.7  | 94.9   | 17.2                | 22.1 |
| Operating income margin                        |            | 8.1%  | 8.8%   | +0.7pt              | -    |
| Income before income taxes                     |            | 77.7  | 88.8   | 11.1                | 14.3 |
| Net income                                     |            | 52.3  | 63.5   | 11.2                | 21.4 |
| Earning per share (JPY)                        |            | 414.12  | 502.78   | -                   | -    |
| Ex-rate  | US\$ (JPY) | 111.72  | 111.17   | Appreciated by 0.5% |      |
|  | EURO (JPY) | 128.45  | 129.55   | Depreciated by 0.9% |      |
| Ex-rate impact to net sales & operating income |            | Net sales : Decreased by about 2.8 billion Yen<br>Operating income : Increased by about 1.2 billion Yen |  |                     |      |

# FY March 2019 full year / dividend projections

| (Yen billions)                |            | FY March 2018<br>full year results            | FY March 2019<br>full year projections<br>(announced on Apr. 27, 2018) | FY March 2019<br>full year projections<br>(announced on Oct. 31, 2018) | FY March 2019<br>full year projections<br>(announced on Jan. 30, 2019) | YoY change   |      |
|-------------------------------|------------|---|--|--|--|--------------|------|
|                               |            |   |  |  |  | Yen billions | %    |
| Net sales                     |            | 1,271.7                                       | 1,340.0  | 1,420.0  | 1,370.0  | 98.3         | 7.7  |
| Operating income              |            | 89.7  | 100.0  | 120.0  | 110.0  | 20.3         | 22.6 |
| Operating income margin       |            | 7.1%  | 7.5%   | 8.5%   | 8.0%   | +0.9 pt      | -    |
| Income before income taxes    |            | 89.8  | 98.0   | 114.0  | 114.0  | 24.2         | 26.9 |
| Net income                    |            | 63.5  | 70.0   | 80.0   | 80.0   | 16.5         | 26.0 |
| Earning per share (JPY)       |            | 502.80  | 554.43   | 633.53   | 633.53   | -            | -    |
| Dividends (JPY)               |            | 1st half : 60<br>2nd half : 70<br>Annual: 130 | 1st half : 70<br>2nd half : 70<br>Annual : 140                         | 1st half : 80<br>2nd half : 80<br>Annual : 160                         | 1st half : 80<br>2nd half : 80<br>Annual : 160                         | -            | -    |
| Ex-rate                       | US\$ (JPY) | 110.93  | 105.00   | 110.00<br>(2nd half)   | 108.00<br>(4Q)   | -            |      |
|                               | EURO (JPY) | 129.64  | 129.00   | 130.00<br>(2nd half)   | 124.00<br>(4Q)   | -            |      |
| Capital expenditure           |            | 178.6   | 210.0  | 210.0  | 190.0  | 11.4         | 6.4  |
| Depreciation and amortization |            | 92.2  | 110.0  | 110.0  | 110.0  | 17.8         | 19.3 |
| Research and development      |            | 102.6   | 110.0  | 110.0  | 110.0  | 7.4          | 7.2  |

