

# Financial Results for the Fiscal Year Ended March 2016 (Apr. 2015 – Mar. 2016)

May 2016

**Nisshinbo Holdings Inc.**

# ABBREVIATION LISTS

NISH: Nisshinbo Holdings Inc.

The followings are consolidated subsidiaries of NISH.

JRC: Japan Radio Co., Ltd.

NJR: New Japan Radio Co., Ltd.

NJRC: Nagano Japan Radio Co., Ltd.

UJRC: Ueda Japan Radio Co., Ltd.

NISB: Nisshinbo Brake Inc.

NISM: Nisshinbo Mechatronics Inc.

NISC: Nisshinbo Chemical Inc.

NIST: Nisshinbo Textile Inc.

NISP: Nisshinbo Paper Products Inc.

# Management Policy

## Corporate Philosophy

### Public Entity

Believing that our companies are public entities, we shall aim to realize a sustainable society by proposing solutions to global environmental problems

### Consistent Integrity

Respecting the diverse cultures and customs of the world, as well as biodiversity, we shall conduct fair and sincere business activities with pride as a corporate citizen.

### Innovation

Maintaining our spirit of response to change and unceasing challenge, we shall create an affluent future together with our stakeholders

# Management Policy

## Philosophy

- Corporate Philosophy  
Public Entity, Consistent Integrity, Innovation

## Mission

- Business Conduct Guidelines

Providing solutions to sustainable society as an “environmental and energy company” group

## Value

Environment, Safety/Security, Disaster prevention, Health, Comfort, Sustainability, Convenience/Smart

## Domain

Strategic Business Domains

- ① Wireless Communications and Electronics
- ② Automotive Parts and Devices
- ③ Lifestyle and Materials ④ New Energy and Smart Society

## Strategy

- ① M&A
- ② Expansion of the existing domains
- ③ R&D

# Management Policy



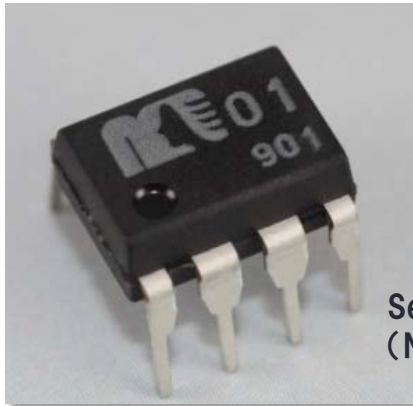
# Mid-to-long term management strategies

## Strategic Business Domains ①

### Wireless Communications and Electronics



Disaster prevention system  
(JRC)



Semi conductor device  
(NJR)

# Mid-to-long term management strategies Strategic Business Domains ②

## Automotive Parts and Devices



Plastic moldings for automobiles  
(Nanbu Plastics)



Precision parts for automobiles (NISM)



Friction materials for automobiles (NISB•TMD Friction)

# Mid-to-long term management strategies

## Strategic Business Domains ③



Dress Shirts (Tokyo Shirts)

## Lifestyle and Materials



Household Paper Products (NISP)



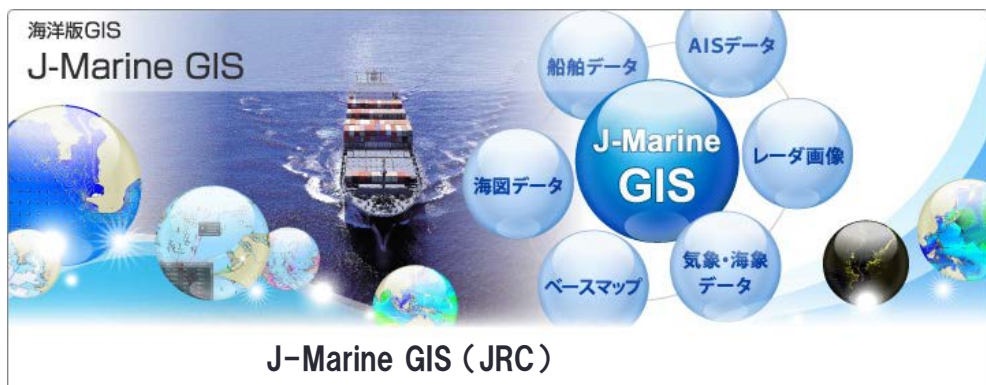
Insulation Products for Housing (NISC)



# Mid-to-long term management strategies

## Strategic Business Domains ④

### New Energy and Smart Society



Fuel Cell for  
Emergency  
power supply



J-Marine Routing  
(JRC)

## Mid-to-long term management strategies

- **Expansion of the existing domains**
- **Demonstration of R&D**
- **Utilization of M&A**

# Mid-to-long term management strategies

## M&A history

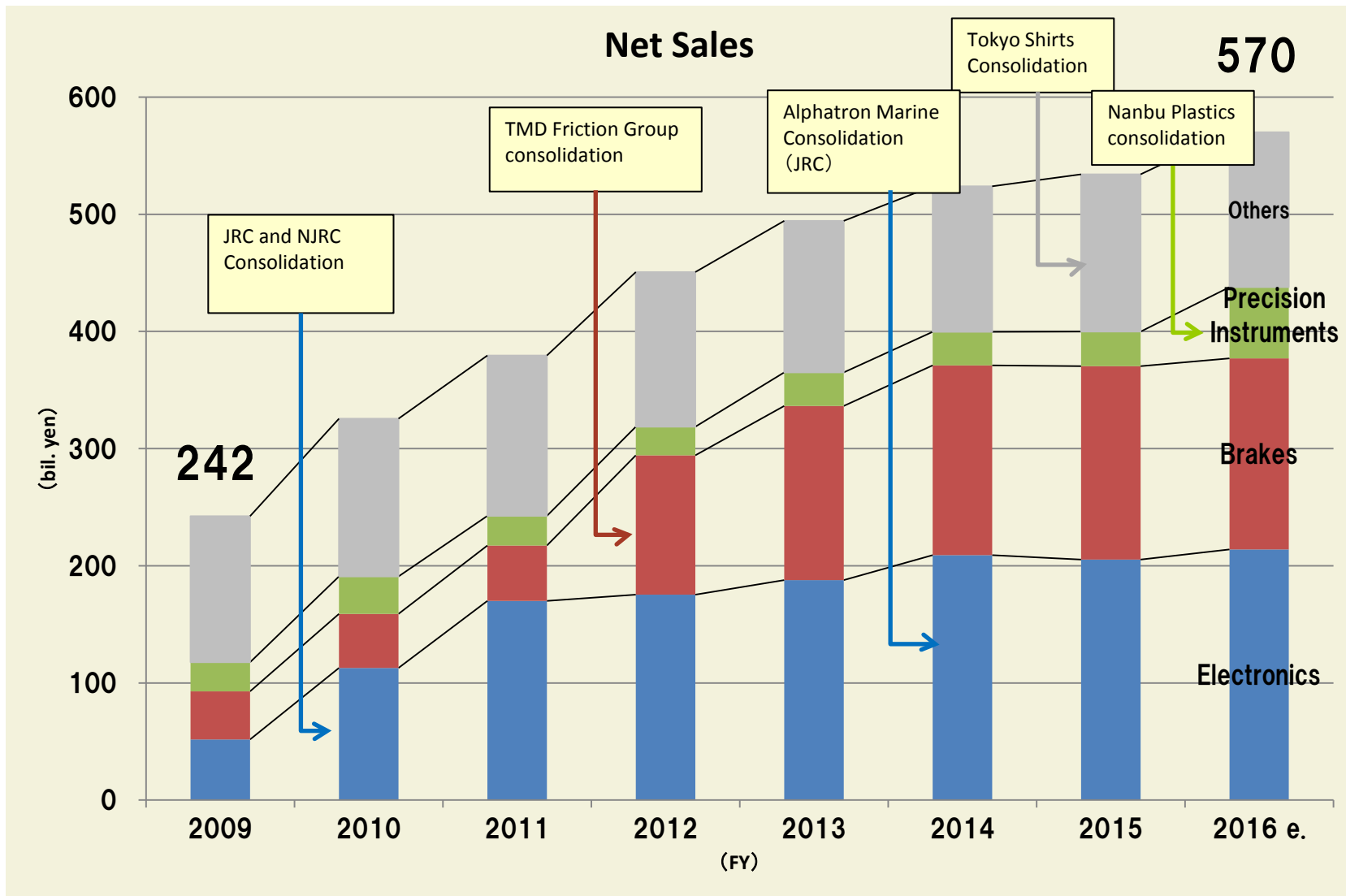
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<b>2010</b>	<b>Dec.</b>	<b>NISH Consolidated JRC and NJRC as subsidiaries</b>
		<b>NISH sold Aloka's shares</b>
<b>2011</b>	<b>Nov.</b>	<b>NISH acquired 100% ownership of TMD Friction Group</b>
<b>2013</b>	<b>Dec.</b>	<b>JRC consolidated Alpatron Marine as a subsidiary</b>
	<b>Feb.</b>	<b>NISH transferred business of CHOYA</b>
<b>2015</b>	<b>May.</b>	<b>NISH acquired 100% ownership of Tokyo Shirts</b>
	<b>Oct.</b>	<b>NISH acquired 100% ownership of Nanbu Plastics</b>
<b>2016</b>	<b>Mar.</b>	<b>JRC acquired 100% ownership of NJRC and UJRC</b>

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# Mid-to-long term management strategies

