

Toyo Ink SC Holdings Co., Ltd.
May 28, 2012

FY2011 Results Briefing

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The forecasts or projections set out in this presentation are based on the assumptions and beliefs of our management in light of the information available to it as of May 28, 2012. Changes in global, economic and business conditions could cause actual results to differ materially from these forecasts. All amounts are rounded to the nearest 100 million yen.

FY2011 Business Performance

FY2011 Management Policy

- Create new revenue growth through product development, market exploration, and business expansion.
- Boost earnings capacity through redistribution of management resources, collaborative procurement, and improvement of technical skills in manufacturing.
- Adopt next-generation management structure (to enhance brand power, customer satisfaction, employee satisfaction, and social satisfaction)

(Unit: 100 million yen)

	FY2010	FY2011	Increase/ decrease (%)	FY2012 forecast
Net sales	2,460	2,453	-0.3	2,550
Operating income	191	136	-28.7	160
Recurring income	190	134	-29.2	160
Net income	115	72	-37.2	80
Operating margin	7.8%	5.6%	-2.2 (points)	6.3%
Overseas sales ratio	32.1%	32.2%	0.1 (points)	35.0%

(Unit: 100 million yen)

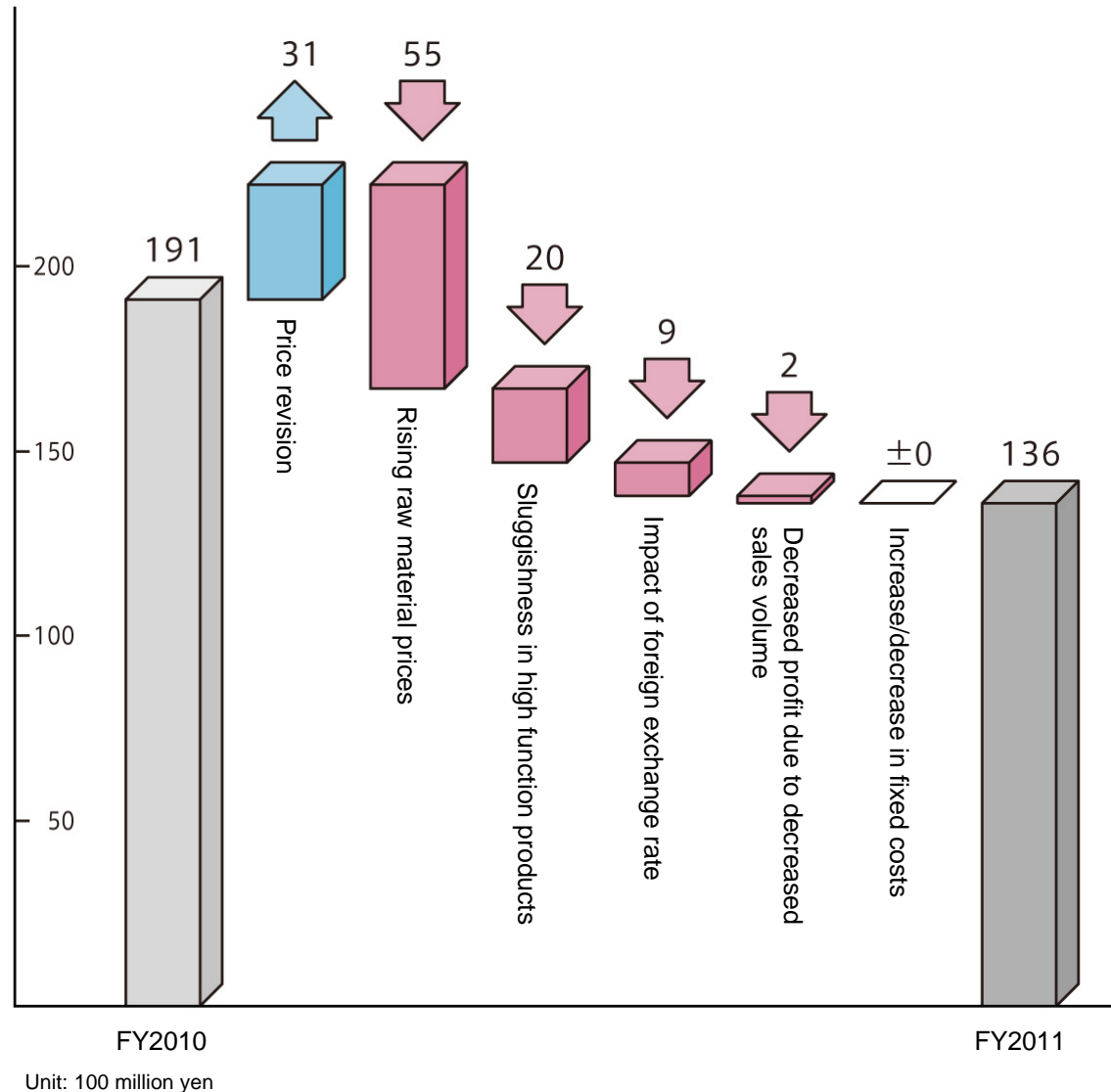
	As at March 31, 2011	As at March 31, 2012	Increase/ decrease (%)
Current assets	1,475	1,557	5.5
Fixed assets	1,273	1,274	0.1
Total assets	2,748	2,831	3.0
Current liabilities	798	991	24.2
Long-term liabilities	490	371	-24.2
Total liabilities	1,288	1,362	5.8
Total net assets	1,460	1,469	0.6
Total of liabilities and net assets	2,748	2,831	3.0

	As at March 2011	As at March 2012		FY2011	FY2012 (forecast)
Interest-bearing debt (100 million yen)	661	676	Dividend (yen)	12.0	12.0
Net worth ratio (%)	51.7	50.6			
D/E ratio	0.43	0.43			

