



Financial results for FY2018

Financial Summary

May 21, 2018

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.

Financial results for FY2018 Q1

Consolidated Performance



Millions of JPY

	FY2017 Q1 Jan.2017 – Mar. 2017	FY2018 Q1 Jan. 2018 – Mar. 2018	YoY comparison	
			Change	Change rate
Orders	30,078	40,586	+ 10,508	+ 34.9%
Net sales	29,522	34,492	+ 4,970	+ 16.8%
Operating income	1,238	864	△374	△30.3%
Ratio to net sales	4.2%	2.5%		
Profit before tax	742	83	△658	△88.7%
Ratio to net sales	2.5%	0.2%		
Net income	365	37	△328	△89.8%
attributable to owners of parent				
Ratio to net sales	1.2%	0.1%		
Average foreign exchange rate				
Against the US dollar (Yen)	113.60	108.22	△5.38	-
Against the euro (Yen)	121.05	133.14	+12.09	-

Financial results for FY2018 Q1

Breakdown of Profit/Loss



Millions of JPY

	FY2017 Q1 Jan.2017 – Mar. 2017	FY2018 Q1 Jan. 2018 – Mar. 2018	Change	Remarks
Gross profit	10,375	11,812	+1,436	
- Selling, general and administrative expenses	△9,379	△11,038	△1,658	Increase due to CI Group consolidation
- Other income	261	134	△126	
- Other expenses	△18	△44	△26	
Operating income	1,238	864	△374	
- Finance income	131	144	+12	
- Finance costs	△649	△986	△336	Increase in foreign exchange loss due to the appreciation of the yen
- Profit and loss from investment accounted for using equity method	22	62	+40	
Profit before tax	742	83	△658	
Exchange rate for the conversion of the performance of overseas subsidiaries				
- Against the US dollar (Yen)	113.60	108.22	△5.38	
- Against the euro (Yen)	121.05	133.14	+12.09	

Financial results for FY2018 Q1

Performance by Business Segment



Millions of JPY

		FY2017 Q1 Jan.2017 – Mar. 2017	FY2018 Q1 Jan. 2018 – Mar. 2018	YoY comparison	
				Change	Change rate
Industrial Business	Orders	17,135	26,388	+9,253	+54.0%
	Net sales	16,558	21,556	+4,997	+30.2%
	Operating income of segment	968	907	△60	△6.3%
	Ratio to net sales	5.8%	4.2%		
Industrial Division	Orders	11,261	20,066	+8,805	+78.2%
	Net sales	10,522	15,206	+4,684	+44.5%
Precision Equipment Division	Orders	2,314	2,650	+335	+14.5%
	Net sales	2,421	2,516	+95	+3.9%
Aerospace Division	Orders	3,519	3,642	+123	+3.5%
	Net sales	3,578	3,792	+214	+6.0%
Medical Business	Orders	12,942	14,198	+1,255	+9.7%
	Net sales	12,964	12,936	△27	△0.2%
	Operating income of segment	980	744	△235	△24.0%
	Ratio to net sales	7.6%	5.8%		
Corporate expenses, etc.	Operating income of segment	△706	△788	△78	-

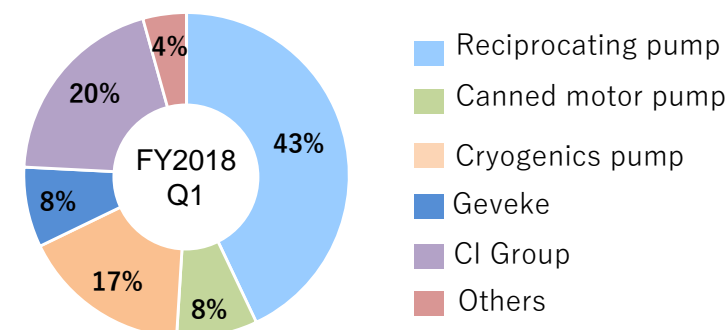
1. Overview

- ✓ With market conditions improving, orders received by LEWA were on an increasing trend, mainly in the upstream projects. As a result of steady efforts made in the petrochemical sector and the after-sales service business, net sales were similar to the level last year.
- ✓ Following a recovery in LNG demand, CI Group saw an increase in inquiries, due to an increase in LNG receiving terminals, a switch to LNG thermal power as a way to tackle environmental problems, and an increase in LNG-fueled ships in response to fuel oil regulations.

