
Consolidated Financial Result Digest

FY2017

(Fiscal Year Ended March 31, 2017)



TAIYO HOLDINGS CO., LTD

May 2, 2017



Any information incorporated in this document is not intended for suggestion of purchase or sale of equity share of the company. All the description and projection are based on the company's own analysis at the time of compilation, and their accuracy is not guaranteed. These data may be revised without prior announcement. The company will neither assume nor compensate any loss of anybody resulting from decision based on information provided here.

Terminology

Term	Definition
PWB	Printed wiring boards
SR	“Solder resist ink” or “solder mask”
PKG	Semiconductor packages

2

Classification of Product

Group	Category		Type	Remarks
PWB insulating materials	Rigid	high-end	Liquid	•SR materials for insulation and surface protection use
		regular		
	PKG		Liquid/Dry Film	
	FPC		Liquid/Dry Film	
	Build-up		Liquid/Dry Film	•build-up materials for interlayer insulation and hole plugging use
Other related products	Other		Liquid	<ul style="list-style-type: none"> •marking, etching, plating materials •flux, solvent etc. •conductive silver paste

1

Actual exchange rate of the yen against U.S. dollar almost the same as expectation *Estimated exchange rate:1USD= 109yen / Actual exchange rate : 1USD= 109yen

2

A year-on-year slight increase in FY2017 sales volume

3

Increased costs due to completion of Kitakyushu Plant in September 2015

4

Book value of headquarters land and buildings that expected to be idled in connection with the launch of consolidating and relocating management functions written down to real estate appraisal value
(Impairment loss amount: 1,019 million yen)

5

Execution of a Capital and Business Alliance with DIC Corporation

Efforts for Company Growth

To achieve continuous growth,
the most important thing is to nurture
“Self-sufficient Personnel”
who are able to think and act on their own



Arranging the 3 points mentioned above in a well-balanced condition,
fostering the “Self-sufficient Personnel” and hence we will become
a stronger company

6 What We Done for Work Environment ①

Employee Cafeteria Beyond the Common Sense



TAIYO CAFE

Offering cuisines that stick to local ingredients by chefs from well-known restaurants

Ranzan Shokudo

A relaxing space with custom-made furniture made of local Japanese cedar



R&D Facility with Advanced Equipment

Ranzan Laboratory

R&D center that able to conduct R&D functionally and effectively is realized!



Office that Stimulates Imagination



Ranzan Facility

Bright and open wall-less interior
Easy way to communicate between departments

Introduction of Taiyo-product-applied LED lighting
(White-colored solder resist LEW 3)

Japanese-style Meeting Room



Work exhibition
by calligrapher Mr. Chosho Yabe



Work exhibition
by metal artist Mr. Takahiro Yede



Parenting in a Natural Environment



Taiyo Daycare Center

A way of working fits your lifestyle is possible in "Taiyo Daycare Center"



Unique Education and Training System

Personnel Development & Training



❖ New employees training @ Tohoku Prefecture



❖ Leader development training @ Denmark

Holding Lectures

Lectures conducted by leaders from a variety of industries

Lectures held in 2016 :

- Mr. Richard Collasse,
President and Representative Director at Chanel Co., Ltd.
- Mr. Nobuhiko Fukuda,
Japan Aerospace Exploration Agency (JAXA)

...etc



Stress Check & Employee Retention Rate

Stress Check Result

Conducting annually since 2012 before mandatory

- Remain highest level compared to the national average (0.0)
- Improvement in result was seen year by year



Employee Retention Rate

The retention rate of new employees for the past 3 years:

97.4%

* Number of employees at present day ÷ Number of new employees entered from 2014 to 2016

Recreation & Club System

Introduction of Employee's Experience

20,000 yen is paid annually for the purpose of deepening relationship among employees and experiencing extraordinary daily life

❖ Maiko Experience



❖ Refined cuisine in Yukata



❖ Athletic



❖ Rafting



A Variety of Clubs

Monthly subsidy provided for the following clubs:

- Baseball Club
- Futsal Club
- English Speaking Club
- Golf Club
- Tennis Club
- Light Music Club
- Entertainment Club
- Marathon Club

Family-Participant Company Trip

Family-Participant Company Trip has been holding for once a year (Employees and their family' s travel & accommodation expenses will be covered by the company)

Kanazawa / 2015



Kitakyushu / 2016



Company trip was stopped for a several years but it has back since 2013. In 2016, it recorded the largest ever with 408 participants. (*number of domestic employees was about 300 persons)

9 Local Community Support & CSR

Participating in Local Activities

Sponsoring Local Events



❖ Marathon in Saitama Prefecture

- Tanabata festival & fireworks event
- Half marathon
- "Japan Three Day March"



Participating in Local Volunteer Activities



❖ "Satoyama" developing

- Rice Harvesting
- National butterfly the "Great purple emperor" observation



Konjuhojyo Reward

Donation to Ranzan-machi such as Solar Power Generation Equipment for Emergency Uses

In 2016, the company received "Konjuhojyo Reward" from the Japanese government for the social contribution it has made.



Local Child Development & Connection

Factory Tour and Chemistry Class for Local Elementary School's Students

In 2014, chemistry class was proposed as a sort of social contribution program. Since then, the first-year-employees have been in charge of the program.



Participating in "Ranzan-machi Festival"

We provided a chemistry class at "Ranzan-machi Festival" that held annually in Ranzan-machi to provide a place to experience the fun of science.



Supporting to Amateur Athletes

Sponsor of Ms. Chisaki Maeda

Supporting minor sports and amateur sports where funds are not abundant.

We are the sponsor of Ms. Chisaki Maeda, who is the Youth Olympic Japan Representative of ski alpine.



We are aiming to continue creating products that will benefit the world by power of chemistry as a comprehensive chemical manufacturer while employees are proudly working at the company.



