

The Nissha logo is rendered in a bold, white, sans-serif font. The letters are closely spaced, and the 'i' and 's' characters have a distinctive, slightly rounded and elongated design. The logo is centered horizontally in the upper portion of the slide.

NISSHA

Financial Results for FY2018.12 Q2 and Medical Technologies Presentation

August 7, 2018

Junya Suzuki

President and CEO

Nissha Co., Ltd

Highlights

FY2018.12 H1 Results

- Both sales and profits improved from the revised forecast in May
 - Devices: Although demand was generally weak, the mass production of 2018 models started.
 - Industrial Materials: Demand progressed mostly as forecasted. Improvement in quality cost delayed in some of the overseas plants.
 - Medical Technologies: Demand progressed steadily, while temporary expenses such as M&A related cost incurred.

FY2018 Forecast

- No change in full year forecast (Assumed forex: ¥110/\$)
 - Net Sales 217.0 billion yen, EBITDA 20.0 billion yen, Operating profit 10.2 billion yen, Ordinary profit 9.0 billion yen, Net profit 7.0 billion yen
 - Devices: Growing period of product demand. Focus on maximizing profits.
 - Industrial Materials, Medical Technologies: Demand is expected to remain steady.

Topics

- Medical Technologies (Medical Technologies presentation follows)
 - Acquired three medical device manufacturers in the United States.

FY2018.12 H1 (6 months) Results

(Millions of yen)

	FY2017.12 Jan.-Jun. results	FY2018.12 Jan-Jun (H1) revised plan May 10	FY2018.12 Jan-Jun (H1) results	YoY
Net Sales	71,084	71,000	72,542	+2.1%
Industrial Materials	24,011	24,000	23,338	-2.8%
Devices	31,557	29,600	32,012	+1.4%
Medical Technologies	8,575	10,000	9,987	+16.5%
Information and Communication	6,788	7,200	6,994	+3.0%
Others	152	200	209	+37.5%
EBITDA	2,986	- 1,300	132	-95.6%
EBITDA margin	4.2%	-1.8%	0.2%	-4.0pt
Operating profit	- 2,480	- 6,100	- 4,476	-
Operating profit margin	-3.5%	-8.6%	-6.2%	-2.7pt
Ordinary profit	- 2,843	- 7,000	- 5,954	-
Net profit	- 4,607	- 7,400	- 6,754	-
Forex	¥112/\$	¥110/\$	¥108/\$	

FY2018.12 Q2 (3 months) Results

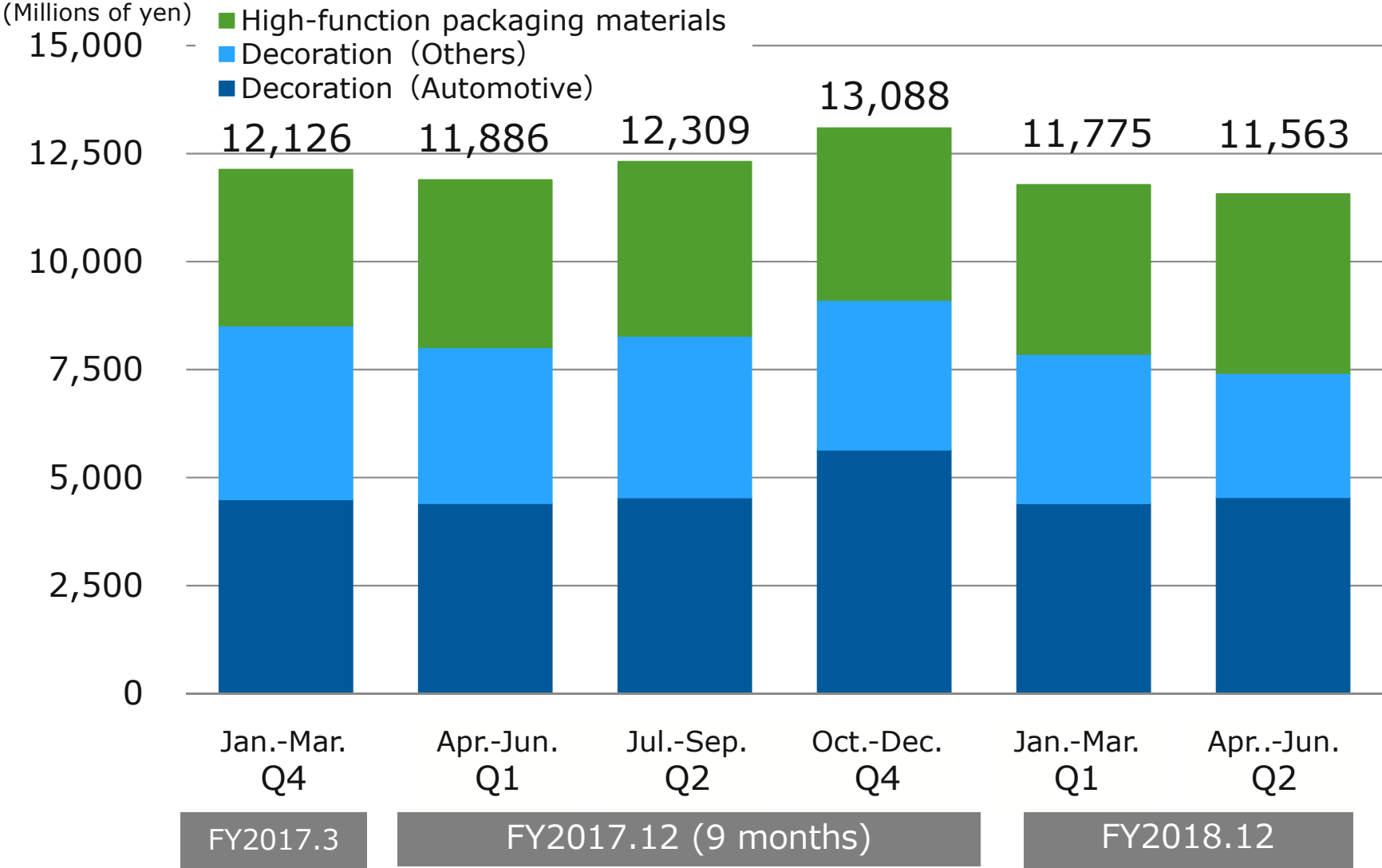
(Millions of yen)

	FY2017.12 Apr.-Jun. results	FY2018.12 Jan-Mar. (Q1) results	FY2018.12 Apr.-Jun. (Q2) results	YoY	QoQ
Net Sales	37,122	36,314	36,228	- 2.4%	- 0.2%
Industrial Materials	11,886	11,775	11,563	- 2.7%	- 1.8%
Devices	17,679	15,687	16,325	- 7.7%	+4.1%
Medical Technologies	4,461	4,880	5,107	+14.5%	+4.7%
Information and Communication	3,016	3,873	3,121	+3.5%	- 19.4%
Others	78	97	112	+43.6%	+15.5%
EBITDA	2,396	515	- 383	-	-
EBITDA margin	6.5%	1.4%	-1.1%	-7.6pt	-2.5pt
Operating profit	- 207	- 1,829	- 2,647	-	-
Operating profit margin	-0.6%	-5.0%	-7.3%	-6.7pt	-2.3pt
Ordinary profit	- 200	- 3,663	- 2,291	-	-
Net profit	-554	- 3,612	- 3,142	-	-
Forex	¥111/\$	¥109/\$	¥107/\$		

