

NSK Ltd.

For Immediate Release

May 10, 2017

CONSOLIDATED RESULTS FOR THE YEAR ENDED MARCH 31, 2017 (Unaudited) [IFRS]

Company name	NSK Ltd.
Stock exchange on which the shares are listed	Tokyo Stock Exchange in Japan
Code number	6471
URL	http://www.nsk.com/
Representative	Toshihiro Uchiyama, President and CEO
Contact person	Kenichi Yamana, Vice President
Date of the ordinary general shareholders' meeting	June 23, 2017
Payment date of cash dividends	June 02, 2017
Filing date of securities report	June 23, 2017

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for the Year Ended March 31, 2017

(1) Consolidated financial results

(% indicates changes from the previous year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the Parent		Total comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2017	949,170	-2.7	65,341	-27.0	63,617	-27.1	48,997	-29.3	45,560	-30.7	45,670	276.8
Year ended Mar. 31, 2016	975,319	0.0	89,534	3.0	87,208	3.1	69,303	10.5	65,719	10.7	12,119	-90.0

	Basic earnings per share		Diluted earnings per share		Return on equity (ROE)		Income before income taxes / Total assets		Operating income margin	
	Yen		Yen		%		%		%	
Year ended Mar. 31, 2017	86.08		86.03		9.9		6.1		6.9	
Year ended Mar. 31, 2016	121.38		121.30		14.3		8.1		9.2	

(Note) Share of profits of investments accounted for using the equity method
Year ended Mar. 31, 2017 5,086 million yen Year ended Mar. 31, 2016 4,740 million yen

(Note) Basic earnings per share and diluted earnings per share are calculated based on the net income attributable to owners of the Parent.

(2) Consolidated financial position

	Total assets		Total equity		Total equity attributable to owners of the Parent		Equity ratio attributable to owners of the Parent		Equity per share attributable to owners of the Parent	
	Millions of Yen		Millions of Yen		Millions of Yen		%		Yen	
As of Mar. 31, 2017	1,043,955		485,011		461,350		44.2		873.11	
As of Mar. 31, 2016	1,032,374		478,871		454,661		44.0		839.56	

(3) Consolidated results of cash flow

	Net cash provided by operating activities		Net cash used in investing activities		Net cash used in financing activities		Cash and cash equivalents at the end of the period	
	Millions of Yen		Millions of Yen		Millions of Yen		Millions of Yen	
Year ended Mar. 31, 2017	67,936		-54,243		-48,413		139,573	
Year ended Mar. 31, 2016	108,622		-45,212		-68,073		175,515	

2. Cash Dividends

(Record date)	Cash dividends per share					Total dividend (Full-year)	Dividend payout ratio (Consolidated)	Dividend on equity (DOE) (Consolidated)
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Full-year total			
Year ended Mar. 31, 2016	—	17.00	—	17.00	34.00	18,425	28.0	4.0
Year ended Mar. 31, 2017	—	24.00	—	14.00	38.00	20,174	44.1	4.4
Year ending Mar. 31, 2018 (Forecast)	—	19.00	—	19.00	38.00		35.9	

(Note) Cash dividends for the first half of the fiscal year ended March 31, 2017 is comprised of ¥14.00 per share as an ordinary dividend and of ¥10.00 per share as the 100th anniversary commemorative dividend.

3. Forecast of Consolidated Results for the Year Ending March 31, 2018

(% indicates changes from the previous year)

	Net sales		Operating income		Income before income taxes		Net income attributable to owners of the Parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2017	474,000	4.0	39,000	42.7	38,500	45.2	27,000	35.9	51.10
Year ending Mar. 31, 2018	960,000	1.1	82,000	25.5	81,000	27.3	56,000	22.9	105.98

Others

(1) Changes in the significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in the scope of consolidation): None

(2) Changes in accounting policies, or changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes excluding the above: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding at the end of each period (including treasury stock):

As of Mar. 31, 2017 551,268,104 shares As of Mar. 31, 2016 551,268,104 shares

(ii) Number of treasury stock at the end of each period:

As of Mar. 31, 2017 22,870,726 shares As of Mar. 31, 2016 9,723,762 shares

(iii) Average number of shares issued and outstanding in each period:

Year ended Mar. 31, 2017 529,279,774 shares Year ended Mar. 31, 2016 541,423,065 shares

(Reference)

