

[Summary Information and Financial Statements]

1. Business Results

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2018, the year ended March 31, 2018, were as follows.

In fiscal 2018, the global economy maintained a gradual pace of recovery overall. In the U.S., Europe and Japan, corporate business conditions, employment levels, and personal consumption trended firmly. Emerging economies continued to experience higher rates of growth than developed countries, despite some signs of a slight deceleration in China.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, demand for components in the automotive market continued to surge, fueled by a continued increase in the number of components installed per vehicle in step with advances in the electrification of automobiles. In the industrial equipment market, demand was firm, supported mainly by surging investment in semiconductors and corporate investment in automation. In addition, demand was solid for home electric appliances such as game consoles and room air conditioners. Meanwhile, in the ICT (Information and Communications Technology) market, production of smartphones showed some signs of adjustment.

In this business environment, the TDK's consolidated operating results for fiscal 2018 were as follows.

Summary (April 1, 2017 - March 31, 2018)

Term Item	FY2017 (Apr. 1, 2016 - Mar. 31, 2017)		FY2018 (April 1, 2017 - March 31, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,178,257	100.0	1,271,747	100.0	11,997,613	93,490	7.9
Operating income	208,660	17.7	85,633	6.7	807,858	(123,027)	-59.0
Income before income taxes	211,717	18.0	89,811	7.1	847,274	(121,906)	-57.6
Net income attributable to TDK	145,099	12.3	63,463	5.0	598,708	(81,636)	-56.3
Per common share :							
Net income attributable to TDK / Basic	Yen 1,150.16		Yen 502.80		U.S.\$ 4.74		
Net income attributable to TDK / Diluted	Yen 1,147.57		Yen 501.47		U.S.\$ 4.73		

Note:

U.S.\$1=Yen 106, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during fiscal 2018 were ¥110.93 and ¥129.64, respectively, as the yen depreciated 2.3% against the U.S. dollar and 9.0% against the euro. This increased net sales by approximately ¥35.5 billion and operating income by approximately ¥6.1 billion. Besides, operating income for fiscal 2017 included one-time gain on sale of business according to forming a joint venture with Qualcomm Incorporated.

With regard to tax expense, TDK recorded income taxes of approximately ¥3.5 billion in the third quarter of fiscal 2018, in connection with the U.S. tax reforms enacted in December 2017.

Sales by Product

Term Product	FY2017 (April 1, 2016 - March 31, 2017)		FY2018 (April 1, 2017 - March 31, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	136,790	11.6	156,990	12.3	1,481,038	20,200	14.8
Inductive Devices	145,334	12.4	157,529	12.4	1,486,123	12,195	8.4
Other Passive Components	246,101	20.8	123,120	9.7	1,161,509	(122,981)	-50.0
Passive Components	528,225	44.8	437,639	34.4	4,128,670	(90,586)	-17.1
Sensor Application Products	42,850	3.7	77,578	6.1	731,868	34,728	81.0
Recording Devices	242,287	20.6	237,865	18.7	2,244,009	(4,422)	-1.8
Other Magnetic Application Products	87,563	7.4	95,370	7.5	899,717	7,807	8.9
Magnetic Application Products	329,850	28.0	333,235	26.2	3,143,726	3,385	1.0
Film Application Products	247,693	21.0	370,953	29.2	3,499,557	123,260	49.8
Other	29,639	2.5	52,342	4.1	493,792	22,703	76.6
Total	1,178,257	100.0	1,271,747	100.0	11,997,613	93,490	7.9
Overseas sales	1,073,024	91.1	1,158,004	91.1	10,924,566	84,980	7.9

Notes:

1. U.S.\$1=Yen 106, for convenience only.
2. In accordance with the reorganization in 1Q of FY2018, Sensor Application Products was newly established. Certain products of Other were reclassified into Other Passive Components and certain products of Recording Devices were reclassified into Other.
The prior year's sales are also reclassified to conform to the new segmentation.

