



NISSHA

Financial Results for FY2017.12 and the Medium-term Business Plan

February 14, 2018

NISSHA Co., Ltd.

President and CEO

Junya Suzuki

FY2017.12 (9 months) Results

- Net Sales reached a record high (1\$=¥111)
 - Net Sales 159.5 billion yen, Operating Profit 6.2 billion yen, Ordinary Profit 7.5 billion yen, Net Profit 6.7 billion yen
 - Devices: Advance cost occurred in the first half, but Operating Profit exceeded 10% in Oct.-Dec.
 - Industrial Materials: Product demand was stable, business profitability improved due to optimization of production efficiency

Starts the Sixth Medium-term Business Plan (FY2018.12-FY2020.12)

- Aim for completion of balanced portfolio management
 - EBITDA optimally dispersed for each focus market
- Aim for all-time record highs, Net Sales, EBITDA and Operating Profit (FY2020.12)
 - Net Sales 240.0 billion yen, EBITDA 36.0 billion yen, Operating Profit 22.0 billion yen
 - ROE 10% or higher, ROIC 8% or higher

FY2018.12 Outlook

- Net sales and EBITDA are forecasted to be a record high (1\$=¥110)
 - Net Sales 227.0 billion yen, EBITDA 24.8 billion yen, Operating Profit 15.0 billion yen, Ordinary Profit 14.5 billion yen, Net Profit 11.0 billion yen
- Slow trend in the first half, rapid recovery in the second half
- Changes and strengthening of members of the Board of Directors
 - Resolution matter at the shareholders meeting held at March 23.

FY2017.12 (9 months) Results

Net Sales reached a record high

(Millions of Yen)

	FY2017.3 Q3 accumulated (Apr.-Dec.) Results	FY2017.12 (Apr.-Dec.) Results	YOY
Net Sales	81,839	159,518	+ 94.9%
Industrial Materials	35,845	37,283	+4.0%
Devices	33,957	97,206	+186.3%
Life Innovation	1,277	14,081	+1002.7%*
Information and Communication	10,582	10,673	+0.9%
Others	176	273	+55.1%
EBITDA	4,862	14,509	+198.4%
EBITDA Margin	5.9%	9.1%	+3.2pt
Operating Profit	- 1,630	6,278	Become profitable
OPM	-2.0%	3.9%	+5.9pt
Ordinary Profit	- 2,272	7,578	Become profitable
Net Profit	- 3,355	6,278	Become profitable
Forex	¥105/\$	¥111/\$	

*Life Innovation is the segment newly established by consolidation of Graphic Controls group from FY2017.3 Q3.

FY2017.12 Oct.-Dec. Results

The OPM of Devices exceeded target of 10%

(Millions of Yen)

	FY2017.3 Oct.-Dec. Results	FY2017.12 Jul.-Sep. Results	FY2017.12 Oct.-Dec. Results		
				YoY	QoQ
Net Sales	30,191	57,893	64,503	+113.6%	+11.4%
Industrial Materials	11,361	12,309	13,088	+15.2%	+6.3%
Devices	13,508	37,610	41,917	+210.3%	+11.5%
Life Innovation	1,277	4,535	5,085	+298.2%*	+12.1%
Information and Communication	3,955	3,347	4,310	+9.0%	+28.8%
Others	89	92	103	+15.7%	+12.0%
EBITDA	1,666	4,760	7,353	+341.4%	+54.5%
EBITDA Margin	5.5%	8.2%	11.4%	+5.9pt	+3.2pt
Operating Profit	- 593	2,046	4,439	Become profitable	+117.0%
OPM	-2.0%	3.5%	6.9%	+8.9pt	+3.4pt
Ordinary Profit	1,161	2,416	5,362	+361.8%	+121.9%
Net Profit	817	2,395	4,893	+498.9%	+104.3%
Forex	¥103/\$	¥110/\$	¥111/\$		

The Nissan logo is displayed in white, bold, sans-serif capital letters. The background of the entire slide is a blue-tinted photograph of a modern glass-walled building with a grid-like structure and reflections on the windows.

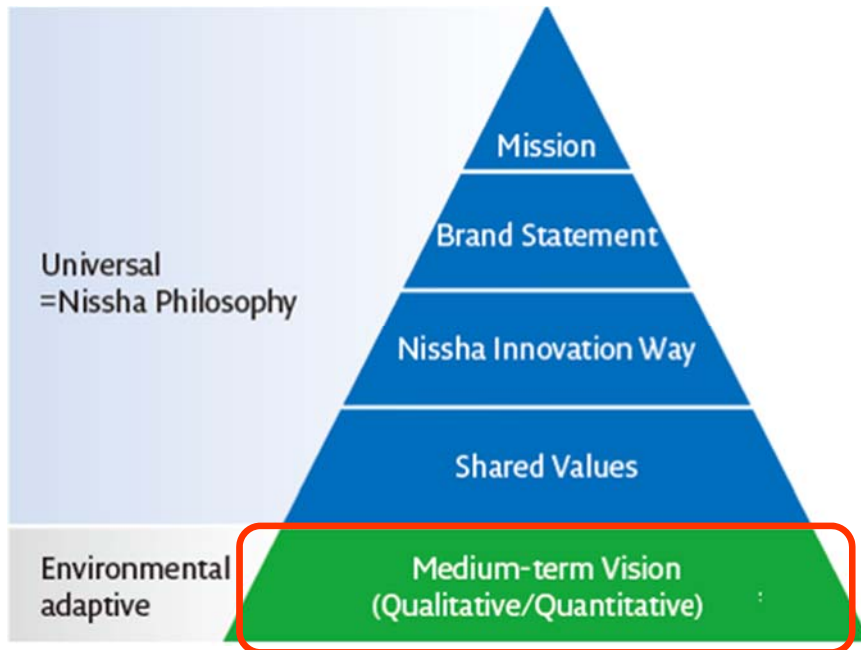
NISSHA

The Sixth Medium-term Business Plan

(FY2018.12-FY2020.12)

"FY2017.12 (Jan.-Dec.)" of P6 - P27 means a simple summation of FY2017.12 (Apr.-Dec. 9 months) and published results of Q4 of the FY2017.3.

Formulation of New Nissha Philosophy



Mission

We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.

Medium-term Business Plan

- Qualitative and quantitative vision of 3 years
- Optimization of the product and business portfolios

Nissha Innovation Way

EMPOWERING YOUR VISION

Creating competitive products with diversification of technology and human resources

Core Technologies

Constant transformation, evolution and expansion

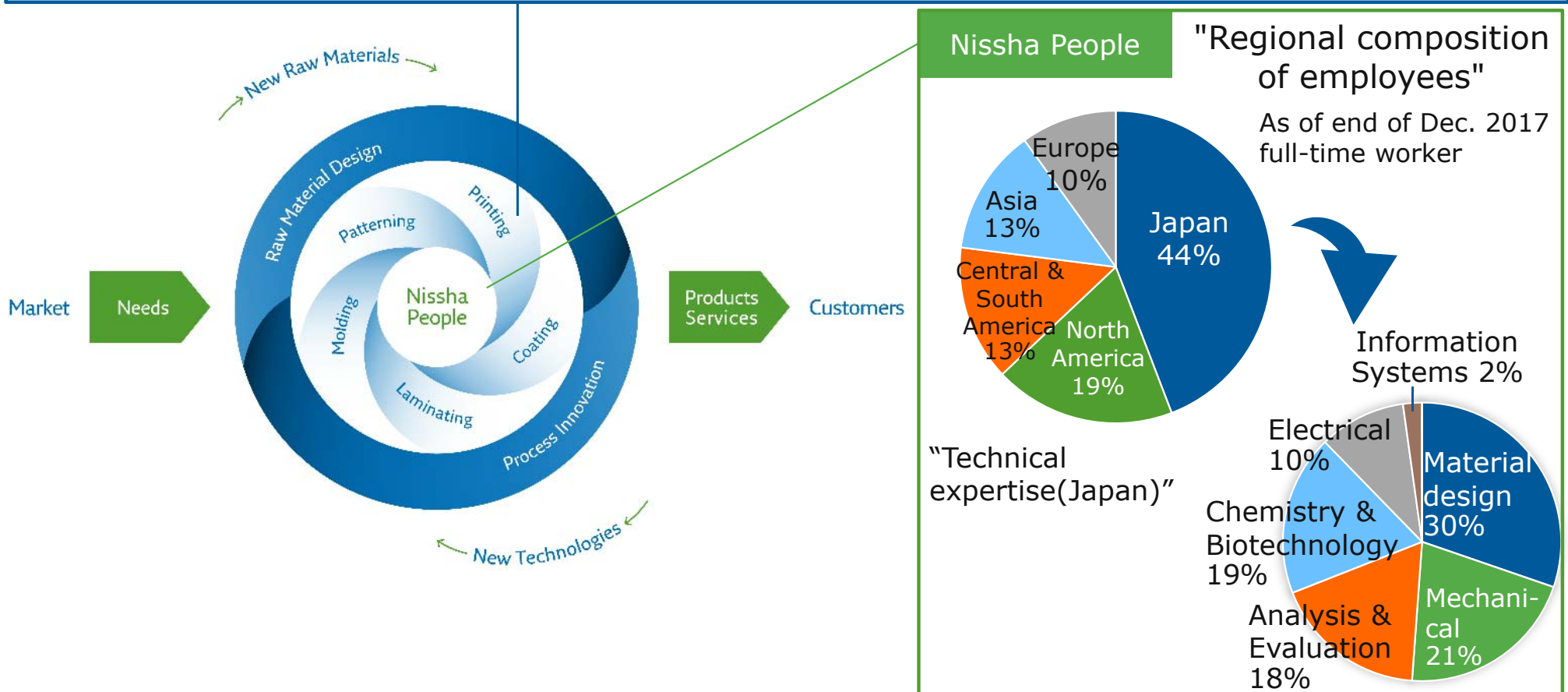
Printing

Coating

Laminating

Molding

Patterning



Outline of Previous Medium-term Business Plan

The Fifth Medium-term Business Plan (FY2016.3-FY2017.12)

- Medium-term Vision: We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets.
- Basic Strategies

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

1 Profitability

OPM
8%

×

2 Efficiency

×



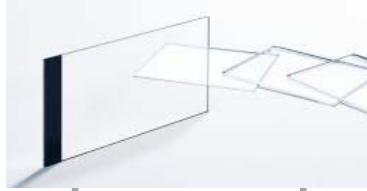


3 Financial Strategy

Equity ratio
50% or higher

ROIC
8% or
higher

Review of previous Medium-term Business Plan 1

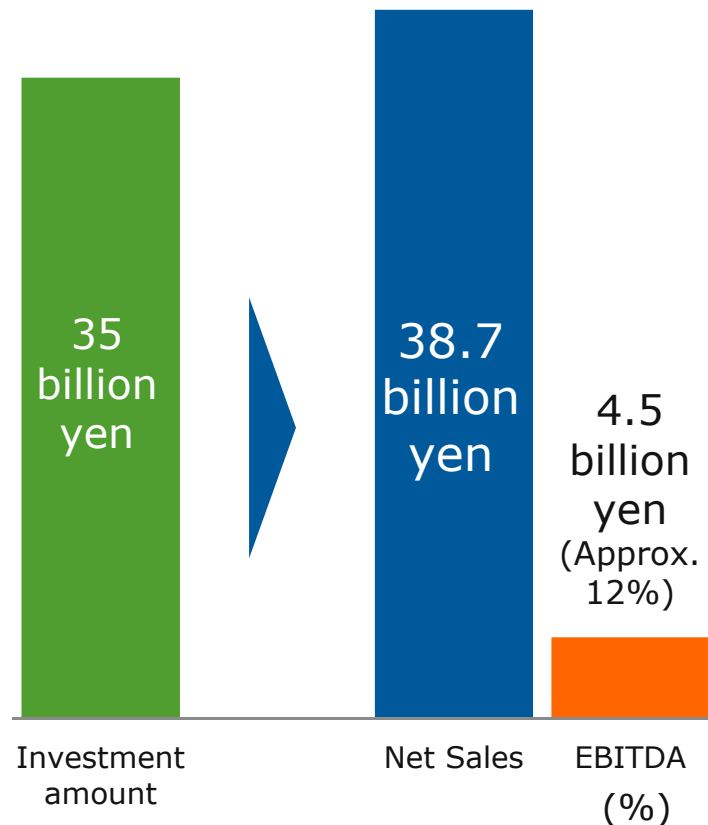
Implemented the strategy as planned, laid ground-work to higher profit contribution