2. Consolidated performance

Millions of JPY	FY2017 Q1	FY2018 Q1	YoY comparison	
	Jan.2017 – Mar. 2017	Jan. 2018 – Mar. 2018	Change	Change rate
Orders	11,261	20,066	+ 8,805	+ 78.2%
Net sales	10,522	15,206	+ 4,684	+ 44.5%

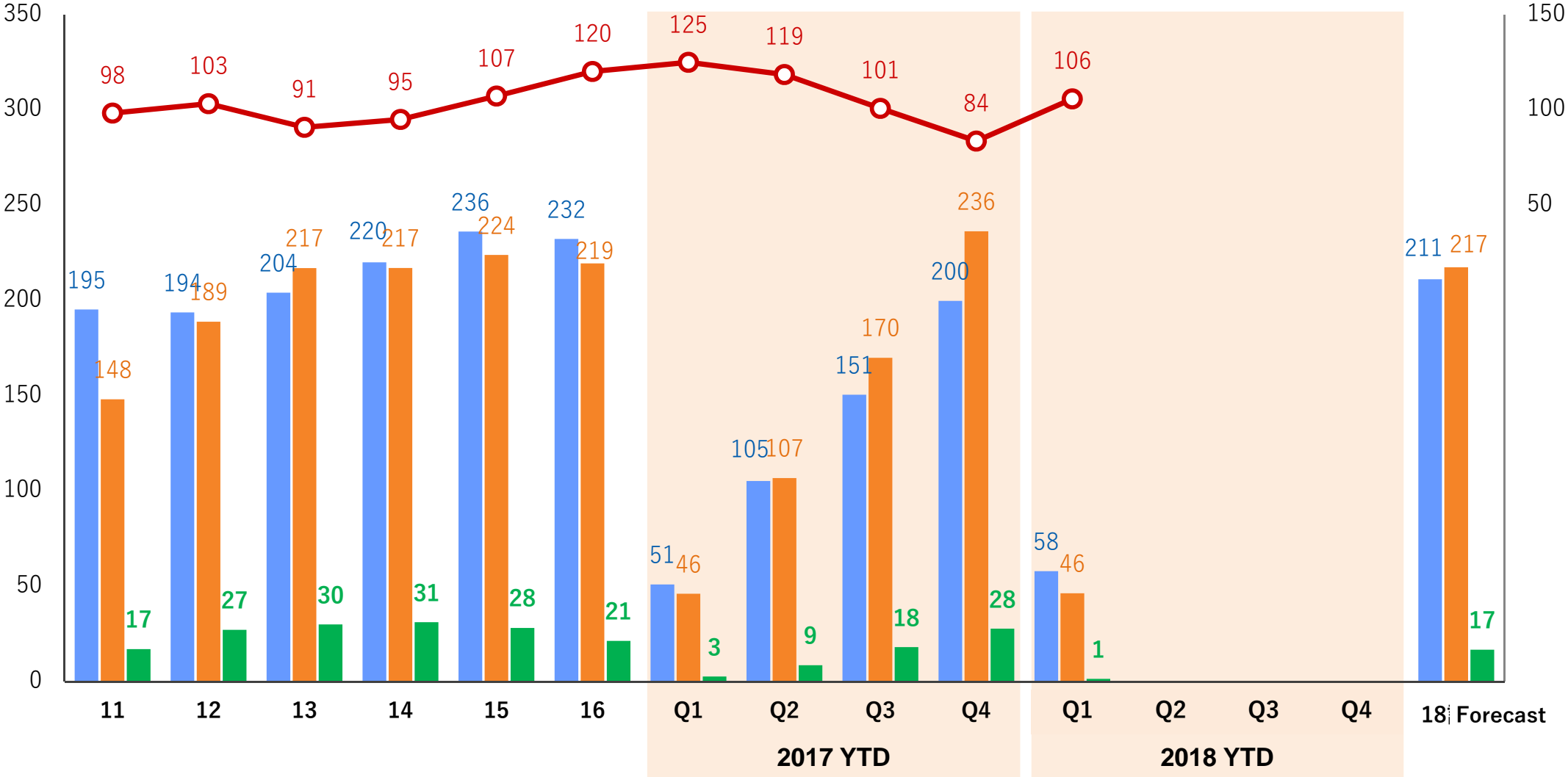
3. Net Sales Composition ratio by Product



