



# The Financial Statement Briefing For Q2 of the Year Ending March 31, 2016

---

*November 18, 2015*

JASDAQ: 6467

**株式会社 ニチダイ**  
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

### 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 2016

---



# I . Interim Results for the Year Ending March 2016

## - P/L : Sales and Profit -

Millions of Yen

	15/3 1st half results 14/4-14/9	16/3 1st half plan 15/4-15/9	16/3 1st half results 15/4-15/9	Growth Rate
Net sales	7,282	7,500	7,166	△ 1.6%
Gross income from sales	1,671	1,630	1,473	△ 11.9%
S.G.&A. expense	1,024	1,010	1,031	0.7%
Operating income	646	620	441	△ 31.8%
Non-operating income and loss	△ 9	25	15	—
Ordinary income	656	595	426	△ 35.0%
Net income Attributable to Owners of the Parent	388	390	285	△ 26.5%

\* Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2016

## - Trends in operating results on quarters basis -

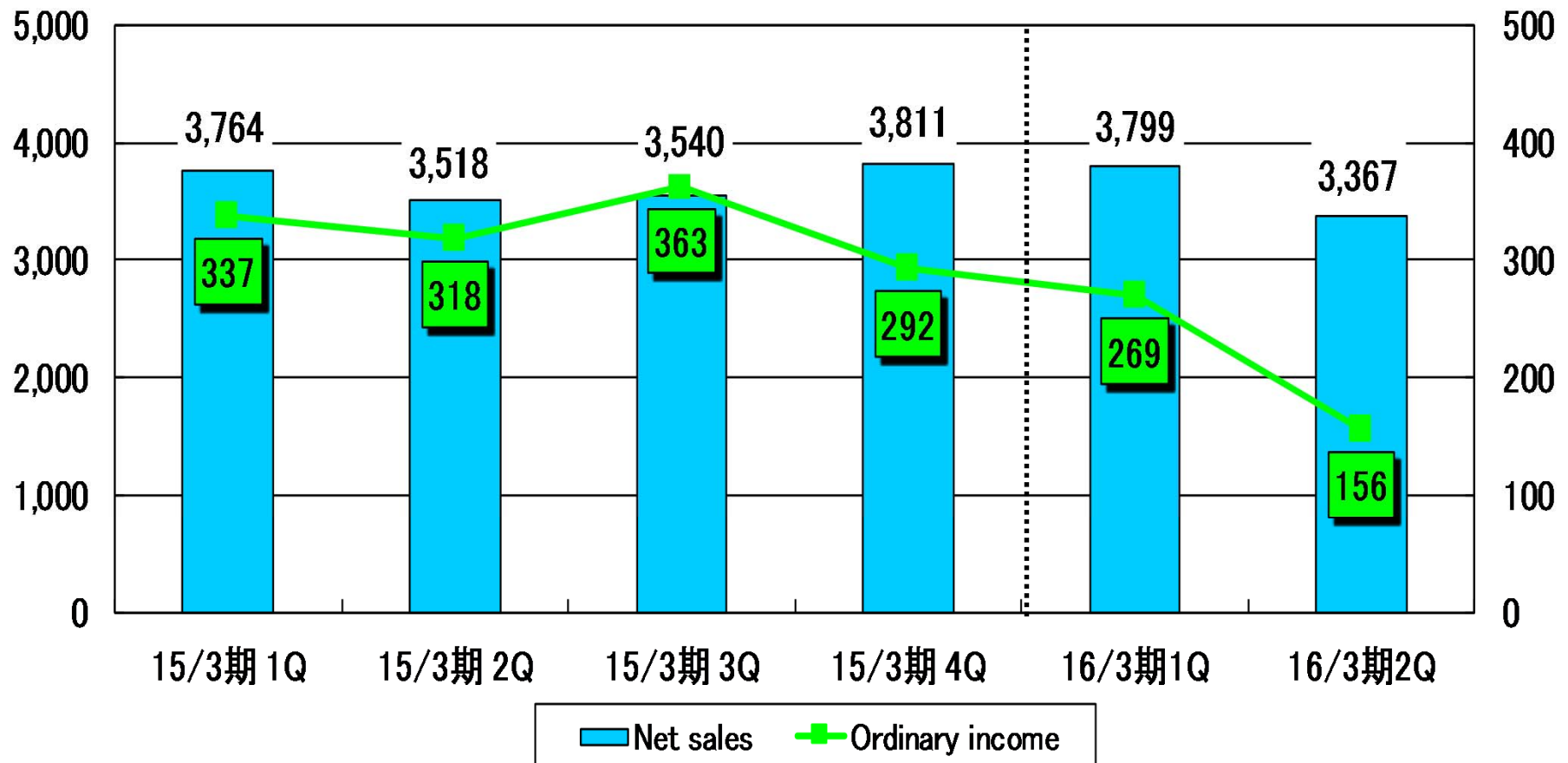
➤ Profitability declined due to slump in the Forging Die Division of the Net Shape Business and the Assembly Business .

