

Toyo Ink SC Holdings Co., Ltd.
November 10, 2015

FY2015 First Half Results Briefing

Contents

- ◆ Summary of Consolidated Business Performance
- ◆ Summary of Performance by Segment
- ◆ [Reference] Performance by Segment and by Region

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 November 10, 2015. Changes in global, economic and business conditions could cause actual results to differ materially from these forecasts. All amounts are rounded to the nearest 1 billion yen.

(Unit: 1 billion yen)

	First half of FY2014	First half of FY2015	Increase/decrease (%)	FY2015 forecast
Net sales	139.5	140.9	1.0	290.0
Operating income	9	8.5	-6.1	18.0
Recurring income	9.5	8.7	-7.6	18.5
Net income	9.8	5.7	-42.2	12.0
Return on equity	-	-	- (point)	6.0%
Operating margin	6.5%	6.0%	-0.5 (point)	6.2%
Overseas sales ratio	41.5%	44.1%	2.6 (point)	47.0%

(Unit: 1 billion yen)

	As at March 31, 2015	As at September 30, 2015	Increase/decrease (%)
Current assets	187.7	185.3	-1.3
Fixed assets	176.5	175.5	-0.6
Total assets	364.3	360.8	-1.0
Current liabilities	90.7	86.7	-4.4
Long-term liabilities	59.8	58.6	-2.0
Total liabilities	150.5	145.3	-3.5
Total net assets	213.8	215.5	0.8
Total of liabilities and net assets	364.3	360.8	-1.0

	As at March 31, 2015	As at September 30, 2015
Interest-bearing debt (1 billion yen)	66.9	66.7
Net worth ratio (%)	56.9	57.8
D/E ratio	0.37	0.36

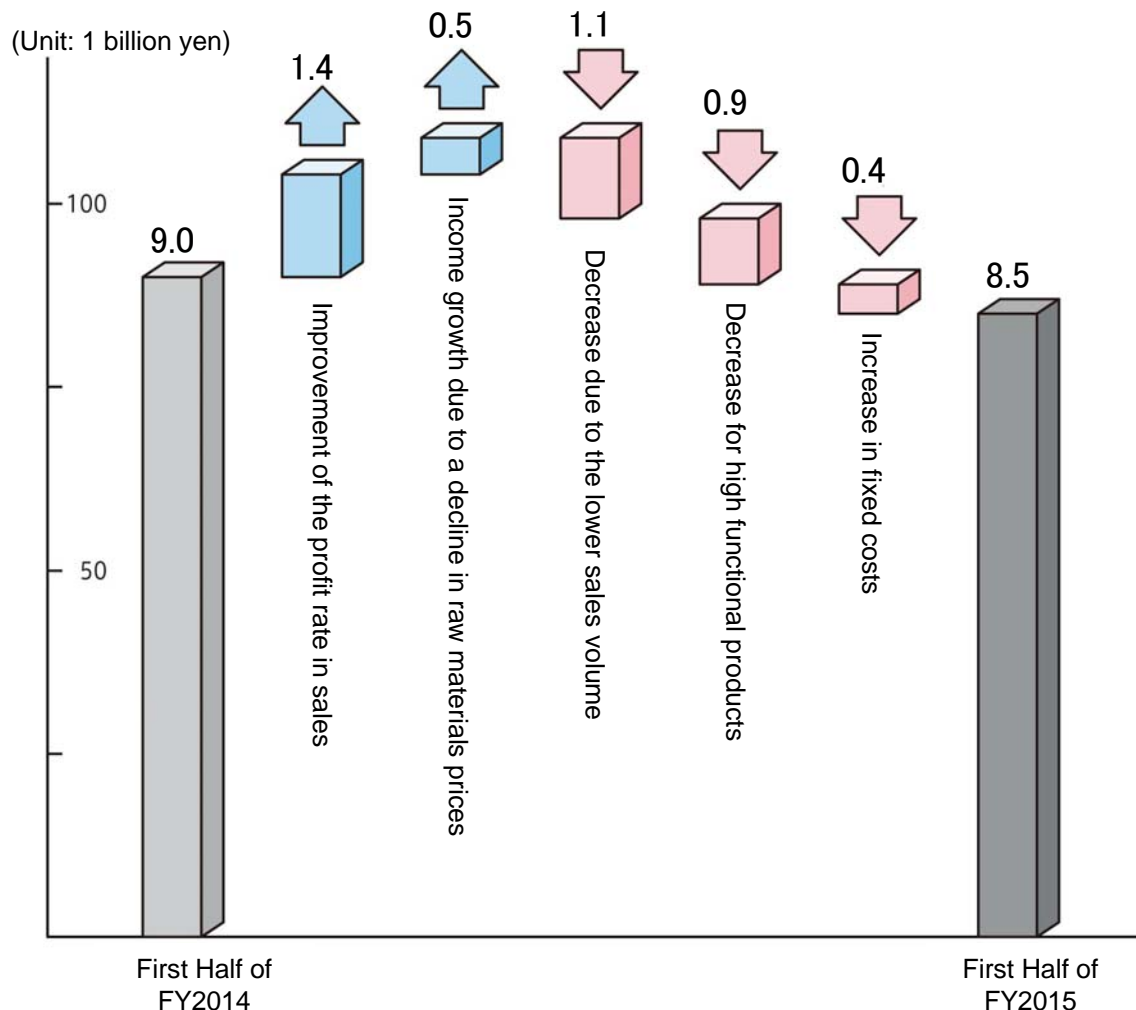
	FY2014	FY2015 (forecast)
Dividend (yen)	14.5	15.0

