



Financial Results for the Second Quarter Ended September 30, 2013

November 6, 2013

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Notes: 1. In this presentation, "FY2014" refers to the year ended March 31, 2014.
2. The results and forecast presented on these materials are all consolidated basis except as otherwise noted.

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Highlights (1)



FY2014 H1 Results

- Status changed from quarter to quarter.
- Q1: Weak demand for Devices made an impact on sales and profit.
- Q2: Run in the black.
 - Industrial Materials: Returned to the black by volume effect and fixed cost optimization (workforce shift to Devices).
 - Devices: Returned to the black by volume effect.
 - Ramp up for production increasing in Kaga Factory completed.
 - Production volume for photolithography process largely increased, but lower than originally expected.
 - Game consoles progressed steadily.
- H1: Sales did not achieve the plan. Operating loss was narrowed due to volume effect in Devices.

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Highlights (2)

Forecast for FY2014 H2

- Q3: Though in the period of peak demand for Devices, demand to be weaker than originally planned.
- Q4: Demand for Devices severely declines.
- Business forecast was downwardly-revised, reflecting the status above and lower sales in H1.
 - Industrial Materials: Demand slow down for notebook PC
 - Devices: Demand fluctuation for photolithography process. Game consoles also seems to be decelerated.
 - Retain full-year surplus by ongoing optimization of fixed cost and reduction of variable cost and expenses.

Toward FY2015

- Industrial Materials: Establish lean production structure. Increase the demand for automotive.
- Devices: Expand customers and products for photolithography process. Provide a new market value with diversified combination of materials and processes.
- Enhance business and product portfolio reorganization utilizing M&A
 - Accelerate to reduce the demand fluctuation risk.

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FY2014 H1: Sales not attained, deficit reduced

FY2014 Q2 accumulated (April-September) results

(Millions of Yen)

		FY2013 H1 Result	FY2014 H1 Forecast	FY2014 H1 Result	YoY	Vs. forecast
Net Sales		36,486	53,000	49,282	+35.1%	-7.0%
Operating Income		-5,080	-3,500	-2,813	-	-
OPM		-13.9%	-6.6%	-5.7%	+8.2pt	+0.9pt
Ordinary Income		-5,870	-3,300	-1,126	-	-
Net Income		-6,320	-4,000	-1,587	-	-
Net Sales by Business Segment	Industrial Materials	14,903	-	13,363	-10.3%	-
	Devices	12,968	-	27,475	+111.9%	-
	Information and Communication and Others	8,614	-	8,442	-2.0%	-
Operating Income by Business Segment	Industrial Materials	330	-	-278	-	-
	Devices	-2,777	-	-215	-	-
	Information and Communication and Others	29	-	-359	-	-
	Reconciliations	-2,662	-	-1,960	-	-

*Based on a new standard, a part of expenses, formerly included in corporate expenses, allocated to each business segment from FY2014.

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FY2014 Q2 Returned to the black

FY2014 Q2 (July-September) results

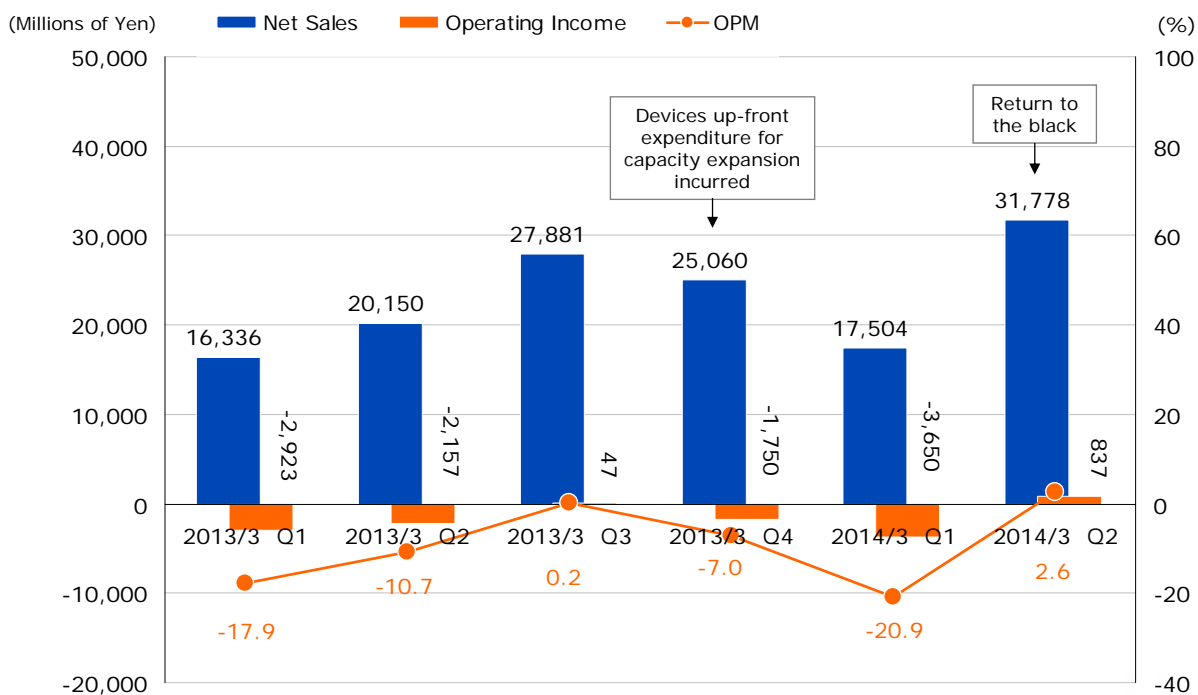
(Millions of Yen)

