

Financial Results for FY2017 Q1 Ended June 30, 2016

August 5, 2016

Junya Suzuki
President and CEO
Nissha Printing Co., Ltd.

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Highlights

FY2017 Q1 Results

- Net sales and operating income slightly underperformed the forecast.
 - Q1 average rate: ¥ 109/\$, closing rate: ¥102/\$
 - Net sales: 24.4 billion yen, operating loss: 1.0 billion yen, ordinary loss: 2.9 billion yen, net loss: 3.6 billion yen
- Industrial Materials: Demand for mainstay automotive and metallized paper progressed steadily. Mostly progressed as forecasted.
- Devices: Demand for tablet devices was lower than expected.

Topics

- Acquire US Headquartered medical devices and consumables manufacture, Graphic Controls.
 - Second round of large scale M&A undertaken in line with the Fifth Medium-term Business Plan.
 - Incorporated a product lineup and the market in the North and Central America and Europe of the medical devices and consumables.
- Hold full year forecast of FY2017 unchanged.

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FY2017 Q1 (Three Months) Results

FY2017 Q1 (Apr.–Jun.) Results

(Millions of Yen)

	FY2016 Q1 Results	FY2016 Q4 Results	FY2017 Q1 Results	YoY	QoQ
Net Sales	21,280	33,153	24,419	+14.8%	-26.3%
Industrial Materials	8,544	12,543	12,669	+48.3%	+1.0%
Devices	9,088	15,781	8,233	-9.4%	-47.8%
Life Innovation	278	426	375	+34.9%	-12.0%
Information and Communication	3,335	4,355	3,105	-6.9%	-28.7%
Others	33	49	35	+6.1%	-28.6%
Operating Income	-265	2,196	-1,018	-	-
OPM	-1.2%	6.6%	-4.2%	-3.0pt	-10.8pt
Ordinary Income	253	660	-2,959	-	-
Net Income	63	-727	-3,672	-	-

Average Rate

¥119/\$

¥117/\$

¥109/\$

* We have changed a method of translating performance of overseas subsidiaries and others from FY2017 (spot rate → average rate). In this material, the figures of FY2016 is the results by the method before change.

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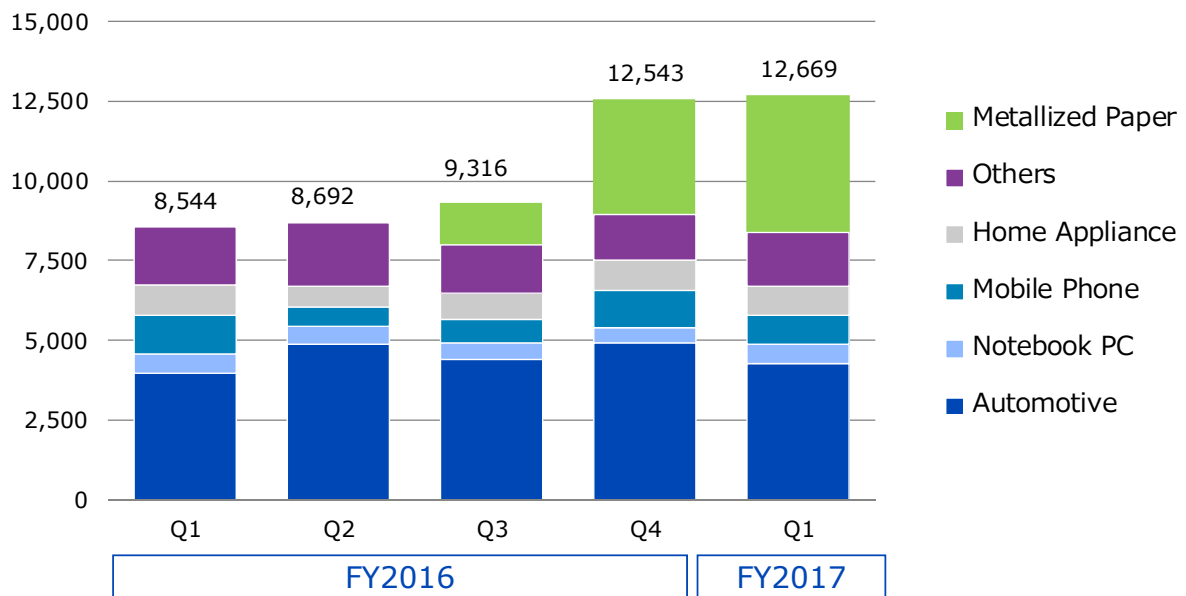
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Industrial Materials : Demand for mainstay automotive and metallized paper progressed steadily.

