

Presentation Material

Fiscal Year Ended March 31, 2019

May 14, 2019

Nippon Chemi-Con Corporation

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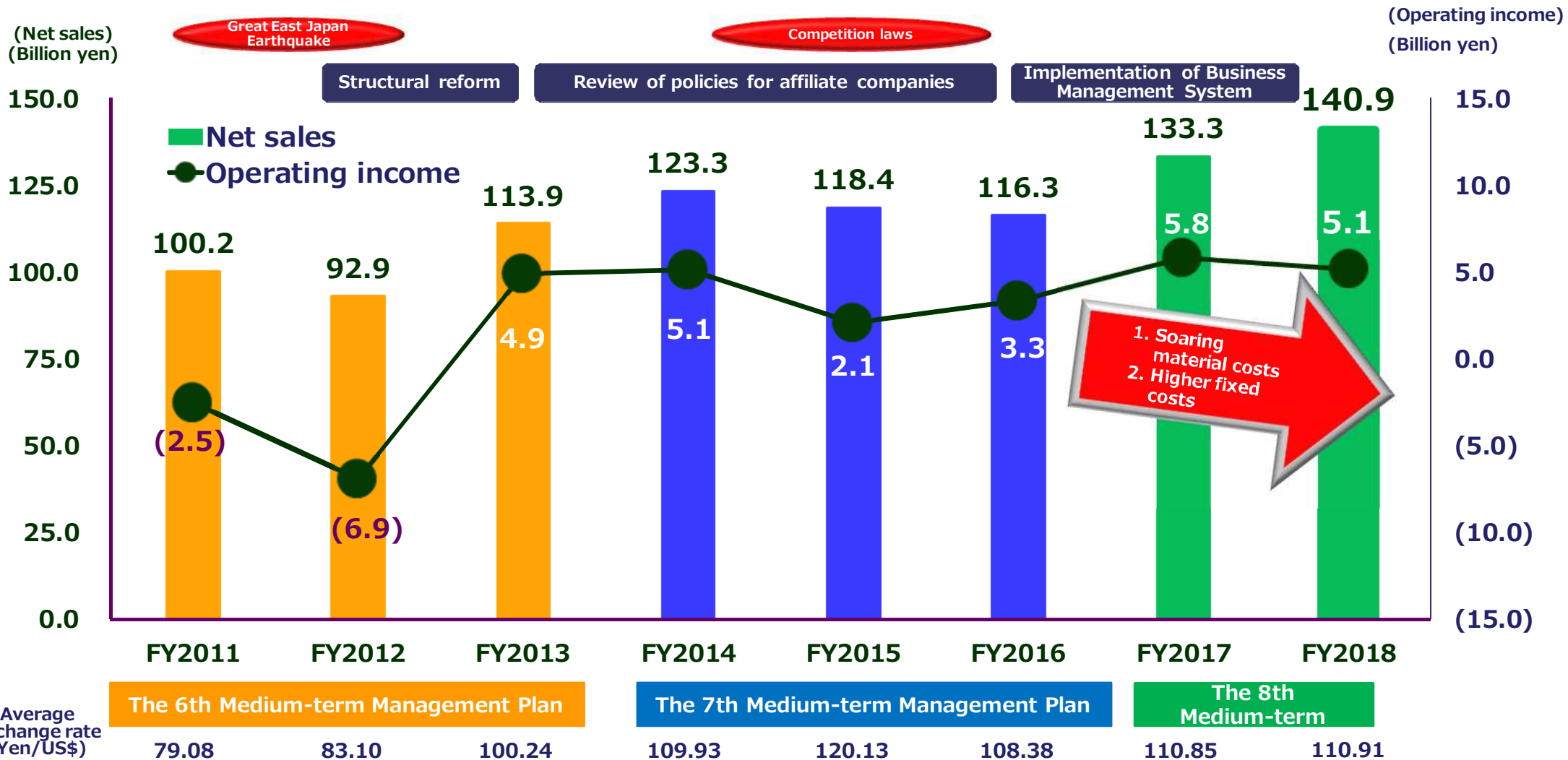
- **FY2018 Results**
- **FY2019 Plan**

● FY2018 Results

With the deterioration in the business environment from December both net sales and operating income fell below the February forecast

