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Performance Briefing
Fiscal Year March 2020

TDK Corporation
Corporate Communications Group
May 15, 2020

- **Consolidated Results for FY March 2020**
  Tetsuji Yamanishi, Executive Vice President

- **Consolidated Full Year Projections for FY March 2021**
  Shigenao Ishiguro, President & CEO

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Consolidated Results for FY March 2020

Tetsuji Yamanishi
Executive Vice President

Hello, I'm Tetsuji Yamanishi, Executive Vice President of TDK. Thank you for taking the time to attend TDK’s performance briefing for the fiscal year ended March 2020. I will be presenting an overview of our consolidated full year earnings.

Key points concerning earnings for FY March 2020

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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.

First, let's take a look at key points concerning earnings for the fiscal year ended March 2020. Impact from worsening ties between the U.S. and China intensified with each passing day heading into the end of 2019, and economic deceleration in China and the rest of the world became clear. In the fourth quarter, economic activity stalled in each country due to the spread of COVID-19, and production of electronics and demand for electronic components were affected more than initially anticipated. As a result, net sales declined 1.4% year on year, and operating income decreased 9.2% year on year.

Despite a tough global demand climate throughout the year, sales of Rechargeable Batteries continued to grow by capturing demand in the ICT market from the start of the fiscal year and expanding applications. As a result, Energy Application Products segment sales and profits grew, and both net sales and operating income reached new record highs.

In the automotive and the industrial equipment markets, which were significantly affected by trade tensions between the U.S. and China, demand was weak and sharply trailed expectations from the start of the fiscal year. This had a substantial impact on sales of many products in the Passive Components segment, as well as conventional sensors in the Sensor Application Products segment in particular. On the other hand, demand was strong in the ICT market and sales to the ICT market increased year on year. Amid growth in demand for 5G applications, sales of Rechargeable Batteries and High-Frequency Components for smartphones and base stations increased to secure higher sales and profits and driving Companywide earnings.

In the fourth quarter, we determined that significant earnings recovery over a short period of time would be difficult due to prolonged sluggish demand in the automotive and the industrial equipment markets. Accordingly, we recorded an impairment loss of about 16.5 billion yen on manufacturing and related facilities for Magnets and Aluminum Electrolytic Capacitors. Additionally, we posted an impairment loss of about 1.8 billion yen on surplus facilities, owing to improvement of the development system.

Consolidated full year results for FY March 2020

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(Yen billions)	FY March 2019 full year results	FY March 2020 full year results	Change	
			Yen billions	%
Net sales	1,381.8	**1,363.0**	(18.8)	-1.4
Operating income	107.8	**97.9**	(9.9)	-9.2
Operating income margin	7.8%	**7.2%**	-0.6 pt	-
Income before income taxes	115.6	**95.9**	(19.7)	-17.0
Net income	82.2	**57.8**	(24.4)	-29.7
Earning per share (JPY)	651.02	**457.47**	-	-
Ex-rate: US$ (JPY)	110.94	**108.82**	Appreciated by 1.9%	
Ex-rate: EURO (JPY)	128.48	**120.92**	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			

Moving along, I would like to present an overview of our results. The impact of the yen's appreciation against the U.S. dollar and the euro caused net sales to contract by around 40.7 billion yen and operating income by around 3.1 billion yen. Net sales were 1,363.0 billion yen, a decrease of 18.8 billion yen, or 1.4%, year on year. Operating income was 97.9 billion yen, down 9.9 billion yen, or 9.2%. This includes impairment losses of 18.3 billion yen. Income before income taxes was 95.9 billion yen, net income was 57.8 billion yen, and earnings per share were 457.47 yen. We estimate that suspensions of shipments and plant operations in the fourth quarter due to the spread of COVID-19 depressed net sales by about 28.0 billion yen and operating income by around 12.0 billion yen.

With regard to exchange rate sensitivity, we maintain our estimate that a change of 1 yen against the U.S. dollar affected annual operating income by about 1.2 billion yen, while a change against the euro had an impact of about 0.2 billion yen.

