



# CONSOLIDATED BUSINESS RESULTS

FOR THE FIRST QUARTER  
ENDED JUNE 30, 2014

July 29, 2014  
NSK Ltd.



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## 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

# Summary of Consolidated Business Results for FY2014: Q1



## Business Results for FY2014: 1Q

### ✓ Consolidated Business Results for FY2014: 1Q (Apr.-Jun.)

(From FY2013: 1Q)

|                          |                        |                                     |
|--------------------------|------------------------|-------------------------------------|
| <b>Net Sales:</b>        | <b>¥ 229.3 billion</b> | <b>( +¥ 24.3 billion / +11.9% )</b> |
| <b>Operating Income:</b> | <b>¥ 20.4 billion</b>  | <b>( +¥ 7.6 billion / +59.1% )</b>  |
| <b>Net Income:</b>       | <b>¥ 14.1 billion</b>  | <b>( +¥ 4.7 billion / +49.6% )</b>  |

### ✓ Business Environment

◎Japan: Temporary impact from consumption tax rise, but within assumptions.

◎Non-Japan: Continued gradual expansion in the U.S., recovery from market bottom in Europe, stagnation in ASEAN, stable growth in China.

## Expected Business Performance for FY2014: 2Q

✓ Industrial machinery business: Recovery trend expected to continue, although variance between regions and sectors.

✓ Automotive business: Continued year-on-year increase in sales and operating income.

◆ Revised 1H net sales and operating income based on the 1Q result and 2Q forecast.

|                          | <Revised Forecast>     | <Original Forecast>    | <Differences>          |
|--------------------------|------------------------|------------------------|------------------------|
| <b>Net Sales:</b>        | <b>¥ 460.0 billion</b> | <b>¥ 444.0 billion</b> | <b>+¥ 16.0 billion</b> |
| <b>Operating Income:</b> | <b>¥ 41.0 billion</b>  | <b>¥ 33.0 billion</b>  | <b>+¥ 8.0 billion</b>  |
| <b>Net Income:</b>       | <b>¥ 28.0 billion</b>  | <b>¥ 21.5 billion</b>  | <b>+¥ 6.5 billion</b>  |

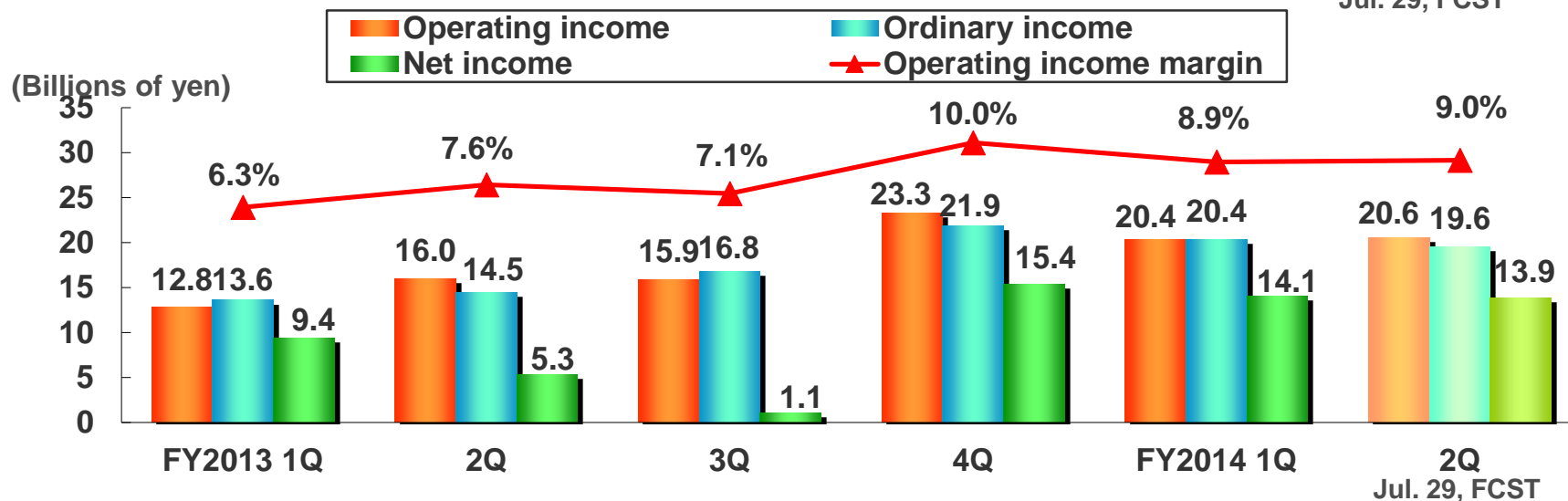
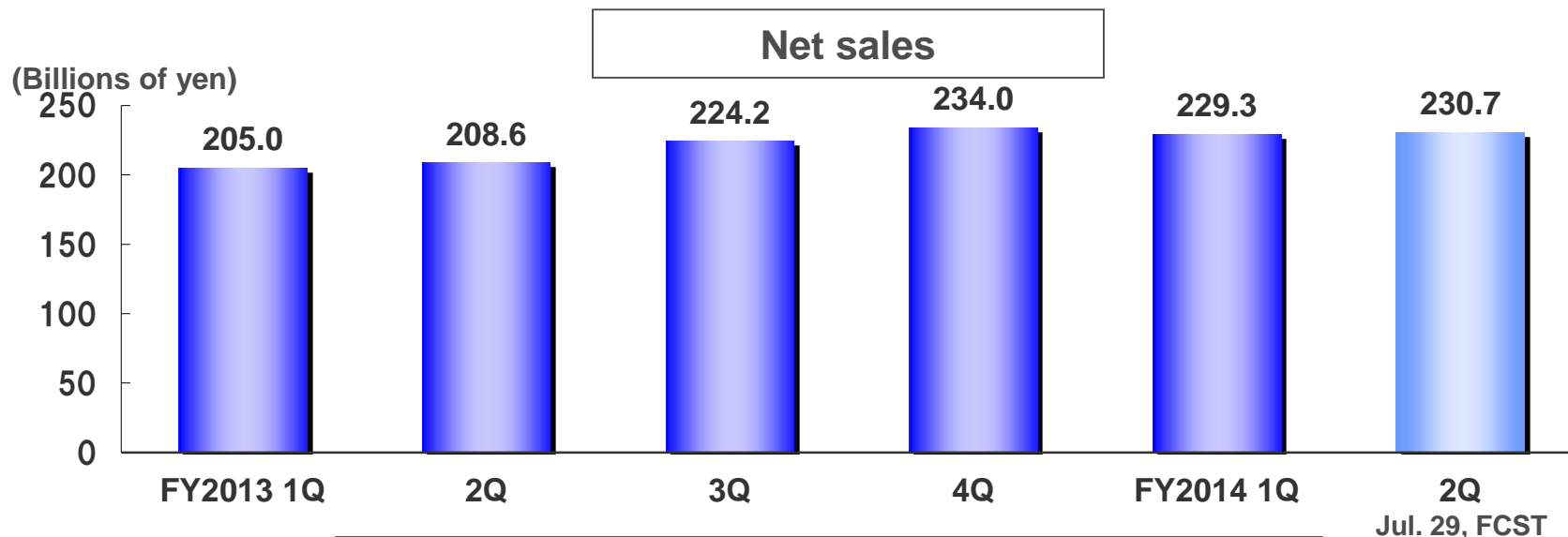
◆ Revised dividends: ¥20 (1H ¥10 / 2H ¥10) ⇒ ¥24 (1H ¥12 / 2H ¥12)

