



Financial Results for FY2015 Q2 Ended September 30, 2014

November 6, 2014

Junya Suzuki
President and CEO
Nissha Printing Co., Ltd.

Notes: 1. In this presentation, "FY2015" refers to the year ended March 31, 2015.
2. The results and forecast presented on these materials are all consolidated basis except as otherwise noted.

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Highlights

FY2015 Q2 Results

- Net Sales approximately equals to the original forecast. Margin has outperformed significantly.
- Devices: Improvement of production efficiency of photolithography process mostly compensate the ASP decline.
- Industrial Materials, Information and Communication: Operating loss increased more than expected.

Forecast

- Forecast of FY2015 is revised. (H2 assumed forex changed to ¥105/\$)
 - Net Sales: 113 billions yen Operating Margin: 7 billions yen (OPM: 6.2%)
- Devices: Improvement of production efficiency compensates the weaker demand than original forecast.
- Industrial Materials, Information and Communication: Expected to be in the red in FY2015.
- Accelerating investment for the growth while promoting concentration and restructuring of unprofitable segments.

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FY2015 H1



Margin has significantly out-performed the forecast.

FY2015 Q2 accumulated (April - September) results

(Millions of Yen)

	FY2014 H1 Results	FY2015 H1 Forecast	FY2015 H1 Results	YoY	Vs. forecast	
Net Sales	49,282	56,000	55,122	+11.9%	-1.6%	
Operating Income (OPM)	-2,813 (-5.7%)	700 (1.3%)	2,818 (5.1%)	- (+10.8pt)	+302.6% (+3.8pt)	
Ordinary Income	-1,126	500	4,062	-	+712.4%	
Net Income	-1,587	450	3,212	-	+613.8%	
Net Sales by Business Segment	Industrial Materials	13,363	-	12,638	-5.4%	-
	Devices	27,475	-	34,044	+23.9%	-
	Information and Communication	8,442	-	8,065	-0.0%	-
	Others	-	-	374	-	-
Operating Income by Business Segment	Industrial Materials	-278	-	-673	-	-
	Devices	-215	-	5,799	-	-
	Information and Communication	-359	-	-428	-	-
	Others	-	-	-110	-	-
	Reconciliations	-1,960	-	-1,768	-	-

* Information and Communication contains Others before FY2014. Others make up another new segment from FY2015.

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FY2015 Q2



Devices has lead the performance. OPM exceeds 10%.

FY2015 Q2 (July - September) results

(Millions of Yen)

	FY2014 Q2 Results	FY2015 Q1 Results	FY2015 Q2 Results	YoY	QoQ	
Net Sales	31,778	22,150	32,972	+3.8%	+48.9%	
Operating Income (OPM)	837 (2.6%)	-751 (-3.4%)	3,569 (10.8%)	+326.4% (+8.2pt)	- (+14.2pt)	
Ordinary Income	1,241	-856	4,918	+296.3%	-	
Net Income	1,117	-965	4,177	+273.9%	-	
Net Sales by Business Segment	Industrial Materials	7,365	5,721	6,917	-6.1%	+20.9%
	Devices	20,144	12,448	21,596	+7.2%	+73.5%
	Information and Communication	4,268	3,950	4,115	+4.5%	+4.2%
	Others	-	29	345	-	+1,089.7%
Operating Income by Business Segment	Industrial Materials	189	-548	-125	-	-
	Devices	1,861	879	4,920	+164.4%	+459.8%
	Information and Communication	-241	-192	-236	-	-
	Others	-	-13	-97	-	-
	Reconciliations	-972	-875	-893	-	-

* Information and Communication contains Others before FY2014. Others make up another new segment from FY2015.

