



# The Financial Statement Briefing For Q2 of the Year Ending March 31, 2012

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November 7, 2011

JASDAQ:6467

**株式会社 ニチダイ**  
NICHIDAI CORPORATION

<http://www.nichidai.jp/>

# Introduction of Business

## Overseas

### Net-Shape Business

#### NICHIDAI CORPORATION **Non-consolidated**

- ◆ Produces precision forging dies used mainly for forging of car parts, such as engine, transmission and driving mechanisms.
- ◆ Net-shape, a forging process without cutting is the core technology.
- ◆ Mass-produces precision-forged goods, such as automobile parts and aluminum alloy air-conditioner parts (precision-forged scrolls).
- ◆ Has an advantage of total engineering capability not only in the production but also development of dies as well as production of parts.



Precision-forged scroll



Precision forging dies

#### NICHIDAI ASIA CO., Ltd. (NDA)

- ◆ Sales base of dies established in Thailand.

#### NICHIDAI U.S.A. CORPORATION (NUC)

- ◆ Die sales base in Ohio, USA.

### Assembly Business

#### NICHIDAI PRECISION CORPORATION (NPC)

- ◆ Assembly VG turbo charger parts for diesel engine.



VG turbo charger parts

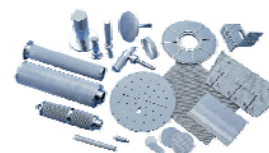
#### NICHIDAI (THAILAND) LTD. (NDT)

- ◆ Production base of VG turbo charger parts in the suburbs Bangkok, Thailand.

### Filter Business

#### NICHIDAI FILTER CORPORATION (NFC)

- ◆ Produces lamination sintered wire mesh filters used in a variety of industries, such as food, pharmaceutical, nuclear energy and aerospace.



Lamination sintered wire mesh filters

#### THAI SINTERED MESH CO., LTD. (TSM)

- ◆ Oil drilling filters production base in the suburbs of Chiang Mai, Thailand.

# I . Interim Results for the Year Ending March 2012



# I . Interim Results for the Year Ending March 2012

## - P/L : Sales and Profit -

Millions yen

		11/3 1st Half Results 10/4-10/9	11/3 2nd Half Results 10/10-11/3	12/3 1st Half Plan 11/4-11/9	12/3 1st Half Results 11/4-11/9	Growth Rate
Non- consolidated	Net sales	2,506	2,909	2,570	2,640	5.4%
	Gross income from sales	500	719	505	446	△ 10.8%
	S.G. & A. expense	451	484	460	462	2.4%
	Operating income	48	234	45	△ 16	—
	Non-operating income	△ 1	13	15	△ 40	—
	Ordinary income	49	221	30	23	△ 51.9%
	Net income	65	144	35	15	△ 76.9%
Consolidated	Net sales	4,526	5,775	5,760	5,726	26.5%
	Gross income from sales	864	1,316	1,040	1,029	19.1%
	S.G. & A. expense	706	771	730	752	6.5%
	Operating income	158	544	310	277	75.4%
	Non-operating income	4	17	40	30	—
	Ordinary income	153	527	270	247	61.1%
	Net income	134	361	170	149	11.1%

\* Rounded down to the nearest million yen.

