

Company name: TAIYO YUDEN CO., LTD.  
 URL: <http://www.ty-top.com/>  
 Representative: Eiji Watanuki, President and Chief Executive Officer  
 Contact: Finance and Accounting Department  
 Telephone number: +81-3-3832-0101  
 Listing exchange: Tokyo Stock Exchange (Code Number: 6976)

## Consolidated Results for the Nine Months Ended December 31, 2014 (April 1, 2014 – December 31, 2014)

Unit: Millions of yen (Millions of yen rounded down unless otherwise stated)

### Overview of Operating Results

Item	Period		Nine months ended December 31, 2013		Nine months ended December 31, 2014		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales	158,341	100.0	167,229	100.0	8,888		5.6	
Operating income	8,932	5.6	8,176	4.9	(756)		(8.5)	
Ordinary income	10,147	6.4	10,541	6.3	394		3.9	
Income before income taxes and minority interests	8,316	5.3	10,108	6.0	1,791		21.5	
Net income	6,001	3.8	5,954	3.6	(47)		(0.8)	
Comprehensive income	16,112	-	20,599	-	4,486		27.8	
Net income per share [Yen]		50.99		50.57				
Diluted net income per share [Yen]		50.92		46.61				
R&D expenses		5,381		6,083		702		13.0
Capital investment		13,706		13,309		(396)		(2.9)
Depreciation and amortization		15,155		15,889		734		4.8

Notes: Share data is computed as a ratio of net sales.

	As of March 31, 2014	As of December 31, 2014	Increase/(Decrease)	
	Amount	Share [%]	Amount	[%]
Total assets	247,596		267,514	8.0
Net assets	128,556		148,034	15.2
Equity ratio	51.8%		55.2%	3.4pt
Net assets per share [Yen]	1,090.26		1,254.95	15.1

### Net Sales by Product Segment

Product segment	Nine months ended December 31, 2013		Nine months ended December 31, 2014		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Capacitors	79,049	49.9	83,111	49.7	4,062	5.1
Ferrite and applied products	26,380	16.7	30,987	18.5	4,607	17.5
Integrated modules & devices	32,427	20.5	36,072	21.6	3,645	11.2
Other electronic components	4,049	2.5	3,270	2.0	(779)	(19.2)
Electronic components	141,906	89.6	153,443	91.8	11,536	8.1
Optical media products	10,599	6.7	9,423	5.6	(1,175)	(11.1)
Others	5,834	3.7	4,363	2.6	(1,471)	(25.2)
Optical media and others	16,434	10.4	13,786	8.2	(2,647)	(16.1)
Total	158,341	100.0	167,229	100.0	8,888	5.6

# TAIYO YUDEN

# Consolidated Results for the nine months ended December 31, 2014

February 5, 2015

Preparation of supplementary materials for the quarterly financial results: Yes  
Holding of presentation of quarterly financial results: Yes (For institutional investors and investment analysts)

## 1. Consolidated financial results for the period from April 1, 2014 to December 31, 2014

(1) Operating results (Percentages represent changes from the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2014	167,229	5.6	8,176	(8.5)	10,541	3.9	5,954	(0.8)
Nine months ended December 31, 2013	158,341	8.4	8,932	177.9	10,147	150.0	6,001	164.9

Note: Comprehensive income ended on December 31, 2014 20,599 million yen ; 27.8% ended on December 31, 2013 16,112 million yen ; 134.9%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2014	50.57	46.61
Nine months ended December 31, 2013	50.99	50.92

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2014	267,514	148,034	55.2	1,254.95
As of March 31, 2014	247,596	128,556	51.8	1,090.26

(Reference) Shareholder's equity As of Dec. 31, 2014 147,767 million yen As of March 31, 2014 128,375 million yen

## 2. Dividend information

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	—	5.00	—	5.00	10.00
Year ending March 31, 2015	—	5.00	—		
Year ending March 31, 2015 (forecast)				5.00	10.00

Note: No changes in the forecasted dividend during the third quarter ended December 31, 2014.

### 3. Forecasts of operating results for the period from April 1, 2014 to March 31, 2015.

(Percentages represent changes from same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2015	220,000	5.7	14,000	23.3	14,000	14.8	8,500	21.6	72.19

Note: There are no changes in the forecasted results during the third quarter ended December 31, 2014.

