Taiyo Yuden (6976)

Shift from price gains driven by hopes on MLCC price hike to fundamentals: U/P

Reiterate Rating: UNDERPERFORM | PO: 8,600 JPY | Price: 9,244 JPY

Lower PO to ¥8,600, Underperform

We raise our earnings forecasts for Taiyo Yuden on the back of expanding MLCC demand (FY3/27 operating profit [OP]: from ¥35.3bn to ¥39.5bn; FY3/28 OP: from ¥50.0bn to ¥65.7bn). Meanwhile, we revise our Price objective (PO) from ¥9,100 to ¥8,600 by lowering the applied multiple from a P/E of 30x our FY3/29 estimate to 20x. We reiterate our Underperform rating.

Share price shifts to reflecting fundamentals

Against the backdrop of expanding AI server demand and expectations for MLCC price increases, Taiyo Yuden's share price and valuation rose sharply for a period. However, as expectations for price increases have moderated and share price momentum across AI-related hardware companies has slowed, the company's share price has also adjusted toward a level that reflects underlying fundamentals. The profitability of Taiyo Yuden's MLCC business remains significantly below that of industry leader Murata Mfg, and the current share price still appears expensive.

MLCC profitability upside remains limited

The company's MLCC book-to-bill ratio reached a high level of 1.72 in 1Q FY3/27. However, we expect it to decline from 2Q onward, given (1) sales shortfalls caused by logistics disruptions in the Middle East and strikes in Korea, and (2) the impact of advance orders from smartphone and PC customers. Higher equipment utilization, with a recovery toward the 95% level, should increase MLCC profits. Even so, we expect the MLCC operating margin to remain in the low teens. Further improvements in productivity will likely be necessary for the share price to rise meaningfully.

Estimates (¥)	3/25A	3/26A	3/27E	3/28E	3/29E
	Other GAAP	Other GAAP	Other GAAP	Other GAAP	Other GAAP
EPS	16.09	100.22	177.82	310.00	428.71
EPS Change (YoY)	-73.8%	522.9%	77.4%	74.3%	38.3%
Consensus EPS (Visible Alpha)			210.54	394.49	573.49
Dividend / Share	90	90	90	90	100
BPS	2,559.5	2,756.3	2,778.1	2,940.3	3,220.3
Valuation					
P/E	574.5x	92.2x	52.0x	29.8x	21.6x
Dividend Yield*	1.0%	1.0%	1.0%	1.0%	1.1%
P/B	3.6x	3.4x	3.3x	3.1x	2.9x
EV/ EBITDA*	21.8x	17.9x	13.8x	10.3x	8.3x
Free Cash Flow Yield*	-2.1%	0.5%	0.6%	2.1%	3.3%

* For full definitions of iQmethod℠ measures, see page 8.

28 August 2026

Equity

Key Changes

(¥)	Previous	Current
Price Obj.	9,100	8,600
2027E Rev (m)	389,400	412,200
2028E Rev (m)	429,000	473,500
2029E Rev (m)	474,300	545,000
2027E EPS	160.77	177.82
2028E EPS	234.03	310.00
2029E EPS	303.90	428.71
2027E EBITDA (m)	83,800	89,903
2028E EBITDA (m)	99,800	120,100
2029E EBITDA (m)	117,600	148,800

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Stock Data

Price	9,244 JPY
Price Objective	8,600 JPY
Date Established	28-Aug-2026
Investment Opinion	C-3-7
52-Week Range	2,948-24,065 JPY
Market Value (mn)	1,113,098 JPY
Market Value ($mn)	6,987 USD
Shares Outstanding (mn)	120.4
Average Daily Value ($mn)	1,408.0 USD
Free Float	93.6%
BofA Ticker / Exchange	TYOYF / TYO
Bloomberg / Reuters	6976 JP / 6976.T
ROE (2027E)	7.6%
Net Dbt to Eqty (Mar-2026A)	20.7%

MLCC: Multi-layer Ceramic Capacitor

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*iQ*profile℠ Taiyo Yuden (6976)