		Industrial Materials			Devices		Life Innovation	Information and Communication
		Expand into a Metallized Paper 	Expansion of the Automotive field 	Withdraw from the notebook PC	Acquired new large-scale orders 	Expansion of modules for industrial equipments 	Expand into the field of medical devices 	Company split-up, production tie-up with Kyodo Printing Co., Ltd.
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	✓	✓	—	—	—	✓	—

M&A in the previous Medium-term Business Plan

● Investment amount: 35 billion yen, ROIC* 9%

*cash-based ROIC
 = EBITDA × (1-tax rate30%) ÷ Investment amount



Performance contribution*
 (FY2017.12 Results)

* The performance of the company acquired in FY2017.12 is converted to annual base.

Automotive



- Schuster Group
 - Acquired in October 2016
 - Headquarters: Germany

High-function Packaging Materials



- AR Metallizing Group
 - Acquired in August 2015
 - Headquarters: Belgium
- Acquisition of Málaga by AR Metallizing Group
 - Acquired in December 2015
 - Headquarters: Brazil

Medical Devices



- Graphic Controls Group
 - Acquired in September 2016
 - Headquarters: U.S.A.
- Acquisition of Integral Process by Graphic Controls Group
 - Acquired in October 2017
 - Headquarters: France

Review of previous Medium-term Business Plan 2

Net Sales is a record high, improving profitability is the focus

	Fifth Medium-term Business Plan (FY2018.3) Apr.-Mar. Plan	Fifth Medium-term Business Plan (FY2017.12) Converted Results
Net Sales	150,000	193,481
	IT ratio 40%	IT ratio about 50%
Operating Income	12,000	4,004
OPM	8.0%	2.1%
Net Income	9,500	2,681
Net Income Margin	6.3%	1.4%
ROE	10%以上	3.3%
ROIC	8%以上	1.9%
Equity Ratio	50%以上	41.7%
Forex	¥118/\$	¥111/\$

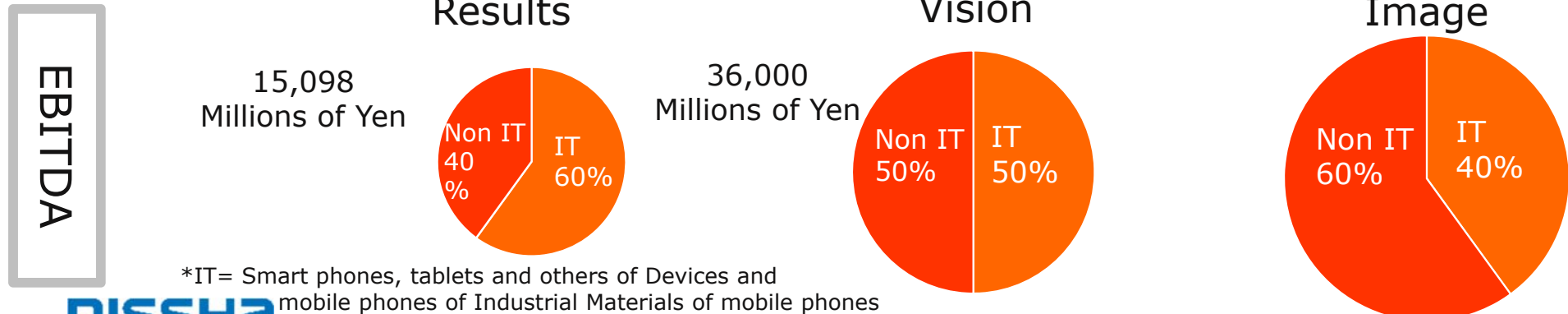
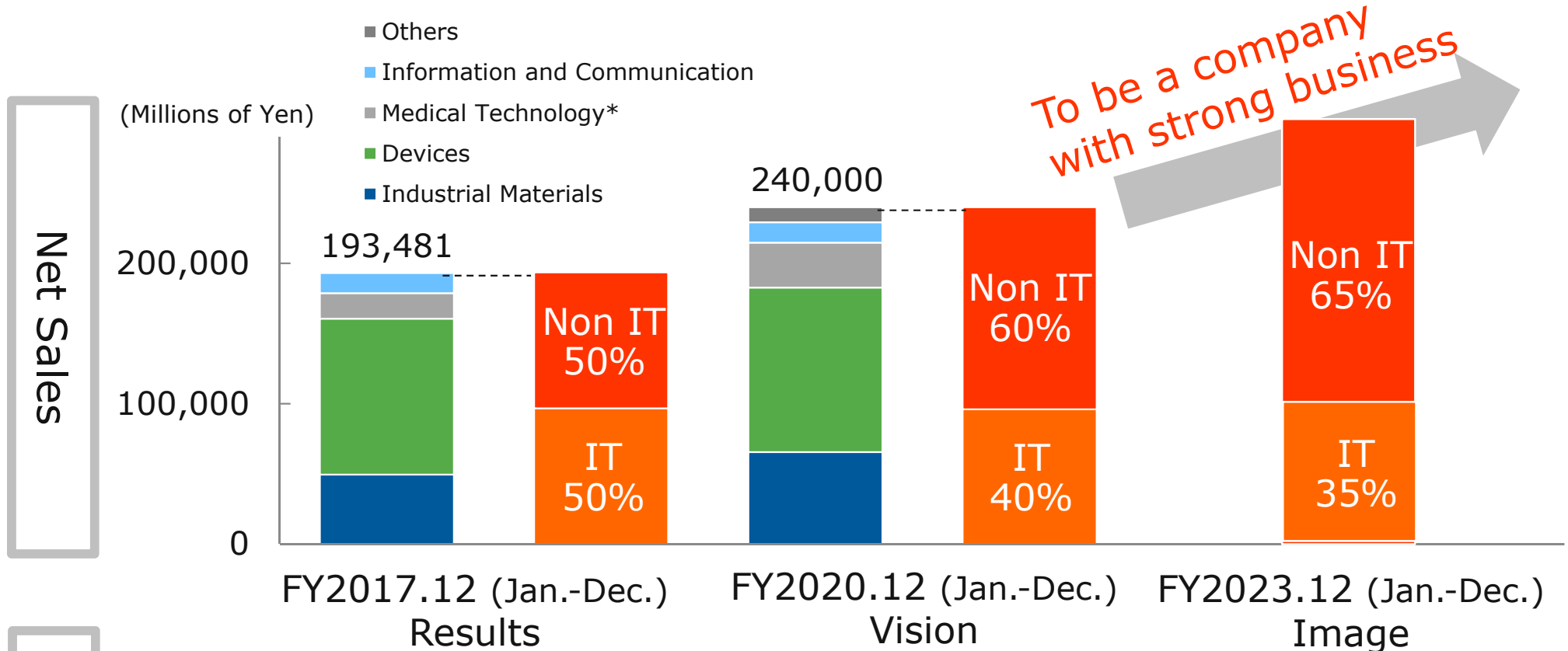
✓ Updated record high

✗ Lower than expected due to currency effects and the advance cost of Devices business

Reference: Difference from initial plan	
Currency effects	-7.0 billion yen
Advance cost of Devices business	-5.5 billion yen
One-time expenses due to change in fiscal year	-1.0 billion yen
Total	-13.5 billion yen

The Sixth Medium-term Business Plan Medium-term Vision 1 Aim at "Balanced Portfolio Management"

*The name of Life Innovation has changed to Medical Technologies from January 2018.



*IT= Smart phones, tablets and others of Devices and mobile phones of Industrial Materials of mobile phones

The Sixth Medium-term Business Plan Medium-term Vision 2

Net Sales 240 billion yen, EBITDA 15%

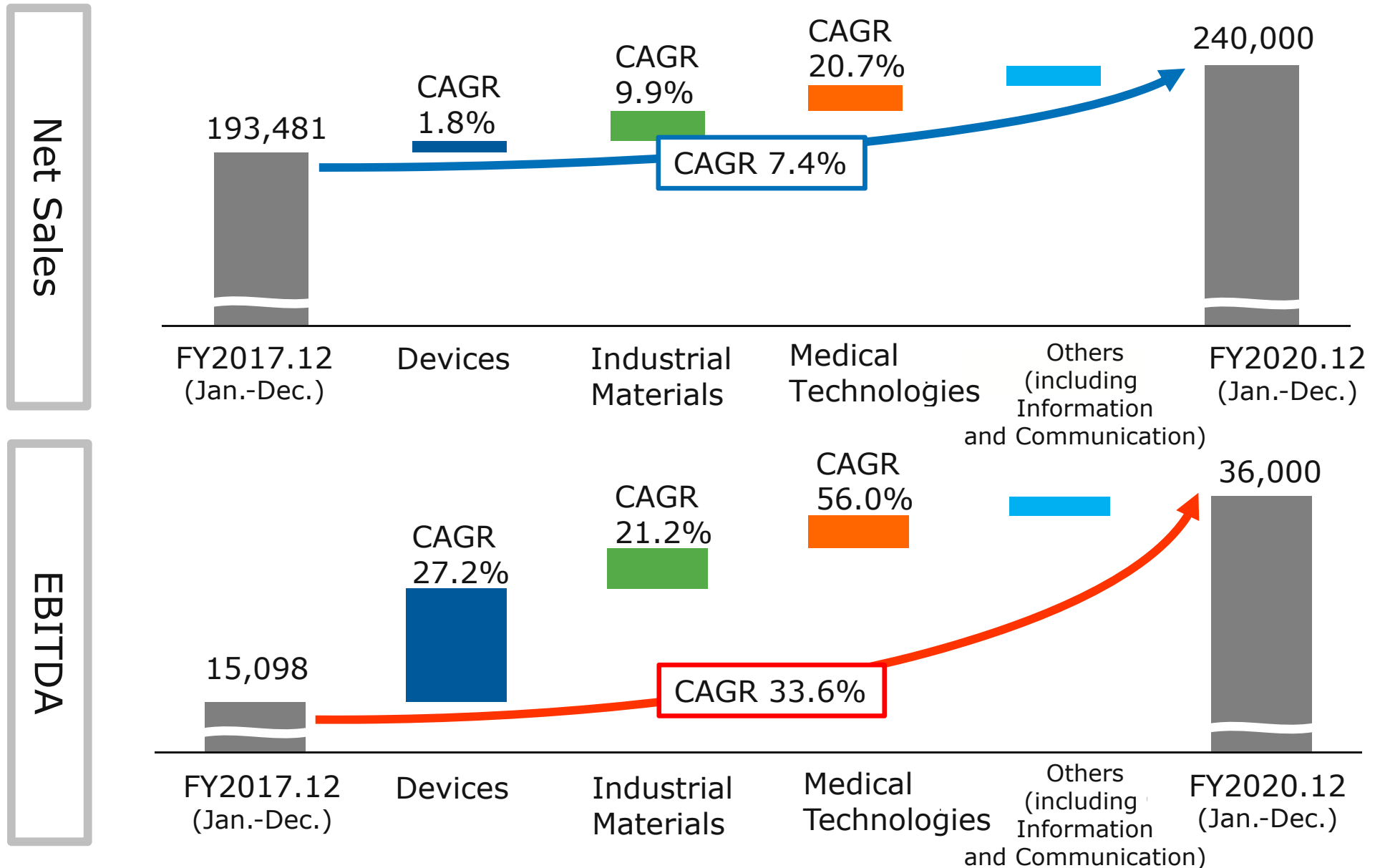
	The Fifth Medium-term Business Plan FY2017.12 (Jan.-Dec.) Converted Results	The Sixth Medium-term Business Plan FY2020.12 (Jan.-Dec.) Vision*	CAGR
Net Sales (Millions of Yen)	193,481	240,000	7.4%
EBITDA (Millions of Yen)	15,098	36,000	33.6%
EBITDA Margin	7.8%	15.0%	
Operating Profit (Millions of Yen)	4,004	22,000	76.4%
OPM	2.1%	9.2%	
ROE	3.3%	10% or higher	-
ROIC	1.9%	8% or higher	-
Equity Ratio	41.7%	50% or higher	-
EPS	56.5 yen	300 yen or higher	-
Forex	¥111/\$	¥110/\$	-



*The "Vision" shows what it should be in three years and is different from the business forecast.

