



# Business Results: First Half of FY2021

- 1. FY2021 2Q overview**
- 2. FY2021 full-year forecast**
- 3. Mid-term plan forecast**

# Summary

## 2Q overview

- Although there was an impact of reduced automobile production and increased expenses in 2Q, Nifco achieved OP margin of 10.4% thanks to an **increase in the installed value per vehicle** and thorough control of fixed costs

## FY2021 forecast guidance revision

- Downwardly revised FY2021 guidance in light of rising raw material costs and other expenses.  
**Signs that cost increase and production adjustment will bottom out by the end of the year**
- **Dividend forecast remains unchanged (62 yen/share)**

## Mid-term plan

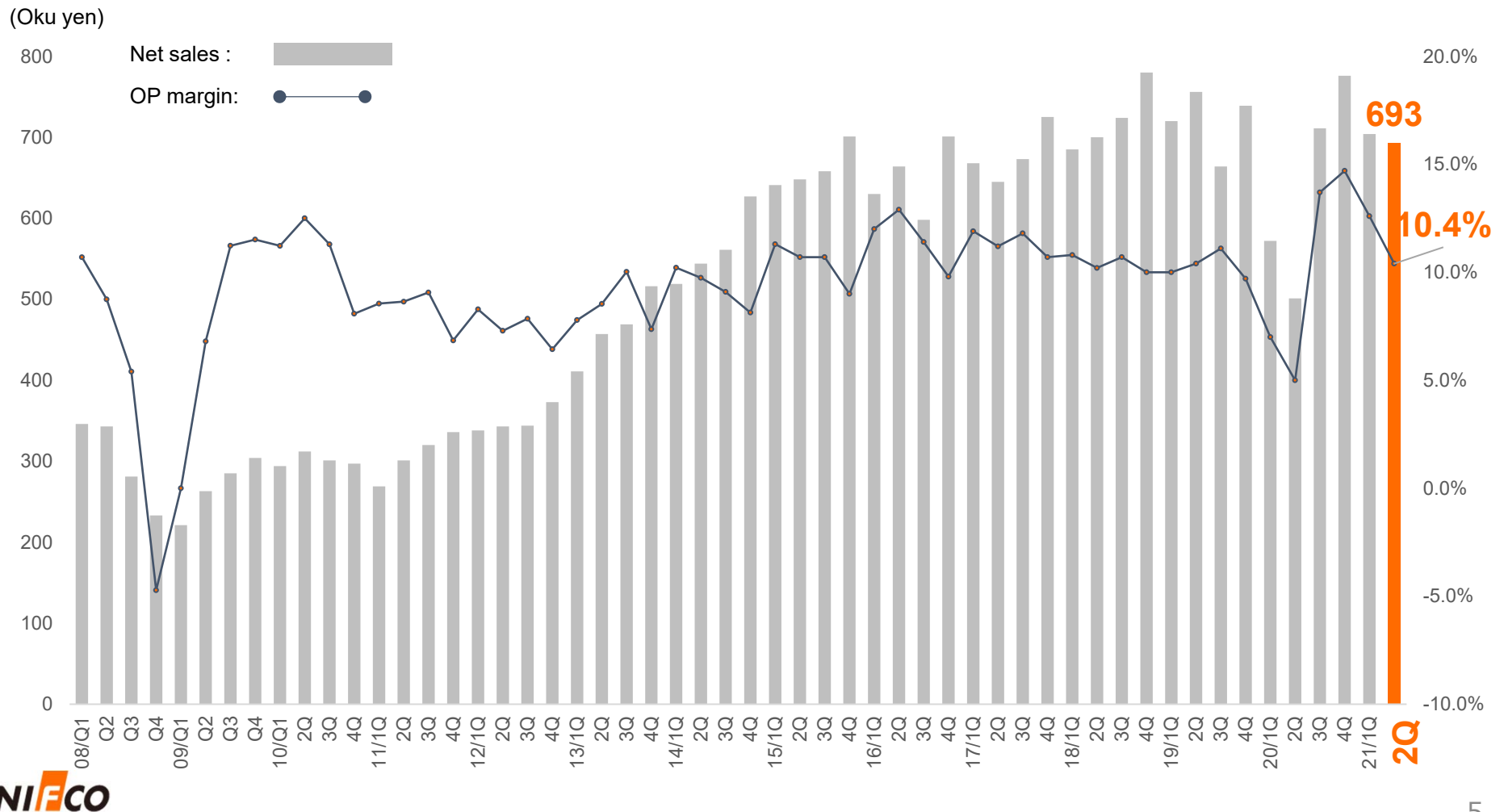
- **Maintain quantitative MTP target (FY2024/3)**

