



Financial Results for FY2018.12

February 14, 2019

Nissha Co., Ltd.

President and CEO

Junya Suzuki

FY2018.12 Results

- Increased in both profit and income YoY (1USD=JPY109)
 - Net sales 207.4 billion yen, EBITDA 17.3 billion yen, Operating profit 8 billion yen, Ordinary profit 7.3 billion yen, Net profit 4.3 billion yen
 - Devices: Demand expanded in the 2nd half but sharply flopped in December.
 - Industrial Materials: Demand for automotive and metallized paper progressed stably. Production loss in overseas molding factories occurred.
 - Medical Technologies: Business size up through the company acquisitions

FY2019.12 Forecast

- Increase in profit and decrease in income (No company acquisition included. 1USD=105JPY)
 - Net sales 195 billion yen, EBITDA 18.8 billion yen, Operating profit 8.5 billion yen, Ordinary profit 7.8 billion yen, Net profit 6.0 billion yen
 - Devices: Slow trend in the 1st half, rapid recovery in the 2nd half.
 - Acceleration of growth strategy: Medical Devices, High-function Packaging Materials, Automotive

Topics

- 2 Independent Outside Directors to be changed (a resolution for the shareholders meeting on March 22, 2019. Ratio of outside directors to be flat as 4/9)
- No renewal of countermeasures against a large scale purchase of shares
- Dividend in 2019 anticipated at JPY35 per share, including memorial dividend (JPY5 per share) for the 90th anniversary
- Completion of the reorganization of Information and Communication on January 7, 2019

FY2018.12 Results

EMPOWERING YOUR VISION

Increase both in profit and income. Net sales reached a record high.
Over 20% YoY growth in net sales of Medical Technologies

(Millions of JPY)

| | 2017 (Jan.-Dec.) Results | FY2018.12 (Jan.-Dec.) Results | YoY* |
|-------------------------------|--------------------------------|-------------------------------------|----------|
| Net sales | 193,481 | ✓ 207,404 | +7.2% |
| Industrial Materials | 49,409 | 47,124 | -4.6% |
| Devices | 111,084 | 123,541 | +11.2% |
| Medical Technologies | 18,195 | 22,351 | ✓ +22.8% |
| Information and Communication | 14,445 | 13,935 | -3.5% |
| Other | 347 | 452 | +30.3% |
| EBITDA | 15,100 | 17,343 | +14.9% |
| EBITDA margin | 7.8% | 8.4% | +0.6pt |
| Operating profit | 4,004 | ✓ 8,071 | +101.5% |
| Operating profit margin | 2.1% | 3.9% | +1.8pt |
| Ordinary profit | 4,936 | 7,370 | +49.3% |
| Net profit | 2,681 | 4,308 | +60.7% |
| Forex | ¥111/\$ | ¥109/\$ | |

FY2018.12 Oct.-Dec. Results

Profitability improved in YoY basis and sustained in QoQ basis

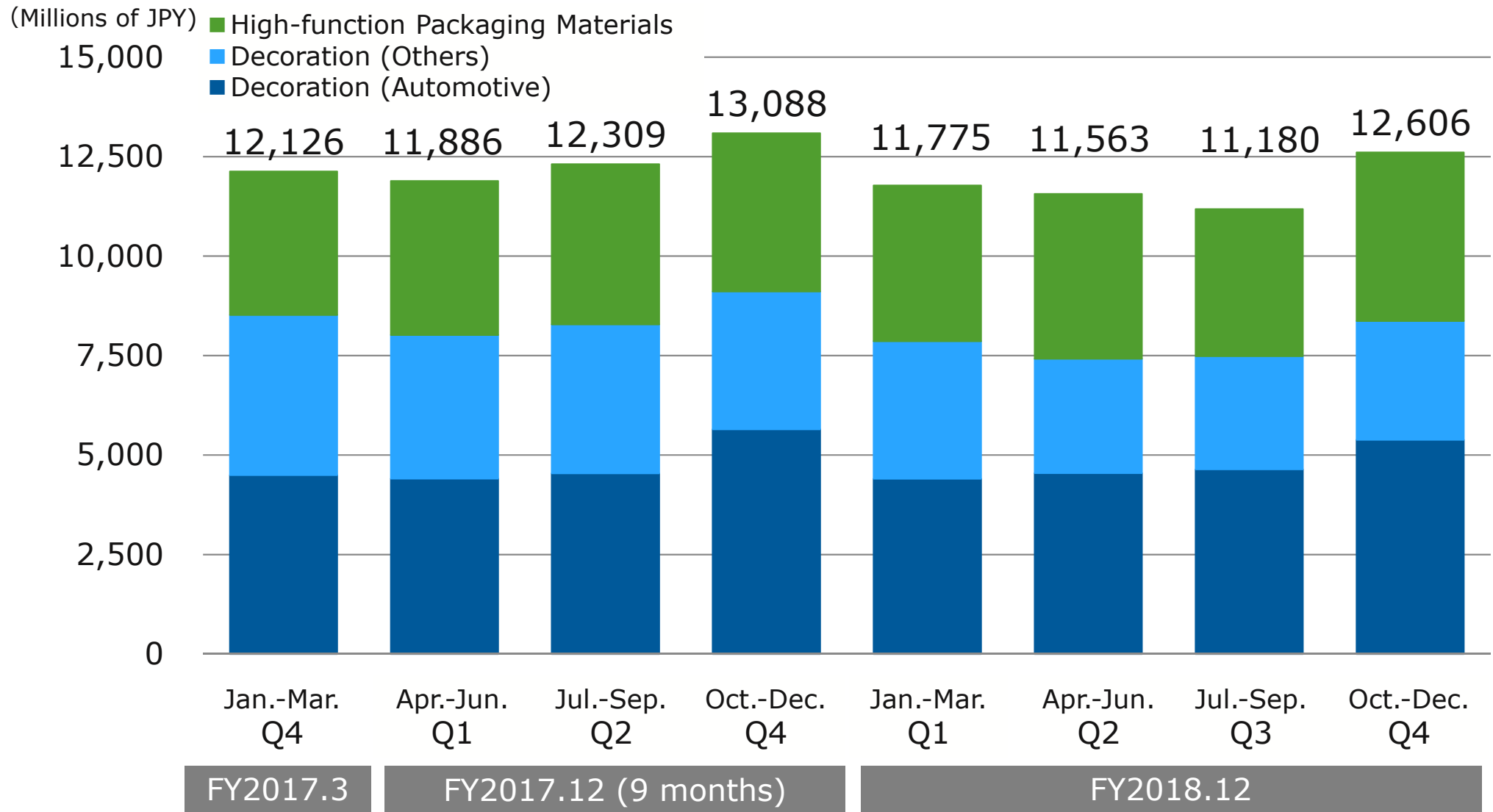
(Millions of JPY)

