



The Financial Statement Briefing For Q2 of the Year Ending March 31, 2014

November 6, 2013

JASDAQ: 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

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

Introduction of Business

Net-Shape Business

Non-consolidated

NICHIDAI CORPORATION

- ◆ 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)



Precision forging dies

Overseas

NICHIDAI ASIA CO., LTD. (NDA)

- ◆ Sales base of dies established in Thailand.

NICHIDAI U.S.A. CORPORATION (NUC)

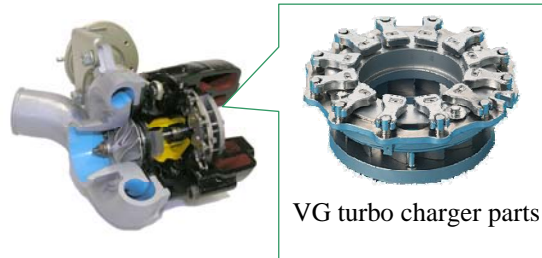
- ◆ Die sales base in Ohio USA.

The above two companies were included in the scope of consolidation from current term.

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.
- ◆ Mass production of scroll forged goods start this year .
- ◆ Die production start this year.



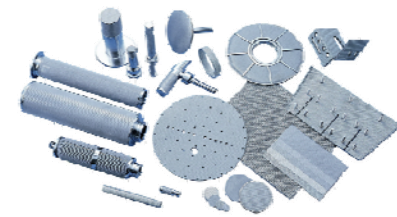
Precision- forged scroll



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)

- ◆ Filters production base in the suburbs of Chiang Mai, Thailand.



I . Interim Results for the Year Ending March 2014



I . Interim Results for the Year Ending March 2014

- P/L : Sales and Profit -

Millions of Yen

	13/3 1st half results 12/4-12/9	14/3 1st half plan 13/4-13/9	14/3 1st half results 13/4-13/9	Growth Rate
Net sales	6,563	6,700	6,687	1.9%
Gross income from sales	1,332	1,385	1,360	2.1%
S.G.&A. expense	842	905	948	12.5%
Operating income	489	480	412	△ 15.8%
Non-operating income	11	20	△ 26	—
Ordinary income	478	460	439	△ 8.2%
Net income	283	210	274	△ 3.3%

