

# Financial Results for FY2016 (Apr. 2016 – Mar. 2017)

May 2017

**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

## 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

# CORPORATE VALUE OF NISSHINBO GROUP

— As an *Environmental 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

**Mid-term Strategic plan  
FY 2025**  
Net Sales: 1 trillion yen  
ROE: 12%

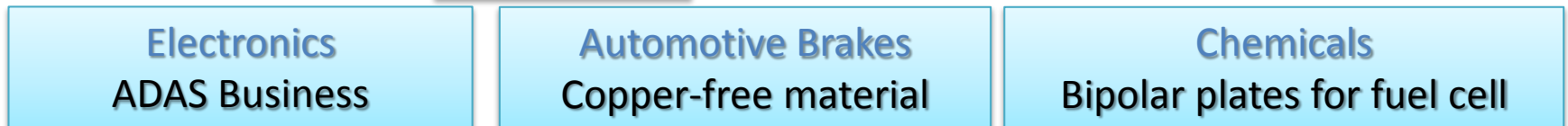
→ Improvement of performance (Quantitative growth)

# Mid-Term Strategic Plan

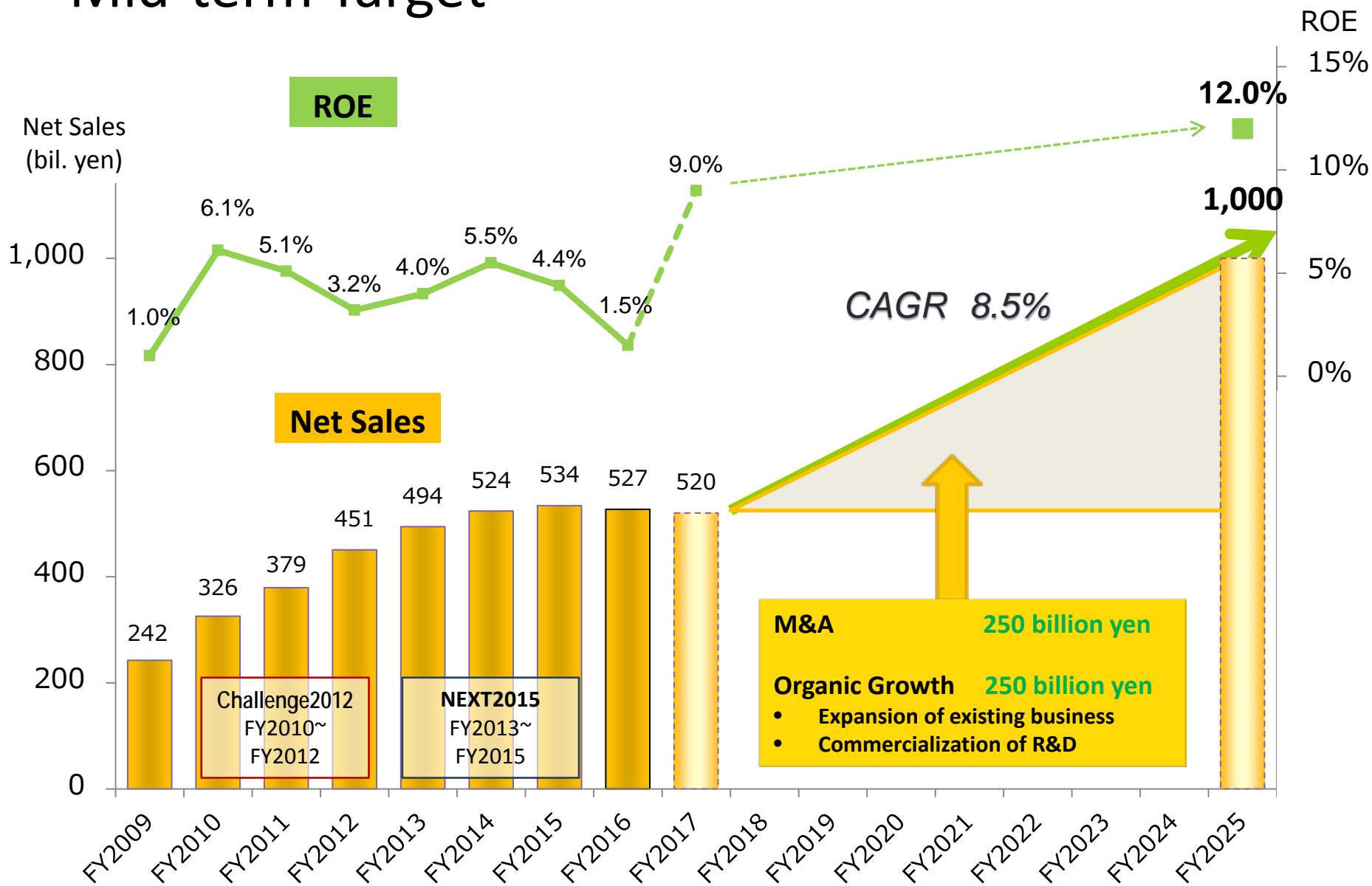
**FY 2025 Net Sales: 1 trillion yen, ROE:12%**



