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# Performance Briefing Fiscal Year March 2020

- **Consolidated Results for FY March 2020**  
Tetsuji Yamanishi, Executive Vice President
- **Consolidated Full Year Projections for FY March 2021**  
Shigenao Ishiguro, President & CEO

# Consolidated Results for FY March 2020

Tetsuji Yamanishi  
Executive Vice President

# Key points concerning earnings for FY March 2020

**Economic slowdown in China and the rest of the world became clear due to worsening ties between the US and China.**

**In the fourth quarter, economic activity stagnated in each country due to the spread of COVID-19 coronavirus infections, impacting the production of electronics and demand for electronic components.**

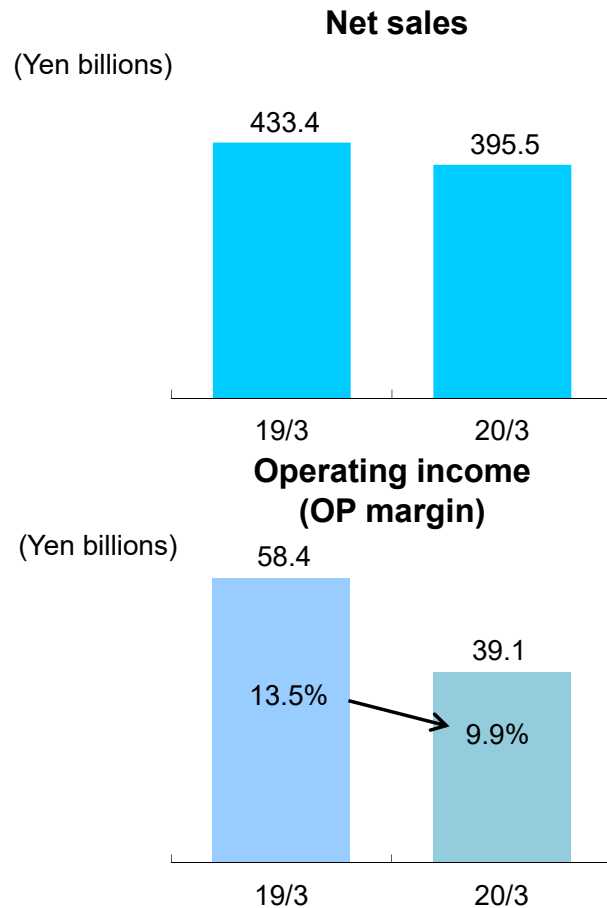
- **Net sales fell 1.4% year on year. Operating income declined 9.2% year on year.**
  - Amid severe macro demand, rechargeable batteries performed strongly and the Energy Application Products segment recorded increased sales and profit.
  - Despite sluggish demand in the automotive and the industrial equipment markets, sales for the ICT market rose year on year. Against a backdrop of increased 5G demand, Rechargeable Batteries and High-Frequency Components, etc. drove overall earnings from expanded sales for smartphones and base stations.
  - Magnets and Aluminum Electrolytic Capacitors posted impairment losses due to prolonged sluggish demand in the automotive and the industrial equipment markets.

# Consolidated full year results for FY March 2020

	(Yen billions)	FY March 2019 full year results	FY March 2020 full year results	Change	
				Yen billions	%
Net sales		1,381.8	<b>1,363.0</b>	(18.8)	-1.4
Operating income		107.8	<b>97.9</b>	(9.9)	-9.2
Operating income margin		7.8%	<b>7.2%</b>	-0.6 pt	-
Income before income taxes		115.6	<b>95.9</b>	(19.7)	-17.0
Net income		82.2	<b>57.8</b>	(24.4)	-29.7
Earning per share (JPY)		651.02	<b>457.47</b>	-	-
Ex-rate	US\$ (JPY)	110.94	<b>108.82</b>	Appreciated by 1.9%	
	EURO (JPY)	128.48	<b>120.92</b>	Appreciated by 5.9%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 40.7 billion Yen Operating income : Decreased by about 3.1 billion Yen			

# FY March 2020 results

## - Passive Components segment



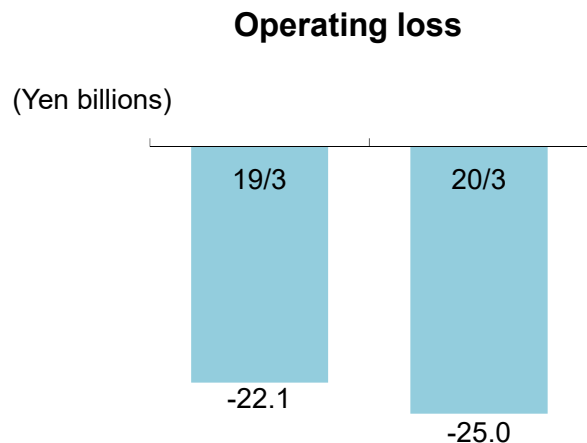
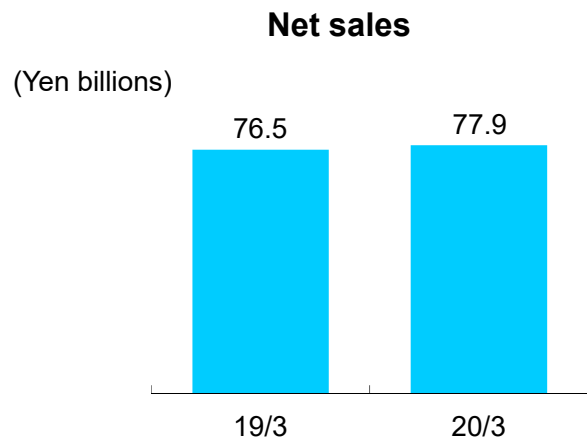
19/3: FY March 2019

**Net sales 395.5 billion yen (down 8.7% year on year)**  
**Operating income 39.1 billion yen (down 33.0% year on year)**

- **Ceramic Capacitors**
  - Sales and profit decreased year on year.
  - Sales increased to the automotive and the ICT markets.
  - Sales decreased to the industrial equipment market and distributors.
- **Aluminum Electrolytic Capacitors and Film Capacitors**
  - Sales and profit decreased year on year.
  - Sales decreased to the industrial equipment and the automotive markets.
  - Impairment loss recorded in 4Q.
- **Inductive Devices**
  - Sales and profit decreased year on year.
  - Sales to the automotive and the industrial equipment markets and distributors decreased year on year.
- **High-Frequency Components**
  - Sales and profit increased year on year.
  - Sales increased to the ICT market (5G related).
- **Piezoelectric Material Products and Circuit Protection Components**
  - Sales and profit decreased year on year.

# FY March 2020 results

## - Sensor Application Products segment



19/3: FY March 2019

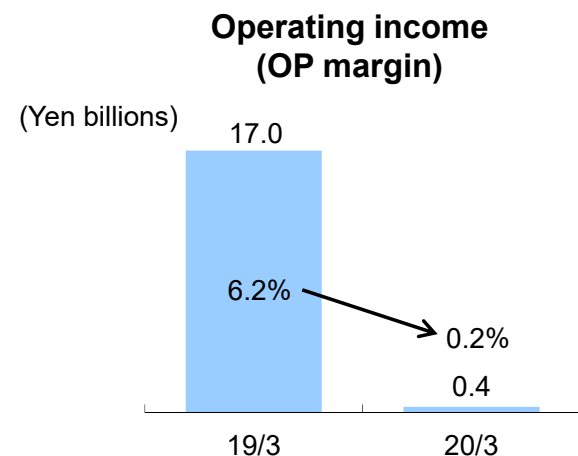
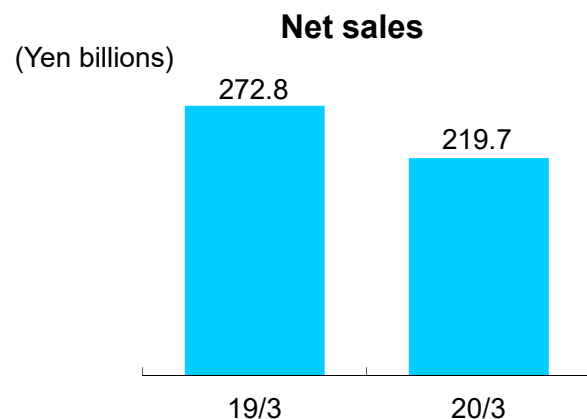
**Net sales 77.9 billion yen (up 1.8% year on year)**  
**Operating loss -25.0 billion yen (up —% year on year)**

### ● Sensors

- Sales of conventional products (Temperature and Pressure Sensors, and Hall Sensors) to the automotive and the industrial equipment markets declined, with earnings also worsening.
- Earnings from TMR Sensors rose, driven by dramatic growth in sales to the automotive and the ICT markets.
- In MEMS Sensors, sales of Motion Sensors and MEMS Microphones increased due to the expansion in the customer base and in the application base.

