

Financial Results

Fiscal Year 2016(2016/4-2017/3)

May 26, 2017

NITTO KOHKI CO., LTD

Performance in FY2016



(million yen)

	FY2015	FY2016	YoY
Sales	27,229	26,530	-2.6%
Operating Income	5,078	4,514	-11.1%
<i>Operating Income Ratio</i>	<i>18.7%</i>	<i>17.0%</i>	<i>-1.6pt</i>
Ordinary Income	5,169	4,524	-12.5%
Net Income	3,357	2,975	-11.4%

Sales by Product Segment

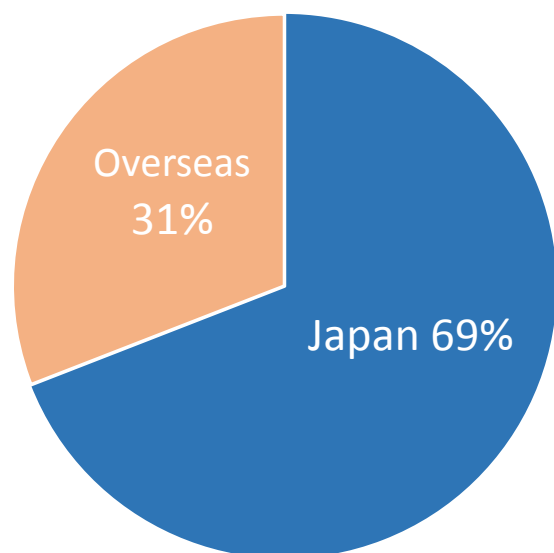


(million yen)

	FY2015	FY2016	YoY
Couplings	11,036	11,083	0.4%
Machine Tools	9,533	9,086	-4.7%
Pumps	4,432	4,323	-2.5%
Door Closers	2,227	2,037	-8.6%

Sales by Region

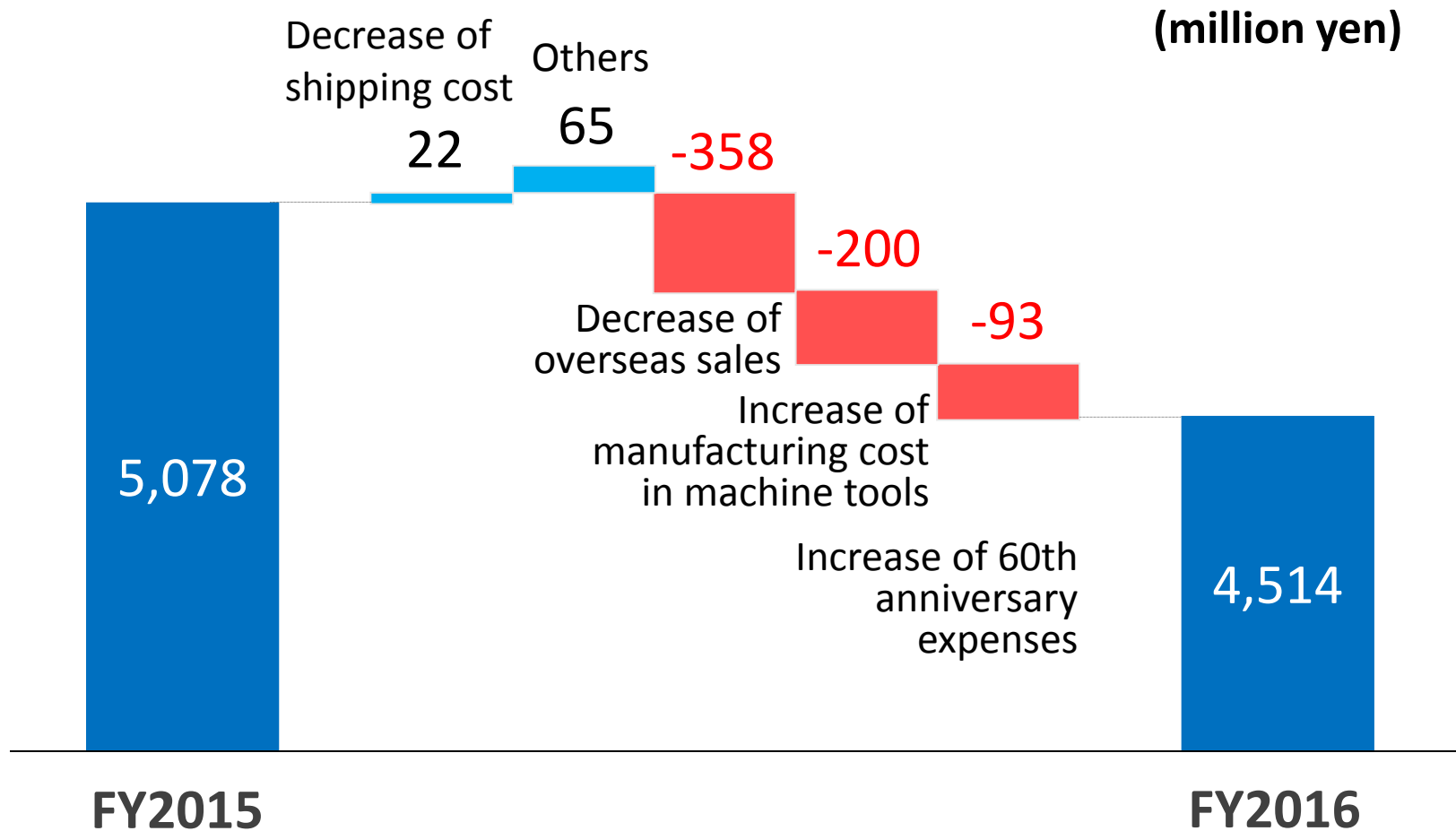
[Sales Ratio]



(million yen)

	FY2015	FY2016	YoY
Japan	18,586	18,331	-1.4%
USA	2,476	2,139	-13.6%
Asia	3,421	3,562	4.1%
Europe	1,472	1,231	-16.4%
Oceania	1,041	882	-15.3%
Others	231	386	67.1%

Factors Affecting Operating Income in FY2016



Effect of Currency Exchange on Profit



Weaker yen (for NITTO KOHKI)
Sales ⇒ increasing profit
Purchase ⇒ decreasing profit

