



# The Financial Statement Briefing For the Year Ended March 31, 2015

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*May 7, 2015*

JASDAQ: 6467

**NICHIDAI CORPORATION**

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

# Introduction of Business

## 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

※ Turbocharger parts assembly of the Assembly Business was transferred from Ujitawara Factory to Kyotanabe Factory in January 2015.

### 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. Oil drilling filter is the flagship product.



# I . Financial Results for the Year Ended March 31, 2015

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# I . Financial Results for the Year Ended March 31, 2015

## - P/L: Sales and Profit -

- Sales of all business segments exceeded the plan released in November 2014.
- Record-high sales and net income were achieved.

Millions of Yen

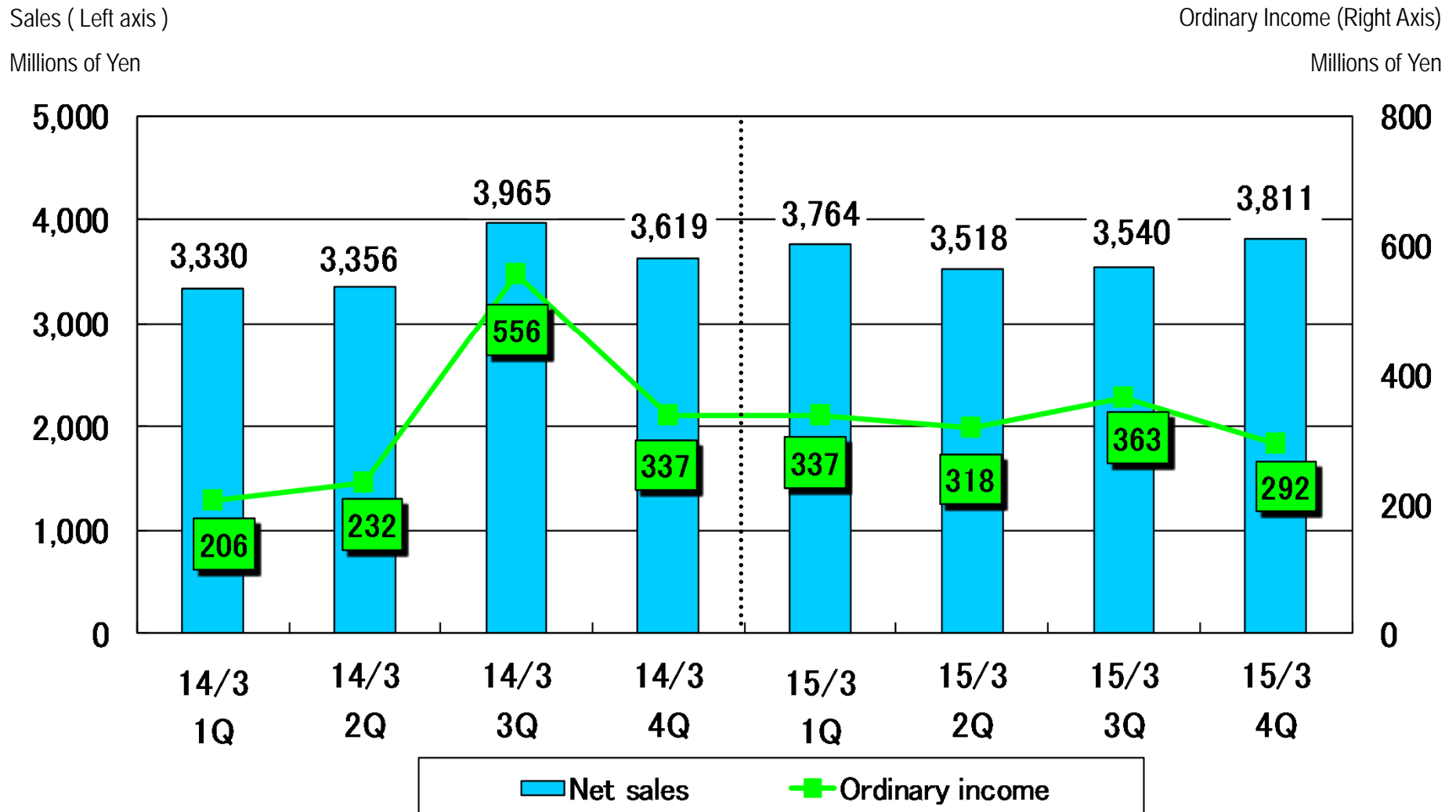
	14/3 Results 13/4-14/3	15/3 Revisional Plan 14/4-15/3 Announced 14/11	15/3 Plan 14/4-15/3	Growth Rate
Net sales	14,272	14,500	14,635	2.5%
Gross income from sales	3,232	3,200	3,388	4.8%
S.G.&A. expense	1,926	1,980	2,118	10.0%
Operating income	1,306	1,220	1,269	△ 2.8%
Non-operating income and loss	△ 26	20	△ 41	—
Ordinary income	1,332	1,200	1,311	△ 1.6%
Net income	809	770	875	8.1%

