

# Nippon Manufacturing Service (2162)

Consolidated Fiscal Year (Million Yen)		Sales	OP	RP	NP	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2013		38,869	387	564	235	23.0	3.0	367.5
FY03/2014		41,905	(643)	(175)	648	63.4	3.0	451.8
FY03/2015CoE		48,800	490	510	320	34.5	5.0	-
FY03/2014	YoY	7.8%	-	-	175.4%	-	-	-
FY03/2015CoE	YoY	16.5%	-	-	(50.7%)	-	-	-
Consolidated Q1 to Q3 (Million Yen)		Sales	OP	RP	NP	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2014		30,855	(534)	(228)	849	-	-	-
Q1 to Q3 FY03/2015		34,602	126	189	40	-	-	-
Q1 to Q3 FY03/2015	YoY	12.1%	-	-	(95.3%)	-	-	-

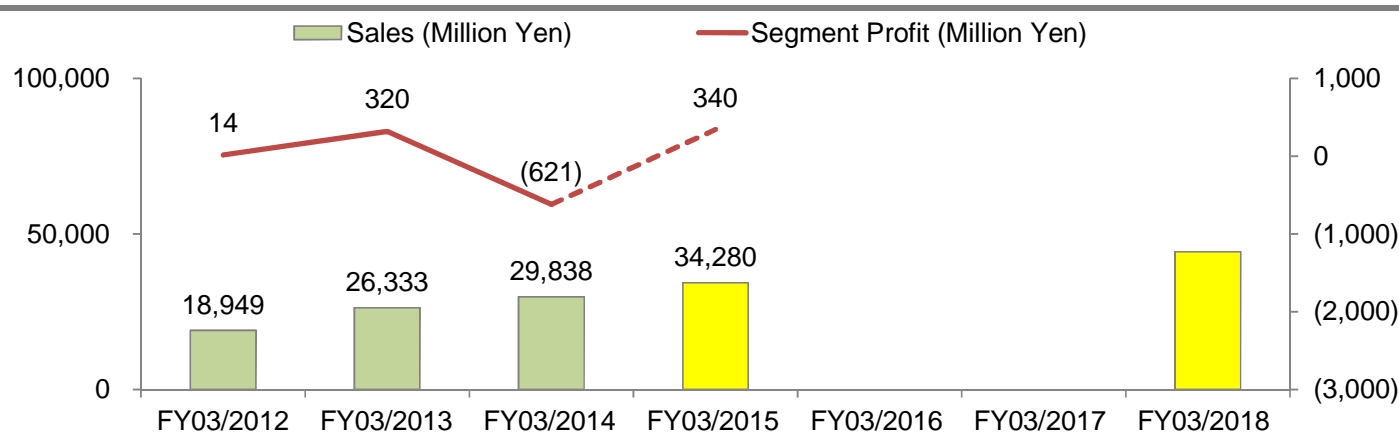
Source: Company Data, WRJ Calculation

## 1.0 IR Disclosure Update (1 April 2015)

### Exposure to In-Car Domains

On 30 March 2015, Nippon Manufacturing Service, heavily involved with EMS Business for major Japanese manufacturers, e.g., those of consumer electronics, revealed that the Company entered into capital & business alliance with KANEMATSU CORPORATION. At the same time, it was also revealed that the Company was to start up operations of EMS for companies involved with in-car-related business in North America in two years as a prospect. As far as we could gather, the Company is going for net sales add-ons at least ¥10,000m over the next three years through FY03/2016 to FY03/2018 for its EMS Business from here, combined with net sales increases associated with existing customer base. Details of the Company's business model, recent trading and long-term prospects are available at: [Q1 to Q3 FY03/2015 "Company Report" \(24 March 2015\)](#)

### EMS Business



Source: Company Data

FY03/2015 Company forecasts are going for prospective sales ¥34,280m (up 14.9% YoY) for EMS Business and segment profit ¥340m (versus segment loss ¥621m over the year), accounting for 70.2% of sales as a whole for the Company and 69.4% out of overall segment profit. Thus, EMS Business is the key driver for overall earnings for the Company.

