

The Nissha logo is rendered in a bold, white, sans-serif font. The letters are closely spaced, with the 'i' and 's' in 'Nissha' having a distinctive, slightly rounded and connected appearance. The logo is centered horizontally in the upper portion of the slide.

# NISSHA

Financial Results  
for FY2019.12 Q2  
Ended June 30, 2019

August 6, 2019

Junya Suzuki

President and CEO

Nissha Co., Ltd.

# Highlights

## FY2019.12 H1 Results

- Lower demand caused weaker revenue (1USD=JPY110)
  - Net sales 73.1 billion yen, EBITDA -1.0 billion yen, Operating loss 5.8 billion yen, Ordinary loss 6.3 billion yen, Net loss 7.5 billion yen
  - Devices: Weaker demand for smartphones led low operation rate of production.
  - Industrial Materials: Demand decrease for Chinese market caused low operation rate of production. Quality issue continued at some overseas factories.
  - Medical Technologies: Demand progressed steadily, primarily for the contract manufacturing. Operation profit after amortization is constantly marked.

## Forecast for FY2019.12

- The forecast was revised (1USD=JPY107)
  - Net sales 180 billion yen, EBITDA 11.8 billion yen, Operating profit 1.5 billion yen, Ordinary profit 0.5 billion yen, Net profit 0 yen
  - Devices, Industrial Materials: Forecast revised by reflecting H1 results and reviewing H2 demand forecast
  - Medical Technologies, Information and Communication: Expected almost as originally planned.

## Topics

- Updates on the Mid-term Business Plan
- Introduction of Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type) as a part of employee incentive plans

# FY2019.12 H1 (6 months) Results

(Millions of JPY)

	FY2018.12 H1 Results	FY2019.12 H1 Plan	FY2019.12 H1 Results	YoY
Net Sales	72,542	78,000	73,100	+0.8%
Industrial Materials	23,338	24,800	23,554	+0.9%
Devices	32,012	37,200	33,466	+4.5%
Medical Technologies	9,987	12,500	12,285	+23.0%
Information and Communication	6,994	3,300	3,601	-48.5%*
Other	209	200	191	-8.3%
EBITDA	132	1,080	-1,080	-
EBITDA margin	0.2%	1.4%	-1.5%	-1.7pt
Operating profit	-4,476	-4,000	-5,829	-
Operating profit margin	-6.2%	-5.1%	-8.0%	-1.8pt
Ordinary profit	-5,954	-4,300	-6,387	-
Net profit	-6,754	-4,000	-7,569	-
Forex	¥108/\$	¥105/\$	¥110/\$	

# FY2019.12 Q2 Results

(Millions of JPY)

	FY2018.12 Q2 Result	FY2019.12 Q1 Result	FY2019.12 Q2 Result	YoY	QoQ
Net Sales	36,228	34,964	38,136	+5.3%	+9.1%
Industrial Materials	11,563	11,672	11,882	+2.8%	+1.8%
Devices	16,325	15,072	18,394	+12.7%	+22.0%
Medical Technologies	5,107	6,145	6,140	+20.2%	-0.1%
Information and Communication	3,121	1,977	1,624	-47.9%	-17.9%
Other	112	95	96	-14.3%	+1.1%
EBITDA	-383	-170	-910	-	-
EBITDA margin	-1.1%	-0.5%	-2.4%	-1.3pt	-1.9pt
Operating profit	-2,647	-2,508	-3,321	-	-
Operating profit margin	-7.3%	-7.2%	-8.7%	-1.4pt	-1.5pt
Ordinary profit	-2,291	-2,746	-3,641	-	-
Net profit	-3,142	-3,258	-4,311	-	-
Forex	¥107/\$	¥109/\$	¥110/\$		

# Industrial Materials

EMPOWERING YOUR VISION

Demand decrease for Chinese market and staying quality issues at some overseas molding factories

Net sales trend by application (by quarter)

(Millions of JPY)

25,000

- Sustainable Packaging Materials (Metallized paper)
- Decoration (Others)
- Decoration (Mobility (Automotive))

