



# The Financial Statement Briefing For Q2 of the Year Ending March 31, 2018

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*November 8, 2017*

JASDAQ: 6467

**株式会社 ニチダイ**  
NICHIDAI CORPORATION

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

## Net-Shape Business

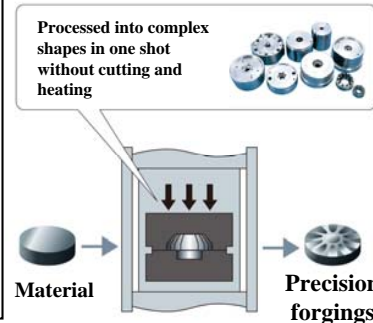
### ◆ Forging Die Division ◆

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

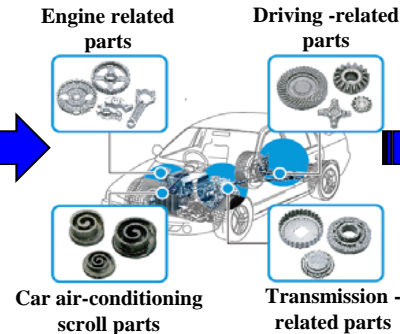
### ◆ Precision -forged Products Division ◆

- 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 ◆

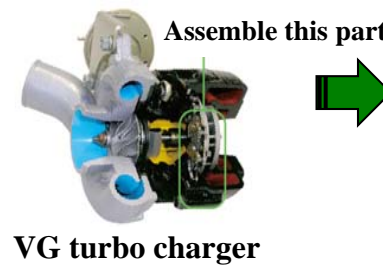
- Automobile parts manufacturers (Key products: Scroll forged goods)

## Assembly Business

- Assembly of the turbo charger parts. The main force is VG turbo charger parts.
- Assembles parts at domestic and Thai plants to meet local procurement needs.



Incorporated as part of turbocharger at our customer/manufacturer

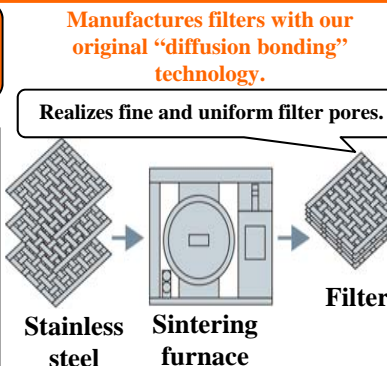


Automotive industry

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



Turbocharger parts for gasoline-powered vehicles

- 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

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

#### Assembly Business

- The Production and sale of 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 . Interim Results for the Year Ending March 2018

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# I . Interim Results for the Year Ending March 2018

## - P/L : Sales and Profit -

- In the second quarter of FY March 2018, both sales and profits increased, exceeding the plan.

Millions of Yen

	17/3 1st half results 16/4-16/9	18/3 1st half plan 17/4-17/9	18/3 1st half results 17/4-17/9	Growth Rate
Net sales	6,790	7,200	7,378	8.7%
Gross income from sales	1,194	1,350	1,428	19.5%
S.G.&A. expense	1,019	1,050	1,101	8.1%
Operating income	175	300	326	85.8%
Non-operating income and loss	50	10	△ 12	—
Ordinary income	124	290	338	171.1%
Net income Attributable to Owners of the Parent	64	170	216	234.1%