## Contribution of M&A

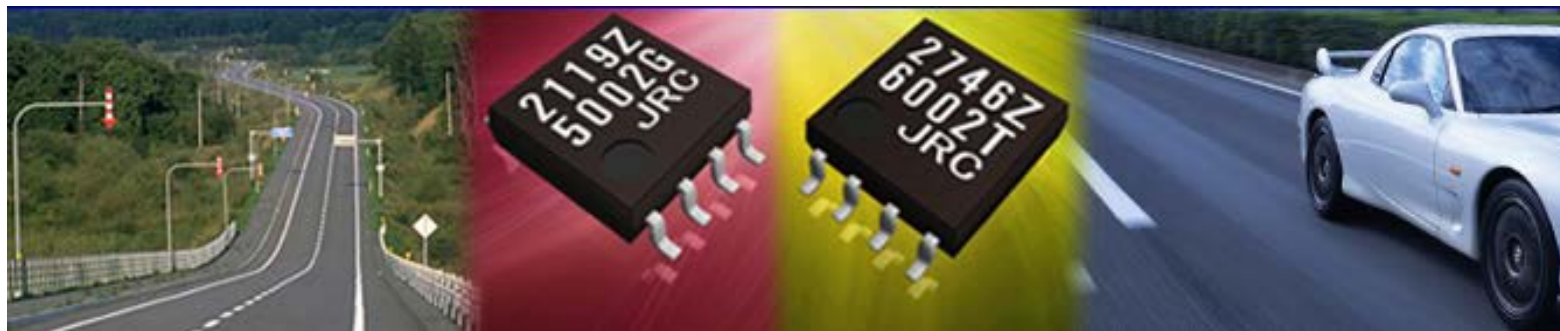


# Mid-to-long term management strategies 13

## AUTOMOTIVE

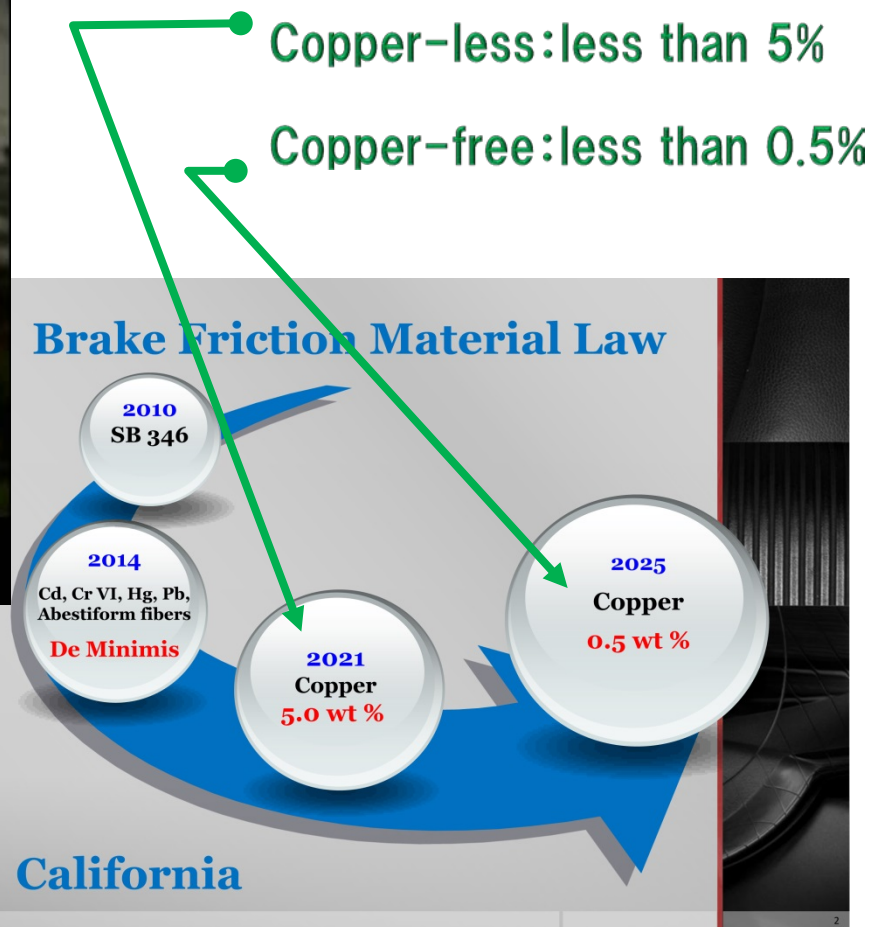


## SUPER SMART SOCIETY



# Mid-to-long term management strategies

## Friction Materials Copper-free



### Gradual reduction of copper content

- Less than 5% by 2021
- Less than 0.5% by 2025

# Mid-to-long term management strategies 15

## Friction Materials Copper-free

### Response to copper content regulations

### NISB and TMD start volume production to expand business contributing to environmental protection

2015年(平成27年)1月28日  
日刊自動車新聞

### 米で銅フリーブレーキパッド

非スチール材 今年末から量産

日清紡ブレーキ(西原孝治社長、東京都中央区)は、スチール繊維を含まない摩擦材「NAO材」の開発に成功し、今年末から米国で量産を始める。同社はNAO材ベースの銅フリーブレーキパッドを生産するのは今回が初めて。銅含有量は0.5%未満で、米カリフォルニア州の2025年規制に対応する。米国自動車メーカー向けに、月1万台弱を生産する。同州では21年から段階的に摩擦材の銅使用規制が導入される。米国で二スの高いNAO材ベースで規制に対応することで、将来的な需要増が見込まれる銅フリー摩擦材の受注拡大が続く。

同州では環境負荷低減を目的に、摩擦材の銅使用規制が導入される。21年以降には銅含有量5%以上、25年以降は同0.5%以上の摩擦材の販売や新車装着が禁止される。銅使用に関する規制は米国の他州に導入されるほか、欧州などに広がる可能性もあり、摩擦材メーカーでは銅使用を抑制したブレーキパッドの開発に注力している。

同社は、11年に買収したルクセンブルクのTMDフリクショングループが銅含有量を0.5%以下に抑えたブレーキパッドを開発。昨年からは欧州自動車メーカーに納入を始めた。同製品は巡航速度が高い欧州で主流となっている。同社でもTMD材を用いて銅規制に対応しているケースは少ない。

NAO材は、ブレーキ鳴きやダストが少ないといった利点がある。TMD材に比べて制動性能が確保しにくい。

このため日本や米国など、巡航速度120km/h以下の市場で一般的に使われている。さ

ら銅は、低温時の摩擦係数の確保や高温高速時の摩擦係数の低下抑制などに高い効果を発揮するため、銅フリーでの性能確保は「NAO材の方が難しい」(西原社長)という。同社ではTMD材に続きNAO材でも銅フリー化を実現するなど幅広い二スに対応できる体制を整えることで、摩擦材市場でのシェア拡大につなげる狙いだ。

日清紡ブレーキ

# Mid-to-long term management strategies

## Fuel Cell

### Fuel Cell Bipolar Plates

- Largest Market Share for housing fuel cell systems
- Targeting at fuel cell vehicles

### Platinum Alternative Catalyst

Contribution to spread of fuel cell reducing catalyst's cost



Fuel Cell Bipolar Plates (NISC)

Fuel Cell for Housing



Platinum Alternative Catalyst (NISH)



# Mid-to-long term management strategies

## Fuel Cell

### Alliance with Ballard Power Systems, Canada

Aiming at supply for fuel cell vehicles

Reinforcing alliance with Ballard Power Systems

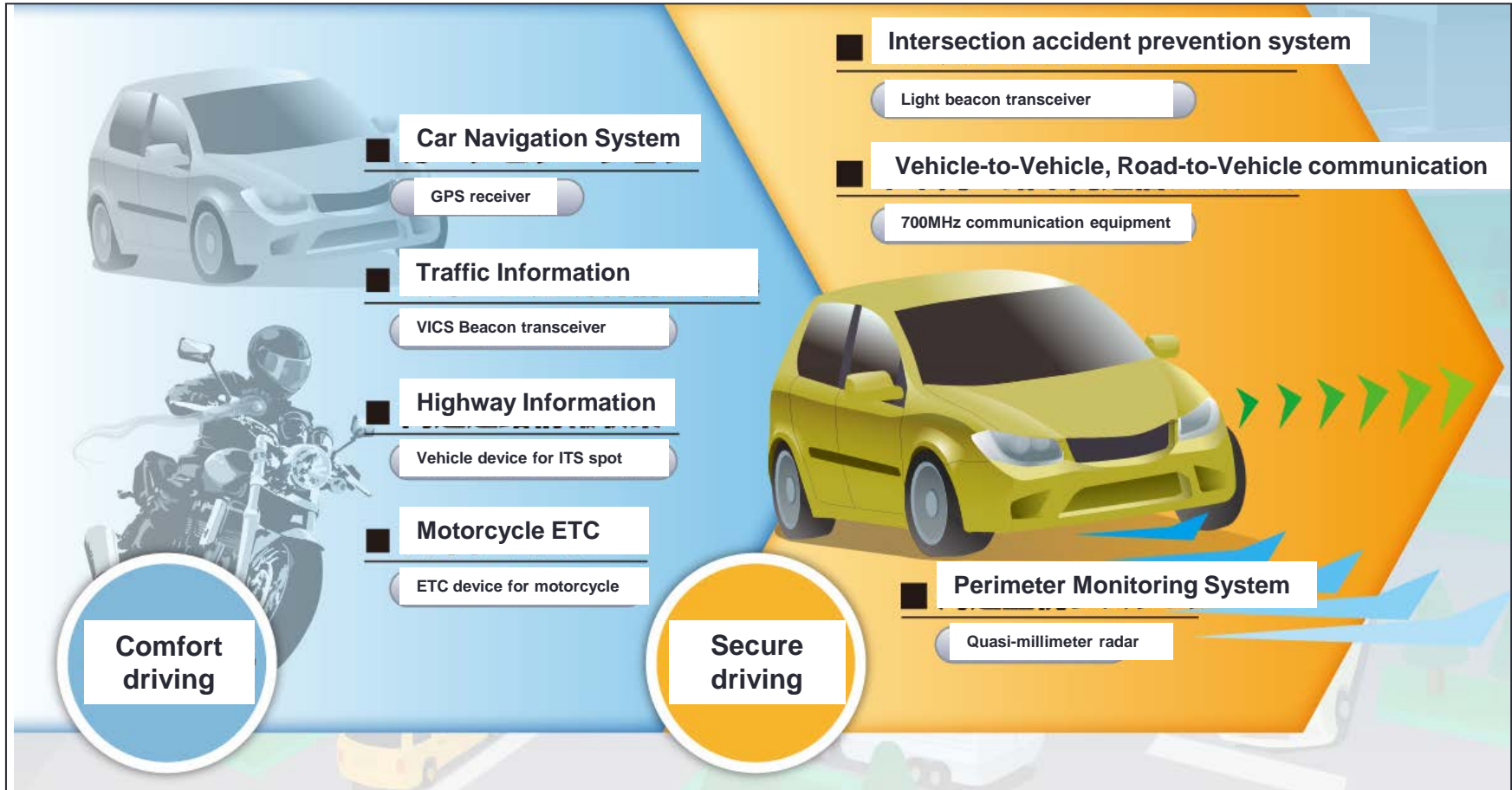
Fuel Cell (Ballard)



