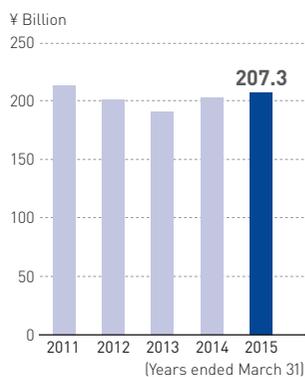


# From the President



**Hiroyuki Nishio**  
Representative Director  
President, CEO and COO

## Net Sales



## Operating Income / Net Income



## ➤ Looking back at the Company's performance in the year ended March 31, 2015

### We increased sales and income due to significant expansion in the Electronic and Optical Products

From the point of view of sales, in the fiscal year ended March 31, 2015—the inaugural year of our medium-term business plan, LINTEC INNOVATION PLAN 2016 (LIP-2016)—demand for some products was affected by a fall in consumer spending in Japan from the consumption tax hike in April, but there was a significant increase in Electronic and Optical Products due to the effect of demand in such areas as smartphones. From the profit aspect, apart from an increase in sales quantity and an improvement in sales mix, there were also the effects of a decrease in stocking costs at foreign subsidiaries and the pushing up of the yen equivalent amounts due to the weak yen.

As a result of the above factors, sales and income both increased in comparison with the year ended March 31, 2014, with consolidated net sales up 2.0% year on year, to ¥207.3 billion, operating income up 22.6%, to ¥16.9 billion, and net income up 37.1%, to ¥11.7 billion. There were also significant increases in both operating profit margin and ROE, from 6.8% in the previous fiscal year to 8.1%, and from 5.8% to 7.2%, respectively.

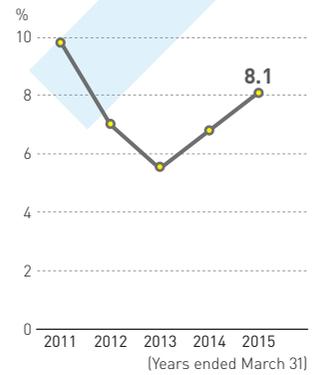
**Main initiatives during the inaugural year of LIP-2016**  
**We worked to expand overseas bases, maintaining a focus on Southeast Asia**

The Company has been actively promoting business globalization and, in the inaugural fiscal year of LIP-2016, enhanced its overseas business structure, maintaining a focus on Southeast Asia, where growth is expected in the years ahead. We successively commenced full-scale operations at our sales sites in Hanoi (Vietnam), Jakarta (Indonesia), and Kuala Lumpur (Malaysia) and at our delivery center in Mumbai (India), while continuing to steadily develop the system for supplying products to local customers in a timely manner. Furthermore, in January 2015 we established LINTEC ASIA PACIFIC REGIONAL HEADQUARTERS PRIVATE LIMITED in Singapore with a view to enhancing business development in Southeast Asia and India.

Moreover, from the aspect of product development, we are making steady progress with the development of new products and technologies, which will form the backbone of our next businesses. These include high-barrier film, which is highly anticipated as a material for use in next-generation displays and combines a level of transparency and water barrier properties roughly equal to that of glass with the flexibility unique to film; light diffusion film, which greatly contributes to the increased brightness and reduced power consumption of displays; and the establishment of volume production technology for carbon nanotube sheets, which are expected to be utilized in applications such as in the electrode materials of high-capacity electricity storage devices.

In addition to these developments, in April 2014 we reorganized the previous Cost Innovation Division into the Cost Innovation Office that now comes under the direct supervision of the president as a measure to enhance our cost competitiveness. As well as promoting further efficiencies in our raw material procurement operations, we commenced a “development purchase” initiative that reviews optimal raw materials from the product development stage in collaboration with the research departments. Moreover, we have been enhancing measures for the utilization and personal development of diverse human resources. These measures include training sessions with the aim of cultivating global human resources and promoting the active involvement of female employees.

