

The logo for Nissha Co., Ltd. is displayed in a bold, white, sans-serif font. The letters are closely spaced, and the 'i' and 's' in 'Nissha' are particularly prominent. The background of the slide is a blue-tinted photograph of a modern glass-walled building with a grid-like structure.

NISSHA

Financial Results for
FY2018.12 Q3
Ended September 30, 2018

November 7, 2018
Junya Suzuki
President and CEO
Nissha Co., Ltd

Highlights

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FY2018.12 Q3 Results

- Devices sales recovered sharply (Record-high quarterly sales)
 - Devices: Operating profit exceeded 15%
 - Production for 2018 models quickly moved into full swing mode with good yield ratio from the beginning, and contributed to generating profits
 - Demand has been pushed backward from Q3 to Q4, but total expected demand is unchanged through the second half
 - Industrial Materials: Demand for automotive was solid, while demand for metallized paper fell slightly short of the projection
 - Medical Technologies: The operating results of the acquired companies started to contribute from Q3. PMI is ongoing all well.

FY2018.12 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
 - Revised breakdown by Business Unit

Topics

- Announced the business restructuring of Information and Communication (September 4, 2018)
- Announced Acquisition of Treasury Stock (November 7, 2018)

FY2018.12 Q3 Accumulated (9 months) results

Net Sales hit a record-high (Jan-Sep)

(Millions of yen)

	FY2017.12 Jan.-Sep. results	FY2018.12 Jan-Sep results	YoY
Net Sales	128,978	✓ 140,860	+9.2%
Industrial Materials	36,320	34,518	-5.0%
Devices	69,167	80,041	✓ +15.7%
Medical Technologies	13,110	16,015	✓ +22.2%
Information and Communication	10,135	9,961	-1.7%
Others	243	322	+32.5%
EBITDA	7,748	8,966	+15.7%
EBITDA margin	6.0%	6.4%	+0.4pt
Operating profit	- 434	1,958	Move into the black
Operating profit margin	-0.3%	1.4%	+1.7pt
Ordinary profit	- 426	1,395	Move into the black
Net profit	- 2,211	451	Move into the black
Forex	¥111/\$	¥109/\$	

FY2018.12 Q3 Results

Net Sales increased, profitability improved greatly

(Millions of yen)