Key Income Statement Data	3/25A	3/26A	3/27E	3/28E	3/29E
(¥ Millions)	Other GAAP	Other GAAP	Other GAAP	Other GAAP	Other GAAP
Sales	**341,438**	**355,341**	**412,200**	**473,500**	**545,000**
% Change	5.8%	4.1%	16.0%	14.9%	15.1%
Gross Profit	71,571	81,929	106,580	135,700	164,000
EBITDA	56,719	69,145	89,903	120,100	148,800
Operating Profit	**10,461**	**19,997**	**39,503**	**65,700**	**89,900**
% Change	15.2%	91.2%	97.5%	66.3%	36.8%
Net Interest & Other Income	700	(800)	(800)	(800)	(500)
Pretax Income (ex extraords.)	**10,561**	**24,097**	**38,403**	**64,900**	**89,400**
% Change	-23.4%	128.2%	59.4%	69.0%	37.8%
Net Income	**2,372**	**14,774**	**26,214**	**45,700**	**63,200**
Key Cash Flow Statement Data					
Net Income from Cont Operations (GAAP)	4,524	18,837	27,903	47,300	64,800
Depreciation & Amortization	46,258	49,148	50,400	54,400	58,900
Change in Working Capital	(9,628)	(22,306)	(29,718)	(32,039)	(37,370)
Capital Expenditure	(64,158)	(40,416)	(42,000)	(46,000)	(50,000)
Free Cash Flow*	**(23,004)**	**5,263**	**6,585**	**23,661**	**36,330**
Share Issue / (Repurchase)	NA	NA	NA	NA	NA
Cost of Dividends Paid	(11,223)	(11,246)	(11,246)	(11,246)	(12,495)
Key Balance Sheet Data					
Cash & Equivalents	78,166	100,072	91,608	100,423	120,657
Trade Receivables	80,549	86,366	100,186	115,085	132,463
Other Current Assets	120,569	131,857	152,956	175,702	202,234
Property, Plant & Equipment	286,837	289,967	281,567	273,167	264,267
Other Non-Current Assets	7,067	7,273	7,560	7,869	8,229
Total Assets	**573,188**	**615,535**	**633,876**	**672,246**	**727,850**
Short-Term Debt	19,702	35,195	35,195	35,195	35,195
Other Current Liabilities	59,943	58,555	69,565	82,523	96,822
Long-Term Debt	144,698	136,017	134,017	132,017	130,017
Other Non-Current Liabilities	29,674	41,356	47,973	55,108	63,429
Total Liabilities	**254,017**	**271,123**	**286,750**	**304,843**	**325,463**
Total Equity	**319,171**	**344,412**	**347,126**	**367,403**	**402,387**
Total Equity & Liabilities	**573,188**	**615,535**	**633,876**	**672,246**	**727,850**
Key Metrics					
iQmethod℠ **– Business Performance***					
Return On Capital Employed	1.2%	3.1%	5.3%	8.4%	10.8%
Return On Equity	0.7%	4.5%	7.6%	12.8%	16.4%
Operating Margin	3.1%	5.6%	9.6%	13.9%	16.5%
iQmethod℠ **– Quality of Earnings***					
Cash Realization Ratio	17.3x	3.1x	1.9x	1.5x	1.4x
Asset Replacement Ratio	1.4x	0.8x	0.8x	0.8x	0.8x
Tax Rate (Reported)	57.2%	21.8%	27.3%	27.1%	27.5%
Net Debt-to-Equity Ratio	27.0%	20.7%	22.4%	18.2%	11.1%
Interest Cover	11.6x	10.5x	19.8x	32.9x	49.9x

* For full definitions of *iQmethod*℠ measures, see page 8.
Other GAAP denotes Japanese Accounting Standards.

Company Sector

Connectors, Passive Components & Distribution

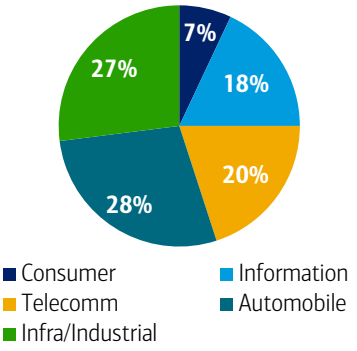
Company Description

Taiyo Yuden was established in 1950 as a magnetic capacitor and steatite magnetic dielectric manufacturer. The mainline ceramic capacitors make up around 40% of total revenue. By concentrating on high-capacitance MLCC and putting focus on material development, profitability has shown a good improvement. Inductor business also generates high margin. An issue to be resolved going forward is an improvement in profitability of integrated module business.

Investment Rationale

Underperform is premised on 1) a slow recovery in MLCC earnings, 2) postponed earnings expansion in non-MLCC businesses such as inductors and integrated modules & devices, 3) receding expectations for increased shareholder returns. While expectations are rising for an upturn in MLCC production trends as inventory adjustments run their course, we see limited prospects for a rapid rebound in earnings given weak final demand for smartphones and PCs. Share-price upside is likely to remain limited.

Exhibit 1: MLCC profitability still a challenge
Sales breakdown by application (1QFY3/27)



Source: Company data

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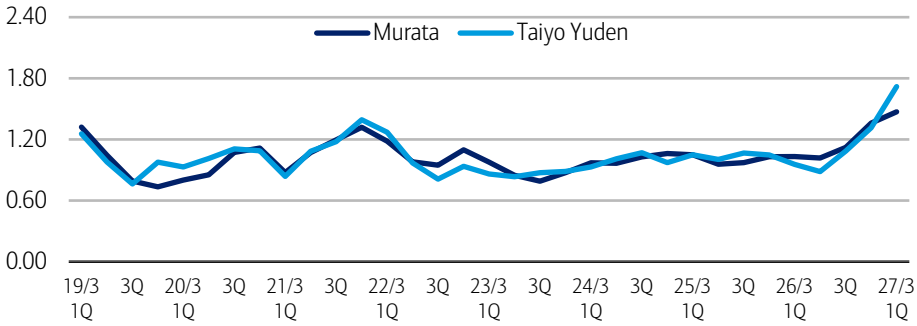
Exhibit 2: Earnings forecasts raised on stronger MLCC demand, but profitability upside remains limited
Taiyo Yuden (6976) - Consolidated earnings estimates

