
Consolidated Financial Result Digest

FY2016 Q2 (Fiscal Year Ended March 31, 2016)



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

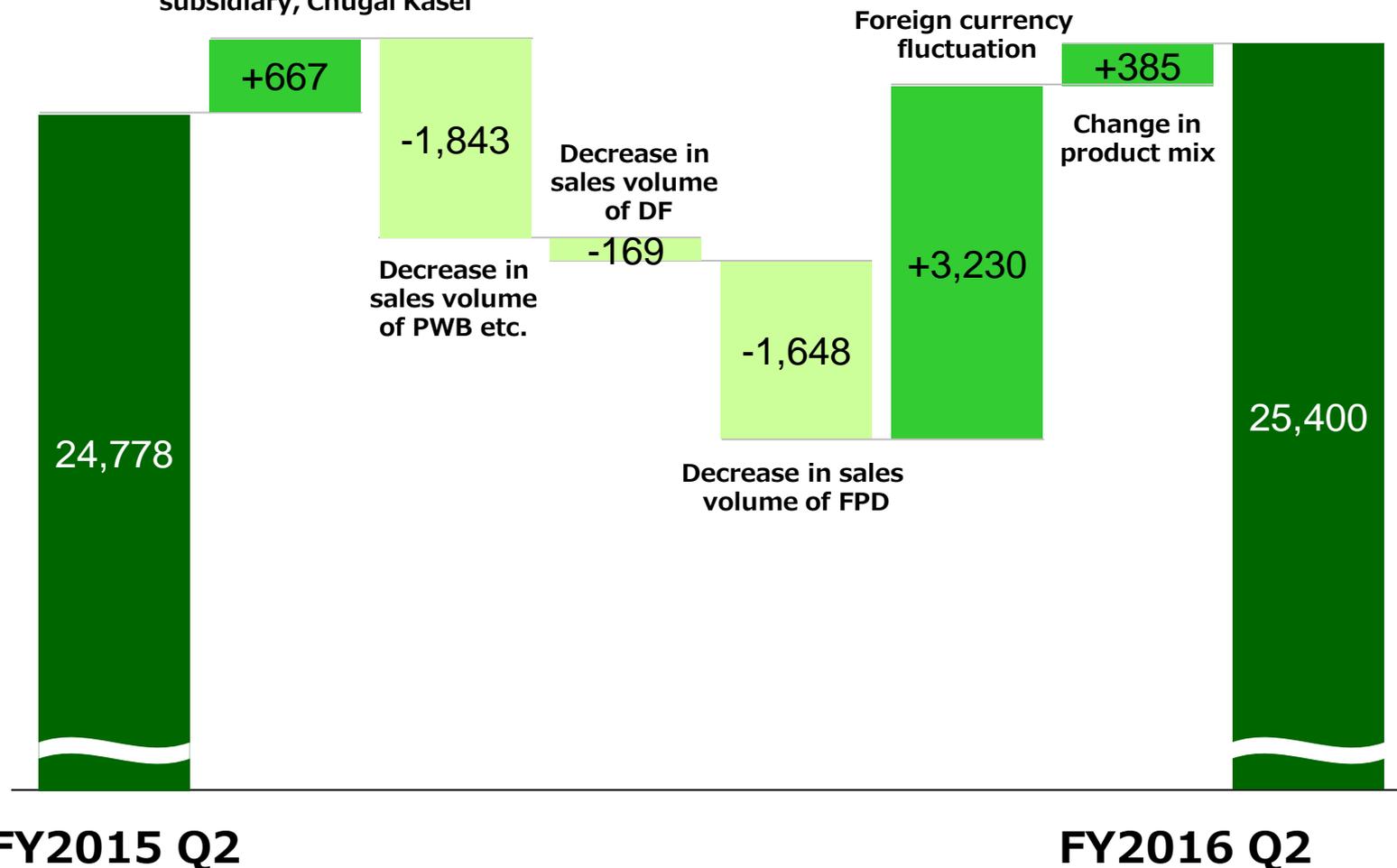
	FY2015 Q2	FY2016 Q2	YoY	%	FY2016 H1 forecasts	Progress rate	FY2016 forecasts
Net sales	24,778	25,400	+622	+3%	26,700	95%	51,500
Operating income	4,755	5,807	+1,052	+22%	5,300	110%	10,200
Ordinary income	4,878	5,889	+1,011	+21%	5,300	111%	10,300
Net income	3,337	4,088	+751	+23%	3,600	114%	7,000
Exchange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