| | FY2017.12 Oct.-Dec. Results | FY2018.12 Jul.-Sep. Results | FY2018.12 Oct.-Dec. Results | YoY | QoQ |
|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------|--------|
| Net sales | 64,503 | 68,318 | 66,544 | +3.2% | -2.6% |
| Industrial Materials | 13,088 | 11,180 | 12,606 | -3.7% | +12.8% |
| Devices | 41,917 | 48,029 | 43,500 | +3.8% | -9.4% |
| Medical Technologies | 5,085 | 6,028 | 6,336 | +24.6% | +5.1% |
| Information and Communication | 4,310 | 2,967 | 3,974 | -7.8% | +33.9% |
| Others | 103 | 113 | 130 | +26.2% | +15.0% |
| EBITDA | 7,353 | 8,834 | 8,377 | +13.9% | -5.2% |
| EBITDA margin | 11.4% | 12.9% | ✓ 12.6% | +1.2pt | -0.3pt |
| Operating profit | 4,439 | 6,434 | 6,113 | +37.7% | -5.0% |
| Operating profit margin | 6.9% | 9.4% | ✓ 9.2% | +2.3pt | -0.2pt |
| Ordinary profit | 5,362 | 7,349 | 5,975 | +11.4% | -18.7% |
| Net profit | 4,893 | 7,205 | 3,857 | -21.2% | -46.5% |
| Forex | ¥111/\$ | ¥110/\$ | ¥111/\$ | | |

Industrial Materials

Demand for automotive and metallized paper progressed steadily

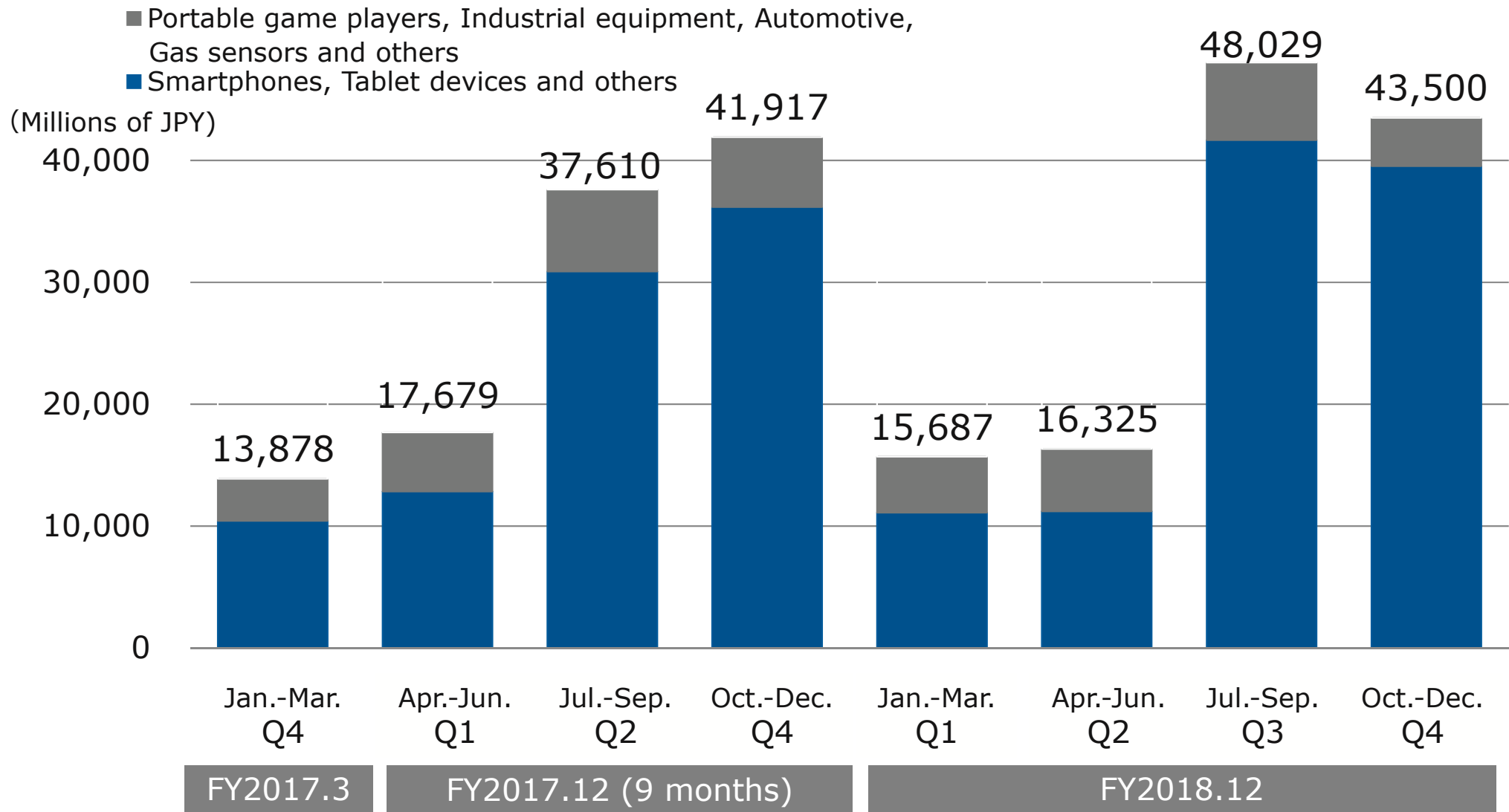
Net sales trend by application (by quarter)



