



The Financial Statement Briefing For Q2 of the Year Ending March 31, 2020

November 6, 2019

JASDAQ: 6467

株式会社 ニチダイ
NICHIDAI CORPORATION

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

Net-Shape Business

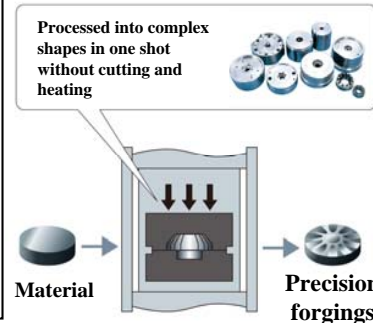
◆ Forging Die Division ◆

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

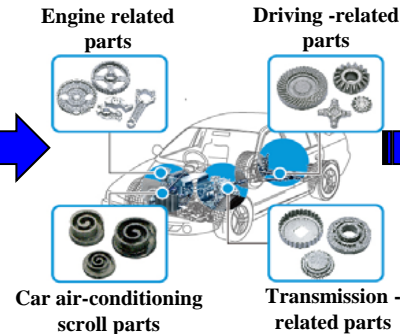
◆ Precision -forged Products Division ◆

- 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 ◆

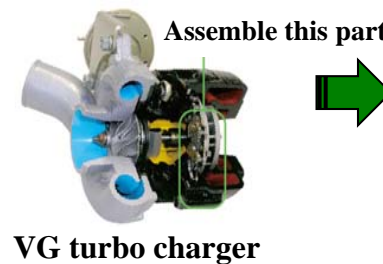
- Automobile parts manufacturers (Key products: Scroll forged goods)

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

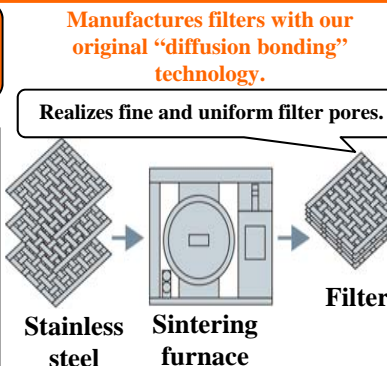


Automotive industry

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



WG 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

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

Assembly Business

- The Production of turbo charger parts.

THAI SINTERED MESH CO., LTD. (TSM)



- ◆ Filters production base in the suburbs of Chiang Mai, Thailand. Equipped with five sintering furnaces.

I. Interim Results

for the Year Ending March 2020

I. Interim Results for the Year Ending March 2020

- P/L : Sales and Profit -

- While the plan was achieved, both sales and profits decreased.
- Earnings vary depending on the business.

Millions of Yen

	19/3 1st half results 18/4-18/9	20/3 1st half plan 19/4-19/9	20/3 1st half results 19/4-19/9	Growth Rate
Net sales	8,400	7,800	7,925	△ 5.7%
Gross income from sales	1,783	1,600	1,651	△ 7.4%
S.G.&A. expense	1,130	1,160	1,145	1.3%
Operating income	652	440	505	△ 22.4%
Non-operating income and loss	△ 14	0	△ 20	—
Ordinary income	666	440	526	△ 21.0%
Net income Attributable to Owners of the Parent	440	300	349	△ 20.7%

