

Translation

Presentation Material

Fiscal Year Ended March 31, 2017

May 16, 2017

Nippon Chemi-Con Corporation

CONTENTS



Summary of the 7th Medium-term Management Plan (FY2014 – FY2016)



What our 8th Medium-term Management Plan (FY2017- FY2019) aims for



Business Plan for FY2017

Outline of the 7th Medium-term Management Plan

Medium-term Target

Corporate Revitalization to Make the Next Leap Forward : Shift from Structural Reform to Management Innovation

Fundamental Strategy

Achievement of significant competitive advantage in the market through innovations and cost reductions

Key Measures

- 1) Practice of Speed Management
- 2) Reinforcement of Financial Foundations and Promotion of Cash Flow Management
- 3) Clarification of Growth Strategy
- 4) Practice of Quality First
- 5) Development of Human Resources for Ten Years Ahead

Numerical Goals

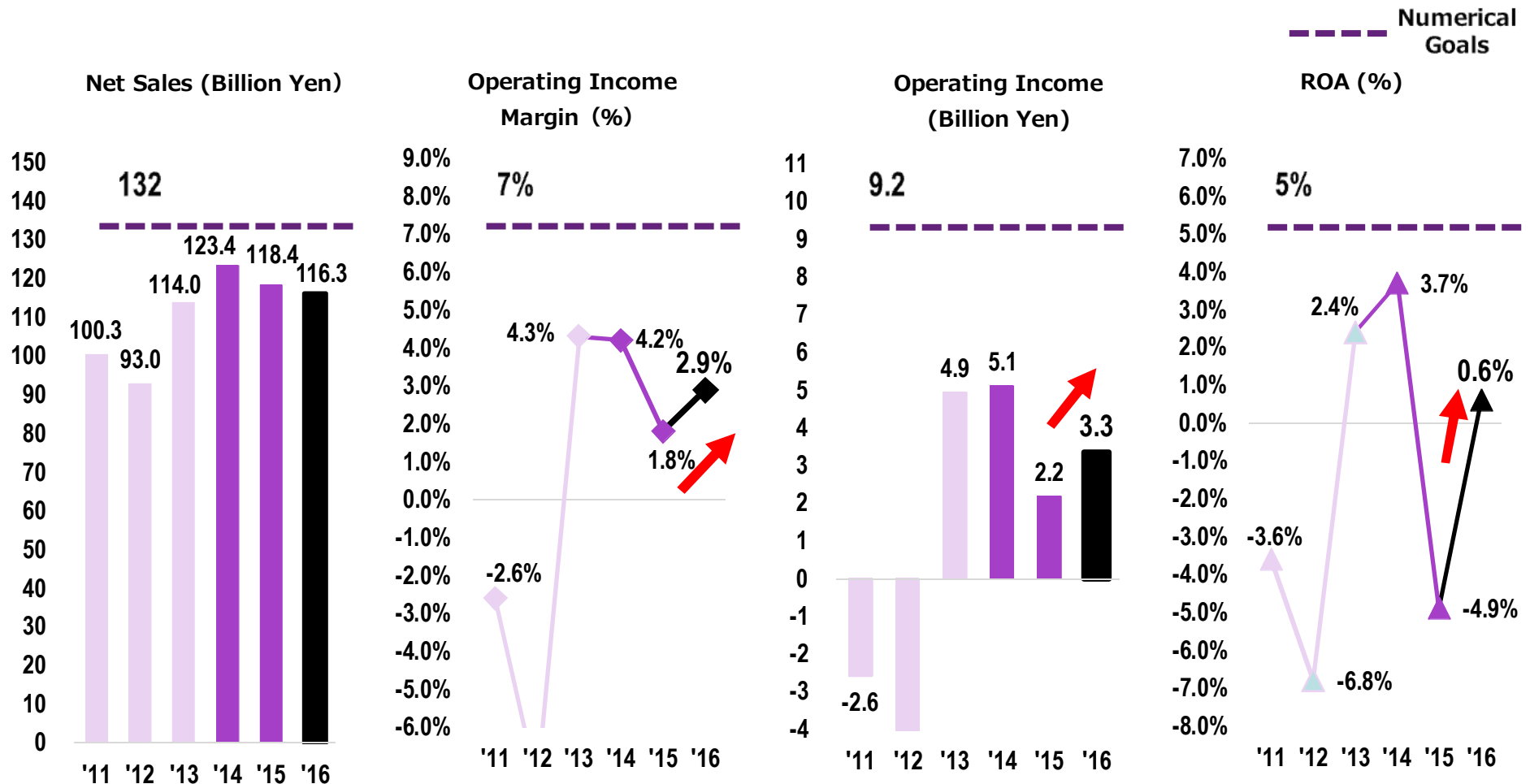
Net Sales : 132 billion yen

Operating Income Margin:
7%

ROA : 5%

Numerical Goals and Results

**Weak results for FY2015 affected by slowdown in the Chinese economy
Recovery from FY2016 after introduction of “Business Management System”**

