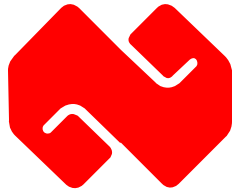


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**May 15, 2015**

**Financial Results Presentation  
for the Year  
Ended March 31, 2015**



**Nitta Gelatin Inc.**

# **Koichi Ogata** Representative Director and President

From Fukushima Prefecture, born on July 8, 1957

- Mar. 1981 Graduated from Tohoku University Faculty of Science
- Apr. 1981 Joined Kanebo Foods, Ltd. (currently Kracie Foods, Ltd.)
- Dec. 2005 Joined Nitta Gelatin Inc.
- Mar. 2008 General Manager, R&D Department, Sales & Marketing Division of the Company
- June 2010 Executive Officer of the Company
- June 2012 Director of the Company
- Mar. 2013 General Manager, Sales & Marketing Division of the Company
- Apr. 2015 Representative Director and President of the Company

1. Business Overview
2. Results for Year Ended March 31, 2015
3. New Management Policy
4. Outlook for Year Ending March 31, 2016
5. Topics

<Disclaimer>

The opinions, outlooks, forecasts and other forward looking statements contained herein are based on Nitta Gelatin Inc.'s judgments as of when this presentation was compiled. Accuracy of information contained in this presentation is by no means guaranteed. Please be aware that the Company's earnings going forward may vary materially from the content of this presentation depending on various variables including the market environment.

# 1. Business Overview

# Company Overview

Name	<b>Nitta Gelatin Inc.</b>
Representative	<b>Koichi Ogata</b> , Representative Director and President
Head Office	4-4-26, Sakuragawa, Naniwa-ku, Osaka, Japan
Establishment	January 1918
Stock Listing	First Section of the Tokyo Stock Exchange (Stock code: 4977)
Capital	¥3,144 million
Consolidated Net Sales	¥31.9 billion (Year ended March 31, 2015)
Consolidated Employees	595 (As of March 31, 2015)

## Business Segments, Divisions and Main Products

Business Segment	Division	Product	Application
Collagen Material	Gelatin	For food	Gummy candy, marshmallow and other confectionery, food products, convenience store delicatessen items, frozen foods, etc.
		For capsules	Hard and soft capsules, mini-capsules, etc.
		For photography	Color film, X-ray film, photographic paper, etc.
	Peptide	Collagen peptide	Dietary food supplements, health supplements, functional nutrient foods, etc.
	Casing	Collagen casing	Sausages, frankfurters, snack sausages, salamis, etc.
	Life Science	Collagen, gelatin	Testing reagents for laboratory research, synthetic tissue, synthetic bones, DDS, cell transplants, etc.
Formula Solution	Food Materials	Gelling agents, Stabilizers and quality enhancers	Dessert jellies, delicatessen items, meat products, etc.
	Adhesives	Sealants (High-performance gaskets)	Smartphones, mobile phones, tablets, digital cameras, etc.
		Hot-melt adhesives	Packaging, bookbinding, construction material, hygiene products, etc.
		Animal glues	Bookbinding, paper packs, paper crafts, etc.

## **2. Results for Year Ended March 31, 2015**

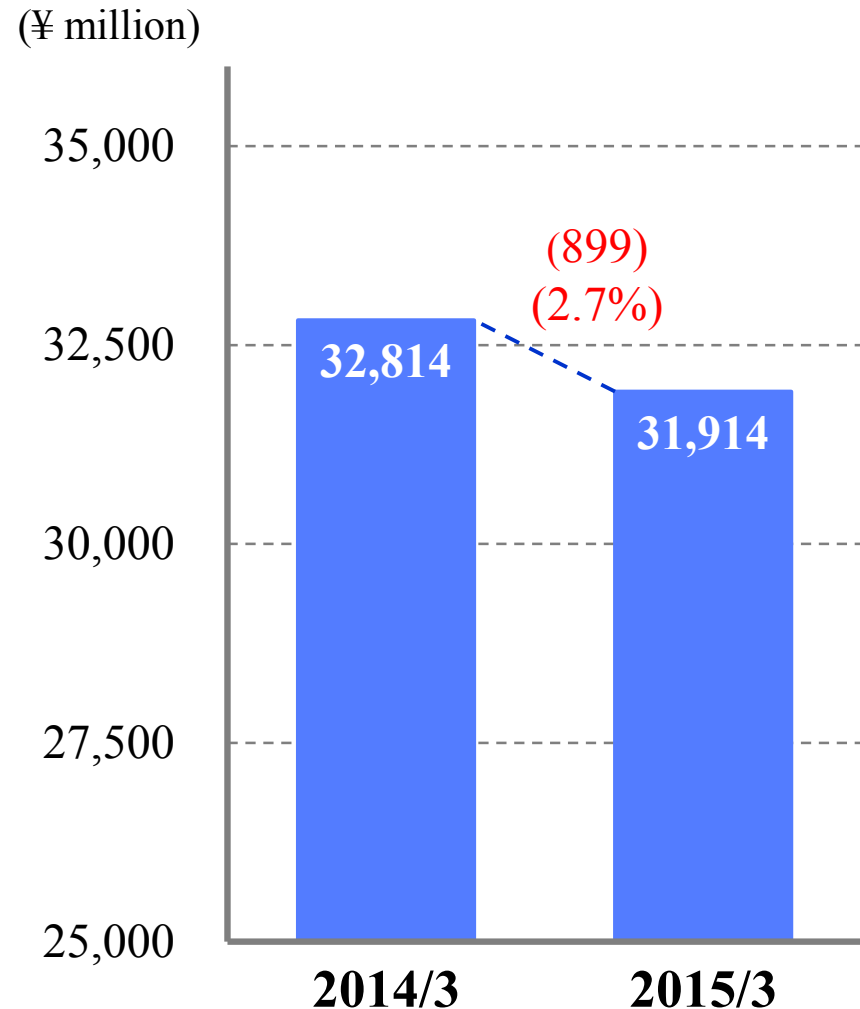
## Business Performance (1) : Net Sales

Net Sales : ¥31,914 million

Change : ¥(899) million

% Change: (2.7 %)

- Temporary decrease in demand in NA
- Fall in demand following rush demand before consumption tax hike
- Lower demand due to unseasonable weather





