

**Dedicated to reliable fire prevention and protection for people,  
businesses, communities and society**



## **Results for the First Half of FY2020/3**

**December 4, 2019**

**NOHMI BOSAI LTD.**



# I . Consolidated Results for the First Half of FY2020/3



## Record-high first half performance

Orders, sales and earnings all reached new all-time highs.

Sales and earnings were higher than one year earlier in all segments.

## Earnings were higher than planned

As expected, first half earnings will be a higher share of FY earnings than in the previous FY.

Many projects with relatively high profitability were completed in the first half.

## Some projects are behind schedule

There are delays at some projects, mainly in the fire extinguishing systems segment.

The effect of delays was offset by the performance of the fire alarm systems and maintenance services segments.

# Consolidated Results of Operation

(Million yen)

	1H FY2019/3	1H FY2020/3		Vs. 1H FY2019/3		VS. Plan	
	Results	Plan	Results	Amount	Pct.	Amount	Pct.
New orders	57,917	58,000	61,688	+3,771	+6.5%	+3,688	+6.4%
Net sales	43,312	50,000	50,038	+6,726	+15.5%	+38	+0.1%
Cost of sales	70.7%	69.2%	67.3%	-3.4pt	—	-1.9pt	—
Gross profit	12,688	15,400	16,372	+3,683	+29.0%	+972	+6.3%
SG&A expenses	10,811	11,300	10,816	+5	+0.0%	-483	-4.3%
Operating income	1,877	4,100	5,555	+3,678	+196.0%	+1,455	+35.5%
Operating margin	4.3%	8.2%	11.1%	+6.8pt	—	+2.9pt	—
Ordinary income	2,047	4,100	5,653	+3,605	+176.1%	+1,553	+37.9%
Net income attributable to owners of parent	1,133	2,600	3,637	+2,503	+220.7%	+1,037	+39.9%
EPS (yen)	18.81	43.12	60.32				

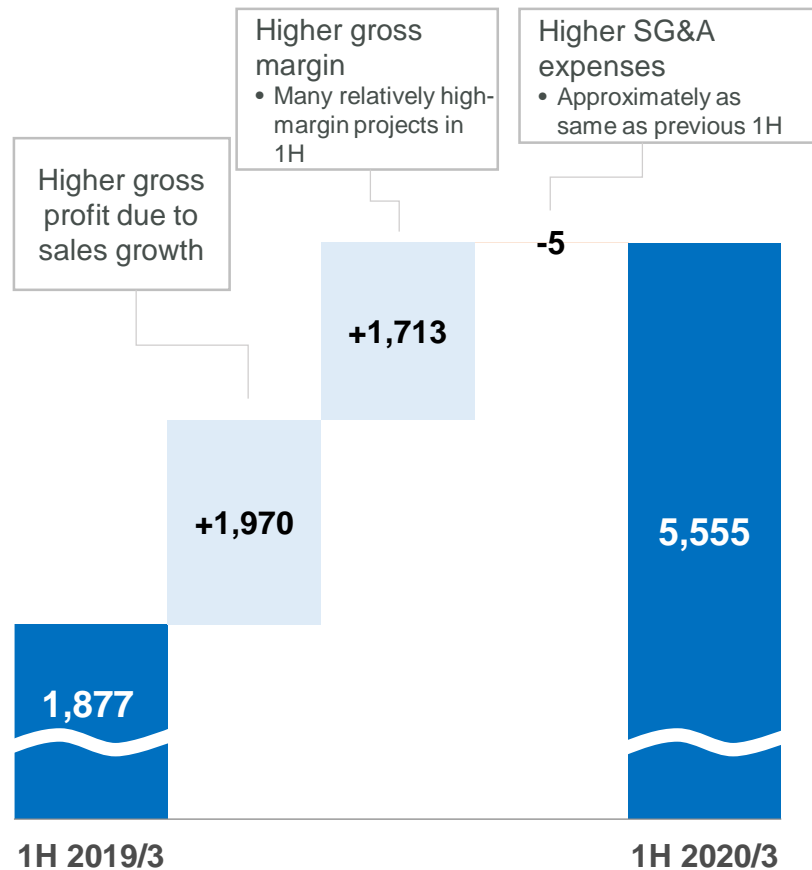
# Consolidated Results by Segments

(Million yen)

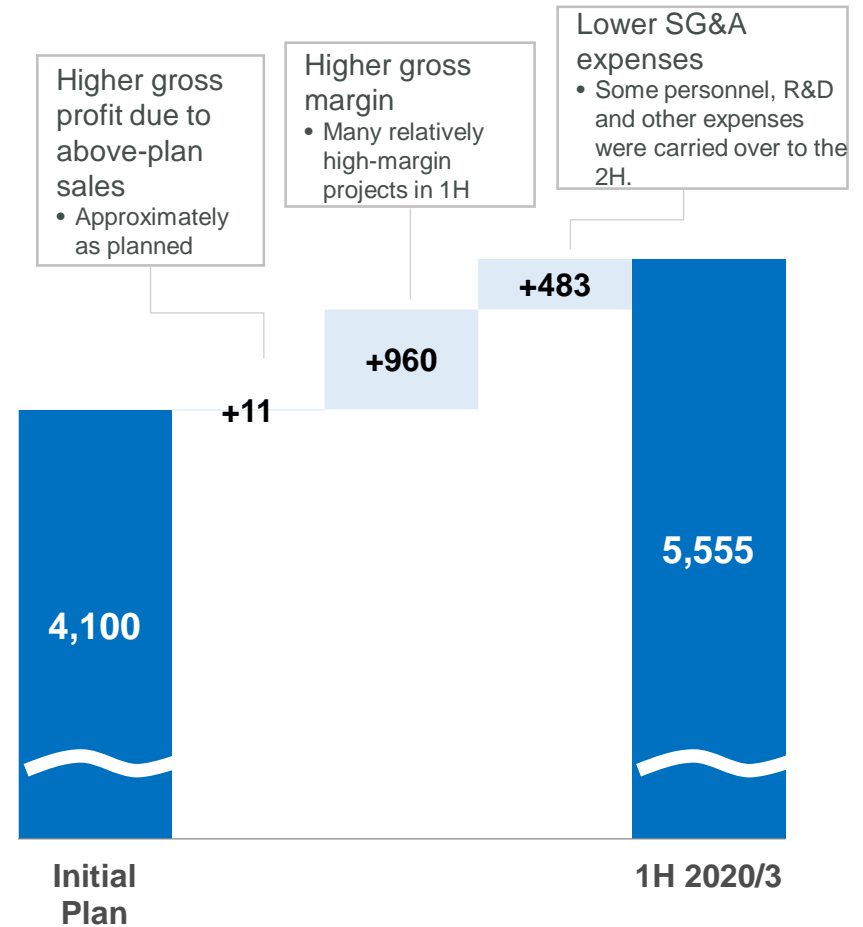
		1H FY2019/3	1H FY2020/3	Vs. 1H FY2019/3	
		Results	Results	Amount	Pct.
<b>Fire Alarm Systems</b>	Net sales	15,229	16,689	+1,459	+9.6%
	Operating income	1,543	2,945	+1,402	+90.9%
	Operating margin	(10.1%)	(17.6%)	(+7.5pt)	—
<b>Fire Extinguishing Systems</b>	Net sales	15,037	18,515	+3,477	+23.1%
	Operating income	1,613	2,993	+1,379	+85.5%
	Operating margin	(10.7%)	(16.2%)	(+5.5pt)	—
<b>Maintenance Services</b>	Net sales	10,596	12,361	+1,765	+16.7%
	Operating income	1,780	2,613	+832	+46.7%
	Operating margin	(16.8%)	(21.1%)	(+4.3pt)	—
<b>Others</b>	Net sales	2,589	2,633	+44	+1.7%
	Operating income	56	128	+72	+129.4%
	Operating margin	(2.2%)	(4.9%)	(+2.7pt)	—
<b>Elimination/ Corporate</b>	Net sales	-139	-160	-20	—
	Operating income	-3,116	-3,124	-8	—
<b>Consolidated</b>	Net sales	43,312	50,038	+6,726	+15.5%
	Operating income	1,877	5,555	+3,678	+196.0%

# Analysis of Change in Operating Income

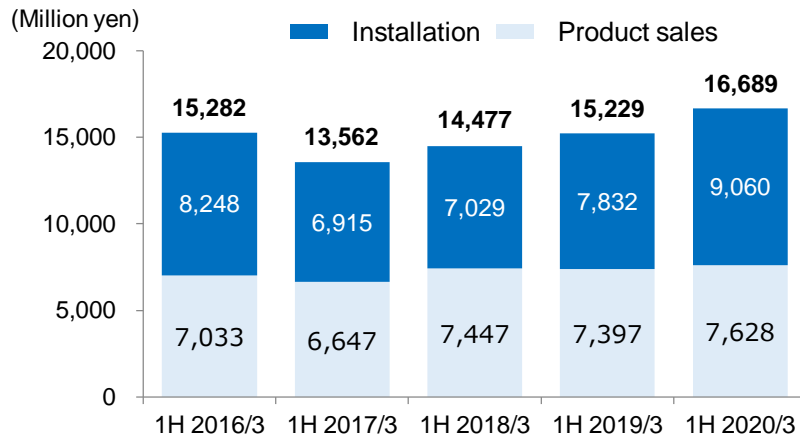
## Vs. 1H FY2019/3 (million yen)