Net Sales Trend by Application

(Millions of Yen)



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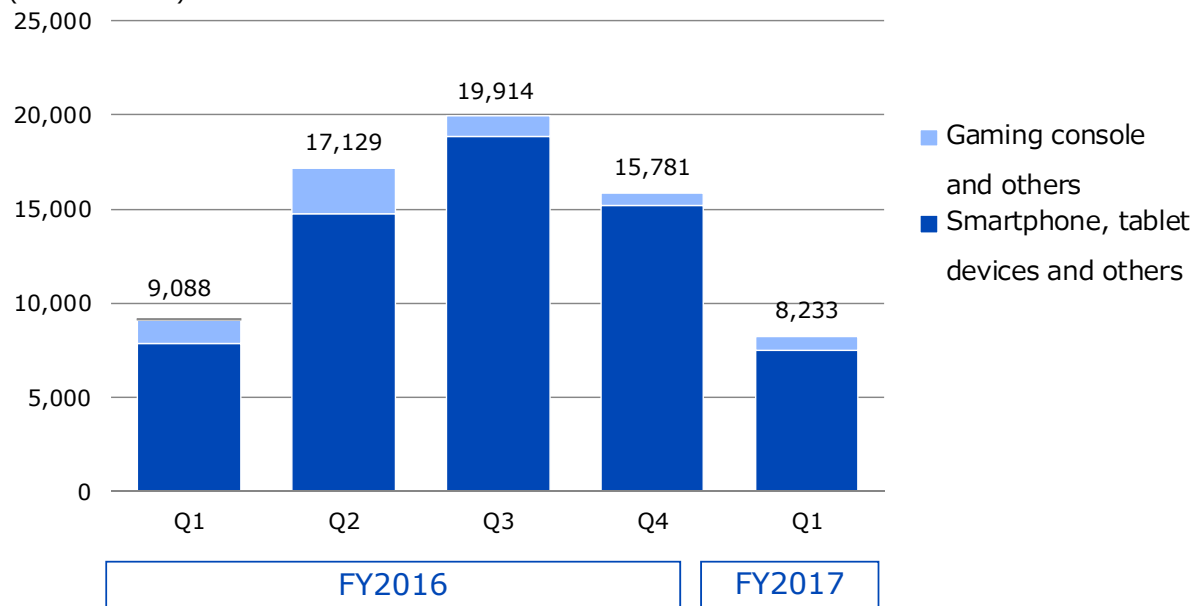
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Devices : Sluggish demand due to seasonal fluctuation.

Net Sales Trend by Application

(Millions of Yen)