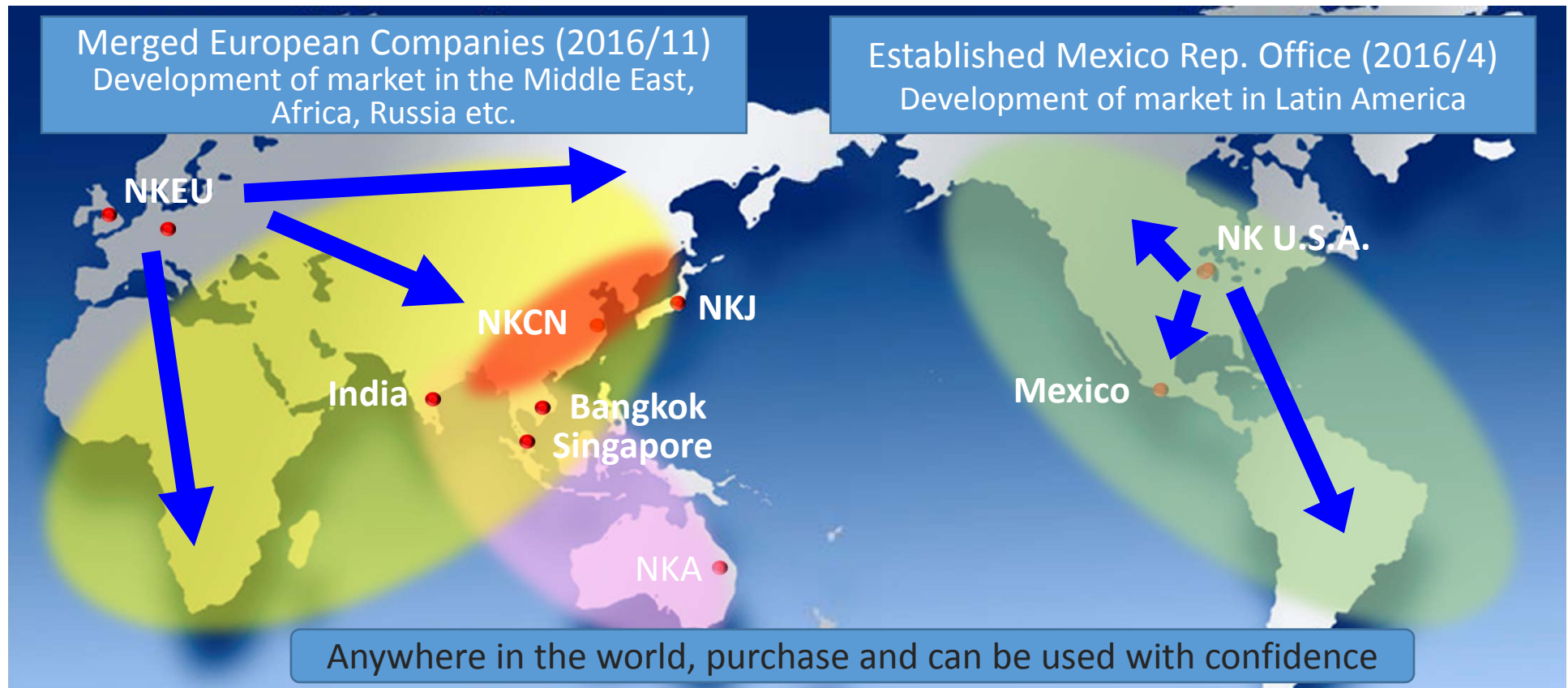
Currency	Effect of Rate (million yen)
US Dollar	-128
Euro	-53
UK Pound	-31
AU Dollar	-19
Thai Baht	215
Korean Won	11

-7.4 Million yen

Currency	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
US Dollar	86.58	105.39	120.55	120.61	116.49	105.00
Euro	114.71	145.05	146.54	131.77	122.70	110.00
UK Pound	139.52	173.76	187.03	178.78	143.00	130.00
AU Dollar	89.80	93.24	98.07	87.92	84.36	78.00
Thai Baht	2.82	3.20	3.67	3.34	3.24	3.10
Korean Won	0.081	0.100	0.110	0.103	0.097	0.110

Topics for FY2016

Strengthen overseas business



Regional Supervisory System
(2016/4 start)

- Boost selling power
- Strengthen repair system

NITTO KOHKI YouTube Channel
Opened (2017/2)

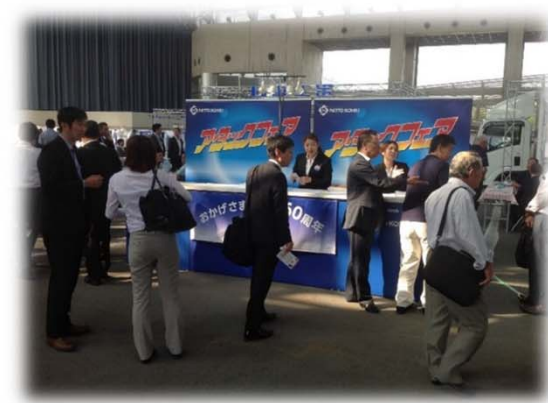
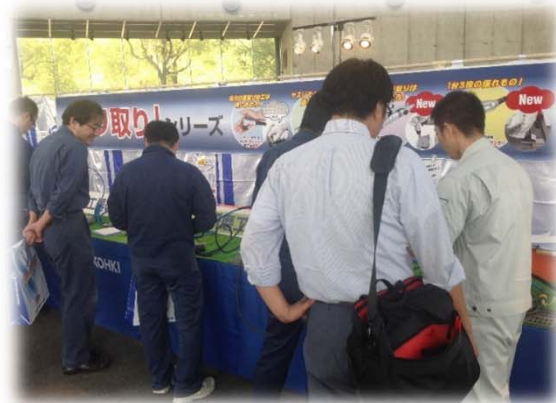
- Spread information faster to the world



Nitto Kohki
GLOBAL Channel

Topics for FY2016

- ✓ Incorporation MEDO INDUSTRIES into NITTO KOHKI (April 2016)
- ✓ The 60th anniversary of NITTO KOHKI's foundation (October 2016)
- ✓ Trademark registration "Attack Fair" NITTO KOHKI's unique exhibition



Topics for FY2016



SHIRAKAWA NITTO KOHKI's office building completed, improve production line efficiency. Full-scale production of pneumatic tools started



