

Consolidated Financial Results
for the Year Ended March 31, 2013

and

Future Management Policies

May 14, 2013

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President and Representative Director

Summary of Consolidated Results

¥ in 100million	Year ended March 31, 2012	Year ended March 31, 2013 FORECAST (i) as of 13 Feb 2013 [(ii) as of 14 May 2012]	Year ended March 31, 2013	Increase/ (Decrease)	
				Y/Y	Compared to (i) [(ii)]
Net sales	1,837	1,950 [2,100]	1,929	5%	(1)% [(8)%]
Operating income (loss)	(80)	50 [100]	50	—	(0)% [(50)%]
Ordinary income (loss)	(90)	60 [90]	73	—	21 % [(19)%]
Net income (loss)	(215)	30 [55]	20	—	(33)% [(64)%]

(Rounded off)

■ Compared with the forecast (ii) :

- Both net sales and operating income fell below forecasts due to a larger than expected drop in equipment production volume.

■ Y/Y

- The ratio of super high-end product sales increased. This improved product mix.
- Operating income and net income results were positive mainly due to fixed cost reductions from structural improvement.

Overview of Structural Improvement Measures for Enhancing Earnings

Structural Improvement Measures (Nov 2011 - Mar 2013)	Results	Details
Structural Reform		
Optimal use of overseas sites (Overseas production rate: 53%→70%)	△	<ul style="list-style-type: none"> ■ Completed overseas shift of capacitor and inductor production as planned ■ Demand for shifted products was lower than expected, while demand domestically for super high-end products increased ■ Ratio of overseas production: 60% (4Q FYE Mar. 2013)
Withdrawal from unprofitable products	○	<ul style="list-style-type: none"> ■ Completed disposition of unprofitable products
Restructuring of domestic and overseas sites and personnel reductions	○	<ul style="list-style-type: none"> ■ Completed personnel downsizing as planned
Restriction of Capital Investment (¥15 billion forecast for FYE Mar. 2013)	○	<ul style="list-style-type: none"> ■ Depreciation expenses (FYE2013+2014) > Capital investment (FYE2013+2014) ■ Up front investments were made for super high-end products and capital investment amount for FYE Mar. 2013 was ¥20.7 billion
Reduction of SG&A and other expenses	○	<ul style="list-style-type: none"> ■ SG&A for FYE Mar. 2013: down ¥ 2 billion Y/Y
Lowering of currency exchange rate influence (40% reduction)	○	<ul style="list-style-type: none"> ■ Influence of exchange rates reduced 40% ■ Exchange rate influence in FYE Mar. 2013 was ¥0.7 billion in operating income for every ¥1 change.

**Operating with ¥10,000 million less in fixed costs as of March 31, 2013
(compared with annualized figure for the 1H of FYE Mar. 2012)**

Overview of Growth Strategies for Enhancing Earnings

Growth Strategies	Achievements and Details
Expand presence in growth equipment	<p>■ Ratio of super high-end product sales:</p> <p style="text-align: center;">18% → 27%</p> <p style="text-align: center;">(FYE Mar 2012) (FYE Mar 2013)</p> <ul style="list-style-type: none">▪ Increased sales of super high-end product▪ Accelerated new product marketing with FAE (increase to 100 people)
Expand presence in key target market	<p>■ Sales composition ratio:</p> <p style="text-align: center;">5% → 10%</p> <p style="text-align: center;">(FYE Mar 2012) (FYE Mar 2013)</p> <ul style="list-style-type: none">▪ Enhanced product line-up for automotive and industrial equipment markets▪ Expanded and strengthened sales channels

