

# **Financial Supplement**

## **Fiscal Year 2013(2013/4-2014/3)**

**May 30, 2014**  
**NITTO KOHKI CO., LTD.**

# Corporate Profile



[Established]	October 1956
[Headquarter]	9-4, Nakaikegami 2-Chome, Ohta-ku, Tokyo
[Capital]	1,850 million yen
[Employees]	Consolidated 981 /Non-Consolidated 390
[Groups]	14 companies(Japan 4, Overseas 10)

## [Business]

Development, manufacture and sales of

- Quick-connecting fluid couplings(CUPLA)
- Machine tools and electric screwdrivers(ATRA,DELVO)
- Linear motor driven free piston compressor and pumps, and other pumps for various applications
- Door-Closers



# Consolidated Financial Highlights

(million yen)

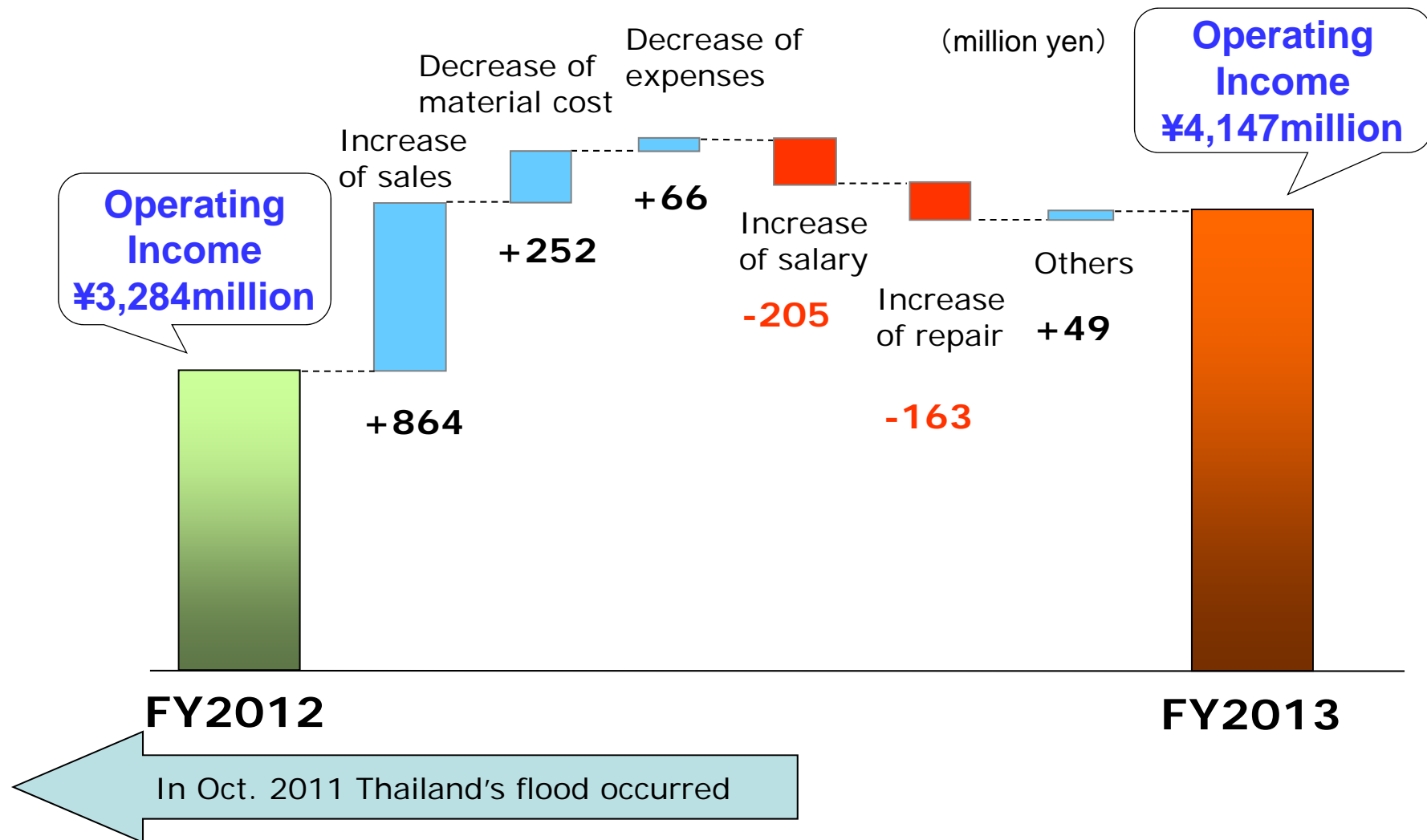
	FY2012	FY2013	Year-over-year	Factor
<b>Sales</b>	<b>25,281</b>	<b>27,145</b>	<b>7.4%</b>	Couplings increased in 2nd half and drilling machines sold steadily.
<b>Operating Income</b>	<b>3,284</b>	<b>4,147</b>	<b>26.3%</b>	Effect of currency exchange rate, Linear Pumps recovered its profit, Door Closers increased its profit and other factors.
<b>Operating Income Ratio</b>	<i>13.0%</i>	<i>15.3%</i>	<i>2.3pt</i>	
<b>Ordinary Income</b>	<b>3,525</b>	<b>4,226</b>	<b>19.9%</b>	
<b>Net Income</b>	<b>2,828</b>	<b>2,371</b>	<b>-16.2%</b>	With no extra ordinary income from insurance for Thailand's flood.

