

Presentation Material

First Half of Fiscal Year Ending March 31, 2019

November 8, 2018

Nippon Chemi-Con Corporation

CONTENTS

- **Business Environment for FY2018
Overview of the 1H and
Outlook for the Focus Markets**
- Results Forecast for the 2H and Full FY2018

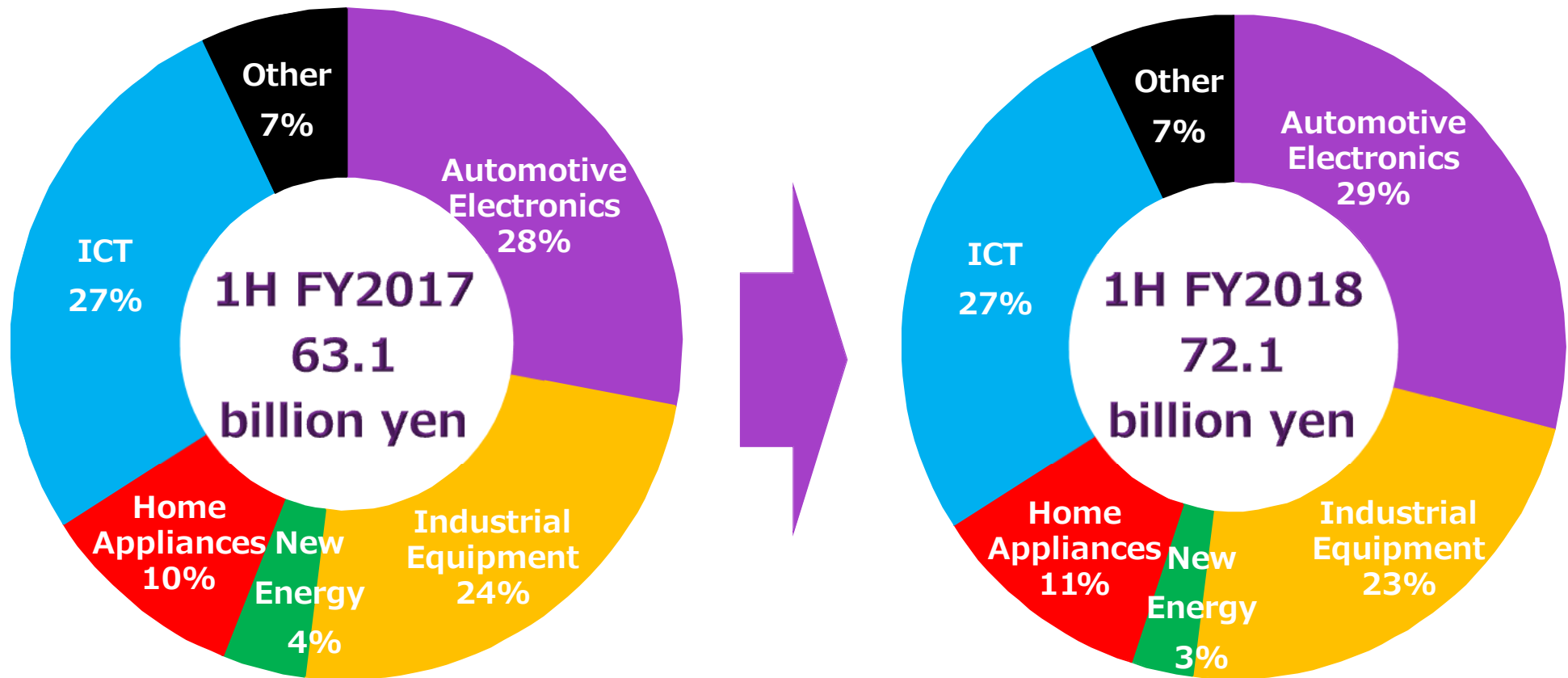
Sales by Product for 1H FY2018

Large YoY increase in sales of Aluminum electrolytic capacitors, Mechanical parts and other parts and Capacitor materials

