
Consolidated Financial Result Digest

FY2019 Q3 (Fiscal Year Ending March 31, 2019)



TAIYO HOLDINGS CO., LTD.

February 1, 2019



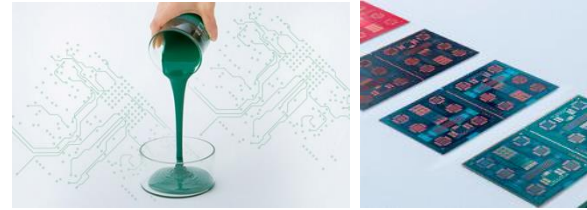
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1

Our Reporting Segments

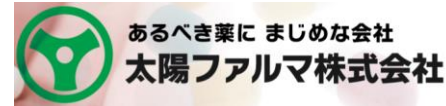
Electronics Materials

Manufactures, stocks and markets chemicals for PWBs and other electronic components



Medical and Pharmaceuticals

Develops, manufactures, and markets pharmaceuticals and quasi-drugs



Other

Manufactures and markets dyes, pigments and other chemical products, supplies renewable energy, Software development

*The medical and pharmaceuticals business became fully operational from FY2018 Q4, and the reportable segments were therefore changed.



2 Terminology

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

3

Classification of Product

Group	Category		Type	Remarks
PWB insulating materials	Rigid	high-end	Liquid	<ul style="list-style-type: none"> •SR materials for insulation and surface protection use
		regular		
	PKG		Liquid/Dry Film	
	FPC		Liquid/Dry Film	
	Build-up		Liquid/Dry Film	<ul style="list-style-type: none"> •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

4 FY2019 Q3 Overview

1

The realized average exchange rate for Q3 was JPY110.8/USD, weaker yen than company's projection of JPY101.5/USD

2

Sales volume of dry film for PKG rose YoY while that of solder resist for rigid board materials declined

3

Increase in cost due to rising raw material price, M&A investments, and additional manpower.

4

TAIYO Pharma 13 long-term listed products are proceeding as per Mid-term plan

(Transfer of manufacturing and sales authorization was completed effective January 7th, 2019)

5

FY2019 Q3 Consolidated Financial Results

Result Summary

Unit: JPY million

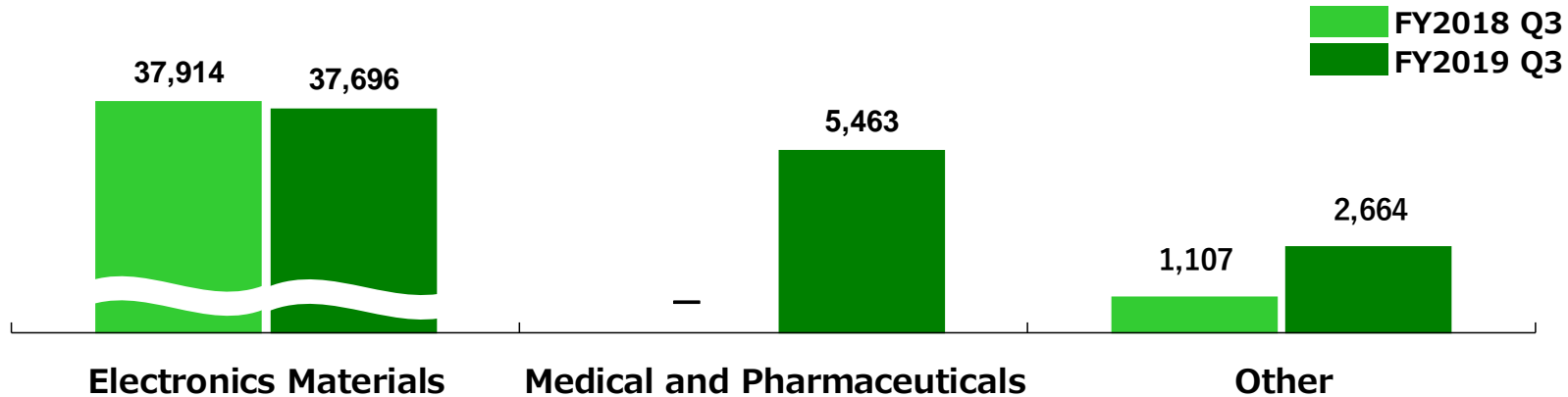
	FY2018 Q3 result	FY2019 Q3 result	YoY	%	FY2019 full year forecast	Progress rate
Net sales	39,022	45,737	+6,715	+17%	60,200	76%
Operating income	8,699	7,604	-1,095	-13%	9,800	78%
Ordinary income	8,659	7,533	-1,126	-13%	9,600	78%
Net income	6,160	5,444	-716	-12%	6,700	81%
Exchange rate of JPY/USD	111.8	110.8			101.5	

