



# Fiscal Year 2019 (Ending March 31, 2020) 3rd Quarter Financial Results Briefing Session Materials

February 18, 2020

**Nikko Co., Ltd.**

(Tokyo Stock Exchange Code: 6306)

Hiroshi Fujii, Managing Director and General Manager of Financial Division

- In this briefing material, AP denotes asphalt plants in our business and BP denotes concrete plants.

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Among our consolidated subsidiaries, we were using financial statements as of December 31 for the two overseas consolidated subsidiaries (including Nikko (Shanghai) Construction Machinery Co., Ltd.) with fiscal term ending December 31, and then, making necessary adjustments on important transactions that took place before the consolidated account closing date.

In order to have more appropriate grasp of the company's operational situations and improve disclosure of quarterly consolidated financial statements, we adopted a consolidation method in which we work out provisional results of these companies on March 31, the consolidated account closing date, from the first quarter of the financial period under review.

Due to this change, the consolidated cumulative third quarter of the financial period under review consolidates accounts of these two companies, covering the 12-month period from January 1, 2019 to December 31, 2019.

Impact of the change in fiscal term of the overseas subsidiaries is as follows:

New orders received:	+417 mil. yen
Net sales:	+1,438 mil. yen
Operating income:	+50 mil. yen

★ Nikko Shanghai's results in real term

YoY change (Jan.-Dec.)

New orders received: +752mil. yen; net sales: +258 mil. yen; operating income: +126 mil. yen

- ❑ From this fiscal year, we changed the consolidation method of overseas consolidated subsidiaries and I will explain its impact as of the third quarter.
- ❑ The impact of the change as of the time of the account settlement is up 417 million yen in new orders received, up 1,438 million yen in net sales, and up 50 million yen in operating income.
- ❑ As for the actual results of Nikko Shanghai in fiscal year 2019, we compared the result for the January-December period of 2019 against the same period of 2018 and new orders received was up 752 million yen, net sales up 258 million yen, and operating income up 126 million yen.

**Information Disclosure**

- ✓ The Company prepared Nikko Corporate Report 2019, the Nikko Group’s integrated report, for all stakeholders including investors and shareholders in both Japanese and English.
- We plan to enhance the integrated report from the ESG perspective in 2020.

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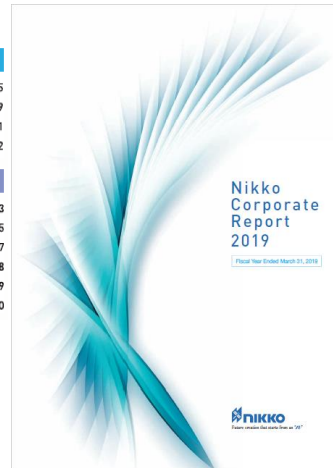
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- As to information disclosure, we published our first integrated report in fiscal year 2019.
- In 2020, we plan to prepare and publish an advanced integrated report with an enhanced ESG viewpoint, and so on.

Topics		Nikko Asia (Thailand) Co., Ltd.		To be founded on February 25, 2020 (provisional)																																																		
Establishment of a new company		Nikko Asia (Thailand) Co., Ltd.		To be founded on February 25, 2020 (provisional)																																																		
Expand sales of businesses with competitive advantage, namely new products, used products, and plant replacement through stable and speedy maintenance and parts supply and responses to needs of the Thai market, which requires close communications.																																																						
Five business policies		Business profile and aims		Fulfillment of customer needs																																																		
Competitive advantage																																																						
Existing	New plants Sales expansion	Expand new plant sales by reducing lost opportunities and improving winning percentage of business negotiations. Target medium-scale customers that are known for high quality and stable operation to <b>create the core of continuous revenue base.</b>	<ul style="list-style-type: none"> <li>High quality and easy to operate</li> <li>Long-term stable operation</li> </ul>	<ul style="list-style-type: none"> <li>Quality (stable operation)</li> <li>Control of running cost</li> <li>Ease of operation</li> <li>Trustworthiness</li> </ul>																																																		
	Used plants Starting up a business	Capture the sales channels (including Japan) of used Nikko products, which account for half of the market, and prevent them from affecting new product sales to also improve the winning rate of new product sales.	<ul style="list-style-type: none"> <li>Low price, control of initial costs (Exceed the break-even point in two to three years)</li> <li>Immediate start of operation, stable operation</li> </ul>	<ul style="list-style-type: none"> <li>Used products with manufacturer's guarantee</li> <li>Retain local inventory and offer them swiftly</li> <li>Network of existing Nikko customers, which will be suppliers</li> </ul>																																																		
New	Plant replacement Starting up a business	Propose replacement of used plants that includes system sales. <b>Control initial investment and acquire new revenue base. Acquire market information and lock in future plant sales customers, and find a footing for business expansion from a medium- to long-term perspective.</b>	<ul style="list-style-type: none"> <li>Control investment in plant purchase</li> <li>Enable continued use of plants by controlling investment with parts replacement and overhaul of plants that have been in long term use</li> </ul>	<ul style="list-style-type: none"> <li>Make proposals reflecting customer needs</li> <li>Realize high quality and low running cost through replacement by the manufacturer</li> </ul>																																																		
	Parts sales Business expansion	Supply parts with existing and assumed future needs and ensure new revenue source and aim to <b>capture opportunities for product sales.</b>	<ul style="list-style-type: none"> <li>Major: Speed of parts procurement</li> <li>Small and medium-sized: Ease of procurement</li> </ul>	<ul style="list-style-type: none"> <li>Quality as genuine product parts</li> <li>Offer key parts that can be offered only by the manufacturer.</li> </ul>																																																		
	Maintenance Starting up a business	Follow rival companies and enter into the maintenance service business to <b>reduce lost product sales opportunities and loss in business negotiations.</b>	<ul style="list-style-type: none"> <li>Present solutions</li> <li>Follow up status of operation on a regular basis</li> <li>Be a trustworthy advisor</li> </ul>	<ul style="list-style-type: none"> <li>Precise diagnosis and proposal skills of manufacturer</li> <li>Knowhow accumulated in the Japanese market</li> </ul>																																																		
Revenue plan		<table border="1"> <thead> <tr> <th>Item</th> <th>FY2019 (Reference)</th> <th>FY2020</th> <th>FY2021</th> <th>FY2022</th> <th>FY2023</th> <th>FY2024</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>300</td> <td>620</td> <td>953</td> <td>1,398</td> <td>1,549</td> <td>1,704</td> </tr> <tr> <td>New product sales</td> <td>300</td> <td>400</td> <td>600</td> <td>800</td> <td>900</td> <td>1,000</td> </tr> <tr> <td>Used product sales</td> <td>-</td> <td>43</td> <td>85</td> <td>170</td> <td>170</td> <td>170</td> </tr> <tr> <td>Replacement</td> <td>-</td> <td>145</td> <td>166</td> <td>250</td> <td>271</td> <td>292</td> </tr> <tr> <td>Maintenance and parts</td> <td>-</td> <td>33</td> <td>102</td> <td>178</td> <td>208</td> <td>242</td> </tr> <tr> <td>Operating income</td> <td>-</td> <td>(76)</td> <td>29</td> <td>101</td> <td>129</td> <td>157</td> </tr> </tbody> </table>				Item	FY2019 (Reference)	FY2020	FY2021	FY2022	FY2023	FY2024	Net sales	300	620	953	1,398	1,549	1,704	New product sales	300	400	600	800	900	1,000	Used product sales	-	43	85	170	170	170	Replacement	-	145	166	250	271	292	Maintenance and parts	-	33	102	178	208	242	Operating income	-	(76)	29	101	129	157
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- ❑ We announced our plan to establish a company in Thailand on February 25.
 