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

- Trends in operating results on quarters basis -

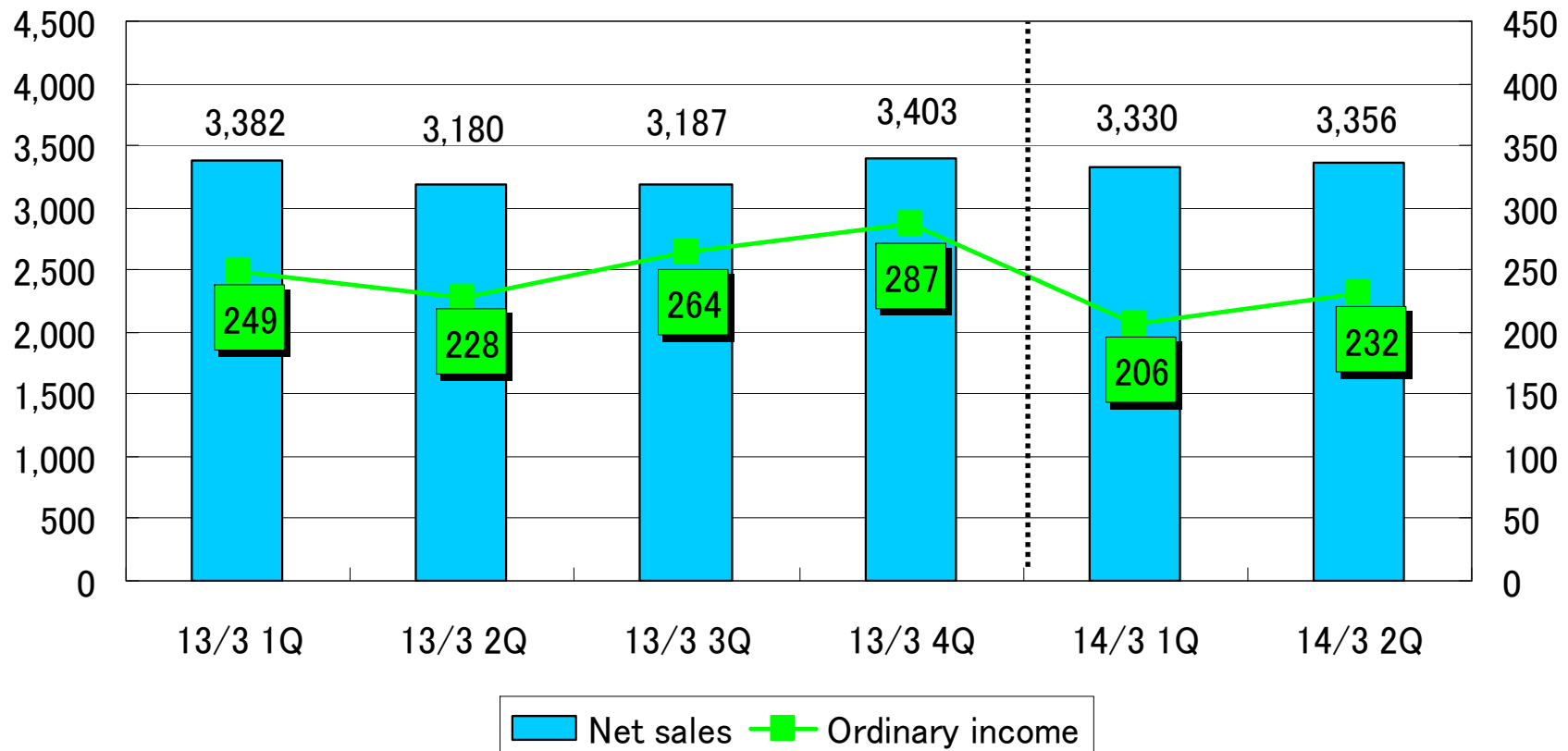
- From the first to second quarter the year ending March 2014, consolidated sales remained at almost the same level.
- Ordinary income hovered at a low level due partly to the product composition of the Net-Shape Business.

Sales (Left axis)

Millions of Yen

Ordinary Income (Right Axis)

Millions of Yen



I . Interim Results for the Year Ending March 2014

- Segment Net Sales -

Consolidated

Millions of Yen

Business	13/3 1st Half Results 12/4-12/9	14/3 1st Half Results 13/4-13/9	Growth Rate
Net-Shape	2,987	3,220	7.8%
Assembly	2,885	2,686	△ 6.9%
Filter	690	781	13.1%
Consolidated Total	6,563	6,687	1.9%

➤ The Forging Die Division earned almost the same level of sales as in the same period of last year. An increase was recorded for die sets.

➤ The Precision-forged Goods Division increased compared to the same period of last year.

➤ The negative growth is attributable to the high-level performance of NICHIDAI (THAILAND) LTD. during the first half of the previous year.

➤ Sales for overseas markets grew substantially.

