

Financial Results for FY2016 Q1 Ended June 30, 2015

August 6, 2015

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Nissha Printing Co., Ltd.

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Highlights

FY2016 Q1 Results

- Q1 shows sluggish demand due to seasonal fluctuation.
- Operating loss reduced drastically due to sales increase of Industrial Materials and productivity improvement of Devices.
 - Net Sales: 21.2 billion yen, Operating Loss: 0.2 billion yen, Ordinary Income: 0.2 billion yen, Net Income: 0.06 billion yen
 - Positive operating income both in Industrial Materials and Devices.
- Industrial Materials: Demand of automotive and home appliances has been firm mainly for overseas.
- Devices: Demand for tablet devices decreased due to seasonal fluctuation as forecasted. Productivity improvement and cost control helped to achieve higher profit.
 - Demand of the gaming consoles has been firm.

Outlook

- Industrial Materials: Demand is generally firm. Financial performance is led by automotive.
- Devices (Photolithography process) : Q2 expects weaker demand but H2 forecast remains as planted.
- Acquire AR Metallizing, global top metallized paper manufacture. (Expected to be consolidated from Q4)

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2016/3 Q1 Results

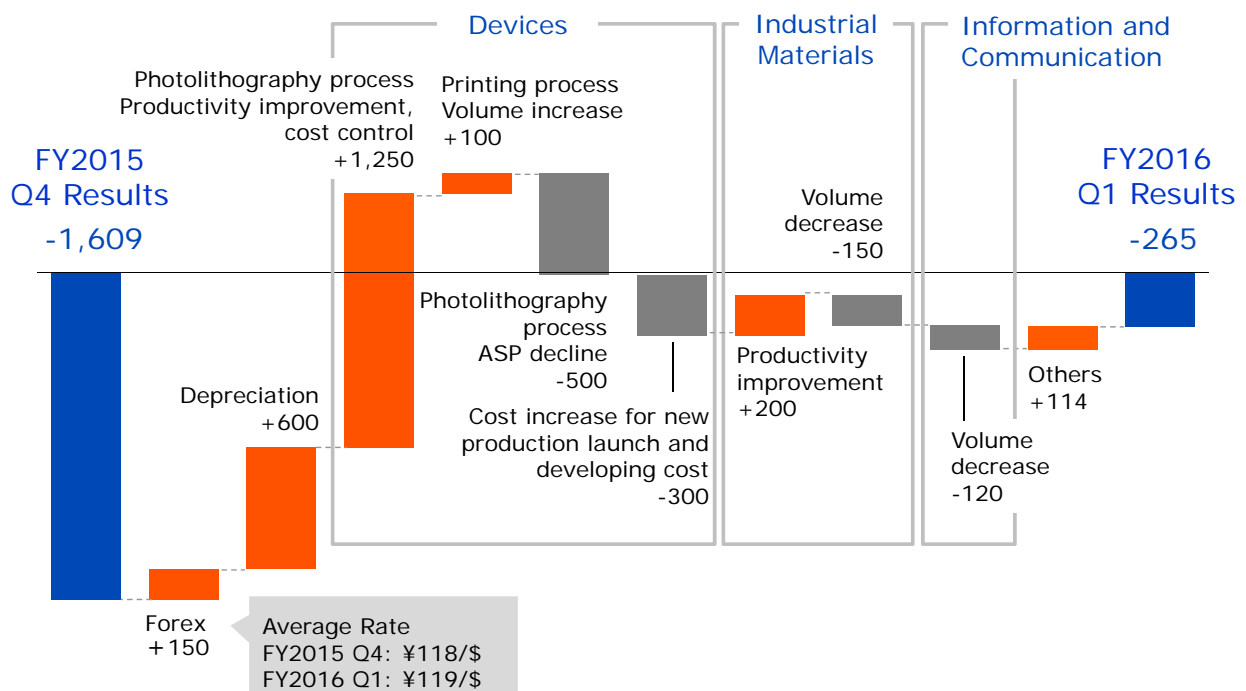
Industrial Materials and Devices achieved higher operating Income.

