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# **Presentation Material**

## **First Half of Fiscal Year**

### **Ending March 31, 2017**

**November 4, 2016**

**Nippon Chemi-Con Corporation**



- 1. Business Environment for FY2016**
- 2. Results Forecast for the Full Year**
- 3. Growth Strategies**
  - 1) Long-term Vision**
  - 2) Business Management System**

# 1. Business Environment for FY2016

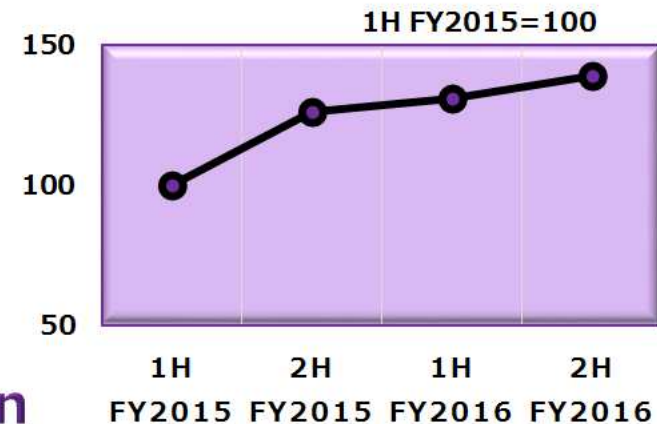
## Outlook by Strategic Market

### Automotive electronics

China and USA to drive global market

New demand for large can type aluminum electrolytic capacitors for EV chargers etc.

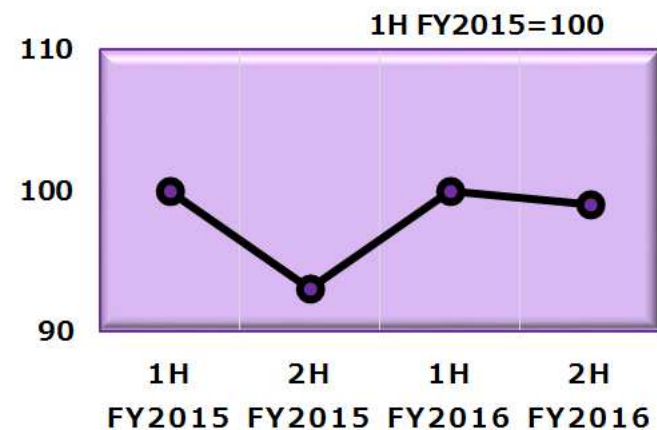
⇒Progress in vehicle electrification



### Industrial equipment

Investment in infrastructure to remain sluggish

Robotization to rapidly develop in China and in ASEAN region because of increase in wages and other factors

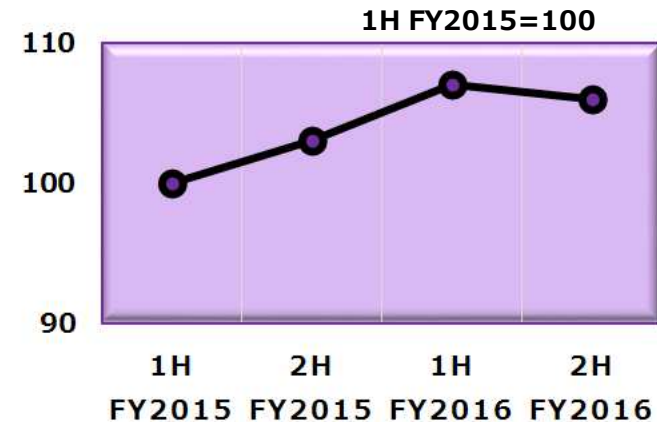


# 1. Business Environment for FY2016

## Outlook by Strategic Market

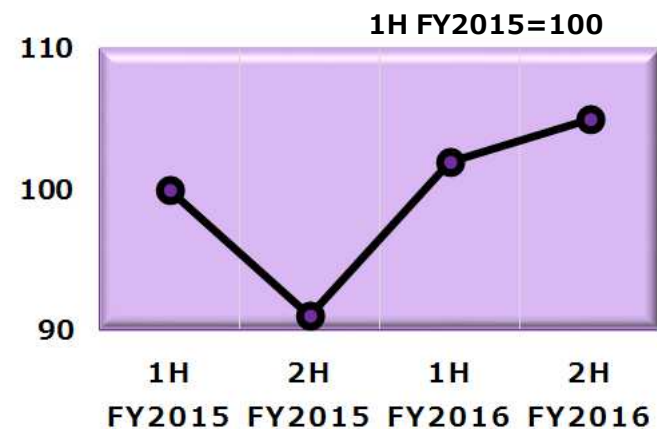
### New energy

Demand for PV inverter to increase in China, remain weak in Europe and in Japan  
Concern for shift in US energy policy



### Home appliances

Solid demand for air conditioners in Japan and in ASEAN region as a result of hot weather  
Excess inventory of air conditioners to be resolved gradually in China