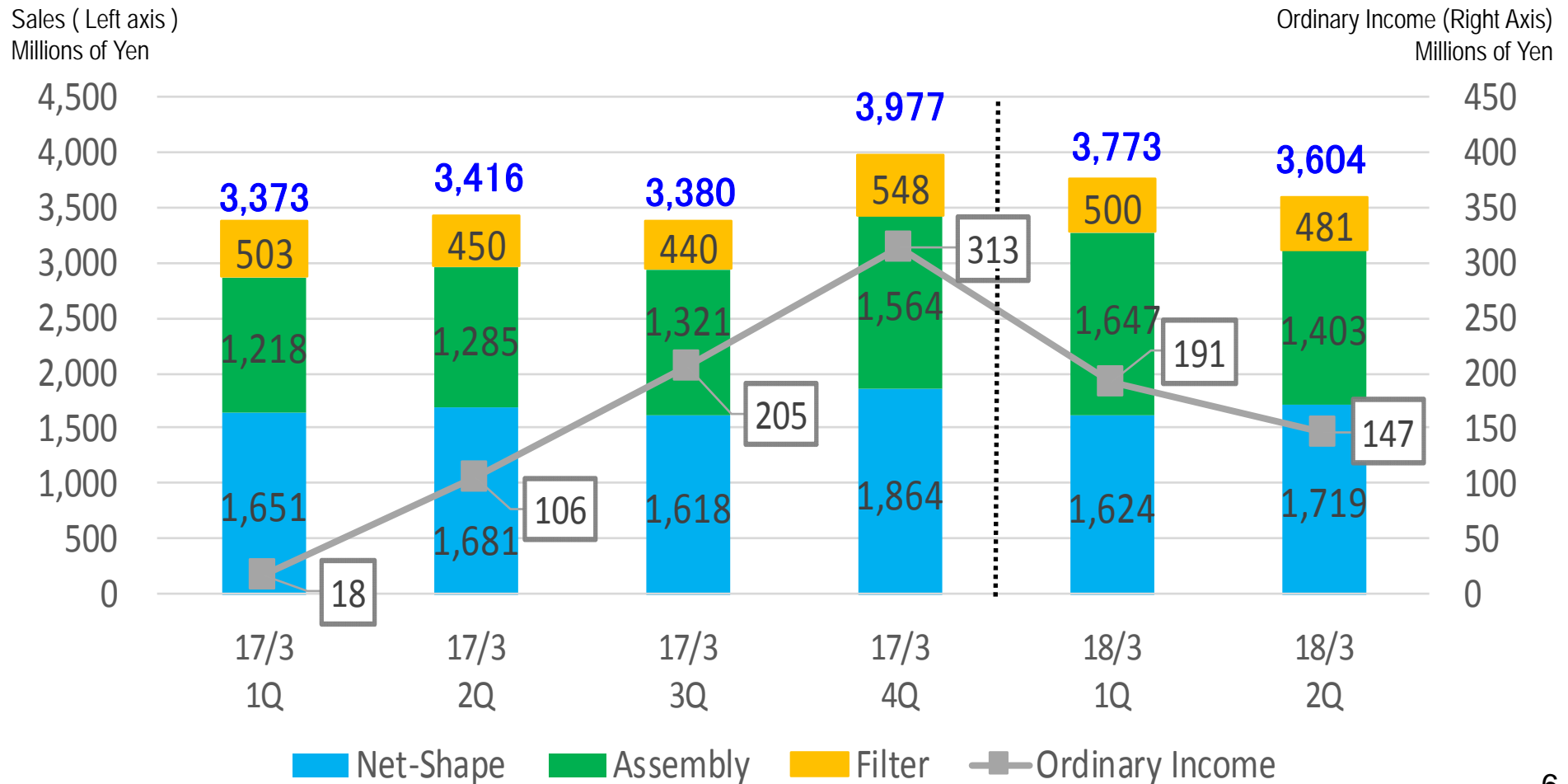
\* Rounded down to the nearest million yen



# I . Interim Results for the Year Ending March 2018

## - Trends in operating results on quarters basis -

- Entering the second quarter, sales of the Net-Shape Business recovered, recording a year-on-year increase.
- In the second quarter, sales of the Filter Business and the Assembly Business both decreased compared to the first quarter, however, remained at high levels. Ordinary income also exceeded the previous year's level.



# I . Interim Results for the Year Ending March 2018

## - Segment Net Sales -

Millions of Yen

Business	17/3 1st Half Results 16/4-16/9	18/3 1st Half Results 17/4-17/9	Growth Rate
Net-Shape	3,332	3,344	0.3%
Assembly	2,503	3,051	21.9%
Filter	953	982	3.0%
Consolidated Total	6,790	7,378	8.7%

➤ **Forging Die Division :**

Sales rose in the second quarter to the same level as the previous year.