Net Sales is driven by Industrial Materials and Medical Technologies.
EBITDA is driven by Devices

(Millions of Yen)



Focus Markets

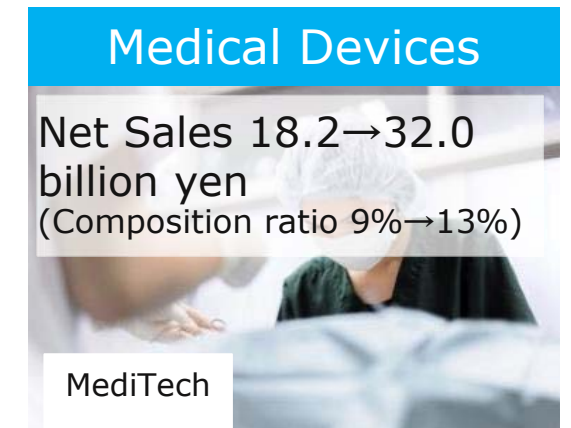
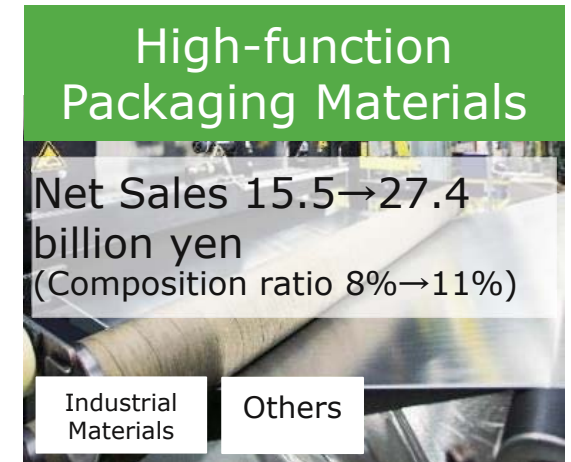
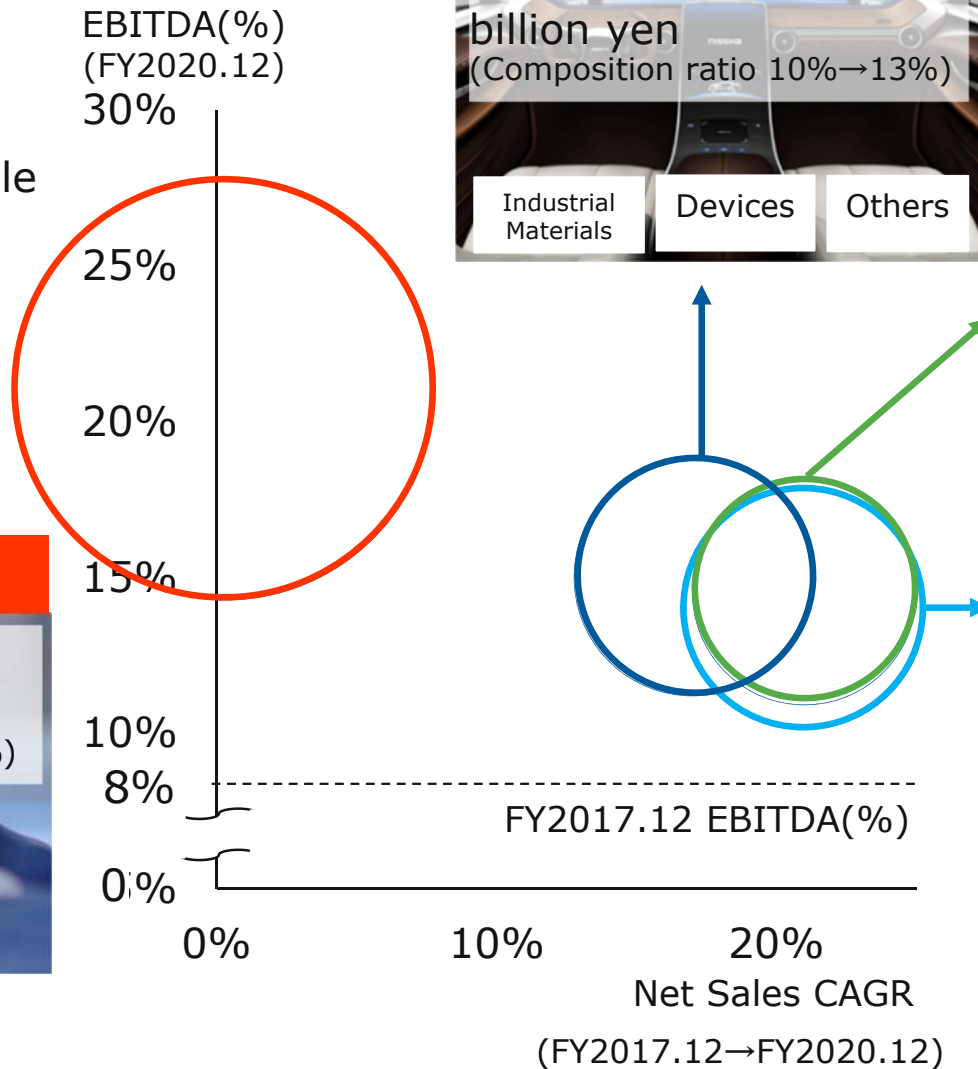
IT, Automotive, Medical Devices, High-function Packaging Materials

Net Sales: FY2017.12→FY2020.12

Composition ratio=ratio of the Company's net sales

MediTech = Medical Technologies

* The size of a circle
= Net Sales
(FY2020.12)



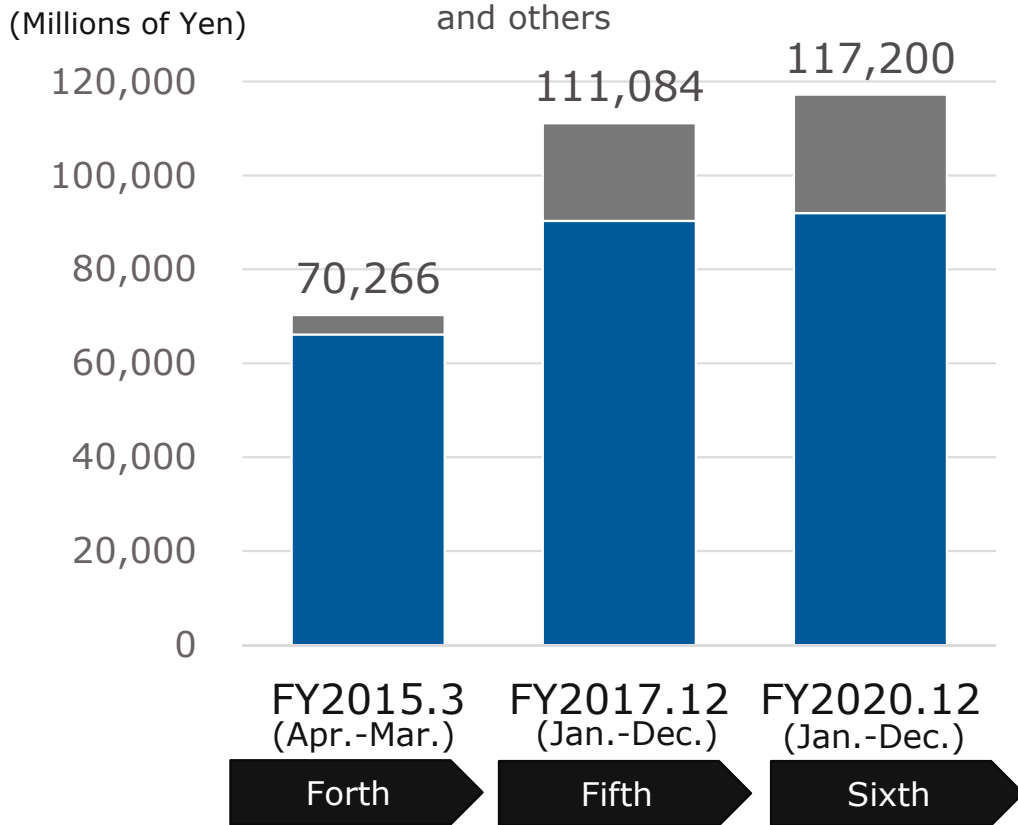
Devices

Capture business opportunities through utilizing JV



《Net Sales Trend by Applications》

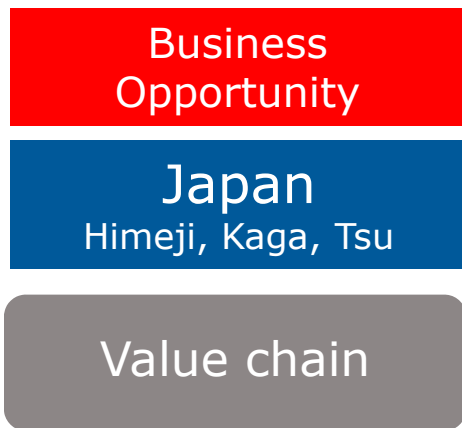
- For Gaming Consoles, Industrial Equipments and Automotive, Gas Seonsors and others ✓
- For Smart Phones, Tablet Devices and others