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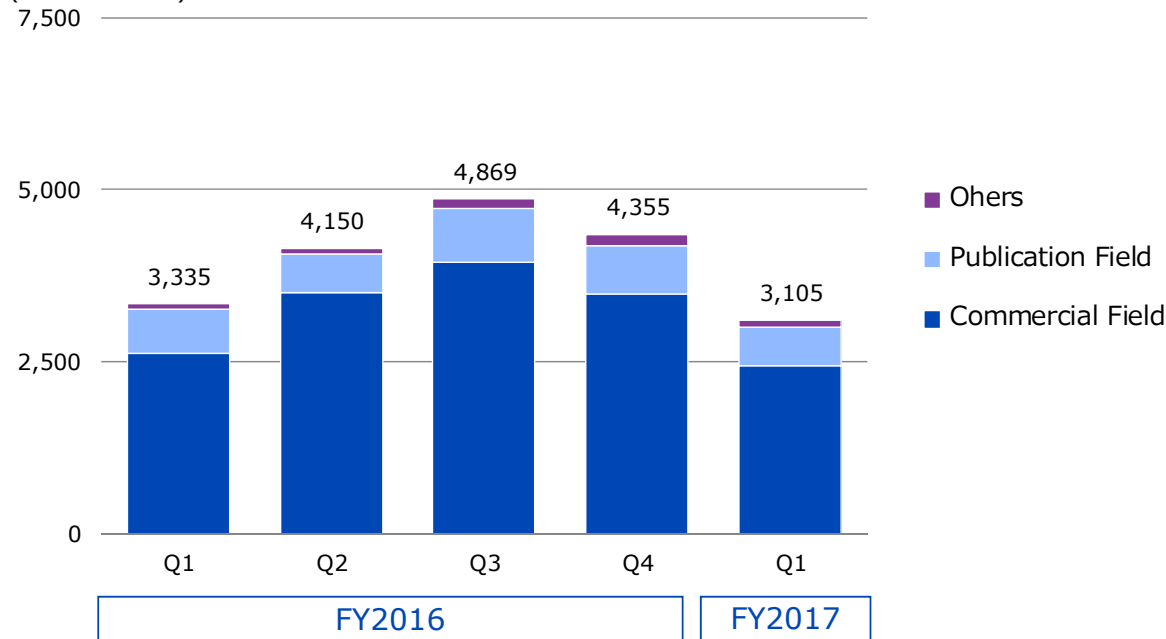
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Information and Communication

Net Sales Trend by Field

(Millions of Yen)



Hold full year forecast of FY2017 unchanged.

FY2017 Forecast (Millions of Yen)					
	FY2016 Results	H1	H2	FY2017 Forecast	YoY
Net Sales	119,222	56,000	73,000	129,000	+8.2%
Industrial Materials	39,095	26,100	25,400	51,500	+31.7%
Devices	61,912	20,900	36,300	57,200	-7.6%
Life Innovation	1,337	900	1,300	2,200	+64.5%
Information and Communication	16,709	8,050	9,950	18,000	+7.7%
Others	167	50	50	100	-40.1%
Operating Income	10,541	500	6,500	7,000	-33.6%
OPM	8.8%	0.9%	8.9%	5.4%	-3.4pt
Ordinary Income	9,237	400	6,400	6,800	-26.4%
Net Income	6,898	100	5,400	5,500	-20.3%

Average Rate ¥120/\$ ¥110/\$ (Assumed)

- FY2017 foreign exchange sensitivity: Approximately 550 millions of yen by ¥1/\$ change (Operating income)

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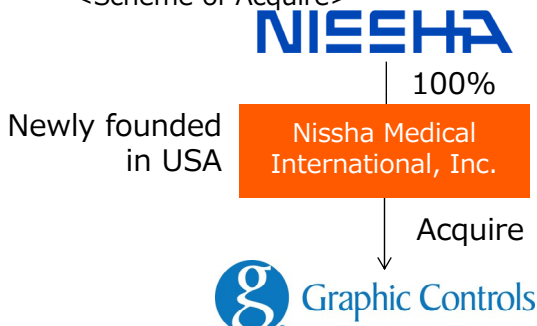


Acquire US Headquartered global medical devices and consumables manufacture, Graphic Controls.