(Billion yen)	FY2017	FY2018		Change	
		Feb. Forecast	Results	YoY Change	Change from Feb. Forecast
Net Sales	133.36	142.00	140.95	+5.7%	(0.7)%
Operating Income	5.81	6.00	5.13	(11.7)%	(14.4)%
Ratio to net sales	4.4%	4.2%	3.6%	(0.8)pt	(0.6)pt
Profit attributable to owners of parent	(16.05)	1.85	0.91	-	(50.4)%
Ratio to net sales	(12.0)%	1.3%	0.7%	+12.7pt	(0.6)pt
ROA	(11.3)%	1.3%	0.7%	+12.1pt	(0.6)pt
ROE	(28.6)%	3.8%	1.9%	+30.5pt	(1.9)pt
Capital Investment	7.52	10.00	9.55	+26.9%	(4.5)%
Depreciation	6.10	7.00	6.49	+6.4%	(7.2)%
R&D Expenses	4.20	4.15	4.28	+1.9%	+3.1%
Average Exchange Rate 1US\$(Yen)	110.85	110.36	110.91	+0.06	+0.55

● Business performances in the last eight years (6th, 7th, and 8th Medium-term management plans)



1. Soaring material costs
2. Higher fixed costs

Average exchange rate (Yen/US\$)

