



# The Financial Statement Briefing For the Year Ended March 31, 2014

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*May 7, 2014*

JASDAQ: 6467

**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.

## Assembly Business

### NICHIDAI CORPORATION

- ◆ Assembly VG turbo charger parts for diesel engine.



VG turbo charger parts

※ Nichidai Precision Corporation was absorbed by Nichidai Corporation as of April 1, 2014.

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

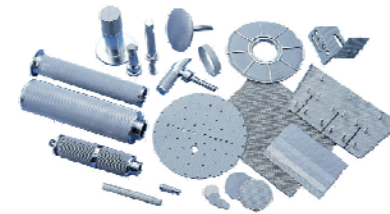
- ◆ Production base of VG turbo charger parts in the suburbs Bangkok, Thailand.
- ◆ Production of Precision forging dies and scroll forged goods. Strategic base of both Net shape business and Assembly business in Asia.



## 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 . Financial Results for the Year Ended March 31, 2014

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# I . Financial Results for the Year Ended March 31, 2014

## - P/L: Sales and Profit -

Millions of Yen

	13/3 Results 12/4-13/3	14/3 Original Plan 13/4-14/3 Announced 13/5	14/3 Revisional Plan 13/4-14/3 Announced 14/2	14/3 Results 13/4-14/3	Growth Rate
Net sales	13,154	13,500	14,100	14,272	8.5%
Gross income from sales	2,612	2,820	3,070	3,232	23.7%
S.G.&A. expense	1,719	1,820	1,860	1,926	12.0%
Operating income	893	1,000	1,210	1,306	46.3%
Non-operating income	-137	50	△ 20	△ 26	—
Ordinary income	1,030	950	1,230	1,332	29.3%
Net income	561	520	720	809	44.2%

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2014

## - Trend in operating results on quarter basis -

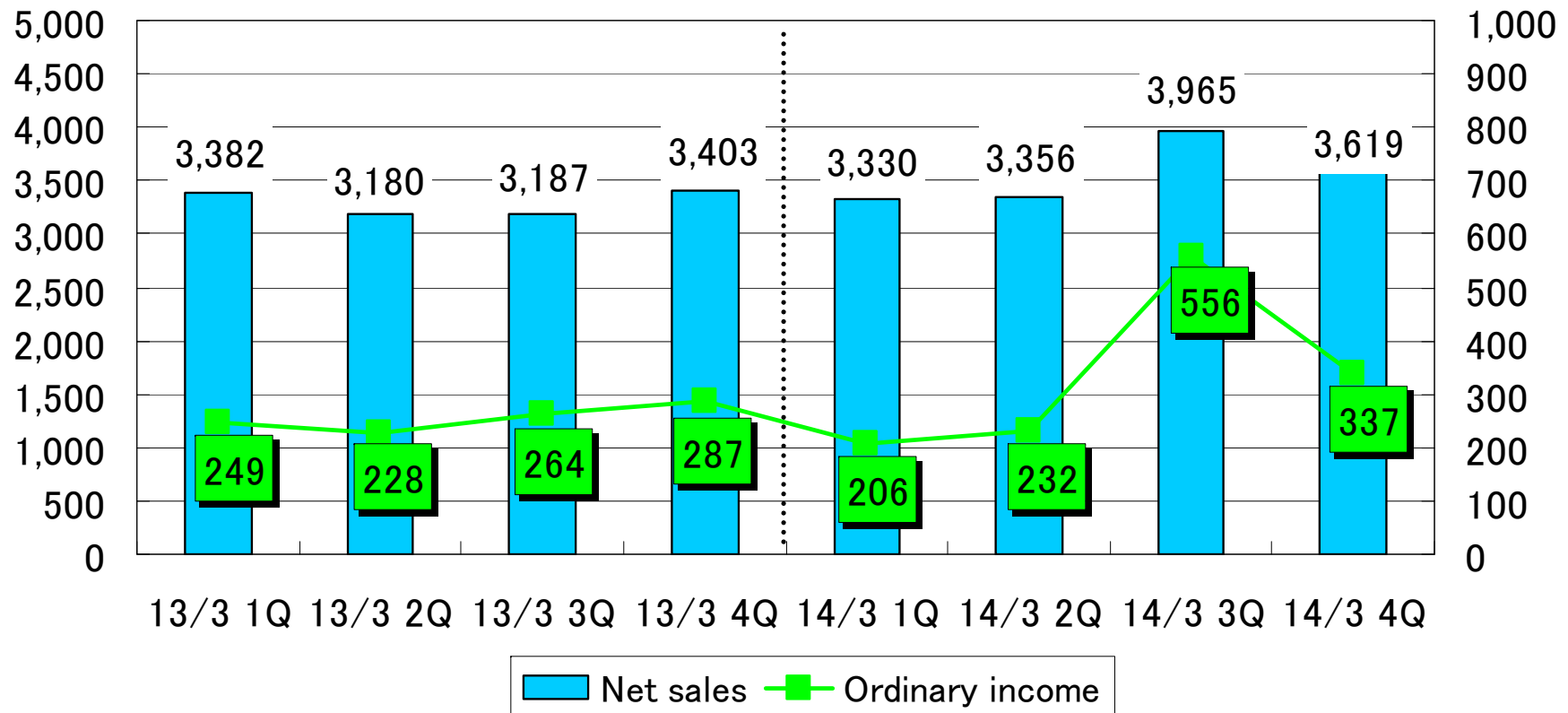
- Solid performance of the three businesses pushed up sales and ordinary income in 3Q.
- Both sales and ordinary income hit the all-time highs in FY2013.

