

Financial Results for FY2018

(Apr. 2018 – Dec. 2018)

Nisshinbo Holdings Inc.
Feb. 15, 2019

Highlights (y/y, Compared to FC)

	FY2017 (adjusted)	FY2018 results	Change		(mil. yen)		
				Rate	FY2018 FC on Oct. 31	Change	Rate
Net sales	413,335	416,221	+2,885	+0.7%	426,000	-9,779	▲2.3%
Operating income	7,795	-2,505	-10,301	-	-2,000	-505	-
Ordinary income	12,624	1,566	-11,057	▲87.6%	2,000	-434	▲21.7%
Attributable to Owners of Parent Net income	20,535	-7,182	-27,718	-	-5,500	-1,682	-
Exchange rate							
yen/dollar	112.04	110.36	-1.68	▲1.5%	110.00	+0.36	+0.3%

Year on year

- Net sales **Increased**
- Operating income **Declined**
- Net income **Declined**

Year	2017				2018			
Month	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.								
Subsidiaries settling in Dec.								
Fiscal year	FY2017				FY2018			

FY2017 results (adjusted)

To allow comparison with the previous fiscal year, the January–March results for companies with fiscal year-ends in March have been omitted, and adjusted figures are shown.

FY2018 Net sales breakdown (y/y)

	FY2017 (adjusted)	FY2018 results	Change		(mil. yen)		
				Rate	FY2018 FC on Oct. 31	Change	Rate
Wireless comms	88,475	90,427	+1,952	+2.2%	91,100	-673	▲0.7%
Microdevices	38,359	53,776	+15,417	+40.2%	57,000	-3,224	▲5.7%
Elimination	-509	0	+509	-	-500	+500	-
Electronics total	126,325	144,204	+17,878	+14.2%	147,600	-3,396	▲2.3%
Brakes	149,040	135,007	-14,032	▲9.4%	139,900	-4,893	▲3.5%
Precision instruments	61,215	62,219	+1,003	+1.6%	62,000	+219	+0.4%
Chemicals	7,895	8,173	+277	+3.5%	8,200	-27	▲0.3%
Textiles	44,646	43,659	-986	▲2.2%	45,800	-2,141	▲4.7%
Real estate	5,460	4,236	-1,223	▲22.4%	4,000	+236	+5.9%
Others	18,751	18,720	-30	▲0.2%	18,500	+220	+1.2%
Total	413,335	416,221	+2,885	+0.7%	426,000	-9,779	▲2.3%