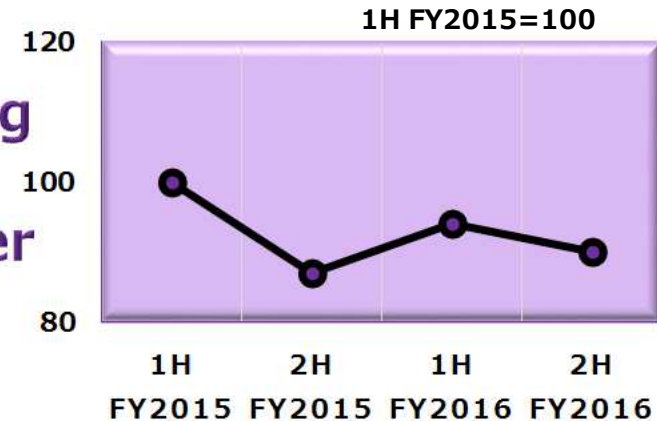


# 1. Business Environment for FY2016

## Outlook by Strategic Market

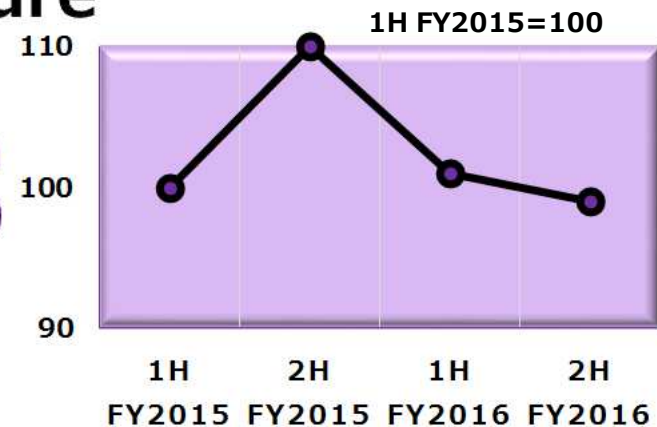
### PC

Increase in demand for servers with the spread of cloud computing  
 Replacement demand by US institutions and increase in number of capacitors used per PC  
 ⇒ PC market to bottom out



### Communications infrastructure

“Small cells” for 4G and 5G, next-generation mobile communication network expected to start in 2020  
 ⇒ Increase in number of base stations





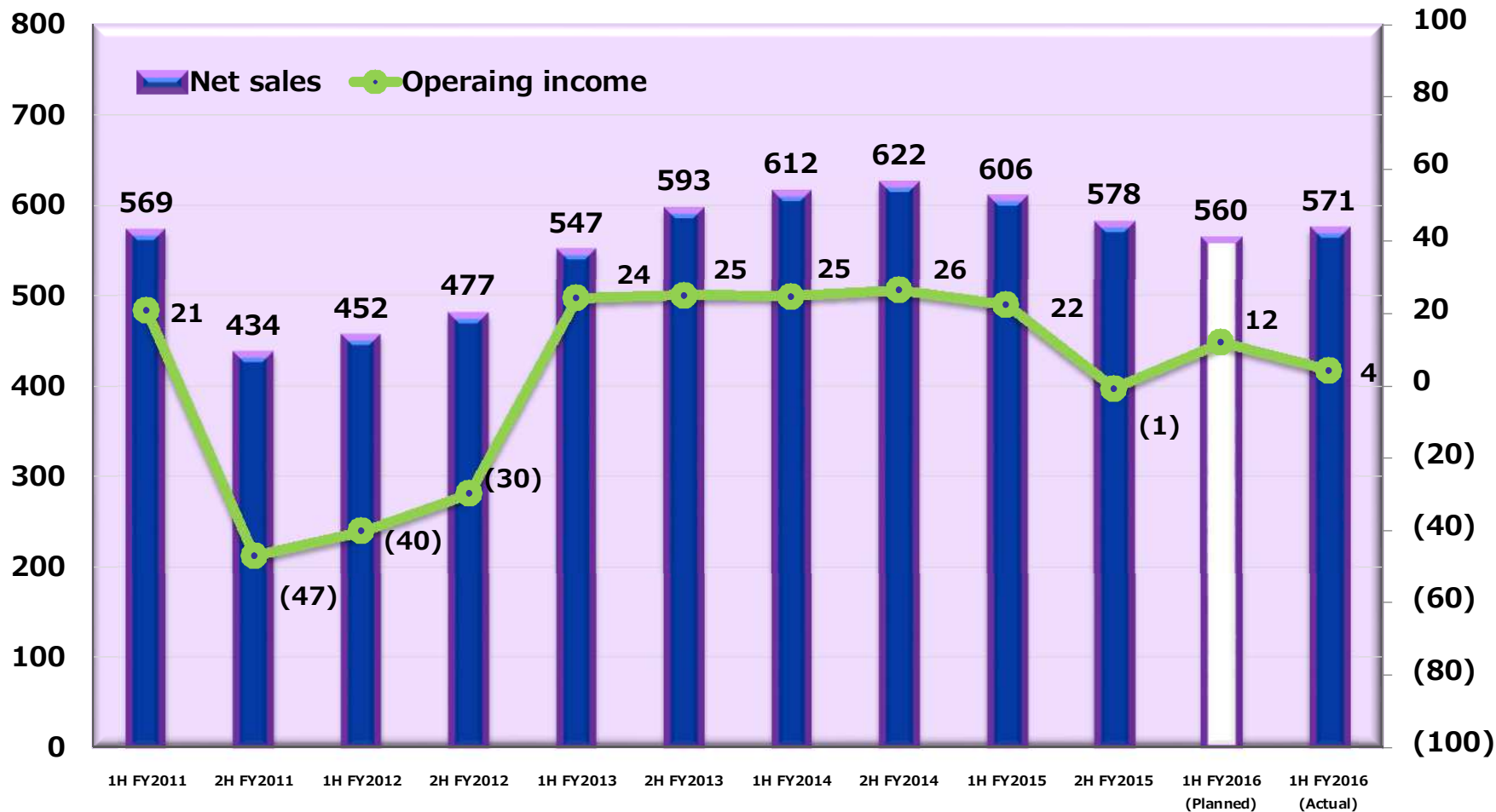
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# 1. Business Environment for FY2016