	FY2013 Q2 Result	FY2014 Q1 Result	FY2014 Q2 Result	YoY (vs. FY2013 Q2)	QoQ (vs. FY2014 Q1)	
Net Sales	20,150	17,504	31,778	+57.7%	+81.5%	
Operating Income	-2,157	-3,650	837	Returned to the black	Returned to the black	
OPM	-10.7%	-20.9%	2.6%	+13.3pt	+23.5pt	
Ordinary Income	-2,566	-2,367	1,241	Returned to the black	Returned to the black	
Net Income	-2,836	-2,704	1,117	Returned to the black	Returned to the black	
Net Sales by Business Segment	Industrial Materials	7,134	5,998	7,365	+3.2%	+22.8%
	Devices	8,667	7,331	20,144	+132.4%	+174.8%
	Information and Communication and Others	4,350	4,174	4,268	-1.9%	+2.3%
Operating Income by Business Segment	Industrial Materials	345	-467	189	-45.2%	Returned to the black
	Devices	-1,139	-2,076	1,861	Returned to the black	Returned to the black
	Information and Communication and Others	20 *	-118	-241	-	-
	Reconciliations	-1,384	-988	-972	-	-

*Based on a new standard, a part of expenses, formerly included in corporate expenses, allocated to each business segment from FY2014. Nissha Confidential Proprietary

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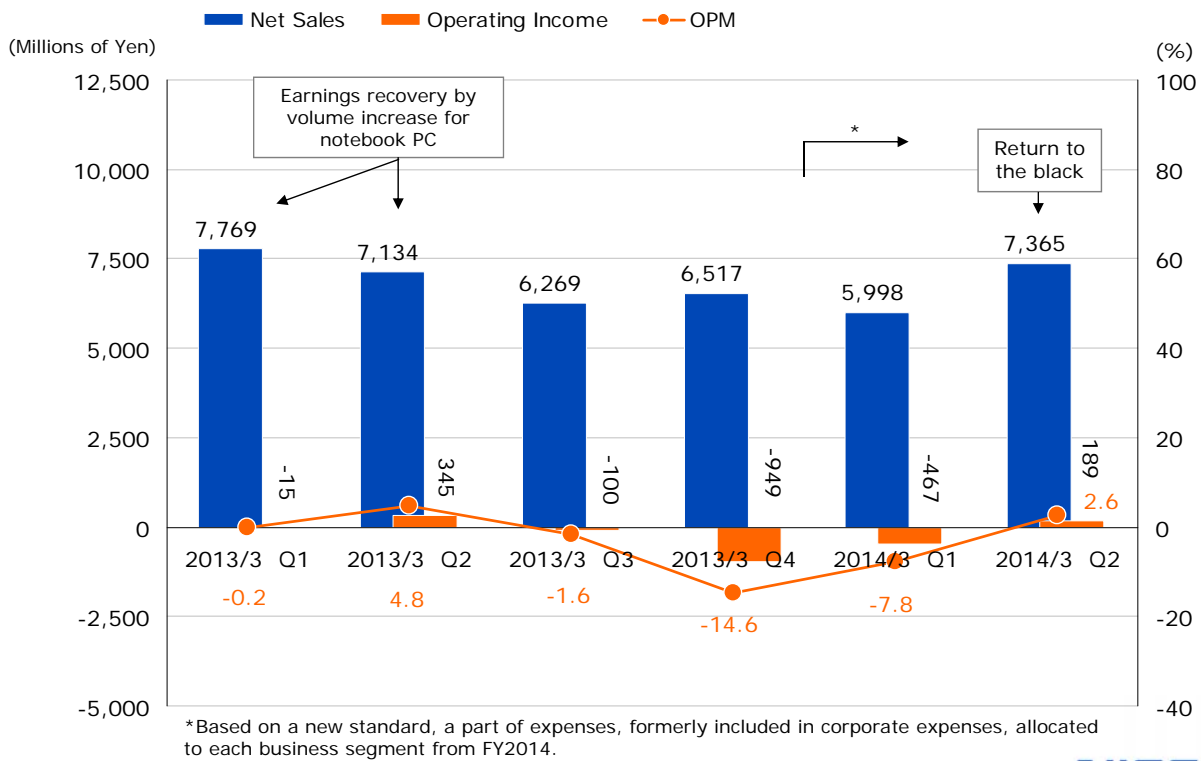
Quarterly Trend