Consolidated subsidiaries	63	63
Equity method companies	9	9

FY2011 Operating Income and Analysis of Factors Behind YoY Difference

FY2010 19,100 million yen
FY2011 13,600 million yen
Remarks
<ul style="list-style-type: none"> Price revision (positive impact of 3,100 million yen) <p>Impact of price revisions in all segments.</p> <ul style="list-style-type: none"> Rising raw material prices (negative impact of 5,500 million yen) <p>Rising price of petrochemical products, titanium oxide, rosin and raw materials for pigments, etc.</p> <ul style="list-style-type: none"> Sluggishness in high function products (negative impact of 2,000 million yen) <p>Poor performance of CF materials, adhesives for solar cell back sheets, etc.</p> <ul style="list-style-type: none"> Impact of foreign exchange rate (negative impact of 900 million yen) <p>FY2010 average rate: US\$1=85.215 yen FY2011 average rate: US\$1=78.983 yen</p> <ul style="list-style-type: none"> Decreased profit due to decreased sales volume (negative impact of 200 million yen) Increase/decrease in fixed costs (no impact) <p>Personnel expenses up due to increased welfare costs, and an increase in overseas employees, which were offset by continued decline in other fixed costs.</p>



Performance by Segment

		FY2010		FY2011			
		Net sales	Operating income	Net sales	Increase/decrease (%)	Operating income	Increase/decrease (%)
Printing and Information	Japan	586	10	578	-1.3	7	-29.9
	Overseas	240	17	230	-4.2	6	-63.4
	Total	768	27	761	-0.9	14	-49.2
Packaging Materials	Japan	405	25	411	1.4	16	-34.8
	Overseas	141	6	148	5.4	1	-79.3
	Total	544	31	556	2.1	17	-44.2
Polymers and Coatings	Japan	446	37	433	-2.8	26	-30.1
	Overseas	121	4	132	9.1	2	-51.8
	Total	522	42	525	0.7	28	-32.9
Colorants and Functional Materials	Japan	424	71	405	-4.5	50	-28.7
	Overseas	331	15	332	0.4	11	-24.4
	Total	633	91	626	-1.1	62	-31.5
Others		68	-5	61	-10.2	14	-
Adjustment		-75	6	-76	-	1	-
Total consolidated		2,460	191	2,453	-0.3	136	-28.7

(Note) The segment performance for Japan and overseas does not take into account eliminations between regions.

(Unit: 100 million yen)

FY2011 Results Briefing

FY2011 Segment Overview and Performance by Region

Printing and Information

- Market share improved in offset inks but domestic demand was lower
- Profit margins declined in China and because of rising raw material prices
- Export sales declined because of product shortages following the earthquake and the rapid appreciation of the yen
- Withdrew from production in Oceania due to worsening performance

Packaging Materials

- The daily necessities area was positive
- Profit margins declined because of rising raw material prices
- Sales expanded in China and Southeast Asia
- The gravure inks business and the flexographic inks business were sluggish as demand fell following the earthquake

Polymers and Coatings

- Profit declined for coating materials as the sign market was sluggish due to self-restraint in advertising and events
- The declining trend for paint in the domestic market continued while growth in Thailand stagnated following the floods
- Materials for solar cells lost momentum in the second half due to policy changes in the EU and an economic slowdown
- Adhesives sales increased as label-use and packaging-use adhesives were positive

Colorants and Functional Materials

- Automobile related and other demand was sluggish in the first half due to the impact of the earthquake
- Even though housing related demand was positive in the first half, it slowed in the second half as earthquake reconstruction was delayed and the economy slowed
- CF materials sales volume declined because of sluggish demand and inventory adjustments due to the global economic slowdown
- Profit margins fell because of rising raw material prices

	Net sales			Operating income		
	Result	Change from previous year	Increase/decrease (%)	Result	Change from previous year	Increase/decrease (%)
Japan	1,858	-40	-2.1	116	-28	-19.1
Asia-Oceania	702	6	0.9	25	-23	-48.9
Europe	41	2	6.0	-1	-1	-
The Americas	82	3	3.7	-4	2	-
Adjustment	-230	22	-	1	-5	-
Total consolidated	2,453	-6	-0.3	136	-55	-28.7

(Unit: 100 million yen)

Major Progress in “SCC-II Renaissance Plan”

Steadily step up the
“2nd Drive to Foundation”

		Innovation in manufacturing	Management capitalizing on headquarters	
		<ul style="list-style-type: none"> Acted as the “underlying support” for growth in the medium-term management plan Continued to reform BCP 	<ul style="list-style-type: none"> Established Toyocolor Co., Ltd. Strengthened the global governance function of headquarters 	
Drive for growth	New products	<ul style="list-style-type: none"> Highly acclaimed for environmentally friendly products (inks, hot melt, adhesives, etc.) Progress in developing and marketing materials for secondary batteries and solar cells 	<ul style="list-style-type: none"> Newly built the latest distributed production equipment Process efficiency improved through manufacturing innovation 	<ul style="list-style-type: none"> Creation of new products and new businesses based on business domains Strengthened the headquarters R&D function
	Global expansion	<ul style="list-style-type: none"> Expanded hub in Indonesia Built new packaging ink production factories in India and Vietnam Started construction of new production factory in Brazil 	<ul style="list-style-type: none"> Implemented the “3 Grade Strategy” → Product lineup expanded and upgraded Continued to strengthen the comprehensive capability of overseas manufacturing bases 	<ul style="list-style-type: none"> Established Toyo SC Trading Co., Ltd. Progressed with alliances with overseas companies in the pigment business Decided to establish a new company in the interior of China
	Market share increase	<ul style="list-style-type: none"> Progress in expanding sales of printing inks Contribution from construction materials and other reconstruction demand 	<ul style="list-style-type: none"> Consistent cost reduction through energy saving and reducing consumption of materials 	<ul style="list-style-type: none"> Strengthened alliances with other companies in colorants
Plan targets	<ul style="list-style-type: none"> New products: 51,200 million yen → 65,100 million yen Overseas sales ratio Last term result → This term plan 32.2% → 35.0% 	<ul style="list-style-type: none"> Operating margin: 5.5% → 6.3% Shrink working capital CCC: Last term result → This term plan 110 days → 90 days 	<ul style="list-style-type: none"> Sales plan Toyocolor 47,800 million yen Toyo SC Trading 800 million yen 	

