



FINANCIAL CONFERENCE

Consolidated Business Results and Forecast

May 14, 2014
NSK Ltd.



Cautionary Statements with Respect to Forward-Looking Statements

Statements made in this report with respect to plans, strategies and future performance that are not historical fact are forward-looking statements. NSK cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Note : This document is an English translation of material written initially in Japanese.

The Japanese original should be considered the primary version

- 1 . Consolidated Business Results
for the Year Ended March 31, 2014**
- 2 . Consolidated Business Forecast
for the Year Ending March 31, 2015**
- 3 . Progress of the 4th Mid-Term Management Plan
(Supplementary Information)**

1 . Consolidated Business Results for the Year Ended March 31, 2014

Summary of Consolidated Business Results for the Year Ended March 31, 2014

NSK

Business Environment

- ✓ Although growth in emerging countries slowed, there was a moderate recovery in developed countries
- ✓ Industrial Machinery Business: continuation of gradual recovery trend
- ✓ Automotive Business: despite regional differences, steady market expansion overall
- ✓ Results assisted by the correction of the Japanese yen

Summary of Business Results

- ✓ Sales ¥871.7 billion (YOY +19.0%), Operating income ¥68.0 billion (YOY +110.3%), Ordinary income ¥66.8 billion (YOY +120.3%), Net Income ¥31.2 billion (YOY +98.0%)
 - YOY increase in both net sales and operating income
 - Records for net sales and net income
- ✓ Results by Business Segment
 - Industrial Machinery Business: continued recovery trend with increase in both net sales and operating income
 - Automotive Business: business results reached record levels
- ✓ Dividends: FY2013 full-year dividend ¥16.0 (1st half ¥7.0, 2nd half ¥7.0 → ¥9.0)

Summary of Consolidated Business Results for the Year Ended March 31, 2014



(Billions of yen)	FY2012 <Actual>	FY2013 <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	732.8	871.7	+138.9	+19.0%
Operating income <%>	32.4 <4.4%>	68.0 <7.8%>	+35.6	+110.3%
Ordinary income	30.3	66.8	+36.5	+120.3%
Income before tax	25.3	54.3	+29.0	+114.8%
Net income	15.7	31.2	+15.5	+98.0%
(Exchange rate: US1\$=)	(¥83.10)	(¥100.24)		
(Exchange rate: 1EURO=)	(¥107.14)	(¥134.37)		

[Major indexes]

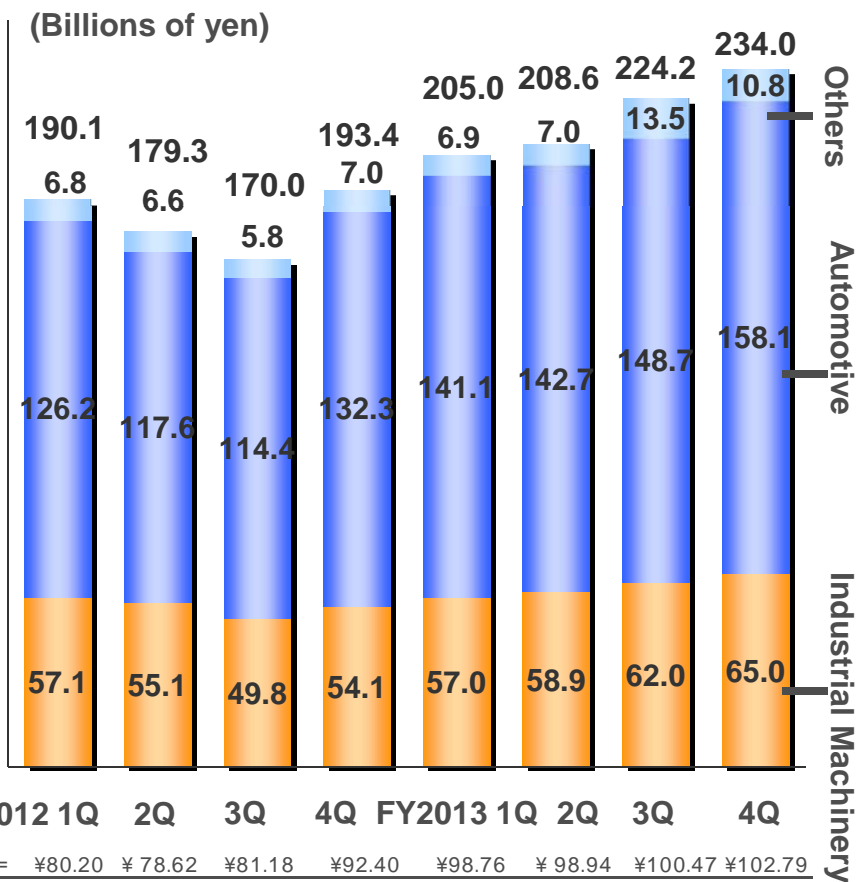
ROE	5.2%	9.2%		
Net D/E ratio (times)	0.51	0.41		
Inventory turnover (times)	6.2	6.9		

Quarterly Business Performance



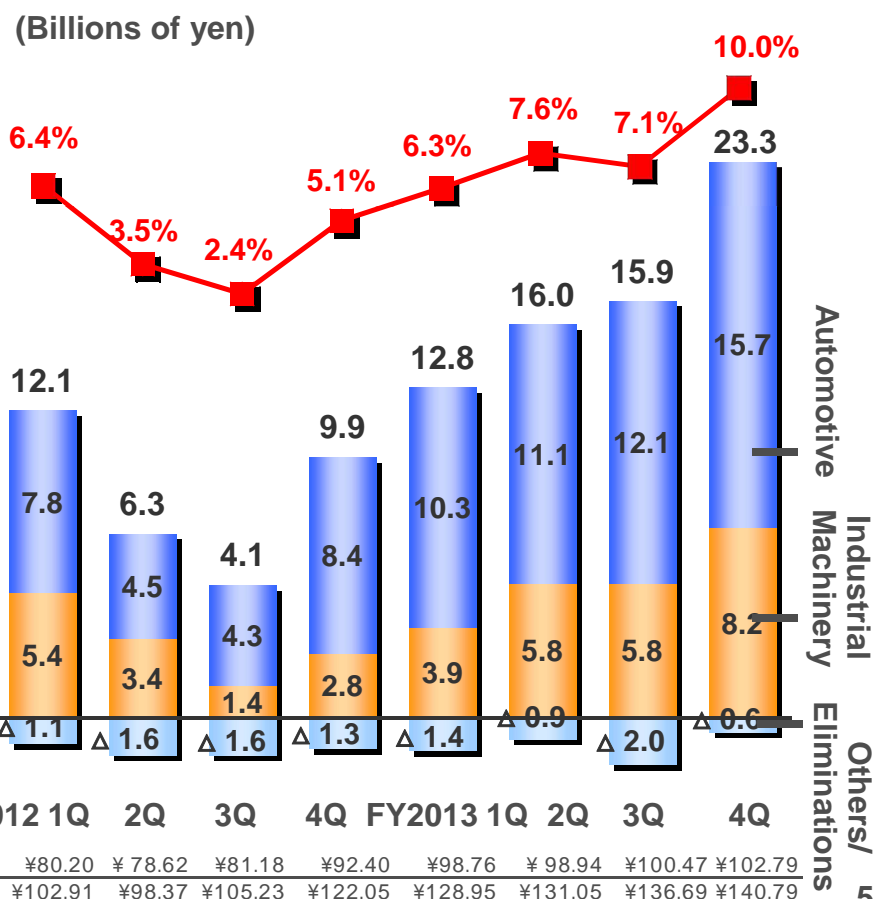
Sales

Sales continued to increase in both the industrial machinery and automotive businesses. Annual volume for the industrial machinery business exceeded that of FY2012.



