Date: January 31, 2017

Preliminary

Summary of Consolidated Financial Statements for the third quarter ended December 31, 2016 (IFRS basis)

Listed company name: **Nitto Denko Corporation**
Stock exchange listing: First Section of Tokyo Stock Exchange
Code Number: 6988 URL http://www.nitto.com/
Company Representative: Hideo Takasaki, President
Contact Person: Jun Yamashita, Vice President, Corporate Planning Div.
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Filing date of quarterly financial statements: February 2, 2017
Estimated starting date of dividend paying: -
Preparation of supplementary explanatory materials: Yes
Holding of quarterly earnings release conference: Yes (for investment analysts and institutional investors)

(All monetary values noted herein are rounded down to the nearest million yen)

1. Consolidated financial results of the third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)

(1) Operating results (% of change from same period in the previous year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter ended December 31, 2016	566,215	-9.2	64,783	-27.7	64,053	-28.2	46,436	-34.3	46,223	-34.4	45,864	-23.0
Third quarter ended December 31, 2015	623,373	-0.0	89,588	8.8	89,182	9.2	70,722	24.2	70,437	23.8	59,591	-34.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2016	284.79	284.43
Third quarter ended December 31, 2015	426.44	425.84

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2016	873,116	637,005	636,269	72.9
March 31, 2016	825,905	617,891	614,425	74.4

2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
March, 2016	-	70.0	-	70.0	140.0
March, 2017	-	75.0	-		
March, 2017 (Forecast)				75.0	150.0

(Note) Revision of dividend forecast in the current quarter: No

3. Forecast for fiscal year ending March 31, 2017 (April 1, 2016 through March 31, 2017)

(% of change from same period in the previous year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Annual	760,000	-4.2	85,000	-17.0	85,000	-16.7	61,000	-25.6	61,000	-25.3	375.8

(Note) Revision of consolidated forecast in the current quarter: Yes

- Others

(1) Changes in significant subsidiaries during the third quarter ended December 31, 2016: No

(2) Changes in accounting policies applied and changes in accounting estimates

1. Changes in accounting policies required by IFRS: No
2. Changes in accounting policies other than the above: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the end of the period (including treasury stock)
   December 31, 2016: 173,758,428 March 31, 2016: 173,758,428
2. Number of treasury stock at the end of the period
   December 31, 2016: 11,437,724 March 31, 2016: 11,465,543
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
   April-December 2016: 162,307,279 April-December 2015: 165,177,335

- Information regarding implementation of quarterly review procedures

These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law have not been completed.

- Explanations for adequate utilization of the forecast and other special matters

The forward-looking statements shown in this report, including the forecast, are prepared based on information available to the Company and on certain assumptions deemed reasonable as of the issuing date of the report. Consequently, the statements herein do not constitute promises regarding actual results by the Company. Actual results may differ materially from forecasted figures due to various unknown factors.

(Reference) Segment Information (nine months) (Yen in Millions)

		Third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)	Third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	149,527	139,395	93.2
	Transportation	94,686	90,888	96.0
	Total	244,213	230,284	94.3
	Operating income	20,372	19,001	93.3
Optronics	Information fine materials	306,565	258,569	84.3
	Flexible printed circuits	41,914	31,725	75.7
	Processing materials	17,615	17,363	98.6
	Total	366,095	307,658	84.0
	Operating income	64,638	31,993	49.5
Life Science	Revenue	16,706	33,048	197.8
	Operating income	615	16,794	2,728.7
Others	Revenue	22,429	19,340	86.2
	Operating income	2,394	-799	-
Corporate/Elimination	Revenue	-26,071	-24,116	-
	Operating income	1,567	-2,206	-
Total	Revenue	623,373	566,215	90.8
	Operating income	89,588	64,783	72.3

(Note) From fiscal year 2016, we have changed the allocation method of the costs of Corporate sector in order to evaluate each segment's figure more properly.

Because of increased quantitative materiality of the medical business, partial changes have been made to reporting segments with change of management system.

Such changes have also been reflected in the figures for the third quarter ended December 31, 2015.

(Reference) Segment Information (three months) (Yen in Millions)

		Third quarter ended December 31, 2015 (October 1, 2015 through December 31, 2015)	Third quarter ended December 31, 2016 (October 1, 2016 through December 31, 2016)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	50,837	50,674	99.7
	Transportation	31,521	30,716	97.4
	Total	82,358	81,390	98.8
	Operating income	6,754	7,615	112.7
Optronics	Information fine materials	99,652	96,963	97.3
	Flexible printed circuits	14,285	11,619	81.3
	Processing materials	5,653	5,702	100.9
	Total	119,590	114,284	95.6
	Operating income	20,866	17,712	84.9
Life Science	Revenue	6,676	18,405	275.7
	Operating income	1,202	12,333	1,025.6
Others	Revenue	7,602	5,859	77.1
	Operating income	676	-864	-
Corporate/Elimination	Revenue	-8,591	-8,703	-
	Operating income	-71	-1,306	-
Total	Revenue	207,636	211,236	101.7
	Operating income	29,427	35,490	120.6

(Note) From fiscal year 2016, we have changed the allocation method of the costs of Corporate sector in order to evaluate each segment's figure more properly.