## Value Creation



# Mid-term Target



# Summary for FY2016 (yr/yr)

## Decrease in sales

- \* Increase : Mechatronics (Nanbu Plastics Co., Ltd consolidated)
- \* Decrease : Electronics, Brakes (Due to currency exchange rate)

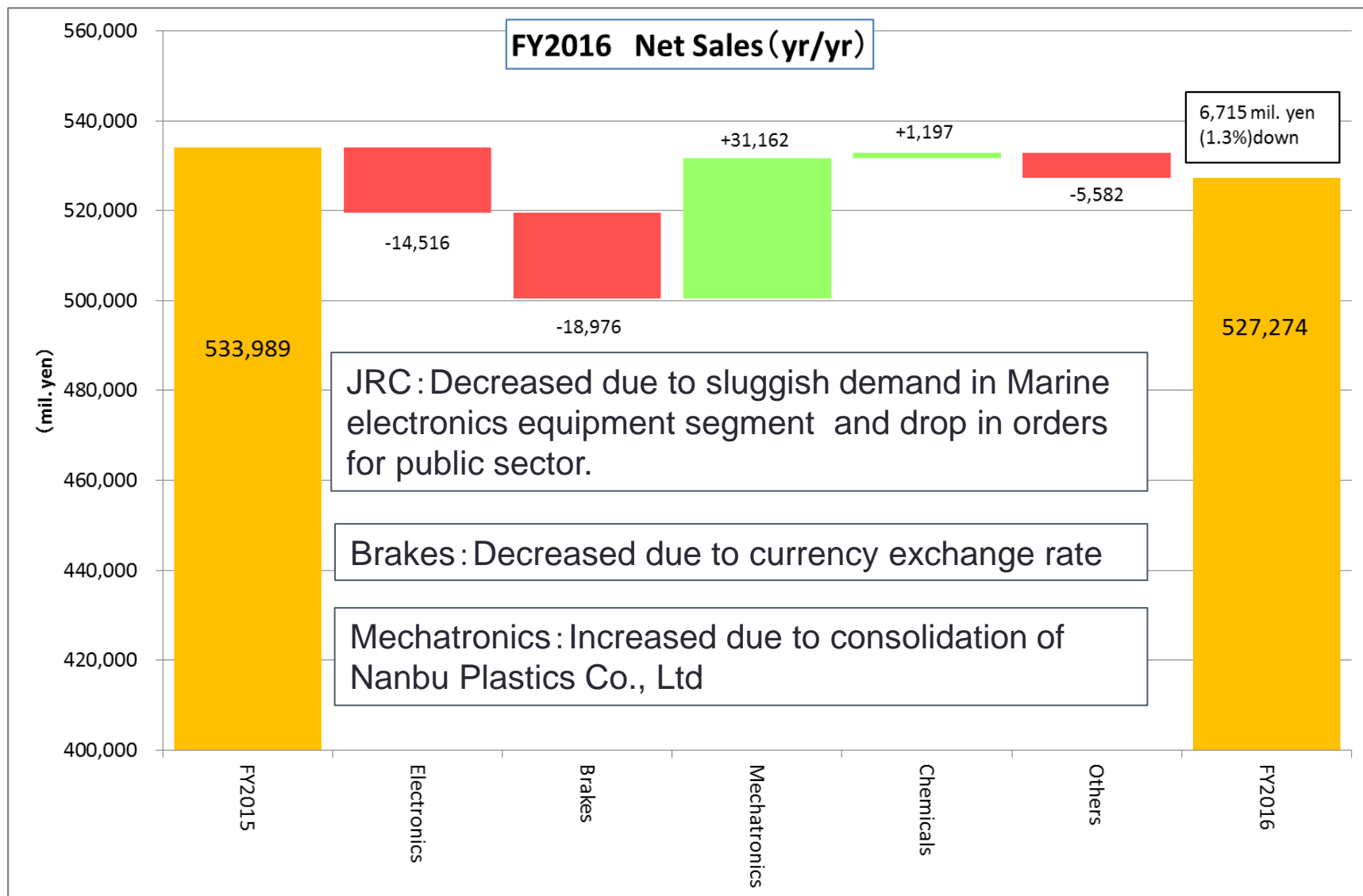
## Decrease in profit

- \* Decrease : Electronics  
(Other segments : Increase or Flat)