For the time being, the company will focus on maintenance and sales of AP without a manufacturing base.
- ❑ The purpose of establishing a base in Thailand is part of our medium-term strategy to take on the ASEAN region considering it as the next overseas market after China.
- ❑ We are establishing this base in Thailand this time, and in the future, we plan to use Thailand as our hub to expand our sales area into ASEAN member countries.
- ❑ Some of you may be interested in how successful we are in Thailand. In fact, the Nikko brand is quite well known to companies who could be our potential customers. Although we did not sell to them directly in the past, a large number of used Nikko products have been supplied to Thailand from Japan. Probably, a third to half of plants in the Thai market are made by Nikko.
- ❑ We spent more than a year preparing for our entry into the Thai market by doing market research, interviews with customers, and so on. As a result, we judged that there is a limit to what we can do by exporting from Japan, and that we do have a sufficient chance of succeeding by creating a local base with maintenance service function and selling our products.
- ❑ We have formulated a five-year business plan. Though we are expecting a loss in the first fiscal year of fiscal year 2020, we have a good chance of succeeding in generating profits from the second fiscal year on.



# **Business Climate and Results in 3Q FY 2019**

## Business Climate in 3Q (Apr.-Dec.) FY 2019



### 3Q FY 2019 Results

3Q (Apr.-Dec.)	Results	YoY change (amount)	YoY change (%)
Net sales	24,562	+4,143	+20.3%
Operating income	1,040	+733	+238.8%
Quarterly net income attributable to owners of parent	970	+407	+72.5%

(mil. yen)

- ▶ AP-related business: Domestic product net sales increased from the previous year. Maintenance service declined from a year earlier. Overseas net sales increased, as exports and net sales at Nikko Shanghai rose (the change in fiscal term was a positive factor). As a result, net sales increased compared with the same period a year earlier.
- ▶ BP-related business: Domestic product net sales increased from the previous year. Maintenance service was about the same level as a year earlier.
- ▶ New orders received increased from the previous year.

### Business Climate

#### AP-related business

3Q (Apr.-Dec.)	Results (in 10,000 tons)	YoY change
Mixture output	2,824	99.3%
Virgin mixture	742	107.7%
Recycled mixture	2,081	96.6%

Source: Japan Asphalt Mixture Association

Share of recycled mixture	73.7%
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#### BP-related business

3Q (Apr.-Dec.)	Results (in 10,000 m <sup>3</sup> )	YoY change
Ready-mixed concrete shipment	6,293	96.2%

Source: ZENNAMA (National Federation of Ready-Mixed Concrete Industrial Associations and National Federation of Ready-Mixed Concrete Cooperatives Association)

- ❑ In the third quarter, both sales and profit significantly increased compared with the same period a year earlier. Since the first quarter of this fiscal year, our performance has been exceeding the previous year's level.
- ❑ As for the business climate, the mixture output in AP was 99.3% of the previous year's level, or almost the same.
- ❑ Ready-mixed concrete shipment was 96.2% of the previous year probably due to the impact of the end of Olympics-related demand.

## FY 2019 Performance Highlights (1)



(mil. yen)

	FY 2018		FY 2019					
	3Q Actual	3Q (cumulative) Actual	3Q Actual	YoY change	3Q (cumulative) Actual	YoY change	Full-year progress	Full-year forecast
Net sales	5,721	20,418	7,422	+1,701 +29.7%	24,562	+4,143 +20.3%	68.8%	35,700
Operating income	(167)	307	81	+248 -	1,040	+733 +238.0%	45.2%	2,300
Operating margin	(2.9%)	1.5%	1.1%	-	4.2%	-	-	6.4%
Ordinary income	(142)	453	129	+271 -	1,163	+709 +156.5%	46.5%	2,500
Quarterly net income attributable to owners of	(2)	562	(33)	(31) -	970	+408 +72.5%	48.5%	2,000
New orders received	5,796	19,650	7,034	+1,238 +21.3%	23,877	+4,227 +21.5%	63.8%	37,450
Order backlog	-	9,364	-	-	12,769	+3,405 +36.3%	-	15,205

(yen)

Exchange rate (EUR/JPY)	-	130.56	-	-	122.16	(8.40)	-	121.18
Exchange rate (RMB/JPY)	-	16.76	-	-	15.82	(0.94)	-	15.66

- ▶ Net sales of domestic AP business: -127 mil. yen YoY
- ▶ Net sales of domestic BP business: +796 mil. yen YoY
- ▶ Overseas net sales: Exports +288 mil. yen YoY. Net sales at Nikko Shanghai was +258 mil. yen YoY (12 months)
- ▶ Net sales impact of the change in fiscal term of Nikko Shanghai: +1,438 mil. yen

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- ❑ Please refer to the figures in the tables for the performance highlights such as sales and profits. In this slide, I would like to focus on new orders received and order backlog.
- ❑ New orders received through the third quarter of this fiscal year totaled 23,877 million yen, registering a significant order increase of 4,200 million yen compared with the same period a year earlier. It was not that growth was limited to just one particular segment. All segments registered growth.
- ❑ Order backlog also increased 3,400 million yen from a year ago to 12,769 million yen, as new orders received increased.
- ❑ For the full year, both new orders received and order backlog are also expected to increase significantly as of the end of the fiscal year compared with the previous year.



