



Financial results for FY2019 Q1

Financial Summary

May 15, 2019

NIKKISO CO., LTD.

Securities code: 6376

Disclaimer

This material contains forward-looking statements about future business performance. These statements by definition involve risks and uncertainties and are not intended to guarantee future performance. Actual results in the future may differ from the estimates presented in the material herein due to changes in the business environment and other factors.

I . Consolidated Performance

II . Performance by Business Segment

III. Financial forecast

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V . Company Information

I . Consolidated Performance

Financial results for FY2019 Q1

Consolidated Performance



Millions of JPY

	FY2018 Q1	FY2019 Q1	YoY comparison	
	Jan.2018 – Mar.2018	Jan.2019 – Mar.2019	Change	Change rate
Orders	40,586	43,657	+3,070	+7.6%
Revenue	34,492	37,480	+2,987	+8.7%
Operating profit	864	2,154	+1,290	+149.4%
Operating margin	2.5%	5.7%		
Profit before tax	83	1,927	+1,843	-
Pretax profit margin	0.2%	5.1%		
Profit for the year attributable to owners of the company	37	1,402	+1,364	-
Profit margin attributable to owners of the company	0.1%	3.7%		
Average foreign exchange rate				
Against the US dollar (Yen)	108.22	110.22	+2.00	-
Against the euro (Yen)	133.14	125.16	△7.98	-

Financial results for FY2019 Q1

Breakdown of Profit/Loss



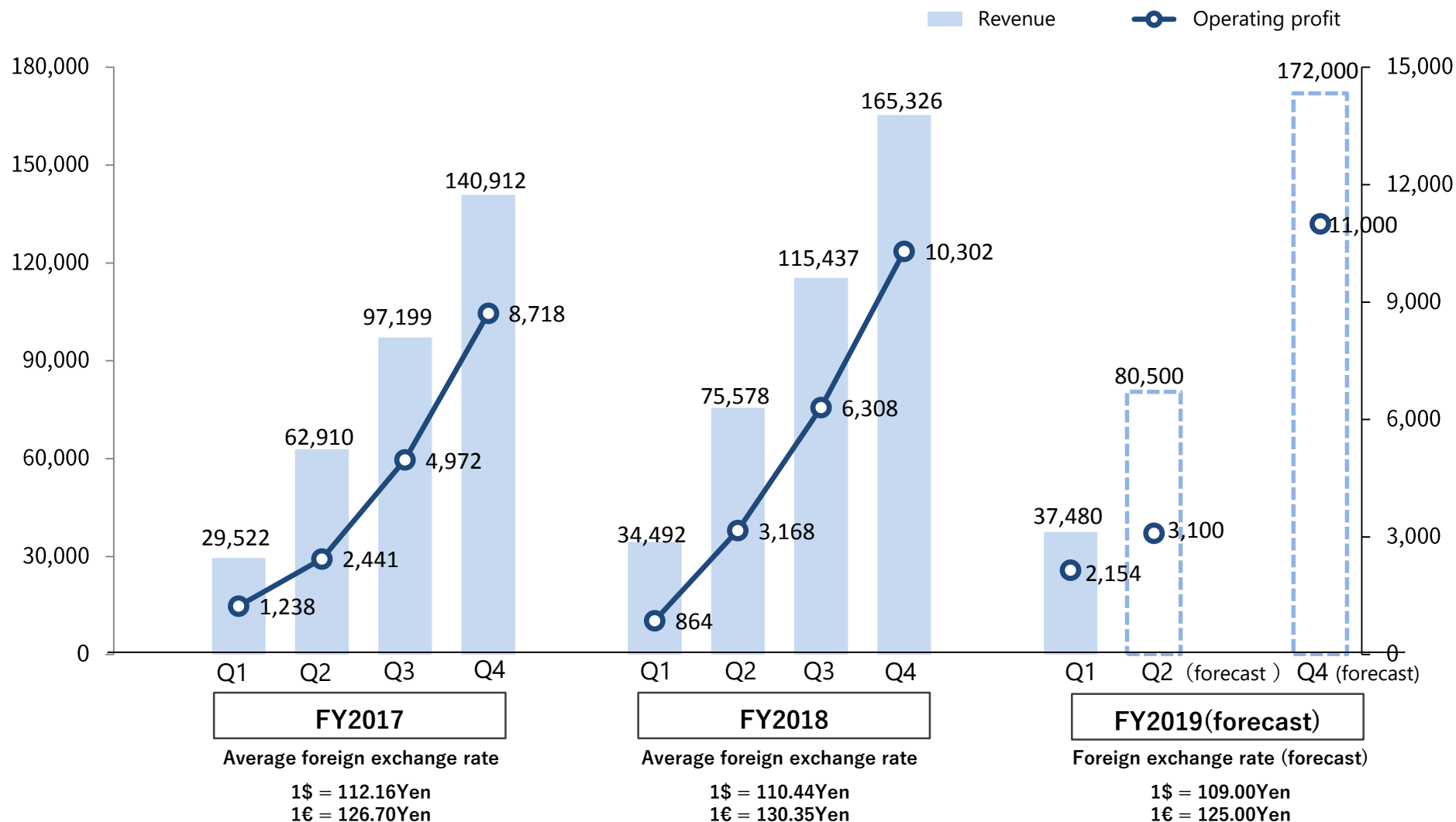
Millions of JPY	FY2018 Q1 Jan.2018 – Mar. 2018	FY2019 Q1 Jan. 2019 – Mar. 2019	Change	Remarks
Gross profit	11,812	12,849	+1,037	
- Selling, general and administrative expenses	△11,038	△10,843	+194	
- Other income	134	156	+21	
- Other expenses	△44	△7	+36	
Operating profit	864	2,154	+1,290	
- Financial income	144	39	△105	
- Financial costs	△986	△336	+650	Decrease in foreign exchange loss due to the depreciation of the yen
- Share of profit of associates and joint ventures accounted for using the equity method	62	70	+7	
Profit before tax	83	1,927	+1,843	
Exchange rate for the conversion of the performance of overseas subsidiaries				
- Against the US dollar (Yen)	108.22	110.22	+2.00	
- Against the euro (Yen)	133.14	125.16	△7.98	

Financial results for FY2019 Q1

Quarterly results trend



Millions of JPY



II . Performance by Business Segment

Performance by Business Segment

Millions of JPY

		FY2018 Q1 Jan.2018 - Mar.2018	FY2019 Q1 Jan.2019 - Mar.2019	YoY comparison	
				Change	Change rate
Industrial Business	Orders	26,388	28,588	+2,200	+8.3%
	Revenue	21,556	24,304	+2,748	+12.7%
	Operating profit	907	2,089	+1,182	+130.3%
	Operating margin	4.2%	8.6%		
Industrial Division	Orders	20,066	21,676	+1,609	+8.0%
	Revenue	15,206	17,536	+2,329	+15.3%
Precision Equipment Division	Orders	2,650	2,747	+96	+3.7%
	Revenue	2,516	2,518	+2	+0.1%
Aerospace Division	Orders	3,642	4,102	+460	+12.6%
	Revenue	3,792	4,168	+375	+9.9%
Medical Business	Orders	14,198	15,068	+870	+6.1%
	Revenue	12,936	13,175	+239	+1.8%
	Operating profit	744	900	+155	+20.9%
	Operating margin	5.8%	6.8%		
Corporate expenses, etc.	Operating profit	△ 788	△ 835	△ 47	-

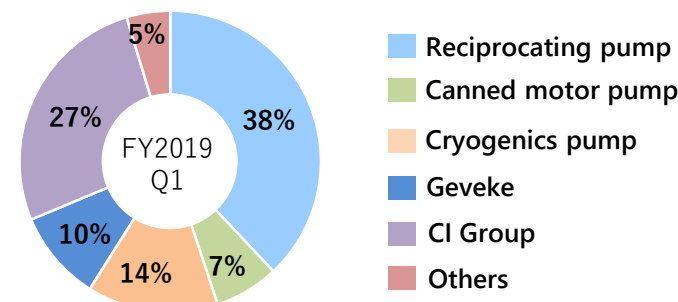
1. Overview

- ✓ The market environment is recovering, with gradual increases in investments in the oil industry. In addition, solid increases in orders and sales driven by LNG market growth resulted in higher revenues and profits.
- ✓ The oil-related business saw an upward trend in inquiries from upstream sector of oil and gas mining, etc., led by the recovery in the price of oil. The petrochemical market, which is the downstream sector, also saw robust appetite for capital investment in anticipation of global increases in demand.
- ✓ The industrial gas and LNG-related business saw an increase in orders for cryogenic pumps amid expectations for global market growth (e.g. an increase in LNG-receiving terminals). The CI Group's sales also increased.

