

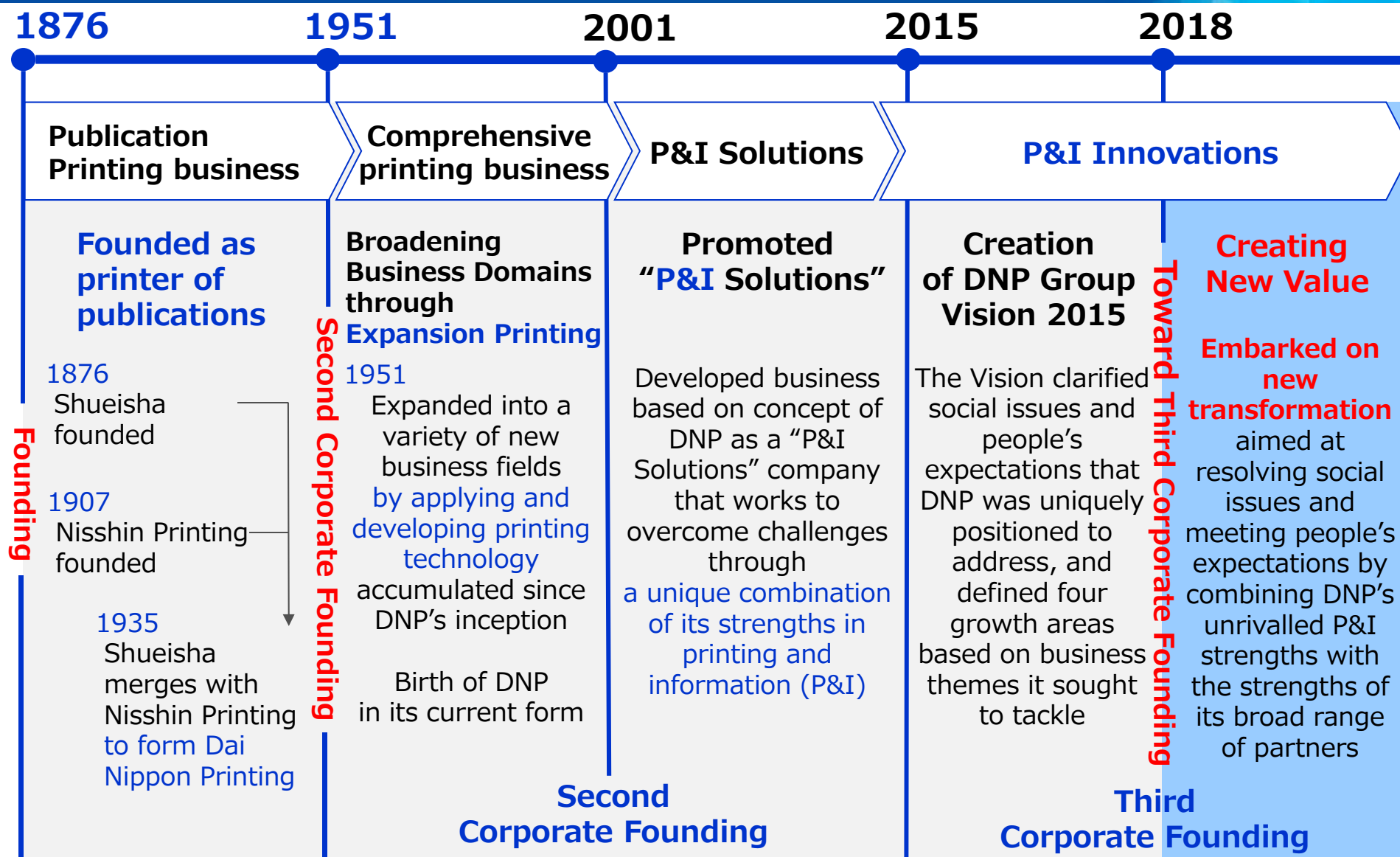
# Financial Results Briefing Materials First Six Months of Fiscal Year 2019 (ending March 31, 2020)

November 27, 2019  
Dai Nippon Printing, Co., Ltd.

**DNP**

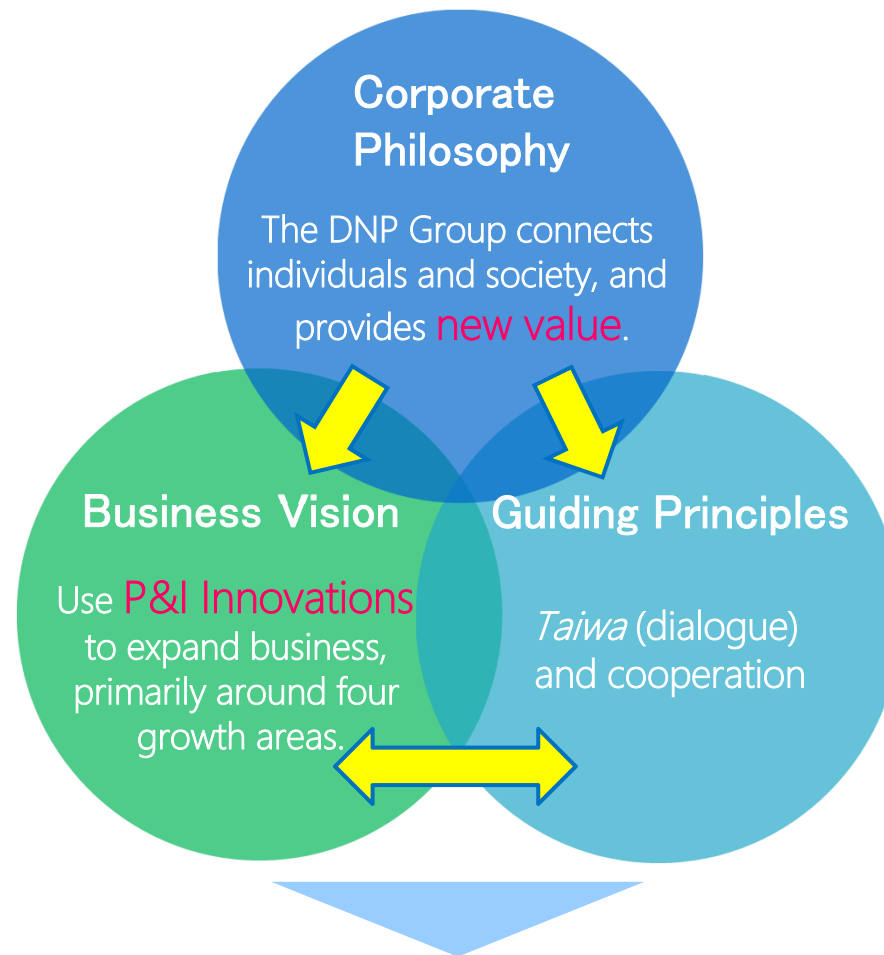
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# Continuing to Create New Value through “P&I Innovations”



# Continuing to Create New Value through “P&I Innovations”

## DNP Group Vision 2015



Realization of “Third Corporate Founding”

# Continuing to Create New Value through “P&I Innovations”

## DNP Group Vision      Four Growth Areas



### Knowledge and Communication

A future where people worldwide can expand opportunities for safe and secure communications and share and inherit knowledge



### Lifestyle and Mobility

A future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives



### Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure and high-quality lives



### Environment and Energy

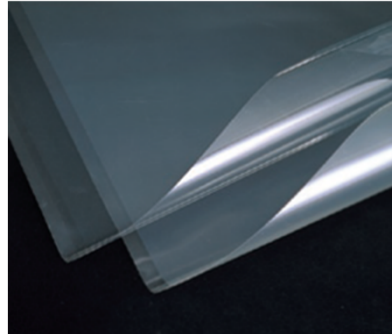
A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth

# Continuing to Create New Value through “P&I Innovations”

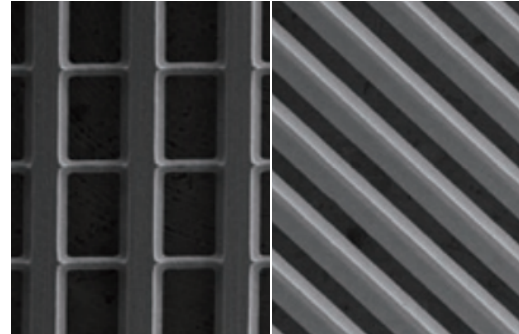
## ● No. 1 global market shares



Battery pouches for lithium-ion batteries



Optical films for displays



Metal masks used in OLED display production (magnified view)



Dye-sublimation thermal transfer printing media for photo printing

## ● No. 1 domestic market shares



Smart cards  
(OS development has resulted in top market share in Japan for banking/financial smart cards)



Aseptic filling system for PET plastic bottles



Residential interior materials (floor coverings)

# Continuing to Create New Value through “P&I Innovations”

## Smart cards



OS development has resulted in top market share in Japan for banking/financial smart cards



## Payment platforms

- Compatible with diversifying payment services
- Compliant with international security standards
- Offers digital marketing functions

## BPO

(Business Process Outsourcing)

Reliable

- System operates 24-hours a day, 365 days of the year at 15 sites nationwide
- Proven record of installation at around 2,500 companies
- Advanced information security system

High quality

- Design of operations by around 300 professionals
- Introduction of cutting-edge technology such as AI and RPA

Responsive

- Flexible response measures in line with business content and volume
- BCP response in the event of a disaster

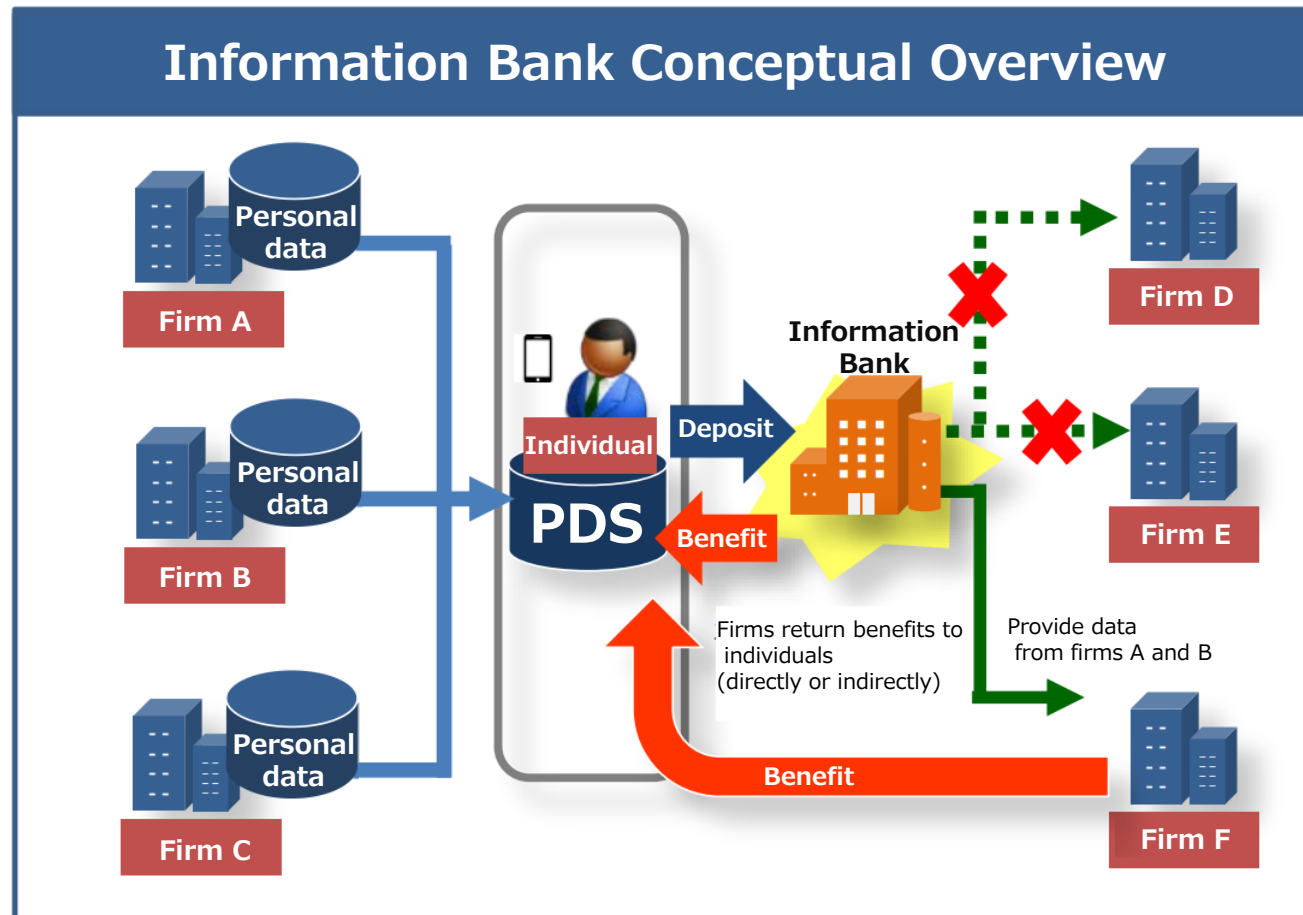


- Sapporo SC
- Sendai SC
- Warabi Plant
- Takashimadaira SC
- Takada SC
- Enokicho SC
- Sumida SC
- Nagoya SC
- Namba SC
- Takatsuki SC
- Fukuoka SC
- Kurosaki SC
- Ginowan SC
- Hanoi (Vietnam)

\*SC = Solutions Center



# Continuing to Create New Value through “P&I Innovations”



## □ Business structure reforms

## □ Management reforms

- Sale or disposal of existing assets and acquisition of new assets
- Bond issuance, sale of strategic shareholdings, repurchase of own stock
- Board of Directors reform



- 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019**
- 2. Consolidated Earnings Forecasts for Fiscal Year 2019**
- 3. Toward Realization of “Third Corporate Founding”**