# Summary of Consolidated Business Results for FY2014: Q1



| (Billions of yen)  | FY2013         |                      |                       | FY2014         |                              |             |                               |                             |                                |                              |
|--------------------|----------------|----------------------|-----------------------|----------------|------------------------------|-------------|-------------------------------|-----------------------------|--------------------------------|------------------------------|
|                    | 1Q<br><Actual> | 1st half<br><Actual> | Full year<br><Actual> | 1Q<br><Actual> | Increase/<br>Decrease<br>YOY | %<br>Change | 1st half<br><Jul. 29<br>FCST> | 1st half<br><May 9<br>FCST> | Full year<br><Jul. 29<br>FCST> | Full year<br><May 9<br>FCST> |
| Net sales          | 205.0          | 413.6                | 871.7                 | 229.3          | +24.3                        | +11.9%      | 460.0                         | 444.0                       | 926.0                          | 910.0                        |
| Operating income   | 12.8           | 28.8                 | 68.0                  | 20.4           | +7.6                         | +59.1%      | 41.0                          | 33.0                        | 83.0                           | 75.0                         |
| <%>                | <6.3%>         | <7.0%>               | <7.8%>                | <8.9%>         |                              |             | <8.9%>                        | <7.4%>                      | <9.0%>                         | <8.2%>                       |
| Ordinary income    | 13.6           | 28.1                 | 66.8                  | 20.4           | +6.8                         | +50.6%      | 40.0                          | 31.5                        | 80.5                           | 72.0                         |
| Income before tax  | 14.1           | 24.8                 | 54.3                  | 20.4           | +6.3                         | +45.1%      | 40.0                          | 31.5                        | 80.5                           | 72.0                         |
| Net income         | 9.4            | 14.7                 | 31.2                  | 14.1           | +4.7                         | +49.6%      | 28.0                          | 21.5                        | 56.5                           | 50.0                         |
| (Ex. rate: US1\$=) | ¥98.76         | ¥98.85               | ¥100.24               | ¥102.16        |                              |             | ¥101.08                       | ¥100                        | ¥100.54                        | ¥100                         |
| ( " 1EURO=)        | ¥128.95        | ¥130.00              | ¥134.37               | ¥140.07        |                              |             | ¥137.54                       | ¥135                        | ¥136.27                        | ¥135                         |

