

# Financial Results Briefing for the First Half of the Fiscal Year Ending March 31, 2018

Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

The statements contained in this material, which refer to current plans and projections, other than historical facts, represent forward-looking statements made at the discretion of top management based on information currently available.

Therefore, please note that the actual results may considerably differ from those projected due to various factors.

November 7, 2017



**NICHIAS Corporation**

# **1. Summary of Financial Results for H1 of FY2018 (April 1, 2017 - September 30, 2017)**



# Financial Highlights for H1 of FY2018

(Apr. 1, 2017 - Sept. 30, 2017)

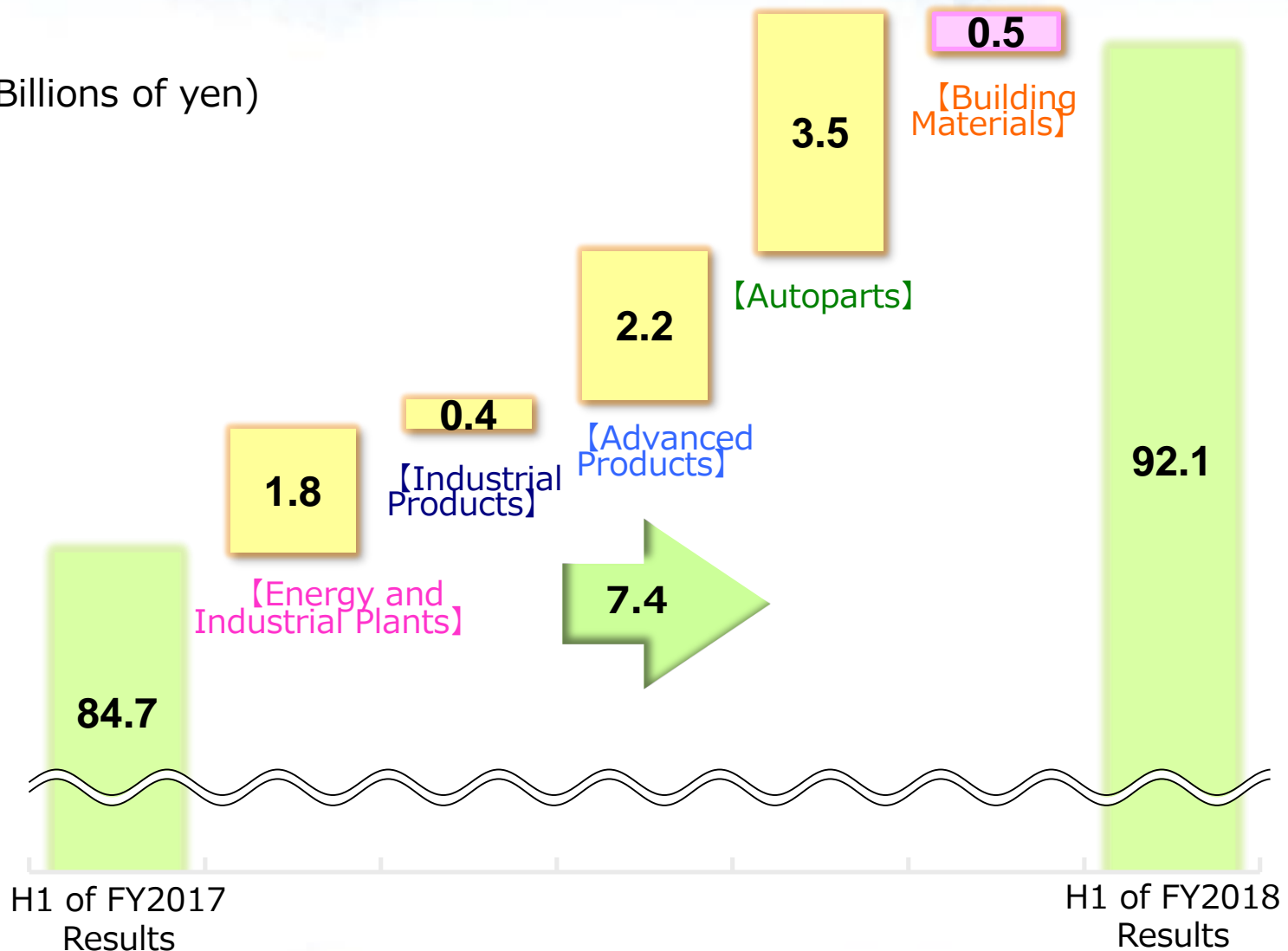
(Billions of yen)

	H1 FY2017 Results	H1 FY2018		Year-on- year Change	Compared to Forecast
		Forecast	Results		
Net Sales	<b>84.7</b>	<b>90.0</b>	<b>92.1</b>	<b>9%</b>	<b>2%</b>
Operating income	<b>8.9</b>	<b>8.9</b>	<b>9.6</b>	<b>8%</b>	<b>8%</b>
	<b>10.5%</b>	<b>9.9%</b>	<b>10.4%</b>		
Ordinary income	<b>8.4</b>	<b>9.0</b>	<b>9.9</b>	<b>18%</b>	<b>10%</b>
	<b>9.9%</b>	<b>10.0%</b>	<b>10.7%</b>		
Extraordinary income	<b>0.0</b>	—	<b>0.0</b>		
Extraordinary loss	<b>0.3</b>	—	<b>0.3</b>		
Profit attributable to owners of parent	<b>5.7</b>	<b>6.1</b>	<b>6.8</b>	<b>19%</b>	<b>11%</b>
	<b>6.7%</b>	<b>6.8%</b>	<b>7.3%</b>		

# Factors Affecting Changes in Net Sales for H1 of FY2018

(Apr. 1, 2017 - Sept. 30, 2017)