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥437,639 million (U.S.\$ 4,128,670 thousand), down 17.1% year on year from ¥528,225 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥156,990 million (U.S.\$ 1,481,038 thousand), up 14.8% year on year from ¥136,790 million. Sales of Ceramic Capacitors increased to the automotive and the industrial equipment markets, while decreased to the ICT market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased mainly to the industrial equipment market.

Sales of Inductive Devices increased by 8.4% year on year from ¥145,334 million to ¥157,529 million (U.S.\$ 1,486,123 thousand). Sales increased to the automotive and the industrial equipment markets, while decreased to the ICT market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Sales of Other Passive Components decreased by 50.0% year on year from ¥246,101 million to ¥123,120 million (U.S.\$ 1,161,509 thousand). Sales to the ICT market decreased sharply due to the impact of transferring part of the high-frequency devices business to RF360 Holdings Singapore PTE. Ltd., a joint venture with Qualcomm Incorporated.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Segment sales increased by 81.0% year on year from ¥42,850 million to ¥77,578 million (U.S.\$ 731,868 thousand).

Sales to the ICT market increased due to the consolidation of the sales of InvenSense, Inc., following the completion of its acquisition in the first quarter of fiscal 2018.

3) Magnetic Application Products Segment

This segment is made up of (1) Recording Devices, and (2) Other Magnetic Application Products. Segment sales increased by 1.0% year on year, from ¥329,850 million to ¥333,235 million (U.S.\$ 3,143,726 thousand).

Recording Devices comprises mainly HDD (Hard Disk Drive) Heads and HDD Suspension Assemblies. It recorded sales of ¥237,865 million (U.S.\$ 2,244,009 thousand), down 1.8% from ¥242,287 million.

Other Magnetic Application Products include Power Supplies and Magnets. Sales increased by 8.9% year on year from ¥87,563 million to ¥95,370 million (U.S.\$ 899,717 thousand).

Sales of Power Supplies increased mainly to the industrial equipment market. Also, sales of Magnets increased mainly to the industrial equipment market.

4) Film Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries). Segment sales increased by 49.8% from ¥247,693 million to ¥370,953 million (U.S.\$ 3,499,557 thousand).

Sales of Energy Devices increased significantly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 76.6% from ¥29,639 million to ¥52,342 million (U.S.\$ 493,792 thousand).

The main businesses making up the four reporting segments and Other, which includes products not included in these reporting segments, are as follows:

Classification	Constituent Main Business
Passive Components	Ceramic Capacitors, Aluminum Electrolytic Capacitors, Film Capacitors, Inductive Devices (Coils/Ferrite Cores/Transformers), High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 7.9% year on year from ¥1,073,024 million to ¥1,158,004 million (U.S.\$ 10,924,566 thousand). Overseas sales accounted for 91.1% of consolidated net sales, same as one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 26.

[Fiscal 2019 Consolidated Projections]

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2019, the year ending March 31, 2019, are as follows.

Term Item	FY2019 (April 1, 2018 - March 31, 2019)	FY2018 (April 1, 2017 - March 31, 2018)	vs FY2018 Changes	
	Projection in April '18	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,340,000	1,271,747	68,253	5.4
Operating income	100,000	85,633	14,367	16.8
Income before income taxes	98,000	89,811	8,189	9.1
Net income attributable to TDK	70,000	63,463	6,537	10.3
Capital expenditures	210,000	178,612	31,388	17.6
Depreciation and amortization	110,000	92,171	17,829	19.3
Research and development	110,000	103,457	6,543	6.3

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥105 and ¥129 respectively will be assumed for fiscal 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 Corporation and/or its group companies (“TDK”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK’s actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are 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.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of March 31, 2018.

