



# The Financial Statement Briefing For the Year Ended March 31, 2018

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*May 8, 2018*

JASDAQ: 6467

**NICHIDAI CORPORATION**

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

## Net-Shape Business

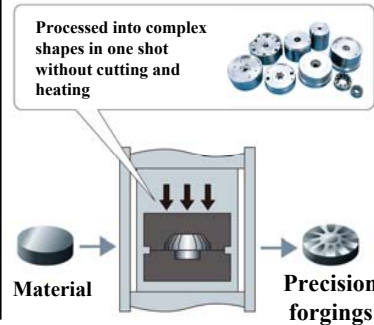
### ◆ Forging Die Division ◆

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

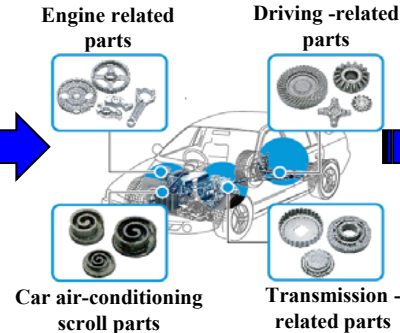
### ◆ Precision -forged Products Division ◆

- 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 ◆

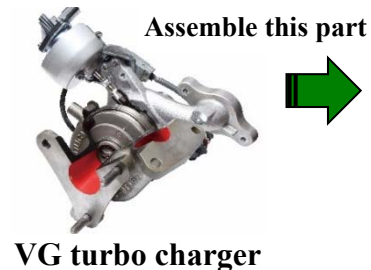
- Automobile parts manufacturers (Key products: Scroll forged goods)

## Assembly Business

- Assembly of the turbo charger parts.
- Assembles parts at domestic and Thai plants to meet local procurement needs.



Incorporated as part of turbocharger at our customer/manufacturer (Mitsubishi Heavy Industries)



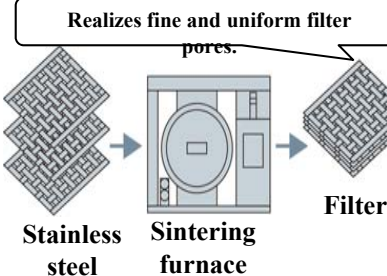
Automotive industry

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.

Manufactures filters with our original "diffusion bonding" technology.



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

- 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

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

#### Assembly Business

- The production and sale of VG 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. Financial Results for the Year Ended March 31, 2018

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# I . Financial Results for the Year Ended March 31, 2018

## - P/L: Sales and Profit -

Millions of Yen

	17/3 Results 16/4-17/3	18/3 Plan 17/4-18/3	18/3 Results 17/4-18/3	Growth Rate
Net sales	14,147	14,700	15,248	7.8%
Gross income from sales	2,693	2,865	2,947	9.4%
S.G.&A. expense	2,051	2,125	2,192	6.8%
Operating income	642	740	755	17.6%
Non-operating income	△ 1	20	△ 23	—
Ordinary income	643	720	778	20.9%
Net income Attributable to Owners of the Parent	424	440	522	23.0%