* Rounded down to the nearest million yen

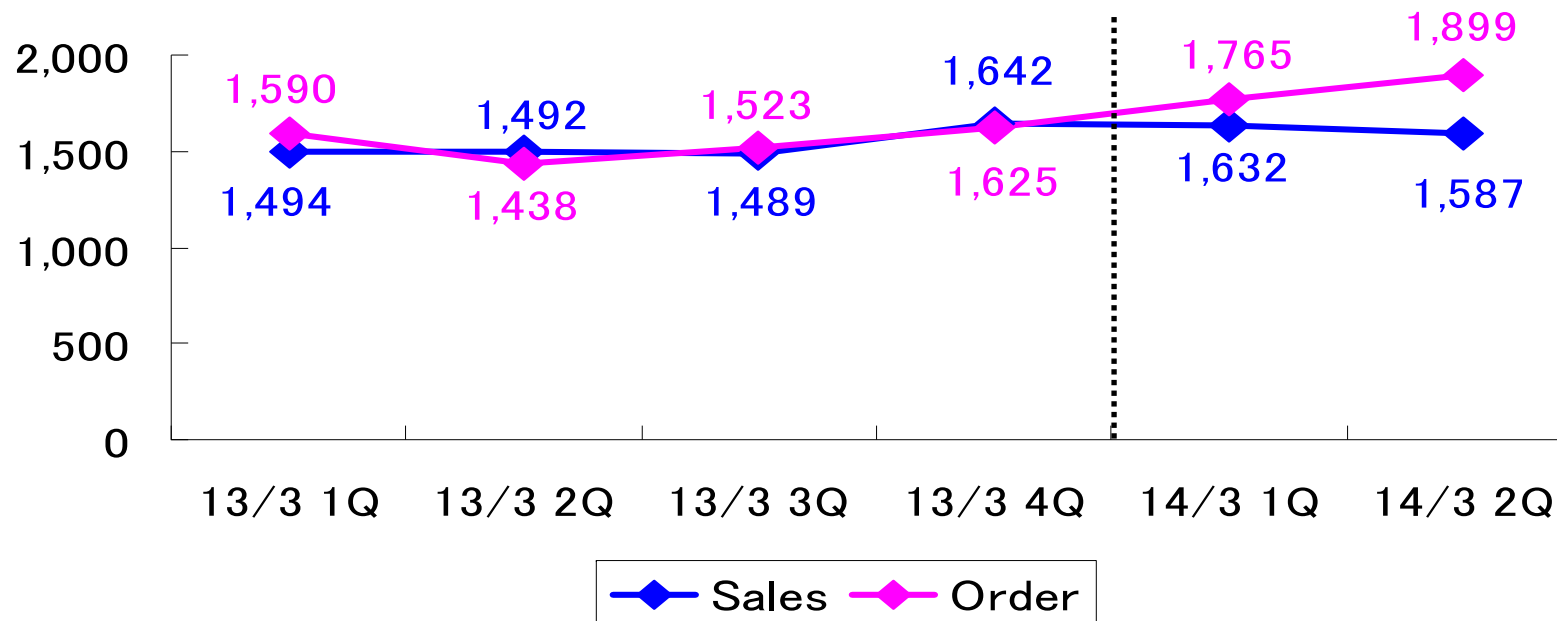
I . Interim Results for the Year Ending March 2014

- Overview of the Net Shape Business -

- **Forging Die Division:** Sales have been growing at a sluggish pace in the current term. However, increase in sales of die set (die mounting jig) contributed to year-on-year growth. The amount of order receipt has been on the increase after the second quarter.
- **Precision-forged Goods Division:** Entering the second quarter, sales have been growing thanks to the increased domestic production of scroll forged goods and other factors. Products manufactured at NICHIDAI(THAILAND) LTD. contributed to sales growth as well.

Millions of Yen

Trend in order and sales of Net-Shape business



* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

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

Non-Consolidated

Millions of Yen

	12/9 Results	13/9 Results	Groth
Domestic	2,067	2,012	△ 2.7%
Overseas total	382	500	30.7%
Asia	333	377	13.0%
North America	47	95	100.5%
Others	1	27	2562.5%
Forging Dies	2,450	2,512	2.5%
Precision forged goods	537	707	31.7%
Net-Shape Business total	2,987	3,220	7.8%

■ Japan

➤ Sales have been growing at a sluggish pace in Japan.

■ Overseas

➤ Sales for the Asian region including Southeastern Asia expanded.

■ Precision-forged goods

➤ Scroll forged goods recorded sales growth.

