



Press Release for the Business Press

Q4 2009

## **Sales again up sequentially; EBIT positive**

**Q4 2009**

- **Sales: EUR 323 million; up 16% sequentially, down 15% year on year**
- **EBIT: plus EUR 6 million (Q3 2009: minus EUR 24 million; Q4 2008: plus EUR 23 million)**
- **Net cash flow again positive: plus EUR 19 million**

**Fiscal 2009**

- **Global economic crisis drives sales and earnings down**
- **Good progress in the combination of TDK's components business and EPCOS: TDK-EPC Corporation launched**

Munich, October 28, 2009

### **1. Q4 2009**

In the fourth quarter of fiscal 2009 (July 1 through September 30, 2009), EPCOS' business development saw a substantial sequential improvement.

Compared to Q3 2009, sales rose 16 percent to EUR 323 million. Earnings before interest and tax (EBIT) improved by around EUR 30 million to plus EUR 6 million, putting EPCOS back in the black.

### **2. Sales**

#### **2.1. Comparison with Q3 2009**

EUR million	Q3 2009	±	Q4 2009
<b>Sales</b>	279	<b>+16%</b>	<b>323</b>

Business with all industries served made a double-digit contribution to the sequential increase in sales.



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In particular, demand for products for automotive electronics applications continued to revive. Accordingly, sales growth was strongest for these products, although the gain of 25 percent still leaves the sales volume on a lower level than a year ago. Sequential increases of around 15 percent were recorded for sales to manufacturers of information and communication technology, to industrial and consumer electronics customers and to distributors.

All the regions served likewise recorded double-digit growth in sales compared to the previous quarter.

**Sales by business segment**

EUR million	Q3 2009	±	Q4 2009
<b>Capacitors and Inductors</b>	118	<b>+14%</b>	<b>134</b>
<b>Ceramic Components</b>	77	<b>+16%</b>	<b>90</b>
<b>SAW Components</b>	84	<b>+18%</b>	<b>99</b>

Compared to Q3 2009, all EPCOS business segments achieved double-digit sales growth in the quarter under review.

Sales for the Capacitors and Inductors segment rose 14 percent to EUR 134 million. Almost all product groups contributed to this growth.

For Ceramic Components, sales were up 16 percent to EUR 90 million. Recovering business with automotive electronics products had a particularly positive impact in this segment.

Surface Acoustic Wave (SAW) Components experienced the strongest growth as sales climbed 18 percent to EUR 99 million. Positive development in business with RF filters and modules for mobile communication applications played a large part in this increase. Demand for multimedia filters for use in entertainment electronics equipment likewise improved.

**2.2. Comparison with Q4 2008**

EUR million	Q4 2008	±	Q4 2009
<b>Sales</b>	382	<b>-15%</b>	<b>323</b>

Year on year, EPCOS' overall sales were down 15 percent in Q4 2009. The only increase was in sales of products for consumer electronics applications, which were 6 percent higher than in the same period a year ago. This gain was above all due to the contribution of the Chinese joint venture, EPCOS Feida, which commenced operations at the start of 2009.



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Sales to all other industries served posted a double-digit decline compared to the same period a year ago. The sharpest drop was recorded in sales to distributors, which fell by nearly 25 percent.

Regional analysis of EPCOS' sales reflects significantly weaker sales to automotive and industrial electronics customers, especially in Germany and the rest of Europe. Sales in Germany were down nearly 30 percent year on year, while sales in the rest of Europe declined by around 25 percent in the same period. By contrast, sales in Asia increased by more than 10 percent, largely due to positive business development with local mobile phone manufacturers and EPCOS Feida's contribution. In the NAFTA region, year-on-year sales remained practically stable.

**Sales by business segment**

EUR million	Q4 2008	±	Q4 2009
<b>Capacitors and Inductors</b>	156	-14%	134
<b>Ceramic Components</b>	119	-24%	90
<b>SAW Components</b>	107	-7%	99

Compared with Q4 2008, sales were down in all segments in the quarter under review. However, the decline was much less pronounced than in the previous quarters.

Sales for the Capacitors and Inductors segment decreased by 14 percent, primarily due to weaker business with components for industrial and automotive electronics applications.