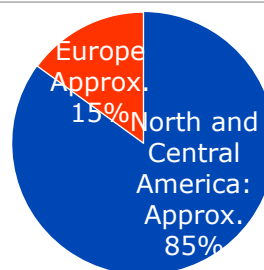
Founded	1909
Performance (FY2015, ended December 2015)	*Net Sales 16,889 millions of yen EBITDA 2,480 millions of yen(EBITDA Ratio: 14.7%)
Main Bases	USA (Headquarters, sales, production), Canada (Sales), UK, Germany, Austria, France (Sales, production), Dominican Republic (Production), Belgium, Poland (Sales)
Employees	Approximately 1,000 (As of May 2016)
Business	Medical Devices, Business Media

*¥110/\$, including performance of CEA Group acquired in May 2016 (Sales: 3,758 millions yen EBITDA: 280 millions of yen)

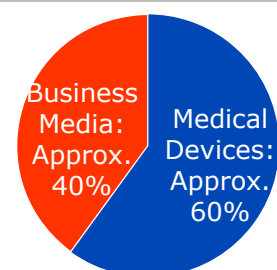
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Net Sales by Region



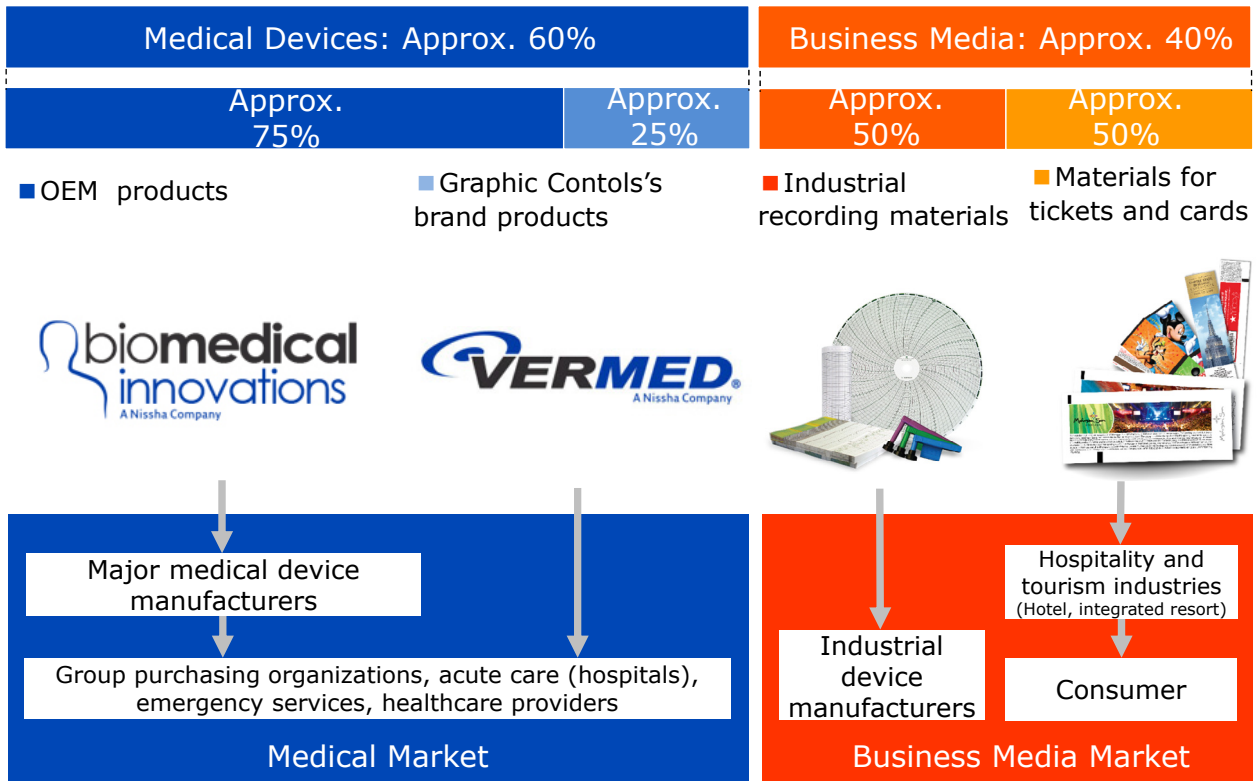
Net Sales by Business



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Medical Devices lead growth



*These medical devices are currently not produced and sold in Japan.
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Acquiring of Graphic Controls aligns with the strategy of the 5th Medium-term Business plan.

