

Nissha Printing Co., Ltd.  
 Financial Results for FY2015 Ended March 31, 2015, and Medium-term Business Plan  
 Presentation for Institutional Investors  
 Q&A Overview  
 (Tokyo, May 12, 2015)

■ **FY2015 Results and FY2016 Forecast**

- Q1. In FY2016 you forecast a more than 2.0 billion yen year-on-year improvement in operating income for Industrial Materials. The analysis in the presentation material (p. 21) says the reasons for this improvement are volume increase (+1.6 billion yen) and goodwill amortization, new product launch, etc. (-0.5 billion yen). Are there any other reasons?
- A1. Foreign exchange and decrease in depreciation will also contribute to improved profits for Industrial Materials. In the analysis, these are given as factors for all business segments.
- Q2. In FY2016 why do you expect net sales to increase in Industrial Materials products for mobile phones?
- A2. We are planning to release new film products and expect this, in addition to our existing decoration solution IMD, to contribute to an increase in net sales.
- Q3. Life Innovation is established in FY2016. What are the FY2015 results for gas sensors and other businesses in this new segment?
- A3. Our subsidiary engaged in the gas sensor business, FIS Inc., joined the Nissha Group in June 2014 and hence the results of only a nine-month period are included in the FY2015 profit and loss statement. Because goodwill amortization and initial R&D expenses are also factored in, gas sensors recorded an operating loss of several hundreds of million yen in FY2015. We aim to put the business in the black with its launch in FY2016.
- Q4. What are the FY2015 results and FY2016 forecasts for capital expenditure, depreciation, and R&D expenses?
- A4. Please refer to the table below. We expect an increase in capital expenditure in FY2016 toward enhancing production capacity in the molding business and adjusting for new products in Industrial Materials.

	FY2015 Results	FY2016 Forecast
Capital expenditure	Approx. 3.2 billion yen	Approx. 6.0 billion yen
Depreciation	Approx. 9.6 billion yen	Approx. 7.5 billion yen
R&D expenses	Approx. 2.4 billion yen	Approx. 2.8 billion yen

Q5. What is your assumed foreign exchange rate in the FY2016 forecast, and your sensitivity to fluctuations in the rate?

A5. The assumed exchange rate is 118 yen to the US dollar.

A fluctuation of 1 yen to the US dollar translates into 500 million yen plus. We expect our sensitivity to decrease from FY2015 due to a decline in volume of Industrial Materials products for notebook PCs and Devices touch panels employing the photolithography process, for which transactions are conducted in foreign currencies.

## ■ Fifth Medium-term Business Plan (FY2016–FY2018)

Q6. In the Fifth Medium-term Business Plan, does the target net sales of 150 billion yen include an expansion in performance stemming from M&A?

A6. No, the target does not take into account M&A.

Q7. In the Fifth Medium-term Business Plan, do you expect to achieve the target net sales of 150 billion yen through a combination of orders in various fields, or do you anticipate a specific large order?

A7. The former. We will aim to achieve our performance targets not by relying on a specific customer or product but by creating a well-balanced business portfolio.

Q8. Your strategy in the Fifth Medium-term Business Plan is to expand offerings of module products. What competitive edge does Nissha have in this field?

A8. We believe our competitive edge is in bonding technology capable of high-precision positioning that comes from our foundation in printing technology. In-vehicle touch panels, which are based on modules of IMD products and touch sensors, are a good example of our strengths. We will develop similar businesses in other fields, and to this end plan to build supply chains including companies in and outside the Nissha Group as quickly as possible.

Q9. An expansion in net sales is projected for Devices in FY2018, the final year of the Fifth Medium-term Business Plan. What types of product will contribute to this expansion?

A9. Sales will likely remain level or gradually decline for existing core products. We plan to expand sales by releasing new products and branching out into new markets.

Q10. How competitive is the market for in-vehicle touch panels, and what is the competitive advantage of Nissha?

A10. We expect a rise in demand for in-vehicle touch panels and increased competition from other touch panel makers. Our competitive advantage is that we can provide modules tailored to design needs, combining the decoration parts of Industrial Materials with the touch panels of Devices.