

# 2Q Financial Results for FY2017

(Apr. 2017 – Sep. 2017)

November 2017

**Nisshinbo Holdings Inc.**

# HIGHLIGHTS

	FY2016	FY2017	Change		(mil. yen)
	2Q Results	2Q Results		Rate	FY2017 Plan
Net sales	※1 244,287	232,838	-11,449	▲4.7%	520,000
Operating income	※1 -2,298	431	+2,729	-	15,000
Ordinary income	563	2,982	+2,419	+428.8%	20,000
Attributable to Owners of Parent					
Net income	834	15,530	+14,696	-	20,000

※1 Including Paper results : Net sales 15,400mil. yen、 Operating income : 1,053mil. yen.

Paper business was transferred in the beginning of FY2017

Exchange rate (yen/dollar)	112.14	111.80	-0.34	▲0.3%	110.00
Exchange rate (yen/euro)	122.22	124.36	+2.14	+1.8%	120.00

Net Sales: Decreased due to transfer of Paper business

Operating Income: Increased due to end of goodwill amortization in brake business in the previous year

Net Income: Highly increased due to extraordinary income from the transfer of Paper business and leasing property

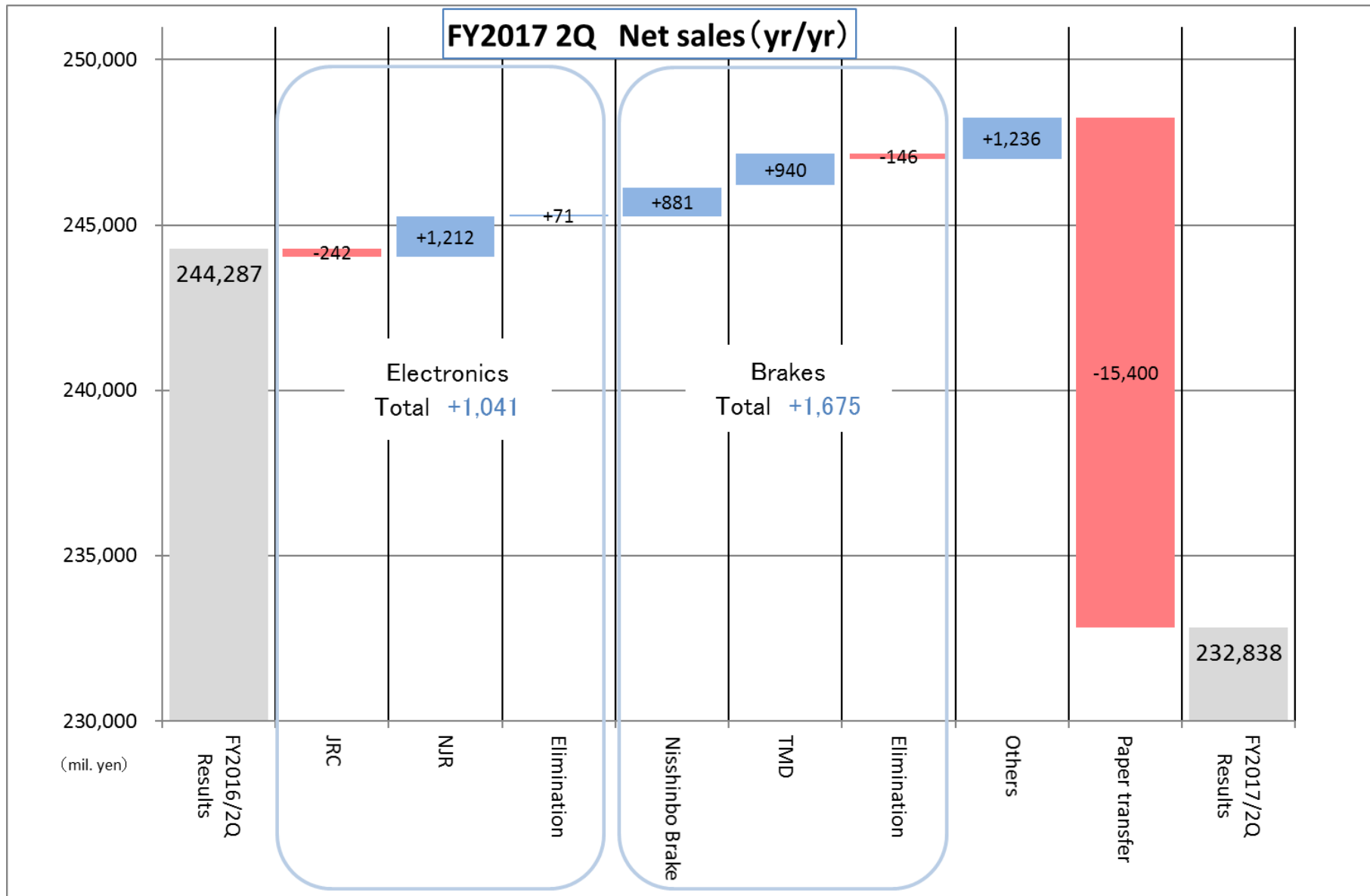
