

Consolidated Financial Results

Second quarter for the year ending March 31, 2013

November 6, 2012
TAIYO YUDEN CO., LTD.

Summary of Consolidated Results (Q/Q)

Results for revenue were below expectations and operating income declined. Overall there was an increase in revenues and decline in profitability.

¥ in millions of Yen	Year ending March 31, 2013		Growth Q/Q	
	1Q (01 Apr 2012 – 30 Jun 2012)	2Q (01 Jul 2012 – 30 Sep 2012)	Amount	%
Net sales	46,533	48,909	2,376	5.1
Operating income	1,108	348	(759)	(68.5)
Ordinary income	262	(123)	(385)	—
Net income	(628)	1	629	—

● Operating income

- Positive factors: sales volume increase, productivity improvement, product mix improvement
- Negative factors: fixed costs increase, foreign exchange impact, fall in unit price, reduced effectiveness of increase in production, extraordinary expenses associated with shift of production overseas, losses from the launch of mass production for new products

Consolidated Results by Business (Q/Q)

Sales for Electronic components increased and there was a decrease in income. Optical media and others reduces losses in the period.

¥ in millions of Yen	Year ending March 31, 2013		Growth Q/Q	
	1Q (01 Apr 2012 – 30 Jun 2012)	2Q (01 Jul 2012 – 30 Sep 2012)	Amount	%
Electronic components	41,171	43,680	2,509	6.1
Optical media and others	5,362	5,229	(132)	(2.5)
Total net sales	46,533	48,909	2,376	5.1
Electronic components	1,330	463	(867)	(65.2)
Optical media and others	(221)	(114)	107	—
Total operating income	1,108	348	(759)	(68.5)

Net Sales by Product (Q/Q)

Capacitor sales increased 10% Q/Q driven by sales growth in the smartphone market

¥ in millions of Yen	Year ending March 31, 2013		Growth Q/Q	
	1Q (01 Apr 2012 – 30 Jun 2012)	2Q (01 Jul 2012 – 30 Sep 2012)	Amount	%
Capacitors	19,833	21,737	1,903	9.6
Ferrite and applied products	7,030	7,181	151	2.2
Integrated modules & devices	13,287	13,520	233	1.8
Other electronic components	1,019	1,241	221	21.7
Electronic components	41,171	43,680	2,509	6.1
Optical media products	3,689	3,606	(83)	(2.3)
Others	1,672	1,623	(49)	(2.9)
Optical media and others	5,362	5,229	(132)	(2.5)
Total	46,533	48,909	2,376	5.1

Summary of Consolidated Results (Y/Y)

The Company improved profitability from reductions in fixed costs obtained from structural reforms. This is despite a drop in net sales.

¥ in millions of Yen	Year ended March 31, 2012	Year ending March 31, 2013	Growth Y/Y	
	2Q (01 Jul 2011 – 30 Sep 2011)	2Q (01 Jul 2012 – 30 Sep 2012)	Amount	%
Net sales	50,088	48,909	(1,178)	(2.4)
Operating income	(1,100)	348	1,448	—
Ordinary income	(2,369)	(123)	2,246	—
Net income	(7,403)	1	7,404	—

●Reduction in fixed costs

- staff reductions by solicitation for voluntary retirement
- focus on the improvement in profitability of unprofitable products

Consolidated Results by Business (Y/Y)

Profitability increased in both business segments as the benefits from structural reforms came to fruition

¥ in millions of Yen	Year ended March 31, 2012	Year ending March 31, 2013	Growth Y/Y	
	2Q (01 Jul 2011 – 30 Sep 2011)	2Q (01 Jul 2012 – 30 Sep 2012)	Amount	%
Electronic components	44,404	43,680	(724)	(1.6)
Optical media and others	5,683	5,229	(454)	(8.0)
Total net sales	50,088	48,909	(1,178)	(2.4)
Electronic components	(465)	463	928	—
Optical media and others	(634)	(114)	520	—
Total operating income	(1,100)	348	1,448	—

Net Sales by Product (Y/Y)

Integrated modules & devices; sales increased driven by sales growth in the SAW/FBAR device market and added production capacity to meet demand