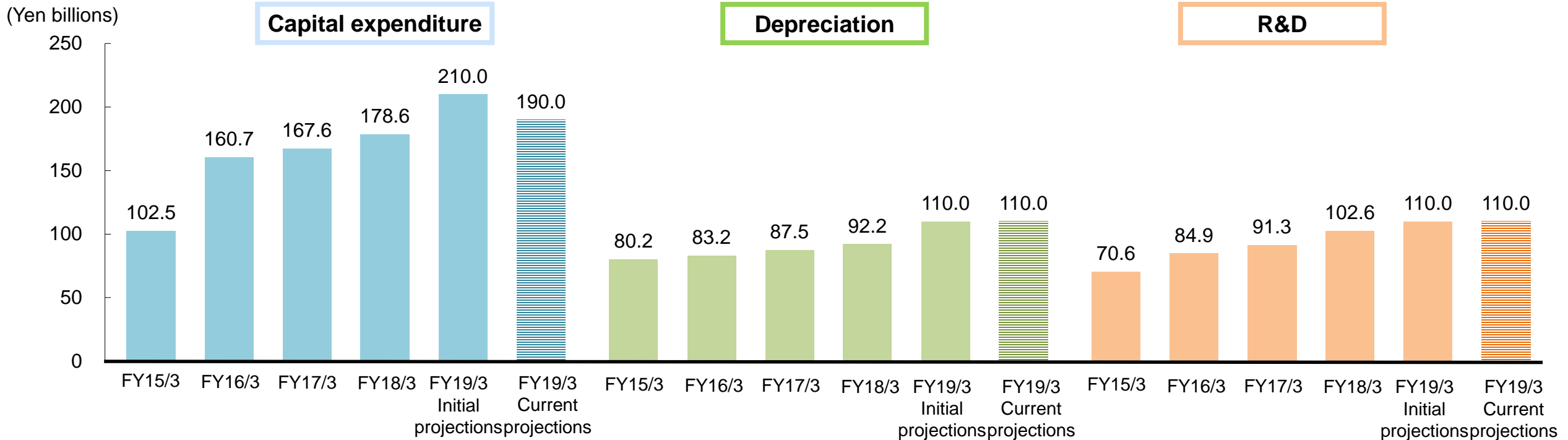
# Supplementary Data

# 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   | 42.7   |    |       |
|                  |            | Inductive Devices             | 37.6          | 40.5   | 40.3   | 39.2   | 157.5   | 41.3          | 41.6   | 39.5   |    |       |
|                  |            | Other Passive Components      | 22.8          | 26.2   | 28.9   | 25.3   | 103.2   | 26.9          | 26.6   | 24.5   |    |       |
|                  |            | Passive Components            | 96.7          | 105.8  | 109.3  | 105.9  | 417.8   | 112.7         | 112.1  | 106.7  |    |       |
|                  |            | Sensor Application Products   | 16.3          | 20.2   | 21.6   | 19.3   | 77.4    | 18.9          | 20.6   | 19.7   |    |       |
|                  |            | Magnetic Application Products | 66.4          | 71.8   | 72.5   | 66.9   | 277.5   | 70.5          | 75.4   | 66.4   |    |       |
|                  |            | Energy Application Products   | 95.3          | 122.2  | 125.0  | 100.4  | 442.8   | 125.6         | 154.8  | 145.4  |    |       |
|                  |            | Other                         | 14.8          | 14.1   | 12.8   | 14.6   | 56.3    | 15.4          | 16.0   | 12.6   |    |       |
|                  |            | Total                         | 289.5         | 334.0  | 341.1  | 307.1  | 1,271.7 | 343.1         | 378.9  | 350.8  |    |       |
| Operating income |            | Passive Components            | 10.3          | 12.8   | 13.6   | 13.6   | 50.2    | 14.0          | 16.4   | 14.7   |    |       |
|                  |            | Sensor Application Products   | (4.5)         | (5.8)  | (3.7)  | (4.6)  | (18.6)  | (4.9)         | (4.6)  | (5.5)  |    |       |
|                  |            | Magnetic Application Products | 3.7           | 5.0    | 6.9    | 0.6    | 16.1    | 3.5           | 0.9    | 7.8    |    |       |
|                  |            | Energy Application Products   | 13.5          | 21.6   | 24.3   | 13.0   | 72.4    | 21.0          | 33.3   | 24.6   |    |       |
|                  |            | Other                         | 1.4           | (0.2)  | (0.2)  | (1.8)  | (0.7)   | (1.0)         | (1.7)  | (1.2)  |    |       |
|                  |            | Sub total                     | 24.4          | 33.4   | 40.9   | 20.8   | 119.4   | 32.5          | 44.4   | 40.5   |    |       |
|                  |            | Corporate and eliminations    | (7.8)         | (5.8)  | (7.4)  | (8.8)  | (29.7)  | (7.1)         | (7.6)  | (7.7)  |    |       |
|                  |            | Total                         | 16.6          | 27.6   | 33.5   | 12.0   | 89.7    | 25.4          | 36.8   | 32.8   |    |       |
| Ex-rate          | US\$ (JPY) |                               | 111.16        | 111.01 | 112.97 | 108.49 | 110.93  | 109.09        | 111.50 | 112.90 |    |       |
|                  | EURO (JPY) |                               | 122.02        | 130.26 | 133.00 | 133.25 | 129.64  | 130.16        | 129.63 | 128.87 |    |       |

