

Attracting Tomorrow



**Performance Briefing
1Q of Fiscal Year March 2021**

- **Consolidated Results for 1Q of FY March 2021**
Tetsuji Yamanishi, Executive Vice President

Consolidated Results for 1Q of FY March 2021

Tetsuji Yamanishi
Executive Vice President

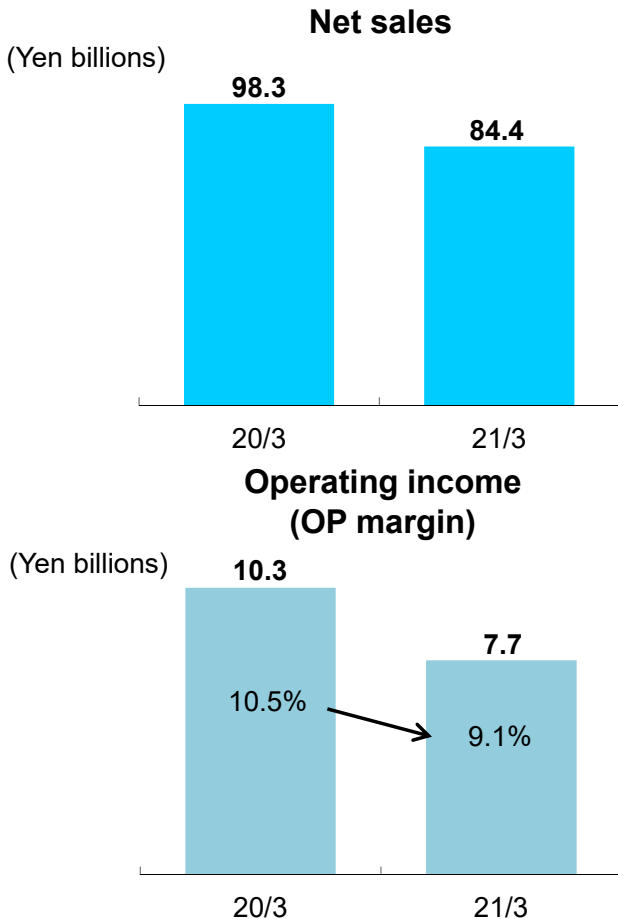
Digital transformation (DX) has accelerated during the COVID-19 pandemic, and demand related to remote working and 5G was stronger than initially anticipated.

- **Net sales decreased 8.1% year on year. Operating income declined 26.4% year on year.**
 - Secured higher sales and profits in the Energy Application Products segment, owing to solid demand for Rechargeable Batteries despite the challenging market environment.
 - Despite weak demand overall, demand strengthened for PCs and tablets as more people shifted to work and study at home in this new normal for lifestyles. Demand related to 5G base stations also grew. Consolidated earnings growth was driven by higher sales of Rechargeable Batteries, MLCCs, and High-Frequency Components.
 - Sales of Passive Components and Sensors for automobiles were below expectations due to weak demand on the automotive market.
 - Sales of HDD Heads decreased more than expected as parts of Asia went into lockdown during the COVID-19 pandemic.

Consolidated results for 1Q of FY March 2021

	(Yen billions)	FY March 2020 1Q results	FY March 2021 1Q results	Change	
				Yen billions	%
	Net sales	336.8	309.4	(27.4)	-8.1
	Operating income	25.0	18.4	(6.6)	-26.4
	Operating income margin	7.4%	5.9%	-1.5 pt	-
	Income before income taxes	24.7	20.7	(4.0)	-16.2
	Net income	15.6	13.2	(2.4)	-15.4
	Earning per share (JPY)	123.43	104.43	-	-
Ex-rate	US\$ (JPY)	110.10	107.61	Appreciated by 2.3%	
	EURO (JPY)	123.57	118.45	Appreciated by 4.1%	
Ex-rate impact to net sales & operating income		Net sales : Decreased by about 11.3 billion Yen Operating income : Increased by about 1.3 billion Yen			

1Q results - Passive Components segment



Net sales 84.4 billion yen (down 14.1% year on year)
Operating income 7.7 billion yen (down 25.2% year on year)

- **Ceramic Capacitors**

- Sales and operating income decreased year on year.
- Sales increased to the ICT market, while decreased to the automotive and the industrial equipment markets and distributors.

- **Aluminum Electrolytic Capacitors and Film Capacitors**

- Sales and operating income decreased year on year.
- Sales decreased to the industrial equipment and the automotive markets.

- **Inductive Devices**

- Sales and operating income decreased year on year.
- Sales decreased mainly to the automotive market.