## Consolidated Net Sales and Operating Income (1H FY2011 – 1H FY2016)

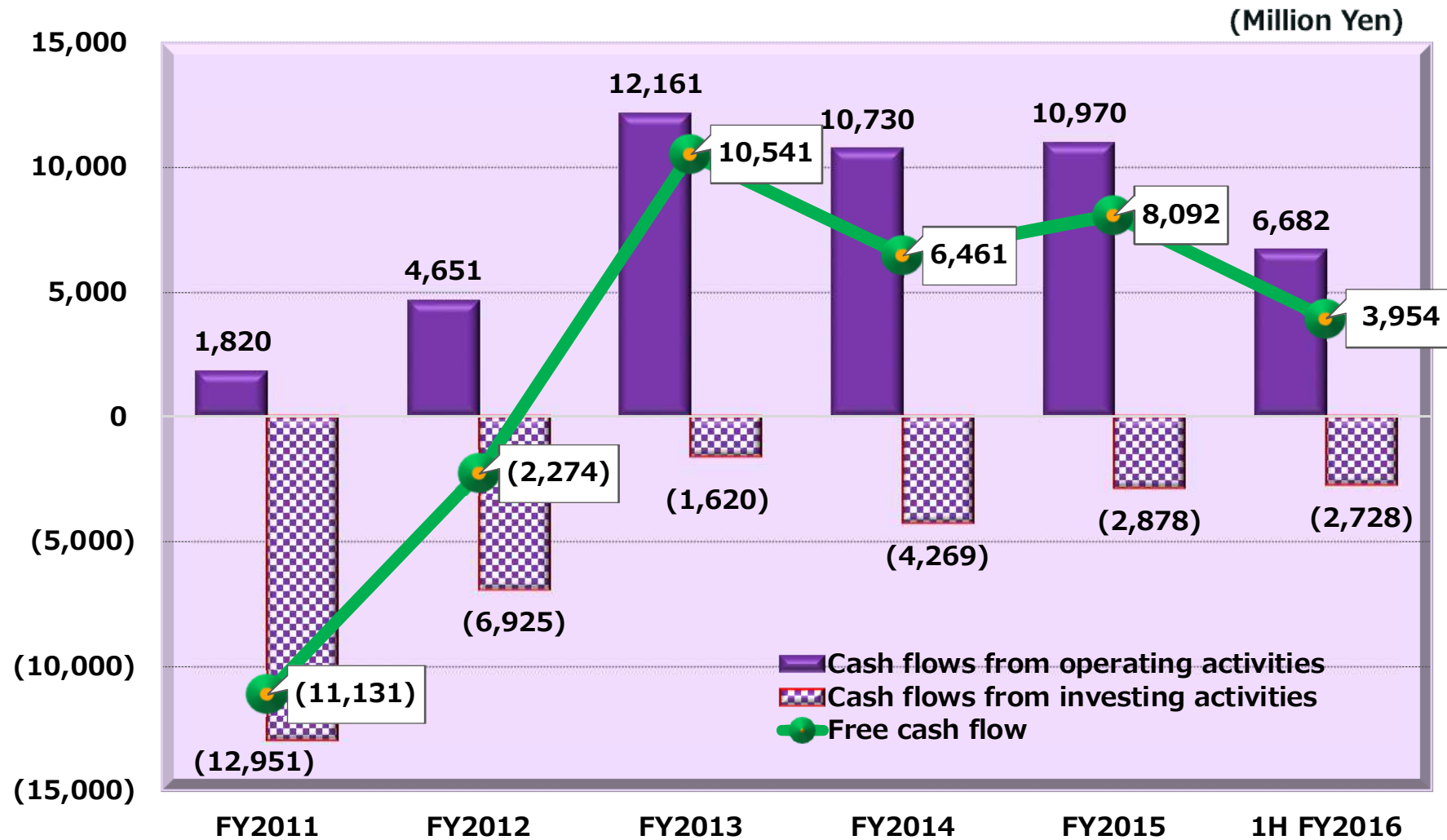
Net sales (100 million yen)

Operating income (100 million yen)



# 1. Business Environment for FY2016

## Consolidated Cash Flows (FY2011 – 1H FY2016)



## 2. Results Forecast for the Full Year

(Million yen)

