



The Financial Statement Briefing For Q2 of the Year Ending March 31, 2019

November 7, 2018

JASDAQ: 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

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

Net-Shape Business

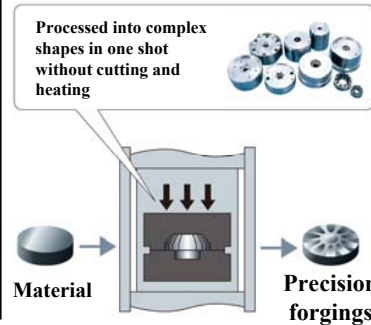
◆ Forging Die Division ◆

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

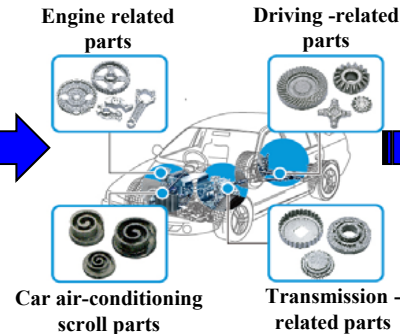
◆ Precision -forged Products Division ◆

- 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 ◆

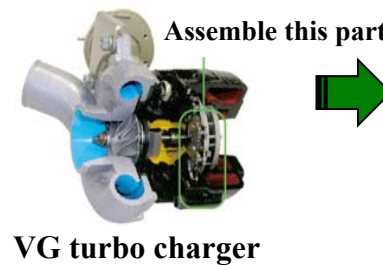
- Automobile parts manufacturers (Key products: Scroll forged goods)

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

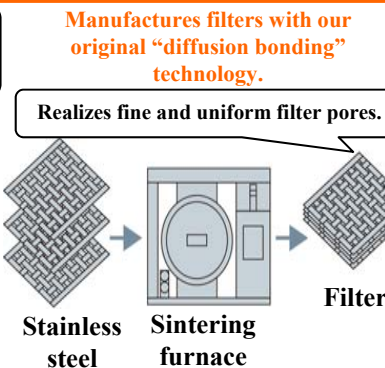


Automotive industry

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

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.

Assembly Business

Kyotanabe factory



VG turbo charger parts



WG turbo charger parts

- Domestic turbocharger production base.
- Relocated from Ujitawara Factory to Kyotanabe Factory in 2015.

Filter Business

NICHIDAI FILTER CORPORATION (NFC)

Ujitawara factory



Lamination sintered wire mesh filters

- Domestic development and production base equipped with five sintering furnaces.

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

- 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 2019



I. Interim Results for the Year Ending March 2019

- P/L : Sales and Profit -

- Boosted by substantial growth in sales and profits, actual performance exceeded the plan.
- Upward revision of 2Q and full-year outlook was announced on October 17, 2018.
- All-time high consolidated sales of the first half year were recorded.

Millions of Yen

	18/3 1st half results 17/4-17/9	19/3 1st half plan 18/4-18/9	19/3 1st half results 18/4-18/9	Growth Rate
Net sales	7,378	7,880	8,400	13.9%
Gross income from sales	1,428	1,530	1,783	24.9%
S.G.&A. expense	1,101	1,090	1,130	2.6%
Operating income	326	440	652	100.0%
Non-operating income and loss	△ 12	10	△ 14	—
Ordinary income	338	430	666	96.6%
Net income Attributable to Owners of the Parent	216	280	440	103.4%