	Sales (mn¥)	YoY (%)	OP (mn¥)	YoY (%)	RP (mn¥)	YoY (%)	NP (mn¥)	YoY (%)	EPS (¥)	P/E (x)	P/CF (x)
Quarterly											
FY3/27 1QA	93,897	10.7	4,818	53.3	4,263	1,565.2	2,504	na	18.2	-	-
FY3/27 2Q BofA E	109,600	18.1	13,400	127.8	13,200	68.2	9,200	43.4	62.4	-	-
FY3/27 3Q BofA E	104,900	18.5	11,100	48.1	10,900	-6.8	7,600	7.3	51.6	-	-
FY3/27 4Q BofA E	103,800	15.8	10,200	161.2	10,000	120.9	6,900	190.4	46.8	-	-
Full year											
FY3/26 A	355,341	4.1	19,996	91.2	24,129	129.4	14,806	536.0	107.6	82.8	23.9
FY3/27 CoE	**424,000**	**19.3**	**45,000**	**125.0**	**42,000**	**74.1**	**29,000**	**95.9**	**219.0**	**40.6**	**19.0**
FY3/27 BofA E (New)	**412,200**	**16.0**	**39,503**	**97.6**	**38,403**	**59.2**	**26,214**	**77.0**	**177.8**	**50.1**	**17.1**
FY3/27 BofA E (Old)	389,400	9.6	35,300	76.5	34,500	43.0	23,700	60.1	160.8	55.4	18.2
FY3/27 Consensus E	381,722	7.4	36,013	80.1	35,778	48.3	24,865	67.9	184.3	48.3	16.2
FY3/28 BofA E (New)	**473,500**	**14.9**	**65,700**	**66.3**	**64,900**	**69.0**	**45,700**	**74.3**	**310.0**	**28.7**	**13.1**
FY3/28 BofA E (Old)	429,000	10.2	50,000	41.6	49,500	43.5	34,500	45.6	234.0	38.0	15.6
FY3/28 Consensus E	418,254	9.6	52,468	45.7	53,257	48.9	37,722	51.7	279.6	31.8	13.4
FY3/29 BofA E (New)	**545,000**	**15.1**	**89,900**	**36.8**	**89,400**	**37.8**	**63,200**	**38.3**	**428.7**	**20.8**	**10.7**
FY3/29 BofA E (Old)	474,300	10.6	64,000	28.0	63,800	28.9	44,800	29.9	303.9	29.3	13.4
FY3/29 Consensus E	465,102	11.2	76,994	46.7	78,933	48.2	54,358	44.1	403.0	22.1	10.9

Source: Company data, Visible Alpha, BofA Global Research estimates

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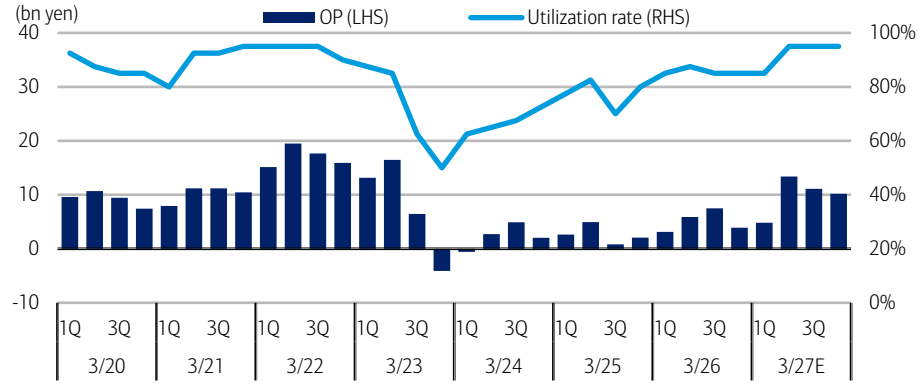
Exhibit 3: Taiyo Yuden MLCC BB ratio likely peaked in 1Q FY3/27 due in part to one-off factors
Taiyo Yuden (6976) and Murata Mfg (6981) quarterly MLCC business BB ratio trend



Source: Company data

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Exhibit 4: Utilization may recover to past peak levels, but profit upside remains limited
MLCC utilization rate and quarterly OP trend



Source: Company data

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Exhibit 5: Taiyo Yuden (6976) - Medium-term earnings improvement remains on track, but...
Consolidated business outlook

