



The Financial Statement Briefing For the Year Ended March 31, 2019

May 13, 2019

JASDAQ: 6467

NICHIDAI CORPORATION

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

Net-Shape Business

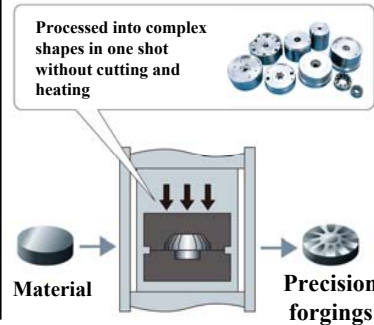
◆ Forging Die Division ◆

- Suggests and provides total engineering from die production, development and parts manufacturing.

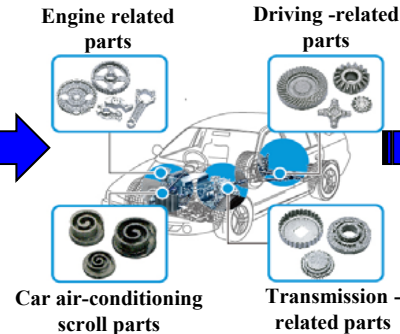
◆ Precision -forged Products Division ◆

- Provides high value-added parts leveraged by our die technology.

Design and manufacture precision forging die for the net-shape



Parts manufacturers (customers) produce automobile parts using precision-forged dies. (Nichidai undertakes production partially)



Mainly the automotive industry

◆ Forging Die Division ◆

- All domestic automobile manufacturers affiliates.
- Also increased transactions with auto parts manufacturers overseas.

◆ Precision -forged Products Division ◆

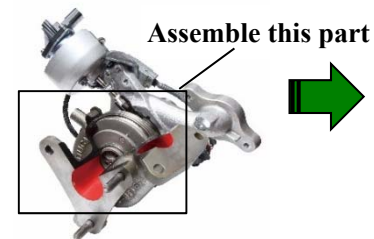
- Automobile parts manufacturers (Key products: Scroll forged goods)

Assembly Business

- Assembly of the turbo charger parts.
- Assembles parts at domestic and Thai plants to meet local procurement needs.



Incorporated as part of turbocharger at our customer/manufacturer

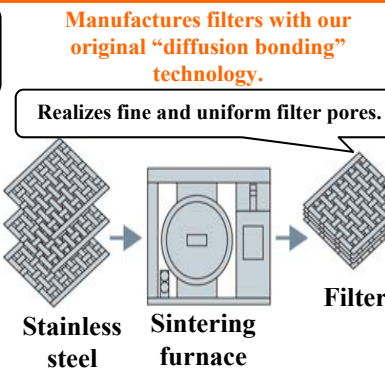


Automotive industry

Automobile manufacturers around the world

Filter Business

- Produces multi-layer sintered filters by integrating multiple stainless wire sheets.
- Cleaning and regeneration service of the filter.



Forms filters into a variety of shapes according to the applications of our customers manufacturers.



Various makers

Oil, Gas, Chemistry, Fiber, Food, Aerospace Etc...

Net-Shape Business

Assembly Business

Filter Business

Non-consolidated NICHIDAI CORPORATION

Ujitawara factory



Scroll forgings



Precision forging dies

- Precision forging die production base
- With some 30 development staff
- Forging press equipment. Also produces forged goods.

Kyotanabe factory



VG turbo charger parts



WG turbo charger parts

- Domestic turbocharger production base.
- Relocated from Ujitawara Factory to Kyotanabe Factory in 2015.

Ujitawara factory



Lamination sintered wire mesh filters

- Domestic development and production base equipped with five sintering furnaces.

Overseas

NICHIDAI (THAILAND)LTD. (NDT)

NICHIDAI ASIA CO., LTD.(NDA)

- ◆ Sales base of dies established in Thailand.

NICHIDAI U.S.A. CORPORATION (NUC)

- ◆ Die sales base in Ohio USA.

- ◆ Production base of VG turbo charger parts in the suburbs Bangkok, Thailand. Strategic base of both Net shape business and Assembly business in Asia.

Net-Shape Business

- Sales of air-conditioning scroll compressor parts.
- The Production of precision forging dies.

Assembly Business

- The production and sale of VG turbo charger parts (Overseas users)

THAI SINTERED MESH CO., LTD. (TSM)



- ◆ Filters production base in the suburbs of Chiang Mai, Thailand. Oil drilling filter is the flagship product. Equipped with five sintering furnaces.

