

# 2Q Financial Results for FY2018

(Apr. 2018 – Dec. 2018)

Nisshinbo Holdings Inc.  
Nov. 9, 2018

# HIGHLIGHTS

(mil. yen)

	FY2017 2Q results (adjusted)	FY2018 2Q results	Change	
				Rate
Net sales	287,192	291,000	+3,808	+1.3%
Operating income	2,730	-868	-3,599	-
Ordinary income	5,589	1,931	-3,657	▲65.4%
Attributable to Owners of Parent Net income	16,967	-83	-17,051	-
Exchange rate				
yen/dollar	111.81	109.63	-2.18	▲1.9%
yen/euro	125.24	130.62	+5.38	+4.3%

## Year on year

- Net sales **Increased**
- Operating income **Substantially declined**
- Net income **Substantially 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)

FY2018 2Q results

# Net sales breakdown (y/y)

(mil. yen)

	FY2017 2Q results (adjusted)	FY2018 2Q results	Change	
				Rate
Wireless comms	56,523	55,703	-820	▲1.5%
Microdevices	24,963	36,225	+11,262	+45.1%
Electronics total	81,487	91,929	+10,441	+12.8%
Brakes	110,056	103,594	-6,462	▲5.9%
Precision instruments	43,926	45,618	+1,691	+3.8%
Chemicals	4,849	5,521	+672	+13.9%
Textiles	30,910	29,348	-1,561	▲5.1%
Real estate	3,732	2,871	-860	▲23.0%
Others	12,230	12,117	-112	▲0.9%
<b>Total</b>	<b>287,192</b>	<b>291,000</b>	<b>+3,808</b>	<b>+1.3%</b>

## (Year on year) Net sales increased

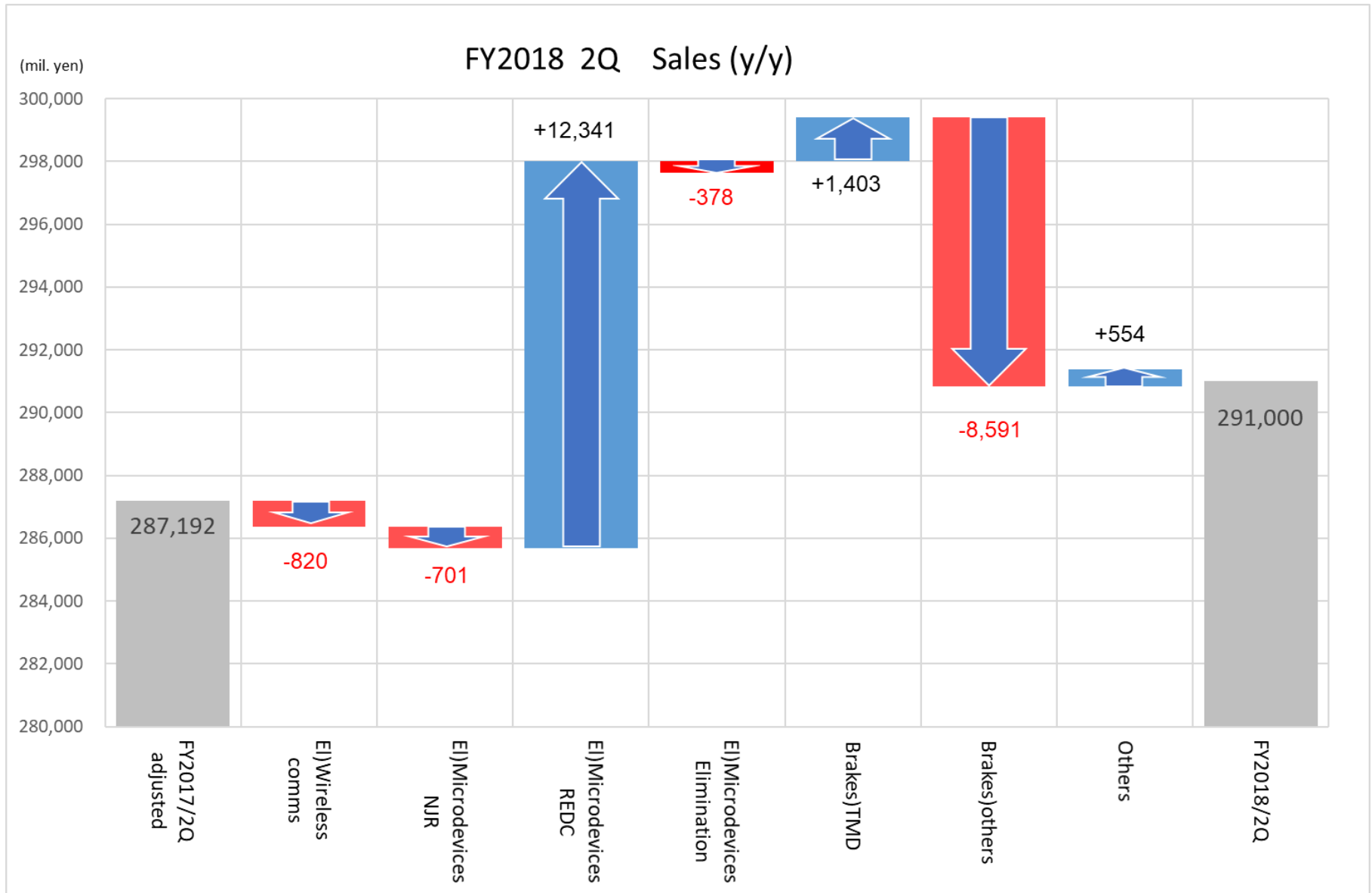
### ■ Sales increased: (EI/ Microdevices)

