

Financial Results for FY2017.12 Q2 Ended September 30, 2017

November 8, 2017

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Highlights

FY2017.12 (9 months) Q2 (July-September) Results

- Net sales reached a record high. (FOREX: ¥110/\$)
 - Net sales of 57.8 billion yen, operating profit of 2.0 billion yen, ordinary profit of 2.4 billion yen, net profit of 2.3 billion yen
- Industrial Materials: Profitability continuously improved.
- Devices: Begin a full-scale production of large-scale orders, while labor costs increased due to the establishment of a production structure to meet vigorous demand. Demands for tablets and gaming consoles were strong.

FY2017.12 (9 months) Forecast of October-December

- Forecasted as plan announced on May (FOREX: ¥110/\$)
 - Net sales of 140.0 billion yen, operating profit of 5.5 billion yen, ordinary profit of 5.1 billion yen, net profit of 4.5 billion yen
 - 1.0 billion yen of temporary costs related to the change in fiscal period expected to be accrued in October-December (as originally planned).
- Industrial Materials, Life Innovation: Product demands are expected to progress stably.
- Devices: Product demands are expected to be the same level as Q2. Yield rate is improving.

Topics

- Life Innovation: Acquired French medical devices manufacturer (October 31st, 2017)
- Devices: Expanding our production capacity of touch sensors. Signed basic agreement on production cooperation with Lens Technology, major Chinese glass processing manufacturer. (November 6th, 2017)
- New Medium-term Business Plan will be started from January 2018. (To be disclosed in February 2018)

FY2017.12 Q2 accumulated(6 months) results

Net sales reached a record high.

(Millions of Yen)

	FY2017.3 Q2 accumulated (Apr.-Sep.) Results	FY2017.12 Q2 accumulated (Apr.-Sep.) Results	YoY
Net Sales	51,648	95,015	+84.0%
Industrial Materials	24,484	24,195	-1.2%
Devices	20,449	55,289	+170.4%
Life Innovation	-	8,996	-
Information and Communication	6,627	6,363	-4.0%
Others	87	170	+95.4%
Operating Profit	-1,037	1,839	Move into the black
OPM	-2.0%	1.9%	+3.9pt
EBITDA	3,196	7,156	+123.9%
EBITDA Margin	6.2%	7.5%	+1.3pt
Ordinary Profit	-3,433	2,216	Move into the black
Net Profit	-4,172	1,841	Move into the black

Average rate

¥106/\$

¥110/\$

Empowering Your Vision

FY2017.12 Q2 (3 months) results

Net sales reached a record high.

Net sales increased QoQ in all businesses.

(Millions of Yen)

	FY2017.3 Q2 (Jul.-Sep.) Results	FY2017.12 Q1 (Apr.-Jun.) Results	FY2017.12 Q2 (Jul.-Sep.) Results	YoY	QoQ
Net Sales	27,229	37,122	57,893	+112.6%	+56.0%
Industrial Materials	11,815	11,886	12,309	+4.2%	+3.6%
Devices	11,841	17,679	37,610	+217.6%	+112.7%
Life Innovation	-	4,461	4,535	-	+1.7%
Information and Communication	3,522	3,016	3,347	-5.0%	+11.0%
Others	52	78	92	+76.9%	+17.9%
Operating Profit	-19	-207	2,046	Move into the black	Move into the black
OPM	-0.1%	-0.6%	3.5%	+3.6pt	+4.1pt
EBITDA	2,089	2,396	4,760	+127.9%	+98.7%
EBITDA Margin	7.7%	6.5%	8.2%	+0.5pt	+1.7pt
Ordinary Profit	-474	-200	2,416	Move into the black	Move into the black
Net Profit	-500	-554	2,395	Move into the black	Move into the black