(Year on year) Net sales increased

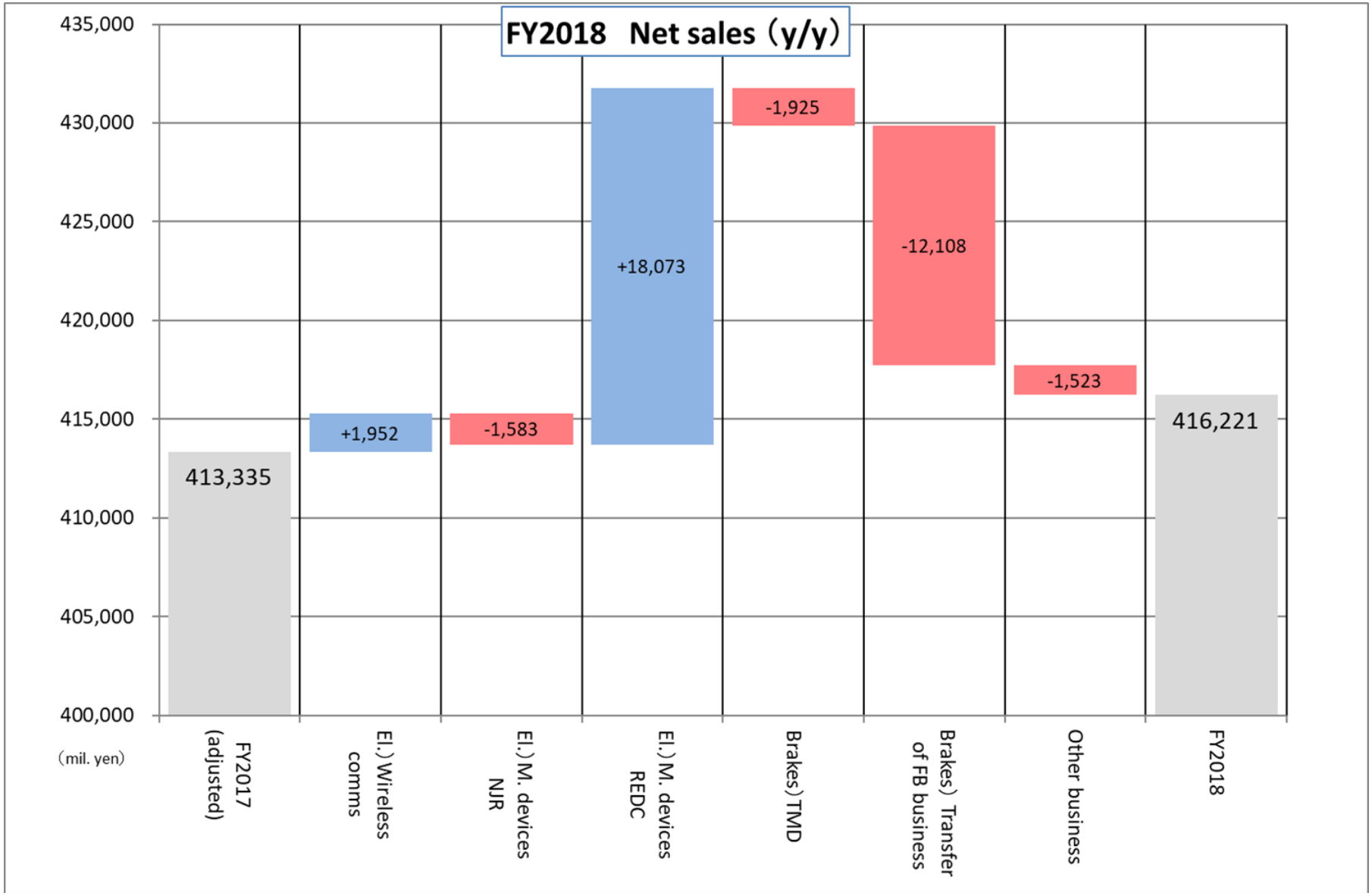
■ Sales increased: (El. / Microdevices)

Due to consolidation of Ricoh Electronic Devices. (+18,073 mil. yen)

■ Sales declined: (Brakes)

Due to transfer of foundation brake business. (-12,443 mil. yen)

Net sales breakdown (y/y)



FY2018 Operating income breakdown (y/y)

	FY2017 (adjusted)	FY2018 results	Change	Rate
Wireless comms	-5,127	-6,510	-1,383	-
Microdevices	1,509	1,605	+96	+6.4%
Elimination	-5	0	+5	-
Electronics total	-3,623	-4,904	-1,281	-
Brakes	6,221	-813	-7,035	-
Precision instruments	1,787	1,690	-96	▲5.4%
Chemicals	1,395	1,664	+269	19.4%
Textiles	1,819	1,250	-569	▲31.3%
Real estate	3,706	2,681	-1,024	▲27.6%
Others & Corporate cost	-3,511	-4,073	-562	-
Total	7,795	-2,505	-10,301	-

(mil. yen)		
FY2018 FC on Oct. 31	Change	Rate
-7,000	+490	-
2,000	-395	▲19.8%
-100	+100	-
-5,100	+196	-
300	-1,113	-
2,000	-310	▲15.5%
1,600	+64	4.0%
1,200	+50	4.2%
2,500	+181	7.2%
-4,500	+427	-
-2,000	-505	-