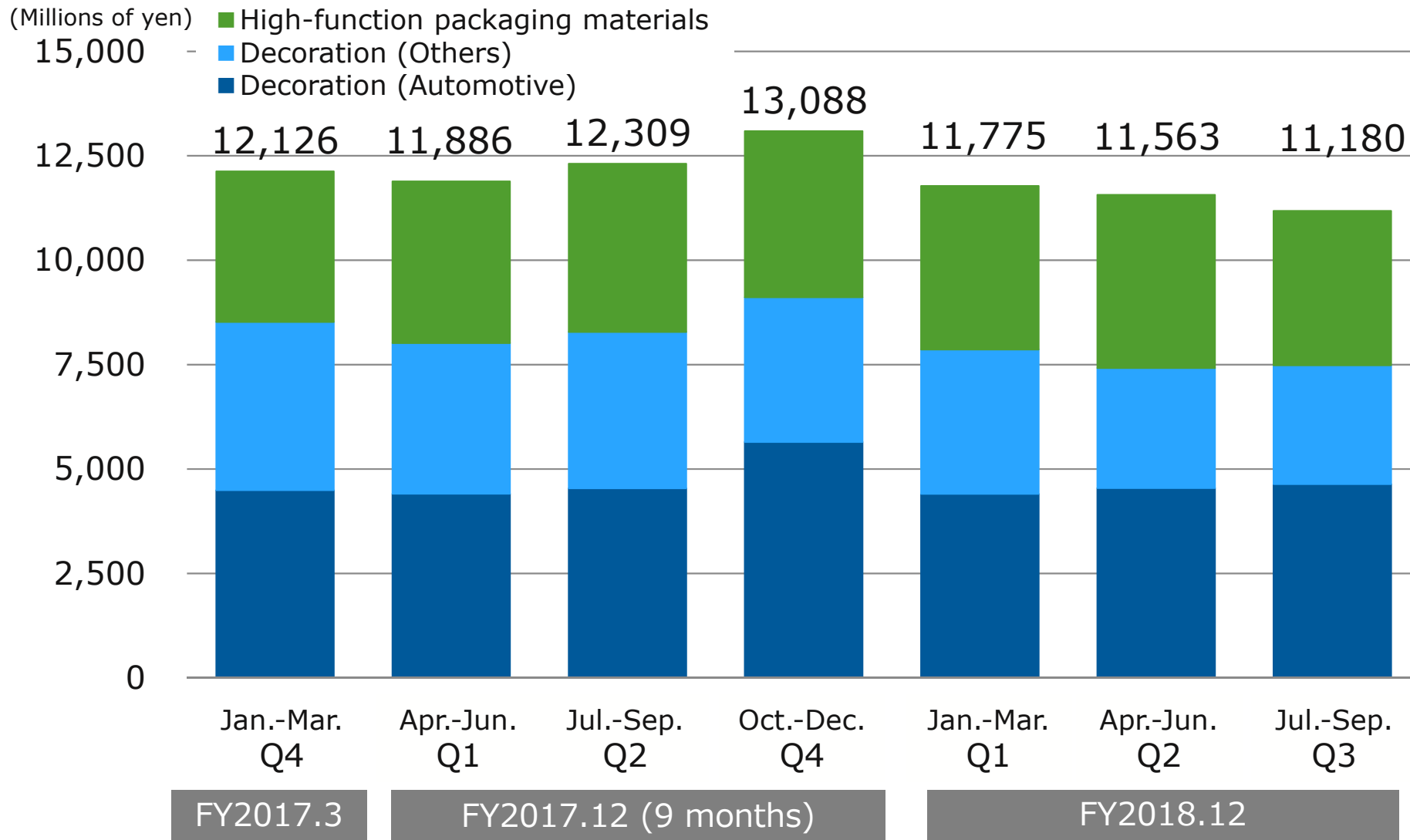
	FY2018.12 Jan.-Mar. (Q1) results	FY2018.12 Apr.-Jun. (Q2) results	FY2018.12 Jul.-Sep. (Q3) results	QoQ
Net Sales	36,314	36,228	68,318	+88.6%
Industrial Materials	11,775	11,563	11,180	- 3.3%
Devices	15,687	16,325	48,029	✓ +194.2%
Medical Technologies	4,880	5,107	6,028	✓ +18.0%
Information and Communication	3,873	3,121	2,967	- 4.9%
Others	97	112	113	+0.9%
EBITDA	515	- 383	8,834	Move into the black
EBITDA margin	1.4%	-1.1%	✓ 12.9%	+14.0pt
Operating profit	- 1,829	- 2,647	6,434	Move into the black
Operating profit margin	-5.0%	-7.3%	✓ 9.4%	+16.7pt
Ordinary profit	- 3,663	- 2,291	7,349	Move into the black
Net profit	- 3,612	- 3,142	7,205	Move into the black
Forex	¥ 109/\$	¥107/\$	¥110/\$	

