



Financial Results for FY2015 Ended March 31, 2015 and the Medium-term Business Plan

May 12, 2015

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Notes: 1. In this presentation, "FY2015" refers to the year ended March 31, 2015.
2. The results and forecast presented on these materials are all consolidated basis except as otherwise noted.

1

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Highlights



FY2015 Results

- FY2015 outperformed the previously announced plan(dated Feb 6th)
 - Net sales 118.7 billion yen, Operating income 8.7 billion yen
 - Net income is the record high at 11.2billion yen (increase dividend payout)
 - ROE19.1%, equity ratio has recovered to 57.4%.
- Q4: Devices demand sluggish, Industrial materials performance has recovered.

The Fifth Medium-term Business Plan (FY2016 – FY2018)

- Perfect reorganization of business portfolio, thus establish new growth fundamentals.
 - FY2018 target: Sales 150.0 billion yen, operating income 12.0 billion yen
 - ROE: 10% or higher, ROIC: 8% or higher, Sales ratio of new businesses and new products: 35% or higher

FY2016 Outlook

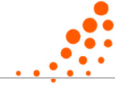
- FY2016 Forecast: Sales 120.0 billion yen, operating income: 8.5 billion yen (1\$=¥118)
 - Devices net sales and net profit decrease. Industrial Materials net sales and net profit increase.
 - Life Innovation business unit is established.
 - Information and Communication business unit is split off as a wholly owned subsidiary of Nissha Printing, clarifying empowerment and accountability.(July 1st)

2

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FY2015: Outperformed the forecast. Net income reached a record-high.

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FY2015 accumulated results

(Millions of Yen)

	FY2014 Results	FY2015 Forecast (Feb 6th)	FY2015 Results	Vs. forecast	YoY	
Net Sales	110,922	117,000	118,775	+1.5%	+7.1%	
Operating Income (%)	1,935 (1.7%)	8,000 (6.8%)	8,750 (7.4%)	+9.4% (+0.6pt)	+352.2% (+5.7pt)	
Ordinary Income	5,182	11,500	12,494	+8.6%	+141.1%	
Net Income	3,967	8,000	11,245	+40.6%	+183.5%	
Net Sales by Business Segment	Industrial Materials	26,409	28,500	29,460	+3.4%	+11.6%
	Devices	66,315	69,200	70,266	+1.5%	+6.0%
	Information and Communication	18,196	18,000	17,890	-0.6%	+4.7%
	Others		1,300	1,158	-10.9%	
Operating Income by Business Segment	Industrial Materials	-1,122	-	-235	-	-
	Devices	7,440	-	13,594	-	+82.7%
	Information and Communication	-737	-	-657	-	-
	Others		-	-284	-	-
	Reconciliations	-3,644	-	-3,666	-	-

*Information and Communication contains Others before FY2014. Others make up another new segment from FY2015.

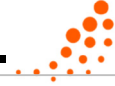
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FY2015

Industrial Materials returned to black in H2.

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FY2015 accumulated results

(Millions of Yen)

	Q1 Results	Q2 Results	Q3 Results	Q4 Results	FY2015 Results	
Net Sales	22,150	32,972	40,600	23,053	118,775	
Operating Income (%)	-751 (-3.4%)	3,569 (10.8%)	7,541 (18.6%)	-1,609 (-7.0%)	8,750 (7.4%)	
Ordinary Income	-856	4,918	10,377	-1,945	12,494	
Net Income	-965	4,177	9,230	-1,197	11,245	
Net Sales by Business Segment	Industrial Materials	5,721	6,917	8,022	8,800	29,460
	Devices	12,448	21,596	27,271	8,951	70,266
	Information and Communication	3,950	4,115	4,916	4,909	17,890
	Others	29	345	391	393	1,158
Operating Income by Business Segment	Industrial Materials	-548	-125	159	279	-235
	Devices	879	4,920	8,455	-660	13,594
	Information and Communication	-192	-236	-131	-98	-657
	Others	-13	-97	-65	-109	-284
	Reconciliations	-875	-893	-877	-1,021	-3,666

