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# Consolidated Financial Result Digest

## FY2016 Q2

(Fiscal Year Ended March 31, 2016)

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TAIYO HOLDINGS CO., LTD

October 30, 2015



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# Terminology

Term	Definition
PWB Materials	Chemical products for printed wiring boards
FPD Materials	Chemical products for flat panel displays
SR	“Solder resist ink” or “solder mask”
PKG Materials	Chemical products for semiconductor packages

# Classification of product

Group	Category	Type	Remarks
PWB insulating materials	Rigid	Liquid	for protecting surface and insulating SR materials
	PKG/FPC	Liquid/Dry Film	
	Build-up	Liquid/Dry Film	for interlayer insulating and hole plugging build-up materials
FPD conductive materials	FPD	Liquid	for touch panel, and shielding silver paste
Other related products	Other	Liquid	for marking, etching and plating flux, solvent etc.

- 1 Chugai Kasei Co., Ltd 's business performance is consolidated with Taiyo's consolidated financial statements starting May 2015 (11 months of consolidated period in this fiscal year)
- 2 JPY was slightly weaker than estimated exchange rate of 110yen/USD
- 3 Decrease in sales volume mainly in Greater China

# FY2016 Q2 Consolidated financial results

## Results summary

JPY millions

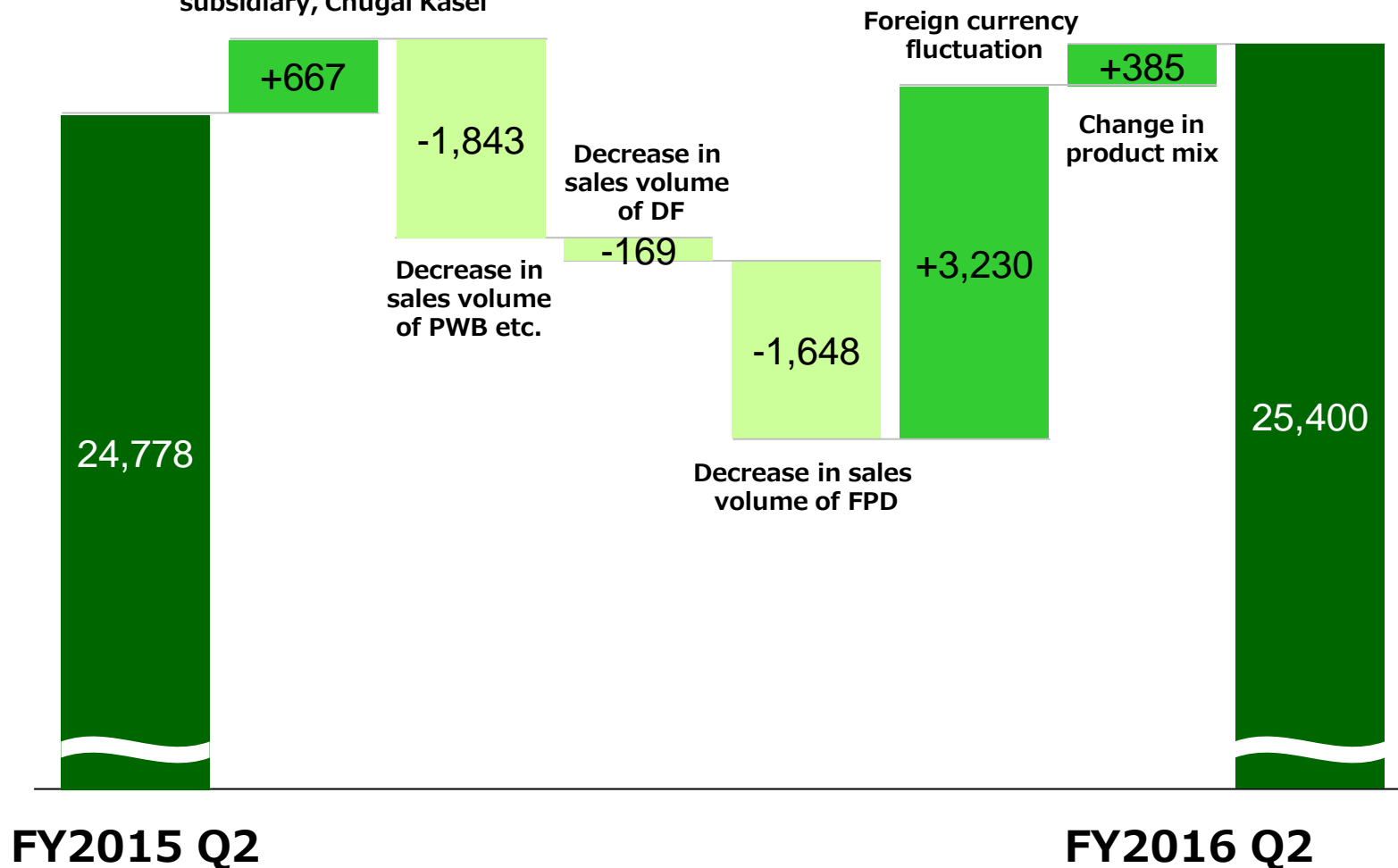
	FY2015 Q2	FY2016 Q2	YoY	%	FY2016 H1 forecasts	Progress rate	FY2016 forecasts
Net sales	24,778	<b>25,400</b>	+622	+3%	26,700	95%	51,500
Operating income	4,755	<b>5,807</b>	+1,052	+22%	5,300	110%	10,200
Ordinary income	4,878	<b>5,889</b>	+1,011	+21%	5,300	111%	10,300
Net income	3,337	<b>4,088</b>	+751	+23%	3,600	114%	7,000
Exchange rate of JPY/USD	103.50	121.48	+17.98	+17%	110.00		110.00

