

Toyo Ink SC Holdings Co., Ltd.
May 19, 2014

FY2013 Results Briefing

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The forecast 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 19, 2014. 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.

FY2013 Management Policy

- ◆ Promote three growth strategies with improved customer satisfaction as the foundation.
- ◆ Strengthen support activities for the medium-term management plan and regenerate a manufacturing base with earnings capacity.
- ◆ Create a framework that supports global/speedy strategic management.

(Unit: 100 million yen)

	FY2012	FY2013	Increase/ decrease (%)	FY2014 forecast
Net sales	2,487	2,796	12.4	2,900
Operating income	175	197	12.4	215
Recurring income	185	206	11.3	220
Net income	87	123	40.7	130
Average exchange rate (1\$ =)	¥80.1	¥98.0	-	¥100.0
Operating margin	7.1%	7.1%	0.0 (points)	7.4%
Overseas sales ratio	33.9%	40.2%	+6.3 (points)	43.0%

(Unit: 100 million yen)

	As at March 31, 2013	As at March 31, 2014	Increase/ decrease (%)
Current assets	1,620	1,766	9.0
Fixed assets	1,376	1,600	16.3
Total assets	2,996	3,366	12.4
Current liabilities	980	1,016	3.7
Long-term liabilities	402	484	20.2
Total liabilities	1,382	1,500	8.5
Total net assets	1,613	1,866	15.7
Total of liabilities and net assets	2,996	3,366	12.4

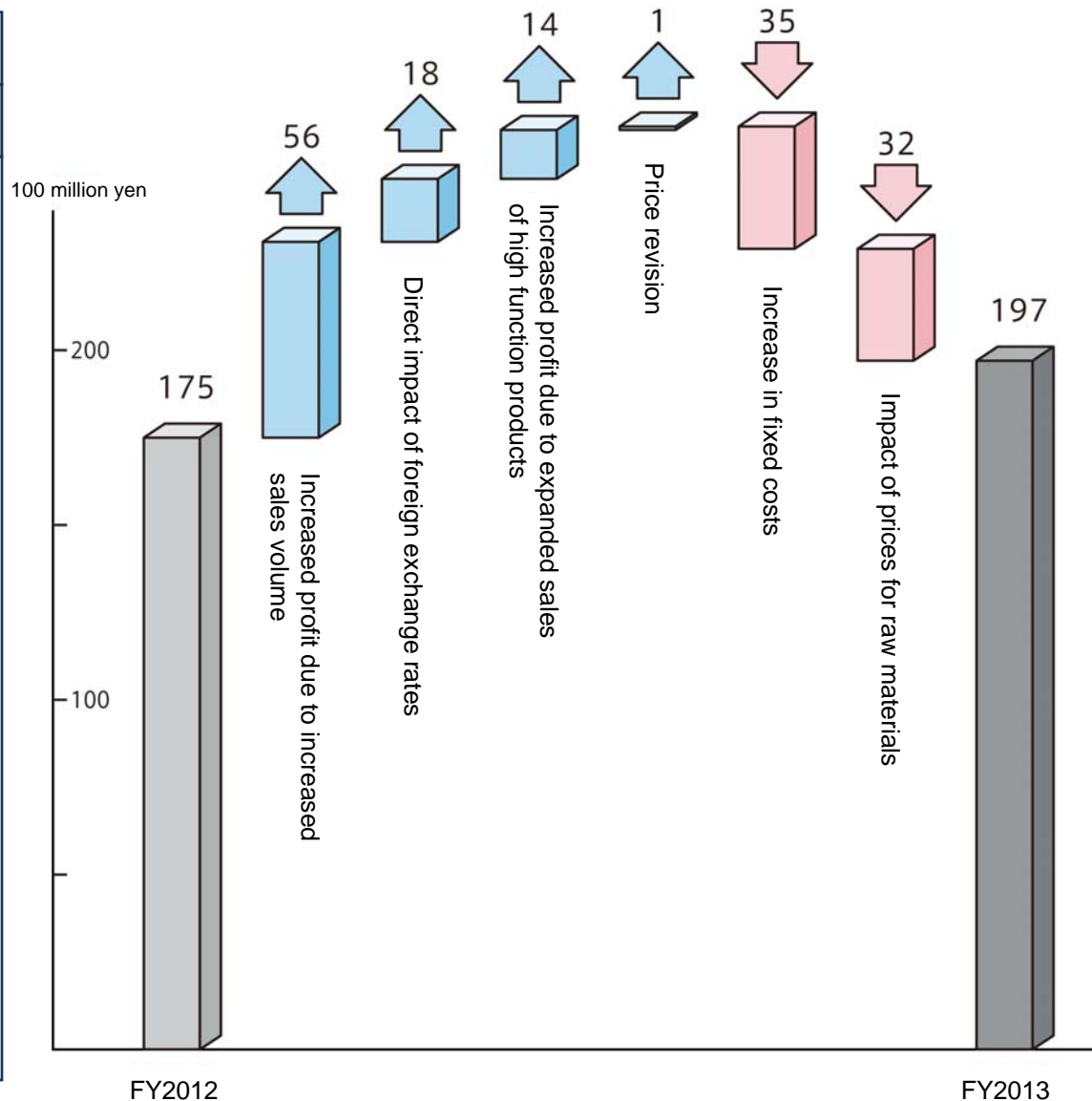
	As at March 31, 2013	As at March 31, 2014
Interest-bearing debt (100 million yen)	711	744
Net worth ratio (%)	52.4	53.7
D/E ratio	0.43	0.43