4

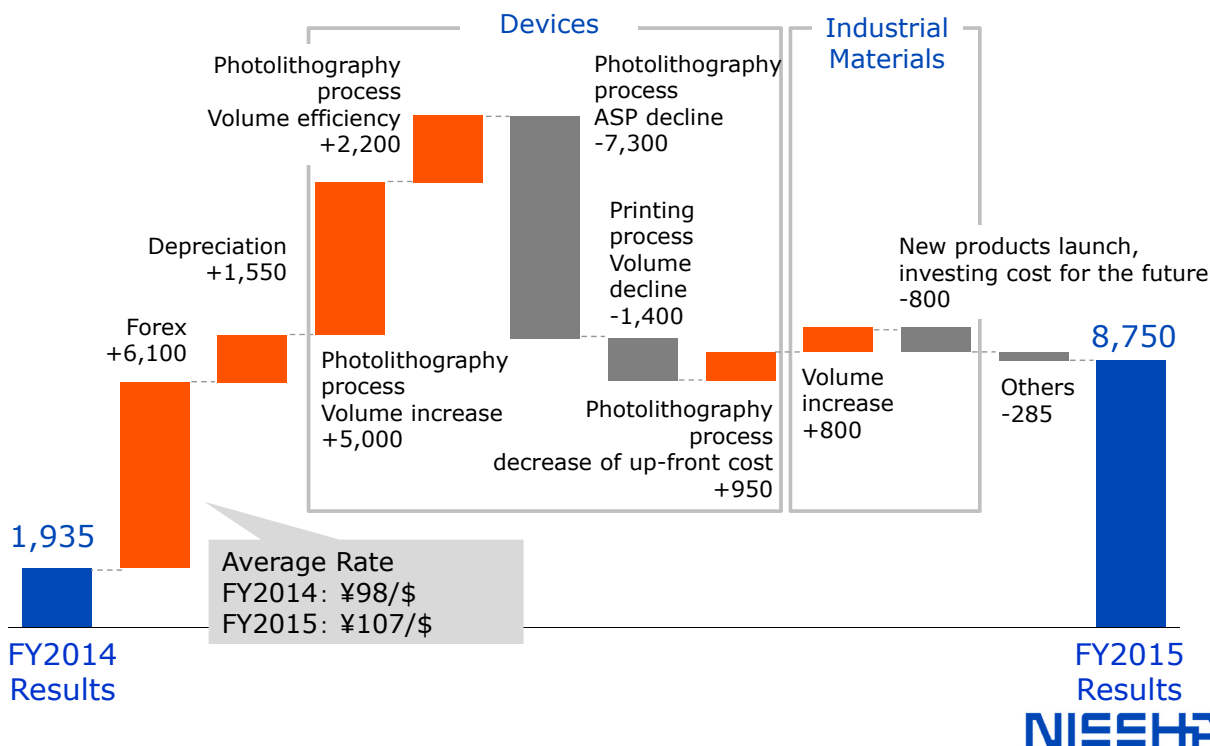
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Analysis of Operating Income (FY2014 vs FY2015)

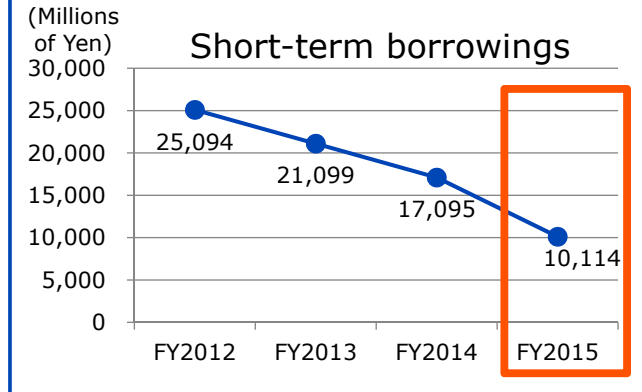
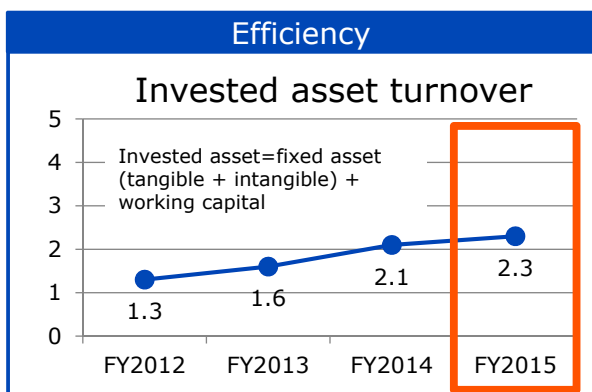
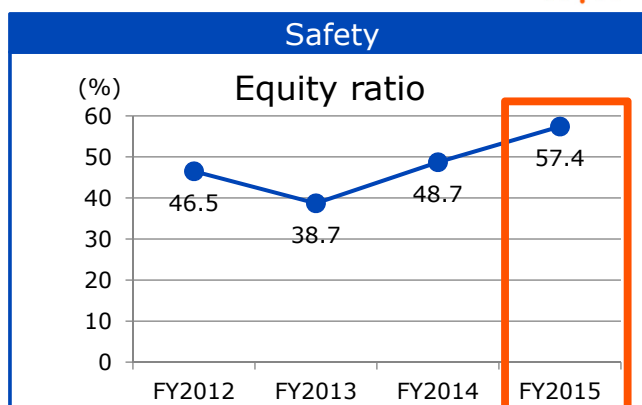
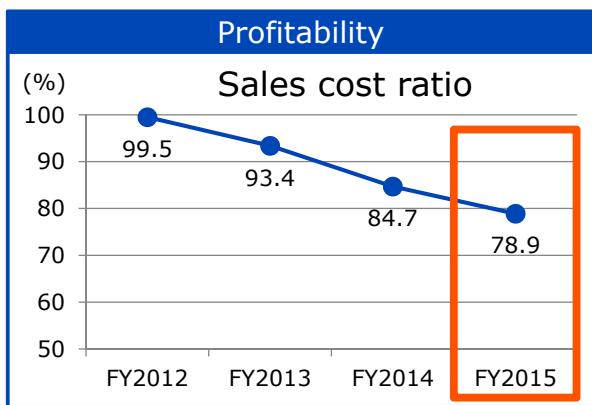


