

**Fiscal Year 2018 (Ending March 31, 2019)**  
**2Q Financial Results Briefing Session Materials**  
**November 21, 2018**

**Nikko Co., Ltd.**  
**(Tokyo Stock Exchange Code: 6306)**

**Takahisa Nishikawa, Representative Director and President**  
**Hiroshi Fujii, Director and General Manager of the Finance Dept.**

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- ▶ **Disclosing additional explanation materials when announcing financial results**
- ▶ **Preparing and disclosing financial results briefing session materials (in English)**
- ▶ **Disclosing explanatory materials with explanatory statements attached**
- ▶ **Preparing and disclosing Q&A for financial results briefing sessions**
- ▶ **Holding 1Q and 3Q conferences**
- ▶ **Publication of the corporate report in Japanese and English by an outside company**
- ▶ **Oct 22: NIKKO Messe 2018, an exhibition of new products for investors and security analysts**

# Company Overview

## Company Overview (1)

■ Name:	Nikko Co., Ltd.
■ Head office:	1013-1, Eigashima, Okubo-cho, Akashi, Hyogo Prefecture
■ Established:	August 13, 1919
■ Capital:	9,197 million yen (as of March 31, 2018)
■ Consolidated net sales:	35,114 million yen (FY 2017)
■ Consolidated operating income:	2,103 million yen (FY 2017)
■ Ratio of net sales outside Japan:	11.7% (FY 2017)
■ Subsidiaries:	7 (FY 2017)
■ Employees (consolidated):	807 (as of March 31, 2018)
■ Governance structure:	Company with Board of Corporate Auditors Directors: 7, of which 2 are outside directors Corporate auditors: 4, of which 3 are outside auditors (as of March 31, 2018)

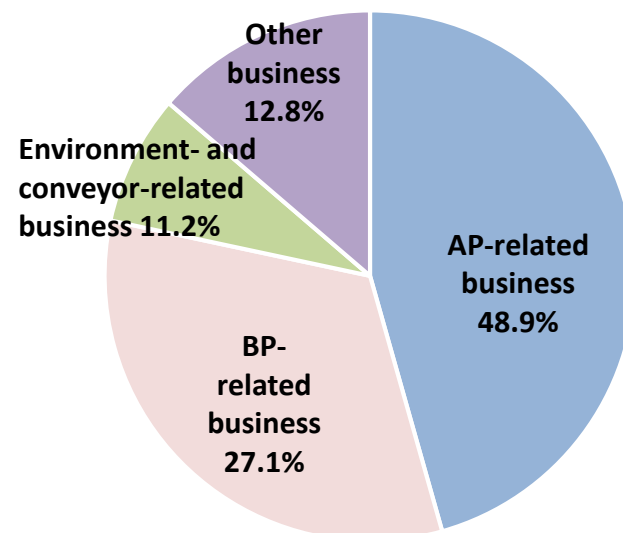


取締役社長 西川 貴久

### Management Philosophy

Adopting a customer-first policy, the Nikko Group provides customers with truly satisfactory products and services, while continually promoting self-reform aimed at winning broad trust and fulfilling our mission as a solutions partner evolving with customers.

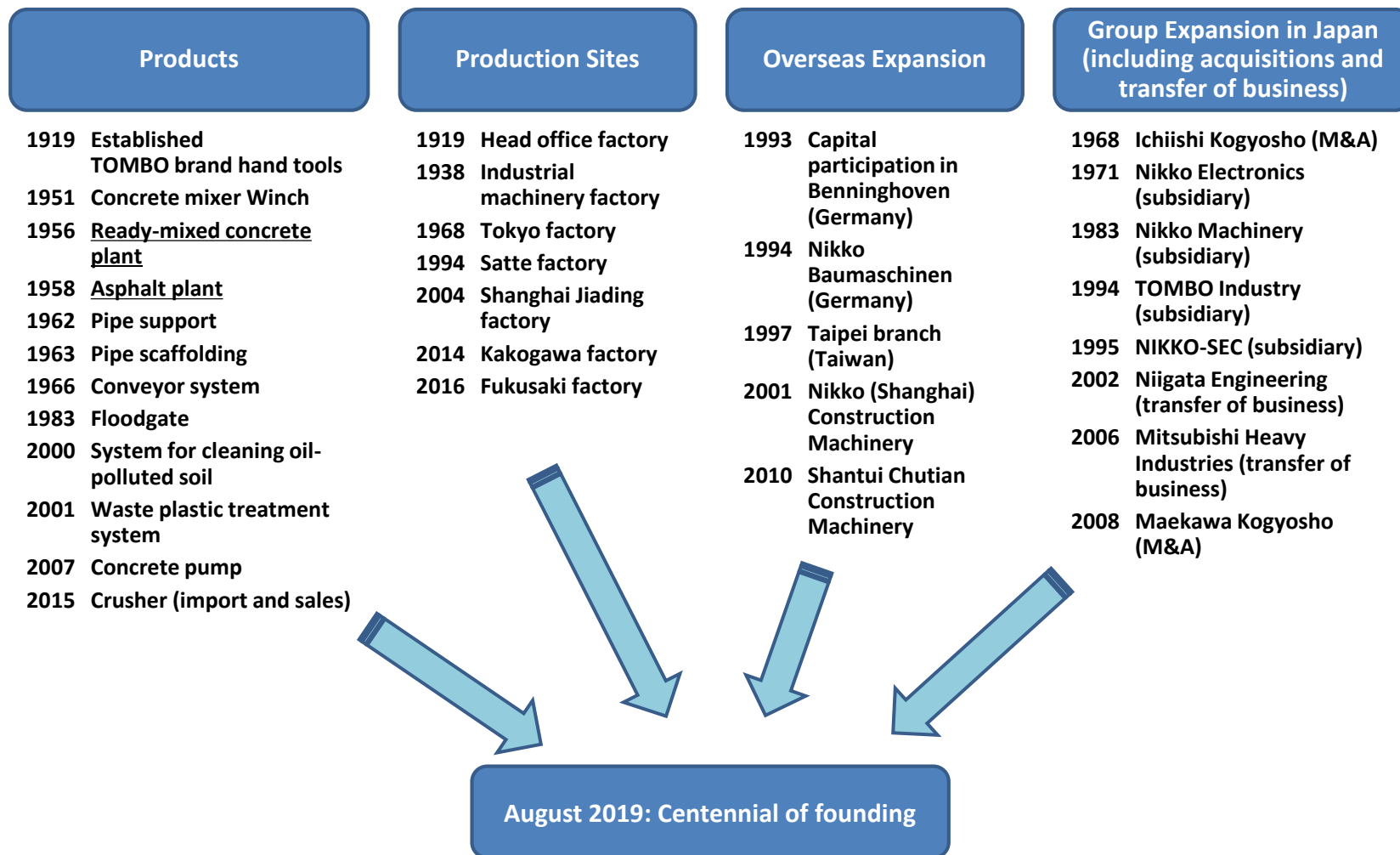
Net sales breakdown by business segment (FY 2017)



\* AP: Asphalt plant  
BP: (Concrete) batching plant

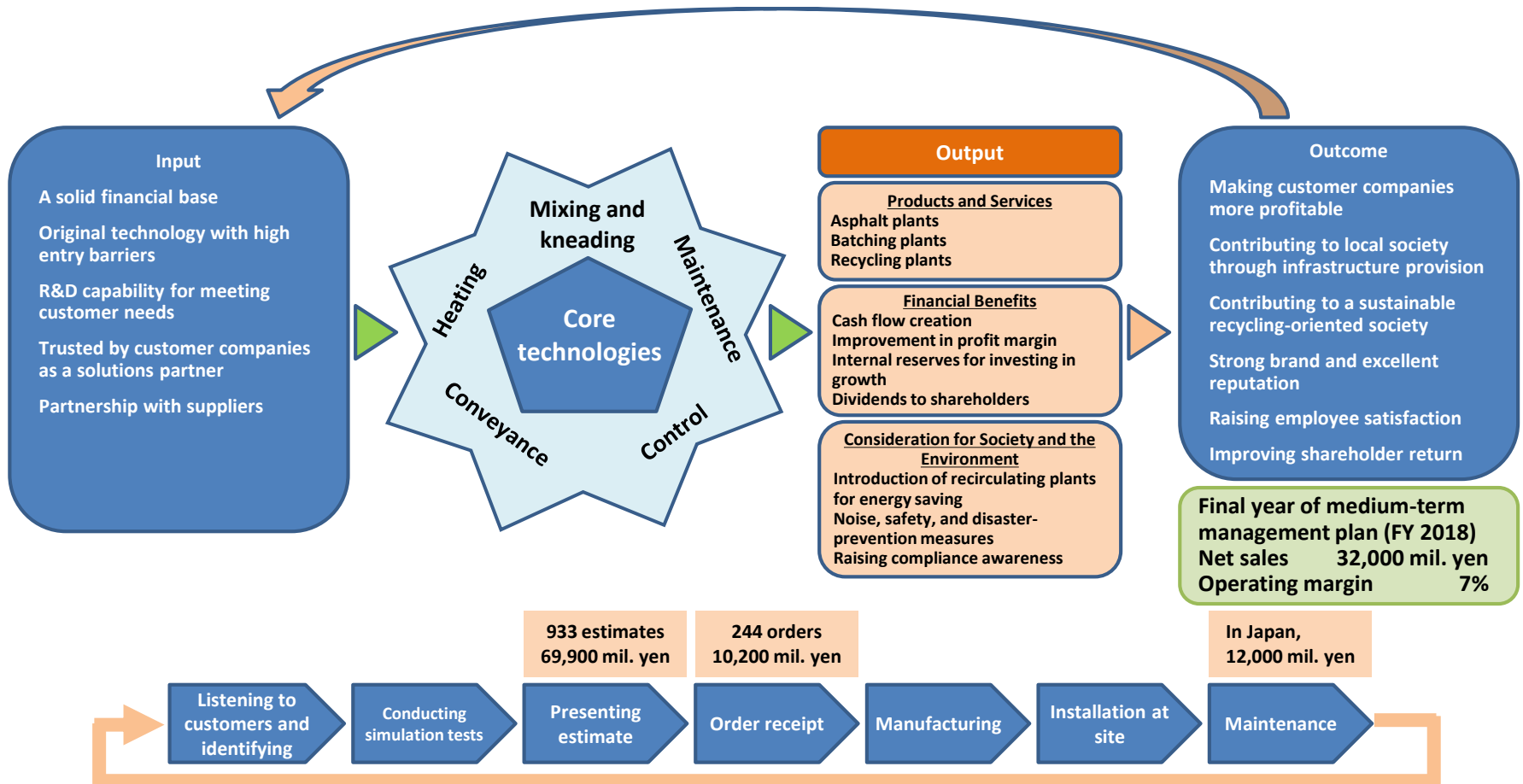
## Company Overview (2)

### History



## Nikko's Business Model

A century of providing machines that build cities.  
Contributing to the establishment of a recycling-oriented society.



