

Financial Supplement

Fiscal Year 2014(2014/4-2015/3)

May 25, 2015

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 909 /Non-Consolidated 401
[Groups]	12 companies(Japan 4, Overseas 8)

[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

- Profit increased, due to sales growth and currency exchange effect.

(million yen)

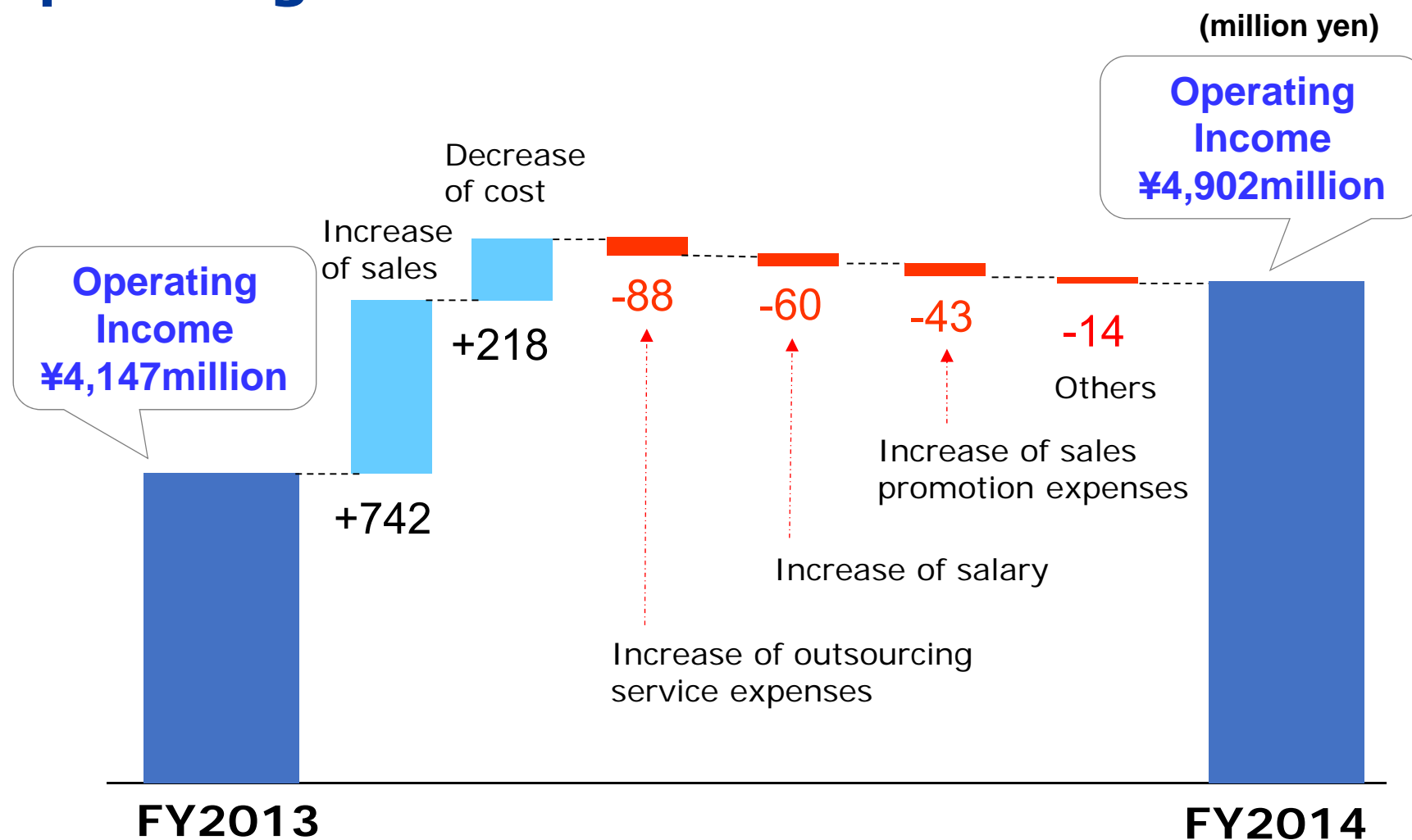
	FY2013	FY2014	Year-over-year
Sales	27,145	28,715	5.8%
Operating Income	4,147	4,902	18.2%
<i>Operating Income Ratio</i>	15.3%	17.1%	1.8pt
Ordinary Income	4,226	5,091	20.5%
Net Income	2,371	3,088	30.2%

Sales by Product Segment

(million yen)

	FY2013	FY2014	Year-over-year	Factor
Total	27,145	28,715	5.8%	
Couplings	9,897	10,709	8.2%	Sales increased for capital investment demands.
Machine Tools	10,560	10,829	2.6%	
Linear Pumps	4,542	4,937	8.7%	OEM supply in good form.
Door Closers	2,144	2,238	4.4%	The highest sales marked.

