

# Financial Results Summary FY2017

All forecasts and plan that are not historical facts in this document are future business result related forecast. These are showed by based on information and data currently available to the company. Various uncertain factors could cause actual results to differ.

**8<sup>th</sup> May, 2018**



**NICHIAS Corporation**

# Summary of Business Results for FY2017

(From 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018)



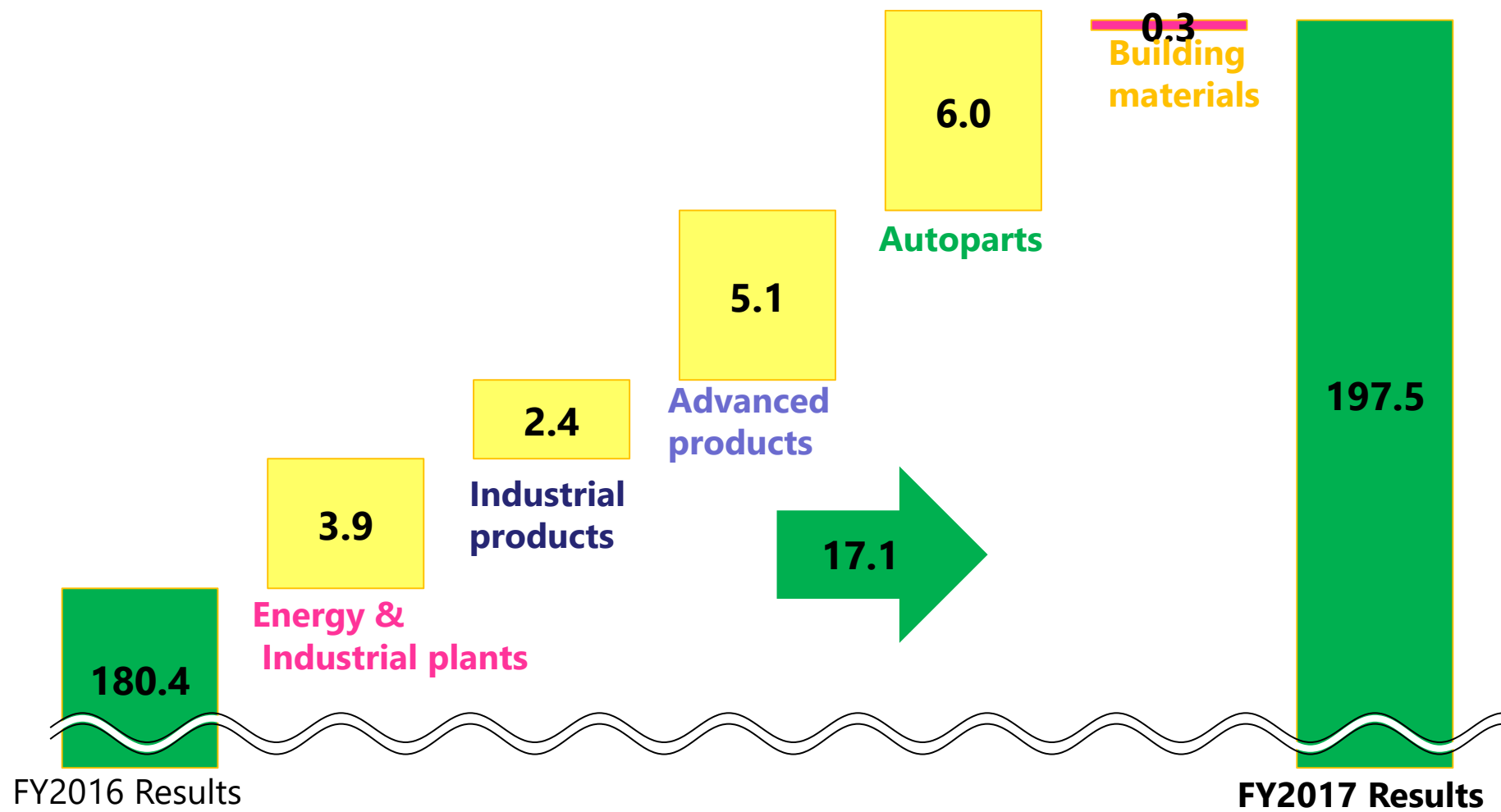
# Financial Highlights for FY2017 Results

(JPY billion)

	FY2016 Results	FY2017		Change	
		Forecast	Results	Year	Forecast
Net sales	180.36	190.00	<b>197.50</b>	9.5%	3.9%
Operating income	19.60 10.9%	19.70 10.4%	<b>21.36</b> <b>10.8%</b>	9.0%	8.4%
Ordinary income	19.76 11.0%	19.90 10.5%	<b>21.80</b> <b>11.0%</b>	10.4%	9.6%
Extraordinary profit	0.01	-	<b>0.06</b>		
Extraordinary loss	0.75	-	<b>0.64</b>		
Profit attributable to owners of parent	13.41 7.4%	13.50 7.1%	<b>14.96</b> <b>7.6%</b>	11.5%	10.8%

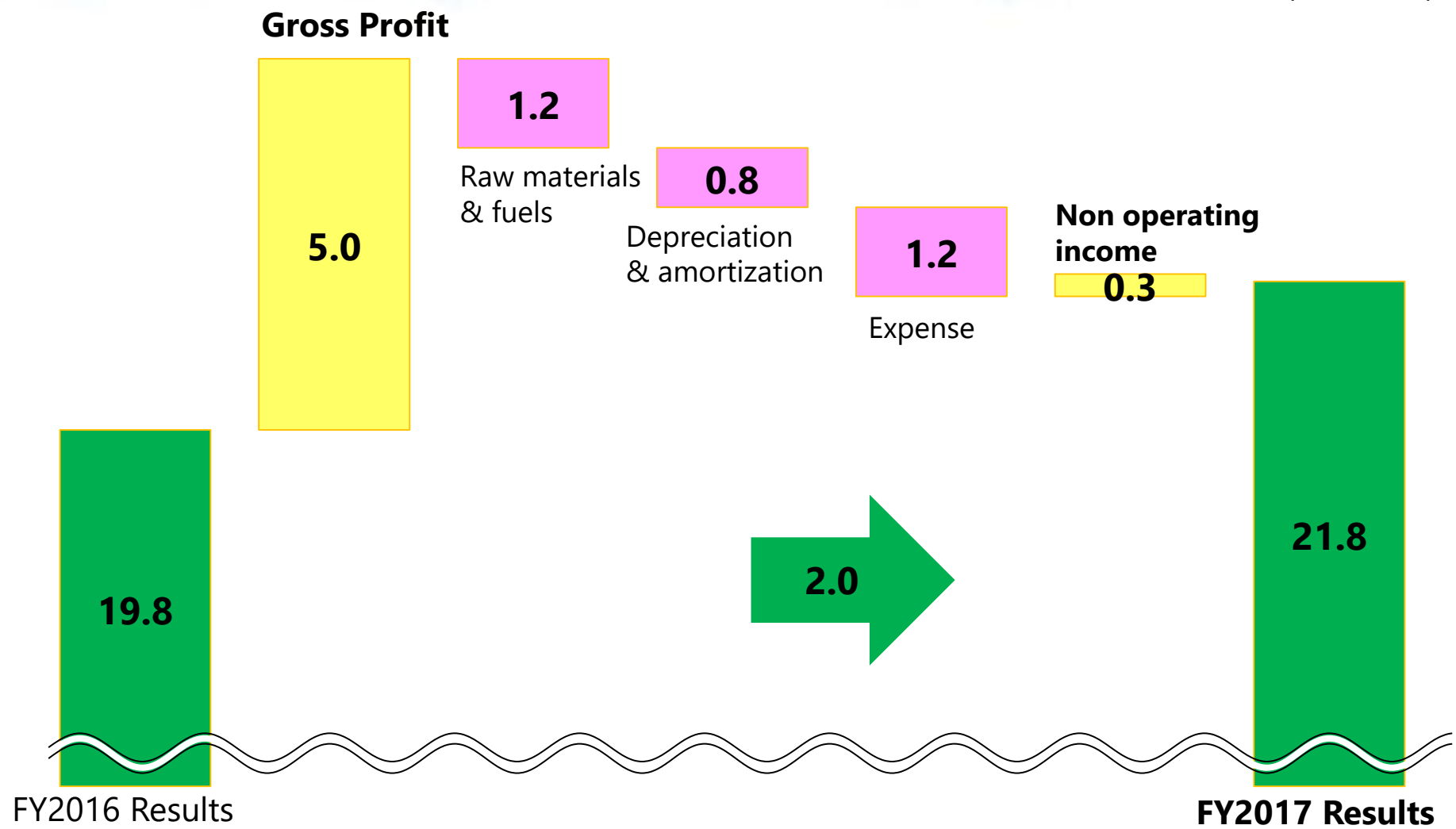
# Change Analysis FY2017 Net sales

(JPY billion)