FY2016 Q1 Results		(Millions of Yen)				
	FY2015 Q1Results	FY2015 Q4Results	FY2016 Q1Results	YoY	QoQ	
Net Sales	22,150	23,053	21,280	-3.9%	-7.7%	
Operating Income (OPM)	-751 (-3.4%)	-1,609 (-7.0%)	-265 (-1.2%)	+2.2pt	+5.8pt	
Ordinary Income	-856	-1,945	253	-	-	
Net Income	-965	-1,197	63	-	-	
Net Sales by Business Segment	Industrial Materials	5,721	8,800	8,544	+49.3%	-2.9%
	Devices	12,448	8,951	9,088	-27.0%	+1.5%
	Life Innovation	-	-	278	-	-
	Information and Communication	3,950	4,909	3,335	-15.6%	-32.1%
	Others	29	393	33	+13.8%	-91.6%
Operating income by Business Segment	Industrial Materials	-548	279	405	-	+45.2%
	Devices	879	-660	416	-52.7%	-
	Life Innovation	-	-	-95	-	-
	Information and Communication	-192	-98	-220	-	-
	Others	-13	-109	-21	-	-
	Reconciliations	-875	-1,021	*-749	-	-

*Reconciliations includes R&D expenses of Life Innovation, in this material.

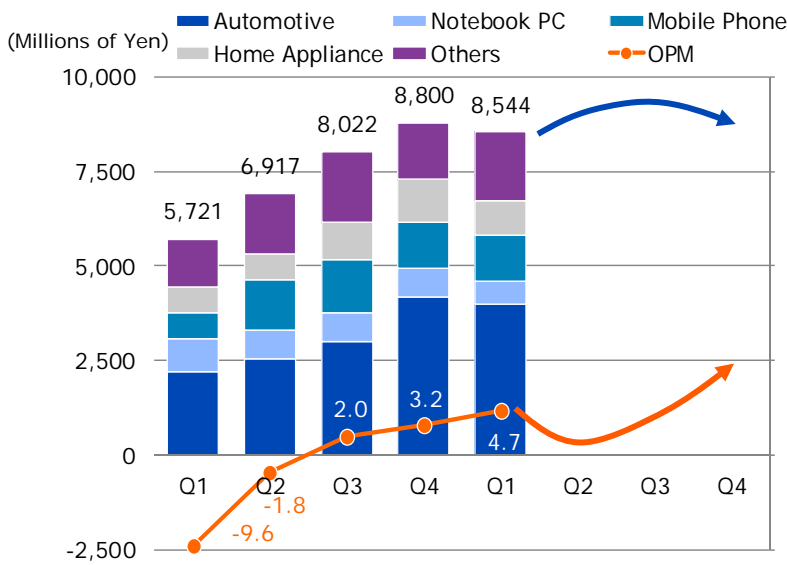
Analysis of Operating Income (FY2015 Q4 vs FY2016 Q1)

FY2015 Q4 Results → FY2016 Q1 Results (Millions of Yen)



Industrial Materials: Automotive and home appliance shows solid performance.

Sales trend by application (Millions of Yen)



	FY2015				FY2016
	Q1	Q2	Q3	Q4	Q1

Automotive	2,214	2,565	2,990	4,163	3,983
Notebook PC	884	742	782	770	607
Mobile phone	666	1,338	1,402	1,223	1,211
Home Appliance	672	687	986	1,142	941
Others	1,286	1,585	1,862	1,501	1,803

Point

FY2016 Q1

- Automotive and home appliances has been firm. Sales is +49% YoY.

FY2016 Q2~

- Automotive continues to perform well.
- Notebook PC (contract manufacturing) continues and put pressure on profit.
- Make a foray into "printing materials" area through acquiring metallized paper manufacturer. (Expected to consolidated from Q4)

The 5th medium-term Business Plan

- Automotive segment aims 20 billion net sales.
- Drive vertical integration while acquire strategic assets in up-stream.

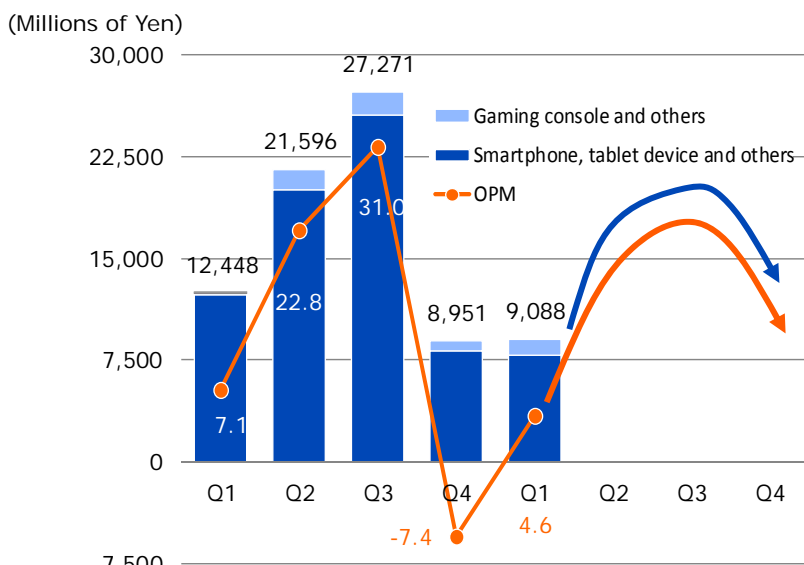
	FY2015	FY2016
		Forecast

	11,931	15,470
	3,179	1,730
	4,629	5,950
	3,486	5,200
	6,234	6,150
	29,460	34,500

Expected to be consolidated about 3,500 Millions of Yen of net sales in Q4 by acquisition of ARM (Investigation is ongoing, not included in this forecast)