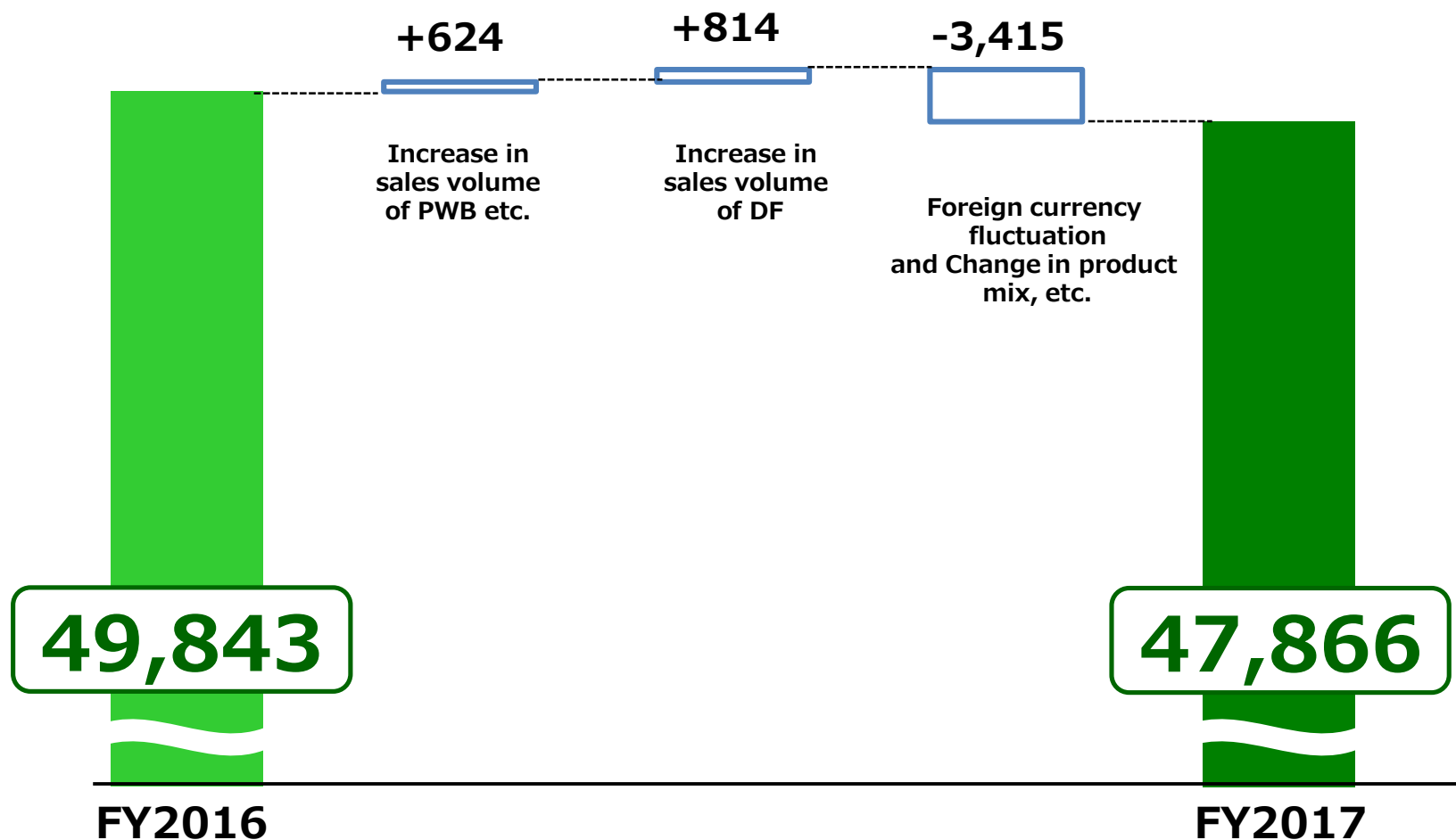
Results Summary

JPY millions

	FY2016 results	FY2017 results	YoY	%	FY2017 forecasts	vs.forecasts	
Net sales	49,843	47,866	-1,977	-4%	47,000	+866	102%
Operating income	10,964	9,221	-1,743	-16%	9,000	+221	102%
Ordinary income	11,129	9,202	-1,927	-17%	9,200	+2	100%
Net income	7,796	6,398	-1,398	-18%	6,200	+198	103%
Exchange rate of JPY/USD	120	109	-11	-9%	109		

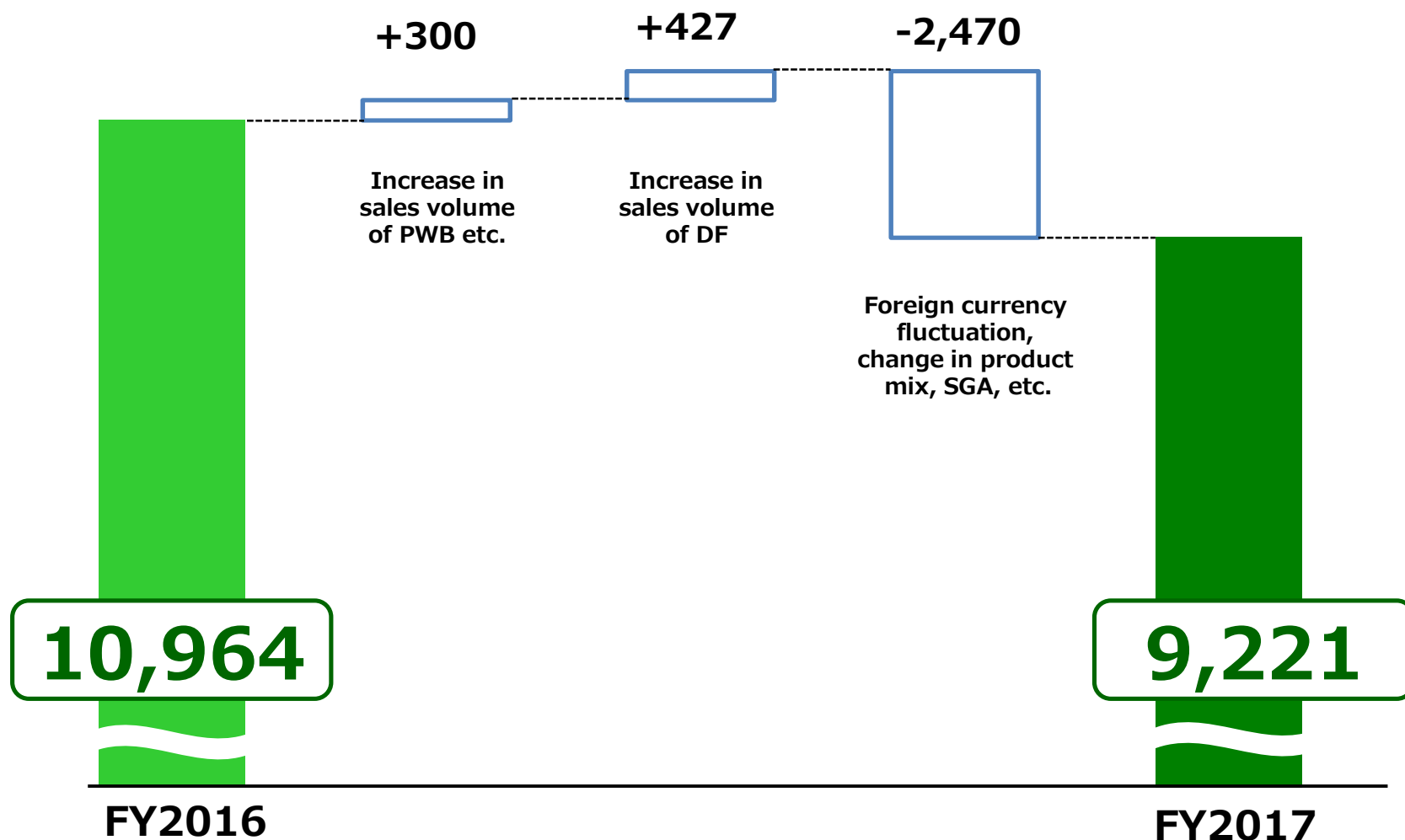
Analysis of Net Sales

JPY millions



Analysis of Operating Income

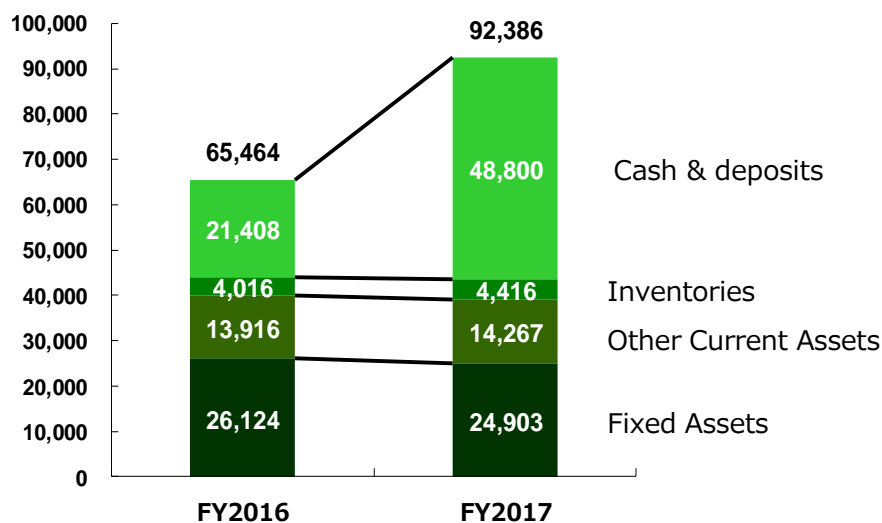
JPY millions



BS (YoY)

