

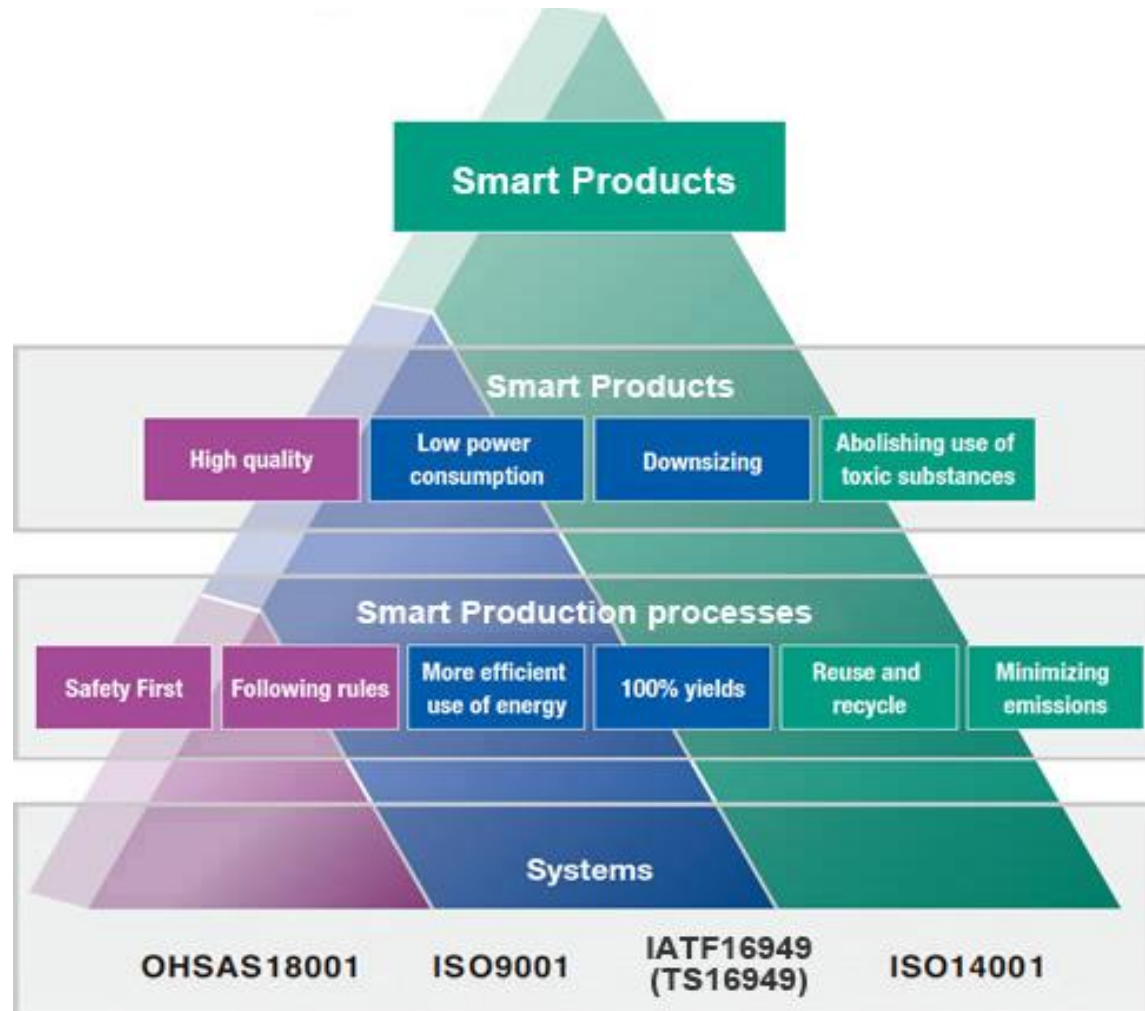
Future Management Policies

Shoichi Tosaka
President and Chief Executive Officer

May 10, 2017