Devices: Demand of the tablet devices is weaker in Q2 but H2 forecast remains as forecasted.

Sales trend by application (Millions of Yen)



	FY2015				FY2016
	Q1	Q2	Q3	Q4	Q1

Smartphone, tablet device and others	12,311	20,113	25,571	8,145	7,869
Gaming console and others	138	1,482	1,700	806	1,219

Point

FY2016 Q1

- Demand for tablet devices decreased as forecasted. Achieved results in productivity improvement and cost control.

FY2016 Q2~

- Demand in Q2 is slower than expected but no change in H2.
- Gaming consoles is firm.

The 5th medium-term Business Plan

- Conductive material x patterning process x auxiliary technologies
- Develop new markets such as automotive, industrial equipment and health care.
 - Acquire sales channels through vertical integration.

	FY2015	FY2016
		Forecast

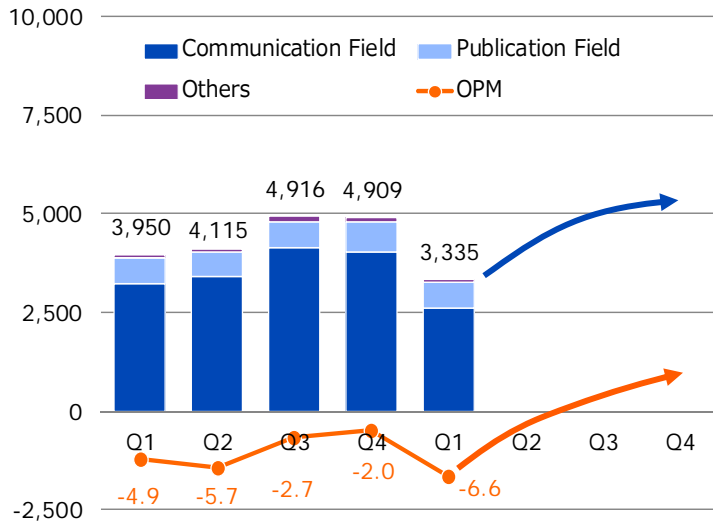
	66,412	59,490
	4,126	6,210
	70,266	65,700

Information and Communication: Split off business unit to accelerate to improve profitability.

Sales trend by application

(Millions of Yen)

(Millions of Yen)



	FY2015				FY2016	FY2015	FY2016
	Q1	Q2	Q3	Q4	Q1		Forecast
Communication Field	3,230	3,416	4,117	4,041	2,620	14,804	14,330
Publication Field	636	621	664	763	642	2,683	2,740
Others	85	77	136	104	72	402	930
						17,890	18,000

Point

FY2016 Q1

- Publication field has been sluggish.

FY2016 Q2~

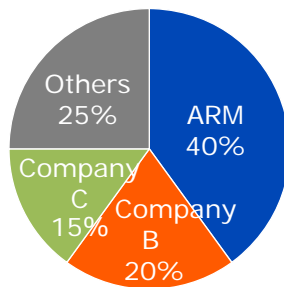
- Split off business unit from July 1st.
- Increase autonomy to accelerate business transformation and profitability improvement (costs reduction)
- Pursue profit management through selection and concentration of existing business opportunities.

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Industrial Materials: Acquire the global top metallized paper manufacturer, AR Metallizing.



Market shares of global metallized paper market



Consolidated (Holdings company)

Net Sales (FY2014/ 12) 109,000 thousand EUR (*about 14.7 billion yen)

EBITDA (FY2014/12) 14,607 thousand EUR (*about 1.97 billion yen)

EBITDA Ratio 13.4%

Bases Belgium (Headquarters & Production), Italy(Production), USA(Production), Brazil (Sales)

Employees About 290

Business outlook Manufacture and sales of metallized paper for labels and packages of beverages, foods, consumer products etc.