(100 Million yen)	1H FY2018	1H FY2017	YoY Change	YoY Change(%)	1H FY2018 May Forecast	Change from May Forecast	Change from May Forecast (%)
Aluminum Electrolytic Capacitors	606	532	+74	+14%	581	+25	+4%
DLCAP™	21	23	(2)	(10)%	22	(1)	(5)%
Ceramic Capacitors, Varistors	18	17	+1	+3%	19	(1)	(5)%
Mechanical Parts and Other Parts (Coil, Camera module)	19	15	+4	+30%	18	+1	+5%
Capacitor Materials	38	33	+5	+16%	35	+3	+9%
Other	19	11	+9	+83%	15	+4	+27%
Total	721	631	+90	+14%	690	+31	+4%

Sales by Market 1H FY2017 ⇒ 1H FY2018

Solid growth in sales to new automotive electronics market (autonomous driving, 48-volt power systems, etc.) and air conditioner market

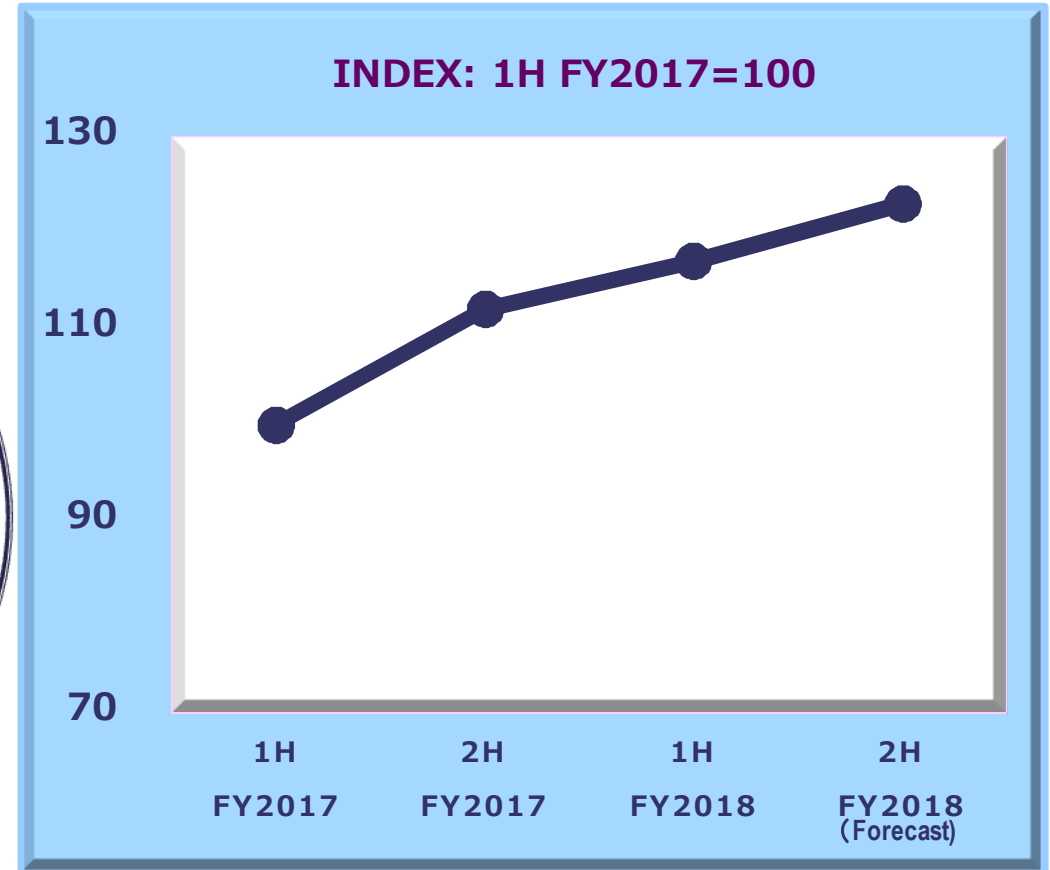
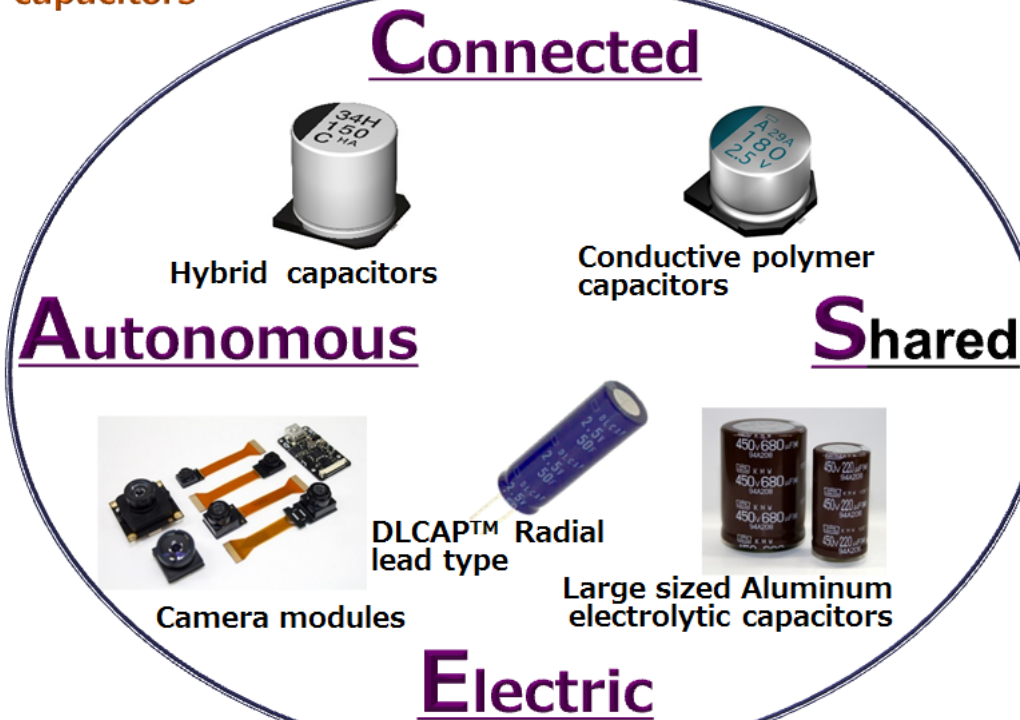


