

# Consolidated Financial Results

## Second quarter for the year ending March 31, 2019

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Shinji Masuyama  
Chief of Management Planning Headquarters

November 9, 2018

# Financial Summary

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## 2Q for the Year Ending March 2019

- Net sales increased 24% Q/Q to 74.0 billion yen. Operating income increased 46% Q/Q to 8.7 billion yen.
- Sales of capacitors and inductors for use in smartphones increased. Demand for use in automobiles and industrial equipment was also robust.
- Net sales recorded all-time highs both on the quarterly base and the half yearly base.

## Earnings Forecast for the Year Ending March 2019

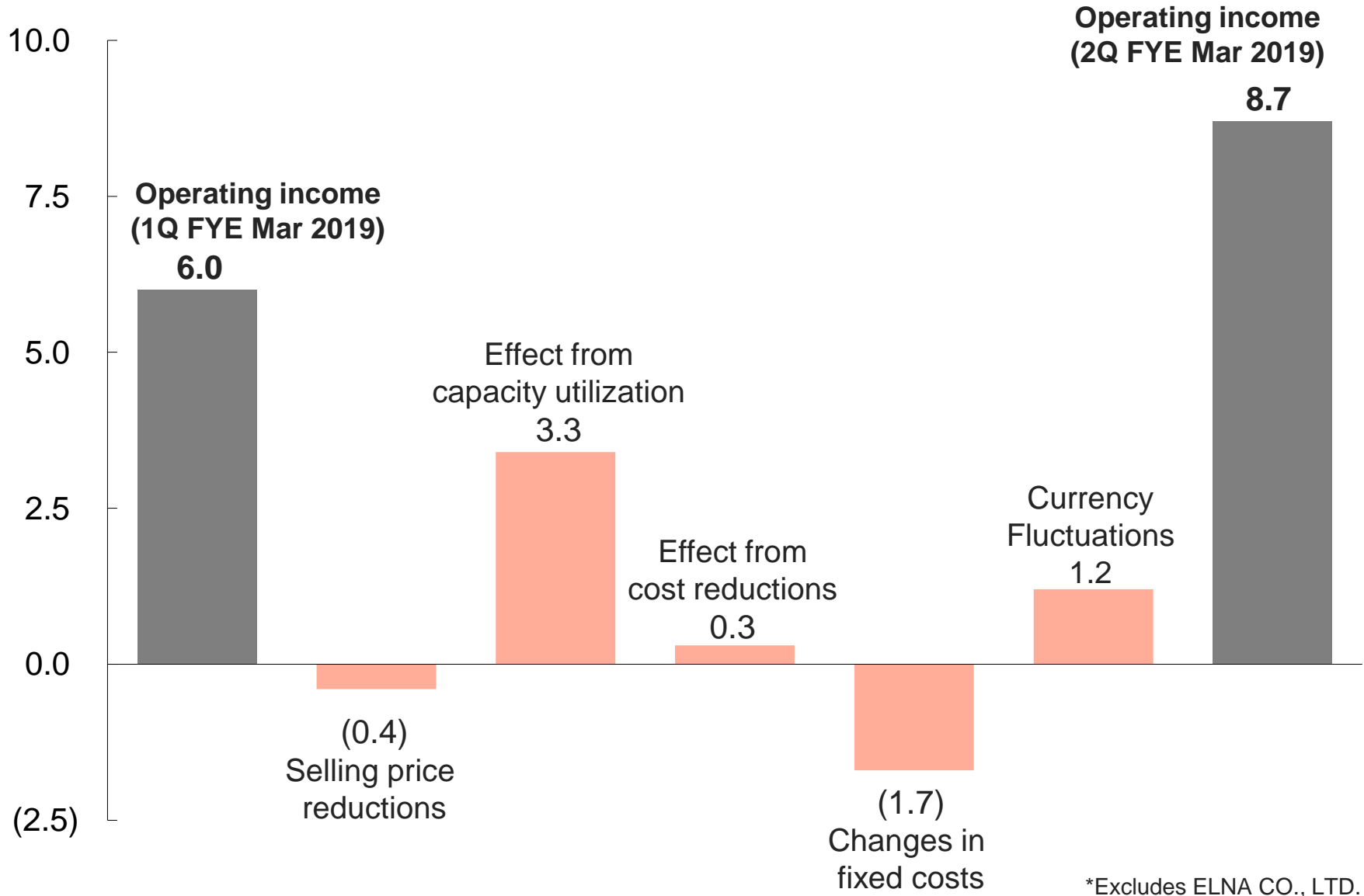
- The full-year financial results forecasts announced in August have been revised upward.
- Demand for high reliability and leading-edge products is expected to remain very strong due to advances of electronic components in automobiles and industrial equipment and improvement in smartphone functionality and performance.