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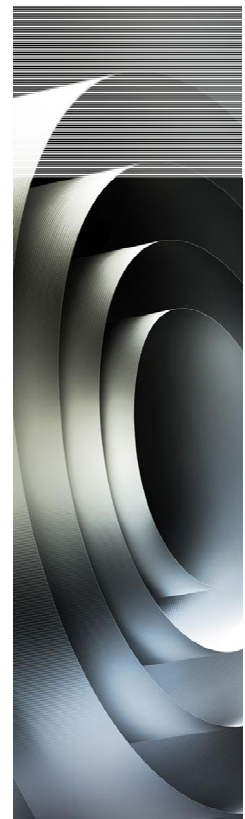
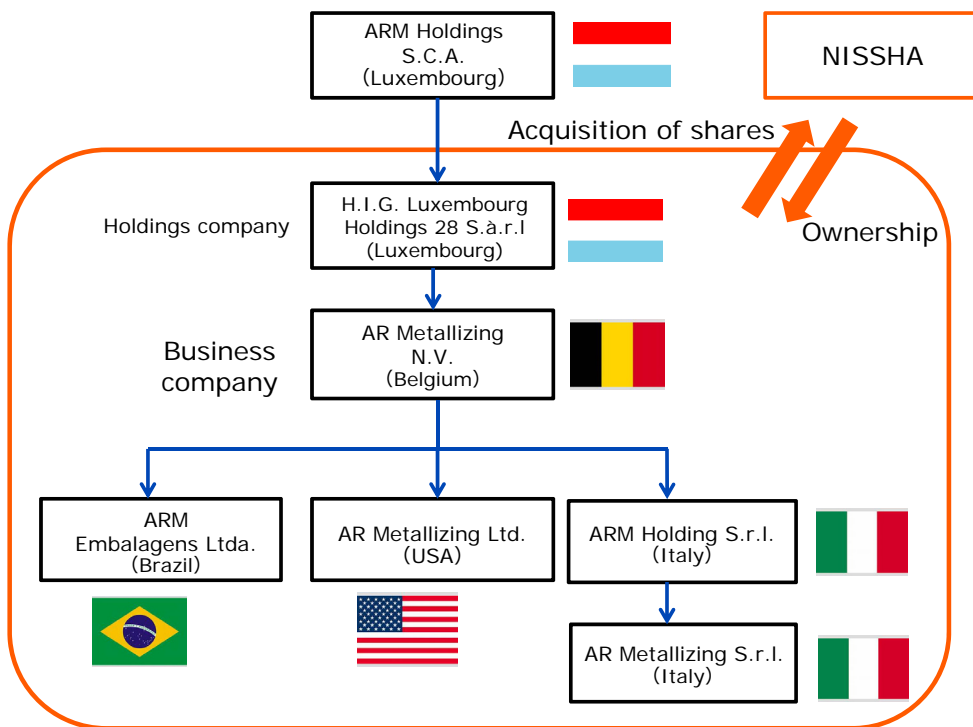
* 1 EUR=JPY135

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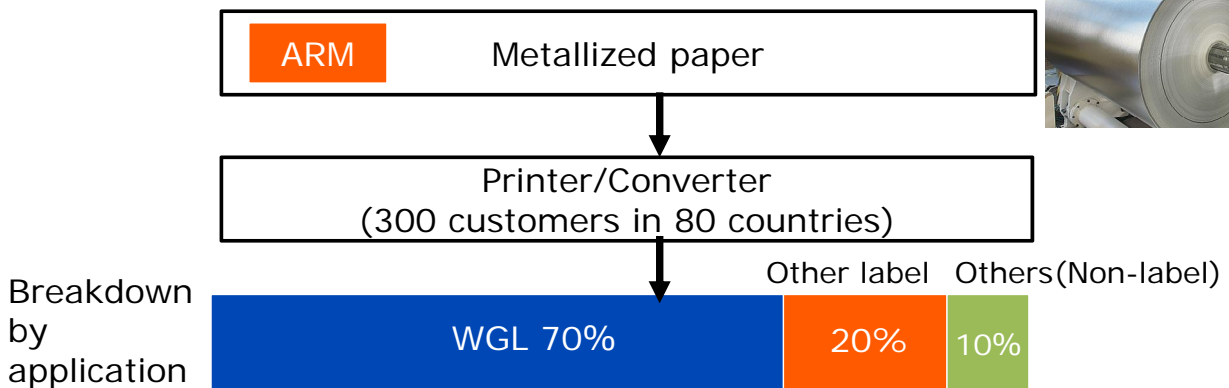
ARM's corporate structure



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Metallized paper have various applications.