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2015

## - Trend in operating results on quarter basis -

➤ Sales and ordinary income showed a stable movement throughout the year.





# I . Financial Results for the Year Ended March 31, 2015

## - Segment Net Sales -

Millions of Yen

Business	14/3 Results 13/4-14/3	15/3 Revisional Plan 14/4-15/3 Announced 14/11	15/3 Results 14/4-15/3	Growth Rate
Net-Shape	7,170	7,810	7,894	10.1%
Assembly	5,398	4,750	4,772	△ 11.6%
Filter	1,703	1,940	1,968	15.6%
Consolidated Total	14,272	14,500	14,635	2.5%

➤ Forging Die Division:

- Export-oriented dies posted year-on-year growth.

- An increase for the Asian markets including China and South Korea.

➤ Precision –forged Products Division: Production of scroll forged goods increased in Thailand.

➤ Being in a model changeover period caused the decrease.

➤ New models began to be launched in the second half year.

➤ Large export projects went well.

➤ TSM's oil drilling filters performed well.

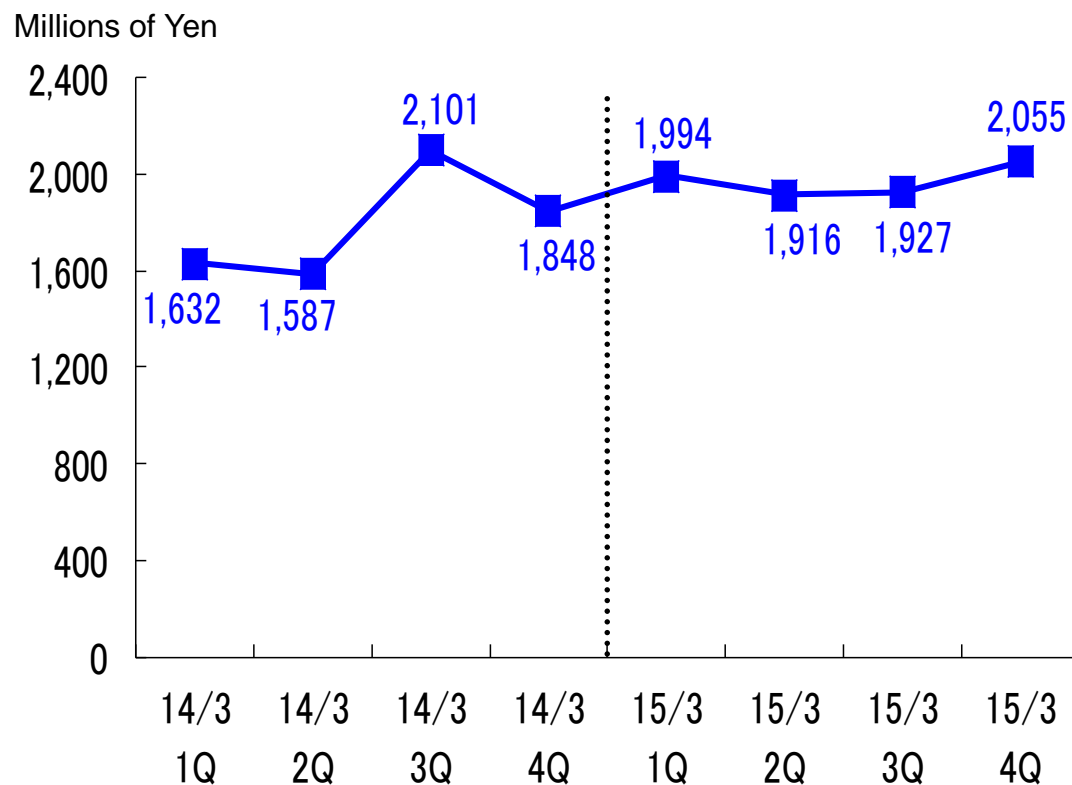
\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2015

## - Overview of the Net-Shape Business -

- **Forging Die Division:(Domestic)** On the whole, sales showed a stable movement.  
Export-oriented dies contributed to the sales growth.
- (Overseas) Demand for Asia, including China and South Korea, was strong.
- **Precision-forged Goods Division:** Production of scroll forged goods at NDT was below the original plan, but increased in comparison with the previous year.

