



NSK

FINANCIAL CONFERENCE Consolidated Business Results and Forecast and **MID-TERM PLAN (FY2013-FY2015)**

May 15, 2013
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.

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**Consolidated Business Results
for the Year Ended March 31, 2013**

2

**Consolidated Business Forecast
for the Year Ending March 31, 2014**

3

Mid-term Plan (FY2013 - FY2015)

(Supplementary Material)

1

Consolidated Business Results for the Year Ended March 31, 2013

Summary of Consolidated Business Results for the Year Ended March 31, 2013



Business Environment

- ✓ **Industrial Machinery:**
Demand decreased due to slowing growth in emerging countries and inventory adjustment by customers. Demand showed signs of bottoming out in 4Q.
- ✓ **Automotive Products:**
Japan: Steady demand in 1H thanks to the effect of government subsidies for eco-cars. Demand slowed in 2H.
Non-Japan: Steady demand in North America and ASEAN countries. In China, Japanese automakers significantly reduced production volume in 2H.
- ✓ **Correction of Japanese yen's strength against the US dollar and Euro from the middle of 2H.**

Summary of Business Results

- ✓ **Sales ¥732.8 billion (-0.0% YoY) / Operating Income ¥32.4 billion (-27.1% YoY)
Ordinary Income ¥30.3 billion -27.8% YoY) / Net Income ¥15.7 billion (-44.8% YoY)**
- ✓ **Results by Business Segment**
 - **Industrial Machinery Business:**
Both sales and operating income decreased YoY due to lower demand for industrial machinery bearings and precision machinery and parts.
 - **Automotive Business:**
Both sales and operating income increased YoY due to growth in sales of EPS (electric power steering) products. Sales were highest on record.
- ✓ **Dividend: FY2012 ¥11.0/year**

Summary of Consolidated Business Results for the Year Ended March 31, 2013



(Billions of yen)	'12/3 <Actual>	'13/3 <Actual>	Increase/ decrease YOY	Difference YOY
Sales	733.2	732.8	-0.4	-0.0%
Operating income <%>	44.4 <6.1%>	32.4 <4.4%>	-12.0	-27.1%
Ordinary income	42.0	30.3	-11.7	-27.8%
Income before tax	41.3	25.3	-16.0	-38.7%
Net income	28.5	15.7	-12.8	-44.8%
<Exchange rate>				
(1US\$=)	(¥79.02)	(¥83.10)		
(1EURO=)	(¥109.40)	(¥107.14)		
【Major Indexes】				
ROE	10.6%	5.2%		
Net D/E ratio (times)	0.58	0.51		
Inventory turnover (times)	6.5	6.2		

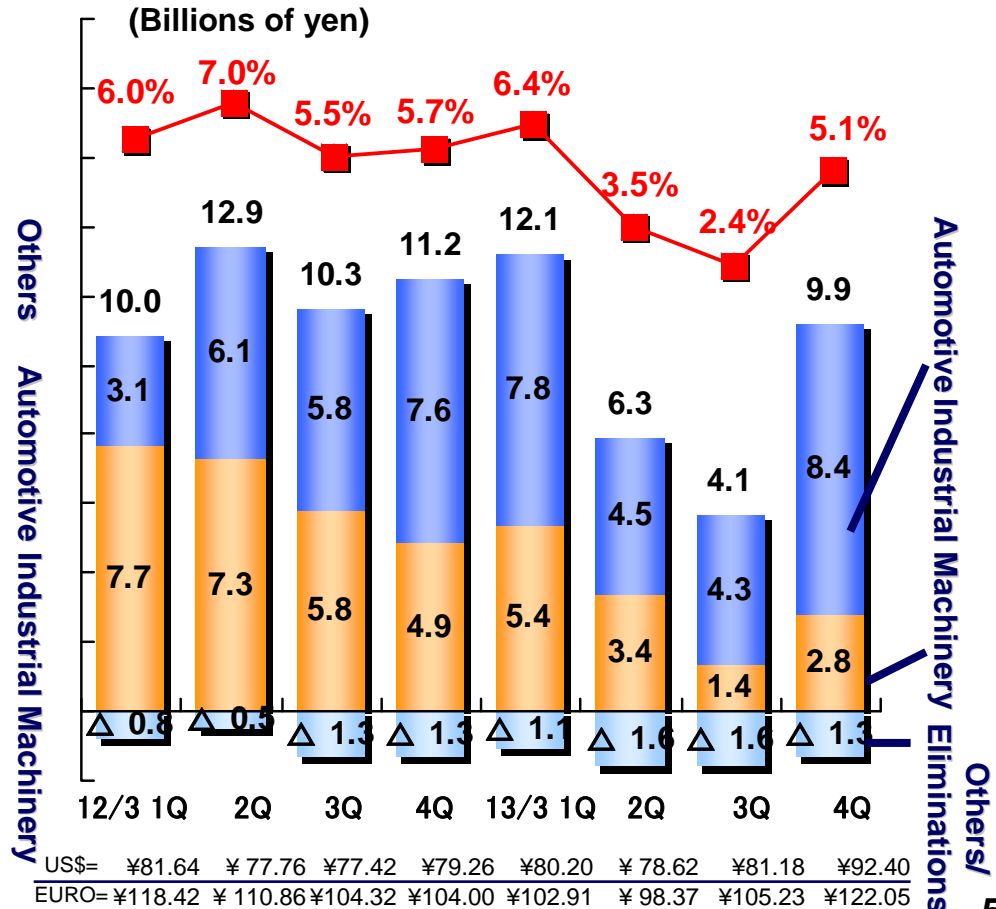
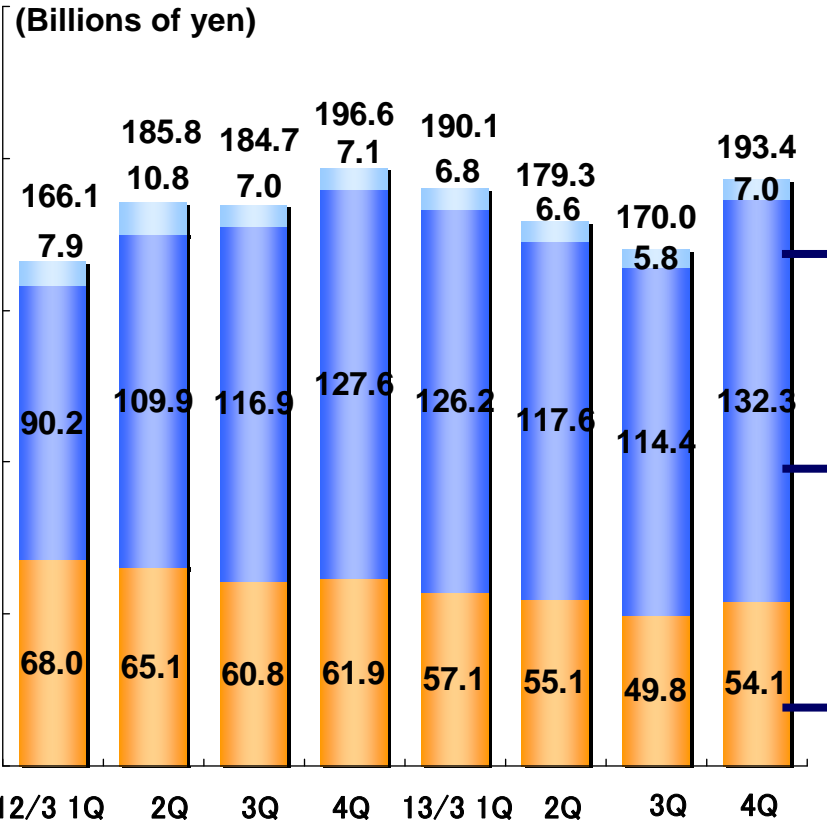
Quarterly Business Performance

Sales

Sales of both industrial machinery and automotive bottomed out from 4Q thanks to correction of the Japanese yen's appreciation.

Operating income / Margin

Despite a declining trend until 3Q, operating income recovered in 4Q due to volume recovery and correction of the Japanese yen's appreciation.