WGL
(Wet Glue Label)

Main application

PSL
(Pressure Sensitive Label)

GL
(General Label)

Gift Wrap

IML
(In-Mold Label)

Laminated Board

Future opportunities

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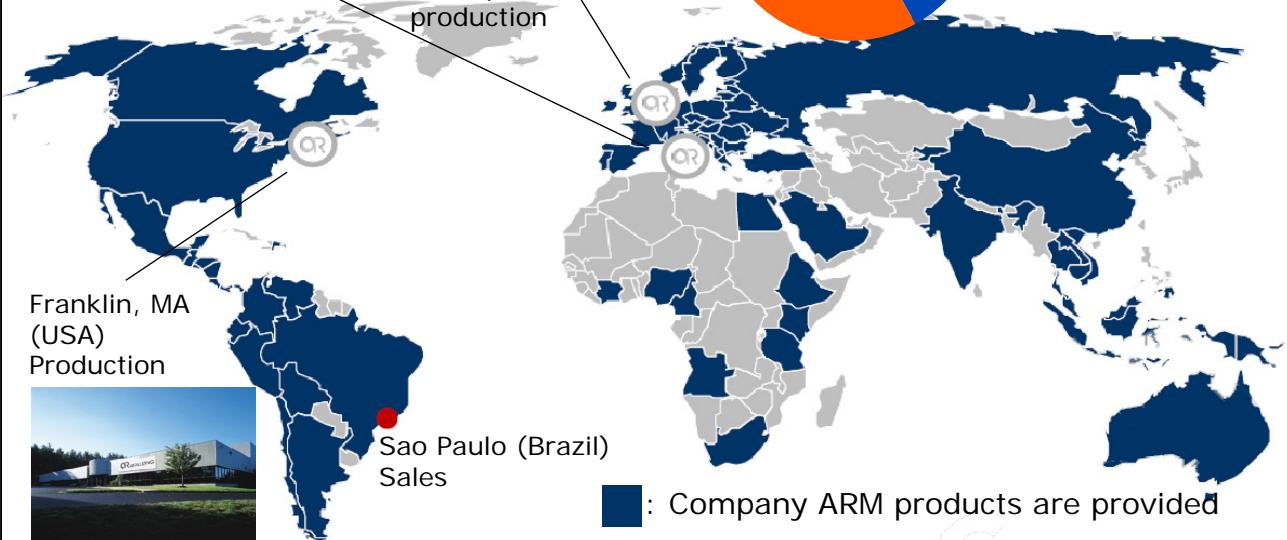
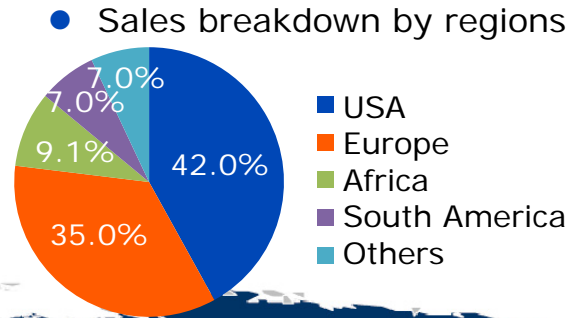
Serving 300 customers in 80 countries.



Casalgrasso (Italy)
Production



Genk (Belgium)
Headquarters,
production



Acquiring of ARM aligns with the strategy of 5th medium-term business plan.

The Medium-term vision and strategies of the Fifth Medium-term Business Plan

"We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets."

<ul style="list-style-type: none"> 1 Reorganize product and market portfolios 2 Withdraw from unprofitable fields 3 Promote vertical integration in supply chains 4 Introduce new core technologies 5 Growth using M&A 	<p>ROE 10% or higher</p> <table border="1"> <tr> <td>1 Profitability</td> <td>OPM 8%</td> <td rowspan="2">ROIC 8% or higher</td> </tr> <tr> <td>2 Efficiency</td> <td>X</td> </tr> <tr> <td>3 Financial Strategy</td> <td>Equity ratio 50% or higher</td> <td></td> </tr> </table>	1 Profitability	OPM 8%	ROIC 8% or higher	2 Efficiency	X	3 Financial Strategy	Equity ratio 50% or higher	
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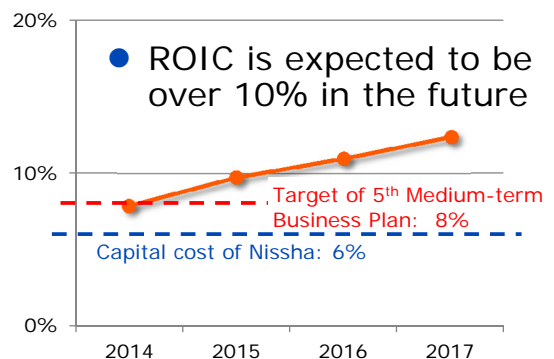
✓ (Achievable in medium-term, including goodwill)

