

# Financial Results for FY2017

(Apr. 2017 – Mar. 2018)

Nisshinbo Holdings Inc.  
May 11, 2018

# HIGHLIGHTS

(mil. yen)

	FY2016 Results	FY2017 Results	Change		FY2017 Plan	Compared to plan	
				Rate			Rate
Net sales	527,274	512,047	-15,227	▲2.9%	520,000	-7,953	▲1.5%
Operating income	4,890	15,085	+10,195	+208.5%	15,000	85	+0.6%
Ordinary income	10,556	19,700	+9,144	+86.6%	20,000	-300	▲1.5%
Attributable to Owners of Parent Net income	3,574	26,352	+22,778	+637.2%	20,000	6,352	+31.8%
Exchange rate							
yen/dollar	109.44	112.04	+2.60	+2.4%	110.00	2.04	1.9%
yen/euro	120.63	127.22	+6.59	+5.5%	120.00	7.22	6.0%

## Year on year

- Net sales **Declined**
- Operating Income **Substantially increased**
- Net Income **Substantially increased**

## Compared to plan

- Net sales **Not achieved**
- Operating Income **Exceeded**
- Net Income **Substantially exceeded**

# Net sales breakdown

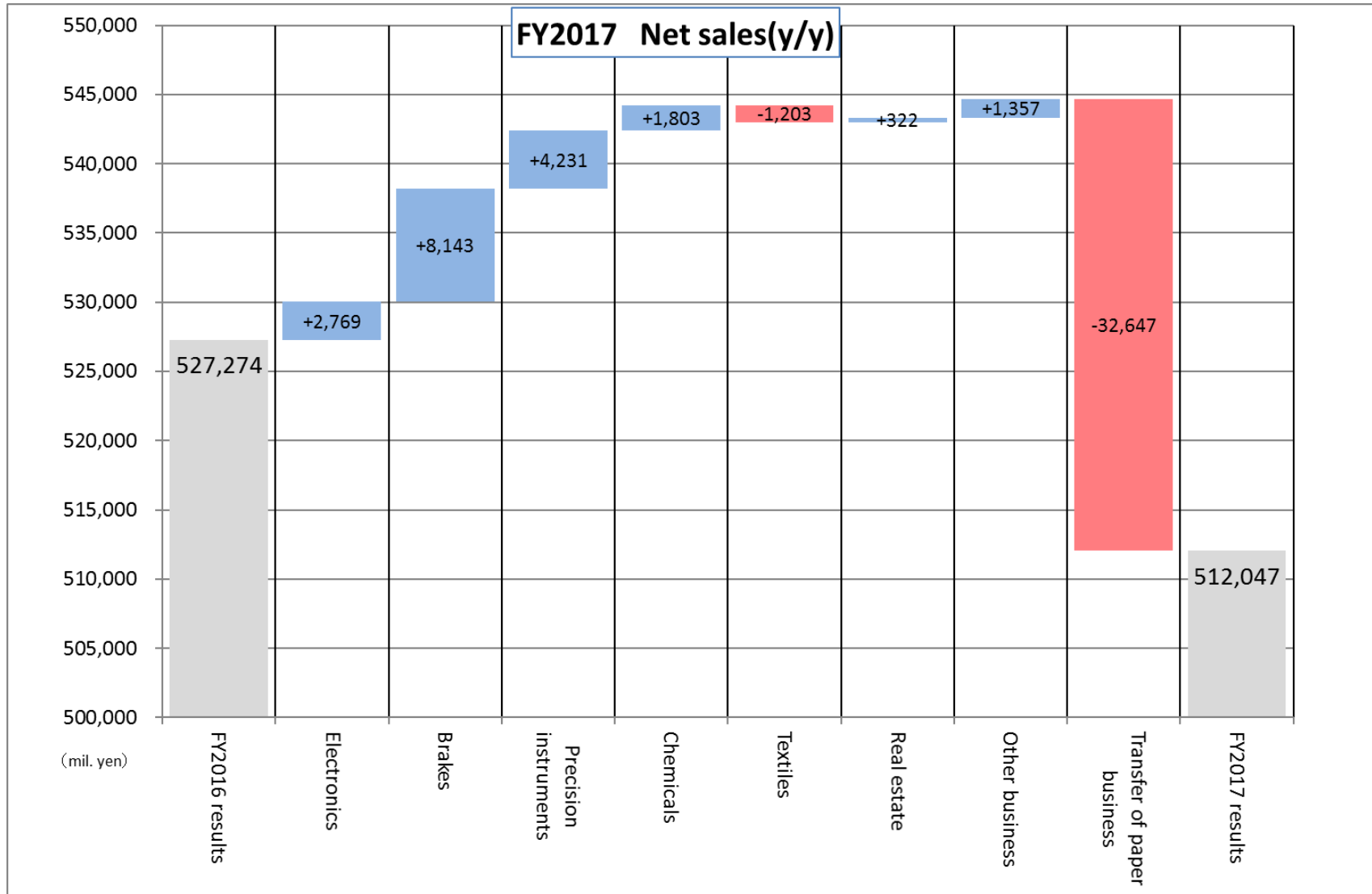
	FY2016 Results	FY2017 Results	Change		(mil. yen)		
				Rate	FY2017 Plan	Compared to plan	Rate
Electronics	190,851	193,620	+2,769	+1.5%	204,000	-10,380	▲5.1%
Brakes	146,061	154,204	+8,143	+5.6%	154,000	204	+0.1%
Precision instruments	60,687	64,918	+4,231	+7.0%	61,000	3,918	+6.4%
Chemicals	9,482	11,285	+1,803	+19.0%	11,000	285	+2.6%
Textiles	55,842	54,639	-1,203	▲2.2%	58,000	-3,361	▲5.8%
Real estate	8,083	8,405	+322	+4.0%	8,000	405	+5.1%
Others	23,616	24,973	+1,357	+5.7%	24,000	973	+4.1%
(Paper) ※	32,647	-	-32,647	-	-	-	-
<b>Total</b>	<b>527,274</b>	<b>512,047</b>	<b>-15,227</b>	<b>▲2.9%</b>	<b>520,000</b>	<b>-7,953</b>	<b>▲1.5%</b>