\* Rounded down to the nearest million yen

### 【Exchange rate】

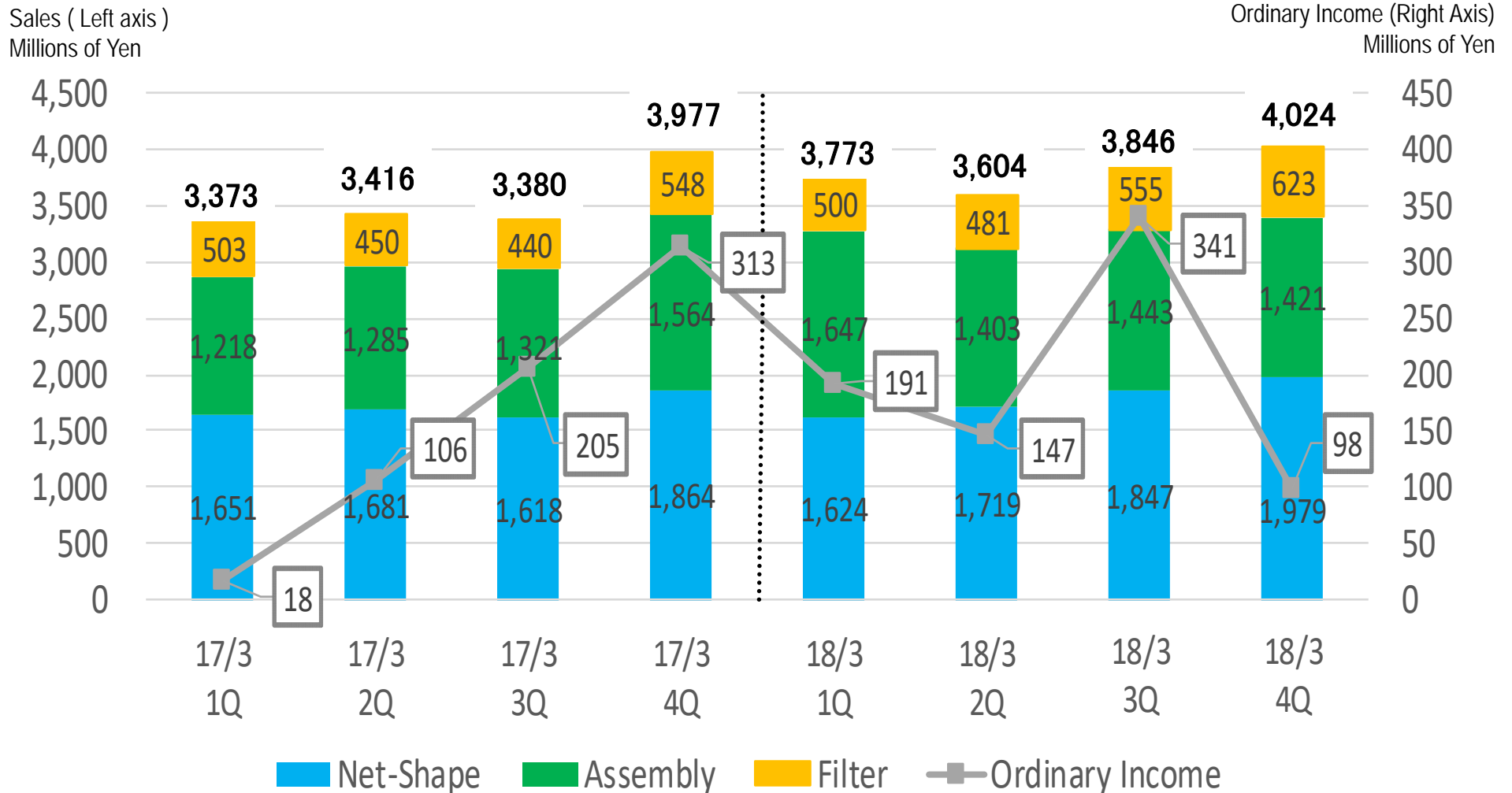
	17/3 Result	18/3 Plan	18/3 Result
USD	110.45yen	110yen	112.39yen
THB	3.12yen	3.2yen	3.31yen



# I. Financial Results for the Year Ended March 31, 2018

## - Trend in operating results on quarter basis -

- Sales of the Net-Shape Business increased in 3Q, showing an upturn in profitability.
- In 4Q, sales reached an all-time high on a quarterly basis, hitting the 4-billion mark.
- Ordinary income of 4Q was affected by valuation loss on inventories.



※ Bar graph above figures , consolidated net sales



# I . Financial Results for the Year Ended March 31, 2018

## - Segment Net Sales -

Millions of Yen

Business	17/3 Results 16/4-17/3	18/3 Plan 17/4-18/3	18/3 Results 17/4-18/3	Growth Rate
Net-Shape	6,816	6,900	7,171	5.2%
Assembly	5,388	5,800	5,915	9.8%
Filter	1,942	2,000	2,161	11.3%
Consolidated Total	14,147	14,700	15,248	7.8%

➤ Forging Die Division:  
 ▪ Sales of new products increased in the domestic market.  
 ➤ Precision –forged Products Division:  
 Entrusted development and products made overseas remained strong.

➤ Sales of both VG turbocharger parts and turbocharger parts for gasoline-powered vehicles increased.

➤ Sales of products for the pharmaceutical industry were healthy.

\* Rounded down to the nearest million yen

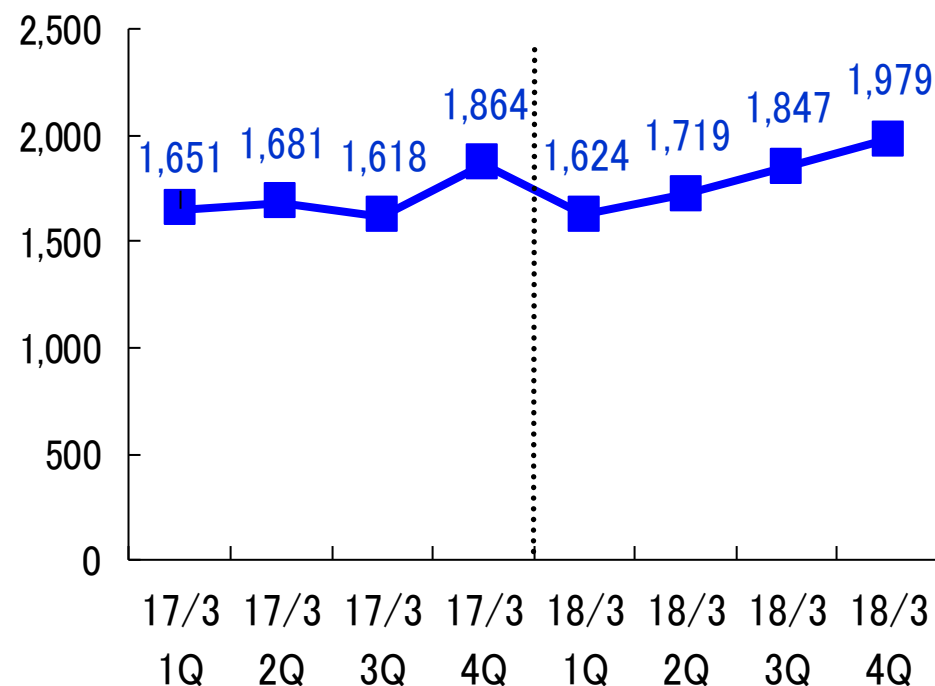
# I . Financial Results for the Year Ended March 31, 2018