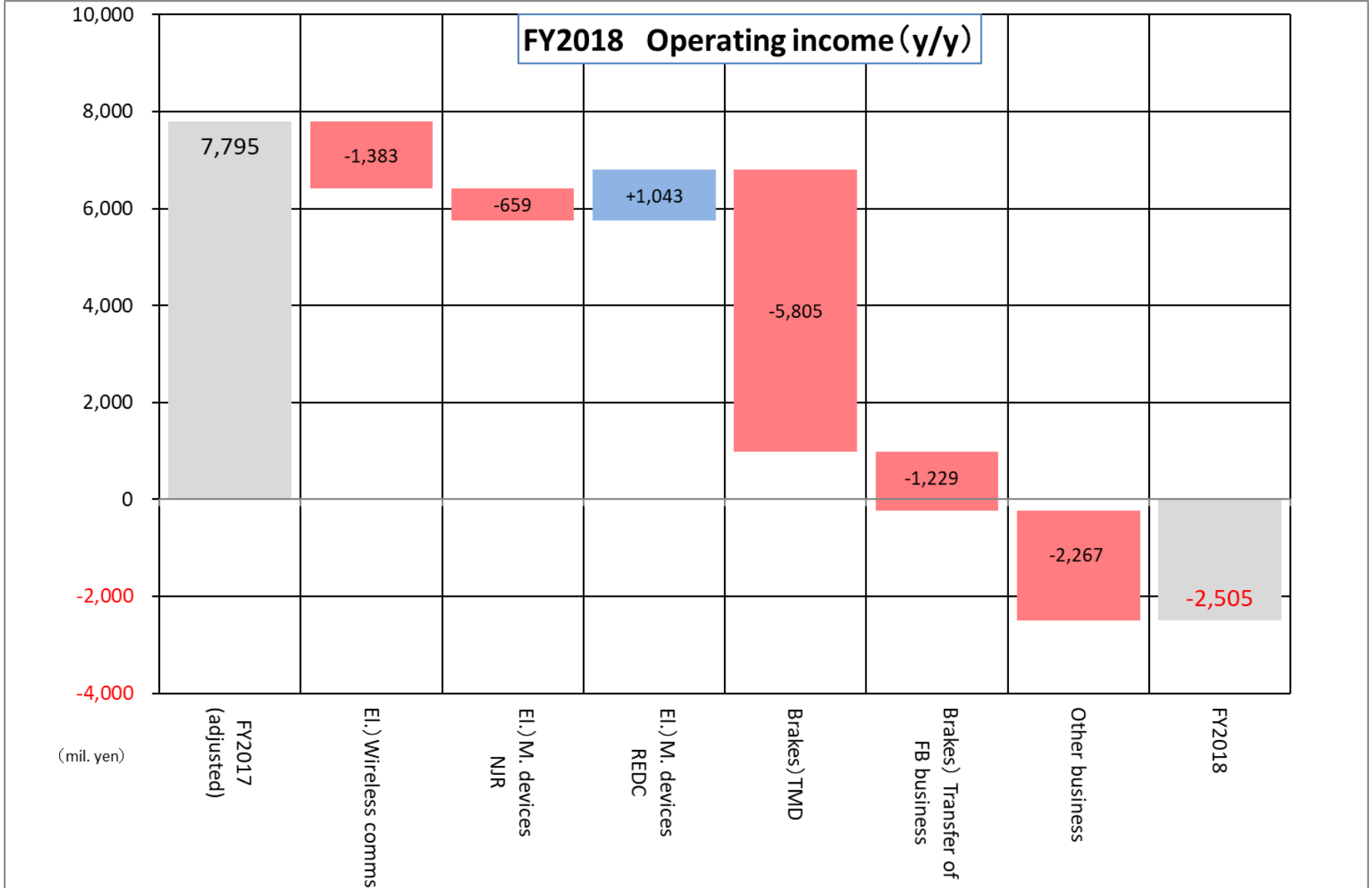
(Year on year) **Declined**

■ Operating income declined: (Brakes)

Due to transfer of foundation brake business. (-739 mil. yen)

Due to decreased sales of aftermarket products at TMD. (-5,805 mil. yen)

Operating income breakdown (y/y)



Ordinary income to net income (y/y)

	(mil. yen)			
	FY2017 (adjusted)	FY2018 results	Change	Rate
Operating income	7,795	-2,505	-10,301	-
Non-operating income	8,654	7,855	-799	▲9.2%
Non-operating expenses	3,826	3,783	-43	▲1.1%
Ordinary income	12,624	1,566	-11,057	▲87.6%
Extraordinary income	18,950	2,016	-16,934	▲89.4%
Extraordinary loss	5,072	7,063	+1,991	+39.3%
Income before income taxes	26,503	-3,480	-29,984	-
Income taxes	6,254	2,075	-4,178	▲66.8%
Profit attributable to non-controlling interests	-286	1,627	+1,914	-
Profit attributable to owners of parent	20,535	-7,182	-27,718	-

