



Revision of Business Forecast and Measures to Strengthen Structural Reforms

September 16, 2011

Junya Suzuki
President and CEO
Nissha Printing Co., Ltd.

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Highlights

- Downward revision of FY2012 business forecast
 - Steep downward adjustment on sales and profit, considering the worsening market environment in H2.
 - Industrial Materials: Sharp decrease in sales due to the weak demand for notebook PCs and mobile phones; lower operating rate; larger deficit.
 - Devices: Sharp decrease in sales for smart phones and gaming gear; lower operating rate; larger deficit
 - Impact of yen appreciation
- Strengthen structural reforms
 - Unflagging resolve for bold implementation of structural reforms toward profitability in FY2013.
 - Improvement with approx. JPY9.0 bil. by fixed cost reduction (depreciation, labor cost and other costs) and variable cost reduction.
 - Extraordinary loss of approx. JPY11.2 bil. as structural reforms cost (approx. 7.8 bil. for impairment loss on fixed assets, approx. 3.4 bil., for incremental benefit for voluntary retirement and job-placement assistance program)
- Revisions of dividends forecast for FY2012: No dividend

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FY2012 forecast revised

FY2012 Forecast

(Millions of Yen)

	FY2011 Results	FY2012 Original Forecast (released on May 12, 2011)	FY2012 Revised Forecast (released on Sept. 16, 2011)	YoY	Vs. original forecast
Sales	114,054	118,000	80,000	-29.9%	-32.2%
OPM	-4,946	300	-11,000	-	-
OPM/Sales	-4.3%	0.3%	-13.8%	-9.5pt	-14.1pt
Ordinary Income	-5,396	500	-11,300	-	-
Net Income	-2,464	250	-27,000	-	-

Sales by Business Segments		FY2011 Results	FY2012 Original Forecast (released on May 12, 2011)	FY2012 Revised Forecast (released on Sept. 16, 2011)	YoY	Vs. original forecast
Industrial Materials		44,037	45,000	34,700	-21.2%	-22.9%
Devices		50,438	53,000	26,500	-47.5%	-50.0%
Information and Communication and Others		19,577	20,000	18,800	-4.0%	-6.0%

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FY2012 H1 Forecast

FY2012 H1 (April to September) Forecast

(Millions of Yen)

	FY2011 H1 Results	FY2012 H1 Forecast (released on Sept. 16, 2011)	YoY
Sales	54,553	42,500	-22.1%
OPM	-1,020	-4,800	-
OPM/Sales	-1.9%	-11.3%	-9.4pt
Ordinary Income	-1,441	-5,400	-
Net Income	-1,103	-21,000	-

Sales by Business Segments		FY2011 H1 Results	FY2012 H1 Forecast (released on Sept. 16, 2011)	YoY
Industrial Materials		23,478	19,500	-16.9%
Devices		21,715	14,500	-33.2%
Information and Communication and Others		9,359	8,500	-9.2%