- **High-Frequency Components**

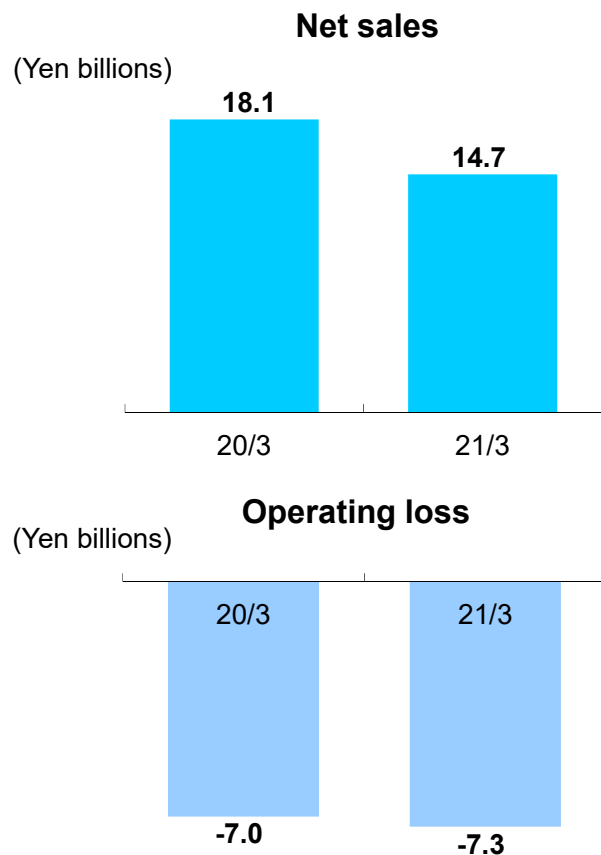
- Sales and operating income increased year on year.
- Sales increased to the ICT market.

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

- Sales and operating income decreased year on year.
- Sales decreased mainly to the automotive market.

20/3: FY March 2020

1Q results - Sensor Application Products segment



Net sales 14.7 billion yen (down 18.8% year on year)
Operating loss -7.3 billion yen (up —% year on year)

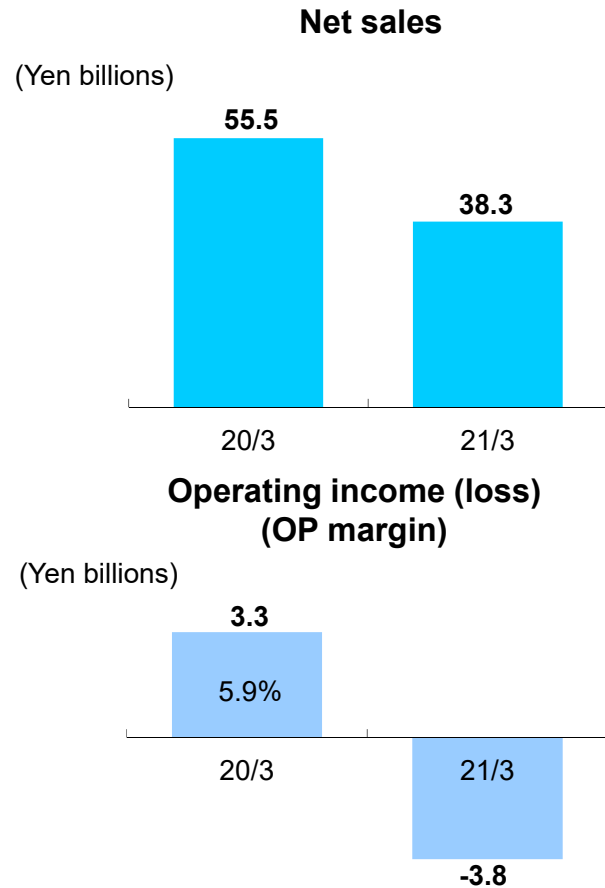
- **Sensors**

- Sales and operating income decreased year on year.
- Sales of conventional products (Temperature and Pressure Sensors, and Hall Sensors) to the automotive market declined, with earnings also worsening.
- Earnings of TMR Sensors rose, driven by growth in sales to the ICT market.
- In MEMS Sensors, sales of Motion Sensors and MEMS Microphones decreased to the ICT market.

20/3: FY March 2020

1Q results - Magnetic Application Products segment

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Net Sales 38.3 billion yen (down 31.0% year on year)
Operating loss -3.8 billion yen (up —% year on year)

- **HDD Heads and HDD Suspension Assemblies**

- Sales of HDD Heads fell sharply as parts of Asia went into lockdown during the COVID-19 pandemic.

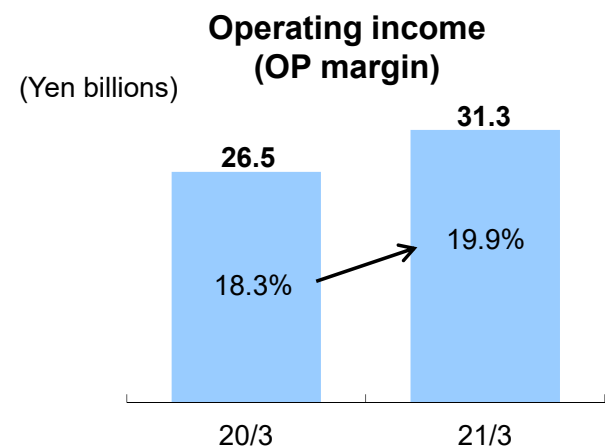
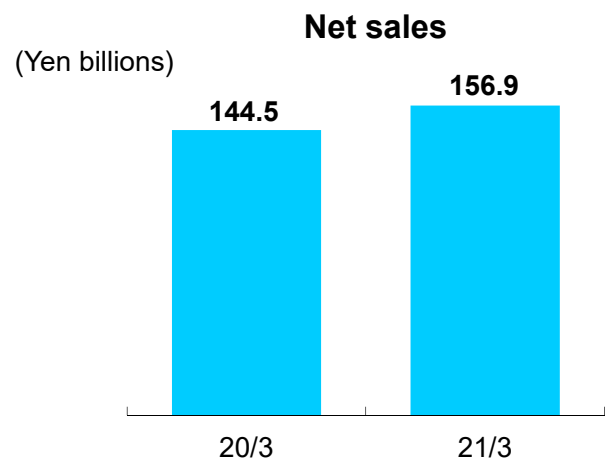
- **Magnets**

- Sales decreased year on year.