Sales ( Left axis )

Millions of Yen

Ordinary Income (Right Axis)

Millions of Yen





# I . Financial Results for the Year Ended March 31, 2014

## - Segment Net Sales -

Consolidated

Millions of Yen

Business	13/3 Results 12/4-13/3	14/3 Original Plan 13/4-14/3 Announced 13/5	14/3 Revisional Plan 13/4-14/3 Announced 14/2	14/3 Results 13/4-14/3	Growth Rate
Net-Shape	6,118	6,930	7,085	7,170	17.2%
Assembly	5,578	4,950	5,360	5,398	△ 3.2%
Filter	1,456	1,620	1,655	1,703	16.9%
Consolidated Total	13,154	13,500	14,100	14,272	8.5%

➤ Forging Die Division: Sales increased entering the second half year both at home and abroad.

➤ Precision –forged Products Division: Scroll forged products enjoyed healthy sales.

➤ Sales of VG turbocharger parts for specific models were a driving force.

➤ Sales of bulk-items export products increased.

\* Rounded down to the nearest million yen

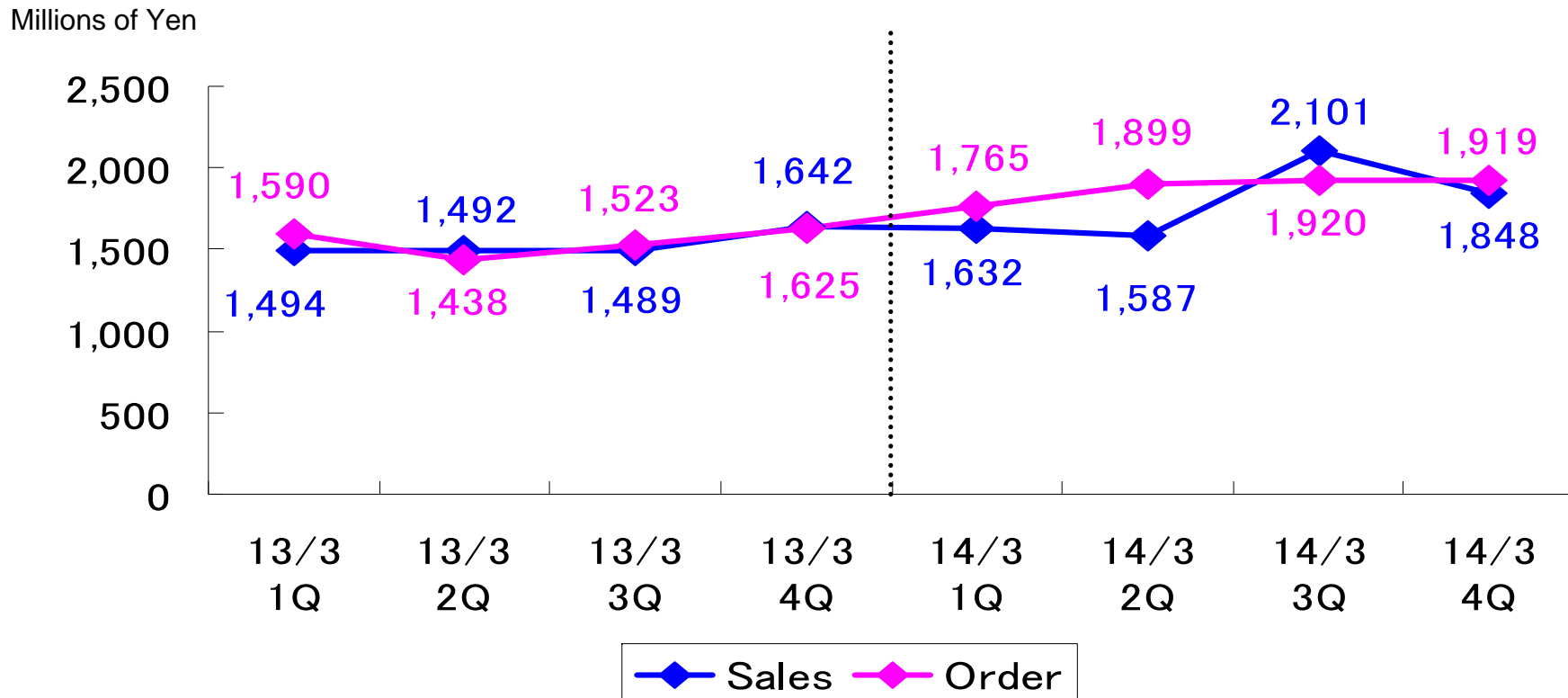
NICHIDAI CORPORATION

# I . Financial Results for the Year Ended March 31, 2014

## - Overview of the Net-Shape Business -

- **Forging Die Division:** Sales of the Forging Die Division have been on the increase since the second half year.
- **Precision-forged Goods Division:** Scroll forged products are performing well.

