

Attracting Tomorrow



Performance Briefing Fiscal Year March 2019

- **Consolidated Results for FY March 2019**
Tetsuji Yamanishi, Senior Vice President
- **Consolidated Full Year Projections for FY March 2020**
Shigenao Ishiguro, President & CEO

Consolidated Results for FY March 2019

Tetsuji Yamanishi
Senior Vice President

Key points concerning earnings for FY March 2019

- **Net sales, operating income, income before income taxes, and net income reached new record highs***
 - **Net sales increased 8.7%, operating income increased 20.2% towards the ¥100.0 billion level***
-
- Secured higher sales and profits year on year despite the impact of China's economic slowdown in the second half of the fiscal year.
 - In Rechargeable Batteries, sales for non-mobile applications increased and contributed to expansion of the Company's overall earnings, in addition to mobile applications (smartphones, tablets, laptops).
 - Brisk sales of Ceramic Capacitors for the automotive market lifted the overall earnings base for the Passive Components segment.
 - Although shipments of HDD Heads and HDD Suspension Assemblies decreased year on year, the proportion of shipments of high-value-added products for data centers increased and secured higher profits.
 - Delay in improved earnings for Sensors and Magnets.

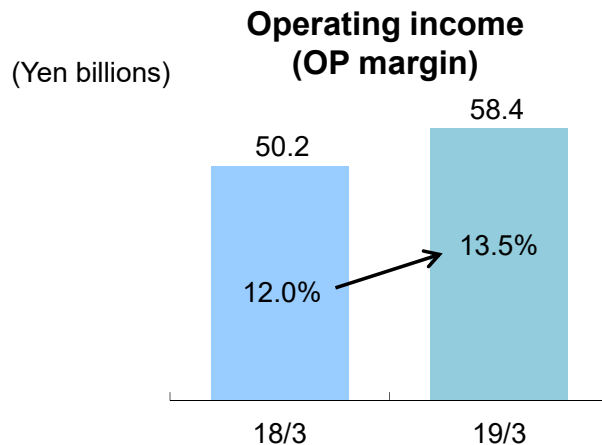
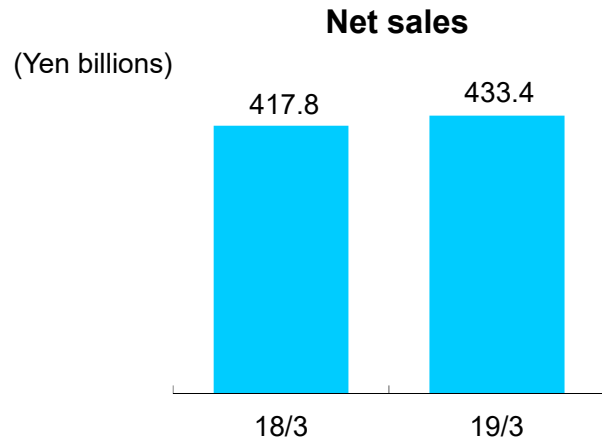
*Incomes are compared on a basis excluding a gain on sales of business recorded in the year ended March 2017.

Consolidated full year results for FY March 2019

(Yen billions)		FY March 2018 full year results	FY March 2019 full year results	Change	
				Yen billions	%
Net sales		1,271.7	1,381.8	110.1	8.7
Operating income		89.7	107.8	18.1	20.2
Operating income margin		7.1%	7.8%	+0.7 pt	-
Income before income taxes		89.8	115.6	25.8	28.7
Net income		63.5	82.2	18.7	29.4
Earning per share (JPY)		502.80	651.02	-	-
Ex-rate	US\$ (JPY)	110.93	110.94	- Appreciated by 0.9%	
	EURO (JPY)	129.64	128.48		
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 5.0 billion Yen Operating income : Increased by about 0.6 billion Yen			

FY March 2019 results

- Passive Components segment



18/3: FY March 2018

Net sales 433.4 billion yen (up 3.7% year on year)
Operating income 58.4 billion yen (up 16.3% 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 maintained the same level and profitability improved year on year.

- **Inductive Devices**

- ↳ Sales increased year on year.
- ↳ Sales to the automotive and the ICT markets increased, while sales to the industrial equipment market decreased.

- **High-Frequency Components**

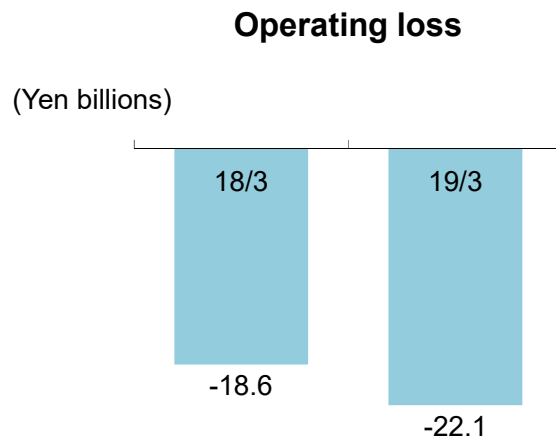
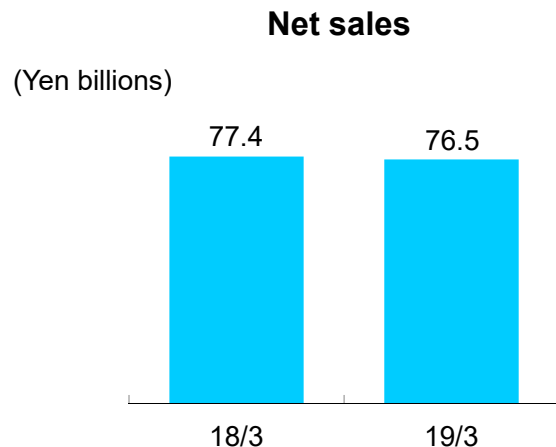
- ↳ Sales increased year on year.
- ↳ Sales to the ICT market increased.

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

- ↳ Sales and profit decreased year on year.
- ↳ Sales to the automotive and the ICT markets decreased while the industrial equipment market increased.

FY March 2019 results

- Sensor Application Products segment



18/3: FY March 2018

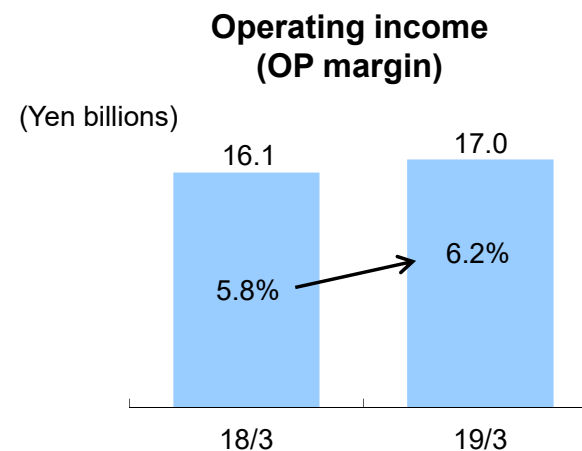
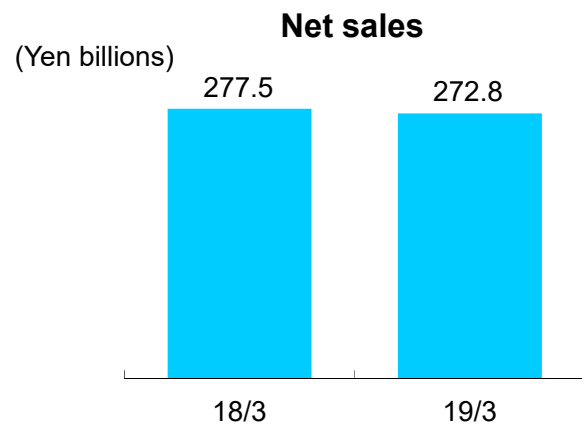
Net sales 76.5 billion yen (down 1.2% year on year)
Operating loss -22.1 billion yen (up —% year on year)

● Sensors

- ▮ Temperature and Pressure Sensors achieved higher sales year on year atop growth in the automotive market.
- ▮ Magnetic Sensors achieved higher sales atop growth in the automotive and the ICT markets.
- ▮ MEMS Sensors saw declines in sales and profit as sales of existing products slumped due to the impact of the deceleration in the ICT market.

