

Results for fiscal year 2015 (ended March 2015)

NIHON DEMPA KOGYO CO., LTD.

【Note】

Statements made in this presentation with respect to our current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on the belief that it is our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Risks and uncertainties that might affect us include, but are not limited to; fluctuation of currency exchange rates, overall supply and customer demand in the industry, product development and production capacities, performance of affiliated companies, and other risks and uncertainties.

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1. Results for FY2015

2. Measures and forecast for FY2016

Summary of FY2015 results



(Million Yen)	①	②	② - ①	③	② - ③
	FY2014 Actual	FY2015 Actual	YOY	FY2015 Forecast	Actual vs Forecast
Net sales	50,774	47,730	▲ 3,044	51,000	▲ 3,270
Operating income	240	175	▲ 65	1,500	▲ 1,325
Income before tax	191	359	168	1,300	▲ 941
Net income/(loss▲)	181	▲ 569	▲ 750	1,200	▲ 1,769
Total comprehensive income	827	1,319	492	-	-

<Sales>

In the crystal device market, demands for low-price products have increased that caused lower average sales unit price. In these conditions, we focused on the profitability and suspended new orders of some mass produced products where the price was getting lower than expected, as a result our sales amount became lower than our forecast and eventually resulted in net sales reduction from the previous year.

<Profit>

Despite the gain on sales of fixed assets and land, and insurance income, the operating income that was lower than our forecast declined from the previous year, due to sales reduction, loss on valuation of inventory and impairment loss of fixed assets. The income before tax increased compared with the previous year with gain on sales of investment securities. But due to the reversal of deferred tax assets, we incurred net loss.

Summary of FY2015 results

(Incomes **excluding** special factors)



(Million Yen)

	FY2014 Actual	FY2015 Forecast	①		②	① - ②
			FY2015 Actual	Special factors	Excluding special factors	
Net sales	50,774	51,000	47,730	0	47,730	
Operating income	240	1,500	175	311	▲ 136	
Income/(loss▲) before tax	191	1,300	359	653	▲ 294	
Net income/(loss▲)	181	1,200	▲ 569	▲ 225	▲ 344	

<Break down of special factors included in incomes>

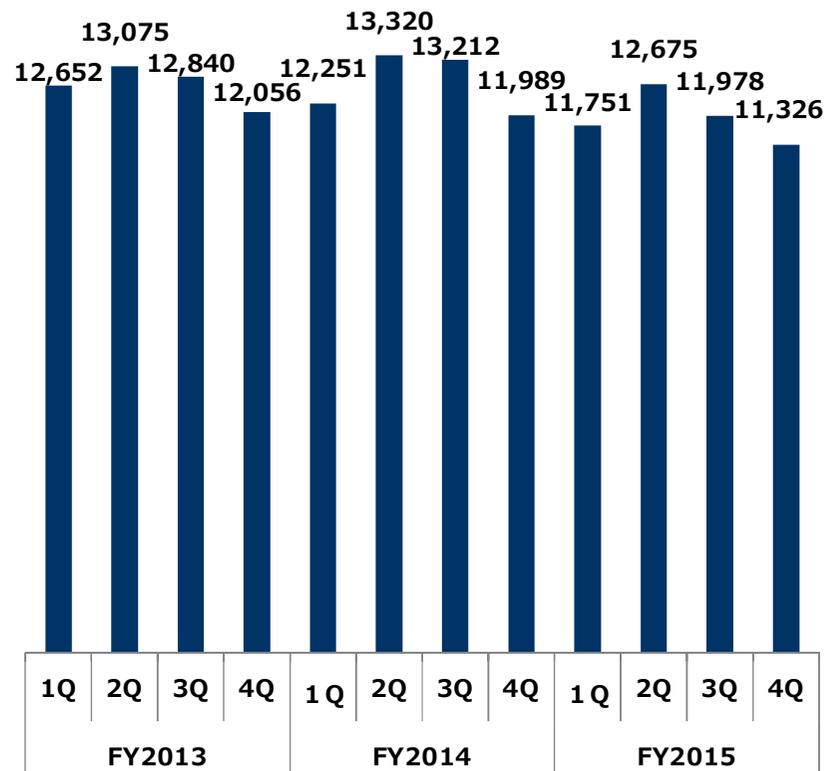
Gain on sales of investment properties	868
Gain on sales of Land-use rights	406
Gain on sales of fixed assets	278
Insurance income	646
Loss on valuation of inventory and others	▲ 738
Fixed assets impairment loss	▲ 1,149
■ Special factors in operating income	311
Gain on sales of investment securities	360
Foreign exchange gain and others	▲ 18
■ Special factors in income before tax	653
Reversal of deferred tax assets and others	▲ 878
■ Special factors in net income	▲ 225

Quarterly results

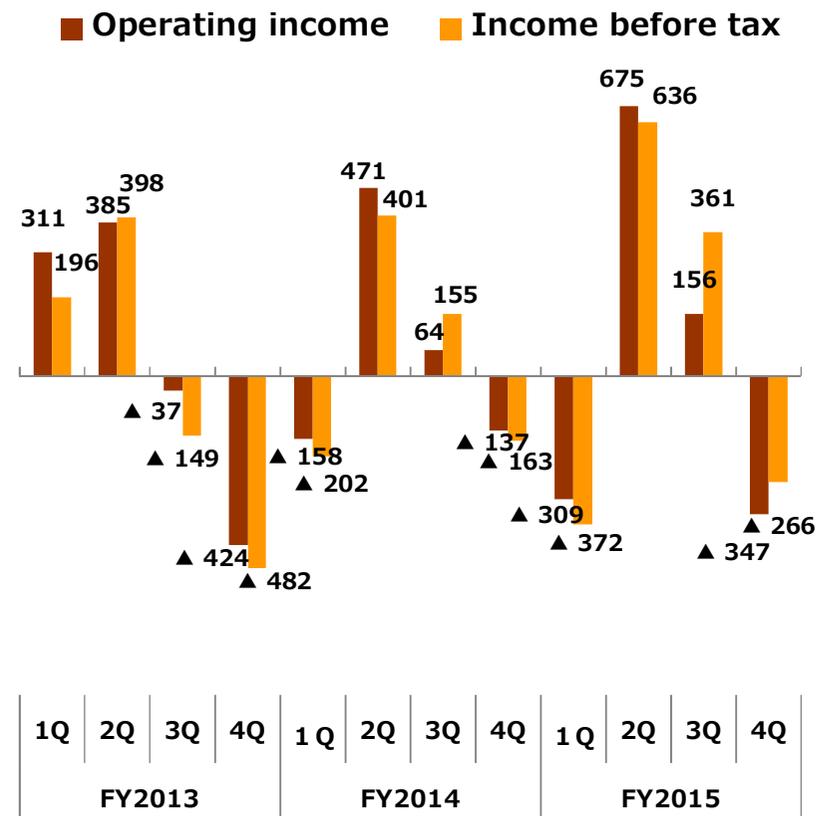


In the 4th quarter of FY2015, sales amount decreased because we suspended orders of some products for mass production market, where the price is declining, focusing on profitability.