## 2Q- Consolidated Financial Results (Q/Q)

¥ in million	FYE Mar 31, 2019 1Q (01 Apr 2018 – 30 Jun 2018)		FYE Mar 31, 2019 2Q (01 Jul 2018 – 30 Sep 2018)		Change Q/Q	
Net sales	59,576	100.0%	73,989	100.0%	14,413	24.2%
Operating income	5,981	10.0%	8,722	11.8%	2,740	45.8%
Ordinary income	6,896	11.6%	8,489	11.5%	1,592	23.1%
Net income attributable to owners of parent company	5,645	9.5%	5,334	7.2%	(310)	(5.5)%
Yen to USD average exchange rate	107.76 yen		110.84 yen		3.08 yen depreciated	
Impact of exchange rate fluctuation	+1.2 billion yen on net sales and +1.2 billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	3,246		3,321		75	2.3%
Capital investment	5,038		8,067		3,028	60.1%
Depreciation expenses	6,065		6,461		396	6.5%

# 2Q - Factors driving Operating Income (Q/Q)

(¥ in billion)



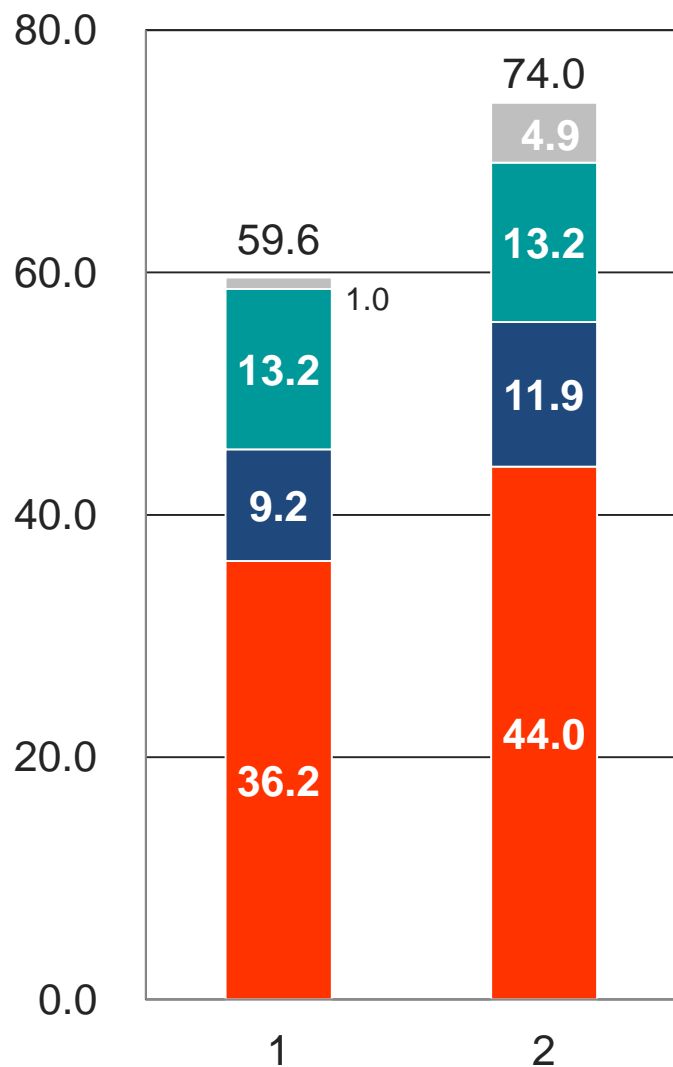
\*Excludes ELNA CO., LTD.

## 2Q - Financial Results by Product Classification (Q/Q)

¥ in million	FYE Mar 31, 2019 1Q		FYE Mar 31, 2019 2Q		Change Q/Q	
Capacitors	36,184	60.7%	43,984	59.4%	7,799	21.6%
Ferrite and applied products	9,228	15.5%	11,926	16.1%	2,698	29.2%
Integrated modules & devices	13,208	22.2%	13,160	17.8%	(47)	(0.4)%
Others	954	1.6%	4,918	6.6%	3,963	415.1%
<b>Total net sales</b>	<b>59,576</b>	<b>100.0%</b>	<b>73,989</b>	<b>100.0%</b>	<b>14,413</b>	<b>24.2%</b>

# Financial Results by Product Classification (Q/Q)

(¥ in billion)



## ■ Capacitors (+22% Q/Q)

Sales for use in all equipment increased, primarily for use in communication equipment and automobiles/industrial equipment.