* Rounded down to the nearest million yen

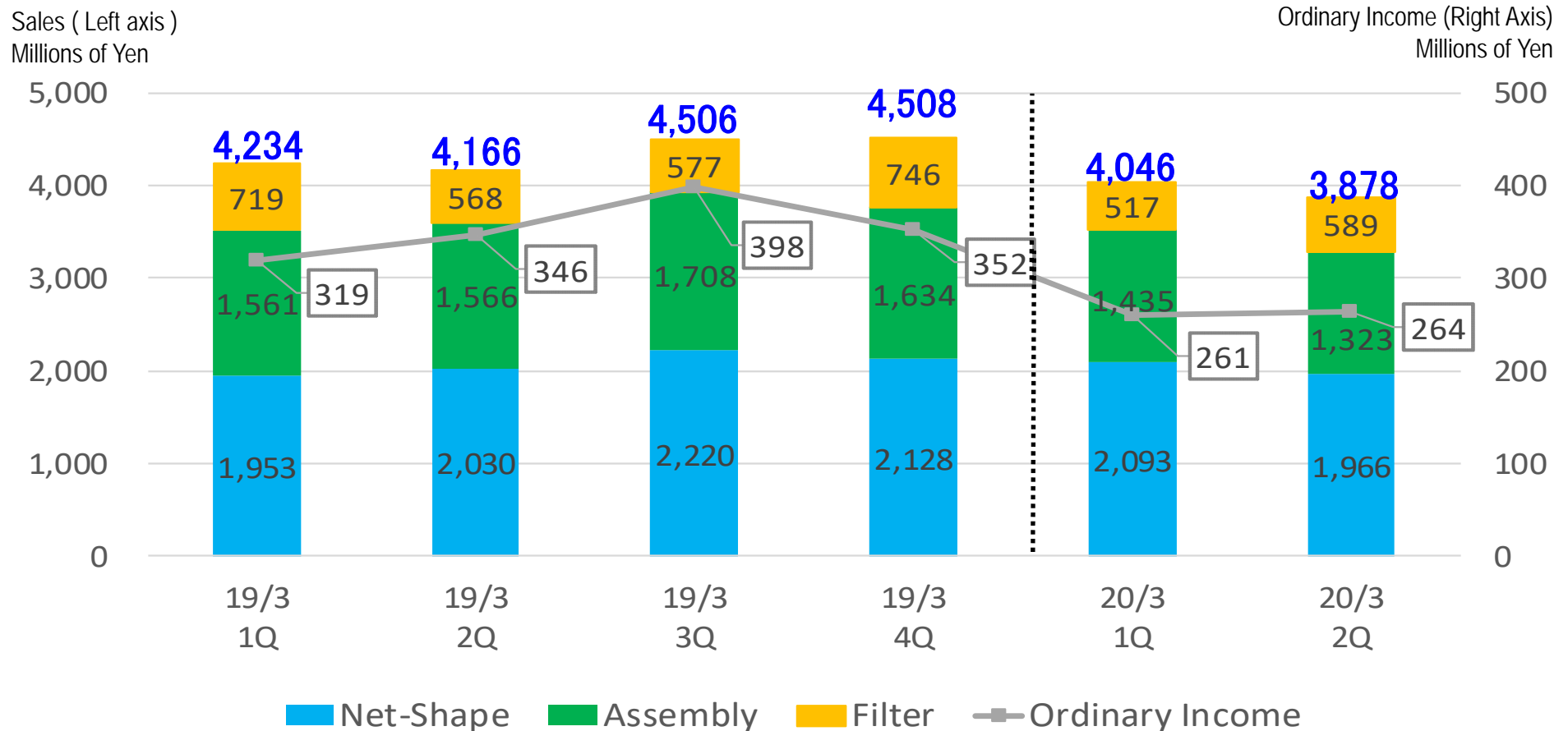
【Exchange rate】

	19/3 1st half results	20/3 1st half Plan	20/3 1st half results
USD	109.17yen	110yen	110.11yen
THB	3.42yen	3.4yen	3.48yen

I. Interim Results for the Year Ending March 2020

- Trends in operating results on quarters basis -

- Entering the 2nd quarter, the Net-Shape Business and the Assembly Business saw a decline in sales.
- The Filter Business sustained its strong performance.
- Ordinary income of the 1st quarter and that of the 2nd quarter were at the same level, but both fell below the level of a year earlier.



* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2020 - Segment Net Sales -

Millions of Yen

Business	19/3	20/3	Growth Rate
	1st half results 18/4-18/9	1st half results 19/4-19/9	
Net-Shape	3,983	4,059	1.9%
Assembly	3,127	2,759	△ 11.8%
Filter	1,288	1,106	△ 14.1%
Consolidated Total	8,400	7,925	△ 5.7%

Net-Shape Business

- The Forging Die Division sustained its strong performance.
- The Precision-forged Products Division saw a decline in sales.

Assembly Business

- Sales of WG turbocharger parts decreased.
- Sales of VG turbocharger parts lost momentum that had seen in the 2nd half of the previous year.

Filter Business

- Sales of the previous year included those from special procurement for the electric power industry.
- Sales to other key users and overseas markets posted growth.