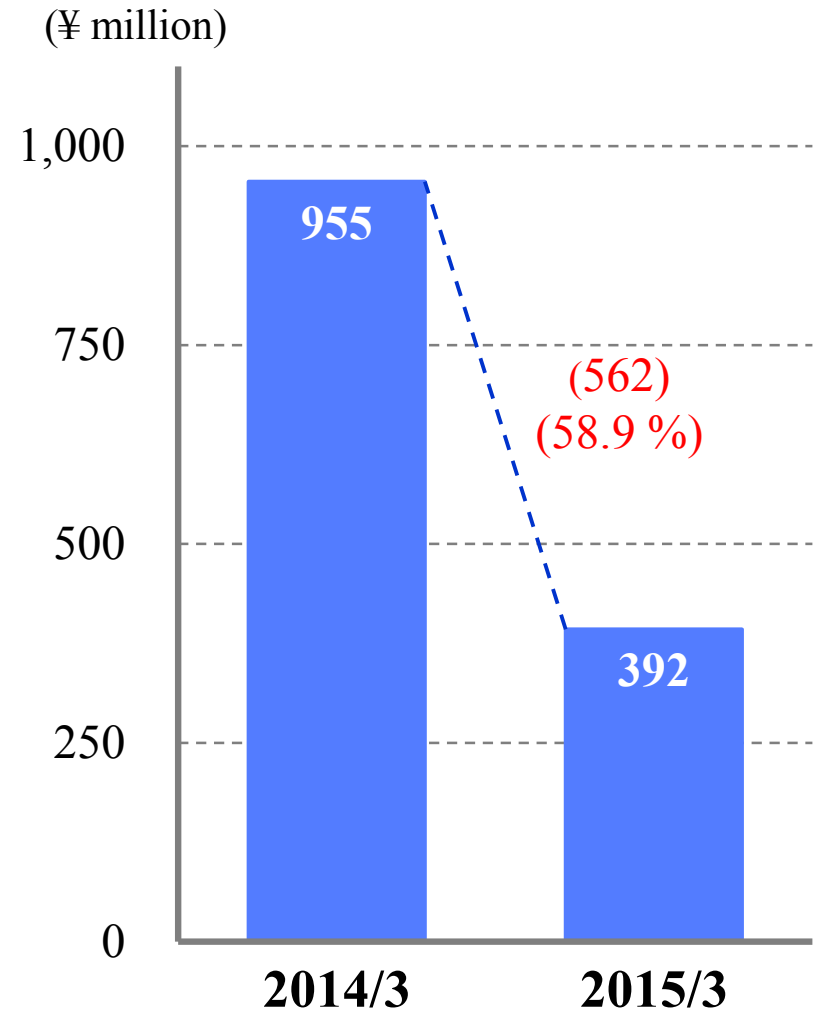
## Business Performance (2) : Operating Income

Operating Income : ¥392 million

Change : ¥(562) million

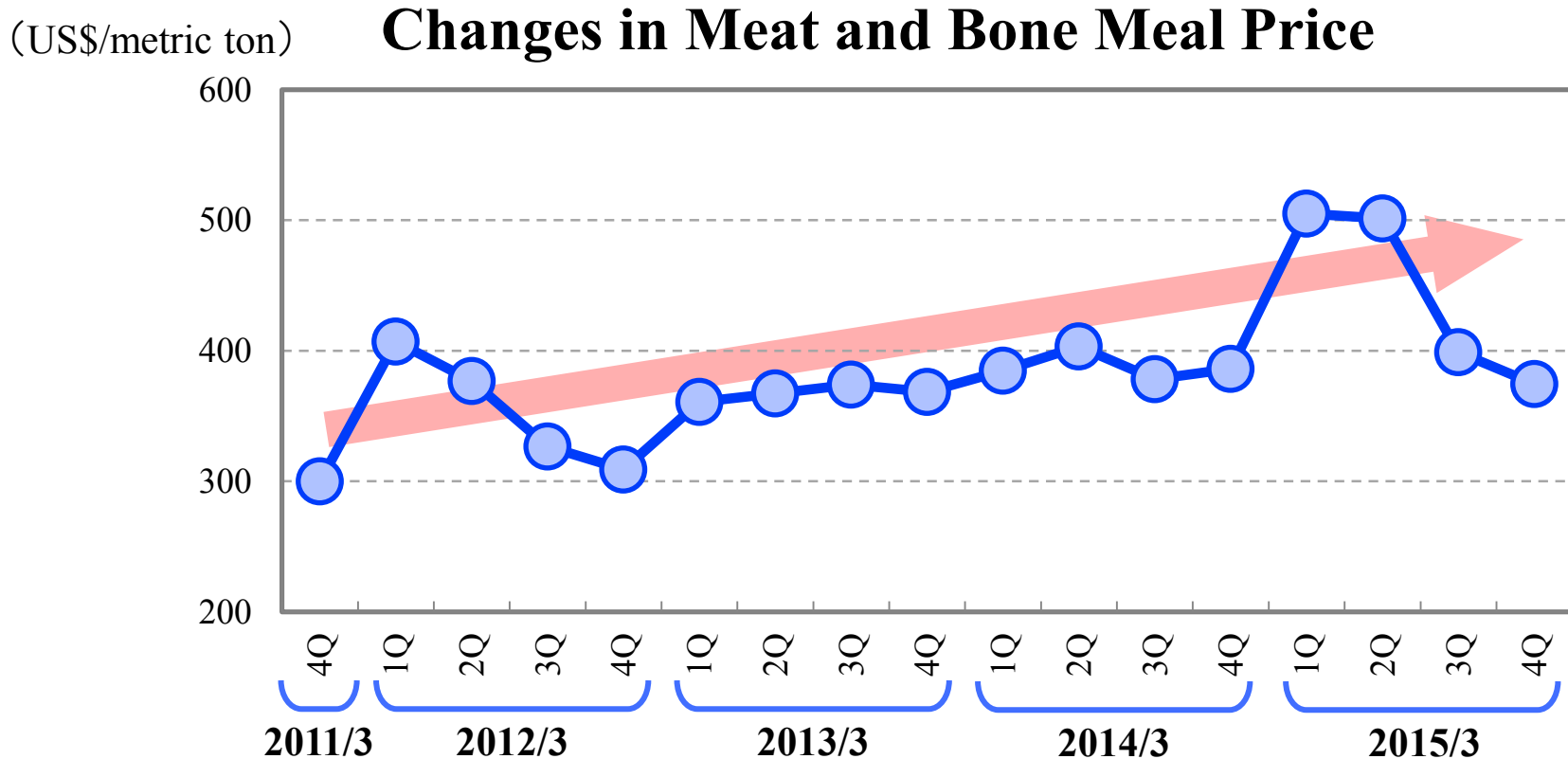
% Change : (58.9 %)