# Change Analysis FY2017 Ordinary income

(JPY billion)



# Business results FY2017 Group segment

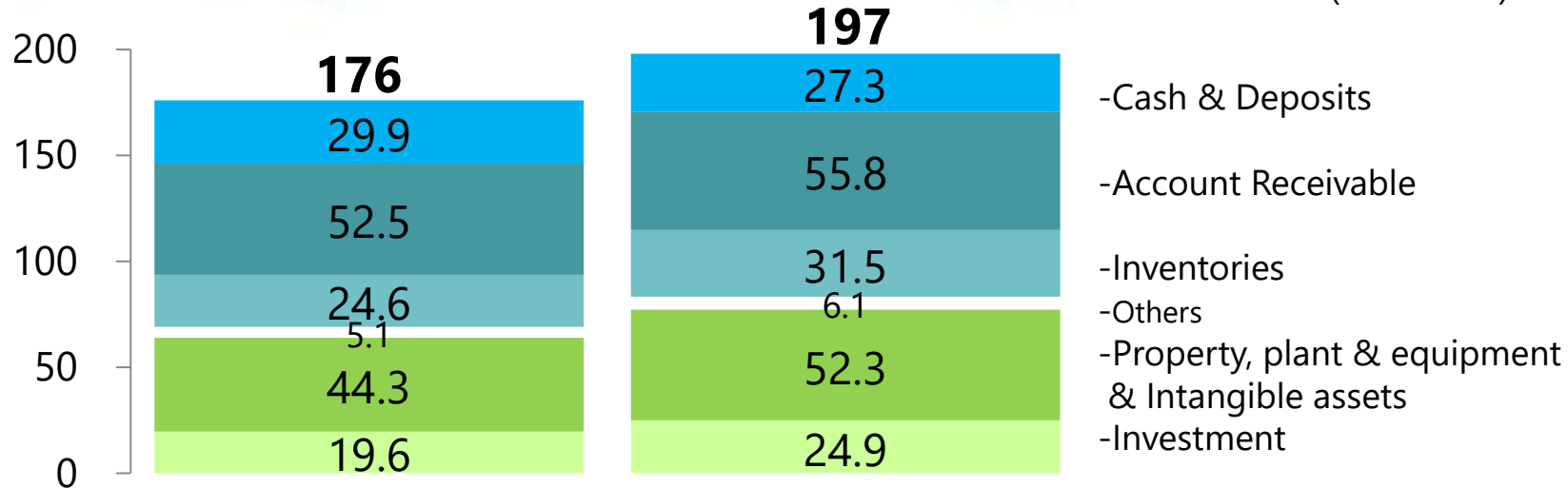
(JPY billion)

Segment		FY2016 Results	FY2017		Change	
			Forecast	Results	Year	Forecast
Energy and Industrial plants	Net Sales	52.44	53.00	<b>56.39</b>	7.5%	6.4%
	Operating income	4.58	3.90	<b>4.73</b>	3.3%	21.3%
		8.7%	7.4%	8.4%		
Industrial products	Net Sales	41.39	42.00	<b>43.76</b>	5.7%	4.2%
	Operating income	6.01	6.20	<b>6.55</b>	9.0%	5.7%
		14.5%	14.8%	15.0%		
Advanced products	Net Sales	19.46	24.00	<b>24.56</b>	26.2%	2.4%
	Operating income	3.65	4.50	<b>4.64</b>	26.8%	3.0%
		18.8%	18.8%	18.9%		
Autoparts	Net Sales	37.80	42.50	<b>43.81</b>	15.9%	3.1%
	Operating income	4.11	4.10	<b>4.40</b>	6.9%	7.3%
		10.9%	9.9%	10.0%		
Building materials	Net Sales	29.27	28.50	<b>28.97</b>	(1.0%)	1.7%
	Operating income	1.24	1.00	<b>1.04</b>	(16.0%)	3.8%
		4.2%	3.5%	3.6%		
Total	Net Sales	180.36	190.00	<b>197.50</b>	9.5%	3.9%
	Operating income	19.60	19.70	<b>21.36</b>	9.0%	8.4%
		10.9%	10.4%	10.8%		