¥ in millions of Yen	Year ended March 31, 2012	Year ending March 31, 2013	Growth Y/Y	
	2Q (01 Jul 2011 – 30 Sep 2011)	2Q (01 Jul 2012 – 30 Sep 2012)	Amount	%
Capacitors	22,493	21,737	(756)	(3.4)
Ferrite and applied products	7,666	7,181	(484)	(6.3)
Integrated modules & devices	13,087	13,520	433	3.3
Other electronic components	1,157	1,241	83	7.2
Electronic components	44,404	43,680	(724)	(1.6)
Optical media products	3,916	3,606	(310)	(7.9)
Others	1,767	1,623	(143)	(8.1)
Optical media and others	5,683	5,229	(454)	(8.0)
Total	50,088	48,909	(1,178)	(2.4)

Yen to USD Exchange Rate and Impact on Performance

¥	Year ended March 31, 2012	Year ending March 31, 2013	
	2Q (01 Jul 2011 – 30 Sep 2011)	1Q (01 Apr 2012 – 30 Jun 2012)	2Q (01 Jul 2012 – 30 Sep 2012)
Average	79.09	81.26	79.01
Last day	76.65	79.28	77.57

- Q/Q - the value of the yen climbed by ¥2.25. As a result, net sales declined ¥1,100 million and operating income declined ¥300 million.
- Y/Y - the value of the yen climbed ¥0.08. As a result, net sales declined ¥100 million. A positive gain of ¥200 million was realized in operating income thanks to lower costs from weakness seen in Asian currencies.

Note: The results from the impact of exchange-rate fluctuations include the impact of currencies other than US dollars.

Summary of Consolidated Results (Y/Y)

Improved profitability from reduced fixed costs made possible by structural reforms, despite a drop in net sales

¥ in millions of Yen	Year ended March 31, 2012	Year ending March 31, 2013	Growth Y/Y	
	1H (01 Apr 2011 – 30 Sep 2011)	1H (01 Apr 2012 – 30 Sep 2012)	Amount	%
Net sales	97,124	95,442	(1,681)	(1.7)
Operating income	(1,758)	1,457	3,216	—
Ordinary income	(3,665)	138	3,803	—
Net income	(9,111)	(626)	8,484	—

● Reduction in fixed costs

- staff reductions by solicitation for voluntary retirement
- focus on the improvement in profitability of unprofitable products

Consolidated Results by Business (Y/Y)

Profitability increased in both business segments as the benefits from structural reforms came to fruition

¥ in millions of Yen	Year ended March 31, 2012	Year ending March 31, 2013	Growth Y/Y	
	1H (01 Apr 2011 – 30 Sep 2011)	1H (01 Apr 2012 – 30 Sep 2012)	Amount	%
Electronic components	85,869	84,851	(1,017)	(1.2)
Optical media and others	11,254	10,591	(663)	(5.9)
Total net sales	97,124	95,442	(1,681)	(1.7)
Electronic components	(901)	1,793	2,695	—
Optical media and others	(857)	(336)	520	—
Total operating income	(1,758)	1,457	3,216	—

Net Sales by Product (Y/Y)

Integrated modules & devices; sales increased driven by sales growth in the SAW/FBAR device market and added production capacity to meet demand

¥ in millions of Yen	Year ended March 31, 2012	Year ending March 31, 2013	Growth Y/Y	
	1H (01 Apr 2011 – 30 Sep 2011)	1H (01 Apr 2012 – 30 Sep 2012)	Amount	%
Capacitors	45,085	41,570	(3,515)	(7.8)
Ferrite and applied products	15,018	14,212	(805)	(5.4)
Integrated modules & devices	23,569	26,808	3,238	13.7
Other electronic components	2,195	2,260	64	2.9
Electronic components	85,869	84,851	(1,017)	(1.2)
Optical media products	7,678	7,295	(383)	(5.0)
Others	3,575	3,296	(279)	(7.8)
Optical media and others	11,254	10,591	(663)	(5.9)
Total	97,124	95,442	(1,681)	(1.7)