* Rounded down to the nearest million yen

【Exchange rate】

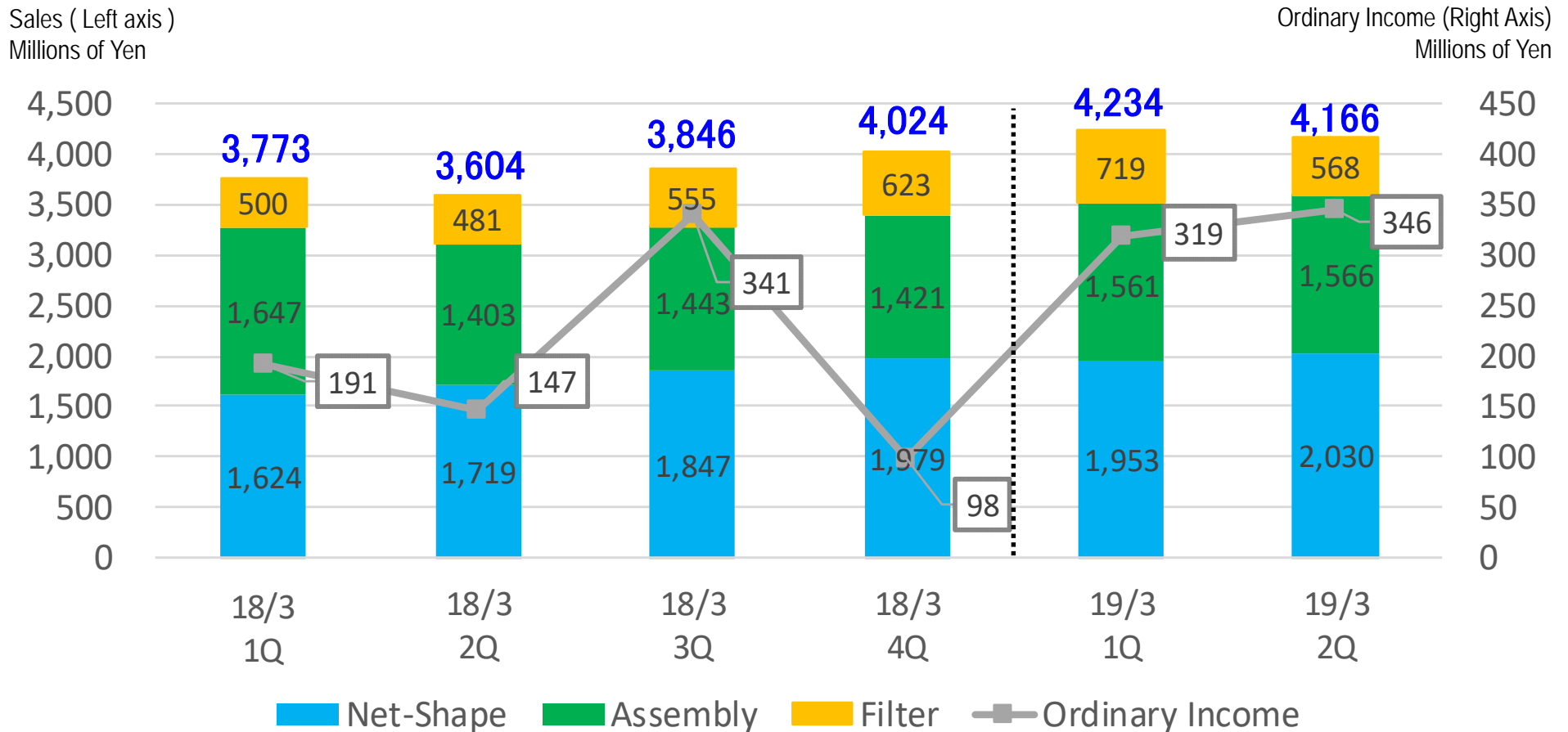
	18/3 1st half results	19/3 1st half Plan	19/3 1st half results
USD	112.75yen	110yen	109.17yen
THB	3.25yen	3.4yen	3.42yen



I. Interim Results for the Year Ending March 2019

- Trends in operating results on quarters basis -

- As all Businesses maintained high-level sales, ordinary income reached high levels.
- The Net-Shape Business and the Assembly Business achieved almost the same sales level in both 1Q and 2Q.
- 1Q sales of the Filter Business include the impact of special procurement.





I. Interim Results for the Year Ending March 2019

- Segment Net Sales -

Millions of Yen

Business	18/3 1st Half Results 17/4-17/9	19/3 1st Half Results 18/4-18/9	Growth Rate
Net-Shape	3,344	3,983	19.1%
Assembly	3,051	3,127	2.5%
Filter	982	1,288	31.2%
Consolidated Total	7,378	8,400	13.9%

Net-Shape Business

➤ Both the Forging Die Division and the Precision-forged Products Division enjoyed the high sales levels.

