

Financial Results FY 2018 first half

1st April 2018 – 30th September, 2018

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.

6th November, 2018



NICHIAS Corporation

Summary of Business Results for FY2018 first half

(From 1st April, 2018 to 30th September, 2018)



NICHIAS Corporation

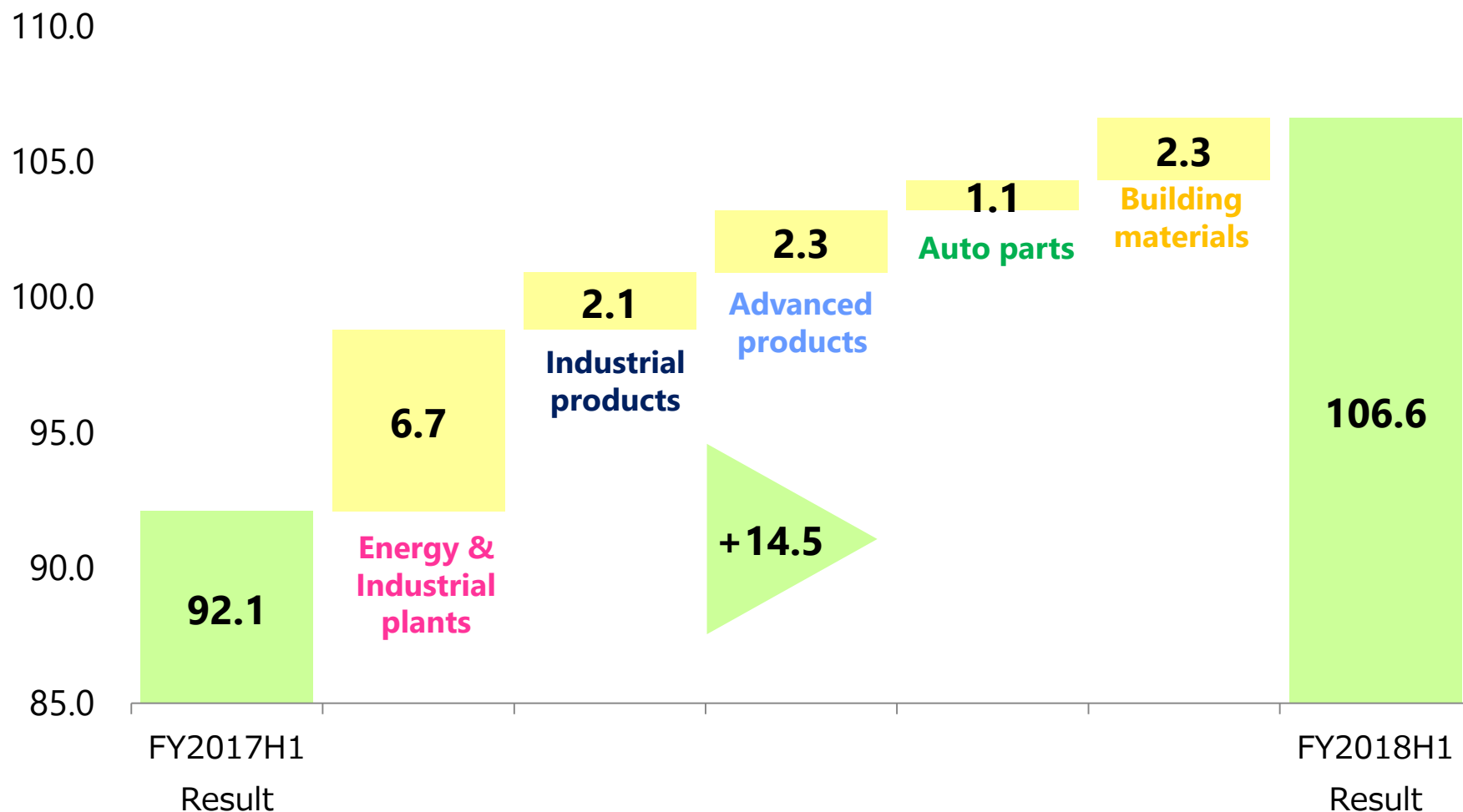
Financial highlights FY2018 first half

(Unit: billion of JPY)

| | | FY2017 H1 | FY2018 H1 | | Change | |
|---|--------|-----------|-----------|--------|--------|----------|
| | | Result | Forecast | Result | y/y | Forecast |
| Net sales | | 92.1 | 105.0 | 106.6 | 16% | 1% |
| Operating income | | 9.6 | 11.5 | 11.7 | 22% | 2% |
| | | 10.4% | 11.0% | 11.0% | | |
| Ordinary income | | 9.9 | 11.8 | 12.2 | 24% | 3% |
| | | 10.7% | 11.2% | 11.5% | | |
| Extra ordinary | Profit | 0 | - | 0 | | |
| | Loss | 0.3 | - | 0.2 | | |
| Profit Attributable to owners of parent | | 6.8 | 8.1 | 8.3 | 23% | 2% |
| | | 7.3% | 7.7% | 7.8% | | |