## ■ Ferrite and applied products (+29% Q/Q)

Sales for use in communication equipment such as smartphones increased significantly.

## ■ Integrated modules & devices ((0)% Q/Q)

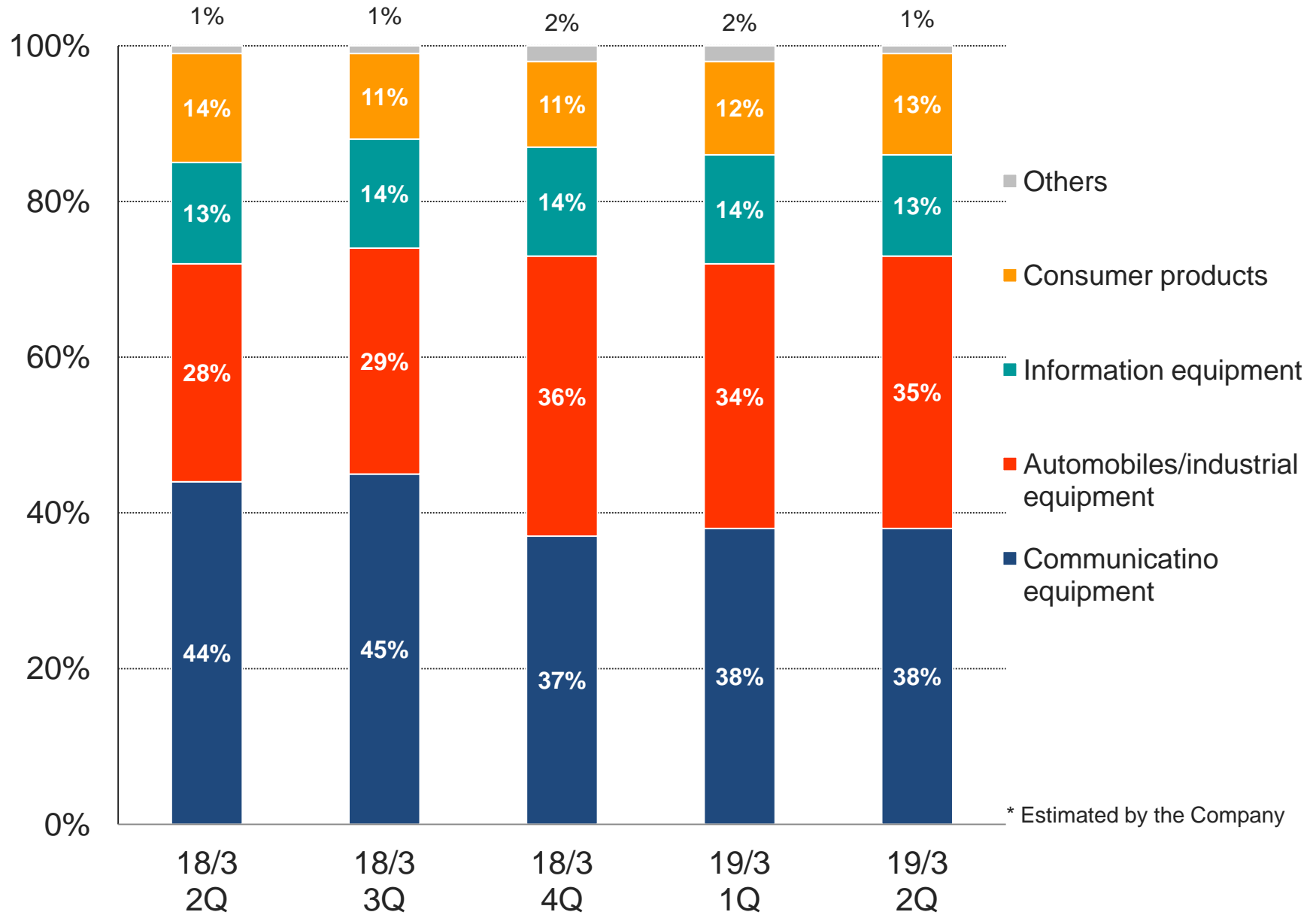
Sales for use in communications devices (FBAR/SAW) increased, but sales for use in various modules declined.

## ■ Others (+415% Q/Q)

Sales of ELNA CO., LTD., which was made into a subsidiary, were included.