Net income : Declined

- ① Operating income declined: -10,301 mil. yen (y/y)
- ① Gain on sales of shares of subsidiaries and affiliates declined: -11,713 mil. yen (y/y)
- ② Gain on sales of fixed assets declined: -5,269 mil. yen (y/y)

FY2019 Forecast

(mil. yen)

	FY2019 FC	FY2018 (adjusted)	Change	
				Rate
Net sales	540,000	514,933	+25,066	+4.9%
Operating income	8,000	4,784	+3,215	+67.2%
Ordinary income	12,000	8,642	+3,357	+38.8%
Attributable to Owners of Parent Net income	7,400	-1,366	+8,766	-

Year	2019			
Month	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.				
Subsidiaries settling in Dec.				
Fiscal year	FY2019			

2018				
Month	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.				
Subsidiaries settling in Dec.				
Fiscal year	FY2018			

Assumed exchange rate: US\$1 = ¥110

Exchange rate sensitivity: A ¥1 increase in exchange rates causes operating income to decline by approximately ¥300 million.

To allow comparison with the previous fiscal year, the January–March results for companies with fiscal year-ends in March have been added to FY2018 performance, and adjusted figures are shown.

FY2019 Forecast (Sales)

(mil. yen)

	FY2019 FC	FY2018 (adjusted)	Change	
				Rate
Wireless comms	153,000	144,762	+8,237	+5.7%
Microdevices	77,000	66,736	+10,263	+15.4%
Brakes	146,000	140,171	+5,828	+4.2%
Precision instruments	68,000	65,921	+2,078	+3.2%
Chemicals	11,000	11,563	-563	▲4.9%
Textiles	55,000	53,653	+1,346	+2.5%
Real estate	6,000	7,182	-1,182	▲16.5%
Others	24,000	24,942	-942	▲3.8%
Total	540,000	514,933	+25,066	+4.9%

※Electronics has been divided into the two segments, wireless communications and microdevices since FY2019

(Wireless comms) Expected to rise due to higher sales from Japan Radio's Marine Systems and Solutions businesses

(Micro devices) Expected to increase due to sales from Ricoh Electronic Devices (converted to consolidated subsidiary in April 2018) being included from January 2019

(Brakes) Expected to grow thanks to recovery in sales at TMD

FY2019 Forecast (Operating income)

(mil. yen)

	FY2019 FC	FY2018 (adjusted)	Change	
				Rate
Wireless comms	2,200	-493	+2,693	-
Microdevices	2,200	2,234	-35	▲1.6%
Brakes	1,800	-916	+2,716	-
Precision instruments	1,700	1,628	+71	4.4%
Chemicals	2,200	2,381	-181	▲7.6%
Textiles	1,600	1,306	+293	22.4%
Real estate	2,700	4,042	-1,342	▲33.2%
Others	300	0	+300	-
Others & Corporate cost	-6,700	-5,397	-1,302	-
Total	8,000	4,784	+3,215	67.2%

(Wireless comms) Expected to rise due to higher sales at Japan Radio

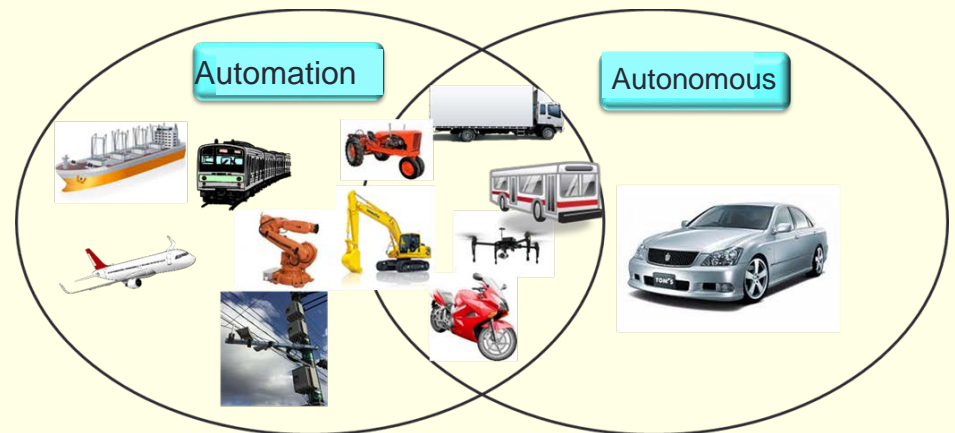
(Brakes) Expected to return to profitability due to the solution of shipment problems at TMD's aftermarket product warehouse