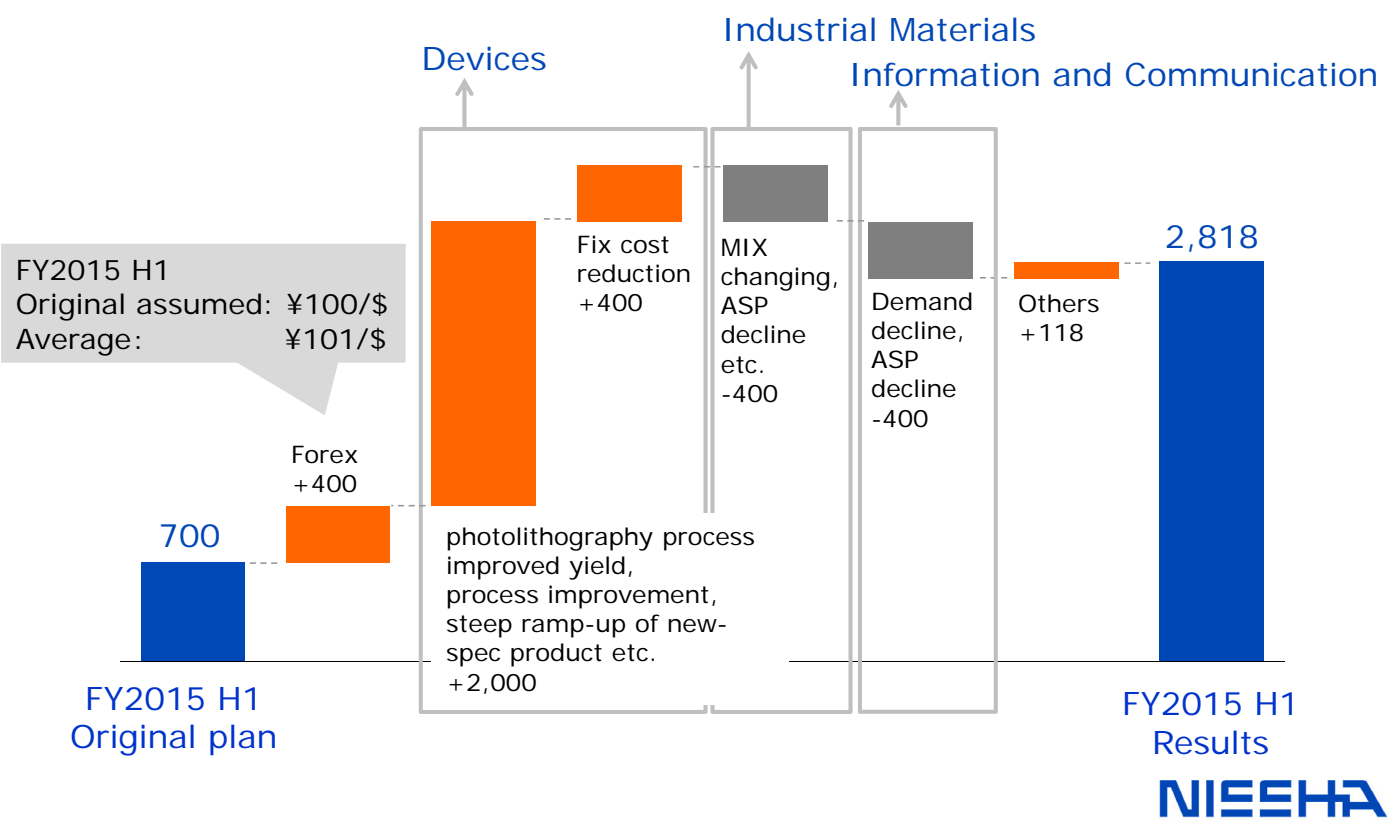
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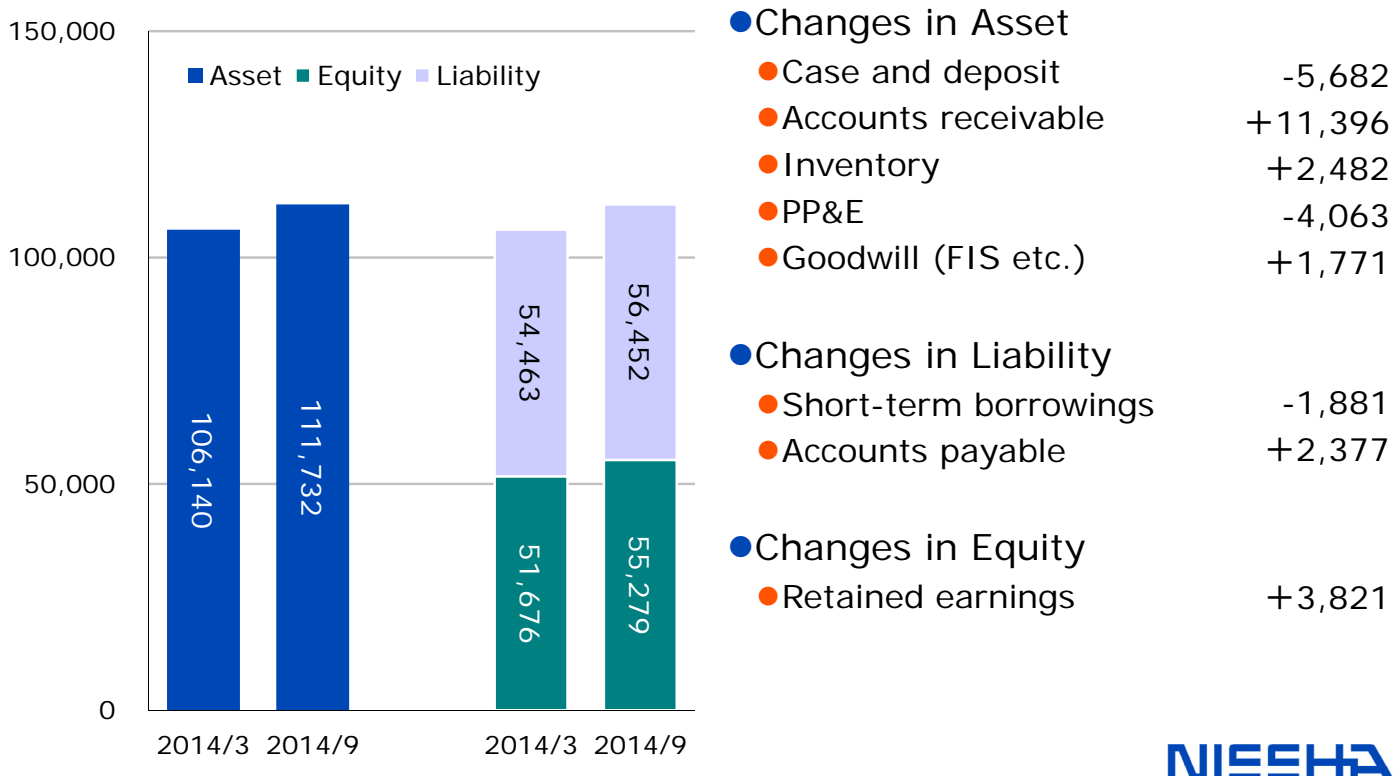
Analysis of Operating Income (H1 Forecast ↔ Results)

FY2015 H1 Original Forecast vs. Results (Millions of Yen)



Balance sheet

Asset, Liability and Equity (Millions of Yen)





Cash flow

Summary of Cash flow

(Millions of Yen)

	FY2014 H1 Results	FY2015 H1 Results	FY2015 H1 Summary	
Net cash provided by (used in) operating activities	-3,443	-426	●Gain before tax	+3,653
			●Depreciation	+4,790
			●Working capital increase	-10,841
Net cash provided by (used in) investing activities	-5,453	-2,697	●Purchases of PP&E	-1,547
(Free cash flow)	-8,896	-3,123		
Net cash provided by (used in) financing activities	-1,312	-2,839	●Change of Short-term borrowings	-1,999
Net cash and cash equivalents	15,318	14,550		

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Establishment of lean structure

● Improve efficiency

	FY2012	FY2013	FY2014	FY2015 H1
Sales cost ratio	99.5%	93.4%	84.7%	81.0%
Invested asset turnover	1.3	1.6	2.1	1.8
<small>*Invested asset = fixed asset (tangible + intangible) + working capital</small>				

● Improvement of fiscal condition

	FY2012	FY2013	FY2014	FY2015 H1 (End of September)
Equity ratio	46.5%	38.7%	48.7%	49.5%
Reduction of interest-bearing debt	Short-term borrowings 25,094 Millions of Yen	Short-term borrowings 21,099 Millions of Yen	Short-term borrowings 17,095 Millions of Yen	Short-term borrowings 15,213 Millions of Yen

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Business forecast was revised, reflecting the demand of Devices (H2 Forex assumed: 1\$=¥105)

FY2015 Forecast

(Millions of Yen)

	FY2014 Results	¥100/\$		¥105/\$		YoY	Vs. original forecast
		FY2015 Original forecast (released on May 9)	FY2015 H1 Results	FY2015 H2 Revised forecast	FY2015 Revised forecast (released on Nov. 6)		
Net Sales	110,922	120,000	55,122	57,878	113,000	+1.9%	-5.8%
Operating Income (OPM)	1,935 (1.7%)	5,000 (4.2%)	2,818 (5.1%)	4,182 (7.2%)	7,000 (6.2%)	+261.8% (+4.5pt)	+40.0% (+2.0pt)
Ordinary Income	5,182	5,000	4,062	3,438	7,500	44.7%	+50.0%
Net Income	3,967	4,500	3,212	1,788	5,000	26.0%	+11.1%
Sales by Business Segment							
Industrial Materials	26,409	27,000	12,638	13,862	26,500	+0.3%	-1.9%
Devices	66,315	73,000	34,044	32,756	66,800	+0.7%	-8.5%
Information and Communication	18,196	19,000	8,065	10,435	18,500	+8.3%	-2.6%
Others (New business, etc.)		1,000	374	826	1,200		+20.0%

* Information and Communication contains Others before FY2014. Others make up another new segment from FY2015.