# FY2016 Q2 Net sales (YoY)

## Breakdown of net sales

JPY millions

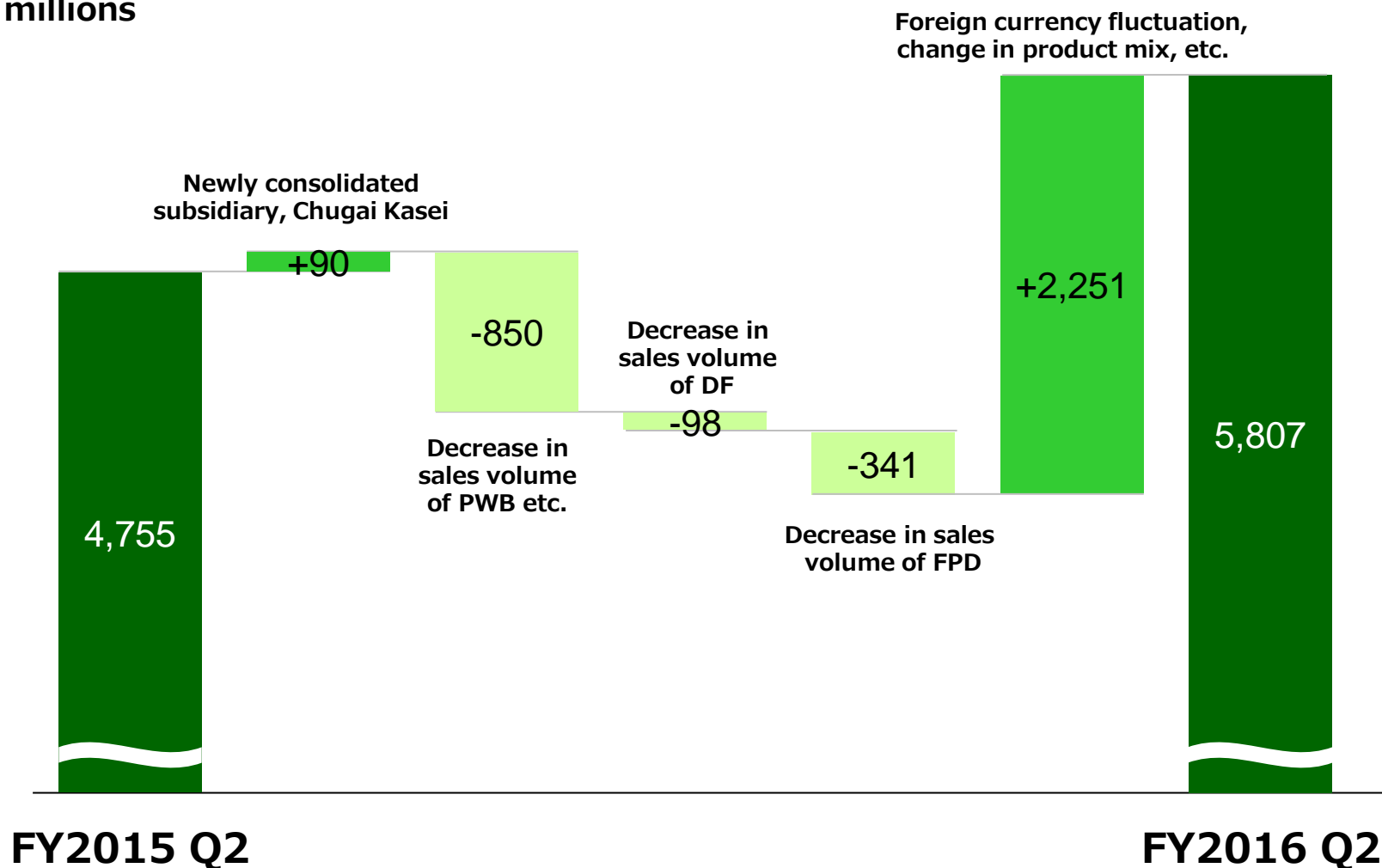
Newly consolidated subsidiary, Chugai Kasei