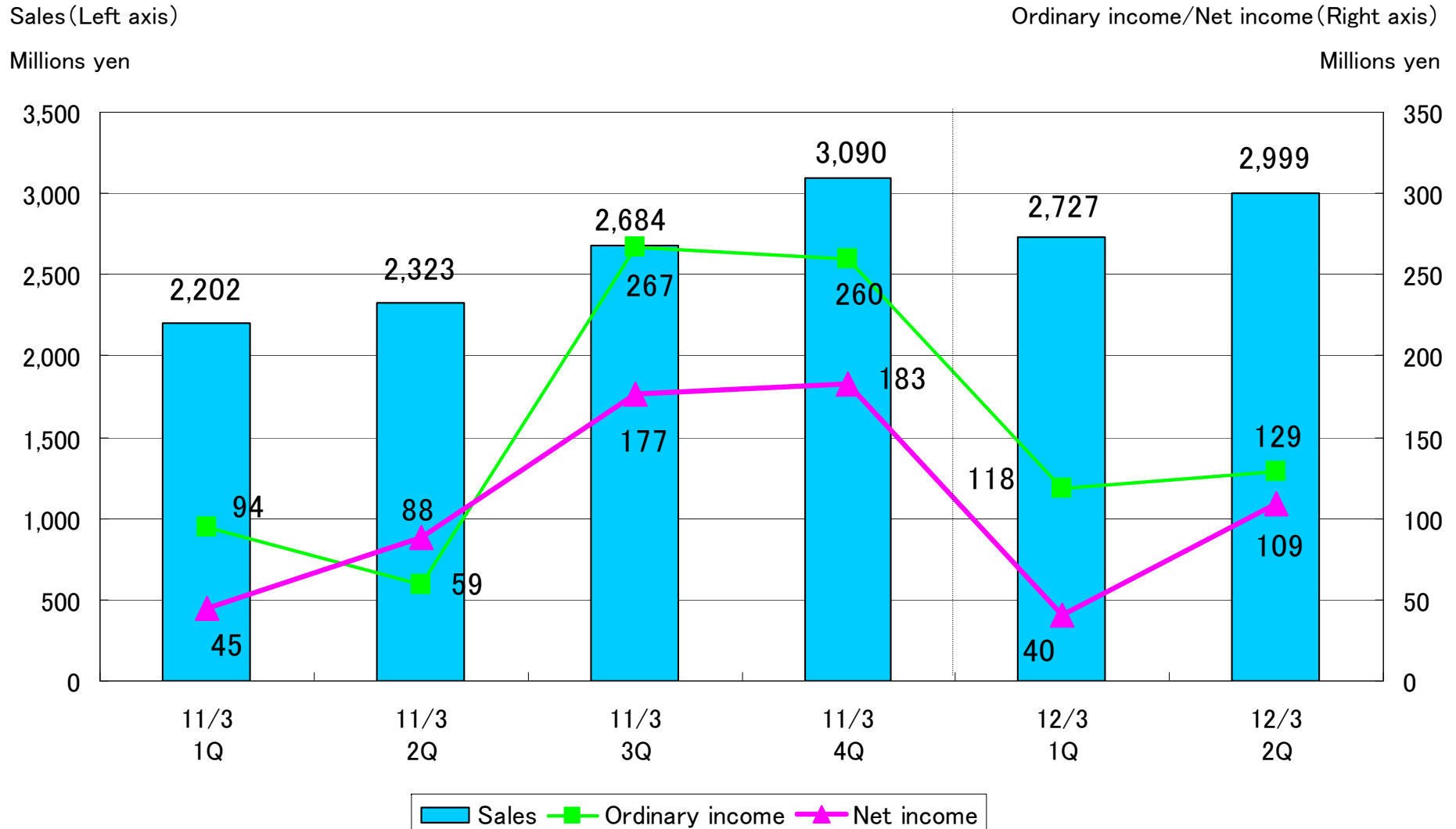
NICHIDAI CORPORATION



# I . Interim Results for the Year Ending March 2012

## - Trends in operating results on quarters basis -

➤ Earnings fell adversely affected by the Earthquake in 1Q, but picked up in 2Q.



\* Rounded down to the nearest million yen.

# I . Interim Results for the Year Ending March 2012

## - Segment Net Sales -

Millions yen

Business	10/9 1st Half Results 10/4-10/9	11/3 2nd Half Results 10/10-11/3	11/9 1st Half Plan 11/4-11/9	11/9 1st Half Results 11/4-11/9	Ratio	Growth Rate
Net-Shape	2,506	2,909	2,570	2,640	46.1%	5.4%
Assembly	1,510	2,239	2,575	2,455	42.9%	62.6%
Filter	509	626	615	630	11.0%	23.6%
Consolidated Total	4,526	5,775	5,760	5,726	100.0%	26.5%

➤ Sales of the Forging Die Division declined in the aftermath of the Earthquake, but the decrease was covered by increased sales of the Precision-forged Goods Division.