Operating Income / Margin

YOY operating income increased with each subsequent quarter. Both 4Q operating income and margin reached record levels.



Results by Business Segment



(Billions of yen)	FY2012 <Actual>	FY2013 <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	732.8	871.7	+138.9	+19.0%
Industrial machinery business	216.1	243.0	+26.9	+12.4%
Industrial machinery bearings	183.1	205.7	+22.6	+12.3%
Precision machinery and parts	33.0	37.3	+4.3	+12.8%
Automotive business	490.5	590.5	+100.0	+20.4%
Automotive bearings	236.5	278.0	+41.5	+17.6%
Automotive components	254.0	312.5	+58.5	+23.0%
Others	53.3	64.7	+11.4	+21.4%
Eliminations	-27.1	-26.5	+0.6	-
Operating income	32.4 <4.4%>	68.0 <7.8%>	+35.6	+110.3%
Industrial machinery business	13.0 <6.0%>	23.7 <9.8%>	+10.7	+82.1%
Automotive business	25.0 <5.1%>	49.2 <8.3%>	+24.2	+96.9%
Others	2.2 <4.1%>	2.9 <4.5%>	+0.7	+34.0%
Eliminations/Corporate	-7.8	-7.8	+0.0	-

Operating Income: Factors Behind Increase (FY2012 FY2013)

NSK

FY2013

68.0

Effect of exchange rate fluctuations

+19.7

Reduction of external procurement costs

+11.4

Volume increase etc.

+17.2

Decline in sales price

7.0

Increase in other costs

5.7

+48.3

**YOY increase of
+35.6**

FY2012

32.4

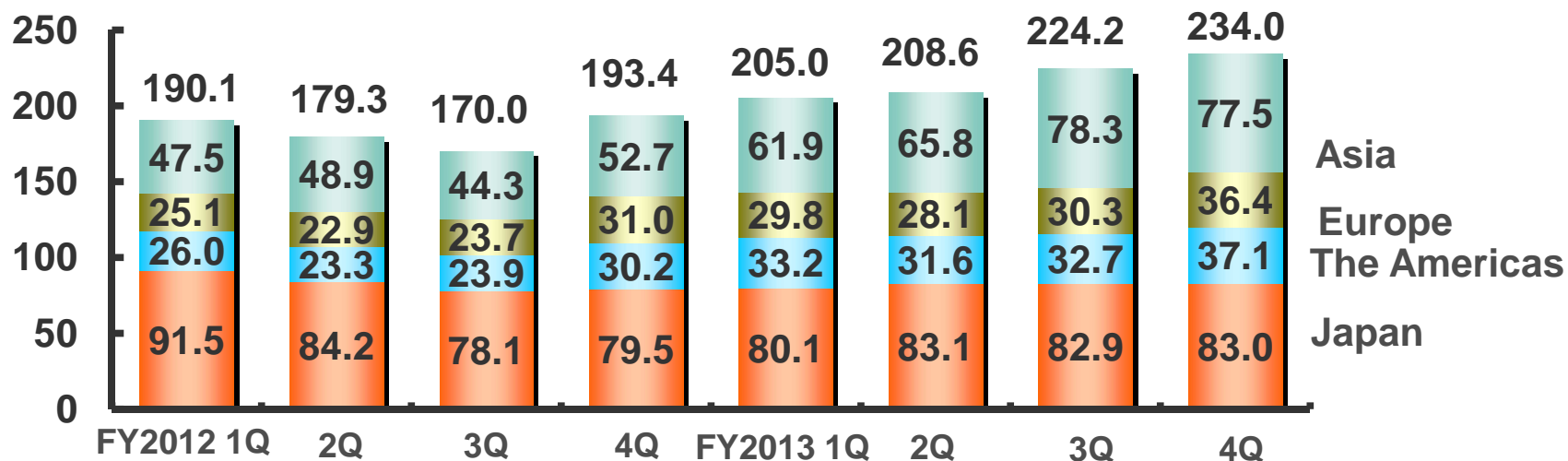
12.7

(Billions of yen)

Business Results by Customer Location

(Billions of yen)	FY2012 <Actual>	FY2013 <Actual>	Increase/ Decrease YOY	Difference YOY
Net sales	732.8	871.7	+138.9	+19.0%
Japan	333.3	329.1	-4.2	-1.3%
Non-Japan	399.5	542.6	+143.1	+35.8%
(Non-Japan ratio)	(54.5%)	(62.2%)		
The Americas	103.4	134.5	+31.1	+30.1%
Europe	102.7	124.6	+21.9	+21.4%
Asia	193.4	283.5	+90.1	+46.5%
(Asia ratio)	(26.4%)	(32.5%)		
China only	91.4	167.2	+75.8	+82.9%

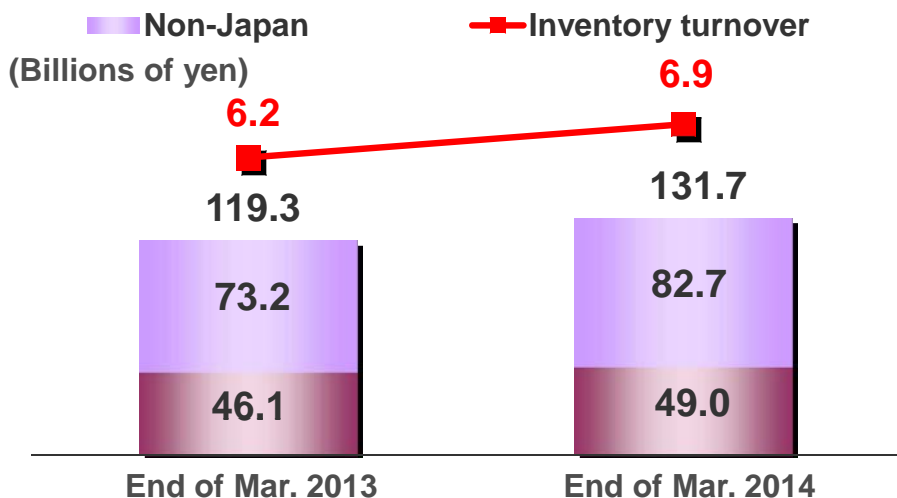
(Billions of yen) (Quarterly business results by customer location)