SHIRAKAWA NITTO KOHKI, production for Pneumatic Machine Tools and Electric screwdrivers



Projects for FY 2017

Action for sustainable growth

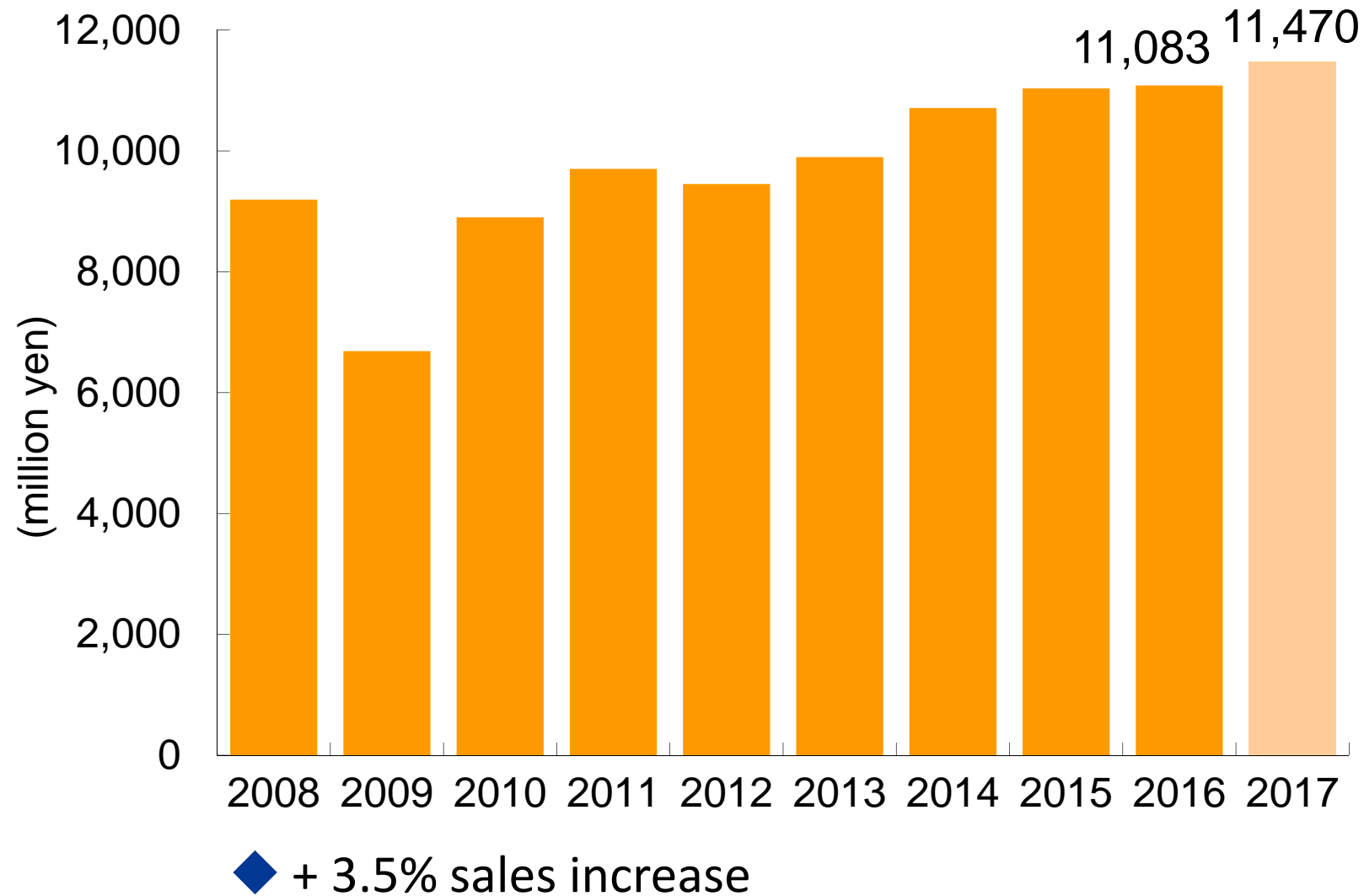
Performance Plan for FY2017



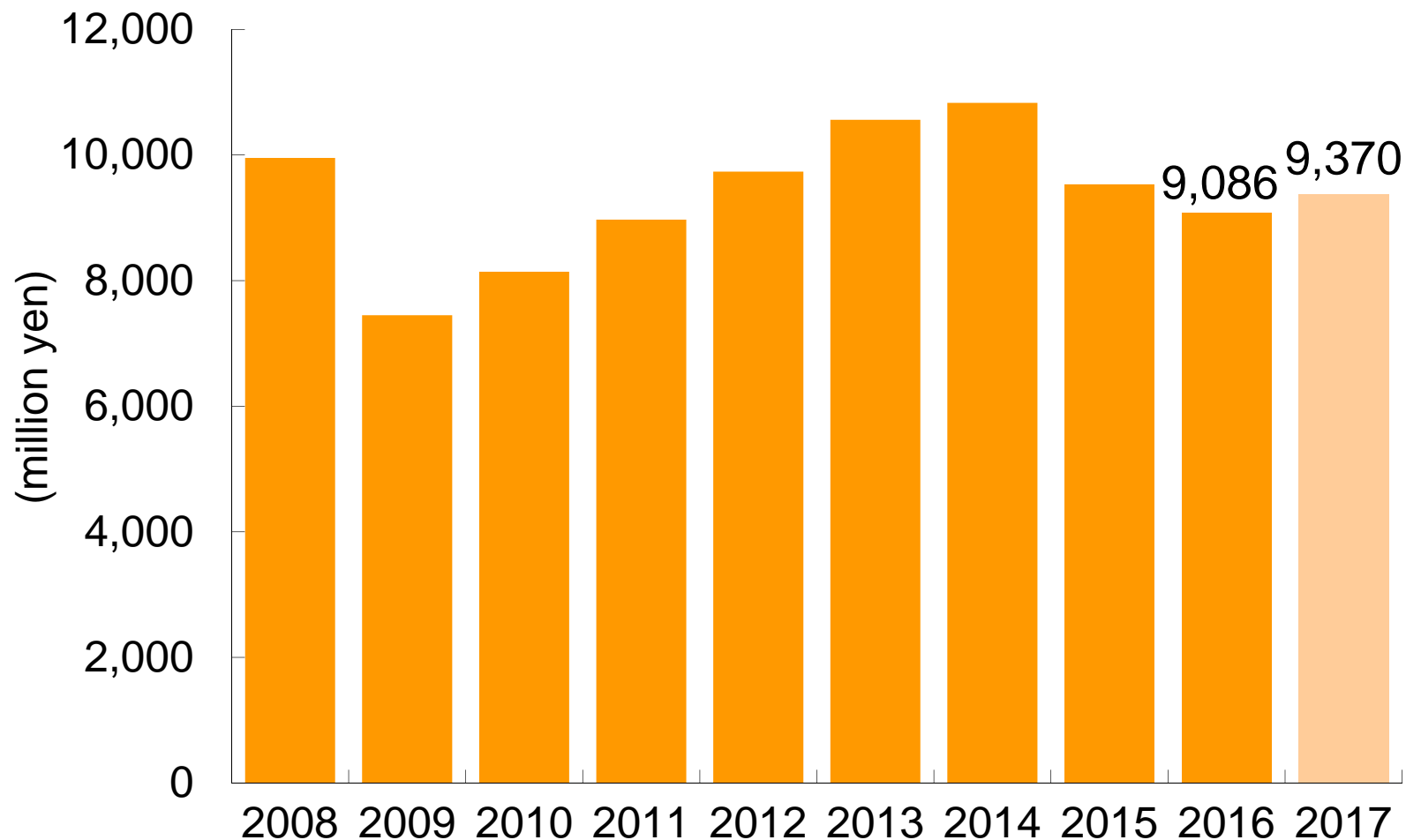
(million yen)