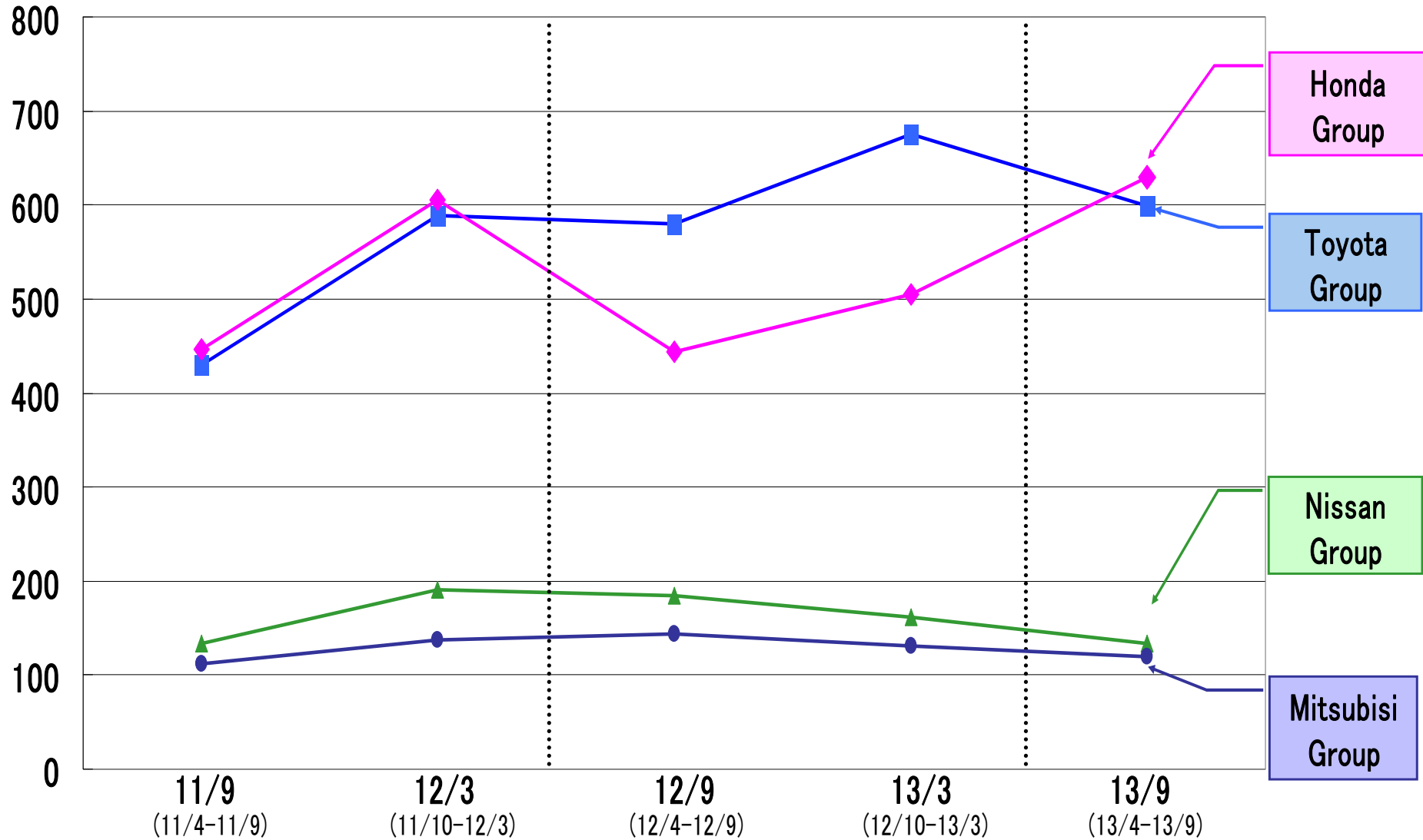
Scroll forged goods manufactured at NICHIDAI(THAILAND) LTD. was also a contributor to the sales growth.