# Sales by Product Segment

(million yen)

	FY2012	FY2013	Ratio	Year-over-year	Factor
<b>Total</b>	<b>25,281</b>	<b>27,145</b>	<i>100%</i>	<b>7.4%</b>	—
<b>Couplings</b>	<b>9,454</b>	<b>9,897</b>	<i>37%</i>	<b>4.7%</b>	Steadily increased sales for automotive industry and gradually recovered sales for semiconductor industry.
<b>Machine Tools</b>	<b>9,734</b>	<b>10,560</b>	<i>39%</i>	<b>8.5%</b>	Steadily increased demand in Japan.
<b>Linear Pumps</b>	<b>3,958</b>	<b>4,542</b>	<i>16%</i>	<b>14.8%</b>	Health care equipment in good form.
<b>Door Closers</b>	<b>2,134</b>	<b>2,144</b>	<i>8%</i>	<b>0.5%</b>	The highest sales marked.

# Analysis of the Fluctuation Factor of Operating Income in FY2013



# Effect of Currency Exchange Rate and Profit

[Effect of Rate] (million yen)

Rate	Effect of Rate
US Dollar	207
Euro	134
UK Pound	21
AU Dollar	-4
Thai Baht	-276
Korean Won	-2
Total	82

Weaker yen (in terms of NITTO KOHKI)

Sales···increasing profit

Purchase··· decreasing profit

[Currency Rate]

(yen)

	FY2010	FY2011	FY2012	FY2013	FY2014 (projection)
US Dollar	81.49	77.74	86.58	105.39	100.00
Euro	107.90	100.71	114.71	145.05	135.00
UK Pound	126.48	119.81	139.52	173.76	160.00
AU Dollar	83.13	79.12	89.80	93.24	90.00
Thai Baht	2.70	2.45	2.82	3.20	3.15
Korean Won	0.072	0.068	0.081	0.100	0.095

# Topics

- **NITTO KOHKI INDUSTRY (THAILAND) established.**
- **TOCHIGI NITTO KOHKI, No.7 Factory started its operation and new warehouse built.**
  - Effective production due to renovation of aging structure and location change of equipment.
  - Gathering storage of Electric Screwdrivers and Linear Pumps.