Trend in sales of Net-Shape business



Change in Domestic/Overseas Sales

Millions of Yen

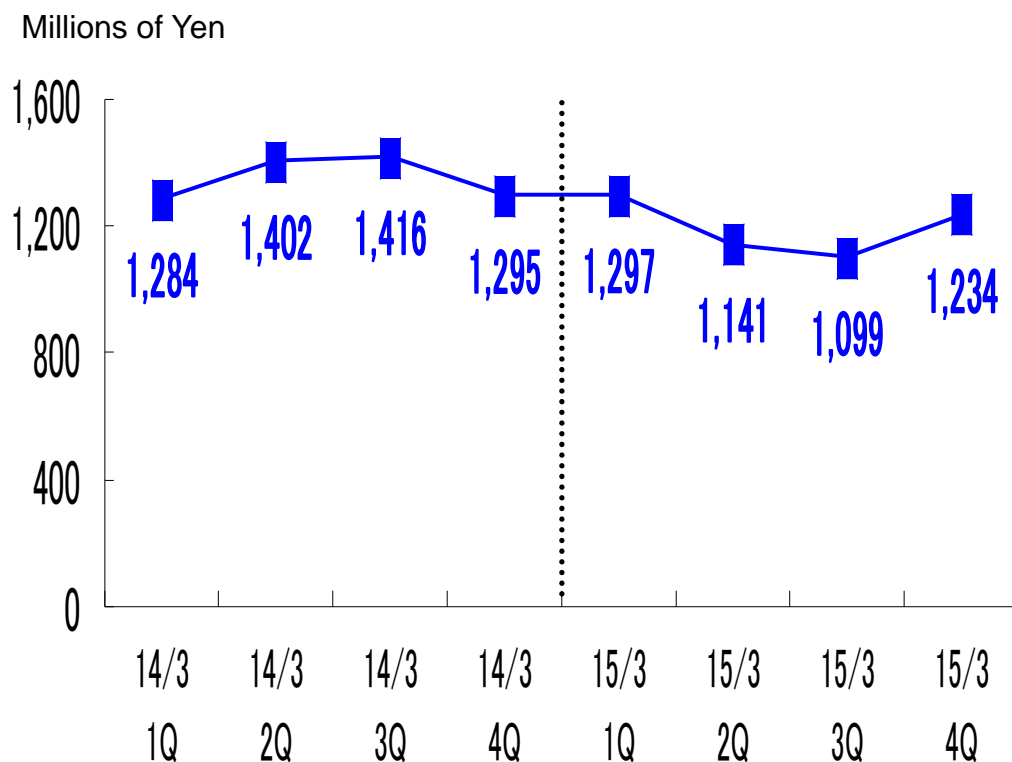
	14/3 Results	15/3 Results	Growth Rate
Forging Dies(Domestic)	4,388	4,753	8.3%
Forging Dies(Overseas)	1,176	1,391	18.3%
Total	5,564	6,144	10.4%
Forging Goods(Domestic)	1,143	1,112	△ 2.7%
Forging Goods(Overseas)	462	637	37.9%
Total	1,605	1,749	9.0%
Net-Shape Business total	7,170	7,894	10.1%

# I . Financial Results for the Year Ended March 31, 2015

## - Overview of the Assembly Business -

- Remained at a low level throughout the year under the influence of VG turbochargers' being in a model changeover period.
- Sales increased in 4Q compared to 3Q, as new models began to be launched in the second half year.