2. Consolidated performance

	Millions of JPY		YoY comparison	
	FY2018 Q1 Jan.2018 – Mar. 2018	FY2019 Q1 Jan. 2019 – Mar. 2019	Change	Change rate
Orders	20,066	21,676	+1,609	+8.0%
Revenue	15,206	17,536	+2,329	+15.3%

3. Revenue Composition ratio by Product



Quarterly performance trend of LEWA

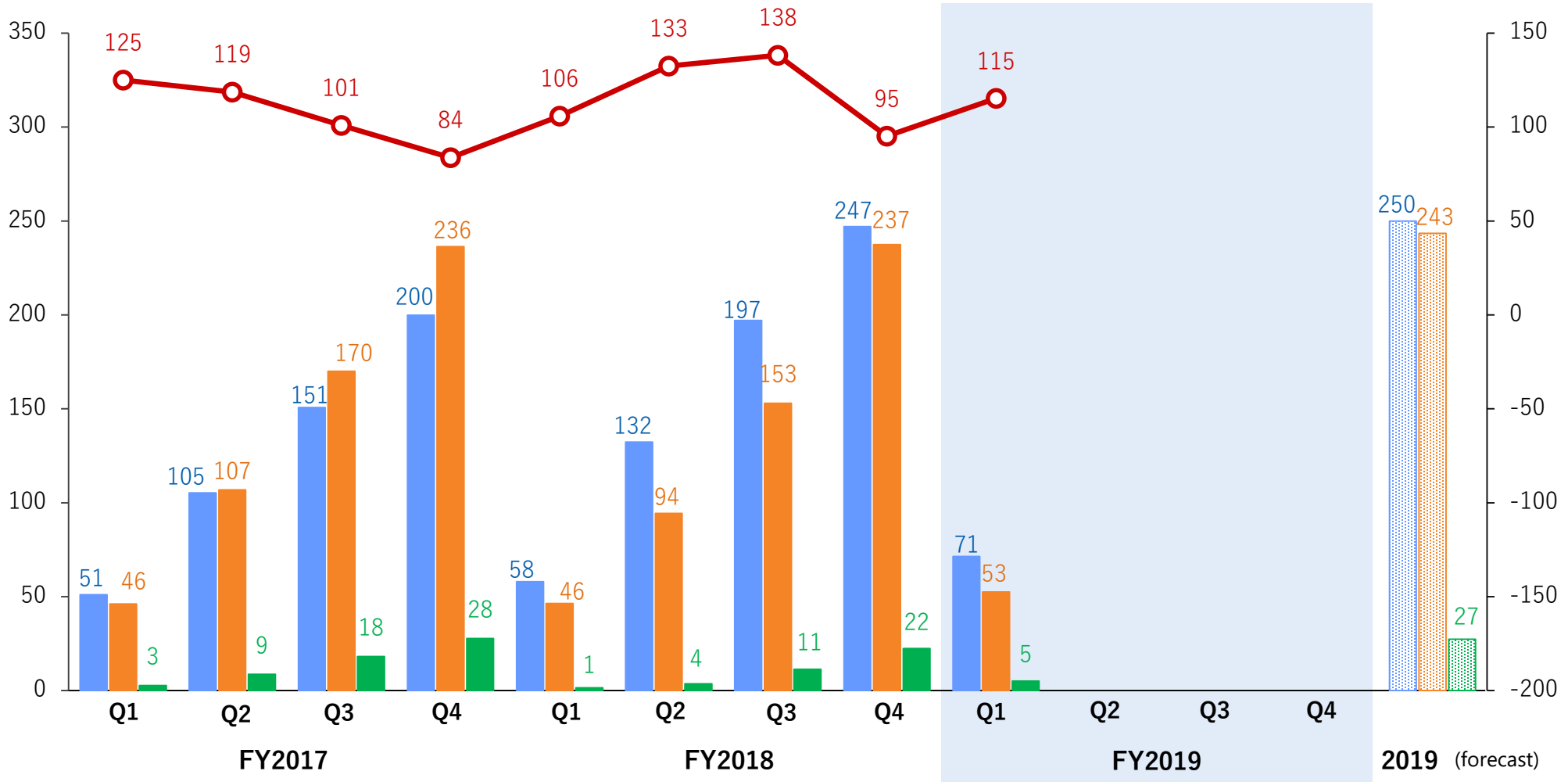
Millions of €

Order (Left axis)

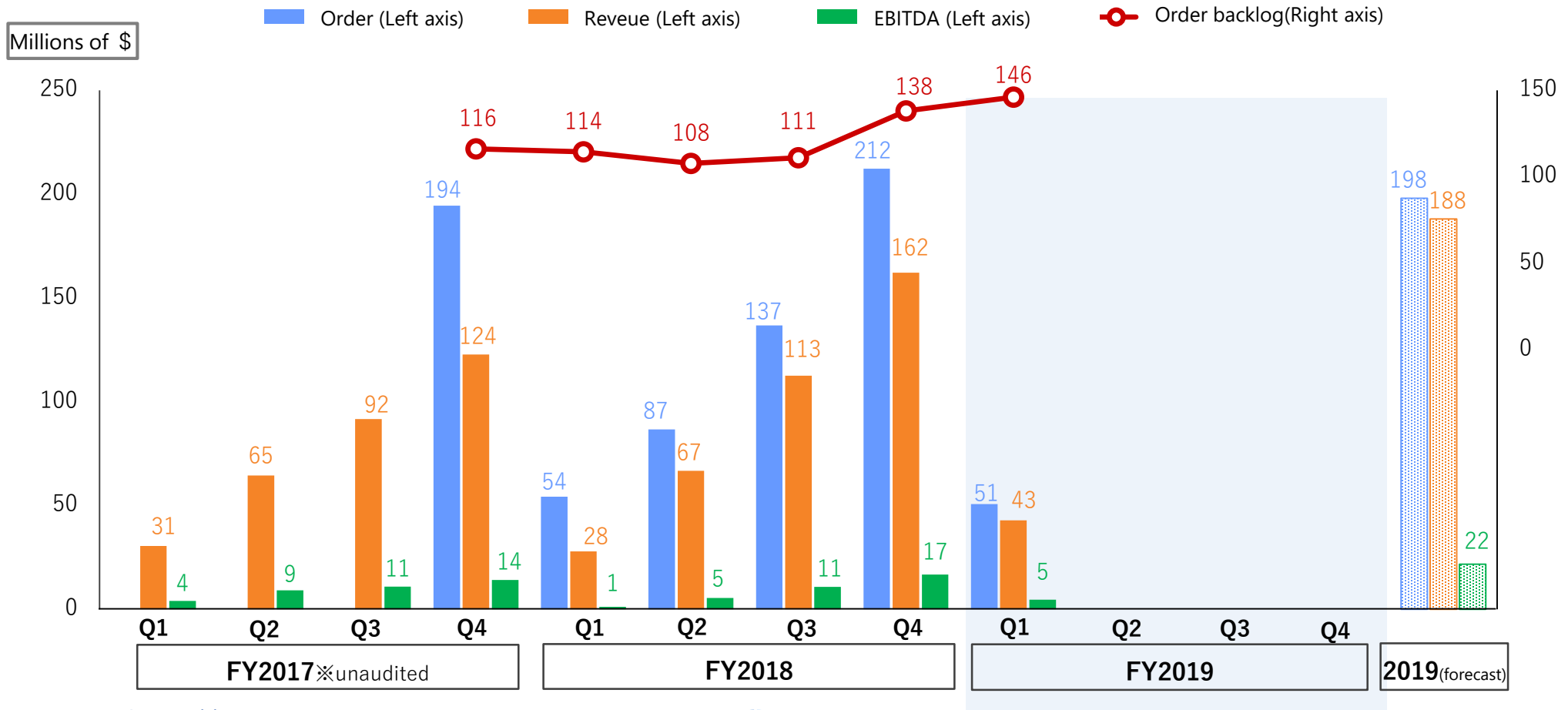
Revenue (Left axis)