## FY 2019 Performance Highlights (2)



(mil. yen)

		FY 2018		FY 2019					
		3Q Actual	3Q (cumulative) Actual	3Q Actual	YoY change	3Q (cumulative) Actual	YoY change	Full-year progress	Full-year forecast
AP-related business	Net sales	2,460	10,293	3,789	+1,329 +54.0%	12,456	+2,163 +21.0%	68%	18,367
	Operating income	(132)	283	(53)	— (59.8%)	623	+340 +120.1%	42%	1,476
	Operating margin	(5.4%)	2.7%	(1.4%)	—	5.0%	—	—	8.0%
BP-related business	Net sales	1,612	5,482	1,722	+110 +6.8%	6,291	+809 +14.8%	67%	9,369
	Operating income	23	381	89	+66 +287.0%	386	+5 +1.3%	55%	697
	Operating margin	1.4%	7.0%	5.2%	—	6.1%	—	—	7.4%
Environment- and conveyor-related business	Net sales	601	1,699	561	(40) (6.7%)	1,914	+215 +12.7%	68%	2,803
	Operating income	146	254	174	+28 +19.2%	393	+139 +54.7%	82%	479
	Operating margin	24.3%	14.9%	31.0%	—	20.5%	—	—	17.1%
Other business	Net sales	1,048	2,942	1,350	+302 +28.8%	3,899	+957 +32.5%	76%	5,159
	Operating income	115	208	196	+81 +70.4%	644	+436 +209.6%	68%	948
	Operating margin	11.0%	7.1%	14.5%	—	16.5%	—	—	18.4%
Corporate expenses		(318)	(820)	(322)	+4	(1,005)	+185	77%	(1,303)

- ▶ AP-related business: Down 1.5% YoY, as domestic sales of maintenance service business declined, while those of products increased. Overseas net sales rose 125.4% YoY, reflecting increases in exports and net sales at Nikko Shanghai as well as the change in fiscal term. Overall net sales of the business increased 21.0%.
- ▶ BP-related business: Net sales increased 14.8% YoY, as those of products grew while those of maintenance services were unchanged from a year earlier.
- ▶ Environment- and conveyor-related business: Net sales of both environmental products and conveyors grew, increasing 12.7% YoY.
- ▶ Other business: Net sales of temporary construction equipment, crushers, and waterproof boards grew, rising 32.5%.

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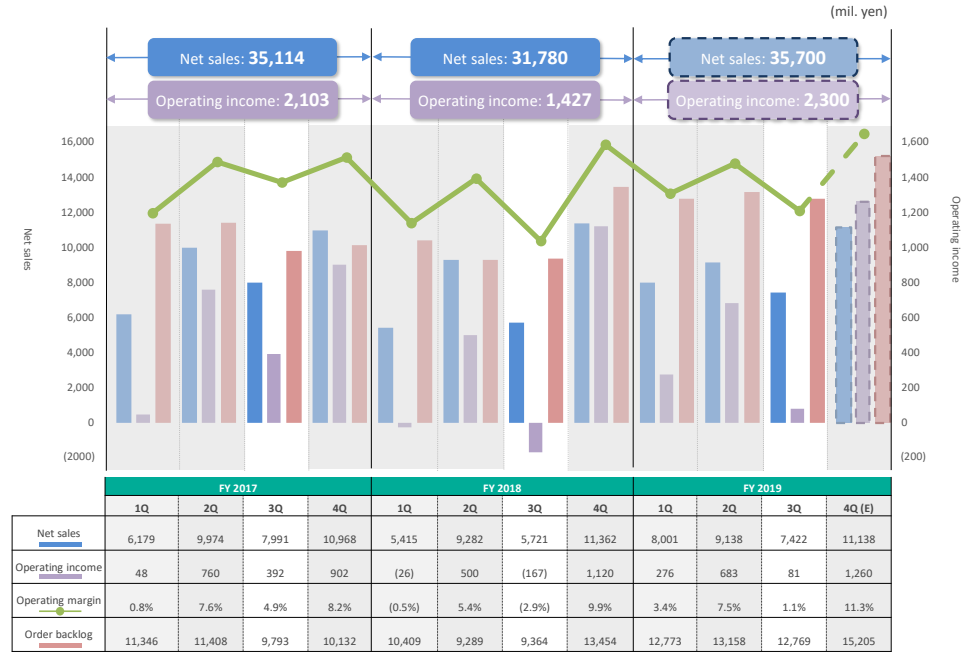
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- ❑ By segment, progress as of the end of the third quarter appears to be slightly weak against the full-year forecasts, but it is within the range of our prediction as of now, given the fact that sales and profits are usually concentrated on the fourth quarter. However, the results for the segments slightly vary.
- ❑ AP is slightly weak compared with the forecast while other and conveyor businesses have been stronger than the forecasts. BP has been roughly in line with the forecast.
- ❑ The slight weakness in AP is due to exports and maintenance service in Japan faring slightly worse than the forecasts.

## FY 2019 Performance Highlights (3)



### Quarterly net sales and operating income trends



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- ❑ This slide shows net sales, operating income, operating margin, and order backlog by quarter.
- ❑ In the third quarter of fiscal year 2019, the loss in the third quarter of the previous fiscal year turned into profit as sales increased.
- ❑ In the fourth quarter, we need to maintain the sales level roughly the same as the fourth quarter of the previous year and increase profit a little, but we still think they would be the same level as the regular year.