(Corporate costs) Costs expected to grow due to increased R&D expenses

- **Converted Ricoh Electronic Devices into a consolidated subsidiary.**
- **Transfer drum brake (foundation brake) business.**

• **Established JRC Mobility.**

• **Converted NJR into wholly owned subsidiary**



• **Merged Pro Nav (Norway) into wholly owned subsidiary**
(Reconstruct sales and service network of fishing boat market in Europe)

Corporate philosophy:

Change and challenge! For the creation of the future of Earth and People

- As an Environment and Energy company group, we help solve the issues facing society and contribute to a sustainable society through our operations.
- We will promote group management and global business management, accelerating groupwide initiatives. We will enhance corporate value by promoting unity amid diversity.
- We continuously revise our business portfolio in response to society's needs.
- We raise our game by supplementing tangible items with intangibles and services.

Long term target: ROE12% (FY2025)

Mobility

- In addition to automobiles, develop business in ships, aircraft, drones, and other fields.
- Go beyond the production of parts and materials, utilizing the data our equipment gathers in business initiatives to support safe ship operation and energy savings.

Infrastructure and safety

- Help to prevent or mitigate disaster (including through water and river management systems and weather radar).
- Contribute toward the realization of a hydrogen-oriented society. (Develop fuel cell parts and materials.)

Life and healthcare

- Leverage our sensor, ultrasound, wireless, and other technological fortes to create new businesses.

Brake business

- **Ensure favorable orders for copper-free friction materials, which have low environmental impact.**
- **Aim to establish a solid position in the global market by promoting development and sales expansion.**

TMD

- **Focus on profitability rather than sales growth.**
- **Conduct business structure reform without allowing a sanctuary**
- **Renovate management structure led by Nisshinbo**
- **Restart strategic investment into growth areas after converting a profit structure**

Marine systems

- **Improve profitability**

Improve variable cost ratio and reduce fixed costs

- **Reinforce foundation fields: New ship building, Replacement, Information service**
- **Break away from merchant ship dependence and expand business in small and mid-size vessels and private sector systems**
- **Contribute to autonomous operating**

Communications equipment

- **Expand ITS business in automotive business**
- **Expand railway business**

Solutions

- **Expand the main force business: social infrastructure related to disaster prevention**
- **Private sector business: ICT/IoT solutions**
- **Overseas business related to climate, disaster prevention, ocean and traffic business in Southeast Asia**

