

Financial Results for FY2017 Ended March 31, 2017

May 12, 2017

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President and CEO
Nissha Printing Co., Ltd.

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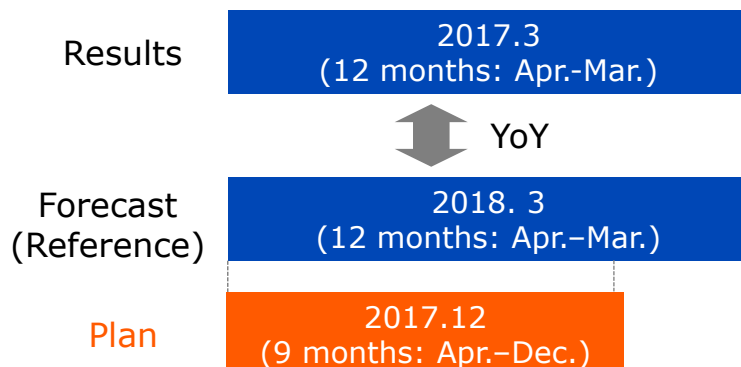
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Note: About the change in fiscal period

- Change in financial period from this year (from March 31th to December 31th)
 - This year has nine months from April 2017 to December 2017
- In this material;
 - 12 months forecast is for reference to compare YoY
 - Performance plan includes 9 months (2017.12)



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Highlights

2017.3 Results

- Net sales and income fell below the previous forecast (Feb. 9th) (Average FOREX: ¥107/\$)
 - Net Sales of 115.8billion yen, operating loss of 3.9billion yen, ordinary loss of 4.9billion yen, net loss of 7.4billion yen
- Temporary cost of purchased price allocation thorough M&A has incurred
- Demand for tablet devices (Devices) was sluggish. Advance cost for new order incurred

2017.12 (9 months) forecasts

- 9 months fiscal year because of the change in fiscal period. Net sales of 9 months planned to be higher than any 12 month's sales ever recorded before
- Net sales of 140.0 billion yen, operating income of 5.5 billion yen, ordinary income of 5.1 billion yen, net profit of 4.5 billion yen (Assumed FOREX: ¥ 110/\$)
 - New orders of Devices contributes, however the costs for production launch and next development incurs.
 - Temporary cost related to the change in fiscal period is booked (Approx. 1.0 billion yen)

Topics

- Reorganization strategy of the Fifth Medium-term Business Plan have progressed as planned
 - Graphic Controls group starts full-year contribution to expand Non-IT fields along with automotive and metallized paper.
- Change the Company's name from Nissha Printing to Nissha, with the evolution and expansion of business domain

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2017.3 (12 months) Results

(Millions of Yen)

	2016.3 (Apr. - Mar.) Result	2017.3 (Apr. - Mar.) Previous forecast (Feb. 9th)	2017.3 (Apr. - Mar.) Results	YoY	Vs. Previous forecast
Net Sales	119,222	118,000	115,802	-2.9%	-1.9%
Industrial Materials	39,095	47,800	47,971	+22.7%	+0.4%
Devices	61,912	49,300	47,835	-22.7%	-3.0%
Life Innovation	1,337	5,300	5,391	+303.2%	+1.7%
Information and Communication	16,709	15,400	14,354	-14.1%	-6.8%
Others	167	200	250	+49.7%	+25.0%
Operating Income	10,541	(2,000)	(3,904)	-	-
OPM	8.8%	-1.7%	-3.4%	-12.2pt	-1.7pt
EBITDA	18,952	-	5,451	-71.2%	-
EBITDA Margin	15.9%	-	4.7%	-11.2pt	-
Ordinary Income	9,237	(3,500)	(4,914)	-	-
Net Profit	6,898	(5,000)	(7,408)	-	-

Average rate: ¥120/\$ Q4: ¥110/\$ ¥107/\$

- We have changed the organization in October 2016. In this material, the figures of FY2016 is the results before change (Not reflected the retroactive application).
- 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 (Not reflected the retroactive application).