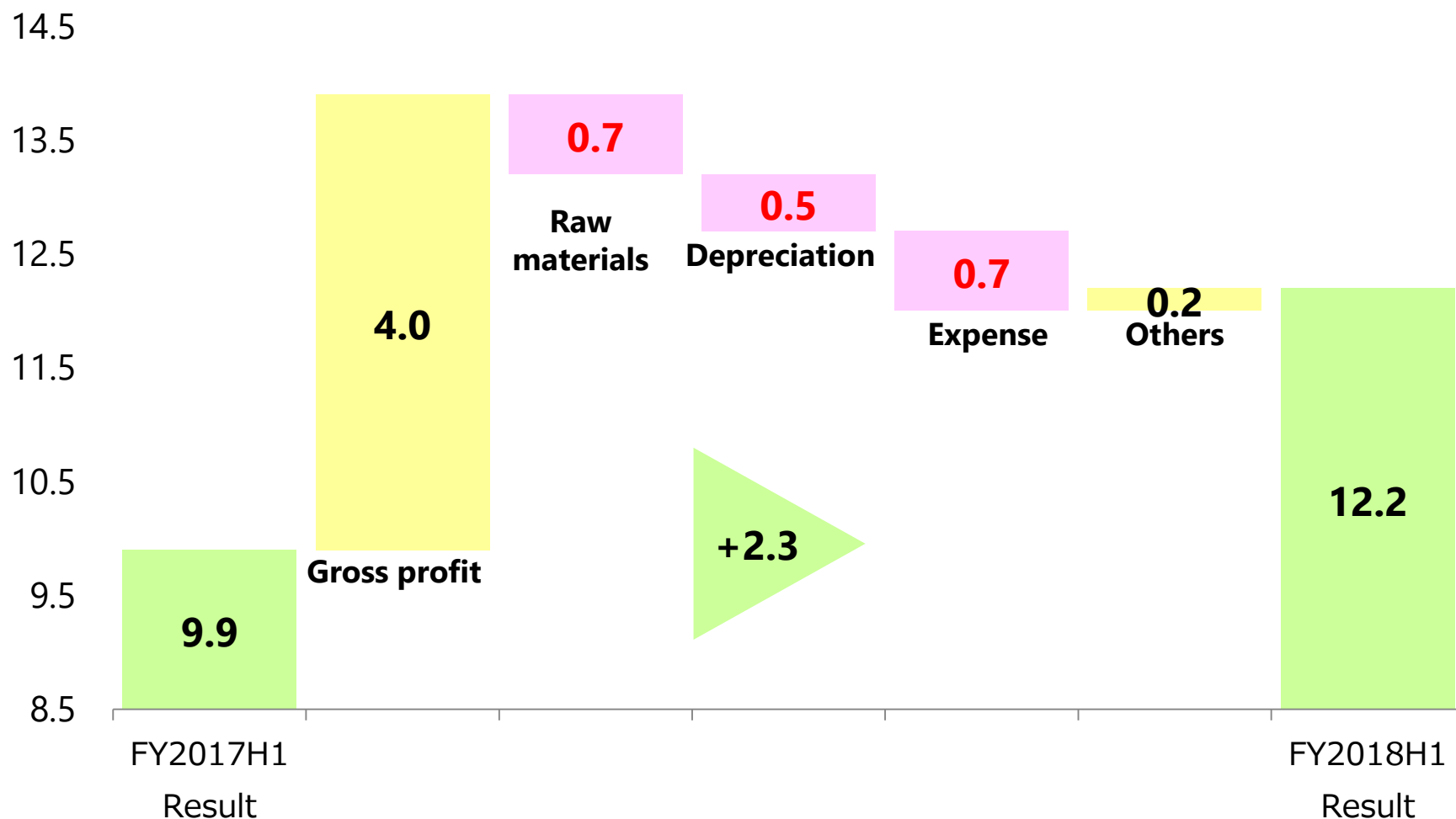
Change analysis FY2018 first half Net sales

(Unit: billion of JPY)



Change analysis FY2018 first half Ordinary income

(Unit: billion of JPY)



Business results FY2018 first half Group segments

(Unit: billion of JPY)

| Segments | | FY2017 H1 Result | FY2018 H1 Result | Change | |
|-------------------------------|------------------|---------------------|---------------------|--------|----------|
| | | | | y/y | Forecast |
| Energy & Industrial plants | Net sales | 26.4 | 33.1 | 25% | 2% |
| | Operating income | 1.9 | 3.4 | 81% | 10% |
| | | 7.1% | 10.3% | | |
| Industrial products | Net sales | 20.7 | 22.9 | 10% | Δ 1% |
| | Operating income | 3.0 | 3.8 | 27% | 3% |
| | | 14.5% | 16.7% | | |
| Advanced products | Net sales | 11.0 | 13.2 | 21% | 2% |
| | Operating income | 2.1 | 2.5 | 18% | 4% |
| | | 19.2% | 18.8% | | |
| Autoparts | Net sales | 21.4 | 22.5 | 5% | 2% |
| | Operating income | 2.3 | 1.8 | Δ 20% | Δ 3% |
| | | 10.7% | 8.2% | | |
| Building materials | Net sales | 12.6 | 14.9 | 18% | 3% |
| | Operating income | 0.3 | 0.1 | Δ 56% | Δ 67% |
| | | 2.3% | 0.9% | | |
| Total | Net sales | 92.1 | 106.6 | 16% | 1% |
| | Operating income | 9.6 | 11.7 | 22% | 2% |
| | | 10.4% | 11.0% | | |