# Sales breakdown

	FY2016	FY2017	Change		(mil. yen)
	2Q Results	2Q Results		Rate	FY2017 Plan
Electronics	76,017	77,058	+1,041	+1.4%	204,000
Brakes	74,562	76,237	+1,675	+2.2%	154,000
Precision instruments	29,943	31,397	+1,454	+4.9%	61,000
Chemicals	4,065	4,849	+784	+19.3%	11,000
Textiles	28,263	27,351	-912	▲3.2%	58,000
Real estate	4,107	3,732	-375	▲9.1%	8,000
Others	11,927	12,212	+285	+2.4%	24,000
(Paper) ※	15,400	-	-15,400	-	-
<b>Total</b>	<b>244,287</b>	<b>232,838</b>	<b>-11,449</b>	<b>▲4.7%</b>	<b>520,000</b>

※Transferred in the beginning of FY2017

- Virtually increased except for the effect of Paper business transfer
- Electronics: Increased due to the stable demand for semiconductors in NJR for automotive and industrial uses
- Brakes: Increased in total due to favorable market in Japan, China, Thailand, and TMD, in spite of decreased sales in America and South Korea
- Precision Instruments: Increased due to firm orders of precision instruments and plastics
- Chemical: Increased due to firm sales of insulators and Carbodilite.