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2017.3 Q4 (3 months) results

(Millions of Yen)

	2016.3 Q4 (Jan. - Mar.) Results	2017.3 Q3 (Oct. - Dec.) Results	2017.3 Q4 (Jan. - Mar.) Results	YoY (Vs. 2016.3 Q4)	QoQ (Vs. 2017.3 Q3)
Net Sales	33,153	30,191	33,963	+2.4%	+12.5%
Industrial Materials	12,543	11,361	12,126	-3.3%	+6.7%
Devices	15,781	13,508	13,878	-12.1%	+2.7%
Life Innovation	426	1,277	4,114	+865.7%	+222.2%
Information and Communication	4,355	3,955	3,772	-13.4%	-4.6%
Others	49	89	74	+51.0%	-16.9%
Operating Income	2,196	(593)	(2,274)	-	-
OPM	6.6%	-2.0%	-6.7%	-13.3pt	-4.7pt
EBITDA	4,627	1,666	589	-87.3%	-64.6%
EBITDA Margin	14.0%	5.5%	1.7%	-12.3pt	-3.8pt
Ordinary Income	660	1,161	(2,642)	-	-
Net Profit	(727)	817	(4,053)	-	-

Average rate

¥117/\$

¥103/\$

¥113/\$

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2017.12 (9 months) Plan

← 12 months(Reference) → ← 9 months →

(Millions of Yen)

	2017.3 (Apr.-Mar.) Results	2018.3 (Apr.-Mar.) Forecast	YoY	Nine months ended 2016.12	2017.12 Fiscal Year (Apr.-Dec.) Plan	YoY (Vs. Nine months ended 2016.12)
Net Sales	115,802	186,000	+60.6%	81,839	140,000	+71.1%
Industrial Materials	47,971	51,700	+7.8%	35,845	38,600	+7.7%
Devices	47,835	99,400	+107.8%	33,957	76,000	+123.8%
Life Innovation	5,391	17,600	+226.5%	1,277	13,000	+918.0%
Information and Communication	14,354	17,000	+18.4%	10,582	12,200	+15.3%
Others	250	300	+20.0%	176	200	+13.6%
Operating Income	(3,904)	9,000	Move into the black	(1,630)	5,500	Move into the black
OPM	-3.4%	4.8%	+8.2pt	-2.0%	3.9%	+5.9pt
EBITDA	5,451	20,374	+273.8%	4,862	13,846	+184.8%
EBITDA Margin	4.7%	11.0%	+6.3pt	5.9%	9.9%	+4.0pt
Ordinary Income	(4,914)	8,400	Move into the black	(2,272)	5,100	Move into the black
Net Profit	(7,408)	7,500	Move into the black	(3,355)	4,500	Move into the black

Average Rate:

¥107/\$

¥110/\$(Assumed)

¥105/\$

¥110/\$(Assumed)

- 2018.3 foreign exchange sensitivity (12 months): Approximately 500 millions of yen of net sales and approximately 70 millions of yen of operating income by ¥1/\$ change for 12 months

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Analysis of net sales and operating income

(billion Yen)

		Net Sales	Operating Income
2017.3 Previous forecast (Feb. 9th)		118.0	(2.0)
FOREX	Q4 depreciation of Yen (Assumed ¥110/\$, average ¥113/\$)	+0.6	+0.3
M&A	Temporary cost of purchased price allocation	—	-0.9
Existing Business	Demand change and others	-2.8	-1.3
2017.3 Results		115.8	(3.9)
FOREX	Depreciation of Yen (2017.3 average ¥107/\$, 2018.3 assumed ¥110/\$)	+2.5	+1.2
M&A	Full fiscal year consolidation of Graphic Controls group and Schuster group (After amortization)	+14.7	+0.7
	Temporary cost (including cost of purchased price allocation) eliminated	—	+1.6
Existing business	Demand change and others	+53.0	+18.0
	Increase of fixed costs (Labor costs, depreciation and others)	—	-8.4
	Decrease of advanced costs the of Devices	—	+0.8
	Temporary costs related to the change in fiscal period incurs and others	—	-1.0
2018.3(12 months from Apr. to Mar.) Forecast (Reference)		186.0	9.0
2017.12(9 months from Apr. to Des.) Plan		140.0	5.5