Issues to be Addressed

Stakeholder Evaluations and Concerns

Market base

Product base

Customer base

Financial base



**Resolve management challenges
by attaining Medium-term Management Plan targets (*)**

(*) Medium-term Management Plan

■ Year ending March 2015

Net sales ¥250,000 million, Operating income ¥20,000 million, ROE8%

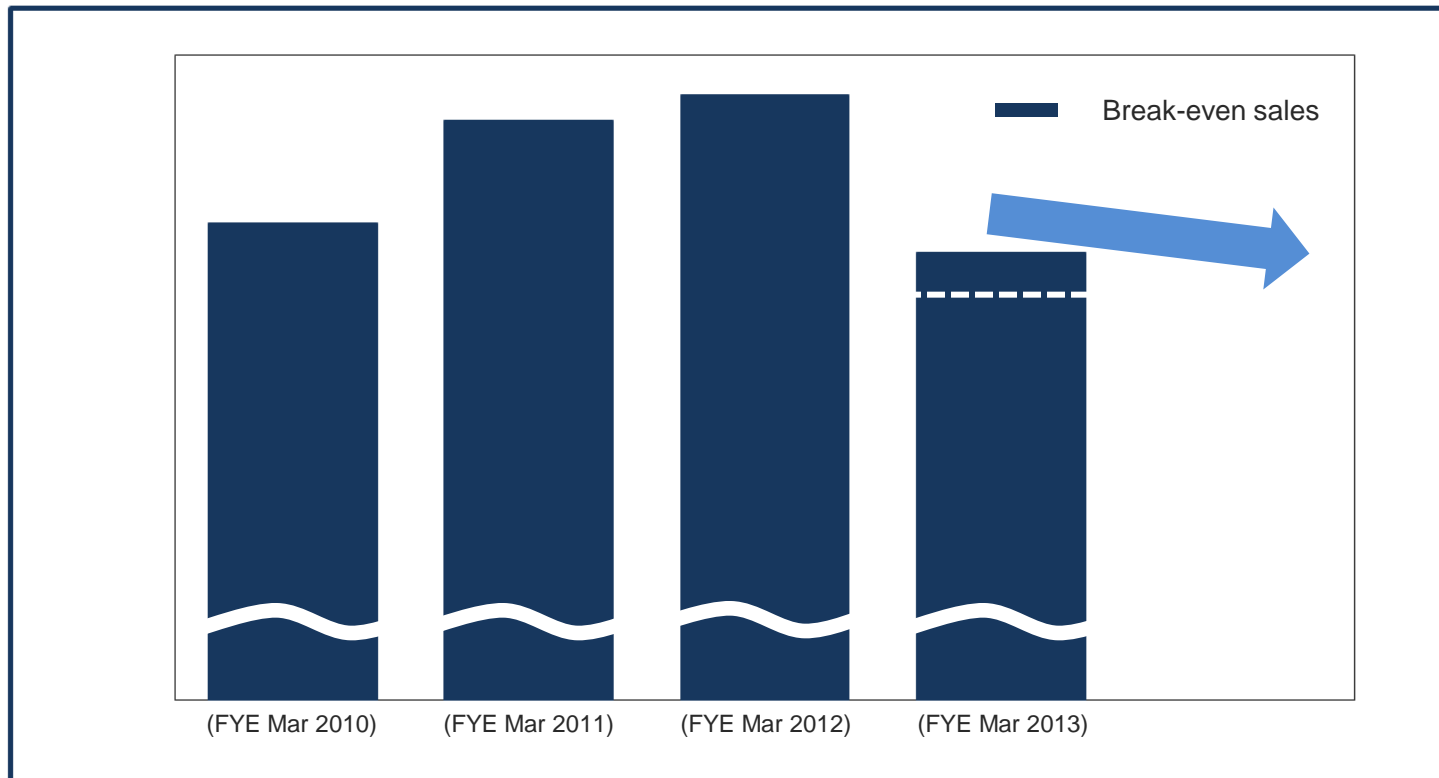
■ Year ending March 2016

Positive net cash position (positive FCF for each FY to improve financial indicators)

