

Business Results for the 1st half ended May. 31, 2016

July. 20, 2016

NACHI 株式会社 不二越

To Accomplish Our Mid-term Plan

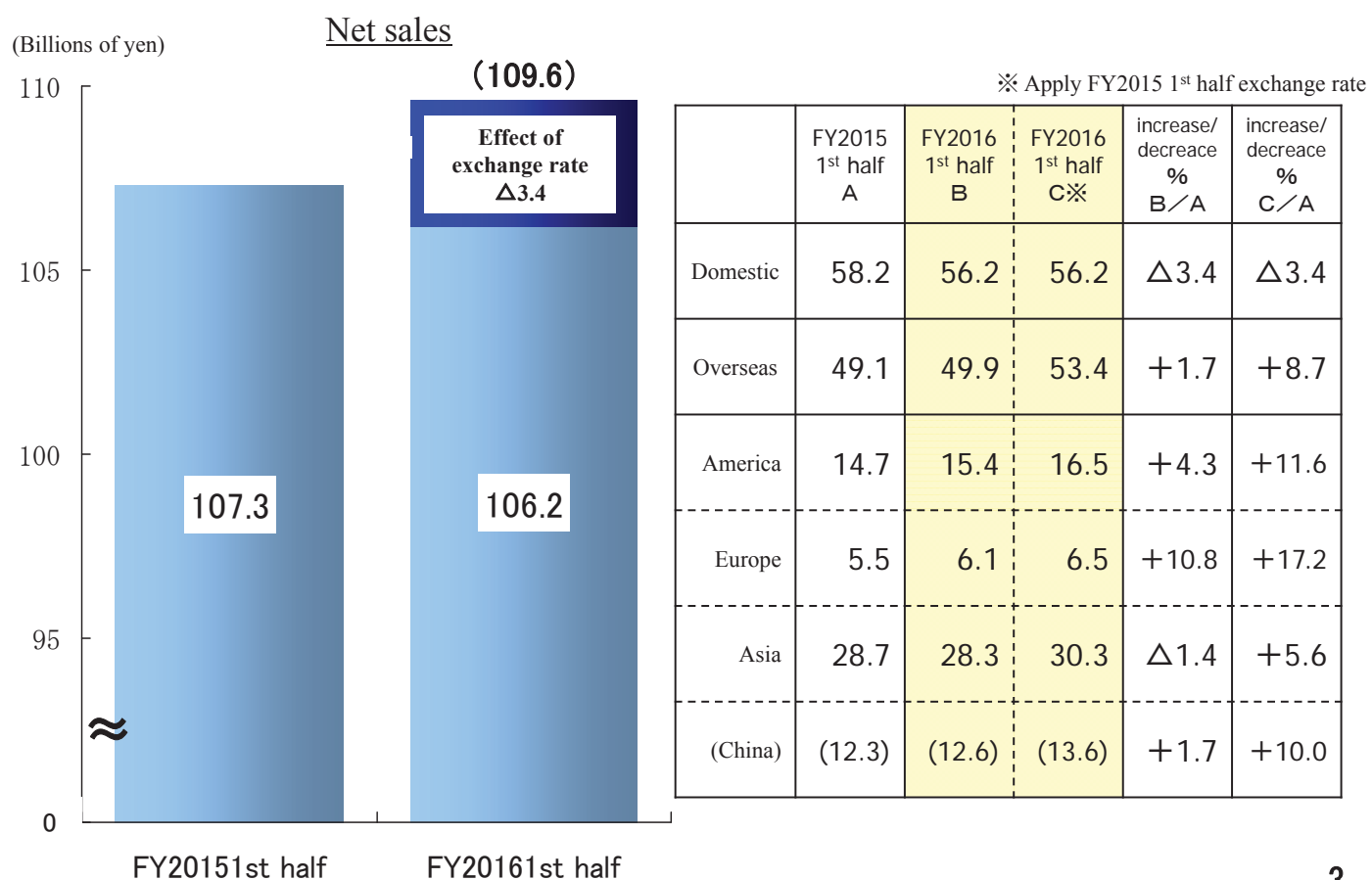
(Billions of yen)

	FY2015		FY2016	
	1 st half year	Full Year	1 st half year	Full Year forecast
<i>(rate of increase)</i>			<i>(Δ1.1%)</i>	<i>(Δ3.0%)</i>
Net sales	107.3	218.5	106.2	212.0
Operating Income (profit ratio on net sales)	(9.0%) 9.6	(8.7%) 18.9	(6.1%) 6.4	(6.1%) 13.0
Ordinary Income (profit ratio on net sales)	(8.4%) 9.0	(7.9%) 17.3	(4.1%) 4.3	(4.5%) 9.5
Net Income	5.7	11.5	2.7	6.0
Exchange rate (USD)	119yen	125yen	114yen	109yen
(Euro)	135yen	135yen	126yen	121yen