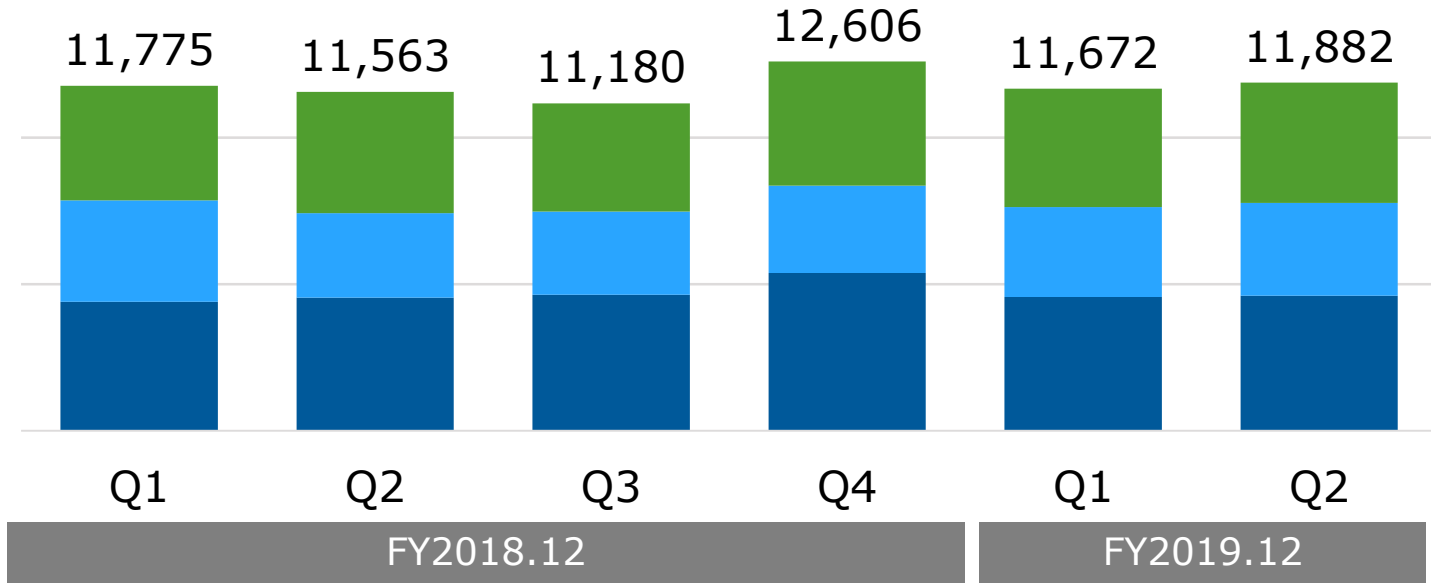
20,000

15,000

10,000

5,000

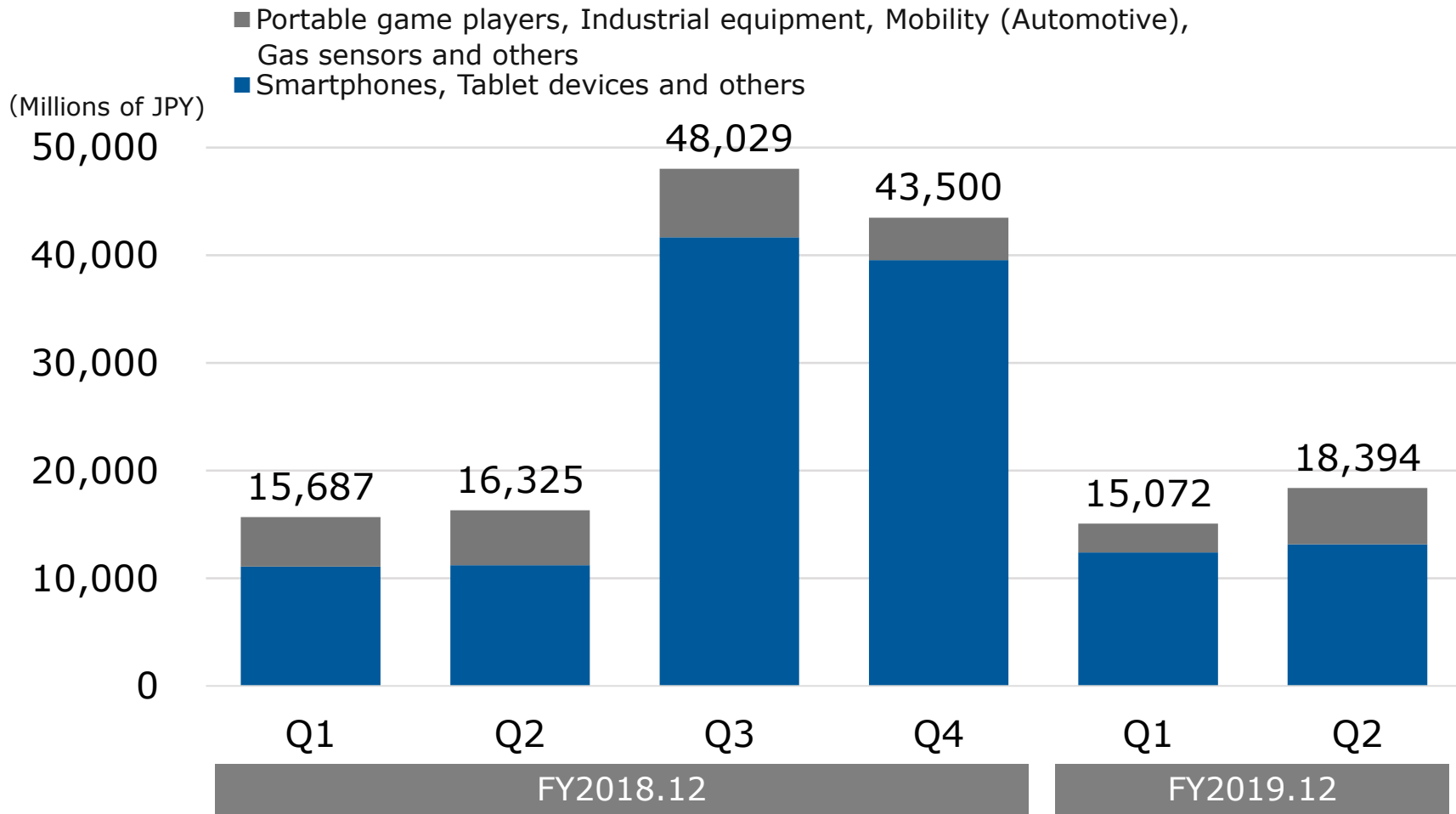
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# Devices