# FY2016 Q2 Operating income (YoY)

## Breakdown of operating income

JPY millions

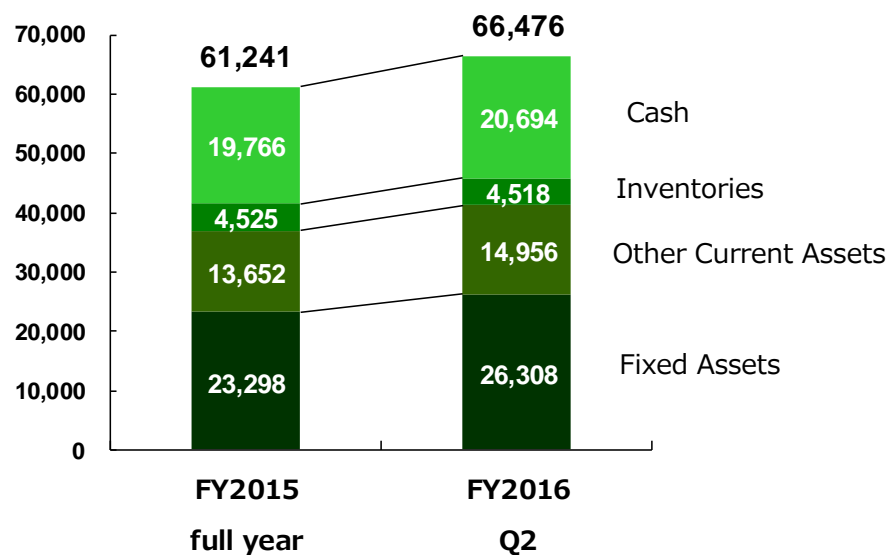


# FY2016 Q2 BS highlights

## BS (YoY)

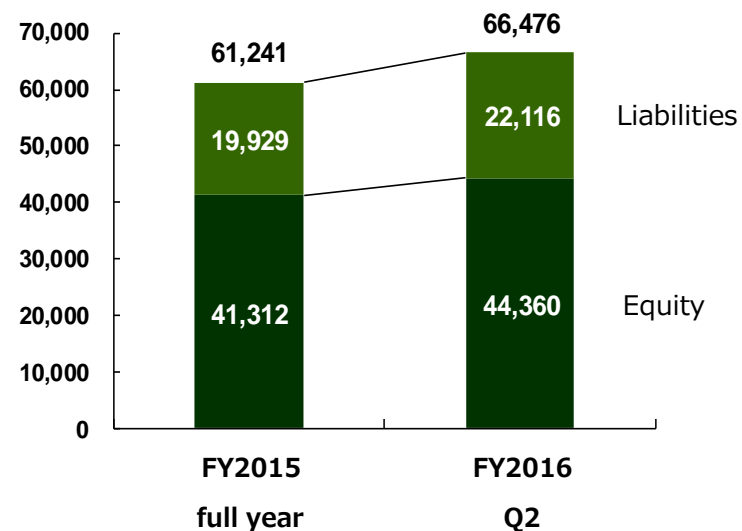
JPY millions

### Assets



- Increase in fixed assets for new Kitakyushu Plant
- Newly consolidated subsidiary, Chugai Kasei