1. Non-Consolidated Financial Highlights for the Year Ended March 31, 2017

(1) Non-consolidated financial results

(% indicates changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2017	450,407	1.5	-6,428	—	10,336	-56.1	15,308	-32.9
Year ended Mar. 31, 2016	443,637	-4.5	9,277	-56.9	23,562	-38.9	22,799	-29.9

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
Year ended Mar. 31, 2017	28.82	28.82
Year ended Mar. 31, 2016	42.08	42.05

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Mar. 31, 2017	707,961	257,185	36.2	483.12
As of Mar. 31, 2016	724,535	275,009	37.9	506.54

(Note) Equity capital As of Mar. 31, 2017 256,498 million yen As of Mar. 31, 2016 274,532 million yen

(Note) Figures for non-consolidated financial highlights were formulated based on Japanese GAAP.

(Note) This summary of financial results is not subject to audit procedures.

Cautionary Statement with Respect to Forward-Looking Statements

The forecasts in this document are based on currently available information, and actual results may materially differ from any future results expressed herein due to various factors.

Please refer to page 5: "Business Forecast" for the assumptions and preconditions on which the forecast has been based on.

1. Business Overview

(1) Qualitative Information Regarding Consolidated Business Results

NSK celebrated its 100th anniversary on November 8, 2016. In order to realize NSK's Mission Statement, NSK has established *NSK Vision 2026* (Setting the Future in Motion), an overarching vision of the type of company it aims to become in the 10 years following its 100th anniversary. Under *NSK Vision 2026*, the NSK Group has commenced its 5th Mid-Term Management Plan, spanning the three years beginning April 2016. Under the slogan "embark on new chapter in evolution towards next 100 years" with two key policies of "operational excellence" and "innovate and challenge," we are addressing three main management tasks: achieving sustainable growth, reconstructing our profit base, and establishing new growth fields.

Looking at global economic conditions during the year ending March 31, 2017, the Japanese economy underwent a gradual recovery as consumer spending rose from a low, despite the underlying trend of a stronger yen. The US economy continued its steady growth, driven largely by solid consumer spending. The European economy continued on a moderate recovery trend, primarily in the Eurozone. Meanwhile, the Chinese economy remained resilient, while other Asian economies showed signs of a gradual upturn. However, the future direction of the global economy remains uncertain in light of the UK's decision to exit the European Union and increasing concerns over global geopolitical risk.

In this economic environment, consolidated net sales for the year ended March 31, 2017 totaled ¥949,170 million, a year-on-year decrease of 2.7%, and operating income totaled ¥65,341 million, a year-on-year decrease of 27.0%. Income before income taxes was ¥63,617 million, a year-on-year decline of 27.1%. Net income attributable to owners of the Parent was ¥45,560 million, a year-on-year decrease of 30.7%.

Business Segment Information

1) Industrial Machinery Business Segment

Sales in the industrial machinery business decreased year-on-year, although demand underwent a recovery after reaching a trough in the second quarter. Looking at the Company's results by geographic breakdown, sales in Japan were lower, primarily in the machine tool sector. In the Americas, sales in the semiconductor and aftermarket sectors increased. In Europe, sales declined, primarily in the wind power and aftermarket sectors. In China, sales in the electrical and railcar sectors showed a steady increase. In other Asian countries, overall sales remained sluggish, despite higher demand in the semiconductor sector in South Korea.

With the appreciation of the yen also negatively impacting results, net sales in the industrial machinery business totaled ¥226,924 million, a year-on-year decrease of 6.8%, and operating income was ¥14,660 million, a year-on-year decline of 27.3%.

2) Automotive Business Segment

The global automotive business continued its gradual expansion. Looking at the Company's results by geographic breakdown, sales in Japan increased, primarily in products for transmission systems. In the Americas, sales in the North American market decreased. In Europe, sales gradually recovered. In China, sales remained high, backed by special tax incentives for compact cars. Meanwhile, there was a general upward demand trend in other Asian countries.

Despite the above regional performance, the yen's appreciation negatively impacted results. Accordingly, net sales in the automotive business totaled ¥696,271 million, a year-on-year decrease of 1.3%, and operating income totaled ¥64,577 million, a year-on-year decline of 8.8%.