A bus with fuel cell made by Ballard

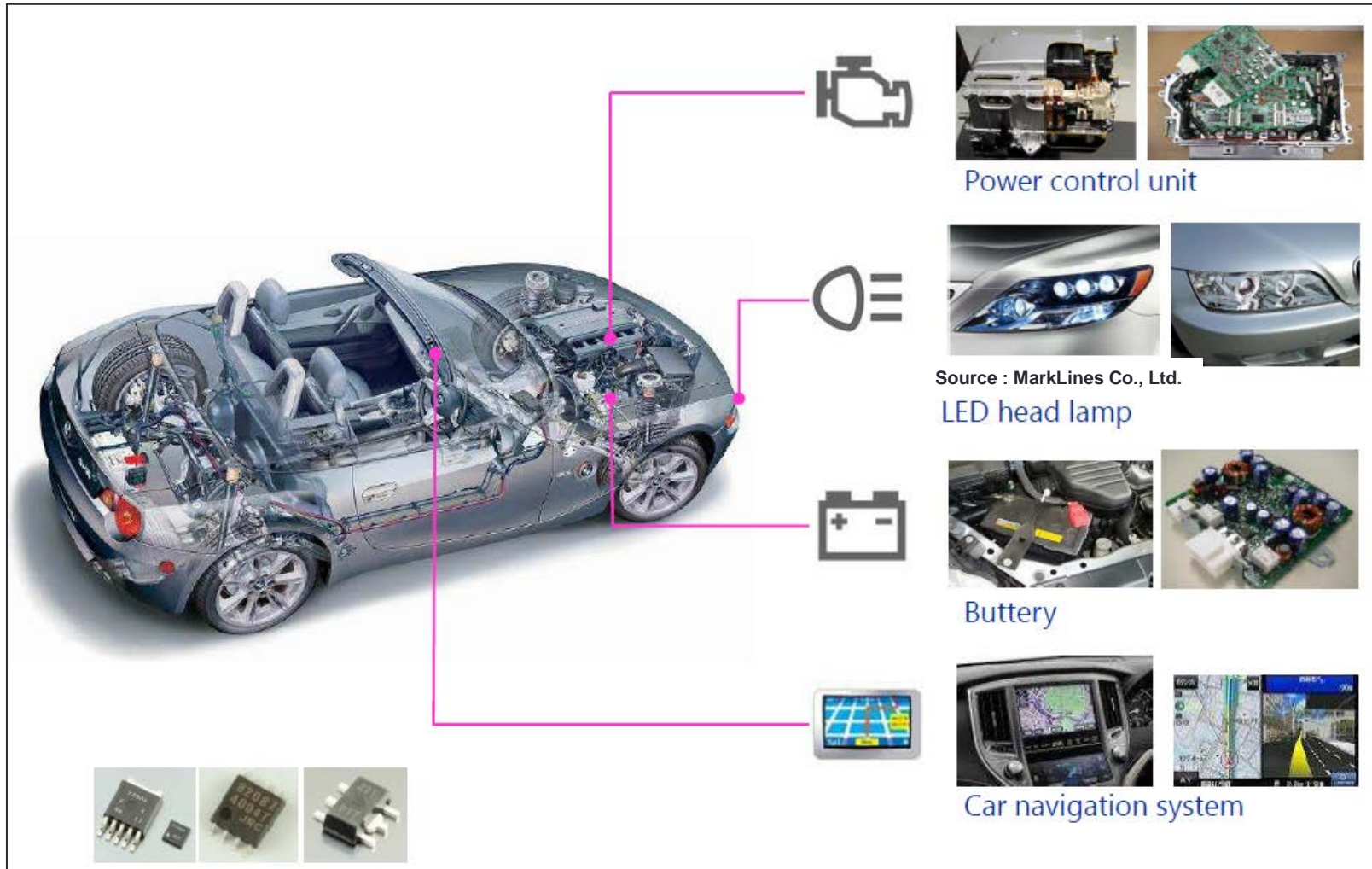
# Mid-to-long term management strategies

## Wireless Communication Technology



# Mid-to-long term management strategies

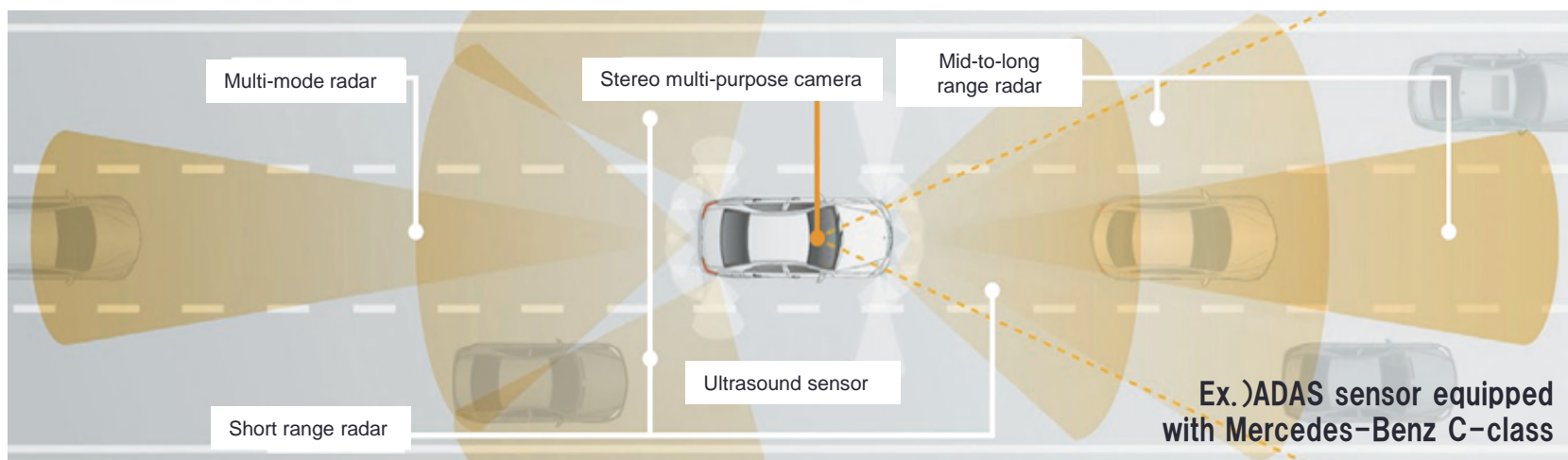
## Electronic Components Manufacturing Technology



# Mid-to-long term management strategies

## Advanced driving Assistant System (ADAS)

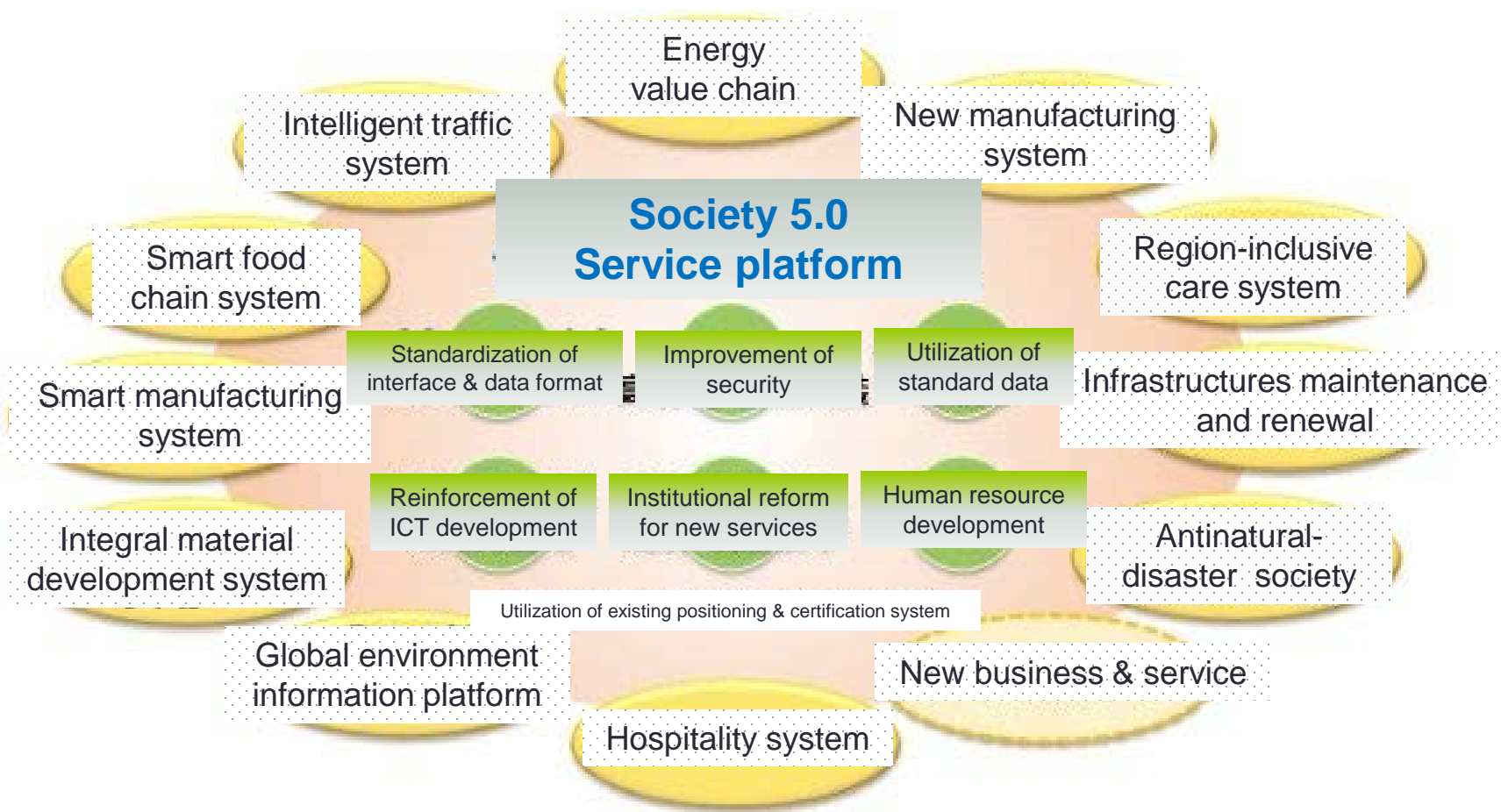
- One of the most rapidly growing automotive categories
- Functions such as automatic emergency brake, cruise control, lane keeping assist system, and parking assist system
- Equipped with sensors such as radar, camera, and ultrasound