- Sales decreased to the automotive market.

20/3: FY March 2020

1Q results - Energy Application Products segment



20/3: FY March 2020

Net Sales 156.9 billion yen (up 8.6% year on year)
Operating income 31.3 billion yen (up 18.1% year on year)

- **Energy Devices (Rechargeable Batteries)**
 - Sales and operating income increased year on year.
 - Sales expanded for PCs and tablets as more people shifted to work and study at home.
 - Sales for game consoles and sales of mini cell products increased.
- **Power Supplies**
 - Sales and operating income of Power Supplies for industrial equipment decreased year on year.

Quarterly results by segment

(Yen billions)		1Q of FY March 2020 (A)	4Q of FY March 2020 (B)	1Q of FY March 2021 (C)	YoY change (C)-(A)		QoQ change (C)-(B)	
					Yen billions	%	Yen billions	%
Net sales	Capacitors	39.3	37.7	33.3	(6.0)	-15.3	(4.4)	-11.7
	Inductive Devices	34.1	33.0	27.4	(6.7)	-19.6	(5.6)	-17.0
	Other Passive Components	24.8	26.3	23.6	(1.2)	-4.8	(2.7)	-10.3
	Passive Components	98.3	97.0	84.4	(13.9)	-14.1	(12.6)	-13.0
	Sensor Application Products	18.1	18.7	14.7	(3.4)	-18.8	(4.0)	-21.4
	Magnetic Application Products	55.5	51.8	38.3	(17.2)	-31.0	(13.5)	-26.1
	Energy Application Products	144.5	118.3	156.9	12.4	8.6	38.6	32.6
	Other	20.4	14.5	15.2	(5.2)	-25.5	0.7	4.8
	Total	336.8	300.4	309.4	(27.4)	-8.1	9.0	3.0
Operating income	Passive Components	10.3	6.7	7.7	(2.6)	-25.2	1.0	14.9
	Sensor Application Products	(7.0)	(7.0)	(7.3)	(0.3)	-	(0.3)	-
	Magnetic Application Products	3.3	(11.5)	(3.8)	(7.1)	-	7.7	-
	Energy Application Products	26.5	14.7	31.3	4.8	18.1	16.6	112.9
	Other	0.3	(5.8)	(1.9)	(2.2)	-	3.9	-
	Sub total	33.4	(3.0)	26.0	(7.4)	-22.2	29.0	-
	Corporate and eliminations	(8.4)	(8.4)	(7.6)	0.8	-	0.8	-
Total	25.0	(11.4)	18.4	(6.6)	-26.4	29.8	-	
Operating income margin		7.4%	-	5.9%	-1.5pt	-	- pt	-
Ex-rate	US\$ (JPY)	110.10	109.05	107.61				
	EURO (JPY)	123.57	120.32	118.45				

