

Business Results for the year ended Nov. 31, 2016

Jan. 26, 2017

NACHI 株式会社 不二越

Outline

- | | |
|--|-------|
| 1. Overview of FY2016 Results &
Progress of Medium-Term Business Plan | 2~9 |
| 2. FY2016 Results & FY2017 Forecast | 10~21 |

FY2016 Results

Overview

(Billions of yen)

	FY2015	FY2016	
	Full Year	Full Year	Change
Net sales	218.5	211.4	(- 3.2%) - 7.0
Operating income	18.9	11.1	(- 41.2%) - 7.8
Ordinary income	17.3	7.7	(- 55.2%) - 9.5
Net income	11.5	3.9	(- 66.1%) - 7.6
USD	120 yen	109 yen	11 yen appreciation
Euro	135 yen	121 yen	14 yen appreciation
RMB	19.2 yen	16.5 yen	2.7 yen appreciation
Cash dividend	10 yen	10 yen	

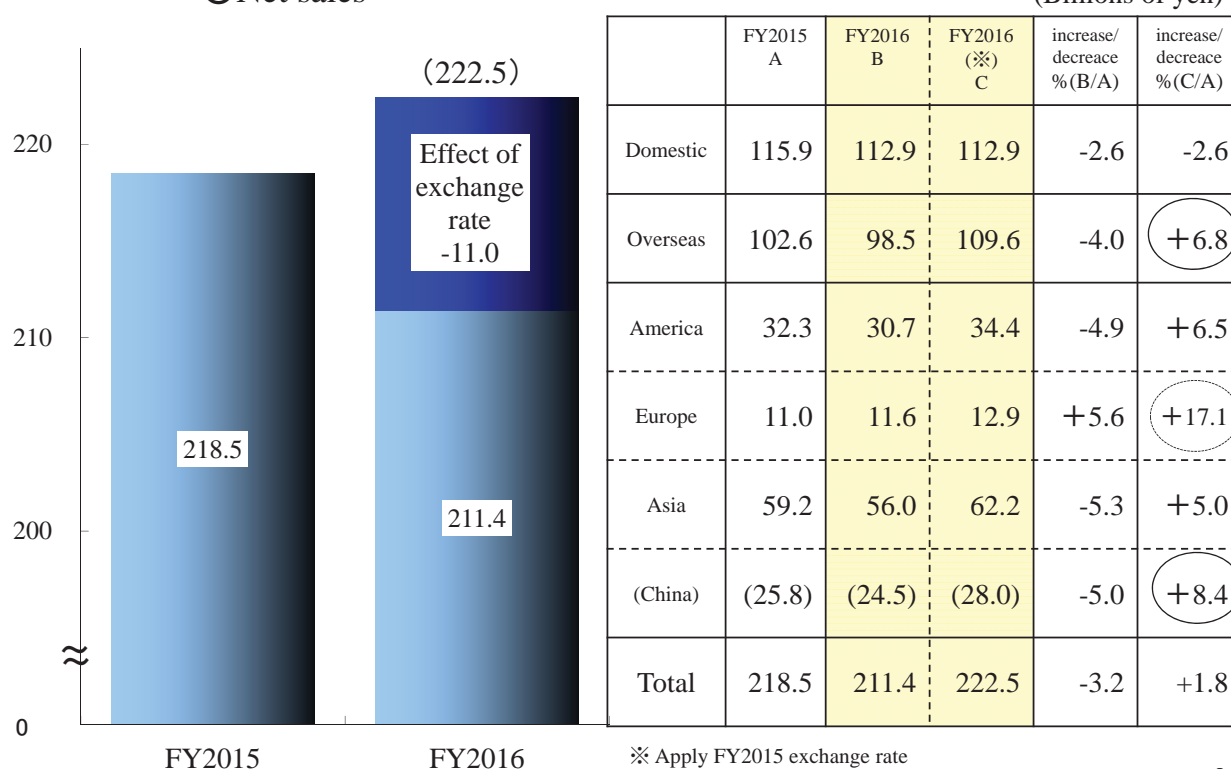
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Factors for Change in Net Sales