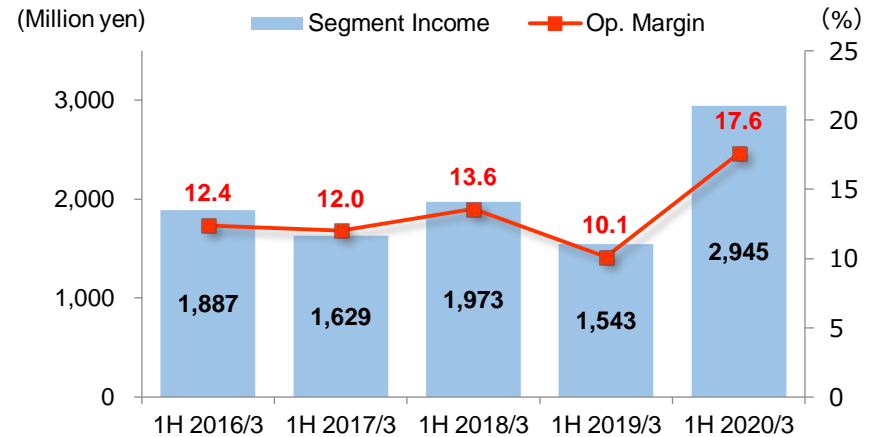
## Vs. Plan (million yen)



### Net Sales (before elimination)



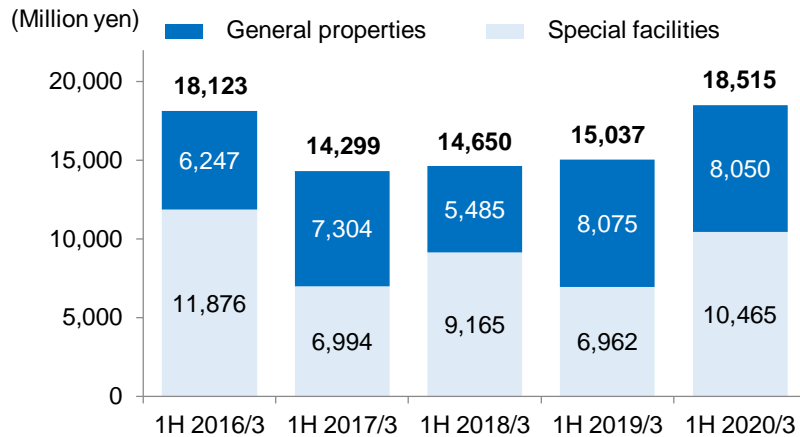
### Segment Income & Operating Margin



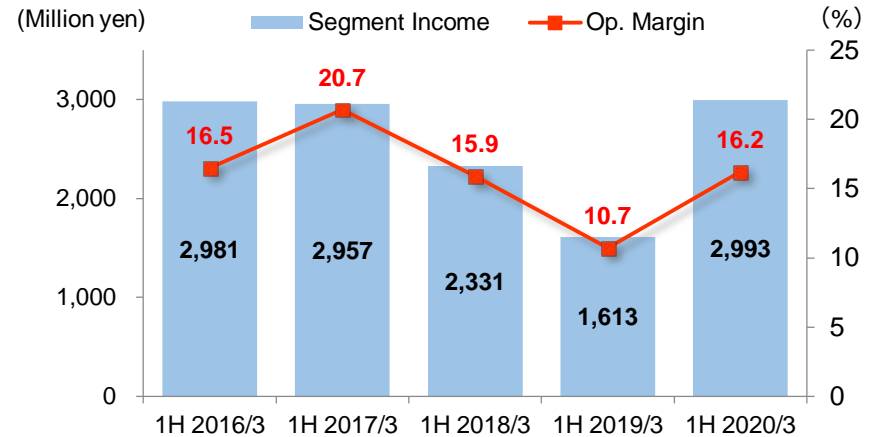
	1H 2019/3	1H 2020/3	Vs. 1H 19/3 (%)
New orders	21,362	20,311	-4.9
Backlog of orders	18,296	17,978	-1.7
Net sales	15,229	16,689	+9.6
Installation	7,832	9,060	+15.7
Product Sales	7,397	7,628	+3.1
Segment income	1,543	2,945	+90.9

- Orders were down from the high level of 1H FY2019/3.
  - A larger share of sales, mainly involving renewal projects, was recorded in the first half than usual.
- Earnings also increased, the result of completions of many projects with relatively high profitability.

### Net Sales (before elimination)



### Segment Income & Operating Margin

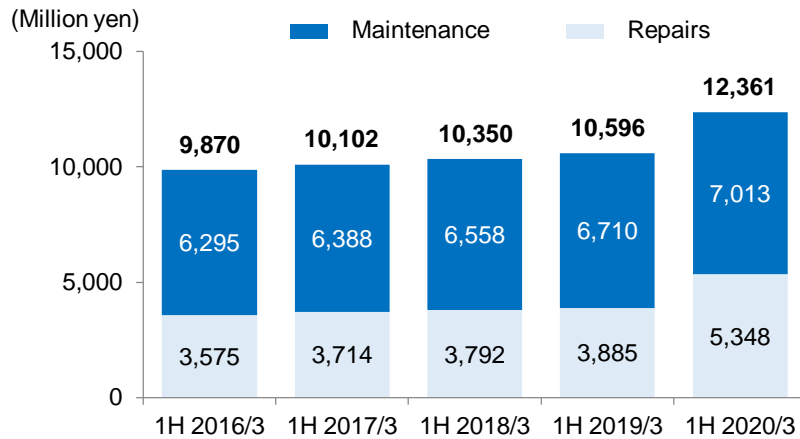


	1H 2019/3	1H 2020/3	Vs. 1H 19/3 (%)
New orders	16,082	19,629	+22.1
Backlog of orders	39,135	37,560	-4.0
Net sales	15,037	18,515	+23.1
General properties	8,075	8,050	-0.3
Special facilities	6,962	10,465	+50.3
Segment income	1,613	2,993	+85.5

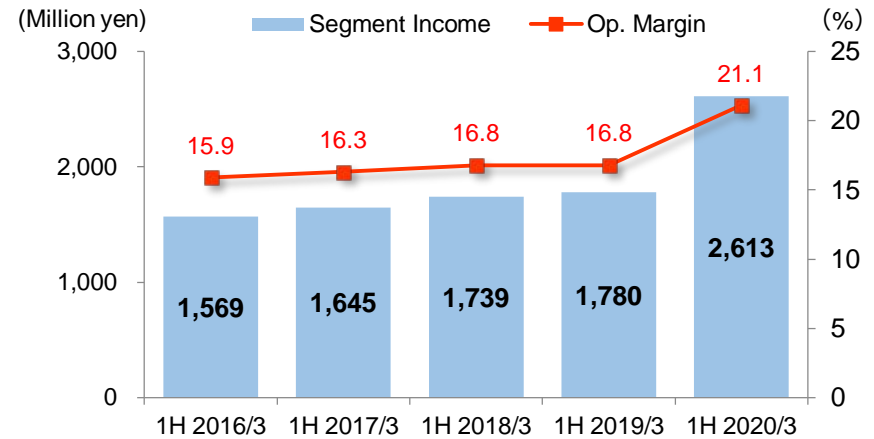
- Orders increased because of the receipt of many large orders.
  - Sales increased as sales from specialty projects offset the negative impact of delays at some projects.
- Earnings increased because of the large number of relatively low-margin projects one year earlier.



### Net Sales (before elimination)



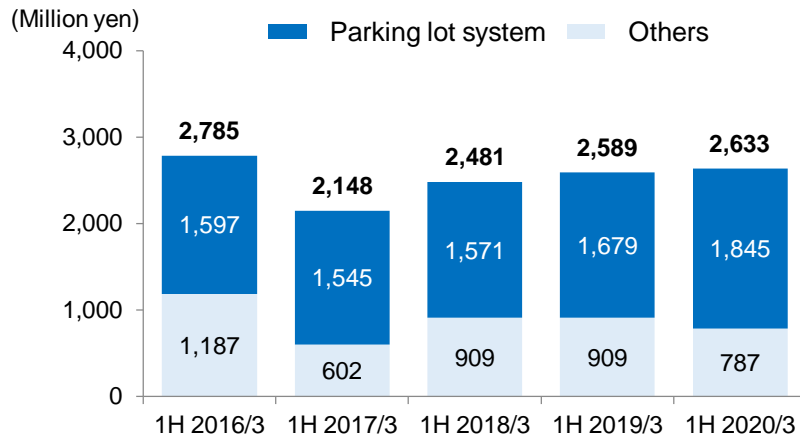
### Segment Income & Operating Margin



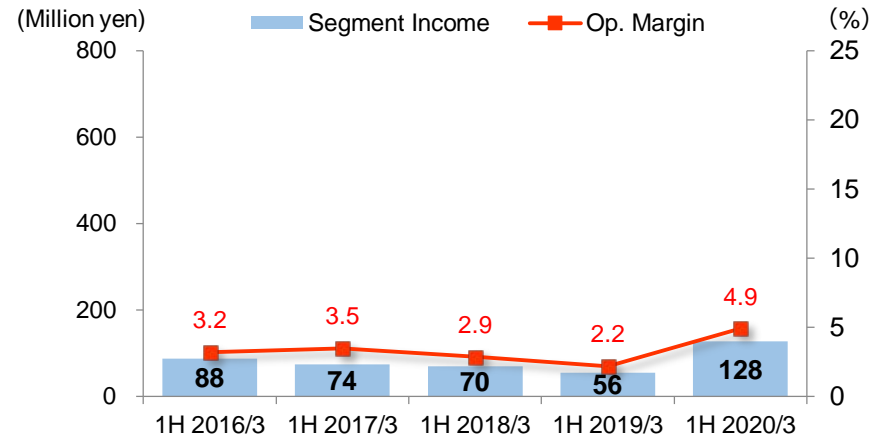
	1H 2019/3	1H 2020/3	Vs. 1H 19/3 (%)
New orders	17,576	18,535	+5.5
Backlog of orders	11,105	10,746	-3.2
Net sales	10,596	12,361	+16.7
Maintenance	6,710	7,013	+4.5
Repairs	3,885	5,348	+37.6
Segment income	1,780	2,613	+46.7

- Consistently high level of orders due as market conditions remain favorable
  - Sales growth mainly because of higher repair sales; maintenance sales also continue to climb
- Profit margin increased because of many projects with relatively high margins.