Assembly Business

➤ Both VG turbocharger parts and WG turbocharger parts posted almost the same sales levels.

Filter Business

➤ Sales were buoyed significantly by special procurement in 1Q.

* Rounded down to the nearest million yen

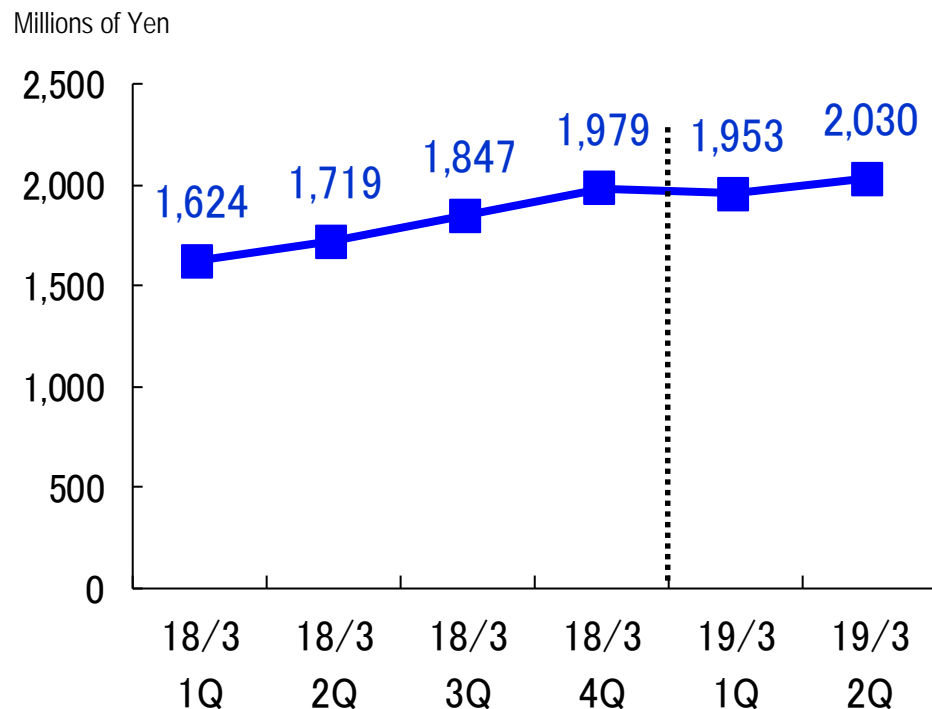


I. Interim Results for the Year Ending March 2019 - Overview of the Net Shape Business -

Forging Die Division : Sales to key users were robust.

Precision-forged Goods Division : Sales of scroll forged goods were healthy at both domestic and overseas bases.

Trend in sales of Net-Shape business



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	17/9 Results	18/9 Results	Growth Rate
Domestic	2,395	2,841	18.6%
Overseas	949	1,142	20.4%
Total	3,344	3,983	19.1%

