"TATSU-TAMOTSU"
technologies
for a brighter future

Financial Results
FY2019 first half

From 1st April, 2019 to 30th September, 2019

All forecasts and plan that are not historical facts in this document are future business result related forecast. These are showed by based on information and data currently available to the company. Various uncertain factors could cause actual results to differ.

6th November, 2019

NICHIAS Corporation

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Summary of business results for FY2019 first half

(From 1st April, 2019 to 30th September, 2019)

NICHIAS Corporation

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Financial highlights FY2019 H1 Results

(Unit: billion JPY)

		FY2018 H1	FY2019 H1		Change	
		Results	Forecast	Results	YoY	Forecast
Net Sales		106.6	98.0	101.0	△5.2%	3.1%
Operating income		11.7	8.8	10.0	△14.7%	13.3%
		11.0%	*9.0%*	*9.9%*	-	-
Ordinary income		12.2	9.0	10.0	△17.8%	11.5%
		11.5%	*9.2%*	*9.9%*	-	-
Extra ordinary	Profit	0.0	-	0.1	456.6%	-
	Loss	0.2	-	0.1	△70.0%	-
Profit Attributable to owners of parent		8.3	6.2	7.0	△15.0%	13.6%
		7.8%	*6.3%*	*7.0%*	-	-

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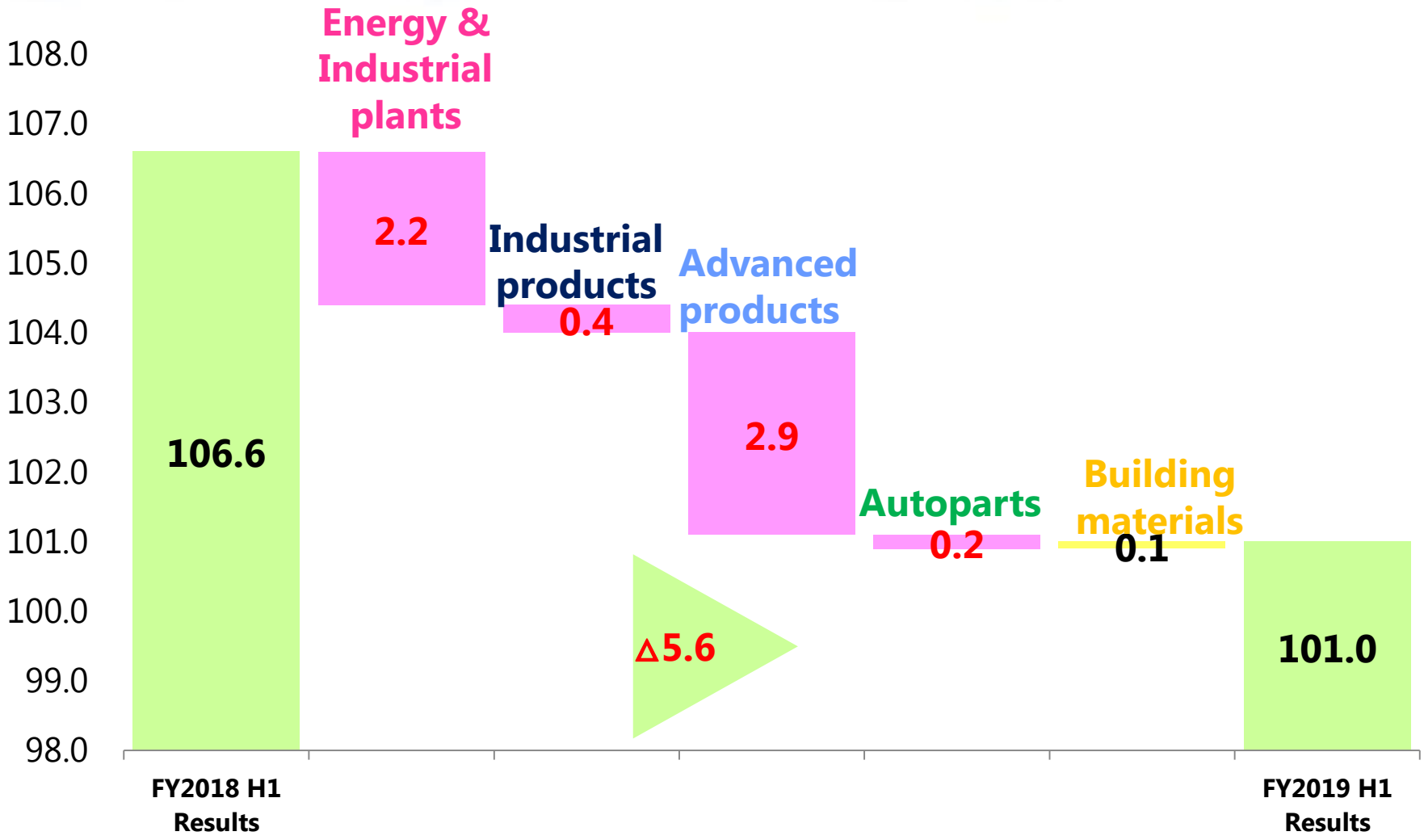
Change analysis FY2019 H1 Net sales

(Unit: billion JPY)



