

Nissha Printing Co., Ltd.  
Financial Results for FY2016 Q1 Ended June 30, 2015  
Presentation for Institutional Investors  
Q&A Overview  
(Held August 6, 2015)

**■Performance for FY2016 Q1**

- Q1. According to the Analysis of Operating Income on Page 4 of the presentation materials, for Q1, improvements in productivity and cost control have contributed to revenue improvements for the Devices Business, but what are the specifics? In addition, can we assume that these effects will be able to be carried over for Q2 and later?
- A1. Our Devices Business sees a drop in demand in Q1 and Q4 due to seasonal factors. Q4 in the previous fiscal year had a sharp drop from Q3, when demand peaked, and sufficient cost control did not come about. Therefore, in regards to this, we have been able to keep a firm grip on controlling fixed costs to meet demand in Q1. We are coming into the demand expansion period, but hope to continue to carry out lean business management. In addition to this, our future challenge is how far we can get results for reducing variable costs rates such as by improving yield.
- Q2. Is the Life Innovation Business you established new in April 2015 progressing smoothly?
- A2. While its contributions to performance are still minor, we are working on it steadily and progress is as planned.
- Q3. Q1 revenues exceeded the forecasts, but in Q2 demand for the Devices Business is bearish. Are there any changes in forecasts for operating income for the first half of the year overall?
- A3. For the first half, we continue to forecast the operating income of 2 billion yen we announced at the start of the year.

**■Purchase of AR Metallizing**

- Q4. With regard to the performance expansion of AR Metallizing, which you have recently purchased, of the “Expand market shares,” “Expand geographically,” “New markets,” “Development of new products, create new value” on Page 15 of the presentation materials, which is expected to contribute most specifically to net sales?
- A4. We expect the most from “Expand geographically.” AR Metallizing has strengths in the North American and European markets, but has not penetrated enough into Asian markets, and we believe it would be effective to utilize Nissha’s sales routes there. In addition, there is a lot of potential in the African and South American markets. Through this “Expand geographically” we shall be promoting “Expand market shares.”

## **Future business expansion**

Q5. Will there be any expansion into new fields such as force sensors? Is there the possibility of contributing to next fiscal year's performance?

A5. We are moving ahead with force sensors and other product development as planned. However, the timing where the products we provide will create a field within the market is unclear, and it may be a little early for a scenario where it contributes to performance as early as next fiscal year.

Q6. In the Fifth Medium-term Business Plan, I recognize that there is 35 billion yen for the M&A budget, but just under half has been used for this buyout of AR Metallizing. With the remaining budget, is your strategy to buy in areas related to metallized paper, using AR Metallizing as the core, or buy in different fields?

A6. We are considering M&A for the latter. We would like to focus on the Industrial Materials Business and the Devices Business. Our present company businesses are heavily weighted towards the very volatile IT market, so our strategy is to correct this through M&A.

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