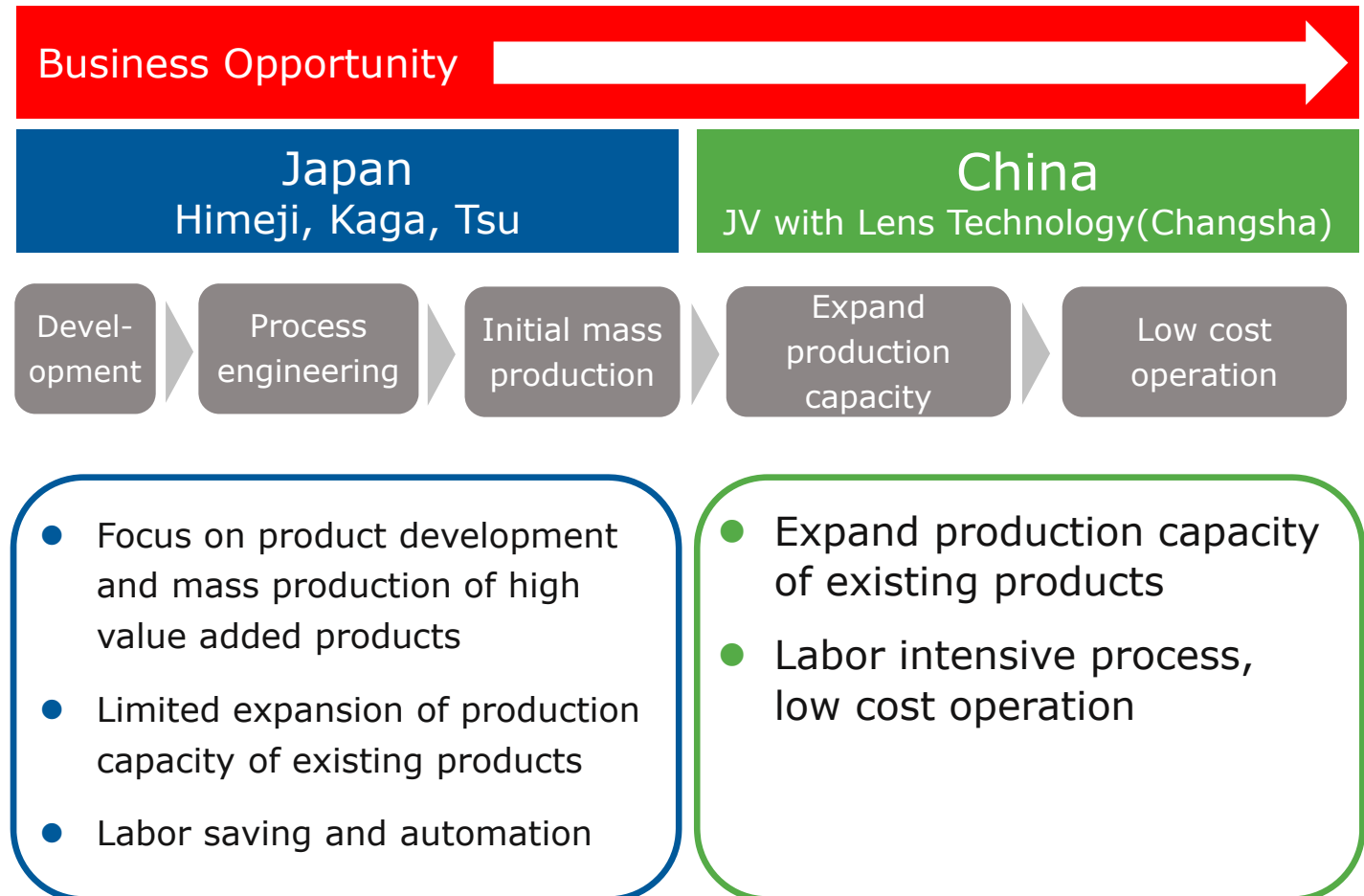
- Expanding business opportunities
 - IT, Automotive, Industrial Equipments
- Film-based Touch Sensors
 - ✓ ● Compatible with both LCD and OLED
 - Thin, light, no cracking, narrow frame
 - High transparency and shape conformability
 - Scalability of Product Development
- The Sixth Medium-term Business Plan presuppose the utilization of JV
 - JV responds to further market growth opportunities
 - Minimize investment burden
 - Assumed increase in license revenue
 - Improve profitability and efficiency greatly

Utilization of JV and Optimization of production efficiency with emphasis on ROIC

The Fifth Medium-term Business Plan



The Sixth Medium-term Business Plan



Industrial Materials

Automotive and High-function Packaging Materials are growth engines

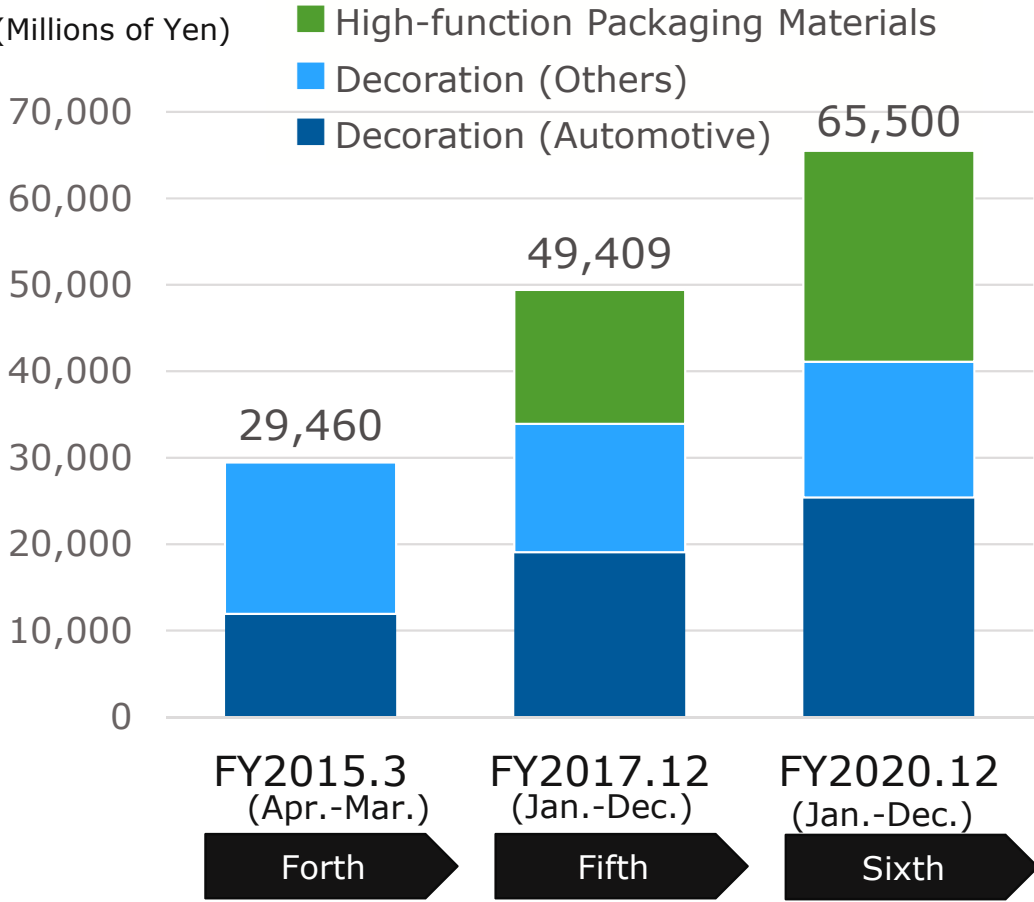
CAGR
FY2017.12
→FY2020.12

Net Sales 9.9%

EBITDA 21.2%

《Net Sales Trend by Field》

(Millions of Yen)



Automotive

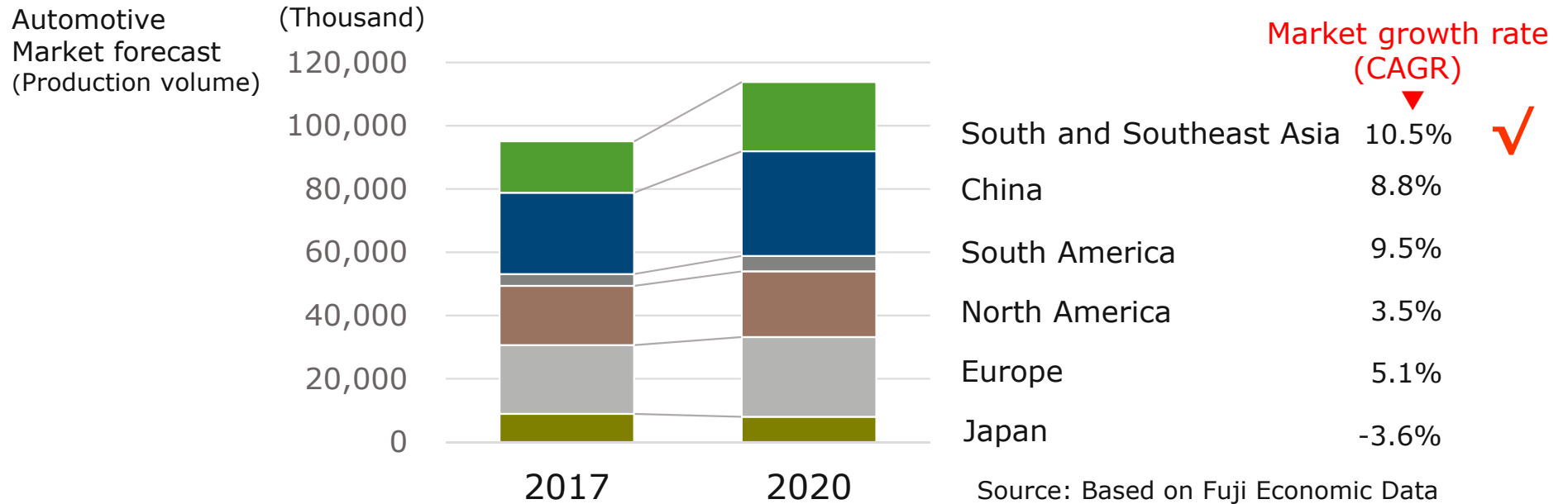
- Geographical expansion to areas where market growth is expected
- Expansion of new materials and product lineup for interior decoration

High-function Packaging Materials

- Expansion of product applications and lineup

Market opportunity of Decoration (Automotive)

South and Southeast Asia, driving growth



Growing needs of interior decoration

Process innovation and materials are diversified and upgraded



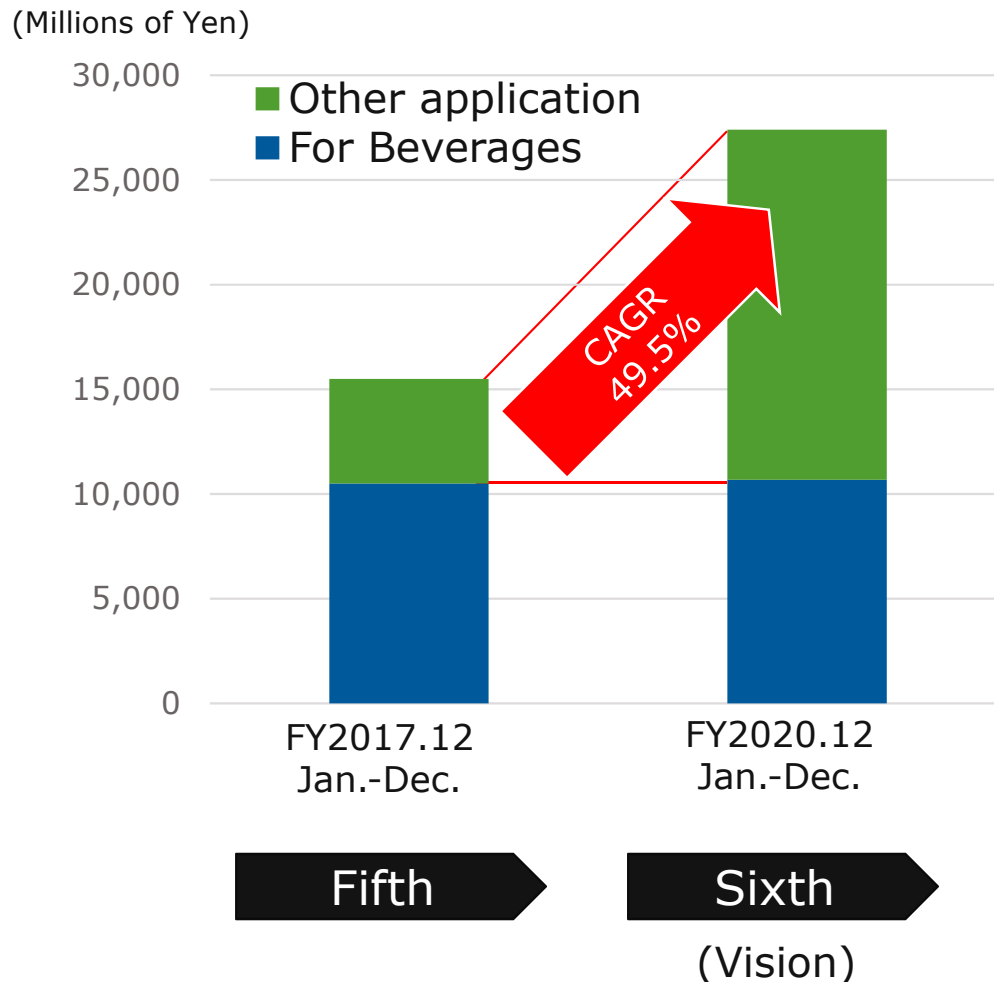
Evolution of display and operation functions