# Projects for FY2014



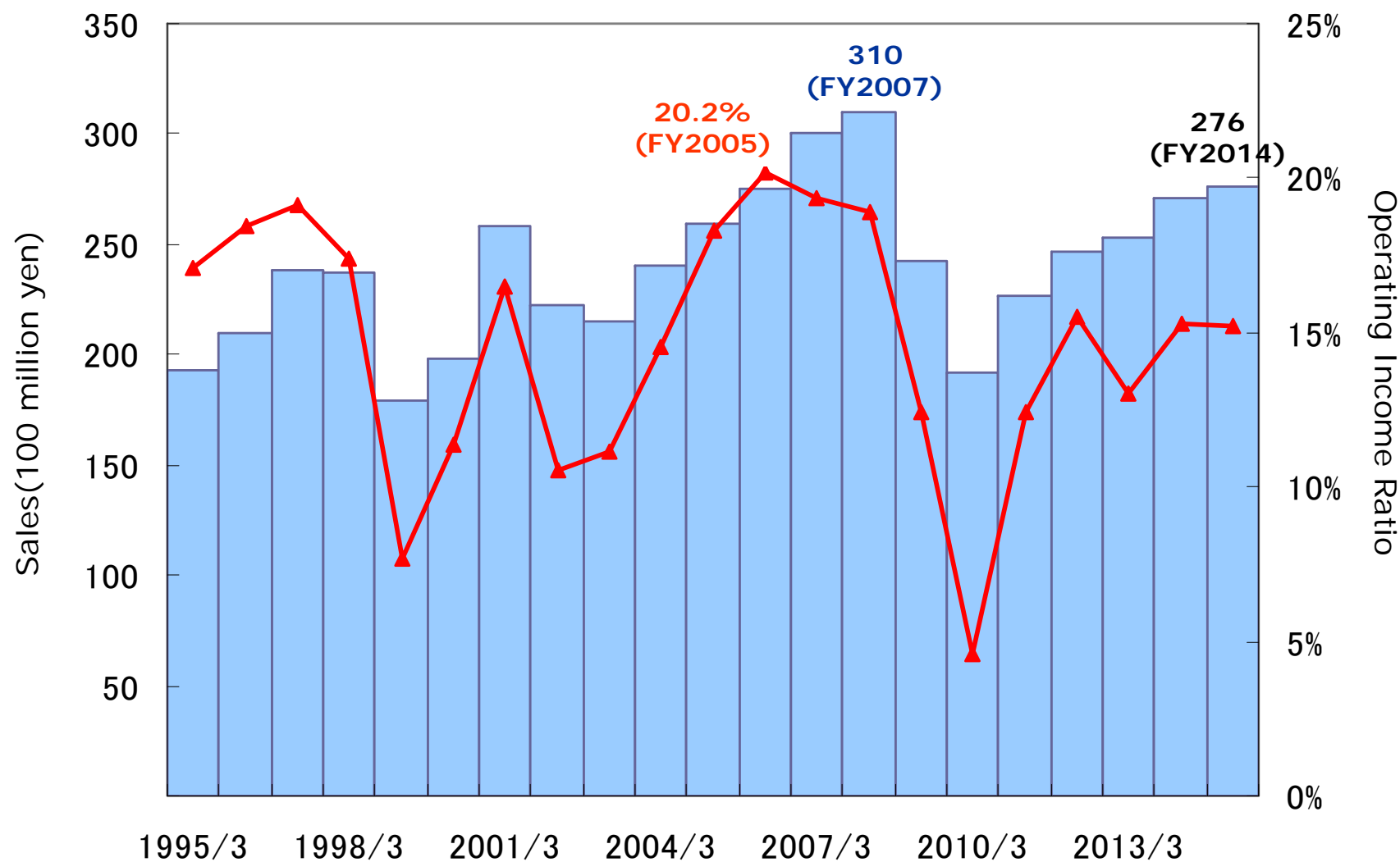
# Projects for FY2014 ...