Focus markets for FY2018

Automotive Electronics

Once-in-a-century transformational period for automotive electronics market

Focus on conductive polymer capacitors and hybrid capacitors



Focus markets for FY2018

Industrial equipment

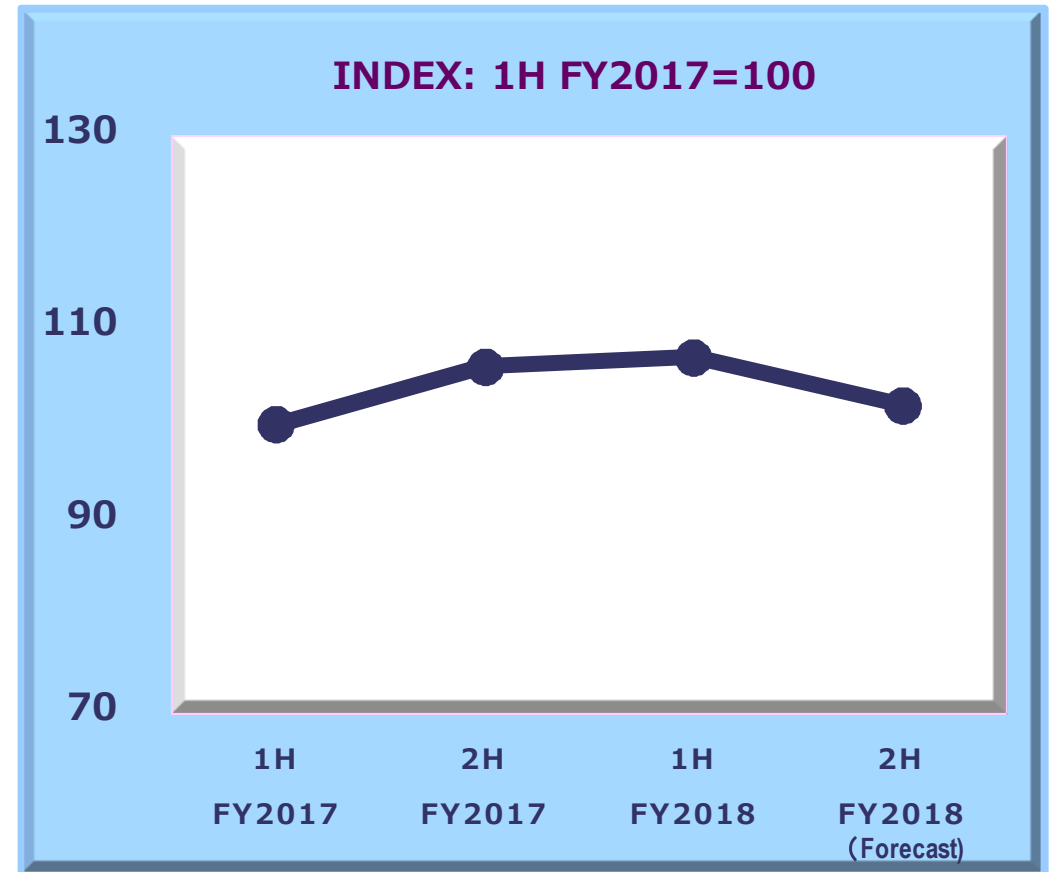
Temporary slowdown in capital investment