FY March 2019 results

- Magnetic Application Products segment



18/3: FY March 2018

Net Sales 272.8 billion yen (down 1.7% year on year)
Operating income 17.0 billion yen (up 5.6% year on year)

- **HDD Heads and HDD Suspension Assemblies**

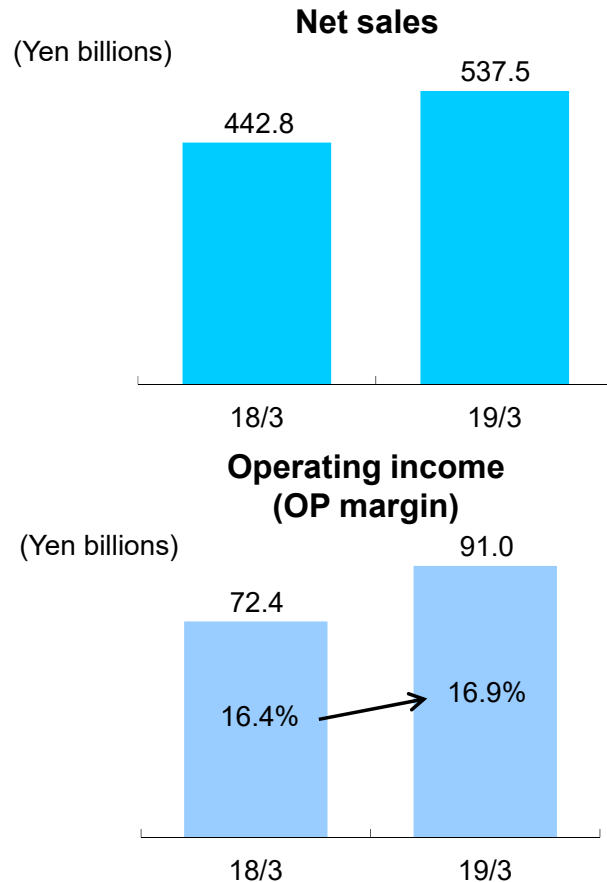
- Sales maintained the same level and profit increased year on year.
- Profit increased due to the improved product mix of HDD Heads and HDD Suspension Assemblies, as well as the enhanced profitability of Suspension Application Products (Additive Metal Deposition Components).

- **Magnets**

- Sales and profit decreased year on year.
- Sales decreased for applications such as wind power generators and industrial equipment.
- Impairment loss recorded in 2Q.

FY March 2019 results

- Energy Application Products segment



18/3: FY March 2018

Net sales 537.5 billion yen (up 21.4% year on year)
Operating income 91.0 billion yen (up 25.7% year on year)

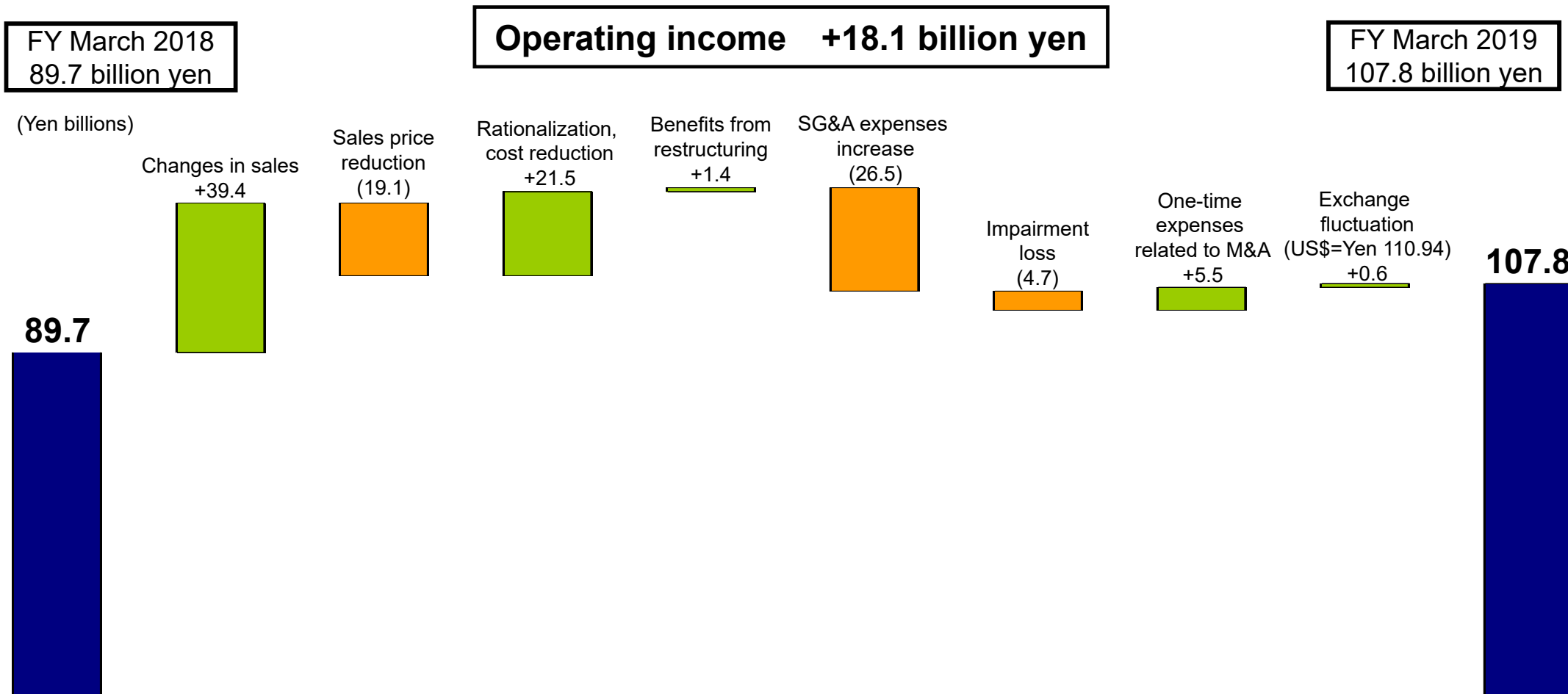
- **Energy Devices (Rechargeable Batteries)**

- Sales and profit increased year on year.
- Sales for mobile applications (smartphones, tablets, laptops) were strong.
- Sales for non-mobile new applications also increased.

- **Power Supplies**

- Sales of Power Supplies for industrial equipment maintained the same level year on year.
- Sales of Power Supplies for xEVs increased while profit decreased year on year.