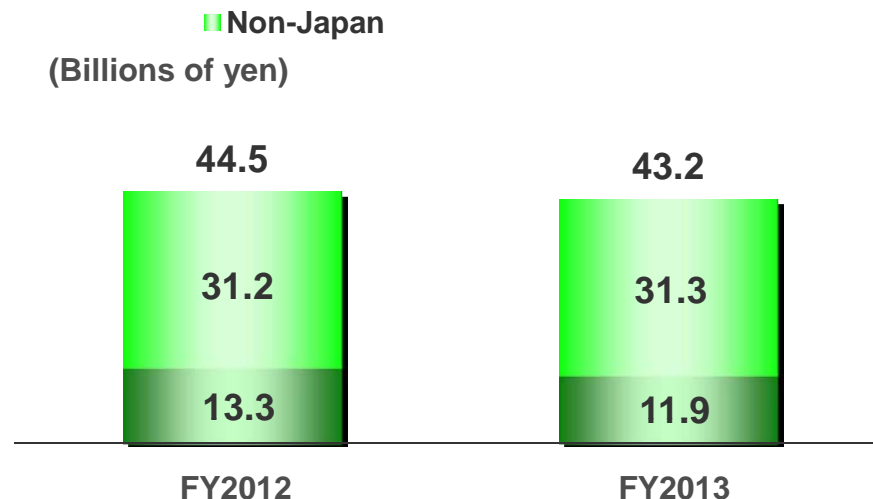
Inventories / Interest-Bearing Debt, Capital Expenditure / Depreciation and Amortization



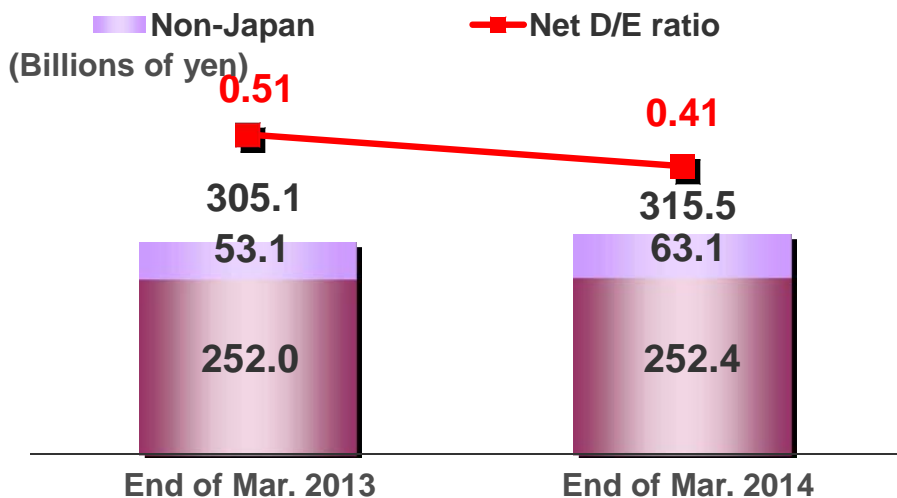
Inventories



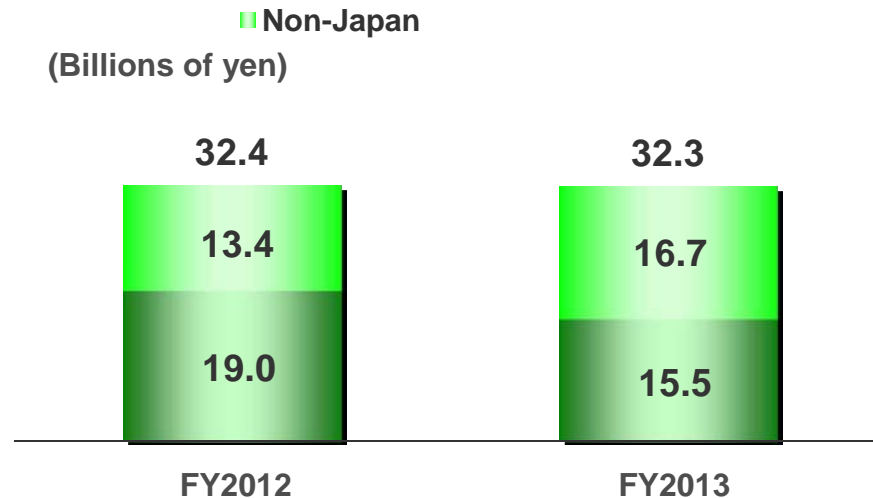
Capital Expenditure



Interest-Bearing Debt



Depreciation and Amortization



2 . Consolidated Business Forecast for the Year Ending March 31, 2015

Business Forecast

- ✓ Net sales ¥910.0 billion (+4.4% YoY) / Operating Income ¥75.0 billion (+10.3% YoY)
Ordinary Income ¥72.0 billion (+7.8% YoY) / Net Income ¥50.0 billion (+60.3% YoY)
- ✓ YOY increase in both sales and operating income,
Records for net sales, operating income, ordinary income, and net income.
- ✓ Exchange rate forecast: US\$=¥100.0, EURO=¥135.0
- ✓ Dividend increase: Annual dividend ¥20.0 (1st half ¥10.0, 2nd half ¥10.0)

Forecasted Business Environment

- ✓ Return to recovery trend following temporary demand decrease due to impact of consumption tax increase in Japan, gradual expansion in U.S. economy, continued recovery in Europe, stable growth in China.
- ✓ Industrial machinery business:
 - Despite forecast for YOY recovery, speed is expected to be moderate.
- ✓ Automotive business:
 - Production in Japan: YOY decrease due to the impact of consumption tax increase
 - Increase in global production volume due to demand recovery in Europe and steady demand in the U.S. and China.

Summary of Consolidated Business Forecast for the Year Ending March 31, 2015 (FY2014)