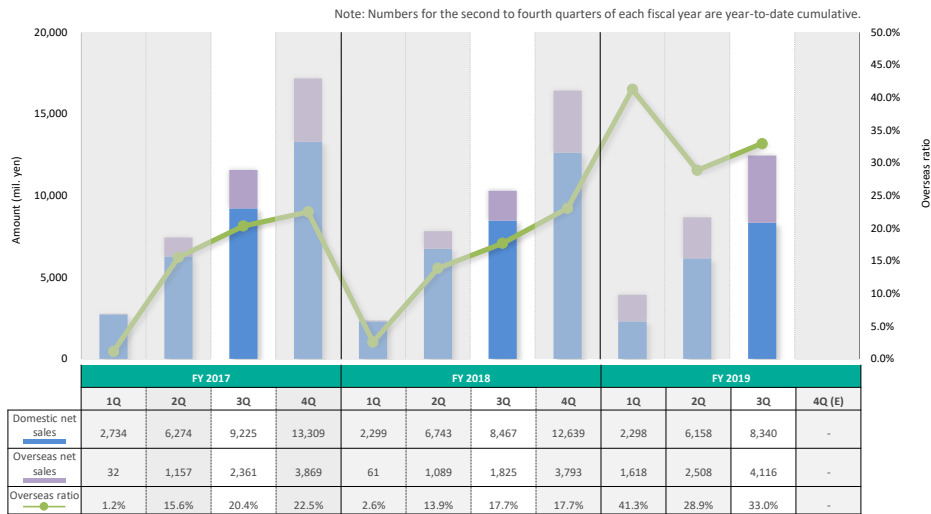
Note: Numbers for the second to fourth quarters of each fiscal year are year-to-date cumulative.



- ▶ New orders received: Domestic new orders were +1,541 mil. yen YoY, while new orders at Nikko Shanghai were +752 mil. yen YoY (12 months). Impact of the change in fiscal term of Nikko Shanghai was +417 mil. yen.
- ▶ Net sales: Increased from a year earlier for domestic plant products; Maintenance service declined from a year earlier. Net sales at Nikko Shanghai was +258 mil. yen YoY (12 months). Impact of the change in fiscal term of Nikko Shanghai was +1,438 mil. yen. Exports increased by 288 mil. yen.
- ▶ Operating income: Impact of the change in fiscal term of Nikko Shanghai was +50 mil. yen.

- ❑ In the AP-related business, orders in Japan increased about 1,500 million yen compared with a year earlier, performing strongly.
- ❑ Net sales of plant products in Japan increased but those of maintenance service declined.
- ❑ The reason for the decline in net sales of maintenance service is because we started the third quarter by putting a brake on orders for maintenance service for internal reason.
- ❑ As to this fiscal year, since we originally had order backlog of large-scale projects for AP and BP products from the beginning, we assumed that we would not be able to handle large units which require designing contents of maintenance service followed before manufacturing. This is why sales of maintenance remained slightly low through the third quarter.
- ❑ We expect to recover almost to the budget level in the fourth quarter.

## AP-related business (Japan vs. overseas)



- ▶ Japan: Domestic plant products increased from a year earlier (+15.7%). Maintenance service declined from a year earlier (-9.4%).
- ▶ Overseas: Net sales increased YoY, as one plant was sold to Russia and two to Thailand, and there were sales of burners to Taiwan.
- ▶ Nikko Shanghai: Net sales at Nikko Shanghai was +258 mil. yen YoY (12 months).

- ❑ This is a breakdown of Japan and overseas.
- ❑ Overseas, Nikko Shanghai continues to be robust. Exports rose compared with the previous net year but remained sluggish compared with the budget.
- ❑ The biggest factor is the suspended order for two plants in Indonesia.

Note: Numbers for the second to fourth quarters of each fiscal year are year-to-date cumulative.

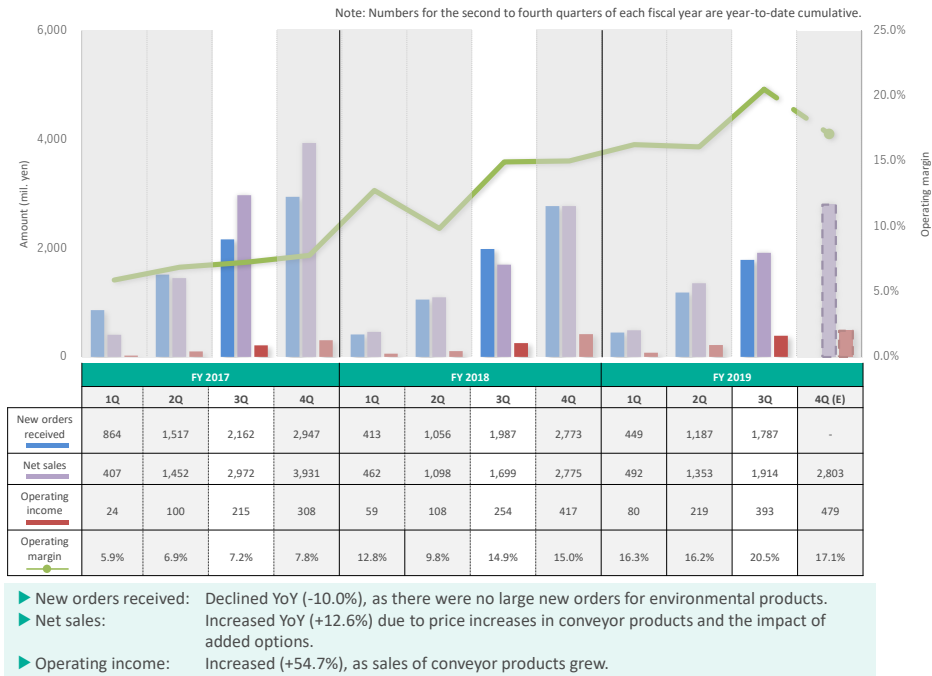


- ▶ New orders received: Increase YoY (+10.4%).
- ▶ Net sales: Increased from a year earlier for domestic plant products (+31.9%). Maintenance service was about the same level as a year earlier (+0.1%).
- ▶ Operating income: About the same level as a year earlier.

- ❑ New orders received for BP were up 10.4% year on year and net sales rose significantly by 31.9%. Maintenance service was in line with the previous year's level.
- ❑ Profit margin worsened slightly compared with the previous fiscal year and a year before that.
- ❑ As we have been explaining, in the BP business we have been following a strategy to win orders by lowering prices for major projects competing with rivals and for customers who have multiple plants in order to expand our market share.