(2) Qualitative Information Regarding Consolidated Financial Position

Assets and Liabilities

Total assets were ¥1,043,955 million, an increase of ¥11,580 million compared to total assets as of March 31, 2016. The main reasons for this were increases of ¥18,621 million in trade receivables and other receivables, ¥1,245 million in inventories, ¥8,231 million in other financial assets (current), ¥2,024 million in other current assets, ¥6,066 million in property, plant and equipment, ¥2,741 million in other financial assets (non-current), and ¥5,071 million in net defined benefit assets, which offset a decrease of ¥35,942 million in cash and cash equivalents.

Total liabilities were ¥558,943 million, an increase of ¥5,440 million compared to total liabilities as of March 31, 2016. The main reasons for this increase were ¥9,499 million in trade payables and other payables, ¥11,566 million in other financial liabilities (current), and ¥4,375 million in other current liabilities, ¥13,471 million in provisions (non-current), and ¥1,548 million in deferred tax liabilities, which offset decreases of ¥ 22,413 million in financial liabilities (non-current) and ¥13,353 million in net defined benefit liabilities.

Total Equity

Total equity was ¥485,011 million, an increase of ¥6,140 million compared to total equity as of March 31, 2016. The main reasons for this increase were ¥45,560 million in net income attributable to owners of the Parent, which offset ¥13,987 million in treasury shares, and ¥9,266 million in other components of equity.

(3) Qualitative Information Regarding Cash Flows

Total cash and cash equivalents at the end of the period were ¥139,573 million, a year-on-year decrease of ¥35,942 million.

1) Net cash flow provided by operating activities

Net cash flow provided by operating activities totaled ¥67,936 million, a decrease of ¥40,686 million, compared to the same period of the previous year. This includes ¥63,617 million in income before income taxes, ¥43,354 million in depreciation and amortisation, and ¥14,439 million in trade payables. Meanwhile, the main outflows were ¥20,133 million in net defined benefit liability and net defined benefit asset, ¥22,007 million in trade receivables, and ¥19,919 million in income tax paid.

2) Net cash flow used in investing activities

Net cash flow used in investing activities totaled ¥54,243 million, an increase of ¥9,031 million compared to the same period of the previous year. This includes ¥53,297 million in purchases of property, plant and equipment.

3) Net cash flow used in financing activities

Net cash flow used in financing activities totaled ¥48,413 million, a decrease of ¥19,660 million compared to the same period of the previous year. The main inflow was ¥20,000 million in proceeds from issuance of corporate bonds. Meanwhile, the main outflows were ¥17,963 million in repayments of long-term loans, ¥20,000 million in payments for redemption of corporate bonds, ¥15,001 million in acquisition of treasury shares, and ¥21,882 million in dividends paid.

(4) Business Forecast

Regarding the business environment for the year ending March 31, 2018, although the future direction of the economy remains uncertain in light of increasing concerns over global geopolitical risk, among other factors, NSK anticipates a gradual recovery in the industrial machinery market and continued steady demand in the automotive market. Given such circumstances, NSK forecasts the following financial results for the year ending March 31, 2018.

	<u>Year ending Mar. 31, 2018</u>	(Changes from the previous year)
Consolidated Financial Highlights		
(IFRS)		
Net sales	¥ 960,000 million	(+1.1%)
Operating income	82,000	(+25.5%)
Income before income taxes	81,000	(+27.3%)
Net income attributable to owners of the Parent	56,000	(+22.9%)

●Exchange rate forecast for the year ending March 31, 2018:

U.S.\$1=¥105, 1€=¥115

Notes

All forecasts are based on a number of assumptions regarding business environment and policies, and are subject to change with various factors. Actual financial results may differ materially and NSK accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.

(5) Basic Policy on Appropriation of Retained Earnings and Dividends

NSK places great importance on shareholder returns. Our basic dividend policy is to provide dividends to our shareholders on an ongoing basis. Specifically, we aim to pay a per-share dividend, maintaining a dividend payout ratio of approximately 30% on a consolidated basis, while taking into account financial situation.

The year-end dividend for the fiscal year ended March 31, 2017 will be ¥14.00 per share. The dividend for the first half of the year, paid on December 1, 2016, was ¥24.00 per share, which included a commemorative dividend of ¥10.00 per share as an expression of gratitude to our shareholders on the occasion of our 100th anniversary on November 8, 2016. Accordingly, the full year dividend for the fiscal year ended March 31, 2017 will be ¥38.00 per share, a year-on-year increase of ¥4.00.

Dividends for the year ending March 31, 2018 are planned to be ¥38.00 per share (¥19.00 per share for the first half of the year).