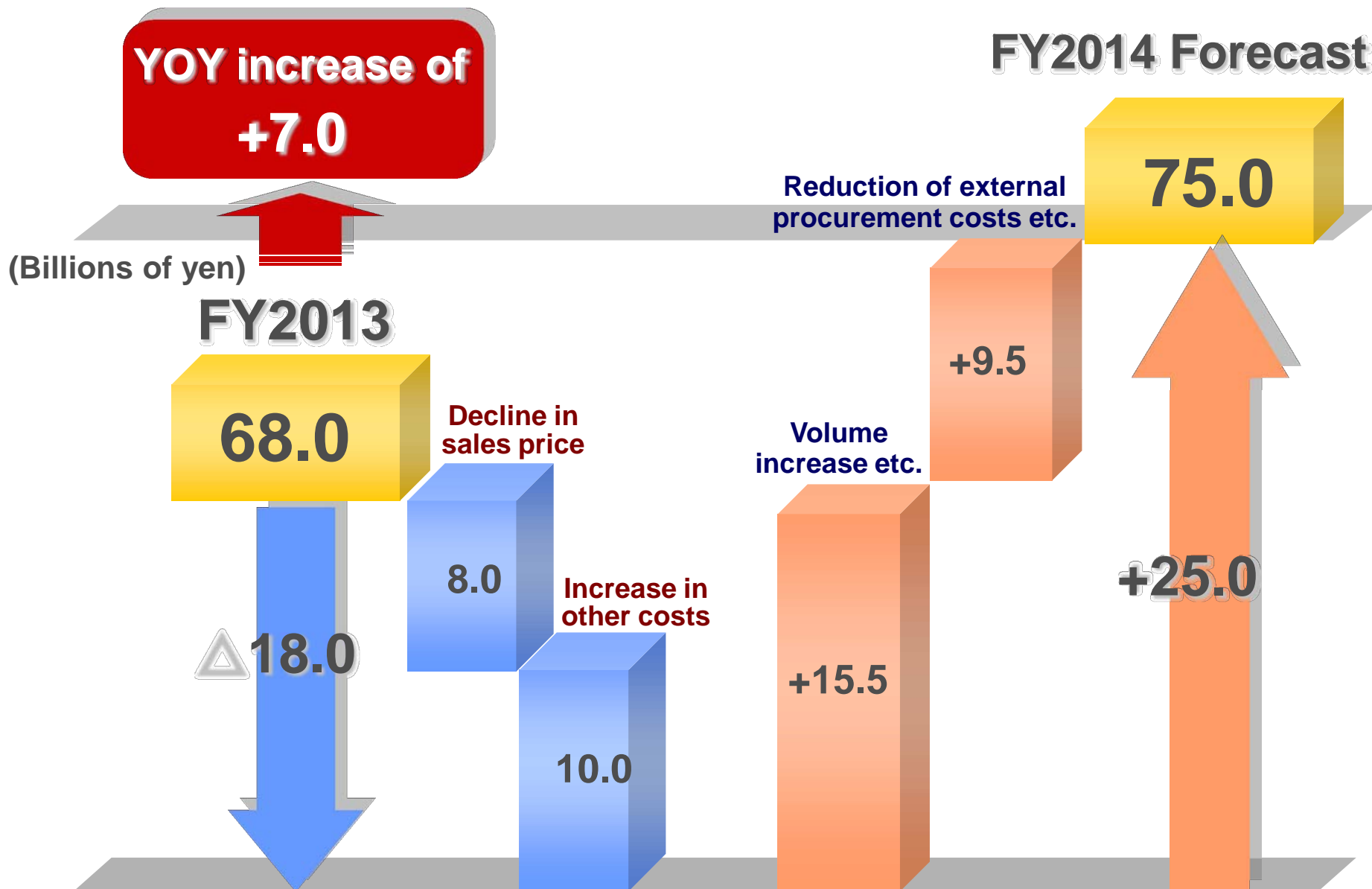
(Billions of yen)	FY2013			FY2014			Difference YOY	Change YOY
	1 st half <Actual>	2 nd half <Actual>	Full year <Actual>	1 st half <Forecast>	2 nd half <Forecast>	Full year <Forecast>		
Net sales	413.6	458.1	871.7	444.0	466.0	910.0	+38.3	+4.4%
Operating income <%>	28.8 <7.0%>	39.2 <8.6%>	68.0 <7.8%>	33.0 <7.4%>	42.0 <9.0%>	75.0 <8.2%>	+7.0	+10.3%
Ordinary income	28.1	38.7	66.8	31.5	40.5	72.0	+5.2	+7.8%
Income before tax	24.8	29.5	54.3	31.5	40.5	72.0	+17.7	+32.6%
Net income	14.7	16.5	31.2	21.5	28.5	50.0	+18.8	+60.3%
(Exchange rate: US\$ =)	(¥98.85)	(¥101.63)	(¥100.24)	(¥100)	(¥100)	(¥100)		
(Exchange rate: EURO =)	(¥130.00)	(¥138.74)	(¥134.37)	(¥135)	(¥135)	(¥135)		

Forecast by Business Segment

(Billions of yen)	FY2013			FY2014			Difference YOY	Change YOY
	1 st half <Actual>	2 nd half <Actual>	Full year <Actual>	1 st half <Forecast>	2 nd half <Forecast>	Full year <Forecast>		
Net sales	413.6	458.1	871.7	444.0	466.0	910.0	+38.3	+4.4%
Industrial machinery business	115.9	127.1	243.0	124.0	131.0	255.0	+12.0	+4.9%
Industrial machinery bearings	98.5	107.2	205.7	105.0	110.0	215.0	+9.3	+4.5%
Precision machinery and parts	17.4	19.9	37.3	19.0	21.0	40.0	+2.7	+7.2%
Automotive business	283.8	306.7	590.5	299.0	316.0	615.0	+24.5	+4.1%
Automotive bearings	135.2	142.8	278.0	142.5	152.0	294.5	+16.5	+5.9%
Automotive components	148.6	163.9	312.5	156.5	164.0	320.5	+8.0	+2.6%
Others	27.3	37.4	64.7	34.5	30.5	65.0	+0.3	+0.5%
Eliminations	-13.4	-13.1	-26.5	-13.5	-11.5	-25.0	+1.5	-
Operating income	28.8 <7.0%>	39.2 <8.6%>	68.0 <7.8%>	33.0 <7.4%>	42.0 <9.0%>	75.0 <8.2%>	+7.0	+10.3%
Industrial machinery business	9.7 <8.4%>	14.0 <11.0%>	23.7 <9.8%>	12.5 <10.1%>	16.0 <12.2%>	28.5 <11.2%>	+4.8	+20.3%
Automotive business	21.4 <7.6%>	27.8 <9.1%>	49.2 <8.3%>	24.0 <8.0%>	27.0 <8.5%>	51.0 <8.3%>	+1.8	+3.7%
Others	1.4 <5.1%>	1.5 <4.0%>	2.9 <4.5%>	1.5 <4.3%>	2.0 <6.6%>	3.5 <5.4%>	+0.6	+20.7%
Eliminations/Corporate	-3.7	-4.1	-7.8	-5.0	-3.0	-8.0	-0.2	-

Operating Income: Factors Behind Increase (FY2013 FY2014 Forecast)

NSK



Forecast by Customer Location



(Billions of yen)	FY2013			FY2014			Increase/ Decrease YOY	Change YOY
	1 st half <Actual>	2 nd half <Actual>	Full year <Actual>	1 st half <Forecast>	2 nd half <Forecast>	Full year <Forecast>		
Net sales	413.6	458.1	871.7	444.0	466.0	910.0	+38.3	+4.4%
Japan	163.2	165.9	329.1	157.0	163.5	320.5	-8.6	-2.6%
Non-Japan (Non-Japan ratio)	250.4 (60.5%)	292.2 (63.8%)	542.6 (62.2%)	287.0 (64.6%)	302.5 (64.9%)	589.5 (64.8%)	+46.9	+8.6%
The Americas	64.8	69.7	134.5	69.5	73.5	143.0	+8.5	+6.3%
Europe	57.9	66.7	124.6	63.0	67.5	130.5	+5.9	+4.7%
Asia (Asia ratio)	127.7 (30.9%)	155.8 (34.0%)	283.5 (32.5%)	154.5 (34.8%)	161.5 (34.7%)	316.0 (34.7%)	+32.5	+11.5%
China only	70.1	97.1	167.2	94.5	97.0	191.5	+24.3	+14.5%

3 . Progress of the 4th Mid-Term Management Plan

Mid-Term Management Plan: Outline

Establishing corporate fundamentals appropriate for a company with net sales of ¥1 trillion

Business Strategies

Growth with focus on profitability

Growth in emerging countries

Enhancement of customer and sector strategies

Production and technology development capabilities

Strategic alliances

Industrial Machinery business

Automotive business

Corporate Foundation

Develop management capability to handle ¥1 trillion in sales volume

Enhancement of corporate governance and compliance

Reform of business structure

Advancement of global management

New production, sales and administration systems

Business management Regional management

Safety, Quality, and Compliance

《 Numerical Targets 》

	FY2015
Net Sales	¥940.0 billion
Operating Income	¥86.0 billion
Ordinary Income	¥80.0 billion
Net Income	¥52.0 billion
Operating Income %	9.1%
ROE	13.0%
Net D/E Ratio	0.40
Exchange Rate	1US\$=¥90 1Euro=¥120