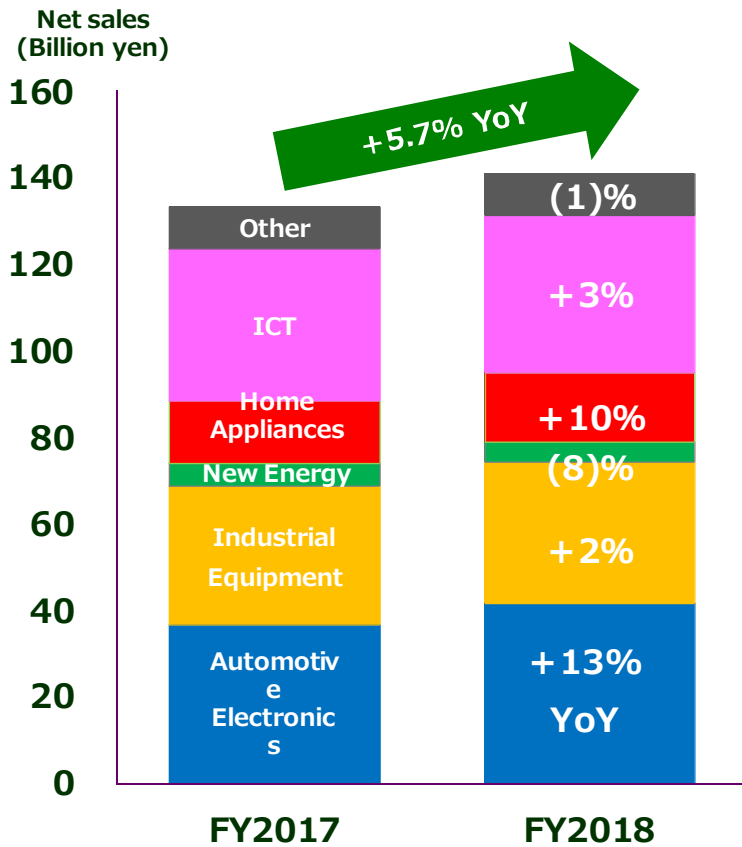


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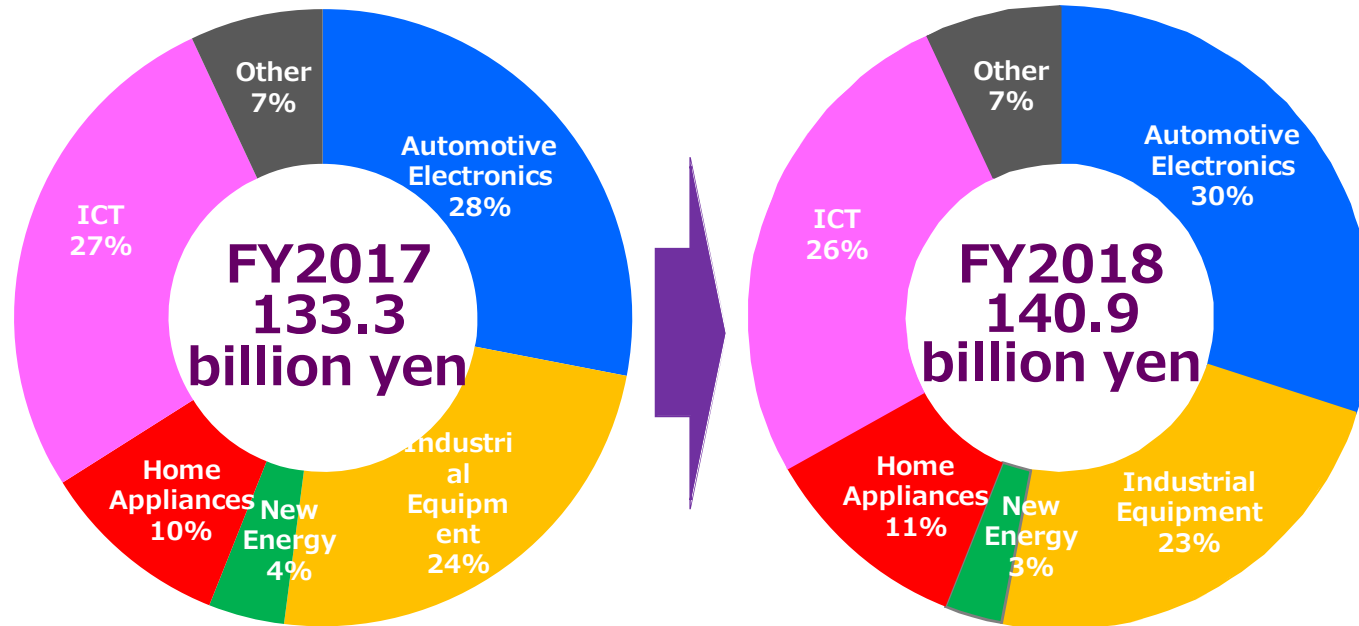
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FY2018 Results (Net sales)

Remained at +5.7% YoY growth affected by major production adjustment mainly in Greater China from the end of 2018 with the impact of escalating US-China trade friction



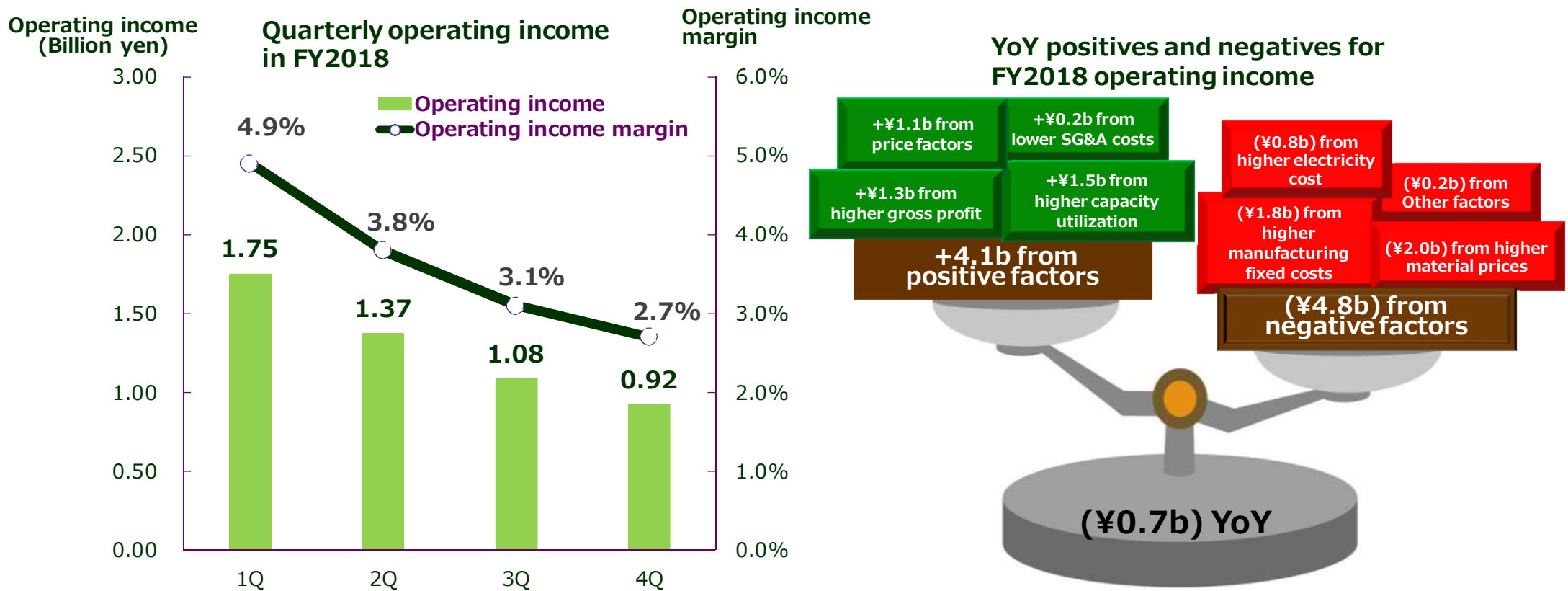
Sales ratio for automotive electronics have reached 30% for the first time Driven by the growth of such markets as 48V mild hybrid system and ADAS



