



TDK Corporation
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Contact;

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Corporate Communications Group

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Consolidated results (U.S. GAAP) for the 3rd quarter of FY March 2020

Summary (April 1, 2019 - December 31, 2019)

Term Item	The 9-month-period of FY2019 (Apr. 1, 2018 - Dec. 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,072,743	100.0	1,062,663	100.0	9,660,573	(10,080)	-0.9
Operating income	94,938	8.9	109,240	10.3	993,091	14,302	15.1
Income before income taxes	88,791	8.3	109,824	10.3	998,400	21,033	23.7
Net income attributable to TDK	63,485	5.9	74,412	7.0	676,473	10,927	17.2
Per common share :							
Net income attributable to TDK / Basic	Yen 502.78		Yen 589.16		U.S.\$ 5.36		
Net income attributable to TDK / Diluted	Yen 501.54		Yen 587.81		U.S.\$ 5.34		
Capital expenditures	117,239	-	129,874	-	1,180,673	12,635	10.8
Depreciation and amortization	79,769	7.4	91,368	8.6	830,618	11,599	14.5
Research and development	86,871	8.1	88,632	8.3	805,745	1,761	2.0
Result of financial income (loss)	2,191	-	4,682	-	42,564	2,491	-
Ratio of overseas production	87.7%	-	86.3%	-	-		
Number of employees	104,600	-	104,424	-	-		

**3rd quarter consolidated results
(October 1, 2019 - December 31, 2019)**

Term Item	3Q of FY2019 (Oct. 1, 2018 - Dec. 31, 2018)		3Q of FY2020 (October 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	350,803	100.0	355,634	100.0	3,233,036	4,831	1.4
Operating income	32,758	9.3	40,397	11.4	367,245	7,639	23.3
Income before income taxes	30,992	8.8	41,176	11.6	374,327	10,184	32.9
Net income attributable to TDK	22,409	6.4	29,474	8.3	267,945	7,065	31.5
Per common share :							
Net income attributable to TDK / Basic	Yen 177.45		Yen 233.35		U.S.\$ 2.12		
Net income attributable to TDK / Diluted	Yen 177.05		Yen 232.84		U.S.\$ 2.12		
Capital expenditures	40,216	-	39,027	-	354,791	(1,189)	-3.0
Depreciation and amortization	27,399	7.8	31,684	8.9	288,036	4,285	15.6
Research and development	29,442	8.4	30,367	8.5	276,064	925	3.1
Result of financial income (loss)	819	-	1,945	-	17,682	1,126	-
Ratio of overseas production	87.7%	-	87.4%	-	-		

Note:

U.S.\$1=Yen 110, for convenience only.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the Third Quarter of Fiscal 2020

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first nine months of fiscal 2020, the period from April 1 to December 31, 2019, are as follows.

During the first nine months of fiscal 2020, the global economy continued to decelerate due to heightened geopolitical risk associated with factors such as trade friction between the U.S. and China and the intensified conflict between the U.S. and Iran. Although there were some signs of improvement, such as steps to temporarily ease U.S.-China trade friction, the outlook remained uncertain.

Looking at the electronics market, which has a large bearing on the consolidated performance of TDK, the automotive market saw a sluggish performance in terms of automobile sales volume, which decreased year on year. This decrease reflected the impact of economic deterioration in China, which is the world's largest automobile market, and emerging countries such as India. However, the number of components installed per vehicle has continued to increase. In the industrial equipment market, demand was subdued overall, despite some signs of a recovery in demand in certain sectors such as semiconductor manufacturing facilities. The Information and Communications Technology (ICT) market saw a rise in demand for 5G-related products, although smartphone production fell slightly year on year.

In this business environment, the TDK's consolidated operating results for the first nine months of fiscal 2020 were as follows.