Performance trend of LEWA

Millions of €

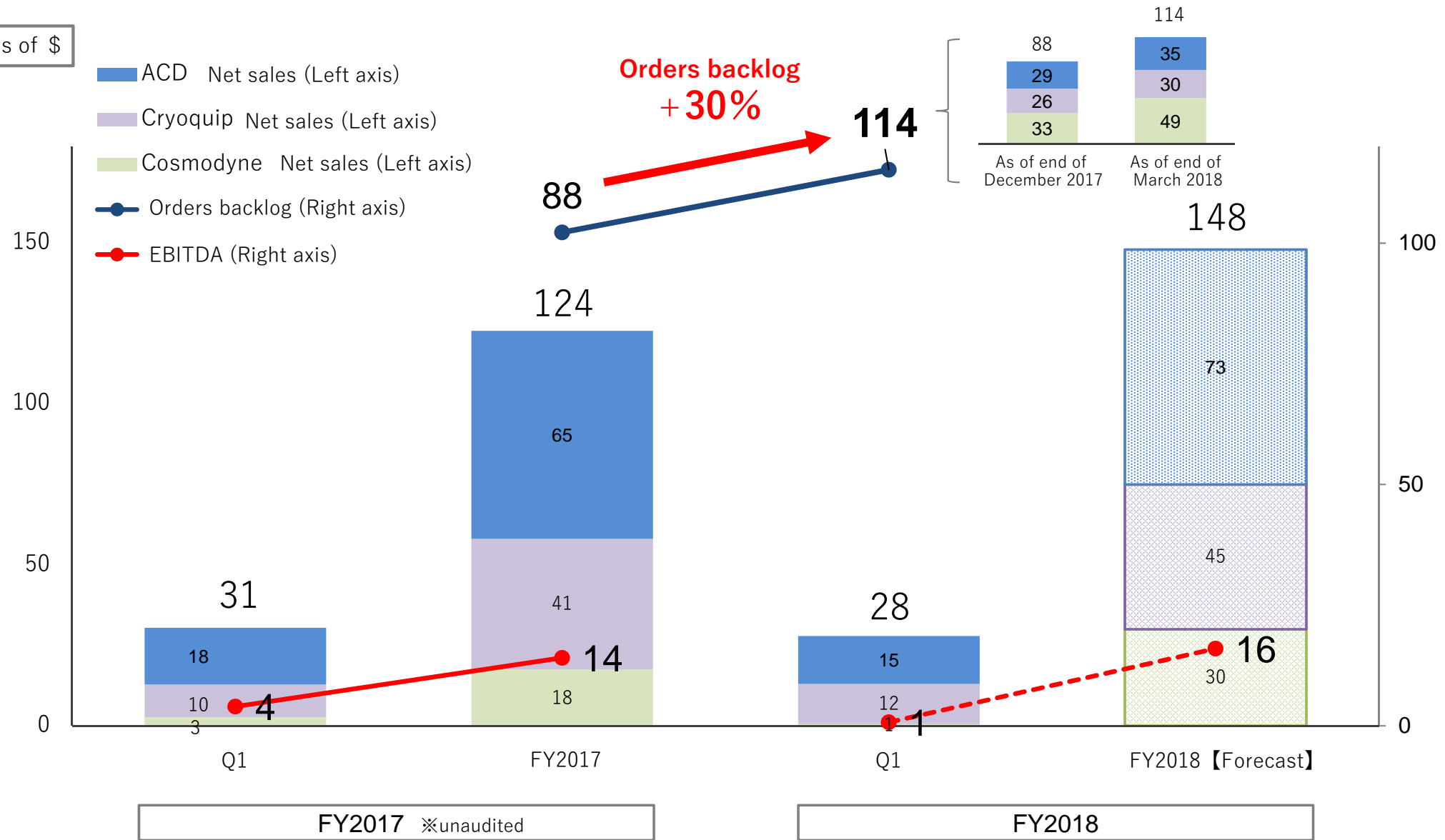
■ Orders (Left axis)
 ■ Net sales (Left axis)
 ■ EBITDA (Left axis)
 ○ Orders backlog (Right axis)



Performance trend of Cryogenic Industries Group



Millions of \$



FY2017 ※unaudited

FY2018

Financial results for FY2018 Q1

Precision Equipment Division



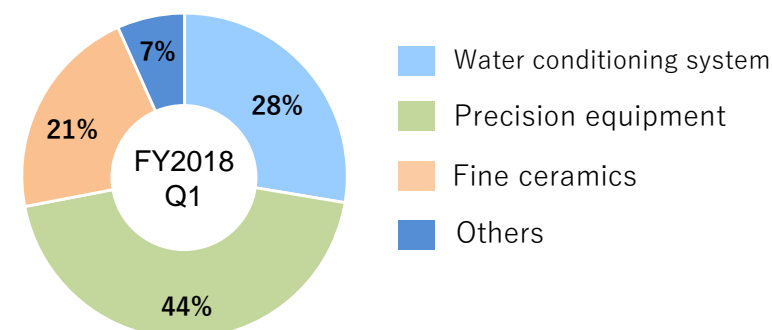
1. Overview

- ✓ In power plant business, the company focused on maintenance services associated with the restarting of power plants, which supported operating income.
- ✓ Due to the expanded use of electronic components, the electronic components manufacturing industry is expected to continue to experience a boom, which increased sales of warm isostatic laminator.