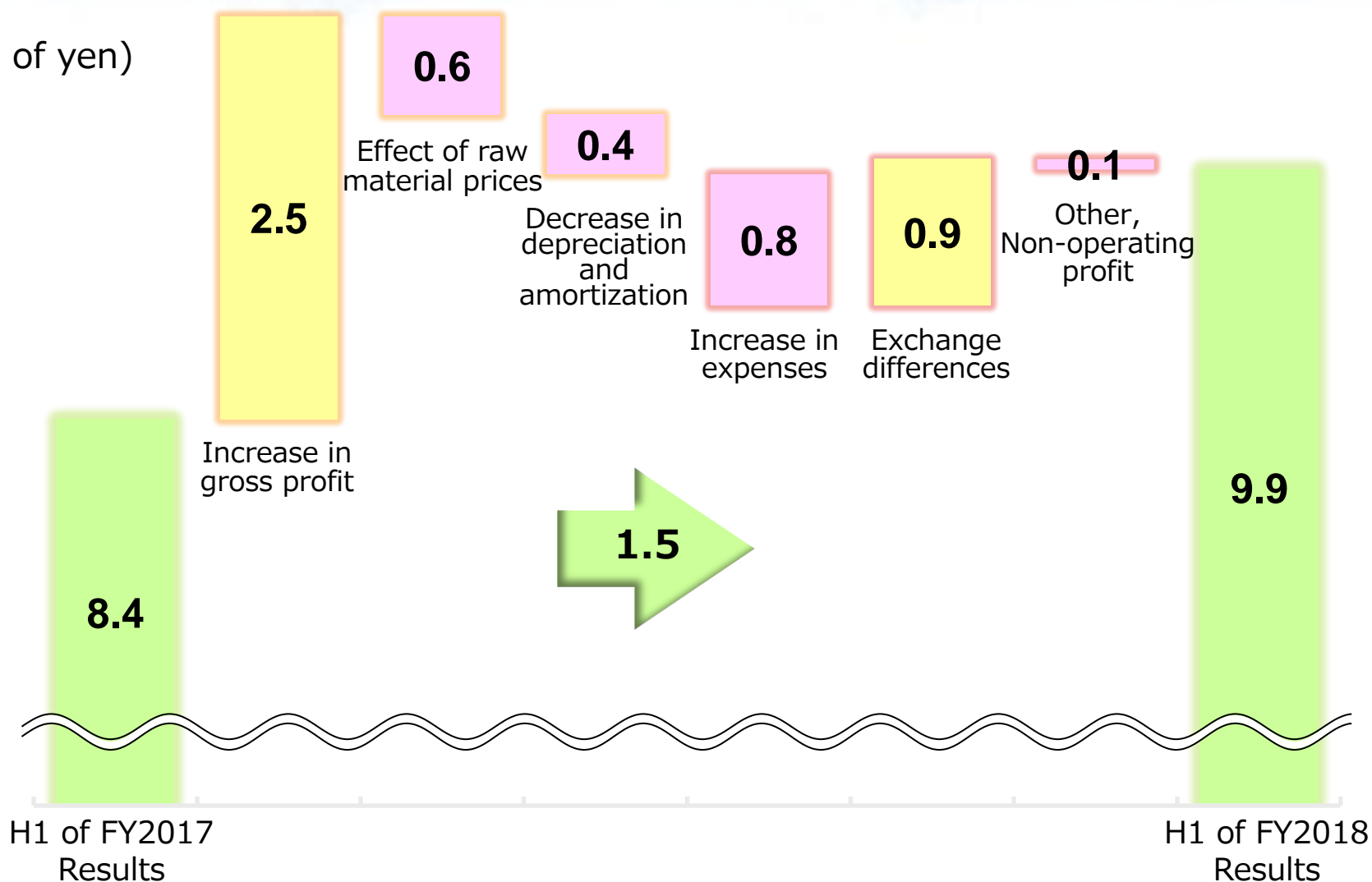
(Billions of yen)



# Factors Affecting Changes in Ordinary Income for FY2018

(Apr. 1, 2017 - Sept. 30, 2017)

(Billions of yen)



# Net Sales and Operating Income by Segment

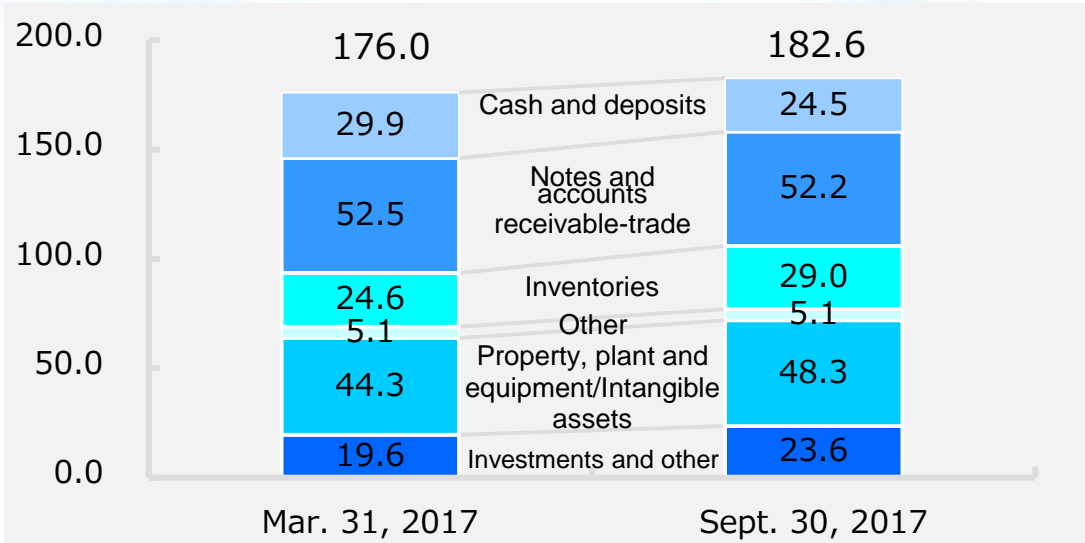
(Billions of yen)

Segment		H1 FY2017 Results	H1 FY2018		Year-on-year Change	Compared to Forecast
			Forecast	Results		
Energy and Industrial Plants	Net Sales	24.6	26.7	26.4	7%	(1%)
	Operating income	1.9	2.1	1.9	(1%)	(10%)
		7.7%	7.9%	7.1%		
Industrial Products	Net Sales	20.3	20.0	20.7	2%	4%
	Operating income	2.9	2.9	3.0	3%	4%
		14.3%	14.5%	14.5%		
Advanced Products	Net Sales	8.8	10.3	11.0	25%	6%
	Operating income	1.6	1.8	2.1	35%	17%
		17.7%	17.5%	19.2%		
Autoparts	Net Sales	18.0	20.5	21.4	19%	5%
	Operating income	2.2	2.0	2.3	6%	14%
		12.1%	9.8%	10.7%		
Building Materials	Net Sales	13.1	12.5	12.6	(4%)	1%
	Operating income	0.4	0.1	0.3	(16%)	195%
		2.7%	0.8%	2.3%		
Total	Net Sales	84.7	90.0	92.1	9%	2%
	Operating income	8.9	8.9	9.6	8%	8%
		10.5%	9.9%	10.4%		

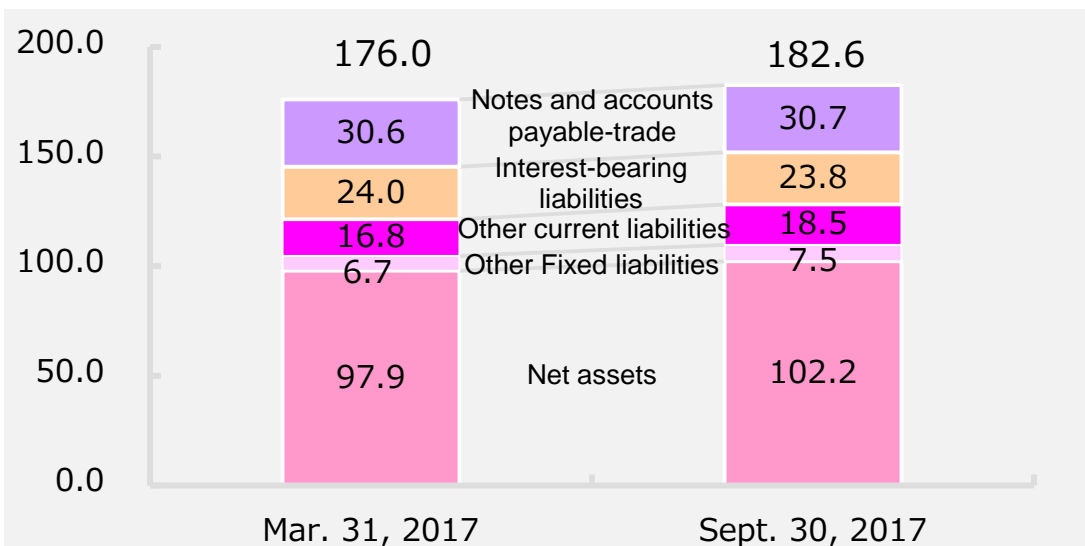
# Balance Sheet Highlights

(Billions of yen)