※Transferred in the beginning of FY2017

## (Year on year) Net sales declined (due to impact from transfer of Paper business)

- **Brakes:** Increased due to favorable markets in Thailand and China, and strong momentum at TMD.
- **Precision Instruments:** Increased for Nanbu Plastics' automotive parts and other products.
- **Chemical:** Increased for insulators, carbon bipolar plates, and functional chemicals.

# Net sales (year on year)



# Operating income breakdown

(mil. yen)

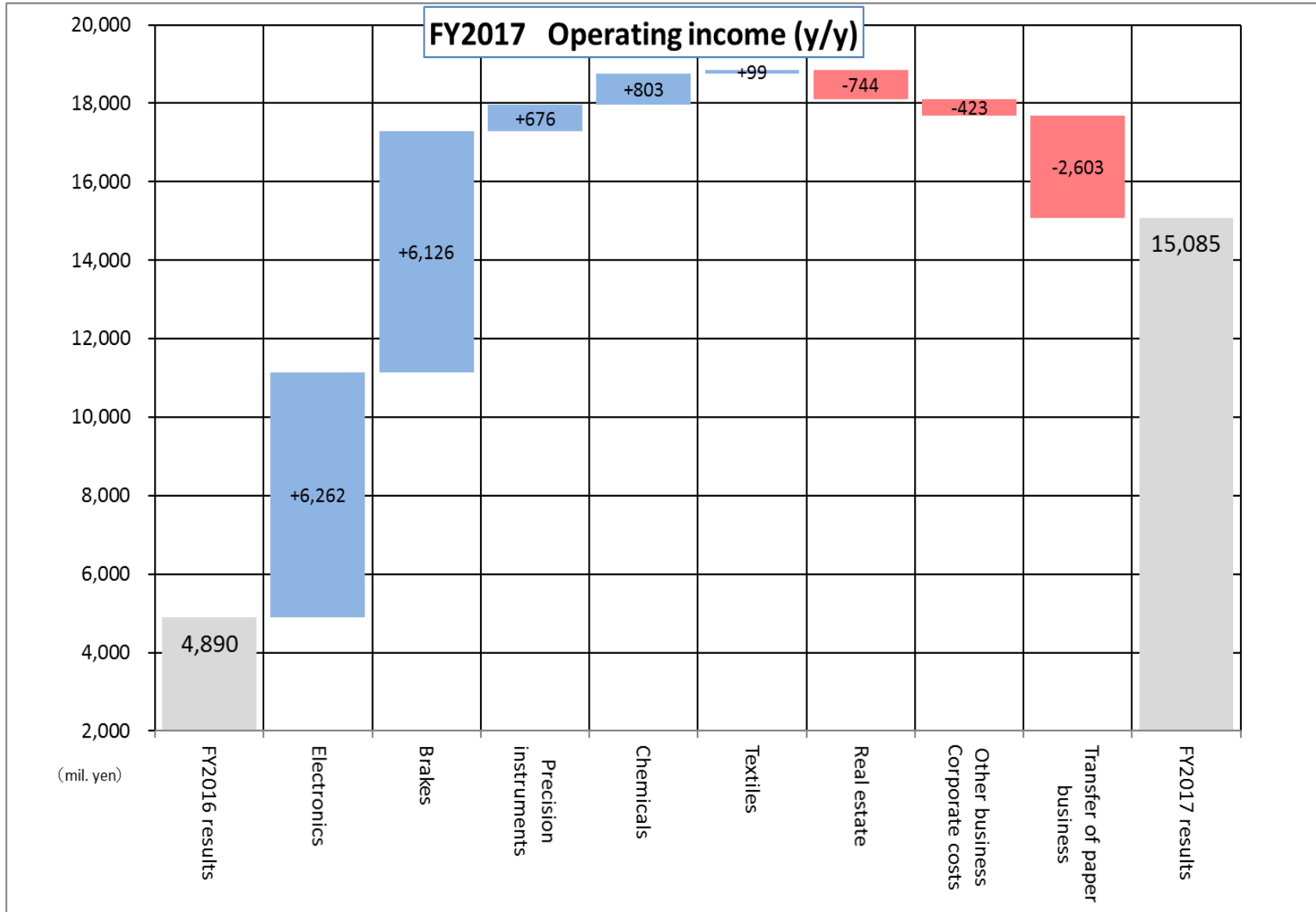
	FY2016 Results	FY2017 Results	Change		FY2017 Plan	Compared to plan	
				Rate			Rate
Electronics	-3,240	3,021	+6,262	-	2,700	321	+11.9%
Brakes	-7	6,119	+6,126	-	6,300	-181	▲2.9%
Precision Instruments	1,048	1,724	+676	64.4%	1,800	-76	▲4.2%
Chemicals	1,309	2,112	+803	61.3%	1,700	412	+24.2%
Textiles	1,777	1,875	+98	5.5%	2,400	-525	▲21.9%
Real Estate	5,811	5,067	-744	▲12.8%	4,500	567	+12.6%
Others	-91	45	+136	-	300	-255	▲85.0%
Corporate Costs	-4,321	-4,880	-559	-	-4,700	-180	-
(Paper) ※	2,603	-	-2,603	-	-	-	-
<b>Total</b>	<b>4,890</b>	<b>15,085</b>	<b>+10,195</b>	<b>208.5%</b>	<b>15,000</b>	<b>85</b>	<b>+0.6%</b>