Trend in order and sales of Net-Shape business



# I . Financial Results for the Year Ended March 31, 2014

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

Millions of Yen

	13/3 Results	14/3 Results	Groth
Domestic	4,146	4,388	5.9%
Overseas total	867	1,176	35.6%
Asia	732	966	31.9%
North America	104	181	74.0%
Others	29	27	△ 6.9%
Forging Dies	5,013	5,564	11.0%
Presion forged goods	1,105	1,605	45.2%
Net-Shape Businee total	6,118	7,170	17.2%

■ Sales for the domestic market rose in the second half year.

■ In the Asian region, Thai, Korean and Chinese markets grew.  
■ Die production started at NDT.

■ Scroll forged goods recorded sales growth.  
■ Scroll forged products production at NDT increased.

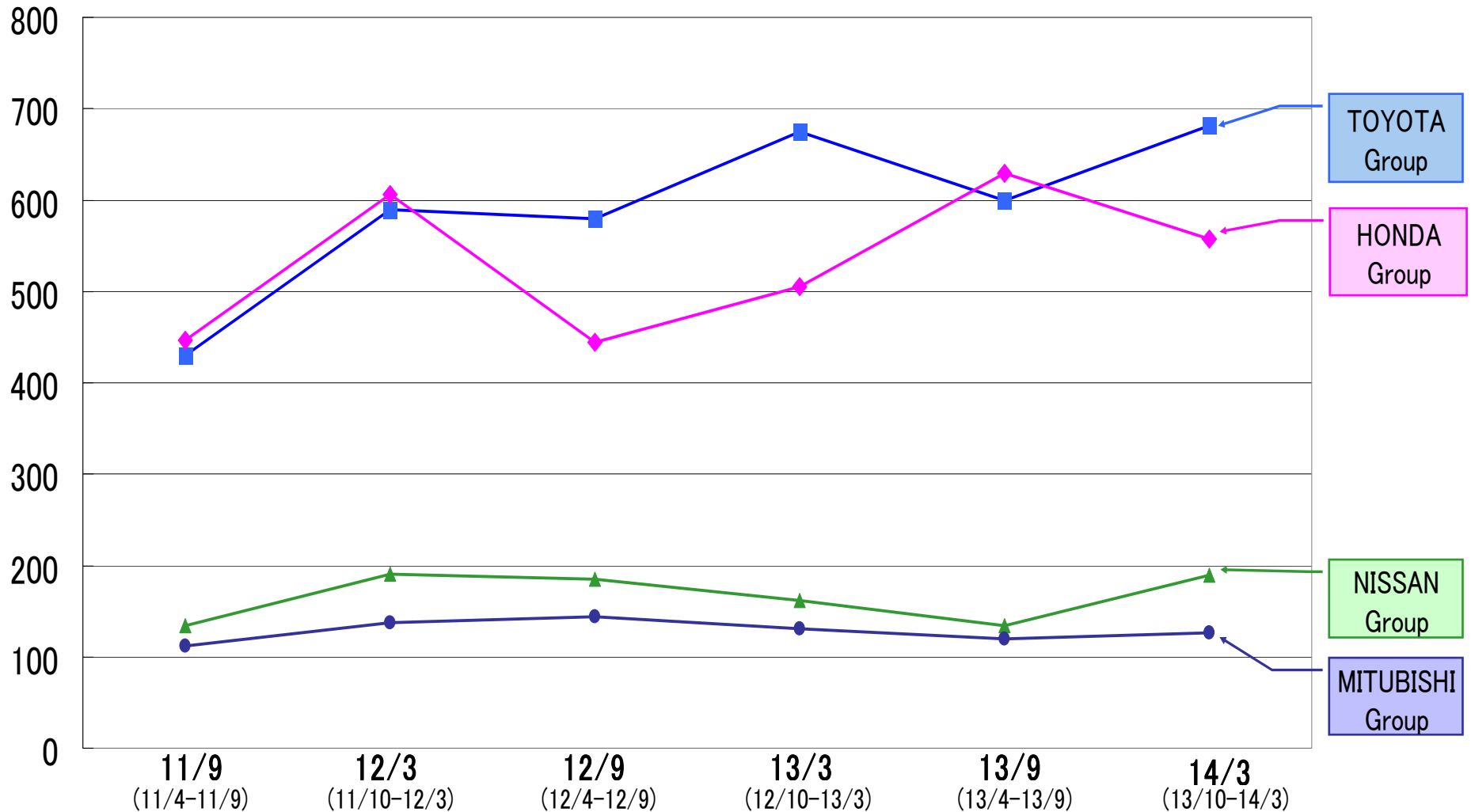