Industrial Materials

Progressed steadily for automotive and metallized paper markets

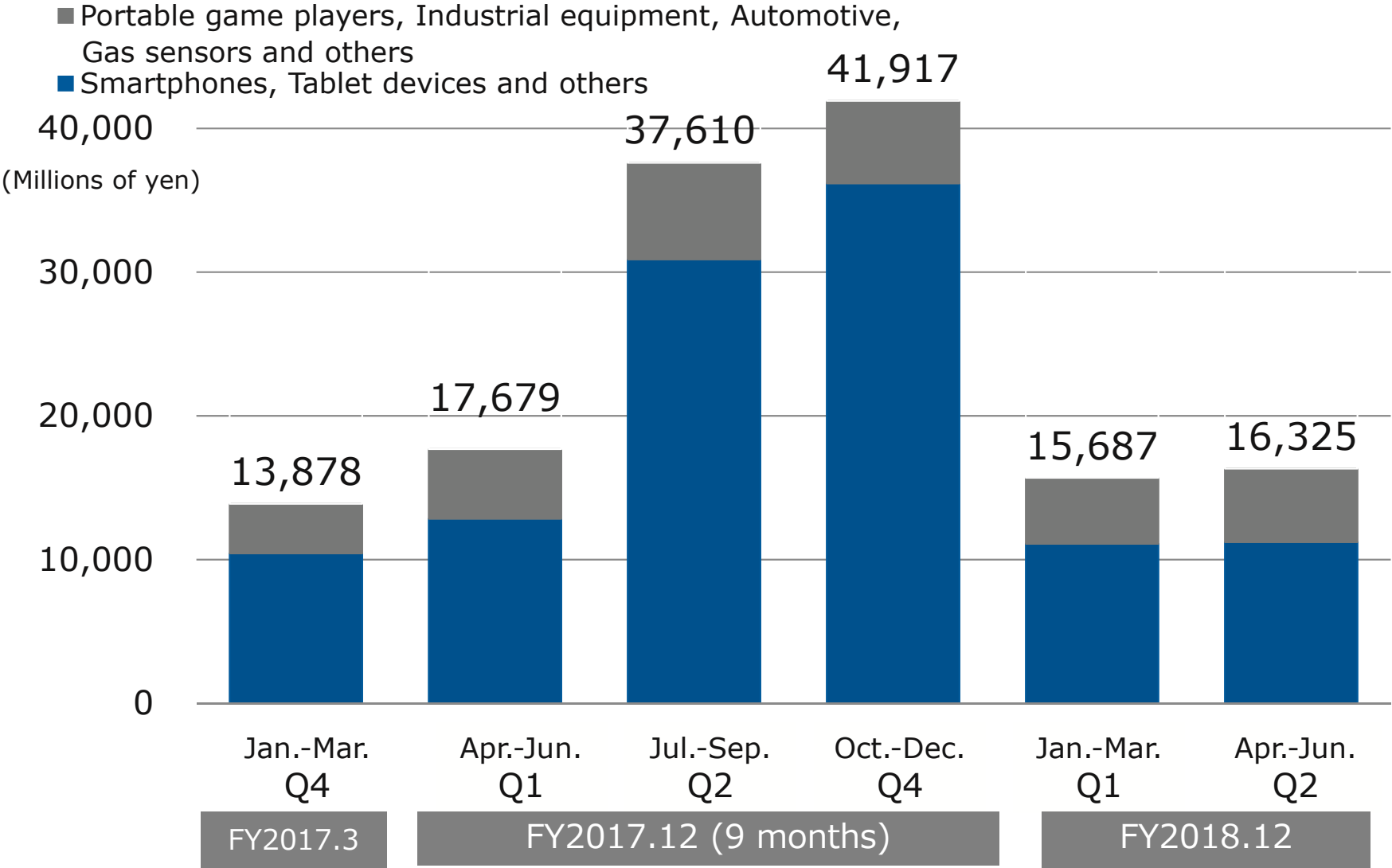
Net sales trend by application (By quarter)



Devices

Demand in H1 was weak and remained as the previous year

Net sales trend by application (By quarter)

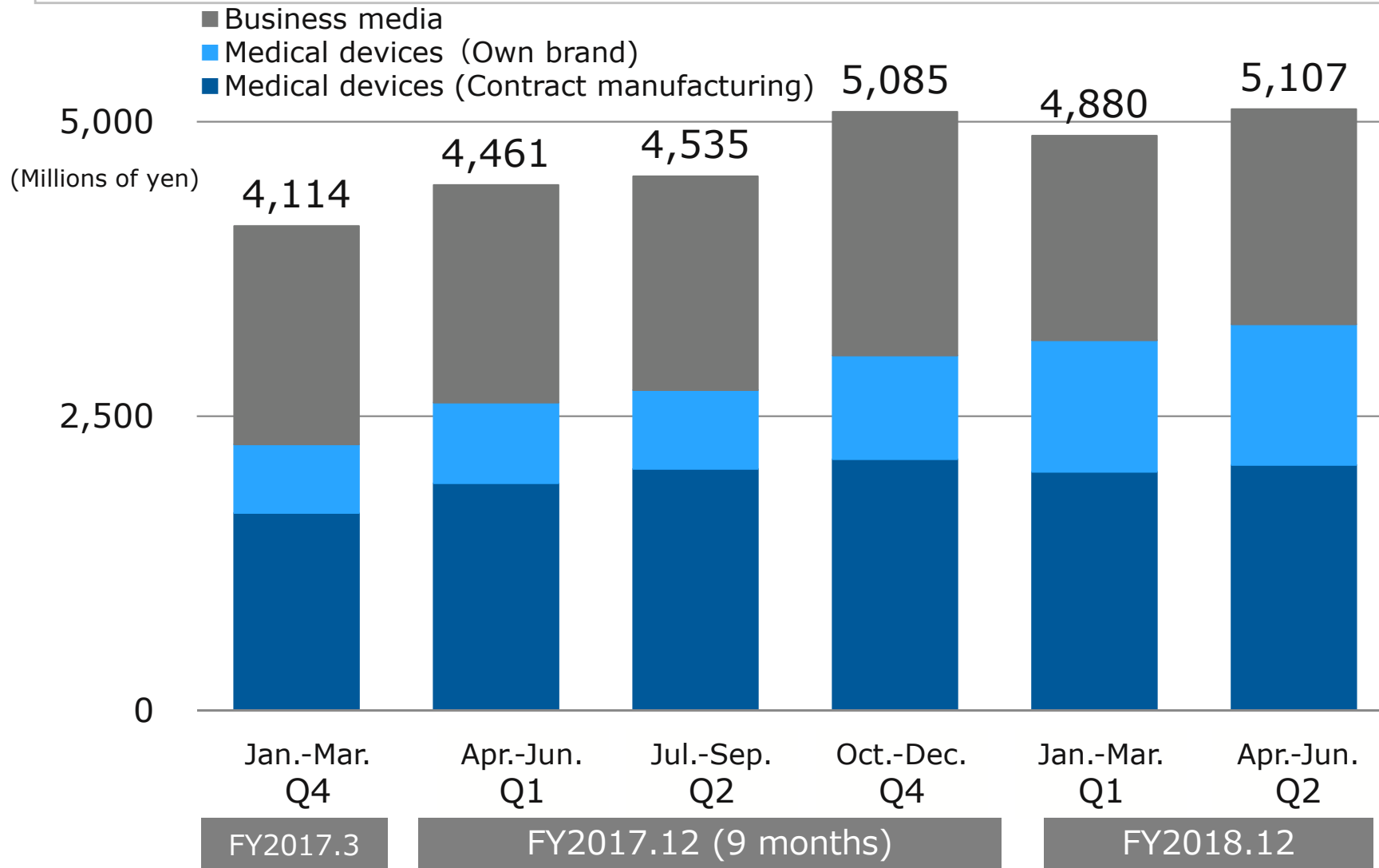


Medical Technologies

EMPOWERING YOUR VISION

Both Q1 and Q2 exceeded the previous year,
Expected annual sales of 20 billion yen

Net sales trend by application (By quarter)



Medical Technologies

Temporary expenses incurred in H1 for growth and optimization investments. EBITDA margin about 10% would have been secured, excluding temporary expenses

(Millions of yen)

	FY2018.12 Full year forecast	FY2018.12 H1 results	FY2018.12 H1 simulation excluding temporary costs
Net sales	20,000	9,987	9,987
EBITDA	2,300	806	※1,018
EBITDA margin	11.5%	8.1%	10.2% ✓

※The following temporary expenses is put on the results of EBITDA

Breakdown of temporary expenses in 2018 H1 (Millions of yen)

	Subjects	Effect on EBITDA
Growth investment	M&A related temporary expenses (acquired three companies in the US)	-116
Optimization	Temporary cost of integration of bases, etc. (Aggregate production bases in Europe into UK)	-96
Total		-212



