

Financial Results Presentation for the Year Ended March 31, 2013



Nitta Gelatin Inc.

May 16, 2013

- 1. Business Overview**
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<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	Nitta Gelatin Inc.
Representative	Norimichi Soga, Representative Director and President
Head Office	4-4-26, Sakuragawa, Naniwa-ku, Osaka (P.C.556-0022), Japan
Establishment	January 1918
Stock Listing	First Section of the Tokyo Stock Exchange (Stock code: 4977)
Capital	¥1,577 million
Consolidated Net Sales	¥28,700 million (Year ended March 31, 2013)
Consolidated Employees	624 (As of March 31, 2013)

Business Segments, Divisions and Main Products

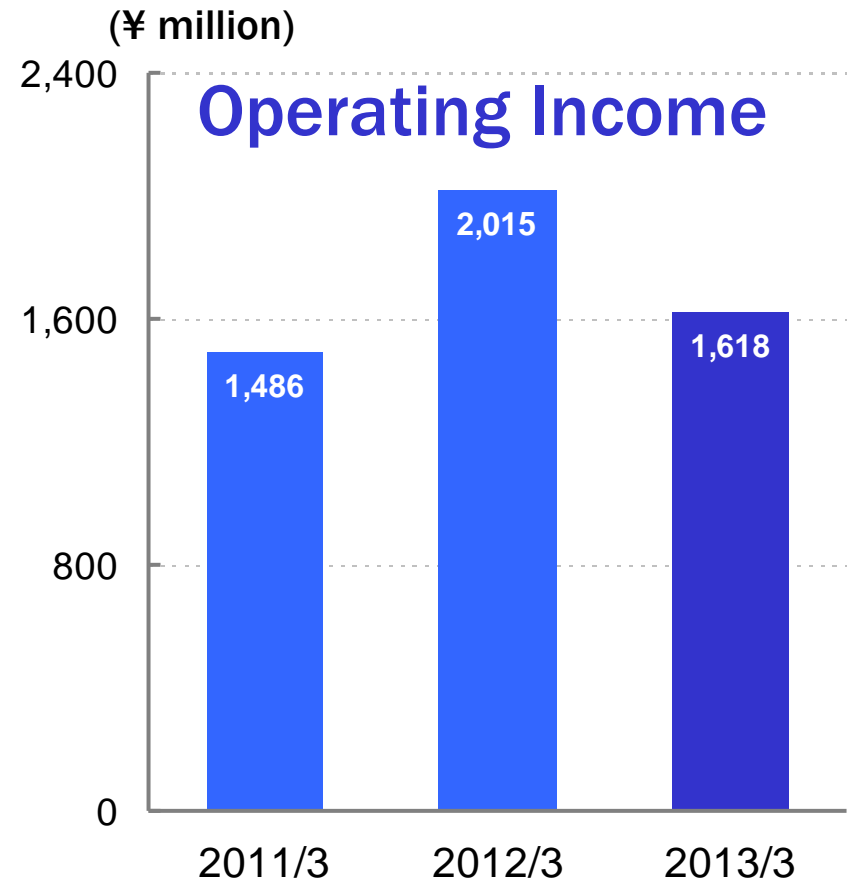
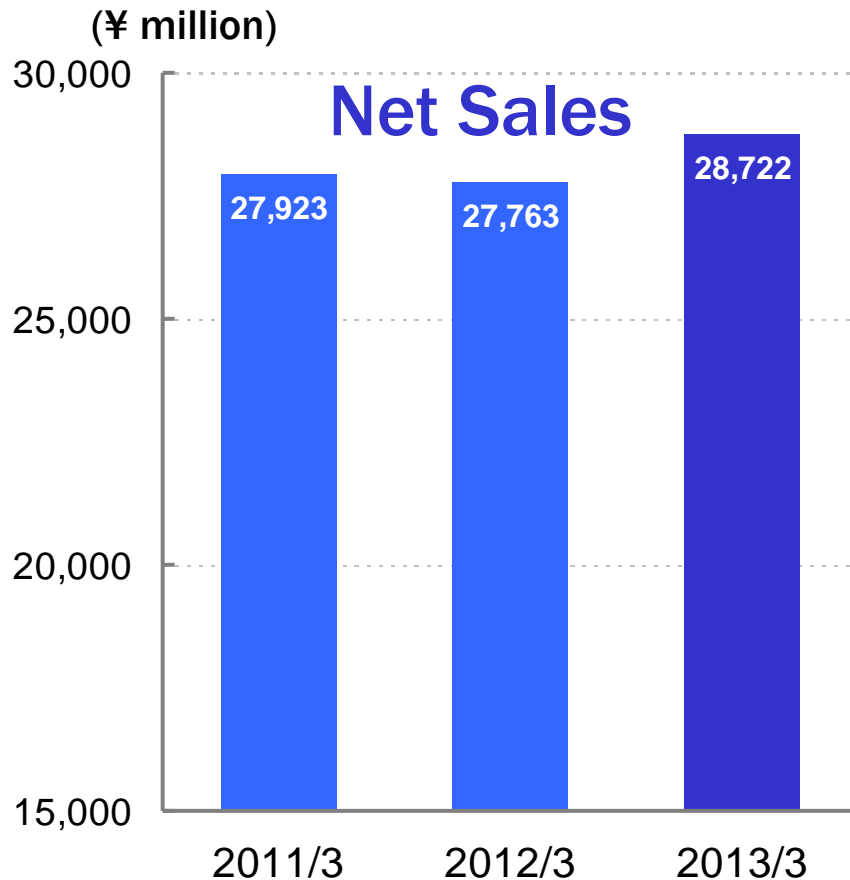
Business Segment	Division	Product	Application
Collagen Material	Gelatin	For food	Gummy candy, marshmallow and other confectionery, food products, convenience store delicatessen items, frozen foods, etc.
		For capsules	Hard and soft capsules, mini-capsules, etc.
		For photography	Color film, X-ray film, 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, 2013

Business Performance (1)

- Overseas: Demand-driven growth
- Japan: Deflationary sluggishness

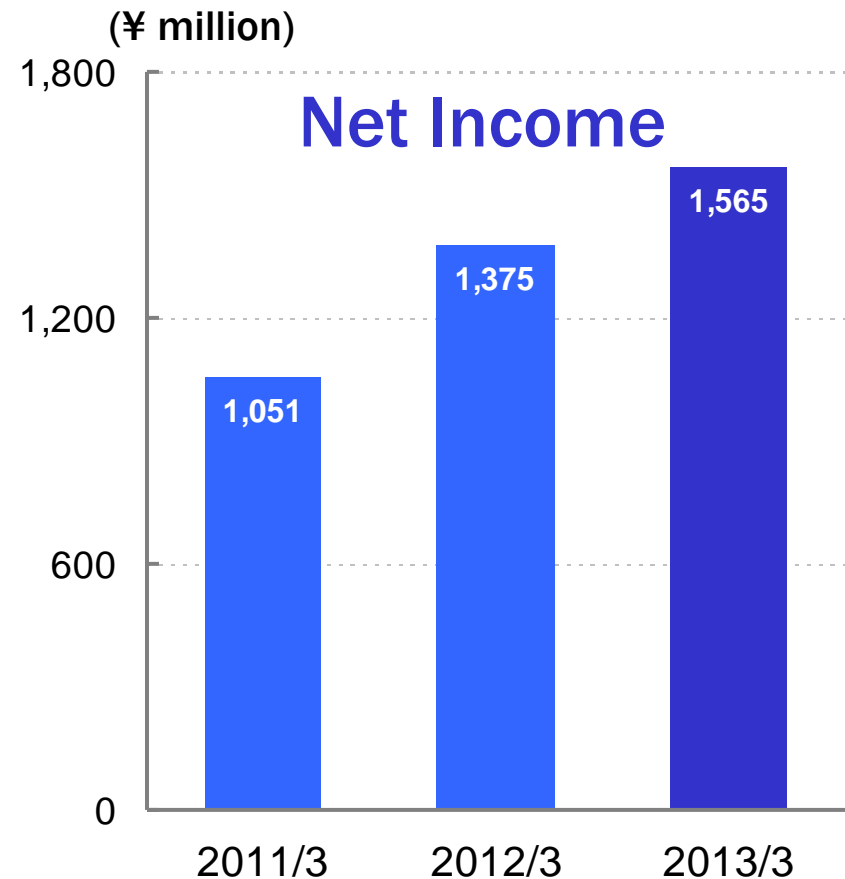
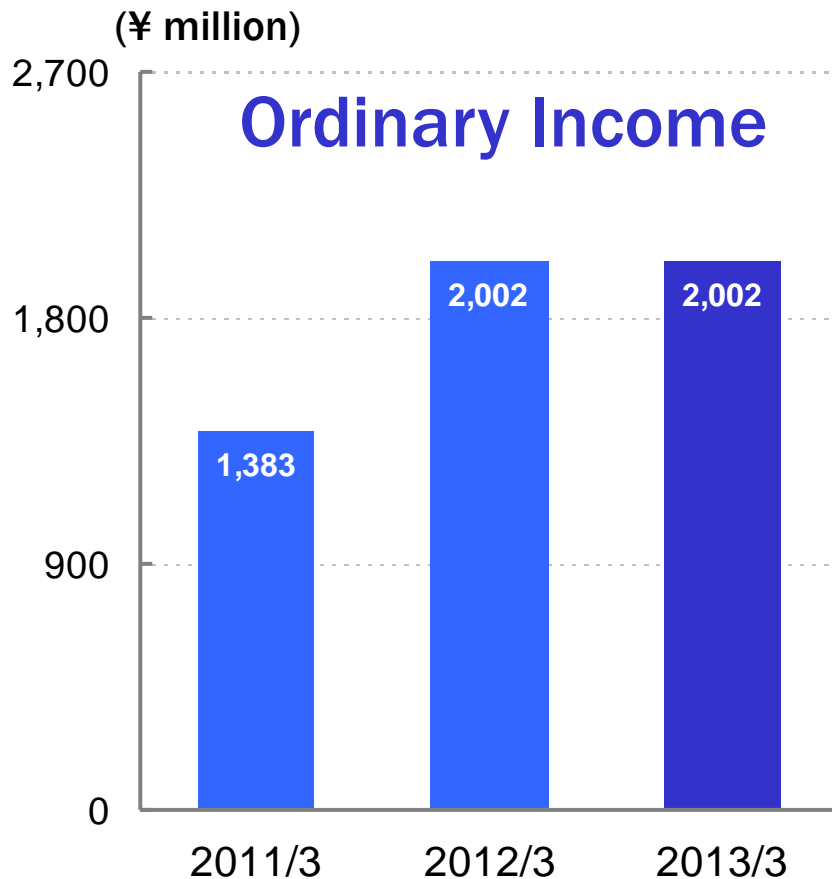
- Rising material costs
- Rising energy costs in Japan



Business Performance (2)

- Increase in equity-method investment income
- Foreign exchange gains

- Decrease in tax burden



Results Compared With Forecasts

- Net sales: Decrease in photographic gelatin
- Operating income: Rising material costs, rising energy costs in Japan
- Net income: Decrease in tax burden

(¥ million)	2013/3 Forecasts	2013/3 Results	Variance	% Variance
Net Sales	28,900	28,772	Δ127	Δ0.4%
Operating Income	2,070	1,618	Δ451	Δ21.8%
Ordinary Income	2,100	2,002	Δ97	Δ4.7%
Net Income	1,370	1,565	+195	+14.3%

Collagen Material Business

- Sales rose, income fell from the year before
- Sales and income rose from two years before

■ Highlights

● Gelatin Division:

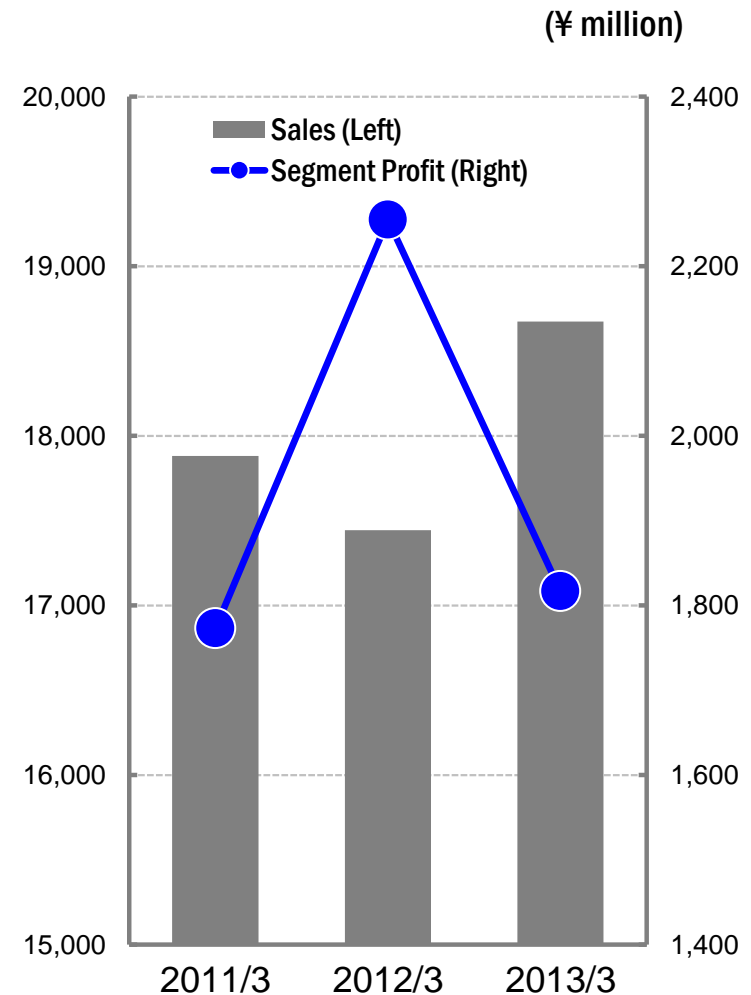
- (Japan)
 - Strong performance in gelatin for capsules
 - Cooling YoY demand for food gelatin
 - Sharply lower performance in photographic gelatin
- (Overseas)
 - Robust demand in gelatin for food and capsules
 - Price revisions

● Peptide Division:

- (Japan)
 - Competition against other materials
- (Overseas)
 - Sluggishness in Chinese and Asian markets

● Casing Division:

- Strong sales in North America and exports to China



Formula Solution Business

- Sales fell, income rose from the year before
- Sales and income rose from two years before