# I . Financial Results for the Year Ended March 31, 2014

## - Overview of the Net-Shape Business –Trend in sales customer -

Millions of Yen

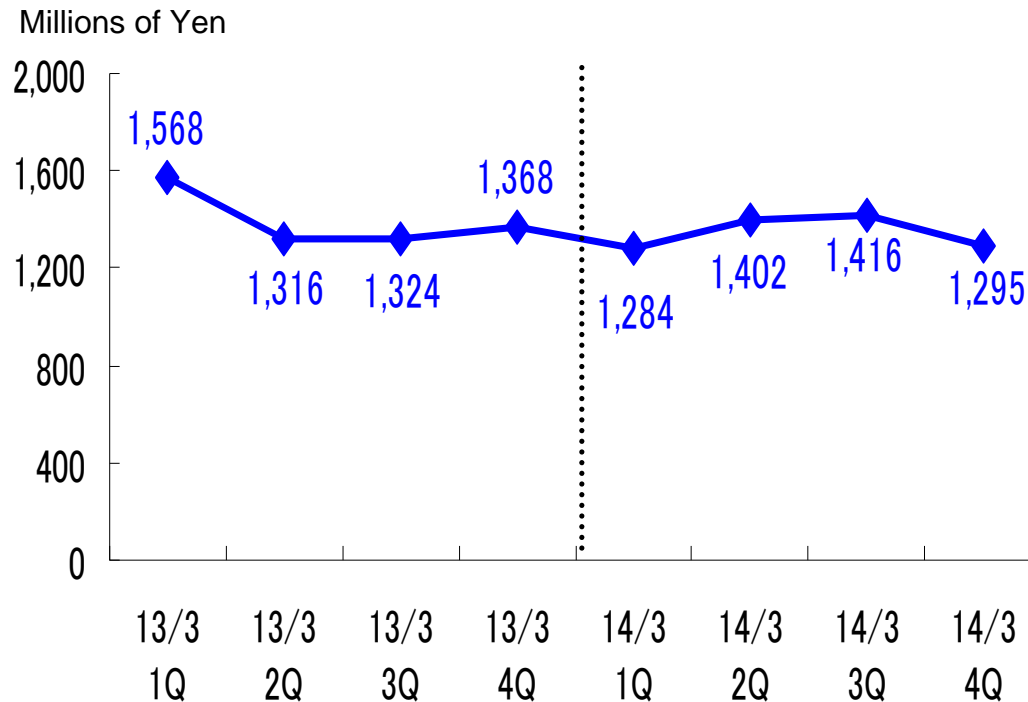


\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2014 - Overview of the Assembly Business -

- Sales declined from last year due to the drop-off period accompanying the VG turbocharger model change.
- The plan was achieved thanks to an increase in sales of VG turbocharger parts for specific models.

Trend in sales of Assembly business



Change in Domestic/Overseas Sales

Millions of Yen

	13/3 Results	14/3 Results	Growth Rate
Domestic	2,485	2,653	6.7%
Overseas	3,093	2,745	△ 11.2%
<b>Total</b>	<b>5,578</b>	<b>5,398</b>	<b>△ 3.2%</b>

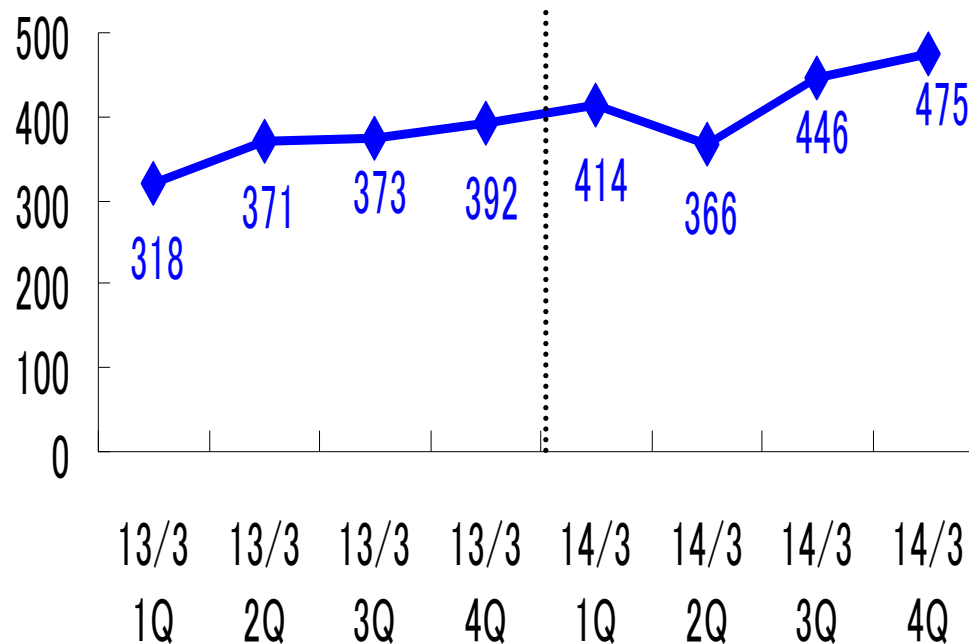
\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2014 - Overview of the Filter Business -