Estimates, orders, and maintenance are actual results for FY 2017 (Nikko non-consolidated)

# **FY 2018 1H Business Climate and Medium-Term Management Plan**



## FY 2018 1H (Apr-Sep) Business Climate

### FY 2019 1H Results

1H (Apr-Sep)	Actual	Year-on-year change
• Net sales	14,697 mil. yen	(1,456) mil. yen / (9.0)%
• Operating income	474 mil. yen	(334) mil. yen / (35.6)%
• Net income	564 mil. yen	(179) mil. yen / (24.1)%

Sales of domestic BP products were lower than the previous year. As for AP sales, domestic and Chinese sales rose compared with a year earlier, while exports to ASEAN and Russia fell significantly.

Sales of maintenance service increased for AP and slightly declined for BP. New orders received fell for both AP and BP.

### Business climate and operation policy

#### AP-related business

FY 2018 Apr-Sep asphalt mixture production volume	16.76 mil. tons (down 5.1% year on year)
Virgin mixture	4.02 mil. tons (down 3.1% year on year)
Recycled mixture	12.73 mil. tons (down 5.7% year on year)

\*Recycled mixture ratio: 76.0% Source: Japan Asphalt Mixture Association

Demand for asphalt plants was 28 units (incl. 14 recycling units)  
(FY 2017 1H: 25 units [incl. 16 recycling units]) Study by Nikko

#### BP-related business

FY 2018 Apr-Sep ready-mixed concrete shipment volume was 41.40 mil. m<sup>3</sup> (down 0.8% year on year)

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

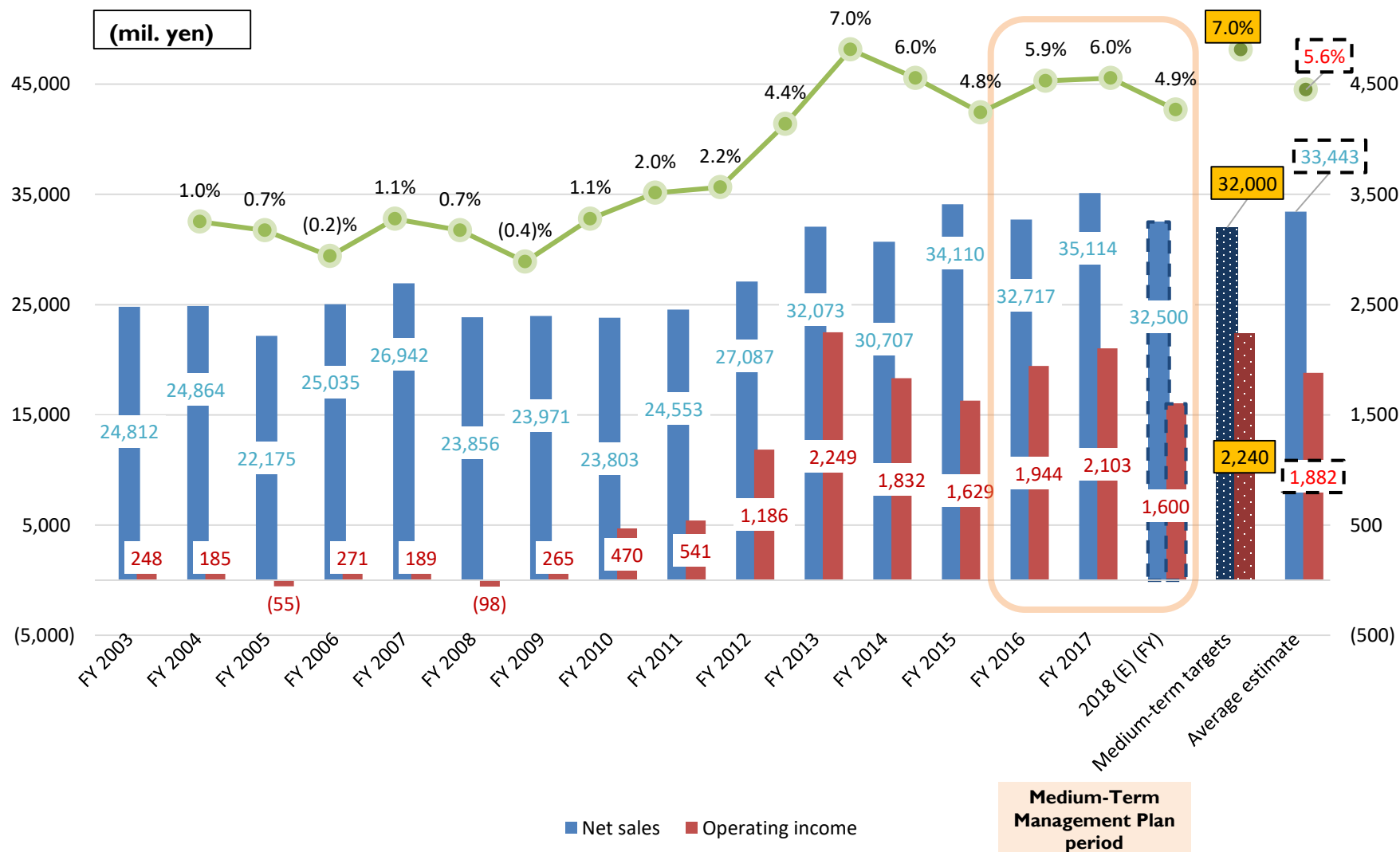
Demand for concrete plants was 26 units (36 units a year ago), or 10,800 mil. yen (11,800 mil. yen a year ago).

Source: Japan Construction Equipment Manufacturers Association's Concrete Plant Subcommittee

Full-year capital investment plans of domestic AP customers are in line with FY 2017 and the business climate in China is as good as the previous year.

We will continue to follow up by analyzing investment estimates of visitors to NIKKO Messe 2018 held from Oct 22 to Nov 2.

## Current Medium-Term Management Plan (FY 2016-18)



## Current Medium-Term Management Plan (FY 2016-18)

### Stabilization of domestic core businesses

Formulating product plans linking to demand, to raise customer value in Japan and overseas

**Product development aimed at encouraging investment in small to midsize asphalt plants**

- Improve appearance so product can be shown off proudly
- Convert to structure easier to maintain
- Improve ease of device unit replacement

**Enabling plant operation with fewer workers  
Development of control functions**

- Develop automated operations console for one-man AP control
- Enhance BP maintenance and management functions (Upgrade operations console)

**Development of new mixer for BP**

- Pursue mixing and kneading functions from new perspective (Aim for development in two years after structural studies and repeated testing)

**Development of small mobile (vehicle-mounted) BP for construction work and disaster recovery**

- Number of plants is assumed to decline with factory consolidation (Aim for development in one year)

Created Value Pack (VP) Series, our flagship asphalt plant brand

Total of 5 units, including FY 2018 plans, worth 1,340 mil. yen

Actual product was displayed at NIKKO Messe 2018

Development of new AP operation console and new BP operation console were completed

Available since May 2018  
Actual product was displayed at NIKKO Messe 2018  
Continued with development of automated operation console for one-man AP control

Development of new mixer was completed

Prototype was displayed at NIKKO Messe 2018

To conduct test from FY 2019 for making it a product

Actual product was displayed at NIKKO Messe 2018

## Current Medium-Term Management Plan (FY 2016-18)

### Japan: Growth strategies

Creating new product value by merging the core technologies and strengths of each business

#### Entry into other business areas of conveyance and environment

- Merging core technologies, develop equipment able to handle multiple kinds of materials

#### Promotion of crusher business

- Develop primary crushers
- Strengthen engineering capability for crushing technologies
- Promote investment proposals including mobile crushers

#### Promotion of product business with a view to tunnel work

- Develop equipment for discharging, backfilling, and solidifying dirt
- Develop BP for tunnels and surface scraping equipment for maintenance

#### Business promotion aimed at becoming a comprehensive thermal processing manufacturer

- Acquire high-temperature processing technology including incineration furnace technology, and develop products

Tied up with a leading engineering company to deliver 900 million yen worth of equipment to a steel works using core technologies for heating

Repeat inquiries from the customer for overseas installation

Internal manufacturing of impact crusher was accomplished

Actual product was displayed at NIKKO Messe 2018

SEC engineering method

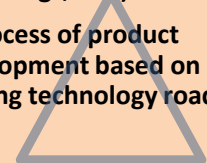
Completed performance testing of ultra-strong fiber-reinforced concrete mixing and kneading

Development of Mobix and BP for tunnels was completed

Actual product was displayed at NIKKO Messe 2018

Improved functionality of existing products (recycling dryer, bags, etc.)

In process of product development based on heating technology road map



## Current Medium-Term Management Plan (FY 2016-18)

### Overseas: Growth strategies

Formulating product plans linking to demand, to raise customer value in Japan and overseas

**Development of new products that match the needs of the target countries in Southeast Asia, and of new sales channels**

**Increasing sales in Chinese market**

- Expand sales of recycling equipment and energy-saving products
- Introduce equipment to raise production volume of core products
- Hire and train sales personnel to expand sales

**Acquiring and training personnel to strengthen maintenance business in countries where we are active**

- Build readiness, including by newly dispatching service personnel

**Looking for new production sites**

- Select areas where proper cost and quality management are possible
- Gather information widely, including through tie-ups with Japanese companies doing business in our target countries

Completed mobile plant development and producing locally in Thailand

Obtained services of 1 sales agent in Indonesia

Obtained services of 2 production sites in Thailand

Obtained services of casting factory in Malaysia

From 13 AP in FY 2015 to 18 in FY 2017 (of which 4 environmentally friendly urban type and 6 with recycling functions)

Net sales increase 1.5x from 2,100 to 3,300 mil. yen (FY 2017)

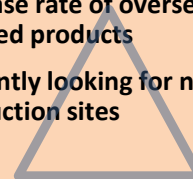
FY 2018 forecast: 3,570 mil. yen

Hired 1 person each from Taiwan, Vietnam and Malaysia



Obtained services of Malaysian casting firm to increase rate of overseas-sourced products

Currently looking for new production sites



## NIKKO Messe 2018 (from Oct 22 to Nov 2)

### <Goals>

1. **Compilation of 2016-2018 Medium-Term Management Plan**  
An event commemorating 100th anniversary
2. **Showcase our innovative spirit based on continuous development of new products**
3. **Expand sales of new products and propose new business models**  
(e.g. recycling burner + crusher; remote maintenance linked with new operation console)
4. **Improve ability to explain, primarily in young employees, and gather customer needs**

### <Outcome>

**AP ValuePack inquiries** Scheduled in 2019 1 unit 450 mil. yen  
Scheduled in 2020 1 unit 450 mil. yen

**Asphalt crusher** Promotion using actual product of a major user  
600 units in the Japanese market  
(incl. target of 500 units; annual demand is 15 to 20 units)  
Setting 2 units a year as an initial target, 50% of dynamic share early on

**BP** Promoted new operation console and alliance with new customer support center (CSC) to users of products of other companies  
Showcased the upgraded operation console  
A foothold for increasing the market share by replacing operation consoles of other companies, mixers and Nikko-made plant body