## Assets

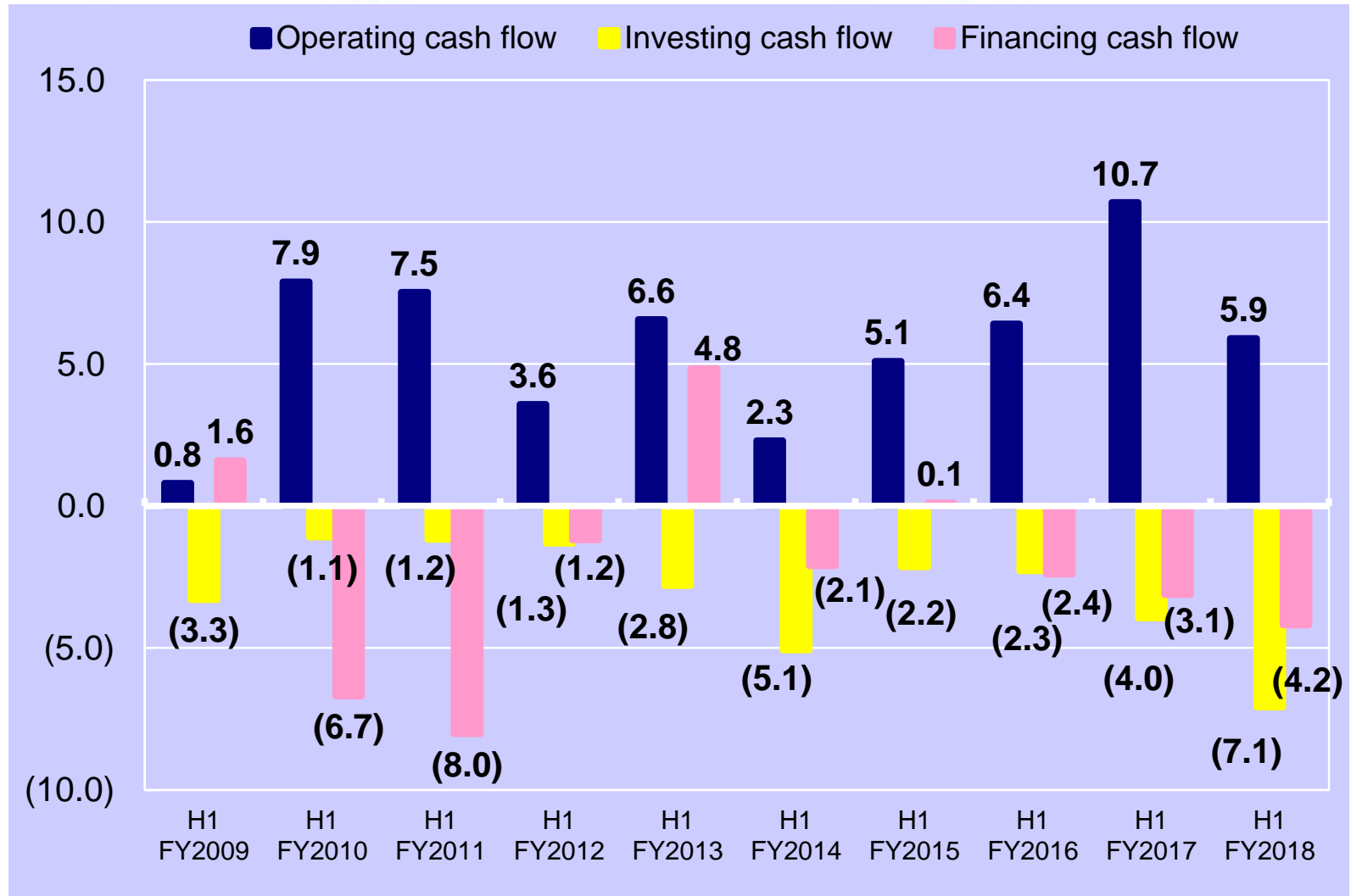


## Liabilities and Net assets



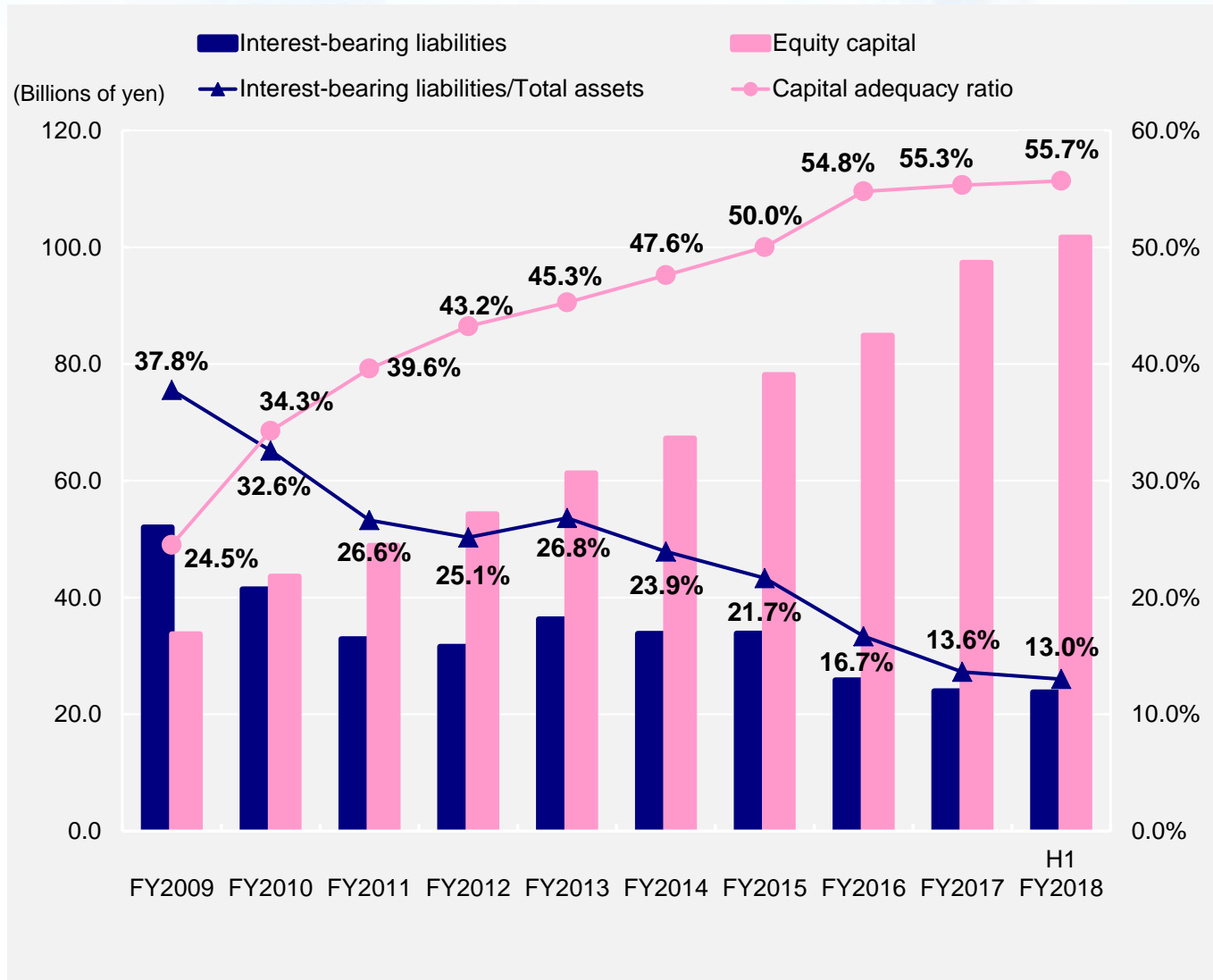
# Trends in Cash Flow

(Billions of yen)

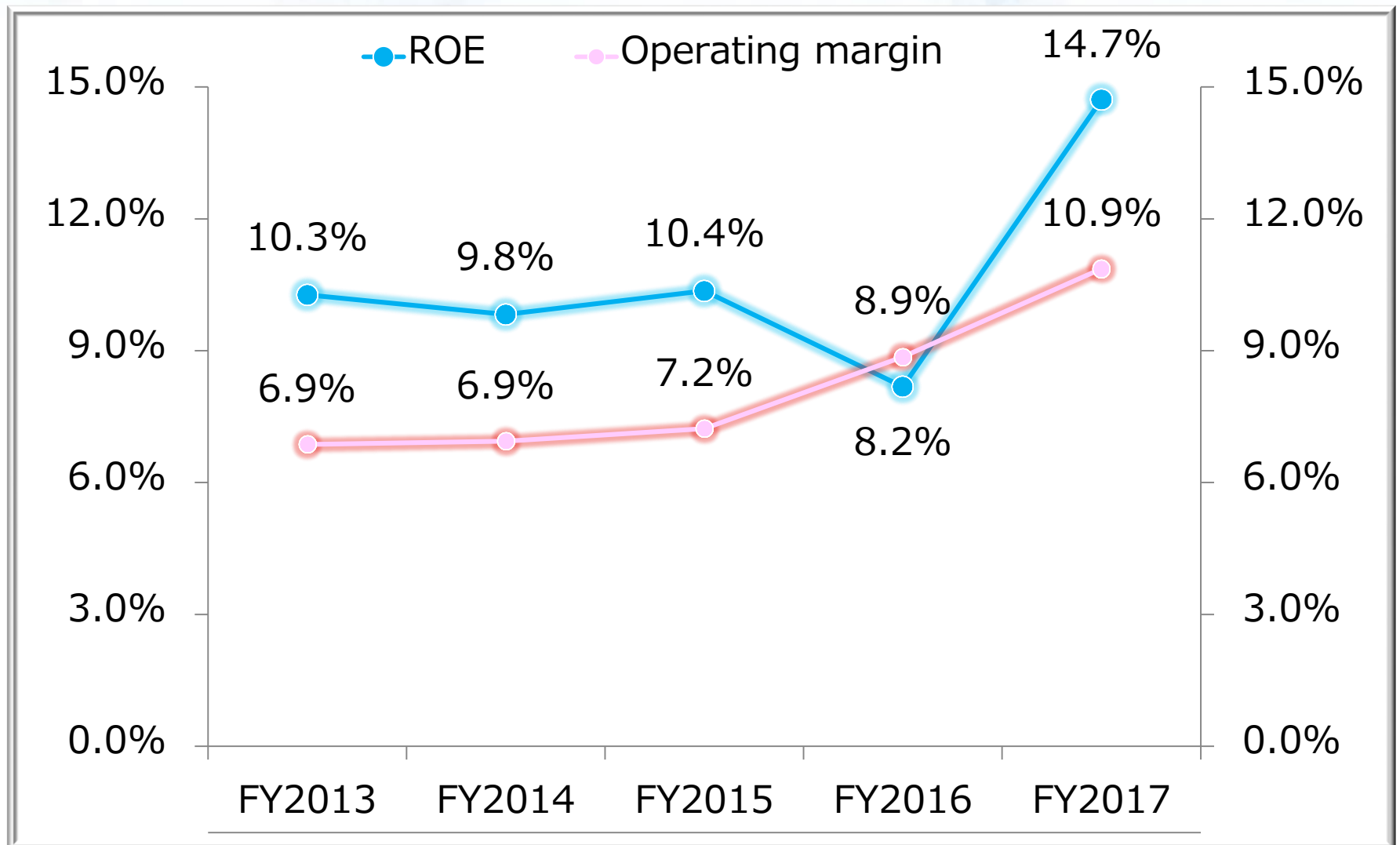




# Trends in Interest-bearing Liabilities and Equity Capital



# Trends in Operating margin and ROE







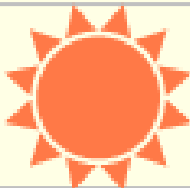
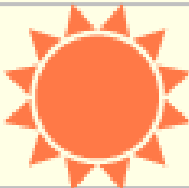




## **2. Full-year Outlook for FY2018**

**(April 1, 2017 - March 31, 2018)**



**NICHIAS Corporation**

# Business Environment for FY2018

Segment	H1 FY2018 (Results)	H2 FY2018 (Forecast)
Energy and Industrial Plants		
Industrial Products		
Advanced Products		 ?
Autoparts		
Building Materials		

# Full-year Operating Forecast for FY2018

(Apr. 1, 2017 – Mar. 31, 2018)

(Billions of yen)