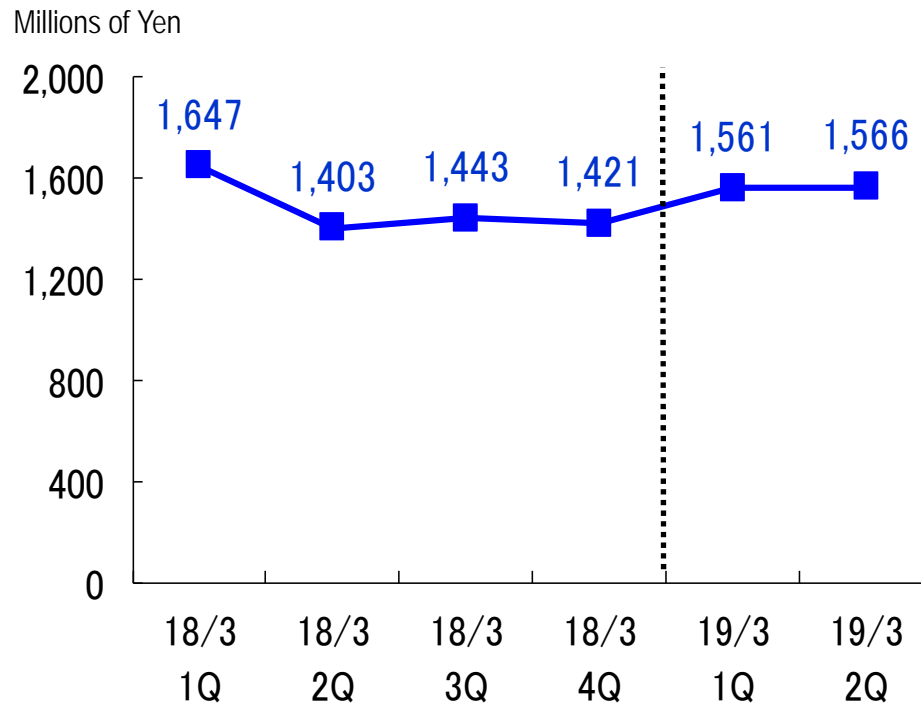
* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2019 - Overview of the Assembly Business -

- Production of new models of VG turbocharger parts started.
- Despite a change to model lineup, both VG turbocharger parts and WG turbocharger parts posted almost the same sales levels as the previous year.

Trend in sales of Assembly business



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

	17/9 Results	18/9 Results	Growth Rate
Domestic	1,306	1,518	16.2%
Overseas	1,745	1,609	△ 7.8%
Total	3,051	3,127	2.5%

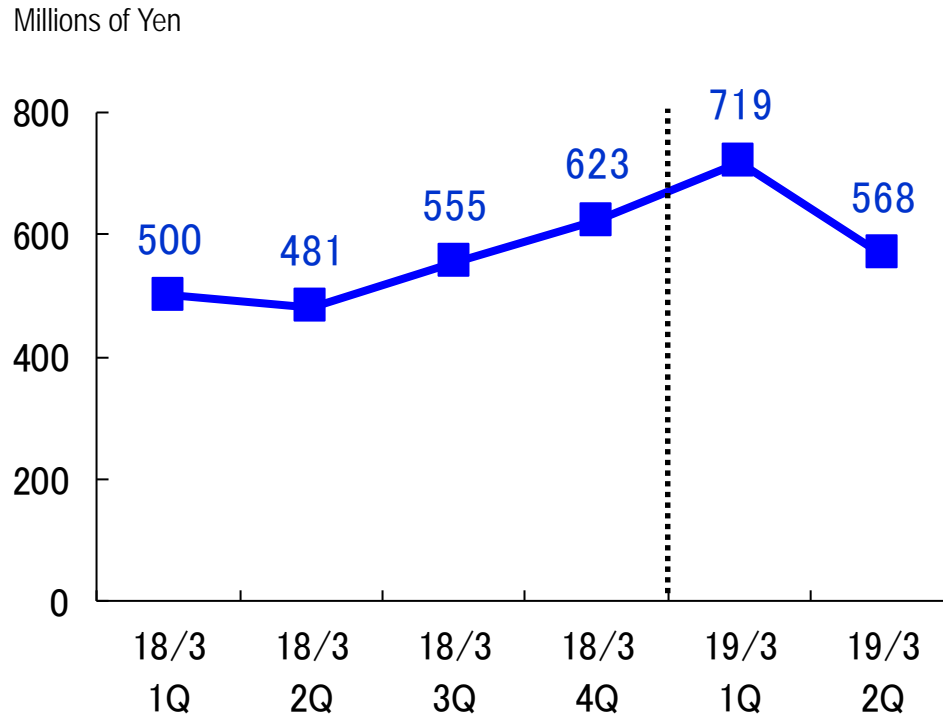
* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2019 - Overview of the Filter Business -

- Special procurement in 1Q for the electric power industry pushed up sales sharply.
- Without special procurement, 2Q saw growth in sales for healthcare products and others.