## Increase both in Sales and Profit

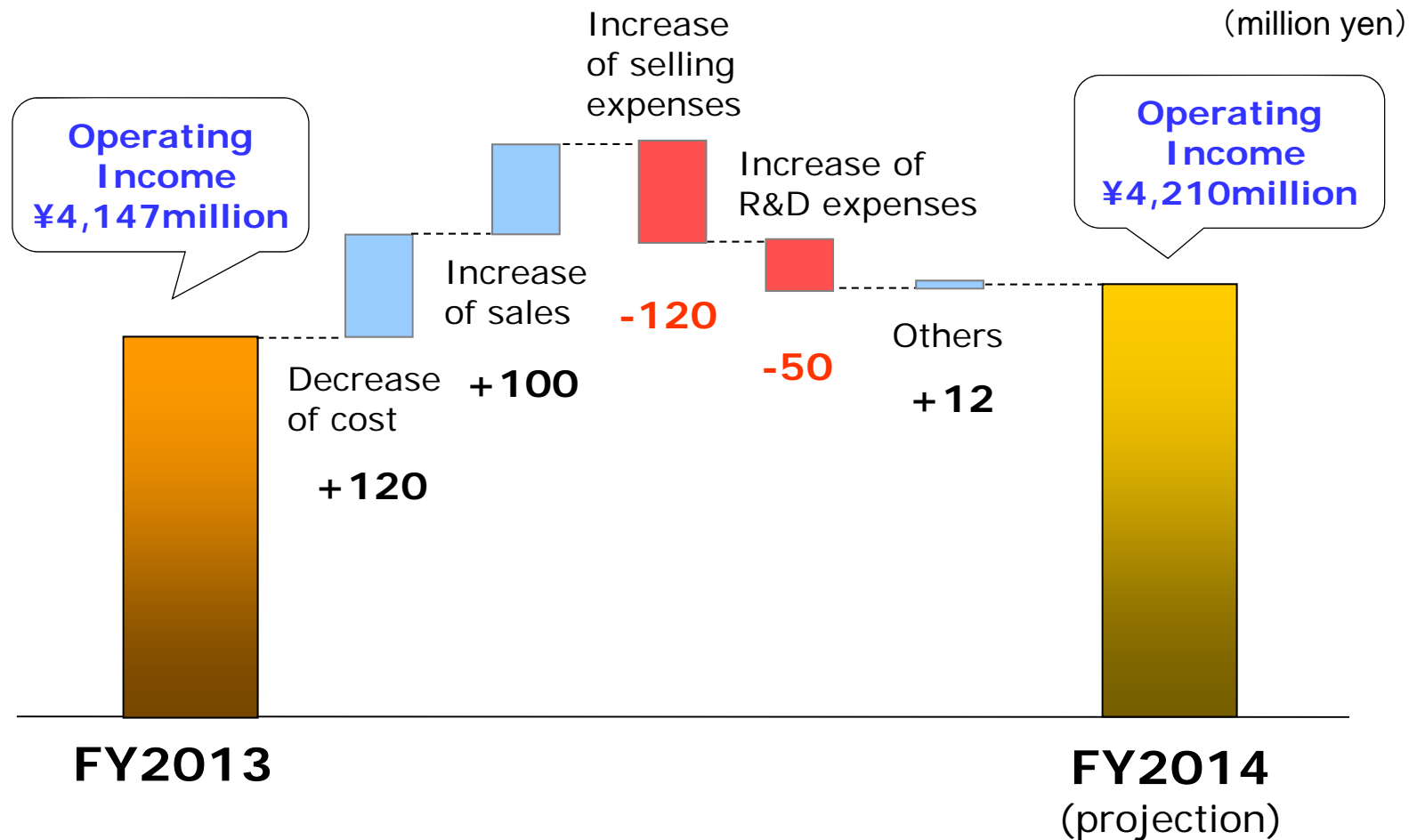
(million yen)

	FY2013	FY2014 (projection)	Progress	Assumption
<b>Sales</b>	<b>27,145</b>	<b>27,620</b>	<b>1.7%</b>	Stronger yen and sales decrease for effect of large sales in 2nd half of preceding fiscal year.
<b>Operating Income</b>	<b>4,147</b>	<b>4,210</b>	<b>1.5%</b>	Stronger yen expected.
<b>Operating Income Ratio</b>	<i>15.3%</i>	<i>15.2%</i>	<i>-0.1pt</i>	
<b>Ordinary Income</b>	<b>4,226</b>	<b>4,290</b>	<b>1.5%</b>	
<b>Net Income</b>	<b>2,371</b>	<b>2,690</b>	<b>13.4%</b>	With no extraordinary expense.

