

Consolidated Financial Results

First quarter for the year ending March 31, 2018

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Financial Summary

1Q for the Year Ending March 2018

- Net sales decreased 6% Q/Q to 54.1 billion yen. Net sales of electronic components for use in communication devices (FBAR/SAW) declined due to production adjustments by smartphone manufacturers in China. Sales for use in automobiles/industrial equipment were robust, and sales for use in consumer products also increased.
- Operating income increased 22% Q/Q to 3.4 billion yen. The operating rate increased in preparation for an expansion in demand for electronic components for use in new models of smartphones.

Earnings Forecast for the Year Ending March 2018

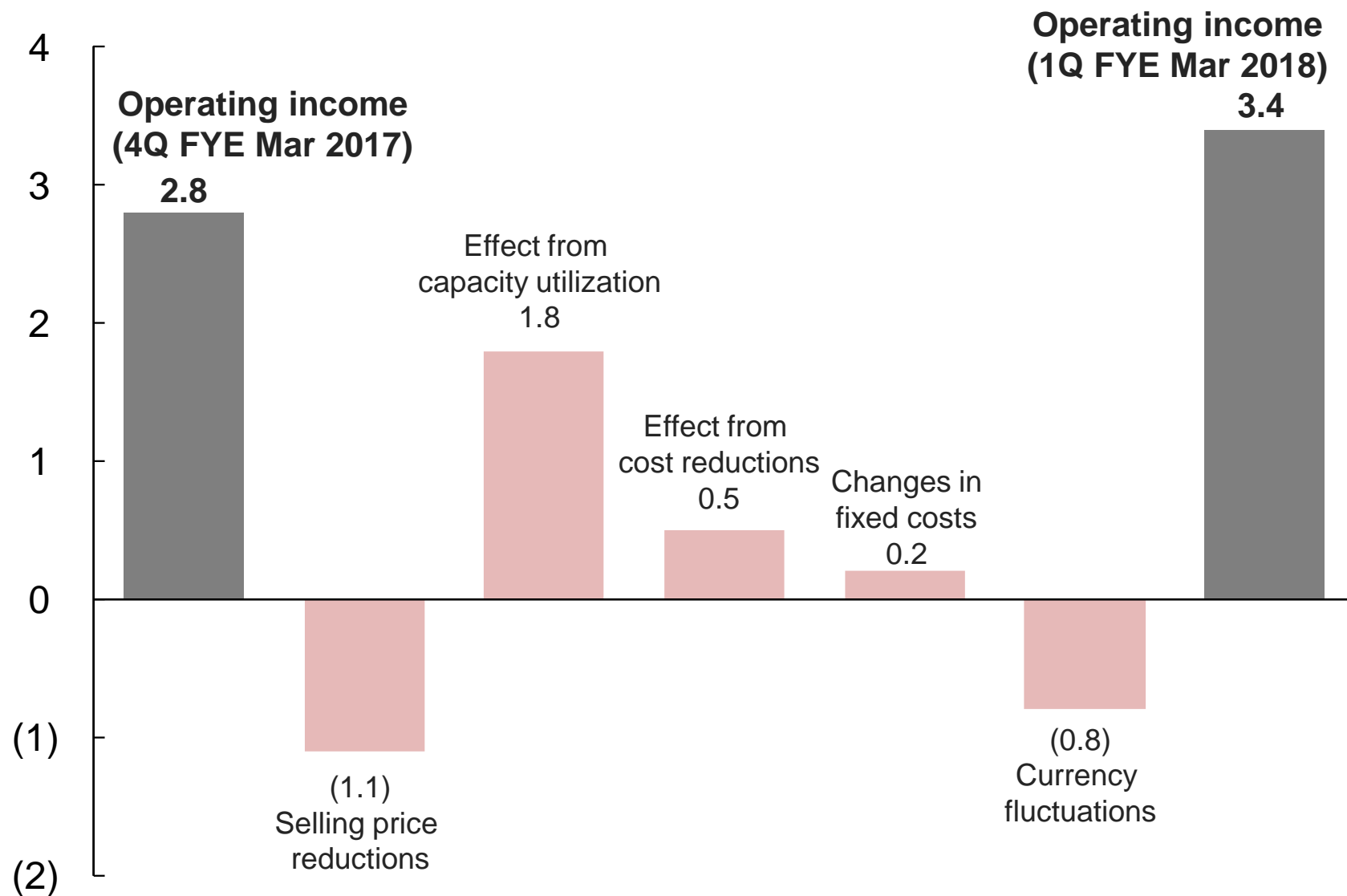
- There are no changes to the earnings forecasts. An increase in sales of electronic components for use in new models of smartphones is expected from 2Q and beyond. Sales of electronic components for use in automobiles/industrial equipment are also expected to remain robust.

