"Create the future with n"

Fiscal Year 2020 (Ending March 31, 2021) 3rd Quarter Financial Results Briefing Session Materials

(Tokyo Stock Exchange Code: 6306)

Nikko Co., Ltd.

Hiroshi Fujii, Managing Director and
General Manager of the Financial Division.

February 25, 2021

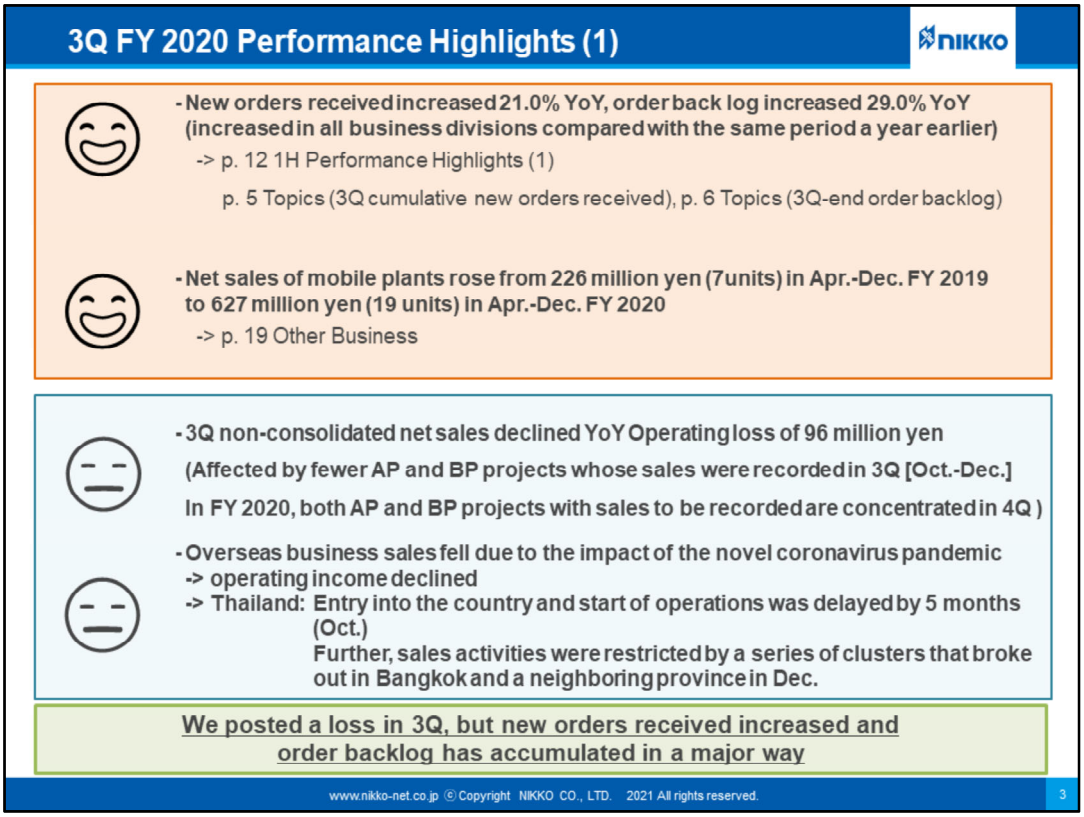
☐ In this briefing session material, “AP” denotes asphalt plants and “BP” denotes concrete plants in our business, respectively.

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* The last digit of the figures of changes in this document may differ from those in the Quarterly Report due to the treatment of fractions less than unit.

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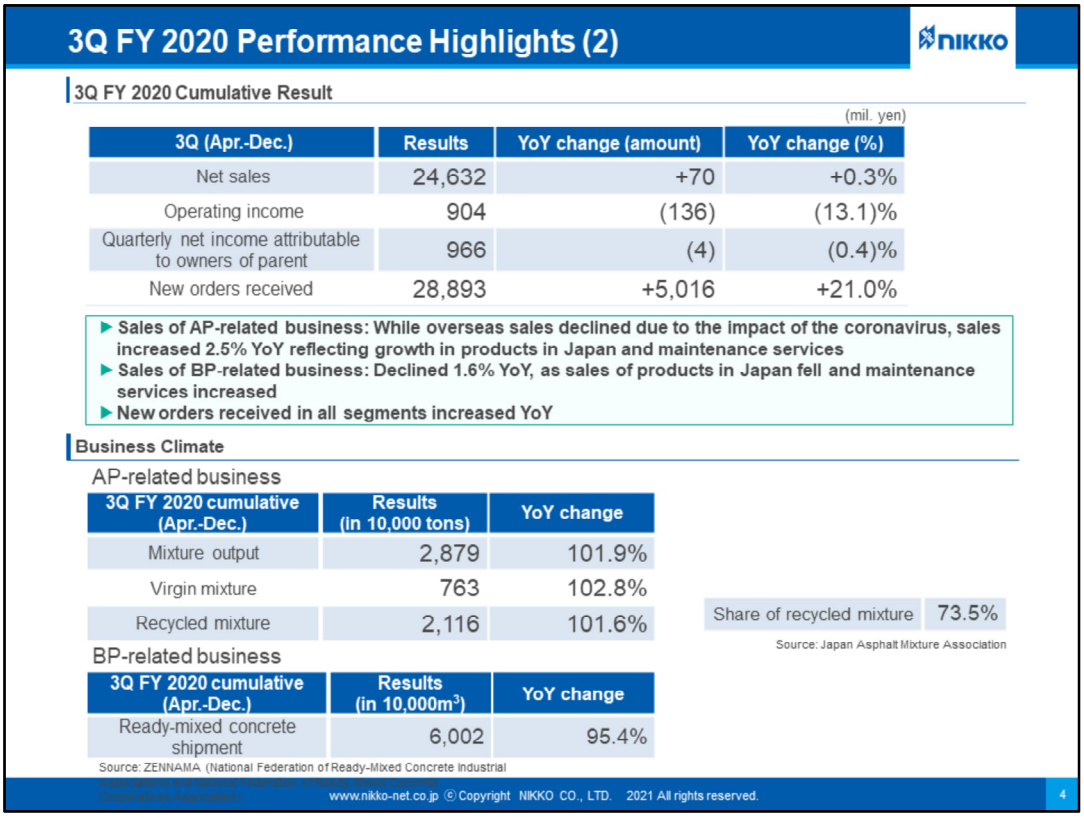
This slide summarizes the performance highlights in 2 points respectively of both positive and negative aspects.

☐ The first point in positive aspects is that new orders received increased significantly by 21% year on year.
Along with this, order backlog also increased 29.0% year on year.

Another point is that the mobile plant business that started full-fledged operations in the previous fiscal year has taken off. In the 9 months of the current fiscal year, 19 units were sold, recording sales of 627 million yen.

☐ Meanwhile, the first negative point is that we posted an operating loss of 96 million yen in the 3 months of the 3Q. In most years, sales during the 3Q usually show low figures and this 3Q also declined.

However, such amount in sales decline have been shifted to the 4Q, so we are not so concerned. Another point is the prolonged impact of the novel coronavirus on the overseas business. The Thailand business was newly launched during the current fiscal year and the actual start of the business was in October, as the arrival of Japanese expats was delayed by 5 months.



3Q FY 2020 Performance Highlights (2)

3Q FY 2020 Cumulative Result

(mil. yen)

3Q (Apr.-Dec.)	Results	YoY change (amount)	YoY change (%)
Net sales	24,632	+70	+0.3%
Operating income	904	(136)	(13.1)%
Quarterly net income attributable to owners of parent	966	(4)	(0.4)%
New orders received	28,893	+5,016	+21.0%

- Sales of AP-related business: While overseas sales declined due to the impact of the coronavirus, sales increased 2.5% YoY reflecting growth in products in Japan and maintenance services
- Sales of BP-related business: Declined 1.6% YoY, as sales of products in Japan fell and maintenance services increased
- New orders received in all segments increased YoY

Business Climate

AP-related business

3Q FY 2020 cumulative (Apr.-Dec.)	Results (in 10,000 tons)	YoY change
Mixture output	2,879	101.9%
Virgin mixture	763	102.8%
Recycled mixture	2,116	101.6%

Share of recycled mixture	73.5%

Source: Japan Asphalt Mixture Association

BP-related business

3Q FY 2020 cumulative (Apr.-Dec.)	Results (in 10,000m³)	YoY change
Ready-mixed concrete shipment	6,002	95.4%

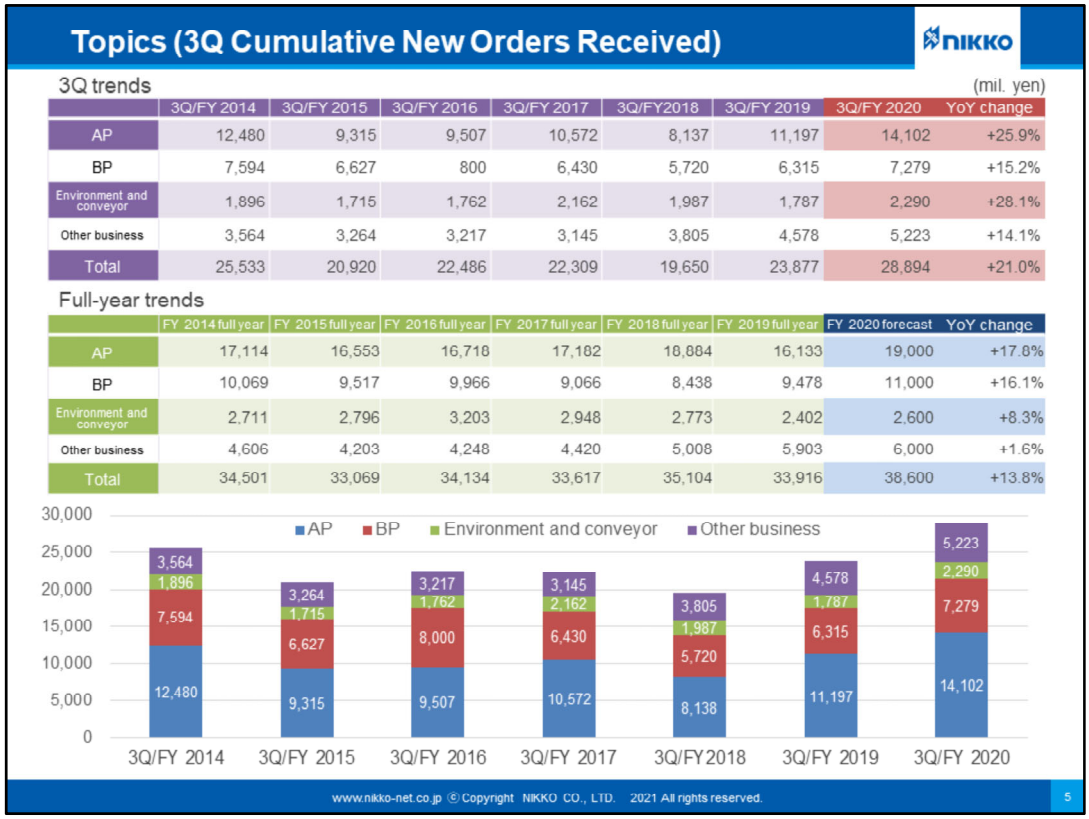
Source: ZENNAMA (National Federation of Ready-Mixed Concrete Industrial Associations and National Federation of Ready-Mixed Concrete Cooperatives Association)

