

### Outline of Business Performance

The business environment surrounding the TAIYO YUDEN Group during the fiscal year ended in March 2015 was in line with the trend of the world economy as a whole, which showed signs of recovery thanks to the steady economic conditions in the United States and major advanced countries in Europe, although sluggishness was observed in some areas.

We have been carrying out measures for improving earnings, placing emphasis both on implementing our growth strategy and promoting structural reform.

Under our growth strategy, we are endeavoring to increase sales of the super high-end products with competitive advantage in such field as smartphones, which are expected to bring about further growth. A subsidiary, TAIYO YUDEN Mobile Technology Co., Ltd., moved its headquarters to Ome City, Tokyo in July 2014 and built an increased production system for communication devices. Another subsidiary, NIIGATA TAIYO YUDEN CO., LTD., which manufactures capacitors, is planning to complete a new plant in December 2015. Having decided to focus on markets for automotive electric equipment and industrial equipment, as well as equipment relating to healthcare, the environment and energy, we have promoted the sale of highly-reliable goods, strengthened proposals on system solutions, and endeavored to expand and diversify distribution channels.

In the meantime, as measures for structural reform, we have introduced a mini-company system to manage net income and have continued efforts to improve the corporate structure, thereby trying to lower our break-even point and increase profits.

As a result, net sales for the fiscal year ended in March 2015 increased by 9.1% from the previous fiscal year to reach ¥227,095 million.

#### • Selling and General Administrative Expenses

Selling and general administrative expenses for the fiscal year ended in March 2015 increased by ¥3,371 million from the

previous fiscal year to ¥39,595 million. Such total increase was mainly caused by an increase in employee bonus and allowances and in R&D expenses. Operating income also increased, up by 15.8% from the previous fiscal year, to ¥13,153 million.

#### • Other Income (Expenses)

In the fiscal year ended March 31, 2015, other income came to ¥1,763 million on a net increase of ¥2,969 million from the other expense of ¥1,206 million in the previous fiscal year. This mainly reflected year-on-year increases of ¥813 million in gains on foreign exchange and of ¥606 million in subsidy income together with decreases of ¥543 million in business structure improvement expenses and of ¥527 million in impairment loss on property, plant and equipment.

As a result, net income rose 56.2% from the previous fiscal year to ¥10,919 million.

### Financial Conditions

#### • Assets

Total asset as of March 31, 2015 was ¥265,454 million, up by ¥17,857 million from the end of the previous fiscal year. Current assets increased by ¥11,211 million, mainly due to an increase of ¥12,760 million in trade notes and accounts receivable. Fixed assets increase by ¥6,645 million, mainly due to an increase of ¥3,311 million in property, plant and equipment and an increase of ¥4,030 million in investments and other assets.

#### • Liabilities

Total liabilities as of March 31, 2015 was ¥114,597 million, down by ¥4,442 million from the end of the previous fiscal year. This was mainly caused by a decrease of ¥8,000 million in current portion of bonds payable, a decrease of ¥7,202 million in current portion of long-term borrowings, an increase of ¥5,301 million in trade notes and accounts payable and an increase of ¥5,005 million in accrued amounts payable.

#### • Net Assets

The net asset as of March 31, 2015 was ¥150,856 million, up by ¥22,300 million from the end of the previous fiscal year. The major causes were an increase of ¥10,919 million in net income and an increase of ¥11,548 million by foreign currency translation adjustments.

### Status of Cash Flows

Net cash provided by operating activities in the fiscal year ended in March 2015 generated income of ¥24,896 million, down by 16.2% from the previous fiscal year. Major factors were income before income taxes and minority interests of ¥14,915 million, depreciation and amortization of ¥21,813 million, an increase of ¥6,372 million in trade receivables, and an increase of ¥4,137 million in inventories.

Net cash used in investing activities increased by 10.6% from the previous fiscal year, recording expenses of ¥20,964 million. Major factors were expenses of ¥18,780 million for the utilized for purchases of property, plant and equipment and expenses of ¥2,749 million for the purchases of investment securities.

Net cash used in financing activities recorded expenses of ¥21,249 million, although there was income of ¥8,404 million in the previous fiscal year. Major factors were expenses of ¥12,494 million for the repayments of long-term borrowings and expenses of ¥8,000 million for the redemption of convertible bonds.

As a result, cash and cash equivalents at the end of March 31, 2015 amounted to ¥41,476 million, decreased by ¥13,135 million from the end of the previous fiscal year.

### Financial

The TAIYO YUDEN Group conducts centralized management of Group funds to enhance the efficiency of funding operations. The Group collects surplus funds from affiliated companies and allocates funds to affiliated companies as necessary. External sources are utilized when additional funds are needed. The Cash Management System (CMS) is utilized to minimize interest-bearing debt from external sources.

Financing from external sources at the March 31, 2015, fiscal year-end consisted of ¥12,366 million in short-term borrowings, ¥5,269 million in the current portion of long-term borrowings, ¥20,082 million in convertible bonds with stock acquisition rights, and ¥16,569 million in long-term borrowings. In principle, borrowings are secured within Japan at fixed interest rates. To ensure financial stability, the Company has also established a commitment line of ¥10,000 million effective for three years. The commitment line was renewed in December 2014 for security in an emergency situation. The Company has not utilized the commitment line as of the March 31, 2015, fiscal year-end.

The Group is capable of generating cash flow through its sound financial position and operating activities. Management believes it is capable of procuring the operating capital and funds for capital investment for future activities that may be required in the future to maintain the Group's growth.

### Overview of Capital Investment

For the fiscal year ended March 2015, a total of ¥18,780 million was appropriated for capital investment. Major focus was placed on investments for improving productivity of the electronic components business and investments in R&D facilities, spending a total of ¥18,611 million.