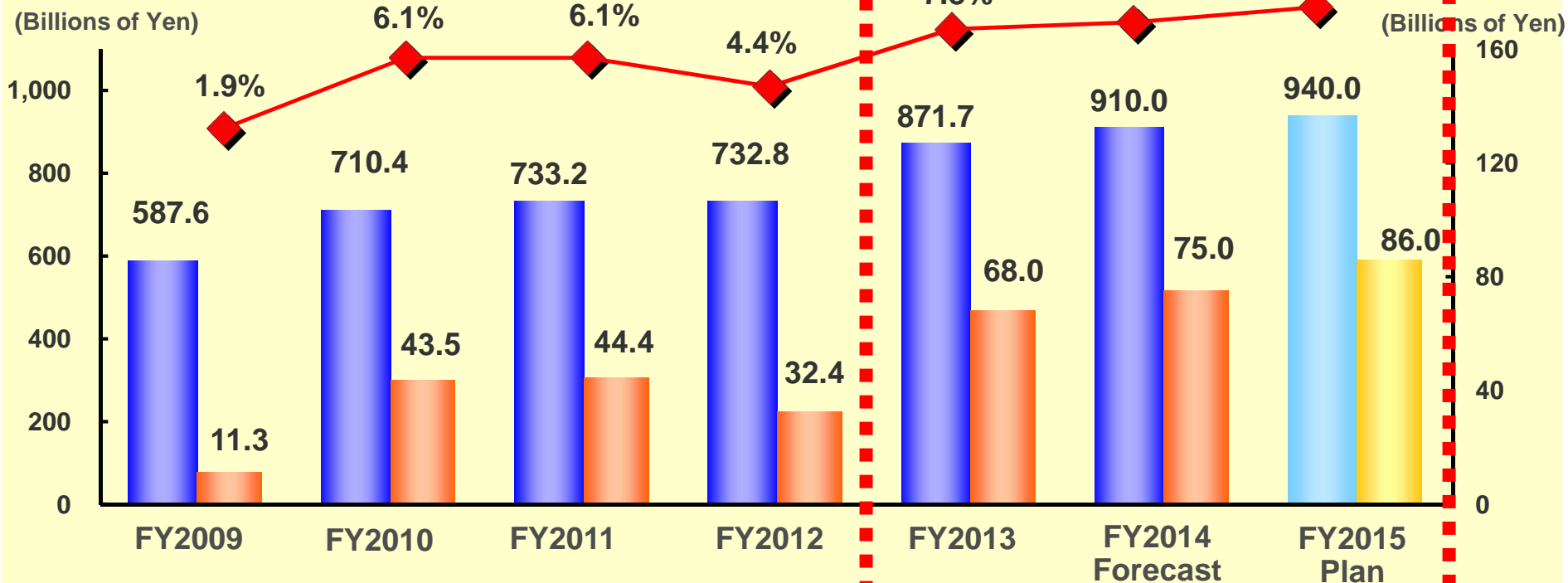
The 4th Mid-Term Management Plan: Business Forecast



FY2009-FY2012 Mid-term Plan

FY2013-FY2015 Mid-term Plan

■ Sales ■ Operating income ◆ Operating income %



ROE	2.0%	10.3%	10.6%	5.2%	9.2%		13.0%
Net D/E	0.73	0.60	0.58	0.51	0.41		0.40
\$	92.83	85.63	79.02	83.10	100.24	100	90
Euro	130.89	112.92	109.40	107.14	134.74	135	120

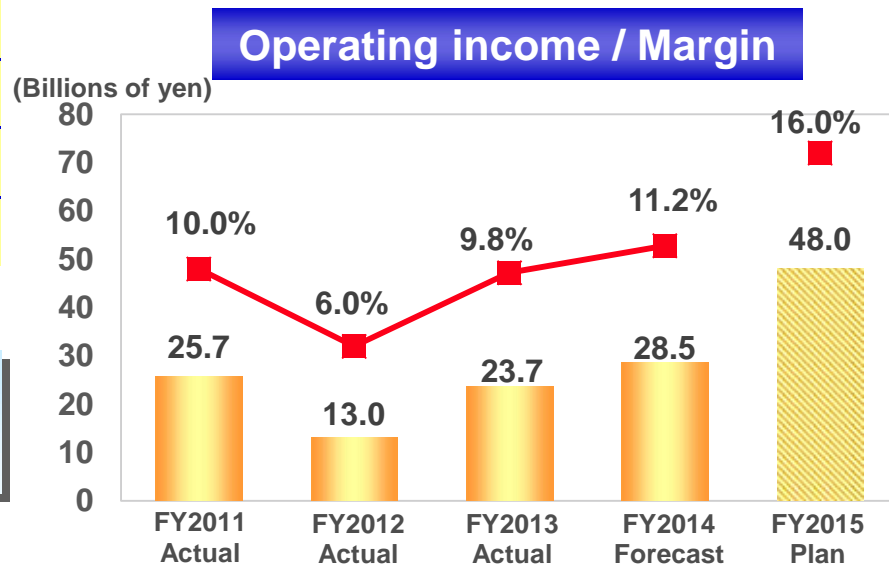
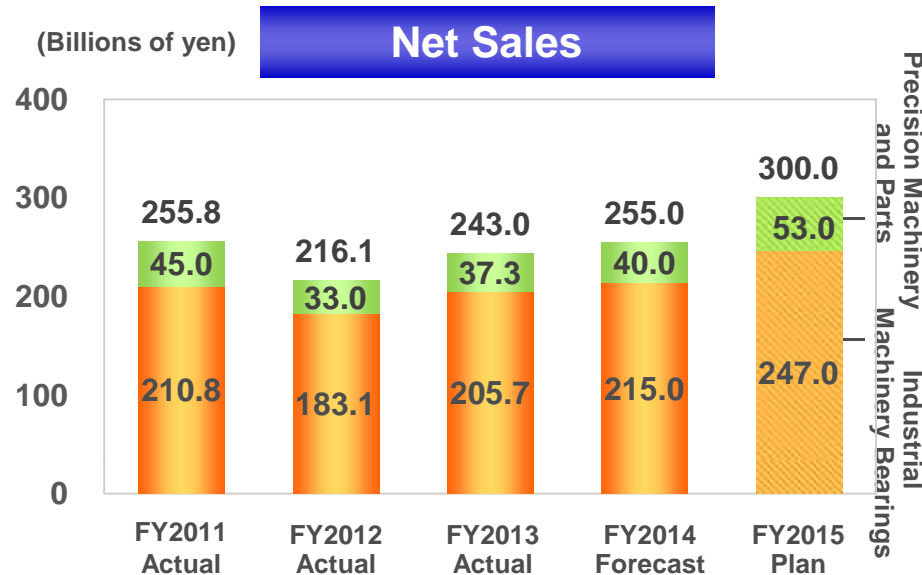
Industrial Machinery Business : FY2014 Business Environment and Business Forecast