- Sales of filter products for export, including those for China, increased.
- Among those for the domestic market, filters for thermal power generation did well.

Trend in sales of filter business

Millions of Yen



Change in Domestic/Overseas Sales

Millions of Yen

	13/3 Results	14/3 Results	Growth Rate
Domestic	1,055	1,168	10.7%
Overseas	401	534	33.2%
<b>Total</b>	<b>1,456</b>	<b>1,703</b>	<b>16.9%</b>

\* Rounded down to the nearest million yen



# I . Financial Results for the Year Ended March 31, 2014

## - Segment P/L -

Consolidated

Millions of Yen

	13/3			14/3		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	6,118	349	5.7%	7,170	487	6.8%
Assembly	5,578	396	7.1%	5,398	497	9.2%
Filter	1,456	284	19.5%	1,703	347	20.4%
Consolidated total	13,154	1,030	7.8%	14,272	1,332	9.3%

➤ Entering the second half year, sales of the Forging Die Business increased and profitability improved.  
➤ Sales increase in the Precision-forged Products Division is reflected.

➤ The impact of the increase in transportation cost of the previous year is reflected.  
➤ Cost-cutting measures were implemented.

➤ Profits increased in line with the sales growth.

# I . Financial Results for the Year Ended March 31, 2014

## - Cost of Sales -

Consolidated

Millions of Yen

	13/3		14/3	
	Results	Ratio	Results	Ratio
Net sales	13,154	100.0%	14,272	100.0%
Material cost	5,056	38.4%	4,885	34.2%
Purchase of products	556	4.2%	583	4.1%
Subcontract processing	1,275	9.7%	1,381	9.7%
Subsidiary material cost	416	3.2%	444	3.1%
Labor cost	2,306	17.5%	2,442	17.1%
Depreciation	530	4.0%	670	4.7%
Change in inventory	111	0.8%	△ 16	△ 0.1%
Others	511	3.9%	614	4.3%
Cost of sales	10,542	80.1%	11,039	77.3%
Gross income from sales	2,612	19.9%	3,232	22.7%

\* Rounded down to the nearest million yen



# I . Financial Results for the Year Ended March 31, 2014

## - SG&A Expenses -

Consolidated

Millions of Yen

	13/3		14/3	
	Results	Ratio	Results	Ratio
Net Sales	13,154	100.0%	14,272	100.0%
Packaging/Freight	217	1.7%	191	1.3%
Transportation	105	0.8%	110	0.8%
Labor cost	807	6.1%	918	6.4%
Depreciation	72	0.6%	94	0.7%
Rent	44	0.3%	52	0.4%
Others	472	3.6%	558	3.9%
SG&A Expenses	1,719	13.1%	1,926	13.5%

### Packaging/Freight

➤ Packaging/freight increased in the Assembly Business due to the Thai flooding of the previous year.

\* Rounded down to the nearest million yen

NICHIDAI CORPORATION

# I . Financial Results for the Year Ended March 31, 2014

## - B/S: Assets -

Consolidated

Millions of Yen

	13/3 Results	14/3 Results	Change
Cash and deposit	1,743	2,086	343
Notes receivable	740	776	36
Accounts receivable	2,747	2,738	△ 9
Inventory	2,091	2,115	24
Others	325	291	△ 34
Allowance for bad debts	△ 4	△ 5	△ 1
<b>Total current assets</b>	<b>7,644</b>	<b>8,003</b>	<b>358</b>
Tangible fixed assets	6,111	6,723	612
Intangible fixed assets	99	111	12
Investment and other assets	509	381	△ 127
<b>Total fixed assets</b>	<b>6,720</b>	<b>7,217</b>	<b>496</b>
<b>Total assets</b>	<b>14,365</b>	<b>15,221</b>	<b>855</b>