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☐ 3Q net sales was 24,632 million yen, roughly at the same level as the previous year, while operating income declined 136 million yen year on year to 904 million yen, and quarterly net income was 966 million yen, which was more or less unchanged from the previous year. New orders received were very strong, rising 5,000 million yen year on year to 28,893 million yen.

☐ We have listed the mixture shipment volume for AP and ready-mixed concrete shipment volume for BP as business environment indicators. Shipment volume of asphalt mixture slightly increased year on year at 101.6%. Ready-mixed concrete shipment slightly declined from a year earlier at 95.4%. It appears to be mainly due to the impact of the Tokyo Olympic Games.

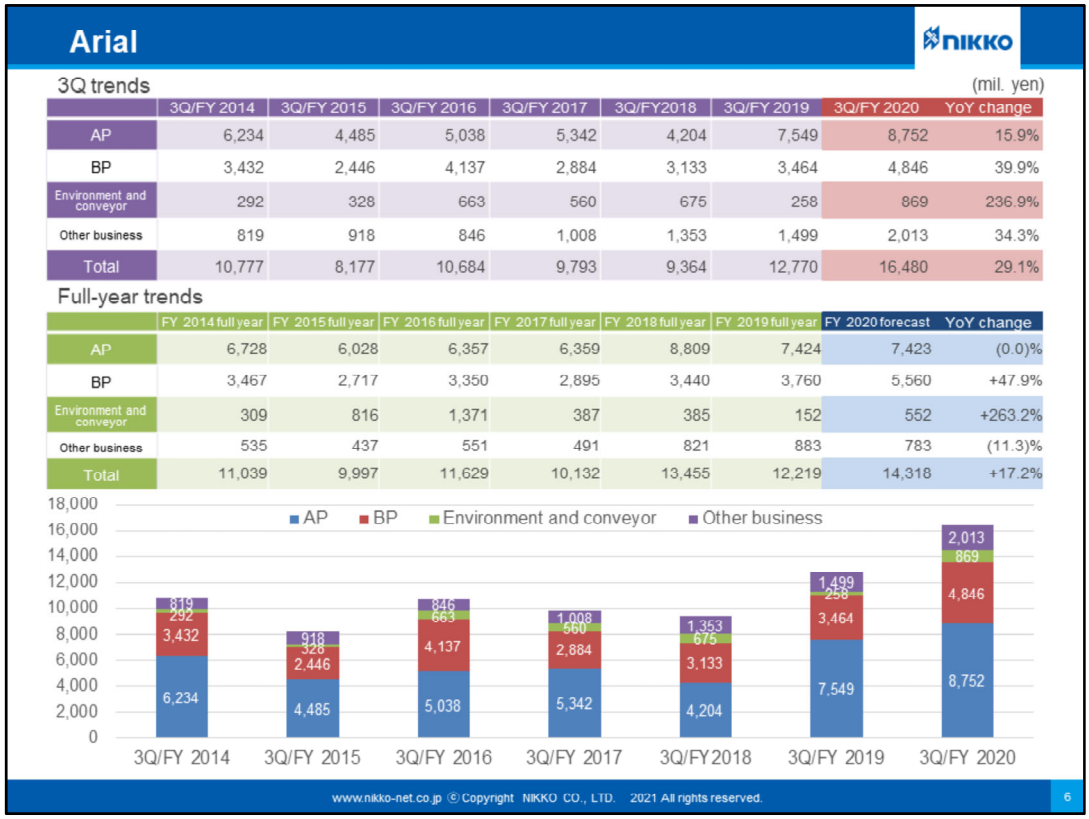


The slide explains the status of new orders received as the first topic.

☐ New orders received reached 28,894 million yen in total through the 3Q.

The slide shows data for the past 6 fiscal years for reference. If you compare the data, you can see that the new orders received have been enormously strong through the 3Q of this fiscal year.

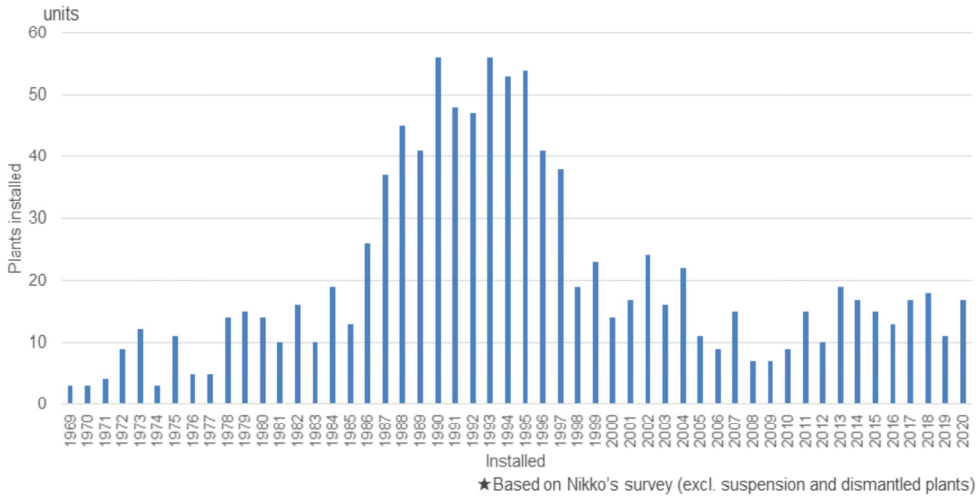
The amount of new orders received by segment also posted double-digit growth in all segments. For the full year, we are so far expecting new orders received to reach 38.6 billion yen, up 13.8% year on year. This is again a very high level compared with the past 6 fiscal years.



☐ Order backlog has also been strong and reached 16,480 million yen at the end of the 3Q, which is up 29.1%. Order backlog is increasing across all segments.

☐ We are expecting the backlog to reach 14,300 million yen at the end of the current fiscal year. Order backlog for AP is expected to be 7,400 million yen, about the same level as the previous year, while the backlog for BP and environment and conveyor will significantly increase, while others are expected to decline slightly.

Topics (Trends in Shipment of All AP Manufacturers)



★Based on Nikko's survey (excl. suspension and dismantled plants)

	Year in which the original plant was installed											
	1968-70	71-75	76-80	81-85	86-90	91-95	96-00	01-05	06-10	11-15	16-20	Unknown
Breakdown of shipment in 2017	1	2	0	2	4	4	0	1	0	0	0	2
Breakdown of shipment in 2018	0	3	2	1	2	4	2	3	0	0	0	1
Breakdown of shipment in 2019	1	1	1	1	2	2	0	1	0	0	0	2
Breakdown of shipment in 2020	1	1	1	2	6	4	1	0	0	0	0	0

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The second topic summarizes the fiscal years in which AP were installed and when replacement investment for these plants was made in recent years.

☐ The bar graph shows the number of AP shipped by all manufacturers in Japan every year from 1969 to 2020.

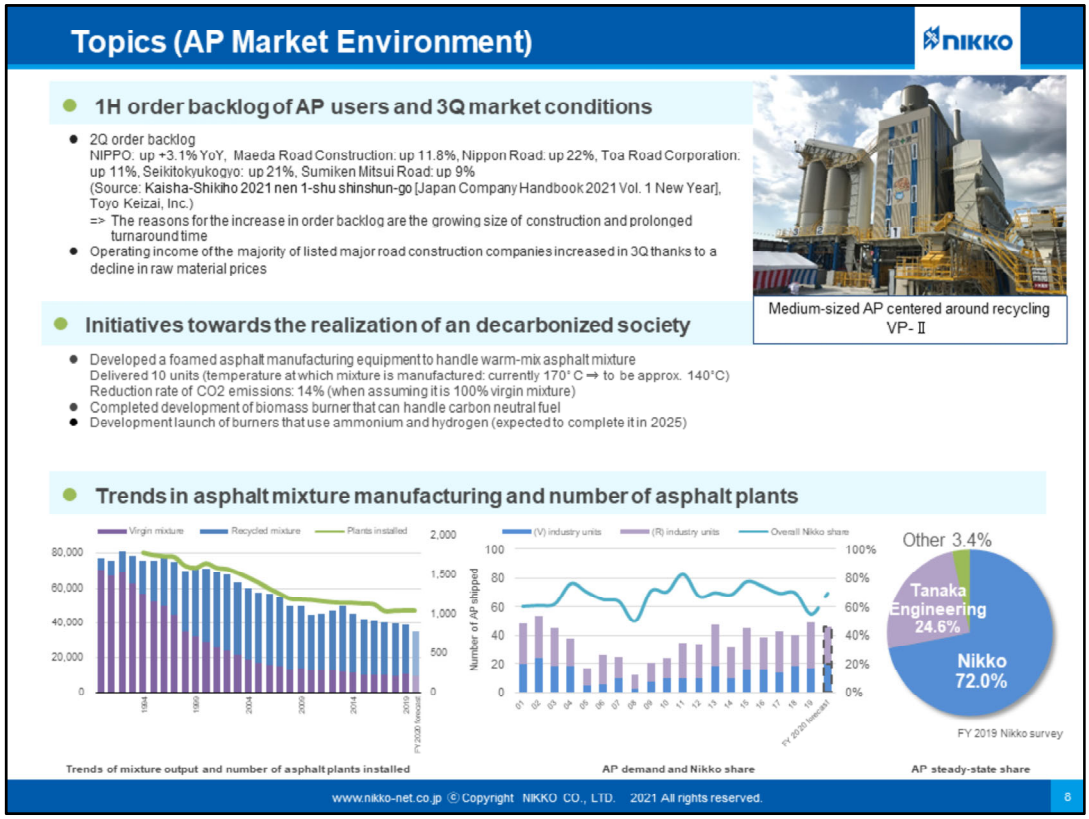
The table below shows the timing of the construction of the original plants which were rebuilt as replacement investments in each of the most recent 4 years including 2020. There are very few newly built plants recently and most of them are SB (scrap and build) plants.