Industrial Materials

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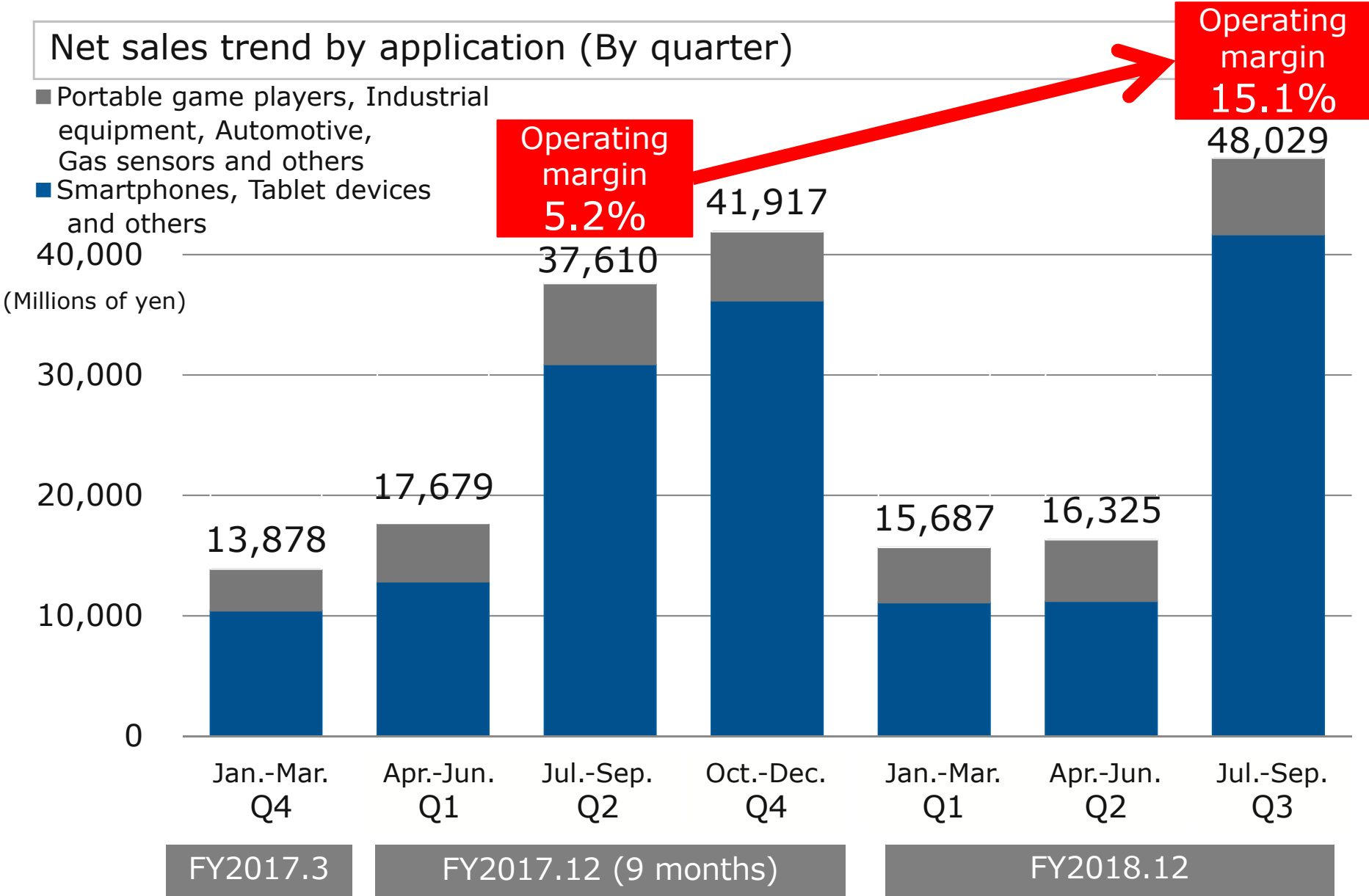
Progressed steadily for automotive and others were somewhat weak

Net sales trend by application (By quarter)



Devices

Production launch of 2018 models was great



JV with Lens Technology

As "4th factory" with Nissha technologies is close to be ready



- Supported by Nissha engineers
- Yield and quality are already equivalent to Japan
- Started more difficult prototype. Good progress so far

 Mass production start and financial contribution expected in 2019

- Changsha, Hunan, China
- A part of Changsha site of Lens Technology
- Total floor area 47,000 m²
- Size beyond Nissha's Kaga factory
- Equipped with the same production devices as NISSHA

