

# **Financial Results 1st Half of Fiscal Year 2017 (2017/4-2017/9)**

**November 7, 2017  
NITTO KOHKI CO., LTD.**

# Consolidated Financial Highlights

(million yen)

	2016 1H	2017 1H	YoY	Progress	FY2017 (projection)
<b>Sales</b>	<b>13,100</b>	<b>13,885</b>	6.0%	51.1%	<b>27,160</b>
<b>Operating Income</b>	<b>2,427</b>	<b>2,736</b>	12.7%	60.7%	<b>4,510</b>
<i>Operating Income Ratio</i>	<i>18.5%</i>	<i>19.7%</i>	<i>+ 1.2pt</i>	–	<i>16.6%</i>
<b>Ordinary Income</b>	<b>2,444</b>	<b>2,778</b>	13.7%	60.4%	<b>4,600</b>
<b>Net Income*</b>	<b>1,692</b>	<b>1,947</b>	15.0%	61.2%	<b>3,180</b>

\* Net income attributable to parent company shareholders

# Sales by Product Segment



(million yen)

	2016 1H	2017 1H	YoY
<b>Couplings</b>	<b>5,385</b>	<b>6,078</b>	<b>12.9%</b>
<b>Machine Tools</b>	<b>4,524</b>	<b>4,658</b>	<b>3.0%</b>
<b>Linear Pumps</b>	<b>2,165</b>	<b>2,054</b>	<b>-5.1%</b>
<b>Door Closers</b>	<b>1,025</b>	<b>1,093</b>	<b>6.6%</b>
<b>Total</b>	<b>13,100</b>	<b>13,885</b>	<b>6.0%</b>

- ✓ Couplings : Increase of sales mainly in Japan and China
- ✓ Linear Pumps : Decreased of blowers and medical & healthcare products