	As at March 31, 2015	As at September 30, 2015
--	----------------------	--------------------------

Consolidated subsidiaries	67	67
Equity method companies	12	12

FY2015 First Half Operating Income and Analysis of Factors Behind YoY Difference

First Half of FY2014 9.0 billion yen
First Half of FY2015 8.5 billion yen
<p>Remarks</p> <ul style="list-style-type: none"> ■ Improvement of the profit rate in sales (positive impact of 1.4 billion yen). The profit rate of exports improved. Revision of prices. Streamlining of unprofitable products. ■ Income growth due to a decline in raw materials prices (positive impact of 500 million yen). Replacement with substitute raw materials. Review of raw materials prices. ■ Decrease due to the lower sales volume (negative impact of 1.1 billion yen). Income mainly from can coatings, inks for metal, commodity-type pigments and gravure inks increased. Products such as offset rotary printing, newspaper inks and colorants remained sluggish. ■ Decrease for high functional products (negative impact of 900 million yen). Income mainly from high reactivity UV inks and electromagnetic wave shield films increased, but ink jet and CF resist remained stagnant. ■ Increase in fixed costs (negative impact of 400 million yen). Fixed costs increased, given higher depreciation expenses and the reconstruction of the global system, offsetting an improvement in productivity.



Performance by Segment (excluding the Other segment)

First half performance and full year plan

(Unit: 1 billion yen)

	Plan for First Half of FY 2015		Performance for First Half of FY 2015		Initial full year plan for FY2015		Revised full year plan for FY2015	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Colorants and Functional Materials	37.8	3.1	36.8	2.4	79.5	7.0	74.0	5.1
Polymers and Coatings	31.4	2.3	30.1	2.5	64.0	4.5	63.5	5.1
Packaging Materials	32.7	1.2	32.0	1.1	67.0	3.0	66.0	2.6
Printing and Information	44.4	1.4	43.1	0.9	92.0	3.5	88.5	2.7
Others and Adjustments	-1.3	1.0	-1.0	1.6	-2.5	2.0	-2.0	2.5
Total	145.0	9.0	140.9	8.5	300.0	20.0	290.0	18.0

Precondition indicators for the plan

Exchange	\$1=¥120	Naphtha	¥ 48,000/Kℓ
	€1=¥130		Rosin

Capital Investment and Depreciation

	Capital investment	Depreciation
Actual of the First Half of FY2015	6.0	5.1
Full-Year Forecast for FY 2015	13.0	10.5

Main factors for the performance revision

- Lower demand for high functional products
- Economic slowdown in China and other emerging economies

Performance by Segment for First Half (Colorants and Functional Materials)

(Unit: 1 billion yen)

Colorants and Functional Materials	Net sales	Operating income
Plan for First Half of FY 2015	37.8	3.1
Performance for First Half of FY 2015	36.8	2.4
Full Year Plan for FY 2015	74.0	5.1

Growth Strategy: New Products and New Businesses

Create new products, new materials and new business models.

- Expand applications of display materials.
- Achieve actual sales of carbon materials.
- Create a business of easily dispersible pigment-applied products.