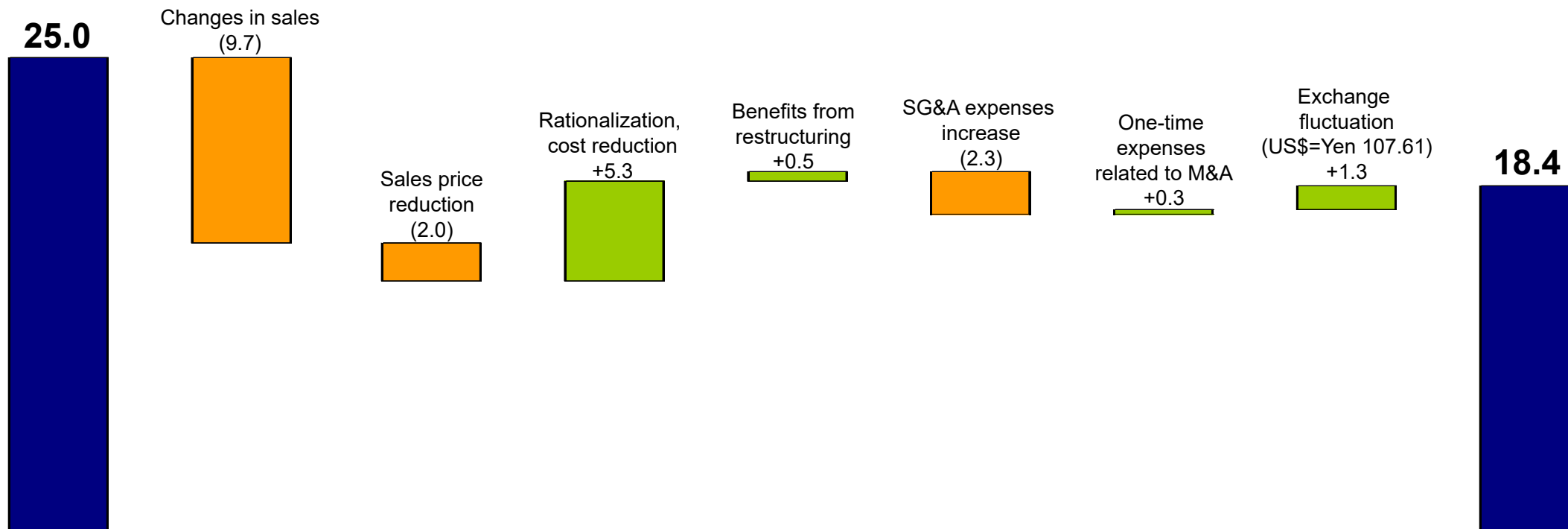
Breakdown of operating income changes

1Q of
FY March 2020
25.0 billion yen

Operating income -6.6 billion yen

1Q of
FY March 2021
18.4 billion yen

(Yen billions)



Projections for 2Q of FY March 2021

- Image of changes in sales

(Yen billions)

Segment	1Q of FY March 2021	2Q projections (QoQ change)
Passive Components	84.4	±0%
Sensor Application Products	14.7	+16~+19%
Magnetic Application Products	38.3	+23~+26%
Energy Application Products	156.9	+19~+22%
Other	15.2	—
Total	309.4	+11~+14%

Forex assumptions

US\$(JPY)
EURO(JPY)

107.61
118.45

105.00
117.00

FY March 2021 full year / dividend projections

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	FY March 2020 full year results (Yen billions)	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	379.98	-	-
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	-
	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

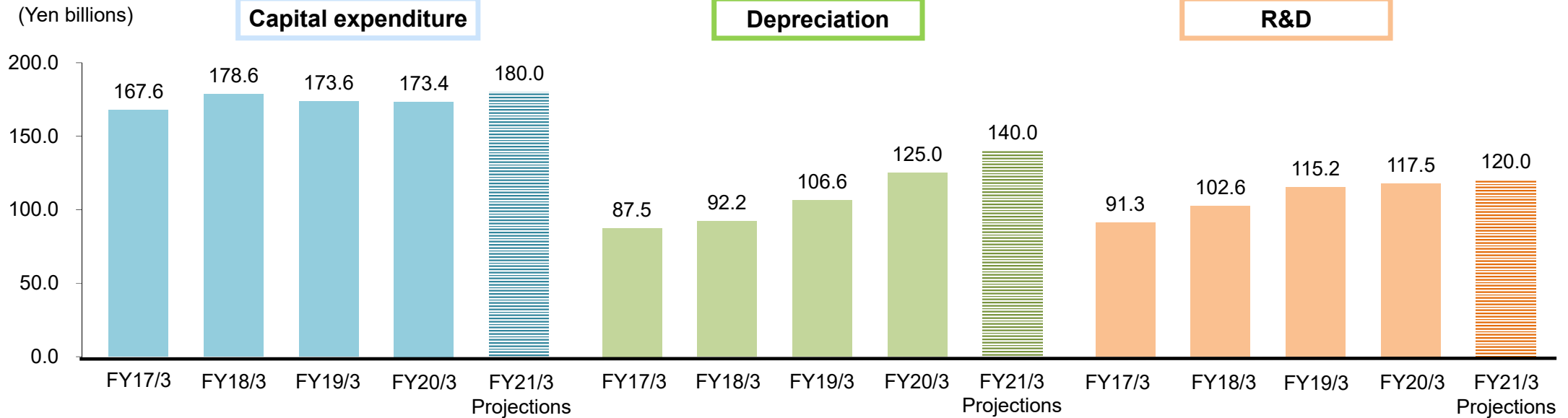
Supplementary Data

Quarterly sales and operating income by segment

(Yen billions)		FY March 2020					FY March 2021				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	Capacitors	39.3	39.6	37.3	37.7	153.9	33.3				
	Inductive Devices	34.1	35.7	34.8	33.0	137.6	27.4				
	Other Passive Components	24.8	26.6	26.3	26.3	104.0	23.6				
	Passive Components	98.3	101.9	98.3	97.0	395.5	84.4				
	Sensor Application Products	18.1	20.8	20.3	18.7	77.9	14.7				
	Magnetic Application Products	55.5	54.5	57.9	51.8	219.7	38.3				
	Energy Application Products	144.5	173.7	161.2	118.3	597.7	156.9				
	Other	20.4	19.4	17.9	14.5	72.3	15.2				
	Total	336.8	370.2	355.6	300.4	1,363.0	309.4				
Operating income	Passive Components	10.3	11.4	10.6	6.7	39.1	7.7				
	Sensor Application Products	(7.0)	(5.5)	(5.5)	(7.0)	(25.0)	(7.3)				
	Magnetic Application Products	3.3	3.5	5.2	(11.5)	0.4	(3.8)				
	Energy Application Products	26.5	42.5	40.5	14.7	124.1	31.3				
	Other	0.3	(0.6)	(2.5)	(5.8)	(8.6)	(1.9)				
	Sub total	33.4	51.2	48.4	(3.0)	130.0	26.0				
	Corporate and eliminations	(8.4)	(7.3)	(8.0)	(8.4)	(32.2)	(7.6)				
	Total	25.0	43.9	40.4	(11.4)	97.9	18.4				
Ex-rate	US\$ (JPY)	110.10	107.39	108.74	109.05	108.82	107.61				
	EURO (JPY)	123.57	119.48	120.34	120.32	120.92	118.45				