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

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

Millions of yen

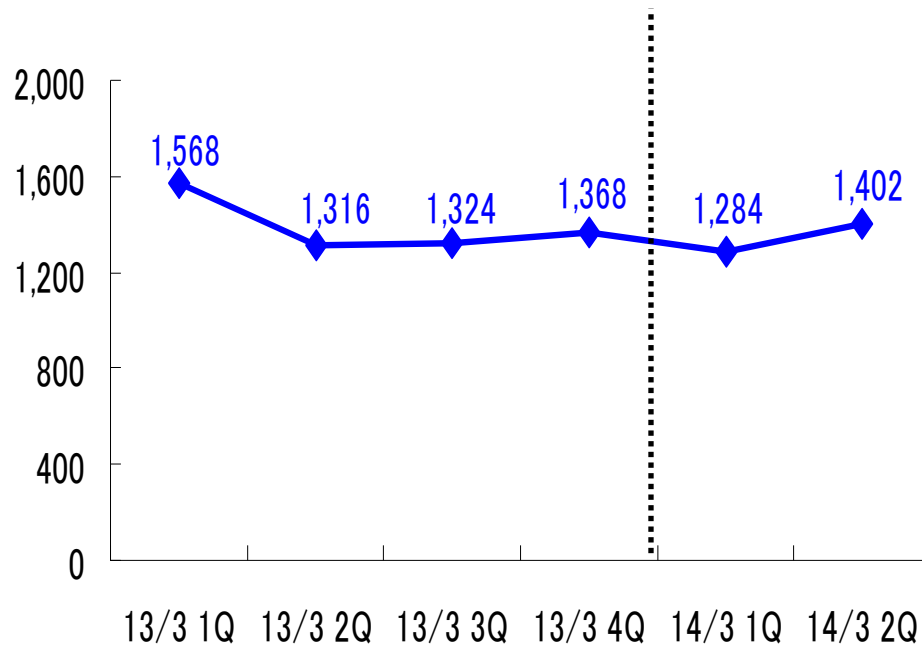


I . Interim Results for the Year Ending March 2014 - Overview of the Assembly Business -

- Sales were at a high level as NICHIDAI(THAILAND)LTD. restored production after the Thai flooding in the first half of the previous year.
- Production hike of turbocharger parts for specific models after the second quarter pushed up sales to a level higher than expected at the beginning of the term.

Trend in sales of Assembly business

Millions of Yen



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	12/9 Results	13/9 Results	Growth Rate
Domestic	1,237	1,440	16.4%
Overseas	1,648	1,246	△ 24.4%
Total	2,885	2,686	△ 6.9%

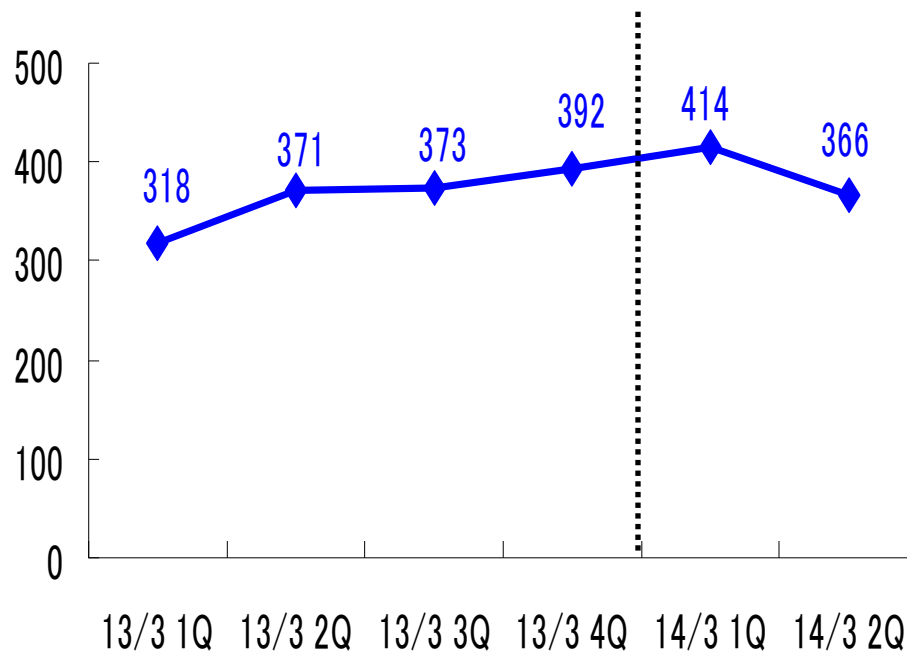
* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014 - Overview of the Filter Business -

- Drive by robust sales of products for healthcare and other specific industries, in Japan.
- Sales for overseas markets increased supported by the increase in export sales for China, Europe and other destinations.