## Net Sales (before elimination)



## Segment Income & Operating Margin



	1H 2019/3	1H 2020/3	Vs. 1H 19/3 (%)
New orders	2,895	3,210	+10.9
Backlog of orders	1,037	1,420	+36.9
Net sales	2,589	2,633	+1.7
Parking lot system	1,679	1,845	+9.9
Others	909	787	-13.4
Segment income	56	128	+129.4



### Higher orders and sales

Parking lot system sales increased and the profit margin improved despite the challenging business climate.

## Ⅱ . Forecast for FY2020/3

***NOHMI***

# Forecast for FY2020/3 (Consolidated)

(Million yen)

	FY2019/3	FY2020/3	Vs. FY2019/3	
	Actual	Forecast	Amount	Pct.
New orders	107,860	116,000	+8,139	+7.5%
Net sales	106,774	114,000	+7,225	+6.8%
Gross profit	34,847	36,200	+1,352	+3.9%
Gross margin	32.6%	31.8%	-0.8pt	—
SG&A expenses	23,480	24,200	+719	+3.1%
Operating income	11,366	12,000	+633	+5.6%
Operating margin	10.6%	10.5%	-0.1pt	—
Ordinary income	11,644	12,200	+555	+4.8%
Net income attributable to owners of parent	7,804	8,000	+195	+2.5%
EPS (yen)	129.42	132.67		
ROE	9.2%	9.1%		

## **Another year of record sales**

First half sales were generally as expected. Forecast record-high sales for the third consecutive year with sales up in all segments.

## **Forecast record orders too**

Forecast orders that will surpass the previous record set in FY2018/3 because of consistently favorable market conditions and extensive sales activities.

## **Higher operating profit and no change in the profit margin**

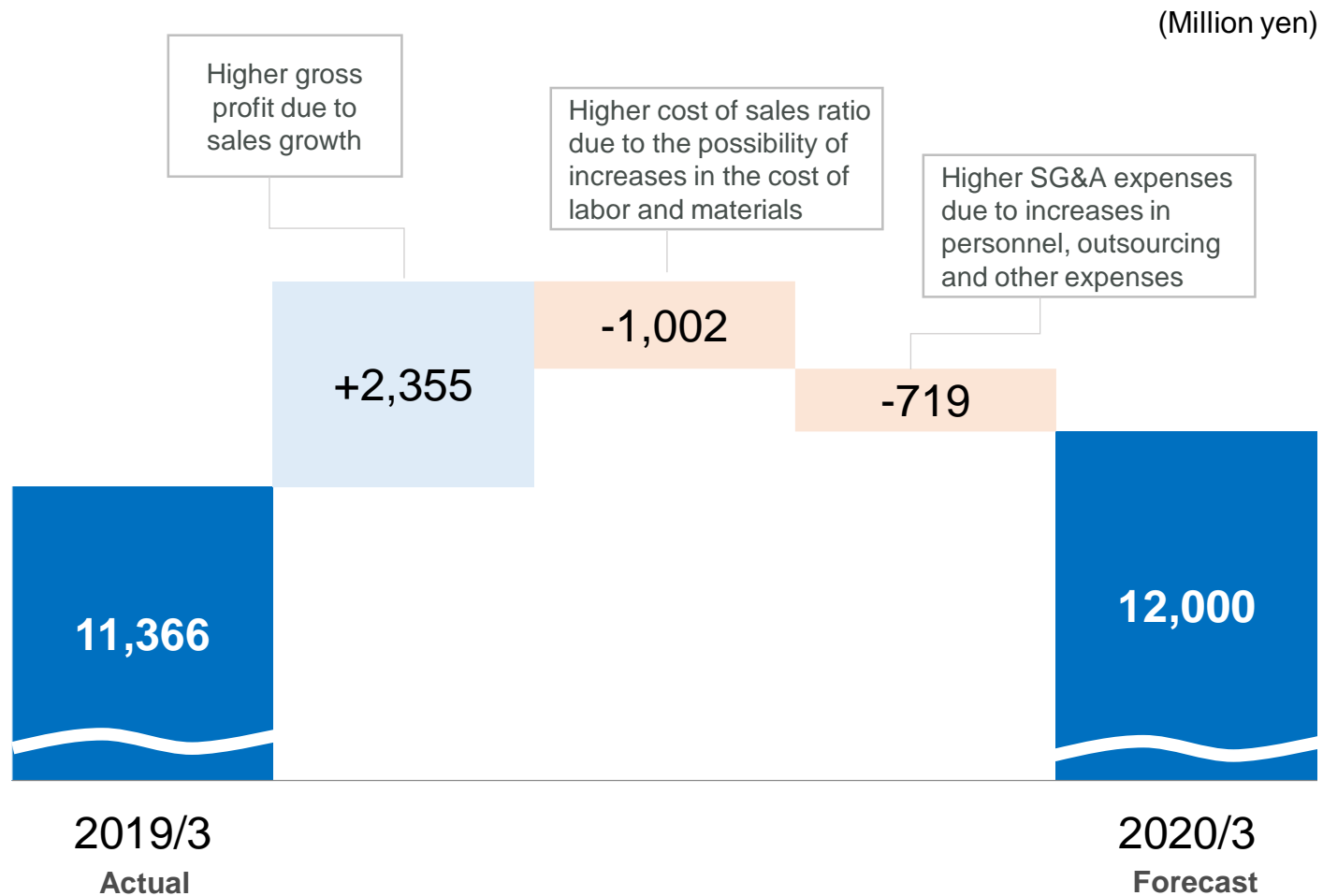
Although first half earnings were higher than planned, there is no change in the initial FY2020/3 operating profit forecast because of uncertainty about some aspects of the outlook for the business climate.

# Forecast for FY2020/3 by Segments

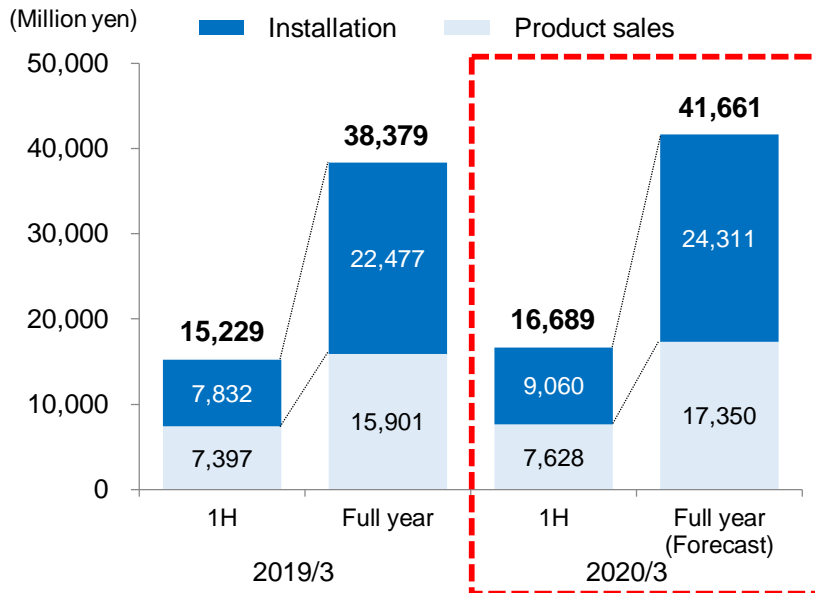
(Million yen)

		FY2019/3	FY2020/3	Vs. FY2019/3	
		Actual	Forecast	Amount	Pct.
<b>Fire Alarm Systems</b>	Net sales	38,379	41,661	+3,282	+8.6%
	Operating income	6,911	7,340	+428	+6.2%
	Operating margin	18.0%	17.6%	-0.4pt	—
<b>Fire Extinguishing Systems</b>	Net sales	37,118	40,637	+3,519	+9.5%
	Operating income	5,349	5,874	+524	+9.8%
	Operating margin	14.4%	14.5%	+0.1pt	—
<b>Maintenance Services</b>	Net sales	25,831	26,230	+399	+1.5%
	Operating income	5,488	5,375	-112	-2.0%
	Operating margin	21.2%	20.5%	-0.7pt	—
<b>Others</b>	Net sales	5,807	5,832	+24	+0.4%
	Operating income	319	389	+70	+22.2%
	Operating margin	5.5%	6.7%	+1.2pt	—
<b>Elimination/ Corporate</b>	Net sales	-361	-361	—	—
	Operating income	-6,701	-6,980	-279	—
<b>Consolidated</b>	Net sales	106,774	114,000	+7,225	+6.8%
	Operating income	11,366	12,000	+633	+5.6%

# Analysis of Operating Income Forecast

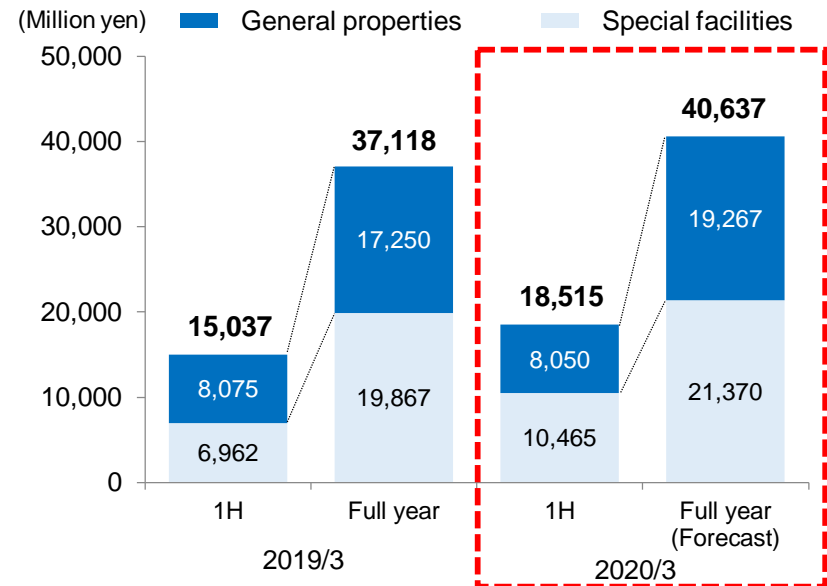


### Fire Alarm Systems



➤ Expect growth of sales for new construction and renewal projects because of the continuation of sales activities for capturing new orders