Sales ( Left axis )

Ordinary Income (Right Axis)

Millions of Yen

Millions of Yen



# I . Interim Results for the Year Ending March 2016

## - Segment Net Sales -

Millions of Yen

Business	15/3 1st Half Results 14/4-14/9	16/3 1st Half Results 15/4-15/9	Growth Rate
Net-Shape	3,910	3,649	△ 6.7%
Assembly	2,438	2,601	6.7%
Filter	934	916	△ 1.9%
Consolidated Total	7,282	7,166	△ 1.6%

➤ Forging Die Division:  
Domestic sales dropped.  
Segment sales decreased due to demand variation in the domestic market.

➤ Precision-forged goods: Sales remained almost the same as last year.

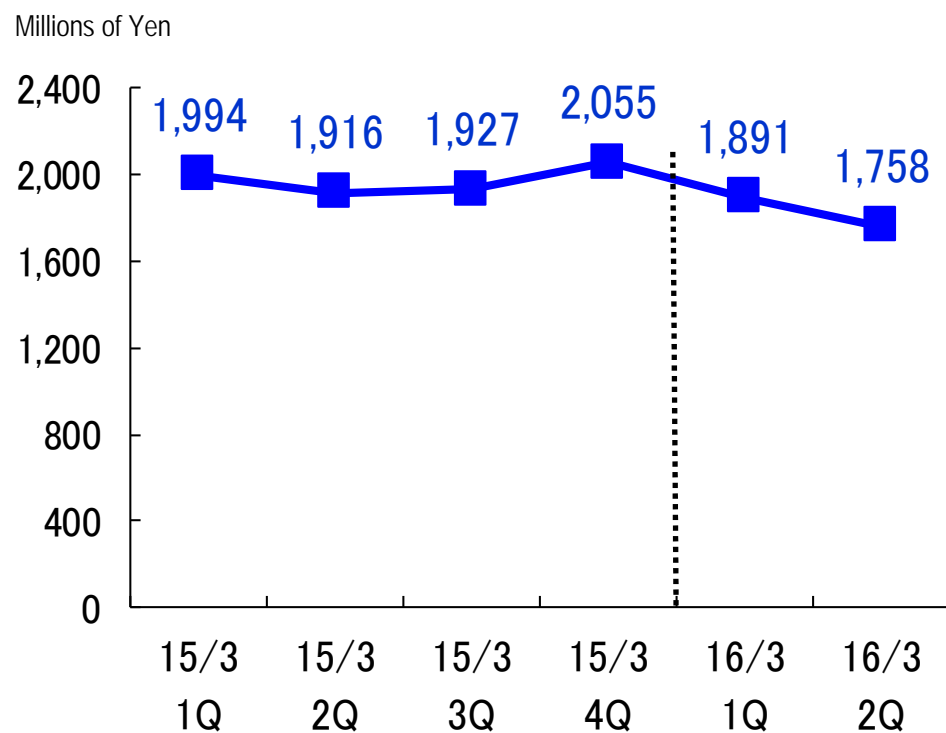
➤ Sales increased thanks to favorable foreign exchange rates when consolidated financial statements including overseas subsidiaries were prepared.