## - Overview of the Net-Shape Business -

- **Forging Die Division:**(Domestic) With an increase of new products, sales were strong in the second half year onward.  
(Overseas) Both the North American and Asian regions saw a decline.
- **Precision-forged Goods Division :**(Domestic production) Entrusted development went well.  
(Overseas production) Scroll-forged goods enjoyed healthy sales.

Trend in sales of Net-Shape business

Millions of Yen



Change in Domestic/Overseas Sales

Millions of Yen

	17/3 Results	18/3 Results	Groth
Forging Dies(Domestic)	4,185	4,400	5.1%
Forging Dies(Overseas)	1,363	1,318	△ 3.3%
<b>Forging Dies Total</b>	<b>5,549</b>	<b>5,719</b>	<b>3.1%</b>
Forging Goods(Domestic)	599	686	14.4%
Forging Goods(Overseas)	667	765	14.7%
<b>Forging Goods Total</b>	<b>1,267</b>	<b>1,451</b>	<b>14.6%</b>
<b>Net-Shape Business total</b>	<b>6,816</b>	<b>7,171</b>	<b>5.2%</b>

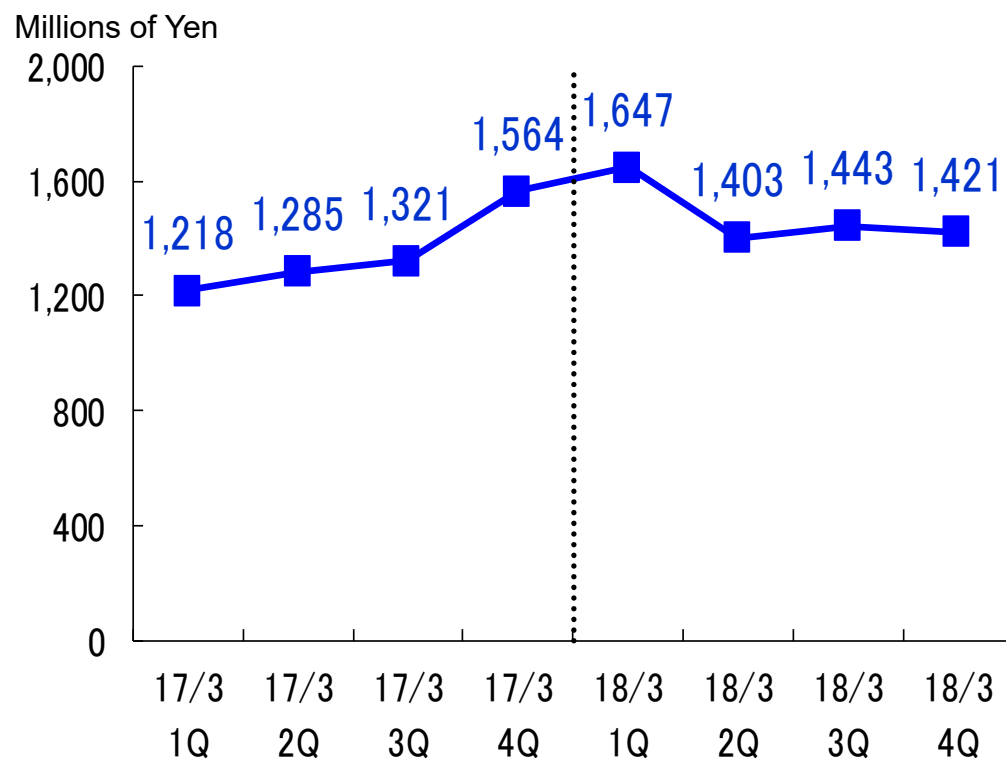
\* Rounded down to the nearest million yen



# I . Financial Results for the Year Ended March 31, 2018 - Overview of the Assembly Business -

➤ Sales of both turbocharger parts for gasoline-powered vehicles and VG turbocharger parts increased.