Overview

○ Net sales

(Billions of yen)

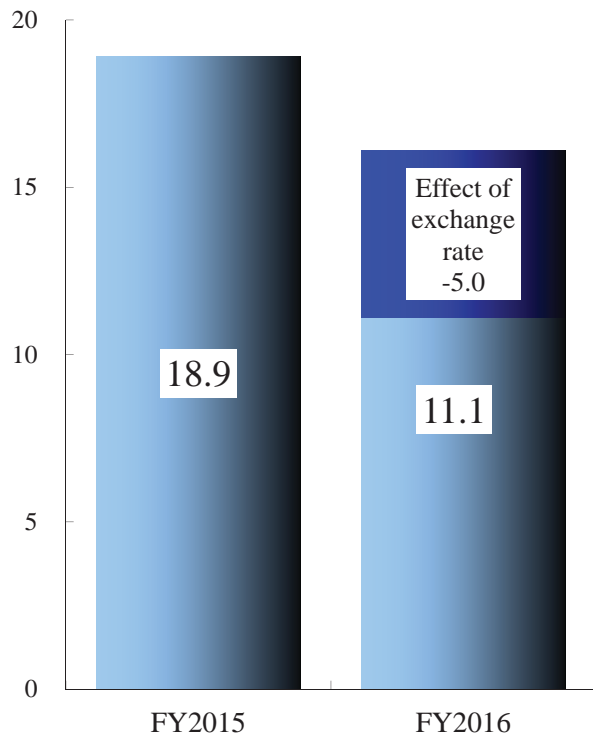


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Factors for Change in Operating Incomes

Overview

(Billions of yen) ○ Operating Incomes



<Factor for prior investments>

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

• Increase of employees +218man

Development(Robot) +50man

Sales (Robot) +90man

ENG, Production +100man

• Capital Investment +21.7 Billion yen

Robot technical center .etc 2.5

Bearing manufacturing plant 5.0

Drill & tap 3.5

Hydraulic equipment 3.0

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Outlook for FY2017

Overview

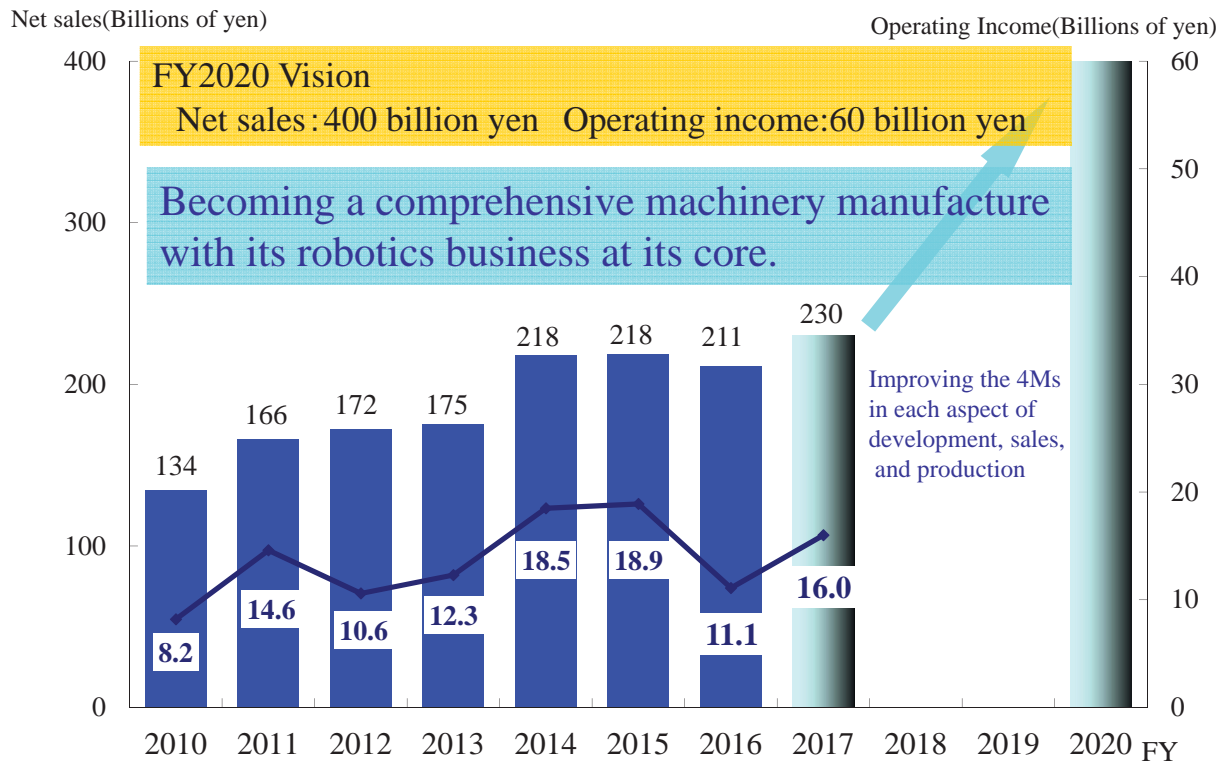
(Billions of yen)