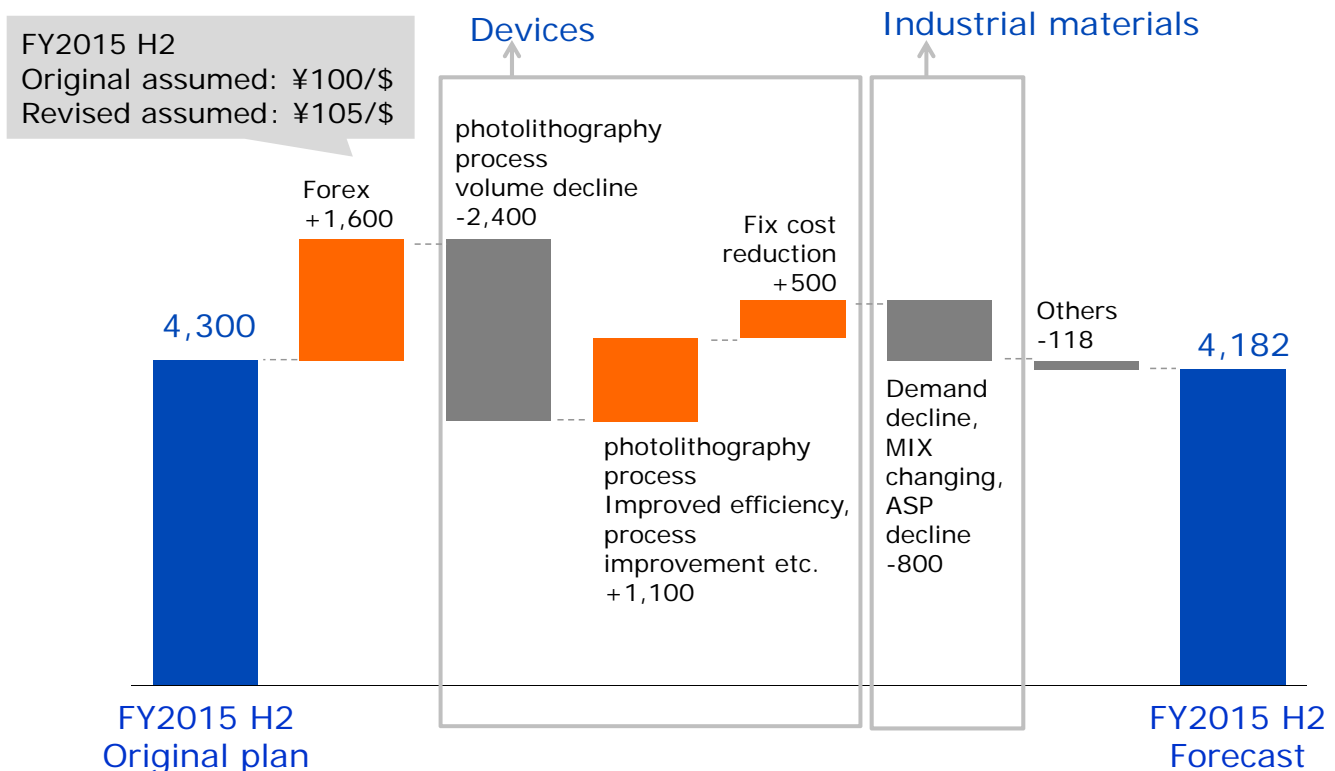


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Analysis of Operating Income (H2 Original plan vs. Current forecast)

FY2015 H2 Original forecast vs. Revised forecast

(Millions of Yen)

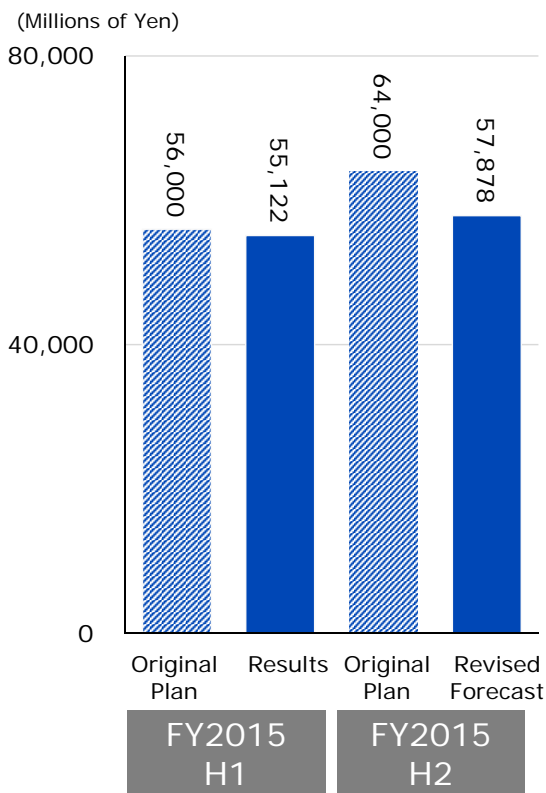


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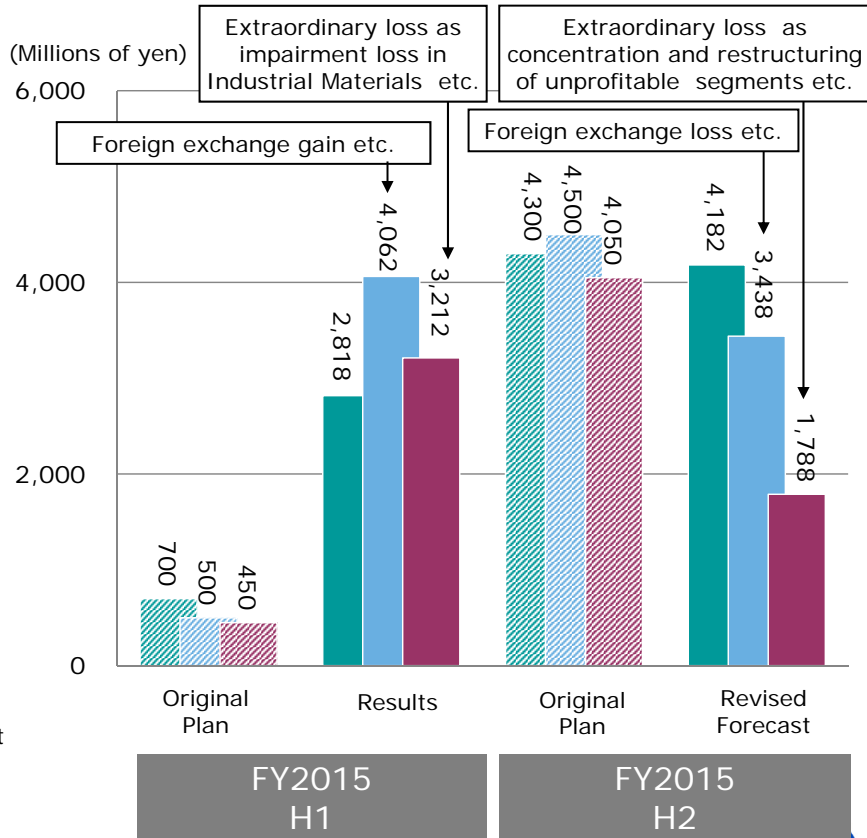
Summary of Revision