# Quarterly Business Performance



1US\$= ¥98.76

¥98.94

¥100.47

¥102.79

¥102.16

¥100.00

1EURO= ¥128.95

¥131.05

¥136.69

¥140.79

¥140.07

¥135.00

# Results by Business Segment



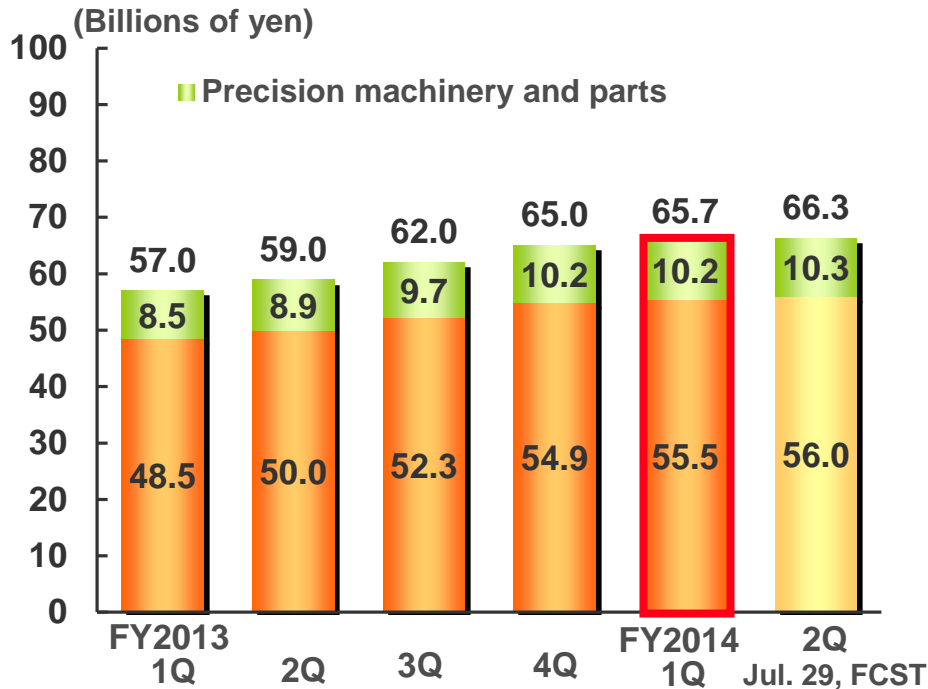
| (Billions of yen)               |                               | FY2013         |                      |                       | FY2014         |                              |             |                               |                             |                                |                              |
|---------------------------------|-------------------------------|----------------|----------------------|-----------------------|----------------|------------------------------|-------------|-------------------------------|-----------------------------|--------------------------------|------------------------------|
|                                 |                               | 1Q<br><Actual> | 1st half<br><Actual> | Full year<br><Actual> | 1Q<br><Actual> | Increase/<br>Decrease<br>YOY | %<br>Change | 1st half<br><Jul. 29<br>FCST> | 1st half<br><May 9<br>FCST> | Full year<br><Jul. 29<br>FCST> | Full year<br><May 9<br>FCST> |
| Total                           | Net sales                     | 205.0          | 413.6                | 871.7                 | 229.3          | +24.3                        | +11.9%      | 460.0                         | 444.0                       | 926.0                          | 910.0                        |
|                                 | Operating income              | 12.8           | 28.8                 | 68.0                  | 20.4           | +7.6                         | +59.1%      | 41.0                          | 33.0                        | 83.0                           | 75.0                         |
|                                 | <%>                           | 6.3%           | 7.0%                 | 7.8%                  | 8.9%           |                              |             | 8.9%                          | 7.4%                        | 9.0%                           | 8.2%                         |
| Industrial Machinery Business   | Net sales                     | 57.0           | 115.9                | 243.0                 | 65.7           | +8.7                         | +15.3%      | 132.0                         | 124.0                       | 263.0                          | 255.0                        |
|                                 | Industrial machinery          | 48.5           | 98.5                 | 205.7                 | 55.5           | +7.0                         | +14.5%      | 111.5                         | 105.0                       | 221.5                          | 215.0                        |
|                                 | bearings                      |                |                      |                       |                |                              |             |                               |                             |                                |                              |
|                                 | Precision machinery and parts | 8.5            | 17.4                 | 37.3                  | 10.2           | +1.7                         | +20.0%      | 20.5                          | 19.0                        | 41.5                           | 40.0                         |
|                                 | Operating income              | 3.9            | 9.7                  | 23.7                  | 7.5            | +3.6                         | +93.5%      | 15.5                          | 12.5                        | 31.5                           | 28.5                         |
| <%>                             | 6.8%                          | 8.4%           | 9.8%                 | 11.4%                 |                |                              | 11.7%       | 10.1%                         | 12.0%                       | 11.2%                          |                              |
| Automotive Business             | Net sales                     | 141.1          | 283.8                | 590.5                 | 154.6          | +13.5                        | +9.5%       | 309.5                         | 299.0                       | 625.5                          | 615.0                        |
|                                 | Automotive bearings           | 68.1           | 135.2                | 278.0                 | 73.0           | +4.9                         | +7.3%       | 146.0                         | 142.5                       | 298.0                          | 294.5                        |
|                                 | Automotive components         | 73.0           | 148.6                | 312.5                 | 81.5           | +8.5                         | +11.6%      | 163.5                         | 156.5                       | 327.5                          | 320.5                        |
|                                 | Operating income              | 10.3           | 21.4                 | 49.2                  | 13.9           | +3.6                         | +35.0%      | 27.5                          | 24.0                        | 54.5                           | 51.0                         |
|                                 | <%>                           | 7.3%           | 7.6%                 | 8.3%                  | 9.0%           |                              |             | 8.9%                          | 8.0%                        | 8.7%                           | 8.3%                         |
| Others                          | Net sales                     | 13.5           | 27.3                 | 64.7                  | 15.7           | +2.2                         | +15.8%      | 32.0                          | 34.5                        | 62.5                           | 65.0                         |
|                                 | Operating income              | 0.6            | 1.4                  | 2.9                   | 1.1            | +0.5                         | +81.6%      | 2.0                           | 1.5                         | 4.0                            | 3.5                          |
|                                 | <%>                           | 4.3%           | 5.1%                 | 4.5%                  | 6.8%           |                              |             | 6.3%                          | 4.3%                        | 6.4%                           | 5.4%                         |
| Eliminations (sales)            |                               | -6.6           | -13.4                | -26.5                 | -6.7           | -0.1                         |             | -13.5                         | -13.5                       | -25.0                          | -25.0                        |
| Eliminations/corporate expenses |                               | -2.0           | -3.7                 | -7.8                  | -2.0           | 0.0                          |             | -4.0                          | -5.0                        | -7.0                           | -8.0                         |