Breakdown of operating income changes



FY March 2019 quarterly results by segment

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(Yen billions)		4Q of FY March 2018 (A)	3Q of FY March 2019 (B)	4Q of FY March 2019 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	41.4	42.7	42.3	0.9	2.2	(0.4)	-0.9
	Inductive Devices	39.2	39.5	36.2	(3.0)	-7.7	(3.3)	-8.4
	Other Passive Components	25.3	24.5	23.4	(1.9)	-7.5	(1.1)	-4.5
	Passive Components	105.9	106.7	101.9	(4.0)	-3.8	(4.8)	-4.5
	Sensor Application Products	19.3	19.7	17.3	(2.0)	-10.4	(2.4)	-12.2
	Magnetic Application Products	66.9	66.4	60.5	(6.4)	-9.6	(5.9)	-8.9
	Energy Application Products	100.4	145.4	111.8	11.4	11.4	(33.6)	-23.1
	Other	14.6	12.6	17.6	3.0	20.5	5.0	39.7
	Total	307.1	350.8	309.1	2.0	0.7	(41.7)	-11.9
Operating income	Passive Components	13.6	14.7	13.3	(0.3)	-2.2	(1.4)	-9.5
	Sensor Application Products	(4.6)	(5.5)	(7.2)	(2.6)	-	(1.7)	-
	Magnetic Application Products	0.6	7.8	4.8	4.2	700.0	(3.0)	-38.5
	Energy Application Products	13.0	24.6	12.1	(0.9)	-6.9	(12.5)	-50.8
	Other	(1.8)	(1.2)	(2.8)	(1.0)	-	(1.6)	-
	Sub total	20.8	40.5	20.3	(0.5)	-2.4	(20.2)	-49.9
	Corporate and eliminations	(8.8)	(7.7)	(7.4)	1.4	-	0.3	-
	Total	12.0	32.8	12.9	0.9	7.5	(19.9)	-60.7
Operating income margin		3.9%	9.4%	4.2%	+0.3pt	-	-5.2pt	-
Ex-rate	US\$ (JPY)	108.49	112.90	110.23				
	EURO (JPY)	133.25	128.87	125.18				

Consolidated Full Year Projections for FY March 2020

Shigenao Ishiguro
President & CEO

Key points concerning projections for FY March 2020

- **We will pursue business opportunities as the electronics business expands in the medium to long term with the acceleration of trends towards digital and energy transformations**
- **Events such as US-China trade friction, China's economic slowdown, Brexit, etc. will likely continue to have an impact on macroeconomics in the short term. TDK will implement measures for medium- and long-term growth and work towards achieving Medium-Term Plan targets in the fiscal year ending March 2020**
 - Substantial growth is not expected in the Passive Components and Energy Application Products businesses year on year, and a recovery in demand for the Magnetic Application Products business in the HDD market is anticipated in the second half of the fiscal year and later, which will definitively help in achieving earnings targets.
 - TDK will implement measures in certain businesses such as Sensors, Magnets, etc. and aim for an overall improvement in earnings.
 - TDK will continue to conduct capital investment in MLCCs and Rechargeable Batteries for non-smartphone products to bolster competitiveness.

FY March 2020 full year / dividend projections

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(Yen billions)		FY March 2019 full year results	FY March 2020 full year projections (announced on Apr. 26, 2019)	YoY change	
				Yen billions	%
Net sales		1,381.8	1,420.0	38.2	2.8
Operating income		107.8	120.0	12.2	11.3
Operating income margin		7.8%	8.5%	+0.7 pt	-
Income before income taxes		115.6	118.0	2.4	2.1
Net income		82.2	84.0	1.8	2.2
Earning per share (JPY)		651.02	665.14	-	-
Dividends (JPY)		1st half : 80 2nd half : 80 Annual: 160	1st half : 90 2nd half : 90 Annual : 180	-	-
Ex-rate	US\$ (JPY)	110.94	108.00	-	
	EURO (JPY)	128.48	122.00	-	
Capital expenditure		173.6	200.0	26.4	15.2
Depreciation and amortization		106.6	130.0	23.4	22.0
Research and development		115.2	120.0	4.8	4.2

Projections for FY March 2020

- Image of changes in sales

(Yen billions)

Segment	FY March 2019 full year results	FY March 2020 full year projections (YoY change)
Passive Components	433.4	+2~+5%
Sensor Application Products	76.5	+28~+31%
Magnetic Application Products	272.8	-17~-20%
Energy Application Products	537.5	+6~+9%
Other	61.6	—
Total	1,381.8	1,420.0

Forex assumptions

US\$(JPY)
EURO(JPY)