FY2014 Results → FY2015 Results

(Millions of Yen)

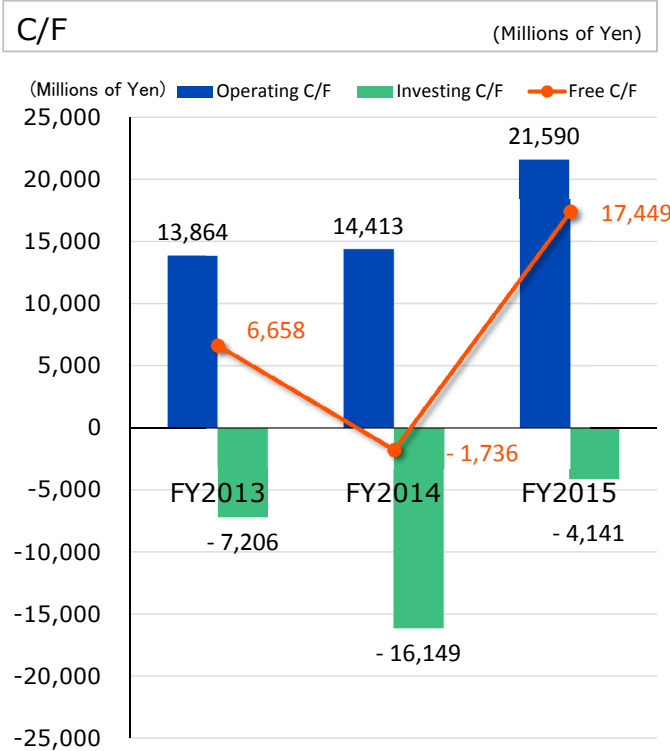


Reforming of financial structure has progressed





Free C/F has widely been improved



Summary of FY2015

- Operating C/F
 - Gain before tax 10,761
 - Depreciation 9,687
 - Impairment loss 1,394
- Investing C/F
 - Purchase of PP&E -2,212
 - Purchase of investments in subsidiaries -2,039
- Financing C/F
 - Net decrease of short-term loans -7,099



The Fifth Medium-term Business Plan (FY2016 – FY2018)