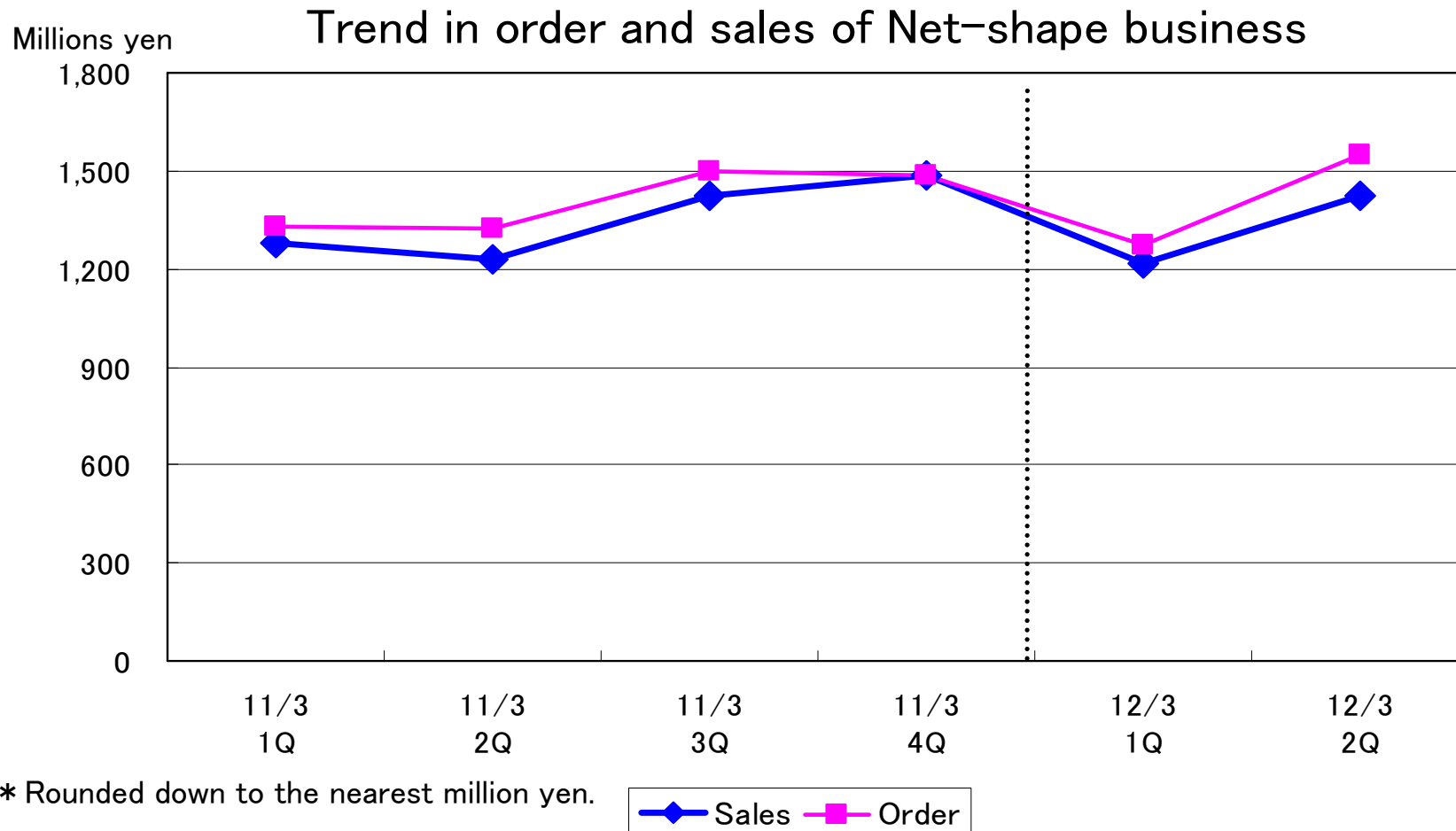
➤ Sales of VG turbocharger parts surged.

➤ Sales increased in both Japanese and overseas markets.

# I . Interim Results for the Year Ending March 2012

## - Overview of the Net Shape Business -

- **Forging Die Division:** Domestic production was stagnant due to the Earthquake, but picked up in 2Q.
- **Precision-forged Goods Division:** Sales rose year-on-year due to the production hike of forged scrolls and other factors.



# I . Interim Results for the Year Ending March 2012

## - Overview of the Net Shape Business - Sales by Region -

Millions yen

	10/9 Results	11/9 Results	Growth Rate
Domestic total	1,872	1,742	△ 6.9%
Overseas total	251	327	30.0%
Asia	193	281	45.6%
North America	53	45	△ 14.7%
Others	5	0	△ 82.5%
Forging Dies	2,123	2,070	△ 2.5%
Precision-forged goods	382	570	49.3%
Net-Shape Business total	2,506	2,640	5.4%

■ Japan

➤ Sales plunged in 1Q after the Earthquake.

■ Asia

➤ Sales of die sets, etc., destined for China increased substantially.

■ Precision-forged goods

➤ Sales of forged scrolls and other products increased.