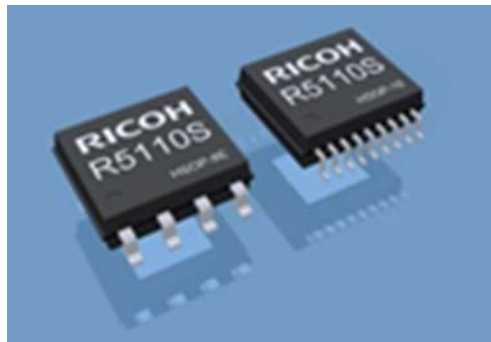
Electronic devices

- Expand the business in automotive and industrial equipment fields

Focus resources on developing market

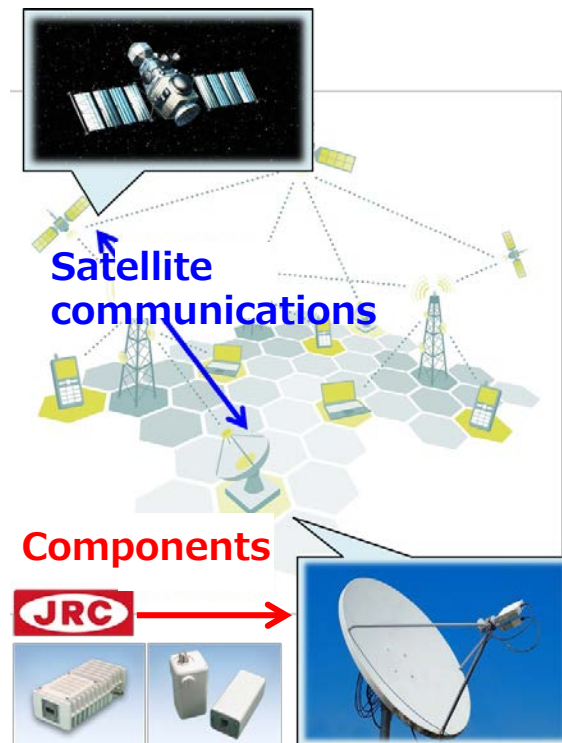
Improve global competitiveness

- Seek synergies between NJR and REDC in the areas of production, design, sales and quality assurance



Microwave components

- Expand the business for satellite communications



Appendix Segment information①

		FY2019 FC						FY2018 results							
Electronics		FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Wireless com.	Marine systems	37,100	-900	33,210	-2,727	3,890	1,827	28,323	-1,950	28,345	-1,408	-22	-542	33,523	-2,287
	Communications eqp	16,500	1,100	16,528	1,439	-28	-339	12,180	1,005	11,680	953	500	52	16,028	1,387
	Solutions	68,500	1,000	64,529	317	3,971	683	28,252	-5,690	29,839	-4,497	-1,587	-1,193	66,116	1,509
	Mechatronics & Power supply	17,600	200	18,328	268	-728	-68	13,454	168	10,965	-245	2,489	413	15,839	-145
	Medical equipment	9,700	500	9,408	751	292	-251	6,297	526	5,927	439	370	87	9,038	663
	Others	3,600	300	2,759	-541	841	841	1,921	-569	1,710	-375	211	-194	2,287	-434
	Wireless comm. total	153,000	2,200	144,762	-493	8,237	2,693	90,427	-6,510	88,466	-5,133	1,960	-1,376	142,833	693
Microdevices	NJR	52,700	1,400	50,081	1,565	2,619	-165	36,776	850	38,359	1,509	-1,583	-659	51,665	2,138
	REDC	25,300	1,000	18,073	1,043	7,227	-43	18,073	1,043	-	-	18,073	1,043	-	-
	Elimination	-1,000	-200	-1,418	-374	418	174	-1,073	-288	-500	0	-573	-288	-	-
	Microdevices total	77,000	2,200	66,736	2,234	10,263	-34	53,776	1,605	37,859	1,509	15,917	95	51,665	2,138
Electronics total		230,000	4,400	211,498	1,741	18,502	2,659	144,204	-4,904	126,325	-3,623	17,878	-1,281	194,498	2,831
Elimination		0	0	0	0	0	0	0	0	0	0	0	0	-878	190
Total		230,000	4,400	211,498	1,741	18,502	2,659	144,204	-4,904	126,325	-3,623	17,878	-1,281	193,620	3,021

Fiscal year	FY2019 FC			
Year	2019			
Month	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.				
Subsidiaries settling in Dec.				

FY2018 adjusted			
2018			
1-3	4-6	7-9	10-12

FY2018 results			
2018			
1-3	4-6	7-9	10-12

FY2017 adjusted			
2017			
1-3	4-6	7-9	10-12

FY2017 results				
2017				2018
1-3	4-6	7-9	10-12	1-3

Appendix Segment information②

Brakes		FY2019 FC						FY2018 results							
		FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
JPN	NISB	18,100	500	18,871	367	-771	133	12,711	270	18,973	777	-6,262	-507	25,134	870
Overseas	NISB Subsidiaries	36,900	2,400	37,573	3,479	-673	-1,079	37,573	3,479	44,493	4,492	-6,920	-1,013	44,493	4,492
	TMD group	97,300	-300	90,593	-4,055	6,707	3,755	90,593	-4,055	92,518	1,750	-1,925	-5,805	92,518	1,750
	Overseas total	134,200	2,100	128,166	-576	6,034	2,676	128,166	-576	137,011	6,242	-8,845	-6,818	137,011	6,242
Sub total		152,300	2,600	147,037	-209	5,263	2,809	140,877	-306	155,984	7,019	-15,107	-7,325	162,145	7,112
Elimination		-6,300	-800	-6,866	-707	566	-93	-5,870	-507	-6,944	-798	1,074	291	-7,941	-993
Total		146,000	1,800	140,171	-916	5,828	2,716	135,007	-813	149,040	6,221	-14,032	-7,035	154,204	6,119