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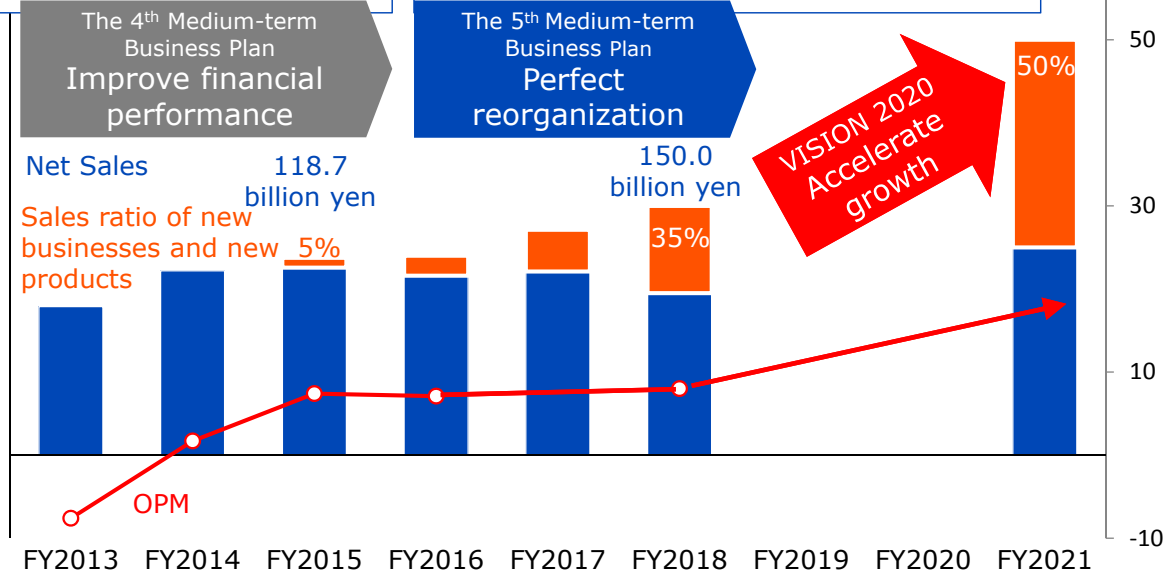
VISION 2020

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Accelerate reorganization of business portfolio

- Devices generates cash
- Improved financial performance
 - Recovered equity ratio
 - Compress interest bearing debt
- Needs to pursue growth strategy

- Growth strategy through reorganization
- Industrial Materials recovers
- Completed capex cycle of existing business
- Leverage M&A
- Increase credit line



NISSEHA

FY2018 target:

Sales 150.0 billion yen, operating income 12.0 billion yen

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	The 3rd Medium-term Business Plan (FY2012) Results	The 4th Medium-term Business Plan (FY2015) Forecast	The 4th Medium-term Business Plan (FY2015) Results H1: 1\$=¥101 H2: 1\$=¥113.5	The 5th Medium-term Business Plan (FY2018) Forecast 1\$=¥118
Net Sales	80,160	130,000	118,775	150,000
		• Sales ratio of new businesses and new products: 25% or higher	• Sales ratio of new businesses and new products: 5%	• Sales ratio of new businesses and new products: 35% or higher
Operating income (%)	-11,716 (-14.6%)	9,000 (6.9%)	8,750 (7.4%)	12,000 (8.0%)
Net income (%)			11,245 (9.5%)	9,500 (6.3%)
			Including foreign exchange profit (about 4.5 billion yen) and tax effects (about 1.8 billion yen)	Foreign exchange profit and tax effects are not assumed
ROE	—	10% or higher	19.1%	10% or higher
ROIC*	—	6% or higher	6.6%	8% or higher

*ROIC=Operating income × (1 - effective tax rate 35%) / (working capital + fixed assets + cash equivalent + investments in securities)

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

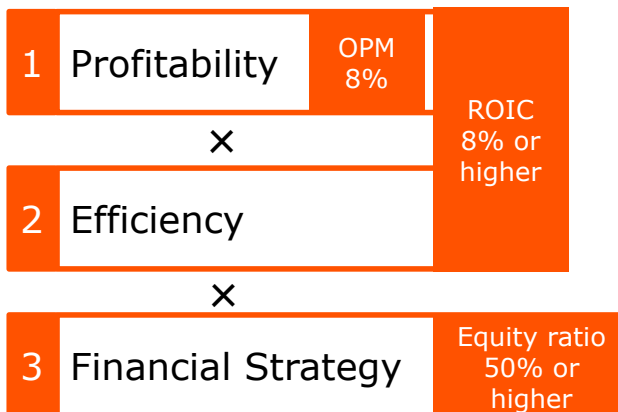


"We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets."