If you look at this graph, the 11 years from 1987 to 1997 show a very high peak. About 500 plants were shipped during these 11 years.

☐ Nowadays the life cycle of plants are growing significantly, and while there are some customers who replace them early, others use them over long periods of time, so it is difficult to generalize and estimate the years, but SB are carried out after 30 to 50 years.

☐ While not obvious in plants shipped in 2020, there were 6 plants shipped between 1986 and 1990 that underwent SB, 4 plants shipped between 1991 and 1995, and also a few that shipped before them that underwent SB.

☐ In the future, it is expected that plants built through investment from 1987 to 1997 will gradually become subject to replacement investment. The shipment volume of asphalt mixture throughout Japan is on a declining trend and we expect that not all plants will be subject to SB. At the same time however, it will not suddenly decline by half, and for the time being we expect a high level of replacement investment in the plants built in from 1987 to 1997.



For the third topic, we would like to explain the current business conditions of AP users and Nikko's initiatives towards the realization of a decarbonized society.

☐ Road paving companies are our customers that have high levels of order backlogs (with double-digit increases) as of the 2Q. In addition, the 3Q business performance has been strong with operating income increasing.

☐ As for our initiatives towards the realization of a decarbonized society, since Japan as a country is aiming to achieve zero CO2 emissions in 2050, we are also working on further accelerating our technology development for achieving that goal.

☐ One such measure is the new equipment we developed to handle asphalt mixtures at intermediate temperatures.

There has been high demand for such an equipment from customers, even before we started implementing the 2050 initiatives for achieving zero CO2 emissions. Currently, asphalt mixtures heated to 170 ˚C are being manufactured at plants, which are then shipped to work sites. The new equipment was developed in response to the demands of customers who needed to manufacture asphalt mixture at 140 ˚C (which is 30 ˚C lower), with the same workability. So far, we have delivered 10 units and we believe that equipment for manufacturing asphalt mixture at intermediate temperatures will certainly become popular.

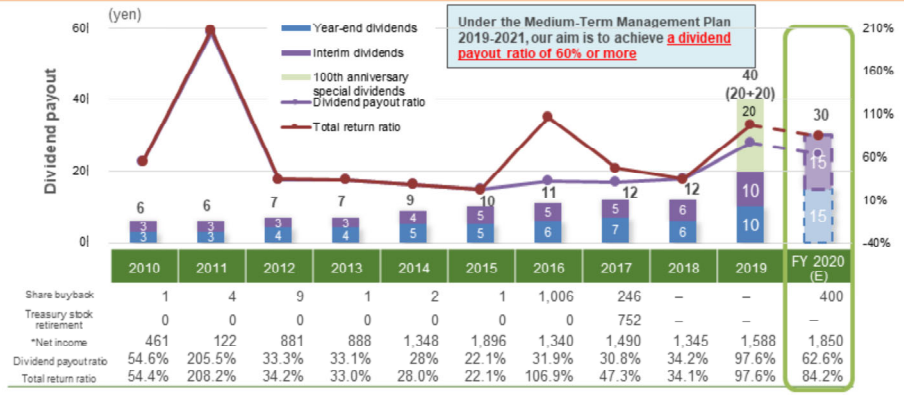
☐ The second is that we developed a biomass burner that can handle carbon neutral fuel. A large amount of rubble was left after the Great East Japan Earthquake and we have been developing asphalt plants that use rubble as fuel in response to the requests from customers, and we have recently developed equipment that uses biomass fuel for more general use. It may not become popular right away given the issues of stable fuel procurement and the price of raw materials, but we are expecting it to grow in the future.

☐ The third is that we started developing a burner that uses ammonium and hydrogen as fuel and does not emit CO2. We expect to complete development by 2025.

Shareholder Returns

Enhancement of shareholder returns

Forecast of 30.00 yen per share in dividend payment in FY 2020 (15.00 yen per share as interim dividends and 15.00 yen per share as year-end dividends) (dividend payout ratio of 62.6%)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	FY 2020 (E)
Share buyback	1	4	9	1	2	1	1,006	246	–	–	400
Treasury stock retirement	0	0	0	0	0	0	0	752	–	–	–
*Net income	461	122	881	888	1,348	1,896	1,340	1,490	1,345	1,588	1,850
Dividend payout ratio	54.6%	205.5%	33.3%	33.1%	28%	22.1%	31.9%	30.8%	34.2%	97.6%	62.6%
Total return ratio	54.4%	208.2%	34.2%	33.0%	28.0%	22.1%	106.9%	47.3%	34.1%	97.6%	84.2%

★The Company carried out a one-to-five split of its common stock effective on October 1, 2019, and the dividend figures have been adjusted to take the split into account.
*Net income = Net income attributable to owners of parent (mil. yen)

✓ Purchase of treasury stock
From May 25, 2020, to September 30, 2020
(800,000 shares in total [upper limit]; 400 million yen in value [upper limit])

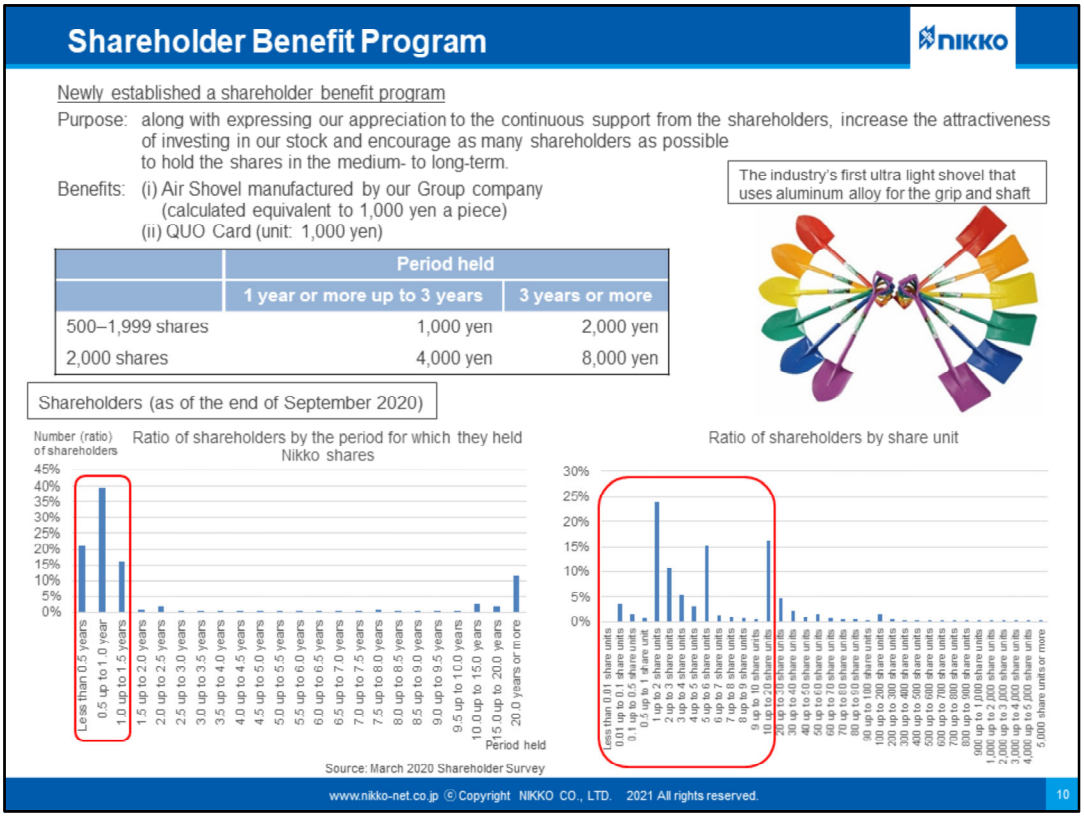
Purchase completed on September 17
(treasury stock purchased: 616,700 shares, or 399,960,700 yen)

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☐ Regarding our policy on shareholder returns, we have announced to improve the payout ratio to 60% or higher in the 3 years from fiscal year 2019 to 2021.

☐ For the current fiscal year, we are planning an annual dividend of 30 yen per share. In the previous fiscal year, we paid an annual dividend of 40 yen per share, of which 20 yen per share was a dividend to commemorate our 100th anniversary. So in terms of distributing profit, it was 20 yen per share for the previous fiscal year, and for the current fiscal year we are increasing the dividend by 10 yen per share to 30 yen per share.

☐ Moreover, we have carried out share buyback worth about 400 million yen in the current fiscal year and the total return ratio is currently expected to be 84.2%.