**Precision-forged goods :**

Overseas production is healthy.

➤ Overseas sales started to decrease in the second quarter, however, remained at a high level.

➤ Growth was registered in sales for the medical industry, etc.

\* Rounded down to the nearest million yen

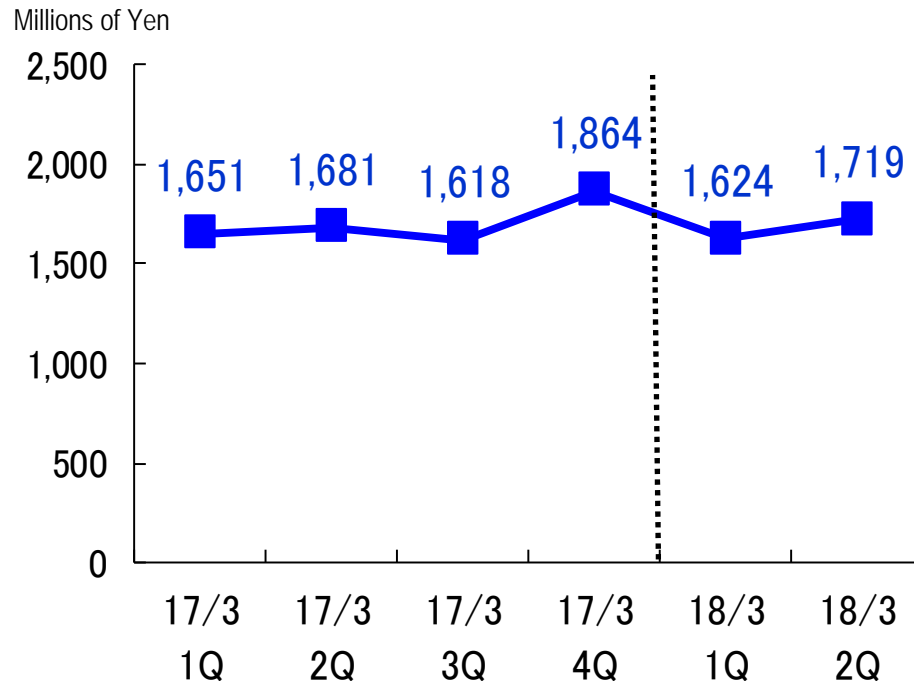
# I . Interim Results for the Year Ending March 2018

## - Overview of the Net Shape Business -

➤ **Forging Die Division** : (Overseas) Entering the second quarter, sales started to increase to the same level as the previous year.  
 (Domestic) Sales decreased due to the sluggish sales for the east Asian region.

**Precision-forged Goods Division** : (Domestic production) Scroll forged goods remained at the same level as the previous year.  
 (Overseas production) Overseas production increased.

Trend in sales of Net-Shape business



\* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

	Millions of Yen		Groth
	16/9 Results	17/9 Results	
Forging Dies(Domestic)	2,037	2,064	1.3%
Forging Dies(Overseas)	660	568	△ 13.9%
<b>Total</b>	<b>2,697</b>	<b>2,632</b>	<b>△ 2.4%</b>
Forging Goods(Domestic)	299	331	10.7%
Forging Goods(Overseas)	335	380	13.3%
<b>Total</b>	<b>634</b>	<b>711</b>	<b>12.1%</b>
<b>Net-Shape Businee total</b>	<b>3,332</b>	<b>3,344</b>	<b>0.3%</b>

