



The Financial Statement Briefing For Q2 of the Year Ending March 31, 2015

November 14, 2014

JASDAQ: 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

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

Net-Shape Business

Assembly Business

Filter 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

- ◆ 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 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

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.

NICHIDAI (THAILAND)LTD. (NDT)

- ◆ 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】

Started production of scroll forged goods (2012) and forging dies (2013).

【Assembly Business】

Production base of VG turbo charger parts.

THAI SINTERED MESH CO., LTD. (TSM)

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



I . Interim Results for the Year Ending March 2015

I . Interim Results for the Year Ending March 2015

- P/L : Sales and Profit -

Millions of Yen

	14/3 1st half results 13/4-13/9	15/3 1st half plan 14/4-14/9	15/3 1st half results 14/4-14/9	Growth Rate
Net sales	6,687	6,950	7,282	8.9%
Gross income from sales	1,360	1,480	1,671	22.8%
S.G.&A. expense	948	960	1,024	8.1%
Operating income	412	520	646	56.8%
Non-operating income and loss	△ 26	20	△ 9	—
Ordinary income	439	500	656	49.5%
Net income	274	340	388	41.7%

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2015

- Trends in operating results on quarters basis -

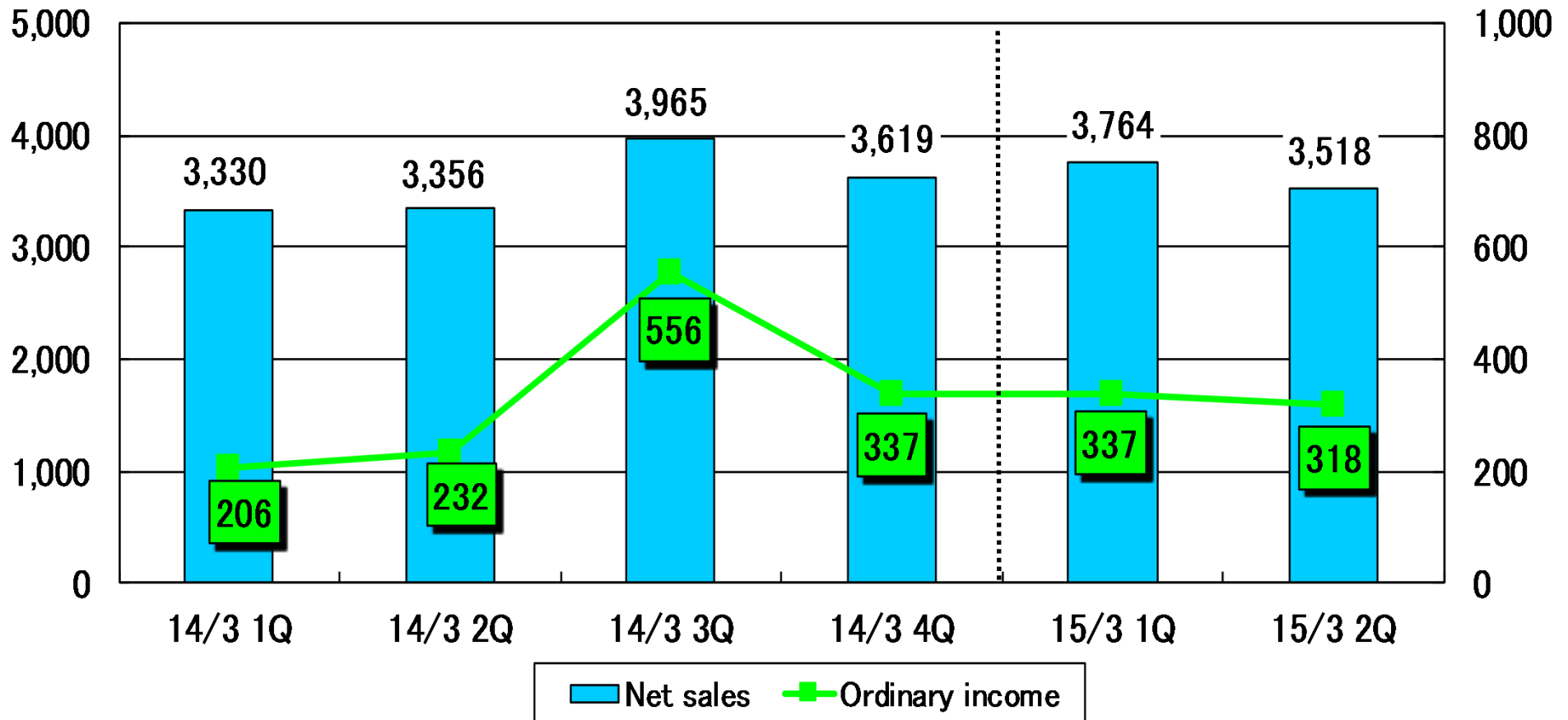
- Both sales and ordinary income recorded year-on-year growth.
- In the 2nd quarter, sales of the Assembly Business fell below the 1st quarter.