Precision instruments		FY2019 FC				Change		FY2018 results				Change		FY2017 results	
		FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Precision	NISM	6,800	200	10,660	212	-3,860	-12	8,419	288	6,076	191	2,343	97	8,317	194
	Subsidiaries	10,700	600	8,260	534	2,440	66	7,429	519	6,221	700	1,208	-181	7,053	715
	Sub total	17,500	800	18,920	746	-1,420	54	15,848	807	12,297	891	3,551	-84	15,370	909
Plastics	NISM	4,500	0	4,970	184	-470	-184	3,841	84	3,697	104	144	-20	4,827	125
	Subsidiaries	47,100	1,700	47,702	1,747	-602	-47	47,446	1,727	47,120	1,561	326	166	47,376	1,581
	Sub total	51,600	1,700	52,672	1,931	-1,072	-231	51,287	1,811	50,817	1,665	470	146	52,203	1,706
Elimination		-1,100	-800	-5,671	-1,049	4,571	249	-4,916	-928	-1,899	-769	-3,017	-159	-2,655	-891
Total		68,000	1,700	65,921	1,628	2,078	71	62,219	1,690	61,215	1,787	1,003	-96	64,918	1,724

Fiscal year	FY2019 FC			
Year	2019			
Month	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.				
Subsidiaries settling in Dec.				

FY2018 adjusted			
2018			
1-3	4-6	7-9	10-12

FY2018 results			
2018			
1-3	4-6	7-9	10-12

FY2017 adjusted			
2017			
1-3	4-6	7-9	10-12

FY2017 results				
2017				2018
1-3	4-6	7-9	10-12	1-3

Appendix Segment information③

Chemicals	FY2019 FC						FY2018 results						FY2017 results	
	FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change			
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Environment and energy related products (*)	9,000	1,600	9,950	1,918	-950	-318	6,983	1,349	6,890	1,156	93	193	9,859	1,727
Others	1,100	400	1,006	338	94	62	751	244	618	170	133	74	873	264
Sub total	10,100	2,000	10,956	2,256	-856	-256	7,734	1,593	7,508	1,326	226	267	10,732	1,991
Subsidiaries	1,100	200	821	122	279	78	611	72	494	67	117	5	704	118
Elimination	-200	0	-214	3	14	-3	-172	-1	-110	0	-62	-1	-151	1
Total	11,000	2,200	11,563	2,381	-563	-181	8,173	1,664	7,895	1,395	277	269	11,285	2,112
* Breakdown	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Bipolar plates for FC	1,400	100	1,490	308	-90	-208	1,081	169	901	116	180	53	1,310	255
Functional chemicals (Carbodilite)	3,300	1,000	2,511	690	789	310	1,896	533	1,851	470	45	63	2,466	627
Insulator	4,300	500	5,949	920	-1,649	-420	4,004	645	4,138	570	-134	75	6,083	845
Breakdown total	9,000	1,600	9,950	1,918	-950	-318	6,983	1,349	6,890	1,156	93	193	9,859	1,727

Fiscal year	FY2019 FC			
Year	2019			
Month	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.				
Subsidiaries settling in Dec.				