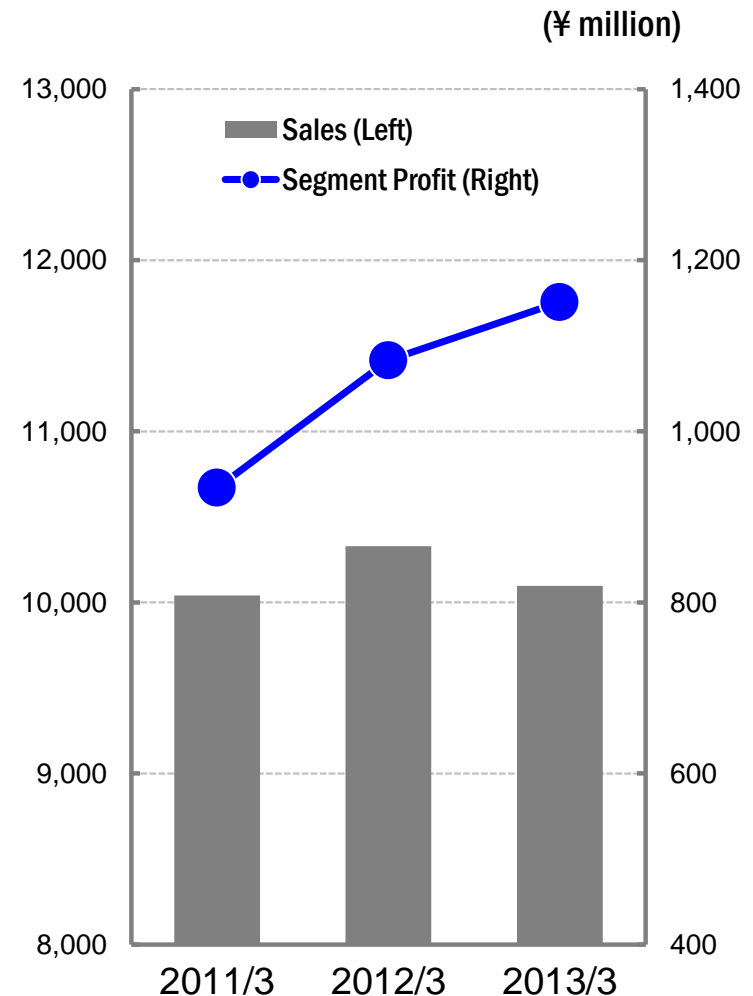
■ Highlights

● Food Materials Division:

- Strong performance in gelling agents for desserts and stabilizers for meat products
- Sluggishness in delicatessen applications

● Adhesives Division:

- Sealant (high-performance gaskets) sales begin
- Sluggishness in bookbinding usage
- Sales decline from partial business divestment



Statement of Income (P/L)

(¥ million)		2011/3	2012/3	2013/3	Change
Net Sales		27,923	27,763	28,772	+3.6%
Gross Profit		6,325	6,838	6,691	Δ2.1%
	Margin	22.7%	24.6%	23.3%	---
Operating Income		1,486	2,015	1,618	Δ19.7%
	Margin	5.3%	7.3%	5.6%	---
Ordinary Income		1,383	2,002	2,002	Δ0.0%
	Margin	5.0%	7.2%	7.0%	---
Net Income		1,051	1,375	1,565	+13.8%
	Margin	3.8%	5.0%	5.4%	---

Balance Sheets (B/S)

- Total assets increased ¥2,077 million, driven by property, plant and equipment, inventory and investment securities
- The equity ratio rose from 34.4% to 38.6%, driven by retained earnings and foreign currency translation adjustments

(¥ million)	2012/3	2013/3	Change
Current assets	14,935	15,319	+383
Cash and deposits	2,098	2,278	+180
Notes and accounts receivable-trade	6,449	5,839	△609
Inventory	5,971	6,831	+860
Other	417	369	△47
Noncurrent assets	8,436	10,129	+1,693
Property, plant and equipment	5,387	6,287	+900
Intangible assets	18	48	+30
Investment securities	2,055	2,768	+713
Other investments, etc.	975	1,025	+50
Total assets	23,371	25,449	+2,077

(¥ million)	2012/3	2013/3	Change
Total liabilities	15,263	15,481	+217
Notes and accounts payable-trade	4,865	5,323	+457
Interest bearing debt	7,070	7,030	△40
Income taxes payable	387	81	△305
Provision for retirement benefits	2,158	2,276	+118
Other	782	770	△11
Total net assets	8,108	9,968	+1,859
Retained earnings	6,889	8,235	+1,345
Foreign currency translation adjustments	△1,350	△662	+688
Other	2,569	2,395	△173
Total liabilities and net assets	23,371	25,449	+2,077

Consolidated Statements of Cash Flows (C/F)

- Net cash provided by operating activities increased, driven by ¥1,938 million in income before income taxes and minority interests and ¥825 million in depreciation and amortization
- Net cash used in investing activities increased, driven by purchase of property, plant and equipment and purchase of stocks of affiliates
- Net cash used in financing activities increased, driven by ¥330 million in redemption of bonds

(¥ million)	2011/3	2012/3	2013/3
Net cash from operating activities	1,570	568	2,050
Net cash from investing activities	△1,094	△733	△1,557
Free cash flow	475	△165	492
Net cash from financing activities	△363	713	△376
Increase in cash and cash equivalents	70	540	180
Beginning balance of cash and cash equivalents	1,467	1,538	2,078
End balance of cash and cash equivalents	1,538	2,078	2,258

Key Performance Indicators

(¥ million)	2011/3	2012/3	2013/3
Net sales	27,923	27,763	28,772
Overseas sales ratio	29.5%	27.8%	33.6%
Operating income	1,486	2,015	1,618
Operating margin	5.3%	7.3%	5.6%
Net income	1,051	1,375	1,565
Net margin	3.8%	5.0%	5.4%
Shareholders' equity	6,125	8,033	9,820
Equity ratio	28.5%	34.4%	38.6%

Topics (1) Overview of New Group Companies

China	Name	Beijing Nitta Collagen Casing Co., Ltd.	
	Location	Beijing, China	
	Establishment	September 2012	
	Business activities	Production and sale of collagen casings	
	Shareholding ratio		
		Nitta Hong Kong Ltd.	70%
		Beijing Qiushi Agriculture Development Co., Ltd.	30%

Vietnam	Name	Nitta Gelatin Vietnam Co., Ltd.	
	Location	Long An Province, Vietnam	
	Establishment	January 2013	
	Business activities	Production and sale of gelling agents	
	Shareholding ratio		
		Nitta Gelatin Inc.	75%
		Shanghai International Trading Co., Ltd.	25%

Topics (2) Gelatin-related Mass Media Coverage



TV Program : **Tameshite Gatten**
 NHK General TV, February 27, 2013
 Episode : One Shake of That Magic White Powder
 Can Change the Way You Cook



TV Program : **Hanamaru Market**
 TBS TV, April 18, 2013
 Segment : New Surprising Ways
 of Using Gelatin

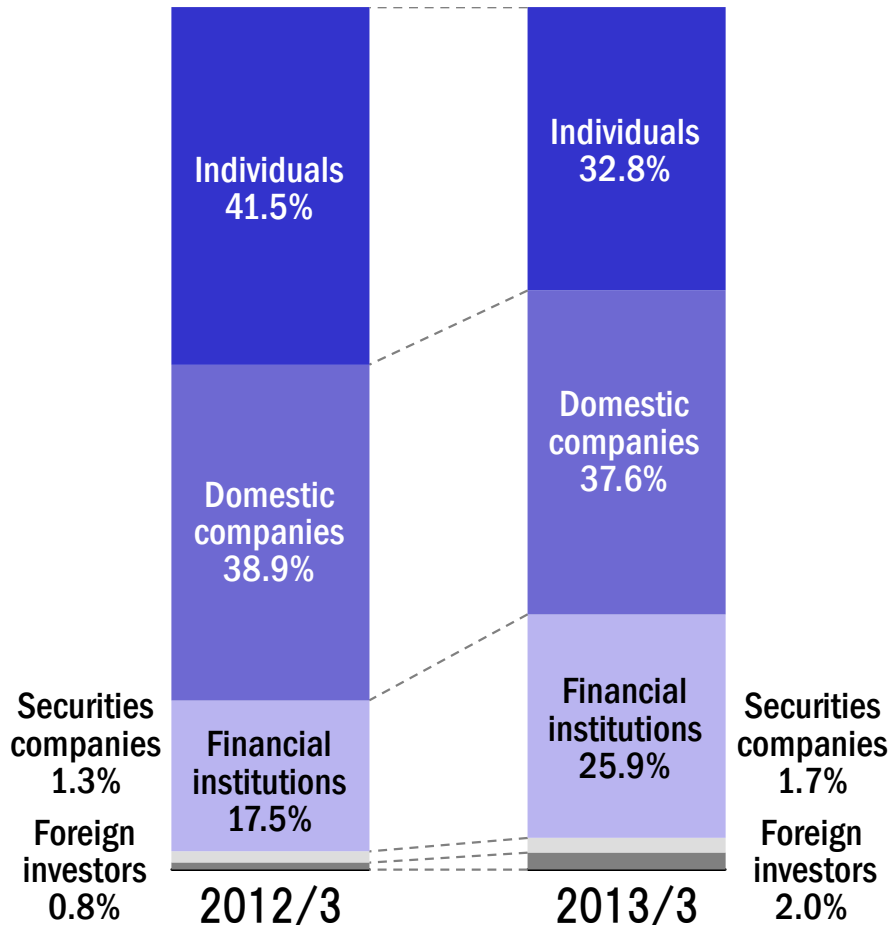
Nikkan Gendai newspaper, March 25, 2013
 Column: Woman Investors Lead The Market (Episode 13)
 “Nitta Gelatin of Skin Moisturizing Collagen Fame”



Share Distribution

Number of shares issued

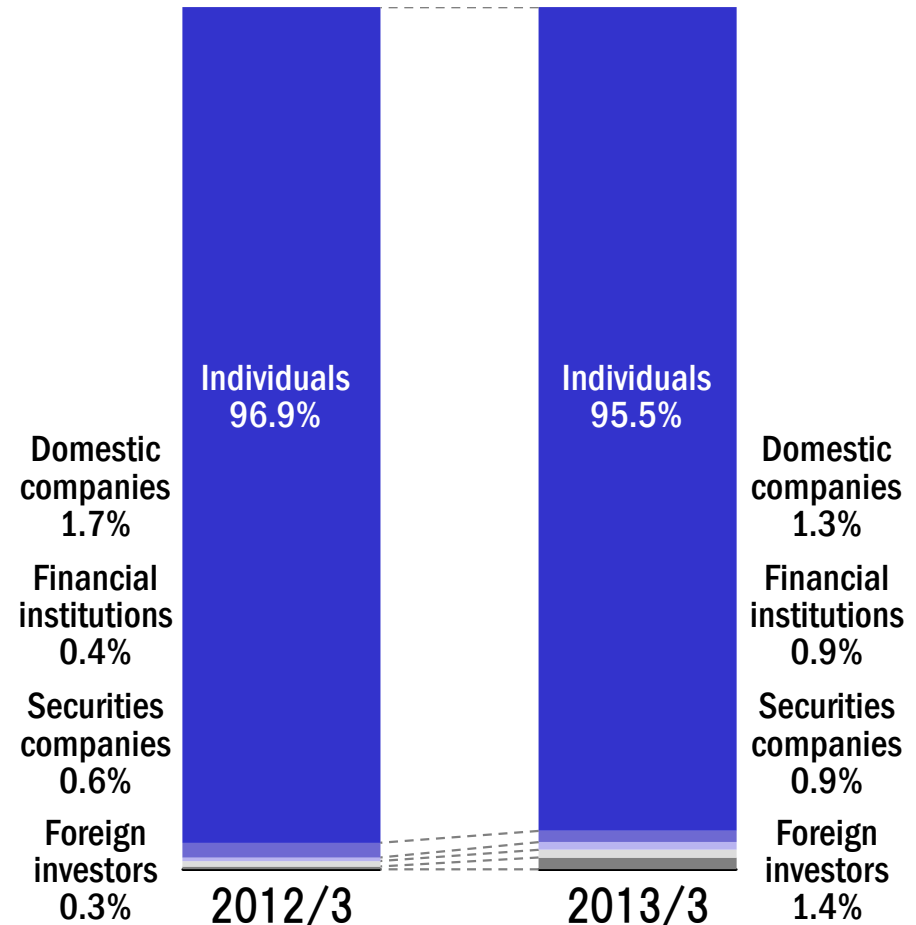
15,770 thousand shares



Number of Shareholders

3,812

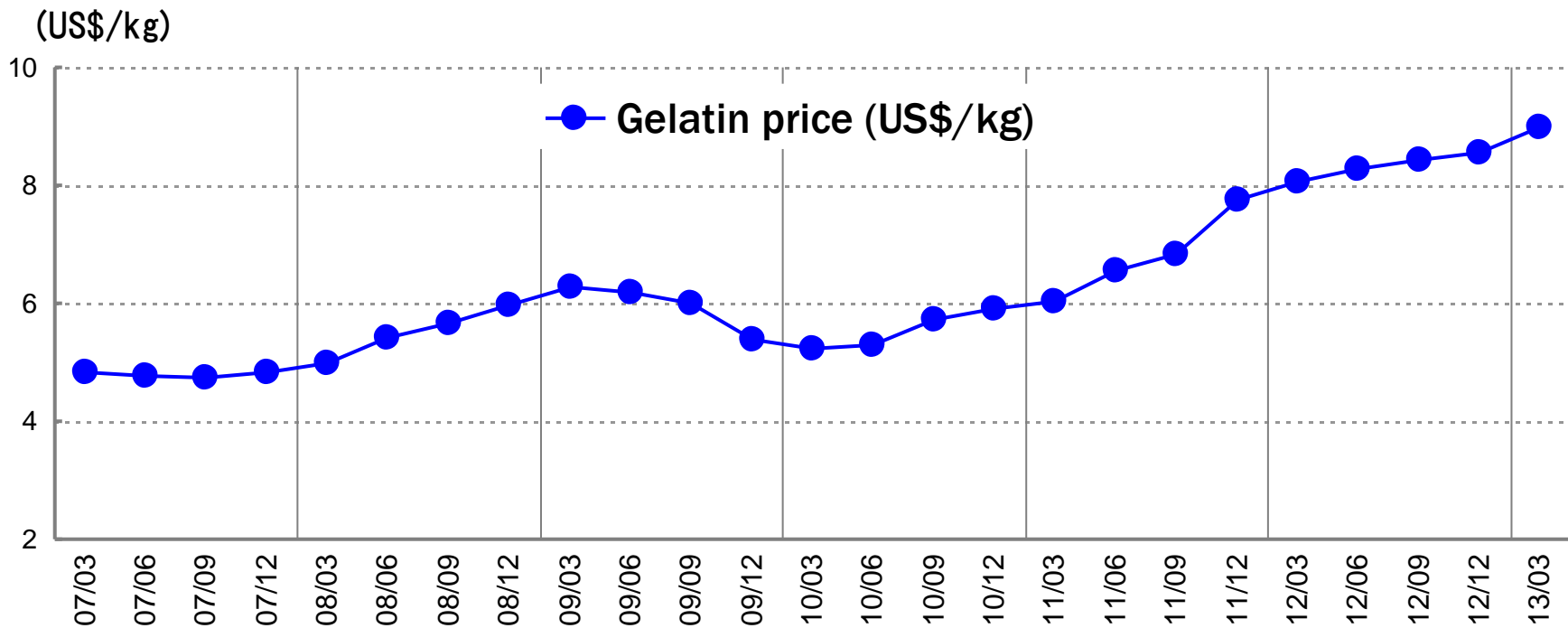
3,014



3. Outlook for Year Ending March 31, 2014

External Business Environment in Year Ending March 31, 2014

- International gelatin prices are projected to remain high based on increased demand and tight raw material supplies.
- Asian countries should see steady economic growth, along with higher internal demand.
- Procurement costs in Japan will be impacted by the weakening yen.
- Energy costs are projected to rise in Japan.