I. Financial Results for the Year Ended March 31, 2019



I . Financial Results for the Year Ended March 31, 2019

- P/L: Sales and Profit -

➤ All-time high sales and profits were recorded.

Millions of Yen

	18/3 Results 17/4-18/3	19/3 Revisional Plan 18/4-19/3 (Announced 18/10)	19/3 Results 18/4-19/3	Growth Rate
Net sales	15,248	16,220	17,416	14.2%
Gross income from sales	2,947	3,391	3,753	27.4%
S.G.&A. expense	2,192	2,218	2,366	7.9%
Operating income	755	1,173	1,387	83.8%
Non-operating income	△ 23	△ 14	△ 29	—
Ordinary income	778	1,187	1,417	82.0%
Net income Attributable to Owners of the Parent	522	790	968	85.4%

* Rounded down to the nearest million yen

【Exchange rate】

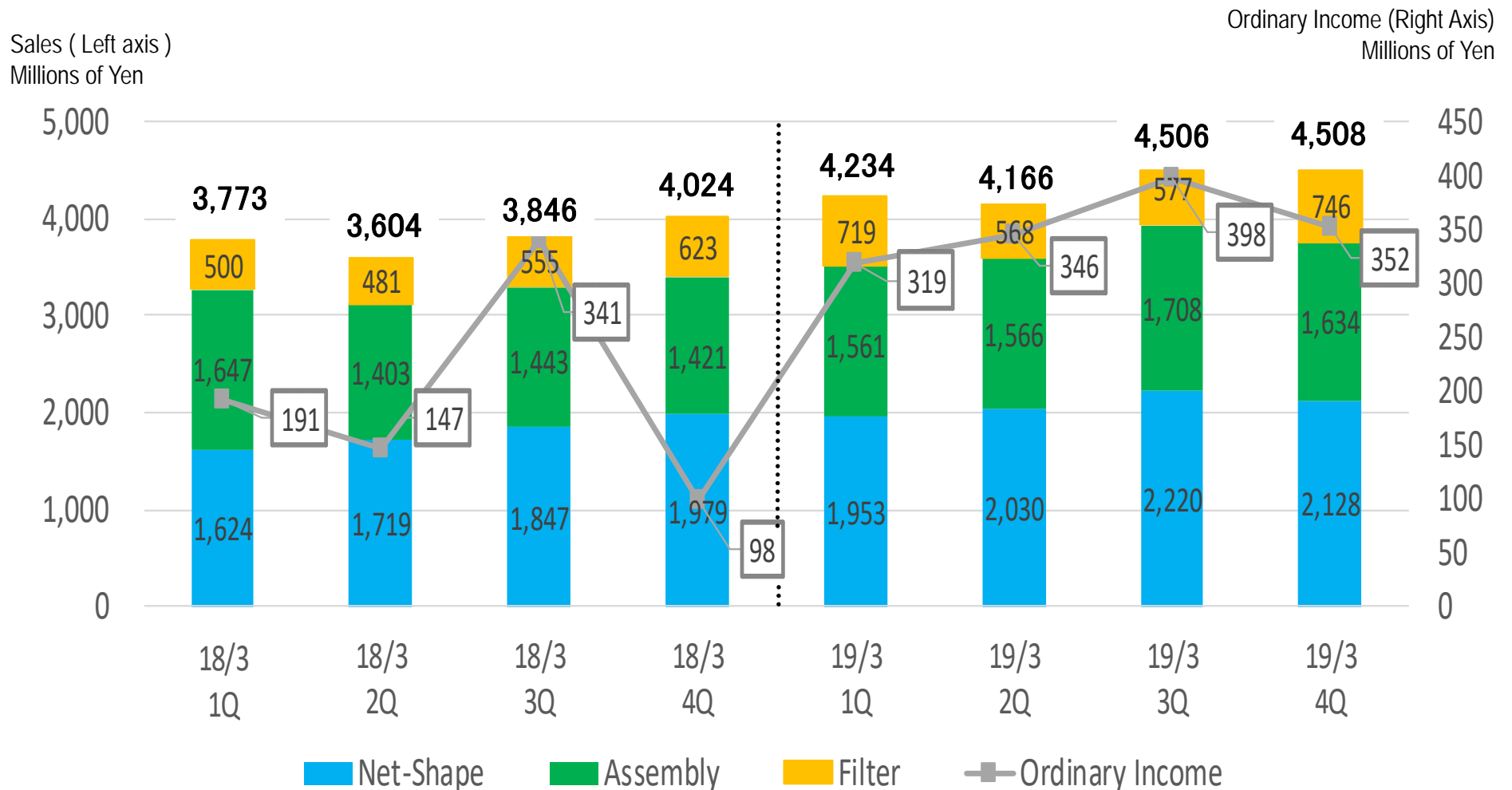
	18/3 Result	19/3 Plan	19/3 Plan
USD	112.39yen	110yen	110.58yen
THB	3.31yen	3.4yen	3.42yen