Balance sheet highlights FY2018 first half

Assets

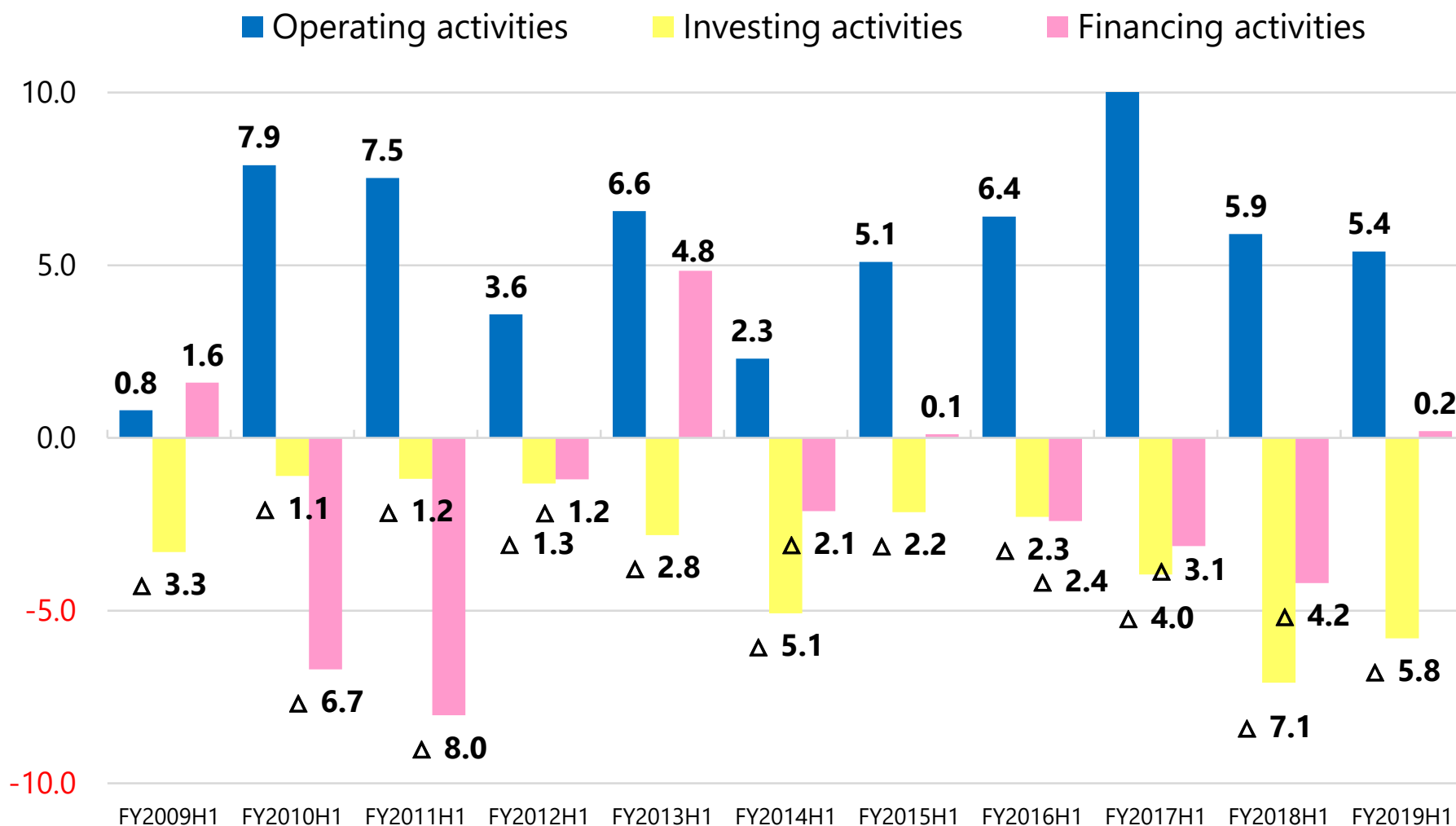
| | 196.5 | | 201.4 (Unit: billion of JPY) |
|-------------------------------|-------|------|------------------------------|
| Cash & deposits | 27.3 | +1.3 | 28.5 |
| Account receivable | 55.8 | +1.3 | 57.1 |
| Inventories | 20.7 | +1.6 | 22.3 |
| Cost of uncompleted contracts | 10.8 | 0 | 10.8 |
| Others | 4.0 | Δ0.8 | 3.2 |
| Property plant & equipment | 52.3 | +3.3 | 55.6 |
| Investment | 25.6 | Δ1.7 | 23.9 |

Liability & Net assets

| | 31st Mar, 2018 196.5 | | 30th Sep. 2018 201.4 |
|---|-------------------------|------|-------------------------|
| Account payable | 34.5 | Δ1.6 | 32.9 |
| Interest bearing debt. | 23.8 | +4.4 | 28.2 |
| Advance received on uncompleted contracts | 6.7 | Δ2.6 | 4.1 |
| Current liabilities | 14.8 | +0.5 | 15.3 |
| Fixed liabilities | 7.0 | 0 | 7.0 |
| Net assets | 109.7 | +4.2 | 113.9 |
| | 31st Mar, 2018 | | 30th Sep. 2018 |