FY2018 Results (Operating income)

Main positives: 1) Effective sales promotion in automotive electronics and home appliance 2) Effect of selling price adjustment 3) Optimization of SCM (improvement in logistics cost)

Main negatives: 1) Higher materials and electricity costs 2) Higher manufacturing fixed costs including labor costs (caused by delay in start-up of facilities due to difficulty in obtaining parts)



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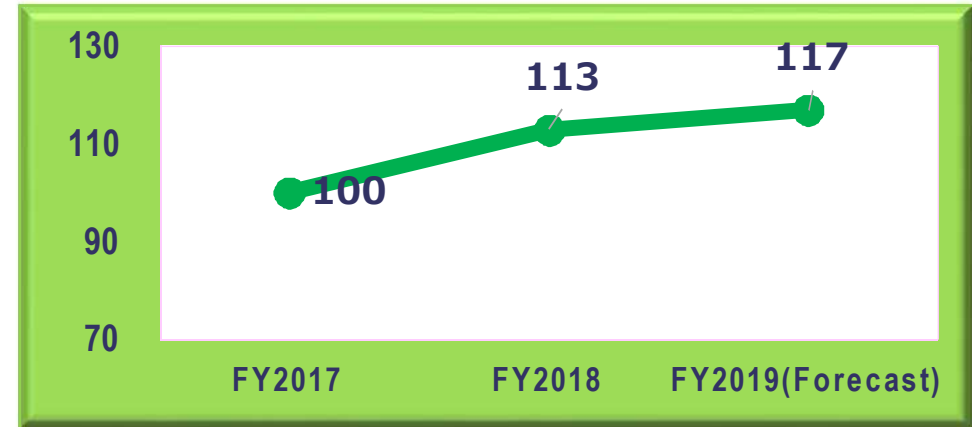
- **FY2018 Results**
- **FY2019 Plan**

● Focus markets for FY2019 (INDEX : FY2017=100)

Automotive Electronics

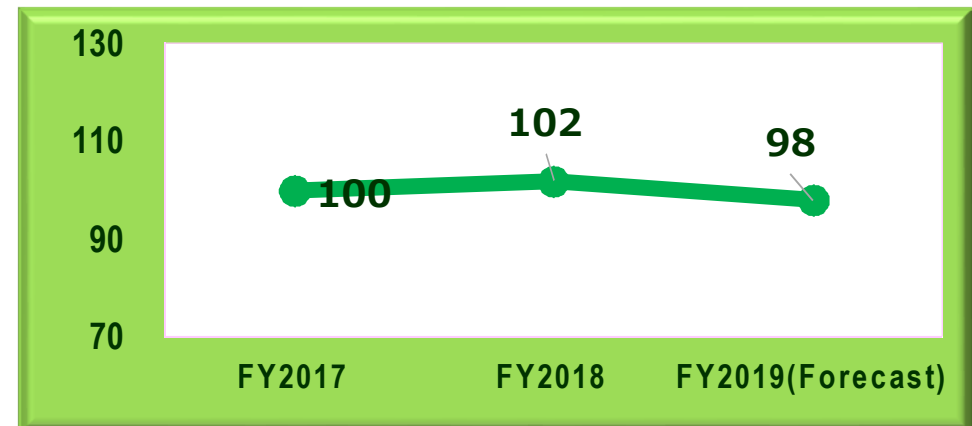
Vehicle electrification
Progress in 48-volt power systems,
EV, etc.