※All car makers, whose ADAS systems and sensors vary in types and quantities depend on car models, tend to enhance the content and level of driving assist system grasping surroundings at 360 degrees

# Mid-to-long term management strategies 21

## To realize Super-Smart Society (Society 5.0)



Source : Cabinet Office

# Mid-to-long term management strategies

## Mid-to-long term performance target

FY ending  
**Mar. 2018**

**Net Sales 600 billion yen**  
**ROE9%**

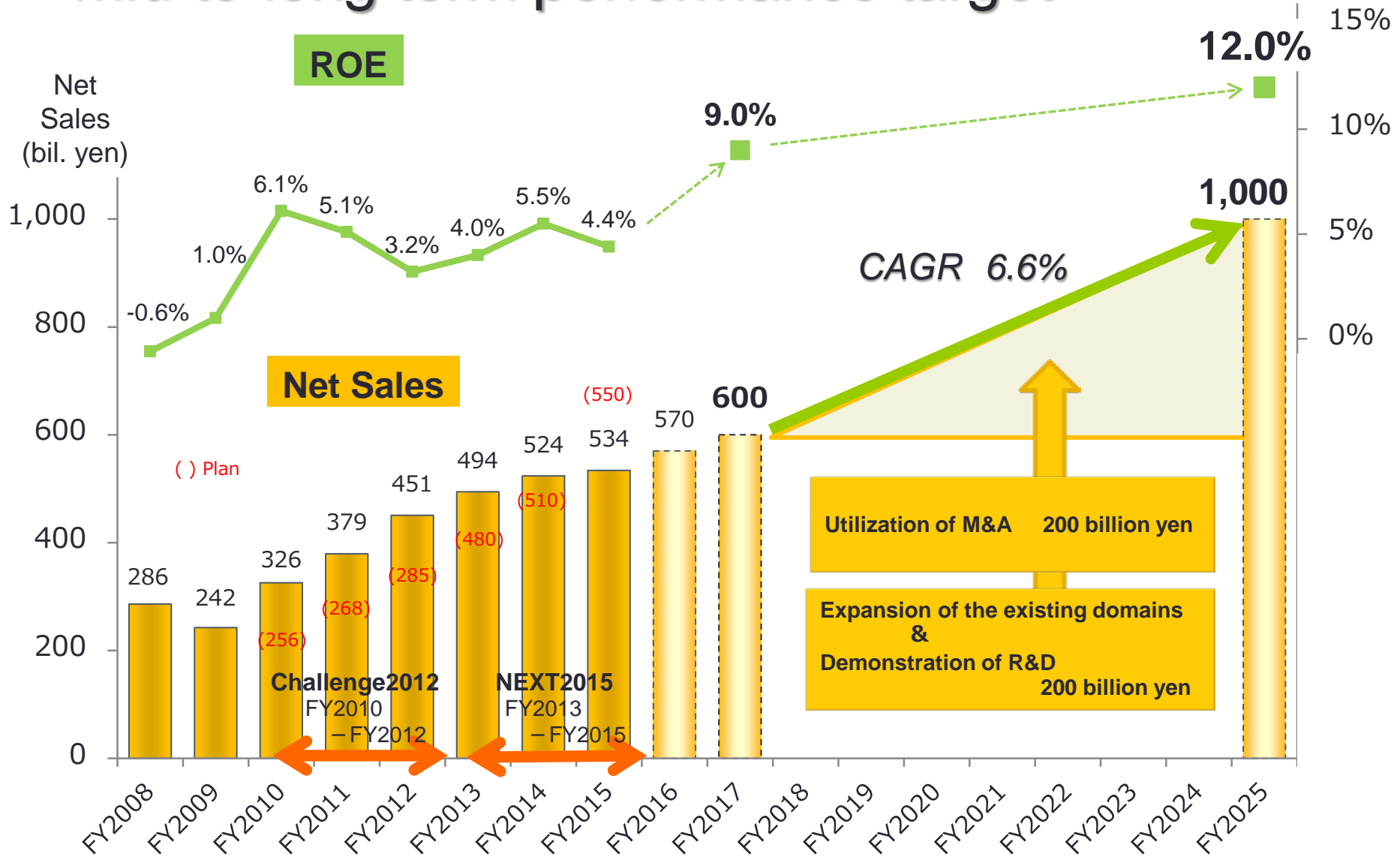
FY ending  
**Mar. 2026**

**Net Sales 1 trillion yen**  
**ROE12%**

# Mid-to-long term management strategies

## Mid-to-long term performance target

23  
ROE  
15%



# Summary for FY ended Mar. 2016 (yr/yr)

## Increase in sales

- \* Increase : Textiles acquiring Tokyo Shirts
- \* Decrease : Electronics

## Decrease in profit

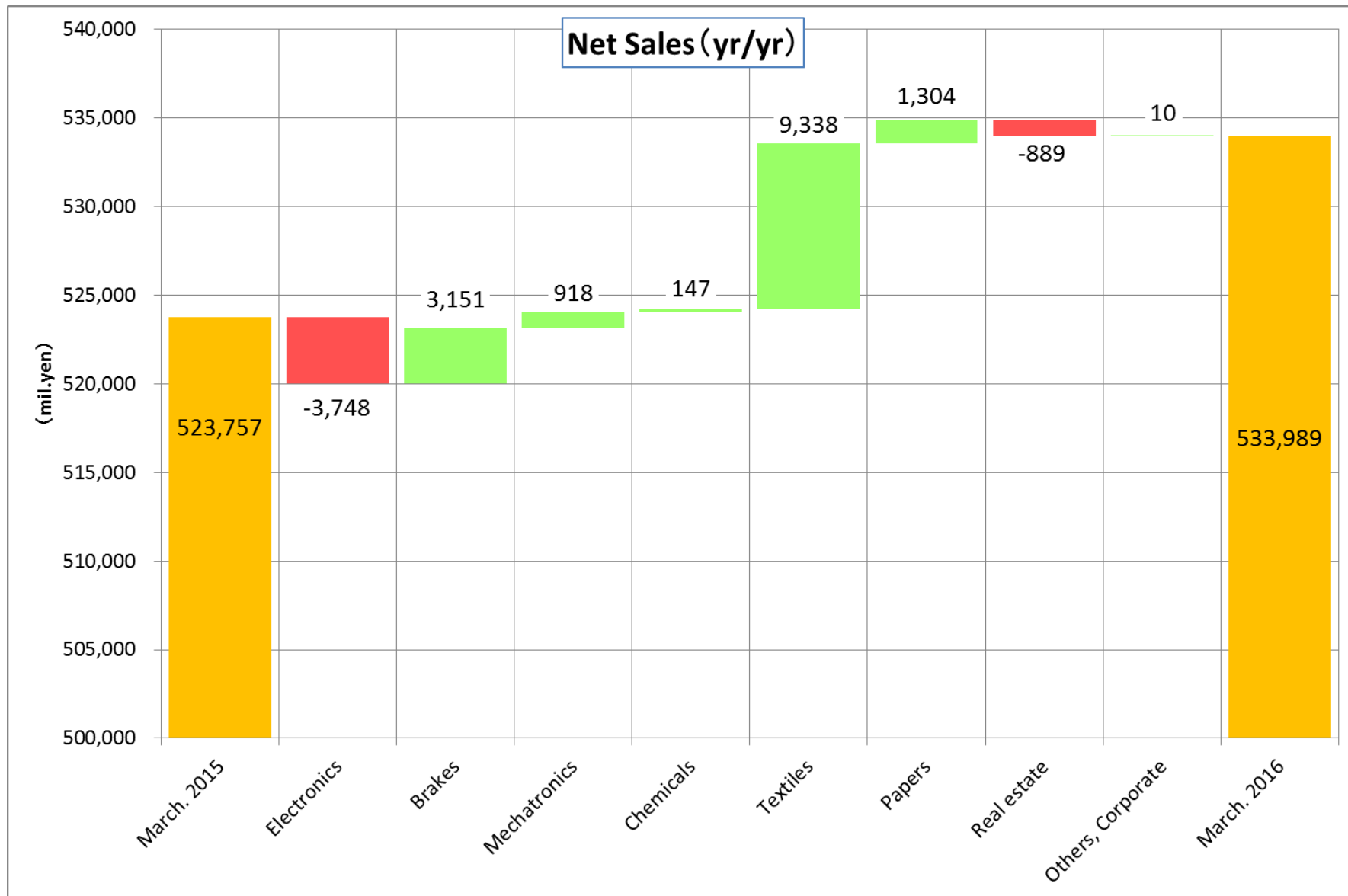
- \* Increase : Brakes and Textiles
- \* Decrease : Electronics and Real Estate

(mil. yen)