# 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019: Earnings Summary

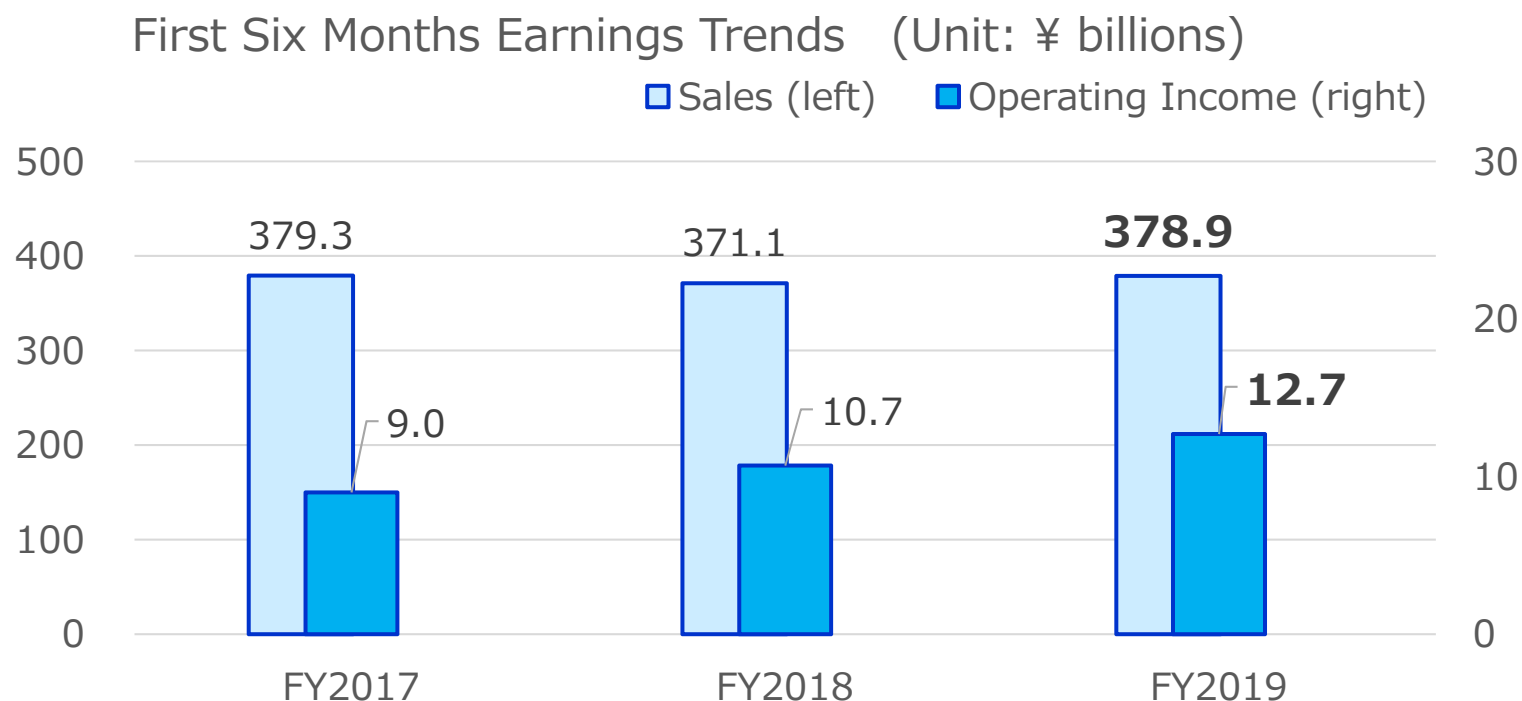
(Unit: ¥ billions)

	First six months FY2018	<b>First six months FY2019</b>	Year-on-year change
Sales	685.5	<b>694.1</b>	+1.3%
Operating Income	22.8	<b>25.6</b>	+12.5%
Ordinary Income	25.8	<b>29.4</b>	+13.8%
Net Income Attributable to Parent Company Shareholders	16.9	<b>75.4</b>	+345.9%
Capital Expenditures	20.7	<b>22.1</b>	+6.8%
Depreciation Expenses	29.0	<b>26.7</b>	−8.2%
R&D Expenditures	17.0	<b>17.0</b>	−0.2%

- Both sales and profits made steady progress toward DNP's initial forecasts.
- Sales rose only slightly year on year, but product mix improvements driven by business portfolio changes resulted in sales and profit growth.

# 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019: Segment Earnings

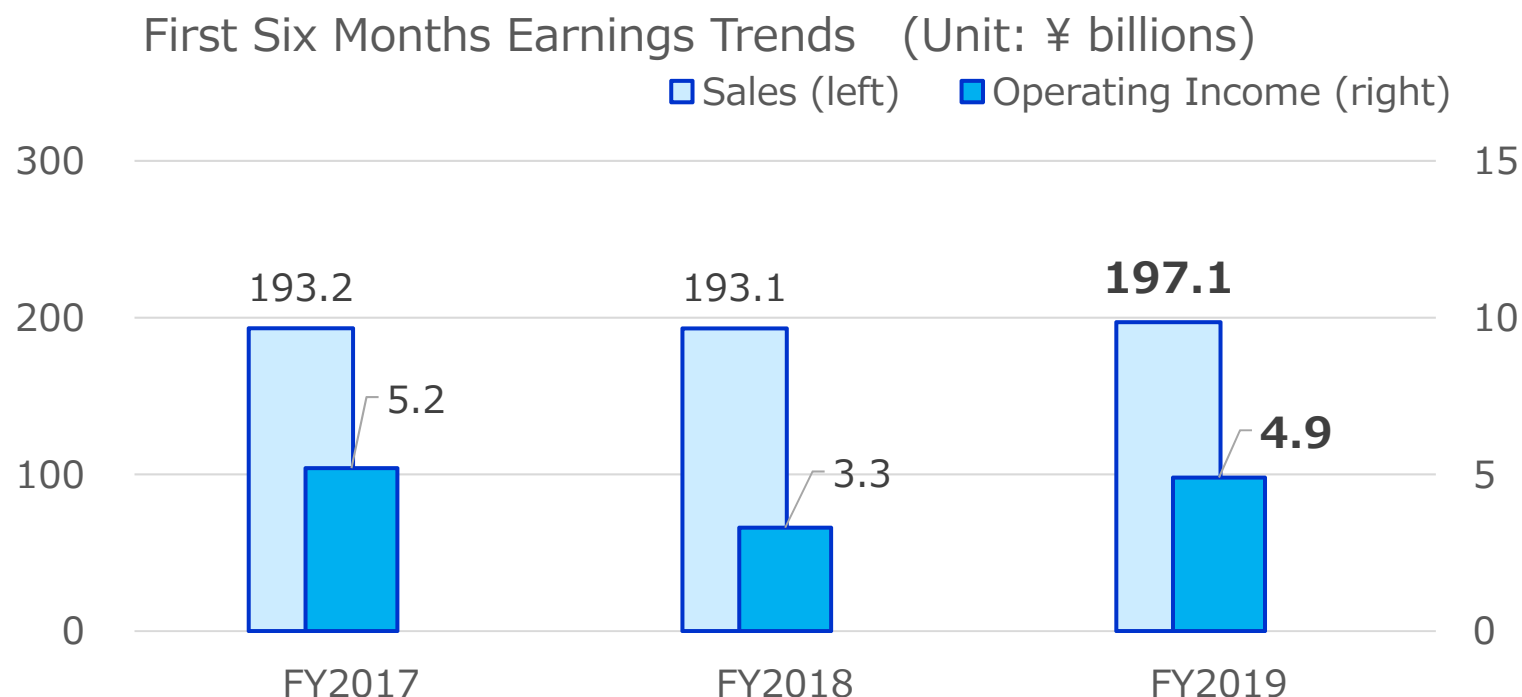
## 【Information Communication】



While sales and profits declined in the Publishing business, and the segment saw a negative impact from factors such as rising printing paper prices, priority businesses such as smart cards, Business Process Outsourcing (BPO), and dye-sublimation thermal transfer printing media for photo printing steadily expanded in size, resulting in growth in overall segment sales and profits.