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**

Financial position

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(Yen billions)	March end, 2020	June end, 2020	Change
Total asset	1,943.4	1,984.8	41.4
Total liability	1,094.8	1,138.0	43.2
Stockholders's equity	844.0	842.2	(1.8)
(comprehensive income)	(190.1)	(193.6)	(3.5)
Stockholders's equity ratio	43.4%	42.4%	-1.0pt
Cash and cash equivalents	365.3	360.1	(5.2)
Interest-bearing debt (*1)	424.7	461.0	36.3
Net cash (*2)	(59.4)	(100.9)	(41.5)

(Yen billions)	1Q of FY March 2020	1Q of FY March 2021	Change
Capital expenditures	50.9	46.4	(4.5)
Depreciation and amortization	29.6	31.7	2.1

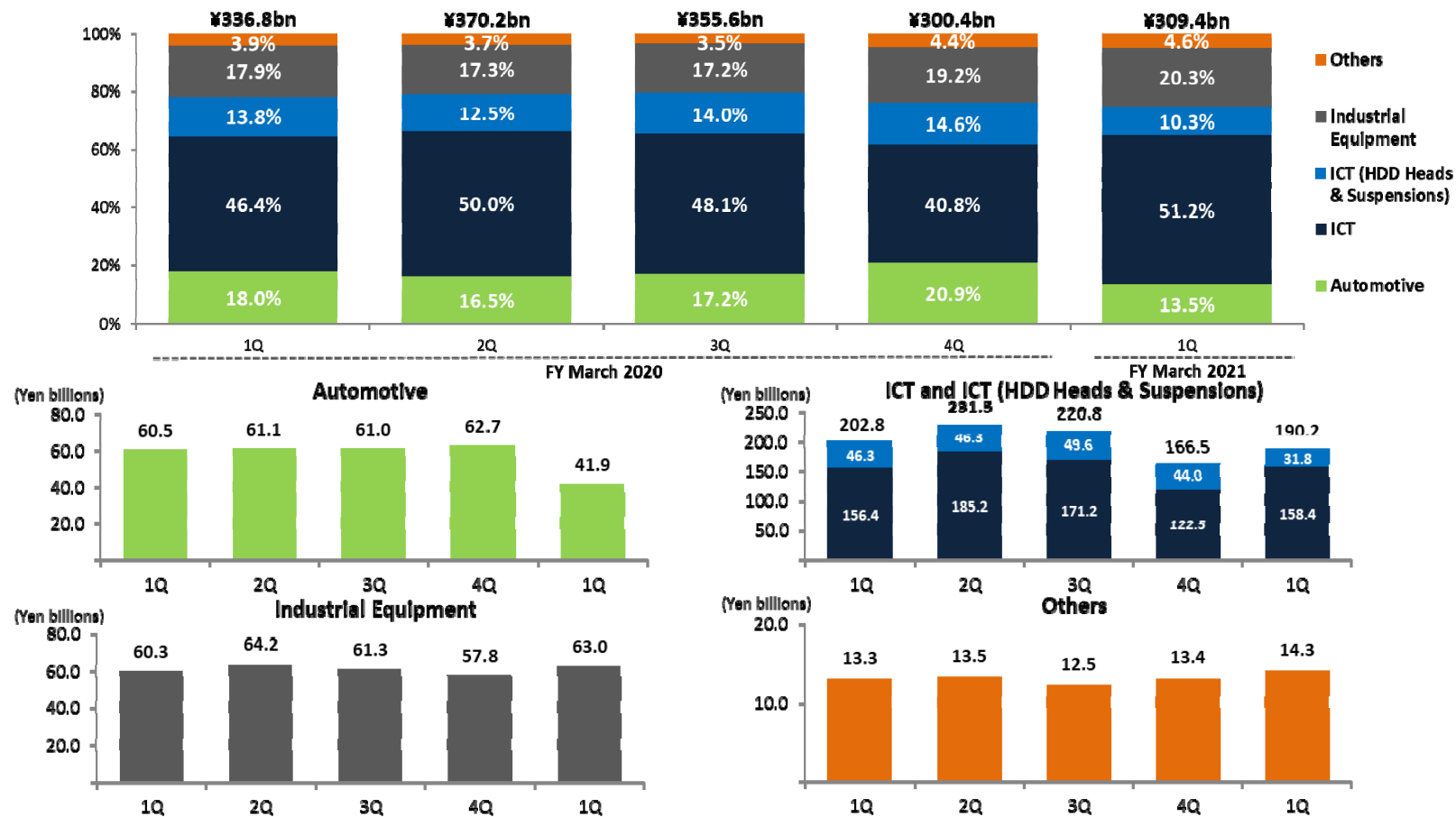
*1: Short-term debt + current installments of long-term debt + long-term debt, excluding current installments (except operating lease obligations)