EBITDA (Left axis)

Order backlog(Right axis)

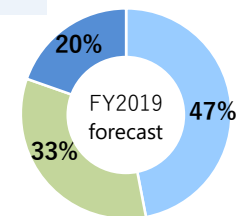
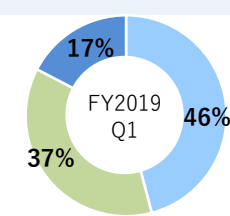
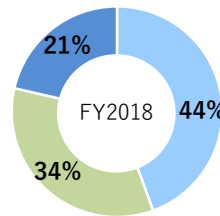
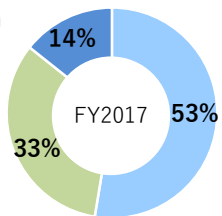


Quarterly performance trend of CI group



Revenue Composition ratio by segment

- ACD
- Cryoquip
- Cosmodyne



1. Overview

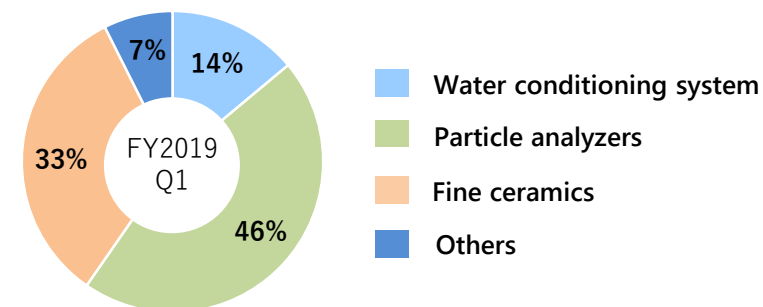
- ✓ Performance at the power plant business remained weak as a whole due to soft market conditions in Japan despite the receipt of orders for water-conditioning systems used at thermal power stations in Southeast Asia.
- ✓ The business targeting manufacturers of electronic components saw performance improve thanks to the steady handling of existing production orders and shipments although industry demand for capital investment declined, temporarily affected by Apple's shock announcement in early 2019 of lower-than-expected sales.
- ✓ The particle analytical equipment business performance remained on a par with the previous year in a steady manner.

2. Consolidated performance

	FY2018 Q1	FY2019 Q1	YoY comparison	
	Jan.2018 – Mar. 2018	Jan. 2019 – Mar. 2019	Change	Change rate
Orders	2,650	2,747	+96	+3.7%
Revenue	2,516	2,518	+2	+0.1%

Millions of JPY

3. Revenue Composition ratio by Product



1. Overview

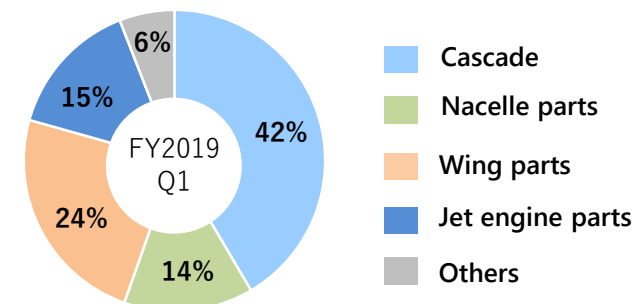
- ✓ The number of inquiries that the Company received increased steadily as commercial aircraft demand mainly for small planes (single-aisle planes) continuously increased primarily in Southeast Asia.
- ✓ Made the first shipment of cascade, our main product, from the Miyazaki Plant whose construction was completed last year. The optimization of manufacturing bases and systems is steadily underway.
- ✓ Revenues and profits increased as up-front expenses associated with the Miyazaki Plant were offset as a whole.

2. Consolidated performance

	FY2018 Q1	FY2019 Q1	YoY comparison	
	Jan.2018 – Mar. 2018	Jan. 2019 – Mar. 2019	Change	Change rate
Orders	3,642	4,102	+460	+12.6%
Revenue	3,792	4,168	+375	+9.9%

Millions of JPY

3. Revenue Composition ratio by Product



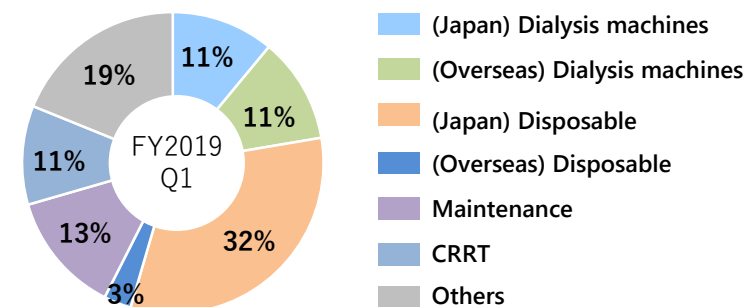
1. Overview

- ✓ Machine sales were relatively weak, as the market environment surrounding the domestic hemodialysis-related business was continuously challenging due to slowing growth in the number of dialysis patients and changing management environment surrounding dialysis treatment centers.
- ✓ Sales of blood tubing lines, powder dialysate, and other disposables increased as a whole in the domestic market. In the overseas market, machine sales increased mainly in Europe, contributing to growth in both revenues and profits across the hemodialysis business.
- ✓ Regarding the CRRT business whose business restructuring is currently underway, we have been steadily implementing profit improvement measures through cost reduction (e.g. integration or abolition of bases by transferring operations to sales agents), and we have reduced the level of loss from the previous year.