Trend in sales of Assembly business



Change in Domestic/Overseas Sales

	Millions of Yen		
	17/3 Results	18/3 Results	Growth Rate
Domestic	2,316	2,666	15.1%
Overseas	3,072	3,249	5.7%
<b>Total</b>	<b>5,388</b>	<b>5,915</b>	<b>9.8%</b>

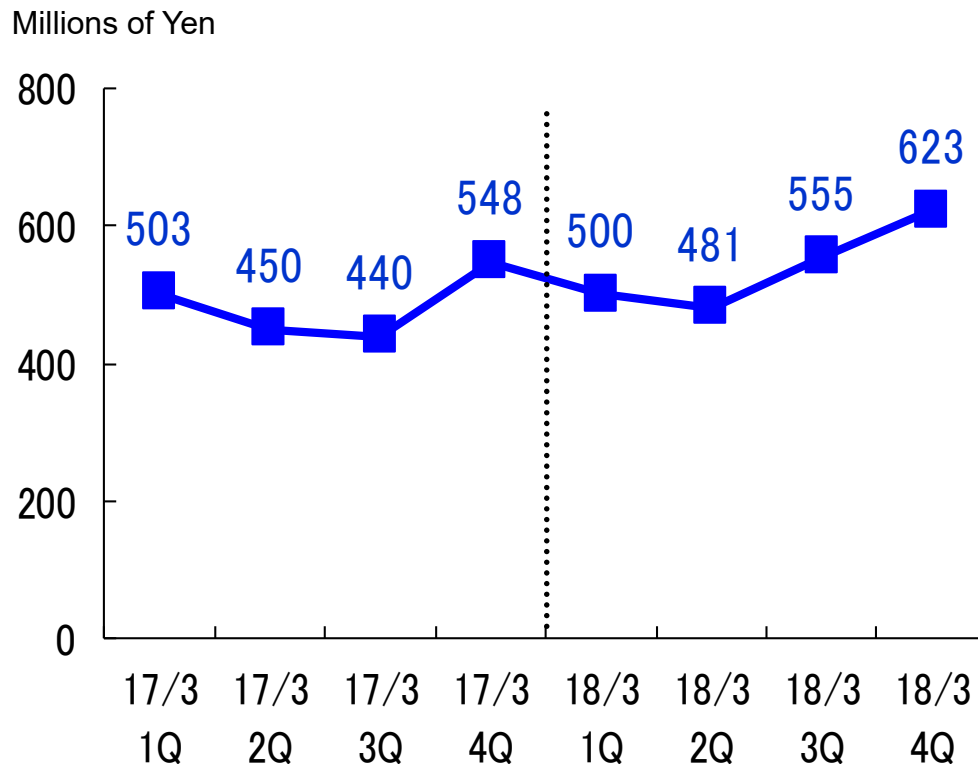
\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2018

## - Overview of the Filter Business -

- (Domestic):Large-size seawater strainers performed as planned.
- (Overseas) :Sales of filters for the pharmaceutical industry increased.  
THAI SINTERED MESH CO., LTD. posted sales growth as well.

Trend in sales of Filter business



Change in Domestic/Overseas Sales

Millions of Yen

	17/3 Results	18/3 Results	Growth Rate
Domestic	1,522	1,585	4.1%
Overseas	420	576	37.1%
Total	1,942	2,161	11.3%

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2018

## - Segment P/L -

Millions of Yen

	17/3			18/3		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	6,816	322	4.7%	7,171	413	5.8%
Assembly	5,388	94	1.8%	5,915	138	2.3%
Filter	1,942	227	11.7%	2,161	226	10.5%
Consolidated total	14,147	643	4.6%	15,248	778	5.1%

➤ Attributable to the increased sales of both forging dies and precision-forged goods.  
➤ The Precision-forged Products Division performed well.

➤ Increased sales pushed up profits.  
➤ Valuation loss on inventories was posted in 4Q.

# I . Financial Results for the Year Ended March 31, 2018

## - Cost of Sales -

Millions of Yen

	17/3 Results	Ratio	18/3 Results	Ratio
Net sales	14,147	100.0%	15,248	100.0%
Material cost	4,911	34.7%	5,588	36.6%
Purchase of products	704	5.0%	825	5.4%
Subcontract processing	1,207	8.5%	1,417	9.3%
Subsidiary material cost	430	3.0%	459	3.0%
Labor cost	2,499	17.7%	2,566	16.8%
Depreciation	673	4.8%	730	4.8%
Change in inventory	△ 333	△ 2.4%	△ 34	△ 0.2%
Others	694	4.9%	677	4.4%
Cost of sales	11,453	81.0%	12,301	80.7%
Gross income from sales	2,693	19.0%	2,947	19.3%

### Material cost

Change of product mix pushed up material cost ratio.