# 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019: Segment Earnings

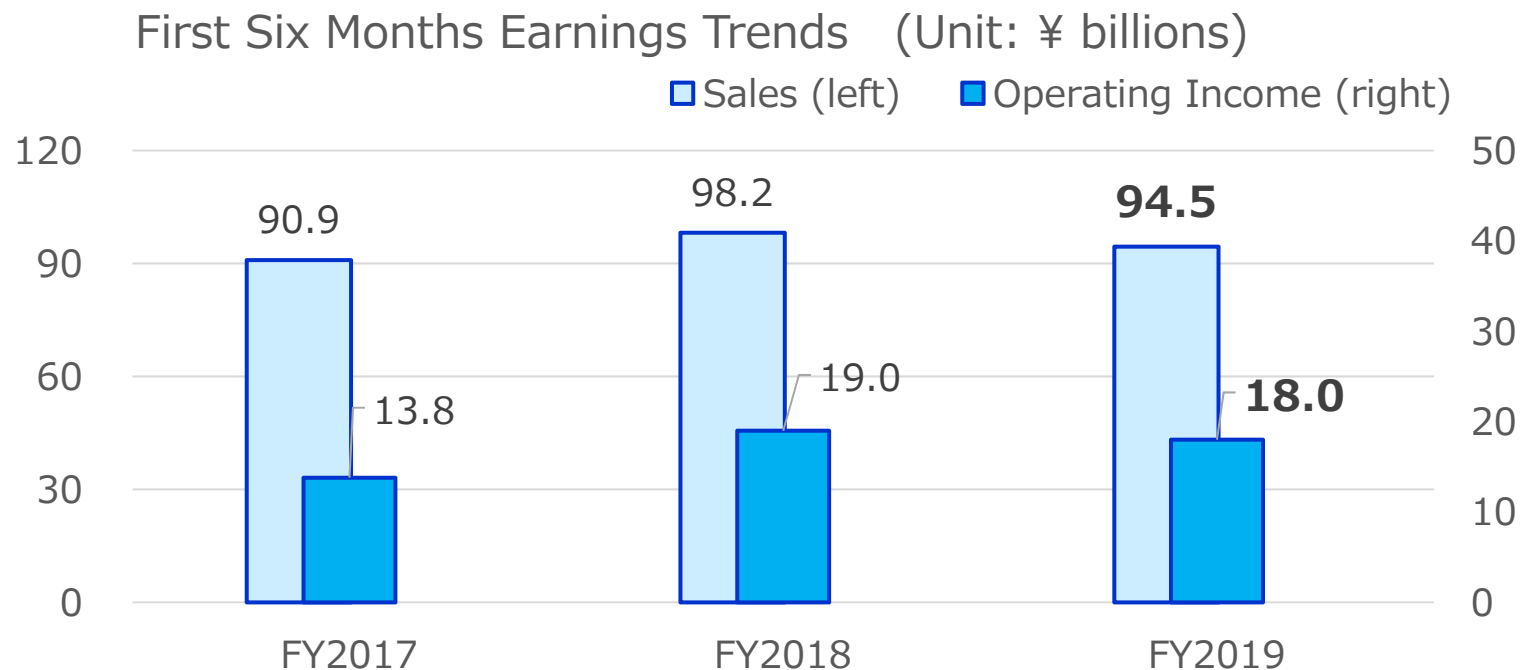
## 【Lifestyle and Industrial Supplies】



Segment profits increased on sales growth in the Packaging business driven by aseptic filling system for PET plastic bottles, and in the Industrial Supplies business due to upbeat sales of battery pouches used in automotive lithium-ion batteries and photovoltaic module components. Restructuring and the pass-through of higher raw material prices also had a positive impact.

# 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019: Segment Earnings

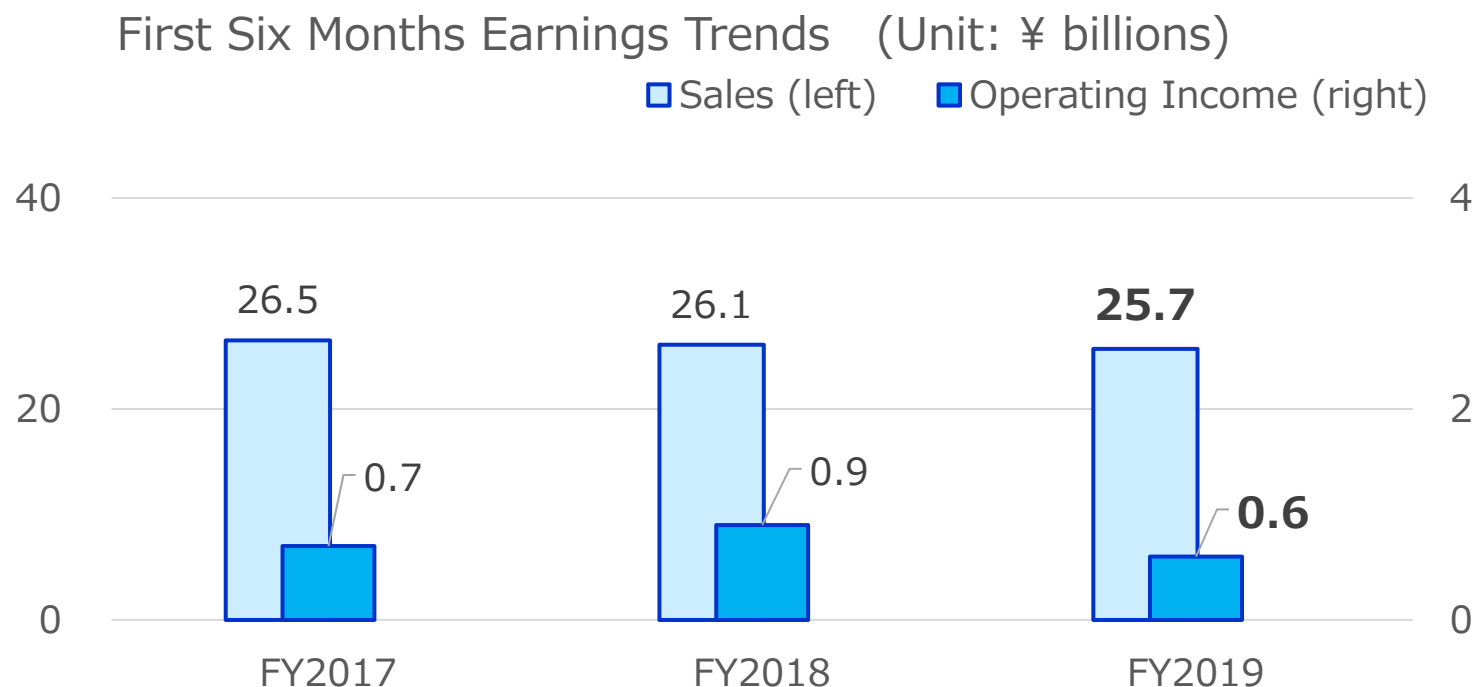
## 【Electronics】



Despite upbeat sales of metal masks used in the production of small- and medium-sized OLED displays and year-on-year growth for optical films due to adoption in a broader range of applications, sales declined for color film used in LCD displays and for semiconductor photomasks due to worsening semiconductor market conditions, resulting in a decline in overall segment sales and profits.