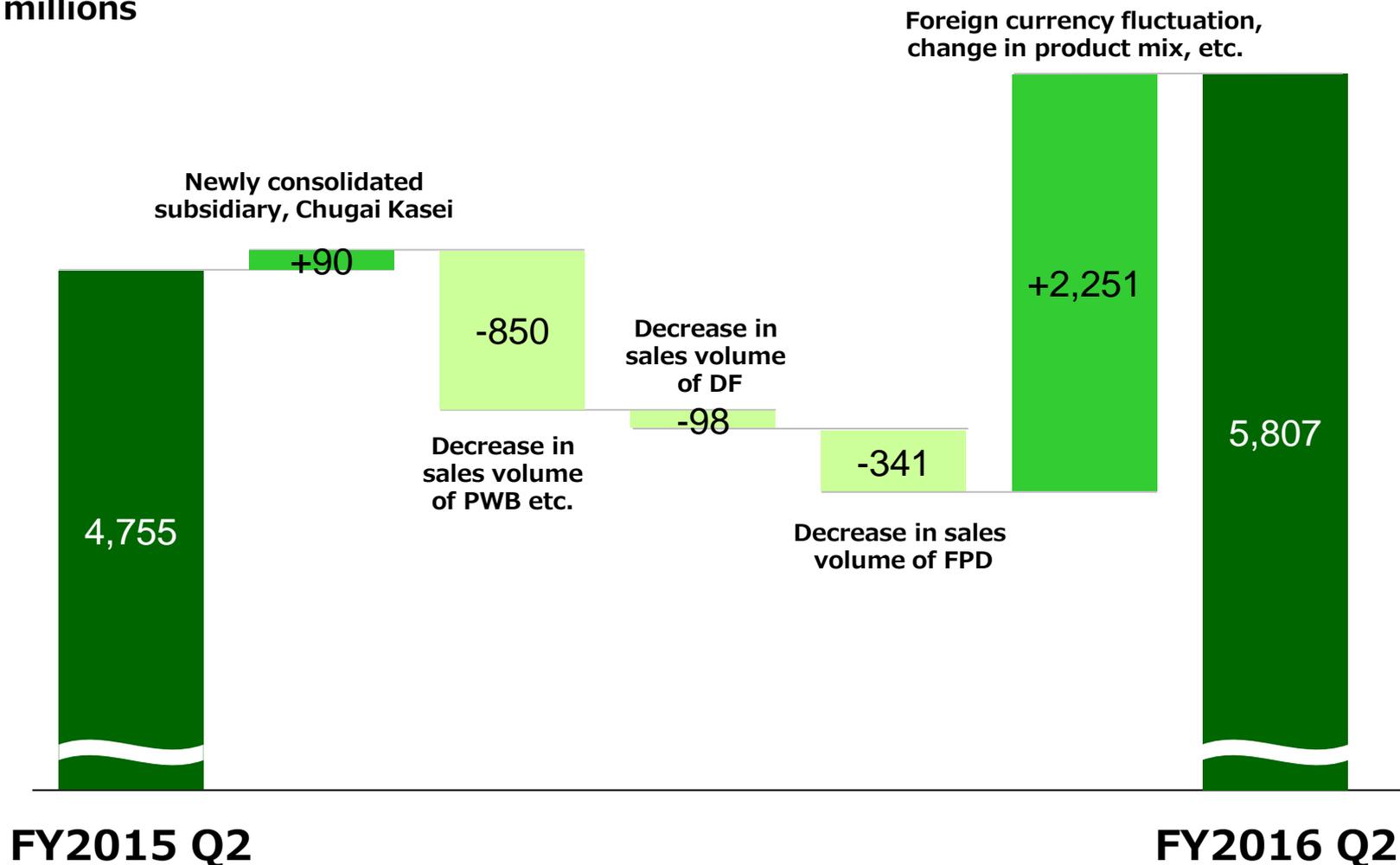
Newly consolidated subsidiary, Chugai Kasei