Due to consolidation of Ricoh Electronic Devices. (+12,341 mil. yen)

### ■ Sales declined: (Brakes)

Due to transfer of foundation brake business. (-8,068 mil. yen)

# Net sales breakdown (y/y)



# Operating income breakdown (y/y)

(mil. yen)

	FY2017 2Q results (adjusted)	FY2018 2Q results	Change	
				Rate
Wireless comms	-5,268	-5,031	+237	-
Microdevices	887	1,124	+236	+26.6%
Electronics total	-4,380	-3,906	+473	-
Brakes	3,946	657	-3,288	▲83.2%
Precision instruments	1,011	1,356	+344	34.0%
Chemicals	746	1,148	+402	54.0%
Textiles	1,047	585	-462	▲44.1%
Real estate	2,666	1,863	-803	▲30.1%
Others & Corporate cost	-2,307	-2,573	-266	-
<b>Total</b>	<b>2,730</b>	<b>-868</b>	<b>-3,599</b>	<b>-</b>

## (Year on year) Operating income substantially declined

### ■ Operating income increased: (EI/ Microdevices)

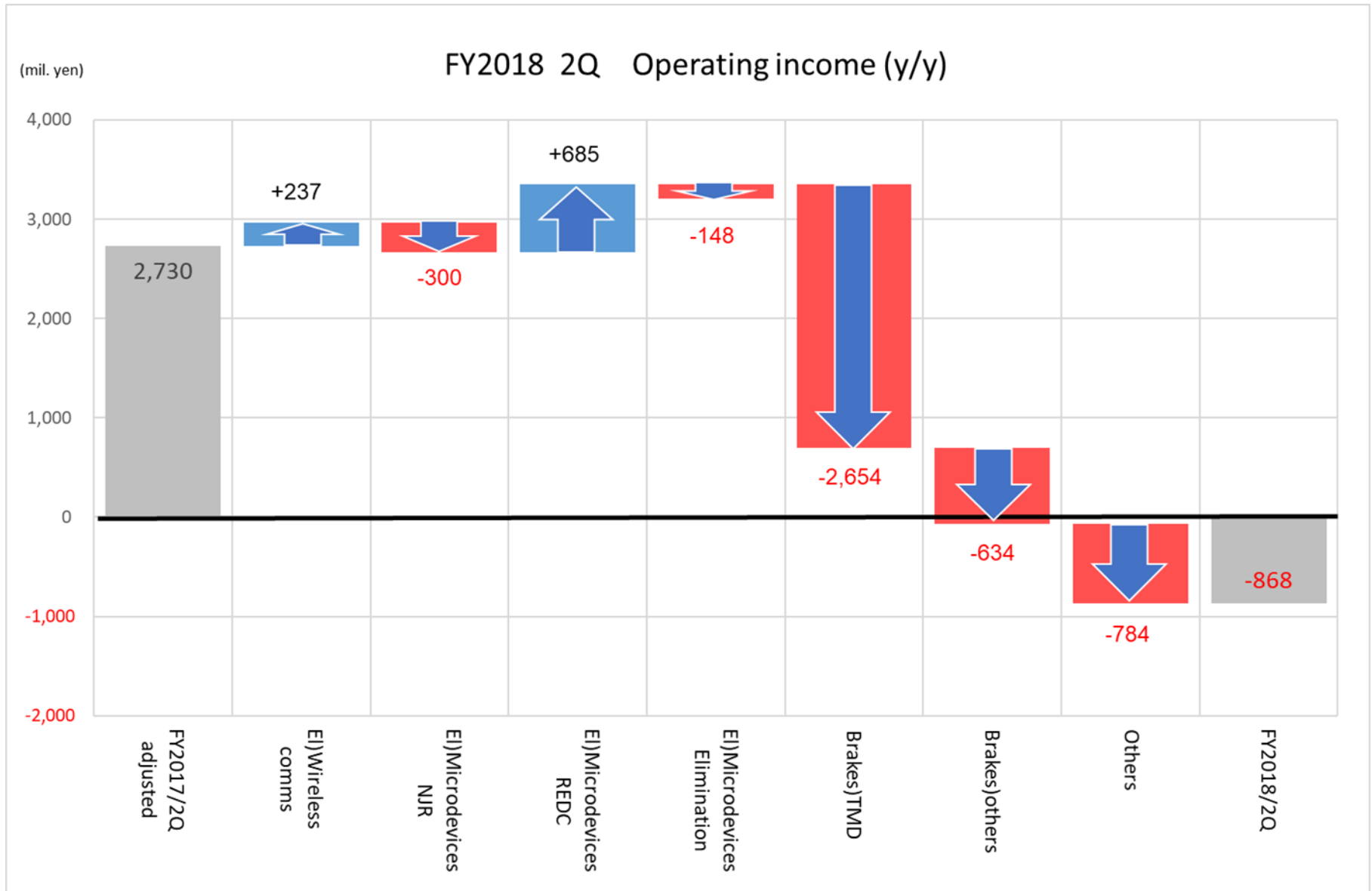
Due to consolidation of Ricoh Electronic Devices. (+685 mil. yen)