I. Financial Results for the Year Ended March 31, 2019

- Trend in operating results on quarter basis -

➤ In the 2nd half of FY March 2019, both sales and ordinary income exceeded the 1st half levels.



※ Bar graph above figures , consolidated net sales



I. Financial Results for the Year Ended March 31, 2019

- Segment Net Sales -

Millions of Yen

Business	18/3 Results 17/4-18/3	19/3 Plan 18/4-19/3 (Announced 18/10)	19/3 Results 18/4-19/3	Growth Rate
Net-Shape	7,171	7,660	8,332	16.2%
Assembly	5,915	6,130	6,471	9.4%
Filter	2,161	2,430	2,611	20.8%
Consolidated Total	15,248	16,200	17,416	14.2%

➤ Forging Die Division:
Sales to key users remained robust in the 2nd half year.
➤ Precision –forged Products Division:
Sales increased both in Japan and overseas.

➤ Increased sales of new models pushed up overall sales.

➤ As well as special demand for the electric power industry, sales of key products mainly for health care products posted growth.

* Rounded down to the nearest million yen

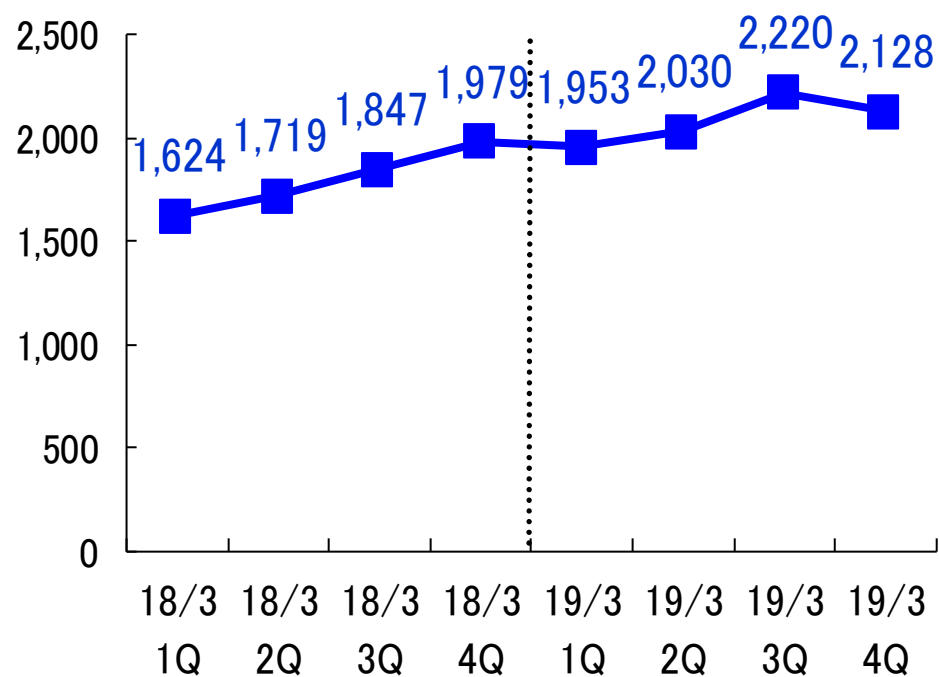
I. Financial Results for the Year Ended March 31, 2019

- Overview of the Net-Shape Business -

- **Forging Die Division:** Sales to key users were healthy both in Japan and overseas.
- **Precision-forged Goods Division :** Sales increased both in domestic and overseas bases.