2. Consolidated performance

	Millions of JPY		YoY comparison	
	FY2018 Q1 Jan.2018 – Mar. 2018	FY2019 Q1 Jan. 2019 – Mar. 2019	Change	Change rate
Orders	14,198	15,068	+ 870	+ 6.1%
Revenue	12,936	13,175	+ 239	+ 1.8%

3. Revenue Composition ratio by Product



III. Financial forecast

Consolidated Performance

Performance forecast for FY2019 ending December remains unchanged

Millions of JPY

	FY2018 Actual record	FY2019 Performance forecast	YoY comparison	
			Change	Change rate
Orders	172,492	174,000	+1,507	+0.9%
Revenue	165,326	172,000	+6,673	+4.0%
Operating profit	10,302	11,000	+697	+6.8%
Operating margin	6.2%	6.4%		
Profit before tax	9,741	10,600	+858	+8.8%
Pretax profit margin	5.9%	6.2%		
attributable to owners of the company				
Profit for the year	7,448	7,800	+351	+4.7%
Profit margin attributable to owners of the company	4.5%	4.5%		
Average/Forecast				
Against the US dollar (Yen)	110.44	109.00	△1.44	
Against the euro (Yen)	130.35	125.00	△5.35	
Forex sensitivity for FY2019 (When yen was depreciated by 1 yen)				
US dollar (Yen)		Revenue +430 million yen	Operating profit +80 million yen	
Euro (Yen)		Revenue +370 million yen	Operating profit +60 million yen	

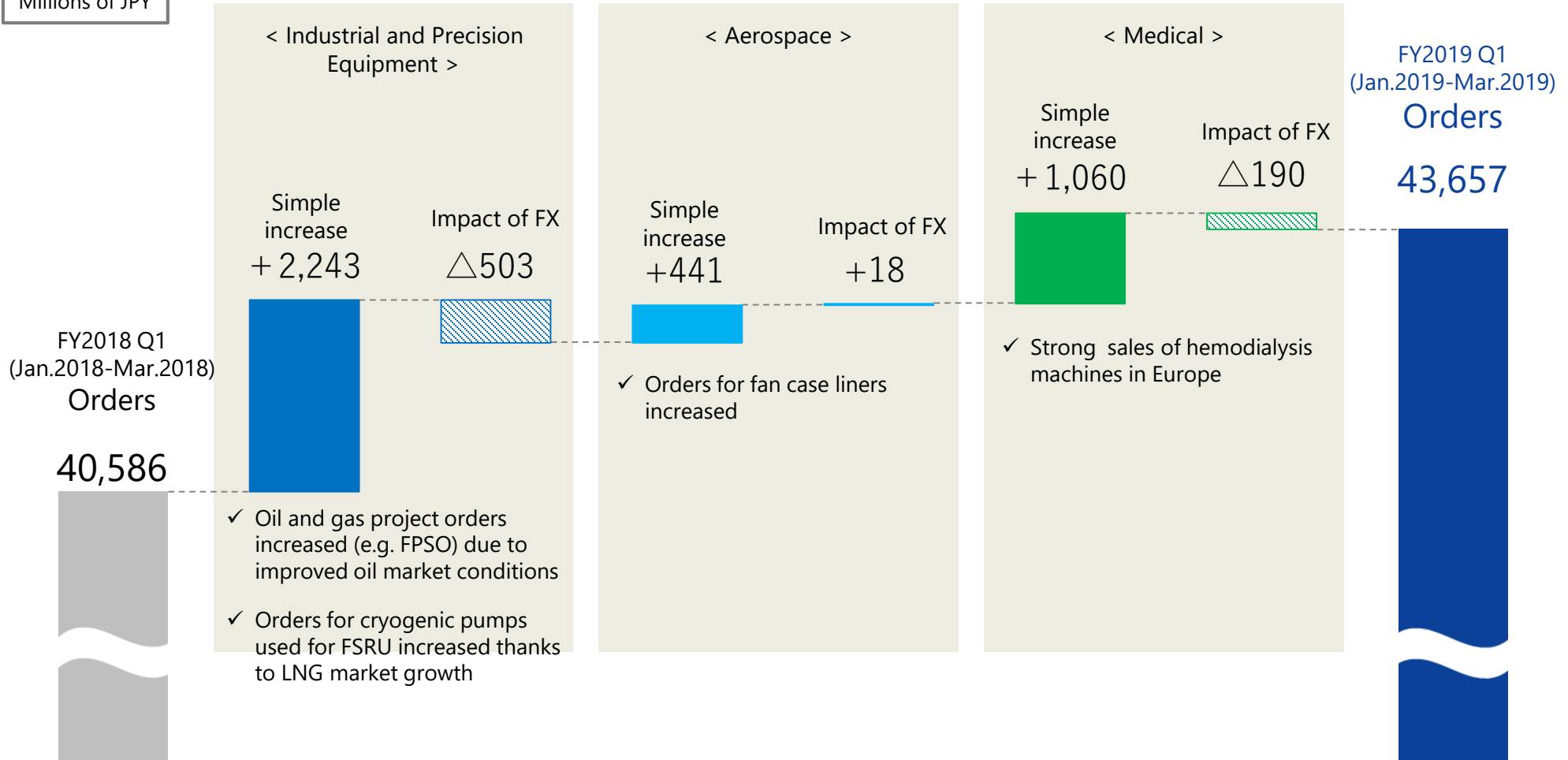
Performance by Business Segment

Millions of JPY

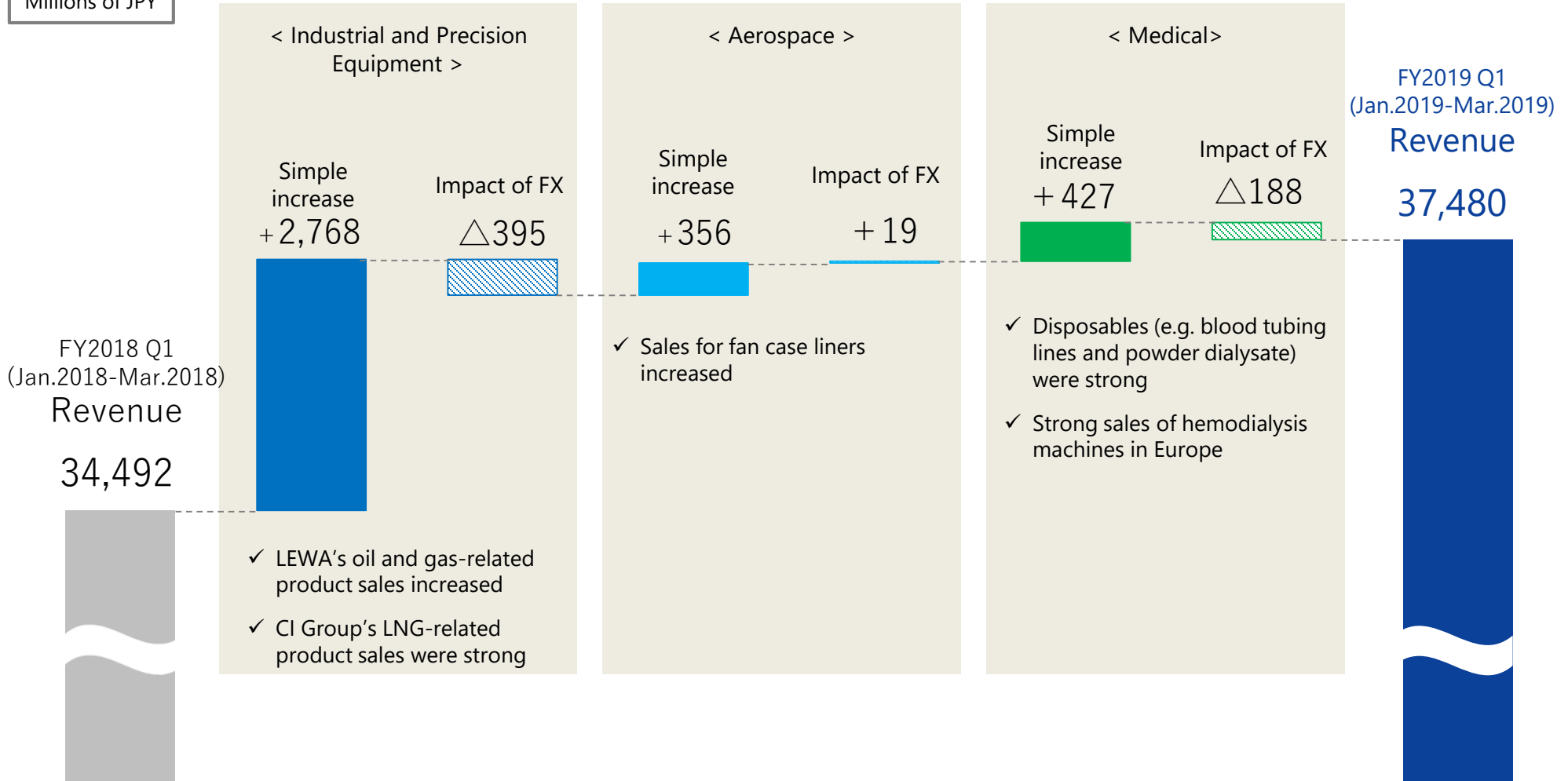
		FY2018 Actual record	FY2019 Performance forecast	YoY comparison	
				Change	Change rate
Industrial Business	Orders	111,459	109,800	△1,659	△1.5%
	Revenue	104,501	107,800	+3,298	+3.2%
	Operating profit	8,140	8,600	+459	+5.6%
	Operating margin	7.8%	8.0%		
Industrial Division	Orders	82,238	79,900	△2,338	△2.8%
	Revenue	76,763	77,900	+1,136	+1.5%
Precision Equipment Division	Orders	12,204	12,600	+395	+3.2%
	Revenue	10,682	12,600	+1,917	+18.0%
Aerospace Division	Orders	16,884	17,300	+415	+2.5%
	Revenue	16,909	17,300	+390	+2.3%
Medical Business	Orders	61,032	64,200	+3,167	+5.2%
	Revenue	60,824	64,200	+3,375	+5.5%
	Operating profit	5,582	6,400	+817	+14.6%
	Operating margin	9.2%	10.0%		
Corporate expenses, etc.	Operating profit	△3,419	△4,000	△580	-