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# 1. Financial highlights

## OP margin is in line with pre-Covid (2Q FY2019) levels

- 2Q net sales were +38% YoY and operating profit was +187% YoY.
- Lower sales and profit compared to pre-Covid (2Q FY2019) due to lower automobile production and higher raw material procurement costs in North America, but profit margin is at the same level



## 2. FY2021 2Q Consolidated Results Summary

### Two-digit OP margin despite increased cost and reduced auto production

- Secured double-digit operating profit margin through thorough control of fixed costs, despite increase in raw material costs and other expenses and the impact of reduced automobile production

(JPY)	FY2020		FY2021	
	2Q	1Q	2Q	YoY
<b>Sales</b>	50.2bn	70.4bn	<b>69.3bn</b>	+38.0%
<b>Operating profit</b>	2.5bn	8.9bn	<b>7.2bn</b>	+187.2%
<b>OP margin</b>	5.0%	12.6%	<b>10.4%</b>	+5.4%pts
<b>Net income <sup>1)</sup></b>	1.3bn	6.1bn	<b>5.8bn</b>	+341.1%
<b>EPS</b>	17.94 yen	60.10 yen	<b>57.07 yen</b>	+218.2%
<b>FX rates</b>	1USD = JPY110.0 1EUR = JPY124.0	1USD = JPY106.0 1EUR = JPY127.8	<b>1USD = JPY107.8</b> <b>1EUR = JPY129.8</b>	1USD = JPY-2.2 1EUR = JPY+5.8

### 3. FY2021 1H Consolidated Results Summary

## Profit levels and profit margins exceed pre-Covid level

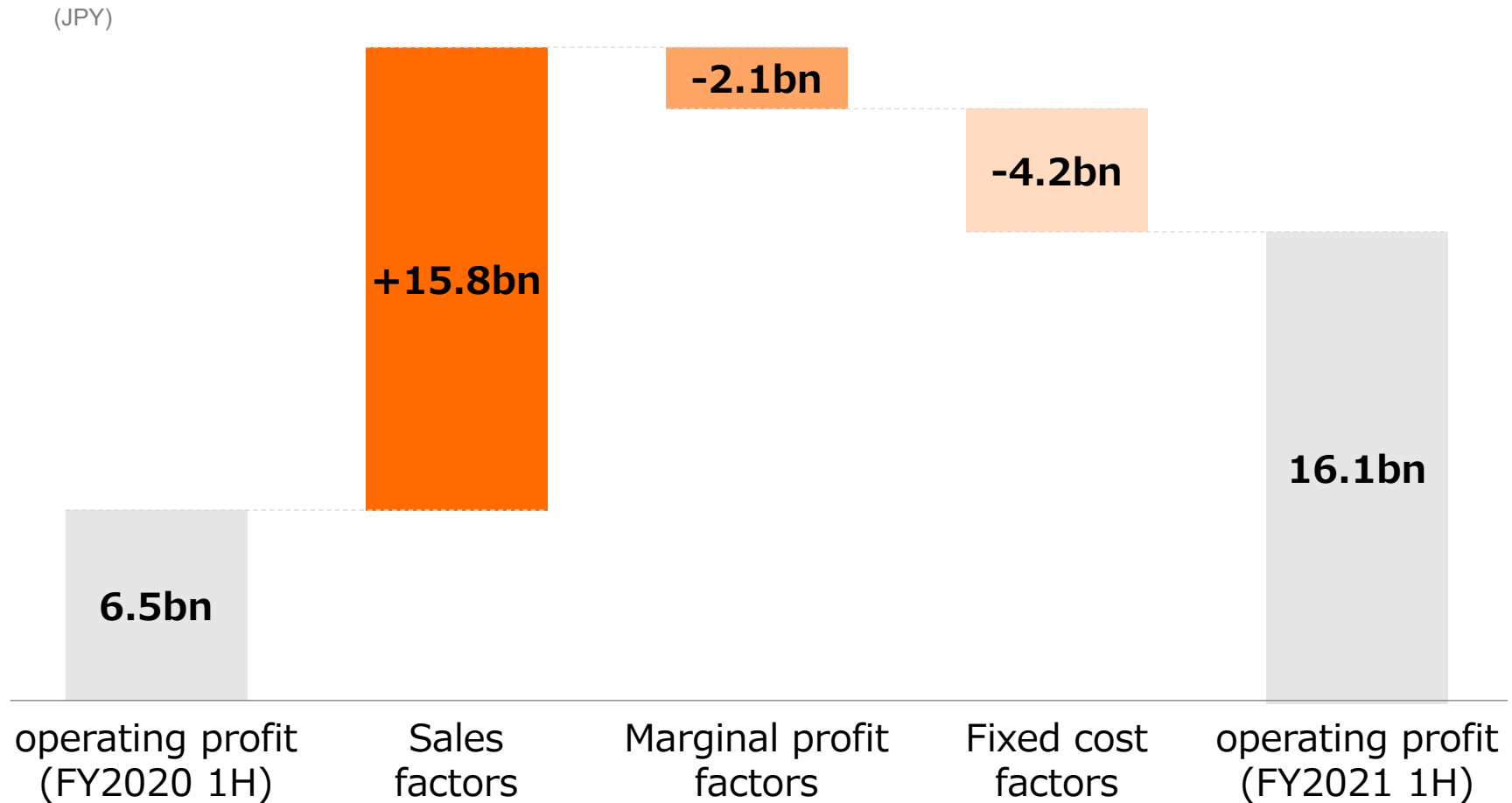
- Although sales did not reach the pre-Covid level (FY2019 1H), Nifco achieved a higher level of profit and profit margin due to thorough management of fixed costs.