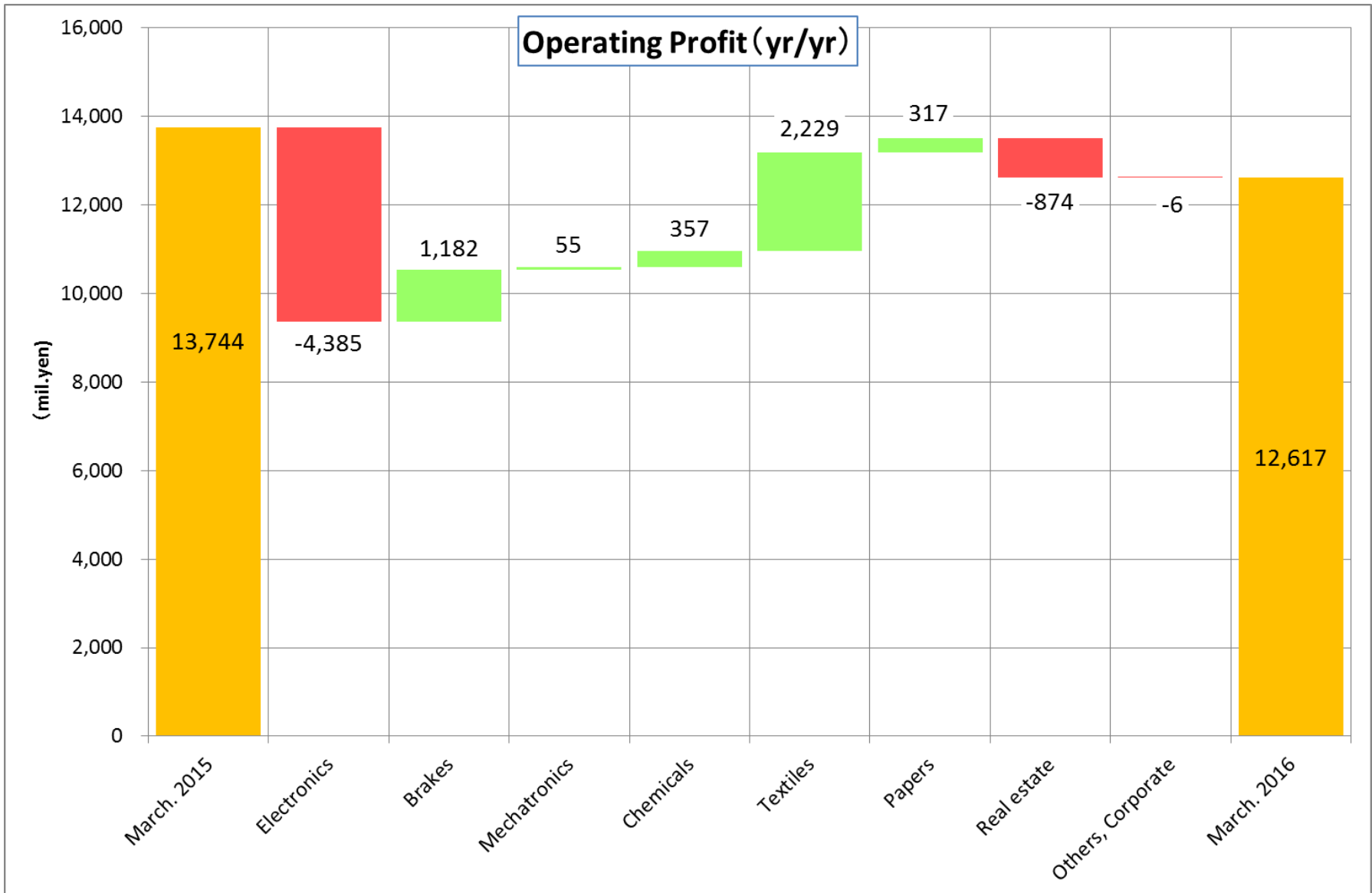
	Mar. 2015	Mar. 2016	
		Results	change
Net Sales	523,757	533,989	2.0%
Operating Income before goodwill amortization	21,068	19,806	▲6.0%
Operating Income	13,744	12,617	▲8.2%
Ordinary Income	20,650	17,034	▲17.5%
Net Income	13,693	10,775	▲21.3%



# FY ended Mar. 2016 Net Sales (yr/yr)

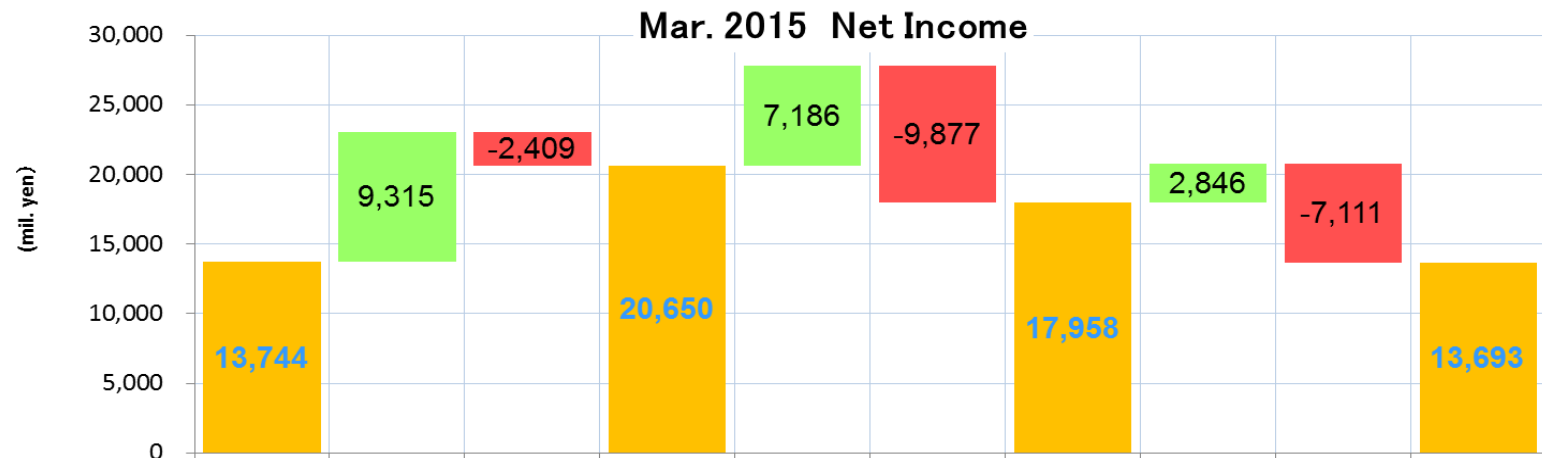
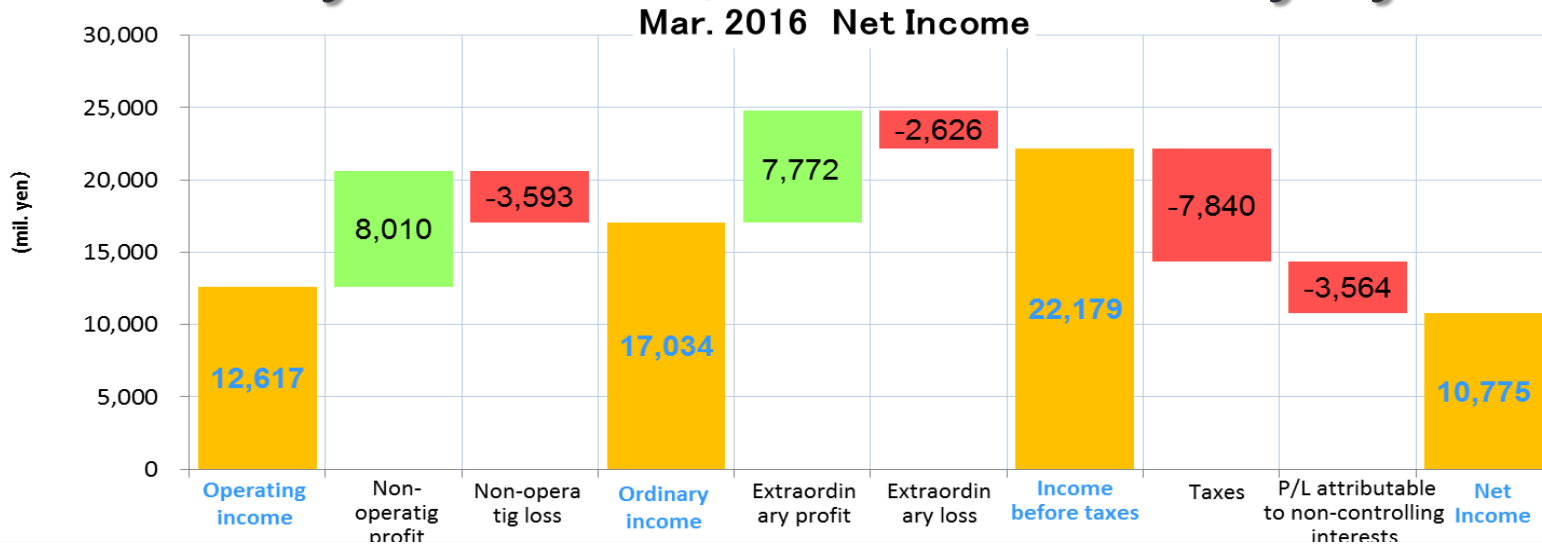


# FY ended Mar. 2016 Operating Profit (yr/yr)



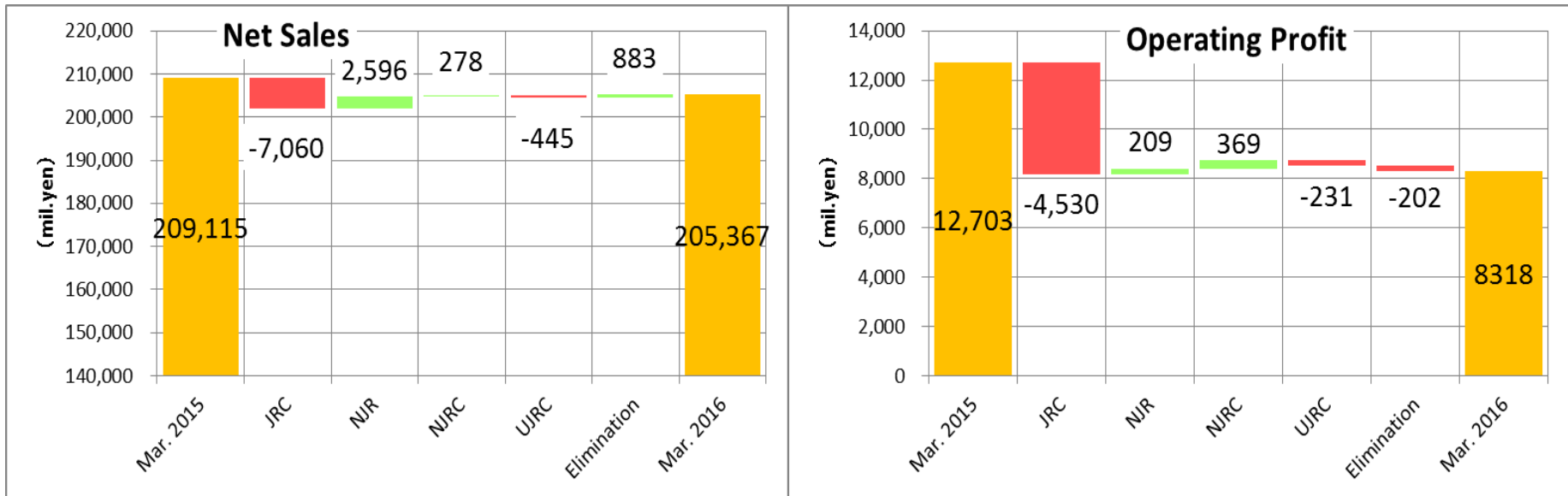
# FY ended Mar. 2016

## Ordinary Income, Net Income (yr/yr)



# Overview on major segments

# Electronics (yr/yr)



## Decreased in sales

**JRC:** Sales decreased due to lower sales of water and river management systems and intelligent transport systems and postponed delivery date