# FY March 2020 results

## - Magnetic Application Products segment



19/3: FY March 2019

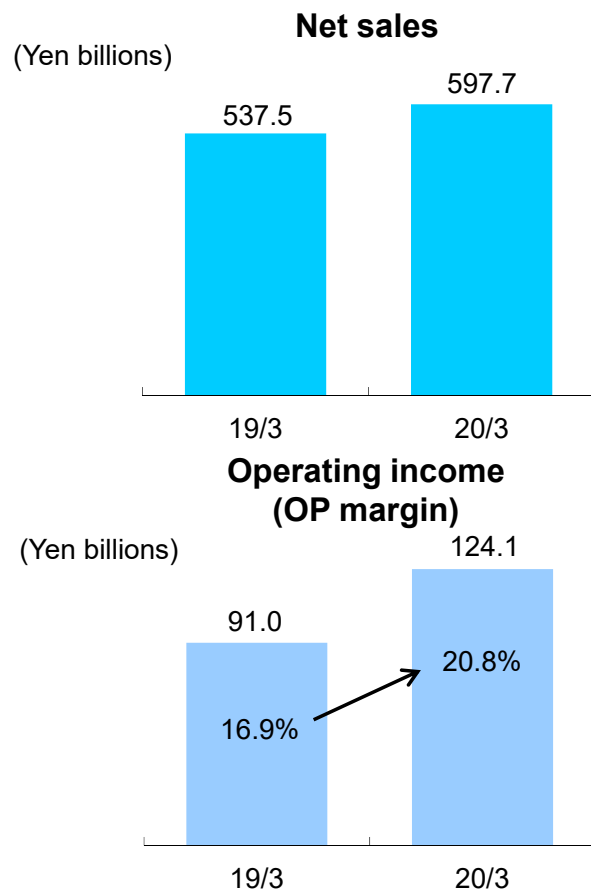
**Net Sales 219.7 billion yen (down 19.5% year on year)**  
**Operating income 0.4 billion yen (down 97.6% year on year)**

- **HDD Heads and HDD Suspension Assemblies**
  - While HDD assembly volume dropped significantly year on year, the profitability of HDD heads improved.
  - The profitability of HDD Suspension Assemblies also improved.
- **Magnets**
  - Sales and profit decreased year on year.
  - Sales decreased mainly to the automotive and the industrial equipment markets.
  - Impairment loss recorded in 4Q.



# FY March 2020 results

## - Energy Application Products segment



19/3: FY March 2019

**Net sales 597.7 billion yen** (up 11.2% year on year)  
**Operating income 124.1 billion yen** (up 36.4% year on year)

- **Energy Devices (Rechargeable Batteries)**
  - Sales and profit increased year on year.
  - Sales for mobile applications (smartphones, tablets, laptops) performed strongly.
  - Sales for game consoles and sales of mini cell products increased.
- **Power Supplies**
  - Sales and profit from power supplies for industrial equipment fell year on year due to lackluster capital investment demand.
  - Sales and profit declined for EV power supplies.

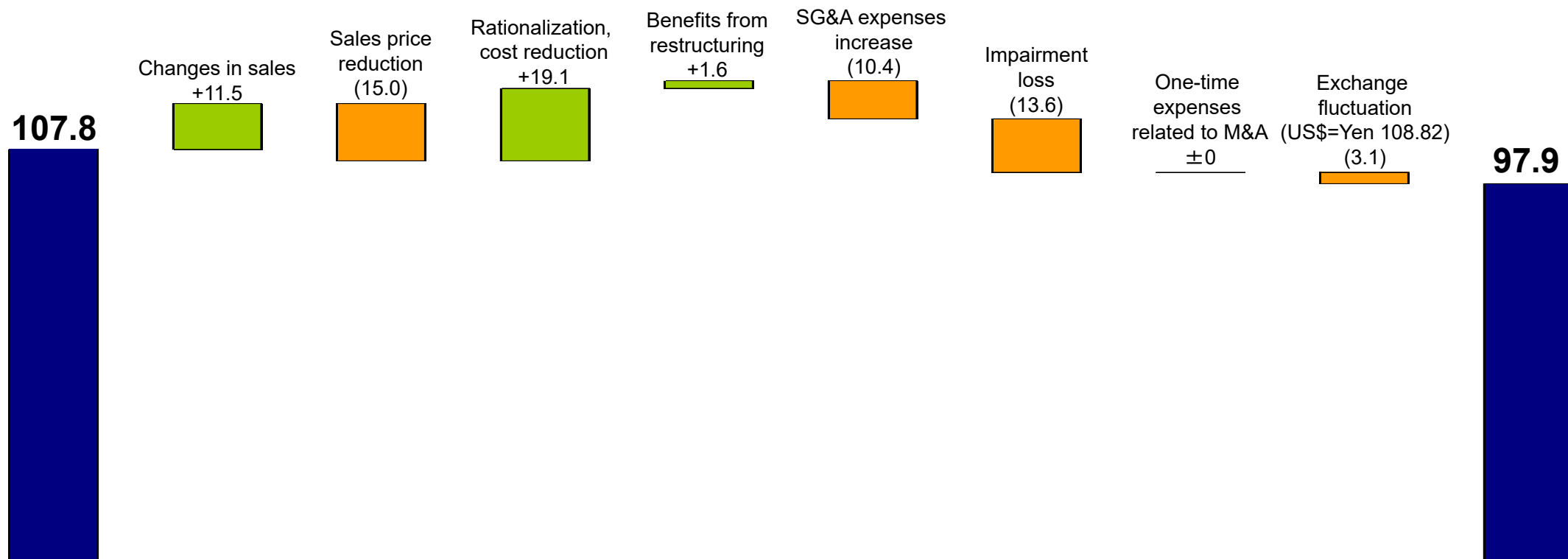
# Breakdown of operating income changes

FY March 2019  
107.8 billion yen

**Operating income -9.9 billion yen**

FY March 2020  
97.9 billion yen

(Yen billions)



# FY March 2020 quarterly results by segment

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(Yen billions)		4Q of FY March 2019 (A)	3Q of FY March 2020 (B)	4Q of FY March 2020 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	42.3	37.3	<b>37.7</b>	(4.6)	-10.9	0.4	1.1
	Inductive Devices	34.3	34.8	<b>33.0</b>	(1.3)	-3.8	(1.8)	-5.2
	Other Passive Components	25.3	26.3	<b>26.3</b>	1.0	4.0	0.0	0.0
	<b>Passive Components</b>	<b>101.9</b>	<b>98.3</b>	<b>97.0</b>	(4.9)	-4.8	(1.3)	-1.3
	<b>Sensor Application Products</b>	<b>17.3</b>	<b>20.3</b>	<b>18.7</b>	1.4	8.1	(1.6)	-7.9
	<b>Magnetic Application Products</b>	<b>60.5</b>	<b>57.9</b>	<b>51.8</b>	(8.7)	-14.4	(6.1)	-10.5
	<b>Energy Application Products</b>	<b>111.8</b>	<b>161.2</b>	<b>118.3</b>	6.5	5.8	(42.9)	-26.6
	<b>Other</b>	<b>17.6</b>	<b>17.9</b>	<b>14.5</b>	(3.1)	-17.6	(3.4)	-19.0
	<b>Total</b>	<b>309.1</b>	<b>355.6</b>	<b>300.4</b>	(8.7)	-2.8	(55.2)	-15.5
Operating income	<b>Passive Components</b>	13.3	10.6	<b>6.7</b>	(6.6)	-49.6	(3.9)	-36.8
	<b>Sensor Application Products</b>	(7.2)	(5.5)	<b>(7.0)</b>	0.2	-	(1.5)	-
	<b>Magnetic Application Products</b>	4.8	5.2	<b>(11.5)</b>	(16.3)	-	(16.7)	-
	<b>Energy Application Products</b>	12.1	40.5	<b>14.7</b>	2.6	21.5	(25.8)	-63.7
	<b>Other</b>	(2.8)	(2.5)	<b>(5.8)</b>	(3.0)	-	(3.3)	-
	<b>Sub total</b>	20.3	48.4	<b>(3.0)</b>	(23.3)	-	(51.4)	-
	<b>Corporate and eliminations</b>	(7.4)	(8.0)	<b>(8.4)</b>	(1.0)	-	(0.4)	-
		<b>Total</b>	<b>12.9</b>	<b>40.4</b>	<b>(11.4)</b>	(24.3)	-	(51.8)
	Operating income margin	4.2%	11.4%	-	- pt	-	- pt	-
Ex-rate	US\$ (JPY)	110.23	108.74	<b>109.05</b>				
	EURO (JPY)	125.18	120.34	<b>120.32</b>				