	FY2016	FY2017e(estimate)	
	Full Year	Full year	Change
Net sales	211.4	230.0	(+8.8%) +18.5
Operating income	11.1	16.0	(+43.6%) +4.8
Ordinary income	7.7	14.0	(+80.3%) +6.2
Net income	3.9	9.0	(×2.3) +5.0
USD	109 yen	110 yen	1 yen depreciation
Euro	121 yen	120 yen	1 yen appreciation
RMB	16.5 yen	16.5 yen	—
Cash dividend	10 yen	10 yen	

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To Achieve the Long-Term vision

Overview



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Strengthening Robotics Business

Overview

- Expanding product lineup of small-sized robots
- Releasing new products and systems
- Opening technical centers around the world



MZ04



EZ03



Technical center in Shanghai (opened in Dec,2016)



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Expanding Product Lineup

Overview

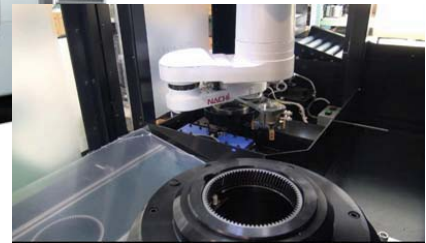


<Carbide Drill & Tap>

- Launching new series of products and lineup onto the market
- Offering combinations of drills and taps
- Helping customers improve productivity

<Skiving gear shaping machine>

- Providing machine tool, machining center, and robot
- Automating manufacturing of a wide variety of products in small quantities



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Improvement of Production System

Overview



<China>

- Expanding production capacity of robot, hydraulic equipment and car control valves
- Automating and rationalizing of production line

<Japan>

- Expanding production capacity of robot
- Strengthening rationalization and in-house production of cutting tools, hydraulic equipment and CCV

<North America>

- Expanding production capacity of carbide drills and taps in U.S.
- Starting to produce bearings at new manufacturing plant in Mexico



<Thailand>

- Starting to produce bearings by integrated production system with in-house forging as a supply base for the world



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Overview of FY2016 Results

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Financial Highlights of FY2016

FY2016

(Billions of yen)

	FY2015	FY2016	
	Full Year	Full Year	Change
Net sales	218.5	211.4	(- 3.2%) -7.0
Operating income	18.9	11.1	(-41.2%) -7.8
Ordinary income	17.3	7.7	(-55.2%) -9.5
Net income	11.5	3.9	(-66.1%) -7.6

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Financial Data

FY2016

(Billions of yen)