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Factors for change in Net Sales

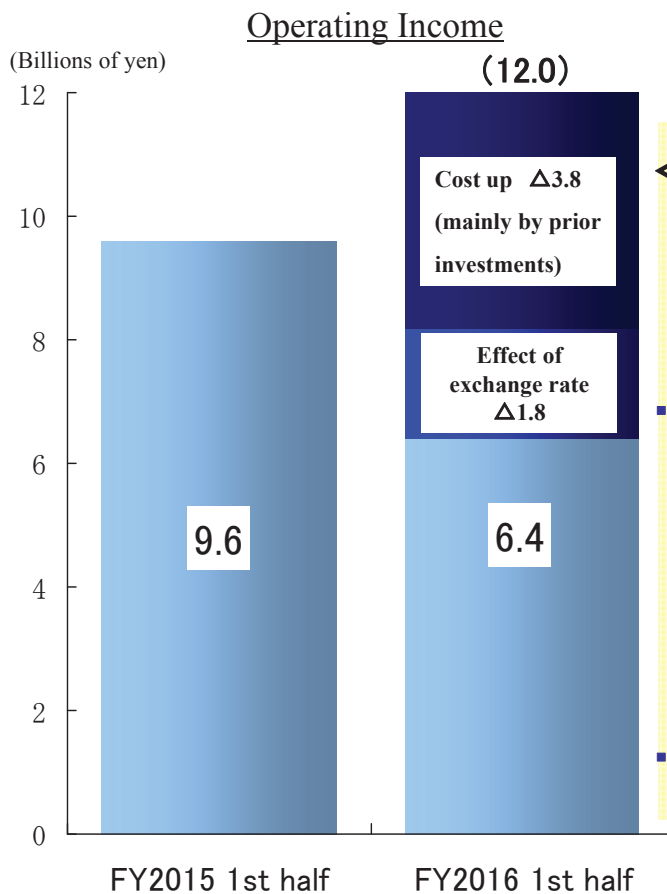
Overview



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Factors for change in Operating Income

Overview



<Factor for prior investments>

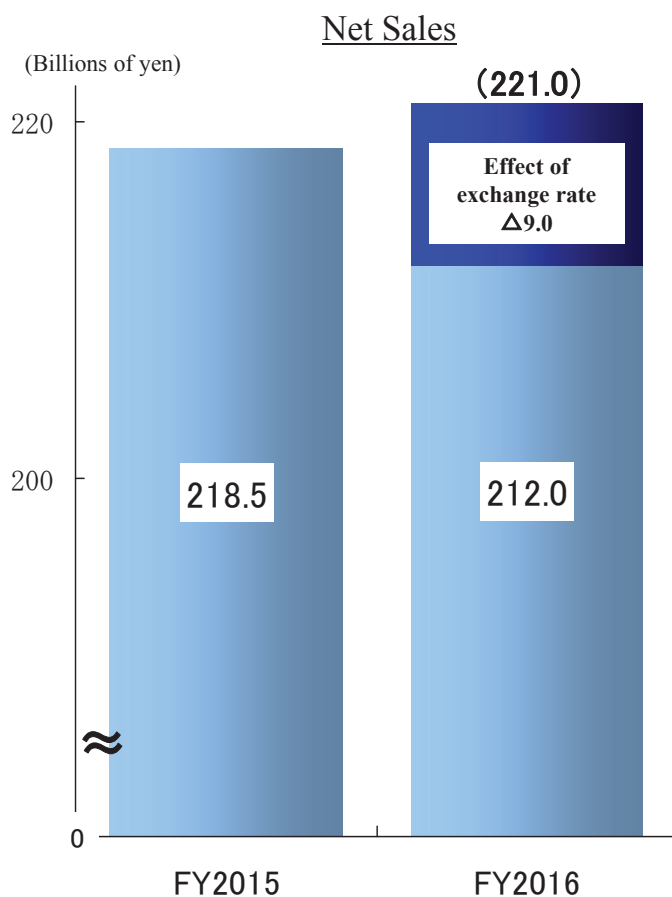
Improving each aspect of the 4Ms to achieve our mid-to-long-term vision

- Increase of employees +385_{man}
- Sales, ENG +165_{man}
- Development, Back Office +120_{man}
- Production +100_{man}
- Capital Investment 13.1 billion yen

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Outlook for FY2016 full year