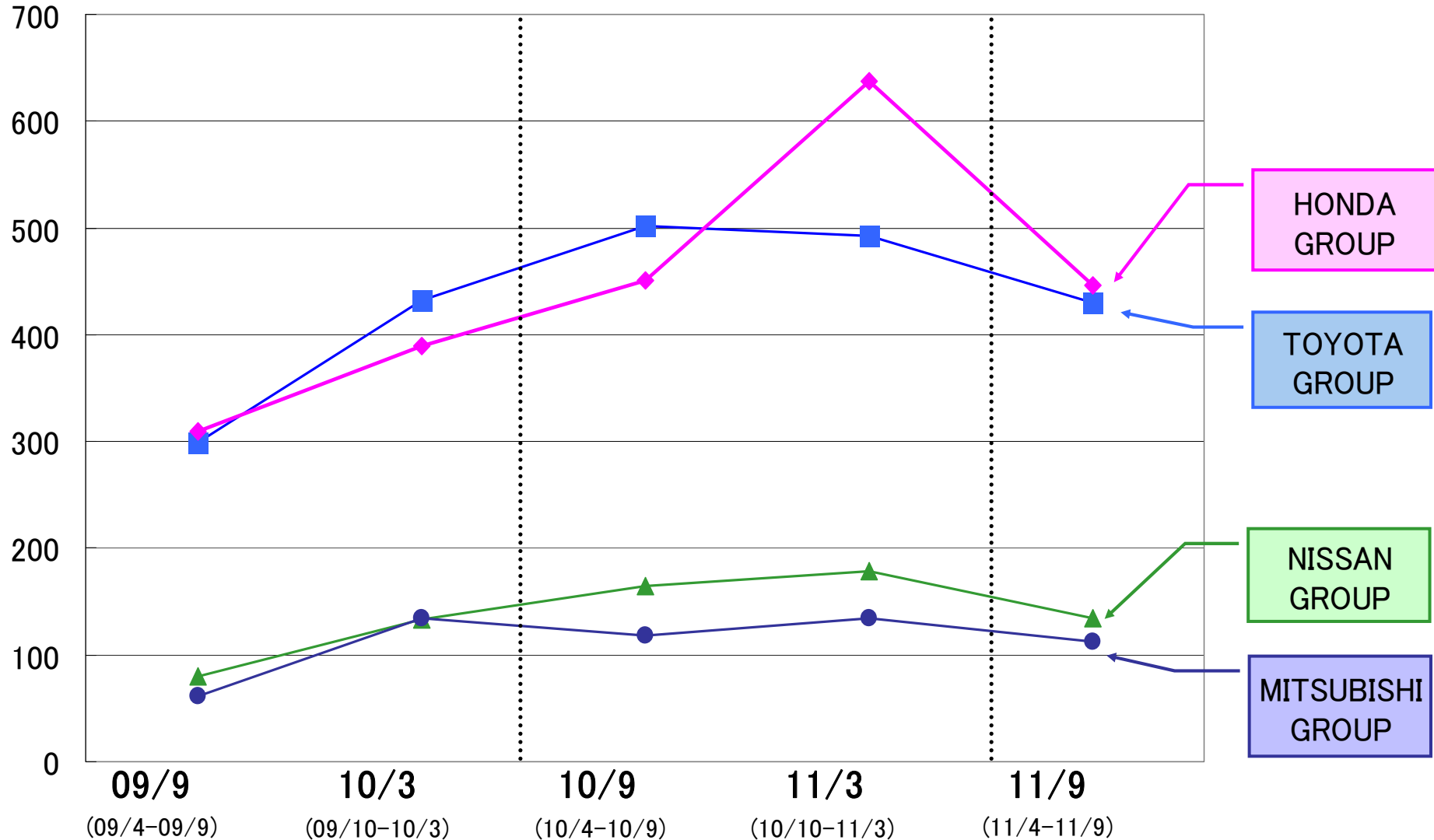
\* Rounded down to the nearest million yen.



# I . Interim Results for the Year Ending March 2012

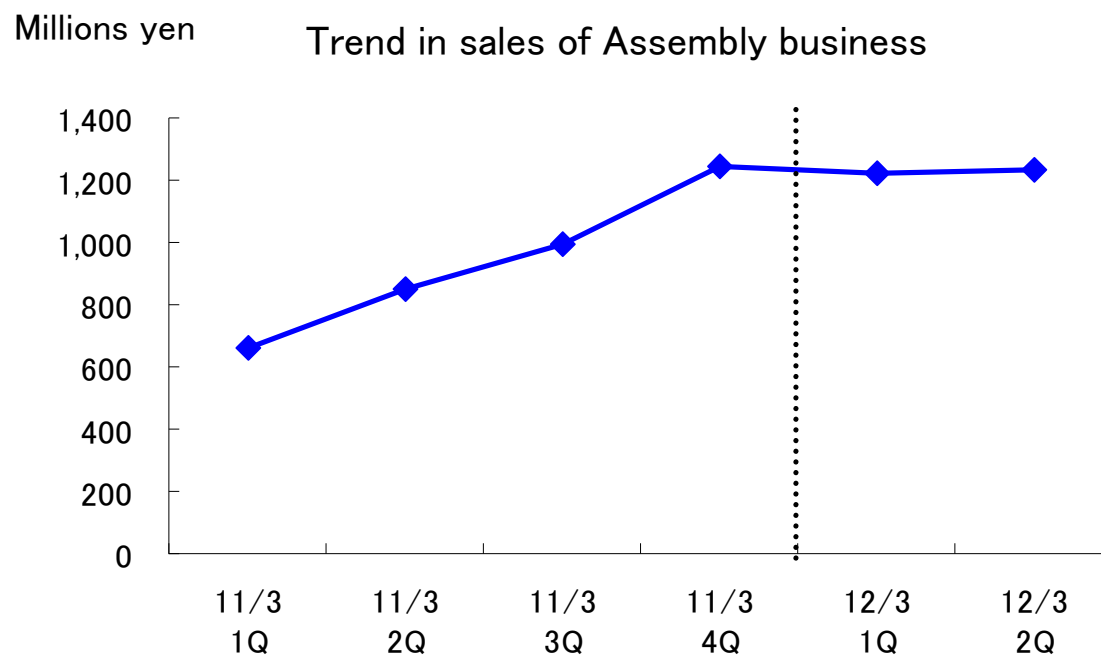
## - Overview of the Net Shape Business-Trend in Sales by Customer -