# Net sales (year on year)



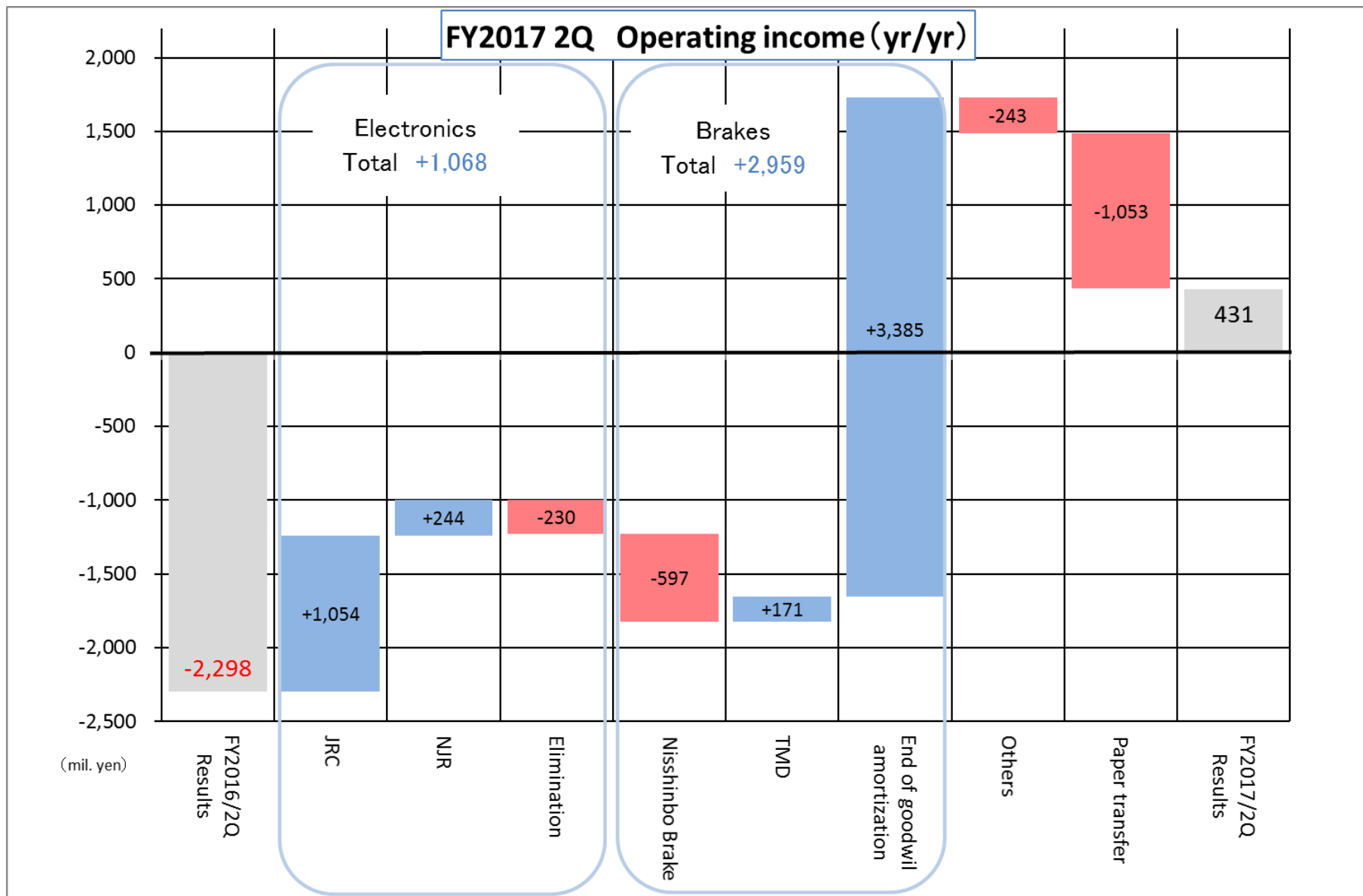
# Operating income breakdown

	FY2016	FY2017	Change		(mil. yen)
	2Q results	2Q results		Rate	FY2017 Plan
Electronics	-5,565	-4,497	+1,068	-	2,700
Brakes	-499	2,460	+2,959	-	6,300
Precision Instruments	435	414	-21	▲4.8%	1,800
Chemicals	581	746	+165	28.4%	1,700
Textiles	930	957	+27	2.9%	2,400
Real Estate	2,917	2,666	-251	▲8.6%	4,500
Others	-46	-15	+31	-	300
Corporate Costs ※	-2,105	-2,299	-194	-	-4,700
(Paper) ※	1,053	-	-1,053	-	-
<b>Total</b>	<b>-2,298</b>	<b>431</b>	<b>+2,729</b>	<b>-</b>	<b>15,000</b>

※Transferred in the beginning of FY2017

- **Electronics** : Improved due to the increased sales in JRC's solution and communication business, and cost reduction. Also Increased in NJR.
- **Brakes**: Turnaround due to the end of goodwill amortization in the previous FY (Result of goodwill amortization in FY2016 3,052 mil. yen)

# Operating income (year on year)



# Topics (Apr. to Sep. 2017)

1. Review of business portfolio
2. Effort of existing & developing business
3. Effort of ESG

# Topics

## 1. Review of business portfolio

- ① Feb. 2017 Announced the transfer of Paper business (completed in Apr. 2017)
- ② May 2017 Announced making JRC a wholly owned company (completed in Oct. 2017)
- ③ Aug. 2017 Announced the transfer of drum brake business (to be completed in Feb. 2018)
- ④ Oct. 2017 Announced the acquisition of a majority of shares of Ricoh Electronic Devices Co., Ltd. (to be completed in Mar. 2018)



# Topics

## Acquisition of Ricoh Electronic Devices

### 1. Outline

NISH will acquire from Ricoh the 80% of shares of Ricoh Electronic Devices, which is a semiconductor manufacturer.