2. Consolidated performance

Millions of JPY	FY2017 Q1	FY2018 Q1	YoY comparison	
	Jan.2017 – Mar. 2017	Jan. 2018 – Mar. 2018	Change	Change rate
Orders	2,314	2,650	+ 335	+ 14.5%
Net sales	2,421	2,516	+ 95	+ 3.9%

3. Net Sales Composition ratio by Product



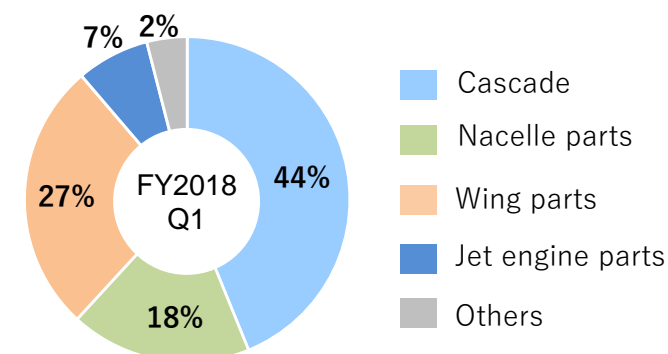
1. Overview

- ✓ During FY2018 Q1, although a temporary decline in cascade demand and the impact of the strong yen slightly reduced net sales, overall business proceeded largely as planned due to a growth in shipments from the first plant in Hanoi, Vietnam.
- ✓ The company aims to capitalize on strong demand for aircraft by expanding its production bases, including a new plant in Miyazaki and a second plant in Hanoi, Vietnam, which are scheduled to be completed by the end of FY2018.

2. Consolidated performance

	Millions of JPY		YoY comparison	
	FY2017 Q1 Jan.2017 – Mar. 2017	FY2018 Q1 Jan. 2018 – Mar. 2018	Change	Change rate
Orders	3,519	3,642	+123	+3.5%
Net sales	3,578	3,792	+214	+6.0%

3. Net Sales Composition ratio by Product



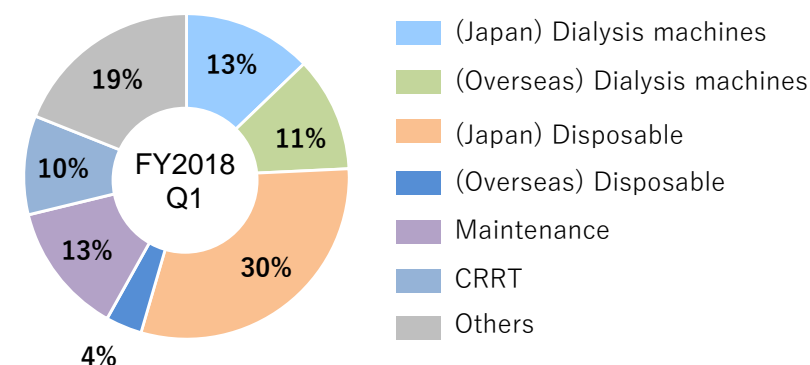
1. Overview

- ✓ In the hemodialysis business, sales of consumables such as blood tubing lines increased, which supported net sales in the domestic market.
- ✓ In overseas markets, the Chinese market is expanding and sales grew in Asian countries where medical insurance systems are spreading, as well as in Europe, which led to a slight increase in net sales in the hemodialysis-related business as a whole.
- ✓ In the CRRT business, as a result of an effort to restructure the business by strengthening the sales system, sales of equipment increased in our mainstay Chinese market. However, sales in other countries were yet to recover, which led to a slight decline in net sales.

2. Consolidated performance

	Millions of JPY	FY2017 Q1	FY2018 Q1	YoY comparison	
		Jan.2017 – Mar. 2017	Jan. 2018 – Mar. 2018	Change	Change rate
Orders		12,942	14,198	+1,255	+9.7%
Net sales		12,964	12,936	△27	△0.2%

3. Net Sales Composition ratio by Product



Financial forecast for FY2018

Consolidated Performance



Performance forecast for FY2018 ending December remains unchanged

Millions of JPY

	FY2017 Actual record	FY2018 Performance forecast	YoY comparison	
			Change	Change rate
Orders	140,412	162,000	+21,587	+15.4%
Net sales	140,912	162,000	+21,087	+15.0%
Operating income	8,718	10,000	+1,281	+14.7%
Ratio to net sales	6.2%	6.2%		
Profit before tax	8,310	9,000	+689	+8.3%
Ratio to net sales	5.9%	5.6%		
Attributable to owners of parent				
Net income	5,182	5,900	+717	+13.8%
Ratio to net sales	3.7%	3.6%		
Average exchange rate/Assumed rate for financial result forecast				
Against the US dollar (Yen)	112.16	108.00	△4.16	-
Against the euro (Yen)	126.70	132.00	+5.30	-
Forex sensitivity for FY2018 (When yen was depreciated by 1 yen)				
US dollar (Yen)		Net Sales +460 million yen	Operating income +80 million yen	
Euro (Yen)		Net Sales +390 million yen	Operating income +50 million yen	