This partially lead to the weak profit margin this time.

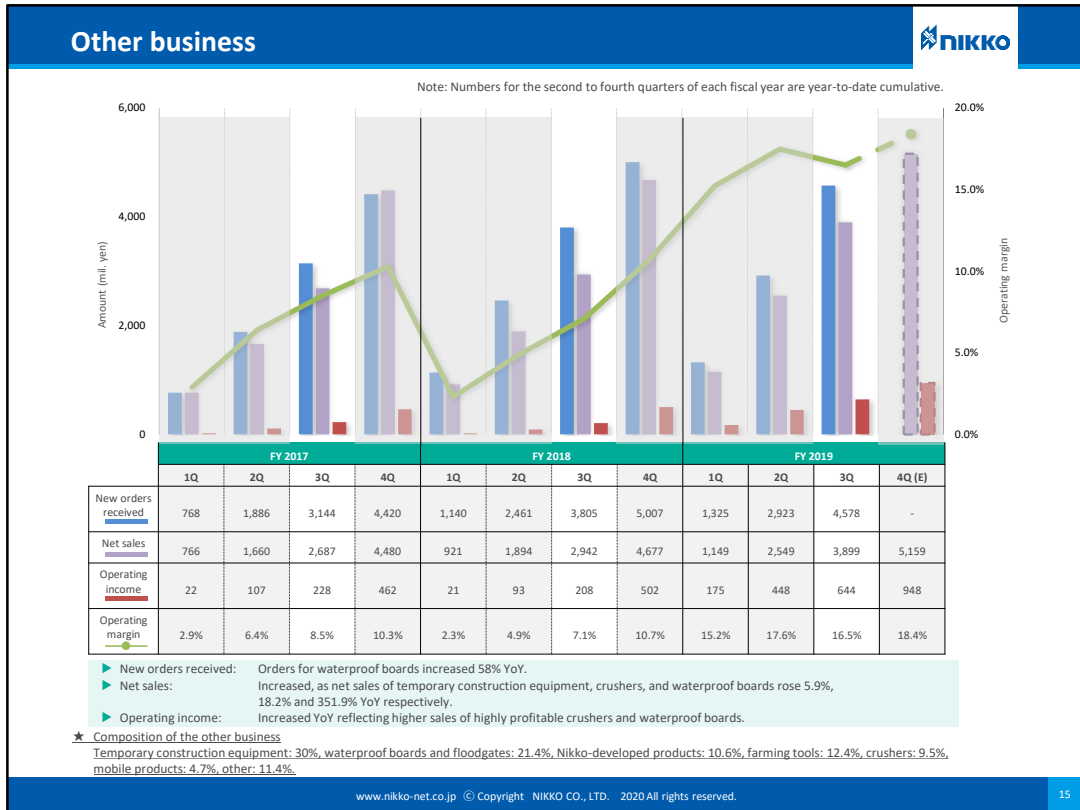
## Environment- and conveyor-related business



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- ❑ The features of the environmental and conveyor business in this fiscal year is that customers accepted price increase of conveyor products and this has contributed to profits.
- ❑ On the other hand, there are no large-scale environmental projects in this fiscal year and its contribution to the segment was small.



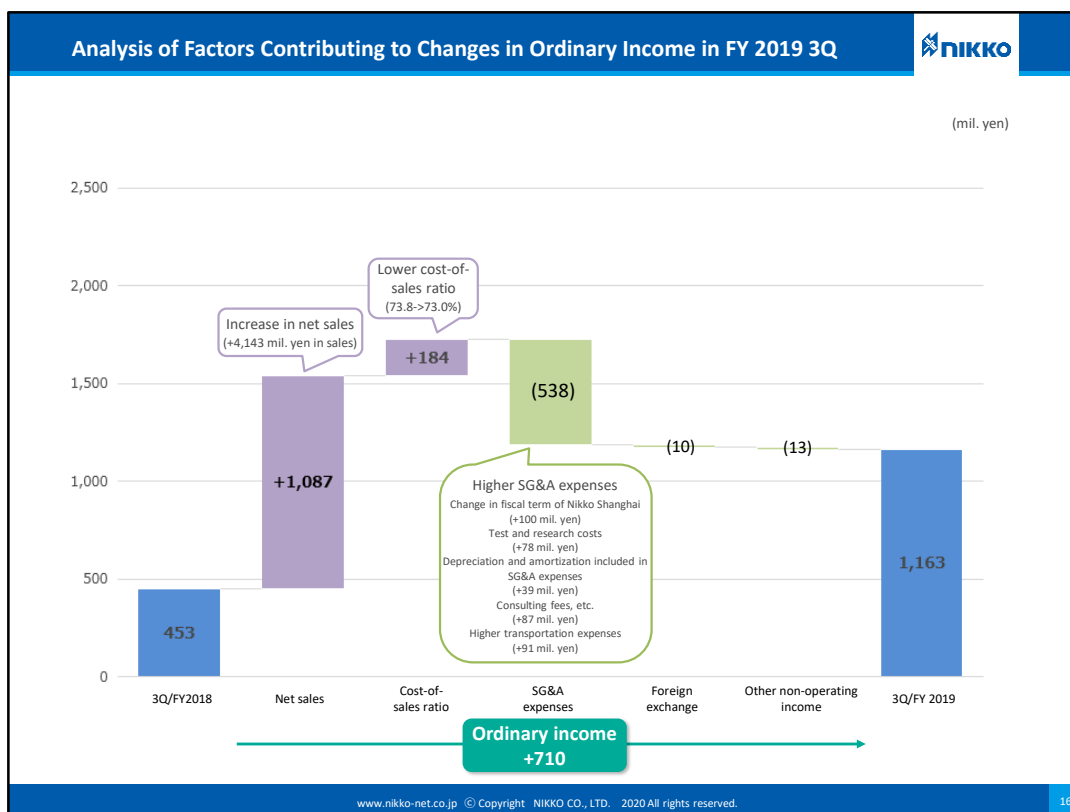
□ We received an inquiry regarding other business as to what its contents are, and we have described that at the bottom of the slide.

□ In particular, waterproof boards, temporary construction equipment, and crushers have been strong in this fiscal year.