								YoY (%)						
(mn yen)	3/25	3/26	3/27E	3/28E	3/29E	3/30E	3/31E	3/25	3/26	3/27E	3/28E	3/29E	3/30E	3/31E
Net sales	**341,438**	**355,341**	**412,200**	**473,500**	**545,000**	**631,300**	**727,800**	**5.8**	**4.1**	**16.0**	**14.9**	**15.1**	**15.8**	**15.3**
Capacitor	232,066	251,771	305,922	365,500	438,200	520,600	612,900	12.7	8.5	21.5	19.5	19.9	18.8	17.7
Operating profit	12,991	17,618	34,336	58,300	81,300	107,900	136,300	84.4	35.6	94.9	69.8	39.5	32.7	26.3
Operating margin	5.6%	7.0%	11.2%	16.0%	18.6%	20.7%	22.2%							
Inductor	61,546	64,319	70,134	73,600	78,000	82,600	87,500	10.8	4.5	9.0	4.9	6.0	5.9	5.9
Operating profit	2,635	7,434	7,954	9,500	10,700	11,900	13,200	-10.0	182.2	7.0	19.4	12.6	11.2	10.9
Operating margin	4.3%	11.6%	11.3%	12.9%	13.7%	14.4%	15.1%							
Othes	47,824	39,249	36,141	34,400	35,088	35,790	36,506				2.0	2.0	2.0	2.0
Operating profit	-5,123	-4,631	-2,795	-2,064	-2,105	-1,968	-1,825							
Operating margin	-10.7%	-11.8%	-7.7%	-6.0%	-6.0%	-5.5%	-5.0%							
Electronic components	**341,436**	**355,339**	**412,200**	**473,500**	**545,000**	**631,300**	**727,800**	**5.8**	**4.1**	**16.0**	**14.9**	**15.1**	**15.8**	**15.3**
Operating profit	**10,500**	**20,400**	**39,500**	**65,700**	**89,900**	**117,800**	**147,700**	**15.4**	**94.3**	**93.6**	**66.3**	**36.8**	**31.0**	**25.4**
Operating margin	**3.1%**	**5.7%**	**9.6%**	**13.9%**	**16.5%**	**18.7%**	**20.3%**							
Total cost of sales	269,867	273,412	305,620	337,800	381,000	434,000	494,200	4.9	1.3	11.8	10.5	12.8	13.9	13.9
% to sales	79.0	76.9	74.1	71.3	69.9	68.7	67.9							
Gross profit	71,571	81,929	106,580	135,700	164,000	197,300	233,600	9.3	14.5	30.1	27.3	20.9	20.3	18.4
S.G.A	61,110	61,932	67,077	70,000	74,100	79,500	85,900	8.4	1.3	8.3	4.4	5.9	7.3	8.1
% to sales	17.9	17.4	16.3	14.8	13.6	12.6	11.8							
Operating profit	**10,459**	**19,996**	**39,500**	**65,700**	**89,900**	**117,800**	**147,700**	**15.2**	**91.2**	**97.5**	**66.3**	**36.8**	**31.0**	**25.4**
% to sales	3.1	5.6	9.6	13.9	16.5	18.7	20.3							
Non-operating balance														
Interest and dividend	1,551	1,126	1,154	1,200	1,260	1,260	1,260	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other non-op income	673	6,058	746	400	420	420	420	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Interest expense	891	1,859	2,021	2,000	1,800	1,800	1,800	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0	-10.0
Other non-op expense	1,273	1,192	1,032	400	380	380	380	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
	60	4,133	-1,153	-800	-500	-500	-500							
Recurring profit	**10,517**	**24,129**	**38,300**	**64,900**	**89,400**	**117,300**	**147,200**	**-23.6**	**129.4**	**58.7**	**69.5**	**37.8**	**31.2**	**25.5**
Extraordinary income	598	384	303	400	400	400	400							
Extraordinary loss	2,750	4,447	1,992	2,000	2,000	2,000	2,000							
Pretax profit	**8,365**	**20,066**	**36,611**	**63,300**	**87,800**	**115,700**	**145,600**	-36.0	139.9	82.5	72.9	38.7	31.8	25.8
Income taxes	6,037	5,260	10,500	17,600	24,600	32,400	40,800	27.0	-12.9	99.6	67.6	39.8	31.7	25.9
tax rate	72.2%	26.2%	28.7%	28.0%	28.0%	28.0%	28.0%							
Net earnings	**2,328**	**14,806**	**26,100**	**45,700**	**63,200**	**83,300**	**104,800**	**-72.0**	**536.0**	**76.3**	**75.1**	**38.3**	**31.8**	**25.8**

Source: Company, BofA Global Research

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Exhibit 6: TAIYO YUDEN (6976)- ...but near-term profit upside remains limited
Consolidated Business Outlook

