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## Consolidated Results for the Three Months Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

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

### Overview of Operating Results

Item	Period	Three months ended June 30, 2016		Three months ended June 30, 2017		Increase/(Decrease)	
		Amount	Share [%]	Amount	Share [%]	Amount	[%]
Net sales		53,471	100.0	54,072	100.0	601	1.1
Operating income		2,074	3.9	3,412	6.3	1,338	64.6
Ordinary income		829	1.6	4,421	8.2	3,592	432.8
Income before income taxes and minority interests		388	0.7	4,307	8.0	3,918	-
Net income attributable to owners of parent company		224	0.4	3,113	5.8	2,888	-
Comprehensive income (loss)		(9,324)	-	3,791	-	13,116	-
Net income per share [Yen]			1.90		26.42		
Diluted net income per share [Yen]			1.74		24.34		
R&D expenses			2,261		2,794		533 23.6
Capital investment			6,437		4,895		(1,542) (24.0)
Depreciation and amortization			5,888		6,193		305 5.2

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

	As of March 31, 2017	As of June 30, 2017	Increase/(Decrease)	
			Amount	[%]
Total assets	271,149	277,256	6,107	2.3
Net assets	154,150	156,763	2,613	1.7
Equity ratio	56.8%	56.4%	(0.4) pt	-
Net assets per share [Yen]	1,305.96	1,328.14	22.18	1.7

### Net Sales by Product Segment

Product segment	Three months ended June 30, 2016		Three months ended June 30, 2017		Increase/(Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	[%]
Capacitors	26,963	50.4	29,747	55.0	2,784	10.3
Ferrite and applied products	9,243	17.3	8,847	16.4	(396)	(4.3)
Integrated modules & devices	15,860	29.7	14,711	27.2	(1,149)	(7.2)
Others	1,404	2.6	766	1.4	(637)	(45.4)
Total	53,471	100.0	54,072	100.0	601	1.1

# TAIYO YUDEN

# Consolidated Results for the three months ended June 30, 2017

August 7, 2017

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, 2017 to June 30, 2017

(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, 2017	54,072	1.1	3,412	64.6	4,421	432.8	3,113	—
Three months ended June 30, 2016	53,471	(5.4)	2,074	(58.8)	829	(83.6)	224	(92.7)

Note: Comprehensive income ended on June 30, 2017 3,791 million yen ; - % ended on June 30, 2016 (9,324) million yen ; - %

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2017	26.42	24.34
Three months ended June 30, 2016	1.90	1.74

## (2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2017	277,256	156,763	56.4	1,328.14
As of March 31, 2017	271,149	154,150	56.8	1,305.96

(Reference) Shareholder's equity As of June 30, 2017 156,495 million yen As of March 31, 2017 153,882 million yen

## 2. Dividend information

	Cash dividends per share				
	1Q	2Q	3Q	Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	—	10.00	—	10.00	20.00
Year ending March 31, 2018	—				
Year ending March 31, 2018 (forecast)		10.00	—	10.00	20.00

Note: No changes in the forecasted dividend during the first quarter ended June 30, 2017.

### 3. Forecasts of operating results for the period from April 1, 2017 to March 31, 2018

(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, 2017	119,000	5.3	7,000	32.3	7,000	130.8	4,000	340.8	33.95
Year ending March 31, 2018	242,000	4.9	15,000	21.1	15,000	33.9	9,000	65.8	76.38

Note: There are no changes in the forecasted results during the first quarter ended June 30, 2017.

### 4. Note

(1) Changes in principal subsidiaries during the three months ended June 30, 2017: 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 June 30, 2017 120,481,395 shares

As of March 31, 2017 120,481,395 shares

b. Number of treasury stock:

As of June 30, 2017 2,650,898 shares

As of March 31, 2017 2,650,804 shares

c. Average number of common shares outstanding:

Three months ended June 30, 2017 117,830,549 shares

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

Others :

1. This financial press release is out of scope of the audit procedure.

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, 2017 (April 1, 2017 – June 30, 2017), the business environment surrounding the Group maintained a tone of moderate recovery for the global economy as a whole. While the tone of recovery is expected to continue going forward, it will be necessary to note the impacts from the monetary policies of individual countries, the economic outlook for China and Asian emerging nations, exchange rate trends and other factors.