US\$= ¥81.64 ¥77.76 ¥77.42 ¥79.26 ¥80.20 ¥78.62 ¥81.18 ¥92.40
 EURO=¥118.42 ¥110.86 ¥104.32 ¥104.00 ¥102.91 ¥98.37 ¥105.23 ¥122.05

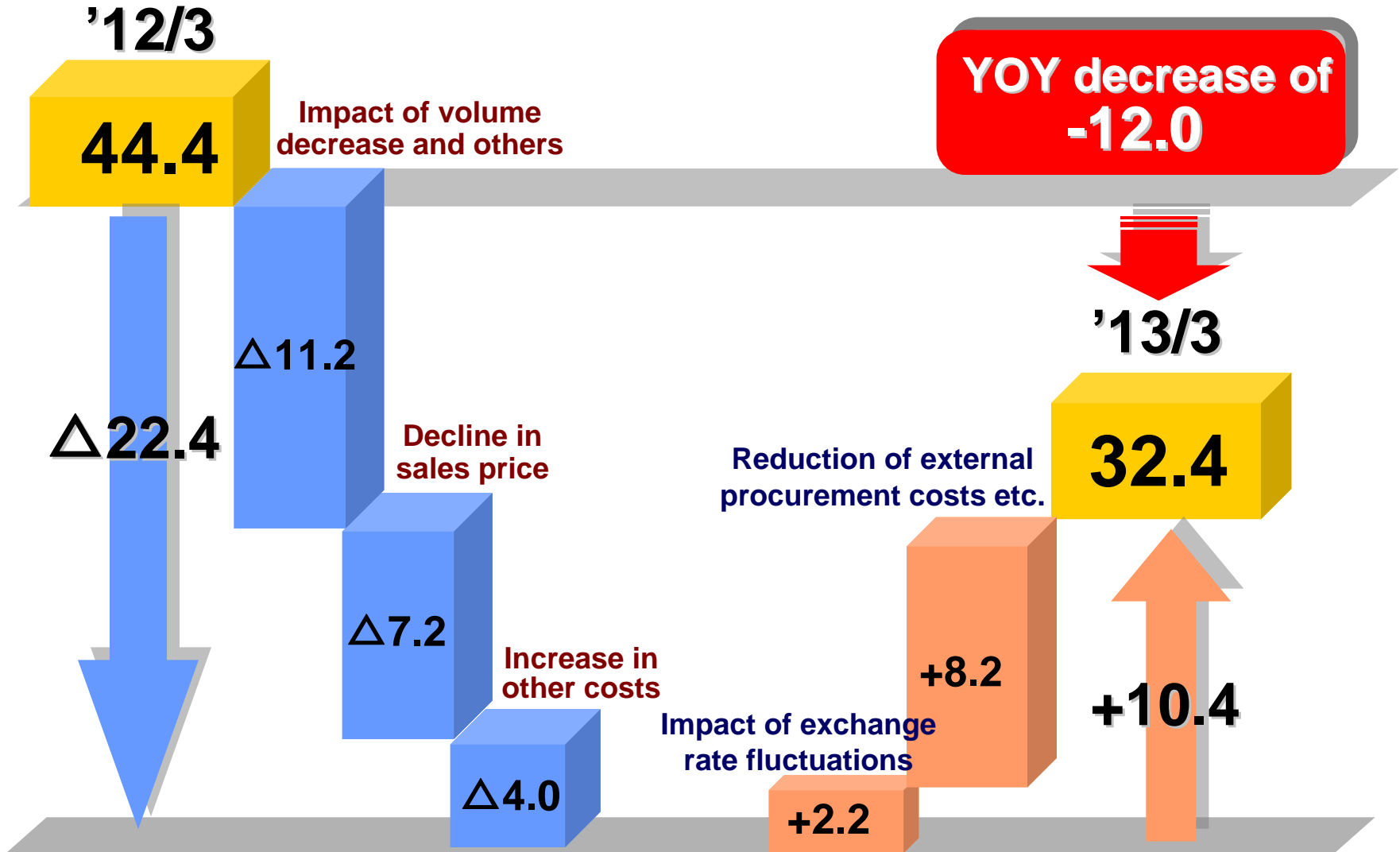
US\$= ¥81.64 ¥77.76 ¥77.42 ¥79.26 ¥80.20 ¥78.62 ¥81.18 ¥92.40
 EURO=¥118.42 ¥110.86 ¥104.32 ¥104.00 ¥102.91 ¥98.37 ¥105.23 ¥122.05

Results by Business Segment

(Billions of yen)	'12/3 <Actual>	'13/3 <Actual>	Increase/ decrease YOY	Difference YOY
Sales	733.2	732.8	-0.4	-0.0%
Industrial machinery business	255.8	216.1	-39.7	-15.5%
Industrial machinery bearings	210.8	183.1	-27.7	-13.2%
Precision machinery and parts	45.0	33.0	-12.0	-26.5%
Automotive business	444.6	490.5	+45.9	+10.3%
Automotive bearings	220.9	236.5	+15.6	+7.1%
Automotive components	223.7	254.0	+30.3	+13.6%
Others	61.0	53.3	-7.7	-12.7%
Eliminations	-28.2	-27.1	+1.1	-
Operating income	44.4 <6.1%>	32.4 <4.4%>	-12.0	-27.1%
Industrial machinery business	25.7 <10.0%>	13.0 <6.0%>	-12.7	-49.3%
Automotive business	22.6 <5.1%>	25.0 <5.1%>	+2.4	+10.4%
Others	3.3 <5.3%>	2.2 <4.1%>	-1.1	-33.6%
Eliminations/Corporate	-7.2	-7.8	-0.6	-

Operating income : Factors Behind Decline (12/3 ⇒ 13/3)

(Billions of yen)



2**Consolidated Business Forecast
for the Year Ending March 31, 2014**

Business Forecast

- ✓ Sales ¥790.0 billion (+7.8% YoY) / Operating Income ¥49.0 billion (+51.4% YoY)
Ordinary Income ¥46.0 billion (+51.8% YoY) / Net Income ¥30.0 billion (+90.6% YoY)
- ✓ YOY increase in both sales and operating income
- ✓ Exchange rate forecast: US\$=¥90.0, EURO=¥120.0

Forecasted Business Environment

- ✓ **Japan:** Demand expected to continue gradual recovery due to correction of the Japanese yen's appreciation and expectation of government policies
Non-Japan: Steady demand in the Americas and ASEAN countries. Gradual recovery in China. Flat demand in Europe.
- ✓ **Industrial Machinery Bearings:**
 - Upward momentum from market bottom is expected due to progress of customers' inventory adjustment.
- ✓ **Automotive:**
 - Japan: Slight decrease in production volume assumptions compared to FY2012.
 - Non-Japan: Steady production in the Americas, continued growth in ASEAN countries, and production recovery by Japanese automakers in China.

Summary of Consolidated Business Forecast for the Year Ending March 31, 2014



(Billions of yen)	'13/3 Actual			'14/3 Forecast			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>		
Sales	369.4	363.4	732.8	390.0	400.0	790.0	+57.2	+7.8%
Operating income	18.4	14.0	32.4	21.0	28.0	49.0	+16.6	+51.4%
<%>	<5.0%>	<3.8%>	<4.4%>	<5.4%>	<7.0%>	<6.2%>		
Ordinary Income	17.0	13.3	30.3	19.5	26.5	46.0	+15.7	+51.8%
Income before tax	16.1	9.2	25.3	19.5	26.5	46.0	+20.7	+81.8%
Net Income	11.9	3.8	15.7	12.0	18.0	30.0	+14.3	+90.6%
<Exchange rate> (1US\$=)	(¥79.41)	(¥86.79)	(¥83.10)	(¥90)	(¥90)	(¥90)		
(1EURO=)	(¥100.64)	(¥113.64)	(¥107.14)	(¥120)	(¥120)	(¥120)		