Trend in sales of Assembly business



Change in Domestic/Overseas Sales

Millions of Yen

	14/3 Results	15/3 Results	Growth Rate
Domestic	2,653	2,355	△ 11.2%
Overseas	2,745	2,417	△ 11.9%
<b>Total</b>	<b>5,398</b>	<b>4,772</b>	<b>△ 11.6%</b>

\* Rounded down to the nearest million yen

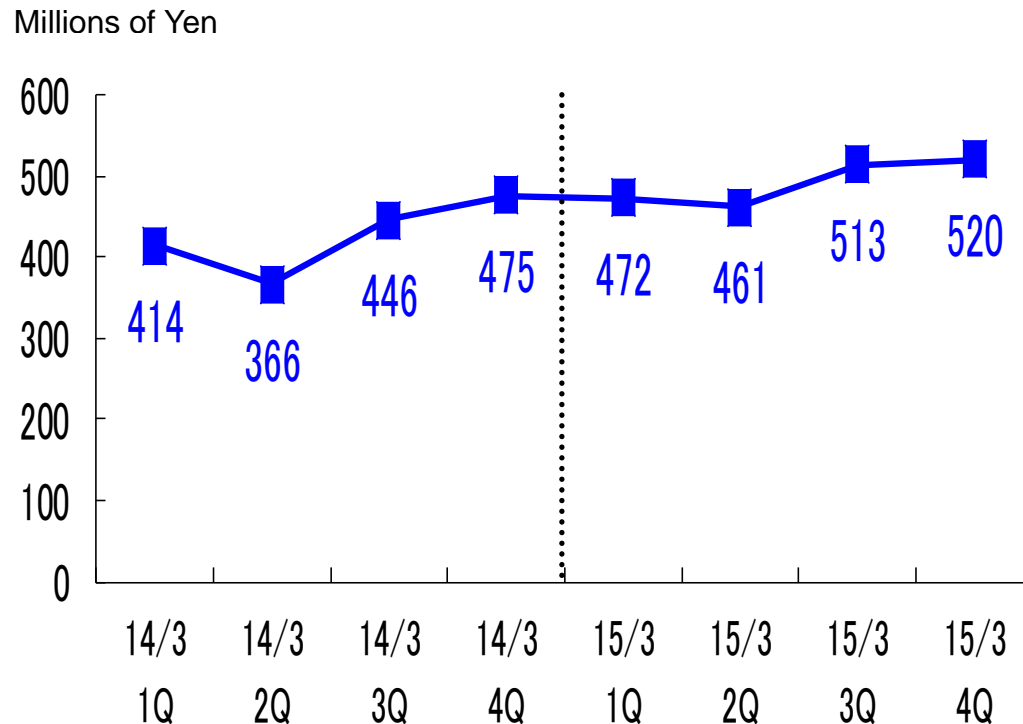


# I . Financial Results for the Year Ended March 31, 2015

## - Overview of the Filter Business -

- Large export projects went well and contributed to the sales growth.
- TSM's oil drilling filters performed well.
- Sales of large-size seawater strainers began to increase in the second half year.

Trend in sales of Filter business



Change in Domestic/Overseas Sales

Millions of Yen

	14/3 Results	15/3 Results	Growth Rate
Domestic	1,168	1,182	1.2%
Overseas	534	785	47.1%
Total	1,703	1,968	15.6%

\* Rounded down to the nearest million yen



# I . Financial Results for the Year Ended March 31, 2015

## - Segment P/L -

Millions of Yen

	14/3			15/3		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	7,170	487	6.8%	7,894	618	7.8%
Assembly	5,398	497	9.2%	4,772	298	6.3%
Filter	1,703	347	20.4%	1,968	395	20.1%
Consolidated total	14,272	1,332	9.3%	14,635	1,311	9.0%

➤ Sales increase of the Forging Die Division and the start of full-fledged scroll forged goods production at NDT were contributors to the income growth.

➤ Sluggish sales of VG turbocharger parts caused income to decline.

➤ Healthy overseas sales caused income to grow.