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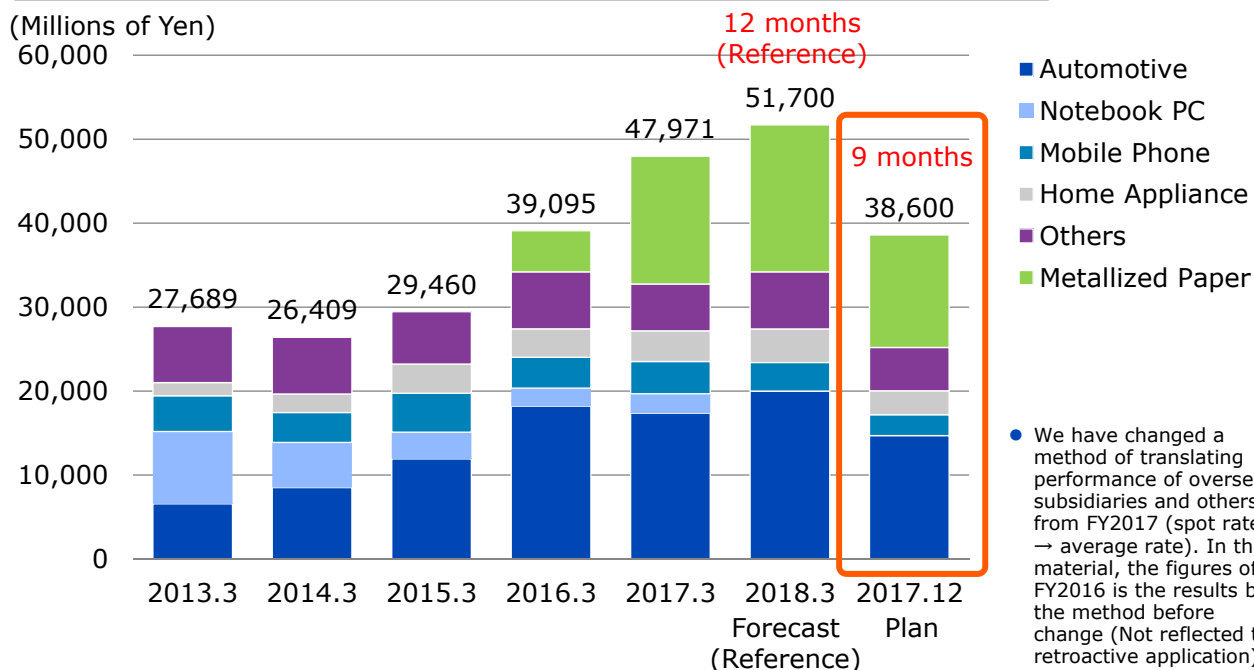
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Industrial Materials

Withdrawn from notebook PC. Automotive and metalized paper leads the business.