FY2012 Segment Performance Forecast

	FY2012 forecast			Increase/decrease	
	Net sales	Operating income	Profit margin (%)	Net sales (%)	Operating income (%)
Printing and Information	770	30	3.9	1.2	119.5
Packaging Materials	575	24	4.2	3.5	38.3
Polymers and Coatings	550	36	6.5	4.7	28.9
Colorants and Functional Materials	665	66	9.9	6.2	6.3
Others	68	4	—	—	—
Adjustment	-78	0	—	—	—
Total consolidated	2,550	160	6.3	3.9	17.2
Japan	1,860	121	6.5	0.1	4.0
Asia-Oceania	790	38	4.8	12.5	54.7
Europe	45	1	2.2	9.3	—
The Americas	90	0	—	9.7	—
Adjustment	-235	0	—	—	—
Total consolidated	2,550	160	6.3	3.9	17.2

(Unit: 100 million yen)

FY2011 Results Briefing

Growth Strategy Progress and FY2012 Developments

Printing and Information

TOYO INK SC
Visible Science for Life

	Net sales	Operating income
FY2011 Actual	761	14
FY2012 Forecast	770	30

Unit: 100 million yen

1) FY2011 Actual

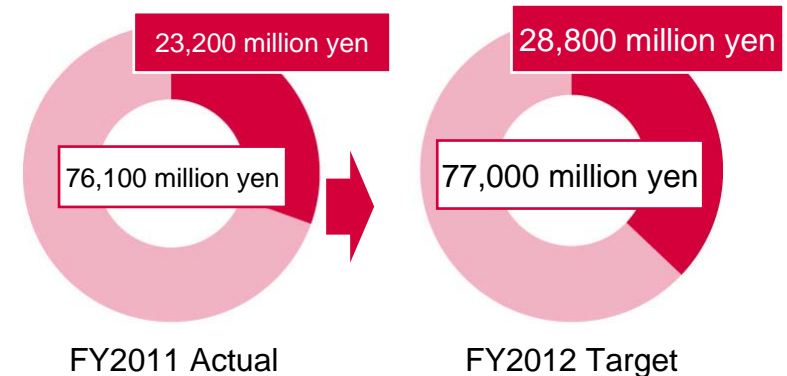
- Started production of inkjet ink in India
- Expanded sales in Indonesia and the Middle East
- Acquired land for a factory in Brazil
- Non VOC rice ink series won three prizes
- Increased domestic market share in Japan

2) FY2012 Priority Measures

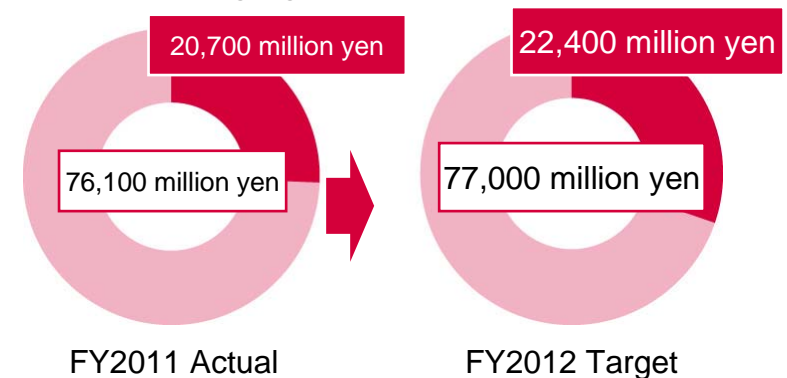
- Expand inkjet sales
- Expand new products, and high value-added products
- Progress in localized production
- Make use of Indian, and Chinese products to develop globally
- Advance 3 Grade Strategy

- Promote onsite production and product development tailored to market needs to achieve global expansion with a focus on emerging markets, using a flexible approach.

Sales of new products



Net sales in emerging markets



FY2011 Results Briefing

Growth Strategy Progress and FY2012 Developments

Packaging
Materials

TOYO INK SC
Visible Science for Life

	Net sales	Operating income
FY2011 Actual	556	17
FY2012 Forecast	575	24

Unit: 100 million yen

1) FY2011 Actual

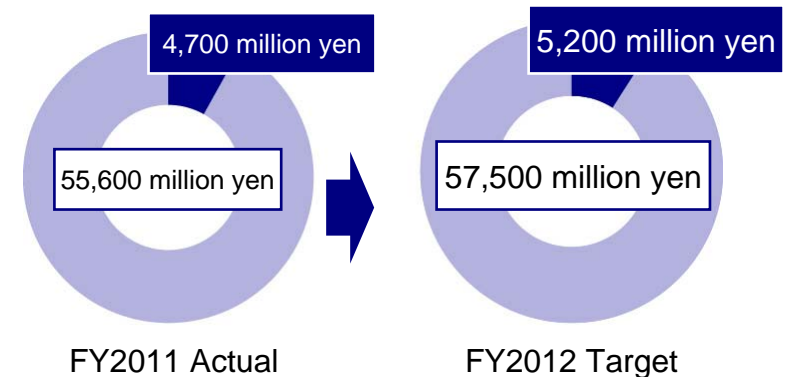
- Sales expanded in India, Indonesia and other emerging countries
- Started construction of gravure ink factories in India and Vietnam
- Construction of new bases in Chinese interior