Source: IMR INTERNATIONAL

Forecasts for Year Ending March 31, 2014

(¥ million)		2012/3	2013/3	2014/3 (Forecast)	Vs.	
					2012/3	2013/3
Net sales		27,763	28,772	32,700	+17.8%	+13.7%
Gross profit		6,838	6,691	7,000	+2.4%	+4.6%
	Margin	24.6%	23.3%	21.4%	—	—
Operating income		2,015	1,618	1,700	△15.7%	+5.0%
	Margin	7.3%	5.6%	5.2%	—	—
Ordinary income		2,002	2,002	1,890	△5.6%	△5.6%
	Margin	7.2%	7.0%	5.8%	—	—
Net income		1,375	1,565	1,380	+0.3%	△11.9%
	Margin	5.0%	5.4%	4.2%	—	—

Sales Forecasts by Segment

(¥ million)	Net sales			Segment profit		
	2013/3 (Result)	2014/3 (Forecast)	Change	2013/3 (Result)	2014/3 (Forecast)	Change
Collagen Material business	18,674	22,200	+18.9%	1,817	2,070	+13.9%
Formula Solution business	10,097	10,500	+4.0%	1,151	960	△16.6%
(Elimination or corporate expenses)	—	—	—	△1,349	△1,330	—
Total	28,772	32,700	+13.7%	1,618	1,700	+5.1%

Investment Plan

(¥ million)	2011/3	2012/3	2013/3	2014/3 (Forecast)
Capital investment	946	673	1,193	3,400
Depreciation	898	841	825	900

2014/3 Outline of Main Capital Investments

(¥ million)	Investment amount	Investment benefit (goal)
Upgrade collagen casing production facilities in North America	400	Improve productivity and quality
Build a North American peptide plant	1,200	Production capacity of 1,000 tons (Start operations in year ending March 31, 2014)
Others	1,800	Developing a casing production and sales framework in China, and facilities for expanding the sealing material business and improving energy and production efficiency, among others

Shareholder Returns

<Dividend forecast>

Year ended March 31, 2013 : ¥8 per share year-end dividend
(¥6 ordinary dividend)
(¥2 commemorative dividend)

Year ending March 31, 2014 : ¥12 per share annual dividend
(¥6 interim dividend)
(¥6 year-end dividend)

<Shareholder Benefit Program>

Plans call for continuing the program

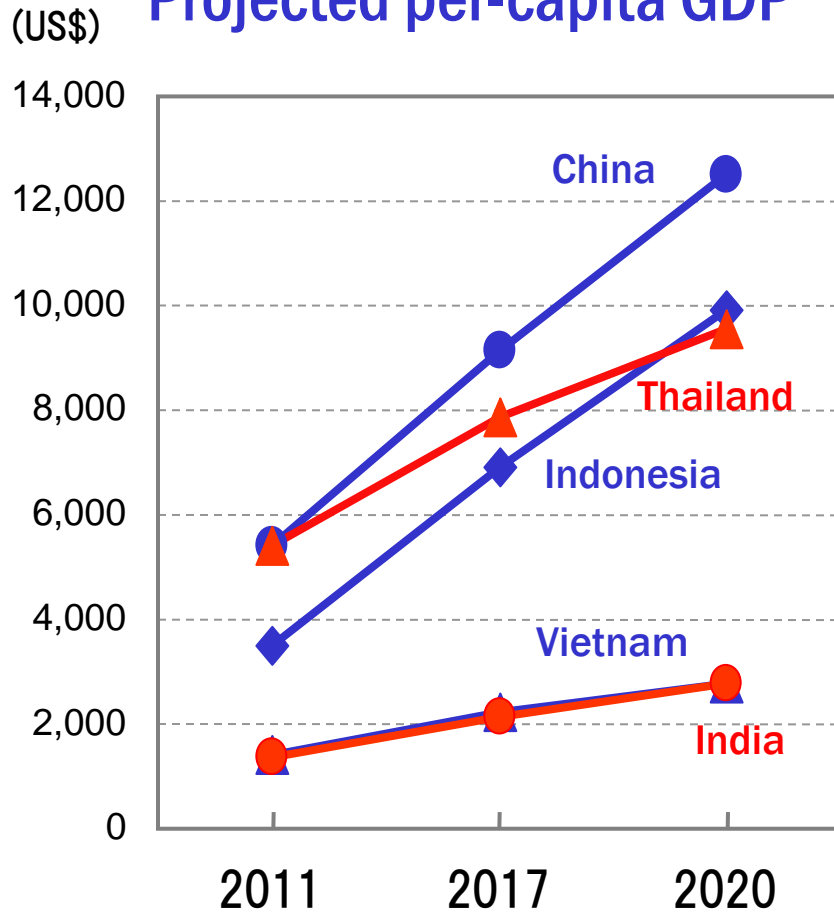
Benefit details

- 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

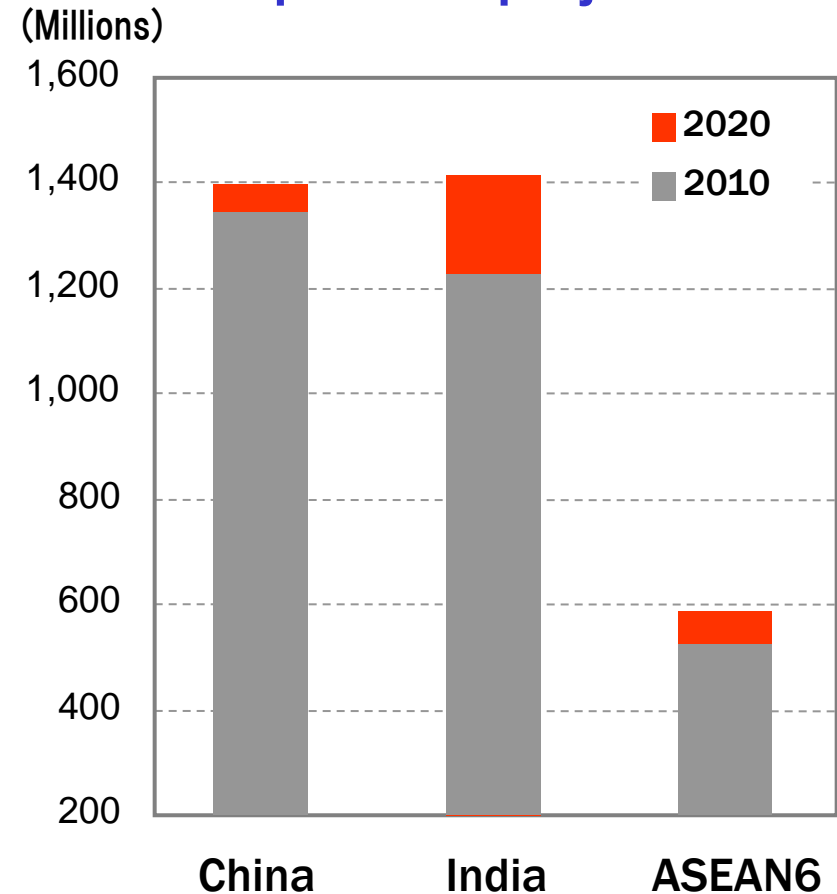
4. Medium-Term Management Plan

Growing Asian Economies

Projected per-capita GDP



Population projections

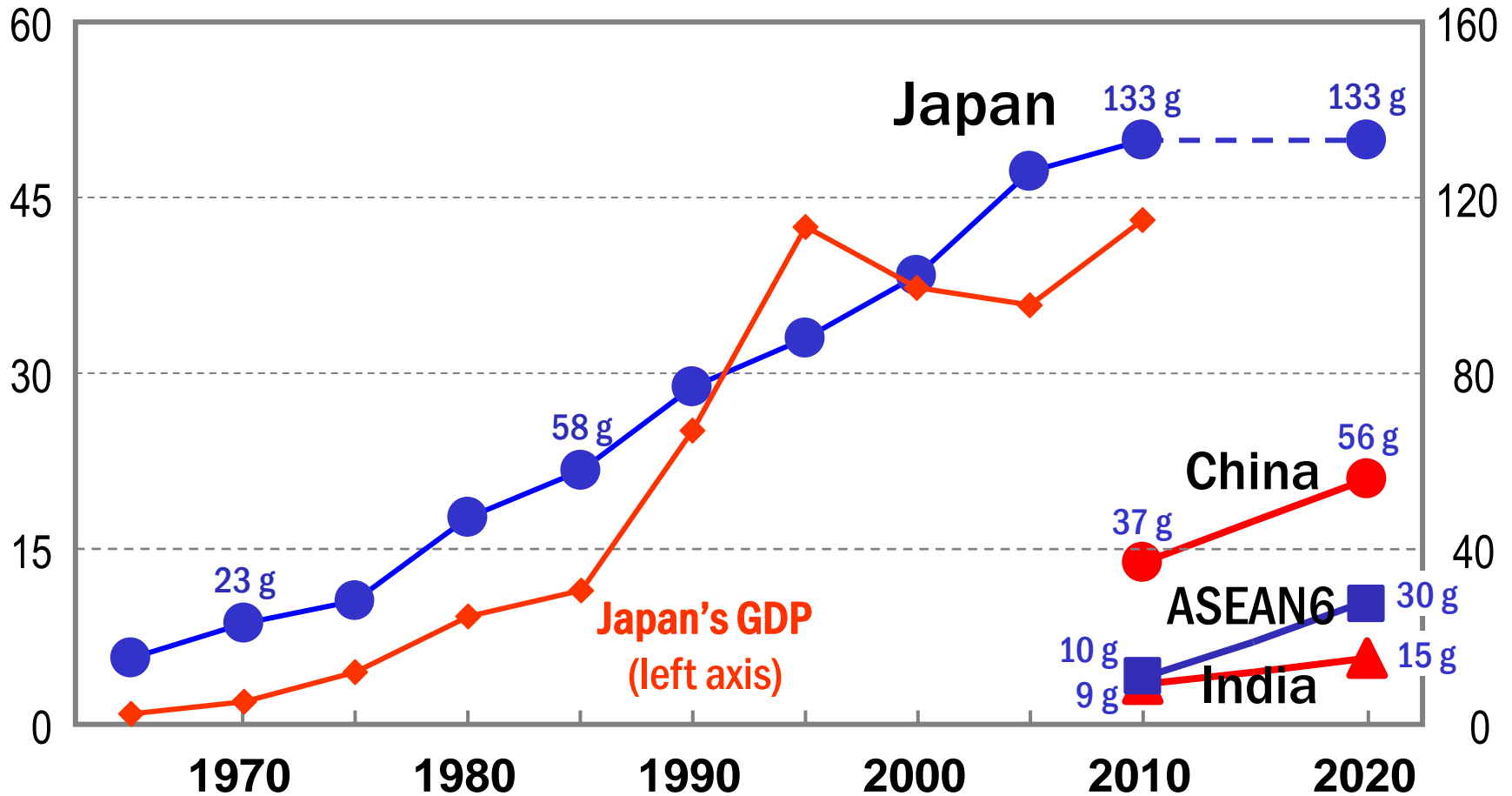


Source: Estimates from IMF-World Economic Outlook

Gelatin Consumption Per Person

(Per-capita GDP: US\$ thousand)

(Consumption: grams/person)

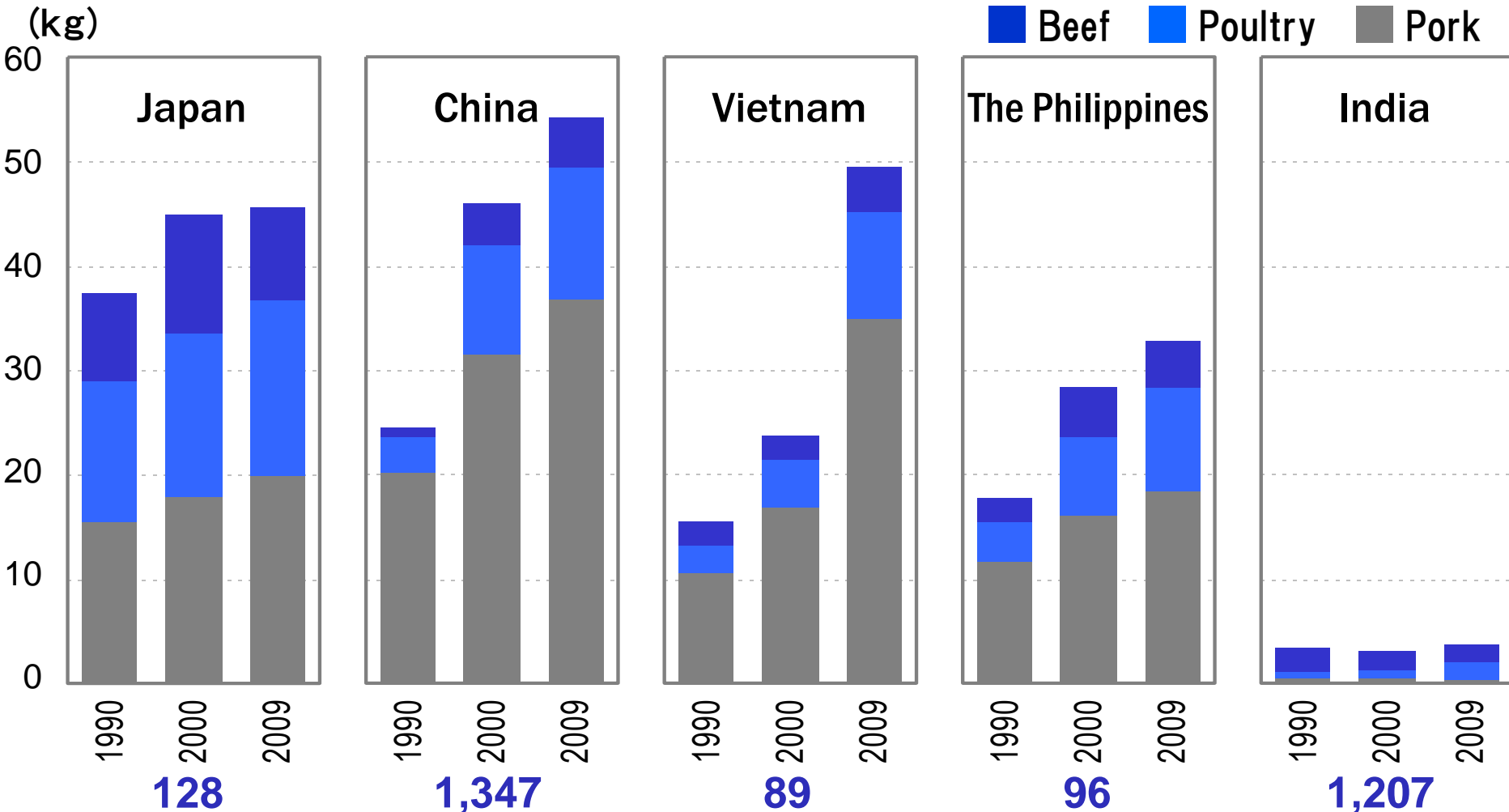


Sources: Nitta Gelatin estimates, IMF-World Economic Outlook

Outlook for Global Gelatin Demand

(Tons)	2010		2020	Growth rate
Japan	17,000	→	17,000	0%
Asia	72,500	→	129,000	78%
World	346,000	→	425,000	23%