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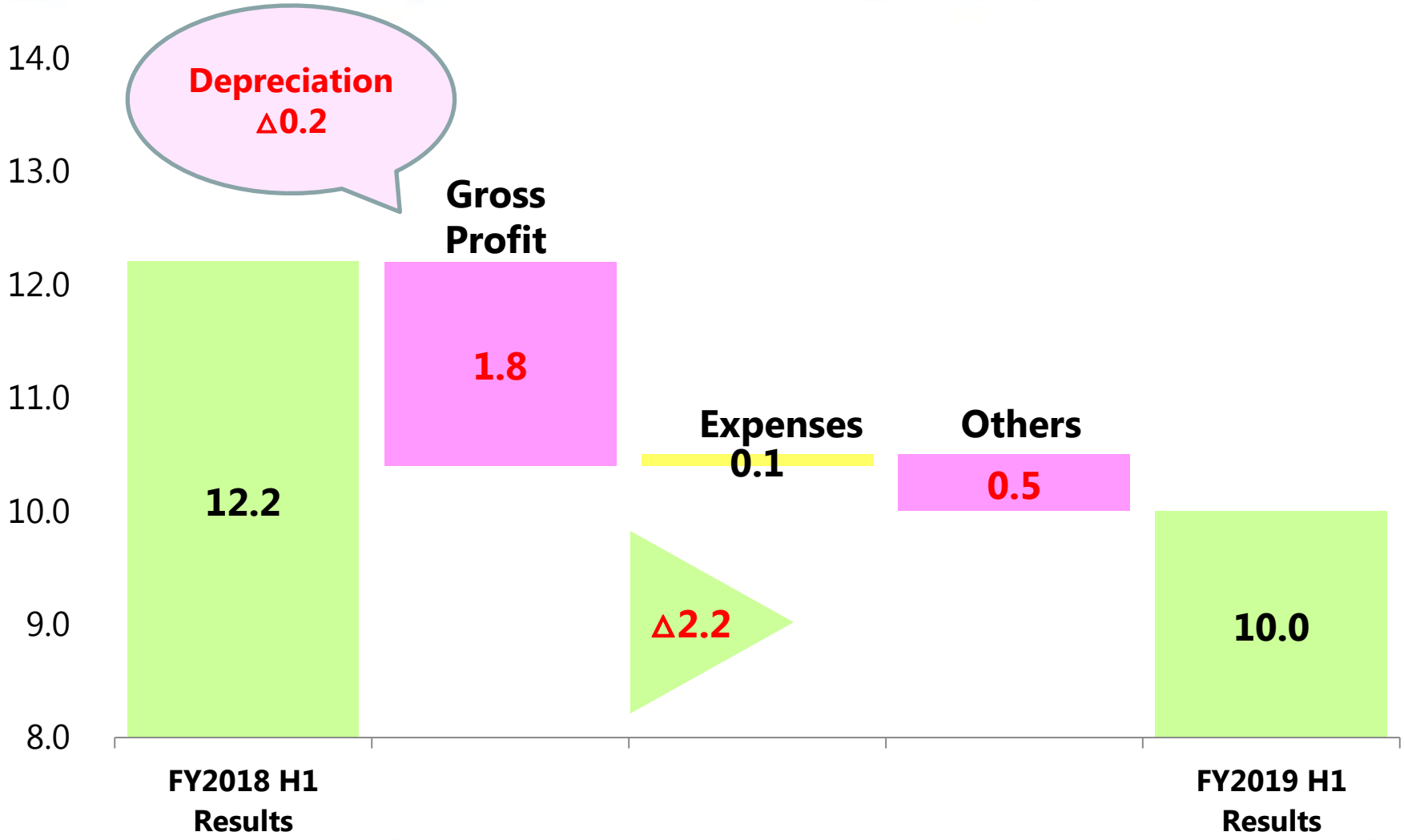
Change analysis FY2019 H1 Ordinary income

(Unit: billion JPY)



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Business results FY2019 H1 Group segment

(Unit: billion JPY)

Segment		FY2018 H1 Results	F2019 H1 Forecast	FY2019 H1 Results	Change YoY	Change Forecast
Energy & Industrial plants	Net sales	33.06	30.00	30.91	Δ7%	3%
	Operating income	3.40	2.20	3.06	Δ10%	39%
		10.3%	*7.3%*	*9.9%*		
Industrial products	Net sales	22.86	22.50	22.45	Δ2%	Δ0%
	Operating income	3.82	3.40	3.10	Δ19%	Δ9%
		16.7%	*15.1%*	*13.8%*		
Advanced products	Net sales	13.25	10.00	10.35	Δ22%	4%
	Operating income	2.48	1.00	1.42	Δ43%	42%
		18.8%	*10.0%*	*13.7%*		
Autoparts	Net sales	22.53	22.50	22.30	Δ1%	Δ1%
	Operating income	1.84	1.90	1.77	Δ4%	Δ7%
		8.2%	*8.4%*	*7.9%*		
Building materials	Net sales	14.87	13.00	15.00	1%	15%
	Operating income	0.13	0.30	0.62	375%	106%
		0.9%	*2.3%*	*4.1%*		
Total	Net sales	106.57	98.00	101.01	Δ5%	3%
	Operating income	11.68	8.80	9.97	Δ15%	13%
		11.0%	*9.0%*	*9.9%*		

