

Results for 1Q FY 2020

(Three months ended June 30, 2020)

August 5, 2020

Nippon Chemi-Con Corporation

1Q FY2020 Results

(Billion Yen)	FY2019		FY2020	YoY Change		QoQ Change	
	1Q	4Q	1Q	Amount	%	Amount	%
Net Sales	28.72	28.97	23.78	(4.94)	(17.2)	(5.19)	(17.9)
Operating Income	(0.94)	(0.90)	(0.31)	0.63	–	0.58	–
Operating Income Ratio	(3.3)%	(3.1)%	(1.3)%	2.0pt	–	1.8pt	–
Profit Attributable to Owners of Parent	(1.29)	(2.57)	(0.61)	0.68	–	1.96	–
Profit Attributable to Owners of Parent Ratio	(4.5)%	(8.9)%	(2.6)%	1.9pt	–	6.3pt	–
Capital Investment	1.45	1.38	0.83	(0.62)	(42.8)	(0.55)	(39.9)
Depreciation	1.72	1.88	1.45	(0.27)	(15.7)	(0.43)	(22.9)
R&D Expenses	1.05	1.02	0.94	(0.11)	(10.5)	(0.08)	(7.8)
Average Exchange Rate 1US\$(Yen)	109.90	108.92	107.62	Yen's rise by 2.1%		Yen's rise by 1.2%	
1euro(Yen)	123.49	120.11	118.48	Yen's rise by 4.1%		Yen's rise by 1.4%	

Translation

1Q FY2020 Results (Net Sales by Product Group)

(Billion Yen)

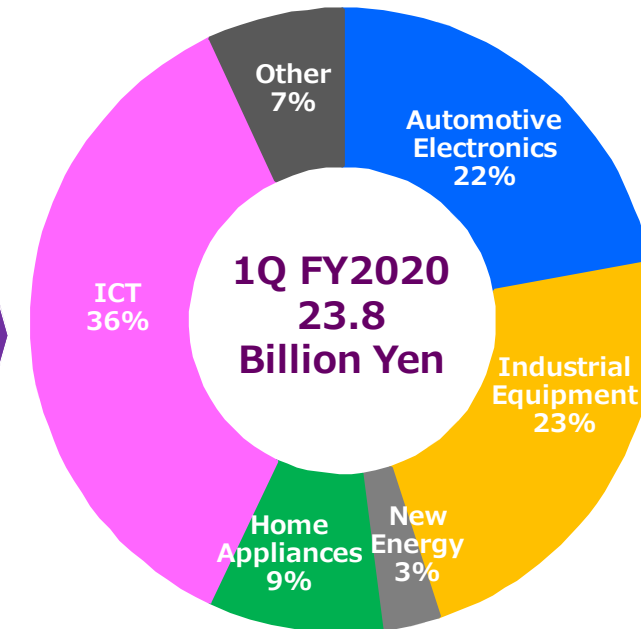
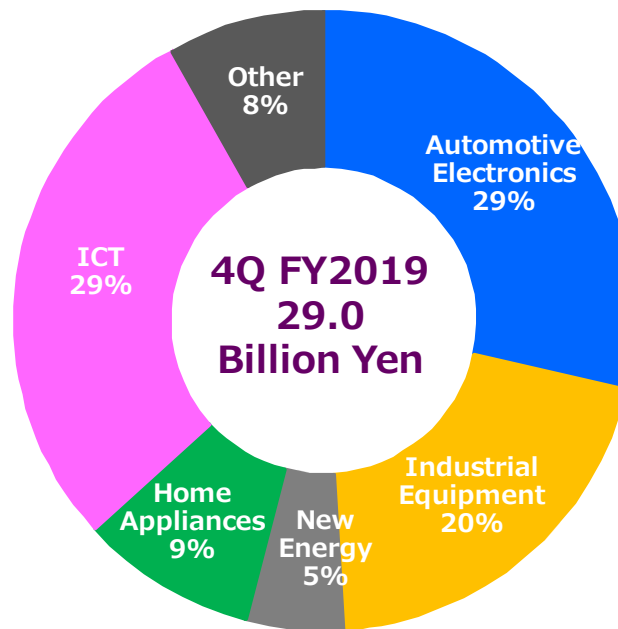
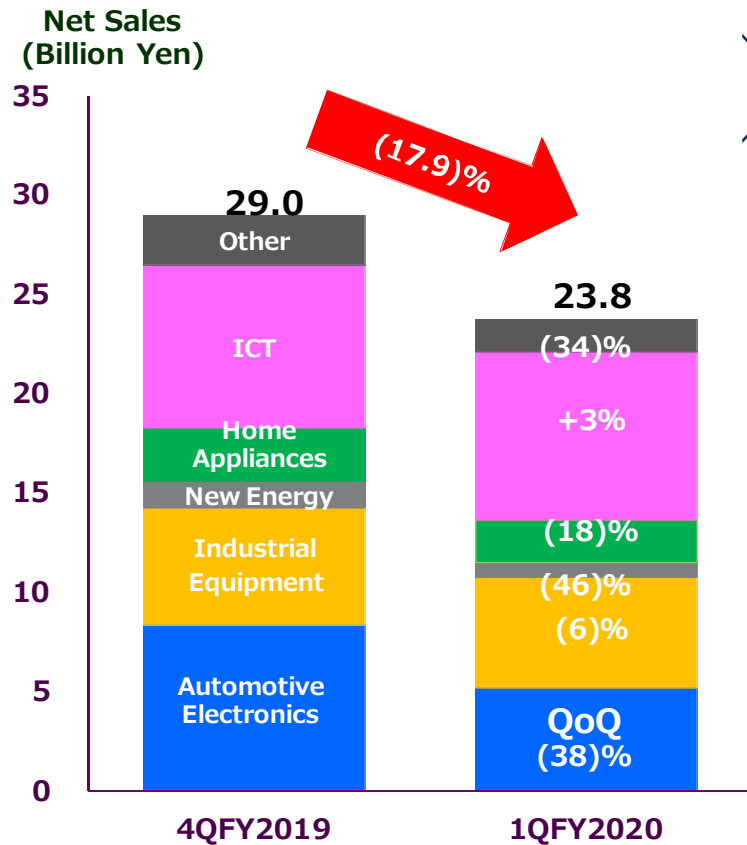
Product Group	FY2019		FY2020	YoY Change		QoQ Change	
	1Q	4Q	1Q	Amount	%	Amount	%
Aluminum Electrolytic Capacitors	24.02	24.66	20.13	(3.89)	(16.2)	(4.53)	(18.3)
(Conductive Polymer Capacitors)	2.60	3.86	3.37	0.77	29.8	(0.49)	(12.7)
DLCAP™	1.18	1.00	0.54	(0.63)	(53.8)	(0.45)	(45.4)
Ceramic Capacitors, Varistors, etc.	0.73	0.73	0.61	(0.12)	(17.4)	(0.12)	(16.4)
Mechanical Parts and Other Parts (Coil, Camera Module)	0.84	0.73	0.60	(0.23)	(28.3)	(0.13)	(17.8)
Capacitor Materials	1.08	1.35	1.41	0.32	29.6	0.05	4.2
Other	0.83	0.47	0.47	(0.36)	(43.0)	(0.00)	(0.0)
Total	28.72	28.97	23.78	(4.94)	(17.2)	(5.19)	(17.9)