Evolution of comfortable function

Strategy of High-function Packaging Materials



Sales by application



- Expansion of environmentally friendly package market
- High printability and biodegradability
 - AR Metallizing won the European Business Award
- Expand product applications and lineup
 - Exterior packaging (for consumer products, cosmetics and food) and functional packages
 - Products for sales promotion and direct mail
 - Metallic board paper



Pharmaceutical package
(overseas)



Premium direct mail envelope
(overseas)



For fast food
(overseas)

Medical Technologies

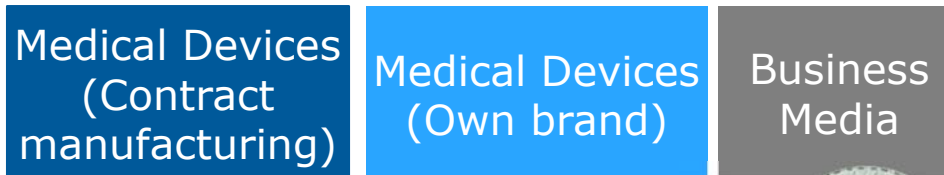
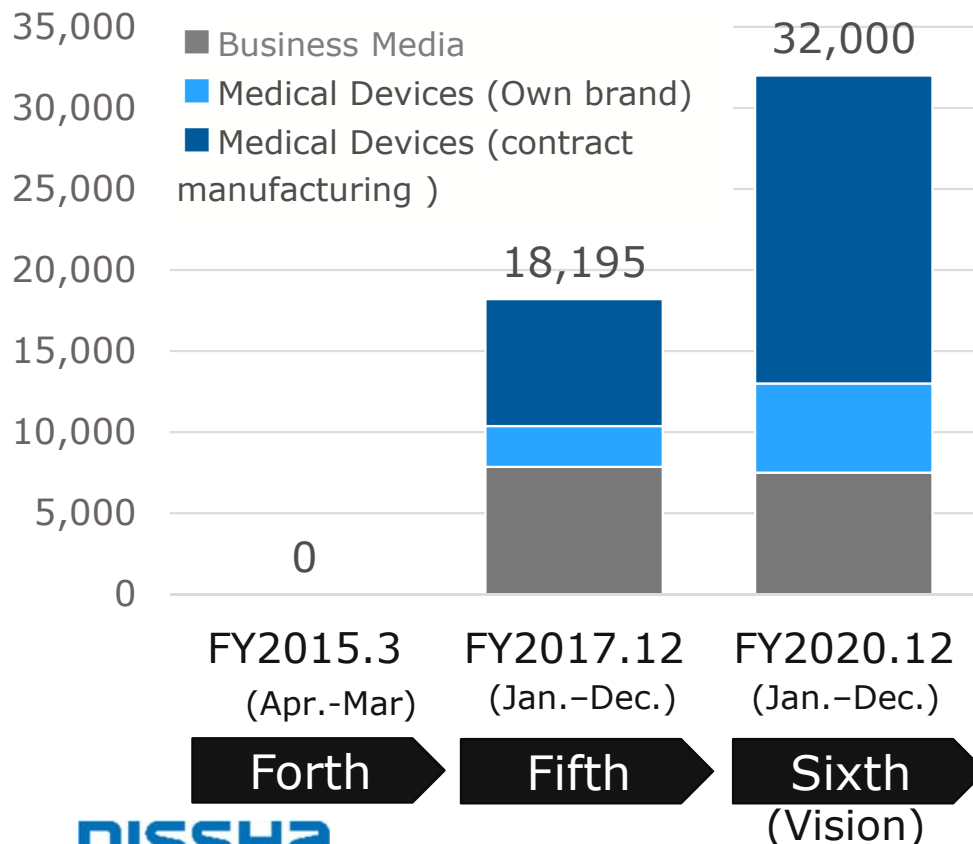
Growing mainly in contract manufacturing fields

EMPOWERING YOUR VISION



《Net Sales Trend by Field》

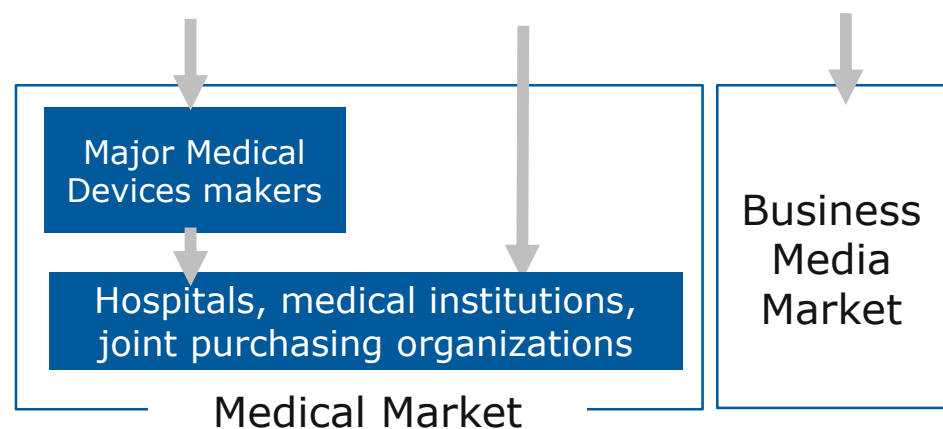
(Millions of Yen)



Surgical instruments, medical electrode* etc.

Medical electrode*, medical supplies and medical chart paper etc.

Industrial chart paper etc.



High market growth rate and abundant business opportunities

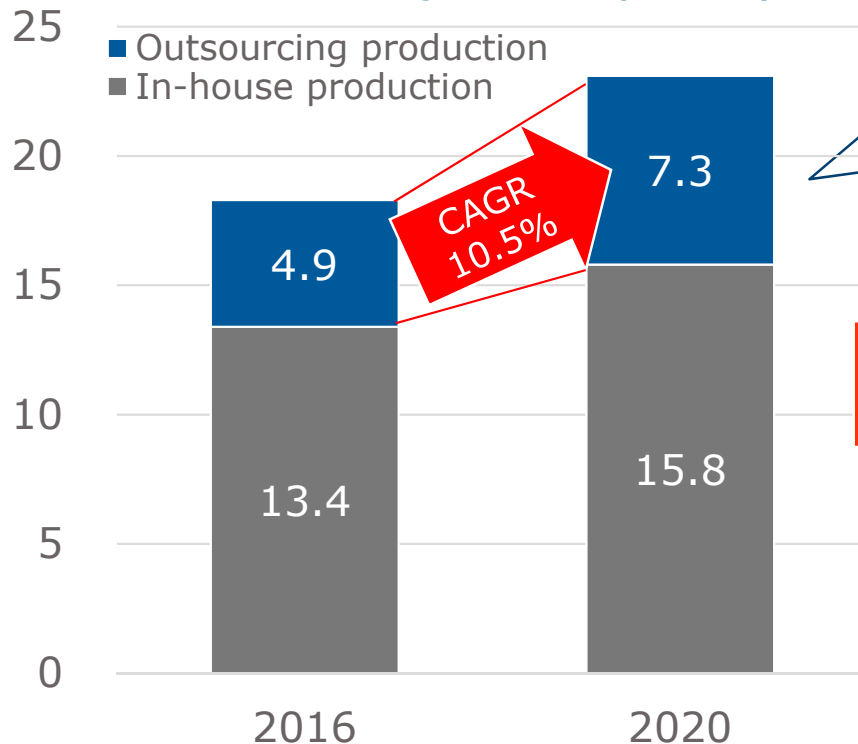
Cash cow

*Disposable ECG Electrode, etc.

Growth Strategy in the Medical Devices

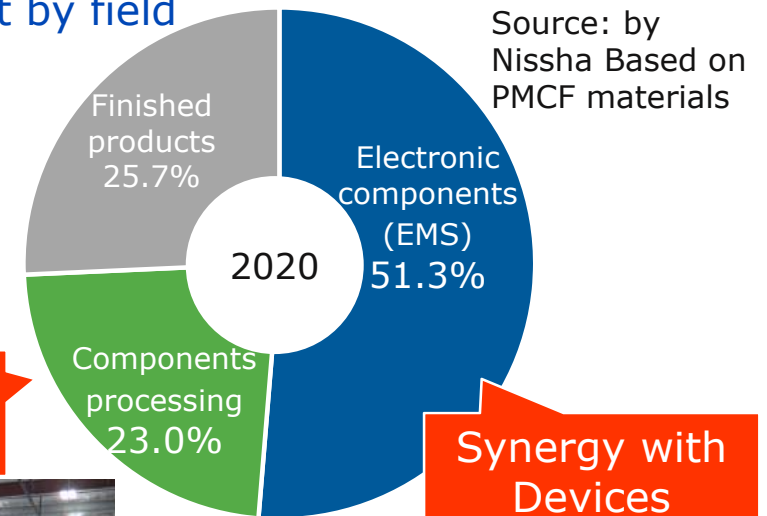
- Expanding contract manufacturing market
 - Major Medical Devices makers focus on R&D and marketing
 - Design and production tend to be outsourced
- Utilize our strengths
 - Low cost operation (Dominican Republic)
 - Synergy with other business

Medical Devices Manufacturer's Outsourcing Market (Global)
(Trillion yen)