Trend in sales of Net-Shape business

Millions of Yen



Change in Domestic/Overseas Sales

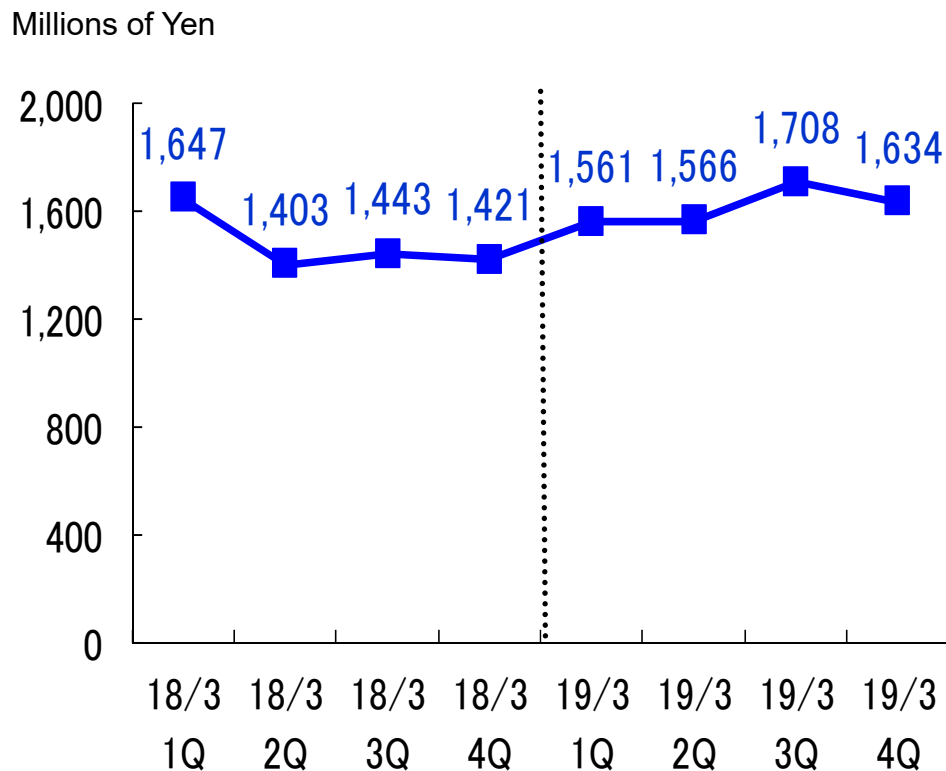
Millions of Yen

	18/3 Results	19/3 Results	Growth Rate
Domestic	5,087	5,905	16.1%
Overseas	2,083	2,427	16.5%
Total	7,171	8,332	16.2%

I. Financial Results for the Year Ended March 31, 2019 - Overview of the Assembly Business -

- Sales of new models of VG turbocharge parts increased, contributing to the growth of overall sales.
- Overseas sales were almost flat

Trend in sales of Assembly business



Change in Domestic/Overseas Sales

Millions of Yen

	18/3 Results	19/3 Results	Growth Rate
Domestic	2,666	3,234	21.3%
Overseas	3,249	3,236	△ 0.4%
Total	5,915	6,471	9.4%

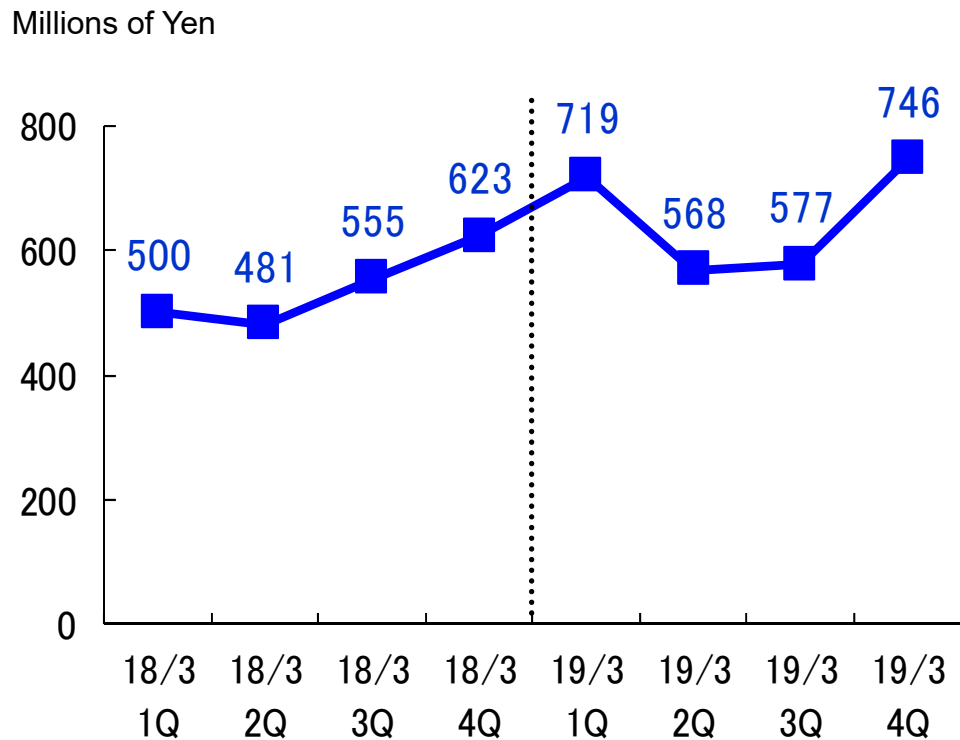
* Rounded down to the nearest million yen