\* Rounded down to the nearest million yen 8

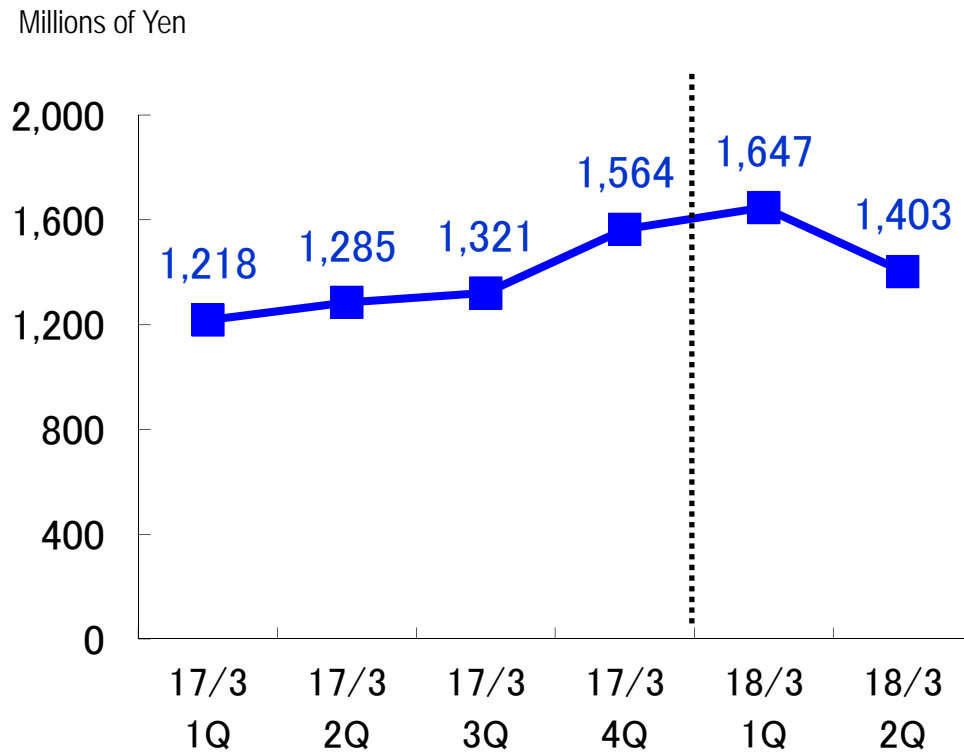




# I . Interim Results for the Year Ending March 2018 - Overview of the Assembly Business -

- Sales of turbocharger parts, for both diesel and gasoline-powered vehicles, increased compared to the previous year.
- Sales of turbocharger parts for gasoline-powered vehicles declined in the second quarter, however, remained at a high level.

Trend in sales of Assembly business



\* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	16/9 Results	17/9 Results	Growth Rate
Domestic	1,076	1,306	21.4%
Overseas	1,427	1,745	22.2%
Total	2,503	3,051	21.9%

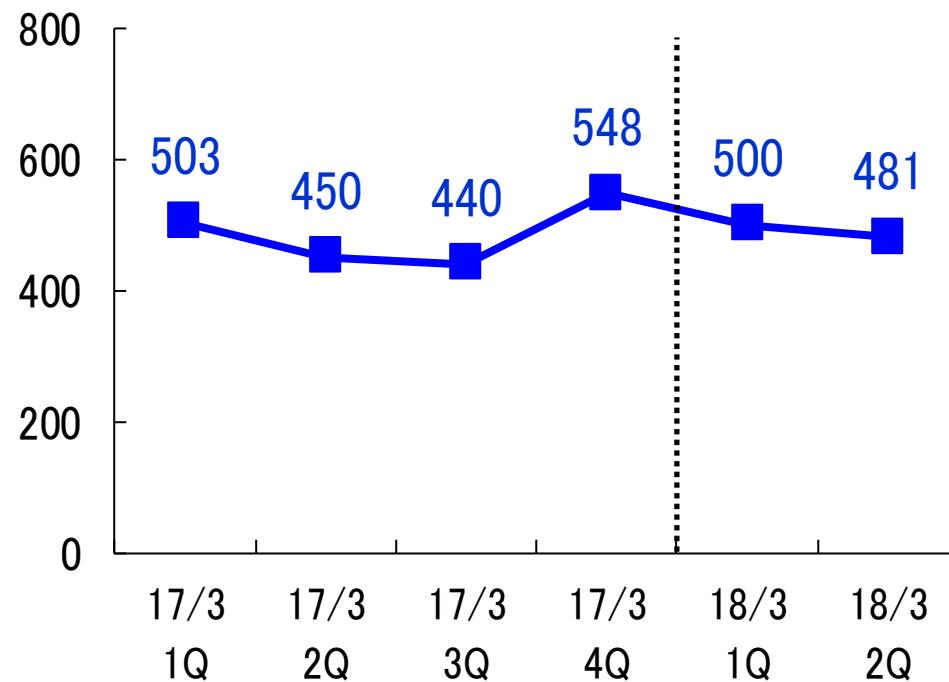
\* Rounded down to the nearest million yen 9