110.94
128.48

108.00
122.00

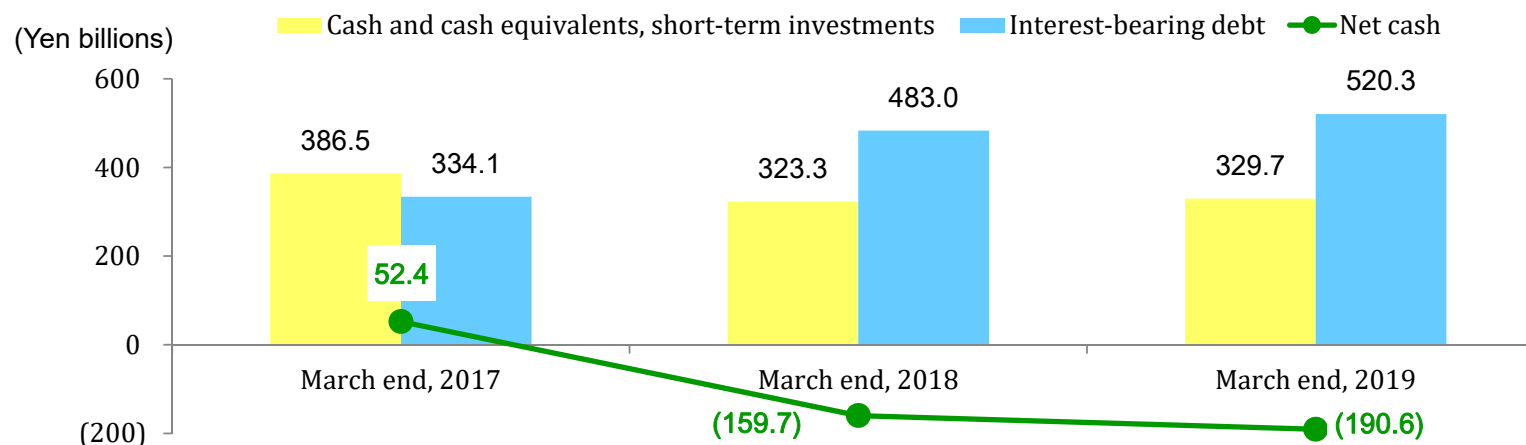
Supplementary Data

Financial position

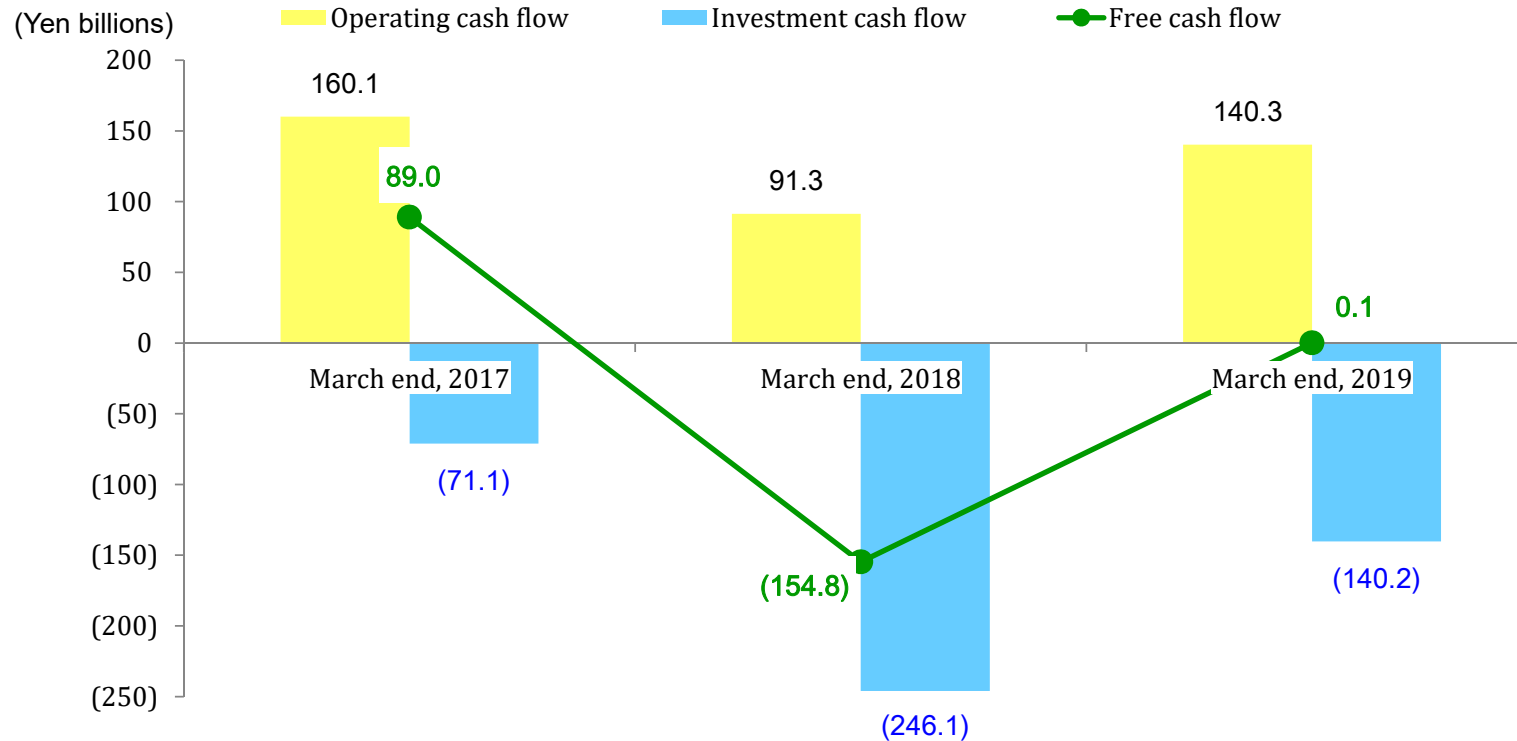
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(Yen billions)	March end, 2017	March end, 2018	March end, 2019	Change 2018-2019
Total assets	1,664.3	1,905.2	1,992.5	87.3
Total liabilities	862.2	1,074.0	1,108.7	34.7
Stockholder's equity	793.6	824.6	877.3	52.7
(comprehensive income)	-108.6	-119.5	-124.4	-4.9
Stockholder's equity ratio	47.7%	43.3%	44.0%	0.7 pt
Cash and cash equivalents, short-term investments	386.5	323.3	329.7	6.4
Interest-bearing debt	334.1	483.0	520.3	37.3
Net cash	52.4	-159.7	-190.6	-30.9



Cash flows



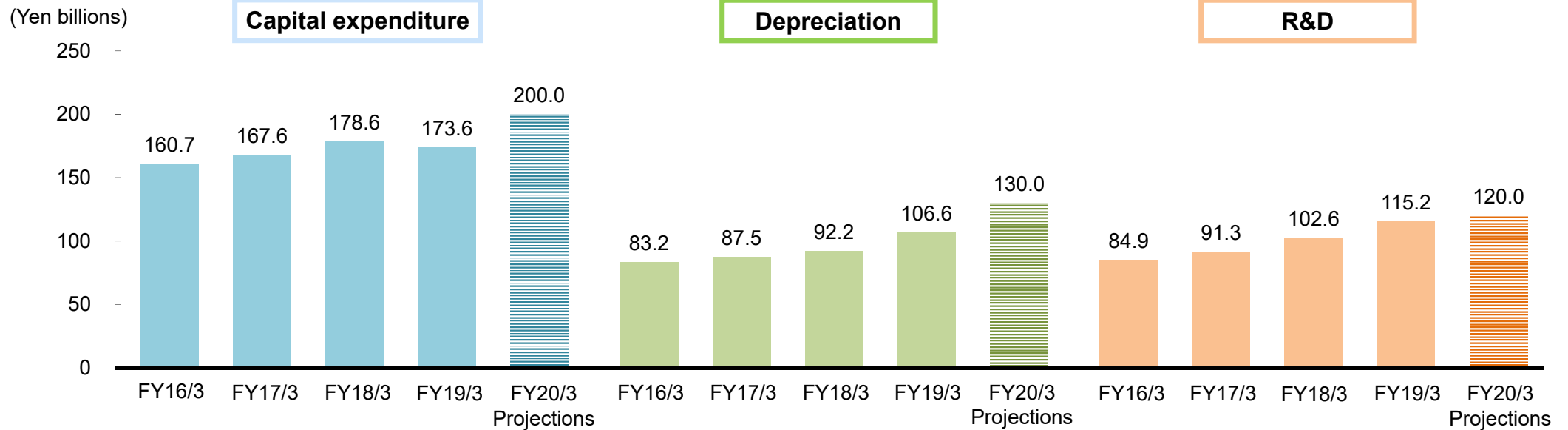
(Yen billions)	March end, 2017	March end, 2018	March end, 2019	Change 2018-2019
Capital expenditures	167.6	178.6	173.6	-5.0
Depreciation and amortization	87.5	92.2	106.6	14.4

Quarterly sales and operating income by segment

			FY March 2018					FY March 2019				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
(Yen billions)												
Net sales		Capacitors	36.3	39.2	40.1	41.4	157.0	44.5	43.9	42.7	42.3	173.3
		Inductive Devices	37.6	40.5	40.3	39.2	157.5	41.3	41.6	39.5	36.2	158.6
		Other Passive Components	22.8	26.2	28.9	25.3	103.2	26.9	26.6	24.5	23.4	101.4
		Passive Components	96.7	105.8	109.3	105.9	417.8	112.7	112.1	106.7	101.9	433.4
		Sensor Application Products	16.3	20.2	21.6	19.3	77.4	18.9	20.6	19.7	17.3	76.5
		Magnetic Application Products	66.4	71.8	72.5	66.9	277.5	70.5	75.4	66.4	60.5	272.8
		Energy Application Products	95.3	122.2	125.0	100.4	442.8	125.6	154.8	145.4	111.8	537.5
		Other	14.8	14.1	12.8	14.6	56.3	15.4	16.0	12.6	17.6	61.6
		Total	289.5	334.0	341.1	307.1	1,271.7	343.1	378.9	350.8	309.1	1,381.8
Operating income		Passive Components	10.3	12.8	13.6	13.6	50.2	14.0	16.4	14.7	13.3	58.4
		Sensor Application Products	(4.5)	(5.8)	(3.7)	(4.6)	(18.6)	(4.9)	(4.6)	(5.5)	(7.2)	(22.1)
		Magnetic Application Products	3.7	5.0	6.9	0.6	16.1	3.5	0.9	7.8	4.8	17.0
		Energy Application Products	13.5	21.6	24.3	13.0	72.4	21.0	33.3	24.6	12.1	91.0
		Other	1.4	(0.2)	(0.2)	(1.8)	(0.7)	(1.0)	(1.7)	(1.2)	(2.8)	(6.7)
		Sub total	24.4	33.4	40.9	20.8	119.4	32.5	44.4	40.5	20.3	137.6
		Corporate and eliminations	(7.8)	(5.8)	(7.4)	(8.8)	(29.7)	(7.1)	(7.6)	(7.7)	(7.4)	(29.8)
		Total	16.6	27.6	33.5	12.0	89.7	25.4	36.8	32.8	12.9	107.8
Ex-rate	US\$ (JPY)		111.16	111.01	112.97	108.49	110.93	109.09	111.50	112.90	110.23	110.94
	EURO (JPY)		122.02	130.26	133.00	133.25	129.64	130.16	129.63	128.87	125.18	128.48