※Transferred in the beginning of FY2017

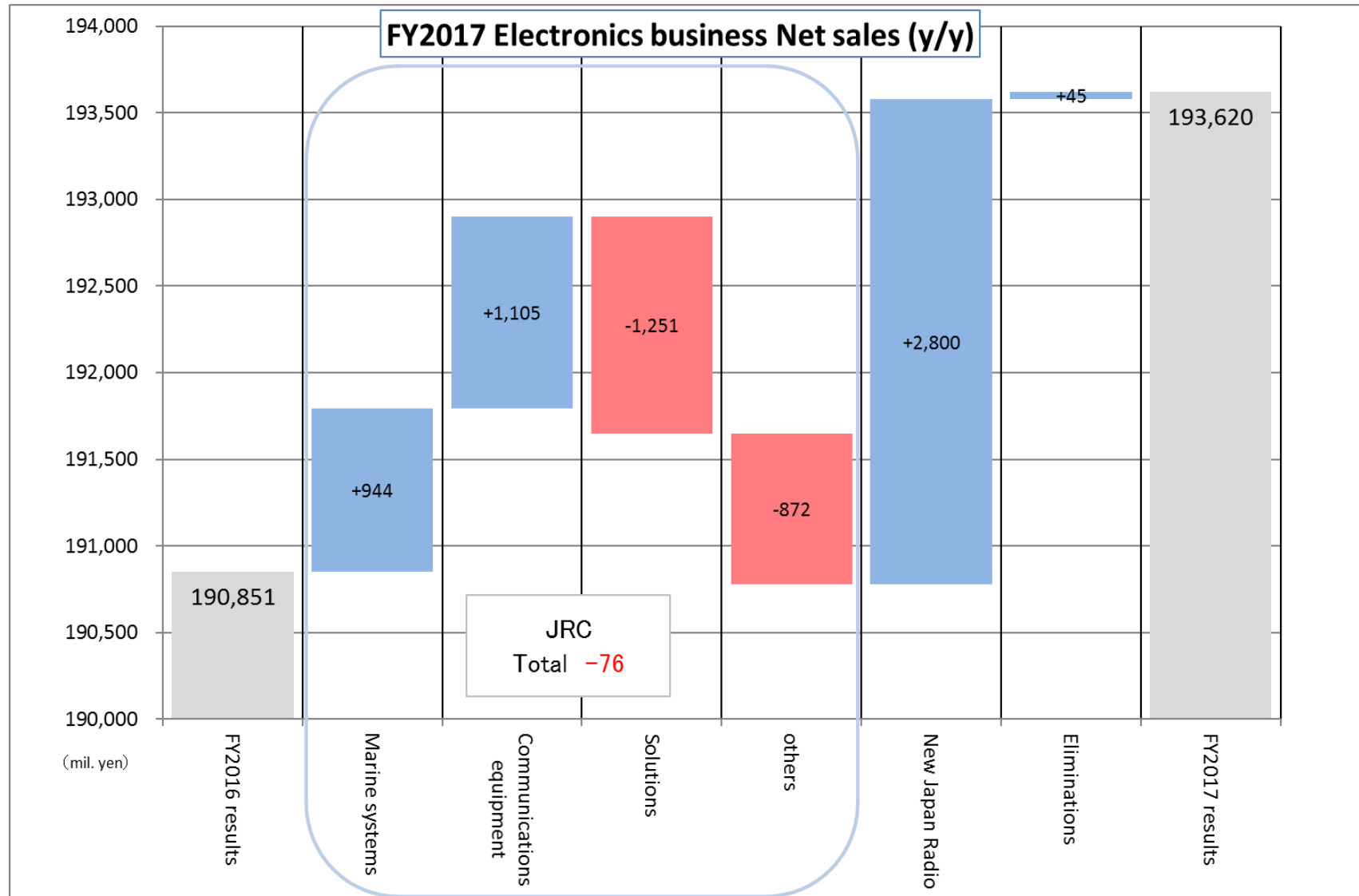
## (Year on year) Operating income increased