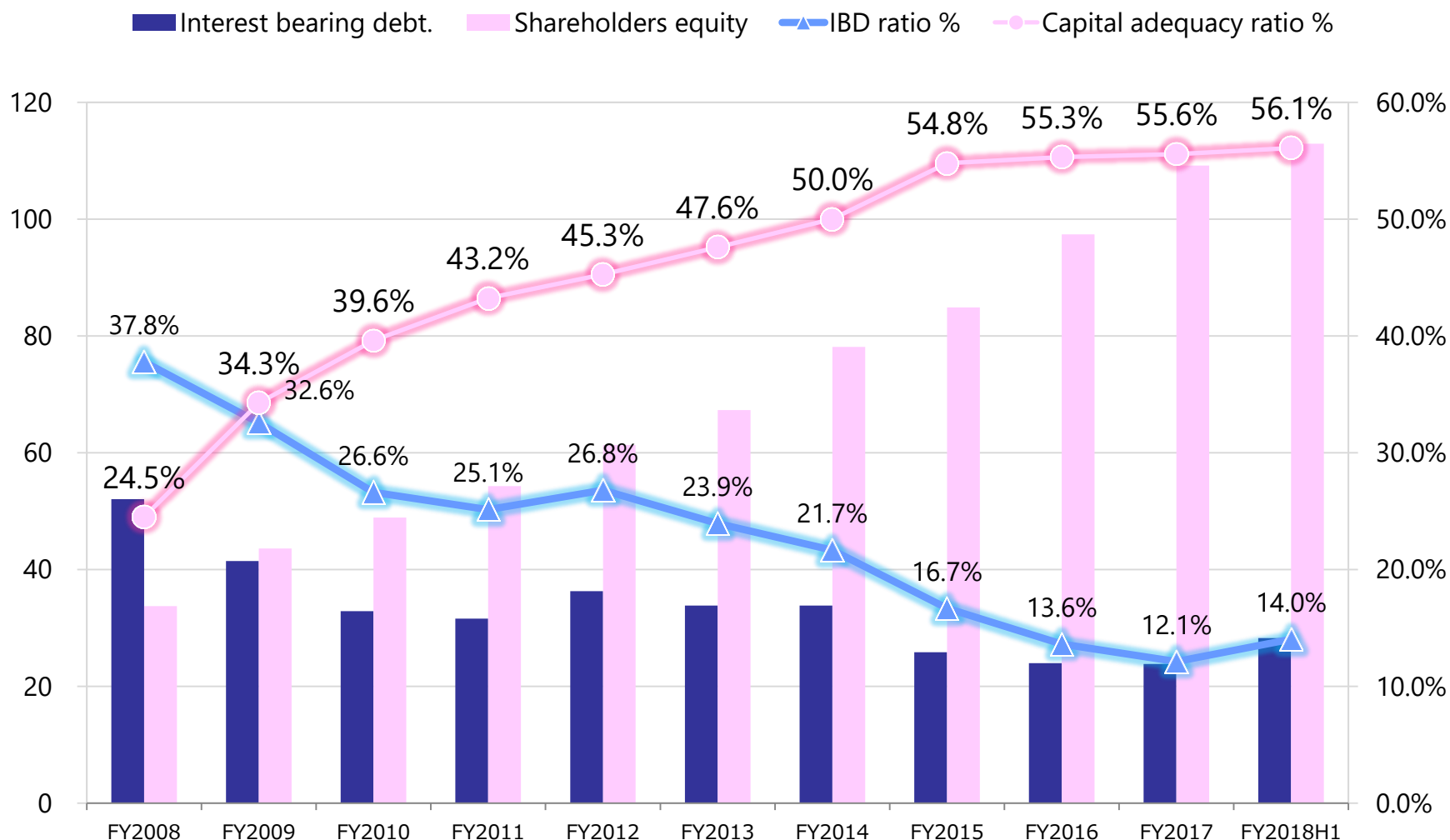
Cash flows trends

(Unit: billion of JPY)



Interest bearing debt. analysis

(Unit: billion of JPY)





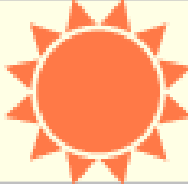
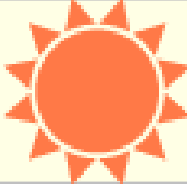






Summary of business forecast for FY2018

Medium term business plan



Business outlook FY2018

| Segments | FY2018 1 st half Result | FY2018 2 nd half Forecast |
|----------------------------|--|---|
| Energy & industrial plants |  |  |
| Industrial products |  |  |
| Advanced products |  |  ? |
| Auto parts |  |  |
| Building materials |  |  |

Financial highlights FY2018 forecast

(Unit: billion of JPY)

| | FY2017 | FY2018 | | | Change |
|---|------------------|-----------------------------|-------------------------------------|--------------------|--------|
| | Full year Result | 1 st half Result | 2 nd half full year – 1H | Full year Forecast | y/y |
| Net sales | 197.5 | 106.6 | 103.4 | 210.0 | 6% |
| Operating income | 21.4 | 11.7 | 10.3 | 22.0 | 3% |
| | 10.8% | 11.0% | 10.0% | 10.5% | |
| Ordinary income | 21.8 | 12.2 | 10.3 | 22.5 | 3% |
| | 11.0% | 11.5 % | 9.9% | 10.7% | |
| Profit Attributable to owners of parent | 15.0 | 8.3 | 7.0 | 15.3 | 2% |
| | 7.6% | 7.8% | 6.8% | 7.3% | |

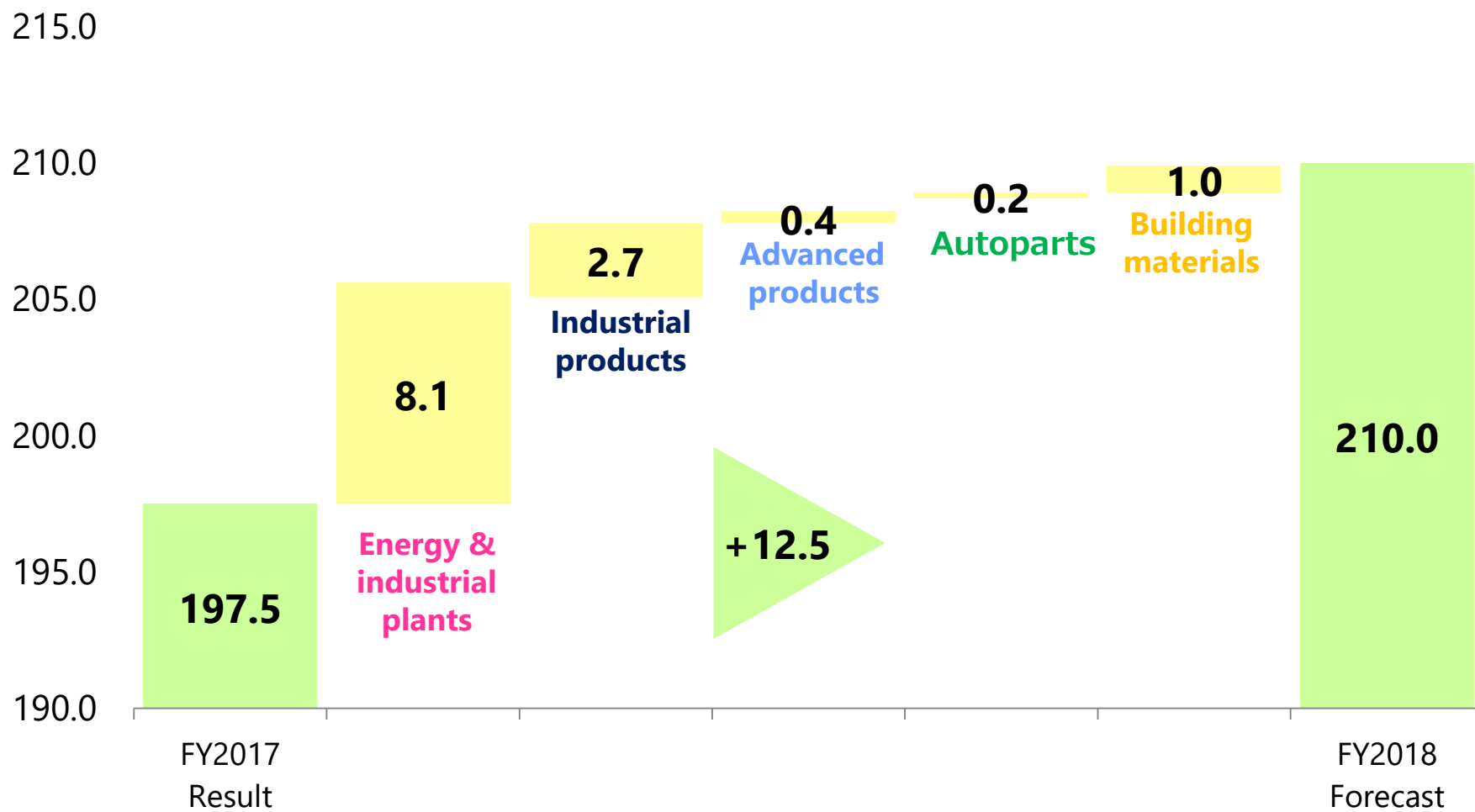
Business result group segments trend

(Unit: billion of JPY)