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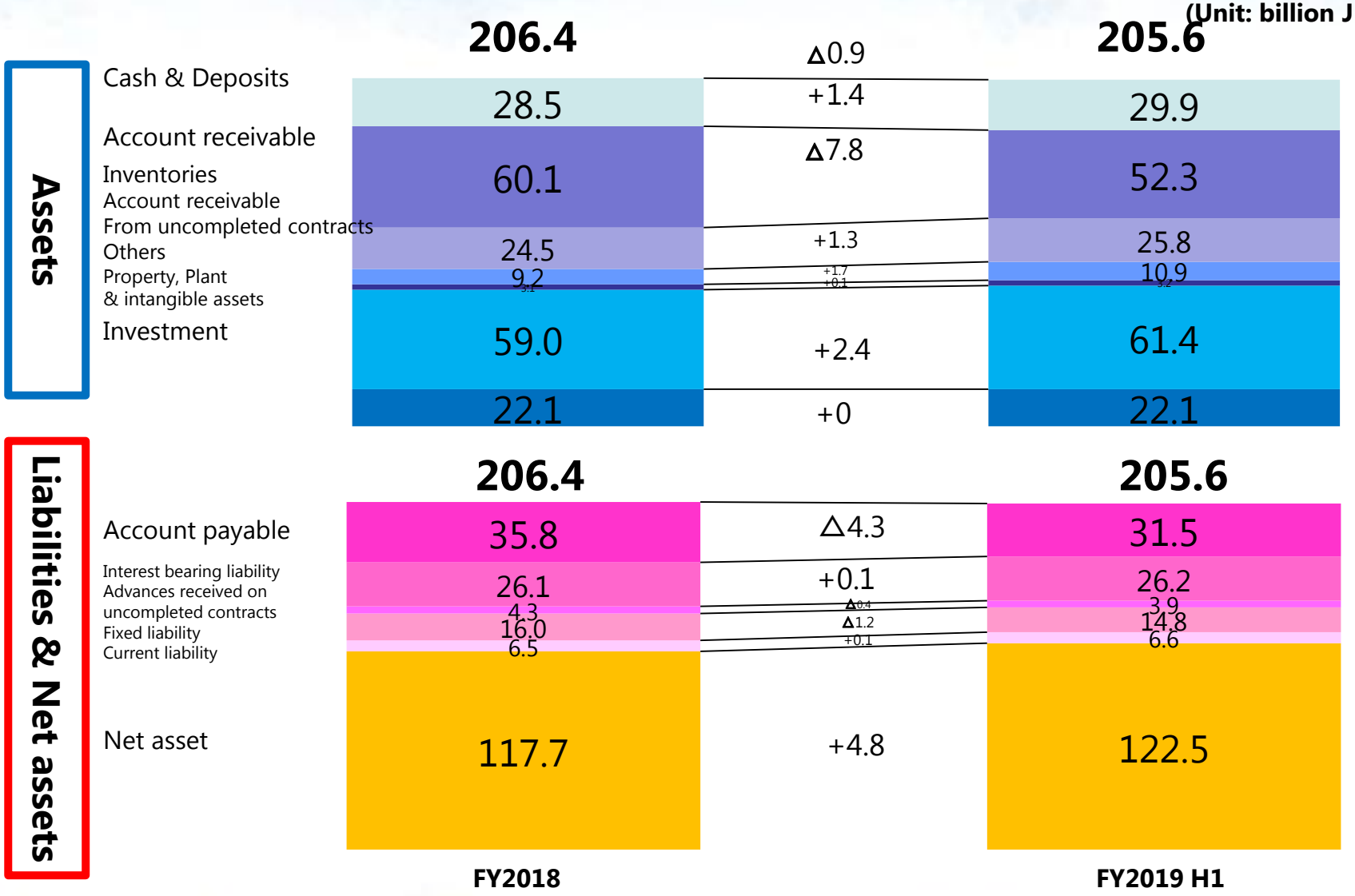
Balance sheet highlights FY2019 H1

(Unit: billion JPY)



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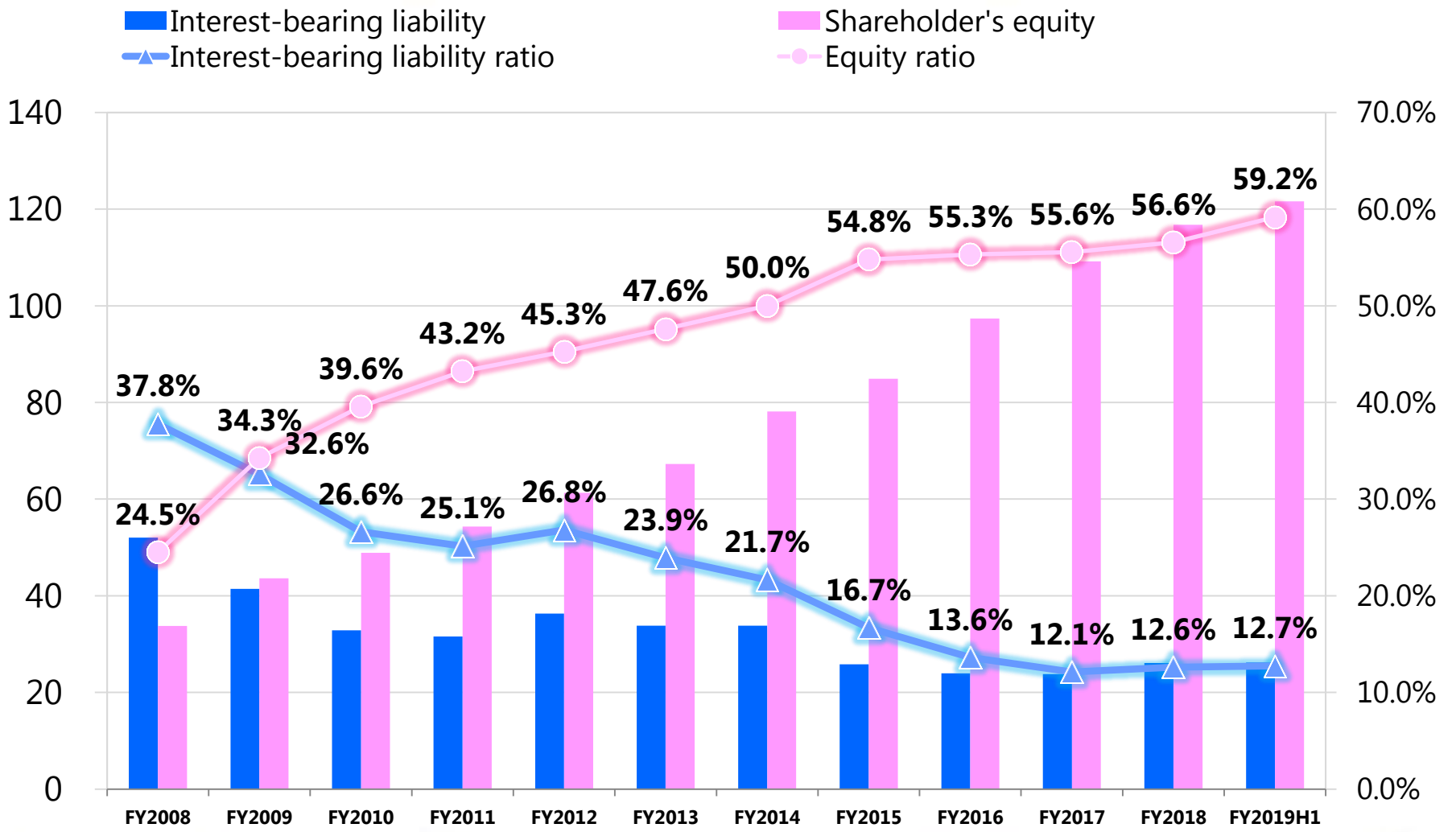
Interest bearing liabilities & Equity Trends

(Unit: billion JPY)



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Financial policy

	Index	Target	FY2019 H1 Result	FY2019 Forecast	Policy
Safety	Short term liquidity	3months (FY2024)	1.7months	Approx. 2.0months	The level that does not immediately fall short of funding.
	Equity ratio	60% (FY2020)	59.2%	Approx. 59%	Expect to achieve on FY2020
Efficiency	ROE	Over 10%	-	Approx. 12%	Current WACC Approx.5%
Share holders return policy	Dividend payout	25～35%	35.8%	Approx. 34%	Stable & continuous dividend
	Share buyback	-	-	-	Continue to consider it in light of the balance with growth investment.