Net sales (Million yen)



Incomes including special factors (Million yen)



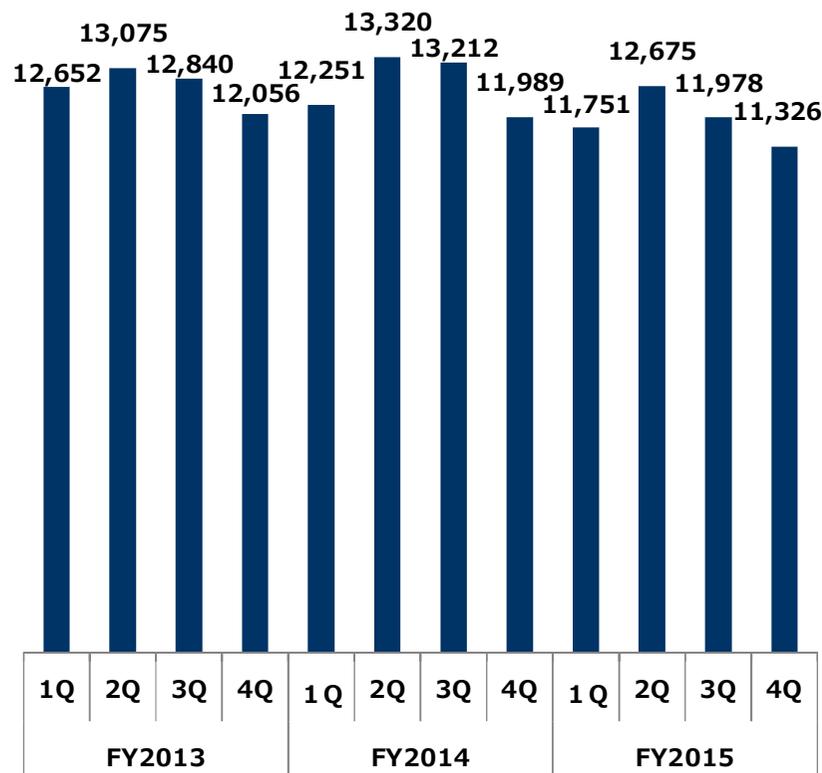
Quarterly results

(Incomes **excluding** special factors)

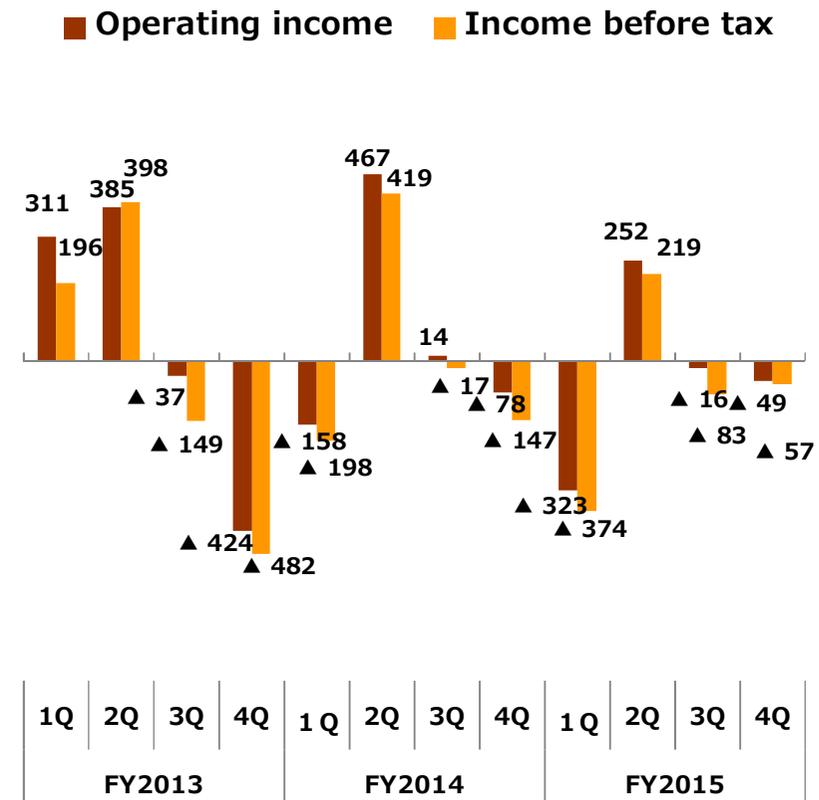


In the 4th quarter of FY2015, sales amount decreased because we suspended orders of some products for mass production market, where the price is declining, focusing on profitability.