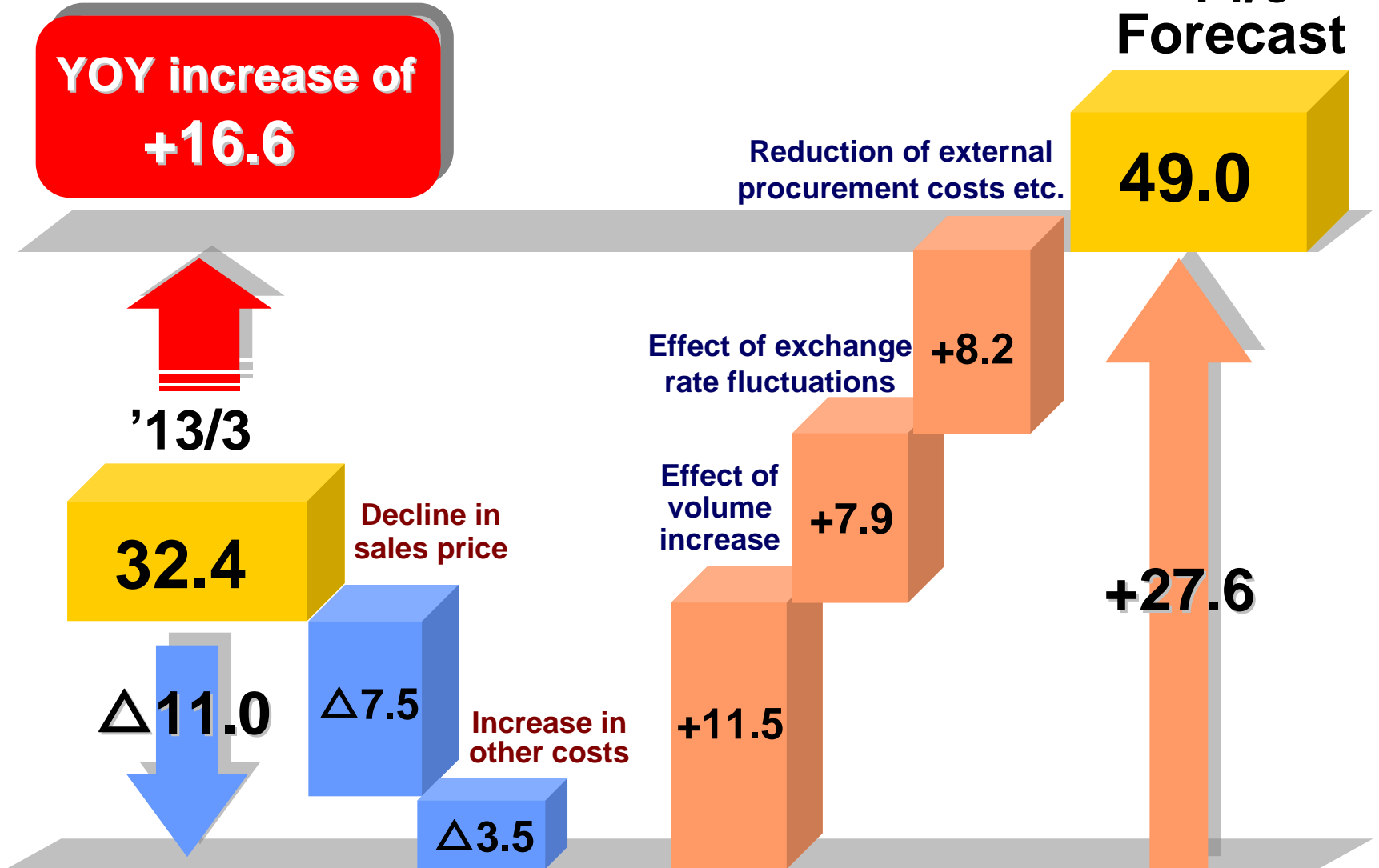
Forecast by Business Segment



(Billions of yen)	'13/3 Actual			'14/3 Forecast					
	1 st half <Actual>	2 nd half <Actual>	Full Year <Actual>	1 st half <Forecast>	2 nd half <Forecast>	Full Year <Forecast>	Difference YOY	Change YOY	
Sales	369.4	363.4	732.8	390.0	400.0	790.0	+57.2	+7.8%	
Industrial machinery business	112.2	103.9	216.1	110.5	119.5	230.0	+13.9	+6.4%	
Industrial machinery bearings	94.1	89.0	183.1	95.0	100.0	195.0	+11.9	+6.5%	
Precision machinery and parts	18.1	14.9	33.0	15.5	19.5	35.0	+2.0	+6.1%	
Automotive business	243.8	246.7	490.5	261.0	264.0	525.0	+34.5	+7.0%	
Automotive bearings	117.2	119.3	236.5	127.0	128.0	255.0	+18.5	+7.8%	
Automotive components	126.6	127.4	254.0	134.0	136.0	270.0	+16.0	+6.3%	
Others	28.0	25.3	53.3	30.5	28.5	59.0	+5.7	+10.7%	
Eliminations	-14.6	-12.5	-27.1	-12.0	-12.0	-24.0	+2.2	-	
Operating Income	18.4 <5.0%>	14.0 <3.8%>	32.4 <4.4%>	21.0 <5.4%>	28.0 <7.0%>	49.0 <6.2%>	+16.6	+51.4%	
Industrial machinery business	8.8 <7.8%>	4.2 <4.1%>	13.0 <6.0%>	7.0 <6.3%>	13.0 <10.9%>	20.0 <8.7%>	+7.0	+53.8%	
Automotive business	12.3 <5.1%>	12.7 <5.1%>	25.0 <5.1%>	16.5 <6.3%>	18.0 <6.8%>	34.5 <6.6%>	+9.5	+38.0%	
Others	1.2 <4.4%>	1.0 <3.7%>	2.2 <4.1%>	1.5 <4.9%>	1.0 <3.5%>	2.5 <4.2%>	+0.3	+13.6%	
Eliminations	-3.9	-3.9	-7.8	-4.0	-4.0	-8.0	-0.2	-	

Operating income : Factors Behind Increase ('13/3 ⇒ '14/3 Forecast)

(Billions of yen)

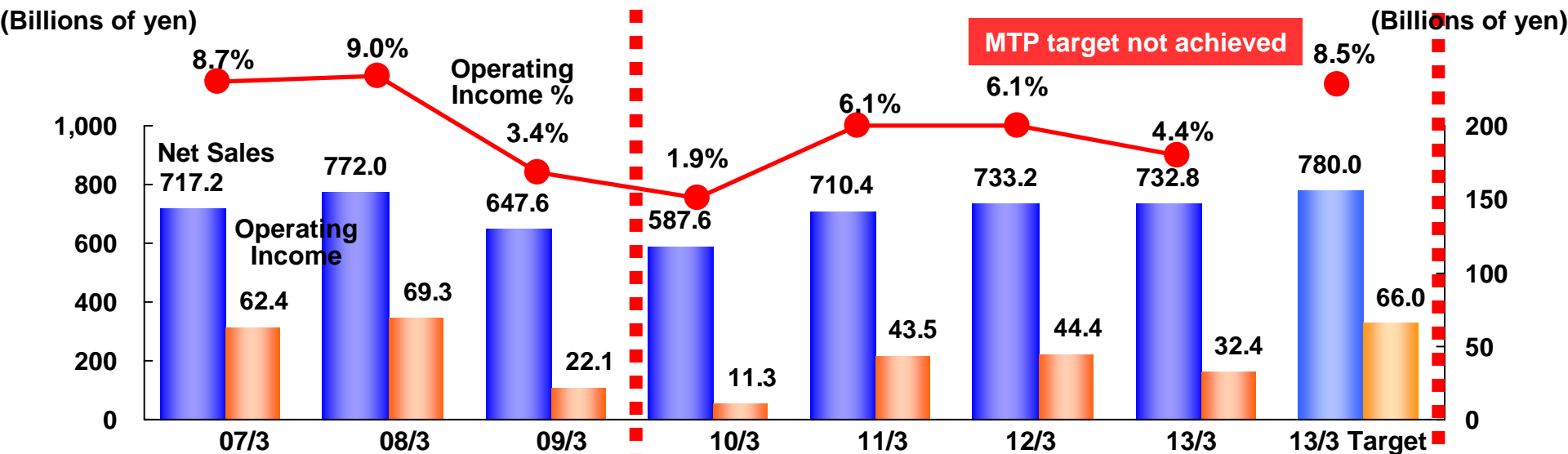


3**Mid-Term Plan (FY2013 - FY2015)**

Summary of FY2009-FY2012 Mid-term Plan

FY2006-FY2008 Mid-term Plan

FY2009-FY2012 Mid-term Plan



ROE	14.0%	16.1%	1.8%	2.0%	10.3%	10.6%	5.2%	14.0%
Net D/E ratio	0.69	0.56	0.85	0.73	0.60	0.58	0.51	0.50
US \$	116.93	114.55	100.74	92.83	85.63	79.02	83.10	90
Euro	150.35	162.22	144.47	130.89	112.92	109.40	107.14	120

Achievements

- Strengthened business foundation in China (Established full product lineup, developed autonomous management system)
- Expanded EPS business
- Restructured precision machinery and parts business
- Promoted local production and local procurement

Shortcomings

- Insufficient response to environmental changes such as Japanese yen appreciation and sharp demand fluctuations
⇒ Decreased profitability levels
- Business portfolio: decrease in industrial machinery sales ratio
- Issues related to Antimonopoly Act

Positioning of FY2013-FY2015 Mid-term Plan

Mid-term Targets	<ul style="list-style-type: none"> ● Operating income margin: 10% ● Net sales: ¥1 trillion ● Business portfolio: Industrial machinery 40 : Automotive 60
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Positioning of FY2013-FY2015 Mid-term Plan

- Establish corporate fundamentals appropriate for a company with net sales of ¥1 trillion in 2016, the 100th anniversary of NSK's foundation
- Implement measures to achieve mid-term targets
- Continue to implement basic strategies
(focus on profitability, growth in emerging countries, global management)

Outline of FY2013-FY2015 Mid-term Plan

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

Outline of FY2013-FY2015 Mid-term Plan

Business Strategies

Growth with focus on profitability

- Enhancement of corporate foundations, Growth strategies -

■ Growth in emerging countries

Focus on Asia ⇒ Balance with other growing regions

- Business expansion in the Americas
- Develop approach to Russia and Middle Eastern markets
- China: develop strategies as economy moves from rapid to stable growth
- Business expansion in continually-growing ASEAN countries

■ Enhancement of customer and sector strategies

- Industrial machinery business: develop sector-based initiatives
(Leader strategy / challenger strategy)
- Automotive business: thorough implementation of application-specific customer strategies