	FY3/27E								FY3/28E							
	1Q	YoY	2QE	YoY	3QE	YoY	4QE	YoY	1QE	YoY	2QE	YoY	3QE	YoY	4QE	YoY
Net sales	**93,897**	**10.7**	**109,600**	**18.1**	**104,900**	**18.5**	**103,800**	**15.8**	**106,400**	**13.3**	**126,500**	**15.4**	**120,800**	**15.2**	**119,800**	**15.4**
Capacitor	69,022	14.7	81,600	23.8	77,200	25.1	78,100	22.1	81,500	18.1	97,800	19.9	92,600	19.9	93,600	19.8
Operating Profit	4,536	40.4	11,300	150.3	9,100	55.9	9,400	132.9	11,100	144.7	17,300	53.1	14,800	62.6	15,100	60.6
Operating Profit Margin (%)	6.6%		13.8%		11.8%		12.0%		13.6%		17.7%		16.0%		16.1%	
Inductors	15,934	7.4	19,000	14.1	18,700	9.2	16,500	5.1	16,400	2.9	20,100	5.8	19,600	4.8	17,500	6.1
Operating Profit	1,354	14.1	2,700	15.8	2,500	-5.9	1,400	11.1	1,600	18.1	3,200	18.5	2,900	16.0	1,800	28.6
Operating Profit Margin (%)	8.5%		14.2%		13.4%		8.5%		9.8%		15.9%		14.8%		10.3%	
Others	8,941	-8.5	9,000	-8.0	9,000	-7.0	9,200	-8.0	8,500	-5.0	8,600	-5.0	8,600	-5.0	8,700	-5.0
Operating Profit	-1,073		-630		-540		-552		-510		-516		-516		-522	
Operating Profit Margin (%)	-12.0%		-7.0%		-6.0%		-6.0%		-6.0%		-6.0%		-6.0%		-6.0%	
Electronic component	**93,897**	**10.7**	**109,600**	**18.6**	**104,900**	**18.5**	**103,800**	**15.8**	**106,400**	**13.3**	**126,500**	**15.4**	**120,800**	**15.2**	**119,800**	**15.4**
Operating Profit	**4,818**		**13,400**		**11,100**		**10,200**		**12,200**		**20,000**		**17,200**		**16,400**	
Operating Profit Margin (%)	**5.1%**		**12.2%**		**10.6%**		**9.8%**		**11.5%**		**15.8%**		**14.2%**		**13.7%**	
Total cost of sales	72,502	8.8	79,500	11.4	77,000	17.4	76,600	9.6	77,000	6.2	89,000	11.9	86,000	11.7	85,700	11.9
Gross profit	21,395	17.7	30,100	40.2	27,900	21.6	27,200	37.8	29,400	37.4	37,500	24.6	34,800	24.7	34,100	25.4
Gross margin (%)	22.8		27.5		26.6		26.2		27.6		29.6		28.8		28.5	
S.G.A	16,577	10.2	16,700	7.1	16,800	8.7	17,000	7.3	17,200	3.8	17,500	4.8	17,600	4.8	17,700	4.1
	17.7%		15.2%		16.0%		16.4%		16.2%		13.8%		14.6%		14.8%	
Operating profit	**4,818**	**53.3**	**13,400**	**127.8**	**11,100**	**48.1**	**10,200**	**161.2**	**12,200**	**153.2**	**20,000**	**49.3**	**17,200**	**55.0**	**16,400**	**60.8**
Operating margin (%)	**5.1**		**12.2**		**10.6**		**9.8**		**11.5**		**15.8**		**14.2**		**13.7**	
Interest and dividend	254	-14.8	300	-2.9	300	-43.4	300	-43.4	300	18.1	300	0.0	300	0.0	300	0.0
Other non-op income	446		100		100		100		100		100		100		100	
Interest expense	521	96.6	500	-3.1	500	-6.5	500	-6.5	500	-4.0	500	0.0	500	0.0	500	0.0
Other non-op expense	732		100		100		100		100		100		100		100	
Non-operating balance	-553		-200		-200		-200		-200		-200		-200		-200	
Recurring profit	**4,263**	**1565.2**	**13,200**	**68.1**	**10,900**	**-8.6**	**10,000**	**120.9**	**12,000**	**181.5**	**19,800**	**50.0**	**17,000**	**56.0**	**16,200**	**62.0**
Extraordinary income	3		100		100		100		100		100		100		100	
Extraordinary loss	492		500		500		500		500		500		500		500	
Pretax profit	**3,774**	**5069.9**	**12,800**	**74.2**	**10,500**	**-11.6**	**9,600**	**708.8**	**11,600**	**207.4**	**19,400**	**51.6**	**16,600**	**58.1**	**15,800**	**64.6**
Income taxes	1,270		3,600		2,900		2,700		3,200		5,400		4,600		4,400	
Tax rate (%)	33.7%		28.0%		28.0%		28.0%		28.0%		28.0%		28.0%		28.0%	
Minority interest	0		0		0		0		0		0		0		0	
Net earnings	**2,504**	**-**	**9,200**	**43.4**	**7,600**	**3.9**	**6,900**	**190.4**	**8,400**	**235.5**	**14,000**	**52.2**	**12,000**	**57.9**	**11,400**	**65.2**
Capital expenditure	7,083		11,000		12,000		11,900		11,000		11,000		12,000		12,000	
Depreciation	11,914	4.2	12,700	5.4	12,800	2.2	13,000	-1.1	12,800	7.4	13,700	7.9	13,900	8.6	14,000	7.7
% to sales	12.7%		11.6%		12.2%		12.5%		12.0%		10.8%		11.5%		11.7%	
R&D expenditure	3,401	-5.1	3,900	8.3	4,000	13.7	3,800	0.8	3,600	5.9	4,200	7.7	4,200	5.0	4,300	13.2
% to sales	3.6%		3.6%		3.8%		3.7%		3.4%		3.3%		3.5%		3.6%	