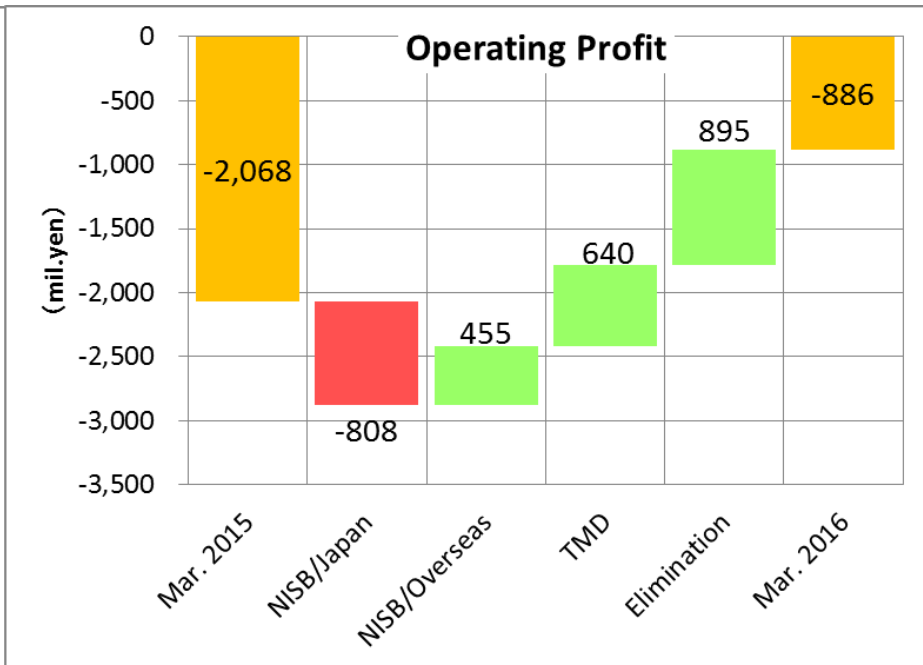
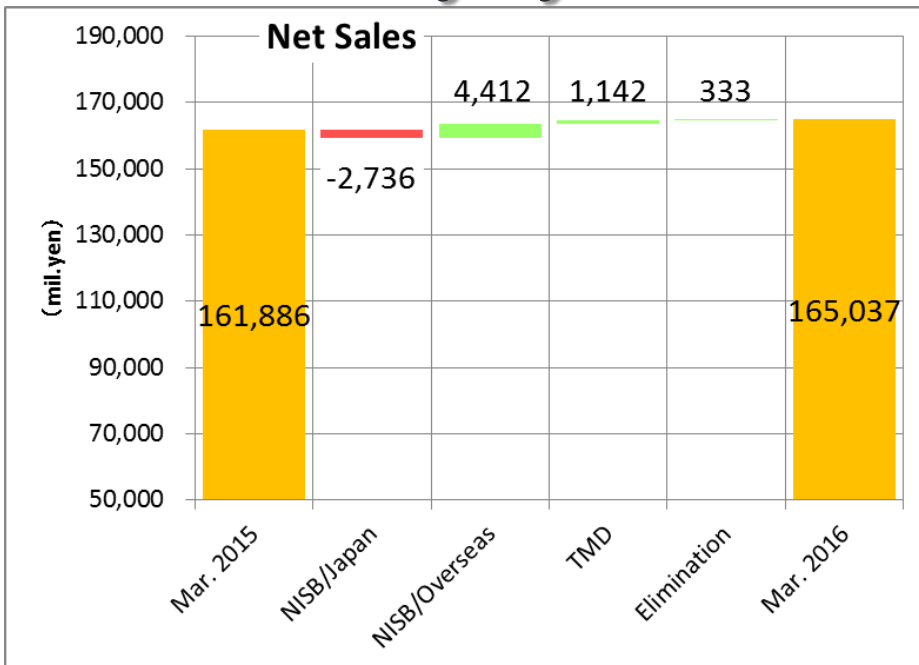
**NJR:** Sales increased due to firm sales of electronic devices and microwave components