*2: Cash and cash equivalents - interest-bearing debt

Cash flows

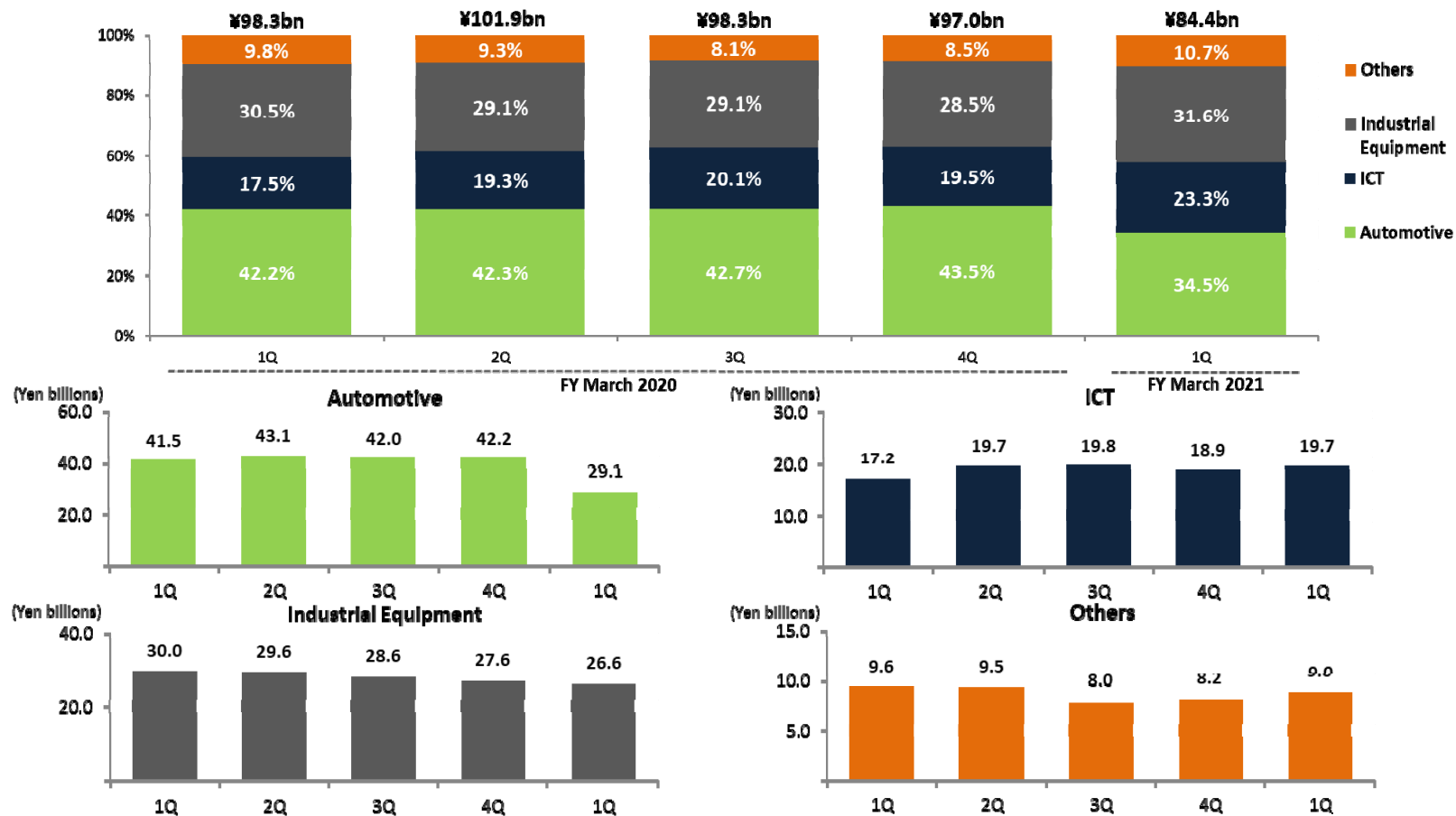
(Yen billions)	FY March 2020 results through 1Q	FY March 2021 results through 1Q	YoY change
Operating cash flow	7.8	9.8	2.0
Investing cash flow	(45.4)	(42.1)	3.3
Free cash flow	(37.6)	(32.3)	5.3
Financing cash flow	22.6	26.1	3.5
Effect of exchange rate changes on cash and cash equivalents	(11.9)	(1.4)	10.5
Cash and cash equivalents	262.3	325.2	62.9

Quarterly sales by markets (1Q of FY March 2020 – 1Q of FY March 2021)



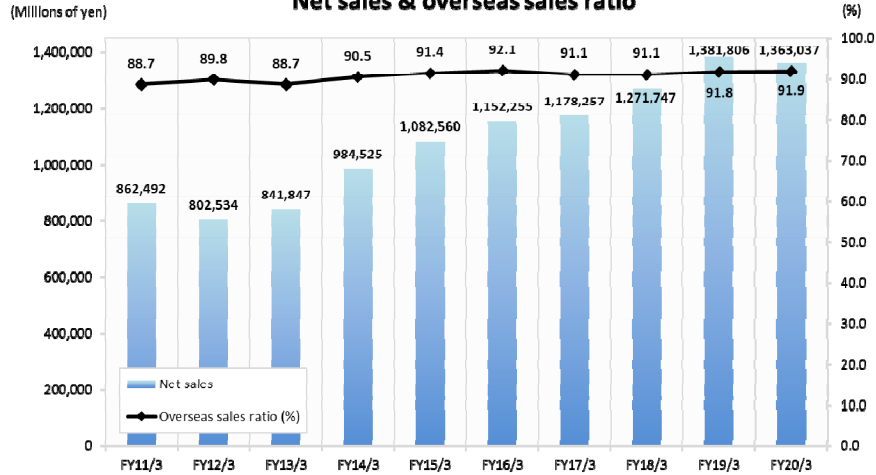
(Note) In accordance with the redefinition of markets in 1Q of FY2021, certain products of Others were reclassified into Automotive, ICT, and Industrial Equipment. The prior year's sales are also reclassified to conform to the new segmentation.