### Increase of Tangible fixed assets

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

# I . Financial Results for the Year Ended March 31, 2014

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

Consolidated

Millions of Yen

	13/3 Results	14/3 Results	Change
Accounts payable	1,328	1,633	305
Short-term debt	2,201	1,688	△ 513
Accrued income tax	110	176	66
Allowance for bonus payable	137	137	0
Others	751	789	38
<b>Total current liabilities</b>	<b>4,529</b>	<b>4,425</b>	<b>△ 103</b>
Long-term debt	1,369	1,033	△ 336
Others	528	751	223
<b>Total fixed liabilities</b>	<b>1,897</b>	<b>1,785</b>	<b>△ 112</b>
<b>Total liabilities</b>	<b>6,427</b>	<b>6,210</b>	<b>△ 216</b>
Capital	1,429	1,429	0
Capital surplus	1,192	1,192	0
Retained earnings	4,891	5,614	723
Minority interest	472	710	238
Others	△ 48	61	110
<b>Total net assets</b>	<b>7,938</b>	<b>9,010</b>	<b>1,072</b>
<b>Total liabilities and net assets</b>	<b>14,365</b>	<b>15,221</b>	<b>855</b>

\* Rounded down to the nearest million yen



# I . Financial Results for the Year Ended March 31, 2014

## - Cash Flows(CF) -

Consolidated

Millions of Yen

	13/3	14/3	Change
Cash flows from operating activities	△ 1,005	2,366	758
Cash flows from investing activities	△ 743	△ 1,064	△ 58
Cash flows from financing activities	△ 112	△ 1,056	△ 313
Amount of increase in cash and cash equivalents	1,500	287	399
Cash and cash equivalents balance at beginning of term	1,387	1,387	△ 112
Cash and cash equivalents balance at end of term	602	1,830	442
<b>FCF</b>	<b>602</b>	<b>1,302</b>	<b>699</b>

### Cash flows from operating activities

Net income before income taxes  
 13/3: 930 Million Yen  
 14/3: 1,314 Million Yen  
 Changes in accounts payable  
 13/3: △295 Million Yen  
 14/3: 247 Million Yen

\*Rounded down to the nearest million yen

# Ⅱ . Medium-Term Management Plan

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## Looking Back the FY2011-2013 Medium-Term Plan

### Result

- ✓ **Responding to overseas business development**
  - NDT started mass production of scroll forged products(FY2012) and precision forging of dies(FY2013).
  - NDT expanded assembly production. Company-wide overseas sales ratio exceeded 30%
- ✓ **Promoting technological development and pioneering new business field**
  - Development of small-size rotor parts using precision forging technology, such as follow parts, has progressed.
  - Development of filter products for new fields, such as large-size seawater strainer, has progressed in the Filter Business.
- ✓ **Enhancing product competitiveness by QDC improvement**
  - Shortening of lead time and other measures were implemented in die production.
  - In-house production of turbocharger component parts started using plastic forming technology.

### Problem

- ✓ Overseas operation in the Forging Die Division → Promotion of overseas strategy centering on the Asian region.
- ✓ Commercialization of development products → Expansion of the Precision-forged Products Division.
- ✓ Improvement of QDC
  - ⇒ Net shape business Further improvement of QDC.
  - ⇒ Assembly business Expansion of domain of in house production using plastic forming.

### Comparison of 11/3 and 14/3

	Millions of Yen	
	11/3	14/3
Sales	10,301	14,272
Ordinary Income	681	1,332
Profit Rate	6.6%	9.3%
Overseas Sales Rate	24.6%	34.5%

Position three years from FY2014 as a period of establishing a solid base for further growth. Implement reconstruction, including infrastructure reorganization, toward the next phase of growth.

### Strategy Point

1. Responding to overseas business development
2. Promoting technological development and pioneering new business field
3. Enhancing product competitiveness by QDC improvement
4. Expansion of domain other than the automobile industry