Increased use of electronics
Further expansion of such markets as
ADAS and in-vehicle computing



Industrial Equipment

- Market recovery in 2H with the improvement of US-China trade friction
- Smart factory (IoT, Robotics)
Medium- to long-term outlook of demand growth to remain unchanged

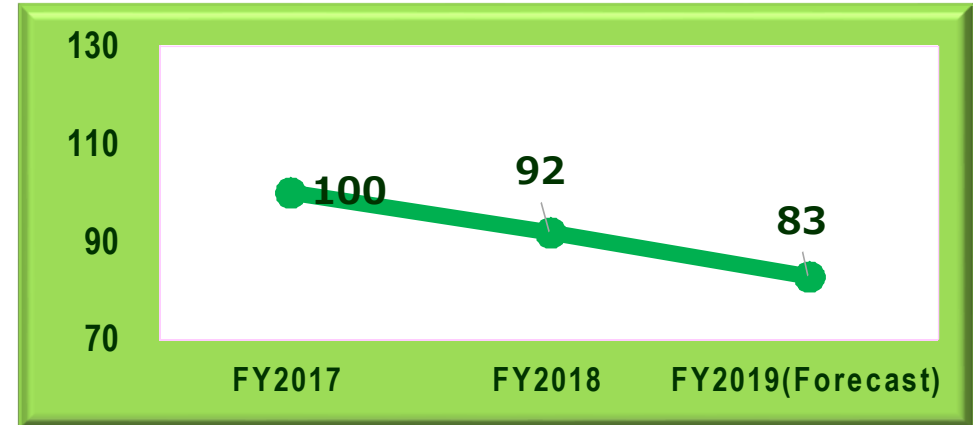


● Focus markets for FY2019 (INDEX : FY2017=100)

New energy

Solar power generation:

China: No signs of recovery
 Closely watch the trend of
 energy storage systems market



Home appliances

Inverter air conditioner:

China: Closely watch the timing of conclusion of
 inventory adjustments and government
 economic stimulus measures

Japan: Same level as 2017 despite
 consumption rush prior to the tax hike



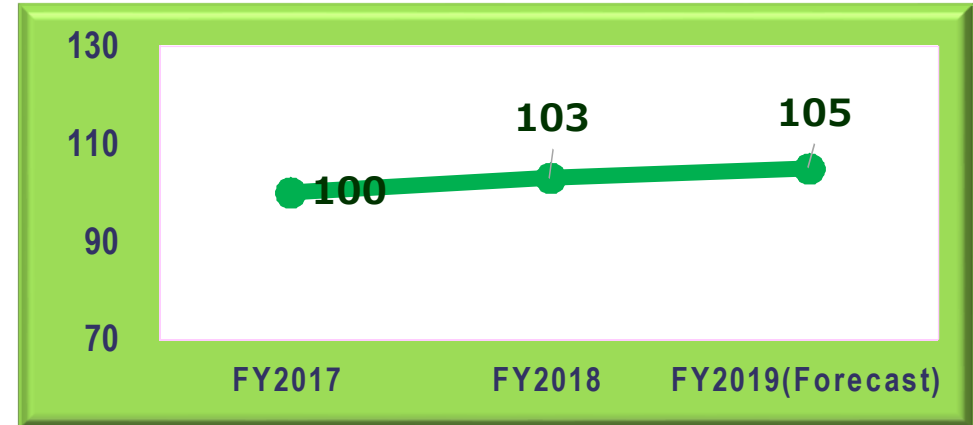
● Focus markets for FY2019 (INDEX : FY2017=100)