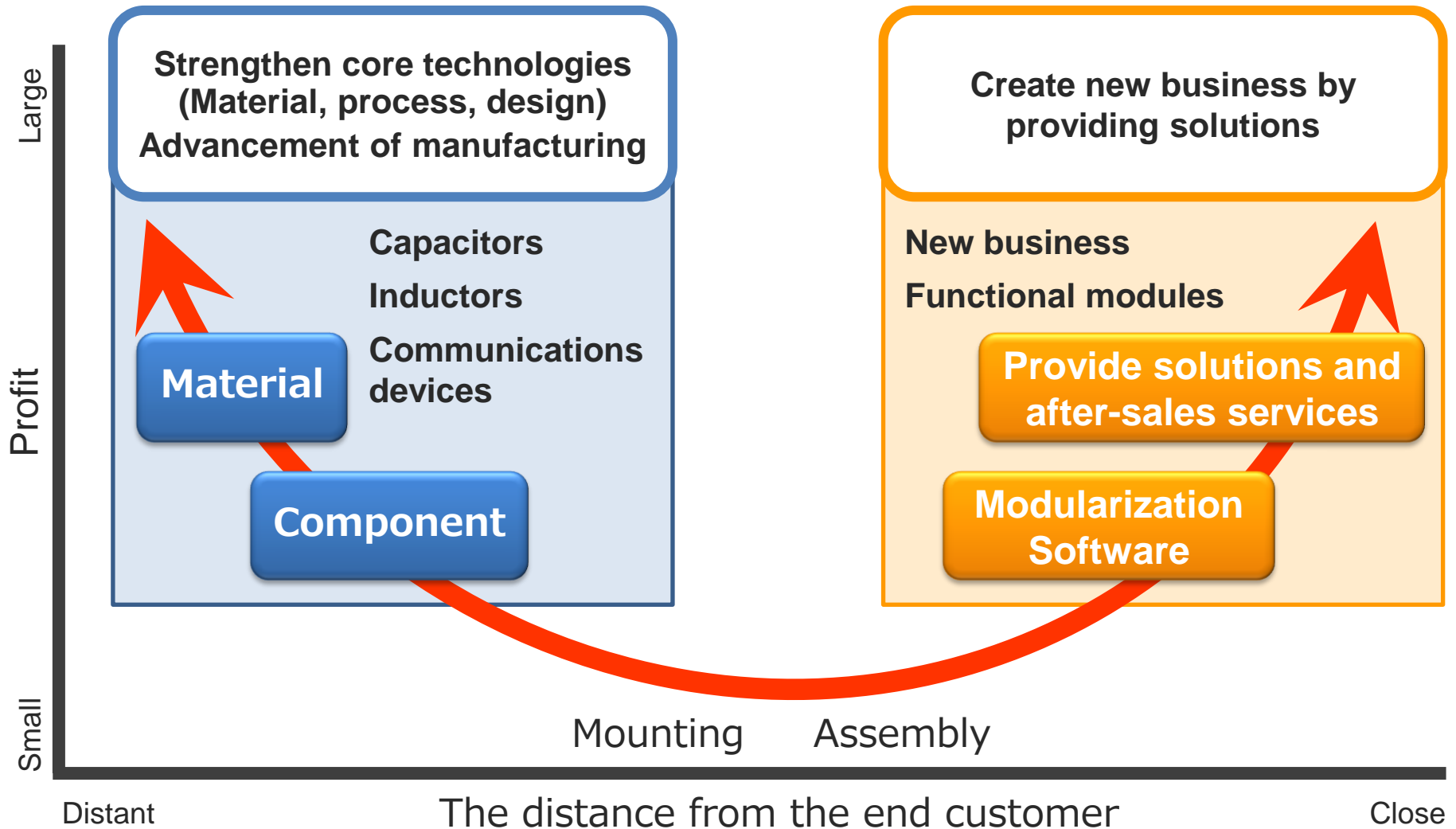
TAIYO YUDEN VISION

To be an excellent company that enjoys the trust and highest regard from our customers