Demand change (capital investment, inventories, etc.)

- Impact of US-China trade friction
- Lower demand for smartphones
- Inventory adjustment at distributors in Greater China

Medium- to long-term outlook to remain unchanged

- Labor shortage, rising labor cost
- Increased use of industrial robots
- Active infrastructure investment to enhance competitiveness



Focus markets for FY2018

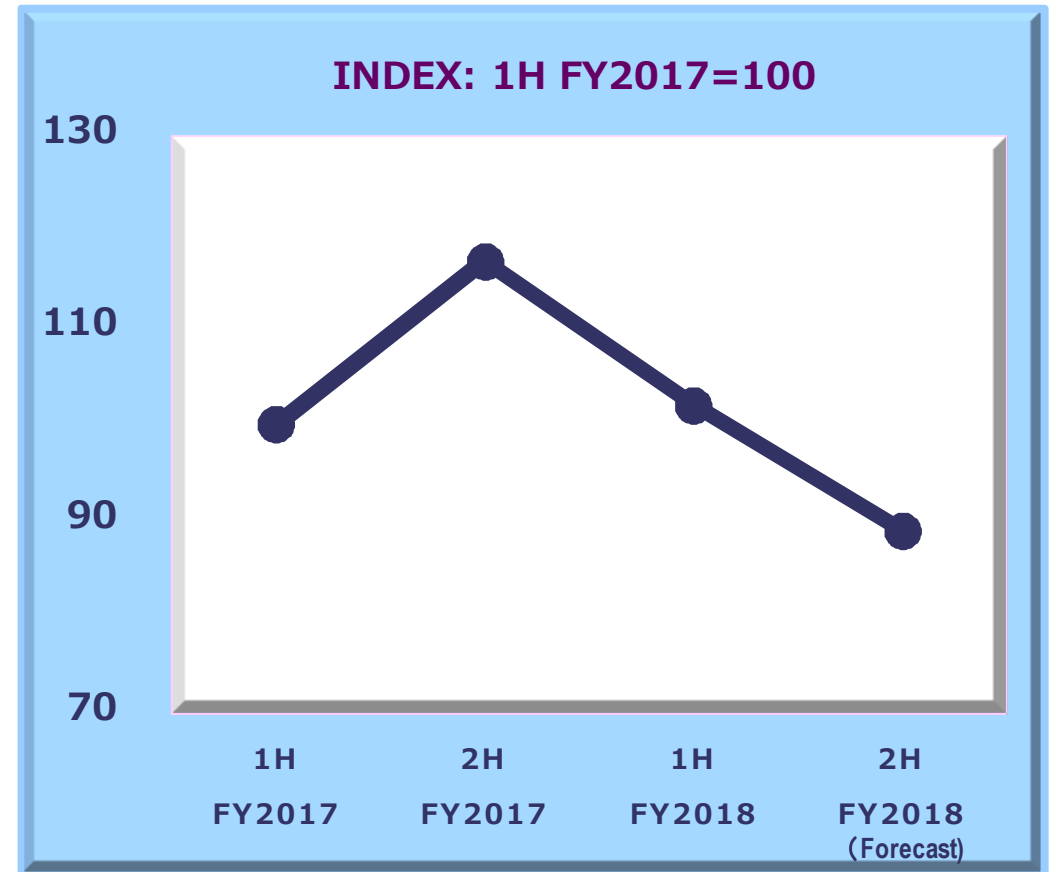
New Energy

Stagnancy expected to continue

Chinese government's policy change

China's National Development and Reform Commission (NDRC), Ministry of Finance, and National Energy Administration (NEA) announced their policy change on solar power generation on May 31