Source: Company, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 7: Taiyo Yuden (6976) - Near-term cash flow remains weak

Consolidated cash flow statement

(mn yen)	3/21	3/22	3/23	3/24	3/25	3/26	3/27E	3/28E	3/29E	3/30E	3/31E
Operating Cash Flow											
Pre-tax profit	28,615	54,361	23,216	8,317	2,328	14,806	26,100	45,700	63,200	83,300	104,800
Depreciation	29,256	31,287	34,903	39,391	46,258	49,148	50,400	54,400	58,900	63,100	68,400
Changes in working capital	-14,280	-35,593	-1,637	-1,616	-9,628	-22,306	-29,718	-32,039	-37,370	-45,106	-50,437
Total	**43,591**	**50,055**	**56,482**	**46,092**	**38,958**	**41,648**	**46,782**	**68,061**	**84,730**	**101,294**	**122,763**
Investment Cash Flow											
Capital Expenditure	-49,699	-34,023	-50,489	-92,201	-64,158	-40,416	-42,000	-46,000	-50,000	-54,000	-58,000
Investments	-1,000	861	-1,175	-290	1,943	-323	0	0	0	0	0
Total	**-50,699**	**-33,162**	**-51,664**	**-92,491**	**-62,215**	**-40,739**	**-42,000**	**-46,000**	**-50,000**	**-54,000**	**-58,000**
Financial Cash Flow											
Short-term debt	10,049	-7,727	23,923	-34,703	6,247	15,493	0	0	0	0	0
Long-term debt	7,036	6,961	2,028	84,612	9,309	-8,681	-2,000	-2,000	-2,000	-2,000	-2,000
Dividends	-5,021	-10,033	-11,215	-11,216	-11,223	-11,246	-11,246	-11,246	-12,495	-12,495	-12,495
Total	**12,064**	**-10,799**	**14,736**	**38,693**	**4,333**	**-4,434**	**-13,246**	**-13,246**	**-14,495**	**-14,495**	**-14,495**
Free cash flow	**-6,108**	**16,032**	**5,993**	**-46,109**	**-25,200**	**1,232**	**4,782**	**22,061**	**34,730**	**47,294**	**64,763**
Total cash flow	**4,956**	**6,094**	**19,554**	**-7,706**	**-18,924**	**-3,525**	**-8,464**	**8,815**	**20,234**	**32,799**	**50,268**

Source: Company data, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 8: Taiyo Yuden (6976) -Balance sheet improvement and stronger shareholder returns will take time

Consolidated balance sheet

(bn yen)	3/21	3/22	3/23	3/24	3/25	3/26	3/27E	3/28E	3/29E	3/30E	3/31E
Total current assets	**237.6**	**282.6**	**274.4**	**297.2**	**279.3**	**318.3**	**344.7**	**391.2**	**455.4**	**541.2**	**650.7**
Cash and deposits	84.3	92.6	87.2	102.8	78.2	100.1	91.6	100.4	120.7	153.5	203.7
Notes and accounts recv	78.7	86.6	70.4	81.2	80.5	86.4	100.2	115.1	132.5	153.4	176.9
Marketable securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	67.9	96.8	104.8	102.3	110.0	125.8	146.0	167.7	193.0	223.6	257.7
Other current assets	6.6	6.7	12.0	10.9	10.5	6.0	7.0	8.0	9.2	10.7	12.3
Total fixed assets	**167.0**	**191.9**	**229.1**	**282.5**	**293.9**	**297.2**	**289.1**	**281.0**	**272.5**	**263.8**	**253.9**
Tangible fixed assets	159.2	184.9	220.6	273.6	286.8	290.0	281.6	273.2	264.3	255.2	244.8
Long-term investments	6.5	5.6	6.8	7.1	5.2	5.5	5.5	5.5	5.5	5.5	5.5
Other fixed assets	1.4	1.3	1.7	1.8	1.9	1.8	2.1	2.4	2.7	3.2	3.7
Total assets	**404.6**	**474.5**	**503.5**	**579.7**	**573.2**	**615.5**	**633.9**	**672.2**	**727.9**	**805.0**	**904.6**
Total current liabilities	**102.5**	**107.0**	**112.1**	**85.8**	**79.6**	**93.8**	**104.8**	**117.7**	**132.0**	**149.1**	**168.0**
Notes and accounts payable	31.7	32.8	23.0	29.7	27.2	26.5	30.7	35.3	40.6	47.0	54.2
Short-term borrowings	32.0	24.2	48.2	13.5	19.7	35.2	35.2	35.2	35.2	35.2	35.2
Accrued income taxes	5.8	14.0	1.6	2.2	2.1	2.5	4.5	7.8	10.8	14.2	17.9
Other current liabilities	33.0	36.0	39.4	40.4	30.7	29.6	34.3	39.5	45.4	52.6	60.6
Total long-term liabilities	**58.2**	**67.2**	**72.8**	**163.8**	**174.4**	**177.4**	**182.0**	**187.1**	**193.4**	**201.5**	**210.7**
Bonds and CBs	0.0	0.0	0.0	51.2	51.0	50.8	50.8	50.8	50.8	50.8	50.8
Long-term borrowing	41.8	48.7	50.8	84.2	93.7	85.2	83.2	81.2	79.2	77.2	75.2
Retirement allowances	5.1	5.3	5.7	7.0	7.2	7.8	9.0	10.4	11.9	13.8	15.9
Other long-term liabilities	11.3	13.1	16.4	21.4	22.4	33.6	38.9	44.7	51.5	59.6	68.8
Total liabilities	**160.7**	**174.2**	**185.0**	**249.6**	**254.0**	**271.1**	**286.8**	**304.8**	**325.5**	**350.6**	**378.7**
Shareholders' equity	**243.9**	**300.3**	**318.5**	**330.1**	**319.2**	**344.4**	**347.1**	**367.4**	**402.4**	**454.4**	**525.9**
KEY MEASURES											
Total debt	73.8	73.0	98.9	148.8	164.4	171.2	169.2	167.2	165.2	163.2	161.2
Net debt	-10.5	-19.6	11.7	46.1	86.2	71.1	77.6	66.8	44.6	9.8	-42.5
KEY RATIOS											
Current ratio (x)	2.3	2.5	2.5	2.9	3.5	3.4	3.3	3.3	3.4	3.5	3.8
Quick ratio (x)	1.5	1.6	1.5	1.7	2.1	2.0	1.9	1.8	1.9	2.0	2.2
Net debt / equity	-3.0%	-5.5%	-1.3%	8.9%	20.4%	23.7%	21.5%	20.2%	14.5%	6.3%	-3.3%
Sales / Ave. inventory	3.2	2.7	2.3	2.5	2.5	2.3	2.2	2.2	2.1	2.1	2.1
Sales / Ave. receivables	4.2	4.2	4.1	4.3	4.2	4.3	4.4	4.4			4
Equity / Assets	60.8%	61.9%	63.3%	59.9%	56.3%	55.8%	55.3%	54.7%			%
Sales / assets (x)	0.8	0.8	0.7	0.6	0.6	0.6	0.7	0.7			9
ROE	12.6%	20.0%	7.5%	2.6%	0.7%	4.5%	7.5%	12.8%			%
ROA	11.0%	16.4%	7.1%	2.5%	1.8%	4.1%	6.1%	9.9%			%