Change Business Model to Establish Profitable Operating Structure

Three products and one solution



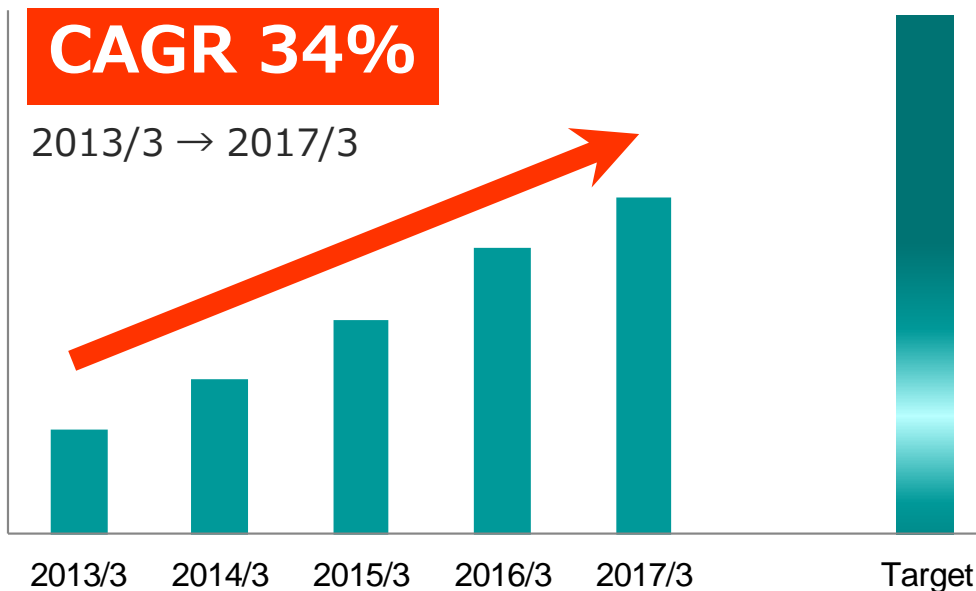
Quantitative targets

Net sales	¥ 300 billion
Operating margin	above 10%
ROE	above 10%

- Expand focus markets; work toward a sales ratio of 38%
*Automobiles, Industrial equipment, Environmental energy, Healthcare
- Promote further advancements in manufacturing
(smart. E project)
- Undertake ongoing capital investment to around ¥100 billion over three years

Automotive Electronics Market ~ Focus markets

Trends in the Company's automotive sales



Sales ratio for automotive electronics market

FYE March 2017 6%
↓
Medium-term target **15%**

Computerization and energy are the key to the automotive electronics market

Infotainment:
1.6 times

Body:
1.6 times



Safety:
1.8 times

Power-train:
1.7 times

Automotive electronics market

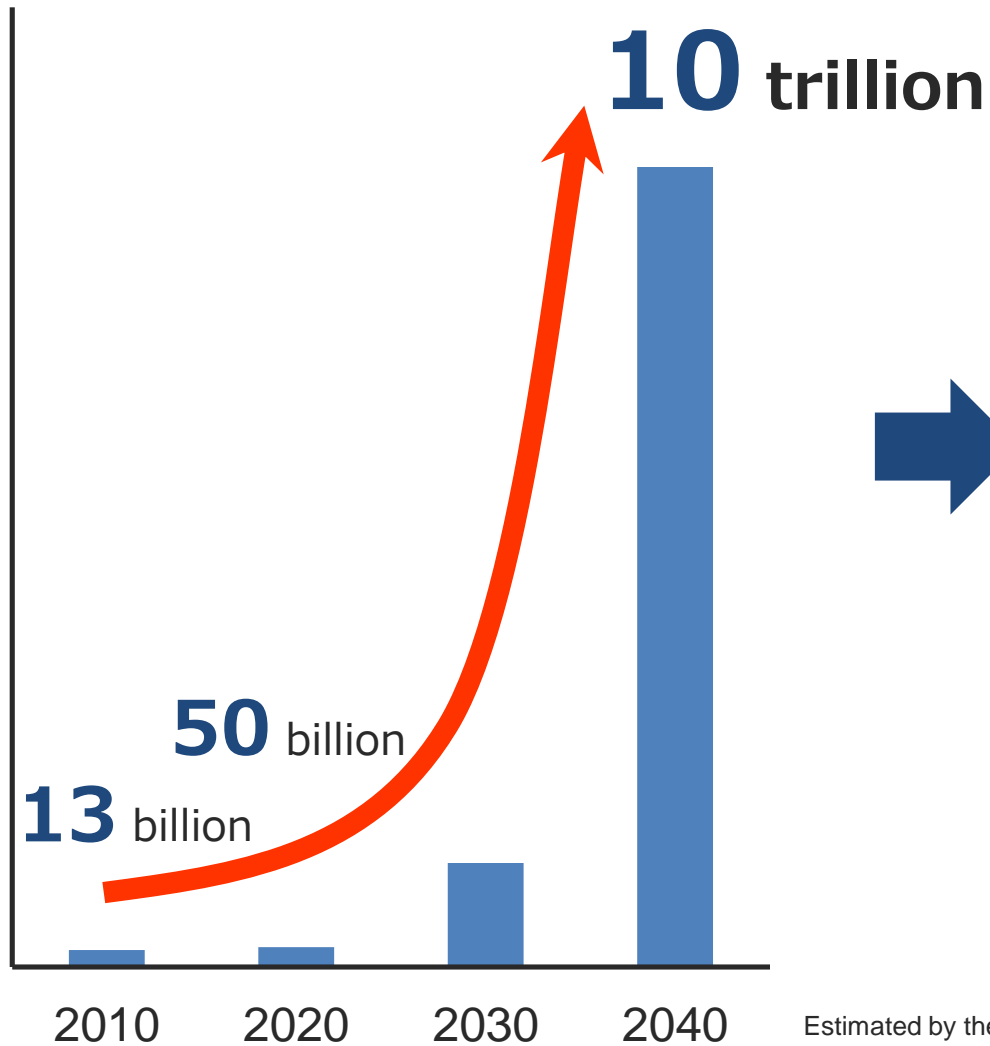
¥19 trillion (2015) ⇒ ¥32 trillion (2025)