Heart Sync, Inc.
Acquired in May 2018



Sequel Special Products, LLC
RSS Design, LLC
Acquired in June 2018

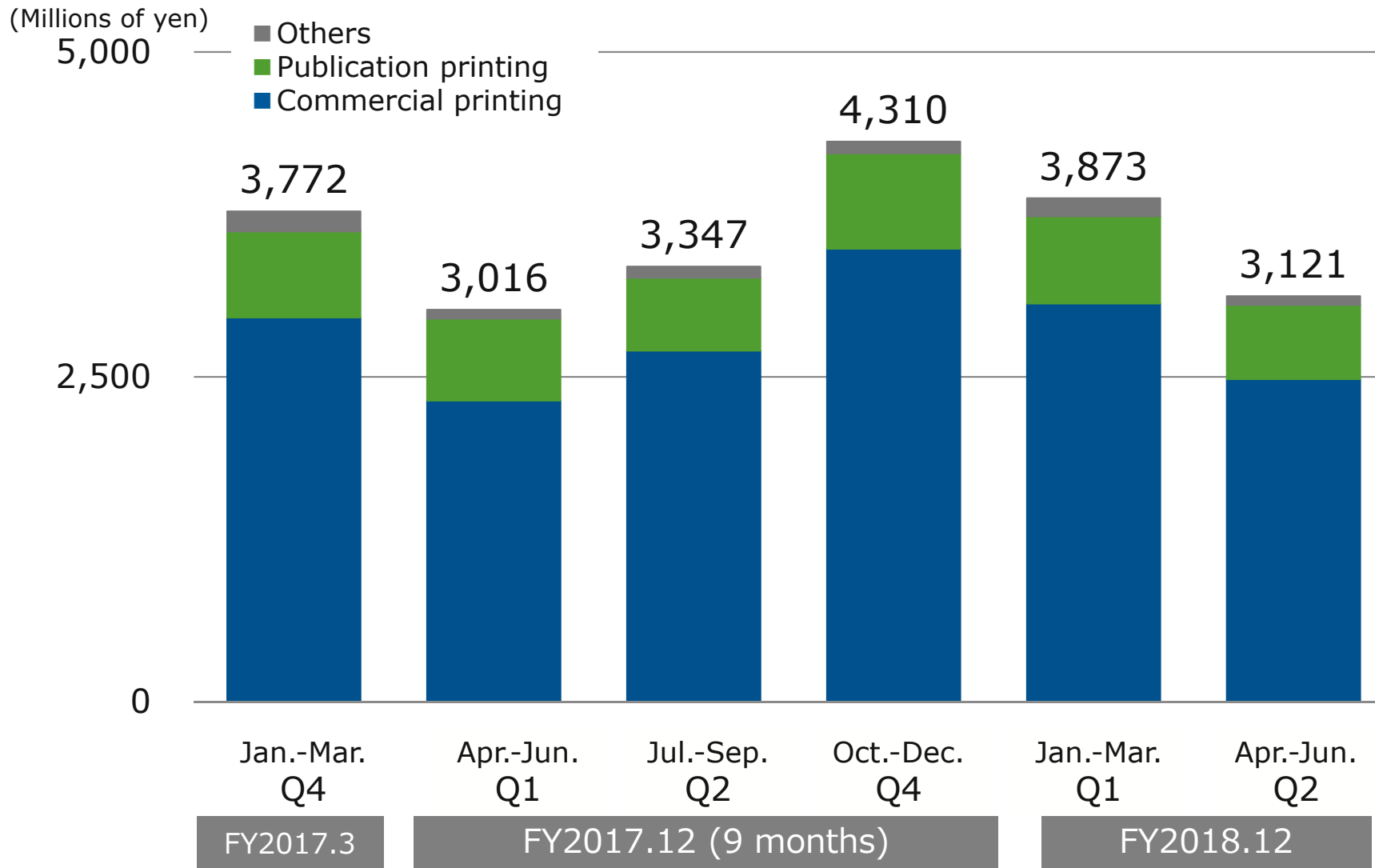


Torbay plant (UK)
Completion in May 2018

Information and Communication

Demand progressed mostly as forecasted

Net sales trend by application (By quarter)



FY2018.12 Full-year forecast (Revised forecast as of May 10) No change

(Millions of yen)

	FY2017.12 Full year (Jan.-Dec.)	FY2018.12 Full year (Jan.-Dec.) Forecast	YoY
Net Sales	193,481	217,000	+12.2%
Industrial Materials	49,409	50,300	+1.8%
Devices	111,084	131,800	+18.6%
Medical Technologies	18,195	20,000	+9.9%
Information and Communication	14,445	14,500	+0.4%
Others	347	400	+15.3%
EBITDA	15,100	20,000	+32.4%
EBITDA margin	7.8%	9.2%	+1.4pt
Industrial Materials	5,271	5,500	+4.3%
Devices	10,890	14,200	+30.4%
Medical Technologies	1,183	2,300	+94.3%
Information and Communication	- 233	200	Moved into the black
Others	- 2,011	- 2,200	-
Operating profit	4,004	10,200	+154.7%
Operating Profit Margin	2.1%	4.7%	+2.6pt
Ordinary profit	4,936	9,000	+82.3%
Net profit	2,681	7,000	+161.1%
Assumed forex	¥111/\$	¥110/\$	-

Reference: Capital investment, Depreciation, M&A investment, Amortization of goodwill, R&D cost

(Millions of yen)

	FY2018.12 Q1 (Jan.-Mar.) results	FY2018.12 Q2 (Apr.-Jun.) results
Capital investment	3,431	1,745
Depreciation cost	1,955	1,889
M&A investment	39	2,877
Amortization of goodwill	388	376
R&D cost	933	979

*The straight-line method has been used for the depreciation in the Company and its domestic consolidated subsidiaries since the first quarter ended March 31, 2018.



NISSHA
MEDICAL TECHNOLOGIES BUSINESS UNIT

Junya Suzuki
President and CEO

Sam Heleba
Senior Vice President
General Manager of Medical Technologies
Business Unit

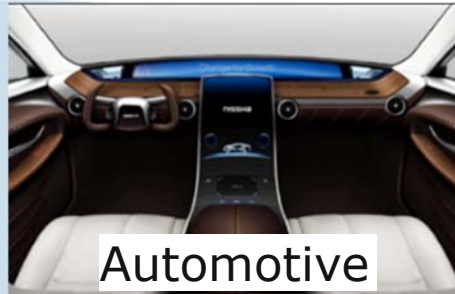
INVESTORS CONFERENCE August 2018

We realize the enrichment of people's lives with our technologies.

Market



IT



Automotive



Medical Devices



High-function packing materials

Product creation

Nissha's core technologies

Printing



Patterning



Coating



Laminating



Molding



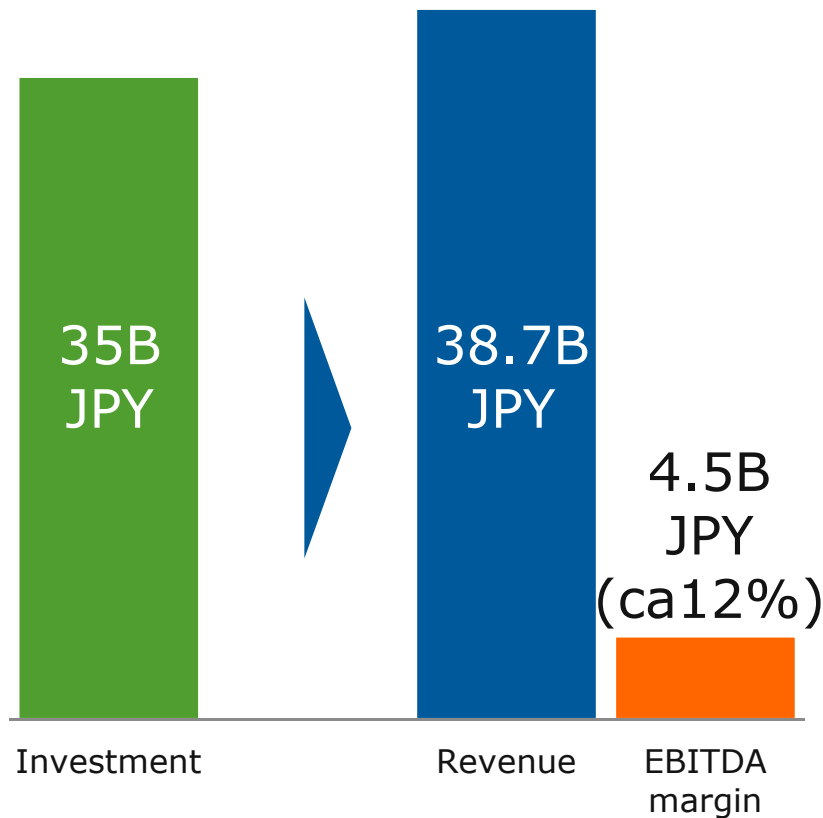
Our growth strategy

- Extension and integration of core technologies
- Making performance in global growing markets
- Time to Market (By M&A)

M&A exerts growth

- M&A investment in 2015-2017 was 35billion JPY and ROIC was 9%.