FY March 2020 results
- Passive Components segment

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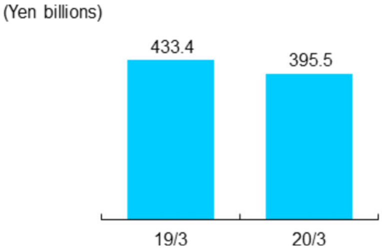
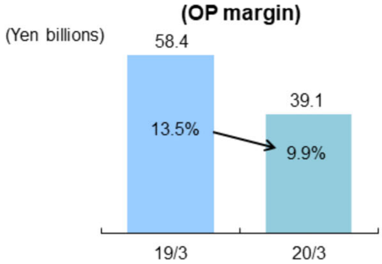
Net sales



Operating income
(OP margin)



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.

Next, I would like to explain our business segment performance.

In the Passive Components segment, net sales were 395.5 billion yen, a decrease of 8.7% year on year, and operating income was 39.1 billion yen, a decrease of 33.0%. The operating income margin was 9.9%. Weak demand in the automotive and the industrial equipment markets due to impact from ongoing trade friction between the U.S. and China since the start of the fiscal year was compounded by impact from inventory adjustments at major distributors in the U.S. and Europe. Subsequently, sales slumped and profit declined for Aluminum Electrolytic Capacitors and Film Capacitors as well as Capacitors, Inductors, and Piezoelectric Material Products and Circuit Protection Components, for which the automotive and the industrial equipment markets account for a large share of sales. For Aluminum Electrolytic Capacitors, excess production capacity due to weaker demand resulted in the recording of an impairment loss of about 2.1 billion yen in the fourth quarter.

On the other hand, demand in the ICT market was strong from the beginning of the fiscal year. The startup of 5G came into full swing, mainly in China, and, though there was impact from the spread of COVID-19 in the fourth quarter, High-Frequency Components secured growth in sales and profit.

FY March 2020 results
- Sensor Application Products segment

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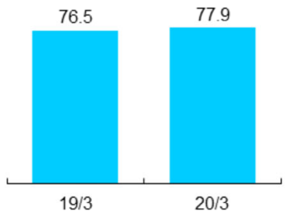
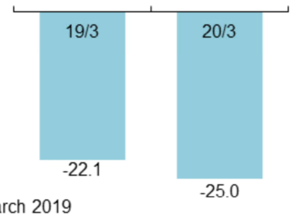
Net sales

(Yen billions)



Operating loss

(Yen billions)