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Industrial Materials Quarterly Trend



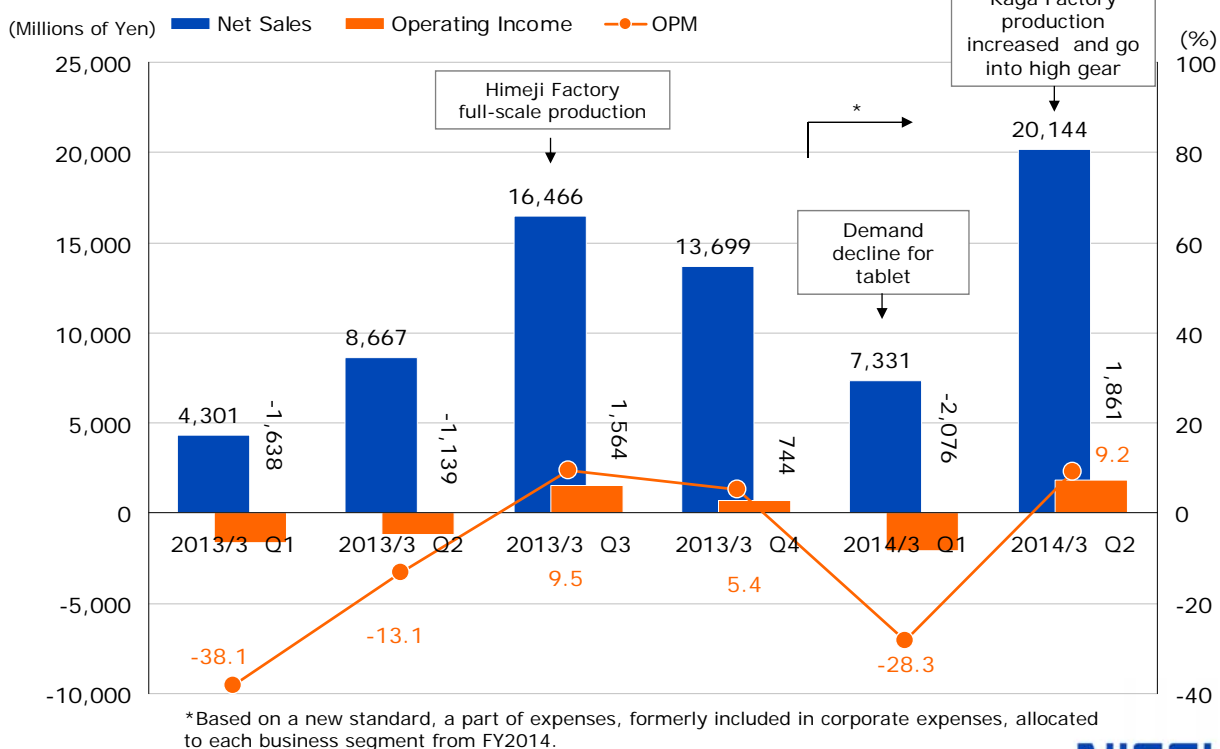
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Devices Quarterly Trend