	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Total assets	268.1	269.4	+1.3
Stockholders' equity (stockholders' equity ratio)	(38.3%) 102.5	(36.4%) 98.0	-4.5
Interest-bearing debt (Net D/E ratio)	(X0.5) 72.8	(X0.6) 82.4	+9.6
Capital investment	23.2	21.7	-1.5
Depreciation	12.9	13.7	+0.7
Number of employees	6,557	6,775	+218
Exchange rate (USD)	120 yen	109 yen	11 yen appreciation
(Euro)	135 yen	121 yen	14 yen appreciation
(RMB)	19.2 yen	16.5 yen	2.7 yen depreciation

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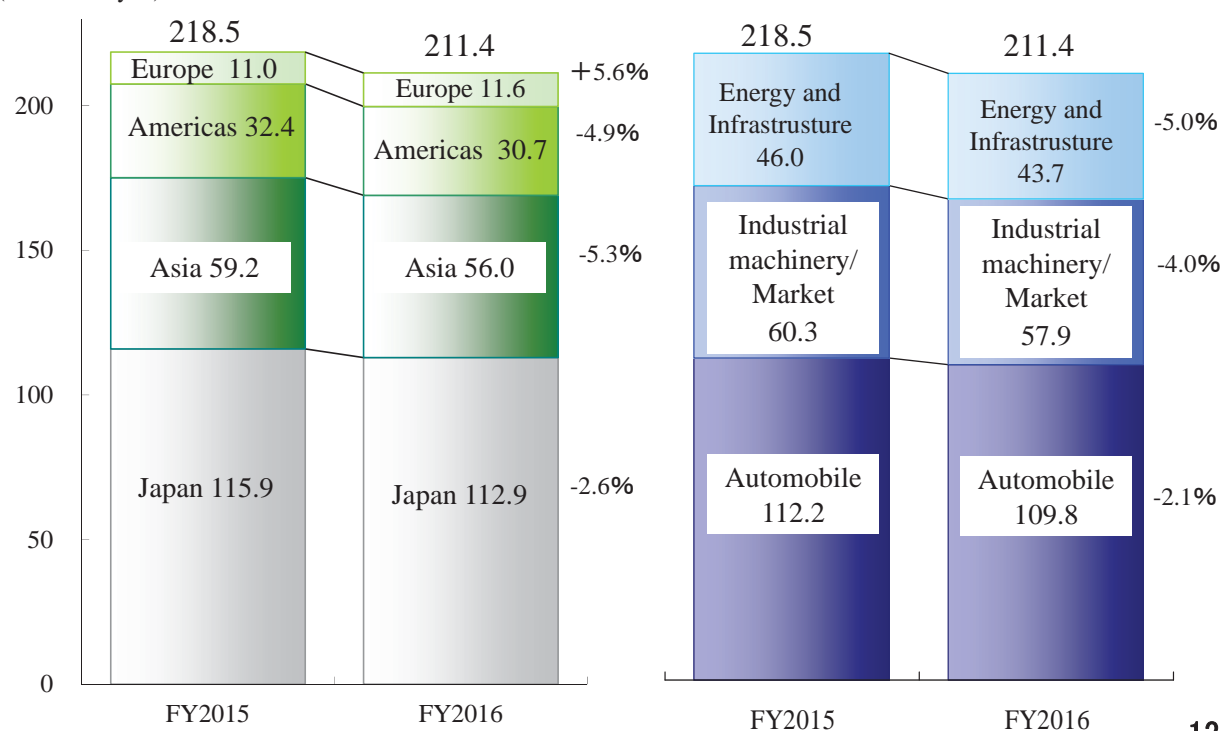
Sales by Region and Market Segment

FY2016

Sales by region

Sales by market

(Billions of yen)