FY2016 Q2 Operating income (YoY)

Breakdown of operating income

JPY millions

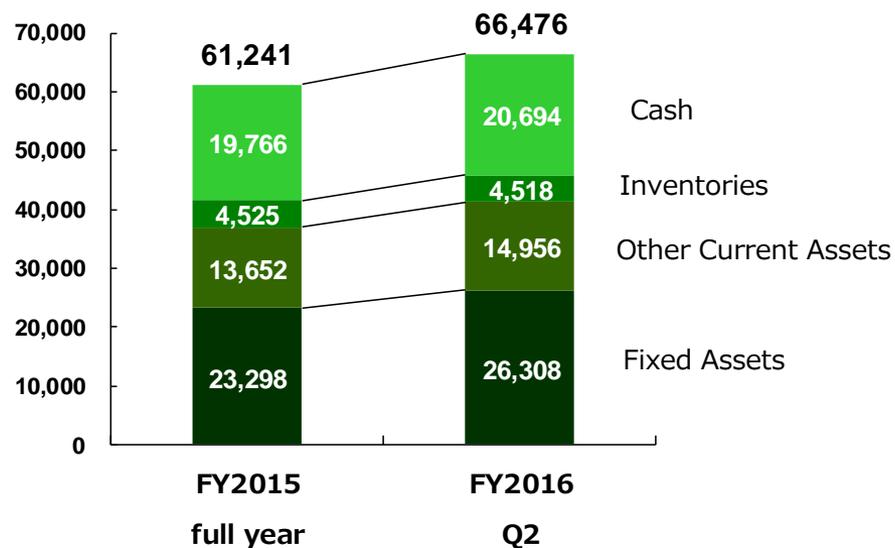


FY2016 Q2 BS highlights

BS (YoY)

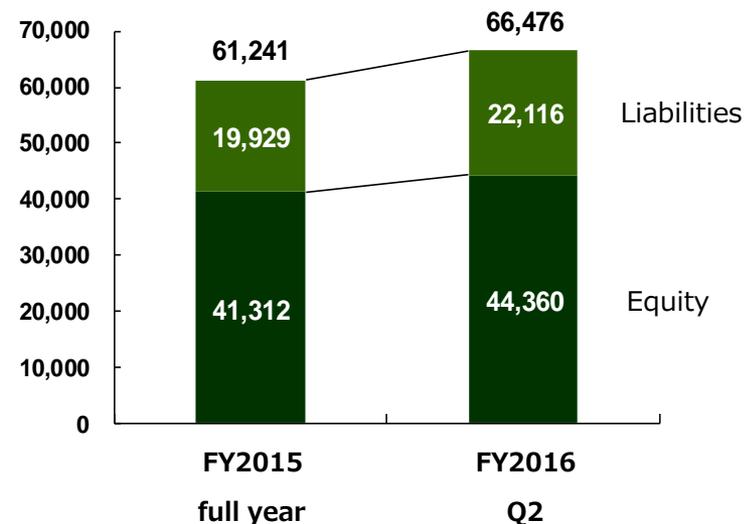
JPY millions

Assets



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

Liabilities and Equity

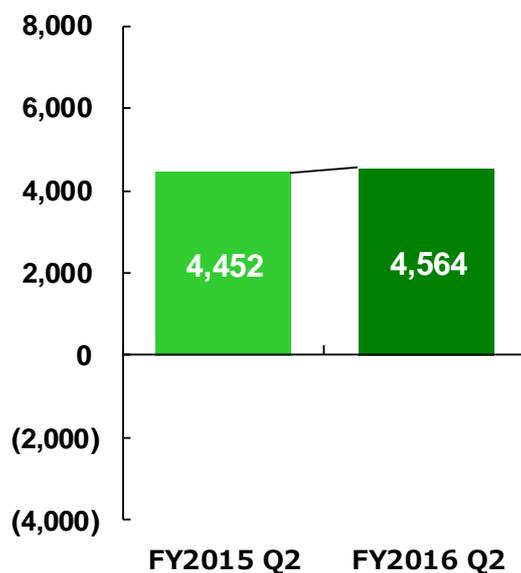


- Newly consolidated subsidiary, Chugai Kasei

CF (YoY)