Overview



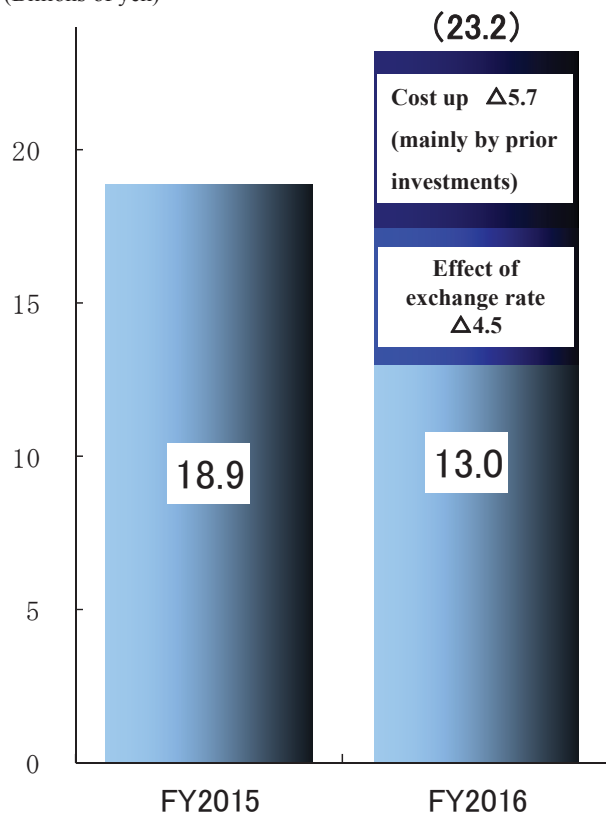
※ Apply FY2015 exchange rate

	FY2015 A	FY2016 B	FY2016 C※	increase/ decrease % B/A	increase/ decrease % C/A
Domestic	115.9	113.0	113.0	Δ2.5	Δ2.5
Overseas	102.6	99.0	108.0	Δ3.5	+5.2
America	32.3	31.5	34.0	Δ2.7	+5.0
Europe	11.0	11.5	12.5	+4.3	+13.4
Asia	59.2	56.0	61.5	Δ5.5	+3.8
(China)	(25.8)	(26.0)	(29.5)	+0.6	+14.2

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Operating Income

(Billions of yen)



<Factor for prior investments>

- Increase of employees +500_{man}
- Sales, ENG +250_{man}
- Development, Back Office +150_{man}
- Production +100_{man}
- Capital Investment 23.0 billion yen

< Current Business Situation >

- Domestic: Sales and production of automobile have decreased.
Industry of machinery and construction machine have been weak.
- Overseas: Though economy is slowing down, demand have been steady.
Emerging countries including China
→ **Modernization, high-functionality**