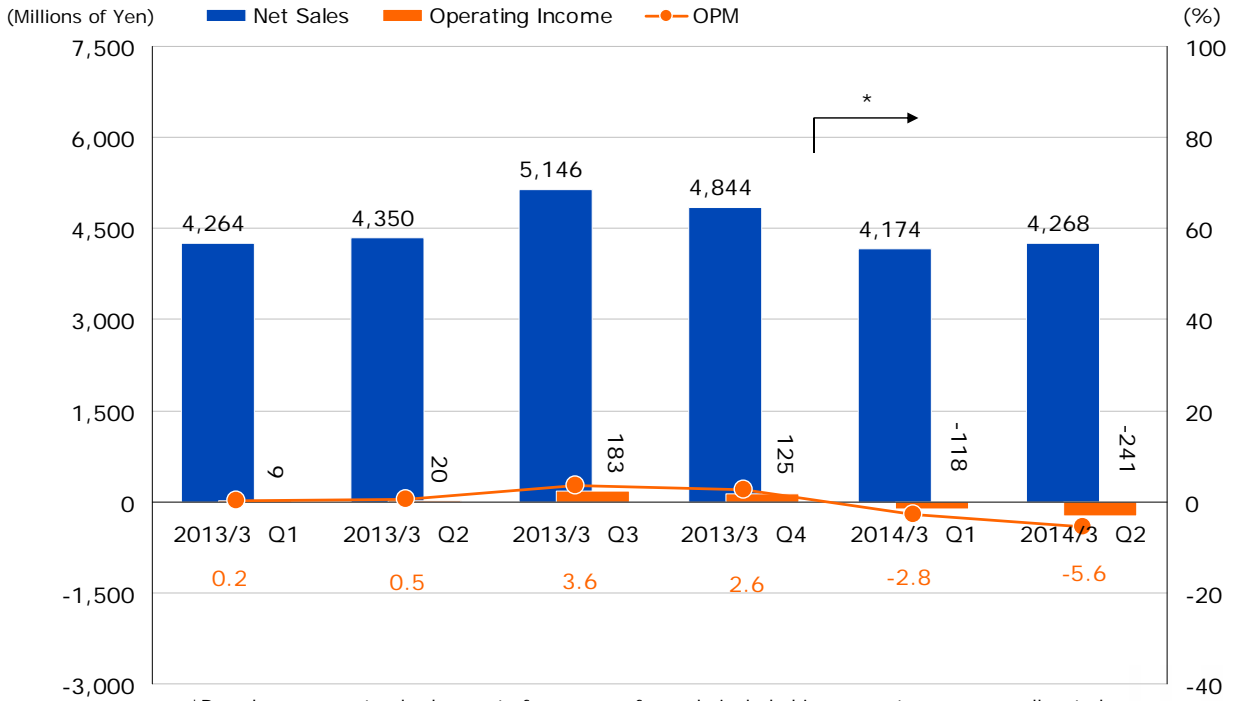
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Information and Communication and Others Quarterly Trend



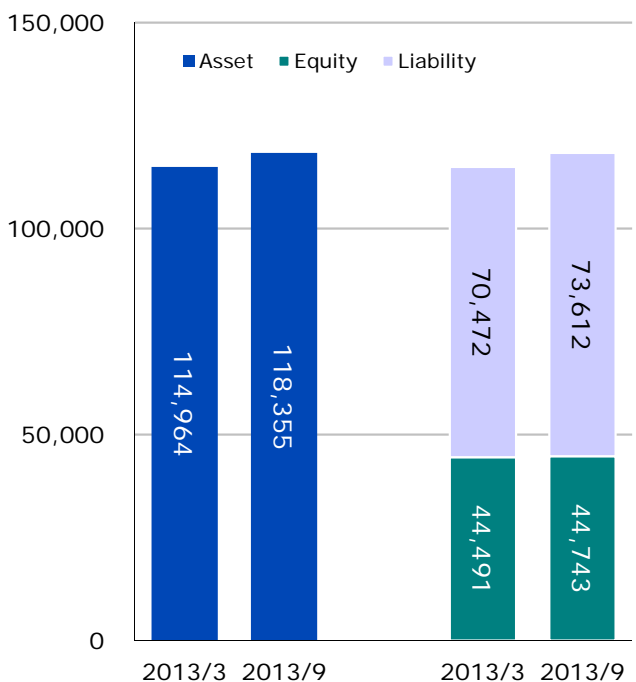
*Based on a new standard, a part of expenses, formerly included in corporate expenses, allocated to each business segment from FY2014.



Summary of B/S

Asset, Liability and Equity YoY

(Millions of Yen)



Asset

- Cash and deposit -8,345
- Account receivable +3,349
- Property, plant and equipment +5,328

Liability

- Short-term borrowings -1,003
- Account payable -2,940
- Construction accounts -2,523
- Notes payable-equipment +8,277





Cash Flow

Summary of C/F

(Millions of Yen)

	FY2013 H1 Result	FY2014 H1 Result	Summary of FY2014 H1	
Net cash provided by (used in) operating activities	6,273	-3,443	● Depreciation	5,219
			● Account payable	-3,185
			● Accounts receivable	-3,093
Net cash provided by (used in) investing activities	-1,813	-5,453	● Purchases of tangible and intangible assets	-5,117
(Free cash flow)	4,460	-8,896		
Net cash provided by (used in) financing activities	-313	-1,312	● Short-term borrowings	-1,000
Net cash and cash equivalents	23,416	15,318		

- Cash position temporarily deteriorated due to the sales decrease in Q1.
- Cash position to be normalized in H2 with the sales increase in Q2-Q3.