1Q – Consolidated Financial Results (Q/Q)

¥ in millions	FYE Mar 31, 2017 4Q (01 Jan 2017 – 31 Mar 2017)		FYE Mar 31, 2018 1Q (01 Apr 2017 – 30 Jun 2017)		Change Q/Q	
	Net sales	57,498	100.0%	54,072	100.0%	(3,426)
Operating income	2,795	4.9%	3,412	6.3%	617	22.1%
Ordinary income	1,491	2.6%	4,421	8.2%	2,930	196.4%
Net income attributable to owners of parent company	454	0.8%	3,113	5.8%	2,658	585.3%
Yen to USD average exchange rate	114.63 yen		111.81 yen		2.82 yen appreciated	
Impact of exchange rate fluctuation	(1.1) billion yen on net sales, (0.8) billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	2,803		2,794		(9)	(0.3)%
Capital investment	9,935		4,895		(5,040)	(50.7)%
Depreciation expenses	6,852		6,193		(659)	(9.6)%

1Q – Factors driving Operating Income (Q/Q)

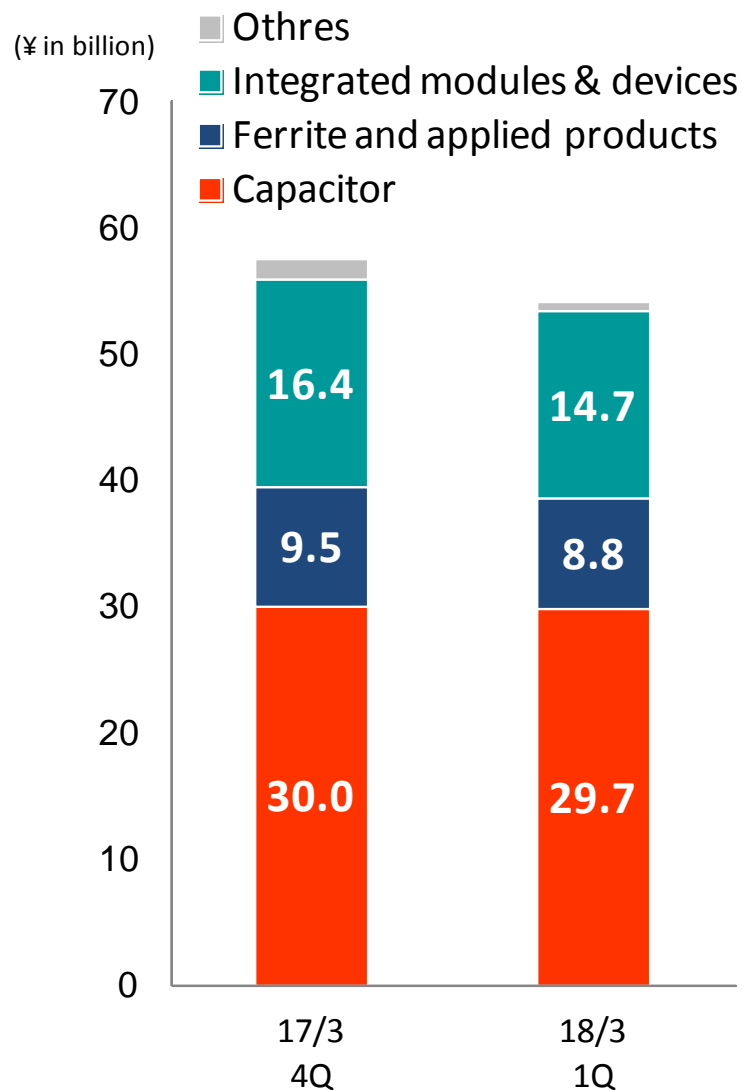
(¥ in billion)