	FY2013	FY2014 (forecast)
Dividend (full-year, yen)	13.0	14.0

	As at March 31, 2013	As at March 31, 2014
Consolidated subsidiaries	59	70
Equity method companies	11	12

FY2013 Operating Income and Analysis of Factors Behind YoY Difference

FY2012 17,500 million yen
FY2013 19,700 million yen
<p>Remarks</p> <ul style="list-style-type: none"> ■ Increased profits due to rise in sales volume (positive impact of 5,600 million yen). Gravure inks, laminating adhesives, sheet-fed inks, metallic inks, colorants, etc. ■ Direct impact of exchange rates (positive impact of 1,800 million yen). ■ Increased profits due to expanded sales of high function products (positive impact of 1,400 million yen). UV inks, ICT-related materials and CF resist inks sold strongly. ■ Price revision (positive impact of 100 million yen) Prices of certain colorants were revised. ■ Increase in fixed costs (negative impact of 3,500 million yen). Costs increased sharply from the second half, reflecting additional fixed costs as a result of the acquisition of ARETS. ■ Impact of prices of raw materials (negative impact of 3,200 million yen). Prices for petrochemical products and rosin rose and remained high from the third quarter. Costs reduced through raw materials substitution. <p>Comments</p> <p>Non-attainment of the initial plan of 20,000 million yen is largely attributable to the effect of rising raw materials prices.</p>



Performance by Segment

		Fourth Quarter of FY2013 (three months)						FY2013 Full year			
		Results (100 million yen)		Increase/decrease Year on Year (%)		Increase/decrease Quarter on Quarter (%)		Total results (100 million yen)		Increase/decrease Year on Year (%)	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Printing and Information	Japan	159	8	12.8	-6.7	6.6	14.2	593	33	4.0	21.4
	Overseas	89	4	50.7	146.6	3.6	-25.8	316	14	43.0	98.4
	Total	235	10	23.6	16.4	6.1	-11.1	855	46	13.8	37.0
Packaging Materials	Japan	101	2	7.5	-15.8	-6.6	-53.9	419	15	2.9	-17.9
	Overseas	55	0	25.9	-34.0	-0.1	-83.2	210	5	30.5	36.7
	Total	156	2	14.8	-20.8	-4.0	-63.8	625	20	11.3	-8.9
Polymers and Coatings	Japan	109	5	10.3	63.2	-0.9	37.7	438	22	5.1	-14.7
	Overseas	49	4	29.0	111.6	0.3	-13.2	188	16	28.6	96.1
	Total	142	9	13.8	85.2	-0.4	10.9	565	38	10.8	12.2
Colorants and Functional Materials	Japan	108	14	0.2	-7.3	-0.7	-18.1	445	66	3.1	-0.6
	Overseas	128	6	37.4	58.6	1.9	25.9	478	21	33.8	116.2
	Total	199	20	20.2	13.1	3.3	-7.3	763	87	14.2	13.6
Others		14	2	4.2	-35.4	-6.0	164.8	57	7	-2.9	-28.7
Adjustment		-17	0	-	-	-	-	-71	0	-	-
Total consolidated		729	44	18.6	17.2	2.0	-10.7	2,796	197	12.4	12.4