✓ (ROIC: 7.9% at present, to be higher in the future)

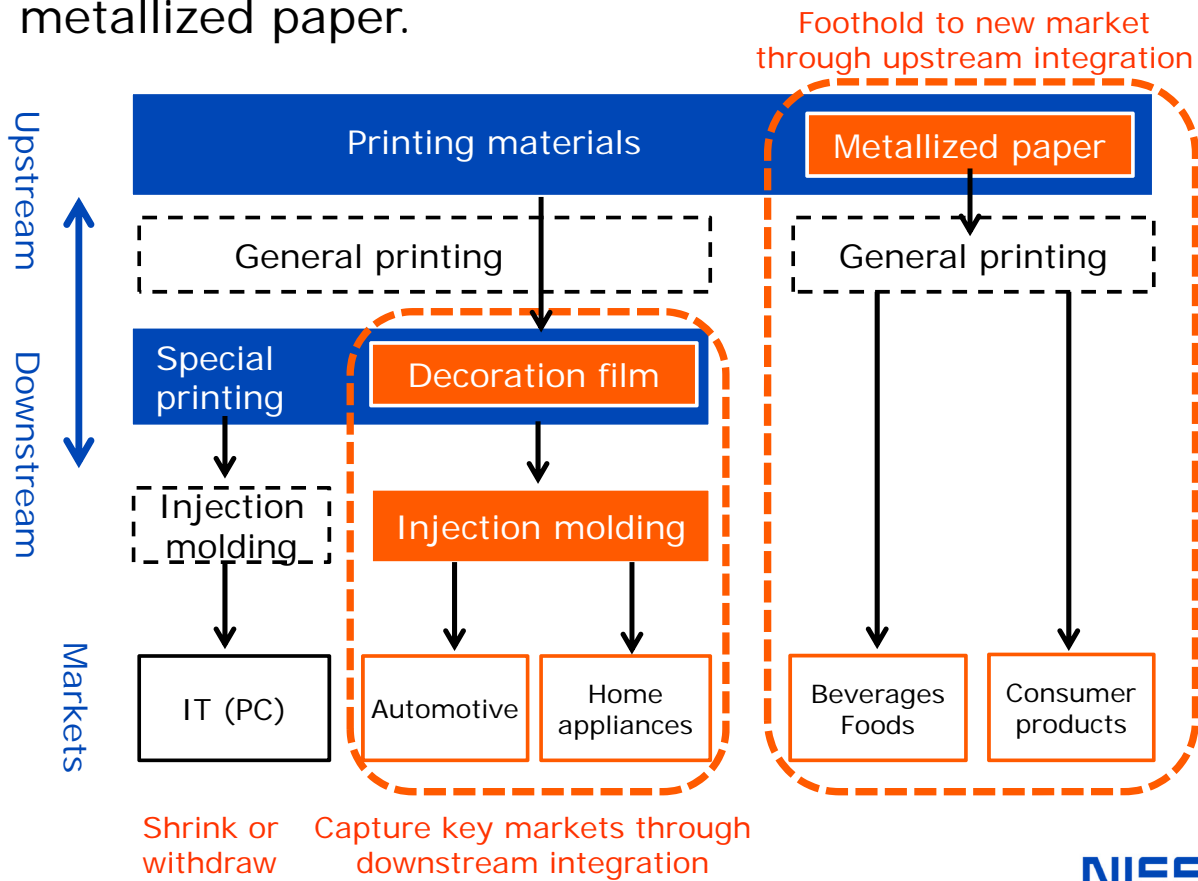
✓ (Using cash on hand and borrowings)

Consolidated (Holdings company)	
① Invested capital (Acquisition price)	120,000 thousands EUR
② EBITDA (FY2014/12)	14,607 thousands EUR
③ *Simple CF (EBITDA after tax)	9,495 thousands EUR
④ ROIC(③÷①)	7.9%

*Simple CF=EBITDA × (1 - tax rate 35%)