Net Sales by Application



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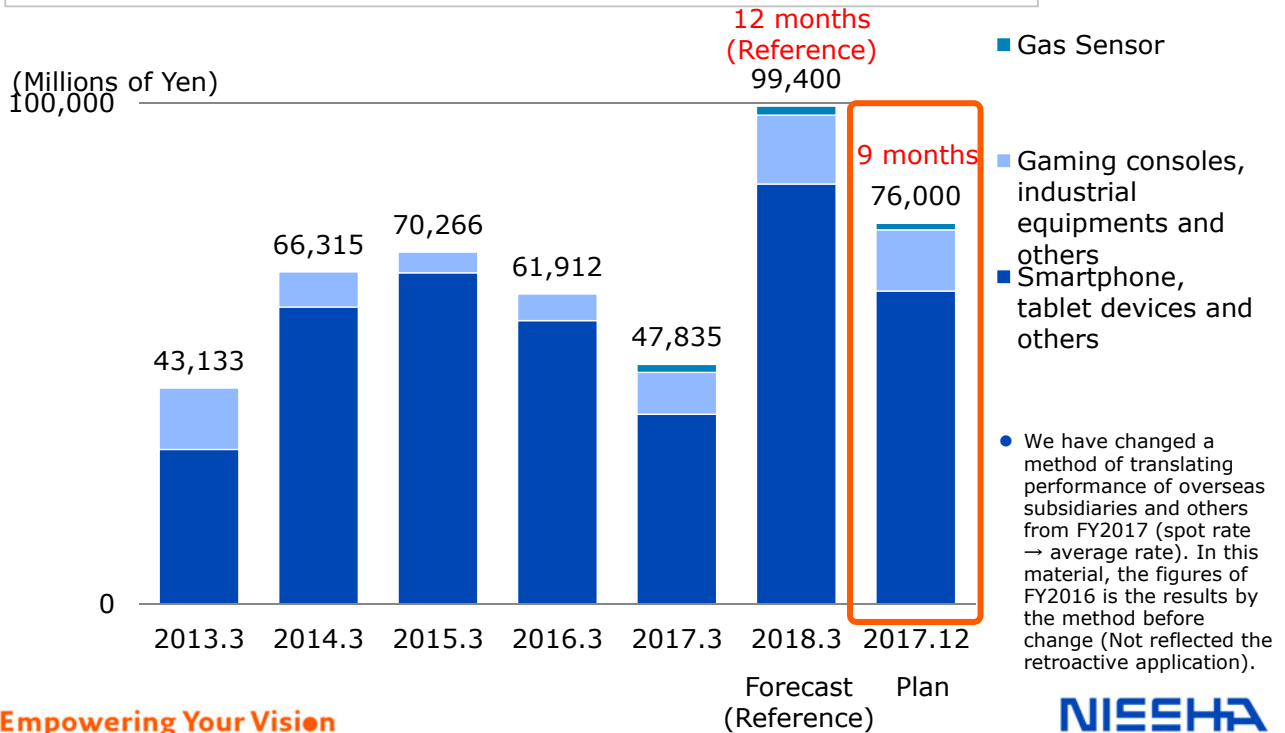
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Devices

Record high Net sales is expected. Large-scale order is to contribute.

Net Sales by Application



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Manufacturing capability of Devices

Tsu Factory



Himeji Factory



Kaga Factory



- Strategizing multiple scenario for next opportunity
 - Scale up of production capacity overseas
 - Explores further opportunities of conductive materials alternative to ITO

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Application expanded for gaming consoles and handy terminal

Gaming Console

Nintendo Co., Ltd. TM

Nintendo Switch



Handy terminal

Zebra



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*Nintendo Switch is a trademark of Nintendo Co., Ltd.

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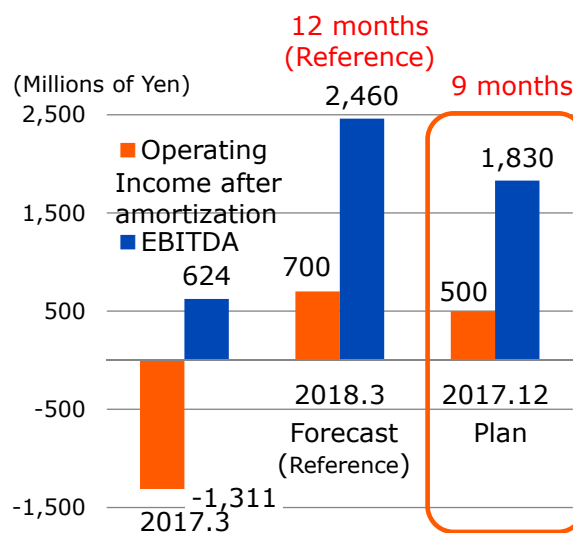
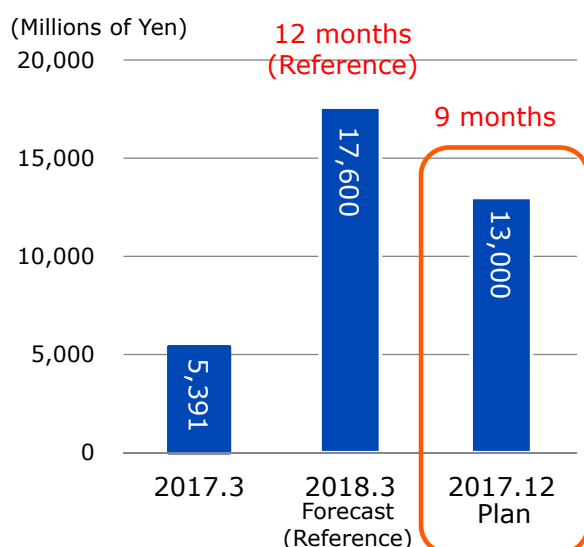
Life Innovation Graphic Controls starts to contribute