(mil. yen)

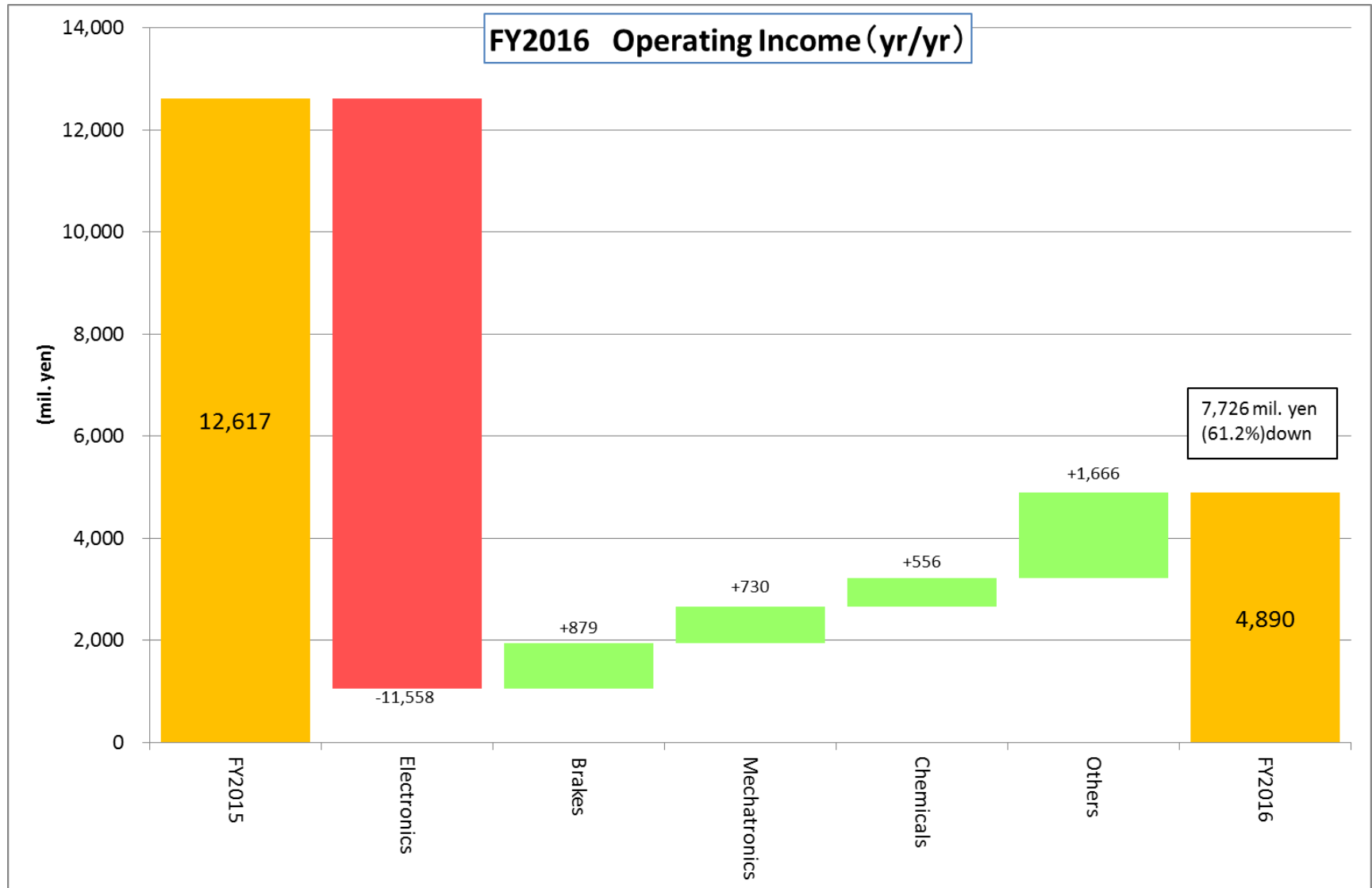
	FY2015	FY2016	
		Results	Change
Net Sales	533,989	527,274	▲ 1.3%
Operating Income before goodwill amortization	19,806	12,299	▲ 37.9%
Operating Income	12,617	4,890	▲ 61.2%
Ordinary Income	17,034	10,556	▲ 38.0%
Net Income	10,775	3,574	▲ 66.8%