*Estimated by the Company

Increasing demand for large-size, high voltage resistant, and highly-reliable components

Advancements in IoT and Growing Electronic Component Demand

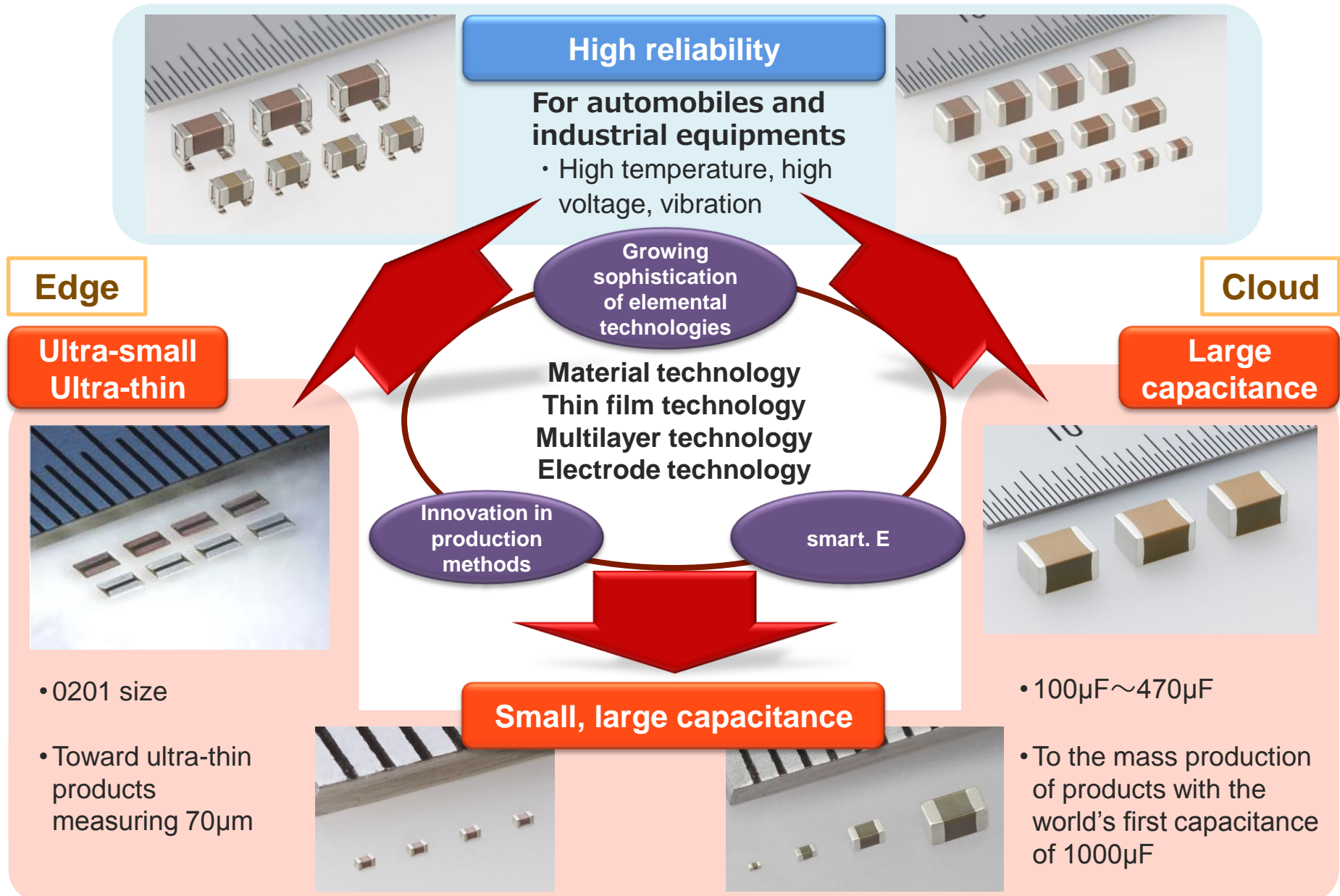
Devices connected to the internet



Explosive growth in demand for electronic components

Estimated by the Company based on Cisco IBSG's prediction

Future Direction of Capacitor Business



Future Direction of Inductor Business

For high frequency

Shift from High-Q
to Mega-Q



**High
reliability**

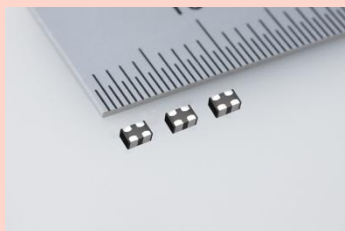
Automotive SMD power inductor

- For powertrain components
- 150°C high heat/vibration resistance
- Quality control (traceability)



**Ultra-small
Ultra-thin**

For high frequency
noise suppression



Growing
sophistication
of elemental
technologies

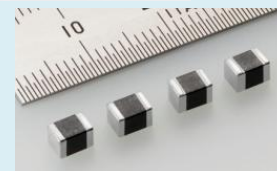
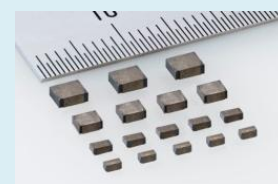
Material technology
Composite material technology
Thin film technology
Printing/multilayer technology
Wire-wound technology

Innovation in
production
methods

smart. E

**Strengthen the
product line-up**

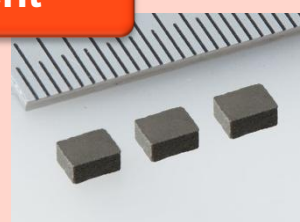
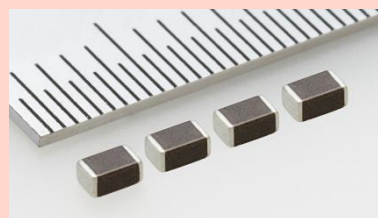
Especially in
automotive and
industrial equipment
fields



Small, large current

Metal power inductor "MCOIL™"