1Q – Financial Results by Product Classification (Q/Q)

¥ in million	FYE Mar 31, 2017 4Q		FYE Mar 31, 2018 1Q		Change Q/Q	
Capacitors	30,002	52.2%	29,747	55.0%	(255)	(0.9)%
Ferrite and applied products	9,475	16.5%	8,847	16.4%	(628)	(6.6)%
Integrate modules & devices	16,424	28.6%	14,711	27.2%	(1,713)	(10.4)%
Others	1,595	2.8%	766	1.4%	(828)	(51.9)%
Total net sales	57,498	100.0%	54,072	100.0%	(3,426)	(6.0)%

Financial Results by Product Classification (Q/Q)



■ Capacitor (0.9)% Q/Q

- Sales for use in telecommunication base stations, servers, games and other applications increased
- Sales for use in communication equipment such as smartphones fell

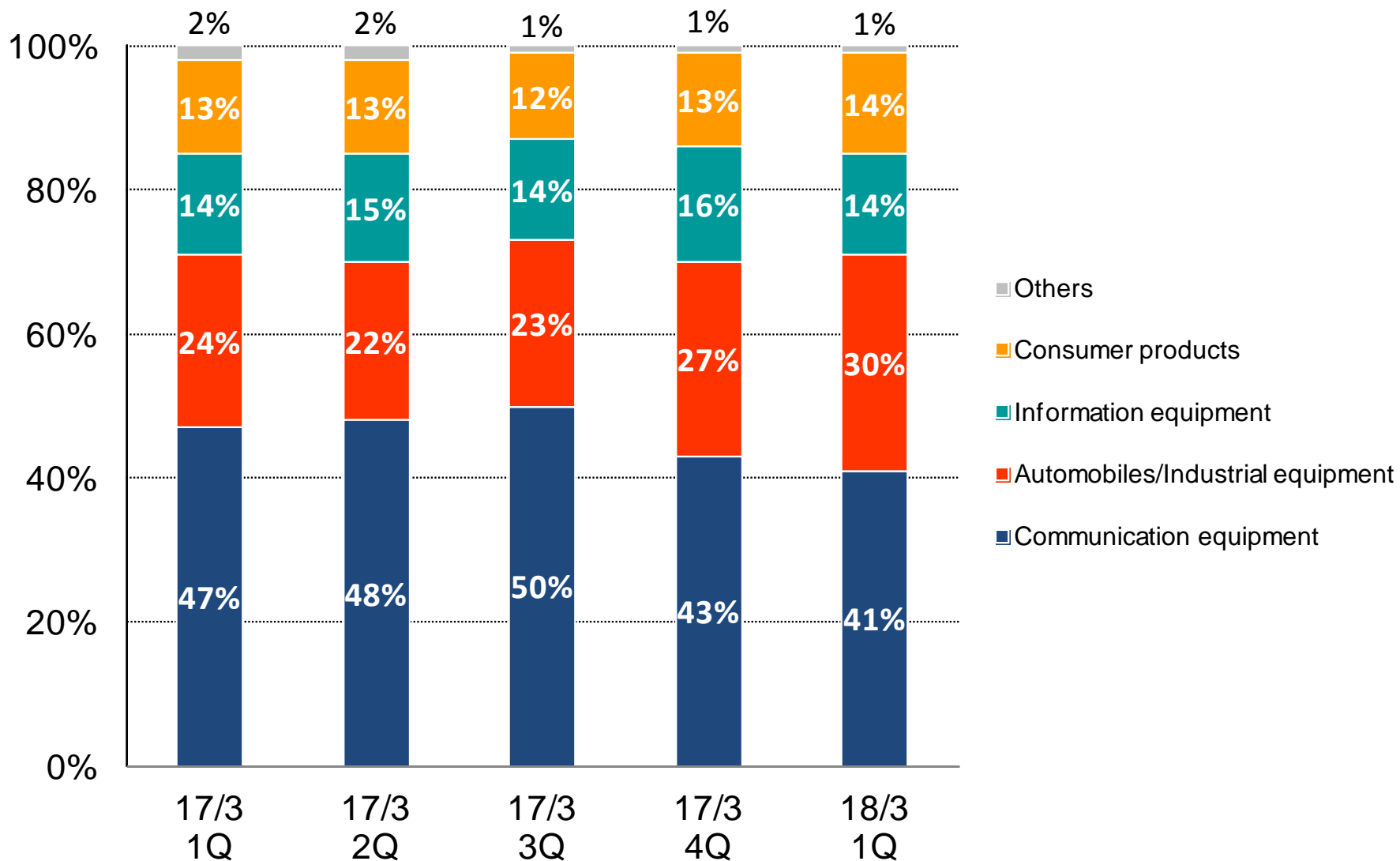
■ Ferrite and applied products (6.6)% Q/Q