Thorough reorganization of business portfolios

- 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

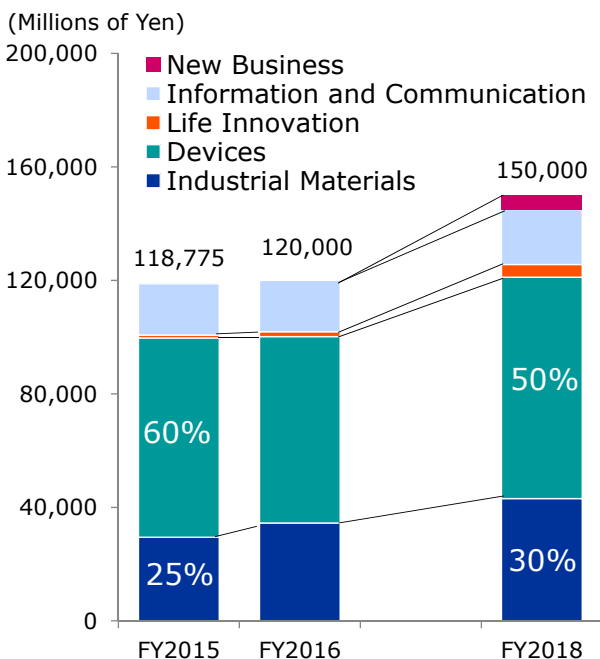
ROE 10% or higher



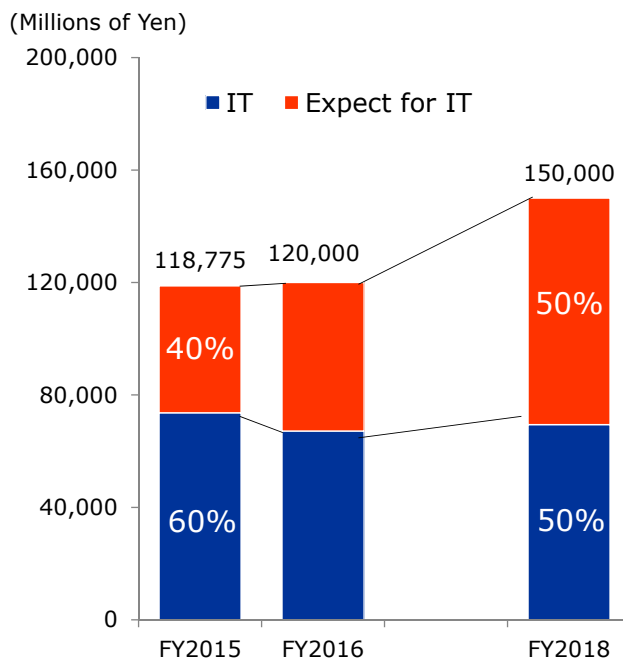
Reorganize product and market portfolios



Reorganize business portfolios



Reorganize markets (from IT to others)

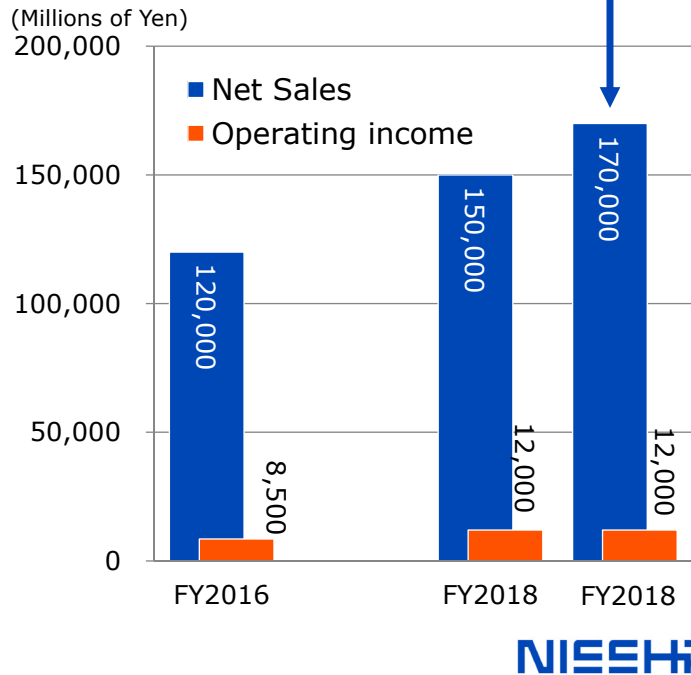
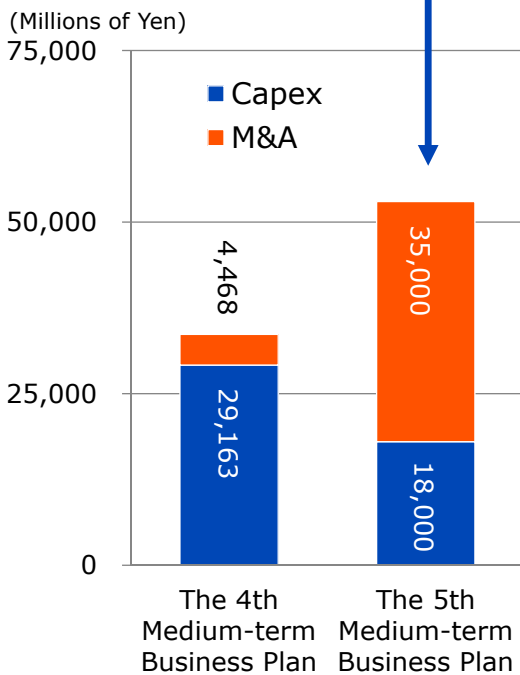