Summary (April 1, 2019 - December 31, 2019)

Term Item	The 9-month-period of FY2019 (Apr. 1, 2018 - Dec. 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,072,743	100.0	1,062,663	100.0	9,660,573	(10,080)	-0.9
Operating income	94,938	8.9	109,240	10.3	993,091	14,302	15.1
Income before income taxes	88,791	8.3	109,824	10.3	998,400	21,033	23.7
Net income attributable to TDK	63,485	5.9	74,412	7.0	676,473	10,927	17.2
Per common share :							
Net income							
attributable to TDK / Basic	Yen 502.78		Yen 589.16		U.S.\$ 5.36		
Net income							
attributable to TDK / Diluted	Yen 501.54		Yen 587.81		U.S.\$ 5.34		

Note:

U.S.\$1=Yen 110, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first nine months of fiscal 2020 were ¥108.74 and ¥121.12, respectively, as the yen appreciated 2.2% against the U.S. dollar and 6.5% against the euro. This decreased net sales by approximately ¥34.5 billion and operating income by approximately ¥3.5 billion.

Sales by Product

Term Product	The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	131,065	12.2	116,208	10.9	1,056,436	(14,857)	-11.3
Inductive Devices	115,717	10.8	104,614	9.9	951,036	(11,103)	-9.6
Other Passive Components	84,742	7.9	77,667	7.3	706,064	(7,075)	-8.3
Passive Components	331,524	30.9	298,489	28.1	2,713,536	(33,035)	-10.0
Sensor Application Products	59,178	5.5	59,227	5.6	538,427	49	0.1
Magnetic Application Products	212,276	19.8	167,853	15.8	1,525,937	(44,423)	-20.9
Energy Application Products	425,720	39.7	479,354	45.1	4,357,764	53,634	12.6
Other	44,045	4.1	57,740	5.4	524,909	13,695	31.1
Total	1,072,743	100.0	1,062,663	100.0	9,660,573	(10,080)	-0.9
Overseas sales	986,652	92.0	980,863	92.3	8,916,936	(5,789)	-0.6

Notes:

1. U.S.\$1=Yen 110, for convenience only.
2. In accordance with the redefinition of product group in 1Q of FY2020, certain products of Inductive Devices were reclassified into Other Passive Components. 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 ¥298,489 million (U.S.\$ 2,713,536 thousand), down 10.0% year on year from ¥331,524 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥116,208 million (U.S.\$ 1,056,436 thousand), down 11.3% year on year from ¥131,065 million. Sales of Ceramic Capacitors increased to the automotive and the ICT markets, while decreased to the industrial equipment market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment and the automotive markets.

Sales of Inductive Devices decreased by 9.6% year on year from ¥115,717 million to ¥104,614 million (U.S.\$ 951,036 thousand). Sales decreased mainly to the automotive and the industrial equipment markets.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, and Circuit Protection Components. Sales of Other Passive Components decreased by 8.3% year on year from ¥84,742 million to ¥77,667 million (U.S.\$ 706,064 thousand). Sales decreased mainly to the ICT and the automotive markets.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors, and MEMS Sensors. Segment sales increased by 0.1% from ¥59,178 million to ¥59,227 million (U.S.\$ 538,427 thousand). Sales increased to the ICT market, while decreased to the automotive market.

3) Magnetic Application Products Segment

This segment is made up of HDD Heads, HDD Suspension Assemblies, and Magnets. Segment sales decreased 20.9% year on year from ¥212,276 million to ¥167,853 million (U.S.\$ 1,525,937 thousand). Sales of HDD Heads and HDD Suspension Assemblies decreased to the ICT market. Sales of Magnets decreased mainly 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 12.6% from ¥425,720 million to ¥479,354 million (U.S.\$ 4,357,764 thousand). Sales of Energy Devices increased significantly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 31.1% from ¥44,045 million to ¥57,740 million (U.S.\$ 524,909 thousand).

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

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

[Sales by Region]

Overseas sales decreased by 0.6% year on year from ¥986,652 million to ¥980,863 million (U.S.\$ 8,916,936 thousand). Overseas sales accounted for 92.3% of consolidated net sales, a 0.3 percentage point increase from 92.0% in the first nine months of fiscal 2019. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of December 31, 2019.

Total assets	¥2,051,365 million	(3.0% increase)
Total TDK stockholders' equity	¥906,715 million	(3.4% increase)
Stockholders' equity ratio	44.2%	(0.2 point increase)

As of December 31, 2019, total assets increased by ¥58,885 million compared with March 31, 2019. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) increased by ¥47,602 million. While net trade receivables, right-of-use assets of operating leases (adopted new accounting principle), and net property, plant and equipment increased by ¥56,261 million, ¥41,947 million, and ¥24,391 million, respectively, investments in securities decreased by ¥121,682 million.