6 FY2019 Q3 Segment Information

Sales by Segment

(including inter-segment sales or transactions)

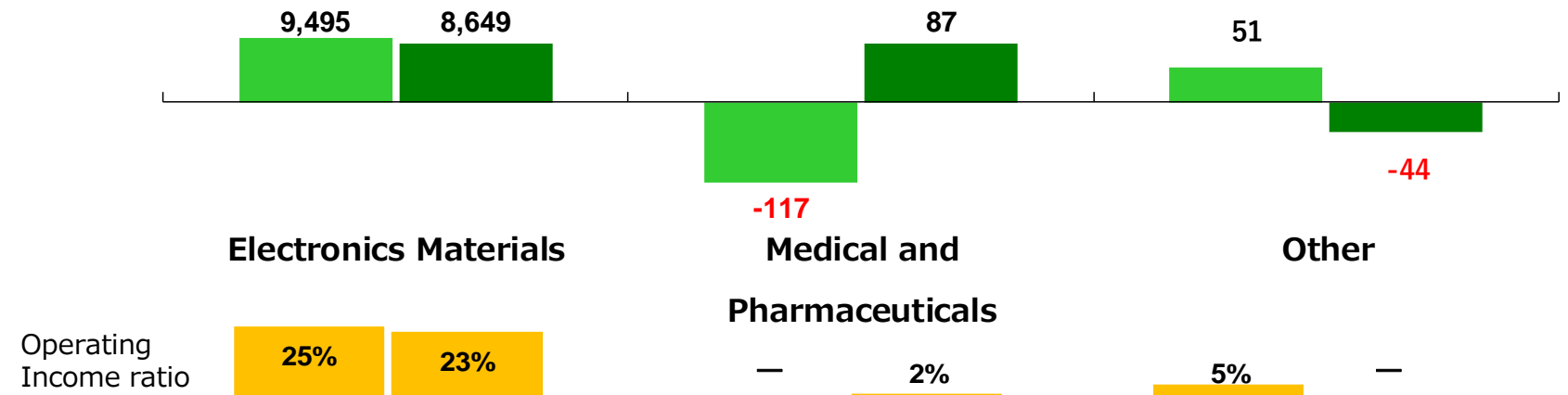
Unit: JPY million



Operating Income by Segment

(including inter-segment sales or transactions)