	FY2016	FY2017	YoY
Sales	26,530	27,160	2.4%
Operating Income	4,514	4,510	-0.1%
<i>Operating Income Ratio</i>	<i>17.0%</i>	<i>16.6%</i>	<i>-0.4pt</i>
Ordinary Income	4,524	4,600	1.7%
Net Income	2,975	3,180	6.9%

Sales/Operating Income by Couplings

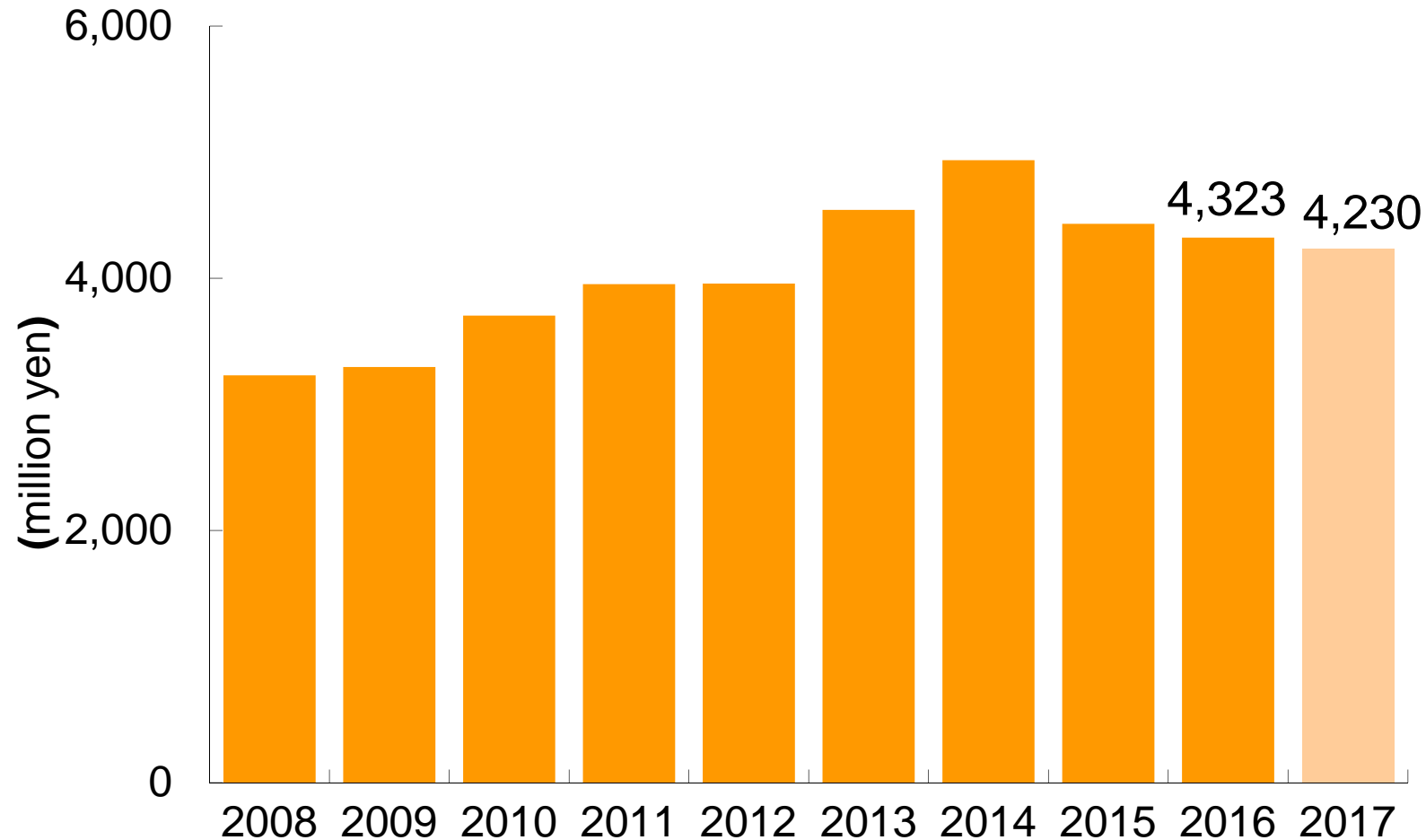