■ Capacitors   ■ Ferrite and applied products   ■ Integrated modules & devices   ■ Others

# Sales of Electronic Components by Market Sector



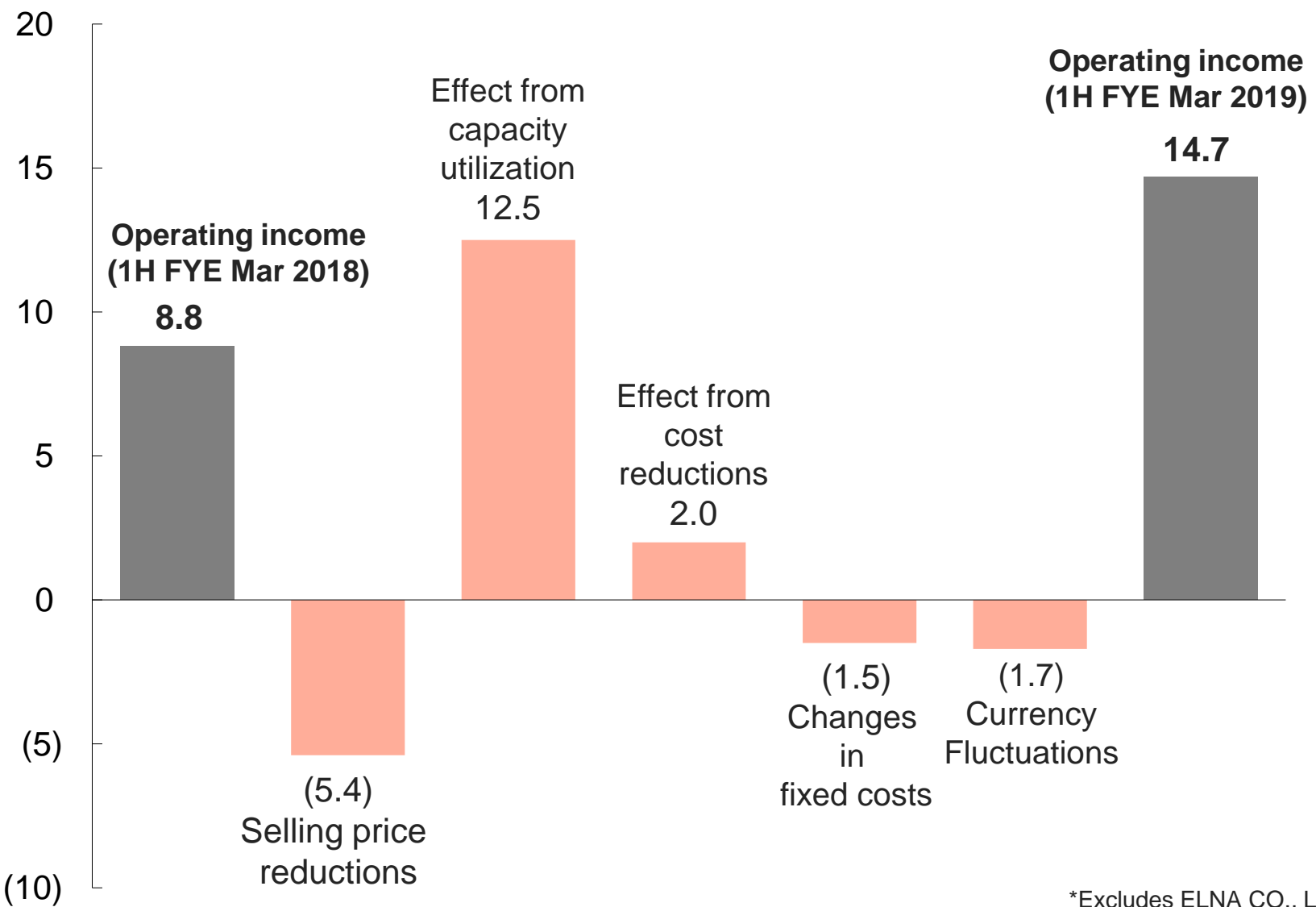
# 1H- Consolidated Financial Results (Y/Y)

¥ in million	FYE Mar 31, 2018		FYE Mar 31, 2019		Change Y/Y	
	1H		1H			
Net sales	118,180	100.0%	133,565	100.0%	15,385	13.0%
Operating income	8,775	7.4%	14,703	11.0%	5,927	67.5%
Ordinary income	10,021	8.5%	15,385	11.5%	5,363	53.5%
Net income attributable to owners of parent company	7,378	6.2%	10,980	8.2%	3,601	48.8%
Yen to USD average exchange rate	111.46 yen		109.30 yen		2.16 yen appreciated	
Impact of exchange rate fluctuation	(1.3) billion yen on net sales and (1.7) billion yen on operating income * Including the impact of currencies other than US dollars					
R&D expenses	5,419		6,567		1,148 21.2%	
Capital investment	10,791		13,106		2,314 21.5%	
Depreciation expenses	12,475		12,527		51 0.4%	