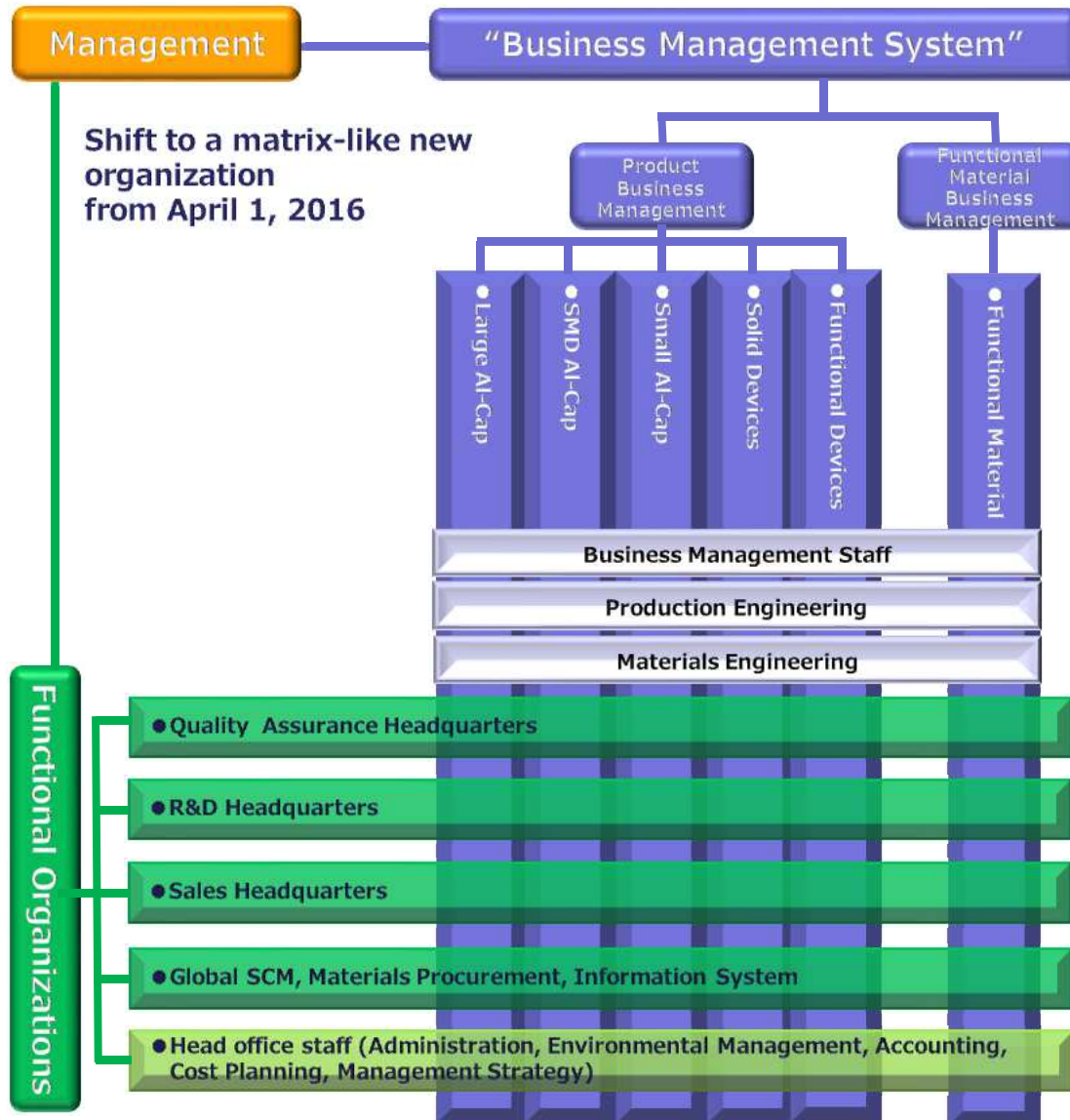


Sales by Product

Sales of Aluminum Electrolytic Capacitors decreased due to a decline in demand in ICT and Industrial Equipment market
Sales of DLCAP™ slowed affected by fall in crude oil prices

	FY2013 (Billion Yen)	FY2016 (Billion Yen)	Change from FY2013 (Billion Yen)	CAGR
Aluminum Electrolytic Capacitors	96.3	97.6	1.3	0.5%
DLCAP™	3.4	4.4	1.0	9.0%
Ceramic Capacitors, Varistors	4.7	3.3	(1.4)	(11.2%)
Electro-Mechanical Parts and Other Parts(Coil, Module)	2.8	2.8	0.0	0%
Capacitor Materials	4.9	6.3	1.4	8.7%
Other	1.8	1.9	0.1	1.8%
Total	113.9	116.3	2.4	0.7%

Practice of Speed Management: Shift to “Business Management System”



“Business Management System” and Executive Officer System



Designated an executive officer for every six product categories
⇒ **Clarification of the business responsibility**



Effective monitoring and prompt decision-making

Enhancing Management of Affiliates in Japan

2017

Chemi-Con Yonezawa (Capacitor Manufacturing Base)
Merged into Chemi-Con Yamagata (Capacitor Manufacturing Base)

2017

Fukushima Electrolytic Industry (Aluminum Electrode Foils Manufacturing Base) Merged into Chemi-Con Fukushima (Aluminum Electrolytic Capacitor Manufacturing base)

2013