|                                      | FY2016<br>(Revised<br>Forecast) | FY2016<br>(May<br>Forecast) | Change<br>from May<br>Forecast | FY2015<br>Results | YoY Changes (Forecast) |        |
|--------------------------------------|---------------------------------|-----------------------------|--------------------------------|-------------------|------------------------|--------|
|                                      |                                 |                             |                                |                   | Amount                 | %      |
| Net sales                            | 112,000                         | 112,000                     | 0                              | 118,414           | (6,414)                | -5.4%  |
| Operating income                     | 1,500                           | 2,600                       | (1,100)                        | 2,179             | (679)                  | -31.2% |
| Operating income margin              | 1.3%                            | 2.3%                        | -                              | 1.8%              | -                      | -      |
| Ordinary income                      | 1,000                           | 2,400                       | (1,400)                        | 1,165             | (165)                  | -14.2% |
| Ordinary income margin               | 0.9%                            | 2.1%                        | -                              | 1.0%              | -                      | -      |
| Net income (loss)                    | 300                             | 1,500                       | (1,200)                        | (6,905)           | 7,205                  | -      |
| Net income (loss) margin             | 0.3%                            | 1.3%                        | -                              | -5.8%             | -                      | -      |
| ROA                                  | 0.2%                            | 1.1%                        | -                              | -4.9%             | -                      | -      |
| ROE                                  | 0.5%                            | 2.4%                        | -                              | -9.8%             | -                      | -      |
| Average exchange rate<br>1US\$ (Yen) | 104.15                          | 110.00                      | (5.85)                         | 120.13            | (15.98)                | -      |
| 1EUR (Yen)                           | 115.58                          | 125.00                      | (9.42)                         | 132.57            | (16.99)                | -      |
| Capital investment                   | 5,100                           | 5,100                       | 0                              | 4,354             | 746                    | 17.1%  |
| Depreciation                         | 6,800                           | 6,800                       | 0                              | 7,127             | (327)                  | -4.6%  |
| R&D expenses                         | 4,400                           | 4,500                       | (100)                          | 4,321             | 79                     | 1.8%   |





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## 2. Results Forecast for the Full Year

### Sales by Product

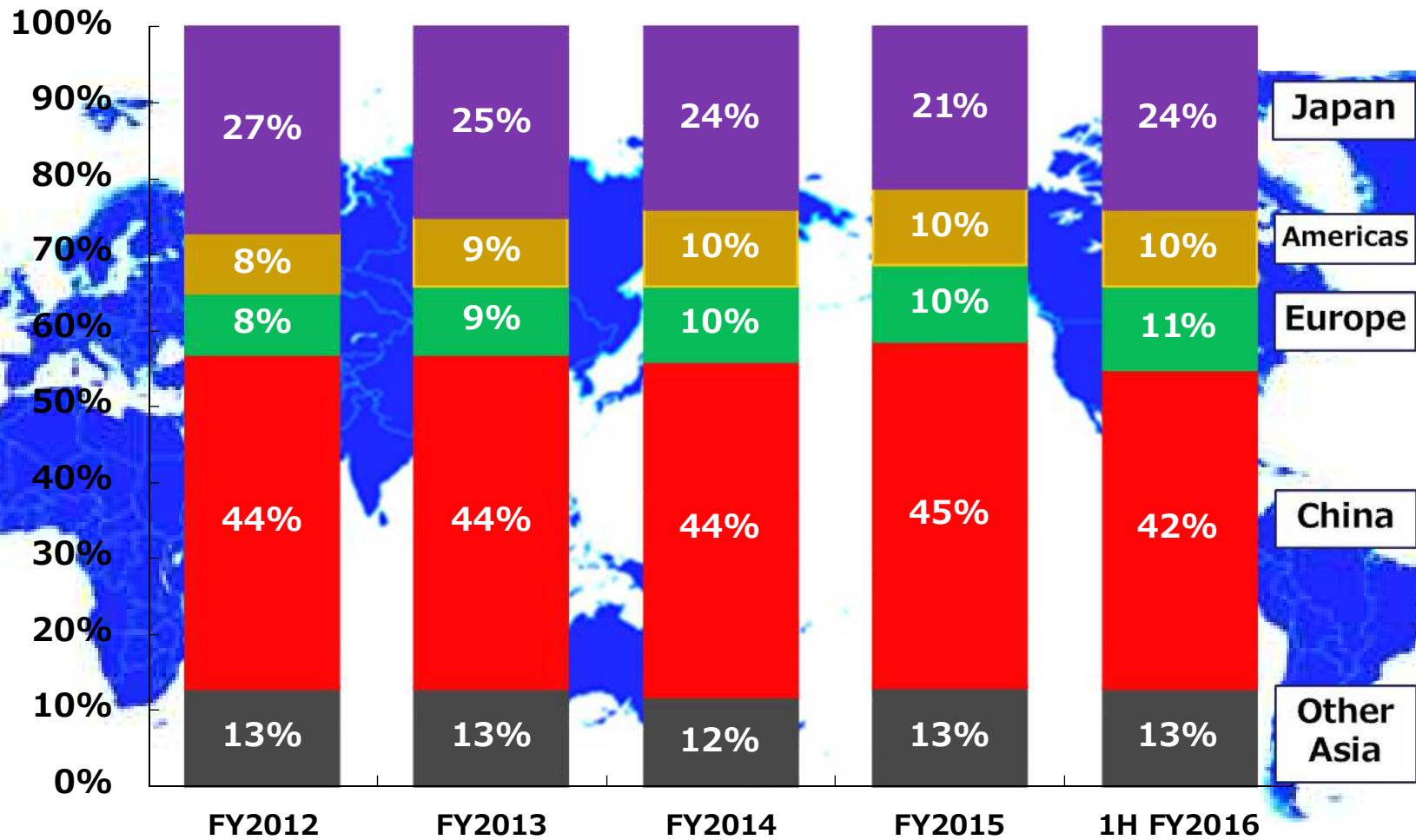
(Million yen)