Sales



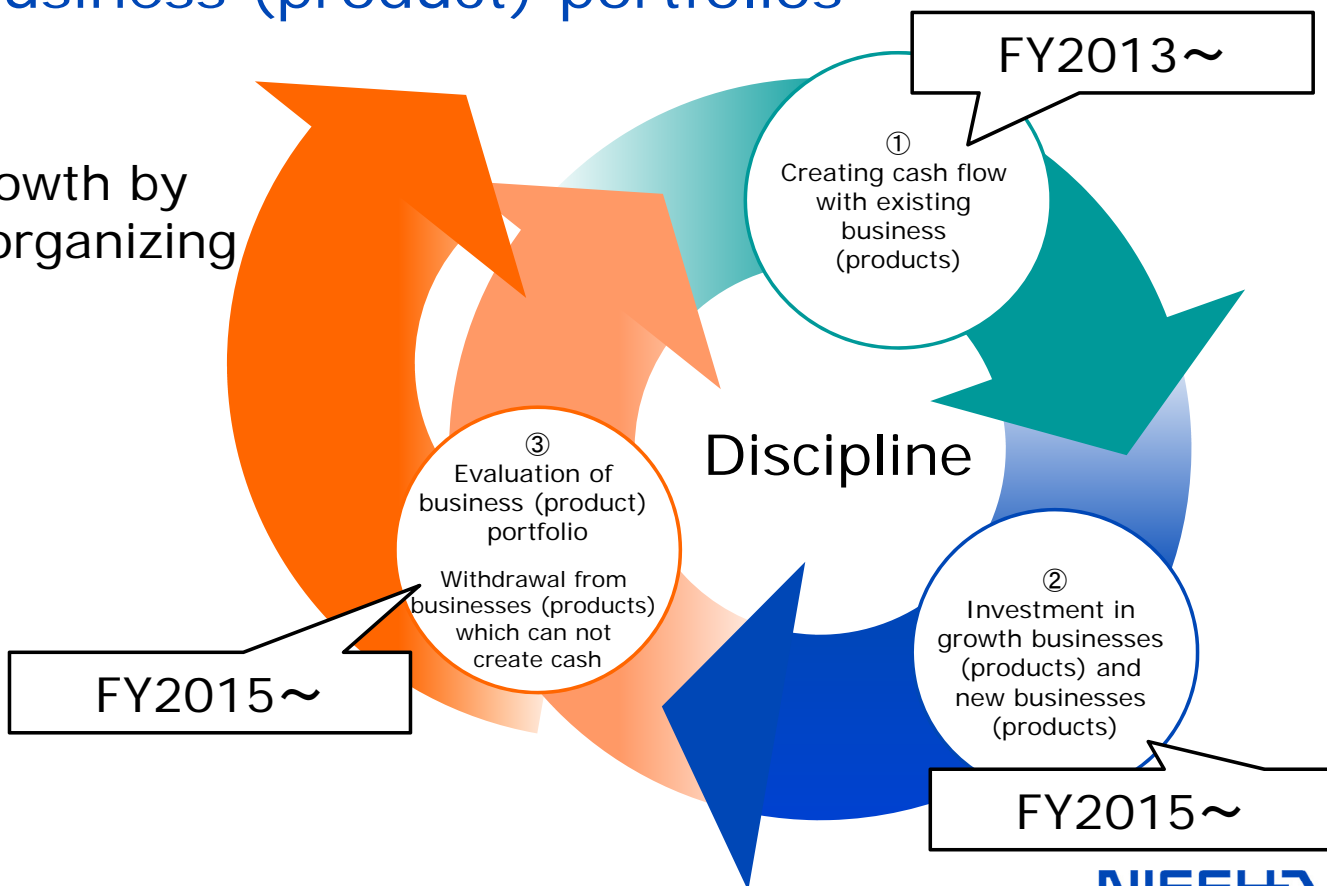
Income

Operating Income (Green), Ordinary Income (Blue), Net Income (Red)