Sales (Left axis)

Millions of Yen

Ordinary Income (Right Axis)

Millions of Yen



I . Interim Results for the Year Ending March 2015

- Segment Net Sales -

Millions of Yen

Business	14/3 1st Half Results 13/4-13/9	15/3 1st Half Results 14/4-14/9	Growth Rate
Net-Shape	3,220	3,910	21.4%
Assembly	2,686	2,438	△ 9.2%
Filter	781	934	19.6%
Consolidated Total	6,687	7,282	8.9%

➤ The Forging Die Division posted growth in sales of dies for export for overseas users.

➤ Sales of VG turbocharger parts declined compared to the previous year.

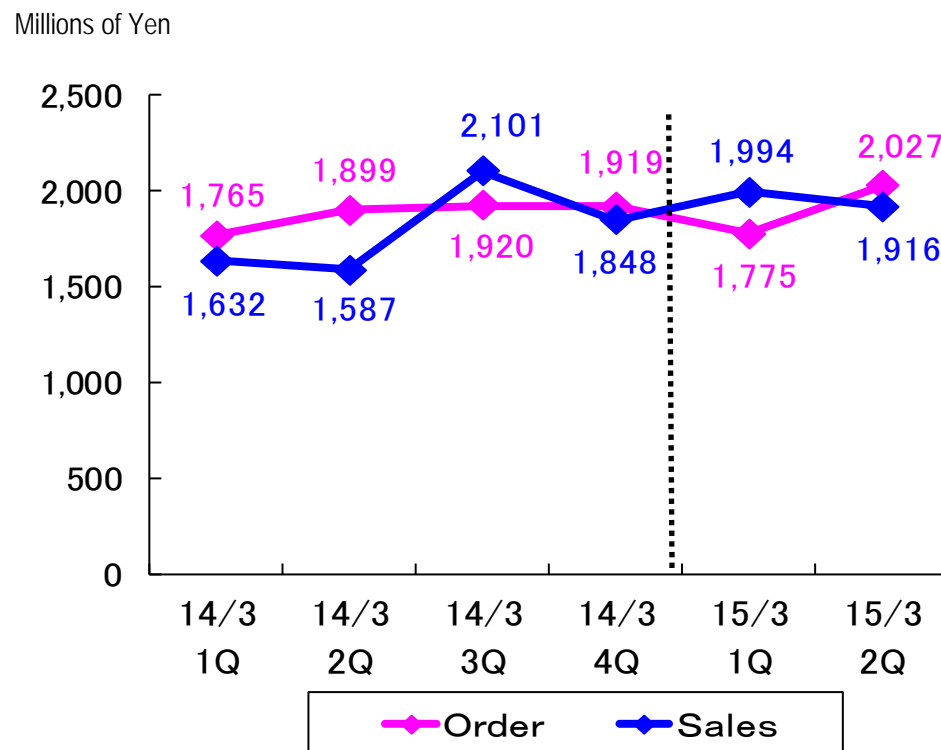
➤ Robust overseas demand contributed to growth in sales.