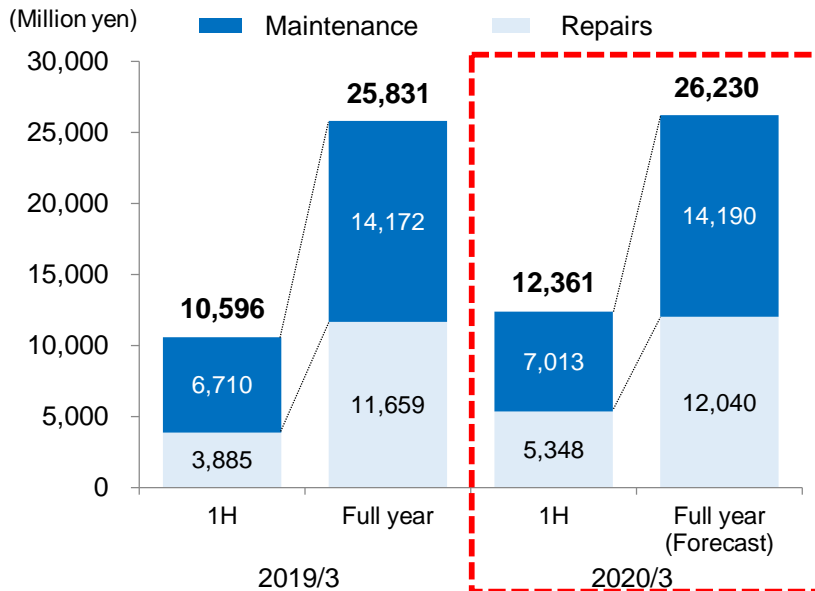
### Fire Extinguishing Systems



➤ Forecast higher sales for both general properties and special facilities due to the outlook for a favorable business climate  
Aiming for higher sales as in the initial forecast despite delays at some projects

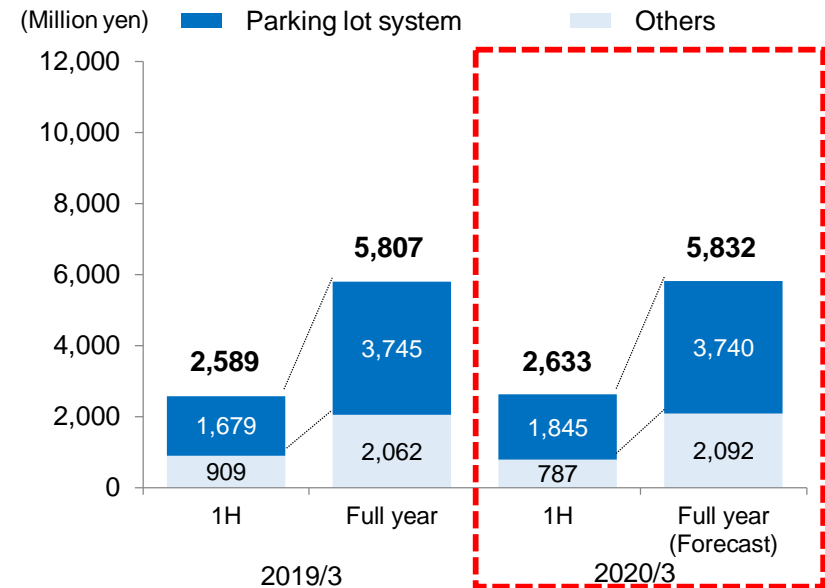


### Maintenance Services



➤ Anticipate steady growth of both the maintenance and renewal categories

### Others

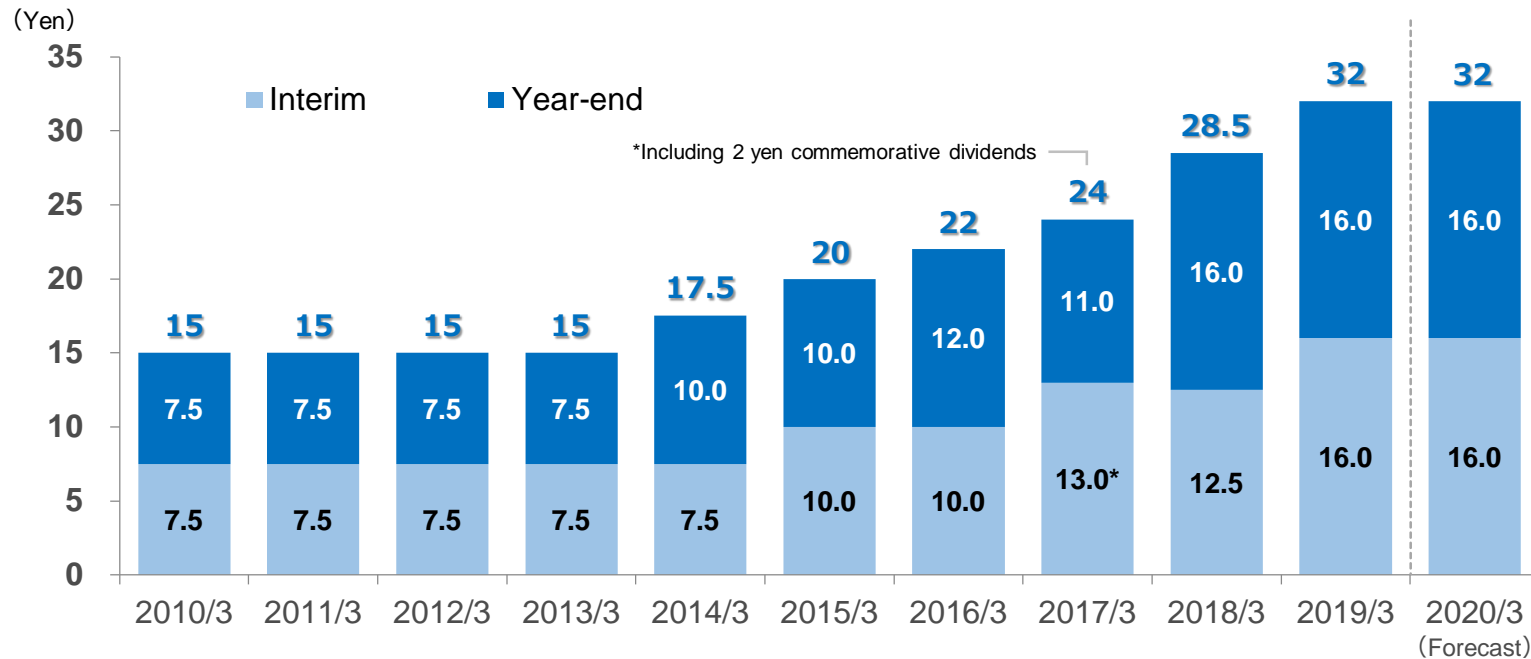


➤ Expect no change in sales of parking lot systems and other products

## Consistent dividends are the priority for Shareholder distributions

Dividends have never been reduced since 1978, excluding special dividends

Dividends per Share



Payout ratio	38.8%	48.5%	50.6%	31.4%	21.9%	21.4%	20.0%	20.8%	18.8%	24.7%	24.1%
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# Ⅲ. Medium-term Plan

## “project 2021”

(FY2020/3–FY2022/3)



# Assessment of the Previous Medium-term Plan

1	Establish the foundation for next-generation fire protection
2	Improve profitability and expand sales of core businesses
3	Further improve relationships of trust with customers
4	Proactively take on challenges in promoting business in new markets and services
5	Strengthen technological development and engineering capabilities
6	Strengthen overseas business
7	Promote M&A in and outside Japan aimed at expanding the fire protection business domain
8	Bolster human resources development
9	Strengthen Group-wide corporate social responsibility (CSR) and corporate governance

## Accomplishments due to substantial investments

⇒ Nohmi Techno Space Ichigaya (marketing)  
Nohmi Technoleum Menuma Research Building (marketing/research)  
Menuma factory expansion, new administrative system and other measures

## Started selling innovative products

⇒ The core Addressable fire alarm system was updated for the first time in eight years (the R-26C system)  
Launched a slender fire alarm product for the residential market