FY March 2020 projections and forex sensitivity

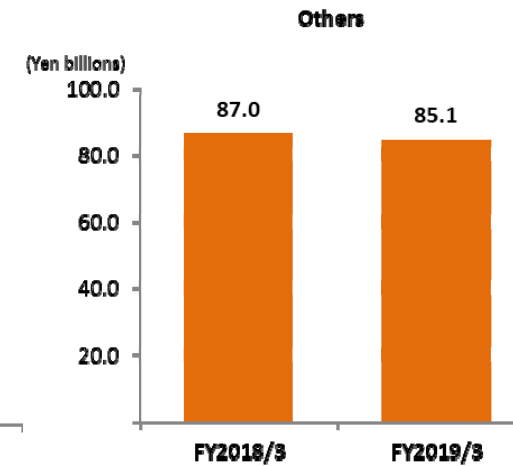
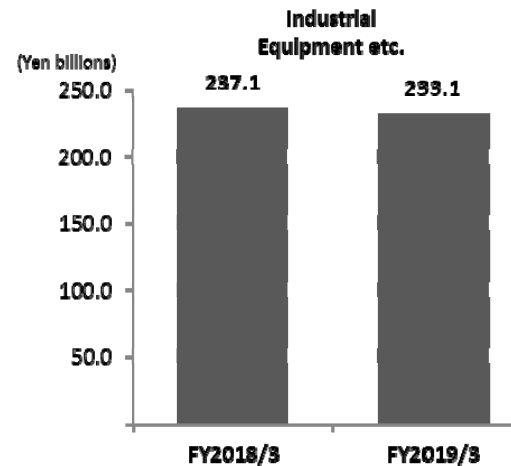
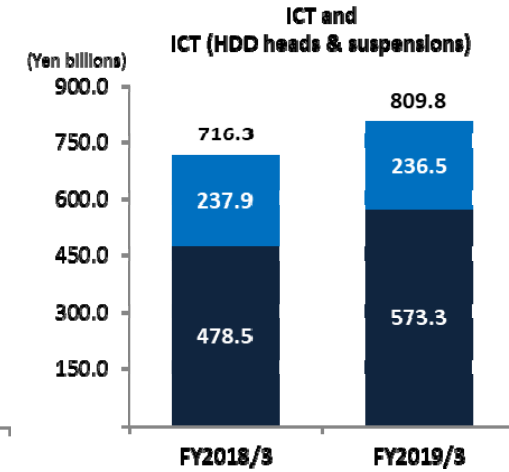
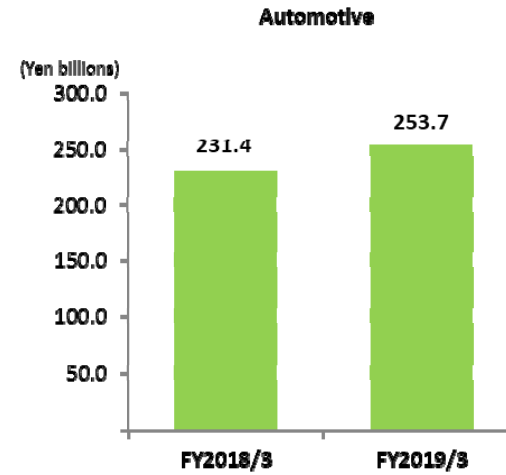
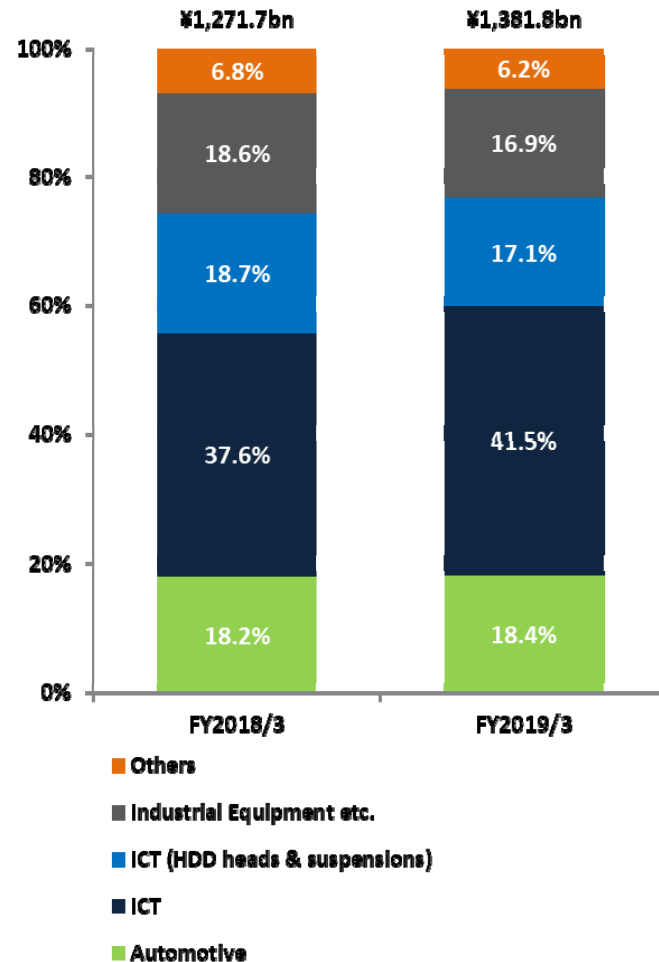
Expenses