■ Production and technology development capabilities

- Production capability: continue to expand and enhance overseas production capability, accelerate local procurement, enhance SCM
- Technology development capability: develop new technologies / products, speed up development time, utilize overseas technology centers

■ Strategic alliances

- Review and strengthen existing alliance
- Pursue new strategic alliances for profitability improvement and business expansion

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

Outline of FY2013-FY2015 Mid-term Plan

Corporate Foundation	Develop management capability to handle ¥1 trillion in sales volume
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■ Enhancement of corporate governance and compliance

- Comprehensively strengthen compliance, cultivate new corporate culture
- Strengthen global monitoring structure

■ Reform of business structure

- Reorganize structure of Japanese business
- Develop strategies to achieve target business portfolio;
Industrial machinery business 40 : Automotive business 60
- Comprehensively reinforce existing production capacity

■ Advancement of global management

- Optimize business operation by business, region, and function
- Utilize new systems to standardize production, sales, and administrative operations

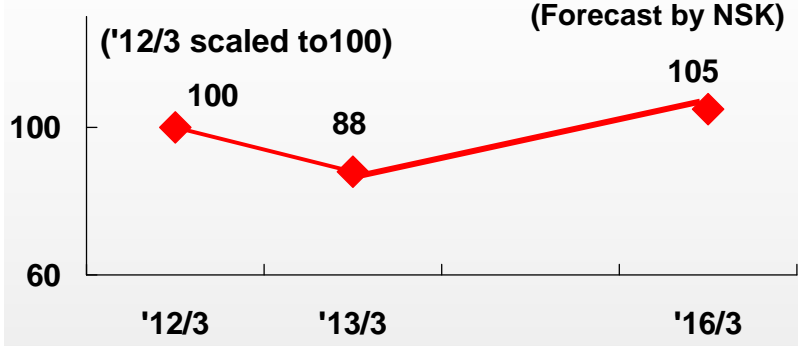
Demand environment forecast

Despite recovery compared to FY2012, only slight increase from FY2011 levels.
 General machinery, Electrical, AM, and precision machinery and parts sectors expected to trend towards recovery

Business Strategies

Growth with focus on profitability
 - Enhancement of corporate foundation, growth strategy -

Demand for industrial machinery bearings
 (Forecast by NSK)



Approach to emerging countries

- Accelerate investment in sales and marketing
- Develop maintenance service business
- Begin full-scale sales in the Middle East and Russia

Sector-based strategies

- Leader strategy: reinforce strong sectors
- Challenger strategy: improve status in weak sectors

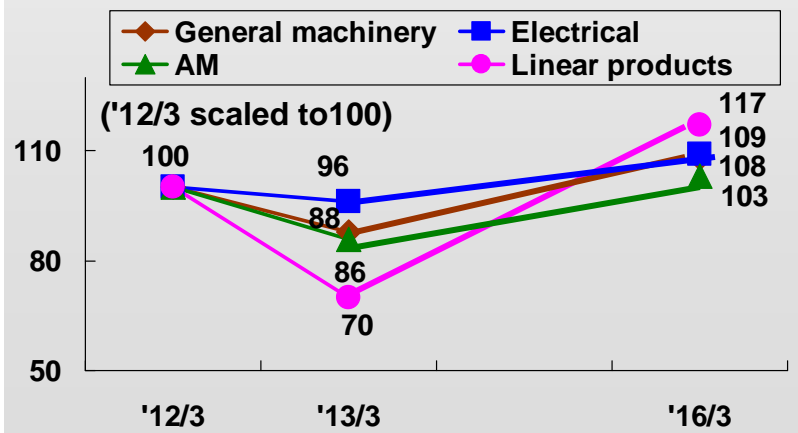
Timely new product development to meet market needs

Utilization of external capabilities

Enhancement of production capability and cost competitiveness

- Increase overseas production ratio:
 Bearings 45%, Precision machinery and parts 45%
- Shorten production lead-time
- Further implementation of APS
 (Advanced Production System)
- Expand labor saving initiatives

Demand forecast by business sub-segment
 (Forecast by NSK)



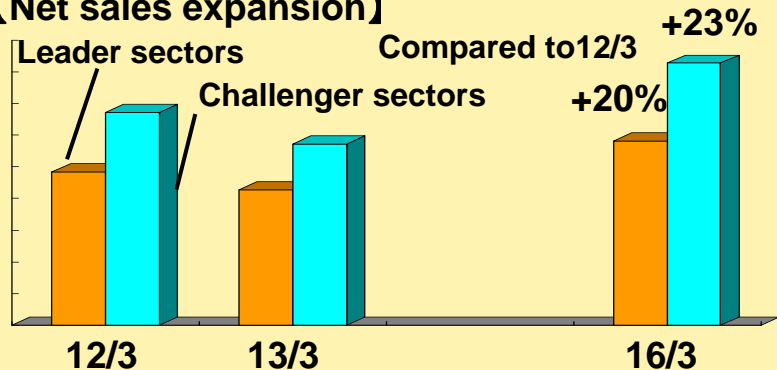
Priority measures

Industrial machinery business

Sector strategies

- Leader strategy, Challenger strategy
- * Leader sectors: machine tools, electrical
- * Challenger sectors: infrastructure, resources

【Net sales expansion】



Aftermarket

- Expand sales in emerging countries
Continue expansion of sales channels
- Strengthen maintenance and service business
Improve customer satisfaction through on-site offices
- Strengthen automotive repair business

Precision machinery and parts

Acceleration of global expansion

- Capture NC demand for machine tool business in China
- Expand into new sectors
 - * Medical, new energies, vibration control/seismic isolation
- Reinforcing overseas technical engineers

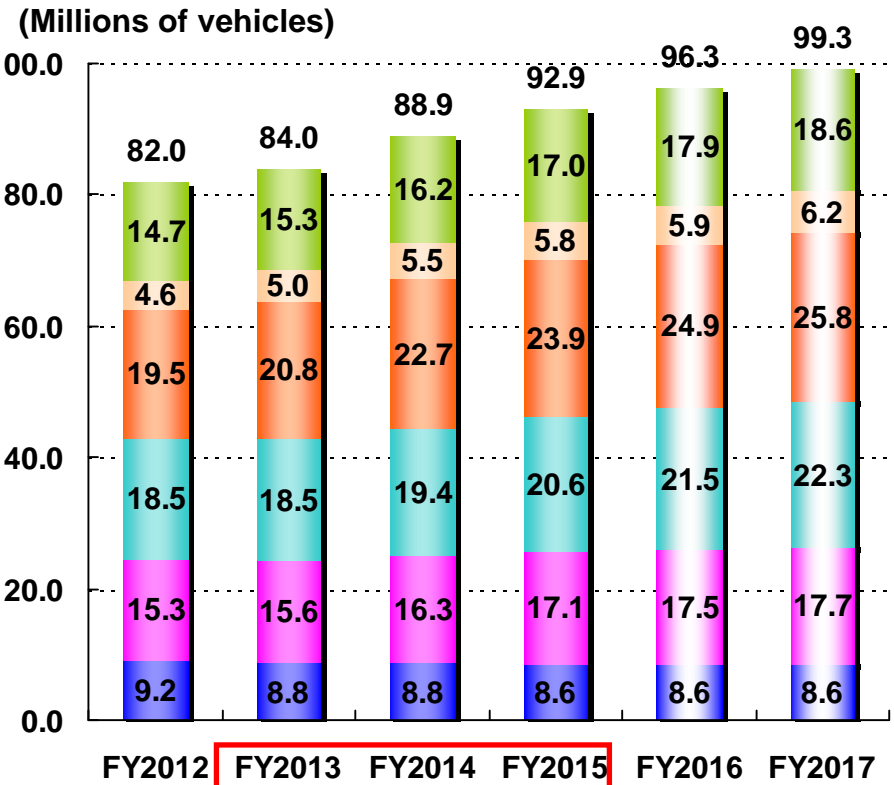
Enhancement of corporate foundation

- Enhance production capability
 - * Improve productivity
Shorten lead-time
 - * Accelerate production in optimal locations
Production line transfers
 - * Increase local procurement, global procurement, and use of local suppliers
- Strengthen technology development capability
 - * Increase new product sales ratio
speed up development time
- Restructure small-size bearing business

Demand environment forecast
 Continued expansion of production in emerging countries and demand for small vehicles

Business Strategies
 Growth with focus on profitability
 - Enhancement of corporate foundation, growth strategy -

Global Automotive Production Forecast
 (Forecast by NSK)



Customer strategies

- Enhance strategies for each application
- Secure Japanese customers, expand business with Western customers

Growth in emerging countries

- Shift resources from focus on China, Expand in Mexico and ASEAN countries
- Increase product lineup targeting emerging countries

