



TDK Corporation
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Consolidated results (U.S. GAAP) for the 3rd quarter of FY March 2019

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

Term Item	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		
Capital expenditures	132,964	-	117,239	-	1,056,207	(15,725)	-11.8
Depreciation and amortization	67,197	7.0	79,769	7.4	718,640	12,572	18.7
Research and development	75,339	7.8	86,871	8.1	782,622	11,532	15.3
Result of financial income (loss)	1,246	-	2,191	-	19,739	945	-
Ratio of overseas production	84.7%	-	87.7%	-	-		
Number of employees	100,475	-	104,600	-	-		

3rd quarter consolidated results (October 1, 2018 - December 31, 2018)

Term Item	3Q of FY2018 (Oct. 1, 2017 - Dec. 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	341,126	100.0	350,803	100.0	3,160,387	9,677	2.8
Operating income	33,457	9.8	32,758	9.3	295,117	(699)	-2.1
Income before income taxes	33,472	9.8	30,992	8.8	279,207	(2,480)	-7.4
Net income attributable to TDK	21,580	6.3	22,409	6.4	201,883	829	3.8
Per common share :							
Net income attributable to TDK / Basic	Yen 170.96		Yen 177.45		U.S.\$ 1.60		
Net income attributable to TDK / Diluted	Yen 170.51		Yen 177.05		U.S.\$ 1.60		
Capital expenditures	48,287	-	40,216	-	362,306	(8,071)	-16.7
Depreciation and amortization	23,948	7.0	27,399	7.8	246,838	3,451	14.4
Research and development	26,800	7.9	29,442	8.4	265,243	2,642	9.9
Result of financial income (loss)	420	-	819	-	7,378	399	-
Ratio of overseas production	83.9%	-	87.7%	-	-		

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 and 3rd quarter of fiscal 2018, operating income increased by ¥2,957 million and ¥1,012 million and research and development decreased by ¥606 million and ¥207 million, respectively. Please refer to page 12 for more detailed information.

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[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)

Term Item	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	13.4
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

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS									
Term Item	As of March 31, 2018		As of December 31, 2018			Change from March 31, 2018	As of September 30, 2018		Change from Sep 30, 2018
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	899,936	47.2	970,227	48.0	8,740,784	70,291	968,824	47.8	1,403
Cash and cash equivalents	279,624		293,514		2,644,270	13,890	251,106		42,408
Short-term investments	43,613		30,974		279,045	(12,639)	29,624		1,350
Marketable securities	54		56		505	2	58		(2)
Net trade receivables	304,016		338,987		3,053,937	34,971	393,787		(54,800)
Inventories	207,532		239,132		2,154,342	31,600	230,462		8,670
Other current assets	65,097		67,564		608,685	2,467	63,787		3,777
Noncurrent assets	1,005,273	52.8	1,052,066	52.0	9,478,072	46,793	1,059,477	52.2	(7,411)
Investments in securities	155,240		158,763		1,430,297	3,523	163,096		(4,333)
Net property, plant and equipment	545,641		582,233		5,245,342	36,592	579,603		2,630
Goodwill	157,858		164,056		1,477,982	6,198	168,096		(4,040)
Other assets	146,534		147,014		1,324,451	480	148,682		(1,668)
TOTAL	1,905,209	100.0	2,022,293	100.0	18,218,856	117,084	2,028,301	100.0	(6,008)