Liquidation of Hidaka Electron (Aluminum Electrode Foils Manufacturing Base)

2014

Following three companies Merged into Chemi-Con Iwate (Aluminum Electrolytic Capacitor Manufacturing Base)

- Iwate Electrolytic Industry (Aluminum Electrode Foils Manufacturing Base)
- Nichiei Electronics (Aluminum Cases Manufacturing Base)
- Iwate Electronics (Choke Coils Manufacturing Base)

Enhancing Management of Overseas Affiliates

2015

Consolidation of Chemi-Con Material Logistics (Capacitor Materials Logistics Base) to Hong Kong Chemi-Con (Sales Base for Aluminum Electrolytic Capacitors and other products)



Management of the China region consolidated under Hong Kong Chemi-Con (Sales Base for Aluminum Electrolytic Capacitors and other products)

-Shanghai Chemi-Con (Sales Base for Aluminum Electrolytic Capacitors and other products),
-Chemi-Con Wuxi (Aluminum Electrolytic Capacitor Manufacturing Base), and
-Chemi-Con Technical Center (Wuxi) (Aluminum Electrolytic Capacitor Design Base) became subsidiaries of Hong Kong Chemi-Con

2016

Chemi-Con Americas Holdings established as a regional headquarters in the United States, that comprised
-United Chemi-Con (Manufacturing and Sales Base for Aluminum Electrolytic Capacitors) and
-Chemi-Con Materials (Aluminum Electrode Foils Manufacturing Base)