Devices

Q4 results underperformed to Q3 results due to sharp drop in demand in December

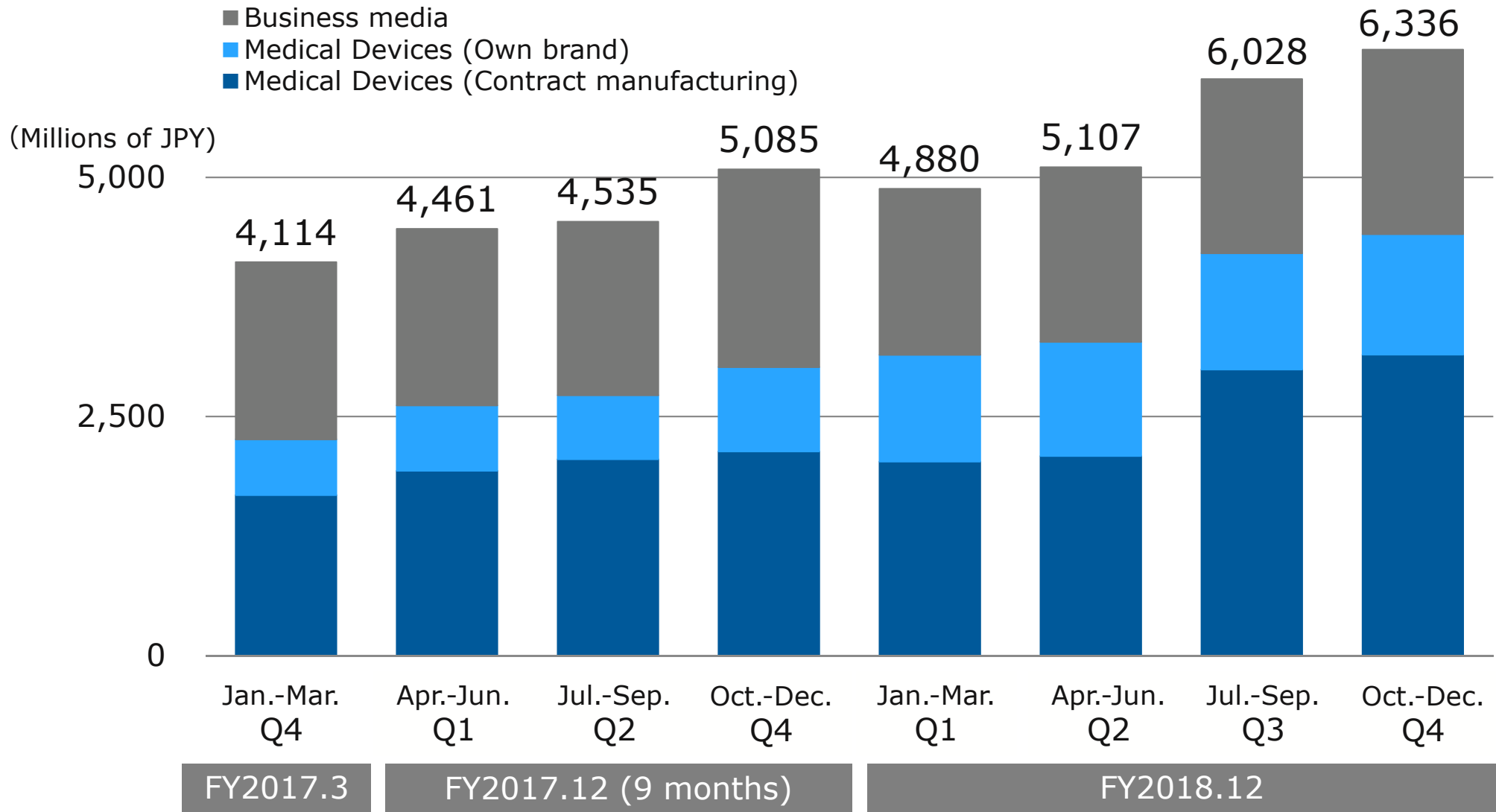
Net sales trend by application (by quarter)