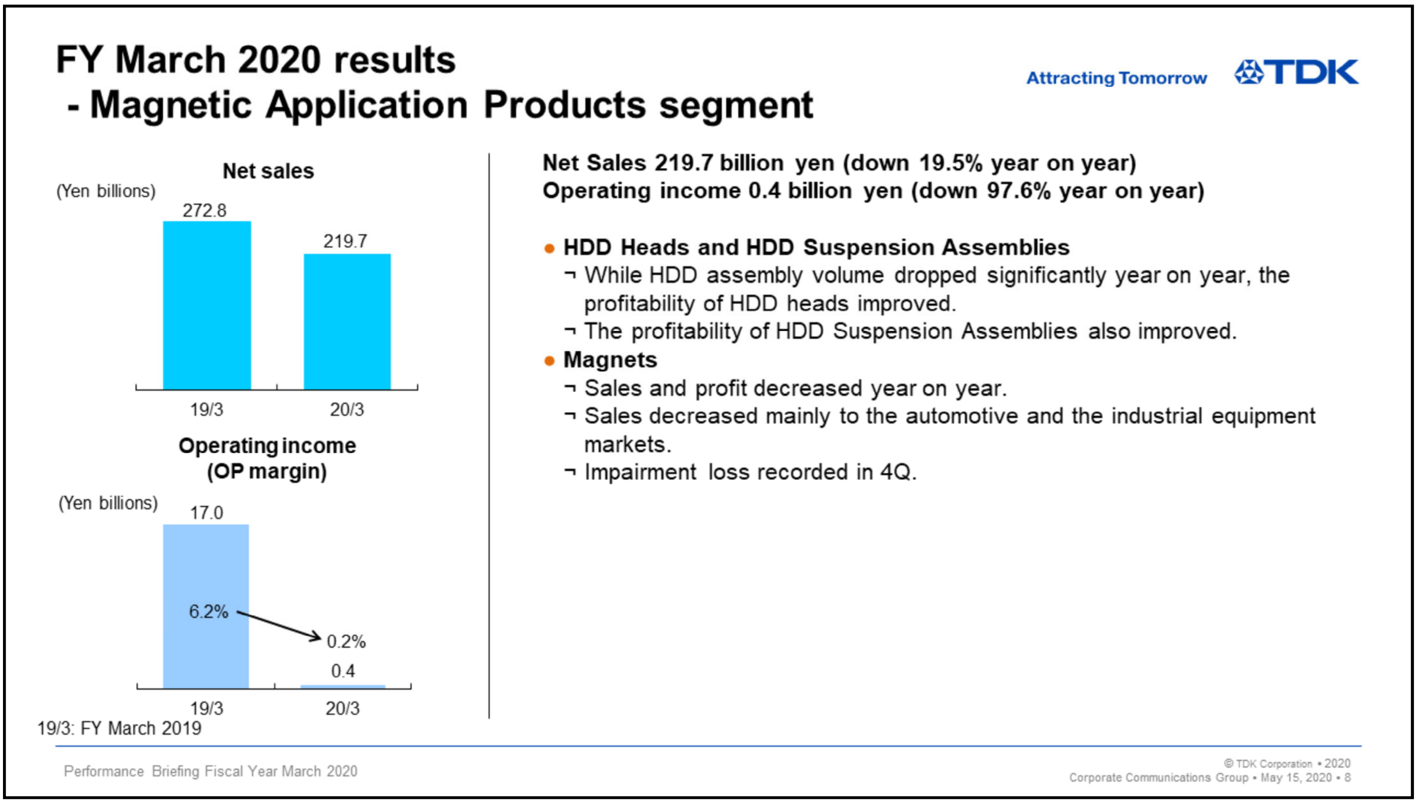
19/3: FY March 2019

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.

In the Sensor Application Products segment, we aimed to expand sales as a growth strategy business, but overall sales only increased 1.8% year on year and losses widened.

The segment's products were sharply divided into two groups. Products that were significantly affected by the economy and saw sales decline, and products that got on board with the growth strategy and saw sales rise. Sales of conventional sensors such as Temperature Sensors and Hall Sensors were lackluster, owing to impact from weak global demand in the automotive and the industrial equipment markets. Their sales declined markedly from the previous fiscal year and their profits deteriorated, which had a major impact on overall business earnings. In contrast, TMR Sensors, a strategic product expected to see growth, made progress on adoption for automotive applications, volumes grew, and sales rose. For smartphone applications as well, TMR Sensors made headway on adoption for new smartphone models, sales expanded, and profits have taken hold. In MEMS Sensors, sales of Motion Sensors steadily rose to new customers and sales of MEMS Microphones grew for smartphone and IoT applications, but sufficient sales growth and earnings contributions were not attained.



In the Magnetic Application Products segment, net sales declined 19.5% year on year to 219.7 billion yen, and operating income decreased substantially to 0.4 billion yen.

For HDD Heads and HDD Suspension Assemblies, overall sales declined about 18% and profit decreased as less total HDD demand led to roughly 4% lower volumes for HDD Heads and some products reached end of life in HDD assemblies, but growth in high-value-added products contributed to a rise in profitability from the previous fiscal year.

In Magnets, sales decreased due to our withdrawal from Magnets for HDDs and impact from sluggish demand for the industrial equipment and the automotive markets, such as industrial robots and machine tools, and ongoing harsh business conditions led to the recording of an impairment loss of 14.4 billion yen in the fourth quarter.

FY March 2020 results
- Energy Application Products segment

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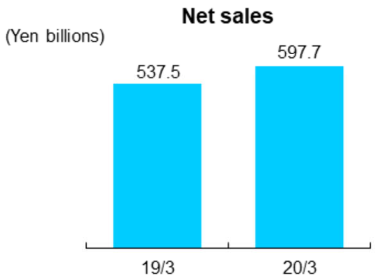
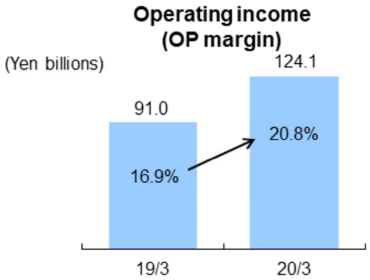