Annual Asian Meat Consumption Per Person



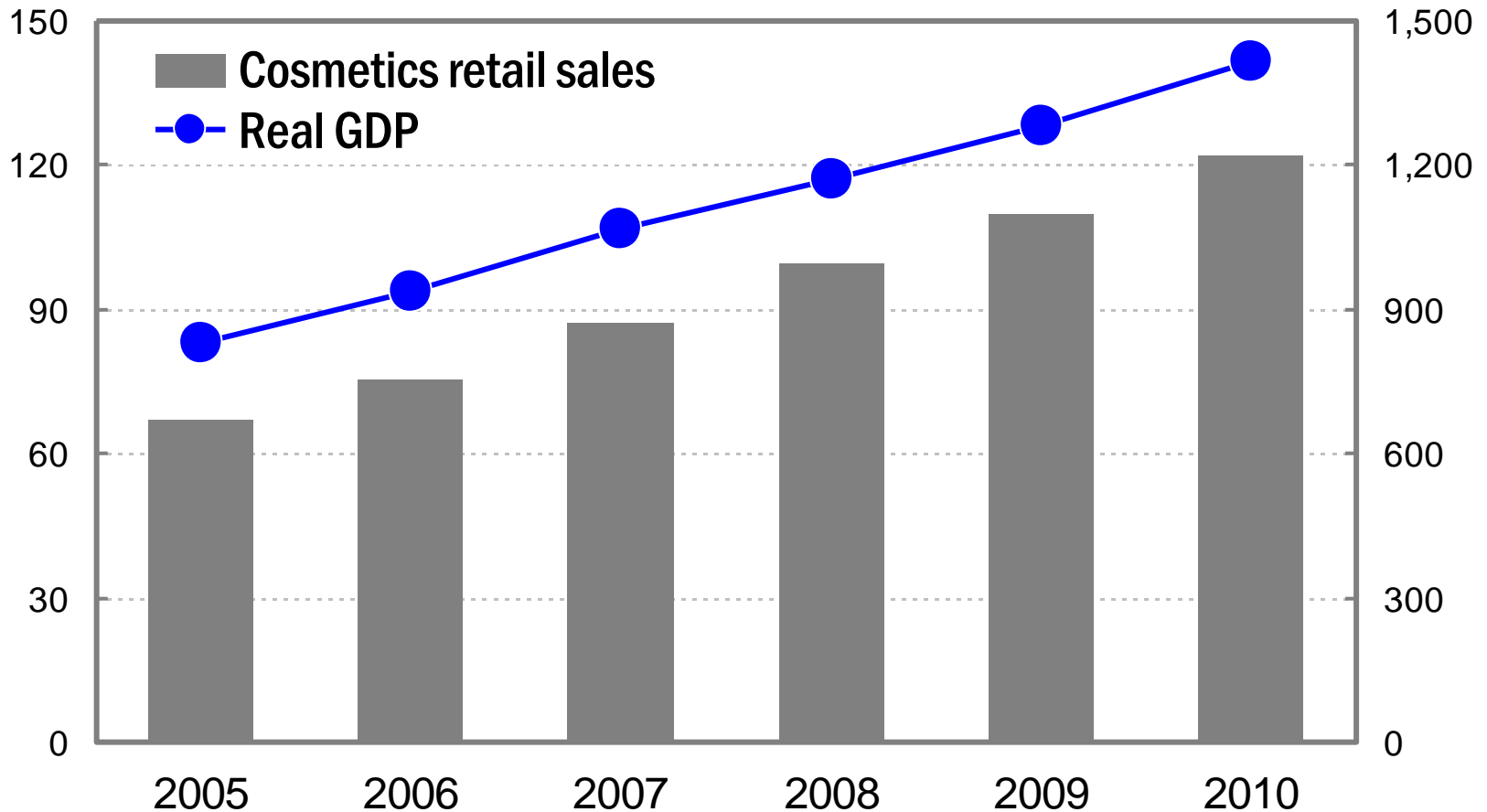
2011 Population (Millions)

Sources: FAOSTAT, IMF-World Economic Outlook

Trends in China's Real GDP and Cosmetics Market

(Retail sales : billion yuan)

(Real GDP : billion yuan)



Sources: Euromonitor International, IMF-World Economic Outlook

Basic Strategy



**Win out !!
in growing Asian market**

Five Strategic Priorities

1. Achieve globally competitive costs
2. Reinforce supply capabilities and expand sales
3. Promote development-based sales
4. Pursue product development and basic research
5. Implement global management and human resource development

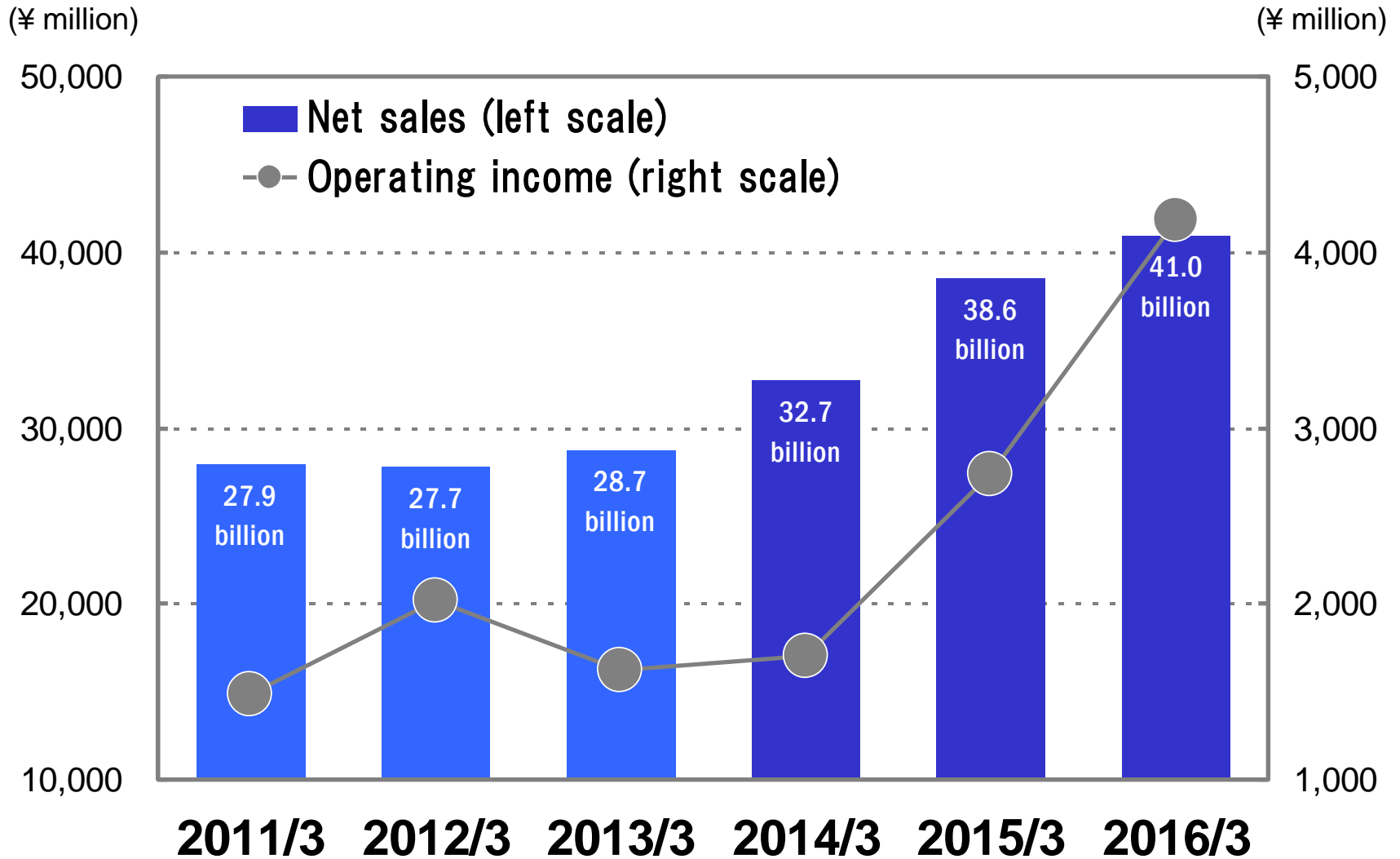
Corporate Slogan



Amaze the World!

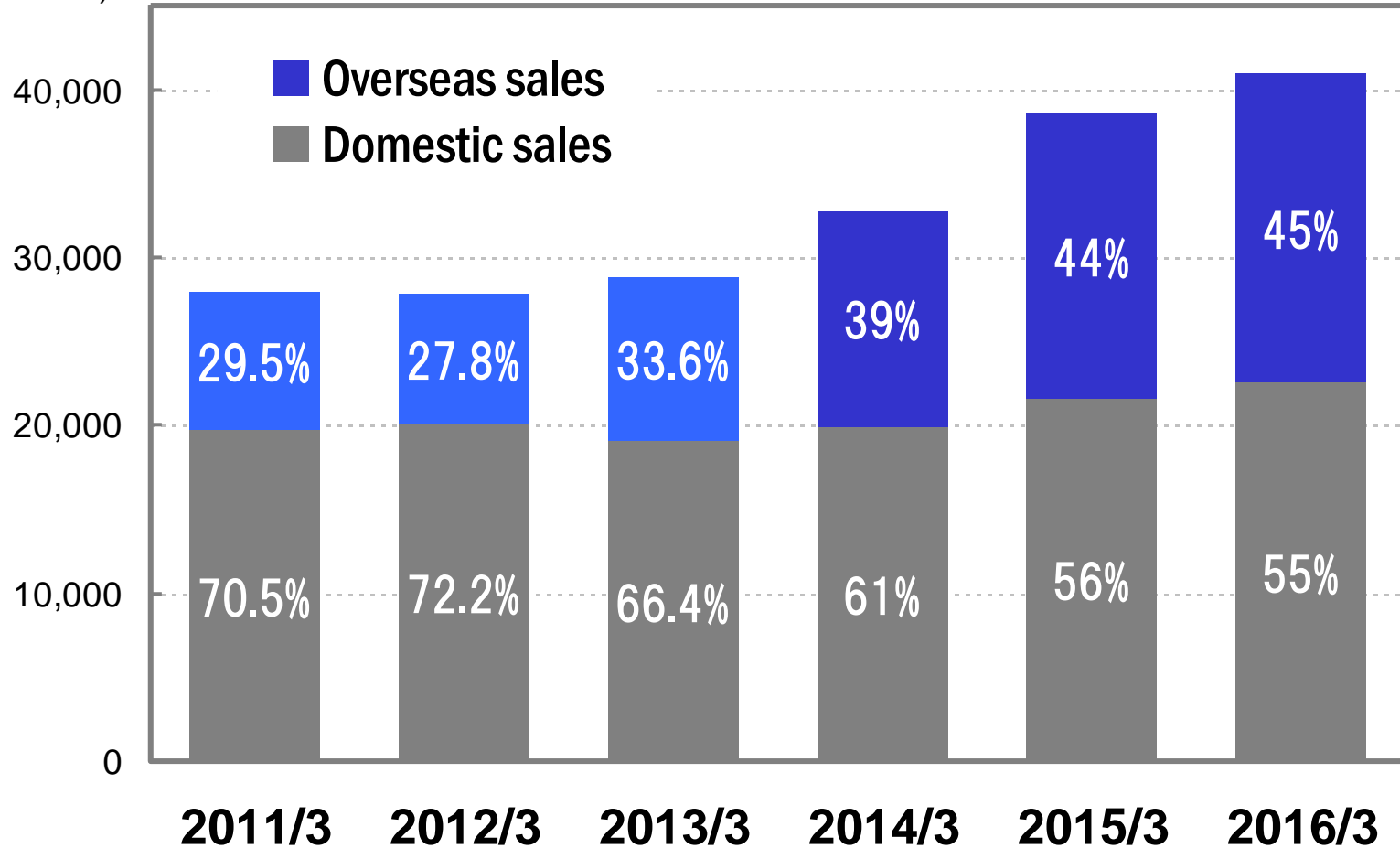
**Be More Dynamic,
Quicker,
with Team Play**