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

FY2013 Results Briefing

Printing and Information

- Sales of high function products such as high sensitivity UV inks and hard coat for touch panels, etc. expanded.
- Overseas, sales of products such as UV inks grew in Southeast Asia and Europe.
- In Japan, the market continued to stagnate amid the structural recession caused by digitization.
- Prices of raw materials such as rosin rose sharply.

Packaging Materials

- Prices for raw materials, especially petroleum products, rose sharply, squeezing profits.
- In Japan, although sales of new eco-friendly lamination ink products expanded, inks for publications continued their downward trend, and inks used for wrapping, which are core products in this segment, also showed slow growth in the first half of the year.
- Eco-friendly products grew in Southeast Asia and China.

Polymers and Coatings

- Sales of adhesives for packaging applications expanded both in Japan and overseas.
- Can coatings grew alongside expansion in demand in Southeast Asia and China.
- Sales of coating materials expanded in the optoelectronics field.
- Profits fell well short of the plan due to rising raw materials prices.

Colorants and Functional Materials

- Commodity pigments for automotive purposes recovered and sales of commodity pigments expanded in China and Southeast Asia.
- Sales of CF materials grew sharply, reflecting sales expansion in Taiwan and China, but demand from South Korea was lackluster in the second half.
- Demand for colorants from the domestic housing industry was robust.

FY2013 Actual

	Fourth Quarter of FY2013 (three months)					
	Result (100 million yen)		Increase/decrease Year on Year (%)		Increase/decrease Quarter on Quarter (%)	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	486	31	7.9	-1.4	0.1	-3.2
Asia-Oceania	261	18	35.8	128.1	4.5	-8.4
Europe	27	-1	102.9	-	-14.0	-
The Americas	28	-3	15.6	-	-1.0	-
Adjustment	-73	-1	-	-	-	-
Total consolidated	729	44	18.6	17.2	2.0	-10.7

FY2013 Full year			
Total results (100 million yen)		Increase/decrease Year on Year (%)	
Net sales	Operating income	Net sales	Operating income
1,929	142	3.5	-3.5
955	62	30.7	96.5
106	0	152.1	-71.3
109	-6	17.2	-
-304	-2	-	-
2,796	197	12.4	12.4

SCC-III Numerical Targets	SCC-II Actual	SCC-III Plan
Net sales (Final fiscal year of the medium-term plan)	279.6 billion yen	360.0 billion yen
Operating income (Final fiscal year of the medium-term plan)	19.7 billion yen	36.0 billion yen
Overseas sales ratio (Final fiscal year of the medium-term plan)	40.2%	50.0%
ROE (Final fiscal year of the medium-term plan)	7.3%	10.0%
ROA (Final fiscal year of the medium-term plan)	3.9%	6.0%
Interest-bearing debt (Final fiscal year of the medium-term plan)	74.4 billion yen	50.0 billion yen
Operating cash flow (Three-year total)	53.5 billion yen	80.0 billion yen
Capital investment (Three-year total)	35.3 billion yen	35.0 billion yen

Key Business Policies

Packaging: Seek to improve global performance through the development of eco-friendly products conforming to global standards.

Healthcare: Work to broaden development of biocompatible resins and coating products for fields ranging from sanitary to medical devices.

Electronics: Utilize independently developed conductive/insulating materials, functional resins and coating technologies to further develop high function products.

Fine Imaging: Expand business area from printing inks to inkjet inks through UV curing materials and advancement of technology.

Environmental consciousness: Strengthen technologies for utilizing petro-chemical free and natural materials and introduce new products to the market.

Energy-related operations: Strengthen development of functional dispersants and functional resins in the new energy field.