Sales/Operating Income by Machine Tools



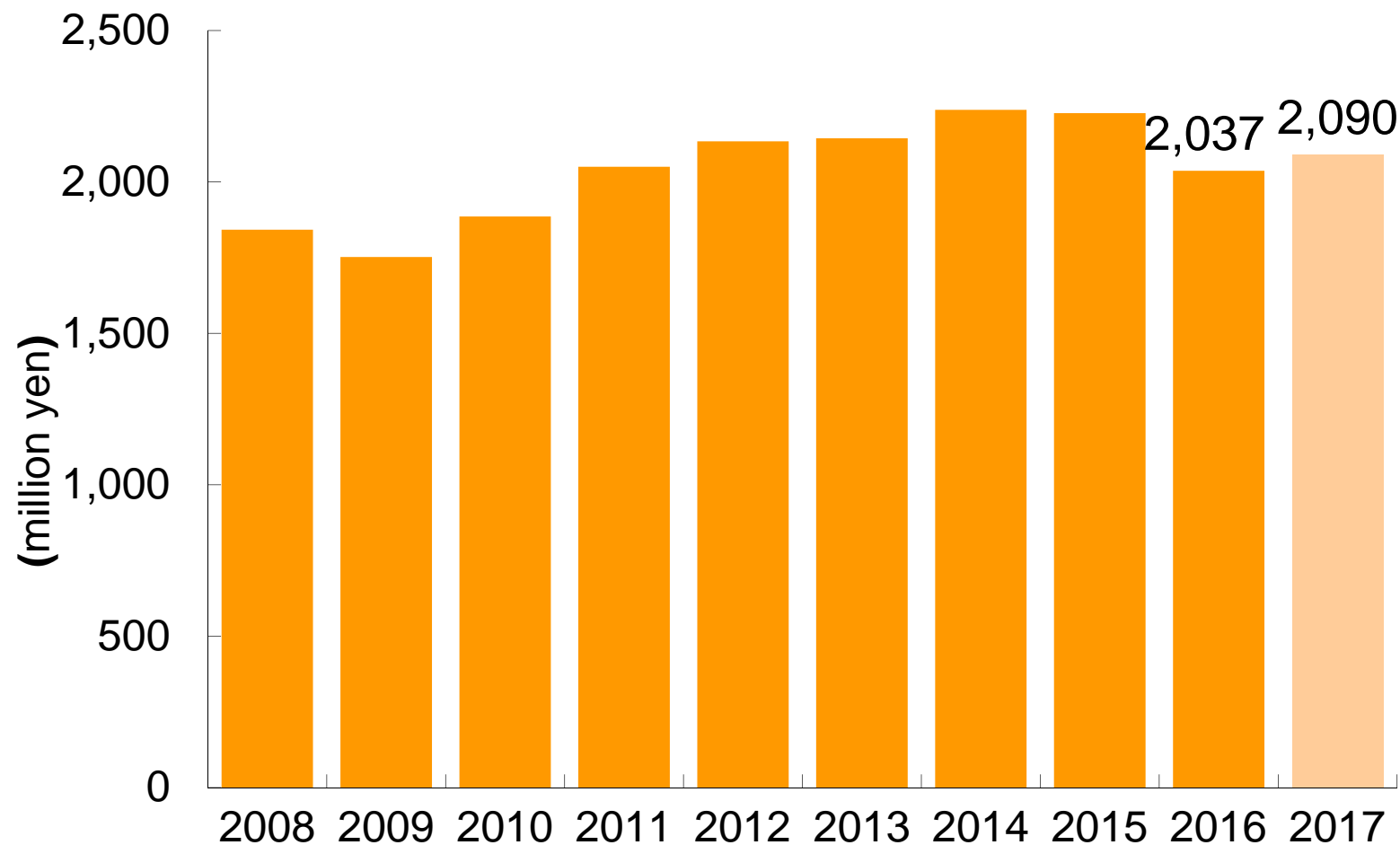
◆ Increase + 3.1% due to introduction of new products and expansion of sales

Sales/Operating Income by Pumps



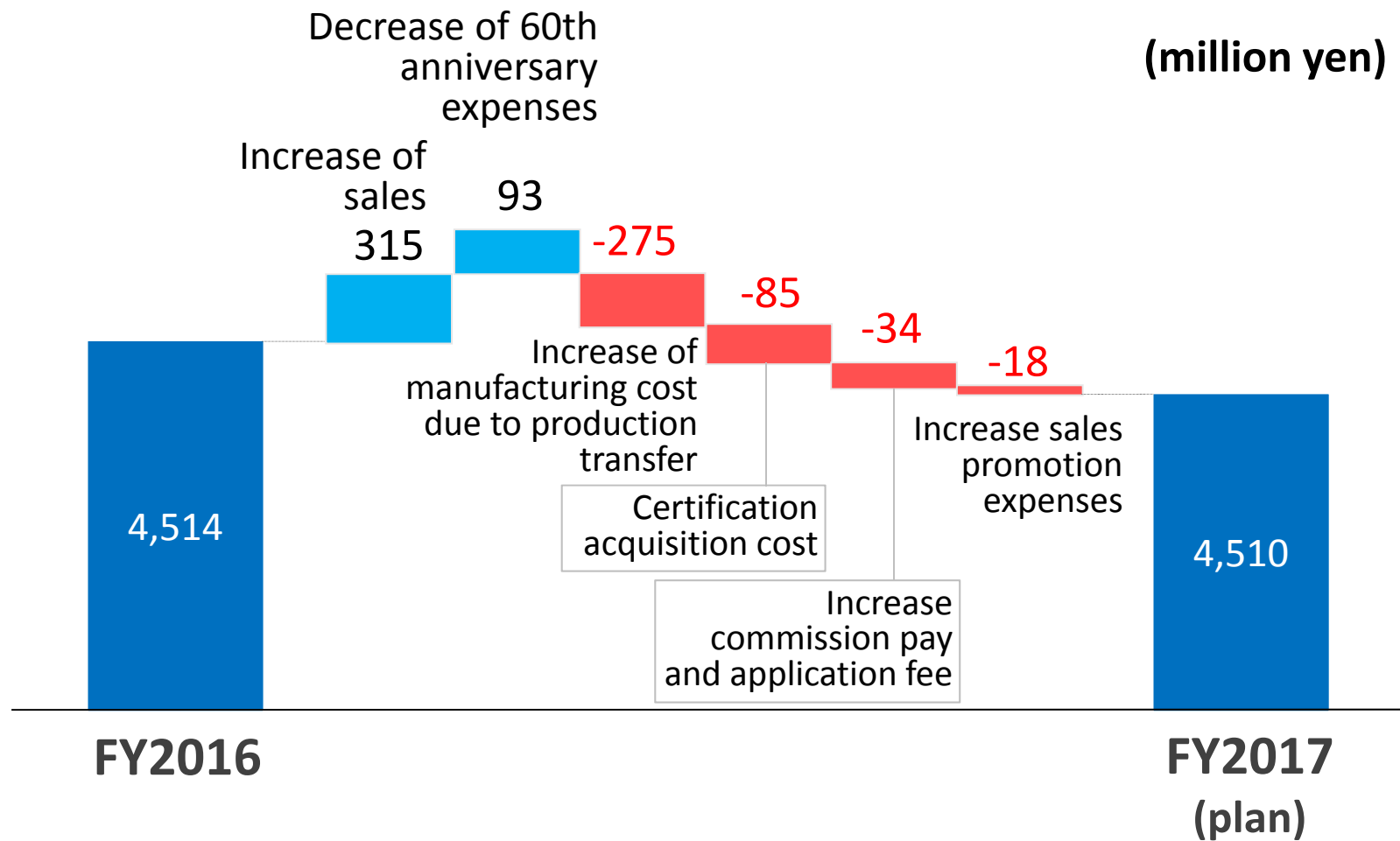
◆ 2.2% sales decrease due to the strong yen