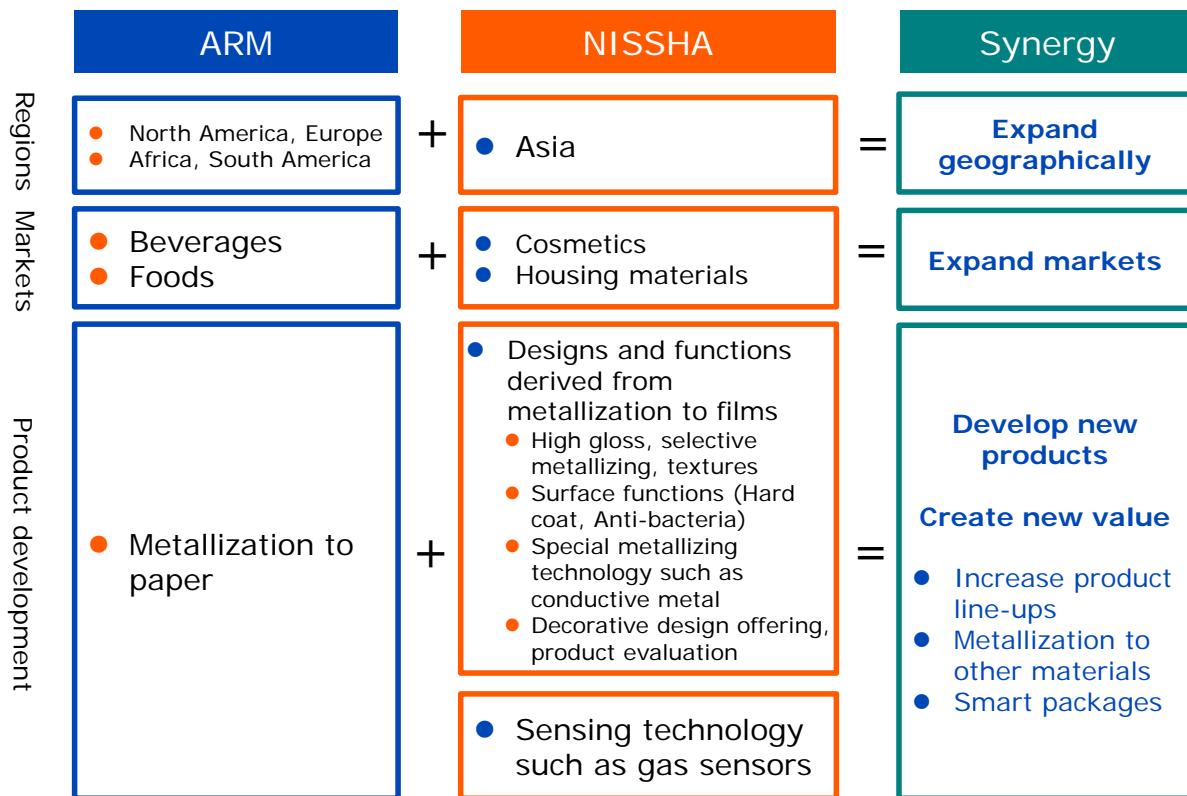


Reach new markets through providing metallized paper.



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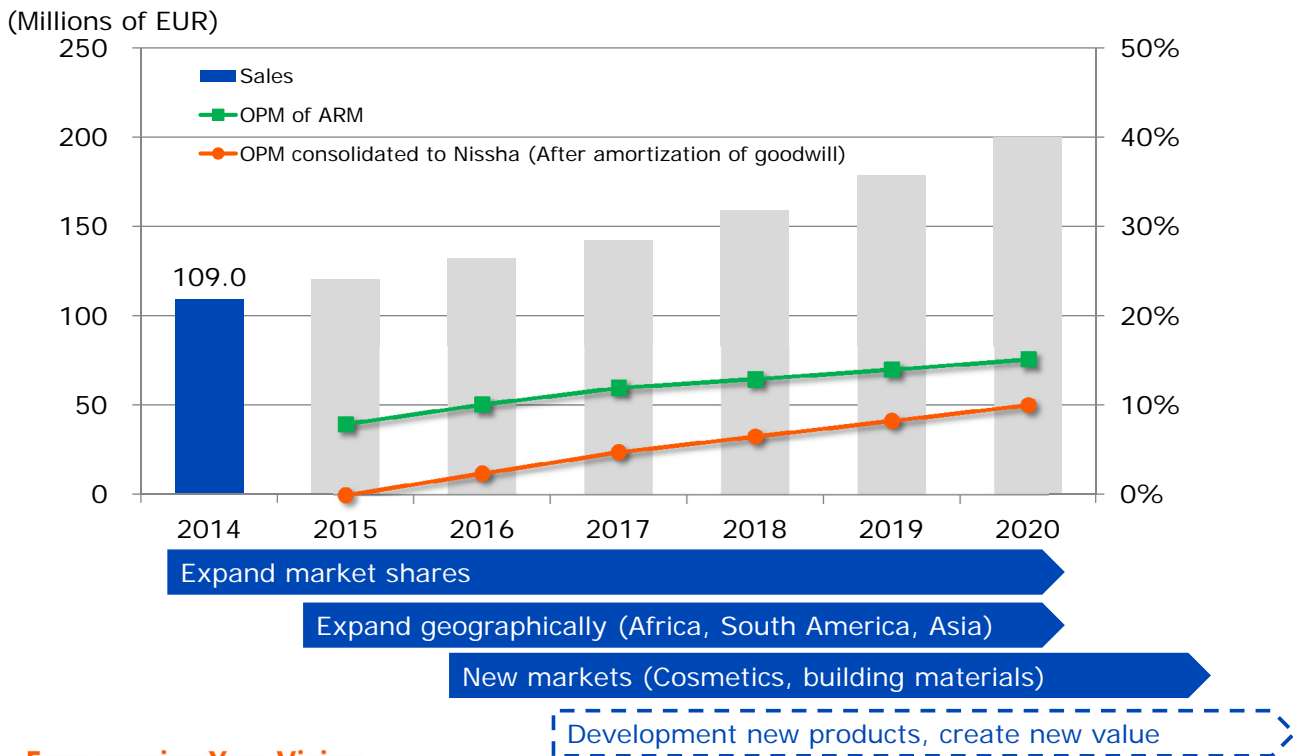
Maximize synergy.