* Rounded down to the nearest million yen



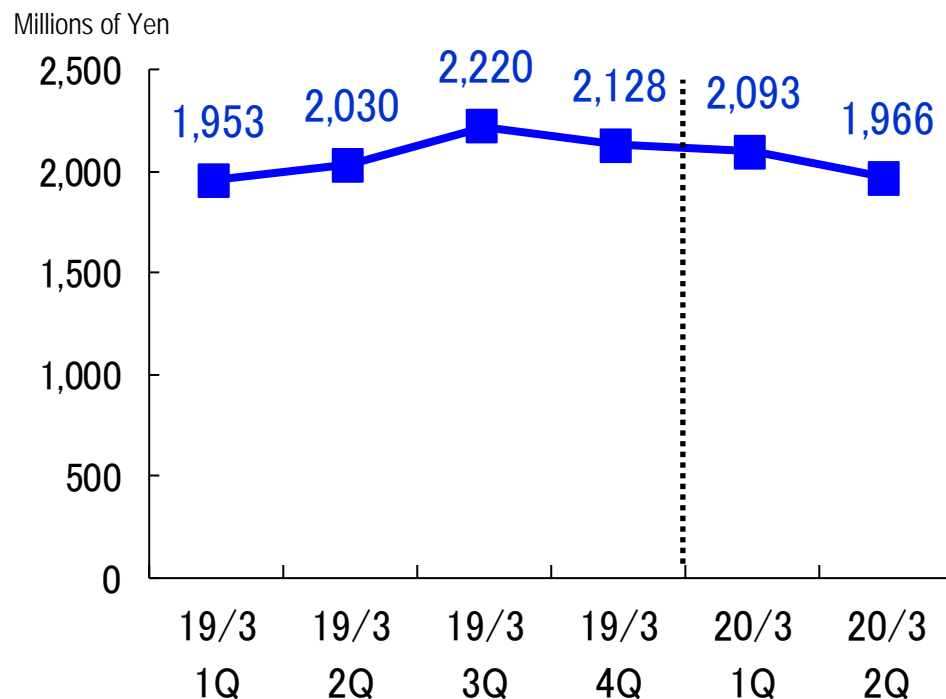
I. Interim Results for the Year Ending March 2020 - Overview of the Net Shape Business -

Forging Die Division :Domestic sales remained at almost the same level as last year.

Overseas sales posted an increase .

Precision-forged Goods Division :Sales of scroll-forged goods decreased at home and abroad due mainly to the US-China trade dispute.

Trend in sales of Net-Shape business



Change in Domestic/Overseas Sales

Millions of Yen

	18/9 Results	19/9 Results	Growth Rate
Domestic	2,841	2,693	△ 5.2%
Overseas	1,142	1,366	19.6%
Total	3,983	4,059	1.9%

* Rounded down to the nearest million yen

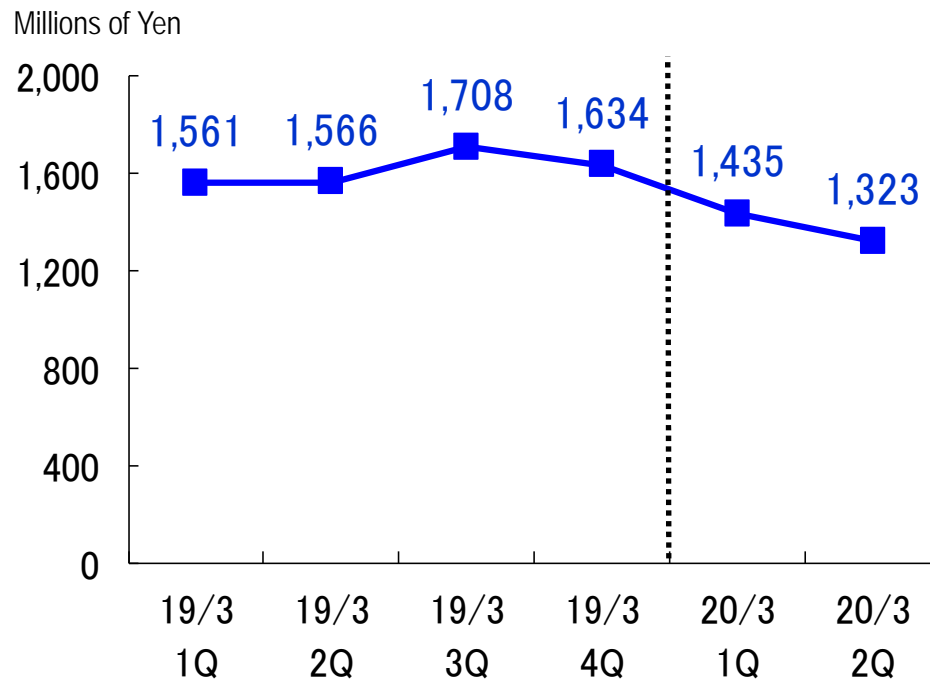
* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2020 - Overview of the Assembly Business -