### Number of visitors

Number of visitors	Existing business	New	Total
AP	355	46	401
BP	202	35	237
Environment- and conveyor-related	90	4	94
Other business	77	5	82
Sales agents' association	149	—	149
Overseas	64	—	64
<b>Total</b>	<b>937</b>	<b>90</b>	<b>1,027</b>
Cooperating engineering shops	123	—	123
Suppliers	95	5	100
Investors, security analysts, individual shareholders, media, etc.	—	—	100

### Number of items on display

<b>AP-related business</b>	<b>6</b>
<b>BP-related business</b>	<b>8</b>
<b>Maintenance service</b>	<b>10</b>
<b>Environment- and conveyor-related</b>	<b>7</b>
<b>Mobile products</b>	<b>5</b>
<b>Other business</b>	<b>14</b>
<b>Total</b>	<b>50</b>



# FY 2018 1H (Apr-Sep) Results

## FY 2018 1H Performance Highlights (1)

(mil. yen)

	FY 2017		FY 2018				
	1H Actual	Full year Actual	1H Actual	YoY change	YoY change (%)	1H forecast (initial)	Full-year forecast (revised)
Net sales	16,153	35,114	14,697	(1,456)	(9.0)%	16,000	32,500
Operating income	808	2,103	474	(334)	(41.4)%	950	1,600
Operating margin	5.0%	6.0%	3.2%	—	—	5.9%	4.9%
Ordinary income	925	2,239	595	(330)	(35.6)%	1,050	1,750
Net income attributable to owners of parent	743	1,490	564	(179)	(24.1)%	750	1,400
New orders received	15,933	33,616	13,854	(2,079)	(13.0)%	16,000	32,500
Order backlog	11,409	10,132	9,289	(2,120)	(18.6)%	10,132	10,132

(yen)

Exchange rate (EUR/JPY)	132.21	127.19	130.62	(1.59)	—	130.00	130.00
Exchange rate (RMB/JPY)	16.90	16.63	17.00	+0.10	—	17.00	16.50

Operating income declined 334 mil. yen to 474 mil. yen due to sales decline (down 1,500 mil. yen year on year) of the domestic BP-related business and higher SG&A expenses (up 100 mil. yen year on year). Cost-of-sales ratio improved 1.3% thanks to lower outsourcing cost, etc.

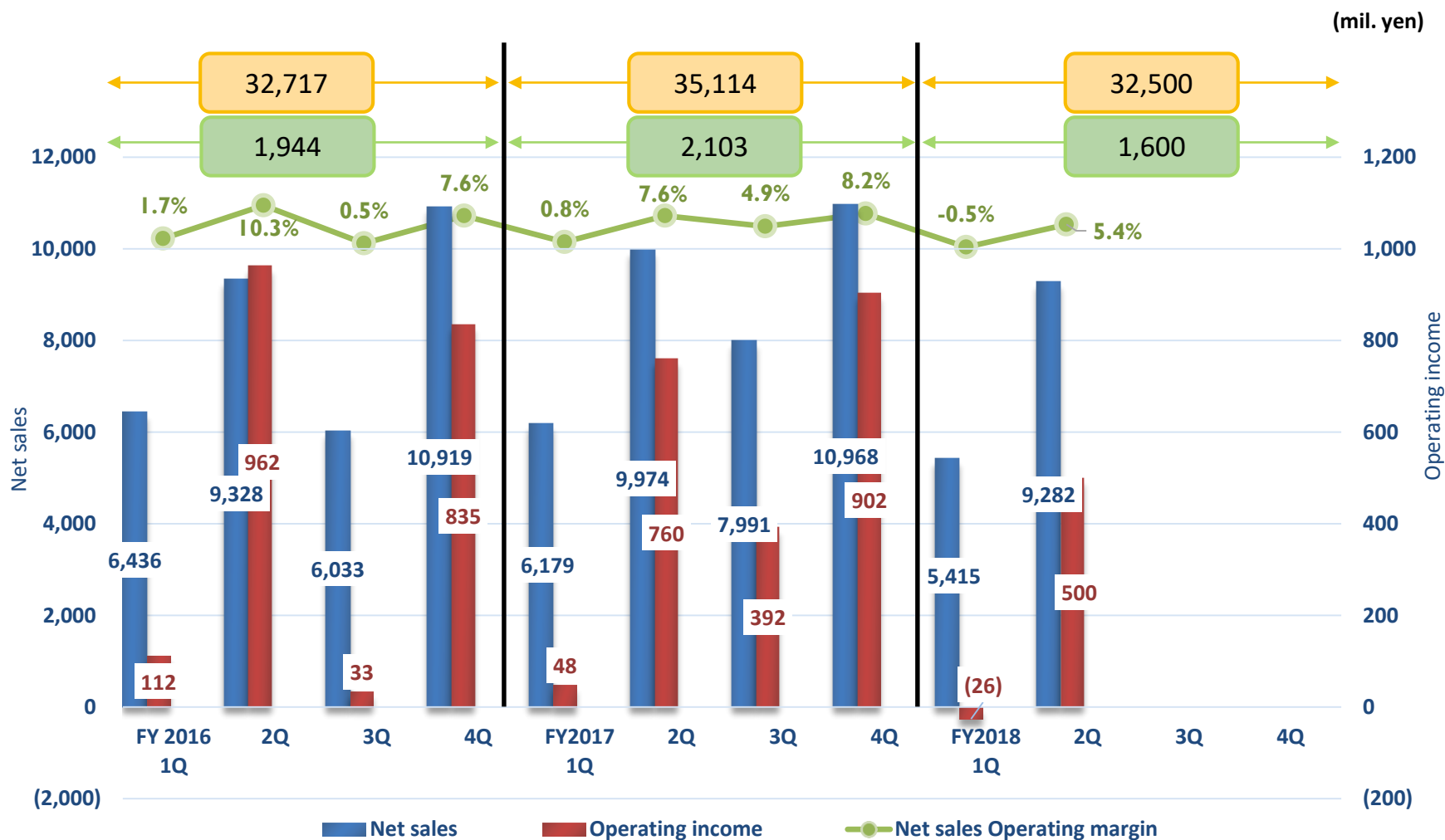


## FY 2018 1H Performance Highlights (2)

(mil. yen)

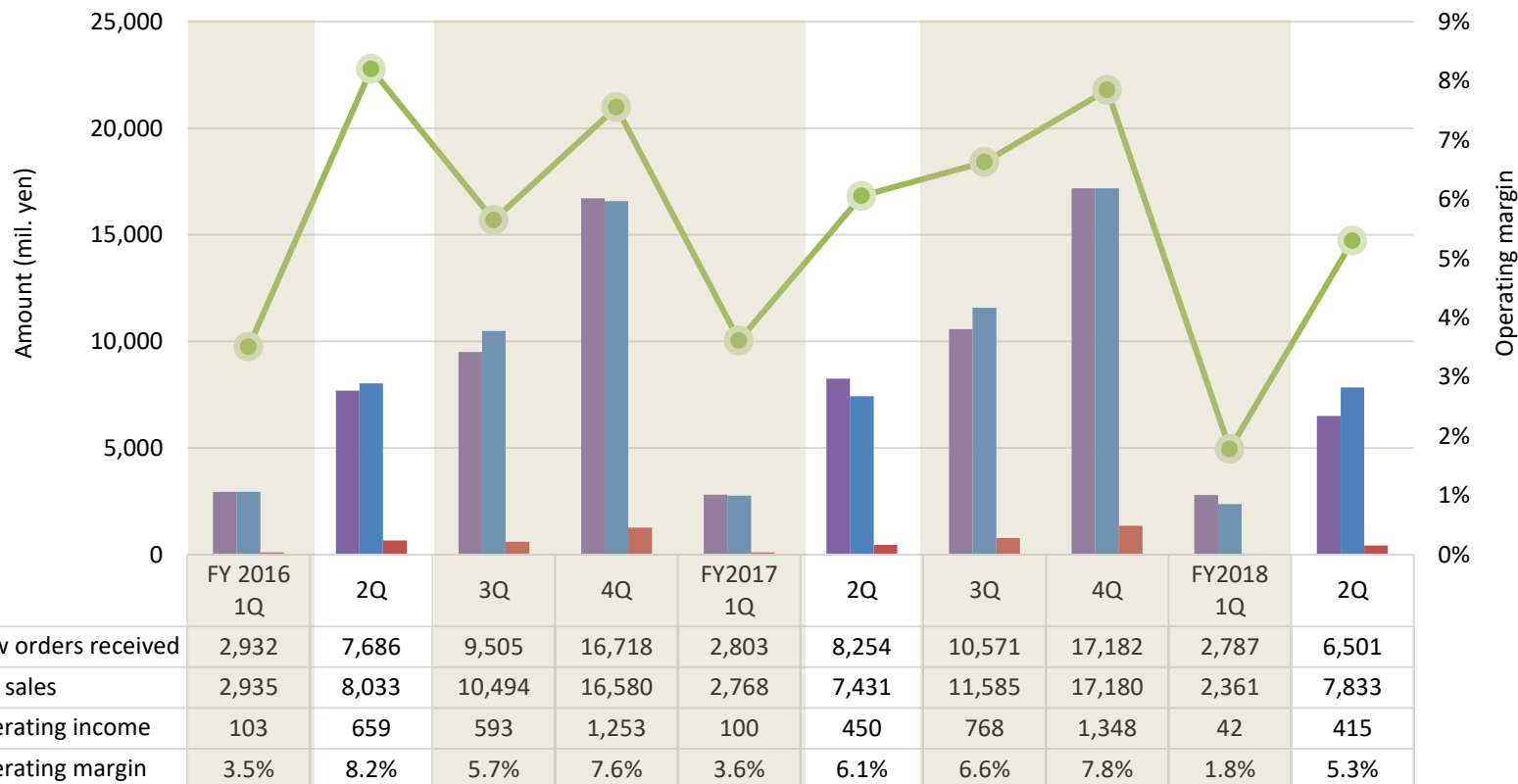
		FY 2017		FY 2018			
		1H Actual	Full year Actual	1H Actual	YoY change	1H forecast (initial)	Full-year forecast (revised)
Asphalt plant-related business	Net sales	7,432	17,179	7,833	+401 105.4%	8,800	16,800
	Operating income	450	1,348	415	(35) 92.2%	750	1,100
	Operating margin	6.1%	7.8%	5.3%	—	8.5%	6.5%
Concrete plant-related business	Net sales	5,606	9,521	3,870	(1,736) 69.0%	4,200	8,100
	Operating income	669	1,015	358	(311) 53.5%	420	740
	Operating margin	11.9%	10.7%	9.3%	—	10.0%	9.1%
Environment- and conveyor-related business	Net sales	1,453	3,931	1,098	(355) 75.6%	1,300	2,800
	Operating income	101	308	108	+7 106.9%	130	300
	Operating margin	7.0%	7.8%	9.8%	—	10.0%	10.7%
Other business	Net sales	1,660	4,480	1,894	+234 114.1%	1,700	4,800
	Operating income	107	462	93	(14) 86.9%	170	480
	Operating margin	6.5%	10.3%	4.9%	—	10.0%	10.0%
Corporate expenses		(519)	(1,031)	(502)	—	(520)	(1,020)