✓ • Pilot run

High potentiality for some models

✓ • Setup of the factory

✓ • November 8, 2017 Agreement of the JV

✓ • Equipment installation



FY2017
nissha

FY2018

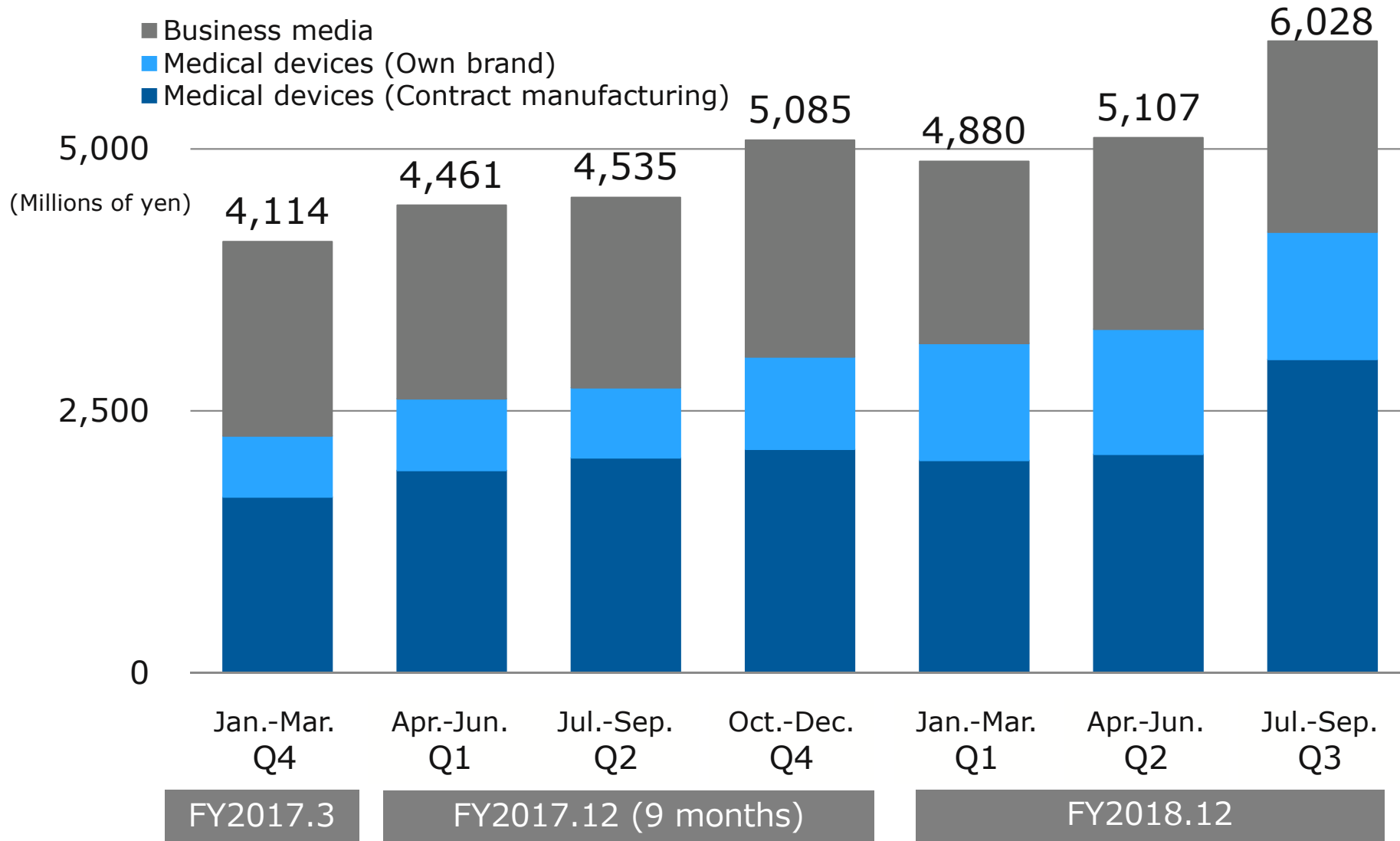
FY2019

Medical Technologies

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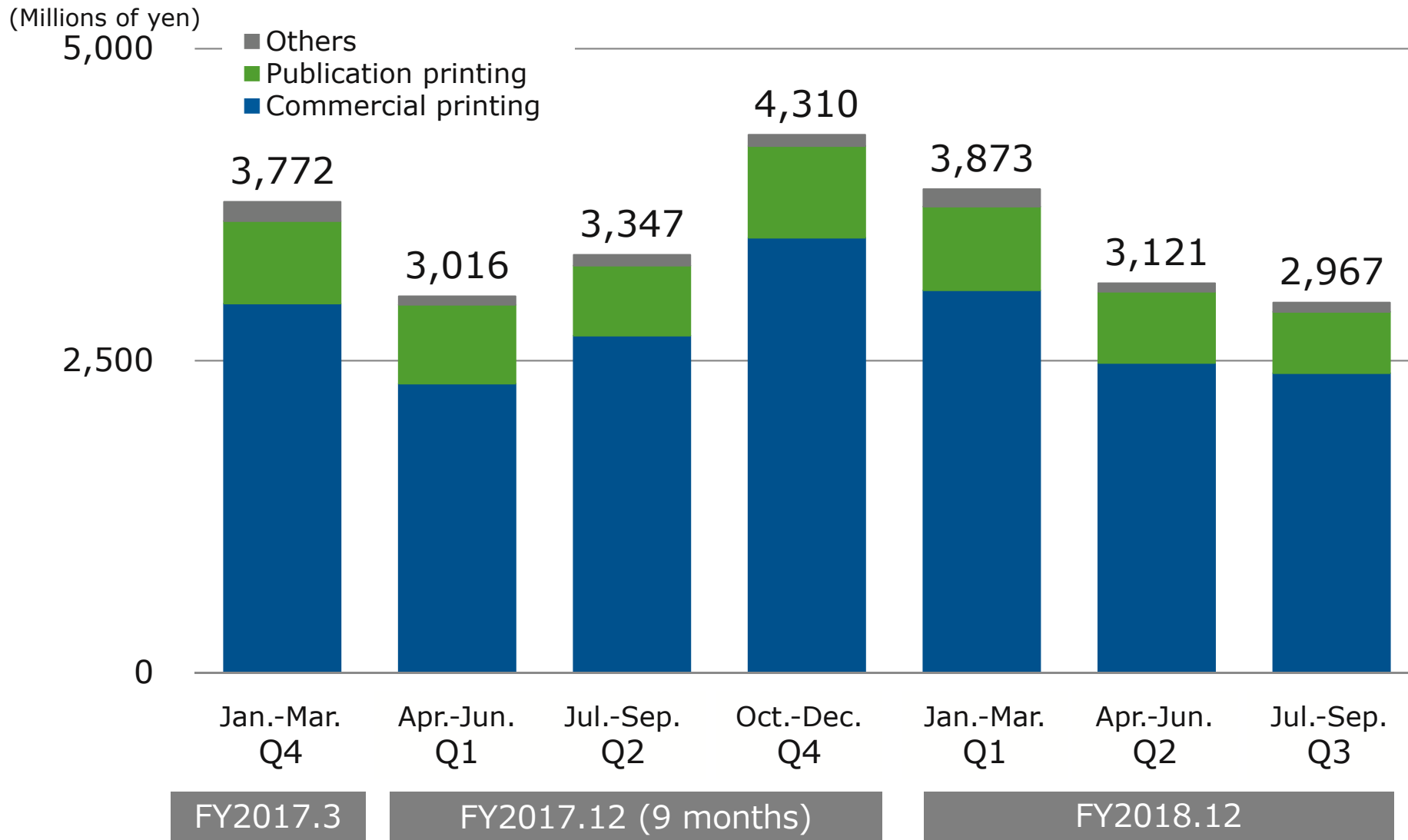
Results of the companies acquired in the 1st half started to be consolidated and PMI is ongoing all well