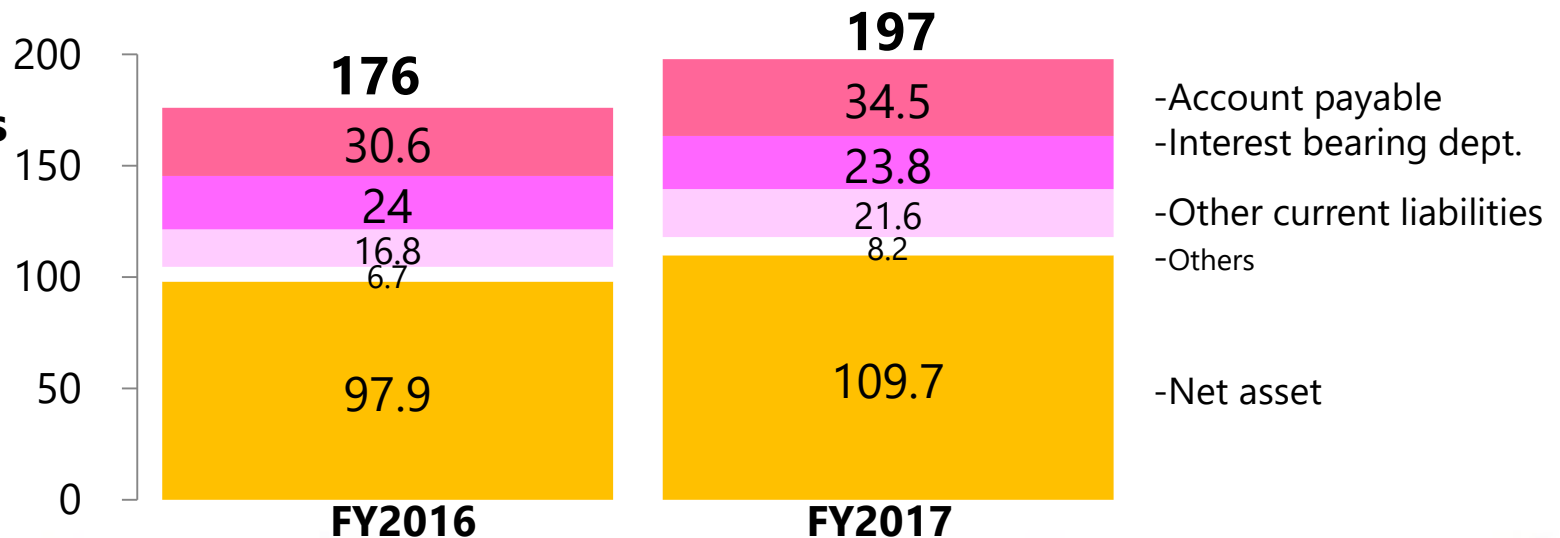
# Balance Sheet highlights FY2017

## Assets

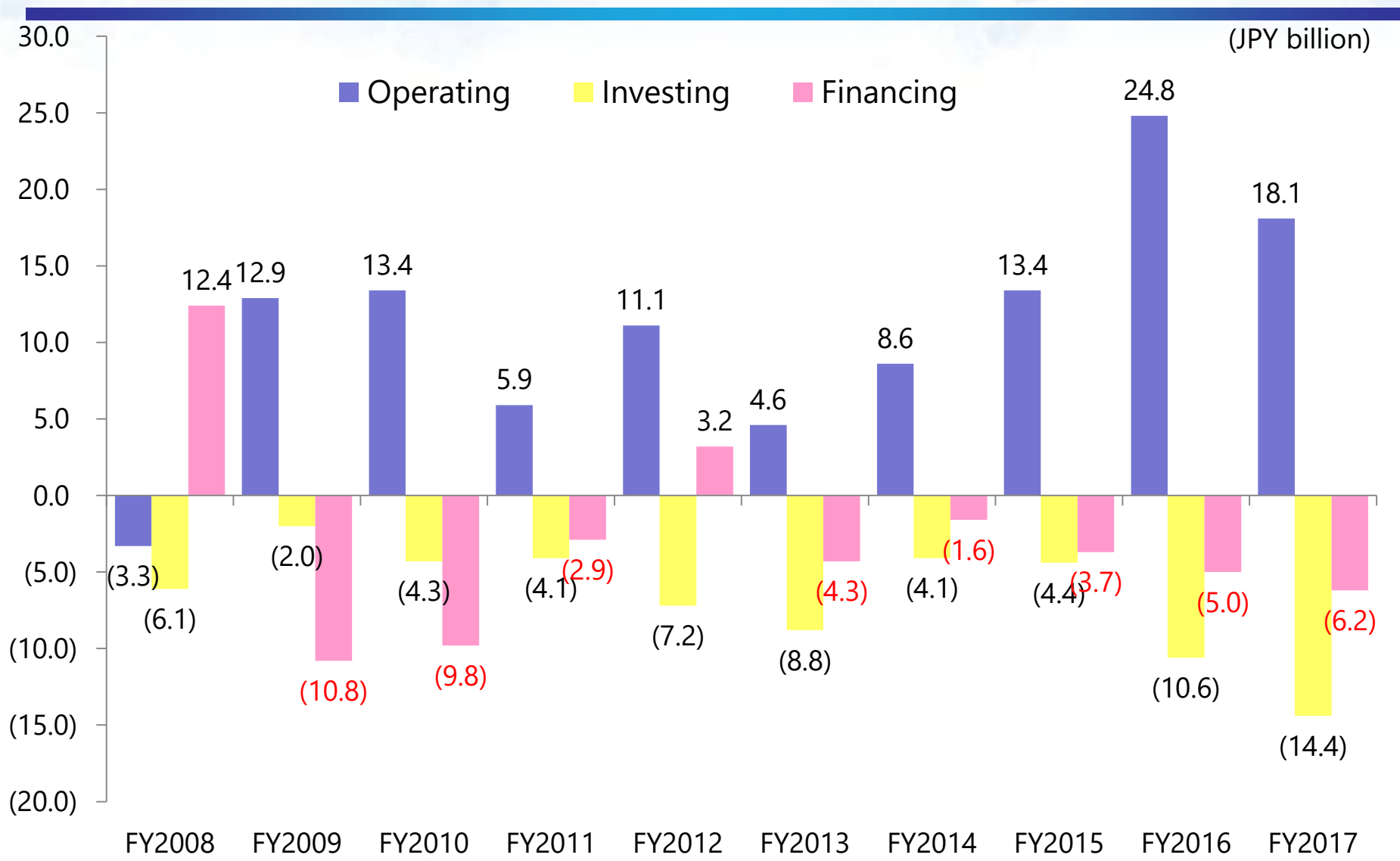
(JPY billion)