FY2018 adjusted			
2018			
1-3	4-6	7-9	10-12

FY2018 results			
2018			
1-3	4-6	7-9	10-12

FY2017 adjusted			
2017			
1-3	4-6	7-9	10-12

FY2017 results				
2017				2018
1-3	4-6	7-9	10-12	1-3

Appendix Segment information④

Textiles		FY2019 FC						FY2018 results							
		FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
JPN	NIST	20,400	400	20,129	257	271	143	14,982	174	14,371	231	611	-57	19,519	314
	Subsidiaries	25,400	800	26,884	771	-1,484	29	20,856	663	21,840	899	-984	-236	27,868	895
	JPN total	45,800	1,200	47,013	1,028	-1,213	172	35,838	837	36,211	1,130	-373	-293	47,387	1,209
Overseas	Brazil	6,100	200	5,146	233	954	-33	5,146	233	5,400	555	-254	-322	5,400	555
	Indonesia	15,000	400	14,401	373	599	27	14,401	373	13,653	322	748	51	13,653	322
	China	2,200	0	2,587	78	-387	-78	2,587	78	2,438	39	149	39	2,438	39
	Overseas total	23,300	600	22,134	684	1,166	-84	22,134	684	21,491	916	643	-232	21,491	916
Sub total		69,100	1,800	69,147	1,712	-47	88	57,972	1,521	57,702	2,046	270	-525	68,878	2,125
Elimination		-14,100	-200	-15,494	-406	1,394	206	-14,313	-271	-13,056	-227	-1,257	-44	-14,239	-250
Total		55,000	1,600	53,653	1,306	1,346	293	43,659	1,250	44,646	1,819	-986	-569	54,639	1,875

Real estate		FY2019 FC				Change		FY2018 results				Change		FY2017 results	
		FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
NISH		6,600	2,600	7,699	3,453	-1,099	-853	4,619	2,566	5,887	3,574	-1,268	-1,008	8,967	4,461
	Subsidiaries	1,300	100	1,427	136	-127	-36	1,074	115	1,084	138	-10	-23	1,437	159
Sub total		7,900	2,700	9,126	3,589	-1,226	-889	5,693	2,681	6,971	3,712	-1,278	-1,031	10,404	4,620
Elimination		-1,900	0	-1,944	453	44	-453	-1,457	0	-1,511	-6	54	6	-1,999	447
Total		6,000	2,700	7,182	4,042	-1,182	-1,342	4,236	2,681	5,460	3,706	-1,223	-1,024	8,405	5,067

Fiscal year	FY2019 FC			
Year	2019			
Month	1-3	4-6	7-9	10-12
Subsidiaries settling in Mar.				
Subsidiaries settling in Dec.				

FY2018 adjusted			
2018			
1-3	4-6	7-9	10-12

FY2018 results			
2018			
1-3	4-6	7-9	10-12

FY2017 adjusted			
2017			
1-3	4-6	7-9	10-12

FY2017 results				
2017				2018
1-3	4-6	7-9	10-12	1-3

Appendix Segment information⑤

Other business, Corporate costs	FY2019 FC						FY2018 results						FY2017 results	
	FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Other business	24,000	300	24,942	0	-942	300	18,720	-32	18,751	11	-30	-43	24,973	45
Corporate costs	0	-6,700	0	-5,397	0	-1,303	0	-4,041	0	-3,522	0	-519	0	-4,880
Total	24,000	-6,400	24,942	-5,397	-942	-1,002	18,720	-4,074	18,751	-3,511	-30	-562	24,973	-4,835

Segment total	FY2019 FC						FY2018 results						FY2017 results	
	FY2019 FC		FY2018 adjusted		Change		FY2018 results		FY2017 adjusted		Change		FY2017 results	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Total	540,000	8,000	514,933	4,784	25,066	3,215	416,221	-2,505	413,335	7,795	2,885	-10,301	512,047	15,085

Fiscal year	FY2019 FC				FY2018 adjusted				FY2018 results				FY2017 adjusted				FY2017 results					
Year	2019				2018				2018				2017				2017				2018	
Month	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	
Subsidiaries settling in Mar.																						
Subsidiaries settling in Dec.																						

NISH: Nisshinbo Holdings Inc.

Consolidated subsidiaries of NISH.

JRC: Japan Radio Co., Ltd.

NJR: New Japan Radio Co., Ltd.

REDC: Ricoh Electronic Devices Co., Ltd.

NISB: Nisshinbo Brake Inc.

NISM: Nisshinbo Mechatronics Inc.

NISC: Nisshinbo Chemical Inc.

NIST: Nisshinbo Textile Inc.

This document contains forecasts of performance and other projections based on information currently available and certain assumptions judged by Nisshinbo to be reasonable. Actual performance may materially differ from these projections as a result of changes in the economic environment and other risks and uncertainties.