I. Financial Results for the Year Ended March 31, 2019

- Overview of the Filter Business -

- There was special demand for the electric power industry.
- Sales of key products mainly for health care products posted growth.

Trend in sales of Filter business



Change in Domestic/Overseas Sales

Millions of Yen

	18/3 Results	19/3 Results	Growth Rate
Domestic	1,585	2,197	38.6%
Overseas	576	414	△ 28.0%
Total	2,161	2,611	20.8%

* Rounded down to the nearest million yen



I. Financial Results for the Year Ended March 31, 2019

- Segment P/L -

	Millions of Yen					
	18/3			19/3		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	7,171	413	5.8%	8,332	837	10.0%
Assembly	5,915	138	2.3%	6,471	346	5.4%
Filter	2,161	226	10.5%	2,611	233	8.9%
Consolidated total	15,248	778	5.1%	17,416	1,417	8.1%

➤ Attributable to the sales growth posted by both the Forging Die Division and the Precision-forged Products Division.

➤ Sales increase brought by the start of production of new models pushed up profits.

➤ Affected by a temporary sales composition.

* Rounded down to the nearest million yen

I. Financial Results for the Year Ended March 31, 2019

- Cost of Sales -

Millions of Yen

	18/3 Results	Ratio	19/3 Results	Ratio
Net sales	15,248	100.0%	17,416	100.0%
Material cost	5,588	36.6%	6,064	34.8%
Purchase of products	825	5.4%	1,361	7.8%
Subcontract processing	1,417	9.3%	1,651	9.5%
Subsidiary material cost	459	3.0%	449	2.6%
Labor cost	2,566	16.8%	2,723	15.6%
Depreciation	730	4.8%	729	4.2%
Change in inventory	△ 34	△ 0.2%	44	0.3%
Others	677	4.4%	726	4.2%
Cost of sales	12,301	80.7%	13,662	78.4%
Gross income from sales	2,947	19.3%	3,753	21.6%

Material cost

- Sales of peripheral devices of the Net-Shape Business increased.
- Purchased products increased in the Filter Business.

* Rounded down to the nearest million yen



I. Financial Results for the Year Ended March 31, 2019

- SG&A Expenses -

Millions of Yen

	18/3 Results	Ratio	19/3 Results	Ratio
Net Sales	15,248	100.0%	17,416	100.0%
Packaging/Freight	169	1.1%	198	1.1%
Transportation	118	0.8%	131	0.8%
Labor cost	1,078	7.1%	1,127	6.5%
Depreciation	129	0.8%	124	0.7%
Rent	62	0.4%	60	0.3%
Others	633	4.2%	723	4.2%
SG&A Expenses	2,192	14.4%	2,366	13.6%

* Rounded down to the nearest million yen

I. Financial Results for the Year Ended March 31, 2019

- B/S: Assets -

Millions of Yen

	18/3 Results	19/3 Results	Change
Cash and deposit	2,774	2,798	23
Notes receivable	581	592	11
Accounts receivable	3,456	4,352	895
Inventory	2,084	2,270	185
Others	72	93	21
Allowance for bad debts	△ 1	0	1
Total current assets	8,967	10,107	1,139
Tangible fixed assets	6,725	6,409	△ 315
Intangible fixed assets	139	344	204
Investment and other assets	318	321	3
Total fixed assets	7,183	7,076	△ 107
Total assets	16,151	17,183	1,031