Priority Measures Overseas

Region	FY2016 Sales Target	Key Country	SCC-III Priority Measures	Equipment Investment	Products
South Asia	27* →90	India	Increase earnings by expanding production capacity for offset inks and liquid inks, and strengthen the colorant business base. Expand new businesses such as inkjet inks and UV products.	Jul. 2014 ~ Western India: Start of operations at plant Apr. 2014 ~ Southern India: Construction of distribution and tinting base	OI IJ LI PC PG
Southeast Asia	360* →500	Indonesia	Strengthen business through capital investment in the liquid inks and coatings businesses, and expand as compound business base including existing businesses .	Apr. 2014 : Completion of expansion of liquid ink facilities Aug. 2014: Start of production of coatings	LI CT PC
		Vietnam	Strengthen packaging-related business, focusing on liquid inks and laminating adhesives.		LI PC
		Thailand	Expand production capacity as base of global expansion of the coating business, and promote portfolio management as compound business base.	Aug. 2014: Completion of expansion of production capacity for polymer products	OI LI CT PC
The Americas	109* →200	United States	Strengthen earnings base of existing business starting with liquid inks, and pursue expansion of new businesses such as inkjet inks.	Oct. 2014: Start of production of inkjet inks	OI LI AD
		Brazil	Strengthen offset ink and liquid ink businesses through local production, and promote development of new businesses.	May 2014: Start of operations at plant	OI LI
China	267* →475	China	Expand liquid ink and offset ink businesses by establishing bases in inland areas.	Inland areas Jun. 2014: Start of production of liquid inks Jan. 2015: Start of production of offset inks	OI LI AD AS PC PG
Europe	106* →190	France Belgium	Strengthen UV ink business by utilizing Toyo ARETS, and pursue expansion into new businesses.		IJ PC PG
East Asia	215* →300	South Korea	Increase earnings, focusing on the ICT market, including CF materials and adhesives.	Aug. 2014: Start of production of CF coatings	AD CF

(100 million yen / not consolidated)

* = FY2013 actual

OI Offset ink
 IJ Inkjet ink
 LI Liquid ink
 CT Coatings
 AD Adhesives
 AS Coating materials
 PC Colorants
 PG Pigments

Performance indicators by business segment

(Unit: 100 million yen)

	FY2014 Plan				FY2016 Target	
	First half		Full year		Full year	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Colorants and Functional Materials	385	43	790	87	980	120
Polymers and Coatings	285	20	595	43	790	75
Packaging Materials	315	12	645	26	770	55
Printing and Information	430	23	900	55	1,060	105
Others, Adjustment	-15	2	-30	4	0	5
Consolidated	1,400	100	2,900	215	3,600	360

Capital investment plan

	FY2014 Plan	Total investment under the medium-term management plan (3 years)
Capital investment	135	350
Depreciation	100	290

(Unit: 100 million yen)

Major capital investments in FY2014

■ Colorants and Functional Materials	Fuji Factory: Fine chemicals plant phase 2 construction India: Expansion of colorant production facilities
■ Polymers and Coatings	Kawagoe Factory: New coating materials plant The US: Expansion of polymer production facilities
■ Packaging Materials	India: Expansion of gravure ink production facilities
■ Printing and Information	China: Construction of new plant in Chengdu India: Introduction of full-scale inkjet ink production facilities
■ Others	Moriyama Factory/Okayama Plant: Introduction of solar power generation facilities

Medium-term Management Plan and FY2014 Priority Measures

Colorants and Functional Materials	Net sales	Operating income
FY2014 Plan	790	87
FY2016 Target	980	120

(Unit: 100 million yen)

TOYO COLOR
Visible Science for Life

Medium-term Management Plan Basic Policies

- (1) Reform the business structure by developing new products and developing overseas markets for commodity products.
 - Expand business in the healthcare market and energy market.
 - Pursue overseas expansion in commodity products (pigments, colorants, etc.).
- (2) Establish a next-generation production system by changing the functions of domestic bases and creating an overseas network.
 - Establish an efficient production system for existing products.
 - Develop infrastructure for new businesses.
- (3) Establish a globally-oriented business operation system.
 - Expand business through cooperation with overseas subsidiaries and collaboration with overseas manufacturers.