Of these products, demand for waterproof boards has been strong, increasing drastically by 352% compared with a year earlier, probably due to the impact of flood disasters over the last two years.

□ In addition, margins of both crushers and waterproof boards are high and this has boosted operating income, which has been remaining at a high level.

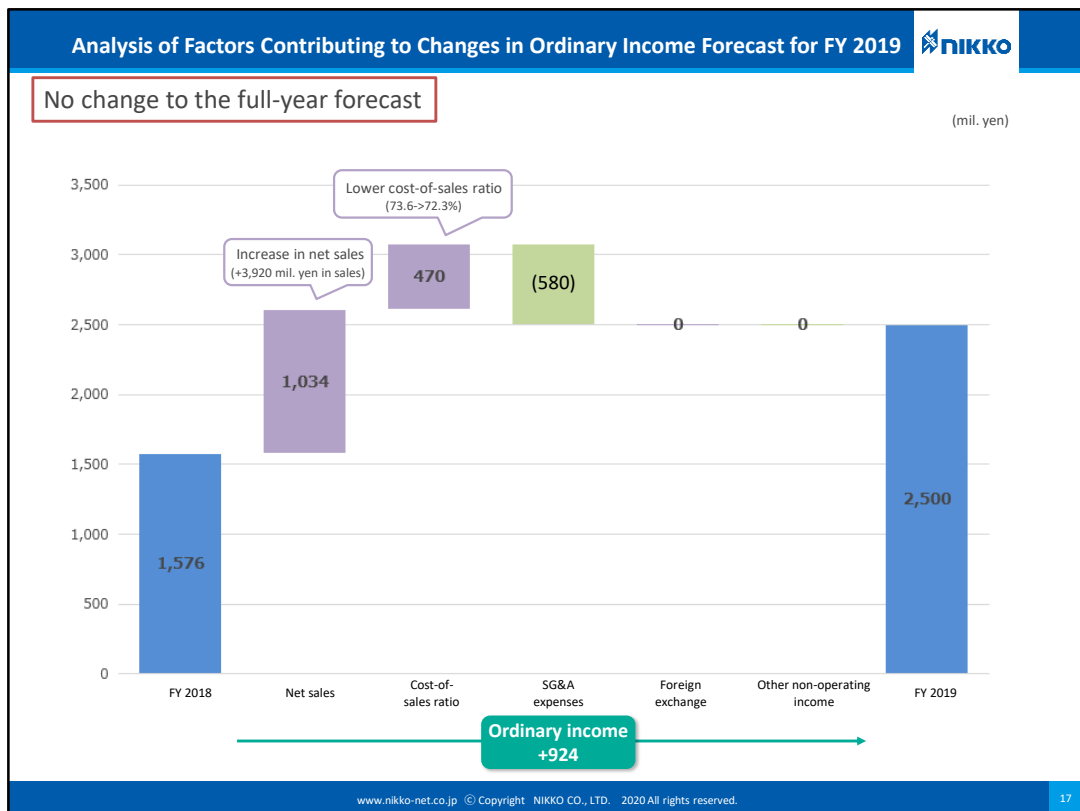
□ Every year, sales of water gates are recorded in the fourth quarter, so we expect it to end with better figures compared with the initial forecasts.



- ❑ This is an analysis of factors contributing to changes in ordinary income in the third quarter of the current fiscal year.
- ❑ In this fiscal year, the impact of profit increase from net sales will be overwhelmingly large.
- ❑ The reason of the 538 million yen increase in SG&A expenses is described here and the factors of the increase are very positive such as test and research costs, depreciation and amortization, consulting fees, and an increase in transportation expenses reflecting an increase in shipment volume.

Further, about 100 million yen in SG&A expenses is recorded for the three months due to the change in fiscal term of Nikko Shanghai.





- ❑ In full year, we expect ordinary income to increase 924 million yen compared with the previous year.
- ❑ We are expecting the impact of the increase in net sales and a decline in cost-of-sales ratio.
- ❑ A major factor for the decline in the cost-of-sales ratio is that sales of maintenance service, whose margin is high, is concentrated in the fourth quarter.

## Balance Sheet Trends

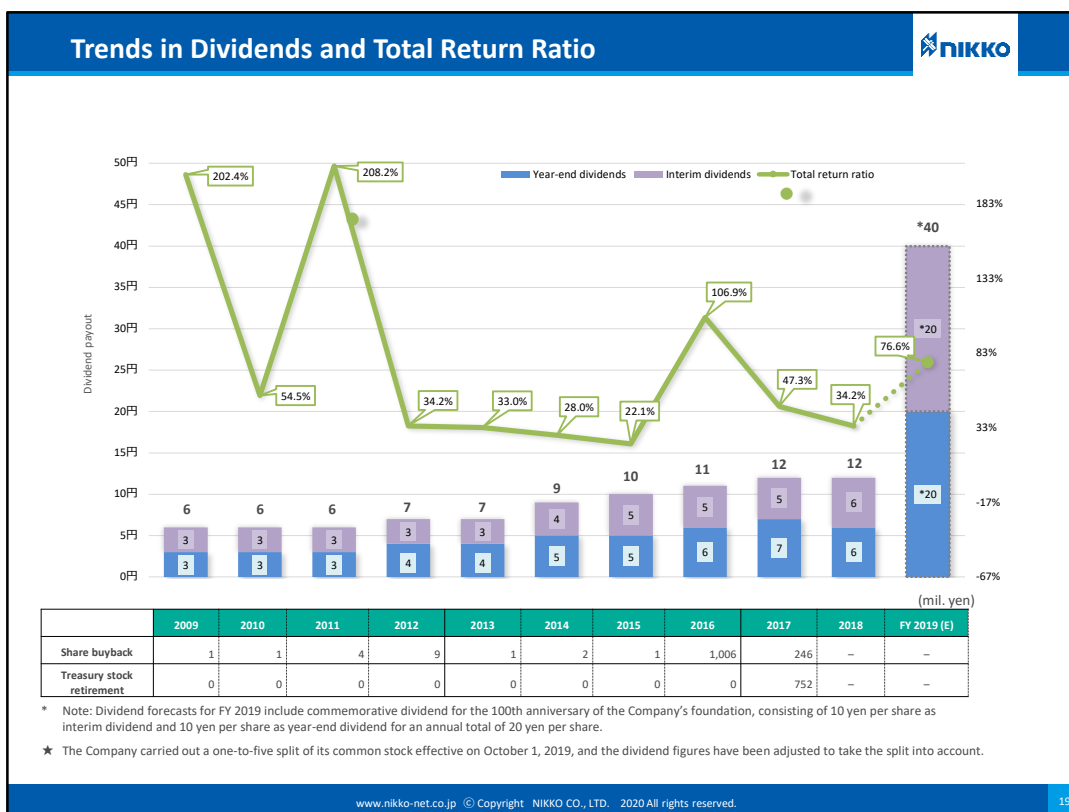


(mil. yen)