Analysis of the Changing Factors of Operating Income in FY2014



Effect of Currency Exchange Rate and Profit

Weaker yen

Sales ⇒ increasing profit

Purchase ⇒ decreasing profit

Rate	Effect of Rate (million yen)
US Dollar	135
Euro	14
UK Pound	7
AU Dollar	3
Thai Baht	-93
Korean Won	-2
Chinese Yuan	2

+ 67
million yen

Currency	FY2011	FY2012	FY2013	FY2014
US Dollar	77.74	86.58	105.39	120.55
Euro	100.71	114.71	145.05	146.54
UK Pound	119.81	139.52	173.76	187.03
AU Dollar	79.12	89.80	93.24	98.07
Thai Baht	2.45	2.82	3.20	3.67
Korean Won	0.068	0.081	0.100	0.110
Chinese Yuan			17.36	19.35

Topics

■ Sell out subsidiaries and business

NITTO KOHKI-MIJIN (Korea)

Manufacture and sales of pneumatic tools

Universal Drilling & Cutting Equipment (U.K.)

Manufacture and sales of machine tools
(magnetic base drilling machine and cutters)

Extraordinary
loss
672 million
yen

Insurance Business Division of

MEDO INDUSTRIES (Tokyo)

Agency business of general insurance

Extraordinary
income
36 million
yen

■ Eliminate double taxation due to transfer pricing: **543 million yen in corporate income tax for prior fiscal year**

Mutual agreement was made between U.S.A and Japan,
double taxation on NITTO KOHKI group is eliminated in these countries.

Projects for FY2015

Projects for FY2015

- **Establish India Representative Office**
- **Restructure production system of Machine Tools**
- **Prepare to take over MEDO INDUSTRIES (Scheduled in 2016/4)**