Millions Yen



# I . Interim Results for the Year Ending March 2012 - Overview of the Assembly Business -

- Robust sales of turbocharger parts for the European market continued.
- Jump in sales was recorded at both at Japanese and Thai production bases.



## Change in Domestic/Overseas Sales

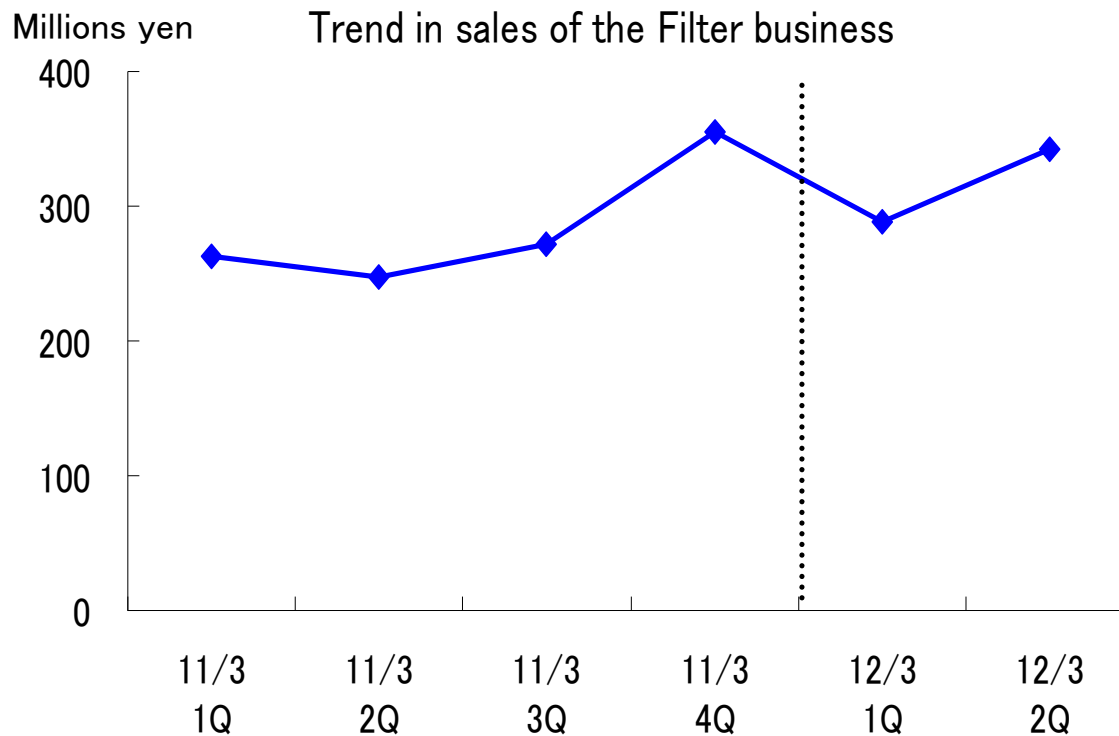
Millions yen

	10/9 Results	11/9 Results	Growth Rate
Domestic	1,012	1,150	13.6%
Overseas	497	1,304	162.4%
<b>Total</b>	<b>1,510</b>	<b>2,455</b>	<b>62.6%</b>

\* Rounded down to the nearest million yen.

# I . Interim Results for the Year Ending March 2012 - Overview of the Filter Business -

- Domestic sales were stable partly owing to higher sales in the healthcare category.
- Sales of oil drilling filters manufactured at TSM in Thailand were back on a recovery path in 2Q, posting a dramatic increase year-on-year.



## Change in Domestic/Overseas Sales

Millions yen

	10/9 Results	11/9 Results	Growth Rate
Domestic	395	459	16.2%
Overseas	114	171	49.2%
Total	509	630	23.6%

\* Rounded down to the nearest million yen.

# I . Interim Results for the Year Ending March 2012

## - Segment P/L -

Millions yen

	10/9			11/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	2,506	49	2.0%	2,640	2	0.1%
Assembly	1,510	68	4.5%	2,455	160	6.5%
Filter	509	35	6.9%	630	84	13.3%
Consolidated						
Total	4,526	153	3.4%	5,726	247	4.3%

➤ Drop in 1Q sales of the Forging Die Division caused profit to fall substantially.