- Overseas sales recorded a major decrease.
- The weak sales of WG turbocharger parts were attributable to the decrease.

Trend in sales of Assembly business



Change in Domestic/Overseas Sales

Millions of Yen

	18/9 Results	19/9 Results	Growth Rate
Domestic	1,518	1,450	△ 4.4%
Overseas	1,609	1,308	△ 18.7%
Total	3,127	2,759	△ 11.8%

* Rounded down to the nearest million yen

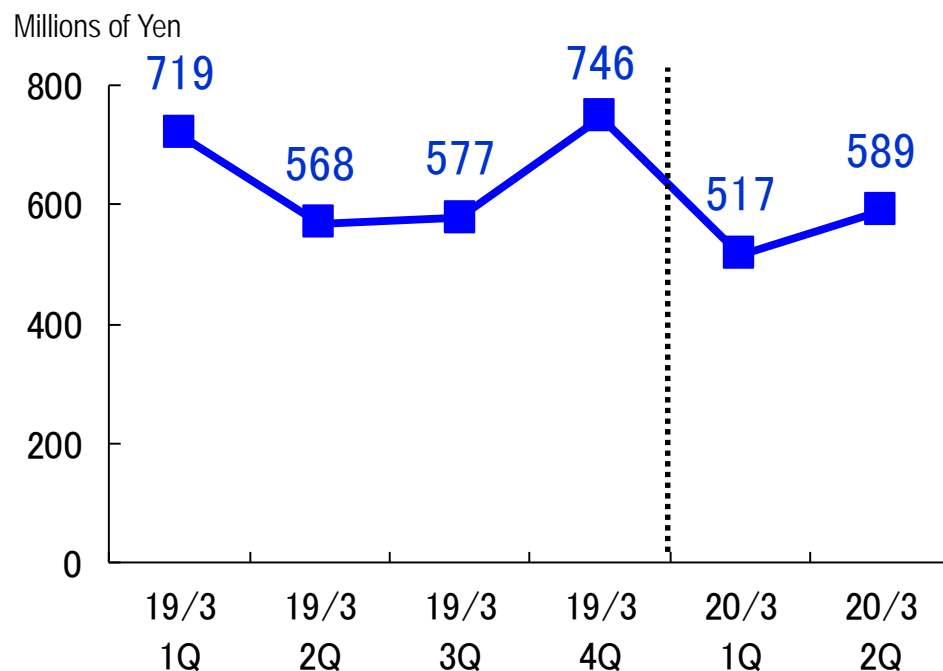
* Rounded down to the nearest million yen



I. Interim Results for the Year Ending March 2020 - Overview of the Filter Business -

- Domestic sales declined compared to the previous year, in the 1st quarter of which the Filter Business enjoyed special procurement for the electric power industry.
- Sales to other key users posted growth.
- Overseas, sales to Asia increased.

Trend in sales of Filter business



Change in Domestic/Overseas Sales

	18/9 Results	19/9 Results	Growth Rate
Domestic	1,067	847	△ 20.6%
Overseas	221	259	17.2%
Total	1,288	1,106	△ 14.1%

* Rounded down to the nearest million yen

* Rounded down to the nearest million yen

I. Interim Results for the Year Ending March 2020

- Segment P/L -

Millions of Yen

	18/9			19/9		
	Sales	Ordinary Income	Profit Rate	Sales	Ordinary Income	Profit Rate
Net-Shape	3,983	388	9.8%	4,059	302	7.4%
Assembly	3,127	165	5.3%	2,759	84	3.0%
Filter	1,288	111	8.7%	1,106	139	12.6%
Consolidated total	8,400	666	7.9%	7,925	526	6.6%

Net-shape Business

➤ Sluggish sales of the Precision-forged Products Division caused profits to decline.