# Consolidated Full Year Projections for FY March 2021

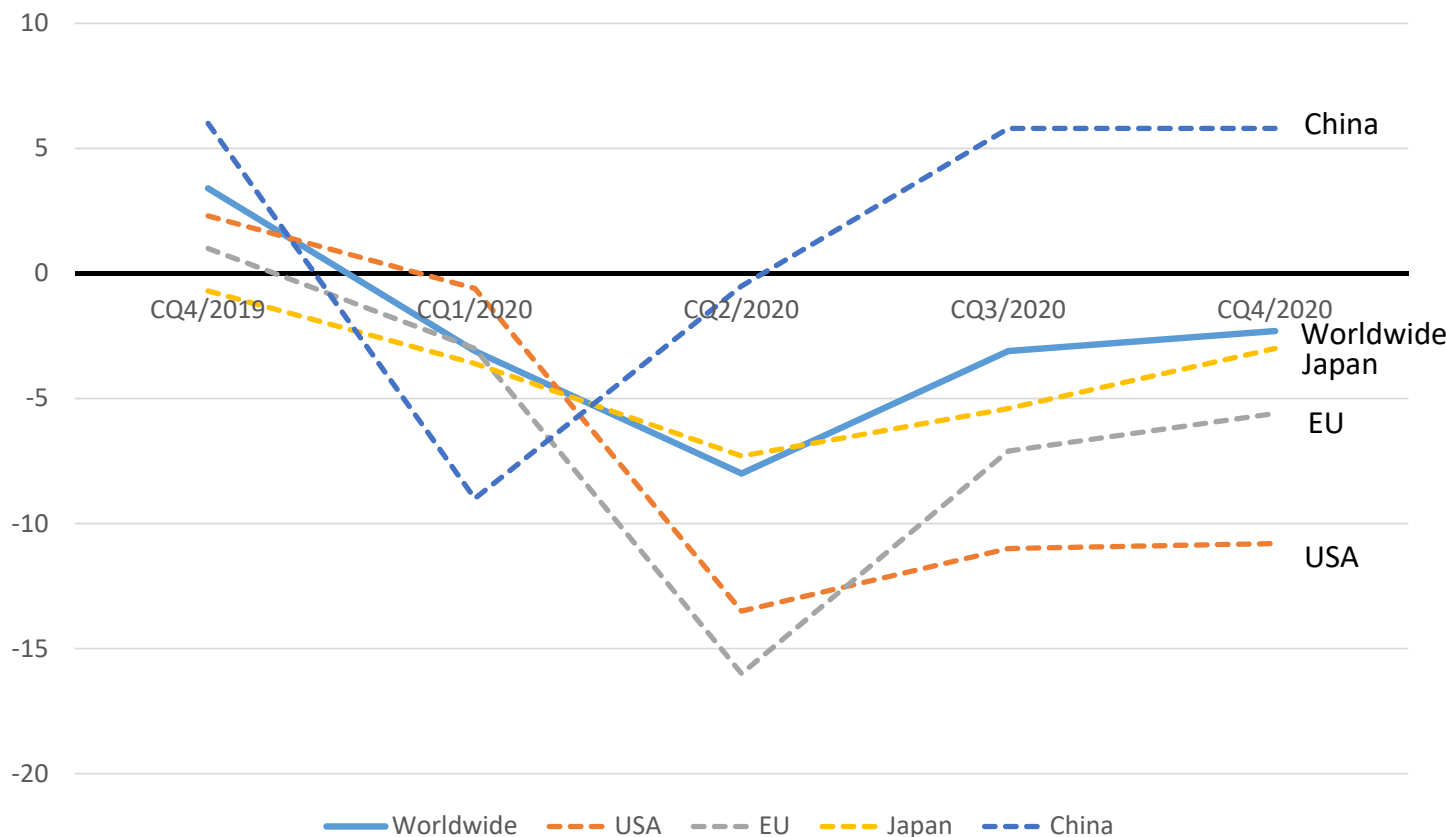
Shigenao Ishiguro  
President & CEO

# Quarterly World GDP Growth

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Y o Y%	CQ4/2019	CQ1/2020	CQ2/2020	CQ3/2020	CQ4/2020	CY2020
Worldwide	+3.4	-3.1	-8.0	-3.1	-2.3	-4.0



(Source: Nomura Global Market Research)

# Market forecast of FY March 2021

Production Trend (Unit: Mil. unit)	FY2020	FY2021 (Y o Y)
Automobile*	87	75 (-14%)
<i>therein</i> xEV	4.4	4.9 (+11%)
Smartphone	1,365	1,240 (-9%)
<i>therein</i> 5G Smartphone	43	376 (x 9)
HDD	309	265 (-14%)
<i>therein</i> Nearline	56	62 (+10%)
Notebook PC	162	163 (+1%)
Tablet	122	127 (+5%)

\*The number of Automobile includes commercial vehicles.

# Projections for FY March 2021

## - Image of changes in sales

(Yen billions)

Segment	FY March 2020 full year results	FY March 2021 full year projections (YoY change)
Passive Components	399.5	-7~-10%
Sensor Application Products	77.9	+8~+11%
Magnetic Application Products	219.7	-15~-18%
Energy Application Products	597.7	±0%
Other	72.3	—
<b>Total</b>	<b>1,363.0</b>	<b>1,290.0</b>

Forex assumptions

US\$(JPY)  
EURO(JPY)

108.82  
120.92

105.00  
117.00

# FY March 2021 full year / dividend projections

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		FY March 2020 full year results	FY March 2021 full year projections (announced on May 15, 2020)	YoY change	
				Yen billions	%
(Yen billions)					
Net sales		1,363.0	<b>1,290.0</b>	(73.0)	-5.4
Operating income		97.9	<b>70.0</b>	(27.9)	-28.5
Operating income margin		7.2%	<b>5.4%</b>	-1.8 pt	-
Income before income taxes		95.9	<b>70.0</b>	(25.9)	-27.0
Net income		57.8	<b>48.0</b>	(9.8)	-17.0
Earning per share (JPY)		457.47	<b>379.99</b>	-	-
Dividends (JPY)		1st half : 90 2nd half : 90 Annual: 180	<b>1st half : 80 2nd half : 80 Annual : 160</b>	-	-
Ex-rate	US\$ (JPY)	108.82	<b>105.00</b>	-	
	EURO (JPY)	120.92	<b>117.00</b>	-	
Capital expenditure		173.4	<b>180.0</b>	6.6	3.8
Depreciation and amortization		125.0	<b>140.0</b>	15.0	12.0
Research and development		117.5	<b>120.0</b>	2.5	2.1



# Strengthening the Financial Base in FY March 2021

## Mid-Term Financial Strategy (announced in 2018)

- Steadily recover growth investments executed towards transforming business earnings model
- Execute further growth investments based on well-balanced capital allocation

### Well-balanced capital allocation

- Growth investments
- Shareholder returns
- Repayment of interest-bearing debt



Negative free cash flows



Positive free cash flows

### Financial Targets for the FY March 2021 - The Final Year of the Medium-Term Plan (announced in 2018)

#### Capital efficiency

- Operating income margin Over 10%
- ROE Over 14%

#### Shareholder Returns

- Increase dividends stably through growth of income per share
- Target a 30% dividend payout ratio

#### Financial soundness

- Stockholders' equity ratio Over 50%
- Net cash

- The spread of coronavirus infections has had an impact and improvements to the financial structure will be delayed.
- During Fiscal Year March 2021 we will maintain positive free cash flow while preparing for future growth.
  - Make growth investments expected to expand future earnings on a priority basis.
  - Maintain fund-raising capacity while strengthening financial base.
  - Implement shareholder returns with a target dividend payout ratio of 30% over the cumulative period of the Medium-Term Plan.