# Sales by Region

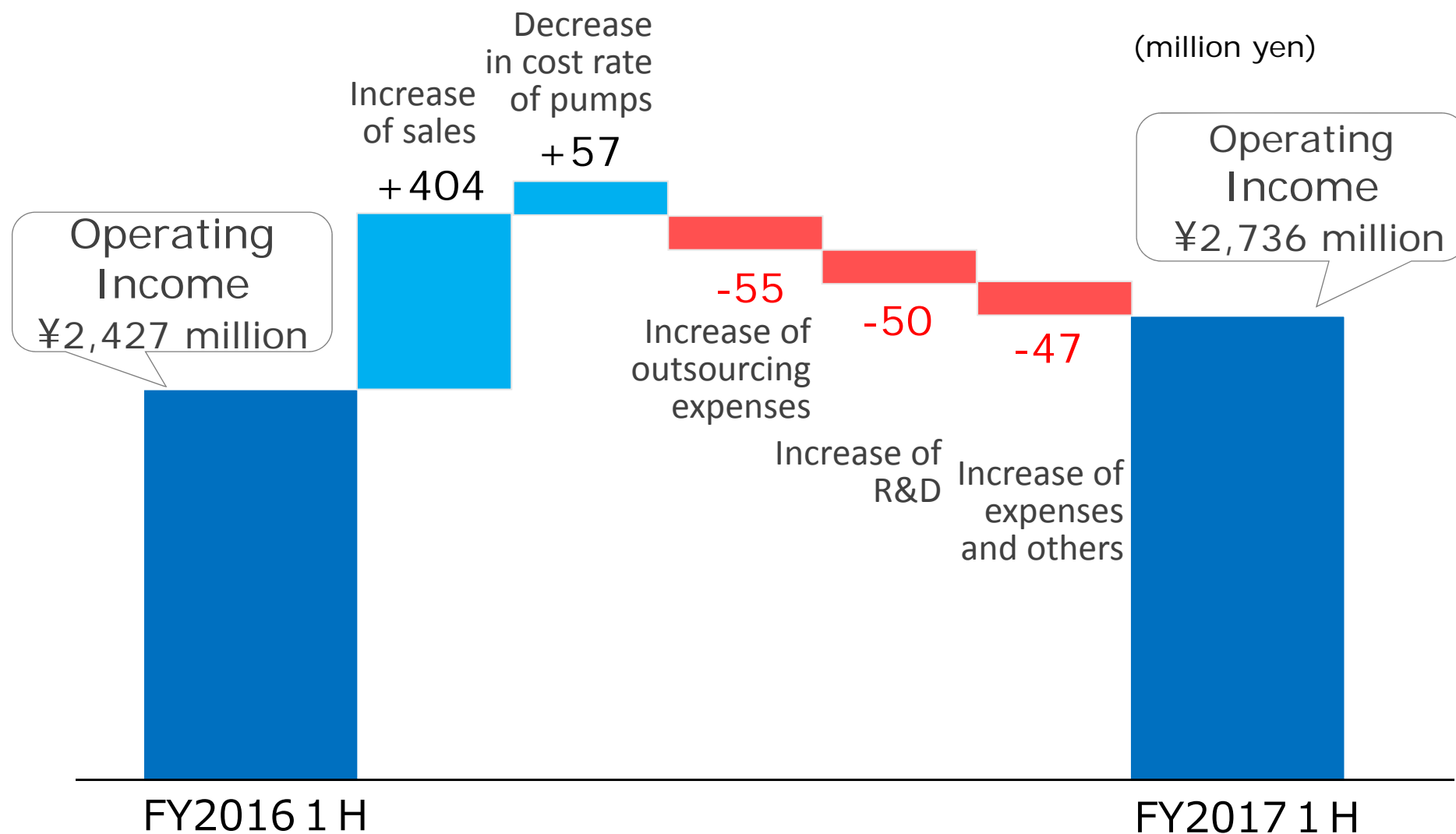


(million yen)

	2016 1H	2017 1H	YoY
<b>Japan</b>	<b>9,175</b>	<b>9,585</b>	<b>4.5%</b>
<b>USA</b>	<b>1,012</b>	<b>996</b>	<b>-1.5%</b>
<b>Asia</b>	<b>1,764</b>	<b>2,002</b>	<b>13.5%</b>
<b>Europe</b>	<b>615</b>	<b>678</b>	<b>10.1%</b>
<b>Oceania</b>	<b>414</b>	<b>479</b>	<b>15.5%</b>
<b>Others</b>	<b>116</b>	<b>143</b>	<b>22.6%</b>

- ✓ Sales recovery in each region except North America

# Analysis of the Changing Factors of NITTO KOHKI Operating Income in 1st Half of FY2017



# Effect of Currency Exchange Rate and Profit



Year-on-year  
Weaker yen  
Sales⇒ Increasing profit  
Purchase⇒ Decreasing Profit

Currency	Effect of Rate (million yen)
US Dollar	+18
Euro	+7
UK Pound	-2
AU Dollar	+7
Thai Baht	-93
Korean Won	-4

-67  
million yen

Currency	FY2013 1H	FY2014 1H	FY2015 1H	FY2016 1H	FY2017 1H
US Dollar	98.59	101.36	122.45	102.91	112.00
Euro	128.53	138.31	137.23	114.39	127.97
UK Pound	150.30	172.63	192.72	138.41	145.79
AU Dollar	91.12	95.50	93.93	76.74	86.18
Thai Baht	3.16	3.12	3.62	2.93	3.29
Korean Won	0.086	0.100	0.100	0.090	0.098

# Topics



- Merge two US companies
  - Improve efficiency of group management
- Start repair service in China
  - Enhancement of service
- Establishment of corporate slogan
  - Enhance "Nitto Kohki brand" mainly in overseas

Focused on you

# New Product

## Electric Screwdriver



### BRUSHLESS DELVO C SERIES

#### Current Control Type



Four fastening settings can be set on one screwdriver



# New Product Pump

## BATTERY DUSTER

Portable battery type dust remover



Remove dirt and dust in narrow spaces with air

# Projects for FY 2017

Action for sustainable growth

# Performance Plan for FY2017



✓ No change from initial plan of 2017

(million yen)

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

\* Net income attributable to parent company shareholders

[FY2016 exchange rate] 116.49¥/\$、122.70¥/€、143.00¥/£、3.24¥/THB

[Exchange rate planned] 105¥/\$、110¥/€、130円¥/£、3.1¥/THB

# Projects for Sales by Product Segment



- ✓ No change from initial plan of 2017

(million yen)

	<b>FY2016</b>	<b>FY2017</b>	<b>YoY</b>
<b>Couplings</b>	<b>11,083</b>	<b>11,470</b>	<b>3.5%</b>
<b>Machine Tools</b>	<b>9,086</b>	<b>9,370</b>	<b>3.1%</b>
<b>Linear Pumps</b>	<b>4,323</b>	<b>4,230</b>	<b>-2.2%</b>
<b>Door Closers</b>	<b>2,037</b>	<b>2,090</b>	<b>2.6%</b>
<b>Total</b>	<b>26,530</b>	<b>27,160</b>	<b>2.4%</b>