\* Rounded down to the nearest million yen

NICHIDAI CORPORATION

# I . Financial Results for the Year Ended March 31, 2015

## - Cost of Sales -

Millions of Yen

	14/3		15/3	
	Results	Ratio	Results	Ratio
Net sales	14,272	100.0%	14,635	100.0%
Material cost	4,885	34.2%	4,876	33.3%
Purchase of products	583	4.1%	745	5.1%
Subcontract processing	1,381	9.7%	1,331	9.1%
Subsidiary material cost	444	3.1%	505	3.5%
Labor cost	2,442	17.1%	2,500	17.1%
Depreciation	670	4.7%	755	5.2%
Change in inventory	△ 16	△ 0.1%	189	1.3%
Others	614	4.3%	721	4.9%
Cost of sales	11,039	77.3%	11,246	76.8%
Gross income from sales	3,232	22.7%	3,388	23.2%

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2015

## - SG&A Expenses -

Millions of Yen

	<b>14/3 Results</b>	<b>Ratio</b>	<b>15/3 Results</b>	<b>Ratio</b>
<b>Net Sales</b>	<b>14,272</b>	<b>100.0%</b>	<b>14,635</b>	<b>100.0%</b>
Packaging/Freight	191	1.3%	170	1.2%
Transportation	110	0.8%	122	0.8%
Labor cost	918	6.4%	1,042	7.1%
Depreciation	94	0.7%	124	0.8%
Rent	52	0.4%	59	0.4%
Others	558	3.9%	600	4.1%
<b>SG&amp;A Expenses</b>	<b>1,926</b>	<b>13.5%</b>	<b>2,118</b>	<b>14.5%</b>

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2015

## - B/S: Assets -

Millions of Yen

	14/3 Results	15/3 Results	Change
Cash and deposit	2,086	2,424	337
Notes receivable	776	785	8
Accounts receivable	2,738	2,892	154
Inventory	2,115	2,556	440
Others	291	143	△ 148
Allowance for bad debts	△ 5	△ 1	4
<b>Total current assets</b>	<b>8,003</b>	<b>8,800</b>	<b>796</b>
Tangible fixed assets	6,723	7,188	464
Intangible fixed assets	111	111	0
Investment and other assets	381	231	△ 150
<b>Total fixed assets</b>	<b>7,217</b>	<b>7,531</b>	<b>314</b>
<b>Total assets</b>	<b>15,221</b>	<b>16,331</b>	<b>1,110</b>

**Increase in fixed tangible assets:** Partly attributable to the restart of operation at Kyotanabe Factory.

# I . Financial Results for the Year Ended March 31, 2015

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

Millions of Yen

	14/3 Results	15/3 Results	Change
Accounts payable	1,633	1,622	△ 10
Short-term debt	1,688	1,897	208
Accrued income tax	176	114	△ 61
Allowance for bonus payable	137	141	3
Others	789	764	△ 25
<b>Total current liabilities</b>	<b>4,425</b>	<b>4,540</b>	<b>114</b>
Long-term debt	1,033	943	△ 90
Others	751	521	△ 230
<b>Total fixed liabilities</b>	<b>1,785</b>	<b>1,464</b>	<b>△ 320</b>
<b>Total liabilities</b>	<b>6,210</b>	<b>6,004</b>	<b>△ 206</b>
Capital	1,429	1,429	0
Capital surplus	1,192	1,192	0
Retained earnings	5,614	6,395	780
Minority interest	710	900	189
Others	61	408	346
<b>Total net assets</b>	<b>9,010</b>	<b>10,327</b>	<b>1,316</b>
<b>Total liabilities and net assets</b>	<b>15,221</b>	<b>16,331</b>	<b>1,110</b>

### Others

➤ Foreign currency translation adjustment increased.

# I . Financial Results for the Year Ended March 31, 2015

## - Cash Flows(CF) -

Consolidated

Millions of Yen

	14/3	15/3	Change
Cash flows from operating activities	2,366	1,475	△ 891
Cash flows from investing activities	△ 1,064	△ 926	138
Cash flows from financing activities	△ 1,056	△ 174	881
Amount of increase in cash and cash equivalents	287	486	198
Cash and cash equivalents balance at beginning of term	1,387	1,830	442
Cash and cash equivalents balance at end of term	1,830	2,316	486
<b>FCF</b>	<b>1,302</b>	<b>548</b>	<b>△ 753</b>

**Decrease of Cash flows from operating activities**

Changes in inventory assets:

14/3: 61 Million Yen

15/3: △397 Million Yen

(△ = Increase)

\*Rounded down to the nearest million yen

# II . Medium-Term Business Management Strategy



- Medium-term Management Policy with four strategic points has been promoted since FY2014.
- As part of it, foundation reinforcement measures were implemented toward the next phase of growth.