* Rounded down to the nearest million yen

I. Financial Results for the Year Ended March 31, 2019

- B/S: Liabilities and Net Assets -

Millions of Yen

	18/3 Results	19/3 Results	Change
Accounts payable	1,586	1,905	319
Short-term debt	1,527	1,416	△ 111
Accrued income tax	160	247	86
Allowance for bonus payable	149	155	5
Others	929	794	△ 134
Total current liabilities	4,353	4,519	166
Long-term debt	497	577	79
Others	71	48	△ 22
Total fixed liabilities	569	625	56
Total liabilities	4,922	5,145	223
Capital	1,429	1,429	0
Capital surplus	1,192	1,192	0
Retained earnings	7,285	8,072	787
Minority interest	1,055	1,125	69
Others	265	216	△ 48
Total net assets	11,228	12,037	808
Total liabilities and net assets	16,151	17,183	1,031

* Rounded down to the nearest million yen

I. Financial Results for the Year Ended March 31, 2019

- Cash Flows(CF) -

	Millions of Yen		
	18/3	19/3	Change
Cash flows from operating activities	1,483	1,304	△ 179
Cash flows from investing activities	△ 568	△ 830	△ 262
Cash flows from financing activities	△ 798	△ 428	370
Amount of increase in cash and cash equivalents	187	23	△ 163
Cash and cash equivalents balance at beginning of term	2,478	2,665	187
Cash and cash equivalents balance at end of term	2,665	2,689	23
FCF	915	473	△ 441

CF from operating activities

➤ Increase/decrease in trade receivables
(△ = increase)

18/3 38 million yen
19/3 △919 million yen

➤ Increase/decrease in inventory assets
(△ = increase)

18/3 △30 million yen
19/3 △194 million yen

*Rounded down to the nearest million yen

II. Plan for the Year Ended March 31, 2020



II. Plan for the Year Ended March 31, 2020 - P/L: Sales and Profit -

- Regarding earnings forecast for FY March 2020, considering that the Japanese automobile industry will be influenced by the US-China trade friction, Brexit and other changes in the economic environment, we forecast decreases both in sales and profits.

Millions of Yen

	19/3 Results 18/4-19/3	20/3 Plan 19/4-20/3	Growth Rate
Net sales	17,416	15,500	△ 11.0%
Gross income from sales	3,753	3,290	△ 12.3%
S.G.&A. expense	2,366	2,290	△ 3.2%
Operating income	1,387	1,000	△ 27.9%
Non-operating income and loss	△ 29	0	-
Ordinary income	1,417	1,000	△ 29.4%
Net income Attributable to Owners of the Parent	968	660	△ 31.8%

* Rounded down to the nearest million yen

【Exchange rate】

	19/3 Result	20/3 Plan
USD	110.58yen	110yen
THB	3.42yen	3.4yen



II. Plan for the Year Ended March 31, 2020 - Segment Net Sales -

Millions of Yen

Business	19/3 Results 18/4-19/3	20/3 Plan 19/4-20/3	Growth Rate
Net-Shape	8,332	7,840	△ 5.9%
Assembly	6,471	5,440	△ 15.9%
Filter	2,611	2,220	△ 15.0%
Consolidated total	17,416	15,500	△ 11.0%

➤ **Forging Die Division:**

Sales will fall as the large-scale project of the previous year will end.

➤ **Precision-forged Goods Division :**

Sales of scroll-forged-goods will decrease.

➤ Sluggishness of the automobile industry will exert a negative effect.

➤ Particularly, sales of W/G turbocharger parts are expected to decrease.

➤ Sales will decline as the special demand, which we had in FY March 2019, is not expected.

* Rounded down to the nearest million yen

II. Plan for the Year Ended March 31, 2020 - Capital Investment/Depreciation-

Millions of Yen

	14/3 Results	15/3 Results	16/3 Results	17/3 Results	18/3 Results	19/3 Results	20/3 Plan
Capital Investment	1,290	1,313	774	966	434	771	1,530
Depreciation	764	879	970	793	860	853	860

* Rounded down to the nearest million yen

III. Dividends

III. - Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
2016FY	10.00	10.00	20.00
2017FY	10.00	10.00	20.00
2018FY	8.00	10.00 (Ordinary dividend 8.00) (Special dividend 2.00)	18.00 (Ordinary dividend 16.00) (Special dividend 2.00)
2019FY(Original Plan)	10.00	10.00	20.00
2019FY(Revision Plan)	10.00(Result)	15.00 (Ordinary dividend 10.00) (Special dividend 5.00)	25.00 (Ordinary dividend 20.00) (Special dividend 5.00)
2020FY(Plan)	10.00	10.00	20.00

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.

