

# Financial Results

## for FY2019

(Jan. 2019 – Dec. 2019)

Nisshinbo Holdings Inc.  
Feb. 14, 2020

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The earnings forecasts contained in these materials are based on information currently available to the Company and are not promises of achievement.

# 1. FY2019 Results Overview

# 1-1. Financial Highlights (y/y)

(mil. yen)

	FY2018 (adjusted)	FY2019 results	Change	rate
Net sales	514,933	509,660	-5,272	▲ 1.0%
Operating income	4,784	6,482	+1,697	+35.5%
Ordinary income	8,642	11,703	+3,060	+35.4%
Net income Attributable to Owners of Parent	-1,366	-6,604	-5,237	-

## Year on year

- Net Sales **Declined** (-) Brakes (+) Wireless comms, Real Estate
- Operating Income **Increased** (+) Wireless comms, Real Estate
- Net Income **Declined** (-) Impairment Loss on Brakes

The fiscal year ending December 31, 2018 is a transitional period due to a change in the fiscal year-end, and therefore an irregular accounting period has been adopted.

For this reason, reference values that have been reclassified to the same period as the current fiscal year are presented as "Adjusted."

# 1-2. FY2019 Net sales

(mil. yen)

	FY2018	FY2019	Change	
	(adjusted)	results		rate
Wireless comms	144,762	152,212	+7,450	+5.1%
Microdevices	66,736	65,285	-1,450	▲2.2%
Brakes	140,171	131,338	-8,833	▲6.3%
Precision instruments	65,921	65,428	-493	▲0.7%
Chemicals	11,563	9,390	-2,172	▲18.8%
Textiles	53,653	49,505	-4,147	▲7.7%
Real estate	7,182	11,655	+4,472	+62.3%
Others	24,942	24,844	-98	▲0.4%
<b>Total</b>	<b>514,933</b>	<b>509,660</b>	<b>-5,272</b>	<b>▲1.0%</b>

**(Year on year) Declined**

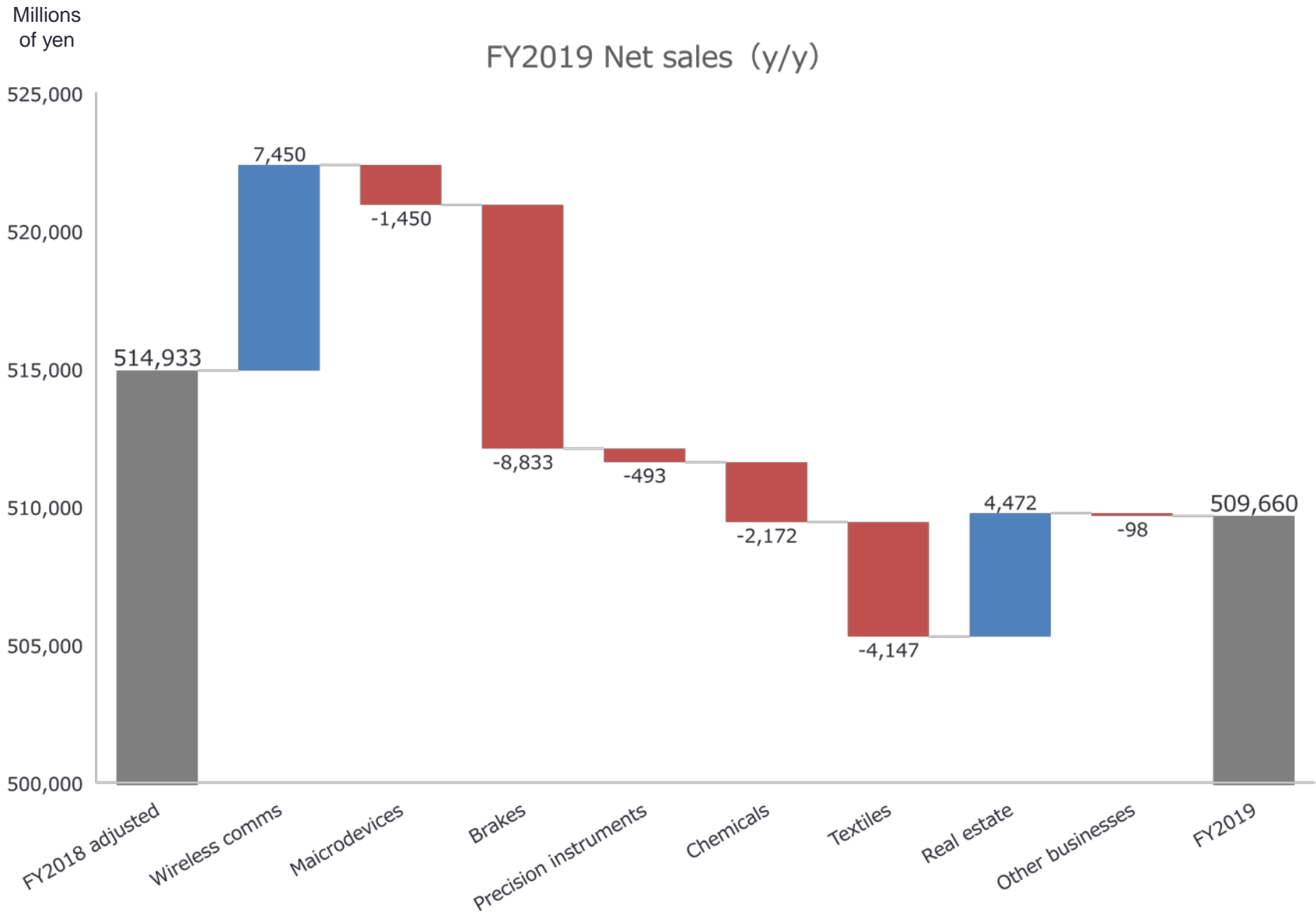
**Increased: [Wireless comms] Solutions Business: Sales up in Aircraft & Meteorological Systems**

**[Real Estate] Sales of buildings for large-scale commercial facilities**

**(Okazaki City, Aichi Prefecture)**

**Declined : [Brakes] Transfer of foundation brake business, sluggish market in China.**

# 1-2. FY2019 Net sales (graph)



# 1-3. FY2019 Operating Income

(mil. yen)

	FY2018 (adjusted)	FY2019 results	Change	
				rate
Wireless comms	-493	4,100	+4,594	-
Microdevices	2,234	256	-1,977	▲88.5%
Brakes	-916	-3,340	-2,423	-
Precision instruments	1,628	879	-748	▲46.0%
Chemicals	2,381	1,649	-732	▲30.7%
Textiles	1,306	1,036	-269	▲20.6%
Real estate	4,042	8,163	+4,120	101.9%
Others & Corporate cost	-5,397	-6,263	-865	-
<b>Total</b>	<b>4,784</b>	<b>6,482</b>	<b>+1,697</b>	<b>35.5%</b>