## Decreased in profit

**JRC:** Profit decreased due to lower sales

**NJR:** Profit increased due to higher sales

# Brakes (yr/yr)

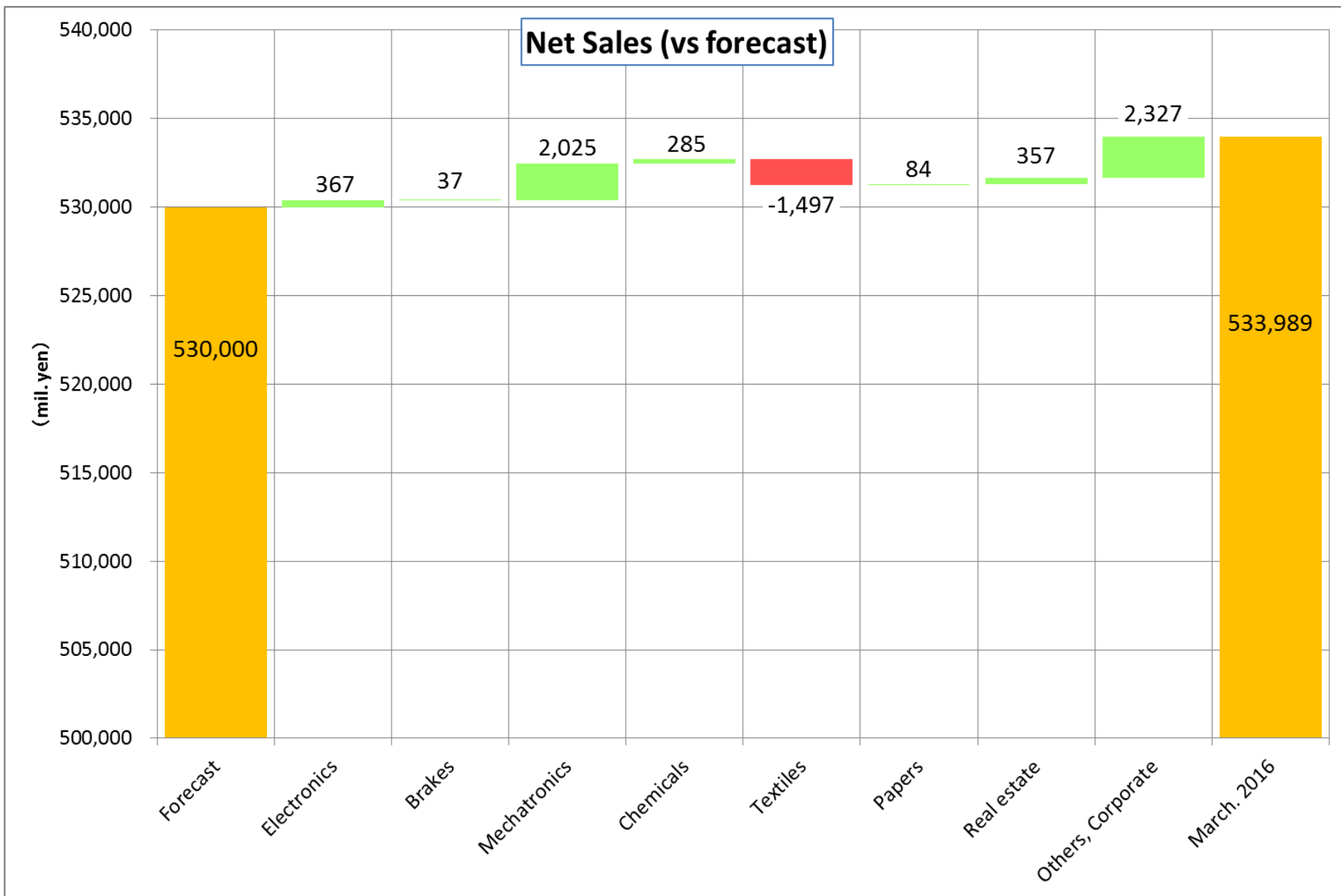


## Sales increased, Operating profit ameliorated

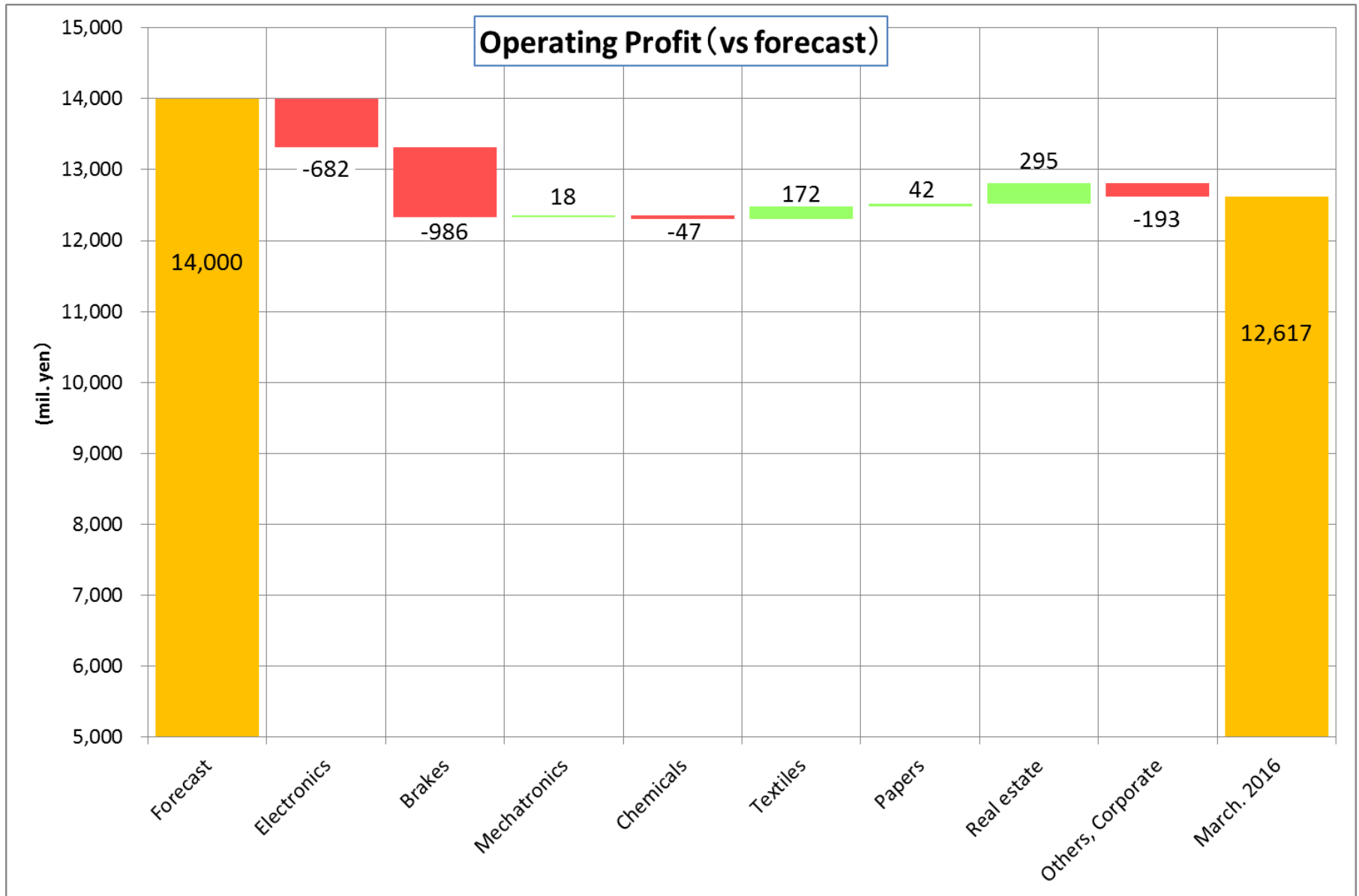
**Japan:** Decreased in sales and profit

**Overseas:** Increased in sales and profit

# FY ended Mar. 2016 Net Sales (vs forecast)



# FY ended Mar. 2016 Operating Profit (vs forecast)





# Forecast on FY ending Mar. 2017

# FORECAST ON FY ENDING MAR. 2017

(mil. yen)

	Mar. 2016	Mar. 2017e.	Change	Change (%)
Net Sales	533,989	570,000	36,011	6.7%
Operating Income	12,617	16,000	3,383	26.8%
Ordinary Income	17,034	21,000	3,966	23.3%
Net Income	10,775	10,000	-775	-7.2%

Exchange rate (Annual average)	JPY/USD	121.03	120.00
	JPY/EUR	133.69	130.00

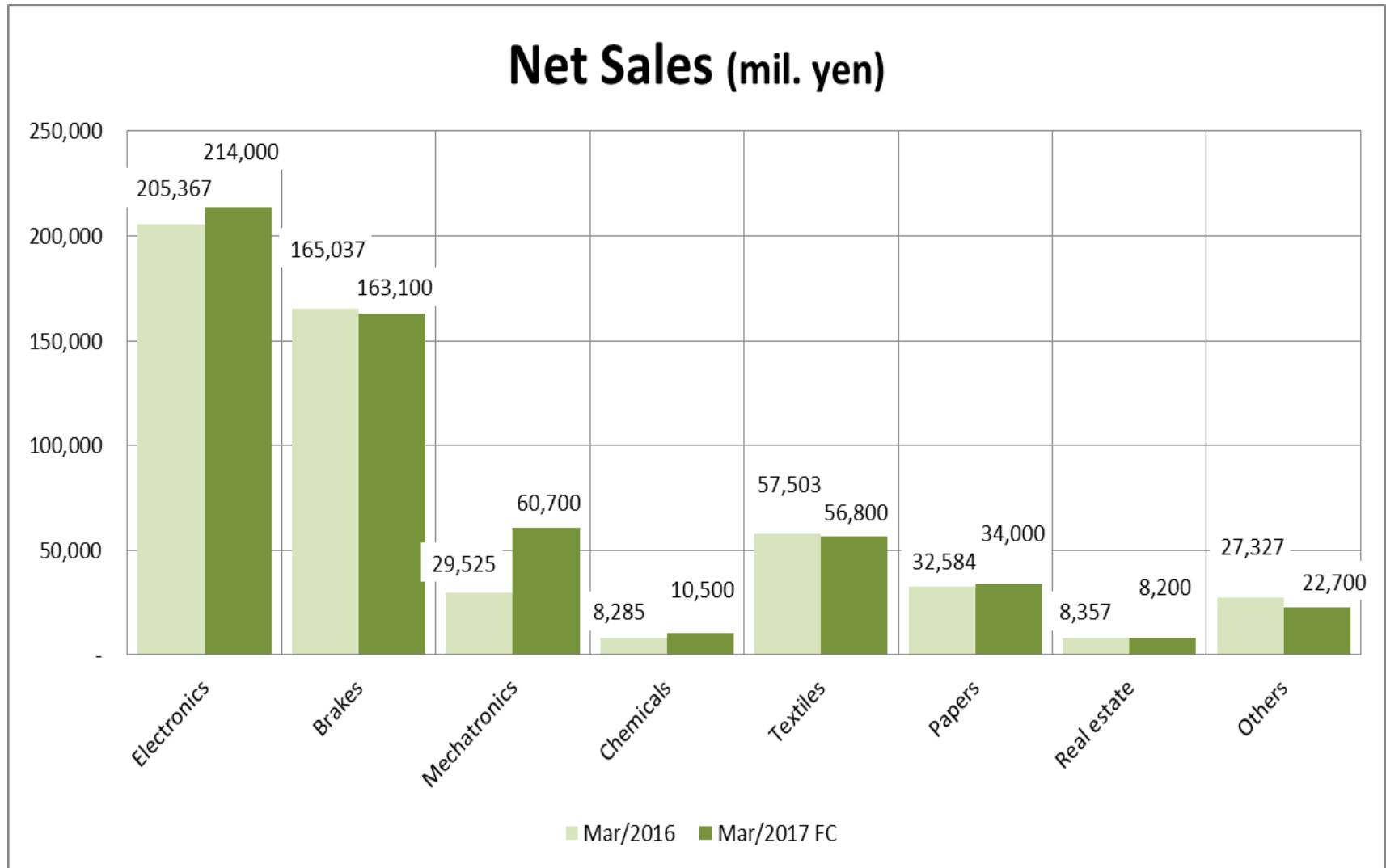
(mil. yen)

	Apr. – Sep. 2015	Apr. – Sep. 2016e.	Change	Change (%)
Net Sales	249,870	250,000	130	0.1%
Operating Income	2,105	1,000	-1,105	-52.5%
Ordinary Income	5,462	3,000	-2,462	-45.1%
Net Income	2,510	2,000	-510	-20.3%