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FY2019 Shareholders return policy

Dividends first half

From 36yen to 38yen



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Summary of business forecast for FY2019 & Progress of Medium-term business plan

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Business outlook FY2019

Segment	FY2019 H1 Results	FY2019 H2 Forecast
Energy & Industrial plant		
Industrial products		
Advanced products		
Autoparts		
Building materials		

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Financial highlights for FY2019 Forecast

(Unit: billion JPY)

	FY2018	FY2019			Change
	Results	H1 Results	H2 Forecast	Full year Forecast	YoY
Net Sales	215.5	101.0	107.0	208.0	△3.5%
Operating income	22.6	10.0	10.8	20.8	△8.1%
	10.5%	*9.9%*	*10.1%*	*10.0%*	
Ordinary income	23.2	10.0	11.2	21.2	△8.5%
	10.8%	*9.9%*	*10.4%*	*10.2%*	
Profit attributable to owners of parent	15.9	7.0	7.5	14.5	△8.6%
	7.4%	*7.0%*	*7.0%*	*7.0%*	

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Business forecast & results Group segment Trends

(Unit: billion JPY)

Segment		FY2015 Results	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Forecast	Change YoY
Energy & Industrial plants	Net Sales	51.45	52.44	56.39	67.30	63.00	△6%
	Operating income	3.31	3.79	4.58	6.18	6.20	0%
		7.4%	*8.7%*	*8.4%*	*9.2%*	*9.8%*	
Industrial products	Net Sales	40.84	41.39	43.76	46.51	47.00	1%
	Operating income	5.98	6.01	6.55	7.46	7.00	△6%
		14.6%	*14.5%*	*15.0%*	*16.0%*	*14.9%*	
Advanced products	Net Sales	15.51	19.46	24.56	24.87	21.50	△14%
	Operating income	2.20	3.65	4.64	4.20	2.70	△36%
		14.2%	*18.8%*	*18.9%*	*16.9%*	*12.6%*	
Autoparts	Net Sales	35.53	37.80	43.81	45.00	44.50	△1%
	Operating income	4.44	4.11	4.40	3.91	3.40	△13%
		12.5%	*10.9%*	*10.0%*	*8.7%*	*7.6%*	
Building materials	Net Sales	27.10	29.27	28.97	31.82	32.00	1%
	Operating income	△1.31	1.24	1.04	0.88	1.50	70%
		△4.8%	*4.2%*	*3.6%*	*2.8%*	*4.7%*	
Total	Net sales	170.43	180.36	197.50	215.50	208.00	△3%
	Operating income	15.10	19.60	21.36	22.63	20.80	△8%
		8.9%	*10.9%*	*10.8%*	*10.5%*	*10.0%*	

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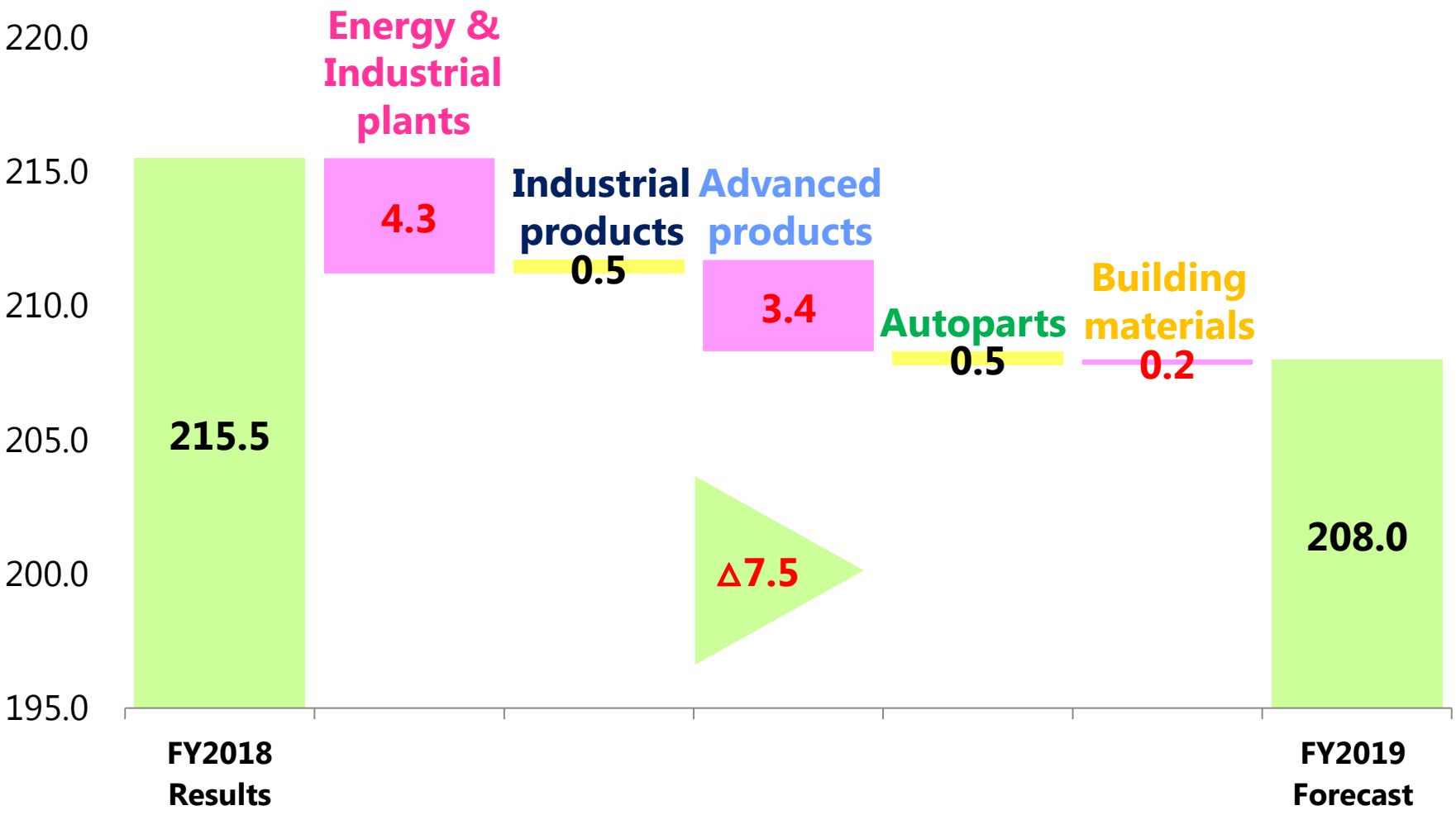
Change analysis FY2019 Net sales