➤ While domestic sales increased, overseas sales decreased.

# I . Interim Results for the Year Ending March 2016 - Overview of the Net Shape Business -

- **Forging Die Division** : (Overseas) Sales for Asia grew.  
(Domestic) Segment sales decreased due to demand variation in the domestic market.
- **Precision-forged Goods Division** : Despite sluggish domestic market, sales almost remained unchanged from last year supported by increase in overseas production.

Trend in sales of Net-Shape business



\* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	14/9 Results	15/9 Results	Groth
Forging Dies(Domestic)	2,405	2,011	△ 16.4%
Forging Dies(Overseas)	612	738	20.7%
Total	3,018	2,750	△ 8.9%
Forging Goods(Domestic)	587	458	△ 22.0%
Forging Goods(Overseas)	304	439	44.4%
Total	892	898	0.7%
Net-Shape Businee total	3,910	3,649	△ 6.7%

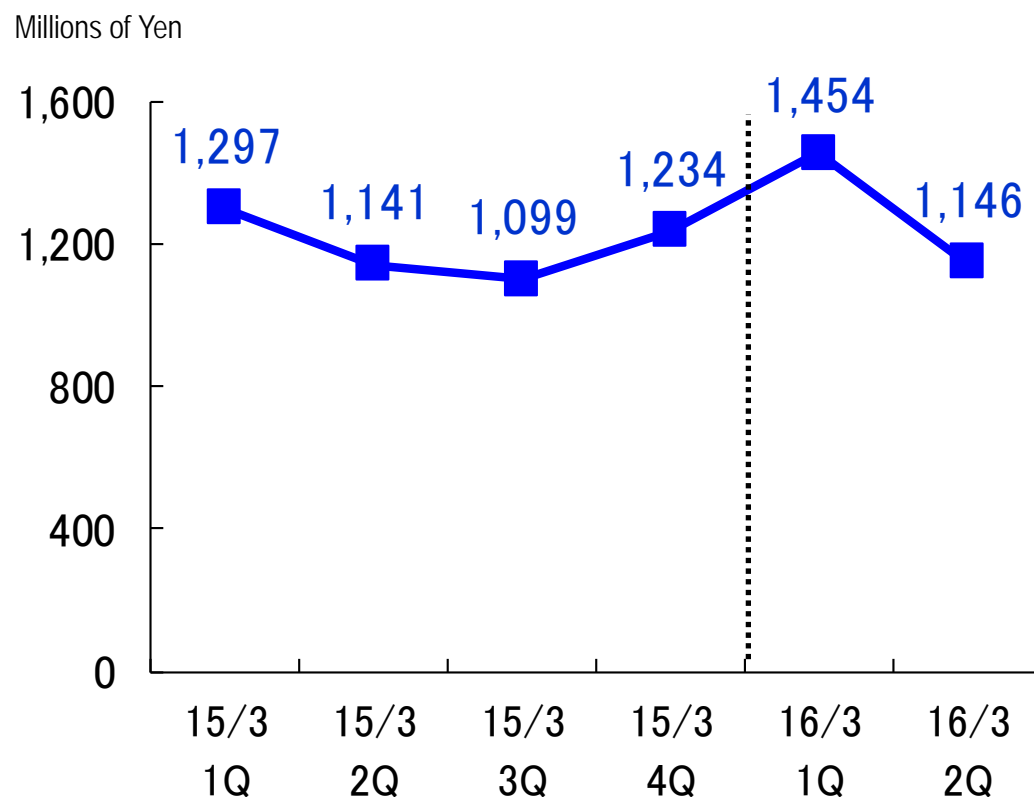
\* Rounded down to the nearest million yen



# I . Interim Results for the Year Ending March 2016 - Overview of the Assembly Business -

- Sales increased thanks to favorable foreign exchange rates when consolidated financial statements including overseas subsidiaries were prepared..
- More-than-expected decline in production of VG turbocharger parts due to the model changeover deteriorated profitability.