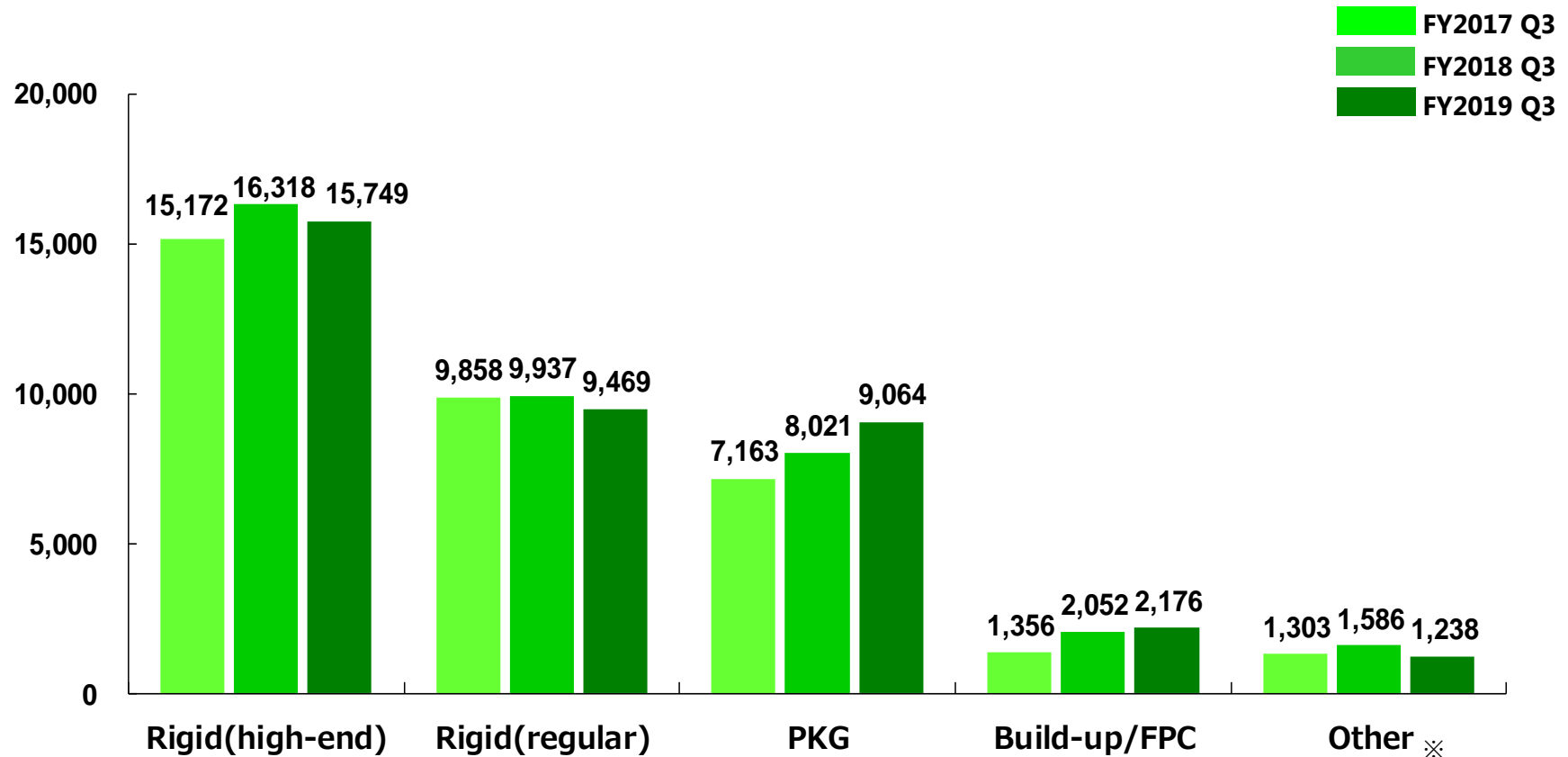
Unit: JPY million



7 Electronics Materials Business

Sales Results by Product Group Category

Unit: JPY million



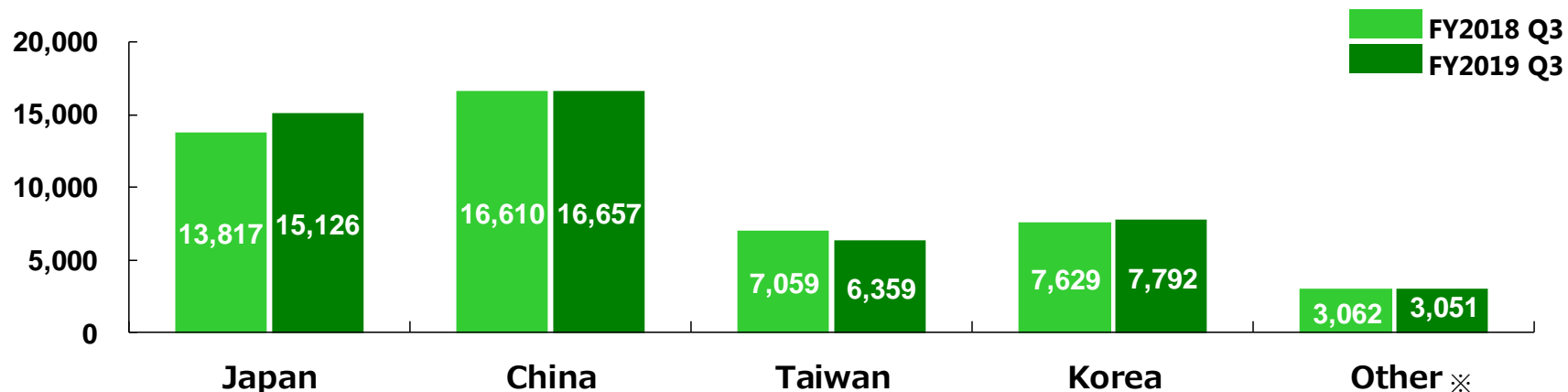
* Due to the change in reportable segments from FY2018 Q4, the "Other" category of the electronics materials business no longer includes the net sales of Taiyo Pharma Co., Ltd., Chugai Kasei Co., Ltd., Taiyo Green Energy Co., Ltd., MNT and TMC.