# 1H - Factors driving Operating Income (Y/Y)

(¥ in billion)



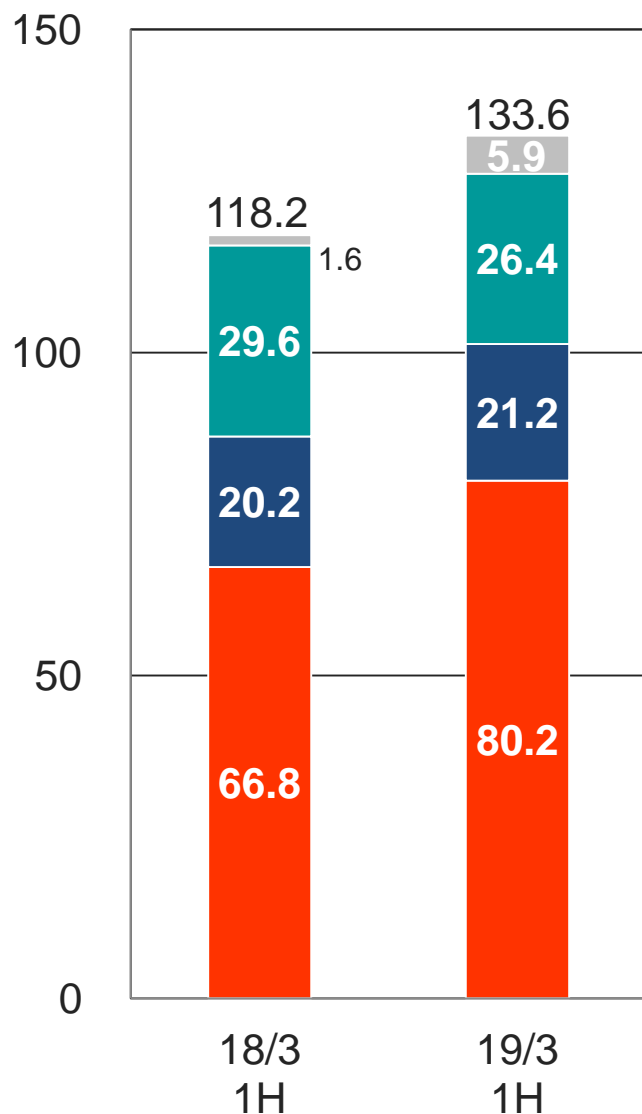
\*Excludes ELNA CO., LTD.

# 1H - Financial Results by Product Classification (Y/Y)

¥ in million	FYE Mar 31, 2018 1H		FYE Mar 31, 2019 1H		Change Y/Y	
Capacitors	66,767	56.5%	80,168	60.0%	13,401	20.1%
Ferrite and applied products	20,223	17.1%	21,154	15.8%	930	4.6%
Integrated modules & devices	29,582	25.0%	26,369	19.7%	(3,213)	(10.9)%
Others	1,606	1.4%	5,873	4.4%	4,266	265.5%
<b>Total net sales</b>	<b>118,180</b>	<b>100.0%</b>	<b>133,565</b>	<b>100.0%</b>	<b>15,385</b>	<b>13.0%</b>

# Financial Results by Product Classification (Y/Y)

(¥ in billion)



## ■ Capacitors (+20% Y/Y)

Sales for use in all equipment increased. Sales for use in automobiles/industrial equipment were particularly healthy.

## ■ Ferrite and applied products (+5% Y/Y)

Sales for use in automobiles/industrial equipment and consumer products increased.

## ■ Integrated modules & devices ((11)% Y/Y)

Sales for use in power supply modules, embedded-parts multilayer wiring substrates etc. declined.

## ■ Others (+266% Y/Y)

Sales of ELNA CO., LTD., which was made into a subsidiary, were included.

■ Capacitors   ■ Ferrite and applied products   ■ Integrated modules & devices   ■ Others

# Forecast of Consolidated Performance

for the Year ending March 31, 2019

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# Forecast of Consolidated Performance

¥ in million	FYE Mar 31, 2019					
	1H		Full year			
	Forecasts	Actual	Previous forecasts	Revised forecasts	Change	
Net sales	130,000	133,565	260,000	271,000	11,000	4.2%
Operating income	13,000	14,703	24,500	30,000	5,500	22.4%
Ordinary income	13,500	15,385	24,500	30,000	5,500	22.4%
Net income attributable to owners of parent company	9,000	10,980	17,000	21,000	4,000	23.5%
R&D expenses	—	6,567	13,000	13,000	0	0.0%
Capital investment	—	13,106	43,000	43,000	0	0.0%
Depreciation expenses	—	12,527	27,000	27,000	0	0.0%

- Full-year financial results forecasts were revised upward.
- An average exchange rate will be US\$1: ¥110 for the second half of the year ending March 31, 2019

※ As ELNA CO., LTD., which became a consolidated subsidiary of TAIYO YUDEN in April 2018, has not published forecast financial results, figures relating to ELNA have not been included in the above results forecasts.