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OPM target is 10%. (Including goodwill amortization)

Business performance of ARM (H.I.G. Luxembourg consolidated)

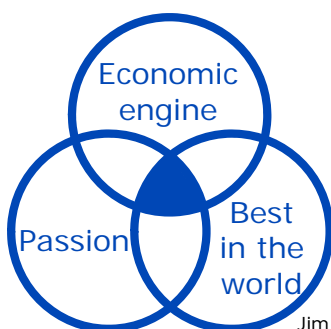


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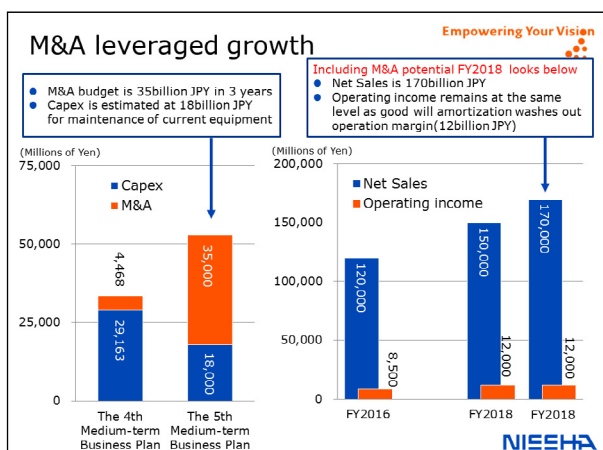
Accelerating growth strategy leveraging M&A activities.

Nissha's M&A Policy

- Matching Nissha's corporate philosophy and shared value
- Acquire sales channels for growing market
- Improve products line-ups
- Introduce new core technologies
- Economy of scale (No.1 or No.2 market share)
- Brand equity
- Acquire talents to carry out the reorganization strategy



Jim Collins "Good to Great"



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FY2016 Forecast: Status quo unchanged.

Expected to be consolidated about 3,500 Millions of Yen of net sales in Q4 by acquisition of ARM
(Investigation is ongoing, not included in this forecast)

FY2016 Forecast

(Millions of Yen)

		FY2015 Results	H1	H2	FY2016 Forecast (¥118/\$)	YoY
Net Sales		118,775	55,000	65,000	120,000	+1.0%
Operating Income		8,750	2,000	6,500	8,500	-2.9%
		(OPM) (7.4%)	(3.6%)	(10.0%)	(7.1%)	(-0.3pt)
Ordinary Income		12,494	2,000	6,500	8,500	-32.0%
Net Income		11,245	1,500	5,800	7,300	-35.1%
Net Sales by Business Segment	Industrial Materials	29,460	16,500	18,000	34,500	+17.1%
	Devices	70,266	29,650	36,050	65,700	-6.5%
	Life Innovation	-	600	1,100	1,700	-
	Information and Communication	17,890	8,200	9,800	18,000	+0.6%
	Others	1,158	50	50	100	-
Operating income by Business Segment	Industrial Materials	-235	550	1,450	2,000	Return to black
	Devices	13,594	3,400	6,100	9,500	-30.1%
	Life Innovation	-	-200	200	0	-
	Information and Communication	-657	-150	350	200	Return to black
	Others	-284	0	0	0	-
Reconciliations		-3,666	-1,600	-1,600	*-3,200	-

*Reconciliations includes R&D expenses of Life Innovation, in this material.

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Thank you.

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