## Strategy Point

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

## Foundation reinforcement measures

1. Resumption of operation at Kyotanabe Factory
  - Turbocharger parts assembly was transferred from Ujitawara Factory to Kyotanabe Factory.
  - Space of Ujitawara Factory, which was used by the Assembly Business, will be used by the Filter Business to increase its production capacity.
2. Strengthening of the governance system
  - Shift to a company with a supervisory committee
  - Introduction of a corporate officer system

# Start of resuming operation at Kyotanabe Factory

- Implementation of infrastructure reorganization as a groundwork towards the next phase of growth

■ Transfer of turbocharger parts assembly from Ujitawara Factory to Kyotanabe Factory

**【Purpose】**

- Creation of layout to realize streamlining of production for the Assembly Business
- Anti-contamination measures to maintain high quality

■ Increase of production capacity of the Filter Business.

- Expansion of the factory space.



vacuum sintering furnace

Expansion of sintering furnace to increase production capacity



**Kyotanabe factory**

Kyoto Kyotabe city



**Ujitawara Factory**

Kyoto Ujitawara-cho

**Brief history of domestic plants**

- 1971 Head office and factory relocated to present Kyotanabe City.
- 1988 A plant constructed in Ujitawara-cho.
- 1998 Full-fledged relocation to Ujitawara Factory. Only headquarters functions remain in Kyotanabe City.
- 2004 Production of turbocharger parts started at Ujitawara Factory.
- 2015 Operation resumed at Kyotanabe Factory. Production of turbocharger parts shifted to Kyotanabe Factory.

## Consideration of shifting to a company with a supervisory committee

- Strengthen audit/supervisory functions of the board of directors and consider shifting to a company with a supervisory committee for further enhancement of corporate governance.
- The shift will take place after approval is obtained at shareholders' general meeting to be held on June 24, 2015.

## Introduction of a corporate officer system

- Separate decision making of the management and execution of operations to realize swift and efficient decision making.
- Clarify the roles and responsibilities in executing business to build an agile and strategic management setup that can respond to rapid changes of the business environment.
- To be introduced on July 1, 2015.

# III. Plan for the Year Ended March 31, 2016

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### III. Plan for the Year Ended March 31, 2016 - P/L: Sales and Profit -

- Seek to renew record-high sales and ordinary income by increasing sales for all business segments.

Millions of Yen

	15/3 Results 14/4-15/3	16/3 Plan 15/4-16/3	Growth Rate
Net sales	14,635	15,700	7.3%
Gross income from sales	3,388	3,460	2.1%
S.G.&A. expense	2,118	2,060	△ 2.8%
Operating income	1,269	1,400	10.2%
Non-operating income	△ 41	50	—
Ordinary income	1,311	1,350	2.9%
Net income	875	890	1.6%

\* Rounded down to the nearest million yen

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

#### - Segment Net Sales -

Millions of Yen

Business	15/3 Results 14/4-15/3	16/3 Plan 15/4-16/3	Growth Rate
Net-Shape	7,894	7,970	1.0%
Assembly	4,772	5,600	17.3%
Filter	1,968	2,130	8.2%
Consolidated total	14,635	15,700	7.3%

➤ **Forging Die Division:**

(Domestic): Expected to be at the same level as the previous year.

(Overseas): Seek to expand sales mainly in the Asian region

➤ **Precision-forged Goods Division:**

Production of scroll forged goods at NDT is expected to increase.

➤ As the segment will extricate itself from the impacts of the model changeover period for VG turbocharger parts, new products will increase at home and abroad.

➤ Production of large-size seawater strainers is projected to increase, while that of oil drilling filters will be less than the previous year's level.

\* Rounded down to the nearest million yen

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

Millions of Yen

	10/3 Results	11/3 Results	12/3 Results	13/3 Results	14/3 Results	15/3 Results	16/3 Plan
Capital expenditures	434	372	627	1,605	1,290	1,313	1,000
Depreciation	557	532	539	602	764	879	1,018

\* 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
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 (Original plan)	8.00(Result)	8.00	16.00
2015FY (Revisional plan) Announced 15/4	8.00(Result)	12.00	20.00
2016FY(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.