### 4. Note

(1) Changes in principal subsidiaries during the nine months ended Dec. 31, 2014: No

(2) Adoption of specific accounting procedures for quarterly consolidated reporting: No.

(3) Changes in accounting policies and accounting estimates, and restatements

a. Changes in accounting policies due to the revision of accounting standards: No

b. Changes in accounting policies by the reasons other than "a.": No

c. Changes in accounting estimates: No

d. Restatement: No

(4) Number of common shares outstanding :

a. Number of common shares outstanding (including treasury stock):

As of Dec. 31, 2014 120,481,395 shares As of March 31, 2014 120,481,395 shares

b. Number of treasury stock:

As of Dec. 31, 2014 2,734,119 shares As of March 31, 2014 2,733,602 shares

c. Average number of common shares outstanding:

Nine months ended Dec. 31, 2014 117,747,547 shares Nine months ended Dec. 31, 2013 117,699,570 shares

Others :

1. This financial press release is out of scope of the review procedure based on the Financial Instruments and Exchange Act in Japan. As of time of press release date, the quarterly review procedure is ongoing.

2. Forecasts of operating results include a number of assumptions based on information currently available and certain premises which were judged to be rational. Please note that these forecasts may significantly differ from actual results with various factors.

3. TAIYO YUDEN will post the financial supplementary data on its web-site.

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# **1. Qualitative Information Concerning Financial Statements and Other**

## **(1) Consolidated Operating Results**

### **Economy and Market Conditions**

During the first nine-month period of the fiscal year (April 1, 2014 to December 31, 2014), the business environment surrounding the Group exhibited a modest recovery trend in line with that of the world economy. This modest recovery was led by the economy of major developed nations such as the United States and was offset by slower economic growth in other regions.

### **Company Actions Planned to Offset These Conditions**

TAIYO YUDEN Group continues to implement measures that balance a growth strategy and structural reforms with an emphasis on improving profitability. The Companies' growth strategy calls for an increase in sales of their highly competitive super high-end products that support key growth applications for devices such as smartphones and tablet devices. In July 2014, the Company's subsidiary TAIYO YUDEN Mobile Technology Co., Ltd. relocates its head office to Ome, Tokyo and increased its production capacity of RF devices. Meanwhile, NIIGATA TAIYO YUDEN CO., LTD., a capacitor manufacturer, is planned to complete construction on a new plant in December 2015. In addition, the Companies have endeavored to diversify and expand sales channels, to strengthen system solution proposal capabilities, and to promote sales of high reliability products, positioning electrical components used in automobiles, industrial equipment, healthcare, and environmental energy as focus markets. A key structural reform initiative is the focus on improving the break-even point, which includes managing net profits using a "mini company system" and continually enhancing the Company's structure.

### **Overview of Business Performance**

Consolidated net sales for the nine-month period ended December 31, 2014 totaled ¥167,229 million, which is an increase of 5.6% compared to the

corresponding period of the previous fiscal year. Operating income was ¥8,176 million, a decrease of 8.5%, an ordinary income was ¥10,541 million, an increase of 3.9%, and a net income was ¥5,954 million, a decrease of 0.8% compared to the same period of the previous fiscal year. In the same period, net sales increased. This was driven by strong shipment results starting in the second quarter for products used in smartphones. The Company also experienced a decrease in operating income and net income year over year. This was attributable to temporary expenses incurred as a result of the consolidation of certain business segments as well as an increase in certain fixed costs.

### **Exchange Rate**

The average foreign currency exchange rate for the nine-month period ended December 31, 2014 was US\$1: ¥104.97. This is a depreciation of ¥6.55 as compared to the average realized in the same period of the previous fiscal year of US\$1: ¥98.42.

### **Net Sales by Product Segment**

#### *Electronic Components*

##### Capacitors

The capacitor product segment is comprised of multilayer ceramic capacitors. For the nine-month period ended December 31, 2014, capacitor sales for consumer products, i.e. TVs, information equipment, i.e. PCs decreased year over year. This decrease was offset by an increase year over year in capacitor sales for communication equipment, which focused on smartphones, and automobiles/industrial equipment. In total, sales for this product segment increased 5.1% year over year to ¥83,111 million.

##### Ferrite and Applied Products

This product segment is comprised of various inductors including metal power inductor “MCOIL™”, wire-wound inductors and multilayer chip inductors. In the nine-month period ended December 31, 2014, sales increased by 17.5% to ¥30,987 million as compared to the same period of the previous fiscal year. Product sales for consumer products were lower as compared to the corresponding period of the previous fiscal year. This was offset by an increase in sales for information equipment, communication

equipment and automobiles/industrial equipment.