Medium-Term Management Plan



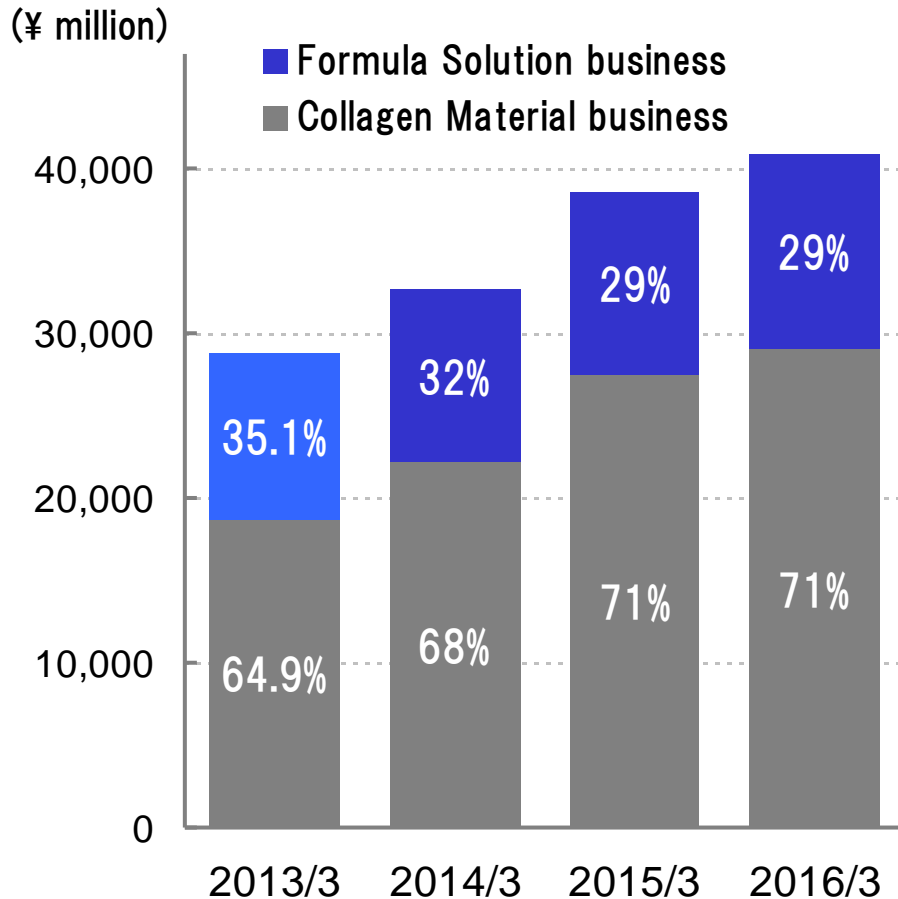
Overseas Sales Ratio

(¥ million)

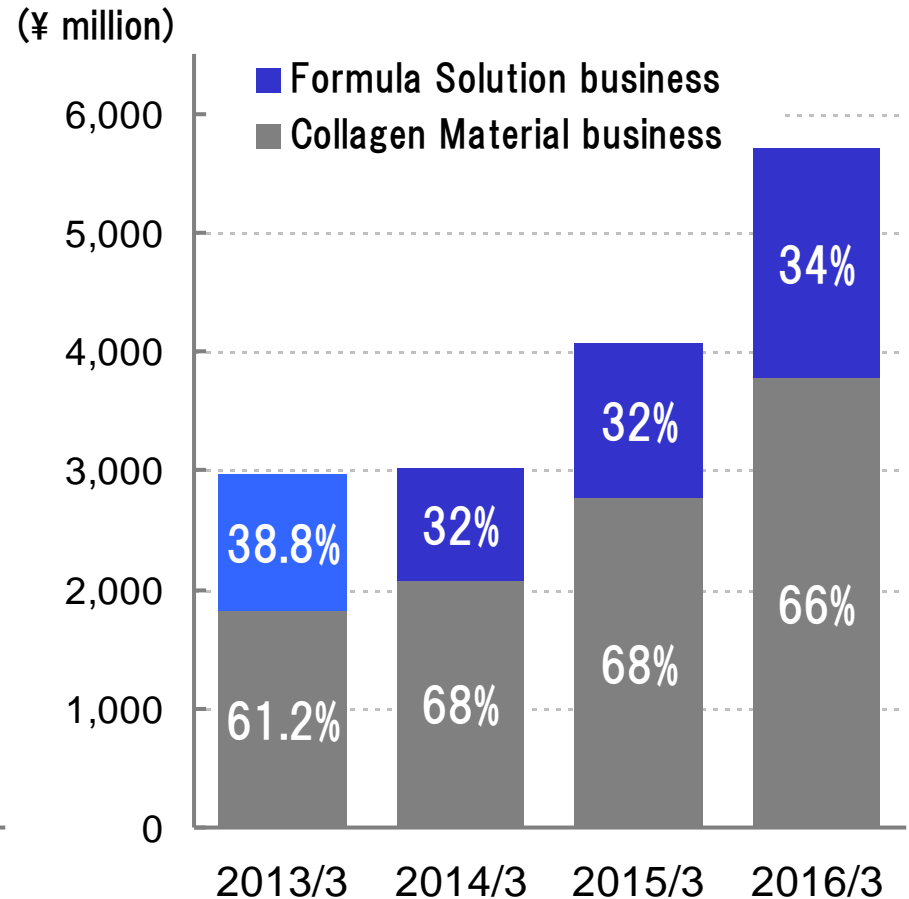


Trends in Composition of Net Sales and Segment Profit

Net sales



Segment profit



Business Strategies

Division	Strategy
Gelatin	<ul style="list-style-type: none"> • Hone competitiveness by achieving globally competitive costs • Convert Group companies in India into subsidiaries • Increase supply capabilities: Boost production in North America and India, and strengthen new supply bases • Expand sales: Develop differentiated products and new applications, and create new markets
Peptide	<ul style="list-style-type: none"> • Strengthen supply capabilities and expand sales • Expand business in China • Popularize the global brand Wellnex
Casing	<ul style="list-style-type: none"> • Enhance North American plant productivity and expand sales • Promote efforts to build a production and sales framework in China
Food materials	<ul style="list-style-type: none"> • Expand sales by strengthening application lab functions • Expand business in Vietnam
Adhesives	<ul style="list-style-type: none"> • Enlarge business by expanding sealing materials globally

R&D Strategy (Life Science)

- Expand the materials business for regenerative medicine (drug delivery systems(DDS), artificial bones, skin substitutes, etc.)
- Promote the development of cell culture materials for iPS and ES cells, etc.

Strengthen the management system

- Enhance management transparency
- Enhance the global management system: Put Group-wide IT infrastructure in place
- Implement global human resource development

Capital Investment

Planned investment: ¥11.0 billion

(April 2013 to March 2016)

- Construct U.S. peptide plant
- Deploy new facilities in the casing business
 - Improve North American plant productivity
 - Develop a production and sales framework in China
- Deploy facilities to boost efficiency at the Osaka Plant
- Deploy facilities to ramp up gelatin production

Leader in Asia and a Globally Unique Enterprise

Thank you for your attention.



Nitta Gelatin Inc.

5. Appendix

Corporate Philosophy

Corporate Philosophy

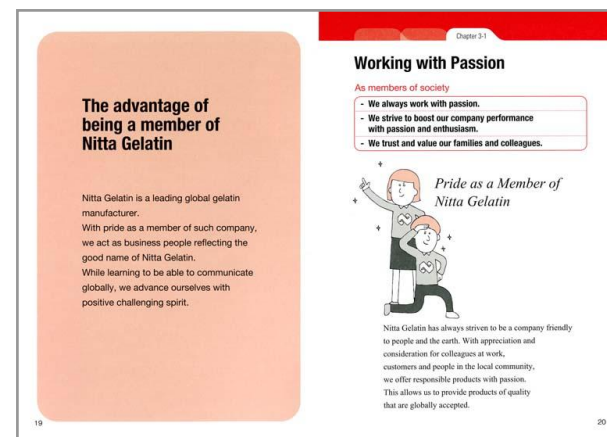
Based on a spirit of empathy and sincerity, we, the members of the Nitta Gelatin Family, are dedicated to the development of our business and contributions to the global community.

We will lead prosperous and fulfilling lives through our competence and utmost efforts.



Nitta Gelatin handbooks

Medium-Term Management Plan
Corporate Philosophy
Code of Conduct



Code of Conduct (English version)

Founding History

Chojiro Nitta

Moved alone from Matsuyama to Osaka at age 20

Apprenticed in a leather factory

With ingenuity and resolve, founded

Nitta Leather Belting Limited Partnership Company

The first producer of leather power transmission belts in Japan

Procurement of tanning for producing leather belts

Bought and cultivated large tracts of wilderness in Hokkaido to secure bark from oak trees (logging, planting, and reclamation as pasture and farming land)

Business expansion and diversification

Production of rubber belts in addition to leather

Produced animal glue from scrap cowhide, the byproduct of belt production

Produced plywood from oak trunks and scrub, the byproduct of tannin production

Went into horse ranching after logging the land

Nitta Belting Co., Ltd.

Nitta Corporation

1885

Nitta Rubber Industrial Co., Ltd.

1914

Nitta Glue and Gelatine Co., Ltd.

Nitta Gelatin Inc.

1918

Nitta Vener Mfg. Co.