Total liabilities increased by ¥30,533 million from March 31, 2019. While trade payables, long-term operating lease obligations (including current portion of operating lease obligations), and short-term debt increased by ¥41,840 million, ¥37,546 million, and ¥19,094 million respectively, long-term debt (including current installments of long-term debt) decreased by ¥81,816 million.

Total TDK stockholders' equity, which is included in total equity, increased by ¥29,425 million from March 31, 2019. Retained earnings increased by ¥52,123 million compared with March 31, 2019.

2) Cash Flows

(Yen millions)

	The 9-month-period of FY 2019	The 9-month-period of FY 2020	Change
Net cash provided by operating activities	90,369	149,521	59,152
Net cash provided by (used in) investing activities	(95,807)	11,429	107,236
Net cash provided by (used in) by financing activities	21,198	(89,370)	(110,568)
Effect of exchange rate changes on cash and cash equivalents	(1,870)	(7,305)	(5,435)
Net increase in cash and cash equivalents	13,890	64,275	50,385
Cash and cash equivalents at beginning of period	279,624	289,175	9,551
Cash and cash equivalents at end of period	293,514	353,450	59,936

Operating activities provided net cash of ¥149,521 million (U.S.\$1,359,282 thousand), an increase of ¥59,152 million year on year. It mainly came from a decrease in working capital.

Investing activities provided net cash of ¥11,429 million (U.S.\$103,900 thousand), changed by ¥107,236 million year on year. It mainly came from proceeds from sale of investments in affiliates.

Financing activities used net cash of ¥89,370 million (U.S.\$812,455 thousand), changed by ¥110,568 million year on year. It mainly came from a decrease in debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2020 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2020, the year ending March 31, 2020, are as follows.

Term Item	FY2020 (April 1, 2019 - March 31, 2020)	FY2020 (April 1, 2019 - March 31, 2020)	FY2019 (April 1, 2018 - March 31, 2019)	vs FY2019 Changes	
	Projection in October '19	Projection in April '19	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,390,000	1,420,000	1,381,806	8,194	0.6
Operating income	120,000	120,000	107,823	12,177	11.3
Income before income taxes	118,000	118,000	115,554	2,446	2.1
Net income attributable to TDK	84,000	84,000	82,205	1,795	2.2
Capital expenditures	200,000	200,000	173,592	26,408	15.2
Depreciation and amortization	130,000	130,000	106,631	23,369	21.9
Research and development	120,000	120,000	115,155	4,845	4.2

(Notes)

Management has judged that there are no major changes from TDK's projections as of October 31, 2019, having reviewed demand and other factors for electronic components used in major finished products. The review was based on production forecasts and other information currently available to TDK (as defined below) regarding the electronics market and major finished products.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥108 and ¥122 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

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 “Leases (Topic 842)”.

This ASU requires lessees to recognize most leases on their consolidated balance sheets but recognize expenses on their consolidated statements of income in a manner similar to the previous guidance. Additionally, this ASU expands qualitative and quantitative disclosures related to leases.

TDK adopted this ASU from April 1, 2019. TDK applied the package of practical expedients that allows us not to reassess whether any existing contracts at or expired contracts prior to the adoption date are or contain leases, lease classification and whether any initial direct costs qualify for capitalization, to use hindsight in determining the lease term and in assessing impairment of the right-of-use assets, in addition to applying the short term lease exception. TDK also adopted the transition method which no restatement of comparative periods and no reassessment of land easements not previously accounted for as a lease that exist at or expired prior to the adoption date are required. The right-of-use assets of operating leases and operating lease obligations recognized at April 1, 2019 was ¥38,016 million and ¥35,690 million, respectively and are included in Noncurrent assets and liabilities in the accompanying consolidated balance sheets.

The adoption of this ASU did not have a material impact on TDK’s results of operations.