Source: Company data, BofA Global Research estimates



Price objective basis & risk

Taiyo Yuden (6976 / TYOYF)

Taiyo Yuden's PO is ¥8,600. The basis for our PO calculation is a P/E of 20x our FY3/29 estimate. This is approximately 10% above the past 10 year average P/E of 18x, reflecting expanding MLCC demand for AI servers. However, profitability remains at a low level due to the burden of fixed costs and weak productivity in MLCC production for AI servers. As we do not expect a significant improvement in profitability from next fiscal year onward, we believe it will be difficult for the stock to achieve valuation multiples close to past peak levels. Upside risks to our PO are (1) productivity improvement in MLCCs for AI servers exceeding our assumptions, and (2) a faster pace of earnings improvement in the inductors and integrated devices businesses. Downside risks are (1) a decline in MLCC market share due to continued weak productivity for AI server applications, (2) continued deterioration in profitability in the integrated devices business, particularly for the China smartphone market, and (3) yen appreciation exceeding our assumptions.

Analyst Certification

I, Masashi Kubota, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Japan – Semiconductors/Tech Hardware/ Software & IT Svc Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Advantest	ADTTF	6857 JP	Mikio Hirakawa
	Anritsu	AITUF	6754 JP	Mikio Hirakawa
	Baycurrent	BYCRF	6532 JP	Hiromu Yabuki
	DISCO	DISPF	6146 JP	Mikio Hirakawa
	Fujitsu	FJTSF	6702 JP	Hideaki Tanaka
	Fujitsu	FJTSY	FJTSY US	Hideaki Tanaka
	Hitachi	HTHIF	6501 JP	Mikio Hirakawa
	Hitachi	HTHIY	HTHIY US	Mikio Hirakawa
	HOYA	HOCPF	7741 JP	Mayako Ouchi
	HOYA	HOCPY	HOCPY US	Mayako Ouchi
	Ibiden	IBIDF	4062 JP	Masashi Kubota
	JEOL	XJEOF	6951 JP	Mayako Ouchi
	KIOXIA	XIYUF	285A JP	Mikio Hirakawa
	Lasertec	LSRCF	6920 JP	Mikio Hirakawa
	MinebeaMitsumi	MNBEF	6479 JP	Masashi Kubota
	Mitsubishi Electric	MIELF	6503 JP	Mikio Hirakawa
	Murata Mfg	MRAAF	6981 JP	Masashi Kubota
	NEC	NIPNF	6701 JP	Hideaki Tanaka
	Nichicon	NCHNF	6996 JP	Hazel Xue
	Niterra	NGKSF	5334 JP	Masashi Kubota
	Nomura Research Institute	NURAF	4307 JP	Hideaki Tanaka
	Nomura Research Institute	NRILY	NRILY US	Hideaki Tanaka
	Obic	OBIIF	4684 JP	Hideaki Tanaka
	OBIC	OBICY	OBICY US	Hideaki Tanaka
	Obic Business Consultants	OBIBF	4733 JP	Hideaki Tanaka
	Oracle Japan	OCLCF	4716 JP	Hideaki Tanaka
	Panasonic	PCRFF	6752 JP	Mikio Hirakawa
	Renesas Electronics	RNECF	6723 JP	Mikio Hirakawa
	Rigaku Corporation	RGAKF	268A JP	Mikio Hirakawa
	Rohm	ROHCF	6963 JP	Masashi Kubota
	Sony Group Corporation	SONY	SONY US	Mikio Hirakawa
	Sony Group Corporation	SNEJF	6758 JP	Mikio Hirakawa
	TDK	TTDKY	TTDKY US	Masashi Kubota
	TDK	TTDKF	6762 JP	Masashi Kubota
	Tokyo Electron	TOELF	8035 JP	Mikio Hirakawa