This deal of capital & business alliance with KANEMATSU CORPORATION is to surely beef up prospective sales of EMS Business in the Company, while very likely to contribute to prospective earnings to a meaningful extent at the same time. The Company starts up joint sales promotions, tying up with sales forces of Electronic & Device Business in KANEMATSU CORPORATION so that customers should benefit from total solutions.

The Company is to be trying to get at efficiency and volume discounts in the operations to procure electronic components, eventually cutting back expenses, by means of taking advantage of procurement capabilities domestically and overseas held by KANEMATSU CORPORATION. Meanwhile, in regards to aforementioned issue to start up operations of EMS for companies involved with in-car-related business in North America, the Company will be in charge of technology and manufacturing, while KANEMATSU CORPORATION of procurement of materials and sales, creating an efficient scheme as a whole.

KANEMATSU CORPORATION is long-established integrated trader, involved with Electronics & Device Business and Foodstuffs Business as the two main pillars. On the Electrics & Device side, KANEMATSU CORPORATION appears to have focus on in-car domains whose growth potentials are high. For example, it has tie-up operations with a company heavily involved with in-car electronic components to enhance own exposure to overseas markets. This may suggest a possibility for the Company to obtain business to manufacture in-car cameras, in-car instruments-related components, etc., on a consignment basis.


Meanwhile, it was also disclosed that the Company was going to dispose of a part of treasury shares (2,008,000 shares, 18.6% of shares outstanding), assigning them for KANEMATSU CORPORATION, which is to procure 1,080,600 shares (10.0% of shares outstanding) at ¥410 per share (collectively, ¥443m) out of the treasury shares held by the Company (the payment date: 15 April 2015). According to the Company, KANEMATSU CORPORATION spoke to the Company and asked for capital alliance on top of business alliance in order to set up long-term stable business relations between the two. The Company agreed with this and thus the above-mentioned disposal of treasury shares was fixed.

The Company is to raise funds some ¥442m but for charges from the above issue. Consequently, this is to beef up financial state of the Company which has been investing in new business through debt finance. More importantly, at the same time, the Company is currently in the process of changing strategy to that of focus on promotions of exiting business for generating cash flow from that of investments in new operations through debt finance.

As of the end of Q3 FY03/2015, net debt stood at ¥5,188m, shareholders' equity ¥3,691m and net-debt-equity ratio 140.6%. Meanwhile, towards the end of Q4, the Company is to see impacts from purchase of Panasonic Corporation's General Power Supply Business on 1 October 2014.

## 2.0 Company Profile

### “neo EMS”, the Business Concept

<b>Company Name</b>	Nippon Manufacturing Service Corporation <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share Price</a> 
<b>Incorporation</b>	September 1990 ( inaugurated in September 1985)
<b>Listing</b>	25 October 2007 : Tokyo Stock Exchange JASDAQ Standard (Ticker: 2162)
<b>Capital</b>	¥500m (As of the end of December 2014)
<b>No. of Shares</b>	10,805,500 shares, including 2,008,000 treasury shares (As of the end of Dec. 2014)
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Involved with EMS Business in Japan, China and Malaysia, while HS Business (personnel business) in Japan and China</li> <li>● Expectations to start up contract manufacturing in China</li> <li>● Targeting to lead manufacturing-oriented outsourcing in Asia</li> </ul>
<b>Businesses</b>	<ul style="list-style-type: none"> <li>. HS (Human Solution) Business</li> <li>. EMS (Electronics Manufacturing Service) Business</li> <li>. PS (Power Supply) Business</li> </ul>
<b>Top Management</b>	President & CEO: Fumiaki Ono
<b>Shareholders</b>	Treasury Shares 18.6%, Fumiaki Ono 16.6%, Kazumitsu Shiozawa 13.2% (As of the end of December 2014)
<b>Headquarters</b>	Shinjuku-ku, Tokyo JAPAN
<b>No. of Employees</b>	Consolidated: 6,508, Unconsolidated: 3,432 (As of the end of December 2014)

Source: Company Data

### Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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