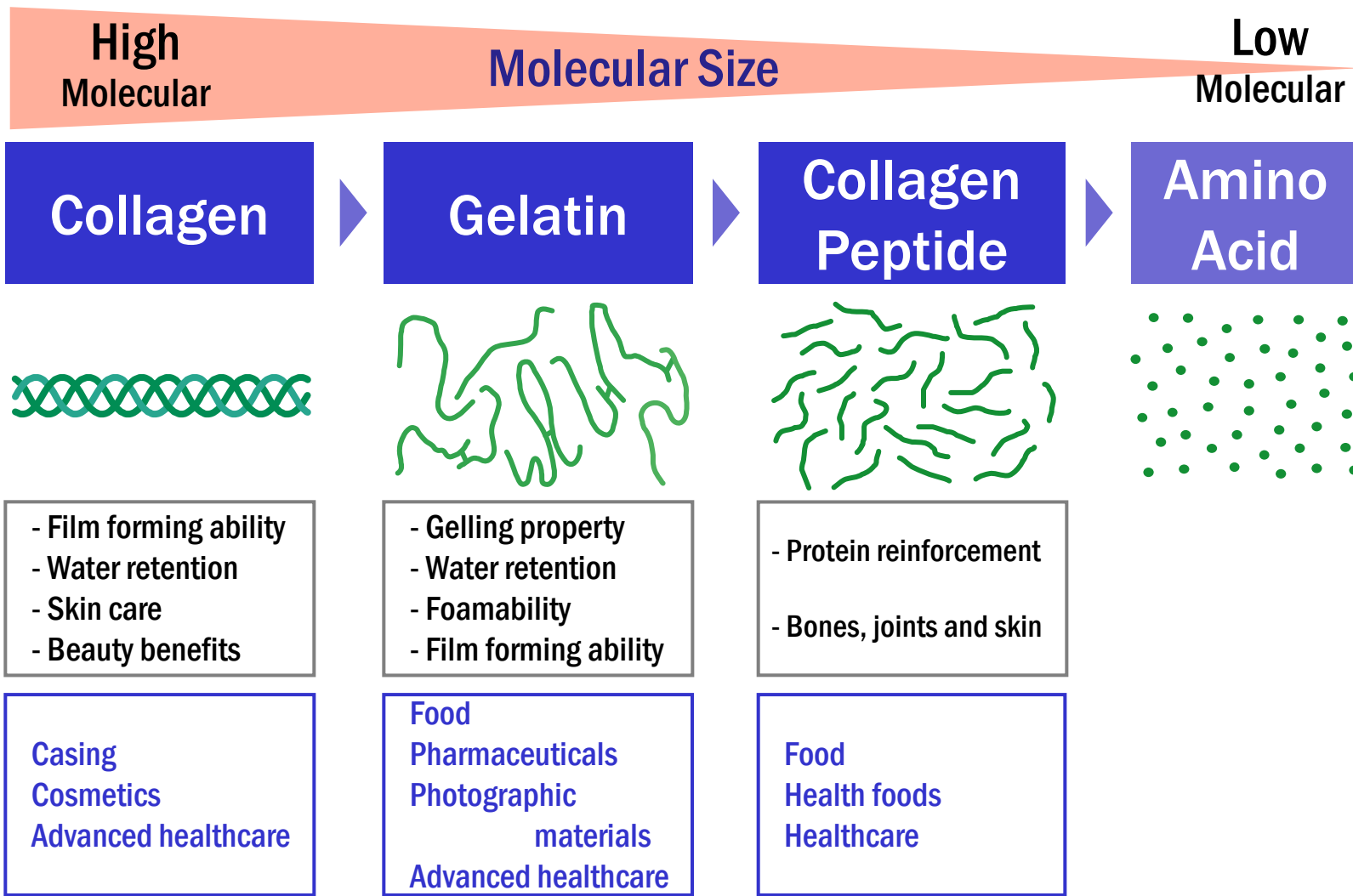
Nittax Corporation

1919

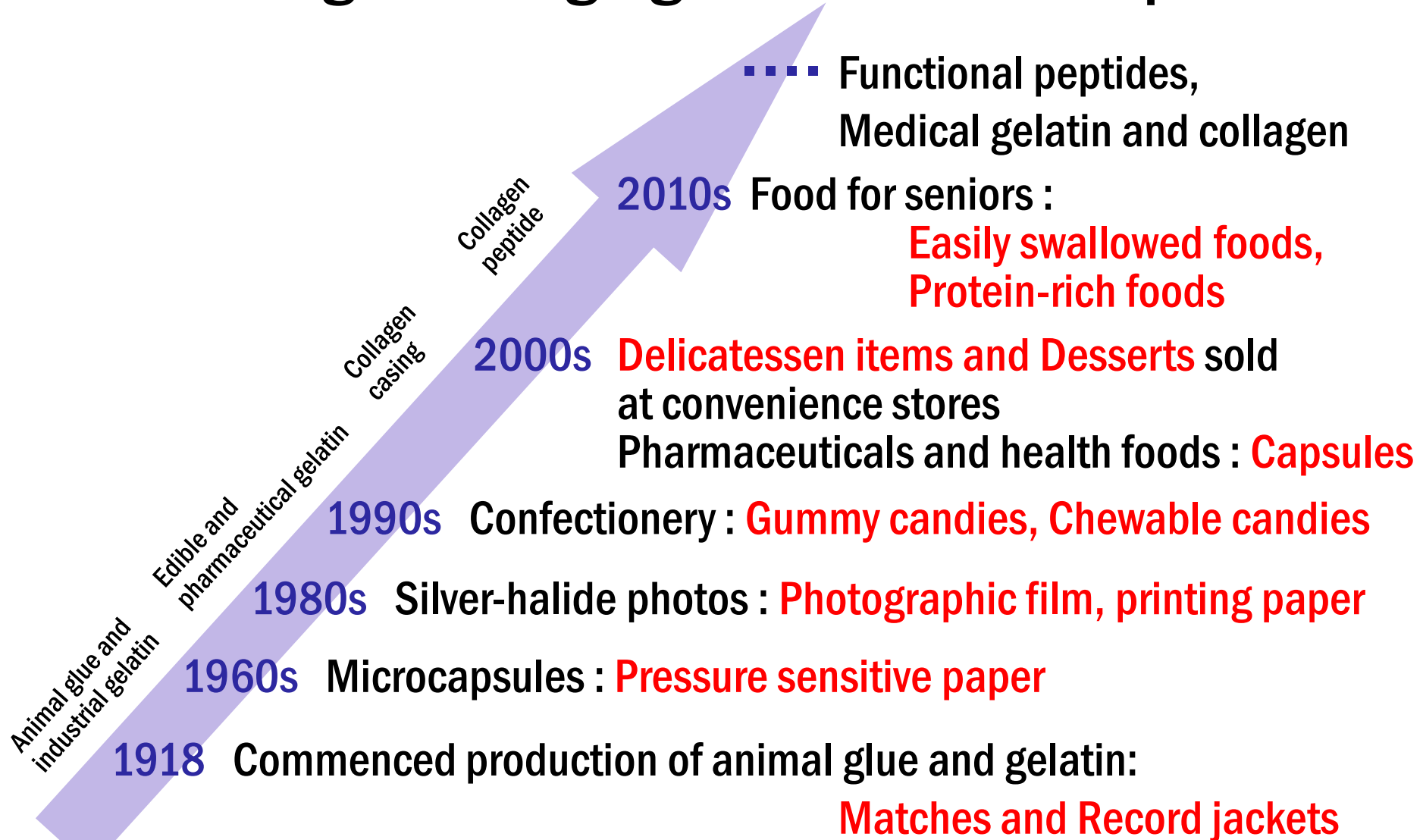
Nitta Ranch Corporation

1948

Gelatin and Two Types of Collagen



Addressing a Changing Market Landscape



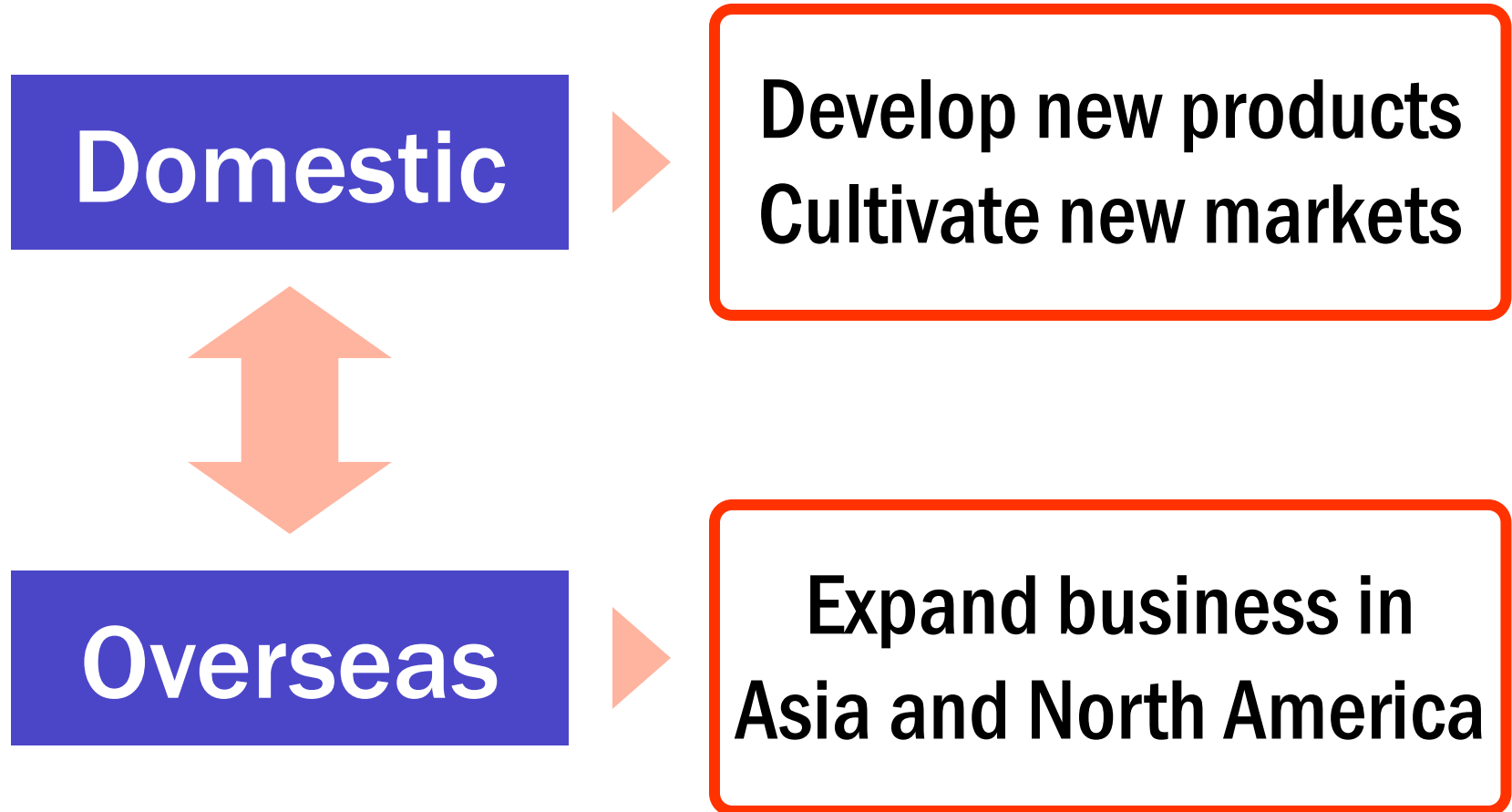
History

Jan. 1918	Started production of gelatin and glue for the first time in Japan
Jan. 1935	Completion of Osaka Factory
Feb. 1945	Established Nitta Glue and Gelatine Co., Ltd. [Renamed Nitta Gelatin Inc. in 1960]
Feb. 1968	Established Hikone Gelatin Inc. (currently a consolidated subsidiary)
Mar. 1971	Launched the Adhesives Division
Aug. 1974	Launched the Food Division
Apr. 1975	Established Nitta Gelatin India Ltd. (India) (currently an affiliate company)
Jul. 1979	Established Nittta Gelatin NA Inc.(U.S.A.) (currently a consolidated subsidiary)
Apr. 1982	Established Bostik-Nitta Co., Ltd. (currently an affiliate company)
May 1990	Established Nitta Gelatin Canada, Inc.(Canada) (currently a consolidated subsidiary)
Aug. 1996	Established Nitta Casings Inc.(U.S.A.) (currently a consolidated subsidiary) Established Nitta Casings (Canada) Inc.(Canada) (currently a consolidated subsidiary)
Apr. 1998	Established Aibis Co., Ltd. (currently a consolidated subsidiary)
Jan. 1999	Completed a gelatin plant at Nitta Gelatin India Ltd.(India)
Apr. 2004	Established Alma Corporation Inc. (currently a consolidated subsidiary)
Sep. 2004	Established Nitta Biolab Inc. (currently a consolidated subsidiary)
Dec. 2004	Established Nitta Gelatin Holding, Inc.(U.S.A.) (currently a consolidated subsidiary) Established Nitta Gelatin USA, Inc.(U.S.A.) (currently a consolidated subsidiary)
Dec. 2010	Established Guangdong Baiwei Bio Material Co., Ltd. (China) (currently an affiliate company)
Sep. 2011	Established Shanghai Nitta Gelatin Co., Ltd. (China) (currently a consolidated subsidiary)
Dec. 2011	Listed shares on the Tokyo Stock Exchange Second Section
Mar. 2012	Established Nitta Hong Kong Ltd. (China) (currently a consolidated subsidiary)
Sep. 2012	Established Beijing Nitta Collagen Casing Co., Ltd. (China) (currently a consolidated subsidiary)
Dec. 2012	Listed shares on the Tokyo Stock Exchange First Section
Jan. 2013	Established Nitta Gelatin Vietnam Co., Ltd. (Vietnam) (currently a consolidated subsidiary)

Nitta Gelatin's Highlights

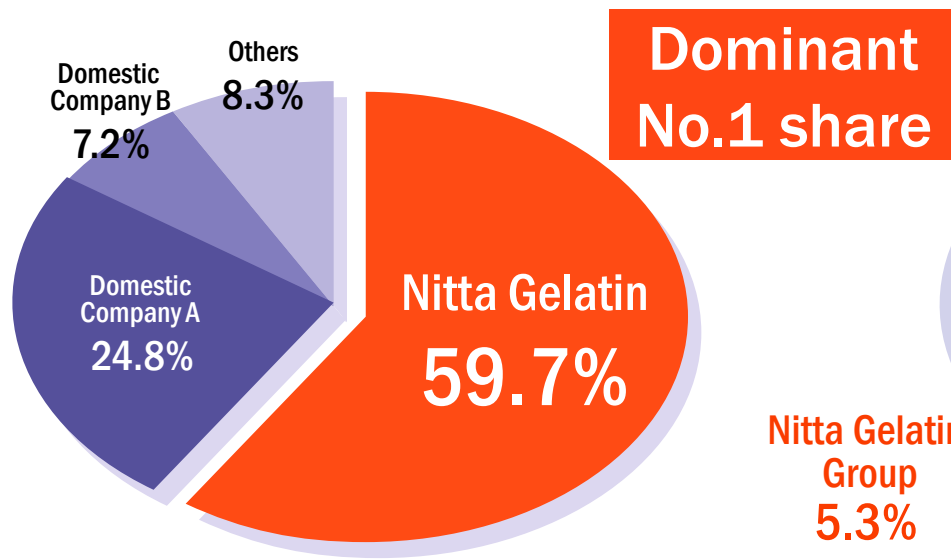
- Gelatin share
 - 1st in Japan, 4th worldwide
- Three growth drivers
 - Gelatin, peptide, and casing
- Global network
 - Business sites and sales networks in North America and Asia
- Solution capabilities
 - Application development and proposals
 - High-performance gaskets development

Nitta Gelatin's Growth Strategies

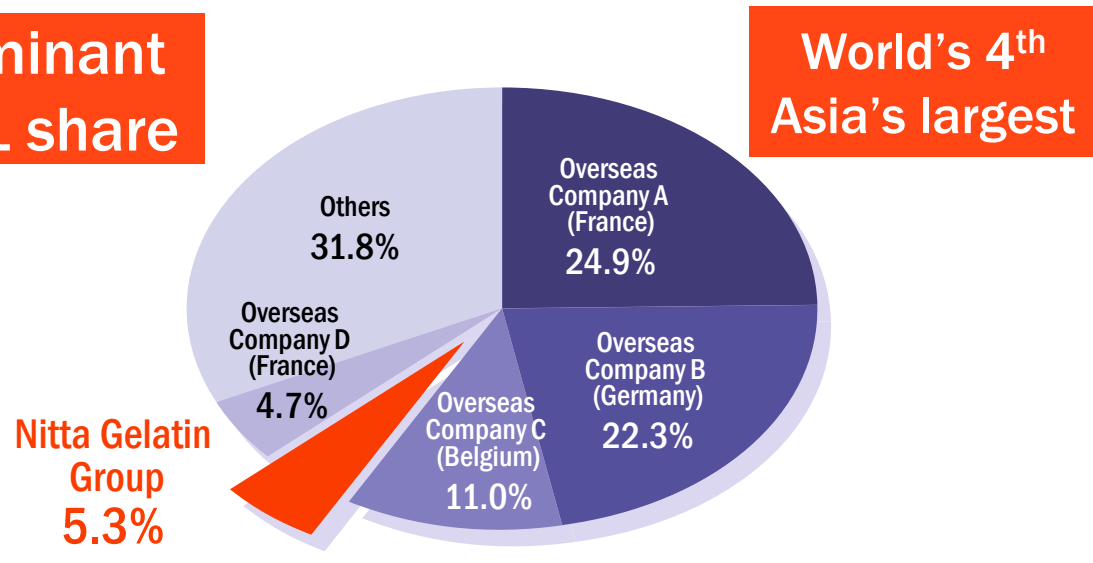


Gelatin Share

Gelatin Sales Volume in Japan



Global Gelatin manufacturers and Production Capacity



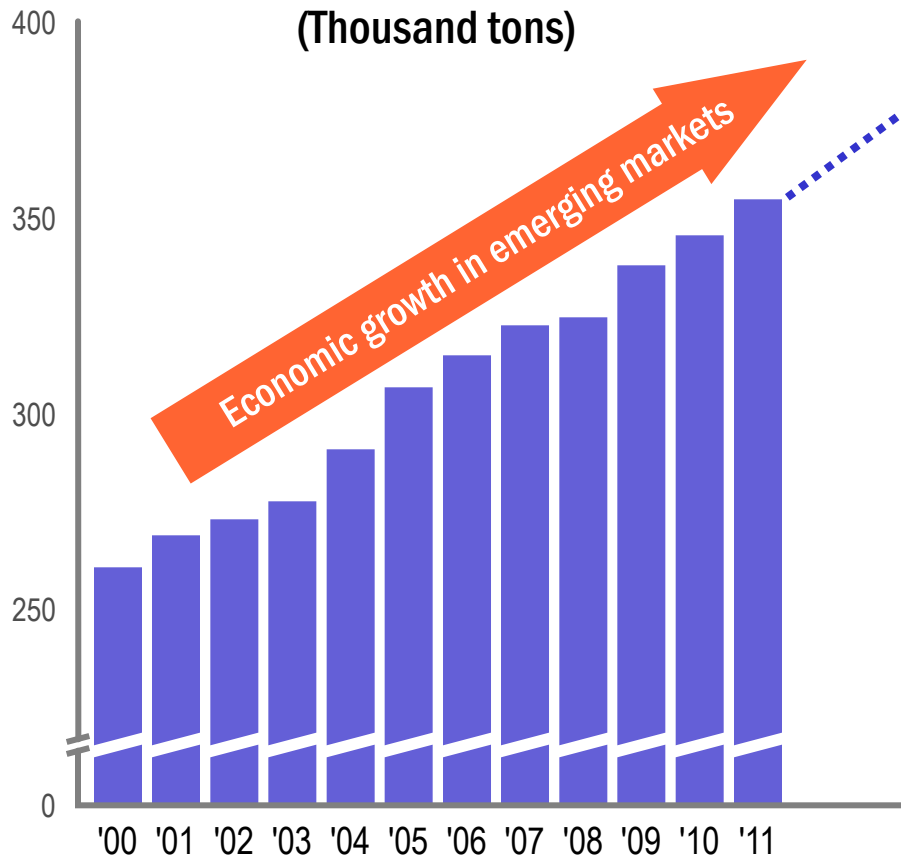
Source: Gelatin Manufacturers Association of Japan (Year ended March 2012)
 Data compiled by Nitta Gelatin based on reports by Gelatin Manufacturers of Europe and Gelatin Manufacturers Association of Asia Pacific

- Domestic Company A: Engaged in leather-related, non-leather-related (gelatin division, collagen division) and other businesses. Discontinued integrated gelatin production and outsourced production to partner plants in Japan and overseas.
- Overseas Company A: A business division of a global food company
- Overseas Company B: A company specializing in gelatin and peripheral businesses
- Overseas Company C: A business division of an international chemicals manufacturer

