

# DNP Annual Report 2017

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Today's Innovation is Tomorrow's Basic

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#### Editorial Policy

Our corporate philosophy is “the DNP Group connects individuals and society, and provides new value.” When we say “new value,” we are not talking only in terms of business operations, i.e. the development of new products and services. We are also referring to creating value in the medium and long terms by paying attention to the environment, society and governance, making quick and accurate decisions, and engaging in well-coordinated corporate activities. In “Annual Report 2017,” we discuss what kinds of value DNP will create from the resources available to us within and outside of our corporate Group, from both financial and non-financial standpoints.

This annual report is aimed at providing information about DNP's businesses, management vision, and business results. Opinions and forecasts contained in the report were based on the best judgment of management at the time the report was prepared, so we cannot guarantee that all information contained in the report is completely infallible. In this annual report, “DNP” refers to the entire DNP Group, and “we” refers to DNP or the DNP management team. (In the section on Corporate Governance (pp 60-70), “DNP” refers to Dai Nippon Printing Co., Ltd.)



# Synopsis of Performance

Dai Nippon Printing Co., Ltd. and Consolidated Subsidiaries Years ended March 31

## Grand Summary of Financial Results

	2017	2016	2015	Dollars in thousands except per share amounts 2017	Change 2017/2016
<b>Statements of Operations</b> (¥ million)				(\$ thousand)	
Net sales	¥ 1,410,173	¥ 1,455,916	¥ 1,462,118	\$ 12,590,830	-3.1%
Operating income	31,411	45,472	48,174	280,455	-30.9%
Ordinary income	36,740	52,651	53,759	328,036	-30.2%
Income before income taxes	39,831	54,841	51,062	355,634	-27.4%
Net income attributable to parent company shareholders	25,226	33,588	26,924	225,232	-24.9%
<b>Balance Sheets</b> (¥ million)				(\$ thousand)	
Total net assets	¥ 1,081,286	¥ 1,063,242	¥ 1,124,092	\$ 9,654,339	1.7%
Interest-bearing debt	169,135	189,821	187,946	1,510,134	-10.9%
Total assets	1,741,904	1,718,636	1,809,462	15,552,714	1.4%
<b>Cash Flow Statements</b> (¥ million)				(\$ thousand)	
Cash flow from operating activities	¥ 71,945	¥ 72,629	¥ 85,731	\$ 642,365	-0.9%
Cash flow from investing activities	14,012	(60,883)	(50,540)	125,108	—
Cash flow from financing activities	(45,223)	(47,166)	(23,865)	403,777	-4.1%
Free cash flow*	85,957	11,746	35,191	767,473	631.8%
<b>Per Share Data</b> (¥)				(\$)	
Net income	¥ 40.79	¥ 53.10	¥ 41.82	\$ 0.36	-23.2%
Net assets	1,680.55	1,618.66	1,675.63	15.00	3.8%
Cash dividend	32	32	32	0.29	—
<b>Profit Margins</b> (%)					
Operating income margin	2.23	3.12	3.29	2.23	-0.89
EBITDA margin	7.34	8.42	8.24	7.34	-1.08
Net income to net sales	1.79	2.31	1.84	1.79	-0.52
<b>Financial Ratios</b>					
ROE (%)	2.46	3.20	2.67	2.46	-0.74
ROA (%)	1.46	1.90	1.59	1.46	-0.44
D/E ratio (%)	16	19	17	16	—
Interest coverage ratio (times)	16.59	20.79	21.32	16.59	—
<b>Valuations</b> (against share price on March 31)					
PER (times)	29.43	18.84	27.94	29.43	—
PBR (times)	0.71	0.62	0.70	0.71	—
EV/EBITDA (times)	6.69	5.23	6.01	6.69	—
PCFR (times)	8.52	6.36	8.00	8.52	—
Dividend yield (%)	2.67	3.20	2.74	2.67	-0.53
<b>Returns to Shareholders</b> (¥ million, %)				(\$ thousand)	
Values of shares repurchased	¥ 14,999	19,998	—	\$ 133,920	—
Dividend payout ratio (%)	78.50	60.30	76.50	78.50	—
<b>Others</b>					
Long-term credit rating (R&I)	AA-	AA-	AA-	AA-	—
Foreign ownership (%)	23.91	22.01	25.54	23.91	—

U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥112=U.S.\$1, the approximate Tokyo foreign exchange market rate as of March 31, 2017.

\* Free cash flow = net cash from operating activities + net cash from investing activities



We expanded sales of some products, including sales promotion tools, smart cards, and aseptic PET plastic bottle filling systems.

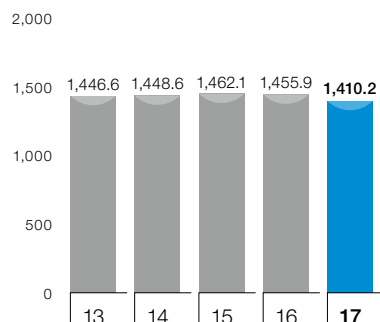
The Lifestyle and Industrial Supplies segment succeeded in boosting sales and profits, with operating income growing by 14.6% year on year.