2. Basic Stance on Selection of Accounting Standards

Beginning with the consolidated financial statements in the Annual Securities Report for the year ended March 2016, NSK has adopted International Financial Reporting Standards (IFRS) in order to improve management efficiency through standardization of the group's financial reporting and enhance comparability of financial information across international capital markets.

3. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of Mar.31, 2016	As of Mar.31, 2017
Assets		
Current assets		
Cash and cash equivalents	175,515	139,573
Trade receivables and other receivables	182,332	200,954
Inventories	130,564	131,810
Other financial assets	4,052	12,284
Income tax receivables	2,174	3,024
Other current assets	16,613	18,637
Total current assets	511,253	506,284
Non-current assets		
Property, plant and equipment	323,116	329,183
Intangible assets	15,785	17,174
Investments accounted for using equity method	22,179	23,186
Other financial assets	86,163	88,904
Deferred tax assets	20,455	21,052
Net defined benefit assets	49,898	54,969
Other non-current assets	3,522	3,198
Total non-current assets	521,121	537,670
Total assets	1,032,374	1,043,955
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade payables and other payables	140,713	150,212
Other financial liabilities	99,674	111,240
Provisions	150	60
Income tax payables	4,536	4,540
Other current liabilities	48,172	52,548
Total current liabilities	293,247	318,603
Non-current liabilities		
Financial liabilities	179,654	157,240
Provisions	1,855	15,327
Deferred tax liabilities	35,540	37,089
Net defined benefit liabilities	38,125	24,771
Other non-current liabilities	5,080	5,911
Total non-current liabilities	260,255	240,340
Total liabilities	553,503	558,943
Equity		
Issued capital	67,176	67,176
Capital surplus	79,603	79,676
Retained earnings	278,524	308,395
Treasury shares	-3,949	-17,937
Other components of equity	33,306	24,039
Total equity attributable to owners of the Parent	454,661	461,350
Non-controlling interests	24,210	23,661
Total equity	478,871	485,011
Total liabilities and equity	1,032,374	1,043,955

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated statements of Income

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Sales	975,319	949,170
Cost of sales	755,663	738,434
Gross profit	219,655	210,736
Selling, general and administrative expenses	130,130	132,021
Share of profits of investments accounted for using the equity method	4,740	5,086
Other operating expenses	4,731	18,458
Operating income (loss)	89,534	65,341
Financial income	2,388	2,576
Financial expenses	4,714	4,301
Income (loss) before income taxes	87,208	63,617
Income tax expense	17,904	14,619
Net income	69,303	48,997
Net income attributable to:		
Owners of the Parent	65,719	45,560
Non-controlling interests	3,584	3,437
(Net income per share attributable to owners of the Parent)		
Basic earnings per share (yen)	121.38	86.08
Diluted earnings per share (yen)	121.30	86.03

Consolidated statements of comprehensive income

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net income	69,303	48,997
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability (asset)	-17,702	-3,608
Net changes in financial assets measured at fair value through other comprehensive income	-10,785	8,707
Share of other comprehensive income of investments accounted for using equity method	-420	131
Total items that will not be reclassified to profit or loss	-28,907	5,231
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	-27,706	-8,419
Share of other comprehensive income of investments accounted for using equity method	-570	-138
Total items that may be reclassified to profit or loss	-28,276	-8,558
Total other comprehensive income, net of tax	-57,184	-3,327
Total comprehensive income for the period	12,119	45,670
Total comprehensive income for the period attributable to:		
Owners of the Parent	10,198	42,430
Non-controlling interests	1,920	3,240

(3) Consolidated Statements of Changes in Equity

From April 1, 2015 to March 31, 2016

(Millions of yen)

	Equity attributable to owners of the Parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	79,191	230,214	-4,083
Net income	—	—	65,719	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	65,719	—
Purchase of treasury shares	—	—	—	-12
Disposal of treasury shares	—	188	—	146
Share-based payment transactions	—	223	—	—
Cash dividends	—	—	-17,877	—
Changes in the ownership interest in subsidiaries	—	—	—	—
Other	—	—	468	—
Total transactions with owners, etc.	—	412	-17,409	134
Closing balance	67,176	79,603	278,524	-3,949