# Performance Chart (1995/3-2015/3)



# Analysis of the Fluctuation Factor of Operating Income in FY2014



# Projects for Sales by Product Segment



(million yen)

	FY2013	FY2014	Year-over-year	Projection
<b>Total</b>	<b>27,145</b>	<b>27,620</b>	<b>1.7%</b>	--
<b>Couplings</b>	<b>9,897</b>	<b>10,200</b>	<b>3.1%</b>	Sales increasing steadily for capital investment.
<b>Machine Tools</b>	<b>10,560</b>	<b>10,600</b>	<b>0.4%</b>	Electric Screwdrivers' sales decreasing softly.
<b>Linear Pumps</b>	<b>4,542</b>	<b>4,600</b>	<b>1.3%</b>	Overseas sales increasing softly.
<b>Door Closers</b>	<b>2,144</b>	<b>2,220</b>	<b>3.5%</b>	Sales increasing steadily for public investment.

# Topics

## ■ About Fuel Cell Vehicle

Operating a lot of R&D in prospect of infrastructure construction and fuel cell vehicle production.



# Topics

## ■ New Products

Pneumatic Burring Cutter



Burring Cutter "BC-005"

Portable Precision Finishing File



Super Hand Light "SHL-40"

# Investment, Depreciation, R&D Expenses

(million yen)

	FY2013	FY2014
<b>Investment</b>	<b>2,160</b>	<b>1,214</b>
<b>Depreciation</b>	<b>1,262</b>	<b>1,161</b>
<b>R&amp;D Expenses</b>	<b>672</b>	<b>695</b>

## [Major Capital Investment]

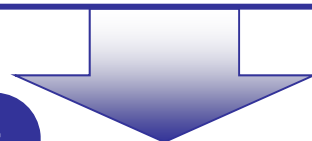
- FY2013: TOCHIGI NITTO KOHKI constructed new factory and warehouses.
- FY2014: Machine Tools-Investment in productivity of cutters for drilling machine "ATRA". (MEDOTECH)



# Mid-Term Management Plan (FY2011 to FY2015)

## Objective

For sustainable development, this mid-term management plan establishes a robust business foundation for the NITTO KOHKI group over the course of five years.



## Important Items → Present

1. Business development in international markets  
→ Increasing office and staff
2. Development of new uses and applications  
→ For fuel sell, medical care, food and other market
3. Exploration of new businesses  
→ Now researching
4. Establishment of stable profitability  
→ Improving productivity and operational efficiency



# Mid-Term Management Plan (FY2011 to FY2015)

## Specific Project

### ■ Sales division Development of overseas market

China: Local subsidiary established (2012)

Europe: Transfer of sales operation to local subsidiary/Development of Eastern European market (2011-) and staff staying in France (2013)

America: Development of South and Central American market.

Increased 1 staff (2013)

Asia: Development of newly emerging country and more active PR (2011-)

### ■ R&D

Promote development of new products (2011-)