Growth by reorganizing business (product) portfolios

Growth by reorganizing

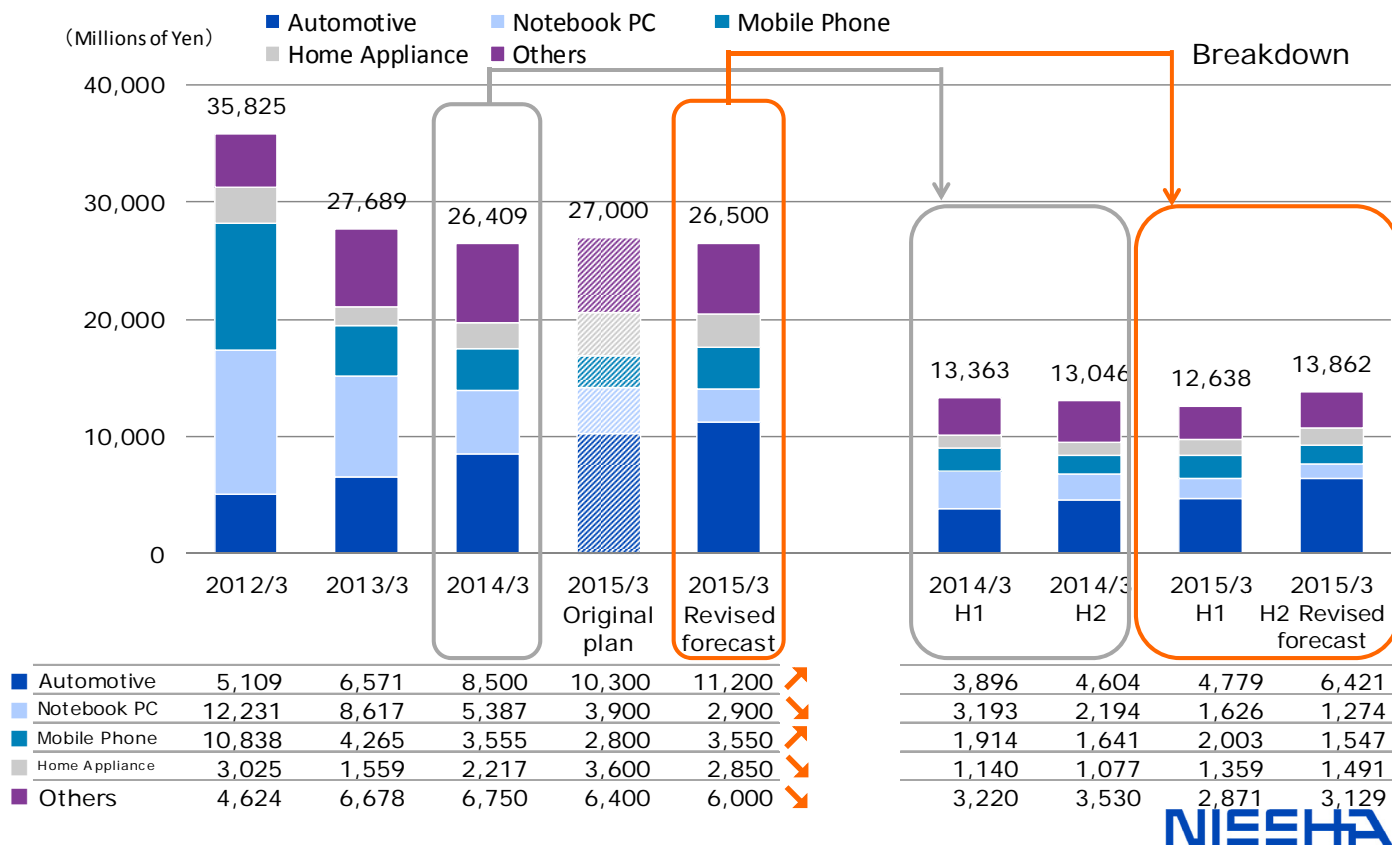




Automotive is firm, notebook PC is sluggish

Sales trend by application

(Millions of Yen)



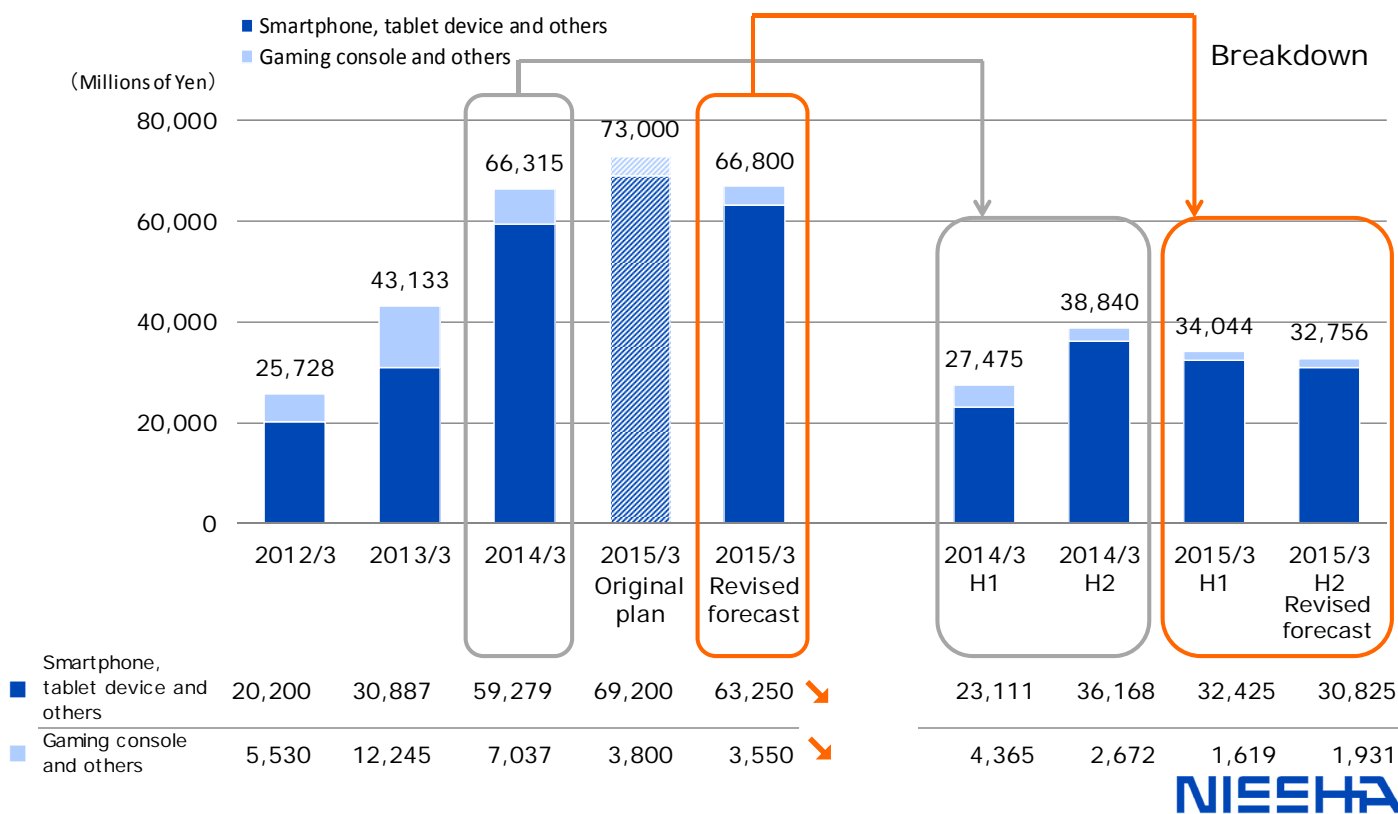
Devices



Improvement of production efficiency compensates the weaker demand than original forecast.