Performance of New Main Products in the First Half

	Actual Sales	Achievement Rate
Carbon Dispersants for Lithium-ion Batteries	60 million yen	115%
Masterbatch for Solar Cells	300 million yen	96%

Major Product Category	Comparison from Preceding Fiscal Year	General Conditions	Priority Measure
Pigments	Sales down, income down	Pigments performed sluggishly, reflecting stagnant domestic demand for printing inks. CF pastes were affected by production adjustments as a result of the change of models in the South Korean market.	Improvement in the profit rate as a result of the integration of the production process and product types.
Display Materials	Sales down, income down	Income declined noticeably due to a decline in the share in Taiwan and a delay in the introduction of new products. Materials prices were also affected, given the lower operating rate of manufacturers of LCD panels and a fall in panel prices.	Focus on the introduction of new green pigments. Strengthening of marketing in Taiwan to bolster the share.
Colorants	Sales down, income down	Although the containers market remained steady, with the sluggish overseas OA equipment market, both sales and income declined.	Expansion of sales of high value-added functional masterbatch.

FY2015 First Half Results Briefing

Performance by Segment for First Half (Polymers and Coatings)

(Unit: 1 billion yen)

Polymers and Coatings	Net sales	Operating income
Plan for First Half of FY 2015	31.4	2.3
Performance for First Half of FY 2015	30.1	2.5
Full Year Plan for FY 2015	63.5	5.1

Growth Strategy: New Products and New Businesses

Promote growth strategies.

- Expansion of sales of eco-friendly products
- Expansion of sales of adhesives for industrial use in North America and Asia
- Expansion of sales of converting-related products

Performance of New Main Products in the First Half

	Actual Sales	Achievement Rate
Adhesives for Healthcare	190 million yen	106%
Adhesives for Optical Applications (New Development)	290 million yen	184%

Major Product Category	Comparison from Preceding Fiscal Year	General Conditions	Priority Measure
Coating Materials	Sales down, income down	Sales of functional films expanded in South Korea and China. The market of signs-related products remained stagnant from August.	Expansion of sales of electromagnetic wave shield films and optical films
Adhesives	Sales up, income up	The sector performed steadily, given an increase in high value-added products, such as adhesives for industrial use and the effects of cost cutting.	Expansion of sales in the healthcare and optical fields
Coatings and Resins	Sales up, income up	The theme of acquiring new businesses was achieved in the domestic can coating market. In resins, sales of energy-related materials increased.	Can coatings: Expansion of overseas sales Resins: Expansion of sales of high value-added products (energy).

Performance by Segment for First Half (Packaging Materials)

(Unit: 1 billion yen)

Packaging Materials	Net sales	Operating income
Plan for First Half of FY 2015	32.7	1.2
Performance for First Half of FY 2015	32.0	1.1
Full Year Plan for FY 2015	66.0	2.6

Growth Strategy: New Products and New Businesses

Reinforce sales.

- Strengthen the sales of gravure inks in Asian regions (China and India).
- Establish the quality of water-based flexo inks and facilitate market penetration.
- Improve responsiveness to multinational companies.
- Improve the operation ratio of new overseas facilities by expanding businesses (China and Brazil).

Performance of New Main Products in the First Half

	Actual Sales	Achievement Rate
Liquid Inks for Food Packaging	2.9 billion yen	125%
Flexo Inks for Films	150 million yen	151%

Major Product Category	Comparison from Preceding Fiscal Year	General Conditions	Priority Measure
Liquid inks (domestic)	Sales down, income down	Demand recovered from June, and private-label products are also performing steadily.	Expansion of sales of eco-friendly and high performance inks
Liquid inks (overseas)	Sales up, income up	New overseas plants started operating. Sales of eco-friendly commodity inks increased.	Development of water-based gravure and flexo inks

Performance by Segment for First Half (Printing and Information)

(Unit: 1 billion yen)

Printing and Information	Net sales	Operating income
Plan for First Half of FY 2015	44.4	1.4
Performance for First Half of FY 2015	43.1	0.9
Full Year Plan for FY 2015	88.5	2.7

Growth Strategy: New Products and New Businesses

Reinforce sales.

- Promote businesses in India and Brazil.
- Establish a new production base in Japan and expand production bases overseas for UV inks.
- Reinforce the sales of hard coating agents for electronics.
- Strengthen marketing activities in Turkey and Central Asia.