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2015 - Overview of the Net Shape Business -

- **Forging Die Division** : Forging dies for overseas markets did well.
Sales of products targeting users in Asia, including South Korea and India, posted growth.
- **Precision-forged Goods Division** : Overseas production of scroll forged goods increased.

Trend in order and sales of
Net-Shape business



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

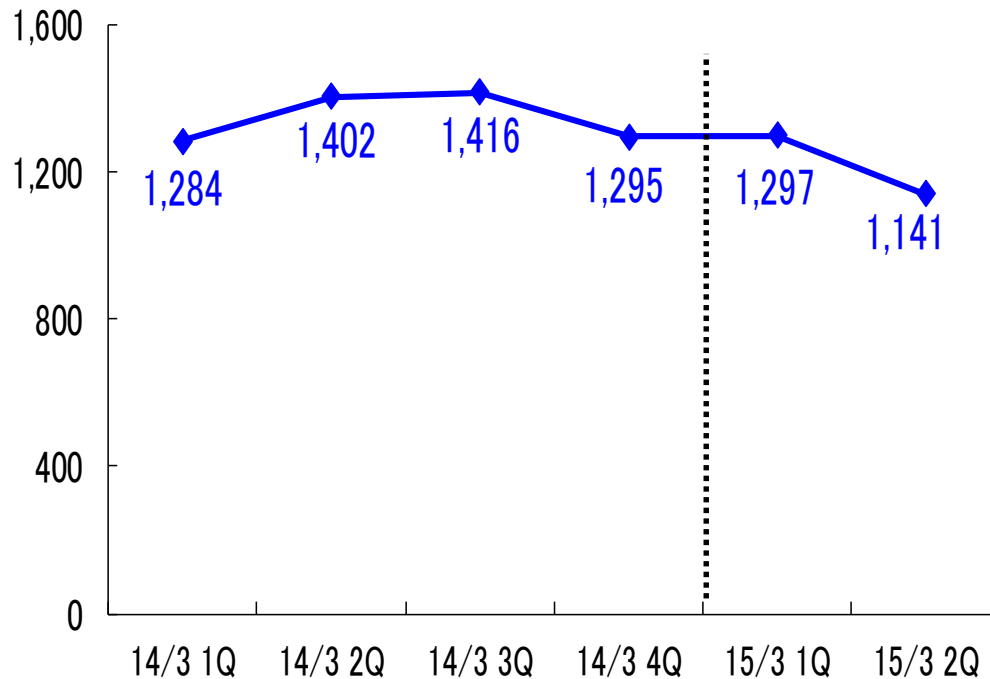
	13/9 Results	14/9 Results	Groth
Forging Dies(Domestic)	2,012	2,405	19.5%
Forging Dies(Overseas)	475	612	28.8%
Total	2,487	3,018	21.4%
Forging Goods(Domestic)	537	587	9.3%
Forging Goods(Overseas)	194	304	56.7%
Total	732	892	21.9%
Net-Shape Businee total	3,220	3,910	21.4%

I . Interim Results for the Year Ending March 2015 - Overview of the Assembly Business -

- Sales declined after the 2nd quarter affected by a model change over period of VG turbochager.
- The first half year recorded sales exceeding the initial forecast.