Trend in sales of Filter business



* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	17/9 Results	18/9 Results	Growth Rate
Domestic	702	1,067	51.8%
Overseas	279	221	△ 20.8%
Total	982	1,288	31.2%

* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2019

- Segment P/L -

➤ All Businesses registered growth in both sales and profits.

Millions of Yen

	17/9			18/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	3,344	96	2.9%	3,983	388	9.8%
Assembly	3,051	164	5.4%	3,127	165	5.3%
Filter	982	78	8.0%	1,288	111	8.7%
Consolidated total	7,378	338	4.6%	8,400	666	7.9%

Net-shape Business

➤ Attributable to the sales growth posted by both the Forging Die Division and the Precision-forged Products Division.

Assembly Business

➤ Stayed on the same levels as the previous year.

Filter Business

➤ Profit increase was brought about by the growth in sales.

* Rounded down to the nearest million yen

I. Interim Results for the Year Ending March 2019

- Cost of Sales -

Millions of Yen

	17/9 Results	Ratio	18/9 Results	Ratio
Net sales	7,378	100.0%	8,400	100.0%
Material cost	2,759	37.4%	2,941	35.0%
Purchase of products	310	4.2%	593	7.1%
Subcontract processing	717	9.7%	804	9.6%
Subsidiary material cost	220	3.0%	237	2.8%
Labor cost	1,272	17.2%	1,340	16.0%
Depreciation	362	4.9%	363	4.3%
Change in inventory	50	0.7%	31	0.4%
Others	357	4.8%	368	4.4%
Cost of sales	5,949	80.6%	6,617	78.8%
Gross income from sales	1,428	19.4%	1,783	21.2%

Material cost

➤ Attributable to the increased sales composition ratio of the Net-Shape Business.

* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2019

- SG&A Expenses -

Millions of Yen

	17/9 Results	Ratio	18/9 Results	Ratio
Net Sales	7,378	100.0%	8,400	100.0%
Packaging/Freight	81	1.1%	92	1.1%
Transportation	57	0.8%	65	0.8%
Labor cost	531	7.2%	558	6.6%
Depreciation	64	0.9%	64	0.8%
Rent	30	0.4%	29	0.4%
Others	336	4.6%	320	3.8%
SG&A Expenses	1,101	14.9%	1,130	13.5%

* Rounded down to the nearest million yen.

I. Interim Results for the Year Ending March 2019

- B/S: Assets -

Millions of Yen

	17/9 Results	18/3 Results	18/9 Results	Change
Cash and deposit	2,764	2,774	2,827	52
Notes receivable	595	581	514	△ 66
Accounts receivable	3,237	3,456	3,863	407
Inventory	2,156	2,084	2,140	55
Others	47	72	135	63
Allowance for bad debts	△ 1	△ 1	△ 1	0
Total current assets	8,799	8,967	9,480	512
Tangible fixed assets	6,759	6,725	6,567	△ 157
Intangible fixed assets	151	139	207	68
Investment and other assets	297	318	362	43
Total fixed assets	7,208	7,183	7,137	△ 46
Total assets	16,008	16,151	16,617	466

* Rounded down to the nearest million yen

I. Interim Results for the Year Ending March 2019

- B/S: Liabilities and Net Assets -

Millions of Yen

	17/9 Results	18/3 Results	18/9 Results	Change
Accounts payable	1,593	1,586	1,766	180
Short-term debt	1,171	1,527	1,402	△ 125
Accrued income tax	127	160	222	61
Allowance for bonus payable	282	149	320	171
Others	1,071	929	749	△ 180
Total current liabilities	4,246	4,353	4,461	107
Long-term debt	851	497	604	106
Others	117	71	65	△ 5
Total fixed liabilities	968	569	669	100
Total liabilities	5,215	4,922	5,130	208
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	7,051	7,285	7,635	350
Minority interest	979	1,055	1,063	7
Others	138	265	166	△ 99
Total net assets	10,792	11,228	11,487	258
Total liabilities and net assets	16,008	16,151	16,617	466