Ceramic Components posted a 24 percent decline in sales. This segment has been hardest hit by weak demand from automotive electronics manufacturers.

In the SAW Components segment, sales were down 7 percent overall. Although business with RF filter products for mobile communication applications increased, this was not enough to compensate for declining demand for modules and multimedia filters.

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### 3. Earnings

#### EBIT by business segment

EUR million	Q4 2008	Q3 2009	Q4 2009
<b>Capacitors and Inductors</b>	+11.9	-8.2	<b>+2.2</b>
<b>Ceramic Components</b>	+10.7	-12.6	<b>-0.7</b>
<b>SAW Components</b>	+6.9	-2.9	<b>+4.2</b>

A double-digit sequential increase in sales led to a significant improvement in EBIT across all business segments in Q4 2009.

EBIT was plus EUR 2.2 million in the Capacitors and Inductors segment.

For the Ceramic Components segment, EBIT improved by around EUR 12 million to minus EUR 0.7 million. This represented the largest EBIT improvement in any of EPCOS' business segments.

SAW Components ended the quarter under review well back in the black with EBIT of plus EUR 4.2 million.

#### Group earnings

EUR million	Q4 2008	Q3 2009	Q4 2009
<b>EBIT</b>	+23.1	-23.7	<b>+5.7</b>
<b>Net income</b>	+8.8	-32.8	<b>-6.7</b>
<b>Earnings per share</b> (in EUR, undiluted)	+0.14	-0.50	<b>-0.10</b>

Group EBIT was plus EUR 5.7 million in Q4 2009. This improvement was largely attributable to the increase in sales. Net income was minus EUR 6.7 million. Earnings per share were minus EUR 0.10.

Despite the after-tax loss, a positive cash flow totaling EUR 19 million was realized in the quarter under review. Depreciation, amortization and a reduction in net working assets more than made up for the net loss. The reduction in net working assets was achieved by further running down inventories. At the same time, the volume-driven rise in receivables was offset by an increase in liabilities. Net cash provided by operating activities was thus plus EUR 45 million. Net cash of EUR 26 million was used in investing activities.



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#### 4. Fiscal 2009

Fiscal 2009 was largely shaped by the worldwide economic crisis. Customers responded to the slump in demand by running down inventories on a very large scale. They then postponed, reduced or canceled their orders for electronic components, provoking a substantial decline in sales at EPCOS.

Business development at EPCOS hit bottom in the second quarter of 2009. In the course of the year since then, demand has continually revived in all industries served and all regions, although from a very low level. However, part of this recovery is due to a return to more normal inventory levels.

##### 4.1. Sales

EUR million	Fiscal 2008	±	Fiscal 2009
<b>Sales</b>	1,478	<b>-22%</b>	<b>1,147</b>

In the fiscal year just ended, EPCOS' sales declined 22 percent to about EUR 1.1 billion.

Sales to the automotive electronics industry experienced the sharpest drop, declining by more than 40 percent. Further double-digit declines were recorded for sales to distributors and to customers in the industrial electronics and information and communication technology industries. Sales of products for consumer electronics applications fell by a single-digit figure.

Regionally, the decline in sales was sharpest in Germany (down 40 percent) and the rest of Europe (down 30 percent). In particular, these figures reflect considerably weaker sales to automotive and industrial electronics customers. In the NAFTA region, sales were down nearly 10 percent. The 8 percent increase witnessed in Asia was largely driven by the EPCOS Feida joint venture's contribution to sales.

##### 4.2. Earnings

EUR million	Fiscal 2008	Fiscal 2009
<b>EBIT</b>	+103.9	<b>-78.7</b>
<b>Net income</b>	+62.8	<b>-120.9</b>
<b>Earnings per share</b> (in EUR, undiluted)	+0.96	<b>-1.79</b>

EBIT declined to minus EUR 79 million as sales dropped sharply in fiscal 2009. Net income was minus EUR 121 million. Earnings per share were minus EUR 1.79.