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Sales by Business Segment

FY2016

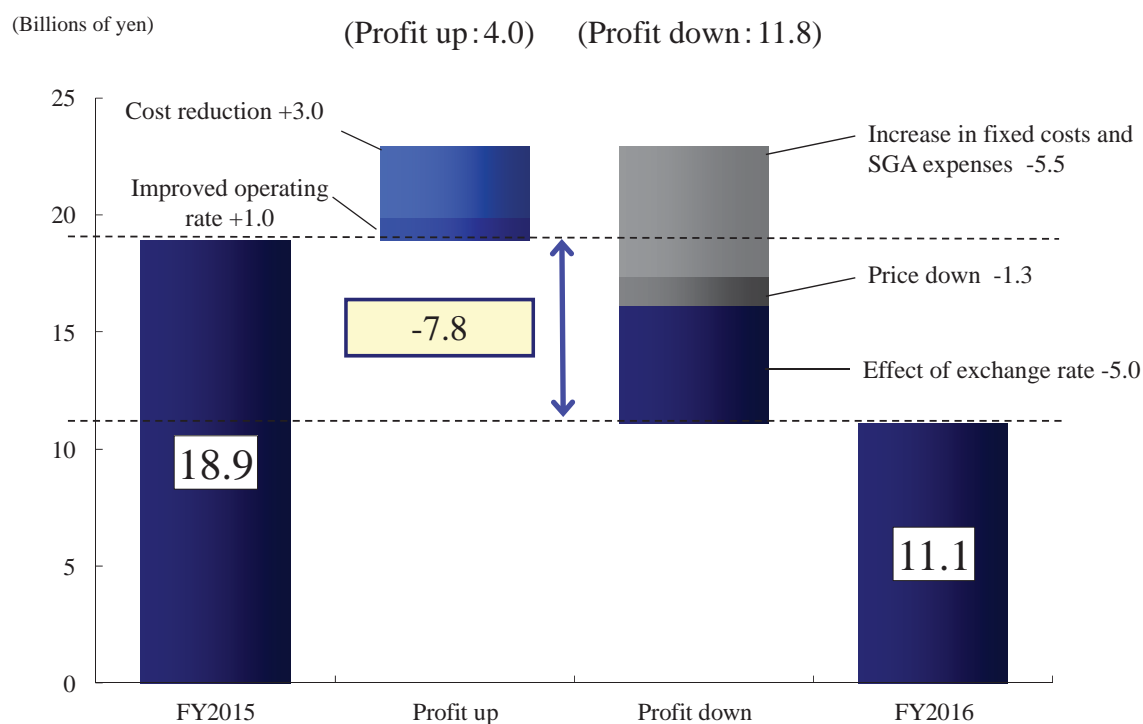
(Billions of yen)

		FY2015 (A)	FY2016 (B)	Increase/Decrease (%) (B)−(A)	
M A C H I N E R Y & T O O L S	Cutting Tools	33.6	32.7	(-2.6%)	-0.8
	Machine Tools	20.6	20.0	(-2.6%)	-0.5
	Robots	21.2	22.4	(+5.3%)	+1.1
	Net Sales	75.4	75.2	(-0.3%)	-0.2
	Operating Income	(11.3%) 8.5	(6.2%) 4.6	(-45.6%)	-3.8
C o m p o n e n t s	Bearings	77.9	72.8	(-6.5%)	-5.0
	Hydraulic Equipment	48.5	49.4	(+1.7%)	+0.8
	Net Sales	126.4	122.2	(-3.3%)	-4.2
	Operating Income	(6.9%) 8.7	(4.5%) 5.5	(-36.8%)	-3.2
O t h e r s	Net Sales	16.5	13.9	(-15.8%)	-2.6
	Operating Income	(10.3%) 1.7	(6.7%) 0.9	(-44.9%)	-0.7
Net Sales		218.5	211.4	(-3.2%)	-7.0
Total Operating Income		(8.7%) 18.9	(5.3%) 11.1	(-41.2%)	-7.8

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Factors for Change in Operating Income

FY2016



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Outlook for FY2017

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Financial Highlights of FY2017

FY2017e

(Billions of yen)

	FY2016 (A)	FY2017e (B)	Change (%) (B) - (A)
Net sales	211.4	230.0	(+8.8%) +18.5
Operating income	(5.3%) 11.1	(7.0%) 16.0	(+43.6%) +4.8
Ordinary income	(3.7%) 7.7	(6.1%) 14.0	(+80.3%) +6.2
Net income	3.9	9.0	(X2.3) +5.0