Technology development

- Improve efficiency, respond to EV/HEV technology, Respond to downsizing trend

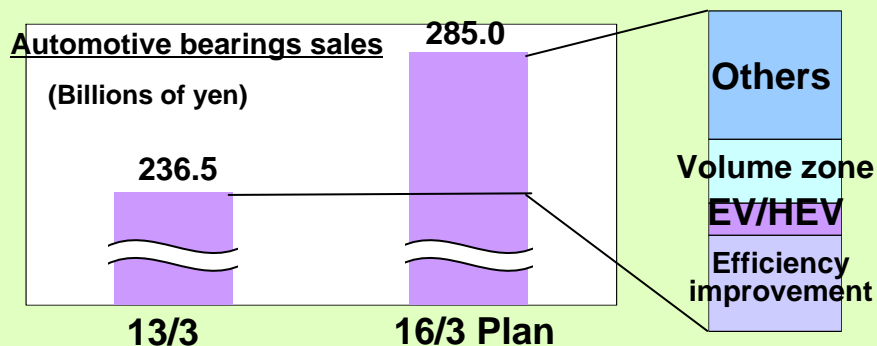
Strengthening production capability and cost competitiveness

- Improve profitability through productivity improvement and production output increase
- Develop and utilize new production technology
- Adopt lower-cost equipment
- Increase local procurement

Priority measures

Initiatives for volume zone, EV/HEV, higher efficiency requirement

《Sales of new products/new technology –Automotive bearings》



New technology/new product strategy

Differentiation by low torque, size and weight reduction, long-life performance

■ Volume zone

- * Enhance product line-up for growing emerging markets

■ Response to EV/HEV

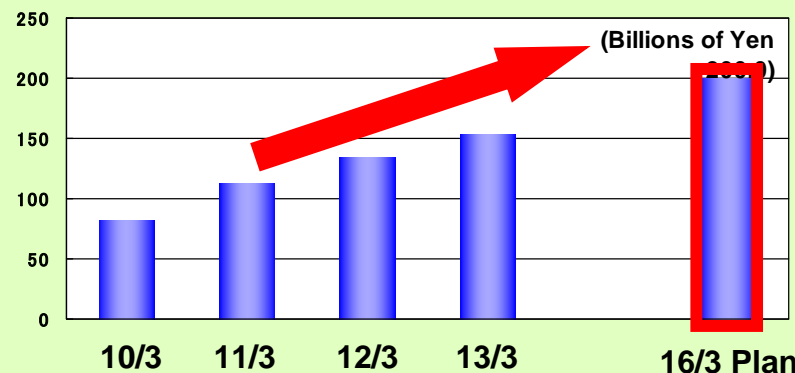
- * Bearings specialized for HEV
- * Bearings for electric components

■ High efficiency requirement

- * Increase light weight and low friction products
- * Improve efficiency, Respond to downsizing

Continue to expand EPS sales

《EPS Sales plan》



■ Almost all of Mid-term projects already nominated

■ Measures to improve profitability

- * Strategies for each product type
- * Procurement strategy
- * Improve production output and productivity (Standardize facilities, improve manufacturing, Standardization)
- * Standardization (Platform by power output, components, facilities)

■ Enhance nomination activities of new programs for the next mid-term

■ Enhance development of next-generation technology

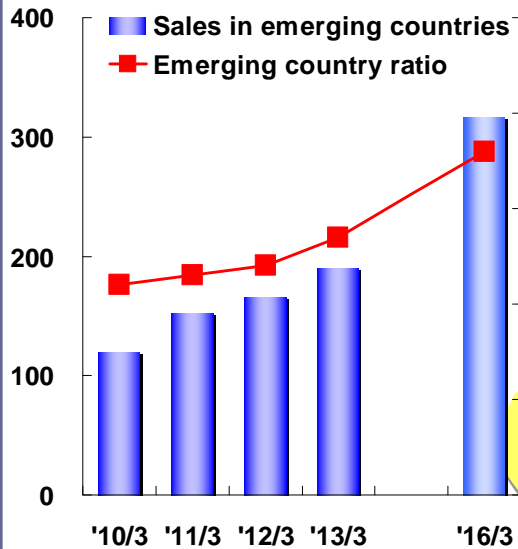
Continue to strengthen growth platform

Enhance production capability in growing markets

Expand sales sites in emerging countries

《Sales in emerging countries》

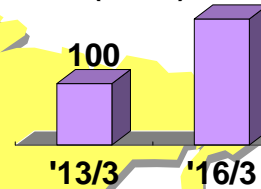
(Billions of yen)



- In addition to China, enhance market position in ASEAN countries.
- Establish production site in Mexico.
- Expand sales to Middle East countries and Russia

China
 Double sales

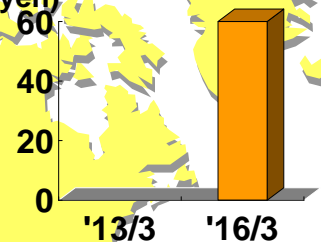
Sales in China (index)



Mexico

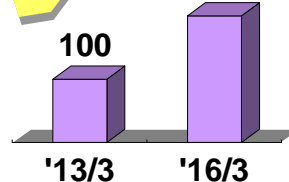
Establish new plant (Automotive)
 (Planned SOP: Spring 2014)

(Billions of yen) Production



Russia, Dubai
 Establish sales sites
 Double sales

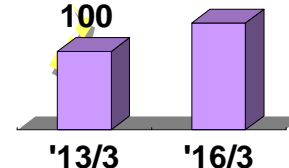
Sales in Russia, Dubai (index)



ASEAN

Significant sales increase
 (Thailand and Indonesia: Capacity increase)

Sales in ASEAN countries (index)



● Sales site
 ★ Production site

FY2013-FY2015 Mid-term Plan Numerical Targets

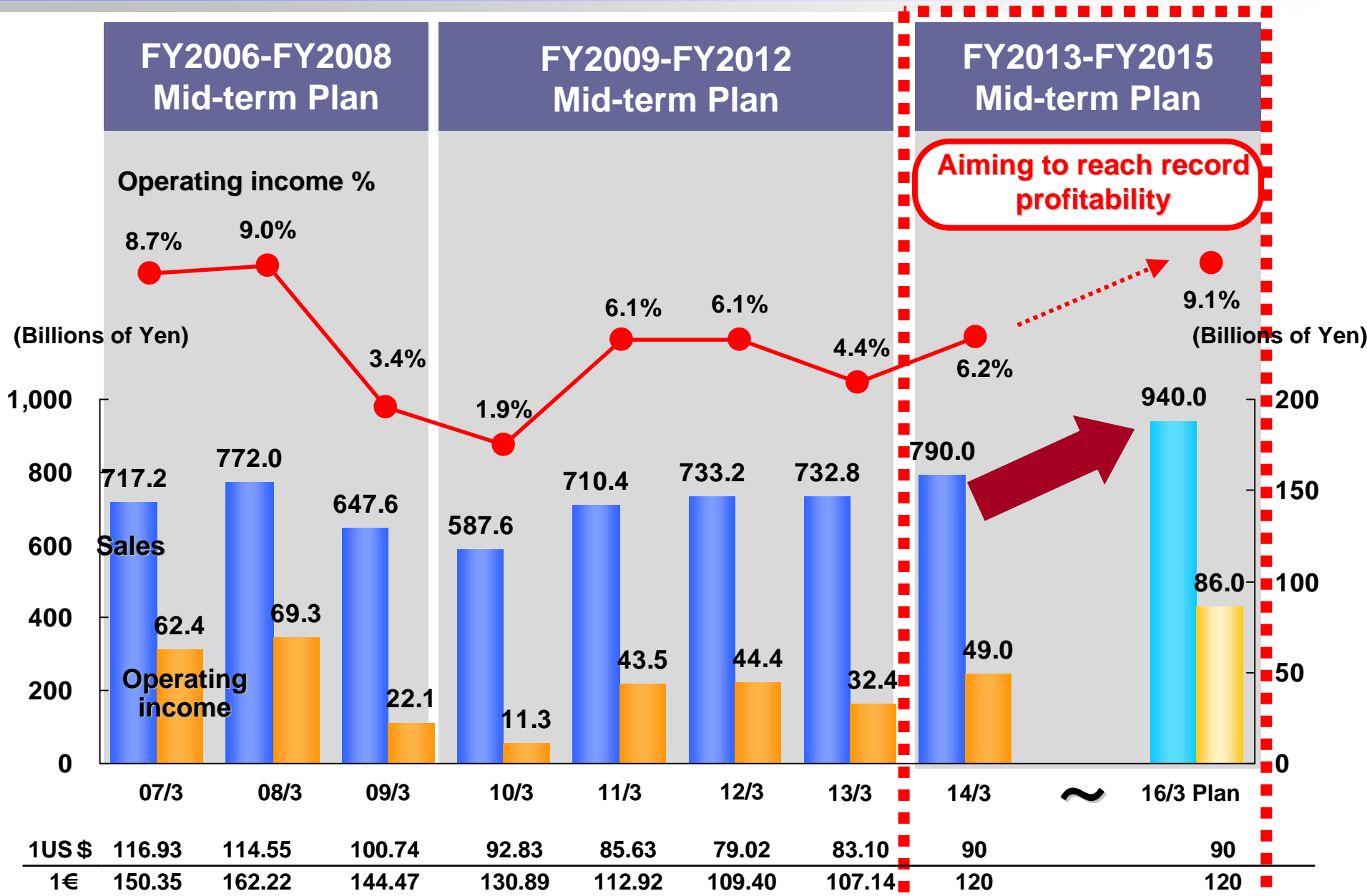
(Billions of Yen)	'13/3 Actual	'16/3 Plan
Sales	732.8	940.0
Operating income	32.4	86.0
Ordinary income	30.3	80.0
Net income	15.7	52.0
Operating income %	4.4%	9.1%
ROE	5.25%	13.0%
Net D/E ratio	0.51	0.40