(JPY)	FY2019	FY2020	FY2021	
	1H	1H	1H	YoY
<b>Sales</b>	145.3bn	107.5bn	<b>139.7bn</b>	+30.0%
<b>Operating profit</b>	15.1bn	6.5bn	<b>16.1bn</b>	+146.3%
<b>OP margin</b>	10.4%	6.0%	<b>11.5%</b>	+5.5%pts
<b>Net income</b>	9.7bn	3.1bn	<b>11.9bn</b>	+279.0%
<b>EPS<sup>1)</sup></b>	90.66 yen	30.85 yen	<b>117.19 yen</b>	+279.9%
<b>FX rates</b>	1USD = JPY110.0 1EUR = JPY124.0	1USD = JPY108.2 1EUR = JPY119.3	<b>1USD = JPY107.8</b> <b>1EUR = JPY129.8</b>	1USD = JPY-2.2 1EUR = JPY+5.8

#### 4. FY2021 1H Consolidated Operating Profit (YoY Comparison)

**OP was approximately 2.5 times YoY due to the effect of higher sales**

- Sales increase due to production recovery after Covid drove operating profit increase
- Fixed costs such as labor costs are increasing in line with production recovery, but are being properly controlled within the budget.





## 5. FY2021 Segment Information (Net Sales)

### Achieved year-on-year increase in sales in almost all regions

- Especially in North America and Europe, sales increased remarkably due to the rebound from the bottom of sales by Covid in FY2020 2Q

	FY2020 (1H)	FY2021 (1H)	YoY	Note
<b>Consolidated</b>	107.4bn	139.7bn	+30%	
<b>Plastics</b>	96.1bn	126.1bn	+31%	
<b>Japan</b>	29.6bn	35.2bn	+19%	
<b>North America</b>	19.9bn	30.1bn	+51%	Due to Increase in automobile production (January to June)
<b>Europe</b>	13.7bn	18.7bn	+36%	Due to Increase in automobile production (January to June)
<b>Asia</b>	32.7bn	42.2bn	+29%	Strong performance on Korean OEMs was sustained throughout 1Q and 2Q
<b>China</b>	12.0bn	13.6bn	+13%	
<b>Bed</b>	11.3bn	13.5bn	+19%	