Trend in sales of Assembly business



\* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	14/9 Results	15/9 Results	Growth Rate
Domestic	1,129	1,119	△ 0.9%
Overseas	1,308	1,481	13.2%
<b>Total</b>	<b>2,438</b>	<b>2,601</b>	<b>6.7%</b>

\* Rounded down to the nearest million yen 8

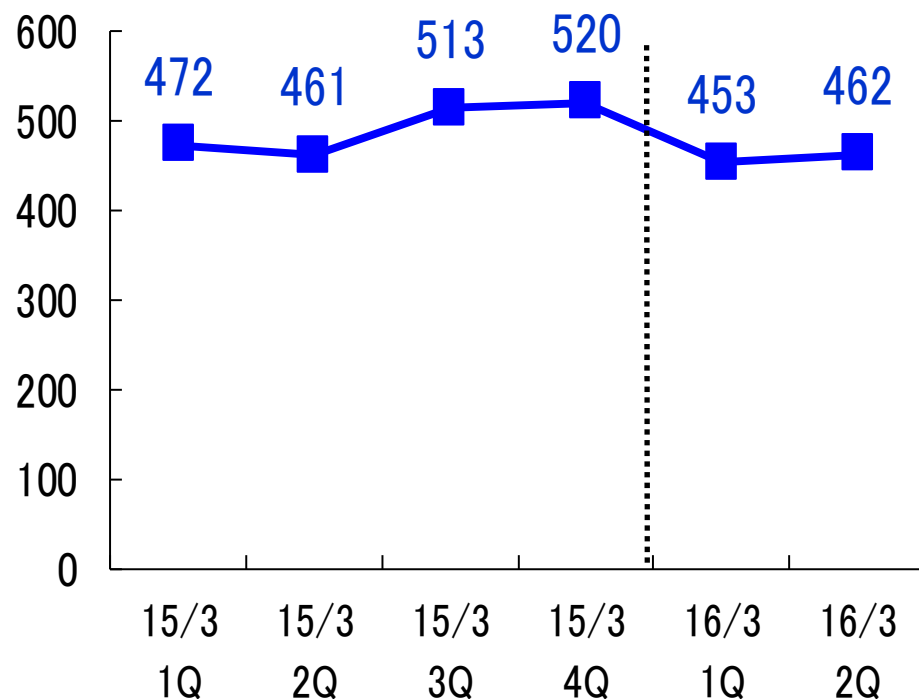


# I . Interim Results for the Year Ending March 2016 - Overview of the Filter Business -

- Overseas sales fell due to a decrease in filters for export, which did well last year.
- Among products for the domestic market, sales of large-size seawater strainers increased.

Trend in sales of Filter business

Millions of Yen



\* Rounded down to the nearest million yen

Change in Domestic/Overseas Sales

Millions of Yen

	14/9 Results	15/9 Results	Growth Rate
Domestic	555	658	18.6%
Overseas	378	257	△ 31.9%
Total	934	916	△ 1.9%

\* Rounded down to the nearest million yen 9

# I . Interim Results for the Year Ending March 2016

## - Segment P/L -

Millions of Yen

	14/9			15/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	3,910	301	7.7%	3,649	150	4.1%
Assembly	2,438	165	6.8%	2,601	140	5.4%
Filter	934	188	20.2%	916	135	14.7%
Consolidated total	7,282	656	9.0%	7,166	426	5.9%

➤ Profitability declined due to the declined sales of the Forging Die Division.

➤ Sales increased thanks to favorable foreign exchange rates when consolidated financial statements including overseas subsidiaries were prepared.

➤ Due to the decline in sales and increase in fixed expense.

# I . Interim Results for the Year Ending March 2016

## - Cost of Sales -

Millions of Yen

	14/9		15/9	
	Results	Ratio	Results	Ratio
Net sales	7,282	100.0%	7,166	100.0%
Material cost	2,450	33.6%	2,563	35.8%
Purchase of products	358	4.9%	344	4.8%
Subcontract processing	630	8.7%	680	9.5%
Subsidiary material cost	252	3.5%	239	3.3%
Labor cost	1,253	17.2%	1,254	17.5%
Depreciation	351	4.8%	401	5.6%
Change in inventory	57	0.8%	202	2.8%
Others	373	5.1%	411	5.7%
Cost of sales	5,611	77.0%	5,693	79.4%
Gross income from sales	1,671	23.0%	1,473	20.6%