19/3: FY March 2019

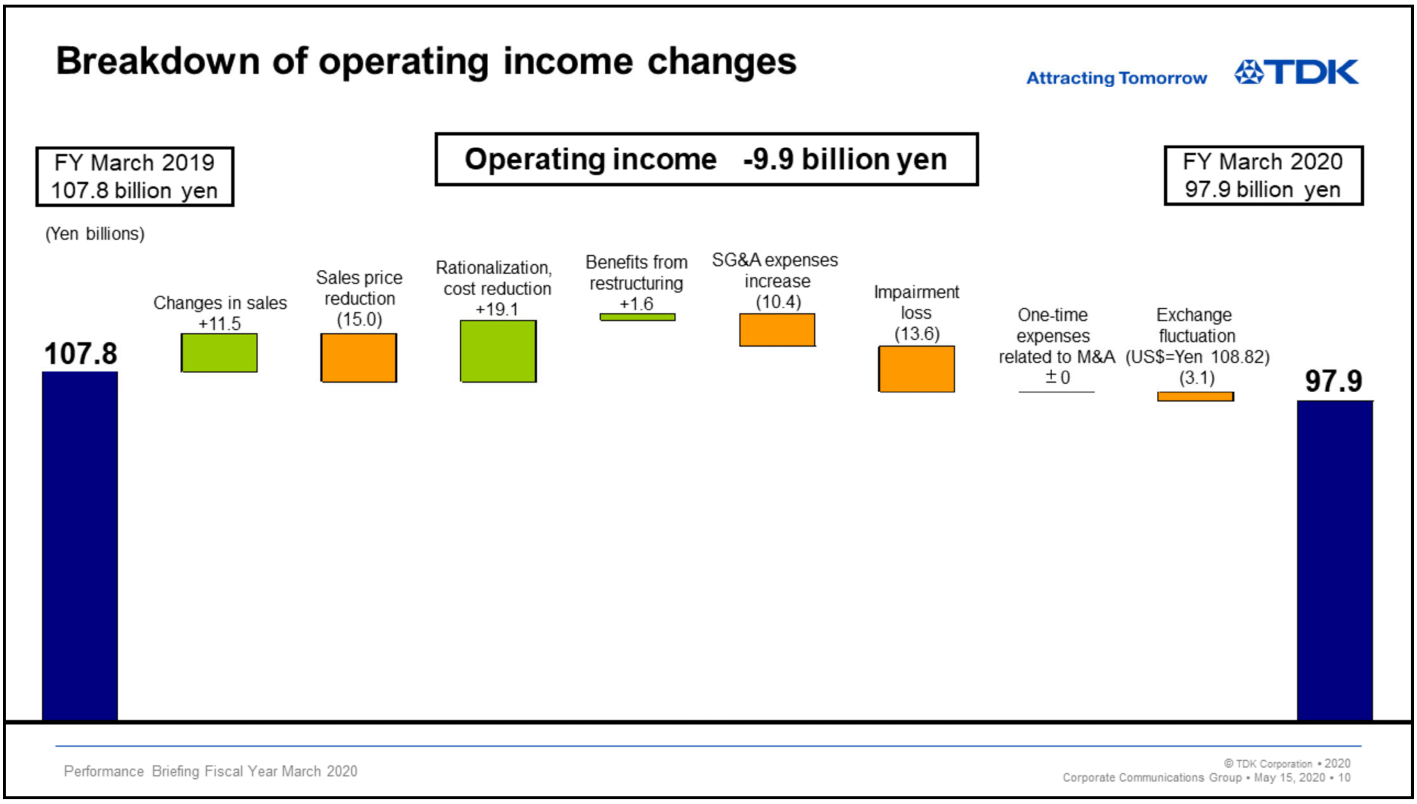
Net sales 597.7 billion yen (up 11.2% year on year)
Operating income 124.1 billion yen (up 36.4% year on year)

- **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.

In the Energy Application Products segment, net sales rose 11.2% year on year to 597.7 billion yen, and operating income surged 36.4% to 124.1 billion yen. Profitability also improved dramatically, with the operating income margin at 20.8%.

In Rechargeable Batteries, sales increased about 15% year on year and profitability rose. This reflects a sharp rise in sales for smartphone applications and strong sales for tablet and laptop applications, along with a steady increase in sales of minicells for wearable products such as wireless earphones.

Power Supplies for industrial equipment saw profit decrease as sales declined to the industrial equipment market, owing to significant impact from less demand for capital expenditures due to economic slowdown.