| Segments | | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | | Change |
|----------------------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------|
| | | Result | Result | Result | Result | Forecast | Revised | y/y |
| Energy & industrial plants | Sales | 45.8 | 51.5 | 52.4 | 56.4 | 64.0 | 64.5 | 14% |
| | Operating income | 2.9 | 3.8 | 4.6 | 4.7 | 5.5 | 5.9 | 26% |
| | | 6.3% | 7.4% | 8.7% | 8.4% | 8.6% | 9.1% | |
| Industrial products | Sales | 40.5 | 40.8 | 41.4 | 43.8 | 46.5 | 46.5 | 6% |
| | Operating income | 5.1 | 6.0 | 6.0 | 6.6 | 7.0 | 7.3 | 11% |
| | | 12.6% | 14.6% | 14.5% | 15.0% | 15.1% | 15.7% | |
| Advanced products | Sales | 14.1 | 15.5 | 19.5 | 24.6 | 25.5 | 25.0 | 2% |
| | Operating income | 1.6 | 2.2 | 3.7 | 4.6 | 4.5 | 4.3 | Δ 7% |
| | | 11.2% | 14.2% | 18.8% | 18.9% | 17.6% | 17.2% | |
| Auto parts | Sales | 31.7 | 35.5 | 37.8 | 43.8 | 44.0 | 44.0 | 0% |
| | Operating income | 3.3 | 4.4 | 4.1 | 4.4 | 3.8 | 3.5 | Δ 20% |
| | | 10.4% | 12.5% | 10.9% | 10.0% | 8.6% | 8.0% | |
| Building materials | Sales | 26.9 | 27.1 | 29.3 | 29.0 | 30.0 | 30.0 | 3% |
| | Operating income | -1.3 | -1.3 | 1.2 | 1.0 | 1.2 | 1.0 | 0% |
| | | -5.0% | -4.8% | 4.2% | 3.6% | 4.0% | 3.3% | |
| Total | Sales | 158.9 | 170.4 | 180.4 | 197.5 | 210.0 | 210.0 | 6% |
| | Operating income | 11.5 | 15.1 | 19.6 | 21.4 | 22.0 | 22.0 | 3% |
| | | 7.2% | 8.9% | 10.9% | 10.8% | 10.5% | 10.5% | |

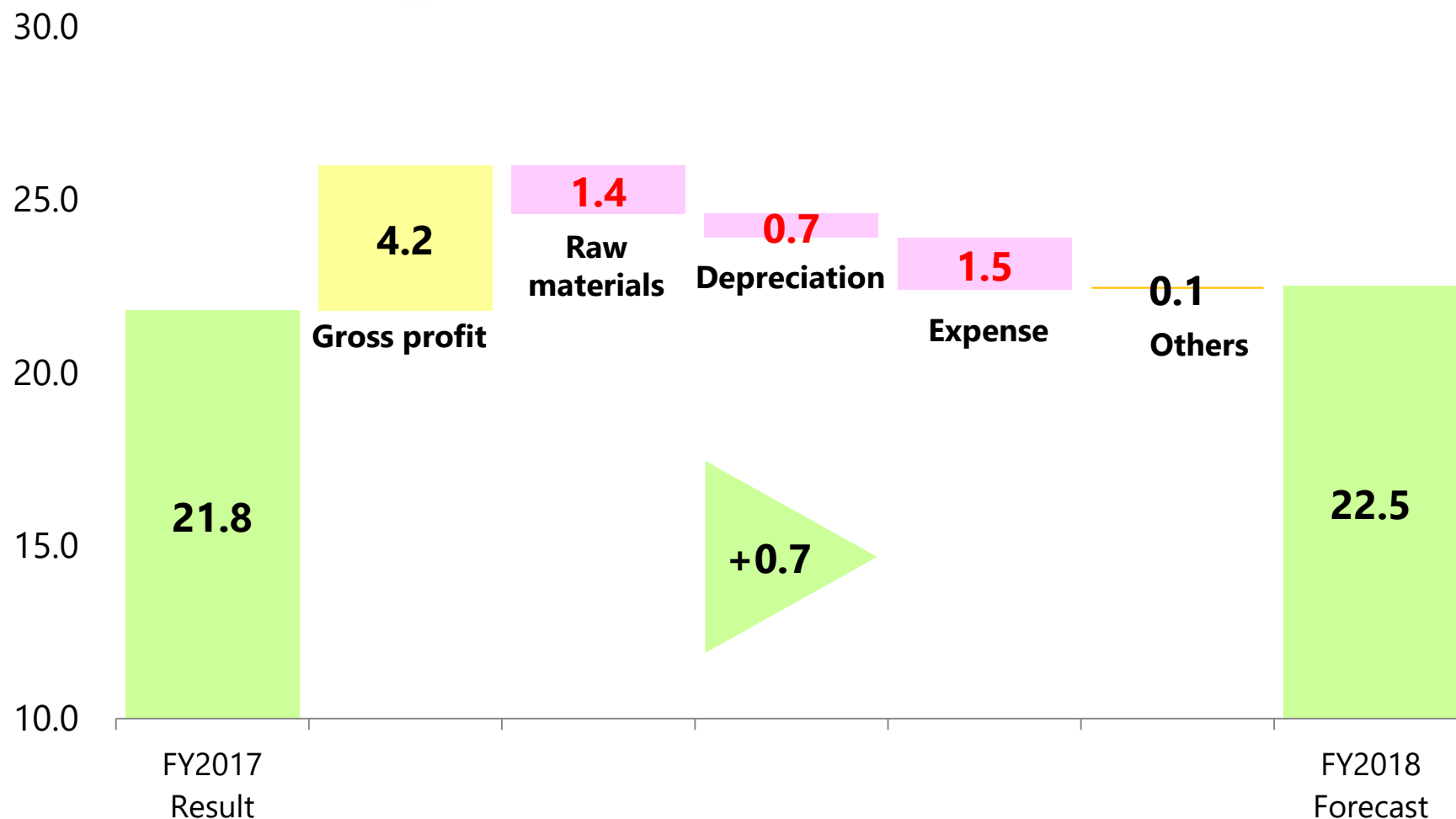
Change analysis FY2018 full year Net sales

