

[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2019

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2019, the period from April 1 to December 31, 2018, are as follows.

During the first nine months of fiscal 2019, the global economy was generally solid through the first half of the fiscal year, but in the third quarter a deceleration in the Chinese economy became evident due to the deepening trade friction between the U.S. and China. The economies of the U.S., Europe, and Japan have maintained a gradual pace of recovery, but these economies will be unable to avoid an economic deceleration due to the impact of the aforementioned trade friction. Accordingly, the outlook has become increasingly uncertain.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, the automotive market saw a year-on-year decrease in automobile sales volume in the third quarter, with a pronounced downturn in sales particularly in the Chinese market. However, the number of components installed per vehicle has continued to increase. In the ICT (information and communications technology) market, production volume of smartphones decreased compared to the level in the same period of the previous fiscal year due to factors including a downward revision to production plans by a major smartphone manufacturer. In addition, production of hard disk drives (HDDs) for data center applications increased year on year, but the rate of growth slowed in the third quarter.

In this business environment, the TDK's consolidated operating results for the first nine months of fiscal 2019 were as follows.

Summary (April 1, 2018 - December 31, 2018)

Item	Term		The 9-month-period of FY2018 (Apr. 1, 2017 - Dec. 31, 2017)			The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)			Change	
			(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)	
Net sales			964,697	100.0	1,072,743	100.0	9,664,351	108,046	11.2	
Operating income			77,671	8.1	94,938	8.9	855,297	17,267	22.2	
Income before income taxes			77,726	8.1	88,791	8.3	799,919	11,065	14.2	
Net income attributable to TDK			52,269	5.4	63,485	5.9	571,937	11,216	21.5	
Per common share :										
Net income attributable to TDK / Basic			Yen 414.12		Yen 502.78		U.S.\$ 4.53			
Net income attributable to TDK / Diluted			Yen 413.06		Yen 501.54		U.S.\$ 4.52			

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. The prior year's results are reclassified due to adaption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As a result of this reclassification for the 9-month-period of fiscal 2018, operating income increased by ¥2,957 million. Please refer to page 12 for more detailed information.

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2019 were ¥111.17 and ¥129.55, respectively, as the yen appreciated 0.5% against the U.S. dollar and the yen depreciated 0.9% against the euro. This decreased net sales by approximately ¥2.8 billion and increased operating income by approximately ¥1.2 billion.

Sales by Product

Term Product	The 9-month-period of FY2018 (April 1, 2017 - December 31, 2017)		The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
	Capacitors	115,547	12.0	131,065	12.2	1,180,766	15,518
Inductive Devices	118,371	12.2	122,422	11.4	1,102,901	4,051	3.4
Other Passive Components	77,891	8.1	78,037	7.3	703,036	146	0.2
Passive Components	311,809	32.3	331,524	30.9	2,986,703	19,715	6.3
Sensor Application Products	58,070	6.0	59,178	5.5	533,135	1,108	1.9
Magnetic Application Products	210,685	21.9	212,276	19.8	1,912,396	1,591	0.8
Energy Application Products	342,450	35.5	425,720	39.7	3,835,315	83,270	24.3
Other	41,683	4.3	44,045	4.1	396,802	2,362	5.7
Total	964,697	100.0	1,072,743	100.0	9,664,351	108,046	11.2
Overseas sales	879,576	91.2	986,652	92.0	8,888,757	107,076	12.2

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. In accordance with the reorganization in 1Q of FY2019, Energy Application Products segment was newly established. Certain products of Other Passive Components segment were reclassified into Other segment, certain products of Other segment were reclassified into Other Passive Components segment and certain products of Sensor Application Products segment were reclassified into Other segment. 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 ¥331,524 million (U.S.\$ 2,986,703 thousand), up 6.3% year on year from ¥311,809 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥131,065 million (U.S.\$ 1,180,766 thousand), up 13.4% year on year from ¥115,547 million. Sales of Ceramic Capacitors increased mainly to the automotive market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased mainly to the industrial equipment market.