Sales trend by application

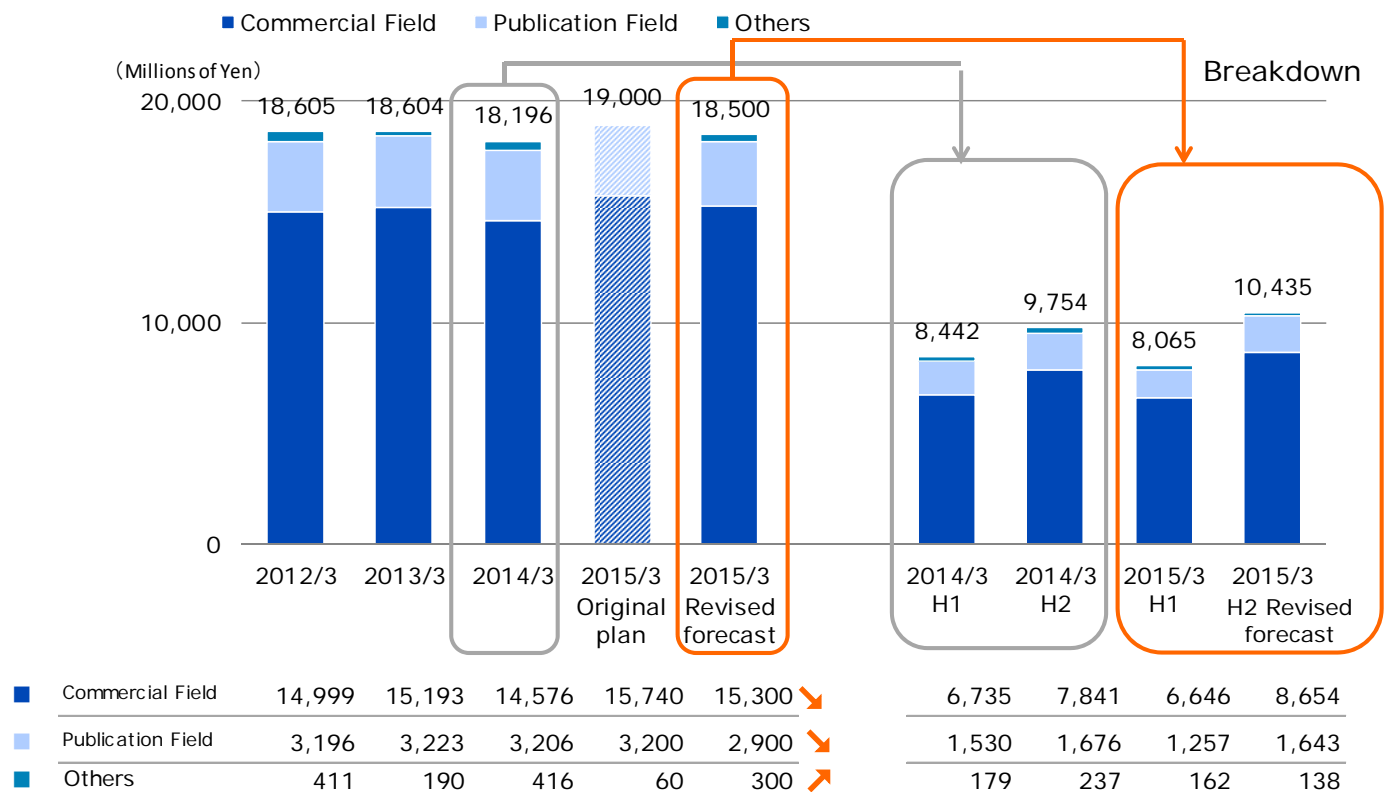
(Millions of Yen)





Information and Communication

Sales trend by application

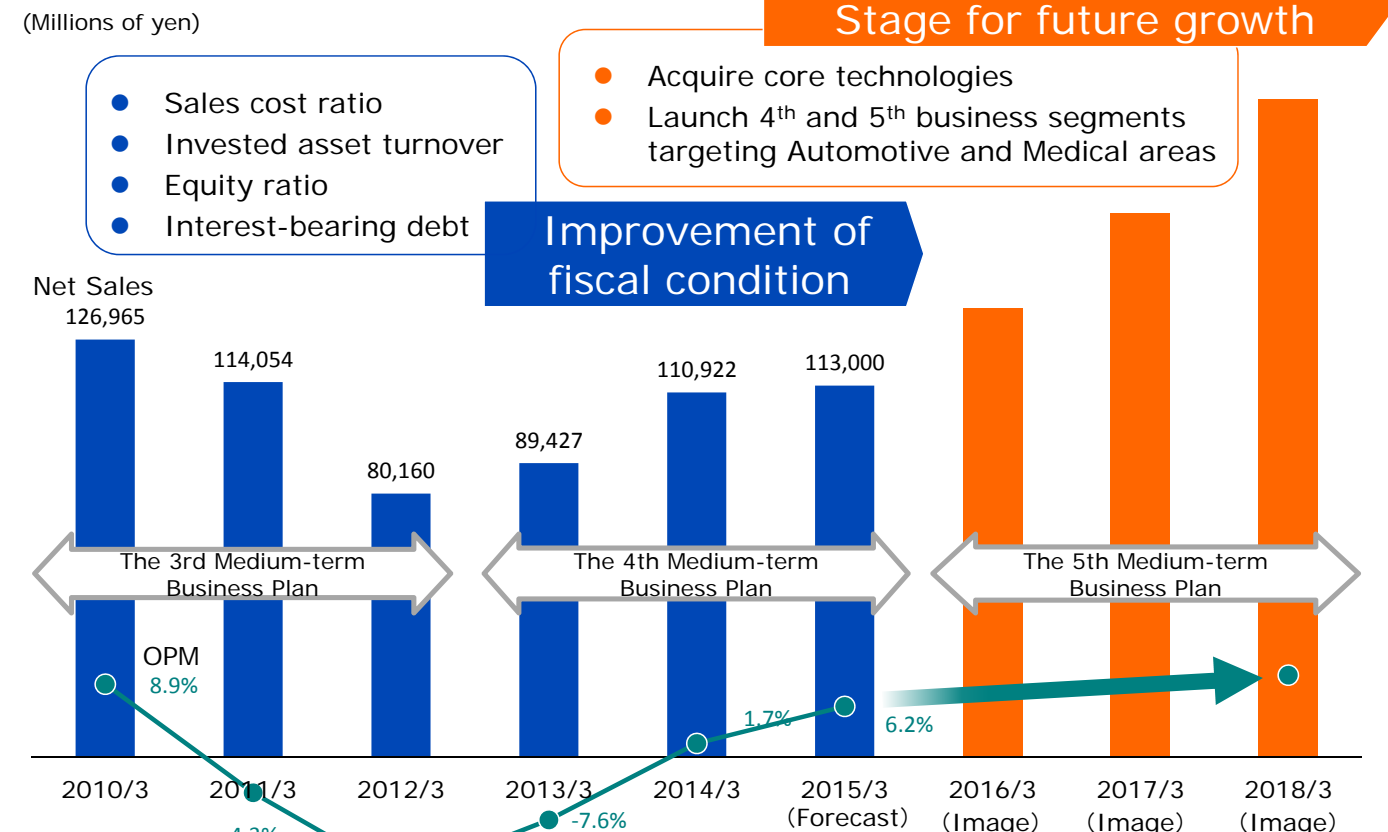


*Others contains such as real-estate and personnel-service business that are not included in Information and Communication business before 2014/3. They are not contained in 2015/3 forecast.