[Demand trend by sector] FY2013 vs FY2014

Sectors	Overall	Japan	Non-Japan
Electrical / IT	→	→	→
Steel Plant Facilities	→	→	→
Fluid Machinery	→	→	→
Mining & Construction	→	→	→
Agricultural Machinery	→	→	→
Wind Turbines	→	→	→
Railcars	→	→	→
Machine Tools	→	→	→
Injection Molding	→	→	→
Semiconductors / Liquid Crystal	→	→	→
Aftermarket	→	→	→

YOY recovery forecast in 7 sectors
Markets outside Japan display stronger recovery
Speed of recovery is only moderate

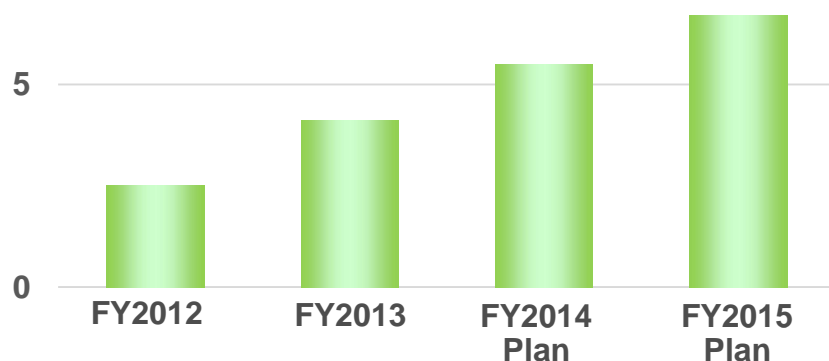


Industrial Machinery Business : Progress of Mid-Term Management Plan

NSK

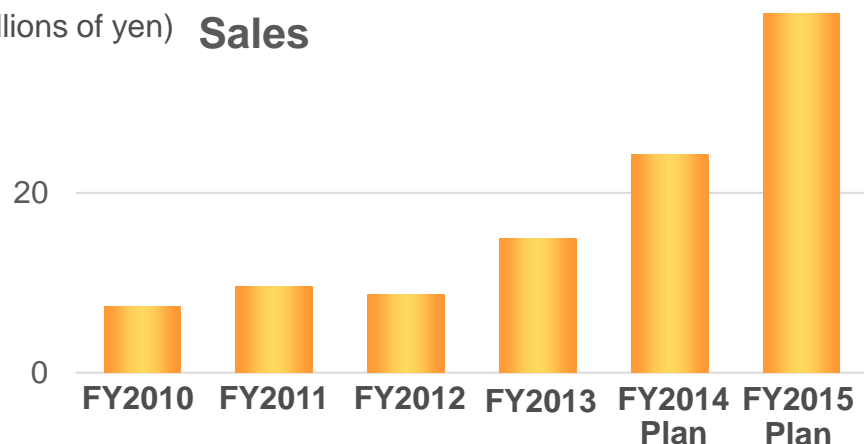
Expanding Products Produced at Shenyang Plant

(Billions of yen) **Sales**



Expanding High Performance Series

(Billions of yen) **Sales**



Industrial Machinery Bearings – Expansion Strategies

Focusing on Asia

Maximum utilization of Shenyang plant

- Expanding sales through large volume / standardized products
- Increasing market share when switching to local procurement

Maintenance business

- Commenced business with steelmakers
- Expanding to railway and papermaking sectors

AM channel development in emerging Asian countries

Using technological advantages to enter markets, expanding with standardized products

High Performance Series (HPS)

- Enhancing product lineup:
- Current lineup approximately 6,000 part numbers

Expanding leader fields (electrical, ball brgs)

- Servomotors and medical equipment

Developing in challenger fields (roller brgs)

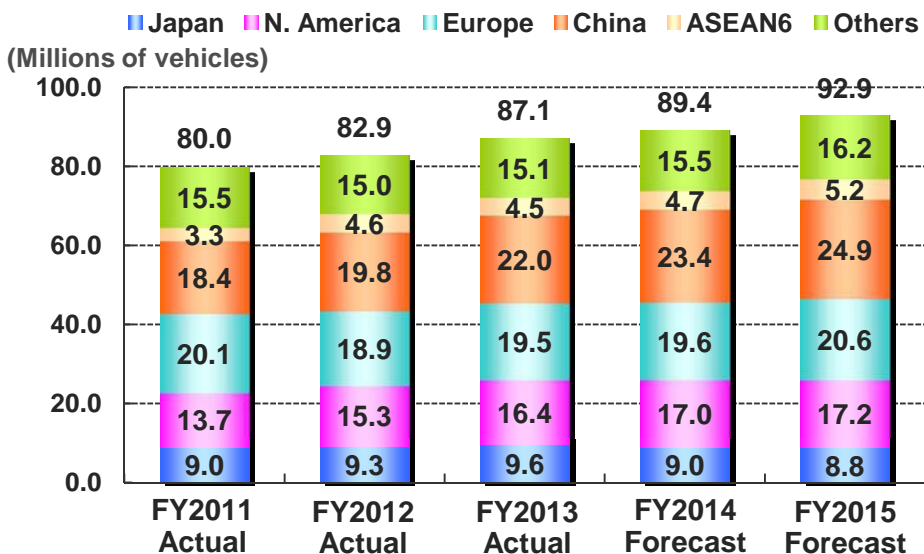
- Mining, agricultural machines, pumps, and wind turbines

Supporting sales through new products/technologies and lead time shortening, securing profitability through volume expansion

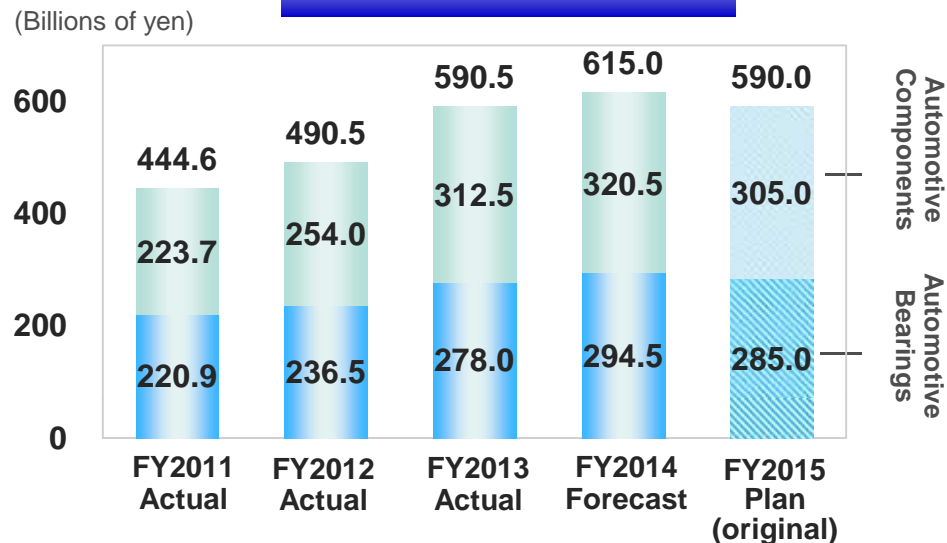
Automotive Business Vehicle Production Forecast and Business Forecast