### Changes in inventories

Inventory of the Assembly Business decreased in the previous year.

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2018

## - SG&A Expenses -

Millions of Yen

	<b>17/3 Results</b>	<b>Ratio</b>	<b>18/3 Results</b>	<b>Ratio</b>
<b>Net Sales</b>	14,147	100.0%	15,248	100.0%
Packaging/Freight	162	1.2%	169	1.1%
Transportation	114	0.8%	118	0.8%
Labor cost	1,046	7.4%	1,078	7.1%
Depreciation	119	0.8%	129	0.8%
Rent	61	0.4%	62	0.4%
Others	546	3.9%	633	4.2%
<b>SG&amp;A Expenses</b>	<b>2,051</b>	<b>14.5%</b>	<b>2,192</b>	<b>14.4%</b>

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2018

## - B/S: Assets -

Millions of Yen

	17/3 Results	18/3 Results	Change
Cash and deposit	2,586	2,774	188
Notes receivable	643	581	△ 62
Accounts receivable	3,382	3,456	73
Inventory	2,021	2,084	63
Others	124	207	83
Allowance for bad debts	△ 1	△ 1	0
<b>Total current assets</b>	<b>8,756</b>	<b>9,102</b>	<b>345</b>
Tangible fixed assets	6,889	6,725	△ 164
Intangible fixed assets	131	139	8
Investment and other assets	183	184	0
<b>Total fixed assets</b>	<b>7,204</b>	<b>7,048</b>	<b>△ 155</b>
<b>Total assets</b>	<b>15,961</b>	<b>16,151</b>	<b>190</b>

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2018

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

Millions of Yen			
	17/3 Results	18/3 Results	Change
Accounts payable	1,573	1,586	12
Short-term debt	1,378	1,527	148
Accrued income tax	95	160	65
Allowance for bonus payable	148	149	0
Others	1,078	929	△ 149
<b>Total current liabilities</b>	<b>4,274</b>	<b>4,353</b>	<b>78</b>
Long-term debt	830	497	△ 333
Others	278	71	△ 207
<b>Total fixed liabilities</b>	<b>1,109</b>	<b>569</b>	<b>△ 540</b>
<b>Total liabilities</b>	<b>5,384</b>	<b>4,922</b>	<b>△ 461</b>
Capital	1,429	1,429	0
Capital surplus	1,192	1,192	0
Retained earnings	6,925	7,285	359
Minority interest	92	1,055	118
Others	936	265	173
<b>Total net assets</b>	<b>10,577</b>	<b>11,228</b>	<b>651</b>
<b>Total liabilities and net assets</b>	<b>15,961</b>	<b>16,151</b>	<b>190</b>

**Other**  
Impacted by Lease obligations.

\* Rounded down to the nearest million yen

# I . Financial Results for the Year Ended March 31, 2018

## - Cash Flows(CF) -

Millions of Yen

	17/3	18/3	Change
Cash flows from operating activities	1,801	1,483	△ 318
Cash flows from investing activities	△ 581	△ 568	12
Cash flows from financing activities	△ 691	△ 798	△ 107
Amount of increase in cash and cash equivalents	513	187	△ 325
Cash and cash equivalents balance at beginning of term	1,964	2,478	513
Cash and cash equivalents balance at end of term	2,478	2,665	187
<b>FCF</b>	<b>1220</b>	<b>915</b>	<b>△ 304</b>

\*Rounded down to the nearest million yen



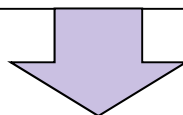
## II. Progress status of the Medium-term Management Strategy

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## II. Medium-term Management Strategies – Retrospective View (Strategic points and system)

Points of the Medium-term Management Strategies started in the fiscal March 2015  
(Announced in May 2014)

- [1] Response to overseas expansion
- [2] From the launch of new business to expansion of mass production business
- [3] Bolstering product competitiveness through QDC improvement
- [4] Expansion of business field other than the automobile industry ⇒ Growth of filter business



With the three years after March 2015 positioned as a period for developing a solid base toward growth, we will lay the groundwork. (Announced in May 2014)