Assembly Business

➤ Attributable to the decline in sales of WG turbocharger parts.

Filter Business

➤ Changes in product mix caused profits to rise.

I. Interim Results for the Year Ending March 2020

- Cost of Sales -

Millions of Yen

	18/9 Results	Ratio	19/9 Results	Ratio
Net sales	8,400	100.0%	7,925	100.0%
Material cost	2,941	35.0%	2,641	33.3%
Purchase of products	593	7.1%	428	5.4%
Subcontract processing	804	9.6%	717	9.1%
Subsidiary material cost	237	2.8%	234	3.0%
Labor cost	1,340	16.0%	1,397	17.6%
Depreciation	363	4.3%	362	4.6%
Change in inventory	31	0.4%	△ 125	△ 1.6%
Others	368	4.4%	367	4.6%
Cost of sales	6,617	78.8%	6,274	79.2%
Gross income from sales	1,783	21.2%	1,651	20.8%

Material cost

➤ Along with changes in sales composition by business.

Change in inventory

➤ The Forging Die Division of the Net-Shape Business registered a decline.



I. Interim Results for the Year Ending March 2020

- SG&A Expenses -

Millions of Yen

	18/9 Results	Ratio	19/9 Results	Ratio
Net Sales	8,400	100.0%	7,925	100.0%
Packaging/Freight	92	1.1%	96	1.2%
Transportation	65	0.8%	62	0.8%
Labor cost	558	6.6%	545	6.9%
Depreciation	64	0.8%	57	0.7%
Rent	29	0.4%	30	0.4%
Others	320	3.8%	354	4.5%
SG&A Expenses	1,130	13.5%	1,145	14.5%

* Rounded down to the nearest million yen.

I. Interim Results for the Year Ending March 2020

- B/S: Assets -

Millions of Yen

	18/9 Results	19/3 Results	19/9 Results	Change
Cash and deposit	2,827	2,798	3,820	1,021
Trade receivables	4,378	4,944	3,873	△ 1,071
Inventory	2,140	2,270	2,040	△ 230
Others	135	93	67	△ 25
Allowance for bad debts	△ 1	0	0	0
Total current assets	9,480	10,107	9,801	△ 305
Tangible fixed assets	6,567	6,409	6,505	96
Intangible fixed assets	207	344	395	51
Investment and other assets	362	321	347	25
Total fixed assets	7,137	7,076	7,249	173
Total assets	16,617	17,183	17,050	△ 132

**Decrease in trade
receivables and
Inventories**

➤ Due to decrease in sales.

* Rounded down to the nearest million yen

I. Interim Results for the Year Ending March 2020

- B/S: Liabilities and Net Assets -

Millions of Yen

	18/9 Results	19/3 Results	19/9 Results	Change
Accounts payable	1,766	1,905	1,435	△ 469
Short-term debt	1,402	1,416	1,048	△ 368
Accrued income tax	222	247	178	△ 69
Allowance for bonus payable	320	155	299	143
Others	749	794	840	45
Total current liabilities	4,461	4,519	3,801	△ 718
Long-term debt	604	577	808	231
Others	65	48	39	△ 9
Total fixed liabilities	669	625	847	222
Total liabilities	5,130	5,145	4,649	△ 496
Capital	1,429	1,429	1,429	0
Capital surplus	1,192	1,192	1,192	0
Retained earnings	7,635	8,072	8,286	213
Minority interest	1,063	1,125	1,189	63
Others	166	216	303	86
Total net assets	11,487	12,037	12,401	363
Total liabilities and net assets	16,617	17,183	17,050	△ 132

*Rounded down to the nearest million yen

I. Interim Results for the Year Ending March 2020

- Cash Flows (CF) -

Millions of Yen

	18/9	19/9	Change
Cash flows from operating activities	798	1,500	702
Cash flows from investing activities	△ 431	△ 399	31
Cash flows from financing activities	△ 261	△ 293	△ 32
Amount of increase in cash and cash equivalents	52	846	793
Cash and cash equivalents balance at beginning of term	2,665	2,689	23
Cash and cash equivalents balance at end of term	2,718	3,535	817
FCF	366	1,101	734

Cash flows (CF) from operating activities

Decreases in trade receivables
1,100 Million yen

Decrease in Inventories
246 Million yen

*Rounded down to the nearest million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2020

II. Full-Year Forecasts for the Fiscal Year Ending March 2020 - P/L: Sales and Profit -

- As for the second half year, our performance will remain under the influence of the stagnant global automobile market resulting mainly from the US-China trade dispute.