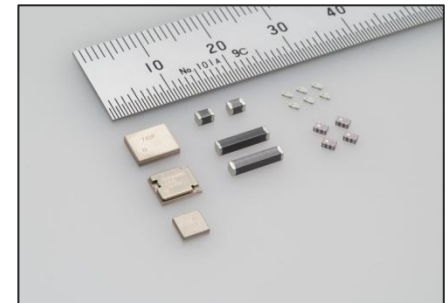
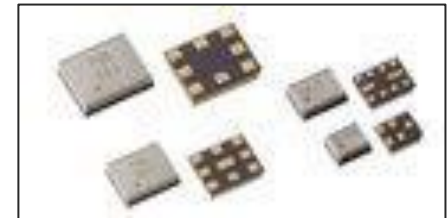
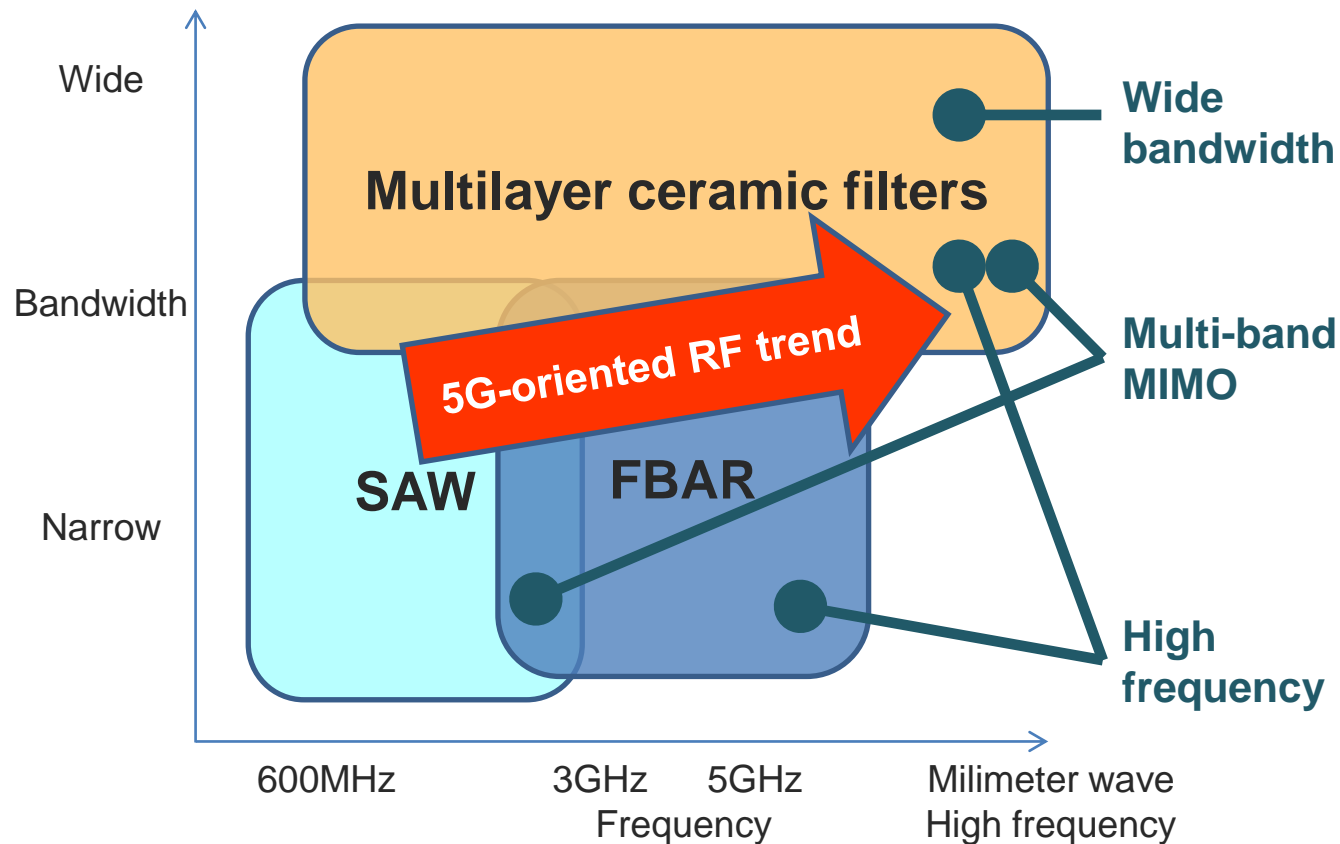
- High-speed switching compatible
- Multilayer/wire-wound type



Future Direction of Communications Device Business

Aiming for only-one products
through SAW/FBAR/Ceramic integrating technology

5G (next-generation telecommunications technology)-oriented RF trends



Providing a solution From sensing to communication and the cloud

Sensing devices (five senses sensor) + MRLD