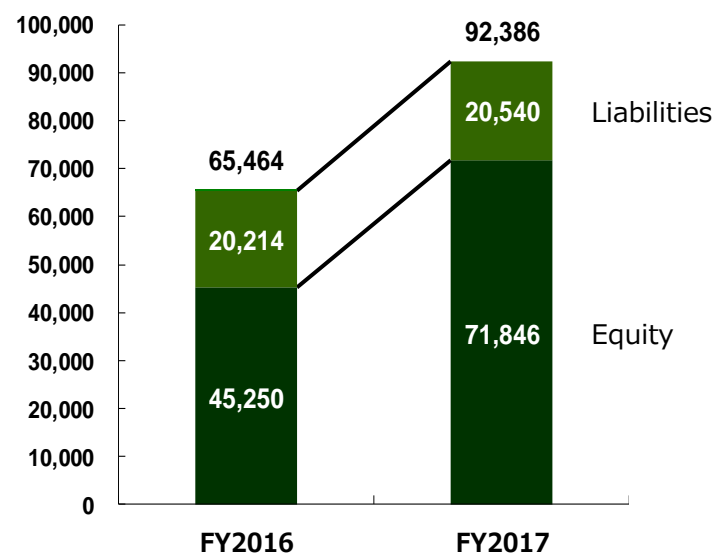
JPY millions

Assets



- Increase in cash and deposits due to an income from the disposition of treasury stock
- Decrease in fixed assets due to an impairment of headquarters land and buildings

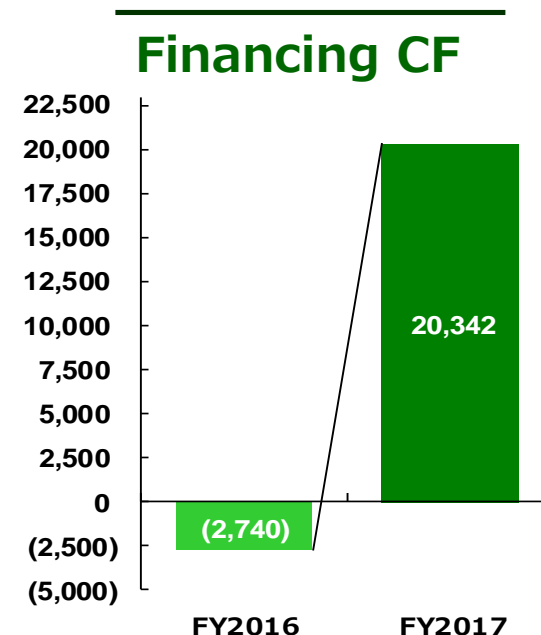
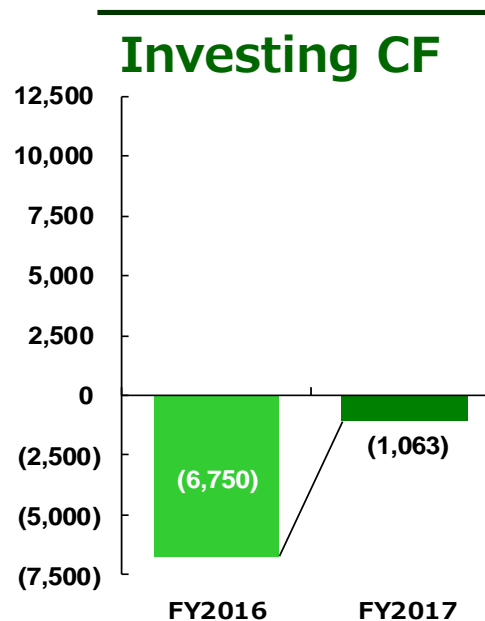
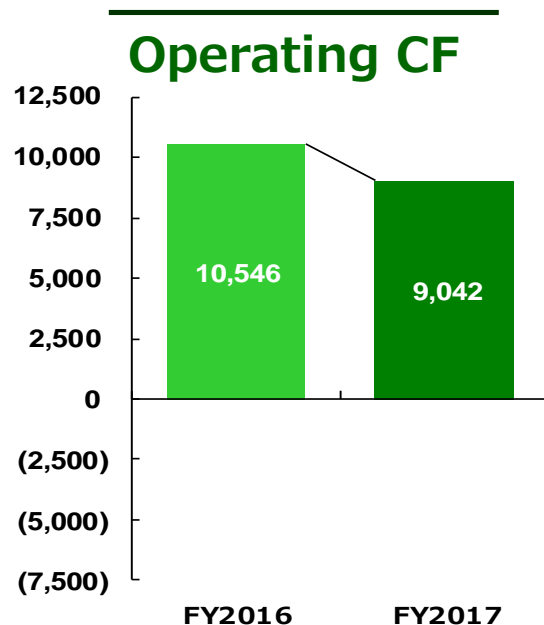
Liabilities and Equity



- Increase in equity due to an income from the disposition of treasury stock

CF (YoY)

JPY millions



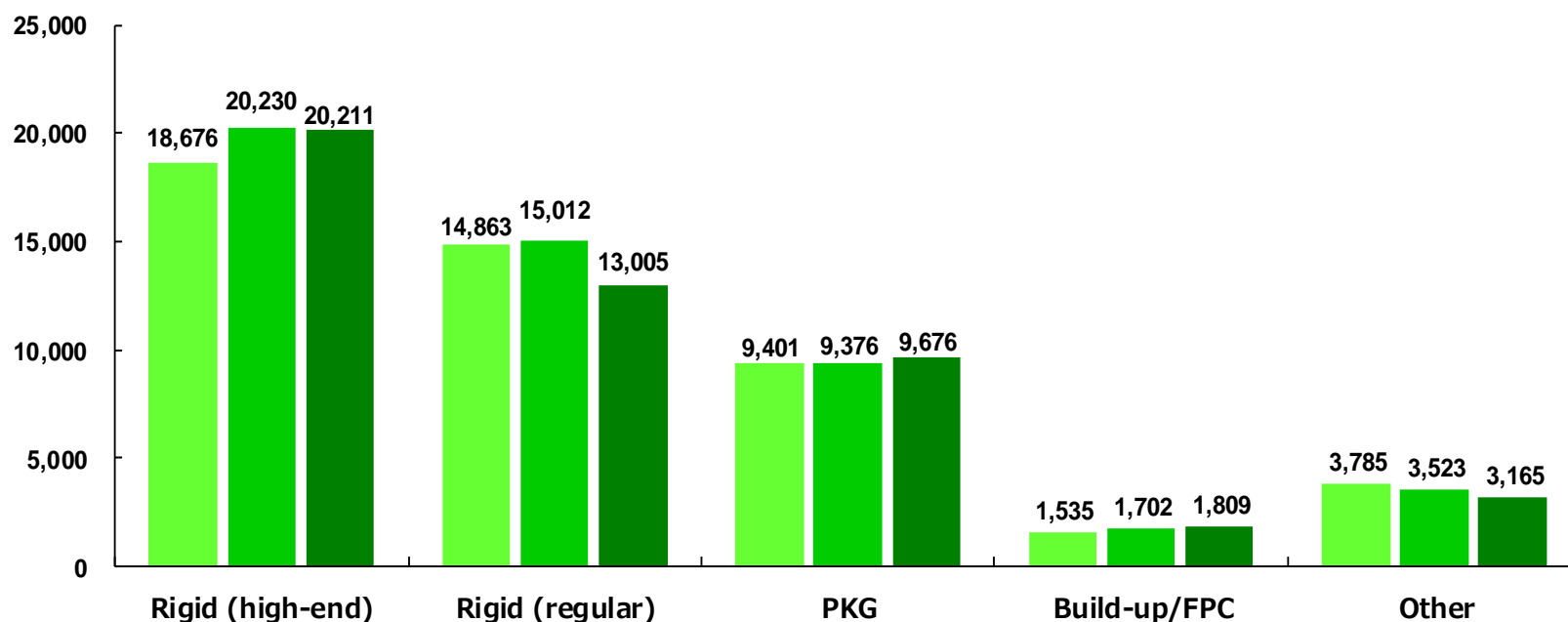
- Decrease in net income before income taxes