Trend in sales of Assembly business

Millions of Yen



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	13/9 Results	14/9 Results	Growth Rate
Domestic	1,440	1,129	△ 21.6%
Overseas	1,246	1,308	5.0%
Total	2,686	2,438	△ 9.2%

* Rounded down to the nearest million yen 8

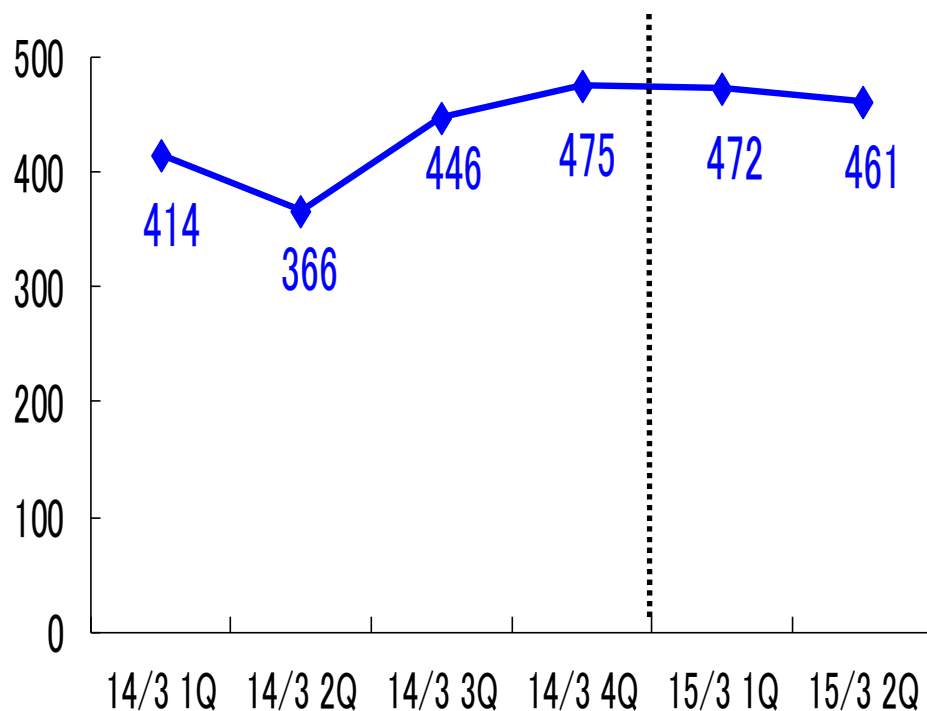


I . Interim Results for the Year Ending March 2015 - Overview of the Filter Business -

- Products for export to Europe, South Korea and other foreign markets enjoyed strong sales.
- TSM registered robust sales of filters for oil drilling and other applications.
- First sales proceeds from large-size seawater strainer, our new product, were recorded.

Trend in sales of Filter business

Millions of Yen



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	13/9 Results	14/9 Results	Growth Rate
Domestic	524	555	5.9%
Overseas	256	378	47.7%
Total	781	934	19.6%

* Rounded down to the nearest million yen 9

I . Interim Results for the Year Ending March 2015

- Segment P/L -

Millions of Yen

	13/9			14/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	3,220	85	2.7%	3,910	301	7.7%
Assembly	2,686	215	8.0%	2,438	165	6.8%
Filter	781	138	17.7%	934	188	20.2%
Consolidated total	6,687	439	6.6%	7,282	656	9.0%

➤ Sales growth in the Forging Die Division was the main contributor.
➤ Oversea production increase in scroll forged goods was also contributed to the sales growth.

➤ Adversely affected by decline in sales of VG turbocharger parts.

➤ Sales increase, mainly overseas, pushed up capacity utilization rate.

I . Interim Results for the Year Ending March 2015

- Cost of Sales -

Millions of Yen

	13/9 Results	Ratio	14/9 Results	Ratio
Net sales	6,687	100.0%	7,282	100.0%
Material cost	2,232	33.4%	2,450	33.6%
Purchase of products	227	3.4%	358	4.9%
Subcontract processing	644	9.6%	630	8.7%
Subsidiary material cost	216	3.2%	252	3.5%
Labor cost	1,189	17.8%	1,253	17.2%
Depreciation	311	4.7%	351	4.8%
Change in inventory	△ 193	△ 2.9%	57	0.8%
Others	312	4.7%	373	5.1%
Cost of sales	5,327	79.7%	5,611	77.0%
Gross income from sales	1,360	20.3%	1,671	20.3%