*ROIC on cash basis
 = EBITDA * (1-tax rate 30%) / Investment



※ Contribution to result (2017/Jan-Dec)



Medical Devices (Medical Technologies)



- Graphic Controls Group
 - Acquired: Sep 2016
 - Headquarters: US
- Integral Process
 - Acquired: Oct 2017
 - Headquarters: France

Automotive (Industrial Materials)



- Schuster Group
 - Acquired: Oct 2016
 - Headquarters: Germany

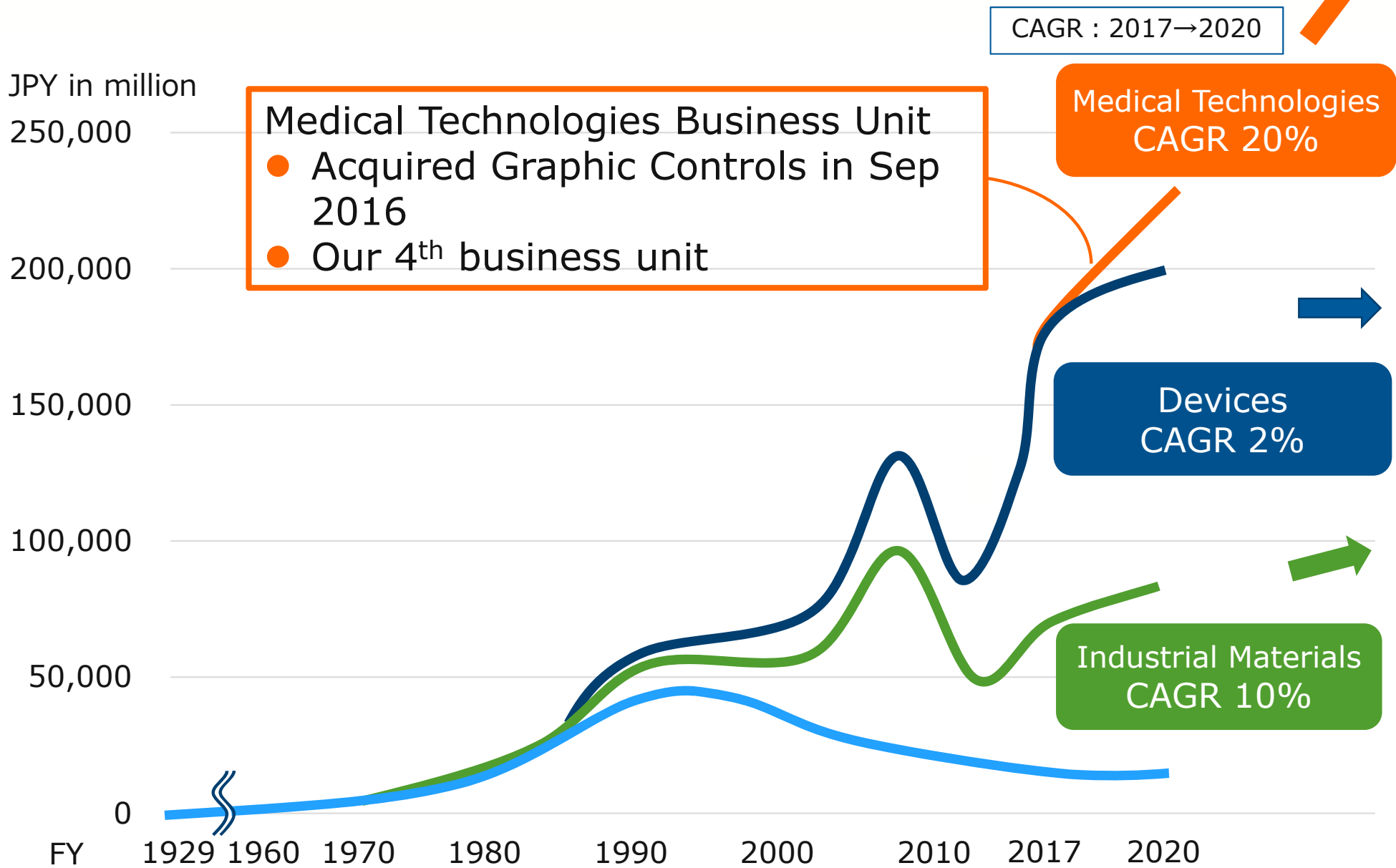
High-function Packing Materials (Industrial Materials)



- AR Metallizing Group
 - Acquired: Aug 2015
 - Headquarters: Belgium
- Málaga
 - Acquired: Dec 2015
 - Headquarters: Brazil

*The revenue of acquired companies during 2017 is converted into yearly revenue.

High expectation for the growth Medical Technologies Business Unit



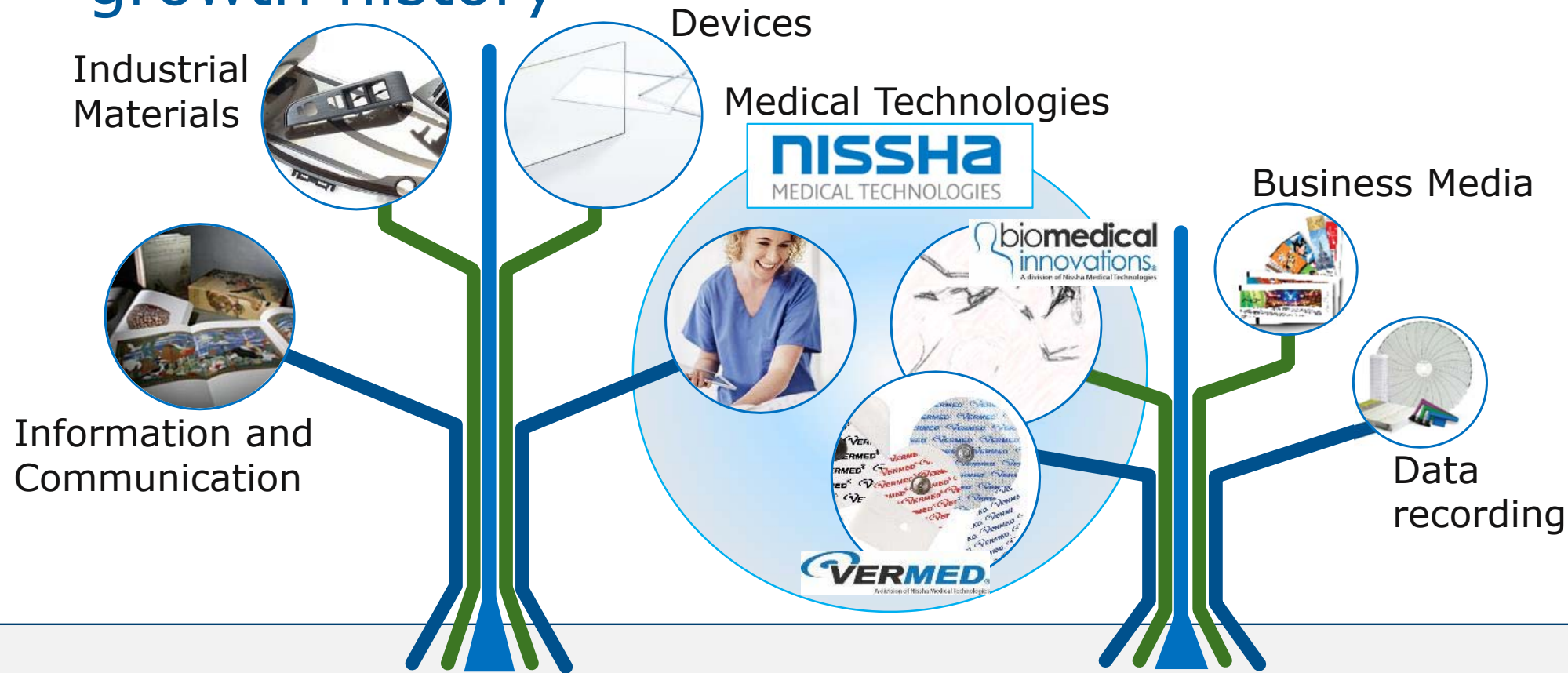
Why Graphic Controls? (Center firm of Medical Technologies)