### ■ Operating income declined: (Brakes)

Due to transfer of foundation brake business. (-456 mil. yen)

Due to decreased sales of aftermarket products at TMD. (-2,654 mil. yen)

# Operating income breakdown (y/y)



# 2Q Ordinary income to net income (y/y) **NISSHINBO**

(mil. yen)

	FY2017	FY2018	Change	
	2Q results (adjusted)	2Q results		Rate
Operating income	2,730	-868	-3,599	-
Non-operating income	5,723	5,466	-257	▲4.5%
Non-operating expenses	2,864	2,665	-199	▲6.9%
Ordinary income	5,589	1,931	-3,657	▲65.4%
Extraordinary income	18,630	1,734	-16,896	▲90.7%
Extraordinary loss	3,633	2,926	-707	▲19.5%
Income before income taxes	20,587	740	-19,848	▲96.4%
Income taxes	4,289	-686	-4,974	-
Profit attributable to non-controlling interests	-668	1,510	+2,179	-
Profit attributable to owners of parent	16,967	-83	-17,051	-

**Net income : Substantially declined** due to the loss of extraordinary income below posted in FY2017

- ① Gain on sales of shares of subsidiaries and affiliates : -11,735 mil. yen (y/y)
- ② Gain on sales of fixed assets : -5,322 mil. yen (y/y)

# FY2018 Revised forecast

(mil. yen)

	FY2018 Initial FC (10 May)	FY2018 Revised FC (31 Oct.)	Change	
				Rate
Net sales	435,000	426,000	-9,000	▲2.1%
Operating income	3,500	-2,000	-5,500	-
Ordinary income	7,500	2,000	-5,500	▲73.3%
Attributable to Owners of Parent Net income	5,000	-5,500	-10,500	-



# FY2018 Revised forecast (Sales)

(mil. yen)