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For next growth





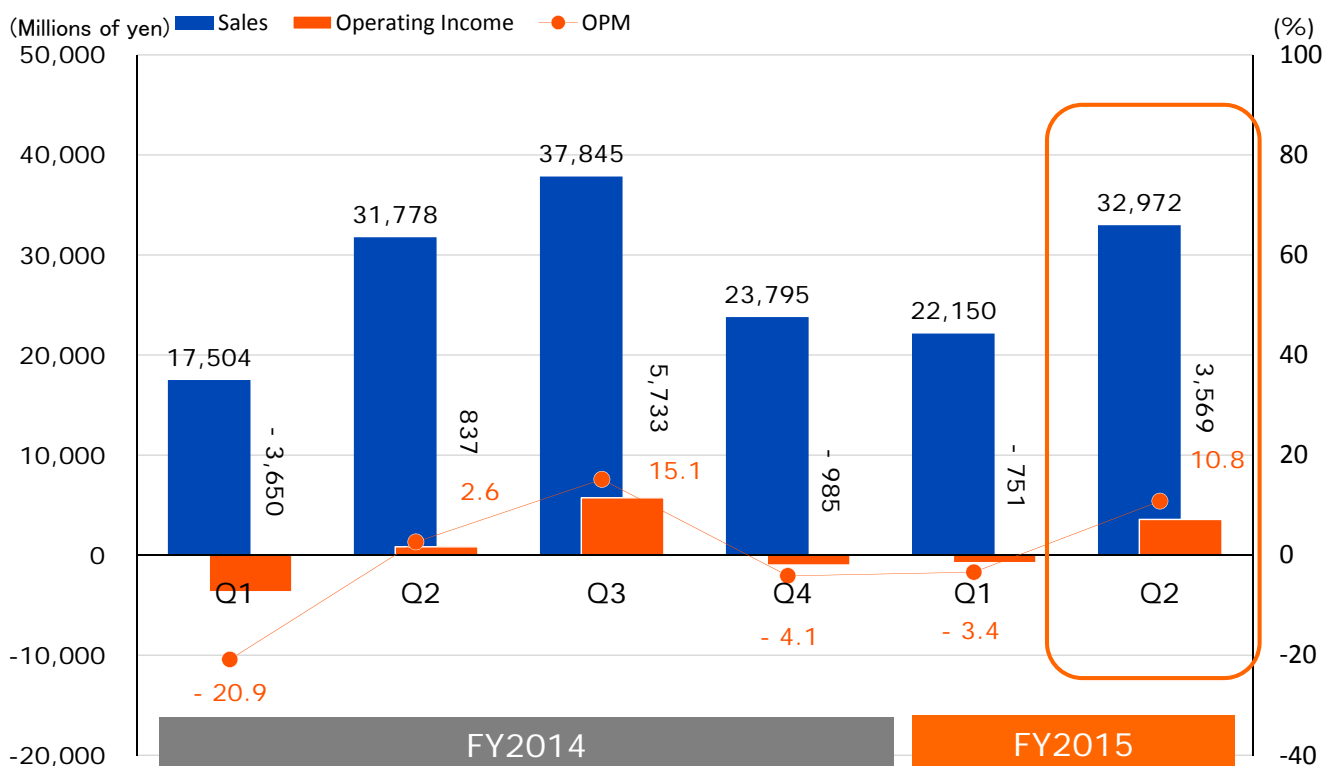
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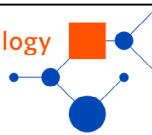
Contact to:
Investor Relations
Corporate strategy Planning
Nissha Printing Co., Ltd.
T +81 75 823 5144

NISSHA

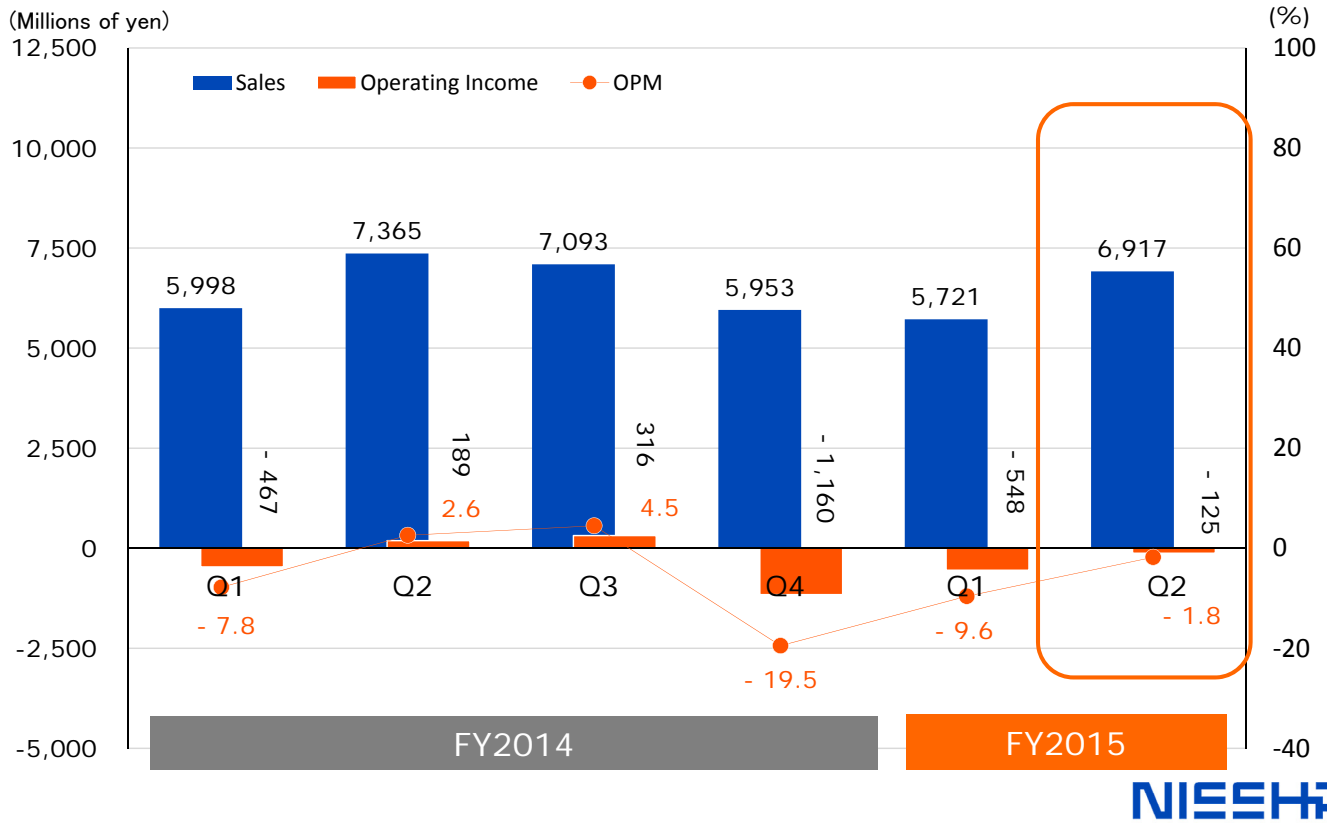
Reference: Quarterly Trend (Results)