IR Representative: Konno, Planning Section Office

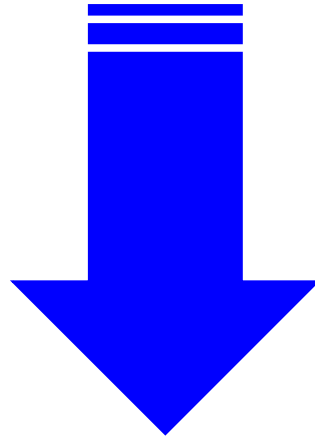
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Appendix: Medium-term Management Strategies

Three environmental changes surrounding the NICHIDAI Group

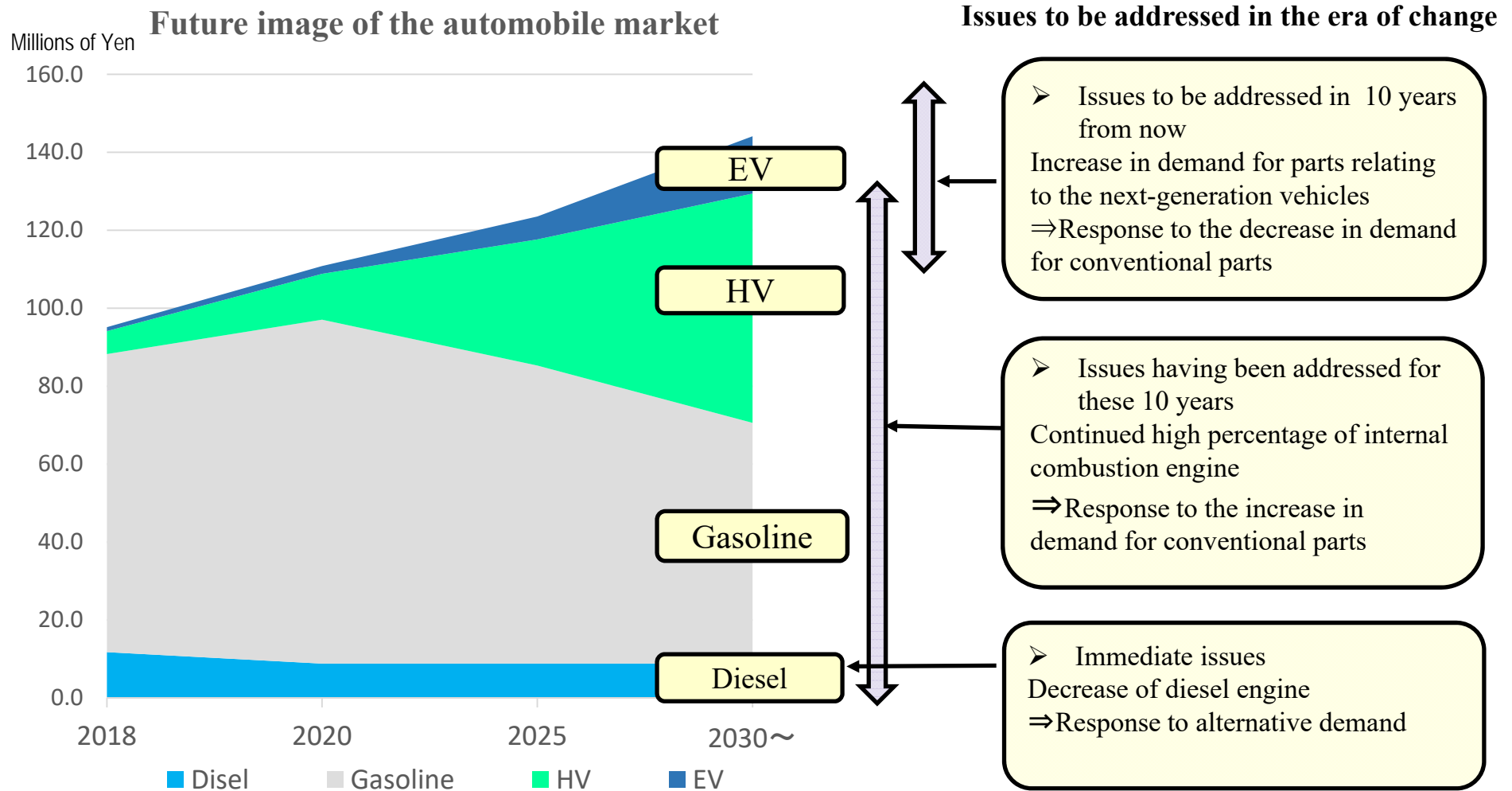
1. Accelerate the transition to motorization in the automobile industry
2. Accelerated downsizing of gasoline-powered vehicles
⇒ Decrease of the ratio of diesel-powered vehicles in Europe
3. Stepped up efforts toward workstyle reform in an aging society