## 6. FY2021 Segment Information (Operating Profit)

### Achieved year-on-year increase in profit in all regions

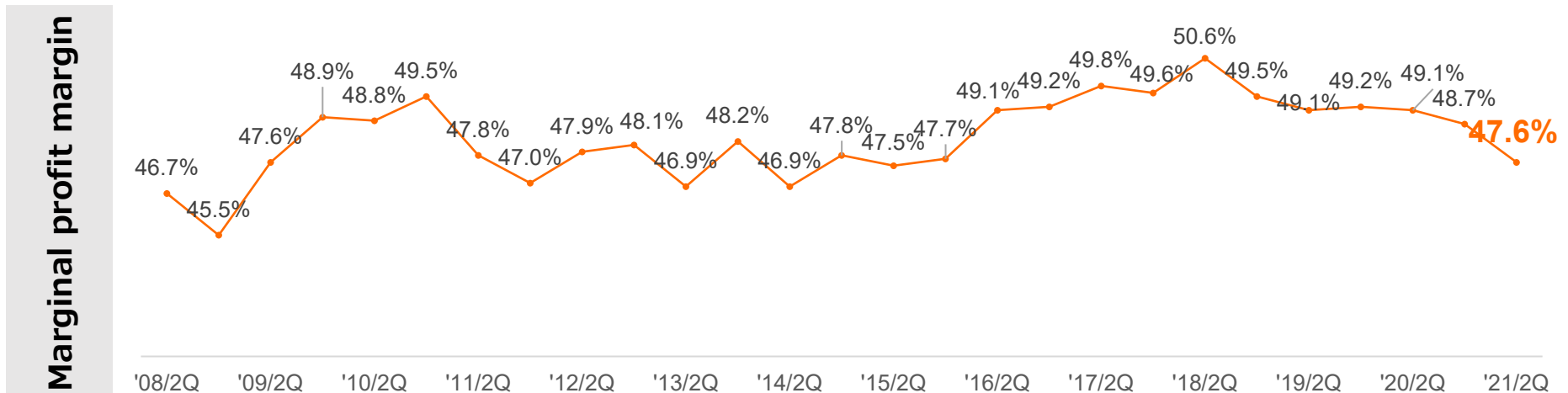
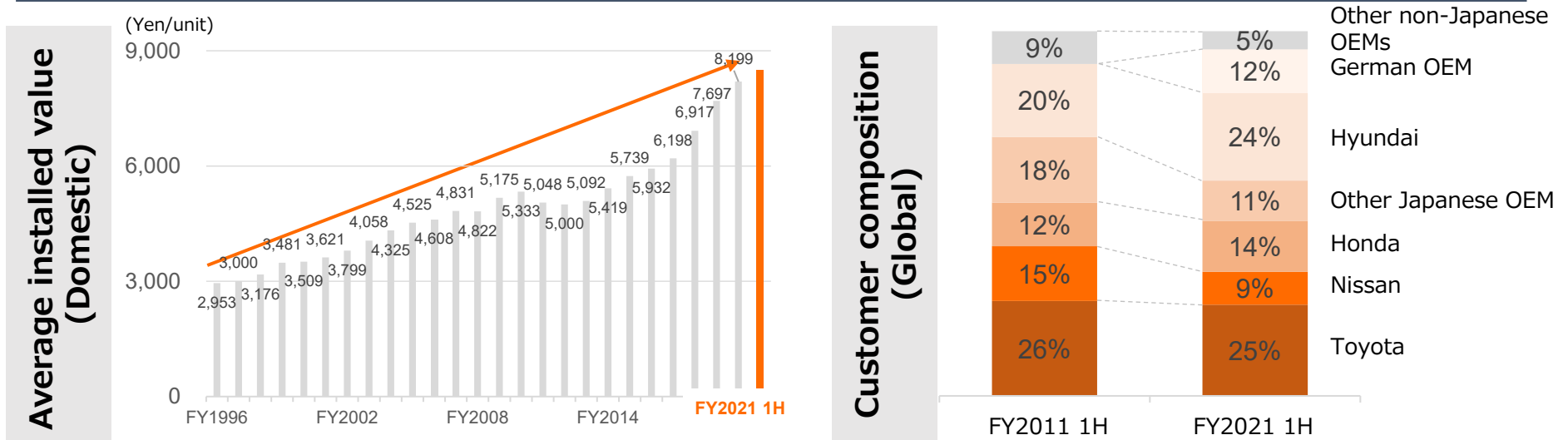
- In North America and Europe, OP in FY2020 2Q was the bottom due to Covid, so the profit increase compared to FY2020 1H is remarkable
- Though cost increased overseas in FY2021 2Q, Nifco Korea performed well except China.

	FY2020 (1H)	FY2021 (1H)	YoY	Note
<b>Consolidated</b>	6.5bn (6.1%)	16.1bn (11.5%)	+146%	
<b>Plastics</b>	7.6bn (8.0%)	16.2bn (12.9%)	+112%	
<b>Japan</b>	3.4bn (11.5%)	5.7bn (16.3%)	+68%	
<b>North America</b>	0.26bn (1.3%)	1.2bn (4.0%)	+354%	Driven by strong 1Q results
<b>Europe</b>	-0.10bn (-0.7%)	1.4bn (7.7%)	-	Driven by strong 1Q results
<b>Asia</b>	4.1bn (12.5%)	7.9bn (18.7%)	+92%	Strong performance on Korean OEMs was sustained throughout 1Q and 2Q
<b>China</b>	1.1bn (9.4%)	2.2bn (16.5%)	+100%	
<b>Bed</b>	1.3bn (11.3%)	2.4bn (17.6%)	+85%	