### 【Major movements in the development of a solid base (fiscal March 2015 onward)】

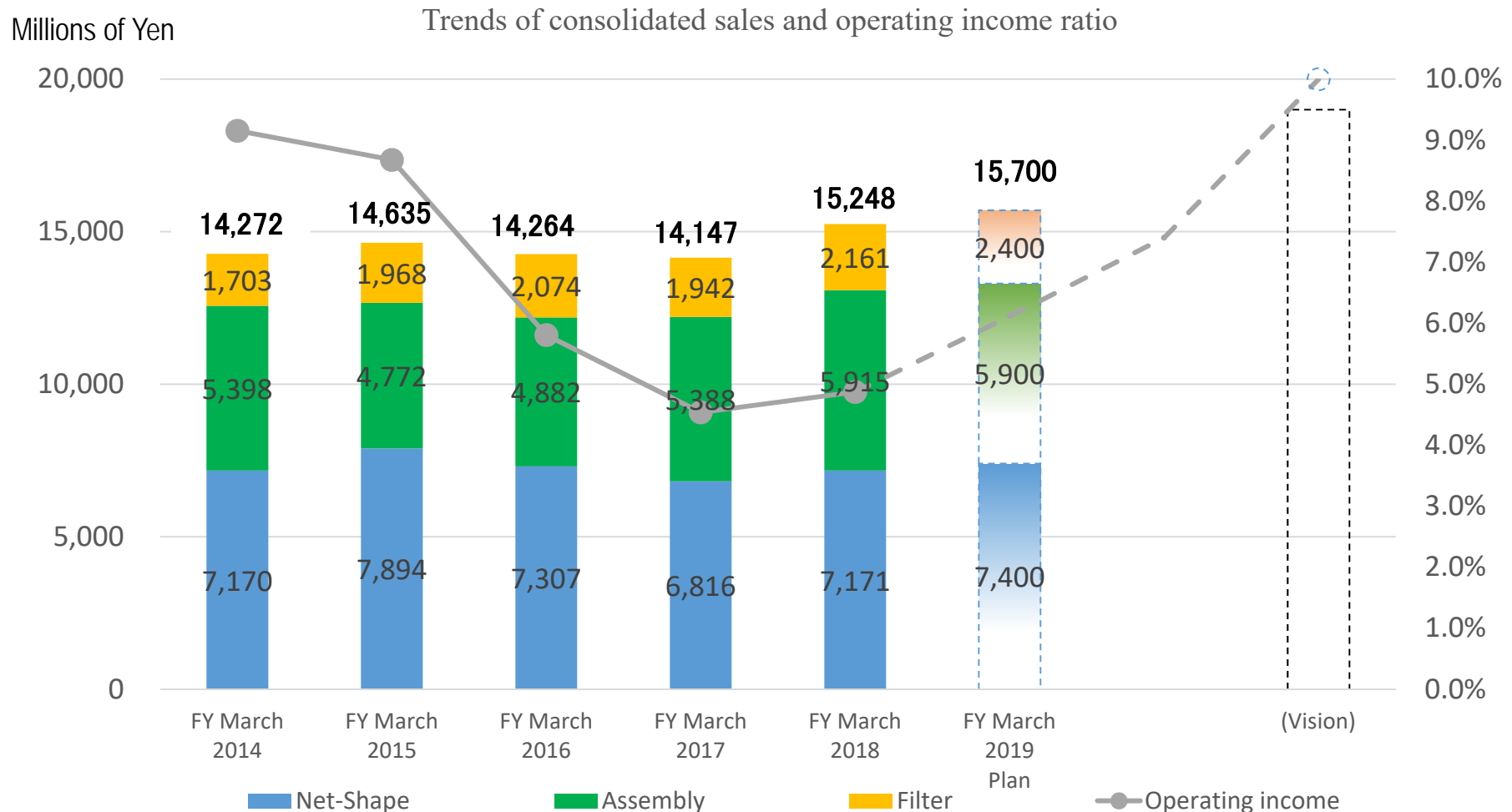
Year	FY March 2015	FY March 2016	FY March 2017	FY March 2018
Detailed measures	<p>April: Absorption-type merger of NICHIDAI PRECISION CORPORATION (a subsidiary which operated the domestic assembly business) by NICHIDAI CORPORATION</p> <p>【Purpose】</p> <ul style="list-style-type: none"> <li>• To create synergetic effect through integration of plastic forming technology</li> <li>• To enhance support for NICHIDAI (THAILAND) LTD.</li> </ul>	<p><b>April: Kyotanabe factory resumed operation.</b></p> <ul style="list-style-type: none"> <li>• Assembly of turbocharger parts, which were undertaken by Ujitawara factory was transferred to Kyotanabe factory.</li> <li>• Filter business of Ujitawara factory increased production capacity.</li> </ul> <p><b>Governance structure was strengthened.</b></p> <p>June: NICHIDAI shifted to a company with audit and supervisory committee.</p> <p>July: Corporate officer system was introduced.</p>	<p><b>NICHIDAI celebrated the 50th anniversary since its founding.</b></p> <ul style="list-style-type: none"> <li>• NFD1000 Press for R&amp;D purpose was introduced.</li> </ul>	<p>New Medium-term Management Strategies were formulated.</p>