(Unit: billion of JPY)



Change analysis FY2018 full year Ordinary income

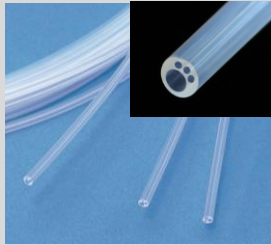
(Unit: billion of JPY)



Medium-term business plan (FY2016-FY2020)

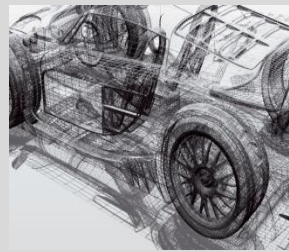
**Focus on
growing markets**

**Medical
devices**



**Strengthen
overseas market**
FY2015 JPY30bn ⇒ FY2020 JPY45bn

**Automotive
parts**



**Increase & efficient
operation at
Japanese market**

Petrochemical



Environment



**Rock wool
for
Industrial**



**Rock wool
for
Residential**



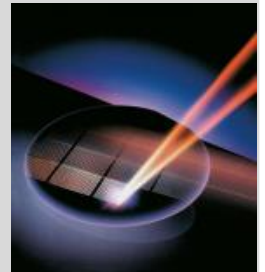
Fireproof



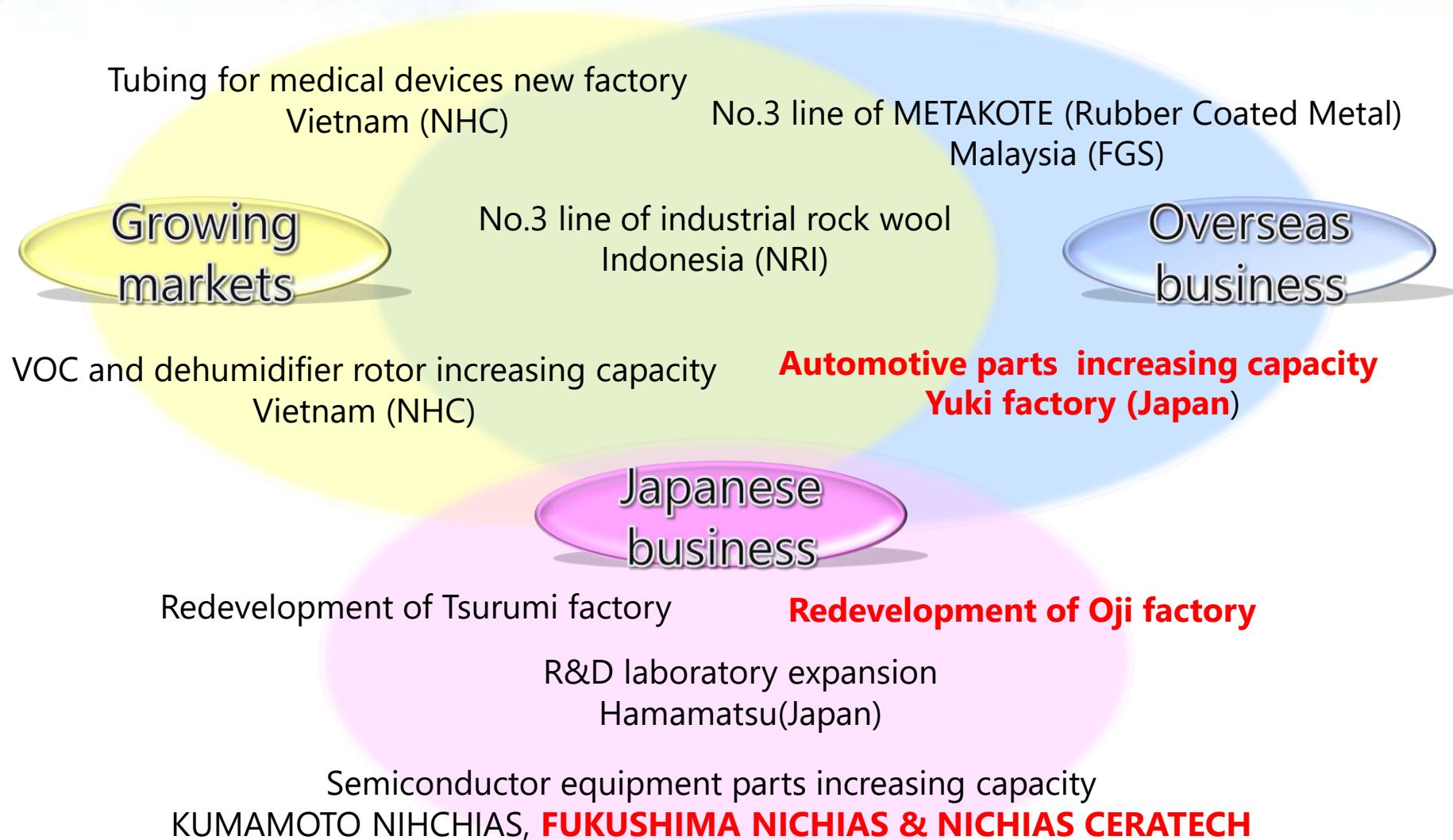
Contracts



**Advanced
products**



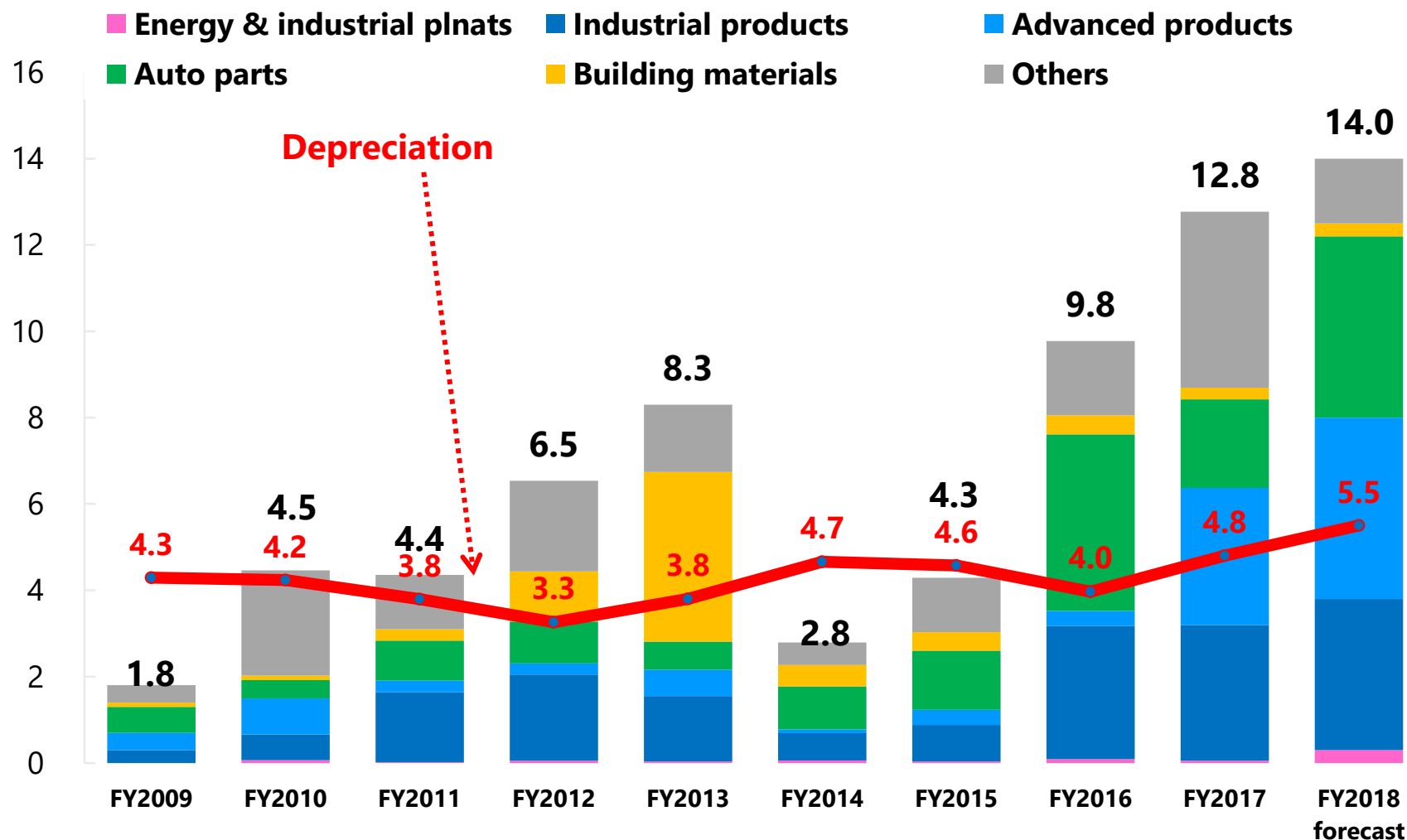