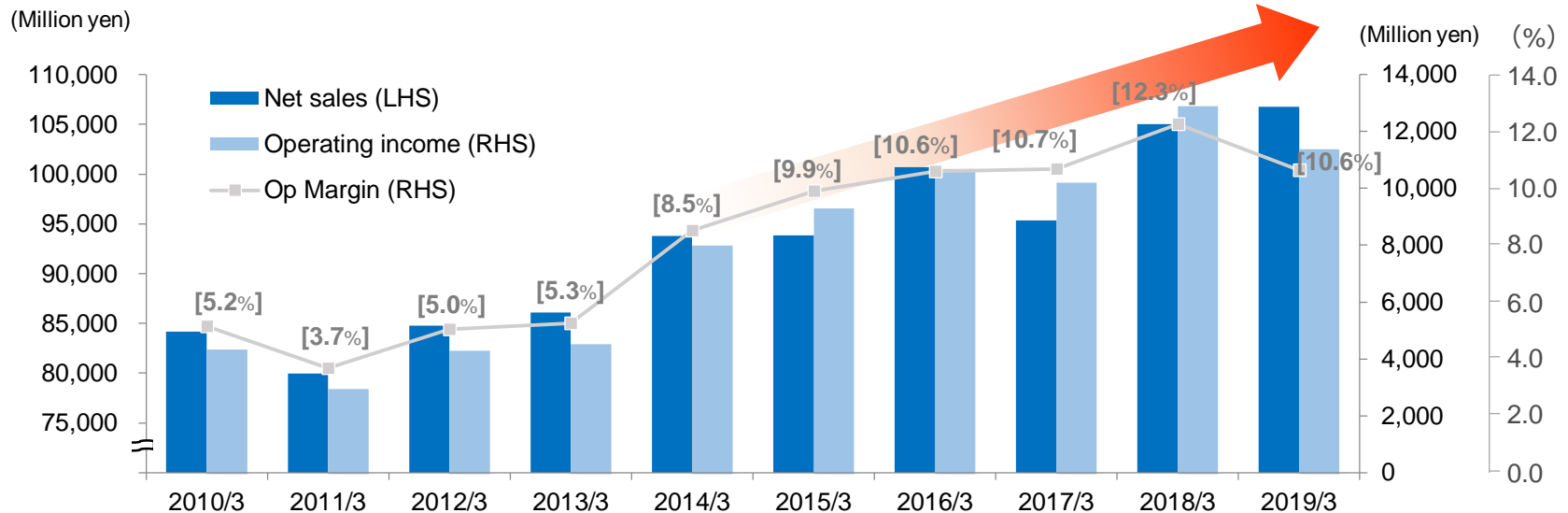
## Reinforced and expanded market coverage

⇒ Acquired Kyodo Setsubi Co., Ltd. and System Service Co., Ltd.



More actions are needed for improving the profitability of core businesses, building customer relationships rooted in trust, growth outside Japan and employee training programs

## Consolidated Net Sales and Operating Income



## Basic stance regarding the Nohmi Bosai Group today

Sales and earnings have increased significantly over the past decade. Business operations benefited from favorable market conditions, but growth was mainly the result of developing new products, reexamining manufacturing expenses, sales activities to capture renovation projects and other initiatives. However, these accomplishments were limited to the group's current business domains.

**Business domain expansion will be vital to achieve more growth**

## Recognition of external environment

### Steadily advancing megatrends

- Technology innovation such as AI/IoT
- Changing demographics that include a shrinking workforce
- Increased complexity of disaster prevention due to climate change and extreme weather
- A shift in national economic powers due to growth in Asia

### Uncertain business environment

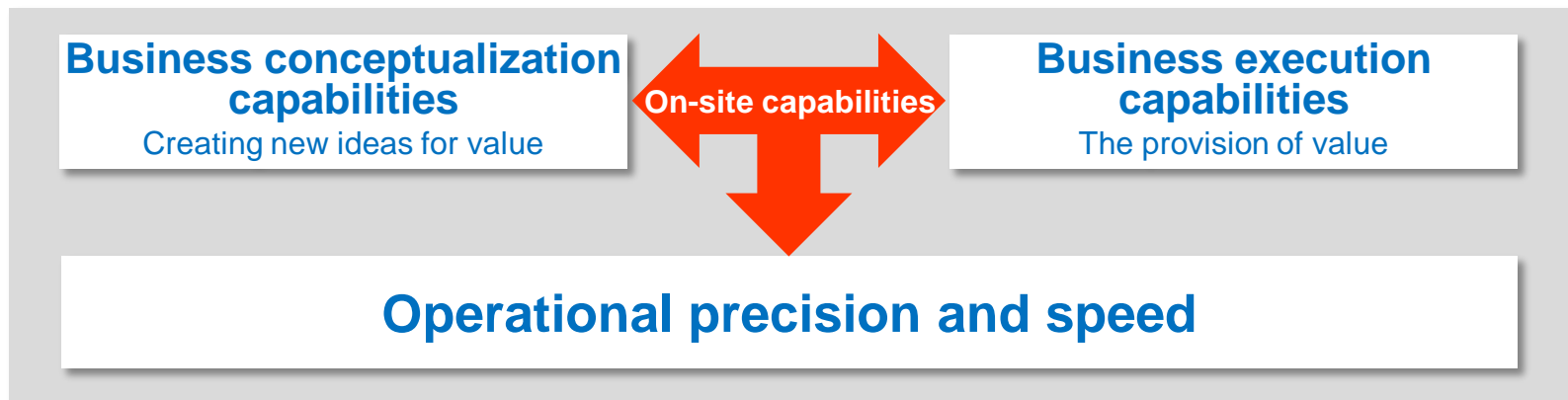
- Demand fluctuations following the 2020 Olympics
- Increased complexity of responding to fires due to the diversification of building management and usage formats

**Expand fields where Nohmi Bosai can contribute through technology innovation**

## Our mission

As a pioneer in the fire protection industry, Nohmi will continue to be a source of value that contributes to public safety by using foresight about upcoming changes in markets and the world.

Nohmi must have **stronger on-site capabilities** in order to adapt to changes in the business climate and move on to an even higher stage of its advancement and growth.



**On-site capabilities** are the ability to discover issues and problems at job sites on our own with the involvement of everyone and the ability to use the resources of the entire organization to devise solutions.

## Vision

**Toward Dramatic Growth Based on Strong “On-site Capabilities”**

**Continue to be pioneers in fire protection fields as a comprehensive fire protection company**

### Priority policies of Medium-Term Business Plan

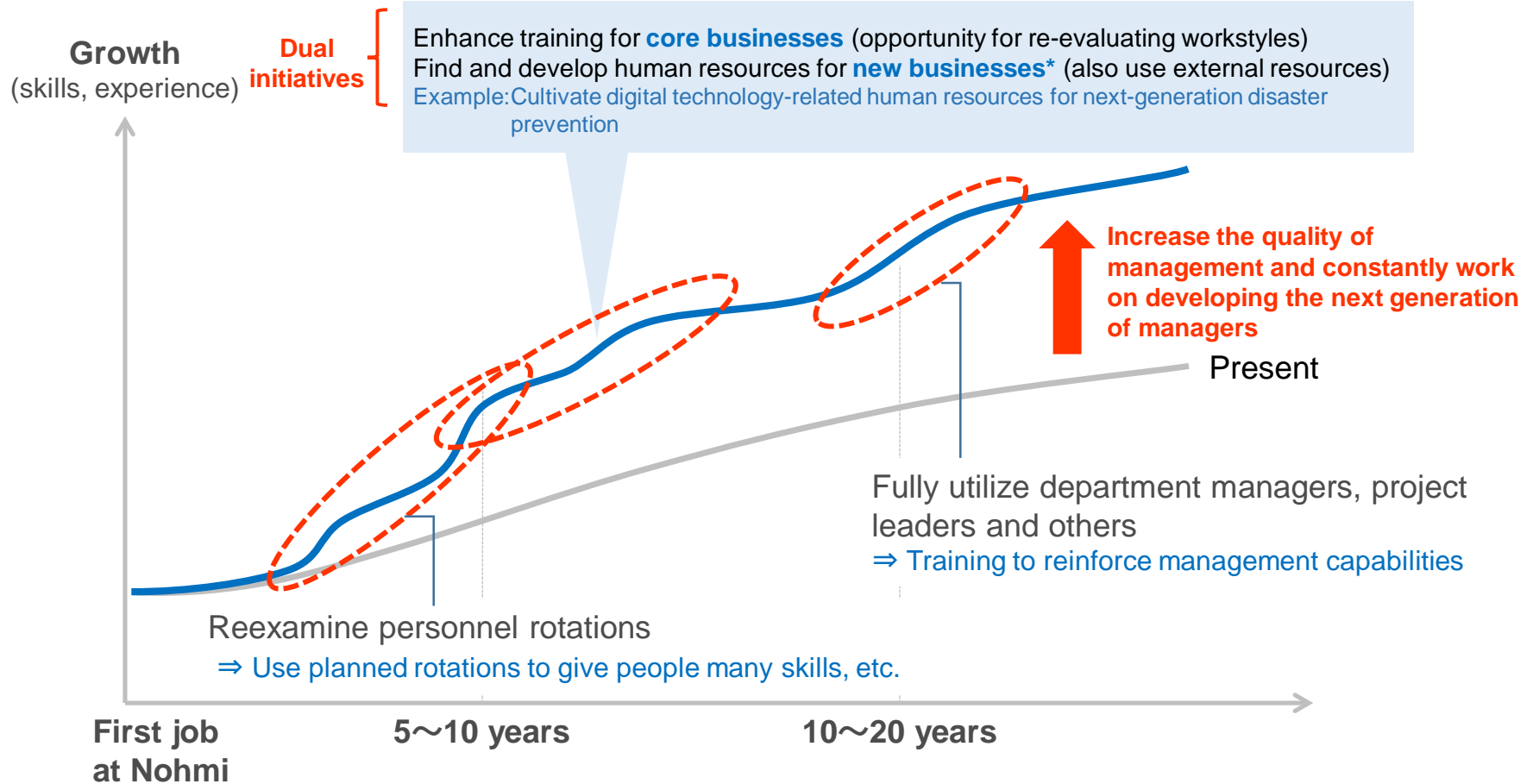
- (1) Improve human resource capabilities.**
- (2) Improve business conceptualization and execution capabilities/improve operational precision and speed.**
- (3) Strengthen group management.**