Net sales (Million yen)



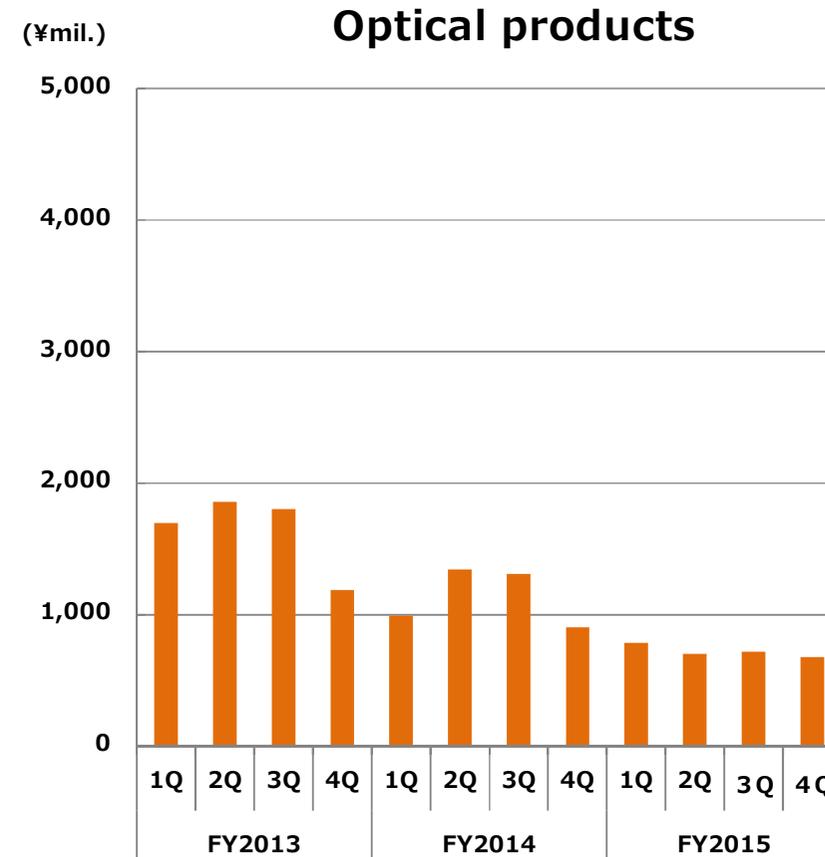
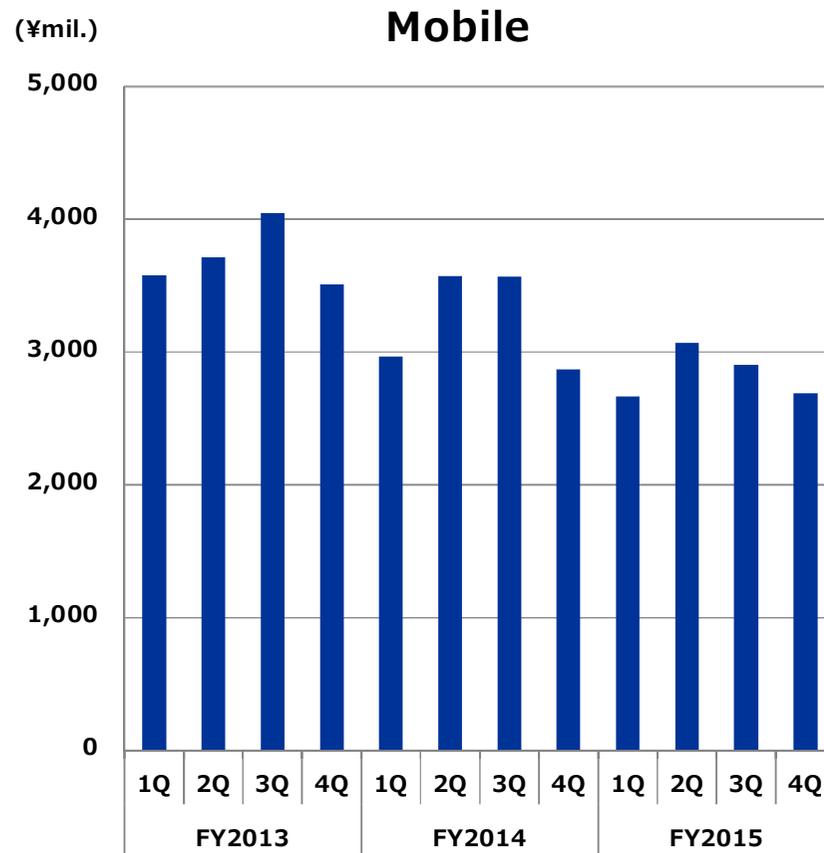
Incomes **excluding** special factors (Million yen)



Sales trend of main applications (Mobile communications, Optical products)



- Mobile** : The sales decreased in the 2nd half of the year as the price was getting lower and we focused on the profitability and suspended orders of some products.
- Optical** : Shrinking of digital camera market caused low sales.



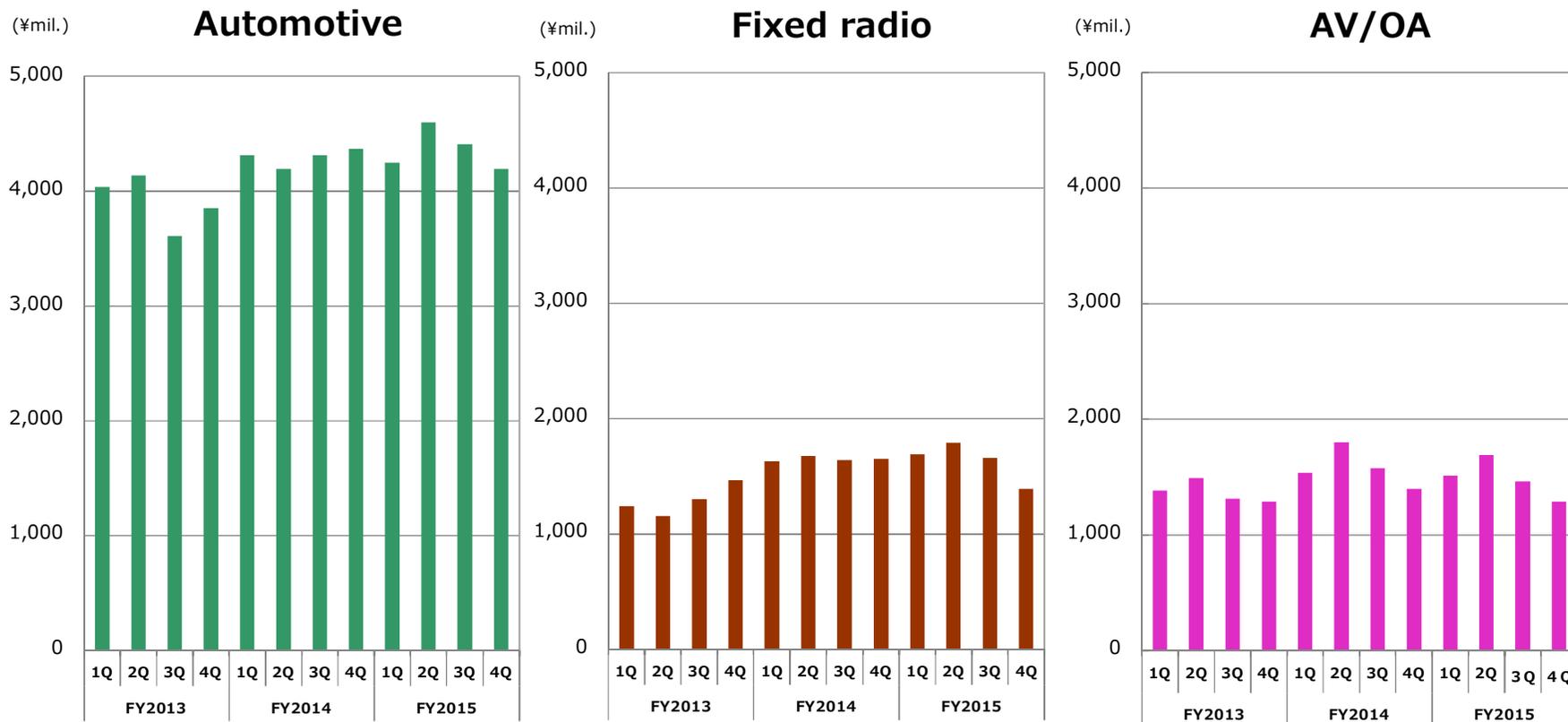
Sales trend of main applications (Automotive, Fixed radio communications, AV/OA)



