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 Listing exchange: Tokyo Stock Exchange (Code Number: 6976)

Consolidated Results for the Three Months Ended June 30, 2016 (April 1, 2016 – June 30, 2016)

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

Overview of Operating Results

Item	Period	Three months ended June 30, 2015		Three months ended June 30, 2016		Increase/(Decrease)	
		Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales		56,518	100.0	53,471	100.0	(3,047)	(5.4)
Operating income		5,037	8.9	2,074	3.9	(2,963)	(58.8)
Ordinary income		5,052	8.9	829	1.6	(4,222)	(83.6)
Income before income taxes and minority interests		4,471	7.9	388	0.7	(4,082)	(91.3)
Net income attributable to owners of parent company		3,058	5.4	224	0.4	(2,833)	(92.7)
Comprehensive income (loss)		3,884	-	(9,324)	-	(13,209)	-
Net income per share [Yen]			25.97		1.90		
Diluted net income per share [Yen]			23.95		1.74		
R&D expenses			2,178		2,261	82	3.8
Capital investment			6,202		6,437	234	3.8
Depreciation and amortization			5,493		5,888	395	7.2

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

	As of March 31, 2016	As of June 30, 2016	Increase/(Decrease)	
			Amount	[%]
Total assets	268,380	254,697	(13,683)	(5.1)
Net assets	153,381	142,837	(10,543)	(6.9)
Equity ratio	57.1%	56.0%	(1.1) pt	-
Net assets per share [Yen]	1,299.75	1,210.30	(89.45)	(6.9)

Net Sales by Product Segment

Product segment	Three months ended June 30, 2015		Three months ended June 30, 2016		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Capacitors	28,427	50.3	26,963	50.4	(1,463)	(5.1)
Ferrite and applied products	10,634	18.8	9,243	17.3	(1,391)	(13.1)
Integrated modules & devices	14,153	25.0	15,860	29.7	1,706	12.1
Others	3,302	5.8	1,404	2.6	(1,898)	(57.5)
Total	56,518	100.0	53,471	100.0	(3,047)	(5.4)

TAIYO YUDEN

Consolidated Results for the three months ended June 30, 2016

August 3, 2016

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, 2016 to June 30, 2016

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2016	53,471	(5.4)	2,074	(58.8)	829	(83.6)	224	(92.7)
Three months ended June 30, 2015	56,518	17.5	5,037	-	5,052	-	3,058	-

Note: Comprehensive income ended on June 30, 2016 (9,324) million yen ; - % ended on June 30, 2015 3,884 million yen ; - %

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2016	1.90	1.74
Three months ended June 30, 2015	25.97	23.95

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	254,697	142,837	56.0	1,210.30
As of March 31, 2016	268,380	153,381	57.1	1,299.75

(Reference) Shareholder's equity As of June 30, 2016 142,593 million yen As of March 31, 2016 153,132 million yen

2. Dividend information

	Cash dividends per share				
	1Q	2Q	3Q	Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2016	—	5.00	—	10.00	15.00
Year ending March 31, 2017	—				
Year ending March 31, 2017 (forecast)		10.00	—	10.00	20.00

Note: No changes in the forecasted dividend during the first quarter ended June 30, 2016.

3. Forecasts of operating results for the period from April 1, 2016 to March 31, 2017

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	113,000	(7.5)	5,000	(64.9)	4,500	(67.5)	2,000	(74.8)	16.98
Year ending March 31, 2017	225,000	(6.4)	10,000	(57.2)	9,000	(59.6)	4,000	(72.9)	33.95

Note: There are no changes in the forecasted results during the first quarter ended June 30, 2016.

4. Note

(1) Changes in principal subsidiaries during the three months ended June 30, 2016: 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: Yes

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 June 30, 2016 120,481,395 shares

As of March 31, 2016

120,481,395 shares

b. Number of treasury stock:

As of June 30, 2016 2,664,693 shares

As of March 31, 2016

2,664,538 shares

c. Average number of common shares outstanding:

Three months ended
June 30, 2016 117,816,769 shares

Three months ended
June 30, 2015

117,747,806 shares

Others :

1. This financial press release is out of scope of the audit 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 three-month period ended June 30, 2016, the business environment surrounding the Group generally showed a tone of recovery for the global economy as a whole due to ongoing steady growth in developed countries, while uncertainty persists in some of these countries, despite the slowdown observed in China and other emerging nations. Nevertheless, the situation remains unpredictable, including financial market trends accompanying sharp fluctuations in exchange rates and developments in the withdrawal of the United Kingdom from the European Union.

Company Actions Planned to Offset These Conditions

TAIYO YUDEN Group aims to achieve its medium-term targets and management vision by focusing on growth markets such as communication equipment and automotive and industrial equipment centered on the solution business that leverages the Group's core technologies, in addition to super high-end products and high reliability products that draw on the Group's strengths of research and development and production technology.