Because of increased quantitative materiality of the medical business, partial changes have been made to reporting segments with change of management system.

Such changes have also been reflected in the figures for the third quarter ended December 31, 2015.

(Reference) Segment Information (annual forecast) (Yen in Millions)

		Forecasts of fiscal year ending March 31, 2017 (As of January 31, 2017)	
		Revenue	Y-o-Y (%)
Industrial Tape	Functional base products	184,000	96.3
	Transportation	123,000	98.0
	Total	307,000	96.9
	Operating income	25,000	100.5
Optronics	Information fine materials	348,000	91.4
	Flexible printed circuits	43,000	83.4
	Processing materials	24,000	101.6
	Total	415,000	91.0
	Operating income	45,000	65.2
Life Science	Revenue	44,000	183.5
	Operating income	20,000	874.5
Others	Revenue	26,000	88.0
	Operating income	-2,000	-
Corporate/Elimination	Revenue	-32,000	-
	Operating income	-3,000	-
Total	Revenue	760,000	95.8
	Operating income	85,000	83.0

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2016	December 31, 2016
(Assets)		
Current assets		
Cash and cash equivalents	240,891	238,850
Trade and other receivables	149,305	198,866
Inventories	88,499	88,087
Other financial assets	8,662	4,927
Other current assets	14,894	15,786
Total current assets	502,253	546,518
Non-current assets		
Property, plant and equipment	263,645	255,190
Goodwill	2,663	7,732
Intangible assets	10,634	14,678
Investments accounted for using equity method	319	342
Financial assets	7,869	8,813
Deferred tax assets	29,146	30,769
Other non-current assets	9,372	9,072
Total non-current assets	323,651	326,598
Total assets	825,905	873,116

(Yen in Millions)

	March 31, 2016	December 31, 2016
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	96,145	115,544
Bonds and borrowings	3,395	1,377
Income tax payables	3,753	8,748
Other financial liabilities	12,477	14,288
Other current liabilities	38,044	39,346
Total current liabilities	153,817	179,304
Non-current liabilities		
Bonds and borrowings	3,000	3,000
Other financial liabilities	722	1,377
Defined benefit liabilities	47,594	48,829
Deferred tax liabilities	349	897
Other non-current liabilities	2,530	2,701
Total non-current liabilities	54,196	56,806
Total liabilities	208,014	236,111
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	56,681	56,090
Retained earnings	559,351	582,075
Treasury stock	-51,016	-50,892
Other components of equity	22,624	22,212
Total equity attributable to owners of the parent company	614,425	636,269
Non-controlling interests	3,465	736
Total equity	617,891	637,005
Total liabilities and equity	825,905	873,116

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(Yen in Millions)

	Third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)	Third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)
Revenue	623,373	566,215
Cost of sales	425,277	395,083
Gross profit	198,095	171,131
Selling, general and administrative expenses	87,562	80,779
Research and development expenses	24,257	22,619
Other income	5,953	4,574
Other expenses	2,640	7,524
Operating income	89,588	64,783
Financial income	918	755
Financial expenses	1,325	1,483
Equity in profits (losses) of affiliates	1	-2
Income before income taxes	89,182	64,053
Income tax expenses	18,459	17,616
Net income	70,722	46,436
Net income attributable to:		
Owners of the parent company	70,437	46,223
Non-controlling interests	285	212
Total	70,722	46,436
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	426.44	284.79
Diluted earnings per share (yen)	425.84	284.43

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	Third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)	Third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)
Net income	70,722	46,436
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	109	719
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-11,528	-1,319
Net gain (loss) in fair value of cash flow hedges	293	32
Share of other comprehensive income of associates accounted for using equity method	-5	-4
Total other comprehensive income	-11,131	-571
Total comprehensive income	59,591	45,864
Total comprehensive income attributable to:		
Owners of the parent company	59,469	45,844
Non-controlling interests	122	20
Total	59,591	45,864

(3) Quarterly consolidated statements of changes in equity

For the third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)

(Yen in Millions)

	Equity attributable to owners of the parent company							
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of April 1, 2015	26,783	56,761	508,564	-31,232	51,139	612,016	3,760	615,776
Net income	-	-	70,437	-	-	70,437	285	70,722
Other comprehensive income	-	-	-	-	-10,968	-10,968	-163	-11,131
Total comprehensive income	-	-	70,437	-	-10,968	59,469	122	59,591
Share-based payment transactions	-	-14	-	-	-	-14	-	-14
Dividends	-	-	-22,297	-	-	-22,297	-252	-22,549
Changes in treasury stock	-	-3	-	159	-	156	-	156
Transfers from other components of equity to retained earnings	-	-	826	-	-826	-	-	-
Other increase or decrease	-	-57	-	-	-	-57	-28	-86
Total transactions with owners	-	-74	-21,470	159	-826	-22,212	-281	-22,493
Balance as of December 31, 2015	26,783	56,686	557,531	-31,073	39,344	649,273	3,601	652,874