# 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019: Segment Earnings

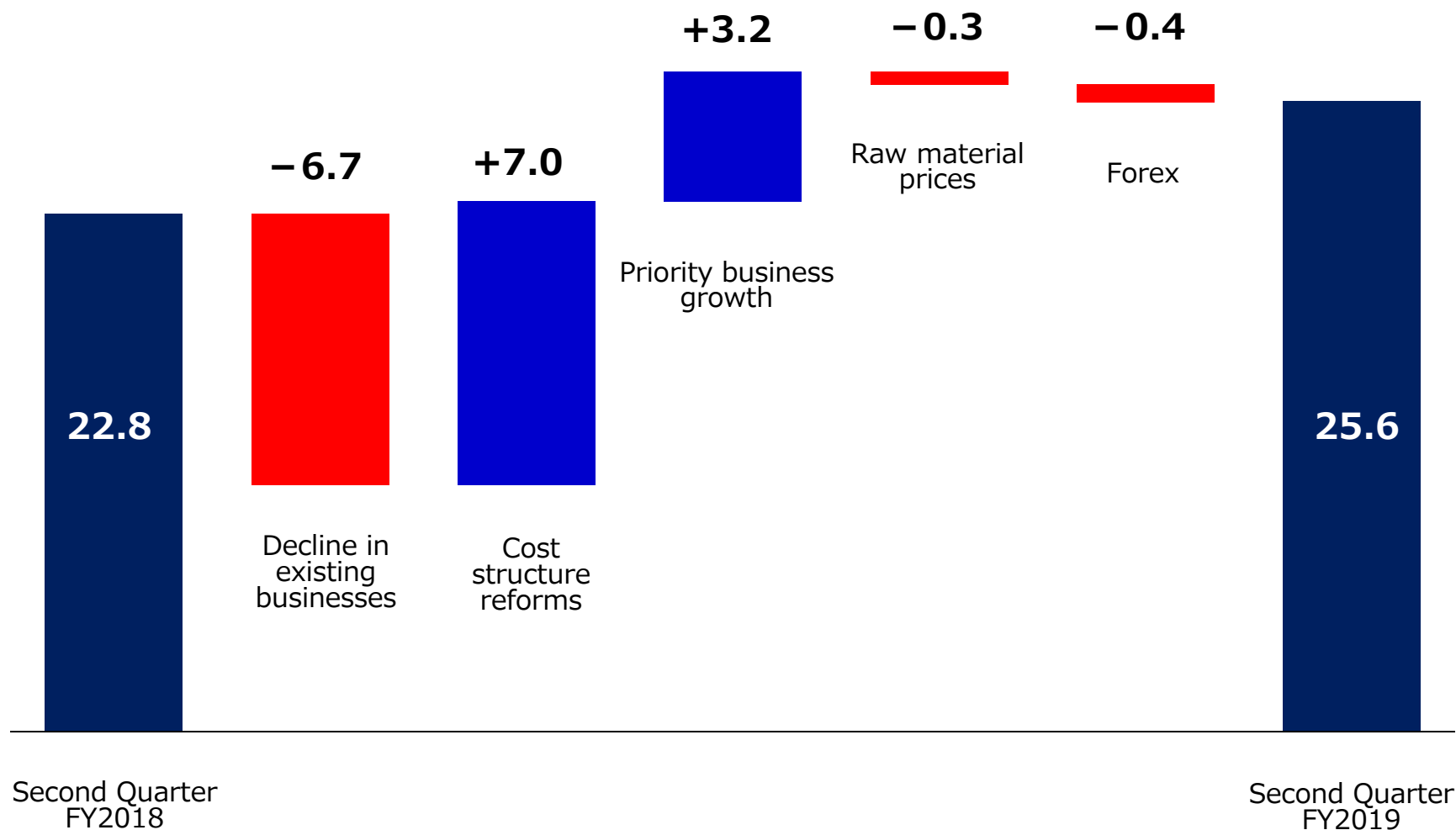
## 【Beverages】



Despite working to increase share in existing markets and acquire new customers by releasing new products and stepping up sales promotion activities, a decline in overall sales volume and higher sales promotion expenses resulted in lower segment sales and profits.

# 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019: Analysis of Factors Affecting Operating Income

(Unit: ¥ billions)





- 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019**
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## 2. Consolidated Earnings Forecasts for Fiscal Year 2019

(Unit: ¥ billions)

	FY2018 Results	<b>FY2019 Forecasts</b>	Year-on-year change
Net Sales	1,401.5	<b>1,416.0</b>	+1.0%
Operating Income	49.8	<b>51.0</b>	+2.2%
Ordinary Income	58.2	<b>58.5</b>	+0.4%
Net Income Attributable to Parent Company Shareholders	-35.6	<b>51.0</b>	—
ROE	-3.48%	<b>5.0%</b>	—
Capital Expenditures	41.1	<b>60.0</b>	+46.0%
Depreciation Expenses	59.0	<b>59.0</b>	flat
R&D Expenditures	33.7	<b>34.0</b>	+0.6%

- DNP continues to build a robust business portfolio by strengthening priority businesses and through selectivity and focus.
- DNP expects to book an extraordinary loss related to restructuring in the second half of FY2019.
- Dividend forecast: ¥64 per share (interim and year-end payments of ¥32)

## 2. Consolidated Earnings Forecasts for Fiscal Year 2019 by Segment

(Unit: ¥ billions)

		FY2017 Results	FY2018 Results	<b>FY2019 Forecasts</b>	Year-on- year change
Information Communication	Sales	778.6	762.3	<b>776.0</b>	+1.8%
	Operating Income	21.7	24.8	<b>25.5</b>	+2.6%
Lifestyle and Industrial Supplies	Sales	394.3	397.1	<b>402.5</b>	+1.3%
	Operating Income	12.1	8.3	<b>10.5</b>	+25.3%
Electronics	Sales	188.7	192.4	<b>186.5</b>	− 3.1%
	Operating Income	34.1	36.9	<b>36.0</b>	− 2.5%
Beverages	Sales	56.0	55.9	<b>57.0</b>	+1.8%
	Operating Income	2.2	2.1	<b>2.0</b>	− 5.7%
Adjustment	Sales	− 5.5	− 6.4	<b>− 6.0</b>	
	Operating Income	− 23.8	− 22.3	<b>− 23.0</b>	
Total	Sales	1,412.2	1,401.5	<b>1,416.0</b>	+1.0%
	Operating Income	46.3	49.8	<b>51.0</b>	+2.2%

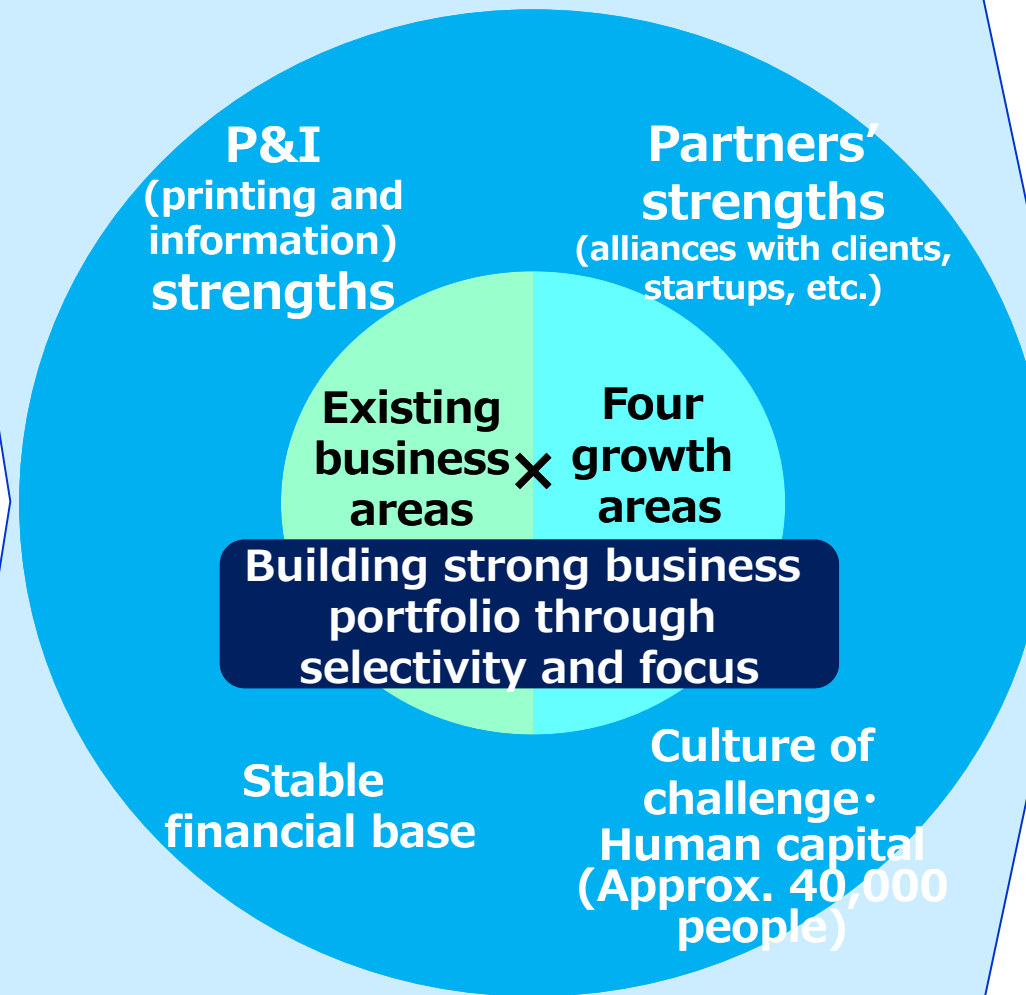
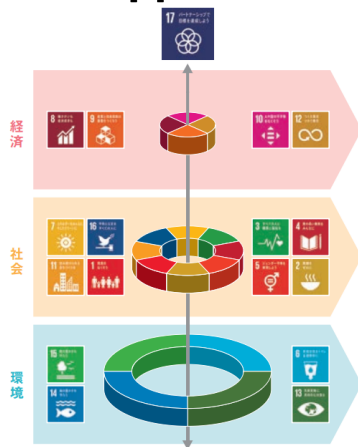
- 1. Overview of Consolidated Financial Results for First Six Months of Fiscal Year 2019**
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- 3. Toward Realization of “Third Corporate Founding”**

### 3. Toward Realization of “Third Corporate Founding”

#### Corporate Philosophy

The DNP Group connects individuals and society, and provides new value.