Performance of New Main Products in the First Half

	Actual Sales	Achievement Rate
Optical Hard Coating Agents for Displays (New Product)	270 million yen	184%
UV Inkjet Inks	270 million yen	77%

Major Product Category	Main Purposes and Markets	General Conditions	Priority Measure
Offset inks (domestic)	Sales down, income down	The market continued to contract. UV inks, excluding optical hard coatings, performed steadily.	Expansion of sales of eco-friendly and high performance inks.
Offset inks (overseas)	Sales up, income up	UV inks expanded globally.	Improvement of the operating rate of new plants mainly in Brazil and India.

(Reference) Performance by Segment

		Results for Second Quarter of FY 2015 (1 billion yen)		Increase/decrease Year on Year (%)		Increase/decrease Quarter on Quarter (%)		Total results (1 billion 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
Colorants and Functional Materials	Japan	10.3	0.7	-8.9	-51.0	1.9	-18.4	20.5	1.6	-8.5	-41.7
	Overseas	12.0	0.5	-0.5	-19.4	9.0	145.9	23.1	0.7	-2.1	-35.6
	Total	18.7	1.3	-3.0	-36.3	2.8	29.5	36.8	2.4	-3.8	-39.2
Polymers and Coatings	Japan	11.1	0.9	1.1	176.3	3.3	36.9	21.8	1.5	-1.8	95.0
	Overseas	5.8	0.4	11.9	-6.7	4.8	-6.6	11.4	0.9	11.6	0.4
	Total	15.4	0.4	3.4	67.5	4.5	21.0	30.1	2.5	1.9	44.5
Packaging Materials	Japan	10.1	0.4	-1.0	43.4	4.7	45.3	19.8	0.7	-1.9	39.4
	Overseas	6.5	0.3	15.8	72.0	11.6	63.5	12.3	0.4	14.9	37.6
	Total	16.5	0.7	5.2	57.5	7.4	56.9	32.0	1.1	4.0	36.3
Printing and Information	Japan	13.9	0.2	-4.4	-50.6	10.1	3,382.1	26.5	0.2	-3.5	-69.9
	Overseas	9.9	0.5	14.4	92.9	8.6	168.6	19.1	0.7	13.0	65.3
	Total	22.5	0.6	2.9	-1.7	10.2	157.4	43.0	0.9	2.7	-20.2
Others		1.5	0.8	8.5	9.3	5.8	-3.1	2.8	1.6	5.6	9.7
Adjustment		-1.9	0	-	-	-	-	-3.8	0	-	-
Total consolidated		72.7	4.8	1.9	2.5	6.5	32.7	140.9	8.5	1.0	-6.1

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

FY2015 First Half Results Briefing

(Reference) Performance by Region

FY2015 Actual	FY 2015 2 nd Quarter (3 months) (1 billion yen)		Increase/decrease Year on Year (%)		Increase/decrease Quarter on Quarter (%)		Total results (1 billion 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
Japan	46.3	3.0	-3.3	-5.4	5.7	13.8	90.1	5.7	-4.0	-8.0
Asia-Oceania	26.1	1.5	5.5	-0.8	6.7	44.2	50.5	2.6	5.0	-13.1
Europe	4.1	0.3	17.2	85.8	23.6	359.9	7.4	0.3	13.8	428.6
The Americas	3.6	-0.1	23.5	-	7.6	-	6.9	-0.2	20.4	-
Adjustment	-7.3	-0.1	-	-	-	-	-14.0	0	-	-
Total consolidated	72.7	4.8	1.9	2.5	6.5	32.7	140.9	8.5	1.0	-6.1

(Note) FY2014 (1 billion yen)	1 st Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter		Total	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	46.0	3.0	47.9	3.2	48.4	3.5	46.8	3.0	189.0	12.6
Asia-Oceania	23.4	1.5	24.7	1.6	26.2	1.5	27.8	1.2	102.2	5.7
Europe	3.0	-0.1	3.5	0.2	4.2	0	3.4	0.1	14.2	-0.2
The Americas	2.8	-0.1	2.9	-0.2	3.3	-0	3.4	-0	12.4	-0.4
Adjustment	-7.1	0.1	-7.6	0	-9.1	0	-7.3	-1	-31.1	0
Total consolidated	68.2	4.3	71.3	4.7	73.0	5.0	74.1	4.2	286.7	18.2

Date: Wednesday, February 3, 2016 from 10 a.m. to 5 p.m.
Venue: Hall B7, Tokyo International Forum

TIG EXPO



TOYO INK GROUP PRIVATE SHOW 2016