2) FY2012 Priority Measures

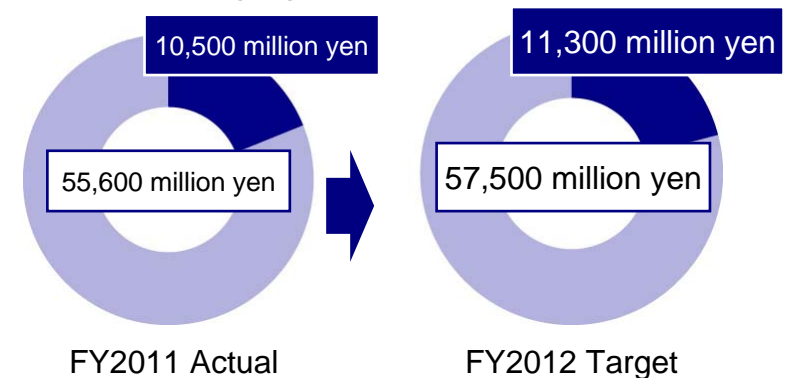
- Strengthen development of environmentally conscious products
- Design general purpose grade resins for emerging countries
- Start production of gravure inks in India and Vietnam
- Upgrade sales bases in interior China, and expand sales with existing bases
- Expand sales of high quality flexographic inks

- Achieve global expansion by enhancing the product lineup by leveraging the ability to develop products from resin, while building and streamlining production bases.

Sales of new products



Net sales in emerging markets



FY2011 Results Briefing

Growth Strategy Progress and FY2012 Developments

Polymers and Coatings

TOYO INK SC
Visible Science for Life

	Net sales	Operating income
FY2011 Actual	525	28
FY2012 Forecast	550	36

Unit: 100 million yen

1) FY2011 Actual

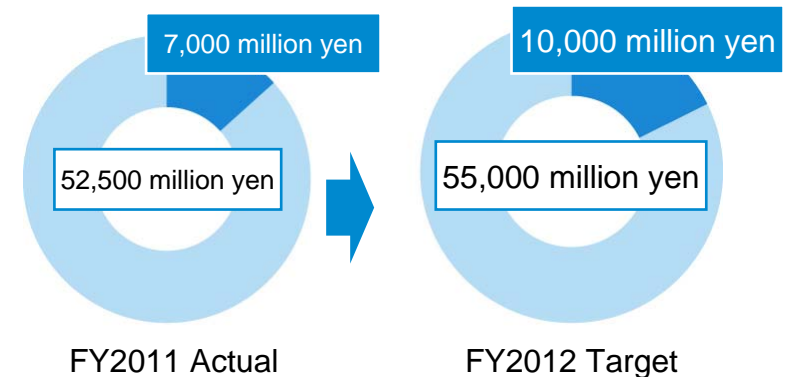
- Expanded sales in South Korea in the FPD, and FPC areas
- Developed new users for energy-related products
- Worked to get adhesive components for automobiles designed into products in China

2) FY2012 Priority Measures

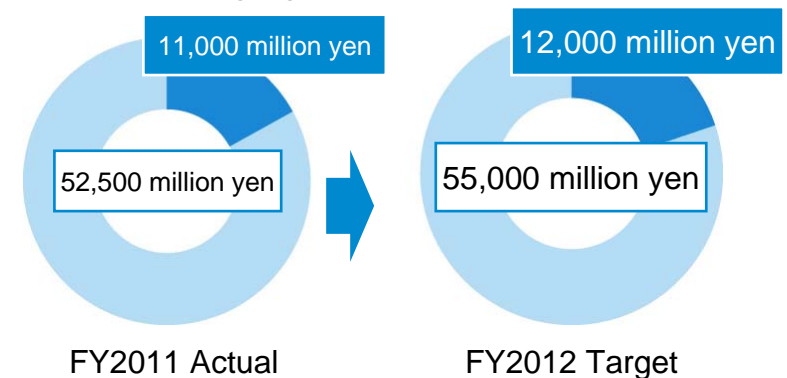
- Strengthen development of peripheral materials for solar cells
- Strengthen sales of electronics materials such as ICT terminals
- Commercialize and expand sales of new functional films (heat conductive, electro conductive, etc.)
- Strengthen development of construction products, etc. for reconstruction demand and automotive products
- Increase production capacity in Japan and overseas

- Use unique products that capitalize on the strengths of the combined use of resin, dispersion, and coating technologies to enhance the ICT materials and energy-related businesses.

Sales of new products



Net sales in emerging markets



FY2011 Results Briefing

Growth Strategy Progress and FY2012 Developments

Colorants and Functional Materials

TOYO INK SC
Visible Science for Life

	Net sales	Operating income
FY2011 Actual	626	62
FY2012 Forecast	665	66

Unit: 100 million yen

1) FY2011 Actual

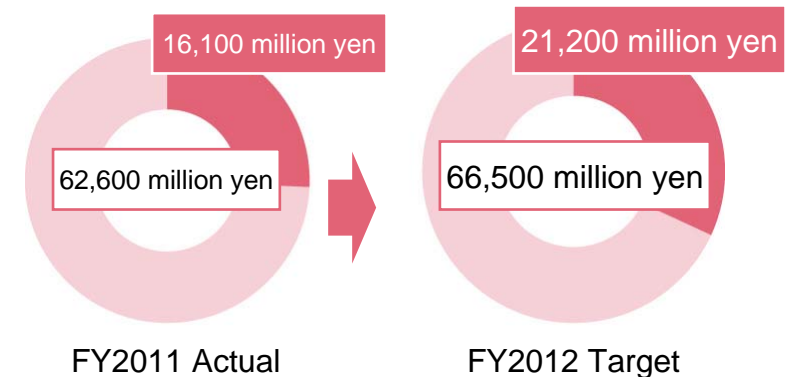
- Started construction of a colorant factory in Indonesia
- Completed construction of functional dispersant factory
- Actualized sales of color filter materials for displays to China