Rebuilding of Management Strategies
(FY March 2019 onward)

Medium-term Management Strategies (Respond to the next-generation vehicles)

At the reform in the automobile industry, it's necessary to steer the Company in response to the existing demand, which is expected to hover high for at least the next 10-15 years, and new demand related to the next-generation vehicles as well.



※Reference: This material used various forecast materials as a reference. Figures are images of scenario.



Challenges, Strategies and Initiatives in New Medium-term Management Strategies

In and after fiscal March 2019, we will push forward with the Medium-term Management Strategies based on the following challenges and strategies.

【Basic Strategy】

Challenge 1: Challenge to adding resilience to existing business

Building unrivaled technological strength

- Make efforts to become a niche top company.
- Evolve and establish synergy-driven original technologies.

Further improvement of QDC

- Achieve various KPIs.
- Make steady efforts to reduce cost.

Challenge 2: Challenge to the next generation

Further evolvement of overseas business

- Expand overseas ratio.
- Further enhance overseas bases.

Launch new businesses

- Respond to the next-generation vehicles.
- Make use of in-house seeds.

【Personal・Institutional strategy】

Challenge 3: Challenge to a great place to work

Environment enabling self-fulfillment

- Mechanism that welcomes challenges.
- Mechanism allowing to have a picture of growth.

Enhancement of comfortable working environment

- Workstyle reform.
- Communication reform.

Medium-term Management Strategies – Retrospective View (Measures for Each Business)

Point	Retrospective view	Task
<p>Challenge 1: Challenge to adding resilience to existing business</p>	<p>Building unrivaled technological strength</p> <ul style="list-style-type: none"> ■ Make efforts to become a niche top company. ■ Evolve and establish synergy-driven original technologies. <p>Further improvement of QDC</p> <ul style="list-style-type: none"> ■ Achieve various KPIs. ■ Make steady efforts to reduce cost. 	<ul style="list-style-type: none"> • Net-Shape Business: Through order receiving activities leveraged by our technological development and total engineering capabilities, acquire new users of forging dies and precision-forged goods. • Assembly Business: Continue with in-house production of components in the Net-Shape Business. Some are behind schedule and remain as future issues. • Filter Business: Measures to stimulate demand of existing customers are showing successful results. <ul style="list-style-type: none"> • Assembly Business: Automated lines have been introduced. Measures to increase production efficiency are being promoted.
<p>Challenge 2: Challenge to the next generation</p>	<p>Further evolution of overseas business</p> <ul style="list-style-type: none"> ■ Expand overseas ratio. ■ Further enhance overseas bases. <p>Launch new businesses</p> <ul style="list-style-type: none"> ■ Respond to the next-generation vehicles. ■ Make use of in-house seeds. 	<ul style="list-style-type: none"> • The Net-Shape Business is making use of its strength to deal with more overseas customers and expand sales. • Positioning of and re-strengthening of overseas bases remain as issues. <ul style="list-style-type: none"> • Production of developed goods on contract using R&D press (NFD-1000) has increased. The introduction of the press begins to exert its effect. • There is demand related with the next-generation automobile products for both the Net-Shape Business and the Filter Business.
<p>Challenge 3: Challenge to a great place to work</p>	<p>Environment enabling self-fulfillment</p> <ul style="list-style-type: none"> ■ Mechanism that welcomes challenges. ■ Mechanism allowing to have a picture of growth. <p>Enhancement of comfortable working environment</p> <ul style="list-style-type: none"> ■ Workstyle reform. ■ Communication reform. 	<ul style="list-style-type: none"> • Measures to improve employee satisfaction have been recognized as an issue for consideration. <ul style="list-style-type: none"> • Measures to utilize IT and the like are being examined. • Measures to increase productivity per unit time must be devised.