Source: Based on PMCF materials

Breakdown of outsourcing (production) market by field

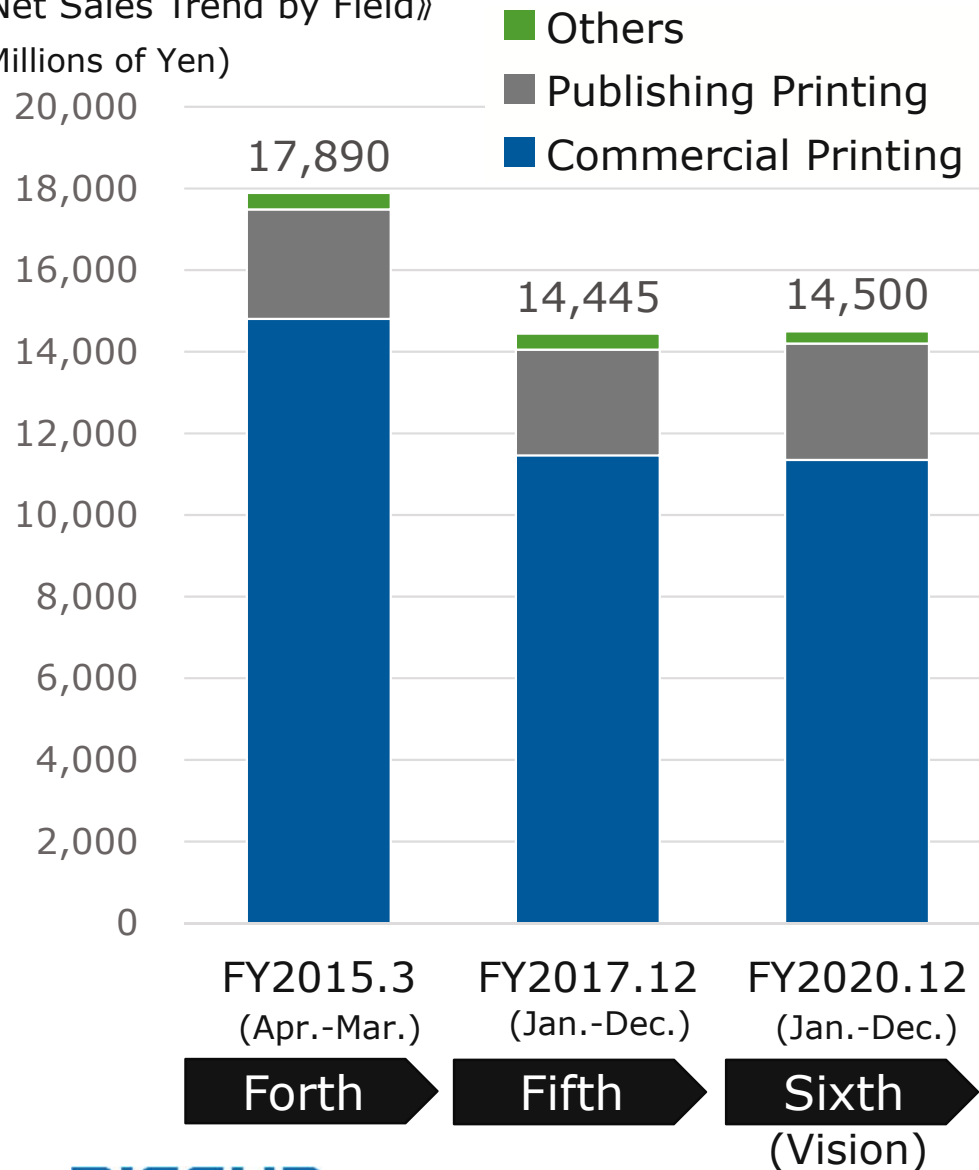


Information and Communication

Aim for profitability improvement

《Net Sales Trend by Field》

(Millions of Yen)



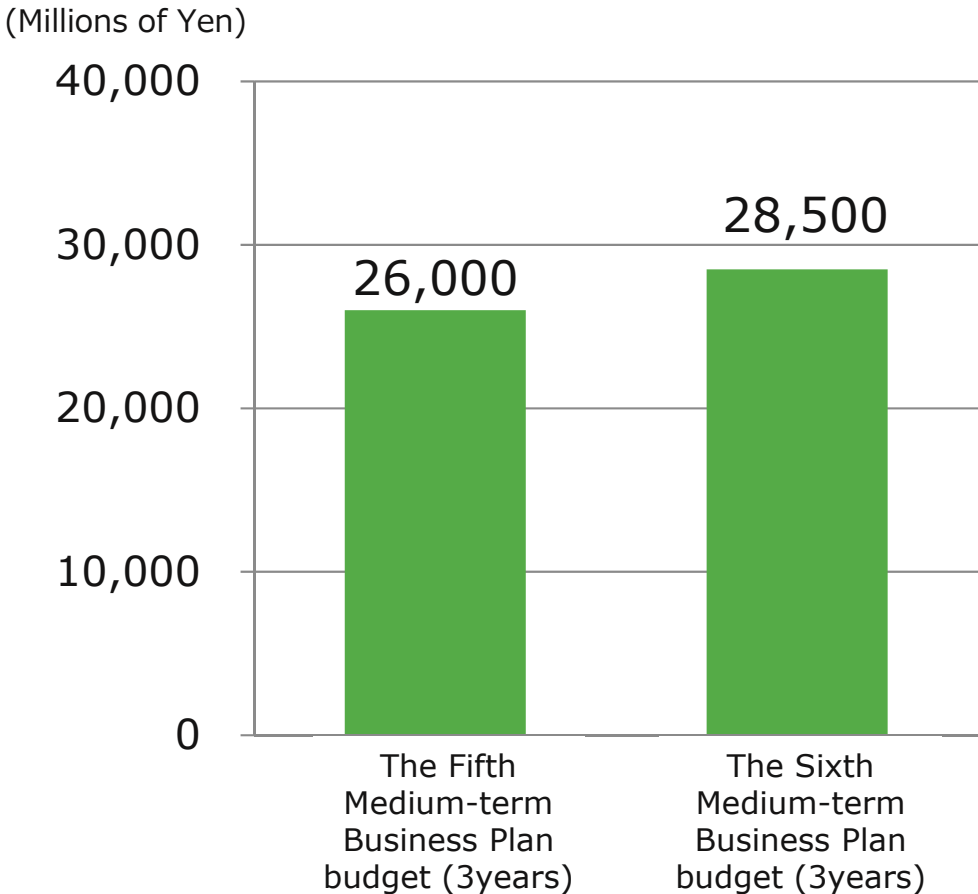
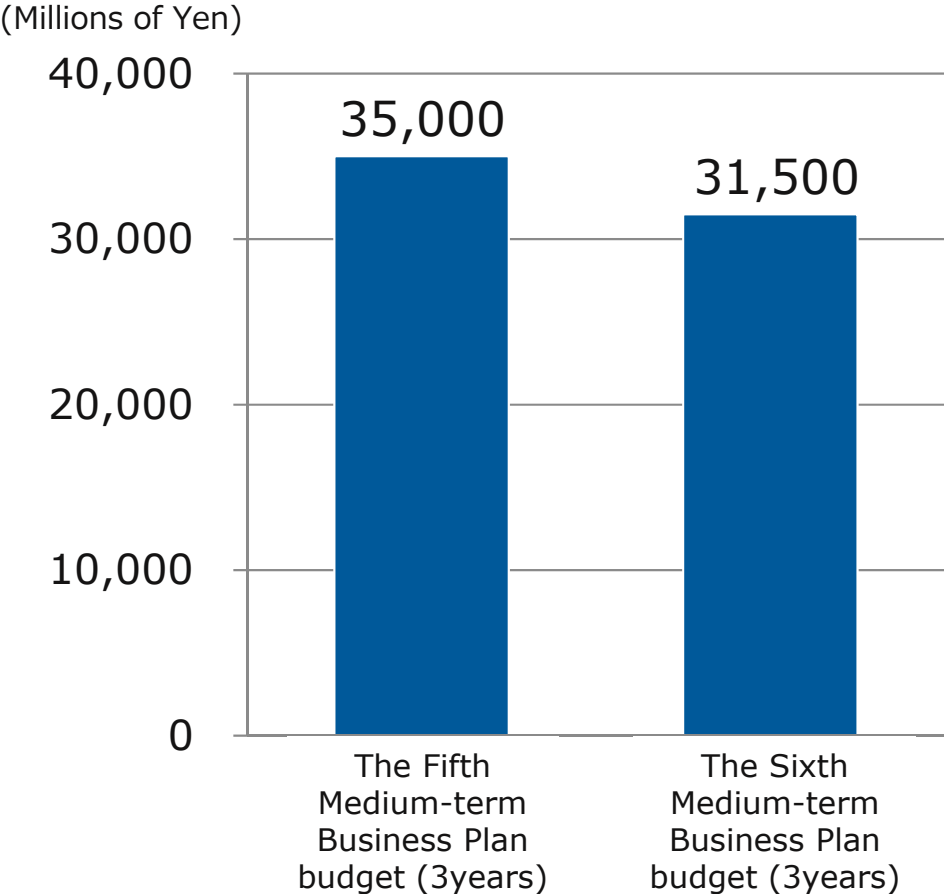
- Improve profitability mainly in the commercial field
- Implement business structure and cost structure reform with the assumption of no sales growth

Growth Investment

Assuming around 60 billion yen to be allocated, focusing on growth and return

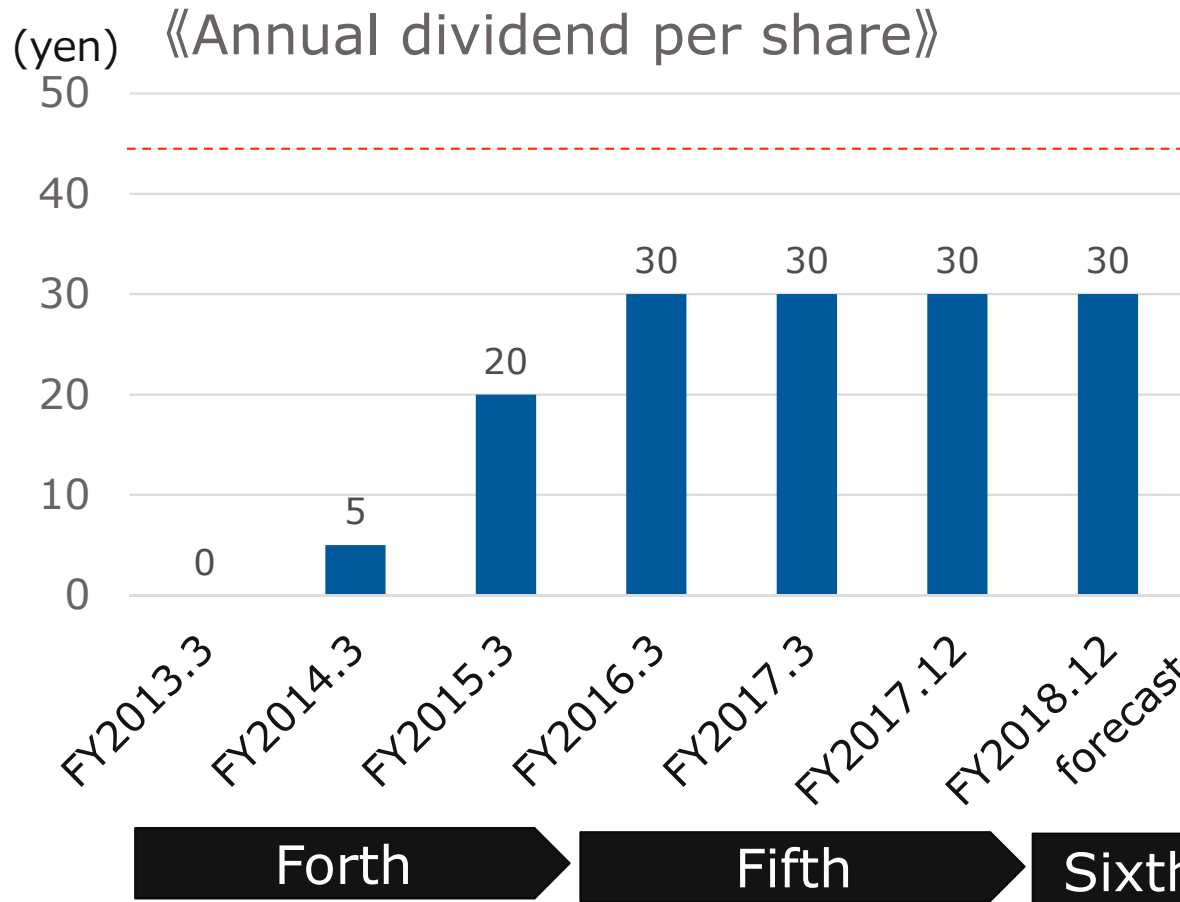
M&A
3 years budget

Capital investment
3 years budget



Shareholder returns through dividends and share buybacks

Dividend: Based on stable dividend, add business growth



Record highest dividend Results was 45 yen

- The Sixth Medium-term Business Plan: aim to achieve record-high sales, EBITDA and operating income

Return to shareholders

Share buybacks: an option of returning to shareholders

ESG initiative

Realize Mission through business activities

Mission

We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.