MEDO INDUSTRIES : Subsidiary for selling linear piston pumps

Projects for FY2015

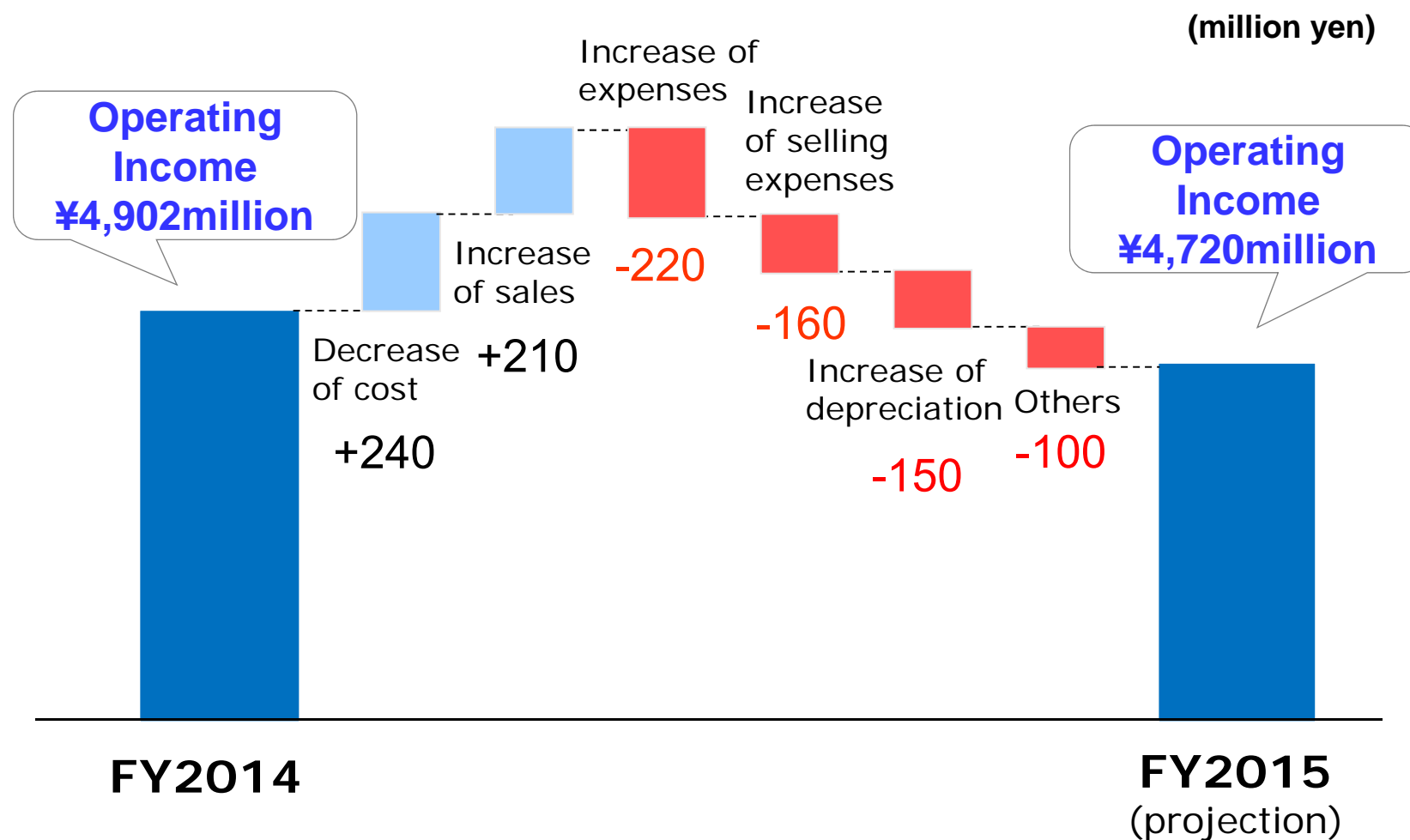
- Decreasing sales and profit due to tendency to stronger yen expected.

(million yen)

	FY2014	FY2015	Year-over-year
Sales	28,715	27,960	-2.6%
Operating Income	4,902	4,720	-3.7%
<i>Operating Income Ratio</i>	17.1%	16.9%	-0.2pt
Ordinary Income	5,091	4,760	-6.5%
Net Income	3,088	3,210	3.9%

[exchange rate planned] 115JPY/USD, 130JPY/EUR, 175JPY/GBP, 3.7JPY/THB

Analysis of the Changing Factors of Operating Income in FY2015



Projects for Sales by Product Segment

(million yen)

	FY2014	FY2015	Year-over-year
Total	28,715	27,960	-2.6%
Couplings	10,709	10,870	1.5%
Machine Tools	10,829	10,020	-7.5%
Linear Pumps	4,937	4,790	-3.0%
Door Closers	2,238	2,280	1.8%

- Machine Tools, decreasing 1,100 million yen sales due to exclusion of 2 subsidiaries from NITTO KOHKI group
- Linear Pumps, sales decreasing due to exchange rate

Topics of Couplings

“SANITARY CUPLA”

Easy to disassemble and wash for food-processing industry, where NITTO KOHKI advances for the first time.



[Ferrule connection Type]

[Welding connection Type]

Topics of Couplings

HHV CUPLA for fueling high-pressured hydrogen, adopted in “MIRAI” fuel cell vehicle of TOYOTA.



[Filling port for hydrogen]



[Receptacle]

Fueling nozzle for high-pressured hydrogen, also being adopted in domestic hydrogen station continuously.