IV. Appendix

Millions of JPY



Millions of JPY



Millions of JPY

< Industrial and Precision Equipment >

Simple increase +1,021
Impact of FX $\Delta 21$

- ✓ CI Group achieved strong sales, and decreased its depreciation burden
- ✓ LEWA's sales increased

< Aerospace >

Simple increase +171
Impact of FX +10

- ✓ Sales for fan case liners increased

< Medical >

Simple increase +238
Impact of FX $\Delta 82$

- ✓ Disposables (e.g. blood tubing lines and powder dialysate) were strong
- ✓ Strong sales of hemodialysis machines in Europe
- ✓ The CRRT business increased its sales and reduced the level of loss through cost reduction, etc.

Increase in corporate expenses, etc. $\Delta 47$

FY2019 Q1 (Jan.2019-Mar.2019)
Operating profit

2,154

FY2018 Q1 (Jan.2018-Mar.2018)
Operating profit

864

Consolidated Statement of Financial Position



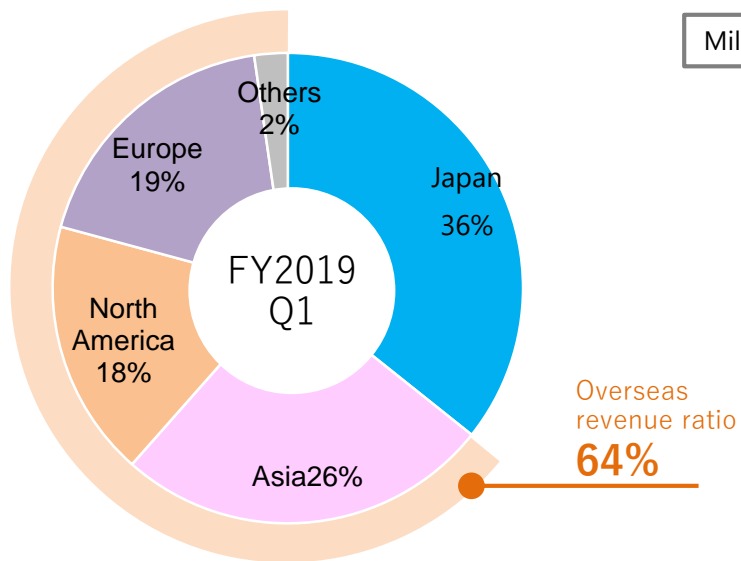
Millions of JPY

	As of end of December 2018		As of end of March 2019		Change
	Amount	Composition ratio	Amount	Composition ratio	
Total assets	249,788	100.0%	264,814	100.0%	+15,025
Total current assets	121,342	48.6%	123,686	46.7%	+2,343
Cash and cash equivalents	29,269	11.7%	33,729	12.7%	+4,460
Trade and other receivables	54,077	21.6%	48,333	18.3%	△5,743
Inventories	33,297	13.3%	37,605	14.2%	+4,307
Total non-current assets	128,446	51.4%	141,128	53.3%	+12,681
Property, plant and equipment	44,920	18.0%	45,015	17.0%	+94
Goodwill and Intangible assets	64,255	25.7%	64,002	24.2%	△253
Total liabilities	171,450	68.6%	186,053	70.3%	+14,603
Trade and other payables	27,380	11.0%	24,957	9.4%	△2,422
Bonds and borrowings	117,052	46.9%	123,160	46.5%	+6,107
Total equity	78,338	31.4%	78,761	29.7%	+422

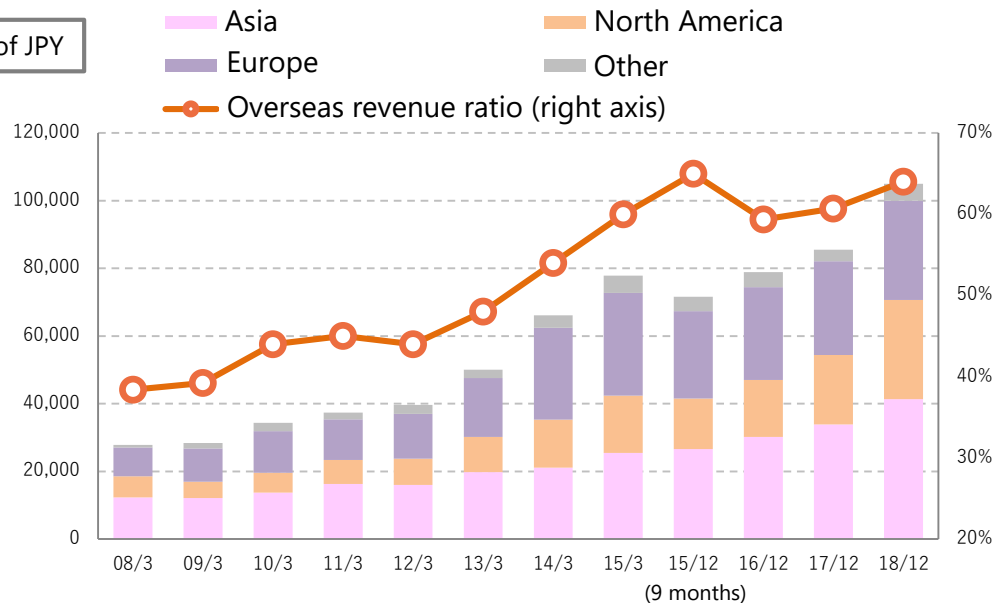
※Assets and Liabilities as of March 31, 2019, were increased compared to the end of the previous fiscal year, due mainly to an increase in right-of-use assets and lease liabilities resulting from the application of IFRS 16.