## Liabilities & Net assets

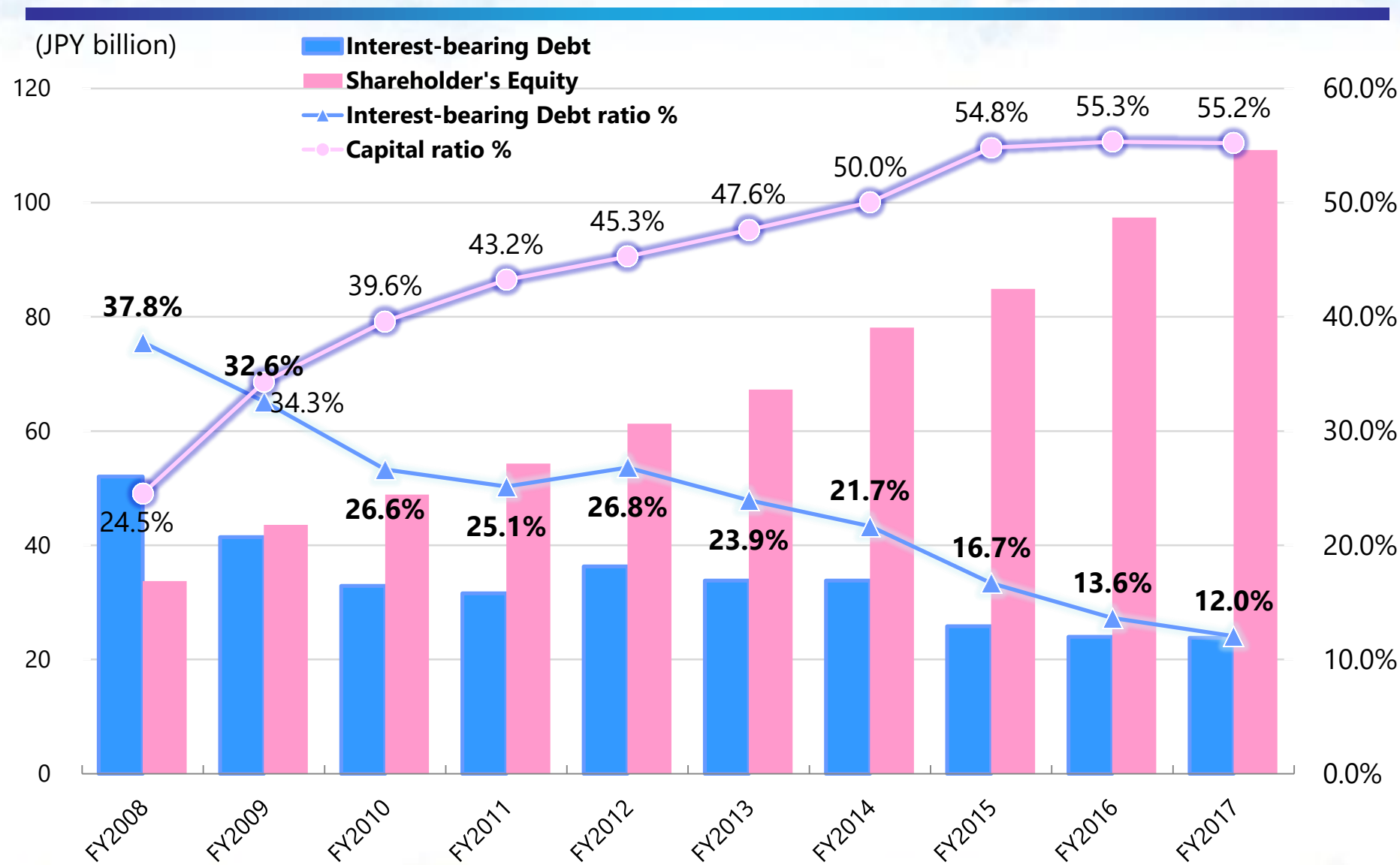


# Cash Flow Trends

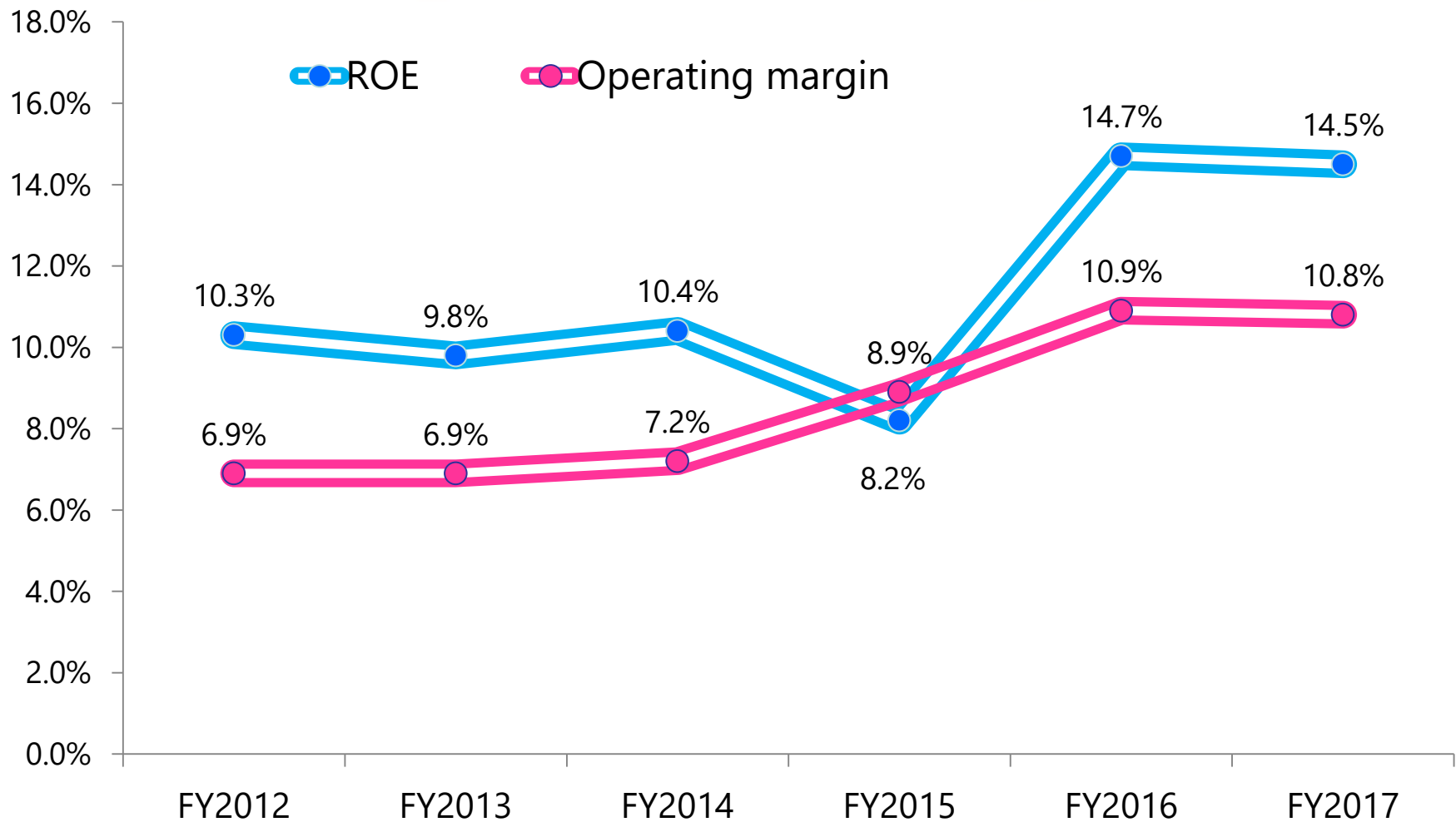




# Interest-bearing Liabilities & Equity Trends



# ROE & Operating margin Trends













# Summary of Business forecast for FY2018

(From 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019)



**NICHIAS Corporation**

# Business outlook FY2018

Segment	FY2017 Results	FY2018 Forecast
Energy & industrial plants		
Industrial products		
Advanced products		
Autoparts		
Building materials		

# Financial Highlights for FY2018 Forecast

(JPY billion)

	FY2017 Results	FY2018 Forecast			Change
		1 <sup>st</sup> Half	2 <sup>nd</sup> Half	Full Year	Year(%)
Net sales	197.50	101.00	104.00	<b>205.00</b>	3.8%
Operating income	21.36	10.30	11.20	<b>21.50</b>	0.7%
	10.8%	10.4%	10.8%	<b>10.5%</b>	
Ordinary income	21.80	19.90	11.50	<b>22.00</b>	0.9%
	11.0%	10.5%	11.1%	<b>10.7%</b>	
Profit attributable to owners of parent	14.96	13.50	14.96	<b>15.00</b>	0.3%
	7.6%	7.1%	7.6%	<b>7.3%</b>	

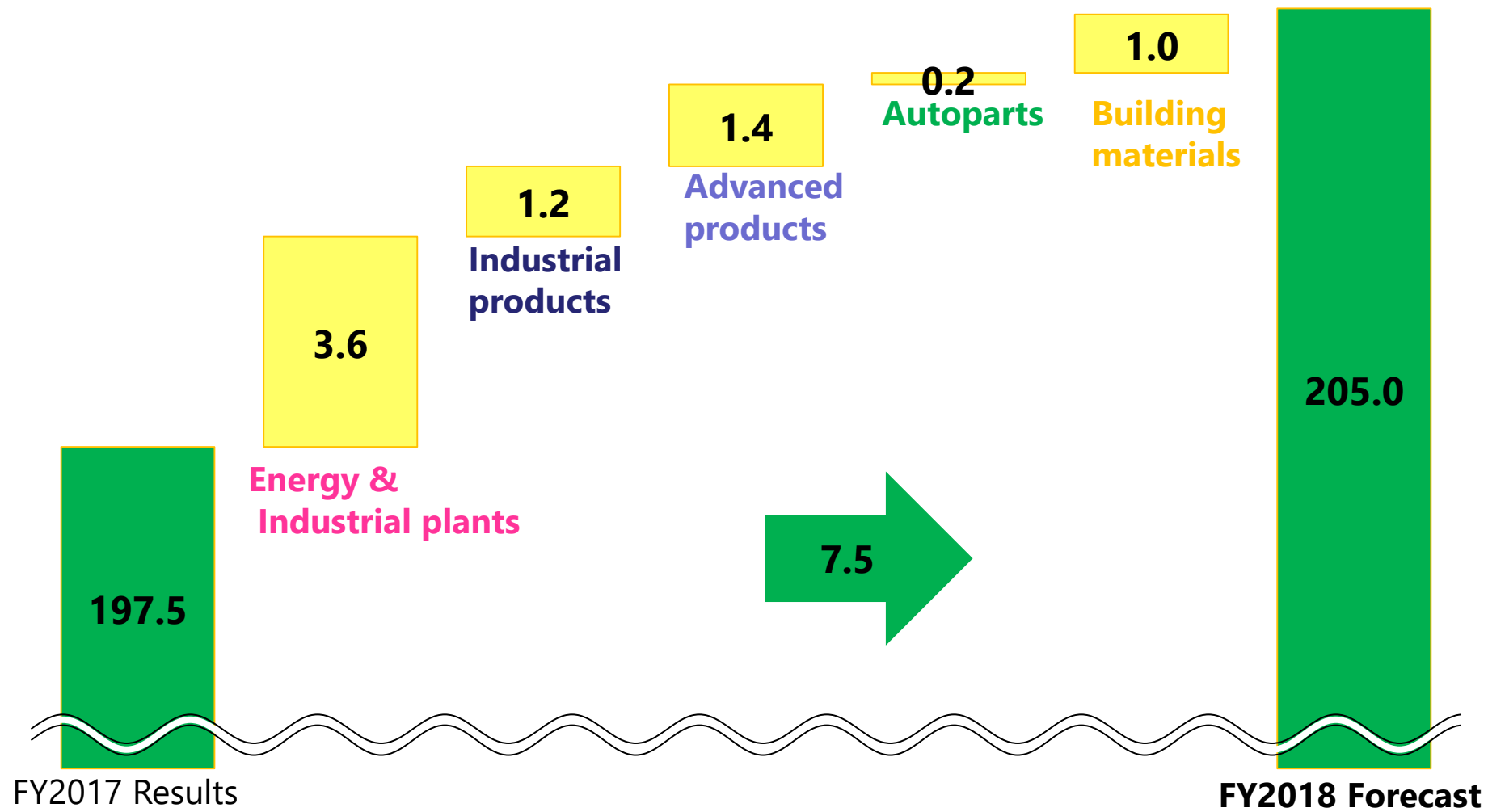
# Business forecast & results Group segment Trends