In the communication device market, demand for ultra-small and high reliability components is expected to rise significantly because of a sharp increase in equipment connected to the internet. This increase results from the development of the IoT as well as continued advances in smartphone functionality and performance. In the automotive and industrial equipment markets, demand for large, high voltage resistant, high reliability components is expected to rise along with the proliferation of hybrid and electric vehicles and the further advances of electronic components in industrial equipment. In these markets, TAIYO YUDEN Group is working to expand sales of highly competitive, super high-end products and high reliability products, such as capacitors, inductors, and integrated modules & devices. In the solution business, another focus of growth, TAIYO YUDEN Group is promoting the development of new businesses that combine the Group's core technologies

in the following areas: multilayer, optical, integration, surface processing, wireless, and power sources. The Group is also working to strengthen monozukuri (manufacturing) capabilities in order to build a system that will enhance profitability and meet future increases in demand for components. In addition to enhancing production capacity, the Group is accelerating improvements in production efficiency by promoting advances in underlying technologies and transforming production methods.

Overview of Business Performance

Consolidated net sales for the three-month period ended June 30, 2016 totaled ¥53,471 million, which is a decrease of 5.4% compared to the corresponding period of the previous fiscal year. Operating income was ¥2,074 million, a decrease of 58.8%, an ordinary income was ¥829 million, a decrease of 83.6% compared to the corresponding period of the previous fiscal year. The Company recorded ¥381 million in business structure improvement expenses. As a result, net income attributable to owners of the parent company amounted to ¥224 million, down by 92.7% from the same period of the previous fiscal year.

Exchange Rate

The average foreign currency exchange rate for the three-month period ended June 30, 2016 was US\$1:¥110.70. This is an appreciation of ¥9.54 as compared to the average realized in the corresponding period of the previous fiscal year of US\$1:¥120.24.

Net Sales by Product Classification

Capacitors

The capacitor product segment is comprised of multilayer ceramic capacitors. For the three-month period ended June 30, 2016, capacitor sales for automobiles/industrial equipment increased year over year. This increase was offset by an decrease year over year in capacitor sales for consumer products, i.e. TVs, information equipment, i.e. PCs, and Communication equipment, which focused on smartphones. In total, sales for this product segment decreased 5.1% year over year to ¥26,963 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 three-month period ended June 30, 2016, sales decreased 13.1% to ¥9,243 million as compared to the same period of the previous fiscal year. Product sales for consumer products, information equipment and communication equipment were lower as compared to the corresponding period of the previous fiscal year.

Integrated Modules & Devices

This product segment is comprised of FBAR/SAW devices for mobile communications, a wide range of power supply and high frequency modules, embedded-parts multilayer wiring substrates “EOMIN™” and our product mounting business done by a subsidiary company. For the three-month period ended June 30, 2016, sales for power supply modules decreased year over year and sales for high frequency modules, FBAR/SAW devices for mobile communications increased year over year. This resulted in a 12.1% increase in total sales for this product segment year over year to ¥15,860 million.

Others

For this product segment, TAIYO YUDEN Group manufactures and sells energy devices. Net sales for the three-month period ended June 30, 2016 declined significantly to ¥1,404 million, down 57.5% year on year, due to the withdrawal from the Optical Media business.

(2) Consolidated Financial Condition

Assets

Total assets as of June 30, 2016 decreased ¥13,683 million to ¥254,697 million compared with the end of the previous fiscal year.

Current assets decreased ¥11,085 million in comparison to the previous fiscal year. This was mainly attributable to a decrease of ¥5,149 million in cash and deposits and ¥4,670 million in trade notes and accounts receivables. Fixed assets decreased by ¥2,598 million due mainly to a decrease in property, plant and equipment of ¥2,178 million.

Liabilities

Total liabilities as of June 30, 2016 were ¥111,859 million, a decrease of ¥3,139 million as compared to the balance at March 31, 2016. This was mainly due to an increase of ¥7,999 million in current portion of long-term borrowings and decrease of ¥10,006 million in long-term borrowings.

Net Assets

Net assets as of June 30, 2016 decreased ¥10,543 million to ¥142,837 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, 2017 that was previously announced on May 11, 2016.

2. Summary Information and Notes

(1) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements

1. Changes in accounting policy

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In the three-month period ended June 30, 2016, the Company applied Practical Solution on a change in depreciation method due to Tax Reform 2016 (PITF No. 32, June 17, 2016) following the revision of the Corporation Tax Act, and changed the method of depreciation for structures and facilities attached to buildings acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this change on the consolidated financial statements for the three-month period ended June 30, 2016 is immaterial.