	3Q/FY2018	3Q/FY 2019	Change	Main factors in year-on-year change	
Assets	Current assets	28,897	29,616	+719	Increases: Cash and deposits +1,733 mil. yen Notes and accounts receivable-trade +813 mil. yen Finished goods and merchandise +179 mil. yen Raw materials and supplies +124 mil. yen Decrease: Electronically recorded monetary claims (824) mil. yen Work-in-progress (853) mil. yen Accounts payable (374) mil. yen
	Property and equipment	6,496	7,214	+718	Increases: Buildings and structures +339 mil. yen Land +111 mil. yen Construction in progress +160 mil. yen Deferred tax assets +141 mil. yen Decreases: Investment securities (489) mil. yen
	Intangible assets	365	387	+67	
	Investments and other assets	7,622	7,214	(1,565)	
<b>Total assets</b>	<b>43,382</b>	<b>44,433</b>	<b>+1,051</b>		
Liabilities	Current liabilities	10,822	11,125	+303	Increases: Notes and accounts payable-trade +187 mil. yen Electronically recorded monetary claims +382 mil. yen Accounts payable-factoring +583 mil. yen Decreases: Accounts payable (141) mil. yen Advanced received (723) mil. yen
	Long-term liabilities	2,928	2,920	(8)	
<b>Total net assets</b>	<b>29,631</b>	<b>30,387</b>	<b>+330</b>	Increases: Capital surplus +109 mil. yen Retained earnings +747 mil. yen Decrease: Valuation difference on available-for-sale securities (179) mil. yen Foreign currency translation adjustment (110) mil. yen Treasury stock (156) mil. yen	
<b>Net assets per share (yen)</b>	<b>773.30</b>	<b>783.75</b>	<b>+10.45</b>		

\* The Company carried out a one-to-five split of its common stock effective on October 1, 2019.  
Quarterly net income per share was calculated assuming that the split took place at the beginning of the previous fiscal year.

- ❑ This is a comparison with the balance sheet a year ago.
- ❑ Total assets increased by 1,000 million yen overall. The breakdown is, up 700 million yen in current assets and up another 700 million yen in property and equipment, while investments and other assets declined 1,500 million yen.
- ❑ There is no major change in liabilities. Net assets were up 330 million yen.
- ❑ Major factors behind the changes are described on the right. Cash and deposits increased by 1,700 million yen and the biggest reason is a decline in required operating funds and sales of strategic shareholdings.



- ❑ As for trends in dividends and total return ratio, we have announced a commemorative dividend of 20.00 yen per share and an ordinary dividend of 20.00 yen per share for an annual dividend of 40.00 yen per share for fiscal year 2019. We have paid an interim dividend of 20.00 yen per share according to the forecast and plan to pay the year-end dividend also as per forecast.
- ❑ There will be no commemorative dividend of 20.00 yen per share from the next fiscal year on.
- ❑ However, as we announced at the time of Medium-Term Management Plan presentation, we consider to double the dividend payout ratio to 60% from the next fiscal year on, compared with the roughly 30% payout ratio until now.
- ❑ We did not carry out share buyback in fiscal year 2018 nor have done it so far in fiscal year 2019.  
Our position regarding share buyback from the next fiscal year on is neutral as of now, but we believe that the environment is turning favorable for share buyback.
- ❑ Earlier, our number of shareholders was slightly above 2,000 and we were not able to reduce the number of shareholders by carrying out share buyback. However, since the number of shareholders exceeded 4,000 as of the end of September, it is no longer necessary to worry too much about the number of shareholders.
- ❑ For this reason, I think share buyback will also become one of the measures to consider for shareholder returns from the next fiscal year onwards.



# Reference Materials

## Trends in Net Sales, Profit, Cash Flows, and Other Indicators



(mil. yen)

	FY 2017				FY 2018				FY 2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	6,179	9,974	7,992	10,969	5,415	9,282	5,721	11,362	8,001	9,139	7,422
AP-related business	2,768	4,664	4,155	5,592	2,361	5,472	2,460	6,140	3,917	4,750	3,789
BP-related business	2,236	3,370	1,291	2,624	1,671	2,199	1,612	2,410	2,442	2,127	1,722
Environment- and conveyor-related business	407	1,046	1,519	959	462	636	601	1,075	492	861	561
Other business	766	894	1,027	1,793	921	973	1,048	1,734	1,149	1,400	1,350
Operating income	48	760	393	902	(26)	500	(167)	1,120	276	683	81
AP-related business	100	350	318	580	42	373	(132)	680	222	454	(53)
BP-related business	145	524	68	278	66	292	23	285	110	187	89
Environment- and conveyor-related business	24	77	115	92	59	49	146	163	80	139	174
Other business	22	85	121	234	21	72	115	294	175	273	196
Corporate expenses	(244)	(275)	(231)	(281)	(216)	(286)	(318)	(302)	(313)	(370)	(322)
Ordinary income	161	764	431	883	87	508	(142)	1,123	361	673	129
Net income attributable to owners of parent	182	561	308	439	130	434	(2)	783	270	733	(33)

Cash flow from operating activities	274				(218)				-		
Cash flow from investing activities	41				(1,021)				-		
Total dividend	232	-	191	-	267	-	229	-	229	-	775
Share buyback	245				0				0		

## Trends in New Orders Received and Order Backlog per Business Segment (Cumulative)



(mil. yen)

