

To our esteemed customers and channel partners,

The market for Passive components continues to be very challenging. Yageo has devoted all possible resources to keep serving our customers in the best way possible.

We have made big investments in capacity for resistors and MLCCs, and we are striving to fill the gap which has been left by some global players, especially on certain MLCC products which are not as profitable as others. Unfortunately this gap is too big for us to fill, and several new developments over the last weeks in other suppliers' strategies made the situation even more challenging.

At the same time the demand is constantly rising. New developments e.g. in the automotive market, for mobile phones and other consumer goods have led to an explosion in quantities, first of all in the Chinese market. This means that for MLCC product we have not been able to fulfil the full demand of our valued customers since the end of 2017, and we don't foresee any changes of this situation in the near future.

Also, rising costs and short supply on raw materials, new environmental laws in China, higher labour costs and unfavourable exchange rates have been leading to a sharp increase in our production cost.

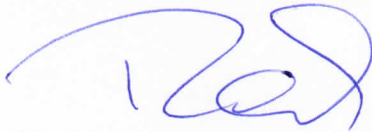
All this has led to extended lead times and forced us to increase our standard prices on both product groups recently, and we expect further price increases in the near future if the situation doesn't change unexpectedly.

We are also constantly optimizing our output which may lead to reduced availability on certain products which consume too much capacity.

We apologize for any inconvenience caused for you by that.

We strongly believe that this is the best way to ensure that our customers will get the product they need when they need it, despite these challenging times.

We would like to thank you for your understanding and continuous support.



Iris Reck

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