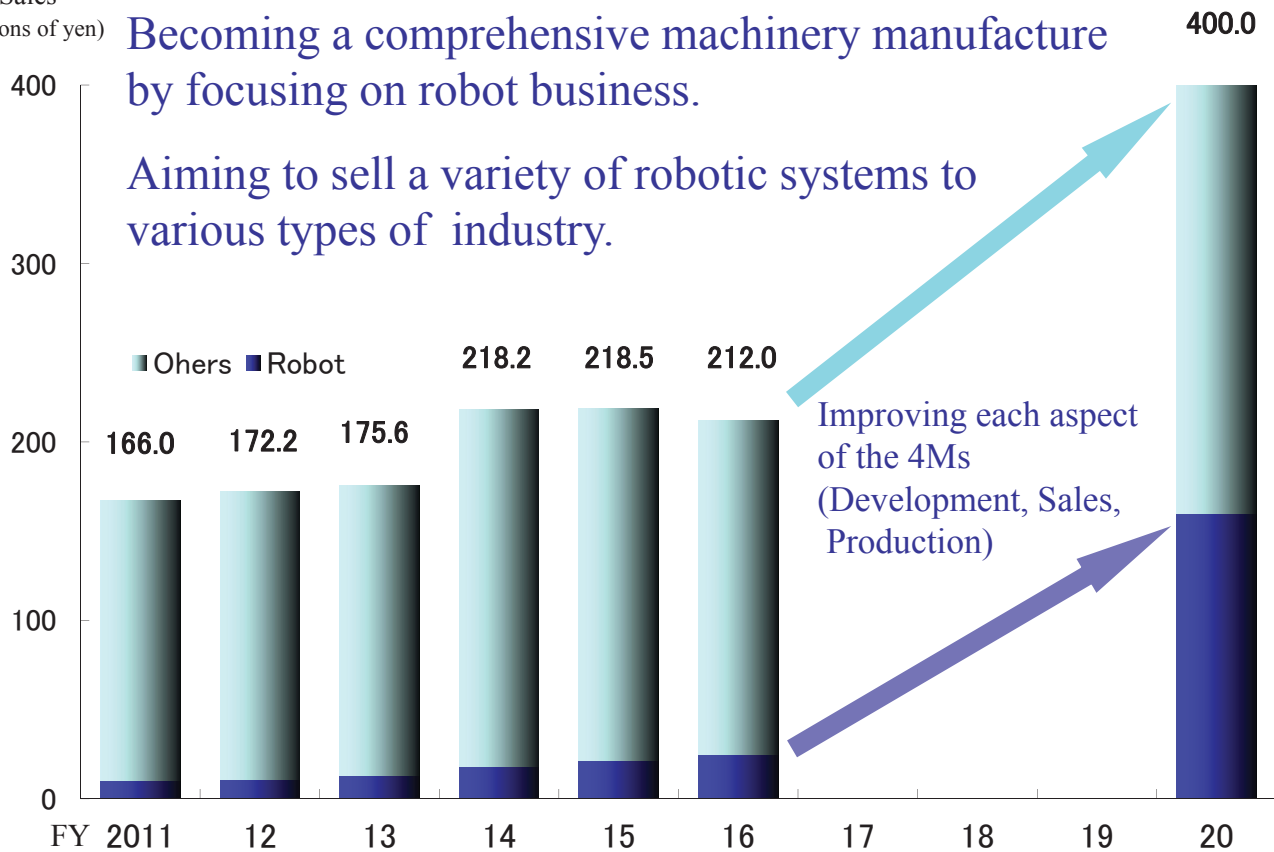
<Change in Demand>

- Automobile: EV, FCV is getting more and more popular
→ Demand for Tools, Components will decrease
- Low birthrate and longevity, shortage of workers at production sites
→ **Improving productivity by “IoT” and “AI” technology**
→ **Automation and systematization in the field of production is getting popular.**

Change of Management Policy

Overview

Net Sales
(Billions of yen)



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Strengthening the ability of System Integration

Overview

NOT “just selling robots” BUT “selling system that include robots”

To realize automation for many customers in the field of industrial machinery



Main contents

- Showrooms
- Demonstration and test area
- Robot-School

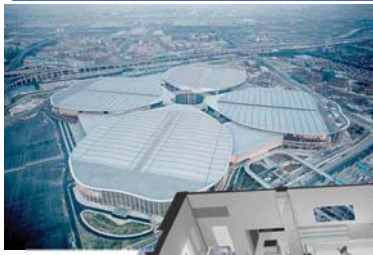
Robot FA Exhibition Hall (Toyama Head Office)
opened in Oct. 2015



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Opening Robot Technical Centers around the world

Overview



○ Shanghai Technical center will open in the biggest exhibition hall in China (Nov, 2016)



● Tsingtau
● Shanghai
● Taipei
● Guangzhou

Opening technical centers in 10 locations.

(Detroit, Atlanta, San Jose, Mexico, Germany, Thailand)

Strengthening robot business

Overview



Expanding production in China



Improving the structure of development and production in Toyama Head Office

● Manufacturing Plant



Rayong, Thailand



Indiana, USA

Robot Business	~FY2016	FY2017
Employees (Compared to FY2015)	+300	+500 over
Capital Investment	7.0 billions yen	13.0 billions yen

Overview of FY2016 1st half year results

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Consolidated Financial Highlights of FY2016 1st half **FY2016 1st Half**

(Billions of yen)

	FY2015 1st half (A)		FY2016 1st half (B)		Increase/Decrease (%) (B) – (A)	
Net sales		107.3		106.2	(Δ1.1%)	Δ 1.1
Operating Income	(9.0%)	9.6	(6.1%)	6.4	(Δ33.4%)	Δ 3.2
Ordinary Income	(8.4%)	9.0	(4.1%)	4.3	(Δ51.6%)	Δ 4.6
Net Income		5.7		2.7	(Δ52.5%)	Δ 2.9

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Financial data

FY2016 1st Half

(Billions of yen)

	FY2015 1 st half (A)	FY2016 1 st half (B)	Increase/Decrease (%) (B) – (A)
ROE	11.9%	5.4%	△6.5point
Total Assets	268.4	266.9	△1.4
Stockholder's equity (stockholder's equity ratio)	(37.1%) 99.6	(36.1%) 96.3	△3.3
Interest-bearing debt (Net D/E ratio)	(×0.5) 71.5	(×0.6) 81.9	+10.4
Capacity investment	10.6	13.1	+2.5
Depreciation and amortization	6.2	6.6	+0.3
Number of employees	6,409	6,794	+385
Exchange rate (USD) (Euro)	119yen 135yen	114yen 126yen	5 yen appreciation against USD 9 yen appreciation against Euro