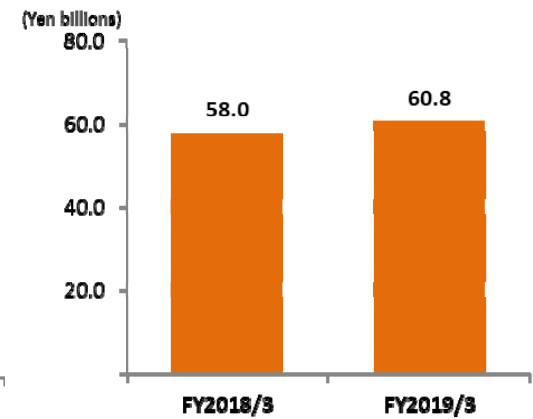
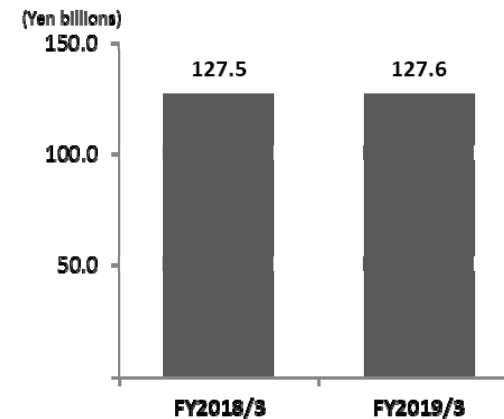
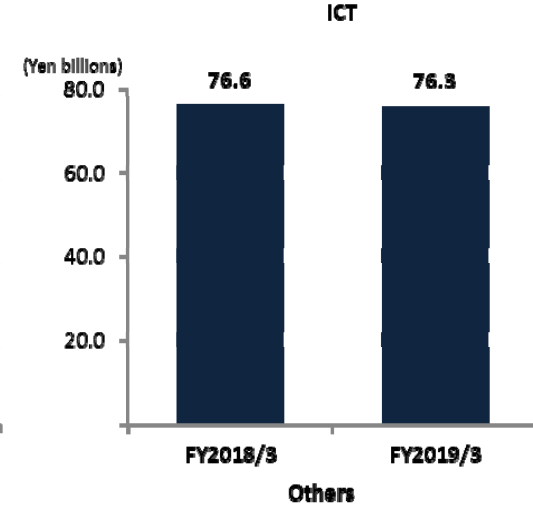
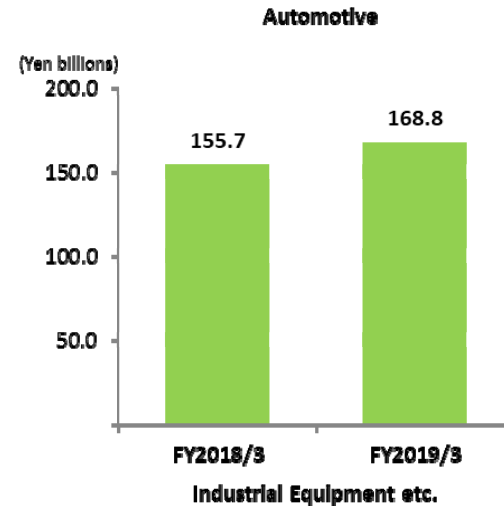
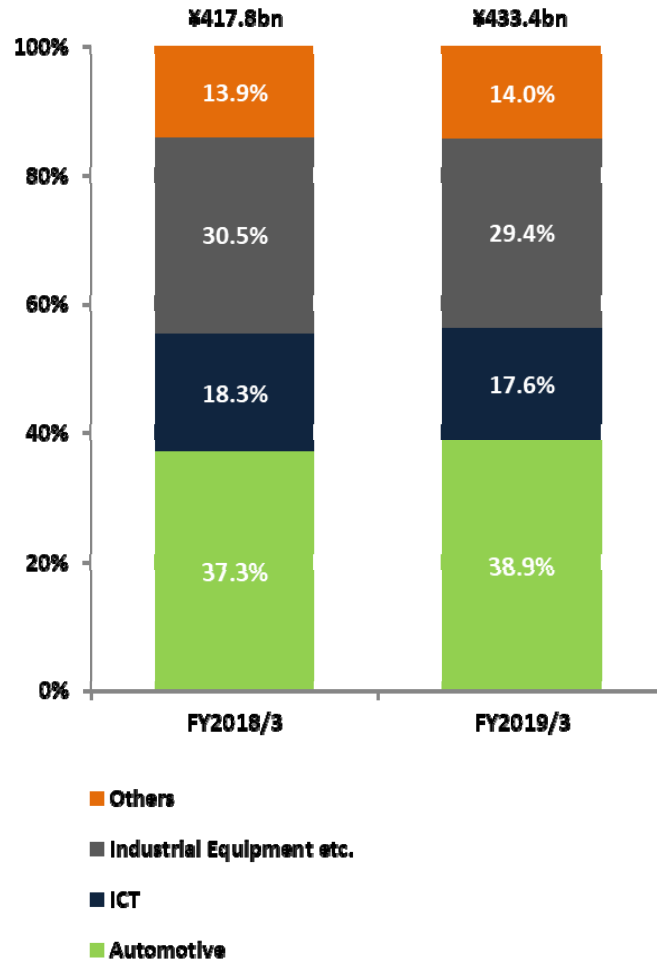
Forex sensitivity (impact by 1 (one) yen change)

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

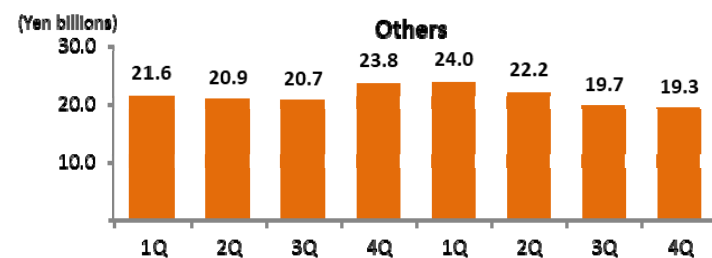
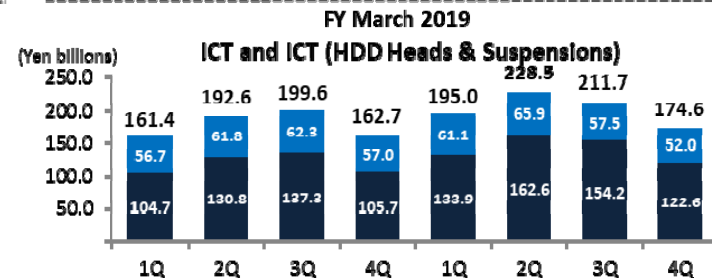
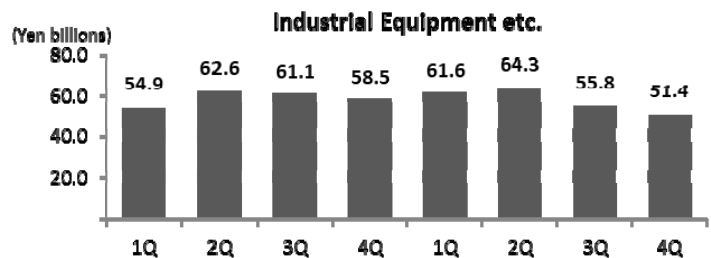
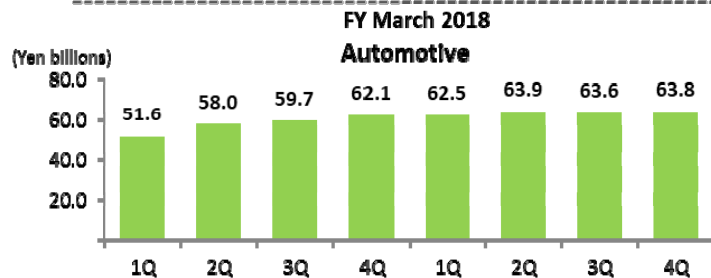
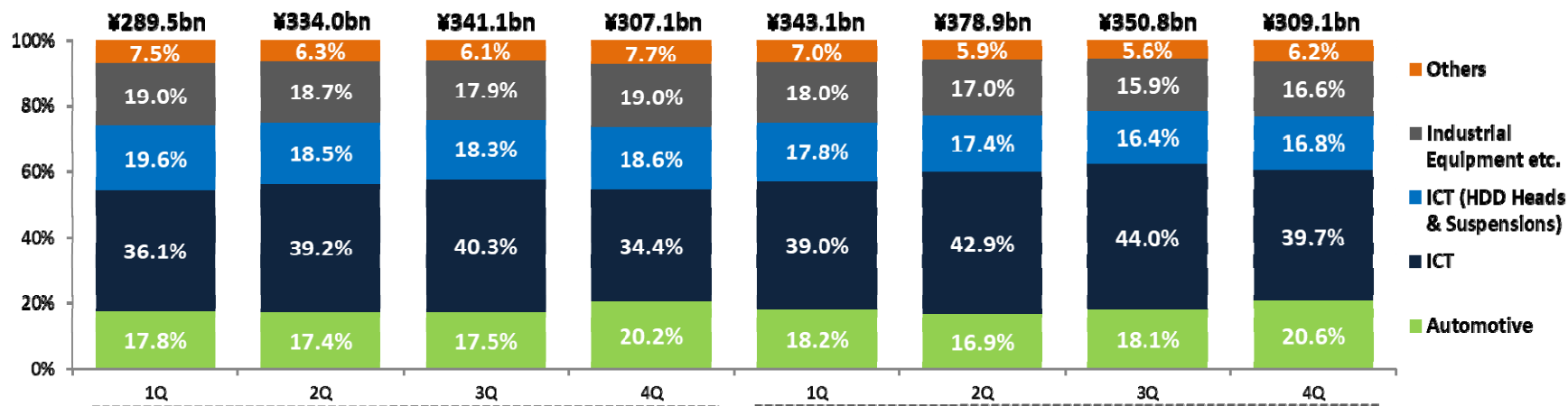
Annual sales by applications (FY March 2018 - FY March 2019)