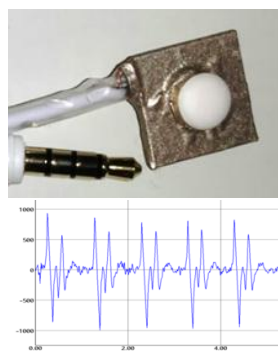
Actuator (piezoelectric elements)



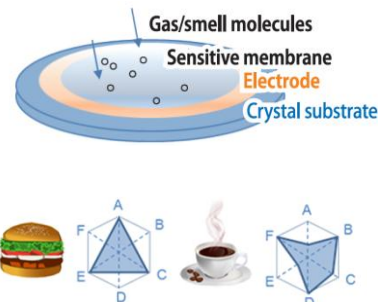
Haptic technology

High-resolution earphone

Piezoelectric pressure wave sensor



Gas smell sensor

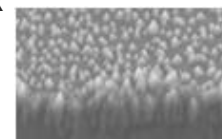


Functional surface treatment film

Advanced coating treatment technologies



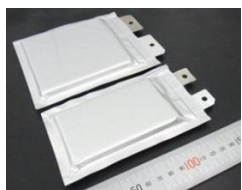
Printing mask



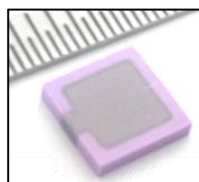
nm needle-like coat

Energy system

LITHOSION™ (Lithium-ion capacitor)