ICT

PC Demand recovery after the resolution of CPU supply problems

Communication

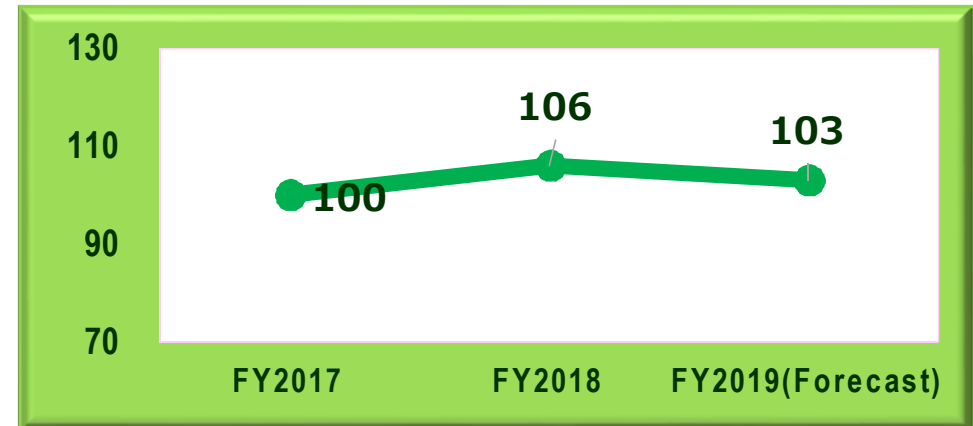
Start of infrastructure development for 5G communication base station
Increase in demand for electronic components with shift to Small Cells



Overall demand trends

U.S.-China trade friction coincided with downward phase of economic cycle, resulting in demand decline from the end of 2018

Trend of demand recovery expected in 2H FY2019 as trade friction and inventory adjustment expected to improve



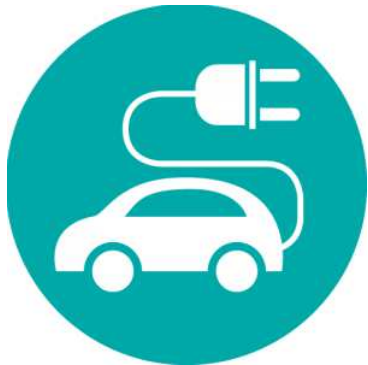
● Fundamental Strategy for FY2019

Restoring the public confidence and improving corporate value toward the 90th anniversary(promoting aggressive management from shareholders' perspective)

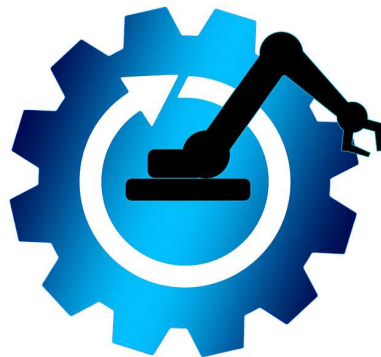
"Creating a platform for growing into a company with annual sales of 200 billion yen in the 9th Medium-term management plan"

Provide customers with the best solution

Automotive
Electronics



Industrial
Equipment



New Energy



Home
Appliances



ICT



● Performance improvement by strengthening management platform

FY2019 goals

Strengthen growth potential (improve sales ratio for automotive electronics)

- **FY2017 28% → FY2018 30% → FY2019 goal:31%**

Enhance new product development for automotive electronics and conduct capital investment to increase production capacity of conductive polymer capacitors and hybrid capacitors

Use speedy management to improve performance (permeate business management system)

- Improve gross profit margin through cooperation between production and sales (Expand sales of highly profitable products, improve unprofitable products, and obtain more product qualifications at overseas factories)
FY2017 20.7% → FY2018 18.9% → FY2019 goal:19.4%
- Launch new products able to provide solutions to meet the needs of strategic markets (Improve new product ratio by 20% YoY)
- Increase competitiveness through accelerating reorganization of overseas factories, improving productivity, and expanding production capacity

● Results Forecast for FY2019

YoY increase projected in operating income by improving the gross profit rate despite negative growth projected in net sales with the impact of U.S-China trade friction