Average rate

¥102/\$

¥111/\$

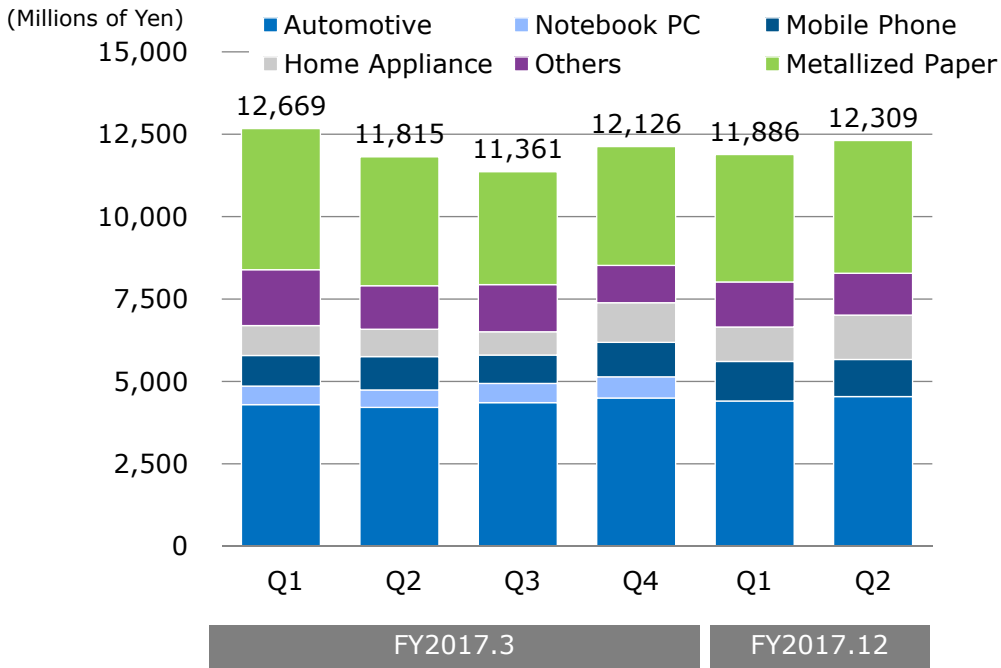
¥110/\$

Industrial Materials



Progressed as projected mainly for automotive and metallized paper.

Net Sales by Application

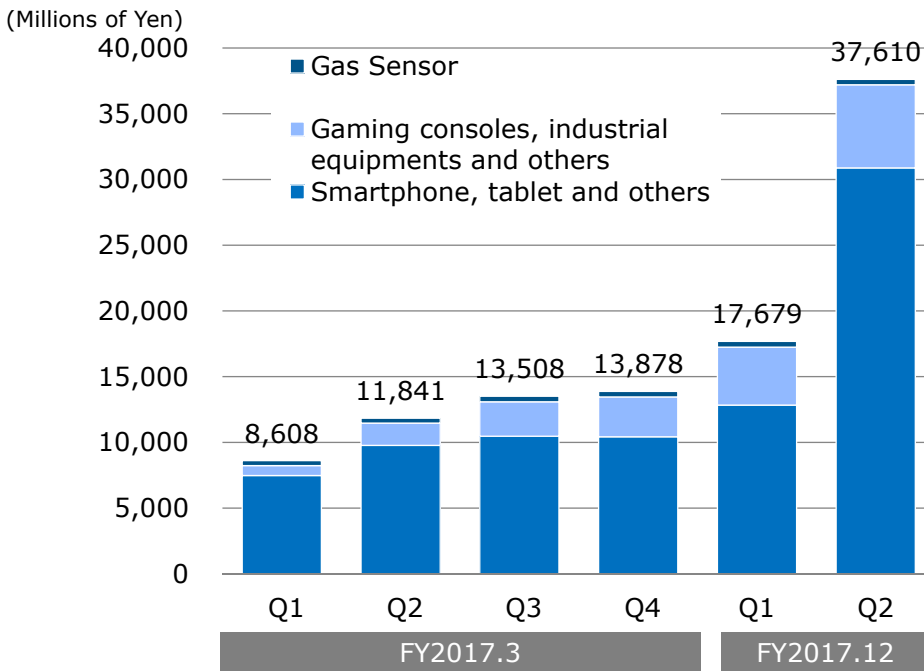


Devices



Begin a full-scale production of large-scale orders. Demand for gaming consoles was strong.