(Unit: billion JPY)



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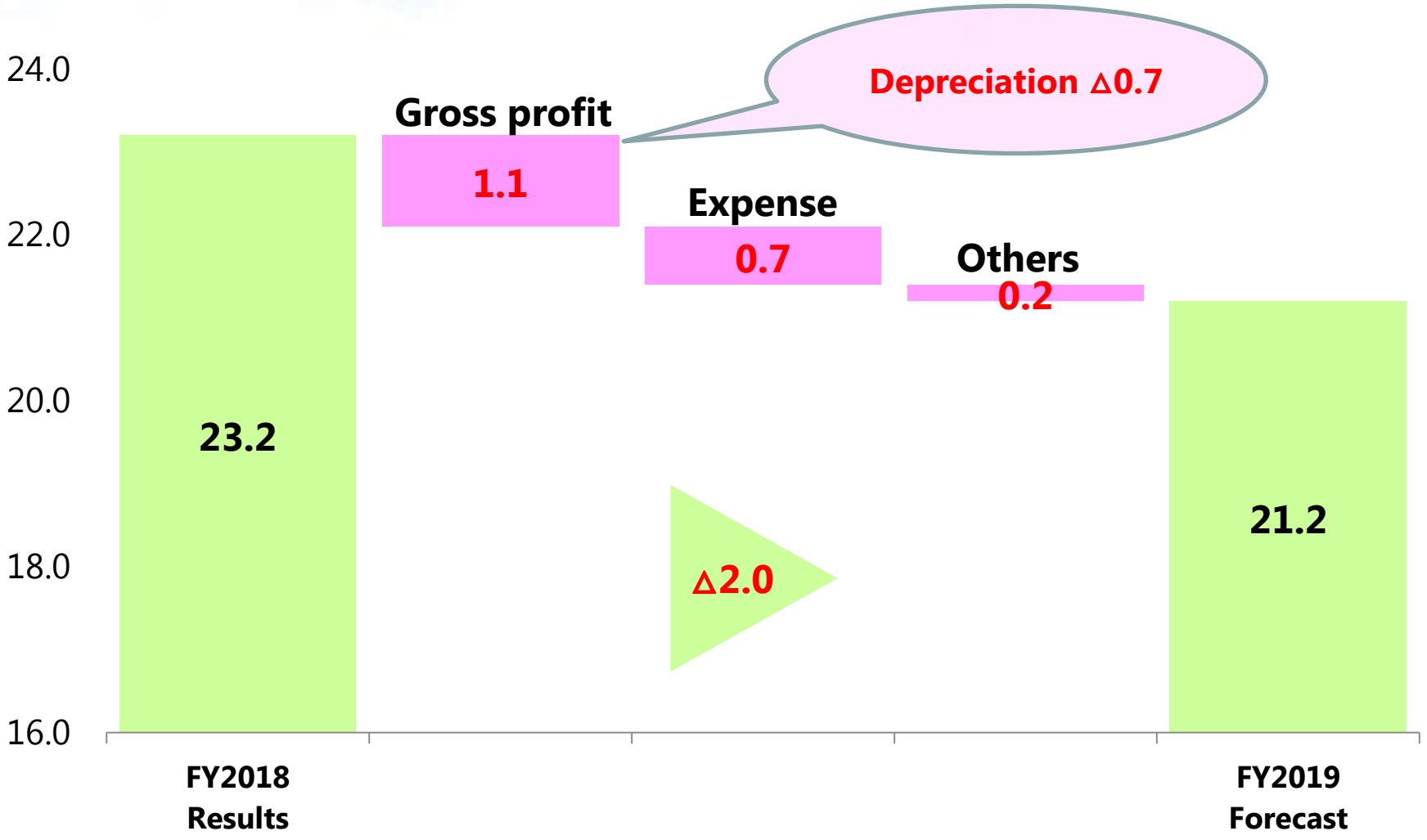
Change analysis FY2019 Ordinary income

(Unit: billion JPY)