- Decrease in acquisition of tangible fixed assets

- Increased income from the disposition of treasury stock

Sales Results by Product Group Category JPY millions

FY2015
FY2016
FY2017

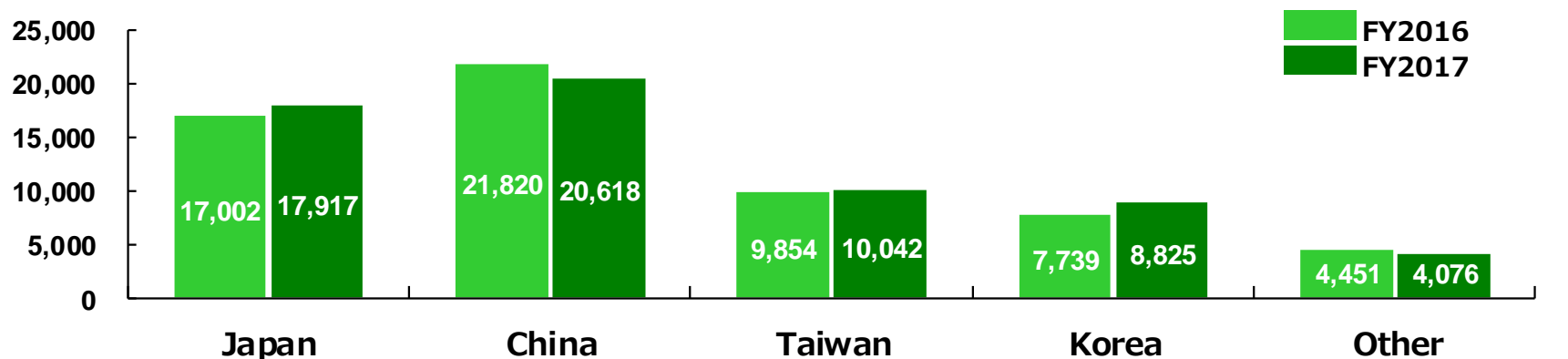


*This category differs from the classification of “sales results by product group category” mentioned in consolidated financial results and annual securities report, etc.

Sales by Segment

(including inter-segment sales or transactions)

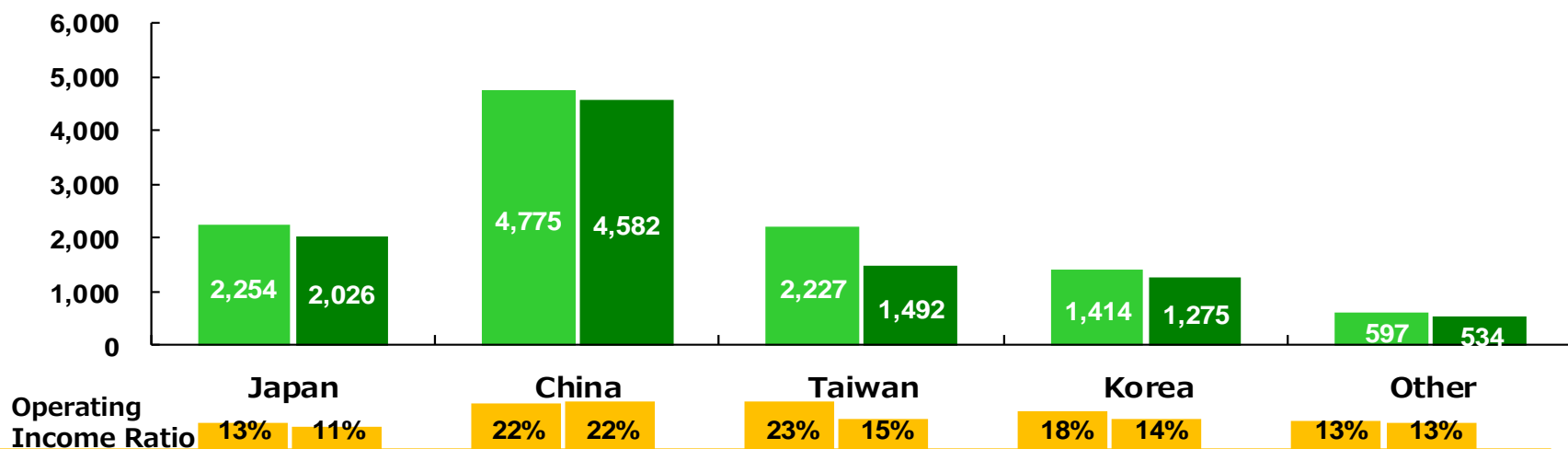
JPY millions



Operating Income by Segment

(including inter-segment sales or transactions)