Net sales

- 2017.3: consolidated 4 months
- 2017.12: consolidated 9 months

Operating Income*

- 2017.3: Temporary costs for M&A generated
- 2017.12 plan: Operating income (after amortization) of 0.5 billion yen, EBITDA of 1.8 billion yen



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*Operating costs of Life Innovation are included

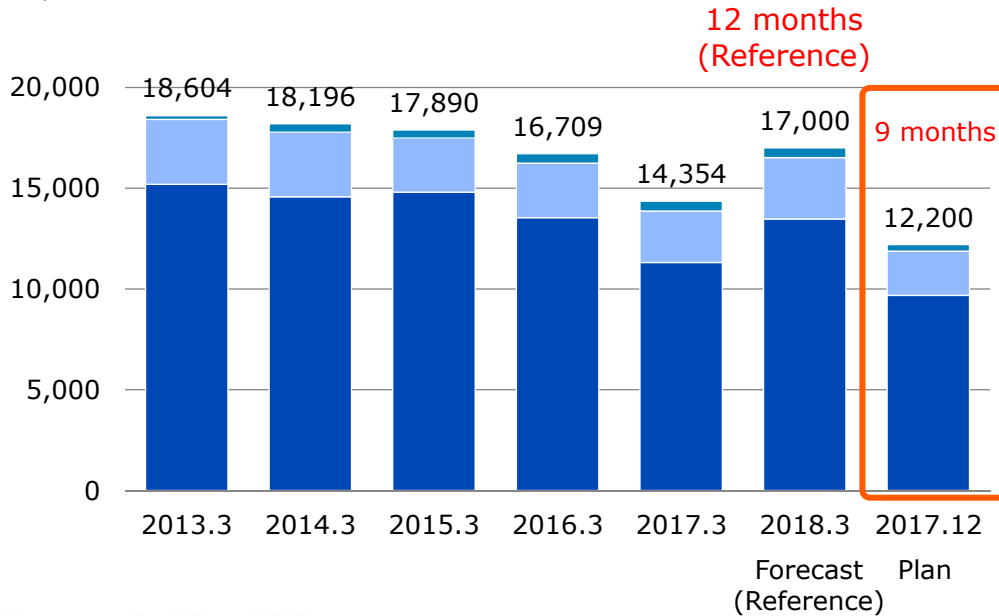
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Information and Communication

Aiming to improve profitability through improvement through sales increase

Net Sales by Fields

(Millions of Yen)
25,000



- Commercial Field
- Publication Field
- Others

● 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 (Not reflected the retroactive application).



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The Progress of the Fifth Medium-term Business Plan