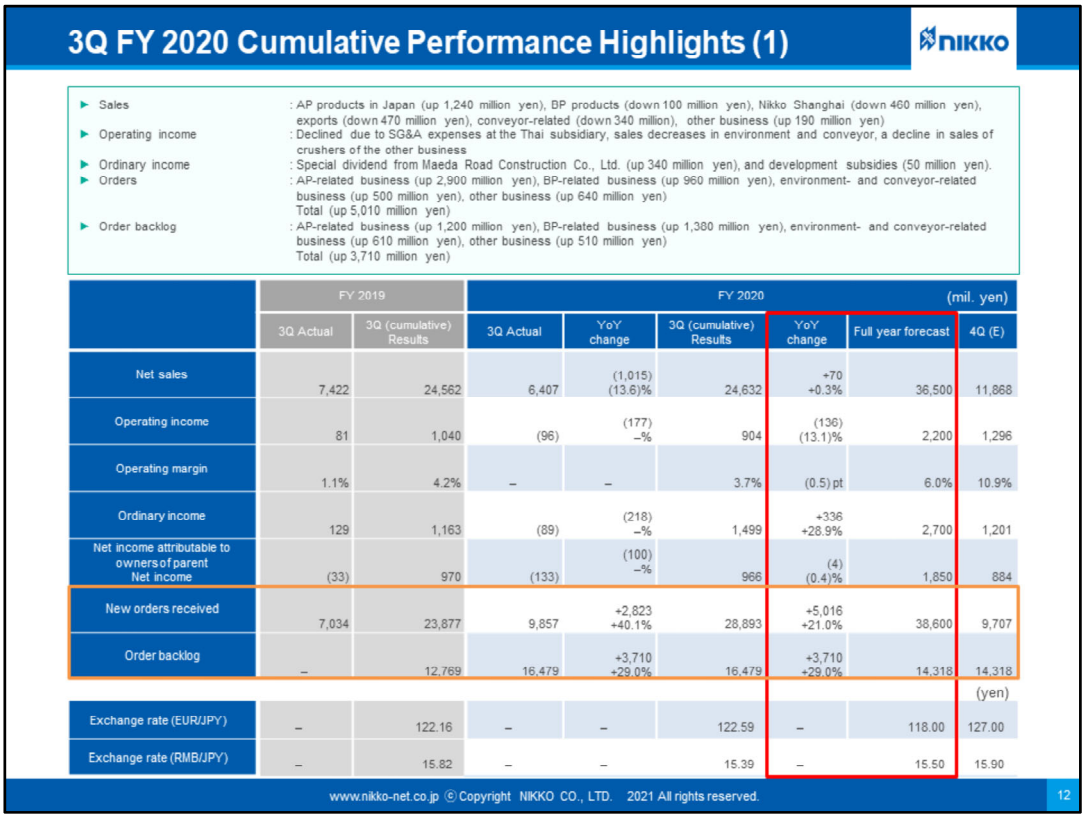
☐ We have newly established a shareholder benefit program.

☐ The graphs in the bottom show the ratios of the period that a shareholder held our shares with each number of share units they held. Thankfully, the number of new shareholders has significantly increased in the past 1 and a half years. We established the shareholder benefit program to encourage our new shareholders to continue holding on to our shares and attract more new shareholders.

☐ Benefits are Air Shovels manufactured by our Group company and QUO Card. If you continue to hold our shares for 3 years or longer, the benefits double as an incentive to hold on to our shares over the long term.



☐ I would like to explain our 3Q performance in more detail.



3Q FY 2020 Cumulative Performance Highlights (1)

- Sales : AP products in Japan (up 1,240 million yen), BP products (down 100 million yen), Nikko Shanghai (down 460 million yen), exports (down 470 million yen), conveyor-related (down 340 million), other business (up 190 million yen)
- Operating income : Declined due to SG&A expenses at the Thai subsidiary, sales decreases in environment and conveyor, a decline in sales of crushers of the other business
- Ordinary income : Special dividend from Maeda Road Construction Co., Ltd. (up 340 million yen), and development subsidies (50 million yen).
- Orders : AP-related business (up 2,900 million yen), BP-related business (up 960 million yen), environment- and conveyor-related business (up 500 million yen), other business (up 640 million yen)
  Total (up 5,010 million yen)
- Order backlog : AP-related business (up 1,200 million yen), BP-related business (up 1,380 million yen), environment- and conveyor-related business (up 610 million yen), other business (up 510 million yen)
  Total (up 3,710 million yen)

(mil. yen)

	FY 2019		FY 2020					
	3Q Actual	3Q (cumulative) Results	3Q Actual	YoY change	3Q (cumulative) Results	YoY change	Full year forecast	4Q (E)
Net sales	7,422	24,562	6,407	(1,015) (13.6)%	24,632	+70 +0.3%	36,500	11,868
Operating income	81	1,040	(96)	(177) –%	904	(136) (13.1)%	2,200	1,296
Operating margin	1.1%	4.2%	–	–	3.7%	(0.5) pt	6.0%	10.9%
Ordinary income	129	1,163	(89)	(218) –%	1,499	+336 +28.9%	2,700	1,201
Net income attributable to owners of parent Net income	(33)	970	(133)	(100) –%	966	(4) (0.4)%	1,850	884
New orders received	7,034	23,877	9,857	+2,823 +40.1%	28,893	+5,016 +21.0%	38,600	9,707
Order backlog	–	12,769	16,479	+3,710 +29.0%	16,479	+3,710 +29.0%	14,318	14,318
								(yen)
Exchange rate (EUR/JPY)	–	122.16	–	–	122.59	–	118.00	127.00
Exchange rate (RMB/JPY)	–	15.82	–	–	15.39	–	15.50	15.90

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☐ First is overall figures. We added a full-year forecast in the second column from the right, and the 4Q forecast in the far right column.

☐ The rate of achievement of the 3Q result is far below 75% and though it may appear worrisome, we have a good guess regarding the 4Q figures based on the order backlog, and we are expecting the full-year performance to land somewhere close to this.

3Q FY 2020 Cumulative Performance Highlights (2)

(mil. yen)

		FY 2019			FY 2020				
		3Q Actual	3Q (cumulative) Results	Full year Actual	3Q Actual	YoY change	3Q (cumulative) Results	YoY change	Full year forecast
AP-related business	Net sales	3,789	12,456	17,518	3,247	(542) (14.3)%	12,774	+318 +2.5%	19,000
	Operating income	(53)	623	1,118	(105)	(52) –	535	(88) (14.1)%	1,250
	Operating margin	(1.4)%	5.0%	6.4%	(3.2)%	(1.8) pt	4.1%	(0.9) pt	6.6%
BP-related business	Net sales	1,722	6,291	9,158	1,274	(448) (26.0)%	6,192	(99) (1.6)%	9,200
	Operating income	89	386	761	(25)	(114) –	461	+75 +19.4%	850
	Operating margin	5.2%	6.1%	8.3%	(1.9)%	(7.1) pt	7.4%	+1.3pt	8.7%
Environment- and conveyor-related business	Net sales	561	1,914	2,634	513	(48) (8.5)%	1,572	(342) (17.8)%	2,200
	Operating income	174	393	562	94	(80) (45.9)%	286	(107) (27.2)%	400
	Operating margin	31.0%	20.5%	21.3%	18.3%	(12.7) pt	18.1%	(2.4) pt	18.2%
Other business	Net sales	1,350	3,899	5,840	1,373	+23 (1.7)%	4,092	+193 +4.9%	6,100
	Operating income	196	644	1,020	188	(8) (4.0)%	565	(79) (12.2)%	100
	Operating margin	14.5%	16.5%	17.5%	13.6%	(0.9) pt	13.8%	(2.7) pt	16.3%
Corporate expenses		(322)	(1,005)	(1,409)	(248)	(74)	(944)	(61)	(1,300)

- Net sales of AP-related business : Overall net sales exceeded the previous year's level, as net sales of products in Japan rose 19.3% from a year earlier and those of maintenance services rose 12.3%, absorbing a decline in overseas net sales
- Net sales of BP-related business : Sales declined due to fewer 3Q delivery projects, while orders rose 15.2% YoY
- Net sales of environment- and conveyor-related business : Demand for replacement declined due to decreases in sales activities by agents and in facility operating rates at users due to the impact of the novel coronavirus
- Net sales of other business : New businesses and products significantly grew with mobile plants increasing 2.8 times from a year earlier

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☐ These are the figures by segment. We put the figures as of the 3Q in the third column from the right, and year-on-year comparison in the second column.

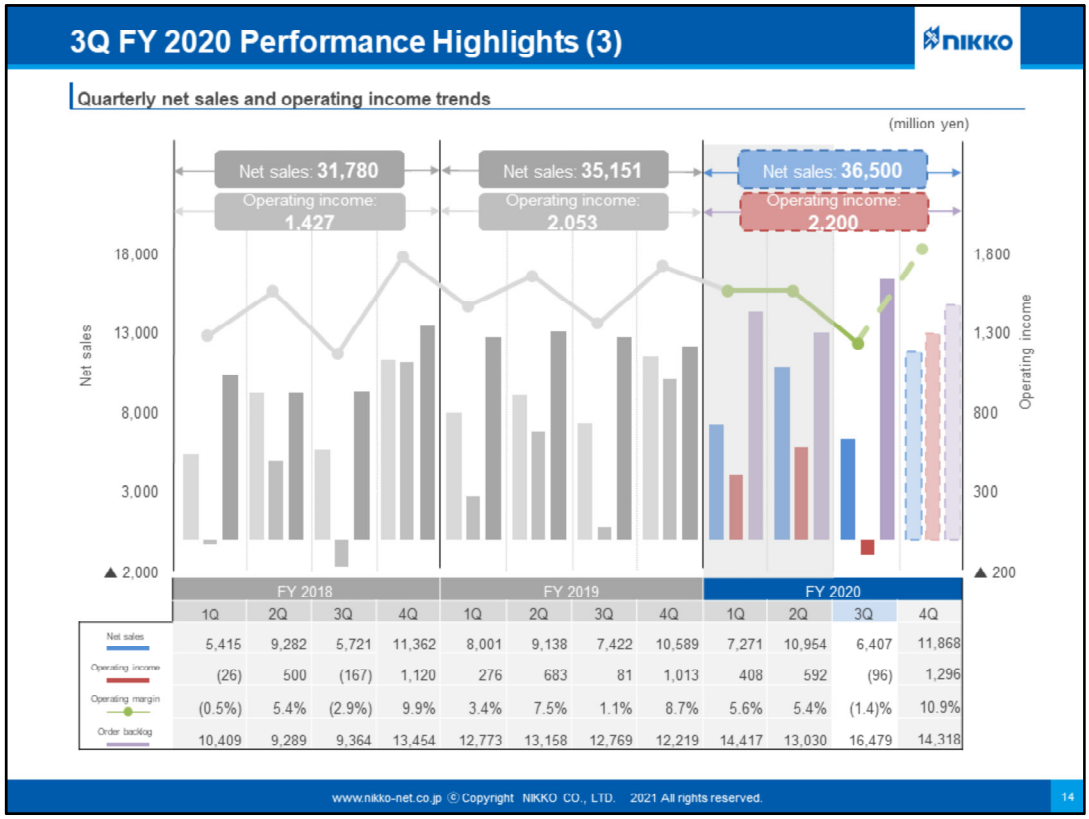
☐ There are many negative figures in comparison with the previous fiscal year.