Net sales trend by application (By quarter)



Information and Communication

Net sales trend by application (By quarter)



Announced the transfer of Information and Communication business in Tokyo area (September 4, 2018)

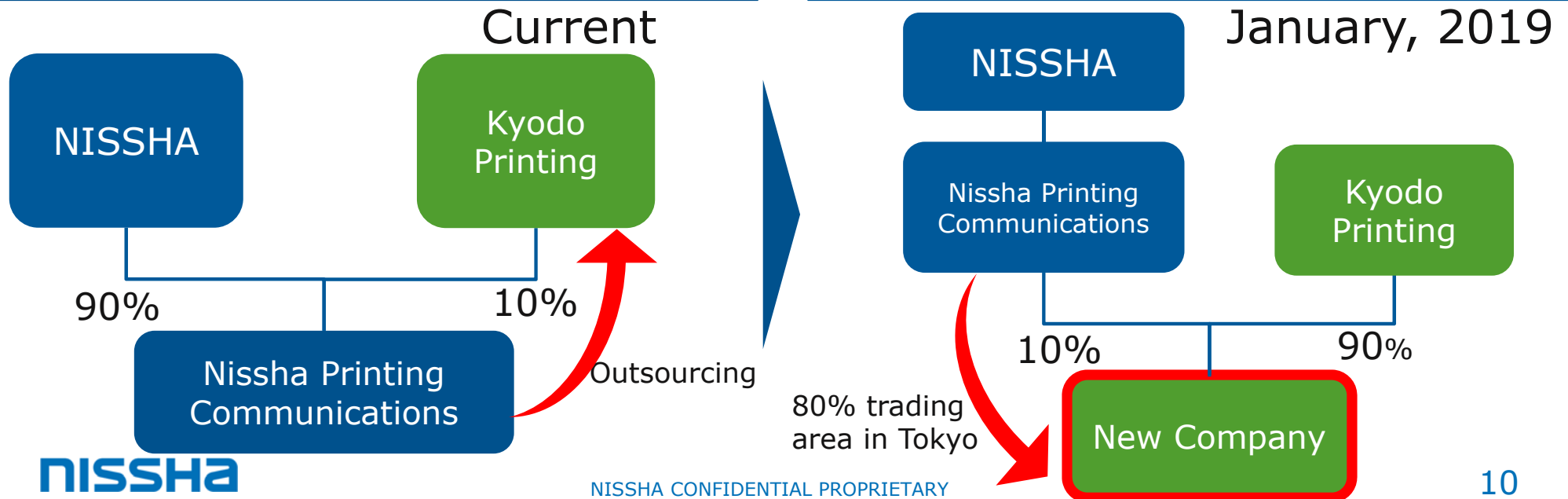
Although the scale of the business shrinks, ROIC is expected to exceed the cost of capital