M&A leveraged growth

- M&A budget is 35billion JPY in 3 years
- Capex is estimated at 18billion JPY for maintenance of current equipment

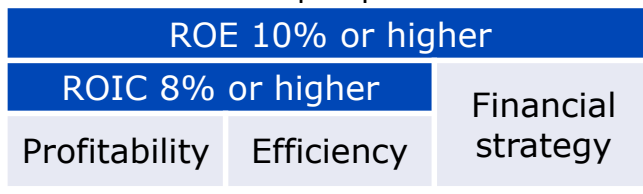
Including M&A potential FY2018 looks below

- Net Sales is 170billion JPY
- Operating income remains at the same level as good will amortization washes out operation margin(12billion JPY)



Resource management to achieve ROE & ROIC

Share holders perspective



- Balance capital efficiency and financial sustainability
- Use financial leverage while maintaining 50% of equity ratio

Business perspective

Trend from 4th to 5th Medium-term Business Plan

	Stage	Net Sales	Profit	Invested asset
Industrial Materials	Drive growth	Increase ↗	Increase ↗	Increase ↗
Devices	Maximize profit	Flat →	Slightly Increase ↗	Decrease ↘
Life Innovation	Launch stage	Increase ↗	Go to black	Increase ↗
Information and Communication	Restructuring	Flat →	Return to black	Decrease ↘

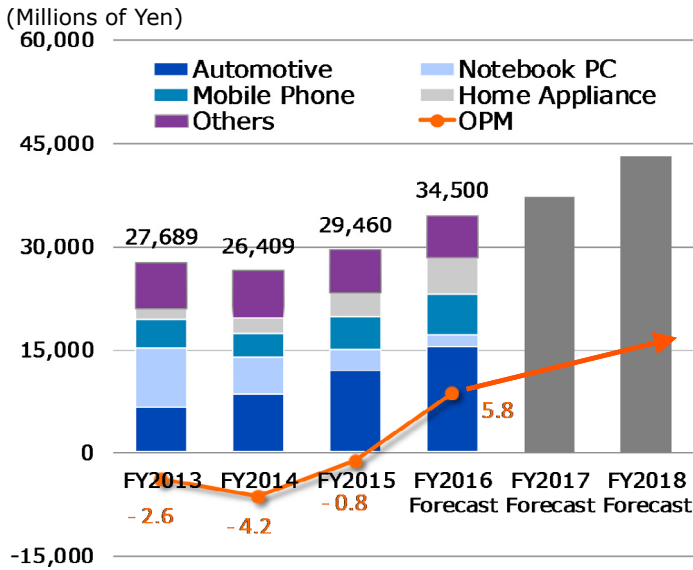
Industrial Materials: Recovers to become a breadwinner



Stage	Net Sales	Profit	Invested asset
Drive growth	Increase	Increase	Increase

The Fifth Medium-term Business Plan

- Automotive and home appliances are the focus areas.
- Automotive segment aims 20billion net sales
- Increase decoration solution line-ups
- Establish global value chain through vertical integration such as integrating molding businesses.
- Gain foothold in printing related materials area up-stream in the printing value chain



	FY2013	FY2014	FY2015	FY2016 Forecast
Automotive	6,571	8,500	11,931	15,470
Notebook PC	8,617	5,387	3,179	1,730
Mobile Phone	4,265	3,555	4,629	5,950
Home Appliance	1,559	2,217	3,486	5,200
Others	6,678	6,750	6,234	6,150