Targeted Improvements to Accounting for Hedging Activities

In August 2017, FASB issued ASU 2017-12 “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities”. This ASU amends existing guidance to simplify the application of hedge accounting in certain situations and enables an entity to better portray the economic results of an entity’s risk management activities in its financial statements. This ASU eliminates the requirement to separately measure and report hedge ineffectiveness, and requires an entity to present the earnings effect of the hedging instrument in the same line item of the consolidated statements of income in which the earnings effect of the hedged item is reported. TDK adopted this ASU from April 1, 2019.

The adoption of this ASU did not have a material impact on TDK’s results of operations and financial position.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2020 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 2020 are as follows. TDK keeps initial dividend forecast unchanged.

		(Yen)
	FY2020	FY2019 Actual
Interim dividend	90.00	80.00
Year-end dividend	(Forecast) 90.00	80.00
Annual dividend	(Forecast) 180.00	160.00

3. Consolidated Financial Statements

(1) Balance Sheets

(1) Balance sheets

ASSETS									
Term Item	As of March 31, 2019		As of December 31, 2019			Change from March 31, 2019	As of September 30, 2019		Change from Sep 30, 2019
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	922,485	46.3	1,052,725	51.3	9,570,228	130,240	982,290	50.3	70,435
Cash and cash equivalents	289,175		353,450		3,213,182	64,275	320,372		33,078
Short-term investments	40,505		23,833		216,664	(16,672)	9,737		14,096
Marketable securities	57		56		509	(1)	55		1
Net trade receivables	308,154		364,415		3,312,864	56,261	372,307		(7,892)
Inventories	226,892		244,160		2,219,636	17,268	221,277		22,883
Other current assets	57,702		66,811		607,373	9,109	58,542		8,269
Noncurrent assets	1,069,995	53.7	998,640	48.7	9,078,545	(71,355)	970,407	49.7	28,233
Investments in securities	155,306		33,624		305,673	(121,682)	32,726		898
Net property, plant and equipment	603,110		627,501		5,704,555	24,391	603,274		24,227
Right-of-use assets of operating leases	-		41,947		381,336	41,947	41,828		119
Goodwill	164,794		162,356		1,475,964	(2,438)	159,535		2,821
Other assets	146,785		133,212		1,211,017	(13,573)	133,044		168
TOTAL	1,992,480	100.0	2,051,365	100.0	18,648,773	58,885	1,952,697	100.0	98,668

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2019		As of December 31, 2019			Change from March 31, 2019	As of September 30, 2019		Change from Sep 30, 2019
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	714,320	35.8	779,590	38.0	7,087,182	65,270	694,295	35.6	85,295
Short-term debt	221,310		240,404		2,185,491	19,094	232,947		7,457
Current installments of long-term debt	91,276		76,657		696,882	(14,619)	40,968		35,689
Current portion of operating lease obligations	-		7,219		65,627	7,219	6,767		452
Trade payables	189,892		231,732		2,106,655	41,840	207,016		24,716
Accrued expenses	192,800		195,629		1,778,445	2,829	182,825		12,804
Other current liabilities	19,042		27,949		254,082	8,907	23,772		4,177
Noncurrent liabilities	394,404	19.8	359,667	17.5	3,269,700	(34,737)	396,834	20.3	(37,167)
Long-term debt, excluding current installments	207,682		140,485		1,277,136	(67,197)	184,265		(43,780)
Long-term operating lease obligations	-		30,327		275,700	30,327	30,751		(424)
Retirement and severance benefits	129,050		122,728		1,115,709	(6,322)	121,442		1,286
Other noncurrent liabilities	57,672		66,127		601,155	8,455	60,376		5,751
Total liabilities	1,108,724	55.6	1,139,257	55.5	10,356,882	30,533	1,091,129	55.9	48,128
Common stock	32,641		32,641		296,736	-	32,641		-
Additional paid-in capital	5,958		2,081		18,918	(3,877)	2,044		37
Legal reserve	44,436		45,254		411,400	818	45,085		169
Retained earnings	935,649		987,772		8,979,746	52,123	969,835		17,937
Accumulated other comprehensive income (loss)	(124,435)		(144,185)		(1,310,773)	(19,750)	(176,480)		32,295
Treasury stock	(16,959)		(16,848)		(153,163)	111	(16,854)		6
Total TDK stockholders' equity	877,290	44.0	906,715	44.2	8,242,864	29,425	856,271	43.9	50,444
Noncontrolling interests	6,466	0.4	5,393	0.3	49,027	(1,073)	5,297	0.2	96
Total equity	883,756	44.4	912,108	44.5	8,291,891	28,352	861,568	44.1	50,540
TOTAL	1,992,480	100.0	2,051,365	100.0	18,648,773	58,885	1,952,697	100.0	98,668