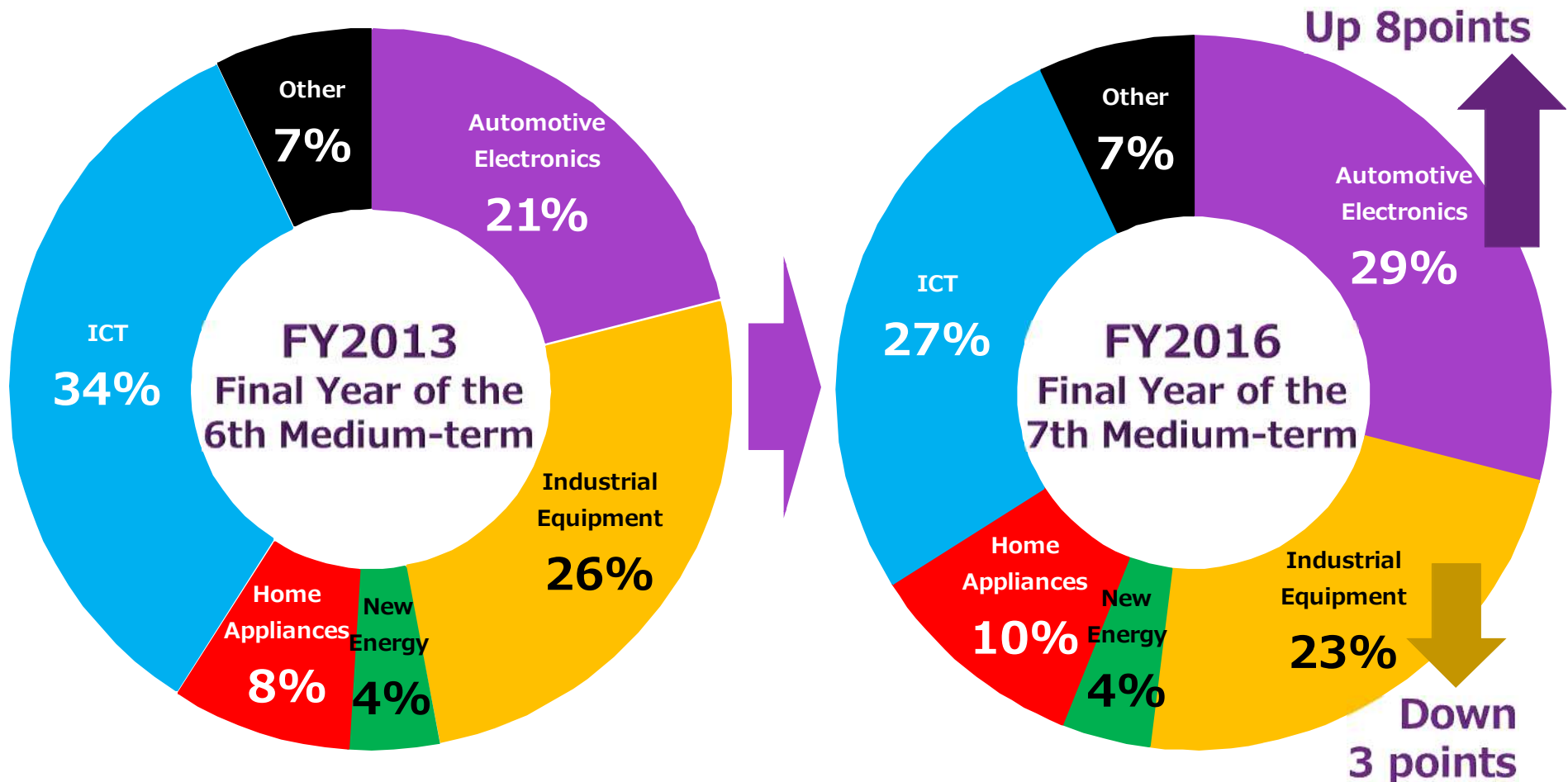
2016

Chemi-Con Engineering (Production Base for Capacitor Manufacturing Facilities) Merged into Taiwan Chemi-Con (Manufacturing and Sales Base for Aluminum Electrolytic Capacitors)

Results: Clarification of Growth Strategy, Focus on Automotive Electronics Market, and Demand Recovery in Industrial Equipment Market

Sales from Automotive → CAGR : 12%, Ratio of sales: 29% (up 8 points)

Sales from Industrial Equipment → CAGR: -3%, Ratio of sales: 23% (down 3 points) Demand recovery in Industrial Equipment Market from 2H FY2016



Summary of the 7th Medium-term Management Plan

Results of the 7th Medium-term Management Plan

- 1. Improvement in medium- and long-term growth potential**
Increase in sales and ratio of sales from the automotive electronics
- Ratio of sales from the automotive electronics
21% in FY2013 ⇒ 29% in FY2016
- 2. Practice of speed management**
Steady improvement in earning power through introduction of the
“business management system”
- Operating income margin:
1.8% in FY2015 ⇒ 4.9% in 2H FY2016
- 3. Strengthening of Group’s operating base and restoring of fiscal health**
Establishment of regional operations management companies,
Consolidations of subsidiaries
Improvement in asset turnover ratio (improvement in CCC and in
investment efficiency)