**(Year on year) Increased**

**Increased: [Wireless comms] Increase in sales Aircraft & Meteorological Systems in the Solutions business**

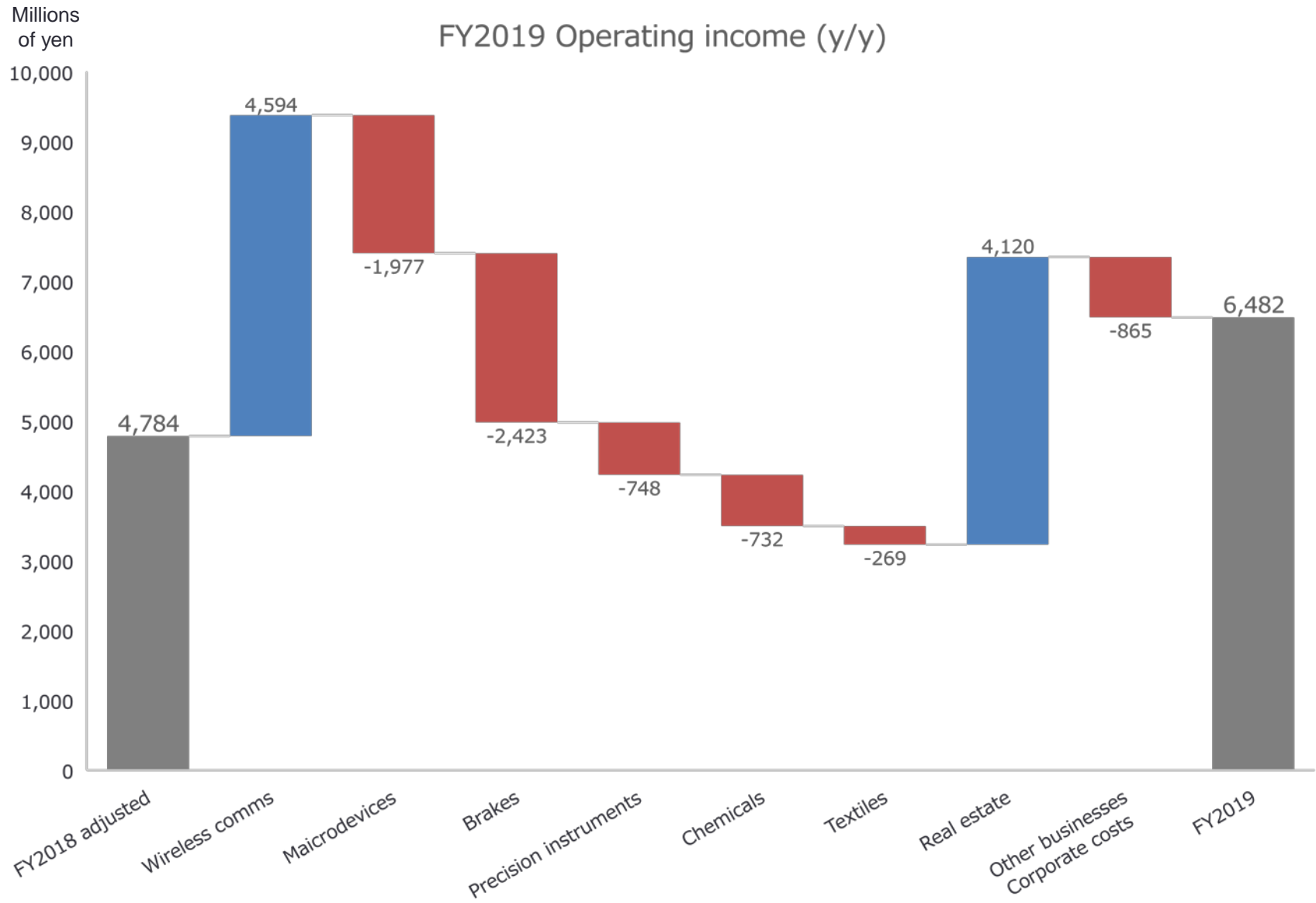
**[Real Estate] Sales of buildings for large-scale commercial facilities (Aichi Prefecture)**