Revenue Composition Ratio by Region

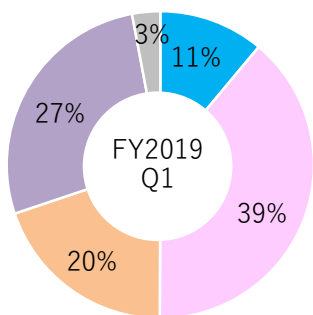
Nikkiso group total



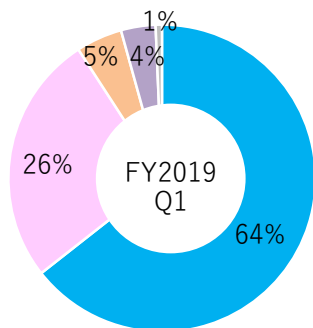
Revenue trend by overseas region



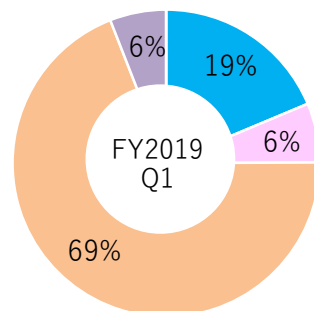
Industrial



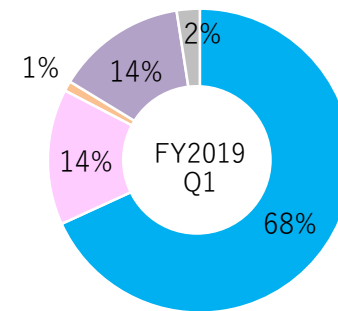
Precision Equipment



Aerospace



Medical



- Japan
- Asia
- North America
- Europe
- Other

Breakdown of forex sensitivity

※When yen was depreciated by 1 yen

Millions of JPY	FY2019 Performance forecast			
	Against the US dollar		Against the euro	
	Revenue	Operating profit	Revenue	Operating profit
Industrial Division/ Precision Equipment Division	+290	+20	+300	+30
Aerospace Division	+140	+80	+0	+0
Medical Division	+10	-30	+70	+30
Total	+430	+80	+370	+60
Average/Forecast (Yen)		109.00		125.00

Financial data

	FY2016	FY2017	FY2018
Earnings per share (Basic)	66.08yen	72.82yen	104.63yen
Return on equity (ROE)	7.2%	7.3%	9.8%
Return on asset (ROA)	3.8%	3.9%	3.9%
Operating margin	6.2%	6.2%	6.2%
Equity ratio	37.4%	30.7%	30.7%
Debt/equity ratio	1.05times	1.63times	1.53times

Millions of JPY

	FY2016	FY2017	FY2018
Capital expenditure	7,635	7,508	12,869
Research and development expenditure	1,679	2,435	2,387
Depreciation and amortization	4,766	5,246	6,335

Quarterly orders/order backlog trend of Industrial Division



Millions of JPY

Orders

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
FY2017	11,261	14,331	14,132	19,103
(Jan.2017-Dec.2017)	(9,487)	(12,241)	(12,425)	(17,113)
FY2018	20,066	19,760	18,808	23,604
(Jan.2018-Dec.2018)	(18,316)	(17,659)	(16,974)	(20,488)
FY2019	21,676			
(Jan.2019-Dec.2019)	(20,422)			

Order backlog

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
FY2017	29,727	30,582	39,461	38,198
(Jan.2017-Dec.2017)	(26,570)	(27,174)	(36,036)	(34,834)
FY2018	43,058	44,457	43,496	43,674
(Jan.2018-Dec.2018)	(40,088)	(41,298)	(40,305)	(39,608)
FY2019	47,813			
(Jan.2019-Dec.2019)	(44,435)			

() overseas orders/order backlog

Quarterly revenue trend

Millions of JPY

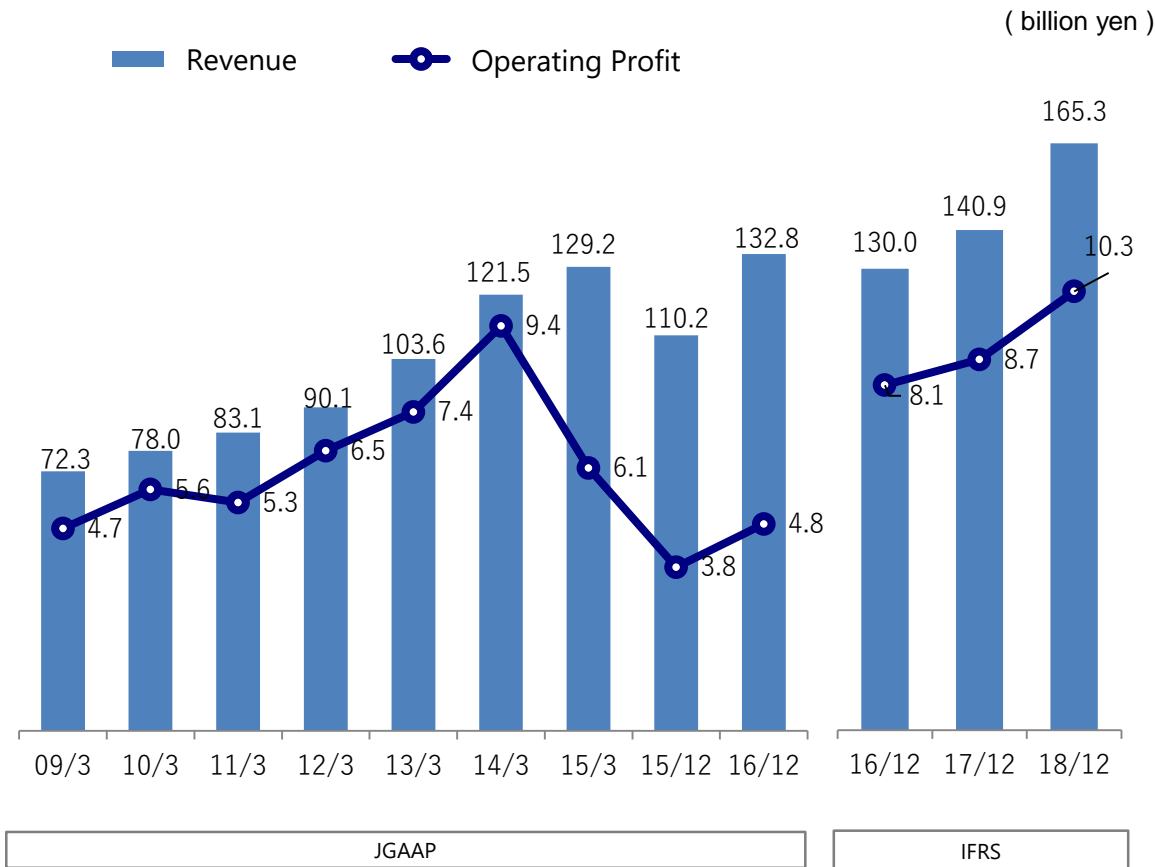
		1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Industrial Division	FY2017	10,522	13,476	15,274	20,443
	(Jan.2017-Dec.2017)	(8,321)	(12,502)	(13,393)	(16,986)
	FY2018	15,206	18,361	19,770	23,426
	(Jan.2018-Dec.2018)	(13,247)	(16,289)	(17,809)	(21,203)
	FY2019	17,536			
	(Jan.2019-Dec.2019)	(15,595)			
Precision Equipment Division	FY2017	2,421	2,377	2,070	2,975
	(Jan.2017-Dec.2017)	(745)	(885)	(821)	(775)
	FY2018	2,516	2,640	2,187	3,339
	(Jan.2018-Dec.2018)	(604)	(794)	(739)	(1,177)
	FY2019	2,518			
	(Jan.2019-Dec.2019)	(896)			
Aerospace Division	FY2017	3,578	3,991	3,779	4,202
	(Jan.2017-Dec.2017)	(2,920)	(3,606)	(3,306)	(3,865)
	FY2018	3,792	4,213	3,924	4,980
	(Jan.2018-Dec.2018)	(3,301)	(3,648)	(3,114)	(4,240)
	FY2019	4,168			
	(Jan.2019-Dec.2019)	(3,389)			
Medical Division	FY2017	12,964	13,521	13,114	16,085
	(Jan.2017-Dec.2017)	(3,834)	(3,959)	(4,623)	(3,671)
	FY2018	12,936	15,855	13,943	18,090
	(Jan.2018-Dec.2018)	(4,148)	(4,586)	(4,682)	(5,335)
	FY2019	13,175			
	(Jan.2019-Dec.2019)	(4,193)			