Note:

U.S.\$1=Yen 110, 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 FY2019 (April 1, 2018 - December 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	1,072,743	100.0	1,062,663	100.0	9,660,573	(10,080)	-0.9
Cost of sales	756,145	70.5	736,835	69.3	6,698,500	(19,310)	-2.6
Gross profit	316,598	29.5	325,828	30.7	2,962,073	9,230	2.9
Selling, general and administrative expenses	219,858	20.5	218,885	20.6	1,989,864	(973)	-0.4
Other operating expense (income)	1,802	0.1	(2,297)	-0.2	(20,882)	(4,099)	-
Operating income	94,938	8.9	109,240	10.3	993,091	14,302	15.1
Other income (deductions):							
Interest and dividend income	5,397		7,361		66,918	1,964	
Interest expense	(3,206)		(2,679)		(24,355)	527	
Foreign exchange gain (loss)	(2,996)		(2,315)		(21,045)	681	
Other-net	(5,342)		(1,783)		(16,209)	3,559	
Total other income (deductions)	(6,147)	-0.6	584	0.0	5,309	6,731	-
Income before income taxes	88,791	8.3	109,824	10.3	998,400	21,033	23.7
Income taxes	25,122	2.4	35,310	3.3	321,000	10,188	40.6
Net income	63,669	5.9	74,514	7.0	677,400	10,845	17.0
Less: Net income attributable to noncontrolling interests	184	0.0	102	0.0	927	(82)	-44.6
Net income attributable to TDK	63,485	5.9	74,412	7.0	676,473	10,927	17.2

Note:

U.S.\$1=Yen 110, for convenience only.

Statements of Comprehensive Income

Term Item	The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)		Change
	(Yen millions)		(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	63,669		74,514	677,400	10,845
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(477)		(23,205)	(210,955)	(22,728)
Pension liability adjustments	3,284		3,309	30,082	25
Net unrealized gains (losses) on securities	(7)		(9)	(82)	(2)
Total other comprehensive income (loss)	2,800		(19,905)	(180,955)	(22,705)
Comprehensive income	66,469		54,609	496,445	(11,860)
Comprehensive income (loss) attributable to noncontrolling interests	18		(72)	(655)	(90)
Comprehensive income attributable to TDK	66,451		54,681	497,100	(11,770)

Note:

U.S.\$1=Yen 110, for convenience only.

[3rd quarter results]
Statements of Income

Term Item	3Q of FY2019 (October 1, 2018 - December 31, 2018)		3Q of FY2020 (October 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	350,803	100.0	355,634	100.0	3,233,036	4,831	1.4
Cost of sales	244,028	69.6	241,947	68.0	2,199,518	(2,081)	-0.9
Gross profit	106,775	30.4	113,687	32.0	1,033,518	6,912	6.5
Selling, general and administrative expenses	74,892	21.3	74,244	20.9	674,945	(648)	-0.9
Other operating expense (income)	(875)	-0.2	(954)	-0.3	(8,672)	(79)	-
Operating income	32,758	9.3	40,397	11.4	367,245	7,639	23.3
Other income (deductions):							
Interest and dividend income	1,841		2,626		23,873	785	
Interest expense	(1,022)		(681)		(6,191)	341	
Foreign exchange gain (loss)	(1,413)		(1,612)		(14,655)	(199)	
Other-net	(1,172)		446		4,055	1,618	
Total other income (deductions)	(1,766)	-0.5	779	0.2	7,082	2,545	-
Income before income taxes	30,992	8.8	41,176	11.6	374,327	10,184	32.9
Income taxes	8,584	2.4	11,700	3.3	106,363	3,116	36.3
Net income	22,408	6.4	29,476	8.3	267,964	7,068	31.5
Less: Net income (loss) attributable to noncontrolling interests	(1)	-0.0	2	0.0	19	3	-
Net income attributable to TDK	22,409	6.4	29,474	8.3	267,945	7,065	31.5

Note:

U.S.\$1=Yen 110, for convenience only.