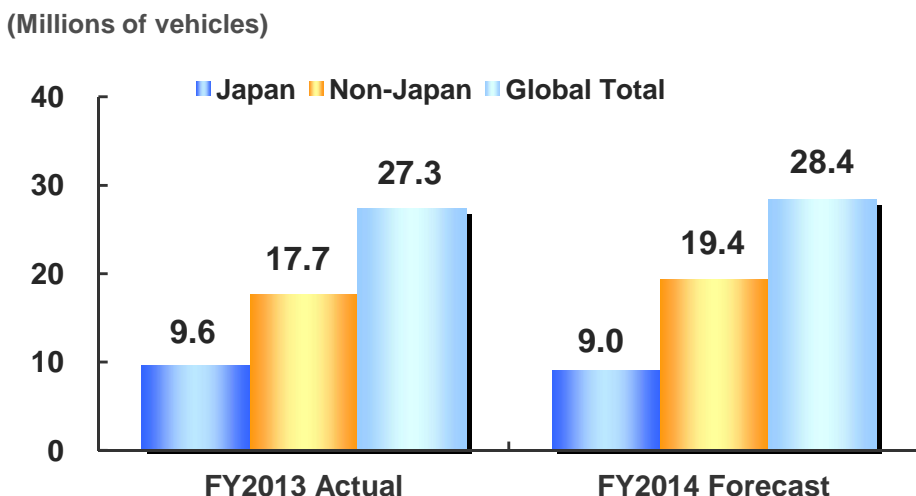
[Global vehicle production volume]



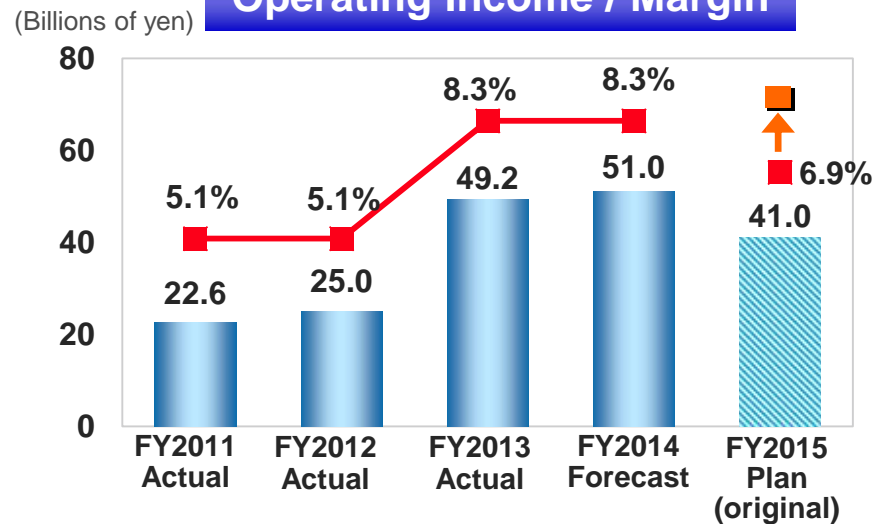
Net Sales



[Production volume by Japanese automakers]



Operating Income / Margin



Automotive Business Progress of Mid-Term Management Plan

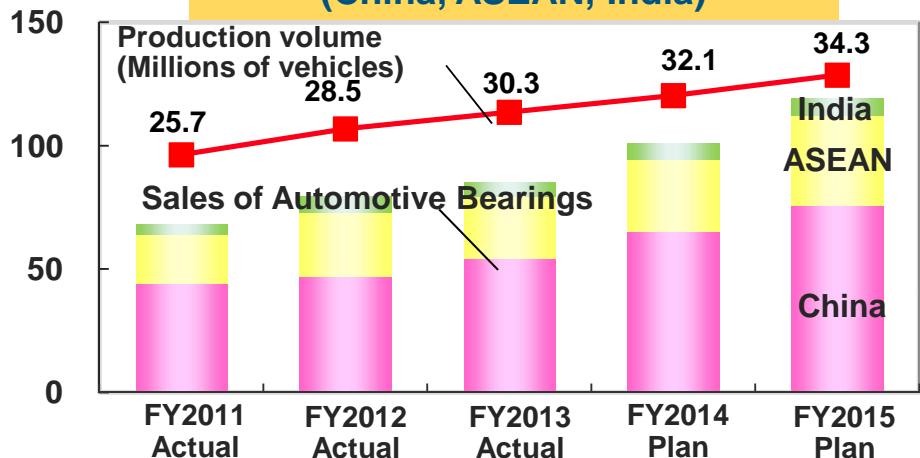


Automotive Bearings

Expanding in demand growth regions

Sales expansion in Asia (China, ASEAN, India)

(Billions of yen)



Sales increase outpacing rise in vehicle production
Continuing to expand production capability and increase localization

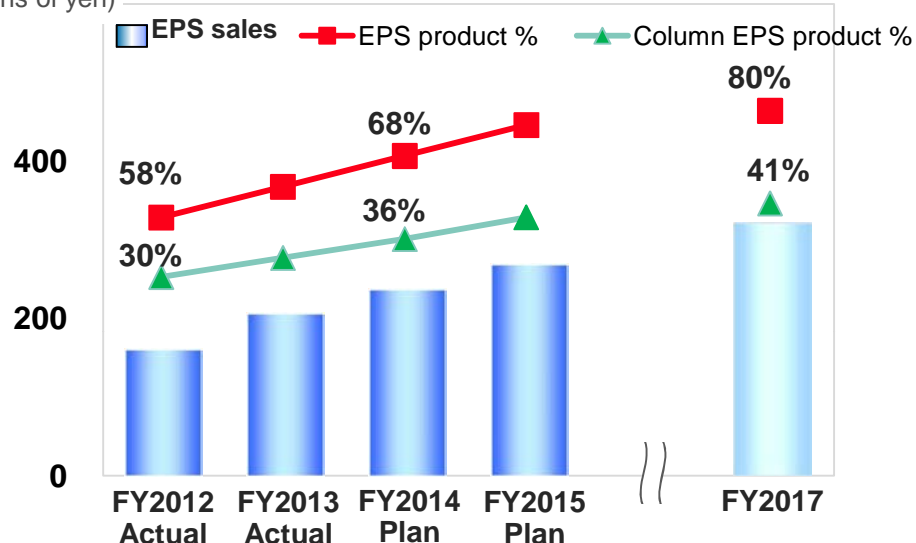
Mexico plant began operation



Automotive Components

Continued EPS Expansion

(Billions of yen)



EPS adoption rate increasing
Sales increasing through column type EPS
Well-balanced customer base
Expanding outside Japan
Working to transfer and achieve permeation of technologies outside Japan
(products, production, administration)
Developing next-generation technology

Expanding in growing regions and sectors, and maintaining and improving profitability

Positioning of FY2014 and Management Policy

The bridge-building year towards final-year targets

A year in which NSK's true strength will be tested

- ✓ End of boost from depreciation of the Japanese yen
- ✓ Enhance profitability through internal efforts to absorb labor cost increases
- ✓ Industrial machinery: operate business based on assumption of slow demand growth
- ✓ Automotive: expect highly competitive business environment and tough customer demands over mid/long term

Continue building corporate fundamentals appropriate for a company with net sales of ¥1 trillion

- ✓ Developing two pillars: “Growth with a focus on profitability” and “Development of management capability”
- ✓ Continued focus on safety, quality and compliance

Begin preparations for 100th anniversary of NSK's foundation

(Supplementary Information)