All solid-state lithium- ion secondary battery



PV monitoring



Energy regeneration



⇒ Establish a
business model

Light wireless communication system



Transceiver unit

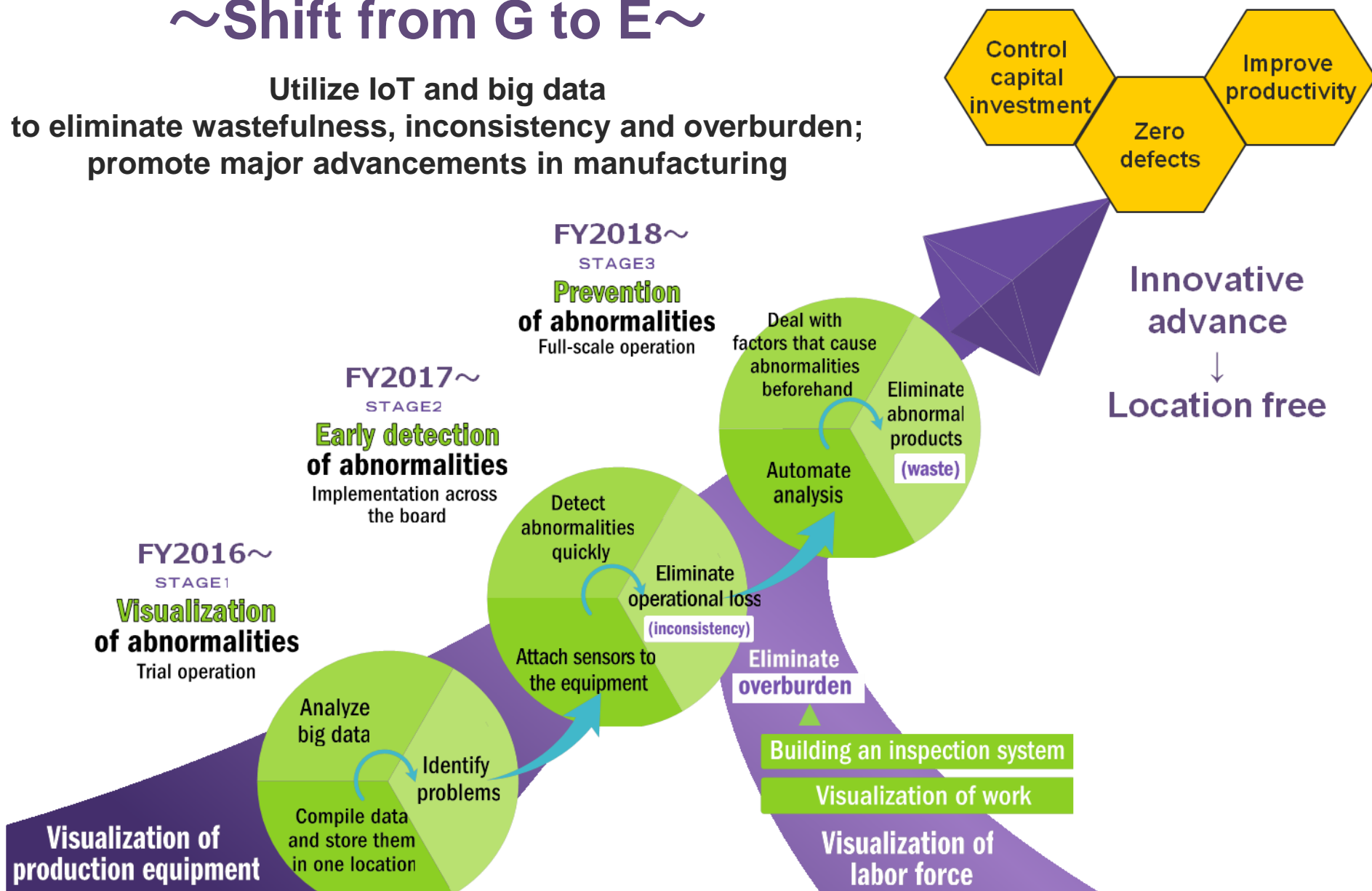


Security camera

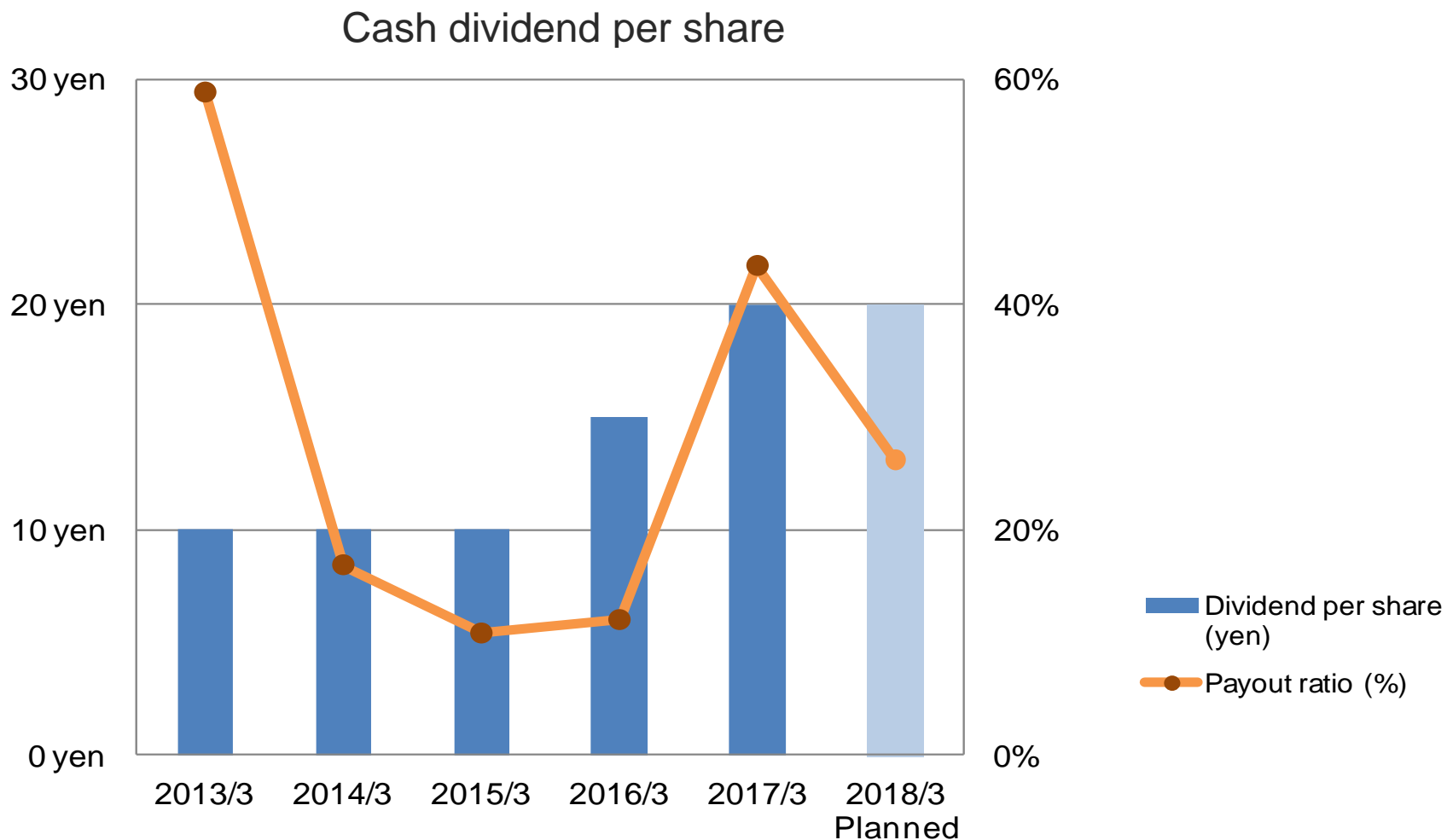
Collaborate with other companies, utilize alliances and accelerate the pace of commercialization and expansion

~Shift from G to E~

Utilize IoT and big data
to eliminate wastefulness, inconsistency and overburden;
promote major advancements in manufacturing



Dividend Policy



**Medium-term
target**

Aim for a stable total return ratio of 30%
(Payment of cash dividends + purchase of treasury stock)

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