Exchange rate

1US\$ = ¥83.10
1€ = ¥107.14

1US\$ = ¥90
1€ = ¥120

FY2006-FY2015 Mid-term Plan Business Performance



Business Performance by Business Segments

Industrial machinery business

Industrial machinery bearings

Precision machinery and parts

Automotive Business

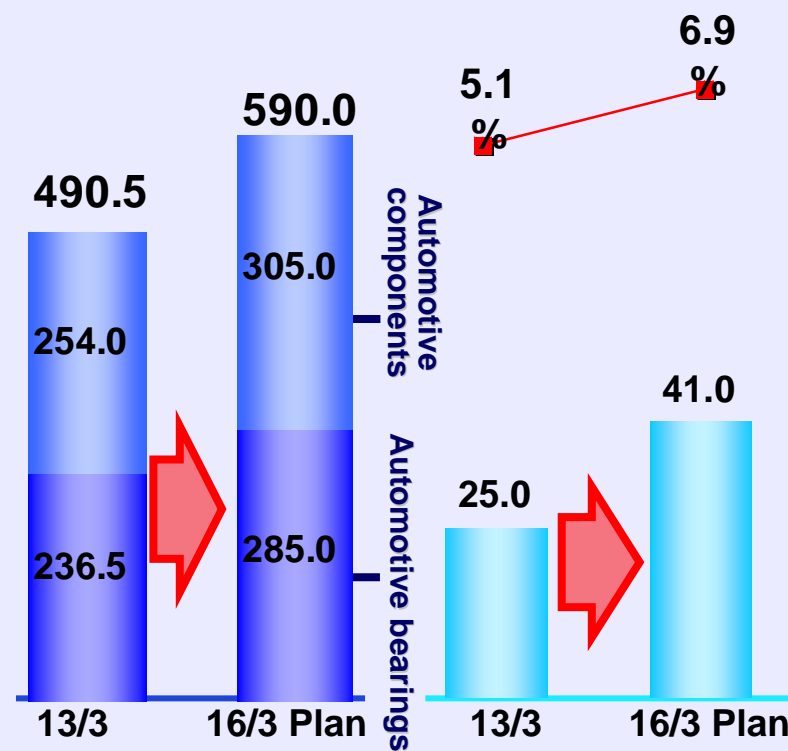
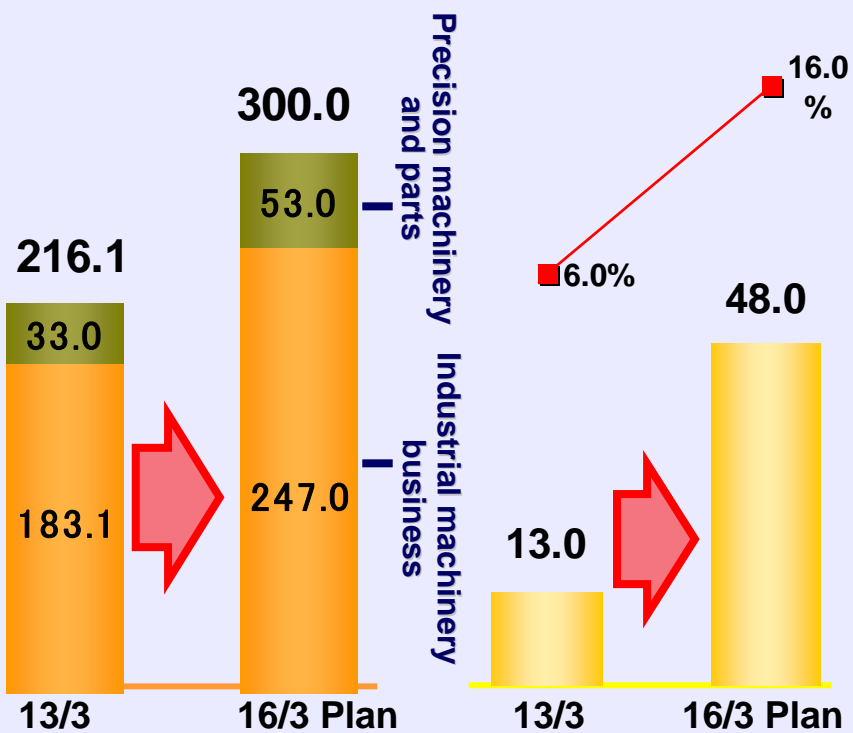
Business Performance Targets

Sales

Operating income/margin

Sales

Operating income/margin



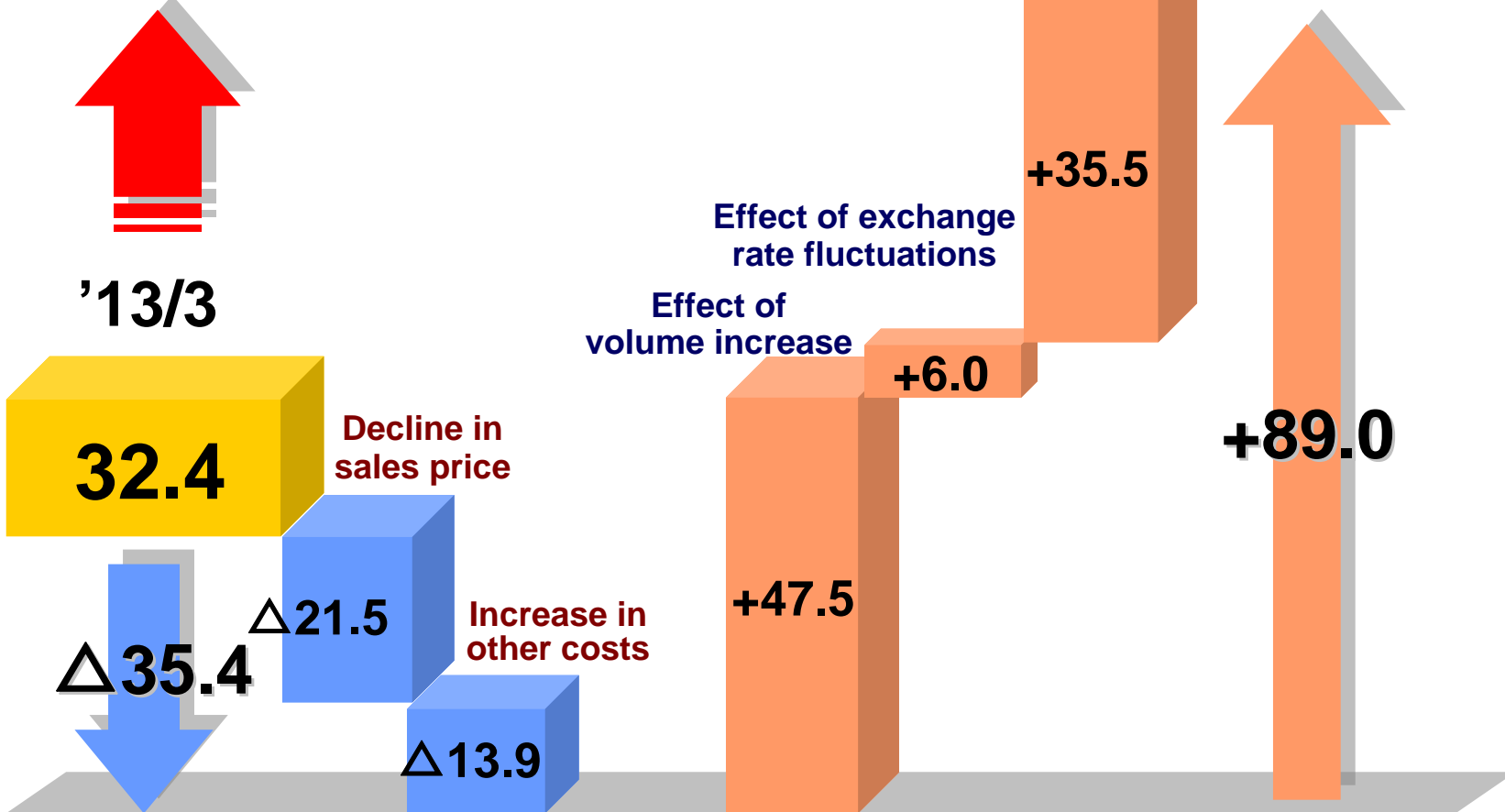
FY2013-FY2015 Mid-term Plan

Operating income : Factors Behind Increase ('13/3 ⇒ '16/3 Plan)