Yen to USD Exchange Rate and Impact on Performance

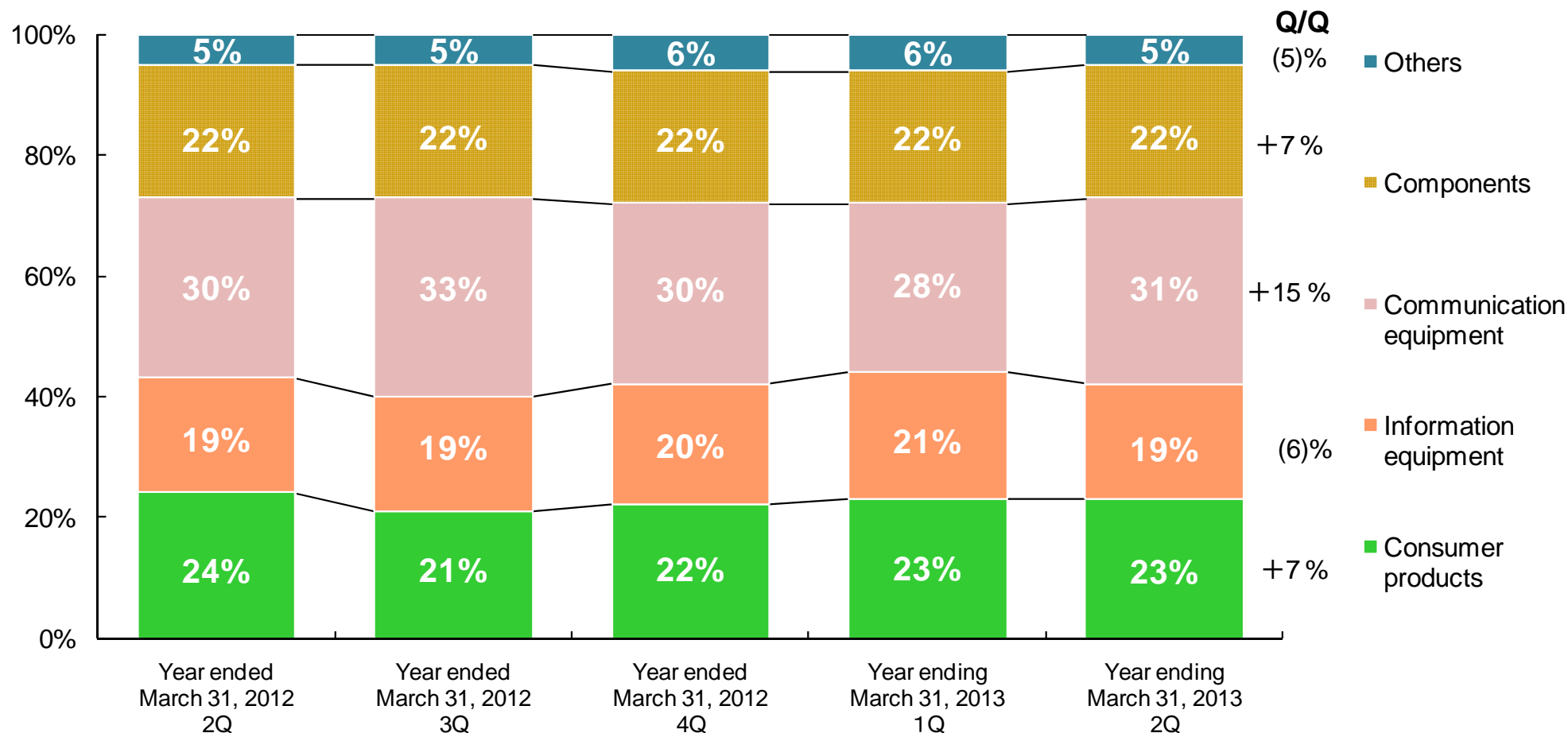
¥	Year ended March 31, 2012	Year ending March 31, 2013
	1H (01 Apr 2011 – 30 Sep 2011)	1H (01 Apr 2012 – 30 Sep 2012)
Average	80.63	80.14
Last day	76.65	77.57

- Y/Y - the value of the yen climbed ¥0.49. As a result, net sales declined ¥500 million. Positive gain of ¥100 million seen in operating income thanks to lower costs from weakness seen in Asian currencies.

Note: The results from the impact of exchange-rate fluctuations include the impact of currencies other than US dollars.