Investment, Depreciation, R&D Expenses

(million yen)

	FY2014	FY2015
Investment	827	1,320
Depreciation	1,212	1,310
R&D Expenses	656	690

[Major Capital Investment]

- FY2014:

MEDOTECH, production equipment for annular cutters

- FY2015:

NITTO KOHKI, mold for Machine Tools for production transition

TOCHIGI NITTO KOHKI, production equipment for Couplings

SHIRAKAWA NITTO KOHKI, production equipment for Machine Tools

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 (Asia and Latin America)
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: Subsidiary established (2012) Increasing local staff (2015)

Europe: Staff staying in France (2013) and Dusseldorf (2015)

America: Expanding DELVO sales in Central and South America,
1 staff increased (2013)

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

■ R&D

Improving approach to new market

→ Newly-established section “Market Development Office” (2015)

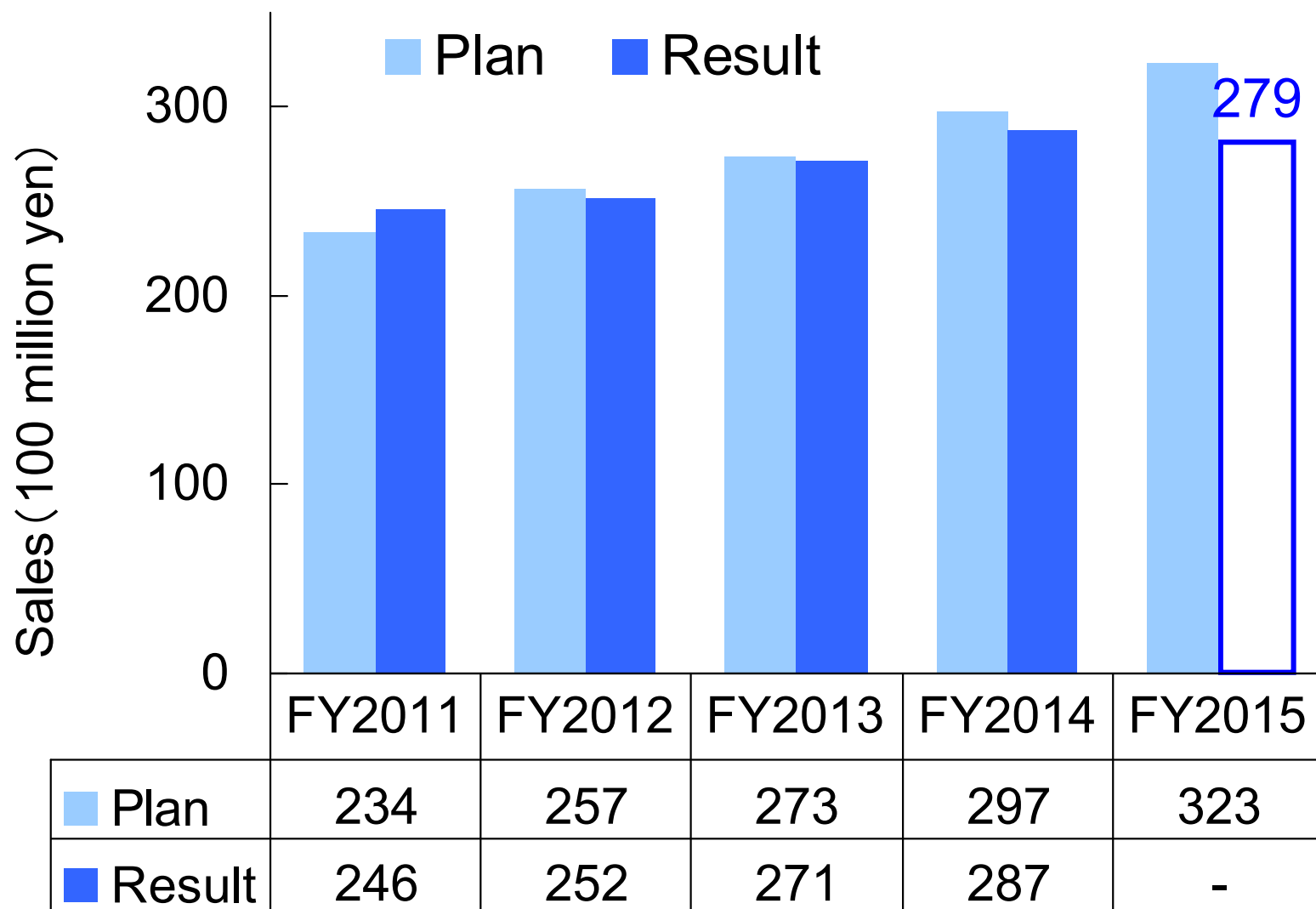
■ Logistic and production

Restructuring logistic system (new IT equipment, new delivery route,
gathered Warehouse and business outsourcing in 2014)