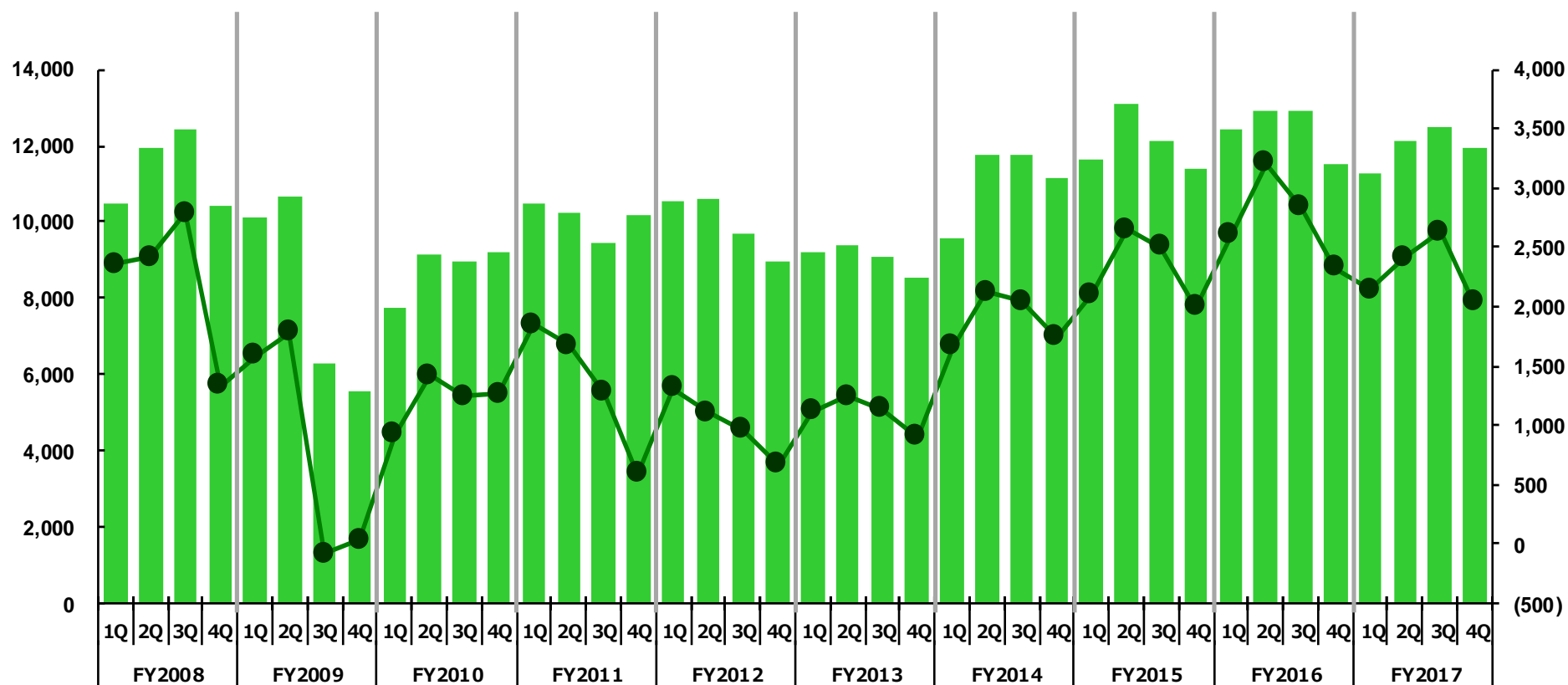
JPY millions



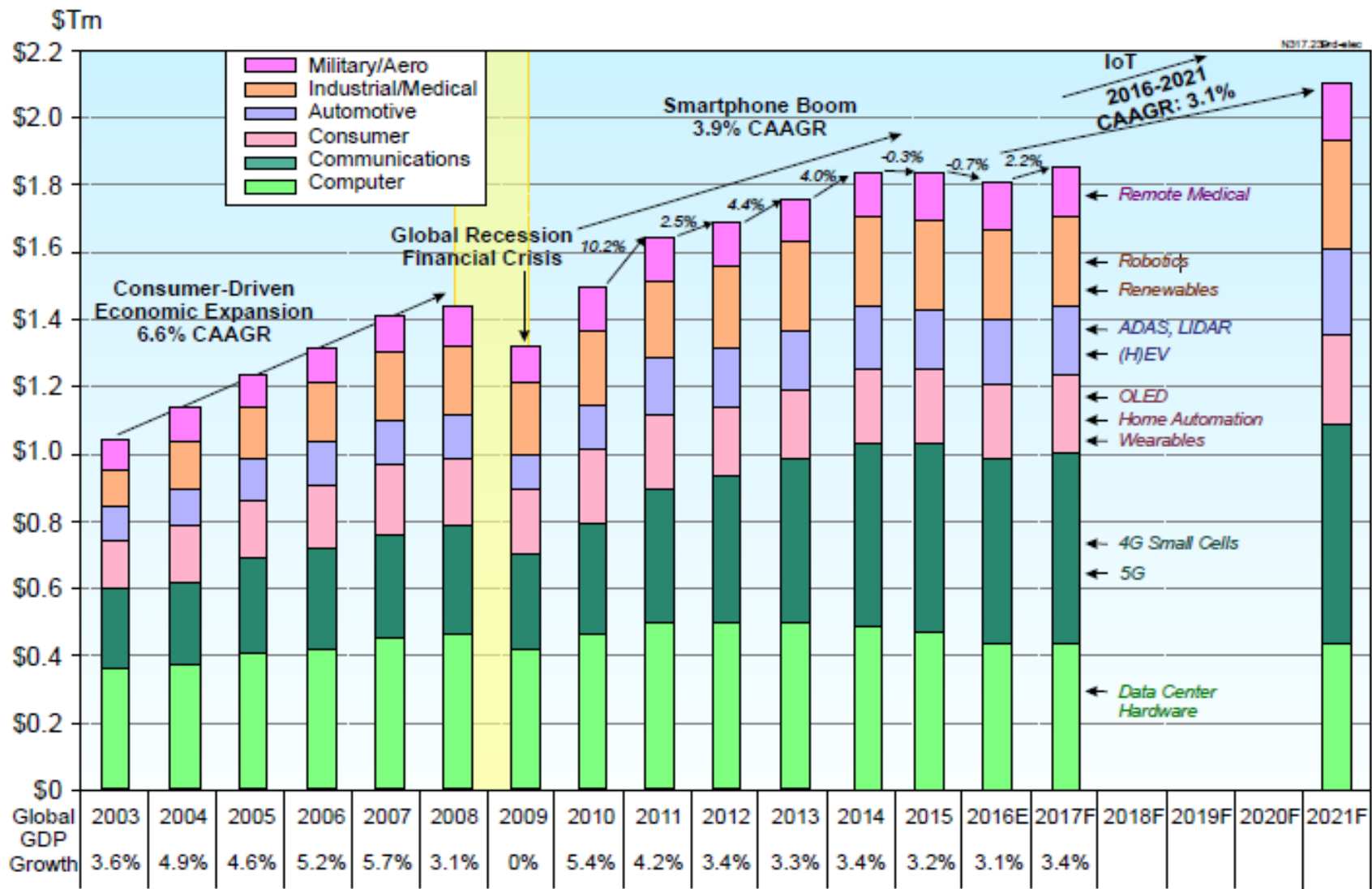
Net Sales & Operating Income

JPY millions

Net sales (left axis)
Operating income (right axis)