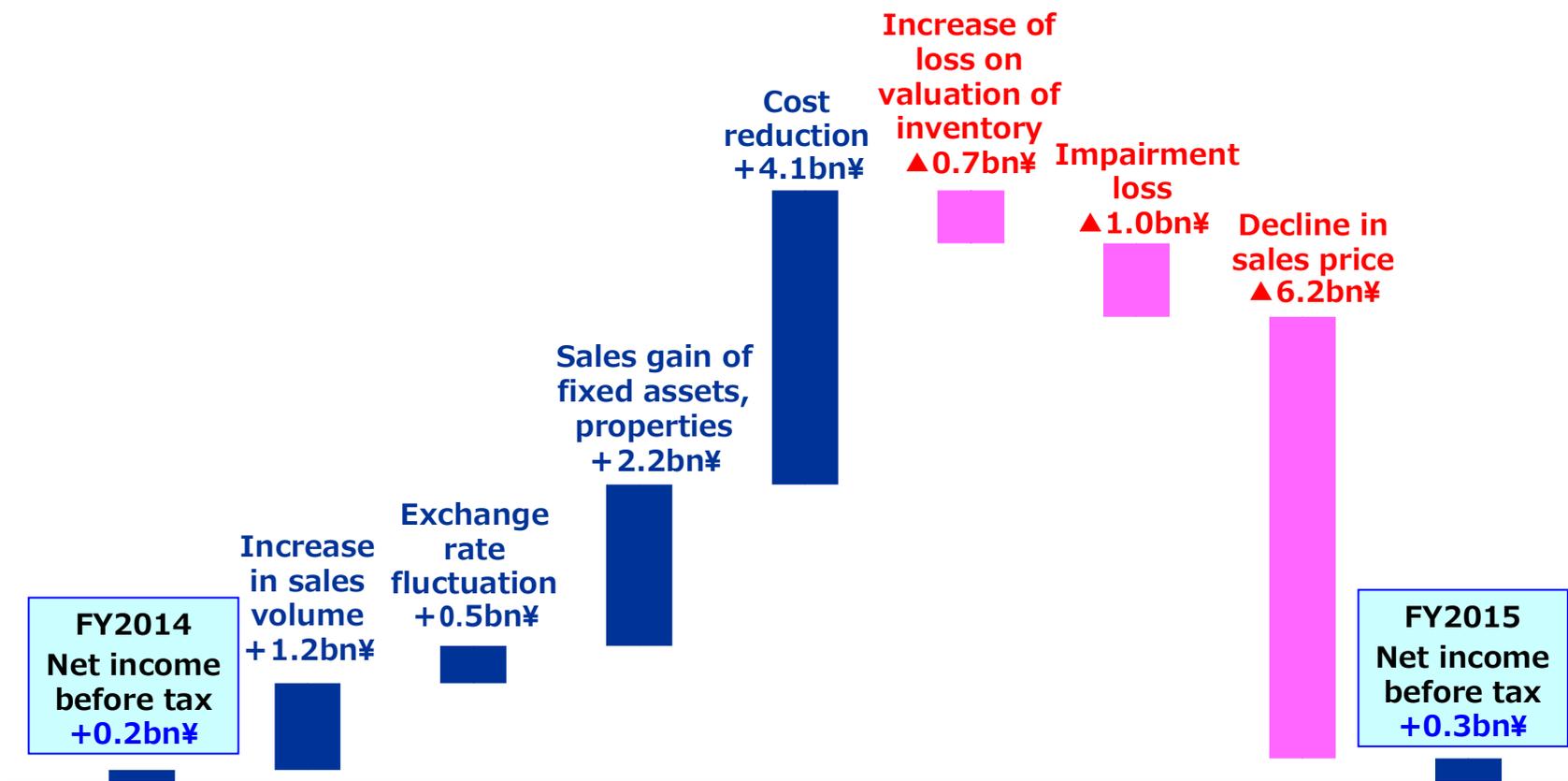
Automotive : The quantity increased for Advanced Driver Assistance Systems (ADAS) and the sales increased from the previous year.

Fixed radio : Even though the quantity sold increased, sales for the small base stations grew, while sales for the large base stations that has a relatively higher price decreased, as a result the sales decreased in the 2nd half of the year.

AV/OA : The sales decreased in the 2nd half of the year as the price was getting lower and we suspended orders of some products.