## Weaker demand for smartphones

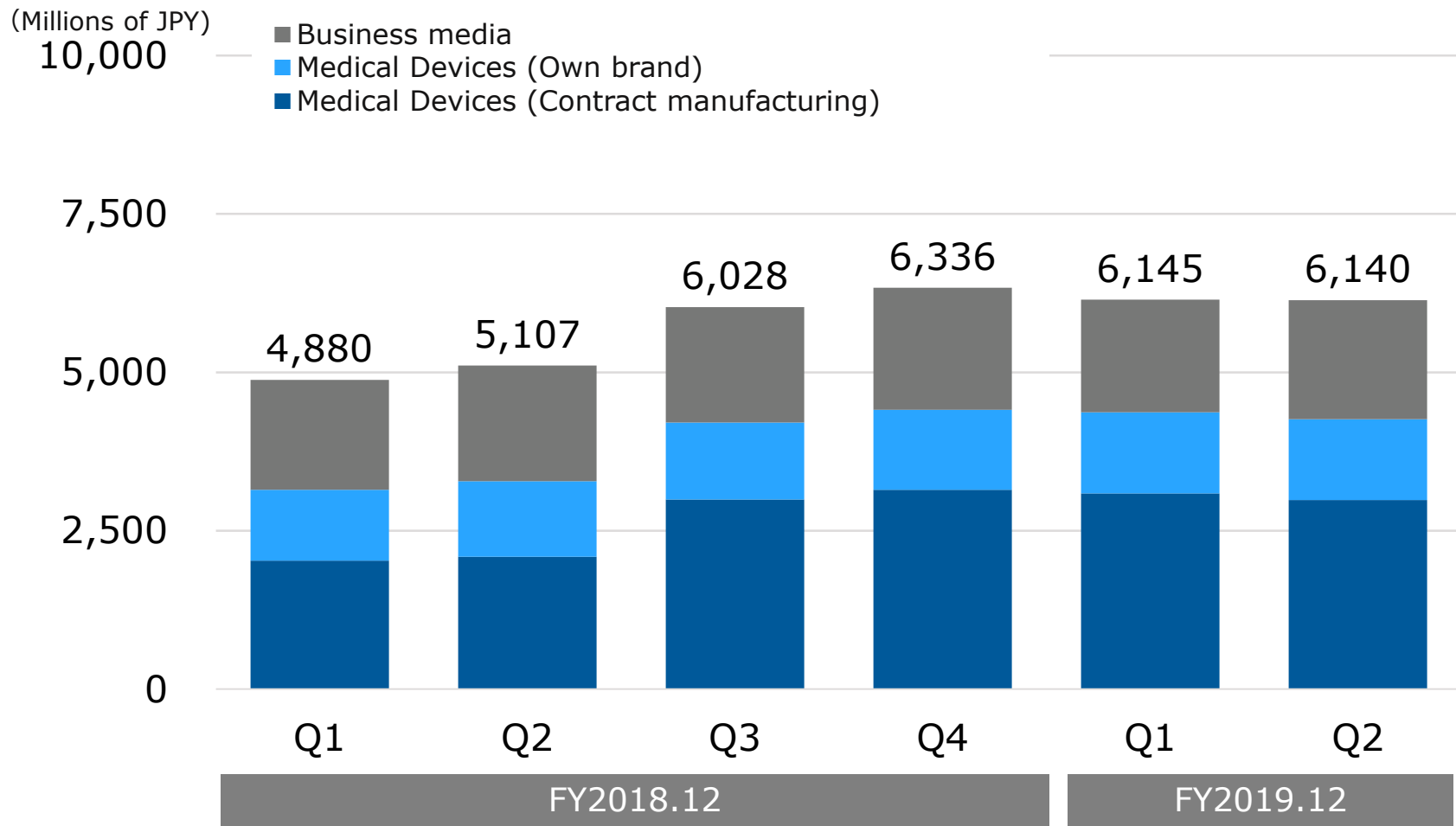
Net sales trend by application (by quarter)



# Medical Technologies

Steadily progressing primarily for the contract manufacturing

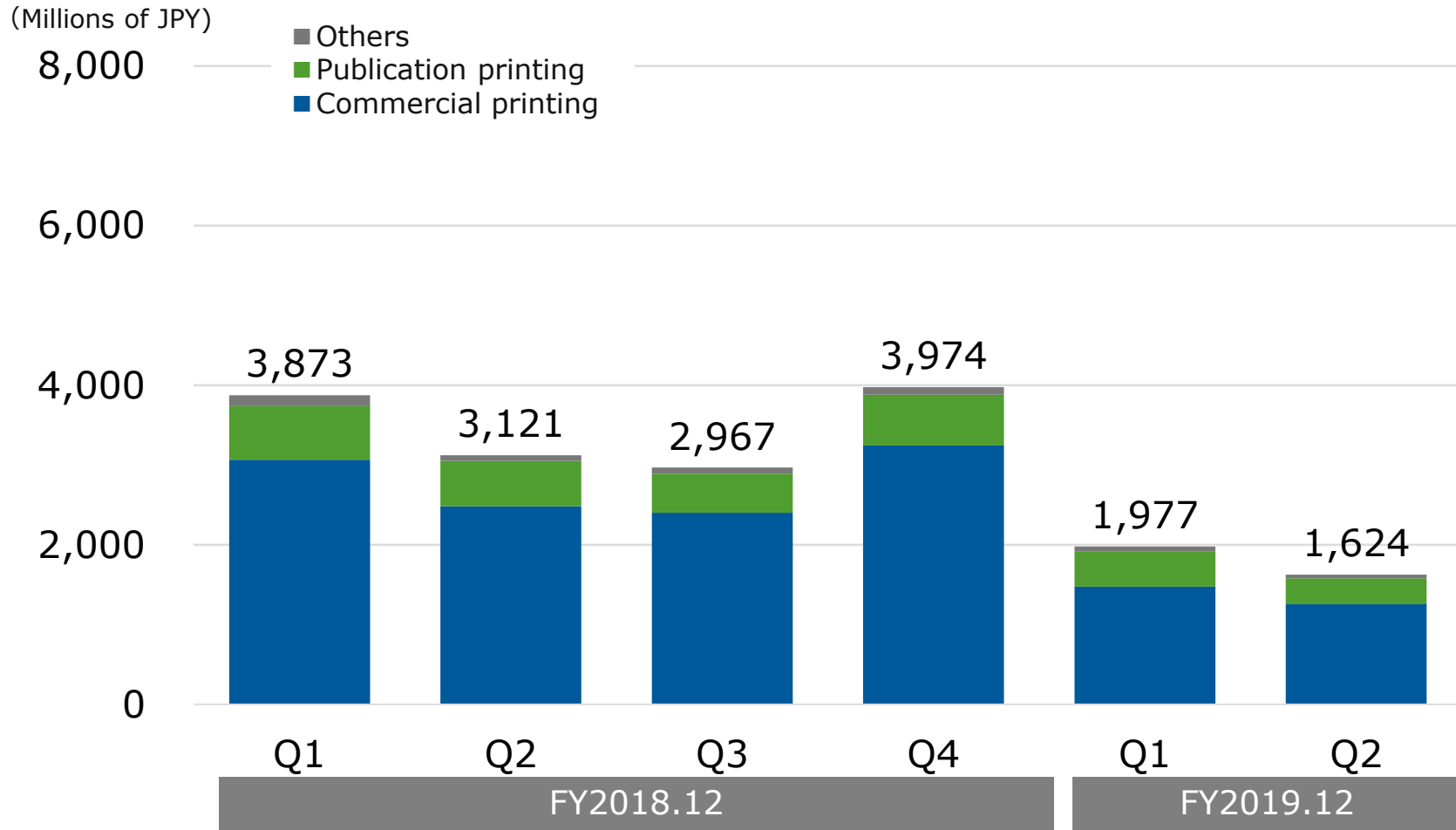
Net sales trend by application (by quarter)