|  | FY2016 (Revised Forecast) | FY2016 (May Forecast) | Change from May Forecast | FY2015 Results    | YoY Changes (Forecast) |        |
|--|---------------------------|-----------------------|--------------------------|-------------------|------------------------|--------|
|  |                           |                       |                          |                   | Amount                 | %      |
| Aluminum Electrolytic Capacitors               | 94,500<br>84.4%           | 94,300<br>84.2%       | 200                      | 100,694<br>85.0%  | (6,194)                | -6.2%  |
| (Conductive Polymer Aluminum Solid Capacitors) | 9,500<br>8.5%             | 9,400<br>8.4%         | 100                      | 10,301<br>8.7%    | (801)                  | -7.8%  |
| D L C A P™                                     | 4,300<br>3.8%             | 4,100<br>3.7%         | 200                      | 3,931<br>3.3%     | 369                    | 9.4%   |
| Other Capacitors                               | 3,200<br>2.9%             | 3,200<br>2.9%         | 0                        | 3,615<br>3.1%     | (415)                  | -11.5% |
| Capacitors Total                               | 102,000<br>91.1%          | 101,600<br>90.7%      | 400                      | 108,240<br>91.4%  | (6,240)                | -5.8%  |
| Electro-Mechanical Parts and Other Parts       | 2,700<br>2.4%             | 2,800<br>2.5%         | (100)                    | 2,807<br>2.4%     | (107)                  | -3.8%  |
| Capacitor Materials                            | 5,700<br>5.1%             | 5,400<br>4.8%         | 300                      | 5,264<br>4.4%     | 435                    | 8.3%   |
| Other  | 1,600<br>1.4%             | 2,200<br>2.0%         | (600)                    | 2,101<br>1.8%     | (502)                  | -23.8% |
| Total  | 112,000<br>100.0%         | 112,000<br>100.0%     | 0                        | 118,414<br>100.0% | (6,414)                | -5.4%  |



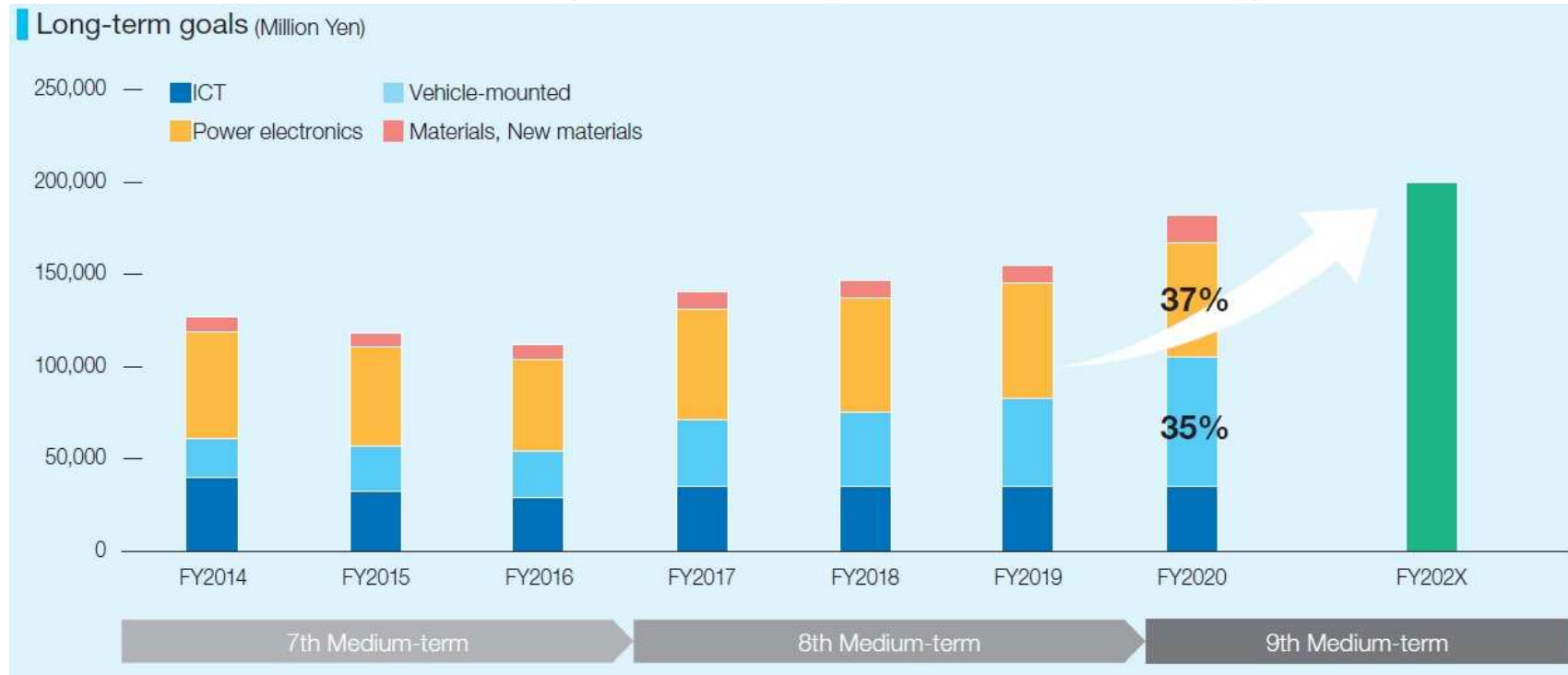
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## 2. Results Forecast for the Full Year Sales by Region



