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Notice Regarding New Medium-term Business Plan

Nissha Group announces that it has formulated its Fifth Medium-term Business Plan covering the period through the fiscal year ending March 2018.

As printing technology has evolved, Nissha Group has successfully expanded business operations by selectively focusing management resources on IMD, touch panels and other fields. In the previous Fourth Medium-term Business Plan, Nissha Group succeeded in improving financial strength, one of the Plan targets, thanks to the rapid progress of the Devices business whose core products are touch panels. We are required, however, to optimize our portfolio in targeted markets because the Devices business largely relies on the consumer electronics industry, an industry subject to sharp demand fluctuations. The Industrial Materials and Information and Communication business were unable to fully recover their business results, and both businesses require to improve profitability by accelerating the reorganization of business structures.

Nissha Group started managing the Fifth Medium-term Business Plan from April 2015 in recognition of the aforesaid issues, based on a fundamental strategy of reorganizing its business portfolio. The medium-term vision is established as: “We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets.” Nissha Group pursues the creation of new values and innovative product lineups through the expansion of its existing base of proprietary printing technologies combined with newly added core technologies, and will advance into the markets expected for global growth and realize its continuous and stable growth. In addition, Nissha Group has employed ROE (Return on Equity) and ROIC (Return on Invested Capital) as management administration indicators to measure the results of these initiatives and will continue reorganizing its business portfolio from the viewpoint of business profitability and capital efficiency.

A summary of the Fifth Medium-term Business Plan follows.

1. Medium-term Vision

We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets.

2. Overview of the Fifth Medium-term Business Plan

(1) Thoroughly reorganize business portfolios

- Reorganize product and market portfolios
- Withdraw from unprofitable fields
- Promote vertical integration in supply chains
- Introduce new core technologies
- Growth using M&A

(2) Practice Corporate Philosophy

- Introduce Corporate Philosophy into employees' daily acts and processes

3. Quantitative goals of the Fifth Medium-term Business Plan (fiscal year ending March 2018)

(1) Consolidated net sales: ¥150 billion

(2) Operating income: ¥12 billion

(3) ROE: 10 % or higher

(4) ROIC: 8% or higher

(5) Sales ratio of new businesses and new products: 35% or higher

4. Individual Business Initiatives

(1) Industrial Materials

- Select the automobile and home appliance field which is expected to grow stably as a priority market and reorganize Nissha's market portfolio accordingly
- Develop strategic value chains attuned to the features of targeted markets and regional characteristics, including improved lineups for decorative solutions and an expanded molding business
- Advance into the upstream domain of printing and decoration to provide more general-purpose products and services

(2) Devices

- Provide extremely unique touch panels and new products by combining conductive materials and other base materials, patterning methods, and touch panel peripheral technologies
- Expand Nissha's market portfolio by cultivating new markets outside the consumer electronics domain such as automobiles, industrial equipment, and healthcare
- Develop strategic value chains attuned to the features of targeted markets mainly by promoting vertical integration through product modularization and ensuring sales channels for new markets

(3) Life Innovation

- Accelerate technology development toward growth markets such as medical treatment and healthcare and acquire new core technologies and sales channels for new markets
- Enhance the added value of Nissha products, by maintaining the superiority of Nissha's Gas Sensors technology and promoting product modularization
- Realize an early market launch for microneedle patch products

(4) Information and Communication

- Thoroughly manage profits by project and improve business profits through selection and concentration
- Advance into the upstream domain of communication services to enhance the added value of products and services
- Enhance the self-driven power of the business by way of a company split, and accelerate business reforms and profit improvement