Performance by Business Segment

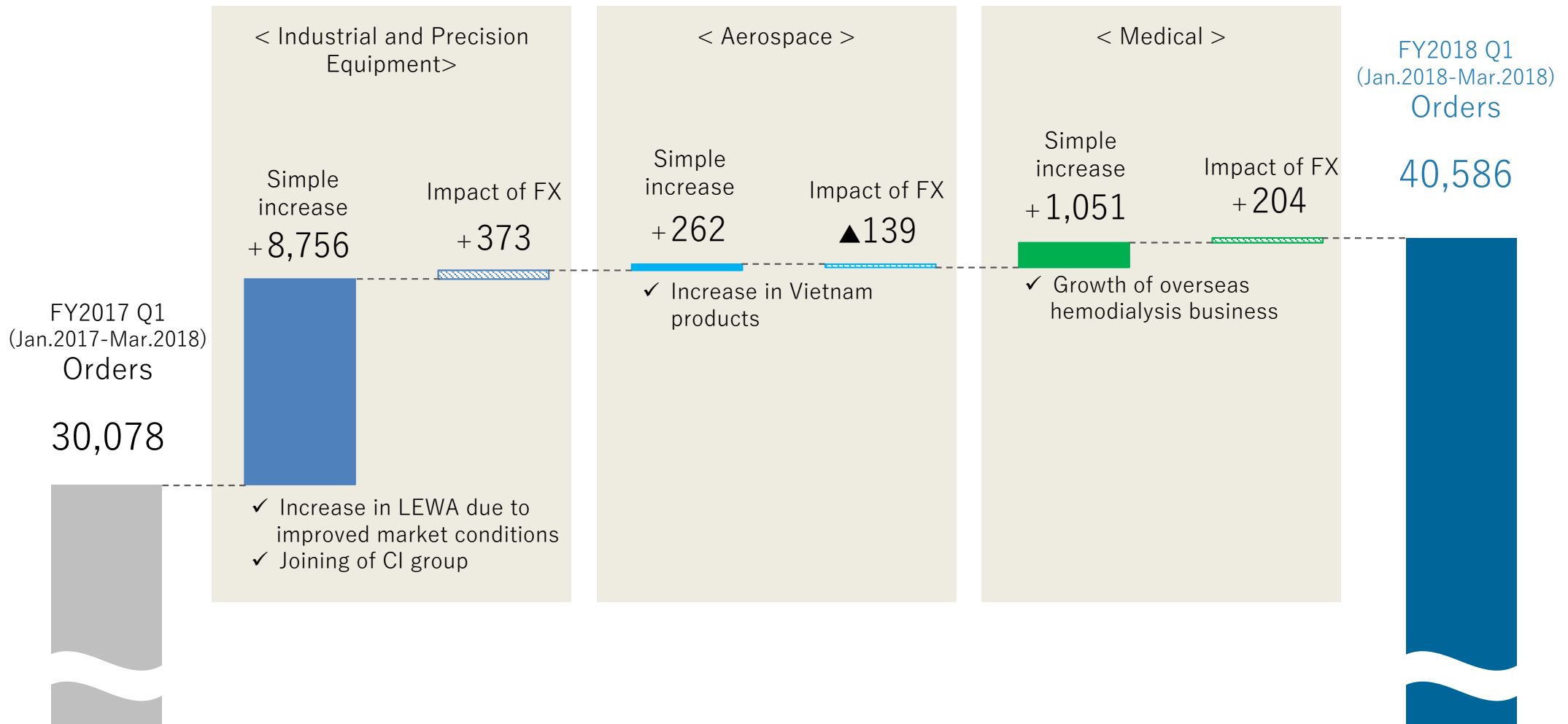


Millions of IPY

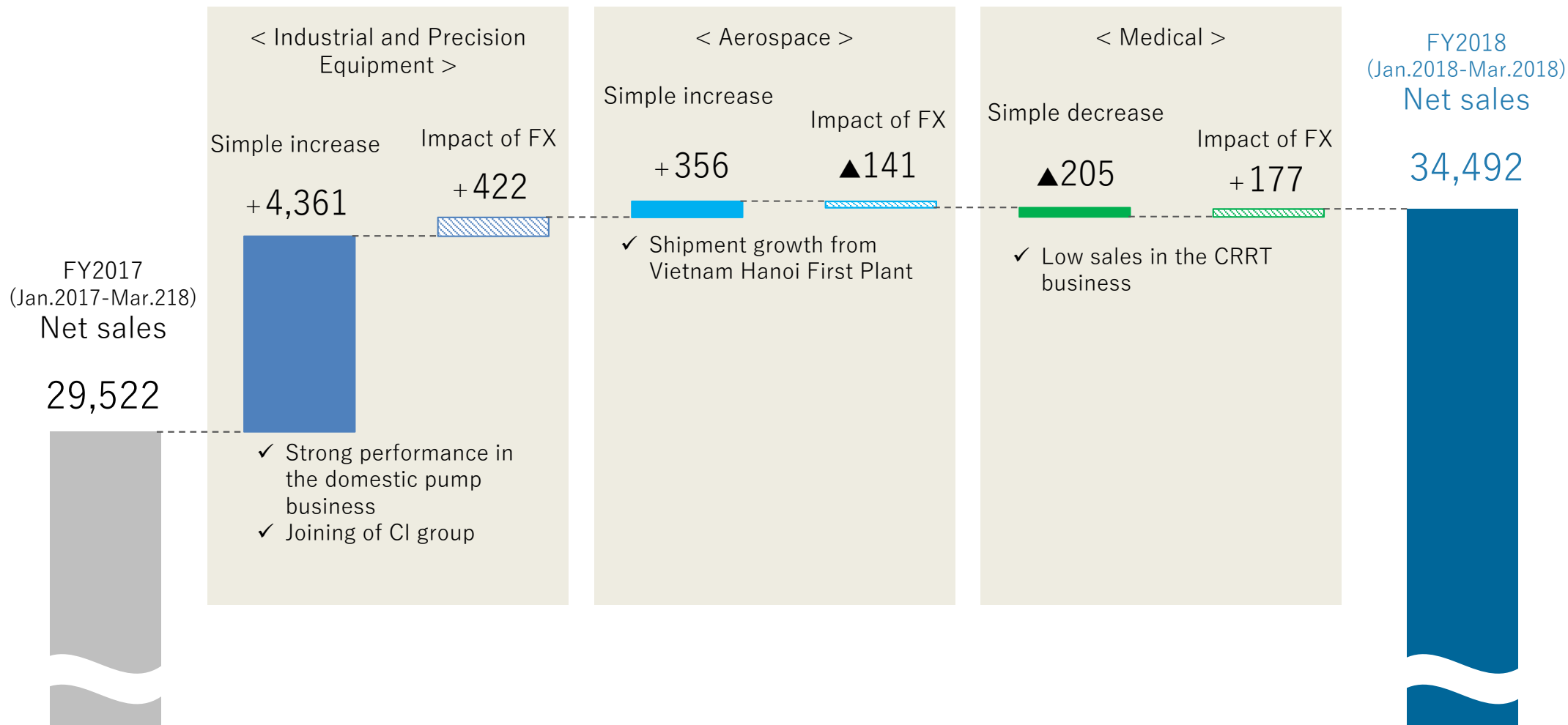
		FY2017 Actual record	FY2018 Performance forecast	YoY comparison	
				Change	Change rate
Industrial Business	Orders	85,406	101,900	+16,493	+19.3%
	Net sales	85,228	101,800	+16,571	+19.4%
	Operating income of segment	7,539	7,900	+360	+4.8%
	Ratio to net sales	8.8%	7.8%		
Industrial Division	Orders	58,827	72,300	+13,472	+22.9%
	Net sales	59,715	71,700	+11,984	+20.1%
Precision Equipment Division	Orders	10,731	11,100	+368	+3.4%
	Net sales	9,843	11,600	+1,756	+17.8%
Aerospace Division	Orders	15,712	17,000	+1,287	+8.2%
	Net sales	15,550	17,000	+1,449	+9.3%
Medical Business	Orders	55,005	60,100	+5,094	+9.3%
	Net sales	55,684	60,200	+4,515	+8.1%
	Operating income of segment	3,950	5,800	+1,849	+46.8%
	Ratio to net sales	7.1%	9.6%		
Corporate expenses, etc.	Operating income of segment	△2,771	△3,700	△928	-