Next is the breakdown of the change in operating income. Let's take a look at the main factors behind the 9.9 billion yen decrease in operating income. First, there was an increase in profits of about 11.5 billion yen due to sales volume growth, despite including negative impact of about 12.0 billion yen from the spread of COVID-19. Next, negative impact of around 15.0 billion yen from reduction in sales prices was absorbed by positive impact of about 19.1 billion yen from rationalization and cost reductions, which, along with benefits of about 1.6 billion yen from restructuring, contributed to increased earnings by strengthening our constitution. Expenses related to the InvenSense acquisition were about 5.4 billion yen for the fiscal year, unchanged from the previous fiscal year. Administration and development expenses in connection with business expansion in Rechargeable Batteries increased by 10.4 billion yen, exchange rate fluctuations had a negative impact of around 3.1 billion yen, and there was an increase of 13.6 billion yen in impairment losses. As a result, the overall decrease in operating income was 9.9 billion yen.

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

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Next, I would like to explain the factors behind the changes in segment net sales and operating income from the third quarter to the fourth quarter of the fiscal year ended March 2020.

Let's begin with net sales in the Passive Components segment. Net sales in this segment decreased by 1.3% from the third quarter, but we estimate they grew about 2% excluding impact from the spread of COVID-19. Overall, sales for both the ICT and the industrial equipment markets declined, whereas sales of Ceramic Capacitors for 5G base station applications and High-Frequency Components grew. Operating income decreased about 37%, but we estimate that it grew roughly 9% excluding impact from COVID-19 and an impairment loss posted for Aluminum Electrolytic Capacitors.

In the Sensor Application Products segment, net sales fell 7.9% from the third quarter, and operating losses widened by 1.5 billion yen. Although sales for the automotive market increased on a seasonal recovery following the Christmas holidays, overall sales declined due to lower volumes for smartphones. Excluding impact from the suspension of production lines due to the spread of COVID-19, we estimate operating income declined about 14% due to lower sales.

In the Magnetic Application Products segment, sales fell about 6% on a decrease in volumes for HDD Heads from the third quarter, which along with lower HDD assembly sales and lower HDD suspension sales volumes led to an overall sales decline of 10.5%. Sales of Magnets decreased roughly 5%. Excluding an impairment loss of 14.4 billion yen and impact from COVID-19, we estimate operating income in the Magnetic Application Products segment declined by about 35% due to lower sales volumes.

In the Energy Application Products segment, net sales decreased by 26.6% from the third quarter but we estimate that the decline was about 15% excluding impact from COVID-19. Rechargeable Batteries were affected by a seasonal decline in demand, but Power Supplies for industrial equipment were basically steady. Operating income declined 63.7%, but we estimate that the decline was about 49% excluding impact from COVID-19.

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Consolidated Full Year Projections for FY March 2021

Shigenao Ishiguro
President & CEO

My name is Shigenao Ishiguro, President & CEO of TDK.

First, I'd like to thank all of you for attending our performance briefing in great numbers, despite the irregular circumstances. Today, I'd like to go over our consolidated full year earnings projections for the fiscal year ending March 2021. I will start by discussing their underlying assumptions in terms of demand for major devices and economic trends.

Quarterly World GDP Growth

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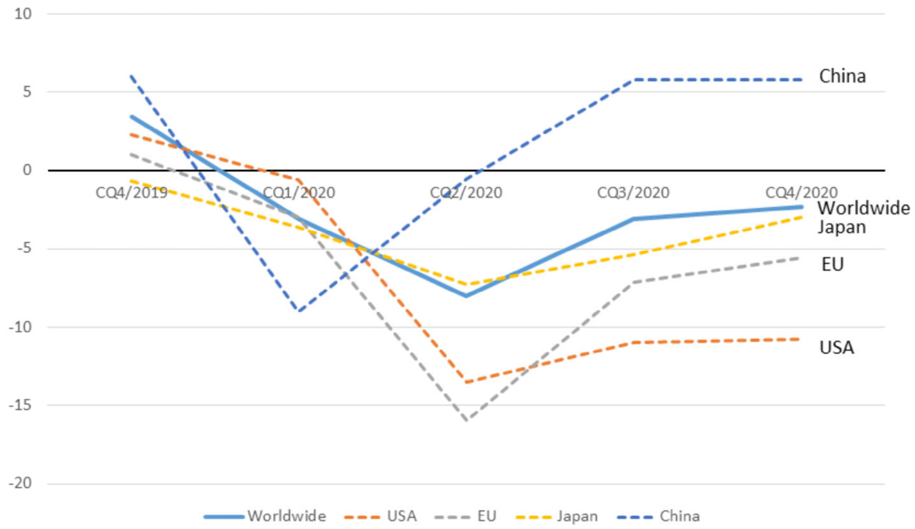
Y o Y%	CQ4/2019	CQ1/2020	CQ2/2020	CQ3/2020	CQ4/2020	CY2020
Worldwide	+3.4	-3.1	-8.0	-3.1	-2.3	-4.0