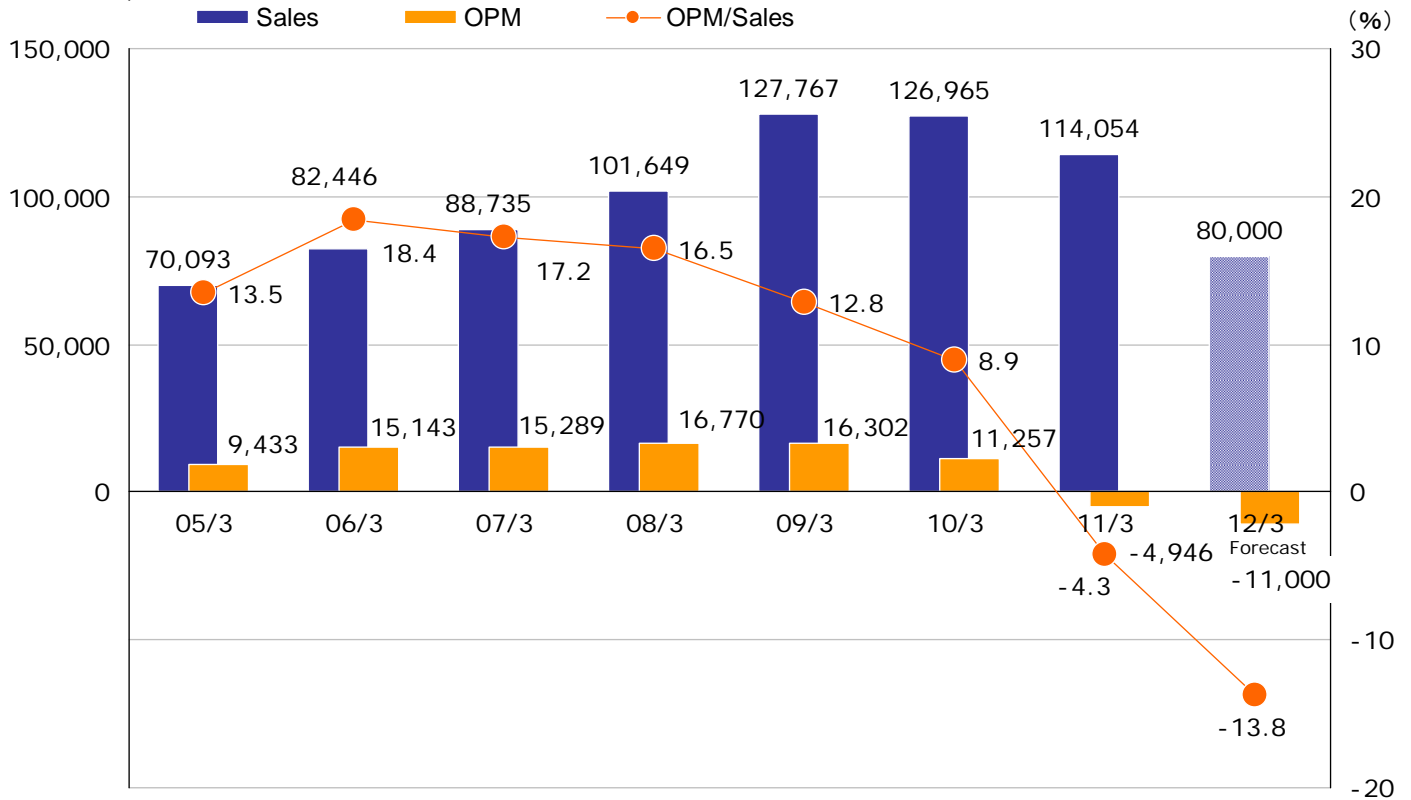
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