### Liabilities and Equity



- Newly consolidated subsidiary, Chugai Kasei

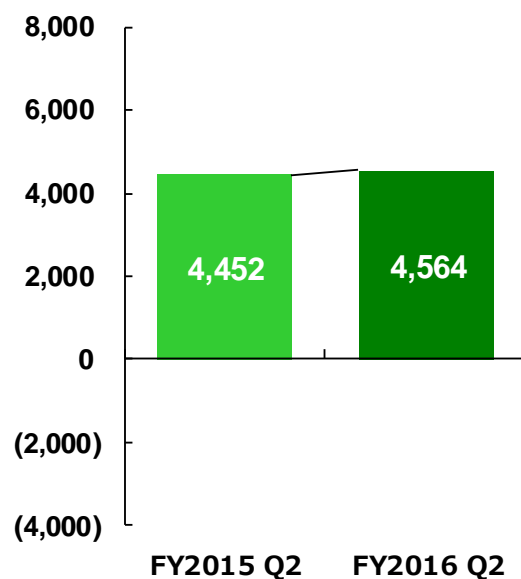


# FY2016 Q2 CF highlights

## CF (YoY)

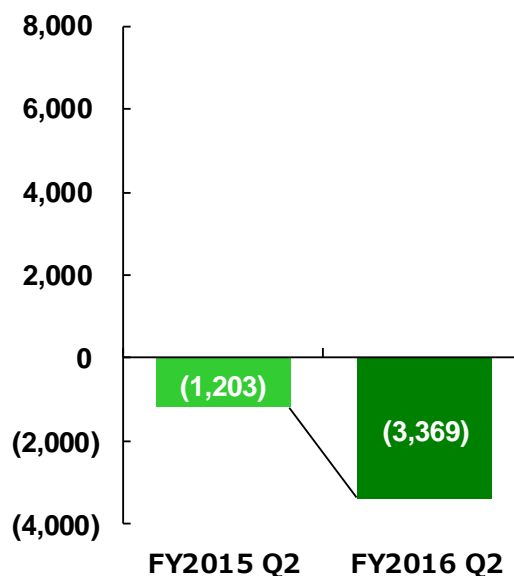
JPY millions

### Operating CF



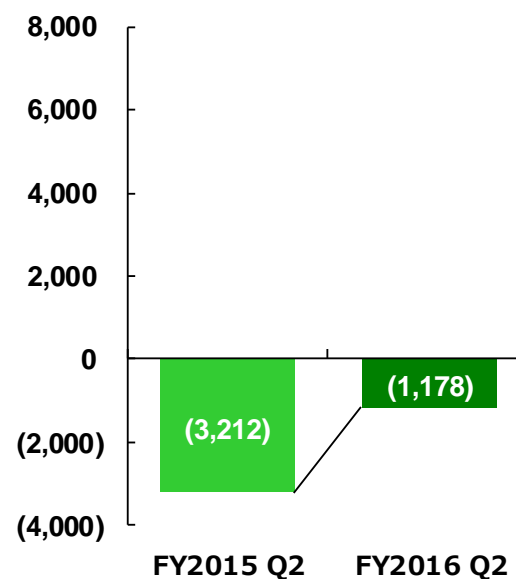
- Increase in income before income taxes and minority interests
- Increase in income taxes payment