- Sales for use in consumer products and automobiles/industrial equipment increased, while sales for use in communication equipment and information equipment fell

■ Integrated modules & devices (10.4)%Q/Q

- Sales for use in communication devices (FBAR/SAW) fell due to production adjustments by smartphone manufacturers in China

Sales of Electronic Components by Market Sector



* Estimated by the Company

Forecast of Consolidated Performance

for the Year ending March 31, 2018

Forecast of Consolidated Performance

¥ in million	FYE Mar 31, 2017 Actual results		FYE Mar 31, 2018 Forecast		Change Y/Y	
	Net sales	230,716	100.0%	242,000	100.0%	11,284
Operating income	12,385	5.4%	15,000	6.2%	2,615	21.1%
Ordinary income	11,200	4.9%	15,000	6.2%	3,800	33.9%
Net income attributable to owners of parent company	5,428	2.4%	9,000	3.7%	3,572	65.8%
Yen to USD average exchange rate	108.43 yen		108.00 yen		0.43 yen appreciated	
R&D expenses	10,008		11,000		992	9.9%
Capital investment	33,161		27,000		(6,161)	(18.6)%
Depreciation expenses	24,908		27,000		2,092	8.4%

* There is no change in full-year forecasts for net sales and operating income.

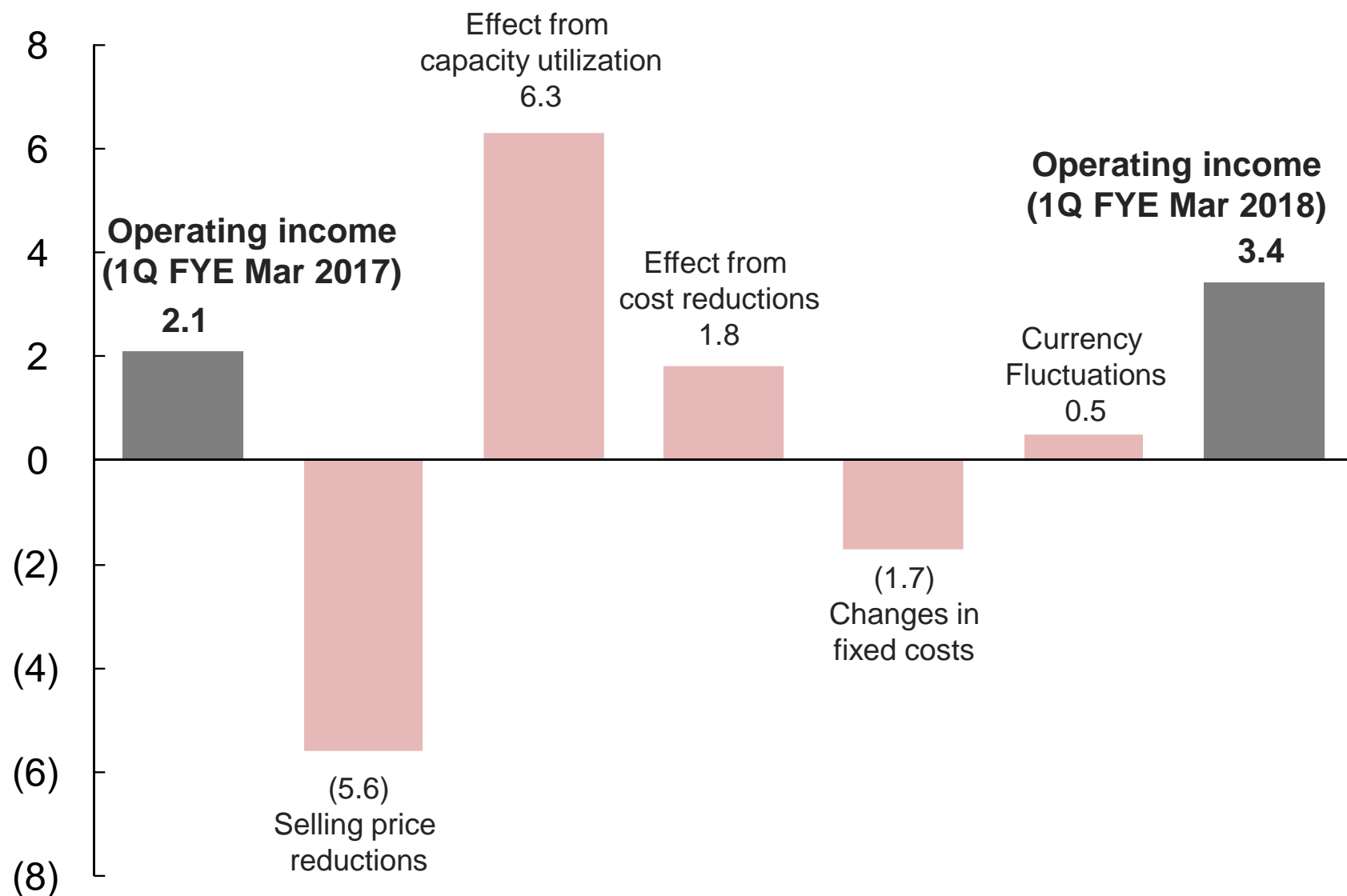
Supplementary Information

1Q – Consolidated Financial Results (Y/Y)

¥ in million	FYE Mar 31, 2017 1Q (01 Apr 2016 – 30 Jun 2016)		FYE Mar 31, 2018 1Q (01 Apr 2017 – 30 Jun 2017)		Change Y/Y	
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%
Net income attributable to owners of parent company	224	0.4%	3,113	5.8%	2,888	—
Yen to USD average exchange rate	110.70 yen		111.81yen		1.11 yen depreciated	
Impact of exchange rate fluctuation	0.2 billion yen on net sales, 0.5 billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	2,261		2,794		533	23.6%
Capital investment	6,437		4,895		(1,542)	(24.0)%
Depreciation expenses	5,888		6,193		305	5.2%

1Q – Factors driving Operating Income (Y/Y)

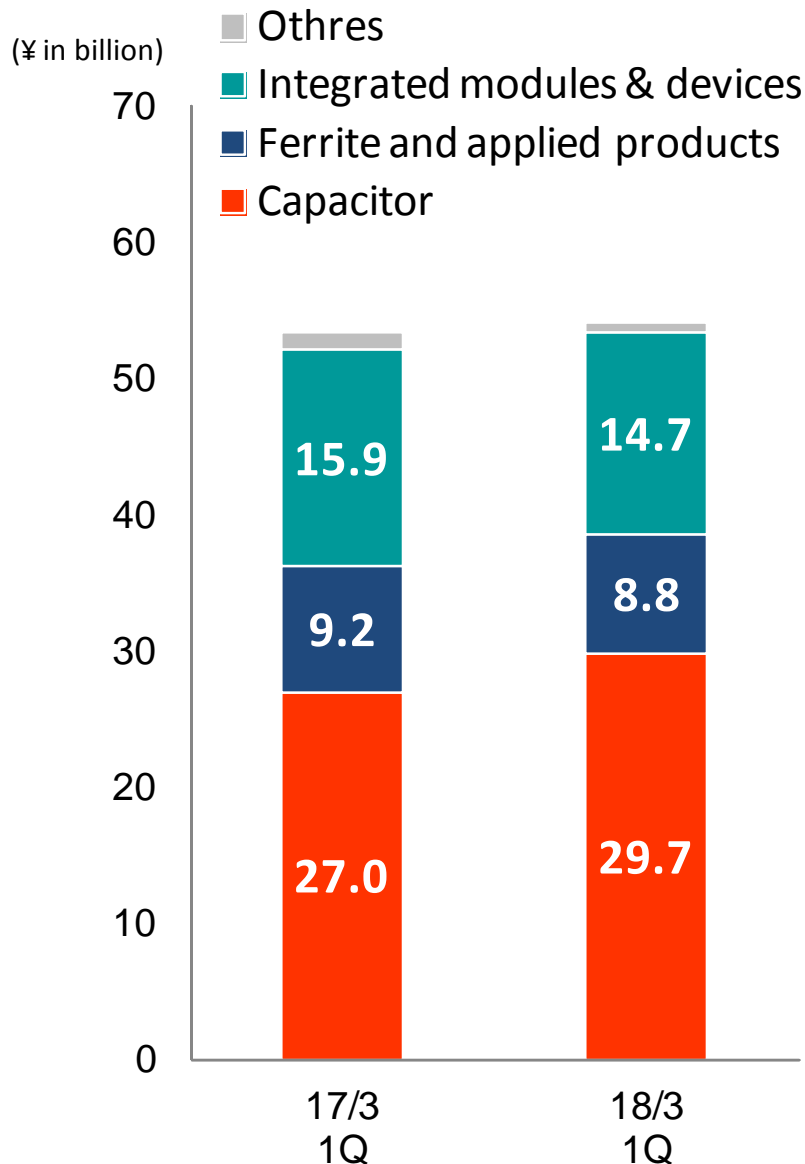
(¥ in billion)