() overseas revenue

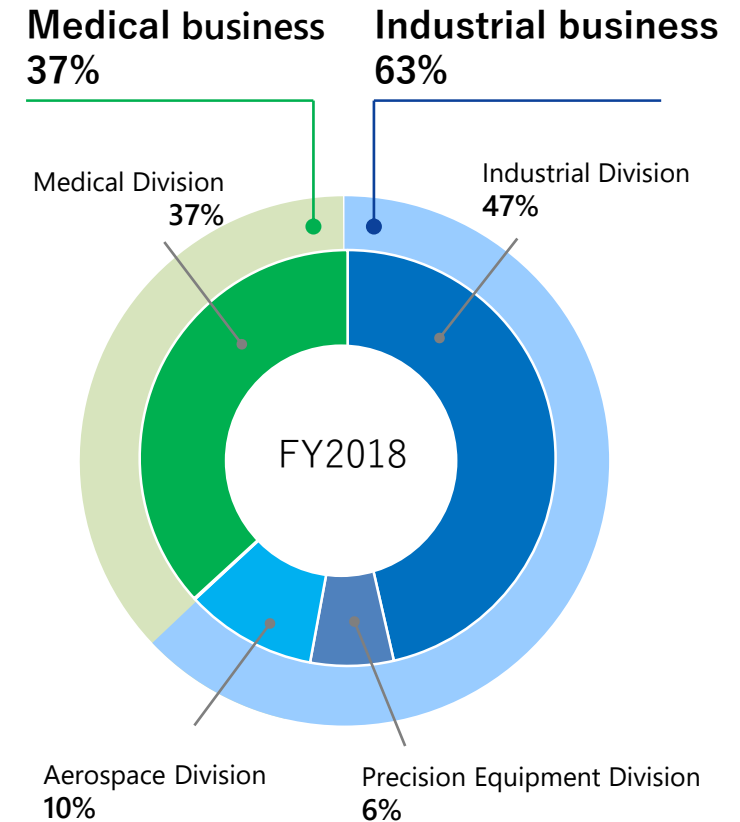
V. Company Information

Consolidated Revenue

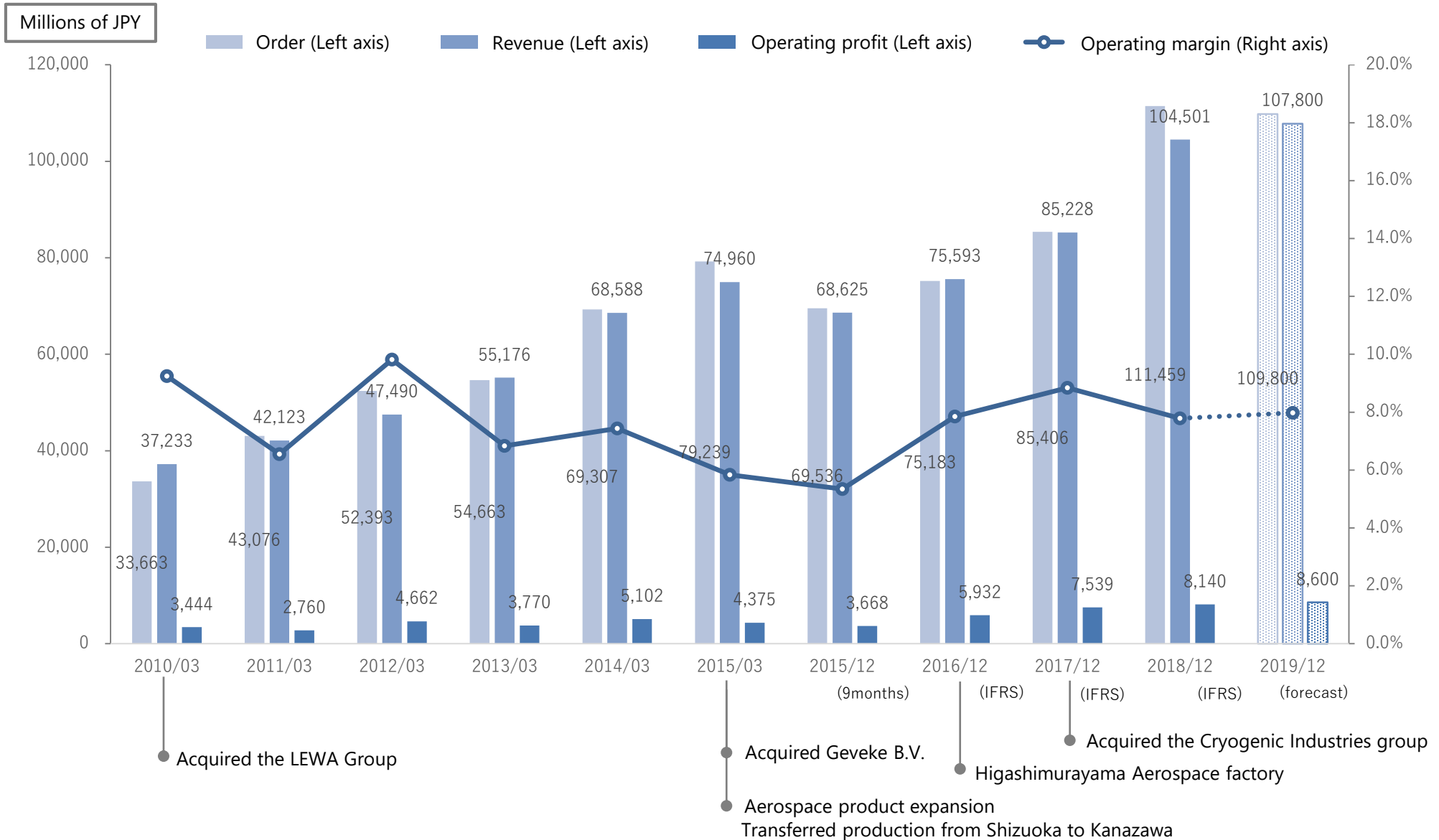
Trend in Revenue/Operating Profit



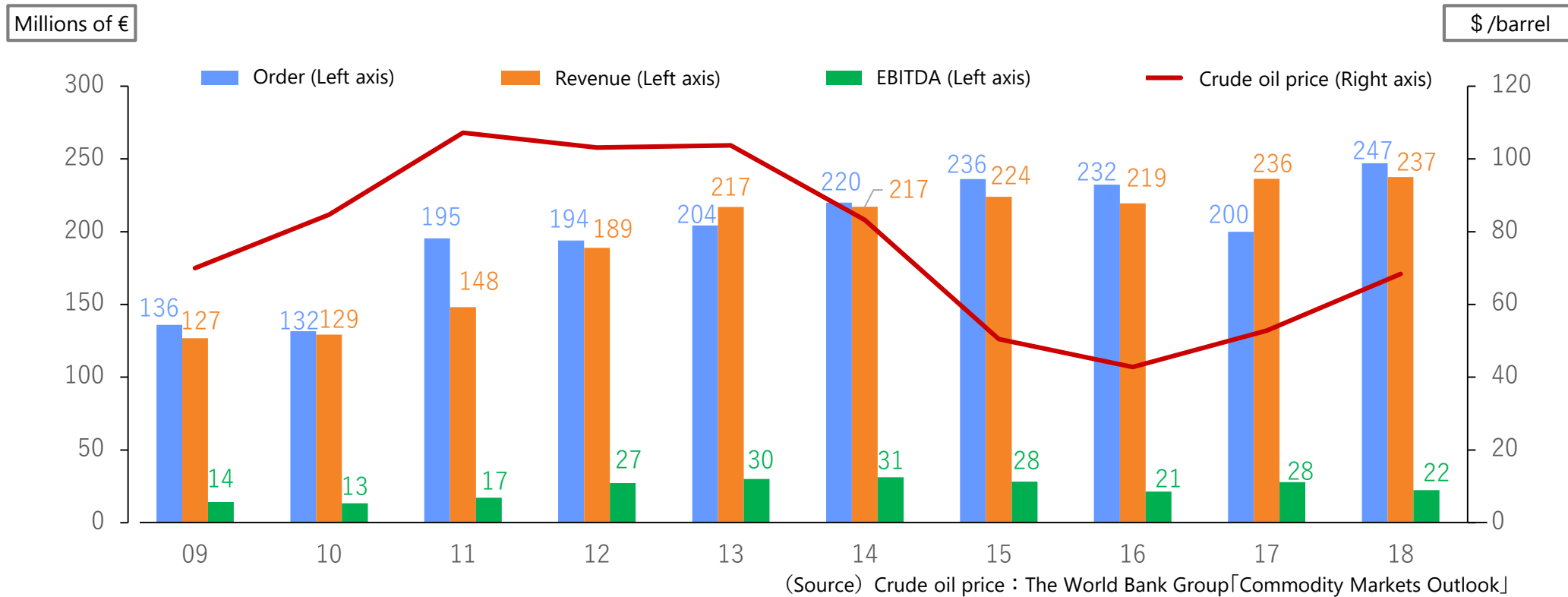
Revenue by Segment



Performance trend of Industrial Business

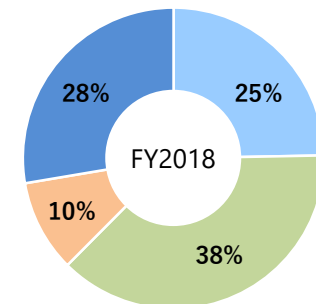