**Declined : [Brakes]**

**Shrinkage of automobile sales in China and increase in cost due to start-up of new bases**

**Transfer of the foundation brake business**

# 1-3. FY2019 Operating Income (graph)





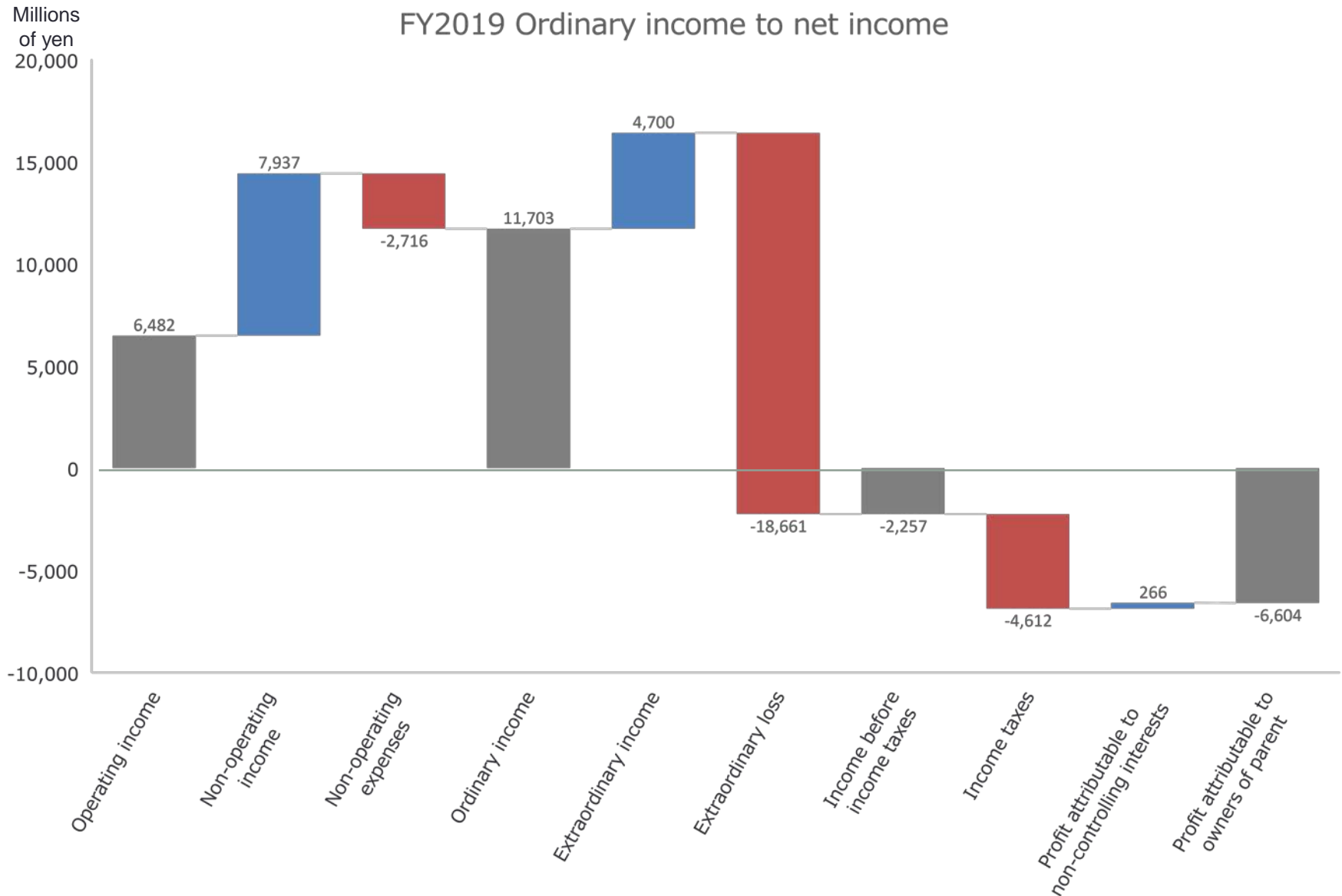
# 1-4. Ordinary income to net income

	FY2018 (adjusted)	FY2019 results	(mil. yen)	
			Change	rate
Operating income	4,784	6,482	+1,697	+35.5%
Non-operating income	8,166	7,937	-228	▲2.8%
Non-operating expenses	4,307	2,716	-1,591	▲36.9%
Ordinary income	8,642	11,703	+3,060	+35.4%
Extraordinary income	3,873	4,700	+826	+21.3%
Extraordinary loss	9,012	18,661	+9,649	+107.1%
Income before income taxes	3,504	-2,257	-5,761	-
Income taxes	2,721	4,612	+1,890	+69.5%
Profit attributable to non-controlling interests	2,149	-266	-2,415	-
Profit attributable to owners of parent	-1,366	-6,604	-5,237	-

**(Year on year) Decreased**

Impairment losses (extraordinary losses) of ¥14.0 billion were recorded in OEPC (Original equipment for passenger cars) business of TMD, a brake business subsidiary.

# 1-4. Ordinary income to net income(graph)



## 2. Outlook for FY2020

## 2-1. Highlights of forecast for FY2020

(mil. yen)

	FY2019	FY2020 FC	Change	
				rate
Net sales	509,660	540,000	+30,339	+6.0%
Operating income	6,482	14,000	+7,517	+116.0%
Ordinary income	11,703	18,000	+6,296	+53.8%
Net income Attributable to Owners of Parent	-6,604	13,000	+19,604	-

### Year on year

- Net Sales **Expected to Increase (+)** Wireless comms, Microdevices, Real Estate
- Operating income **Expected to increase (+)** Microdevices, Brakes
- Net income **Expected to increase (+)** Impairment loss of the brake business recorded in the previous fiscal year

Assumed exchange rate: US\$1 = ¥110

Exchange sensitivity: A ¥1 increase in exchange rates causes operating income to decline by approximately ¥250 million.

## 2-2. Sales forecast for FY2020

(mil. yen)

	FY2019	FY2020 FC	Change	
				rate
Wireless comms	152,212	160,000	+7,787	+5.1%
Microdevices	65,285	70,000	+4,714	+7.2%
Brakes	131,338	136,000	+4,661	+3.5%
Precision instruments	65,428	65,000	-428	▲0.7%
Chemicals	9,390	13,000	+3,609	+38.4%
Textiles	49,505	52,000	+2,494	+5.0%
Real estate	11,655	20,000	+8,344	+71.6%
Others	24,844	24,000	-844	▲3.4%
<b>Total</b>	<b>509,660</b>	<b>540,000</b>	<b>+30,339</b>	<b>+6.0%</b>

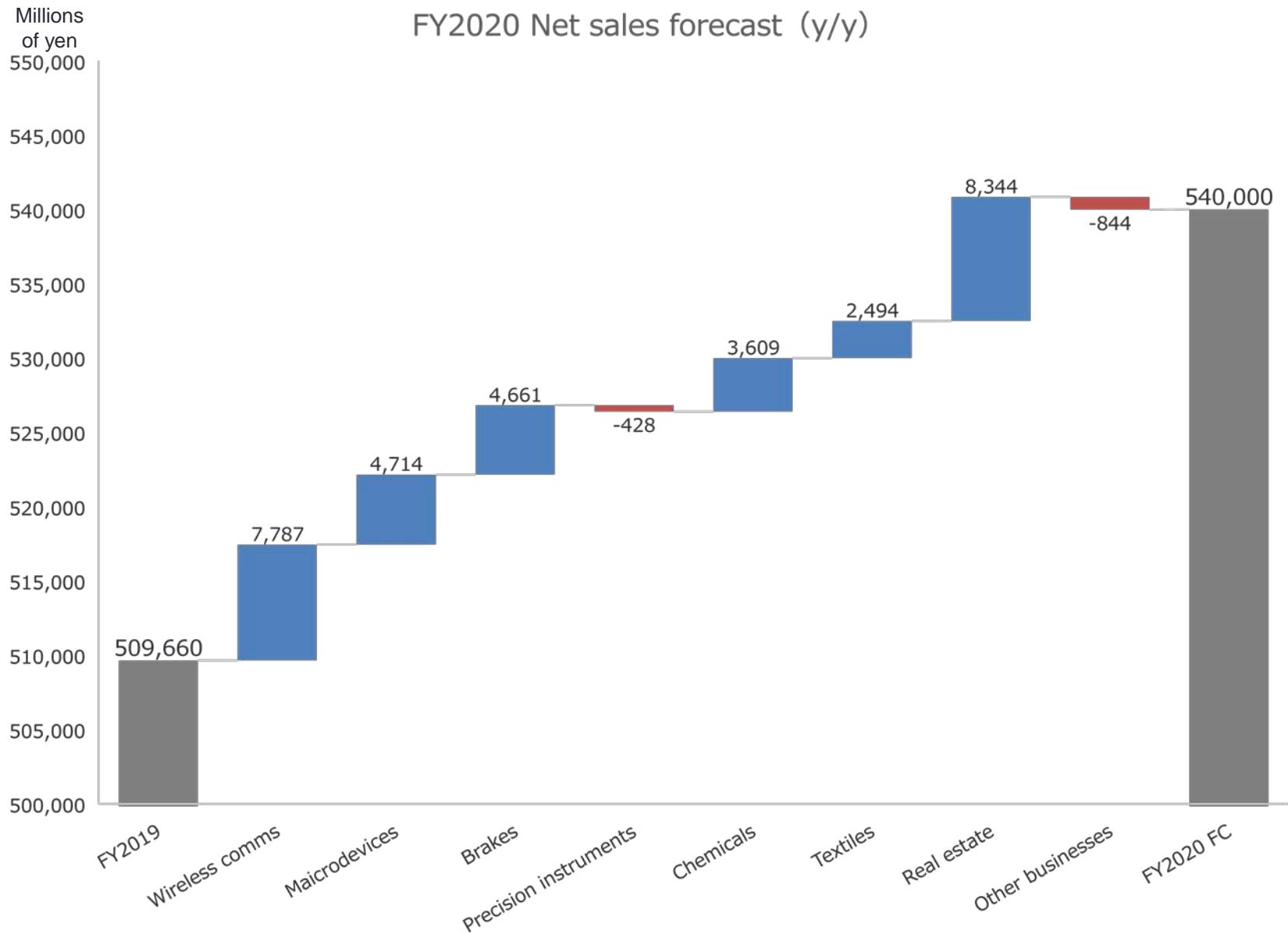
**[Wireless comms]** Expected to increase due to favorable orders in the solutions business for public works projects.