- Rise in raw material price
- Higher energy costs
- Weak yen
- Drop in sales



## Negative impact (1)

# Rise in overseas raw materials prices

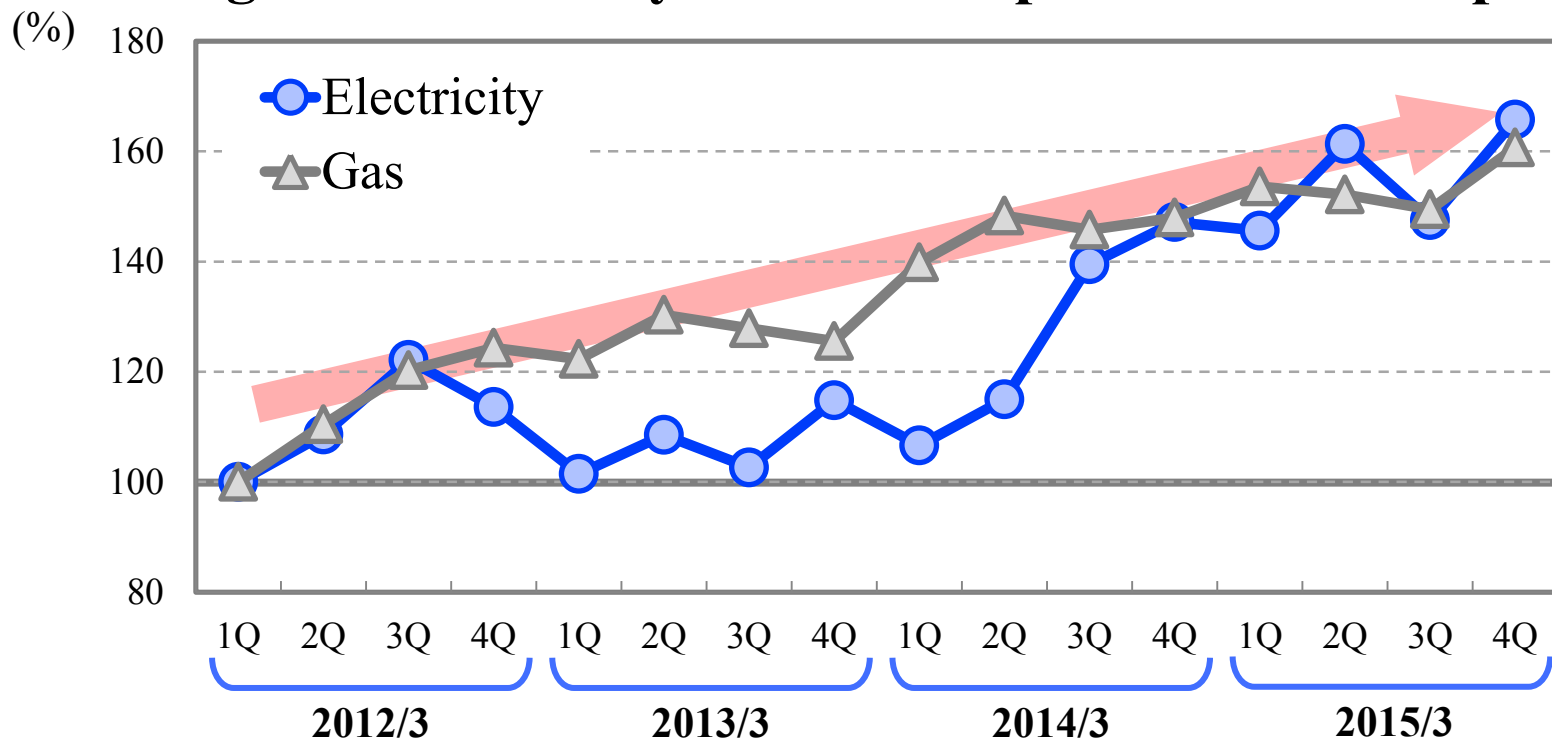


Source: Brian Gould, Agricultural and Applied Economics  
Data aggregated by Nitta Gelatin

## Negative impact (2)

# Rise in energy costs in Japan

Changes in Electricity & Gas unit price of the Company

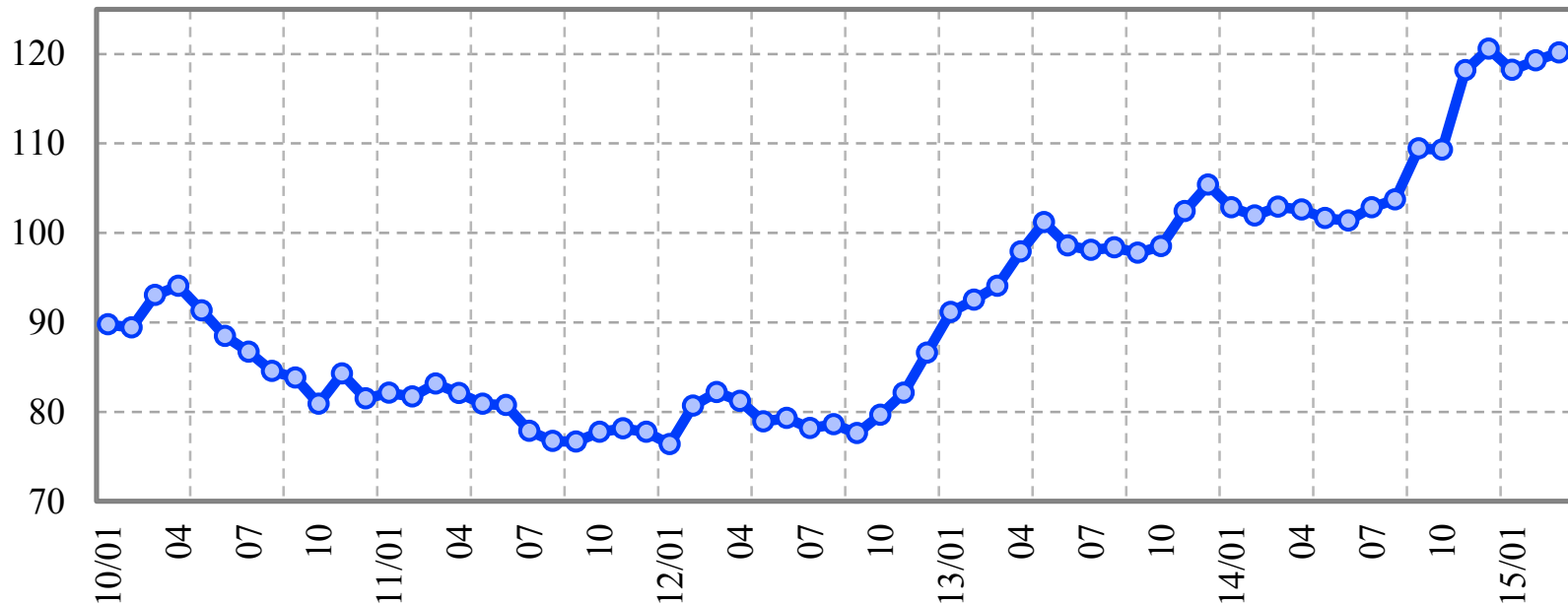


## Negative impact (3)

# Rise in import costs due to the weak yen

(yen/US\$)