(JPY billion)

Segment		FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Results	FY2018 Forecast	Change Year
Energy and Industrial plants	Net Sales	48.12	51.45	52.44	56.39	<b>60.00</b>	<b>6.4%</b>
	Operating income	3.31	3.79	4.58	4.73	<b>5.20</b>	<b>9.9%</b>
		6.9%	7.4%	8.7%	8.4%	8.7%	
Industrial products	Net Sales	38.15	40.84	41.39	43.76	<b>45.00</b>	<b>2.8%</b>
	Operating income	4.66	5.98	6.01	6.55	<b>6.40</b>	<b>(2.4%)</b>
		12.2%	14.6%	14.5%	15.0%	14.2%	
Advanced products	Net Sales	14.11	15.51	19.46	24.56	<b>26.00</b>	<b>5.8%</b>
	Operating income	1.58	2.20	3.65	4.64	<b>4.60</b>	<b>(0.8%)</b>
		11.2%	14.2%	18.8%	18.9%	17.7%	
Autoparts	Net Sales	31.66	35.53	37.80	43.81	<b>44.00</b>	<b>0.4%</b>
	Operating income	3.29	4.44	4.11	4.40	<b>4.10</b>	<b>(6.8%)</b>
		10.4%	12.5%	10.9%	10.0%	9.3%	
Building materials	Net Sales	26.90	27.10	29.27	28.97	<b>30.00</b>	<b>3.6%</b>
	Operating income	(1.35)	(1.31)	1.24	1.04	<b>1.20</b>	<b>15.6%</b>
		(5.0)%	(4.8)%	4.2%	3.6%	4.0%	
Total	Net Sales	158.94	170.43	180.36	197.50	<b>205.00</b>	<b>3.8%</b>
	Operating income	11.49	15.10	19.60	21.36	<b>21.50</b>	<b>0.7%</b>
		7.2%	8.9%	10.9%	10.8%	10.5%	

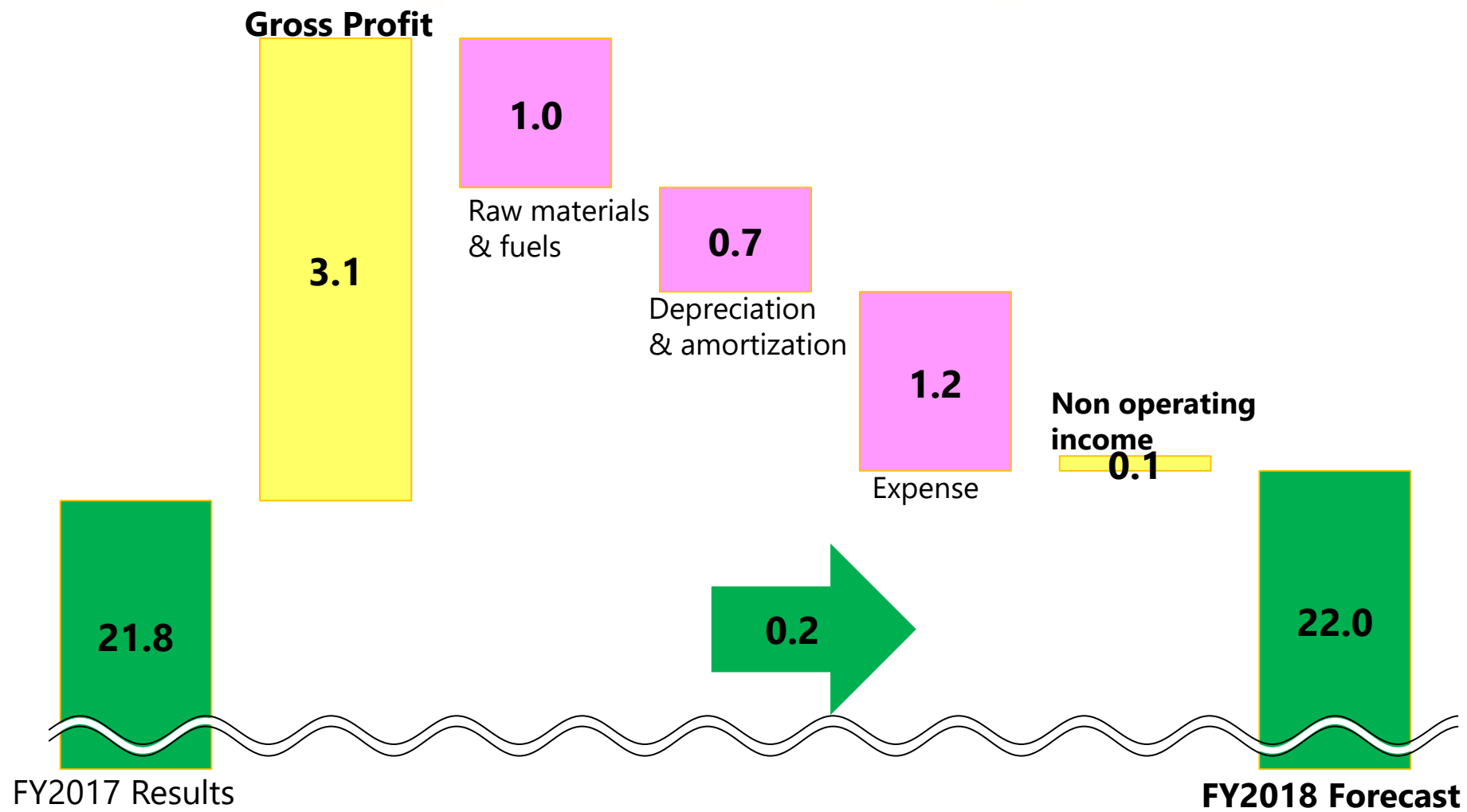
# Change Analysis FY2018 Net sales

(JPY billion)



# Change Analysis FY2018 Ordinary income

(JPY billion)





# Medium-term Business Plan

(First Stage & Second Stage)



**NICHIAS Corporation**

# Medium-term Business Plan

## Medium-term Business Plan 5years (FY2016~FY2020) First stage : 3years & Second Stage : 2years

(JPY billion)