- **Electronics: Turn to profitability as JRC moved into the black.**
- **Brakes: Increased as goodwill amortization finished in the previous FY.**  
(Goodwill amortization in FY2016: 5,921 mil. yen)

# Operating income (year on year)

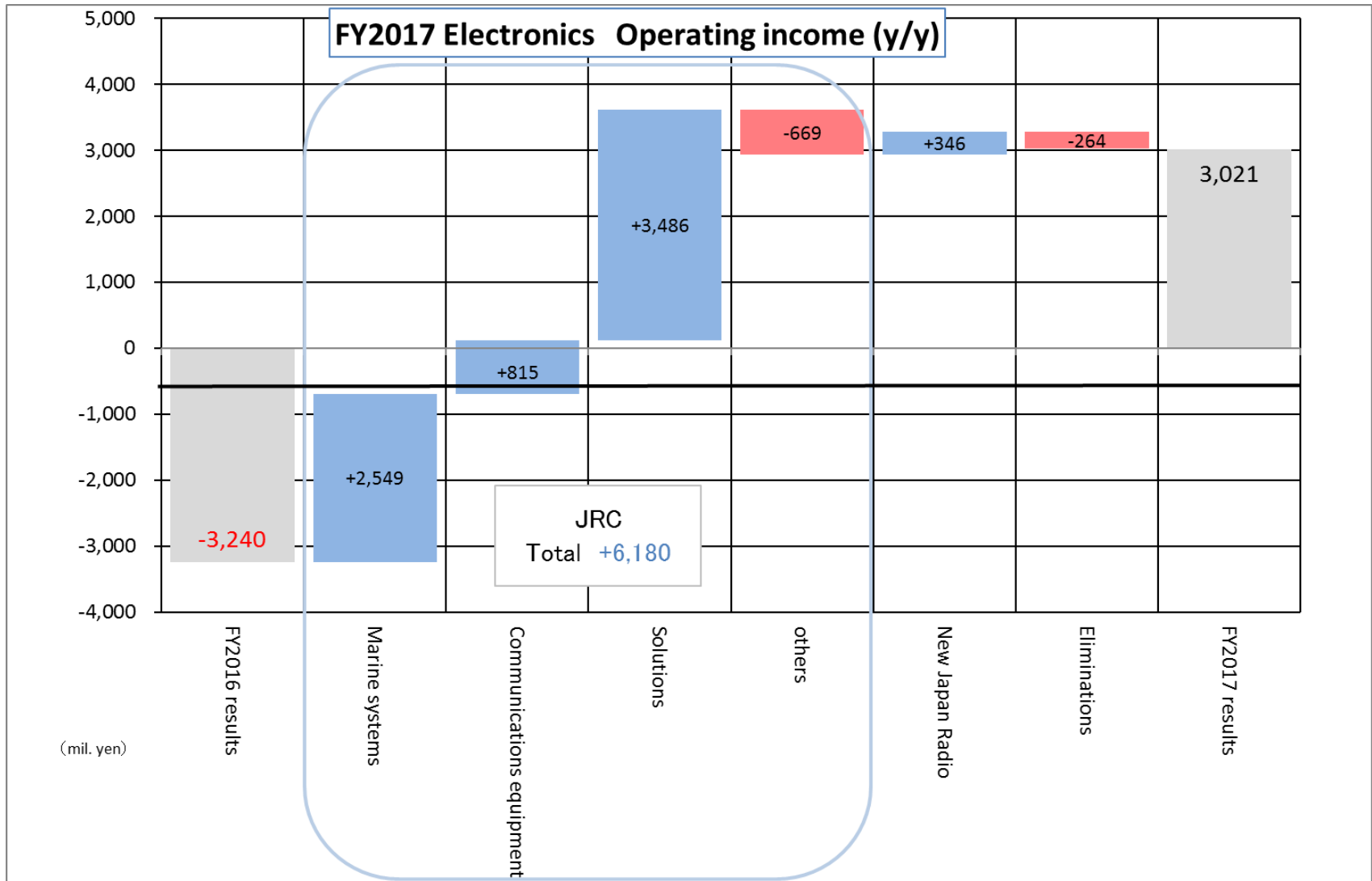


# Net sales in Electronics (year on year)



■ NJR recorded an increase in net sales on favorable demand for automotive and industrial-use semiconductors.

# Operating income in Electronics (year on year)



■ JRC moved into the black supported by sales growth in the marine systems business and the communications equipment business, company-wide reductions in fixed costs, and other factors.