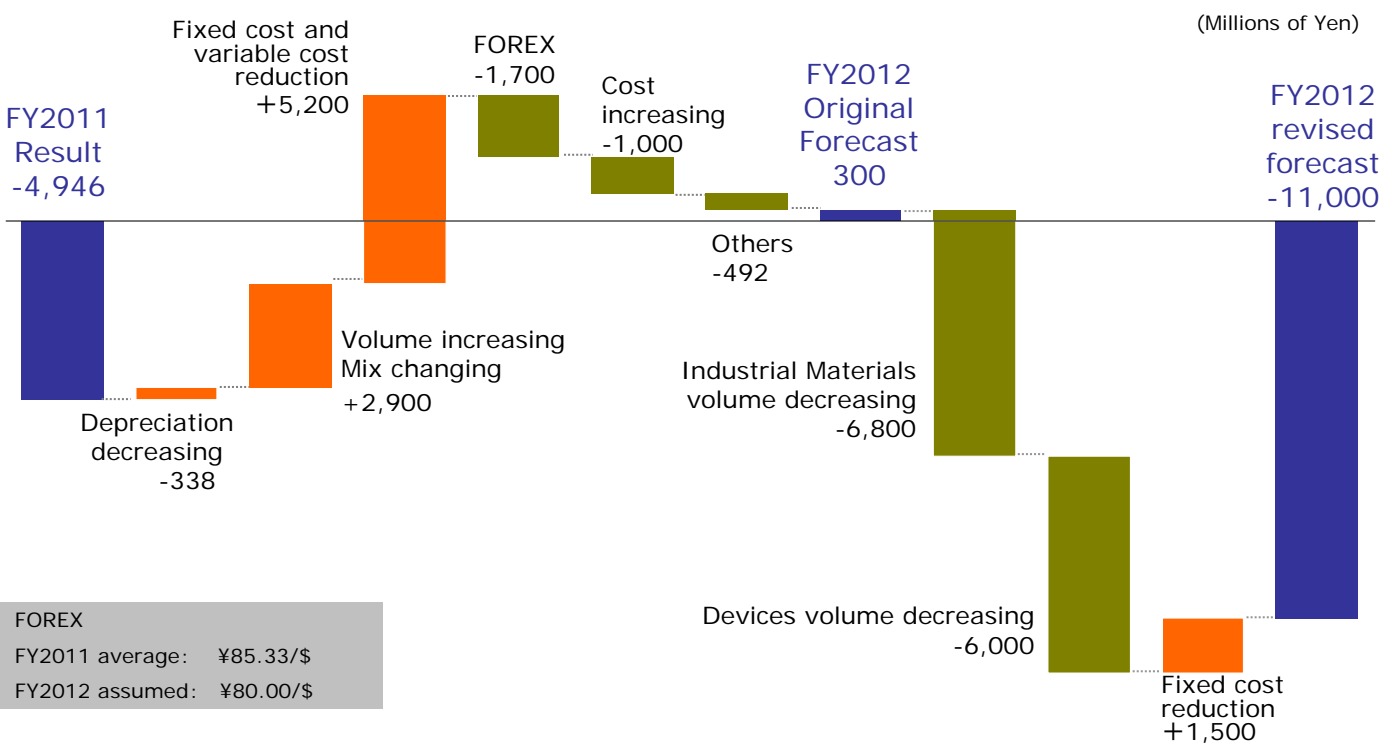
Business Performance Trend