☐ Sales of AP slightly increased from a year earlier but profit declined. The greatest factor is the loss of 90 million yen and more from establishing the Thailand business.

☐ As for BP, sales declined slightly from a year earlier but operating income has increased. Profit margin improved from the previous year.

☐ Environment and conveyor was impacted by the novel coronavirus. Sales of the conveyor business declined year on year, as the activities of agents became slower and capital investment by end users slightly weakened. Operating income also declined due to this.

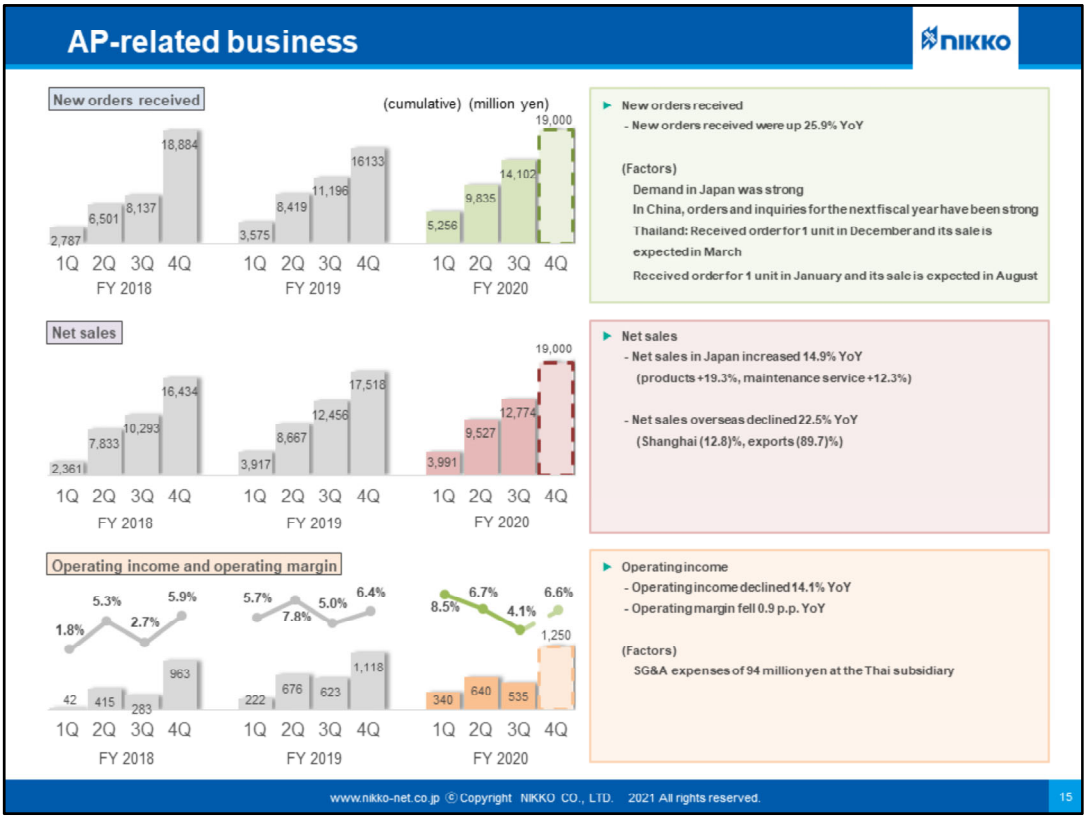
☐ Sales of other businesses slightly increased from the previous year. This is due to the strong performance of the mobile plant business. Meanwhile, profit declined. This is because the sales of waterproof boards and crushers, whose profitability is relatively high, have declined from the previous year.



☐ This graph shows the trends in net sales, operating income, operating margin, and order backlog per quarter.

☐ In our case, sales tended to be smaller in the 1Q and 3Q, whereas both sales and profits grow strongly in the 2Q and 4Q. In the current fiscal year, our 1Q performance was relatively good, but in the 3Q, sales were especially low and we posted periodic losses for the quarter.

For the 4Q, we forecast sales of 11,868 million yen and operating income of approx. 1,296 million yen, both of which are slightly higher than 2 years ago, and we expect to land there based on the status of the order backlog.



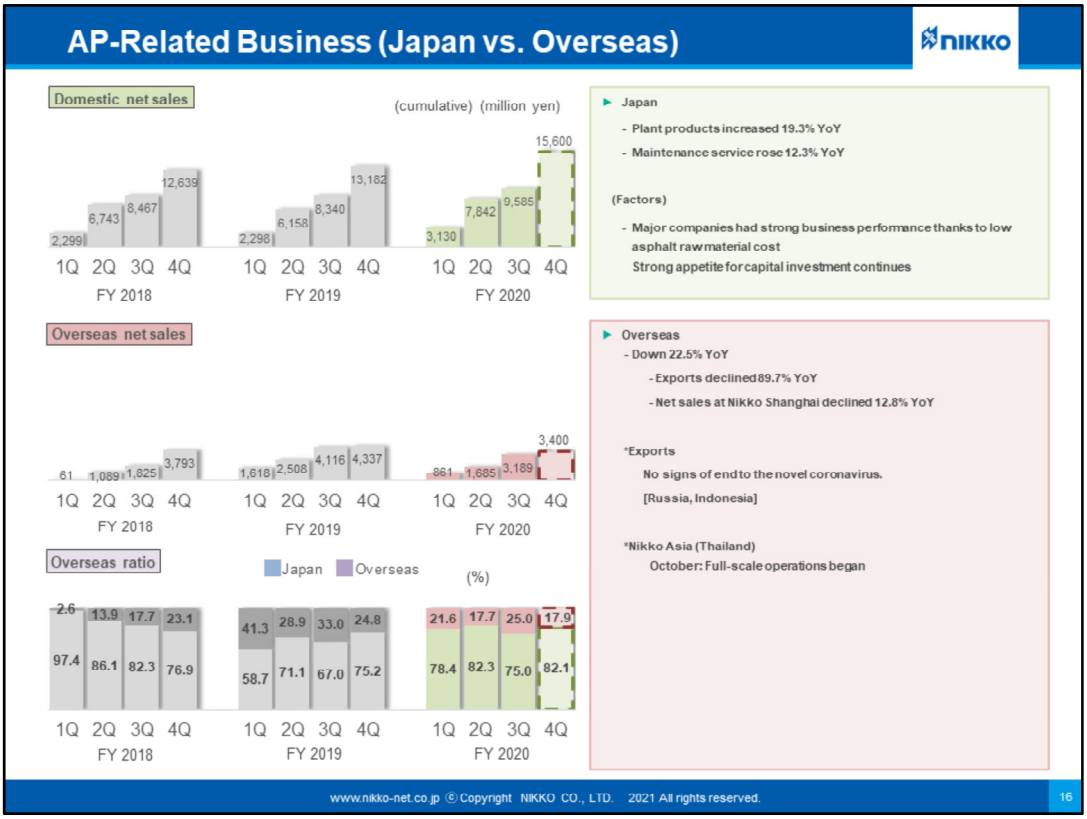
From here, I would like to provide supplementary explanations for each segment.

☐ Orders for AP rose 26% to 14,102 million yen through the 3Q. Demand in Japan has been steady. Regarding China, orders recently have completely recovered.

☐ The launch of the Thailand business was delayed but has received orders for 1 unit each in December and January.