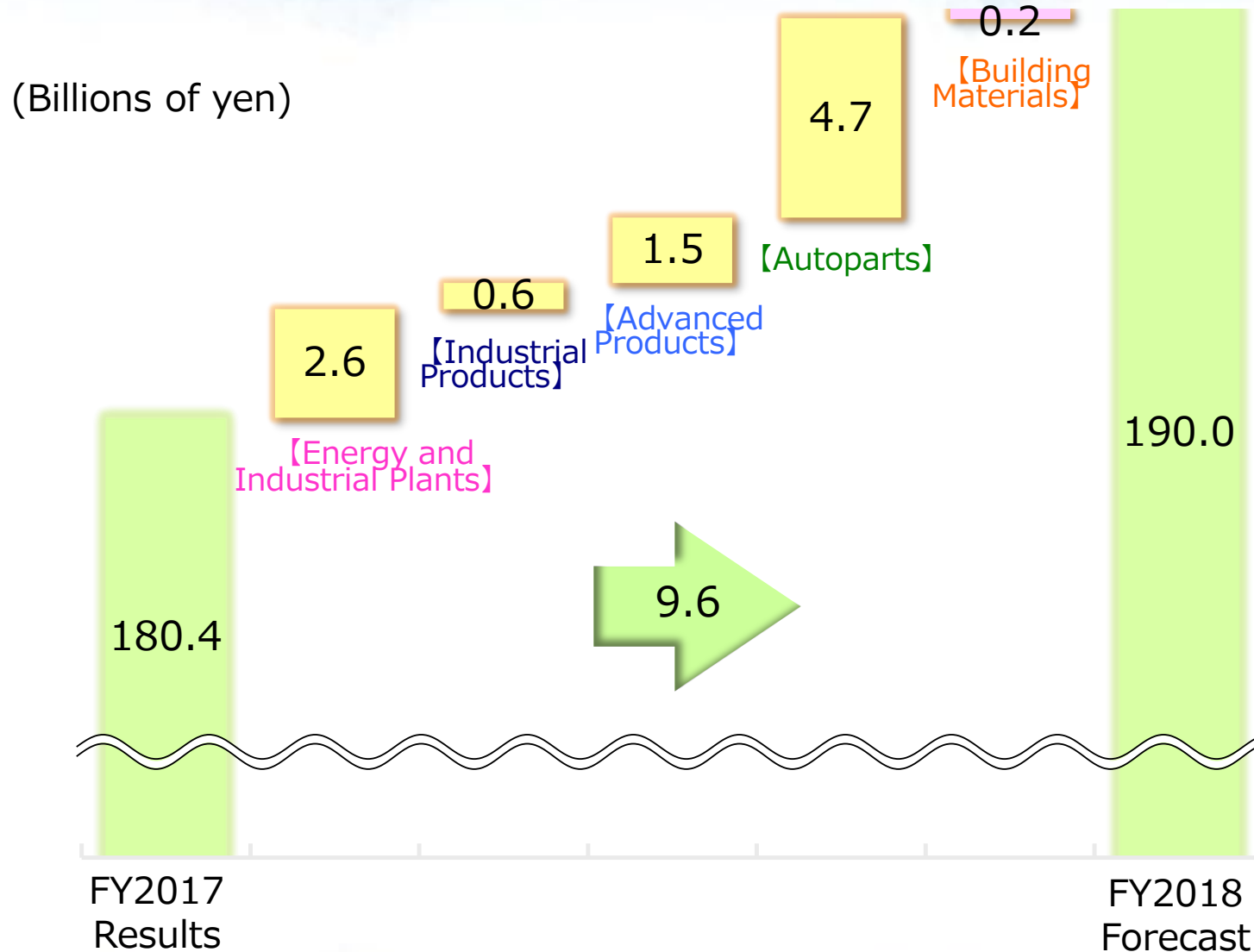
	FY2017	FY2018			Year-on-year Change
	Full-year Results	H1 Results	H2 Forecast	Full-year Forecast	
Net Sales	<b>180.4</b>	<b>92.1</b>	<b>97.9</b>	<b>190.0</b>	<b>5%</b>
Operating income	<b>19.6</b>	<b>9.6</b>	<b>10.1</b>	<b>19.7</b>	<b>1%</b>
	<b>10.9%</b>	<b>10.4%</b>	<b>10.3%</b>	<b>10.4%</b>	
Ordinary income	<b>19.8</b>	<b>9.9</b>	<b>10.0</b>	<b>19.9</b>	<b>1%</b>
	<b>11.0%</b>	<b>10.7%</b>	<b>10.2%</b>	<b>10.5%</b>	
Profit attributable to owners of parent	<b>13.4</b>	<b>6.8</b>	<b>6.7</b>	<b>13.5</b>	<b>1%</b>
	<b>7.4%</b>	<b>7.3%</b>	<b>6.9%</b>	<b>7.1%</b>	

# Trends in Net Sales and Operating Income by Segment

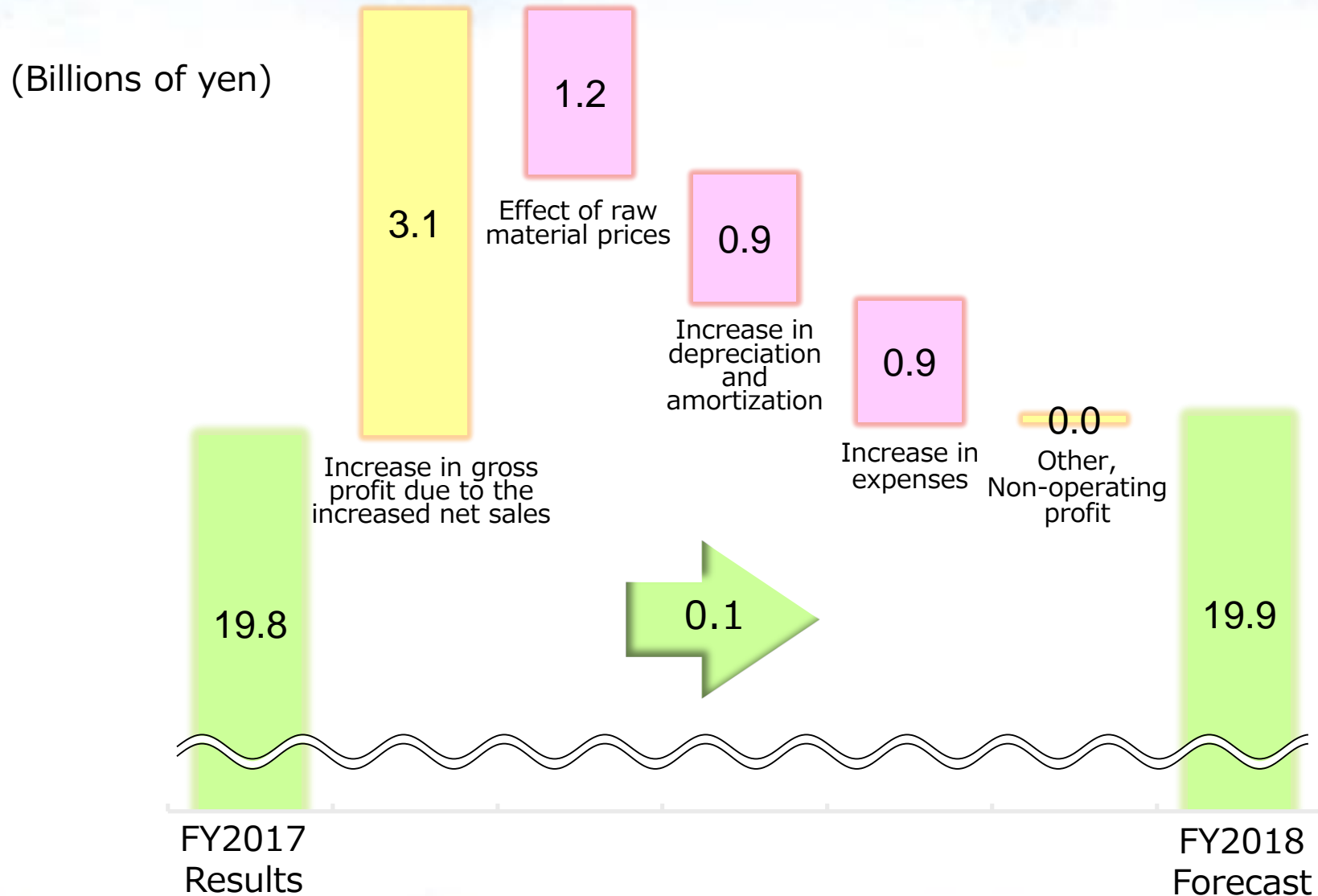
(Billions of yen)