2. Additional Information

(Application of Revised Implementation Guidance on Recoverability of
Deferred Tax Assets)

The Company applied the Revised Implementation Guidance on
Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28,
2016) from the three-month period ended June 30, 2016.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
ASSETS		
Current assets:		
Cash and deposits	45,962	40,813
Trade notes and accounts receivable	49,759	45,088
Merchandise and finished products	17,501	16,981
Work in process	18,638	19,048
Raw materials and supplies	12,549	12,133
Other	7,418	6,653
Allowance for doubtful receivables	(267)	(240)
Total current assets	151,563	140,477
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	78,622	76,189
Machinery and equipment	225,862	218,441
Tools, furniture and fixtures	20,135	19,940
Land	8,610	8,605
Construction in progress	5,337	6,792
Accumulated depreciation	(231,521)	(225,101)
Net property, plant and equipment	107,047	104,868
Intangible fixed assets:		
Other	861	932
Total intangible fixed assets	861	932
Investments and other assets:		
Investment securities	6,287	5,846
Other	2,958	2,880
Allowance for doubtful receivables	(337)	(308)
Total investments and other assets	8,908	8,417
Total fixed assets	116,817	114,219
Total assets	268,380	254,697

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
LIABILITIES		
Current liabilities:		
Trade notes and accounts payable	23,429	23,498
Short-term borrowings	11,979	13,612
Current portion of long-term borrowings	6,200	14,199
Income taxes payable	2,340	1,733
Accrued bonuses for employees	3,390	1,396
Accrued bonuses for directors and corporate auditors	184	15
Other	21,004	21,965
Total current liabilities	68,530	76,421
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,067	20,064
Long-term borrowings	15,145	5,139
Accrued retirement benefits for directors and corporate auditors	130	129
Net defined benefit liability	3,115	2,882
Other	8,009	7,222
Total long-term liabilities	46,468	35,437
Total liabilities	114,999	111,859
NET ASSETS		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,515	41,515
Retained earnings	96,912	95,959
Treasury stock	(3,326)	(3,326)
Total shareholders' equity	158,658	157,704
Accumulated other comprehensive income		
Net unrealized holding gains on securities	1,067	819
Deferred gains (losses) on hedges	6	90
Foreign currency translation adjustments	(6,122)	(15,554)
Post retirement benefit liability adjustments of foreign subsidiaries	(477)	(466)
Total accumulated other comprehensive income	(5,526)	(15,111)
Stock acquisition rights	238	233
Non-controlling interests	10	10
Total net assets	153,381	142,837
Total liabilities and net assets	268,380	254,697

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

(Consolidated Statements of Operations)

(Three months ended June 30, 2016 and 2015)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	56,518	53,471
Cost of sales	41,415	41,889
Gross profit	15,103	11,581
Selling, general and administrative expenses	10,065	9,507
Operating income	5,037	2,074
Non-operating income:		
Interest income	77	52
Dividend income	42	38
Equity in earnings of affiliate	4	-
Gain on foreign exchange	31	-
Subsidy income	5	196
Other	32	31
Total non-operating income	193	319
Non-operating expenses:		
Interest expense	65	61
Equity in losses of affiliate	-	78
Loss on foreign exchange	-	1,210
Depreciation of inactive noncurrent assets	58	140
Other	54	71
Total non-operating expenses	178	1,563
Ordinary income	5,052	829
Extraordinary gains:		
Gain on sales of property, plant and equipment	24	14
Total extraordinary gains	24	14
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	23	73
Loss on evaluation of investment securities	1	-
Business structure improvement expenses	580	381
Total extraordinary losses	605	455
Income before income taxes	4,471	388
Income taxes - current	1,091	1,154
Income taxes - deferred	370	(991)
Total income taxes	1,461	163
Net income	3,009	225
Net income (loss) attributable to non-controlling interests	(48)	1
Net income attributable to owners of parent company	3,058	224

(Consolidated Statements of Comprehensive Income)

(Three months ended June 30, 2016 and 2015)

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income	3,009	225
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(558)	(248)
Deferred gains (losses) on hedges	30	84
Foreign currency translation adjustments	1,505	(9,396)
Post retirement benefit liability adjustments of foreign subsidiaries	(102)	10
Total other comprehensive income (loss)	874	(9,550)
Comprehensive income	3,884	(9,324)
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	3,940	(9,360)
Comprehensive income (loss) attributable to non-controlling interest	(55)	35

(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.

4. Supplementary Information

(1) Net Sales by Product Classification

(Millions of yen)

Product classification	Three months ended June 30, 2015		Three months ended June 30, 2016		Increase/ (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	%
Capacitors	28,427	50.3	26,963	50.4	(1,463)	(5.1)
Ferrite and applied products	10,634	18.8	9,243	17.3	(1,391)	(13.1)
Integrated modules & devices	14,153	25.0	15,860	29.7	1,706	12.1
Others	3,302	5.8	1,404	2.6	(1,898)	(57.5)
Total	56,518	100.0	53,471	100.0	(3,047)	(5.4)

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