### 3. Growth Strategies 1) Long-term Vision

**Mission: Becoming No.1 for capacitors in the energy field**

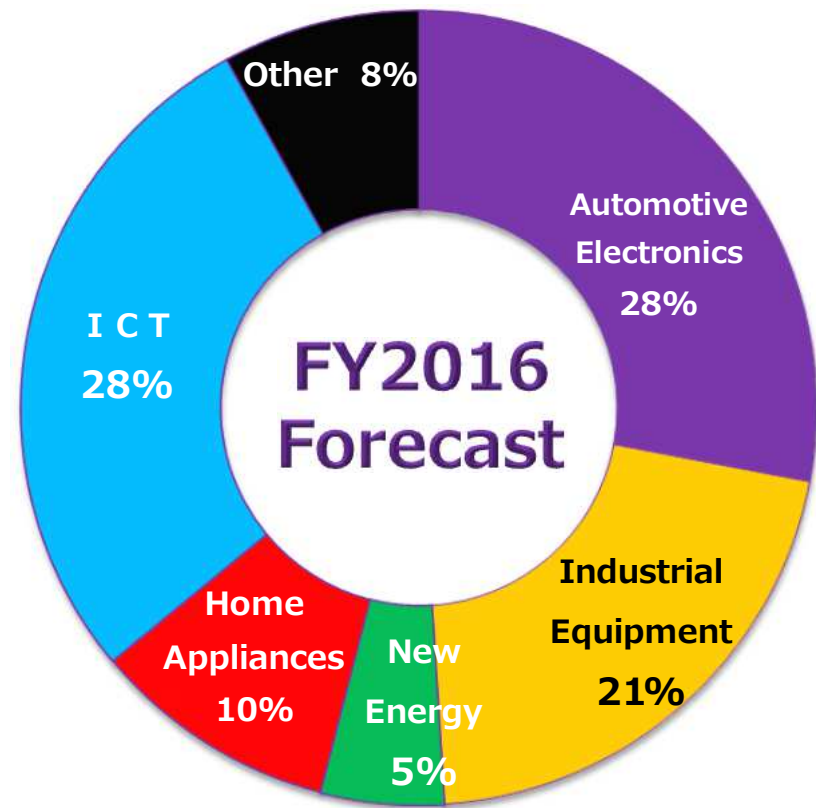
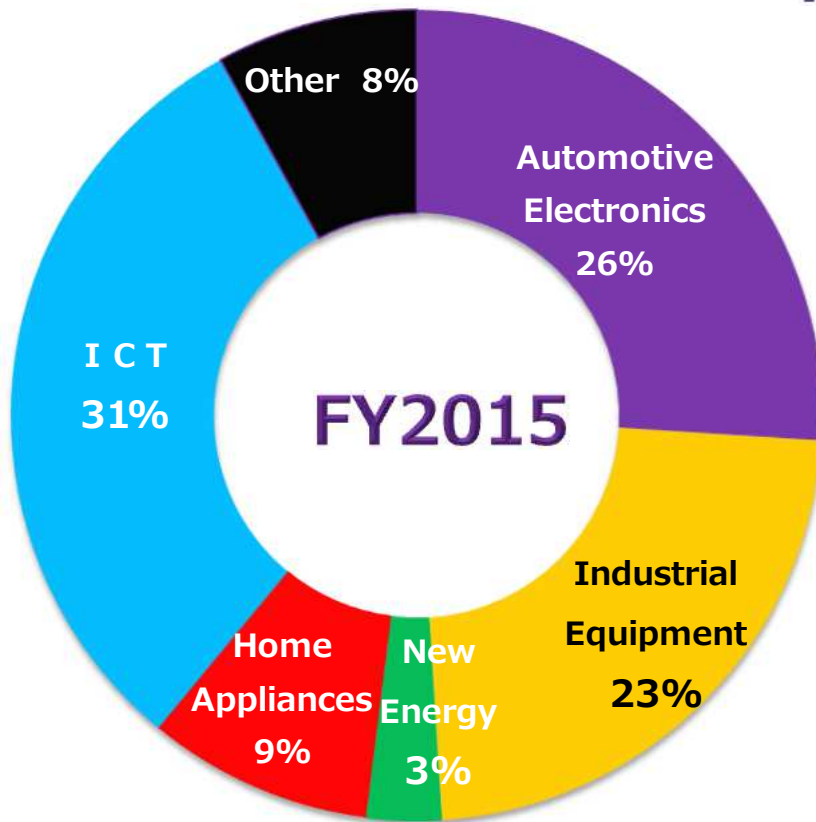


- In our Sixth Medium-term Management Plan, we launched activities that were a part of our initiative to reform into an E.C.O. solutions company.
- In our Seventh Medium-term Management Plan, we embraced the slogan of conducting corporate rehabilitation aimed at creating a foundation for becoming an E.C.O. solutions company. We are working to strengthen our financial position, clarify our growth strategy, and implement speedy business management.
- Over the long-term, our goal in FY2022 is to develop into an E.C.O. solutions company.
  - (1) Further focus on the power electronics market
  - (2) Expand ratio of sales from the vehicle-mounted electronics market
 We are strengthening our product development as we aim to become a company with annual sales of 200 billion yen in the early 2020s.