2) FY2012 Priority Measures

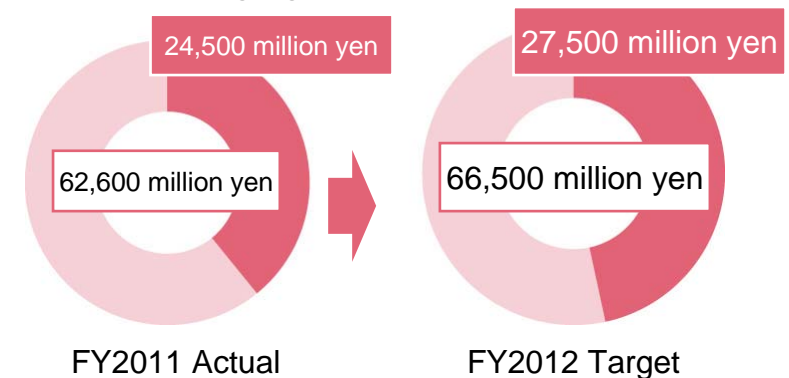
- Establish TOYOCOLOR
- Expand sales of color filter materials for the next generation of FPDs
- Expand sales of high value-added colorants
- Expand sales of solar cell materials and electrode materials
- Strengthen pigment business in China and India

- Expand sales of FPD-related products, capitalizing on the lineup and promoting the global launch of colorants, capitalizing on the network.

Sales of new products



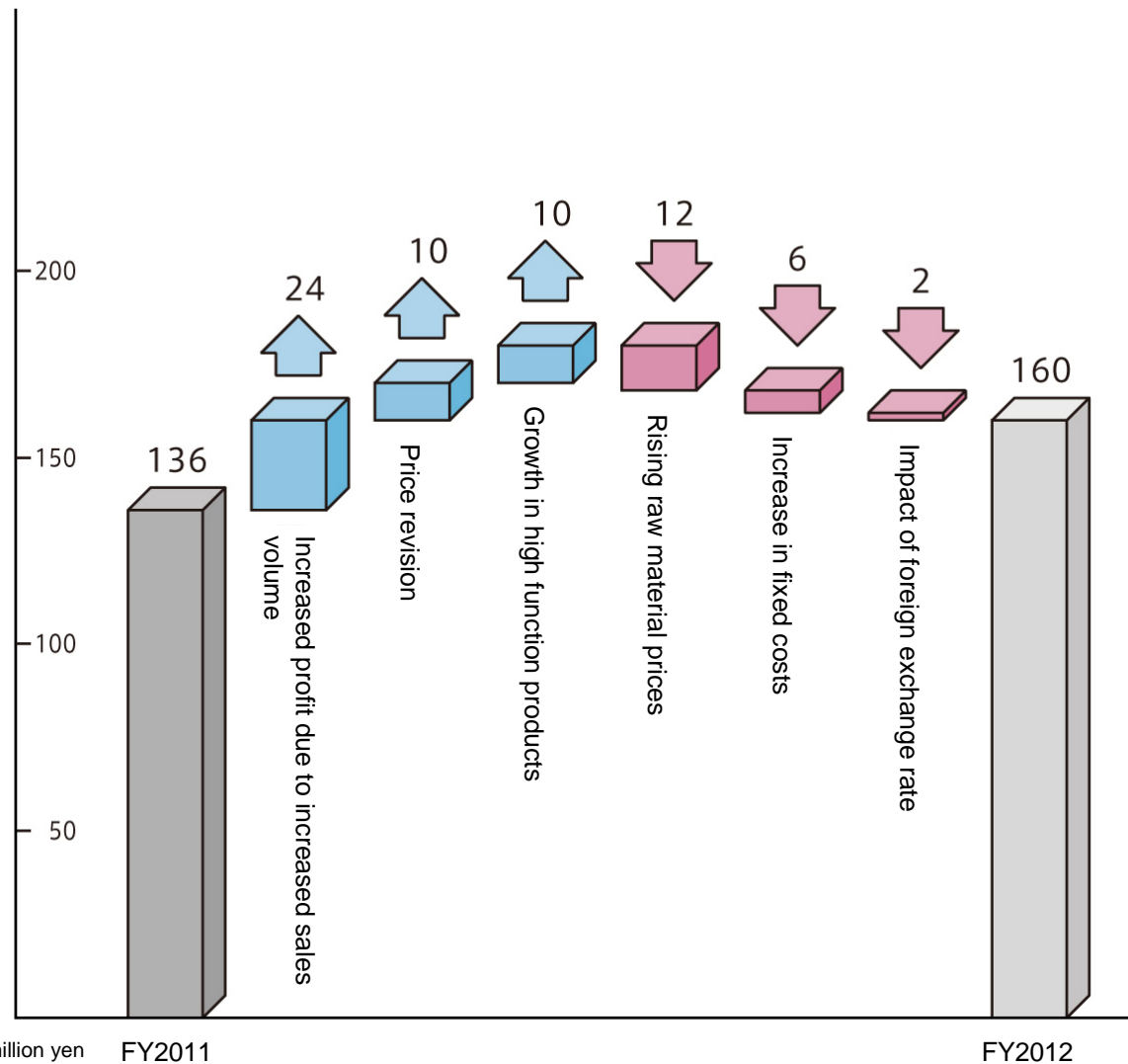
Net sales in emerging markets



FY2011 Results Briefing

FY2012 Operating Income and Analysis of Factors (Full-year Forecast)

FY2011 13,600 million yen
FY2012 16,000 million yen
Remarks
<ul style="list-style-type: none"> ■ Increased profit due to increased sales volume (positive impact of 2,400 million yen) ■ Price revision (positive impact of 1,000 million yen) Impact of price revisions implemented during the last fiscal year
<ul style="list-style-type: none"> ■ Growth in high function products (positive impact of 1,000 million yen) Expanding sales of ICT materials and energy-related products
<ul style="list-style-type: none"> ■ Rising raw materials prices (negative impact of 1,200 million yen) Sharp increase in petrochemical products and titanium oxide
<ul style="list-style-type: none"> ■ Increase in fixed costs (negative impact of 600 million yen) Depreciation, energy costs, etc.
<ul style="list-style-type: none"> ■ Impact of foreign exchange rate (negative impact of 200 million yen) FY2011 average rate: US\$1=78.983 yen FY2012 forecast rate: US\$1=77 yen