## II. Medium-term Management Strategies – Retrospective View (Measures for Each Business)

Point	Retrospective view from 2014 to 2017	Task
<b>Response to overseas expansion</b>	<p><b>Forging Dies:</b> Sales increased mainly in the Asian region but have not been stable.</p> <p><b>Precision-forged Products:</b> Scroll-forged goods produced by NDT were launched.</p> <p><b>Assembly Business:</b> NDT's sales of turbocharger parts for gasoline-powered vehicles increased.</p> <p><b>Filter Business:</b> Sales of products for the pharmaceutical industry increased. Sales of TSM's oil drilling filters decreased.</p>	<p><b>Forging Dies:</b> Obtaining stable demand in the Asian region.</p> <p><b>Precision-forged Products:</b> Securing of precision-forged goods production items for NDT.</p> <p><b>Assembly Business:</b> Handling of turbocharger parts for gasoline-powered vehicles.</p> <p><b>Filter Business:</b> Establishment of a production system for new items at TSM.</p>
<b>Launch of new business</b>	<p><b>Forging Dies:</b> Development of plate forging technology and others was promoted.</p> <p><b>Precision-forged Products:</b> Activities to receive orders for new mass-produced parts was promoted.</p> <p><b>Assembly Business:</b> Sales of turbocharger parts for gasoline-powered vehicles increased at home and abroad.</p> <p><b>Filter Business:</b> Sales of large-size seawater strainers increased. Activities to receive orders for MM catalytic filters.</p>	<p><b>Forging Dies:</b> Proactive product development system. Further evolvement of core technologies Dealing with EV parts. Creation of inter-business synergy.</p> <p><b>Precision-forged Products:</b> Securing of items of new precision-forged goods at home and abroad.</p> <p><b>Assembly Business:</b> Handling of turbocharger parts for gasoline-powered vehicles.</p> <p><b>Filter Business:</b> A system to proactively acquire products to develop.</p>
<b>Bolstering product competitiveness through QDC improvement</b>	<p><b>Assembly Business:</b> Bolstering product competitiveness through QDC improvement</p>	<p>Creation of inter-business synergy. Keeping up with the IT evolvement. Improvement of productivity per hour.</p>

## II. Medium-term Management Strategies – Retrospective View (Performance)

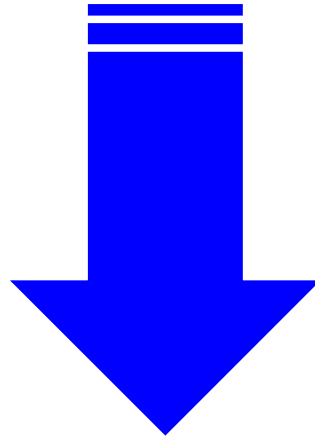
- After having surpassed the 14-billion mark consecutively since the fiscal March 2015, consolidated sales topped 15 billion for the first time in fiscal March 2018.
- There still remain some issues for achieving the target index, or operating income ratio of 10%.