1Q – Financial Results by Product Classification (Y/Y)

百万円	FYE Mar 31, 2017 1Q		FYE Mar 31, 2018 1Q		Change Y/Y	
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)%
Integrate 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 net sales	53,471	100.0%	54,072	100.0%	601	1.1%

Financial Results by Product Classification (Y/Y)



■ Capacitor 10.3% Y/Y

- Strong performance by products for automotive electronics, products for social infrastructure-related industrial equipment and products for notebook PCs
- Decline in communication equipment such as smartphones

■ Ferrite and applied products (4.3)%Y/Y

- Increase in consumer products, information equipment and automotive electronics/industrial equipment. Decline in communication equipment

■ Integrated modules & devices (7.2)%Y/Y

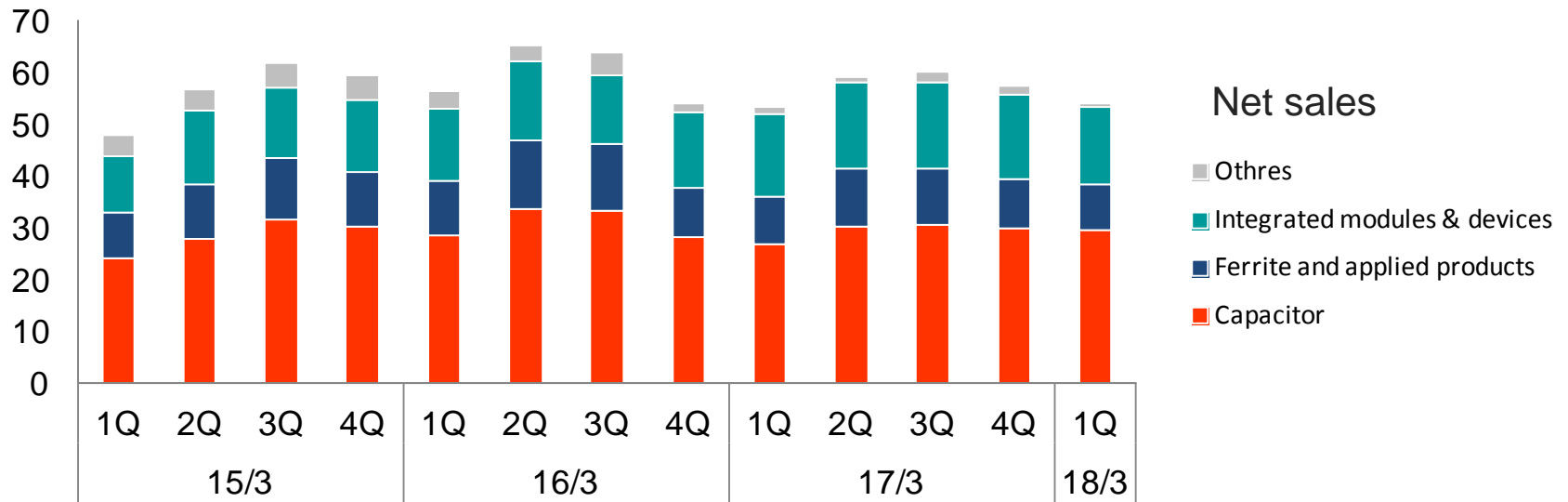
- Sales for use in communication devices (FBAR/SAW) fell due to production adjustments by smartphone manufacturers in China