● DNA

- Core technologies
- Growth by transformation
- M&A capability



Common core technologies and similar **NISSHA** growth history



- Printing
- Coating
- Laminating
- Molding
- Patterning

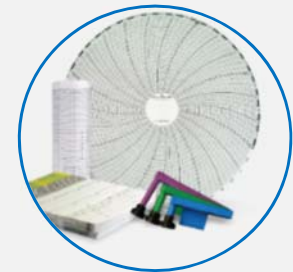


NISSHA

Printing since 1929



Printing since 1909



Medical Technologies management team with business experience around 150 years



SAM HELEBA

Senior Vice President / NISSHA
 上席執行役員 メディカルテクノロジー事業部長
General Manager / NISSHA Medical Technologies
President & CEO / Graphic Controls Holdings

Business experience 27yrs



STEVE OKUMURA

Deputy General Manager
 メディカルテクノロジー副事業部長
 NISSHA Medical Technologies

Business experience 9yrs



Business experience 25yrs

DR. MICHAEL GAGLIO
*Executive Vice President &
 General Manager -
 Vermed*



Business experience 22yrs

BRANDON HOFFMAN
*Senior Vice President &
 General Manager -
 Biomedical Innovations*



Business experience 51yrs

JOHN SHIELDS
Senior Vice President



Business experience 12yrs

JONATHON CASEY
*Managing Director -
 UK, Europe, Rest of World*



NISSHA

MEDICAL TECHNOLOGIES
BUSINESS UNIT
("MTBU")

NISSHA

MEDICAL TECHNOLOGIES

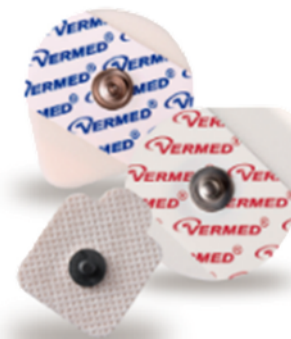
Medical Devices



Medical device design,
development & contract
manufacturing services



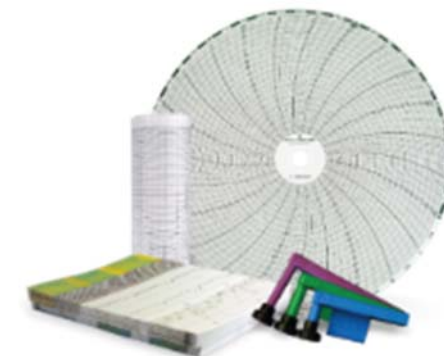
Innovative consumable
medical products direct to
hospitals and distributors



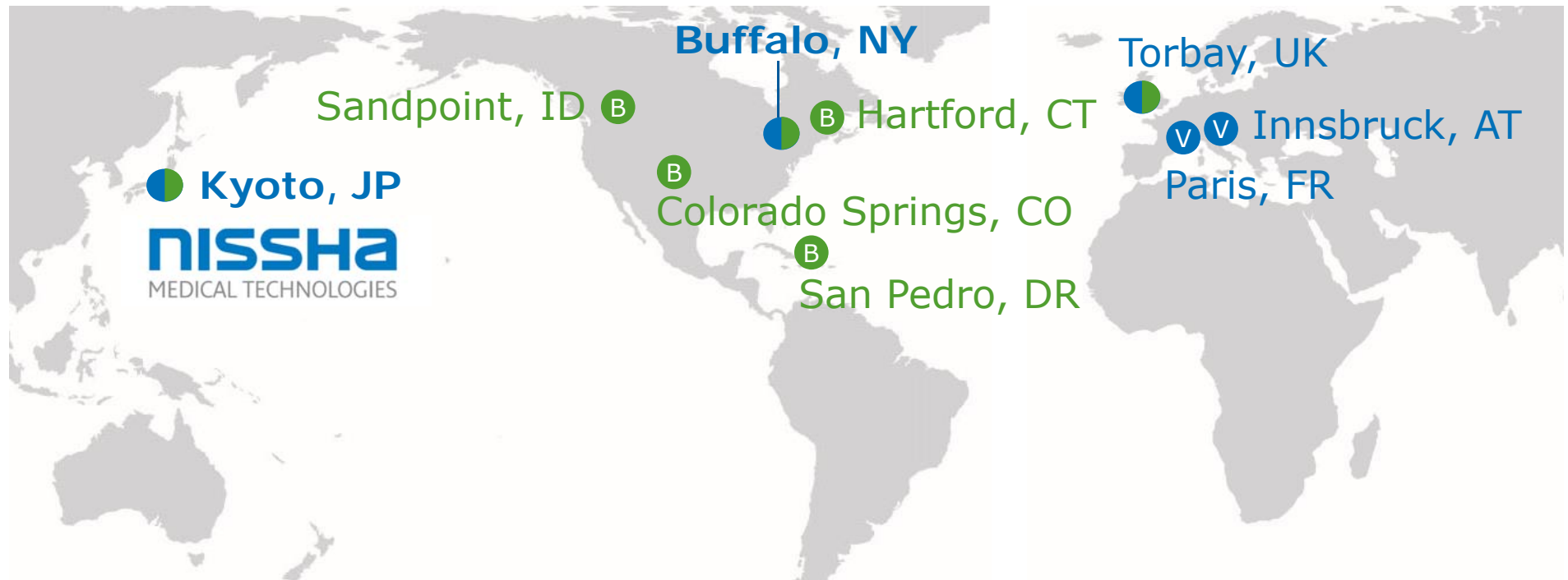
Business Media



Industrial charts and
markers



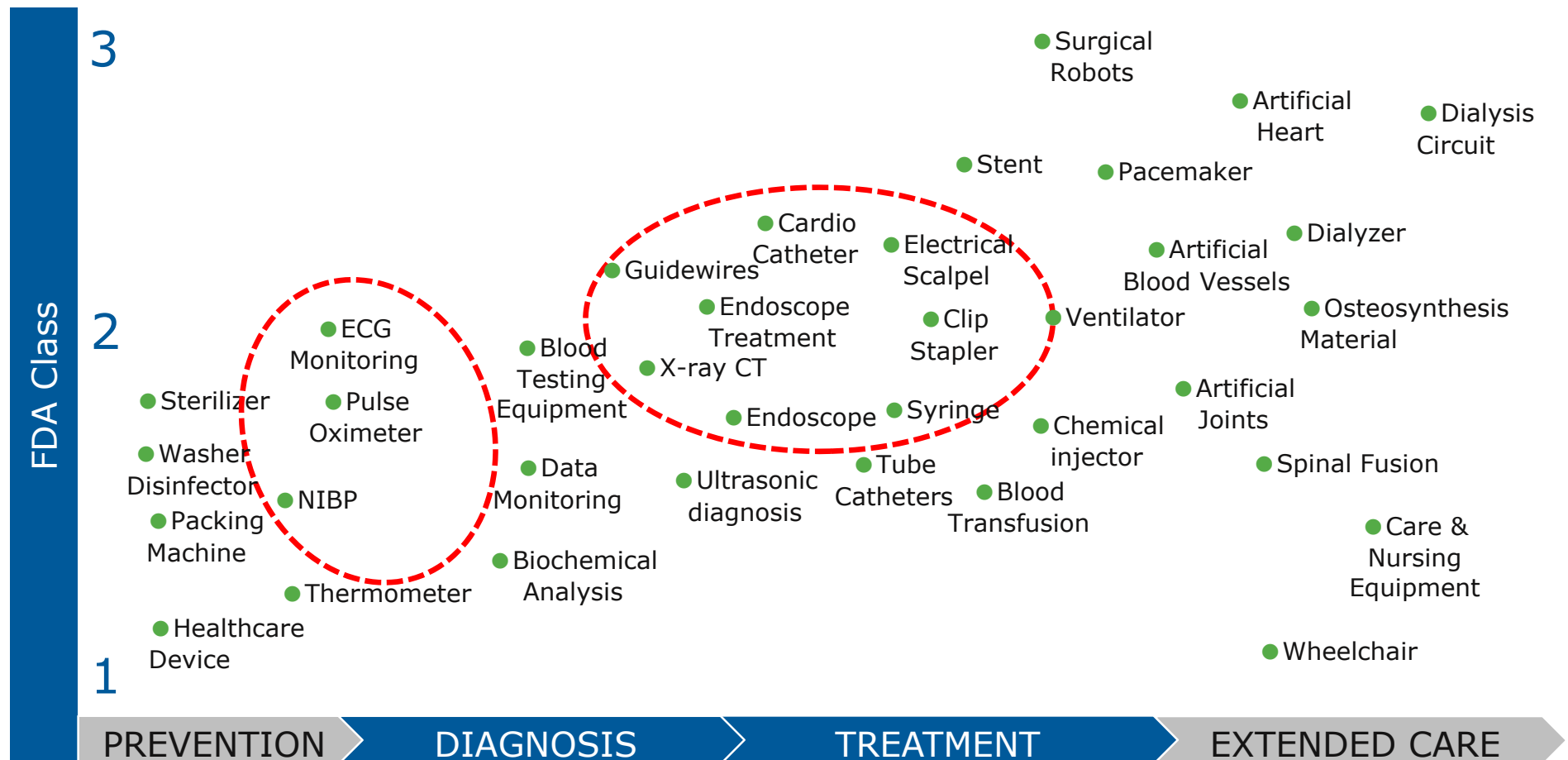
Global Medical Footprint Over 1,300 Associates