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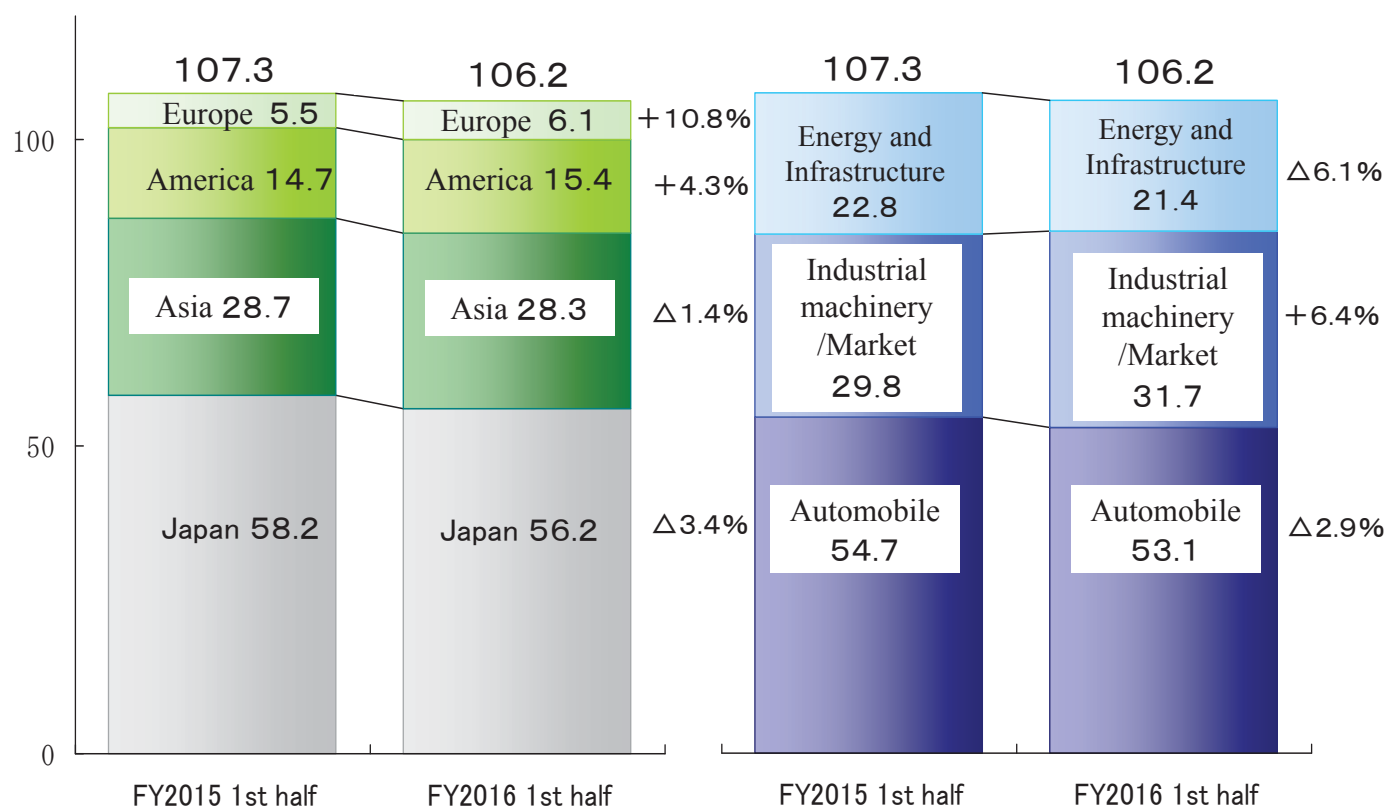
Sales by Region and Market Segment

FY2016 1st Half

(Billions of yen)

Sales by region

Sales by market



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Sales and Operating Income by Business Segments

FY2016 1st Half

※ Apply FY2015 1st half exchange rate (Billions of yen)