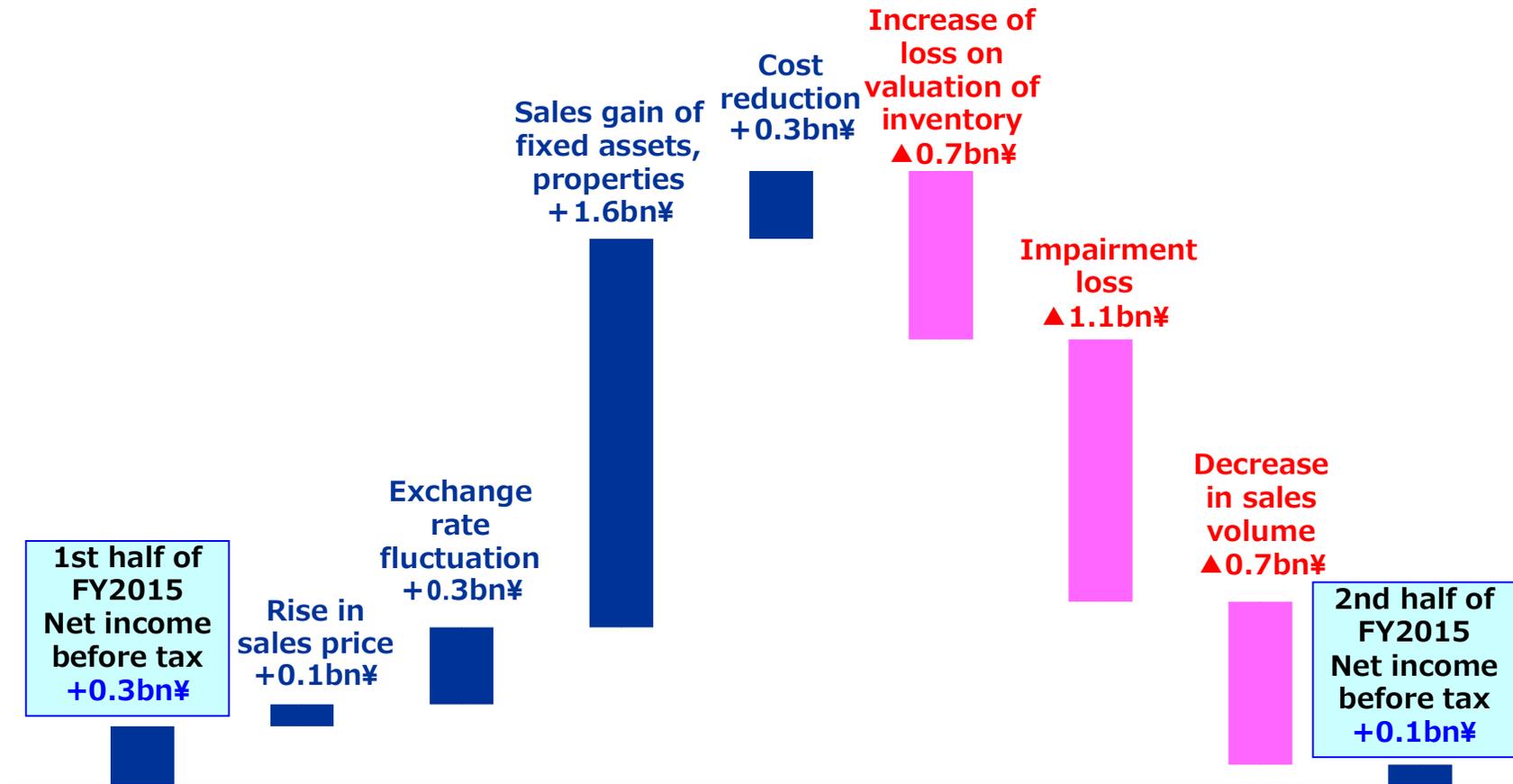


Profit variation analysis : FY2014→FY2015



Profit variation analysis :

1st half → 2nd half of FY2015



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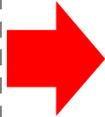


- 1. Results for FY2015**
- 2. Measures and forecast for FY2016**

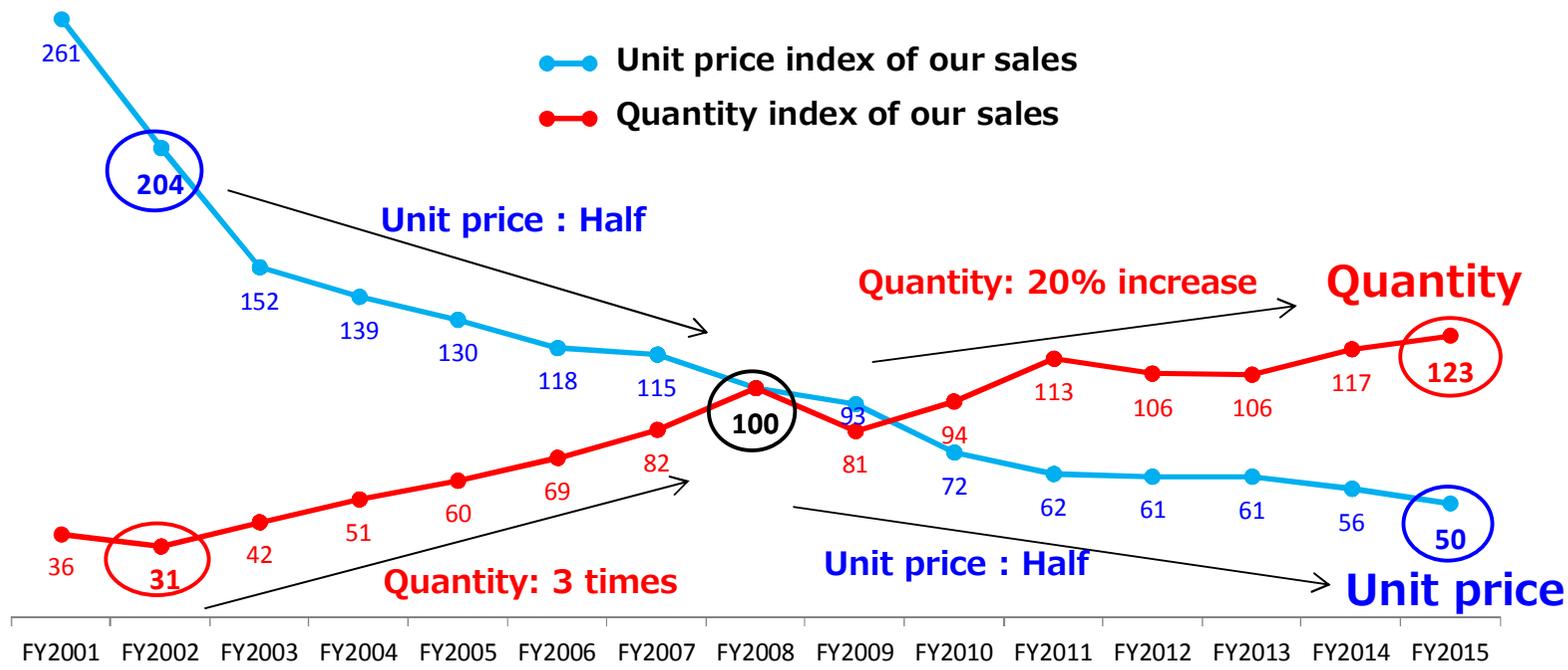
Direction of Business

(Environment Awareness)