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FY2014 Business forecast downwardly-revised reflecting the demand decline



FY2014 Forecast

(Millions of Yen)

	FY2013 Result	FY2014 Original forecast (released on May 10)	FY2014		FY2014 Revised forecast (released on Nov. 6)	YoY	Vs. original forecast
			FY2014 H1 Result	FY2014 H2 Forecast			
Net Sales	89,427	130,000	49,282	63,718	113,000	+26.4%	-13.1%
Operating Income	-6,783	4,000	-2,813	3,813	1,000	-	-75.0%
OPM	-7.6%	3.1%	-5.7%	6.0%	0.9%	+8.5pt	-2.2pt
Ordinary Income	-4,643	4,400	-1,126	3,626	2,500	-	-43.2%
Net Income	-5,438	3,000	-1,587	3,387	1,800	-	-40.0%

Sales by Business Segment

Industrial Materials	27,689	28,500	13,363	12,637	26,000	-6.1%	-8.8%
Devices	43,133	82,500	27,475	40,525	68,000	+57.7%	-17.6%
Information and Communication and Others	18,604	19,000	8,442	10,558	19,000	+2.1%	±0.0%

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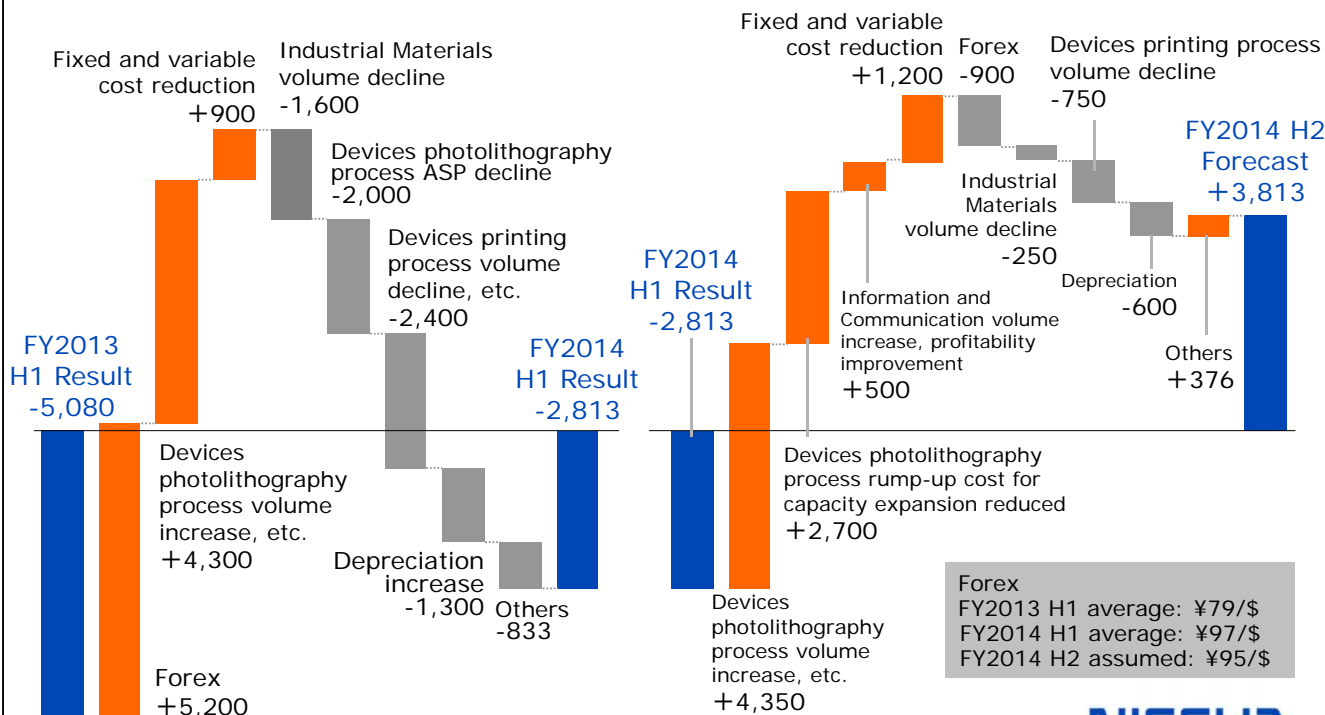
Analysis of Operating Income (H1 result and H2 forecast)