Segment		FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Results	FY2018		Year-on- year Change
						Original Forecast	Revised forecast	
Energy and Industrial Plants	Net Sales	39.0	38.6	51.5	52.4	55.0	55.0	5%
	Operating income	2.7	2.3	3.8	4.6	4.5	4.5	(2%)
		6.9%	6.0%	7.4%	8.7%	8.2%	8.2%	
Industrial Products	Net Sales	37.3	39.4	40.8	41.4	42.0	42.0	1%
	Operating income	4.3	4.2	6.0	6.0	6.2	6.2	3%
		11.4%	10.7%	14.6%	14.5%	14.8%	14.8%	
Advanced Products	Net Sales	11.0	14.9	15.5	19.5	21.0	22.0	13%
	Operating income	(0.1)	1.8	2.2	3.7	3.6	3.9	7%
		(1.1%)	11.8%	14.2%	18.8%	17.1%	17.7%	
Autoparts	Net Sales	25.9	29.2	35.5	37.8	42.5	42.5	12%
	Operating income	1.9	2.7	4.4	4.1	4.1	4.1	0%
		7.2%	9.2%	12.5%	10.9%	9.6%	9.6%	
Building Materials	Net Sales	23.7	25.0	27.1	29.3	29.5	28.5	(3%)
	Operating income	0.7	(0.8)	(1.3)	1.2	1.3	1.0	(19%)
		3.1%	(3.0%)	(4.8%)	4.2%	4.4%	3.5%	
Total	Net Sales	137.0	147.1	170.4	180.4	190.0	190.0	5%
	Operating income	9.4	10.2	15.1	19.6	19.7	19.7	1%
		6.9%	6.9%	8.9%	10.9%	10.4%	10.4%	

# FY2018 Forecast: Factors Affecting Changes in Net Sales (Apr. 1, 2017 - Mar. 31, 2018)



# FY2018 Forecast: Factors Affecting Changes in Ordinary Income (Apr. 1, 2017 - Mar. 31, 2018)





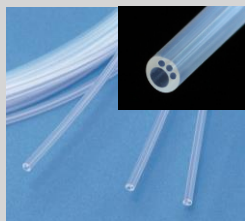
# Business strategy in the Medium-term Management Plan

Focus on growth markets

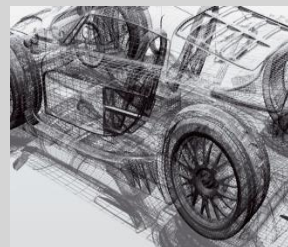
Strengthen overseas business  
30 billion yen (FY2016)  
⇒40 billion yen (FY2019)