➤ Precision-forged Goods Division improved profitability by production increase.

➤ Profit surged reflecting increased sales of both Japanese and Thai production bases.

➤ Increased domestic sales pushed up profit.

➤ Recovery of oil drilling filter sales reduced TSM's deficit.

\* Rounded down to the nearest million yen.

# I . Interim Results for the Year Ending March 2012

## - Cost of Sales -

Consolidated

Millions yen

	10/9 Results	Ratio	11/9 Results	Ratio
Net sales	4,526	100.0%	5,726	100.0%
Material cost	1,463	32.3%	2,316	40.5%
Purchase of products	187	4.2%	280	4.9%
Subcontract processing	468	10.3%	519	9.1%
Subsidiary material cost	196	4.3%	231	4.0%
Labor cost	959	21.2%	1,078	18.8%
Depreciation	214	4.7%	212	3.7%
Change in inventory	116	2.6%	219	3.8%
Others	288	6.4%	277	4.9%
Cost of sales	3,661	80.9%	4,696	82.0%
Gross income from sales	864	19.1%	1,029	18.0%

### Increase of Material Cost Ratio

➤ A rise in sales composition of the Assembly Business, which has high material cost ratio, from 33.3% to 42.9%, increased overall material cost ratio.



# I . Interim Results for the Year Ending March 2012

## - SG&A Expenses -

Consolidated

Millions yen

	10/9 Results	Ratio	11/9 Results	Ratio
Net sales	4,526	100.0%	5,726	100.0%
Packaging/Freight	63	1.4%	74	1.3%
Transportation	39	0.9%	40	0.7%
Labor cost	368	8.1%	389	6.8%
Depreciation	39	0.9%	37	0.6%
Rent	20	0.5%	20	0.4%
Others	174	3.9%	189	3.3%
SG&A Expenses	706	15.6%	752	13.1%

\* Rounded down to the nearest million yen.

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# I . Interim Results for the Year Ending March 2012

## - B/S: Assets -

Consolidated

Millions yen

	10/9 Results	11/3 Results	11/9 Results	Change
Cash and deposit	1,491	1,697	1,905	207
Notes receivable	755	932	717	△ 214
Accounts receivable	1,765	2,173	2,247	74
Inventory	1,366	1,563	1,851	287
Others	160	181	238	57
Allowance for bad debts	△ 3	△ 4	△ 3	0
<b>Total current assets</b>	<b>5,534</b>	<b>6,543</b>	<b>6,956</b>	<b>413</b>
Tangible fixed assets	5,045	4,931	4,956	24
Intangible fixed assets	79	99	114	15
Investment and other assets	799	796	777	△ 18
<b>Total fixed assets</b>	<b>5,924</b>	<b>5,826</b>	<b>5,848</b>	<b>21</b>
<b>Total assets</b>	<b>11,459</b>	<b>12,370</b>	<b>12,805</b>	<b>435</b>

### Increase in Inventory

➤ Attributable to the increase in sales.

\* Rounded down to the nearest million yen.

\* Change is the difference 11/3 results and 11/9 results.

# I . Interim Results for the Year Ending March 2012

## - B/S: Liabilities and Net Assets -

Consolidated

Millions yen

	10/9 Results	11/3 Results	11/9 Results	Change
Accounts payable	503	881	973	91
Short-term debt	1,958	2,216	1,790	△ 425
Current portion of bonds	0	0	1,000	1,000
Accrued income tax	39	60	87	27
Allowance for bonus payable	173	132	201	68
Others	382	502	467	△ 35
<b>Total current liabilities</b>	<b>3,057</b>	<b>3,793</b>	<b>4,520</b>	<b>727</b>
Corporate bond	1,000	1,000	0	△ 1,000
Long-term debt	745	550	1,144	593
Others	85	78	106	27
<b>Total fixed liabilities</b>	<b>1,831</b>	<b>1,628</b>	<b>1,250</b>	<b>△ 378</b>
<b>Total liabilities</b>	<b>4,888</b>	<b>5,422</b>	<b>5,771</b>	<b>348</b>
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	3,762	4,096	4,191	95
Minority interest	280	328	344	16
Others	△ 95	△ 99	△ 124	△ 25
<b>Total net assets</b>	<b>6,570</b>	<b>6,948</b>	<b>7,034</b>	<b>86</b>
<b>Total liabilities and net assets</b>	<b>11,459</b>	<b>12,370</b>	<b>12,805</b>	<b>435</b>

**Increase in Accounts payable**

➤ Attributable to the increase in sales.

**Decrease of Corporate Bond and Increase of Current Liabilities**

➤ Current portion of bonds was posted as current liabilities.