### Foreign exchange chart (TTM rate)




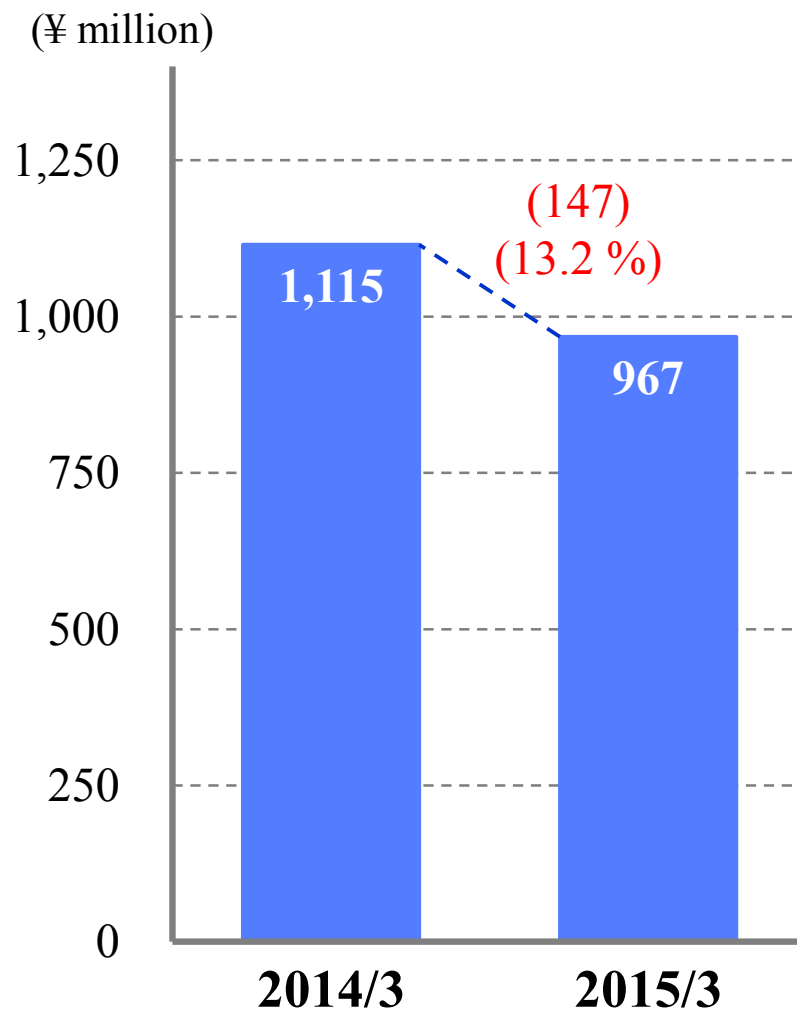
## Business Performance (3) : Ordinary Income

Ordinary Income : ¥967 million

Change : ¥(147) million

% Change : (13.2 %)

 Increase in foreign exchange gains

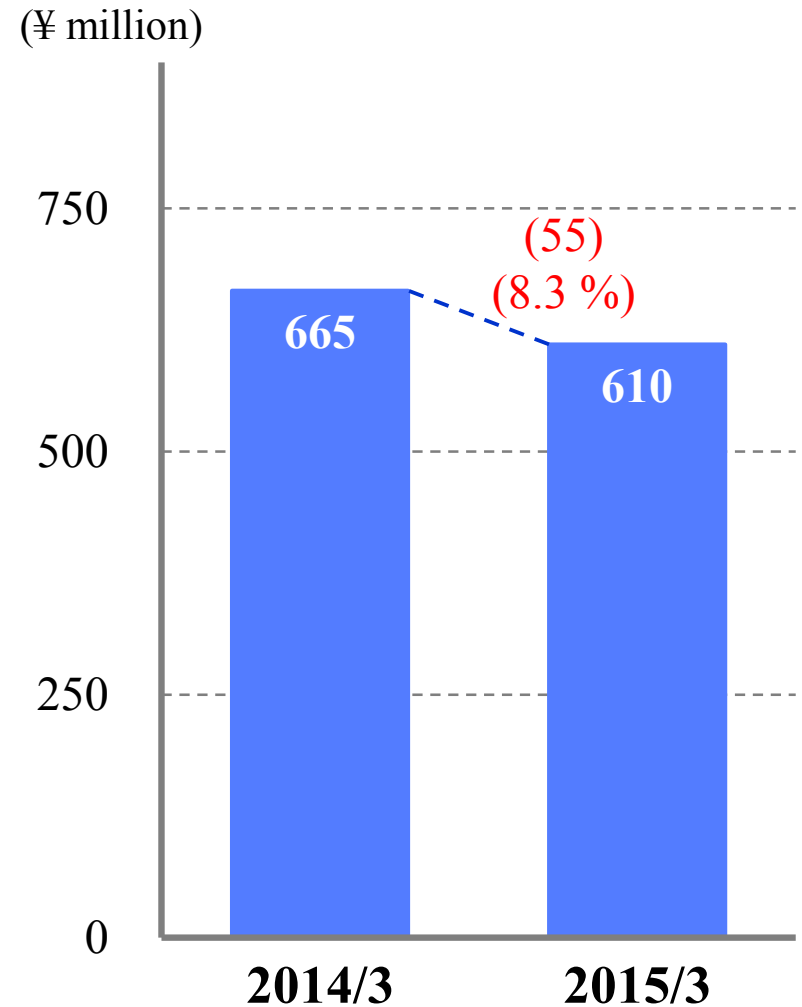


## Business Performance (4) : Net Income

Net Income : ¥610 million

Change : ¥(55) million

% Change : (8.3 %)