Creating social value through business in focus market

IT

Automotive

Medical Devices

High-function Packaging Materials

Connecting Capabilities

(beyond business and group boundaries)

E

Environmentally friendly production

Process innovation with new materials and new technology

S

- Work style reforms
- Diverse human resources
- Community-based business base

G

- IFRS
- Strengthening the Board of Directors Meeting
- Enhancement of disclosed information
- Minimize business continuity risk



FY2018.12 Full-year results forecast

Net Sales are expected to reach a record high

(Millions of Yen)

	FY2017.12 Full year (Jan.-Dec.)	FY2018.12 Full Year (Jan.-Dec.) Forecast	FY2018.12 H1 (Jan.-Jun.) Forecast	FY2018.12 H2 (Jul.-Dec.) Forecast	YoY
Net Sales	193,481	227,000	81,000	146,000	+17.3%
Industrial Materials	49,409	51,500	25,200	26,300	+4.2%
Devices	111,084	140,600	38,400	102,200	+26.6%
Medical Technologies	18,195	20,000	10,000	10,000	+9.9%
Information and Communication	14,445	14,500	7,200	7,300	+0.4%
Others	347	400	200	200	+15.3%
EBITDA	15,098	24,800	3,500	21,300	+64.3%
EBITDA Margin	7.8%	10.9%	4.3%	14.6%	+3.1pt
Industrial Materials	5,275	5,600	-	-	+6.2%
Devices	10,890	18,500	-	-	+69.9%
Medical Technologies	1,184	2,500	-	-	+111.1%
Information and Communication	- 237	400	-	-	Become profitable
Others	- 2,014	- 2,200	-	-	-
Operating Profit	4,004	15,000	-1,300	16,300	+274.6%
OPM	2.1%	6.6%	-1.6%	11.2%	+4.5pt
Ordinary Profit	4,936	14,500	-1,500	16,000	+193.8%
Net Profit	2,681	11,000	-2,400	13,400	+310.3%
Forex	¥111/\$	¥110/\$	¥110/\$	¥110/\$	-

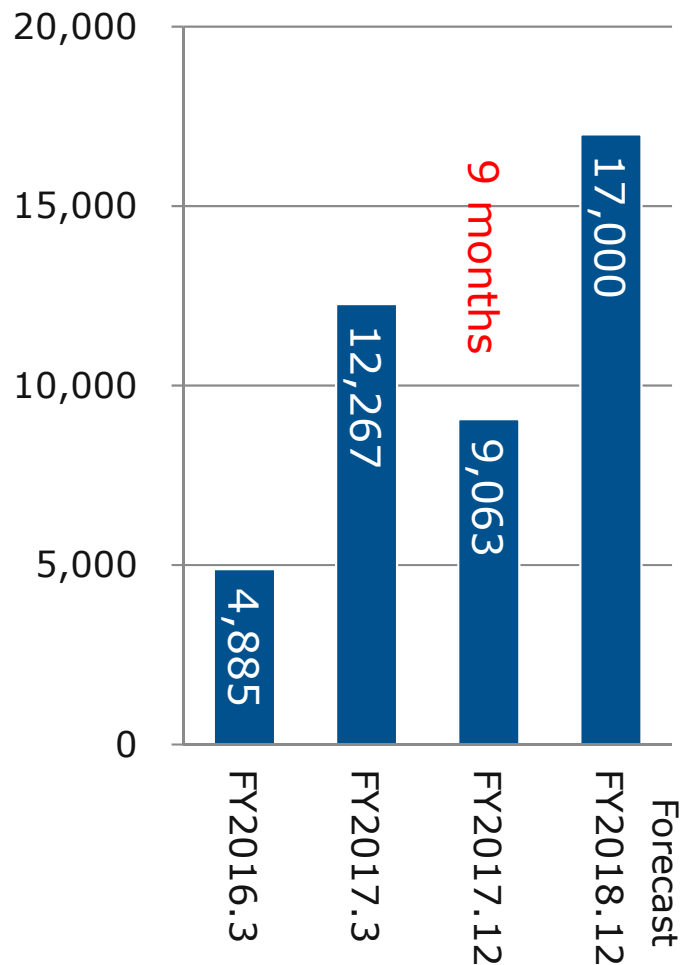
Reference cost: Capital investment, Depreciation and R&D

Capital investment

Depreciation cost

R&D cost

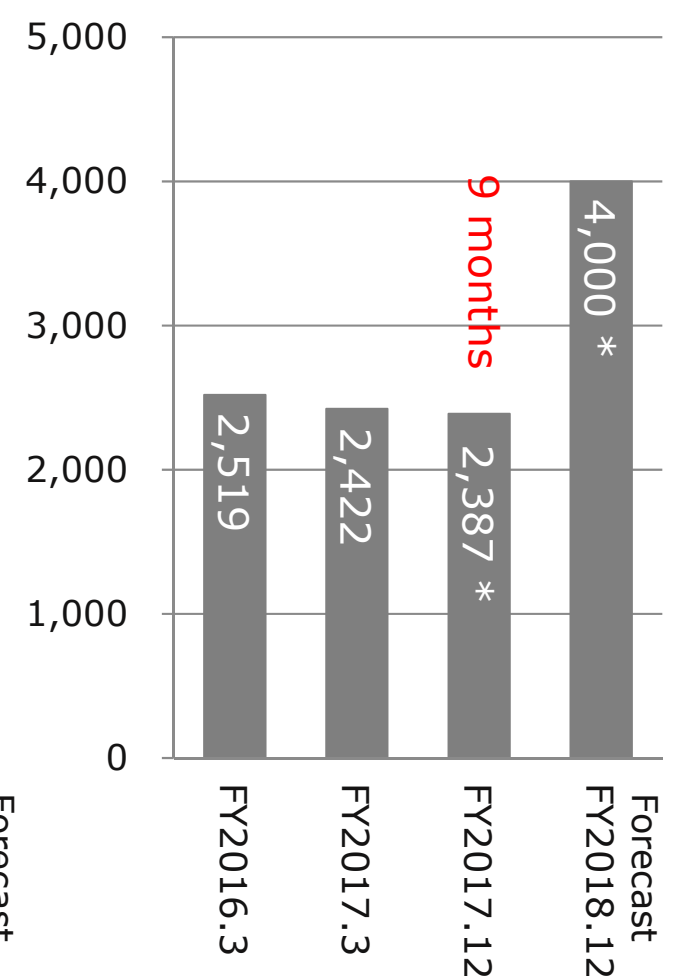
(Millions of Yen)



(Millions of Yen)



(Millions of Yen)

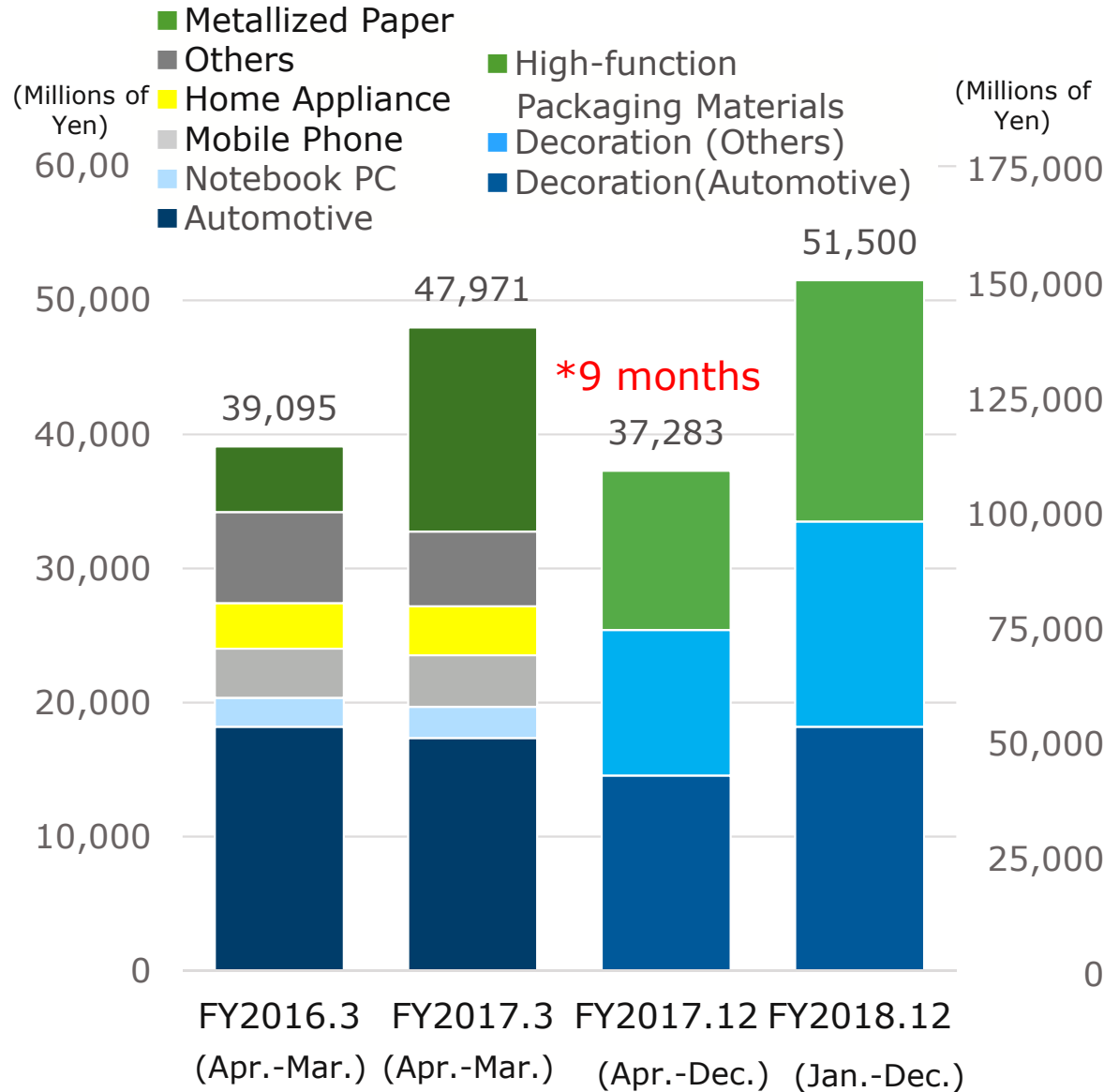


* We plan to change depreciation used domestically method from declining-balance method to straight-line method from FY2018.12. (Effect of FY2018.12: 1.0-2.0 billion yen)