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Theme	Status of the year ended March 2015	Outlook for the year ending March 2016	Future direction
<b>Strengthen of the overseas development</b>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Sales for Asia, including China and South Korea, posted growth. There was an increase in overseas demand, such as export-oriented dies for Japanese manufacturers.</li> <li>• Failed to achieve the plan due partly to the slowdown in the Thai automobile industry, despite the production increase at NDT.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Although the results were lower than the original plan, the start of full-fledged mass production of scroll forged goods in Thailand contributed to sales growth.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Sales in the Asian region are expected to rise.</li> <li>• NDT: Increase production items for sales expansion in Thailand.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Production of scroll forged goods at NDT is expected to increase.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Respond to Japanese manufacturers who are aggressively entering overseas markets through collaboration between bases at home and abroad.</li> <li>• Thailand: Increase production items at NDT and step up response to Japanese manufacturers who are promoting local procurement.</li> <li>• China/South Korea: Cooperate with local manufacturers, who are strengthening their technological capabilities, to expand sales.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Increased overseas production along with the production shift will make up for decreased domestic production of existing products.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>• The Forging Die Division will continue to engage in the hollow method, small-size rotor parts and other new development projects.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Continue to develop new demand by utilizing accumulated technologies. Promote ongoing technological development of the hollow method and small-size rotor parts as well.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Seek to launch a new mass production project.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Advance technological development to utilize seeds of technological development, which is underway in the Forging Die Division, in creating new demand for dies at home and abroad. Also, continue investment in Japan.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Aim to launch a new business based on the plastic forming technology which is being developed.</li> </ul>

Theme	Status of the year ended March 2015	Outlook for the year ending March 2016	Future direction
<b>Further improvement of QDC</b>	<ul style="list-style-type: none"> <li>Domestic production base was transferred from Ujitawara Factory to Kyotanabe Factory in January 2015, for the purpose of creating a factory layout with streamlining of logistics in mind, as well as stricter quality control through anti-contamination measures.</li> </ul>	<ul style="list-style-type: none"> <li>Implement streamlining of logistics and anti-contamination measures, which were the purpose of transfer to Kyotanabe Factory.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to carry out various cost reduction measures.</li> <li>Measures with an eye on asset efficiency, such as reduction of inventory assets, will be implemented.</li> </ul>
<b>Strengthen of the overseas development</b>	<ul style="list-style-type: none"> <li>Production decreased overseas as well, under the influence of the model changeover period for VG turbocharger parts.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in production of new products will be a help to escape from the slowdown caused by the model changeover period.</li> </ul>	<ul style="list-style-type: none"> <li>Production will continue to be expanded with NDT positioned as the mass production base for the Assembly Business.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>Toward realizing synergy effects of the Net-Shape Business and the Assembly Business, in-house production of turbocharger component parts will be started.</li> </ul>	<ul style="list-style-type: none"> <li>In-house production of component parts will continue to be promoted by utilizing plastic forming technology.</li> <li>Reinforce domestic Development Department of the Assembly Business to provide support for acquiring orders for new products.</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce Development Department with domestic departments of the Assembly Business positioned as mother plant.</li> <li>In-house production of component parts utilizing plastic forming technology and acquisition of orders for new products will be continuously promoted.</li> </ul>

Theme	Status of the year ended March 2015	Outlook for the year ending March 2016	Future direction
<b>Strengthen of the overseas development</b>	<ul style="list-style-type: none"> <li>• Demand for export-oriented products, including major projects for Europe, increased.</li> <li>• TSM's oil drilling filters did well.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance of TSM will be lower than the previous year's level.</li> </ul>	<ul style="list-style-type: none"> <li>• Aim to expand sales in Asia with a focus on TSM.</li> <li>• Seek to expand mass production business at TSM.</li> <li>• Besides Asia, seek to expand sales in the North American region.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>• Sales of large-size seawater strainers began to grow in the second half year.</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of large-size seawater strainers are expected to grow substantially.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand new applications with a focus on diffusion bonding technology, a core technology of the Filter Business.</li> </ul>
<b>Further improvement of QDC</b>		<ul style="list-style-type: none"> <li>• Full-fledged mass production of large-size seawater strainers has been started.</li> <li>• Along with this, improvement of production efficiency will become a challenge to address.</li> <li>• Space of Ujitawara Factory, which was used by the Assembly Business, will be used by the Filter Business to increase its production capacity.</li> <li>• Enhance sintering furnaces at home and abroad to increase production capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• Mass-produced products will increase in the Asian region.</li> <li>• Implement measures to improve production efficiency of mass-produced products.</li> </ul>