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Financial Data

FY2017e

(Billions of yen)

	FY2016(A)	FY2017e(B)	Change (B) - (A)
Total assets	269.4	276.0	+6.5
Stockholders' equity (stockholders' equity ratio)	(36.4%) 98.0	(37.9%) 104.6	+6.5
Interest-bearing debt (Net D/E ratio)	(X0.6) 82.4	(X0.6) 82.5	+0.0
Capital investment	21.7	21.5	-0.2
Depreciation	13.7	14.5	+0.7
Number of employees	6,775	7,100	+325
Exchange rate (USD)	109yen	110yen	1 yen depreciation
(Euro)	121yen	120yen	1 yen appreciation
(RMB)	16.5yen	16.5yen	-

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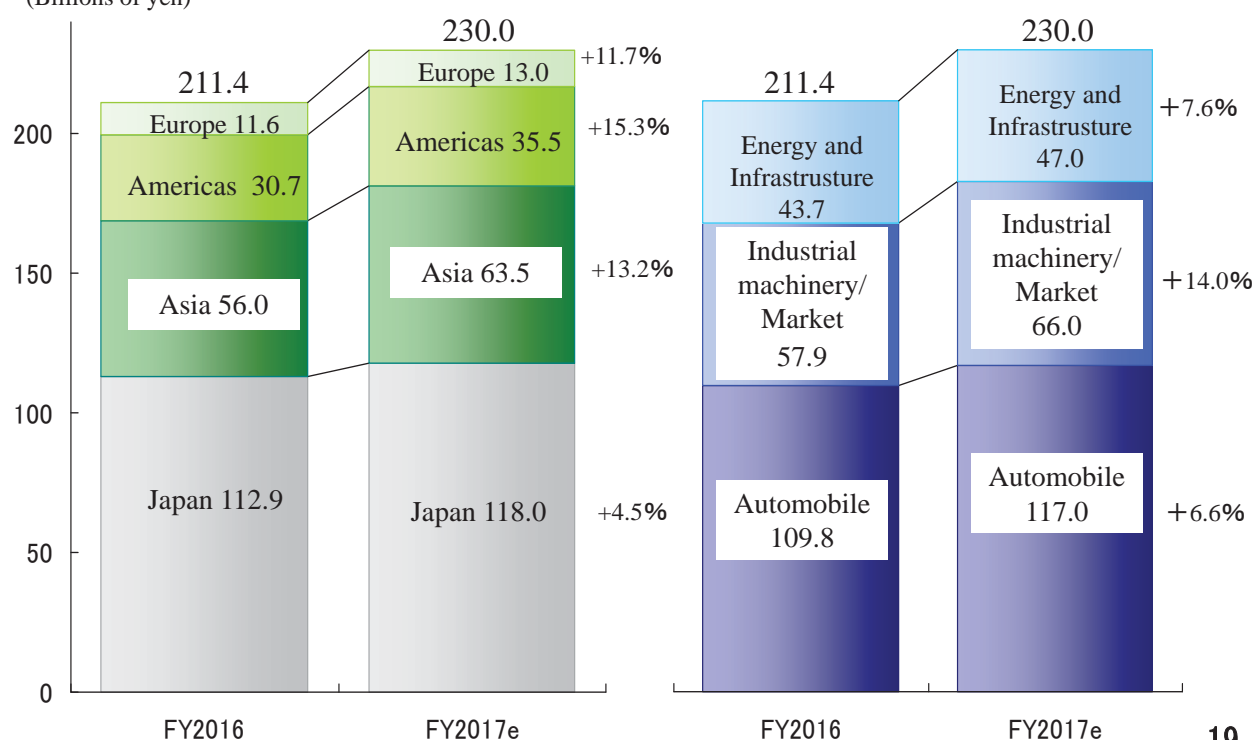
Sales by Region and Market Segment