Transfer scheme

- Nissha Printing Communications, Inc. (spun off in July 2015) will establish a new company
- About 80% (about 7 billion yen) of the trading area in Tokyo will be divided into the new company
- In January 2019, 90% of shares will be transferred to Kyodo Printing

Focus on ROIC

- Pursue profitability and efficiency rather than sales
- Concentrate on strengths (high definition, high quality printing)
- Reduction of invested assets by consolidating of the factories, etc



FY2018.12 Full-year forecast is unchanged

Revised only breakdown by Business Unit

※ revised part
(Millions of yen)

	FY2017.12 Full Year (Jan.-Dec.)	FY2018.12 Full Year (Jan.-Dec.) Previous forecast	FY2018.12 Full Year (Jan.-Dec.) Revised forecast	YoY
Net Sales	193,481	217,000	217,000	+12.2%
Industrial Materials	49,409	50,300	48,300	- 2.2%
Devices	111,084	131,800	131,800	+18.6%
Medical Technologies	18,195	20,000	22,000	+20.9%
Information and Communication	14,445	14,500	14,500	+0.4%
Others	347	400	400	+15.3%
EBITDA	15,100	20,000	20,000	+32.4%
EBITDA margin	7.8%	9.2%	9.2%	+1.4pt
Industrial Materials	5,271	5,500	4,700	- 10.8%
Devices	10,890	14,200	15,400	+41.4%
Medical Technologies	1,183	2,300	2,000	+69.1%
Information and Communication	- 233	200	100	Move into the black
Others	- 2,011	- 2,200	- 2,200	-
Operating profit	4,004	10,200	10,200	+154.7%
Operating profit margin	2.1%	4.7%	4.7%	+2.6pt
Ordinary profit	4,936	9,000	9,000	+82.3%
Net profit	2,681	7,000	7,000	+161.1%
Assumed forex	¥111/\$	¥110/\$	¥110/\$	-

Announced Acquisition of Treasury Stock

- Acquisition of treasury stock for the second time this term.

For shareholder return and improvement of capital efficiency

First time		Second time	
Acquisition date	February 15, 2018	Share acquisition period	November 8, 2018-December 20, 2018
Total acquisition price of shares	¥715,737,600 (result)	Total acquisition price of shares	Up to ¥1,000,000,000
The number of shares acquired	294,300 shares (result)	The number of shares to be acquired	Up to 700,000 shares
	Ratio to the total number of common shares issued (excluding treasury stock) 0.58%		Ratio to the total number of common shares issued (excluding treasury stock) 1.39%
Total number of common shares issued (excluding treasury stock)	50,638,059 shares (as of December 31, 2017)	Total number of common shares issued (excluding treasury stock)	50,439,546 shares (as of September 30, 2018)

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	FY2018.12 Q3 (Jul.-Sep.) results
Capital investment	3,431	1,745	3,485
Depreciation cost	1,955	1,889	1,937
M&A investment	39	2,877	79
Amortization of goodwill	388	376	460
R&D cost	933	979	878

*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.

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