(Billions of yen)

**YOY increase of
+53.6**

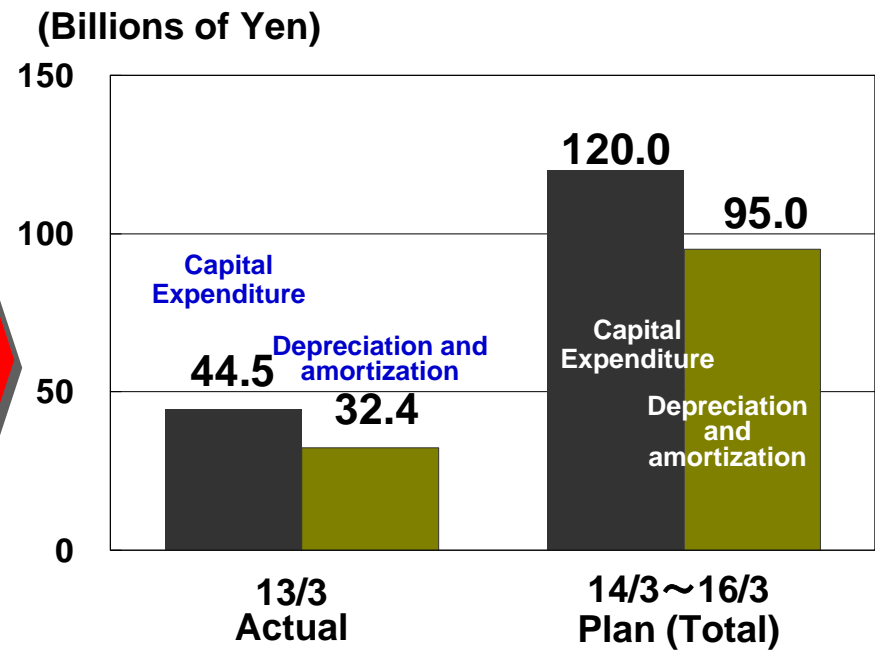
**'16/3 Plan
86.0**



Capital Expenditure, Depreciation and Amortization

FY2013-FY2015 Capital Expenditure, Depreciation and Amortization

Total of 3 years	
Capital Expenditure	¥120.0 billions
Depreciation and Amortization	¥95.0 billions



- Total capital expenditure plan for three years: ¥120.0 billion
- Strategic investment plan (emerging countries, EPS business etc.) in addition to ordinary investment.

(Supplementary Material)

(Supplementary Information)

Forecasts by Customer Location

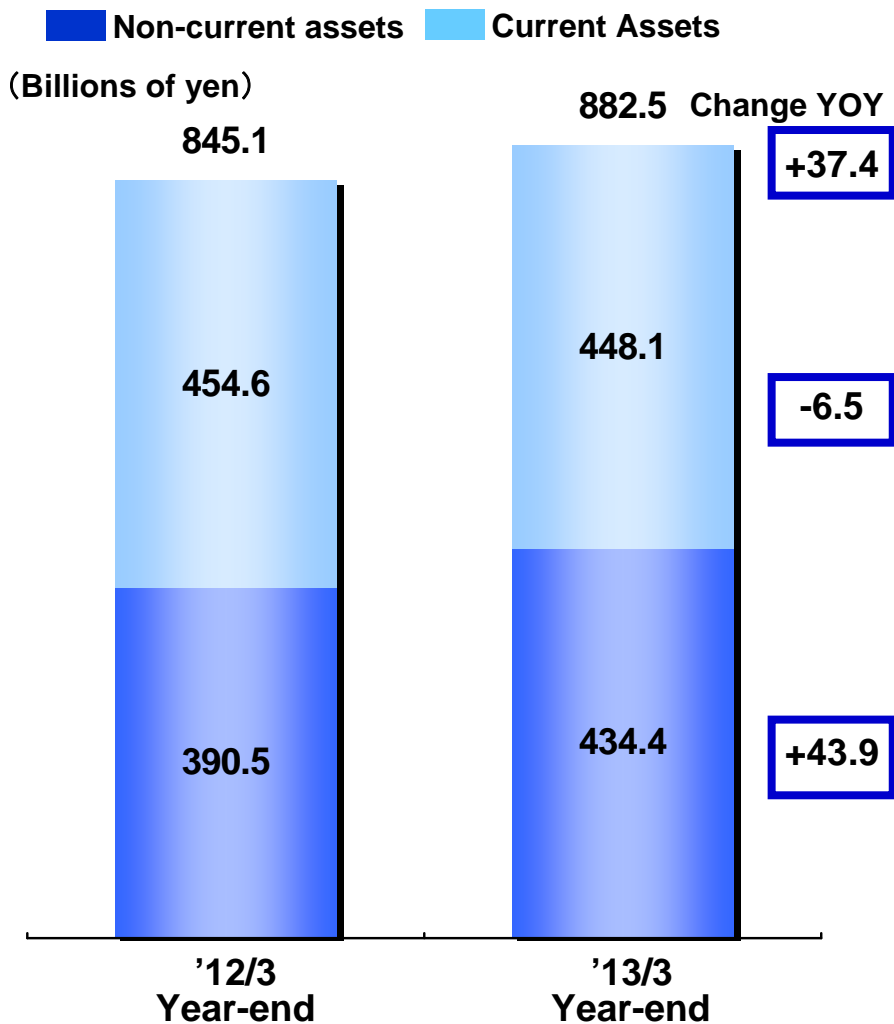
(Billions of Yen)	12/3 Actual	13/3 Actual	14/3 Forecast
Sales	733.2	732.8	790.0
Japan	363.8	333.3	321.0
Non-Japan Total (Non-Japan ratio)	369.4 (50.4%)	399.5 (54.5%)	469.0 (59.4%)
The Americas	86.3	103.4	118.5
Europe	107.9	102.7	113.5
Asia (Asia ratio)	175.2 (23.9%)	193.4 (26.4%)	237.0 (30.0%)
China only	89.1	91.4	118.5

Forecasts by Geographical Segment

(Billions of Yen)	12/3 Actual		13/3 Actual		14/3 Forecast	
Sales	733.2		732.8		790.0	
Japan	538.4		492.4		488.0	
The Americas	86.1		102.3		118.0	
Europe	109.2		104.4		116.5	
Asia	162.2		193.7		248.0	
Eliminations	-162.7		-160.0		-180.5	
Operating income	44.4	6.1%	32.4	4.4%	49.0	6.2%
Japan	33.6	6.2%	23.6	4.8%	29.0	5.9%
The Americas	4.1	4.8%	3.2	3.2%	4.5	3.8%
Europe	3.9	3.6%	2.0	1.9%	3.5	3.0%
Asia	10.5	6.5%	10.6	5.5%	19.5	7.9%
Eliminations (Sales) Eliminations / corporate	-7.7		-7.0		-7.5	

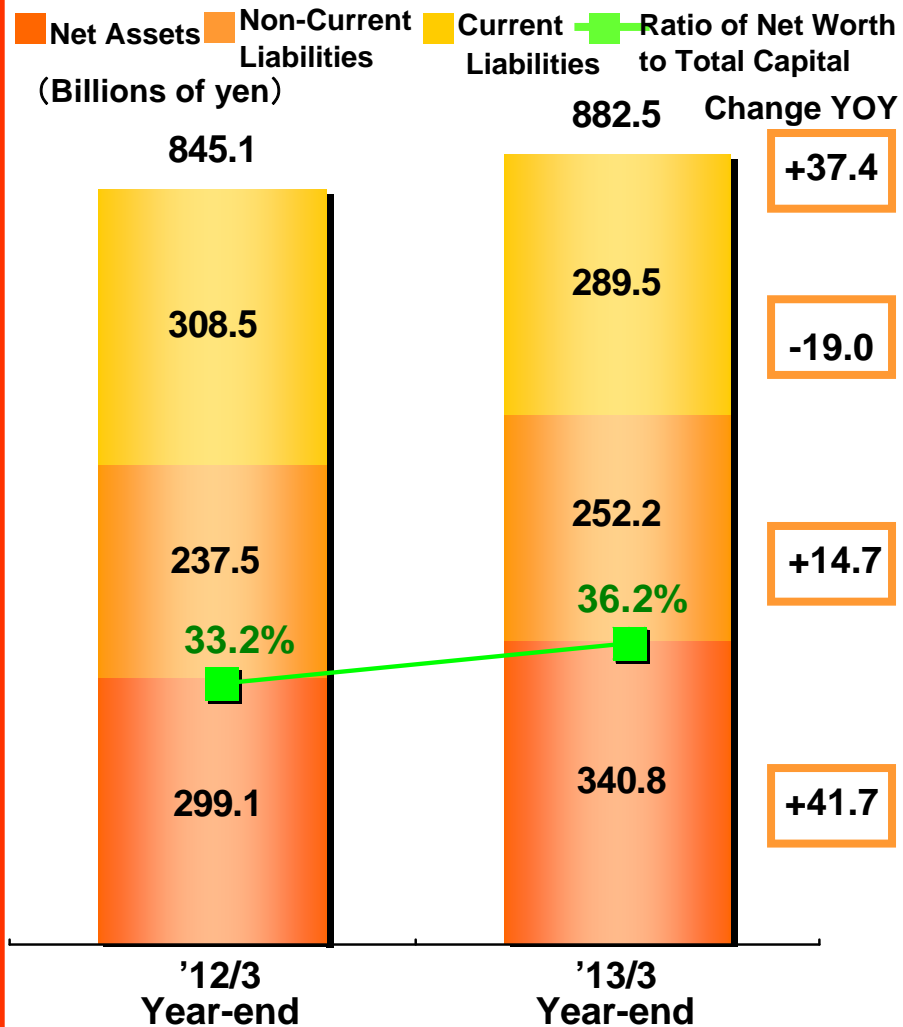
(Supplementary Information) Consolidated Balance Sheets