Millions of Yen

	19/3 Full-Year Results 18/4-19/3	20/3 Full-Year Plan 19/4-20/3 (Announced 19/5)	Growth Rate
Net sales	17,416	15,500	△ 11.0%
Gross income from sales	3,753	3,290	△ 12.4%
S.G.&A. expense	2,366	2,290	△ 3.2%
Operating income	1,387	1,000	△ 27.9%
Non-operating income	△ 29	0	-
Ordinary income	1,417	1,000	△ 29.4%
Net income Attributable to Owners of the Parent	968	660	△ 31.8%

* Rounded down to the nearest million yen

【Exchange rate】

	19/3 Result	20/3 Plan
USD	110.58yen	110yen
THB	3.42yen	3.4yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2020

- Segment Net Sales -

Millions of Yen

Business	19/3 Results 18/4-19/3	20/3 Plan 19/4-20/3 (Announced 19/5)	Growth Rate
Net-Shape	8,332	7,840	△ 5.9%
Assembly	6,471	5,440	△ 15.9%
Filter	2,611	2,220	△ 15.0%
Consolidated total	17,416	15,500	△ 11.0%

Net-Shape Business

➤ Both the Forging Die Division and the Precision-forged Products Division are likely to be affected by the stagnant global automobile market.

Assembly Business

➤ As in the case of the Net-Shape Business, sales will be affected by the stagnant automobile market.

Filter Business

➤ Negative growth is anticipated because there will be no special procurement that we had in the previous term.

* Rounded down to the nearest million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2020 - Capital Investment/Depreciation-

Millions of Yen

	14/3 Results	15/3 Results	16/3 Results	17/3 Results	18/3 Results	19/3 Results	20/3 Plan
Capital Investment	1,290	1,313	774	966	434	771	1,530
Depreciation	764	879	970	793	860	853	860

* Rounded down to the nearest million yen

II. Full-Year Forecasts for the Fiscal Year Ending March 2020 - Dividends -

	End of Interim Period	Year End	Full Year
	Yen Sen	Yen Sen	Yen Sen
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	15.00 (Ordinary dividend 10.00) (Special dividend 5.00)	25.00 (Ordinary dividend 20.00) (Special dividend 5.00)
2020FY(Plan)	10.00	10.00(Plan)	20.00(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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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.

Medium-term Management Strategies

– Retrospective View (Measures for Each Business)

Theme (Challenge)		Situation of the first half of FY March 2020	Forecast of FY March 2020
Challenge to adding resilience to our existing business	Building up of unrivaled technological strength <ul style="list-style-type: none"> • Make effort to become a niche top • Evolve and establish synergy-driven original technologies. 	Net-Shape Business Low-load helical gear is being developed. Filter Business New applications for healthcare products are being developed.	Current development activities will continue.
	Further QDC improvement <ul style="list-style-type: none"> ▪ Achieve various KPIs ▪ Make steady efforts to reduce cost 	Assembly Business Measures to increase productivity are being implemented along with the introduction of automation production line. Filter Business Measures to reduce cost of mass-produced goods are being implemented.	The US-China trade dispute and other factors are likely to keep the performance of the Net-Shape Business and the Assembly Business at low levels. QDC improvement measures will continue to be taken for each business.
Challenge to the next generation	Further evolvement of overseas business <ul style="list-style-type: none"> ▪ Increase overseas ratio ▪ Further enhance overseas bases. 	Net-Shape Business Sales for the Asian region were increased in the Forging Die Division. The Asia strategy continues to be promoted.	Overseas strategies continue to be promoted making use of the bases of each business.
	Launch of new businesses <ul style="list-style-type: none"> ▪ Accommodate the next-generation automobiles ▪ Utilize in-house seeds 	Net-Shape Business A new development project team was formed to promote development activities. Rolling method and forging were combined, assuming battery case. Filter Business Development of metal mesh (MM) catalyst application, on which we have been working, continues.	Amid harsh conditions, we are committed to the development activities for the Net-Shape Business and the Filter Business.