Sales/Operating Income by Door Closers



◆ Domestic sales increase, overseas sales decrease

Factors Affecting Operating Income in FY2017



Topics for FY2017



Strengthening introduction
of
new products

Merger of US subsidiaries,
strengthen of market in
Latin America

Acquisition of overseas
standard certification

Web site renewal

The new building construction
of TOCHIGI NITTO KOHKI for
production efficiency

Establishment of company
slogan (under plan)



Image of
TOCHIGI NITTO KOHKI
new office building
(Scheduled to be completed
around the winter of 2017)

Topics of Couplings

Quick connect couplings for use on equipment for temperature control
“HOT WATER CUPLA HW Type”

New

迅速流体継手

熱水用カップラHW型

安全性を考慮した設計

“熱水用途に最適なシール材を採用”

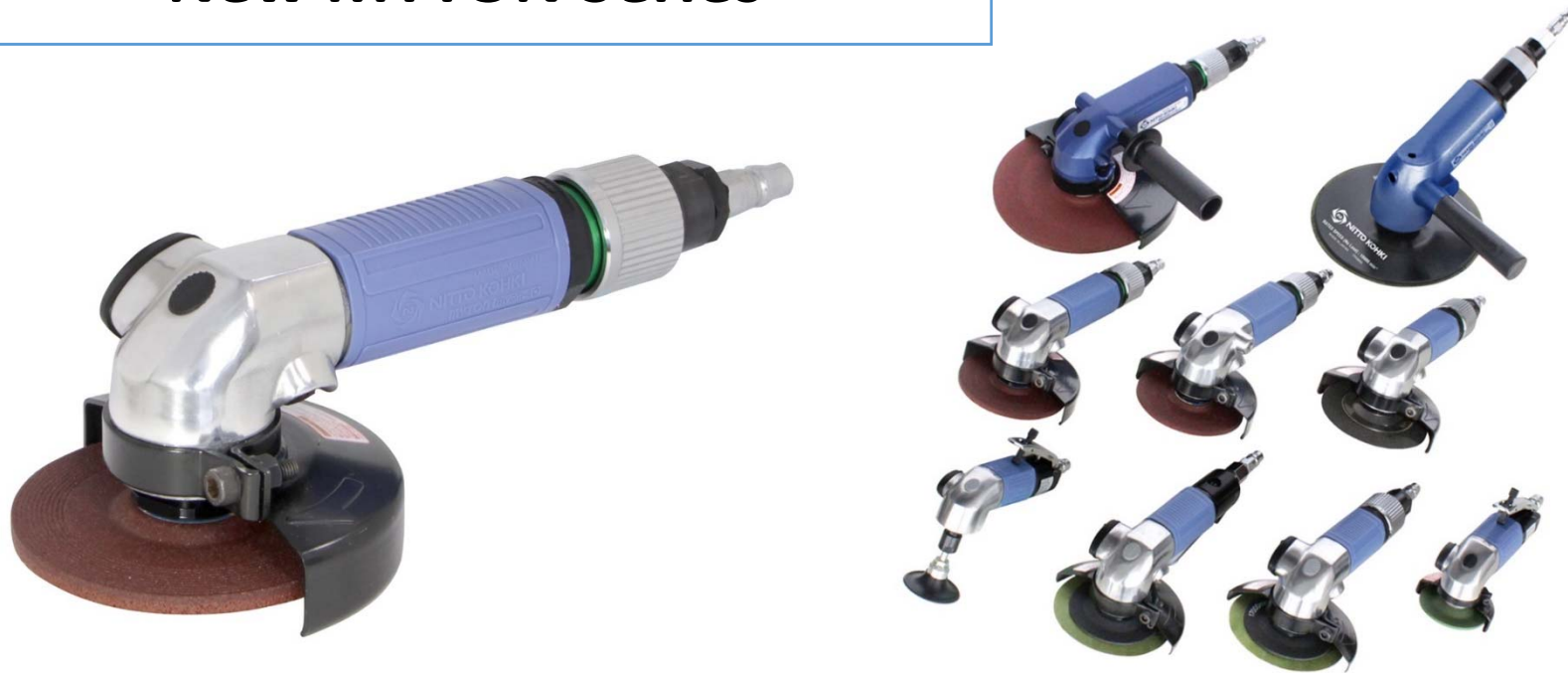


Best suited for temperature adjustment piping of mold of high performance Target for needs of high performance and light weight for automobiles and electronic equipment