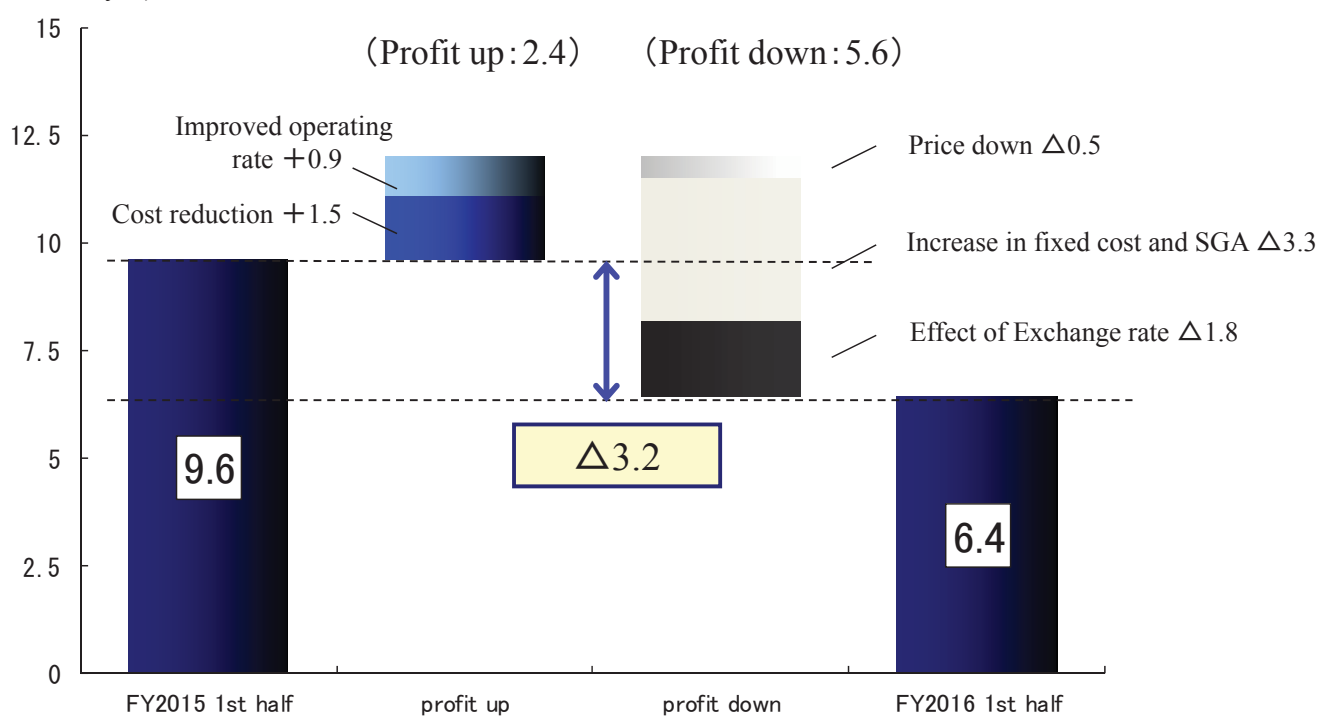
		FY2015 1 st Half (A)	FY2016 1 st Half	※FY2016 1 st Half (B)	(%) (B)−(A)	
M A C H I N E R Y & T O O L S	Cutting Tools	16.6	16.5	16.8	(+1.5%)	+0.2
	Machine Tools	8.7	11.4	11.4	(+32.0%)	+2.7
	Robots	10.7	10.1	10.7	(+0.1%)	+0
	Net Sales	36.0	38.1	39.0	(+8.4%)	+3.0
	Operating Income	(11.0%) 3.9	(7.4%) 2.8	(8.8%) 3.4	(Δ12.1%)	Δ0.4
C o m p o n e n t s	Bearings	38.8	36.7	38.6	(Δ0.4%)	Δ0.1
	Hydraulic Equipment	23.7	24.2	24.7	(+3.9%)	+0.9
	Net Sales	62.6	60.9	63.4	(+1.2%)	+0.7
	Operating Income	(7.6%) 4.7	(5.1%) 3.1	(6.5%) 4.1	(Δ13.7%)	Δ0.6
O t h e r s	Net Sales	8.6	7.0	7.1	(Δ17.5%)	Δ1.5
	Operating Income	(11.1%) 0.9	(7.0%) 0.4	(8.5%) 0.6	(Δ37.1%)	Δ0.3
Net Sales		107.3	106.2	109.6	(+2.1%)	+2.2
Total Operating Income		(9.0%) 9.6	(6.1%) 6.4	(7.5%) 8.2	(Δ15.3%)	Δ1.4

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Factors for Change in Operating Income

FY2016 1st Half

(Billions of yen)



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Outlook for FY2016 full year

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Consolidated Financial Highlights of FY2016 Plan

FY2016 e

(Billions of yen)

	FY2015 (A)		FY2016 Forecast(B)		Increase/Decrease (Change Rate) (B) – (A)	
Net Sales		218.5		212.0	(△3.0%)	△6.5
Operating Income	(8.7%)	18.9	(6.1%)	13.0	(△31.4%)	△5.9
Ordinary Income	(7.9%)	17.3	(4.5%)	9.5	(△45.1%)	△7.8
Net Income		11.5		6.0	(△48.2%)	△5.5