Medical Technologies

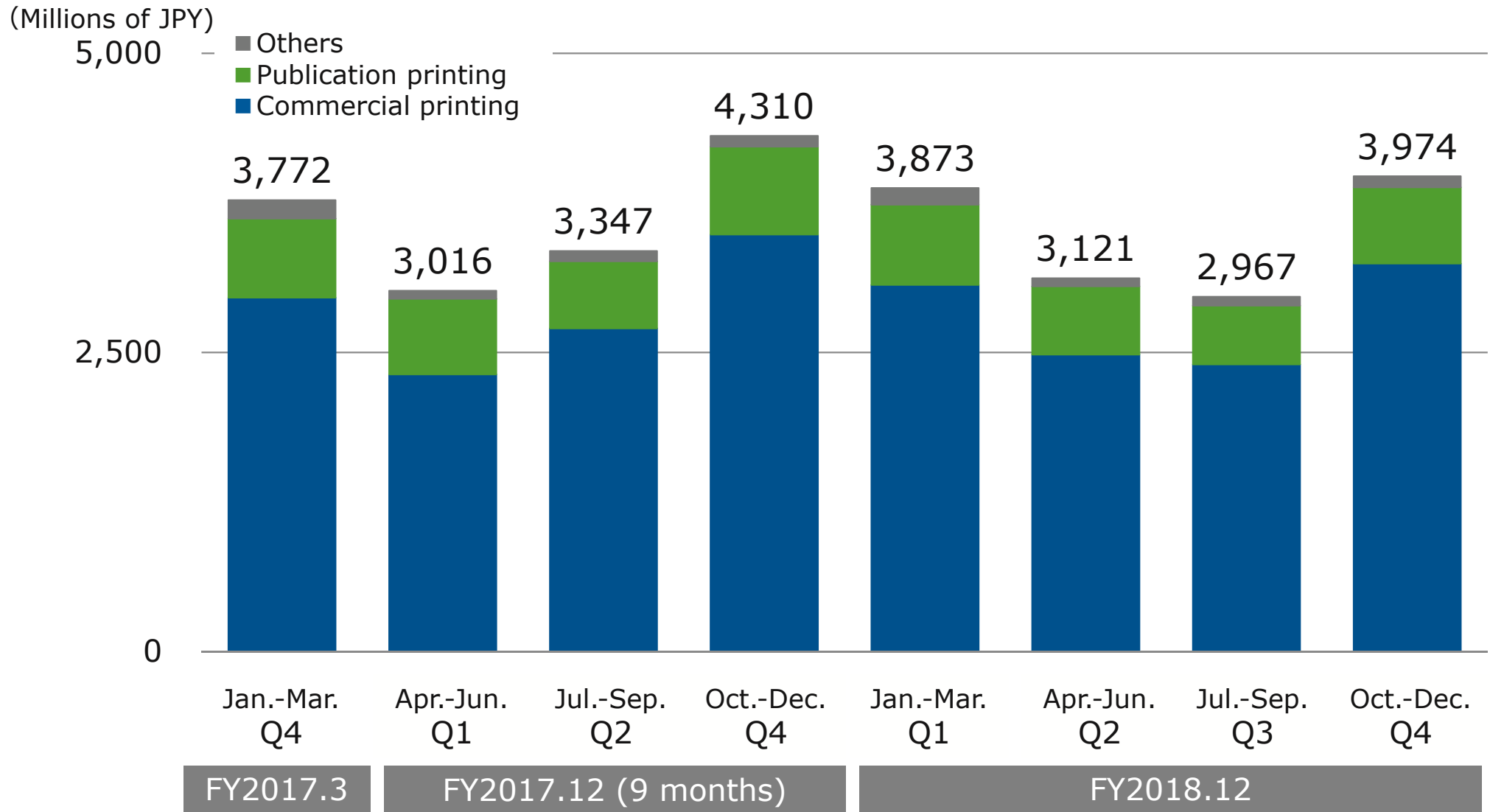
Business size up through the acquisitions of 3 companies

Net sales trend by application (by quarter)



Information and Communication

Net sales trend by application (by quarter)