Statements of Comprehensive Income (Loss)

Term Item	3Q of FY2019 (October 1, 2018 - December 31, 2018)		3Q of FY2020 (October 1, 2019 - December 31, 2019)		Change
	(Yen millions)		(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	22,408		29,476	267,964	7,068
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(24,814)		31,134	283,036	55,948
Pension liability adjustments	1,147		1,228	11,164	81
Net unrealized gains (losses) on securities	(6)		27	245	33
Total other comprehensive income (loss)	(23,673)		32,389	294,445	56,062
Comprehensive income (loss)	(1,265)		61,865	562,409	63,130
Comprehensive income (loss) attributable to noncontrolling interests	(40)		96	873	136
Comprehensive income (loss) attributable to TDK	(1,225)		61,769	561,536	62,994

Note:

U.S.\$1=Yen 110, for convenience only.

(3) Statements of Cash Flows

Term Item	The 9-month- period of FY2019 (April 1, 2018 - December 31, 2018)	The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	63,669	74,514	677,400
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	79,769	91,368	830,618
Impairment of long-lived assets	4,720	242	2,200
Gain on sale of business	(2,942)	(2,661)	(24,191)
Loss (gain) on securities, net	3,756	(445)	(4,045)
Deferred income taxes	4,590	8,530	77,545
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(35,698)	(62,385)	(567,136)
Decrease (increase) in inventories	(35,985)	(23,814)	(216,491)
Increase (decrease) in trade payables	4,943	48,907	444,609
Increase (decrease) in accrued expenses	4,453	8,564	77,855
Decrease (increase) in other assets and liabilities, net	904	195	1,773
Other-net	(1,810)	6,506	59,145
Net cash provided by operating activities	90,369	149,521	1,359,282
Cash flows from investing activities:			
Capital expenditures	(117,239)	(129,874)	(1,180,673)
Proceeds from sales of tangible and intangible assets	3,668	2,330	21,182
Proceeds from sale and maturity of short-term investments	75,387	61,682	560,745
Payment for purchase of short-term investments	(61,620)	(46,157)	(419,609)
Proceeds from sale and maturity of securities	204	1,185	10,773
Payment for purchase of securities	(785)	(1,412)	(12,836)
Proceeds from sale of business, net of cash transferred	7,530	-	-
Proceeds from sale of investments in affiliates	-	124,484	1,131,673
Other-net	(2,952)	(809)	(7,355)
Net cash provided by (used in) investing activities	(95,807)	11,429	103,900
Cash flows from financing activities:			
Proceeds from debt with maturities longer than three months	3,722	11,434	103,945
Repayment of debt with maturities longer than three months	(46,556)	(85,320)	(775,636)
Net increase (decrease) in debt with maturities of three months or less	86,608	10,970	99,727
Dividends paid	(18,928)	(21,448)	(194,982)
Acquisition of noncontrolling interests	(3,590)	(4,991)	(45,373)
Other-net	(58)	(15)	(136)
Net cash provided by (used in) financing activities	21,198	(89,370)	(812,455)
Effect of exchange rate changes on cash and cash equivalents	(1,870)	(7,305)	(66,409)
Net increase in cash and cash equivalents	13,890	64,275	584,318
Cash and cash equivalents at beginning of period	279,624	289,175	2,628,864
Cash and cash equivalents at end of period	293,514	353,450	3,213,182

Note:

U.S.\$1=Yen 110, 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.