FY2016



196  
10.9%

FY2017



214  
10.8%

FY2018

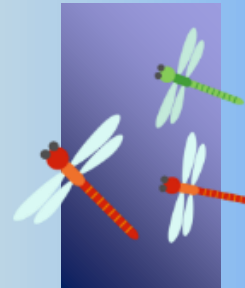
Forecast



215  
10.5%

**First Stage**

FY2019



For sustainable  
competitive strength Over 10%

FY2020

Target



220.0

—

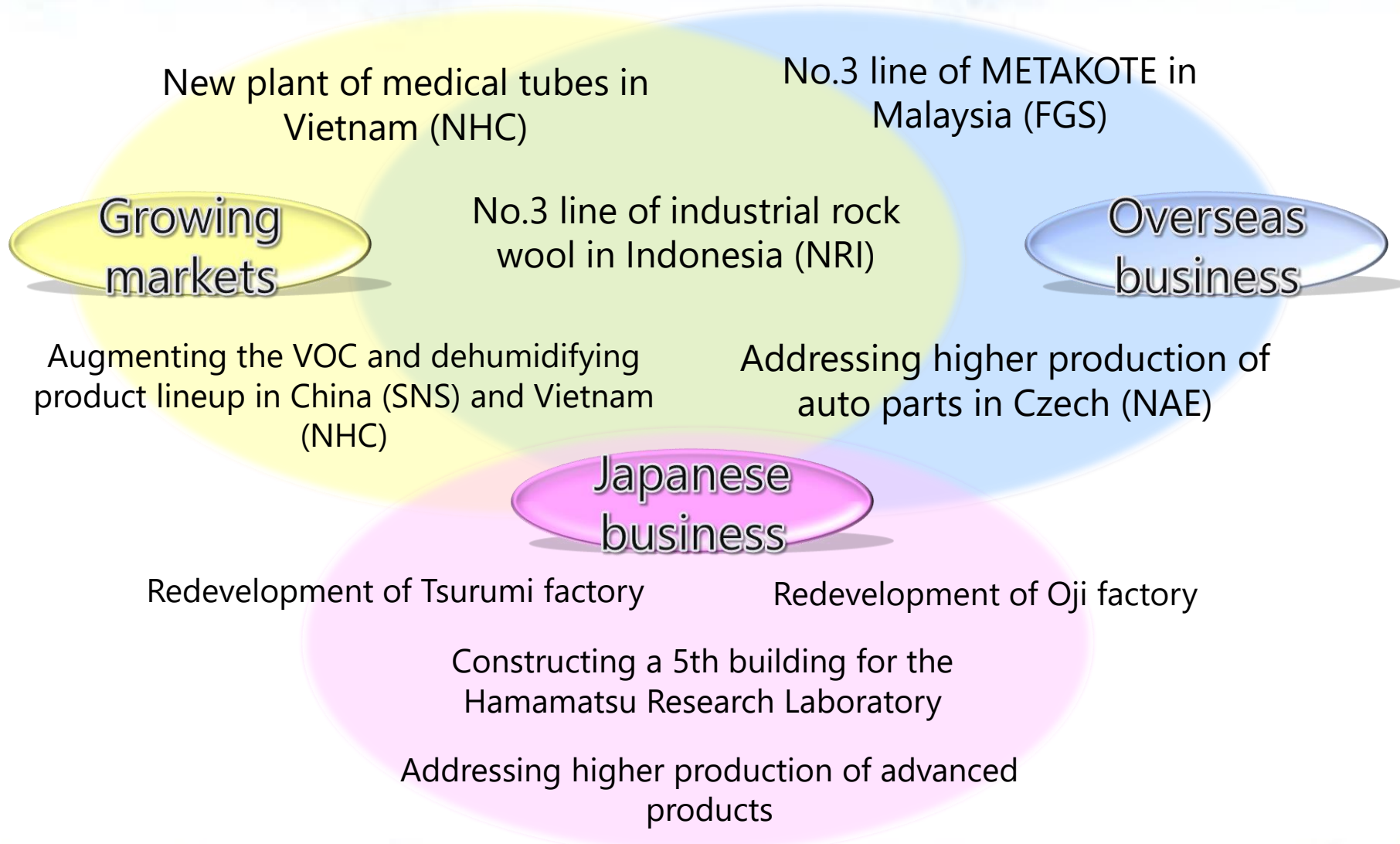
**Second Stage**

[Top] Revenue [Middle] Operation profit [Bottom] Operation profit ratio

# Medium-term Business Plan (FY2016-FY2020)

<b>Focus on growing markets</b>	<b>Strengthen each business at overseas</b> FY2015 JPY30bn ⇒ FY2020 JPY450bn	<b>Increase market share &amp; efficient operation at Japanese market</b>
<b>Medical devices</b> 	<b>Automotive parts</b> 	<b>Petrochemical</b> 
<b>Environment</b> 	<b>Rock wool for Industrial</b> 	<b>Rock wool For Residential</b> 
<b>Fireproof</b> 	<b>Contracts</b> 	<b>Advanced products</b> 

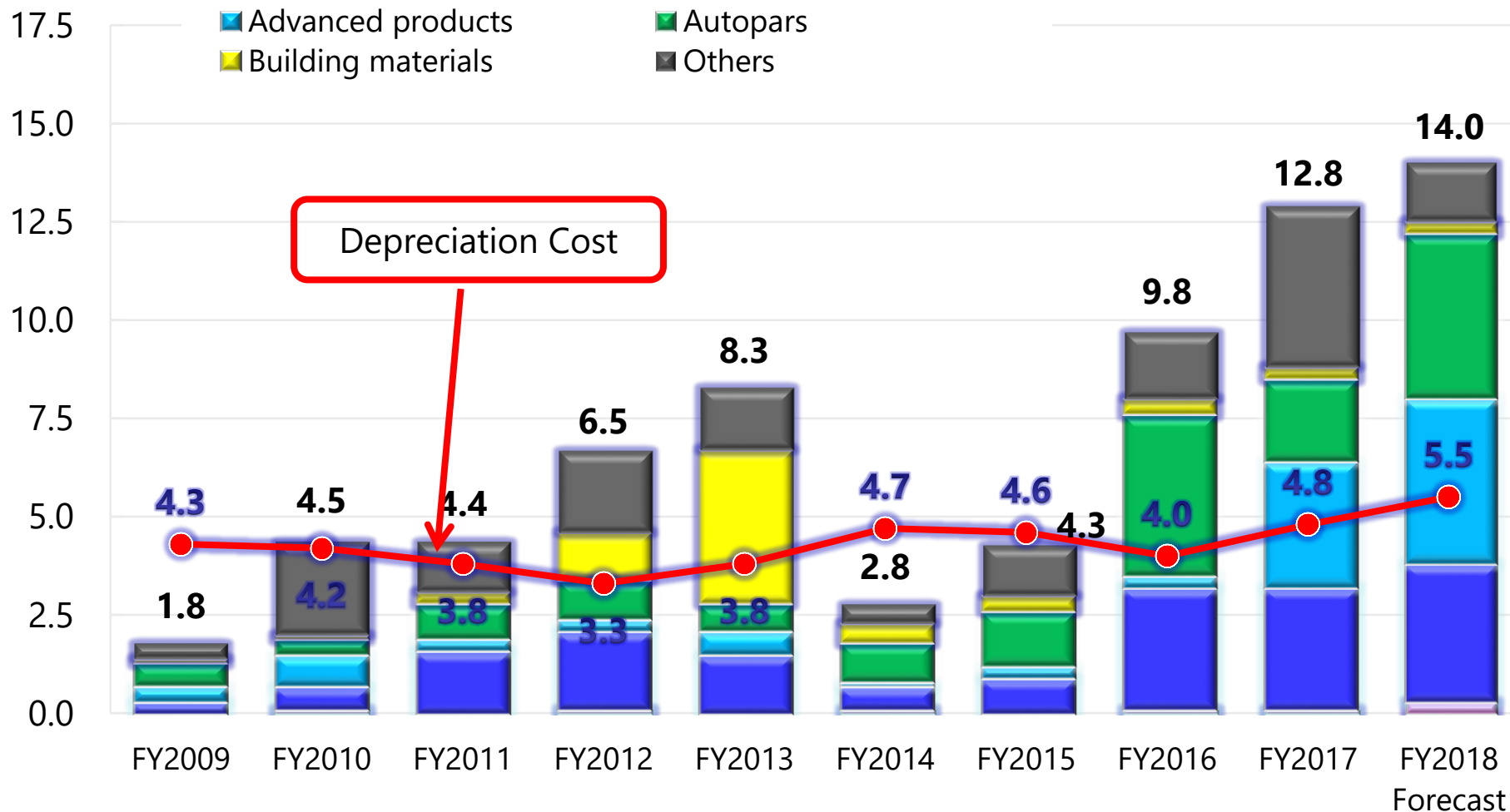
# Medium-term Business Plan Major Investment



# Investment & Depreciation cost Trends

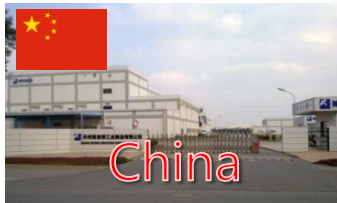
(JPY billion)

- Energy & Industrial plant
- Advanced products
- Building materials
- Industrial products
- Autopars
- Others