### Investing CF



- Investment at new Kitakyushu Plant
- Increase in fixed deposit

### Financing CF

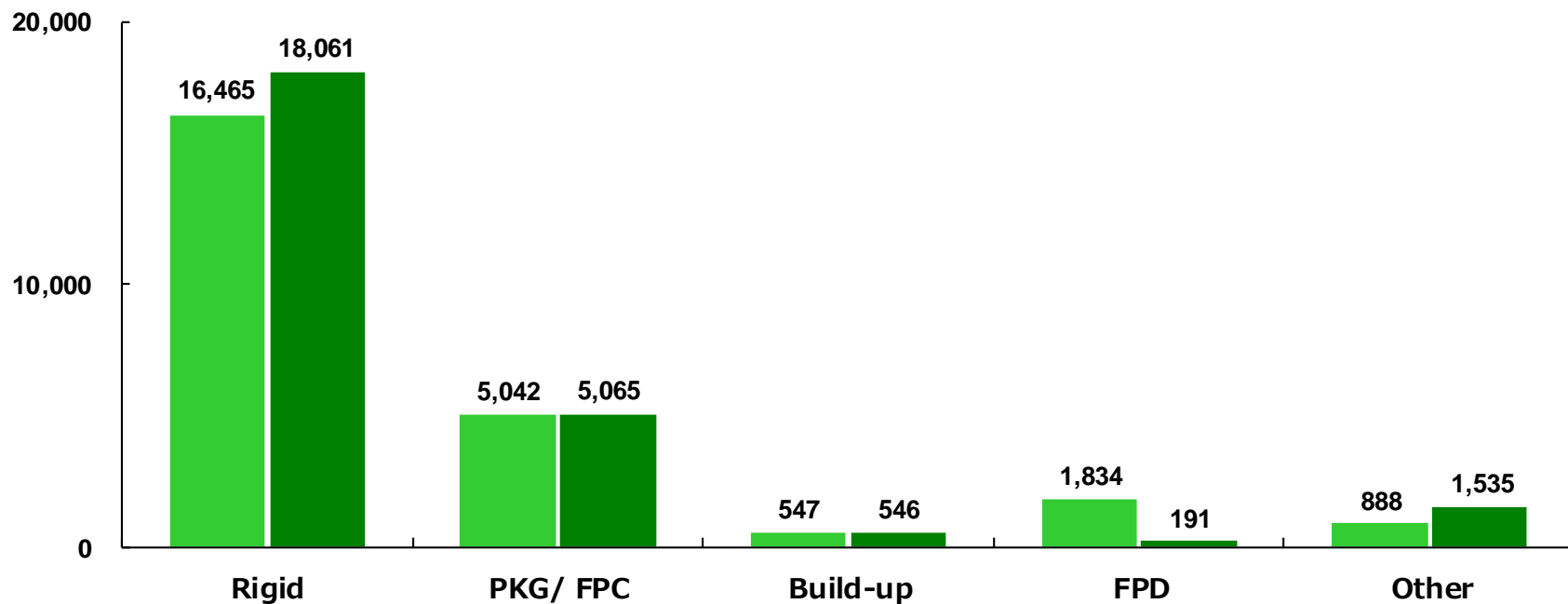


- 1,650 million USD of loan repayment in the previous fiscal year

## Sales results by product group category

JPY millions

FY2015 Q2  