(Millions of Yen)



Analysis of OPM

FY2011 Results → FY2012 Original Forecast → Revised Forecast



FOREX
 FY2011 average: ¥85.33/\$
 FY2012 assumed: ¥80.00/\$





Industrial Materials

External Factors

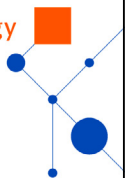
- Demand fluctuation and stagnation
 - Notebook PC: Stagnant market in Europe, emerging of tablet products
 - Mobile phone (conventional): Weak demand
- Fiercer competition in price and technologies
 - PC: compete with other IMD manufacturers
 - Mobile phone: compete with other technologies
- Erosion of sales and profits and exchange loss caused by yen appreciation

Internal Factors

- Issues remain on cost reduction under the rapid sales decrease
- Lowering operation rate

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Devices

External Factors

- Demand fluctuation and stagnation
 - Smart phone: Major customers are struggling in markets
 - Gaming gear: Major customer is struggling in markets
- Fiercer competition for price and technologies
 - Increased competition with Taiwanese companies
 - Glass sensor suppliers are major for now
- Erosion of sales and profits and exchange loss caused by yen appreciation

Internal Factors

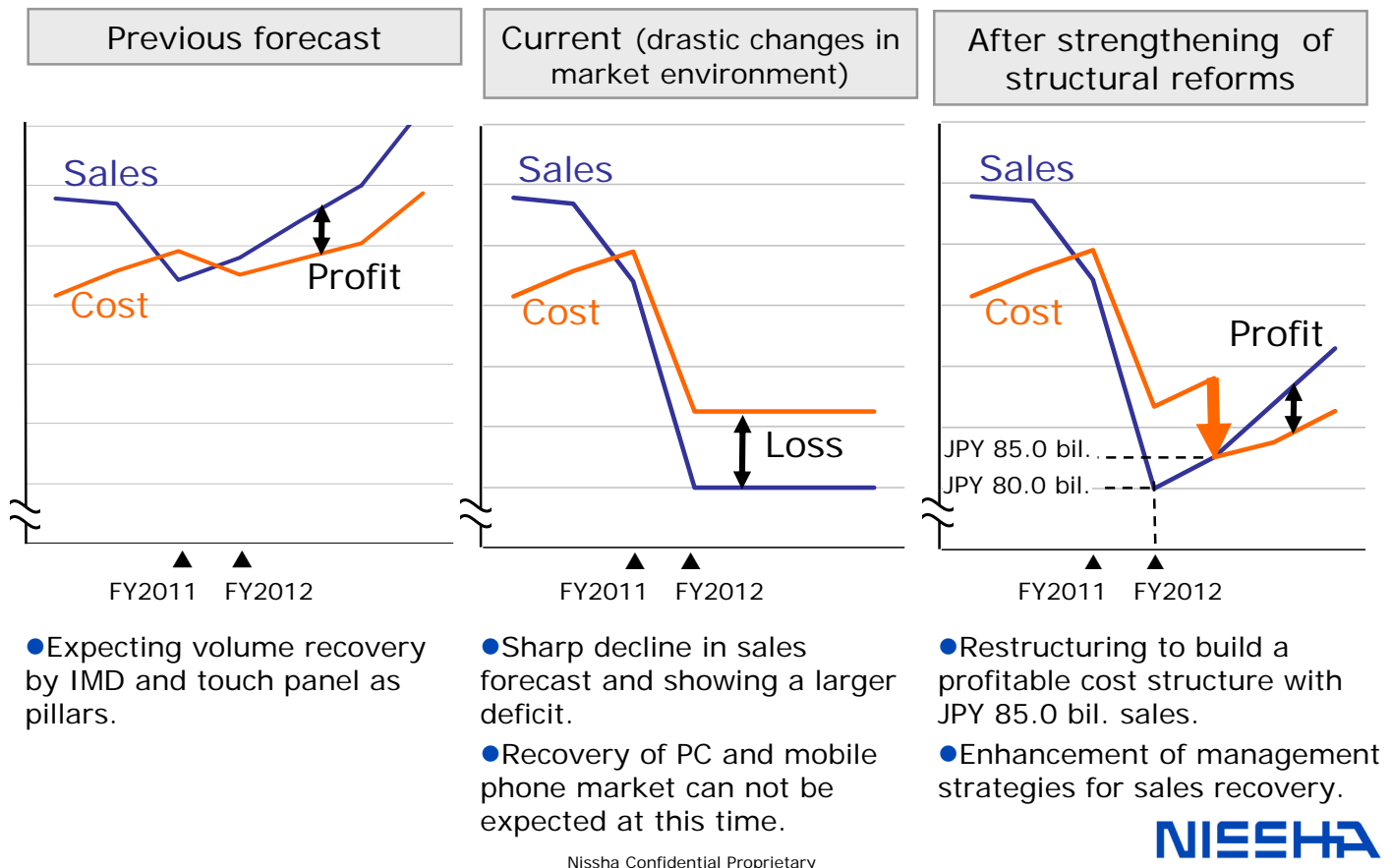
- Issues remain on cost reduction under the rapid sales decrease
- Lowering operation rate

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Story Line of Structural Reforms and Next Growth



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Enhancement of Structural Reforms

- Building profitable cost structure on the basis of JPY 85 bil. sales.
 - To be an unbeatable company
 - Intensify the reforms to deal with the sharp decline of sales forecast
 - Optimize the cost structures consistent with the sales level for further growth
 - Launch in FY2012 H2, achieve by the end of FY2013
- Basic thought of restructuring
 - Management decision: immediate response and judgment against the rapidly changing business environment
 - ROIC
 - Cost structure: lowering cost ratio strictly, responding to yen appreciation
 - Market strategy: exploring, winning and growing in the emerging markets (to become a truly global company)
 - China
 - Technology orientation: From "focus" to "application diversification" again
 - Expansion of domain and application for printing technologies
 - Acquiring external technology
 - Human resources: cultivate human resources capable of winning global competition
 - Sourcing: promote global sourcing

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Structural Reforms Target and costs