FY2017e

Sales by region

Sales by market

(Billions of yen)



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Sales by Business Segment

FY2017e

(Billions of yen)

		FY2016 (A)	FY2017e (B)	Increase/Decrease (%) (B)-(A)	
M A C H I N E R Y & T O O L S	Cutting Tools	32.7	35.0	(+6.8%)	+2.2
	Machine Tools	20.0	18.5	(-7.8%)	-1.5
	Robots	22.4	30.0	(+33.9%)	+7.5
	Net Sales	75.2	83.5	(+11.0%)	+8.2
	Operating Income	(6.2%) 4.6	(8.4%) 7.0	(+51.3%)	+2.3
C o m p o n e n t s	Bearings	72.8	79.0	(+8.4%)	+6.1
	Hydraulic Equipment	49.4	53.5	(+8.3%)	+4.0
	Net Sales	122.2	132.5	(+8.4%)	+10.2
	Operating Income	(4.5%) 5.5	(6.0%) 8.0	(+44.5%)	+2.4
O t h e r s	Net Sales	13.9	14.0	(+0.4%)	+0.0
	Operating Income	(6.7%) 0.9	(7.1%) 1.0	(+6.6%)	+0.0
Net Sales		211.4	230.0	(+8.8%)	+18.5
Total Operating Income		(5.3%) 11.1	(7.0%) 16.0	(+43.6%)	+4.8

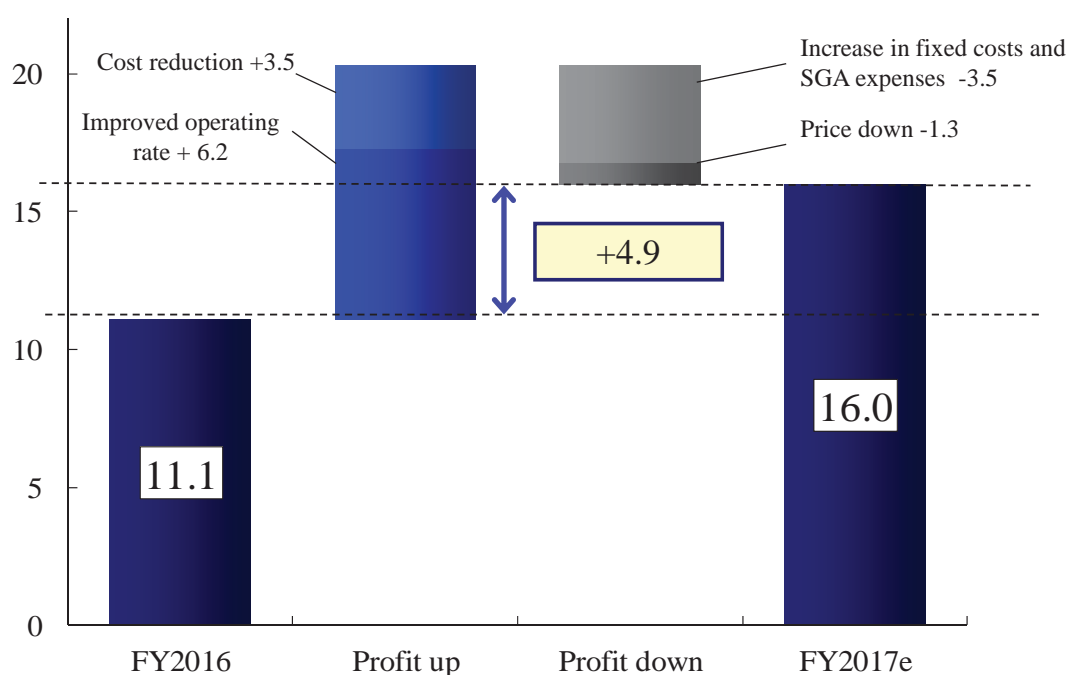
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Factors for Change in Operating Income

FY2017e

(Billions of yen)

(Profit up 9.7) (Profit down 4.8)



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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.