Capital Investment and Depreciation

	Capital investment	Depreciation
FY2010 actual	85 (Acceptance basis)	98
FY2011 actual	93 (Acceptance basis)	93
FY2012 plan	170 (Order basis)	100

(Unit: 100 million yen)

Major capital expenditures planned in FY2012

- Japan (adhesives, production facilities) Scheduled start of operations July 2012
- China (adhesives, production facilities) Scheduled start of operations August 2012
- India (gravure inks, new factory) Scheduled start of operations August 2012
- Indonesia (colorants, new factory) Scheduled start of operations August 2012
- Europe (UV/IJ inks, production facilities) Scheduled start of operations October 2012

New Products Overview and Approach to Launch by Business Domain



Living & Healthcare

◆ Use science for present and future living
Gravure inks, flexographic inks and adhesives for food packaging / Next-generation can coatings / Naturally-derived materials / Functional plastic colorants / Functional adhesives for automobiles / Medical & healthcare materials / Others



Information & Communication

◆ Achieve innovation through function and process
CF materials / Electronics, and FPC-related product group / Touch panel materials / Mobile terminal materials / Next-generation recording materials and coatings / Others



Fine Imaging & Printing

◆ Shift to a sustainable society
Next-generation offset printing inks / Wide gamut inks / Non-VOC sheet-fed inks / Next-generation newspaper inks / High sensitivity UV inks / Pigments and dispersions for printing inks / Inkjet inks and their materials / Others







Energy & Environment

◆ Develop solutions for generating, conserving, and saving energy for the future
Interlayer adhesives used for solar cell back sheets / Solar cell sealants / Adhesives used for laminated packing material of secondary batteries / Materials used for secondary battery electrodes / Soil remediation agent derived from recycled vegetable oil / Others

New Product Sales Ratio by Business Domain

	FY2010 Actual	FY2011 Previous forecast	FY2011 Actual	FY2012 Target
NP21+NRP net sales (100 million yen)	463	572	512	651
New products sales ratio (%)	18.8	22.4	20.9	25.5

	NP21 (Japan)			NRP (Overseas)		
	FY2011 Previous forecast	FY2011 Actual	FY2012 Target	FY2011 Previous forecast	FY2011 Actual	FY2012 Target
	104	91	83	39	16	67
	180	148	168	26	20	23
	190	207	263	20	19	17
	11	9	27	2	2	3
	485	455	541	87	57	110

* NP21: A management indicator of the sales figures of new products at domestic companies

* NRP: A management indicator of the sales figures of new products at overseas affiliates

* Products are removed from the count three years after the first market launch.

(Unit: 100 million yen)



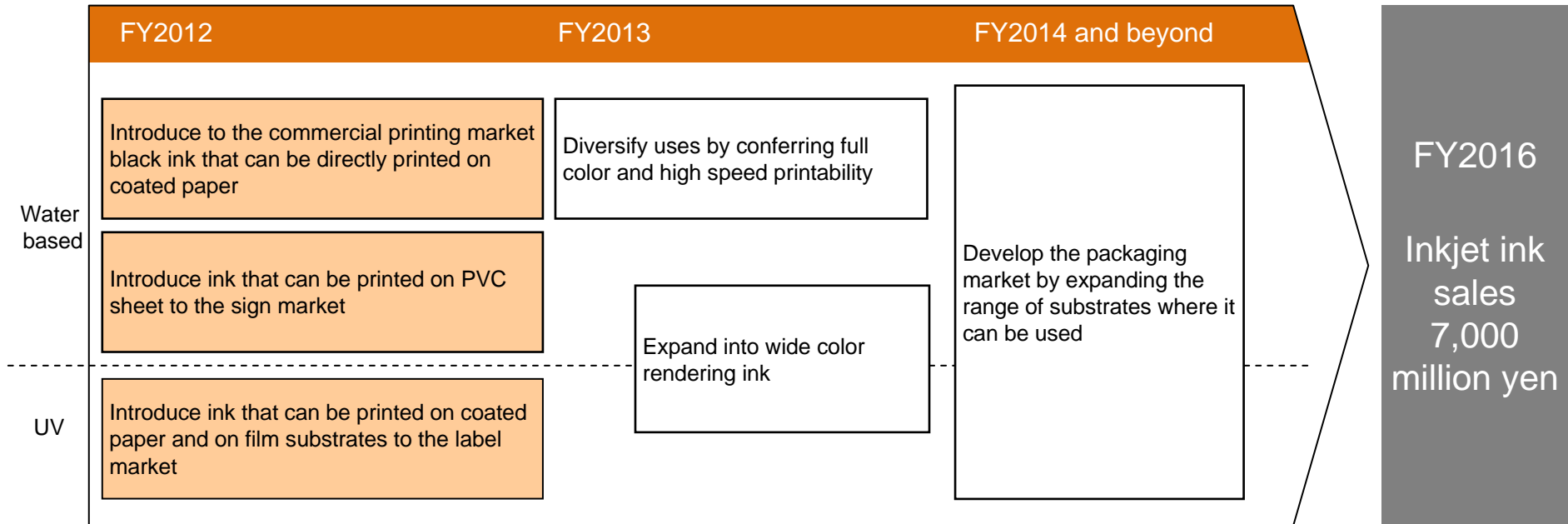
Developing Inkjet Products

Market Trends

- Full-fledged demand for digital printing / (Monochrome printing → full color digital printing / B2 capabilities)
- Increased demand from the sign market for the environmental response
- Digitalization of the packaging area (improvement in printing speed and increased variety of printing materials)

Product Development

Have a wide lineup of inkjet products to meet diverse demand.
Offer new solutions to increase printing choices by coordinating color reproduction with the conventional printing.