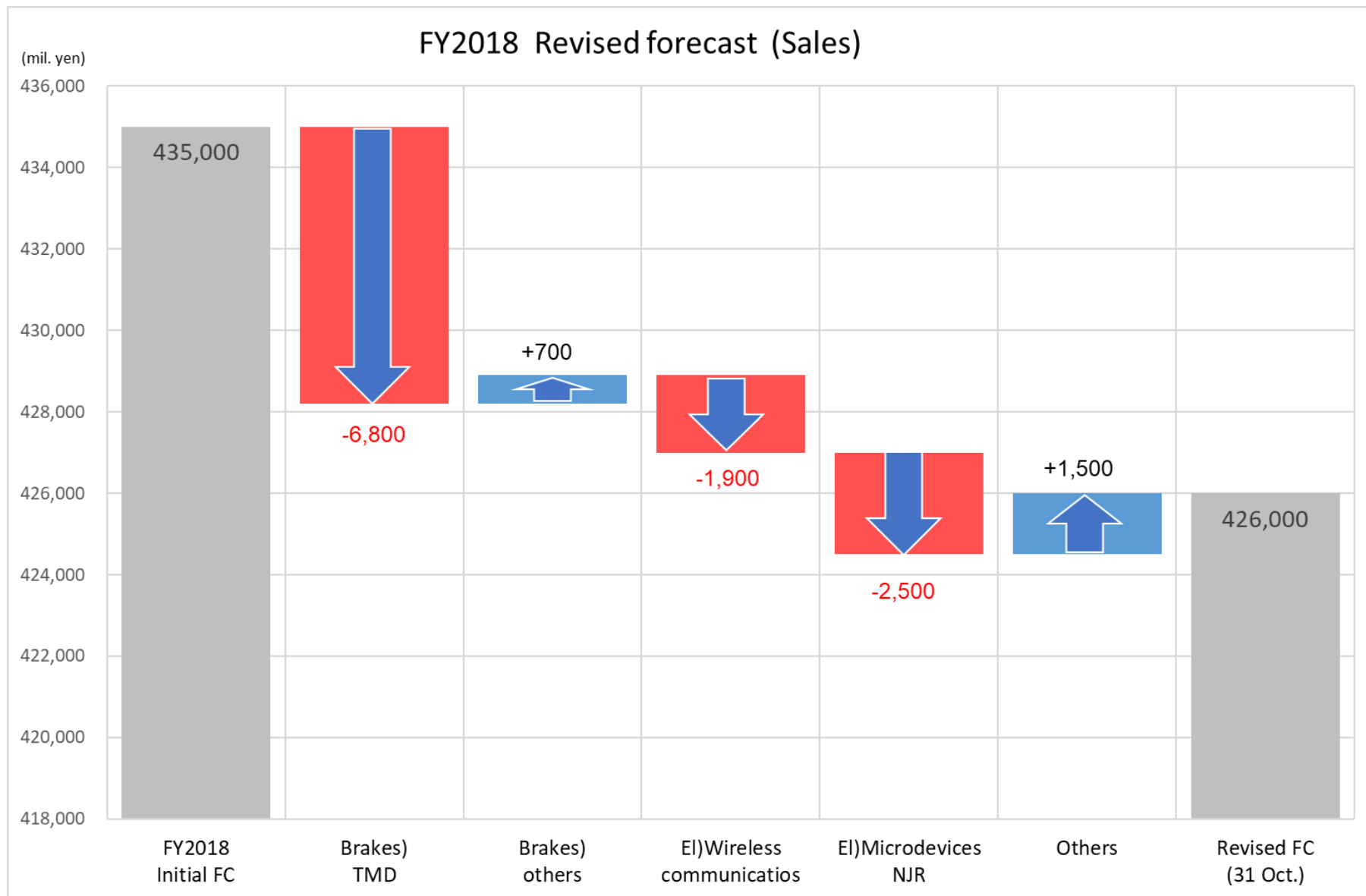
	FY2018 Initial FC (10 May)	FY2018 Revised FC (31 Oct.)	Change	
				Rate
Wireless comms	93,000	91,100	-1,900	▲2.0%
Microdevices	60,000	57,000	-3,000	▲5.0%
Elimination	0	-500	-500	-
Electronics total	153,000	147,600	-5,400	▲3.5%
Brakes	146,000	139,900	-6,100	▲4.2%
Precision instruments	62,000	62,000	+0	+0.0%
Chemicals	8,000	8,200	+200	+2.5%
Textiles	47,000	45,800	-1,200	▲2.6%
Real estate	4,000	4,000	+0	+0.0%
Others	15,000	18,500	+3,500	+23.3%
Total	435,000	426,000	-9,000	▲2.1%

(Brakes) **Decreased sales of aftermarket products at TMD (-6,800 mil. yen)**

(Wireless comms) **Sluggish market recovery in marine systems business and low orders in solutions business (-1,900 mil. yen)**

(Microdevices) **Low orders for smartphones at NJR (-2,500 mil. yen)**

# FY2018 Revised forecast (Sales)



# FY2018 Revised forecast (Operating income)

	(mil. yen)			
	FY2018 Initial FC (10 May)	FY2018 Revised FC (31 Oct.)	Change	Rate
Wireless comms	-5,900	-7,000	-1,100	-
Microdevices	3,100	2,000	-1,100	▲35.5%
Elimination	-100	-100	-	-
Electronics total	-2,900	-5,100	-2,200	-
Brakes	4,300	300	-4,000	▲93.0%
Precision instruments	2,000	2,000	-	-
Chemicals	1,400	1,600	+200	+14.3%
Textiles	1,500	1,200	-300	▲20.0%
Real estate	2,100	2,500	+400	19.0%
Others & Corporate cost	-4,900	-4,500	+400	-
<b>Total</b>	<b>3,500</b>	<b>-2,000</b>	<b>-5,500</b>	<b>-</b>