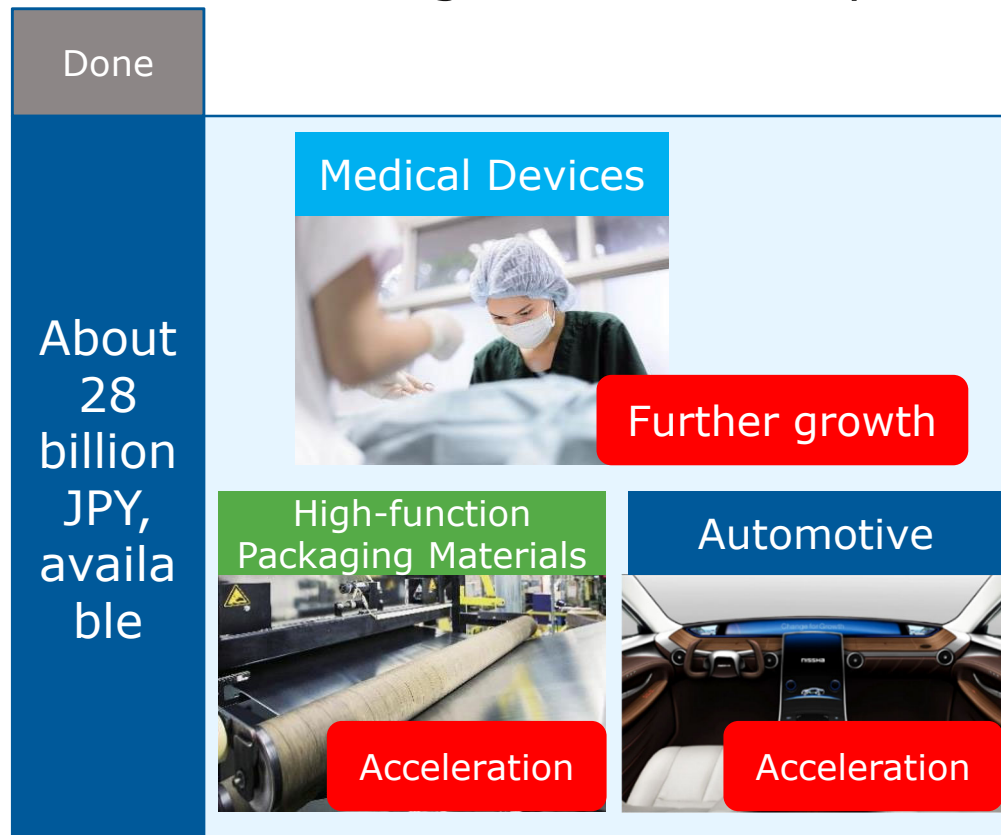
Update on The 6th Medium-term Business Plan (2018-2020)

Focused markets in the Plan



Strategy in FY2019, the 2nd year of the 6th Medium-term Business Plan

- To promote growth in Medical Devices, High-function Packaging Materials, and Automotive, through M&A as an option
- To sustain and seek for profitability and efficiency in IT

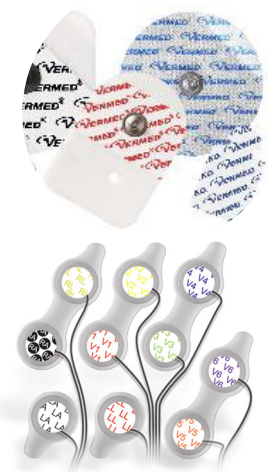


M&A budget for the 6th Medium-term Business Plan
Total 31.5 billion JPY (2018-2020, 3 years)

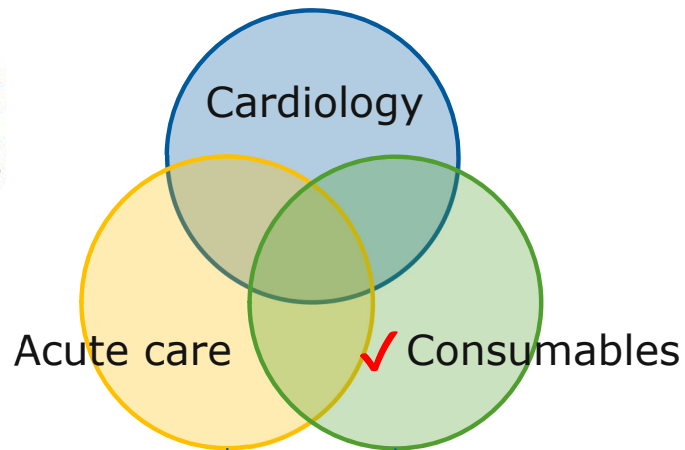
Accelerate growth for Medical Devices and move in high gear for DDS

• Medical Devices

- Contract manufacturing: To extend development and design capabilities
- Own brand: To enrich distinctive product lineup



Vermed Claravue™
On sale in Japan from
Dec. 2018



Film, Roll-to-Roll

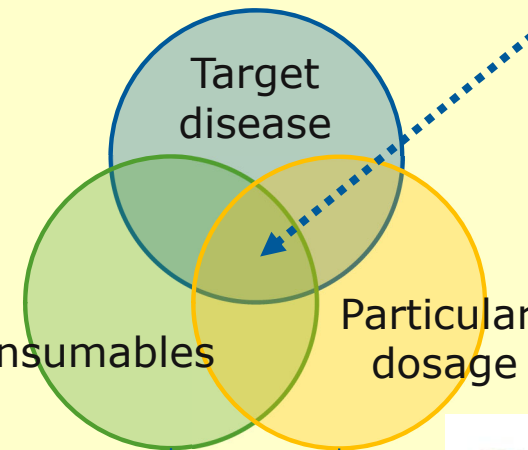
• Drug Delivery System (DDS)