\*Rounded down to the nearest million yen

### Three environmental changes surrounding the NICHIDAI Group

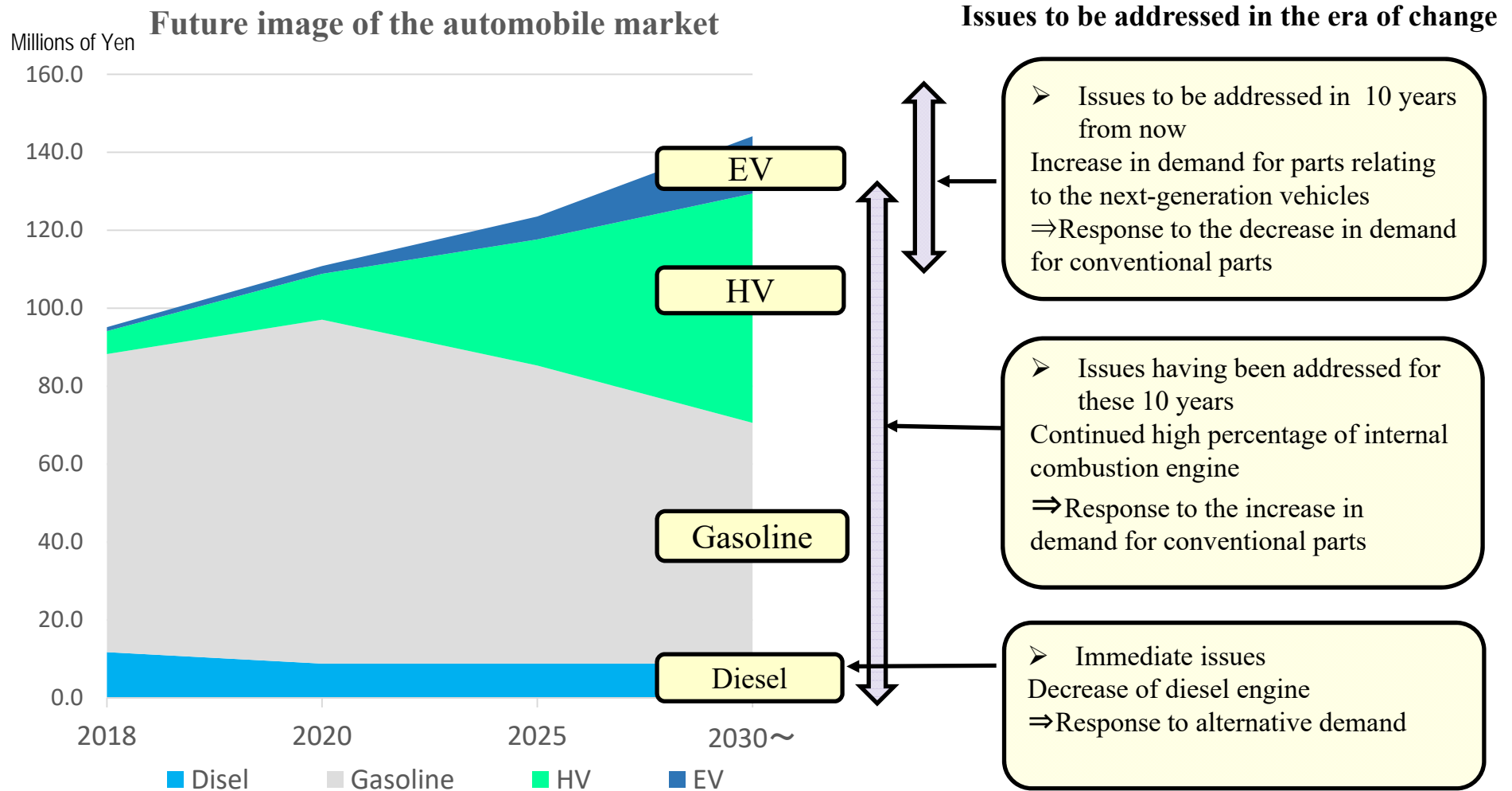
1. Accelerate the transition to motorization in the automobile industry
2. Accelerated downsizing of gasoline-powered vehicles  
⇒ Decrease of the ratio of diesel-powered vehicles in Europe
3. Stepped up efforts toward workstyle reform in an aging society



Rebuilding of Management Strategies  
(FY March 2019 onward)

## II. Medium-term Management Strategies (Respond to the next-generation vehicles)

At the reform in the automobile industry, it's necessary to steer the Company in response to the existing demand, which is expected to hover high for at least the next 10-15 years, and new demand related to the next-generation vehicles as well.





## II. Challenges, Strategies and Initiatives in New Medium-term Management Strategies

In and after fiscal March 2019, we will push forward with the Medium-term Management Strategies based on the following challenges and strategies.

### 【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.

# **III. Plan for the Year Ended March 31, 2019**

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### Ⅲ. Plan for the Year Ended March 31, 2019 - P/L: Sales and Profit -

Millions of Yen

	18/3 Results 17/4-18/3	19/3 Plan 18/4-19/3	Growth Rate
Net sales	15,248	15,700	3.0%
Gross income from sales	2,947	3,140	6.5%
S.G.&A. expense	2,192	2,180	△ 0.5%
Operating income	755	960	27.1%
Non-operating income and loss	△ 23	10	-
Ordinary income	778	950	22.0%
Net income Attributable to Owners of the Parent	522	630	20.6%

\* Rounded down to the nearest million yen

#### 【Exchange rate】

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

### III. Plan for the Year Ended March 31, 2019 - Segment Net Sales -

Millions of Yen

Business	18/3 Results 17/4-18/3	19/3 Plan 18/4-19/3	Growth Rate
Net-Shape	7,171	7,400	3.2%
Assembly	5,915	5,900	△ 0.3%
Filter	2,161	2,400	11.1%
Consolidated total	15,248	15,700	3.0%

➤ **Forging Die Division:**

▪ Taking advantage of the recovery of demand for the Asian region, aim to increase sales.

➤ **Precision-forged Goods Division :**

▪ Expected to remain almost the same level as the previous year.

➤ Production model of VG turbocharger parts is likely to be changed.

➤ Sales is expected to grow driven by the pharmaceutical industry.

### III. Plan for the Year Ended March 31, 2019 - Capital Investment/Depreciation-

Millions of Yen

	13/3	14/3	15/3	16/3	17/3	18/3	19/3
	Results	Results	Results	Results	Results	Results	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

# IV. Dividends

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## IV. - 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(Original Plan)	8.00	8.00	16.00
2018FY(Revision Plan)	8.00(Result)	10.00 (Ordinary dividend 8.00) (Special dividend 2.00)	18.00 (Ordinary dividend 16.00) (Special dividend 2.00)
2019FY(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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