**Social issues·  
People's expectations**  
<Turning risks into opportunities>



**Generating, providing, and expanding new value**

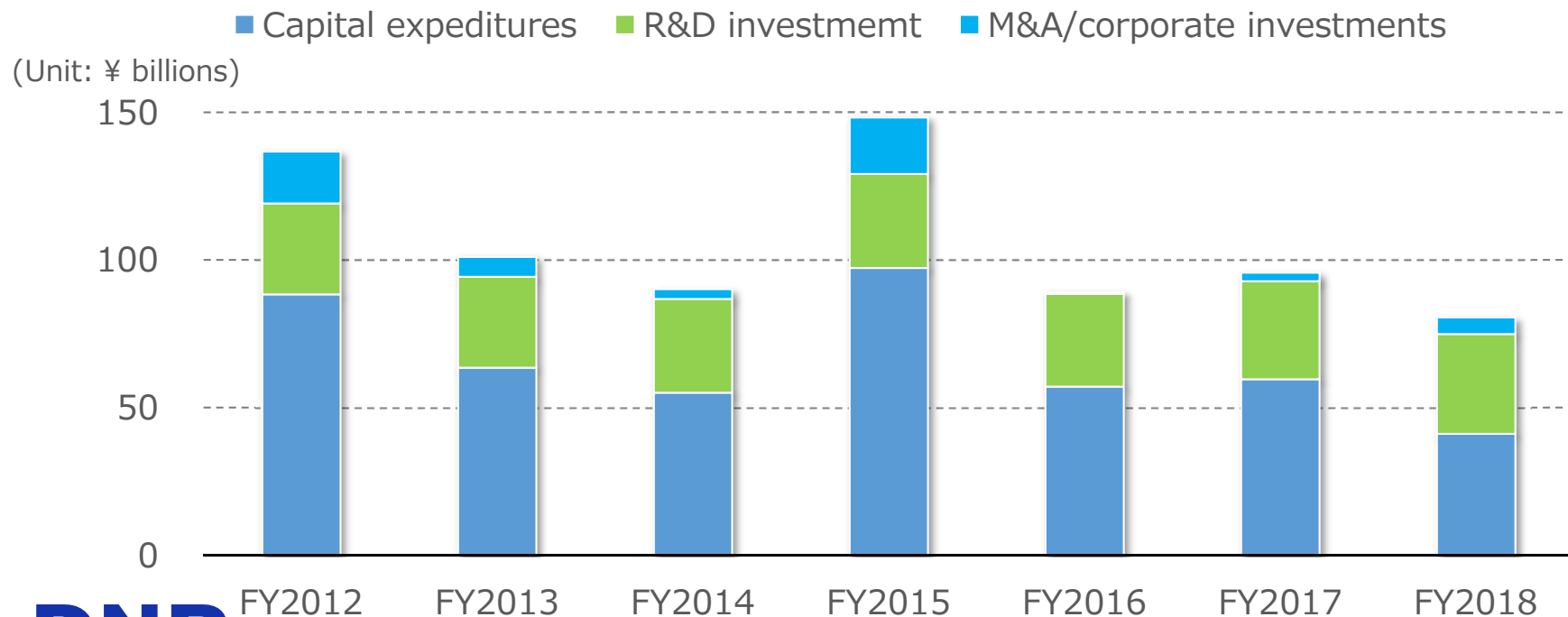


**Contribute to achieving sustainable society**



### 3. Toward Realization of “Third Corporate Founding”

- DNP has continued to invest around ¥100 billion per year in capital, R&D, and M&A.
- It will continue with these investments to create highly competitive products and services.

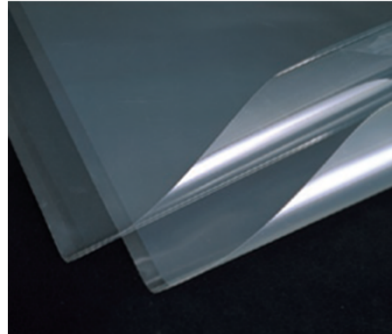


### 3. Toward Realization of “Third Corporate Founding”

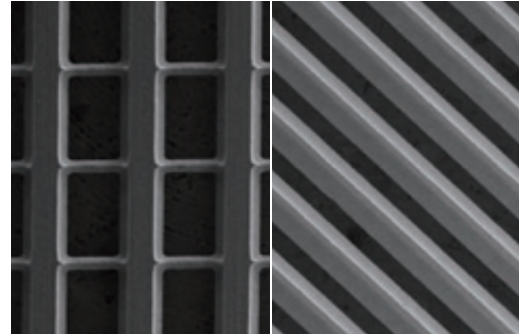
- No. 1 global market shares



Battery pouches for lithium-ion batteries



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Metal masks used in OLED display production (magnified view)



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(OS development has resulted in top market share in Japan for banking/financial smart cards)



Aseptic filling system for PET plastic bottles



Residential interior materials (floor coverings)



### 3. Toward Realization of “Third Corporate Founding”

#### **Third Corporate Founding**

**Combine in-house and external resources to create new value that resolves social issues and meets people’s expectations**

**(1) Generate value, mainly in growth areas**

**(2) Provide value to the global market**

**(3) Expand corporate value via structural reforms in all areas**

### 3. Toward Realization of “Third Corporate Founding”

#### (1) Generate value, mainly in growth areas

##### DNP Group Vision

##### Four Growth Areas



#### Knowledge and Communication

A future where people worldwide can expand opportunities for safe and secure communications and share and inherit knowledge



#### Lifestyle and Mobility

A future that safely and securely protects all living spaces where people worldwide are mobile and lead their lives



#### Food and Healthcare

A future where people around the world no longer have anxieties about their own lives and can lead lifelong safe, secure and high-quality lives