	Equity attributable to owners of the Parent					Non-controlling interests	Total equity
	Other components of equity				Total		
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total			
Opening balance	23,451	46,356	19,230	89,038	461,536	25,265	486,801
Net income	—	—	—	—	65,719	3,584	69,303
Other comprehensive income	-26,643	-10,851	-18,025	-55,520	-55,520	-1,664	-57,184
Total comprehensive income for the period	-26,643	-10,851	-18,025	-55,520	10,198	1,920	12,119
Purchase of treasury shares	—	—	—	—	-12	—	-12
Disposal of treasury shares	—	—	—	—	335	—	335
Share-based payment transactions	—	—	—	—	223	—	223
Cash dividends	—	—	—	—	-17,877	-2,974	-20,852
Changes in the ownership interest in subsidiaries	—	—	—	—	—	—	—
Other	—	-211	—	-211	257	—	257
Total transactions with owners, etc.	—	-211	—	-211	-17,074	-2,974	-20,049
Closing balance	-3,191	35,292	1,204	33,306	454,661	24,210	478,871

From April 1, 2016 to March 31, 2017

(Millions of yen)

	Equity attributable to owners of the Parent			
	Issued capital	Capital surplus	Retained earnings	Treasury shares
Opening balance	67,176	79,603	278,524	-3,949
Net income	—	—	45,560	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	45,560	—
Purchase of treasury shares	—	—	—	-15,008
Disposal of treasury shares	—	27	—	1,021
Share-based payment transactions	—	383	—	—
Cash dividends	—	—	-21,905	—
Changes in the ownership interest in subsidiaries	—	-339	—	—
Other	—	—	6,216	—
Total transactions with owners, etc.	—	72	-15,689	-13,987
Closing balance	67,176	79,676	308,395	-17,937

	Equity attributable to owners of the Parent							
	Other components of equity				Total	Total	Non-controlling interests	Total equity
	Exchange differences on translating foreign operations	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liability (asset)	Total				
Opening balance	-3,191	35,292	1,204	33,306	454,661	24,210	478,871	
Net income	—	—	—	—	45,560	3,437	48,997	
Other comprehensive income	-8,340	8,705	-3,495	-3,130	-3,130	-196	-3,327	
Total comprehensive income for the period	-8,340	8,705	-3,495	-3,130	42,430	3,240	45,670	
Purchase of treasury shares	—	—	—	—	-15,008	—	-15,008	
Disposal of treasury shares	—	—	—	—	1,048	—	1,048	
Share-based payment transactions	—	—	—	—	383	—	383	
Cash dividends	—	—	—	—	-21,905	-2,482	-24,388	
Changes in the ownership interest in subsidiaries	—	—	—	—	-339	-1,305	-1,645	
Other	—	-6,136	—	-6,136	80	—	80	
Total transactions with owners, etc.	—	-6,136	—	-6,136	-35,741	-3,788	-39,530	
Closing balance	-11,531	37,862	-2,290	24,039	461,350	23,661	485,011	

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Operating activities		
Income before income taxes	87,208	63,617
Depreciation and amortisation	43,048	43,354
Increase (decrease) in net defined benefit liability and net defined benefit asset	-5,374	-20,133
Interest and dividend income	-2,378	-2,414
Interest expenses	4,728	3,701
Share of profits of investments accounted for using the equity method	-4,740	-5,086
Decrease (increase) in trade receivables	2,407	-22,007
Decrease (increase) in inventories	519	-3,756
Increase (decrease) in trade payables	-5,902	14,439
Other	6,594	13,446
Subtotal	126,110	85,161
Interest and dividend received	5,126	6,440
Interest expenses paid	-4,783	-3,746
Income tax paid	-17,831	-19,919
Net cash provided by operating activities	108,622	67,936
Investing activities		
Purchases of property, plant and equipment	-45,869	-53,297
Proceeds from sale of property, plant and equipment	272	2,932
Purchases of other financial assets	-49	-11,166
Proceeds from sale of other financial assets	3,994	10,785
Other	-3,560	-3,498
Net cash used in investing activities	-45,212	-54,243
Financial activities		
Proceeds from long-term loans	9,735	6,914
Repayments of long-term loans	-47,793	-17,963
Proceeds from issuance of corporate bonds	—	20,000
Payments for redemption of corporate bonds	—	-20,000
Acquisition of treasury shares	-5	-15,001
Dividends paid	-17,861	-21,882
Dividends paid to non-controlling interests	-2,974	-2,482
Other	-9,174	2,003
Net cash provided by (used in) financial activities	-68,073	-48,413
Effect of exchange rate changes on cash and cash equivalents	-4,195	-1,221
Net increase (decrease) in cash and cash equivalents	-8,858	-35,942
Cash and cash equivalents at beginning of the period	184,374	175,515
Cash and cash equivalents at end of the period	175,515	139,573

(5) Notes to Consolidated Balance Sheet

Going Concern Assumption

None.