**[Microdevices]** Expected to increase due to recovery of semiconductor market.

**[Brakes]** Expected to increase due to strong orders for copper-reduced and copper-free friction materials.

**[Real Estate]** Although sales of buildings for large-scale commercial facilities were discontinued in the previous fiscal year, sales are expected to increase due to the commencement of sales of the site of the former factory (Mitaka City, Tokyo) (mainly booked in 1Q).

## 2-2. Sales forecast for FY2020(graph)



## 2-3. Operating Income forecast for FY2020

	(mil. yen)			
	FY2019	FY2020 FC	Change	rate
Wireless comms	4,100	2,900	-1,200	▲29.3%
Microdevices	256	1,400	+1,143	446.5%
Brakes	-3,340	1,700	+5,040	-
Precision instruments	879	1,200	+320	36.4%
Chemicals	1,649	2,600	+950	57.6%
Textiles	1,036	2,100	+1,063	102.6%
Real estate	8,163	9,000	+836	10.2%
Others & Corporate cost	-6,263	-6,900	-637	-
<b>Total</b>	<b>6,482</b>	<b>14,000</b>	<b>+7,517</b>	<b>116.0%</b>

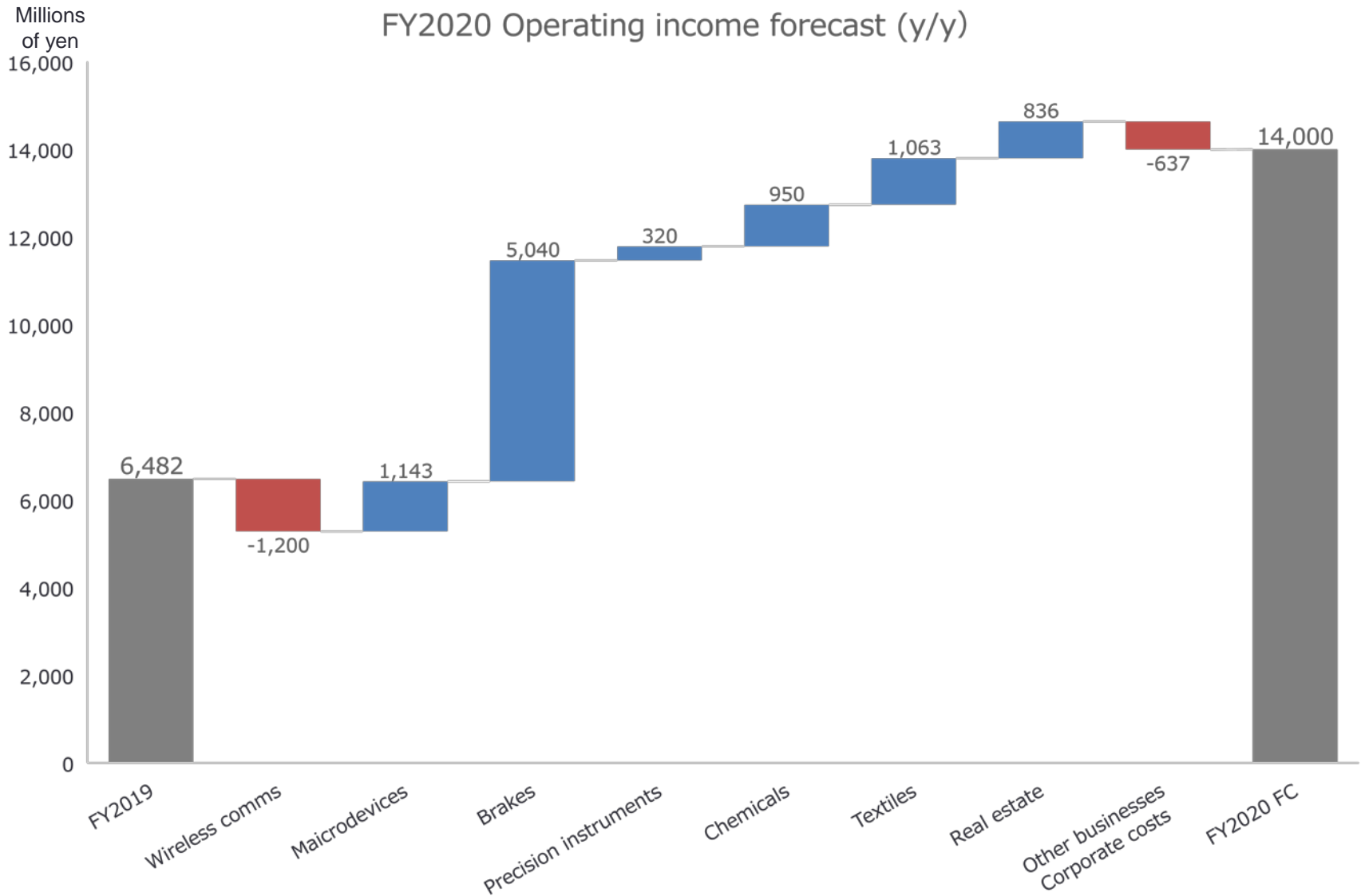
[Wireless comms] Expected to decrease due to the reversal of fixed costs restrained in the previous fiscal year.

[Microdevices] Expected to increase due to recovery of semiconductor market.

[Brake] Expected to recover due to the reorganization of TMD.

[Real Estate] Expected to increase (mainly booked in 1Q) due to the commencement of sales of the site of the former factory (Mitaka City, Tokyo), despite the discontinuation of sales of large-scale commercial facilities recorded in the previous fiscal period.

## 2-3. Operating Income forecast for FY2020 (graph)





## 2-4. Brake business outlook

### ◆ Nisshinbo Brake

- Sales are expected to increase due to strong orders for copper-reduced and copper-free friction materials.
- Operating profit is expected to be on par with the previous fiscal year, as depreciation expenses are expected to be higher due to capital expenditures in response to the increase in orders.