## 7. Customer base (average installed value per unit and customer composition)

### Average installed value has increased and customer diversification progressed

- Nifco has a wide range of customers including Japanese, Korean and European OEMs, and the average installed value per unit keeps increasing in FY2021
- MP margin is in the upper 40% range, but recently decreased due to material cost increase



# Agenda

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## 8. FY2021 Forecast (Summary of revised guidance)

### Revised forecast due to lower auto production volume and cost increase

- While automobile production volume decreased, sales forecast were maintained based on exchange rate and average installed value per unit trends
- Downwardly revised OP forecast in light of rising raw material costs and logistics costs

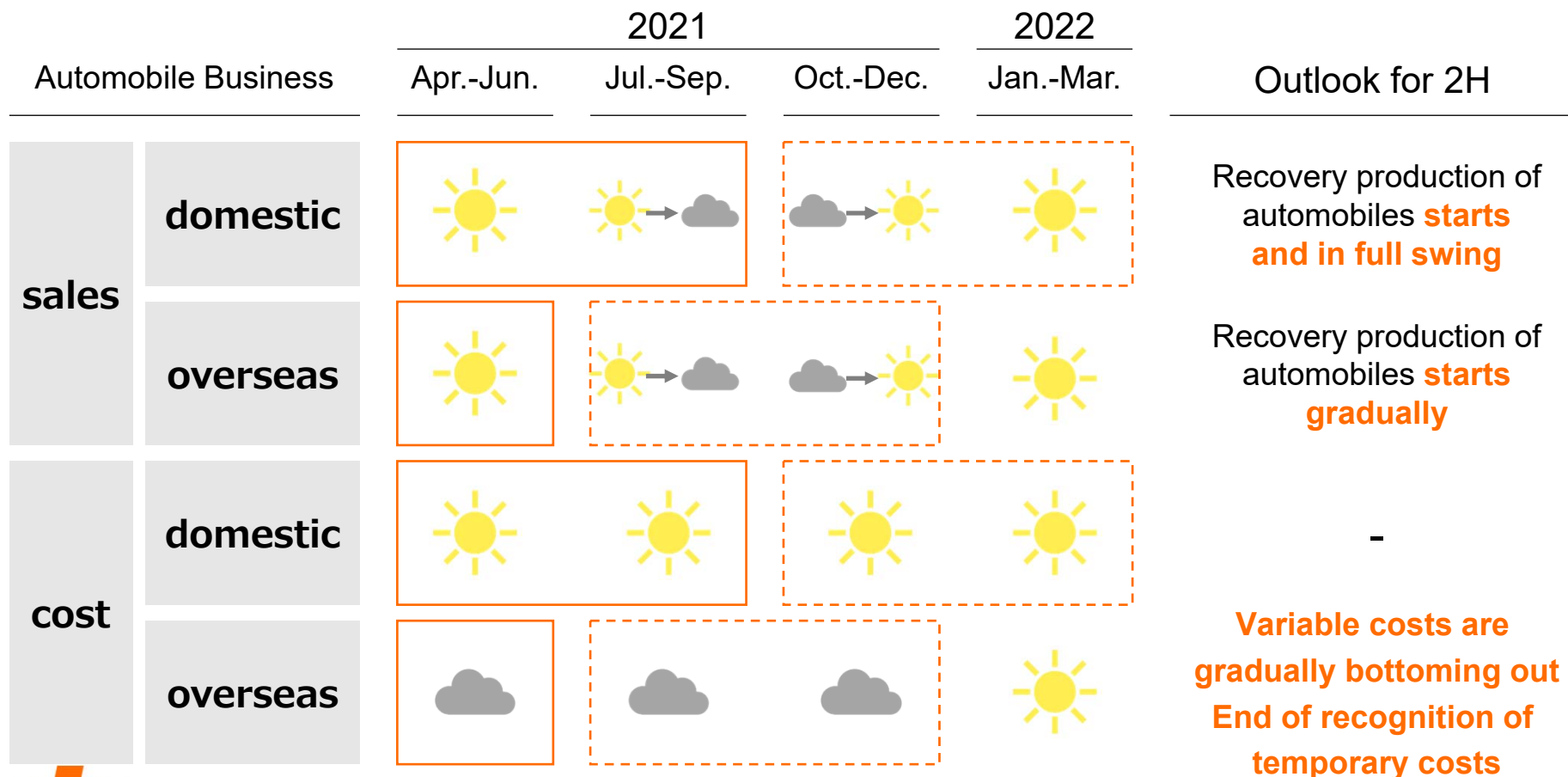