[9-month-period results]

Sales by industry segment

		The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	331,524	30.9	298,489	28.1	2,713,536	(33,035)	-10.0
	Intersegment	2,577		2,140		19,455	(437)	-17.0
	Total	334,101		300,629		2,732,991	(33,472)	-10.0
Sensor Application Products	External customers	59,178	5.5	59,227	5.6	538,427	49	0.1
	Intersegment	78		137		1,245	59	75.6
	Total	59,256		59,364		539,672	108	0.2
Magnetic Application Products	External customers	212,276	19.8	167,853	15.8	1,525,937	(44,423)	-20.9
	Intersegment	609		4,074		37,036	3,465	569.0
	Total	212,885		171,927		1,562,973	(40,958)	-19.2
Energy Application Products	External customers	425,720	39.7	479,354	45.1	4,357,764	53,634	12.6
	Intersegment	9		1		9	(8)	-88.9
	Total	425,729		479,355		4,357,773	53,626	12.6
Other	External customers	44,045	4.1	57,740	5.4	524,909	13,695	31.1
	Intersegment	23,172		19,992		181,746	(3,180)	-13.7
	Total	67,217		77,732		706,655	10,515	15.6
Intersegment eliminations		(26,445)		(26,344)		(239,491)	101	
Total		1,072,743	100.0	1,062,663	100.0	9,660,573	(10,080)	-0.9

Note:

U.S.\$1=Yen 110, for convenience only.

Segment profit (loss) by industry segment

		The 9-month-period of FY2019 (April 1, 2018 - December 31, 2018)		The 9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		45,110	13.6	32,382	10.8	294,382	(12,728)	-28.2
Sensor Application Products		(14,972)	-25.3	(18,038)	-30.5	(163,982)	(3,066)	-
Magnetic Application Products		12,234	5.8	11,930	7.1	108,455	(304)	-2.5
Energy Application Products		78,983	18.6	109,485	22.8	995,318	30,502	38.6
Other		(3,968)	-9.0	(2,773)	-4.8	(25,209)	1,195	-
Sub total		117,387	10.9	132,986	12.5	1,208,964	15,599	13.3
Corporate and Eliminations		(22,449)		(23,746)		(215,873)	(1,297)	
Operating income		94,938	8.9	109,240	10.3	993,091	14,302	15.1

Note:

U.S.\$1=Yen 110, for convenience only.

[3rd quarter results]

Sales by industry segment

		3Q of FY2019 (October 1, 2018 - December 31, 2018)		3Q of FY2020 (October 1, 2019 - December 31, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	106,702	30.4	98,349	27.7	894,082	(8,353)	-7.8
	Intersegment	885		684		6,218	(201)	-22.7
	Total	107,587		99,033		900,300	(8,554)	-8.0
Sensor Application Products	External customers	19,701	5.6	20,308	5.7	184,618	607	3.1
	Intersegment	38		79		718	41	107.9
	Total	19,739		20,387		185,336	648	3.3
Magnetic Application Products	External customers	66,410	18.9	57,859	16.3	525,991	(8,551)	-12.9
	Intersegment	572		716		6,509	144	25.2
	Total	66,982		58,575		532,500	(8,407)	-12.6
Energy Application Products	External customers	145,372	41.5	161,177	45.3	1,465,245	15,805	10.9
	Intersegment	2		1		10	(1)	-50.0
	Total	145,374		161,178		1,465,255	15,804	10.9
Other	External customers	12,618	3.6	17,941	5.0	163,100	5,323	42.2
	Intersegment	8,535		6,139		55,809	(2,396)	-28.1
	Total	21,153		24,080		218,909	2,927	13.8
Intersegment eliminations		(10,032)		(7,619)		(69,264)	2,413	
Total		350,803	100.0	355,634	100.0	3,233,036	4,831	1.4

Note:

U.S.\$1=Yen 110, for convenience only.

Segment profit (loss) by industry segment

		3Q of FY2019 (October 1, 2018 - December 31, 2018)		3Q of FY2020 (October 1, 2019 - December 31, 2019)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		14,709	13.8	10,623	10.8	96,573	(4,086)	-27.8
Sensor Application Products		(5,468)	-27.8	(5,489)	-27.0	(49,900)	(21)	-
Magnetic Application Products		7,827	11.8	5,182	9.0	47,109	(2,645)	-33.8
Energy Application Products		24,635	16.9	40,535	25.1	368,500	15,900	64.5
Other		(1,212)	-9.6	(2,454)	-13.7	(22,309)	(1,242)	-
Sub total		40,491	11.5	48,397	13.6	439,973	7,906	19.5
Corporate and Eliminations		(7,733)		(8,000)		(72,728)	(267)	
Operating income		32,758	9.3	40,397	11.4	367,245	7,639	23.3

Note:

U.S.\$1=Yen 110, for convenience only.