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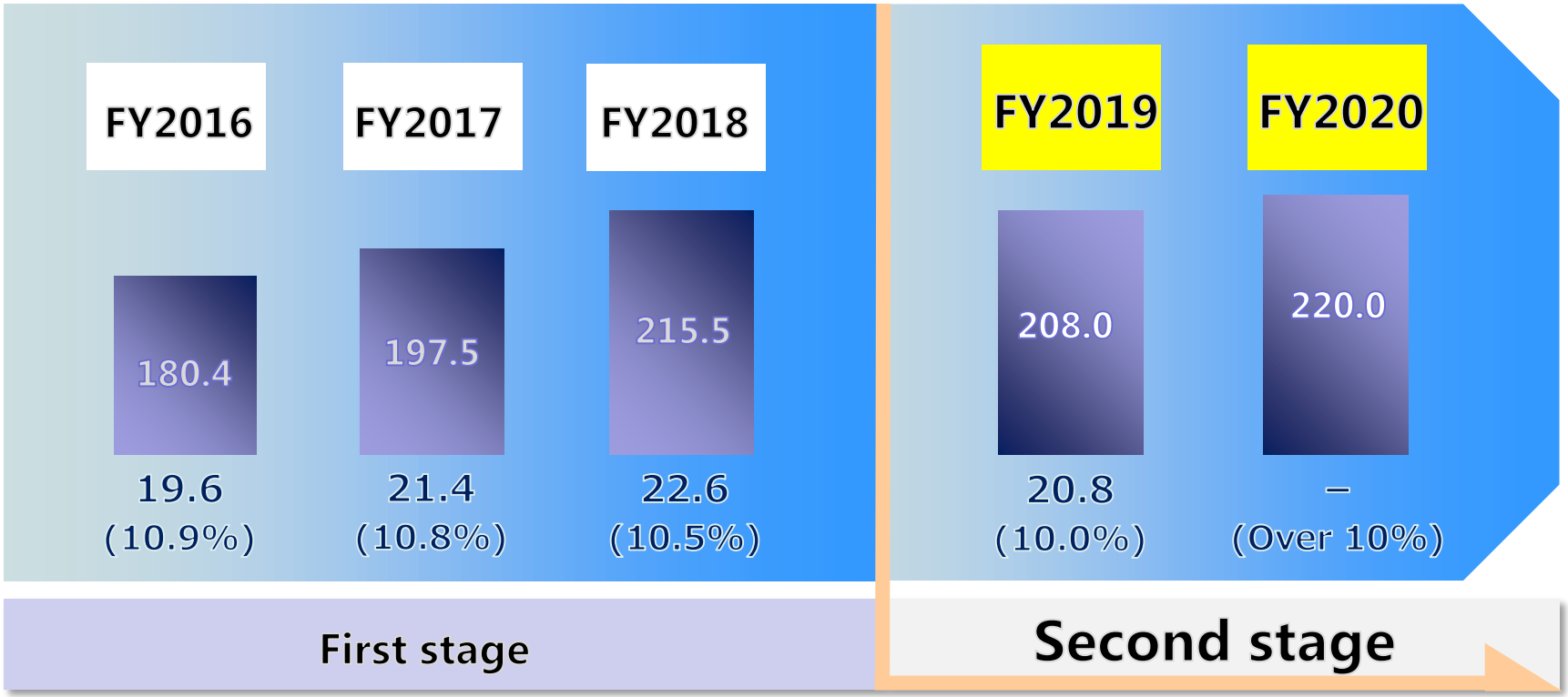
Medium-term business plan First stage & Second stage

Medium-term business plan 5years (FY2016-FY2020)

First stage : 3years & Second stage : 2years



[TOP] Net sales, [Middle]Operating income, [Bottom] Operating margin

(Unit: billion JPY)

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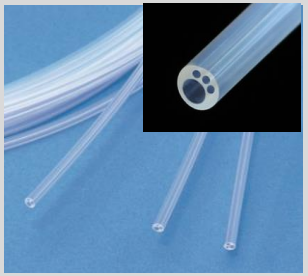
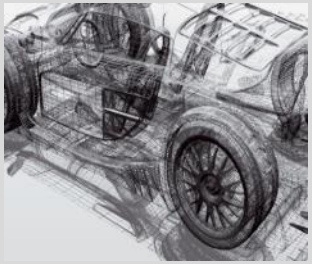
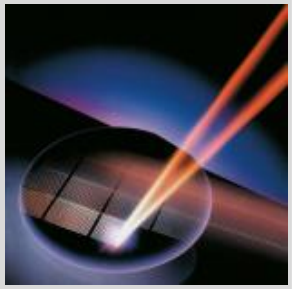
Medium-term business plan　Second stage

Focus on growing market	Strengthen overseas business	Increase & Efficient operation at Japanese business
Medical devices 	Automotive parts 	Oil & Petrochemical 
Environment 	Rock Wool for industrial market 	Rock Wool for residential market 
Fireproof 	Contracts 	Advanced products 

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Medium-term business plan Investment

(Unit: billion JPY)

Completed		Place	Amount
Growing market	VOC・Dehumidifier (Environment) products	China (SNS) Vietnam (NHC)	2.4
Japanese business	Factory re-development	Tsurumi factory Oji factory	3.7
	R&D center expansion (5th building)	Hamamatsu R&D	0.9
	Advanced products	Kumamoto NICHIAS	2.4
	●Automotive parts	Yuki factory	1.0
	●Advanced products	NICHIAS CERATECH Fukushima NICHIAS	5.7
Overseas business (Growing market)	Rock Wool No.3 production line	Indonesia (NRI)	4.0
	METAKOTE™ No. 3 production line	Malaysia (FGS)	3.1
	Automotive parts	Czech (NAE)	0.3
	●Automotive parts	China (SSA)	2.2

On going		Place	Amount
Growing market	**●Covered rubber gasket (5th factory)**	**Malaysia (NTR)**	**0.6**
	●Medical devices	**Vietnam (NHC)**	**0.9**
Japanese business	**●Factory re-development**	**Japan, Oji factory**	**4.6**