Gelatin : A Well-Established Yet Innovative Global Niche Product

Global gelatin production

(Thousand tons)



Source: Estimated by Nitta Gelatin based on reports by Gelatin Manufacturers of Europe and Gelatin Manufacturers Association of Asia Pacific



Trends in major Asian countries' economic growth rates (%)

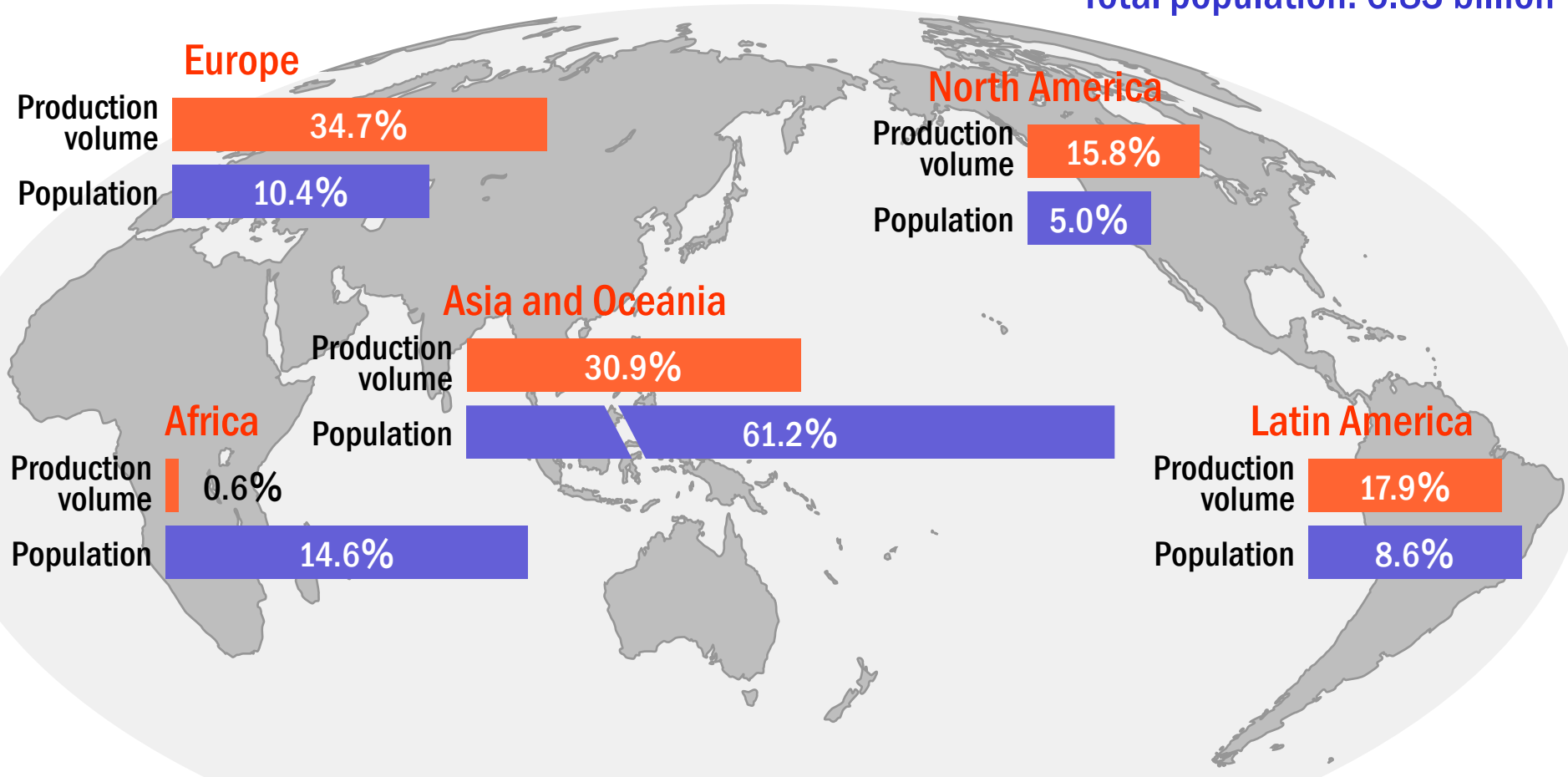
Country	Population (Millions)	2010	2011	2012 est.
China	1353.8	10.4	9.2	7.8
India	1223.2	10.1	6.8	4.9
Indonesia	244.5	6.2	6.5	6.0
Vietnam	90.4	6.8	5.9	5.1

Source: IMF-World Economic Outlook 2012.10

Gelatin Production Volume by Region (2010)

Total production volume: 346,000 tons

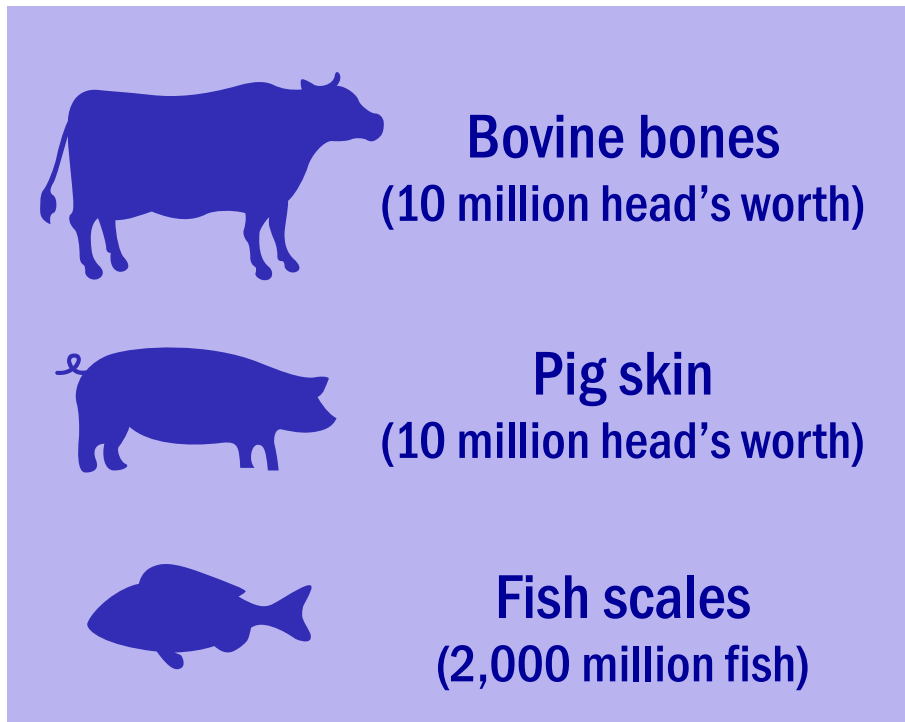
Total population: 6.83 billion



Production volume: Nitta Gelatin estimates

Collagen Material Business : Raw Materials Procurement Capability

By-products of meat industry



Gelatin 10,000 tons

Reference

Japan's Livestock (FY2009)

Cows : 1.2 million head

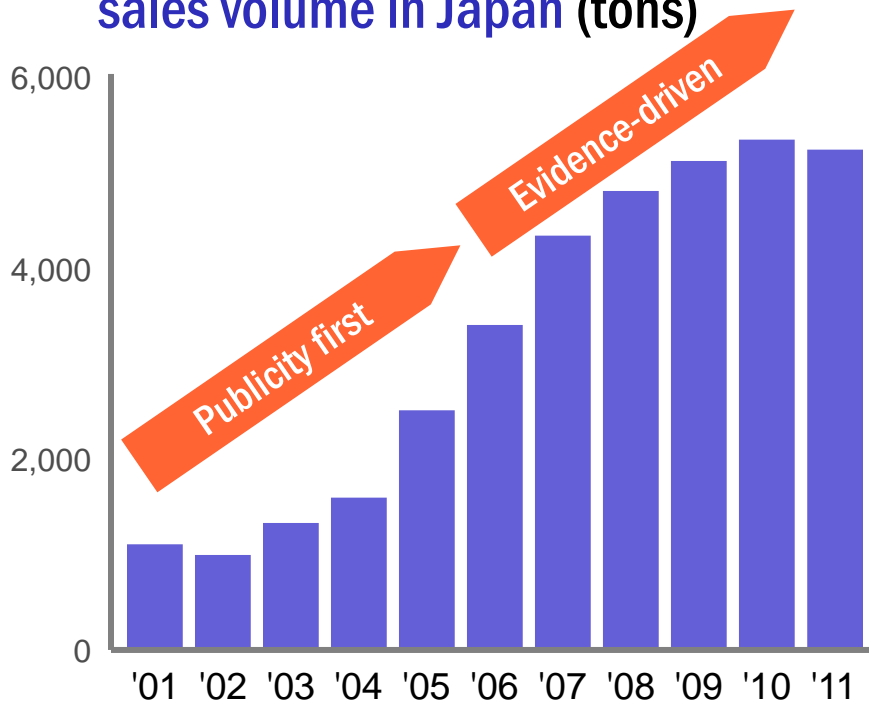
Pigs : 16 million head

Japan's farmed fish (FY2008)

1,600 million fish

Japan Leads the World in Collagen Peptide

Trends in collagen peptide sales volume in Japan (tons)



Source: Gelatin Manufacturers Association of Japan



Japan acts as a global trend-setter



Author: Professor Hiroshi Mano of Josai University

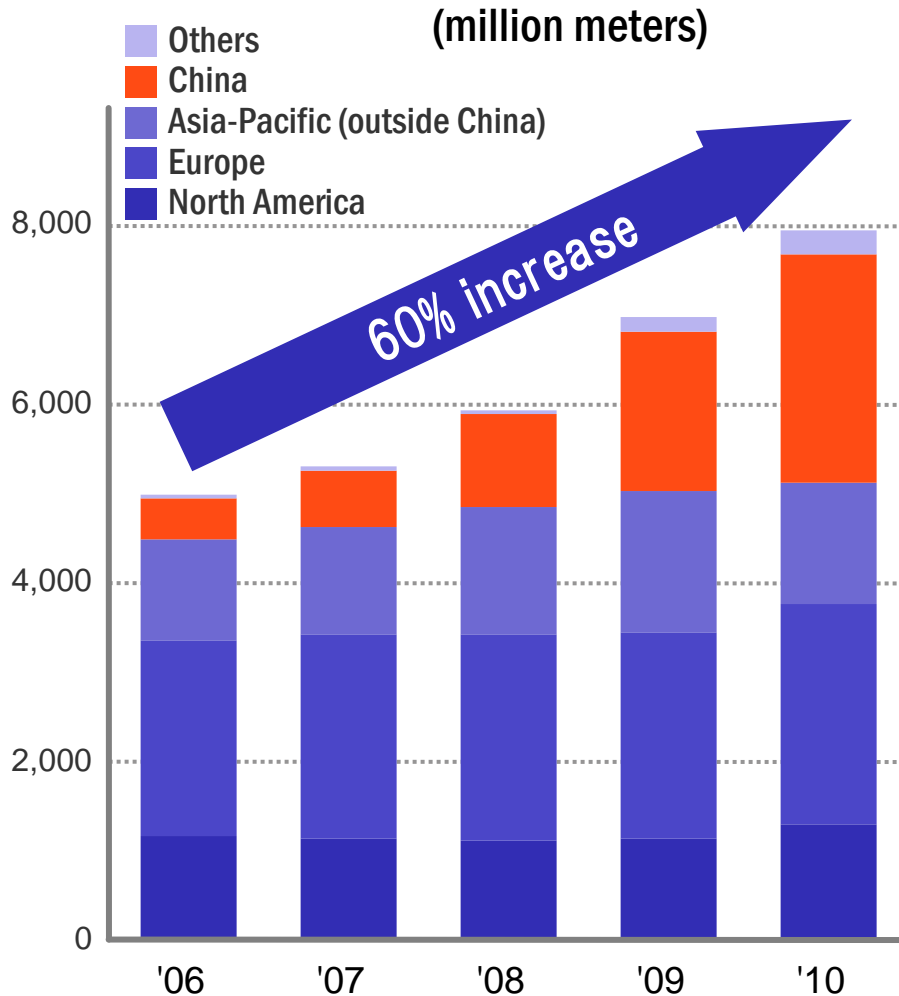


Nihon Ryutsu Sangyo Shimibun, January 1, 2011 issue

**Functional research :
For bone, joint and skin**

An Expanding Collagen Casing Market

Collagen casing production volume

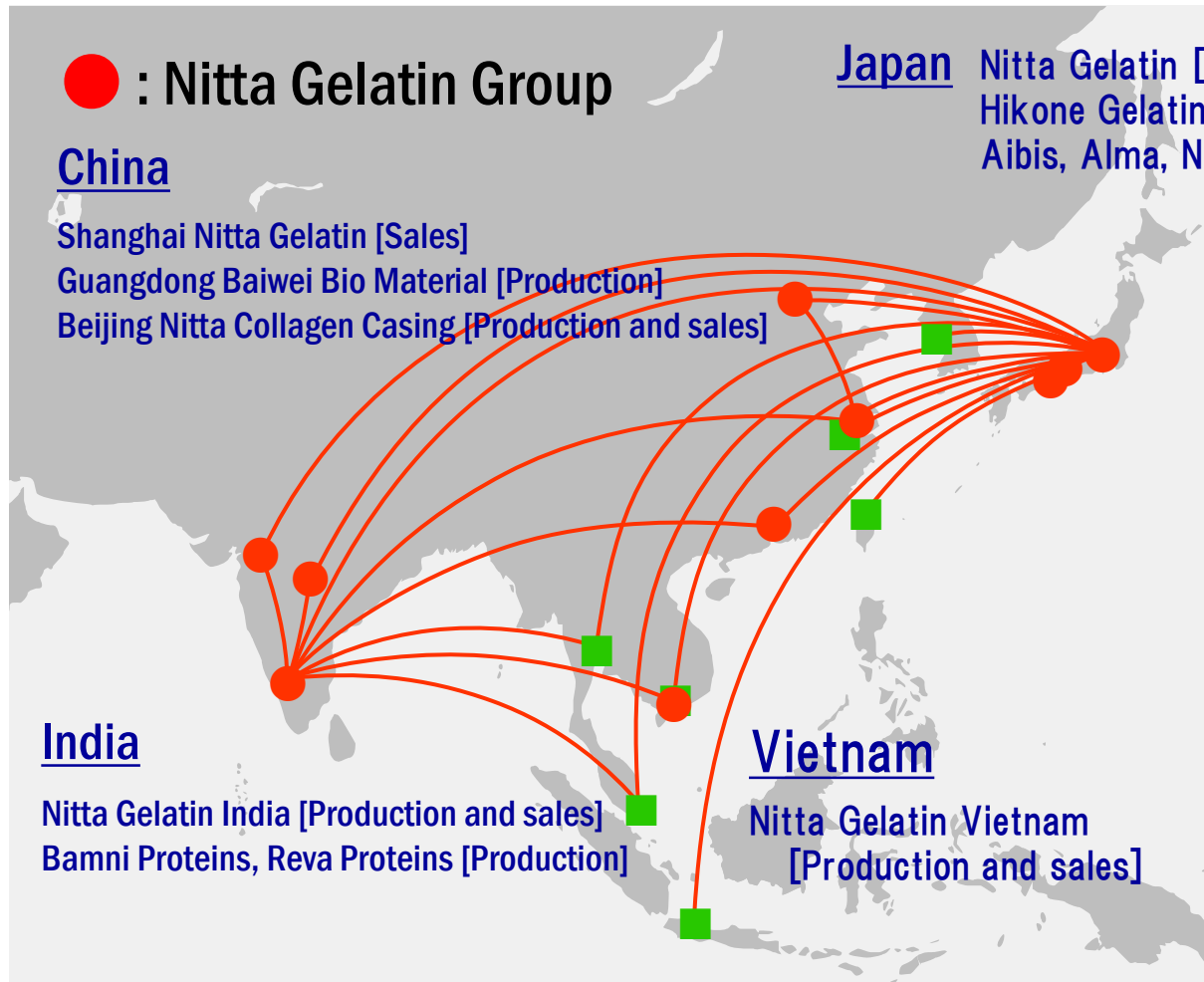


Collagen casing



Sausage manufacturing

Focused on Asia : Platform for Expanding Business in 9 Asian Countries Already in Place