For the third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)

(Yen in Millions)

	Equity attributable to owners of the parent company							
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of April 1, 2016	26,783	56,681	559,351	-51,016	22,624	614,425	3,465	617,891
Net income	-	-	46,223	-	-	46,223	212	46,436
Other comprehensive income	-	-	-	-	-379	-379	-192	-571
Total comprehensive income	-	-	46,223	-	-379	45,844	20	45,864
Share-based payment transactions	-	53	-	-	-	53	-	53
Dividends	-	-	-23,533	-	-	-23,533	-151	-23,685
Changes in treasury stock	-	-18	-	123	-	105	-	105
Transfers from other components of equity to retained earnings	-	-	33	-	-33	-	-	-
Additional purchase of shares of consolidated subsidiaries	-	-626	-	-	-	-626	-2,598	-3,224
Total transactions with owners	-	-590	-23,500	123	-33	-24,001	-2,750	-26,751
Balance as of December 31, 2016	26,783	56,090	582,075	-50,892	22,212	636,269	736	637,005

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)	Third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)
Cash flows from operating activities		
Income before income taxes	89,182	64,053
Depreciation and amortization	36,481	36,357
Increase (decrease) in defined benefit liabilities	859	1,469
Decrease (increase) in trade and other receivables	6,514	-47,621
Decrease (increase) in inventories	-1,349	367
Increase (decrease) in trade and other payables	-2,146	19,625
Interest and dividend income	815	648
Interest expenses paid	-411	-309
Income taxes (paid) refunded	-32,365	-11,707
Others	-436	6,038
Net cash provided by operating activities	97,143	68,921
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-45,972	-34,827
Proceeds from sale of property, plant and equipment and intangible assets	338	491
Decrease (increase) in time deposits	-2,053	2,078
Proceeds from sales of investment securities	1,798	76
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-4,796
Payments for transfer of business	-	-4,752
Others	-190	-139
Net cash provided by (used in) investing activities	-46,079	-41,868
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-781	-1,744
Repayment of long-term loans payable	-590	-
Decrease (increase) in treasury stock	-6	-0
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-3,224
Cash dividends paid	-22,297	-23,533
Others	-252	-151
Net cash provided by (used in) financing activities	-23,928	-28,654
Effect of exchange rate changes on cash and cash equivalents	-5,171	-439
Net increase (decrease) in cash and cash equivalents	21,963	-2,041
Cash and cash equivalents at the beginning of the period	214,559	240,891
Cash and cash equivalents at the end of the period	236,523	238,850

(Segment information)

Information regarding revenue, income, or loss by segments

Third quarter ended December 31, 2015 (April 1, 2015 through December 31, 2015)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	233,485	352,922	16,487	19,508	622,405	968	623,373
Inter-segment revenue	10,727	13,172	218	2,920	27,040	-27,040	-
Total segment revenue	244,213	366,095	16,706	22,429	649,445	-26,071	623,373
Total operating income (loss)	20,372	64,638	615	2,394	88,021	1,567	89,588
Financial income							918
Financial expenses							-1,325
Equity in profits (losses) of affiliates							1
Income before income taxes							89,182

(Note) From fiscal year 2016, we have changed the allocation method of the costs of Corporate sector in order to evaluate each segment's figure more properly.

Because of increased quantitative materiality of the medical business, partial changes have been made to reporting segments with change of management system.

Such changes have also been reflected in the figures for the third quarter ended December 31, 2015.

Major products for each segment

Business segment	Major products
Industrial Tape	Functional base products (bonding and joining products, protective materials, etc.), automotive products
Optronics	Information fine materials, semiconductor-related materials, flexible printed circuits, processing materials
Life Science	Medical products
Others	Membrane products, other products

Third quarter ended December 31, 2016 (April 1, 2016 through December 31, 2016)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	219,990	298,136	30,565	16,708	565,401	814	566,215
Inter-segment revenue	10,293	9,522	2,483	2,631	24,930	-24,930	-
Total segment revenue	230,284	307,658	33,048	19,340	590,331	-24,116	566,215
Total operating income (loss)	19,001	31,993	16,794	-799	66,990	-2,206	64,783
Financial income							755
Financial expenses							-1,483
Equity in profits (losses) of affiliates							-2
Income before income taxes							64,053

Major products for each segment

Business segment	Major products
Industrial Tape	Functional base products (bonding and joining products, protective materials, etc.), automotive products
Optronics	Information fine materials, semiconductor-related materials, flexible printed circuits, processing materials
Life Science	Medical products
Others	Membrane products, other products