(Millions of Yen)

FY2013 H1 → FY2014 H1

FY2014 H1 → FY2014 H2

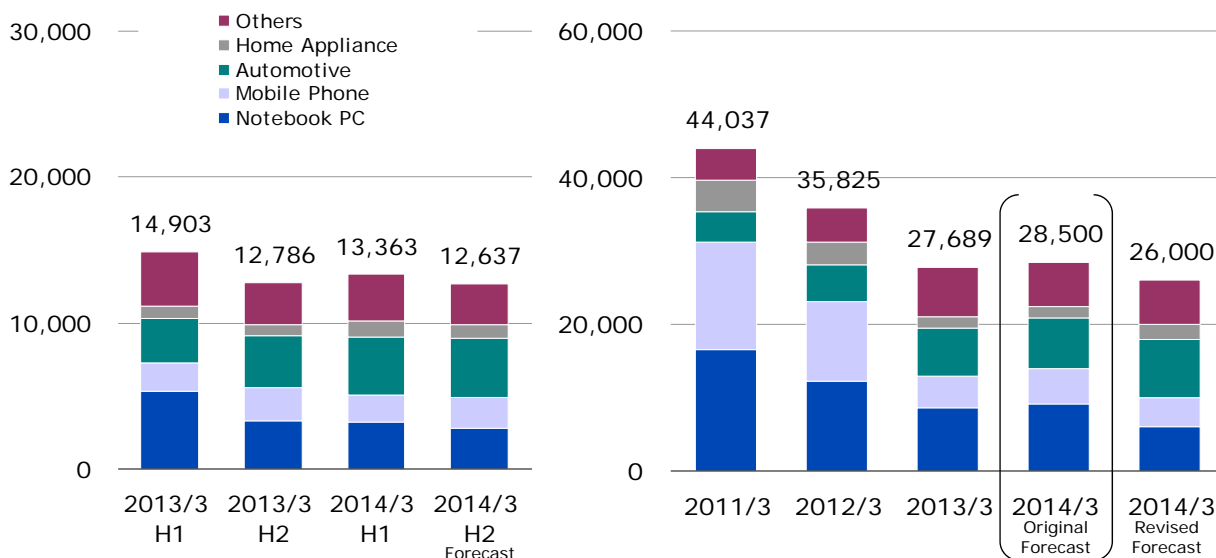


Industrial Materials Demand for notebook PC to be declined largely



Sales trend by application

(Millions of Yen)



Application	2013/3 H1	2013/3 H2	2014/3 H1	2014/3 H2 Forecast	2011/3	2012/3	2013/3	2014/3 Original Forecast	2014/3 Revised Forecast
Notebook PC	5,336	3,281	3,193	2,807 ↓	16,542	12,231	8,617	9,200	6,000 ↓
Mobile Phone	1,960	2,305	1,914	2,086 ↑	14,642	10,838	4,265	4,700	4,000 ↓
Automotive	3,046	3,525	3,896	4,104 ↑	4,172	5,109	6,571	7,000	8,000 ↑
Home Appliance	781	778	1,140	860 ↓	4,254	3,025	1,559	1,600	2,000 ↑
Others	3,781	2,897	3,220	2,780 ↓	4,427	4,624	6,678	6,000	6,000 →