\* Rounded down to the nearest million yen



# I . Interim Results for the Year Ending March 2016 - SG&A Expenses -

Millions of Yen

	<b>14/9 Results</b>	<b>Ratio</b>	<b>15/9 Results</b>	<b>Ratio</b>
<b>Net Sales</b>	<b>7,282</b>	<b>100.0%</b>	<b>7,166</b>	<b>100.0%</b>
Packaging/Freight	88	1.2%	77	1.1%
Transportation	60	0.8%	61	0.9%
Labor cost	511	7.0%	509	7.1%
Depreciation	53	0.7%	73	1.0%
Rent	29	0.4%	31	0.4%
Others	281	3.9%	278	3.9%
<b>SG&amp;A Expenses</b>	<b>1,024</b>	<b>14.1%</b>	<b>1,031</b>	<b>14.4%</b>

\* Rounded down to the nearest million yen

# I . Interim Results for the Year Ending March 2016

## - B/S: Assets -

Millions of Yen

	14/9 Results	15/3 Results	15/9 Results	Change
Cash and deposit	2,140	2,424	2,023	△ 400
Notes receivable	776	785	637	△ 148
Accounts receivable	2,843	2,892	2,873	△ 18
Inventory	2,180	2,556	2,649	93
Others	237	143	197	54
Allowance for bad debts	△ 4	△ 1	△ 1	0
<b>Total current assets</b>	<b>8,175</b>	<b>8,800</b>	<b>8,380</b>	<b>△ 420</b>
Tangible fixed assets	6,787	7,188	7,202	14
Intangible fixed assets	122	111	103	△ 7
Investment and other assets	231	231	222	△ 8
<b>Total fixed assets</b>	<b>7,141</b>	<b>7,531</b>	<b>7,528</b>	<b>△ 2</b>
<b>Total assets</b>	<b>15,316</b>	<b>16,331</b>	<b>15,908</b>	<b>△ 422</b>

\*Rounded down to the nearest million yen

\*Increase/decrease is the difference between results of March 2015 and those of September 2015.

# I . Interim Results for the Year Ending March 2016

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

Millions of Yen

	14/9 Results	15/3 Results	15/9 Results	Change
Accounts payable	1,496	1,622	1,344	△ 278
Short-term debt	1,532	1,897	1,655	△ 242
Accrued income tax	89	114	106	△ 8
Allowance for bonus payable	281	141	275	134
Others	879	764	649	△ 115
<b>Total current liabilities</b>	<b>4,279</b>	<b>4,540</b>	<b>4,029</b>	<b>△ 510</b>
Long-term debt	1,088	943	857	△ 86
Others	557	521	455	△ 65
<b>Total fixed liabilities</b>	<b>1,645</b>	<b>1,464</b>	<b>1,313</b>	<b>△ 151</b>
<b>Total liabilities</b>	<b>5,924</b>	<b>6,004</b>	<b>5,343</b>	<b>△ 661</b>
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	6,018	6,395	6,572	177
Non Controlling Interest	737	900	961	61
Others	12	408	408	0
<b>Total net assets</b>	<b>9,391</b>	<b>10,327</b>	<b>10,565</b>	<b>238</b>
<b>Total liabilities and net assets</b>	<b>15,316</b>	<b>16,331</b>	<b>15,908</b>	<b>△ 422</b>

\*Rounded down to the nearest million yen

\*Increase/decrease is the difference between results of March 2015 and those of September 2015.

