Nissha Co., Ltd.
Financial Results for FY2019.12 Presentation
Q&A Overview
(February 14, 2020)

Q1. Nissha has had high demand for smartphones. In the next few years, do you have any expectation for such high demand for other business opportunities?

A1. We do not think that is the case for IT. Devices segment will generate stable profits, mainly for tablets, game consoles, mobility (automotive), and industrial equipments, while the demand for smartphones, fluctuating drastically, will decrease. Our expectation for mobility (automotive), in particular, is high.

Q2. You mentioned that film touch sensors for mobility (automotive) have affinity with OLED displays, but OLED displays may have a lifetime issue for automotive.

A2. We think that automotive manufacturers and display manufacturers are working on solving the issues.

Q3. Will the film-based touch sensor be adopted in new smartphone models in 2020?

A3. It is assumed so.

Q4. How is the profitability of the Devices business going forward?

A4. Since we started supplying film-based touch sensor for smartphones, profitability has declined due to seasonal fluctuations in demand and other factors. If demand for smartphones declines in the future, production volume will be levelled and the business will be able to generate stable profits.

Q5. Has the profitability of overseas molding plants in Industrial Materials been improved?

A5. We have the challenge in profitability at the plant in Mexico. In January 2020, it is expected to be improved to breakeven in a single month. We plan to return to profitability in a single month in March. The outlook for sales is strong.

Q6. Nissha's global share of metallized paper was further expanded. What is your growth strategy?

A6. Currently, we supply metallized paper mainly for beverage labels. Its applications will be expanded to new markets such as food products in the future.

Q7. Is metallized paper competing with plastic film?

A7. In some areas, it may be possible to replace plastic films.

Q8. What could be growth opportunities for Industrial Materials?

A8. Industrial Materials have demonstrated their strength in large-lot products for PCs and mobile phones in the past. Mobility (automotive) and home appliances, which are our current focus for decorations, are based on small lots, so we will switch to optimal production technologies for small lots. In addition, we will supply products with increased modularity utilizing molding factories that have spread globally, and create unique products that combine the technologies and capabilities of Devices and Medical Technologies.

Q9. What is the reason for the decline in sales in Medical Technologies in 2019 Q4?

A9. There was an particular product of which the production ended. This sales decreasing was assumed. For the full year 2019, sales increased year on year.

Q10. What is the progress on monitoring devices for smart watches in Medical Technologies?

A10. Currently in development stage. IT companies are aiming to enter the healthcare market. We expect synergies between our sales channels in the IT market and the technologies we have cultivated so far with the Medical Technologies.

Q11. Nissha entered the market of medical equipment and metallized paper by acquisition. Is post-acquisition growth progressing as expected?

A11. It is proceeding as expected. We continue to acquire companies for growth in the Medical Technologies in cooperation with the division's management team, while selling unprofitable areas. Profits were sluggish in metallized paper due to our competitors' pricing, but they withdrew. We expect profitability to be improved in the future.

Q12. You will recruite voluntary retirement. What is your plan for future personnel policies?

A12. The composition of personnel and capabilities will change as the reorganization of business portfolio. In restructuring the business portfolio, we need to restructure not only the markets and products, but also all of the company's assets, such as human resources and abilities.