MTBU Pillars of Growth Sustainable, Global & Scalable



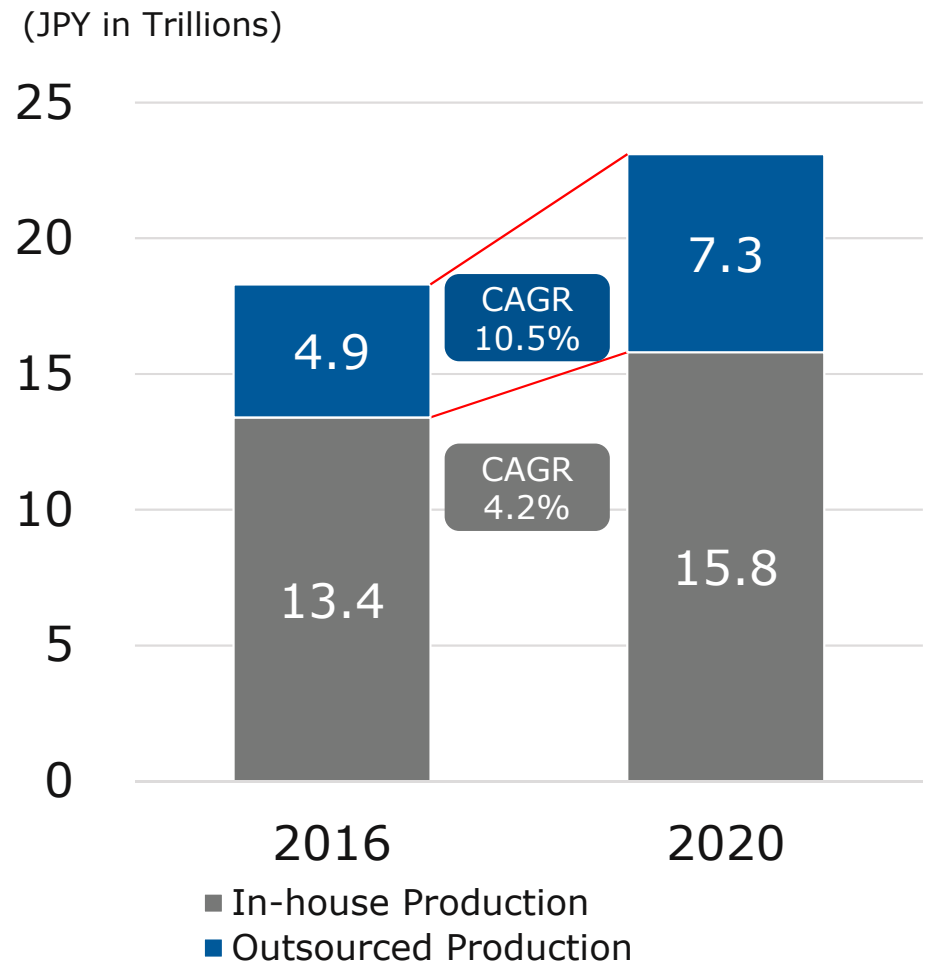
Target Segments Cardiology & Acute Care Consumables



Medical Device Market Trend Increasing Opportunities

OEMs are turning toward manufacturers to consolidate and outsource more product lines.

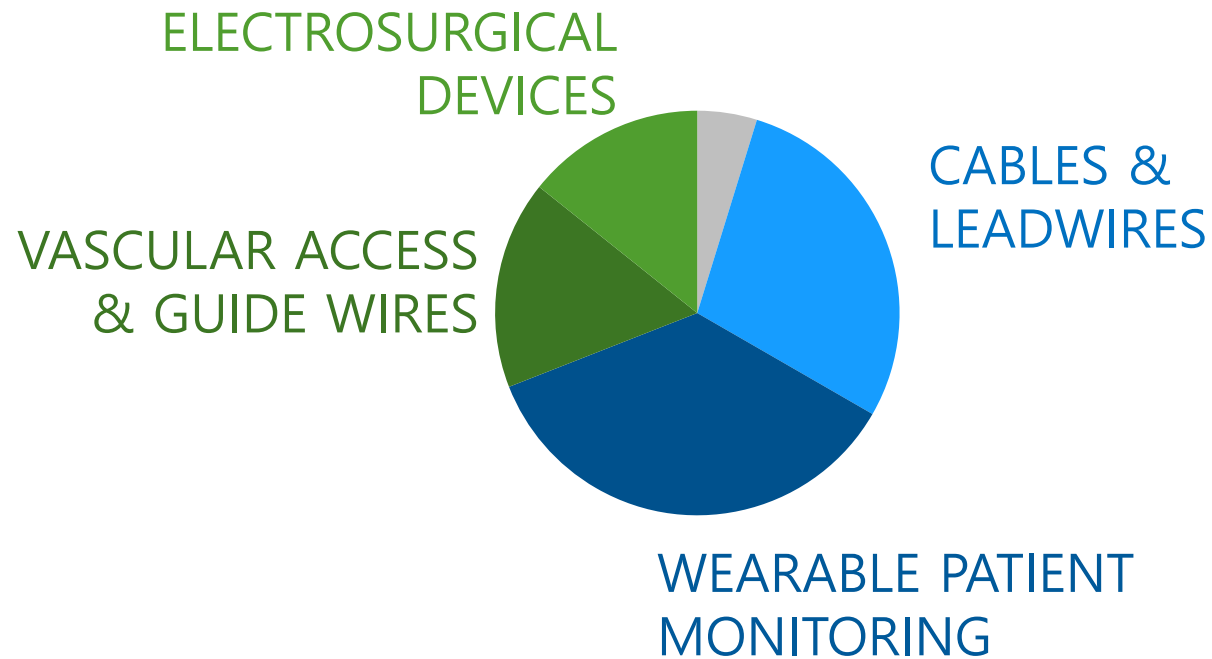
We are highly sought after with vertically integrated technologies and paths of manufacturing optimization.