# FY2016 Net Sales (yr/yr) Decreased



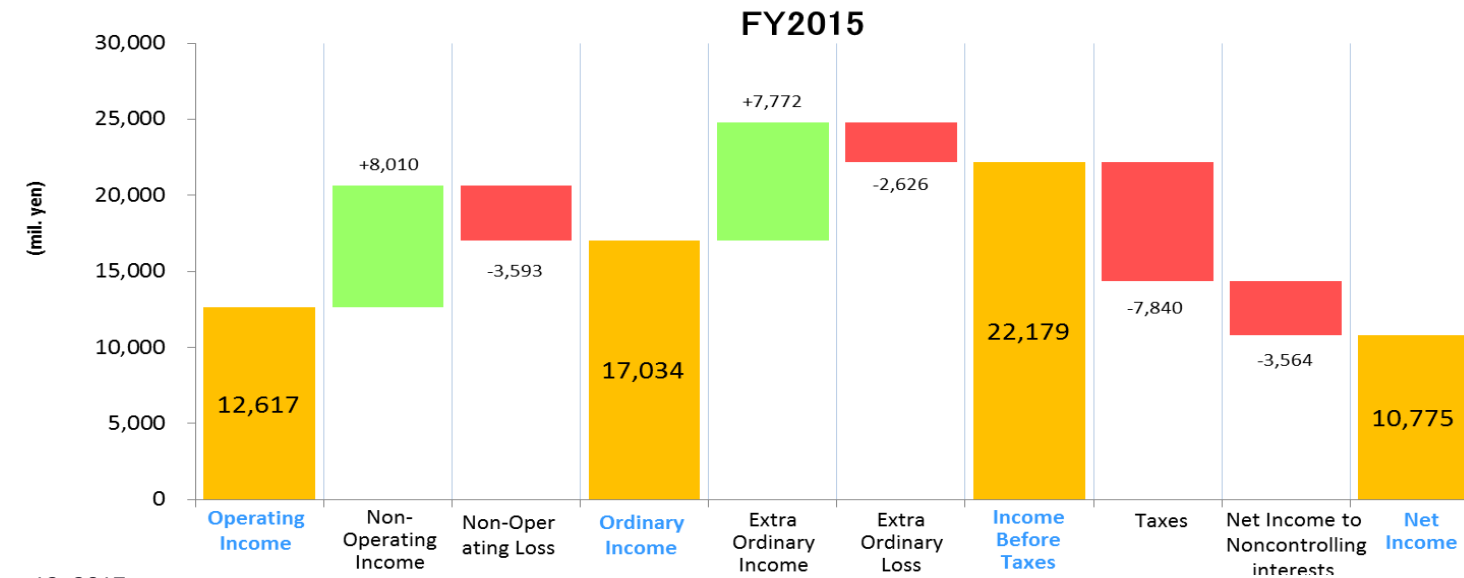
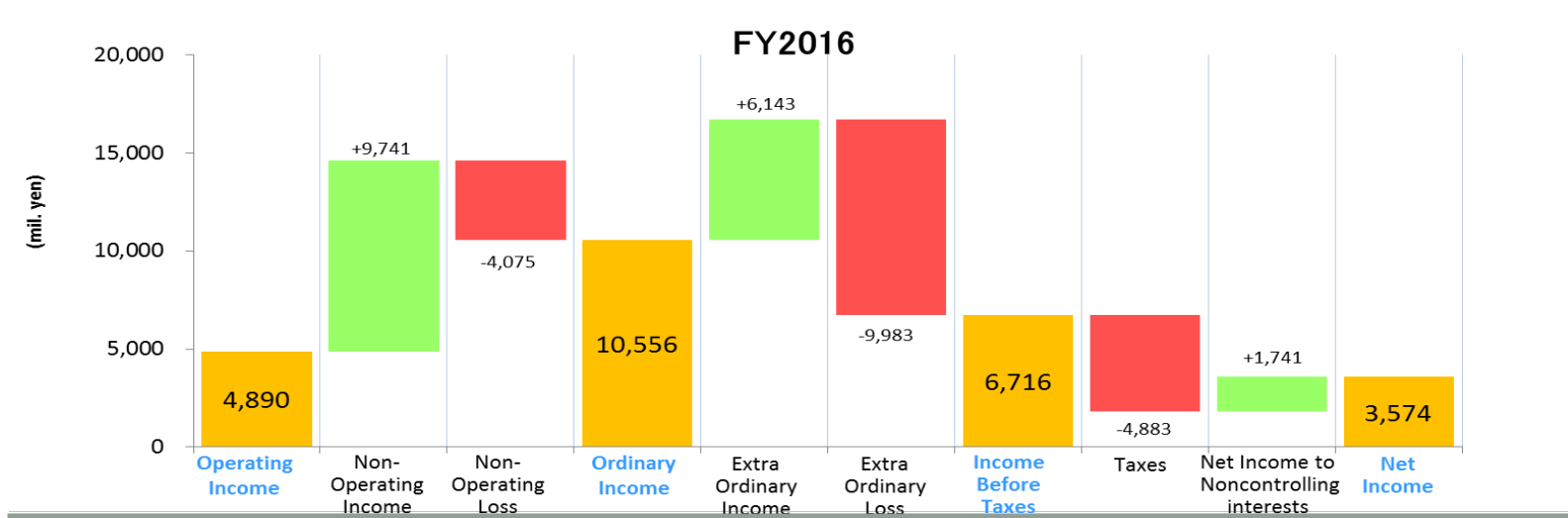