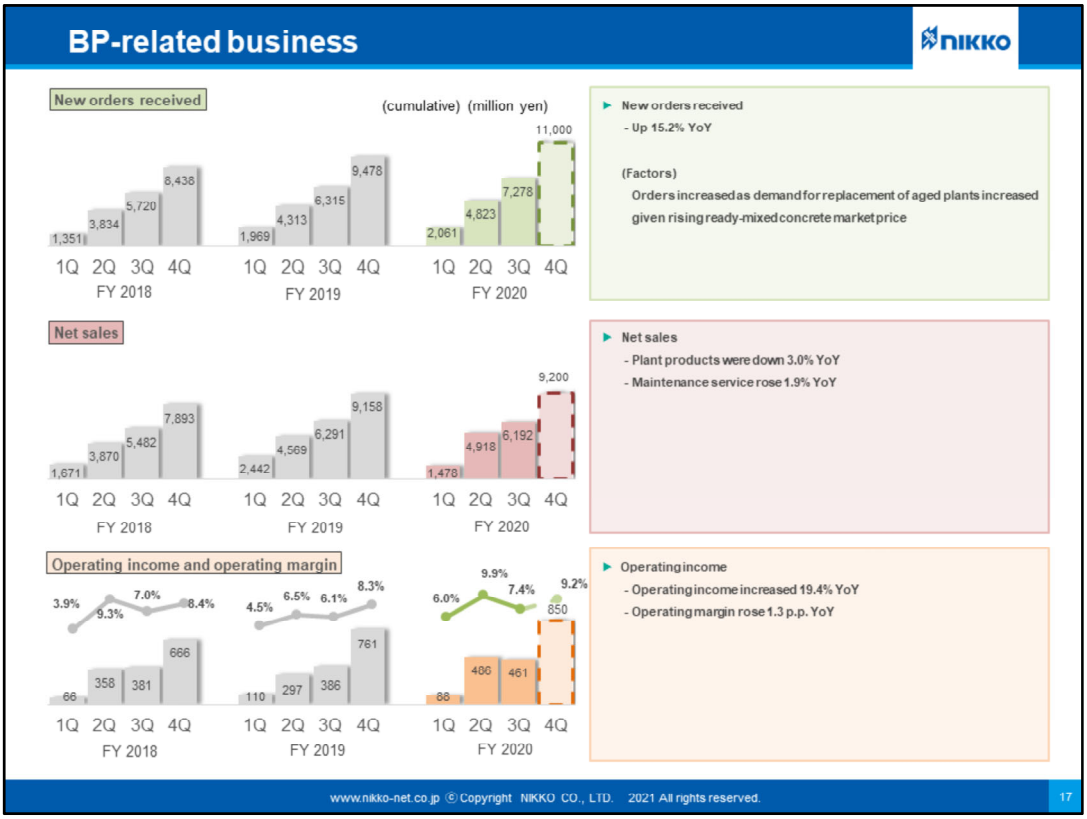
☐ Sales slightly increased from the previous year. They are strong in Japan and weak overseas.

☐ Operating income through the 3Q declined almost 100 million yen from a year earlier to 535 million yen. The most significant factor is the 94 million yen in loss at the Thailand subsidiary.



☐ In the second row, overseas sales declined to about 3,189 million yen for the current fiscal year, which is about 1,000 million yen lower compared to the previous year. Exports declined about 90% and sales at Nikko Shanghai fell 13%.

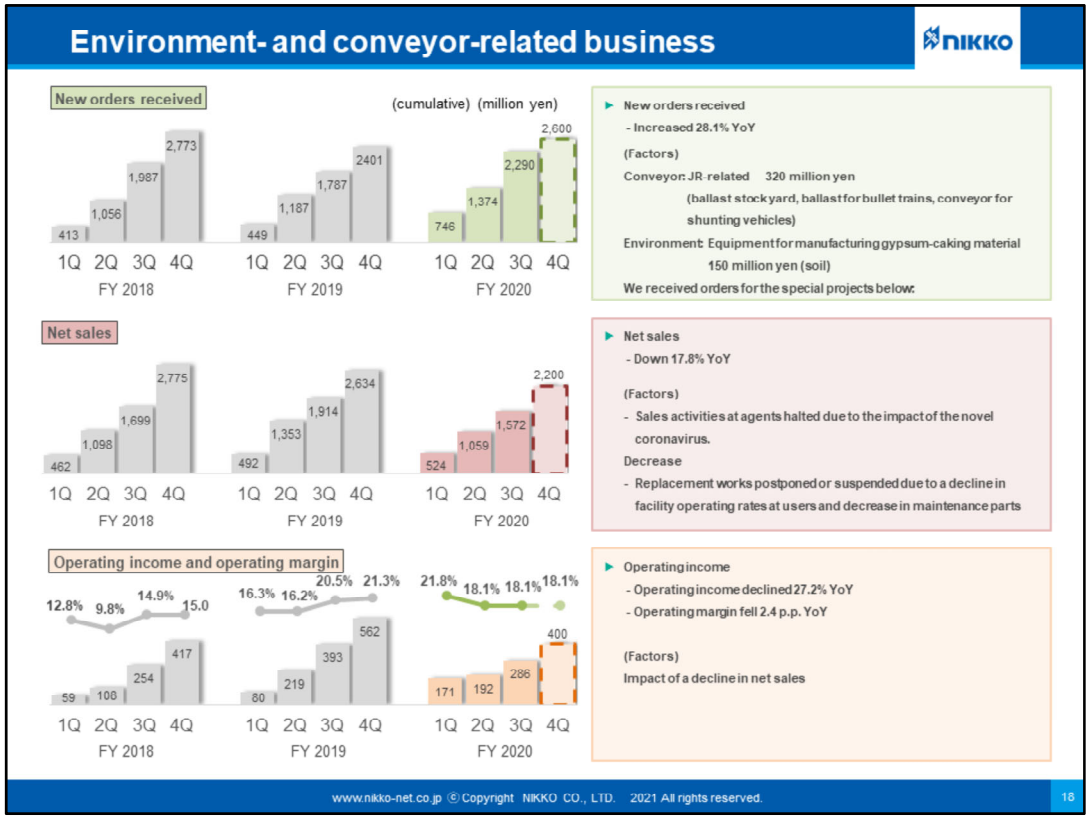
☐ The main destinations of exports are Russia and Indonesia, but there were no exports to these countries.



☐ New orders received for BP through the 3Q rose 15.2% compared with the previous year. Price of ready-mix concrete has been rising and our customers are in good condition in terms of profit. It appears that demand for replacing aged plants has led to increased orders.

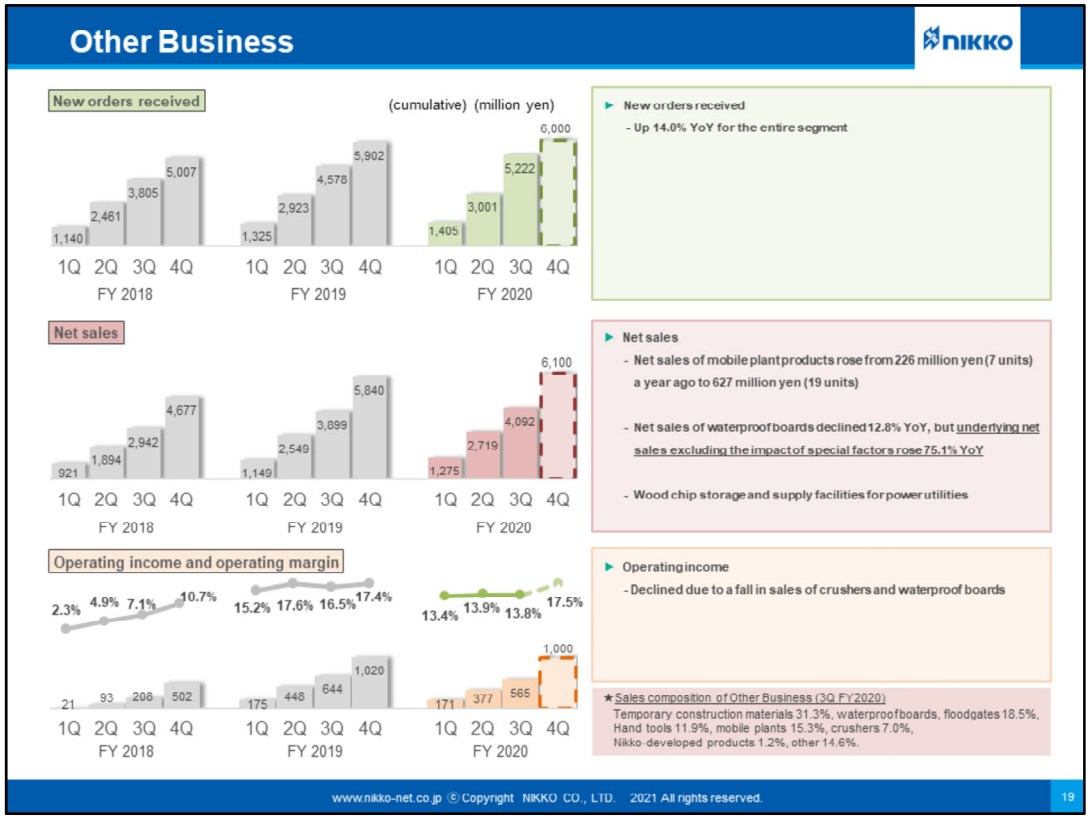
☐ As for net sales, sales of plant products slightly decreased but those of maintenance service increased marginally.

☐ Operating income significantly increased from the previous year. This is because profitability of each plant increased year on year with the efforts made through sales activities.



☐ Orders through the 3Q for the environment- and conveyor-related business increased 28% compared with the previous year. The conveyor-related business received 2 orders of large-scale projects for equipment to manufacture gypsum-caking material used as soil improver from a JR-related customer and an environmental customer. Sales from both projects are expected in the next fiscal year.

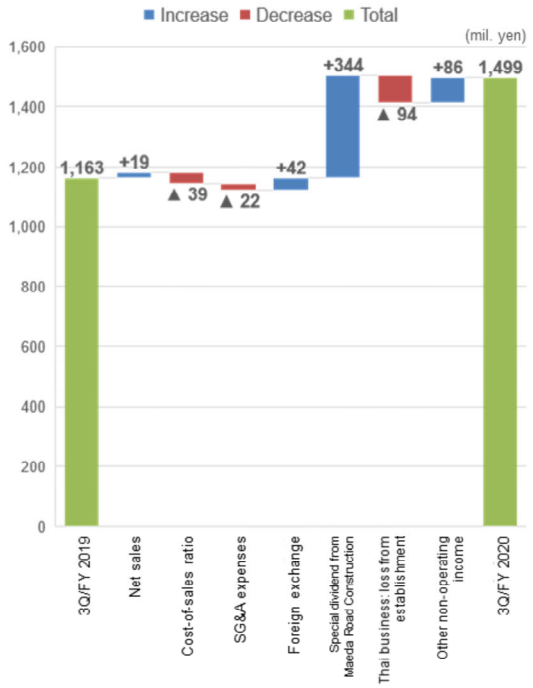
☐ Sales declined 17.8% year on year, along with significant decline in operating income.