Net cash flow was minus EUR 69 million. Depreciation and amortization more than compensated for the net loss. A reduction in net working assets also had a positive impact on the



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cash flow from operating activities, which totaled plus EUR 31 million. Net cash of EUR 100 million used in investing activities was significantly lower than the corresponding figure a year earlier (EUR 135 million).

#### 4.3. Employees

EPCOS was obliged to adjust its production capacity in line with weak demand in the period under review. Besides running down overtime accounts, using up remaining vacation days and introducing short-time work, reducing the headcount also became unavoidable.

The number of EPCOS employees declined by about 5 percent around the globe from 21,200 (at September 30, 2008) to 20,080 (at September 30, 2009). In Germany, the number of EPCOS employees also fell by 5 percent from 1,856 (at September 30, 2008) to 1,757 (at September 30, 2009).

The proportion of employees in countries with low labor costs remained high at the unchanged figure of 82 percent. EPCOS today employs 65 percent – almost two thirds – of its people in Asia, 19 percent in Europe excluding Germany, 9 percent in Germany and 7 percent in North and South America.

#### 5. Progress in the integration process with TDK: TDK-EPC as new corporate identity mark

The combination of TDK's components business with EPCOS is proceeding swiftly and according to plan.

Another important milestone has now been reached: The new combined company, which will operate under the name **TDK-EPC Corporation**, was founded in Japan on October 1, 2009. The components business of TDK and EPCOS will now be handled by this company under the new corporate identity mark **TDK-EPC**. The established product brands, EPCOS and TDK will continue to be used.

On October 22, 2009, the resolution by the Annual General Meeting on May 20, 2009, concerning the transfer of the shares of the minority shareholders to the majority shareholder TDK Corporation was recorded in EPCOS AG's commercial register entry. As a result, TDK Corporation holds all EPCOS shares and the public listing of EPCOS AG ends.

Pursuant to a resolution by the Annual General Meeting on May 20, 2009, EPCOS' fiscal year will be aligned with that of TDK Corporation effective April 1, 2010. The next full fiscal year will therefore run from April 1, 2010, through March 31, 2011. All subsequent fiscal years will then also run from April 1 through March 31.



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## 6. Outlook

The global crisis in the financial markets and its impact on the world's economy have eased. As a result, demand for electronic components, modules and systems is now growing again. Accordingly, customers have again increased the volume of orders placed with EPCOS, although the absolute volume is still below the level of fiscal 2008.

EPCOS expects to see a moderate sequential rise in sales to between EUR 325 million and EUR 335 million in the first quarter of the short fiscal year 2010 (October 1, 2009, through March 31, 2010). Earnings should improve slightly.

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### About EPCOS

EPCOS AG is a leading manufacturer of electronic components, modules and systems headquartered in Munich. With its broad portfolio EPCOS offers a comprehensive range of products from a single source and focuses on fast-growing and technologically demanding markets, in particular in the areas of information and communication technology, automotive electronics, industrial electronics and consumer electronics. The EPCOS Group has design and manufacturing locations and sales offices in Europe, Asia, and in North and South America.

Electronic components are found in every electrical and electronic product and are indispensable for their flawless operation. Products from EPCOS store electrical energy, filter frequencies, and protect against overvoltage and overcurrent.

In fiscal 2009 (October 1, 2008, to September 30, 2009), EPCOS posted sales of EUR 1.1 billion. At the end of the fiscal year, the company employed about 20,000 people worldwide.

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**N.B.** All financial data has been compiled to IFRS.

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This document may contain forward-looking statements with respect to EPCOS' financial condition, results of operations, business, strategy and plans. In particular, statements using the words "expects", "anticipates" and similar expressions, and statements with regard to management goals and objectives, expected or targeted revenue and expense data, or trends in results of operations or margins are forward looking in nature. Such statements are based on a number of assumptions that could ultimately prove inaccurate, and are subject to a number of risk factors, including changes in our customers' industries, slower growth in significant markets, changes in our relationships with our principal shareholders, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, currency fluctuations, unforeseen environmental obligations, and general economic and business conditions. EPCOS does not assume any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.