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2018		As of December 31, 2018			Change from March 31, 2018	As of September 30, 2018		Change from Sep 30, 2018
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	603,037	31.7	759,289	37.5	6,840,442	156,252	734,650	36.2	24,639
Short-term debt	124,573		212,052		1,910,378	87,479	186,922		25,130
Current installments of long-term debt	64,566		103,422		931,730	38,856	98,569		4,853
Trade payables	226,791		204,985		1,846,712	(21,806)	216,012		(11,027)
Accrued expenses	159,618		198,582		1,789,027	38,964	195,704		2,878
Other current liabilities	27,489		40,248		362,595	12,759	37,443		2,805
Noncurrent liabilities	470,940	24.7	393,429	19.5	3,544,405	(77,511)	412,697	20.4	(19,268)
Long-term debt, excluding current installments	293,880		216,597		1,951,324	(77,283)	232,593		(15,996)
Retirement and severance benefits	125,137		119,333		1,075,072	(5,804)	123,041		(3,708)
Other noncurrent liabilities	51,923		57,499		518,009	5,576	57,063		436
Total liabilities	1,073,977	56.4	1,152,718	57.0	10,384,847	78,741	1,147,347	56.6	5,371
Common stock	32,641		32,641		294,063	-	32,641		-
Additional paid-in capital	8,738		5,938		53,495	(2,800)	5,890		48
Legal reserve	45,366		44,225		398,423	(1,141)	43,618		607
Retained earnings	874,563		917,140		8,262,523	42,577	905,440		11,700
Accumulated other comprehensive income (loss)	(119,492)		(119,599)		(1,077,468)	(107)	(95,965)		(23,634)
Treasury stock	(17,182)		(16,994)		(153,099)	188	(16,998)		4
Total TDK stockholders' equity	824,634	43.3	863,351	42.7	7,777,937	38,717	874,626	43.1	(11,275)
Noncontrolling interests	6,598	0.3	6,224	0.3	56,072	(374)	6,328	0.3	(104)
Total equity	831,232	43.6	869,575	43.0	7,834,009	38,343	880,954	43.4	(11,379)
TOTAL	1,905,209	100.0	2,022,293	100.0	18,218,856	117,084	2,028,301	100.0	(6,008)

Note:

U.S.\$1=Yen 111, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income (Loss)

[9-month-period results]

Statements of Income

Term Item	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(%)
Net sales	964,697	100.0	1,072,743	100.0	9,664,351	108,046	11.2
Cost of sales	698,552	72.4	756,145	70.5	6,812,117	57,593	8.2
Gross profit	266,145	27.6	316,598	29.5	2,852,234	50,453	19.0
Selling, general and administrative expenses	191,685	19.9	219,858	20.5	1,980,703	28,173	14.7
Other operating expense (income)	(3,211)	-0.4	1,802	0.1	16,234	5,013	-
Operating income	77,671	8.1	94,938	8.9	855,297	17,267	22.2
Other income (deductions):							
Interest and dividend income	4,585		5,397		48,622	812	
Interest expense	(3,339)		(3,206)		(28,883)	133	
Foreign exchange gain (loss)	(453)		(2,996)		(26,991)	(2,543)	
Other-net	(738)		(5,342)		(48,126)	(4,604)	
Total other income (deductions)	55	0.0	(6,147)	-0.6	(55,378)	(6,202)	-
Income before income taxes	77,726	8.1	88,791	8.3	799,919	11,065	14.2
Income taxes	24,908	2.6	25,122	2.4	226,324	214	0.9
Net income	52,818	5.5	63,669	5.9	573,595	10,851	20.5
Less: Net income attributable to noncontrolling interests	549	0.1	184	0.0	1,658	(365)	-66.5
Net income attributable to TDK	52,269	5.4	63,485	5.9	571,937	11,216	21.5

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, cost of sales, selling, general and administrative expenses were reclassified to other income. The reclassified amount were ¥1,438 million and ¥1,519 million, respectively. Please refer to page 12 for more detailed information.

Statements of Comprehensive Income

Term Item	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)
Net income	52,818		63,669	573,595	10,851
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	36,047		(477)	(4,297)	(36,524)
Pension liability adjustments	2,947		3,284	29,585	337
Net unrealized gains (losses) on securities	246		(7)	(63)	(253)
Total other comprehensive income (loss)	39,240		2,800	25,225	(36,440)
Comprehensive income	92,058		66,469	598,820	(25,589)
Comprehensive income attributable to noncontrolling interests	677		18	162	(659)
Comprehensive income attributable to TDK	91,381		66,451	598,658	(24,930)

Note:

U.S.\$1=Yen 111, for convenience only.

[3rd quarter results]
Statements of Income

Term Item	3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	341,126	100.0	350,803	100.0	3,160,387	9,677	2.8
Cost of sales	243,053	71.3	244,028	69.6	2,198,450	975	0.4
Gross profit	98,073	28.7	106,775	30.4	961,937	8,702	8.9
Selling, general and administrative expenses	64,917	19.0	74,892	21.3	674,703	9,975	15.4
Other operating expense (income)	(301)	-0.1	(875)	-0.2	(7,883)	(574)	-
Operating income	33,457	9.8	32,758	9.3	295,117	(699)	-2.1
Other income (deductions):							
Interest and dividend income	1,583		1,841		16,586	258	
Interest expense	(1,163)		(1,022)		(9,207)	141	
Foreign exchange gain (loss)	(166)		(1,413)		(12,730)	(1,247)	
Other-net	(239)		(1,172)		(10,559)	(933)	
Total other income (deductions)	15	0.0	(1,766)	-0.5	(15,910)	(1,781)	-
Income before income taxes	33,472	9.8	30,992	8.8	279,207	(2,480)	-7.4
Income taxes	11,701	3.4	8,584	2.4	77,333	(3,117)	-26.6
Net income	21,771	6.4	22,408	6.4	201,874	637	2.9
Less: Net income (loss) attributable to noncontrolling interests	191	0.1	(1)	-0.0	(9)	(192)	-
Net income attributable to TDK	21,580	6.3	22,409	6.4	201,883	829	3.8