Topics of Machine Tools



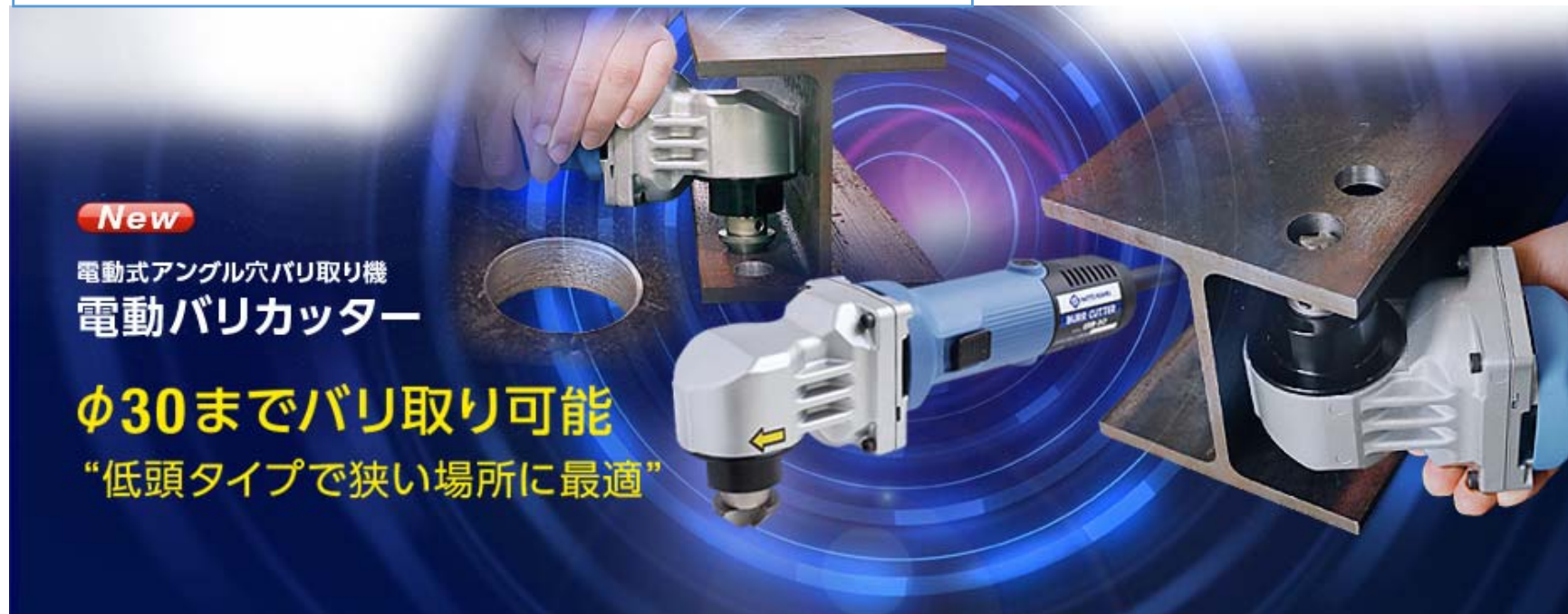
Pneumatic grinder/sander
“New MYTON Series”



Model change of long-selling products released in 1965
High durability for grinding, polishing, deburring, and finishing treatment of steel

Topics of Machine Tools

Electric Angle Burr Cutter “Electric Burr Cutter ERB-30”



Equipped feature specialized for deburring such as push start
Targets future construction demand and needs for quality improvement of
hole drilling

Topics of Pumps

High Flow Piezoelectric Pump “BIMOR PUMP BPHS type”

New

AC駆動：圧電ポンプ
高流量バイモルポンプ BPHSシリーズ

より早く、より多く
「薬液」「液体」の吸引・搬送用途に



Small liquid pump with silent and no lubrication with our unique bimorph oscillator and compatible with AC power supply