Sales of Inductive Devices increased by 3.4% year on year from ¥118,371 million to ¥122,422 million (U.S.\$ 1,102,901 thousand). Sales increased to the automotive and the ICT markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components increased by 0.2% year on year from ¥77,891 million to ¥78,037 million (U.S.\$ 703,036 thousand). Sales increased mainly to the industrial equipment market.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 1.9% from ¥58,070 million to ¥59,178 million (U.S.\$ 533,135 thousand). Sales increased to the automotive market, while decreased to the ICT market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales increased 0.8% year on year, from ¥210,685 million to ¥212,276 million (U.S.\$ 1,912,396 thousand). Sales of HDD Heads and HDD Suspension Assemblies for data center servers increased. Sales of Magnets decreased to the industrial equipment market.

4) Energy Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries) and Power Supplies. Segment sales increased by 24.3% from ¥342,450 million to ¥425,720 million (U.S.\$ 3,835,315 thousand). Sales of Energy Devices increased significantly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 5.7% from ¥41,683 million to ¥44,045 million (U.S.\$ 396,802 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, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries), Power Supplies
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 12.2% year on year from ¥879,576 million to ¥986,652 million (U.S.\$ 8,888,757 thousand). Overseas sales accounted for 92.0% of consolidated net sales, a 0.8 percentage point increase from 91.2% in the first nine months of fiscal 2018. Detailed information on sales by region can be found in the consolidated supplementary information on page 21.

(2) Summary Information Regarding Consolidated Financial Position

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

Total assets	¥2,022,293 million	(6.1% increase)
Total TDK stockholders' equity	¥863,351 million	(4.7% increase)
Stockholders' equity ratio	42.7%	(0.6 point decrease)

As of December 31, 2018, total assets increased by ¥117,084 million compared with March 31, 2018. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥1,253 million. In addition, net property, plant and equipment, net trade receivables and inventories increased by ¥36,592 million, ¥34,971 million and ¥31,600 million, respectively.

Total liabilities increased by ¥78,741 million from March 31, 2018. While long-term debt decreased by ¥77,283 million, short-term debt, current installments of long-term debt and accrued expenses increased by ¥87,479 million, ¥38,856 million and ¥38,964 million, respectively.

Total TDK stockholders' equity, which is included in total equity, increased by ¥38,717 million from March 31, 2018. Retained earnings increased by ¥42,577 million.

2) Cash Flows

(Yen millions)

	The 9-month-period of FY 2018	The 9-month-period of FY 2019	Change
Net cash provided by operating activities	30,975	90,369	59,394
Net cash used in investing activities	(203,660)	(95,807)	107,853
Net cash provided by financing activities	112,975	21,198	(91,777)
Effect of exchange rate changes on cash and cash equivalents	8,732	(1,870)	(10,602)
Net increase (decrease) in cash and cash equivalents	(50,978)	13,890	64,868
Cash and cash equivalents at beginning of period	330,388	279,624	(50,764)
Cash and cash equivalents at end of period	279,410	293,514	14,104

Operating activities provided net cash of ¥90,369 million (U.S.\$814,135 thousand), an increase of ¥59,394 million year on year. It mainly came from increases in net income and depreciation and amortization.

Investing activities used net cash of ¥95,807 million (U.S.\$863,126 thousand), a decrease of ¥107,853 million year on year. It mainly came from a decrease in acquisition of subsidiaries.

Financing activities provided net cash of ¥21,198 million (U.S.\$190,973 thousand), a decrease of ¥91,777 million year on year. It mainly came from a decrease in proceeds from debt.