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, cost of sales, selling, general and administrative expenses were reclassified to other income. The reclassified amount were ¥491 million, ¥521 million, respectively.
Please refer to page 12 for more detailed information.

Statements of Comprehensive Income (Loss)

Term Item	3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)		Change
	(Yen millions)		(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	21,771		22,408	201,874	637
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	21,667		(24,814)	(223,549)	(46,481)
Pension liability adjustments	991		1,147	10,333	156
Net unrealized gains (losses) on securities	493		(6)	(54)	(499)
Total other comprehensive income (loss)	23,151		(23,673)	(213,270)	(46,824)
Comprehensive income (loss)	44,922		(1,265)	(11,396)	(46,187)
Comprehensive income (loss) attributable to noncontrolling interests	273		(40)	(360)	(313)
Comprehensive income (loss) attributable to TDK	44,649		(1,225)	(11,036)	(45,874)

Note:

U.S.\$1=Yen 111, for convenience only.

(3) Statements of Cash Flows

Term Item	The 9-month- period of FY2018 (April 1, 2017 - December 31, 2017)	The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	52,818	63,669	573,595
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	67,197	79,769	718,640
Impairment of long-lived assets	973	4,720	42,523
Loss (gain) on securities, net	(295)	3,756	33,838
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(74,430)	(35,698)	(321,605)
Decrease (increase) in inventories	(42,973)	(35,985)	(324,190)
Increase (decrease) in trade payables	50,669	4,943	44,532
Increase (decrease) in accrued expenses	(201)	4,453	40,117
Decrease (increase) in other assets and liabilities, net	(23,724)	904	8,144
Other-net	941	(162)	(1,459)
Net cash provided by operating activities	30,975	90,369	814,135
Cash flows from investing activities:			
Capital expenditures	(132,964)	(117,239)	(1,056,207)
Proceeds from sales of tangible and intangible assets	8,082	3,668	33,045
Proceeds from sale and maturity of short-term investments	143,768	75,387	679,162
Payment for purchase of short-term investments	(123,442)	(61,620)	(555,135)
Proceeds from sale and maturity of securities	24,117	204	1,838
Payment for purchase of securities	(947)	(785)	(7,072)
Proceeds from sale of business, net of cash transferred	18,047	7,530	67,838
Acquisition of subsidiaries, net of cash acquired	(138,847)	(1,502)	(13,532)
Other-net	(1,474)	(1,450)	(13,063)
Net cash used in investing activities	(203,660)	(95,807)	(863,126)
Cash flows from financing activities:			
Proceeds from debt with maturities longer than three months	146,924	3,722	33,532
Repayment of debt with maturities longer than three months	(43,384)	(46,556)	(419,423)
Net increase (decrease) in debt with maturities of three months or less	33,483	86,608	780,252
Dividends paid	(15,119)	(18,928)	(170,523)
Acquisition of noncontrolling interests	(8,796)	(3,590)	(32,342)
Other-net	(133)	(58)	(523)
Net cash provided by financing activities	112,975	21,198	190,973
Effect of exchange rate changes on cash and cash equivalents	8,732	(1,870)	(16,847)
Net increase (decrease) in cash and cash equivalents	(50,978)	13,890	125,135
Cash and cash equivalents at beginning of period	330,388	279,624	2,519,135
Cash and cash equivalents at end of period	279,410	293,514	2,644,270

Note:

U.S.\$1=Yen 111, for convenience only.

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

TDK has four reporting segments: Passive Components, Sensor Application Products, Magnetic Application Products and Energy Application Products, as well as Other, which includes products not included in these four reporting segments.

In addition, TDK newly established Energy Solutions Business Company on April 1, 2018, and established Energy Application Products segment from the quarter ended June 30, 2018 in accordance with the change of control segment of certain businesses. Energy Devices (Rechargeable Batteries) of Film Application Products, Power Supplies of Magnetic Application Products and certain products of Other were reclassified into newly established reporting segment of Energy Application Products from the quarter ended June 30, 2018.