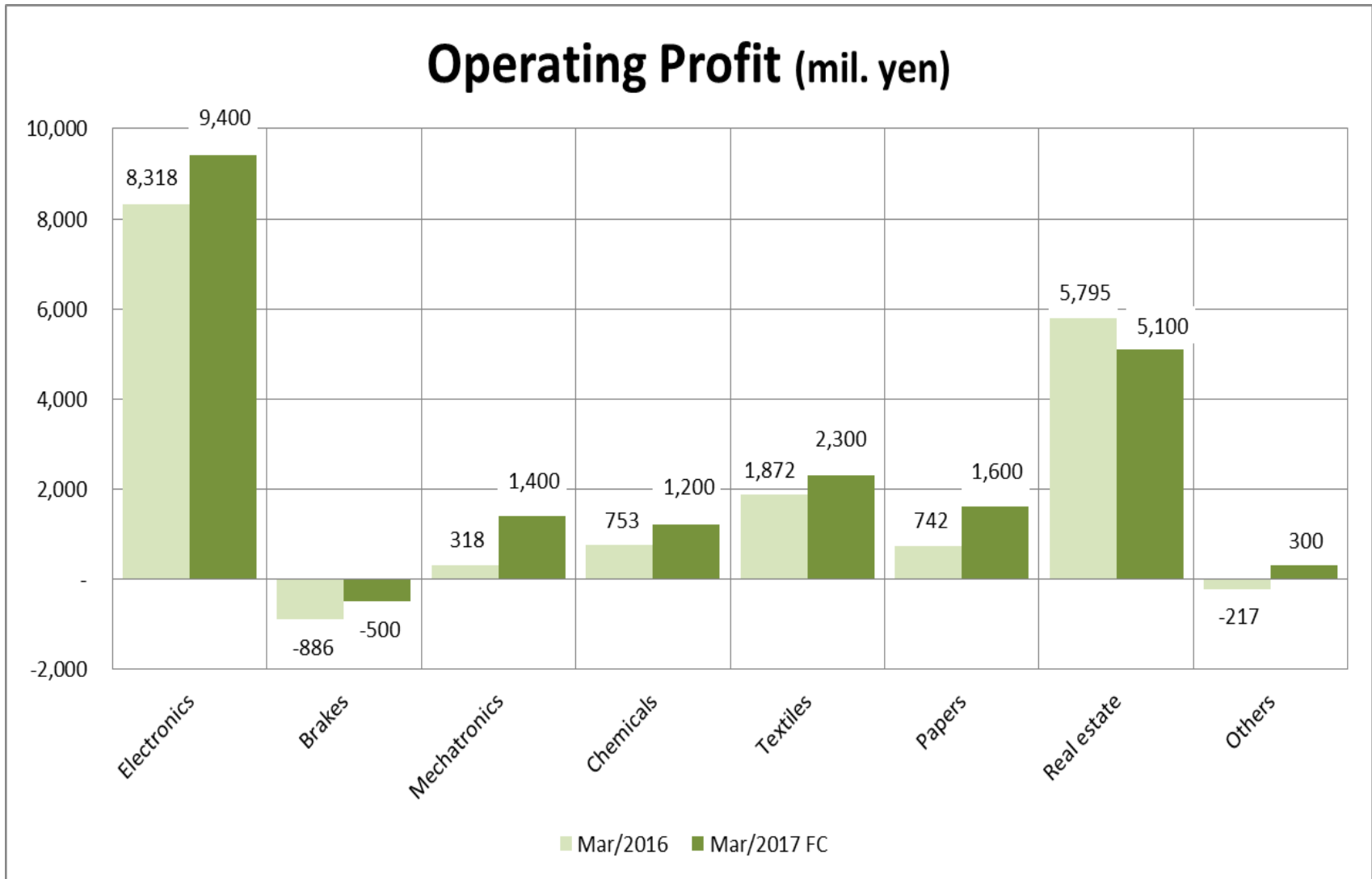
## Foreign Exchange Sensitivity

: Impact on operating profit when yen gets stronger by 1 yen  
 against USD → 95 million yen negative  
 against EUR → 65 million yen positive

# Forecast on FY ending Mar. 2017



# Forecast on FY ending Mar. 2017



# TOPICS

# TOPICS(1)

## JRC group's reorganization

JRC made NJRC and UJRC a wholly owned subsidiary in March 2016, targeting further growth through consolidated management and strengthened governance.



# TOPICS (2)

## Corporate Governance

- Accomplishing sustained growth and boosting long-term corporate value under the fair, transparent, prompt and drastic decision-making complying with corporate governance policy.
- Establishing the optional nominating committee and compensation committee, aiming for improving management transparency.
- Conducting overseas IR roadshow, CEO have been presenting to investors in Europe the performance and the business strategies.

(mil. yen)

Electronics		Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
JRC		165,000	5,400	125,192	3,183	132,252	7,713	58,500	-2,500	45,802	-2,353	42,129	-2,080
NJR		50,000	3,200	47,817	3,127	45,221	2,918	24,600	1,450	23,868	1,899	21,647	1,200
NJRC				32,481	586	32,203	217			15,244	149	14,732	-117
UJRC				16,808	743	17,253	974			8,174	412	7,917	317
Sub total		215,000	8,600	222,298	7,639	226,929	11,822	83,100	-1,050	93,088	107	86,425	-680
Elimination		-1,000	800	-16,931	679	-17,814	881	-6,100	150	-7,736	-42	-7,390	358
Total		214,000	9,400	205,367	8,318	209,115	12,703	77,000	-900	85,352	65	79,035	-322

(mil. yen)

Brakes		Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
JPN	NISB	25,500	1,100	25,272	1,142	28,008	1,950	12,500	500	12,865	458	14,201	1,064
Overseas	NISB Subsidiaries	46,800	5,000	45,699	5,722	41,287	5,267	22,000	1,900	23,377	2,816	20,102	2,679
	TMD group	98,800	800	99,787	-22	98,645	-662	50,000	700	50,838	150	50,009	-111
	Overseas total	145,600	5,800	145,486	5,700	139,932	4,605	72,000	2,600	74,215	2,966	70,111	2,568
Sub total		171,100	6,900	170,758	6,842	167,940	6,555	84,500	3,100	87,080	3,424	84,312	3,632
Elimination		-8,000	-7,400	-5,721	-7,728	-6,054	-8,623	-4,000	-3,700	-2,973	-3,740	-2,936	-4,358
Total		163,100	-500	165,037	-886	161,886	-2,068	80,500	-600	84,107	-316	81,376	-726
Breakdown of operating income			Operating income		Operating income		Operating income		Operating income		Operating income		Operating income
(a)	NISB (JPN + Overseas)		6,100		6,864		7,217		2,400		3,274		3,743
(b)	TMD		2,200		1,725		1,013		1,400		951		731
(c)	TMD (Adjustment for Japanese accounting standard)		-2,400		-2,899		-3,382		-1,200		-1,241		-1,753
Operating income before goodwill amortization			5,900		5,690		4,847		2,600		2,983		2,721
Goodwill amortization			-6,400		-6,576		-6,915		-3,200		-3,299		-3,445
Operating income			-500		-886		-2,068		-600		-316		-724
Exchange rate JPY/EUR			130.00		133.69		140.35		130.00		133.83		139.87



(mil. yen)

Precision instruments		Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Precise processing etc.	NISM	8,500	0	9,958	-105	11,642	-184	4,100	-100	4,884	-47	5,148	-274
	Subsidiaries	5,300	400	4,325	17	3,438	-325	2,500	100	2,139	48	1,317	-61
	Sub total	13,800	400	14,283	-88	15,080	-509	6,600	0	7,023	1	6,465	-335
Plastic molding	NISM	4,600	100	4,801	-43	4,968	94	2,500	0	2,361	-43	2,677	110
	Subsidiaries	44,800	1,700	13,663	491	13,199	759	21,900	600	7,592	317	6,973	541
	Sub total	49,400	1,800	18,464	448	18,167	853	24,400	600	9,953	274	9,650	651
Elimination		-2,500	-800	-3,222	-42	-4,640	-81	-1,200	-500	-1,967	-23	-1,972	3
Total		60,700	1,400	29,525	318	28,607	263	29,800	100	15,009	252	14,143	319

(mil. yen)

Chemicals		Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Environmental and energy related products (*)		9,400	1,000	6,765	636	6,626	457	4,000	300	3,138	205	3,192	167
	Others	600	100	984	18	1,045	-102	300	0	571	58	409	-194
Sub total		10,000	1,100	7,749	654	7,671	355	4,300	300	3,709	263	3,601	-27
Subsidiaries		600	100	644	97	592	41	300	0	301	29	255	-15
Elimination		-100	0	-108	1	-125	0	-100	0	-43	1	-70	0
Total		10,500	1,200	8,285	753	8,138	396	4,500	300	3,967	293	3,786	-42
* Breakdown		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Bipolar plates for fuel cells		1,200	-100	1,166	-107	1,139	-201	600	0	584	-78	624	-89
Functional chemicals (Carbodilite)		2,200	400	1,834	236	1,716	180	900	100	886	100	761	22
Insulator		6,000	700	3,765	507	3,771	478	2,500	200	1,668	183	1,807	234
Breakdown total		9,400	1,000	6,765	636	6,626	457	4,000	300	3,138	205	3,192	167

(mil. yen)

Textiles		Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
JPN	NIST	23,700	600	23,410	291	23,473	78	11,100	200	11,554	119	11,869	25
	Subsidiaries	27,100	1,500	29,257	1,475	19,665	-1,046	13,900	900	14,590	688	11,548	-176
	JPN total	50,800	2,100	52,667	1,766	43,138	-968	25,000	1,100	26,144	807	23,417	-151
Overseas	Brazil	3,600	100	3,886	105	4,870	299	1,900	0	2,105	187	2,387	99
	Indonesia	14,000	400	14,701	328	14,038	308	7,300	200	7,379	83	6,838	179
	China	3,000	0	2,459	-10	2,768	-1	1,200	0	1,255	-23	1,357	-8
	Overseas total	20,600	500	21,046	423	21,676	606	10,400	200	10,739	247	10,582	270
Sub total		71,400	2,600	73,713	2,189	64,814	-362	35,400	1,300	36,883	1,054	33,999	119
Elimination		-14,600	-300	-16,210	-317	-16,649	5	-7,400	-200	-8,208	-165	-8,469	-51
Total		56,800	2,300	57,503	1,872	48,165	-357	28,000	1,100	28,675	889	25,530	69

(mil. yen)

Papers		Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
		Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Household papers		21,300	1,100	20,459	809	19,648	365	9,900	500	9,935	285	9,052	133
Fine papers	NISP	9,900	400	9,819	305	9,299	95	4,600	200	4,562	108	4,422	77
	Subsidiaries	8,200	100	8,449	-333	8,605	-51	3,700	0	4,180	-26	3,965	-14
	Fine papers total	18,100	500	18,268	-28	17,904	44	8,300	200	8,742	82	8,387	63
Sub total		39,400	1,600	38,727	781	37,552	409	18,200	700	18,677	367	17,439	196
Elimination		-5,400	0	-6,143	-39	-6,272	16	-2,500	0	-3,214	-5	-2,870	26
Total		34,000	1,600	32,584	742	31,280	425	15,700	700	15,463	362	14,569	222

(mil. yen)

Real estate	Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
NISH	8,800	5,000	9,486	5,655	10,540	6,531	4,100	2,400	4,678	2,717	5,316	3,386
Subsidiaries	1,400	100	1,416	140	1,446	138	700	100	704	54	724	77
Sub total	10,200	5,100	10,902	5,795	11,986	6,669	4,800	2,500	5,382	2,771	6,040	3,463
Elimination	-2,000	0	-2,545	0	-2,740	0	-1,000	0	-1,279	-1	-1,420	0
Total	8,200	5,100	8,357	5,795	9,246	6,669	3,800	2,500	4,103	2,770	4,620	3,463

(mil. yen)

Others, Corporate costs	Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Other business	22,700	300	27,327	-217	27,317	-110	10,700	100	13,192	-172	13,540	-32
Corporate costs		-4,800		-4,076	0	-4,177		-2,300	0	-2,040	0	-2,115
Total	22,700	-4,500	27,327	-4,293	27,317	-4,287	10,700	-2,200	13,192	-2,212	13,540	-2,147

(mil. yen)

Segmentation total	Mar. 2017 est.		Mar. 2016		Mar. 2015		Apr.-Sep. 2016 est.		Apr.-Sep. 2015		Apr.-Sep. 2014	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Total	570,000	16,000	533,989	12,617	523,757	13,744	250,000	1,000	249,870	2,105	236,603	835