# Information and Communication

## Seasonal demand decrease in Q2

Net sales trend by application (by quarter)

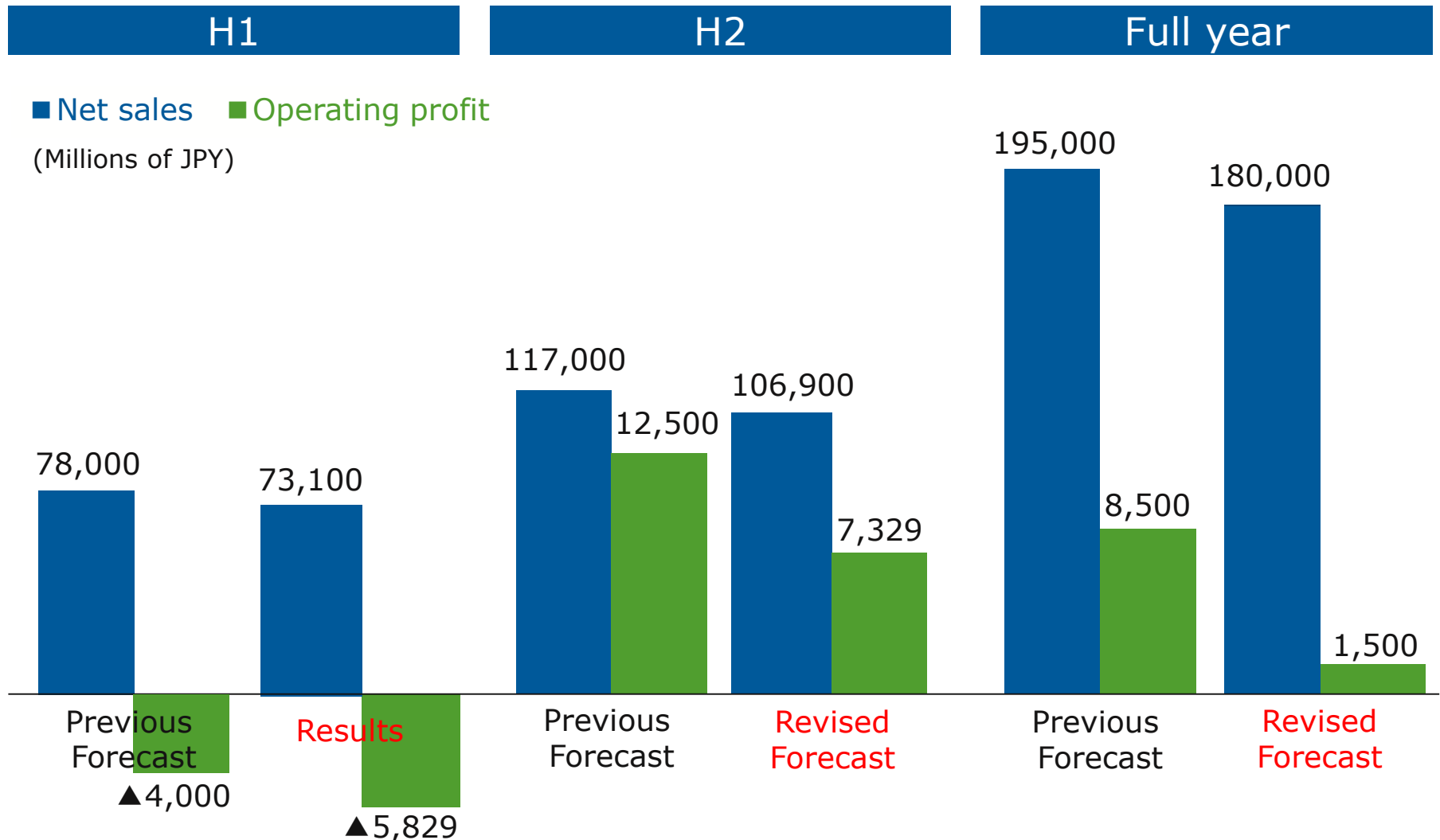


Business restructuring  
January 2019



# Revision to the Business Forecast

Tendency of the lower demand in H1 continues to H2.