Furthermore, in accordance with the reorganization in 1Q of FY2018, certain products of Passive Components were reclassified into Other, certain products of Other were reclassified into Passive Components and certain products of Sensor Application Products were reclassified into Other.

In accordance with the above, the prior year's figures are also reclassified to conform to the new segmentation.

New 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

Previous 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

[9-month-period results]

Sales by industry segment

		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(%)
Passive Components	External customers	311,809	32.3	331,524	30.9	2,986,703	19,715	6.3
	Intersegment	3,208		2,577		23,216	(631)	-19.7
	Total	315,017		334,101		3,009,919	19,084	6.1
Sensor Application Products	External customers	58,070	6.0	59,178	5.5	533,135	1,108	1.9
	Intersegment	65		78		702	13	20.0
	Total	58,135		59,256		533,837	1,121	1.9
Magnetic Application Products	External customers	210,685	21.9	212,276	19.8	1,912,396	1,591	0.8
	Intersegment	144		609		5,487	465	322.9
	Total	210,829		212,885		1,917,883	2,056	1.0
Energy Application Products	External customers	342,450	35.5	425,720	39.7	3,835,315	83,270	24.3
	Intersegment	2		9		81	7	350.0
	Total	342,452		425,729		3,835,396	83,277	24.3
Other	External customers	41,683	4.3	44,045	4.1	396,802	2,362	5.7
	Intersegment	25,899		23,172		208,757	(2,727)	-10.5
	Total	67,582		67,217		605,559	(365)	-0.5
Intersegment eliminations		(29,318)		(26,445)		(238,243)	2,873	
Total		964,697	100.0	1,072,743	100.0	9,664,351	108,046	11.2

Note:

U.S.\$1=Yen 111, for convenience only.

Segment profit (loss) by industry segment

		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(%)
Passive Components		36,662	11.8	45,110	13.6	406,396	8,448	23.0
Sensor Application Products		(14,038)	-24.2	(14,972)	-25.3	(134,883)	(934)	-
Magnetic Application Products		15,576	7.4	12,234	5.8	110,216	(3,342)	-21.5
Energy Application Products		59,381	17.3	78,983	18.6	711,559	19,602	33.0
Other		1,059	2.5	(3,968)	-9.0	(35,748)	(5,027)	-
Sub total		98,640	10.2	117,387	10.9	1,057,540	18,747	19.0
Corporate and Eliminations		(20,969)		(22,449)		(202,243)	(1,480)	
Operating income		77,671	8.1	94,938	8.9	855,297	17,267	22.2

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. % to sales of each corresponding segment
3. 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, operating income increased by ¥2,957 million. Please refer to page 12 for more detailed information.

[3rd quarter results]

Sales by industry segment

		3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	109,267	32.0	106,702	30.4	961,279	(2,565)	-2.3
	Intersegment	1,174		885		7,973	(289)	-24.6
	Total	110,441		107,587		969,252	(2,854)	-2.6
Sensor Application Products	External customers	21,591	6.3	19,701	5.6	177,486	(1,890)	-8.8
	Intersegment	8		38		343	30	375.0
	Total	21,599		19,739		177,829	(1,860)	-8.6
Magnetic Application Products	External customers	72,531	21.3	66,410	18.9	598,288	(6,121)	-8.4
	Intersegment	50		572		5,153	522	-
	Total	72,581		66,982		603,441	(5,599)	-7.7
Energy Application Products	External customers	124,966	36.6	145,372	41.5	1,309,658	20,406	16.3
	Intersegment	-		2		18	2	-
	Total	124,966		145,374		1,309,676	20,408	16.3
Other	External customers	12,771	3.8	12,618	3.6	113,676	(153)	-1.2
	Intersegment	8,124		8,535		76,891	411	5.1
	Total	20,895		21,153		190,567	258	1.2
Intersegment eliminations		(9,356)		(10,032)		(90,378)	(676)	
Total		341,126	100.0	350,803	100.0	3,160,387	9,677	2.8

Note:

U.S.\$1=Yen 111, for convenience only.