**Operating Profit Margin**



**ROE**



PT. LINTEC JAKARTA



**Performance by Operational Segment**

For details of performance by operational segment, please see “Performance by Operational Segment” on page 31.

## Overview of LIP-2016

(From April 1, 2014, to March 31, 2017)



### ➤ Basic Policy

## Return to a growth path through active management and continuous innovation

### ➤ Key Initiatives

#### 1. Further promote global development

- (1) Expand overseas businesses with a particular focus on Asian region
- (2) Establish firm business foundations in new regions

#### 2. Create innovative new products that will support the next generation

- (1) Explore new markets and demand by creating new products
- (2) Enhance the base of our research and development in order to create new products

#### 3. Transform into a robust corporate structure

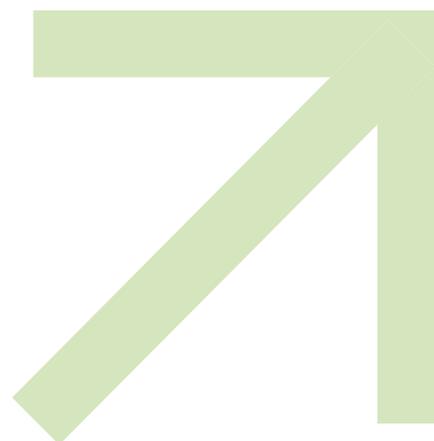
- (1) Strengthen cost competitiveness
- (2) Select and concentrate our management resources

#### 4. Promote strategic M&A

- (1) Clarify the targets that are suited to a growth strategy
- (2) Strengthen the system to promote M&A

#### 5. Foster human resources

- (1) Secure and foster global human resources
- (2) Implement continuous stratified training



### ➤ Major Numerical Targets (on a consolidated basis)

Net sales:

¥**240.0** billion

Operating income:

¥**20.0** billion

Operating profit margin:

More than **8%**

ROE:

More than **8%**



## Activities in the second year of LIP-2016

### **We will further enhance global development and promote enterprising capital investment**

As the current fiscal year, ending March 31, 2016, is viewed as a very important year in influencing our success or failure in reaching the medium-term business plan's targets, we will actively implement a raft of measures under the "A Year to Acceleration of LIP-2016" banner. Firstly, in addition to our efforts to uncover demand in order to expand sales, for example, by formulating new application proposals in Japan, where market maturation continues unabated, we will make further advances in global development toward significant growth in the coming years. In Southeast Asia and India, sales capabilities will be enhanced by and new market development expected from the full-scale operations of the previously mentioned LINTEC ASIA PACIFIC REGIONAL HEADQUARTERS PRIVATE LIMITED. Also, we will work to build an optimized production system, improve efficiency in raw material procurement and strengthen governance. We consider the M&A of companies with brand power and sales channels in each region, and those that possess technologies not currently at LINTEC's disposal, as an effective strategy to enhance our competitiveness in the Southeast Asian and Indian markets and, going forward, we will continue to examine further opportunities.

One of the targets cited in LIP-2016 is an overseas sales ratio of 40% or more, and to continue along that road we have to develop global strategies that not only naturally include Asian markets but also other regions. In September 2015, the Company plans to exhibit on an unprecedented scale at LABELXPO EUROPE 2015, the world's largest label-related trade fair, which is being held in Belgium. There, we will display the appeal of the Company's advanced technological capabilities and product quality as well as enhance LINTEC's brand power, focusing on the European market. Viewing this as an opportunity to expand sales of our mainstay adhesive products for seals and labels, we will also link our efforts to the creation of a firm business foundation in new regions.