Move toward reduction of subsidies for solar power generation this year



Focus markets for FY2018

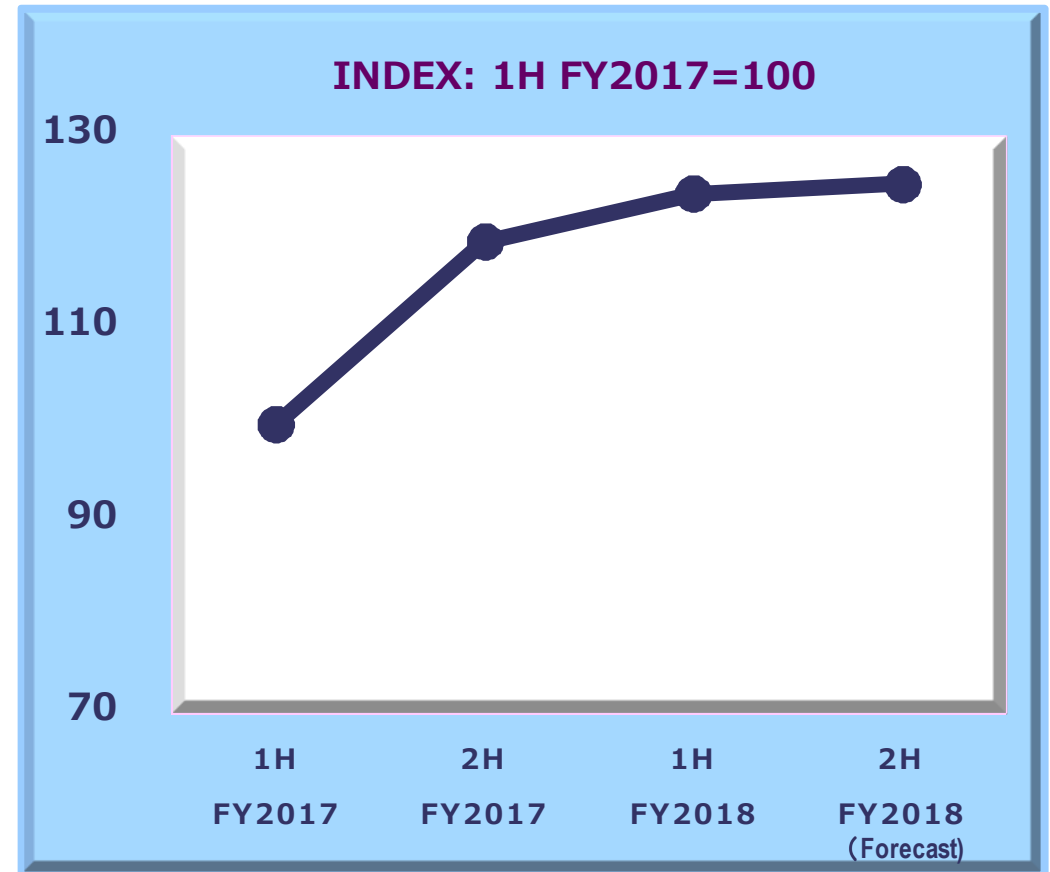
Home appliances

Increase in use of inverters

Air conditioner

- Japan Installation in all public elementary and junior high schools (by 2019 summer)
- Europe Demand increase with recovery in personal consumption and global warming
- China Concerns over the impact of restraint on large-scale real estate investment