Total assets	¥1,905,209 million	(14.5% increase)
Total TDK stockholders' equity	¥824,634 million	(3.9% increase)
Stockholders' equity ratio	43.3%	(4.4 point decrease)

As of March 31, 2018, total assets increased by ¥240,876 million compared with March 31, 2017. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) decreased by ¥63,228 million. On the other hand, goodwill, net property, plant and equipment, inventories and net trade receivables increased by ¥96,827 million, ¥80,974 million, ¥53,033 million and ¥49,107 million, respectively. An increase of goodwill was mainly due to an acquisition of InvenSense, Inc.

Total liabilities increased by ¥211,762 million from March 31, 2017. Long-term debt, excluding current installments, trade payables and short-term debt increased by ¥79,945 million, ¥50,147 million and ¥46,893 million, respectively.

Total TDK stockholders' equity, which is included in total equity, increased by ¥31,020 million from March 31, 2017. Retained earnings increased by ¥40,679 million.

2) Cash Flows

(Yen millions)

	FY 2017	FY 2018	Change
Net cash provided by operating activities	160,136	91,310	(68,826)
Net cash used in investing activities	(71,111)	(246,099)	(174,988)
Net cash provided by (used in) financing activities	(37,753)	110,088	147,841
Effect of exchange rate changes on cash and cash equivalents	(6,352)	(6,063)	289
Net increase(decrease) in cash and cash equivalents	44,920	(50,764)	(95,684)
Cash and cash equivalents at beginning of period	285,468	330,388	44,920
Cash and cash equivalents at end of period	330,388	279,624	(50,764)

Operating activities provided net cash of ¥91,310 million (U.S.\$861,415 thousand), a decrease of ¥68,826 million year on year. It mainly came from an increase in working capital.

Investing activities used net cash of ¥246,099 million (U.S.\$2,321,689 thousand), an increase of ¥174,988 million year on year. There was an increase in acquisition of subsidiaries.

Financing activities provided net cash of ¥110,088 million (U.S.\$1,038,566 thousand), changed by ¥147,841 million year on year. It mainly came from an increase in short-term debt.

3) Trends in Cash Flow Indicators

	FY2015	FY2016	FY2017	FY2018
1) Stockholders' equity ratio (%)	52.6	46.6	47.7	43.3
2) Stockholders' equity ratio on a market value basis (%)	76.6	54.3	53.5	63.5
3) No. of years to redeem debt	1.88	2.22	2.09	5.29
4) Interest coverage ratio (times)	47.7	48.6	46.7	20.5

[Notes]

1) Stockholders' equity ratio = Total stockholders' equity/Total assets

2) Stockholders' equity ratio on a market value basis = Market capitalization (*1)/Total assets

(*1) Market capitalization = Closing price of TDK's common shares on the Tokyo Stock Exchange at fiscal year-end x Shares issued and outstanding at fiscal year-end after deducting treasury shares

3) No. of years to redeem debt = Interest-bearing liabilities (*2)/Cash flows from operating activities

(*3)

(*2) Interest-bearing liabilities: "Short-term debt," "current installments of long-term debt," and "long-term debt, excluding current installments" on the consolidated balance sheets.

(*3) Cash flows from operating activities: "Net cash provided by operating activities" on the consolidated statements of cash flows.

4) Interest coverage ratio = Cash flows from operating activities/Interest payments (*4)

(*4) Interest payments: "Interest expense" on the consolidated statements of income

(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2018 and Fiscal 2019 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

TDK plans to pay a year-end dividend of ¥70 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 28, 2018. Combined with the interim dividend of ¥60 per common share paid in December 2017, the planned dividend per common share applicable to the year will be ¥130.

TDK plans to pay an interim dividend of ¥70 per common share and a year-end dividend of ¥70 per common share respectively in Fiscal 2019.

(Yen)	FY 2019 Forecast	FY 2018
Interim dividend	70.00	(Actual) 60.00
Year-end dividend	70.00	(Forecast) 70.00
Annual dividend	140.00	(Forecast) 130.00