- Business opportunity: Dosage form change from general dosage like pills, injection, etc

Microneedle Patch

On sale from
Apr. 2017

Ex. Particular dosage



Printing

✓ Coating

✓ Laminating

✓ Molding

✓ Patterning

Nissha's
Core
Technologies



Focus on sustainable packaging material

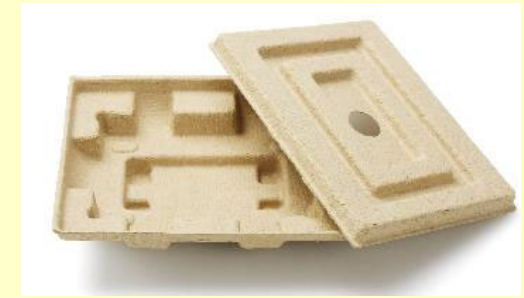
- Demand increase for recyclable packages in EU and other regions

- More business opportunities for metallized paper
 - Metallized paper is sustainable and premium packaging material
 - Overwhelming market share in EU and in North America

metallizing
A Nissha Company



- To bring more new packaging materials into market
 - High-function and sustainable



Nissha's
Core
Technologies

Printing



✓ Coating



✓ Laminating



✓ Molding



✓ Patterning



Introduce new products for automotive

Autonomous driving



- Exterior
- Functional part
- Decoration part

Sustainable society



- Fuel cell vehicle
- Hydrogen detector

Interior comfort

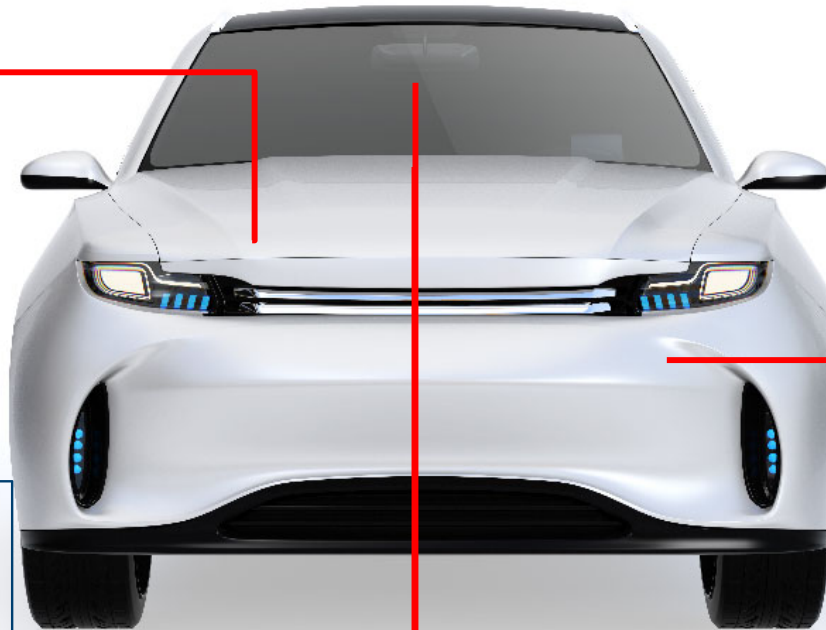


- Interior
- Decoration film and part
- New materials and products

Connectivity

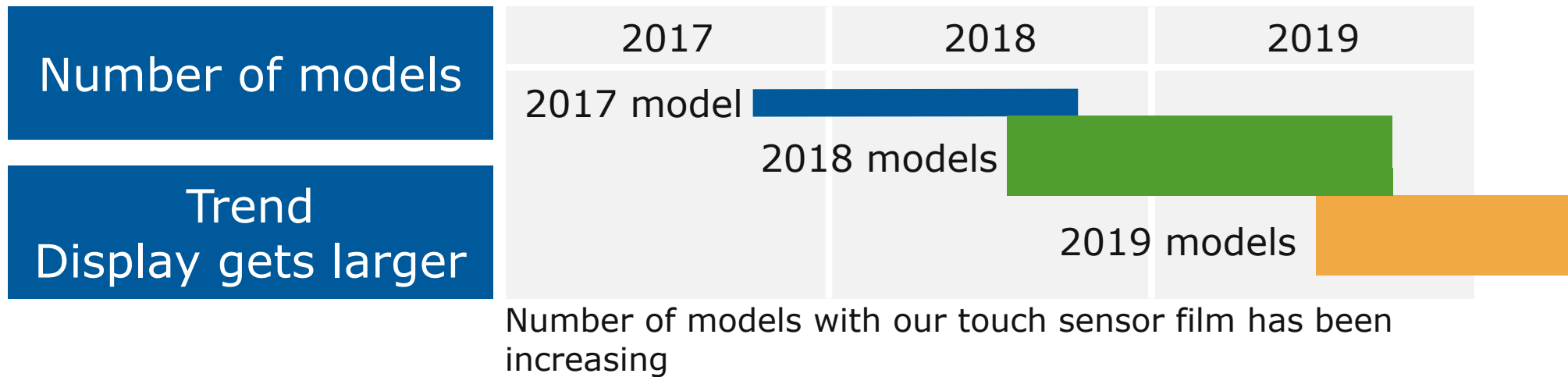


- Interface
- Touch sensor
- Force sensor



Sustain profitability and efficiency

● Business opportunity



● Our advantages

| Technology | Quality Supply capacity | Production capacity |
|---|--|---|
| <ul style="list-style-type: none"> ● Narrower frame ● Thinner touch film ● Advancing optical quality | <ul style="list-style-type: none"> ● Smooth and quick production launch ● Good reputation from the supply chain partners | <ul style="list-style-type: none"> ● JV with Lens Technology |