## Internal

(How TDK will change)

### Become an energy eco-friendly company

- Improve productivity
- Promote thorough energy conservation measures
- Switch to renewable energies

## External

(How to change society)

### Contribute to energy conservation in society

- High efficiency power supply equipment and power supply components
- Products dealing with noise and heat
- Advanced utilization of sensors

### Contributions to realization of a low-carbon society

- EV-related products
- Renewable energy generating equipment (wind power, etc.)
- Residential energy storage system
- Utilization of compact rechargeable batteries

# Contributing to the improved efficiency of society through data utilization

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## Internal

(How TDK will change)

## Digitizing TDK

- Digitization of production activities (Industry 4.0 promotion)
- Digital marketing
- Digital communication platform integration

## External

(How to change society)

## Analog - digital conversion with sensing and actuation

- Various sensor ICs
- Various actuators

## Communication networks, reduced size and improved convenience

- High-frequency components compatible with 5G
- Compact and low-profile electronic components
- Advanced mounting technologies
- Reduced energy consumption

## Dealing with labor shortages

- Automation and robotics components
- Development of healthcare and lifecare applications

# Supplementary Data

# Financial position

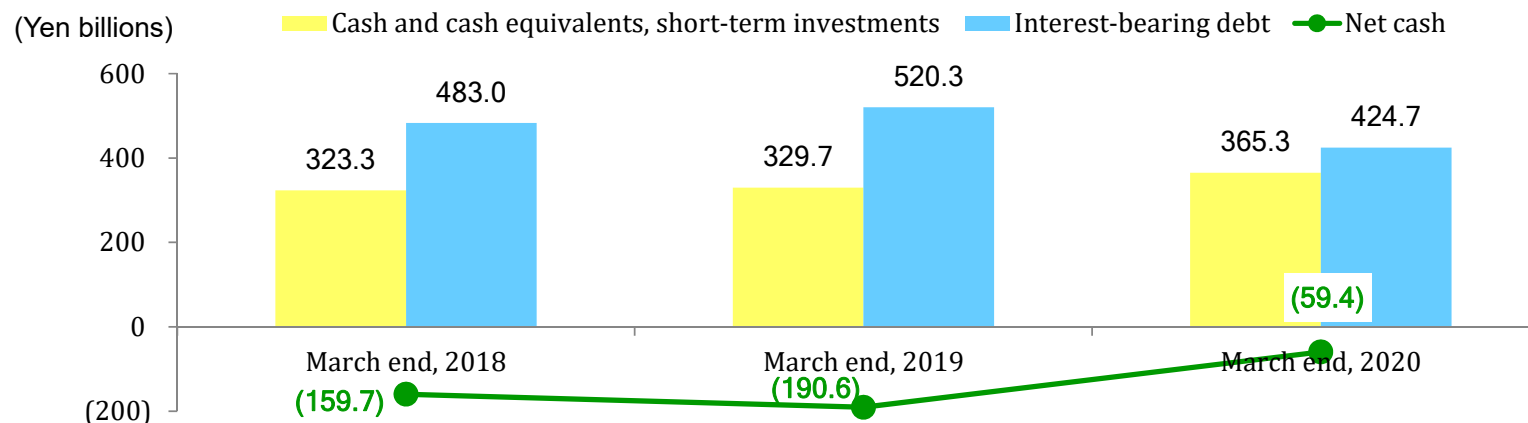
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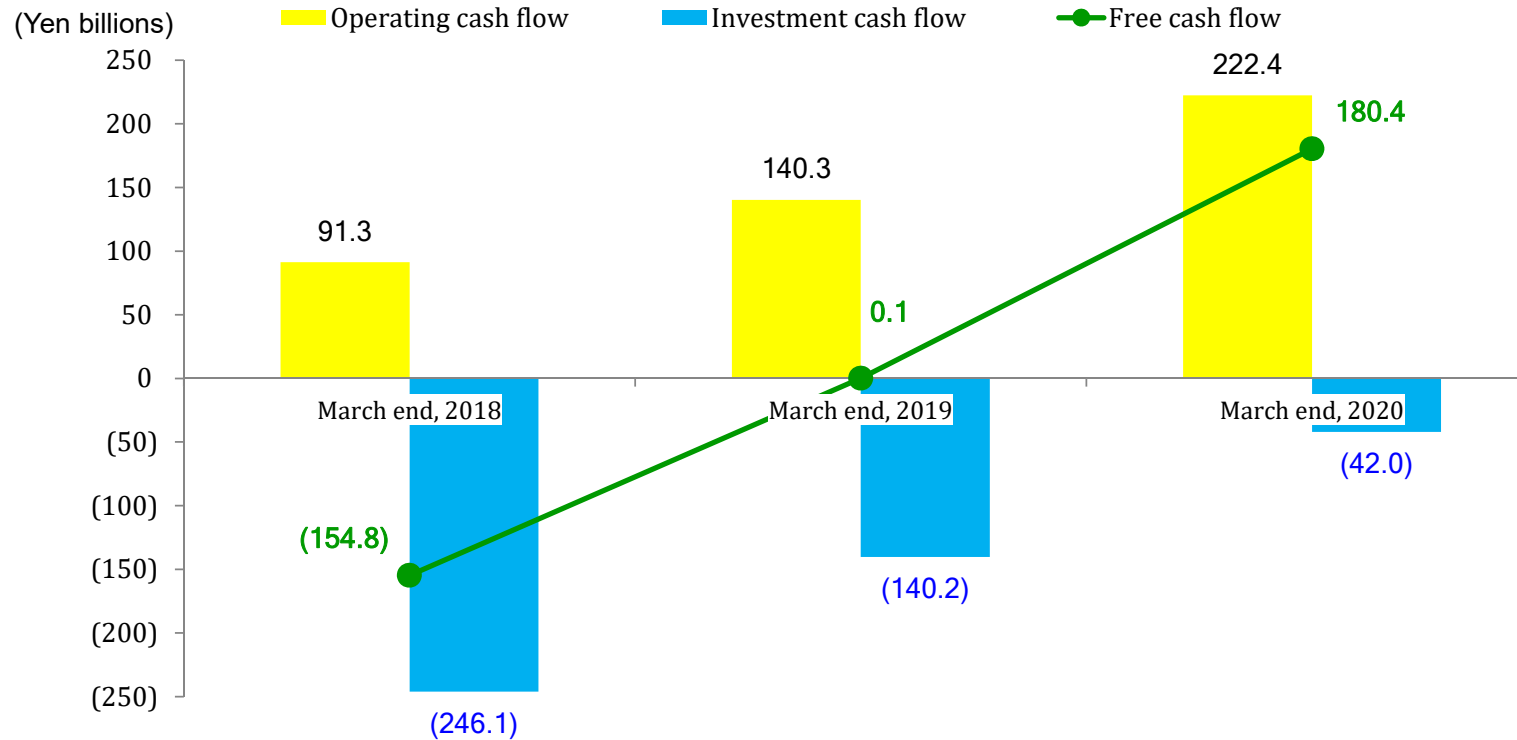
(Yen billions)	March end, 2018	March end, 2019	March end, 2020	Change 2019-2020
Total assets	1,905.2	1,992.5	1,943.4	-49.1
Total liabilities	1,074.0	1,108.7	1,094.8	-13.9
Stockholder's equity	824.6	877.3	844.0	-33.3
(comprehensive income)	-119.5	-124.4	-190.1	-65.7
Stockholder's equity ratio	43.3%	44.0%	43.4%	-0.6 pt
Cash and cash equivalents, short-term investments, marketable securities	323.3	329.7	365.3	35.6
Interest-bearing debt (*1)	483.0	520.3	424.7	-95.6
Net cash (*2)	-159.7	-190.6	-59.4	131.2

\*1: Short-term debt + Current installments of long-term debt + Long-term debt, excluding current installments (except operating lease obligations)

\*2: Cash and cash equivalents - Interest-bearing debt



# Cash flows



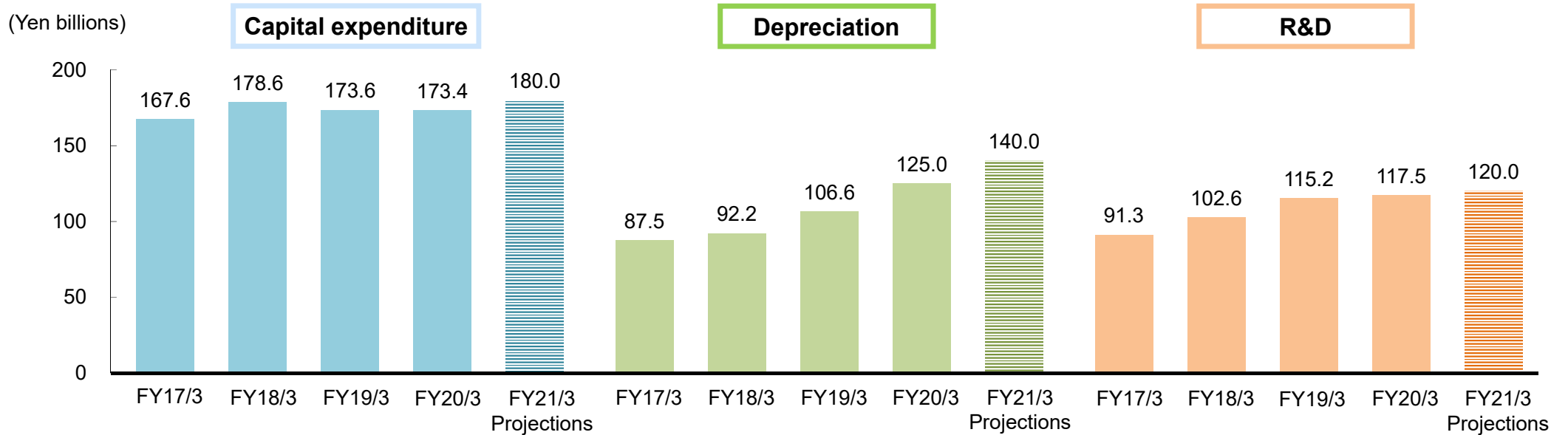
(Yen billions)	March end, 2018	March end, 2019	March end, 2020	Change 2019-2020
Capital expenditures	178.6	173.6	173.4	-0.2
Depreciation and amortization	92.2	106.6	125.0	18.4