# FY2016 Operating Income (yr/yr) Decreased 9



# FY2016

## Operating Income ~ Net Income(yr/yr)



# FY2017 Forecast Net Sales ~ Net Income

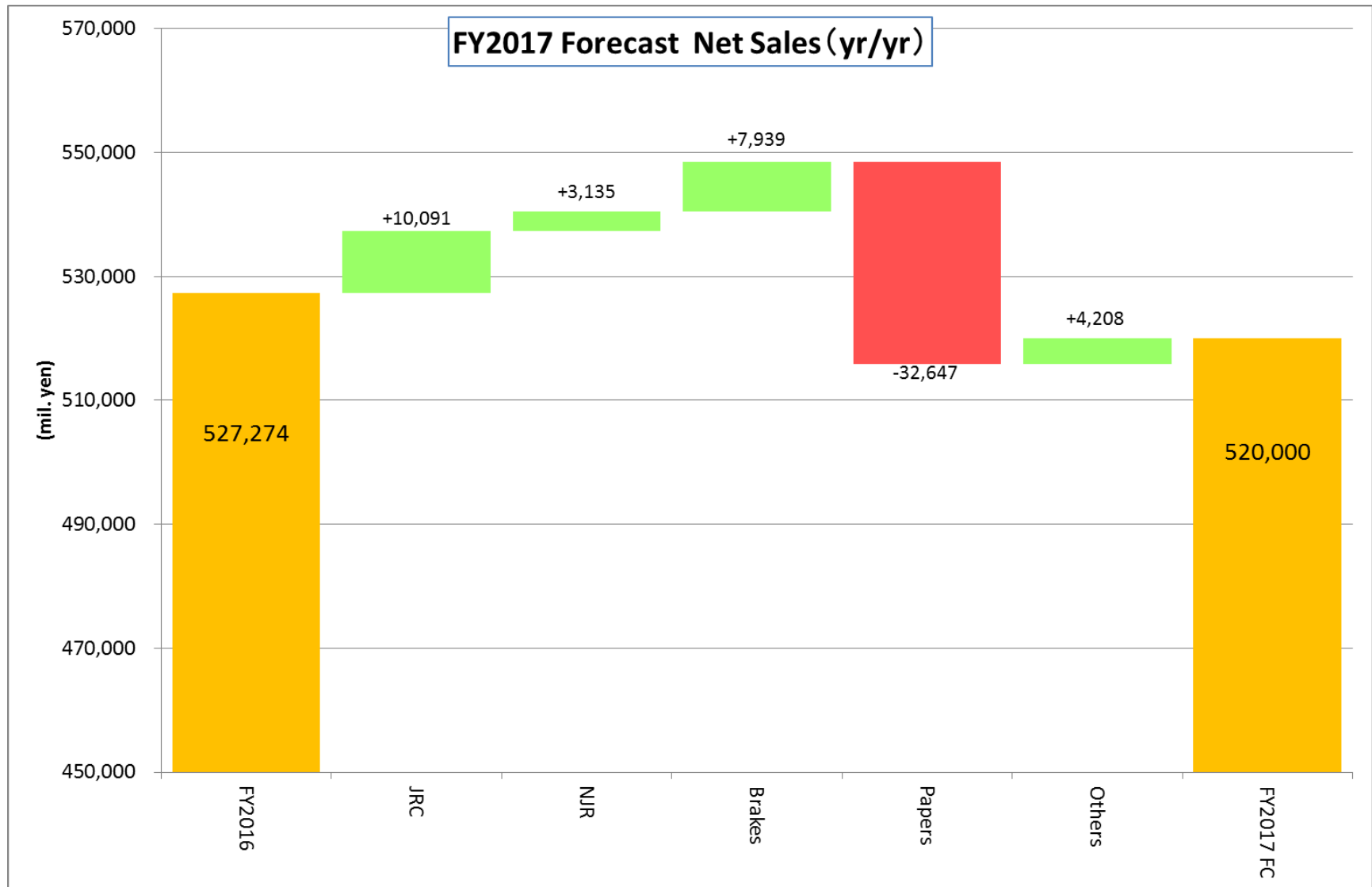
(mil. yen)