Sales of Electronic Components by Market Sector

Sales growth in the smartphone market helped an increase for the share of sales for products used for communication equipment to 31%



Key Expenditure Figures

¥ in millions of Yen	Year ending March 31, 2013			
	2Q (01 Jul 2012 – 30 Sep 2012)	1H (01 Apr 2012 – 30 Sep 2012)	Full year forecast [as of Nov 06, 2012] (01 Apr 2012 – 31 Mar 2013)	Portion of forecast
R&D expenses	1,670	3,293	7,000	47.0%
Capital investment	6,272	12,073	23,500	51.4%
Depreciation expenses	4,753	9,300	20,000	46.5%
Number of Employees [as of 30 Sep 2012]	Consolidated 16,411 [250] Non-consolidated 2,635 [12] *Brackets indicate a change from June 30, 2012			

Forecast of Consolidated Performance for the year ending March 31, 2013

Full-Year Forecast

Downward revisions were made to our initial outlook caused by stagnant demand for TVs and PCs

¥ in millions of Yen	Year ending March 31, 2013 [as of May 14, 2012] (01 Apr 2012 – 31 Mar 2013)	Year ending March 31, 2013 [as of Nov 6, 2012] (01 Apr 2012 – 31 Mar 2013)	Change	
			Amount	%
Net sales	210,000	195,000	(15,000)	(7.1)
Operating income	10,000	5,000	(5,000)	(50.0)
Ordinary income	9,000	3,000	(6,000)	(66.7)
Net income	5,500	0	(5,500)	—
R&D expenses	8,000	7,000	(1,000)	(12.5)
Capital investment	18,500	23,500	5,000	27.0
Depreciation expenses	20,000	20,000	0	—

Exchange rate assumption: An average exchange rate of US\$1: ¥79 for the second half of the fiscal year ending March 31, 2013.

Full-Year Forecast by Product

Downward revision were made to the sales forecast for Capacitors, Ferrite and applied products, and Integrated modules & devices

¥ in millions of Yen	Year ending March 31, 2013 [as of May 14, 2012] (01 Apr 2012 – 31 Mar 2013)	Year ending March 31, 2013 [as of Nov 6, 2012] (01 Apr 2012 – 31 Mar 2013)	Change	
			Amount	%
Capacitors	93,000	87,000	(6,000)	(6.5)
Ferrite and applied products	32,000	28,500	(3,500)	(10.9)
Integrated modules & devices	57,000	52,500	(4,500)	(7.9)
Other electronic components	5,000	5,000	0	—
Electronic components	187,000	173,000	(14,000)	(7.5)
Optical media products	15,000	15,000	0	—
Others	8,000	7,000	(1,000)	(12.5)
Optical media and others	23,000	22,000	(1,000)	(4.3)
Total	210,000	195,000	(15,000)	(7.1)

Half-Year Forecast

¥ in millions of Yen	Year ending March 31, 2013			
	Previous Forecast [as of 14 May, 2012]		Result	Revised Forecast [as of 06 Nov, 2012]
	1H (01 Apr 2012 – 30 Sep 2012)	2H (01 Oct 2012 – 31 Mar 2013)	1H (01 Apr 2012 – 30 Sep 2012)	2H (01 Oct 2012 – 31 Mar 2013)
Net sales	100,000	110,000	95,442	99,558
Operating income	3,500	6,500	1,457	3,543
Ordinary income	3,000	6,000	138	2,862
Net income	1,600	3,900	(626)	626
R&D expenses	4,000	4,000	3,293	3,707
Capital investment	11,000	7,500	12,073	11,427
Depreciation expenses	9,500	10,500	9,300	10,700

Half-Year Forecast by Product

¥ in millions of Yen		Year ending March 31, 2013			
		Previous Forecast [as of 14 May, 2012]		Result	Revised Forecast [as of 06 Nov, 2012]
		1H	2H	1H	2H
Capacitors	44,500	48,500	41,570	45,430	
Ferrite and applied products	15,300	16,700	14,212	14,288	
Integrated modules & devices	27,000	30,000	26,808	25,692	
Other electronic components	2,350	2,650	2,260	2,740	
Electronic components	89,150	97,850	84,851	88,149	
Optical media products	7,200	7,800	7,295	7,705	
Others	3,650	4,350	3,296	3,704	
Optical media and others	10,850	12,150	10,591	11,409	
Total	100,000	110,000	95,442	99,558	

Forward-Looking Statements

This document contains information about the plans, business results, and strategies of TAIYO YUDEN CO., LTD. and the TAIYO YUDEN Group. These forward-looking statements other than historical facts represent judgments made by the Company based on information available at present and are inherently subject to a variety of uncertainties. TAIYO YUDEN cannot provide any guarantee as to the attainment of certain figures in the future. The Company's actual activities and business results could differ significantly due to changes including, but not limited to, changes in the electronics market in which the Company's business activities are centered. Readers should not overly rely on the information contained in this document.

TAIYO YUDEN