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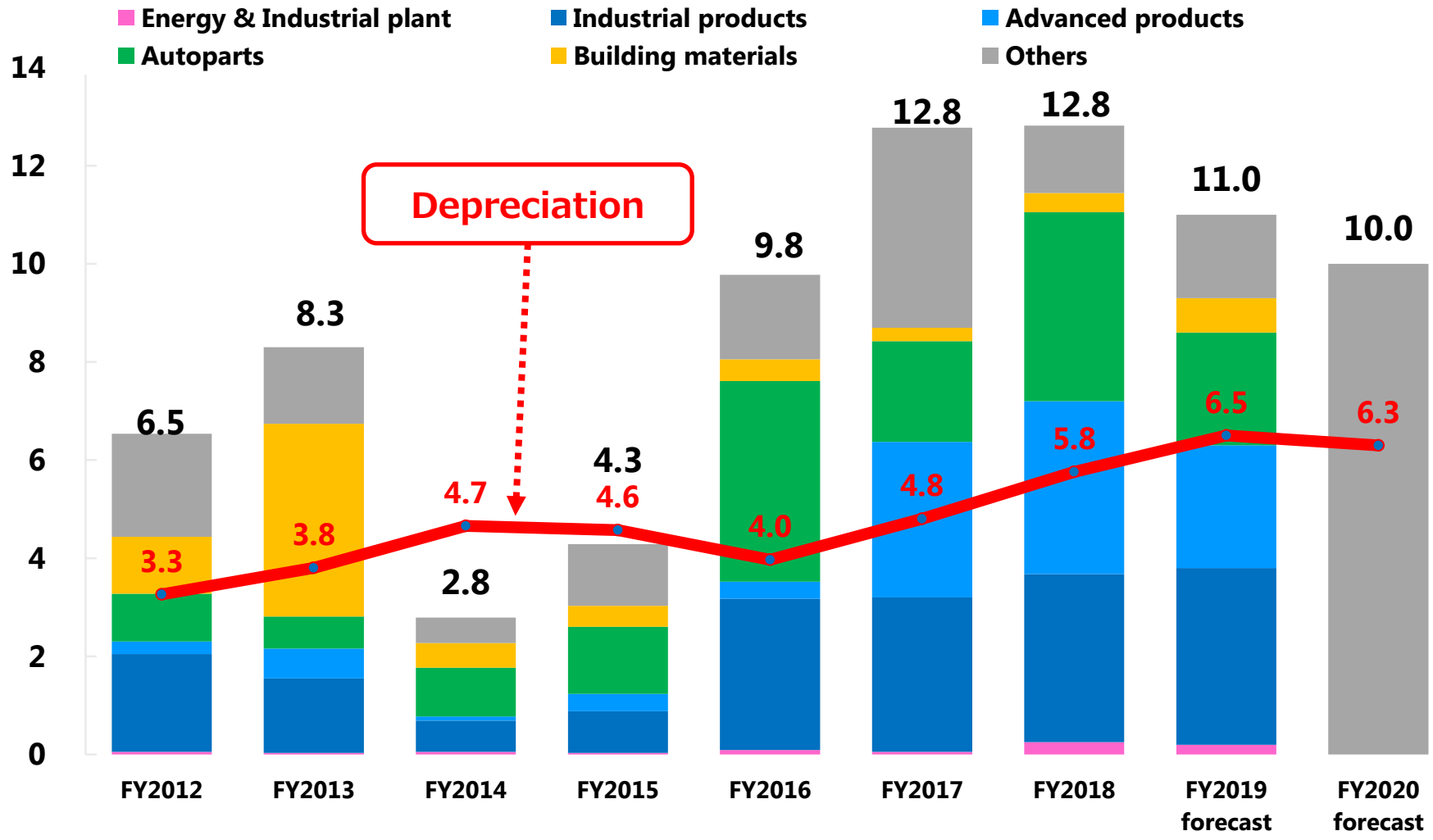
Investment & Depreciation cost Trends

(Unit: billion JPY)



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FY2020 Target Medium-term business plan

(Unit: billion JPY)

	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Forecast	FY2020 Target
Net sales	180.4	197.5	215.5	208.0	220.0
Operating income	19.6	21.4	22.6	20.8	–
Operating margin	*10.9%*	*10.8%*	*10.5%*	*10.0%*	*Over 10%*
ROE	*14.7%*	*14.5%*	*14.0%*	*Approx.12%*	*Over 10%*
Investment	Total JPY 55billion for 5year investment (FY2016 – FY2020)				

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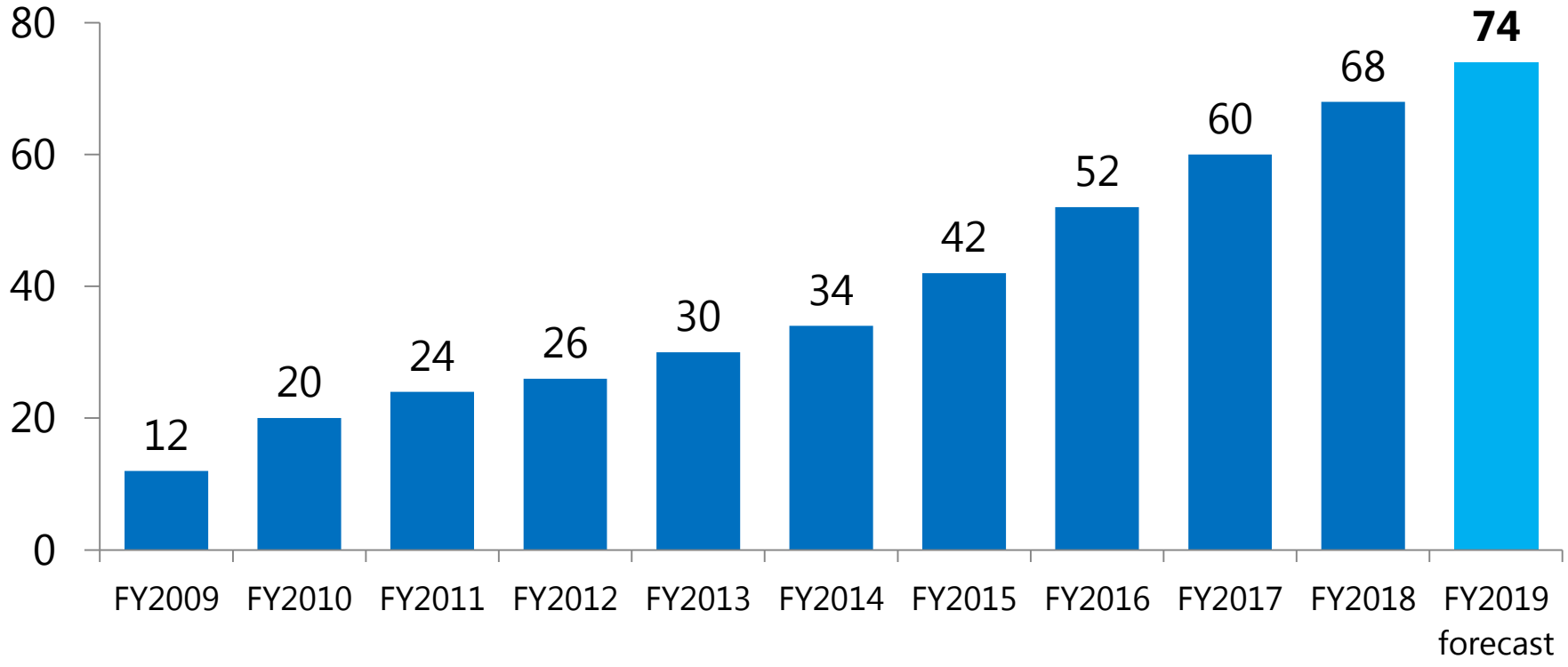
Shareholder's return Trends

(Unit: JPY)

Basic on ongoing stable dividends and aims for a dividend payout ratio of 25-35%.
Continue to consider share buyback in the light of the balance with growth & investment.