Segments		FY2017 Forecast	FY2016	Change
Electronics	Net Sales	204,000	190,851	13,149
	Operating Income	2,700	▲ 3,240	5,940
Brakes	Net Sales	154,000	146,061	7,939
	Operating Income	6,300	▲ 7	6,307
Mechatronics	Net Sales	61,000	60,687	313
	Operating Income	1,800	1,048	752
Chemicals	Net Sales	11,000	9,482	1,518
	Operating Income	1,700	1,309	391
Textiles	Net Sales	58,000	55,842	2,158
	Operating Income	2,400	1,777	623
Papers	Net Sales	-	32,647	▲ 32,647
	Operating Income	-	2,603	▲ 2,603
Real estate	Net Sales	8,000	8,083	▲ 83
	Operating Income	4,500	5,811	▲ 1,311
Others	Net Sales	24,000	23,616	384
	Operating Income	300	▲ 91	391
Corporate cost, Elimination	Net Sales	-	-	-
	Operating Income	▲ 4,700	▲ 4,321	▲ 379
Total	Net Sales	520,000	527,274	▲ 7,274
	Operating Income	15,000	4,890	10,110
	Ordinary Income	20,000	10,556	9,444
	Net Income	20,000	3,574	16,426
Exchange rate (Annual average)	JPY/USD	110.00	109.44	
	JPY/EUR	120.00	120.63	