Trend in sales of Filter business

Millions of Yen



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	12/9 Results	13/9 Results	Growth Rate
Domestic	498	524	5.3%
Overseas	191	256	33.5%
Total	690	781	13.1%

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

- Segment P/L -

Millions of Yen

	12/9			13/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	2,987	159	5.3%	3,220	85	2.7%
Assembly	2,885	201	7.0%	2,686	215	8.0%
Filter	690	118	17.1%	781	138	17.7%
Consolidated total	6,563	478	7.3%	6,687	439	6.6%

➤ Forging Die Division posted negative profit growth due partly to the product composition.
➤ Meanwhile, favorable effect of sales growth in Precision-forged Goods Division is also reflected.

➤ Production hike of turbocharger parts for specific models after the second quarter pushed up sales to a profits remained at almost the same level as previous term.

➤ The impact of the increase in transportation cost of the previous year is reflected.

➤ Profits increased in line with the sales growth.

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

- Cost of Sales -

Consolidated

Millions of Yen

	12/9 Results	Ratio	13/9 Results	Ratio
Net sales	6,563	100.0%	6,687	100.0%
Material cost	2,485	37.9%	2,389	35.7%
Purchase of products	226	3.5%	227	3.4%
Subcontract processing	578	8.8%	488	7.3%
Subsidiary material cost	215	3.3%	216	3.2%
Labor cost	1,170	17.8%	1,189	17.8%
Depreciation	239	3.6%	311	4.7%
Change in inventory	△ 47	△ 0.7%	△ 193	△ 2.9%
Others	267	4.1%	312	4.7%
Cost of sales	5,230	79.7%	5,327	79.7%
Gross income from sales	1,332	20.3%	1,360	20.3%

Decrease of Material cost

➤ The decrease is partly attributable to a change in the ratio of business composition to sales.

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

- SG&A Expenses -

Consolidated

Millions of Yen

	12/9		13/9	
	Results	Ratio	Results	Ratio
Net Sales	6,563	100.0%	6,687	100.0%
Packaging/Freight	121	1.9%	86	1.3%
Transportation	50	0.8%	54	0.8%
Labor cost	403	6.2%	444	6.6%
Depreciation	33	0.5%	41	0.6%
Rent	21	0.3%	25	0.4%
Others	211	3.2%	296	4.4%
SG&A Expense:	842	12.8%	948	14.2%

Packaging/Freight

➤ Transportation cost of the Assembly Business increase in the previous year.

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2014

- B/S: Assets -

Consolidated

Millions of Yen

	12/9 Results	13/3 Results	13/9 Results	Change
Cash and deposit	1,887	1,743	2,695	951
Notes receivable	781	740	726	△ 14
Accounts receivable	2,458	2,747	2,547	△ 199
Inventory	2,079	2,091	2,031	△ 59
Others	409	325	310	△ 15
Allowance for bad debts	△ 4	△ 4	△ 3	0
Total current assets	7,612	7,644	8,307	662
Tangible fixed assets	5,285	6,111	6,695	584
Intangible fixed assets	172	99	112	13
Investment and other assets	533	509	437	△ 71
Total fixed assets	5,991	6,720	7,246	526
Total assets	13,603	14,365	15,554	1,188

Increase in tangible fixed assets

➤ Increase in the amount of investments, for the NICHIDAI(THAILAND)LTD.

*Rounded down to the nearest million yen

*Increase/decrease is the difference between results of March 2013 and those of September 2013.