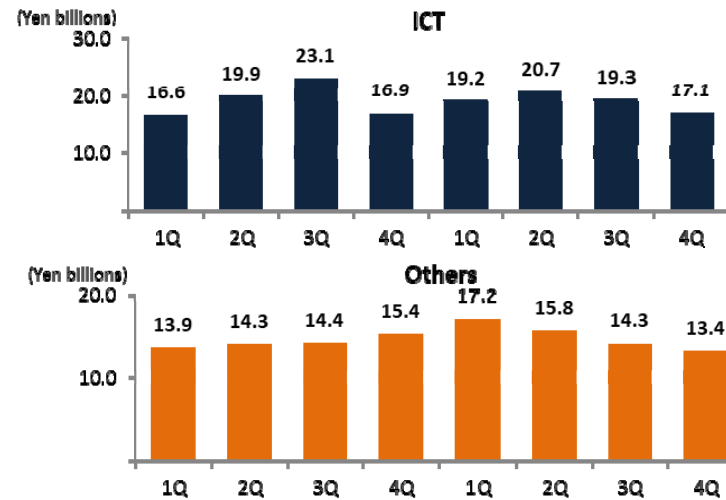
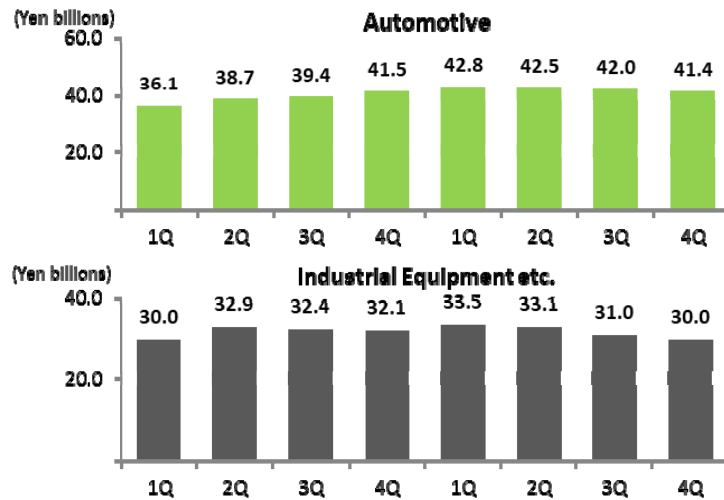
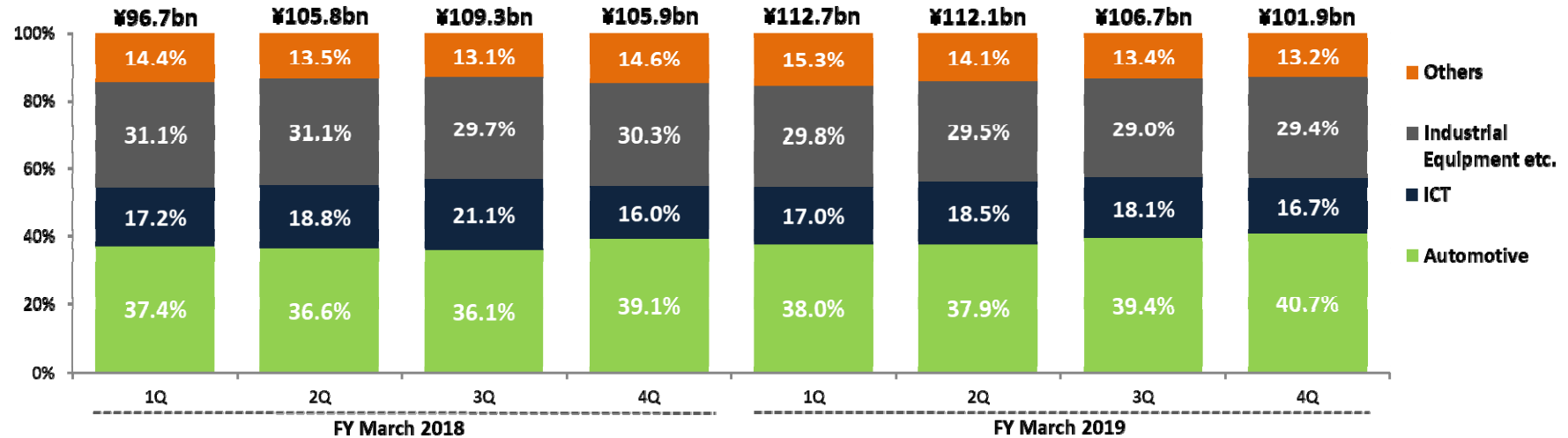
Passive Components business annual sales by applications (FY March 2018 - FY March 2019)

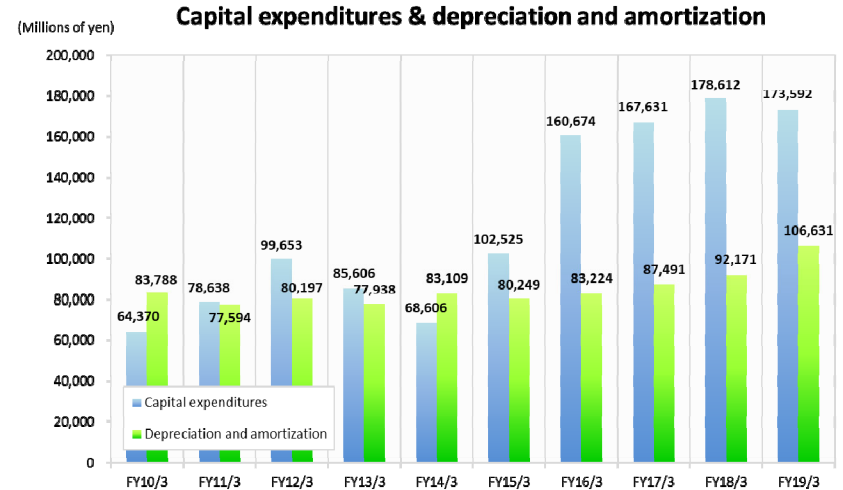
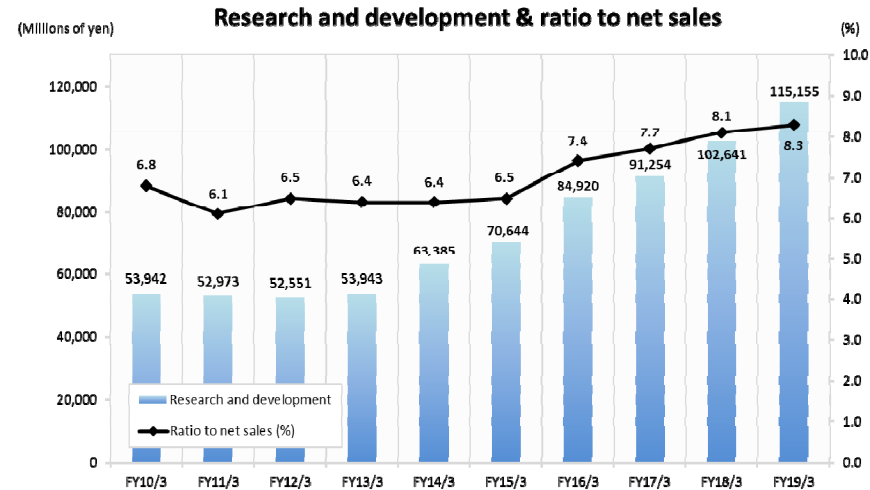
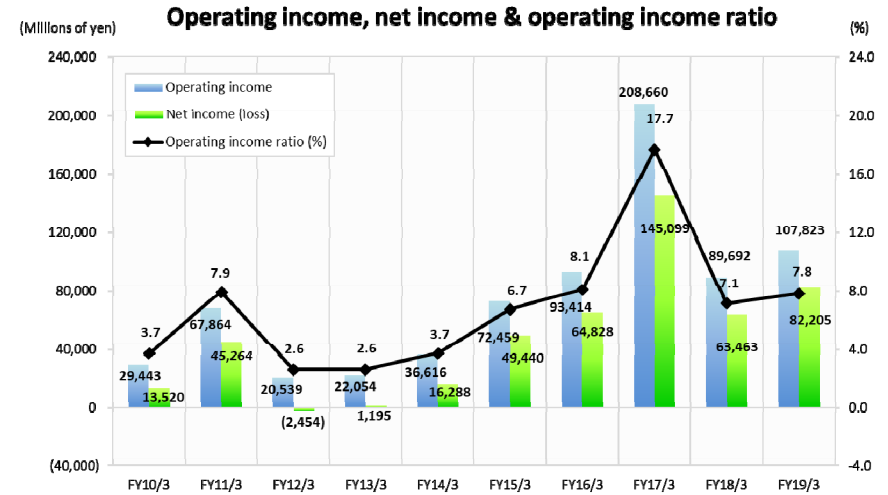
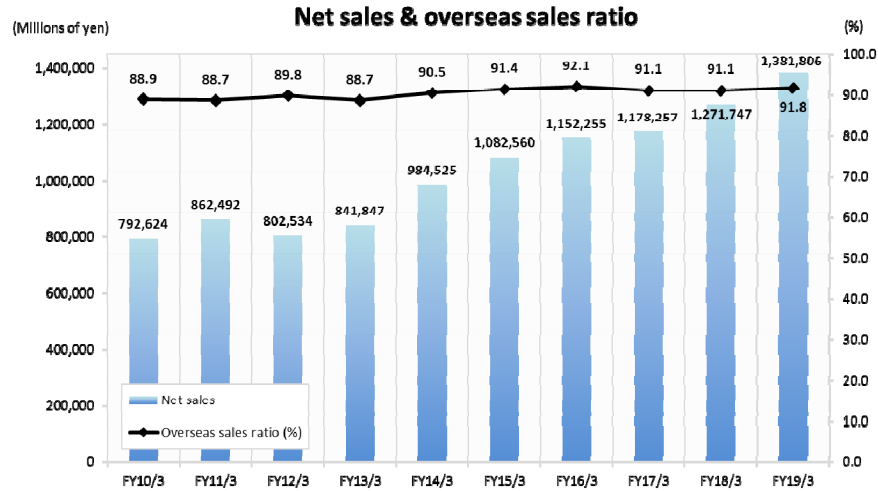