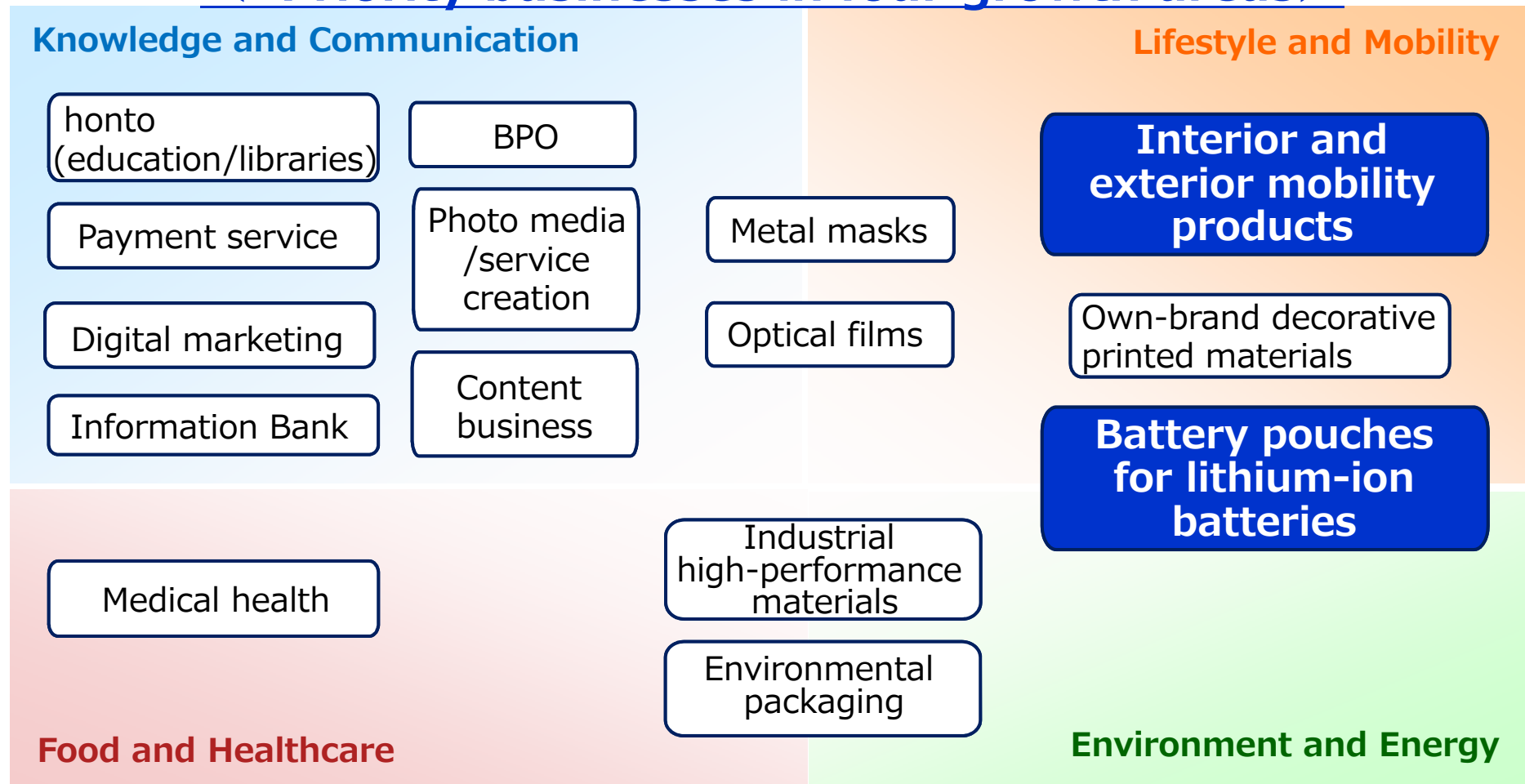
#### Environment and Energy

A sustainable future that reduces environmental impacts and enables people worldwide to co-exist harmoniously with the earth

### 3. Toward Realization of “Third Corporate Founding”

#### (1) Generate value, mainly in growth areas

##### < Priority businesses in four growth areas >



### 3. Toward Realization of “Third Corporate Founding”

#### (1) Generate value, mainly in growth areas

#### <Achieving a next-generation mobility society>

##### 1. Recognizing social issues—target market

###### ▶ Next-generation mobility-related businesses

¥6.4 trillion

Realize a smart mobility society with no mobility-impaired people

2030 domestic MaaS market  
(Yano Research Institute Ltd.)

###### ▶ Environment-related businesses

US\$ 4.3 trillion

Provide value that contributes to reducing environmental impacts and expanding sustainability

Business value through energy and material economic systems  
(The Business & Sustainable Development Commission)

###### ▶ Sharing economy-related businesses

¥138.6 billion

Lead the social change from “owning to using”

Japan’s sharing economy market in FY2022  
(Yano Research Institute Ltd.)

##### 2. DNP products and services

- Battery pouches for lithium-ion batteries
- Curved resin glass for electric vehicles
- Decorative films and panels
- Security solutions etc.

##### 3. Value that resolves social issues

- Reduce greenhouse gas emissions and atmospheric pollution
- Improve quality of life (QOL) through comfortable transport and effective use of transit time etc.

# 3. Toward Realization of “Third Corporate Founding”

## (1) Generate value, mainly in growth areas

### <Achieving a next-generation mobility society>

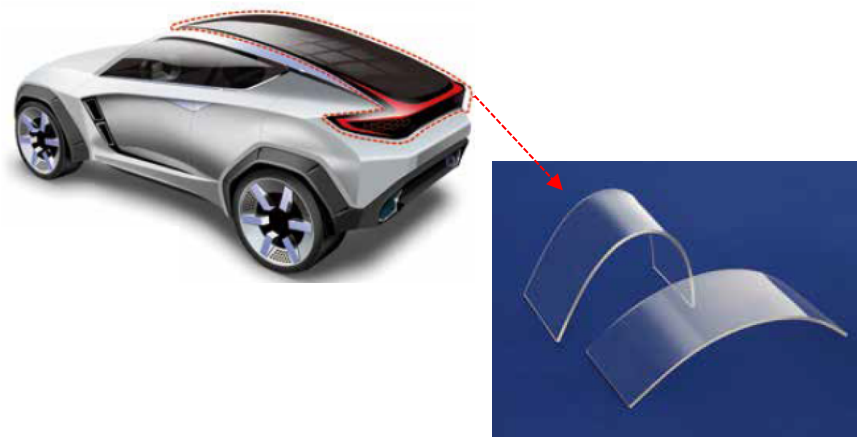
#### Battery pouches for lithium-ion batteries

- Uses precision coating to achieve slimmer, lighter products
- Outstanding electrolytic solution resistance laminate strength assures long-term reliability and preservability
- Lower weight and better shapability than metal cases
- Can also be used in next-generation all-solid batteries and non-battery applications



#### Curved resin glass for electric vehicles

- Lower weight and better workability and thermal insulation performance compared with glass; contributes to lower vehicle weights and flexible interior design
- DNP has developed curved resin glass optimized for automobile rear windows based on track record of supplying applications such as construction machinery. It is also working to develop curved resin glass that integrates with vehicle bodywork, contributing to a significant reduction in the number of components.



### 3. Toward Realization of “Third Corporate Founding”

#### (1) Generate value, mainly in growth areas

#### <Achieving a next-generation mobility society>

##### Decorative films and panels

- DNP produces decorative films that give greater flexibility to the design and functionality of automobiles, which represent a highly personal space.
- DNP is developing next-generation decorative panels that create a pleasant space and avoid a detrimental impact on design from equipment used to display information, which is expected to increase in line with the move toward self-driving vehicles.



**DNP**

##### Security solutions

- DNP will develop and provide a platform for digital lock services, using digital keys in smartphone apps that draw on the authentication technology for identifying individuals and encryption technology to enable the secure exchange of data accumulated in its smart card and other businesses.



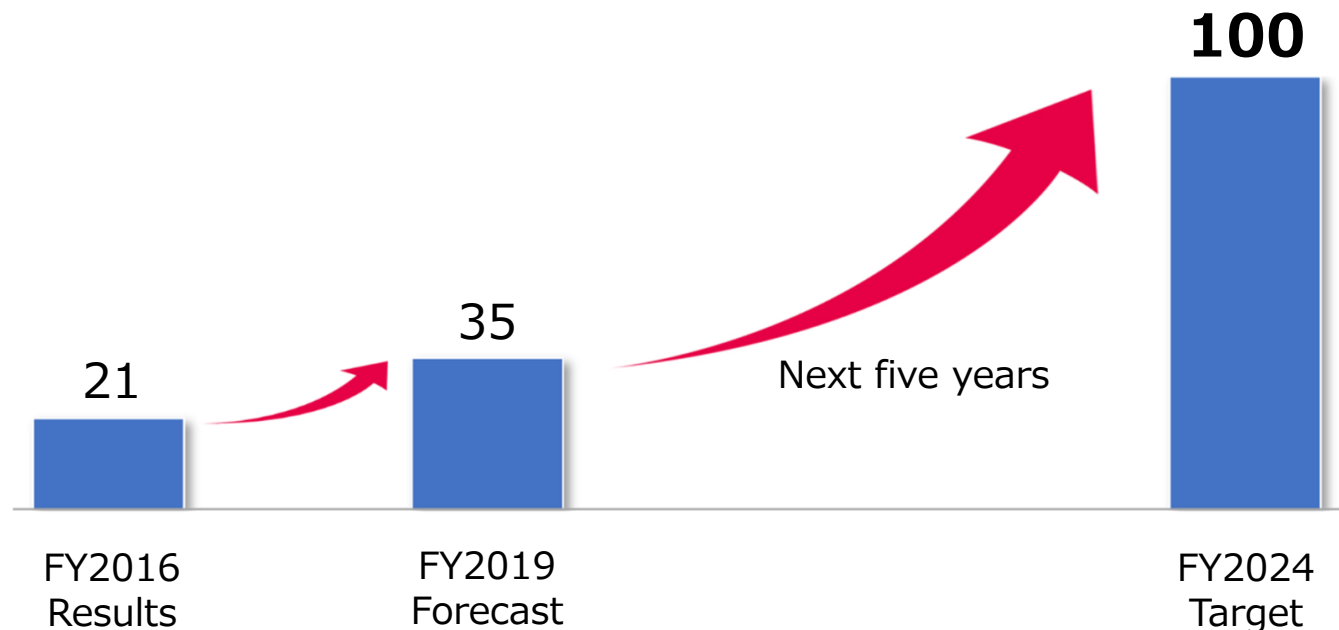
### 3. Toward Realization of “Third Corporate Founding”