# Collagen Material Business

**Sales :** ¥22,959 million

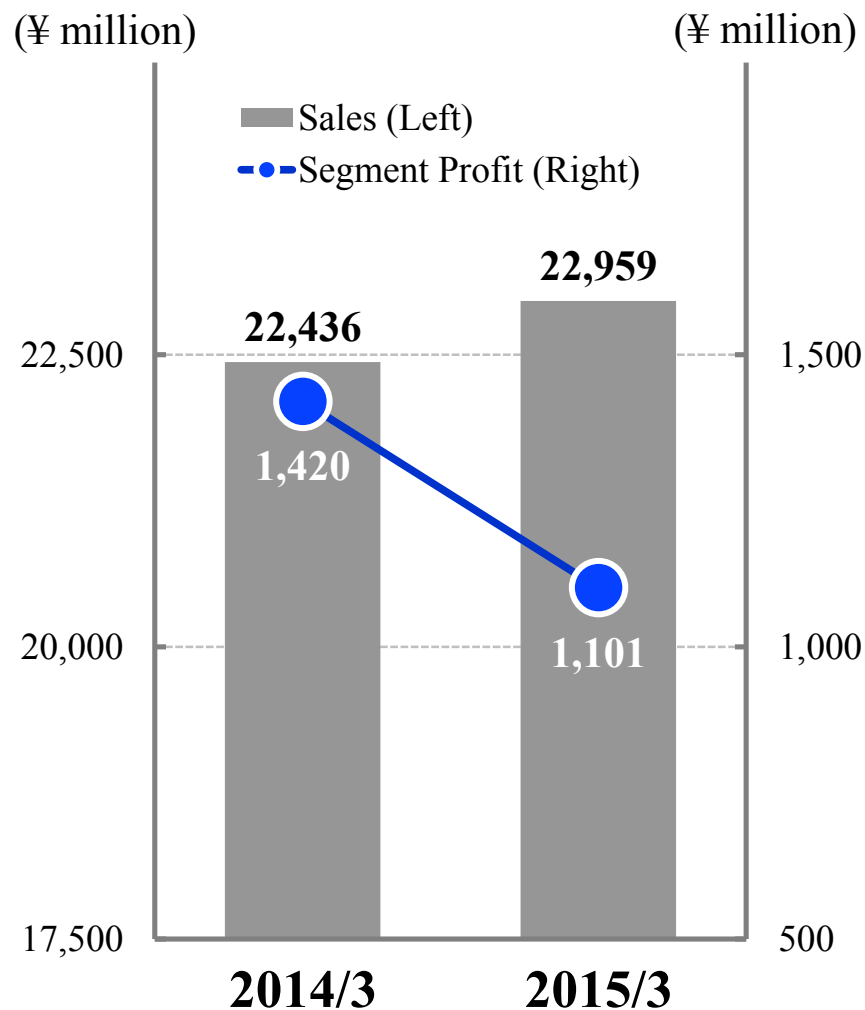
**Change :** ¥522 million

**% Change:** 2.3 %

**Segment profit :** ¥1,101 million

**Change :** ¥(318) million

**% Change :** (22.4 %)



# Formula Solution Business

**Sales :** ¥8,955 million

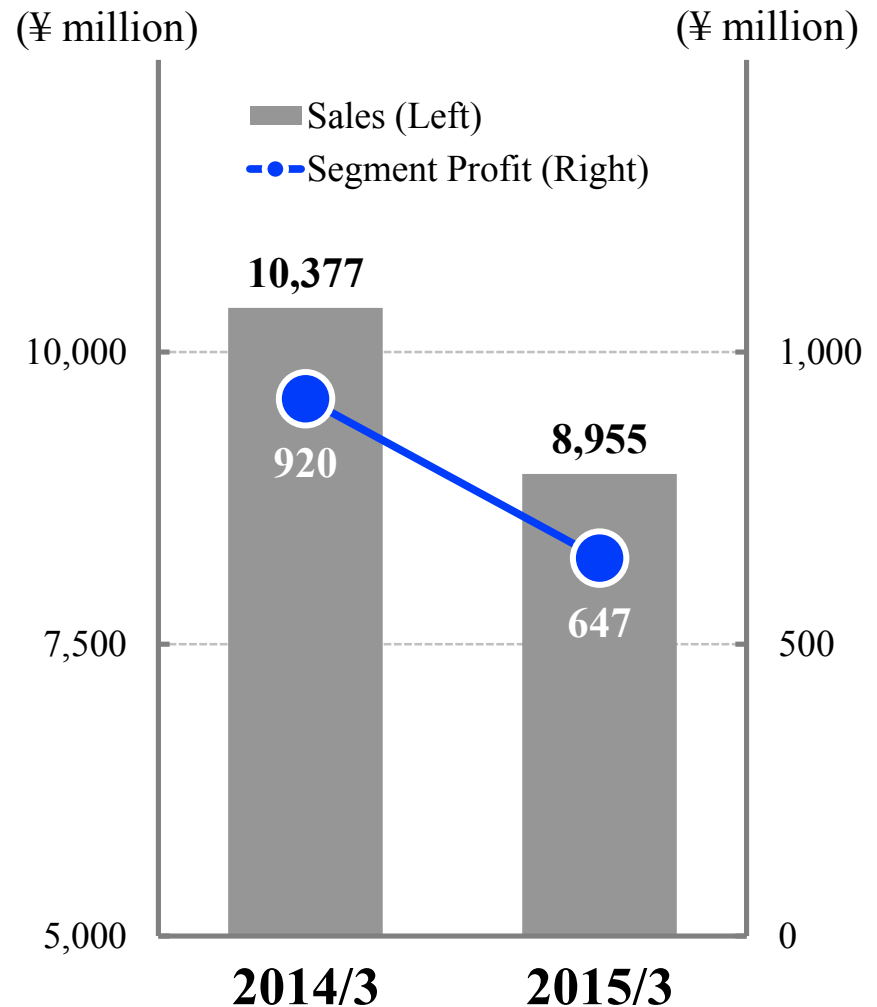
**Change :** ¥(1,421) million

**% Change:** (13.7 %)

**Segment profit :** ¥647 million

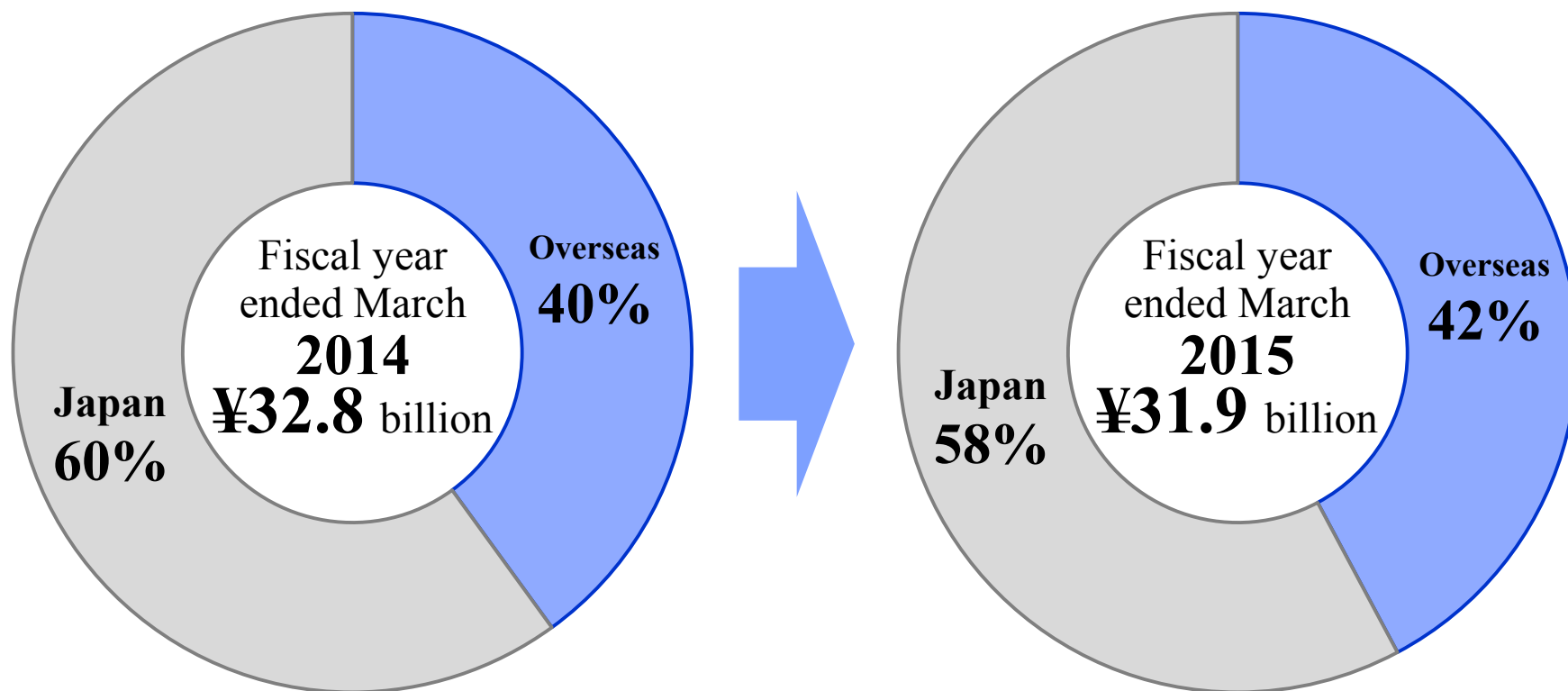
**Change :** ¥(272) million

**% Change :** (29.6 %)





# Overseas Sales Ratio



## Balance Sheets (B/S)

- Fixed assets increased due to the acquisition of tangible fixed assets
- Net assets increased due to an increase in comprehensive income and shareholders' equity

(¥ million)	2014/3	2015/3	Change
<b>Current assets</b>	18,685	18,038	(646)
Cash and deposits	2,426	2,622	+196
Notes and accounts receivable-trade	8,164	6,726	(1,438)
Inventory	7,642	8,221	579
Other	452	467	15
<b>Noncurrent assets</b>	12,704	15,893	3,188
Property, plant and equipment	8,804	10,848	2,044
Intangible assets	50	69	18
Investments and other assets	3,849	4,974	1,125
<b>Total assets</b>	31,389	33,932	2,542

(¥ million)	2014/3	2015/3	Change
<b>Current liabilities</b>	10,080	10,274	194
Notes and accounts payable-trade	4,255	3,768	(486)
Short-term loans & current portion of long-term debt	3,054	3,832	778