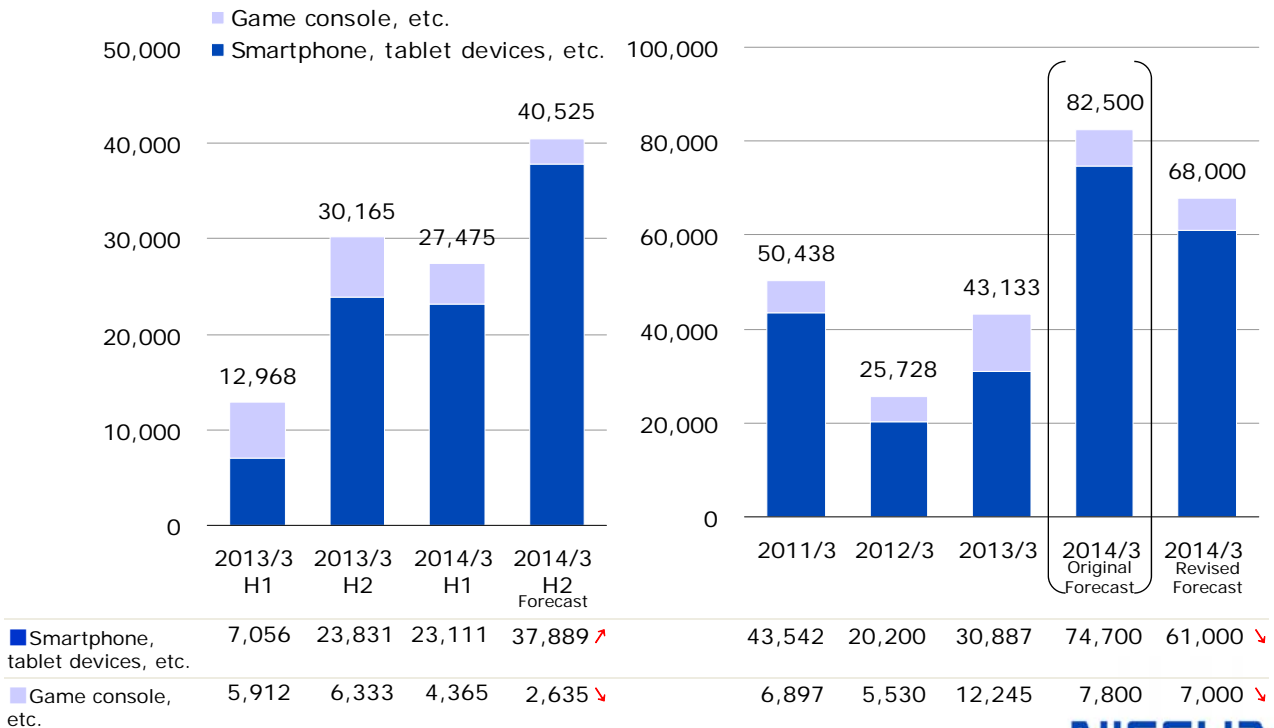


Devices

For tablet devices decline in Q4

Sales trend by application

(Millions of Yen)

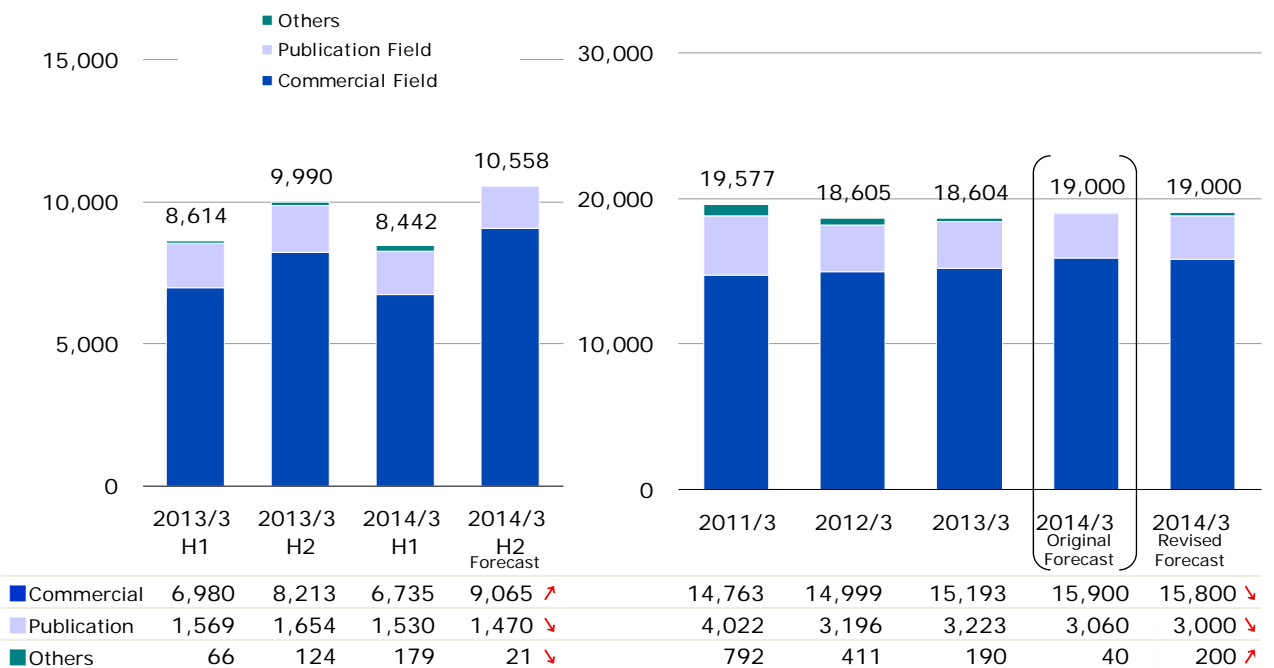


Information and Communication

Estimate a increase in commercial field in H2

Sales trend by application

(Millions of Yen)



*Others contains such as real estate and personnel-service businesses that are not included in Information and Communication business.