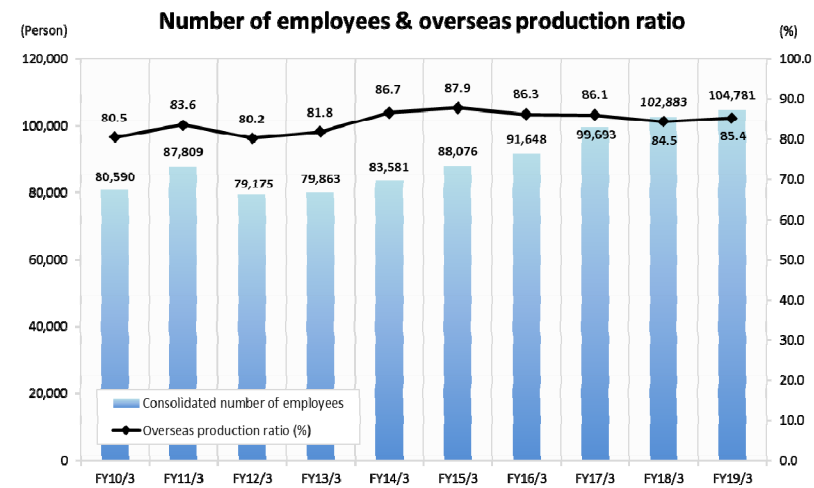
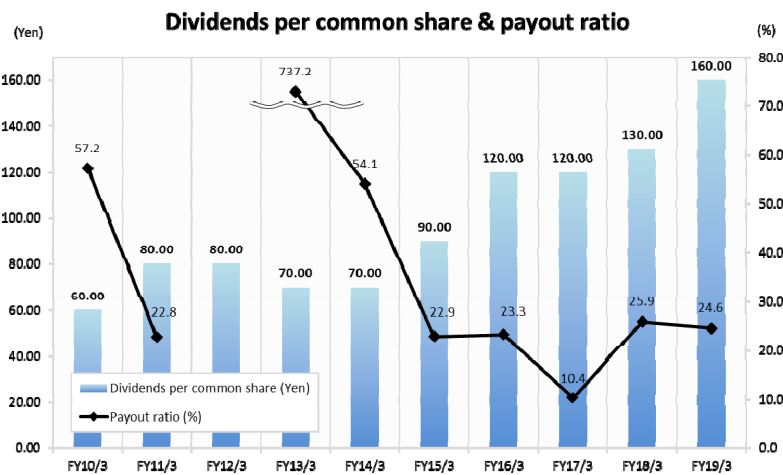
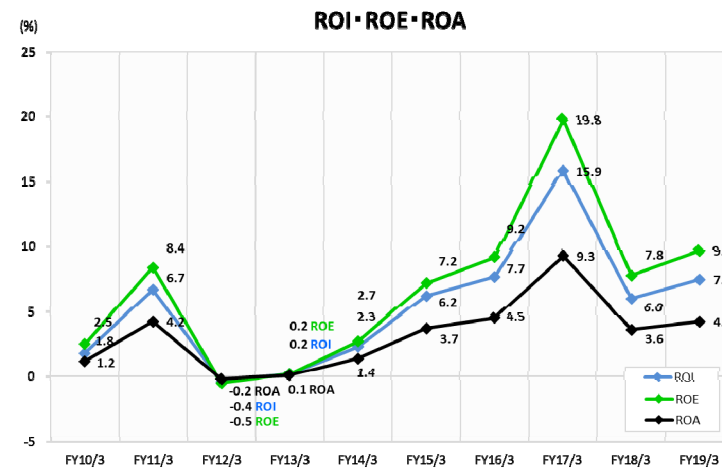
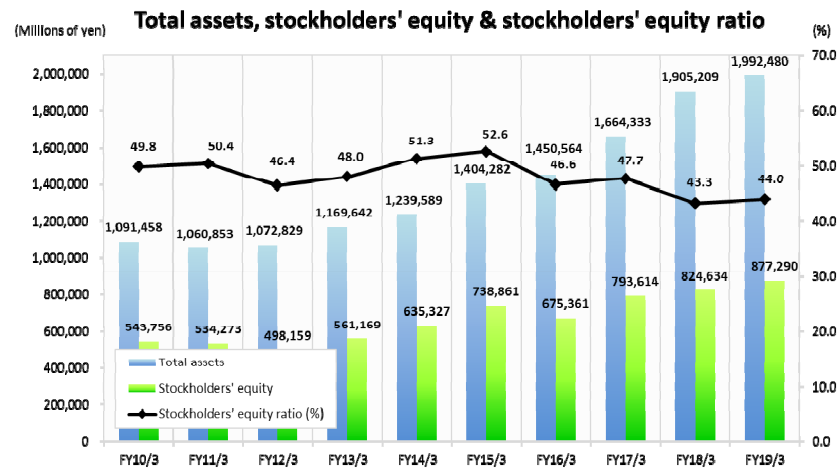
Quarterly sales by applications (FY March 2018 - FY March 2019)



Passive Components business quarterly sales by applications (FY March 2018 - 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.
https://www.tdk.com/corp/en/ir/ir_events/conference/2019/4q_1.htm