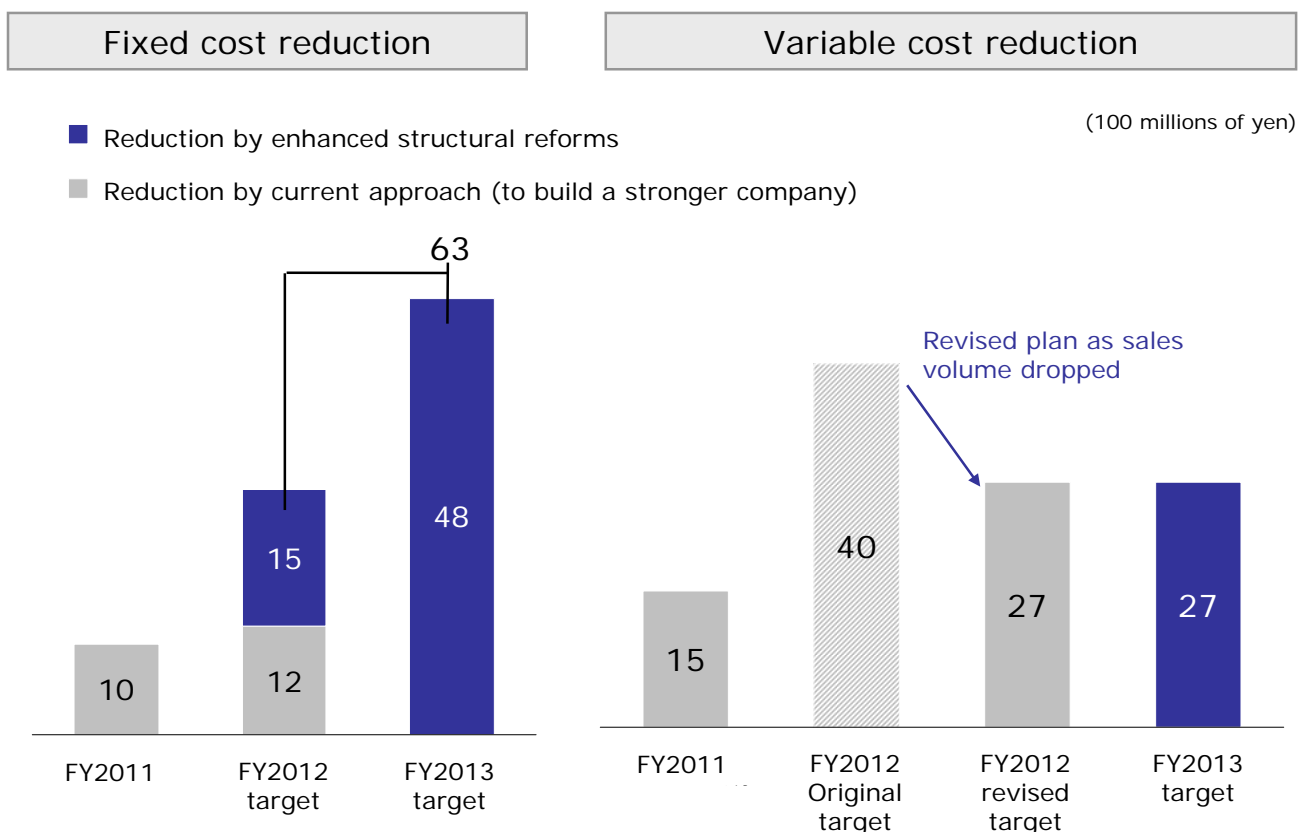
Cost reduction (by the end of FY2013)		Applx. JPY 9.0 bil.
Fixed cost reduction	<ul style="list-style-type: none"> ● Depreciation decreasing <ul style="list-style-type: none"> ● Impairment/retirement of factories and facilities ● Labor cost reduction <ul style="list-style-type: none"> ● Reduce director's remuneration and manager's salaries and bonuses ● Reduce number of employees (voluntary retirement and termination of contract), about 700 people (domestic) ● Cost reduction 	Applx. JPY 6.4 bil.
Variable cost reduction	<ul style="list-style-type: none"> ● Yield improvement ● Material cost reduction ● Reduction of outsourcing fee, self-manufacturing 	Applx. JPY 2.6 bil.
Structural reforms cost (extraordinary loss in FY2012)		Applx. JPY 11.2 bil.
Impairment loss on fixed assets		Applx. JPY 7.8 bil.
Incremental benefit for voluntary retirement and job-placement assistance program		Applx. JPY 3.4 bil.