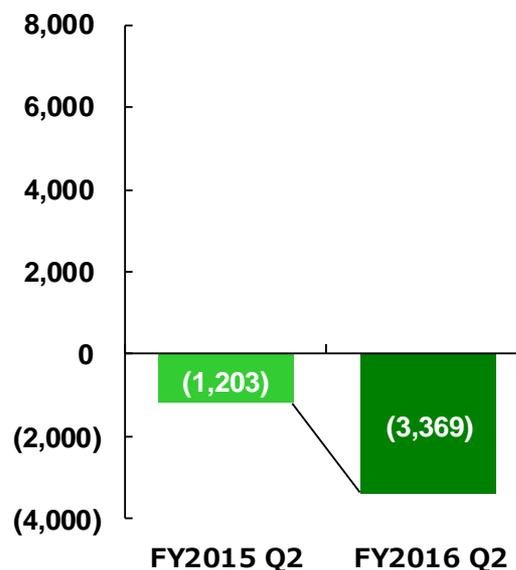
JPY millions

Operating CF



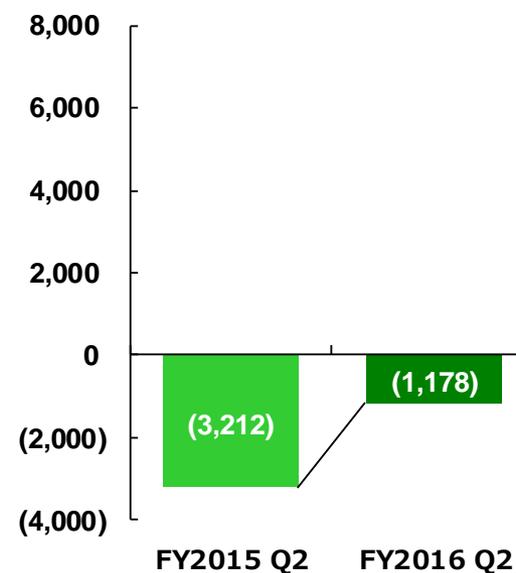
- Increase in income before income taxes and minority interests
- Increase in income taxes payment