8 Electronics Materials Business

Sales by Region

(including inter-regional sales or transactions)

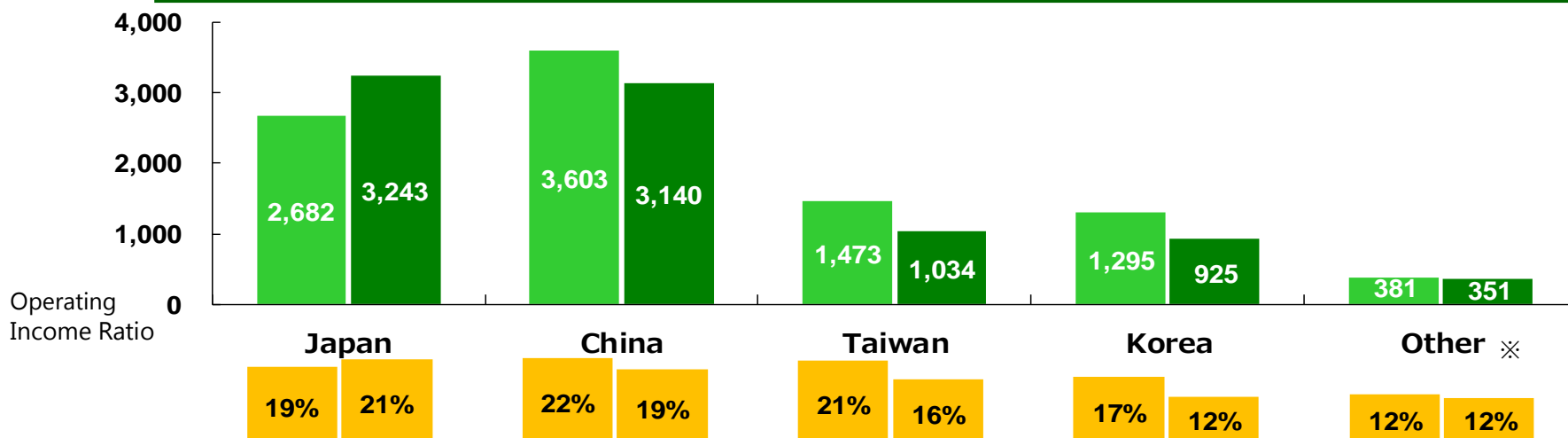
Unit: JPY million



Operating Income by Region

(including inter-regional sales or transactions)