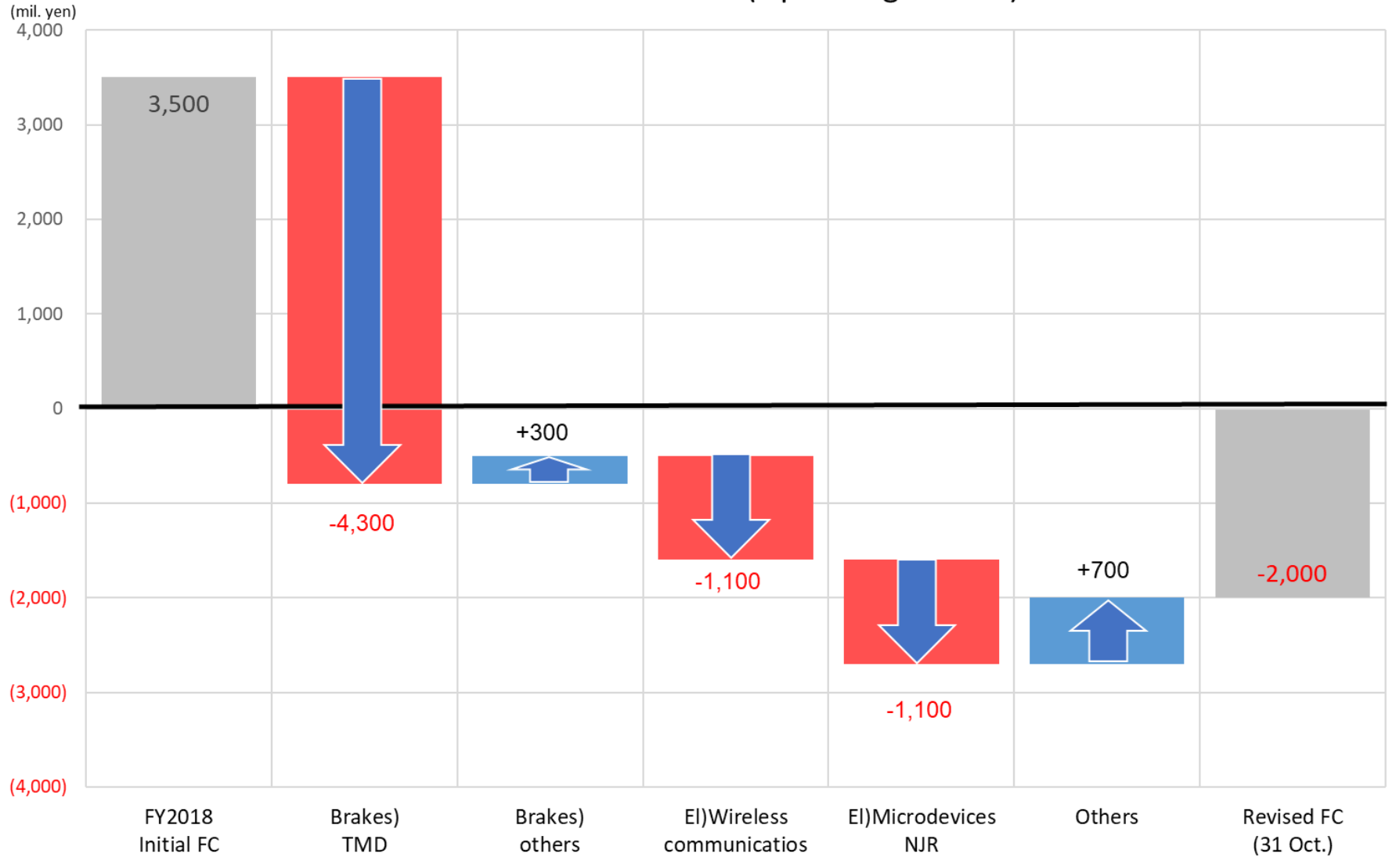
**(Brakes) Decreased sales of aftermarket products and increased expenses at TMD (-4,300 mil. yen)**

**(Wireless comms) Sluggish market recovery in marine systems business and low orders in solutions business (-1,100 mil. yen)**