Investing CF



- Investment at new Kitakyushu Plant
- Increase in fixed deposit

Financing CF

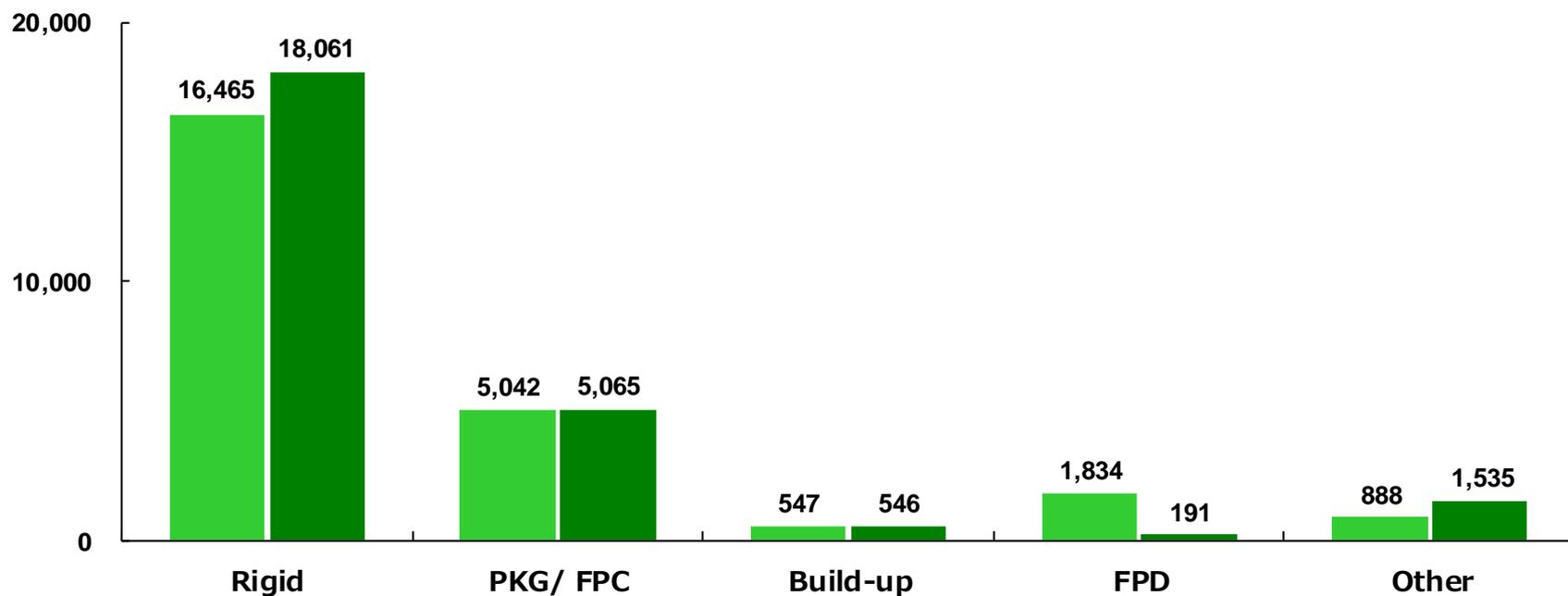


- 1,650 million USD of loan repayment in the previous fiscal year

Sales results by product group category

JPY millions

FY2015 Q2
FY2016 Q2

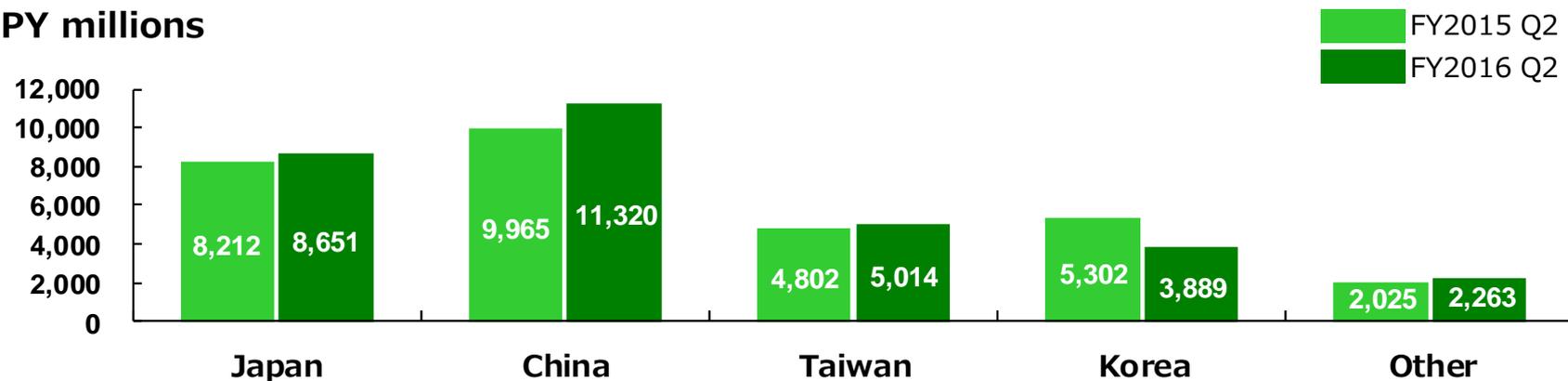


FY2016 Q2 Segment information

Sales by segment

(including inter-segment sales or transactions)