Nissha and Lens Technologies
Launch in 2019



Seeking for both corporate value and shareholder value

Investment for growth

- M&A: Medical Devices, High-function Packaging Materials, Automotive
 - Budget for 3 years: JPY 31.5 billion
- Capital investment: Mainly for maintenance

* 3 years: Term for the 6th Medium-term Business Plan

Shareholder return

- Dividend
 - 2019 forecast: JPY30 + JPY5 (90th anniversary)
- Buyback
 - Highly flexible way for shareholder return
 - Implemented twice in 2018 (Feb., Nov.)

2019/12 Forecast

No company acquisitions included, based on ¥105/\$

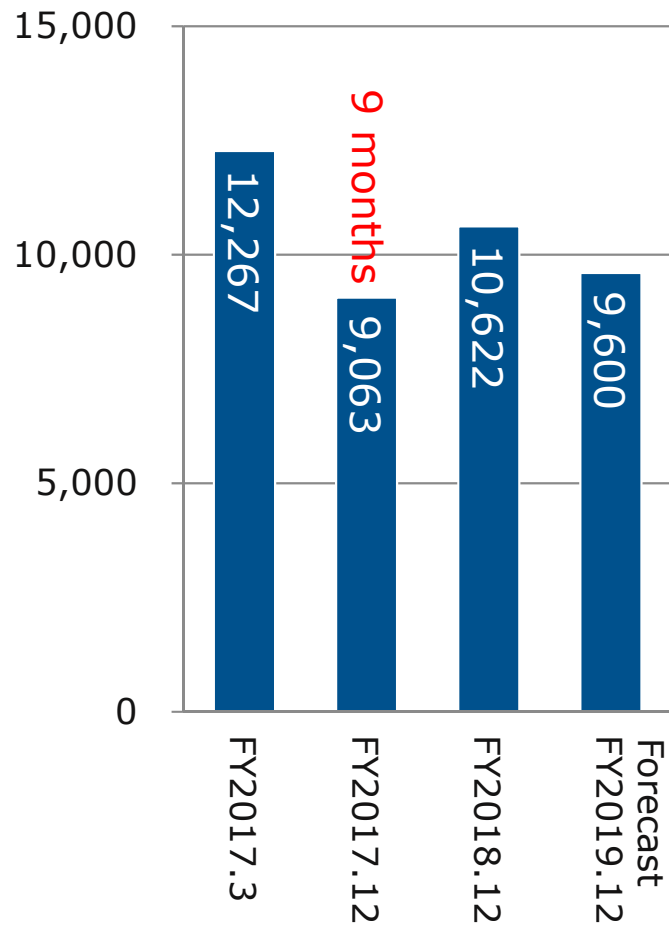
(Millions of JPY)

| | 2018.12 (Jan.-Dec.) Results | 2019.12 (Jan.-Dec.) Forecast | 2019.12 H1 (Jan.-Jun.) Forecast | 2019.12 H2 (Jul.-Dec.) Forecast | YoY |
|-------------------------------|-----------------------------------|------------------------------------|--|--|------------|
| Net sales | 207,404 | 195,000 | 78,000 | 117,000 | -6.0% |
| Industrial Materials | 47,124 | 51,800 | 24,800 | 27,000 | +9.9% |
| Devices | 123,541 | 110,600 | 37,200 | 73,400 | -10.5% |
| Medical Technologies | 22,351 | 25,000 | 12,500 | 12,500 | +11.8% |
| Information and Communication | 13,935 | 7,100 | 3,300 | 3,800 | -49.1% |
| Other | 452 | 500 | 200 | 300 | +10.6% |
| EBITDA | 17,343 | 18,800 | 1,080 | 17,720 | +8.4% |
| EBITDA Margin | 8.4% | 9.6% | 1.4% | 15.1% | +1.2pt |
| Industrial Materials | 3,675 | 4,900 | - | - | +33.3% |
| Devices | 14,444 | 13,200 | - | - | -8.6% |
| Medical Technologies | 1,829 | 2,400 | - | - | +31.2% |
| Information and Communication | -402 | 400 | - | - | Into black |
| Other | -2,203 | -2,100 | - | - | - |
| Operating Profit | 8,071 | 8,500 | -4,000 | 12,500 | +5.3% |
| Operating profit margin | 3.9% | 4.4% | -5.1% | 10.7% | +0.5pt |
| Ordinary Profit | 7,370 | 7,800 | -4,300 | 12,100 | +5.8% |
| Net Profit | 4,308 | 6,000 | -4,000 | 10,000 | +39.2% |
| Forex | ¥109/\$ | ¥105/\$ | ¥105/\$ | ¥105/\$ | - |