(Billion yen)	FY2018			FY2019(Forecast)			
	1H	2H	Full Year	1H	2H	Full Year	YoY
Net Sales	72.17	68.77	140.95	64.00	74.00	138.00	(2.1)%
Operating Income	3.13	2.00	5.13	1.50	3.80	5.30	+3.2%
Ratio to net sales	4.3%	2.9%	3.6%	2.3%	5.1%	3.8%	+0.2pt
Profit attributable to owners of parent	(0.10)	1.02	0.91	0.90	2.60	3.50	+281.4%
Ratio to net sales	(0.1)%	1.5%	0.7%	1.4%	3.5%	2.5%	+1.8pt
ROA	—	—	0.7%	—	—	2.5%	+1.8pt
ROE	—	—	1.9%	—	—	7.1%	+5.2pt
Capital Investment	5.50	4.05	9.55	4.40	3.60	8.00	(16.3)%
Depreciation	3.06	3.43	6.49	3.50	3.90	7.40	+13.9%
R&D Expenses	2.13	2.15	4.28	2.10	2.20	4.30	+0.3%
Average Exchange Rate 1US\$(Yen)	110.26	111.55	110.91	110.00	110.00	110.00	(0.91)
1euro(Yen)	129.85	125.14	128.41	125.00	125.00	125.00	(3.41)

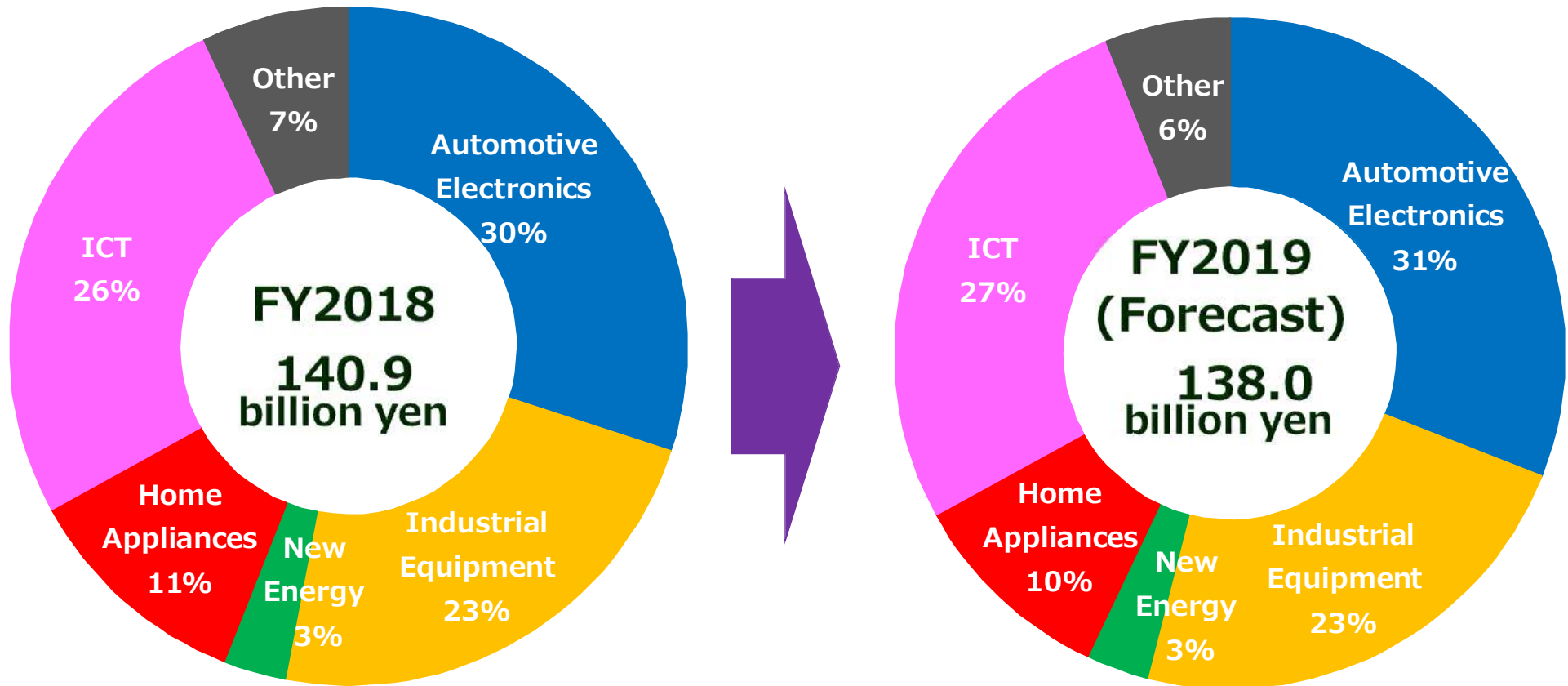
● Results Forecast for FY2019 (Sales by product group)