**Create a foundation for even higher stages of growth (investments, new initiatives).**



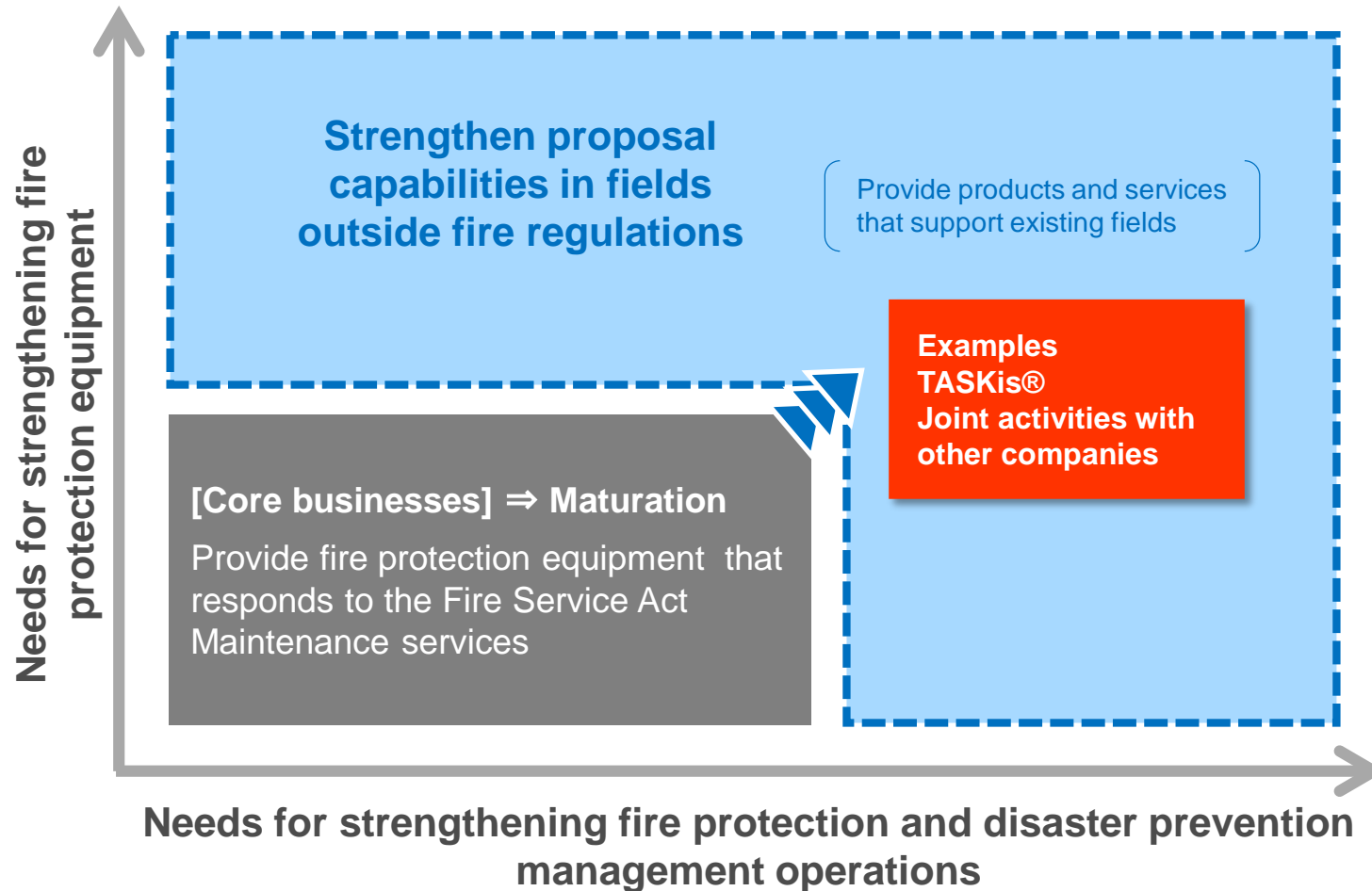
# Strategy 1 Improve human resource capabilities

## Upgrade knowledge and skills



\* New businesses targeting peripheral fields where diverse customer needs are developed while engaging in existing businesses

## Expand business fields

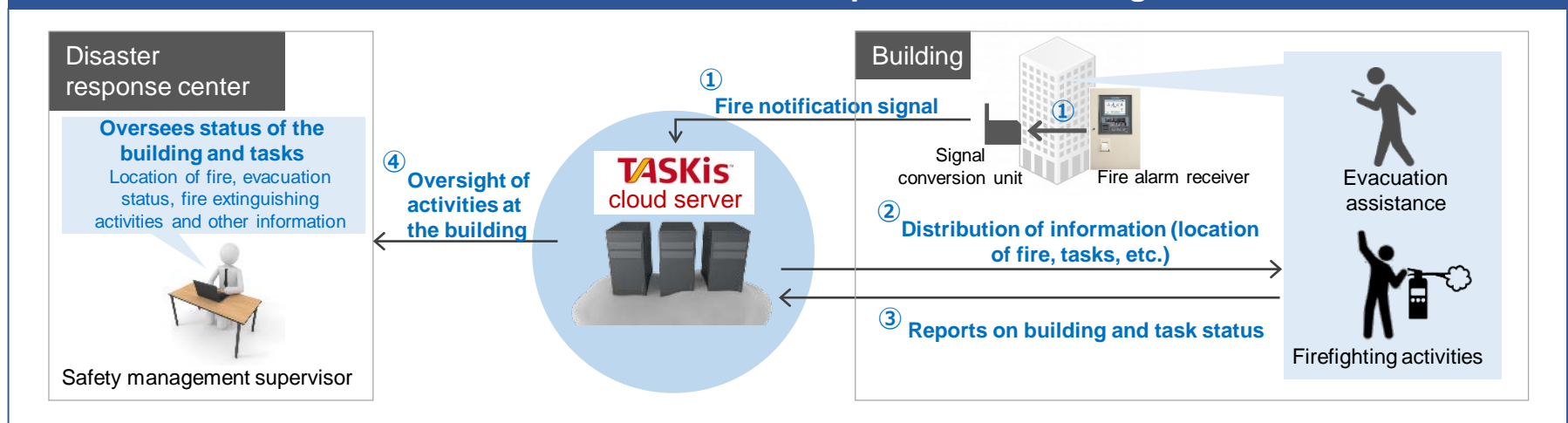


### Reinforce proposal skills by supplying new forms of value

Main functions of the **TASKis** cloud disaster response support software

- Uses smartphones to distribute instructions on tasks to perform in the event of a fire, earthquake or other emergency involving business continuity plans.
- Supervisors can use PCs for real-time monitoring of reports on progress with these tasks.

#### Illustration of how TASKis® responds to a building fire

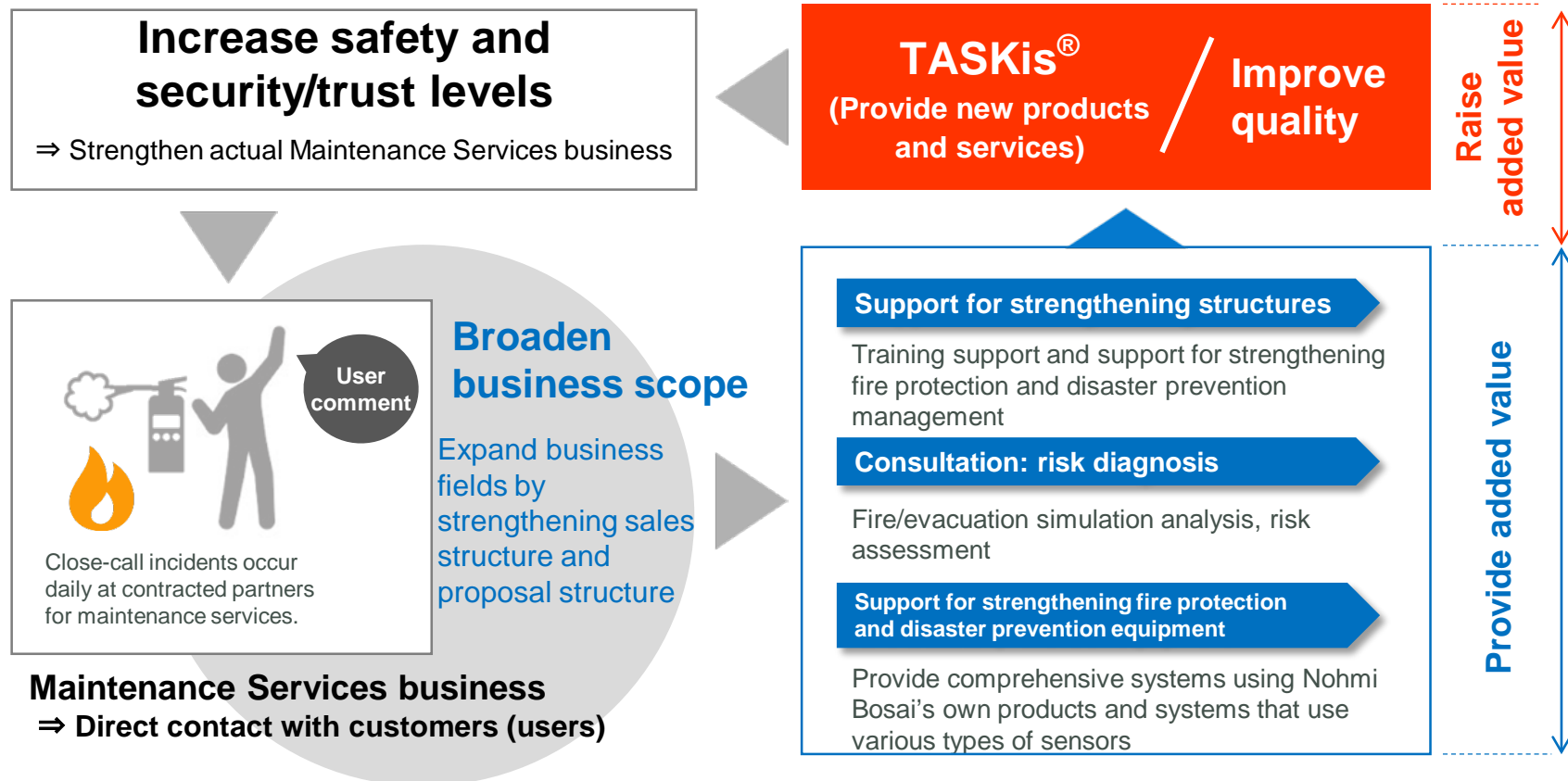


Adds new value with respect to software  
(creation of an infrastructure)