Segment information

1) Overview of reportable segments

Two business division headquarters classified by industry of their customers, develop and implement comprehensive global strategies for their respective businesses. Given this background, the NSK Group classifies its reportable segments into the Industrial Machinery Business and the Automotive Business.

In order to strengthen its response to rapidly developing needs for vehicle electrification, the NSK Group reviewed its organization, transferring part of its industrial machinery business operations to the automotive business. Accordingly, the Group altered the categories of its reportable segments in the year ended March 31, 2017. Figures for the previous year have been reclassified to match current segments.

2) Segment revenue and performance

From April 1, 2015 to March 31, 2016

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
(Millions of yen)							
Sales							
Sales to third parties	243,395	705,511	948,907	26,411	975,319	—	975,319
Intersegment sales	—	—	—	25,592	25,592	-25,592	—
Total	243,395	705,511	948,907	52,004	1,000,911	-25,592	975,319
Segment income (loss) (Operating income)	20,159	70,841	91,000	3,059	94,059	-4,525	89,534
Total financial income (expenses)							-2,325
Income before income taxes							87,208
Other items							
Capital expenditure	14,247	37,247	51,495	3,721	55,217	-220	54,996
Depreciation and amortisation	10,477	29,710	40,187	3,280	43,467	-419	43,048
Equity gain from investment in associates	577	4,101	4,679	57	4,736	3	4,740

(Note 1) "Others" refer to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The adjustment made for segment income (loss) in the amount of ¥-4,525 million includes intersegment elimination in the amount of ¥205 million and other operating expenses not allocated to the reportable segments in the amount of ¥-4,731 million.

From April 1, 2016 to March 31, 2017

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Industrial Machinery Business	Automotive Business	Subtotal				
Sales							
Sales to third parties	226,924	696,271	923,195	25,974	949,170	—	949,170
Intersegment sales	—	—	—	26,883	26,883	-26,883	—
Total	226,924	696,271	923,195	52,858	976,053	-26,883	949,170
Segment income (loss) (Operating income)	14,660	64,577	79,238	4,415	83,654	-18,312	65,341
Total financial income (expenses)							-1,724
Income before income taxes							63,617
Other items							
Capital expenditure	15,844	39,677	55,521	3,304	58,826	-223	58,602
Depreciation and amortisation	9,312	31,169	40,482	3,213	43,696	-341	43,354
Equity gain from investment in associates	766	4,270	5,037	45	5,082	3	5,086

(Note 1) "Others" refer to operating segments excluded from reportable segments and include such businesses as the production and sales of steel balls and production of machineries.

(Note 2) The adjustment made for segment income (loss) in the amount of ¥-18,312 million includes intersegment elimination in the amount of ¥146 million and other operating expenses not allocated to the reportable segments in the amount of ¥-18,458 million.

3) Information by product and service

This information is omitted as similar information has been disclosed in "Segment revenue and performance".

4) Information by region

① Sales to third parties

(Millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Japan	318,434	330,512
The Americas	183,652	165,177
Europe	131,830	121,920
China	204,361	201,185
Other Asia	137,042	130,373
Total	975,319	949,170

(Note 1) Sales are based on the customers' location and categorised by either countries or regions.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

② Non-current assets

(Millions of yen)

	As of Mar.31, 2016	As of Mar.31, 2017
Japan	155,874	167,335
The Americas	29,818	31,504
Europe	30,725	30,366
China	79,185	70,402
Other Asia	43,298	46,749
Total	338,901	346,358

(Note 1) Non-current assets represent the amount of property, plant and equipment and intangible assets.

(Note 2) The categories of the countries or the regions are based on the proximity.

(Note 3) Main countries and regions belonging to other regions apart from Japan and China are follows;

The Americas: the United States, Canada, Mexico, Brazil, etc.

Europe: the United Kingdom, Germany, Poland, and other European countries, etc.

Other Asia: East and South East Asian countries (apart from Japan and China), India, Australia, etc.