# Ordinary income to net income

(mil. yen)

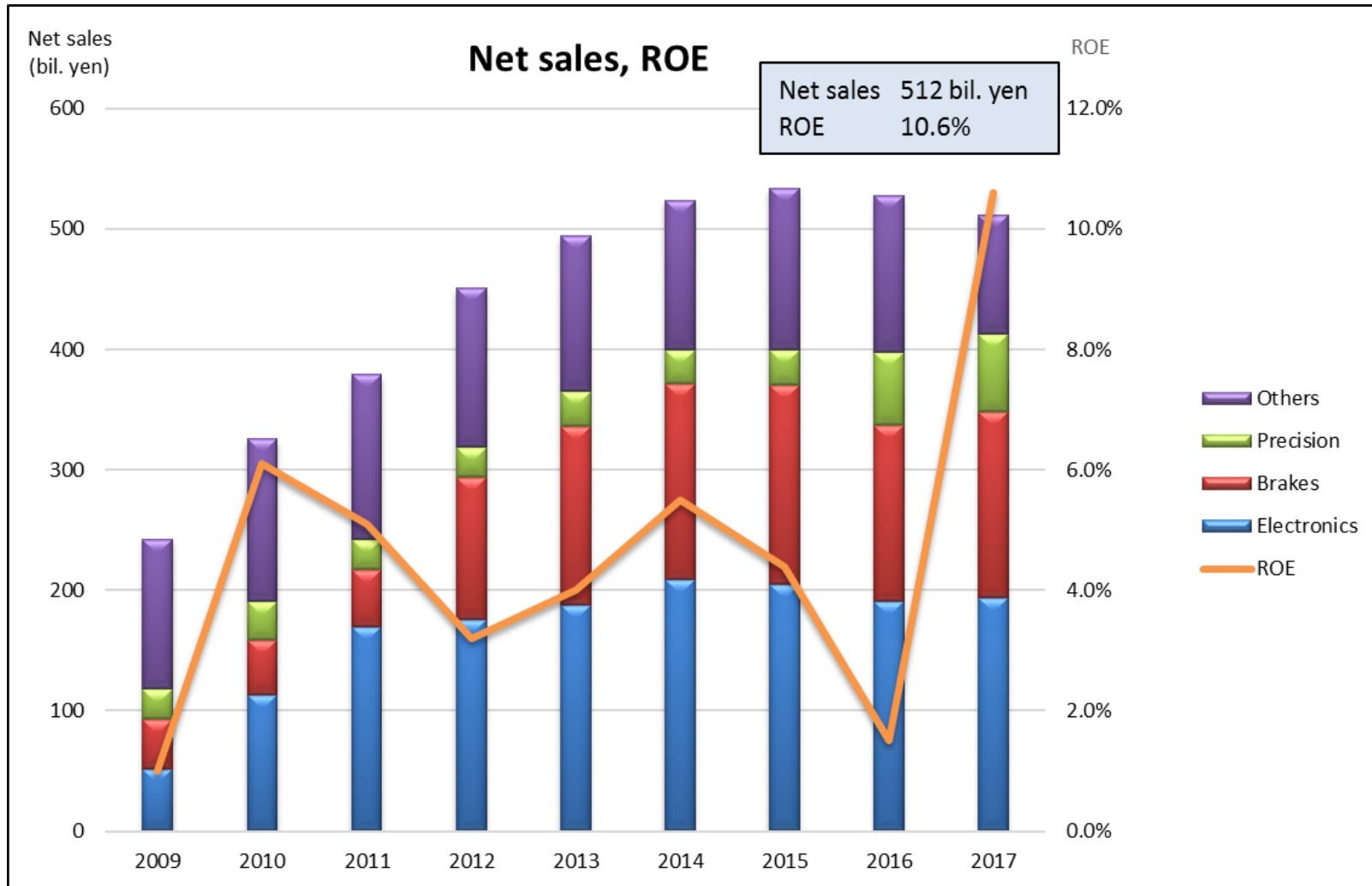
	FY2016 Results	FY2017 Results	Change	
				Rate
Operating income	4,890	15,085	+10,195	+208.5%
Non-operating income	9,741	8,965	-776	▲8.0%
Non-operating expenses	4,075	4,350	+275	+6.7%
Ordinary income	10,556	19,700	+9,144	+86.6%
Extraordinary income	6,143	20,808	+14,665	+238.7%
Extraordinary loss	9,983	7,021	-2,962	▲29.7%
Income before income taxes	6,716	33,487	+26,771	+398.6%
Income taxes	4,883	6,900	+2,017	+41.3%
Profit attributable to non-controlling interests	-1,741	234	+1,975	-
Profit attributable to owners of parent	3,574	26,352	+22,778	+637.2%

## Extraordinary income

**(1) Gain on sales of shares of subsidiaries and affiliates (Paper business):  
11,745 mil. yen**

**(2) Gain on sales of fixed assets (real estate for rent and other):  
5,472 mil. yen**

# Net sales and ROE



## Goals for FY2025

**Net sales: 1 tri. yen      ROE: 12%**

# Plan for FY2018 (Apr.2018 – Dec. 2018)

Change fiscal year-end from March to December starting FY2018 (subject to approval at shareholder meeting in June).

As FY2018 will be a nine-month period, we present below for reference purposes an adjusted plan for the 12-month period through March 2019.