# 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

| (Yen billions)                     | March End,<br>2018 | September End,<br>2018 | December End,<br>2018 | Change from<br>Sep End, 2018 |
|------------------------------------|--------------------|------------------------|-----------------------|------------------------------|
| <b>Total asset</b>                 | <b>1,905.2</b>     | <b>2,028.3</b>         | <b>2,022.3</b>        | <b>(6.0)</b>                 |
| <b>Total liability</b>             | <b>1,074.0</b>     | <b>1,147.3</b>         | <b>1,152.7</b>        | <b>5.4</b>                   |
| <b>Stockholders's equity</b>       | <b>824.6</b>       | <b>874.6</b>           | <b>863.4</b>          | <b>(11.2)</b>                |
| (comprehensive income)             | <b>(119.5)</b>     | <b>(96.0)</b>          | <b>(119.6)</b>        | <b>(23.6)</b>                |
| <b>Stockholders's equity ratio</b> | <b>43.3%</b>       | <b>43.1%</b>           | <b>42.7%</b>          | <b>-0.4pt</b>                |
| <b>Cash and cash equivalents</b>   | <b>323.3</b>       | <b>280.8</b>           | <b>324.5</b>          | <b>43.7</b>                  |
| <b>Interest-bearing debt (*1)</b>  | <b>483.0</b>       | <b>518.1</b>           | <b>532.1</b>          | <b>14.0</b>                  |
| <b>Net cash (*2)</b>               | <b>(159.7)</b>     | <b>(237.3)</b>         | <b>(207.6)</b>        | <b>29.7</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

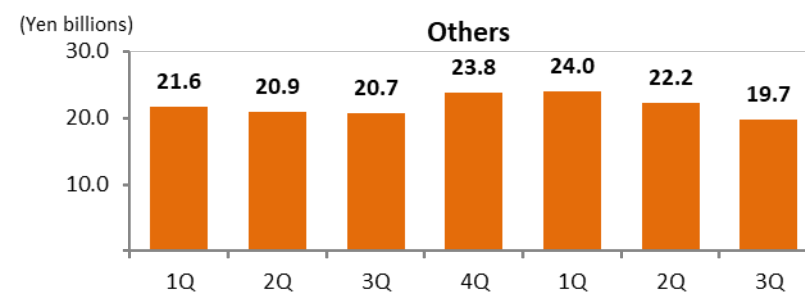
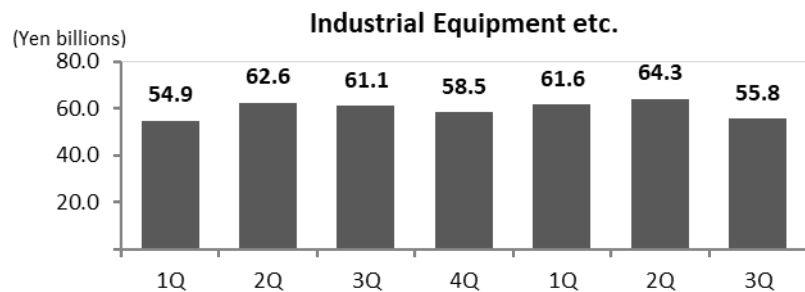
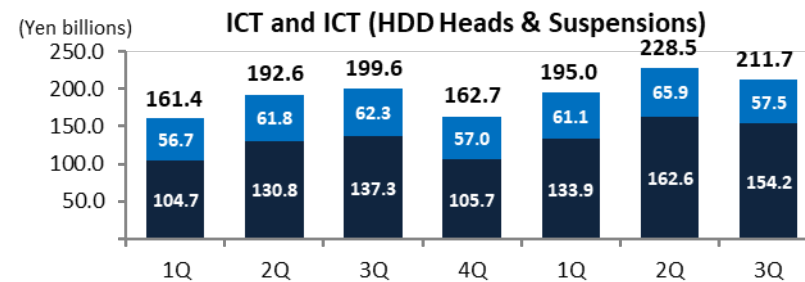
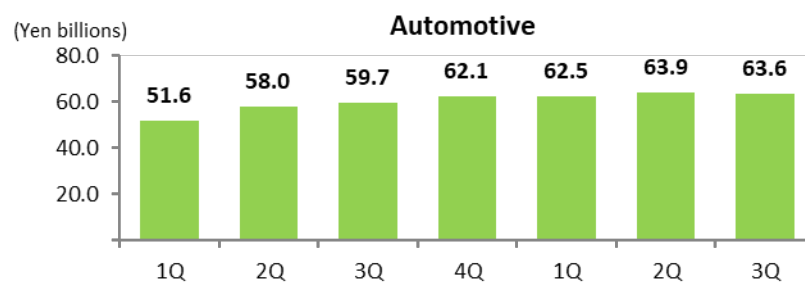
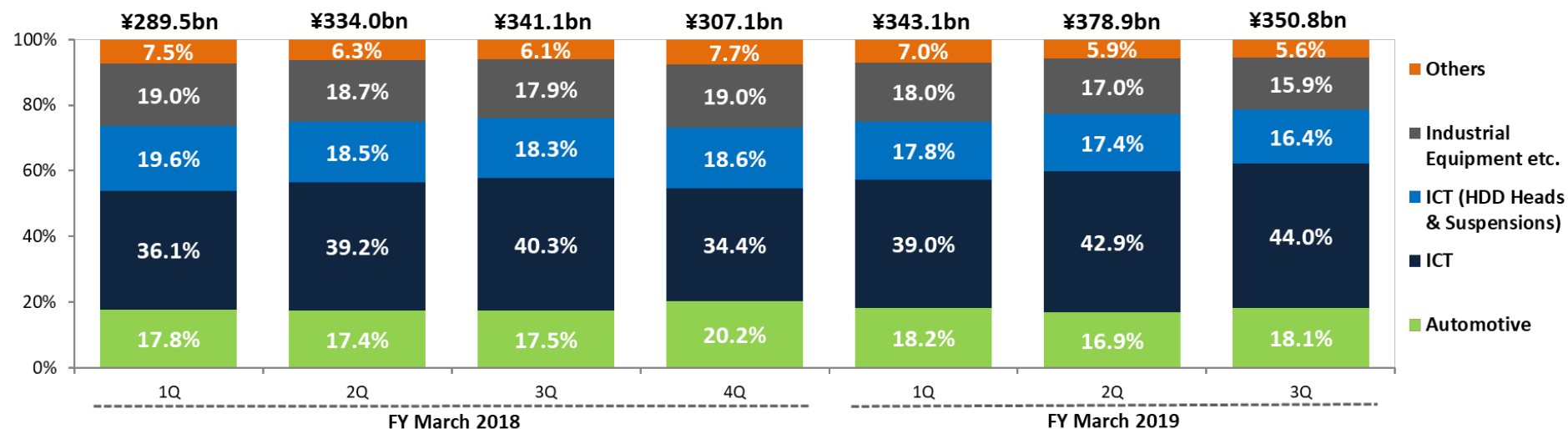
# Cash flows