#### FY2021 full-year forecast

(JPY)	Old	New	compared to old
<b>Sales</b>	280bn	<b>280bn</b>	+/- 0%
<b>Operating profit</b>	32bn	<b>29.5bn</b>	-7.8%
<b>OP margin</b>	11.4%	<b>10.5%</b>	-0.9%pts
<b>Net income</b>	21bn	<b>21bn</b>	+/- 0%
<b>EPS</b>	206.8 yen	<b>207.3 yen</b>	+0.2%pts
<b>Dividend</b>	62 yen	<b>62 yen</b>	+/- 0%

## 9. FY2021 Forecast (Estimate)

# Uncertainty still exists, but bottlenecks are expected to bottom out in Nov. and Dec

- Although the business environment remains uncertain in FY2021 2H and beyond, there are signs of recovery in automobile production, which bottomed out in November and December, and temporary costs are expected to subside.



## 10. FY2021 Forecast (by segment)

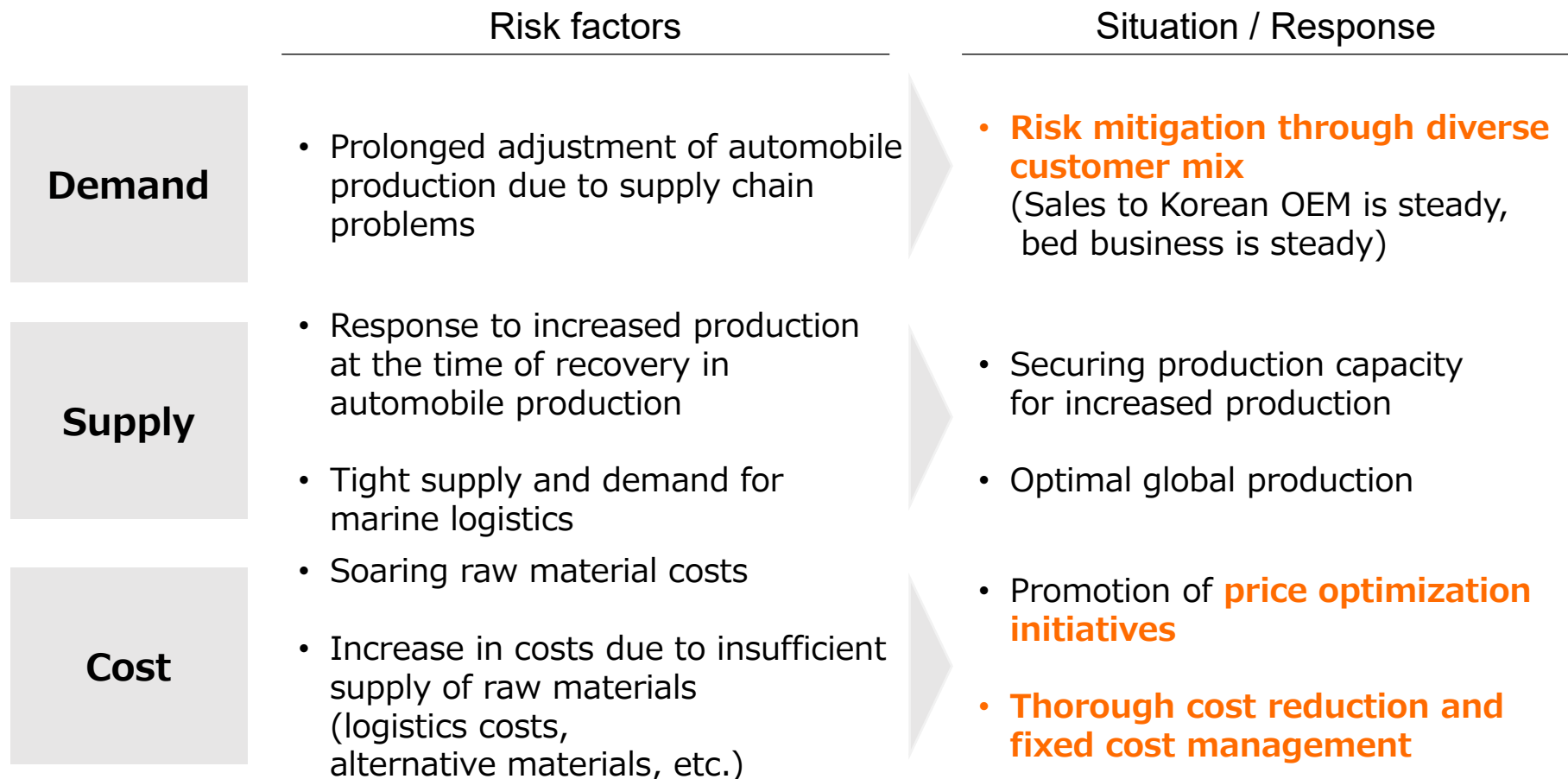
### Revised forecast in light of impact of lower production volume and increased cost