New orders received (cumulative)	FY 2017				FY 2018				FY 2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
AP-related business	2,803	8,254	10,572	17,182	2,787	6,501	8,137	18,884	3,575	8,419	11,196
BP-related business	1,458	4,274	6,430	9,066	1,351	3,834	5,720	8,438	1,969	4,313	6,315
Environment- and conveyor-related business	864	1,517	2,162	2,947	413	1,056	1,987	2,773	449	1,187	1,787
Other business	768	1,886	3,144	4,420	1,140	2,461	3,805	5,007	1,325	2,923	4,578
<b>Total</b>	<b>5,896</b>	<b>15,933</b>	<b>22,309</b>	<b>33,616</b>	<b>5,693</b>	<b>13,854</b>	<b>19,650</b>	<b>35,103</b>	<b>7,320</b>	<b>16,843</b>	<b>23,877</b>

End-of-term order backlog	FY 2017				FY 2018				FY 2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
AP-related business	6,391	7,178	5,341	6,359	6,784	5,027	4,203	8,808	8,466	8,561	7,548
BP-related business	2,572	2,018	2,883	2,894	2,575	2,858	3,132	3,439	2,967	3,184	3,464
Environment- and conveyor-related business	1,827	1,434	560	387	338	345	675	385	342	219	258
Other business	553	776	1,008	490	710	1,058	1,352	820	997	1,194	1,498
<b>Total</b>	<b>11,346</b>	<b>11,408</b>	<b>9,793</b>	<b>10,132</b>	<b>10,409</b>	<b>9,289</b>	<b>9,364</b>	<b>13,454</b>	<b>12,773</b>	<b>13,158</b>	<b>12,769</b>

## Trends in Capital Investment, Depreciation and Amortization, R&D Expenses, and Nonfinancial Data



(mil. yen)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 estimates
Capital investment	292	335	844	815	877	1,261	550	1,889	800
Depreciation and amortization	432	389	395	422	487	482	472	508	550
R&D expenses	239	256	295	276	227	271	291	211	300

(persons, years old, or years)

Employees (consolidated)	775	763	767	796	803	797	807	799
Average age of employees (non-consolidated)	44.2	44.7	43.3	43.1	42.2	42.3	42.2	40.9
Average years of service (non-consolidated)	21.5	21.2	20	19.3	18.2	18.5	18.3	16.0
Female employees (non-consolidated)	28	31	31	33	39	42	42	45
Number of new-graduate hires (non-consolidated)	13	15	21	21	30	17	19	15
Number of female new-graduate hires (non-consolidated)	1	0	1	3	1	2	0	0
Percentage of female hires (non-consolidated)	7.6%	0%	4.7%	14.2%	3.3%	11.7%	0%	0%
Number of foreign-national hires (non-consolidated)	1	0	6	0	0	0	1	1
Number of foreign-national employees (non-consolidated)	2	2	8	6	6	6	7	8
Foreign national employees (consolidated)	92	90	91	95	94	93	101	98
Overseas employees (consolidated)	92	90	91	95	92	91	101	98

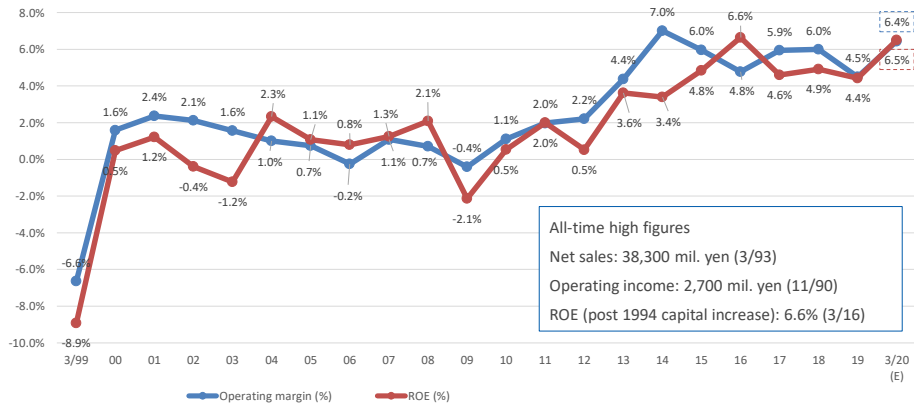
### New products for reducing environmental impact

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
New products	[Sand dryer] [High-temperature preheating burner]	[NTB-II burner]	[Newly designed bag filter]	[VP Series APs]	—	[Foamed asphalt manufacturing equipment]
Features reducing environmental impact	- Higher plant production efficiency - Energy saving	- Energy saving - Higher combustion efficiency in combustion range	- Space saving - Energy saving - Exhaust gas reduction - Low noise	- Preventing diffusion of recycled material odorous gas	—	- Support for manufacture of warm-mix asphalt

# Trend in Key Financial Data



## Operating margin and ROE



All-time high figures  
 Net sales: 38,300 mil. yen (3/93)  
 Operating income: 2,700 mil. yen (11/90)  
 ROE (post 1994 capital increase): 6.6% (3/16)

	3/99	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	3/20 (E)
Net sales	22,294	22,157	22,595	23,170	24,307	24,812	24,864	22,175	25,035	26,942	23,856	23,971	23,803	24,553	27,087	32,073	30,707	34,110	32,717	35,114	31,780	35,700
Operating income (loss)	(1,480)	352	536	492	379	248	185	(55)	271	189	(98)	265	470	541	1,186	2,249	1,832	1,629	1,944	2,103	1,427	2,300
Ordinary income	(1,290)	201	846	664	688	492	537	350	699	545	482	899	812	621	1,108	1,982	1,582	1,648	1,993	2,239	1,576	2,500
Net income (loss)	(2,151)	121	298	(93)	(284)	567	265	203	315	513	(499)	124	461	122	881	888	1,348	1,896	1,340	1,490	1,345	2,000





**Please feel free to contact us if you desire a meeting or have other requests.**

(Meetings in Tokyo are also possible.)

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- Future projections and other forward-looking statements in this material were prepared based on information currently available to the management.
  - These statements contain risks and uncertainties, such as changes in performance outlook due to the financial situation for the Company in Japan and abroad, industry trends, product demand and supply, advances in new technology, and other factors. Accordingly, investment decisions should not be made based only on the forward-looking statements in this material.
  - Note also that forward-looking statements in this material are subject to change without prior notice, except where procedures are required by law.