

## [Summary Information and Financial Statements]

### 1. Business Results

#### (1) Summary Information Regarding Consolidated Business Results

Consolidated results for fiscal 2015, the year ended March 31, 2015, were as follows.

Looking at the world economy in fiscal 2015, overall there was an ongoing recovery despite the impact of a drop in crude oil prices and exchange rate fluctuation. The U.S. economy continued to grow, mainly supported by expanding employment and firm personal spending. The European economy also continued to recover gradually, supported by continued firm personal spending. The economies of emerging countries such as China and India, while showing some slightly lower economic growth rates, continued to maintain growth rates higher than those of industrialized countries. In Japan, a gradual recovery continues, supported by expansion in demand, including growth in corporate earnings jump started by the yen's depreciation, and signs of a recovery in capital expenditure.

Under these economic circumstances, taking a general view of the electronics market, which has a significant bearing on the consolidated performance of TDK, production levels differ by finished product. Production of smartphones was much higher than in fiscal 2014, mainly due to growing demand in the Chinese market and the launch of new mobile handsets by major manufacturer. Production of automobiles rose year on year, driven mainly by solid automobile sales in the U.S. Production of PCs remained at the same level year on year, as firm replacement demand for PCs spurred by the end of support for Windows XP continued after April 2014 until the end of the year. Production of hard disk drives (HDDs) was almost on a par with the previous fiscal year, upsetting initial market expectations of a decline, in line with higher demand for PCs and game consoles, along with gradual expansion in the data center market.

In this business environment, the TDK Group's consolidated operating results for fiscal 2015 were as follows.

Term Item	FY2014 (April 1, 2013 - March 31, 2014)		FY2015 (April 1, 2014 - March 31, 2015)			Change	
	(Yen millions)		(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	984,525	100.0	1,082,560	100.0	9,021,333	98,035	10.0
Operating income	36,616	3.7	72,459	6.7	603,825	35,843	97.9
Income from continuing operations before income taxes	39,772	4.0	74,517	6.9	620,975	34,745	87.4
Net income attributable to TDK	16,288	1.7	49,440	4.6	412,000	33,152	203.5
Per common share :							
Net income attributable to TDK / Basic	Yen 129.47		Yen 392.78		U.S.\$ 3.27		
Net income attributable to TDK / Diluted	Yen 120.97		Yen 377.98		U.S.\$ 3.15		

**Notes:**

1. U.S.\$1=Yen 120, for convenience only.
2. The figures related to the data tape business and the blu-ray business, which became discounted operations in the year ended March 31, 2014, are restated.

Average exchange rates for the U.S. dollar and euro during fiscal 2015 were ¥109.84 and ¥138.88, respectively, as the yen depreciated 9.6% versus the U.S. dollar and 3.3% against the euro year

on year. This increased net sales by approximately ¥79.7 billion and operating income by approximately ¥15.0 billion.

## Sales by Sector

Term Product	FY2014 (April 1, 2013 - March 31, 2014)		FY2015 (April 1, 2014 - March 31, 2015)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	139,615	14.2	148,960	13.8	1,241,333	9,345	6.7
Inductive devices	140,309	14.2	154,223	14.2	1,285,192	13,914	9.9
Other	191,749	19.5	238,022	22.0	1,983,517	46,273	24.1
Passive Components	471,673	47.9	541,205	50.0	4,510,042	69,532	14.7
Recording devices	256,703	26.1	260,506	24.1	2,170,883	3,803	1.5
Other	107,588	10.9	108,715	10.0	905,958	1,127	1.0
Magnetic Application Products	364,291	37.0	369,221	34.1	3,076,841	4,930	1.4
Film Application Products	129,304	13.1	151,275	14.0	1,260,625	21,971	17.0
Other	19,257	2.0	20,859	1.9	173,825	1,602	8.3
Total	984,525	100.0	1,082,560	100.0	9,021,333	98,035	10.0
Overseas sales	890,520	90.5	989,348	91.4	8,244,567	98,828	11.1

**Notes:**

1. U.S.\$1=Yen 120, for convenience only.
2. Net sales relating to the data tape business and blu-ray business, which became discontinued operations in the year ended March 31, 2014, are excluded.

### (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 ¥541,205 million (U.S.\$4,510,042 thousand), up 14.7% year on year from ¥471,673 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥148,960 million (U.S.\$1,241,333 thousand), up 6.7% year on year from ¥139,615 million. Sales of ceramic capacitors increased to the automotive market, and sales of aluminum electrolytic capacitors and film capacitors increased to the automotive and industrial equipment markets.

Sales of inductive devices increased 9.9% year on year from ¥140,309 million to ¥154,223 million (U.S.\$1,285,192 thousand). Sales increased to the automotive and the ICT (Information and Communications Technology) markets.

Other passive components include high-frequency devices, piezoelectric material products and circuit protection components, and sensors. Sales of other passive components increased 24.1% year on year from ¥191,749 million to ¥238,022 million (U.S.\$1,983,517 thousand). Sales of high-frequency devices increased to the automotive and the ICT markets. Sales of piezoelectric material products and circuit protection components increased to the automotive and the ICT markets. Sales of sensors increased to the automotive market.

(2) Magnetic Application Products Segment

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales increased 1.4% year on year, from ¥364,291 million to ¥369,221 million (U.S.\$ 3,076,841 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded consolidated sales of ¥260,506 million (U.S.\$2,170,883 thousand), up 1.5% from ¥256,703 million. Sales of HDD heads rose in monetary terms, despite a slight decrease in sales volume. The higher monetary sales reflected an improved product mix as demand started to grow for HDD heads for data centers, and the impact of the weaker yen against the U.S. dollar.