Issue to be addressed in the 8th Medium-term Management Plan

Offering Services that Delight Our Customers and Creating New
Values that Satisfy Genuine Demands of Customers

CONTENTS



Summary of the 7th Medium-term Management Plan (FY2014 – FY2016)



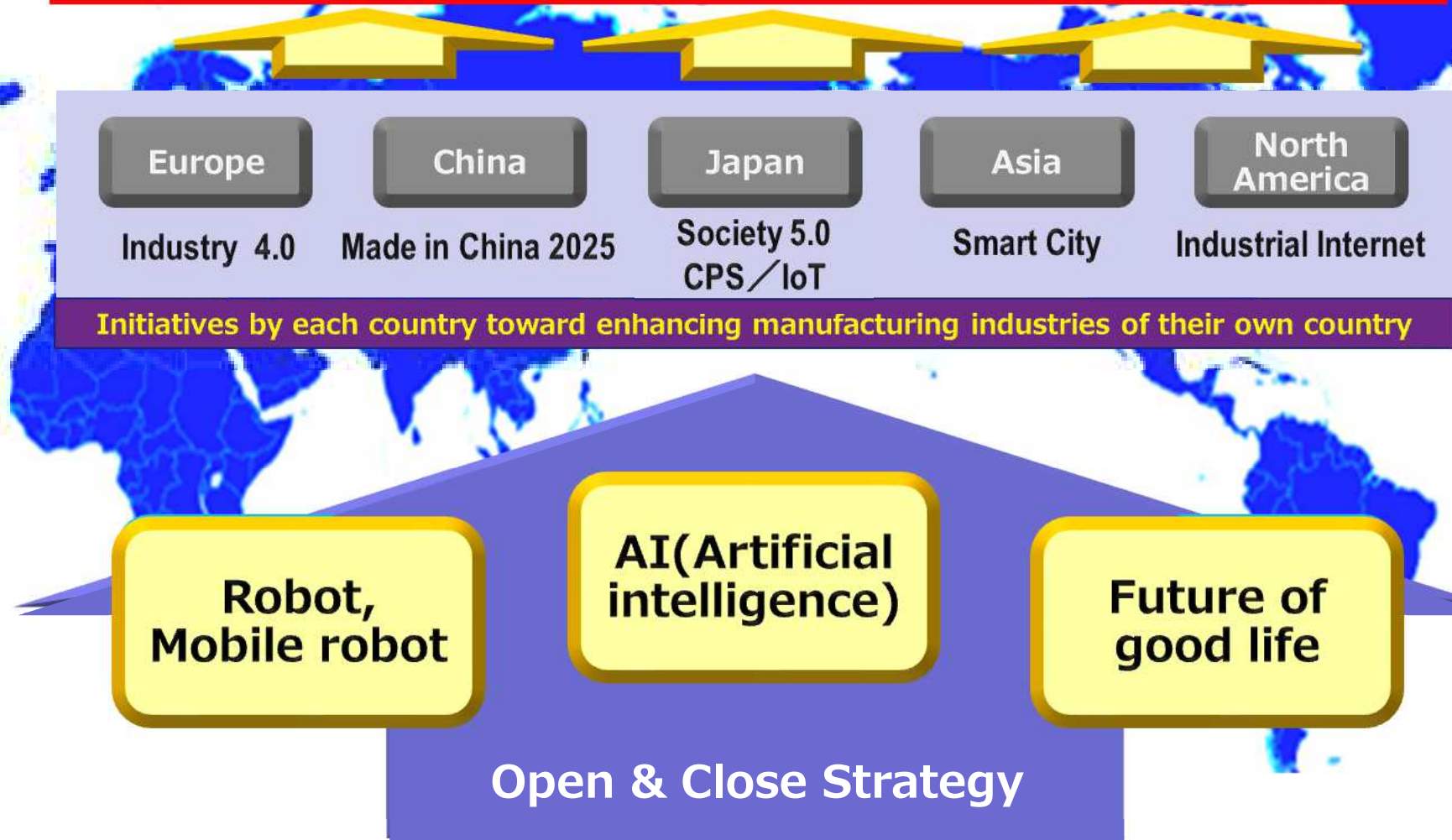
What our 8th Medium-term Management Plan (FY2017- FY2019) aims for