FY2016 Q2

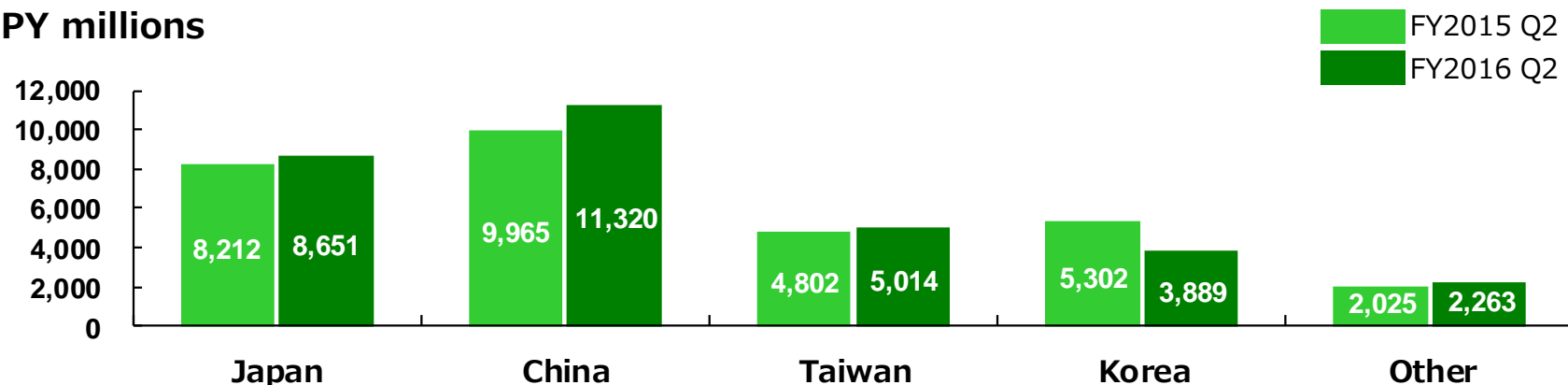


# FY2016 Q2 Segment information

## Sales by segment

(including inter-segment sales or transactions)

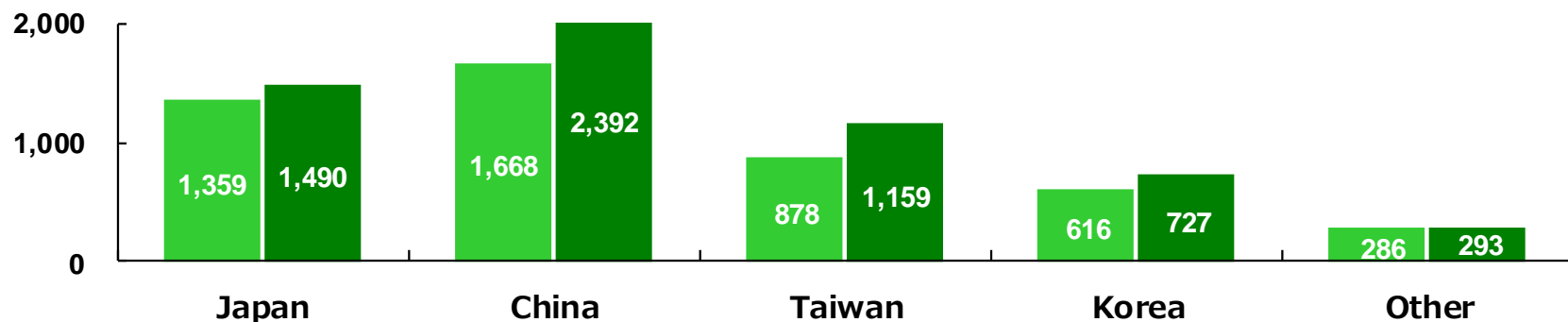
JPY millions



## Operating income by segment

(including inter-segment sales or transactions)