The Medium-term Vision and Strategies of the Fifth Medium-term Business Plan (Reproduced)

"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	ROE 10% or higher
1 Reorganize product and market portfolios	1 Profitability OPM 8% ROIC 8% or higher
2 Withdraw from unprofitable fields	
3 Promote vertical integration in supply chains	2 Efficiency
4 Introduce new core technologies	3 Financial Strategy Equity ratio 50% or higher
5 Growth using M&A	

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☑ (ROIC: 7.0% at present, to be higher in the future)

☑ (Utilize cash financed by CB)

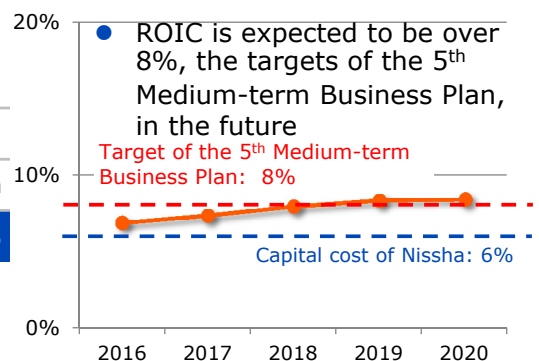
1. Invested Capital (Valuation)	24,750 millions of Yen
2. * EBITDA (FY2015)	2,480 millions of Yen
3. **Simple CF (EBITDA after tax)	1,736 millions of Yen
4. ROIC (3. ÷ 1.)	7.0%

*¥110/\$, including EBITDA of CEA Group acquired in May 2016.

(280 millions of yen)

**Simple CF = EBITDA × (1 - tax 30%)

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Incorporate the product lineup and global markets of medical devices and consumables

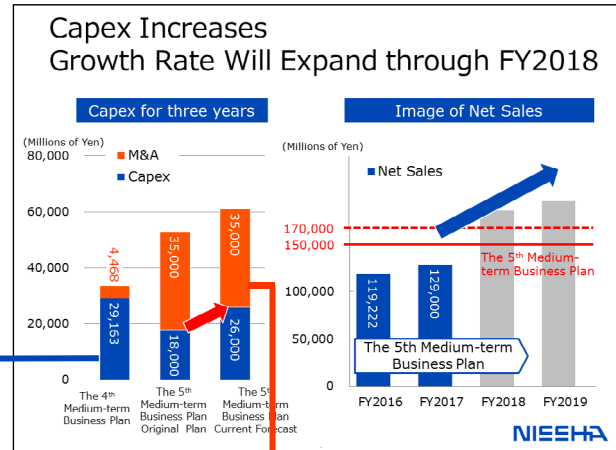
- Short-term: Penetrate global growth markets
 - Gain a footprint in the medical field.
 - Growth by improvement of sales channels and production system
 - Growth by sophistication of technologies and expansion of production lineup.
- Medium-term: Merge core technologies
 - High affinity of processing technologies with Nissha's technologies as printing process and patterning, mold and injection molding.
 - Accelerate the improvement of production efficiency and development of new products in corporation.



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Reorganization of business portfolio is steadily progressing



Market with both of extensive business opportunity and risk of drastic environmental change: Seize business opportunity by capital investment



Markets with stable growth potential: Using M&A

<p>Automotive Drive molding and module business (Vertical integration strategies)</p>	<p>Metallized paper Acquisition of AR Metallizing (Aug. 2015)</p>	<p>Medical devices and consumables Acquisition of Graphic Controls (Planned in Aug. 2016)</p>
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Make a balanced growth

Thank you.

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Contact to:
Investor Relations
Nissha Printing Co., Ltd.
T +81 75 823 5144

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