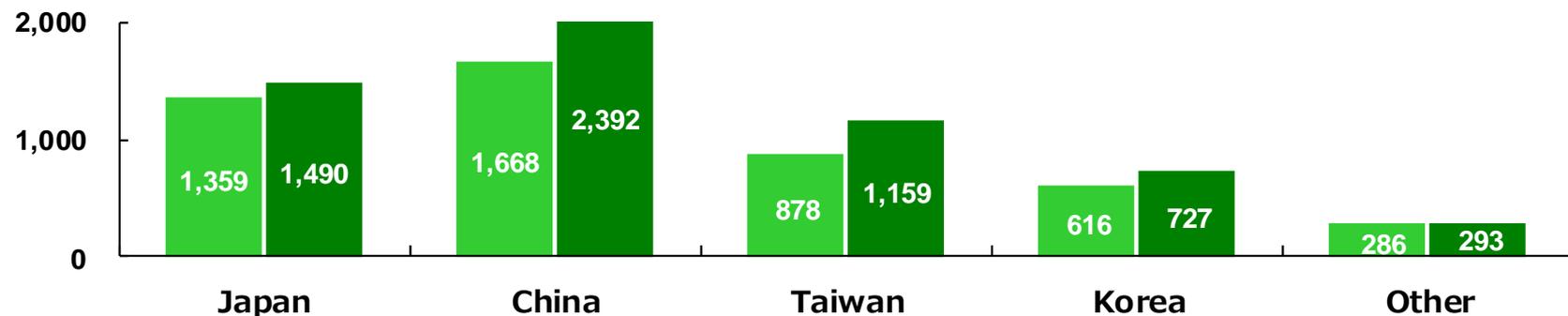
JPY millions



Operating income by segment

(including inter-segment sales or transactions)

JPY millions

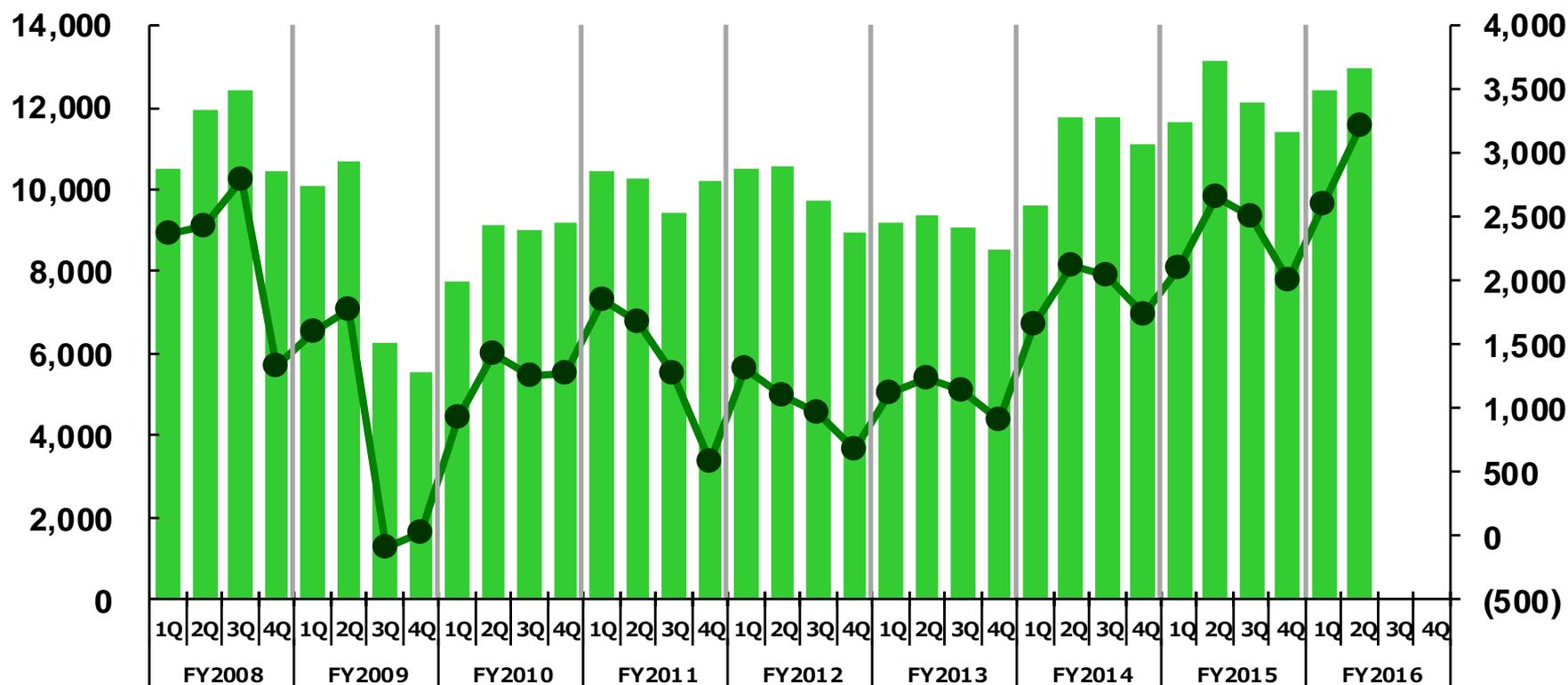


Trend of quarterly performance

Net sales & operating income

JYP millions

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





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 : 2,800,000m²/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