### 2. Purpose

- ① To pursue the expansion and enhancement of electronic devices business in automotive and IoT fields
- ② To be a global analog semiconductor manufacturer

### 3. Expecting synergies

① Cooperative and complimentary relationship in the various processes of semiconductor fabrication

	FEOL processing	BEOL processing
New Japan Radio	○	◎
Ricoh Electronic Devices	◎	—

② Accelerating development shifting overlapping resources in the power management ICs to the automotive and IoT fields

# Topics

## 2. Effort of existing & developing business

- ① Jun. 2017 Sold a leasing property in Nagoya
- ② Jun. 2017 Invested in ZMP
- ③ Jul. 2017 Established Saeron Automotive (Yantai) in China, a friction material production base
- ④ Sep. 2017 Announced practical use of carbon alloy catalysts, alternatives to the platinum in fuel cells
- ⑤ JRC's effort of overseas expansion and growth

# Topics

## Practical use of carbon alloy catalysts

- ① Carbon alloy catalysts, an alternative to platinum, have been put into practical use in PEFC for the first time in the world.
- ② Ballard Power Systems launches fuel-cell stack in Dec. 2017, in which the catalysts are adopted.
- ③ NISH promotes development of the uses for a larger market, such as for FC cars, and contributes to the realization of a hydrogen society



Carbon alloy catalysts



Portable FC stack made by Ballard, in which the catalysts is adopted.

# Topics

## JRC's effort of overseas expansion and growth

### ① Jan. 2017 Established Pt. JRC Spectra Indonesia

(a joint venture with Warga Jaya)

Contribute to development of social infrastructure in growing south-east Asia

### ② Jul. 2017 Established Alphatron Marine Korea Co., Ltd

Enhance small and mid-size vessels fields in Korea, a leading shipbuilding country as well as China and Japan

### ③ May 2017 Launched J-marine NeCST, Electronic Chart Display and Information System

Expand information service business and contribute to safety navigation

### ④ Jun. 2017 Established a joint venture, Global Positioning Augmentation Service Corporation (GPAS)

Commercialize positioning service in centimeter-level accuracy

Develop basic technology to support autonomous driving and meteorological observation

# Topics

## 3. Effort of ESG

- ① Jun. 2017 Abolished internal advisor and consultant system
  
- ② Jul. 2017 Incorporated into ESG indexes
  - MSCI JAPAN ESG Select Leaders  
Number of Constituents: 251 Rating: AA (As of Jun. 2017)
  
  - MSCI Japan WIN Index  
Number of Constituents : 212 Score: 5.9 (As of Jun. 2017)
  
- ③ Aug. 2017 Published Nisshinbo integrated report

# Management Policy

**Philosophy**

- Corporate Philosophy  
Public Entity, Consistent Integrity, Innovation

**Mission**

- Business Conduct Guidelines

Providing solutions to sustainable society as an Environment and Energy Company group

**Value**

Safety, Security, Disaster prevention, Health, Comfort, 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

# CORPORATE VALUE OF NISSHINBO GROUP

— As an *Environment and Energy Company* group —

New era of Technological Innovation & Super Smart Society

- ✓ Drive Productivity and Performance, Inspire Creativity and Innovation
- ✓ Environmental management
- ✓ Cash flow management
- ✓ Global management

Corporate culture (Enhancement of management quality)

- CSR
- Corporate Governance
- Technology & Marketing
- Diversity
- Communication

**Corporate Philosophy**  
Public Entity  
Consistent Integrity  
Innovation

**Business Conduct Guideline**

Compliance	Workplace(Safety)
Environment	Product Safety
Human Rights	Procurement

- M & A
- ROE, ROA
- Strategic Business Domains (Portfolio)
- Return to Shareholders