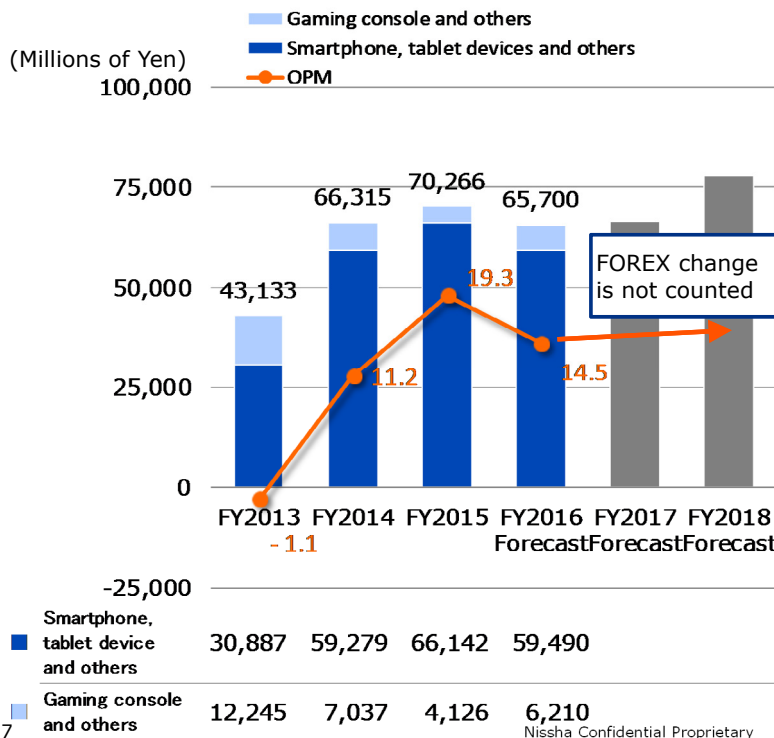
Build the global chain to capture automotive & home appliance fields



Devices: Market development and new technology development



Stage	Net Sales	Profit	Invested asset
Maximize profit	Flat →	Slightly Increase →	Decrease ↘



The Fifth Medium-term Business Plan

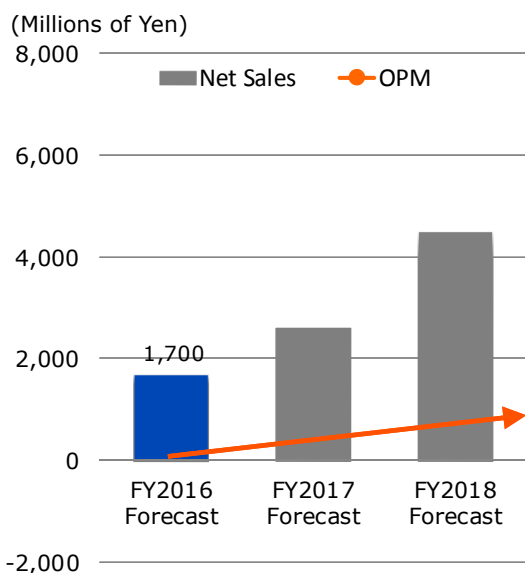
- Conductive material x patterning process x auxiliary technologies
- Develop markets outside IT devices such as automotive, industrial equipment, healthcare devices
- Acquire sales channel
 - Vertical integration of products through module assembly
 - Move into wireless sensor network market integrating various sensor products.



Life Innovation: The 4th business unit



Stage	Net Sales	Profit	Invested asset
Launch stage	Increase ↗	Go to black	Increase ↗



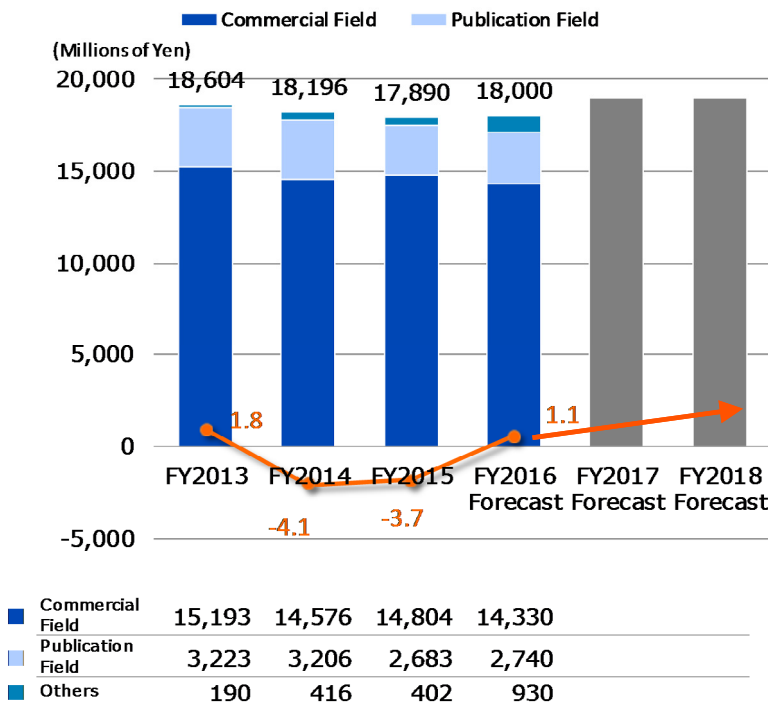
The Fifth Medium-term Business Plan

- Growing medical/healthcare market
- Acquire new core technologies
- Expand gas sensor business
 - Increase final product ratio over piece parts sales.
- Market introduction is accelerated for micro-needle patch
 - Cosmetic application: FY2018 introduction
 - Medical application: starts clinical trial in FY2018



Information and Communication: Split off business unit to be a wholly owned subsidiary, to clarify empowerment and accountability.