Source: P&M Corporate Finance

Building Technical Devices for OEMs

In high CAGR Sectors for Loyal Customers



Partnering with many of the Top OEMs

Medtronic

Johnson & Johnson

SIEMENS

stryker

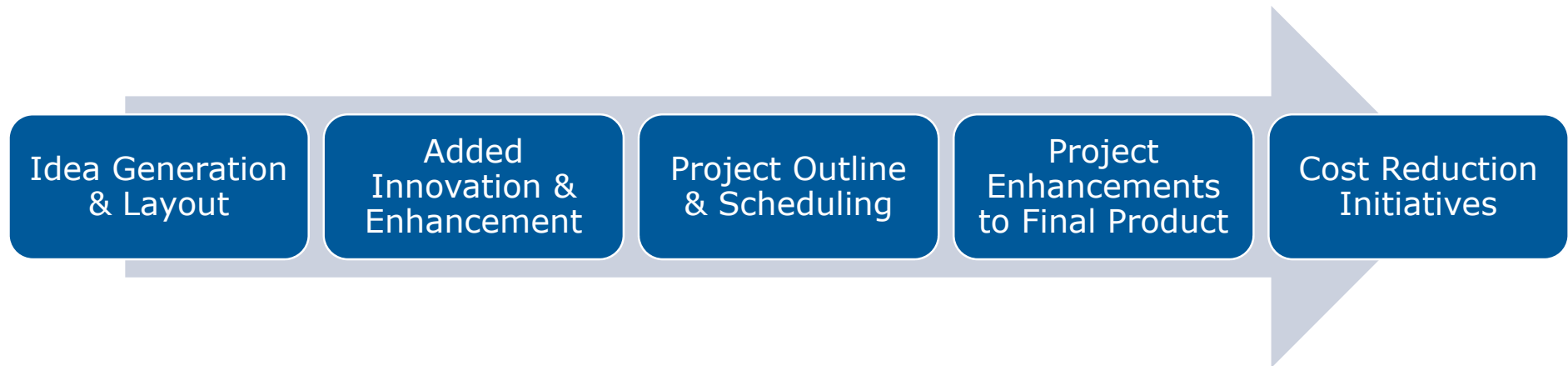
PHILIPS

Boston
Scientific



The OEM trademarks identified herein are the trademarks of the respective OEMs, and not those of Nissha or any subsidiaries thereof. Nissha disclaims any affiliation, connection or association between its products or services and those of the respective OEMs.

One Partner – Design, Development & Manufacturing



Paths of Optimization

MANUAL ASSEMBLY



SEMI-AUTOMATION

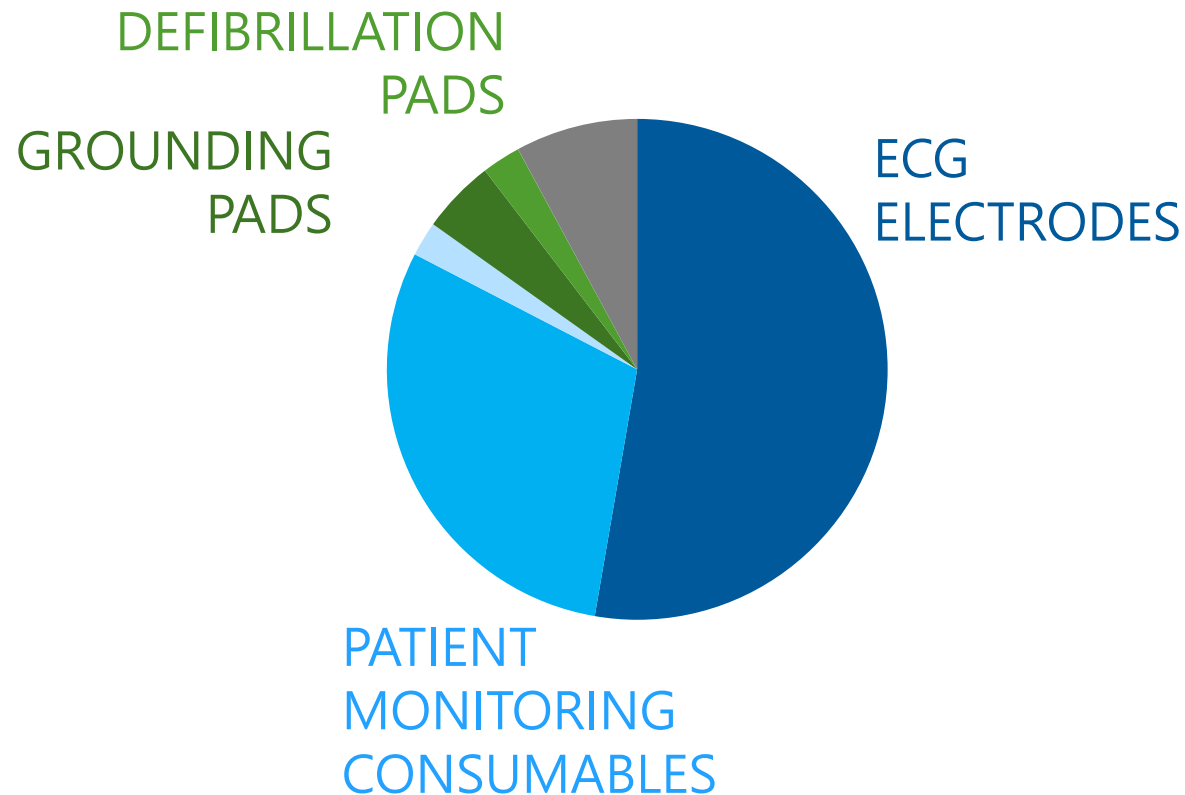


FULL-AUTOMATION





Specialty Consumables Advancing Patient Care at Top Hospitals A Diverse & Growing Product Portfolio with a Stable CAGR



Transferring Acquired Technology Worldwide

CLARAVUE™

CLARAVUE is the only disposable, pre-wired patient monitoring kit that is radiolucent, boasting the highest quality trace for Electrophysiology and Cardiology. CLARAVUE works with a Bioactive Adapter Trunk Cable. CLARAVUE is quick to connect and can be worn after a procedure for up-to five days for continued patient monitoring in the hospital. CLARAVUE is fully repositionable, featuring a 5-day wear time. Our 12 Lead Patient Kit is perfect for patients moving from EP / Cath to Vis. Just remove the V lead set and keep on the limb leads.

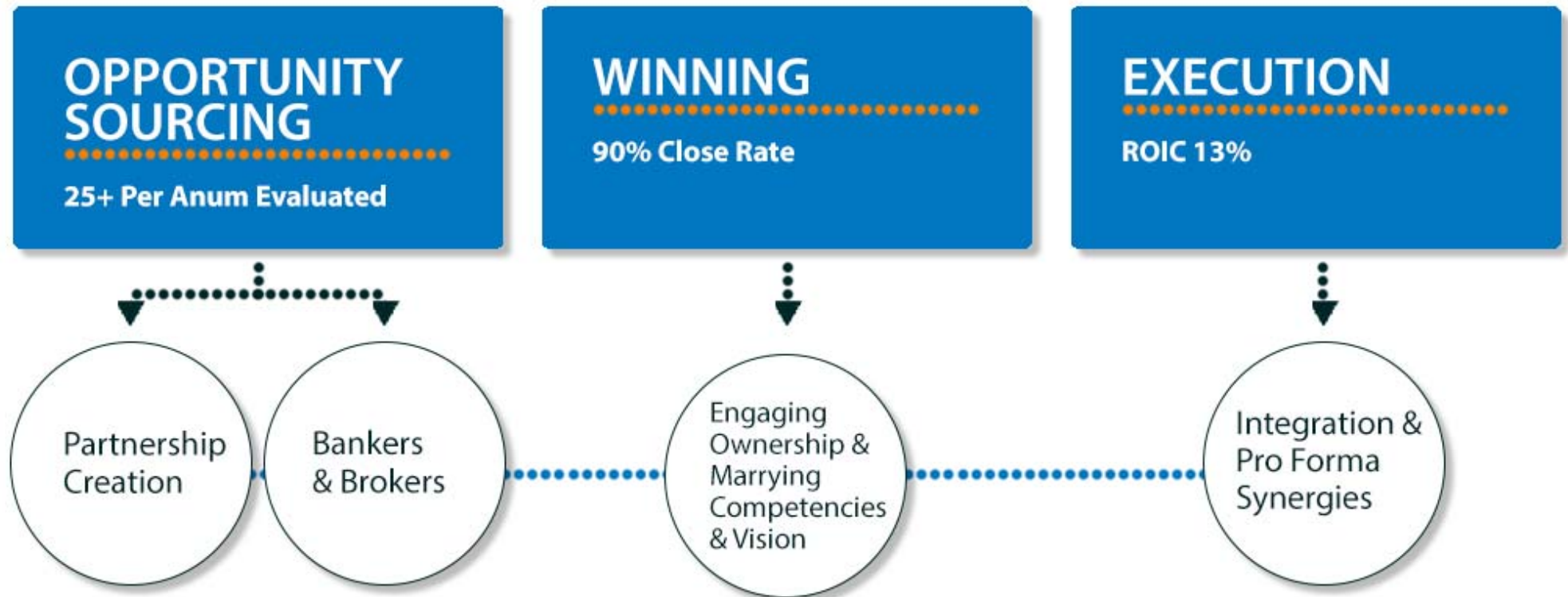


Graphic Controls has an excellent track record of acquiring and integrating companies. **Completing 7 medical device acquisitions worldwide in just 8 years.**