5) Information on major customers

In terms of sales to third parties, none of the counterparties accounted for 10% or more of sales in the consolidated statements of income in the previous consolidated fiscal year or the consolidated fiscal year under review; therefore, no information on major customers is stated.

Per share information**1) Basic earnings per share and diluted earnings per share**

	Year ended Mar.31, 2016	Year ended Mar.31, 2017
Basic earnings per share	¥121.38	¥86.08
Diluted earnings per share	¥121.30	¥86.03

2) Basis of calculation of basic earnings per share and diluted earnings per share

	Year ended Mar.31, 2016	Year ended Mar.31, 2017
Net income attributable to owners of the Parent (millions of yen)	65,719	45,560
Weighted average number of issued common shares (thousand shares)	541,423	529,279
Impact of dilution: share options (thousand shares)	386	28
Impact of dilution: board benefit trust (thousand shares)	—	268
Weighted average number of issued common shares after dilution (thousand shares)	541,809	529,576

Contingencies

Litigation and Other Legal Matters

(The year ended Mar. 31, 2017)

Regarding sales of their products, NSK and some of its subsidiaries are under investigation by relevant authorities outside Japan on suspicion of violating competition laws. The NSK Group is cooperating fully with these respective investigations.

In addition, in the United States and Canada, plaintiffs, including representatives of purchasers of bearings or other products, have filed class actions against certain parties, including NSK and some of its subsidiaries in Japan, the United States, Canada and Europe. The plaintiffs allege, among other things, that the defendants conspired with each other to restrict competition in sales of bearings and other products in these countries, and seek damages, injunctive relief, and other relief against the defendants.

In the United States, with respect to bearings or other products, tentative classes representing (i) direct purchasers of bearings, such as automotive manufacturers and industrial equipment manufacturers, (ii) dealers of commercial vehicles, medium and heavy duty trucks, buses, heavy machinery and other similar vehicles, and (iii) end purchasers of automobiles respectively have each filed a class action against NSK and some of its subsidiaries in Japan, the United States and Europe. All of these lawsuits are pending in the Eastern District of Michigan. NSK and some of its subsidiaries in Japan and the United States have settled with part of the tentative classes, including the state government, respectively, including a settlement with some indirect purchasers (automobile dealers and end purchasers of automobiles) that are part of the tentative classes in the amount of US\$ 34.5 million on the 22nd of July 2016 (JST) (21st of July 2016 (EST)).

Discovery (the formal process in which both parties in a lawsuit request disclosure from the other of evidence, including documents, that may be relevant to the lawsuit) has begun for several of these lawsuits, and for part of these lawsuits a motion for class certification has been filed. The future course of the litigation will depend on the court's ruling on the motion for class certification.

In Canada, tentative classes of direct (such as automotive manufacturers) and indirect purchasers (such as automobile dealers and end purchasers of automobiles) have filed class actions against NSK and some of its Japanese, US, Canadian and European subsidiaries in Ontario, Quebec, British Columbia, and Saskatchewan, with respect to bearings or other products. The class certification stage has begun for some of these class actions.

Furthermore, Peugeot S.A. and 18 of its subsidiaries (collectively, the "Claimants") have filed a claim in the United Kingdom Competition Appeal Tribunal against defendants, including NSK and some of its subsidiaries in Europe, seeking 437.7 million euros (provisional amount) in damages on a joint and several basis related to a violation of European competition law that the European Commission settled on March 19, 2014 (Brussels Time). The Claimants allege that the percentage of purchases from NSK and its subsidiaries is approximately 12% of the total bearing purchases from the four bearing manufacturers named as defendants.

At the end of the current consolidated fiscal year, NSK has posted reasonably estimated losses in "other operating expenses" in connection with potential settlements related to alleged violations of competition laws in sales of its and some of its subsidiaries' products.

NSK, its subsidiaries and its affiliated companies may face additional follow-on actions similar or identical in nature to these actions.

The NSK Group will manage these actions appropriately. Furthermore, as the cases proceed, the NSK Group will consider whether it may be able to reach settlements with such plaintiffs and others.

As a result of the above investigations, actions and other consequences, in addition to the aforementioned losses, financial losses, such as surcharge payments or damages, may occur in the future; however, it is not possible to provide a reasonable estimate of the amount of such losses at this stage. Their impact on NSK's operational results and other consequences to its business is uncertain.

Subsequent Events

Not applicable.