## Quarterly net sales and operating income trends



## Asphalt Plant-Related Business

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



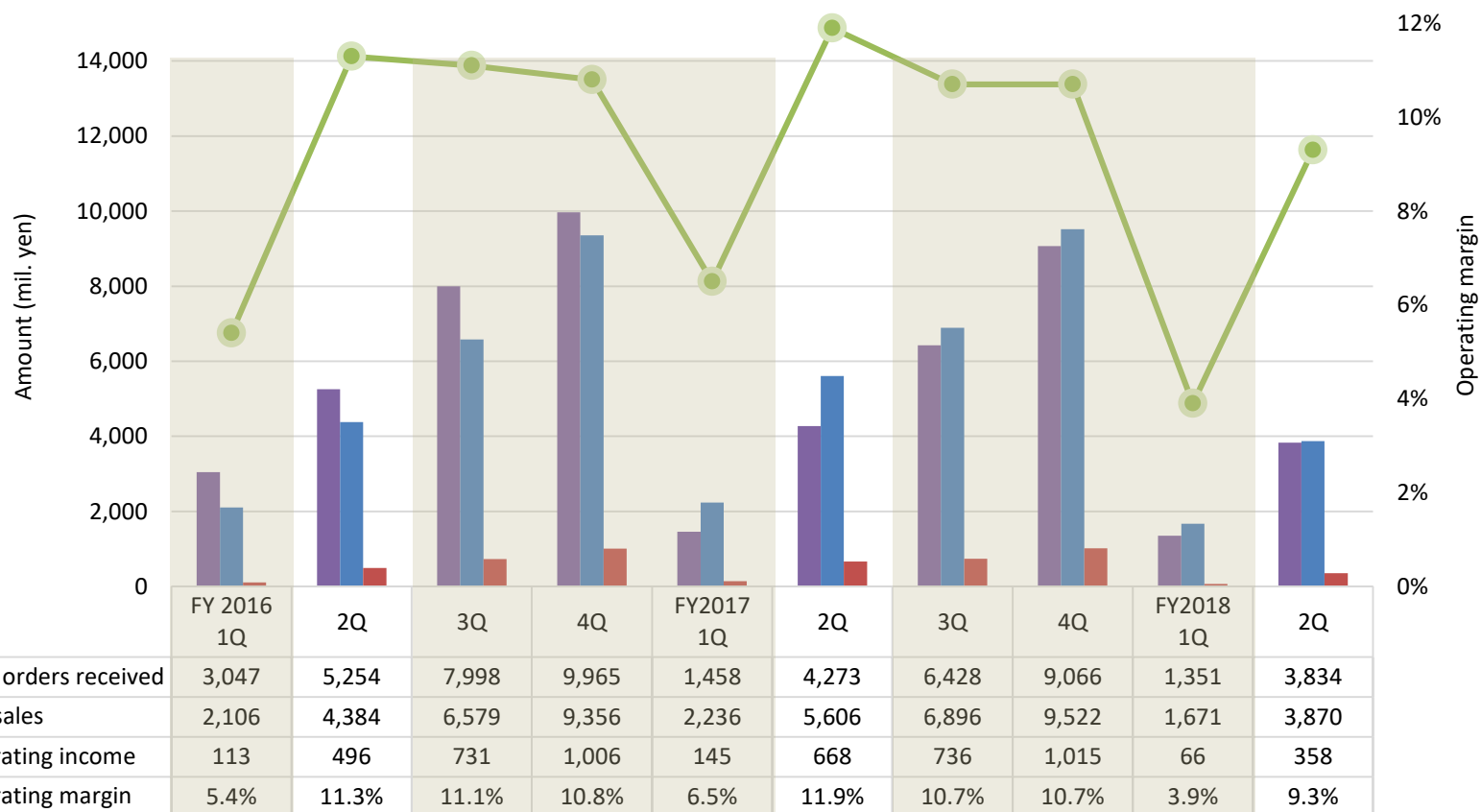
**New orders received:** Declined year on year as expected domestic orders were delayed into 2H. Overseas, there were deferring and delays in progress due to the foreign exchange situation and policy changes in the target countries.

**Net sales:** Initial order backlog of plant products in Japan was high and exceeded the level in the same period a year ago. Maintenance also exceeded the level in the same period a year ago.

**Operating income:** Overseas, other than China, saw a significant decline (down 700 mil. yen). Domestic sales of both plant products and maintenance service exceeded the levels in the same period a year ago, but exports and sales in China were lower than the same period a year ago.

## Concrete Plant-Related Business

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



**New orders received:** Declined compared with the same period a year earlier due to delay in order receipt timing.

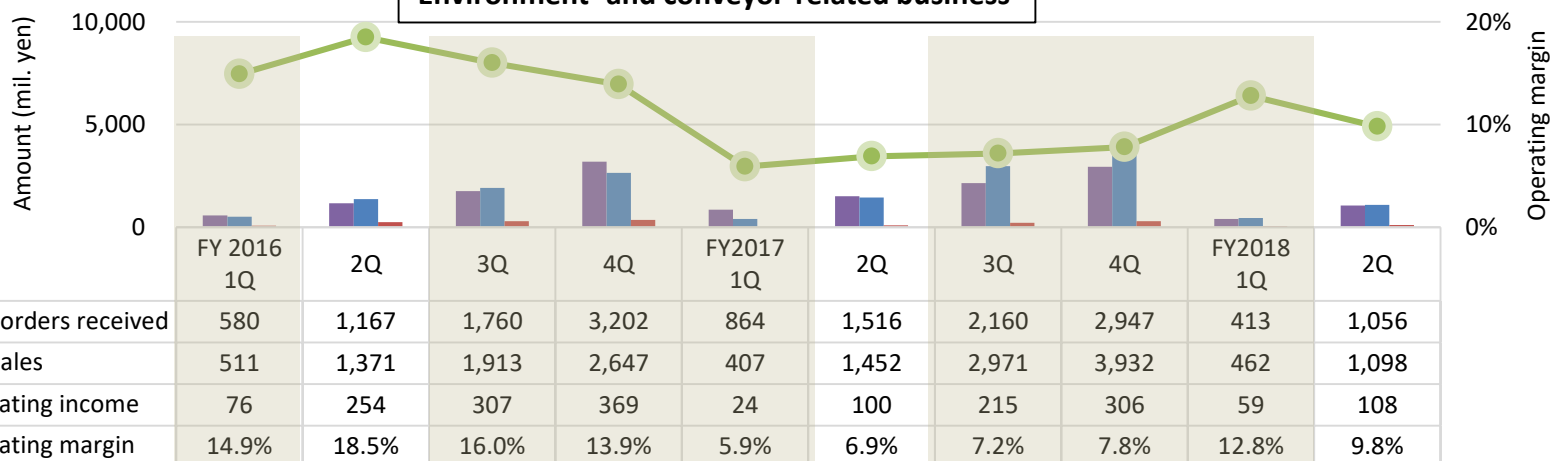
**Net sales:** Declined compared with the same period a year earlier, as order backlog was low as of the end of FY 2017.

**Operating income:** Declined year on year due to sales decline.

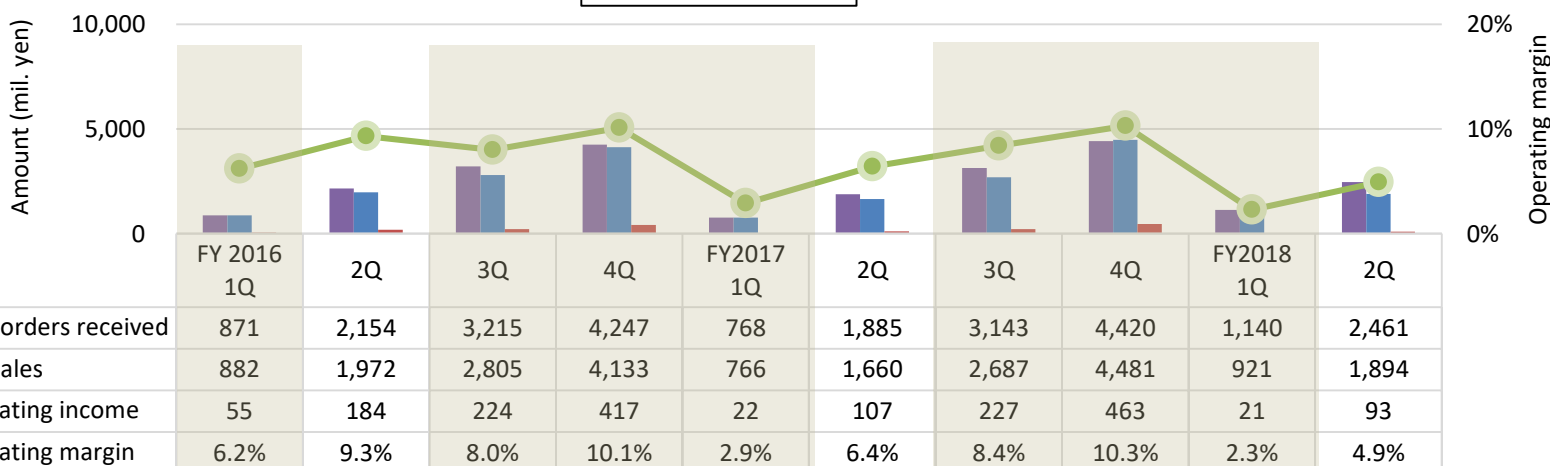
## Environment- and Conveyor-Related, and Other Businesses