**Long-term goals FY 2025**  
Net Sales: 1 trillion yen  
ROE: 12%

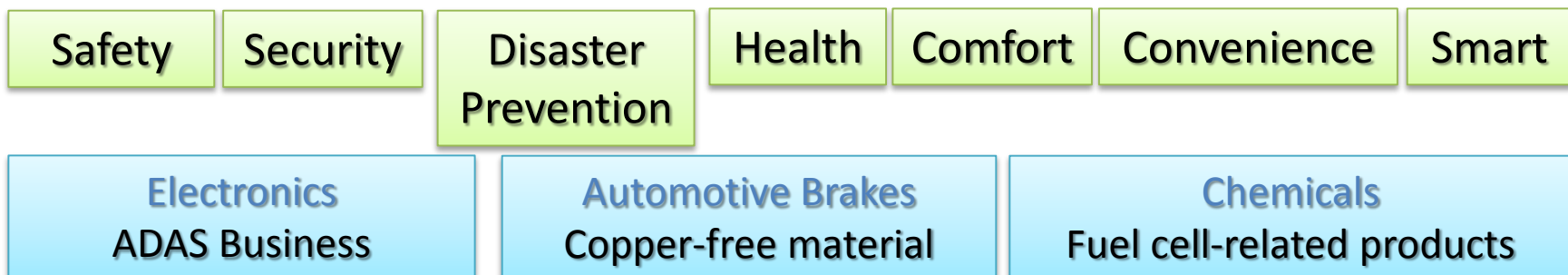
Improvement of performance (Quantitative growth)

# Long-Term Strategic Plan

FY 2025 Net Sales: 1 trillion yen, ROE:12%



## Value Creation





# APPENDIX (Segment information)

# Abbreviation lists

NISH: Nisshinbo Holdings Inc.

**Consolidated subsidiaries of NISH.**

JRC: Japan Radio Co., Ltd.

NJR: New Japan Radio Co., Ltd.

NISB: Nisshinbo Brake Inc.

NISM: Nisshinbo Mechatronics Inc.

NISC: Nisshinbo Chemical Inc.

NIST: Nisshinbo Textile Inc.

Electronics		FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
JRC		153,000	0	52,099	-5,496	-242	1,054	142,909	-5,486	52,341	-6,550
	NJR	52,000	2,500	25,270	889	1,212	244	48,865	1,792	24,058	645
Sub total		205,000	2,500	77,369	-4,607	970	1,298	191,774	-3,694	76,399	-5,905
Elimination		-1,000	200	-311	110	71	-230	-923	454	-382	340
Total		204,000	2,700	77,058	-4,497	1,041	1,068	190,851	-3,240	76,017	-5,565
Breakdown of JRC		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
	Marine systems	38,100	-1,820	15,839	-1,547	-429	-53	32,580	-4,836	16,268	-1,494
	Communications equipment	15,000	470	7,701	465	1,217	569	14,923	572	6,484	-104
	Solutions	72,600	1,460	16,983	-4,195	553	782	67,367	-1,976	16,430	-4,977
	Mechatronics & Power supply	16,300	-290	6,673	-158	-1,097	93	16,498	-351	7,770	-251
	Medical equipment	9,000	330	3,728	337	-399	-30	9,288	996	4,127	367
	Others	2,000	-150	1,172	-397	-88	-307	2,251	108	1,260	-90
JRC Total		153,000	0	52,099	-5,496	-242	1,054	142,909	-5,486	52,341	-6,550

Brakes		FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
JPN	NISB	26,100	1,800	12,320	469	52	-66	25,058	1,486	12,268	535
Overseas	NISB Subsidiaries ※1	43,300	4,300	21,220	2,113	829	-523	40,509	5,045	20,391	2,636
	TMD group	91,700	1,700	45,636	84	940	171	86,423	618	44,696	-87
	Overseas total	135,000	6,000	66,856	2,197	1,769	-352	126,932	5,663	65,087	2,549
Sub total		161,100	7,800	79,176	2,666	1,821	-418	151,990	7,149	77,355	3,084
Elimination		-7,100	-1,500	-2,939	-206	-146	3,377	-5,929	-7,156	-2,793	-3,583
Total		154,000	6,300	76,237	2,460	1,675	2,959	146,061	-7	74,562	-499
Breakdown of operating income			O. P.		O. P.		O. P.		O. P.		O. P.
(a)	NISB (JPN + Overseas)		6,100		2,582		-589		6,531		3,171
(b)	TMD		2,500		625		28		2,068		597
(c)	TMD (Adjustment for Japanese accounting standard)		-2,300		-1,288		-42		-2,540		-1,246
Operating income before goodwill amortization			6,300		2,460		-93		5,914		2,553
Goodwill amortization			0		0		3,052		-5,921		-3,052
Consolidation adjustments			0		541		510		-145		31
Operating income			6,300		2,460		2,959		-7		-499