Passive Components business quarterly sales by markets (1Q of FY March 2020 – 1Q of FY March 2021)

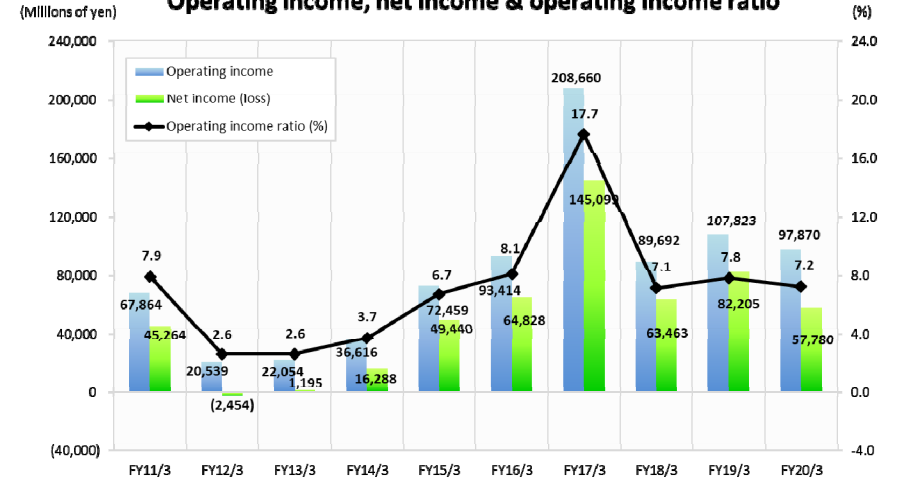


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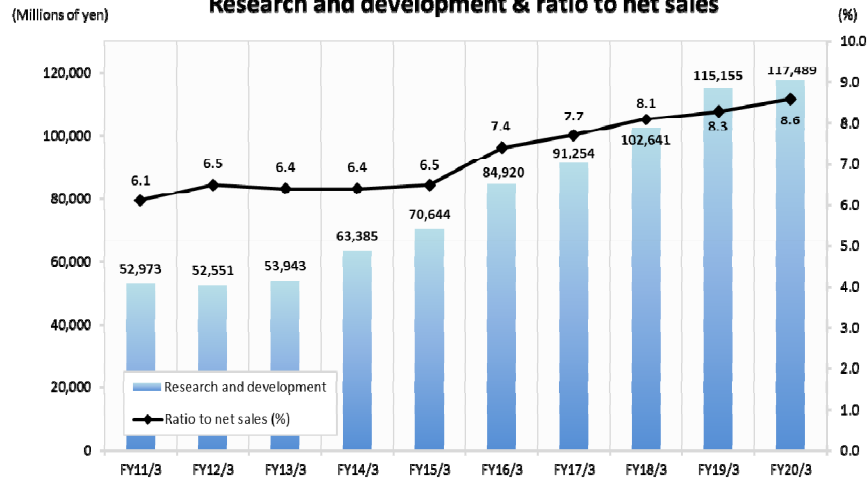
Net sales & overseas sales ratio



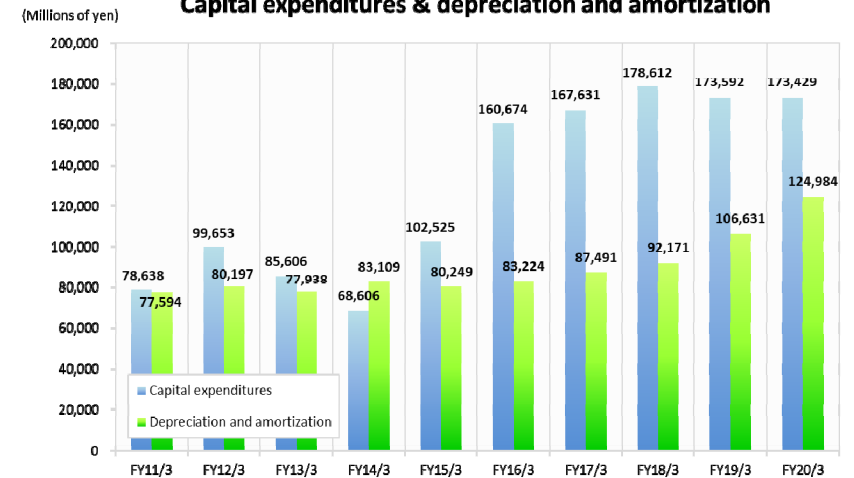
Operating income, net income & operating income ratio