Increase share of domestic markets  
& Efficient operations

Medical devices



Auto parts



Petroleum and petrochemicals



Environment



Industrial rock wool  
heat-insulating  
materials



Residential rock wool  
heat-insulating  
Materials



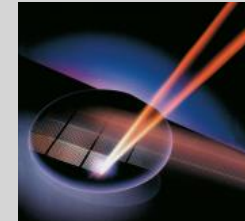
Fire-resistant covering



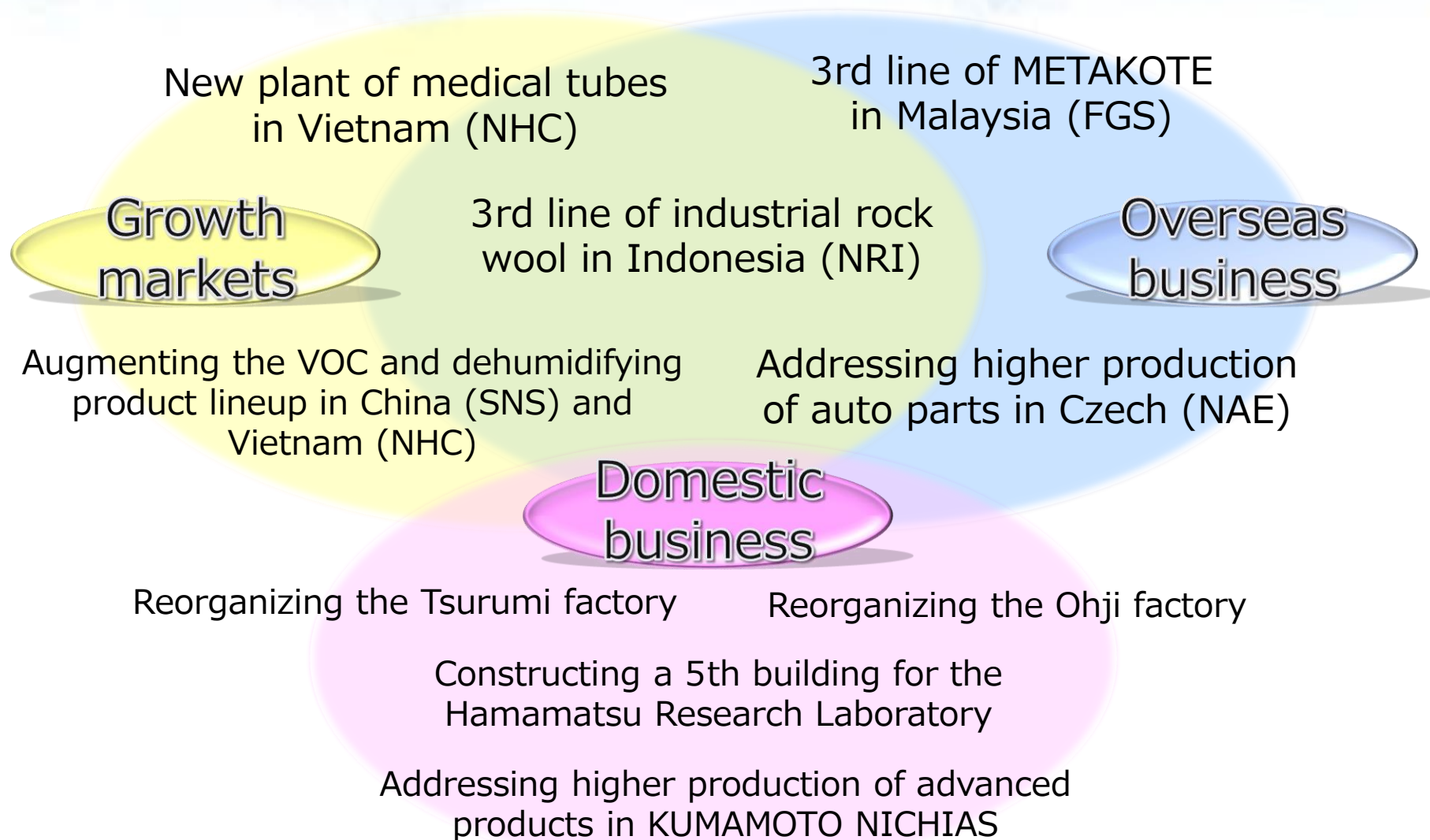
Construction



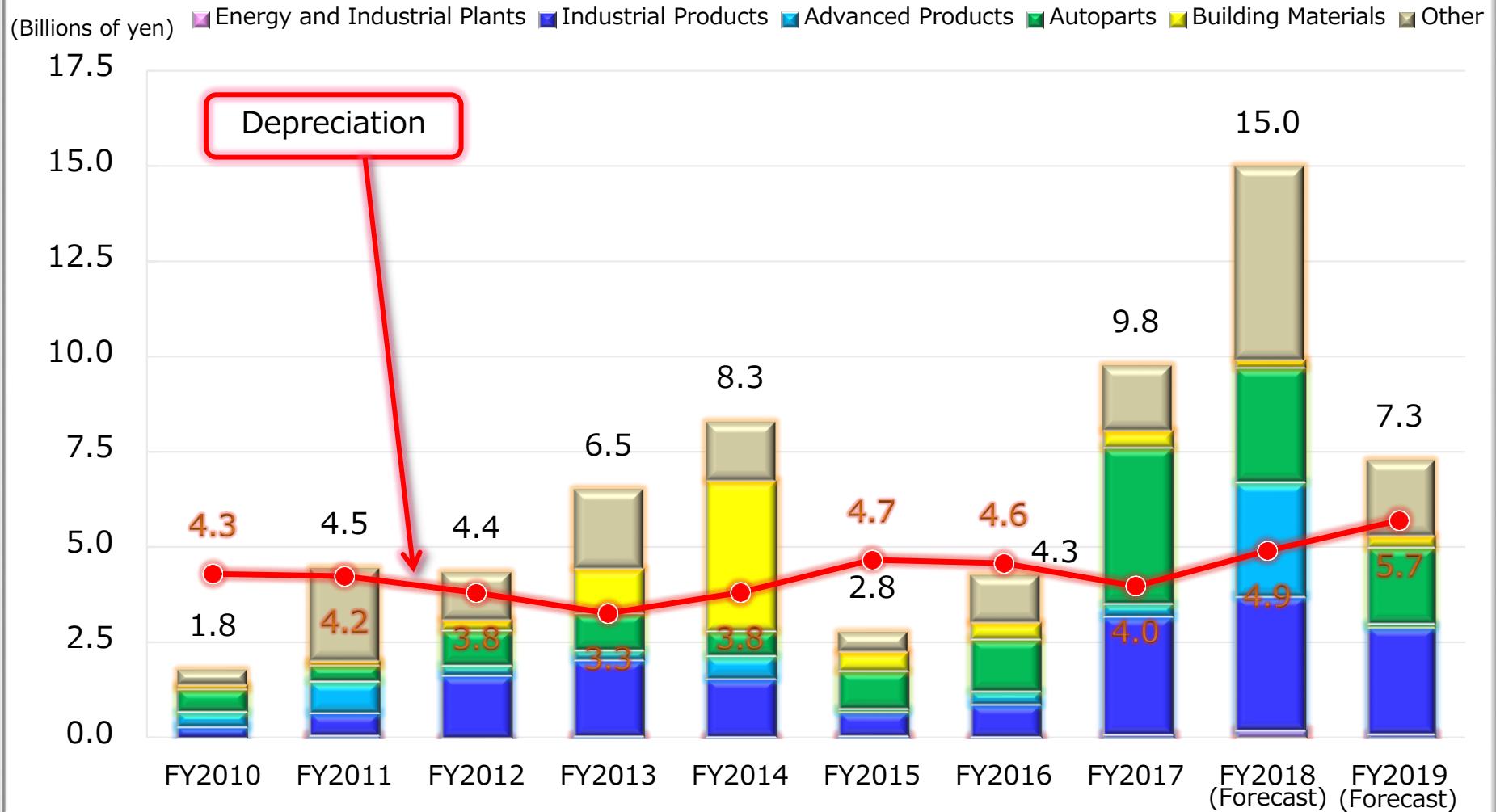
High-performance products



# Major Capital Expenditures during the Medium-term Management Plan



# Capital Expenditures and Depreciation



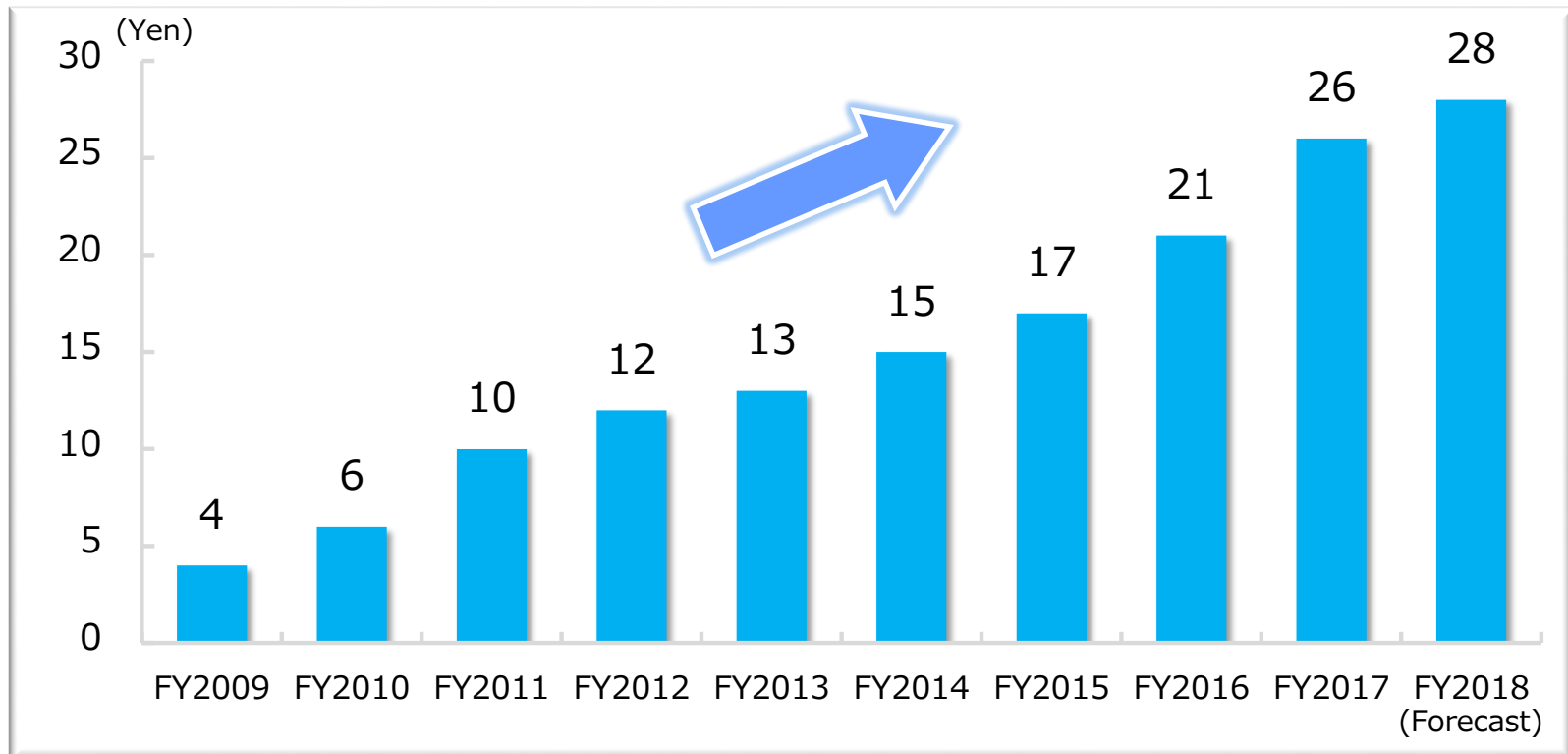
# Revision of the Medium-term Management Plan