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

### Environment- and conveyor-related business

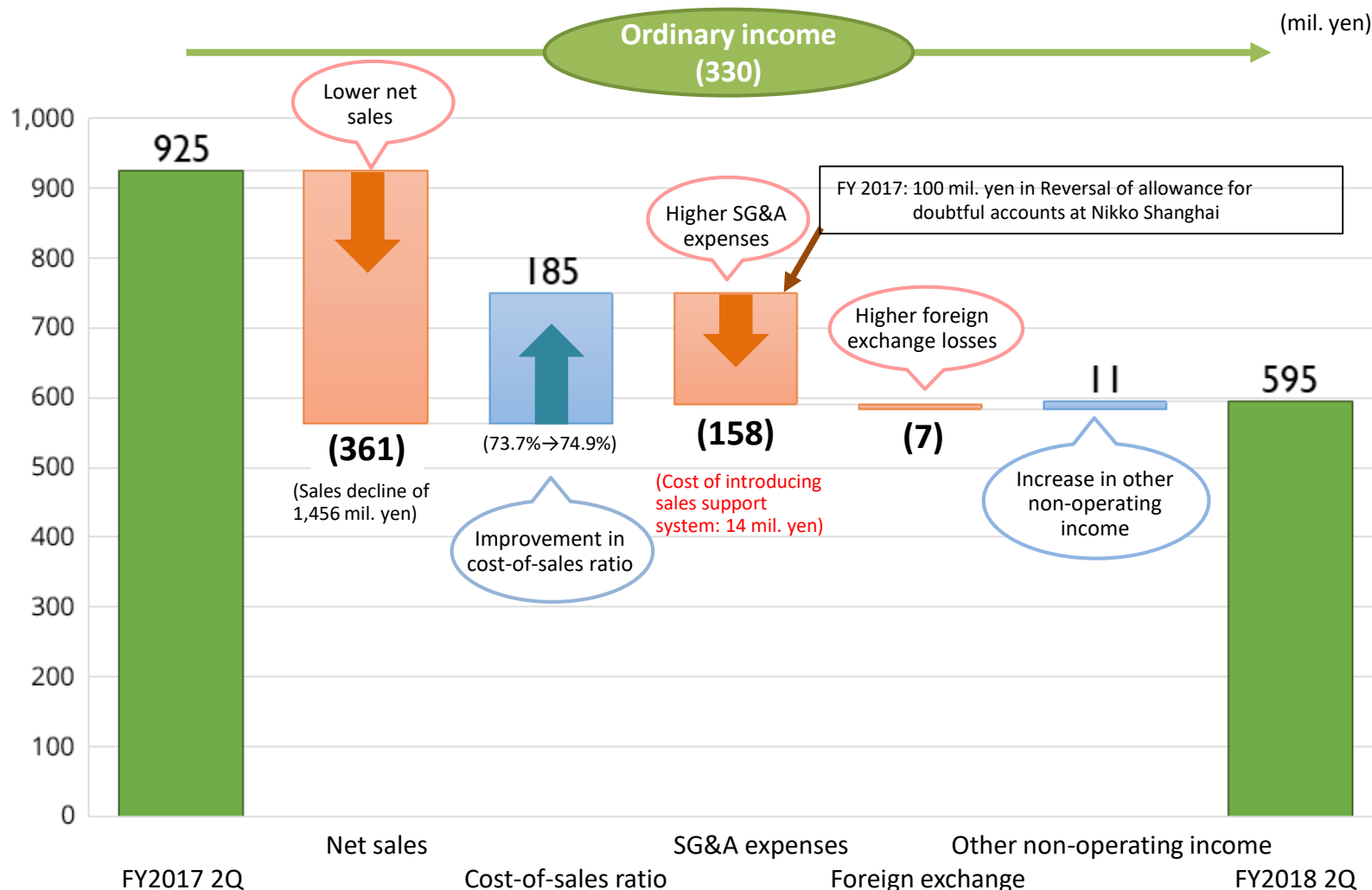


### Other business



## Analysis of FY 2018 2Q Ordinary Income Change Factors

### Analysis of factors contributing to changes in FY 2018 2Q ordinary income

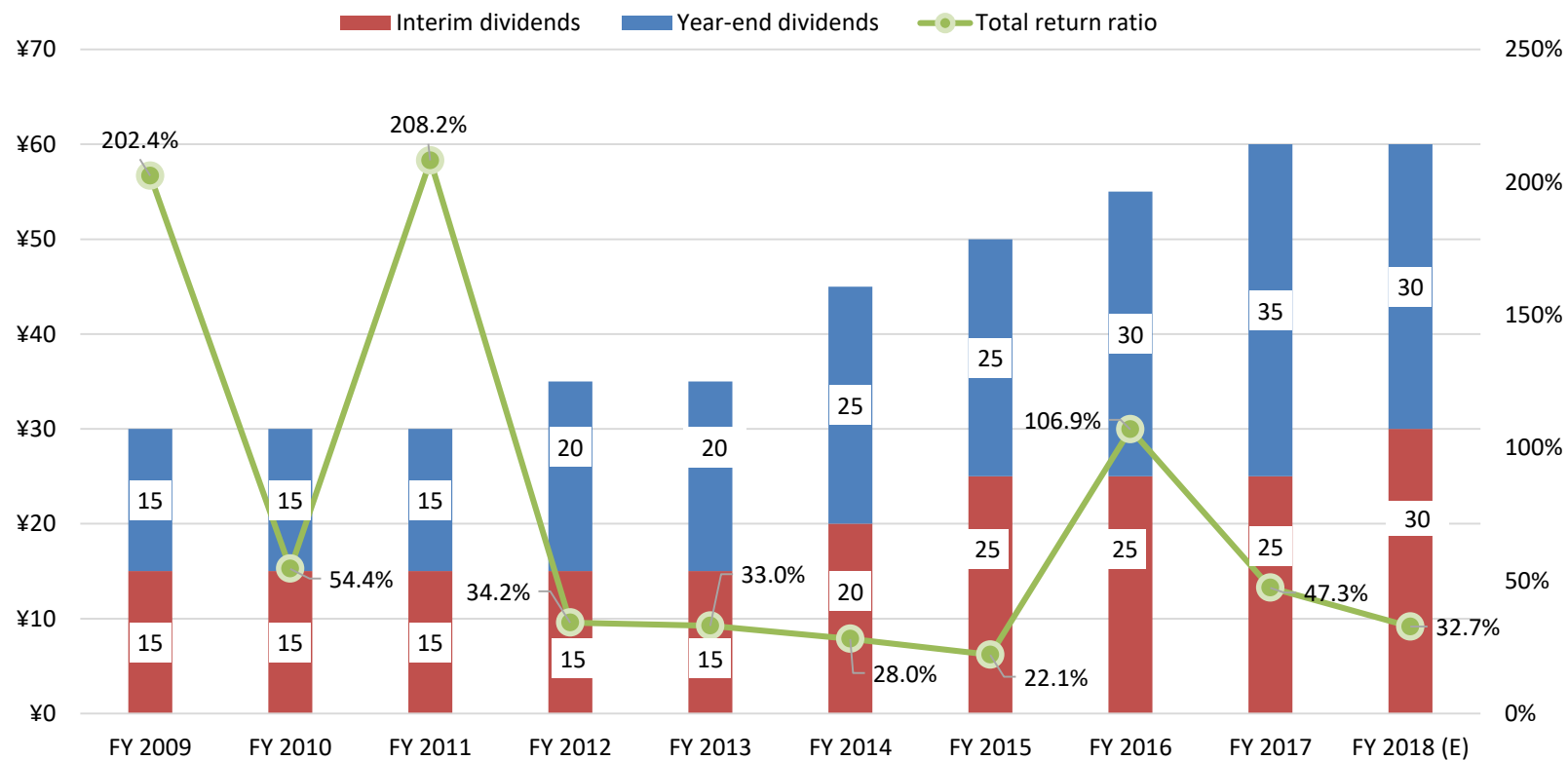


## Balance Sheet Trends

(mil. yen)

		FY2017 2Q	FY2018 2Q	Change	Main factors in year-on-year change
Assets	Current assets	31,951	29,484	(2,467)	Decrease: Cash and deposits (1,804) mil. yen Accounts receivable (571) mil. yen Securities (104) mil. Yen
	Property and equipment	5,120	6,167	+1,047	Increase: Construction in progress +671 mil. yen Land +254 mil. yen
	Intangible assets	351	336	(15)	Buildings and structures +151 mil. Yen
	Investments and other assets	9,191	8,596	(595)	Decrease: Securities (378) mil. yen Investments in capital (226) mil. yen
Total assets		46,615	44,586	(2,029)	
Liabilities	Current liabilities	13,369	10,913	(2,456)	Decrease: Accounts payable (922) mil. yen Other current liabilities (664) mil. yen
	Long-term liabilities	3,393	3,167	(226)	Accounts payable (928) mil. yen Long-term loans payable (115) mil. yen
Total net assets		29,853	30,504	+651	Increase: Retained earnings +1,311 mil. Yen Decrease: Divident Payout (428) mil. Yen Valuation difference on available-for-sale securities (250) mil. Yen
Net assets per share (yen)		3,899.15	* 3,980.49	+81.34	

## Trends in Dividends and Total Return Ratio



(mil. yen)

Share buyback	1	1	4	9	1	2	1	1,006	246	—
Treasury stock retirement	0	0	0	0	0	0	0	0	752	—



# FY 2018 Full-year Outlook

## FY 2018 Full-year Performance Forecast

(mil. yen)

	FY 2017		FY 2018				
	2H Actual	Full year Actual	2H forecast (revised)	Full-year forecast (revised)	YoY change	YoY change (%)	Full-year forecast (initial)
Net sales	18,961	35,114	17,803	32,500	(2,614)	(7.4)%	34,000
Operating income	1,296	2,103	1,126	1,600	(503)	(24.0)%	2,150
Operating margin	6.8%	6.0%	6.3%	4.9%	—	—	6.3%
Ordinary income	1,314	2,239	1,155	1,750	(489)	(21.8)%	2,300
Net income attributable to owners of parent	747	1,490	836	1,400	(90)	(6.1)%	1,550
New orders received	17,683	33,616	18,646	32,500	(1,116)	(3.3)%	34,000
Order backlog	10,132	10,132	10,132	10,132	0	+0.0%	10,132

(Assumptions)

(yen)

Exchange rate (EUR/JPY)	132.21	127.19	130.00	130.00	+2.81	—	132.50
Exchange rate (RMB/JPY)	16.90	16.63	16.50	16.50	(0.13)	—	17.00

**Sales:** Expected to fall reflecting decline in orders for both AP and BP in 1H and overseas orders for AP.  
**Operating income:** Expected to decline, as raw materials prices are expected to remain high.  
**Orders:** Exports are expected to decline reflecting foreign exchange and changes in situation of Russian Far East.  
**Order backlog:** In line with the initial forecast, as the domestic situation does not change.

## FY 2018 Full-year Performance Forecast (by Segment)

(mil. yen)

		FY 2017		FY 2018			
		2H Actual	Full year Actual	2H forecast (revised)	Full-year forecast (revised)	YoY change	Full-year forecast (initial)
Asphalt plant-related business	Net sales	9,747	17,179	8,967	16,800	(379) 97.8%	17,800
	Operating income	897	1,348	685	1,100	(248) 81.6%	1,510
	Operating margin	9.2%	7.8%	7.6%	6.5%	—	8.5%
Concrete plant-related business	Net sales	3,915	9,521	4,230	8,100	(1,421) 85.1%	9,000
	Operating income	346	1,015	382	740	(275) 72.9%	900
	Operating margin	8.8%	10.7%	9.0%	9.1%	—	10.0%
Environment- and conveyor-related business	Net sales	2,477	3,931	1,702	2,800	(1,131) 71.2%	2,600
	Operating income	207	308	192	300	(8) 97.4%	260
	Operating margin	8.4%	7.8%	11.3%	10.7%	—	10.0%
Other business	Net sales	2,820	4,480	2,906	4,800	+320 107.1%	4,600
	Operating income	355	462	387	480	+18 103.9%	520
	Operating margin	12.6%	10.3%	13.3%	10.0%	—	11.3%

AP-related business:

Full-year sales are expected to decline reflecting delay of orders expected to receive in 1H into 2H and decline in exports.

BP-related business:

Full-year sales are expected to decline, as order backlog at the end of FY 2017 was low and orders received in 1H fell.