Other	2,770	2,673	(97)
<b>Noncurrent liabilities</b>	7,528	8,283	755
Long-term loans payable	4,415	4,867	451
Provision for retirement benefits	2,561	2,700	138
Other	550	715	164
<b>Total liabilities</b>	17,608	18,558	949
<b>Shareholders' equity</b>	14,734	15,423	688
Accumulated other comprehensive income	(1,097)	(152)	945
Minority interests	144	102	(41)
<b>Total net assets</b>	13,781	15,373	1,592
<b>Total liabilities and net assets</b>	31,389	33,932	2,542

# Consolidated Statements of Cash Flows (C/F)

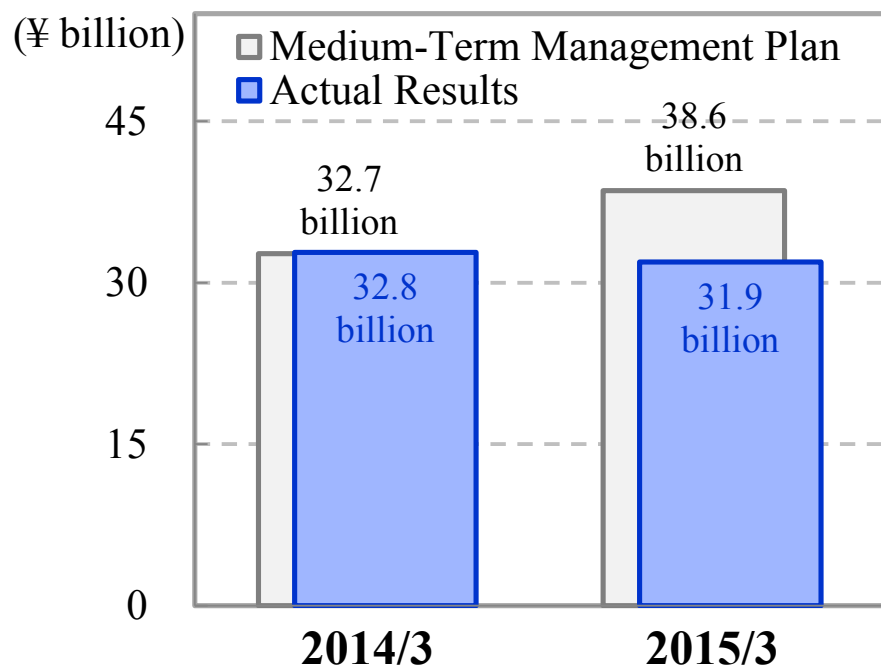
- Operating CF : Proceeds from assignment of accounts receivable
- Investing CF : Net cash used in plant investments
- Financing CF : Proceeds from bank loans (Last year: Proceeds from public offering)

(¥ million)	2014/3	2015/3
Net cash from operating activities	(692)	2,074
Net cash from investing activities	(3,105)	(2,505)
Net cash from financing activities	3,875	544
Increase in cash and cash equivalents	147	196
End balance of cash and cash equivalents	2,406	2,602

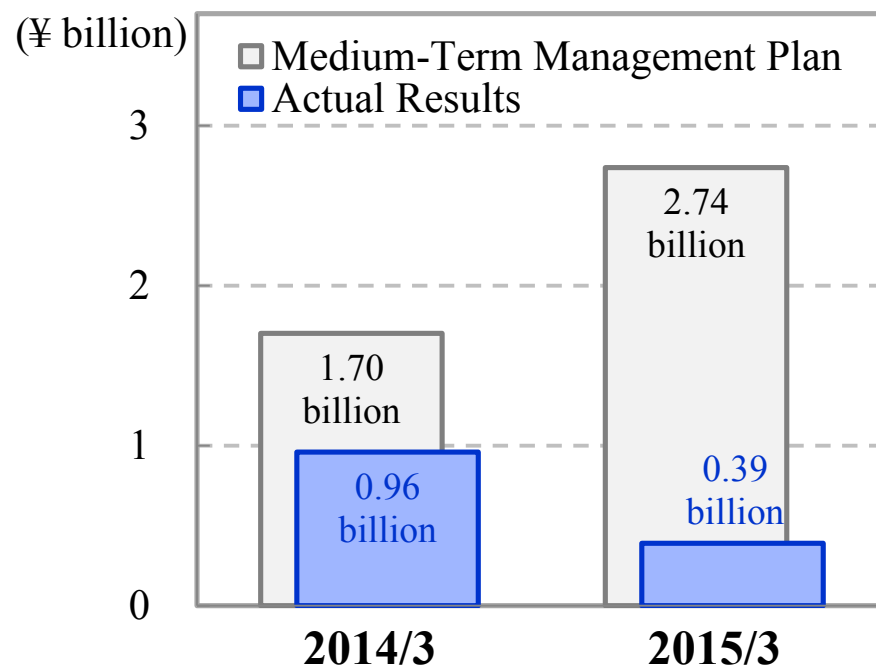
# 3. New Management Policy

## Comparison of Medium-Term Management Plan and Achievements

### Net Sales



### Operating Income



## Discontinuation of Medium-Term Management Plan

## Capital Investment

(¥ million)	2014/3	2015/3	Total
Forecast	3,800	5,400	9,200
Results	2,949	2,449	5,398
Change	(851)	(2,951)	(3,802)