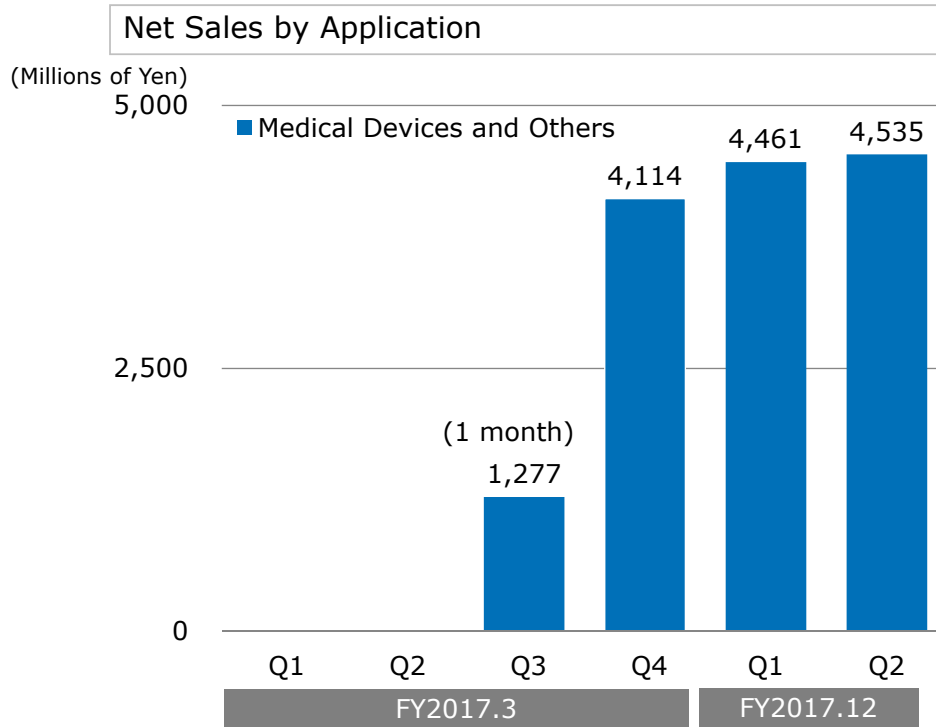
Net Sales by Application



Life Innovation



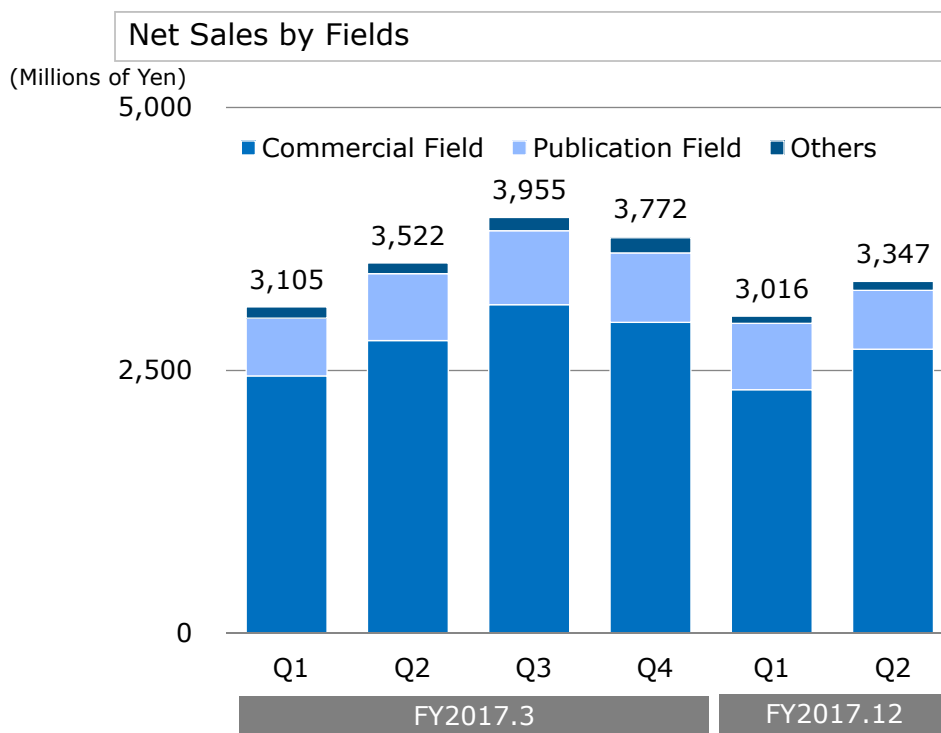
Progressed steadily mainly for contract manufacturing services.



Information and Communication



Commercial field was sluggish.



2017.12 Plan (Announced on May) **NISSHA**

No change.

(Millions of Yen)

	← 12 months(Reference) →			← 9 months →		
	FY2017.3 (Apr.-Mar.) Results	FY2018.3 (Apr.-Mar.) Forecast	YoY	Nine months ended Dec. 2016	FY2017.12 (Apr.-Dec.) Plan	YoY (Vs. Nine months ended Dec. 2016)
Net Sales	115,802	186,000	+60.6%	81,839	140,000	+71.1%
Industrial Materials	47,971	51,700	+7.8%	35,845	38,600	+7.7%
Devices	47,835	99,400	+107.8%	33,957	76,000	+123.8%
Life Innovation	5,391	17,600	+226.5%	1,277	13,000	+918.0%
Information and Communication	14,354	17,000	+18.4%	10,582	12,200	+15.3%
Others	250	300	+20.0%	176	200	+13.6%
Operating Profit	(3,904)	9,000	Move into the black	(1,630)	5,500	Move into the black
OPM	-3.4%	4.8%	+8.2pt	-2.0%	3.9%	+5.9pt
EBITDA	5,451	20,374	+273.8%	4,862	13,846	+184.8%
EBITDA Margin	4.7%	11.0%	+6.3pt	5.9%	9.9%	+4.0pt
Ordinary Profit	(4,914)	8,400	Move into the black	(2,272)	5,100	Move into the black
Net Profit	(7,408)	7,500	Move into the black	(3,355)	4,500	Move into the black

