



June 7, 2017

To Whom it may Concern:

Company name: **TAIYO HOLDINGS CO., LTD.**  
Representative: Eiji Sato, President and CEO  
Stock code: 4626, TSE 1<sup>st</sup> Section  
Contact: Shuichi Omi, Executive Officer, General Manager,  
Administration Division  
Tel.: (81)-3-5999-1511 (main line)

## Notice Concerning Formulation of Medium-Term Business Plan

Taiyo Holdings Co., Ltd. formulated “Next Stage 2020,” a three-year medium-term business plan beginning with fiscal year ending March 31, 2018. We hereby give notice of the plan, which is summarized below.

### Plan Summary

#### 1. Reasons and Background Underlying Formulation of the Medium-Term Business Plan

In October 2010, the Group announced GBP 2010, a medium-term business plan extending to fiscal year ended March 31, 2013, but has refrained from formulating a new medium-term business plan since that time. A long-term business development strategy is important for the Group’s business in materials for printed wiring boards (PWB business) because it normally takes from five to ten years to complete the cycle from development of a new product to adoption by customers and sale of the mass-produced product. We therefore thought announcing a medium-term business plan that specified monetary targets as we had before would encourage short-term management limited to achieving the stated goals.

Solder Resist (SR) is the mainstay product of the Group. Overseas sales comprise more than 80% of our total SR sales and the Group commands over 50% share of the SR market. Because of these factors, the business structure is greatly affected by external factors such as fluctuation in exchange rates and market trends in smartphones, servers, and other end-products. The sluggish pace of new business development and withdrawal from the flat panel display materials business (FPD business) due to the demise of demand in fiscal year ended March 31, 2015 has increased the Group’s dependence on the PWB business, and we have not been able to restructure our business to lessen our considerable dependence on SR.

We have therefore formulated the Next Stage 2020 three-year medium-term business plan to extricate the Group from this business structure and make the leap to becoming a comprehensive chemical company, based on the keyword, “chemicals,” which we have adopted as our guideline.

#### 2. Targets

- (1) Profit structure  
Operating margin: 20% or more
- (2) Profitability  
ROE (Return on Equity ratio): 11% or more
- (3) Shareholder return  
DOE (Dividend on Equity ratio): 5% or more
- (4) Operating results  
Achieve a new record high in term of operating profit

#### 3. Basic Policy

- (1) Improve profitability of solder resist (SR)
- (2) Expand into areas related to printed wiring board (PWB) other than solder resist
- (3) Launch a medical and pharmaceutical business
- (4) Move the energy and food businesses into the black
- (5) Strengthen basic research capabilities
- (6) Business alliance with DIC Corporation\*
- (7) Execute M&A strategy
- (8) Expand CSR activities
- (9) Develop and utilize self-sufficient personnel capable of acting independently

\* Taiyo Holdings Co., Ltd. concluded a business alliance with DIC Corporation on January 25, 2017.

Press release: [http://www.taiyo-hd.co.jp/cms/wp-content/uploads/2017/02/20170202\\_01\\_en.pdf](http://www.taiyo-hd.co.jp/cms/wp-content/uploads/2017/02/20170202_01_en.pdf)

**【DISCLAIMER】**

This document is not intended to encourage the purchase or sale of Taiyo Holdings shares. Moreover, any forward-looking statements in this document are the judgment of Taiyo Holdings based on the company's assumptions at the time such document was created, and there can be no assurance that the relevant forward-looking statements will be achieved.



# NEXT STAGE 2020

Forward To The Next Stage

## Medium-term Business Plan

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## Targets

- |                             |  |
|-----------------------------|--|
| <b>1 Profit structure</b>   | <b>Operating margin: 20% or more</b>                         |
| <b>2 Profitability</b>      | <b>ROE (Return on Equity ratio): 11% or more</b>             |
| <b>3 Shareholder return</b> | <b>DOE (Dividend on Equity ratio): 5% or more</b>            |
| <b>4 Operating results</b>  | <b>Achieve a new record high in term of operating profit</b> |



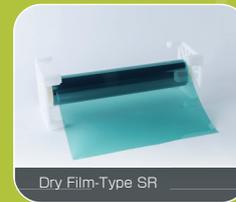
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## Basic Policy

- 01** Improve profitability of solder resist (SR)
- 02** Expand into areas related to printed wiring board (PWB) other than solder resist
- 03** Launch a medical and pharmaceutical business
- 04** Move the energy and food businesses into the black
- 05** Strengthen basic research capabilities
- 06** Business alliance with DIC Corporation\*
- 07** Execute M&A strategy
- 08** Expand CSR activities
- 09** Develop and utilize self-sufficient personnel capable of acting independently



Dry Film-Type SR



Photoimageable Coverlay Film



Medical & Pharmaceutical Business



Water-Based Solar Power



Plant Factory



Laboratory



Marathon Sponsorship



On-Site Daycare Center



Amateur Athlete Support



Local Volunteer Activity

\*Taiyo Holdings Co., Ltd. concluded a business alliance with DIC Corporation on January 25, 2017.  
 Press release: [http://www.taiyo-hd.co.jp/\\_cms/wp-content/uploads/2017/02/20170202\\_01\\_en.pdf](http://www.taiyo-hd.co.jp/_cms/wp-content/uploads/2017/02/20170202_01_en.pdf)



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In charge of R&D

Director  
**Eiji Takehara**  
In charge of Taiwan

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