## Revision to the Business Forecast

(Millions of JPY)

	Previous Forecast (Feb. 14)			Revised Forecast (Aug. 6)		
	FY2019.12 Plan	FY2019.12 H1 Plan	FY2019.12 H2 Plan	FY2019.12 Plan	FY2019.12 H1 Results	FY2019.12 H2 Plan
Net sales	195,000	78,000	117,000	180,000	73,100	106,900
Industrial Materials	51,800	24,800	27,000	48,000	23,554	24,446
Devices	110,600	37,200	73,400	99,500	33,466	66,034
Medical Technologies	25,000	12,500	12,500	25,000	12,285	12,715
Information and Communication	7,100	3,300	3,800	7,100	3,601	3,499
Other	500	200	300	400	191	209
EBITDA	18,800	1,080	17,720	11,800	-1,080	12,880
EBITDA margin	9.6%	1.4%	15.1%	6.6%	-1.5%	12.0%
Industrial Materials	4,900	-	-	2,600	954	1,646
Devices	13,200	-	-	9,400	-2,023	11,423
Medical Technologies	2,400	-	-	2,400	1,263	1,137
Information and Communication	400	-	-	200	-65	265
Other	-2,100	-	-	-2,800	-1,208	-1,592
Operating profit	8,500	-4,000	12,500	1,500	-5,829	7,329
Operating profit margin	4.4%	-5.1%	10.7%	0.8%	-8.0%	6.9%
Ordinary profit	7,800	-4,300	12,100	500	-6,387	6,887
Net profit	6,000	-4,000	10,000	0	-7,569	7,569
Forex	¥105/\$	¥105/\$	¥105/\$	¥107/\$	¥110/\$	¥105/\$

Update on  
The 6<sup>th</sup> Medium-term Business Plan  
(2018-2020)