(3) Summary Information Regarding Consolidated Projections

(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)	FY2019 (April 1, 2018 - March 31, 2019)	FY2019 (April 1, 2018 - March 31, 2019)	FY2018 (April 1, 2017 - March 31, 2018)	vs FY2018 Changes	
	Projection in January '19	Projection in October '18	Projection in April '18	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,370,000	1,420,000	1,340,000	1,271,747	98,253	7.7
Operating income	110,000	120,000	100,000	89,692	20,308	22.6
Income before income taxes	114,000	114,000	98,000	89,811	24,189	26.9
Net income attributable to TDK	80,000	80,000	70,000	63,463	16,537	26.1
Capital expenditures	190,000	210,000	210,000	178,612	11,388	6.4
Depreciation and amortization	110,000	110,000	110,000	92,171	17,829	19.3
Research and development	110,000	110,000	110,000	102,641	7,359	7.2

(Notes)

TDK has revised its projections, as indicated above, based on a significant change from midway through the third quarter of fiscal 2019 in the level of orders it had assumed when it made the previous announcement (October 31, 2018). This revision reflects the impact of the deceleration in the Chinese economy due to the deepening trade friction between the U.S. and China. The prior year's results are reclassified due to adoption of Accounting Standards Update ("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As a result of this reclassification, operating income increased by ¥4,059 million and research and development decreased ¥816 million. Please refer to page 12 for more detailed information.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥108 and ¥124 respectively will be assumed for the fourth quarter.

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. Other Information

(1) Changes in Significant Subsidiaries

Nothing to report.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

(3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 “Revenue from Contracts with Customers” as amended.

This ASU requires an entity to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. TDK adopted this ASU from April 1, 2018 by the modified retrospective method to all contracts to recognize cumulative-effect adjustments to retained earnings.

The adoption of this ASU did not have a material impact on the cumulative-effects to retained earnings as of April 1, 2018 and TDK’s results of operations and financial position.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, FASB issued ASU 2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities”. This ASU requires that equity investments that do not result in consolidation and are not accounted for under the equity method be measured at fair value with changes in fair value recognized in net income. TDK adopted this ASU from April 1, 2018 by the modified retrospective method to recognize a cumulative-effect adjustment to retained earnings.

According to the adoption of this ASU, TDK recognized a cumulative-effect adjustment to retained earnings of ¥3,083 million as of April 1, 2018 for the after-tax unrealized gains of equity investments classified as available-for-sale securities previously recognized in accumulated other comprehensive income.

Intra-Entity Transfers of Assets Other than Inventory

In October 2016, FASB issued ASU 2016-16 “Intra-Entity Transfers of Assets Other than Inventory”. This ASU eliminates the exception to defer the income tax consequence of intra-entity transfers of assets other than inventory until the assets are ultimately sold to an outside party and requires the recognition of tax consequence when those transfers occur. TDK adopted this ASU from April 1, 2018 by the modified retrospective method to recognize a cumulative-effect adjustment to retained earnings.

According to the adoption of this ASU, TDK recognized a cumulative-effect adjustment to retained earnings of ¥6,374 million as a reduction as of April 1, 2018.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, FASB issued ASU 2017-07 “Recognition and Measurement of Financial Assets and Financial Liabilities”. This ASU requires an entity to disaggregate the service cost component from the other components of net benefit cost and report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component, such as in other income (deductions). The amendments also allow only the service cost component to be eligible for capitalization (for example, as a cost of internally manufactured inventory). The amendments in this guidance should be applied retrospectively for the presentation of the service cost component and the other components of net benefit cost, and prospectively for the capitalization of the service cost component of net benefit cost. TDK adopted this ASU from April 1, 2018.

According to the adoption of this ASU which requires to disaggregate the service cost component from the other components of net benefit cost, ¥1,438 million and ¥491 million from cost of sales, ¥1,519 million and ¥521 million from selling, general and administrative expenses and ¥606 million and ¥207 million from research and development expenses included in selling, general and administrative expenses were reclassified to other income (deductions) for the nine month period and the third quarter of fiscal 2018. The adoption of this ASU which allows only the service cost component to be eligible for capitalization did not have a material impact on TDK’s results of operations and financial position.

(4) Fundamental Policy for Distribution of Earnings, 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.

Projected dividends per share for fiscal 2019 are as follows. TDK keeps the previous dividend forecast unchanged.

	(Yen)	
	FY2019	FY2018 Actual
Interim dividend	80.00	60.00
Year-end dividend	(Forecast) 80.00	70.00
Annual dividend	(Forecast) 160.00	130.00