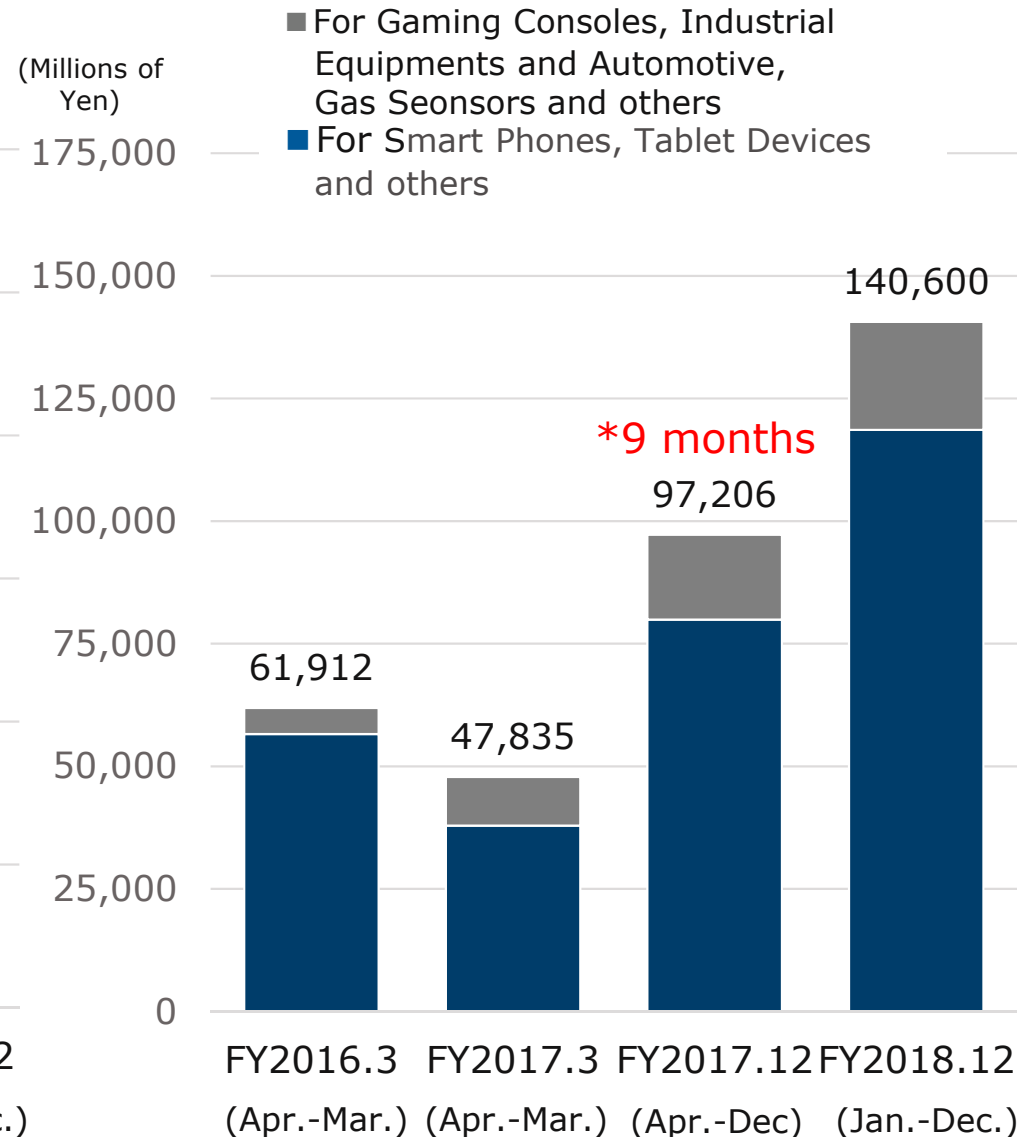
* Increased because of the change of the function of some division from production to R&D.

Reference: Net Sales by field and application 1

Industrial Materials

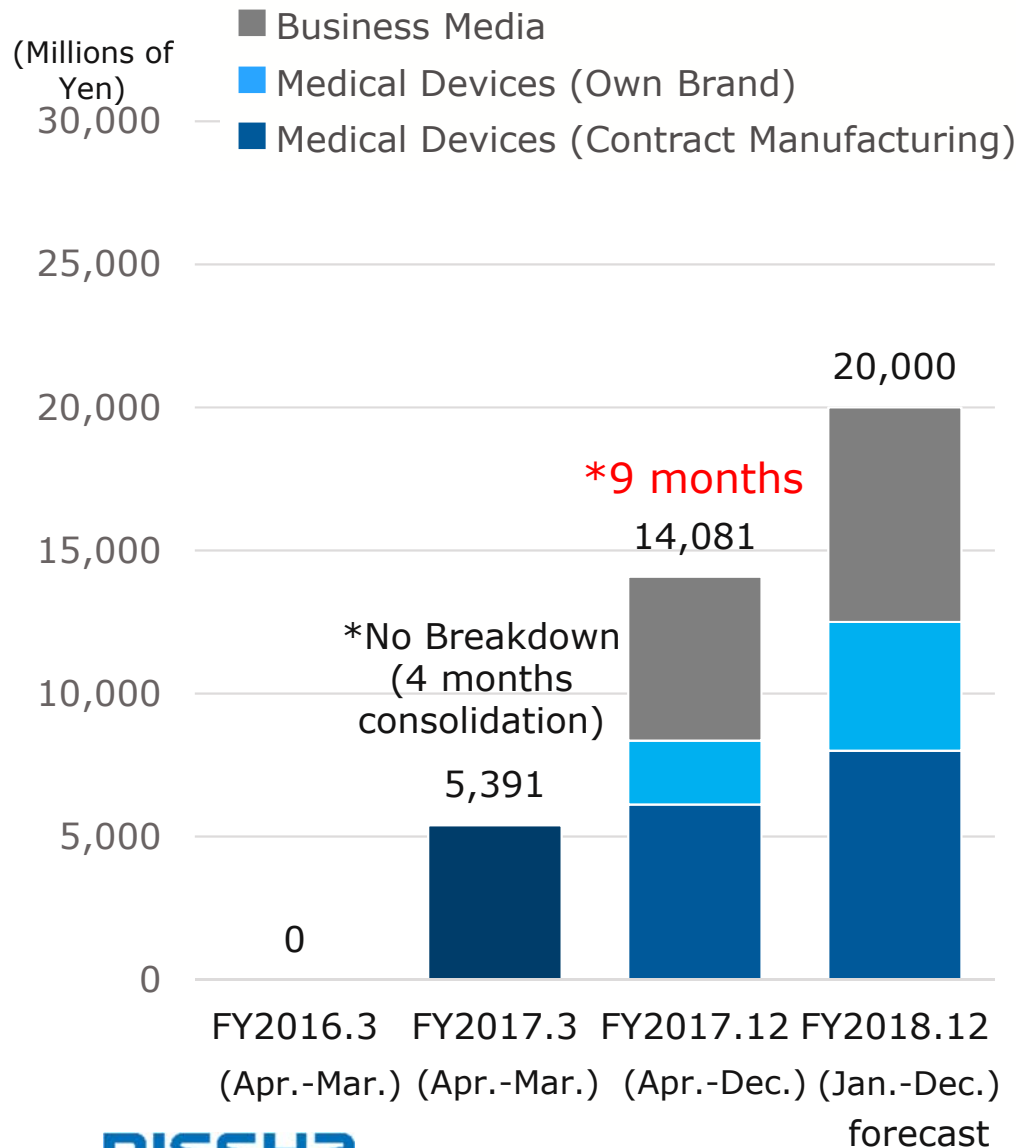


Devices

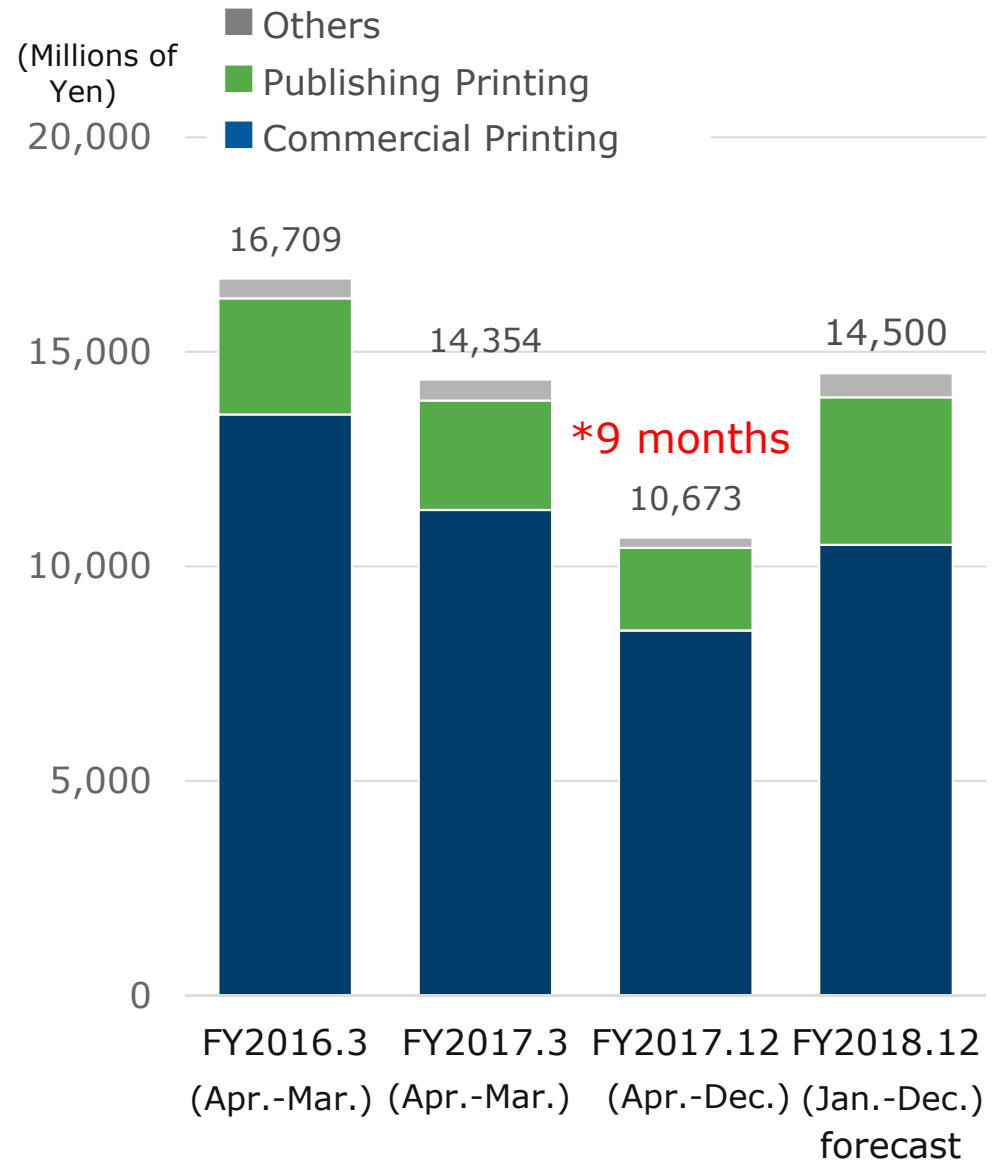


Reference: Net Sales by field and application 2

Medical Technologies



Information and Communication



Thank you.

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