- Difficult to expect higher growth in quantity than the declining speed of price.
- Even though we make capital investment, the profitability will be extremely low due to the price drop.



We will establish a new business model under new management.



(Million yen)	Japanese standard							IFRS							
	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Net sales	74,056	49,269	49,620	55,899	60,696	63,642	73,307	77,786	59,429	52,590	54,934	50,804	50,623	50,774	47,730
Operating income	12,602	505	57	2,474	4,504	5,271	7,503	8,442	▲ 25,380	3,979	2,094	2,081	235	240	175

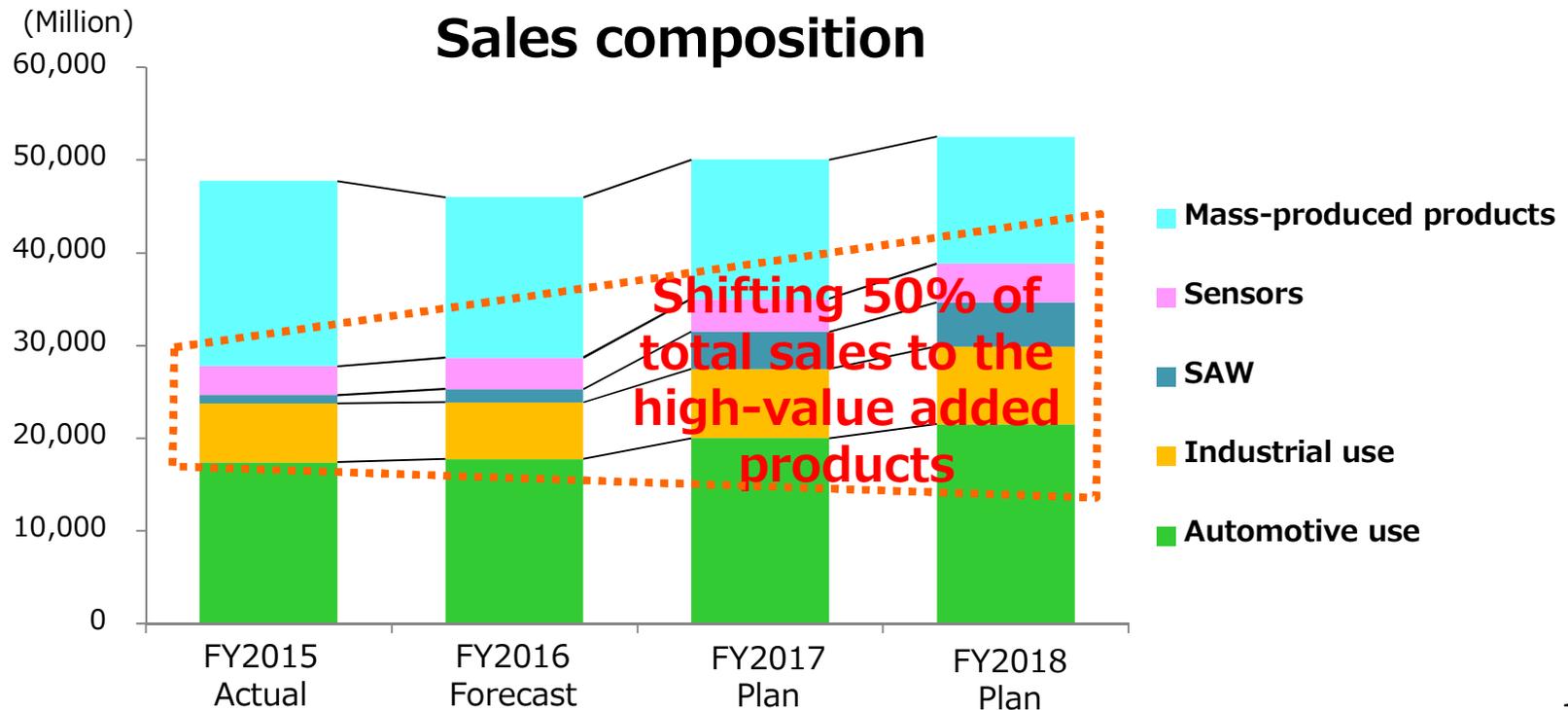
Management Measure



We will strengthen the new product development and increase the products that generates profit, as well as establishing the cost structure that corresponds with the business scale.

5 segments that we strengthen the development

1. High-value-added products for industrial use
2. High-reliability products for automotive use
3. SAW Devices
4. General mass-produced products
5. Sensors



Forecast for the year FY2016



As for the forecast of FY2016, the sales will reduce from the previous year, but we expect the profit to improve by changing the unprofitable products (TCXO, optical products) into profitable, and strengthening the competitiveness of existing products, introducing new products, and reducing the fixed costs.