FY2014 Priority Measures

- (1) Achieve actual results in energy-related and carbon-related businesses.
 - Achieve actual results for carbon dispersants for lithium ion batteries.
 - Achieve actual results for products using CNT materials.
- (2) Strengthen LCD color filter material business.
 - Expand sales into the East Asia region through vertical business from pigments to inks.
 - Develop new product categories through the application of CF resist technology in other areas.
- (3) Rebuild domestic commodity color business (pigments, colorants, etc.).
 - Establish an efficient production system for commodity pigments.
 - Optimize global SCM.

Medium-term Management Plan and FY2014 Priority Measures

Polymers and Coatings	Net sales	Operating income
FY2014 Plan	595	43
FY2016 Target	790	75

(Unit: 100 million yen)

TOYO CHEM
Visible Science for Life

Medium-term Management Plan Basic Policies

- (1) Pursue growth strategies.
 - Promote new products and new businesses (packaging, ICT, natural materials, etc.).
 - Establish marketing network in priority regions.
 - Strengthen development of healthcare products.
- (2) Strengthen business base.
 - Boost domestic sales (can coatings, optical adhesives, etc.).
 - Reinforce manufacturing base (improve capacity utilization at Kawagoe Factory, etc.).
 - Strengthen earnings capacity based on planning cost.
- (3) Expand business through new converting products.
 - Expand business domain through improvements in converting technology.

FY2014 Priority Measures

- (1) Develop new products and pursue global expansion.
 - Expand electronics business in the East Asia region.
 - Expand sales of healthcare products to new customers.
 - Expand sales of converting-related products.
- (2) Strengthen business base.
 - Coatings: Expand sales of eco-friendly products for drink cans and food cans.
 - Resins: Expand sales to high value-added markets.
 - Adhesives: Strengthen overseas market, and expand sales to the food packaging market.
- (3) Carry out price rationalization.
 - Carry out price rationalization for mainstay products.

Medium-term Management Plan and FY2014 Priority Measures

Packaging Materials	Net sales	Operating income
FY2014 Plan	645	26
FY2016 Target	770	55

(Unit: 100 million yen)



Medium-term Management Plan Basic Policies

- (1) Translate measures to strengthen base implemented under SCC-II into actual results.
 - Strengthen sales of bases in emerging markets.
 - Improve earnings of liquid ink business in the US.
- (2) Form new businesses.
 - Expand flexographic inks business for film applications.
 - Develop inks and coatings for construction materials.
 - Develop high value-added silk screen printing products.
- (3) Establish products with the same specifications worldwide and realize SCM.
 - Determine strategic products for gravure and flexographic inks.
 - Step up global operations.
 - Sell products conforming to environmental regulations.

FY2014 Priority Measures

- (1) Strengthen sales.
 - Strengthen sales of gravure inks in the Asia region.
 - Establish quality of water-based flexographic inks and pursue market penetration.
 - Step up global operations.
- (2) Reinforce business base.
 - Bolster sales of flexographic inks in North America.
 - Increase strength by improving production efficiency of screen inks.
- (3) Carry out price rationalization.
 - Carry out price rationalization for mainstay products.

Medium-term Management Plan and FY2014 Priority Measures

Printing and Information	Net sales	Operating income
FY2014 Plan	900	55
FY2016 Target	1,060	105

(Unit: 100 million yen)



Medium-term Management Plan Basic Policies

- (1) Translate measures to strengthen base implemented under SCC-II to actual results.
 - Increase sales of bases in emerging markets.
 - Improve earnings capacity through shift to high value-added products.
- (2) Form new businesses.
 - Expand UV business through synergistic effect with ARETS.
 - Expand inkjet business by introducing high performance products and selling many different types of products.
- (3) Establish products with the same specifications worldwide and realize SCM.
 - Establish offset inks and UV inks.
 - Sell metal decorative inks overseas.
 - Enhance technical expertise of overseas bases and create overseas network.

FY2014 Priority Measures

- (1) Strengthen sales.
 - Strengthen sales of UV inks.
 - Step up sales of water-based inkjet inks.
 - Expand sales of hard coating for electronics.
- (2) Reinforce business base.
 - Increase strength by improving production efficiency of sheet-fed and newspaper inks.
 - Promote business in India and Brazil.
 - Step up marketing in Turkey and Central Asia.
- (3) Carry out price rationalization.
 - Carry our price rationalization for mainstay products.