Aluminum electrolytic capacitors to slightly increase
Capacitor materials and other products (resale products) to struggle

(100 Million yen)	FY2018	FY2019 (Forecast)	Change	Change(%)
Aluminum Electrolytic Capacitors	1,184	1,185	+1	+0.1%
DLCAP™	44	48	+4	+8.3%
Ceramic Capacitors, Varistors	36	42	+7	+18.1%
Mechanical Parts and Other Parts (Coil, Camera module)	35	31	(4)	(12.4)%
Capacitor Materials	68	54	(14)	(20.8)%
Other	42	20	(22)	(52.4)%
Total	1,409	1,380	(29)	(2.1)%

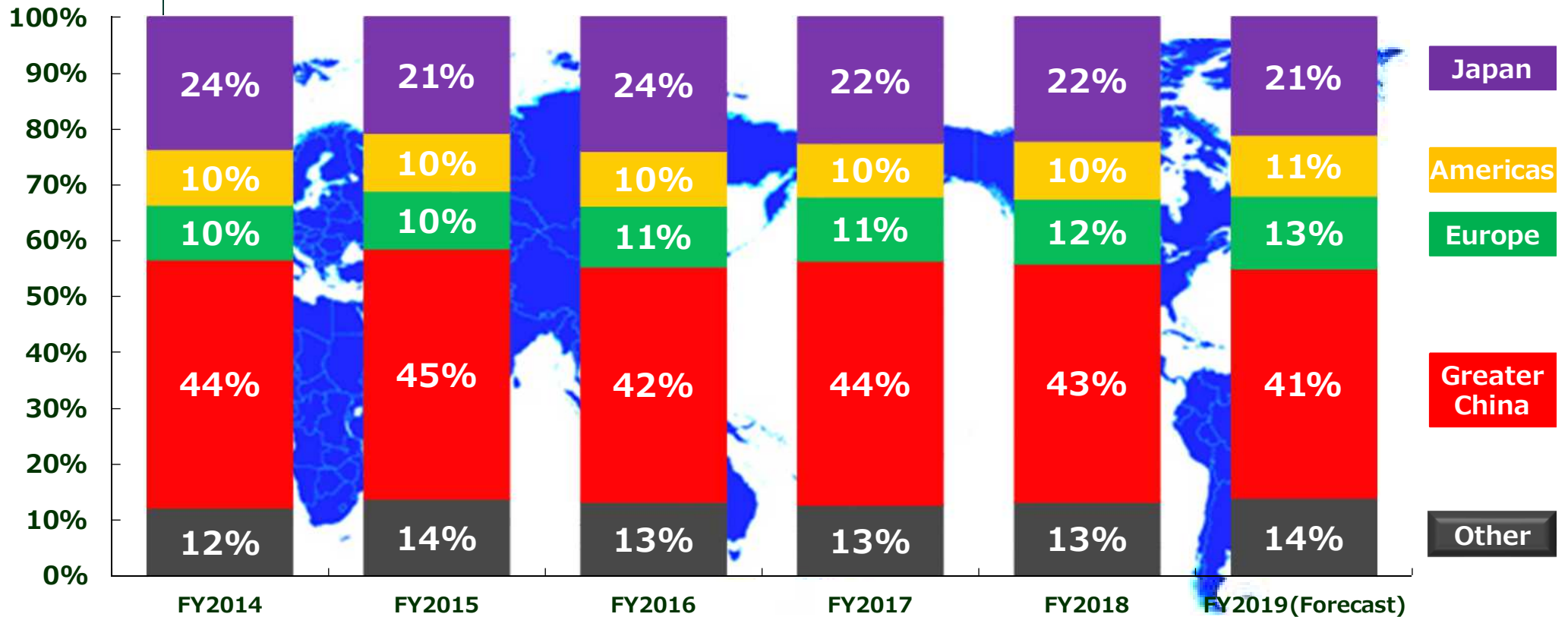
● Results Forecast for FY2019 (Sales by Market)

Expand sales of conductive polymer and hybrid capacitors to new automotive electronics markets
Focus on 5G communication infrastructure market



● Results Forecast for FY2019 (Sales by Region)

Ratio for Americas, Europe and Other areas to increase while ratio for Greater China to decrease with the impact of US-China trade friction



〔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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