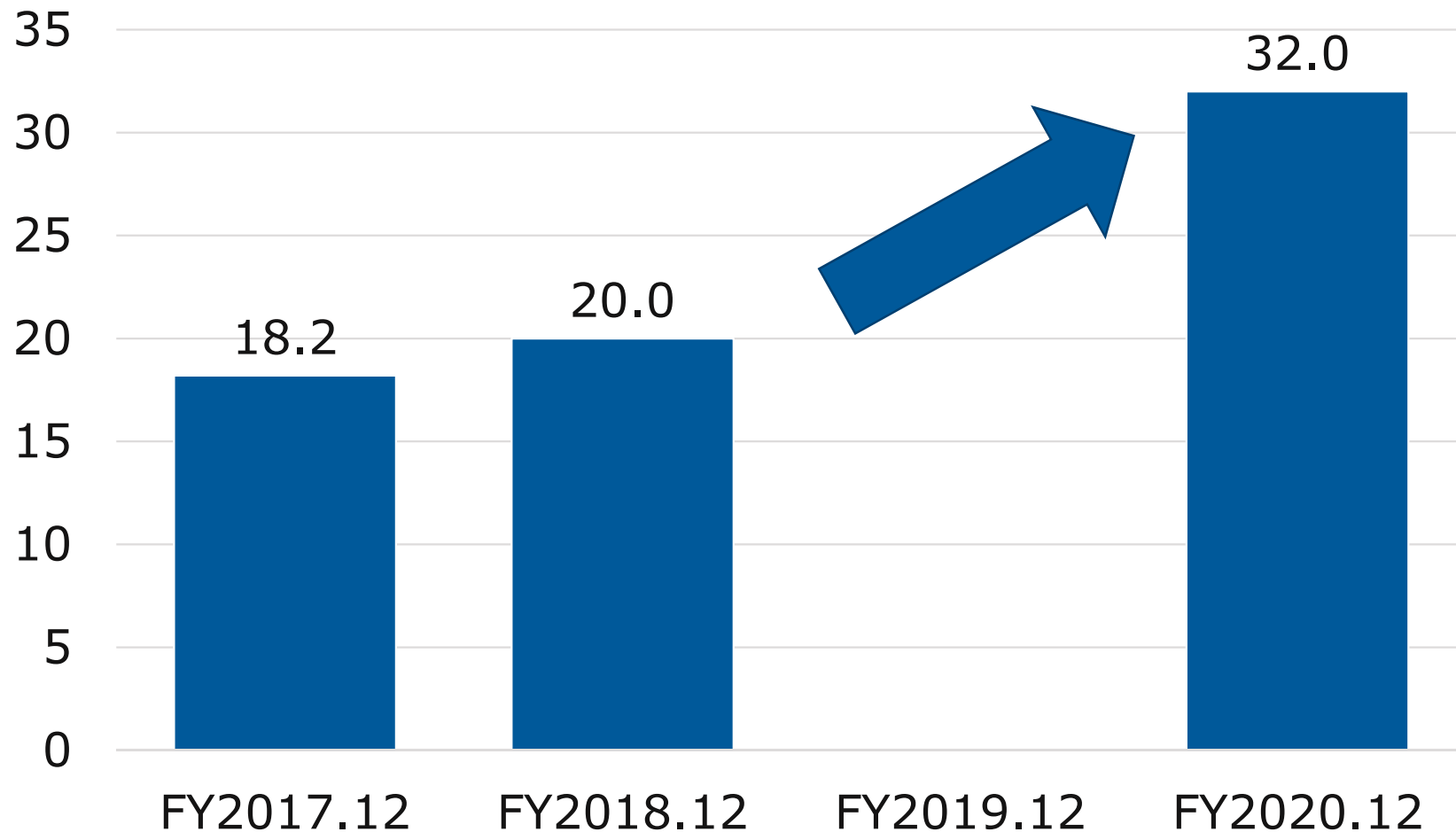


M&A Discipline A Proven Process



Medical Technologies Business Unit Mid-term Vision

(JPY in Billions)

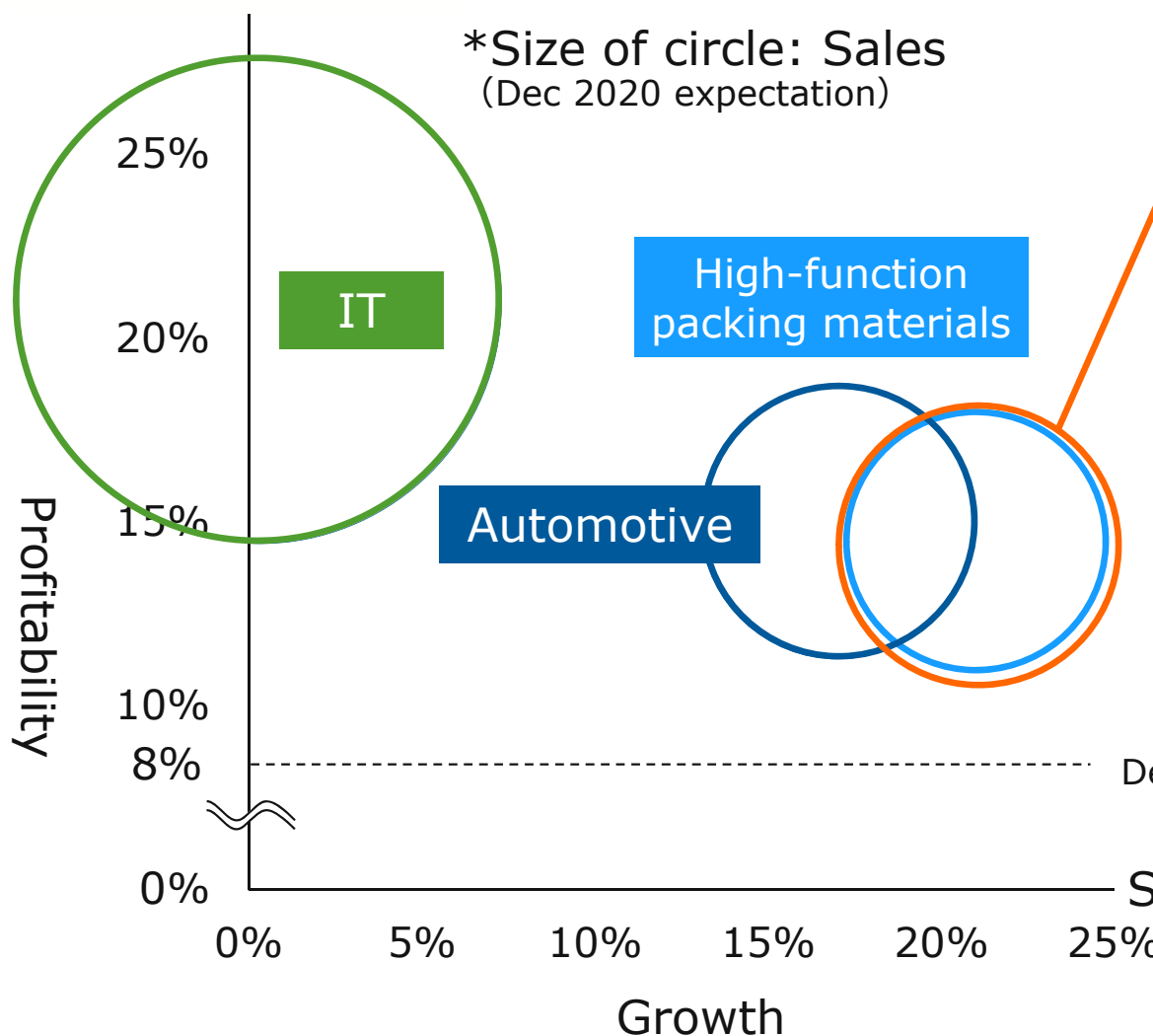




NISSHA
CLOSING

Medical Technologies Business Unit Mid-term Vision

EBITDA margin
(2020/12)



**Medical Devices =
Medical Technologies**

Sales	32
Sales CAGR (2017/12~2020/12)	20.7%
EBITDA	4.5
EBITDA margin	14.1%
M&A investment budget (2018/12~2020/12)	8~10

(JPY in Billions)

Dec 2017 Nissha EBITDA ratio (consolidated)

Sales CAGR (Dec 2017→ Dec2020)

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