Segment profit (loss) by industry segment

		3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		13,552	12.4	14,709	13.8	132,513	1,157	8.5
Sensor Application Products		(3,720)	-17.2	(5,468)	-27.8	(49,261)	(1,748)	-
Magnetic Application Products		6,883	9.5	7,827	11.8	70,514	944	13.7
Energy Application Products		24,327	19.5	24,635	16.9	221,937	308	1.3
Other		(198)	-1.6	(1,212)	-9.6	(10,919)	(1,014)	-
Sub total		40,844	12.0	40,491	11.5	364,784	(353)	-0.9
Corporate and Eliminations		(7,387)		(7,733)		(69,667)	(346)	
Operating income		33,457	9.8	32,758	9.3	295,117	(699)	-2.1

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. % to sales of each corresponding segment
3. 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, operating income increased by ¥1,012 million. Please refer to page 12 for more detailed information.

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1) Exchange rates used for conversion

Term Item	As of December 31, 2017		As of December 31, 2018		As of March 31, 2018	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	113.00	134.94	111.00	127.00	106.24	130.52

2) Sales by region

[9-month-period results]

Term Region	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(%)
Americas	82,603	8.6	83,416	7.8	751,496	813	1.0
Europe	120,121	12.5	124,547	11.6	1,122,045	4,426	3.7
Asia and others	676,852	70.1	778,689	72.6	7,015,216	101,837	15.0
Overseas sales total	879,576	91.2	986,652	92.0	8,888,757	107,076	12.2
Japan	85,121	8.8	86,091	8.0	775,594	970	1.1
Net sales	964,697	100.0	1,072,743	100.0	9,664,351	108,046	11.2

[3rd quarter results]

Term Region	3Q of FY2018 (October 1, 2017 - December 31, 2017)		3Q of FY2019 (October 1, 2018 - December 31, 2018)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	29,588	8.7	26,538	7.6	239,081	(3,050)	-10.3
Europe	41,890	12.3	38,779	11.1	349,360	(3,111)	-7.4
Asia and others	238,626	69.9	255,611	72.8	2,302,802	16,985	7.1
Overseas sales total	310,104	90.9	320,928	91.5	2,891,243	10,824	3.5
Japan	31,022	9.1	29,875	8.5	269,144	(1,147)	-3.7
Net sales	341,126	100.0	350,803	100.0	3,160,387	9,677	2.8

Notes:

1. U.S.\$1=Yen 111, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of December 31, 2018, TDK Corporation had 137 consolidated subsidiaries (13 in Japan and 124 overseas). TDK Corporation also had 9 affiliates (3 in Japan and 6 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Term Product	1Q of FY2018 (April 1, 2017 - June 30, 2017)		2Q of FY2018 (July 1, 2017 - September 30, 2017)		3Q of FY2018 (October 1, 2017 - December 31, 2017)		4Q of FY2018 (January 1, 2018 - March 31, 2018)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	36,280	12.5	39,178	11.8	40,089	11.8	41,443	13.5
Inductive Devices	37,603	13.0	40,484	12.1	40,284	11.8	39,158	12.7
Other	22,837	7.9	26,160	7.8	28,894	8.4	25,347	8.3
Passive Components	96,720	33.4	105,822	31.7	109,267	32.0	105,948	34.5
Sensor Application Products	16,317	5.7	20,162	6.0	21,591	6.3	19,285	6.3
Magnetic Application Products	66,381	22.9	71,773	21.5	72,531	21.3	66,863	21.8
Energy Application Products	95,316	32.9	122,168	36.6	124,966	36.6	100,372	32.7
Other	14,792	5.1	14,120	4.2	12,771	3.8	14,582	4.7
Total	289,526	100.0	334,045	100.0	341,126	100.0	307,050	100.0

Term Product	1Q of FY2019 (April 1, 2018 - June 30, 2018)		2Q of FY2019 (July 1, 2018 - September 30, 2018)		3Q of FY2019 (October 1, 2018 - December 31, 2018)		
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	44,461	13.0	43,883	11.6	42,721	12.2	384,873
Inductive Devices	41,312	12.0	41,626	11.0	39,484	11.2	355,712
Other	26,949	7.9	26,591	7.0	24,497	7.0	220,694
Passive Components	112,722	32.9	112,100	29.6	106,702	30.4	961,279
Sensor Application Products	18,869	5.5	20,608	5.4	19,701	5.6	177,486
Magnetic Application Products	70,476	20.5	75,390	19.9	66,410	18.9	598,288
Energy Application Products	125,587	36.6	154,761	40.9	145,372	41.5	1,309,658
Other	15,414	4.5	16,013	4.2	12,618	3.6	113,676
Total	343,068	100.0	378,872	100.0	350,803	100.0	3,160,387

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.