Business Plan for FY2017

Changes in society expected during the period of our 8th Medium-term Management Plan

Progress in IoT and world-wide public and industrial infrastructure development

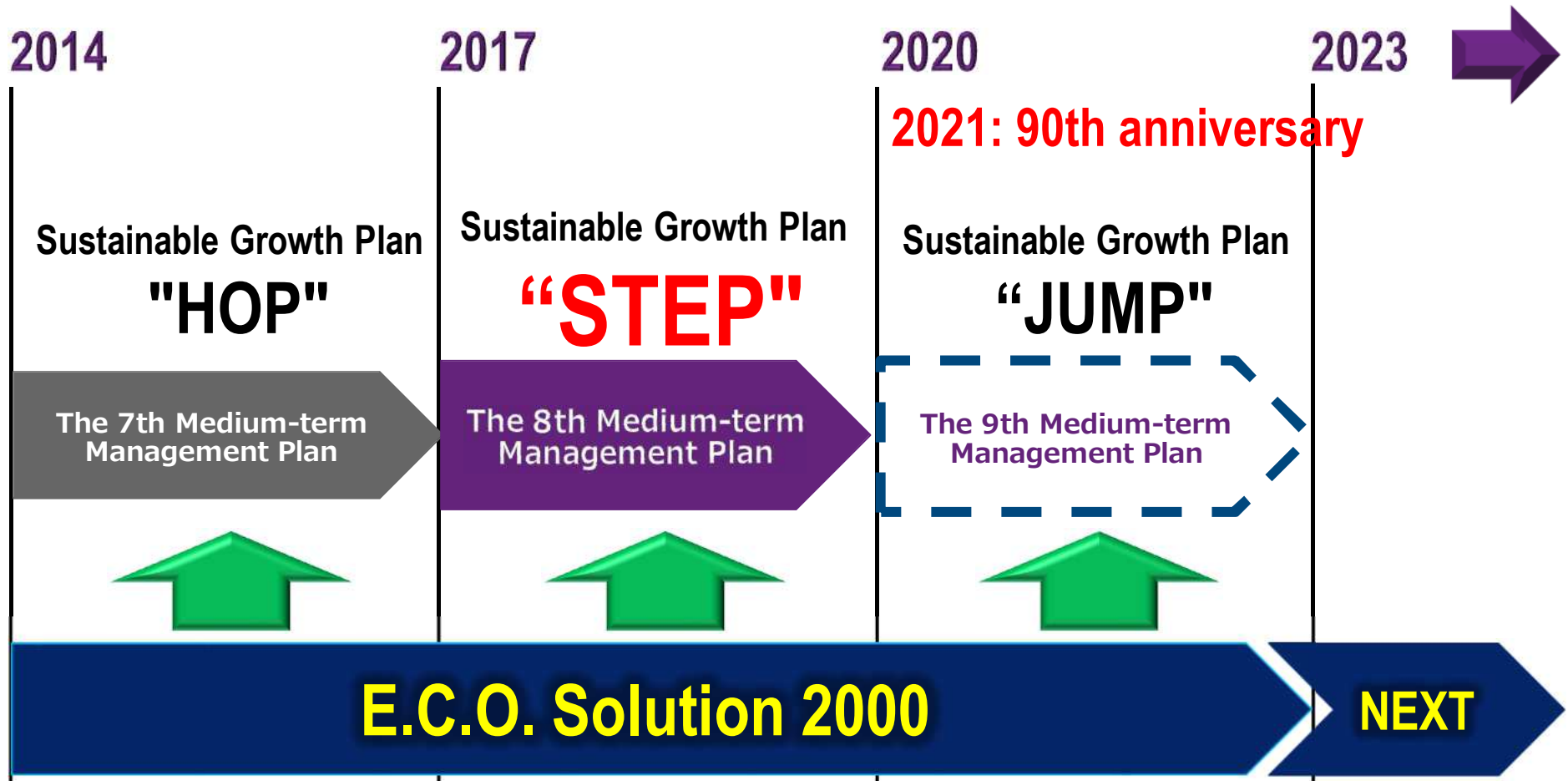


Business environment outlook for the 8th Medium-term Management Plan by strategic market