Medium-term business plan major investment



*Red character is on going project

Investment & Depreciation trends

(Unit: billion of JPY)



Medium term business plan target

(Unit: billion of JPY)

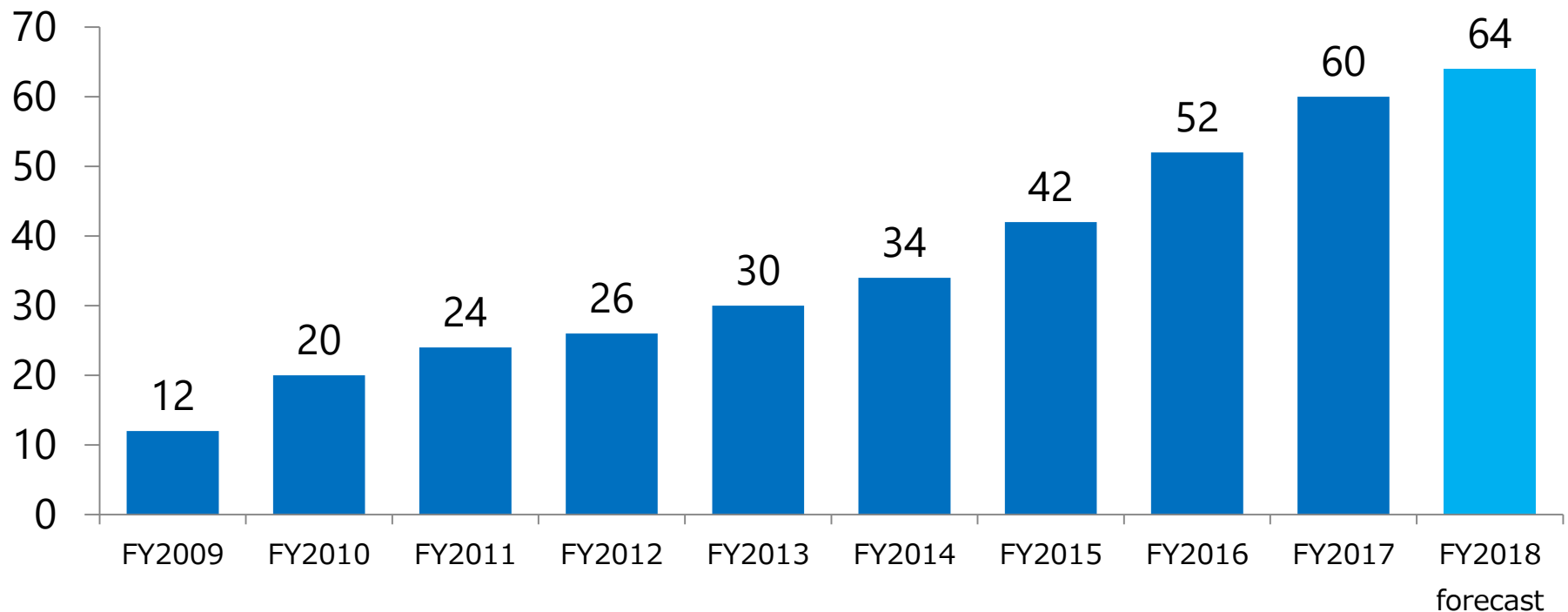
| | FY 2016 Result | FY 2017 Result | FY 2018 Forecast | FY 2020 plan |
|-------------------|-------------------------------------|-------------------|---------------------|-----------------|
| Net sales | 180.4 | 197.5 | 210.0 | 220.0 |
| Operating income | 19.6 | 21.4 | 22.0 | — |
| Operating margin | 10.9% | 10.8% | 10.5% | Over 10% |
| ROE | 14.7% | 14.5% | 10%以上 | Over 10% |
| Investment amount | JPY 55billion from FY2016 to FY2020 | | | |