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Cost reduction effect



Reduction effect: based on the previous year's result

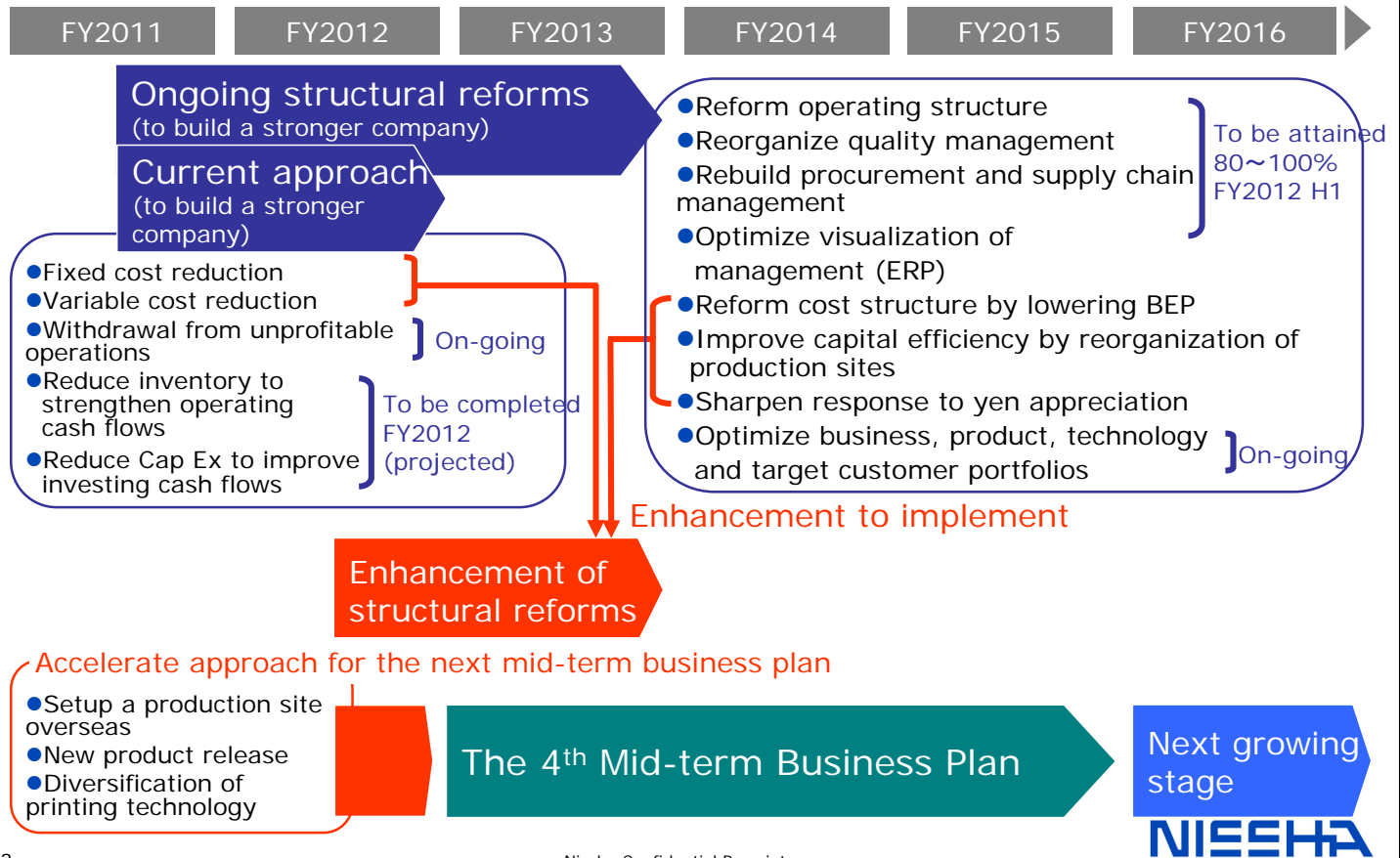
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Bold implementation of structural reforms

Launch designing of next mid-term business plan



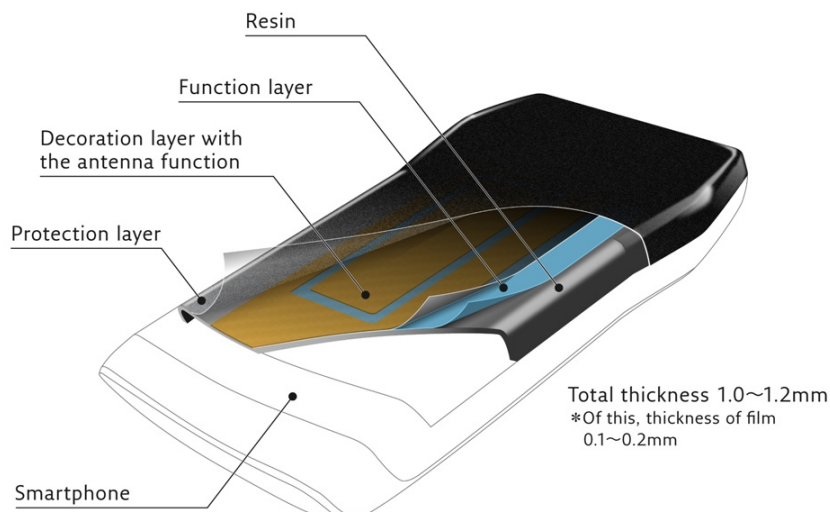
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Accelerate approaches for the 4th Mid-term Business Plan