- Sales forecast are remained considering increase in average installed value per vehicle, FX rate trend and increase in bed business revenue despite decrease in vehicle production volume
- Operating profit was revised downward due to increased cost, including temporary one in North America.

(JPY)	FY2021(1H)		FY2021(Initial plan)		FY2021 (revised plan)	
	Sales	OP	Sales	OP	Sales	OP
<b>Consolidated</b>	139.7 bn	16.1 bn	280 bn	32 bn	<b>280 bn</b>	<b>29.5 bn</b>
<b>plastics</b>	126.1 bn	16.2 bn	253 bn	32.6 bn	<b>251.5 bn</b>	<b>29.8 bn</b>
<b>Japan</b>	35.2 bn	5.7 bn	77 bn	13.5 bn	<b>76 bn</b>	<b>13 bn</b>
<b>North America</b>	30.1 bn	1.2 bn	60 bn	3.5 bn	<b>56.5 bn</b>	<b>1.4 bn</b>
<b>Europe</b>	18.7 bn	1.4 bn	35 bn	2.7 bn	<b>33 bn</b>	<b>2 bn</b>
<b>Asia</b>	42.2 bn	7.9 bn	81 bn	12.9 bn	<b>85.5 bn</b>	<b>13.9 bn</b>
<b>China</b>	13.6 bn	2.2 bn	32 bn	4.4 bn	<b>29 bn</b>	<b>3.9 bn</b>
<b>bed</b>	13.5 bn	2.4 bn	27 bn	4.4 bn	<b>28.5 bn</b>	<b>5 bn</b>

## Nifco is trying to address supply issues and cost increases thoroughly

- Thoroughly implement measures such as fixed cost management to deal with uncertainties in the business environment, including automobile production trends and raw material costs.





## 12. Capital investment and depreciation

### Operating cashflow is expected to grow steadily in the forecast

- Continued management focused on cash flow

(JPY)	FY2020(1H)	FY2021(1H)	Change	Revised plan (FY2021)
<b>CAPEX</b>	9.4 bn	4.1 bn	-5.3 bn	<b>14 bn</b>
<b>Depreciation</b>	6.5 bn	6.2 bn	-0.3 bn	<b>13.3 bn</b>
<b>R&amp;D</b>	1.2 bn	1.3 bn	+0.1 bn	<b>3 bn</b>
<b>Operating CF</b>	17.6 bn	18.9 bn	+1.3 bn	<b>38 bn</b>
<b>Investment CF</b>	-6.1 bn	-5.4 bn	+0.7 bn	<b>-13.8 bn</b>
<b>Free CF</b>	11.5 bn	13.5 bn	+2 bn	<b>20.2 bn</b>
<b>Financial CF</b>	-14.9 bn	-7.3 bn	+7.6 bn	<b>-11.7 bn</b>
<b>Cash equivalent balance</b>	83.8 bn	104.2 bn	+20.4 bn	<b>106.5 bn</b>

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## 14. Mid-term management plan

### Maintain quantitative mid-term plan targets in FY2023

- Sales activities of automotive parts for FY2023 models have progressed as expected
- In the bed business, strong demand for high quality mattresses in China and Southeast Asia

#### Outlook for FY2022 and beyond

#### Mid-term targets (FY2023)

(JPY)

**Automobile**



#### Normalization of automobile production



Continued increase in demand for lightweight, safety-related plastic products



Supply chain problems caused by Covid, etc.