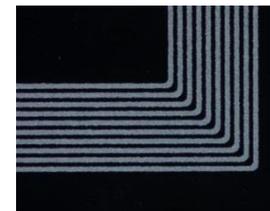
Childcare center to be opened in December

- Improving welfare program and working environment to secure talented personnel

New product projects

Conductive materials

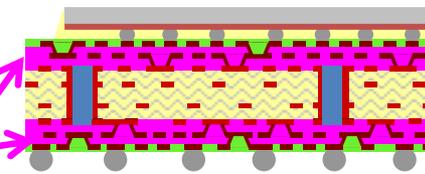
- Electrode materials for use in touch panel installed in smartphone, tablet pc
- Conductive paste, as a future material, that do not require the use of precision metals is under development



Interlayer insulating materials

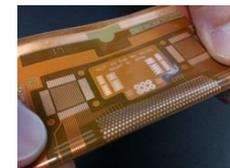
- Dry film-type interlayer insulating materials for use in package substrates
- Under qualification process by end-customers

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



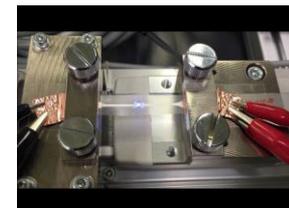
Conductive adhesives

- 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

① Performance-based monetary compensation

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

② Performance-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

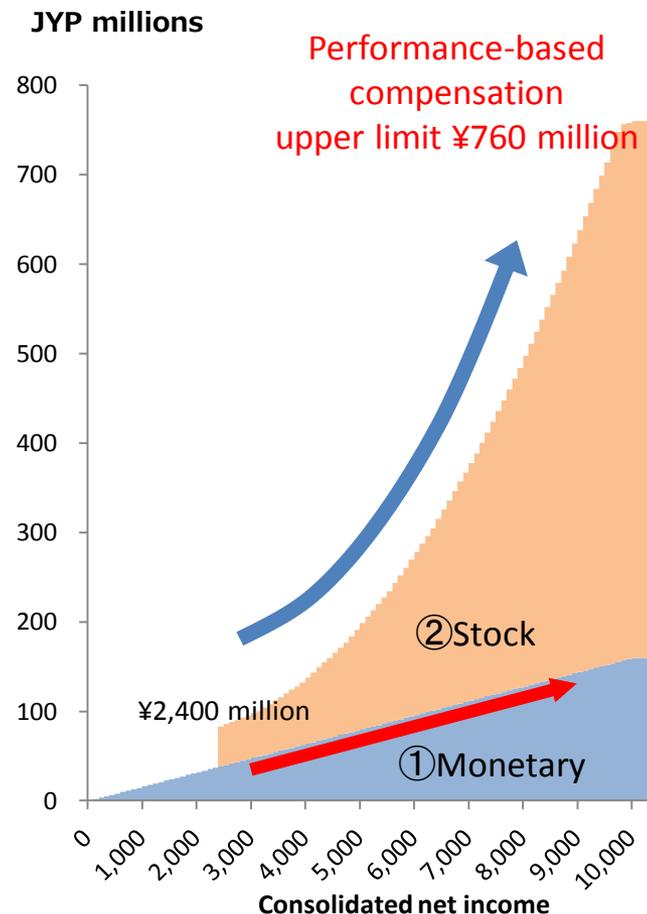
(Previous time : The company's common shares closing price on the day before the date of resolution regarding issue of shares at BOD meeting)

<Net income point table>

Rank	① Monetary	② Stock
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

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





NEXT STAGE - 新たな展開へ -

明日の地球に出来ること
For Tomorrow