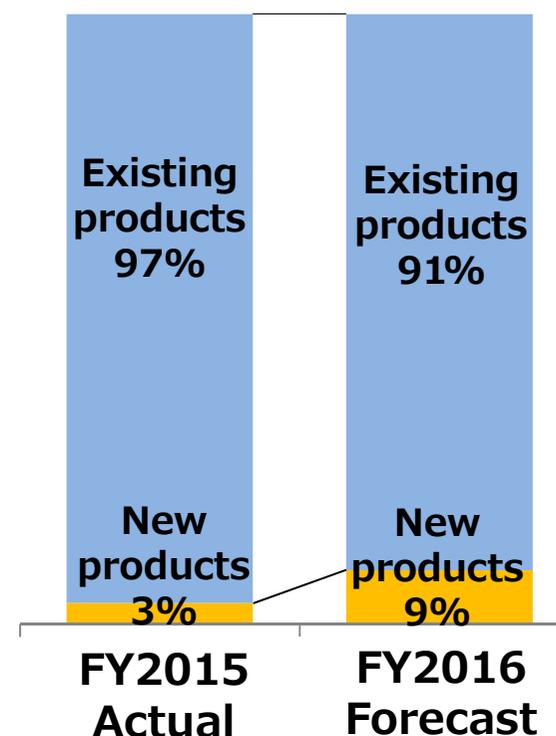
(Million Yen)

	FY2015 Actual	FY2016 Forecast
Net sales	47,730	46,000
Operating income	175	1,500
Income/(loss▲) before tax	359	1,300
Net income/(loss▲)	▲ 569	1,200
Ratio of income before tax	0.8%	2.8%
Exchange rate (against the U.S. dollar)	¥110.03	¥115.00

<Reference>

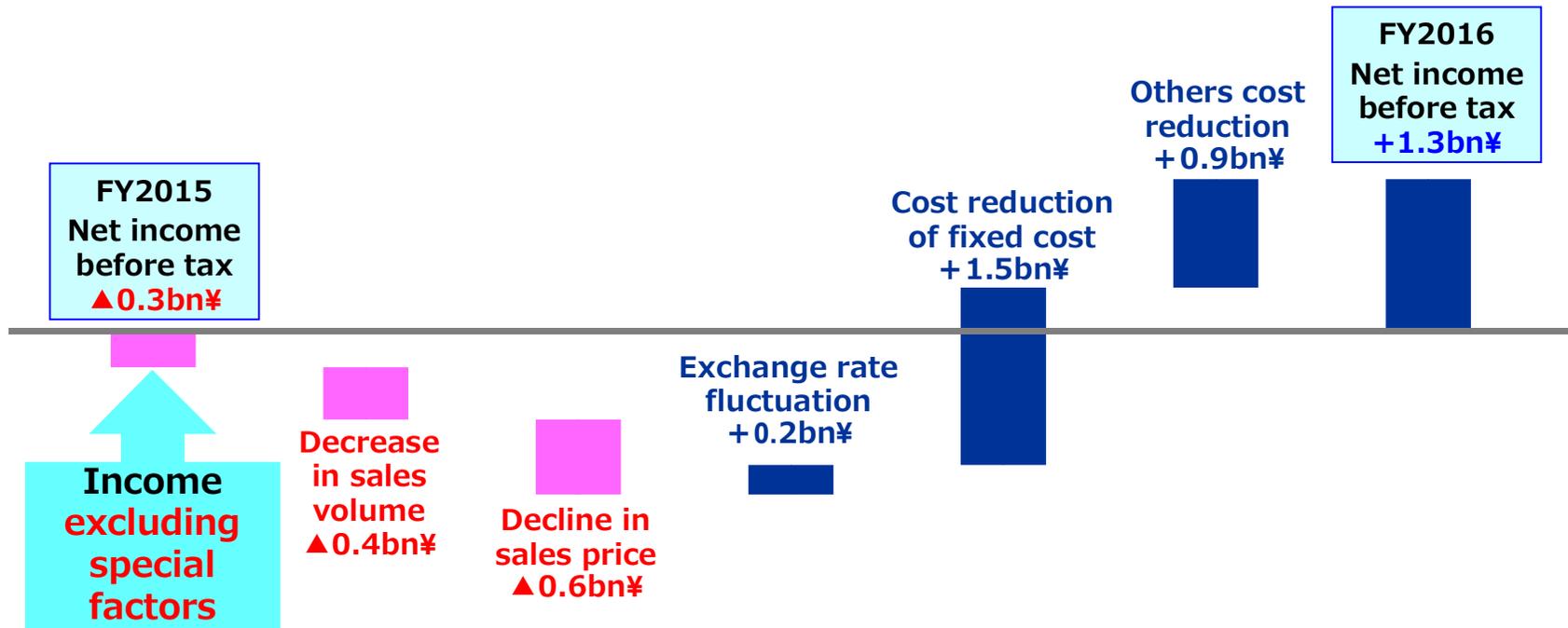
- Influence on net sales (Annual) ¥1 fluctuation
⇒ approx.¥210 million
- Influence on operating income (Annual) ¥1 fluctuation
⇒ approx.¥50 million

<Change of sales composition >



Forecast for the year FY2016 (Profit variation analysis)

Results of FY2015→Forecast of FY2016



Cultivate our specialties

Promoting the high-value-added products for industrial use and SAW devices which contribute to the improvement of safety, security and comfort in the information society as our field of specialties.

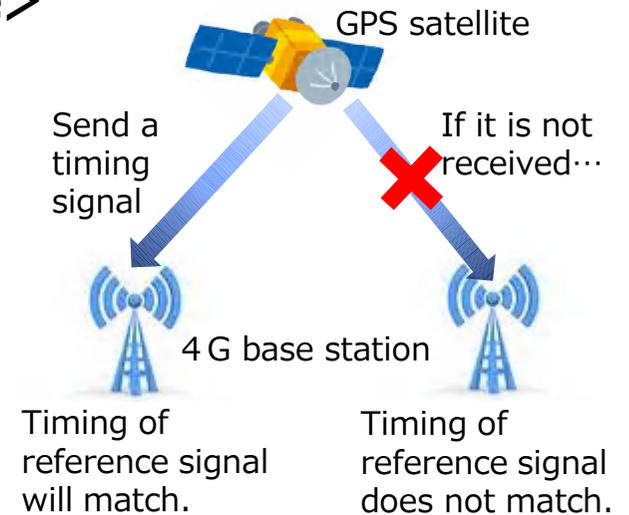
<High-value-added products for industrial use>

0.03ppb OCXO

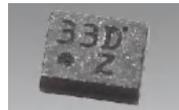
Even though the GPS radio waves used for synchronization between the base stations are lost, only ± 1 microsecond in 24 hours of "industry's highest level of accuracy" is maintained, and prevent the communication failure.