Stage	Net Sales	Profit	Invested asset
Restructuring	Flat	Return to black	Decrease



The Fifth Medium-term Business Plan

- Increase autonomy to cope with rapidly changing business environment through split-off on July 1st.
- Pursue profit management through selection and concentration of existing business opportunities.

*Others contains such as real-estate and personnel-service business that are not included in Information and Communication business before 2014/3. They are not contained in 2015/3 forecast.



FY2016: Industrial Materials return to stage for future growth.

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 (OPM)		8,750 (7.4%)	2,000 (3.6%)	6,500 (10.0%)	8,500 (7.1%)	-2.9% (-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	-

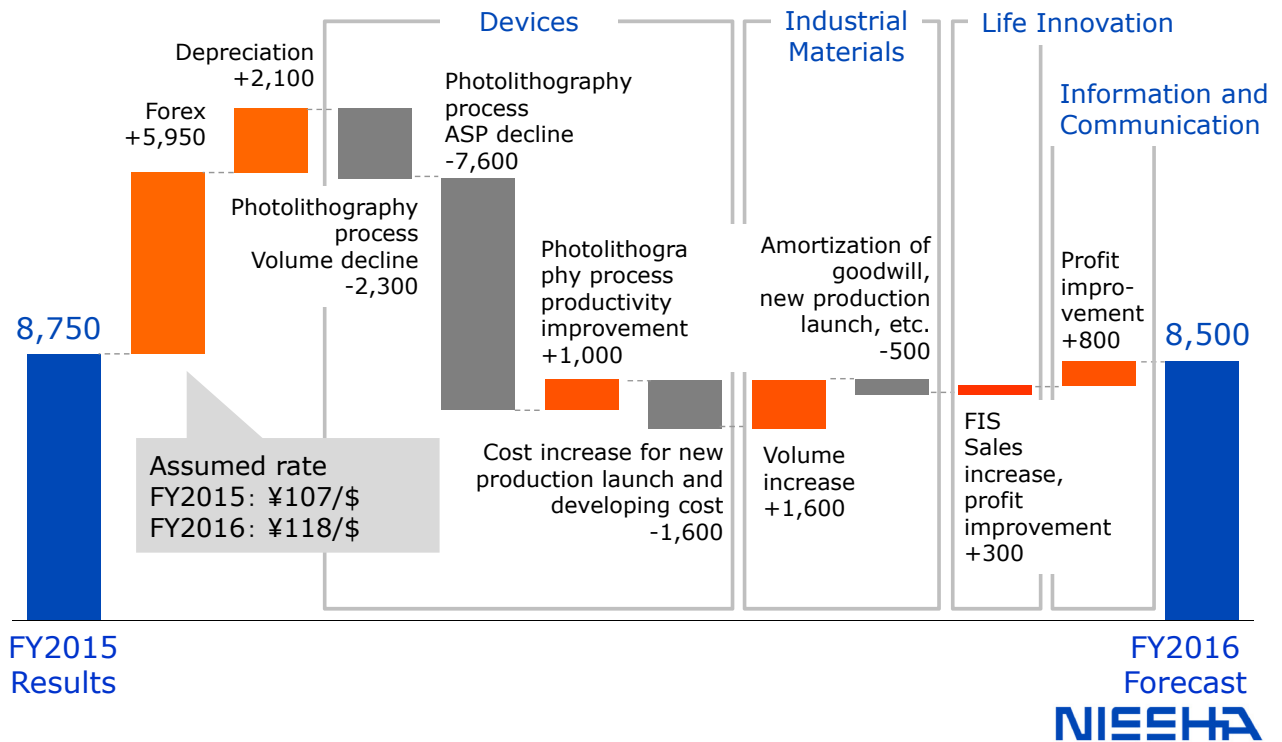
Analysis of Operating Income (FY2015 vs FY2016)

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FY2015 Results → FY2016 Forecast

(Millions of Yen)



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Thank you.

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