Return to shareholders

(Unit: JPY)

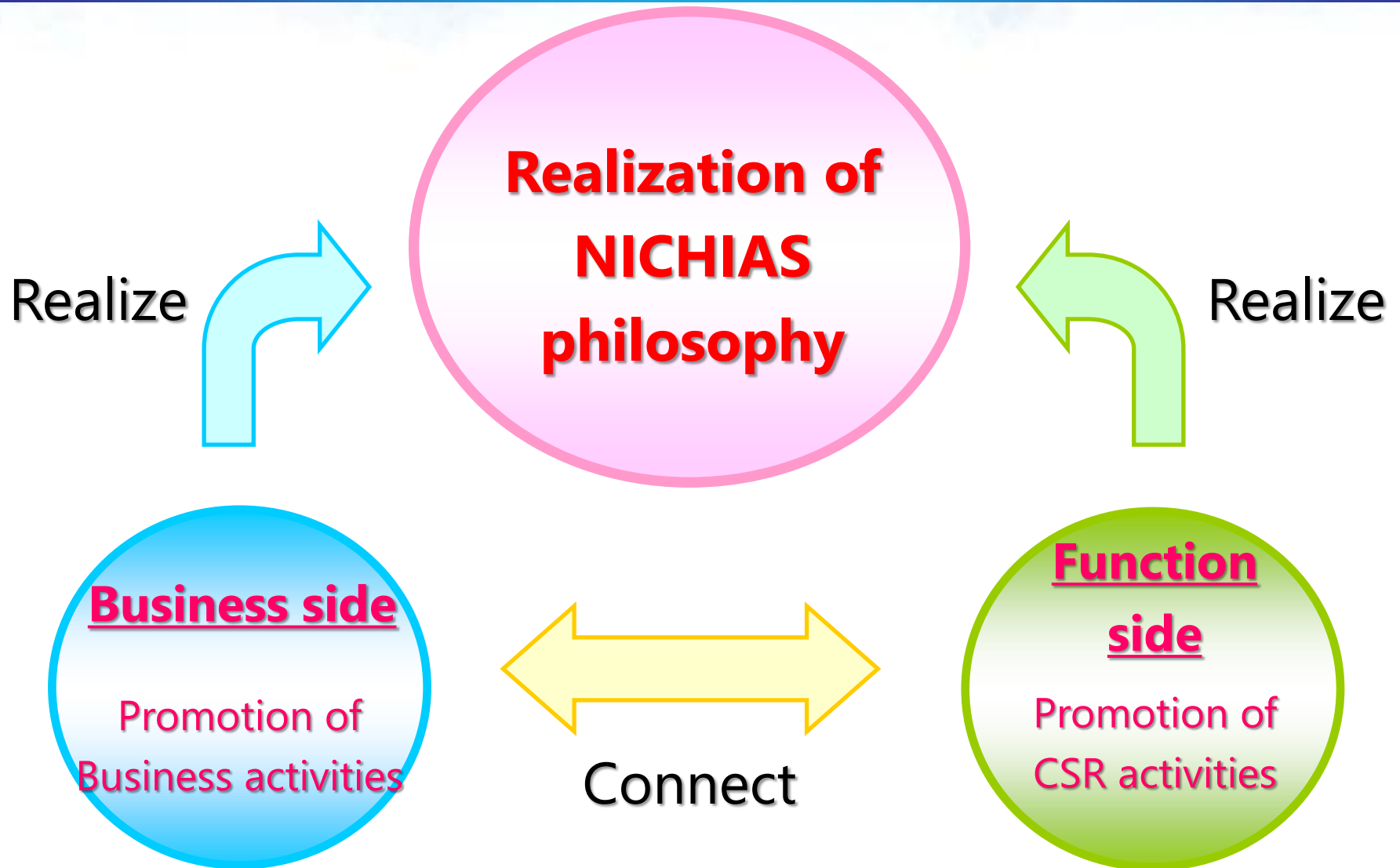
The company's basic policy rests on ongoing stable dividends, and aims for a dividend payout ratio of 25-35%.

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



We have carried out reverse stock split on a one-for-two basis with an effective date of October 1, 2018,.
The dividends per share for the FY 2018 take into account the effect of this reverse stock split.

Business and Function (CSR activities)



SDGs with NICHIAS

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



Insulation materials for ceiling, and wall.

HOMEMAT



Insulation performance of rock wool contribute to the saving energy and comfortable living of life



VOC concentrator filter

SOLVENT CLEAN



Prevent emission of atmospheric pollutants into the atmosphere.



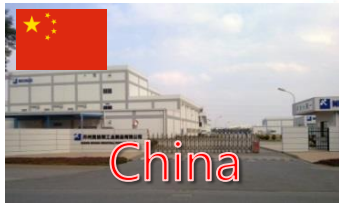
Fluoropolymer multi lumen tubing for endoscope and catheter.

MULTI LUMEN TUBING



Advanced medical care reduces the burden on patients.

NKK NICHIAS "KAIZEN" activity



NKK 4th year
FY2018

4,963 employee, 4644 small
group world wide

**Become a company with sustainable
competitive strengths**



A bright company where
it is pleasant to work