☐ Orders for the other businesses increased 14% compared with the previous year.

☐ Growth in net sales remained marginal. The mobile plant business rose significantly, but as mentioned earlier, other products such as waterproof boards and crushers declined.

Analysis of 3Q FY 2020 Ordinary Income Change Factors



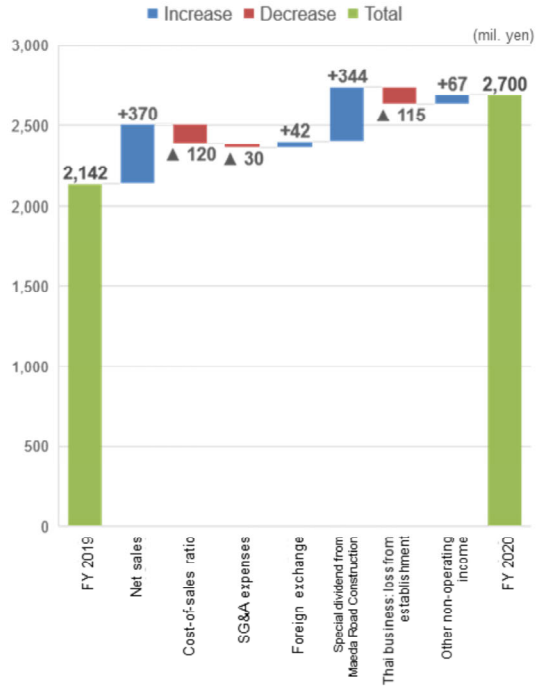
Item	Impact	Content
Net sales	+19	Sales up 70 mil. yen
Cost-of-sales ratio	(39)	Rise in cost-of-sales ratio 73.0%→73.2%
SG&A expenses	(22)	Nikko Shanghai financial results Decline of 102 million yen due to the change in the period for which financial results of Nikko Shanghai are incorporated (positive impact on income / loss)
Foreign exchange	+42	
Special dividend from Maeda Road Construction Co., Ltd.	+344	
Thai business Loss from establishment	(94)	
Other non-operating items	+86	Subsidies for carbonized fuel burners (up 49 million yen)

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☐ We analyzed the factors behind the 300 million yen increase in ordinary income from 1,163 million yen in the same period a year earlier to 1,499 million yen through the 3Q of the current fiscal year.

☐ The impact of the sales increase was limited, with cost-of-sales ratio slightly worsened and negative in terms of profit, as well as SG&A expenses increasing 22 million yen. In the previous fiscal year, SG&A expenses were large due to the change in the period for which financial results of an overseas subsidiary are incorporated. However, there was no similar level of SG&A expenses recorded in the current fiscal year and the difference was 102 million yen in positive impact. Even after taking that into consideration, overall SG&A increased 22 million yen. Foreign exchange was positive, increasing 42 million yen, and the special dividends from Maeda Road Construction was 344 million yen, which was the most significant factor behind the increase in ordinary income in the current fiscal year. The loss from establishing the Thailand business was 94 million yen and other non-operating items came to 86 million yen.

Analysis of Factors Contributing to Changes in Ordinary Income Forecast for FY 2020



Item	Impact	Content
Net sales	+370	Sales +1,349
Cost-of-sales ratio	(120)	Rise in cost-of-sales ratio
SG&A expenses	(30)	End of the impact of the change in the period for which financial results of Nikko Shanghai are incorporated
Foreign exchange	+42	
Maeda Road Construction Special dividends	+344	
Thai business Loss from establishment	(115)	
Other non-operating items	+67	

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☐ For the full year, we expect 2,700 million yen in ordinary income, up about 550 million yen from 2,142 million yen in the previous fiscal year.

☐ We are expecting nothing significant in the 4Q, in addition to the factors that surfaced in the 3Q.

Balance Sheet Trends

(mil. Yen)

		3Q/FY 2019	3Q/FY 2020	Change	Main factors in year-on-year change
Assets	Current assets	29,616	30,779	+1,162	Increase: Notes and accounts receivable-trade +443 mil. yen Finished goods and merchandise +1,239 mil. yen Work-in-progress +372 mil. yen Raw materials and supplies +350 mil. yen Other +253 mil. yen Decrease: Cash and deposits (2,203) mil. yen
	Property and equipment	7,214	8,674	+1,459	Increase: Buildings and structures +240 mil. yen Machinery, equipment and vehicles +331 mil. yen Thai plant (under construction) +539 mil. yen Deferred tax assets +260 mil. yen Other +151 mil. yen Decreases: Investment securities (997) mil. yen
	Intangible assets	387	538	+151	
	Investments and other assets	7,214	6,452	(762)	
Total assets		44,433	46,444	+2,011	
Liabilities	Current liabilities	11,125	13,226	+2,101	Increases: Notes and accounts payable-trade +137 mil. yen Accounts payable-factoring +103 mil. yen Short-term loans payable +143 mil. yen Provision for loss on order received +199 mil. yen Other +1,372 mil. yen
	Long-term liabilities	2,920	3,373	+453	
Total net assets		30,387	29,844	(543)	Increase: Retained earnings +236 mil. yen Decrease: Acquisition of treasury stock (385) mil. yen Valuation difference on available-for-sale securities (479) mil. yen
Net assets per share (yen)		783.75	780.90	(2.85)	

* The Company carried out a one-to-five split of its common stock effective on October 1, 2019.
Net assets per share was calculated assuming that the split took place at the beginning of FY 2019.

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☐ Regarding the balance sheet trend, total assets increased approximately 2.0 billion yen.

☐ Current assets have increased. While accounts receivable-trade have increased, inventory assets have drastically increased as we have a large amount of order backlog reflecting strong orders at the moment. On the other hand, cash and cash equivalents declined 2,200 million yen.

Another distinctive feature was that property and equipment increased 1,400 million yen. We have been actively making machinery-related investment at plants. In the current fiscal year so far, we made investments exceeding 500 million yen in Thailand, with the total investment in the said country being expected to be about 1,200 million yen.

Meanwhile, we have been continuing with the sale of strategic shareholdings and investment securities declined about 1,000 million yen.

☐ There is nothing distinctive in liabilities, but others increased by 1,300 million yen. Most of the increases can be attributable to an increase in advance received. Advance received has increased because orders have been increasing.

Net assets declined 543 million yen in total. The breakdown is an increase of 236 million yen in retained earnings, and declines of 385 million yen due to acquisition of treasury stock and declines of 479 million yen in valuation difference on available-for-sale securities.

Reference Materials

Trends in Net Sales, Profit, Cash Flows, and Other Indicators

(mil. yen)

	FY 2018				FY 2019				FY 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q (E)
Net sales	**5,415**	**9,282**	**5,721**	**11,362**	**8,001**	**9,139**	**7,422**	**10,589**	**7,271**	**10,954**	**6,407**	**11,868**
AP-related business	2,361	5,472	2,460	6,140	3,917	4,750	3,789	5,062	3,991	5,536	3,247	6,226
BP-related business	1,671	2,199	1,612	2,410	2,442	2,127	1,722	2,867	1,478	3,440	1,274	3,008
Environment- and conveyor-related business	462	636	601	1,075	492	861	561	720	524	535	513	628
Other Business	921	973	1,048	1,734	1,149	1,400	1,350	1,941	1,275	1,444	1,373	2,008
Operating income	**(26)**	**500**	**(167)**	**1,120**	**276**	**683**	**81**	**1,013**	**408**	**592**	**(96)**	**1,296**
AP-related business	42	373	(132)	680	222	454	(53)	495	340	300	(105)	715
BP-related business	66	292	23	285	110	187	89	375	88	398	(25)	389
Environment- and conveyor-related business	59	49	146	163	80	139	174	169	114	78	94	114
Other business	21	72	115	294	175	273	196	376	171	206	188	435
Corporate expenses	(216)	(286)	(318)	(302)	(313)	(370)	(322)	(404)	(305)	(391)	(248)	(356)
Ordinary income	**87**	**508**	**(142)**	**1,123**	**361**	**673**	**129**	**979**	**979**	**609**	**(89)**	**1,201**
Net income attributable to owners of parent	**130**	**434**	**(2)**	**783**	**270**	**733**	**(33)**	**618**	**746**	**353**	**(133)**	**884**

Cash flow from operating activities	(218)				3,839				–			
Cash flow from investing activities	(1,021)				(639)				–			
Total dividend	267	–	229	–	229	–	775	–	775	–	572	–
Share buyback	0				0				400			

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Trends in New Orders Received and Order Backlog per Business Segment (Cumulative)

(mil. yen)

New orders received (cumulative)	FY 2018				FY 2019				FY 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q (E)
AP-related business	2,787	6,501	8,137	18,884	3,575	8,419	11,196	16,133	5,256	9,835	14,102	19,000
BP-related business	1,351	3,834	5,720	8,438	1,969	4,313	6,315	9,478	2,061	4,823	7,278	11,000
Environment- and conveyor-related business	413	1,056	1,987	2,773	449	1,187	1,787	2,401	746	1,374	2,290	2,600
Other	1,140	2,461	3,805	5,007	1,325	2,923	4,578	5,902	1,405	3,001	5,222	6,000
Total	**5,693**	**13,854**	**19,650**	**35,103**	**7,320**	**16,843**	**23,877**	**33,915**	**9,469**	**19,036**	**28,893**	**38,600**

End-of-term order backlog	FY 2018				FY 2019				FY 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q (E)
AP-related business	6,784	5,027	4,203	8,808	8,466	8,561	7,548	7,423	8,688	7,732	8,751	7,423
BP-related business	2,575	2,858	3,132	3,439	2,967	3,184	3,464	3,760	4,342	3,665	4,845	5,560
Environment- and conveyor-related business	338	345	675	385	342	219	258	152	373	467	869	552
Other business	710	1,058	1,352	820	997	1,194	1,498	883	1,013	1,165	1,553	783
Total	**10,409**	**9,289**	**9,364**	**13,454**	**12,773**	**13,158**	**12,769**	**12,219**	**14,417**	**13,030**	**16,479**	**14,318**