# Results by Business Segment

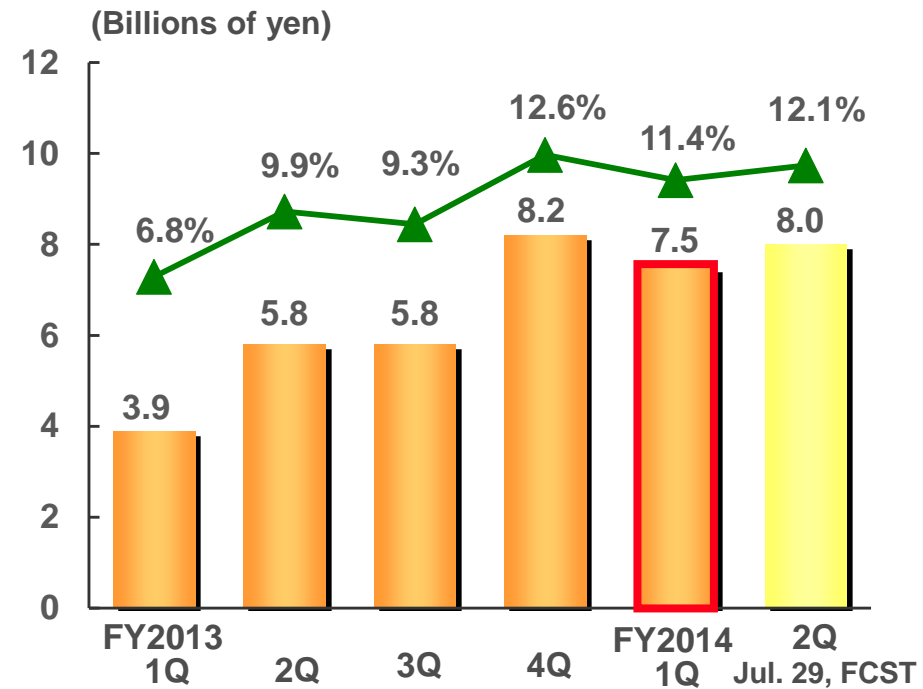
## — Industrial Machinery Business



### Net Sales



### Operating Income/Margin



#### Compared to FY2013 1Q

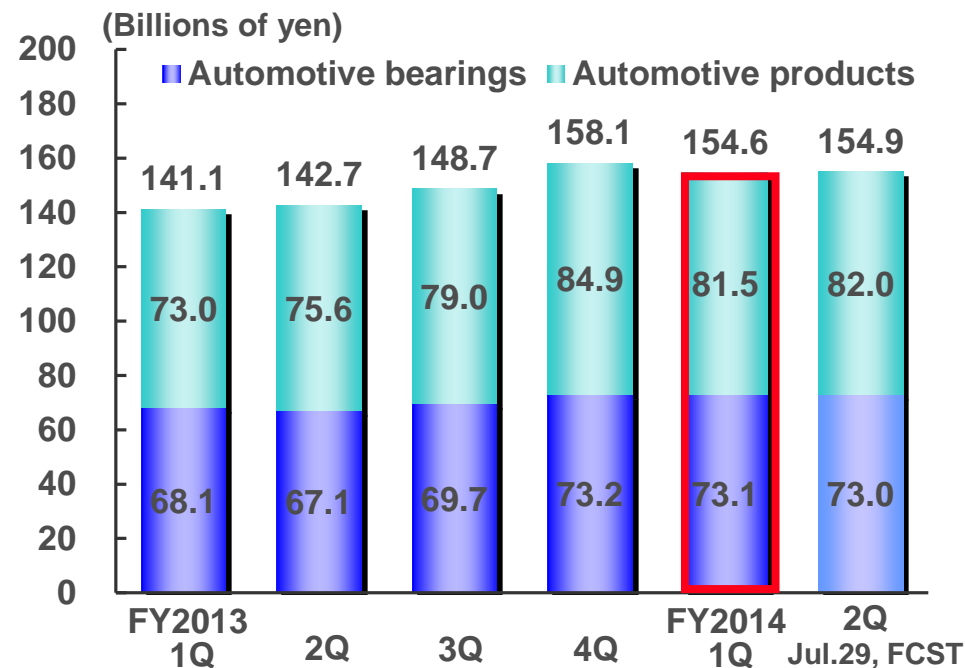
- Recovery trend continued, and sales in all sub-sectors (general machinery OEM, IT/Electrical, and AM) increased YoY. Steady demand in Japanese machine tool sector and Chinese railway and wind turbine sectors.
- 1Q operating income totaled ¥7.5 billion, a 93.5% YoY increase, due to volume increase and effect of product mix, despite increase in labor costs.