We reaped 71.9 billion yen in net cash from operating activities, and 85.9 billion yen in free cash flow\*.

\* Free cash flow = net cash from operating activities + net cash from investing activities

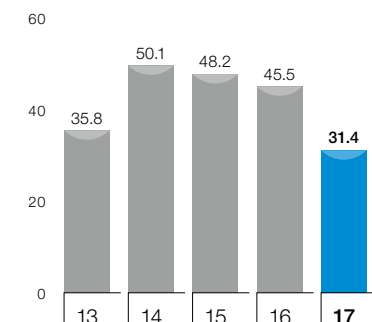
### Net Sales

(¥ billion)



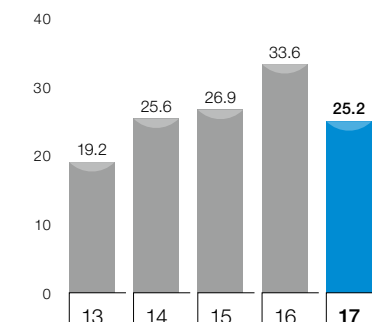
### Operating Income

(¥ billion)



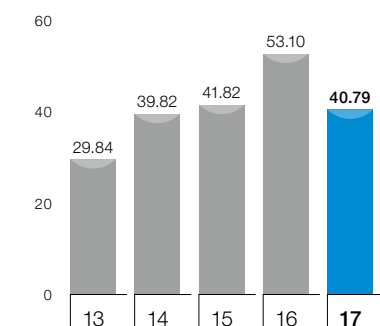
### Net Income Attributable to Parent Company Shareholders

(¥ billion)



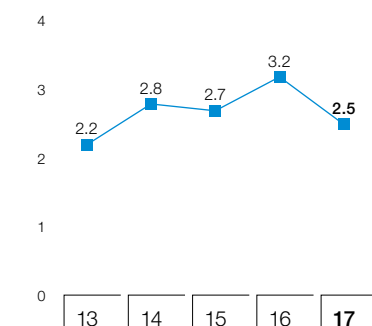
### Net Income per Share

(¥)



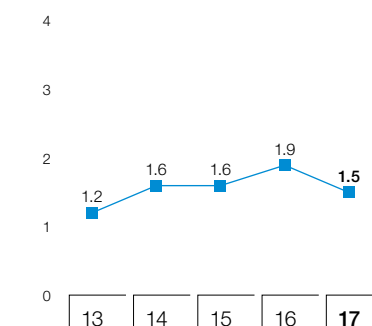
### ROE

(%)



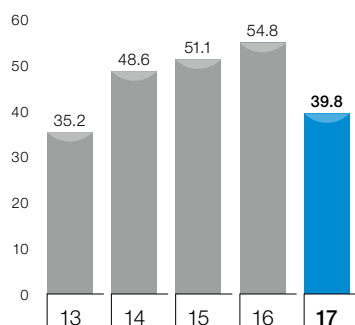
### ROA

(%)



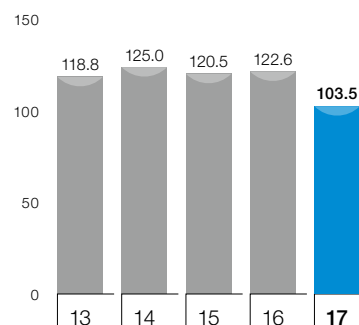
### Income before Income Taxes

(¥ billion)



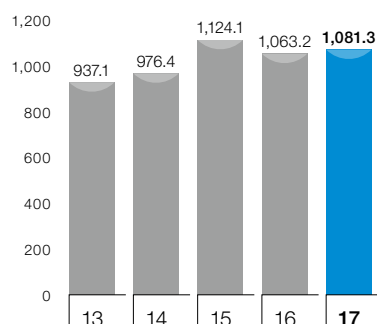
### EBITDA

(¥ billion)



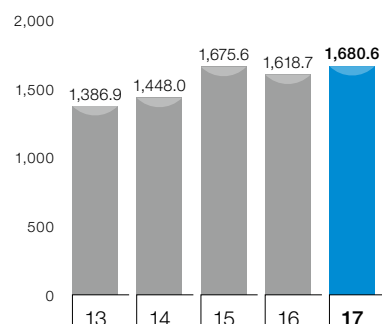
### Total Net Assets

(¥ billion)



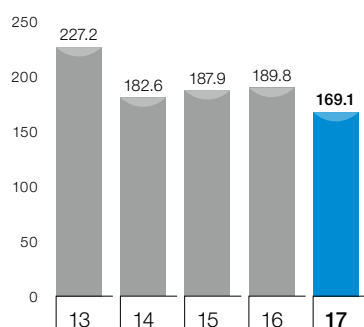
### Net Assets per Share

(¥)