# I . Interim Results for the Year Ending March 2018 - Overview of the Filter Business -

- (Overseas) Affected by a temporary decrease in large-size seawater strainers, sales remained flat from the previous year.
- (Domestic) Sales for the medical industry posted growth.

Trend in sales of Filter business

Millions of Yen



Change in Domestic/Overseas Sales

Millions of Yen

	16/9 Results	17/9 Results	Growth Rate
Domestic	688	702	2.1%
Overseas	265	279	5.3%
Total	953	982	3.0%

\* Rounded down to the nearest million yen

\* Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2018

## - Segment P/L -

Millions of Yen

	16/9			17/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	3,332	53	1.6%	3,344	96	2.9%
Assembly	2,503	△ 17	△ 0.7%	3,051	164	5.4%
Filter	953	88	9.2%	982	78	8.0%
Consolidated total	6,790	124	1.8%	7,378	338	4.6%

➤ Precision-forged Goods Division had a strong showing.

➤ Growth in sales pushed up profits.

\* Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2018

## - Cost of Sales -

Millions of Yen

	16/9		17/9	
	Results	Ratio	Results	Ratio
Net sales	6,790	100.0%	7,378	100.0%
Material cost	2,240	33.0%	2,759	37.4%
Purchase of products	402	5.9%	310	4.2%
Subcontract processing	560	8.2%	717	9.7%
Subsidiary material cost	221	3.3%	220	3.0%
Labor cost <sub>*1</sub>	1,267	18.7%	1,272	17.2%
Depreciation	331	4.9%	362	4.9%
Change in inventory	△ 197	△ 2.9%	50	0.7%
Others	373	5.5%	357	4.8%
Cost of sales	5,595	82.4%	5,949	80.6%
Gross income from sales	1,194	17.6%	1,428	19.4%

### Material cost

➤ Due to changes in sales composition.

### Change in inventory

➤ Last year, inventories of the Assembly Business decreased.

\* Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2018

## - SG&A Expenses -

Millions of Yen

	<b>16/9</b>		<b>17/9</b>	
	<b>Results</b>	<b>Ratio</b>	<b>Results</b>	<b>Ratio</b>
<b>Net Sales</b>	<b>6,790</b>	<b>100.0%</b>	<b>7,378</b>	<b>100.0%</b>
Packaging/Freight	74	1.1%	81	1.1%
Transportation	56	0.8%	57	0.8%
Labor cost	528	7.8%	531	7.2%
Depreciation	59	0.9%	64	0.9%
Rent	31	0.5%	30	0.4%
Others	269	4.0%	336	4.6%
<b>SG&amp;A Expenses</b>	<b>1,019</b>	<b>15.0%</b>	<b>1,101</b>	<b>14.9%</b>

\* Rounded down to the nearest million yen.

# I . Interim Results for the Year Ending March 2018

## - B/S: Assets -

Millions of Yen

	16/9 Results	17/3 Results	17/9 Results	Change
Cash and deposit	2,487	2,586	2,764	178
Notes receivable	622	643	595	△ 48
Accounts receivable	2,854	3,382	3,237	△ 145
Inventory	2,204	2,021	2,156	134
Others	134	124	164	40
Allowance for bad debts	△ 1	△ 1	△ 1	0
<b>Total current assets</b>	<b>8,302</b>	<b>8,756</b>	<b>8,916</b>	<b>160</b>
Tangible fixed assets	6,475	6,889	6,759	△ 130
Intangible fixed assets	127	131	151	20
Investment and other assets	208	183	180	△ 3
<b>Total fixed assets</b>	<b>6,811</b>	<b>7,204</b>	<b>7,091</b>	<b>△ 113</b>
<b>Total assets</b>	<b>15,113</b>	<b>15,961</b>	<b>16,008</b>	<b>46</b>

\* Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2018

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

Millions of Yen

	16/9 Results	17/3 Results	17/9 Results	Change
Accounts payable	1,290	1,573	1,593	20
Short-term debt	1,503	1,378	1,171	△ 206
Accrued income tax	62	95	127	31
Allowance for bonus payable	277	148	282	133
Others	679	1,078	1,071	△ 6
<b>Total current liabilities</b>	<b>3,813</b>	<b>4,274</b>	<b>4,246</b>	<b>△ 28</b>
Long-term debt	1,007	830	851	20
Others	387	278	117	△ 161
<b>Total fixed liabilities</b>	<b>1,395</b>	<b>1,109</b>	<b>968</b>	<b>△ 140</b>
<b>Total liabilities</b>	<b>5,208</b>	<b>5,384</b>	<b>5,215</b>	<b>△ 168</b>
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	6,656	6,925	7,051	126
Minority interest	825	936	979	42
Others	△ 199	92	138	46
<b>Total net assets</b>	<b>9,904</b>	<b>10,577</b>	<b>10,792</b>	<b>215</b>
<b>Total liabilities and net assets</b>	<b>15,113</b>	<b>15,961</b>	<b>16,008</b>	<b>46</b>

### Others

➤ Due to a decrease in lease obligations

\*Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2018

## - Cash Flows (CF) -

Millions of Yen

	16/9	17/9	Change
Cash flows from operating activities	1,015	917	△ 98
Cash flows from investing activities	△ 325	△ 311	13
Cash flows from financing activities	△ 157	△ 441	△ 283
Amount of increase in cash and cash equivalents	415	177	△ 237
Cash and cash equivalents balance at beginning of term	1,964	2,478	513
Cash and cash equivalents balance at end of term	2,379	2,655	276
<b>FCF</b>	<b>689</b>	<b>605</b>	<b>△ 84</b>

➤ Changes in the amount of inventory assets (□ = Increase)  
 16/9: 253 Million Yen  
 17/9: □ 127 Million Yen

\*Rounded down to the nearest million yen



## II .Full-Year Forecasts for the Fiscal Year Ending March 2018

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## II. Full-Year Forecasts for the Fiscal Year Ending March 2018 - P/L: Sales and Profit -

- There's no change to the annual plan released at the beginning of the year.

Millions of Yen

	17/3 Results 16/4-17/3	18/3 Plan 17/4-18/3 (Announced 17/5)	Growth Rate
売上高	14,147	14,700	3.9%
売上総利益	2,693	2,865	6.4%
販売管理費	2,051	2,125	3.6%
営業利益	642	740	15.3%
営業外損益	△ 1	20	—
経常利益	643	720	11.8%
当期純利益	424	440	3.6%

\* Rounded down to the nearest million yen

## II . Full-Year Forecasts for the Fiscal Year Ending March 2018 - Segment Net Sales -

Millions of Yen

Business	17/3 Results 16/4-17/3	18/3 Plan 17/4-18/3	Growth Rate
Net-Shape	6,816	6,900	1.2%
Assembly	5,388	5,800	7.6%
Filter	1,942	2,000	2.9%
Consolidated Total	14,147	14,700	3.9%

Outlook for the 2<sup>nd</sup> half year  
➤ Both Forging Die and Precision-forged Goods Divisions are expected to perform almost as planned.

Outlook for the 2<sup>nd</sup> half year  
➤ Sales of turbocharger parts for gasoline-powered vehicles will slow down.

Outlook for the 2<sup>nd</sup> half year  
➤ Sales at home and abroad will be in accordance with the initial plan.