# Results by Business Segment

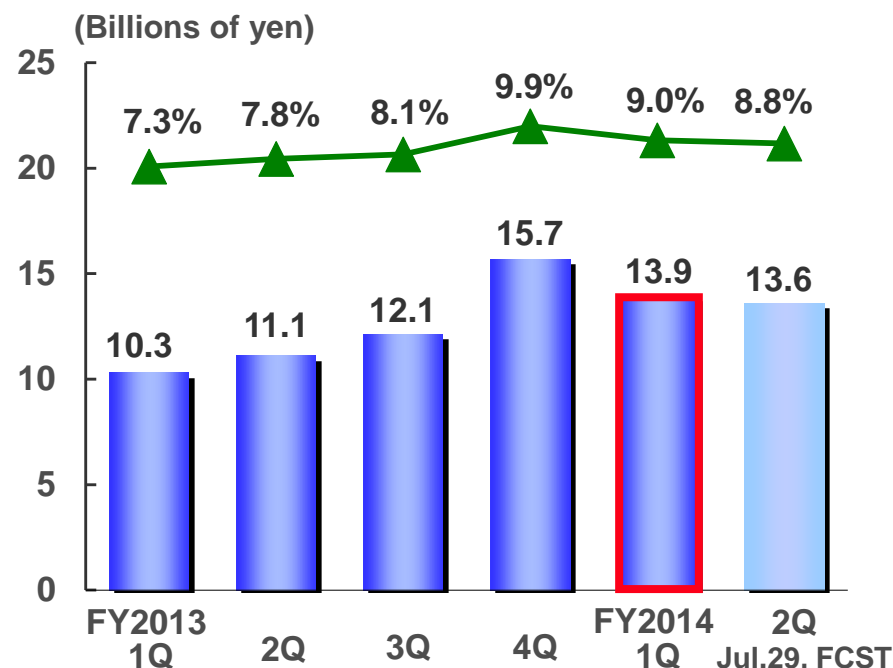
## — Automotive Business



### Net Sales



### Operating Income/Margin



#### Compared to FY2013 1Q

- 1Q net sales totaled ¥154.6 billion, a 9.6% YoY increase due to the limited impact of the consumption tax rise in Japan, the strong U.S. market, and growth in demand for EPS products in China.
- Despite negative factors such as reduction in unit price and increase in labor costs, 1Q operating income totaled ¥13.9 billion, a 35.0% YoY increase, due to higher volume, lower external procurement costs, etc.

# Results by Customer Location



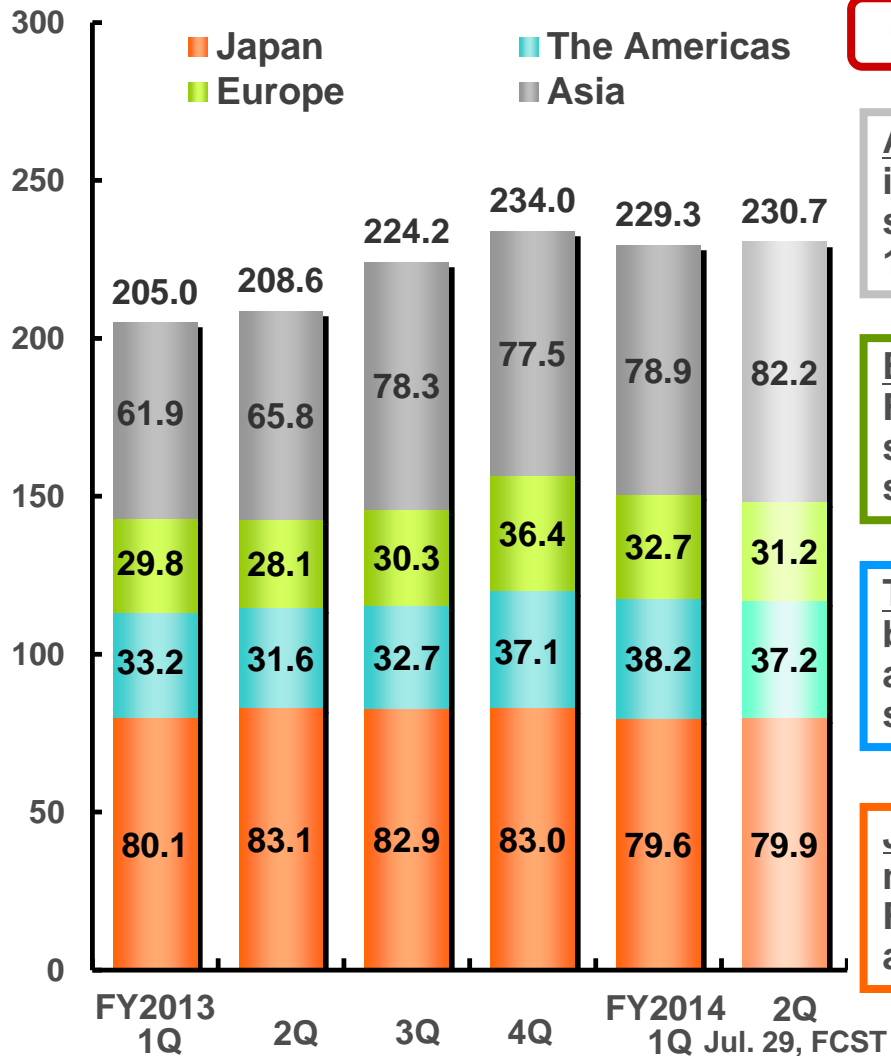
| (Billions of yen) | FY2013         |                                  |                       | FY2014         |                              |             |   |   |                                |                              |
|-------------------|----------------|----------------------------------|-----------------------|----------------|------------------------------|-------------|---|---|--------------------------------|------------------------------|
|                   | 1Q<br><Actual> | 1 <sup>st</sup> half<br><Actual> | Full year<br><Actual> | 1Q<br><Actual> | Increase/<br>Decrease<br>YOY | %<br>Change | 1 <sup>st</sup> half<br><Jul. 29<br>FCST> | 1 <sup>st</sup> half<br><May 9<br>FCST> | Full year<br><Jul. 29<br>FCST> | Full year<br><May 9<br>FCST> |
| Net sales         | 205.0          | 413.6                            | 871.7                 | 229.3          | +24.3                        | +11.9%      | 460.0                                     | 444.0                                   | 926.0                          | 910.0                        |
| Japan             | 80.1           | 163.2                            | 329.1                 | 79.6           | -0.5                         | -0.6%       | 159.5                                     | 157.0                                   | 323.0                          | 320.5                        |
| Non-Japan         | 124.9          | 250.4                            | 542.6                 | 149.7          | +24.8                        | +19.8%      | 300.5                                     | 287.0                                   | 603.0                          | 589.5                        |
| <Non-Japan ratio> | <60.9%>        | <60.5%>                          | <62.2%>               | <65.3%>        |                              |             | <65.3%>                                   | <64.6%>                                 | <65.1%>                        | <64.8%>                      |
| The Americas      | 33.2           | 64.8                             | 134.5                 | 38.2           | +5.0                         | +15.1%      | 75.5                                      | 69.5                                    | 149.0                          | 143.0                        |
| Europe            | 29.8           | 57.9                             | 124.6                 | 32.7           | +2.9                         | +9.9%       | 64.0                                      | 63.0                                    | 131.5                          | 130.5                        |
| Asia              | 61.9           | 127.7                            | 283.5                 | 78.9           | +17.0                        | +27.2%      | 161.0                                     | 154.5                                   | 322.5                          | 316.0                        |
| China only        | 32.5           | 70.1                             | 167.2                 | 47.1           | +14.6                        | +44.7%      | 98.0                                      | 94.5                                    | 195.0                          | 191.5                        |
| <China ratio>     | <15.9%>        | <17.0%>                          | <19.2%>               | <20.5%>        |                              |             | <21.3%>                                   | <21.3%>                                 | <21.1%>                        | <21.0%>                      |