Assets



US\$	82.19	94.05
Euro	109.80	120.73

Liabilities and Net Assets



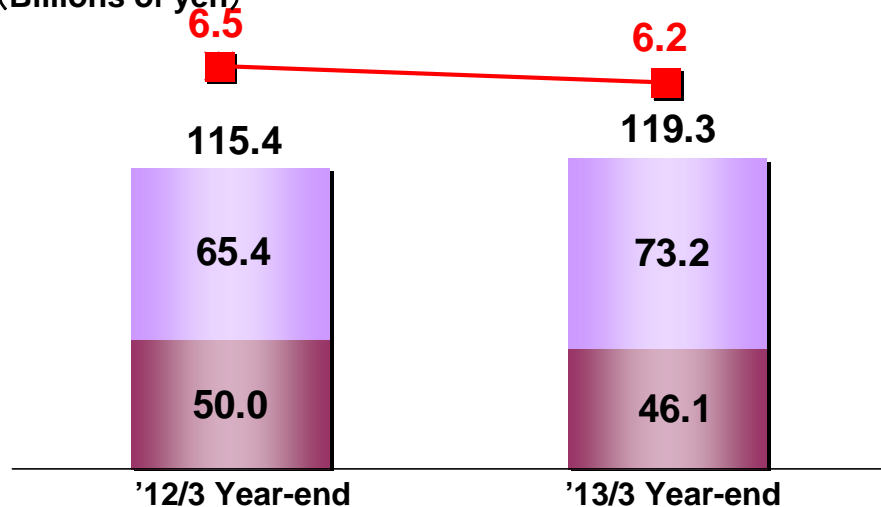
US\$	82.19	94.05
Euro	109.80	120.73

(Supplementary Information) Inventory/ Interest-Bearing Debt, Capital Expenditure/ Depreciation

Inventories

Japan Non-Japan Inventory turnover

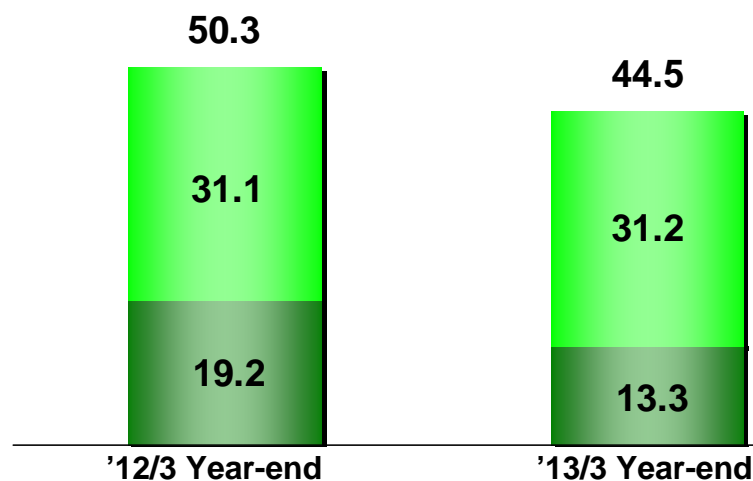
(Billions of yen)



Capital Expenditure

Japan Non-Japan

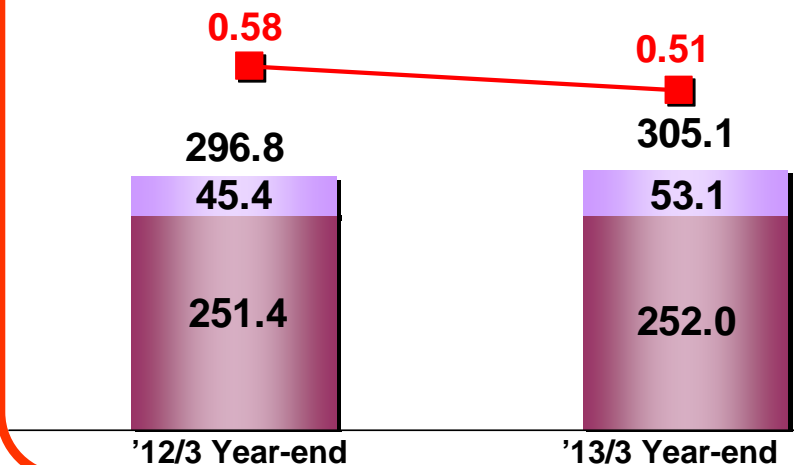
(Billions of yen)



Interest Bearing-Debt

Japan Non-Japan Net D/E ratio

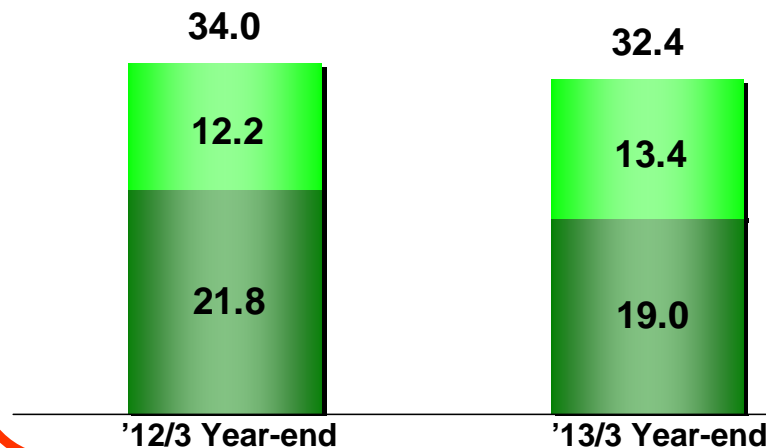
(Billions of yen)



Depreciation and Amortization

Japan Non-Japan

(Billions of yen)



(Supplementary Information) Capital expenditure, Depreciation and Amortization, R&D expenses

(Billions of yen)	12/3 Actual	13/3 Actual	14/3 Forecast
Capital expenditure (*)	50.3	44.5	38.0
Japan	19.2	13.3	11.0
Non-Japan	31.1	31.2	27.0
The Americas	3.3	4.0	5.5
Europe	5.3	4.7	4.0
Asia	16.3	22.5	17.5

*Excluding intangible assets

(Billions of yen)	12/3 Actual	13/3 Actual	14/3 Forecast
Depreciation and Amortization (*)	34.0	32.4	31.5

*Excluding intangible assets

(Billions of yen)	12/3 Actual	13/3 Actual	14/3 Forecast
R&D Expenses	10.4	10.4	10.5

(Supplementary Information) Sales and Operating Income by Business Segments



(Billions of Yen)	13/3 Actual	14/3 Forecast	16/3 Plan
Industrial machinery business			
Sales	216.1	230.0	300.0
Industrial machinery bearings	183.1	195.0	247.0
Precision machinery and parts	33.0	35.0	53.0
Operating income <%>	13.0 <6.0%>	20.0 <8.7%>	48.0 <16.0%>
Automotive business			
Sales	490.5	525.0	590.0
Automotive bearings	236.5	255.0	285.0
Automotive components	254.0	270.0	305.0
Operating income <%>	25.0 <5.1%>	34.5 <6.6%>	41.0 <6.9%>
Others			
Sales	53.3	59.0	91.5
Operating income <%>	2.2 <4.1%>	2.5 <4.2%>	5.0 <5.5%>
Eliminations/corporate			
Sales	-27.1	-24.0	-41.5
Operating income <%>	-7.8	-8.0	-8.0
Total			
Sales	732.8	790.0	940.0
Operating income <%>	32.4 <4.4%>	49.0 <6.2%>	86.0 <9.1%>