Japan – Semiconductors/Tech Hardware/ Software & IT Svc Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Tokyo Seimitsu	TMIUF	7729 JP	Mayako Ouchi
	ULVAC	ULVAF	6728 JP	Mayako Ouchi
NEUTRAL				
	BIPROGY	NTULF	8056 JP	Hideaki Tanaka
	Canon	CAJFF	7751 JP	Mayako Ouchi
	Hirose Electric	HRSEF	6806 JP	Masashi Kubota
	Iriso Electronics	IREEF	6908 JP	Hazel Xue
	Nikon	NINOF	7731 JP	Mayako Ouchi
	Nippon Chemi-Con	XSZNF	6997 JP	Hazel Xue
	Nitto Denko	NDEKF	6988 JP	Masashi Kubota
	SCREEN Holdings	DINRF	7735 JP	Mikio Hirakawa
	TISI	TISNF	3626 JP	Hideaki Tanaka
	Trend Micro	TMICF	4704 JP	Hideaki Tanaka
UNDERPERFORM				
	Alps Alpine	APELF	6770 JP	Masashi Kubota
	Alps Alpine	APELY	APELY US	Masashi Kubota
	Fuji Electric	FELTF	6504 JP	Mikio Hirakawa
	Japan Aviation	JPAVF	6807 JP	Masashi Kubota
	Kyocera	KYOCF	6971 JP	Masashi Kubota
	Mabuchi Motor	MBUMF	6592 JP	Masashi Kubota
	NS Solutions	NSSXF	2327 JP	Hideaki Tanaka
	Otsuka Corp	OSUKF	4768 JP	Hideaki Tanaka
	Sharp	SHCAF	6753 JP	Mikio Hirakawa
	Taiyo Yuden	TYOYF	6976 JP	Masashi Kubota
RVW				
	Nidec	NNDNF	6594 JP	Masashi Kubota
	NIDEC	NJDCY	NJDCY US	Masashi Kubota

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Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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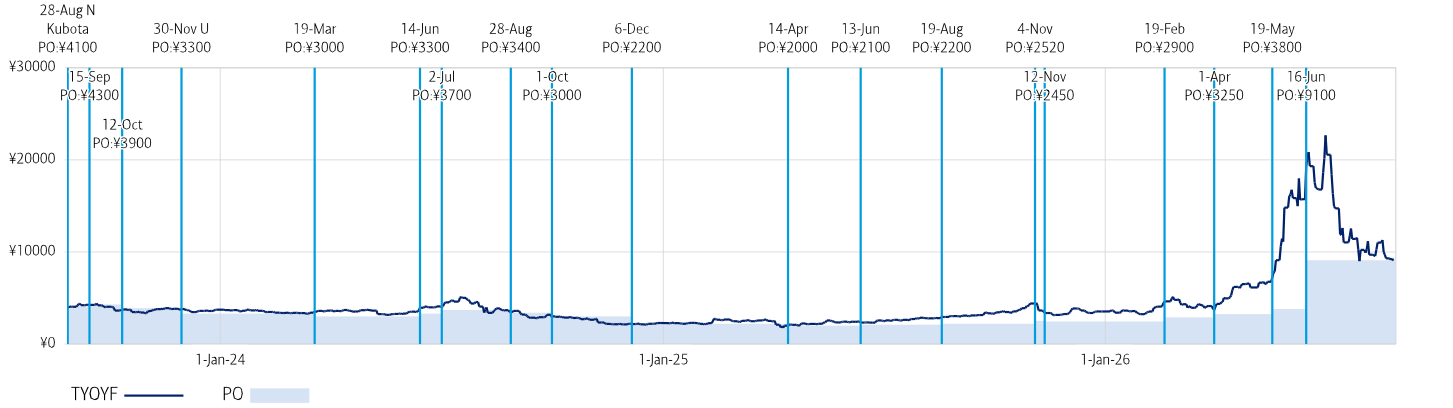
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Disclosures

Important Disclosures

Taiyo Yuden (TYOYF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Electronics Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	34	55.74%	Buy	16	47.06%
Hold	10	16.39%	Hold	3	30.00%
Sell	17	27.87%	Sell	6	35.29%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2] Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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