-New product release-

- Wireless recharging housing of electric field coupling method
 - Innovative product for Devices business not only for touch panels
 - Housing with build-in electrode using a decoration film with antenna function
 - Joint development with Murata manufacturing Co., Ltd.
 - Mobile devices, lighting, decorative products, home products and etc.

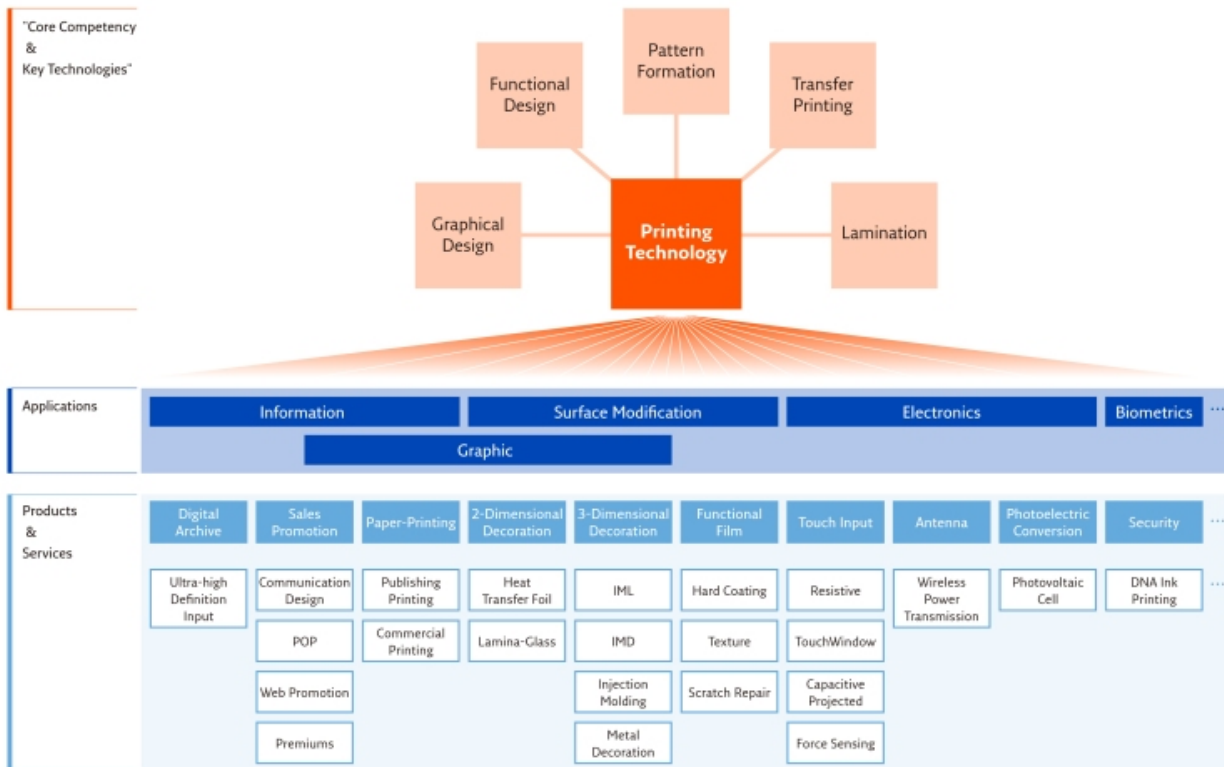


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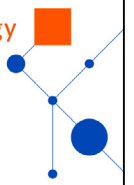
Accelerate approaches for the 4th Mid-term Business Plan -Diversifying application and products based on printing technologies-

Leveraging our core competency across diverse applications



Thank you

Contact:
Tetsuya Taniguchi
General Manager
Corporate Communications & Investor Relations
Nissha Printing Co., Ltd.
T +81 75 823 5144



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