**Customers' needs are shifting from detection to prevention**

## Example of business domain expansion (1)～TASKis®～

Example of new business leveraging TASKis®



### Example of business domain expansion (2) ~Joint activities~

Joint activities as one way to utilize Nohmi's fire prevention and mitigation expertise

**Directly** identify customers' changing needs



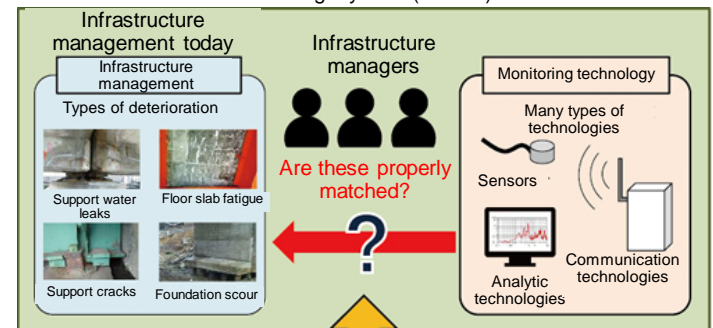
**Nohmi's expertise**  
+  
**Data technology, AI, IoT, other know-how**



**New products and service for social infrastructure maintenance and upgrades**

**Nohmi Develop sensors that utilize data analysis skills based on fire prevention and mitigation expertise accumulated over many years**

Example: Joint research by the Research Association for Infrastructure Monitoring System (RAIMS)



Ideas for monitoring required performance, creating systems, confirming responses by associated agencies, on-site confirmations, and standardization

Research Association for Infrastructure Monitoring System (RAIMS)

\*Excerpt from the RAIMS website

## Strengthen Overseas Business

Provide high value-added service that includes after service

### China

Expand sales targets  
Review manufacturing strategy

### India

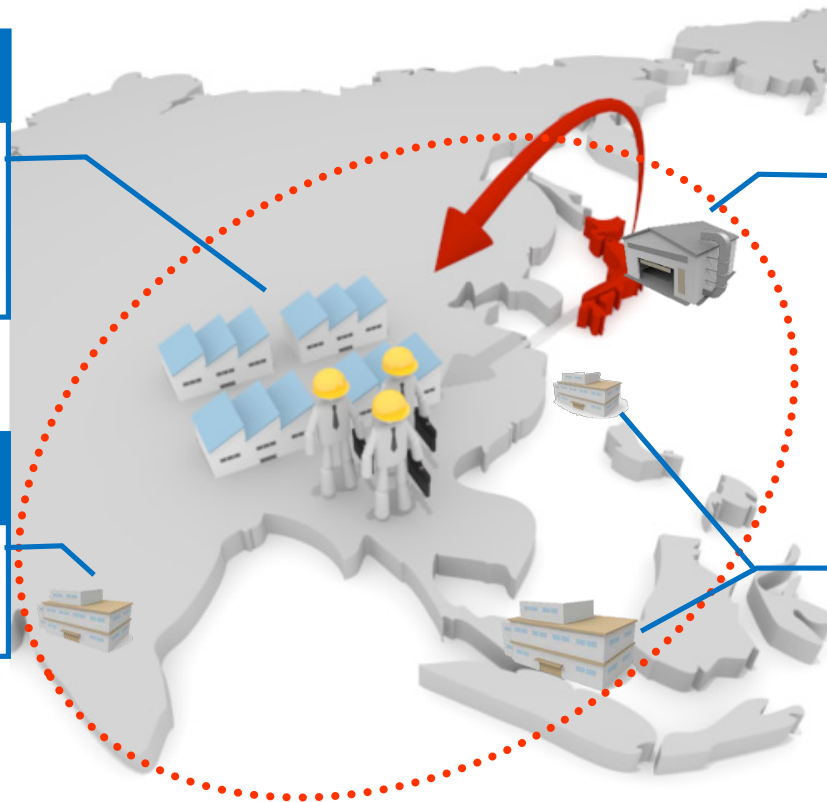
Reconstruct business strategy

### Japan

Strengthen back office functions  
Strengthen manufacturing back-up functions  
Recruit global human resources  
Assess M&A and business cooperation opportunities with other firms

### S.E. Asia and Taiwan

Sales network strategy  
Agency strategies  
Review of product lineup

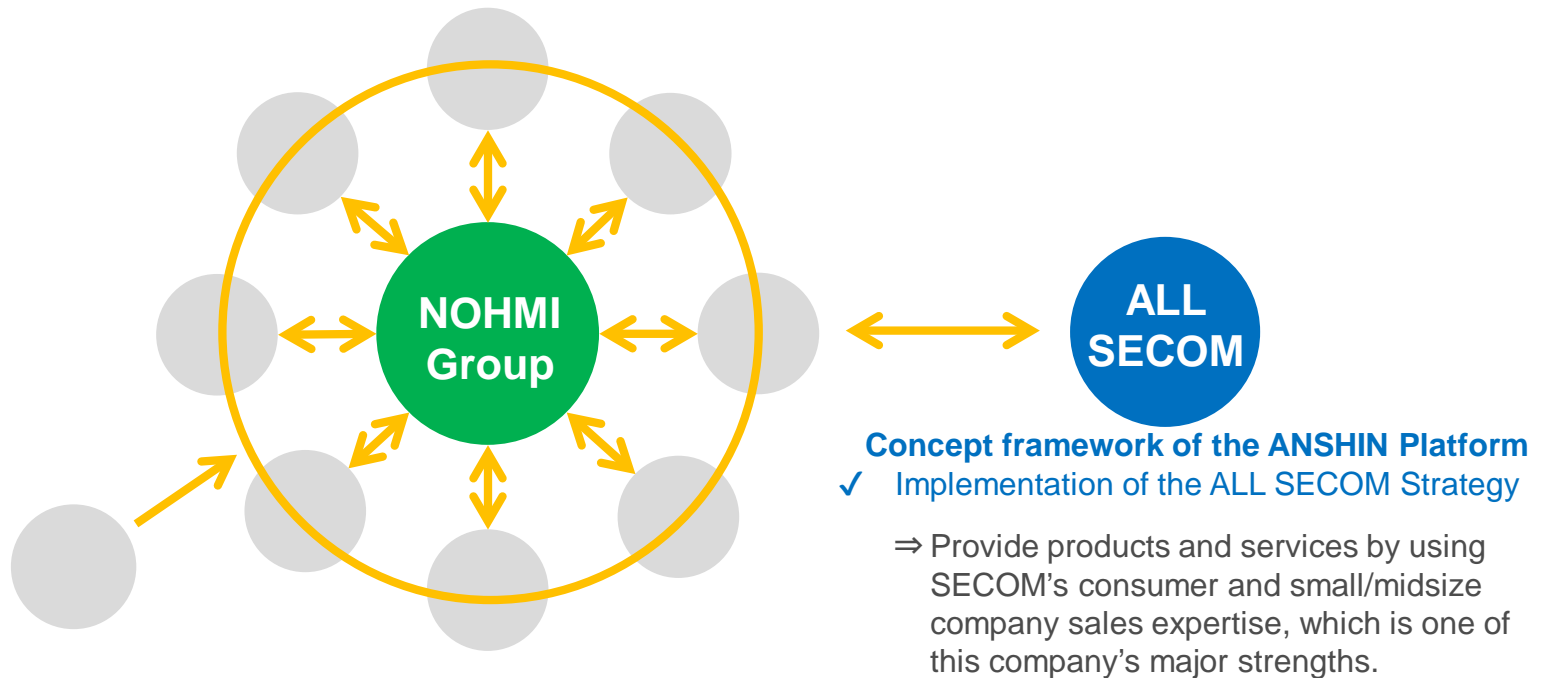


### Strengthen group management

- **Strengthen collaboration among Nohmi Bosai Group**

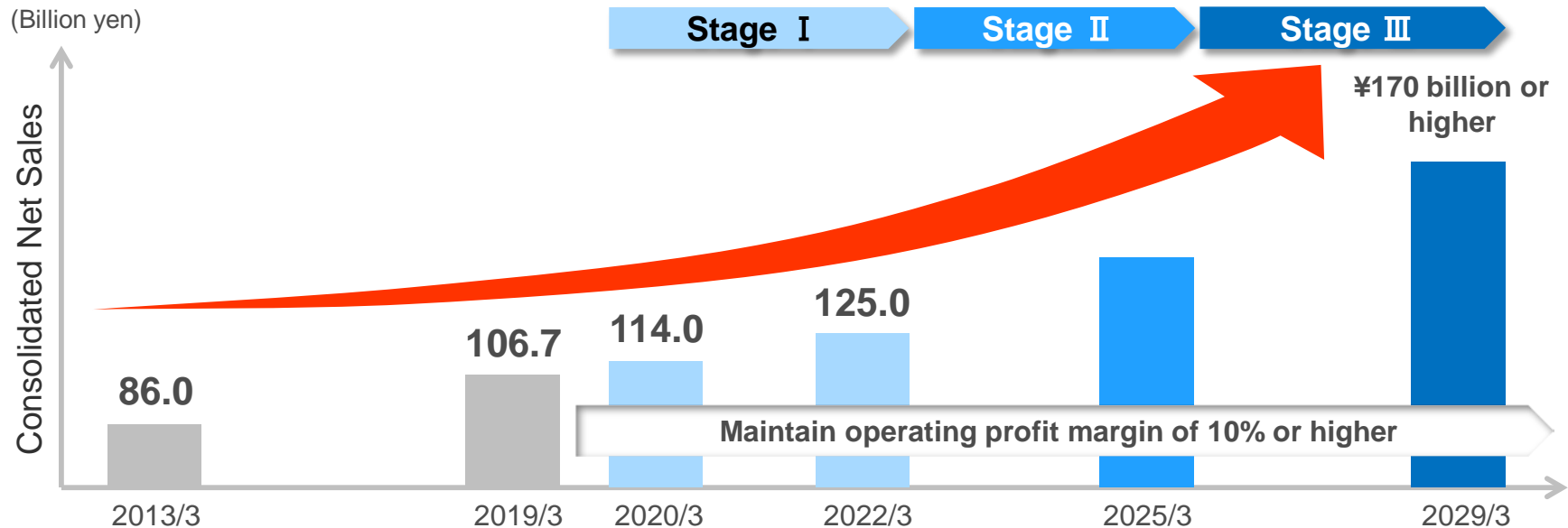
Example: Utilize (previously introduced) management systems that span the entire Group