### **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 supply. 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, 2017 totaled ¥54,072 million, which is an increase of 1.1% compared to the corresponding period of the previous fiscal year. Operating income was ¥3,412 million, an increase of 64.6%, an ordinary income was ¥4,421 million, an increase of 432.8% compared to the corresponding period of the previous fiscal year. As a result, net income attributable of owners of parent company amounted to ¥3,113 million (¥224 million net income attributable to owners of parent company in the same period of the previous fiscal year.)

### **Exchange Rate**

The average foreign currency exchange rate for the three-month period ended June 30, 2017 was US\$1:¥111.81. This is a depreciation of ¥1.11 as compared to the average realized in the corresponding period of the previous fiscal year of US\$1:¥110.70.

### **Net Sales by Product Classification**

#### ***Capacitors***

The capacitor product classification is comprised of multilayer ceramic capacitors. For the three-month period ended June 30, 2017, capacitor sales for communication equipment, which focused on smartphones, decreased year over year. This decrease was offset by an increase year over year in capacitor sales for consumer products, i.e. TVs, information equipment, i.e. PCs, and automobiles/industrial equipment. In total, sales for this product segment increased 10.3% year over year to ¥29,747 million.

#### ***Ferrite and Applied Products***

This product classification is comprised of various inductors including

wire-wound inductors and multilayer chip inductors.

In the three-month period ended June 30, 2017, sales decreased 4.3% to ¥8,847 million as compared to the same period of the previous fiscal year. Product sales for consumer products, information equipment and automobiles/industrial equipment increased year over year, but this was offset by a decrease year over year in sales for communication equipment.

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

This product classification 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<sup>TM</sup>,” and our product mounting business done by a subsidiary company.

For the three-month period ended June 30, 2017, sales for high frequency modules and “EOMIN<sup>TM</sup>,” increased year over year and sales for FBAR/SAW devices for mobile communications and power supply modules decreased year over year. This resulted in a 7.2% decrease in total sales for this product classification year over year to ¥14,711 million.

#### ***Others***

For this product classification, TAIYO YUDEN Group manufactures and sells energy devices.

Net sales for the three-month period ended June 30, 2017 declined to ¥766 million, down 45.4% year over year.

## **(2) Consolidated Financial Conditions**

### **Assets**

Total asset as of June 30, 2017 increased ¥6,107 million to ¥277,256 million compared with the end of the previous fiscal year.

Current assets increased ¥8,177 million in comparison to the previous fiscal year. This was mainly attributable to an increase of ¥6,700 million in cash and deposits, ¥2,642 million in merchandise and finished products and ¥2,052 million in work in process and ¥3,430 million decrease in trade notes and accounts receivable. Fixed assets decreased by ¥2,070 million due mainly to a decrease in property, plant and equipment of ¥2,395 million.

### Liabilities

Total liabilities as of June 30, 2017 were ¥120,492 million, an increase of ¥3,493 million as compared to the balance at March 31, 2017. This was mainly due to an increase of ¥7,991 million in short-term borrowings and ¥8,294 million in long-term borrowings and decrease of ¥8,300 million in current portion of long-term borrowings.

### Net Assets

Net assets as of June 30, 2017 increased ¥2,613 million to ¥156,763 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, 2018 that was previously announced on May 10, 2017.



## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and deposits	40,069	46,769
Trade notes and accounts receivable	53,791	50,360
Merchandise and finished products	17,281	19,924
Work in process	19,472	21,523
Raw materials and supplies	12,025	12,536
Other	6,889	6,576
Allowance for doubtful receivables	(273)	(258)
Total current assets	149,255	157,432
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	79,286	79,545
Machinery and equipment	233,806	234,213
Tools, furniture and fixtures	20,936	21,402
Land	9,416	9,418
Construction in progress	3,816	5,254
Accumulated depreciation	(236,165)	(241,133)
Net property, plant and equipment	111,096	108,700
Intangible fixed assets:		
Other	1,231	1,168
Total intangible fixed assets	1,231	1,168
Investments and other assets:		
Investment securities	6,760	7,202
Other	3,140	3,086
Allowance for doubtful receivables	(336)	(335)
Total investments and other assets	9,565	9,953
Total fixed assets	121,893	119,823
Total assets	271,149	277,256