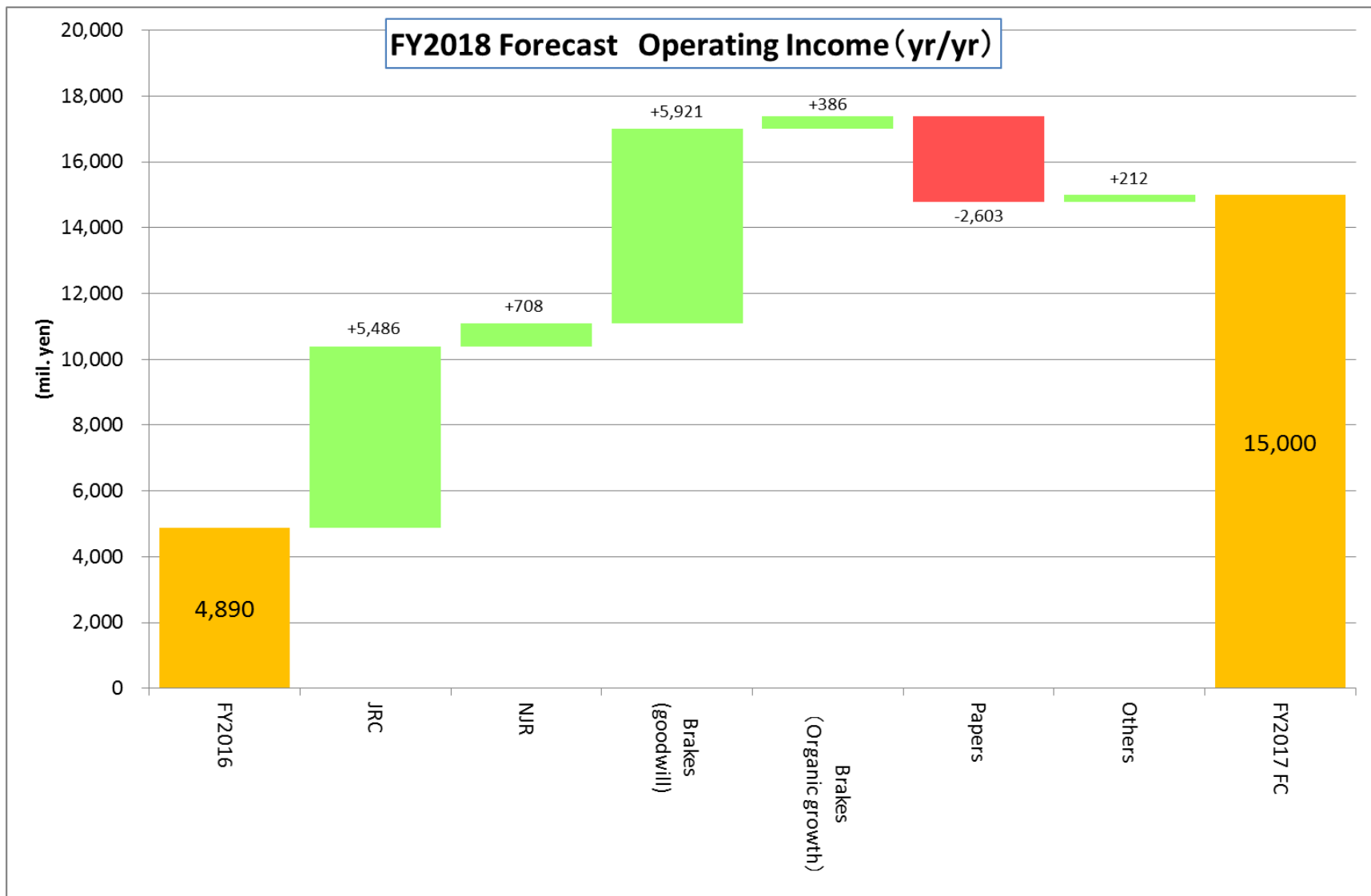
## Foreign Exchange Sensitivity

: Impact on operating income when yen gets stronger by 1 yen against USD → 200 million yen negative

# FY2017 Forecast Net Sales (yr/yr)



# FY2017 Forecast Operating Income (yr/yr)



# JRC FY2017 Prioritized Measures

## 1. Marine Electronics Division

- ① Reinforce aftermarket
- ② Strengthen small and medium-sized vessels business
- ③ Enlarge information business

## 2. Solution Business Division

- ① Expand sales in domestic public-sector solution business
- ② Strengthen overseas solution business
- ③ Strengthen private-sector solution business

# TOPICS(1)

## Efficient allocation of management resources

Based on the growth strategies allocating the management resources efficiently for the business related to automotive and super smart society, Nisshinbo has decided to

- transfer the paper product business to Daio Paper Corporation on April 2017.
- accelerate investment for copper-free brake materials.

# TOPICS (2)

## Abolition of Advisory Positions

**Nisshinbo has decided to abolish Advisory Positions (Sodanyaku or Komon) on June 2017.**



Electronics		FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
JRC		153,000	0	142,909	-5,486	-31,572	-9,998	125,192	3,183
NJR		52,000	2,500	48,865	1,792	1,048	-1,335	47,817	3,127
NJRC								32,481	586
UJRC								16,808	743
Sub total		205,000	2,500	191,774	-3,694	-30,524	-11,333	222,298	7,639
Elimination		-1,000	200	-923	454	16,008	-225	-16,931	679
Total		204,000	2,700	190,851	-3,240	-14,516	-11,558	205,367	8,318

Brakes		FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
JPN	NISB	26,100	1,800	25,058	1,486	-214	344	25,272	1,142
Overseas	NISB Subsidiaries	43,300	4,300	40,509	5,045	-5,190	-677	45,699	5,722
	TMD group	91,700	1,700	86,423	618	-13,364	640	99,787	-22
	Overseas total	135,000	6,000	126,932	5,663	-18,554	-37	145,486	5,700
Sub total		161,100	7,800	151,990	7,149	-18,768	307	170,758	6,842
Elimination		-7,100	-1,500	-5,929	-7,156	-208	572	-5,721	-7,728
Total		154,000	6,300	146,061	-7	-18,976	879	165,037	-886
Breakdown of operating income			Op. Income		Op. Income		Op. Income		Op. Income
(a)	NISB (JPN + Overseas)		6,100		6,531		-333		6,864
(b)	TMD		2,500		2,068		343		1,725
(c)	TMD (Adjustment for Japanese accounting standard)		-2,300		-2,685		214		-2,899
Operating income before goodwill amortization			6,300		5,914		224		5,690
Goodwill amortization			0		-5,921		655		-6,576
Operating income			6,300		-7		879		-886
Exchange rate JPY/EUR			120.00		120.63		(13.06)		133.69