	FY2018 Plan	FY2017 Results	Ref.) Adjusted plan 2018/4~2019/3	(mil. yen)	
				Change	Rate
Net sales	435,000	512,047	546,000	+33,953	+6.6%
Operating income	3,500	15,085	15,500	+415	+2.8%
Ordinary income	7,500	19,700	20,000	+300	+1.5%
Attributable to Owners of Parent Net income	5,000	26,352	13,500	-12,852	▲48.8%
Exchange rate (yen/dollar)	110	112.04	110.00	-2.04	▲1.8%

**Forex sensitivity: Each one yen shift against the dollar in the nine-month period will have an impact of roughly 200 mil. yen on operating income (strong yen has adverse impact).**

Year	2017				2018				2019
	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.									
Fiscal year	FY2017				FY2018				

Ref.) Adjusted plan  
2018/4-2019/3

# Net sales plan for FY2018

		(mil. yen)			
	FY2018 Plan	FY2017 Results	Ref.) Adjusted plan 2018/4~2019/3	Change	Rate
Electronics	153,000	193,620	234,000	+40,380	+20.9%
Brakes	146,000	154,204	151,000	-3,204	▲2.1%
Precision Instruments	62,000	64,918	66,000	+1,082	+1.7%
Chemicals	8,000	11,285	11,000	-285	▲2.5%
Textiles	47,000	54,639	56,000	+1,361	+2.5%
Real Estate	4,000	8,405	5,000	-3,405	▲40.5%
Others	15,000	24,973	23,000	-1,973	▲7.9%
<b>Total</b>	<b>435,000</b>	<b>512,047</b>	<b>546,000</b>	<b>+33,953</b>	<b>+6.6%</b>

## (Year on year) (Adjusted plan) Forecast increase in net sales

■ **Electronics: Forecast increase at JRC and NJR, and increase driven by the conversion of Ricoh Electronic Devices into a consolidated subsidiary.**

■ **Brakes: Forecast decline due to transfer of the drum brake business.**

(FY2017 net sales of 17,250 mil. yen)

■ **Real Estate: Forecast decline as property sales waned in the previous FY.**

# Operating income plan for FY2018

		(mil. yen)			
	FY2018 Plan	FY2017 Results	Ref.) Adjusted plan 2018/4~2019/3	Change	Rate
Electronics	-2,900	3,021	7,700	+4,679	154.9%
Brakes	4,300	6,119	5,100	-1,019	▲16.7%
Precision Instruments	2,000	1,724	2,200	+476	27.6%
Chemicals	1,400	2,112	2,100	-12	▲0.6%
Textiles	1,500	1,875	2,000	+125	6.7%
Real Estate	2,100	5,067	2,800	-2,267	▲44.7%
Others	200	45	200	+155	344.4%
Corporate Costs	-5,100	-4,880	-6,600	-1,720	-
<b>Total</b>	<b>3,500</b>	<b>15,085</b>	<b>15,500</b>	<b>+415</b>	<b>2.8%</b>

## (Year on year) (Adjusted plan) Forecast increase in operating income

■ **Electronics: Forecast increase at JRC and NJR, and increase from the conversion of Ricoh Electronic Devices into a consolidated subsidiary.**

■ **Brakes: Forecast decline due to transfer of the drum brake business.**

(FY2017 operating income: 1,101 mil. yen)

■ **Real Estate: Forecast decline as property sales waned in the previous FY.**

## Accelerating growth strategies (since April 2017)

- Allocate management resources to automotive business and businesses related to the creation of an ultra-smart society as a priority.
- Engage in M&A, and rapidly strengthen our business foundation.
- Conversions into wholly owned subsidiaries to build a management structure that allows rapid and flexible decision-making and maximized use of Group's human resources and knowledge.

(1) Transferred the Paper business.

(2) Invested in ZMP.

(3) Established Saeron Automotive Yantai.  
(production base for friction materials)

### Copper-free friction materials



- Mass production already started
- Enhanced lineup, and expanded business operations through environmental compliance

## Accelerating growth strategies (since October 2017)

(4) Converted JRC into a wholly owned subsidiary.

(5) Developed commercial application for non-platinum carbon alloy catalyst.

Continued development aimed at adoption in fuel cell vehicles.



Accelerated development of carbon bipolar plates for fuel cell vehicles

(6) Converted Ricoh Electronic Devices into a consolidated subsidiary.



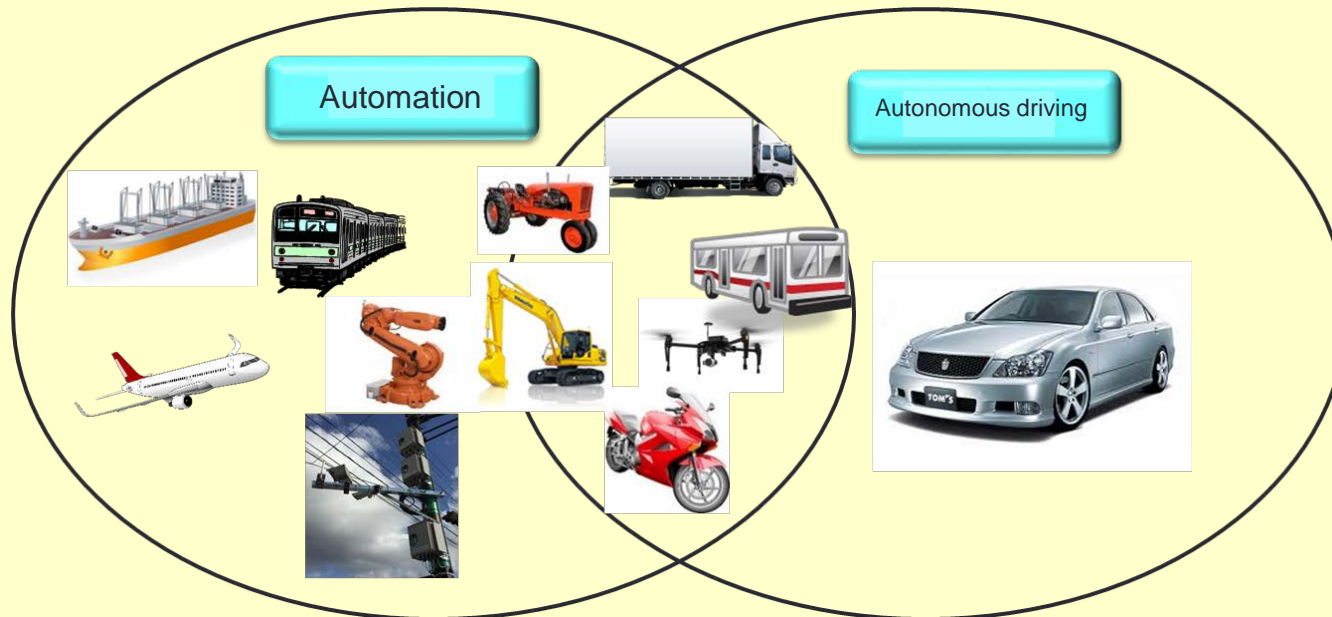
Focused on automotive and industrial uses, while leveraging synergies with NJR