→ Release of new products, supporting sales of existing products

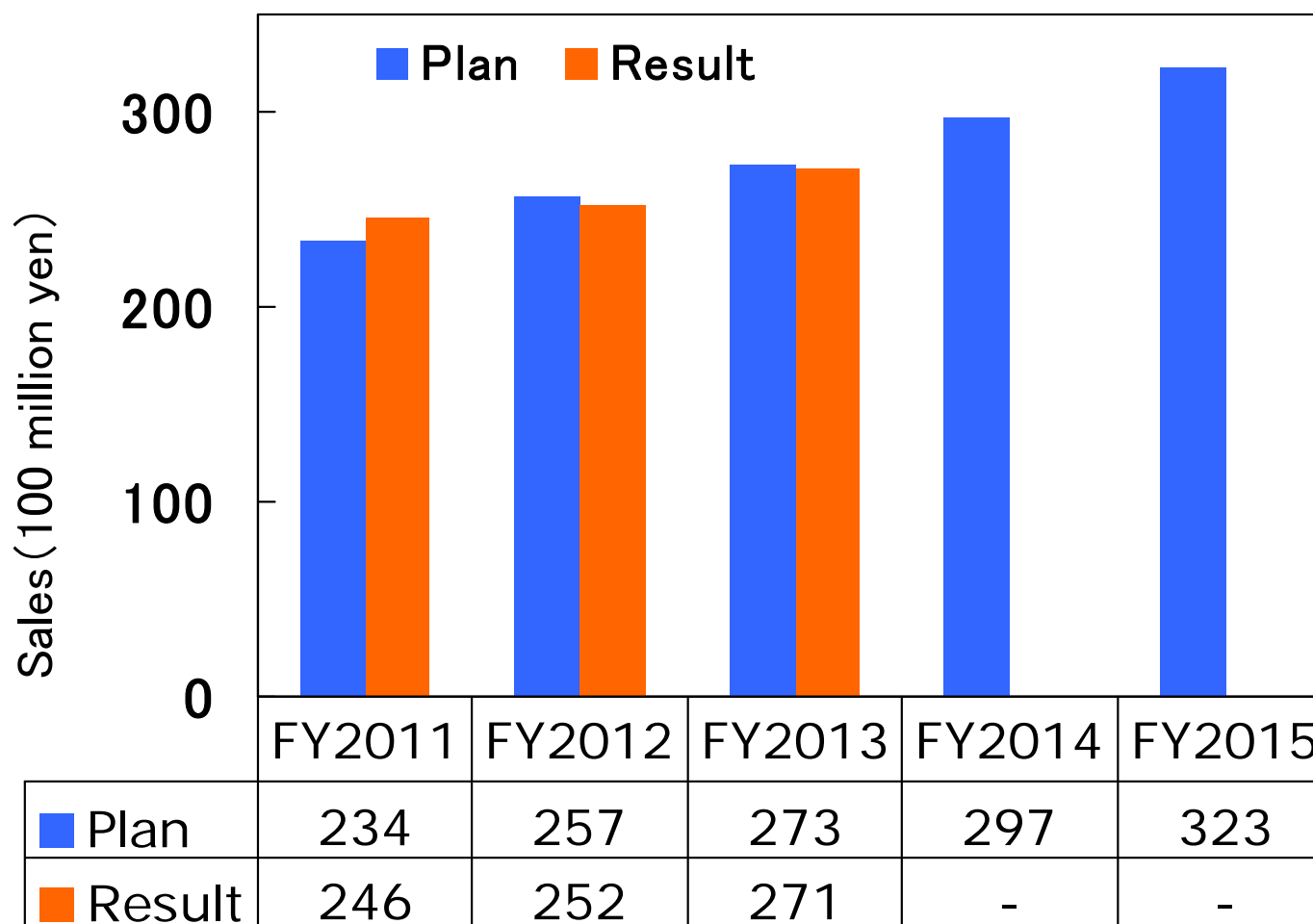
### ■ Logistic and production

Restructuring logistic system (new IT equipment new delivery route and gathered warehouse in 2013)

Investment in productivity (Tochigi Nitto Kohki in 2013 and MEDOTECH in 2014)