| <b>(Yen billions)</b>   | <b>FY March 2018<br/>Results through 3Q</b> | <b>FY March 2019<br/>Results through 3Q</b> | <b>YoY<br/>change</b> |
|---|---|---|-----------------------|
| Operating cash flow   | 31.0  | 90.4  | 59.4                  |
| Investing cash flow   | (203.7)                                     | (95.8)                                      | 107.9                 |
| Free cash flow  | (172.7)                                     | (5.4)                                       | 167.3                 |
| Financing cash flow   | 113.0                                       | 21.2  | (91.8)                |
| Effect of exchange rate changes<br>on cash and cash equivalents | 8.7   | (1.9)                                       | (10.6)                |

|                           |       |       |      |
|---------------------------|-------|-------|------|
| Cash and cash equivalents | 279.4 | 293.5 | 14.1 |
|---------------------------|-------|-------|------|

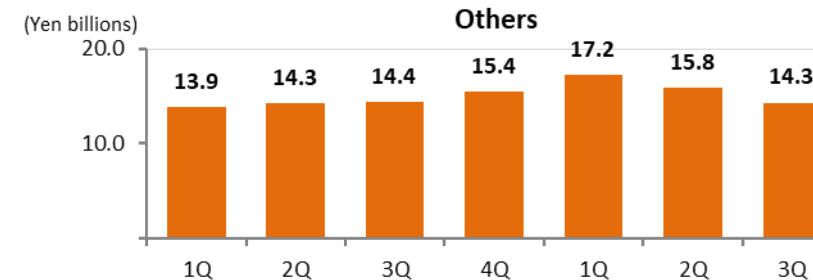
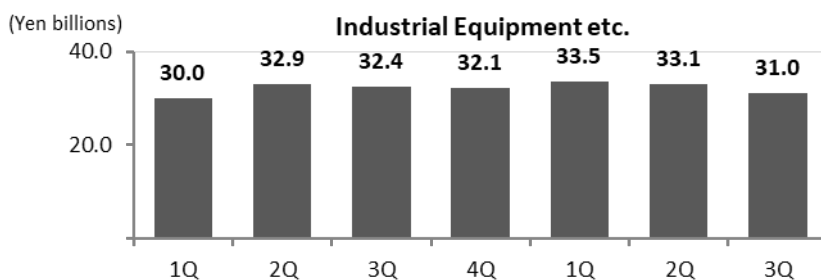
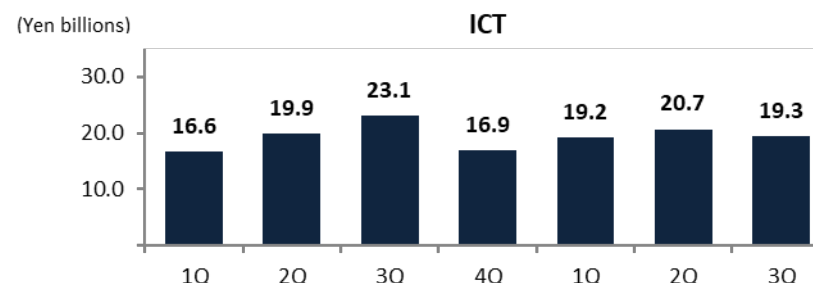
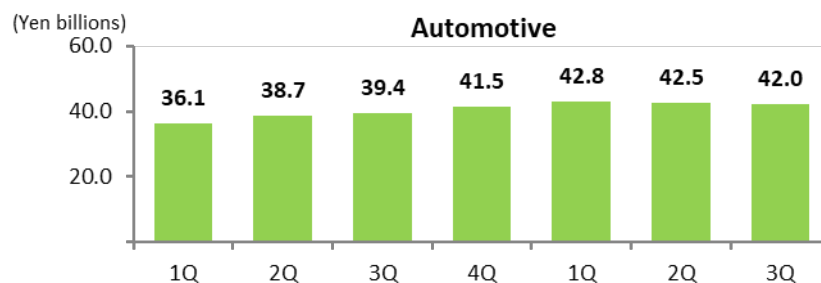
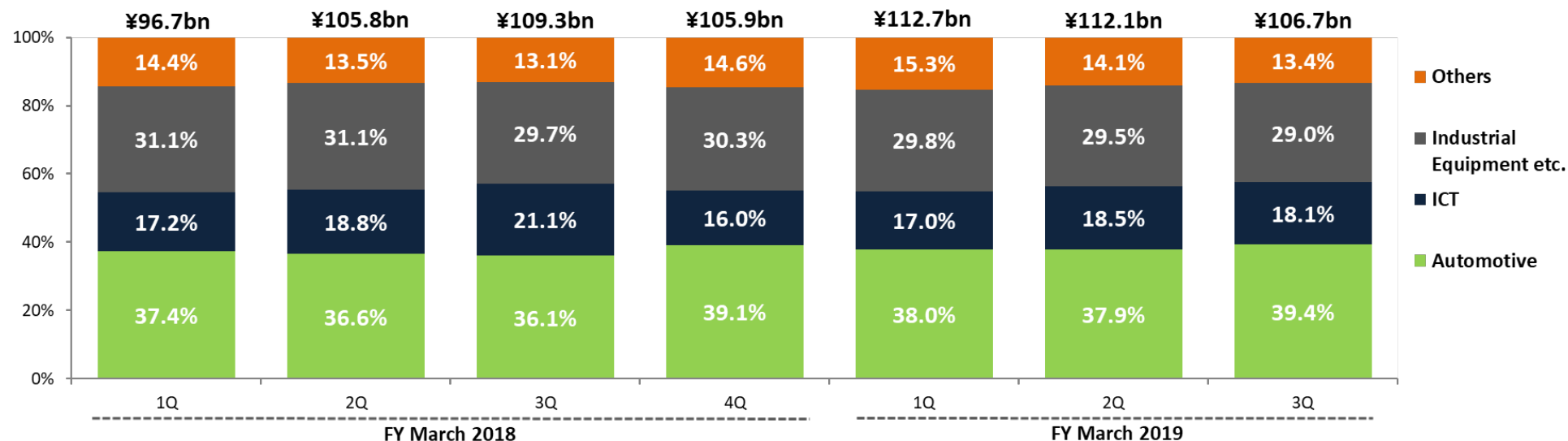
| <b>(Yen billions)</b>         | <b>FY March 2018<br/>Results through 3Q</b> | <b>FY March 2019<br/>Results through 3Q</b> | <b>YoY<br/>change</b> |
|-------------------------------|---|---|-----------------------|
| Capital expenditures          | 133.0                                       | 117.2                                       | (15.8)                |
| Depreciation and amortization | 67.2  | 79.8  | 12.6                  |