*Rounded down to the nearest million yen

I. Interim Results for the Year Ending March 2019

- Cash Flows (CF) -

Millions of Yen

	17/9	18/9	Change
Cash flows from operating activities	917	798	△ 118
Cash flows from investing activities	△ 311	△ 431	△ 119
Cash flows from financing activities	△ 441	△ 261	180
Amount of increase in cash and cash equivalents	177	52	△ 125
Cash and cash equivalents balance at beginning of term	2,478	2,665	187
Cash and cash equivalents balance at end of term	2,655	2,718	62
FCF	605	366	△ 238

CF from operating activities

Increase/decrease in trade receivables (△ = increase)

17/9 205million yen

18/9 △377million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2019

II. Full-Year Forecasts for the Fiscal Year Ending March 2019 - P/L: Sales and Profit -

- Revision was also made to the full-year earnings forecast on October 17.
- With our sights set on record-high consolidated sales of the 16.0-billion-yen mark, we forecast growth in both sales and profits.

Millions of Yen

	18/3 Results 17/4-18/3	19/3 Original Plan 18/4-19/3 Announced 18/5	19/3 Revisional Plan 18/4-19/3 Announced 18/10	Growth Rate
Net sales	15,248	15,700	16,220	6.4%
Gross income from sales	2,947	3,140	3,391	15.0%
S.G.&A. expense	2,192	2,180	2,218	5.7%
Operating income	755	960	1,173	55.3%
Non-operating income	△ 23	10	△ 14	-
Ordinary income	778	950	1,187	52.5%
Net income Attributable to Owners of the Parent	522	630	790	51.2%

【Exchange rate】

	18/3 Result	19/3 Plan	19/3 Forecast
USD	112.39yen	110yen	110yen
THB	3.31yen	3.4yen	3.4yen

* Rounded down to the nearest million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2019 - Segment Net Sales -

Millions of Yen

Business	18/3 Results 17/4-18/3	19/3 Original Plan 18/4-19/3 Announced 18/5	19/3 Revisional Plan 18/4-19/3 Announced 18/10	Growth Rate
Net-Shape	7,171	7,400	7,660	6.8%
Assembly	5,915	5,900	6,130	3.6%
Filter	2,161	2,400	2,430	12.4%
Consolidated Total	15,248	15,700	16,220	6.4%

Net-Shape Business

➤ Continued from the first half year, sales to key users of the Forging Die Division are expected to remain strong.

Assembly Business

➤ Sales of the new models, production of which were started in the first half year, are likely to be a driver.

Filter Business

➤ Performance of the second half year will be the same level as the first half year.

* Rounded down to the nearest million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2019 - Capital Investment/Depreciation-

Millions of Yen

	13/3 Results	14/3 Results	15/3 Results	16/3 Results	17/3 Results	18/3 Results	19/3 Plan
Capital expenditures	1,605	1,290	1,313	774	966	434	1,130
Depreciation	602	764	879	970	793	860	880

* Rounded down to the nearest million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2019 - Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
2015FY	8.00	12.00	20.00
2016FY	10.00	10.00	20.00
2017FY	10.00	10.00	20.00
2018FY	8.00	10.00 (Ordinary dividend 8.00) (Special dividend 2.00)	18.00 (Ordinary dividend 16.00) (Special dividend 2.00)
2019FY	10.00	10.00(Forecast)	20.00(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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Challenges, Strategies and Initiatives in New Medium-term Management Strategies

Details of the Medium-term Management Strategies started in the current fiscal year

【Basic Strategy】

Challenge 1: Challenge to adding resilience to existing business

Building unrivaled technological strength

- Make efforts to become a niche top company.
- Evolve and establish synergy-driven original technologies.

Further improvement of QDC

- Achieve various KPIs.
- Make steady efforts to reduce cost.

Challenge 2: Challenge to the next generation

Further evolvement of overseas business

- Expand overseas ratio.
- Further enhance overseas bases.

Launch new businesses

- Respond to the next-generation vehicles.
- Make use of in-house seeds.

【Personal・Institutional strategy】

Challenge 3: Challenge to a great place to work

Environment enabling self-fulfillment

- Mechanism that welcomes challenges.
- Mechanism allowing to have a picture of growth.

Enhancement of comfortable working environment

- Workstyle reform.
- Communication reform.