(Source: Nomura Global Market Research)

This graph shows the GDP growth outlook on which our current projections are based. Worldwide GDP is forecast to decline 4% in calendar year 2020. Looking at the outlook by region, China where COVID-19 spread first but was also contained first is expected to see recovery in the latter half of 2020 to the economic environment in late 2019, in other words prior to the spread of COVID-19. Nevertheless, while we expect economic cooling in other regions including Japan to bottom in the second quarter and recover in stages heading into the second half of the year, we assume that recovery to levels prior to the spread of COVID-19 will not be feasible. As for the impact on TDK's earnings, we feel that it is reasonable to expect the effects to emerge two to three months following the GDP movements due mainly to the relationship with market inventories.

Market forecast of FY March 2021

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

*The number of Automobile includes commercial vehicles.

Next, I will discuss demand assumptions for key devices concerning TDK. Regarding automobiles, TDK assumes the market scale, including commercial vehicles, will decline 14% year on year to 75 million vehicles in the fiscal year ending March 2021. While some are of the opinion that larger declines are likely in some parts of the market, there are also reports in the China market that volumes turned to YoY growth as early as April. We believe it will be important to continue to ascertain trends going forward. Within automobiles, we assume the xEV market will grow 11%.

For smartphones, which exemplify the ICT market, we envision a decrease of 9% year on year in volumes to 1.24 billion units. Within that, we are projecting 5G smartphone volume at 376 million units. That represents a slight downward revision to the 5G smartphone demand level of 400 million units in 2020 anticipated at the end of 2019.

Besides that, we assume that only Nearline HDDs used by data centers will continue to expand amid overall HDD market contraction. In addition, we envision flat to modest growth for PCs and tablets, which are likely to be widely used for telecommuting and home-based learning.

The spread of COVID-19 will not just affect market demand. Over the short term, we must also consider the direct effects on TDK's supply chains. In other words, the impact on our factories' operations and so forth.

While TDK presently has some sites in India and Southeast Asia where capacity utilization is not at 100%, it is business as usual at nearly all of our sites in other regions. Our current outlook is based on the assumption that production operations will be able to return to normal going forward.

Projections for FY March 2021
- Image of changes in sales

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(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	—
Total	1,363.0	1,290.0

		Forex assumptions
US$(JPY)	108.82	105.00
EURO(JPY)	120.92	117.00

Based on the above assumptions, we are projecting total sales of 1,290 billion yen, a roughly 5% decline from the fiscal year ended March 2020.

For the Passive Components segment, we are projecting a net sales decrease of 7–10%, with the automotive and the industrial equipment markets accounting for a certain level of sales. Within the Passive Components segment, strong growth is expected for the High-Frequency Components business, primarily for markets related to 5G.

In the Sensor Application Products segment, we are projecting net sales growth of 8–11%, even including impact from COVID-19, as a result of expansion of the customer base and enhancement of the product lineup. Temperature and Pressure Sensors as well as Hall IC for automotive applications have been directly affected by the market up to now and cannot be expected to grow substantially. However, TMR Magnetic Sensors, Microphones, and MEMS Sensors are anticipated to grow moving ahead. For those products, we expect cultivation of new customers and applications to contribute to growth.

In the Magnetic Application Products segment, we are projecting a net sales decline of 15–18%. For HDD Heads, we expect sales to decrease as the market for 2.5-inch and 3.5-inch drives gradually loses steam and is accompanied by a decline in contract manufacturing volumes for 3.5-inch drives. Also, sales of magnetic products are likely to grow for a new project for xEV applications but not for the automotive market due to its downturn.

In the Energy Application Products segment, we are projecting broadly flat growth in net sales. This is based on the assumption that the home market will be strong, mainly for PCs, tablets, and game consoles, and sales of mini cells and power cells will gradually contribute, although the smartphone market will shrink and the infrastructure market pertaining to the Power Supplies business will contract.