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Consolidated Financial Data

FY2016 e

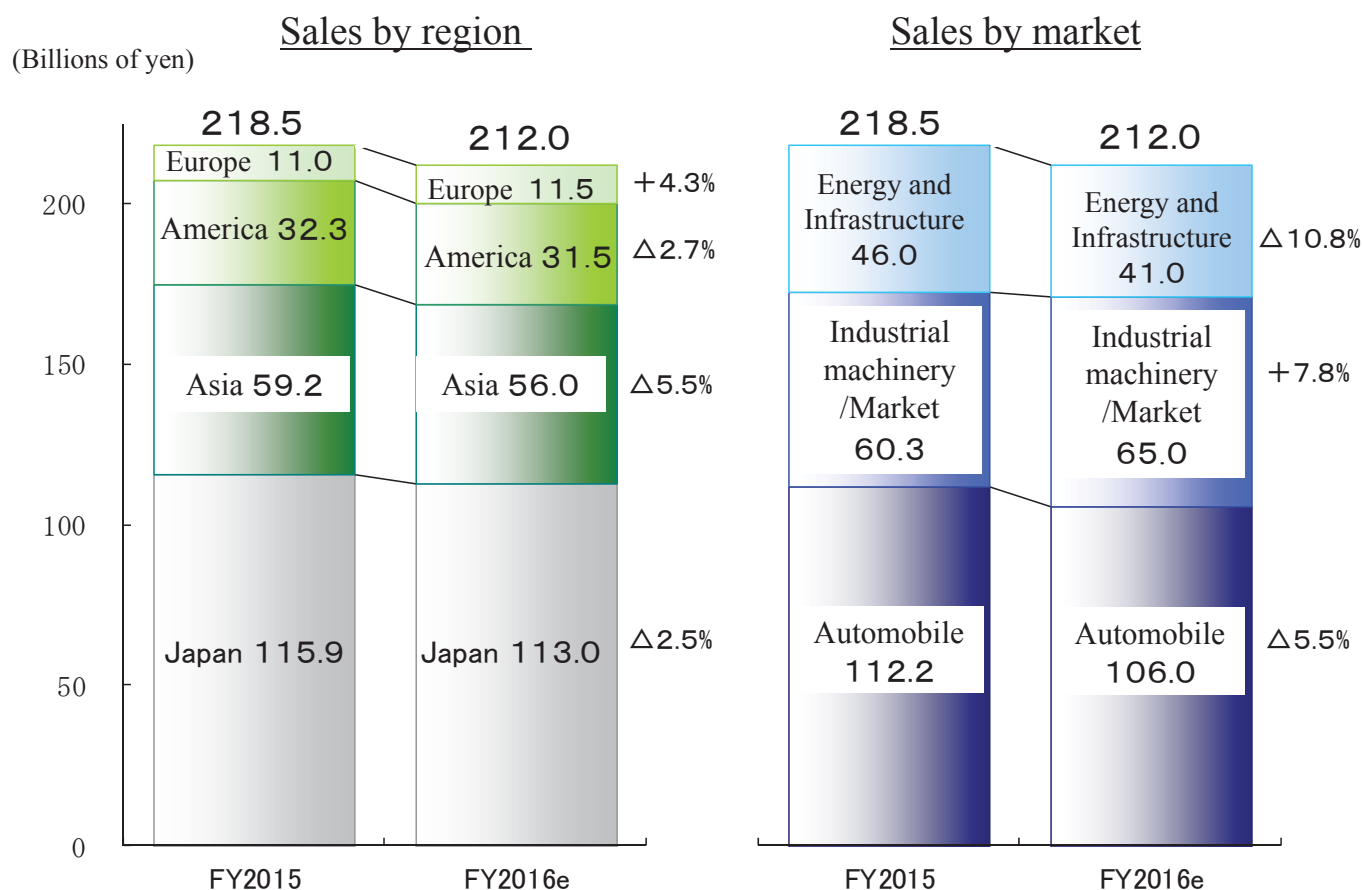
(Billions of yen)

	FY2015 (A)	FY2016 Forecast(B)	Increase/Decrease (B) – (A)
ROE	11.9%	5.9%	△6.0point
Total Assets	268.1	265.0	△3.1
Stockholder's equity (stockholder's equity ratio)	(38.3%) 102.5	(37.6%) 99.7	△2.8
Interest-bearing debt (Net D/E ratio)	(×0.5) 72.8	(×0.6) 83.0	+10.1
Capacity investment	23.2	23.0	△0.2
Depreciation and amortization	12.9	13.7	+0.7
Number of employees	6,557	7,000	+443
Exchange rate (USD) (Euro)	120yen 135yen	109yen 121yen	11 yen appreciation against USD 14 yen appreciation against Euro

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Sales by Region and Market Segment

FY2016 e



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Sales and Operating Income by Business Segments

FY2016 e

(Billions of yen)