- **Consider and promote M&A aimed at expanding fire protection fields**



# Quantitative Targets

## Consolidated net sales/Operating profit margin



### R&D investment

- Collaborate with related in-house and external bodies and introduce elemental and other technologies (data technology, AI, IoT, ...)
  - Promote in-house development of Nohmi Bosai's core technologies
- Toward the development of next-generation new products**

Experimental research expenses

¥2.2bn

¥3.0bn

¥5.0bn

Percentage of consolidated net sales

2.1%

2.4%

3.0%



## IV. Reference

***NOHMI***

## ~ Comprehensive fire safety company ~

### Trade Name

NOHMI BOSAI LTD.

### Head Office

7-3 Kudan-Minami, 4-Chome, Chiyoda-ku, Tokyo Japan

### Establishment

May 5, 1944 (Foundation: December, 1916)

### President

Tatsunori Ito, Representative Director and President

### Capital

13,302 million yen

As of March 31, 2019

### Employees

2,442 (consolidated)

### Business

Contract test, planning, proposal regarding disaster prevention.

Research, development, planning, installation and maintenance of disaster prevention facilities and systems.

Design, manufacturing and marketing of disaster prevention equipment.

Design, manufacturing, installation, marketing and maintenance of parking lot system.

# History

100th anniversary



- 2017 Menuma factory was expanded and "Nohmi Technorium Menuma" an exhibition facility was established.
- 2016 Automatic fire extinguisher system "SPlash α" was launched.
- 2014 Manual fire alarm box with ring-shaped location lamp won GOOD DESIGN Gold prize
- 2013 Image processing smoke detection system was launched.
- 2010 Established R&D center in Misato, Saitama
- 2009 Aspirating super-high sensitivity smoke detection system PROTECVIEW was launched.
- 2006 Third-party allocation of shares to SECOM Co., Ltd.
- 2004 Mamoru-kun 10 the fire alarm equipment for houses was launched.
- 2002 Conventional fire alarm system with automatic testing function "Advanced P" was launched.
- 1995 Nohmi Secom Fire Protection (Beijing) Co., Ltd. established in China.
- 1991 Listed on Tokyo stock exchange 1<sup>st</sup> section
- 1987 Installed fire protection systems in the Seikan Tunnel and the Seto bridge.
- 1974 Developed fire protection systems for LNG terminal
- 1968 Installed the first ionization type fire detection system in the Kasumigaseki Building, which was the first highrise building in Japan.
- 1962 Installed the first fire protection systems in the Kajiwara-Tennosan tunnel of the Meishin Expressway in Japan. Listed on Tokyo stock exchange 2<sup>nd</sup> section
- 1936 Installed the first fire alarm systems at the imperial palace
- 1933 Installed the first fire alarm systems at Sanjyusangendo Temple, first in Japan for a national treasure.
- 1924 "Nohmi Shokai" started a fire protection business to manufacture and sell automatic fire alarm systems after the Great Kanto Earthquake
- 1916 Teruichi Nohmi established "Nohmi Shokai"

Listing of stock

Establishment



Menuma factory



Nohmi Technorium Menuma



R&D center Misato



Manual fire alarm box with ring-shaped location lamp



Mamoru-kun 10



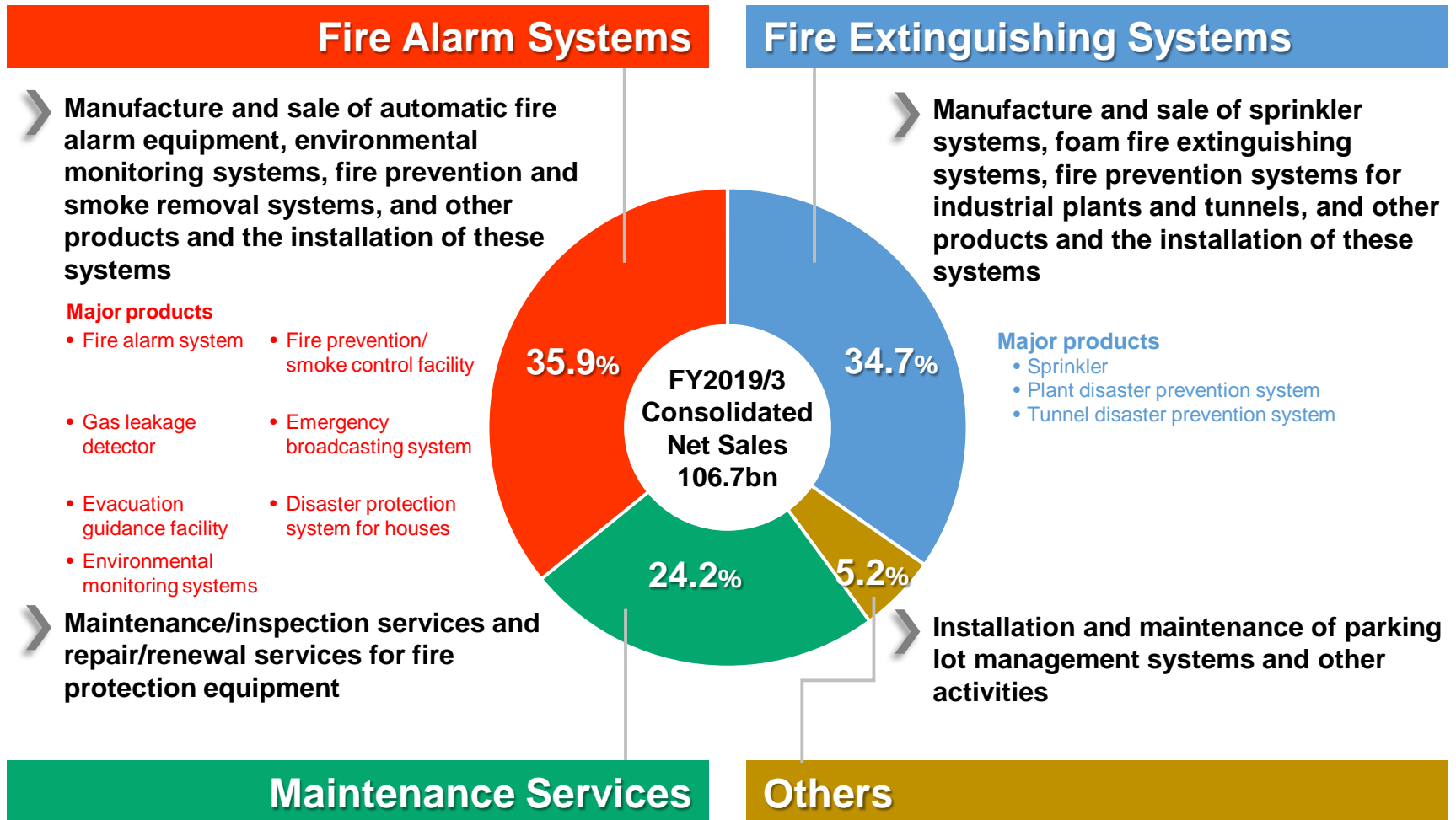
PROTECVIEW



Teruichi Nohmi



Oku-Goten in imperial palace completion ceremony



## Comprehensive fire safety expertise

- R&D ⇒ Manufacturing ⇒ Sales/Design ⇒ Installation ⇒ Maintenance  
**A fully integrated infrastructure** for providing products and services



- **A diverse lineup** of equipment allows Nohmi to meet the fire protection requirements of almost any type of building or other facility



## Five key strengths backed by many years of accomplishments

- 1) **Technology** – Development, design, installation and other skills covering all aspects of fire protection
- 2) **Knowledge** – Fire safety expertise acquired from an enormous volume of research and testing
- 3) **Installation quality** – Rigorous process management and other skills ensure outstanding quality for all installation work
- 4) **Reliability** – A reputation for trust among customers and all others due to a record of proven reliability
- 5) **Nationwide network** – A powerful network of sales distributors covering all areas of Japan

\*Simulations cover almost all potential sources of fires

Rack warehouse  
fire test



Automotive paint  
booth fire test



Foam fire  
extinguishing test



Smoke dispersion  
test



Clean room  
smoke test



Statements in this presentation about future results of operations are based on information that is currently available to Nohmi Bosai and its group companies. These forecasts incorporate risk factors and uncertainties.

Actual results of operations may differ significantly from the forecasts in this presentation because of a change in the economic environment for business activities, a shift in demand or other reasons.