* Rounded down to the nearest million yen



I . Interim Results for the Year Ending March 2015

- SG&A Expenses -

Millions of Yen

	13/9		14/9	
	Results	Ratio	Results	Ratio
Net Sales	6,687	100.0%	7,282	100.0%
Packaging/Freight	86	1.3%	88	1.2%
Transportation	54	0.8%	60	0.8%
Labor cost	444	6.6%	511	7.0%
Depreciation	41	0.6%	53	0.7%
Rent	25	0.4%	29	0.4%
Others	296	4.4%	281	3.9%
SG&A Expenses	948	14.2%	1,024	14.1%

* Rounded down to the nearest million yen

I . Interim Results for the Year Ending March 2015

- B/S: Assets -

Millions of Yen

	13/9 Results	14/3 Results	14/9 Results	Change
Cash and deposit	2,695	2,086	2,140	53
Notes receivable	726	776	776	0
Accounts receivable	2,547	2,738	2,843	105
Inventory	2,031	2,115	2,180	64
Others	310	291	237	△ 53
Allowance for bad debts	△ 3	△ 5	△ 4	1
Total current assets	8,307	8,003	8,175	171
Tangible fixed assets	6,695	6,723	6,787	63
Intangible fixed assets	112	111	122	10
Investment and other assets	437	381	231	△ 149
Total fixed assets	7,246	7,217	7,141	△ 76
Total assets	15,554	15,221	15,316	95

*Rounded down to the nearest million yen

*Increase/decrease is the difference between results of March 2014 and those of September 2014.

I . Interim Results for the Year Ending March 2015

- B/S: Liabilities and Net Assets -

Millions of Yen

	13/9 Results	14/3 Results	14/9 Results	Change
Accounts payable	1,409	1,633	1,496	△ 136
Short-term debt	2,237	1,688	1,532	△ 155
Accrued income tax	125	176	89	△ 87
Allowance for bonus payable	241	137	281	144
Others	859	789	879	89
Total current liabilities	4,873	4,425	4,279	△ 146
Long-term debt	1,571	1,033	1,088	54
Others	561	751	557	△ 194
Total fixed liabilities	2,133	1,785	1,645	△ 139
Total liabilities	7,007	6,210	5,924	△ 286
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	5,151	5,614	6,018	403
Minority interest	647	710	737	26
Others	125	61	12	△ 48
Total net assets	8,547	9,010	9,391	381
Total liabilities and net assets	15,554	15,221	15,316	95

*Rounded down to the nearest million yen

*Increase/decrease is the difference between results of March 2014 and those of September 2014.

I . Interim Results for the Year Ending March 2015

- Cash Flows (CF) -

Millions of Yen

	13/9	14/9	Change
Cash flows from operating activities	1,226	822	△ 404
Cash flows from investing activities	△ 519	△ 345	174
Cash flows from financing activities	158	△ 253	△ 412
Amount of increase in cash and cash equivalents	896	204	△ 692
Cash and cash equivalents balance at beginning of term	1,387	1,830	442
Cash and cash equivalents balance at end of term	2,438	2,034	△ 404
FCF	707	476	△ 230

Increase of Cash flows from operating activities

- Change in accounts receivable.
13/9: 215 Million Yen
14/9: △ 119 Million Yen
- Change in inventories.
13/9: 142 Million Yen
14/9: △ 73 Million Yen
- Change in accounts payable.
13/9: 29 Million Yen
14/9: △ 124 Million Yen

*Rounded down to the nearest million yen

II .Full-Year Forecasts for the Fiscal Year Ending March 2015



II . Full-Year Forecasts for the Fiscal Year Ending March 2015 - P/L: Sales and Profit -