# Medium-term Vision: Aim for “Completion of Balanced Management in Our Business Portfolio”

## IT

- Profitability and efficiency

### IT



## non-IT

- Growth through M&A

### Medical Devices



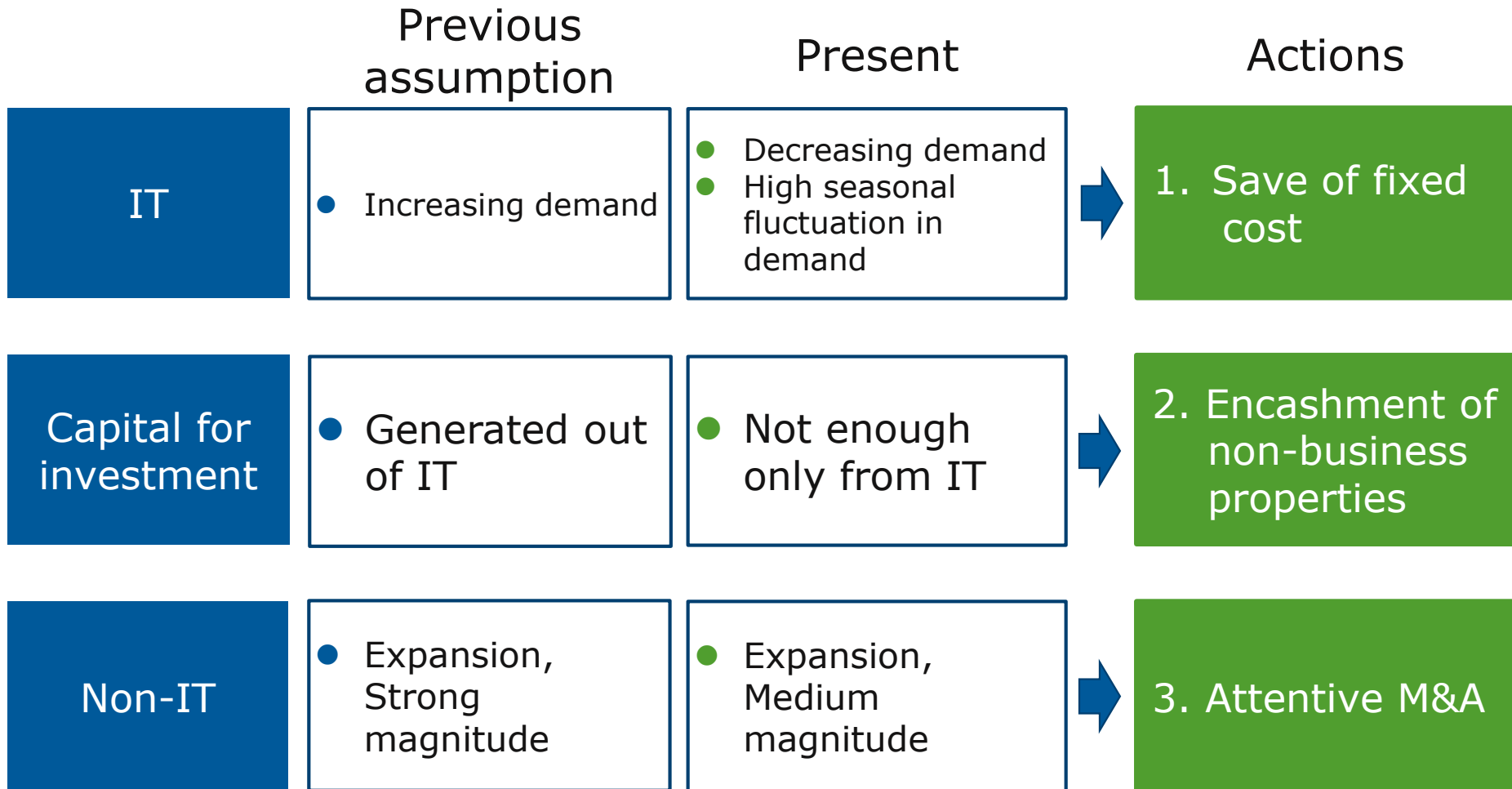
### Sustainable Packaging Materials



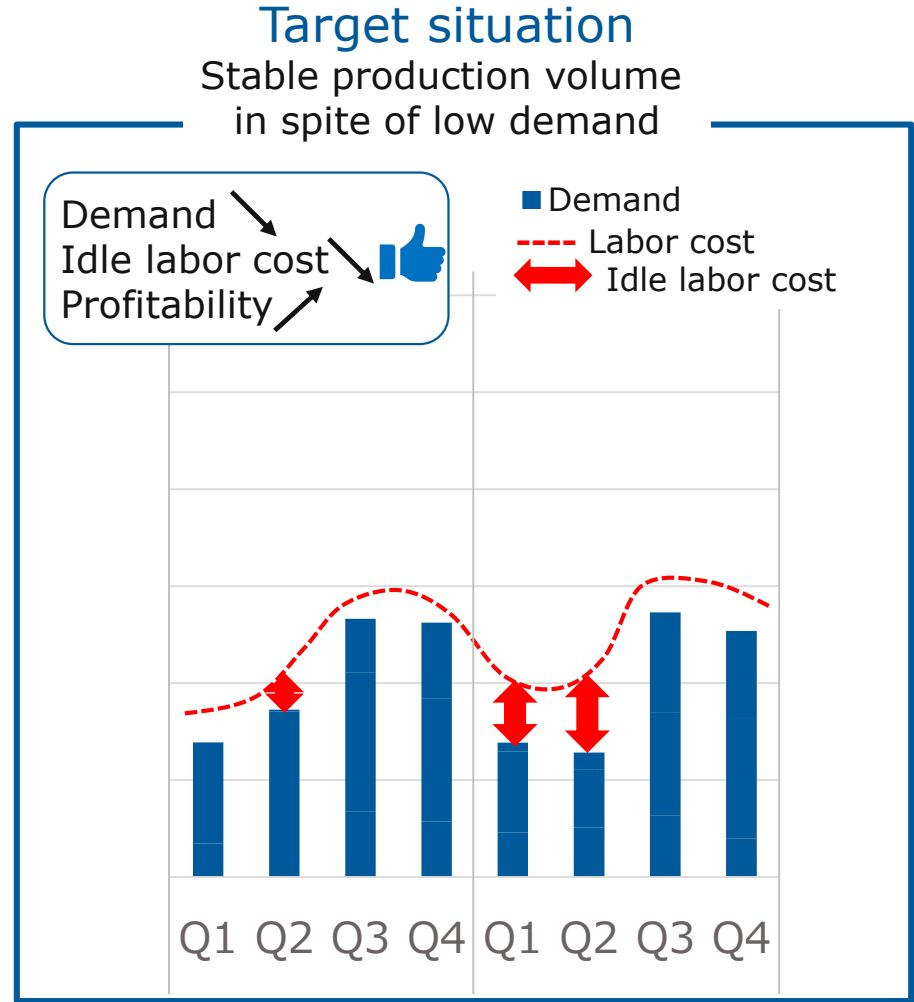
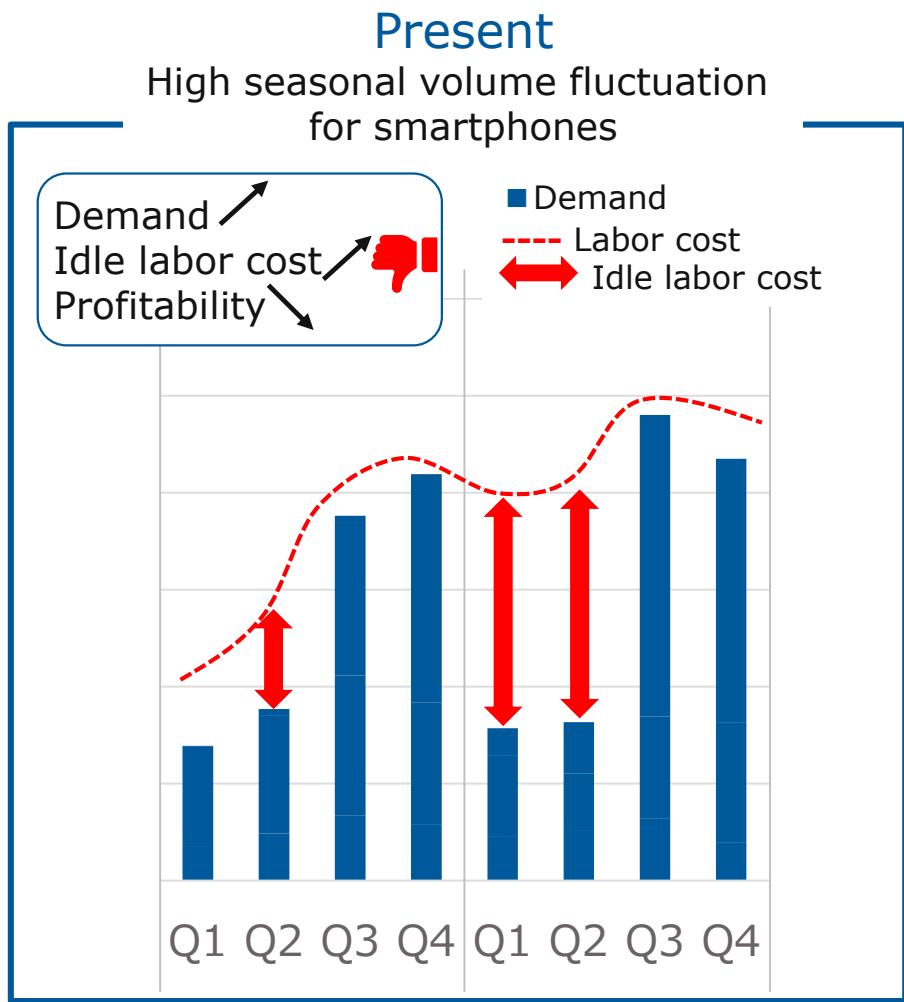
### Mobility (Automotive)



# 3 actions



# Demand decrease for smartphones can level production volume fluctuations and save idle labor cost



## To secure capital for growth in a size of 10 billion yen by the end of 2020

### Previous assumption

#### Capital for investment

- Operating CF out of IT business ↗
- Financing (Debt)

### Present

#### Capital for investment

- Operating CF out of IT business ↘
- Financing (Debt)
- Encashment of non-business properties: in scale of 10 billion yen
  - Unused fixed assets
  - Strategic holding shares

#### Previous budget (2019-2020)

(Millions of JPY)

28,000

17,800

M&A

Capital investment

#### Current budget (2019-2020)

(Millions of JPY)