# Quarterly sales and operating income by segment

		(Yen billions)	FY March 2019					FY March 2020				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	44.5	43.9	42.7	42.3	173.3	39.3	39.6	37.3	37.7	153.9	
	Inductive Devices	38.9	39.5	37.3	34.3	150.0	34.1	35.7	34.8	33.0	137.6	
	Other Passive Components	29.3	28.7	26.7	25.3	110.1	24.8	26.6	26.3	26.3	104.0	
	<b>Passive Components</b>	<b>112.7</b>	<b>112.1</b>	<b>106.7</b>	<b>101.9</b>	<b>433.4</b>	<b>98.3</b>	<b>101.9</b>	<b>98.3</b>	<b>97.0</b>	<b>395.5</b>	
	<b>Sensor Application Products</b>	<b>18.9</b>	<b>20.6</b>	<b>19.7</b>	<b>17.3</b>	<b>76.5</b>	<b>18.1</b>	<b>20.8</b>	<b>20.3</b>	<b>18.7</b>	<b>77.9</b>	
	<b>Magnetic Application Products</b>	<b>70.5</b>	<b>75.4</b>	<b>66.4</b>	<b>60.5</b>	<b>272.8</b>	<b>55.5</b>	<b>54.5</b>	<b>57.9</b>	<b>51.8</b>	<b>219.7</b>	
	<b>Energy Application Products</b>	<b>125.6</b>	<b>154.8</b>	<b>145.4</b>	<b>111.8</b>	<b>537.5</b>	<b>144.5</b>	<b>173.7</b>	<b>161.2</b>	<b>118.3</b>	<b>597.7</b>	
	<b>Other</b>	<b>15.4</b>	<b>16.0</b>	<b>12.6</b>	<b>17.6</b>	<b>61.6</b>	<b>20.4</b>	<b>19.4</b>	<b>17.9</b>	<b>14.5</b>	<b>72.3</b>	
	<b>Total</b>	<b>343.1</b>	<b>378.9</b>	<b>350.8</b>	<b>309.1</b>	<b>1,381.8</b>	<b>336.8</b>	<b>370.2</b>	<b>355.6</b>	<b>300.4</b>	<b>1,363.0</b>	
Operating income	Passive Components	14.0	16.4	14.7	13.3	58.4	10.3	11.4	10.6	6.7	39.1	
	Sensor Application Products	(4.9)	(4.6)	(5.5)	(7.2)	(22.1)	(7.0)	(5.5)	(5.5)	(7.0)	(25.0)	
	Magnetic Application Products	3.5	0.9	7.8	4.8	17.0	3.3	3.5	5.2	(11.5)	0.4	
	Energy Application Products	21.0	33.3	24.6	12.1	91.0	26.5	42.5	40.5	14.7	124.1	
	Other	(1.0)	(1.7)	(1.2)	(2.8)	(6.7)	0.3	(0.6)	(2.5)	(5.8)	(8.6)	
	<b>Sub total</b>	<b>32.5</b>	<b>44.4</b>	<b>40.5</b>	<b>20.3</b>	<b>137.6</b>	<b>33.4</b>	<b>51.2</b>	<b>48.4</b>	<b>(3.0)</b>	<b>130.0</b>	
	Corporate and eliminations	(7.1)	(7.6)	(7.7)	(7.4)	(29.8)	(8.4)	(7.3)	(8.0)	(8.4)	(32.2)	
<b>Total</b>	<b>25.4</b>	<b>36.8</b>	<b>32.8</b>	<b>12.9</b>	<b>107.8</b>	<b>25.0</b>	<b>43.9</b>	<b>40.4</b>	<b>(11.4)</b>	<b>97.9</b>		
Ex-rate	US\$ (JPY)	109.09	111.50	112.90	110.23	110.94	110.10	107.39	108.74	109.05	108.82	
	EURO (JPY)	130.16	129.63	128.87	125.18	128.48	123.57	119.48	120.34	120.32	120.92	

# FY March 2021 projections and forex sensitivity

## Expenses

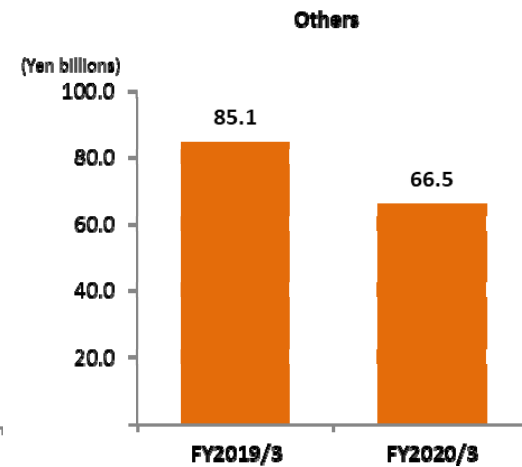
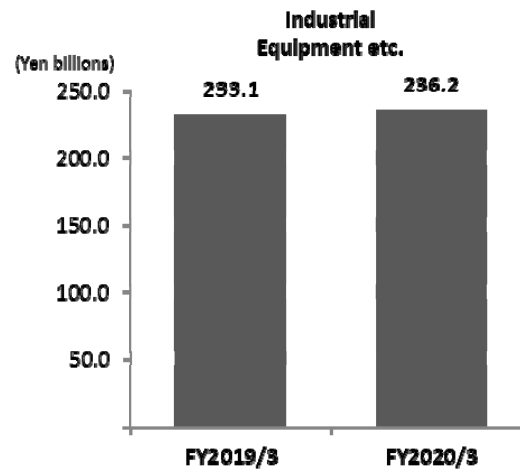
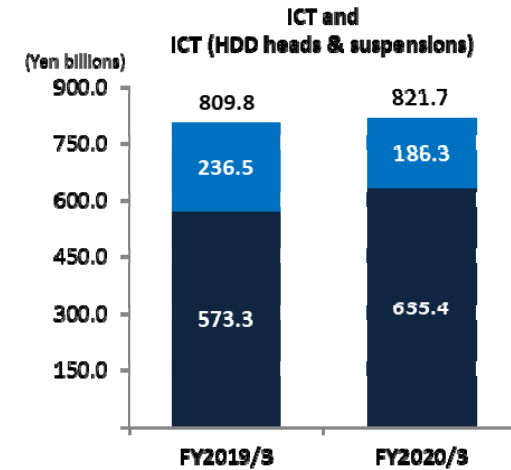
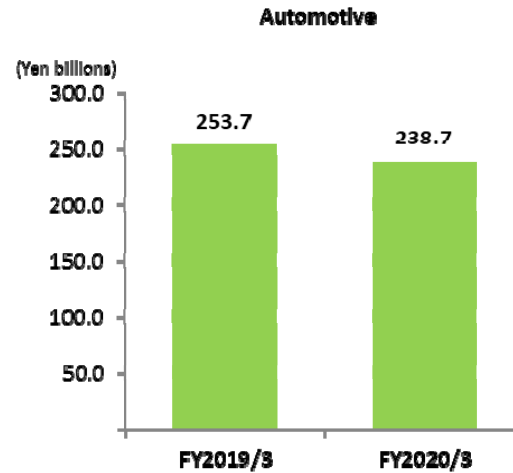
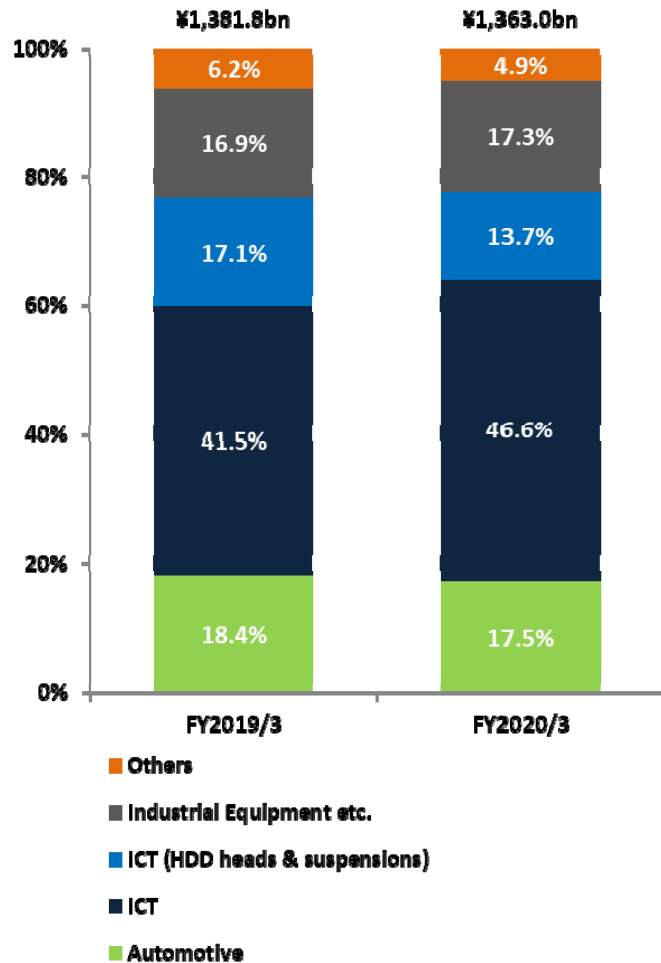