Refrigerator, washing machine, vacuum cleaner
Further shift to inverter type



Focus markets for FY2018

ICT

From bottoming-out to demand recovery trend

Motherboard

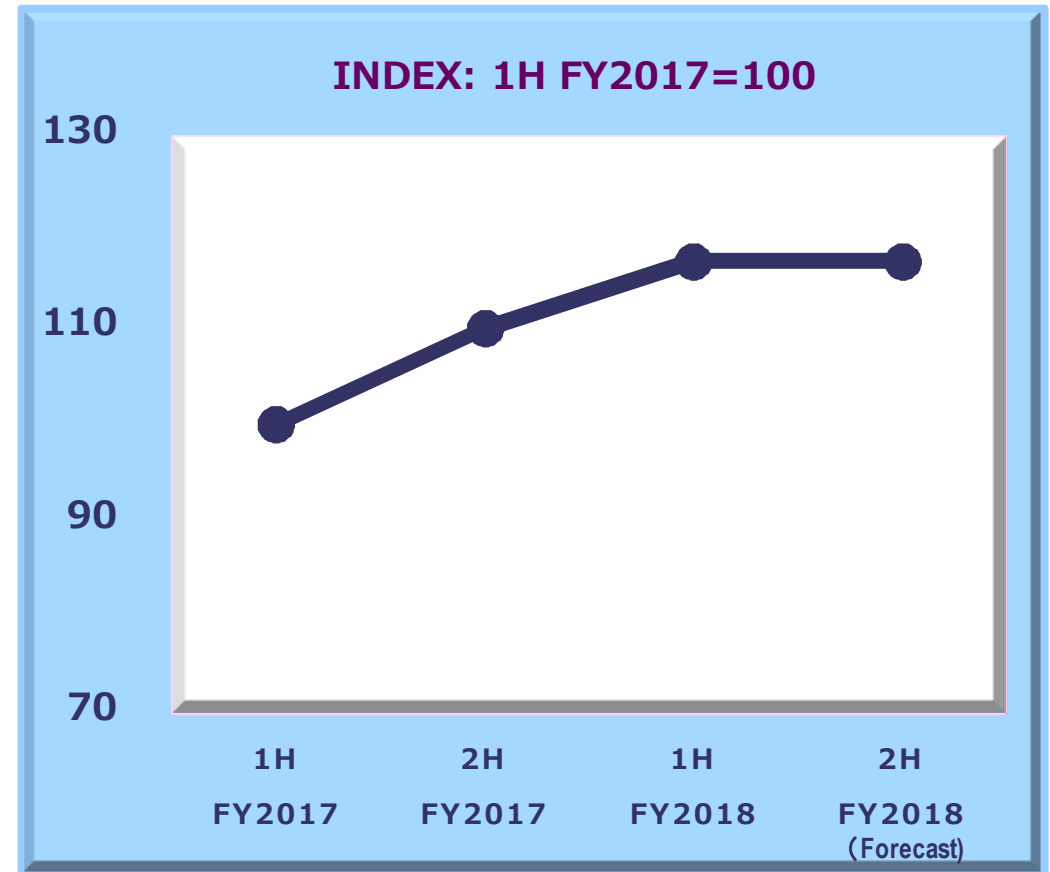
Solid demand in servers for data centers

5G Communication

Transition from 4G, expansion in demand for base stations

Home video game machine

Stable demand growth with popular software



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Results Forecast for full FY2018

YoY increase projected both in sales and profits with strong demand from automotive electronics, home appliance, and ICT markets

(Billion yen)	FY2018	FY2017	YoY Change		FY2018	Change from May Forecast	
	Revised Forecast	Results	Amount	%	May Forecast	Amount	%
Net Sales	144.00	133.36	+10.63	+8.0%	140.00	+4.00	+2.8%
Operating Income	7.50	5.81	+1.68	+28.9%	7.50	0.0	0.0%
Ratio to net sales	5.2%	4.4%	–	+0.8pt	5.4%	–	(0.2)pt
Profit attributable to owners of parent	2.80	(16.05)	+18.85	–	5.50	(2.70)	(49.0)%
Ratio to net sales	1.9%	(12.0)%	–	+13.9pt	3.9%	–	(2.0)pt
ROA	2.0%	(11.3)%	–	+13.3pt	3.8%	–	(1.8)pt
ROE	5.6%	(28.6)%	–	+34.2pt	10.7%	–	(5.1)pt
Capital Investment	10.00	7.52	+2.47	+32.9%	10.00	0.0	0.0%
Depreciation	7.00	6.10	+0.89	+14.7%	7.00	0.0	0.0%
R&D Expenses	4.30	4.20	+0.09	+2.2%	4.50	(0.20)	(4.4)%
Average Exchange Rate 1US\$(Yen)	110.13	110.85	–	–	105.00	–	–
1euro(Yen)	127.43	129.70	–	–	125.00	–	–