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>LIABILITIES</b>		
Current liabilities:		
Trade notes and accounts payable	26,735	27,002
Short-term borrowings	16,463	24,454
Current portion of long-term borrowings	11,074	2,773
Income taxes payable	2,082	1,500
Accrued bonuses for employees	3,218	1,560
Accrued bonuses for directors and corporate auditors	76	32
Other	20,635	20,371
<b>Total current liabilities</b>	<b>80,285</b>	<b>77,694</b>
Long-term liabilities:		
Convertible bonds with stock acquisition rights	20,053	20,050
Long-term borrowings	4,056	12,350
Accrued retirement benefits for directors and corporate auditors	126	123
Net defined benefit liability	3,208	3,239
Other	9,268	7,034
<b>Total long-term liabilities</b>	<b>36,713</b>	<b>42,797</b>
<b>Total liabilities</b>	<b>116,999</b>	<b>120,492</b>
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	23,557	23,557
Capital surplus	41,518	41,518
Retained earnings	99,985	101,920
Treasury stock	(3,309)	(3,309)
<b>Total shareholders' equity</b>	<b>161,752</b>	<b>163,686</b>
Accumulated other comprehensive income		
Net unrealized holding gains on securities	2,239	2,697
Deferred gains (losses) on hedges	21	(50)
Foreign currency translation adjustments	(9,762)	(9,480)
Post retirement benefit liability adjustments of foreign subsidiaries	(368)	(358)
<b>Total accumulated other comprehensive income</b>	<b>(7,870)</b>	<b>(7,191)</b>
Stock acquisition rights	268	268
<b>Total net assets</b>	<b>154,150</b>	<b>156,763</b>
<b>Total liabilities and net assets</b>	<b>271,149</b>	<b>277,256</b>

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

(Consolidated Statements of Operations)

(Three months ended June 30, 2017 and 2016)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	53,471	54,072
Cost of sales	41,889	40,598
Gross profit	11,581	13,474
Selling, general and administrative expenses	9,507	10,061
Operating income	2,074	3,412
Non-operating income:		
Interest income	52	58
Dividend income	38	39
Subsidy income	196	1,144
Other	31	35
Total non-operating income	319	1,278
Non-operating expenses:		
Interest expense	61	57
Equity in losses of affiliate	78	66
Loss on foreign exchange	1,210	105
Depreciation of inactive noncurrent assets	140	32
Other	71	7
Total non-operating expenses	1,563	269
Ordinary income	829	4,421
Extraordinary gains:		
Gain on sales of property, plant and equipment	14	3
Total extraordinary gains	14	3
Extraordinary losses:		
Loss on disposal and sales of property, plant and equipment	73	33
Business structure improvement expenses	381	-
Head office relocation cost	-	83
Other	-	0
Total extraordinary losses	455	117
Income before income taxes	388	4,307
Income taxes - current	1,154	880
Income taxes - deferred	(991)	314
Total income taxes	163	1,194
Net income	225	3,113
Net income (loss) attributable to non-controlling interests	1	-
Net income attributable to owners of parent company	224	3,113

(Consolidated Statements of Comprehensive Income)

(Three months ended June 30, 2017 and 2016)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	225	3,113
<b>Other comprehensive income</b>		
Net unrealized holding gains (losses) on securities	(248)	458
Deferred gains (losses) on hedges	84	(71)
Foreign currency translation adjustments	(9,396)	282
Post retirement benefit liability adjustments of foreign subsidiaries	10	9
Total other comprehensive income (loss)	(9,550)	678
<b>Comprehensive income</b>	<b>(9,324)</b>	<b>3,791</b>
(Breakdown)		
Comprehensive income (loss) attributable to shareholders	(9,360)	3,791
Comprehensive income (loss) attributable to non-controlling interest	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.

## 3. Supplementary Information

### (1) Net Sales by Product Classification

(Millions of yen)

Product classification	Three months ended June 30, 2016		Three months ended June 30, 2017		Increase/ (Decrease)	
	Amount	Share [%]	Amount	Share [%]	Amount	%
Capacitors	26,963	50.4	29,747	55.0	2,784	10.3
Ferrite and applied products	9,243	17.3	8,847	16.4	(396)	(4.3)
Integrated modules & devices	15,860	29.7	14,711	27.2	(1,149)	(7.2)
Others	1,404	2.6	766	1.4	(637)	(45.4)
Total	53,471	100.0	54,072	100.0	601	1.1

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