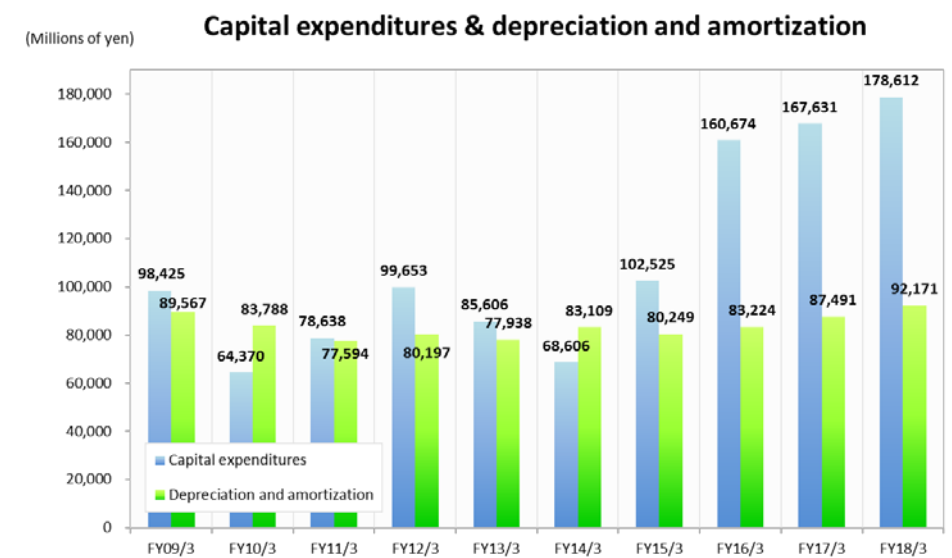
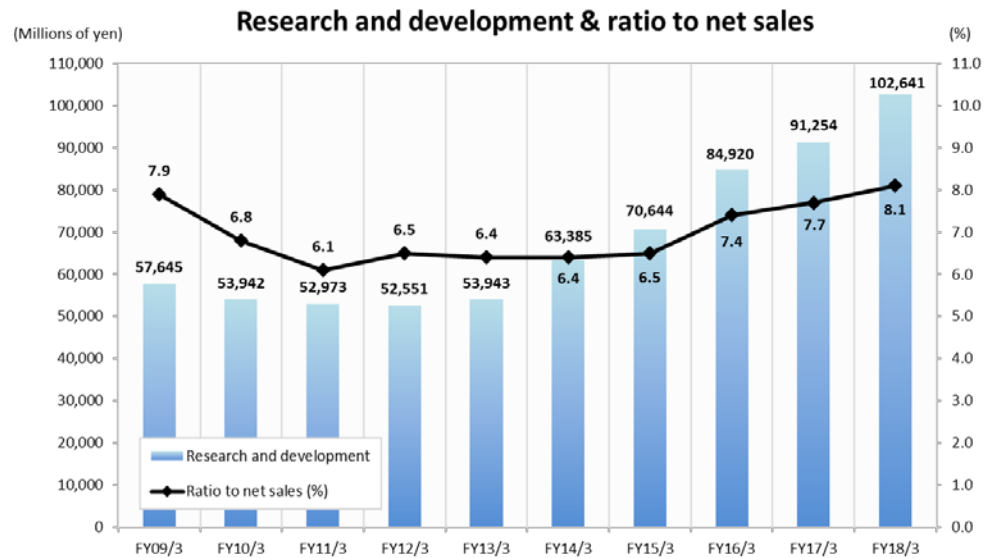
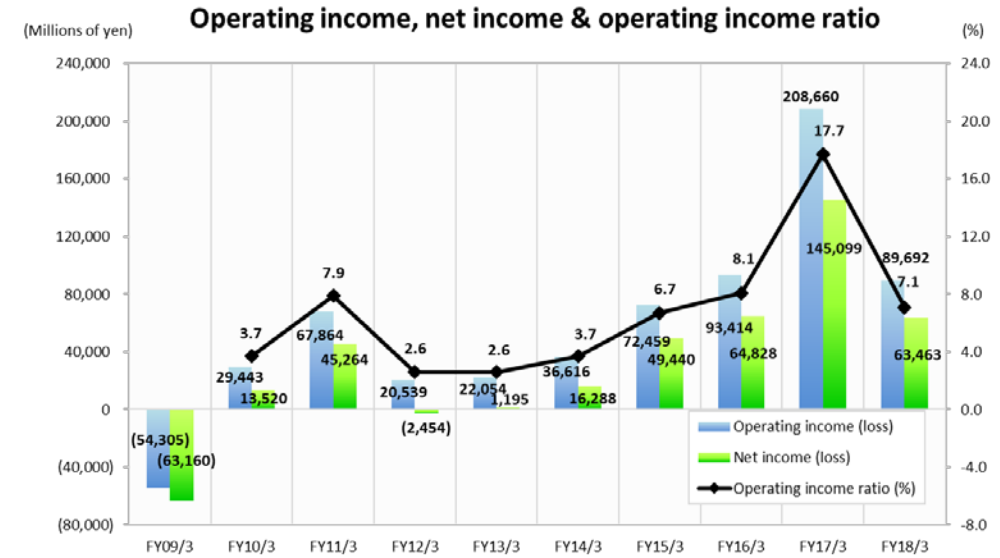