#### **Integrated Modules & Devices**

This product segment is comprised of SAW/FBAR devices for mobile communications, a wide range of power supply and high frequency modules, and embedded-parts multilayer wiring substrates “EOMIN<sup>TM</sup>”. For the nine-month period ended December 31, 2014, sales for power supply modules and high frequency modules decreased year over year and sales for SAW/FBAR devices for mobile communications increased year over year. This resulted in an 11.2% increase in total sales for this product segment year over year to ¥36,072 million.

#### **Other Electronic Components**

This segment is mainly made up of energy devices. For the nine-month period ended December 31, 2014, sales decreased 19.2% to ¥3,270 million as compared to the corresponding period of the previous fiscal year.

#### **Optical Media and Others**

##### **Optical Media Products**

For this product segment, the Company manufactures and sells CD-Rs, DVD-Rs/DVD+Rs as well as recordable Blu-ray Discs (BD-Rs). Optical media product sales in the nine-month period ended December 31, 2014 fell to ¥9,423 million, which is 11.1% lower as compared with the corresponding period of the previous fiscal year.

##### **Others**

Sales in this segment are primarily generated from our product mounting business done by a subsidiary company. For the nine-month period ended December 31, 2014, sales in this segment decreased 25.2% year over year to ¥4,363 million.

## **(2) Consolidated Financial Condition**

### **1. Changes in Financial Condition**

#### **Assets**

Total assets as of December 31, 2014 increased ¥19,917 million to ¥267,514 million compared with the end of the previous fiscal year.

Current assets increased ¥12,306 million in comparison to the previous fiscal year. This was mainly attributable to a decrease of ¥15,475 million in cash and deposits and increase of ¥17,938 million in trade notes and accounts receivable, ¥2,473 million in merchandise and finished products, ¥2,703 million in work in process and ¥1,852 million in raw materials and supplies.

Fixed assets increased by ¥7,611 million driven by an increase in property, plant and equipment of ¥3,937 million and in investment securities of ¥4,411 million. The increase in investment securities includes the acquisition of Class A preferred shares of ELNA Co., Ltd.

#### **Liabilities**

Total liabilities as of December 31, 2014 were ¥119,479 million, an increase of ¥439 million as compared to the balance at March 31, 2014. This was mainly due to an increase in trade notes and accounts payable of ¥5,488 million, and a decrease in current portion of long-term borrowings of ¥7,201million

#### **Net Assets**

Net assets as of December 31, 2014 increased ¥ 19,478 million to ¥148,034 million compared with the end of the previous fiscal year.

### **(3) Forecasts of Consolidated Operating Results**

There is no change in the forecasts of consolidated operating results for the fiscal year ending March 31, 2015 that was previously announced on May 14, 2014.



## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and deposits	59,250	43,775
Trade notes and accounts receivable	43,012	60,951
Merchandise and finished products	14,179	16,653
Work in process	13,457	16,161
Raw materials and supplies	9,927	11,779
Other	4,254	7,079
Allowance for doubtful receivables	(322)	(334)
Total current assets	143,759	156,065
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	70,723	75,216
Machinery and equipment	226,115	244,382
Tools, furniture and fixtures	20,257	22,171
Land	7,697	8,456
Construction in progress	4,481	5,840
Accumulated depreciation	(234,877)	(257,732)
Net property, plant and equipment	94,397	98,335
Intangible fixed assets:		
Goodwill	600	150
Other	811	733
Total intangible fixed assets	1,412	883
Investments and other assets:		
Investment securities	4,859	9,271
Other	3,493	3,337
Allowance for doubtful receivables	(325)	(378)
Total investments and other assets	8,027	12,229
Total fixed assets	103,837	111,448
Total assets	247,596	267,514