### 3. Growth Strategies 1) Long-term Vision

**Securing growth: Expand ratio of sales from the automotive electronics and power electronics**

#### Net Sales by Strategic Market





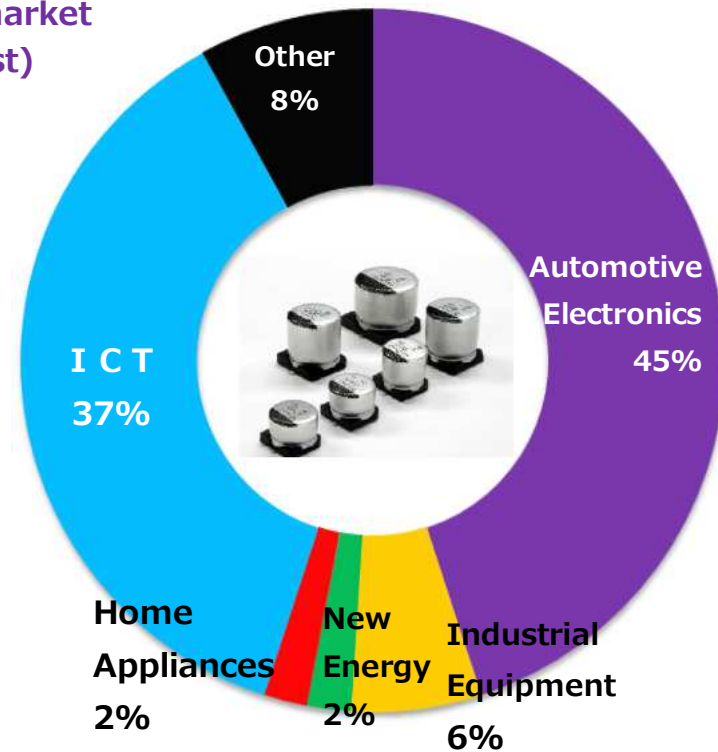
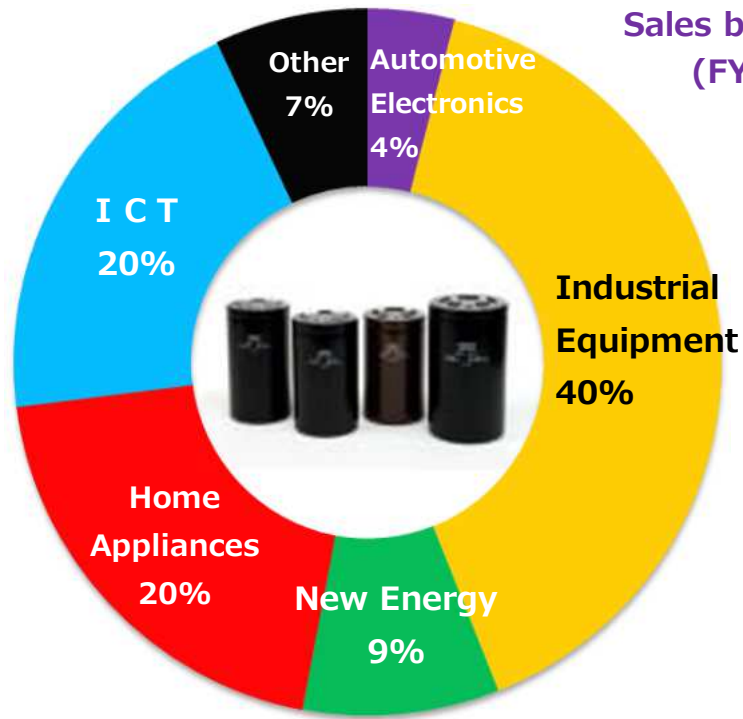
### 3. Growth Strategies 2) Business Management System

Large Aluminum  
Electrolytic Capacitor  
Business

**Strengthening production base  
in Malaysia**

SMD Aluminum  
Electrolytic Capacitor  
Business

**Strategic investment aimed at  
automotive electronics market**



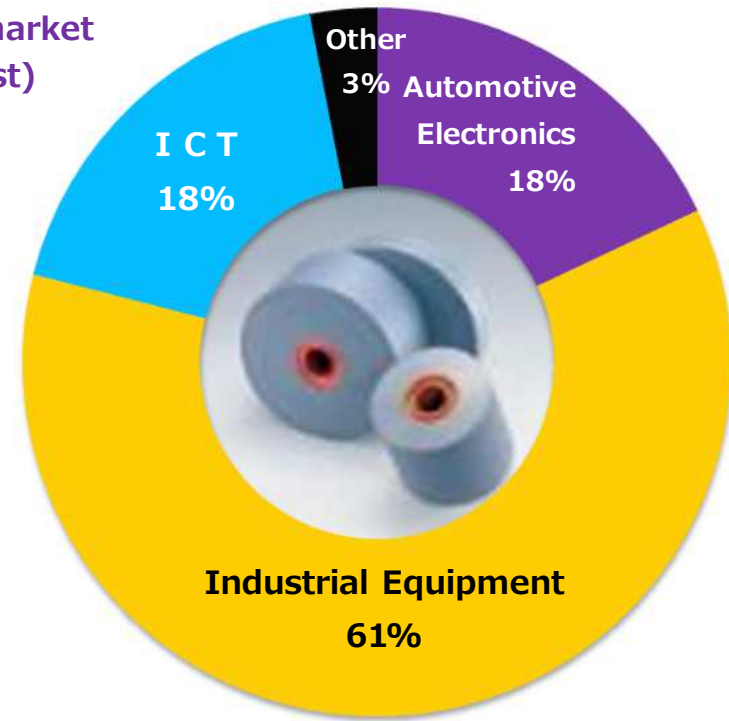
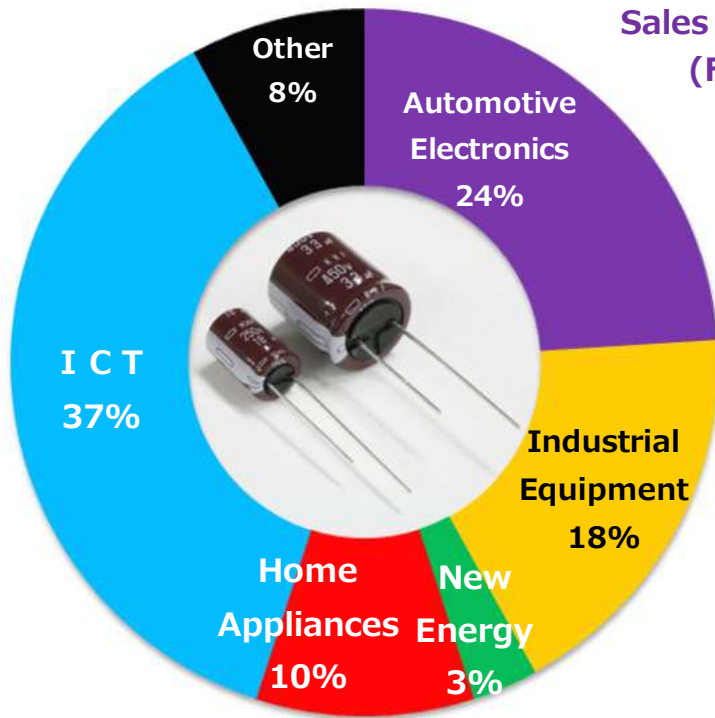
### 3. Growth Strategies 2) Business Management System