(Billions of yen)	FY2016 Results	FY2017 Results	FY2018 Forecast	FY2019 Targets of the Medium-term
Net Sales	<b>170.4</b>	<b>180.3</b>	<b>190.0</b>	<b>200.0</b>
Operating Income	<b>15.1</b>	<b>19.6</b>	<b>19.7</b>	—
Operating Margin	<b>8.9%</b>	<b>10.9%</b>	<b>10.4%</b>	<b>10% and more</b>
ROE	<b>8.2%</b>	<b>14.7%</b>	<b>10% and more</b>	<b>10% and more</b>
Capital Expenditures of Medium-term Management Plan				<b>30.0</b>

# Dividends payments by NICHIAS

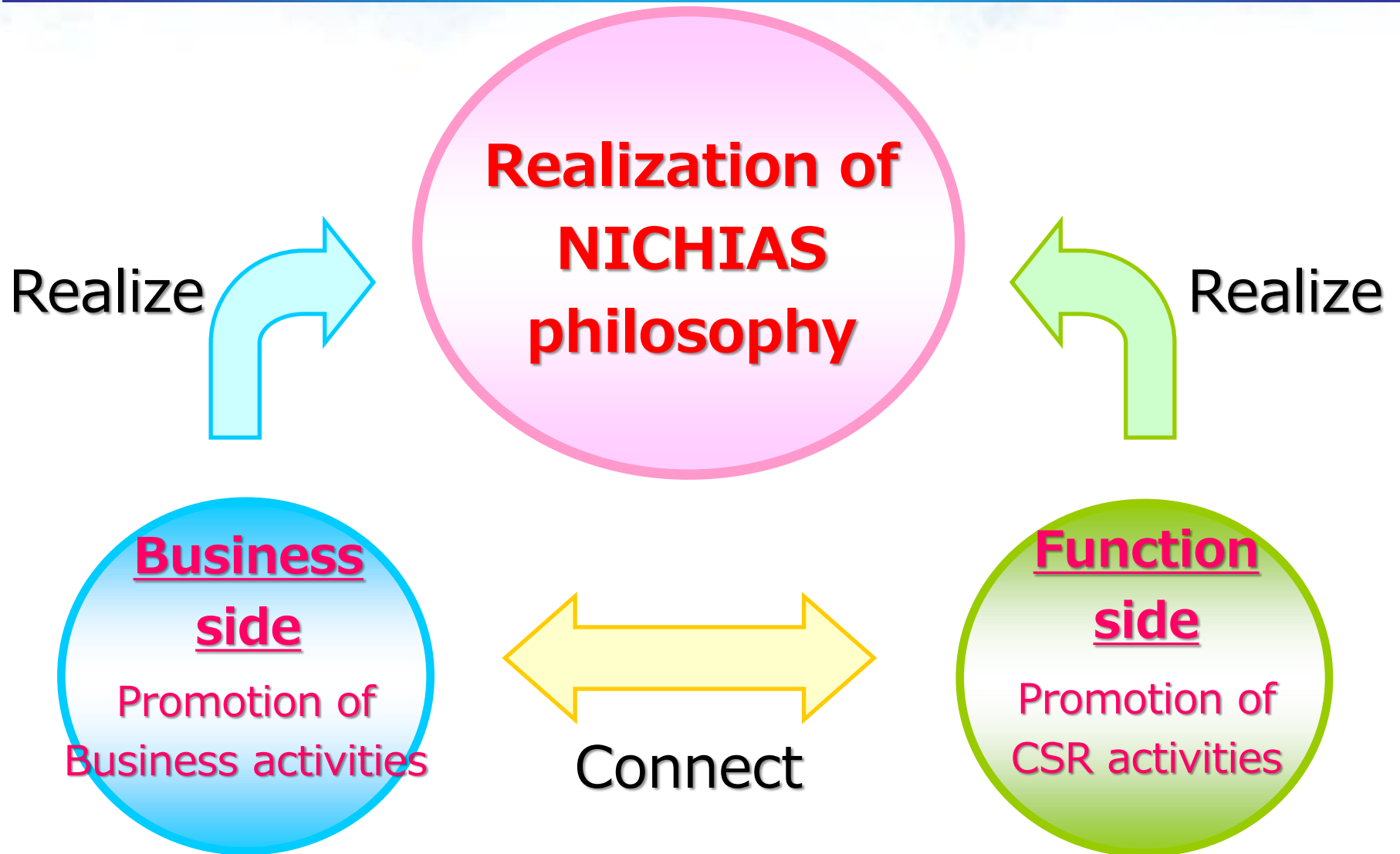
## Return to Stockholders

- The Company's basic policy rests on ongoing stable dividends, and aims for a dividend payout ratio of 25-35%.
- The Company will repurchase shares flexibly in light of the balance with investments for growth.



Business and Function (CSR activities) = Two wheels of a car

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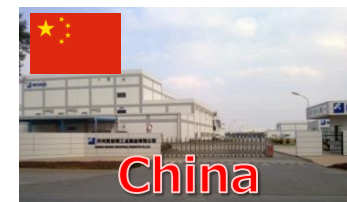
# NKK (Nichias Kaizen Katsudou)



## NKK in FY2018

No. of Teams: 565 teams

No. of Participants: 4,333 people



**Become a company with sustainable competitive strengths**

Thank you!

Thank you!

Thank you!

Thank you!

Thank you!

Thank you!

Thank you!

**A bright company where  
it is pleasant to work**

Thank you!

Thank you!

Thank you!

Thank you!

Thank you!

Thank you! Thank you!



## The NICHIAS Philosophy

NICHIAS contributes to the Earth's bright future through our "Insulation and Protection" technologies.

### Our Promise

- We will abide by community standards and work together with the communities we serve.
- We will strive for customer satisfaction while never forgetting a sense of gratitude.
- We will believe in mutual trust and continue to grow together.



## "TATSU-TAMOTSU" technologies for a brighter future



\*\*"TATSU-TAMOTSU" refers to NICHIAS' "Insulation and Protection" technologies.

## NICHIAS Environmental Charter

NICHIAS contributes to the realization of a society centered on sustainable development by utilizing our "Insulation and Protection" technology solutions in the reduction of a variety of negative environmental impacts including the mitigation of global warming.

### Environmental Action Guidelines

In keeping with the NICHIAS Environmental Charter, NICHIAS continually engages in and endeavors to improve upon the following activities.

#### 1. Thorough compliance

Fulfill social responsibilities by not only observing legal requirements, but also establishing and implementing our own voluntary standards.

#### 2. Development of products with lower environmental impact

Strive to develop and promote products and services effective in reducing environmental impact.

#### 3. Enhancement of environmental performance

Establish and make progress toward environmental goals in such areas as energy and natural resources conservation, and chemicals management, etc.

#### 4. Coexistence with society

Coexist with the local community, and value the rich natural environment.



Established April 6, 2001  
Revised April 1, 2017