Reduce the break-even point

■ Continually improve earnings and operating structure

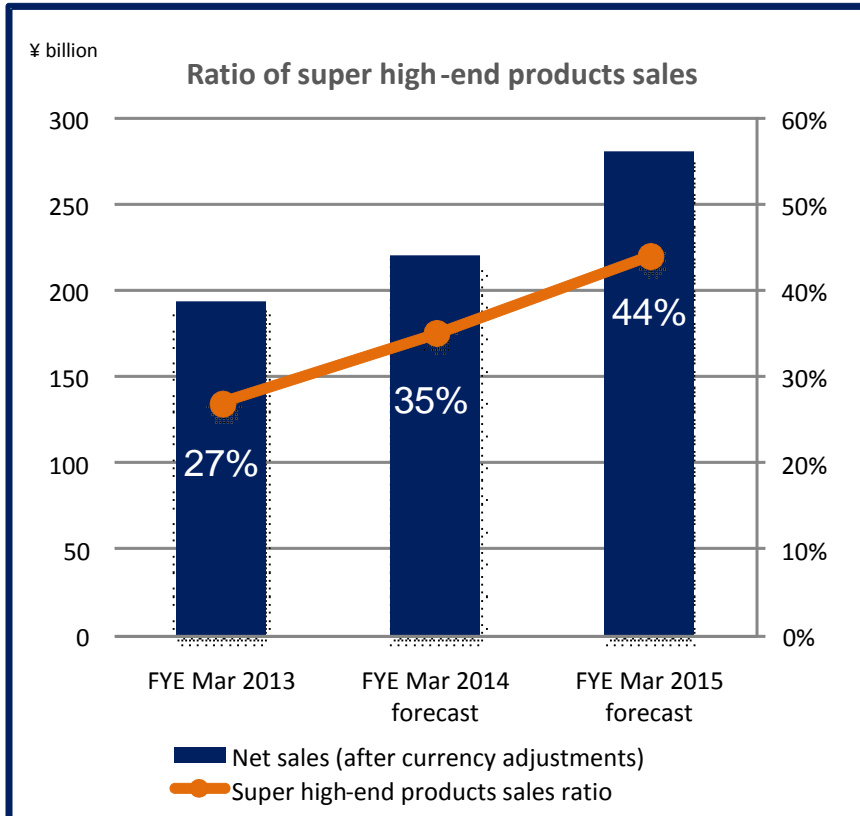
- Improve the marginal profit ratio by increasing the ratio of super high-end product sales
- Curb fixed costs and continually reduce expenses



Improve Position within the Sector (Customer Base)

Super high-end product is a product...

1. that can reach the top of its market on a global scale.
2. that can only be carried by 2.5 companies in the sector.
3. for growth markets.
4. that fulfills customer needs.



Super high-end products

(introducing main products only)

Capacitors:

- Small and high capacitance multilayer ceramic capacitors (MLCC)
- MLCC (over 100 μ F)
- Ultra thin MLCC

Inductors:

- MCOIL™
- High-Q inductors

Integrated modules & devices

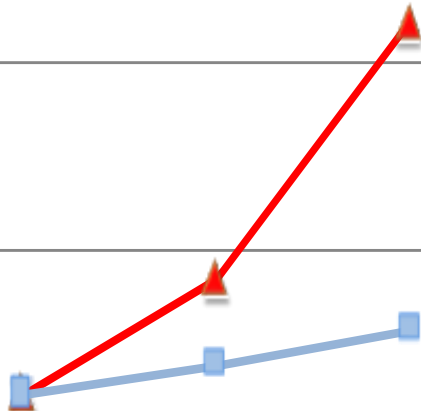
- SAW/FBAR devices
- EOMIN™

Other electronic components:

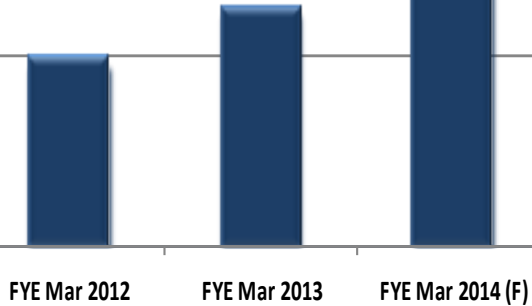
- Energy devices

Increase Sales of Growth Equipment (Product Base)

▲ TAIYO YUDEN sales for mobile phone
 ■ Worldwide mobile phone production (Increase ratio)



■ TAIYO YUDEN sales for mobile phone (amount)



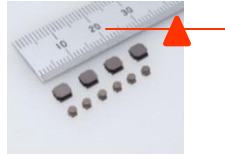
Super high-end products for smartphones

- **High-Q inductors**
- **Ultra small multilayer ceramic chip inductors**
 - Enhance lineup of EIA01005/0201