\* Rounded down to the nearest million yen.

\* Change is the difference 11/3 results and 11/9 results.



# I . Interim Results for the Year Ending March 2012

## - Cash Flows (CF) -

Consolidated

Millions yen

	10/9	11/9	Change
Cash flows from operating activities	105	382	276
Cash flows from investing activities	△ 123	△ 245	△ 122
Cash flows from financing activities	108	96	△ 12
Amount of increase incash and cash equivalents	77	207	129
Cash and cash equivalentsbalance at beginning of term	1,060	1,344	283
Cash and cash equivalentsbalance at end of term	1,138	1,552	413
<b>FCF</b>	<b>△ 17</b>	<b>136</b>	<b>154</b>

### Cash flows from operating activities

➤ Last year as sales increased, trade receivables increased. In contrast, this year trade receivables decreased.

### Cash flows from investing activities

➤ Last year, capital investment was restrained.

## Ⅱ . Full-Year Forecasts for the Fiscal Year Ending March 2012 and Progress Status of the Mid-term Management Plan

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## ■ Local corporation of NICHIDAI Group

Name	Location	Business
NICHIDAI (THAILAND) LTD.	Chonburi, Thailand Amata Nakorn Industrial Estate (In the suburbs of Bangkok)	✓ Production base of VG turbo charger parts.
THAI SINTERED MESH CO., LTD.	Lamphun, Thailand Saha Group Industrial Park (Northern Thailand, in the suburbs of Cheng Mai)	✓ Oil drilling filters production base.
NICHIDAI ASIA CO., LTD.	Chonburi, Thailand Amata Nakorn Industrial Estate (In the suburbs of Bangkok)	✓ Sales base of dies established.

## ■ Situation

At this point, there have not been any reports of human and/or property damages. However, night shift has been suspended at NICHIDAI (THAILAND) LTD. due to the supply chain disorder.

We will inform you promptly if it becomes clear that the flood in Thailand will have a serious impact on our business results.



II . Full-Year Forecasts for the Fiscal Year Ending March 2012  
and Progress Status of the Mid-term Management Plan  
- P/L: Sales and Profit -

Millions yen

	10/3 Results 09/4-10/3	11/3 Results 10/4-11/3	12/3 Plan (Original) 11/4-12/3 Announced 11/7	12/3 Plan (Revision) 11/4-12/3 Announced 11/11	Growth Rate
Non- consolidated					
Net sales	4,103	5,415	5,800	5,800	7.1%
Gross income from sales	556	1,220	1,255	1,220	△ 0.0%
S.G. & A. expense	884	936	970	960	2.5%
Operating income	△ 327	283	285	260	△ 8.3%
Non-operating income	14	12	55	30	-
Ordinary income	△ 342	271	230	230	△ 15.3%
Net income	△ 359	209	135	135	△ 35.5%
Consolidated					
Net sales	6,887	10,301	12,500	12,500	21.3%
Gross income from sales	923	2,181	2,380	2,395	9.8%
S.G. & A. expense	1,336	1,478	1,500	1,515	2.5%
Operating income	△ 412	703	880	880	25.1%
Non-operating income	6	21	80	80	-
Ordinary income	△ 419	681	800	800	17.4%
Net income	△ 450	495	500	500	0.8%

\* Rounded down to the nearest million yen.



II. Full-Year Forecasts for the Fiscal Year Ending March 2012  
and Progress Status of the Mid-term Management Plan  
- Segment Net Sales -

Consolidated				Millions yen
Business	10/3 Full Year Results 09/4-10/3	11/3 Full Year Results 10/4-11/3	12/3 Full Year Plan 11/4-12/3	Growth Rate
Net-Shape	4,103	5,415	5,800	7.1%
Assembly	1,847	3,749	5,450	45.4%
Filter	937	1,136	1,250	10.0%
Consolidated Total	6,887	10,301	12,500	21.3%

\* Rounded down to the nearest million yen.

## II . Full-Year Forecasts for the Fiscal Year Ending March 2012 and Progress Status of the Mid-term Management Plan - The Net-Shape Business -

Strategic Point	Action Assignment	Progress Situation
Enhancing product competitiveness by QDC improvement	<ul style="list-style-type: none"> <li>✓ Aim to drastically improve QDC and then enhance product competitiveness by reviewing the entire value chain from design, production to sales.</li> </ul>	<ul style="list-style-type: none"> <li>✓ A project involving production and engineering divisions that aims to shorten lead time was set up and has been active.</li> </ul>
Promoting technological development and pioneering new business field	<ul style="list-style-type: none"> <li>✓ Aiming to further strengthen precision-forged goods business, set up Engineering &amp; Development Department.</li> <li>✓ Advance development of new precision-forging methods and products, and look for applications in various industries.</li> </ul>	<ul style="list-style-type: none"> <li>✓ A method to produce small-sized electric-generating rotor components is being developed.</li> <li>✓ This business was certified as a Supported Project for Strategic Basic Technology Advancement (Supporting Industry Project) by the Ministry of Economy, Trade and Industry.</li> </ul>
Responding to overseas business development	<ul style="list-style-type: none"> <li>✓ With our eyes set on the Japanese key customers' entering foreign markets, strengthen international collaboration in sales activities.</li> <li>✓ Promote Asian strategy keeping in mind our production bases for forging dies and mass production.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Launching mass production of forged scrolls in Thailand was determined.</li> </ul>