Investment in productivity (investment for TOCHIGI NITTO KOHKI in 2013 and
MEDOTECH in 2014, and restructuring factories production in 2015)

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

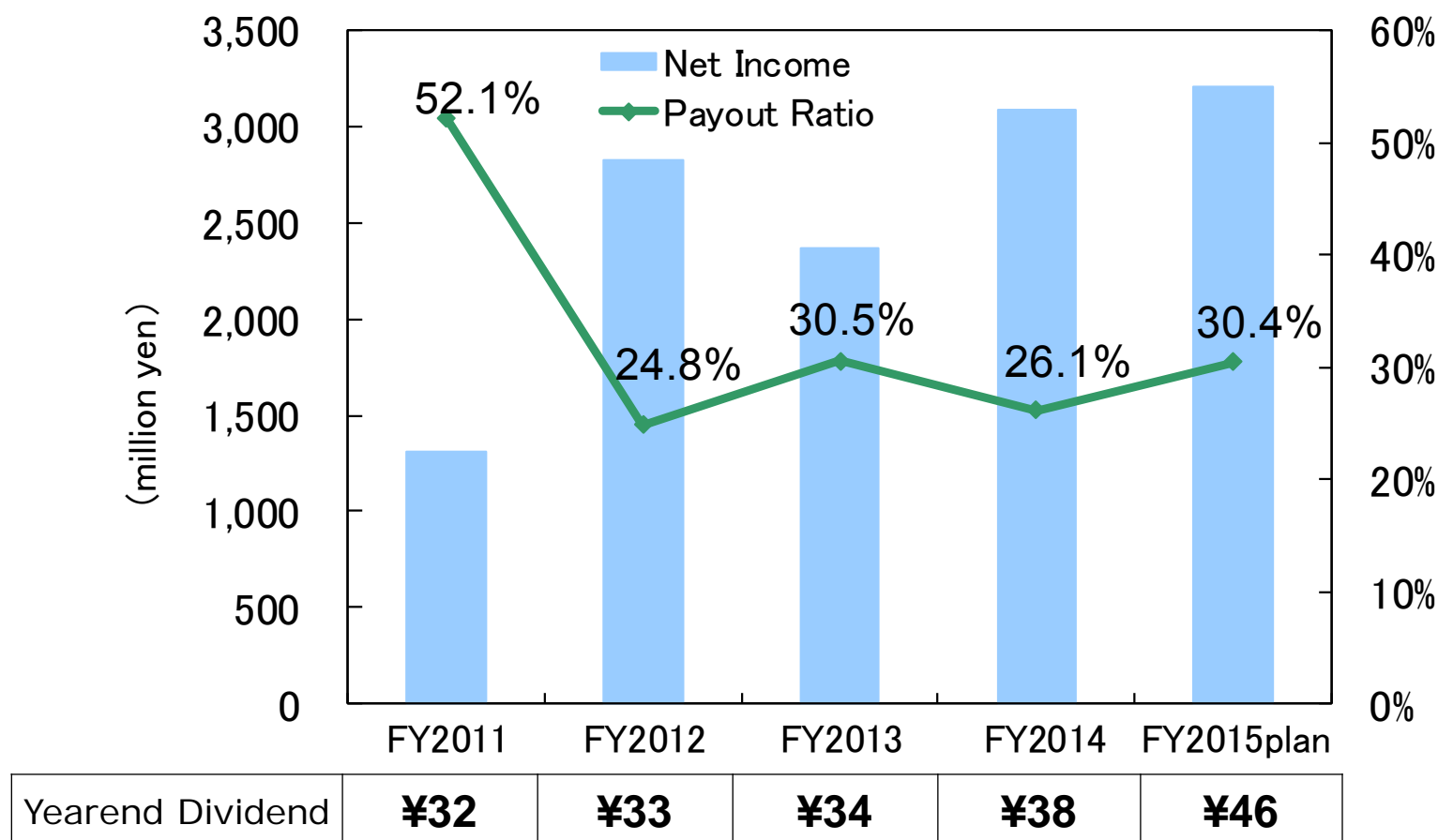
Mid-Term Management Plan (FY2011 to FY2015)



FY2015 Dividend Plan

Target payout ratio is 30%.

In FY 2014, tax refund occurred under transfer price taxation.
This refund is outside dividend calculation base.



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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