Consolidated Earnings Trends (Quarterly)

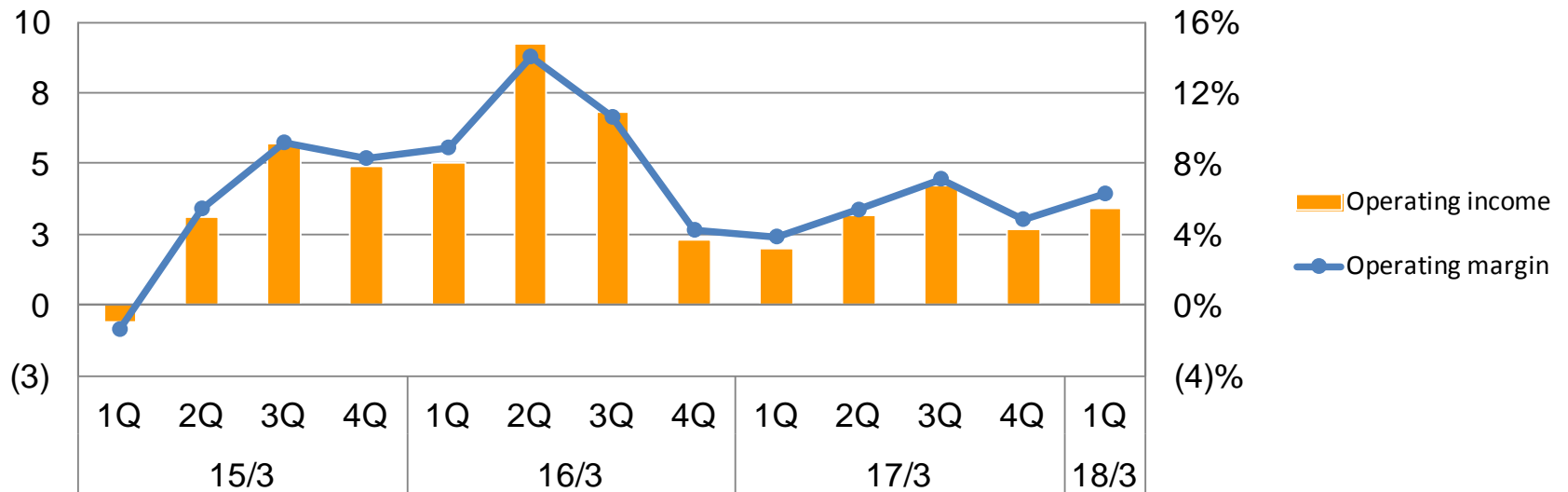
¥ in million	FYE Mar 31, 2016				FYE Mar 31, 2017				FYE Mar 31, 2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net sales	56,518	65,591	63,967	54,308	53,471	59,561	60,185	57,498	54,072
Capacitor	28,427	33,798	33,218	28,231	26,963	30,120	30,580	30,002	29,747
Ferrite and applied products	10,634	13,236	13,145	9,446	9,243	11,594	10,959	9,475	8,847
Integrated modules & devices	14,153	15,455	13,292	14,794	15,860	16,490	16,804	16,424	14,711
Others	3,302	3,101	4,310	1,836	1,404	1,355	1,841	1,595	766
Operating income	5,037	9,216	6,804	2,311	2,074	3,216	4,298	2,795	3,412
Ordinary income	5,052	8,785	7,266	1,159	829	2,202	6,676	1,491	4,421
Net income attributable to owners of parent company	3,058	4,890	6,433	368	224	683	4,067	454	3,113
Yen to USD average exchange rate (yen)	120.24	123.41	120.97	118.39	110.70	103.69	104.69	114.63	111.81

Consolidated Earnings Trends (Quarterly)

(¥ in billion)



(¥ in billion)



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.

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