Precision instruments		FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
Precision	NISM	8,500	250	3,894	108	-157	87	8,916	208	4,051	21
	Subsidiaries	6,200	450	3,086	252	274	77	6,080	600	2,812	175
	Sub total	14,700	700	6,980	360	117	164	14,996	808	6,863	196
Plastics	NISM	4,500	50	2,572	119	10	43	4,899	151	2,562	76
	Subsidiaries	44,500	1,900	22,663	322	440	-310	44,182	1,053	22,223	632
	Sub total	49,000	1,950	25,235	441	450	-267	49,081	1,204	24,785	708
Elimination		-2,700	-850	-818	-387	887	82	-3,390	-964	-1,705	-469
Total		61,000	1,800	31,397	414	1,454	-21	60,687	1,048	29,943	435

Chemicals		FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q 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 (*)		9,900	1,450	4,198	612	705	95	8,271	1,098	3,493	517
	Others	700	150	388	93	78	65	701	137	310	28
Sub total		10,600	1,600	4,587	705	784	160	8,972	1,235	3,803	545
Subsidiaries		600	100	321	40	13	4	631	74	308	36
Elimination		-200	0	-59	1	-13	1	-121	0	-46	0
Total		11,000	1,700	4,849	746	784	165	9,482	1,309	4,065	581
* Breakdown		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
Bipolar plates for FC		1,200	-100	505	-30	-8	47	1,040	-169	513	-77
Functional chemicals (Carbodilite)		2,700	750	1,200	287	147	44	2,248	578	1,053	243
Insulator		6,000	800	2,493	355	566	4	4,982	689	1,927	351
Breakdown total		9,900	1,450	4,198	612	705	95	8,271	1,098	3,493	517

Textiles		FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
JPN	NIST	21,900	700	9,435	69	-1,270	-206	20,935	469	10,705	275
	Subsidiaries	29,200	1,400	13,991	588	-831	-42	29,271	1,321	14,822	630
	JPN total	51,100	2,100	23,426	657	-2,101	-248	50,206	1,790	25,527	905
Overseas	Brazil	4,700	200	2,759	285	669	300	4,488	132	2,090	-15
	Indonesia	14,200	400	6,625	80	-431	-100	13,609	213	7,056	180
	China	2,200	0	1,139	9	90	10	2,125	6	1,049	-1
	Overseas total	21,100	600	10,523	374	328	210	20,222	351	10,195	164
Sub total		72,200	2,700	33,949	1,031	-1,773	-38	70,428	2,141	35,722	1,069
Elimination		-14,200	-300	-6,598	-74	861	66	-14,586	-364	-7,459	-140
Total		58,000	2,400	27,351	957	-912	27	55,842	1,777	28,263	930

Real estate		FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
		Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
NISH		8,900	4,400	4,035	2,577	-608	-291	9,160	5,679	4,643	2,868
	Subsidiaries	1,400	100	721	94	7	45	1,466	158	714	49
Sub total		10,300	4,500	4,756	2,671	-601	-246	10,626	5,837	5,357	2,917
Elimination		-2,300	0	-1,025	-5	225	-5	-2,543	-26	-1,250	0
Total		8,000	4,500	3,732	2,666	-375	-251	8,083	5,811	4,107	2,917

Other business, Corporate costs	FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
	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	12,212	-15	285	31	23,616	-91	11,927	-46
Corporate costs	0	-4,700	0	-2,299	0	-194	0	-4,321	0	-2,105
<b>Total</b>	<b>24,000</b>	<b>-4,400</b>	<b>12,212</b>	<b>-2,314</b>	<b>285</b>	<b>-163</b>	<b>23,616</b>	<b>-4,412</b>	<b>11,927</b>	<b>-2,151</b>

(Paper) Transferred in the beginning of FY2017	FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q Results	
	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.	Net Sales	O. P.
<b>Total</b>	-	-	-15,400	-1,053	32,647	2,603	15,400	1,053

Segment total	FY2017 Plan		FY2017/2Q Results		Change		FY2016 Results		FY2016/2Q 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>520,000</b>	<b>15,000</b>	<b>232,838</b>	<b>431</b>	<b>-11,449</b>	<b>2,729</b>	<b>527,274</b>	<b>4,890</b>	<b>244,287</b>	<b>-2,298</b>

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.