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**Key figures of continuing operations**  
**4th quarter and 12 months ended September 30, 2009**

Net sales	Q4	+/-	Q4	12 months ended	+/-	12 months ended
EUR million	2009	%	2008	2009	%	2008
Capacitors and Inductors	134	-14	156	500	-13	577
Ceramic Components	90	-24	119	307	-39	502
SAW Components	99	-7	107	340	-15	398
<b>EPCOS Group</b>	<b>323</b>	<b>-15</b>	<b>382</b>	<b>1147</b>	<b>-22</b>	<b>1478</b>

EBIT	Q4	Q4	12 months ended	12 months ended
EUR million	2009	2008	2009	2008
Capacitors and Inductors*	2.2	11.9	-14.3	41.9
Ceramic Components	-0.7	10.7	-40.0	39.4
SAW Components	4.2	6.9	-24.4	29.0
Unallocated cost	--	-6.4	--	-6.4
<b>EPCOS Group</b>	<b>5.7</b>	<b>23.1</b>	<b>-78.7</b>	<b>103.9</b>

EBIT, % of sales	Q4	Q4	12 months ended	12 months ended
	2009	2008	2009	2008
Capacitors and Inductors*	1.6	7.6	-2.9	7.3
Ceramic Components	-0.8	9.0	-13.0	7.8
SAW Components	4.2	6.4	-7.2	7.3
<b>EPCOS Group</b>	<b>1.8</b>	<b>6.0</b>	<b>-6.9</b>	<b>7.0</b>

CapEx & Investments	Q4	Q4	12 months ended	12 months ended
EUR million	2009	2008	2009	2008
Capacitors and Inductors	13	11	31	46
Ceramic Components	2	10	12	32
SAW Components	13	25	39	78
Consolidation	0	0	1	0
<b>EPCOS Group</b>	<b>28</b>	<b>46</b>	<b>83</b>	<b>155</b>

Net income	Q4	+/-	Q4	12 months ended	+/-	12 months ended
EUR million	2009	%	2008	2009	%	2008
<b>EPCOS Group*</b>	<b>-6.7</b>		<b>8.8</b>	<b>-120.9</b>		<b>62.8</b>

\* After adjusting investments accounted for using the equity method as of September 30, 2008.

(Annex to press release October 28, 2009)



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## Balance Sheet

EUR in thousands

	Sep 30, 2009	Sep 30, 2008
<b>Assets</b>		
Cash and cash equivalents	119,475	198,408
Trade receivables	213,364	232,627
Inventories	217,275	255,046
Other short-term financial and non-financial assets	35,274	46,991
Income tax receivable	2,616	5,432
<b>Current assets</b>	<b>588,004</b>	<b>738,504</b>
Property, plant and equipment	552,828	531,024
Intangible assets	61,192	31,438
Investments accounted for using the equity method*	3,125	5,007
Other long-term financial and non-financial assets	21,945	21,659
Deferred tax assets	62,960	66,289
<b>Non-current assets</b>	<b>702,050</b>	<b>655,417</b>
<b>Total assets</b>	<b>1,290,054</b>	<b>1,393,921</b>

<b>Liabilities and Equity</b>		
Trade liabilities	118,647	151,563
Other current provisions	29,034	38,275
Short-term debt	238,390	168,336
Pensions and similar obligations	10,063	9,528
Other current financial and non-financial liabilities	78,773	99,864
Income tax liabilities	3,138	4,840
<b>Current liabilities</b>	<b>478,045</b>	<b>472,406</b>
Long-term debt	50,042	44,034
Other long-term provisions	27,025	31,675
Pensions and similar obligations	187,622	151,774
Other long-term financial and non-financial liabilities	9,032	9,420
Deferred tax liabilities	6,550	4,036
<b>Non-current liabilities</b>	<b>280,271</b>	<b>240,939</b>
<b>Total equity</b>	<b>531,738</b>	<b>680,576</b>
<b>Total liabilities and equity</b>	<b>1,290,054</b>	<b>1,393,921</b>

\* After adjusting investments accounted for using the equity method as of September 30, 2008.