# Results by Customer Location

## Net sales by customer location - quarterly performance

(Billions of yen)



### Compared to FY2013 4Q

**Asia:** In the automotive business, EPS sales in China increased steadily. In the industrial machinery business, sales in both China and ASEAN continued to recover. 1Q net sales increased 1.7% from FY2013 4Q.

**Europe:** Although 1Q net sales decreased 10.0% from FY2013 4Q due to the effect of the previous spike in AM spot sales and the impact of vehicle model changes, sales continue to recover from the market bottom.

**The Americas:** While sales in the industrial machinery business remained flat from FY2013 4Q, sales in the automotive business in North America increased steadily. 1Q net sales rose 3.0% from FY2013 4Q.

**Japan:** Despite slight sales increase in the industrial machinery business, 1Q net sales declined 4.2% from FY2013 4Q, due to the impact of consumption tax rise and automotive production shifting overseas.

# Results by Geographical Segment

| (Billions of yen)      |                  | FY2013         |                      |                       | FY2014         |                              |             |                               |                             |                                |                              |
|------------------------|------------------|----------------|----------------------|-----------------------|----------------|------------------------------|-------------|-------------------------------|-----------------------------|--------------------------------|------------------------------|
|                        |                  | 1Q<br><Actual> | 1st half<br><Actual> | Full year<br><Actual> | 1Q<br><Actual> | Increase/<br>Decrease<br>YOY | %<br>Change | 1st half<br><Jul. 29<br>FCST> | 1st half<br><May 9<br>FCST> | Full year<br><Jul. 29<br>FCST> | Full year<br><May 9<br>FCST> |
| Total                  | Net sales        | 205.0          | 413.6                | 871.7                 | 229.3          | +24.3                        | +11.9%      | 460.0                         | 444.0                       | 926.0                          | 910.0                        |
|                        | Operating income | 12.8           | 28.8                 | 68.0                  | 20.4           | +7.6                         | +59.1%      | 41.0                          | 33.0                        | 83.0                           | 75.0                         |
|                        | %                | 6.3%           | 7.0%                 | 7.8%                  | 8.9%           |                              |             | 8.9%                          | 7.4%                        | 9.0%                           | 8.2%                         |
| Japan                  | Net sales        | 123.7          | 251.9                | 512.2                 | 123.3          | -0.4                         | -0.3%       | 252.5                         | 247.0                       | 499.5                          | 494.0                        |
|                        | Operating income | 9.7            | 20.6                 | 38.4                  | 8.2            | -1.5                         | -15.7%      | 16.5                          | 14.0                        | 32.0                           | 29.5                         |
|                        | %                | 7.8%           | 8.2%                 | 7.5%                  | 6.6%           |                              |             | 6.5%                          | 5.7%                        | 6.4%                           | 6.0%                         |
| The Americas           | Net sales        | 32.9           | 64.2                 | 132.4                 | 36.7           | +3.8                         | +11.5%      | 72.0                          | 70.5                        | 144.5                          | 143.0                        |
|                        | Operating income | 1.0            | 1.9                  | 6.0                   | 2.2            | +1.2                         | +117.5%     | 5.0                           | 4.5                         | 10.0                           | 9.5                          |
|                        | %                | 3.1%           | 3.0%                 | 4.5%                  | 6.1%           |                              |             | 6.9%                          | 6.4%                        | 6.9%                           | 6.6%                         |
| Europe                 | Net sales        | 30.1           | 58.9                 | 126.8                 | 34.0           | +3.9                         | +12.9%      | 65.0                          | 63.5                        | 132.5                          | 131.0                        |
|                        | Operating income | 0.5            | 1.2                  | 5.2                   | 2.1            | +1.6                         | +299.6%     | 3.5                           | 3.0                         | 8.5                            | 8.0                          |
|                        | %                | 1.7%           | 2.0%                 | 4.1%                  | 6.2%           |                              |             | 5.4%                          | 4.7%                        | 6.4%                           | 6.1%                         |
| Asia                   | Net sales        | 65.5           | 134.6                | 288.2                 | 80.6           | +15.1                        | +23.1%      | 163.0                         | 152.5                       | 331.5                          | 321.0                        |
|                        | Operating income | 4.2            | 9.6                  | 27.3                  | 9.8            | +5.6                         | +135.2%     | 22.0                          | 17.0                        | 41.0                           | 36.0                         |
|                        | %                | 6.4%           | 7.1%                 | 9.5%                  | 12.1%          |                              |             | 13.5%                         | 11.2%                       | 12.4%                          | 11.2%                        |
| Eliminations (sales)   |                  | -47.2          | -96.0                | -187.9                | -45.4          | +1.8                         |             | -92.5                         | -89.5                       | -182.0                         | -179.0                       |
| Eliminations/corporate |                  | -2.6           | -4.5                 | -8.9                  | -1.9           | +0.7                         |             | -6.0                          | -0.55                       | -8.5                           | -8.0                         |