(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, 2018		As of December 31, 2019		As of March 31, 2019	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	111.00	127.00	109.56	122.54	110.99	124.56

2) Sales by region

[9-month-period results]

Term Region	The-9-month-period of FY2019 (April 1, 2018 - December 31, 2018)		The-9-month-period of FY2020 (April 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	83,416	7.8	72,561	6.8	659,645	(10,855)	-13.0
Europe	124,547	11.6	108,886	10.2	989,873	(15,661)	-12.6
Asia and others	778,689	72.6	799,416	75.3	7,267,418	20,727	2.7
Overseas sales total	986,652	92.0	980,863	92.3	8,916,936	(5,789)	-0.6
Japan	86,091	8.0	81,800	7.7	743,637	(4,291)	-5.0
Net sales	1,072,743	100.0	1,062,663	100.0	9,660,573	(10,080)	-0.9

[3rd quarter results]

Term Region	3Q of FY2019 (October 1, 2018 - December 31, 2018)		3Q of FY2020 (October 1, 2019 - December 31, 2019)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	26,538	7.6	22,687	6.4	206,245	(3,851)	-14.5
Europe	38,779	11.1	35,172	9.9	319,745	(3,607)	-9.3
Asia and others	255,611	72.8	269,640	75.8	2,451,273	14,029	5.5
Overseas sales total	320,928	91.5	327,499	92.1	2,977,263	6,571	2.0
Japan	29,875	8.5	28,135	7.9	255,773	(1,740)	-5.8
Net sales	350,803	100.0	355,634	100.0	3,233,036	4,831	1.4

Notes:

1. U.S.\$1=Yen 110, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of December 31, 2019, TDK Corporation had 139 consolidated subsidiaries (13 in Japan and 126 overseas). TDK Corporation also had 5 affiliates (3 in Japan and 2 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

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)		4Q of FY2019 (January 1, 2019 - March 31, 2019)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	44,461	13.0	43,883	11.6	42,721	12.2	42,266	13.7
Inductive Devices	38,938	11.4	39,478	10.4	37,301	10.6	34,274	11.0
Other	29,323	8.5	28,739	7.6	26,680	7.6	25,342	8.2
Passive Components	112,722	32.9	112,100	29.6	106,702	30.4	101,882	32.9
Sensor Application Products	18,869	5.5	20,608	5.4	19,701	5.6	17,289	5.6
Magnetic Application Products	70,476	20.5	75,390	19.9	66,410	18.9	60,531	19.6
Energy Application Products	125,587	36.6	154,761	40.9	145,372	41.5	111,782	36.2
Other	15,414	4.5	16,013	4.2	12,618	3.6	17,579	5.7
Total	343,068	100.0	378,872	100.0	350,803	100.0	309,063	100.0

Term Product	1Q of FY2020 (April 1, 2019 - June 30, 2019)		2Q of FY2020 (July 1, 2019 - September 30, 2019)		3Q of FY2020 (October 1, 2019 - December 31, 2019)		
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	39,279	11.7	39,643	10.7	37,286	10.5	338,964
Inductive Devices	34,149	10.1	35,662	9.6	34,803	9.8	316,391
Other	24,841	7.4	26,566	7.2	26,260	7.4	238,727
Passive Components	98,269	29.2	101,871	27.5	98,349	27.7	894,082
Sensor Application Products	18,142	5.4	20,777	5.6	20,308	5.7	184,618
Magnetic Application Products	55,529	16.5	54,465	14.7	57,859	16.3	525,991
Energy Application Products	144,513	42.9	173,664	46.9	161,177	45.3	1,465,245
Other	20,362	6.0	19,437	5.3	17,941	5.0	163,100
Total	336,815	100.0	370,214	100.0	355,634	100.0	3,233,036

Notes:

1. U.S.\$1=Yen 110, for convenience only.
2. In accordance with the redefinition of product group in 1Q of FY2020, certain products of Inductive Devices were reclassified into Other Passive Components. The prior year's sales are also reclassified to conform to the new segmentation.