## Forex sensitivity (impact by 1 (one) yen change)

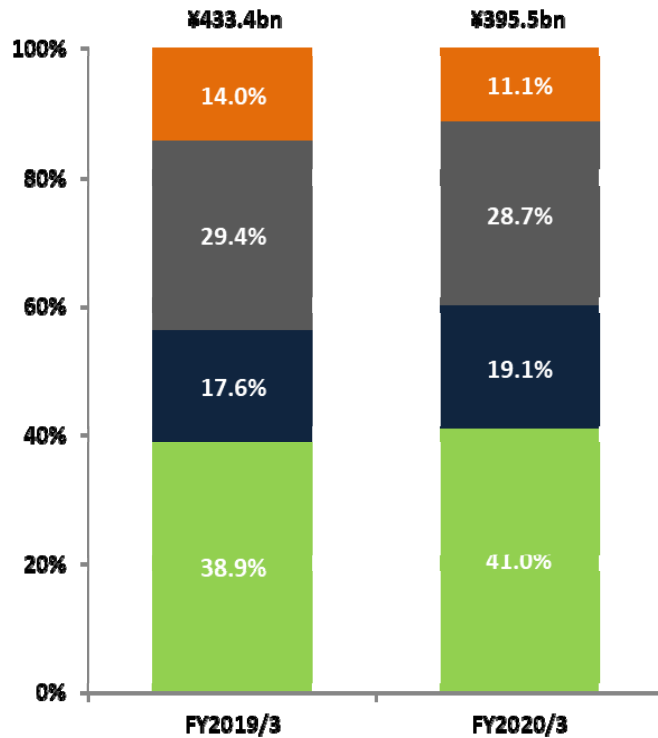
- **US\$ : Sales 7.0 billion yen, Operating income 1.2 billion yen**
- **EURO : Sales 1.5 billion yen, Operating income 0.2 billion yen**



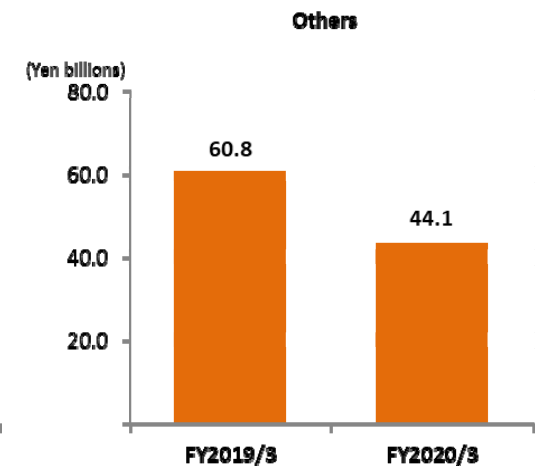
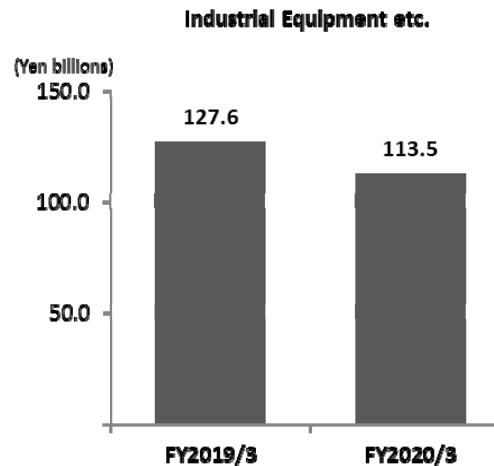
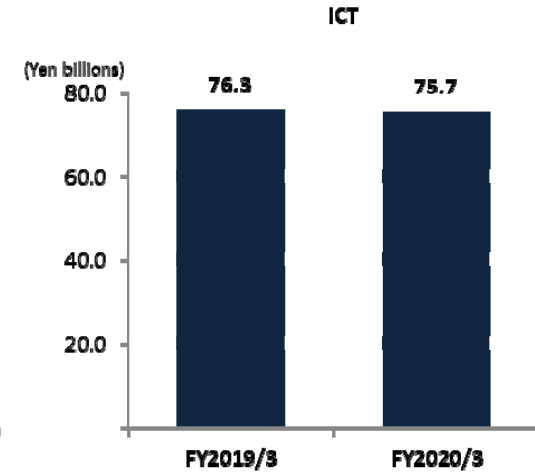
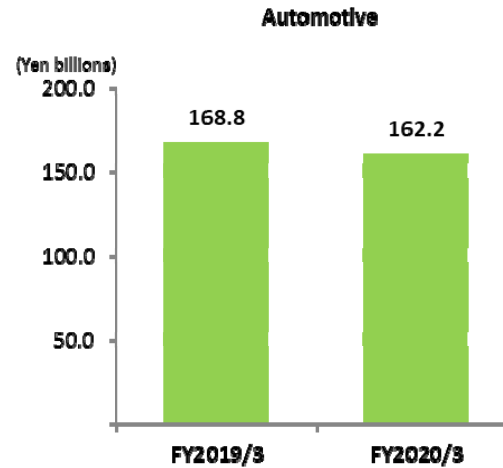
# Annual sales by applications (FY March 2019 - FY March 2020)



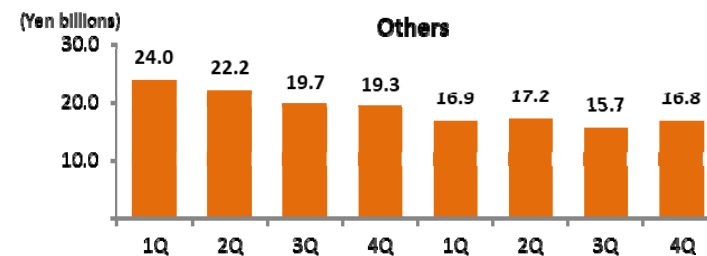
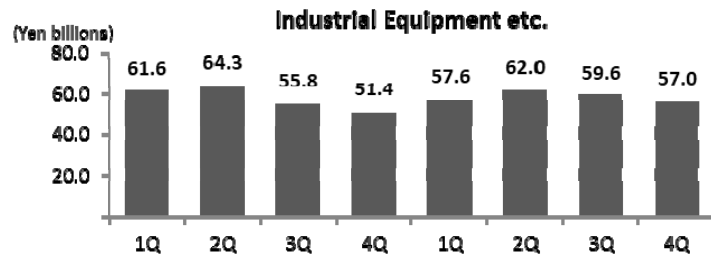
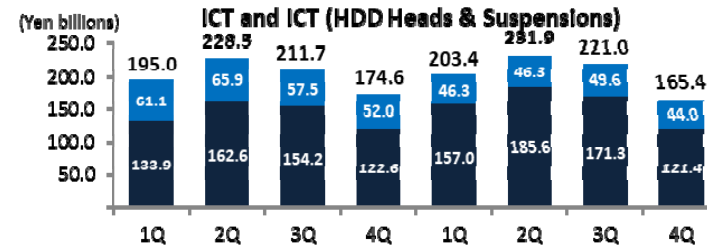
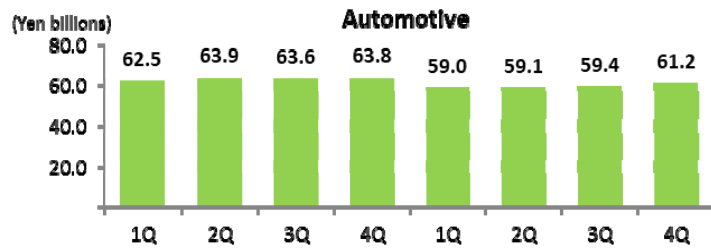
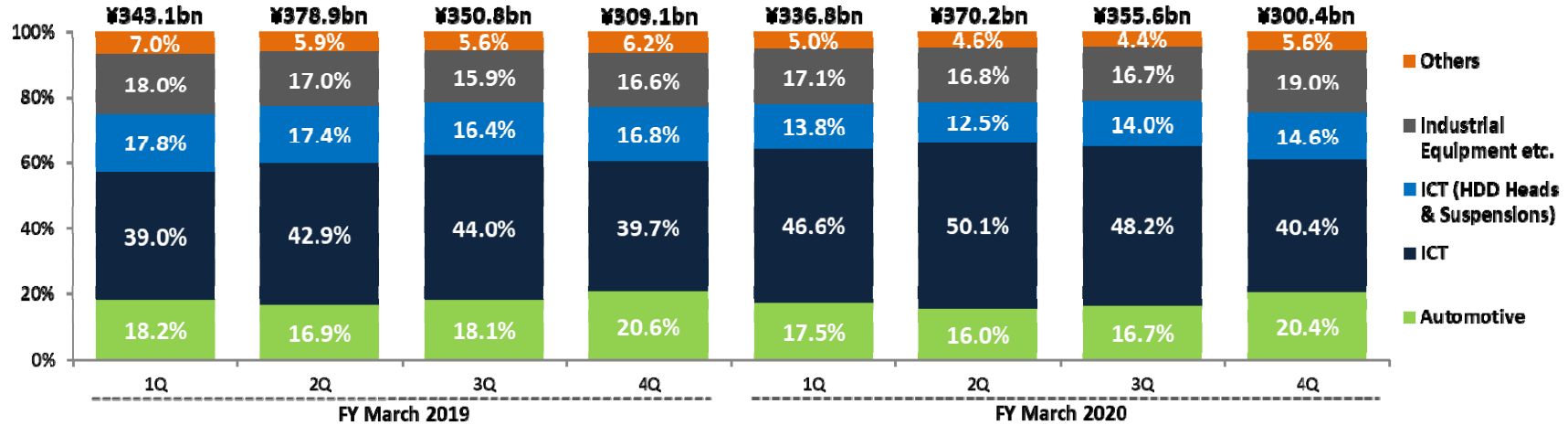
# Passive Components business annual sales by applications (FY March 2019 - FY March 2020)