1Q FY2020 Results (Net Sales by Market)

The spread of COVID-19 resulted in a large decrease in demand, mainly in the automotive electronics market

↓ Automotive Electronics : Continued downturn in sales in markets besides Greater China

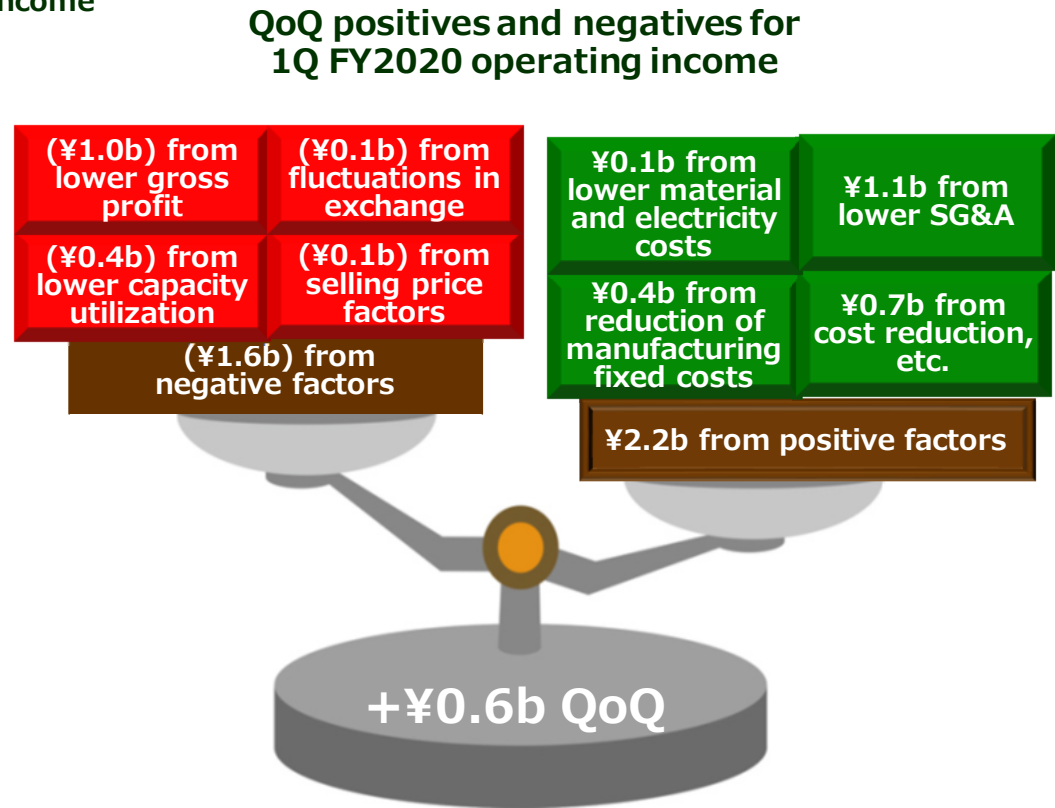
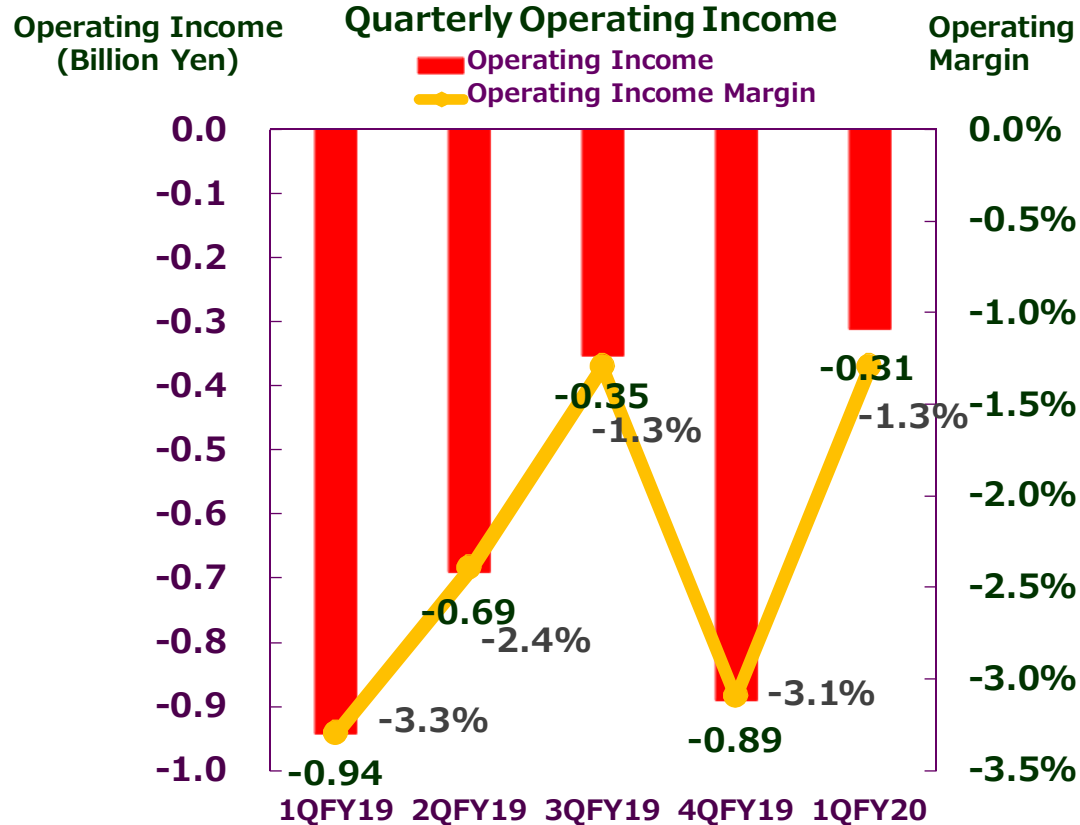
↑ ICT: Increase in set ups of 5G base stations and server demand



1Q FY2019 Results (Operating Income)

Main positives: 1) Cost reduction 2) Reduction of manufacturing fixed costs
3) Reduction of SG&A expenses

Main negatives: Large decrease in demand centered around the automotive electronics market due to the spread of COVID-19



Progress of Structural Reform

Structural reforms in progress according to the plan announced in May 2020

Main Measures	1Q FY2020
1. Reduce fixed costs Reduction of personnel costs and depreciation costs underway according to plan	+¥0.25b
2. Improve profit through productivity improvement Promote smart factories Establish a system for high-capacity operation of electrode foil	+¥0.18b
Performance improvement effect total	+¥0.43b

FY2020 Results Forecast (Impact of COVID-19)

- The spread of COVID-19 to show a partial slowdown in the first quarter and demand to gradually recover in the second quarter
- There are no plans of halting production at any of the production bases besides CCW(Feb.) and CCM(Apr.)
- Demand and production in Greater China recovered quickly, but the effect of the reignition of the US-China trade war is to be partially considered
- 5G, datacenters and PC related markets to grow strongly due to the expansion of telework
- Automotive electronics market to gradually recover in developed countries and China from the second quarter due to economic stimulus measures and fiscal actions, but recovery of demand in developing countries will be difficult
- Industrial equipment market to gradually recover from the second quarter after hitting the bottom in the first quarter

Approaches to markets with increased demand after COVID-19

Improvement in profitability from the demand expansion of conductive polymer aluminum solid capacitors and conductive polymer hybrid aluminum electrolytic capacitors

- **Increase in IT devices due to the expansion of telework**
 - ⇒ Demand for laptops and tablets to grow
- **Increase in datacenters due to the expansion of data traffic**
 - ⇒ Demand for servers to grow
- **Acceleration of 5G expansion due to an increase in communications demand**
 - ⇒ Demand for 5G base stations to grow

[Note]

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