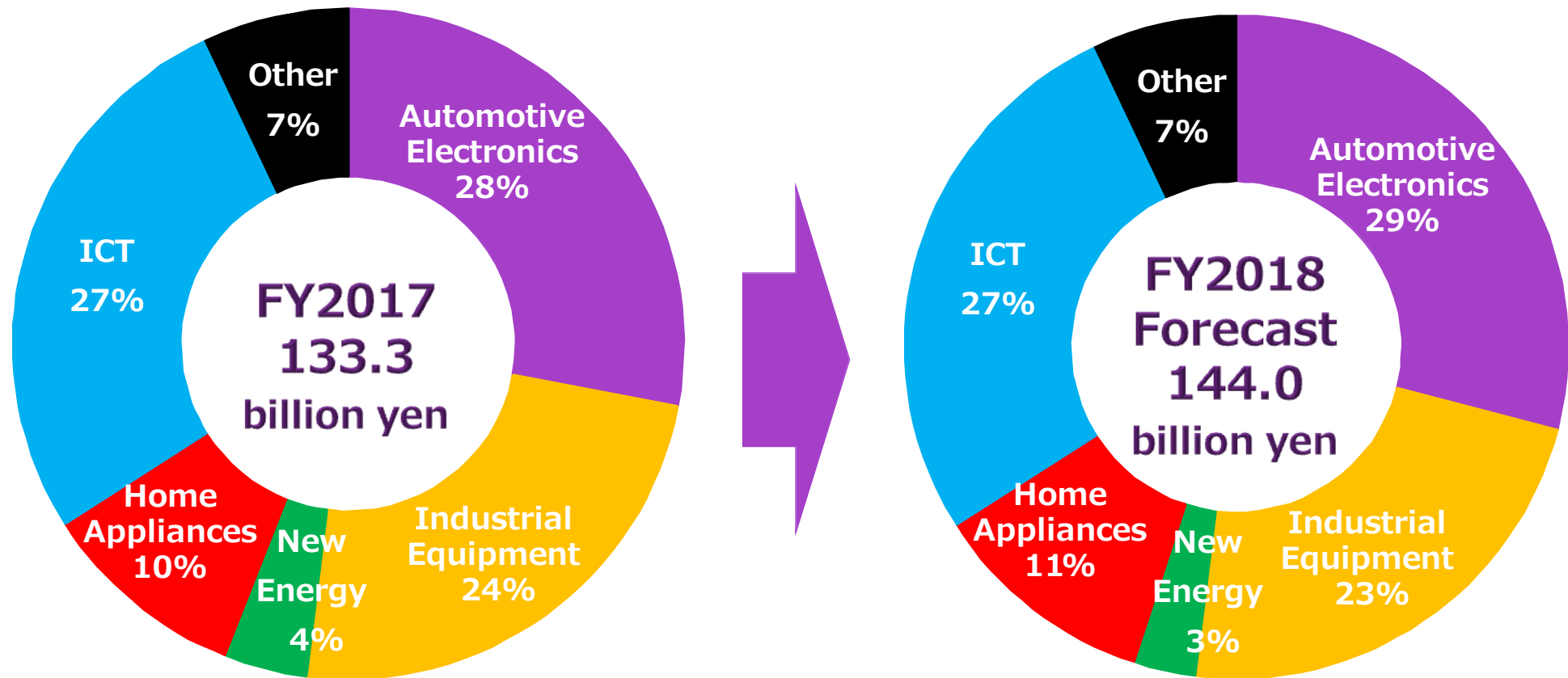
Sales Forecast for 2H and Full FY2018 by Product

Increase in sales of aluminum electrolytic capacitors and camera modules projected with growth of new automotive electronics market

(100 Million yen)	FY2018 Revised Forecast	FY2017	YoY Change	YoY Change (%)	FY2018 May Forecast	Change from May Forecast	Change from May Forecast (%)
Aluminum Electrolytic Capacitors	1,212	1,126	+86	+8%	1,180	+32	+3%
DLCAP™	45	44	+1	+2%	45	0	0%
Ceramic Capacitors, Varistors	39	36	+3	+8%	39	0	0%
Mechanical Parts and Other Parts (Coil, Camera module)	37	32	+5	+15%	37	0	0%
Capacitor Materials	73	71	+2	+3%	71	+2	+3%
Other	34	24	+10	+40%	28	+6	+21%
Total	1,440	1,333	+107	+8%	1,400	+40	+3%