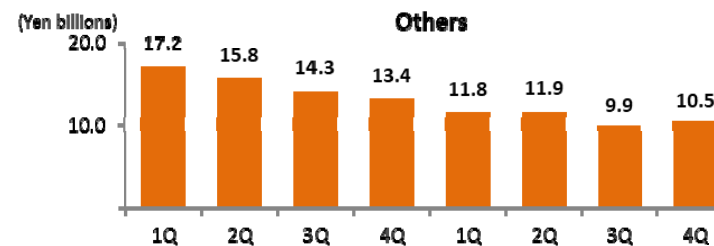
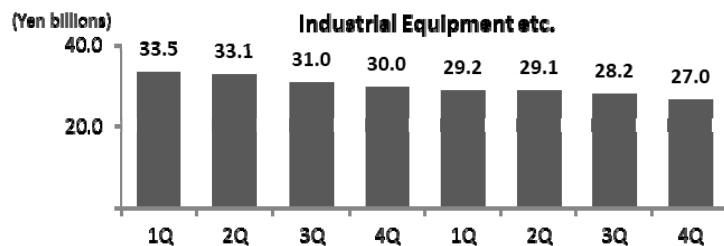
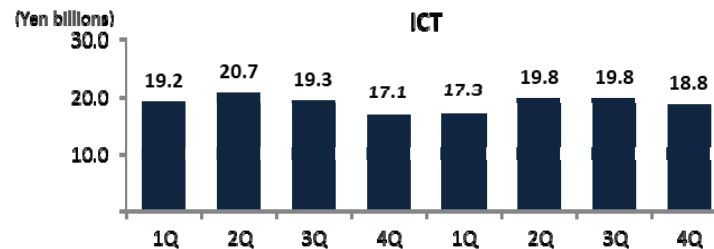
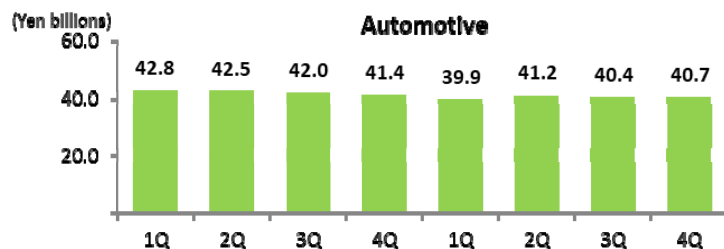
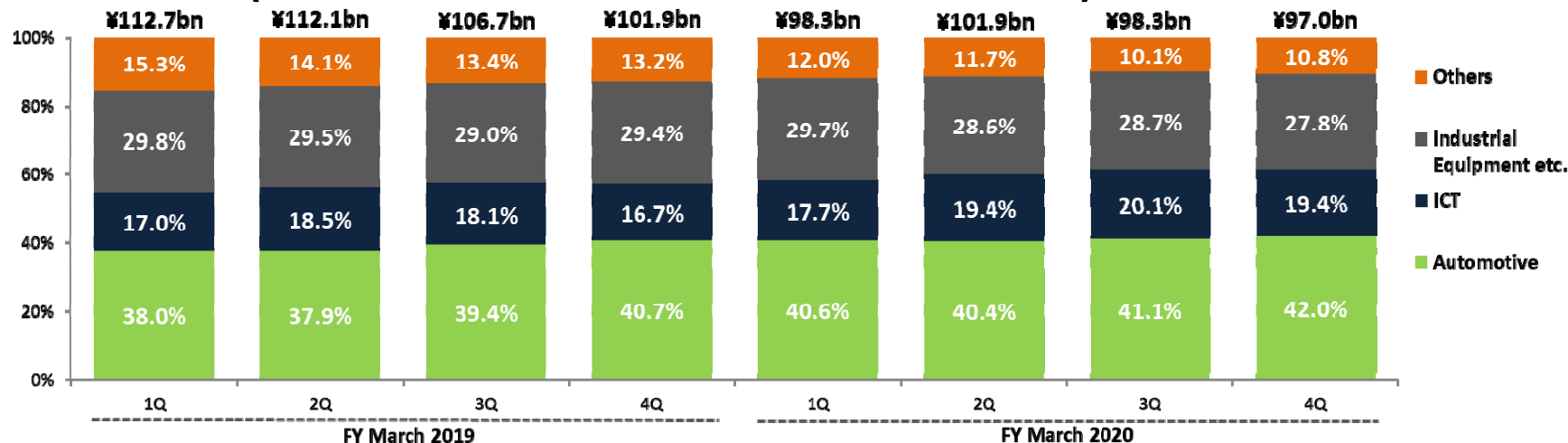
- Others
- Industrial Equipment etc.
- ICT
- Automotive



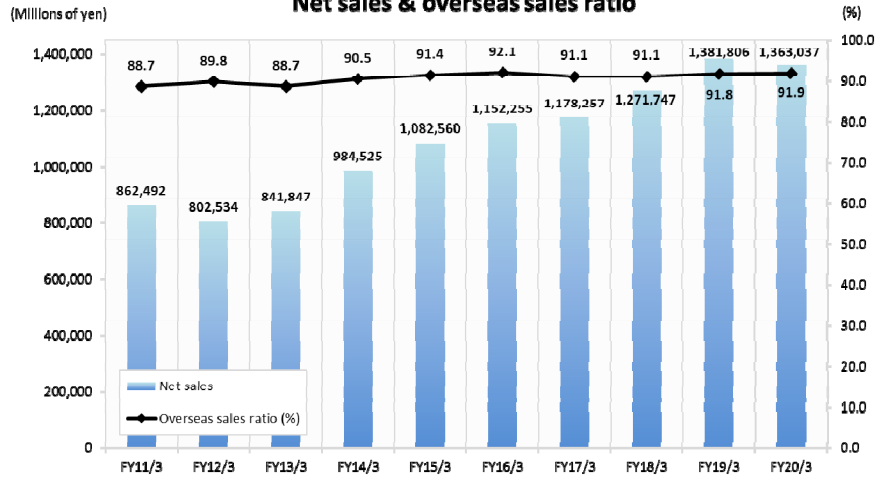
# Quarterly sales by applications (FY March 2019 - FY March 2020)



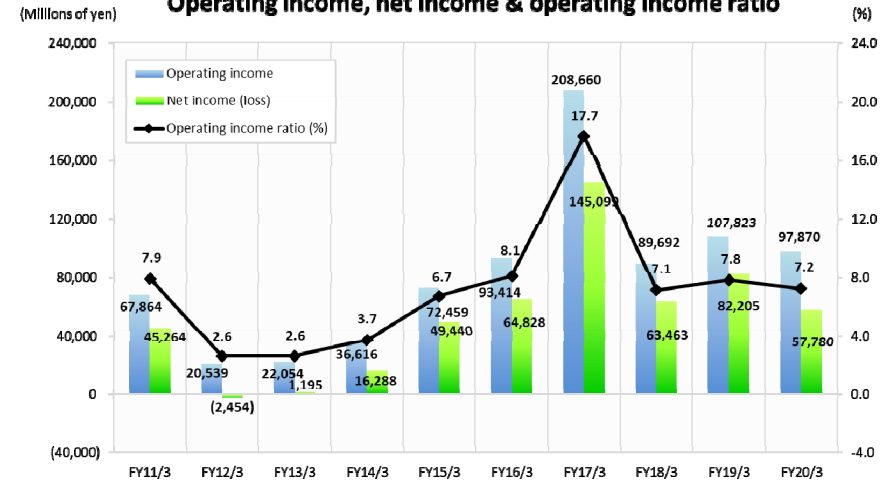
# Passive Components business quarterly sales by applications (FY March 2019 - FY March 2020)