# Forecast of Consolidated Performance by Product Classification

¥ in million	FYE Mar 31, 2019					
	1H		Full year			
	Forecasts	Actual	Previous forecasts	Revised forecasts	Change	
Capacitors	80,500	80,168	161,000	171,000	10,000	6.2%
Ferrite and applied products	20,500	21,154	40,500	42,000	1,500	3.7%
Integrated modules & devices	27,000	26,369	54,500	50,000	(4,500)	(8.3)%
Others	2,000	5,873	4,000	8,000	4,000	100.0%
<b>Total net sales</b>	<b>130,000</b>	<b>133,565</b>	<b>260,000</b>	<b>271,000</b>	<b>11,000</b>	<b>4.2%</b>

# Supplementary Information

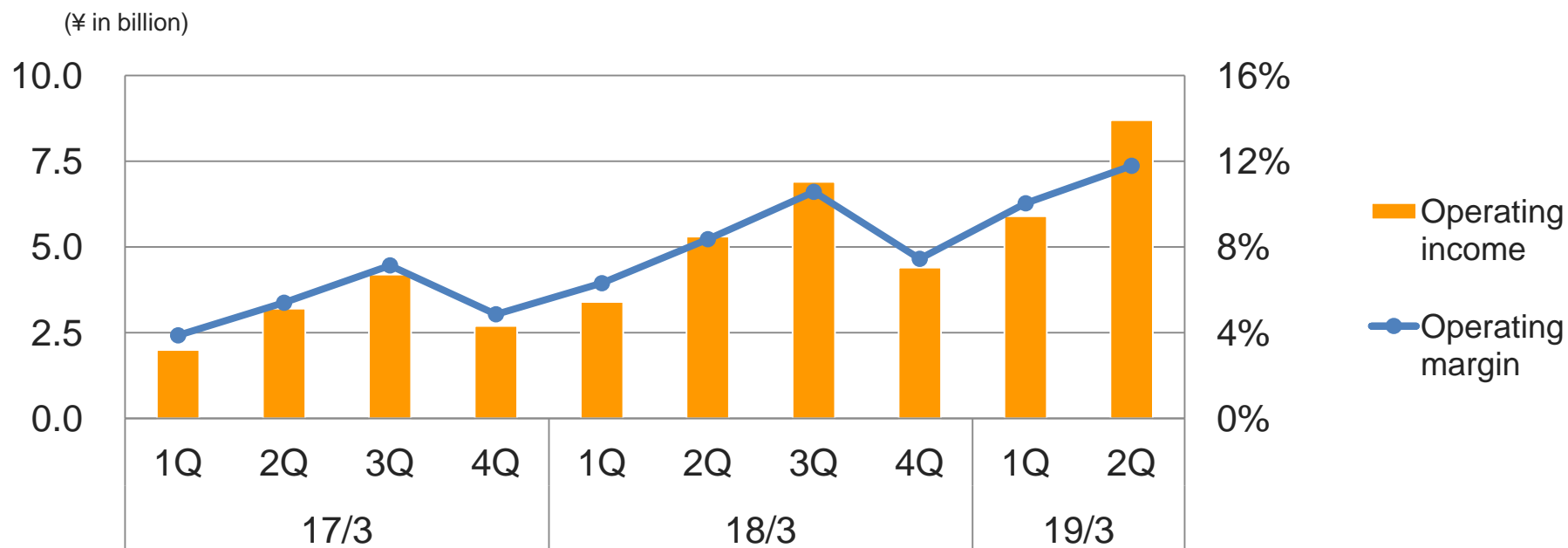
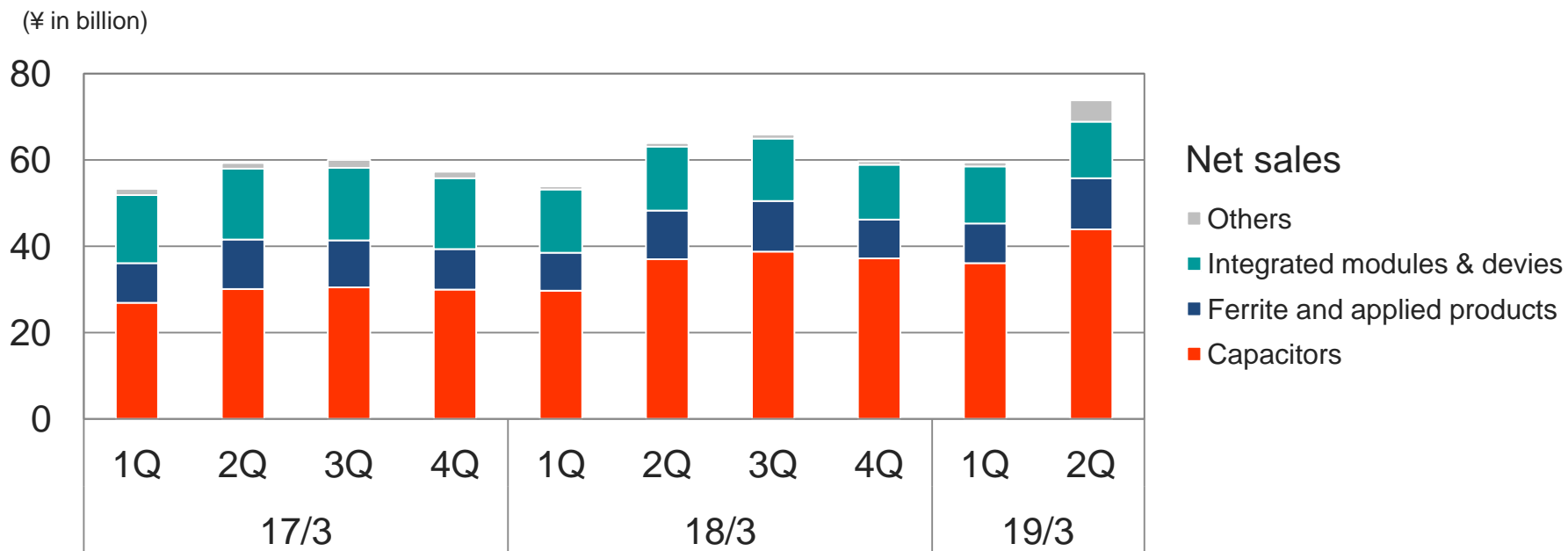
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# Consolidated Earnings Trends (Quarterly)