- Shirring facilities of the casing plant in China completed in July 2013
- Productivity improvement demonstration facility of the US casing plant completed in May 2014
- US collagen peptide plant completed in May 2014
- Gelling agent manufacturing plant in Vietnam completed in Aug. 2014
- AIC(Adhesive Innovation Center) in Japan completed in Aug. 2014

## **New Corporate Slogan**

**“Progress with a New Perspective”**

## **Basic Strategy**

**“Pursue the Highest Quality”**

### **Strategic Objectives**

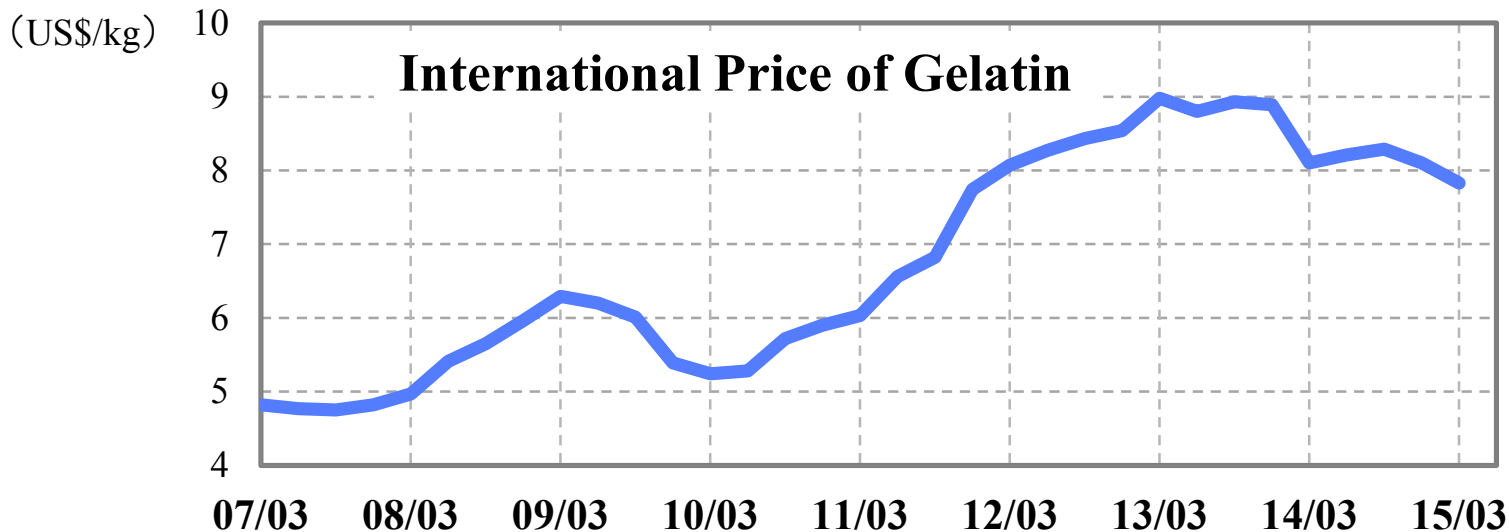
- (1) Develop high value-added products
- (2) Ensure optimal production, optimal sales
- (3) Strengthen global business foundation

# **4. Outlook for Year Ending March 31, 2016**



## External Business Environment

- International gelatin prices are projected to remain high based on increased demand and tight raw material supplies
- Demand for casing, gelatin and peptide is growing in Asian countries
- Weak yen continues
- Stable pigskin supply
- Relaxation of BSE rules and functional labeling regulations



Source: IMR INTERNATIONAL

## Business Strategy

Business	Strategy	Action Plan
<b>Gelatin</b>	Optimal production Optimal sales	<ul style="list-style-type: none"> <li>• Local production for local sales</li> <li>• Develop new raw material source</li> </ul>
<b>Peptide</b>	Establish “Wellnex” as the top brand	<ul style="list-style-type: none"> <li>• Develop functional peptide</li> <li>• Create new markets in Asia</li> </ul>
<b>Collagen Casing</b>	Increase production capacity and enhance quality	<ul style="list-style-type: none"> <li>• Develop high value-added casings</li> </ul>
<b>Food Materials</b>	Create new value by developing new products and applications	<ul style="list-style-type: none"> <li>• Expand business with general food manufacturing companies</li> <li>• Expand business in growing markets</li> </ul>
<b>Adhesives</b>	Structural reform for re-growth of the business	<ul style="list-style-type: none"> <li>• Expand sealant material (G-zain) business</li> <li>• Expand application range of hot-melt adhesives</li> </ul>

## Forecasts for Year Ending March 31, 2016

(¥ million)		2015/3	2016/3	Change
		(Result)	(Forecast)	
Net Sales		31,914	<b>38,100</b>	19.4%
Operating Income		392	<b>1,400</b>	256.6%
	Margin	1.2%	<b>3.7%</b>	—
Ordinary Income		967	<b>1,100</b>	13.7%
	Margin	3.0%	<b>2.9%</b>	—
Net Income		610	<b>200</b>	(67.2%)
	Margin	1.9%	<b>0.5%</b>	—