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	18,597	24,086
Current portion of bonds payable	8,000	8,000
Current portion of convertible bonds with stock acquisition rights	365	-
Short-term borrowings	10,623	12,384
Current portion of long-term borrowings	12,472	5,270
Income taxes payable	1,159	2,372
Accrued bonuses for employees	2,746	1,243
Accrued bonuses for directors and corporate auditors	74	81
Other	14,352	17,882
<b>Total current liabilities</b>	<b>68,392</b>	<b>71,321</b>
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,096	20,085
Long-term borrowings	21,861	16,957
Accrued retirement benefits for directors and corporate auditors	117	126
Net defined benefit liability	1,936	2,406
Other	6,635	8,582
<b>Total long-term liabilities</b>	<b>50,647</b>	<b>48,158</b>
<b>Total liabilities</b>	<b>119,040</b>	<b>119,479</b>
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,495	41,495
Retained earnings	73,597	78,369
Treasury stock	(3,412)	(3,413)
<b>Total shareholders' equity</b>	<b>135,236</b>	<b>140,008</b>
Accumulated other comprehensive income		
Net unrealized holding gains on securities	979	2,141
Deferred gains (losses) on hedges	(31)	(49)
Foreign currency translation adjustments	(7,774)	5,695
Post retirement benefit liability adjustments of foreign subsidiaries	(34)	(29)
<b>Total accumulated other comprehensive income</b>	<b>(6,860)</b>	<b>7,758</b>
Stock acquisition rights	170	227
Minority interests	9	39
<b>Total net assets</b>	<b>128,556</b>	<b>148,034</b>
<b>Total liabilities and net assets</b>	<b>247,596</b>	<b>267,514</b>

## (2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Operations)

(Nine months ended December 31, 2014 and 2013)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	158,341	167,229
Cost of sales	122,147	129,283
Gross profit	36,193	37,945
Selling, general and administrative expenses	27,261	29,769
Operating income	8,932	8,176
Non-operating income:		
Interest income	199	265
Dividend income	80	81
Equity in earnings of affiliate	7	9
Gain on foreign exchange	1,564	2,056
Subsidy income	130	755
Other	128	210
Total non-operating income	2,110	3,378
Non-operating expenses:		
Interest expense	395	245
Interest on bonds	55	55
Compensation expenses	26	161
Depreciation of inactive noncurrent assets	303	253
Other	115	297
Total non-operating expenses	895	1,013
Ordinary income	10,147	10,541
Extraordinary gains:		
Gain on sales of property, plant and equipment	22	22
Other	-	2
Total extraordinary gains	22	24
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	260	335
Impairment loss	548	36
Loss on evaluation of investment securities	131	1
Business structure improvement expenses	863	83
Other	49	0
Total extraordinary losses	1,853	457
Income before income taxes and minority interests	8,316	10,108
Income taxes - current	2,000	3,046
Income taxes - deferred	333	1,082
Total income taxes	2,333	4,128
Income before minority interests	5,983	5,979
Minority interests in income (loss)	(17)	25
Net income	6,001	5,954

(Consolidated Statements of Comprehensive Income)

(Nine months ended December 31, 2014 and 2013)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	5,983	5,979
Other comprehensive income		
Net unrealized holding gains on securities	638	1,161
Deferred gains (losses) on hedges	(91)	(17)
Foreign currency translation adjustments	9,581	13,470
Post retirement benefit liability adjustments of foreign subsidiaries	-	4
Total other comprehensive income	10,129	14,619
Comprehensive income	16,112	20,599
(Breakdown)		
Comprehensive income attributable to shareholders	16,130	20,573
Comprehensive income (loss) attributable to minority interest	(17)	25

### (3) Notes on Consolidated Financial Statements

(Notes on Premise of Going Concern)

No relevant items to report.

(Notes in Case of Significant Changes to Shareholders' Equity)

No relevant items to report.

## 3. Supplementary Information

### (1) Net Sales by Product Segment

(Millions of yen)

Product segment	Nine months ended December 31, 2013		Nine months ended December 31, 2014		Increase/ (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	%
Capacitors	79,049	49.9	83,111	49.7	4,062	5.1
Ferrite and applied products	26,380	16.7	30,987	18.5	4,607	17.5
Integrated modules & devices	32,427	20.5	36,072	21.6	3,645	11.2
Other electronic components	4,049	2.5	3,270	2.0	(779)	(19.2)
Electronic components	141,906	89.6	153,443	91.8	11,536	8.1
Optical media products	10,599	6.7	9,423	5.6	(1,175)	(11.1)
Others	5,834	3.7	4,363	2.6	(1,471)	(25.2)
Optical media and others	16,434	10.4	13,786	8.2	(2,647)	(16.1)
Total	158,341	100.0	167,229	100.0	8,888	5.6

Note: The aforementioned amounts are exclusive of consumption and related taxes.