Unit: JPY million



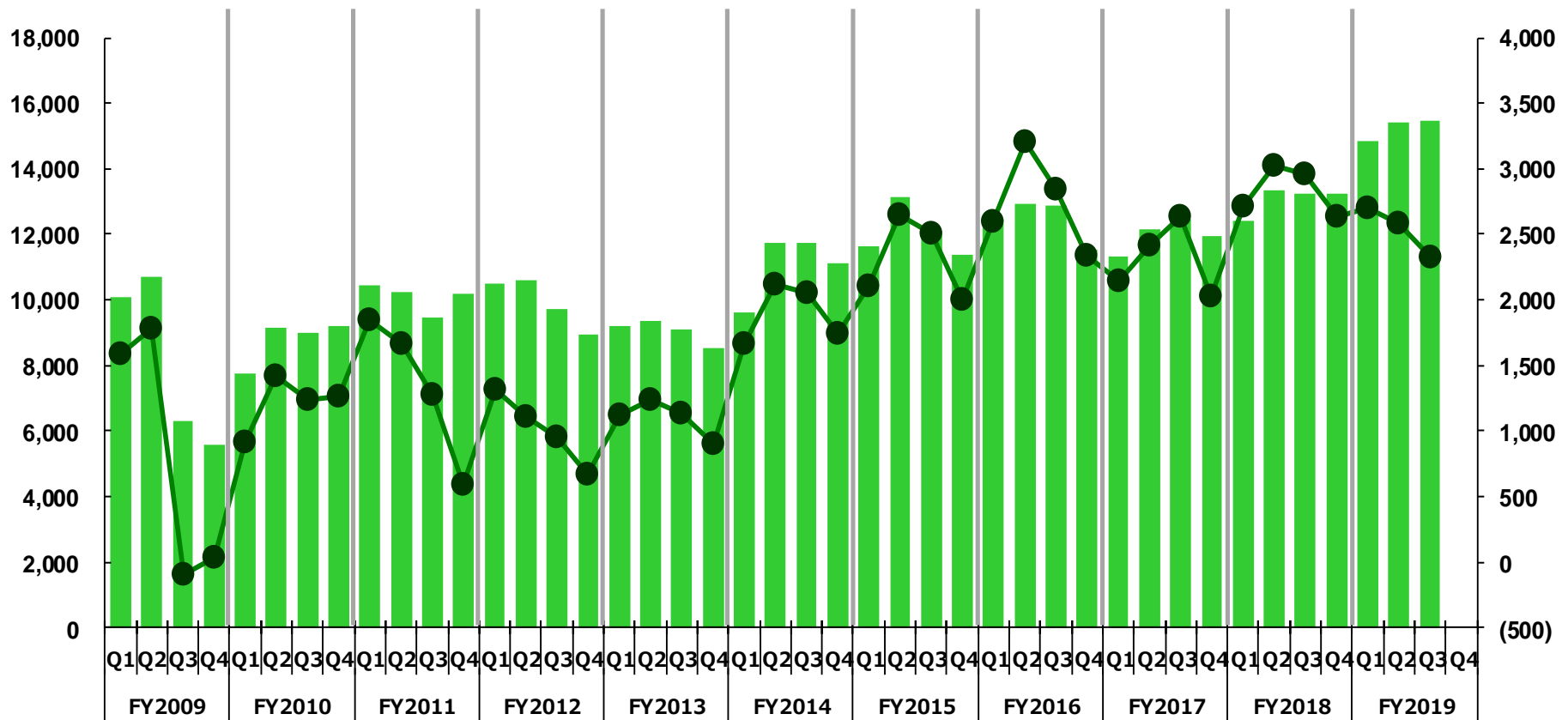
* Due to the change in reportable segments from FY2018 Q4, the sales results by region of the electronics materials business no longer include the net sales and the operating income of Taiyo Pharma Co., Ltd., Chugai Kasei Co., Ltd., Taiyo Green Energy Co., Ltd., MNT and TMC.