A HISTROY AND FORECAST OF THE ELECTRONICS INDUSTRY



Source: Prismark Partners LLC

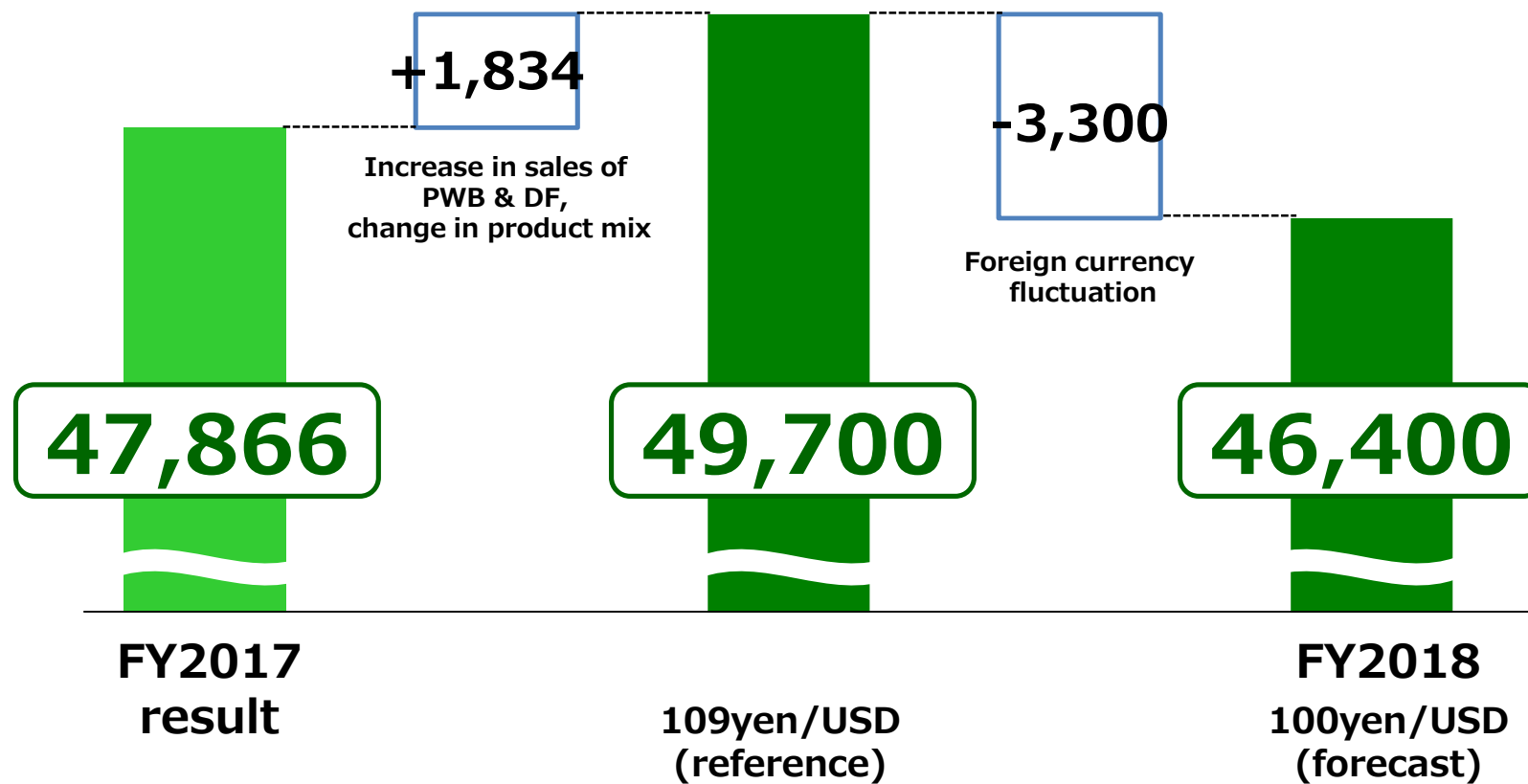
Financial Results Forecasts

JPY millions

	FY2017 result	FY2018 result	vs. reference		FY2018 forecasts	vs. forecasts	
Net sales	47,866	49,700	+1,834	+4%	46,400	-1,466	-3%
Operating income	9,221	9,700	+479	+5%	8,100	-1,121	-12%
Ordinary income	9,202	9,600	+398	+4%	8,000	-1,202	-13%
Extraordinary income	575	-	-	-	-	-	-
Extraordinary losses	1,021	-	-	-	-	-	-
Net income	6,398	6,700	+302	+5%	5,600	-798	-12%
Exchange rate of JPY/USD	109	109			100		