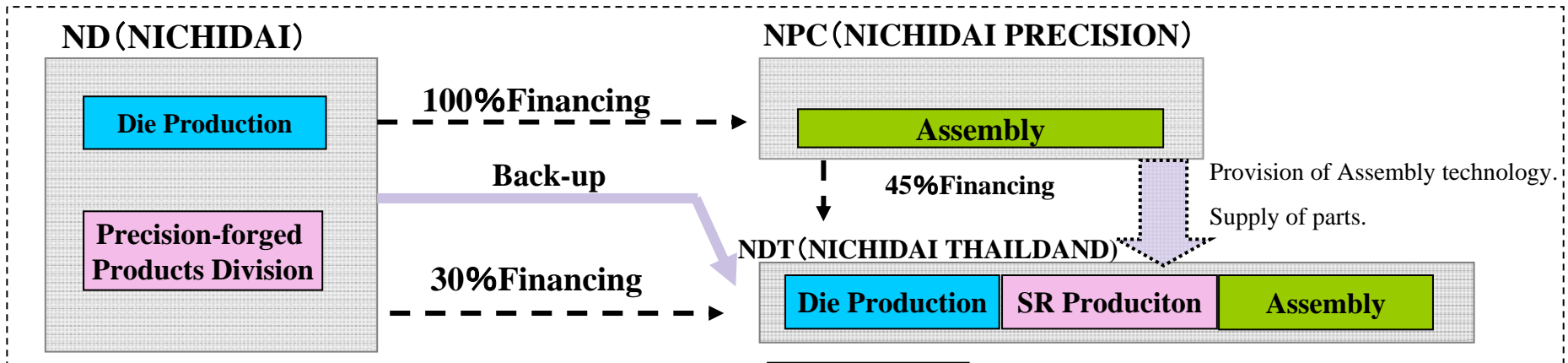


# About Reorganization

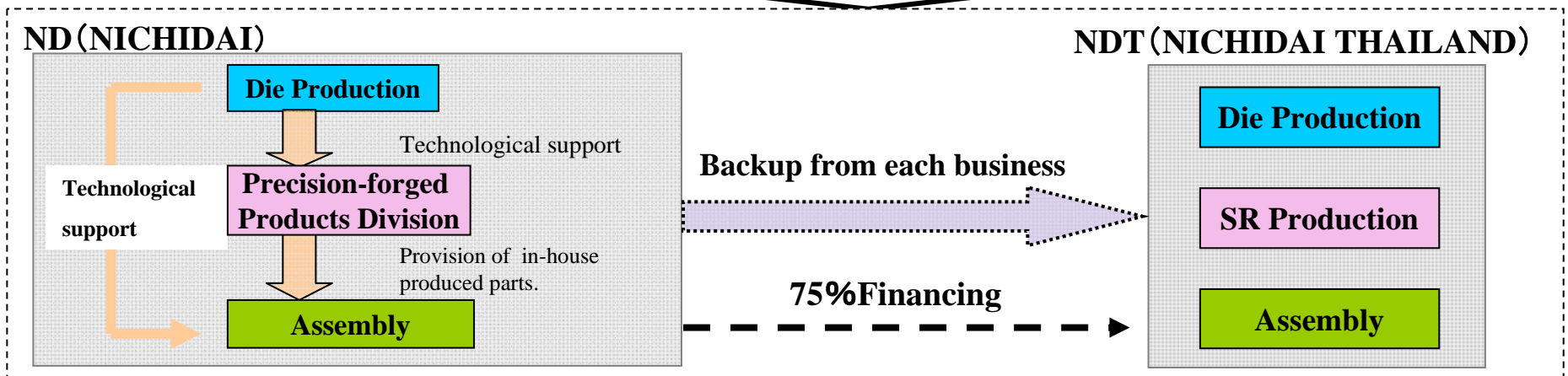
## -Merger of NICHIDAI PRECISION CORPORATION by NICHIDAI CORPORATION-

- Integrate plastic forming technology and create synergy effect.
- Bolster support for NDT (NICHIDAI THAILAND) which has production bases in both Net-Shape Business and Assembly Business.

### Before reorganization



### After reorganization



## ➤ Strategic Point (1) Responding to overseas business development

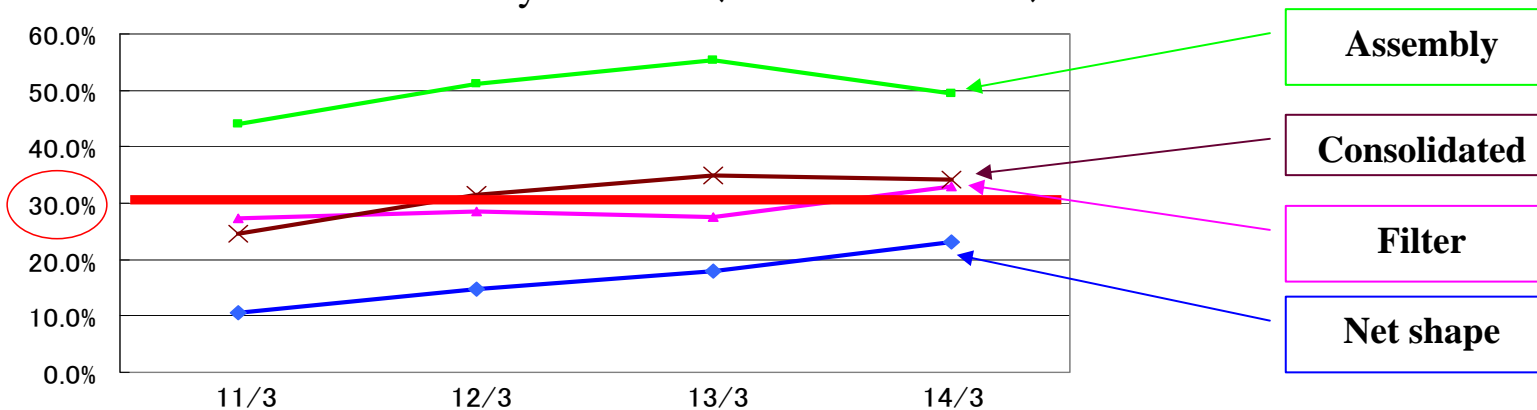
### Net shape business

- Mass production of scroll forged products at NDT has shifted to full-fledged production. Ensure stable operation.
  - Utilize NDT's die production bases and promote collaboration among domestic and overseas bases, thereby expanding demand in the Asian region.
- Aim to achieve 30% of overseas sales ratio in the Net-Shape Business.