## II . Full-Year Forecasts for the Fiscal Year Ending March 2018 - Capital Investment/Depreciation-

Millions of Yen

	12/3	13/3	14/3	15/3	16/3	17/3	18/3
	Results	Results	Results	Results	Results	Results	Plan
Capital expenditures	627	1,605	1,290	1,313	774	966	1,140
Depreciation	539	602	764	879	970	793	895

\* Rounded down to the nearest million yen

## II . Full-Year Forecasts for the Fiscal Year Ending March 2018

### - Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
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	12.00	20.00
2016FY	10.00	10.00	20.00
2017FY	10.00	10.00	20.00
2018FY(Plan)	10.00	8.00	16.00(Plan)

**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	Initial Forecast for FY March 31, 2018	Situation of the first half of the year	Forecast of the second half of the year
<b>Strengthen of the overseas development</b>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Sales are likely to increase in the Asian region.</li> <li>• The North American region will struggle.</li> <li>• NDT: We aim to increase product varieties.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Production of scroll forged goods at NDT will remain at the previous year's level.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Sales in the Asian region fell below the plan.</li> <li>• Overseas die production remained the same as the previous year.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Overseas production of scroll forged goods is healthy.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Demand is recovering centering around Japan.</li> <li>• Order receiving activity is a challenge.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• The second half year is expected to remain at the same level.</li> </ul>
<b>New business/ Technological development</b>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Development to broaden our technological field, such as plate forging, will be promoted.</li> <li>• Die development activities utilizing our new press will be strengthened.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• Starting up of a new mass production business will be explored.</li> <li>• Sales of existing product types will also be expanded.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• Our new press NFD1000 will be put to full use.</li> <li>• Efforts to proactively acquire new products are being made.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• These activities will continue.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>• These activities will continue.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>• These activities will continue.</li> </ul>

Theme	Initial Forecast for FY March 31, 2018	Situation of the first half of the year	Forecast of the second half of the year
<b>Further improvement of QDC</b>	<ul style="list-style-type: none"> <li>▪ Sales are expected to increase at home and abroad.</li> <li>▪ Raising efficiency of in-house production of component parts will continue.</li> <li>▪ Automated production will be enhanced.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The move toward automated production line will be accelerated.</li> <li>▪ In-house production of component parts will increase. Raising efficiency will be promoted.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Domestic: For the second half year, sales will turn out to be almost the same as the initial plan.</li> </ul>
<b>Strengthen of the overseas development</b>	<ul style="list-style-type: none"> <li>▪ Production of diesel- and gasoline-powered vehicles will both increase.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales of turbocharger parts for gasoline- and diesel-powered vehicles will increase.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Over seas: Sales of turbocharger parts for gasoline-powered vehicles are expected to slow down.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>▪ Domestic development department of the Assembly Business will continue to back up acquisition of new products.</li> <li>▪ In-house component parts production utilizing plastic forming technology will continue.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The move of in-house component parts production will continue.</li> <li>▪ Development will be promoted in collaboration with the Net-Shape Business.</li> </ul>	<ul style="list-style-type: none"> <li>▪ In-house production measures and development to acquire new products will continue.</li> </ul>



Theme	Initial Forecast for FY March 31, 2018	Situation of the first half of the year	Forecast of the second half of the year
<b>Strengthen of the overseas development</b>	<ul style="list-style-type: none"> <li>▪ TSM's oil drilling filters are expected to remain at low levels.</li> <li>▪ We will find new customers separately.</li> </ul>	<ul style="list-style-type: none"> <li>▪ TSM's oil drilling filters are expected to remain at low levels.</li> <li>▪ Demand for filters for the Thai domestic market will increase.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The same move will continue.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>▪ Move toward commercialization of MM (metal mesh) catalytic filter will be accelerated.</li> <li>▪ Activities will be promoted to create other new applications, e.g. for fuel cell vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Toward the commercialization of MM (metal mesh) catalytic filter, sales activities to manufacturers will continue.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales activities of exhaust gas filters will continue.</li> </ul>
<b>Further improvement of QDC</b>	<ul style="list-style-type: none"> <li>▪ Production of large-size seawater strainers is expected to remain at the same level.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Activities to improve productivity will be started. Sales of large-size seawater strainers will decrease temporarily.</li> <li>▪ Sales of large-size seawater strainers will decrease temporarily.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The activities will continue.</li> <li>▪ Sales of large-size seawater strainers will return to the level of the plan in the second half year.</li> </ul>