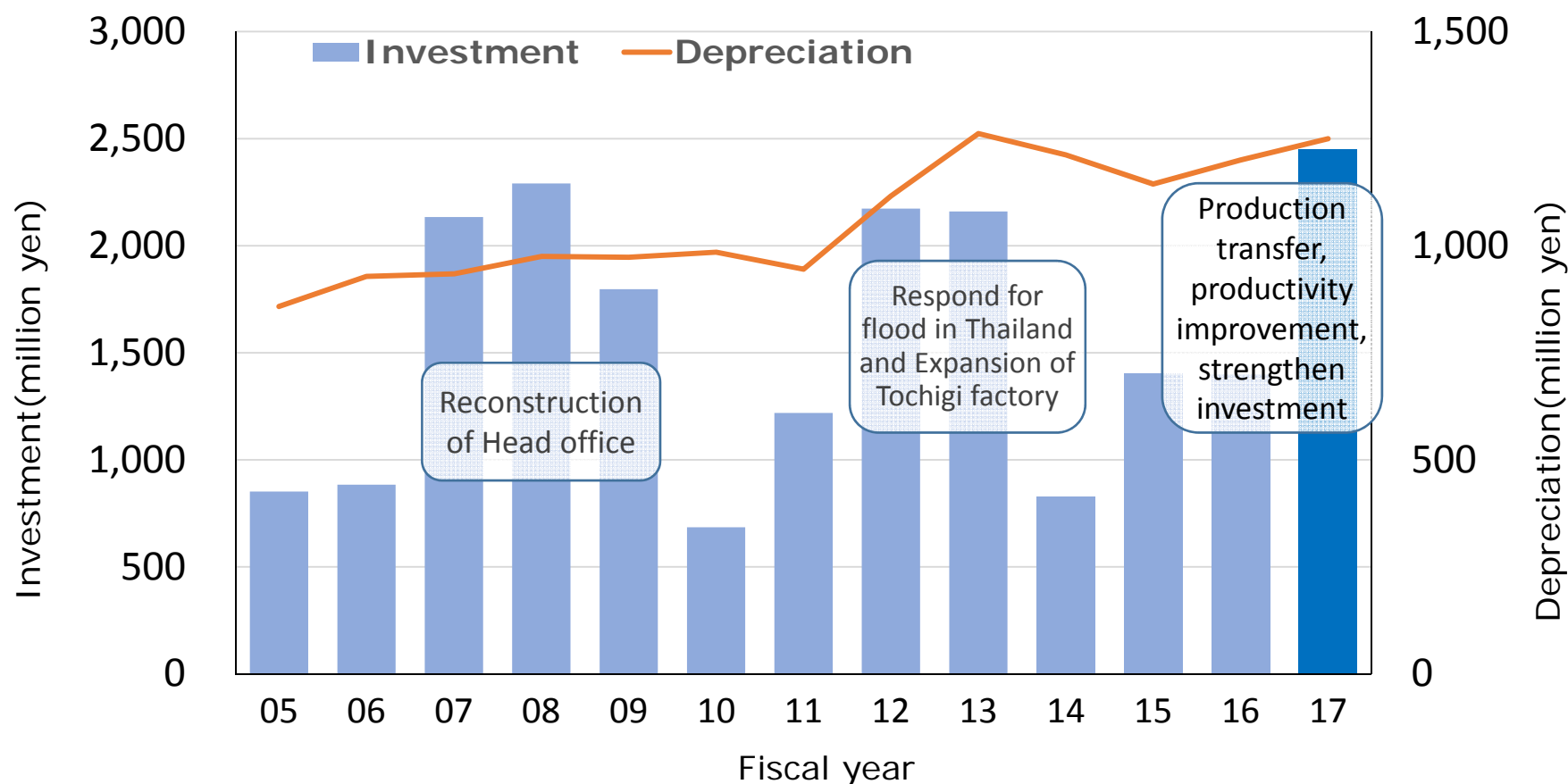
# Projects for FY2017 2H



- Complete the new office building of TOCHIGI NITTO KOHKI in Nov. 2017
- Strengthen production capacity at each plant due to sales increase
- Consider production of pneumatic tools at Thai factory
- Unify accounting system of overseas subsidiaries
- Efforts to enhance Nitto Kohki brand and improve brand recognition

# 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
<b>Investment</b>	<b>1,400</b>	<b>2,450</b>
<b>Depreciation</b>	<b>1,200</b>	<b>1,250</b>
<b>R&amp;D Expenses</b>	<b>679</b>	<b>711</b>

[Major Capital Investment]

FY2016: Investment for production transfer of Machine Tools.