Environment- and conveyor-related business: Full-year sales are expected to decline due to lack of major environmental plant sales, though sales of a major conveyor-related order are expected in 2H, which is expected to partly offset the delay in 1H.

Other business:

Full-year sales are expected to increase thanks to strong sales of crushers, temporary construction materials and floodgates.



## Analysis of Difference between Forecast and Result in 1H, and Difference between Initial 2H Forecast and Revised Budget

### Difference between forecast and actual result in 1H

(mil. yen)

	Net sales	Operating income		
		Impact of unachieved sales forecast	Impact of other factors	
Export	(740)	(110)	High raw materials prices	(60)
China	(265)	(70)	Additional costs incurred by environmental plants	(60)
Conveyance	(150)	(20)	Decline in rate of plant operation	(25)
Environment	(120)	(20)	Expenses resulting from complaints	(80)
Other business	(28)	(5)	Other factors	(26)
Total	(1,303)	(225)	Total difference in operating income between forecast and actual result	(476)

### Difference between 2H initial and revised forecasts

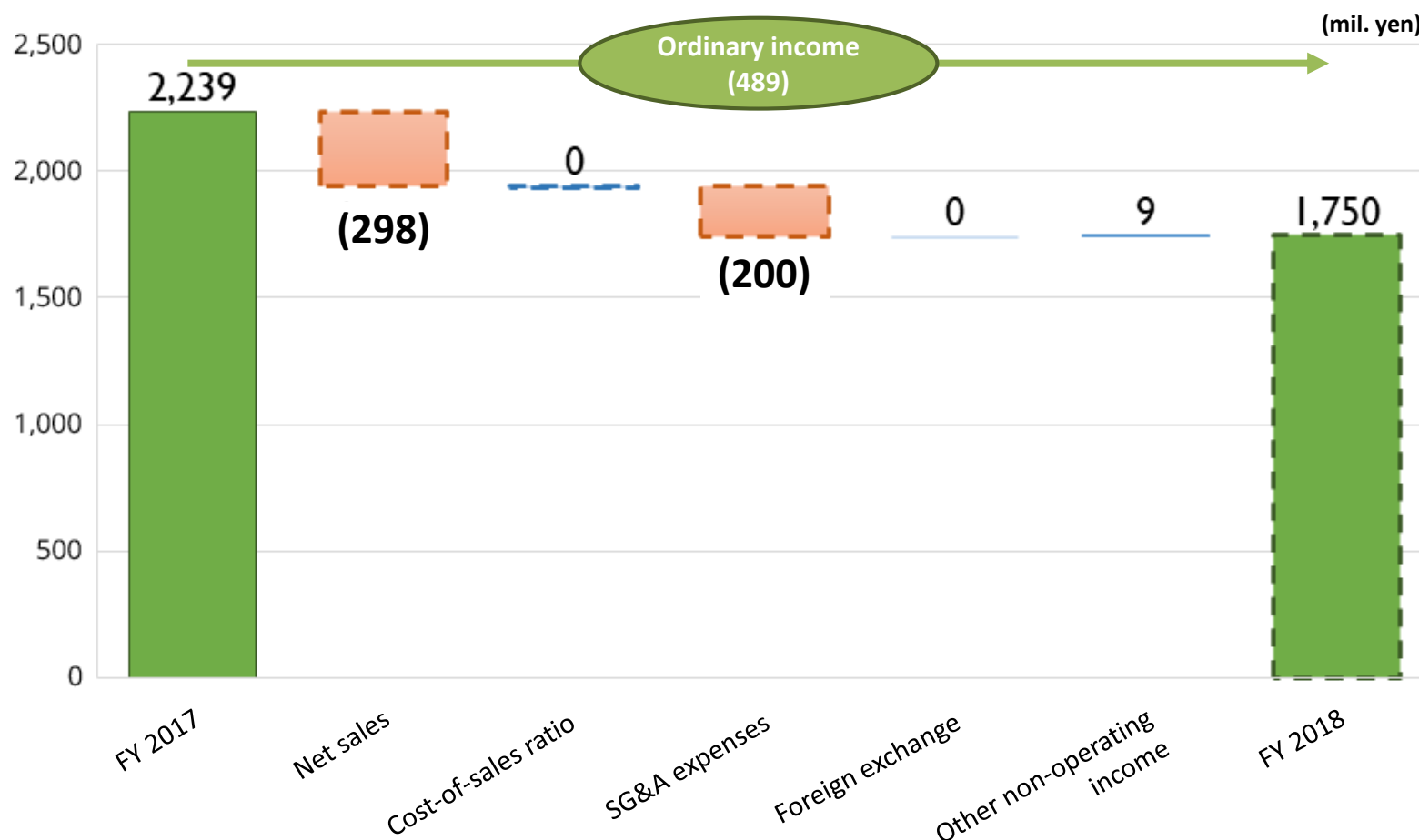
Net sales		Operating income	
Initial	Revised	Initial	Revised
18,000	17,803	1,200	1,126

### Individual analysis of initial and revised forecasts

	Net sales	Operating income	
Export	400	40	Net sales offset only 400 mil. yen of the unachieved 1H portion. Some 20 mil. yen short of annual profit forecast.
China	265	45	While net sales forecast will be met in 2H, annual profit will be 25 mil. yen short of forecast due to rising personnel costs.
Conveyance	200	50	Net sales forecast to be met in 2H, and will be 50 mil. yen extra. Annual profit will be 30 mil. yen more than the forecast.
Domestic AP	(300)	(30)	Annual profit/loss will be 365 mil. yen short.
Domestic BP	(600)	(100)	Annual profit/loss will be 160 mil. yen short.
Other business	(162)	(79)	
Total	(197)	(74)	

## Analysis of FY 2018 Ordinary Income Change Factors

### Analysis of factors contributing to changes in FY 2018 full-year ordinary income (forecast)



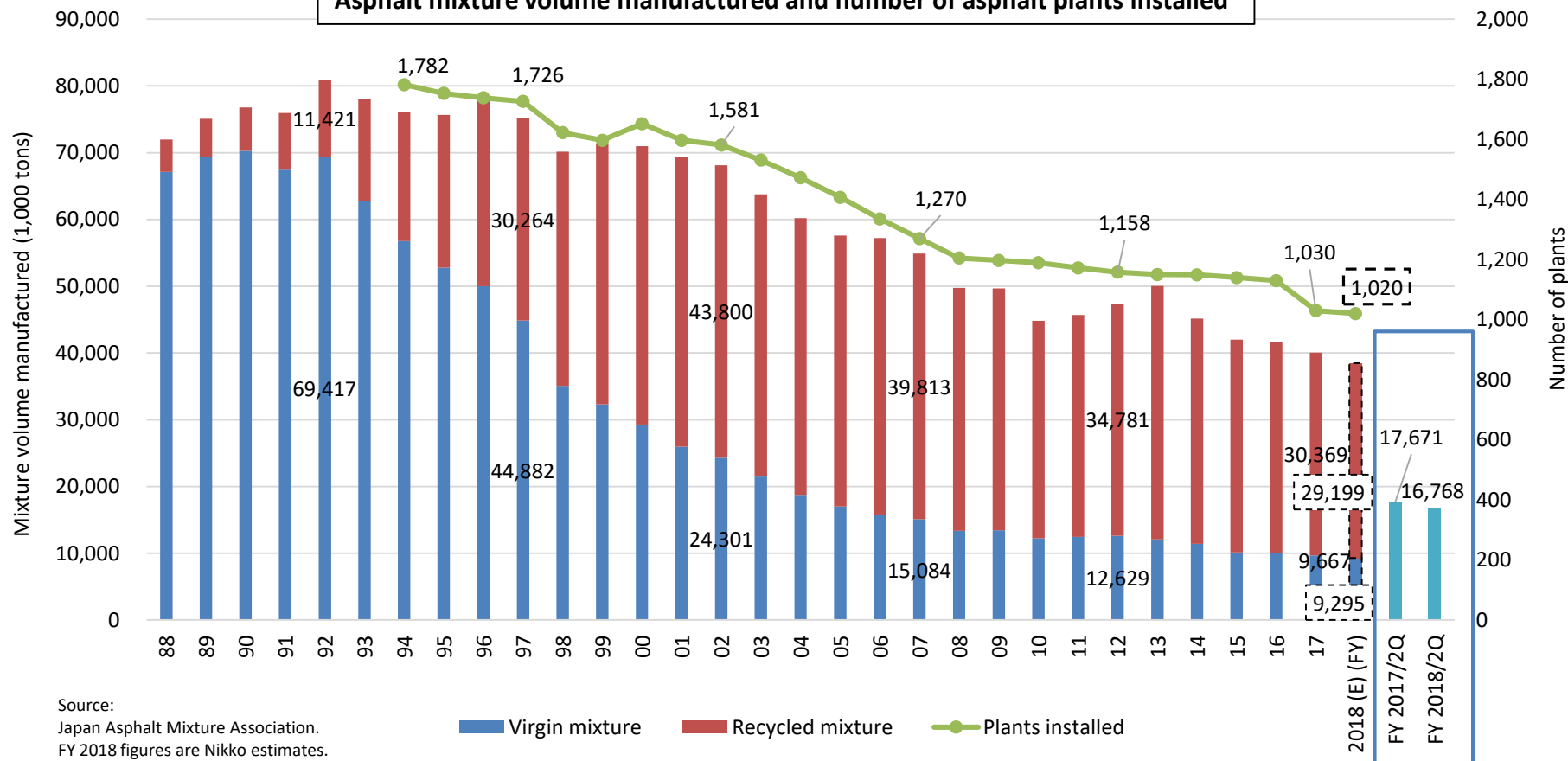
#### Initial forecast

2,239	(280)	+480	(150)	±0	+11	2,300
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# Reference Materials