# Consolidated Balance Sheet



## Assets

## Liabilities / Net assets

■ Non-current assets ■ Current assets

■ Net assets ■ Non-Current liabilities  
■ Current liabilities ■ Ratio of net worth to total capital

(Billions of yen)

Change from 4Q

(Billions of yen)

Change from 4Q

929.4

1,000.9

997.7

-3.2

478.7

520.6

524.6

+4.0

450.7

480.3

473.1

-7.2

FY13

FY13

FY14

End of 1Q

End of 4Q

End of 1Q

1USD= 98.59 102.92 101.36

1Euro= 128.53 141.65 138.31

929.4

1,000.9

997.7

-3.2

307.4

331.4

319.4

-12.0

258.9

287.3

288.6

+1.3

36.7%

35.9%

36.9%

363.1

382.2

389.8

+7.6

FY13

FY13

FY14

End of 1Q

End of 4Q

End of 1Q

1USD= 98.59 102.92 101.36

1Euro= 128.53 141.65 138.31

# Inventories Interest-bearing Debt

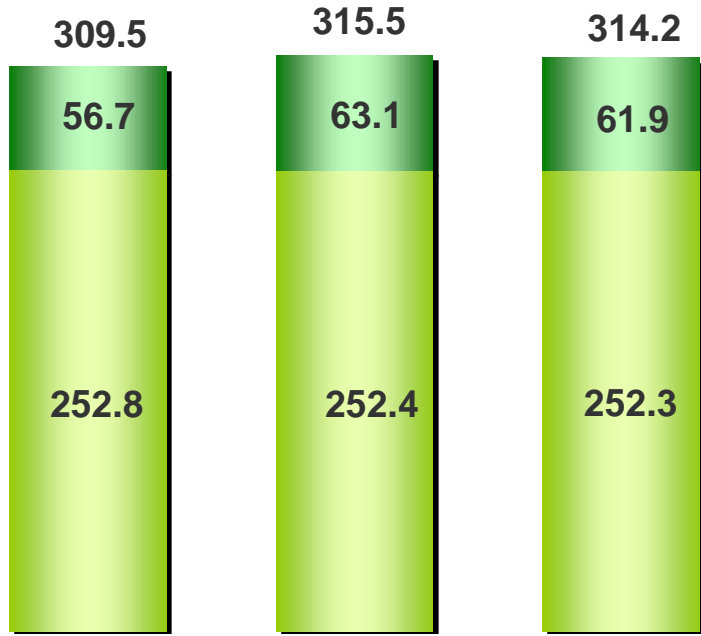
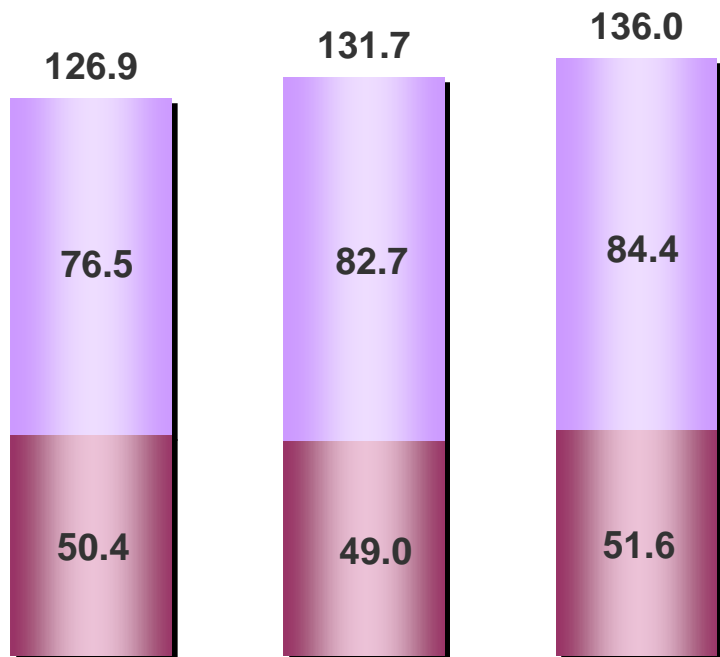
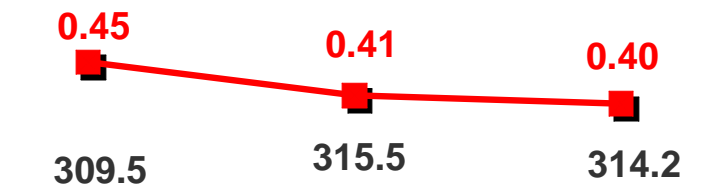
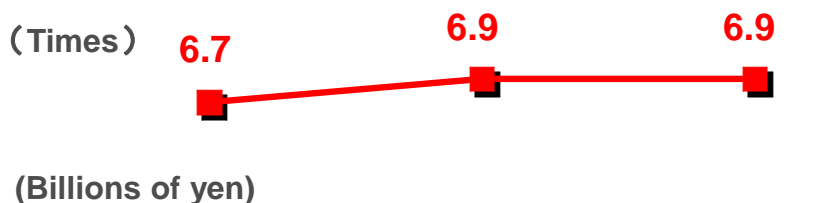