Strategic Market		Market Environment	
	Auto- motive		<ul style="list-style-type: none"> • Market expansion in Europe, the US and China • Vehicle electrification and intelligent automobiles • Growth of EV market
	Indus- trial		<ul style="list-style-type: none"> • The fourth industrial revolution • Energy saving equipment • Automation
	New Energy		<ul style="list-style-type: none"> • Global warming and progress in clean energy Photovoltaic generation, wind power generation
	Home Appli- ances		<ul style="list-style-type: none"> • Air conditioner: Recovery in Chinese market Shift to inverter air conditioners • Refrigerator, vacuum cleaner: Shift to inverter types
	ICT		<ul style="list-style-type: none"> • PC market to bottom out • Recovery in game console market • Communications infrastructure market to grow

Place of the 8th Medium-term Management Plan

We place the 8th Medium-term Management Plan as a "Step" in our "hop, step, and jump" to achieve our long-term target, "Sustainable Corporate Growth and Improvement of Medium and Long-Term Corporate Value : E.C.O. Solution 2000"



The 8th Medium-term Management Plan

Medium-term Target

**Establishment of a Robust Management Platform through
Business Structure Transformation
toward the 90th Anniversary
- Deepening Management Innovation -**

Fundamental Strategy

**Offering Services that Delight Our Customers and Creating
New Values that Satisfy Genuine Demands of Customers**

The 8th Medium-term Management Plan

Key Measures

- 1. Clarification of Growth Strategies**
- 2. Reinforcement of Earnings Structure**
- 3. Strengthening Corporate Governance**
- 4. Enhancing Customers' Satisfaction through Quality First and Speedy Business Management**
- 5. Creating a Vibrant Corporate Culture and Fostering Human Resources for Ten Years Ahead**