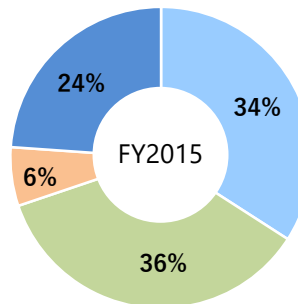
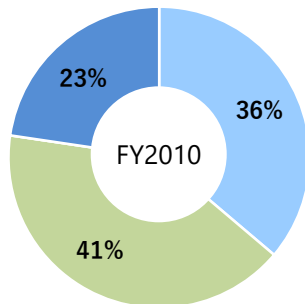


Performance trend of LEWA

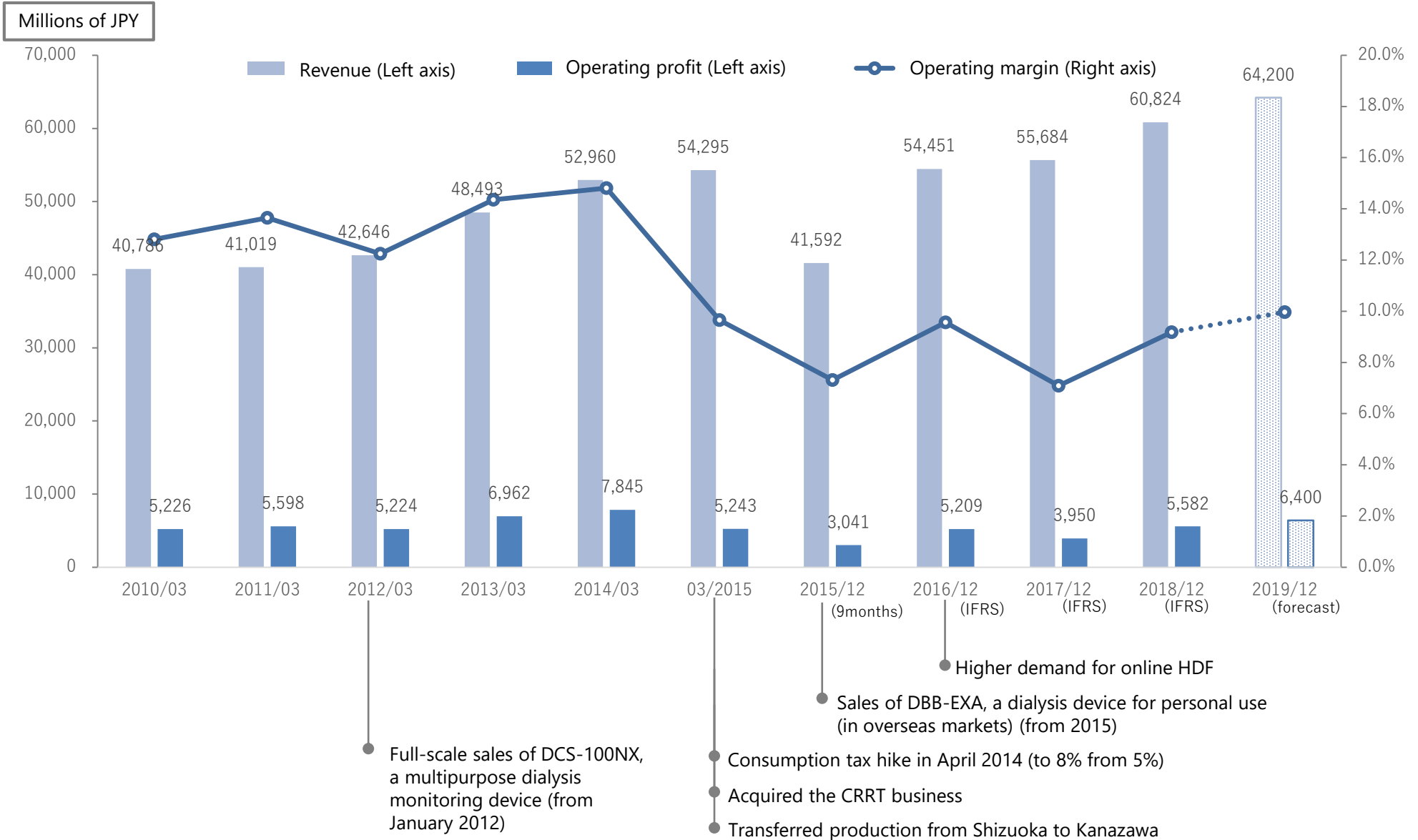


Revenue Composition ratio

- Oil & Gas
- Process industry
- Clean market
- After service



Performance trend of Medical Business



Footsteps of the NIKKISO Group

History