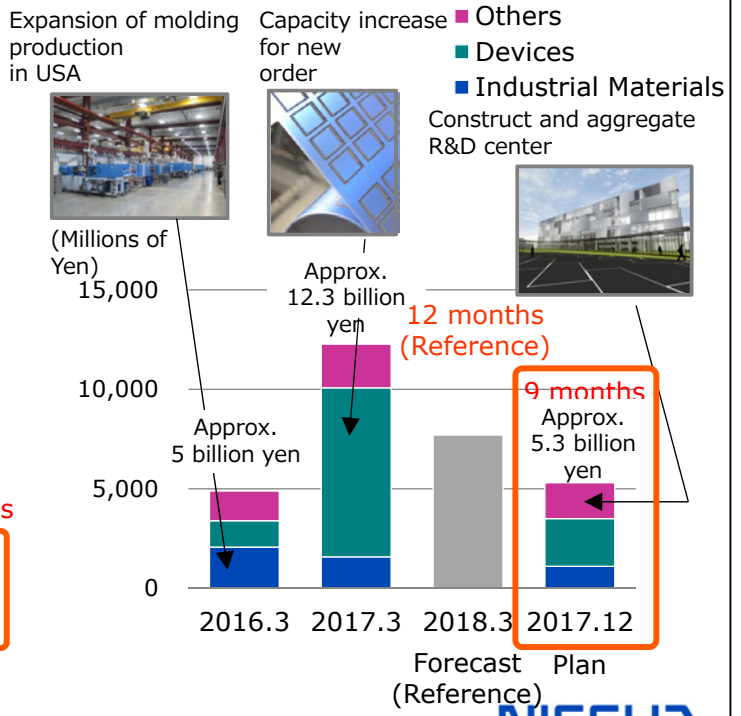
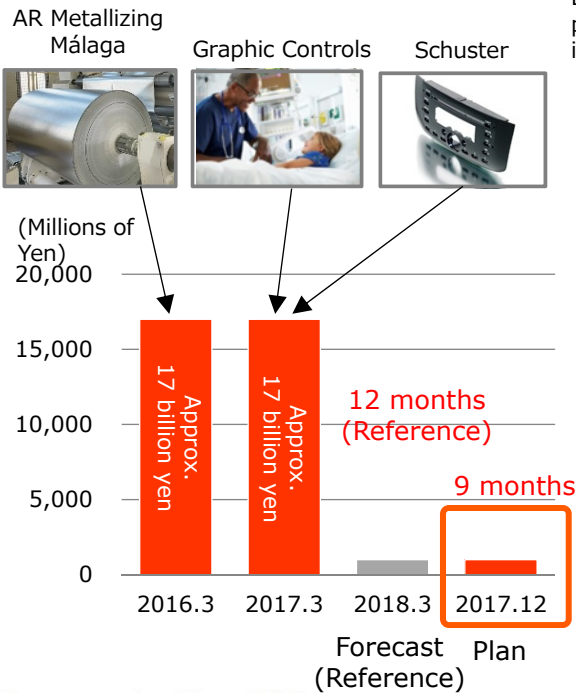
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Large-scale M&A and capital investments are over

M&A
Budget for 3 years: 35 billion yen

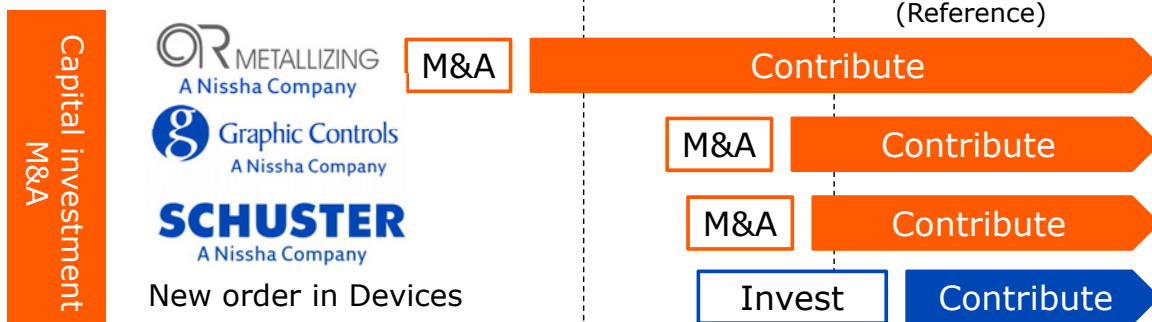
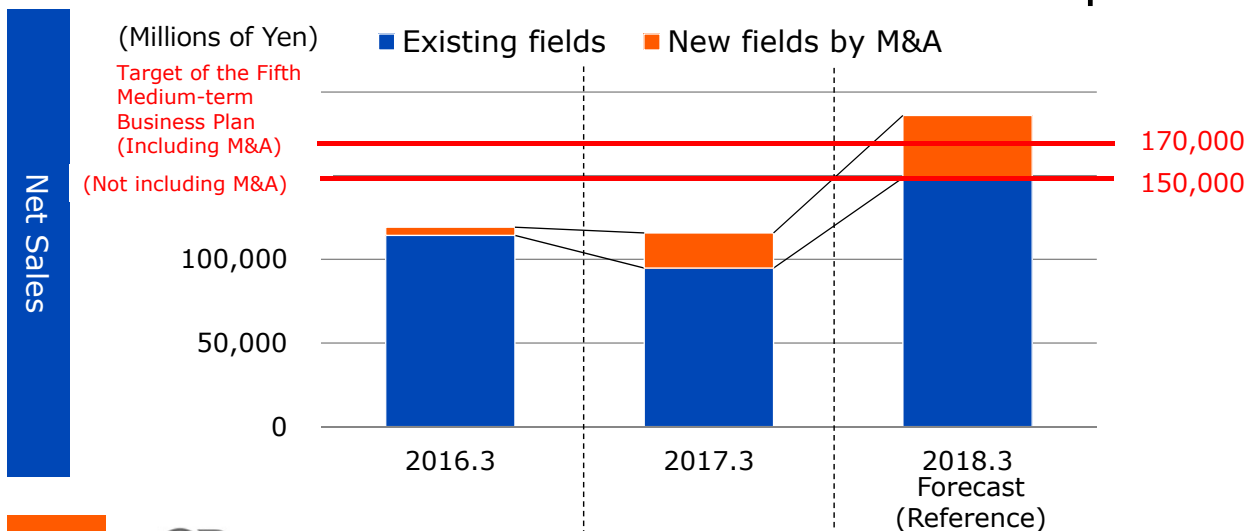
Capex
Budget for 3 years: 26 billion yen