Numerical Goals for the 8th Medium-term Management Plan

Numerical Goals

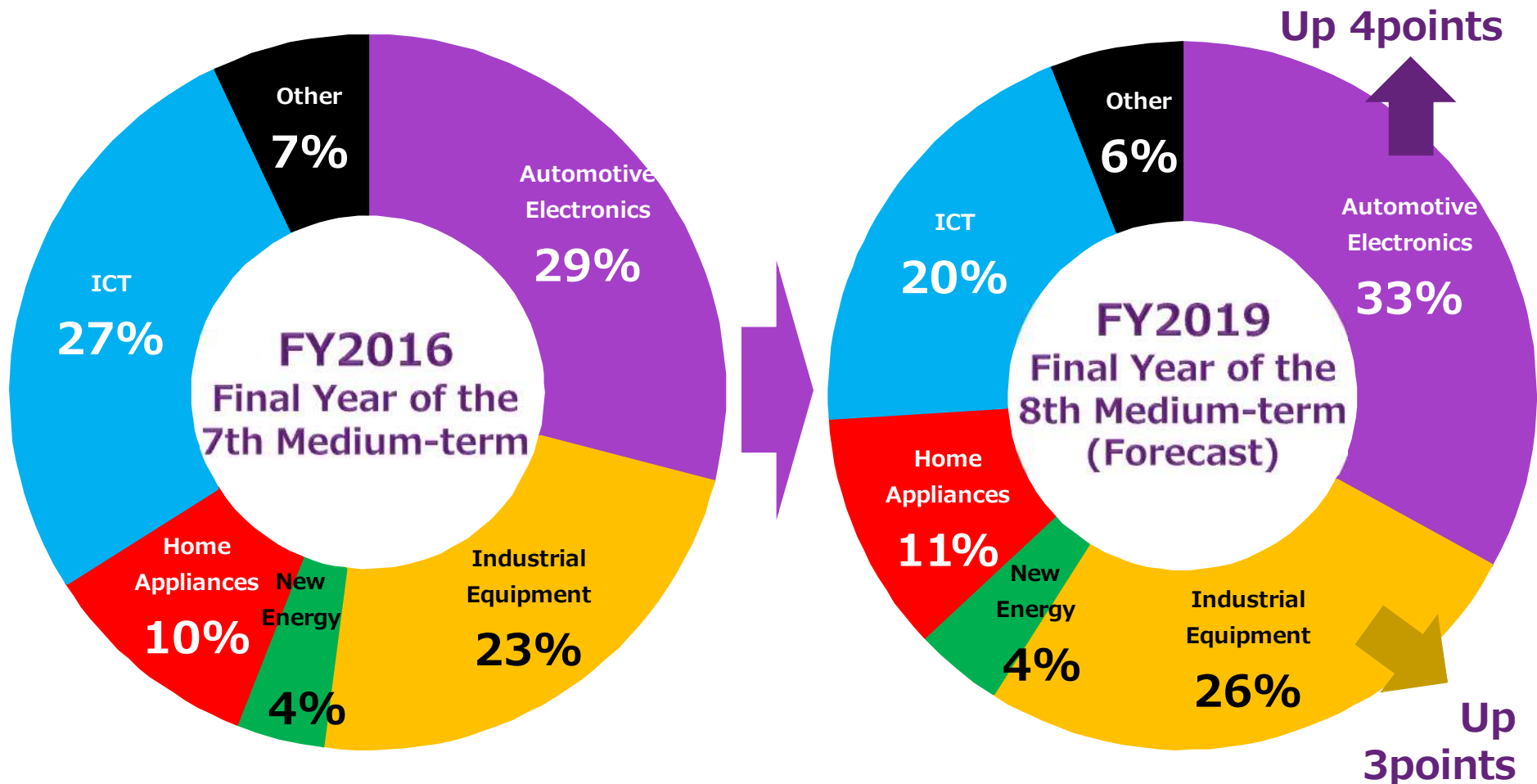
	FY2016(Results)	FY2019 (Targets)
Net sales (Billion Yen)	116.3	140.0
Operating Income Margin	2.9%	6.0%
ROE	1.3%	8.0%
Total asset turnover ratio	0.83	1.00
Equity ratio	45.2%	50.0%
Average Exchange Rate (Yen/US\$)	108.38	110.00 <small>(Assumed Exchange Rate)</small>

Clarification of Growth Strategy Further Focus on Automotive Electronics and Power Electronics

Sales from Automotive → CAGR : 8%, Ratio of sales: 33%

Sales from Power Electronics* → CAGR: 7%, Ratio of sales:41%

*Power Electronics Market: Industrial Equipment, New Energy, and Home Appliances



CONTENTS



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Business Plan for FY2017

Business Plan for FY2017

Speed Management through “Business Management System” and
Further focus on the growth markets

(Billion Yen)	FY2016	FY2017(Forecast)	
			YoY
Net Sales	116.31	123.00	105.8%
Operating Income	3.34	5.50	164.8%
Ratio to net sales	2.9%	4.5%	—
Profit attributable to owners of parent	0.84	4.00	476.1%
Ratio to net sales	0.7%	3.3%	—
ROA	0.6%	2.9%	—
ROE	1.3%	6.2%	—
Capital Investment	4.59	8.00	174.3%
Depreciation	6.22	6.50	104.5%
R&D Expenses	4.27	4.20	98.3%
Average Exchange Rate 1US\$ (Yen)	108.38	110.00	—
1€ (Yen)	118.79	116.00	—

Sales Forecast by Product

Demand recovery in Industrial Equipment market with the progress of robotization and automation

Solid demand in Automotive Electronics market with the progress of vehicle electrification and advances in electronic control of automobiles

	FY2016 (Billion Yen)	FY2017(Forecast) (Billion Yen)	Change (Billion Yen)	Change (%)
Aluminum Electrolytic Capacitors	97.6	104.2	6.6	106.8%
DLCAP™	4.4	4.6	0.2	104.0%
Ceramic Capacitors, Varistors	3.3	3.4	0.1	104.3%
Electro-Mechanical Parts and Other Parts(Coil, Module)	2.8	2.8	0.0	100.4%
Capacitor Materials	6.3	6.2	(0.1)	97.9%
Other	1.9	1.8	(0.1)	92.4%
Total	116.3	123.0	6.7	105.8%

{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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