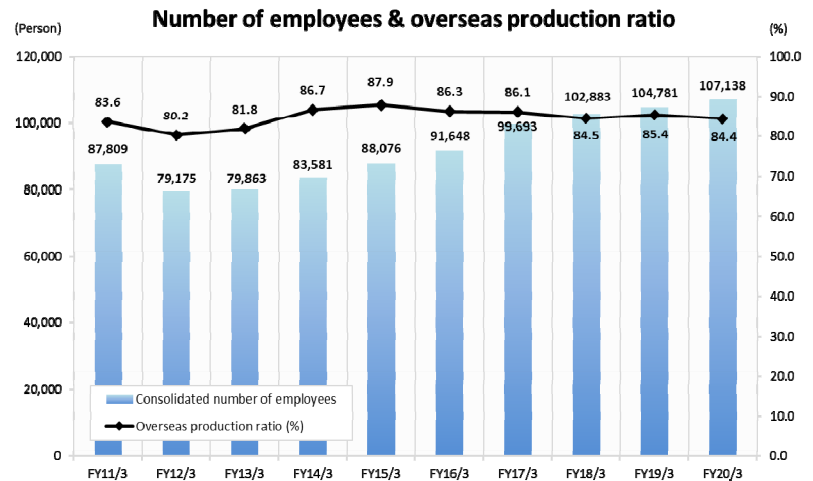
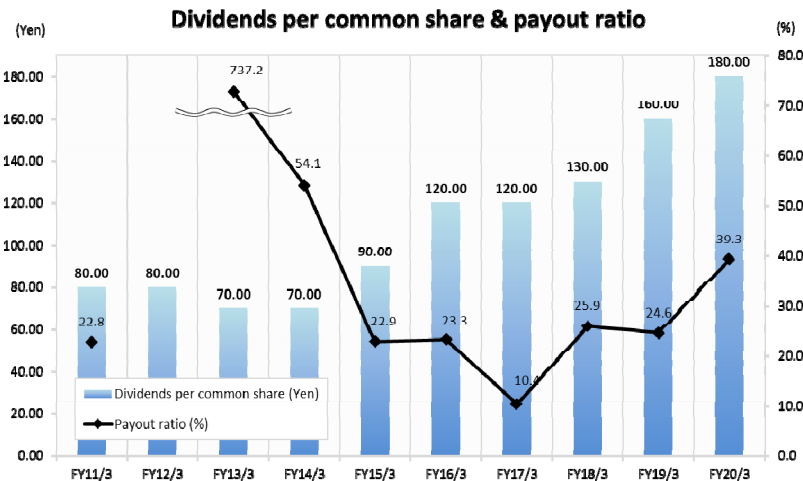
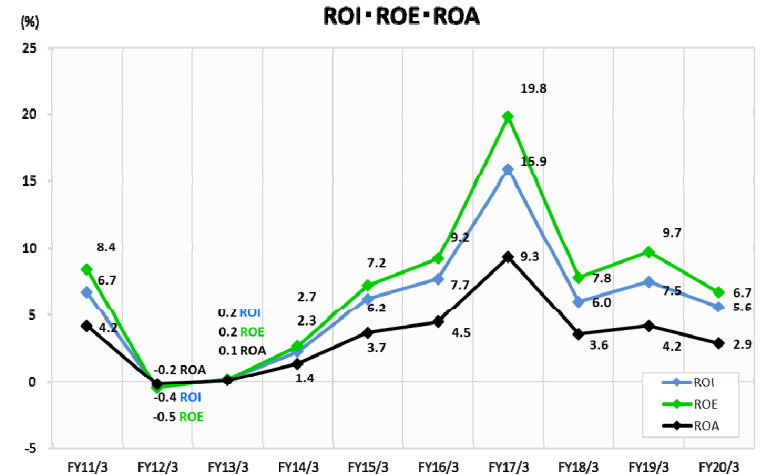
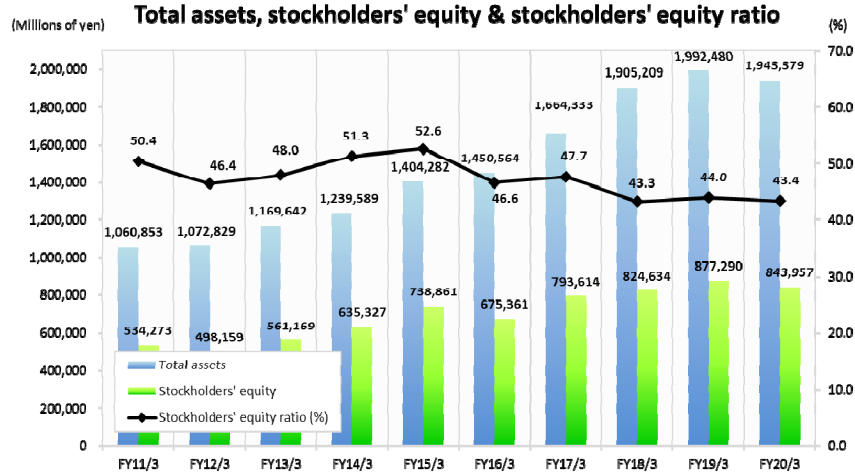


Research and development & ratio to net sales



Capital expenditures & depreciation and amortization





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Text data including Q&A of performance briefing will be uploaded on following site.
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