From the capital investment standpoint, we are making progress with the expansion of our adhesive coating facilities, including the Shingu Plant in Japan, which is engaged in adhesive processes for optical-related products, and LINTEC (THAILAND) CO., LTD., which serves as a production site for adhesive products for seals and labels as well as for industrial-use. We are also working to enhance our production systems with a view to responding to new demand. Under construction since April 2014, the new Advanced Technology Building at our research center was completed in May 2015. In the years to come, we will install cutting-edge equipment, including large experimental research facilities, which we plan to have in full-scale operation in the fall of 2015. The total amount of capital investment is approximately ¥6.0 billion and can be expected to accelerate the development of innovative products and the volume production of developed products.



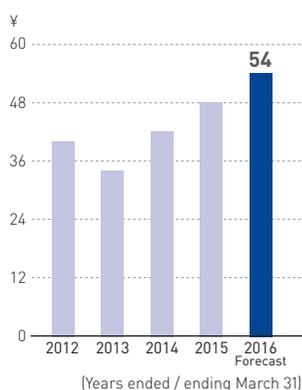
Advanced Technology Building

## From the President

### ➤ Performance forecast for the current fiscal year **We forecast increased sales and income due to our efforts in increasing sales and cost reduction**

With regard to the forecasts for the current fiscal year, we are expecting an increase in fixed costs, due to such factors as our proactive capital investment activities, and rises in the prices for raw materials. In addition to our efforts to increase sales and reduce costs, we also see currency exchange rates as having a positive effect. As a result of the preceding, for the fiscal year ending March 31, 2016, we are forecasting consolidated net sales of ¥220.0 billion, up 6.1% year on year, operating income of ¥18.5 billion, up 9.6%, and net income attributable to parent company's shareholders\* of ¥12.7 billion, up 8.9%.

#### Cash Dividends per Share



#### Shareholder returns

### **In the current fiscal year, we plan to increase the dividend per share by ¥6 for the second successive year, to ¥54**

LINTEC regards enhancement of return of profits to shareholders as one of its most important management issues. From the perspective of distributing profits, the Company fundamentally aims to provide stable and continued returns after consideration of each fiscal year's consolidated performance while strengthening its management base. Adhering to this basic policy, the year-end dividend for the year ended March 31, 2015 was set at ¥26 and, in combination with the interim dividend of ¥22, dividends for the full year totaled ¥48, an increase of ¥6 over the previous year.

With regard to dividend payments for the year ending March 31, 2016, based on projections of consolidated net income attributable to parent company's shareholders of ¥12.7 billion, we intend to increase dividend payments by ¥6 per share, to ¥54. As we work to improve our corporate performance in the coming years, we will also work to further enhance shareholder returns by cash dividends.

#### In closing

We increased sales and income in the inaugural year of LIP-2016, but that achievement was largely on the back of the favorable performance related to Electronic and Optical Products and the effects of the weak yen; it cannot be said that we made good progress across all our businesses. The current fiscal year is of extreme importance in the achievement of the medium-term business plan's final-year targets, so our policy is one of closely analyzing and evaluating the progress made

Note: Due to a revision to the "Accounting Standard for Business Combinations," with effect from the consolidated fiscal year beginning April 1, 2015, the previous method for disclosing net income for the period has been changed to "net income attributable to parent company's shareholders."

in the inaugural year, reviewing a raft of measures to address problem areas that hindered progress and continuing to link these moves to rapid and steady results. In the years ahead, Group companies will work in unison to achieve the LIP-2016 targets, aim for the realization of sustainable growth, and vigorously push ahead.

In addition, to remain a company that is highly regarded and trusted by all its stakeholders, we must also remain a presence that contributes to the development of society through its business activities on the basis of improvements in corporate value through performance increases. Under the company motto of "Sincerity and Creativity," I will promote management that positions corporate social responsibility (CSR) as a core element and will contribute to creating a better society by fully leveraging the management resources that we have thus far accumulated.

In grateful and appreciative anticipation of receiving the ongoing support of all our shareholders and investors,

August 2015



*H. Nishio*

**Hiroyuki Nishio**  
Representative Director  
President, CEO and COO