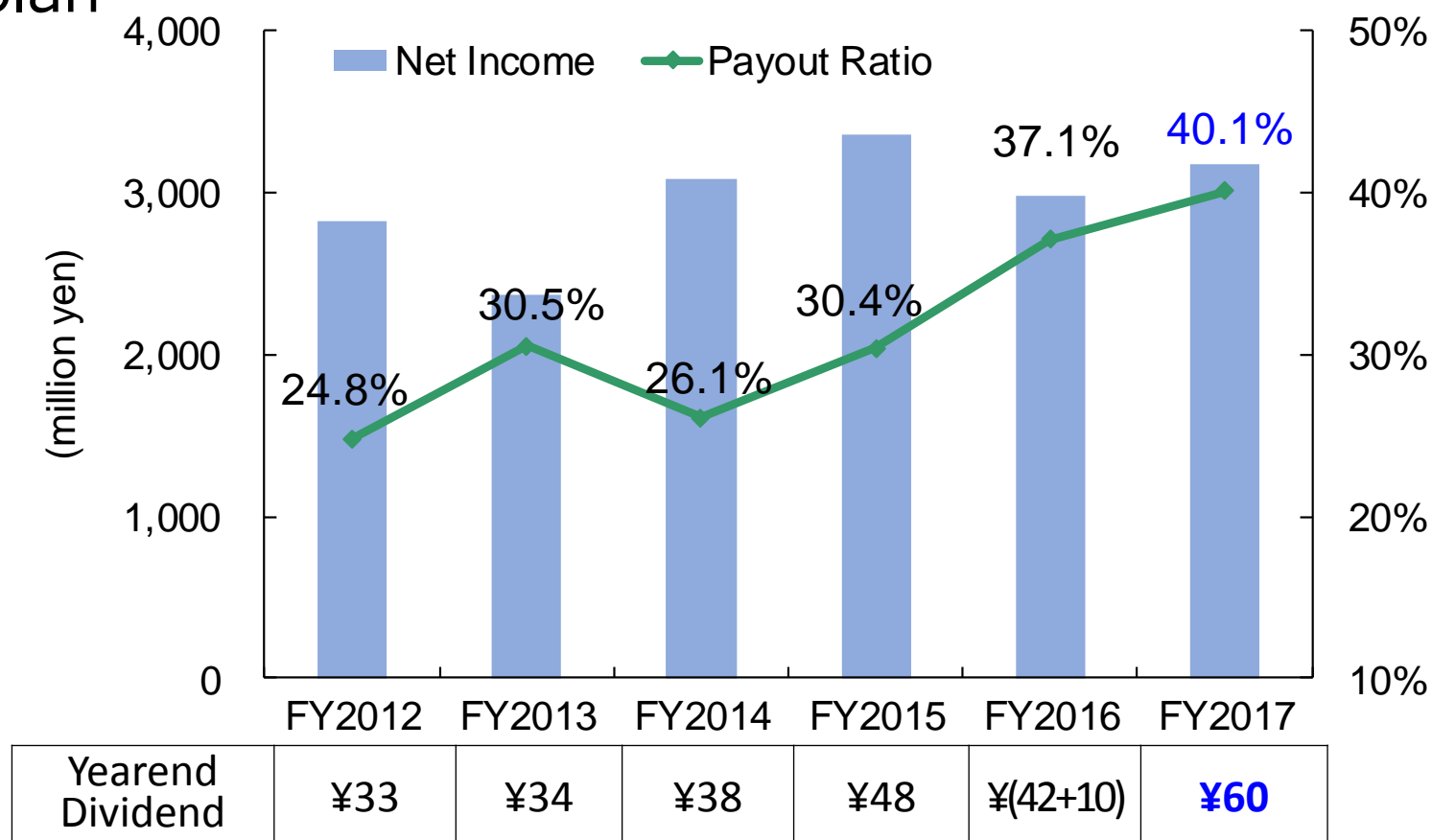
The new building construction for production efficiency

(SHIRAKAWA NITTO KOHKI).

FY2017: Investment for production transfer of Machine Tools.

# Dividend Planning

- ✓ From the FY2017, change consolidated dividend payout ratio from 30% to 40%
- ✓ Terminate of the shareholder special benefit plan





# 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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