JPY millions

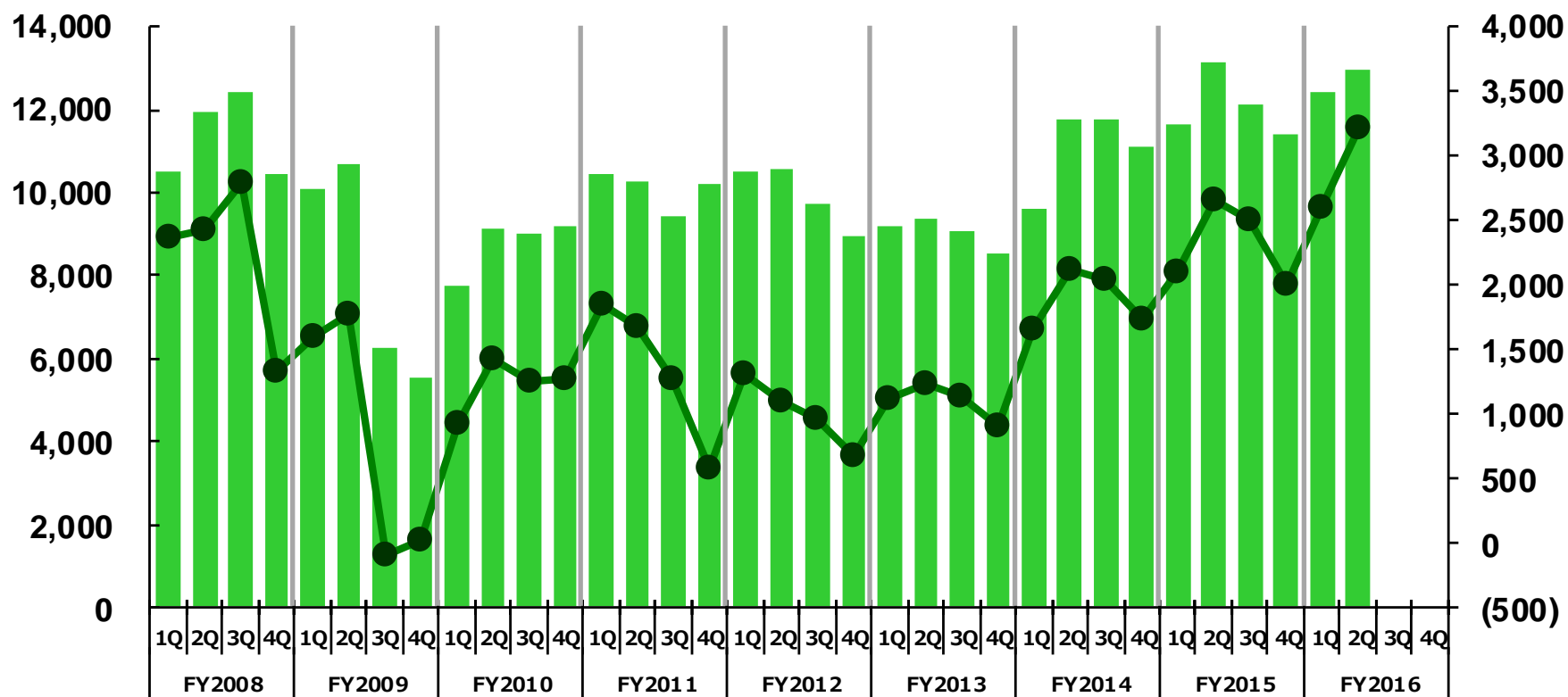


# Trend of quarterly performance

## Net sales & operating income

JYP millions

■ Net sales (left axis)  
● Operating Income (right axis)