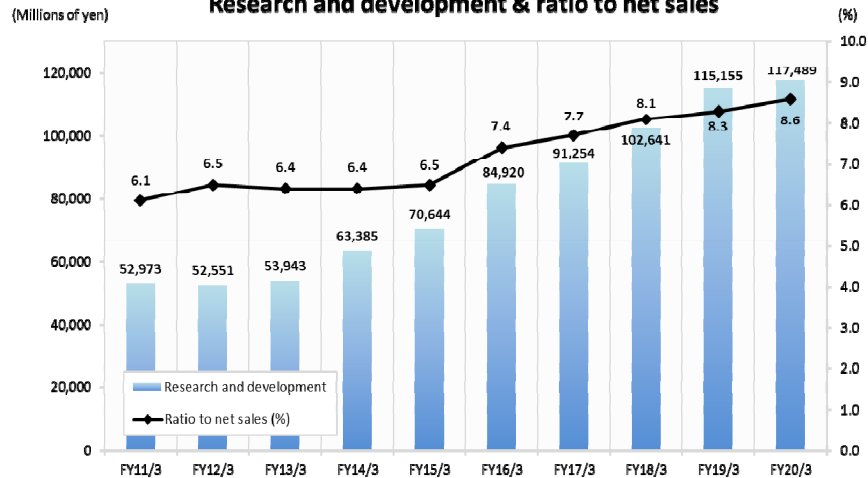
### Net sales & overseas sales ratio



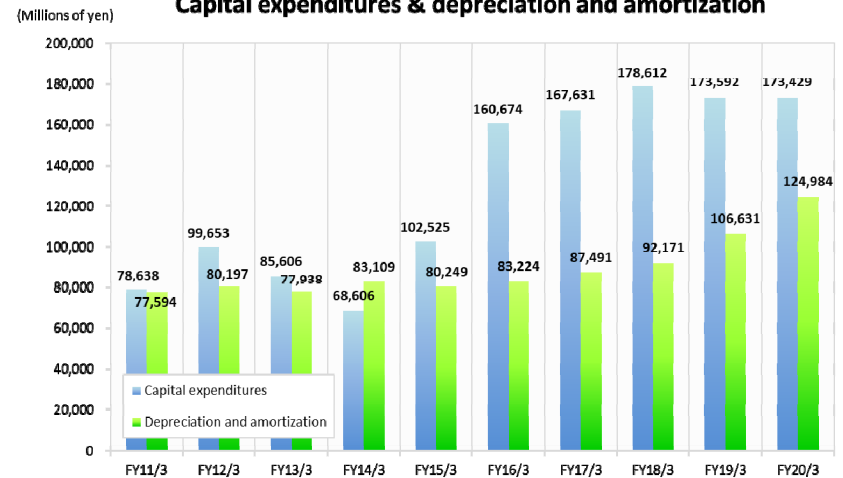
### Operating income, net income & operating income ratio

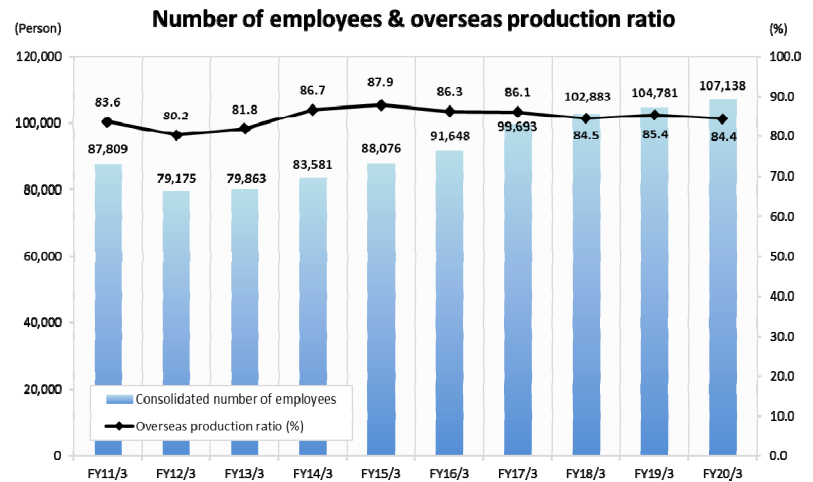
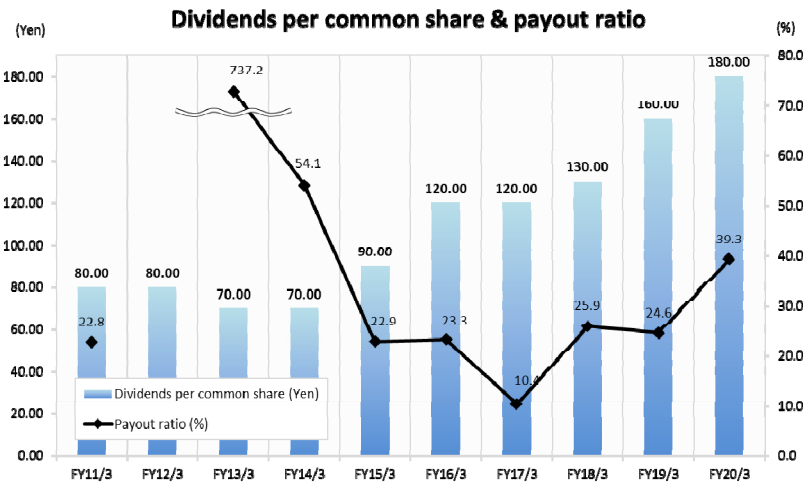
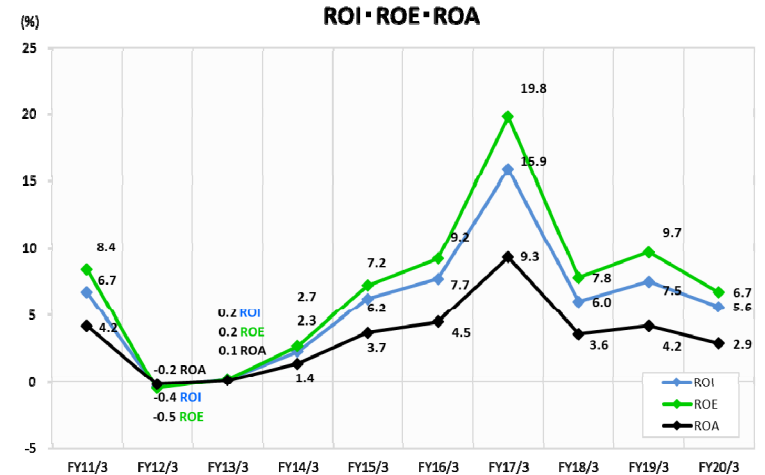
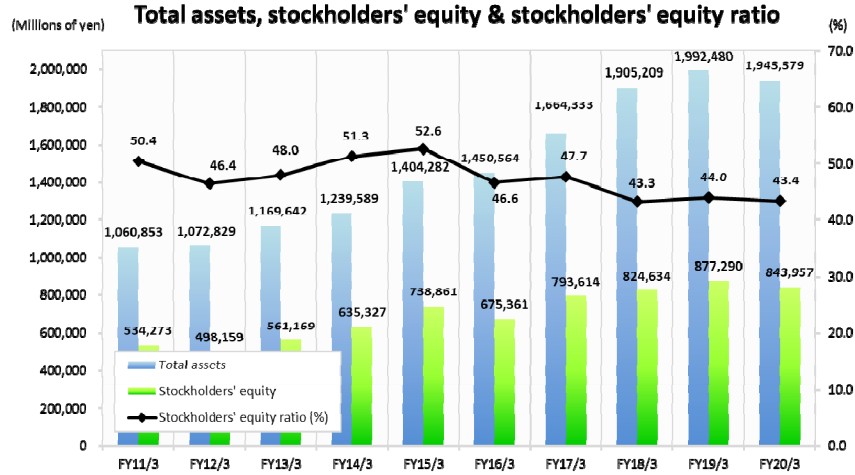


### Research and development & ratio to net sales



### Capital expenditures & depreciation and amortization





# 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/2020/4q\\_1.htm](https://www.tdk.com/corp/en/ir/ir_events/conference/2020/4q_1.htm)