Millions of Yen

	14/3 Results 13/4-14/3	15/3 Original Plan 14/4-15/3 Announced 14/5	15/3 Revisional Plan 14/4-15/3	Growth Rate
Net sales	14,272	14,500	14,500	1.6%
Gross income from sales	3,232	3,050	3,200	△ 1.0%
S.G.&A. expense	1,926	1,910	1,980	2.8%
Operating income	1,306	1,140	1,220	△ 6.6%
Non-operating income and loss	△ 26	40	20	-
Ordinary income	1,332	1,100	1,200	△ 10.0%
Net income	809	710	770	△ 4.9%

* Rounded down to the nearest million yen

II . Full-Year Forecasts for the Fiscal Year Ending March 2015 - Segment Net Sales -

Millions of Yen

Business	14/3	15/3	15/3	Growth Rate
	Results 13/4-14/3	Original Plan 14/4-15/3 Announced 14/5	Revisional Plan 14/4-15/3	
Net-Shape	7,170	7,760	7,810	8.9%
Assembly	5,398	4,900	4,750	△ 12.0%
Filter	1,703	1,840	1,940	13.9%
Consolidated total	14,272	14,500	14,500	1.6%

Outlook for the 2nd half year

Forging Die Division:

➤ Sales will remain at the same level as the 1st half year both at home and abroad.

Precision-forged Goods Division

➤ Overseas scroll forged goods sales are anticipated to fall below the original plan

Outlook for the 2nd half year

➤ Despite the launch of new models, sales will fall below the original plan as VG turbocharger enters full-fledged model changeover period.

Outlook for the 2nd half year

➤ Overseas sales are expected to be robust.

II . Full-Year Forecasts for the Fiscal Year Ending March 2015 - Capital Investment/Depreciation-

- Infrastructures are being reorganized as groundwork for growth strategy toward the next phase.
- Revision was made on the investment plan formulated at the beginning of the year due to the renewal of head quarter's factory.

Millions of Yen

	09/3	10/3	11/3	12/3	13/3	14/3	15/3 Original Plan Announced 14/5	15/3 Revisonal Plan
	Results	Results	Results	Results	Results	Results		
Capital expenditure	524	434	372	627	1,605	1,290	800	1,100
Depreciation	633	557	532	539	602	764	910	910

* Rounded down to the nearest million yen

Ⅱ . Full-Year Forecasts for the Fiscal Year Ending March 2015

- 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	8.00	10.00 (Regular dividend 8.00) (Special dividend 2.00)	18.00 (Regular dividend 16.00) (Special dividend 2.00)
2015FY	8.00	8.00 (Forecast)	16.00 (Forecast)

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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【NDT】

Scroll forged goods

- Production started in 2012. Mass production has entered in a full-ledge stage this year, contributing to revenue.
- Results of the second half of the year ending March 2015 are expected to fall below the original plan.



NICHIDAI(THAILAND)LTD.

Forging Die

- Production started in 2013.
- Performance has been lower than the plan due party to the worsening Thai economy.



Scroll fored goods
Production Line(NDT)

【TSM】

- Filters for oil drilling, key product, is selling well.
- Production of filters other than oil drilling applications is also increasing.



THAI SINTERED MESH
CO., LTD. (TSM)

Appendix : Progress of Medium-Term Management Strategy -Technological development-

Net-Shape Business

- Small rotor parts : ▪ Utilization of sheet forging technology
→ (For work process and cost reduction)
- Continuous approach toward commercialization.

Hollow parts forming method :

- Parts weight reduction by deep hole forming,
→ (Multiple methods are being developed.)



Rotor parts



Follow parts

Assembly Business

- In-house production of component of turbocharger parts.
- Net-shape processing of Ni-based alloy (processing resistant material) will be promoted.



VG turbocharger parts



Gasoline turbocharger parts

Filter Business

- As for the development of filter products, sales proceeds from large-size sweater strainer were recorded in the current year. Sales are expected to grow after ratification of the 'International Convention for the Control and Management of Ship's Ballast Water and Sediments.
- New applications other than filtration will be explored.



Sintered steel



Fiber (web)