Investment and Dividends

May 26, 2017

NITTO KOHKI CO., LTD

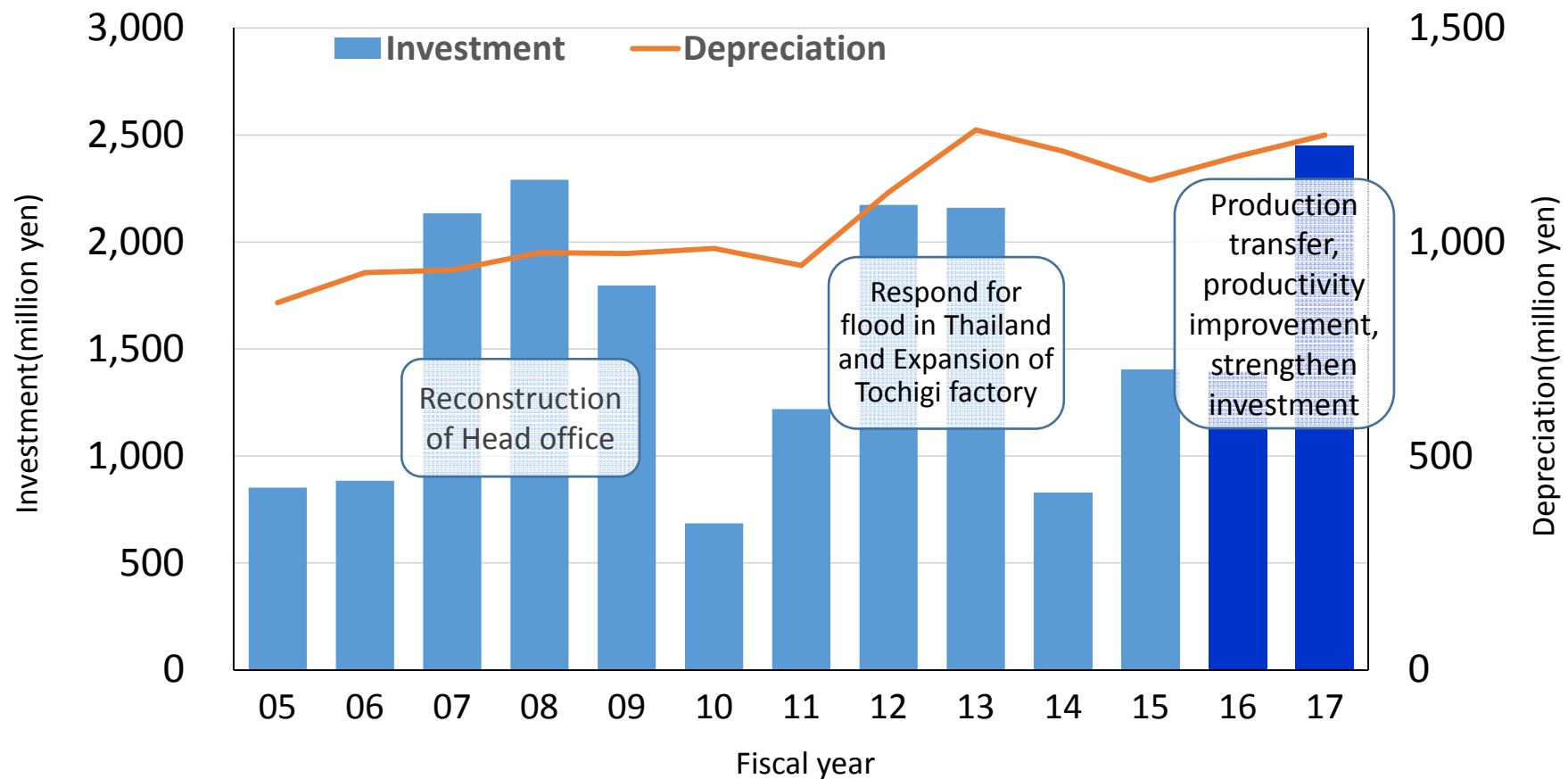
Basic Policy



1. Capital investment for future business, development of new technology, and invest in new business field development
2. Keep internal reserves for continuing business in emergencies such as natural disasters
3. Return profits to shareholders

Changes in Investment

- ✓ Unmanned and automation for declining labor force and update of machine equipment
- ✓ Strengthen investment for the future



Investment, Depreciation, R&D Expenses



(million yen)

	FY2016	FY2017
Investment	1,400	2,450
Depreciation	1,200	1,250
R&D Expenses	679	711

[Major Capital Investment]

FY2016 : Investment for production transfer of Machine Tools

The new building construction for production efficiency
(SHIRAKAWA NITTO KOHKI)

FY2017: Investment for production transfer of Machine Tools

The new building construction for production efficiency
(TOCHIGI NITTO KOHKI)

Dividend Policy



In consideration of capital efficiency, we will change the payout ratio to 40% as below.

(Before)

Dividend paying at 30% of profit attributable to owners of parent

(After)

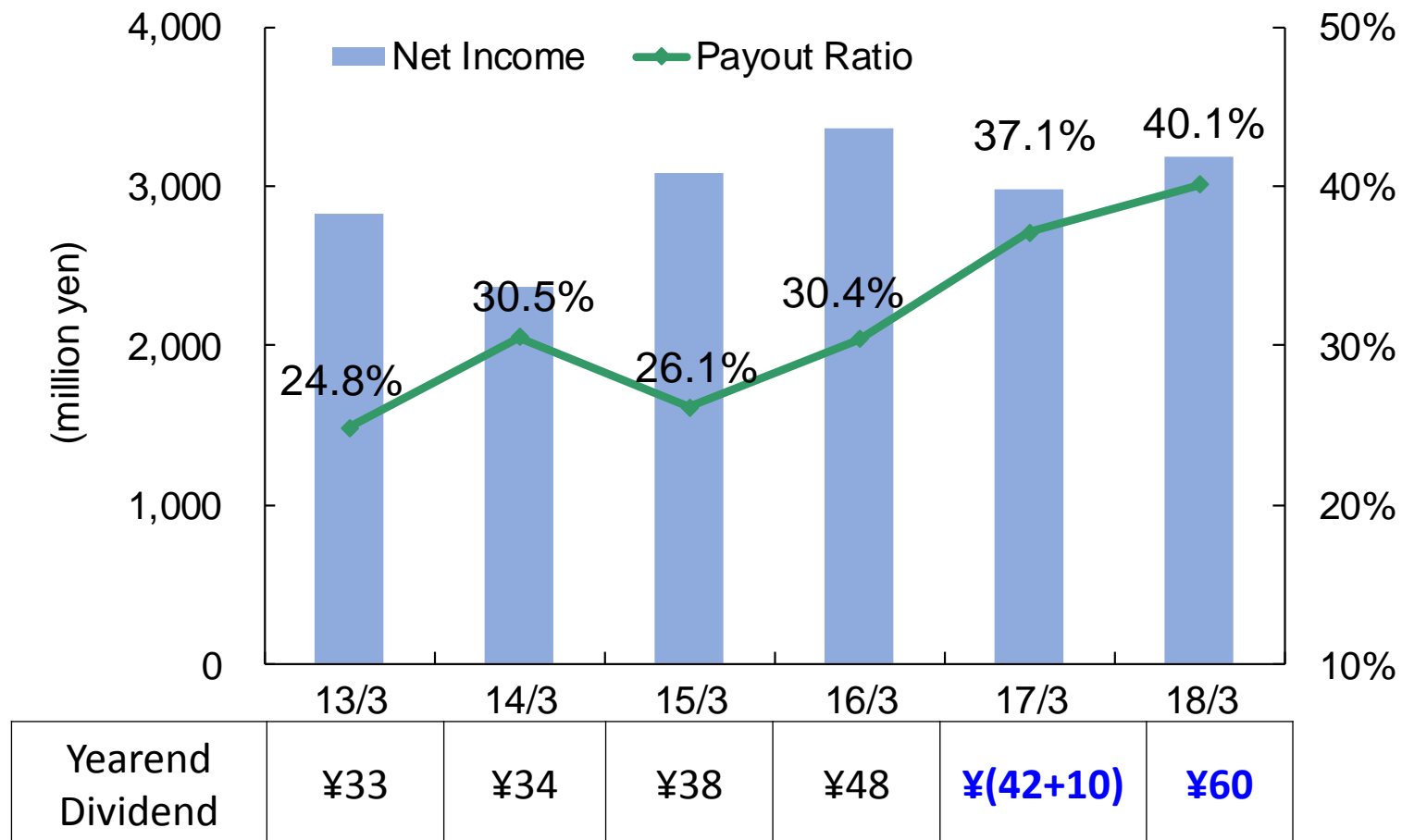
Dividend paying at 40% of profit attributable to owners of parent

Dividend Planning



Dividend policy:

- ✓ From the FY2017 consolidated dividend payout ratio from 30% to 40%
- ✓ In FY2016, adding amount (10 yen per year) for 60th anniversary dividend.



End of Shareholder Special Benefit



- ✓ We decided that it would be more appropriate to enhance the return of profits through dividends.
- ✓ We decided to terminate the shareholder special benefit plan from the fiscal year ended March 2018.
- ✓ We will continue to work on improving our corporate value to enhance our return of profits to our shareholders so we appreciate your understanding.

For Sustainable Growth

We are making a long-term and friendly relationship with every stakeholder.

→ Having new challenges for sustainable growth



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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