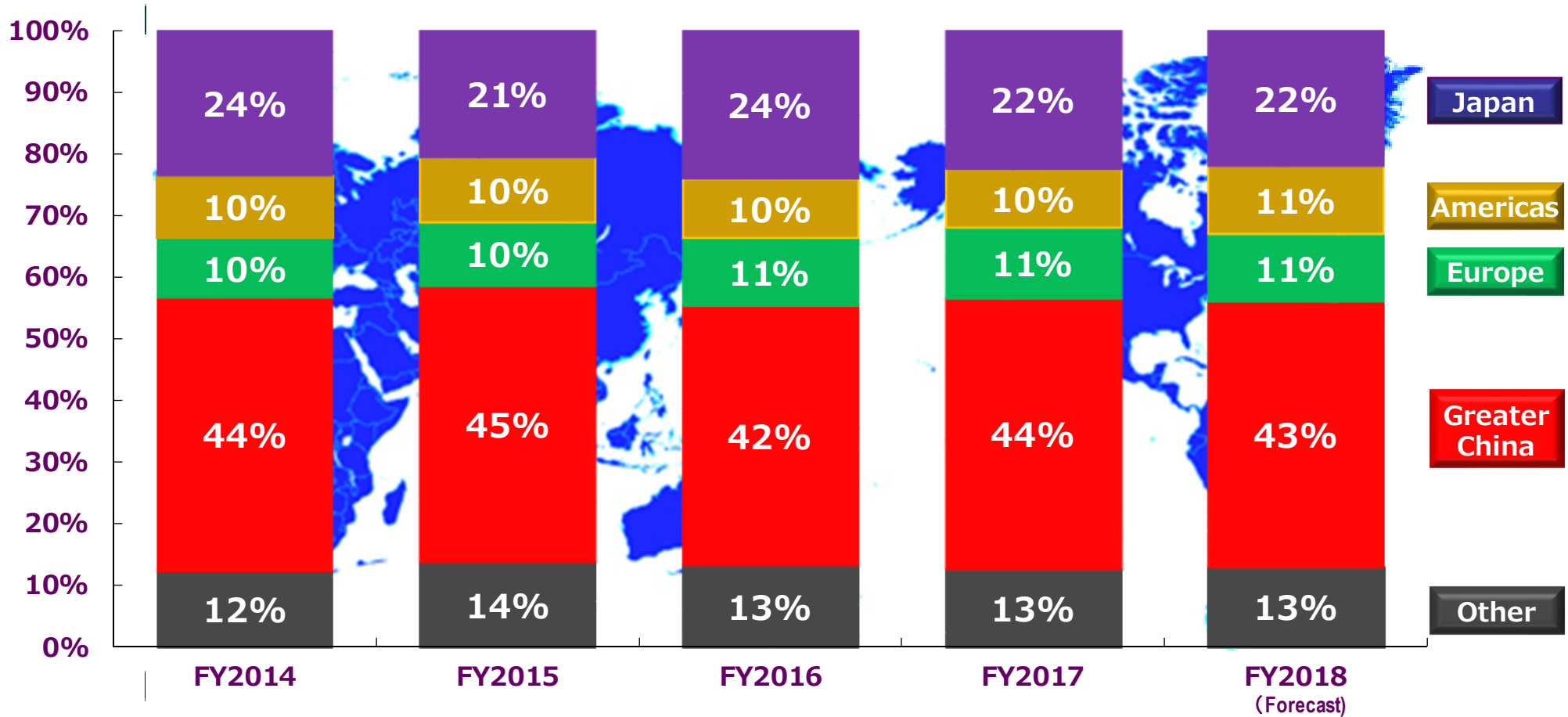
Sales by Market FY2017 Results ⇒ FY2018 Forecast

Steady growth in demand from new automotive electronics and home appliances though business environment being uncertain due to US-China trade friction



Sales by Region

Production shift from Greater China to other areas including Americas, affected by US-China trade friction



Summary of outlook for full FY2018

Positive factors

- Rapid growth in demand for conductive polymer capacitor and hybrid capacitor from automotive electronics and server market
- Steady growth in demand for camera modules from automotive electronics and industrial equipment market
- Strong sales of silicon wafer

Negative factors

- Increase in materials cost and price of electricity
- Concern over impact of US-China trade friction
Slowdown of economic growth in China
- Rapid deceleration in solar power generation in China

Further production increase of highly profitable products and profitability improvement in low-profit products

〔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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