Small Aluminum  
Electrolytic Capacitor  
Business

Functional Material  
Business

Optimally located production to  
respond to exchange  
fluctuation

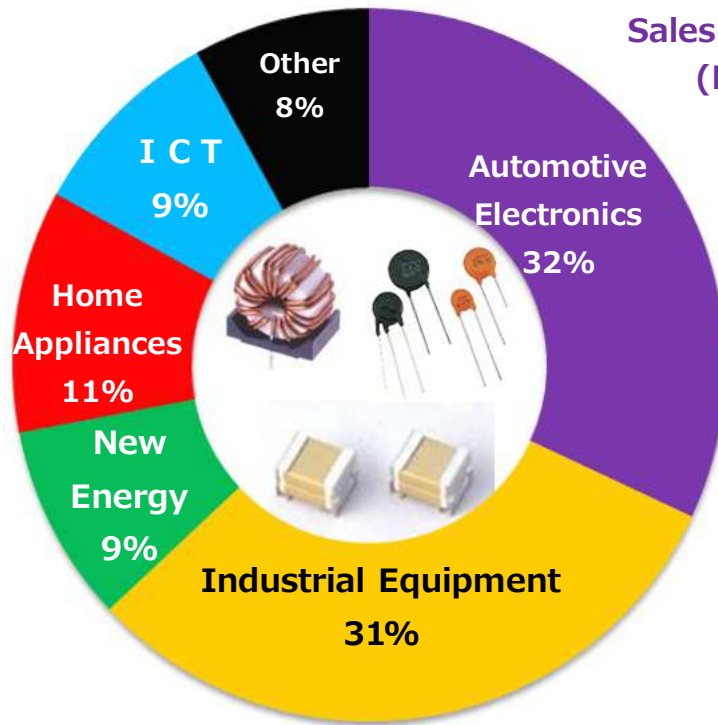
Materials development,  
Creation of new businesses



### 3. Growth Strategies 2) Business Management System

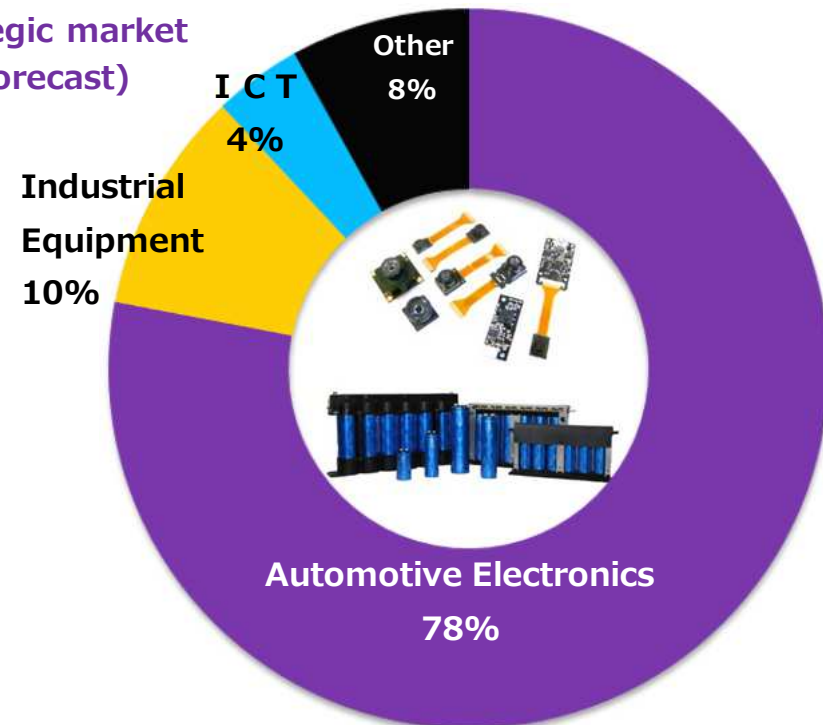
Solid Devices  
Business

Niche products for automotive  
and power electronics



Functional Devices  
Business

Creating new markets for  
DLCAP™ and Camera module





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**{Note}**

**The projected performance figures in this material are based on information available to Nippon Chemi-Con's management at the time this material was prepared. There are many uncertain factors inherent in forecasting, and there might be cases in which actual results differ from forecast values. Nippon Chemi-Con undertakes no obligation to publicly update or revise any forward-looking statements included in this material.**

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