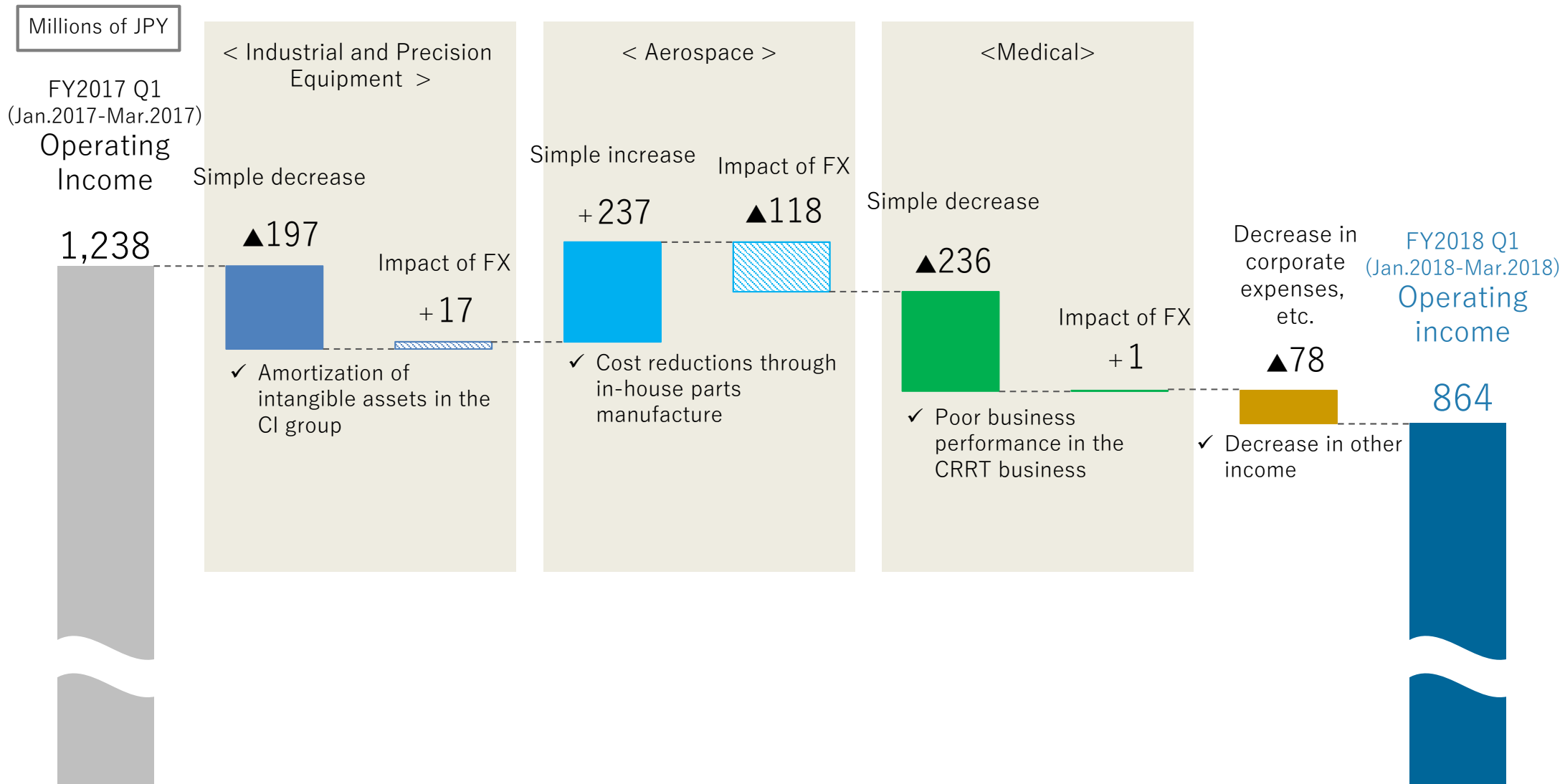
Appendix

Millions of JPY



Millions of JPY





Consolidated Statement of Financial Position

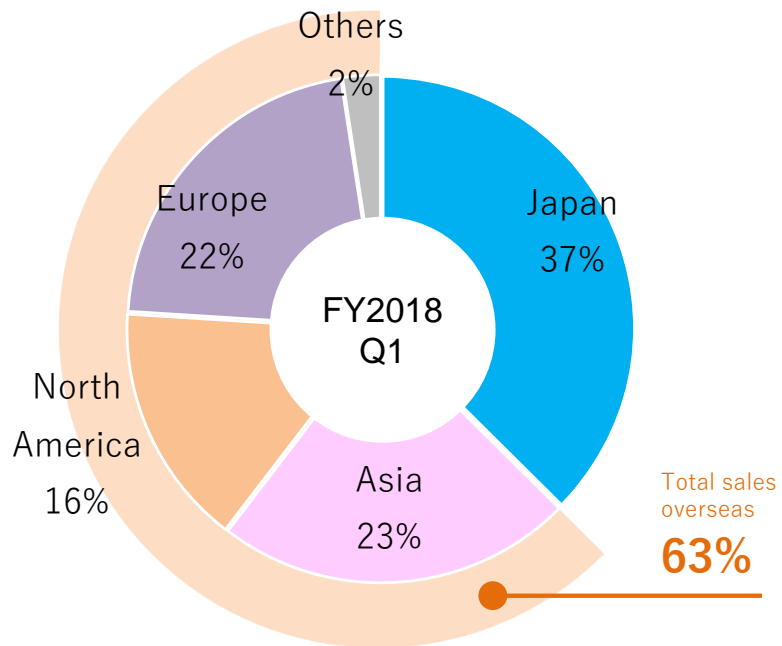
Millions of JPY

	As of end of December 2017		As of end of March 2018		Change
	Amount	Composition ratio	Amount	Composition ratio	
Total assets	244,692	100.0%	240,328	100.0%	△4,363
Current assets	119,103	48.7%	117,455	48.9%	△1,648
Cash and cash equivalents	34,095	13.9%	33,224	13.8%	△870
Trade and other receivables	50,434	20.6%	46,442	19.3%	△3,991
Inventories	30,363	12.4%	33,275	13.8%	+2,912
Non-current assets	125,588	51.3%	122,873	51.1%	△2,715
Property, plant and equipment	38,454	15.7%	39,389	16.4%	+935
Intangible assets and goodwill	67,792	27.7%	63,919	26.6%	△3,873
Total assets	167,905	68.6%	168,902	70.3%	+996
Trade and other payables	22,624	9.2%	22,334	9.3%	△290
Corporate bond and non-current borrowings	122,528	50.1%	122,357	50.9%	△170
Total assets	76,787	31.4%	71,426	29.7%	△5,360