Toward FY2015 (1)

● Industrial Materials

- Automotive to be a mainstay segment to replace PC
 - Ramp up IMD-integrated touch module.
 - Further expansion of community-based value chain in global.
- Continuously concentrate to sales promotion of new products and technologies.
 - Glass transfers (adopted by major smartphone from FY2014 H1)
 - 3D transfers (seek to be adopted to notebook PC, smartphone)
- Spread and transplant globally the development and production functions.

● Devices

- Two factories system for photolithography process contribute throughout the year.
 - Expand customers and products for diversify away from "one-leg".
- Market expansion by main materials and process diversification.
 - Material: Touch sensor with silver nanowire (co-development with TPK, Taiwan)
 - Process: Advancement of printing process (joint venture with S-MAC, Korea)



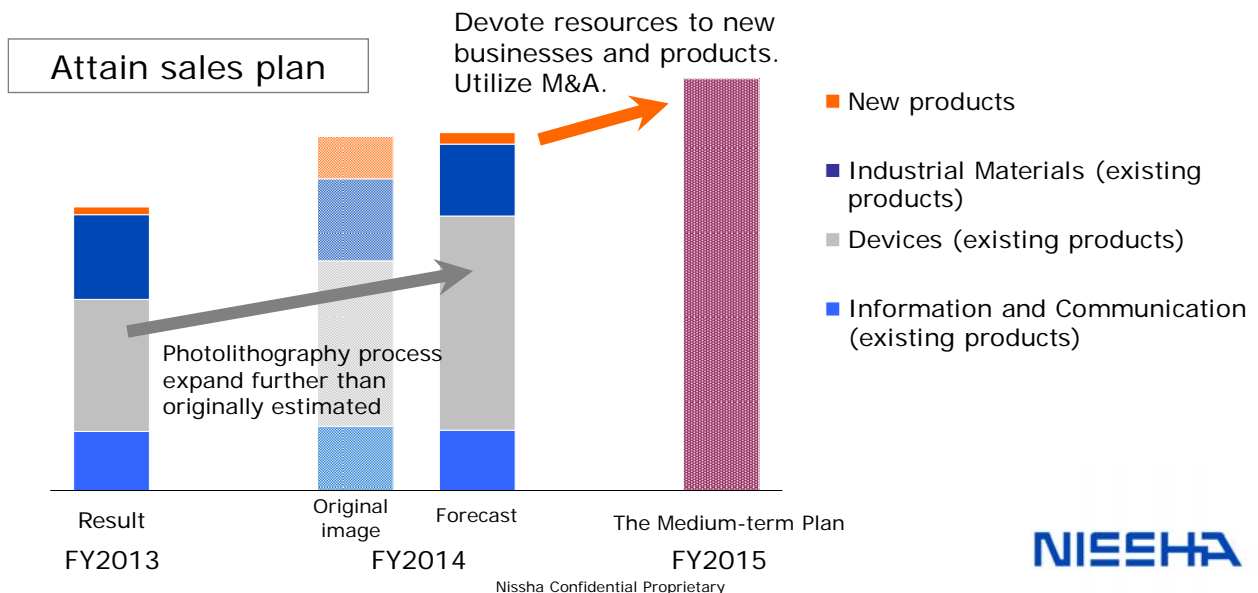
Accelerate the development and mass production for sensor film with silver nanowire

- Expand business opportunity by diversification of core material
- Extend our lead as a mass production pioneer of silver nanowire sensor
- Acquired capital in TPK Film
(Nissha 25%, TPK 65%, Cambrios 10%)
 - Step 1: Present~ Co-development phase (to establish a new process)
 - Step 2: FY2015 Q2~ Shift to mass production at the judgment of development completion
- Characteristics of silver nanowire
 - Flexible for three dimensional shape, low-resistance, low cost
 - Develop middle and low-end market



Toward FY2015 (2)

- Focus on accomplishing the fourth Medium-term Business Plan
 - Aim to achieve the original sales plan
 - Reconstruct business and product portfolios: construction of value creating system by utilizing M&A and external alliance
 - Stabilize financial ground for next growth



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Thank you.

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