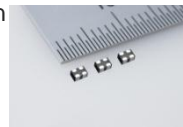
- **Compact large-current power inductors**

- Enhance lineup of MCOIL™
- Speed up production capacity increases



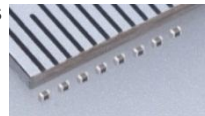
- **Multilayer common mode choke coils**

- Leverage superior multilayer technologies to speed up miniaturization



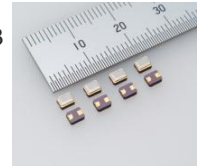
- **Small and high capacitance multilayer ceramic capacitors**

- Expand production capacity of super high-end products



- **Ceramic type polyacene capacitors**

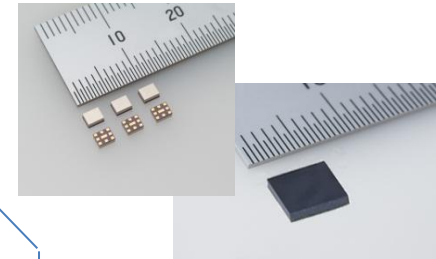
- No.1 share in the industry
- Increase use through market growth
- Double production capacity compared to FYE Mar 2013



- **SAW/FBAR devices**

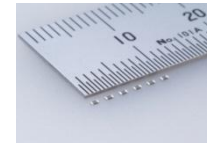
- **Front-end modules**

- Increased FBAR demand from use of higher frequencies
- Expand capacity as demand increases



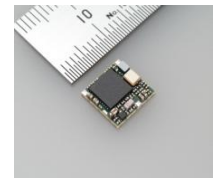
- **Ultra thin multilayer ceramic capacitors**

- Enhance lineup of thin type



- **Embedded-parts multilayer wiring substrate EOMIN™**

- Accelerate the expansion into FEM

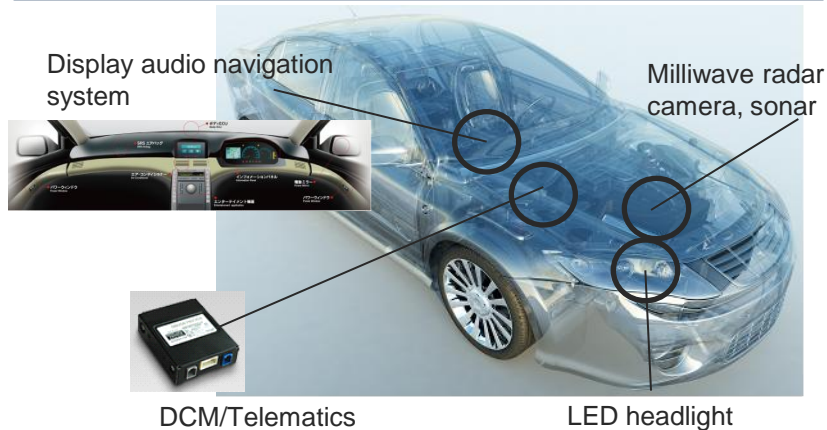


Expansion in Key Target Markets (Market Base)

Initiatives targeting the automotive and industrial equipment markets

- 90% of our capacitor/inductor product lineup geared toward markets that demand superior quality
- Increase distributors 1.5 fold and expand sales sites in China
- Strengthen cylinder capacitors and regenerative energy modules for energy segments