¥ in million	FYE Mar 31, 2017				FYE Mar 31, 2018				FYE Mar 31, 2019	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	53,471	59,561	60,185	57,498	54,072	64,107	66,053	59,883	59,576	73,989
Capacitors	26,963	30,120	30,580	30,002	29,747	37,019	38,800	37,290	36,184	43,984
Ferrite and applied products	9,243	11,594	10,959	9,475	8,847	11,376	11,746	9,006	9,228	11,926
Integrated modules and devices	15,860	16,490	16,804	16,424	14,711	14,871	14,533	12,722	13,208	13,160
Others	1,404	1,355	1,841	1,595	766	840	972	863	954	4,918
Operating income	2,074	3,216	4,298	2,795	3,412	5,362	6,985	4,460	5,981	8,722
Ordinary income	829	2,202	6,676	1,491	4,421	5,599	6,596	3,935	6,896	8,489
Net income attributable to owners of parent company	224	683	4,067	454	3,113	4,265	5,301	3,675	5,645	5,334
Yen to USD average exchange rate	110.70 yen	103.69 yen	104.69 yen	114.63 yen	111.81 yen	111.11 yen	112.23 yen	110.62 yen	107.76 yen	110.84 yen



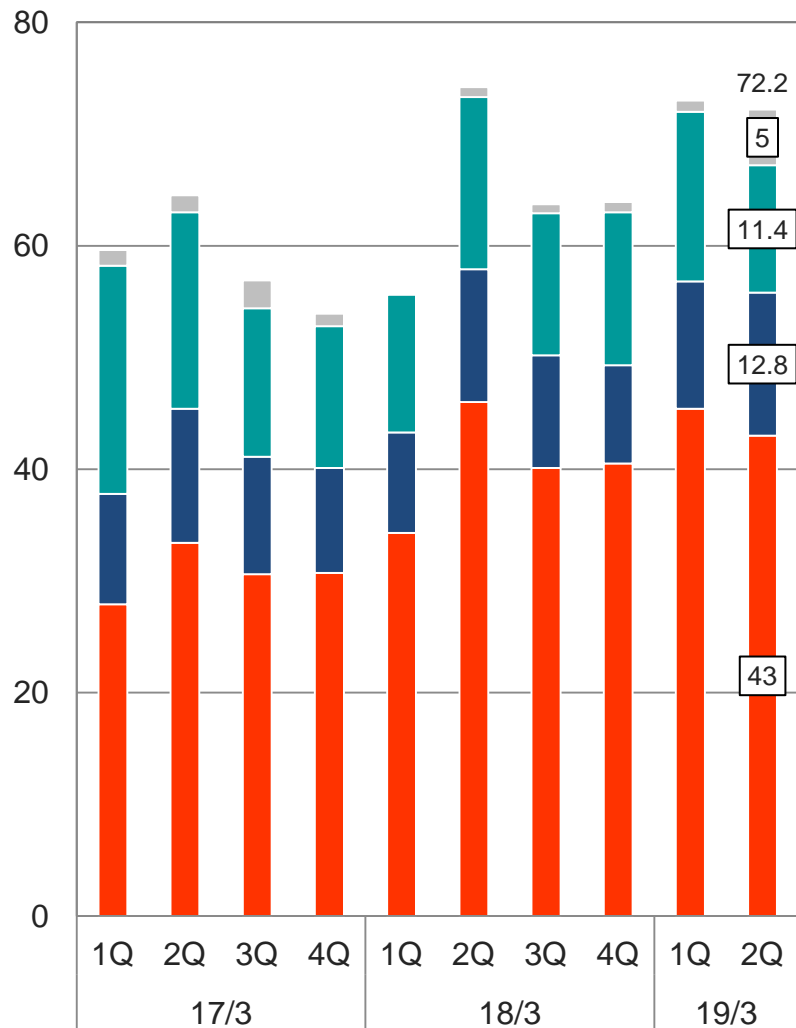
# Consolidated Earnings Trends (Quarterly)



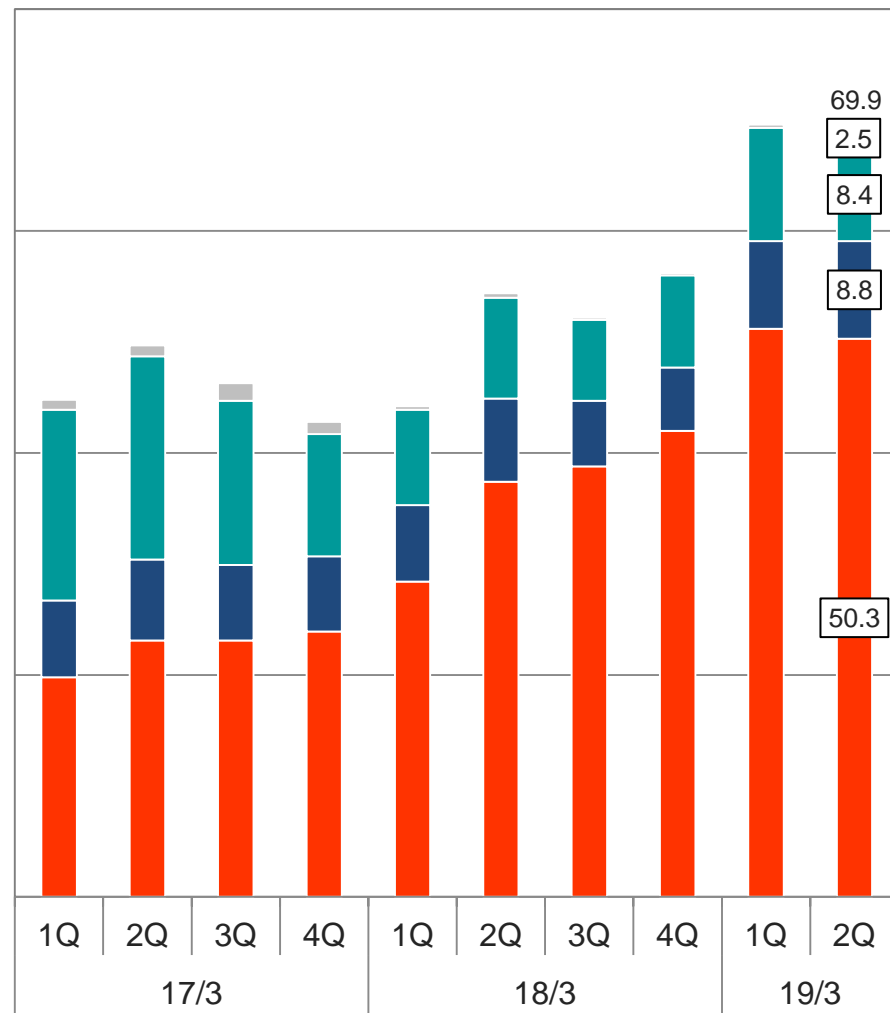
# Orders Received and Order Backlog Trends (Quarterly)

(¥ in billion)

Orders received



Order backlog



Capacitors Ferrite and applied products Integrated modules & devices Others

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## **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.

**TAIYO YUDEN**