FY March 2021 full year / dividend projections

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(Yen billions)	FY March 2020 full year results	FY March 2021 full year projections (announced on May 15, 2020)	YoY change	
			Yen billions	%
Net sales	1,363.0	**1,290.0**	(73.0)	-5.4
Operating income	97.9	**70.0**	(27.9)	-28.5
Operating income margin	7.2%	**5.4%**	-1.8 pt	-
Income before income taxes	95.9	**70.0**	(25.9)	-27.0
Net income	57.8	**48.0**	(9.8)	-17.0
Earning per share (JPY)	457.47	**379.99**	-	-
Dividends (JPY)	1st half : 90 2nd half : 90 Annual: 180	**1st half : 80 2nd half : 80 Annual : 160**	-	-
Ex-rate US$ (JPY)	108.82	**105.00**	-	
Ex-rate EURO (JPY)	120.92	**117.00**	-	

Capital expenditure	173.4	**180.0**	6.6	3.8
Depreciation and amortization	125.0	**140.0**	15.0	12.0
Research and development	117.5	**120.0**	2.5	2.1

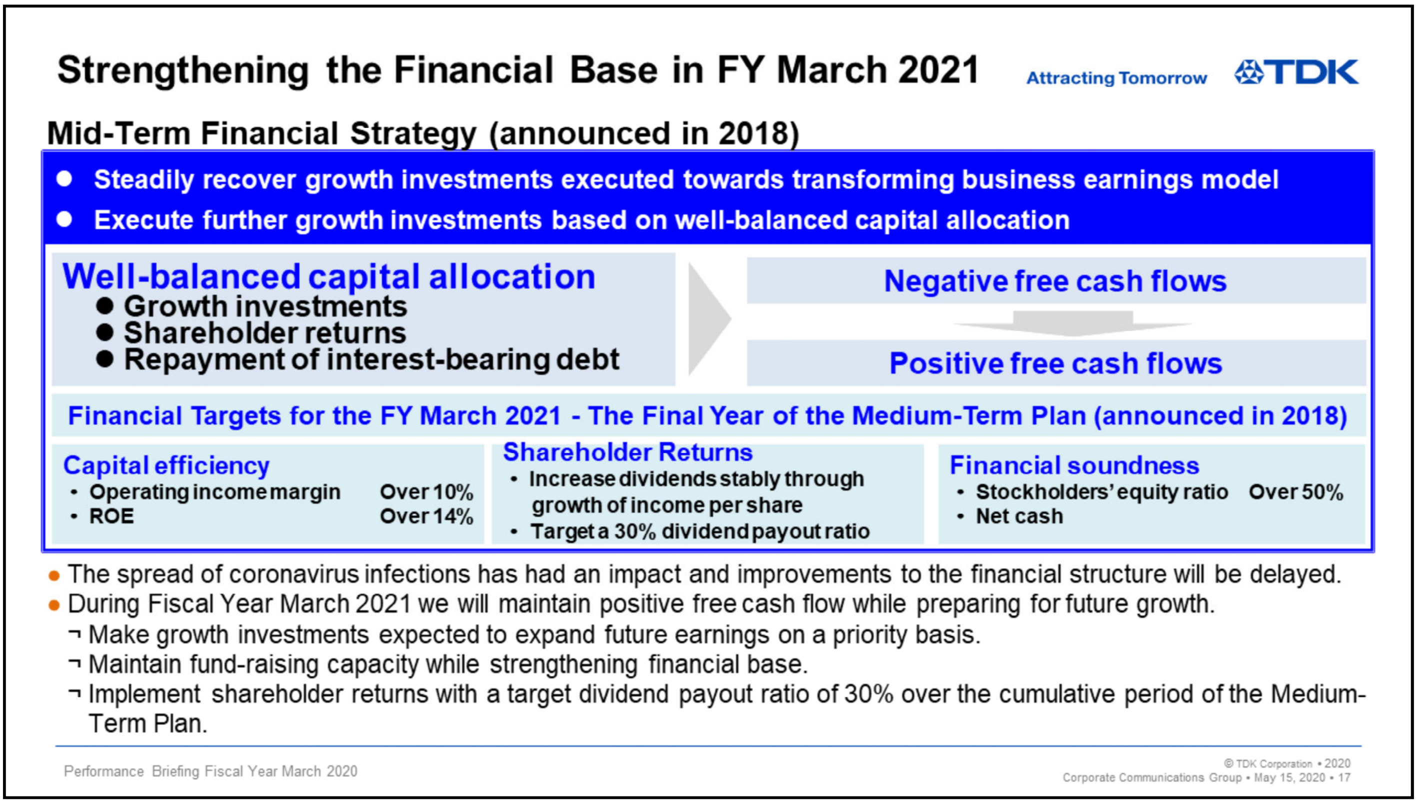
As you can see, these are our consolidated full year earnings projections for the fiscal year ending March 2021 based on the demand forecasts for major sets and global economic trends I just discussed.