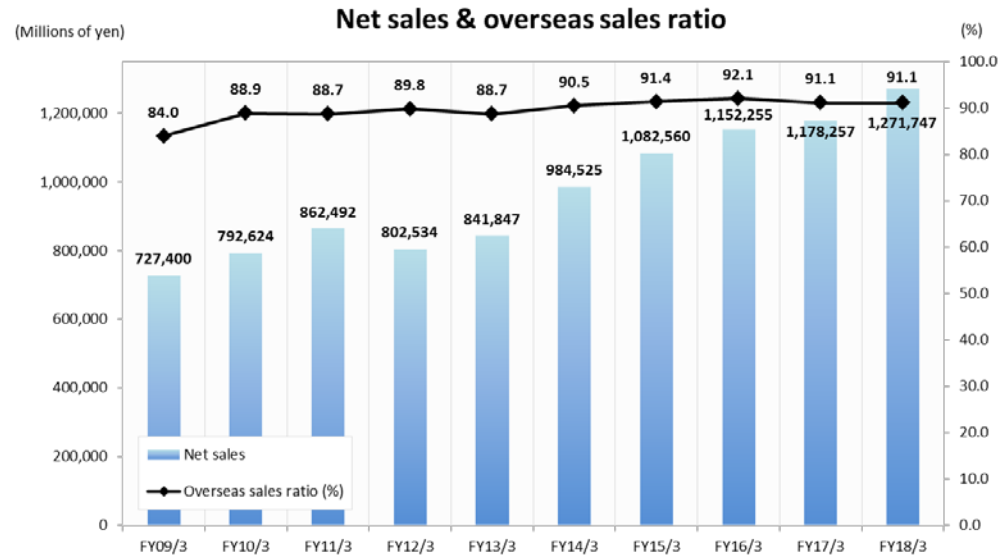
# Quarterly sales by applications (1Q of FY March 2018 – 3Q of FY March 2019)