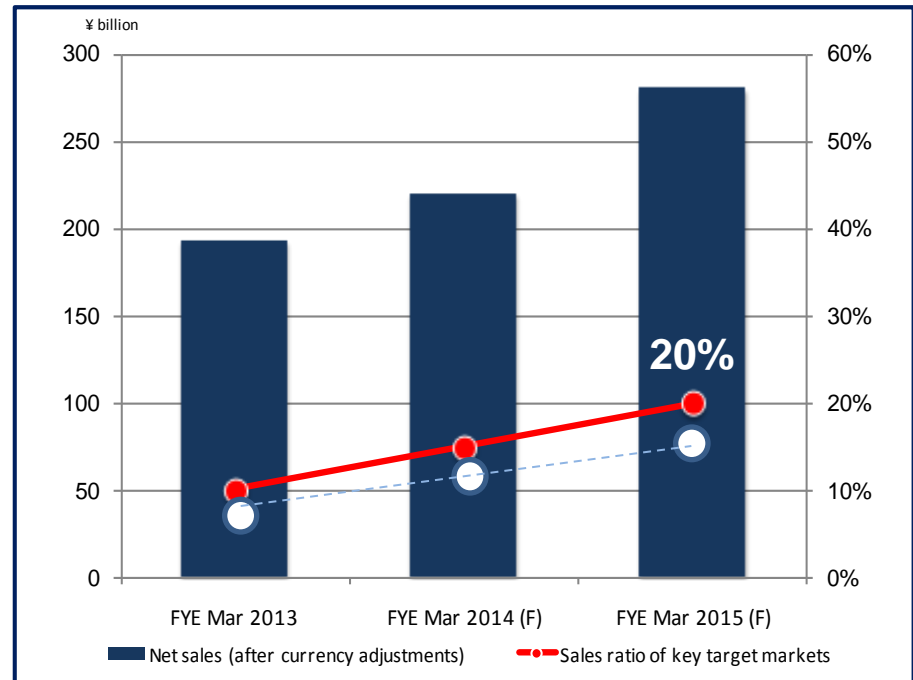
Catch up with the constantly evolving automotive market



- Growing demand for DC-DC converters with ECU decentralization
- Advancements in high density mounting with growing sophistication of telecom functions

Increased demand for TAIYO YUDEN products

Raise target of sales composition ratio 15%→20%



Assumptions of Performance Forecast for FYE March 2014

Equipment Production Forecast

Volume in 100 million	Year ended March 31, 2013	Year ending March 31, 2014	Y/Y
LCD TV	2.0	2.1	4%
Compact	1.0	0.8	(16)%
SLR	0.2	0.2	7%
Digital cameras	1.2	1.1	(12)%
Feature phones	7.4	6.7	(9)%
Smartphones	7.4	9.3	27%
Mobile phones	14.8	16.0	9%
Desktop	1.2	1.1	(5)%
Notebook	2.0	2.0	2%
Tablet	1.4	1.7	29%
PCs	4.6	4.8	8%
HDD	5.7	6.0	5%

Consolidated Performance and Dividend Forecast for FYE March 2014

¥ in 100million	Year ended March 31, 2013	Year ending March 31, 2014 FORECAST	Growth Y/Y	
			Amount	%
Net sales	1,929	2,200	271	14
Operating income	50	200	150	301
Ordinary income	73	190	112	155
Net income	20	130	110	550
(Rounded off)				
Exchange rate (1US \$)	¥82.09	¥95.00	—	—

■ Dividend forecast

· Annual dividend of ¥10 for the year ending March 2014

⇒ Total return ratio (dividend + purchase of treasury stock) to be increased to 30% after Medium-term Management Plan targets met

Forecast by Main Product for FYE March 2014

¥ in 100million	Year ended March 31, 2013	Year ending March 31, 2014 FORECAST	Growth Y/Y	Highlights
Capacitors	899	1,060	18%	Super high-end products ➤ Boost production capacity by over 10%
Ferrite and applied products	285	360	26%	MCOIL™ ➤ Supply 400 million units per month by the end of FYE Mar. 2014
Integrated modules & devices	478	530	11%	Communication devices ➤ Significantly expand FBAR capacity

(Rounded off)

Concentrated investments in super high-end products

Keep capital investments less than depreciation expenses
[Capital investment: ¥22 billion Depreciation expenses: ¥23.5 billion]

Quantitative Targets Post-Medium-term Management Plan

- ✓ Net sales ¥300 billion
- ✓ The highest operating income(*)
- ✓ ROE 10% or more

(*) ¥35.3 billion (Year ended March 31, 2001)

■ Increase sales ratio of key target markets to 30%

- Generate new markets → Working to expand sales of “next high-end product lineup”
- Roll out highly functional advanced integrated modules & devices
- Roll out new business model

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TAIYO YUDEN