Our earnings projections assume an average exchange rate of 105 yen against the U.S. dollar and 117 yen against the euro. We are projecting net sales will decline about 5% to 1,290.0 billion yen. We estimate the spread of COVID-19 will have a negative impact of about 180 billion yen on annual net sales based on the demand environment before the outbreak. Including that impact, we are targeting operating income of 70.0 billion yen, income before income taxes of 70.0 billion yen, net income of 48.0 billion yen, and earnings per share of around 380 yen.

As announced, we are planning a dividend of 90 yen per share for the second half of the fiscal year ended March 2020 for an annual dividend of 180 yen per share. For the fiscal year ending March 2021, we are planning an interim dividend of 80 yen per share in both the first half and the second half for an annual dividend of 160 per share, taking into account the current Medium-Term Plan’s shareholder returns targets for levels of profits per share and a dividend payout ratio of 30%.

We are projecting capital expenditure of 180.0 billion yen, depreciation and amortization of 140.0 billion yen and research and development expenses of 120.0 billion yen.

In light of the extraordinary environment, Tetsuji Yamanishi will discuss our view on financial strategy.



As President Ishiguro previously discussed, our consolidated full year earnings projections for the fiscal year ending March 2021 call for both net sales and operating income below levels in the previous fiscal year, owing mainly to impact from the spread of COVID-19. As a result, meeting the financial targets for the final year of the current Medium-Term Plan announced in 2018 has become difficult. We project that positive free cash flows will be attainable in each fiscal year during the current Medium-Term Plan, but not reach sufficient levels due to the outlook for earnings to decline in the fiscal year ending March 2021, and improvement in the financial structure will be delayed.

In the fiscal year ending March 2021, we will continue to prioritize growth investments in areas where future earnings expansion is expected, while striving to ensure that growth investments to date are recovered, steadily realizing expansion of free cash flows, and aiming to achieve our financial targets at an early date. Meanwhile, we are securing sufficient fund-raising capacity, including establishing a commitment line, to prepare for sudden changes in the demand climate from what we envision. In addition, we are raising liquidity on hand and strengthening the financial base enabling support of business activities, even in an uncertain demand environment. As for shareholder returns for the fiscal year ending March 2021, we are planning on no growth in earnings per share and reducing dividends per share by 20 yen from the 180 yen per share implemented for the fiscal year ended March 2020. However, we are planning on realizing levels equating to a dividend payout ratio of 30% targeted over the cumulative period of the Medium-Term Plan, based on our dividend policy and taking into account free cash flow levels over the cumulative period of the Medium-Term Plan.

Lastly, President Ishiguro will present TDK's views looking to the post-COVID-19 era.

Contributing to energy and environmental issues

Attracting Tomorrow TDK

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

The spread of COVID-19 is having a tremendous long-term impact on the consumer market, in part by causing supply chain problems. However, TDK is engaged in the electronics market, which is fortunately expected to grow in the future. As I mentioned at TDK Investor Meeting 2019 last year as well, I believe the major trends of energy transformation (“EX”) and digital transformation (“DX”) will further expand the realms where TDK can greatly contribute to society.

In the EX realm, we will first thoroughly establish TDK as “Eco-TDK.” While applying digital technology, we will enable TDK to maximize output with less input, and actively switch to renewable energy. At the same time, we will contribute significantly to the shift to a low-carbon, energy efficient society.

Contributing to the improved efficiency of society through data utilization

Attracting Tomorrow TDK

Internal
(How TDK will change)

External
(How to change society)

Digitizing TDK

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

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

As for the DX realm, we will start by digitalizing TDK as much as possible. The pandemic is spurring big changes in what is regarded as common sense around the world, how we work, and more. While I do not in any way intend to dismiss connections between people or humanity, I have come to realize that digital technology can be used to create value that transcends time and space. I have come to understand that it is possible to communicate without taking time to physically travel. As we advance digitalization on an array of fronts—from design and development to manufacturing, marketing, and staff work, we look to play a role in the digitization of society and solution of social issues.

That concludes my lengthy presentation. Thank you very much for your attention.

Cautionary statements with respect to forward-looking statements

Attracting Tomorrow TDK

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