## Accelerating growth strategies (since 2018)

**(7) Transfer drum brake (foundation brake) business.**

**(8) Establish JRC Mobility.**

Broadly expand proprietary technology in mobility fields outside the automotive sector: ships, aircraft, railway, industrial machinery, drones, etc.



**(9) Convert NJR into wholly owned subsidiary (announced on May 10, 2018; scheduled for September 1, 2018).**



## Corporate governance · Stakeholders (since April 2017)

**(1) Abolished advisor posts.**

**(2) Appointed additional accounting auditor.**

**Enhanced audits for global business activities.**

**(3) Incorporated as constituent in ESG indices.**

**MSCI**



2017 Constituent  
MSCI Japan ESG  
Select Leaders Index

**MSCI**



2017 Constituent  
MSCI Japan Empowering  
Women Index (WIN)

**(4) Published Nisshinbo Integrated Report.**

**(5) Continued implementation of overseas road shows.**

## Corporate governance · Stakeholders (since October 2017)

**(6) Conducted share buyback (roughly 20.0 bil. yen).**

**(7) Selected as “Excellent Integrated Report” and “Most-Improved Integrated Report” nominated by GPIF asset managers entrusted with domestic equity investment.**

**(8) Change of fiscal year-end (scheduled)  
Unification of fiscal year-end across Group**



**Work to achieve sustainable growth and improvements in medium- to long-term corporate value, guided by transparent, fair, swift, and resolute decision-making.**

# Appendix Segment information①

Electronics		FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Wireless com.	Marine systems	31,700	-600	38,100	-1,820	33,523	-2,287	943	2,549	32,580	-4,836
	Communications equipment	10,000	-300	15,000	470	16,028	1,387	1,105	815	14,923	572
	Solutions	31,200	-5,100	72,600	1,460	66,116	1,509	-1,251	3,485	67,367	-1,976
	Mechatronics & Power supply	11,900	-200	16,300	-290	15,839	-145	-659	206	16,498	-351
	Medical equipment	6,500	300	9,000	330	9,038	663	-250	-333	9,288	996
	Others	1,700	0	2,000	-150	2,287	-434	36	-542	2,251	108
	Wireless com. Total (JRC)	93,000	-5,900	153,000	0	142,833	693	-76	6,179	142,909	-5,486
Electronic devices	NJR	40,500	2,100	52,000	2,500	51,665	2,138	2,800	346	48,865	1,792
	REDC	19,500	1,000	-	-	-	-	-	-	-	-
	Electronic devices	60,000	3,100	52,000	2,500	51,665	2,138	2,800	346	48,865	1,792
Electronics total		153,000	-2,800	205,000	2,500	194,498	2,831	2,724	6,525	191,774	-3,694
Elimination		0	-100	-1,000	200	-878	190	45	-264	-923	454
Total		153,000	-2,900	204,000	2,700	193,620	3,021	2,769	6,262	190,851	-3,240

# Appendix Segment information②

Brakes		FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
JPN	NISB	13,000	700	26,100	1,800	25,134	870	76	-616	25,058	1,486
Overseas	NISB Subsidiaries	37,800	2,800	43,300	4,300	44,493	4,492	3,984	-553	40,509	5,045
	TMD group	101,200	1,600	91,700	1,700	92,518	1,750	6,095	1,132	86,423	618
	Overseas total	139,000	4,400	135,000	6,000	137,011	6,242	10,079	579	126,932	5,663
Sub total		152,000	5,100	161,100	7,800	162,145	7,112	10,155	-37	151,990	7,149
Elimination		-6,000	-800	-7,100	-1,500	-7,941	-993	-2,012	6,163	-5,929	-7,156
Total		146,000	4,300	154,000	6,300	154,204	6,119	8,143	6,126	146,061	-7
営業利益の内訳			O. P.		O. P.		O. P.		O. P.		O. P.
(a)	NISB (JPN + Overseas)		3,500		6,100		5,362		-1,169		6,531
(b)	TMD		2,300		2,500		2,920		852		2,068
(c)	TMD (Adjustment for Japanese accounting standard)		-1,500		-2,300		-2,726		-186		-2,540
Consolidation adjustments			0		0		563		708		-145
Operating income before goodwill amortization			4,300		6,300		6,119		205		5,914
Goodwill amortization			0		0		0		5,921		-5,921
Operating income			4,300		6,300		6,119		6,126		-7