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Trends in Capital Investment, Depreciation and Amortization, R&D Expenses, and Nonfinancial Data

(mil. yen)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 (E)
Capital investment	292	335	844	815	877	1,261	550	1,889	1,483	1,800
Depreciation and amortization	432	389	395	422	487	482	472	508	611	700
R&D expenses	239	256	295	276	227	271	291	211	379	350

(persons, years old, or years)

Employees (consolidated):	775	763	767	796	803	797	807	799	838
Average age of employees (non-consolidated)	44.2	44.7	43.3	43.1	42.2	42.3	42.2	40.9	41.1
Average years of service (non-consolidated)	21.5	21.2	20	19.3	18.2	18.5	18.3	16.0	15.8
Female employees (non-consolidated)	28	31	31	33	39	42	42	45	51
Number of new-graduate hires (non-consolidated)	13	15	21	21	30	17	19	15	14
Number of female new-graduate hires (non-consolidated)	1	0	1	3	1	2	0	0	0
Percentage of female hires (non-consolidated)	7.6%	0%	4.7%	14.2%	3.3%	11.7%	0%	0%	0%
Number of foreign-national hires (non-consolidated)	1	0	6	0	0	0	1	1	0
Number of foreign-national employees (non-consolidated)	2	2	8	6	6	6	7	8	5
Foreign national employees (consolidated)	92	90	91	95	94	93	101	98	116
Overseas employees (consolidated)	92	90	91	95	92	91	101	98	123

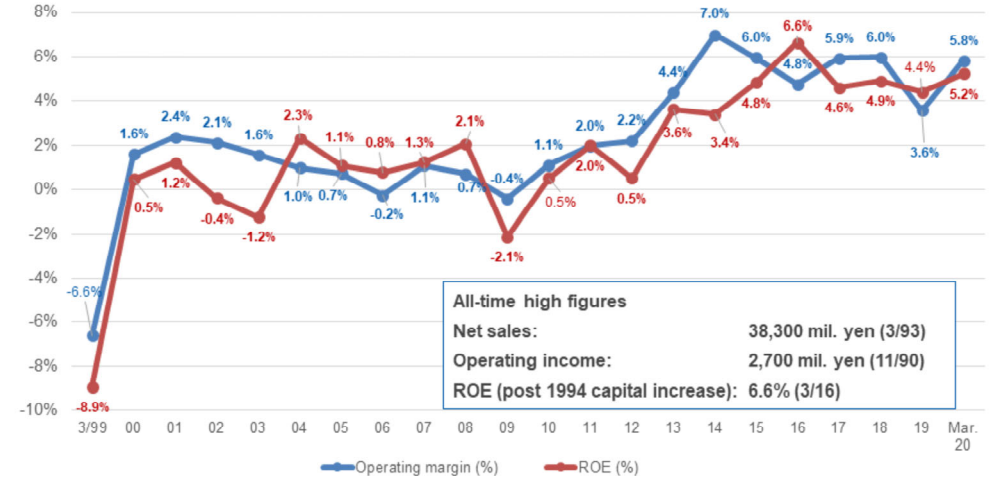
New products for reducing environmental impact

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
New products	[Sand dryer] [High-temperature preheating burner]	[NTB-II burner]	[Newly designed bag filter]	[VP Series APs]	–	[Foamed asphalt manufacturing equipment]
Features reducing environmental impact	- Higher plant production efficiency - Energy saving	- Energy saving - Higher combustion efficiency in combustion range	- Space saving - Energy saving - Exhaust gas reduction - Low noise	- Preventing diffusion of recycled material odorous gas	–	- Support for manufacture of warm-mix asphalt

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Trend in Key Financial Data

Operating margin and ROE



(mil. yen)

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Mar. 20
Net sales	22,157	22,595	23,170	24,307	24,812	24,864	22,175	25,035	26,942	23,856	23,971	23,803	24,553	27,087	32,073	30,707	34,110	32,717	35,114	31,780	35,151
Operating income (loss)	352	536	492	379	248	185	(55)	271	189	(98)	265	470	541	1,186	2,249	1,832	1,629	1,944	2,103	1,427	2,053
Ordinary income	201	846	664	688	492	537	350	699	545	482	899	812	821	1,108	1,982	1,582	1,648	1,993	2,239	1,576	2,142
Net income (loss)	121	298	(93)	(284)	567	265	203	315	513	(499)	124	461	122	881	888	1,348	1,896	1,340	1,490	1,345	1,588

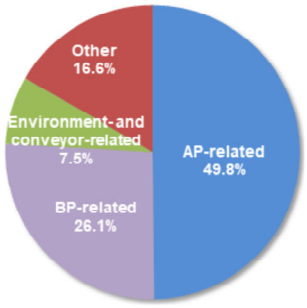
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NIKKO
Company Information

Company Overview

Company name	Nikko Co., Ltd.	
Head office	1013-1, Eigashima, Okubo-cho, Akashi, Hyogo Prefecture	
Established	August 13, 1919	
Capital	9,197 million yen	(as of March 31, 2020)
Consolidated net sales	35,151 million yen	(FY 2019)
Consolidated operating income	2,053 million yen	(FY 2019)
Ratio of net sales outside Japan	13.4%	(FY 2019)
Subsidiaries	Nine companies	(FY 2019)
Employees (consolidated)	838	(as of March 31, 2020)
Governance structure	Company with Board of Corporate Auditors Directors: 7, including 2 outside directors Corporate Auditors: 4, including 3 outside auditors (as of March 31, 2020)	

Net sales breakdown by business segment (3Q FY 2020)



* AP: Asphalt plant
BP: (Concrete) batching plant



Management Philosophy

Adopting a customer-first policy, the Nikko Group provides customers with truly satisfactory products and services, while continually promoting self-reform aimed at winning broad trust and fulfilling our mission as a solutions partner evolving with customers.

Representative Director and President 辻 勝

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History

Products		Production Sites		Overseas Expansion		Group Expansion in Japan (including acquisitions and transfer of business)	
1919	Established TOMBO brand farming tools	1919	Head Office Plant	1994	Nikko Baumaschinen (Germany)	1968	Ichiishi Kogyosho (M&A)
1951	Concrete mixers and winches	1938	Industrial machinery factory	1997	Taipei branch (Taiwan)	1971	Nikko Electronics Co., Ltd. established
1956	Ready-mixed concrete plant	1968	Tokyo factory	2001	Nikko (Shanghai) Construction Machinery	1983	Nikko Machinery Co., Ltd. established
1958	Asphalt plants	1994	Satte factory	2010	Shangtui Chutian Construction Machinery	1994	Tombo Industry Co., Ltd. established
1962	Telescopic steel props	2004	Shanghai Jiading factory	2020	**Nikko Asia (Thailand) Co., Ltd.**	1995	Nikko Sec Co., Ltd. established
1963	Pipe scaffolding	2014	Kakogawa factory	2020	**Nikko Nilkhosol Co., Ltd. (Thailand)**	2002	Niigata Engineering (transfer of business)
1966	Conveyor system	2016	Fukusaki factory			2006	Mitsubishi Heavy Industries (transfer of business)
1983	Floodgates					2008	Maekawa Kogyosho (M&A)
2000	System for cleaning oil-polluted soil						
2001	Waste plastic treatment system						
2007	Concrete pumps						
2015	Crusher (import and sales)						

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Nikko Group Business Vision



Nikko Group Business Vision

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We strive to remain the leading company of asphalt and batching plants.

We aim to expand our overseas business and become the top manufacturer in the Asian market.

We will work to brush up on our core technologies in “heating,” “mixing,” “material handling” and “control” as we expand business.

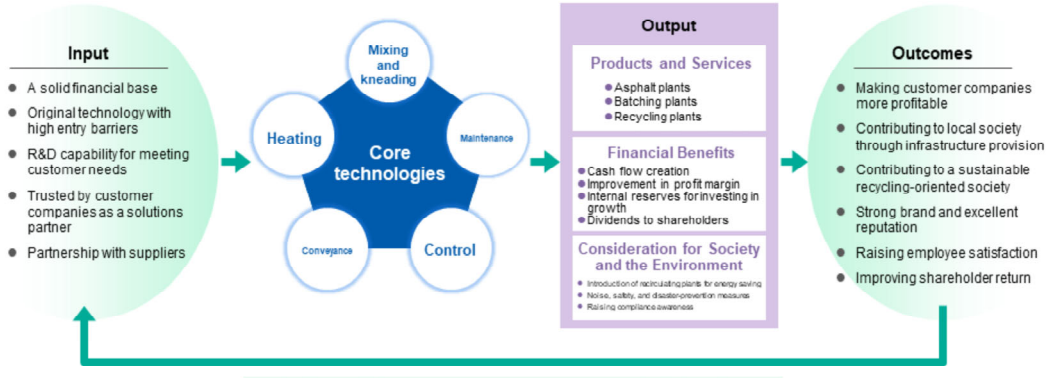
We will strive to remain a future-creating company ready to contribute to society.

Representative Director and President 辻　勝

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Nikko's Business Model

A century of providing machines that build cities. Contributing to the establishment of a recycling-oriented society.



FY 2020 forecast | Net sales 36,500 million yen | Operating margin 6.0%

Business flows



Integrated Report 2020 (and 2021)

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Please feel free to contact us as follows if you desire a meeting or have other requests.

(Meetings in Tokyo are also possible.)

Tel: +81-78-947-3141　　E-mail: IR-nikko@nikko-net.co.jp

Contact: Hachiken, Finance Department, Nikko Co., Ltd.

- Future projections and other forward-looking statements in this material were prepared based on information currently available to the management.
- These statements contain risks and uncertainties, such as changes in performance outlook due to the financial situation for the Company in Japan and abroad, industry trends, product demand and supply, advances in new technology, and other factors. Accordingly, investment decisions should not be made based only on the forward-looking statements in this material.
- Note also that forward-looking statements in this material are subject to change without prior notice, except where procedures are required by law.

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