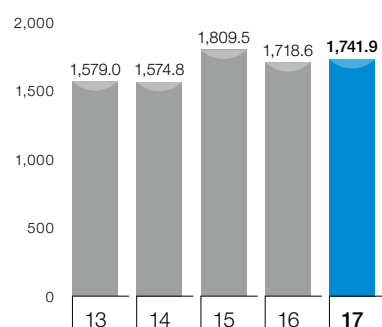
### Interest-bearing Debt

(¥ billion)



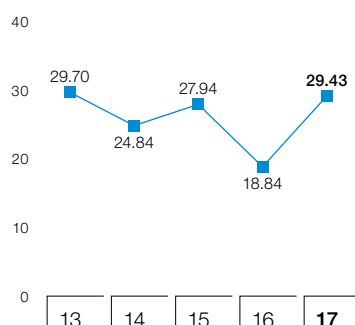
### Total Assets

(¥ billion)



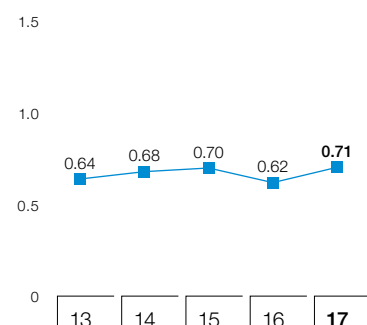
### PER (Price Earnings Ratio)

(times)



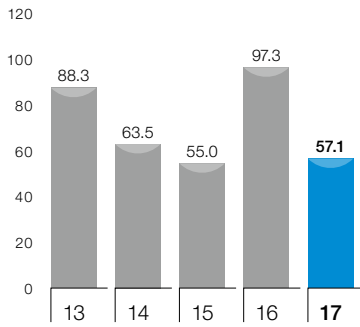
### PBR (Price Book-value Ratio)

(times)



### Capital Expenditures\*

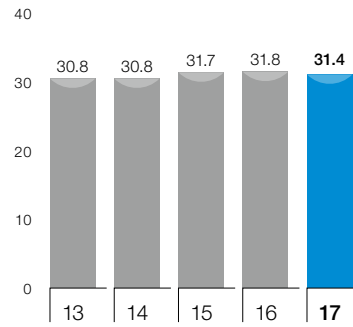
(¥ billion)



\* Figures include capital expenditures for intangible fixed assets.

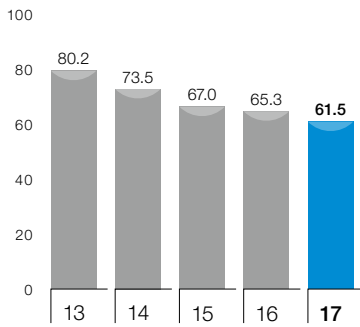
### Research and Development Expenditures

(¥ billion)



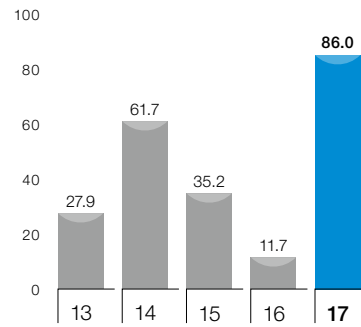
### Depreciation Expense

(¥ billion)



### Free Cash Flow\*

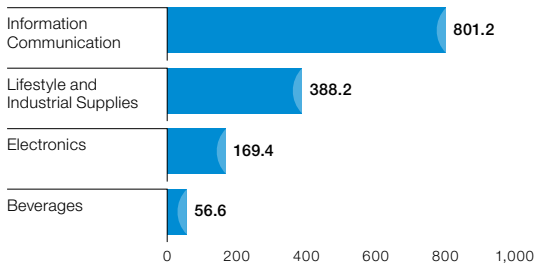
(¥ billion)



\* Free cash flow = net cash from operating activities + net cash from investing activities

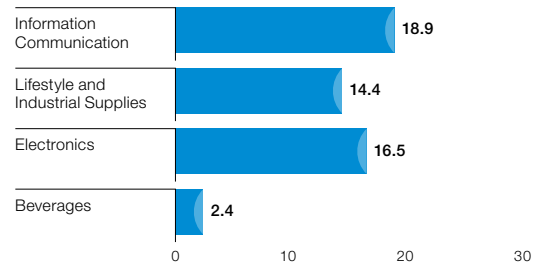
### Net Sales by Segment (Year ended March 31, 2017)

(¥ billion)



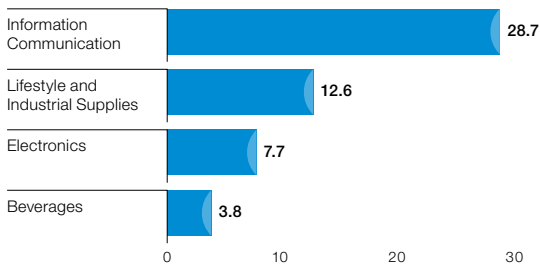
### Operating Income by Segment (Year ended March 31, 2017)

(¥ billion)



### Capital Expenditures by Segment (Year ended March 31, 2017)

(¥ billion)



### Employees by Segment (As of March 31, 2017)

(persons)