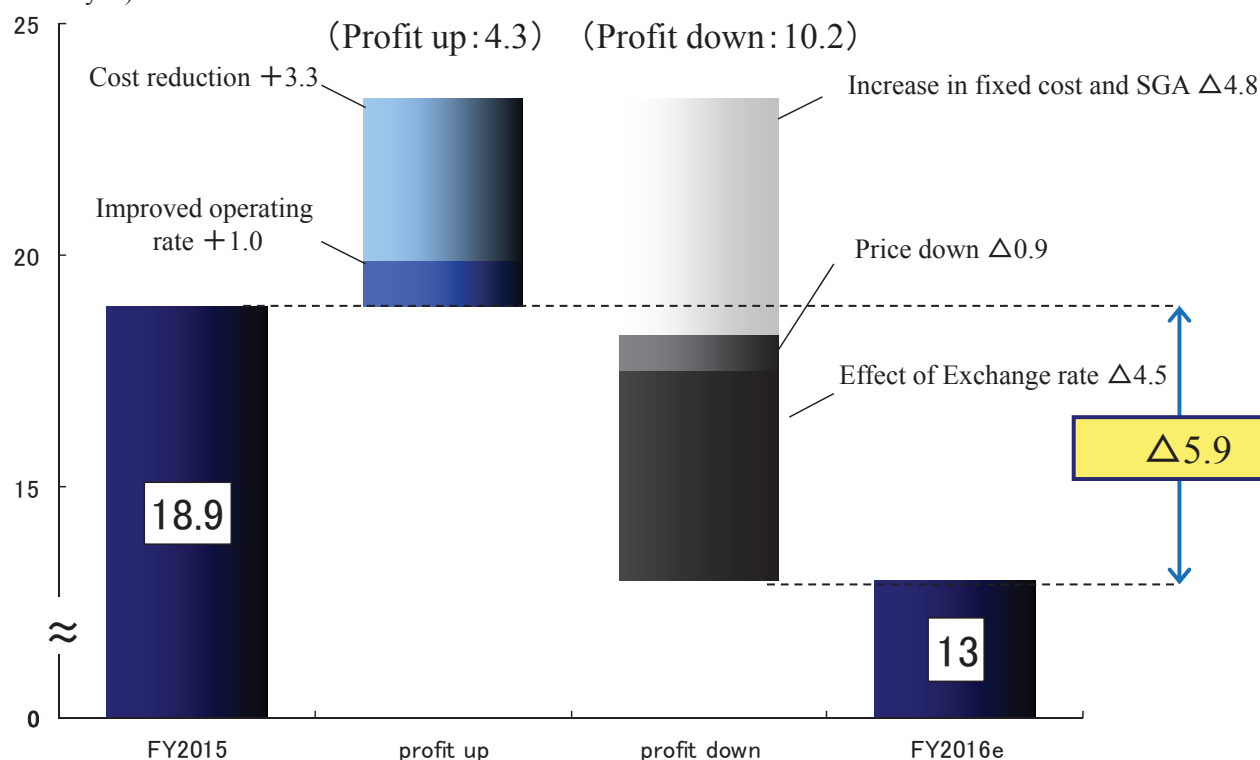
		FY2015 (A)		FY2016 Forecasts (B)		Increase/Decrease (%) (B)-(A)	
M A C H I N E R Y & T O O L S	Cutting Tools		33.6		33.0	(Δ 1.9%)	Δ 0.6
	Machine Tools		20.6		20.5	(Δ 0.5%)	Δ 0.1
	Robots		21.2		25.0	(+17.5%)	+3.7
	Net Sales		75.4		78.5	(+4.0%)	+3.1
	Operating Income	(11.3%)	8.5	(8.3%)	6.5	(Δ 23.6%)	Δ 2.0
C o m p o n e n t s	Bearings		77.9		72.0	(Δ 7.6%)	Δ 5.9
	Hydraulic Equipment		48.5		47.0	(Δ 3.2%)	Δ 1.5
	Net Sales		126.4		119.0	(Δ 5.9%)	Δ 7.4
	Operating Income	(6.9%)	8.7	(4.7%)	5.6	(Δ 36.0%)	Δ 3.1
O t h e r s	Net Sales		16.5		14.5	(Δ 12.4%)	Δ 2.0
	Operating Income	(10.3%)	1.7	(6.2%)	0.9	(Δ 47.1%)	Δ 0.8
Net Sales			218.5		212.0	(Δ 3.0%)	Δ 6.5
Total Operating Income		(8.7%)	18.9	(6.1%)	13.0	(Δ 31.4%)	Δ 5.9

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Factors for Change in Operating Income

FY2016 e

(Billions of yen)



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These materials describe our future earnings forecasts and business plans, and are based on the assumption of an economic environment and business policies that remain fixed as they are now. Therefore, please note that actual earnings are subject to numerous factors, including market fluctuations and currency fluctuations, which may result in a different earnings forecast.