9 Trend of Quarterly Performance

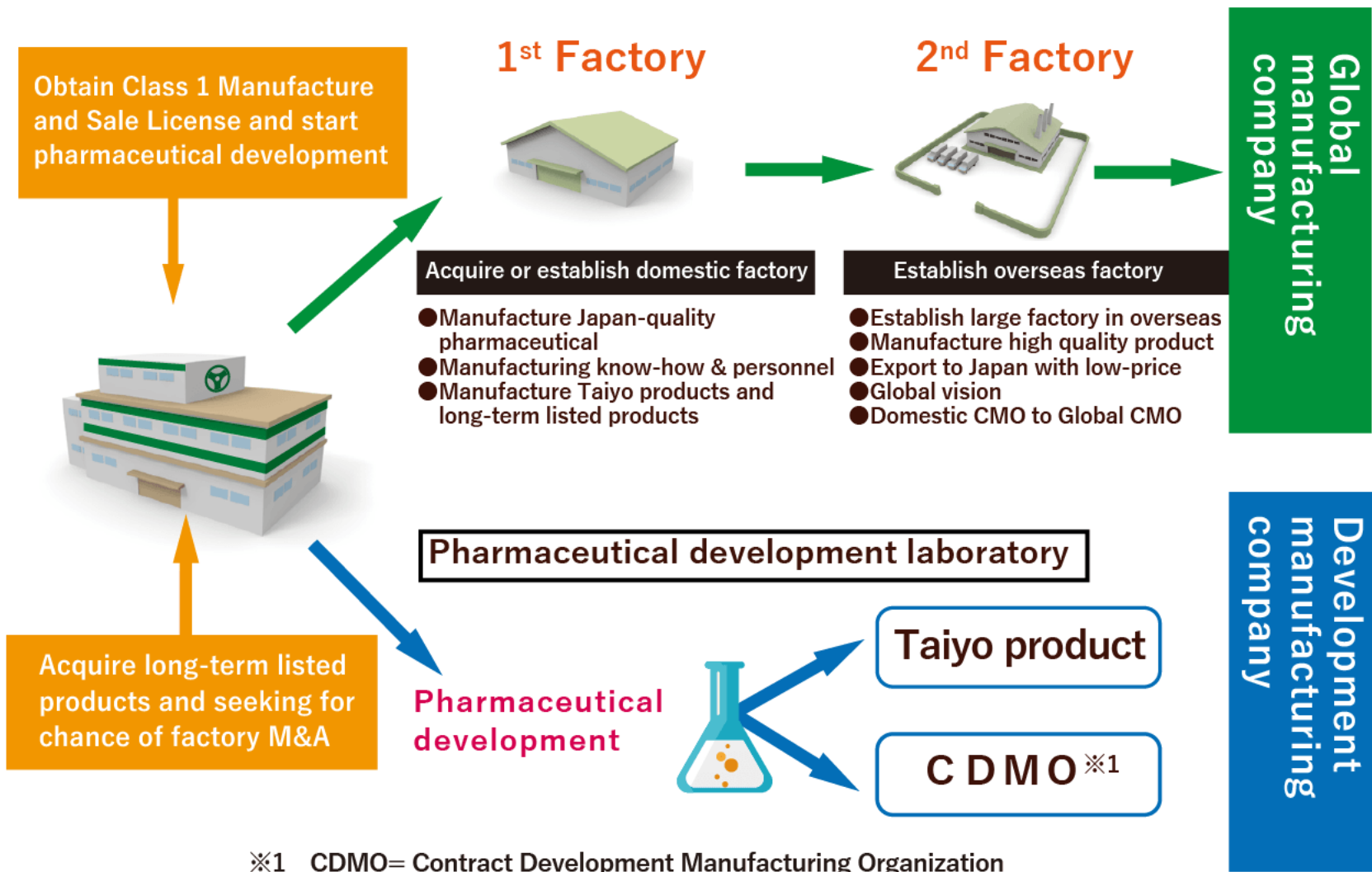
Net Sales & Operating Income

Unit: JPY million

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



Medical and Pharmaceutical Business Strategy



12 Mid-term Strategy

Long-term Listed Products

- Additional acquisition of manufacturing and sales rights for long-term listed products

Manufacturing Factory

- Acquire factory and change the company's owned long-term listed products manufacturing from outsourcing to in-house production
- Accumulate manufacturing know-how and personnel training
- Engage in manufacturing the other company's outsourced products
- Establish overseas factory

Research and Development

- Acquire or obtain laboratory to start doing R&D
- Pharmaceutical development such as new dosage form of drugs

13 Mid-term Plan of 13 Long-term Listed Products

JPY millions

	FY2018 August-March (Year 0)	FY2019 April-March (1 st year)	FY2020 April-March (2 nd year)	FY2021 April-March (3 rd year)	FY2022 April-March (4 th year)	FY2023 April-March (5 th year)
Net Sales	820 ^{*1}	7,592 ^{*2}	9,113	8,634	8,362	7,732
Gross Profit	820	3,816	4,053	3,920	4,626	4,093
SGA Expenses	811	4,151 ^{*3}	3,701	3,388	3,363	2,961
Operating Profit	9	(334)	351	532	1,263	1,132
Amortization of Sales Rights	353	1,411	1,411	1,411	1,411	1,411
Operating Income before Amortization of Sales Rights	361	1,077	1,763	1,943	2,674	2,543

^{*1} Net sales before from the transfer of manufacturing and sales authorization between January 2018 and March 2018 does not include production cost, selling expenses, commissions and other expenses in Chugai Pharmaceutical and Roche.

^{*2} Manufacturing and sales authorization were transferred between April 2018 and January 2019.

^{*3} FY2019 includes approximately 500 million yen in expenses for transfer of production and other start-up expenses.



NEXT STAGE - 新たな展開へ -

明日の地球に出来ること
For Tomorrow