## Inventories

## Interest-bearing debt

Japan Non-Japan Inventory turnover

Japan Non-Japan Net D/E Ratio



FY13  
End of 1Q

FY13  
End of 4Q

FY14  
End of 1Q

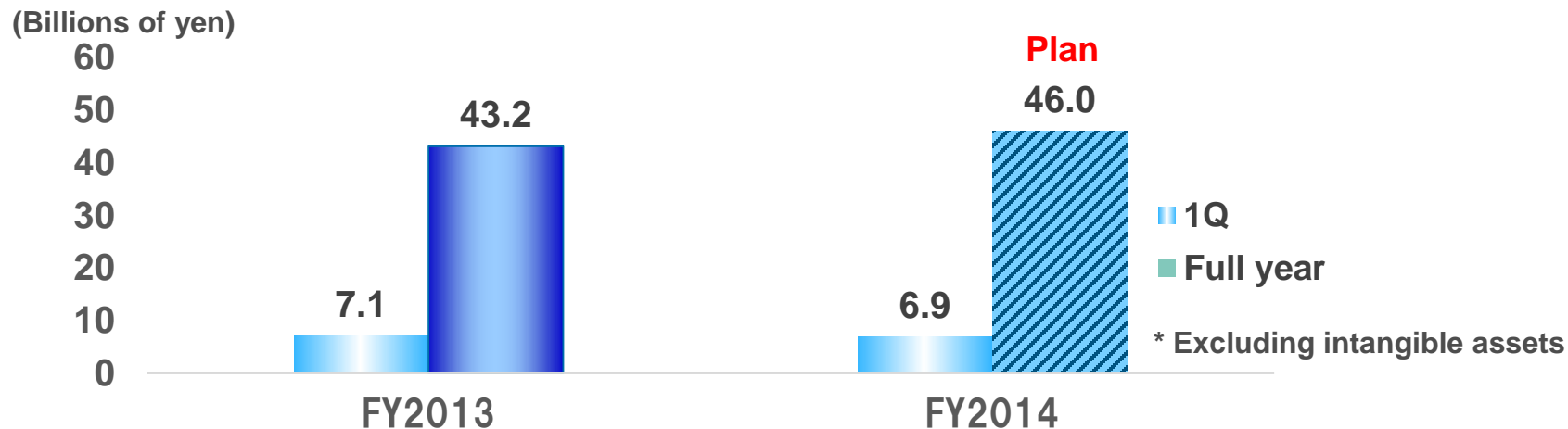
FY13  
End of 1Q

FY13  
End of 4Q

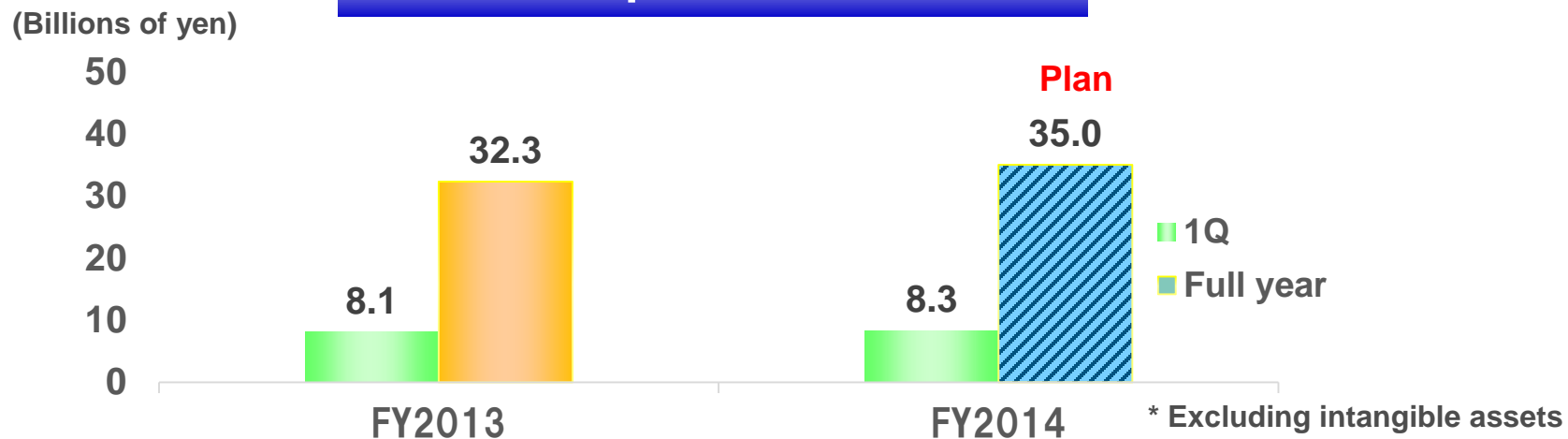
FY14  
End of 1Q

# Capital Expenditure Depreciation

## Capital Expenditure



## Depreciation



# Supplementary Information

## — R&D Expenses / Number of Employees



| (Billions of yen) | FY2013 |     |     |     | FY2014 |                  |
|-------------------|--------|-----|-----|-----|--------|------------------|
|                   | 1Q     | 2Q  | 3Q  | 4Q  | 1Q     | Full year (Plan) |
| R&D expenses      | 2.4    | 2.5 | 2.4 | 2.6 | 2.5    | 10.5             |

| (Head count) | FY2013 |        |        |        | FY2014 |
|--------------|--------|--------|--------|--------|--------|
|              | 1Q     | 2Q     | 3Q     | 4Q     | 1Q     |
| Total:       | 29,417 | 30,189 | 30,283 | 30,454 | 30,837 |
| Japan        | 11,481 | 11,416 | 11,297 | 11,223 | 11,277 |
| The Americas | 2,814  | 2,905  | 2,990  | 3,078  | 3,080  |
| Europe       | 3,434  | 3,523  | 3,504  | 3,498  | 3,481  |
| Asia         | 11,688 | 12,345 | 12,492 | 12,655 | 12,999 |