**(Microdevices) Low orders for smartphones at NJR (-1,100 mil. yen)**

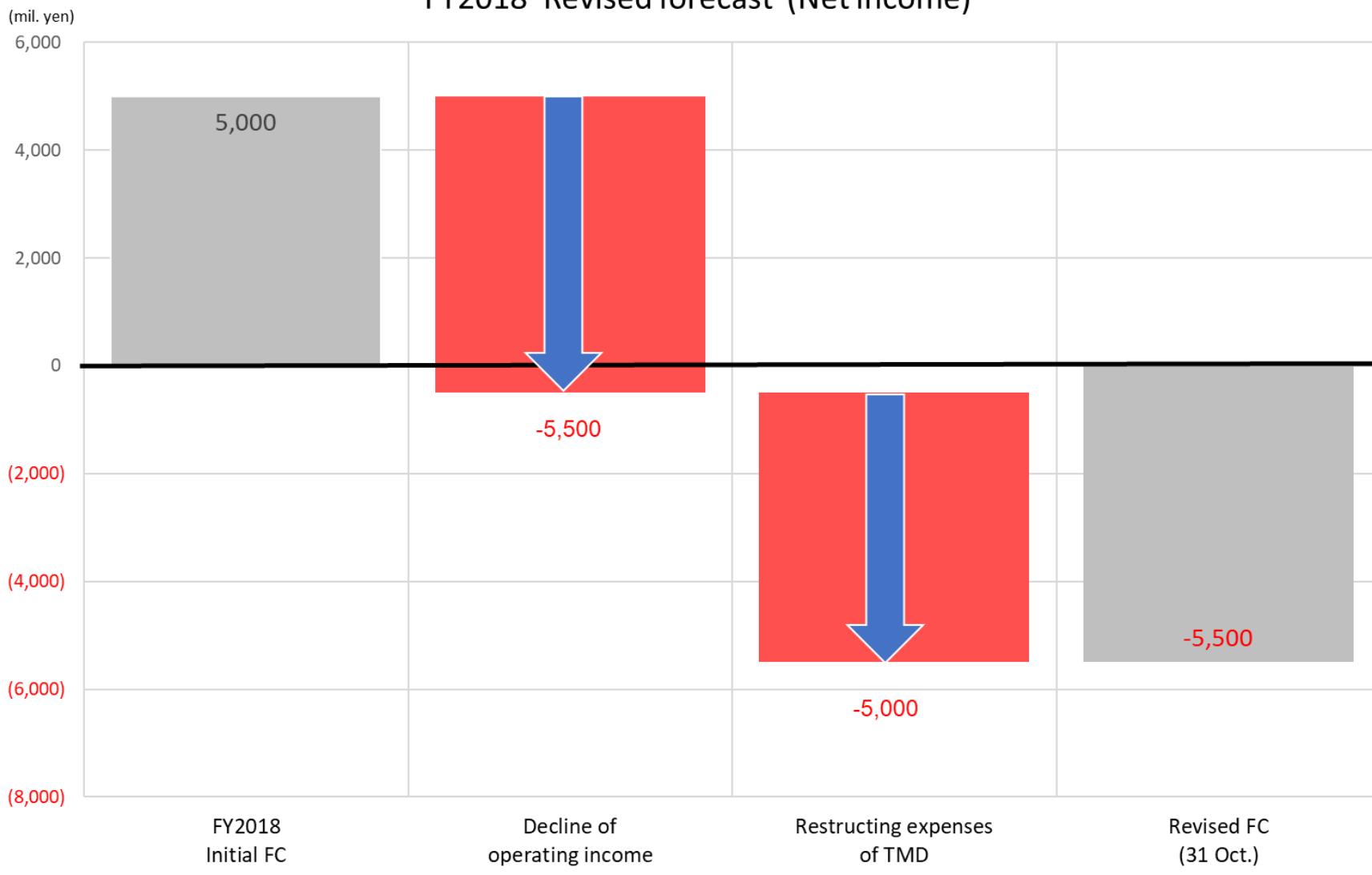
# FY2018 Revised forecast (Operating income)

## FY2018 Revised forecast (Operating income)



# FY2018 Revised forecast (Net income)

## FY2018 Revised forecast (Net income)



## Compared to the initial forecast

**Sales : -6,800 mil. yen**

(101,200 mil. yen → 94,400 mil. yen)

**Operating income : -4,300 mil. yen**

(1,600 mil. yen → -2,700 mil. yen)

## Reasons for the decrease in sales and operating income

■ Decreased sales of aftermarket products by shipment delays and increased personnel expenses, which was caused by the relocation of TMD's product warehouse in Germany.

**Posted extraordinary loss (5 bil. yen)**

- ① **Focus on profitability rather than sales growth**
- ② **Conduct business structure reform without allowing a sanctuary**
- ③ **Renovate management structure led by Nisshinbo**
- ④ **Restart strategic investment into growth areas after converting a profit structure**

## Wireless communications

### ① Marine systems

#### 1. Improve profitability

Improve variable cost ratio and reduce fixed costs

#### 2. Reinforce foundation fields: New ship building, Replacement, Information service

#### 3. Break away from merchant ship dependence,

Expand business in small and mid-size vessels and private sector systems

#### 4. Contribute to autonomous operating

### ② Communications equipment

#### 1. Expand ITS business in automotive business

#### 2. Expand railway business



## Wireless communications

### ③ Solutions

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

## Microdevices

- ① Expand the business in automotive and industrial equipment fields**
- ② Seek synergies between NJR and REDC in the areas of production, design, sales and quality assurance**