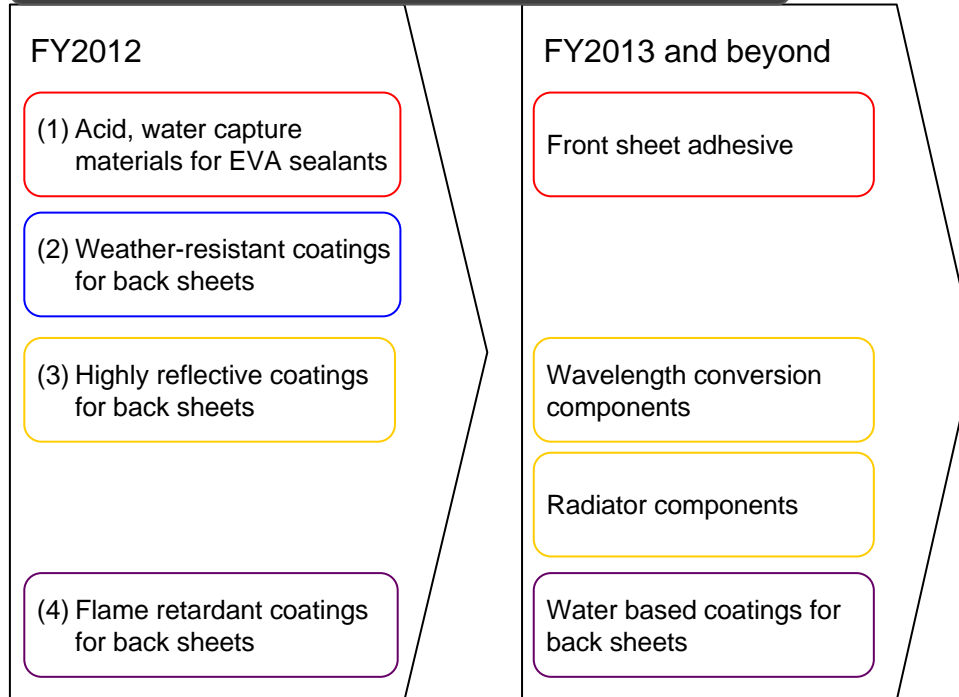
Market Trends

While the solar cell market is expected to expand in the future, reducing power generation costs is the biggest issue