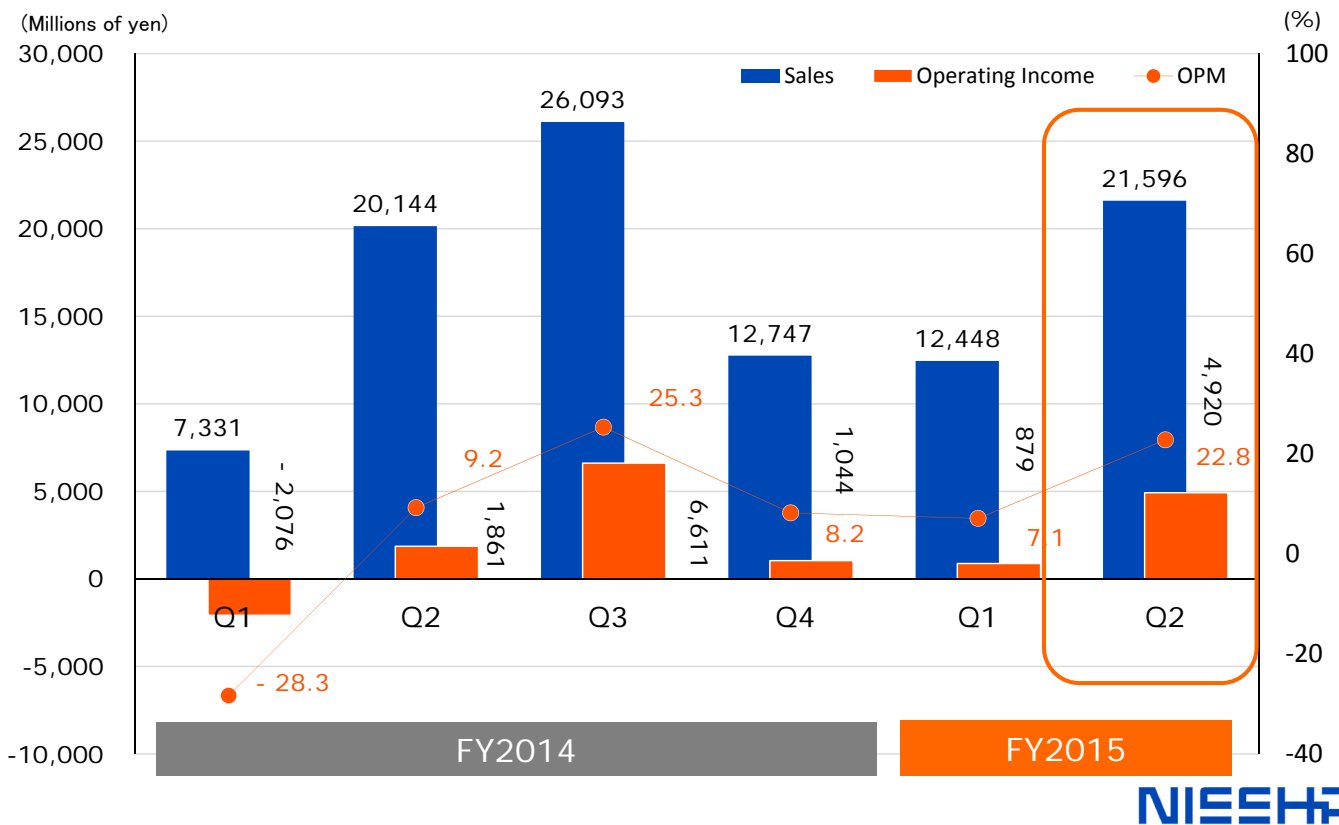
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Reference: Industrial Materials Quarterly Trend (Results)



Reference: Devices Quarterly Trend (Results)



Trend Meets Technology

Reference: Information and Communication Quarterly Trend (Results)

Quarter	Sales (Millions of yen)	Operating Income (Millions of yen)	OPM (%)
Q1 (FY2014)	4,174	-118	-2.8
Q2 (FY2014)	4,268	-241	-5.6
Q3 (FY2014)	4,659	-346	-7.4
Q4 (FY2014)	5,095	-32	-0.6
Q1 (FY2015)	3,950	-192	-4.9
Q2 (FY2015)	4,115	-236	-5.7

*Others contains such as real-estate and personnel-service business that are not included in Information and Communication business before 2014/3. They are not contained in 2015/3.

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Trend Meets Technology

Reference: CAPEX and depreciation

Year	Total CAPEX (Millions of Yen)	Depreciation (Millions of Yen)
2010/3	15,071	9,132
2011/3	11,020	10,338
2012/3	6,724	8,599
2013/3	13,669	9,530
2014/3	12,287	11,219
2015/3 Forecast	4,000	10,000

FY2014
Depreciation by
business segment

- Industrial Materials: 2,731
- Devices: 6,653
- Information and Communication and others: 241
- Administration and R&D: 1,592

Investment to
improve process
efficiency

CAPEX by
business segment

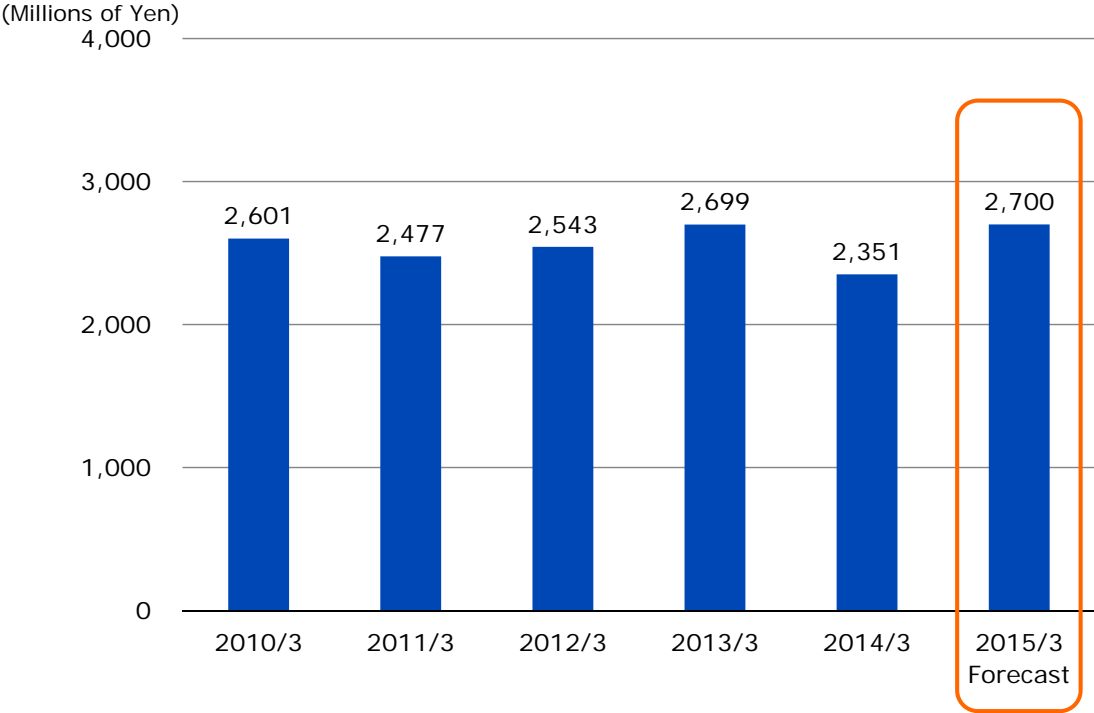
Business Segment	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3 Forecast
Industrial Materials	9,454	4,652	422	617	895	600
Devices	3,278	4,100	4,470	12,225	10,581	2,000
Information and Communication and others	119	352	76	13	240	100
Administration and R&D	2,221	1,917	1,753	812	569	1,300

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Reference: R&D Expenses



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