- ① **Converted Ricoh Electronic Devices into a consolidated subsidiary.**

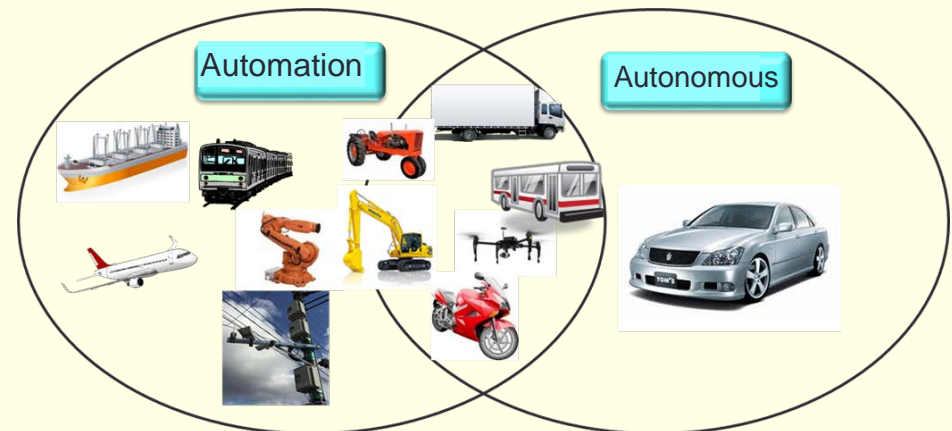
Focused on automotive and industrial uses, while leveraging synergies with NJR



- ② **Transfer drum brake (foundation brake) business.**

- ③ **Established JRC Mobility.**

- ④ **Converted NJR into wholly owned subsidiary**



- ⑤ **Merged Pro Nav (Norway) into wholly owned subsidiary**  
(Reconstruct sales and service network of fishing boat market in Europe)

# Appendix Segment information①

		Forecast				2Q Year on Year						Previous results	
Electronics		FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)		FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)		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.
Wireless com.	Marine systems	28,900	-1,900	31,700	-600	19,532	-1,241	19,783	-1,402	-251	161	33,523	-2,287
	Communications eqp	11,400	500	10,900	400	7,881	743	7,701	466	180	277	16,028	1,387
	Solutions	28,800	-6,200	31,000	-5,100	14,096	-4,617	17,000	-4,198	-2,904	-419	66,116	1,509
	Mechatronics & Power supply	13,600	100	11,900	-200	8,939	191	7,143	-172	1,796	363	15,839	-145
	Medical equipment	6,500	400	6,500	300	4,091	397	3,728	337	363	60	9,038	663
	Others	1,900	100	1,000	-700	1,164	-504	1,168	-299	-4	-205	2,287	-434
	Wireless comm. total	91,100	-7,000	93,000	-5,900	55,703	-5,031	56,523	-5,268	-820	237	142,833	693
Microdevices	NJR	38,000	1,000	40,500	2,100	24,569	589	25,270	889	-701	-300	51,665	2,138
	REDC	19,000	1,000	19,500	1,000	12,341	685	-	-	12,341	685	-	-
	Elimination	-	-	-	-	-685	-150	-307	-2	-378	-148	-	-
	Microdevices total	57,000	2,000	60,000	3,100	36,225	1,124	24,963	887	11,261	236	51,665	2,138
Electronics total		148,100	-5,000	153,000	-2,800	91,929	-3,906	81,487	-4,380	10,441	473	194,498	2,831
Elimination		-500	-100	0	-100	-	-	0	0	0	0	-878	190
Total		147,600	-5,100	153,000	-2,900	91,929	-3,906	81,487	-4,380	10,441	473	193,620	3,021

# Appendix Segment information②

Brakes		Forecast				2Q Year on Year						Previous results	
		FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)		FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)		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.
JPN	NISB	12,500	200	13,000	700	8,345	94	12,320	469	-3,975	-375	25,134	870
Overseas	NISB Subsidiaries	38,900	3,600	37,800	2,800	28,570	2,785	33,186	3,125	-4,616	-340	44,493	4,492
	TMD group	94,400	-2,700	101,200	1,600	70,916	-1,824	69,513	830	1,403	-2,654	92,518	1,750
	Overseas total	133,300	900	139,000	4,400	99,486	961	102,699	3,955	-3,213	-2,994	137,011	6,242
Sub total		145,800	1,100	152,000	5,100	107,831	1,055	115,019	4,424	-7,188	-3,369	162,145	7,112
Elimination		-5,900	-800	-6,000	-800	-4,237	-398	-4,962	-478	725	80	-7,941	-993
Total		139,900	300	146,000	4,300	103,594	657	110,056	3,946	-6,462	-3,288	154,204	6,119

Precision instruments		Forecast				2Q Year on Year						Previous results	
		FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)		FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)		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.
Precision	NISM	8,300	300	9,200	400	5,795	215	3,894	108	1,901	107	8,317	194
	Subsidiaries	7,700	700	7,600	700	5,042	422	4,171	387	871	35	7,053	715
	Sub total	16,000	1,000	16,800	1,100	10,837	637	8,065	495	2,772	142	15,370	909
Plastics	NISM	3,700	0	3,400	0	2,598	83	2,572	119	26	-36	4,827	125
	Subsidiaries	47,400	1,800	48,800	1,700	35,441	1,293	34,271	911	1,170	382	47,376	1,581
	Sub total	51,100	1,800	52,200	1,700	38,039	1,376	36,843	1,030	1,196	346	52,203	1,706
Elimination		-5,100	-800	-7,000	-800	-3,258	-657	-981	-514	-2,277	-143	-2,655	-891
Total		62,000	2,000	62,000	2,000	45,618	1,356	43,926	1,011	1,691	344	64,918	1,724