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Statement of income

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4th quarter and 12 months ended September 30, 2009

EUR in thousands (except share and per share data)

	4th quarter		12 months ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
<b>Total net sales</b>	<b>322,980</b>	381,898	<b>1,147,085</b>	1,477,716
<i>% Change vs. previous year</i>	<b>-15.4%</b>	1.4%	<b>-22.4%</b>	2.7%
Cost of goods sold	<b>-276,549</b>	-304,456	<b>-1,048,870</b>	-1,178,840
<b>Gross profit</b>	<b>46,431</b>	77,442	<b>98,215</b>	298,876
<i>% of sales</i>	<b>14.4%</b>	20.3%	<b>8.6%</b>	20.2%
Research and development expenses	<b>-19,561</b>	-21,701	<b>-79,936</b>	-81,245
Marketing and selling expenses	<b>-22,871</b>	-27,012	<b>-98,610</b>	-104,082
General and administrative expenses	<b>-1,935</b>	-2,448	<b>-11,736</b>	-13,701
Other income, net*	<b>3,681</b>	-3,159	<b>13,412</b>	4,060
Interest expenses, net	<b>-4,683</b>	-11,452	<b>-20,606</b>	-25,601
Other financial income (-expense), net	<b>-697</b>	-186	<b>-3,883</b>	-92
<b>Income (loss) before income taxes</b>	<b>365</b>	11,484	<b>-103,144</b>	78,215
Current and deferred income tax	<b>-7,068</b>	-2,645	<b>-17,744</b>	-15,379
<b>Net income (loss)</b>	<b>-6,703</b>	8,839	<b>-120,888</b>	62,836
<i>% of sales</i>	<b>-2.1%</b>	2.3%	<b>-10.5%</b>	4.4%
<i>% Change vs. previous year</i>		30.4%		25.1%
attributable to minority interest	<b>-324</b>	-177	<b>1,296</b>	-303

<b>Reconciliation of Net income (loss) to EBIT</b>				
<b>Net income (loss)</b>	<b>-6,703</b>	8,839	<b>-120,888</b>	62,836
Current and deferred income tax	<b>-7,068</b>	-2,645	<b>-17,744</b>	-15,379
<b>Income (loss) before income taxes</b>	<b>365</b>	11,484	<b>-103,144</b>	78,215
Interest expenses, net	<b>-4,683</b>	-11,452	<b>-20,606</b>	-25,601
Other financial income (-expense), net	<b>-697</b>	-186	<b>-3,883</b>	-92
<b>EBIT</b>	<b>5,745</b>	23,122	<b>-78,655</b>	103,908

\* After adjusting investments accounted for using the equity method as of September 30, 2008.

(Annex to press release October 28, 2009)



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**Statement of income**  
**4th quarter and 12 months ended September 30, 2009**

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EUR in thousands (except share and per share data)

	4th quarter		12 months ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
<b>Net income (loss) per share, basic (EUR)*</b>	<b>-0.10</b>	0.14	<b>-1.79</b>	0.96
<b>Weighted average number of shares, basic</b>	<b>66,682,270</b>	65,949,509	<b>66,656,478</b>	65,475,991
<b>Net income(loss) per share, diluted (EUR)*</b>	<b>-0.10</b>	0.14	<b>-1.79</b>	0.96
<b>Weighted average number of shares, diluted</b>	<b>66,682,270</b>	65,998,139	<b>66,656,478</b>	65,475,991

\* After adjusting investments accounted for using the equity method as of September 30, 2008.

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**Net Cash Flow, 12 months ended September 30, 2009**

EUR in thousands

	12 months ended	
	Sep 30, 2009	Sep 30, 2008
<b>Net income*</b>	<b>-120,888</b>	<b>62,836</b>
Depreciation and amortization	126,422	121,996
Change in net current assets	15,451	-14,487
Change in accrued expenses and other items*	10,249	6,450
<b>Net cash provided by operating activities</b>	<b>31,234</b>	<b>176,795</b>
Net capital expenditures	-79,324	-118,398
Change in financial assets	-1,078	-1,659
Acquisitions	-19,517	-15,250
<b>Net cash used in investing activities</b>	<b>-99,919</b>	<b>-135,307</b>
<b>Net cash flow</b>	<b>-68,685</b>	<b>41,488</b>

\* After adjusting investments accounted for using the equity method as of September 30, 2008.

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