I . Interim Results for the Year Ending March 2014

- B/S: Liabilities and Net Assets -

Consolidated

Millions of Yen

	12/9 Results	13/3 Results	13/9 Results	Change
Accounts payable	1,428	1,328	1,409	81
Short-term debt	2,202	2,201	2,237	35
Accrued income tax	110	110	125	15
Allowance for bonus payable	232	137	241	103
Others	497	751	859	108
Total current liabilities	4,471	4,529	4,873	344
Long-term debt	1,524	1,369	1,571	202
Others	103	528	561	33
Total fixed liabilities	1,627	1,897	2,133	235
Total liabilities	6,099	6,427	7,007	580
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	4,685	4,891	5,151	259
Minority interest	380	472	647	175
Others	△ 184	△ 48	125	173
Total net assets	7,504	7,938	8,547	608
Total liabilities and net assets	13,603	14,365	15,554	1,188

*Rounded down to the nearest million yen

*Increase/decrease is the difference between results of March 2013 and those of September 2013.

I . Interim Results for the Year Ending March 2014

- Cash Flows (CF) -

Consolidated

Millions of Yen

	12/9	13/9	Change
Cash flows from operating activities	1,142	1,226	83
Cash flows from investing activities	△ 754	△ 519	235
Cash flows from financing activities	△ 458	158	617
Amount of increase in cash and cash equivalents	△ 67	896	964
Cash and cash equivalents balance at beginning of term	1,500	1,387	△ 112
Cash and cash equivalents balance at end of term	1,432	2,438	1,006
FCF	387	707	319

Financing Cash Flows

➤ Previous year's result includes expenditure for redemption of corporate bonds.

*Rounded down to the nearest million yen

Ⅱ .Progress of Medium-Term Management Plan

- **Deep hole processing of long-axis component using the net-shape technology**
- **Press release 2013/10/31**

【Conventional problem】

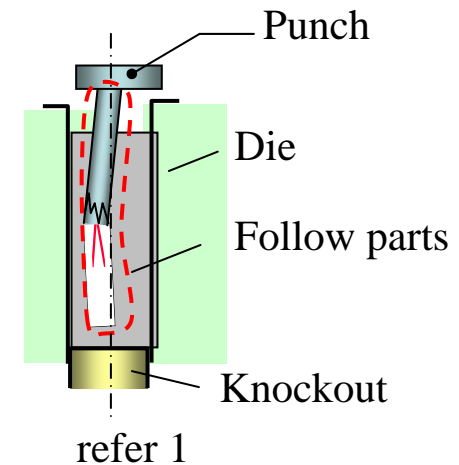
- Increased forming punch load causes breakage by buckling and accompanying lower accuracy of forging parts are the problems. (refer 1)

【Point of development】

- Reduced load and prevention of punch buckling enable high-accuracy deep hole processing.

【Future development】

- More aggressive proposals will be made automobile parts manufacturers who produce light-weight parts.



Follow parts

Die Production in Thailand ⇒ Production start July 2013

- Sales plan: 50 million yen in the 2014 fiscal year
170 million yen in the 2015 fiscal year
- In the background, the Japanese automobile parts manufactures, or our primary customers, have been foraying into overseas markets centering on Asia
- With the start of forging die production, NICHIDAI(THAILAND)LTD. becomes a production base that covers the entire product range for both the Net-Shape Business and the Assembly Business.



NICHIDAI(THAILAND)LTD.
NICHIDAI CORPORATION

III .Full-Year Forecasts for the Fiscal Year Ending March 2014

Ⅲ. Full-Year Forecasts for the Fiscal Year Ending March 2014 - P/L: Sales and Profit -

Millions of Yen

	13/3 Results 12/4-13/3	14/3 Plan 13/4-14/3	Growth Rate
Net sales	13,154	13,500	2.6%
Gross income from sales	2,612	2,820	7.9%
S.G.&A. expense	1,719	1,820	5.9%
Operating income	893	1,000	12.0%
Non-operating income	△ 137	50	—
Ordinary income	1,030	950	△ 7.9%
Net income	561	520	△ 7.4%

* Rounded down to the nearest million yen

Ⅲ. Full-Year Forecasts for the Fiscal Year Ending March 2014 - Forecasts of Each Business -

The Net Shape Business

- **Forging Dies** : Entering the second quarter, the amount of die product order receipt has been increasing. We will surely capture forging die demand, which is expected to increase, and make it work for sales growth.
- **Precision-forged Goods Division** : Production of scroll forged goods is expected to continue to exceed the initial forecast.