MAX 20,000

MAX 12,000

M&A

Capital investment

# Target areas

## Medical Devices



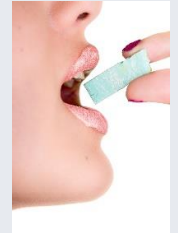
- Cardiology
- Acute care
- Consumables

To enrich product lineup

To extend design and development capabilities



DDS - Dosage form change



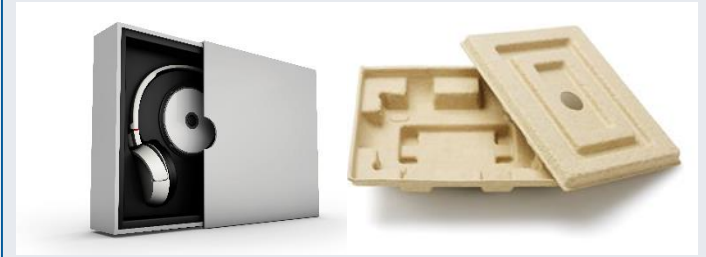
## Sustainable Packaging Materials



Share extension for metallized paper



New sustainable packaging materials



## Mobility (Automotive)



New opportunities

CASE

- Connected
- Autonomous driving
- Shared/Service
- Electric



Mobility Business Unit  
Joint of Industrial Materials  
(Interior/Exterior decoration) and  
Devices (Functional parts)

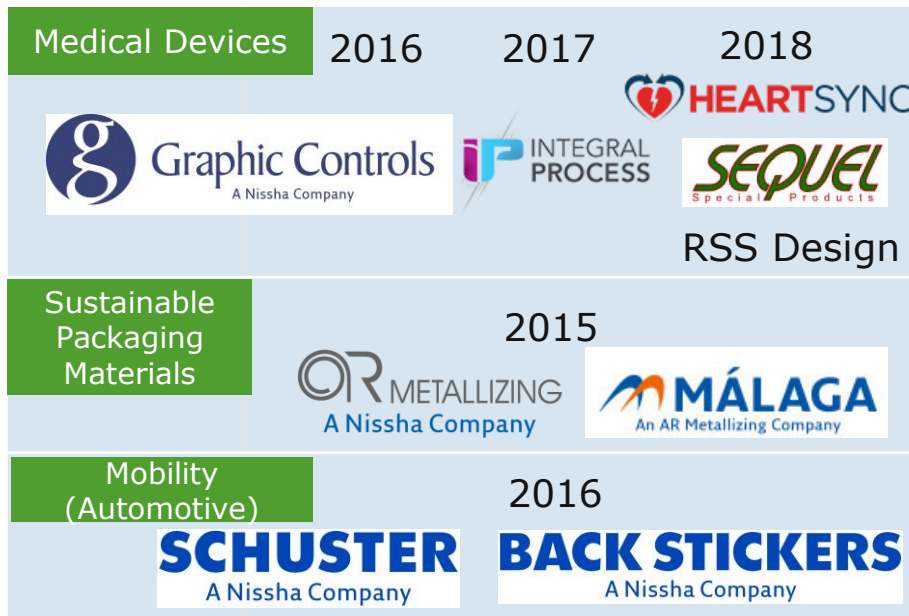




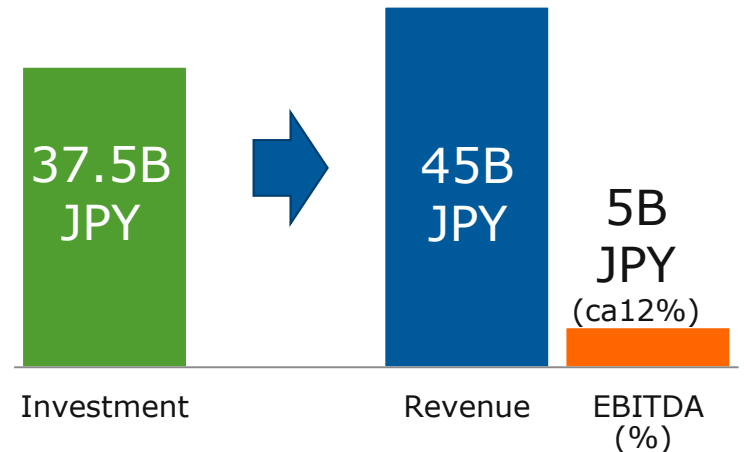
# M&A capability

- ROIC 8 % at least
- Less reliance on bidding
- Bargaining power
- Common ground for core technologies
- No exit of management
- PMI experience

## Recent acquisitions



- Investment 37.5 billion yen, ROIC 9%  
 \*ROIC on cash basis  
 = EBITDA \* (1-tax rate 30%)/Investment