Precision instruments		FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Precise processing etc.	NISM	8,500	250	8,916	208	-1,042	313	9,958	-105
	Subsidiaries	6,200	450	6,080	600	1,755	583	4,325	17
	Sub total	14,700	700	14,996	808	713	896	14,283	-88
Plastic molding	NISM	4,500	50	4,899	151	98	194	4,801	-43
	Subsidiaries	44,500	1,900	44,182	1,053	30,519	562	13,663	491
	Sub total	49,000	1,950	49,081	1,204	30,617	756	18,464	448
Elimination		-2,700	-850	-3,390	-964	-168	-922	-3,222	-42
Total		61,000	1,800	60,687	1,048	31,162	730	29,525	318

Chemicals		FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Environmental and energy related products (*)		9,900	1,450	8,271	1,098	1,506	462	6,765	636
	Others	700	150	701	137	-283	119	984	18
Sub total		10,600	1,600	8,972	1,235	1,223	581	7,749	654
Subsidiaries		600	100	631	74	-13	-23	644	97
Elimination		-200	0	-121	0	-13	-1	-108	1
Total		11,000	1,700	9,482	1,309	1,197	556	8,285	753
* Breakdown		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Bipolar plates for fuel cells		1,200	-100	1,040	-169	-126	-62	1,166	-107
Functional chemicals (Carbodilite)		2,700	750	2,248	578	414	342	1,834	236
Insulator		6,000	800	4,982	689	1,217	182	3,765	507
Breakdown total		9,900	1,450	8,271	1,098	1,506	462	6,765	636

Textiles		FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
JPN	NIST	21,900	700	20,935	469	-2,475	178	23,410	291
	Subsidiaries	29,200	1,400	29,271	1,321	-2,613	-60	31,884	1,381
	JPN total	51,100	2,100	50,206	1,790	-5,088	118	55,294	1,672
Overseas	Brazil	4,700	200	4,488	132	602	27	3,886	105
	Indonesia	14,200	400	13,609	213	-1,092	-115	14,701	328
	China	2,200	0	2,125	6	-334	16	2,459	-10
	Overseas total	21,100	600	20,222	351	-824	-72	21,046	423
Sub total		72,200	2,700	70,428	2,141	-5,912	46	76,340	2,095
Elimination		-14,200	-300	-14,586	-364	1,624	-47	-16,210	-317
Total		58,000	2,400	55,842	1,777	-4,285	-1	60,127	1,778

Papers		FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
		Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Household papers				19,725	1,567	-734	758	20,459	809
Fine papers	NISP			9,684	846	-135	541	9,819	305
	Subsidiaries			8,377	148	-72	481	8,449	-333
	Fine papers total			18,061	994	-207	1,022	18,268	-28
Sub total				37,786	2,561	-941	1,780	38,727	781
Elimination				-5,139	42	1,004	81	-6,143	-39
Total				32,647	2,603	63	1,861	32,584	742

Real estate	FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
NISH	8,900	4,400	9,160	5,679	-326	24	9,486	5,655
Subsidiaries	1,400	100	1,466	158	50	18	1,416	140
Sub total	10,300	4,500	10,626	5,837	-276	42	10,902	5,795
Elimination	-2,300	0	-2,543	-26	2	-26	-2,545	0
Total	8,000	4,500	8,083	5,811	-274	16	8,357	5,795

Others, Corporate costs	FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Other business	24,000	300	23,616	-91	-1,087	32	24,703	-123
Corporate costs	0	-4,700	0	-4,321	0	-243	0	-4,078
Total	24,000	-4,400	23,616	-4,412	-1,087	-211	24,703	-4,201

Segmentation total	FY2017 Forecast		FY2016 Result		Change		FY2015 Result	
	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income	Net sales	Op. Income
Total	520,000	15,000	527,274	4,890	-6,715	-7,726	533,989	12,617

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.