### Assembly business

- Respond to turbocharger parts which are expected to be shifted more overseas in the future.

Overseas sales ratio by business (11/3~14/3 result)



## Medium-Term Management Strategy

— Launch of new business – Expansion of mass production business —

➤ Strategic Point (2) **Launch of new business**

**-Expansion of mass production business -**

### **Net shape business**

- Determine feasibility of commercialization of follow parts, small-size rotor parts and other parts which are now being developed.
- Strengthen collaboration among the Forging Die Division, the Precision-forged Products Division and the Assembly Business, which has started in-house parts production.

### **Assembly business**

- Promote in-house production of turbocharger component parts utilizing plastic forming technology.



**Follow parts**

### ➤ Strategic Point (3) **Enhancing product competitiveness by QDC improvement**

#### **Net shape business**

- Continue improvement measures to shorten lead time from order receipt to delivery.

#### **Assembly business**

- Reduce cost of turbocharger parts by promote in-house production.
- Pursue profitability and asset efficiency by in-house turbocharger parts production and reviewing supply chain.



**VG turbocharger parts**



**Gasoline turbocharger parts**



#### ➤ Strategic Point (4) **Expansion of domain other than the automobile industry**

- ✓ Customers of the Filter Business are basically not in the automobile industry.
- ✓ Link the growth of the Filter Business to the expansion of domain other than the automobile industry and further to the diversification of risks that the Nichidai Group has.

#### **Filter business**

- Expand new domains by utilizing sintering technology.
- Sales of large-size seawater strainer are expected to grow in FY2014 and later.
- As for overseas markets, expand sales in each industrial domain primarily in the Asian region.

#### 11/3-14/3 Trends of sales and ordinary income of the Filter Business

Millions of Yen

	11/3	12/3	13/3	14/3
Sales	1,136	1,356	1,456	1,703
Ordinary Income	109	206	284	347
Profit Rate	9.6%	15.2%	19.5%	20.4%

# Ⅲ. Plan for the Year Ended March 31, 2015

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### Ⅲ. Plan for the Year Ended March 31, 2015 - P/L: Sales and Profit -

#### Consolidated

- Sales are expected to break the record.
- Decrease in sales of the Assembly Business will push down ordinary income.

Millions of Yen

	14/3 Results 13/4-14/3	15/3 Plan 14/4-15/3	Growth Rate
Net sales	14,272	14,500	1.6%
Gross income from sales	3,232	3,050	△ 5.7%
S.G.&A. expense	1,926	1,910	△ 0.8%
Operating income	1,306	1,140	△ 12.7%
Non-operating income	△ 26	40	—
Ordinary income	1,332	1,100	△ 17.5%
Net income	809	710	△ 12.3%

\* Rounded down to the nearest million yen

### III. Plan for the Year Ended March 31, 2015 - Segment Net Sales -

Consolidated

Millions of Yen

Business	14/3	15/3	Growth Rate
	Results 13/4-14/3	Plan 14/4-15/3	
Net-Shape	7,170	7,760	8.2%
Assembly	5,398	4,900	△ 9.2%
Filter	1,703	1,840	8.0%
Consolidated total	14,272	14,500	1.6%

➤ Forging Die Division: Influence of the consumption tax hike is anticipated in the first half year.  
Seek to capture domestic demand which is likely to rebound in the second half year.  
➤ Increase of overseas sales at the Forging Die Division is expected.  
➤ NDT has started full-fledged production of scroll forged products. Sales are expected to grow.

➤ Sales will decline because VG turbocharger parts are still in the drop-off period accompanying model change.

➤ Products for new application, such as large-size seawater strainer, are expected to contribute to sales.

### Ⅲ. Plan for the Year Ended March 31, 2015 - Capital Investment/Depreciation-

Consolidated

Millions of Yen

	09/3	10/3	11/3	12/3	13/3	14/3	15/3
	Results	Results	Results	Results	Results	Results	Plan
Capital expenditures	524	434	372	627	1,605	1,290	800
Depreciation	633	557	532	539	602	764	910

\* Rounded down to the nearest million yen

# IV. Dividends

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## IV. - Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
2011FY	3.00	6.00	9.00
2012FY	6.00	6.00	12.00
2013FY	8.00	8.00	16.00
2014FY (Original Plan)	8.00 (Result)	8.00	16.00
2014FY (Revisional Plan)	8.00 (Result)	10.00 (Regular dividend 8.00) (Special dividend 2.00)	18.00 (Regular dividend 16.00) (Special dividend 2.00)
2015FY (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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