# Kitakyushu Plant



## Completed in October 2015

### <Purposes>

- Adequate to BCP
  - ①low disaster risk as if earthquake
  - ②near by major shipment destinations such as China/Korea etc.
- Strengthen production capacity
- In-house production of a part of film processing progress

### <Production>

Liquid-type : 1,500 ton/year  
Dry film-type : 2,800,000m<sup>2</sup>/year

<Investment> approx. ¥3.6 billion

<IRR> 15.4% ※only Kitakyushu Plant

# Investing for future



## Mega solar power station

- Floating stations help prevent excess heat in solar panels, enabling higher efficiency in power generation
- Preventing water bloom by shutting out the sunlight to the surface of water
- Promoting the spread of eco-friendly “renewable energy”

<Investment> approx. ¥400 million

<IRR> 5.1% ※not included labor costs



## Plant factory

- Starting production of vegetables at plant factory as one of the food issue resolutions
- Contributing to society by conducting global environment issues

# Investing for working environment

**Ranzan Shokudo**



**Taiyo Cafe**



**Taiyo Kitchen**



## Cafeteria services

- Setting up cafeteria services at 3 domestic bases
- Contributing on communication activation by providing environment for employees to spend their time longer than before in the cafeteria



## Childcare center to be opened in December

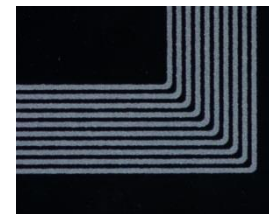
- Improving welfare program and working environment to secure talented personnel



# New product projects

## Conductive materials

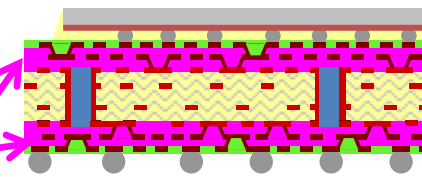
- Electrode materials for use in touch panel installed in smartphone, tablet pc
- Conductive paste, as a future material, that do not require the use of precision metals is under development



## Interlayer insulating materials

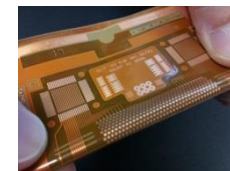
- Dry film-type interlayer insulating materials for use in package substrates
- Under qualification process by end-customers

Interlayer insulating materials



## Photosensitive coverlays

- FPC materials for use in smartphone and tablet pc
- Under optimization about machine properties with fine processability, heat resistance and bendability



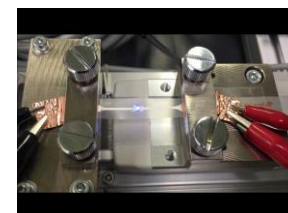
## Conductive adhesives

- Anisotropic conductive adhesives to connect rigid substrates and flexible substrates
- Low temperature curable isotropic conductive adhesives for LED chip assembly
- Low temperature and short curing time
- Samples available



## Wearable materials

- Materials for use in “electronic devices that can be worn on the body”
- Research of new material and marketing stage





# Performance-based compensation (monetary and stock)

Eligible participants: Executive directors

## ①Performance-based monetary compensation

**Total amount :** 1.6% of consolidated net income with upper limit of ¥160 million

## ②Performance-based stock compensation

**Type of shares:** Class shares, 3-years restricted stock

**Total amount :** Based on net income point table with a upper limit ¥600 million

**Payment :** Total amount mentioned above after deduction of income taxes and social insurance

**Issue price :** Amount of price that ensure participants not to be in advantageous position

(Previous time : The company's common shares closing price on the day before the date of resolution regarding issue of shares at BOD meeting)

<Net income point table>

Rank	①Monetary	②Stock
Chairman	101pt	36pt
President	169pt	120pt
Vice President	108pt	48pt
Senior Managing Director	101pt	36pt
Managing Director	78pt	24pt
Director	66pt	12pt

## Total amount of compensation

$$= \text{amount of performance-based compensation} \times \frac{\text{rank point}}{\text{total point}}$$