### ◆ TMD

- Loss on impairment of fixed assets was recorded in OEPC business (products with new cars) in the previous fiscal year. Restructure the new car assembly business.
- Sales to the aftermarket are also expected to recover.
- Operating income is expected to increase due to the completion of the amortization of intangible fixed assets in the previous fiscal year.

Brakes	FY2019		FY2020 FC		change	
	Net sales	O.P.	Net sales	O.P.	Net sales	O.P.
NISB	50,854	1,620	54,000	1,700	3,146	80
TMD	85,850	-4,152	87,200	0	1,350	4,152
Eliminations	-5,366	-808	-5,200	0	166	808
Total	131,338	-3,340	136,000	1,700	4,662	5,040

### 3. Reference Materials (Management Policies)

## Nisshinbo Group Corporate Philosophy

Challenge and Change!

For the creation of future of Earth and People.

Business policies guided by this philosophy

Realize smart society as an *Environment and Energy Company* group.

Formulate growth strategies to realize business policies.

Continue business portfolio reforms.

## ◆ Founding spirit of ESG and businesses for SDGs targets



In 2006, we identified global environmental protection as our top-priority social issue, and set the environment and energy as our business policies and reformed our business.



Spirit of contributing to society through its business activities since its foundation in 1907



In 2006, we embarked on governance reforms, including the introduction of an outside director system, prior to the enactment of the CG Code.

## Contributing to SDGs through Business



Wireless comms



Microdevices



⋮

## ◆ Toward the creation of cash flow

- Development of new business and launch of new products
- Selective concentration on business and product portfolio
- Strategic pricing and thorough cost control
- Continuous cost reduction
- Inventory reduction / Early collection of accounts receivable

## ◆ Group-wide Activities for Corporate Growth

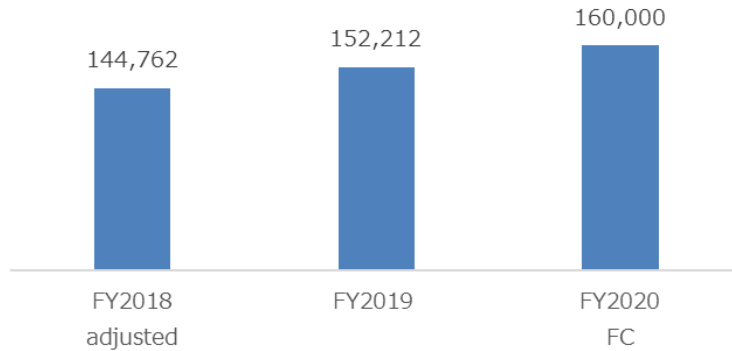
- Digital transformation ~ Create data business by promoting AI and IoT
- Continuous Kaizen activities
- Pursue diversity of businesses and people
- Strengthen safety and health activities
- Promote environmental management
- Thorough-going compliance
- Strengthen risk management

## 4. Appendix

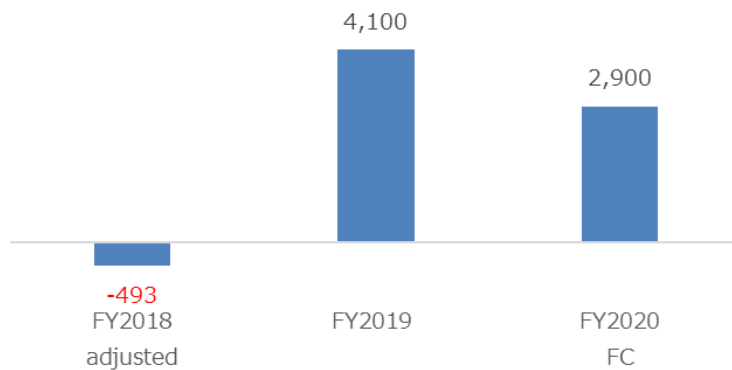
# 4-1. FY2018-2020

## Wireless comms

Net sales (mil. yen)

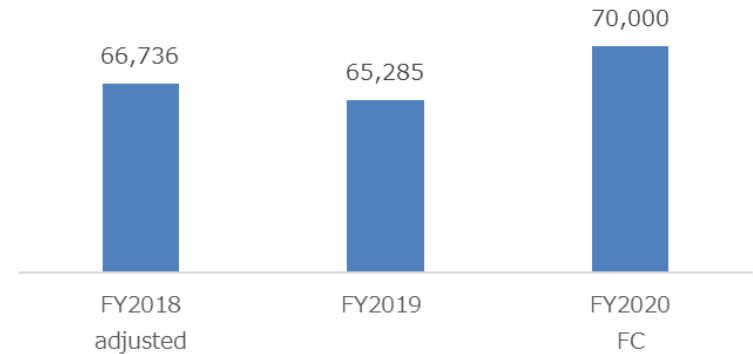


Operating income (mil. yen)

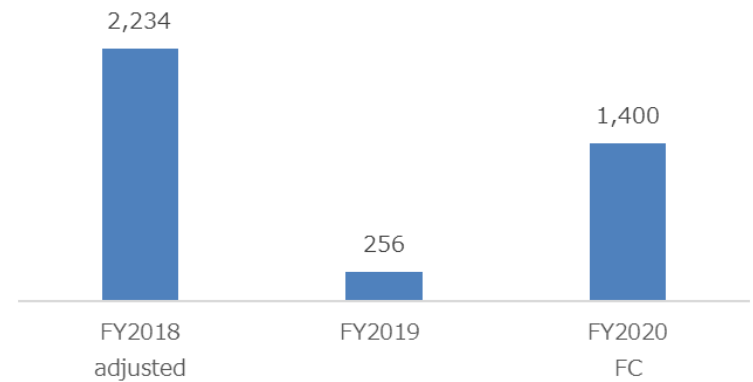


## Microdevices

Net sales (mil. yen)