37x28 mm



<SAW Device>



At present

Market Share
No.1 in base
stations market



FY2016~

Expand sales to
mobile
communication
module makers



FY2017~

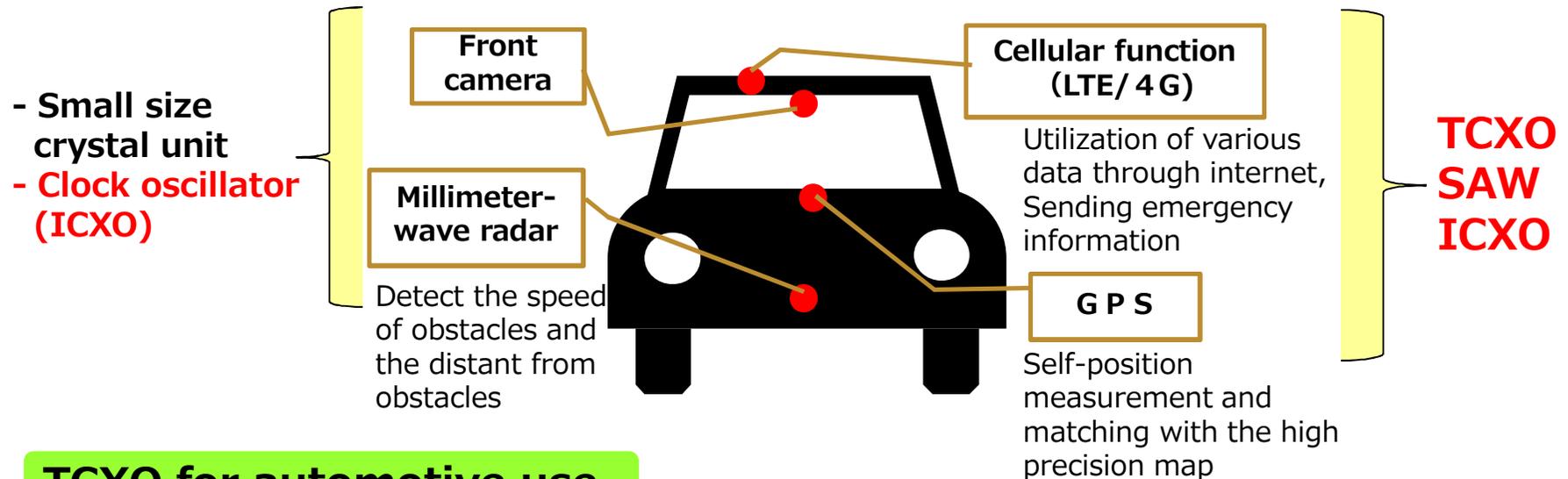
New entry to
automotive
market

Maintain and improve profitability in high-reliability products

<High reliability products for automotive>

Contributing to the improvement of safety and security of the car society in new high-reliability products ahead of competitors

● Automobile devices equipped with crystal products realizing ADAS



TCXO for automotive use

2.5x2.0mm size, within the wide range of -40°C~+105°C (the conventional +85°C), high accuracy of temperature characteristic $\pm 0.5\text{ppm}$ which is a world first*. Contributing to the higher freedom of installation.

(*) According to an NDK survey performed in April 2015



Maintain the business as one of the pillars of profits



<General Mass-produced Product>

Contributing to the improvement of the comfort of living and entertainment with new products of high added value

ICXO for high-quality sound

Low phase noise ICXO for reproducing the high-quality sound source "High-resolution sound source" accurately.

Good phase noise (low-jitter) crystal oscillator and application to high-resolution.



NZ2520SD

OCXO for high resolution

Under development of OCXO as the pinnacle of high-resolution for high-resolution sound source with noise that are reduced to the limit.

Master clock that is at the pinnacle of the world will be able to produce jitter value 10's ps while the popular NZ2520SD as shown above produce jitter value 100ps.



Develop Niche Market ①

<Sensor equipment : Ultrasonic equipment>

Contributing to medical and health care with the ultrasonic equipment

Medical

Compact 3 D convex probe (For 3D video of fetus)

MEDTEC Japan 2015 Received Innovation Award

【Reason for Award】

Having an overwhelming excellent technology, and once achieving active involvement into the medical equipment field, Japan's international competitiveness is expected to rise dramatically.



Health Care

Mobile ultrasonic device (Measuring mass of muscle and fat)

Ultrasonic sensor unit + ultrasonic transceiver circuit + communication circuit + battery are compiled into one.

It was realized in collaboration with a maker (of non-medical equipment) that made its first foray into health care applications.



Our linear probe is used in this part.



Develop Niche Market②

<Sensor equipment : Application to sensors of crystal technology>

Apply crystal technology and commercialize the simple measurement and high sensitivity sensors in collaboration with pharmaceutical companies and food companies, and contribute to the safety and security.

Taste sensor



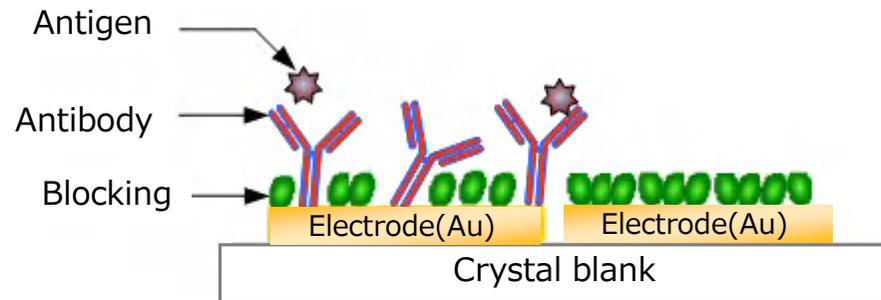
Biosensor



Biosensor



QCM twin sensor



Now it can be diagnosed only after onset (48 hours or longer after infection), but it could be diagnosed before onset.

Develop Niche Market③

<Sensors : Geiger–Müller counter>

High accuracy and high reliability sensor and contribute to the safety and security.



RDS20A

Compact and high precision space dosimeter that shows the dose value in the living environment at a glance.

Sales method was mainly domestic B to B via distributors in the past, and it has now switched to direct sales from our company and promoting sales expansion to China.

**Under the new management structure,
we will work on putting our company
on a path to grow again.
Thank you in advance for your kind
assistance in the future.**

IR information contact

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