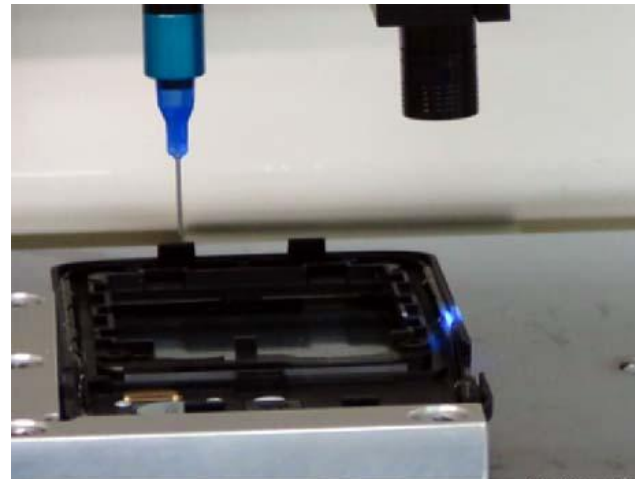
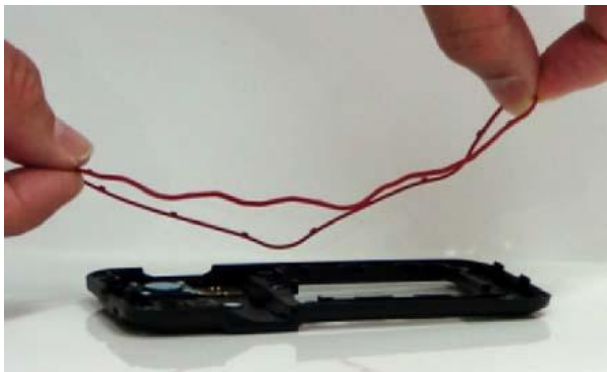
■ : Overseas agents

- South Korea
- China
- Taiwan
- Vietnam
- Singapore
- Indonesia
- Thailand

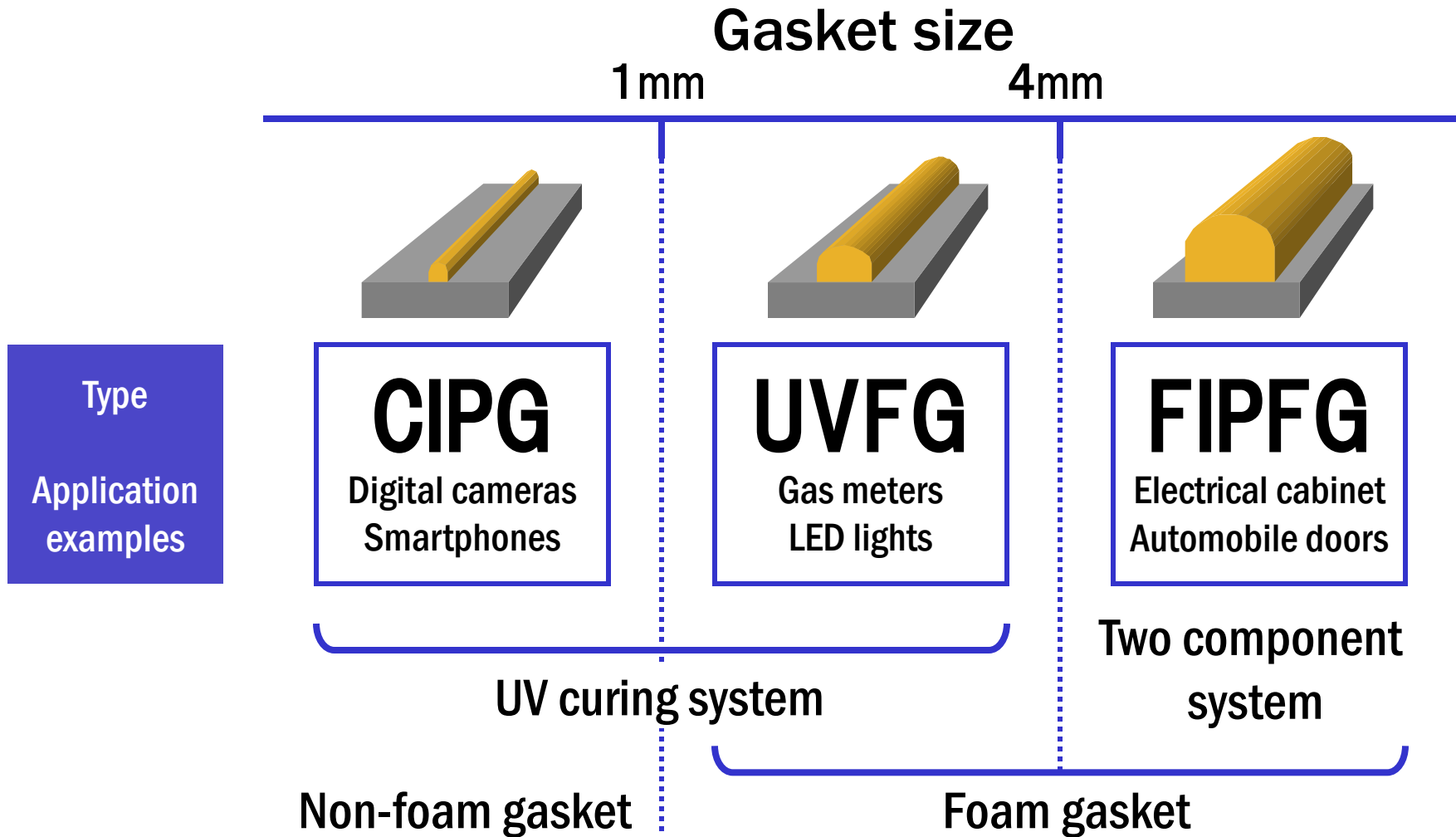
Sealant Revolution [High-Performance Gaskets]

Automated dosing by robot

Conventional: Manual work



Sealant Revolution [High-Performance Gaskets]



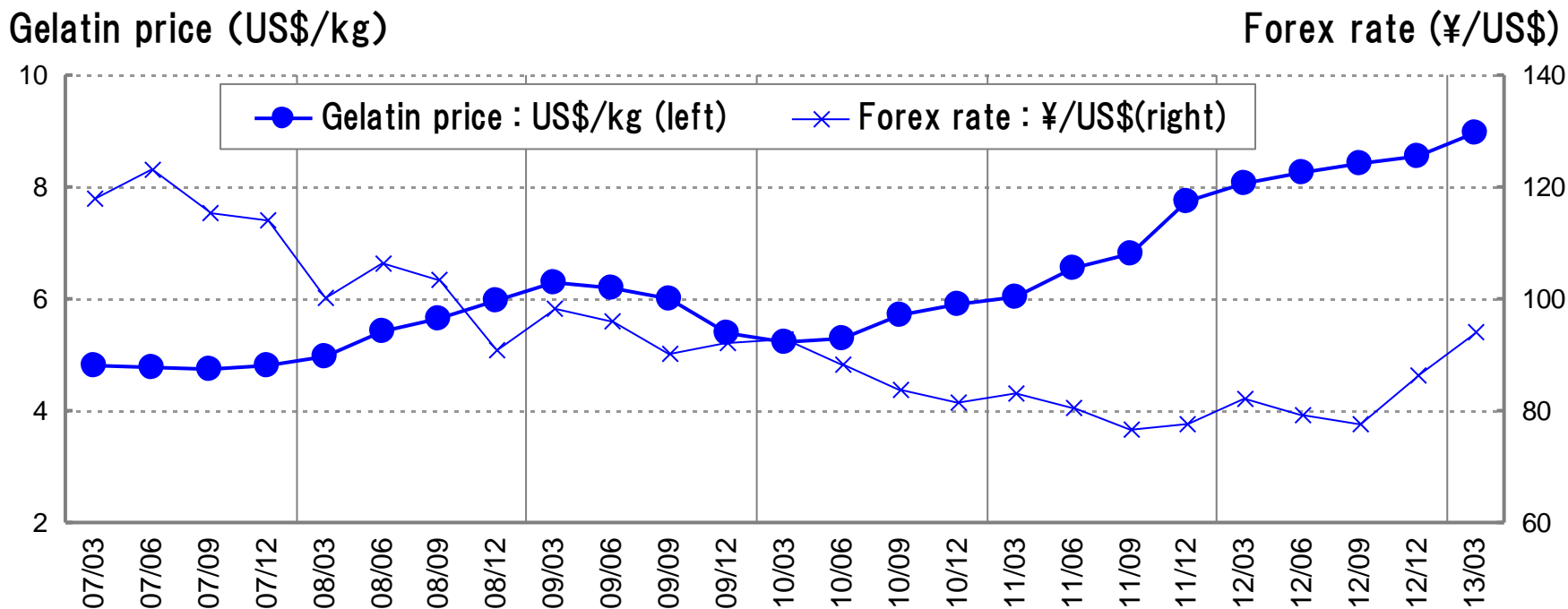
Sealant Revolution [High-Performance Gaskets]



Smart meters

External Business Environment in Year Ending March 31, 2014

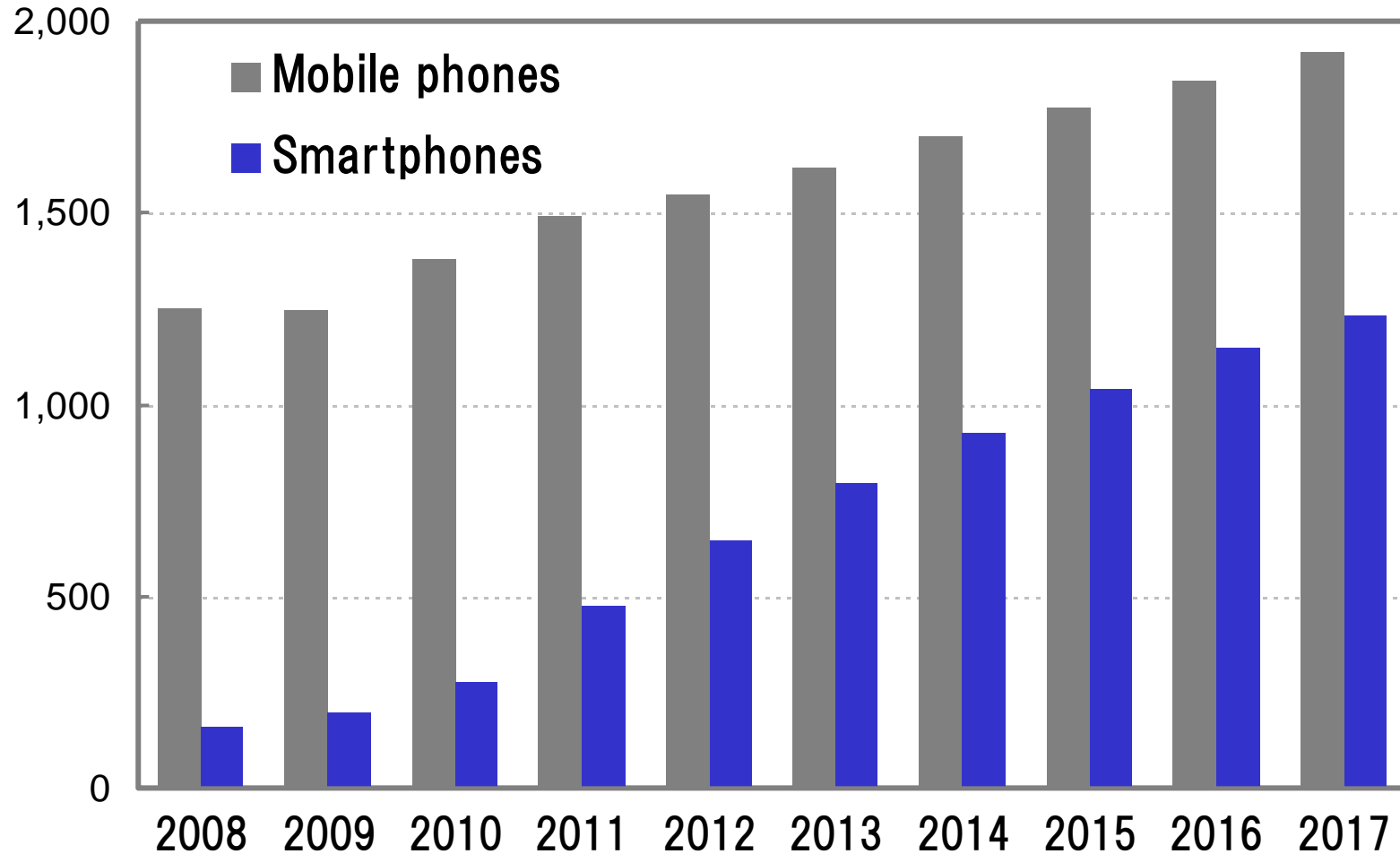
- International gelatin prices are projected to remain high based on increased demand and tight raw material supplies.
- Shift to a weakening yen
- Asian countries such as China and India should see steady economic growth, along with growing demand for casing, gelatin and peptide.



Source : IMR INTERNATIONAL, TTM rate

Global Mobile Phone Market Outlook (Shipment Volume)

(Million units)



Source: Yano Research Institute Ltd.