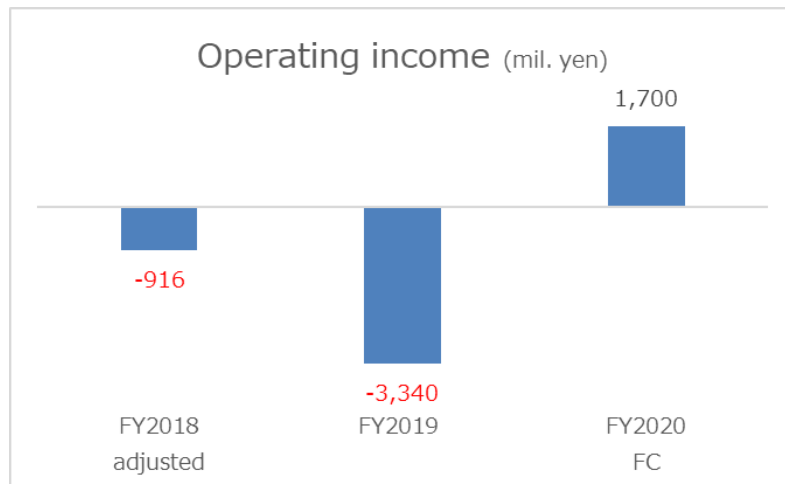
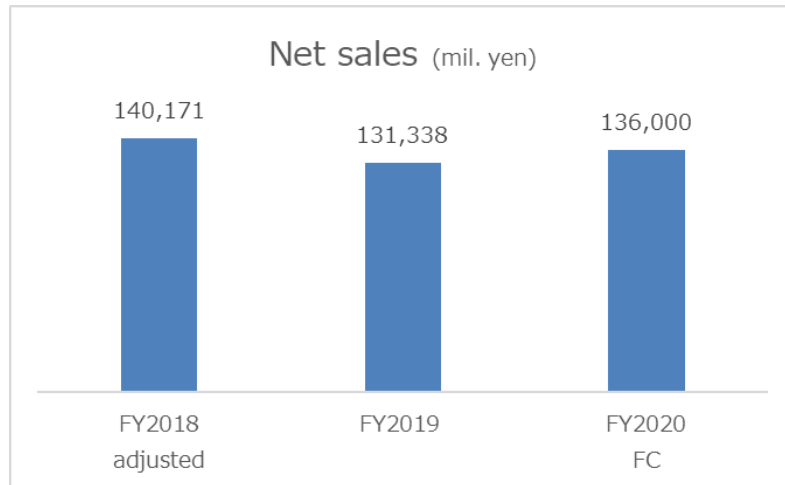
Operating income (mil. yen)



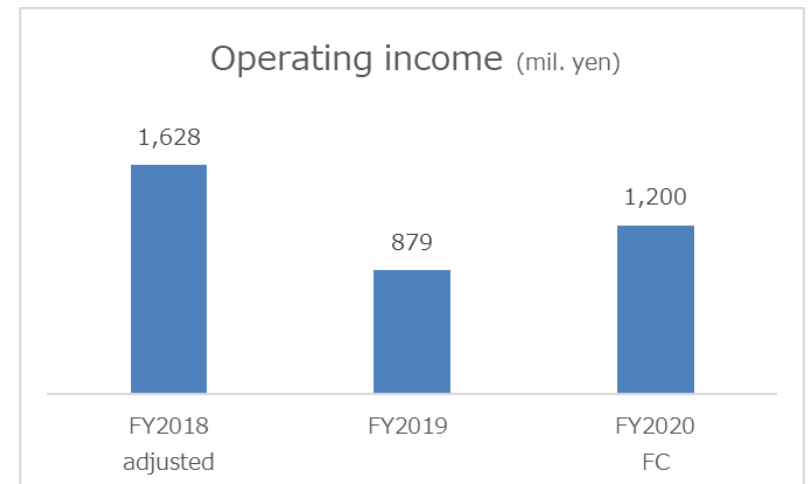
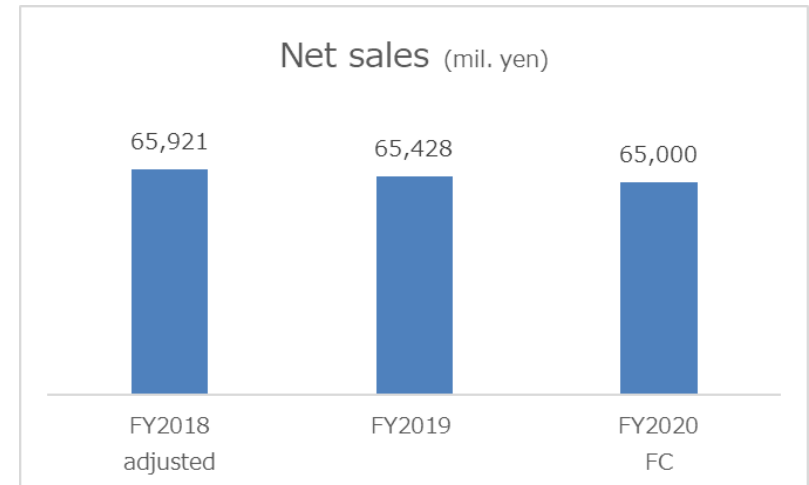


# 4-2. FY2018-2020

## Brakes

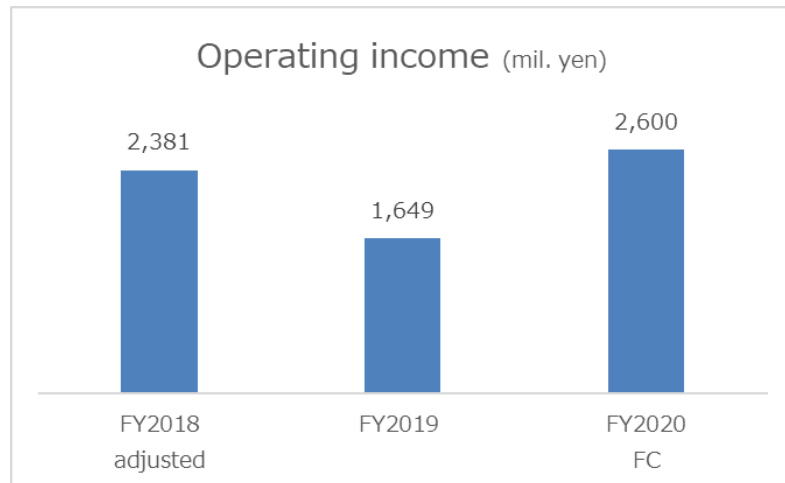
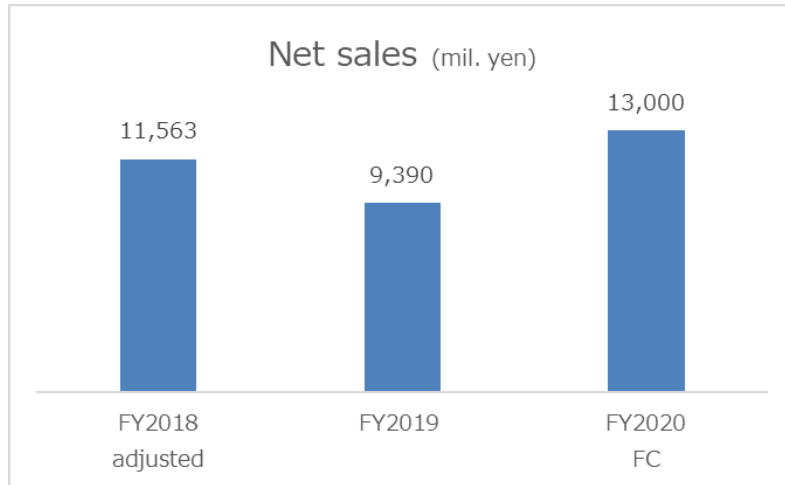