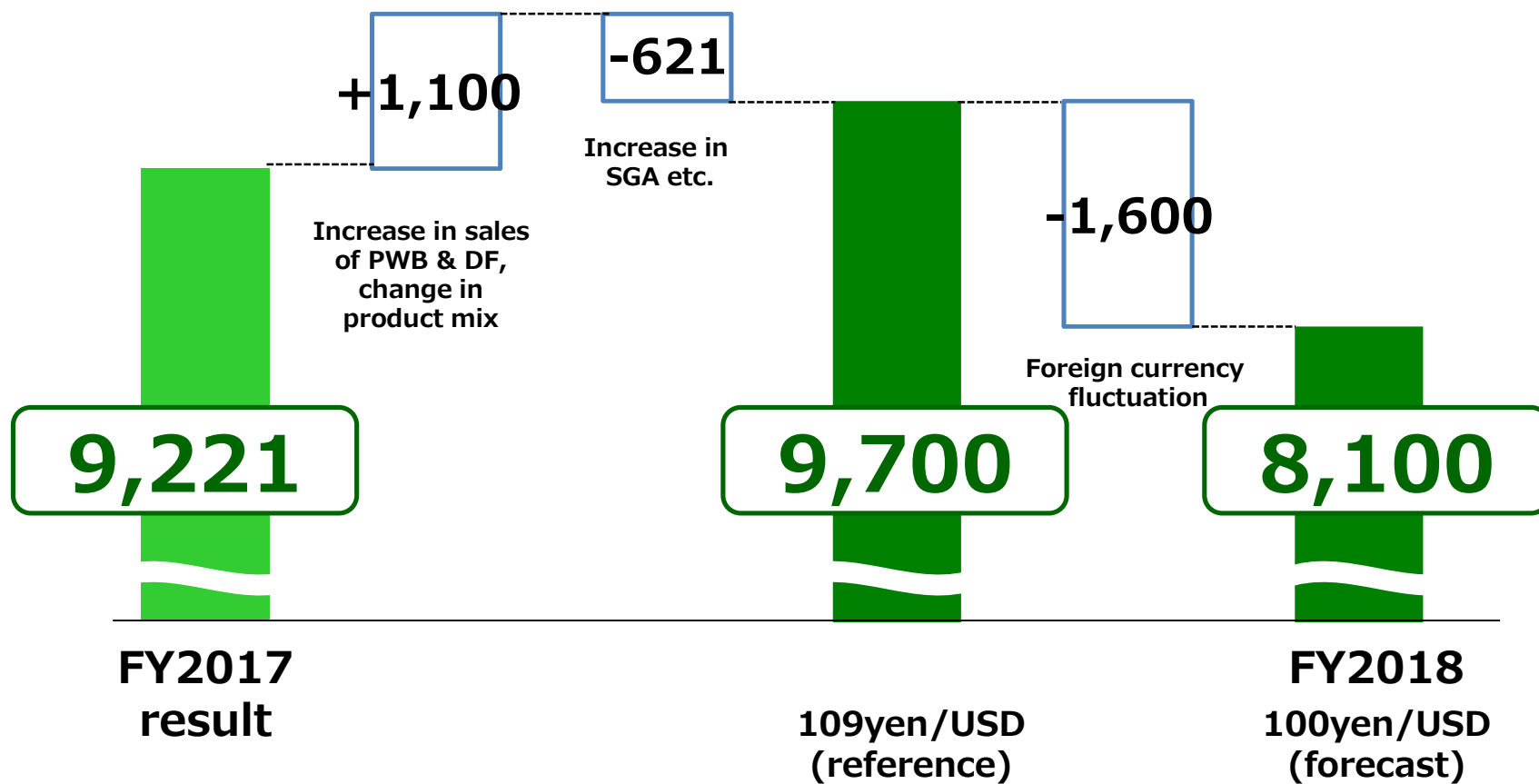
Net Sales Forecast

JPY millions



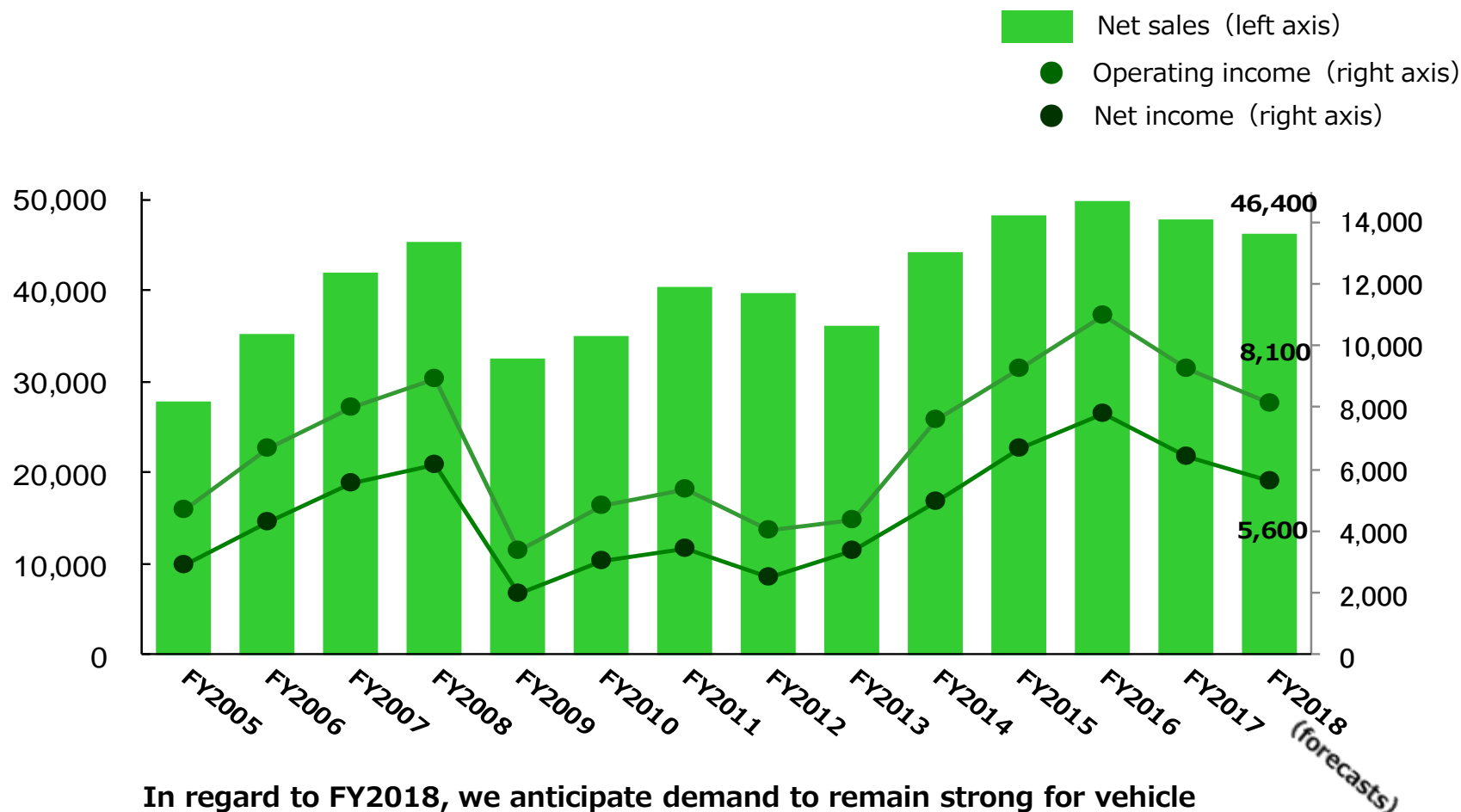
Operating Income Forecast

JPY millions



Trend of Financial Results

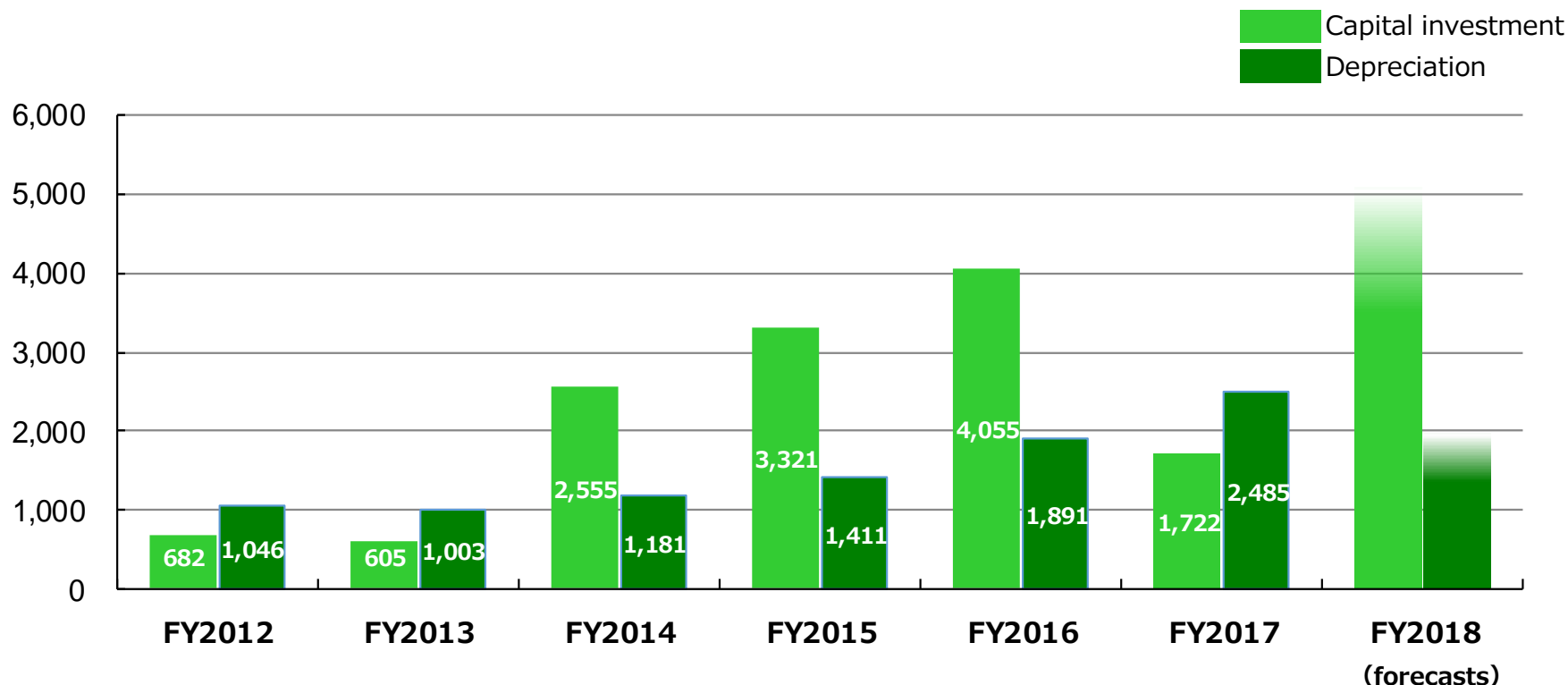
JPY millions



In regard to FY2018, we anticipate demand to remain strong for vehicle installation parts and high function smartphone-related. However we do expect the impact on earnings results from appreciation of the yen during next period.