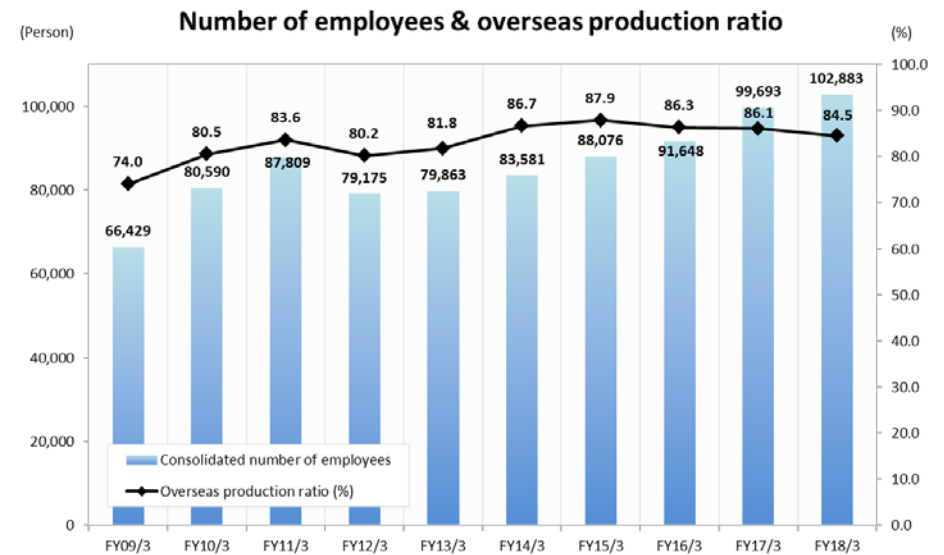
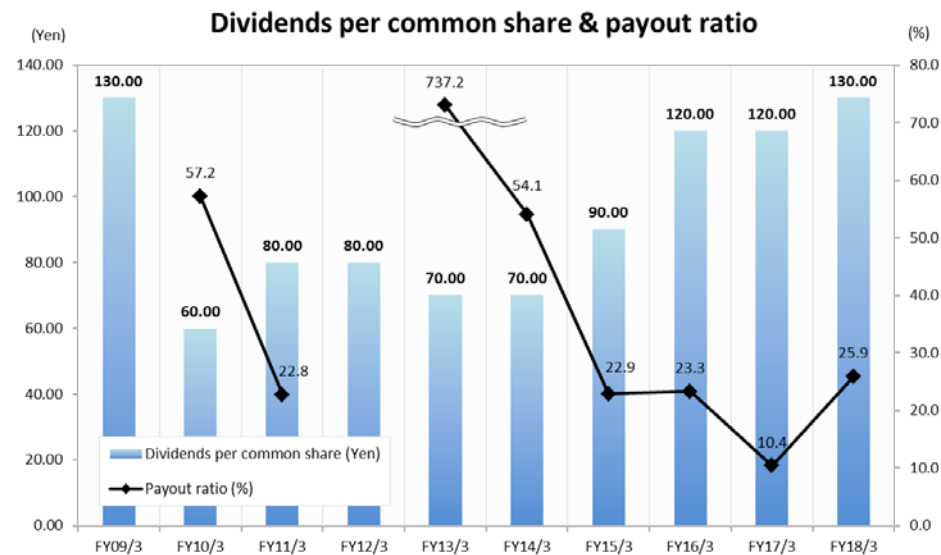
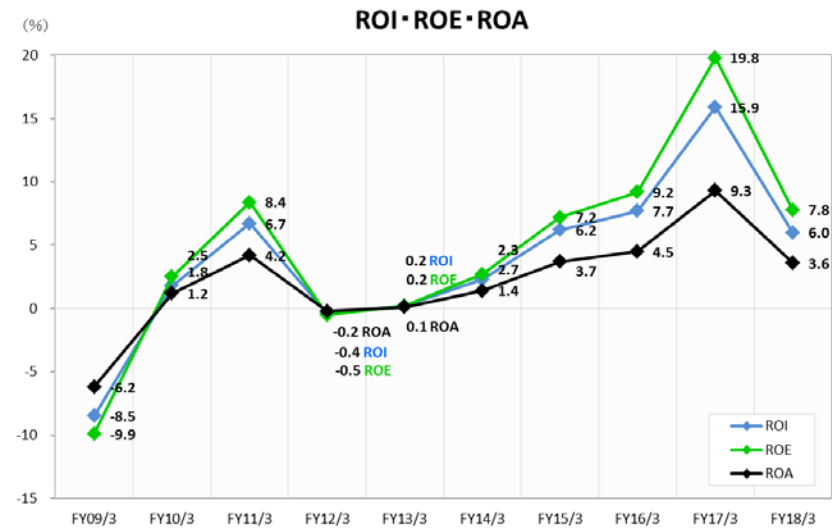
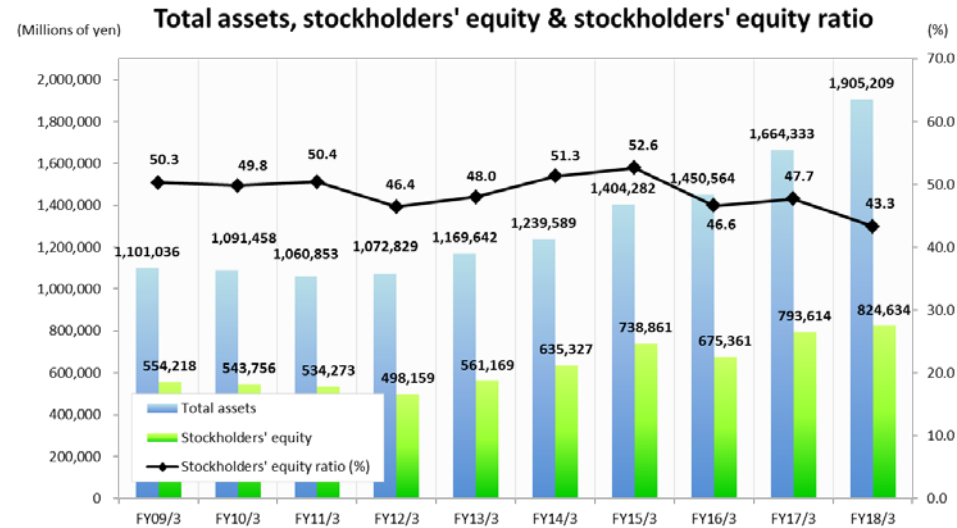


# Passive Components business quarterly sales by applications (1Q of FY March 2018 – 3Q of FY March 2019)

Attracting Tomorrow







# 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.  
[https://www.global.tdk.com/corp/en/ir/ir\\_events/conference/2019/3q\\_1.htm](https://www.global.tdk.com/corp/en/ir/ir_events/conference/2019/3q_1.htm)