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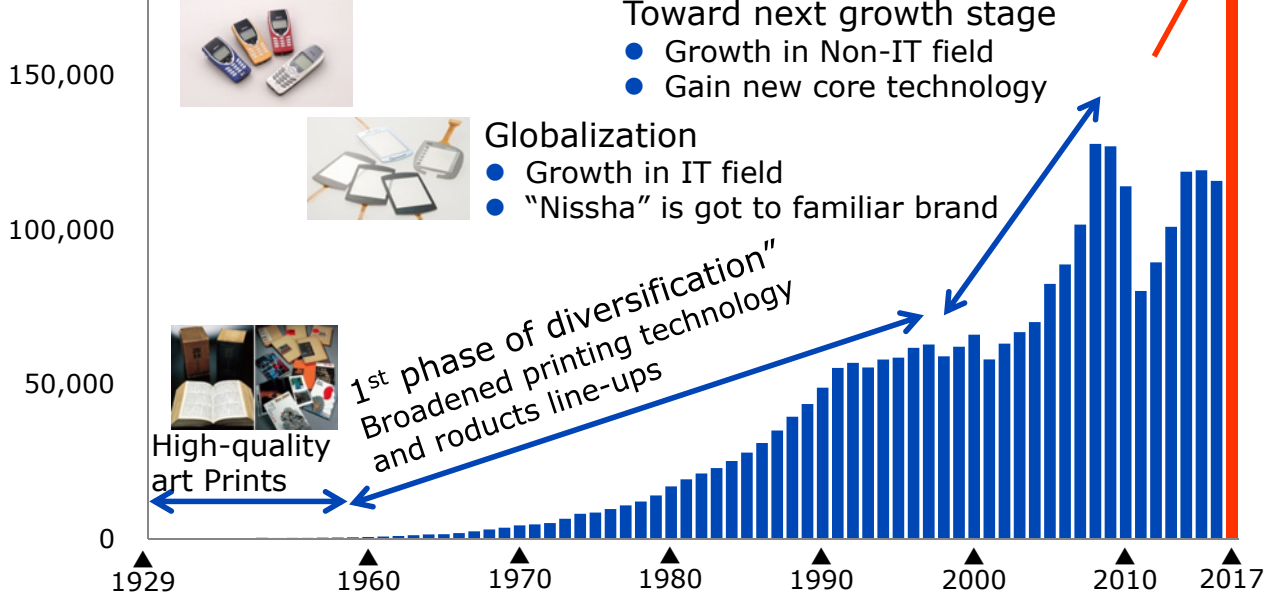
Well-planned investments enables target achievement of medium-term business plan



Nissha Printing to "Nissha"



Net Sales (Millions of Yen)
200,000



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*2017 means 2018.3 (12 months).



Thank you.



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