Reference: Capital investment, Depreciation and R&D

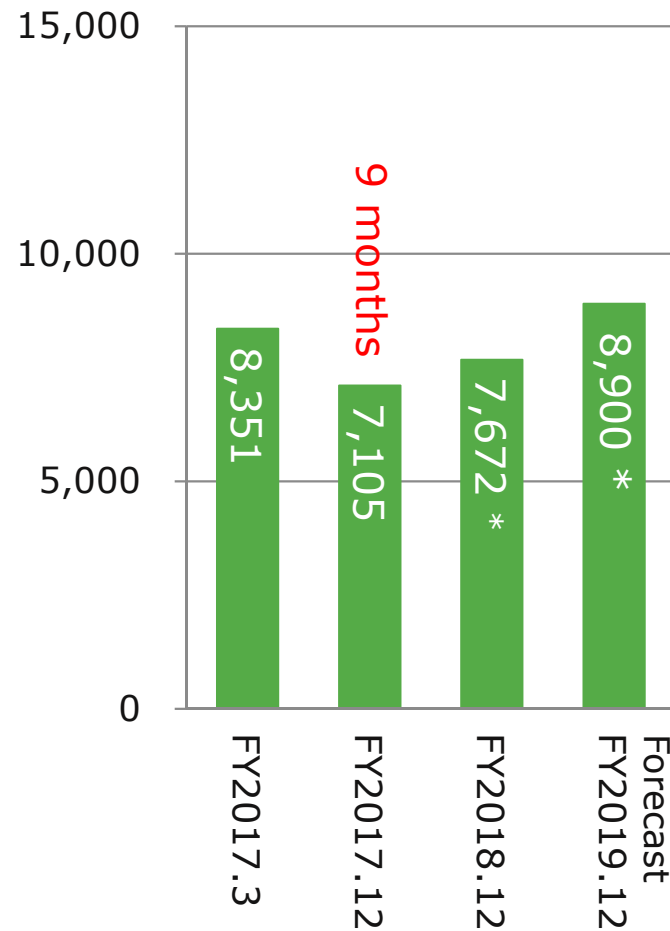
Capital investment

(Millions of JPY)



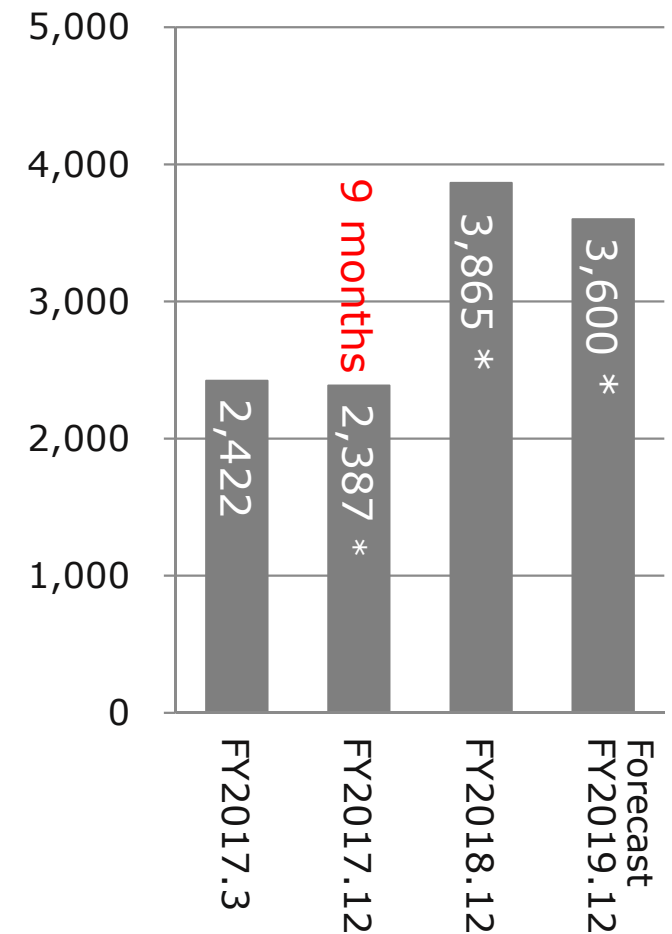
Depreciation

(Millions of JPY)



R&D

(Millions of JPY)



*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

* Increased because of the change of the function of some division from production to R&D.

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

(Million of JPY)

| | FY2018.12 Q1 (Jan.-Mar.) results | FY2018.12 Q2 (Apr.-Jun.) results | FY2018.12 Q3 (Jul.-Sep.) results | FY2018.12 Q4 (Oct.-Dec.) Results |
|--------------------------|--|--|--|--|
| Capital investment | 3,431 | 1,745 | 3,485 | 1,961 |
| Depreciation | 1,955 | 1,889 | 1,937 | 1,891 |
| M&A investment | 39 | 2,877 | 79 | 659 |
| Amortization of goodwill | 388 | 376 | 460 | 375 |
| R&D | 933 | 979 | 878 | 1,075 |

*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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