# I . Interim Results for the Year Ending March 2016

## - Cash Flows (CF) -

Millions of Yen

	14/9	15/9	Change
Cash flows from operating activities	822	585	△ 236
Cash flows from investing activities	△ 345	△ 479	△ 134
Cash flows from financing activities	△ 253	△ 506	△ 252
Amount of increase in cash and cash equivalents	204	△ 400	△ 604
Cash and cash equivalents balance at beginning of term	1,830	2,316	486
Cash and cash equivalents balance at end of term	2,034	1,915	△ 118
<b>FCF</b>	<b>476</b>	<b>106</b>	<b>△ 370</b>

### Net income before income taxes

14/9: 651 Million Yen

15/9: 427 Million Yen

\*Rounded down to the nearest million yen

## II .Full-Year Forecasts for the Fiscal Year Ending March 2016

---





## II . Full-Year Forecasts for the Fiscal Year Ending March 2016 - P/L: Sales and Profit -

- Forecast was revised downwardly on October 21 since the performance of the Forging Die Division of the Net Shape Business and the Assembly Business was expected to fall below the plan.

Millions of Yen

	15/3 Results 14/4-15/3	16/3 Original Plan 15/4-16/3 (Announced 15/5)	16/3 Revisional Plan 15/4-16/3 (Announced 15/10)	Growth Rate
Net sales	14,635	15,700	14,400	△ 1.6%
Gross income from	3,388	3,460	2,971	△ 12.4%
S.G.&A. expense	2,118	2,060	2,050	△ 3.2%
Operating income	1,269	1,400	920	△ 27.6%
Non-operating incc	△ 41	50	30	—
Ordinary income	1,311	1,350	890	△ 32.1%
Net income Attributable to Owners of the Parent	875	890	580	△ 33.8%

\* Rounded down to the nearest million yen

## II . Full-Year Forecasts for the Fiscal Year Ending March 2016 - Segment Net Sales -

Millions of Yen

Business	15/3 Results 14/4-15/3	16/3 Original Plan 15/4-16/3 Announced (15/5)	16/3 Revisional Plan 15/4-16/3 Announced (15/10)	Growth Rate
Net-Shape	7,894	7,970	7,400	△ 6.3%
Assembly	4,772	5,600	4,850	1.6%
Filter	1,968	2,130	2,150	9.2%
Consolidated total	14,635	15,700	14,400	△ 1.6%

Outlook for the 2<sup>nd</sup> half year

### Forging Die Division:

➤ Although slight recovery is expected, sales will vary widely from the original plan due to continued demand variation in the domestic market.

### Precision-forged Goods Division

➤ Expected to remain almost the same level as the first half year.

Outlook for the 2<sup>nd</sup> half year

➤ Expected decline in production of models affected by the changeover will remain as large as the first half year.

➤ New models are also expected to fail in achieving the plan.

Outlook for the 2<sup>nd</sup> half year

➤ Sales of large-size seawater strainers will grow.



## II . Full-Year Forecasts for the Fiscal Year Ending March 2016 - 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

## Ⅱ . Full-Year Forecasts for the Fiscal Year Ending March 2016 - 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	8.00	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.

IR Representative: Konno, Planning Section Office

Tel. 0774-62-3485      Fax. 0774-65-2301

E-mail: [konno@nichidai.co.jp](mailto:konno@nichidai.co.jp)

Theme	Initial Forecast for FY March 31, 2016	Direction of the Current Period	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 in the Asian region are expected to grow.</li> <li>▪ Widen product varieties to expand sales 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>▪ Collaborate with domestic and overseas bases to respond to the needs of Japanese manufacturers proactively developing overseas operations.</li> <li>▪ Thailand</li> </ul> <p>Widen NDT's product varieties to strengthen demand-servicing capabilities for the Japanese manufacturers accelerating localization.</p> <ul style="list-style-type: none"> <li>▪ China and South Korea</li> </ul> <p>Seek to expand sales in cooperation with local manufactures enhancing their technological strength.</p> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>▪ Aim to make up for the expected decline in domestic production of existing products due to the shift to overseas by increasing overseas production.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>▪ Step up efforts to expand sales for China and South Korea.</li> <li>▪ Continue widening of product varieties at NDT.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>▪ Scroll production at NDT will increase. Sales are expected to grow compared to the previous year.</li> </ul>
<b>New business/ Technological development</b>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>▪ Continue to cultivate new demand utilizing the accumulated technologies. Technological development of hollow construction method/small-size rotor parts should also be continued.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>▪ Consider to start up new mass production business.</li> </ul>	<p><b>Forging Die Division</b></p> <ul style="list-style-type: none"> <li>▪ Advance technological development to utilize technological seeds created by the Forging Die Division for cultivating new forging die demand at home and abroad. Continue investment in Japan.</li> </ul> <p><b>Precision-forged Goods Division</b></p> <ul style="list-style-type: none"> <li>▪ Aim to start up new business based on the plastic forming technology, which is being developed.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue with the items listed as Direction of the Current Period.</li> </ul>