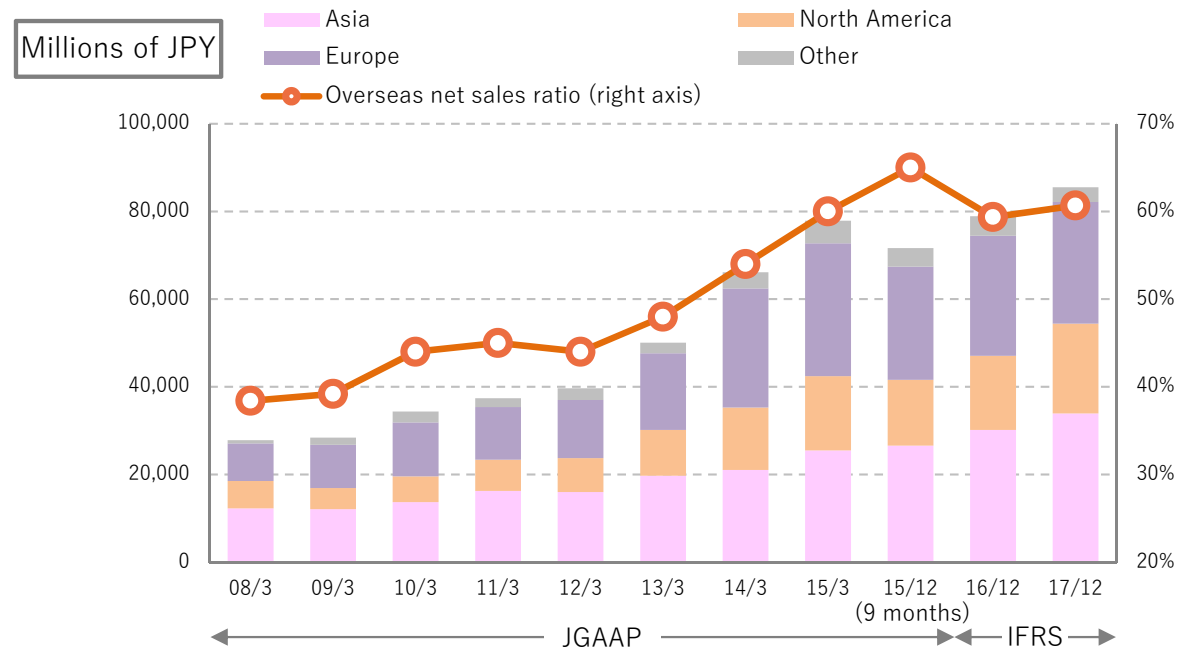
Net Sales Composition Ratio by Region



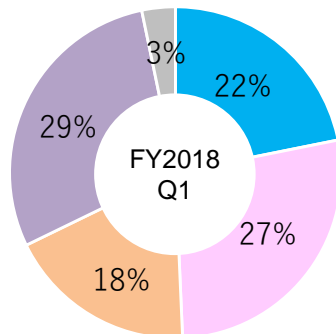
NIKKISO Group total



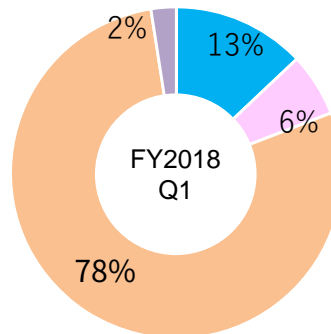
Net sales trend by overseas region



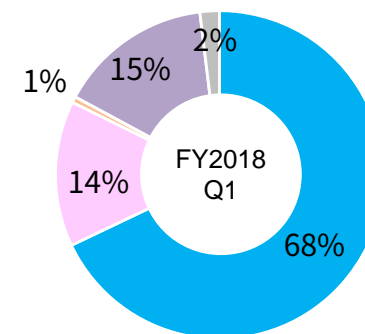
Industrial and Precision Equipment



Aerospace



Medical



	FY2016 - IFRS -	FY2017 - IFRS -
Basic earnings per share	66.08 yen	71.82 yen
Return on equity (ROE)	7.2%	7.3%
Return on asset (ROA)	3.8%	3.9%
Revenue operating margin	6.2%	6.2%
Equity ratio	37.4%	30.7%
DE ratio	1.05 times	1.63 times

Millions of JPY

	FY2016 - IFRS -	FY2017 2017 - IFRS -
Capital investments	7,635	7,508
Research and development expenses	1,679	2,435
Depreciation expenses	4,766	5,246