Trend of Capital Investment & Depreciation

JPY millions



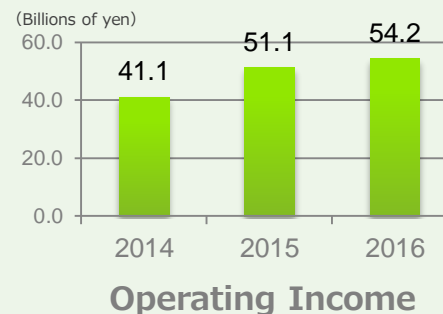
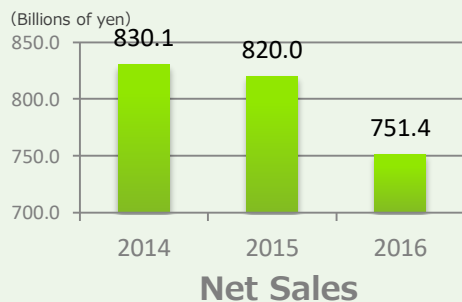
While the capital investments in Kita-Kyushu factory have run their course in FY2017, we will continue conducting investment for enhancement of existent business and new business creation.

Outline of the Business Alliance with DIC

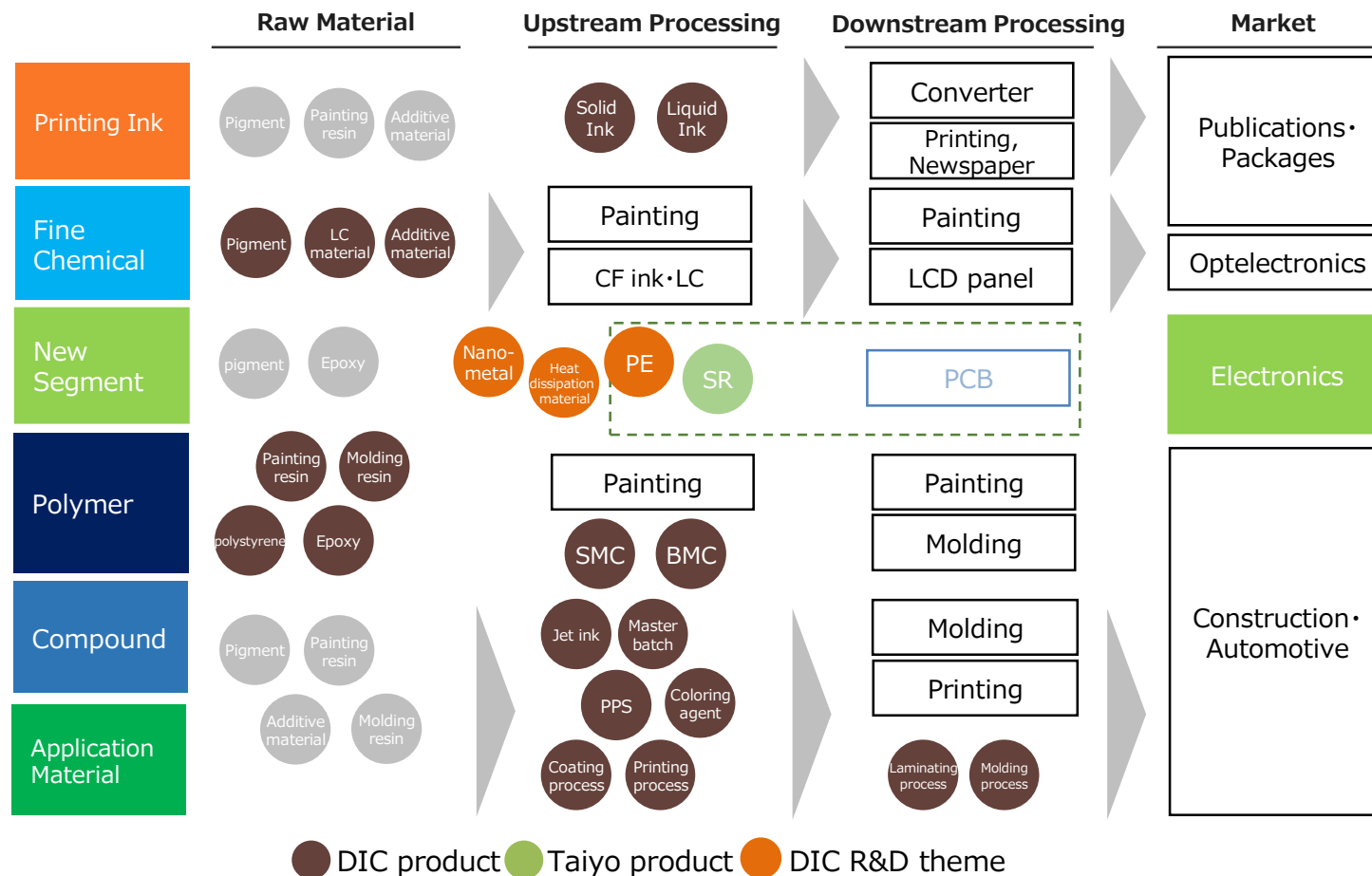
Company Profile

As of December 31, 2016

Company Name	DIC Corporation
Headquarter	DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan
Established	February 15, 1908
Capital	96.6 billion yen
Number of Employees	Consolidated 20,481, Non-consolidated 3,510
Group Companies	174 (Domestic:31, Overseas:143)
Net Sales	751.4 billion yen
Operating Income	54.2 billion yen



Business Portfolio of Taiyo HD & DIC



Overview of Business Alliance

Joint development of new components and materials for printed wiring boards such as MIDs (molded interconnect devices) using technology possessed by the Taiyo Group and DIC

Joint development of printable wiring board materials using DIC's advanced resin development technology and pigment dispersion technology

Improve products to match market needs and swiftly launch them by using the Taiyo Group's thick pipeline to the industry and evaluation technology for new businesses involving products for the electronics market that DIC is considering

Outsource SR production to DIC's plants overseas to reduce production costs and improve operating rates at the overseas plants

Overview of Capital Alliance

1) Type/number of shares	New shares issued	Common shares	1,312,600 shares
	Shares to be disposed	Common shares	4,304,700 shares
	Total		5,617,300 shares
2) Issuance/Disposition price	4,428 yen per share		
3) Total proceeds	Approx. 24.8 billion yen		
4) Amount of capital increase	Approx. 2.9 billion yen		
5) Amount of capital surplus increase	Approx. 2.9 billion yen		

Pay-in Amount Per Share

The issue price was set at 4,428 yen, representing a 10.00% discount on 4,920 yen, the closing price for the common shares immediately prior to the date of the Board of Directors.

※It is a price of 90% or more in either the 1-month average, the 3-month average, or the 6-month average, and it also complies with the Rules Concerning Handling of Allotment of New Shares to Third Party, Etc. of the Japan Securities Dealers Association. Thus, it does not fall under the category of favorable issue.

Company Accounted for by Equity-method

DIC holds 19.5% on a voting right basis, and DIC is supposed to be an equity-method affiliate of Taiyo Holdings. Provision of one director from DIC is planned to be propose at the ordinary General Meeting of Shareholders in June 2017.

Capital Alliance Plan

Specific Uses	Amount
To fund rebuilding of Taiwan Plant and aiming for productivity innovation (OTC Taiwan integration)	7.5 billion yen
To fund expansion of the number of lines at the Kitakyushu plant	2.5 billion yen
To fund the purchase of shares in Onstatic Technology Co., Ltd., making it a wholly owned subsidiary	2.5 billion yen
To fund reconfiguration of the IT platform	3.0 billion yen
To promote streamlining of production facilities of Saitama Plant and Korea Plant	1.0 billion yen
To fund R&D and M&A related to the materials and component businesses in PWB-related areas	Approx. 8.2 billion yen
Total	Approx. 24.7 billion yen