## II. Full-Year Forecasts for the Fiscal Year Ending March 2012 and Progress Status of the Mid-term Management Plan - Scheduled Launch of Mass Production of Forged Scrolls in Thailand -

### Value chain of forged scrolls



- On the back of the lightweight and small size trend, future substantial growth in demand for scroll compressor-type car A/C is expected centering on emerging nations.
- Manufacturers of car A/C compressor are planning to enhance their production capacity in Southeast Asia.
- NICHIDAI Groups will start mass production of forged scrolls at NICHIDAI (THAILAND) LTD. (NDT), our overseas subsidiary.



**Precision- forged scroll**



### **NICHIDAI (THAILAND) LTD. (NDT)**

- ✓ Production base of VG turbo charger parts in the suburbs Bangkok, Thailand.
- ✓ A joint venture of NPC and Mitsubishi Turbocharger Asia Co., Ltd.

- **Amount to be invested:** Total 1 billion yen for 3 years, including expansion work of NDT
- **Mass production scheduled to start:** October 2012
- **Product to be mass produced:** Forged scrolls
- **Estimated sales:** 300 million yen for FY2013 and 900 million yen for FY2014

II . Full-Year Forecasts for the Fiscal Year Ending March 2012  
and Progress Status of the Mid-term Management Plan  
- The Assembly Business -

Strategic Point	Action Assignment	Progress Situation
Enhancing product competitiveness by QDC improvement	<ul style="list-style-type: none"> <li>✓ Reinforce supply chain management to shorten lead time and raise efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Purchasing activity from multiple suppliers is being promoted.</li> <li>✓ Net processing time in surface treatment is being shortened.</li> </ul>
Promoting technological development and pioneering new business field	<ul style="list-style-type: none"> <li>✓ Clarify the role of NICHIDAI PRECISION CORPORATION, our Japanese subsidiary, as our R&amp;D base.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Trial production division is being reinforced.</li> </ul>
Responding to overseas business development	<ul style="list-style-type: none"> <li>✓ Advance local procurement at NDT of Thailand.</li> <li>✓ Clarify NDT' s role as our mass production base.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Localization of material procurement and parts processing is being promoted.</li> </ul>



II . Full-Year Forecasts for the Fiscal Year Ending March 2012  
and Progress Status of the Mid-term Management Plan  
- The Filter Business -

Strategic Point	Action Assignment	Progress Situation
<p>Promoting technological development and pioneering new business field</p>	<ul style="list-style-type: none"> <li>✓ Expand sales of new products, such as ozone decomposing filters.</li> <li>✓ Broaden sintering technology applicable areas, thereby establish new applications and new markets for products other than filter products.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The efforts to sell ozone decomposing filter are still continuing.</li> <li>✓ New customers are also being developed.</li> </ul>
<p>Responding to overseas business development</p>	<ul style="list-style-type: none"> <li>✓ Establish a filter production system other than oil drilling filters at Thai TSM.</li> <li>✓ TSM should assume a role as our mass production and Asian market development base.</li> </ul>	<ul style="list-style-type: none"> <li>✓ The structure for expanding sales of filter products is being strengthened at TSM.</li> <li>✓ A new factory is being built for manufacturing filter products at TSM.</li> </ul>

II . Full-Year Forecasts for the Fiscal Year Ending March 2012  
and Progress Status of the Mid-term Management Plan  
- Capital Investment/Depreciation -

Consolidated

Millions of Yen

	08/3	09/3	10/3	11/3	12/3
	Results	Results	Results	Results	Plan
Capital expenditures	759	524	426	370	665
Depreciation	625	633	557	532	570

\* Rounded down to the nearest million yen.



II . Full-Year Forecasts for the Fiscal Year Ending March 2012  
and Progress Status of the Mid-term Management Plan

- Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
FY2010	0.00	0.00	0.00
FY2011	3.00	6.00	9.00
FY2012	6.00	(Forecast) 6.00	(Forecast) 12.00

**Thank you very much for coming today.**

# NICHIDAI CORPORATION

- This document has been prepared based on the judgments and assumptions made through information available for our company at this time.
- Therefore, actual operating results may differ from forecasts due to intrinsic uncertainties.

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