## 4 Outlook for Year Ending March 31, 2016

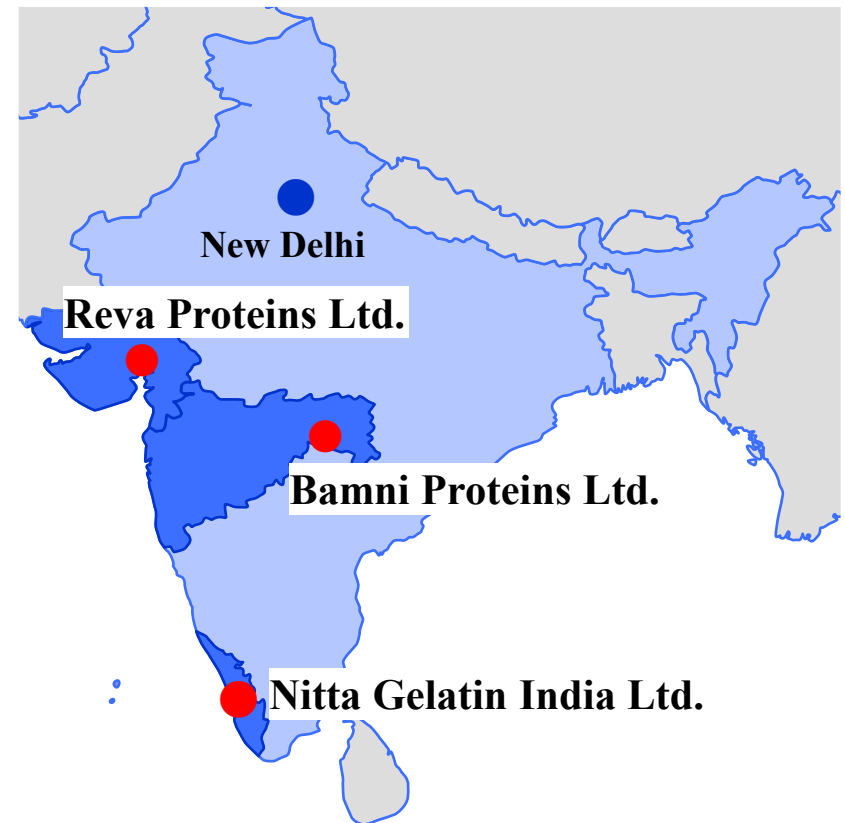
# Sales Forecasts by Segment

(¥ million)	Net Sales			Segment Profit		
	2015/3 (Result)	2016/3 (Forecast)	Change	2015/3 (Result)	2016/3 (Forecast)	Change
Collagen Material business	22,959	<b>28,700</b>	25.0%	1,101	<b>2,000</b>	81.6%
Formula Solution business	8,955	<b>9,400</b>	5.0%	647	<b>800</b>	23.6%
(Elimination or corporate expenses)	—	—	—	(1,356)	<b>(1,400)</b>	—
Total	31,914	<b>38,100</b>	19.4%	392	<b>1,400</b>	256.6%

## Conversion of Indian Affiliate Companies into Consolidated Subsidiaries

on April 1, 2015 (effective acquisition date)

- Nitta Gelatin India Ltd.  
Manufacture and sales of gelatin, collagen peptide and gelatin raw material
- Bamni Proteins Ltd.  
Manufacture of gelatin raw material
- Reva Proteins Ltd.  
Manufacture of gelatin raw material



## **Extraordinary loss associated with the conversion of Indian affiliated companies into consolidated subsidiaries**

Difference between the carrying amount and the fair value

Extraordinary Loss : ¥(620) million

## Investment Plan

(¥ million)	2014/3 (Result)	2015/3 (Result)	2016/3 (Forecast)
Capital investment	<b>2,949</b>	<b>2,449</b>	<b>2,500</b>
Depreciation	<b>914</b>	<b>1,115</b>	<b>1,750</b>

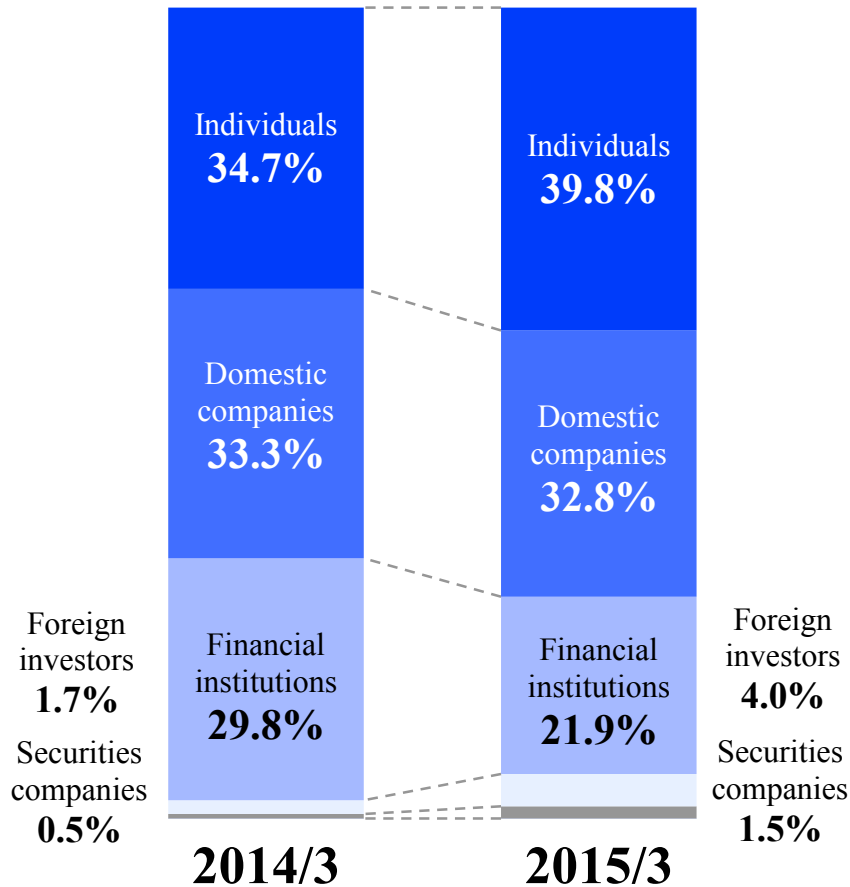
### 2016/3 Main Capital Investments

- India: Facilities for quality improvement and stable production
- NA: Facilities for productivity improvement
- Japan: Facilities for productivity improvement

# Share Distribution

Number of Shares Issued

**18,373** thousand shares



Number of Shareholders

**5,781**

**6,960**





# Shareholder Returns

## <Dividend Forecast>

Year ended March 31, 2015 : ¥6 per share year-end dividend

Year ending March 31, 2016 : ¥12 per share annual dividend  
( ¥6 interim dividend )  
( ¥6 year-end dividend )

## <Shareholder Benefit Program>

Plans call for continuing the program

### Benefit details

- 100 to less than 500 shares :  
¥1,000 shopping certificate for Nitta Gelatin products
- 500 or more shares : Nitta Gelatin products worth ¥3,000, such as health foods

# 5. Topics

- **Relaxation of BSE regulations**

- US raw materials will be allowed in use for edible gelatin

- **Relaxation of functional labeling regulations**

- Activation of health food market will lead to the expansion of collagen peptide sales

# ifia® JAPAN 2015

The 20<sup>th</sup> International Food Ingredients  
& Additives Exhibition and Conference

## Planning to Exhibit

**Tokyo Big Sight**

(Tokyo International Exhibition Center)

**May 20-22, 2015**

We develop products with customers taking advantage of our strength in application and proposals.



Nitta Gelatin's booth at ifia JAPAN 2013

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**Thank you for your attention.**



**Nitta Gelatin Inc.**