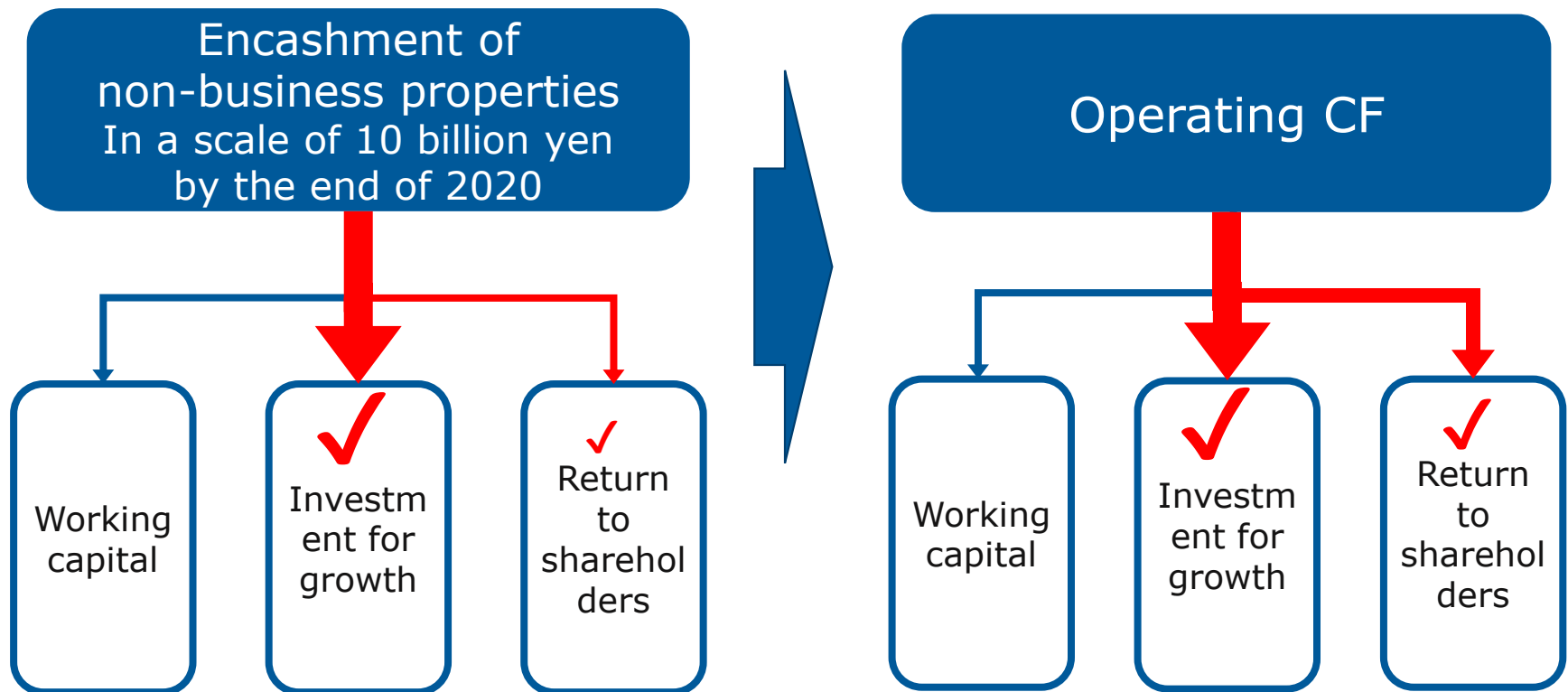


FY2019.12  
Forecast

Short term: Priority on investment for non-IT for growth  
 Medium term: Aim to shift to balanced capital allocation

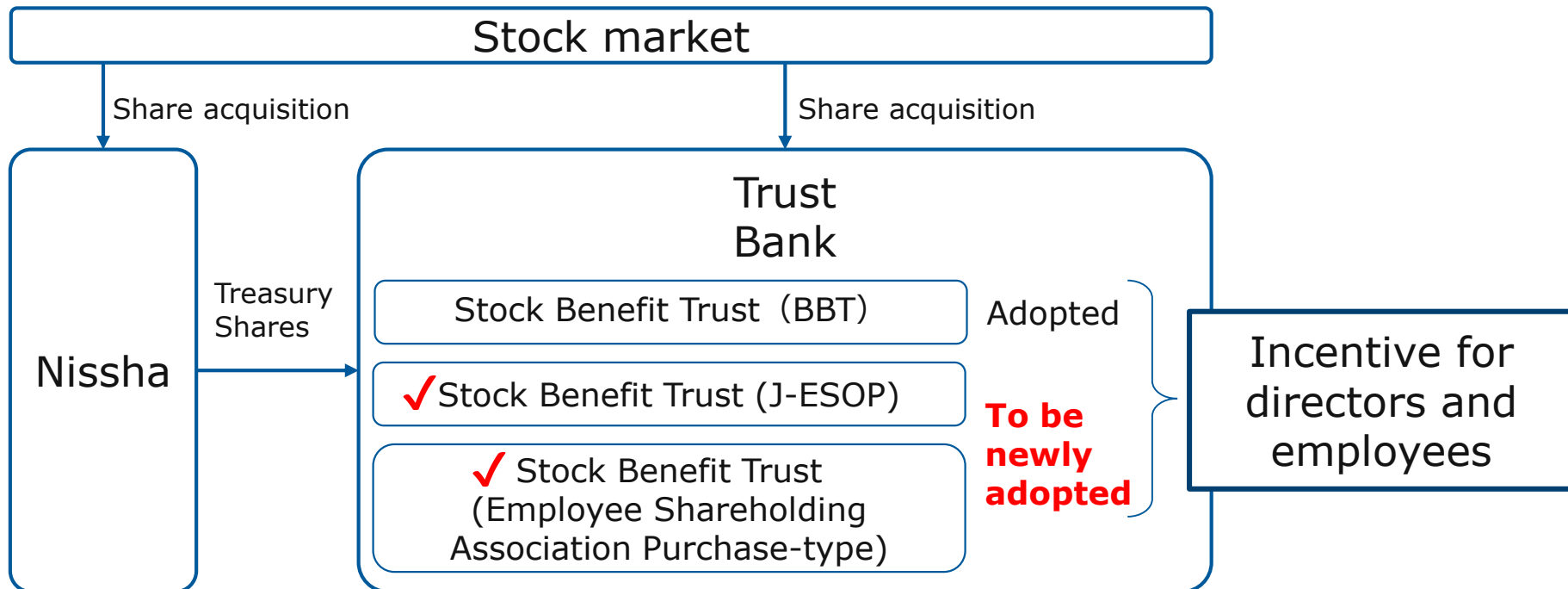
Short term  
 (Action2)

Medium term  
 (After completion of balanced management)



# Active employees contribute to enhance corporate value

- To raise employees' awareness of the Company's share price and the business performance
- The Company's share to be acquired via the stock market or by subscription to the disposition of the Company's treasury shares (To be published after details fixed)



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

(Million of JPY)

	FY2019.12 Q1 results	FY2019.12 Q2 results
Capital investment	1,602	2,187
Depreciation	1,943	2,003
M&A investment	-	-
Amortization of goodwill	400	403
R&D	875	944

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