The reverse stock split was carried out on a one-for-two basis on 1st October, 2018.
The amount shown on the above graph is based on the assumption that the reverse stock split was carried out at the beginning of the FY2009.

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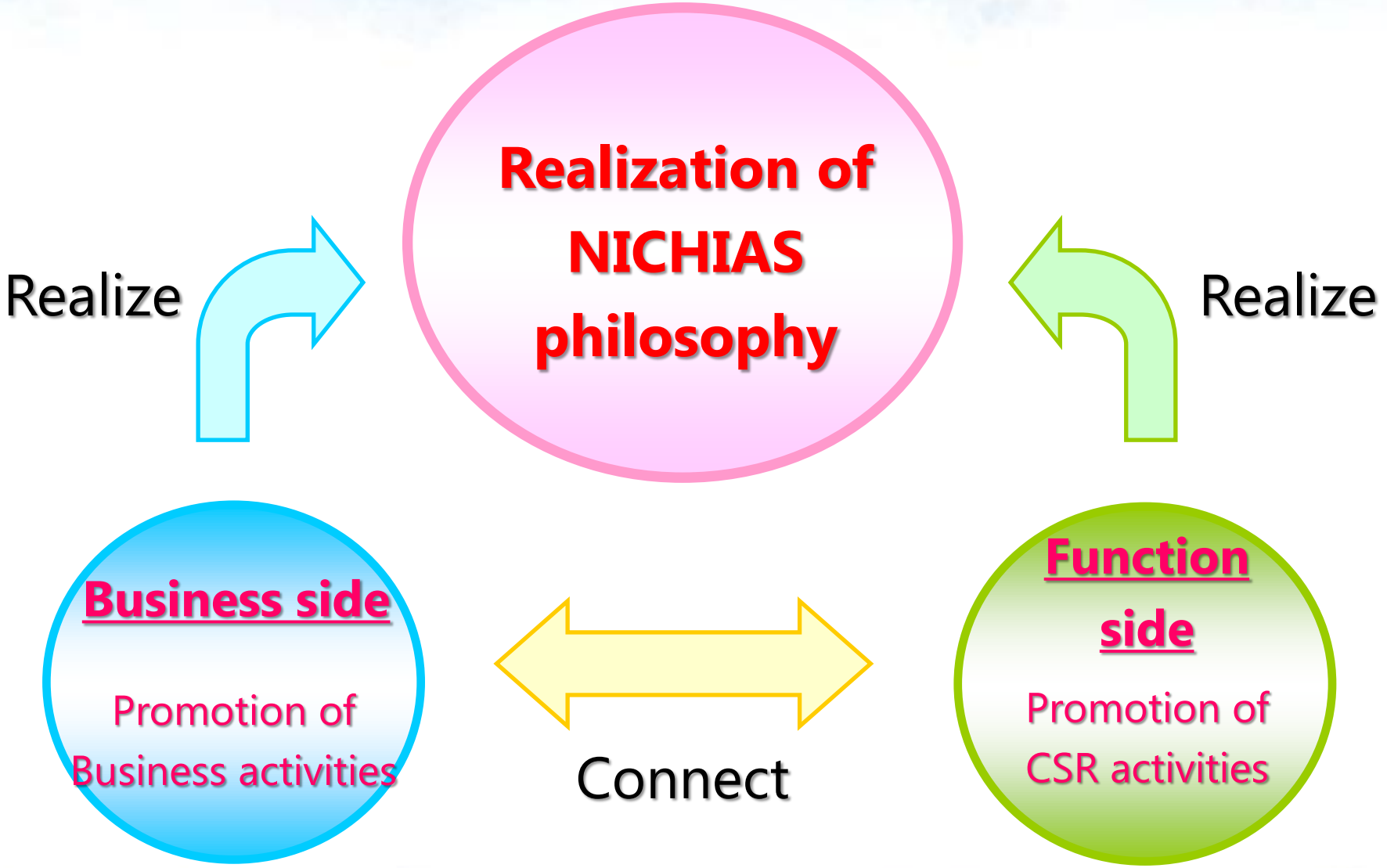
Business and Function (CSR activities)



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NKK（NICHIAS ‘Kaizen’ activity)









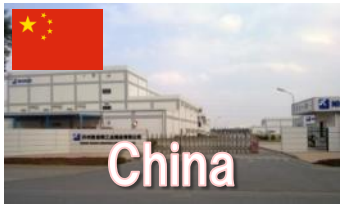
NKK 5th years
FY2019







671teams　4,957members





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Medium-term business plan Second stage

WORKSTYLE REFORMS

by NKK

(NICHIAS Kaizen activity)

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Medium-term business plan Second stage



To achieve the business target at FY2020

Human resource development

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The NICHIAS Philosophy

NICHIAS contributes to the Earth's bright future through our "Insulation and Protection" technologies.

Our Promise

- We will abide by community standards and work together with the communities we serve.
- We will strive for customer satisfaction while never forgetting a sense of gratitude.
- We will believe in mutual trust and continue to grow together.

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"TATSU-TAMOTSU" technologies for a brighter future



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*"TATSU-TAMOTSU" refers to NICHIAS's "Insulation and Protection" technologies.

NICHIAS Environmental Charter

NICHIAS contributes to the realization of a society centered on sustainable development by utilizing our "Insulation and Protection" technology solutions in the reduction of a variety of negative environmental impacts including the mitigation of global warming.

Environmental Action Guidelines

In keeping with the NICHIAS Environmental Charter, NICHIAS continually engages in and endeavors to improve upon the following activities.

1. **Thorough compliance**
   Fulfill social responsibilities by not only observing legal requirements, but also establishing and implementing our own voluntary standards.
2. **Development of products with lower environmental impact**
   Strive to develop and promote products and services effective in reducing environmental impact.
3. **Enhancement of environmental performance**
   Establish and make progress toward environmental goals in such areas as energy and natural resources conservation, and chemicals management, etc.
4. **Coexistence with society**
   Coexist with the local community, and value the rich natural environment.

NICHIAS

Established April 6, 2001
Revised April 1, 2017

Points of Attention
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