**Bed**



#### Strong demand in China and Southeast Asia



Increased demand for high quality mattresses



Trend of consumption from staying at home due to Covid, trends for hotel demand

**Sales**

**310bn**

**Operating profit**

**38bn**

**OP margin**

**12.3%**

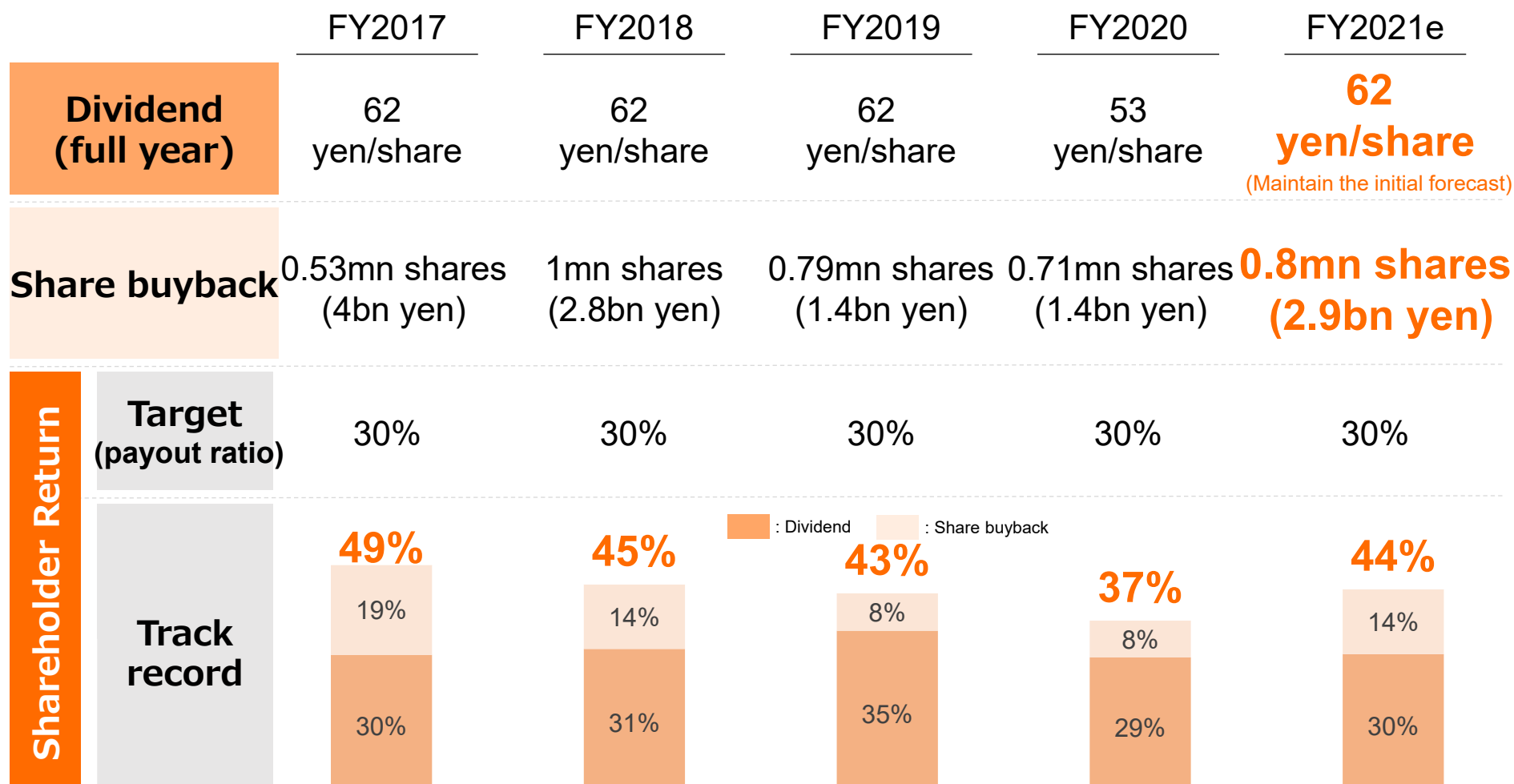
**Net income**

**26.5bn**

## 14. Shareholder return

### Exceeded target of 30% payout ratio target through dividends and share buybacks

- Nifco has achieved stable dividends with a commitment to a payout ratio of 30%.
- In addition, by flexibly conducting share buybacks, Nifco has achieved total shareholder returns exceeding our dividend payout ratio target.



※Nifco conducted a 2-for-1 stock split of common stock on April 1, 2018, and "Dividend" on this page is presented on the assumption that the stock split was conducted at the beginning of 2017.



Forward - looking statements or projections included in this document, including earnings projections, are based on currently available information and certain premises that are judged to be rational at the time of this writing. Actual results may differ greatly from the forecast figures depending on various factors.