## AP-Related Business Climate and Outlook

Asphalt mixture volume manufactured and number of asphalt plants installed

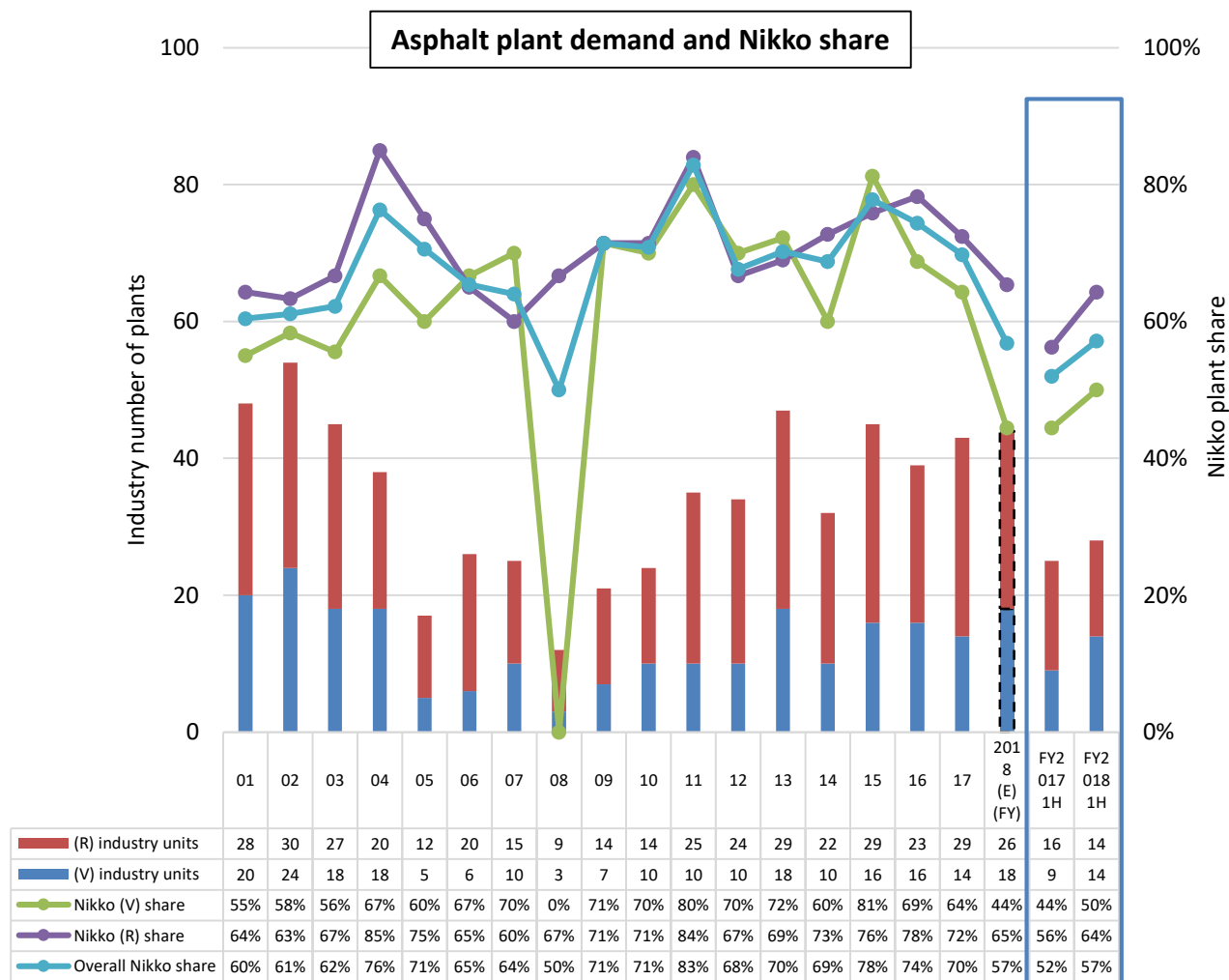


**Demand rebounded for recovery from the Great East Japan Earthquake and other needs, but both asphalt mixture manufacturing volume and asphalt plant installations have been declining since FY 2013.**

**FY 2018 is also expected to fall somewhat from the previous fiscal year, as the demand situation continues to be severe.**

**AP demand, however, should be in line with the previous fiscal year, as highway companies that have been putting off equipment upgrades have strong investment appetite.**

## AP-Related Business Details and Strategy for the Future (1)



### New product performance in AP-related business

(units, mil. yen)

	14	15	16	17	2018 (E) (FY)	FY2018 1H
VP units	0	0	1	2	2	1
VP sales	0	0	211	580	553	295
Midship units	1	2	1	1	1	1
Midship sales	375	1,060	410	406	337	337
Crushing plant units	1	1	0	1	0	0
Crushing plant sales	72	152	0	125	0	0

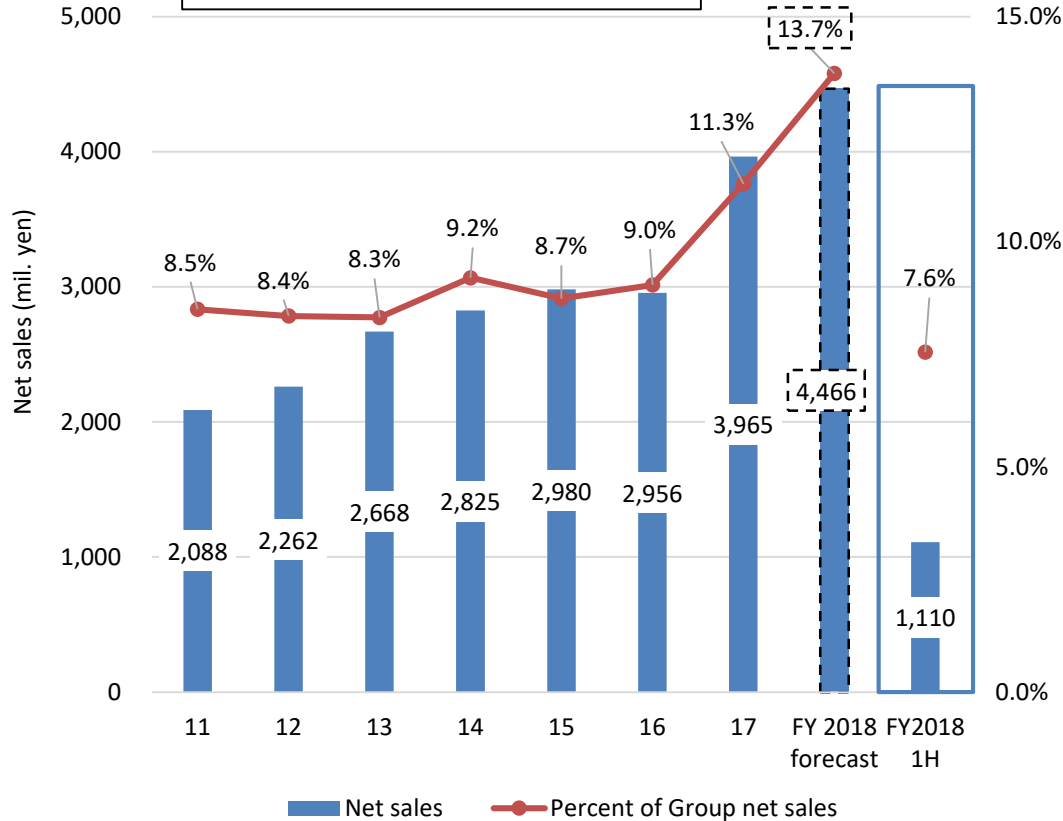
**Going after users by adding to lineup new equipment, such as VP Type asphalt plant series, recycling unit, warm-mix asphalt equipment, and crushing equipment for asphalt plants**

Source:  
Prepared by Nikko.

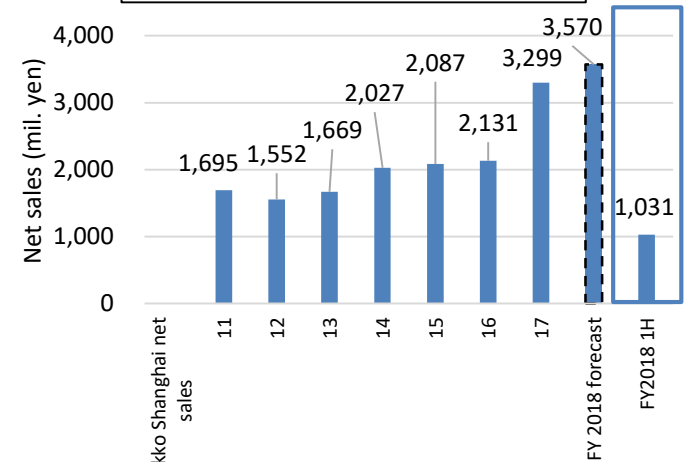


## AP-Related Business Details and Strategy for the Future (2)

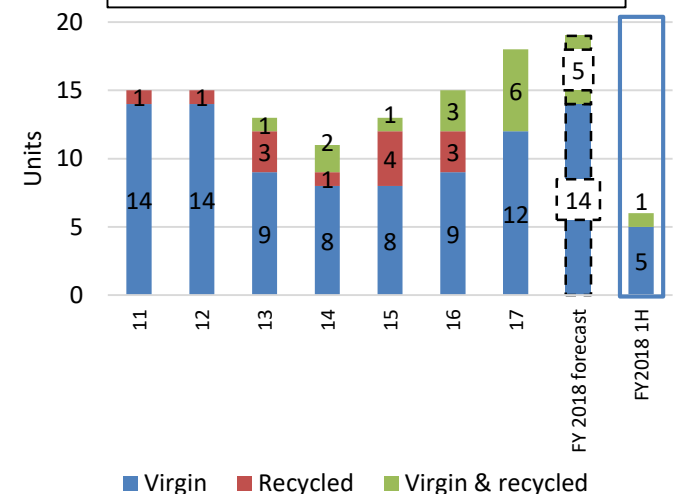
Nikko overseas sales and sales ratio



Nikko Shanghai net sales trends



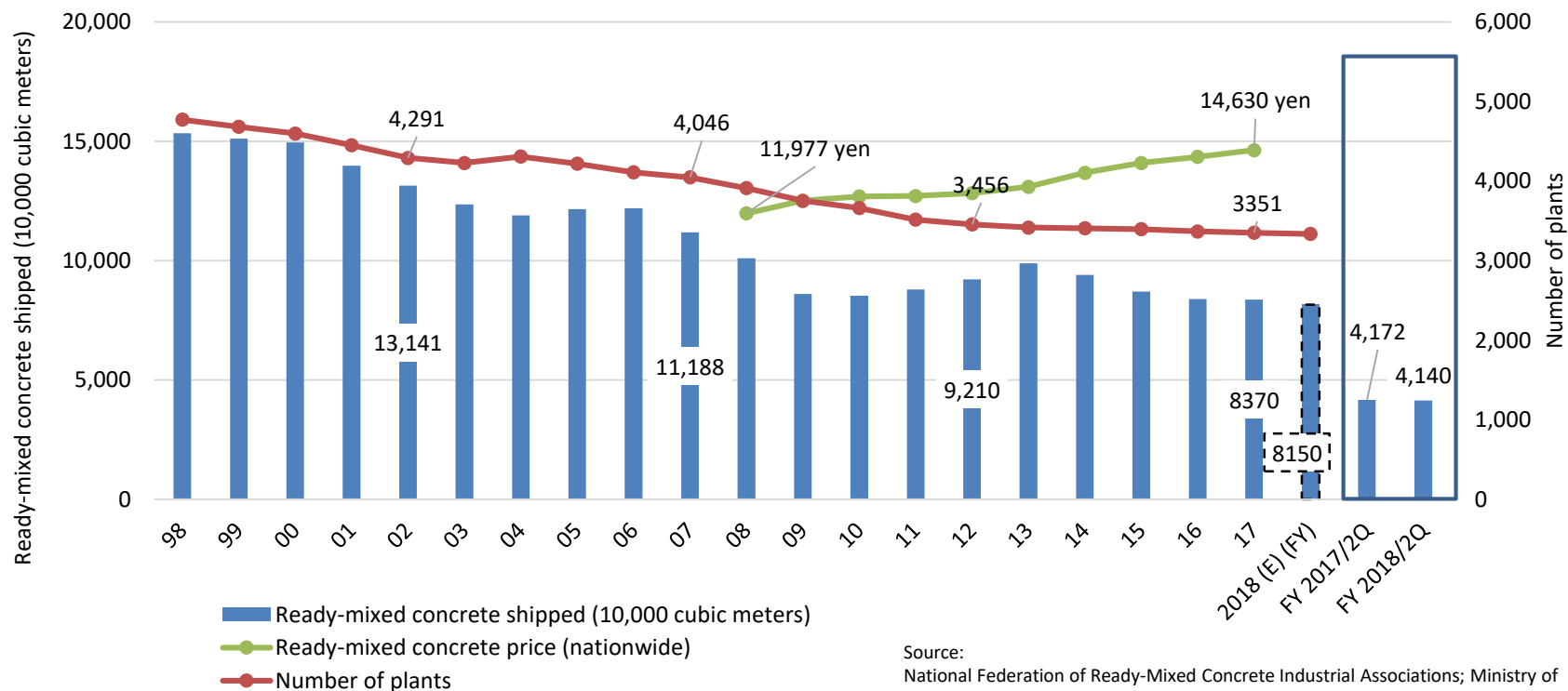
Nikko Shanghai AP unit sales trends



Users looking to cut costs prefer recycled mixtures  
Interest in environmental products is on the rise.