#### (1) Generate value, mainly in growth areas

#### <Achieving a next-generation mobility society>

Providing **new value** to realize a next-generation mobility society that is friendly to people and the earth.

#### Mobility area sales targets (Unit: ¥ billions)





### 3. Toward Realization of “Third Corporate Founding”

#### (2) Provide value to the global market

	Africa	Europe	Asia	North America	South America
Information Communication	Photo printing and other imaging communications businesses				
			Smart card business BPO business		
Lifestyle and Industrial Supplies		Environmentally conscious packaging, high-performance barrier films, etc.			
		Photovoltaic module components, battery pouches for lithium-ion batteries			
		Living Spaces business (residential/non-residential, interior and exterior decorative products for automobiles, etc.)			
Electronics		Semiconductor photomask business			
			Display products business		

### 3. Toward Realization of “Third Corporate Founding”

#### (3) Expand corporate value via structural reforms in all areas

Promoting restructuring to enable swift response to changing environment

##### □ Building a strong business portfolio

- DNP aims to improve profitability through business selectivity and focus.
- DNP will proactively focus management resources on priority businesses with high margins and strong growth prospects.

##### □ Streamlining manufacturing operations

- DNP will create an organizational structure that unifies oversight of print media manufacturing divisions in the Information Communication segment in order to boost competitiveness.
- DNP will create an organization that centralizes companywide management of its core clean converting technology\* to maximize profits by developing new technologies and new high-value-added products, flexibly allocating production and closing and merging plants.

\*Note: Clean converting technology

Precision coating is a technology that forms a coating film on materials with a variety of features, in either single or multiple layers, in a homogenous and uniform manner on the surface of substrates such as paper as well as plastic film, metal and glass. A variety of functions that include optical and barrier properties and heat resistance can be added, giving this technology widespread applications in such areas as packaging and building materials, photographic print materials, battery materials, and optical films.

### 3. Toward Realization of “Third Corporate Founding”

#### Basic policy regarding capital strategy

##### □ Directing management resources toward growth areas

- DNP will focus its management resources on R&D expenditures, capital expenditures, and investments in M&A and strategic alliances mainly in businesses in growth areas and the human resource investments required to support them in order to generate new value that resolves social issues and meets people's expectations.

##### □ More efficient use of capital, stable financial base

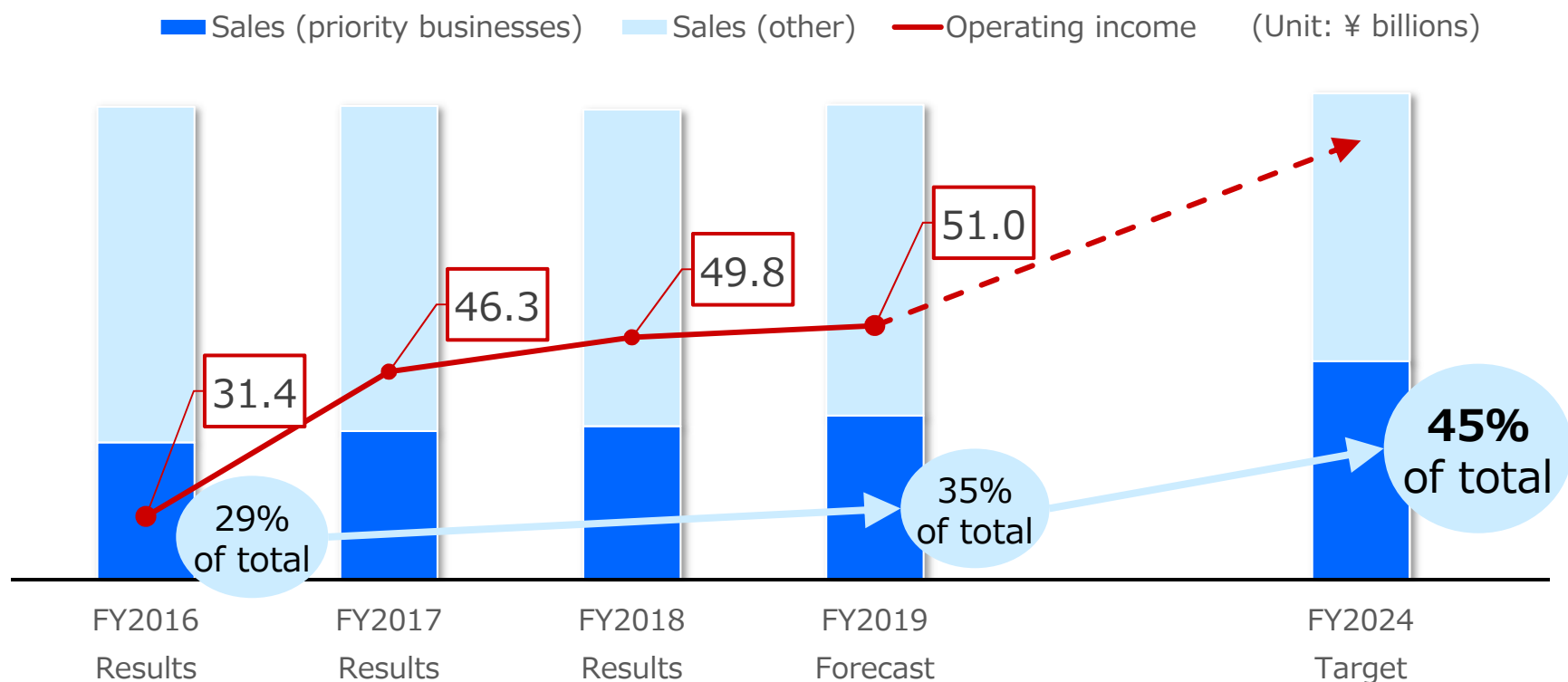
- Funding for growth investments using both the DNP's own and third-party capital
- Profitability improvements through business selectivity and focus; better capital efficiency mainly through reducing idle assets
- Stable financial base backed by retained earnings

##### □ Shareholder returns

- DNP will distribute profits based on stable dividend payments, taking earnings and dividend payout ratio into account.

### 3. Toward Realization of “Third Corporate Founding”

#### Medium-term management targets



ROE2.5%

ROE5.0%

**Achieve stable  
ROE of  
at least 5%**

- Increase profitability by building a strong business portfolio
- Improve capital efficiency through business selectivity and focus and disposing of idle assets

Today's Innovation is "Tomorrow's Basic."

**DNP**

## Disclaimer

The earnings forecasts, medium-term management targets, and other forward-looking statements contained in these materials represent DNP's judgement of the current outlook based on information available at the time of preparation, and involve potential risks and uncertainties. Actual performance may therefore differ materially from these forward-looking statements due to changes in the various assumptions on which they are based.