Forecast by Geographical Segment

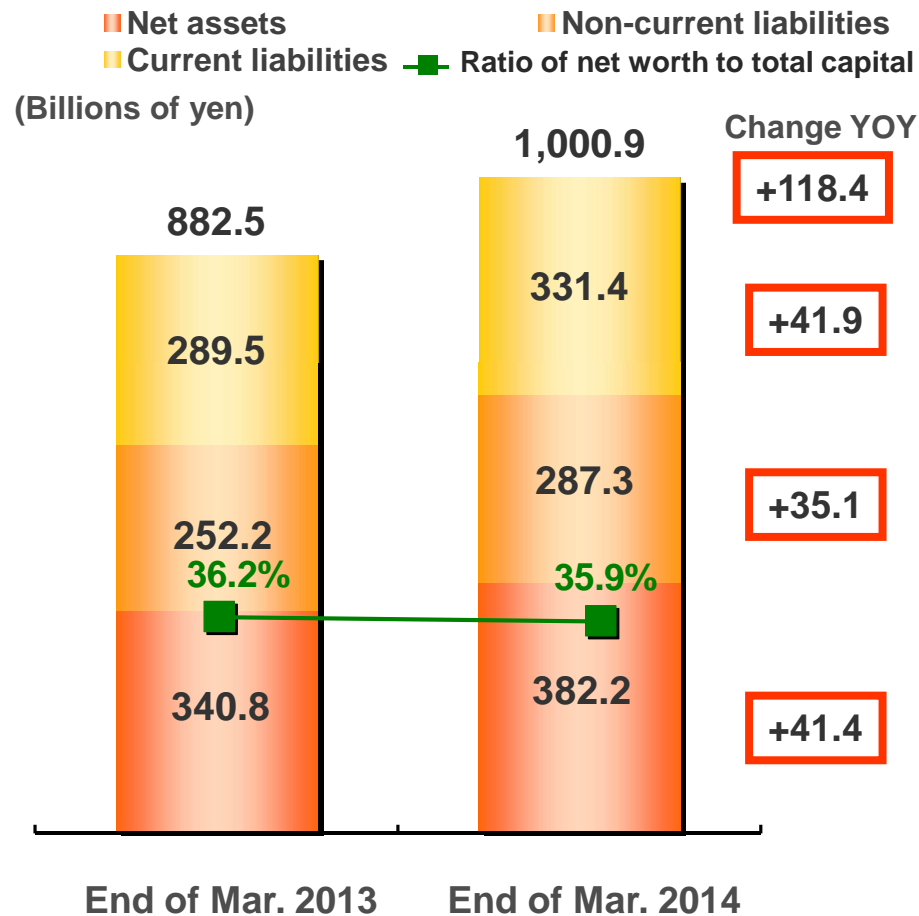
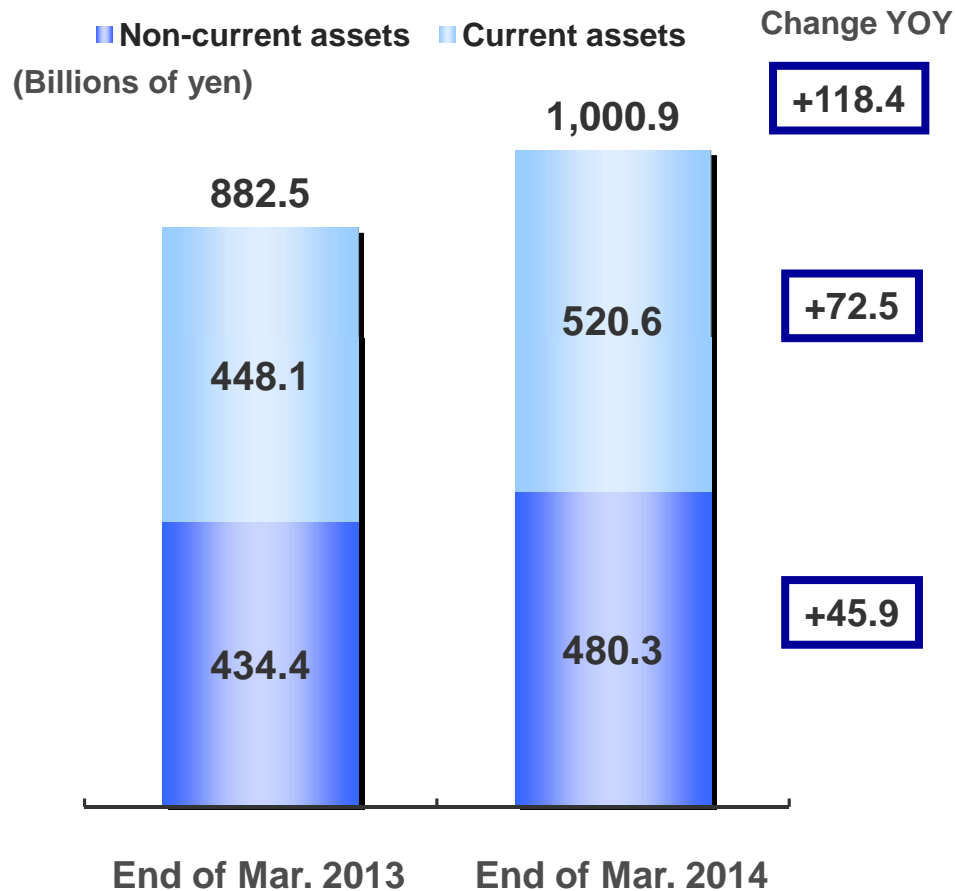
(Billions of yen)	FY2012 <Actual>		FY2013 <Actual>		FY2014 <Forecast>	
Net Sales	732.8		871.7		910.0	
Japan	492.4		512.2		494.0	
The Americas	102.3		132.4		143.0	
Europe	104.4		126.8		131.0	
Asia	193.7		288.2		321.0	
Eliminations	-160.0		-187.9		-179.0	
Operating Income	32.4	4.4%	68.0	7.8%	75.0	8.2%
Japan	23.6	4.8%	38.4	7.5%	29.5	6.0%
The Americas	3.2	3.2%	6.0	4.5%	9.5	6.6%
Europe	2.0	1.9%	5.2	4.1%	8.0	6.1%
Asia	10.6	5.5%	27.3	9.5%	36.0	11.2%
Eliminations/ Corporate	-7.0		-8.9		-8.0	

(Supplementary Information)
Consolidated Balance Sheets



Assets

Liabilities and Net Assets



US\$:	94.05	102.92
Euro:	120.73	141.65

US\$:	94.05	102.92
Euro:	120.73	141.65

(Supplementary Information) **Capital Expenditure,
Depreciation and Amortization, R&D Expenses**



(Billions of yen)	FY2012 <Actual>	FY2013 <Actual>	FY2014 <Forecast>
Capital expenditure ()	44.5	43.2	46.0

Excluding intangible assets

(Billions of yen)	FY2012 <Actual>	FY2013 <Actual>	FY2014 <Forecast>
Depreciation and amortization ()	32.4	32.3	35.0

Excluding intangible assets

(Billions of yen)	FY2012 <Actual>	FY2013 <Actual>	FY2014 <Forecast>
R&D expenses	10.4	9.9	10.5