The Assembly Business

- Continued from the first half year, sales higher than the initial forecast will be achieved driven by the turbocharger parts for specific models. Increase in export to Chinese and other markets will achieve sales in line with the initial forecast.

The Filter Business

- Increase in export to Chinese and other markets will achieve sales in line with the initial forecast.

Ⅲ. Full-Year Forecasts for the Fiscal Year Ending March 2014 - Capital Investment/Depreciation-

Consolidated

Millions of Yen

	09/3 Results	10/3 Results	11/3 Results	12/3 Results	13/3 Results	14/3 Plan
Capital expenditures	524	434	372	627	1,605	1,100
Depreciation	633	557	532	539	602	800

* Rounded down to the nearest million yen

Ⅲ. Full-Year Forecasts for the Fiscal Year Ending March 2014 - Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
FY2011	3.00	6.00	9.00
FY2012	6.00	6.00	12.00
FY2013	8.00	8.00	16.00
FY2014(Plan)	8.00	8.00	16.00

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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Appendix . Progress Situation of the Medium-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"> ✓ Aim to drastically improve QDC and then enhance product competitiveness by reviewing the entire value chain from design, production to sales. 	<ul style="list-style-type: none"> ✓ Capital investment aiming for lead time shortening is being made.
Promoting technological development and pioneering new business field	<ul style="list-style-type: none"> ✓ Aiming to further strengthen precision-forged goods business, set up Engineering & Development Department. ✓ Advance development of new precision-forging methods and products, and look for applications in various industries. 	<ul style="list-style-type: none"> ✓ We will continue to strive for commercialization of small-sized electric-generating motor components. ✓ Examination of the commercialization of the precision-forged goods including the follow parts. ✓ We will strive for commercialization of STRECON.
Responding to overseas business development	<ul style="list-style-type: none"> ✓ With our eyes set on the Japanese key customers' entering foreign markets, strengthen international collaboration in sales activities. ✓ Promote Asian strategy keeping in mind our production bases for forging dies and mass production. 	<ul style="list-style-type: none"> ✓ Production of dies will start in NDT on July 2013

Appendix . Progress Situation of the Medium-term Management Plan

- The Assembly Business -

Strategic Point	Action Assignment	Progress Situation
Enhancing product competitiveness by QDC improvement	<ul style="list-style-type: none"> ✓ Reinforce supply chain management to shorten lead time and raise efficiency. 	<ul style="list-style-type: none"> ✓ Efforts to improve inventory turnover through reinforcement of supply chain are being made. ✓ Cost reduction measures using plastic forming technology have been implemented. ⇒ In-house production of turbocharger parts will be considered.
Promoting technological development and pioneering new business field	<ul style="list-style-type: none"> ✓ Clarify the role of NICHIDAI PRECISION CORPORATION, our Japanese subsidiary, as our R&D base. 	<ul style="list-style-type: none"> ✓ Collaboration with the technological development division of the Net-Shape Business is being forced for parts development and creation of new products.
Responding to overseas business development	<ul style="list-style-type: none"> ✓ Advance local procurement at NDT of Thailand. ✓ Clarify NDT' s role as our mass production base. 	<ul style="list-style-type: none"> ✓ Localization of material procurement and other measures have continuously been implemented.

Strategic Point	Action Assignment	Progress Situation
<p>Promoting technological development and pioneering new business field</p>	<ul style="list-style-type: none"> ✓ Expand sales of new products, such as ozone decomposing filters. ✓ Broaden sintering technology applicable areas, thereby establish new applications and new markets for products other than filter products. 	<ul style="list-style-type: none"> ✓ Efforts to find new customers have been continuing. ✓ Also, sintering technology for new materials is being developed to explore new applications.
<p>Responding to overseas business development</p>	<ul style="list-style-type: none"> ✓ Establish a filter production system other than oil drilling filters at Thai TSM. ✓ TSM should assume a role as our mass production and Asian market development base. 	<ul style="list-style-type: none"> ✓ Efforts to expand sales of filter products for the Asian market are being made centering on TSM. Manufacturing of filter products other than oil drilling filters is expanding at TSM.