Average Rate

- 2018.3 foreign exchange sensitivity (12 months): Approximately 500 millions of yen of net sales and approximately 70 millions of yen of operating profit by ¥1/\$ change for 12 months

Empowering Your Vision

Life Innovation

NISSHA

Acquisition of new growth foundation in Europe (October 31st, 2017)

- Graphic Controls group (USA) acquired Integral Process (France)
 - Expanded product line of medical electrodes and cables
 - Strengthened design, development, and manufacturing capabilities as well as sales channels across Europe

Existing products of
Graphic Controls

By acquisition of
Integral Process

Contract manufacturing
(e.g. Surgical devices)

Medical
electrodes
(e.g. for ECG)

Medical
consumables
(e.g. chart paper, gels)

Addition of high value
pre-wired electrodes

Integral Process SAS

Net Sales FY2016.12: 11,050 thousand euro (About 1,492 millions yen)
*1 euro = 135 yen

Employees 38

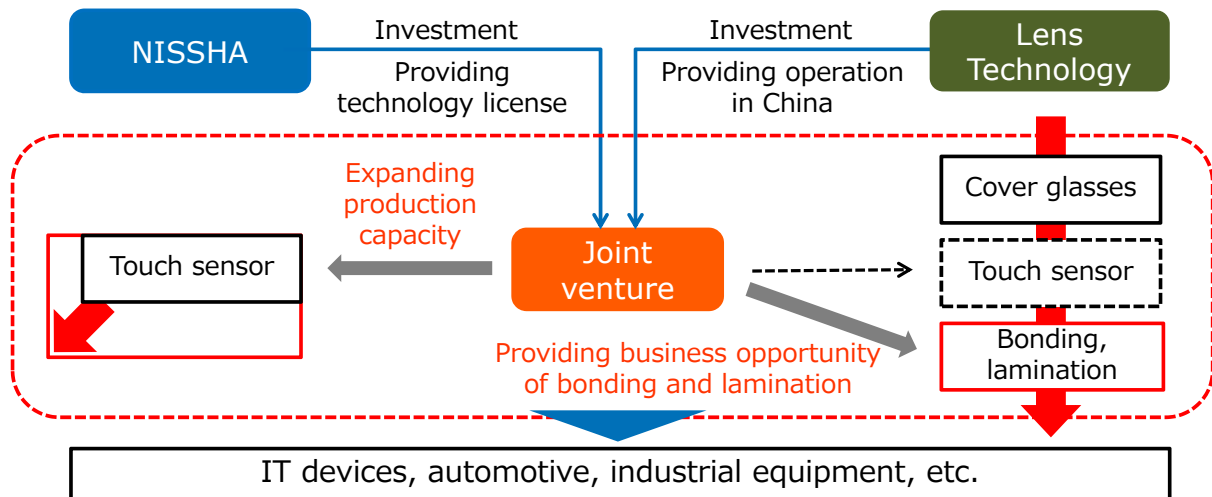
Business Development, Manufacturing and sale of medical equipment for hospitals, contract manufacturing for medical device companies



Empowering Your Vision

Basic Agreement on production cooperation with major Chinese glass processing manufacturer, Lens Technology (November 6th, 2017)

- Expanding our production capacity through establishment of the joint venture in March 2017
- New mass production factory (Changsha, Hunan), following our existing 3 factories in Japan
- Aiming at start of the mass production in 2018
- Strategic cooperation between the leaders of the markets, which can expand the customer value proposition

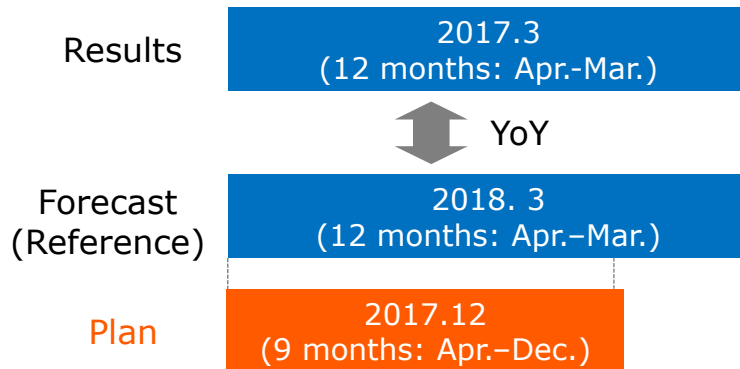


Thank you.

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Note: About the change in fiscal period

- Change in financial period from this year (from March 31th to December 31th)
 - This year has nine months from April 2017 to December 2017
- In this material;
 - 12 months forecast is for reference to compare YoY
 - Performance plan includes 9 months (2017.12)



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