Theme	Initial Forecast for FY March 31, 2016	Direction of the Current Period	Forecast of the second half of the year
<b>Further improvement of QDC</b>	<ul style="list-style-type: none"> <li>Streamlining of distribution and implement anti-contamination measures, which were the purposes of the transfer to Kyotanabe factory.</li> </ul>	<ul style="list-style-type: none"> <li>Continue with various cost reduction measures.</li> <li>Inventories reduction and other measures will be implemented with asset efficiency in mind.</li> </ul>	<ul style="list-style-type: none"> <li>Both domestic and overseas sales will fall below the forecasts.</li> <li>Inventories reduction, improvement of asset efficiency and cost reduction should be pursued continuously.</li> </ul>
<b>Strengthen of the overseas development</b>	<ul style="list-style-type: none"> <li>The increase of new products is expected to help move out of stagnation in the transition stage because of the model changeover.</li> </ul>	<ul style="list-style-type: none"> <li>With NDT positioned as a mass production base for the Assembly Business, production increase will continue.</li> </ul>	<ul style="list-style-type: none"> <li>Although sales of new products are growing, initial plan will not be achieved.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>In-house production of components will continue to be promoted making use of the plastic forming technology.</li> <li>Reinforce domestic development division of the Assembly Business to provide backup for acquiring new product orders.</li> </ul>	<ul style="list-style-type: none"> <li>Reinforce development division with the domestic division of the Assembly Business as Mother factory.</li> <li>In-house components production leveraging the plastic forming technology and acquisition of new product orders will continuously be promoted.</li> </ul>	<ul style="list-style-type: none"> <li>Continue with in-house production measures and development for acquiring new product orders.</li> </ul>

# Appendix. Progress Situation of the Medium-term Management strategy

## -Filter Business-

Theme	Initial Forecast for FY March 31, 2016	Direction of the Current Period	Forecast of the second half of the year
<b>Strengthen of the overseas development</b>	<ul style="list-style-type: none"> <li>• Sales of TSM is projected to remain at a level lower than last year.</li> </ul>	<ul style="list-style-type: none"> <li>• Aim to expand sales in the Asian region with TSM playing a central role.</li> <li>• Also, seek to expand TSM's mass production business.</li> <li>• Outside Asia, consider sales expansion in the North American region.</li> </ul>	<ul style="list-style-type: none"> <li>• While a decrease will be recorded by TSM, sales will remain at the same level as last year.</li> </ul>
<b>New business/ Technological development</b>	<ul style="list-style-type: none"> <li>• Sales of large-size seawater strainers are projected to rise remarkably.</li> </ul>	<ul style="list-style-type: none"> <li>• Make efforts to expand new applications centering on the diffusion bonding technology, a core technology for the Filter Business.</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of large-size seawater strainers will grow substantially compared to last year.</li> <li>• Continue with measures to expand new demand, such as exhaust gas filters.</li> </ul>
<b>Further improvement of QDC</b>	<ul style="list-style-type: none"> <li>• Mass production of large-size seawater strainers will enter a full-fledged stage.</li> <li>• Following the start of full-fledged mass production, improving efficiency will be an issue to address.</li> <li>• Space of Ujitawara factory, which was used by the Assembly Business, will be utilized to increase production capacity for the Filter Business.</li> <li>• Add sintering furnaces at home and abroad to increase production capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• Mass-produced goods in the Asian region will be increased..</li> <li>• Promote measures to improve productivity of mass-produced goods.</li> </ul>	<ul style="list-style-type: none"> <li>• Sintering furnaces have already been added at home and abroad.</li> <li>• Continue with measures to reduce cost of mass-produced goods.</li> </ul>