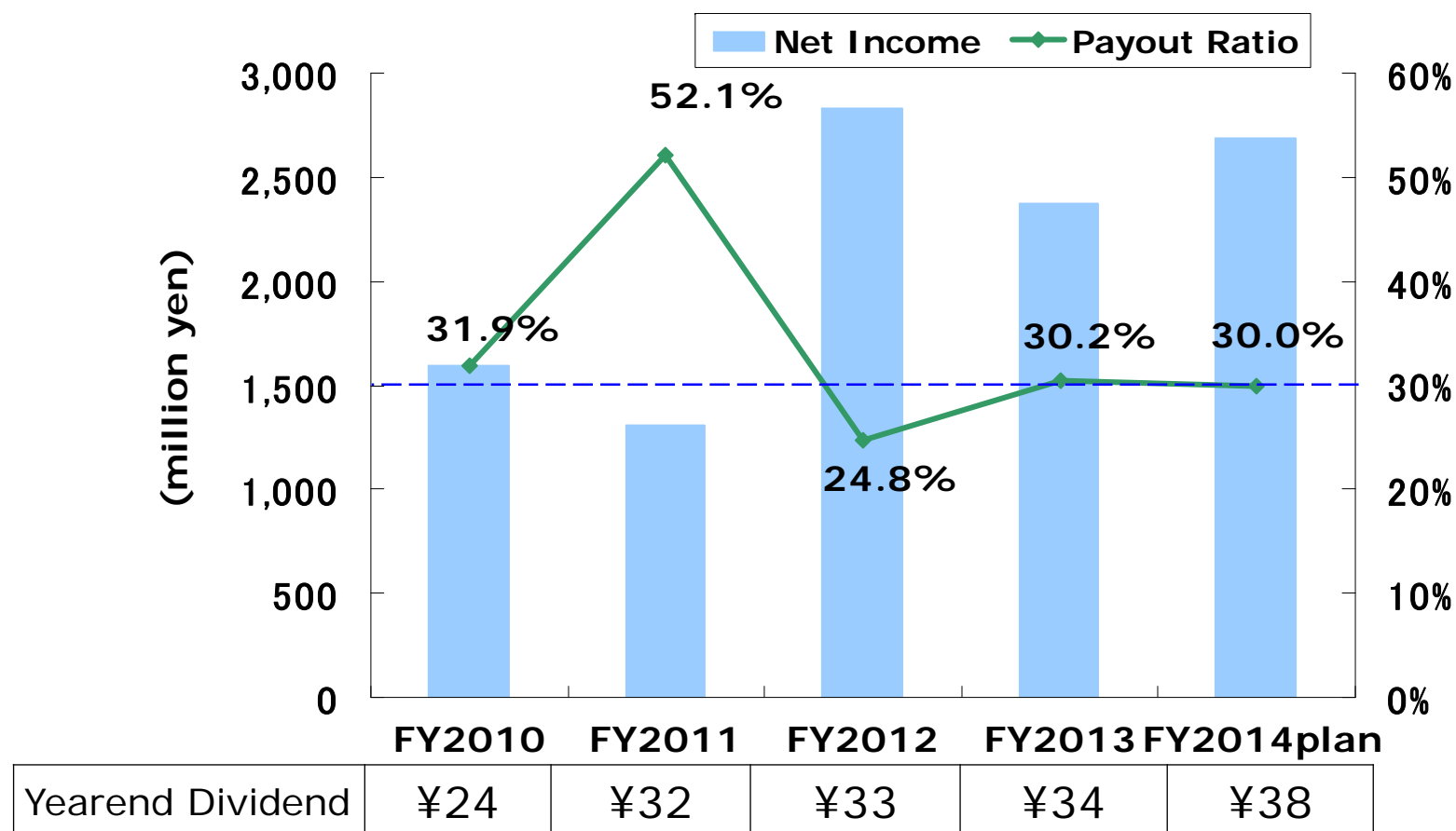
Recovery from flood in Thai factory, achieving efficiency (constructed new factory in 2012 and merged 2 separated company in 2013)