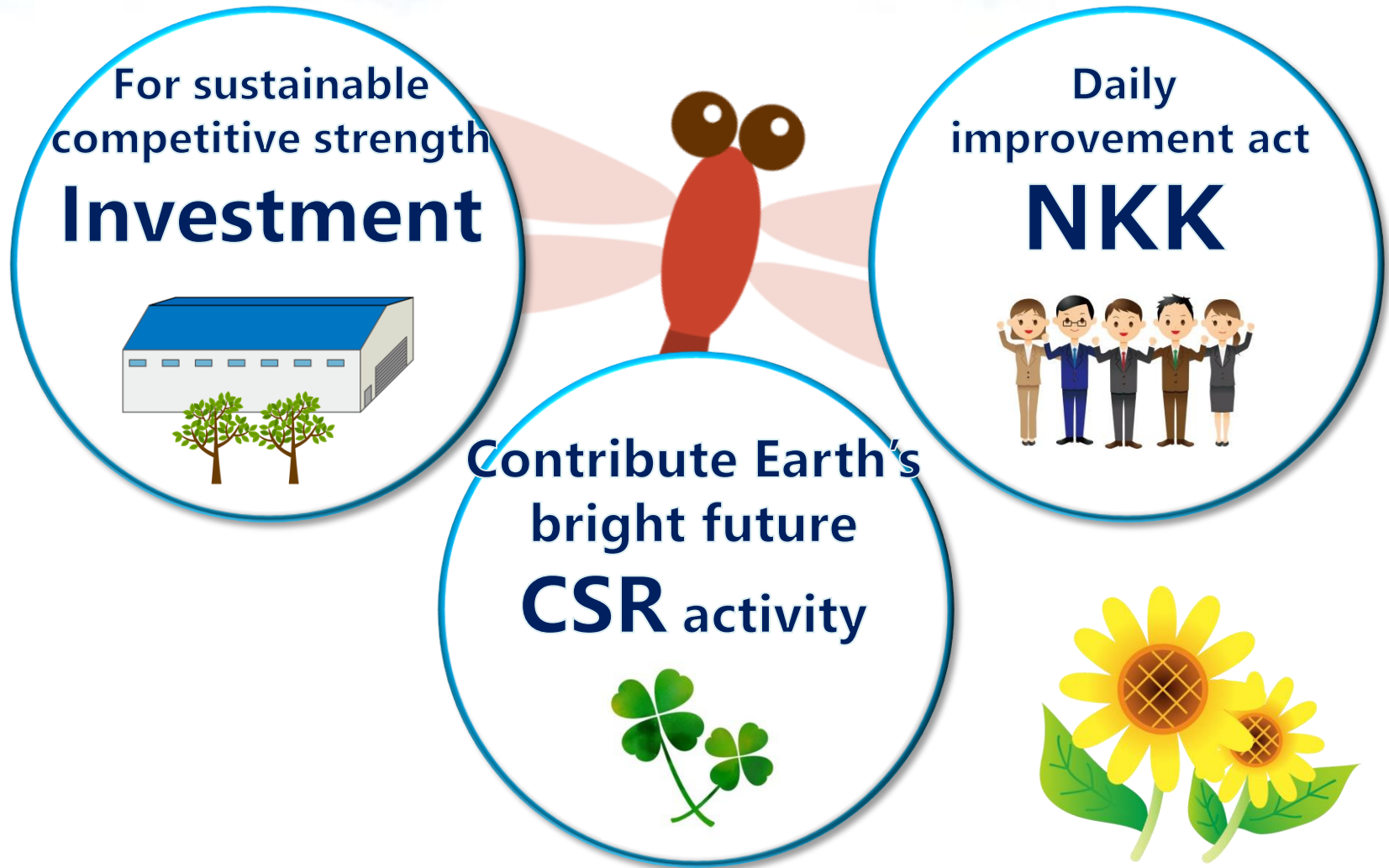
# NKK NICHIAS "KAIZEN" activity



NKK 4<sup>th</sup> year  
FY2018

**Become a company with sustainable  
competitive strengths**

# Medium-term Business Plan Action



# Medium-term Business Plan FY2020 Target

(JPY billion)

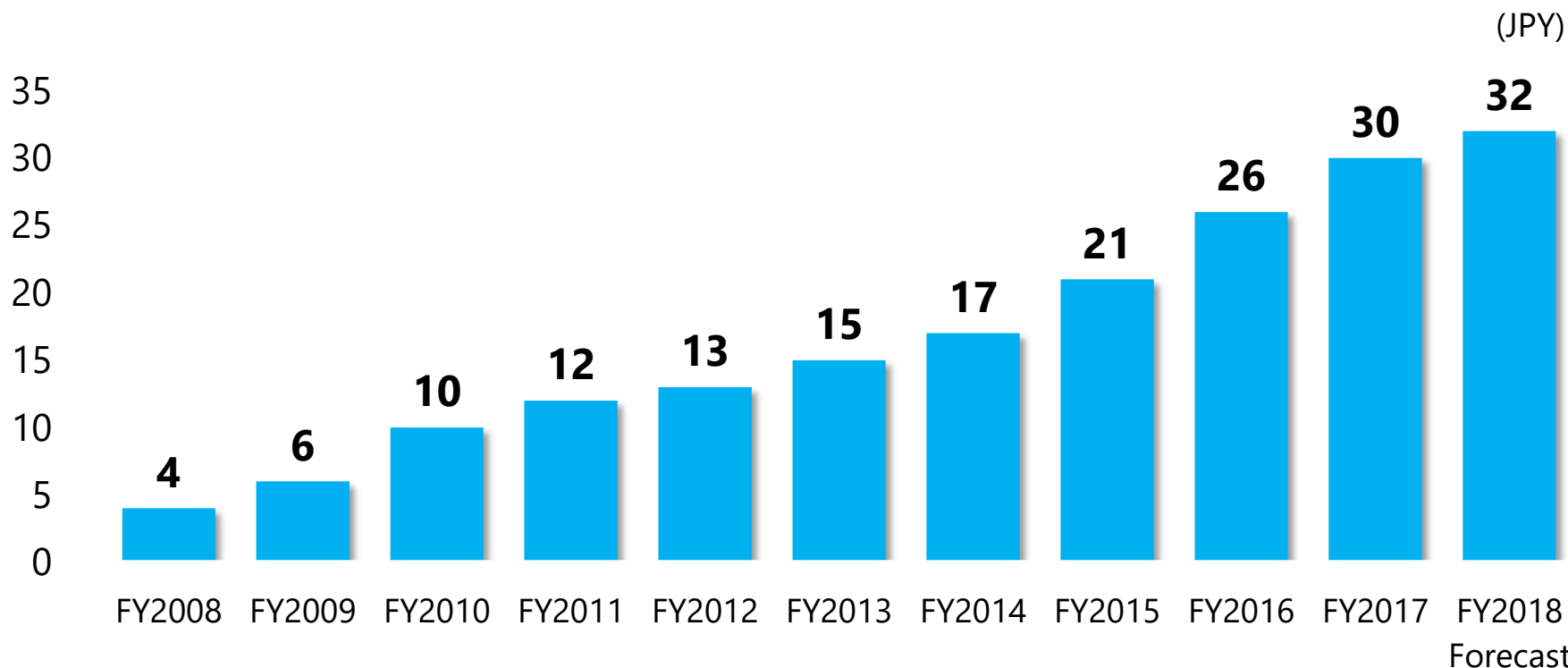
	FY2016 Results	FY2017 Results	FY2018 Forecast	<b>FY2020 Target</b>
Net sales	180.4	197.5	205.0	<b>220.0</b>
Operating income	19.6	21.4	21.5	-
Operating margin	10.9%	10.8%	10.5%	<b>Over 10%</b>
ROE	14.7%	14.5%	Over 10%	<b>Over 10%</b>
Investment	<b>Total JPY 55bn for 5years investment. (FY2016 – FY2020)</b>			