# Appendix Segment information③

Chemicals	Forecast				2Q Year on Year						Previous results	
	FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)		FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)		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.
Environment and energy related products (*)	7,000	1,300	6,500	1,100	4,687	916	4,198	612	489	304	9,859	1,727
Others	700	250	1,000	300	531	187	388	93	143	94	873	264
Sub total	7,700	1,550	7,500	1,400	5,218	1,103	4,586	705	632	398	10,732	1,991
Subsidiaries	600	50	500	0	410	47	321	40	89	7	704	118
Elimination	-100	0	0	0	-109	-2	-59	1	-50	-3	-151	1
Total	8,200	1,600	8,000	1,400	5,521	1,148	4,849	746	672	402	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.
Bipolar plates for FC	1,100	150	1,000	100	711	131	505	-30	206	161	1,310	255
Functional chemicals (Carbodilite)	1,900	550	2,200	600	1,190	300	1,200	287	-10	13	2,466	627
Insulator	4,000	600	3,300	400	2,786	485	2,493	355	293	130	6,083	845
Breakdown total	7,000	1,300	6,500	1,100	4,687	916	4,198	612	489	304	9,859	1,727

# Appendix Segment information④

## Forecast

Textiles		FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)	
		Net sales	O. P.	Net sales	O. P.
JPN	NIST	14,800	100	15,200	100
	Subsidiaries	21,000	700	21,700	900
	JPN total	35,800	800	36,900	1,000
Overseas	Brazil	5,300	200	5,500	300
	Indonesia	13,900	400	13,900	400
	China	2,500	100	2,400	0
	Overseas total	21,700	700	21,800	700
Sub total		57,500	1,500	58,700	1,700
Elimination		-11,700	-300	-11,700	-200
Total		45,800	1,200	47,000	1,500

## 2Q Year on Year

FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
9,297	29	9,435	69	-138	-40
13,981	325	14,637	512	-656	-187
23,278	354	24,072	581	-794	-227
3,860	235	4,168	464	-308	-229
10,294	138	10,065	144	229	-6
1,848	49	1,627	13	221	36
16,002	422	15,860	621	142	-199
39,280	776	39,932	1,202	-652	-426
-9,932	-191	-9,022	-155	-910	-36
29,348	585	30,910	1,047	-1,561	-462

## Previous results

FY2017 results	
Net sales	O. P.
19,519	314
27,868	895
47,387	1,209
5,400	555
13,653	322
2,438	39
21,491	916
68,878	2,125
-14,239	-250
54,639	1,875

Real estate		FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)	
		Net sales	O. P.	Net sales	O. P.
NISH		4,500	2,400	4,300	2,000
	Subsidiaries	1,000	100	1,100	100
Sub total		5,500	2,500	5,400	2,100
Elimination		-1,500	0	-1,400	0
Total		4,000	2,500	4,000	2,100

FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
3,130	1,795	4,035	2,577	-905	-782
716	68	721	94	-5	-26
3,846	1,863	4,756	2,671	-910	-808
-975	0	-1,024	-5	49	5
2,871	1,863	3,732	2,666	-860	-803

FY2017 results	
Net sales	O. P.
8,967	4,461
1,437	159
10,404	4,620
-1,999	447
8,405	5,067

# Appendix Segment information⑤

Forecast					2Q Year on Year						Previous results	
Other business, Corporate costs	FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)		FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)		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.
Other business	18,500	200	15,000	200	12,117	2	12,230	-7	-112	9	24,973	45
Corporate costs		-4,700		-5,100	0	-2,576	0	-2,299	0	-277	0	-4,880
<b>Total</b>	<b>18,500</b>	<b>-4,500</b>	<b>15,000</b>	<b>-4,900</b>	<b>12,117</b>	<b>-2,573</b>	<b>12,230</b>	<b>-2,307</b>	<b>-112</b>	<b>-266</b>	<b>24,973</b>	<b>-4,835</b>
Segment total	FY2018 revised FC (31 Oct)		FY2018 initial FC (10 May)		FY2018 2Q results		FY2017 2Q adjusted		Change (2Q)		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.
<b>Total</b>	<b>426,000</b>	<b>-2,000</b>	<b>435,000</b>	<b>3,500</b>	<b>291,000</b>	<b>-868</b>	<b>287,192</b>	<b>2,730</b>	<b>3,808</b>	<b>-3,599</b>	<b>512,047</b>	<b>15,085</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.**