## Precision instruments

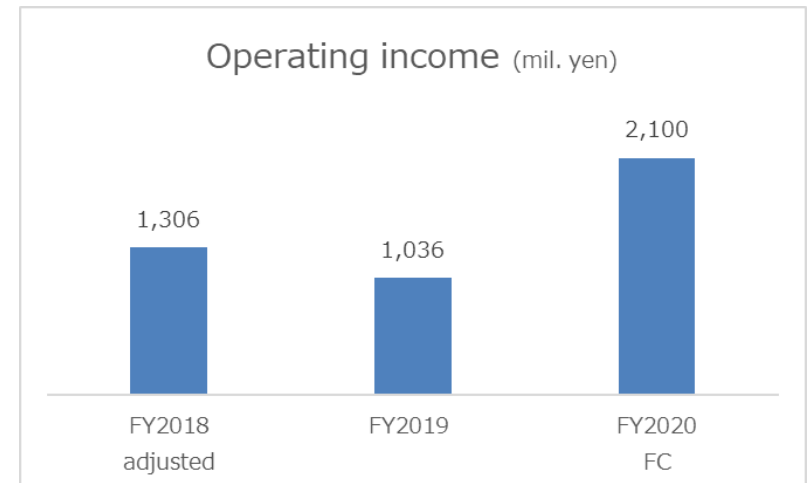
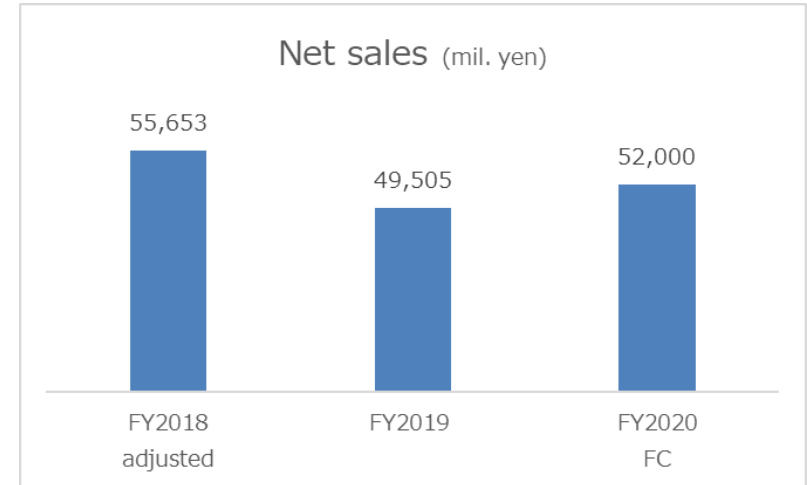


# 4-3. FY2018-2020

## Chemicals

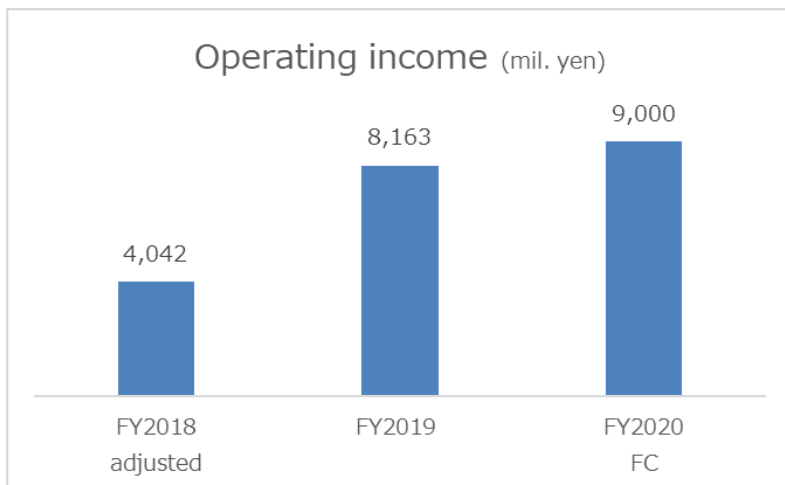
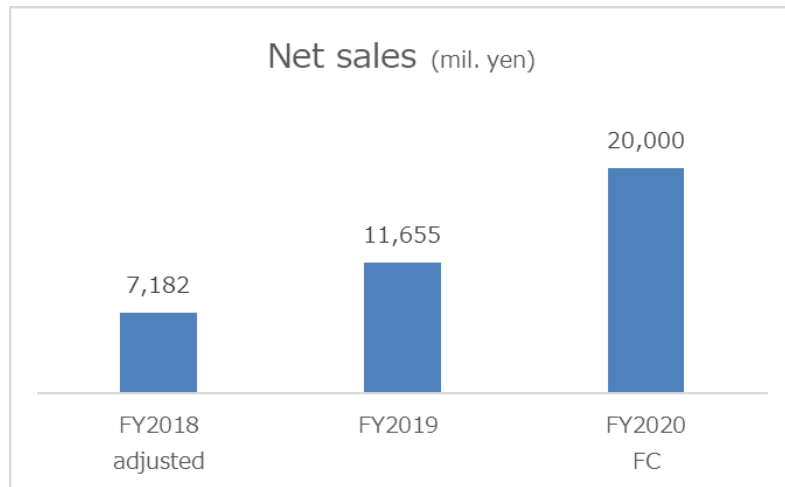


## Textiles

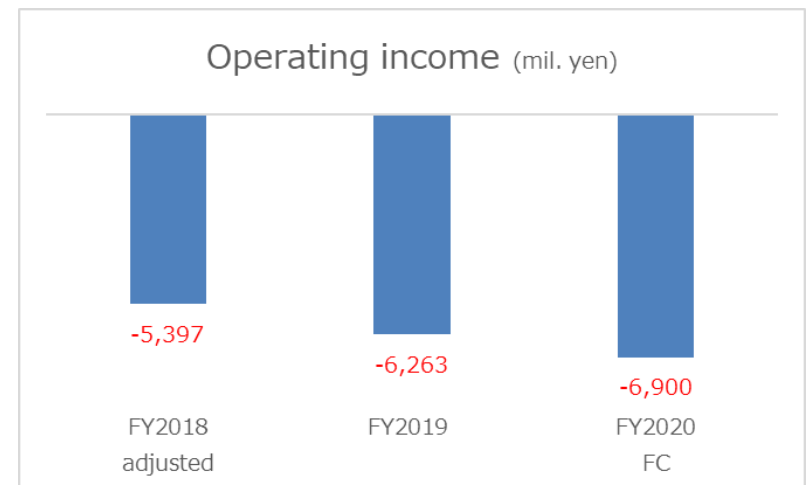
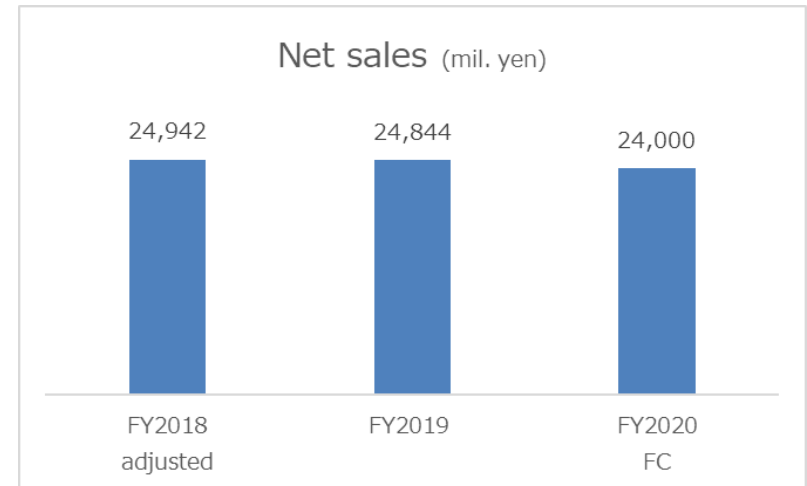