# Appendix Segment information③

Precision instruments		FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Precision	NISM	9,200	400	8,500	250	6,994	-139	-1,922	-347	8,916	208
	Subsidiaries	7,600	700	6,200	450	7,053	715	973	115	6,080	600
	Sub total	16,800	1,100	14,700	700	14,047	576	-949	-232	14,996	808
Plastics	NISM	3,400	0	4,500	50	6,150	458	1,251	307	4,899	151
	Subsidiaries	48,800	1,700	44,500	1,900	47,376	1,581	3,194	528	44,182	1,053
	Sub total	52,200	1,700	49,000	1,950	53,526	2,039	4,445	835	49,081	1,204
Elimination		-7,000	-800	-2,700	-850	-2,655	-891	735	73	-3,390	-964
Total		62,000	2,000	61,000	1,800	64,918	1,724	4,231	676	60,687	1,048

Chemicals		FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
		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 (*)		6,500	1,100	9,900	1,450	9,859	1,727	1,588	629	8,271	1,098
	Others	1,000	300	700	150	873	264	172	127	701	137
Sub total		7,500	1,400	10,600	1,600	10,732	1,991	1,760	756	8,972	1,235
Subsidiaries		500	0	600	100	704	118	73	44	631	74
Elimination		0	0	-200	0	-151	1	-30	1	-121	0
Total		8,000	1,400	11,000	1,700	11,285	2,112	1,803	803	9,482	1,309
* Breakdown		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	売上高	営業利益	Net sales	O. P.
Bipolar plates for FC		1,000	100	1,200	-100	1,310	255	270	424	1,040	-169
Functional chemicals (Carbodilite)		2,200	600	2,700	750	2,466	627	218	49	2,248	578
Insulator		3,300	400	6,000	800	6,083	845	1,101	156	4,982	689
Breakdown total		6,500	1,100	9,900	1,450	9,859	1,727	1,588	629	8,271	1,098

# Appendix Segment information④

Textiles		FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
JPN	NIST	15,200	100	21,900	700	19,519	314	-1,416	-155	20,935	469
	Subsidiaries	21,700	900	29,200	1,400	27,868	895	-1,403	-426	29,271	1,321
	JPN total	36,900	1,000	51,100	2,100	47,387	1,209	-2,819	-581	50,206	1,790
Overseas	Brazil	5,500	300	4,700	200	5,400	555	912	423	4,488	132
	Indonesia	13,900	400	14,200	400	13,653	322	44	109	13,609	213
	China	2,400	0	2,200	0	2,438	39	313	33	2,125	6
	Overseas total	21,800	700	21,100	600	21,491	916	1,269	565	20,222	351
Sub total		58,700	1,700	72,200	2,700	68,878	2,125	-1,550	-16	70,428	2,141
Elimination		-11,700	-200	-14,200	-300	-14,239	-250	347	114	-14,586	-364
Total		47,000	1,500	58,000	2,400	54,639	1,875	-1,203	98	55,842	1,777

Real estate		FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
		Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
NISH		4,300	2,000	8,900	4,400	8,967	4,461	-193	-1,218	9,160	5,679
	Subsidiaries	1,100	100	1,400	100	1,437	159	-29	1	1,466	158
Sub total		5,400	2,100	10,300	4,500	10,404	4,620	-222	-1,217	10,626	5,837
Elimination		-1,400	0	-2,300	0	-1,999	447	544	473	-2,543	-26
Total		4,000	2,100	8,000	4,500	8,405	5,067	322	-744	8,083	5,811

# Appendix Segment information⑤

Other business, Corporate costs	FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Other business	15,000	200	24,000	300	24,973	45	1,357	136	23,616	-91
Corporate costs		-5,100	0	-4,700	0	-4,880	0	-559	0	-4,321
<b>Total</b>	<b>15,000</b>	<b>-4,900</b>	<b>24,000</b>	<b>-4,400</b>	<b>24,973</b>	<b>-4,835</b>	<b>1,357</b>	<b>-423</b>	<b>23,616</b>	<b>-4,412</b>

(Paper)	FY2017 Results		Change		FY2016 Results	
Transferred in the beginning of FY2017	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
<b>Total</b>	<b>0</b>	<b>0</b>	<b>-32,647</b>	<b>-2,603</b>	<b>32,647</b>	<b>2,603</b>

Segment total	FY2018 Plan 2018.4-12		FY2017 Plan		FY2017 Results		Change		FY2016 Results	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
<b>Total</b>	<b>435,000</b>	<b>3,500</b>	<b>520,000</b>	<b>15,000</b>	<b>512,047</b>	<b>15,085</b>	<b>-15,227</b>	<b>10,195</b>	<b>527,274</b>	<b>4,890</b>

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.**