Other magnetic application products include power supplies and magnets. Sales increased 1.0% year on year from ¥107,588 million to ¥108,715 million (U.S.\$905,958 thousand). Sales of power supplies increased to the industrial equipment market. Sales of magnets decreased to the automotive market.

(3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries) and applied films. Sales increased 17.0% from ¥129,304 million to ¥151,275 million (U.S.\$ 1,260,625 thousand).

Sales of energy devices increased to the ICT market.

(4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales increased 8.3% from ¥19,257 million to ¥20,859 million (U.S.\$173,825 thousand).

The main businesses making up the three 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 and Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipments), other

**[Sales by Region]**

Overseas sales increased 11.1% year on year from ¥890,520 million to ¥989,348 million (U.S.\$8,244,567 thousand). Overseas sales accounted for 91.4% of consolidated net sales, a 0.9 percentage point increase from 90.5% one year earlier. Detailed information on sales by region can be found in the consolidated supplementary information on page 22.

**[Fiscal 2016 Consolidated Projections]**

The global economy is expected to recover gradually in the year ending March 2016, driven by the U.S. and emerging market economies. This should lead to continued firm growth in demand for electronic components in the electronics market in which TDK conducts business. In light of the circumstances, TDK’s projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for the year ending March 31, 2016, were formulated as follows.

Term  Item	FY2016 (April 1, 2015 - March 31, 2016)	FY2015 (April 1, 2014 - March 31, 2015)	vs FY2015 Changes	
	Forecast in April '15	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	1,180,000	1,082,560	97,440	9.0
Operating Income	95,000	72,459	22,541	31.1
Income before income taxes	95,000	74,517	20,483	27.5
Net income attributable to TDK	65,000	49,440	15,560	31.5
Capital expenditures	130,000	102,525	27,475	26.8
Depreciation and amortization	90,000	80,249	9,751	12.2
Research and development	77,000	70,644	6,356	9.0

(Exchange Rate Assumption)

Average yen exchange rates against the U.S. dollar and the euro of ¥115.00 and ¥130.00 respectively are assumed for fiscal 2016.

**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 and/or its group companies (“TDK Group”). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group’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 Group 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 Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws, and regulations.

## (2) Summary Information Regarding Consolidated Financial Position

(1) The following table summarizes TDK's consolidated balance sheet as of March 31, 2015.

Total assets	¥1,404,282 million	(13.3% increase)
Total TDK stockholders' equity	¥738,861 million	(16.3% increase)
Stockholders' equity ratio	52.6%	(1.3 point increase)

As of March 31, 2015, total assets had increased ¥164,693 million compared with March 31, 2014. This increase mainly reflected a ¥26,957 million increase in terms of liquidity (cash and cash equivalents, short-term investments, marketable securities). In addition, net trade receivables increased ¥31,617 million and property, plant and equipment increased ¥53,222 million.

Total liabilities increased ¥58,929 million from March 31, 2014. Current installments of long-term debt decreased ¥36,396 million, while long-term debt, trade payable and accrued expenses increased ¥33,860 million, ¥15,903 million and ¥31,672 million, respectively.

TDK stockholders' equity, which is included in total equity, increased ¥103,534 million from March 31, 2014. Accumulated other comprehensive income(loss) increased ¥81,252 million mainly due to a upturn in foreign currency translation adjustments compared with March 31, 2014 as a result of the yen's depreciation.

## (2) Cash Flows

(Yen millions)

	FY March 2014	FY March 2015	Change
Net cash provided by operating activities	127,308	142,850	15,542
Net cash used in investing activities	(55,438)	(127,312)	(71,874)
Net cash used in financing activities	(56,118)	(35,243)	20,875
Effect of exchange rate changes on cash and cash equivalents	(21,409)	33,961	12,552
Net increase in cash and cash equivalents	37,161	14,256	(22,905)
Cash and cash equivalents at beginning of period	213,687	250,848	37,161
Cash and cash equivalents at end of period	250,848	265,104	14,256

Operating activities provided net cash of ¥142,850 million (U.S.\$1,190,417 thousand), an increase of ¥15,542 million year on year. It mainly came from the increase in net income.

Investing activities used net cash of ¥127,312 million (U.S.\$1,060,933 thousand), an increase of ¥71,874 million year on year. It mainly came from the increase in capital expenditures and disbursement for loans made by TDK.

Financing activities used net cash of ¥35,243 million (U.S.\$293,692 thousand), a decrease of ¥20,875 million year on year. It mainly came from the decrease in repayment of long-term debt and increase (decrease) in short-term debt, net.

(3) Trends in Cash Flow Indicators

	FY2012	FY2013	FY2014	FY2015
1) Stockholders' equity ratio (%)	46.4	48.0	51.3	52.6
2) Stockholders' equity ratio on a market value basis (%)	55.0	35.2	43.7	76.6
3) No. of years to redeem debt	4.93	2.71	2.10	1.88
4) Interest coverage ratio (times)	18.6	38.3	36.8	47.7

[Notes]

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

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

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

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

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

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

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

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

**(3) Fundamental Policy for Distribution of Earnings, and Fiscal 2015 and Fiscal 2016 Dividends**

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, 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 advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests the Company's profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

TDK plans to pay a year-end dividend of ¥50 per common share, subject to approval at the ordinary general meeting of shareholders scheduled for June 26, 2015. Combined with the interim dividend of ¥40 per common share paid in December 2014, the planned dividend per common share applicable to the year will be ¥90.

TDK plans to pay an interim dividend of ¥60 per common share and a year-end dividend of ¥60 per common share respectively in Fiscal 2016.

(Yen)	FY March 2016 Forecast	FY March 2015
Interim dividend	60.00	(Actual) 40.00
Year-end dividend	60.00	(Forecast) 50.00
Annual dividend	120.00	(Forecast) 90.00