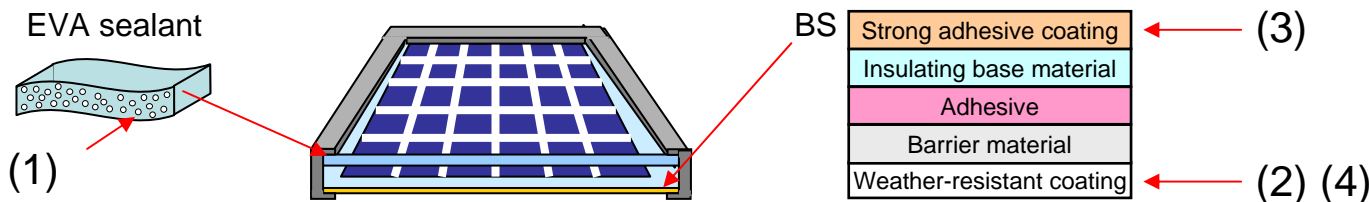
Target and Core Technology

- Longevity
- Cut component costs
- Improve power generation efficiency
- Safety

Future Products



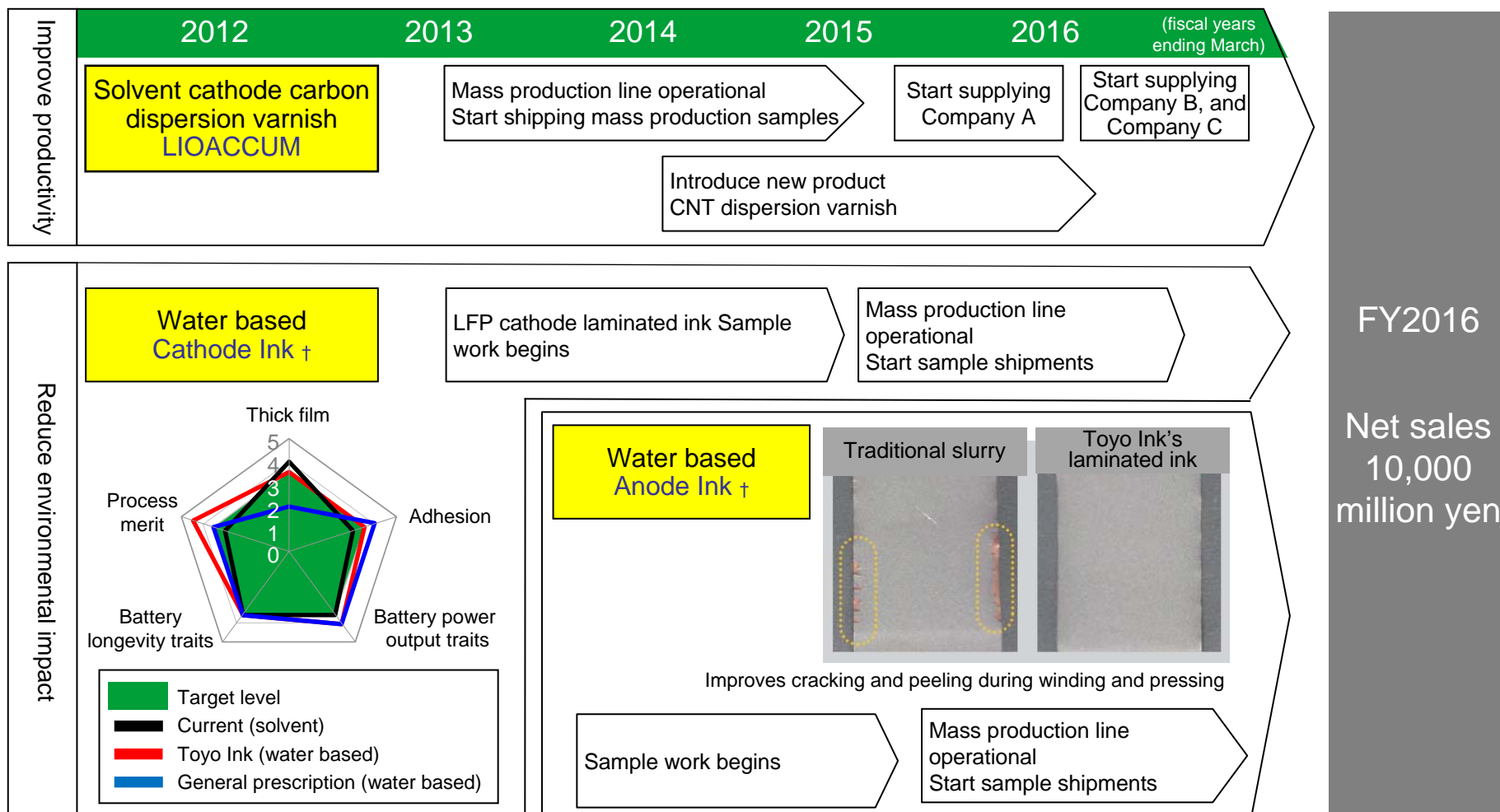
FY2016
Net sales
8,000 million yen



EVA: ethylene vinyl acetate
BS: back sheet
FS: front sheet

Market Trends

The use of lithium-ion batteries is expected to expand to automobiles and to stationary applications but the key to diffusion is cutting costs



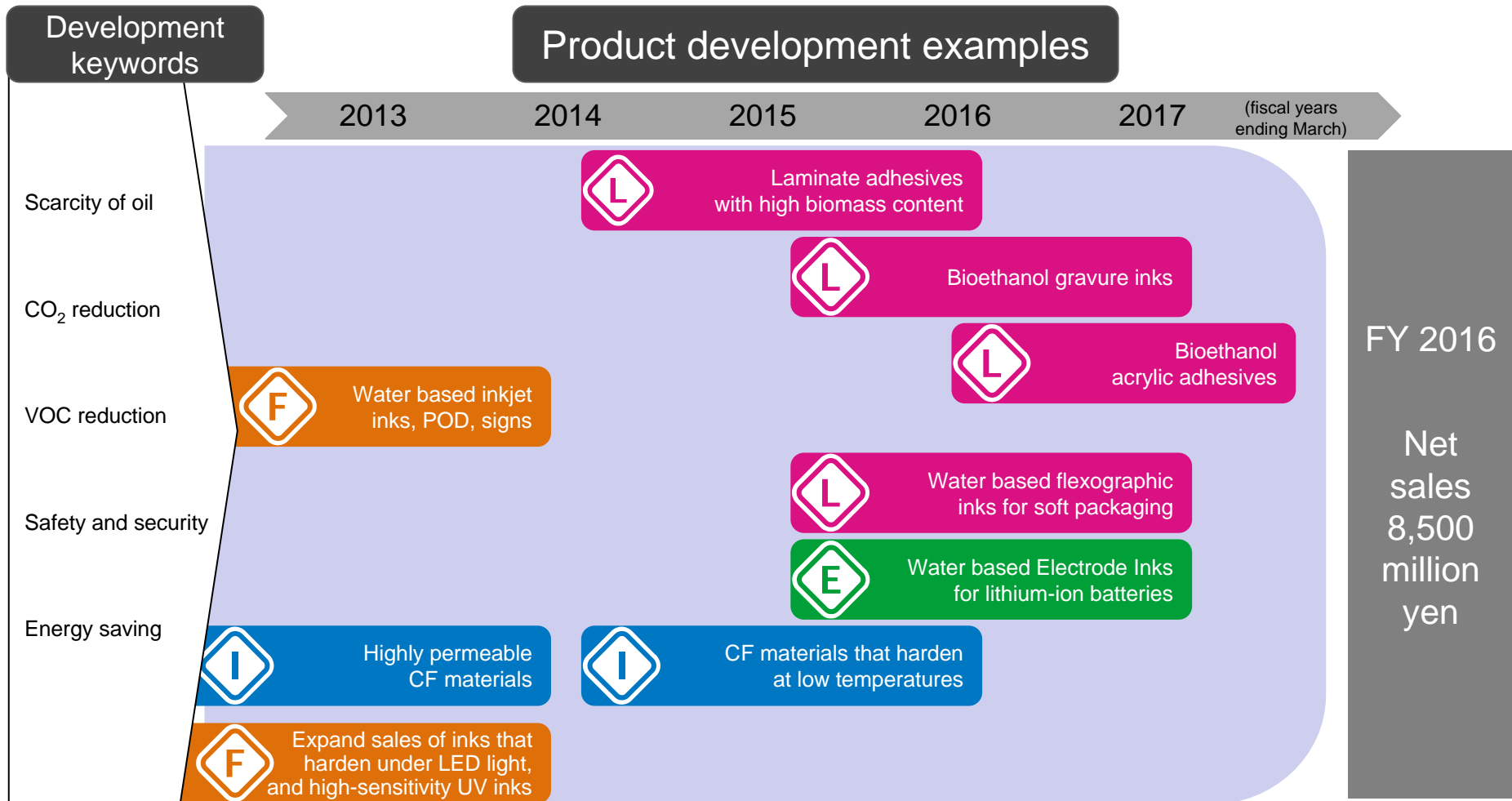
FY2016

Net sales 10,000 million yen

† Cathode Ink / Anode Ink ; Composite material dispersed ink for cathodes/anodes

Environmentally Conscious Products

Given global warming measures and carbon footprints, the rising cost of raw materials derived from oil and the problem of electric power, progress is being made toward developing products that will contribute to the realization of a sustainable society.



† Electrode Ink ; Composite material dispersed ink for electrodes