# Mid-Term Management Plan (FY2011 to FY2015)



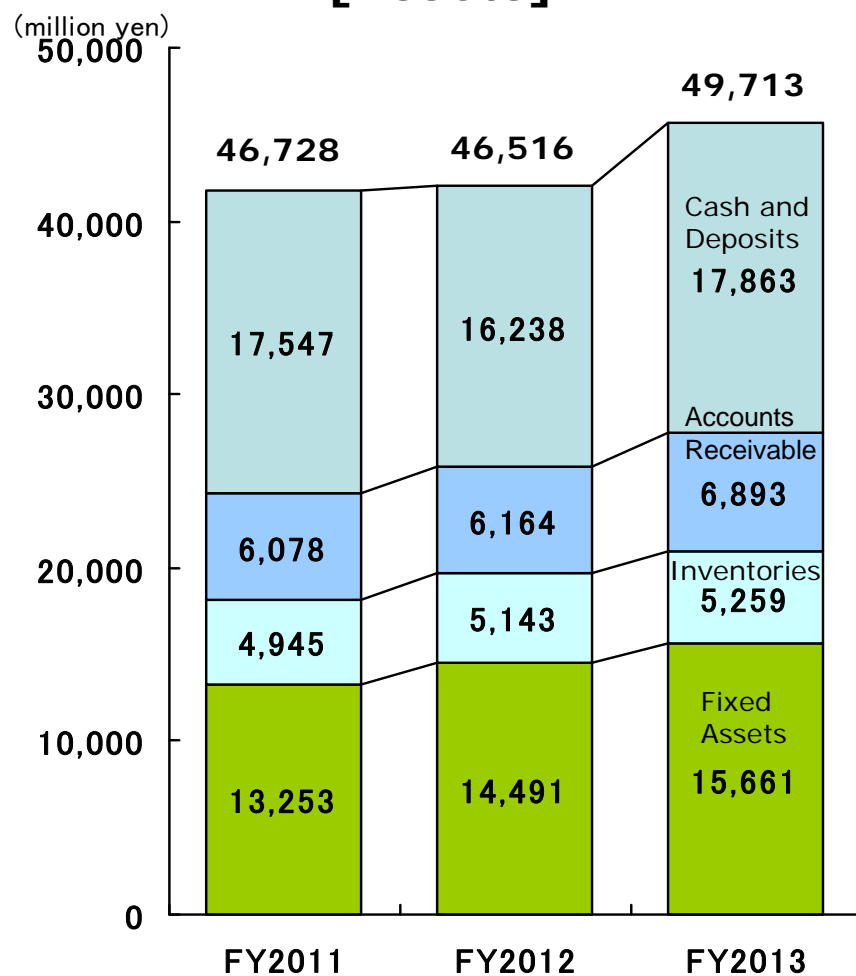
# FY2014 Dividend

Target payout ratio is 30%. Refund related to transfer pricing taxation will not be reflect to dividend plan.

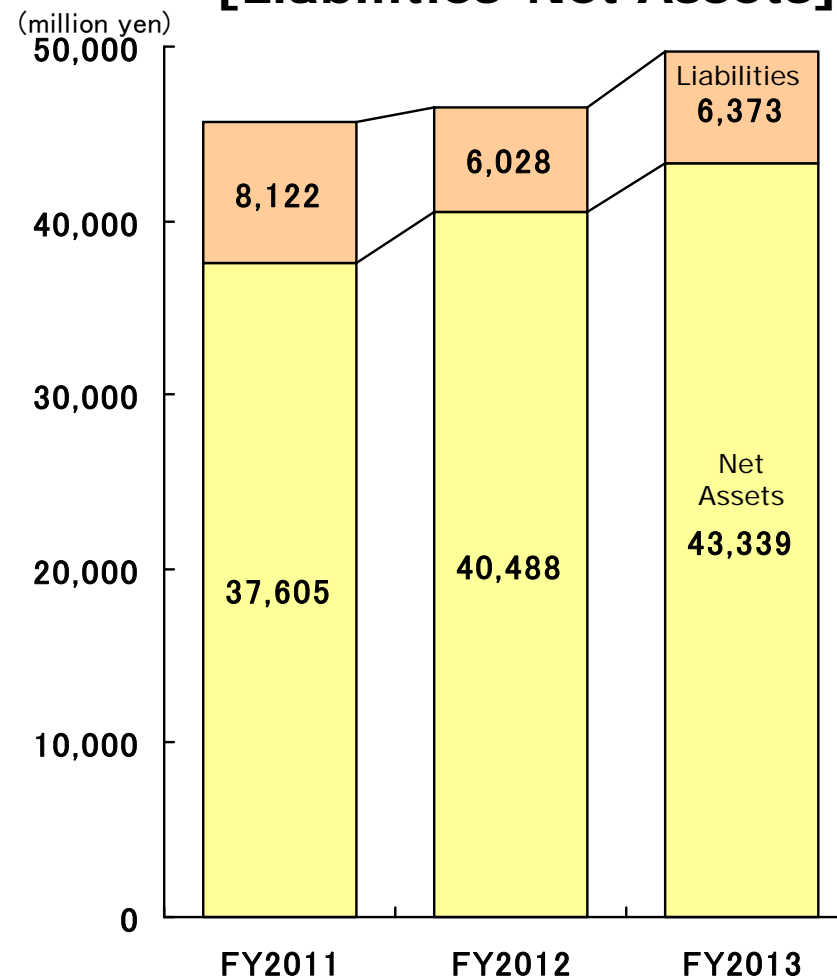


# Balance Sheet

## [Assets]



## [Liabilities·Net Assets]



# Thank you!

## FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on NITTO KOHKI's own projections and estimates. They are subject to a number of risks and uncertainties. NITTO KOHKI would like to take note that actual results may differ materially from our expectations.

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