# 4-4. FY2018-2020

## Real estate



## Other businesses, Corporate costs



# 4-5. Performance by Segment ①

Wireless and communications	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Marine systems	37,100	-900	36,200	-600
Communications eqp	16,500	1,100	16,500	1,200
Solutions	68,500	1,000	67,800	1,100
Mechatronics & Power supply	17,600	200	19,800	100
Medical equipment	9,700	500	9,200	700
Others	3,400	300	2,300	-300
JRC Mobility	200	-400	200	-400
Eliminations	-	400	0	700
Total	153,000	2,200	152,000	2,500

FY2018		FY2019		Change	
FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
33,210	-2,727	34,916	-1,171	1,706	1,556
16,528	1,439	16,802	1,872	274	433
64,529	317	68,815	2,087	4,286	1,770
18,328	268	19,831	372	1,503	104
9,408	751	9,170	757	-238	6
2,512	-442	2,646	-217	134	225
0	-289	132	-397	132	-108
247	190	-104	796	-351	606
144,762	-493	152,212	4,100	7,450	4,594

FY2020	
FY2020 FC	
Net sales	O. P.
36,900	0
7,000	100
70,500	1,500
24,400	100
9,400	500
2,800	200
9,600	100
-600	400
160,000	2,900

Microdevices	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
NJR	52,700	1,400	43,500	100
REDC	25,300	1,000	23,000	0
Eliminations	-1,000	-200	-1,000	-300
Total	77,000	2,200	65,500	-200

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
50,081	1,565	43,610	144	-6,471	-1,421
18,073	1,043	22,812	375	4,739	-668
-1,418	-374	-1,137	-263	281	111
66,736	2,234	65,285	256	-1,450	-1,977

FY2020 FC	
Net sales	O. P.
46,000	900
24,500	500
-500	0
70,000	1,400

Automobile Brakes	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
NISB	55,000	2,900	53,800	1,800
TMD	97,300	-300	83,700	-3,500
Eliminations	-6,300	-800	-6,300	-800
Total	146,000	1,800	131,200	-2,500

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
56,444	3,846	50,854	1,620	-5,590	-2,226
90,593	-4,055	85,850	-4,152	-4,743	-97
-6,866	-707	-5,366	-808	1,500	-101
140,171	-916	131,338	-3,340	-8,833	-2,423

FY2020 FC	
Net sales	O. P.
54,000	1,700
87,200	0
-5,200	0
136,000	1,700

# 4-6. Performance by Segment ②

Precision Instruments	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Precision parts	17,500	800	16,300	400
Plastic products	51,600	1,700	51,800	1,200
Eliminations	-1,100	-800	-1,600	-800
<b>Total</b>	<b>68,000</b>	<b>1,700</b>	<b>66,500</b>	<b>800</b>

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
18,920	746	15,775	382	-3,145	-364
52,672	1,931	52,094	1,286	-578	-645
-5,671	-1,049	-2,441	-789	3,230	260
<b>65,921</b>	<b>1,628</b>	<b>65,428</b>	<b>879</b>	<b>-493</b>	<b>-748</b>

FY2020 FC	
Net sales	O. P.
17,600	300
50,700	1,700
-3,300	-800
<b>65,000</b>	<b>1,200</b>

Chemicals	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Environment and energy rela	9,000	1,600	8,500	1,500
Others	2,000	600	1,600	300
Eliminations	0	0	-100	0
<b>Total</b>	<b>11,000</b>	<b>2,200</b>	<b>10,000</b>	<b>1,800</b>

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
9,950	1,918	8,079	1,408	-1,871	-510
1,827	460	1,553	240	-274	-220
-214	3	-245	0	-31	-3
<b>11,563</b>	<b>2,381</b>	<b>9,390</b>	<b>1,649</b>	<b>-2,172</b>	<b>-732</b>

FY2020 FC	
Net sales	O. P.
10,500	1,900
2,500	700
0	0
<b>13,000</b>	<b>2,600</b>

※FC bipolar plates, Carbodilite, Insulator

Textiles	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Japan	45,800	1,200	44,500	800
Overseas	23,300	600	22,600	700
Eliminations	-14,100	-200	-13,800	-200
<b>Total</b>	<b>55,000</b>	<b>1,600</b>	<b>53,300</b>	<b>1,300</b>

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
47,013	1,028	42,484	526	-4,529	-502
22,134	684	21,970	770	-164	86
-15,494	-406	-14,949	-260	545	146
<b>53,653</b>	<b>1,306</b>	<b>49,505</b>	<b>1,036</b>	<b>-4,147</b>	<b>-269</b>

FY2020 FC	
Net sales	O. P.
43,000	1,300
22,500	900
-13,500	-100
<b>52,000</b>	<b>2,100</b>

# 4-7. Performance by Segment ③

Real Estate	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Total	6,000	2,700	5,500	3,200

FY2018		FY2019		Change	
FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
7,182	4,042	11,655	8,163	4,472	4,120

FY2020	
FY2020 FC	
Net sales	O. P.
20,000	9,000

Other businesses, Corporate costs	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Other business	24,000	300	24,000	0
Corporate costs	0	-6,700	0	-6,400
Total	24,000	-6,400	24,000	-6,400

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
24,942	0	24,844	-187	-98	-187
0	-5,397	0	-6,075	0	-678
24,942	-5,397	24,844	-6,263	-98	-865

FY2020 FC	
Net sales	O. P.
24,000	200
0	-7,100
24,000	-6,900

Segment Total	FY2019 FC		Revised FC (Oct. 31)	
	Net sales	O. P.	Net sales	O. P.
Total	540,000	8,000	508,000	500

FY2018 adjusted		FY2019		Change	
Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
514,933	4,784	509,660	6,482	-5,272	1,697

FY2020 FC	
Net sales	O. P.
540,000	14,000

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.**