# Return to stockholders Trends

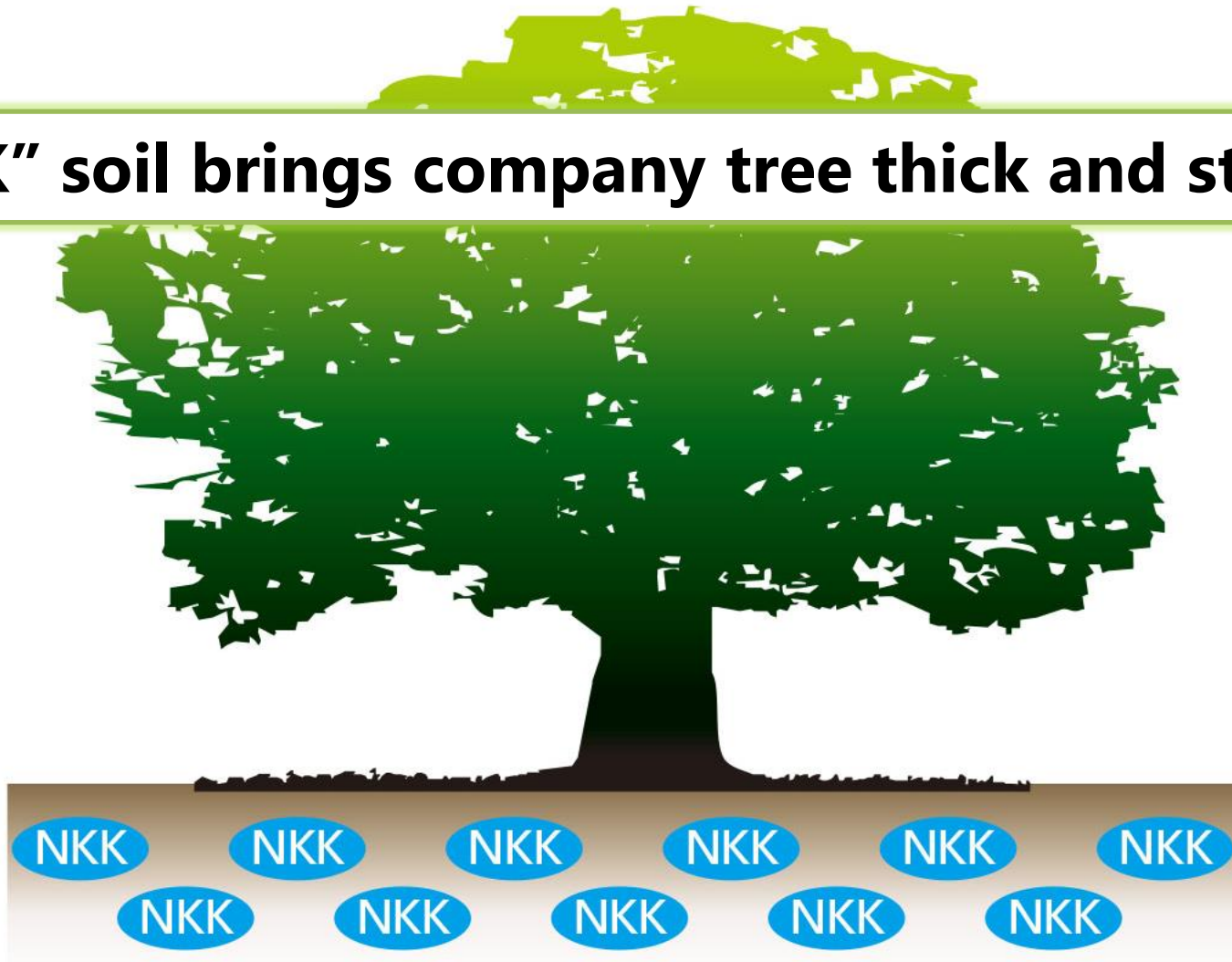
The company's basic policy rests on ongoing stable dividends, and aims for a dividend payout ratio of 25-35%.

The company will repurchase shares flexibly in light of the balance with investments for grows.



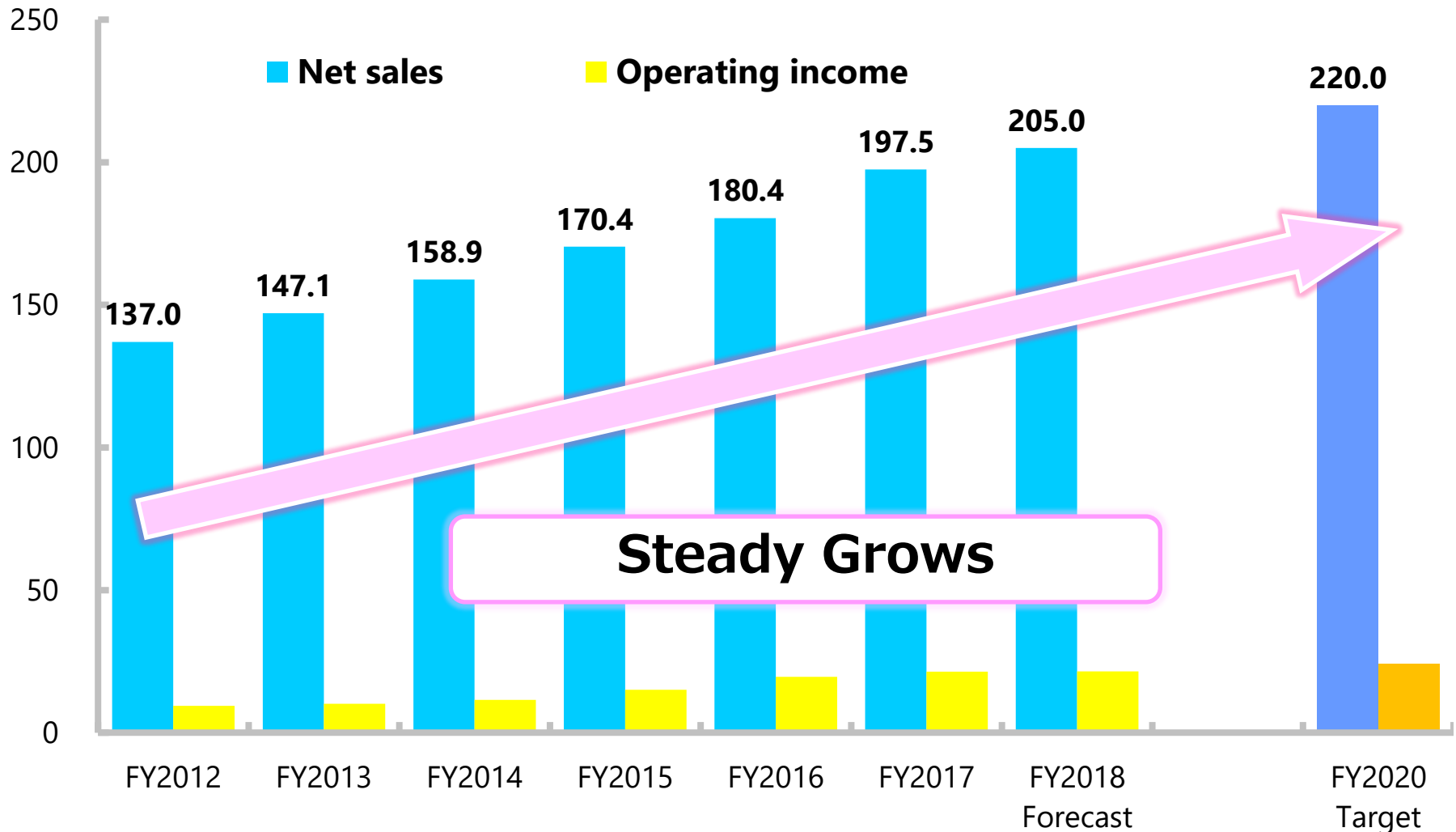
We plan a reverse stock split on a one-for-two basis with an effective date of October 1, 2018, however the dividends per share for the FY 2018 does not take into account the effect of this reverse stock split.

**“NKK” soil brings company tree thick and sturdy.**



# Business Performance Trends

(JPY billion)





A bright company where  
it is pleasant to work