## BP-Related Business Climate and Outlook

Trends in ready-mixed concrete shipments, price, and plants



Source:  
National Federation of Ready-Mixed Concrete Industrial Associations; Ministry of Economy, Trade and Industry's Ready-mixed Concrete Statistics Survey (price); FY 2018 figures are Nikko estimates.

While construction investment started in line with the previous year, it slightly declined due to process delay caused by labor shortage resulting from workstyle reform, etc.

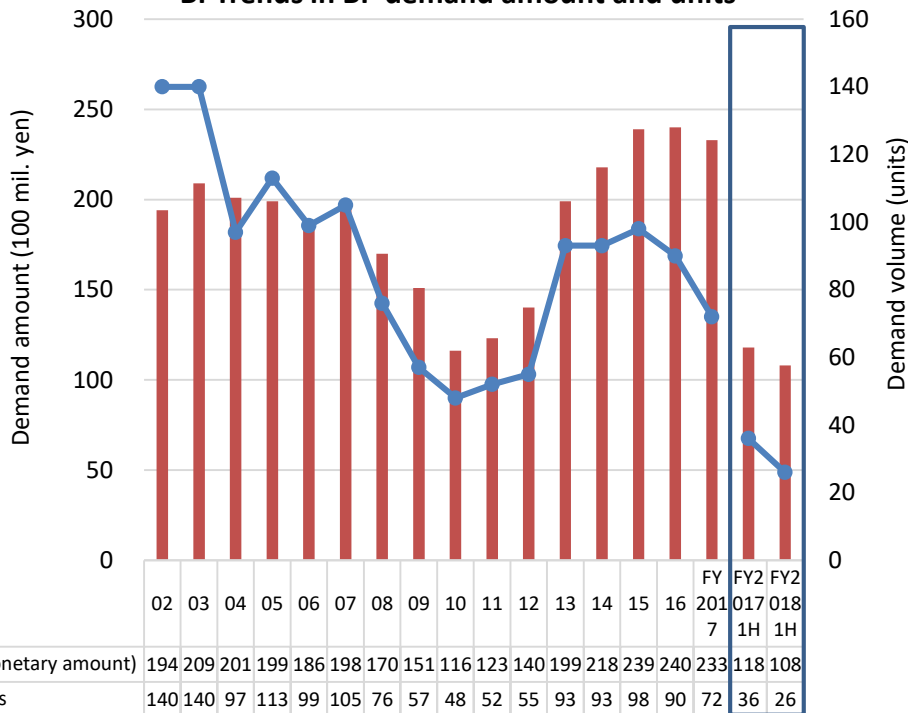
In the medium- to long-term, the market may gradually slow after the Tokyo Olympic Games.

FY 2018 Apr-Sep ready-mixed concrete shipment volume was in line with the same period a year ago at 41.40 mil. m<sup>3</sup> (down 0.8% year on year).

In the medium- to long-term, consolidation of ready-mixed concrete plants in each area is expected to gradually progress.

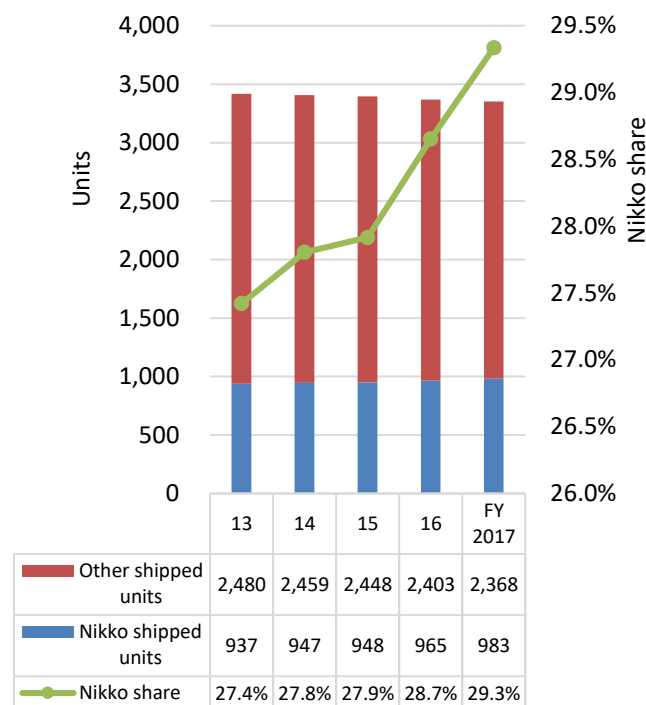
## BP-Related Business Details and Strategy for the Future

BPTrends in BP demand amount and units



Source:  
Japan Construction Equipment Manufacturers Association's Concrete Plant Subcommittee  
(maintenance services included in demand amount).

BP steady-state share trends



**Increase market share by launching new differentiated products to meet new demand, which arises from sales expansion to precast industry associated with the Japanese government's i-Construction program as well as from ready-mixed concrete industry concentration.**

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

(mil. yen)

	FY 2016				FY 2017				FY 2018	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	6,436	9,328	6,034	10,919	6,179	9,974	7,992	10,969	5,415	9,282
AP-related business	2,935	5,099	2,462	6,084	2,768	4,664	4,155	5,592	2,361	5,472
BP-related business	2,106	2,278	2,195	2,777	2,236	3,370	1,291	2,624	1,671	2,199
Environment- and conveyor-related business	511	861	542	733	407	1,046	1,519	959	462	636
Other business	882	1,091	834	1,326	766	894	1,027	1,793	921	973
Operating income	112	963	33	836	48	760	393	902	(26)	500
AP-related business	103	556	(66)	660	100	350	318	580	42	373
BP-related business	113	384	236	273	145	524	68	278	66	292
Environment- and conveyor-related business	76	178	54	61	24	77	115	92	59	49
Other business	55	129	41	192	22	85	121	234	21	72
Corporate expenses	(236)	(285)	(230)	(351)	(244)	(275)	(231)	(281)	(216)	(286)
Ordinary income	187	957	67	782	161	764	431	883	87	508
Net income attributable to owners of parent	124	766	28	422	182	561	308	439	130	434

Cash flow from operating activities	5,064				274				-	-
Cash flow from investing activities	(316)				41				-	-
Total dividend	209	-	194	-	232	-	191	-	267	-
Share buyback	1,006				245				-	-

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

(mil. yen)

New orders received (cumulative)	FY 2016				FY 2017				FY 2018	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
AP-related business	2,932	7,687	9,506	16,718	2,803	8,254	10,572	17,182	2,787	6,501
BP-related business	3,047	5,255	7,999	9,965	1,458	4,274	6,430	9,066	1,351	3,834
Environment- and conveyor-related business	580	1,168	1,762	3,202	864	1,517	2,162	2,947	413	1,056
Other business	871	2,155	3,216	4,247	768	1,886	3,144	4,420	1,140	2,461
Total	7,432	16,266	22,485	34,134	5,896	15,933	22,309	33,616	5,693	13,854

End-of-term order backlog	FY 2016				FY 2017				FY 2018	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
AP-related business	6,024	5,680	5,038	6,356	6,391	7,178	5,341	6,359	6,784	5,027
BP-related business	3,658	3,587	4,136	3,350	2,572	2,018	2,883	2,894	2,575	2,858
Environment- and conveyor-related business	885	612	663	1,371	1,827	1,434	560	387	338	345
Other business	425	618	846	551	553	776	1,008	490	710	1,058
Total	10,993	10,499	10,684	11,629	11,346	11,408	9,793	10,132	10,409	9,289

## 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	FY2018 1H	FY 2018 (E)
Capital investment	292	335	844	815	877	1,261	550	1,143	1,200
Depreciation and amortization	432	389	395	422	487	482	472	226	495
R&D expenses	239	256	295	276	227	271	291	145	300

(persons, years old, or years)

Employees (consolidated):	775	763	767	796	803	797	807	816	
Average age of employees (non-consolidated)	44.2	44.7	43.3	43.1	42.2	42.3	42.2	41.9	
Average years of service (non-consolidated)	21.5	21.2	20	19.3	18.2	18.5	18.3	18.1	
Female employees (non-consolidated)	10	11	11	10	12	15	17	18	
Overseas employees (consolidated)	92	90	91	95	92	91	101	95	
Foreign national employees (consolidated)	92	90	91	95	94	93	101	101	

### New products for reducing environmental impact

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
New products	<ul style="list-style-type: none"> <li>Specialized sand drying equipment</li> <li>High temperature preheating burner</li> </ul>	<ul style="list-style-type: none"> <li>NTB-II burner</li> </ul>	<ul style="list-style-type: none"> <li>New-type bag filter</li> </ul>	<ul style="list-style-type: none"> <li>VP Series asphalt plants</li> </ul>	—	<ul style="list-style-type: none"> <li>Foamed asphalt manufacturing equipment</li> </ul>
Features reducing environmental impact	<ul style="list-style-type: none"> <li>Improved plant production efficiency</li> <li>Energy saving</li> </ul>	<ul style="list-style-type: none"> <li>Energy saving</li> <li>Higher combustion efficiency in low-combustion range</li> </ul>	<ul style="list-style-type: none"> <li>Space saving</li> <li>Energy saving, exhaust gas reduction</li> <li>Low noise</li> </ul>	<ul style="list-style-type: none"> <li>Preventing diffusion of recycled material odorous gas</li> </ul>	—	<ul style="list-style-type: none"> <li>Support for manufacture of warm-mix asphalt</li> </ul>

Please feel free to contact us as follows if you desire a meeting or have other requests.  
(Meetings in Tokyo are also possible.)

Contact: Saburo Hachiken, Finance Department, Nikko Co., Ltd.

Tel: +81-78-947-3141

[E-mail: IR-nikko@nikko-net.co.jp](mailto:IR-nikko@nikko-net.co.jp)



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.

